



HSBC Arbitrage Fund

(Erstwhile L&T Arbitrage Opportunities Fund)

An open ended scheme investing in arbitrage opportunities.

Abridged Annual Report 2023 - 2024

SPONSOR

HSBC Securities and Capital Markets (India) Private Limited

CIN – U67120MH1994PTC081575

Regd. Office: 52/60, Mahatma Gandhi Road, Fort, Mumbai 400001.

TRUSTEE COMPANY

HSBC Trustees (India) Private Limited

CIN – U66190MH2024PTC416973

Regd. Office: 52/60, Mahatma Gandhi Road, Fort, Mumbai 400001.

ASSET MANAGEMENT COMPANY

HSBC Asset Management (India) Private Limited

CIN – U74140MH2001PTC134220

Regd. Office: 9-11 Floors, NESCO IT Park, Building No. 3,
Western Express Highway, Goregaon (East), Mumbai 400063.

CUSTODIAN

Citibank N.A.

First International Financial Center (FIFC), 9th Floor,
C-54 & 55, G – Block, Bandra Kurla Complex, Bandra (East), Mumbai 400051.

AUDITORS TO THE SCHEME

MSKA & Associates

Chartered Accountants

602, Floor 6, Raheja Titanium, Western Express Highway,
Geetanjali Railway Colony, Ram Nagar, Goregaon (East), Mumbai 400063.

REGISTRAR & TRANSFER AGENTS

Computer Age Management Services Limited (CAMS)

Unit: HSBC Mutual Fund

New No. 10, M.G.R Salai, Nungambakkam, Chennai 600034.

BOARD OF TRUSTEES

Ms. Jasmine Batliwalla	– Chairperson
Mr. Nani Javeri	– Trustee
Mr. David Rasquinha	– Trustee
Mr. Nicolas Moreau	– Trustee

BOARD OF DIRECTORS

Dr. Indu Shahani	– Director
Mr. Kapil Seth	– Director
Ms. Roopa Varma	– Director
Mr. Kailash Kulkarni	– Director & Chief Executive Officer

Dear Investor,

As we reflect on the past year, I am filled with pride and optimism about the future of our company and overall growth of the mutual fund industry. The past year has marked significant milestones in our journey, particularly as we capitalise on the immense potential of India's burgeoning growth story.

Fiscal 2024 turned out to be one of the best years for the domestic mutual fund industry as assets under management (AUM) spurted by nearly Rs. 14 lakh crore to a record Rs. 53.40 lakh crore as of March 2024 compared with Rs. 39.42 lakh crore as of March 2023.

The mutual fund industry is experiencing immense growth and we are poised to take advantage of this upward trajectory. Our company is an integral part of this growth story, riding the wave with several strategic initiatives and accomplishments that have set us on a path of sustained success.



Major achievements post integration

- Post integration we have enhanced our digital offering for both B2B and B2C to provide improved customer journeys.
- HSBC AM India's AUM increased from USD 1.4 bn (before integration) to USD 13.7 bn as of April 2024.
- HSBC Asset Management India has now become the 14th largest asset manager in India in terms of AUM.
- HSBC AM India has launched 4 new products since integration (raising \$445M).
- We have expanded HSBC AM India's product offerings to 43 funds.

Key Achievements in FY2023-2024

Investment Performance: Our disciplined investment strategy and thorough research have been pivotal to our success. We have focused on high-quality, undervalued assets, achieving consistent returns across our portfolio.

Product Innovation: This year, we launched two new funds - HSBC Multi Asset Allocation Fund and HSBC Consumption Fund, tailored to meet the evolving needs of our investors. These new offerings have been well-received, contributing to our growth in AUM significantly.

Increased Media Presence: In FY24, we significantly boosted our media presence, ensuring that our brand and thought leadership are recognized across various platforms. Through strategic media engagements like Informed Investing with ET Now, talks shows and several authored articles plus interviews - we have amplified our message, reaching a broader audience and reinforcing our market position.

Successful Campaign Launch: We successfully launched SIP Hai #FaydeWaliAadat, an investor education campaign, that highlighted the transformative power of SIPs in achieving long-term financial

goals. A first of its kind campaign, it aimed at educating and empowering the millennial investors in India. The campaign garnered significant attention and positive feedback, strengthening our brand presence and engaging a wider audience. Notably, the campaign has also earned us prestigious awards and accolades highlighting our commitment to excellence and innovation.

Client Relationships: We have strengthened our client relationships through enhanced communication, transparency, and personalized service. Our client satisfaction scores have reached new heights, reflecting our commitment to exceptional service.

We believe that the India story has just begun and its economic landscape is poised for significant growth. An exposure to unique and future relevant themes can provide a much-needed inflation buffer. The importance of asset allocation continues to be critical. It is critical for all of us to review our risk appetite and goal proximity and construct a portfolio appropriately.

Besides construction, portfolio rebalancing is equally important in order to achieve optimal outcomes. I do hope you share my enthusiasm and I ask that you continue to invest whilst reviewing your asset allocation at all times.

I would like to express my sincere gratitude to our dedicated team, whose expertise and commitment are the backbone of our success. To our investors, thank you for your trust and continued support. Your confidence in our approach motivates us to strive for excellence in everything we do. Also, I want to express my deepest gratitude to our valuable partners for their unwavering support and keep our services running. Look forward to achieving even greater milestones together.

As we move forward, we remain committed to delivering superior investment performance, fostering strong client relationships, and driving sustainable growth. Together, we are well-positioned to navigate the future and achieve our goals.

Warm regards,

A handwritten signature in black ink, appearing to read 'Kailash Kulkarni', written over a horizontal line.

Kailash Kulkarni

Chief Executive Officer

HSBC Asset Management India

Trustees' Report

For the year ended March 31, 2024

The Board of Directors of HSBC Trustees (India) Private Limited, Trustees of HSBC Mutual Fund present the Twenty Second Annual Report and the audited abridged financial statements of the schemes of the HSBC Mutual Fund ('the Fund') for the year ended March 31, 2024.

With the acquisition of L&T Mutual Fund in the previous financial year, the Fund's Assets Under Management ('AUM') (excluding Domestic FOFs) as on March 31, 2024 was INR 109368.16 crores (audited). The Fund ranks in the top 15 Mutual Fund houses in India in terms of AUM.

As at March 31, 2024, the Fund offered 43 schemes across asset classes to meet the varying investment needs of the investors. During the year, the Fund launched two new products namely HSBC Consumption Fund and HSBC Multi Asset Allocation Fund in Equity and Hybrid categories.

The Fund continues its focus on delivering consistent long-term returns. The comments on the performance of the scheme(s) are provided hereinafter. Dividends were declared under various schemes as per the provisions contained in the respective Scheme Information Documents after considering the distributable surplus available under the respective plans of the schemes. Details of dividends declared can be viewed on our website at www.assetmanagement.hsbc.co.in.

During the year, HSBC Securities and Capital Markets (India) Private Limited ("HSCI"), Sponsors of the Fund established a private limited company with limited liability to act as the "Trustees" of the Fund. HSBC Trustees (India) Private Limited ("HTIP") was incorporated on 9 January 2024. Accordingly, HTIP has replaced the Board of Trustees of HSBC Mutual Fund w.e.f. 1 March 2024, and the Company through its Board of Directors has been discharging its obligations as the "Trustees" of the Fund from this date.

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

a. Operations and Performance of the Scheme

➤ Equity Scheme

HSBC Arbitrage Fund ('HAF')

(Arbitrage Fund - An open-ended scheme investing in arbitrage opportunities)

The investment objective of the scheme is to seek to generate reasonable returns by predominantly investing in arbitrage opportunities in the cash and derivatives segments of the equity markets and by investing balance in debt and money market instruments. There is no assurance that the objective of the scheme will be realised and the scheme does not assure or guarantee any returns.

The net assets of HAF amounted to INR 2003.18 crores as at March 31, 2024 as against INR 1955.60 crores as at March 31, 2023. Around 77.1% of the net assets were invested in equities, 11.42% of the net assets were invested in debt, 4.9% of the net assets were invested in reverse repos/TREPS and (0.24%) in net current assets as at March 31, 2024.

The investment strategy includes identifying and investing into arbitrage opportunities between spot/cash and futures prices of individual stocks. The scheme may also invest in debt and money market securities instruments. It will deploy "Cash and Carry Arbitrage" strategy wherein the Fund Manager will evaluate the difference between price of an individual stock in the futures market and in the spot/cash market. If the price of a stock in the futures market is higher than in the spot/cash market, after considering the associated costs and taxes, the scheme may buy the stock in the spot/cash market and sell the same in equal quantity in the futures market simultaneously. Similarly, the scheme may at a later date, unwind the trade by selling cash position and buying in the futures markets. The Fund Manager after careful analysis may also decide to roll over the position, if the market conditions are favorable.

HSBC Arbitrage Fund					Date of Inception : 30 June, 2014			
Fund / Benchmark (Value of ₹ 10,000 invested)	1 Year		3 Years		5 Years		Since Inception	
	Amount (₹)	Returns (%)	Amount (₹)	Returns (%)	Amount (₹)	Returns (%)	Amount (₹)	Returns (%)
HSBC Arbitrage Fund	10743	7.47	11656	5.25	12896	5.22	17459	5.88

Trustees’ Report
For the year ended March 31, 2024 (Contd...)

HSBC Arbitrage Fund					Date of Inception : 30 June, 2014			
Fund / Benchmark (Value of ₹ 10,000 invested)	1 Year		3 Years		5 Years		Since Inception	
	Amount (₹)	Returns (%)	Amount (₹)	Returns (%)	Amount (₹)	Returns (%)	Amount (₹)	Returns (%)
Scheme Benchmark (Nifty 50 Arbitrage Index)	10812	8.17	11813	5.72	12826	5.10	16973	5.58
Additional Benchmark (Nifty 50 TRI)	13008	30.27	15736	16.35	20356	15.27	32979	13.02

Past performance may or may not be sustained in future. Returns have been calculated for the respective periods for Growth Option of Regular Plan as on last business day of the month i.e. March 28, 2024 due to non-availability of benchmark indices as of March 31, 2024. Returns on ₹ 10,000 are point-to-point returns for the specific time period, invested at the start of the period. Returns for 1 year and above are Compounded Annualized. Different plans shall have a different expense structure. Performance of the respective benchmark is calculated as per the Total Return Index (TRI).

Risk-o-meter as of 31st March, 2024:

Scheme Name	Scheme Risk-o-meter	Benchmark Risk-o-meter
HSBC Arbitrage Fund	 Investors understand that their principal will be at Low risk	Benchmark Index: Nifty 50 Arbitrage Index 

Please note that the above risk-o-meter is as per the product labelling of the Scheme basis Scheme's monthly portfolio as on March 31, 2024.

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

➤ EQUITY OUTLOOK

Recap of FY 2023-24:

FY24 was a stellar year for the Indian equity markets with strong economic momentum, healthy earnings growth and strong inflows from domestic and foreign institutional investors and strong retail participation driving a broad-based bull market. The Nifty and Sensex were up a solid 30.1%/26.5% respectively during the year, while the BSE Midcap and BSE Smallcap indices gained an astounding 65.2% and 61.4% respectively.

While geo-political conflicts continued in FY24, their impact on crude and global supply chains moderated. Crude prices largely remained range bound during the year. Inflation barring a brief spike largely remained well contained, the economy gained further steam with GDP growth crossing 8% in H1FY24 supported by government thrust on infrastructure. This translated into strong growth for several core sector industries including steel and cement. The growth in the real estate sector has been strong with inventory continuing to decline in metro markets. However, lagged impact of price increases continued to impinge on consumer demand growth which remained subdued for most mass market categories.

Domestic cyclicals were the best performing sectors during the year led by Real Estate, Capital Goods, Autos. Power was also among the best performing sectors. Global cyclicals like Metals and Oil & Gas also strongly outperformed the Nifty. FMCG and Banking while delivering healthy positive returns underperformed the Nifty, while IT performance was closer to Nifty.

Trustees' Report

For the year ended March 31, 2024 (Contd...)

MSCI India index outperformed most of key global indices during the past fiscal. MSCI India index (USD) gained 35.5% as compared to 23.1% gain for MSCI World, 27.9% for US S&P 500, 11.0% for MSCI Europe and only 5.3% for MSCI Emerging Markets as MSCI China declined 19.0% over the period.

Strong performance of the market and subsiding global macro headwinds drove a sharp turnaround in foreign investment flows. FI net inflow was at USD 25.3bn in FY24 versus an outflow of USD 6.0bn/17.1bn in FY23/FY22. DILs, on the other hand, matched FI inflow with an inflow of USD 25.3bn although it was lower than the net inflows at USD 30.8bn in FY23. Within DILs, the MF segment was the key contributor (USD 24.3 bn of net inflows up from USD 21.8bn in FY23) while domestic Insurers were also in the net inflow territory (USD 1.0bn of net inflows vs USD 9.0bn in FY23).

Source: Motilal Oswal

Indices Returns (April 01, 2023 to March 31, 2024)	1 Year [^]
S&P BSE Sensex TR	26.5%
NSE CNX Nifty TR	30.1%
S&P BSE 100 TR	34.2%
S&P BSE 200 TR	38.5%
S&P BSE 500 TR	40.2%
S&P BSE Midcap TR	65.2%
S&P BSE Small-cap TR	61.4%

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

Way forward:

The global macro environment remains challenging with heightened geo-political and economic uncertainties. US bond yields remain high putting pressure on interest rates and currencies globally. For India, growth has continued to remain strong with GDP growth of 8.4% in Q3FY24 driven by strong government spending on infrastructure and pickup in manufacturing and construction. The 2024 interim budget has re-affirmed government focus on infrastructure. At the same time reduction in fiscal deficit should also help in easing of domestic interest rates. However, after last year's patchy monsoon, a good monsoon will be an important factor for rural demand and overall consumption growth in the economy in FY25.

India starts FY25 on a strong footing with positive growth momentum and India's investment cycle is expected to be on a medium-term uptrend supported by rising government investment in infrastructure and recovery in real estate cycle. There is also an expectation of higher private investments in renewable energy and related supply chain, localization of higher-end technology components, and India becoming a more meaningful part of global supply chains. Finally, it is expected for consumption to improve as the impact of high inflation fades and real incomes start to grow again.

However, several of these positives are getting discounted by the high valuations currently prevailing in the equity market. While the fund managers remain constructive on Indian equities supported by the more robust medium-term growth outlook there is a caution against high return expectations. Nifty continues to trade on 20.6x consensus 1 year forward PE (as of 30 April). On a 10-year basis, Nifty is still trading 10% above its historic average valuation but is in-line with its 5-year average. Valuations of the midcap and small cap indices are even higher versus their historical average.

➤ DEBT OUTLOOK

Market drivers during the course of the year FY 2024

The year started with advanced economies continuing to grapple with higher inflation and policy tightening remained a common theme across economies. During FY2024, the Federal Open Market Committee (FOMC) raised policy rates by 50 bps while European Central Bank (ECB) and Bank of England (BOE) raised policy rates by 100 bps each. The cumulative rate hikes by various advanced economies in this cycle are as follows:

Trustees' Report

For the year ended March 31, 2024 (Contd...)

Fed (525 bps), BOE (515 bps) and ECB (450 bps). Meanwhile cumulative rate hikes by the Monetary Policy Committee (MPC) in this cycle was 250 bps. On account of higher Government debt burden, Fitch downgraded US sovereign rating from AAA to AA+. US Treasury yields remained volatile during the year, with the 10-year benchmark rising higher by 73 bps during the year. Crude prices also moved higher by USD 7-8/bbl.

On the domestic front, Consumer price Index (CPI) inflation remained broadly in the upper end of the MPC's targeted band of 4% +/- 2% for most the financial year, however, inflation printed above 6% on two occasions due to high food inflation. Headline inflation remained susceptible to high food inflation with markets now expecting some relief of food prices on the back of normal monsoon. Core inflation eased through the year falling to below 4% in the last quarter.

Domestically, one of the biggest events during the year was the much-awaited index inclusion of Indian Government Bonds (IGBs) into the GBI-EM Global index suite and its relevant benchmarks. India is expected to reach the maximum weight of 10% in the GBI-EM Global Diversified Index (GBI-EM GD), with the inclusion staggered over a 10-month period starting June 2024. Following this, Bloomberg also included IGBs in their Bloomberg EM Local Currency Index, with India expected to reach a maximum weight of 10% over a 10-month period starting Jan 2025. Both these inclusions are expected to bring in INR 25-30 bn of index related FPI inflows over the next 1-2 years and paving the way for inclusion into other global bond indices as well. During FY2024, FPIs poured in close USD 12 bn into IGBs, with majority of the inflows coming in post the JP Morgan index inclusion announcement.

Government continued its path of fiscal consolidation, with the revised estimate of the Fiscal deficit for FY2024 coming in at 5.6%, with expectations for FY2025 at 5.1% and target of below 4.5% by FY2026. PMI numbers continue to remain in expansion, GST revenues remain buoyant and credit off-take upbeat.

The external sector has remained strong due to healthy service exports and remittances. Current Account Deficit (CAD) is expected to be around 1% for the year. Rupee remained one of the more stable currencies during the year, with active intervention from RBI smoothening any volatility. RBI continued to build on the FX reserves with year-end number around USD 650 bn.

Money market rates moved higher during the year due to tightening in liquidity along with higher Certificate of Deposit (CD) issuances. G-Sec yields, however, moved lower due to favorable demand supply and lower G-Sec borrowing. 10-year G-Sec moved lower during the year by 25 bps, while 5 yr G-Sec moved lower by 13 bps.

Market Outlook

While US markets have braced for "higher for longer" rates, we have seen in the past, that reactions to favorable data in such an environment can be sharp. Any softness in growth, employment or inflation data over the next few months will allow the markets to quickly start pricing in aggressive future policy easing. In our view, the RBI is also likely to gradually shift the liquidity deficit into surplus over the course of the next 3-6 months, flipping overnight rates from the top to the bottom of the rate corridor. The yield curve is likely to steepen as liquidity eases. This along with a potential 50 bps of policy easing in first half of CY2025 may push overnight rates lower by 75-100 bps.

While any form of additional spending by the new Government to address concerns of rural sections of the country and the possibility of additional spending to fund such policies will remain a key monitorable, it is believed the Government is likely to remain cognizant of the possible impact of such policies and take measured steps. With the dust settling down on the election outcome, the broad macroeconomic factors should continue to remain stable and could support softening in domestic yields going forward.

The Fund Managers continue to have a positive outlook for interest rates, based on various favorable factors: (a) Record RBI dividend to the Government, (b) reduced Fiscal deficit number of 5.6%, (c) favorable G-Sec supply demand dynamics, (d) FPI index related inflows, (e) revised outlook in India by S&P, (f) soft core inflation along with expectations of a better than normal monsoon, and finally (g) soft signals by Government and RBI on liquidity.

Source: RBI, Bloomberg, Internal HSBC Research & CCIL

Trustees' Report

For the year ended March 31, 2024 (Contd...)

2. BRIEF BACKGROUND OF THE SPONSORS, THE FUND, THE TRUSTEES AND THE ASSET MANAGEMENT COMPANY

A. Sponsor

HSBC Mutual Fund is sponsored by HSBC Securities and Capital Markets (India) Private Limited (HSCI). The Sponsor is the Settler of the Mutual Fund Trust. The Sponsor has entrusted a sum of Rs. 1,00,000/- (Rupees One Lakh only) to the Trustee as the initial contribution towards the corpus of the Mutual Fund.

HSCI offers integrated investment banking services, securities and corporate finance & advisory. HSCI is a member of the Bombay Stock Exchange Limited and National Stock Exchange (capital and derivative market segments). HSCI holds 100% of the paid-up equity share capital of HSBC Asset Management (India) Private Limited.

B. HSBC Mutual Fund

HSBC Mutual Fund ("the Mutual Fund" or "the Fund") has been constituted as a Trust in accordance with the provisions of the Indian Trusts Act, 1882 (2 of 1882) vide a Trust Deed dated February 7, 2002 (as amended) with HSBC Securities and Capital Markets (India) Private Limited, as the Sponsor and HSBC Trustees (India) Private Limited. The Trustee has entered into an Investment Management Agreement dated February 7, 2002 (as amended) with HSBC Asset Management (India) Private Limited (AMC) to function as the Investment Manager for all the schemes of the Fund. The Fund was registered with SEBI vide registration number MF046/02/5 dated May 27, 2002.

The Trust has been formed for the purpose of pooling of capital from the public for collective investment in securities for the purpose of providing facilities for participation by persons as beneficiaries in such investments and in the profits/income arising therefrom.

C. HSBC Trustees (India) Private Limited (the Trustees)

The Trustees are the exclusive owner of the Trust Fund and holds the same in trust for the benefit of the unitholders. The Trustees have been discharging their duties and carrying out the responsibilities as provided in the SEBI (Mutual Funds) Regulations, 1996 and the Trust Deed. The Trustees seek to ensure that the Fund and the schemes floated there under are managed by the AMC in accordance with the Trust Deed, the said Regulations, directions and guidelines issued by the SEBI, the Stock Exchanges, the Association of Mutual Funds in India and other regulatory agencies.

During the year, HSBC Securities and Capital Markets (India) Private Limited ("HSCI"), Sponsors of HSBC Mutual Fund) established a private limited company with limited liability to act as the "Trustee" of HSBC Mutual Fund. HSBC Trustees (India) Private Limited ("HTIP") was incorporated on 9 January 2024. Accordingly, HTIP has replaced the Board of Trustees of HSBC Mutual Fund w.e.f. 1 March 2024, and the Company through its Board of Directors has been discharging its obligations as the "Trustees" of the Fund from this date.

As of March 31, 2024, HSCI holds 100% of the paid-up equity share capital of HTIP.

D. Asset Management Company (the AMC)

HSBC Asset Management (India) Private Limited (the Investment Manager or the AMC) is a private limited company incorporated under the Companies Act, 1956 on December 12, 2001 having its Registered Office at 9-11 Floors, NESCO IT Park, Building no. 3, Western Express Highway, Goregaon (East), Mumbai – 400 063. HSBC Asset Management (India) Private Limited has been appointed as the Asset Management Company of HSBC Mutual Fund by the Trustee vide Investment Management Agreement (IMA) dated February 7, 2002 (as amended) and executed between the Trustees and the AMC. SEBI approved the AMC to act as the Investment Manager of the Fund vide its letter No. MFD/BC/163/2002 dated May 27, 2002. The paid-up equity share capital of the AMC is Rs. 344.41 crores. The AMC is registered as a Portfolio Manager under the SEBI (Portfolio Managers) Regulations, 1993 vide registration no. INP000001322. The AMC also offers non-binding Advisory services to offshore funds under the mutual fund license.

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

Trustees' Report

For the year ended March 31, 2024 (Contd...)

3. INVESTMENT OBJECTIVE OF THE SCHEMES

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

4. SIGNIFICANT ACCOUNTING POLICIES

The Significant Accounting Policies form part of the Notes to the Accounts annexed to the Balance Sheet of the Schemes in the Full Annual Report. The accounting policies are in accordance with Securities Exchange Board of India (Mutual Funds) Regulations, 1996 and Indian Accounting Standards (IND AS) notified under section 133 of the Companies Act, 2013 (the "Act" read with the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time.

5. UNCLAIMED DIVIDENDS & REDEMPTIONS

Summary of number of investors & corresponding amount as on March 31, 2024:

Scheme Name	Unclaimed Dividend		Unclaimed Redemption	
	No. of Investors	Amount (₹)	No. of Investors	Amount (₹)
HSBC Arbitrage Fund	44	86,764.00	13	386,650.32

6. INVESTOR SERVICES

The number of official points of acceptance of transactions are 210 locations. In addition to the offices of the Registrar & Transfer Agent, the AMC has its own office in 61 locations and Investor Service Centers in 39 locations. The AMC has 2 Toll Free numbers (1800-4190-200/1800-200-2434) which can be dialed from anywhere in India and 1 number i.e. +91 44 39923900 (Investors calling from abroad). The call center service is being managed by the Registrar and Transfer Agents. HSBC Mutual Fund offers the online transaction facility through the AMC's website at www.assetmanagement.hsbc.co.in.

On the distribution front, the number of empaneled distributors were 59046 as on March 31, 2024. During the year, the AMC initiated tie-ups for online distribution of the Mutual Fund's schemes with several channel partners taking the total number of such tie-ups to 160 as on March 31, 2024.

7. DETAILS OF INVESTOR GRIEVANCE REDRESSAL

The details of the redressal of investor complaints received against HSBC Mutual Fund during April 2023 - March 2024 are as follows:

2023-2024												
Complaint code	Type of Complaint	(a) No. of complaints pending at the beginning of the period	(b) No. of complaints received during the given period	Action on (a) and (b)								
				Resolved				Non Action-able*	Pending			
				Within 30 days	30-60 days	60-180 days	Beyond 180 days		0-3 months	3-6 months	6-9 months	9-12 months
I A	Non receipt of amount declared under Income Distribution cum Capital Withdrawal option	1	10	11	0	0	0	0	0	0	0	0
I B	Interest on delayed payment of amount declared under Income Distribution cum Capital Withdrawal option	0	1	1	0	0	0	0	0	0	0	0
I C	Non receipt of Redemption Proceeds	1	38	39	0	0	0	0	0	0	0	0
I D	Interest on delayed payment of Redemption	0	2	2	0	0	0	0	0	0	0	0

Trustees' Report

For the year ended March 31, 2024 (Contd...)

2023-2024												
Com-plaint code	Type of Complaint	(a) No. of complaints pending at the beginning of the period	(b) No. of complaints received during the given period	Action on (a) and (b)								
				Resolved				Non Action-able*	Pending			
				Within 30 days	30-60 days	60-180 days	Beyond 180 days		0-3 months	3-6 months	6-9 months	9-12 months
II A	Non receipt of Statement of Account/Unit Certificate	0	3	3	0	0	0	0	0	0	0	0
II B	Discrepancy in Statement of Account	1	22	23	0	0	0	0	0	0	0	0
II C	Data corrections in Investor details	1	250	249	0	0	0	0	2	0	0	0
II D	Non receipt of Annual Report/ Abridged Summary	0	0	0	0	0	0	0	0	0	0	0
III A	Wrong switch between Schemes	0	2	2	0	0	0	0	0	0	0	0
III B	Unauthorized switch between Schemes	0	1	1	0	0	0	0	0	0	0	0
III C	Deviation from Scheme attributes	0	1	1	0	0	0	0	0	0	0	0
III D	Wrong or excess charges/load	0	0	0	0	0	0	0	0	0	0	0
III E	Non updation of changes viz. address, PAN, bank details, nomination, etc	1	127	127	0	0	0	0	1	0	0	0
III F	Delay in allotment of Units	0	5	4	1	0	0	0	0	0	0	0
III G	Unauthorized Redemption	0	0	0	0	0	0	0	0	0	0	0
IV	Others**	1	78	76	0	0	0	0	3	0	0	0
	TOTAL	6	540	539	1	0	0	0	6	0	0	0

** As per AMFI Best Practice Guidelines Circular No.25/2011-12 for Revisions in the Guidelines on Standardization of Complaints/Grievances Reporting Procedure. If "Others" include a type of complaint which is more than 10% of overall complaints, then such a reason should be provided separately. Hence, data corrections in Investor Details are included as a separate category.

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

Summary of Complaints for FY 2023-24

Particulars	Count
Total complaints received	540
Total number of folios	21,39,406
% of complaints against the folio	0.025

8. INVESTOR EDUCATION INITIATIVES

During the FY 2023-24, the AMC conducted the following investor education and awareness initiatives:

- An integrated multi-media marketing campaign on SIP Hai 'FaydeWaliAadat' aimed to tap into the aspirations, financial goals, and unique spending habits of millennials.
- Editorial content on Systematic Investment Plans (SIP) created across 15 states through various regional television channels.
- Investor education content on the Platform - Quora.
- 'Be Money Confident' video series targeting women through Jio Platforms.
- Campaign on Women & Investing for Women's Day.
- Campaign for Marathon enthusiast on the similarities between running a Marathon & Investing.

Trustees' Report

For the year ended March 31, 2024 (Contd...)

- Financial literacy virtual event on the occasion of Mother's Day, which received more than 725 registered users.
- A mom blogger outreach program to reach Women Investors with financial education content on MF on the occasion of Mother's Day.
- Education campaign on ELSS executed for working audiences.
- Blogs and content for Investor Education properties like SIP Sahi Hai in Value Research, Gyan Guroovaar on Facebook, Investment Ki Paathshala on the website and investor education blogs on the platform - Advisor Khoj.
- 1,462 Investor Education programs to reach out to an audience of 71,465 people out of which 458 were women programs attended by 20,139 women.

9. PROXY VOTING POLICY

As per para 6.16 of SEBI Master Circular on Mutual Funds dated June 27, 2024, the Fund has adopted Proxy Voting Policy and Procedures for exercising voting rights in respect of securities held by the Schemes. (please refer Proxy Voting Policy and Procedures)

The summary of the votes casted in the general meetings of the Investee companies, by the AMC for and on behalf of the Schemes of the Fund, for the financial year 2023-24 is provided below:

Quarter	Total no. of resolutions	Break-up of Vote decision		
		For	Against	Abstained
April 2023 - June 2023	387	260	75	52
July 2023 - September 2023	2,169	1607	448	114
October 2023 - December 2023	197	138	37	22
January 2024 - March 2024	319	240	50	29
TOTAL	3,072	2,245	610	217

As per para 6.16.7 of SEBI Master Circular on Mutual Funds dated June 27, 2024, the AMC has obtained certificate from M/s. M. P. Chitale & Co., Chartered Accountants, who is acting as a Scrutinizer, on the voting report for the FY 2023-24. The certificate dated May 22, 2024 issued by M/s. M. P. Chitale & Co., is available on the website of the AMC as part of the full Annual Report.

Unitholders can refer to the full Annual Report for complete details of actual exercise of votes in the general meetings of the investee companies for the financial year 2023-24 or log on to our website at www.assetmanagement.hsbc.co.in.

10. STATUTORY DETAILS

- The Sponsors are not responsible or liable for any loss resulting from the operation of the Schemes of the Fund beyond initial contribution of Rs. 1 lakh for setting up the Fund.
- The price and redemption value of the units, and income from them, can go up as well as down with fluctuations in the market value of its underlying investments.
- Full Annual Report of HSBC Mutual Fund and of HSBC Asset Management (India) Private Limited (the AMC) shall be disclosed on the website at www.assetmanagement.hsbc.co.in and shall be available for inspection at the Head Office of the Mutual Fund. Present and prospective unitholders can obtain copy of the Trust Deed, the full Annual Report of the Scheme(s), the Annual Report of HSBC Asset Management (India) Private Limited and the text of the relevant Scheme(s) at a price.

11. CHANGES IN RISK-O-METER OF THE SCHEME DURING FY 2023-24

As per para 17.4. of SEBI Master Circular on Mutual Funds dated June 27, 2024 on product labelling, the changes carried out in the risk-o-meter of the schemes of HSBC Mutual Fund during FY 2023-24 have been

Trustees' Report

For the year ended March 31, 2024 (Contd...)

given in the below mentioned table for the information of the unitholders, a report on the said changes has also been displayed on the website of the Fund and AMFI.

Scheme Name	Risk-o-meter level as on March 31, 2023	Risk-o-meter level as on March 31, 2024	Number of changes in Risk-o-meter during the F.Y. 2023-24)
HSBC Arbitrage Fund	Low	Low	0

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

As per para 6.16.15 of SEBI Master Circular on Mutual Funds dated June 27, 2024, HSBC Mutual Fund has adapted the policy on stewardship responsibilities, the unitholders are requested to note the status of governance with the same as mentioned below:

S. No.	Particulars of Principles of Stewardship Code	Status of compliance (Complied/ Not Complied)	Description	Remarks/ reasons for deviation/non-compliance, if any
1	Principle 1: Institutional Investors should formulate a comprehensive policy on the discharge of their stewardship responsibilities, publicly disclose it, review and update it periodically.	Complied	HSBC Asset Management (India) Private Limited's (AMIN) 'Policy on Stewardship responsibilities' (Stewardship Code/ Policy) was formulated and implemented on 01 July, 2020. This is a comprehensive document which has been publicly disclosed on the website of AMIN. The same shall follow a periodic review.	N.A.
2	Principle 2: Institutional investors should have a clear policy on how they manage conflicts of interest in fulfilling their stewardship responsibilities and publicly disclose it.	Complied	Defining and managing Conflict of Interest in fulfilling stewardship responsibilities are detailed in the Stewardship Policy document. The policy document is publicly disclosed.	N.A.
3	Principle 3: Institutional investors should monitor their investee companies.	Complied	AMIN monitors all investee companies through its investment process. This includes assessment of companies' own and market data, consideration of research from brokers and other independent research providers – including ESG & voting research, attending individual & group meetings with company management and directors, visiting production sites (wherever necessary), engaging with key stakeholders including competitors and customers, and financial modelling. More details enumerated in the policy document	N.A.

Trustees' Report

For the year ended March 31, 2024 (Contd...)

S. No.	Particulars of Principles of Stewardship Code	Status of compliance (Complied/ Not Complied)	Description	Remarks/ reasons for deviation/non-compliance, if any
4	Principle 4: Institutional investors should have a clear policy on intervention in their investee companies. Institutional investors should also have a clear policy for collaboration with other institutional investors where required, to preserve the interests of the ultimate investors, which should be disclosed.	Complied	Details of undertaking active engagement with investee companies and the policy for collaboration with other institutional holders are detailed in the policy document. The policy document is publicly disclosed.	N.A.
5	Principle 5: Institutional investors should have a clear policy on voting and disclosure of voting activity.	Complied	AMIN has a clear and detailed voting policy which provides the framework for the voting decisions. All voting decisions shall be in accordance with AMIN's Voting Policy and Procedures, which is disclosed on the website. AMIN discloses the details of the voting on its website on a quarterly basis within 10 working days from the end of the quarter. Additionally, AMIN also discloses the details of the votes cast, in the annual report of the schemes of HSBC Mutual Fund.	N.A.
6	Principle 6: Institutional investors should report periodically on their stewardship activities.	Complied	The annual status report of the stewardship code and quarterly report on proxy voting are publicly disclosed on the website as required under SEBI Regulations.	N.A.

13. DISCLOSURES PERTAINING TO NAV ADJUSTED DURING THE FINANCIAL YEAR FOR SWING FACTOR ALONG WITH THE PERFORMANCE IMPACT

Sr No.	Period of applicability of swing pricing	Scheme Name	Unswung NAV	Swing factor applied	Whether optional or mandatory
NIL					

14. SIGNIFICANT EVENT AFTER THE END OF THE FINANCIAL YEAR

NIL

Trustees' Report

For the year ended March 31, 2024 (Contd...)

15. ACKNOWLEDGEMENTS

The Trustees wish to thank the unitholders of the Schemes for their support throughout the year, and also thank the Government of India, the Securities and Exchange Board of India (SEBI), the Reserve Bank of India (RBI) and the Association of Mutual Funds in India (AMFI) for the guidance provided by them. The Trustees also appreciate the services provided by the Registrar and Transfer Agent, Fund Accountant, Custodian, Bankers, Distributors and Brokers. The guidance and services provided by the auditors and advocates and the ebullience, sincerity and dedication of the employees of HSBC Asset Management (India) Private Limited is also appreciated.

The Trustees look forward to the continued support of everyone.

For and on behalf of **HSBC Trustees (India) Private Ltd.**

Sd/-

Director

Mumbai

July 19, 2024

Independent Auditors' Report

To the Board of Directors of HSBC Trustees (India) Private Limited (the "Trustee")

HSBC Arbitrage Fund

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **HSBC Arbitrage Fund** (the "Scheme") of HSBC Mutual Fund (the "Fund"), which comprise the Balance Sheet as at March 31, 2024, the Revenue Account and the Cash Flow Statement for the year then ended, and notes to the financial statements, including a summary of material accounting policy and other explanatory information.

In our opinion, and to the best of our information and according to the explanations given to us, the aforesaid financial statements of the Scheme give a true and fair view in conformity with the Indian Accounting Standards ("Ind AS") prescribed under section 133 of the Companies Act, 2013 (the "Act") read with Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India, including the accounting policies and standards specified in the Regulation 50 and Ninth Schedule to the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 ("the SEBI Regulations") (collectively referred to as the "Regulations") as amended:

- a. in the case of the Balance Sheet, of the state of affairs of the Scheme as at March 31, 2024;
- b. in the case of the Revenue Account, of the net surplus for the year ended on that date; and
- c. in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing ("SAs") and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India (the "ICAI"). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Scheme in accordance with the Code of Ethics issued by the ICAI together with the ethical requirements that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Information Other than the Financial Statements and Auditor's Report Thereon

The Board of Directors of HSBC Asset Management (India) Private Limited (the "AMC") and the Board of Directors of HSBC Trustees (India) Private Limited (the "Trustees") (collectively referred to as "the Management") are responsible for the other information. The other information comprises the information included in the Trustees report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

The Management is responsible for the preparation of these financial statements that give a true and fair view of the state of affairs, results of operations and cash flows of the Scheme in accordance with the accounting principles generally accepted in India, including the accounting policies and standards specified in Regulations. This responsibility also includes maintenance of adequate accounting records in accordance with the SEBI

Independent Auditors' Report *(Contd...)*

Regulations for safeguarding of the assets of the Scheme and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Management is responsible for assessing the Scheme's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management, either intends to liquidate the Scheme or to cease operations, or has no realistic alternative but to do so.

Those Charged with Governance are also responsible for overseeing the Scheme's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Scheme's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Scheme to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide to those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Independent Auditors' Report *(Contd...)*

Report on Other Legal and Regulatory Requirements

1. As required by regulation 55(4) and clause 5(ii)(2) of the Eleventh Schedule of the SEBI Regulations, we report that:
 - a. we have sought and obtained all the information and explanations which, to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b. in our opinion, the Balance Sheet and the Revenue Account dealt with by this report have been prepared in accordance with the accounting policies and standards specified in the Regulations; and
 - c. the Balance Sheet, the Revenue Account and the Cash Flow Statement, dealt with by this report are in agreement with the books of accounts of the Scheme.
2. In our opinion, the methods used to value non-traded securities as at March 31, 2024, as determined by the Management under procedures approved by the Trustees in accordance with the guidelines for valuation of securities for mutual funds as mentioned in the Eighth Schedule to the SEBI Regulations, are fair and reasonable.

For **M S K A & Associates**

Chartered Accountants

ICAI Firm Registration No. 105047W

Sd/-

Swapnil Kale

Partner

Membership No: 117812

UDIN: 24117812BKFRU9284

Place : Mumbai

Date : July 19, 2024

Abridged Balance Sheet as at March 31, 2024

Rs. in Lakhs

	As at March 31, 2024	As at March 31, 2023	As at April 1, 2022
LIABILITIES			
1 Unit Capital	112,421.57	118,519.99	217,045.82
2 Reserves & Surplus			
2.1 Unit Premium Reserves	12,498.97	11,928.90	25,092.29
2.2 Unrealised Appreciation Reserve	8,910.69	198.98	5,754.30
2.3 Other Reserves	66,487.15	63,949.64	93,357.90
3 Loans & Borrowings	—	—	—
4 Current Liabilities & Provisions			
4.1 Provision for Doubtful Income/Deposits	—	—	—
4.2 Other Current Liabilities & Provisions	2,218.53	3,326.83	4,928.07
TOTAL	202,536.92	197,924.34	346,178.38
ASSETS			
1 Investments			
1.1 Listed Securities:			
1.1.1 Equity Shares	154,439.73	138,075.01	234,399.35
1.1.2 Preference Shares	—	—	—
1.1.3 Equity Linked Debentures	—	—	—
1.1.4 Other Debentures & Bonds	—	—	—
1.1.5 Securitised Debt Securities	—	—	—
1.2 Securities Awaited Listing:			
1.2.1 Equity Shares	—	—	—
1.2.2 Preference Shares	—	—	—
1.2.3 Equity Linked Debentures	—	—	—
1.2.4 Other Debentures & Bonds	—	—	—
1.2.5 Securitised Debt Securities	—	—	—
1.3 Unlisted Securities:			
1.3.1 Equity Shares	—	—	—
1.3.2 Preference Shares	—	—	—
1.3.3 Equity Linked Debentures	—	—	—
1.3.4 Other Debentures & Bonds	—	—	—
1.3.5 Securitised Debt Securities	—	—	—
1.4 Government Securities	—	5,001.59	27,520.98
1.5 Treasury Bills	17,938.39	27,018.93	59,381.04
1.6 Commercial Paper	—	—	—
1.7 Certificate of Deposits	4,938.75	7,070.36	9,841.42
1.8 Bill Rediscounting	—	—	—
1.9 Units of Domestic Mutual Fund	13,656.28	10,268.04	—
1.10 Foreign Securities	—	—	—
Total Investments	190,973.15	187,433.93	331,142.78
2 Deposits	323.95	64.59	162.66
3 Other Current Assets			
3.1 Cash & Bank Balance	49.66	89.43	191.15
3.2 CBLO/TREPS/Reverse Repo Lending	9,823.29	5,835.58	10,741.74
3.3 Others	1,366.86	4,500.81	3,940.05
4 Deferred Revenue Expenditure (to the extent not written off)	—	—	—
TOTAL	202,536.92	197,924.34	346,178.38

Notes to Accounts - Annexure I

Abridged Revenue Account for the year ended March 31, 2024

Rs. in Lakhs

		Current Year ended March 31, 2024	Previous Year ended March 31, 2023
1	INCOME		
1.1	Dividend	1,915.14	4,582.38
1.2	Interest	2,539.14	4,481.27
1.3	Realised Gain/(Loss) on Foreign Exchange Transactions	—	—
1.4	Realised Gains/(Losses) on Interscheme Sale of Investments	—	—
1.5	Realised Gains/(Losses) on External Sale/Redemption of Investments	53,297.97	6,175.59
1.6	Realised Gains/(Losses) on Derivative Transactions	(54,019.98)	12,151.17
1.7	Other Income	15.03	21.35
	(A)	3,747.30	27,411.75
2	EXPENSES		
2.1	Management Fees	347.35	675.06
2.2	GST on Management Fees	62.52	121.51
2.3	Transfer Agents Fees and Expenses	51.89	47.90
2.4	Custodian Fees	2.16	5.33
2.5	Trusteeship Fees	1.53	1.76
2.6	Commission to Agents	801.12	1,140.23
2.7	Marketing & Distribution Expenses	0.82	1.35
2.8	Audit Fees	2.59	3.22
2.9	Investor Education Expenses	37.45	54.44
2.10	Interest on Borrowing	—	—
2.11	Brokerage & Transaction Costs	2,279.15	2,150.44
2.12	Other Operating Expenses	30.89	27.21
	(B)	3,617.47	4,228.44
3	NET REALISED GAINS/(LOSSES) FOR THE YEAR (C = A - B)	129.83	23,183.32
4	Change in Unrealised Depreciation in Value of Investments	(D) 4,997.41	(5,084.43)
5	NET GAINS/(LOSSES) FOR THE YEAR (E = C + D)	5,127.24	18,098.89
6	Change in Unrealised Appreciation in Value of Investments	(F) 8,711.71	(5,282.61)
7	NET SURPLUS/(DEFICIT) FOR THE YEAR (G = E + F)	13,838.96	12,816.28
7.1	Add : Balance Transfer from Unrealised Appreciation Reserve	—	5,555.32
7.2	Less : Balance Transfer to Unrealised Appreciation Reserve	8,711.71	—
7.3	Add/(Less) : Equalisation	(2,496.79)	(47,525.81)
7.4	Transfer from Reserve Fund	63,949.64	93,357.90
7.5	Transfer from Unit Premium Reserve	—	—
8	Total	66,580.10	64,203.69
9	Dividend Appropriation		
9.1	Income Distributed during the Year	(92.95)	(254.05)
9.2	Tax on Income Distributed during the Year	—	—
10	Retained Surplus/(Deficit) Carried Forward to Balance Sheet	66,487.15	63,949.64

Notes to Accounts - Annexure I

Key Statistics for the year ended March 31, 2024

	Current Year ended March 31, 2024	Previous Year ended March 31, 2023
1. NAV per unit (Rs.):		
Open		
Regular Plan - Growth Option	16.2511	15.5120
Direct Plan - Growth Option	17.1380	16.2490
Regular Plan - Monthly IDCW Option	10.3054	10.1610
Regular Plan - Quarterly IDCW Option	11.1579	10.9450
Direct Plan - Monthly IDCW Option	10.4935	10.4290
Direct Plan - Quarterly IDCW Option	11.4140	11.1450
High		
Regular Plan - Growth Option	17.4595	16.2511
Direct Plan - Growth Option	18.5363	17.1380
Regular Plan - Monthly IDCW Option	10.5965	10.3054
Regular Plan - Quarterly IDCW Option	11.2386	11.1579
Direct Plan - Monthly IDCW Option	10.6888	10.4935
Direct Plan - Quarterly IDCW Option	11.5014	11.4140
Low		
Regular Plan - Growth Option	16.2608	15.5130
Direct Plan - Growth Option	17.1491	16.2520
Regular Plan - Monthly IDCW Option	10.2715	10.1030
Regular Plan - Quarterly IDCW Option	11.0008	10.9220
Direct Plan - Monthly IDCW Option	10.4499	10.3470
Direct Plan - Quarterly IDCW Option	11.2255	11.1380
End		
Regular Plan - Growth Option	17.4595	16.2511
Direct Plan - Growth Option	18.5363	17.1380
Regular Plan - Monthly IDCW Option	10.4992	10.3054
Regular Plan - Quarterly IDCW Option	11.0548	11.1579
Direct Plan - Monthly IDCW Option	10.5791	10.4935
Direct Plan - Quarterly IDCW Option	11.2743	11.4140
2. Closing Assets Under Management (Rs. in Lakhs)		
End	200,318	195,560
Average (AAuM) ¹	187,260	272,188
3. Gross income as % of AAuM ²	2.00%	10.07%
4. Expense Ratio:		
a. Total Expense as % of AAuM (including GST tax on Management fees) (planwise)		
Regular Plan	0.95%	1.01%
Direct Plan	0.27%	0.34%

Key Statistics for the year ended March 31, 2024 *(Contd...)*

	Current Year ended March 31, 2024	Previous Year ended March 31, 2023
b. Management Fee as % of AAuM (planwise)		
Regular Plan	0.19%	0.25%
Direct Plan	0.17%	0.25%
5. Net Income as a percentage of AAuM ³	0.07%	8.52%
6. Portfolio turnover ratio ⁴	3.22	2.99
7. Total IDCW per unit distributed during the year (plan wise)		
Retail		
Regular Plan - Monthly IDCW Option	0.51	0.37
Regular Plan - Quarterly IDCW Option	0.90	0.30
Direct Plan - Monthly IDCW Option	0.69	0.54
Direct Plan - Quarterly IDCW Option	1.03	0.33
Corporate		
Regular Plan - Monthly IDCW Option	0.51	0.37
Regular Plan - Quarterly IDCW Option	0.90	0.30
Direct Plan - Monthly IDCW Option	0.69	0.54
Direct Plan - Quarterly IDCW Option	1.03	0.33
8. Returns:		
a. Last One Year		
Scheme		
Regular Plan - Growth Option	7.47%	4.76%
Direct Plan - Growth Option	8.19%	5.47%
Benchmark		
Nifty 50 Arbitrage Index	8.17%	5.24%
b. Since Inception		
Scheme		
Regular Plan - Growth Option	5.88%	5.70%
Direct Plan - Growth Option	6.53%	6.35%
Benchmark		
Nifty 50 Arbitrage Index	5.58%	5.29%

1. AAuM = Average daily net assets

2. Gross income = amount against (A) in the Revenue Account i.e. Income

3. Net income = amount against (C) in the Revenue Account i.e. Net Realised Gains/(Losses) for the year

4. Portfolio Turnover = Lower of sales or purchase divided by the Average AuM for the year

Note: Returns have been calculated as on last business day of the month i.e. March 28, 2024 due to non-availability of benchmark indices as of March 31, 2024.

Notes to Accounts – Annexure I

To the Abridged Balance Sheet and Revenue Account for the year ended March 31, 2024

1 Investments:

- 1.1. All Investments of the Scheme are registered in the name of the Trustee for the benefit of the Scheme's Unitholders.
- 1.2. Open Position of derivatives as at the year ended March 31, 2024 and March 31, 2023 are as under:

2023-24			
Scheme Name	Underlying Assets Name	Number of Contracts	Units Outstanding (Short)
HSBC Arbitrage Fund	The India Cements Limited	174	504,600
HSBC Arbitrage Fund	LTIMindtree Limited	7	1,050
HSBC Arbitrage Fund	L&T Technology Services Limited	28	5,600
HSBC Arbitrage Fund	Manappuram Finance Limited	101	606,000
HSBC Arbitrage Fund	Aditya Birla Fashion and Retail Limited	218	566,800
HSBC Arbitrage Fund	Adani Ports and Special Economic Zone Limited	31	24,800
HSBC Arbitrage Fund	Alkem Laboratories Limited	56	11,200
HSBC Arbitrage Fund	Bajaj Finance Limited	228	28,500
HSBC Arbitrage Fund	Balrampur Chini Mills Limited	260	416,000
HSBC Arbitrage Fund	Bharat Electronics Limited	178	1,014,600
HSBC Arbitrage Fund	Cholamandalam Investment and Finance Company Limited	59	36,875
HSBC Arbitrage Fund	City Union Bank Limited	223	1,115,000
HSBC Arbitrage Fund	Escorts Kubota Limited	210	57,750
HSBC Arbitrage Fund	Gujarat Narmada Valley Fertilizers and Chemicals Limited	90	117,000
HSBC Arbitrage Fund	JSW Steel Limited	5	3,375
HSBC Arbitrage Fund	Dr. Lal Path Labs Ltd.	464	139,200
HSBC Arbitrage Fund	Samvardhana Motherson International Limited	1	7,100
HSBC Arbitrage Fund	Pidilite Industries Limited	22	5,500
HSBC Arbitrage Fund	TATA Consumer Products Limited	317	285,300
HSBC Arbitrage Fund	Tata Consultancy Services Limited	94	16,450
HSBC Arbitrage Fund	Ambuja Cements Limited	3	5,400
HSBC Arbitrage Fund	Balkrishna Industries Limited	152	45,600
HSBC Arbitrage Fund	Dabur India Limited	153	191,250
HSBC Arbitrage Fund	Deepak Nitrite Limited	3	900
HSBC Arbitrage Fund	Grasim Industries Limited	2	954
HSBC Arbitrage Fund	Hindustan Petroleum Corporation Limited	2	5,400
HSBC Arbitrage Fund	Indian Oil Corporation Limited	5	48,750
HSBC Arbitrage Fund	Marico Limited	84	100,800
HSBC Arbitrage Fund	Mphasis Limited	532	146,300
HSBC Arbitrage Fund	NMDC Limited	1	4,500

Notes to Accounts – Annexure I (Contd...)**To the Abridged Balance Sheet and Revenue Account for the year ended March 31, 2024**

2023-24			
Scheme Name	Underlying Assets Name	Number of Contracts	Units Outstanding (Short)
HSBC Arbitrage Fund	Petronet LNG Limited	64	192,000
HSBC Arbitrage Fund	RBL Bank Limited	274	685,000
HSBC Arbitrage Fund	Vedanta Limited	1304	2,999,200
HSBC Arbitrage Fund	Apollo Hospitals Enterprise Limited	339	42,375
HSBC Arbitrage Fund	Container Corporation of India Limited	422	422,000
HSBC Arbitrage Fund	Cummins India Limited	49	14,700
HSBC Arbitrage Fund	Dixon Technologies (India) Limited	241	24,100
HSBC Arbitrage Fund	Indian Energy Exchange Limited	524	1,965,000
HSBC Arbitrage Fund	Piramal Enterprises Limited	19	14,250
HSBC Arbitrage Fund	SBI Life Insurance Company Limited	38	28,500
HSBC Arbitrage Fund	Zee Entertainment Enterprises Limited	888	2,664,000
HSBC Arbitrage Fund	Bank of Baroda	253	740,025
HSBC Arbitrage Fund	Coromandel International Limited	1	700
HSBC Arbitrage Fund	Crompton Greaves Consumer Electricals Limited	25	45,000
HSBC Arbitrage Fund	Glenmark Pharmaceuticals Limited	378	274,050
HSBC Arbitrage Fund	Godrej Consumer Products Limited	2	1,000
HSBC Arbitrage Fund	Granules India Limited	275	550,000
HSBC Arbitrage Fund	Hindustan Aeronautics Limited	42	12,600
HSBC Arbitrage Fund	Hindustan Copper Limited	107	567,100
HSBC Arbitrage Fund	The Indian Hotels Company Limited	2	4,000
HSBC Arbitrage Fund	Indus Towers Limited	736	2,502,400
HSBC Arbitrage Fund	ITC Limited	57	91,200
HSBC Arbitrage Fund	Kotak Mahindra Bank Limited	1518	607,200
HSBC Arbitrage Fund	LIC Housing Finance Limited	3	6,000
HSBC Arbitrage Fund	National Aluminium Company Limited	3	22,500
HSBC Arbitrage Fund	Obero Realty Limited	4	2,800
HSBC Arbitrage Fund	Page Industries Limited	27	405
HSBC Arbitrage Fund	Reliance Industries Limited	1492	373,000
HSBC Arbitrage Fund	Tata Communications Limited	369	184,500
HSBC Arbitrage Fund	Tata Power Company Limited	294	992,250
HSBC Arbitrage Fund	Wipro Limited	129	193,500
HSBC Arbitrage Fund	Aarti Industries Limited	31	31,000
HSBC Arbitrage Fund	Abbott India Limited	7	280
HSBC Arbitrage Fund	Bandhan Bank Limited	730	1,825,000
HSBC Arbitrage Fund	Coforge Limited	24	3,600
HSBC Arbitrage Fund	DLF Limited	28	46,200

Notes to Accounts – Annexure I (Contd...)**To the Abridged Balance Sheet and Revenue Account for the year ended March 31, 2024**

2023-24			
Scheme Name	Underlying Assets Name	Number of Contracts	Units Outstanding (Short)
HSBC Arbitrage Fund	HDFC Bank Limited	1795	987,250
HSBC Arbitrage Fund	HDFC Life Insurance Company Limited	172	189,200
HSBC Arbitrage Fund	IndusInd Bank Limited	39	19,500
HSBC Arbitrage Fund	Indian Railway Catering And Tourism Corporation Limited	13	11,375
HSBC Arbitrage Fund	JK Cement Limited	25	6,250
HSBC Arbitrage Fund	United Spirits Limited	19	13,300
HSBC Arbitrage Fund	Max Financial Services Limited	197	157,600
HSBC Arbitrage Fund	Mahanagar Gas Limited	1	800
HSBC Arbitrage Fund	Navin Fluorine International Limited	4	600
HSBC Arbitrage Fund	Power Finance Corporation Limited	13	50,375
HSBC Arbitrage Fund	Power Grid Corporation of India Limited	6	21,600
HSBC Arbitrage Fund	Steel Authority of India Limited	27	216,000
HSBC Arbitrage Fund	Torrent Pharmaceuticals Limited	1	500
HSBC Arbitrage Fund	UltraTech Cement Limited	13	1,300
HSBC Arbitrage Fund	Zydus Lifesciences Limited	2	1,800
HSBC Arbitrage Fund	ABB India Limited	3	375
HSBC Arbitrage Fund	Aditya Birla Capital Limited	261	1,409,400
HSBC Arbitrage Fund	Atul Limited	1	75
HSBC Arbitrage Fund	Biocon Limited	253	632,500
HSBC Arbitrage Fund	Canara Bank	304	820,800
HSBC Arbitrage Fund	Chambal Fertilizers & Chemicals Limited	138	262,200
HSBC Arbitrage Fund	Eicher Motors Limited	11	1,925
HSBC Arbitrage Fund	Hindustan Unilever Limited	65	19,500
HSBC Arbitrage Fund	Larsen & Toubro Limited	32	9,600
HSBC Arbitrage Fund	Lupin Limited	178	151,300
HSBC Arbitrage Fund	PI Industries Limited	85	21,250
HSBC Arbitrage Fund	State Bank of India	191	286,500
HSBC Arbitrage Fund	Siemens Limited	23	3,450
HSBC Arbitrage Fund	Tata Steel Limited	33	181,500
HSBC Arbitrage Fund	Aurobindo Pharma Limited	324	356,400
HSBC Arbitrage Fund	Bharti Airtel Limited	7	6,650
HSBC Arbitrage Fund	Coal India Limited	4	8,400
HSBC Arbitrage Fund	Exide Industries Limited	14	50,400
HSBC Arbitrage Fund	Godrej Properties Limited	315	149,625
HSBC Arbitrage Fund	Vodafone Idea Limited	189	15,120,000
HSBC Arbitrage Fund	InterGlobe Aviation Limited	27	8,100

Notes to Accounts – Annexure I (Contd...)**To the Abridged Balance Sheet and Revenue Account for the year ended March 31, 2024**

2023-24			
Scheme Name	Underlying Assets Name	Number of Contracts	Units Outstanding (Short)
HSBC Arbitrage Fund	Mahindra & Mahindra Limited	32	11,200
HSBC Arbitrage Fund	Multi Commodity Exchange of India Limited	49	19,600
HSBC Arbitrage Fund	Info Edge (India) Limited	1	150
HSBC Arbitrage Fund	Oracle Financial Services Software Limited	9	1,800
HSBC Arbitrage Fund	PVR Limited	1	407
HSBC Arbitrage Fund	SRF Limited	57	21,375
HSBC Arbitrage Fund	Syngene International Limited	14	14,000
HSBC Arbitrage Fund	ACC Limited	26	7,800
HSBC Arbitrage Fund	Bharat Petroleum Corporation Limited	30	54,000
HSBC Arbitrage Fund	Can Fin Homes Limited	107	104,325
HSBC Arbitrage Fund	Dalmia Bharat Limited	172	43,000
HSBC Arbitrage Fund	Divi's Laboratories Limited	28	5,600

2022-23			
Scheme Name	Underlying Assets Name	Number of Contracts	Units Outstanding (Short)
HSBC Arbitrage Fund	Power Grid Corporation of India Limited	2	5,400
HSBC Arbitrage Fund	Sun TV Network Limited	1	1,500
HSBC Arbitrage Fund	Aditya Birla Capital Limited	149	804,600
HSBC Arbitrage Fund	ACC Limited	5	1,250
HSBC Arbitrage Fund	Balrampur Chini Mills Limited	1	1,600
HSBC Arbitrage Fund	Bata India Limited	69	18,975
HSBC Arbitrage Fund	Colgate Palmolive (India) Limited	2	700
HSBC Arbitrage Fund	City Union Bank Limited	132	660,000
HSBC Arbitrage Fund	DLF Limited	52	85,800
HSBC Arbitrage Fund	Godrej Properties Limited	198	84,150
HSBC Arbitrage Fund	HDFC Bank Limited	149	81,950
HSBC Arbitrage Fund	Indraprastha Gas Limited	136	187,000
HSBC Arbitrage Fund	InterGlobe Aviation Limited	2	600
HSBC Arbitrage Fund	Infosys Limited	14	5,600
HSBC Arbitrage Fund	Kotak Mahindra Bank Limited	1706	682,400
HSBC Arbitrage Fund	Mahanagar Gas Limited	83	66,400
HSBC Arbitrage Fund	Max Financial Services Limited	63	40,950
HSBC Arbitrage Fund	Mphasis Limited	20	5,500
HSBC Arbitrage Fund	Info Edge (India) Limited	9	1,125
HSBC Arbitrage Fund	Oberoi Realty Limited	306	214,200

Notes to Accounts – Annexure I (Contd...)**To the Abridged Balance Sheet and Revenue Account for the year ended March 31, 2024**

2022-23			
Scheme Name	Underlying Assets Name	Number of Contracts	Units Outstanding (Short)
HSBC Arbitrage Fund	PI Industries Limited	141	35,250
HSBC Arbitrage Fund	Steel Authority of India Limited	83	664,000
HSBC Arbitrage Fund	UPL Limited	1	1,300
HSBC Arbitrage Fund	Vedanta Limited	7	14,000
HSBC Arbitrage Fund	Apollo Tyres Limited	2	7,000
HSBC Arbitrage Fund	Asian Paints Limited	87	17,400
HSBC Arbitrage Fund	Biocon Limited	613	1,409,900
HSBC Arbitrage Fund	BIRLASOFT LIMITED	18	36,000
HSBC Arbitrage Fund	Chambal Fertilizers & Chemicals Limited	67	100,500
HSBC Arbitrage Fund	Coromandel International Limited	278	194,600
HSBC Arbitrage Fund	Indiabulls Housing Finance Limited	185	740,000
HSBC Arbitrage Fund	Hindustan Petroleum Corporation Limited	63	170,100
HSBC Arbitrage Fund	IndusInd Bank Limited	39	17,550
HSBC Arbitrage Fund	IPCA Laboratories Limited	27	17,550
HSBC Arbitrage Fund	Mahindra & Mahindra Financial Services Limited	330	1,320,000
HSBC Arbitrage Fund	National Aluminium Company Limited	1	7,500
HSBC Arbitrage Fund	Power Finance Corporation Limited	862	5,344,400
HSBC Arbitrage Fund	Sun Pharmaceutical Industries Limited	367	256,900
HSBC Arbitrage Fund	TATA CONSUMER PRODUCTS LIMITED	63	56,700
HSBC Arbitrage Fund	Tata Steel Limited	206	1,133,000
HSBC Arbitrage Fund	United Breweries Limited	17	6,800
HSBC Arbitrage Fund	Aditya Birla Fashion and Retail Limited	98	254,800
HSBC Arbitrage Fund	Apollo Hospitals Enterprise Limited	1	125
HSBC Arbitrage Fund	Bandhan Bank Limited	777	1,398,600
HSBC Arbitrage Fund	Bharti Airtel Limited	90	85,500
HSBC Arbitrage Fund	Delta Corp Limited	69	193,200
HSBC Arbitrage Fund	Glenmark Pharmaceuticals Limited	1	1,450
HSBC Arbitrage Fund	Grasim Industries Limited	6	2,850
HSBC Arbitrage Fund	Honeywell Automation India Limited	58	870
HSBC Arbitrage Fund	ICICI Prudential Life Insurance Company Limited	494	741,000
HSBC Arbitrage Fund	Indian Oil Corporation Limited	160	1,560,000
HSBC Arbitrage Fund	Nestle India Limited	1	40
HSBC Arbitrage Fund	NMDC Limited	239	1,075,500
HSBC Arbitrage Fund	Piramal Enterprises Limited	263	144,650
HSBC Arbitrage Fund	SBI Life Insurance Company Limited	46	34,500

Notes to Accounts – Annexure I (Contd...)**To the Abridged Balance Sheet and Revenue Account for the year ended March 31, 2024**

2022-23			
Scheme Name	Underlying Assets Name	Number of Contracts	Units Outstanding (Short)
HSBC Arbitrage Fund	Wipro Limited	14	21,000
HSBC Arbitrage Fund	Ambuja Cements Limited	242	435,600
HSBC Arbitrage Fund	Bajaj Finance Limited	67	8,375
HSBC Arbitrage Fund	Balkrishna Industries Limited	129	38,700
HSBC Arbitrage Fund	Canara Bank	83	224,100
HSBC Arbitrage Fund	Eicher Motors Limited	1	175
HSBC Arbitrage Fund	Havells India Limited	1	500
HSBC Arbitrage Fund	HDFC Life Insurance Company Limited	54	59,400
HSBC Arbitrage Fund	IDFC Limited	688	6,880,000
HSBC Arbitrage Fund	Laurus Labs Limited	217	238,700
HSBC Arbitrage Fund	United Spirits Limited	166	103,750
HSBC Arbitrage Fund	Oil & Natural Gas Corporation Limited	6	23,100
HSBC Arbitrage Fund	Rain Industries Limited	103	360,500
HSBC Arbitrage Fund	Tata Chemicals Limited	117	58,500
HSBC Arbitrage Fund	Tata Motors Limited	33	47,025
HSBC Arbitrage Fund	Zee Entertainment Enterprises Limited	525	1,575,000
HSBC Arbitrage Fund	Container Corporation of India Limited	261	261,000
HSBC Arbitrage Fund	Dr. Reddy's Laboratories Limited	8	1,000
HSBC Arbitrage Fund	Gujarat Narmada Valley Fertilizers and Chemicals Limited	141	183,300
HSBC Arbitrage Fund	Granules India Limited	108	216,000
HSBC Arbitrage Fund	The Indian Hotels Company Limited	26	52,000
HSBC Arbitrage Fund	The India Cements Limited	158	458,200
HSBC Arbitrage Fund	Marico Limited	8	9,600
HSBC Arbitrage Fund	Pidilite Industries Limited	55	13,750
HSBC Arbitrage Fund	Siemens Limited	14	3,850
HSBC Arbitrage Fund	Abbott India Limited	1	40
HSBC Arbitrage Fund	Astral Limited	13	4,771
HSBC Arbitrage Fund	Bharat Electronics Limited	686	3,910,200
HSBC Arbitrage Fund	Bharat Petroleum Corporation Limited	438	788,400
HSBC Arbitrage Fund	Dabur India Limited	69	86,250
HSBC Arbitrage Fund	Exide Industries Limited	1	3,600
HSBC Arbitrage Fund	Godrej Consumer Products Limited	11	11,000
HSBC Arbitrage Fund	Hindustan Aeronautics Limited	1	300
HSBC Arbitrage Fund	HCL Technologies Limited	29	20,300
HSBC Arbitrage Fund	Housing Development Finance Corporation Limited	71	21,300

Notes to Accounts – Annexure I (Contd..)**To the Abridged Balance Sheet and Revenue Account for the year ended March 31, 2024**

2022-23			
Scheme Name	Underlying Assets Name	Number of Contracts	Units Outstanding (Short)
HSBC Arbitrage Fund	Mahindra & Mahindra Limited	301	210,700
HSBC Arbitrage Fund	NTPC Limited	6	34,200
HSBC Arbitrage Fund	Petronet LNG Limited	82	246,000
HSBC Arbitrage Fund	RBL Bank Limited	78	390,000
HSBC Arbitrage Fund	REC Limited	357	2,856,000
HSBC Arbitrage Fund	SRF Limited	152	57,000
HSBC Arbitrage Fund	Titan Company Limited	110	41,250
HSBC Arbitrage Fund	Torrent Pharmaceuticals Limited	176	88,000
HSBC Arbitrage Fund	Trent Limited	556	222,400
HSBC Arbitrage Fund	Ashok Leyland Limited	116	580,000
HSBC Arbitrage Fund	Aurobindo Pharma Limited	50	50,000
HSBC Arbitrage Fund	Axis Bank Limited	260	312,000
HSBC Arbitrage Fund	Bajaj Finserv Limited	565	282,500
HSBC Arbitrage Fund	Bharat Heavy Electricals Limited	2	21,000
HSBC Arbitrage Fund	Cipla Limited	177	115,050
HSBC Arbitrage Fund	Divi's Laboratories Limited	2	300
HSBC Arbitrage Fund	GAIL (India) Limited	147	1,345,050
HSBC Arbitrage Fund	HDFC Asset Management Company Limited	14	4,200
HSBC Arbitrage Fund	Hindustan Copper Limited	185	888,000
HSBC Arbitrage Fund	Indian Energy Exchange Limited	361	1,353,750
HSBC Arbitrage Fund	Jindal Steel & Power Limited	46	57,500
HSBC Arbitrage Fund	JK Cement Limited	1	250
HSBC Arbitrage Fund	L&T Finance Holdings Limited	296	2,641,504
HSBC Arbitrage Fund	Lupin Limited	2	1,700
HSBC Arbitrage Fund	Punjab National Bank	408	6,528,000
HSBC Arbitrage Fund	Reliance Industries Limited	1182	295,500
HSBC Arbitrage Fund	State Bank of India	66	99,000
HSBC Arbitrage Fund	Syngene International Limited	42	42,000
HSBC Arbitrage Fund	Tata Communications Limited	28	14,000
HSBC Arbitrage Fund	Tata Power Company Limited	1032	3,483,000
HSBC Arbitrage Fund	Tata Consultancy Services Limited	19	3,325
HSBC Arbitrage Fund	Aarti Industries Limited	40	34,000
HSBC Arbitrage Fund	Adani Ports and Special Economic Zone Limited	16	10,000
HSBC Arbitrage Fund	Can Fin Homes Limited	23	22,425
HSBC Arbitrage Fund	Dalmia Bharat Limited	104	52,000

Notes to Accounts – Annexure I (Contd...)**To the Abridged Balance Sheet and Revenue Account for the year ended March 31, 2024**

2022-23			
Scheme Name	Underlying Assets Name	Number of Contracts	Units Outstanding (Short)
HSBC Arbitrage Fund	ICICI Bank Limited	778	544,600
HSBC Arbitrage Fund	ICICI Lombard General Insurance Company Limited	25	10,625
HSBC Arbitrage Fund	Intellect Design Arena Limited	24	24,000
HSBC Arbitrage Fund	LIC Housing Finance Limited	180	360,000
HSBC Arbitrage Fund	Manappuram Finance Limited	7	42,000
HSBC Arbitrage Fund	Oracle Financial Services Software Limited	4	800
HSBC Arbitrage Fund	Page Industries Limited	1	15

- 1.3. Investment in Associates and Group Companies as at the year ended March 31, 2024 and March 31, 2023 are NIL.
- 1.4. Open positions of Securities Borrowed and/or Lent by the scheme as on the year ended March 31, 2024 & period ended March 31, 2023 are NIL.
- 1.5. Investment in Below investment grade and default/Securities in default beyond its maturity date as on March 31, 2024 and March 31, 2023 are NIL.
- 1.6. Aggregate Unrealised Gain/Loss as at the end of the Financial Year March 31, 2024 and March 31, 2023 are as under :

Rs. In Lakhs

Company Name	Amount	Percentage to Net Assets	Amount	Percentage to Net Assets
	As at March 31, 2024		As at March 31, 2023	
Equity Shares				
- Appreciation	13,677.64	6.83	3,079.60	1.57
- Depreciation	5,779.35	2.89	7,543.58	3.86
Central and State Government Securities				
- Appreciation	–	–	–	–
- Depreciation	–	–	157.87	0.08
Commercial Papers / Certificate of Deposits				
- Appreciation	0.08	0.00~	11.86	0.01
- Depreciation	0.45	0.00~	–	–
Futures				
- Appreciation	348.65	0.17	225.85	0.12
- Depreciation	2,361.77	1.18	2,614.29	1.34
Domestic Mutual Fund				
- Appreciation	1,012.40	0.51	0.97	0.00~
- Depreciation	–	–	11.01	0.01
Treasury Bills				
- Appreciation	0.75	0.00~	–	–
- Depreciation	10.18	0.01	–	–

(~) - Indicates less than 0.01%

Notes to Accounts – Annexure I (Contd..)

To the Abridged Balance Sheet and Revenue Account for the year ended March 31, 2024

- 1.7. The aggregate value of investment securities (excluding TREPS and Reverse Repos) purchased and sold (including matured) during the financial year 2023-2024 (excluding accretion of discount) is Rs. 622,677.46 lakhs and Rs. 687,813.48 lakhs respectively being 332.52% and 367.30% of the average net assets.

The aggregate value of investment securities (excluding TREPS and Reverse Repos) purchased and sold (including matured) during the financial year 2022-2023 (excluding accretion of discount) is Rs. 834,138.34 lakhs and Rs. 975,709.37 lakhs respectively being 306.46% and 358.47% of the average net assets.

- 1.8. Non-Traded securities in the portfolio of the scheme as on the year ended March 31, 2024 and March 31, 2023:

Security Category	Fair Value (Rs in Lakhs)	% to Net Assets	Fair Value (Rs in Lakhs)	% to Net Assets
	2024		2023	
Money market Instruments	4,939	2.47	2,355	1.20
Total	4,939	2.47	2,355	1.20

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

During the year 2023-24, The Hongkong and Shanghai Banking Corporation Limited, an associate entity of HSBC Asset Management (India) Private Limited was paid collection/bank charges amounting to Rs. 21.82 lakhs.

During the year 2022-23, The Hongkong and Shanghai Banking Corporation Limited, an associate entity of HSBC Asset Management (India) Private Limited was paid collection/bank charges amounting to Rs. Nil.

Commission paid to Sponsor/AMC and its associates/related parties/group companies

Name of Sponsor/AMC and its associates/related parties/group companies	Nature of Association / Nature of Relation	Period Covered	Business Given [Rs. In lakhs]	% of Total Business received by the Fund	Commission paid [Rs. In Lakhs]	% of Total commission paid by the Fund
The Hongkong and Shanghai Banking Corporation Limited	Group Company	2023-2024	38,185.00	27.90	75.05	9.50
The Hongkong and Shanghai Banking Corporation Limited	Group Company	2022-2023	16,048.92	13.71	13.70	1.30

Brokerage paid to Sponsor/AMC and its associates/related parties/group companies

Name of Sponsor/AMC and its associates/related parties/group companies	Nature of Association / Nature of Relation	Period Covered	Value of Transactions [Rs. In lakhs]	% of total value of transactions of the fund	Brokerage paid [Rs. In lakhs]	% of total brokerage paid by the fund
HSBC Securities and Capital Market (India) Private Limited	Sponsor	2023-2024	112,274.46	2.16	19.63	2.46
HSBC Securities and Capital Market (India) Private Limited	Sponsor	2022-2023	109,566.63	1.69	19.16	1.87

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

To the Abridged Balance Sheet and Revenue Account for the year ended March 31, 2024

PCM Charges paid to Sponsor/AMC and its associates/related parties/ group companies

Name of Sponsor/AMC and its associates/related parties / group companies	Nature of Association/ Nature of relation	Transaction Type	Period Covered	Amount (Rs. In Lakhs)
HSBC Securities and Capital Market (India) Private Limited	Sponsor	Clearing Charges	2023-2024	21.82
			2022-2023	–

- 3 None of the Investors held more than 25% of the total net assets of the scheme at the year ended March 31, 2024 and March 31, 2023.
- 4 Unit Capital movement during the year ended March 31, 2024, March 31, 2023 and March 31, 2022:

Description	2023-24				
	Opening Units	Subscription	Redemption	Closing Units	Face value
Regular Plan - Growth Option	834,751,611.519	430,912,077.508	625,845,115.118	639,818,573.909	10
Regular Plan - Monthly IDCW	13,475,439.639	3,067,708.886	4,816,895.702	11,726,252.823	10
Regular Plan - Quarterly IDCW	358,462.626	757,206.791	823,608.234	292,061.183	10
Direct Plan - Growth Option**	333,912,276.075	353,251,065.488	217,523,620.540	469,639,721.023	10
Direct Plan - Monthly IDCW	2,466,801.059	336,760.623	358,608.522	2,444,953.160	10
Direct Plan - Quarterly IDCW	235,265.793	64,078.493	5,184.205	294,160.081	10

Description	2022-23				
	Opening Units	Subscription	Redemption	Closing Units	Face value
Regular Plan - Growth Option	1,261,915,158.741	293,383,448.941	720,546,996.063	834,751,611.519	10
Regular Plan - Monthly IDCW	30,596,243.190	115,056,988.798	132,177,792.349	13,475,439.639	10
Regular Plan - Quarterly IDCW	530,523.143	109,509.510	281,570.027	358,462.626	10
Direct Plan - Growth Option**	873,178,264.969	358,171,206.624	897,437,195.518	333,912,276.075	10
Direct Plan - Monthly IDCW	3,221,291.022	145,038.462	899,528.425	2,466,801.059	10
Direct Plan - Quarterly IDCW	1,016,740.258	5,022.446	786,496.911	235,265.793	10

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

To the Abridged Balance Sheet and Revenue Account for the year ended March 31, 2024

Description	2021-22				
	Opening Units	Subscription	Redemption	Closing Units	Face value
Regular Plan - Growth Option	1,622,154,323.144	1,145,661,921.679	1,505,901,086.082	1,261,915,158.741	10
Regular Plan - Monthly IDCW	44,016,168.464	15,182,141.622	28,602,066.896	30,596,243.190	10
Regular Plan - Quarterly IDCW	729,894.400	203,369.914	402,741.171	530,523.143	10
Direct Plan - Growth Option**	664,885,374.890	1,836,454,022.014	1,628,161,131.935	873,178,264.969	10
Direct Plan - Monthly IDCW	4,316,803.596	300,022.178	1,395,534.752	3,221,291.022	10
Direct Plan - Quarterly IDCW	1,027,297.206	118,772.911	129,329.859	1,016,740.258	10

**Units held by the AMC (Seed Capital) in Direct Plan - Growth Option as on March 31, 2024 is 605,442.374 & as on March 31, 2023 is 605,442.374 & as on March 31, 2022 is 500,000.

- 5 Previous year's/period figures have been re-grouped/re-arranged where necessary.
- 6 There are no contingent liabilities and other commitments as on March 31, 2024 and March 31, 2023. Contingent asset is neither recognized nor disclosed in the financial statements.
- 7 Expenses other than Management Fees are Inclusive of GST where applicable.
- 8 Other income of Rs. 15.03 lakhs represents Exit load credited to the scheme (2023: Rs. 21.35 lakhs represents Exit load credited to the scheme).

9 Investor Education Awareness

As mandated by SEBI vide circular no. CIR/IMD/DF/21/2012 dated September 13, 2012 an annual charge of 0.02 percent of daily net assets, being a part of total recurring expenses is set aside for Investor Education and Awareness (IEA). In view of the AMFI Best Practices Guidelines Circular No. 56/2015-16, the IEF (Investor Education Fund) accrual is set aside in a separate bank account and the consolidated balance across all schemes as on March 31, 2024.

Pursuant to SEBI circular dated May 23, 2022, w.e.f. July 1, 2022, the limit of 0.02% p.a. has been reduced to 0.01% p.a. in case of ETFs/Index Funds. Furthermore, Fund of Funds (FoFs) investing more than 80% of its NAV in the underlying domestic funds have discontinued setting aside 0.02% p.a. of daily net assets towards IEA.

The break-up of which is as under:

	March 31, 2024	March 31, 2023
Particulars	Amount (Rs. In Lakhs)	Amount (Rs. In Lakhs)
Opening Balance as on April 01, 2023	997.09	460.22
Add: Accrual during FY 2023-24	1,962.01	1,432.00
Less: Transferred to AMFI *	889.11	646.75
Less: Payable to AMFI (March 2024 accrual) *	91.90	69.25
Add: Investment Income FY 2023-24	77.08	166.42
Less: Spent during FY 2023-24	1,877.44	345.55
Closing Balance as on March 31, 2024	177.73	997.09

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

The IEA disclosure's are presented for surviving schemes only.

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

To the Abridged Balance Sheet and Revenue Account for the year ended March 31, 2024

- 10 Pursuant to SEBI Circular No. SEBI/HO/IMD/DF3/CIR/P/2020/194 dated October 05, 2020, the nomenclature of 'Dividend Option' under all the schemes of HSBC Mutual Fund has been revised to 'Income Distribution cum Capital Withdrawal Option' (IDCW), with effect from April 1, 2021.
- 11 Securities, excluding debt securities, where the non-traded investments which have been valued "in good faith" exceed 5% of the net assets at the end of the year is NIL.
- 12 Debt securities which have been valued at a price other than the price given by the independent valuation agencies at the end of the year is NIL.
- 13 **Disclosure of Risk-o-meter**

Scheme Name	Risk-o-meter level at end of the financial year i.e. March 31, 2024	Risk-o-meter level as on March 31, 2023	Number of changes in Risk-o-meter during the financial year (March 2023 to March 2024)
HSBC Arbitrage Fund	Low	Low	0

- 14 Subsequent to receipt of SEBI's no objection to acquisition of 100% equity shares of L&T Investment Management Limited ("LTIM", Investment Manager of L&T Mutual Fund) and the amendments proposed to the trust deed of the HSBC Mutual Fund as required under the SEBI (Mutual Funds) Regulations, 1996, the schemes of L&T Mutual Fund (LTMF) were transferred to/ merged with the schemes of HSBC Mutual Fund on and from the close of business hours of November 25, 2022, and the HSBC AMC and HSBC Trustees assumed the responsibilities of the schemes of LTMF w.e.f. close of business hours of November 25, 2022.
- 15 During the year, HSBC Securities and Capital Markets (India) Private Limited ("HSCI"), Sponsors of HSBC Mutual Fund established a private limited company with limited liability to act as the "Trustee" of HSBC Mutual Fund. HSBC Trustees (India) Private Limited ("HTIP") was incorporated on 9 January 2024. Accordingly, HTIP has replaced the Board of Trustees of HSBC Mutual Fund w.e.f. 1 March 2024, and the Company through its Board of Directors has been discharging its obligations as the "Trustees" of the Fund from this date.
- 16 The Annual Accounts of the Schemes, prepared in accordance with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the "Act") read with the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time and clause 17.14 of SEBI Master Circular for Mutual Funds dated June 27, 2024, has been approved by the Board of Directors of HSBC Asset Management (India) Private Limited and HSBC Trustees (India) Private Limited at their meetings held on July 8, 2024 and July 19, 2024 respectively. The audit report attached herewith refers to the said Annual Accounts. The aforesaid abridged accounts are an extract of the Annual Accounts and are prepared in accordance with clause 5.4 and format no. 3.B under the section of formats of SEBI Master Circular for Mutual Funds dated June 27, 2024 and other relevant circulars issued by the Securities and Exchange Board of India from time to time.

Voting Policy and Procedures

In view of para 6.16 of SEBI Master Circular on Mutual Funds dated June 27, 2024 related to “Role of Mutual Funds in Corporate Governance of Public Listed Companies”, HSBC AMC has formulated its “Policy for Proxy Voting in Public Listed Companies”. The said policy is available on our website and the details of actual exercise of proxy votes, the summary of votes casted and the auditor’s certificate is forming part of our full Annual Report for the Financial Year 2023 – 24 which has been uploaded on our website at <http://www.assetmanagement.hsbc.co.in>

Statutory Details & Disclaimers

All the returns have been sourced from Mutual Funds India Explorer software. The performance of the schemes and the benchmark is calculated on a total return basis. This document has been prepared by HSBC Asset Management (India) Private Limited (HSBC) for information purposes only with an intent to provide market overview and should not be construed as an offer or solicitation of an offer for purchase of any of the funds of HSBC Mutual Fund. All information contained in this document (including that sourced from third parties), is obtained from sources, which HSBC/third party, believes to be reliable but which it has not been independently verified by HSBC/the third party. Further, HSBC/the third party makes no guarantee, representation or warranty and accepts no responsibility or liability as to the accuracy or completeness of such information. The information and opinions contained within the document are based upon publicly available information and rates of taxation applicable at the time of publication, which are subject to change from time to time.

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

For disclosure of quarterly AUM/AAUM and AUM by geography, please visit our website at www.assetmanagement.hsbc.co.in. Investors are requested to note that as per SEBI (Mutual Funds) Regulations, 1996 and guidelines issued thereunder, HSBC AMC, its employees and/ or empaneled distributors/agents are forbidden from guaranteeing/promising/assuring/predicting any returns or future performances of the schemes of HSBC Mutual Fund. Hence, please do not rely upon any such statements/commitments. If you come across any such practices, please register a complaint via email at investor.line@mutualfunds.hsbc.co.in

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

Important Updates

Name and Date of Birth as per PAN card - Effective from June 1, 2024

As per recent regulatory requirement and changes advised by Income Tax Department in PAN validation process, now it is mandated to quote your Name(s) and DOB as per PAN card. To avoid any failure in such validations, we request investors to quote the Name(s) and DOB's of all the holders including Guardian, Power of Attorney (POA) holders as per PAN card.

Useful Links for self service options

- **Use our 24 x 7 Chatbot - "ASKME" for any queries or service request:**
visit: <https://invest.assetmanagement.hsbc.co.in>

SMS your request to HSBC Mutual Fund

- **Latest NAV :** Send SMS as HSBCMF NAV <Scheme Code> to 56767
Example: HSBCMF NAV F03
- **Valuation Service on registered mobile No. :** Send SMS as HSBCMF VAL <folio_number> to 56767
Example: HSBCMF VAL 123456
- **Annual Report :**
For Electronic Copy: Send SMS as HSBCMFARE <folio_number> to 567678080
Example: HSBCMF ARE 123456
For Physical Copy: Send SMS as HSBCMFARP <folio_number> to 567678080
Example: HSBCMF ARP 123456
- **Half Yearly Portfolio :**
For Electronic Copy: Send SMS as HSBCMFHPE <folio_number> to 567678080
Example: HSBCMF HPE 123456
For Physical Copy: Send SMS as HSBCMFHPP <folio_number> to 567678080
Example: HSBCMF HPP 123456

Missed Call Service

- You can give a missed call to 9212900020 to get the total valuation via SMS and a statement on your registered email ID

Book-Post

If undelivered please return to:

Computer Age Management Services Private Limited (CAMS)

Unit: HSBC Mutual Fund

New No. 10, M.G.R Salai, Nungambakkam, Chennai - 600034.

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

HSBC Asset Management (India) Private Limited

CIN NO: U74140MH2001PTC134220

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

Website : www.assetmanagement.hsbc.co.in

Description	Toll Free Number	Email ID
Investor related queries	1800-4190-200/1800-200-2434	investor.line@mutualfunds.hsbc.co.in
Online related queries	1800-4190-200/1800-200-2434	onlinemf@mutualfunds.hsbc.co.in
Investor (Dialing from abroad)	+91 44 39923900	investor.line@mutualfunds.hsbc.co.in

To get your updated account statement email us at : "mfsoa@mutualfunds.hsbc.co.in"

We're always here to help you, so feel free to reach out to us

Self-service request at your Fingertips

- Visit Website • Invest Online • Insta Statement • Download Forms
- Transact via Whats App • Use 24/7 ChatBot - Ask Me



Remember, you can also find out more via our social media handles !



Please check our website www.assetmanagement.hsbc.co.in for an updated list of Official Points of Acceptance of HSBC Mutual Fund.

CAMS SERVICE CENTRES / CAMS LIMITED TRANSACTION POINTS / CAMS COLLECTION CENTRES

For details on CAMS Service Centres, please visit www.camsonline.com



HSBC Balanced Advantage Fund

(Erstwhile L&T Balanced Advantage Fund)

An open ended dynamic asset allocation fund.

Abridged Annual Report 2023 - 2024



SPONSOR

HSBC Securities and Capital Markets (India) Private Limited

CIN – U67120MH1994PTC081575

Regd. Office: 52/60, Mahatma Gandhi Road, Fort, Mumbai 400001.

TRUSTEE COMPANY

HSBC Trustees (India) Private Limited

CIN – U66190MH2024PTC416973

Regd. Office: 52/60, Mahatma Gandhi Road, Fort, Mumbai 400001.

ASSET MANAGEMENT COMPANY

HSBC Asset Management (India) Private Limited

CIN – U74140MH2001PTC134220

Regd. Office: 9-11 Floors, NESCO IT Park, Building No. 3,
Western Express Highway, Goregaon (East), Mumbai 400063.

CUSTODIAN

Citibank N.A.

First International Financial Center (FIFC), 9th Floor,
C-54 & 55, G – Block, Bandra Kurla Complex, Bandra (East), Mumbai 400051.

AUDITORS TO THE SCHEME

MSKA & Associates

Chartered Accountants

602, Floor 6, Raheja Titanium, Western Express Highway,
Geetanjali Railway Colony, Ram Nagar, Goregaon (East), Mumbai 400063.

REGISTRAR & TRANSFER AGENTS

Computer Age Management Services Limited (CAMS)

Unit: HSBC Mutual Fund

New No. 10, M.G.R Salai, Nungambakkam, Chennai 600034.

BOARD OF TRUSTEES

Ms. Jasmine Batliwalla	– Chairperson
Mr. Nani Javeri	– Trustee
Mr. David Rasquinha	– Trustee
Mr. Nicolas Moreau	– Trustee

BOARD OF DIRECTORS

Dr. Indu Shahani	– Director
Mr. Kapil Seth	– Director
Ms. Roopa Varma	– Director
Mr. Kailash Kulkarni	– Director & Chief Executive Officer

Dear Investor,

As we reflect on the past year, I am filled with pride and optimism about the future of our company and overall growth of the mutual fund industry. The past year has marked significant milestones in our journey, particularly as we capitalise on the immense potential of India's burgeoning growth story.

Fiscal 2024 turned out to be one of the best years for the domestic mutual fund industry as assets under management (AUM) spurted by nearly Rs. 14 lakh crore to a record Rs. 53.40 lakh crore as of March 2024 compared with Rs. 39.42 lakh crore as of March 2023.

The mutual fund industry is experiencing immense growth and we are poised to take advantage of this upward trajectory. Our company is an integral part of this growth story, riding the wave with several strategic initiatives and accomplishments that have set us on a path of sustained success.



Major achievements post integration

- Post integration we have enhanced our digital offering for both B2B and B2C to provide improved customer journeys.
- HSBC AM India's AUM increased from USD 1.4 bn (before integration) to USD 13.7 bn as of April 2024.
- HSBC Asset Management India has now become the 14th largest asset manager in India in terms of AUM.
- HSBC AM India has launched 4 new products since integration (raising \$445M).
- We have expanded HSBC AM India's product offerings to 43 funds.

Key Achievements in FY2023-2024

Investment Performance: Our disciplined investment strategy and thorough research have been pivotal to our success. We have focused on high-quality, undervalued assets, achieving consistent returns across our portfolio.

Product Innovation: This year, we launched two new funds - HSBC Multi Asset Allocation Fund and HSBC Consumption Fund, tailored to meet the evolving needs of our investors. These new offerings have been well-received, contributing to our growth in AUM significantly.

Increased Media Presence: In FY24, we significantly boosted our media presence, ensuring that our brand and thought leadership are recognized across various platforms. Through strategic media engagements like Informed Investing with ET Now, talks shows and several authored articles plus interviews - we have amplified our message, reaching a broader audience and reinforcing our market position.

Successful Campaign Launch: We successfully launched SIP Hai #FaydeWaliAadat, an investor education campaign, that highlighted the transformative power of SIPs in achieving long-term financial

goals. A first of its kind campaign, it aimed at educating and empowering the millennial investors in India. The campaign garnered significant attention and positive feedback, strengthening our brand presence and engaging a wider audience. Notably, the campaign has also earned us prestigious awards and accolades highlighting our commitment to excellence and innovation.

Client Relationships: We have strengthened our client relationships through enhanced communication, transparency, and personalized service. Our client satisfaction scores have reached new heights, reflecting our commitment to exceptional service.

We believe that the India story has just begun and its economic landscape is poised for significant growth. An exposure to unique and future relevant themes can provide a much-needed inflation buffer. The importance of asset allocation continues to be critical. It is critical for all of us to review our risk appetite and goal proximity and construct a portfolio appropriately.

Besides construction, portfolio rebalancing is equally important in order to achieve optimal outcomes. I do hope you share my enthusiasm and I ask that you continue to invest whilst reviewing your asset allocation at all times.

I would like to express my sincere gratitude to our dedicated team, whose expertise and commitment are the backbone of our success. To our investors, thank you for your trust and continued support. Your confidence in our approach motivates us to strive for excellence in everything we do. Also, I want to express my deepest gratitude to our valuable partners for their unwavering support and keep our services running. Look forward to achieving even grater milestones together.

As we move forward, we remain committed to delivering superior investment performance, fostering strong client relationships, and driving sustainable growth. Together, we are well-positioned to navigate the future and achieve our goals.

Warm regards,

A handwritten signature in black ink, appearing to read 'Kailash Kulkarni', written over a horizontal line.

Kailash Kulkarni

Chief Executive Officer

HSBC Asset Management India

Trustees' Report

For the year ended March 31, 2024

The Board of Directors of HSBC Trustees (India) Private Limited, Trustees of HSBC Mutual Fund present the Twenty Second Annual Report and the audited abridged financial statements of the schemes of the HSBC Mutual Fund ("the Fund") for the year ended March 31, 2024.

With the acquisition of L&T Mutual Fund in the previous financial year, the Fund's Assets Under Management ('AUM') (excluding Domestic FOFs) as on March 31, 2024 was INR 109368.16 crores (audited). The Fund ranks in the top 15 Mutual Fund houses in India in terms of AUM.

As at March 31, 2024, the Fund offered 43 schemes across asset classes to meet the varying investment needs of the investors. During the year, the Fund launched two new products namely HSBC Consumption Fund and HSBC Multi Asset Allocation Fund in Equity and Hybrid categories.

The Fund continues its focus on delivering consistent long-term returns. The comments on the performance of the scheme(s) are provided hereinafter. Dividends were declared under various schemes as per the provisions contained in the respective Scheme Information Documents after considering the distributable surplus available under the respective plans of the schemes. Details of dividends declared can be viewed on our website at www.assetmanagement.hsbc.co.in.

During the year, HSBC Securities and Capital Markets (India) Private Limited ("HSCI"), Sponsors of the Fund established a private limited company with limited liability to act as the "Trustees" of the Fund. HSBC Trustees (India) Private Limited ("HTIP") was incorporated on 9 January 2024. Accordingly, HTIP has replaced the Board of Trustees of HSBC Mutual Fund w.e.f. 1 March 2024, and the Company through its Board of Directors has been discharging its obligations as the "Trustees" of the Fund from this date.

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

a. Operations and Performance of the Scheme

➤ Equity Schemes

HSBC Balanced Advantage Fund ('HBAF')

(Dynamic Asset Allocation Fund - An open-ended dynamic asset allocation fund)

The investment objective of the scheme is to seek long term capital growth and income through investments in equity and equity related securities and fixed income instruments. There is no assurance that the objective of the Scheme will be realised and the Scheme does not assure or guarantee any returns.

The net assets of HBAF amounted to INR 1397.34 crores as at March 31, 2024 as against INR 1485.58 crores as at March 31, 2023. Around 66.4% of the net assets were invested in equities, 31.13% of the net assets were invested in debt, 2.9% of the net assets were invested in reverse repos/TREPS and (0.43%) in net current assets as at March 31, 2024.

The asset allocation between equity and debt is decided by the fund managers depending on prevailing market and economic conditions. Among the metrics considered for deciding the debt-equity mix at any point of time is the interest rate cycle, equity valuations (P/E, P/BV, Dividend Yield, Earnings yield, market cap to GDP ratio etc.), medium to long term outlook of the asset class, etc. The objective of the equity strategy has been to build a portfolio of companies diversified across major industries, economic sectors and market capitalization that offer an acceptable risk reward balance. Investment in debt securities have been guided by credit quality, liquidity, interest rates and their outlook. HBAF proposes to take long term call on stocks which in the opinion of the fund managers, could offer better return over a long period.

On the portfolio construction front (equity portion), the fund managers continue to manage HBAF with flexibility across market caps. Large cap portion has been approximately 65% with the balance divided roughly equally between the mid cap and the small cap segment. For the equity portion, there is a cyclical tilt towards the earnings growth and macro recovery cycle holding a medium to long term view. The fund managers remain focused on the fundamentals of the companies and their earnings growth trajectory and prefer dominant businesses with scalability and available at reasonable valuations. Portfolio construction is through bottom-up stock selection and there is an emphasis on companies which run with flexibility across market caps.

Trustees’ Report
For the year ended March 31, 2024 (Contd...)

As on March 31, 2024, the unhedged equity portfolio was overweight on Healthcare, Real Estate, Industrials, Utilities, and Materials. The portfolio was underweight on Financials, Technology, and Energy. Equal weight sectors were Consumer Staples, Consumer Discretionary, and Consumer Services.

The debt part of the scheme has maintained a steady strategy to invest in Government securities across 5 to 10 years and high quality 1 to 3 years corporate bonds. Over the last one year, the scheme has increased its duration and continues to remain overweight given the fund manager's positive view on interest rates. During this period the G-sec and corporate bond yields softened resulting in the outperformance of the scheme.

Looking ahead, the allocation between Equity and Debt would continue to be governed by in-house framework, which is based upon equity valuations.

HSBC Balanced Advantage Fund				Date of Inception : 7 February, 2011				
Fund / Benchmark (Value of ₹ 10,000 invested)	1 Year		3 Years		5 Years		Since Inception	
	Amount (₹)	Returns (%)	Amount (₹)	Returns (%)	Amount (₹)	Returns (%)	Amount (₹)	Returns (%)
HSBC Balanced Advantage Fund	12273	22.87	13390	10.24	15965	9.80	38561	10.81
Scheme Benchmark (Nifty 50 Hybrid composite debt 50:50 Index)	11884	18.95	13707	11.10	17558	11.91	38316	10.76
Additional Benchmark (S&P BSE Sensex TRI)	12650	26.66	15423	15.57	20205	15.10	48727	12.80

Past performance may or may not be sustained in future. Returns have been calculated for the respective periods for Growth Option of Regular Plan as on last business day of the month i.e. March 28, 2024 due to non-availability of benchmark indices as of March 31, 2024. Returns on ₹ 10,000 are point-to-point returns for the specific time period, invested at the start of the period. Returns for 1 year and above are Compounded Annualized. Different plans shall have a different expense structure. Performance of the respective benchmark is calculated as per the Total Return Index (TRI).

Please note that Bombay Stock Exchange (“BSE”) has notified that basis their demerger of the tie-up between S&P Dow Jones (“SPDJS”) and BSE, only the nomenclature of Additional Benchmark of the scheme stands revised from June 1, 2024, however, the underlying index composition of the additional benchmark remains unchanged.

Risk-o-meter as of 31st March, 2024:

Scheme Name	Scheme Risk-o-meter	Benchmark Risk-o-meter
HSBC Balanced Advantage Fund	 Investors understand that their principal will be at High risk	Benchmark Index: Nifty 50 Hybrid composite debt 50:50 Index 

Please note that the above risk-o-meter is as per the product labelling of the Scheme basis Scheme's monthly portfolio as on March 31, 2024.

Trustees' Report

For the year ended March 31, 2024 (Contd...)

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

➤ EQUITY OUTLOOK

Recap of FY 2023-24:

FY24 was a stellar year for the Indian equity markets with strong economic momentum, healthy earnings growth and strong inflows from domestic and foreign institutional investors and strong retail participation driving a broad-based bull market. The Nifty and Sensex were up a solid 30.1%/26.5% respectively during the year, while the BSE Midcap and BSE Smallcap indices gained an astounding 65.2% and 61.4% respectively.

While geo-political conflicts continued in FY24, their impact on crude and global supply chains moderated. Crude prices largely remained range bound during the year. Inflation barring a brief spike largely remained well contained, the economy gained further steam with GDP growth crossing 8% in H1FY24 supported by government thrust on infrastructure. This translated into strong growth for several core sector industries including steel and cement. The growth in the real estate sector has been strong with inventory continuing to decline in metro markets. However, lagged impact of price increases continued to impinge on consumer demand growth which remained subdued for most mass market categories.

Domestic cyclicals were the best performing sectors during the year led by Real Estate, Capital Goods, Autos. Power was also among the best performing sectors. Global cyclicals like Metals and Oil & Gas also strongly outperformed the Nifty. FMCG and Banking while delivering healthy positive returns underperformed the Nifty, while IT performance was closer to Nifty.

MSCI India index outperformed most of key global indices during the past fiscal. MSCI India index (USD) gained 35.5% as compared to 23.1% gain for MSCI World, 27.9% for US S&P 500, 11.0% for MSCI Europe and only 5.3% for MSCI Emerging Markets as MSCI China declined 19.0% over the period.

Strong performance of the market and subsiding global macro headwinds drove a sharp turnaround in foreign investment flows. FII net inflow was at USD 25.3bn in FY24 versus an outflow of USD 6.0bn/17.1bn in FY23/FY22. DIIs, on the other hand, matched FII inflow with an inflow of USD 25.3bn although it was lower than the net inflows at USD 30.8bn in FY23. Within DIIs, the MF segment was the key contributor (USD 24.3 bn of net inflows up from USD 21.8bn in FY23) while domestic Insurers were also in the net inflow territory (USD 1.0bn of net inflows vs USD 9.0bn in FY23).

Source: Motilal Oswal

Indices Returns (April 01, 2023 to March 31, 2024)	1 Year [^]
S&P BSE Sensex TR	26.5%
NSE CNX Nifty TR	30.1%
S&P BSE 100 TR	34.2%
S&P BSE 200 TR	38.5%
S&P BSE 500 TR	40.2%
S&P BSE Midcap TR	65.2%
S&P BSE Small-cap TR	61.4%

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

Way forward:

The global macro environment remains challenging with heightened geo-political and economic uncertainties. US bond yields remain high putting pressure on interest rates and currencies globally. For India, growth has continued to remain strong with GDP growth of 8.4% in Q3FY24 driven by strong government spending on infrastructure and pickup in manufacturing and construction. The 2024 interim budget has re-affirmed

Trustees' Report

For the year ended March 31, 2024 (Contd...)

government focus on infrastructure. At the same time reduction in fiscal deficit should also help in easing of domestic interest rates. However, after last year's patchy monsoon, a good monsoon will be an important factor for rural demand and overall consumption growth in the economy in FY25.

India starts FY25 on a strong footing with positive growth momentum and India's investment cycle is expected to be on a medium-term upturn supported by rising government investment in infrastructure and recovery in real estate cycle. There is also an expectation of higher private investments in renewable energy and related supply chain, localization of higher-end technology components, and India becoming a more meaningful part of global supply chains. Finally, it is expected for consumption to improve as the impact of high inflation fades and real incomes start to grow again.

However, several of these positives are getting discounted by the high valuations currently prevailing in the equity market. While the fund managers remain constructive on Indian equities supported by the more robust medium-term growth outlook there is a caution against high return expectations. Nifty continues to trade on 20.6x consensus 1 year forward PE (as of 30 April). On a 10-year basis, Nifty is still trading 10% above its historic average valuation but is in-line with its 5-year average. Valuations of the midcap and small cap indices are even higher versus their historical average.

➤ DEBT OUTLOOK

Market drivers during the course of the year FY 2024

The year started with advanced economies continuing to grapple with higher inflation and policy tightening remained a common theme across economies. During FY2024, the Federal Open Market Committee (FOMC) raised policy rates by 50 bps while European Central Bank (ECB) and Bank of England (BOE) raised policy rates by 100 bps each. The cumulative rate hikes by various advanced economies in this cycle are as follows: Fed (525 bps), BOE (515 bps) and ECB (450 bps). Meanwhile cumulative rate hikes by the Monetary Policy Committee (MPC) in this cycle was 250 bps. On account of higher Government debt burden, Fitch downgraded US sovereign rating from AAA to AA+. US Treasury yields remained volatile during the year, with the 10-year benchmark rising higher by 73 bps during the year. Crude prices also moved higher by USD 7-8/bbl.

On the domestic front, Consumer price Index (CPI) inflation remained broadly in the upper end of the MPC's targeted band of 4% +/- 2% for most the financial year, however, inflation printed above 6% on two occasions due to high food inflation. Headline inflation remained susceptible to high food inflation with markets now expecting some relief of food prices on the back of normal monsoon. Core inflation eased through the year falling to below 4% in the last quarter.

Domestically, one of the biggest events during the year was the much-awaited index inclusion of Indian Government Bonds (IGBs) into the GBI-EM Global index suite and its relevant benchmarks. India is expected to reach the maximum weight of 10% in the GBI-EM Global Diversified Index (GBI-EM GD), with the inclusion staggered over a 10-month period starting June 2024. Following this, Bloomberg also included IGBs in their Bloomberg EM Local Currency Index, with India expected to reach a maximum weight of 10% over a 10-month period starting Jan 2025. Both these inclusions are expected to bring in INR 25-30 bn of index related FPI inflows over the next 1-2 years and paving the way for inclusion into other global bond indices as well. During FY2024, FPIs poured in close USD 12 bn into IGBs, with majority of the inflows coming in post the JP Morgan index inclusion announcement.

Government continued its path of fiscal consolidation, with the revised estimate of the Fiscal deficit for FY2024 coming in at 5.6%, with expectations for FY2025 at 5.1% and target of below 4.5% by FY2026. PMI numbers continue to remain in expansion, GST revenues remain buoyant and credit off-take upbeat.

The external sector has remained strong due to healthy service exports and remittances. Current Account Deficit (CAD) is expected to be around 1% for the year. Rupee remained one of the more stable currencies during the year, with active intervention from RBI smoothening any volatility. RBI continued to build on the FX reserves with year-end number around USD 650 bn.

Money market rates moved higher during the year due to tightening in liquidity along with higher Certificate of Deposit (CD) issuances. G-Sec yields, however, moved lower due to favorable demand supply and lower G-Sec borrowing. 10-year G-Sec moved lower during the year by 25 bps, while 5 yr G-Sec moved lower by 13 bps.

Trustees' Report

For the year ended March 31, 2024 (Contd...)

Market Outlook

While US markets have braced for “higher for longer” rates, we have seen in the past, that reactions to favorable data in such an environment can be sharp. Any softness in growth, employment or inflation data over the next few months will allow the markets to quickly start pricing in aggressive future policy easing. In our view, the RBI is also likely to gradually shift the liquidity deficit into surplus over the course of the next 3-6 months, flipping overnight rates from the top to the bottom of the rate corridor. The yield curve is likely to steepen as liquidity eases. This along with a potential 50 bps of policy easing in first half of CY2025 may push overnight rates lower by 75-100 bps.

While any form of additional spending by the new Government to address concerns of rural sections of the country and the possibility of additional spending to fund such policies will remain a key monitorable, it is believed the Government is likely to remain cognizant of the possible impact of such policies and take measured steps. With the dust settling down on the election outcome, the broad macroeconomic factors should continue to remain stable and could support softening in domestic yields going forward.

The Fund Managers continue to have a positive outlook for interest rates, based on various favorable factors: (a) Record RBI dividend to the Government, (b) reduced Fiscal deficit number of 5.6%, (c) favorable G-Sec supply demand dynamics, (d) FPI index related inflows, (e) revised outlook in India by S&P, (f) soft core inflation along with expectations of a better than normal monsoon, and finally (g) soft signals by Government and RBI on liquidity.

Source: RBI, Bloomberg, Internal HSBC Research & CCIL

2. BRIEF BACKGROUND OF THE SPONSORS, THE FUND, THE TRUSTEES AND THE ASSET MANAGEMENT COMPANY

A. Sponsor

HSBC Mutual Fund is sponsored by HSBC Securities and Capital Markets (India) Private Limited (HSCI). The Sponsor is the Settler of the Mutual Fund Trust. The Sponsor has entrusted a sum of Rs. 1,00,000/- (Rupees One Lakh only) to the Trustee as the initial contribution towards the corpus of the Mutual Fund.

HSCI offers integrated investment banking services, securities and corporate finance & advisory. HSCI is a member of the Bombay Stock Exchange Limited and National Stock Exchange (capital and derivative market segments). HSCI holds 100% of the paid-up equity share capital of HSBC Asset Management (India) Private Limited.

B. HSBC Mutual Fund

HSBC Mutual Fund (“the Mutual Fund” or “the Fund”) has been constituted as a Trust in accordance with the provisions of the Indian Trusts Act, 1882 (2 of 1882) vide a Trust Deed dated February 7, 2002 (as amended) with HSBC Securities and Capital Markets (India) Private Limited, as the Sponsor and HSBC Trustees (India) Private Limited. The Trustee has entered into an Investment Management Agreement dated February 7, 2002 (as amended) with HSBC Asset Management (India) Private Limited (AMC) to function as the Investment Manager for all the schemes of the Fund. The Fund was registered with SEBI vide registration number MF/046/02/5 dated May 27, 2002.

The Trust has been formed for the purpose of pooling of capital from the public for collective investment in securities for the purpose of providing facilities for participation by persons as beneficiaries in such investments and in the profits/income arising therefrom.

C. HSBC Trustees (India) Private Limited (the Trustees)

The Trustees are the exclusive owner of the Trust Fund and holds the same in trust for the benefit of the unitholders. The Trustees have been discharging their duties and carrying out the responsibilities as provided in the SEBI (Mutual Funds) Regulations, 1996 and the Trust Deed. The Trustees seek to ensure that the Fund and the schemes floated there under are managed by the AMC in accordance with the Trust Deed, the said Regulations, directions and guidelines issued by the SEBI, the Stock Exchanges, the Association of Mutual Funds in India and other regulatory agencies.

Trustees’ Report
For the year ended March 31, 2024 (Contd...)

During the year, HSBC Securities and Capital Markets (India) Private Limited (“HSCI”), Sponsors of HSBC Mutual Fund) established a private limited company with limited liability to act as the “Trustee” of HSBC Mutual Fund. HSBC Trustees (India) Private Limited (“HTIP”) was incorporated on 9 January 2024. Accordingly, HTIP has replaced the Board of Trustees of HSBC Mutual Fund w.e.f. 1 March 2024, and the Company through its Board of Directors has been discharging its obligations as the “Trustees” of the Fund from this date.

As of March 31, 2024, HSCI holds 100% of the paid-up equity share capital of HTIP.

D. Asset Management Company (the AMC)

HSBC Asset Management (India) Private Limited (the Investment Manager or the AMC) is a private limited company incorporated under the Companies Act, 1956 on December 12, 2001 having its Registered Office at 9-11 Floors, NESCO IT Park, Building no. 3, Western Express Highway, Goregaon (East), Mumbai – 400 063. HSBC Asset Management (India) Private Limited has been appointed as the Asset Management Company of HSBC Mutual Fund by the Trustee vide Investment Management Agreement (IMA) dated February 7, 2002 (as amended) and executed between the Trustees and the AMC. SEBI approved the AMC to act as the Investment Manager of the Fund vide its letter No. MFD/BC/163/2002 dated May 27, 2002. The paid-up equity share capital of the AMC is Rs. 344.41 crores. The AMC is registered as a Portfolio Manager under the SEBI (Portfolio Managers) Regulations, 1993 vide registration no. INP000001322. The AMC also offers non-binding Advisory services to offshore funds under the mutual fund license.

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

3. INVESTMENT OBJECTIVE OF THE SCHEMES

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

4. SIGNIFICANT ACCOUNTING POLICIES

The Significant Accounting Policies form part of the Notes to the Accounts annexed to the Balance Sheet of the Schemes in the Full Annual Report. The accounting policies are in accordance with Securities Exchange Board of India (Mutual Funds) Regulations, 1996 and Indian Accounting Standards (IND AS) notified under section 133 of the Companies Act, 2013 (the “Act” read with the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time.

5. UNCLAIMED DIVIDENDS & REDEMPTIONS

Summary of number of investors & corresponding amount as on March 31, 2024:

Scheme Name	Unclaimed Dividend		Unclaimed Redemption	
	No. of Investors	Amount (₹)	No. of Investors	Amount (₹)
HSBC Balanced Advantage Fund	752	718,024.87	93	3,305,975.76

6. INVESTOR SERVICES

The number of official points of acceptance of transactions are 210 locations. In addition to the offices of the Registrar & Transfer Agent, the AMC has its own office in 61 locations and Investor Service Centers in 39 locations. The AMC has 2 Toll Free numbers (1800-4190-200/ 1800-200-2434) which can be dialed from anywhere in India and 1 number i.e. +91 44 39923900 (Investors calling from abroad). The call center service is being managed by the Registrar and Transfer Agents. HSBC Mutual Fund offers the online transaction facility through the AMC’s website at www.assetmanagement.hsbc.co.in.

On the distribution front, the number of empaneled distributors were 59046 as on March 31, 2024. During the year, the AMC initiated tie-ups for online distribution of the Mutual Fund’s schemes with several channel partners taking the total number of such tie-ups to 160 as on March 31, 2024.

Trustees' Report

For the year ended March 31, 2024 (Contd...)

7. DETAILS OF INVESTOR GRIEVANCE REDRESSAL

The details of the redressal of investor complaints received against HSBC Mutual Fund during April 2023 - March 2024 are as follows:

2023-2024												
Complaint code	Type of Complaint	(a) No. of complaints pending at the beginning of the period	(b) No. of complaints received during the given period	Action on (a) and (b)								
				Resolved				Non Action-able*	Pending			
				Within 30 days	30-60 days	60-180 days	Beyond 180 days		0-3 months	3-6 months	6-9 months	9-12 months
I A	Non receipt of amount declared under Income Distribution cum Capital Withdrawal option	1	10	11	0	0	0	0	0	0	0	0
I B	Interest on delayed payment of amount declared under Income Distribution cum Capital Withdrawal option	0	1	1	0	0	0	0	0	0	0	0
I C	Non receipt of Redemption Proceeds	1	38	39	0	0	0	0	0	0	0	0
I D	Interest on delayed payment of Redemption	0	2	2	0	0	0	0	0	0	0	0
II A	Non receipt of Statement of Account/Unit Certificate	0	3	3	0	0	0	0	0	0	0	0
II B	Discrepancy in Statement of Account	1	22	23	0	0	0	0	0	0	0	0
II C	Data corrections in Investor details	1	250	249	0	0	0	0	2	0	0	0
II D	Non receipt of Annual Report/ Abridged Summary	0	0	0	0	0	0	0	0	0	0	0
III A	Wrong switch between Schemes	0	2	2	0	0	0	0	0	0	0	0
III B	Unauthorized switch between Schemes	0	1	1	0	0	0	0	0	0	0	0
III C	Deviation from Scheme attributes	0	1	1	0	0	0	0	0	0	0	0
III D	Wrong or excess charges/load	0	0	0	0	0	0	0	0	0	0	0
III E	Non updation of changes viz. address, PAN, bank details, nomination, etc	1	127	127	0	0	0	0	1	0	0	0
III F	Delay in allotment of Units	0	5	4	1	0	0	0	0	0	0	0
III G	Unauthorized Redemption	0	0	0	0	0	0	0	0	0	0	0
IV	Others**	1	78	76	0	0	0	0	3	0	0	0
	TOTAL	6	540	539	1	0	0	0	6	0	0	0

** As per AMFI Best Practice Guidelines Circular No.25/2011-12 for Revisions in the Guidelines on Standardization of Complaints/ Grievances Reporting Procedure. If "Others" include a type of complaint which is more than 10% of overall complaints, then such a reason should be provided separately. Hence, data corrections in Investor Details are included as a separate category.

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

Summary of Complaints for FY 2023-24

Particulars	Count
Total complaints received	540
Total number of folios	21,39,406
% of complaints against the folio	0.025

Trustees' Report

For the year ended March 31, 2024 (Contd...)

8. INVESTOR EDUCATION INITIATIVES

During the FY 2023-24, the AMC conducted the following investor education and awareness initiatives:

- An integrated multi-media marketing campaign on SIP Hai 'FaydeWaliAadat' aimed to tap into the aspirations, financial goals, and unique spending habits of millennials.
- Editorial content on Systematic Investment Plans (SIP) created across 15 states through various regional television channels.
- Investor education content on the Platform - Quora.
- 'Be Money Confident' video series targeting women through Jio Platforms.
- Campaign on Women & Investing for Women's Day.
- Campaign for Marathon enthusiast on the similarities between running a Marathon & Investing.
- Financial literacy virtual event on the occasion of Mother's Day, which received more than 725 registered users.
- A mom blogger outreach program to reach Women Investors with financial education content on MF on the occasion of Mother's Day.
- Education campaign on ELSS executed for working audiences.
- Blogs and content for Investor Education properties like SIP Sahi Hai in Value Research, Gyan Guroovaar on Facebook, Investment Ki Paathshala on the website and investor education blogs on the platform - Advisor Khoj.
- 1,462 Investor Education programs to reach out to an audience of 71,465 people out of which 458 were women programs attended by 20,139 women.

9. PROXY VOTING POLICY

As per para 6.16 of SEBI Master Circular on Mutual Funds dated June 27, 2024, the Fund has adopted Proxy Voting Policy and Procedures for exercising voting rights in respect of securities held by the Schemes. (please refer Proxy Voting Policy and Procedures)

The summary of the votes casted in the general meetings of the Investee companies, by the AMC for and on behalf of the Schemes of the Fund, for the financial year 2023-24 is provided below:

Quarter	Total no. of resolutions	Break-up of Vote decision		
		For	Against	Abstained
April 2023 - June 2023	387	260	75	52
July 2023 - September 2023	2,169	1607	448	114
October 2023 - December 2023	197	138	37	22
January 2024 - March 2024	319	240	50	29
TOTAL	3,072	2,245	610	217

As per para 6.16.7 of SEBI Master Circular on Mutual Funds dated June 27, 2024, the AMC has obtained certificate from M/s. M. P. Chitale & Co., Chartered Accountants, who is acting as a Scrutinizer, on the voting report for the FY 2023-24. The certificate dated May 22, 2024 issued by M/s. M. P. Chitale & Co., is available on the website of the AMC as part of the full Annual Report.

Unitholders can refer to the full Annual Report for complete details of actual exercise of votes in the general meetings of the investee companies for the financial year 2023-24 or log on to our website at www.assetmanagement.hsbc.co.in.

Trustees' Report

For the year ended March 31, 2024 (Contd...)

10. STATUTORY DETAILS

- a) The Sponsors are not responsible or liable for any loss resulting from the operation of the Schemes of the Fund beyond initial contribution of Rs. 1 lakh for setting up the Fund.
- b) The price and redemption value of the units, and income from them, can go up as well as down with fluctuations in the market value of its underlying investments.
- c) Full Annual Report of HSBC Mutual Fund and of HSBC Asset Management (India) Private Limited (the AMC) shall be disclosed on the website at www.assetmanagement.hsbc.co.in and shall be available for inspection at the Head Office of the Mutual Fund. Present and prospective unitholders can obtain copy of the Trust Deed, the full Annual Report of the Scheme(s), the Annual Report of HSBC Asset Management (India) Private Limited and the text of the relevant Scheme(s) at a price.

11. CHANGES IN RISK-O-METER OF THE SCHEME DURING FY 2023-24

As per para 17.4. of SEBI Master Circular on Mutual Funds dated June 27, 2024 on product labelling, the changes carried out in the risk-o-meter of the schemes of HSBC Mutual Fund during FY 2023-24 have been given in the below mentioned table for the information of the unitholders, a report on the said changes has also been displayed on the website of the Fund and AMFI.

Scheme Name	Risk-o-meter level as on March 31, 2023	Risk-o-meter level as on March 31, 2024	Number of changes in Risk-o-meter during the F.Y. 2023-24)
HSBC Balanced Advantage Fund	Very High	High	4

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

As per para 6.16.15 of SEBI Master Circular on Mutual Funds dated June 27, 2024, HSBC Mutual Fund has adapted the policy on stewardship responsibilities, the unitholders are requested to note the status of governance with the same as mentioned below:

S. No.	Particulars of Principles of Stewardship Code	Status of compliance (Complied/ Not Complied)	Description	Remarks/ reasons for deviation/non-compliance, if any
1	Principle 1: Institutional Investors should formulate a comprehensive policy on the discharge of their stewardship responsibilities, publicly disclose it, review and update it periodically.	Complied	HSBC Asset Management (India) Private Limited's (AMIN) 'Policy on Stewardship responsibilities' (Stewardship Code/ Policy) was formulated and implemented on 01 July, 2020. This is a comprehensive document which has been publicly disclosed on the website of AMIN. The same shall follow a periodic review.	N.A.
2	Principle 2: Institutional investors should have a clear policy on how they manage conflicts of interest in fulfilling their stewardship responsibilities and publicly disclose it.	Complied	Defining and managing Conflict of Interest in fulfilling stewardship responsibilities are detailed in the Stewardship Policy document. The policy document is publicly disclosed.	N.A.

Trustees' Report

For the year ended March 31, 2024 (Contd...)

S. No.	Particulars of Principles of Stewardship Code	Status of compliance (Complied/ Not Complied)	Description	Remarks/ reasons for deviation/non-compliance, if any
3	Principle 3: Institutional investors should monitor their investee companies.	Complied	AMIN monitors all investee companies through its investment process. This includes assessment of companies' own and market data, consideration of research from brokers and other independent research providers – including ESG & voting research, attending individual & group meetings with company management and directors, visiting production sites (wherever necessary), engaging with key stakeholders including competitors and customers, and financial modelling. More details enumerated in the policy document	N.A.
4	Principle 4: Institutional investors should have a clear policy on intervention in their investee companies. Institutional investors should also have a clear policy for collaboration with other institutional investors where required, to preserve the interests of the ultimate investors, which should be disclosed.	Complied	Details of undertaking active engagement with investee companies and the policy for collaboration with other institutional holders are detailed in the policy document. The policy document is publicly disclosed.	N.A.
5	Principle 5: Institutional investors should have a clear policy on voting and disclosure of voting activity.	Complied	AMIN has a clear and detailed voting policy which provides the framework for the voting decisions. All voting decisions shall be in accordance with AMIN's Voting Policy and Procedures, which is disclosed on the website. AMIN discloses the details of the voting on its website on a quarterly basis within 10 working days from the end of the quarter. Additionally, AMIN also discloses the details of the votes cast, in the annual report of the schemes of HSBC Mutual Fund.	N.A.
6	Principle 6: Institutional investors should report periodically on their stewardship activities.	Complied	The annual status report of the stewardship code and quarterly report on proxy voting are publicly disclosed on the website as required under SEBI Regulations.	N.A.

Trustees' Report

For the year ended March 31, 2024 (Contd...)

13. DISCLOSURES PERTAINING TO NAV ADJUSTED DURING THE FINANCIAL YEAR FOR SWING FACTOR ALONG WITH THE PERFORMANCE IMPACT

Sr No.	Period of applicability of swing pricing	Scheme Name	Unswung NAV	Swing factor applied	Whether optional or mandatory
NIL					

14. SIGNIFICANT EVENT AFTER THE END OF THE FINANCIAL YEAR

NIL

15. ACKNOWLEDGEMENTS

The Trustees wish to thank the unitholders of the Schemes for their support throughout the year, and also thank the Government of India, the Securities and Exchange Board of India (SEBI), the Reserve Bank of India (RBI) and the Association of Mutual Funds in India (AMFI) for the guidance provided by them. The Trustees also appreciate the services provided by the Registrar and Transfer Agent, Fund Accountant, Custodian, Bankers, Distributors and Brokers. The guidance and services provided by the auditors and advocates and the ebullience, sincerity and dedication of the employees of HSBC Asset Management (India) Private Limited is also appreciated.

The Trustees look forward to the continued support of everyone.

For and on behalf of **HSBC Trustees (India) Private Ltd.**

Sd/-

Director

Mumbai

July 19, 2024

Independent Auditors' Report

To the Board of Directors of HSBC Trustees (India) Private Limited (the "Trustee")

HSBC Balanced Advantage Fund

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **HSBC Balanced Advantage Fund** (the "Scheme") of HSBC Mutual Fund (the "Fund"), which comprise the Balance Sheet as at March 31, 2024, the Revenue Account and the Cash Flow Statement for the year then ended, and notes to the financial statements, including a summary of material accounting policy and other explanatory information.

In our opinion, and to the best of our information and according to the explanations given to us, the aforesaid financial statements of the Scheme give a true and fair view in conformity with the Indian Accounting Standards ("Ind AS") prescribed under section 133 of the Companies Act, 2013 (the "Act") read with Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India, including the accounting policies and standards specified in the Regulation 50 and Ninth Schedule to the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 ("the SEBI Regulations") (collectively referred to as the "Regulations") as amended:

- a. in the case of the Balance Sheet, of the state of affairs of the Scheme as at March 31, 2024;
- b. in the case of the Revenue Account, of the net surplus for the year ended on that date; and
- c. in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing ("SAs") and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India (the "ICAI"). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Scheme in accordance with the Code of Ethics issued by the ICAI together with the ethical requirements that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Information Other than the Financial Statements and Auditor's Report Thereon

The Board of Directors of HSBC Asset Management (India) Private Limited (the "AMC") and the Board of Directors of HSBC Trustees (India) Private Limited (the "Trustees") (collectively referred to as "the Management") are responsible for the other information. The other information comprises the information included in the Trustees report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

The Management is responsible for the preparation of these financial statements that give a true and fair view of the state of affairs, results of operations and cash flows of the Scheme in accordance with the accounting principles generally accepted in India, including the accounting policies and standards specified in Regulations. This responsibility also includes maintenance of adequate accounting records in accordance with the SEBI

Independent Auditors' Report (Contd...)

Regulations for safeguarding of the assets of the Scheme and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Management is responsible for assessing the Scheme's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management, either intends to liquidate the Scheme or to cease operations, or has no realistic alternative but to do so.

Those Charged with Governance are also responsible for overseeing the Scheme's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Scheme's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Scheme to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide to those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Independent Auditors' Report (Contd...)

Report on Other Legal and Regulatory Requirements

1. As required by regulation 55(4) and clause 5(ii)(2) of the Eleventh Schedule of the SEBI Regulations, we report that:
 - a. we have sought and obtained all the information and explanations which, to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b. in our opinion, the Balance Sheet and the Revenue Account dealt with by this report have been prepared in accordance with the accounting policies and standards specified in the Regulations; and
 - c. the Balance Sheet, the Revenue Account and the Cash Flow Statement, dealt with by this report are in agreement with the books of accounts of the Scheme.
2. In our opinion, the methods used to value non-traded securities as at March 31, 2024, as determined by the Management under procedures approved by the Trustees in accordance with the guidelines for valuation of securities for mutual funds as mentioned in the Eighth Schedule to the SEBI Regulations, are fair and reasonable.

For **M S K A & Associates**

Chartered Accountants

ICAI Firm Registration No. 105047W

Sd/-

Swapnil Kale

Partner

Membership No: 117812

UDIN: 24117812BKFIRV5778

Place : Mumbai

Date : July 19, 2024

Abridged Balance Sheet as at March 31, 2024

Rs. in Lakhs			
	As at March 31, 2024	As at March 31, 2023	As at April 1, 2022
LIABILITIES			
1 Unit Capital	37,944.08	49,376.50	68,098.55
2 Reserves & Surplus			
2.1 Unit Premium Reserves	19,230.26	30,161.70	46,086.12
2.2 Unrealised Appreciation Reserve	24,789.06	8,684.73	13,111.57
2.3 Other Reserves	57,770.78	60,168.99	74,937.87
3 Loans & Borrowings	—	—	—
4 Current Liabilities & Provisions			
4.1 Provision for Doubtful Income/Deposits	—	—	—
4.2 Other Current Liabilities & Provisions	1,165.37	713.03	4,350.96
TOTAL	140,899.55	149,104.94	206,585.07
ASSETS			
1 Investments			
1.1 Listed Securities:			
1.1.1 Equity Shares	92,785.55	99,884.50	134,987.41
1.1.2 Preference Shares	—	—	—
1.1.3 Equity Linked Debentures	—	—	—
1.1.4 Other Debentures & Bonds	22,750.91	22,045.66	9,232.72
1.1.5 Securitised Debt Securities	—	—	—
1.2 Securities Awaited Listing:			
1.2.1 Equity Shares	—	—	—
1.2.2 Preference Shares	—	—	—
1.2.3 Equity Linked Debentures	—	—	—
1.2.4 Other Debentures & Bonds	—	—	—
1.2.5 Securitised Debt Securities	—	—	—
1.3 Unlisted Securities:			
1.3.1 Equity Shares	—	—	—
1.3.2 Preference Shares	—	—	—
1.3.3 Equity Linked Debentures	—	—	—
1.3.4 Other Debentures & Bonds	—	—	—
1.3.5 Securitised Debt Securities	—	—	—
1.4 Government Securities	16,023.86	19,246.36	49,839.99
1.5 Treasury Bills	—	—	—
1.6 Commercial Paper	2,441.30	—	—
1.7 Certificate of Deposits	1,428.22	2,794.31	4,920.71
1.8 Bill Rediscounting	—	—	—
1.9 Units of Domestic Mutual Fund	—	—	—
1.10 Foreign Securities	—	—	—
Total Investments	135,429.83	143,970.82	198,980.82
2 Deposits	322.53	11.70	1.67
3 Other Current Assets			
3.1 Cash & Bank Balance	89.72	42.72	145.13
3.2 CBLO/TREPS/Reverse Repo Lending	4,058.80	3,637.31	1,179.68
3.3 Others	998.66	1,442.39	6,277.76
4 Deferred Revenue Expenditure (to the extent not written off)	—	—	—
TOTAL	140,899.55	149,104.94	206,585.07

Notes to Accounts - Annexure I

Abridged Revenue Account for the year ended March 31, 2024

Rs. in Lakhs

		Current Year ended March 31, 2024	Previous Year ended March 31, 2023
1	INCOME		
1.1	Dividend	1,074.84	1,727.24
1.2	Interest	2,993.30	3,520.51
1.3	Realised Gain/(Loss) on Foreign Exchange Transactions	—	—
1.4	Realised Gains/(Losses) on Interscheme Sale of Investments	—	—
1.5	Realised Gains/(Losses) on External Sale/Redemption of Investments	20,331.89	4,388.30
1.6	Realised Gains/(Losses) on Derivative Transactions	(8,946.22)	3,159.57
1.7	Other Income	81.14	38.33
	(A)	15,534.96	12,833.95
2	EXPENSES		
2.1	Management Fees	824.65	991.72
2.2	GST on Management Fees	148.45	178.51
2.3	Transfer Agents Fees and Expenses	96.22	130.69
2.4	Custodian Fees	1.47	3.34
2.5	Trusteeship Fees	1.15	1.15
2.6	Commission to Agents	1,749.51	2,236.77
2.7	Marketing & Distribution Expenses	0.64	2.01
2.8	Audit Fees	1.80	2.11
2.9	Investor Education Expenses	28.04	35.72
2.10	Interest on Borrowing	—	—
2.11	Brokerage & Transaction Costs	445.54	484.19
2.12	Other Operating Expenses	23.77	20.95
	(B)	3,321.25	4,087.15
3	NET REALISED GAINS/(LOSSES) FOR THE YEAR (C = A - B)	12,213.70	8,746.81
4	Change in Unrealised Depreciation in Value of Investments	(D) 598.57	(194.58)
5	NET GAINS/(LOSSES) FOR THE YEAR (E = C + D)	12,812.28	8,552.23
6	Change in Unrealised Appreciation in Value of Investments	(F) 16,104.33	(4,251.67)
7	NET SURPLUS/(DEFICIT) FOR THE YEAR (G = E + F)	28,916.61	4,300.56
7.1	Add : Balance Transfer from Unrealised Appreciation Reserve	—	4,426.85
7.2	Less : Balance Transfer to Unrealised Appreciation Reserve	16,104.33	—
7.3	Add/(Less) : Equalisation	(14,625.49)	(22,780.01)
7.4	Transfer from Reserve Fund	60,168.99	74,937.87
7.5	Transfer from Unit Premium Reserve	—	—
8	Total	58,355.77	60,885.26
9	Dividend Appropriation		
9.1	Income Distributed during the Year	(584.99)	(716.27)
9.2	Tax on Income Distributed during the Year	—	—
10	Retained Surplus/(Deficit) Carried Forward to Balance Sheet	57,770.78	60,168.99

Notes to Accounts - Annexure I

Key Statistics for the year ended March 31, 2024

	Current Year ended March 31, 2024	Previous Year ended March 31, 2023
1. NAV per unit (Rs.):		
Open		
Regular Plan - Growth Option	31.4184	30.7160
Regular Plan - IDCW Option	16.8917	17.7470
Direct Plan - Growth Option	35.3039	34.0500
Direct Plan - IDCW Option	19.3624	20.0170
High		
Regular Plan - Growth Option	38.8444	31.8985
Regular Plan - IDCW Option	19.5355	17.9920
Direct Plan - Growth Option	44.1924	35.7000
Direct Plan - IDCW Option	22.7079	20.2970
Low		
Regular Plan - Growth Option	31.4724	29.0770
Regular Plan - IDCW Option	16.9207	16.6270
Direct Plan - Growth Option	35.3685	32.3300
Direct Plan - IDCW Option	19.3978	18.8140
End		
Regular Plan - Growth Option	38.5607	31.4184
Regular Plan - IDCW Option	19.2343	16.8917
Direct Plan - Growth Option	43.9130	35.3039
Direct Plan - IDCW Option	22.3856	19.3624
2. Closing Assets Under Management (Rs. in Lakhs)		
End	139,734	148,558
Average (AAuM) ¹	140,213	178,604
3. Gross income as % of AAuM ²	11.08%	7.19%
4. Expense Ratio:		
a. Total Expense as % of AAuM (including GST tax on Management fees) (planwise)		
Regular Plan	2.12%	2.08%
Direct Plan	0.78%	0.73%
b. Management Fee as % of AAuM (planwise)		
Regular Plan	0.59%	0.56%
Direct Plan	0.57%	0.52%
5. Net Income as a percentage of AAuM ³	8.71%	4.90%
6. Portfolio turnover ratio ⁴	0.70	0.49
7. Total IDCW per unit distributed during the year (planwise)		
Retail		
Regular Plan - IDCW Option	1.37	1.24
Direct Plan - IDCW Option	1.54	1.36

Key Statistics for the year ended March 31, 2024 (Contd...)

	Current Year ended March 31, 2024	Previous Year ended March 31, 2023
Corporate		
Regular Plan - IDCW Option	1.37	1.24
Direct Plan - IDCW Option	1.54	1.36
8. Returns (%):		
a. Last One Year		
Scheme		
Regular Plan - Growth Option	22.87%	2.29%
Direct Plan - Growth Option	24.52%	3.68%
Benchmark		
NIFTY 50 Composite Hybrid Debt 50-50 Index	18.95%	2.39%
b. Since Inception		
Scheme		
Regular Plan - Growth Option	10.81%	9.88%
Direct Plan - Growth Option	12.21%	11.08%
Benchmark		
NIFTY 50 Composite Hybrid Debt 50-50 Index	10.76%	10.11%

- 1. AAuM = Average daily net assets.
- 2. Gross income = amount against (A) in the Revenue account i.e. Income.
- 3. Net income = amount against (C) in the Revenue account i.e. Net Realised Gains/(Losses) for the year.
- 4. Portfolio Turnover = Lower of sales or purchase divided by the Average AuM for the year.

Note: Returns have been calculated as on last business day of the month i.e. March 28, 2024 due to non-availability of benchmark indices as of March 31, 2024.

Notes to Accounts – Annexure I

To the Abridged Balance Sheet and Revenue Account for the year ended March 31, 2024

1 Investments:-

- 1.1. All Investments of the Scheme are registered in the name of the Trustee for the benefit of the Scheme's Unitholders.
- 1.2. Open Position of derivatives as at the year ended March 31, 2024 and March 31, 2023 are as under:

2023-24			
Scheme Name	Underlying Assets Name	Number of Contracts	Units Outstanding (Short)
HSBC Balanced Advantage Fund	Adani Ports and Special Economic Zone Limited	101	80,800
HSBC Balanced Advantage Fund	Ambuja Cements Limited	280	504,000
HSBC Balanced Advantage Fund	Aurobindo Pharma Limited	306	336,600
HSBC Balanced Advantage Fund	Dixon Technologies (India) Limited	255	25,500
HSBC Balanced Advantage Fund	DLF Limited	127	209,550
HSBC Balanced Advantage Fund	HDFC Bank Limited	46	25,300
HSBC Balanced Advantage Fund	ICICI Bank Limited	100	70,000
HSBC Balanced Advantage Fund	Kotak Mahindra Bank Limited	175	70,000
HSBC Balanced Advantage Fund	Larsen & Toubro Limited	26	7,800
HSBC Balanced Advantage Fund	Manappuram Finance Limited	185	1,110,000
HSBC Balanced Advantage Fund	United Spirits Limited	378	264,600
HSBC Balanced Advantage Fund	Tata Power Company Limited	94	317,250
HSBC Balanced Advantage Fund	Zee Entertainment Enterprises Limited	853	2,559,000

2022-23			
Scheme Name	Underlying Assets Name	Number of Contracts	Units Outstanding (Short)
HSBC Balanced Advantage Fund	Axis Bank Limited	102	122,400
HSBC Balanced Advantage Fund	Britannia Industries Limited	41	8,200
HSBC Balanced Advantage Fund	DLF Limited	954	1,574,100
HSBC Balanced Advantage Fund	Aurobindo Pharma Limited	293	293,000
HSBC Balanced Advantage Fund	IDFC Limited	130	1,300,000
HSBC Balanced Advantage Fund	Tata Power Company Limited	209	705,375
HSBC Balanced Advantage Fund	United Spirits Limited	371	231,875
HSBC Balanced Advantage Fund	Ambuja Cements Limited	263	473,400
HSBC Balanced Advantage Fund	PI Industries Limited	54	13,500
HSBC Balanced Advantage Fund	Sun Pharmaceutical Industries Limited	200	140,000
HSBC Balanced Advantage Fund	Bajaj Finance Limited	66	8,250
HSBC Balanced Advantage Fund	Zee Entertainment Enterprises Limited	579	1,737,000

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

To the Abridged Balance Sheet and Revenue Account for the year ended March 31, 2024

- 1.3. Investment in Associates and Group Companies as at the year ended March 31, 2024 and March 31, 2023 are NIL.
- 1.4. Open positions of Securities Borrowed and / or Lent by the Scheme as on the year ended March 31, 2024 & March 31, 2023 are NIL.
- 1.5. Investment in Below investment grade and default/Securities in default beyond its maturity date as on March 31, 2024 and March 31, 2023 are NIL.
- 1.6. Aggregate Unrealised Gain/Loss as at the end of the Financial Year March 31, 2024 and March 31, 2023 are as under :

Rs. In Lakhs

Security Category	Amount	Percentage to Net Assets	Amount	Percentage to Net Assets
	As at March 31, 2024		As at March 31, 2023	
Equity Shares				
– Appreciation	26,943.80	19.28	12,564.27	8.46
– Depreciation	2,276.01	1.63	3,918.16	2.64
Bonds and Debentures				
– Appreciation	102.60	0.07	35.46	0.02
– Depreciation	10.45	0.01	–	–
Central and State Government Securities				
– Appreciation	45.14	0.03	–	–
– Depreciation	17.44	0.01	634.79	0.43
Certificate of Deposit / Commercial Papers				
– Appreciation	1.40	0.00~	3.16	0.00~
– Depreciation	–	–	–	–
Futures				
– Appreciation	113.22	0.08	32.75	0.02
– Depreciation	275.85	0.20	159.17	0.11

(~) - Indicates less than 0.01%

- 1.7. The aggregate value of investment securities (excluding TREPS and Reverse Repos) purchased and sold (including matured) during the financial year 2023-2024 (excluding accretion of discount) is Rs. 106,261.91 lakhs and Rs. 152,107.66 lakhs respectively being 75.79% and 108.48% of the average net assets.

The aggregate value of investment securities (excluding TREPS and Reverse Repos) purchased and sold (including matured) during the financial year 2022-2023 (excluding accretion of discount) is Rs. 83,694.99 lakhs and Rs. 138,756.63 lakhs respectively being 46.86% and 77.69% of the average net assets.

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

Security Category	Fair Value (Rs. in Lakhs)	% to Net Assets	Fair Value (Rs. in Lakhs)	% to Net Assets
	2024		2023	
Debt Instruments	17,734	12.69	19,542	9.66
Money market Instruments	3,870	2.77	2,794	1.38
Total	21,603	15.46	22,336	11.04

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

To the Abridged Balance Sheet and Revenue Account for the year ended March 31, 2024

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

During the year 2023-24, The Hongkong and Shanghai Banking Corporation Limited, an associate entity of HSBC Asset Management (India) Private Limited was paid collection/bank charges amounting to Rs. Nil.

During the year 2022-23, The Hongkong and Shanghai Banking Corporation Limited, an associate entity of HSBC Asset Management (India) Private Limited was paid collection/bank charges amounting to Rs. Nil

Commission paid to Sponsor/AMC and its associates/related parties/group companies

Name of Sponsor/ Investment Manager and its associates/ related parties/group companies	Nature of Association /Nature of relation	Period Covered	Business Given [Rs. In lakhs]	% of Total Business given by the Fund	Commission paid [Rs. In Lakhs]	% of Total Commission paid by the Fund
The Hongkong and Shanghai Banking Corporation Limited	Group Company	2023-2024	1,619.61	9.13	11.52	0.69
The Hongkong and Shanghai Banking Corporation Limited	Group Company	2022-2023	664.51	2.97	2.11	0.10

Brokerage paid to Sponsor/AMC and its associates/related parties/group companies

Name of Sponsor/AMC and its associates/ related parties/group companies	Nature of Association /Nature of relation	Period Covered	Value of Transactions [Rs. In lakhs]	% of total value of transactions of the fund	Brokerage paid [Rs. In lakhs]	% of total brokerage paid by the fund
HSBC Securities and Capital Market (India) Private Limited	Sponsor	2023-2024	13,086.17	1.79	13.64	6.11
HSBC Securities and Capital Market (India) Private Limited	Sponsor	2022-2023	9,426.22	0.88	1.65	0.72

PCM Charges paid to Sponsor/AMC and its associates/related parties/ group companies

Name of Sponsor/AMC and its associates/ related parties/group companies	Nature of Association/ Nature of relation	Transaction Type	Period Covered	Amount (Rs. In Lakhs)
HSBC Securities and Capital Market (India) Private Limited	Sponsor	Clearing Charges	2023-2024	2.78
			2022-2023	—

3 None of the Investors held more than 25% of the total net assets of the scheme at the year ended March 31, 2024 and March 31, 2023.

4 Unit Capital movement during the year ended March 31, 2024, March 31, 2023 and March 31, 2022:

Description	Opening Units	Subscription	Redemption	Closing Units	Face value
	2023-24				
Regular Plan - Growth Option	422,033,496.106	44,306,638.047	143,409,610.405	322,930,523.748	10
Regular Plan - IDCW Option	50,820,743.435	4,216,936.871	17,069,909.767	37,967,770.539	10
Direct Plan - Growth Option**	19,834,553.979	3,407,923.221	5,793,982.970	17,448,494.230	10
Direct Plan - IDCW Option	1,076,194.448	154,316.755	136,499.541	1,094,011.662	10

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

To the Abridged Balance Sheet and Revenue Account for the year ended March 31, 2024

Description	Opening Units	Subscription	Redemption	Closing Units	Face value
2022-23					
Regular Plan - Growth Option	591,939,609.810	62,918,492.905	232,824,606.609	422,033,496.106	10
Regular Plan - IDCW Option	59,252,891.299	10,773,221.106	19,205,368.970	50,820,743.435	10
Direct Plan - Growth Option **	28,010,294.295	3,177,350.612	11,353,091.028	19,834,553.979	10
Direct Plan - IDCW Option	1,782,742.244	121,705.677	828,253.473	1,076,194.448	10

Description	Opening Units	Subscription	Redemption	Closing Units	Face value
2021-22					
Regular Plan - Growth Option	490,281,395.500	231,857,667.749	130,199,453.439	591,939,609.810	10
Regular Plan - IDCW Option	64,975,183.272	13,921,129.379	19,643,421.352	59,252,891.299	10
Direct Plan - Growth Option **	18,385,103.601	15,222,857.830	5,597,667.136	28,010,294.295	10
Direct Plan - IDCW Option	1,972,369.637	471,502.925	661,130.318	1,782,742.244	10

**Units held by the AMC (Seed Capital) in Direct Plan Growth Option as on March 31, 2024 is 508,074.959 & as on March 31, 2023 is 508,074.959 & as on March 31, 2022 is 235,213.407

- 5 Previous year's/period figures have been re-grouped/re-arranged where necessary.
- 6 There are no contingent liabilities and other commitments as on March 31, 2024 and March 31, 2023. Contingent asset is neither recognized nor disclosed in the financial statements.
- 7 Expenses other than Management Fees are Inclusive of GST where applicable.
- 8 Other income of Rs. 81.14 lakhs represents Exit load credited to the scheme (2023: Rs. 38.33 lakhs represents Exit load credited to the scheme).

9 Investor Education Awareness

As mandated by SEBI vide circular no. CIR/IMD/DF/21/2012 dated September 13, 2012 an annual charge of 0.02 percent of daily net assets, being a part of total recurring expenses is set aside for Investor Education and Awareness (IEA). In view of the AMFI Best Practices Guidelines Circular No. 56/2015-16, the IEF (Investor Education Fund) accrual is set aside in a separate bank account and the consolidated balance across all schemes as on March 31, 2024.

Pursuant to SEBI circular dated May 23, 2022, w.e.f. July 1, 2022, the limit of 0.02% p.a. has been reduced to 0.01% p.a. in case of ETFs/Index Funds. Furthermore, Fund of Funds (FoFs) investing more than 80% of its NAV in the underlying domestic funds have discontinued setting aside 0.02% p.a. of daily net assets towards IEAI.

The break-up of which is as under:

	March 31, 2024	March 31, 2023
Particulars	Amount (Rs. In Lakhs)	Amount (Rs. In Lakhs)
Opening Balance as on April 01, 2023	997.09	460.22
Add: Accrual during FY 2023-24	1,962.01	1,432.00
Less: Transferred to AMFI *	889.11	646.75
Less: Payable to AMFI (March 2024 accrual) *	91.90	69.25
Add: Investment Income FY 2023-24	77.08	166.42
Less: Spent during FY 2023-24	1,877.44	345.55
Closing Balance as on March 31, 2024	177.73	997.09

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

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

To the Abridged Balance Sheet and Revenue Account for the year ended March 31, 2024

The IEA disclosure's are presented for surviving schemes only.

- 10 Pursuant to SEBI Circular No. SEBI/HO/IMD/DF3/CIR/P/2020/194 dated October 05, 2020, the nomenclature of 'Dividend Option' under all the schemes of HSBC Mutual Fund has been revised to 'Income Distribution cum Capital Withdrawal Option' (IDCW), with effect from April 01, 2021.
- 11 Securities, excluding debt securities, where the non-traded investments which have been valued "in good faith" exceed 5% of the net assets at the end of the year is NIL.
- 12 Debt securities which have been valued at a price other than the price given by the independent valuation agencies at the end of the year is NIL.

13 Disclosure of Risk-o-meter

Scheme Name	Risk-o-meter level at end of the financial year i.e. March 31, 2024	Risk-o-meter level as on March 31, 2023	Number of changes in Risk-o-meter during the financial year (March 2023 to March 2024)
HSBC Balanced Advantage Fund	High	High	4

- 14 Subsequent to receipt of SEBI's no objection to acquisition of 100% equity shares of L&T Investment Management Limited ("LTIM", Investment Manager of L&T Mutual Fund) and the amendments proposed to the trust deed of the HSBC Mutual Fund as required under the SEBI (Mutual Funds) Regulations, 1996, the schemes of L&T Mutual Fund (LTMF) were transferred to/ merged with the schemes of HSBC Mutual Fund on and from the close of business hours of November 25, 2022, and the HSBC AMC and HSBC Trustees assumed the responsibilities of the schemes of LTMF w.e.f. close of business hours of November 25, 2022.
- 16 During the year, HSBC Securities and Capital Markets (India) Private Limited ("HSCI"), Sponsors of HSBC Mutual Fund established a private limited company with limited liability to act as the "Trustee" of HSBC Mutual Fund. HSBC Trustees (India) Private Limited ("HTIP") was incorporated on 9 January 2024. Accordingly, HTIP has replaced the Board of Trustees of HSBC Mutual Fund w.e.f. 1 March 2024, and the Company through its Board of Directors has been discharging its obligations as the "Trustees" of the Fund from this date.
- 17 The Annual Accounts of the Schemes, prepared in accordance with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the "Act") read with the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time and clause 17.14 of SEBI Master Circular for Mutual Funds dated June 27, 2024, has been approved by the Board of Directors of HSBC Asset Management (India) Private Limited and HSBC Trustees (India) Private Limited at their meetings held on July 8, 2024 and July 19, 2024 respectively. The audit report attached herewith refers to the said Annual Accounts. The aforesaid abridged accounts are an extract of the Annual Accounts and are prepared in accordance with clause 5.4 and format no. 3.B under the section of formats of SEBI Master Circular for Mutual Funds dated June 27, 2024 and other relevant circulars issued by the Securities and Exchange Board of India from time to time.

Voting Policy and Procedures

In view of para 6.16 of SEBI Master Circular on Mutual Funds dated June 27, 2024 related to “Role of Mutual Funds in Corporate Governance of Public Listed Companies”, HSBC AMC has formulated its “Policy for Proxy Voting in Public Listed Companies”. The said policy is available on our website and the details of actual exercise of proxy votes, the summary of votes casted and the auditor’s certificate is forming part of our full Annual Report for the Financial Year 2023 – 24 which has been uploaded on our website at <http://www.assetmanagement.hsbc.co.in>

Statutory Details & Disclaimers

All the returns have been sourced from Mutual Funds India Explorer software. The performance of the schemes and the benchmark is calculated on a total return basis. This document has been prepared by HSBC Asset Management (India) Private Limited (HSBC) for information purposes only with an intent to provide market overview and should not be construed as an offer or solicitation of an offer for purchase of any of the funds of HSBC Mutual Fund. All information contained in this document (including that sourced from third parties), is obtained from sources, which HSBC/third party, believes to be reliable but which it has not been independently verified by HSBC/the third party. Further, HSBC/the third party makes no guarantee, representation or warranty and accepts no responsibility or liability as to the accuracy or completeness of such information. The information and opinions contained within the document are based upon publicly available information and rates of taxation applicable at the time of publication, which are subject to change from time to time.

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

For disclosure of quarterly AUM/AAUM and AUM by geography, please visit our website at www.assetmanagement.hsbc.co.in. Investors are requested to note that as per SEBI (Mutual Funds) Regulations, 1996 and guidelines issued thereunder, HSBC AMC, its employees and/ or empaneled distributors/agents are forbidden from guaranteeing/promising/assuring/predicting any returns or future performances of the schemes of HSBC Mutual Fund. Hence, please do not rely upon any such statements/commitments. If you come across any such practices, please register a complaint via email at investor.line@mutualfunds.hsbc.co.in

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

Important Updates

Name and Date of Birth as per PAN card - Effective from June 1, 2024

As per recent regulatory requirement and changes advised by Income Tax Department in PAN validation process, now it is mandated to quote your Name(s) and DOB as per PAN card. To avoid any failure in such validations, we request investors to quote the Name(s) and DOB's of all the holders including Guardian, Power of Attorney (POA) holders as per PAN card.

Useful Links for self service options

- **Use our 24 x 7 Chatbot - "ASKME" for any queries or service request:**
visit: <https://invest.assetmanagement.hsbc.co.in>

SMS your request to HSBC Mutual Fund

- **Latest NAV :** Send SMS as HSBCMF NAV <Scheme Code> to 56767
Example: HSBCMF NAV F03
- **Valuation Service on registered mobile No. :** Send SMS as HSBCMF VAL <folio_number> to 56767
Example: HSBCMF VAL 123456
- **Annual Report :**
For Electronic Copy: Send SMS as HSBCMFARE <folio_number> to 567678080
Example: HSBCMF ARE 123456
For Physical Copy: Send SMS as HSBCMFARP <folio_number> to 567678080
Example: HSBCMF ARP 123456
- **Half Yearly Portfolio :**
For Electronic Copy: Send SMS as HSBCMFHPE <folio_number> to 567678080
Example: HSBCMF HPE 123456
For Physical Copy: Send SMS as HSBCMFHPP <folio_number> to 567678080
Example: HSBCMF HPP 123456

Missed Call Service

- You can give a missed call to 9212900020 to get the total valuation via SMS and a statement on your registered email ID

Book-Post

If undelivered please return to:

Computer Age Management Services Private Limited (CAMS)

Unit: HSBC Mutual Fund

New No. 10, M.G.R Salai, Nungambakkam, Chennai - 600034.

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

HSBC Asset Management (India) Private Limited

CIN NO: U74140MH2001PTC134220

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

Website : www.assetmanagement.hsbc.co.in

Description	Toll Free Number	Email ID
Investor related queries	1800-4190-200/1800-200-2434	investor.line@mutualfunds.hsbc.co.in
Online related queries	1800-4190-200/1800-200-2434	onlinemf@mutualfunds.hsbc.co.in
Investor (Dialing from abroad)	+91 44 39923900	investor.line@mutualfunds.hsbc.co.in

To get your updated account statement email us at : ["mfsoa@mutualfunds.hsbc.co.in"](mailto:mfsoa@mutualfunds.hsbc.co.in)

We're always here to help you, so feel free to reach out to us

Self-service request at your Fingertips

- Visit Website • Invest Online • Insta Statement • Download Forms
- Transact via Whats App • Use 24/7 ChatBot - Ask Me



Remember, you can also find out more via our social media handles !



Please check our website www.assetmanagement.hsbc.co.in for an updated list of Official Points of Acceptance of HSBC Mutual Fund.

CAMS SERVICE CENTRES / CAMS LIMITED TRANSACTION POINTS / CAMS COLLECTION CENTRES

For details on CAMS Service Centres, please visit www.camsonline.com



HSBC Business Cycles Fund **(Erstwhile L&T Business Cycles Fund)**

An open ended equity scheme following business cycles based investing theme.

Abridged Annual Report 2023 - 2024



SPONSOR

HSBC Securities and Capital Markets (India) Private Limited

CIN – U67120MH1994PTC081575

Regd. Office: 52/60, Mahatma Gandhi Road, Fort, Mumbai 400001.

TRUSTEE COMPANY

HSBC Trustees (India) Private Limited

CIN – U66190MH2024PTC416973

Regd. Office: 52/60, Mahatma Gandhi Road, Fort, Mumbai 400001.

ASSET MANAGEMENT COMPANY

HSBC Asset Management (India) Private Limited

CIN – U74140MH2001PTC134220

Regd. Office: 9-11 Floors, NESCO IT Park, Building No. 3,
Western Express Highway, Goregaon (East), Mumbai 400063.

CUSTODIAN

Citibank N.A.

First International Financial Center (FIFC), 9th Floor,
C-54 & 55, G – Block, Bandra Kurla Complex, Bandra (East), Mumbai 400051.

AUDITORS TO THE SCHEME

MSKA & Associates

Chartered Accountants

602, Floor 6, Raheja Titanium, Western Express Highway,
Geetanjali Railway Colony, Ram Nagar, Goregaon (East), Mumbai 400063.

REGISTRAR & TRANSFER AGENTS

Computer Age Management Services Limited (CAMS)

Unit: HSBC Mutual Fund

New No. 10, M.G.R Salai, Nungambakkam, Chennai 600034.

BOARD OF TRUSTEES

Ms. Jasmine Batliwalla

– Chairperson

Mr. Nani Javeri

– Trustee

Mr. David Rasquinha

– Trustee

Mr. Nicolas Moreau

– Trustee

BOARD OF DIRECTORS

Dr. Indu Shahani

– Director

Mr. Kapil Seth

– Director

Ms. Roopa Varma

– Director

Mr. Kailash Kulkarni

– Director & Chief Executive Officer

Dear Investor,

As we reflect on the past year, I am filled with pride and optimism about the future of our company and overall growth of the mutual fund industry. The past year has marked significant milestones in our journey, particularly as we capitalise on the immense potential of India's burgeoning growth story.

Fiscal 2024 turned out to be one of the best years for the domestic mutual fund industry as assets under management (AUM) spurted by nearly Rs. 14 lakh crore to a record Rs. 53.40 lakh crore as of March 2024 compared with Rs. 39.42 lakh crore as of March 2023.

The mutual fund industry is experiencing immense growth and we are poised to take advantage of this upward trajectory. Our company is an integral part of this growth story, riding the wave with several strategic initiatives and accomplishments that have set us on a path of sustained success.



Major achievements post integration

- Post integration we have enhanced our digital offering for both B2B and B2C to provide improved customer journeys.
- HSBC AM India's AUM increased from USD 1.4 bn (before integration) to USD 13.7 bn as of April 2024.
- HSBC Asset Management India has now become the 14th largest asset manager in India in terms of AUM.
- HSBC AM India has launched 4 new products since integration (raising \$445M).
- We have expanded HSBC AM India's product offerings to 43 funds.

Key Achievements in FY2023-2024

Investment Performance: Our disciplined investment strategy and thorough research have been pivotal to our success. We have focused on high-quality, undervalued assets, achieving consistent returns across our portfolio.

Product Innovation: This year, we launched two new funds - HSBC Multi Asset Allocation Fund and HSBC Consumption Fund, tailored to meet the evolving needs of our investors. These new offerings have been well-received, contributing to our growth in AUM significantly.

Increased Media Presence: In FY24, we significantly boosted our media presence, ensuring that our brand and thought leadership are recognized across various platforms. Through strategic media engagements like Informed Investing with ET Now, talks shows and several authored articles plus interviews - we have amplified our message, reaching a broader audience and reinforcing our market position.

Successful Campaign Launch: We successfully launched SIP Hai #FaydeWaliAadat, an investor education campaign, that highlighted the transformative power of SIPs in achieving long-term financial

goals. A first of its kind campaign, it aimed at educating and empowering the millennial investors in India. The campaign garnered significant attention and positive feedback, strengthening our brand presence and engaging a wider audience. Notably, the campaign has also earned us prestigious awards and accolades highlighting our commitment to excellence and innovation.

Client Relationships: We have strengthened our client relationships through enhanced communication, transparency, and personalized service. Our client satisfaction scores have reached new heights, reflecting our commitment to exceptional service.

We believe that the India story has just begun and its economic landscape is poised for significant growth. An exposure to unique and future relevant themes can provide a much-needed inflation buffer. The importance of asset allocation continues to be critical. It is critical for all of us to review our risk appetite and goal proximity and construct a portfolio appropriately.

Besides construction, portfolio rebalancing is equally important in order to achieve optimal outcomes. I do hope you share my enthusiasm and I ask that you continue to invest whilst reviewing your asset allocation at all times.

I would like to express my sincere gratitude to our dedicated team, whose expertise and commitment are the backbone of our success. To our investors, thank you for your trust and continued support. Your confidence in our approach motivates us to strive for excellence in everything we do. Also, I want to express my deepest gratitude to our valuable partners for their unwavering support and keep our services running. Look forward to achieving even grater milestones together.

As we move forward, we remain committed to delivering superior investment performance, fostering strong client relationships, and driving sustainable growth. Together, we are well-positioned to navigate the future and achieve our goals.

Warm regards,

A handwritten signature in black ink, appearing to read 'Kailash Kulkarni', with a horizontal line underneath.

Kailash Kulkarni

Chief Executive Officer

HSBC Asset Management India

Trustees' Report

For the year ended March 31, 2024

The Board of Directors of HSBC Trustees (India) Private Limited, Trustees of HSBC Mutual Fund present the Twenty Second Annual Report and the audited abridged financial statements of the schemes of the HSBC Mutual Fund ("the Fund") for the year ended March 31, 2024.

With the acquisition of L&T Mutual Fund in the previous financial year, the Fund's Assets Under Management ('AUM') (excluding Domestic FOFs) as on March 31, 2024 was INR 109368.16 crores (audited). The Fund ranks in the top 15 Mutual Fund houses in India in terms of AUM.

As at March 31, 2024, the Fund offered 43 schemes across asset classes to meet the varying investment needs of the investors. During the year, the Fund launched two new products namely HSBC Consumption Fund and HSBC Multi Asset Allocation Fund in Equity and Hybrid categories.

The Fund continues its focus on delivering consistent long-term returns. The comments on the performance of the scheme(s) are provided hereinafter. Dividends were declared under various schemes as per the provisions contained in the respective Scheme Information Documents after considering the distributable surplus available under the respective plans of the schemes. Details of dividends declared can be viewed on our website at www.assetmanagement.hsbc.co.in.

During the year, HSBC Securities and Capital Markets (India) Private Limited ("HSCI"), Sponsors of the Fund established a private limited company with limited liability to act as the "Trustees" of the Fund. HSBC Trustees (India) Private Limited ("HTIP") was incorporated on 9 January 2024. Accordingly, HTIP has replaced the Board of Trustees of HSBC Mutual Fund w.e.f. 1 March 2024, and the Company through its Board of Directors has been discharging its obligations as the "Trustees" of the Fund from this date.

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

a. Operations and Performance of the Scheme

➤ Equity Scheme

HSBC Business Cycles Fund ('HBCF')

(Theme based Fund - An open-ended equity scheme following business cycles based investing theme)

The investment objective of the scheme is to seek to generate long-term capital appreciation from a portfolio of predominantly equity and equity related securities, including equity derivatives, in the Indian market with focus on riding business cycles through dynamic allocation between various sectors and stocks at different stages of business cycles in the economy. The scheme could also additionally invest in Foreign Securities. There is no assurance that the objective of the Scheme will be realised and the Scheme does not assure or guarantee any returns.

The net assets of HBCF amounted to INR 764.45 crores as at March 31, 2024 as against INR 542.17 crores as at March 31, 2023. Around 98.14% of the net assets were invested in equities, 2.2% of the net assets were invested in reverse repos/TREPS and (0.34%) in net current assets as at March 31, 2024.

The scheme being a thematic equity fund invests predominantly in equity and equity related securities that focuses on riding business cycles through dynamic allocation between cyclical and defensive sectors and stocks at different stages of business cycles in the economy.

HBCF has outperformed in 1, 3 and 5-year period. Overweight in Industrial, Discretionary, Materials and Real Estate contributed to outperformance. Within Industrial, the fund managers overweight position in Capital Goods & EPC space has been the key driver of performance. Overweight in materials also contributed significantly over 5-year period.

Trustees’ Report
For the year ended March 31, 2024 (Contd...)

HSBC Business Cycles Fund						Date of Inception : 20 August, 2014		
Fund / Benchmark (Value of ₹ 10,000 invested)	1 Year		3 Years		5 Years		Since Inception	
	Amount (₹)	Returns (%)	Amount (₹)	Returns (%)	Amount (₹)	Returns (%)	Amount (₹)	Returns (%)
HSBC Business Cycles Fund	14364	43.93	18026	21.75	22456	17.55	34293	13.68
Scheme Benchmark (Nifty 500 TRI)	14049	40.75	16970	19.32	22112	17.19	35582	14.12
Additional Benchmark (Nifty 50 TRI)	13008	30.27	15736	16.35	20356	15.27	31755	12.77

Past performance may or may not be sustained in future. Returns have been calculated for the respective periods for Growth Option of Regular Plan as on last business day of the month i.e. March 28, 2024 due to non-availability of benchmark indices as of March 31, 2024. Returns on ₹ 10,000 are point-to-point returns for the specific time period, invested at the start of the period. Returns for 1 year and above are Compounded Annualized. Different plans shall have a different expense structure. Performance of the respective benchmark is calculated as per the Total Return Index (TRI).

Risk-o-meter as of 31st March, 2024:

Scheme Name	Scheme Risk-o-meter	Benchmark Risk-o-meter
HSBC Business Cycles Fund	 Investors understand that their principal will be at Very High risk	Benchmark Index: Nifty 500 TRI 

Please note that the above risk-o-meter is as per the product labelling of the Scheme basis Scheme's monthly portfolio as on March 31, 2024.

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

➤ EQUITY OUTLOOK

Recap of FY 2023-24:

FY24 was a stellar year for the Indian equity markets with strong economic momentum, healthy earnings growth and strong inflows from domestic and foreign institutional investors and strong retail participation driving a broad-based bull market. The Nifty and Sensex were up a solid 30.1%/26.5% respectively during the year, while the BSE Midcap and BSE Smallcap indices gained an astounding 65.2% and 61.4% respectively. While geo-political conflicts continued in FY24, their impact on crude and global supply chains moderated. Crude prices largely remained range bound during the year. Inflation barring a brief spike largely remained well contained, the economy gained further steam with GDP growth crossing 8% in H1FY24 supported by government thrust on infrastructure. This translated into strong growth for several core sector industries including steel and cement. The growth in the real estate sector has been strong with inventory continuing to decline in metro markets. However, lagged impact of price increases continued to impinge on consumer demand growth which remained subdued for most mass market categories.

Trustees' Report

For the year ended March 31, 2024 (Contd...)

Domestic cyclical sectors were the best performing sectors during the year led by Real Estate, Capital Goods, Autos. Power was also among the best performing sectors. Global cyclical sectors like Metals and Oil & Gas also strongly outperformed the Nifty. FMCG and Banking while delivering healthy positive returns underperformed the Nifty, while IT performance was closer to Nifty.

MSCI India index outperformed most of key global indices during the past fiscal. MSCI India index (USD) gained 35.5% as compared to 23.1% gain for MSCI World, 27.9% for US S&P 500, 11.0% for MSCI Europe and only 5.3% for MSCI Emerging Markets as MSCI China declined 19.0% over the period.

Strong performance of the market and subsiding global macro headwinds drove a sharp turnaround in foreign investment flows. FII net inflow was at USD 25.3bn in FY24 versus an outflow of USD 6.0bn / 17.1bn in FY23/ FY22. DIIs, on the other hand, matched FII inflow with an inflow of USD 25.3bn although it was lower than the net inflows at USD 30.8bn in FY23. Within DIIs, the MF segment was the key contributor (USD 24.3 bn of net inflows up from USD 21.8bn in FY23) while domestic Insurers were also in the net inflow territory (USD 1.0bn of net inflows vs USD 9.0bn in FY23).

Source: Motilal Oswal

Indices Returns (April 01, 2023 to March 31, 2024)	1 Year [^]
S&P BSE Sensex TR	26.5%
NSE CNX Nifty TR	30.1%
S&P BSE 100 TR	34.2%
S&P BSE 200 TR	38.5%
S&P BSE 500 TR	40.2%
S&P BSE Midcap TR	65.2%
S&P BSE Small-cap TR	61.4%

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

Way forward:

The global macro environment remains challenging with heightened geo-political and economic uncertainties. US bond yields remain high putting pressure on interest rates and currencies globally. For India, growth has continued to remain strong with GDP growth of 8.4% in Q3FY24 driven by strong government spending on infrastructure and pickup in manufacturing and construction. The 2024 interim budget has re-affirmed government focus on infrastructure. At the same time reduction in fiscal deficit should also help in easing of domestic interest rates. However, after last year's patchy monsoon, a good monsoon will be an important factor for rural demand and overall consumption growth in the economy in FY25.

India starts FY25 on a strong footing with positive growth momentum and India's investment cycle is expected to be on a medium-term uptrend supported by rising government investment in infrastructure and recovery in real estate cycle. There is also an expectation of higher private investments in renewable energy and related supply chain, localization of higher-end technology components, and India becoming a more meaningful part of global supply chains. Finally, it is expected for consumption to improve as the impact of high inflation fades and real incomes start to grow again.

However, several of these positives are getting discounted by the high valuations currently prevailing in the equity market. While the fund managers remain constructive on Indian equities supported by the more robust medium-term growth outlook there is a caution against high return expectations. Nifty continues to trade on 20.6x consensus 1 year forward PE (as of 30 April). On a 10-year basis, Nifty is still trading 10% above its historic average valuation but is in-line with its 5-year average. Valuations of the midcap and small cap indices are even higher versus their historical average.

Trustees' Report

For the year ended March 31, 2024 (Contd...)

➤ DEBT OUTLOOK

Market drivers during the course of the year FY 2024

The year started with advanced economies continuing to grapple with higher inflation and policy tightening remained a common theme across economies. During FY2024, the Federal Open Market Committee (FOMC) raised policy rates by 50 bps while European Central Bank (ECB) and Bank of England (BOE) raised policy rates by 100 bps each. The cumulative rate hikes by various advanced economies in this cycle are as follows: Fed (525 bps), BOE (515 bps) and ECB (450 bps). Meanwhile cumulative rate hikes by the Monetary Policy Committee (MPC) in this cycle was 250 bps. On account of higher Government debt burden, Fitch downgraded US sovereign rating from AAA to AA+. US Treasury yields remained volatile during the year, with the 10-year benchmark rising higher by 73 bps during the year. Crude prices also moved higher by USD 7-8/bbl.

On the domestic front, Consumer price Index (CPI) inflation remained broadly in the upper end of the MPC's targeted band of 4% +/- 2% for most the financial year, however, inflation printed above 6% on two occasions due to high food inflation. Headline inflation remained susceptible to high food inflation with markets now expecting some relief of food prices on the back of normal monsoon. Core inflation eased through the year falling to below 4% in the last quarter.

Domestically, one of the biggest events during the year was the much-awaited index inclusion of Indian Government Bonds (IGBs) into the GBI-EM Global index suite and its relevant benchmarks. India is expected to reach the maximum weight of 10% in the GBI-EM Global Diversified Index (GBI-EM GD), with the inclusion staggered over a 10-month period starting June 2024. Following this, Bloomberg also included IGBs in their Bloomberg EM Local Currency Index, with India expected to reach a maximum weight of 10% over a 10-month period starting Jan 2025. Both these inclusions are expected to bring in INR 25-30 bn of index related FPI inflows over the next 1-2 years and paving the way for inclusion into other global bond indices as well. During FY2024, FPIs poured in close USD 12 bn into IGBs, with majority of the inflows coming in post the JP Morgan index inclusion announcement.

Government continued its path of fiscal consolidation, with the revised estimate of the Fiscal deficit for FY2024 coming in at 5.6%, with expectations for FY2025 at 5.1% and target of below 4.5% by FY2026. PMI numbers continue to remain in expansion, GST revenues remain buoyant and credit off-take upbeat.

The external sector has remained strong due to healthy service exports and remittances. Current Account Deficit (CAD) is expected to be around 1% for the year. Rupee remained one of the more stable currencies during the year, with active intervention from RBI smoothening any volatility. RBI continued to build on the FX reserves with year-end number around USD 650 bn.

Money market rates moved higher during the year due to tightening in liquidity along with higher Certificate of Deposit (CD) issuances. G-Sec yields, however, moved lower due to favorable demand supply and lower G-Sec borrowing. 10-year G-Sec moved lower during the year by 25 bps, while 5 yr G-Sec moved lower by 13 bps.

Market Outlook

While US markets have braced for "higher for longer" rates, we have seen in the past, that reactions to favorable data in such an environment can be sharp. Any softness in growth, employment or inflation data over the next few months will allow the markets to quickly start pricing in aggressive future policy easing. In our view, the RBI is also likely to gradually shift the liquidity deficit into surplus over the course of the next 3-6 months, flipping overnight rates from the top to the bottom of the rate corridor. The yield curve is likely to steepen as liquidity eases. This along with a potential 50 bps of policy easing in first half of CY2025 may push overnight rates lower by 75-100 bps.

While any form of additional spending by the new Government to address concerns of rural sections of the country and the possibility of additional spending to fund such policies will remain a key monitorable, it is believed the Government is likely to remain cognizant of the possible impact of such policies and take measured steps. With the dust settling down on the election outcome, the broad macroeconomic factors should continue to remain stable and could support softening in domestic yields going forward.

Trustees' Report

For the year ended March 31, 2024 (Contd...)

The Fund Managers continue to have a positive outlook for interest rates, based on various favorable factors: (a) Record RBI dividend to the Government, (b) reduced Fiscal deficit number of 5.6%, (c) favorable G-Sec supply demand dynamics, (d) FPI index related inflows, (e) revised outlook in India by S&P, (f) soft core inflation along with expectations of a better than normal monsoon, and finally (g) soft signals by Government and RBI on liquidity.

Source: RBI, Bloomberg, Internal HSBC Research & CCIL

2. BRIEF BACKGROUND OF THE SPONSORS, THE FUND, THE TRUSTEES AND THE ASSET MANAGEMENT COMPANY

A. Sponsor

HSBC Mutual Fund is sponsored by HSBC Securities and Capital Markets (India) Private Limited (HSCI). The Sponsor is the Settler of the Mutual Fund Trust. The Sponsor has entrusted a sum of Rs. 1,00,000/- (Rupees One Lakh only) to the Trustee as the initial contribution towards the corpus of the Mutual Fund.

HSCI offers integrated investment banking services, securities and corporate finance & advisory. HSCI is a member of the Bombay Stock Exchange Limited and National Stock Exchange (capital and derivative market segments). HSCI holds 100% of the paid-up equity share capital of HSBC Asset Management (India) Private Limited.

B. HSBC Mutual Fund

HSBC Mutual Fund ("the Mutual Fund" or "the Fund") has been constituted as a Trust in accordance with the provisions of the Indian Trusts Act, 1882 (2 of 1882) vide a Trust Deed dated February 7, 2002 (as amended) with HSBC Securities and Capital Markets (India) Private Limited, as the Sponsor and HSBC Trustees (India) Private Limited. The Trustee has entered into an Investment Management Agreement dated February 7, 2002 (as amended) with HSBC Asset Management (India) Private Limited (AMC) to function as the Investment Manager for all the schemes of the Fund. The Fund was registered with SEBI vide registration number MF/046/02/5 dated May 27, 2002.

The Trust has been formed for the purpose of pooling of capital from the public for collective investment in securities for the purpose of providing facilities for participation by persons as beneficiaries in such investments and in the profits/income arising therefrom.

C. HSBC Trustees (India) Private Limited (the Trustees)

The Trustees are the exclusive owner of the Trust Fund and holds the same in trust for the benefit of the unitholders. The Trustees have been discharging their duties and carrying out the responsibilities as provided in the SEBI (Mutual Funds) Regulations, 1996 and the Trust Deed. The Trustees seek to ensure that the Fund and the schemes floated there under are managed by the AMC in accordance with the Trust Deed, the said Regulations, directions and guidelines issued by the SEBI, the Stock Exchanges, the Association of Mutual Funds in India and other regulatory agencies.

During the year, HSBC Securities and Capital Markets (India) Private Limited ("HSCI"), Sponsors of HSBC Mutual Fund) established a private limited company with limited liability to act as the "Trustee" of HSBC Mutual Fund. HSBC Trustees (India) Private Limited ("HTIP") was incorporated on 9 January 2024. Accordingly, HTIP has replaced the Board of Trustees of HSBC Mutual Fund w.e.f. 1 March 2024, and the Company through its Board of Directors has been discharging its obligations as the "Trustees" of the Fund from this date.

As of March 31, 2024, HSCI holds 100% of the paid-up equity share capital of HTIP.

D. Asset Management Company (the AMC)

HSBC Asset Management (India) Private Limited (the Investment Manager or the AMC) is a private limited company incorporated under the Companies Act, 1956 on December 12, 2001 having its Registered Office at 9-11 Floors, NESCO IT Park, Building no. 3, Western Express Highway, Goregaon (East), Mumbai – 400 063. HSBC Asset Management (India) Private Limited has been appointed as the Asset Management

Trustees' Report

For the year ended March 31, 2024 (Contd...)

Company of HSBC Mutual Fund by the Trustee vide Investment Management Agreement (IMA) dated February 7, 2002 (as amended) and executed between the Trustees and the AMC. SEBI approved the AMC to act as the Investment Manager of the Fund vide its letter No. MFD/BC/163/2002 dated May 27, 2002. The paid-up equity share capital of the AMC is Rs. 344.41 crores. The AMC is registered as a Portfolio Manager under the SEBI (Portfolio Managers) Regulations, 1993 vide registration no. INP000001322. The AMC also offers non-binding Advisory services to offshore funds under the mutual fund license.

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

3. INVESTMENT OBJECTIVE OF THE SCHEMES

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

4. SIGNIFICANT ACCOUNTING POLICIES

The Significant Accounting Policies form part of the Notes to the Accounts annexed to the Balance Sheet of the Schemes in the Full Annual Report. The accounting policies are in accordance with Securities Exchange Board of India (Mutual Funds) Regulations, 1996 and Indian Accounting Standards (IND AS) notified under section 133 of the Companies Act, 2013 (the "Act" read with the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time).

5. UNCLAIMED DIVIDENDS & REDEMPTIONS

Summary of number of investors & corresponding amount as on March 31, 2024:

Scheme Name	Unclaimed Dividend		Unclaimed Redemption	
	No. of Investors	Amount (₹)	No. of Investors	Amount (₹)
HSBC Business Cycles Fund	141	1,163,244.03	35	1,048,050.10

6. INVESTOR SERVICES

The number of official points of acceptance of transactions are 210 locations. In addition to the offices of the Registrar & Transfer Agent, the AMC has its own office in 61 locations and Investor Service Centers in 39 locations. The AMC has 2 Toll Free numbers (1800-4190-200/1800-200-2434) which can be dialed from anywhere in India and 1 number i.e. +91 44 39923900 (Investors calling from abroad). The call center service is being managed by the Registrar and Transfer Agents. HSBC Mutual Fund offers the online transaction facility through the AMC's website at www.assetmanagement.hsbc.co.in.

On the distribution front, the number of empaneled distributors were 59046 as on March 31, 2024. During the year, the AMC initiated tie-ups for online distribution of the Mutual Fund's schemes with several channel partners taking the total number of such tie-ups to 160 as on March 31, 2024.

7. DETAILS OF INVESTOR GRIEVANCE REDRESSAL

The details of the redressal of investor complaints received against HSBC Mutual Fund during April 2023 - March 2024 are as follows:

Trustees' Report

For the year ended March 31, 2024 (Contd...)

2023-2024												
Complaint code	Type of Complaint	(a) No. of complaints pending at the beginning of the period	(b) No. of complaints received during the given period	Action on (a) and (b)								
				Resolved				Non Actionable*	Pending			
				Within 30 days	30-60 days	60-180 days	Beyond 180 days		0-3 months	3-6 months	6-9 months	9-12 months
I A	Non receipt of amount declared under Income Distribution cum Capital Withdrawal option	1	10	11	0	0	0	0	0	0	0	0
I B	Interest on delayed payment of amount declared under Income Distribution cum Capital Withdrawal option	0	1	1	0	0	0	0	0	0	0	0
I C	Non receipt of Redemption Proceeds	1	38	39	0	0	0	0	0	0	0	0
I D	Interest on delayed payment of Redemption	0	2	2	0	0	0	0	0	0	0	0
II A	Non receipt of Statement of Account/Unit Certificate	0	3	3	0	0	0	0	0	0	0	0
II B	Discrepancy in Statement of Account	1	22	23	0	0	0	0	0	0	0	0
II C	Data corrections in Investor details	1	250	249	0	0	0	0	2	0	0	0
II D	Non receipt of Annual Report/ Abridged Summary	0	0	0	0	0	0	0	0	0	0	0
III A	Wrong switch between Schemes	0	2	2	0	0	0	0	0	0	0	0
III B	Unauthorized switch between Schemes	0	1	1	0	0	0	0	0	0	0	0
III C	Deviation from Scheme attributes	0	1	1	0	0	0	0	0	0	0	0
III D	Wrong or excess charges/load	0	0	0	0	0	0	0	0	0	0	0
III E	Non updation of changes viz. address, PAN, bank details, nomination, etc	1	127	127	0	0	0	0	1	0	0	0
III F	Delay in allotment of Units	0	5	4	1	0	0	0	0	0	0	0
III G	Unauthorized Redemption	0	0	0	0	0	0	0	0	0	0	0
IV	Others**	1	78	76	0	0	0	0	3	0	0	0
	TOTAL	6	540	539	1	0	0	0	6	0	0	0

** As per AMFI Best Practice Guidelines Circular No.25/2011-12 for Revisions in the Guidelines on Standardization of Complaints/Grievances Reporting Procedure. If "Others" include a type of complaint which is more than 10% of overall complaints, then such a reason should be provided separately. Hence, data corrections in Investor Details are included as a separate category.

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

Summary of Complaints for FY 2023-24

Particulars	Count
Total complaints received	540
Total number of folios	21,39,406
% of complaints against the folio	0.025

Trustees' Report

For the year ended March 31, 2024 (Contd...)

8. INVESTOR EDUCATION INITIATIVES

During the FY 2023-24, the AMC conducted the following investor education and awareness initiatives:

- An integrated multi-media marketing campaign on SIP Hai 'FaydeWaliAadat' aimed to tap into the aspirations, financial goals, and unique spending habits of millennials.
- Editorial content on Systematic Investment Plans (SIP) created across 15 states through various regional television channels.
- Investor education content on the Platform - Quora.
- 'Be Money Confident' video series targeting women through Jio Platforms.
- Campaign on Women & Investing for Women's Day.
- Campaign for Marathon enthusiast on the similarities between running a Marathon & Investing.
- Financial literacy virtual event on the occasion of Mother's Day, which received more than 725 registered users.
- A mom blogger outreach program to reach Women Investors with financial education content on MF on the occasion of Mother's Day.
- Education campaign on ELSS executed for working audiences.
- Blogs and content for Investor Education properties like SIP Sahi Hai in Value Research, Gyan Guroovaar on Facebook, Investment Ki Paathshala on the website and investor education blogs on the platform - Advisor Khoj.
- 1,462 Investor Education programs to reach out to an audience of 71,465 people out of which 458 were women programs attended by 20,139 women.

9. PROXY VOTING POLICY

As per para 6.16 of SEBI Master Circular on Mutual Funds dated June 27, 2024, the Fund has adopted Proxy Voting Policy and Procedures for exercising voting rights in respect of securities held by the Schemes. (please refer Proxy Voting Policy and Procedures)

The summary of the votes casted in the general meetings of the Investee companies, by the AMC for and on behalf of the Schemes of the Fund, for the financial year 2023-24 is provided below:

Quarter	Total no. of resolutions	Break-up of Vote decision		
		For	Against	Abstained
April 2023 - June 2023	387	260	75	52
July 2023 - September 2023	2,169	1607	448	114
October 2023 - December 2023	197	138	37	22
January 2024 - March 2024	319	240	50	29
TOTAL	3,072	2,245	610	217

As per para 6.16.7 of SEBI Master Circular on Mutual Funds dated June 27, 2024, the AMC has obtained certificate from M/s. M. P. Chitale & Co., Chartered Accountants, who is acting as a Scrutinizer, on the voting report for the FY 2023-24. The certificate dated May 22, 2024 issued by M/s. M. P. Chitale & Co., is available on the website of the AMC as part of the full Annual Report.

Unitholders can refer to the full Annual Report for complete details of actual exercise of votes in the general meetings of the investee companies for the financial year 2023-24 or log on to our website at www.assetmanagement.hsbc.co.in.

Trustees' Report

For the year ended March 31, 2024 (Contd...)

10. STATUTORY DETAILS

- The Sponsors are not responsible or liable for any loss resulting from the operation of the Schemes of the Fund beyond initial contribution of Rs. 1 lakh for setting up the Fund.
- The price and redemption value of the units, and income from them, can go up as well as down with fluctuations in the market value of its underlying investments.
- Full Annual Report of HSBC Mutual Fund and of HSBC Asset Management (India) Private Limited (the AMC) shall be disclosed on the website at www.assetmanagement.hsbc.co.in and shall be available for inspection at the Head Office of the Mutual Fund. Present and prospective unitholders can obtain copy of the Trust Deed, the full Annual Report of the Scheme(s), the Annual Report of HSBC Asset Management (India) Private Limited and the text of the relevant Scheme(s) at a price.

11. CHANGES IN RISK-O-METER OF THE SCHEME DURING FY 2023-24

As per para 17.4. of SEBI Master Circular on Mutual Funds dated June 27, 2024 on product labelling, the changes carried out in the risk-o-meter of the schemes of HSBC Mutual Fund during FY 2023-24 have been given in the below mentioned table for the information of the unitholders, a report on the said changes has also been displayed on the website of the Fund and AMFI.

Scheme Name	Risk-o-meter level as on March 31, 2023	Risk-o-meter level as on March 31, 2024	Number of changes in Risk-o-meter during the F.Y. 2023-24)
HSBC Business Cycles Fund	Very High	Very High	0

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

As per para 6.16.15 of SEBI Master Circular on Mutual Funds dated June 27, 2024, HSBC Mutual Fund has adapted the policy on stewardship responsibilities, the unitholders are requested to note the status of governance with the same as mentioned below:

S. No.	Particulars of Principles of Stewardship Code	Status of compliance (Complied/ Not Complied)	Description	Remarks/ reasons for deviation/non-compliance, if any
1	Principle 1: Institutional Investors should formulate a comprehensive policy on the discharge of their stewardship responsibilities, publicly disclose it, review and update it periodically.	Complied	HSBC Asset Management (India) Private Limited's (AMIN) 'Policy on Stewardship responsibilities' (Stewardship Code/ Policy) was formulated and implemented on 01 July, 2020. This is a comprehensive document which has been publicly disclosed on the website of AMIN. The same shall follow a periodic review.	N.A.
2	Principle 2: Institutional investors should have a clear policy on how they manage conflicts of interest in fulfilling their stewardship responsibilities and publicly disclose it.	Complied	Defining and managing Conflict of Interest in fulfilling stewardship responsibilities are detailed in the Stewardship Policy document. The policy document is publicly disclosed.	N.A.

Trustees' Report

For the year ended March 31, 2024 (Contd...)

S. No.	Particulars of Principles of Stewardship Code	Status of compliance (Complied/ Not Complied)	Description	Remarks/ reasons for deviation/non-compliance, if any
3	Principle 3: Institutional investors should monitor their investee companies.	Complied	AMIN monitors all investee companies through its investment process. This includes assessment of companies' own and market data, consideration of research from brokers and other independent research providers – including ESG & voting research, attending individual & group meetings with company management and directors, visiting production sites (wherever necessary), engaging with key stakeholders including competitors and customers, and financial modelling. More details enumerated in the policy document	N.A.
4	Principle 4: Institutional investors should have a clear policy on intervention in their investee companies. Institutional investors should also have a clear policy for collaboration with other institutional investors where required, to preserve the interests of the ultimate investors, which should be disclosed.	Complied	Details of undertaking active engagement with investee companies and the policy for collaboration with other institutional holders are detailed in the policy document. The policy document is publicly disclosed.	N.A.
5	Principle 5: Institutional investors should have a clear policy on voting and disclosure of voting activity.	Complied	AMIN has a clear and detailed voting policy which provides the framework for the voting decisions. All voting decisions shall be in accordance with AMIN's Voting Policy and Procedures, which is disclosed on the website. AMIN discloses the details of the voting on its website on a quarterly basis within 10 working days from the end of the quarter. Additionally, AMIN also discloses the details of the votes cast, in the annual report of the schemes of HSBC Mutual Fund.	N.A.
6	Principle 6: Institutional investors should report periodically on their stewardship activities.	Complied	The annual status report of the stewardship code and quarterly report on proxy voting are publicly disclosed on the website as required under SEBI Regulations.	N.A.

Trustees' Report

For the year ended March 31, 2024 (Contd...)

13. DISCLOSURES PERTAINING TO NAV ADJUSTED DURING THE FINANCIAL YEAR FOR SWING FACTOR ALONG WITH THE PERFORMANCE IMPACT

Sr No.	Period of applicability of swing pricing	Scheme Name	Unswung NAV	Swing factor applied	Whether optional or mandatory
NIL					

14. SIGNIFICANT EVENT AFTER THE END OF THE FINANCIAL YEAR

NIL

15. ACKNOWLEDGEMENTS

The Trustees wish to thank the unitholders of the Schemes for their support throughout the year, and also thank the Government of India, the Securities and Exchange Board of India (SEBI), the Reserve Bank of India (RBI) and the Association of Mutual Funds in India (AMFI) for the guidance provided by them. The Trustees also appreciate the services provided by the Registrar and Transfer Agent, Fund Accountant, Custodian, Bankers, Distributors and Brokers. The guidance and services provided by the auditors and advocates and the ebullience, sincerity and dedication of the employees of HSBC Asset Management (India) Private Limited is also appreciated.

The Trustees look forward to the continued support of everyone.

For and on behalf of **HSBC Trustees (India) Private Ltd.**

Sd/-

Director

Mumbai

July 19, 2024

Independent Auditors' Report

To the Board of Directors of HSBC Trustees (India) Private Limited (the "Trustee")

HSBC Business Cycles Fund

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **HSBC Business Cycles Fund** (the "Scheme") of HSBC Mutual Fund (the "Fund"), which comprise the Balance Sheet as at March 31, 2024, the Revenue Account and the Cash Flow Statement for the year then ended, and notes to the financial statements, including a summary of material accounting policy and other explanatory information.

In our opinion, and to the best of our information and according to the explanations given to us, the aforesaid financial statements of the Scheme give a true and fair view in conformity with the Indian Accounting Standards ("Ind AS") prescribed under section 133 of the Companies Act, 2013 (the "Act") read with Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India, including the accounting policies and standards specified in the Regulation 50 and Ninth Schedule to the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 ("the SEBI Regulations") (collectively referred to as the "Regulations") as amended:

- in the case of the Balance Sheet, of the state of affairs of the Scheme as at March 31, 2024;
- in the case of the Revenue Account, of the net surplus for the year ended on that date; and
- in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing ("SAs") and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India (the "ICAI"). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Scheme in accordance with the Code of Ethics issued by the ICAI together with the ethical requirements that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Information Other than the Financial Statements and Auditor's Report Thereon

The Board of Directors of HSBC Asset Management (India) Private Limited (the "AMC") and the Board of Directors of HSBC Trustees (India) Private Limited (the "Trustees") (collectively referred to as "the Management") are responsible for the other information. The other information comprises the information included in the Trustees report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

The Management is responsible for the preparation of these financial statements that give a true and fair view of the state of affairs, results of operations and cash flows of the Scheme in accordance with the accounting principles generally accepted in India, including the accounting policies and standards specified in Regulations.

Independent Auditors' Report (Contd...)

This responsibility also includes maintenance of adequate accounting records in accordance with the SEBI Regulations for safeguarding of the assets of the Scheme and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Management is responsible for assessing the Scheme's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management, either intends to liquidate the Scheme or to cease operations, or has no realistic alternative but to do so.

Those Charged with Governance are also responsible for overseeing the Scheme's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Scheme's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Scheme to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide to those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Independent Auditors' Report (Contd...)

Report on Other Legal and Regulatory Requirements

1. As required by regulation 55(4) and clause 5(ii)(2) of the Eleventh Schedule of the SEBI Regulations, we report that:
 - a. we have sought and obtained all the information and explanations which, to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b. in our opinion, the Balance Sheet and the Revenue Account dealt with by this report have been prepared in accordance with the accounting policies and standards specified in the Regulations; and
 - c. the Balance Sheet, the Revenue Account and the Cash Flow Statement, dealt with by this report are in agreement with the books of accounts of the Scheme.
2. On the basis of information and explanations given to us, the scheme does not have any non-traded securities as at March 31, 2024 and hence reporting requirement of Eighth Schedule of the SEBI Regulations is not applicable.

For **M S K A & Associates**

Chartered Accountants

ICAI Firm Registration No. 105047W

Sd/-

Swapnil Kale

Partner

Membership No: 117812

UDIN: 24117812BKFIW6832

Place : Mumbai

Date : July 19, 2024

Abridged Balance Sheet as at March 31, 2024

Rs. in Lakhs

	As at March 31, 2024	As at March 31, 2023	As at April 1, 2022
LIABILITIES			
1 Unit Capital	22,866.80	23,273.66	24,915.99
2 Reserves & Surplus			
2.1 Unit Premium Reserves	(12,547.62)	(12,846.93)	(12,310.26)
2.2 Unrealised Appreciation Reserve	36,234.97	19,658.24	25,244.92
2.3 Other Reserves	29,891.20	24,105.70	17,501.01
3 Loans & Borrowings	—	—	—
4 Current Liabilities & Provisions			
4.1 Provision for Doubtful Income/Deposits	—	—	—
4.2 Other Current Liabilities & Provisions	430.54	209.73	206.73
TOTAL	76,875.89	54,400.40	55,558.38
ASSETS			
1 Investments			
1.1 Listed Securities:			
1.1.1 Equity Shares	75,023.20	51,792.04	55,105.05
1.1.2 Preference Shares	—	—	—
1.1.3 Equity Linked Debentures	—	—	—
1.1.4 Other Debentures & Bonds	—	—	—
1.1.5 Securitised Debt Securities	—	—	—
1.2 Securities Awaited Listing:			
1.2.1 Equity Shares	—	—	—
1.2.2 Preference Shares	—	—	—
1.2.3 Equity Linked Debentures	—	—	—
1.2.4 Other Debentures & Bonds	—	—	—
1.2.5 Securitised Debt Securities	—	—	—
1.3 Unlisted Securities:			
1.3.1 Equity Shares	—	—	—
1.3.2 Preference Shares	—	—	—
1.3.3 Equity Linked Debentures	—	—	—
1.3.4 Other Debentures & Bonds	—	—	—
1.3.5 Securitised Debt Securities	—	—	—
1.4 Government Securities	—	—	—
1.5 Treasury Bills	—	—	—
1.6 Commercial Paper	—	—	—
1.7 Certificate of Deposits	—	—	—
1.8 Bill Rediscounting	—	—	—
1.9 Units of Domestic Mutual Fund	—	—	—
1.10 Foreign Securities	—	—	—
Total Investments	75,023.20	51,792.04	55,105.05
2 Deposits	83.96	13.62	4.02
3 Other Current Assets			
3.1 Cash & Bank Balance	63.96	13.69	16.66
3.2 CBLO/TREPS/Reverse Repo Lending	1,682.65	2,568.95	416.67
3.3 Others	22.11	12.10	15.98
4 Deferred Revenue Expenditure (to the extent not written off)	—	—	—
TOTAL	76,875.89	54,400.40	55,558.38

Notes to Accounts - Annexure I

Abridged Revenue Account for the year ended March 31, 2024

Rs. in Lakhs

	Current Year ended March 31, 2024	Previous Year ended March 31, 2023
1 INCOME		
1.1 Dividend	477.78	356.94
1.2 Interest	96.17	73.84
1.3 Realised Gain/(Loss) on Foreign Exchange Transactions	—	—
1.4 Realised Gains/(Losses) on Interscheme Sale of Investments	—	—
1.5 Realised Gains/(Losses) on External Sale/Redemption of Investments	7,870.73	9,280.25
1.6 Realised Gains/(Losses) on Derivative Transactions	—	—
1.7 Other Income	7.84	5.84
(A)	8,452.52	9,716.87
2 EXPENSES		
2.1 Management Fees	692.02	615.03
2.2 GST on Management Fees	124.57	110.71
2.3 Transfer Agents Fees and Expenses	44.74	40.71
2.4 Custodian Fees	0.79	1.41
2.5 Trusteeship Fees	0.52	0.34
2.6 Commission to Agents	652.80	541.80
2.7 Marketing & Distribution Expenses	0.11	1.55
2.8 Audit Fees	0.99	0.64
2.9 Investor Education Expenses	13.07	10.86
2.10 Interest on Borrowing	—	—
2.11 Brokerage & Transaction Costs	78.61	118.01
2.12 Other Operating Expenses	12.52	8.93
(B)	1,620.73	1,450.00
3 NET REALISED GAINS/(LOSSES) FOR THE YEAR (C = A - B)	6,831.80	8,266.87
4 Change in Unrealised Depreciation in Value of Investments	(D) —	—
5 NET GAINS/(LOSSES) FOR THE YEAR (E = C + D)	6,831.80	8,266.87
6 Change in Unrealised Appreciation in Value of Investments	(F) 16,576.73	(5,521.25)
7 NET SURPLUS/(DEFICIT) FOR THE YEAR (G = E + F)	23,408.52	2,745.61
7.1 Add : Balance Transfer from Unrealised Appreciation Reserve	—	5,586.68
7.2 Less : Balance Transfer to Unrealised Appreciation Reserve	16,576.73	—
7.3 Add/(Less) : Equalisation	(771.77)	(1,436.32)
7.4 Transfer from Reserve Fund	24,105.70	17,501.01
7.5 Transfer from Unit Premium Reserve	—	—
8 Total	30,165.73	24,396.98
9 Dividend Appropriation		
9.1 Income Distributed during the Year	(274.53)	(291.28)
9.2 Tax on Income Distributed during the Year	—	—
10 Retained Surplus/(Deficit) Carried Forward to Balance Sheet	29,891.20	24,105.70

Notes to Accounts - Annexure I

Key Statistics for the year ended March 31, 2024

	Current Year ended March 31, 2024	Previous Year ended March 31, 2023
1. NAV per unit (Rs.):		
Open		
Regular Plan - Growth Option	23.8745	22.7000
Regular Plan - IDCW Option	17.4877	17.7320
Direct Plan - Growth Option	25.6293	24.1080
Direct Plan - IDCW Option	18.4636	18.5690
High		
Regular Plan - Growth Option	35.1400	25.0903
Regular Plan - IDCW Option	24.2390	18.3782
Direct Plan - Growth Option	38.0978	26.8484
Direct Plan - IDCW Option	25.8744	19.3418
Low		
Regular Plan - Growth Option	23.9473	23.0913
Regular Plan - IDCW Option	17.5410	16.9140
Direct Plan - Growth Option	25.7097	24.7419
Direct Plan - IDCW Option	18.5215	17.8242
End		
Regular Plan - Growth Option	34.2869	23.8745
Regular Plan - IDCW Option	23.6505	17.4877
Direct Plan - Growth Option	37.2022	25.6293
Direct Plan - IDCW Option	25.2662	18.4636
2. Closing Assets Under Management (Rs. in Lakhs)		
End	76,445	54,217
Average (AAuM) ¹	65,327	54,313
3. Gross income as % of AAuM ²	12.94%	17.89%
4. Expense Ratio:		
a. Total Expense as % of AAuM (including GST on Management fees) (plan wise)		
Regular Plan	2.43%	2.51%
Direct Plan	1.36%	1.44%
b. Management Fee as % of AAuM (planwise)		
Regular Plan	1.06%	1.13%
Direct Plan	1.06%	1.12%
5. Net Income as a percentage of AAuM ³	10.46%	15.22%
6. Portfolio turnover ratio ⁴	0.26	0.28
7. Total IDCW per unit distributed during the year (planwise)		
Retail		
Regular Plan - IDCW Option	1.20	1.10
Direct Plan - IDCW Option	1.25	1.20

Key Statistics for the year ended March 31, 2024 (Contd...)

	Current Year ended March 31, 2024	Previous Year ended March 31, 2023
Corporate		
Regular Plan - IDCW Option	1.20	1.10
Direct Plan - IDCW Option	1.25	1.20
8. Returns (%):		
a. Last One Year		
Scheme		
Regular Plan - Growth Option	43.93%	5.18%
Direct Plan - Growth Option	45.47%	6.31%
Benchmark		
Nifty 500 TRI	40.75%	(1.22%)
b. Since Inception		
Scheme		
Regular Plan - Growth Option	13.68%	10.63%
Direct Plan - Growth Option	14.65%	11.54%
Benchmark		
Nifty 500 TRI	14.12%	11.39%

1. AAuM = Average daily net assets
2. Gross income = amount against (A) in the Revenue Account i.e. Income
3. Net income = amount against (C) in the Revenue Account i.e. Net Realised Gains/(Losses) for the year
4. Portfolio Turnover = Lower of sales or purchase divided by the Average AuM for the year

Note: Returns have been calculated as on last business day of the month i.e. March 28, 2024 due to non-availability of benchmark indices as of March 31, 2024.

Notes to Accounts – Annexure I

To the Abridged Balance Sheet and Revenue Account for the year ended March 31, 2024

1 Investments:

- 1.1. All Investments of the Scheme are registered in the name of the Trustee for the benefit of the Scheme's Unitholders.
- 1.2. Open Position of derivatives as at the year ended March 31, 2024 and March 31, 2023 are Nil.
- 1.3. Investment in Associates and Group Companies as at the year ended March 31, 2024 and March 31, 2023 are NIL.
- 1.4. Open positions of Securities Borrowed and/or Lent by the scheme as on the year ended March 31, 2024 & March 31, 2023 are NIL.
- 1.5. Investment in Below investment grade and default/Securities in default beyond its maturity date as on March 31, 2024 and March 31, 2023 are NIL.
- 1.6. Aggregate Unrealised Gain/Loss as at the end of the Financial Year March 31, 2024 and March 31, 2023 are as under :

(Rs. In Lakhs)

Scheme Name/Security Type	Amount	Percentage to Net Assets	Amount	Percentage to Net Assets
	As at March 31, 2024		As at March 31, 2023	
Equity Shares				
- Appreciation	36,787.74	48.12	20,471.85	37.76
- Depreciation	552.77	0.72	813.61	1.50

- 1.7. The aggregate value of investment securities (excluding TREPS and Reverse Repos) purchased and sold (including matured) during the financial year 2023-2024 (excluding accretion of discount) is Rs. 17,237.15 lakhs and Rs. 18,453.45 lakhs respectively being 26.39% and 28.25% of the average net assets.

The aggregate value of investment securities (excluding TREPS and Reverse Repos) purchased and sold (including matured) during the financial year 2022-2023 (excluding accretion of discount) is Rs. 15,103.04 lakhs and Rs. 22,057.04 lakhs respectively being 27.81% and 40.61% of the average net assets.

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

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

During the year 2023-24, The Hongkong and Shanghai Banking Corporation Limited, an associate entity of HSBC Asset Management (India) Private Limited was paid collection/bank charges amounting to Rs. Nil.

During the year 2022-23, The Hongkong and Shanghai Banking Corporation Limited, an associate entity of HSBC Asset Management (India) Private Limited was paid collection/bank charges amounting to Rs. Nil.

Commission paid to Sponsor/AMC and its associates/related parties/group companies

Name of Sponsor/ AMC and its associates/related parties/group companies	Nature of Association / Nature of Relation	Period Covered	Business Given [Rs. In lakhs]	% of Total Business received by the Fund	Commission paid [Rs. In Lakhs]	% of Total commission paid by the Fund
The Hongkong and Shanghai Banking Corporation Limited	Group Company	2023-2024	74.85	0.90	0.86	0.13

Notes to Accounts – Annexure I (Contd...)**To the Abridged Balance Sheet and Revenue Account for the year ended March 31, 2024**

Name of Sponsor/ AMC and its associates/related parties/group companies	Nature of Association / Nature of Relation	Period Covered	Business Given [Rs. In lakhs]	% of Total Business received by the Fund	Commission paid [Rs. In Lakhs]	% of Total commission paid by the Fund
The Hongkong and Shanghai Banking Corporation Limited	Group Company	2022-2023	40.52	0.75	0.11	0.02

Brokerage paid to Sponsor/AMC and its associates/related parties/group companies

Name of Sponsor/ AMC and its associates/related parties/group companies	Nature of Association /Nature of relation	Period Covered	Value of Transactions [Rs. In lakhs]	% of total value of transactions of the fund	Brokerage paid [Rs. In lakhs]	% of total brokerage paid by the fund
HSBC Securities & Capital Markets (India) Private Limited	Sponsor	2023-2024	386.56	1.08	0.46	1.08
HSBC Securities & Capital Markets (India) Private Limited	Sponsor	2022-2023	139.14	0.37	0.17	0.39

- 3 None of the Investors held more than 25% of the total net assets of the scheme at the year ended March 31, 2024 and March 31, 2023.
- 4 Unit Capital movement during the year ended March 31, 2024, March 31, 2023 and March 31, 2022:

Description	Opening Units	Subscription	Redemption	Closing Units	Face value
2023-24					
Regular Plan - Growth Option	197,038,876.704	24,299,759.687	26,939,949.76	194,398,686.630	10
Regular Plan - IDCW Option	23,613,977.032	1,051,800.09	3,782,159.46	20,883,617.662	10
Direct Plan - Growth Option**	11,001,719.629	3,100,198.032	1,778,665.710	12,323,251.951	10
Direct Plan - IDCW Option	1,082,001.399	84,691.586	104,222.627	1,062,470.358	10
2022-23					
Regular Plan - Growth Option	210,315,608.634	20,157,290.699	33,434,022.629	197,038,876.704	10
Regular Plan - IDCW Option	26,524,722.925	1,077,570.252	3,988,316.145	23,613,977.032	10
Direct Plan - Growth Option**	11,195,722.823	1,912,897.585	2,106,900.779	11,001,719.629	10
Direct Plan - IDCW Option	1,123,807.256	49,993.713	91,799.570	1,082,001.399	10

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

To the Abridged Balance Sheet and Revenue Account for the year ended March 31, 2024

Description	Opening Units	Subscription	Redemption	Closing Units	Face value
2021-22					
Regular Plan - Growth Option	235,259,734.954	23,923,776.072	48,867,902.392	210,315,608.634	10
Regular Plan - IDCW Option	33,100,892.863	919,826.423	7,495,996.361	26,524,722.925	10
Direct Plan - Growth Option**	11,602,631.258	1,752,157.741	2,159,066.176	11,195,722.823	10
Direct Plan - IDCW Option	1,215,294.687	80,860.251	172,347.682	1,123,807.256	10

**Units held by the AMC (Seed Capital) in Direct Plan Growth Option as on March 31, 2024 is 500,000 & as on March 31, 2023 is 500,000 & as on March 31, 2022 is 500,000.

- 5 Previous year's/period figures have been re-grouped/re-arranged where necessary.
- 6 There are no contingent liabilities and other commitments as on March 31, 2024 and March 31, 2023. Contingent asset is neither recognized nor disclosed in the financial statements.
- 7 Expenses other than Management Fees are Inclusive of GST where applicable.
- 8 Other income of Rs. 7.84 lakhs represents Exit load credited to the scheme (2023: Rs. 5.84 lakhs represents Exit load credited to the scheme).

9 Investor Education Awareness

As mandated by SEBI vide circular no. CIR/IMD/DF/21/2012 dated September 13, 2012 an annual charge of 0.02 percent of daily net assets, being a part of total recurring expenses is set aside for Investor Education and Awareness (IEA). In view of the AMFI Best Practices Guidelines Circular No. 56/2015-16, the IEF (Investor Education Fund) accrual is set aside in a separate bank account and the consolidated balance across all schemes as on March 31, 2024.

Pursuant to SEBI circular dated May 23, 2022, w.e.f. July 1, 2022, the limit of 0.02% p.a. has been reduced to 0.01% p.a. in case of ETFs/Index Funds. Furthermore, Fund of Funds (FoFs) investing more than 80% of its NAV in the underlying domestic funds have discontinued setting aside 0.02% p.a. of daily net assets towards IEA.

The break-up of which is as under:

	March 31, 2024	March 31, 2023
Particulars	Amount (Rs. In Lakhs)	Amount (Rs. In Lakhs)
Opening Balance as on April 01, 2023	997.09	460.22
Add: Accrual during FY 2023-24	1,962.01	1,432.00
Less: Transferred to AMFI *	889.11	646.75
Less: Payable to AMFI (March 2024 accrual) *	91.90	69.25
Add: Investment Income FY 2023-24	77.08	166.42
Less: Spent during FY 2023-24	1,877.44	345.55
Closing Balance as on March 31, 2024	177.73	997.09

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

The IEA disclosure's are presented for surviving schemes only.

- 10 Pursuant to SEBI Circular No. SEBI/HO/IMD/DF3/CIR/P/2020/194 dated October 05, 2020, the nomenclature of 'Dividend Option' under all the schemes of HSBC Mutual Fund has been revised to 'Income Distribution cum Capital Withdrawal Option' (IDCW), with effect from April 01, 2021.
- 11 Securities, excluding debt securities, where the non-traded investments which have been valued "in good faith" exceed 5% of the net assets at the end of the year is NIL.

Notes to Accounts – Annexure I (Contd...)
To the Abridged Balance Sheet and Revenue Account for the year ended March 31, 2024

12 Debt securities which have been valued at a price other than the price given by the independent valuation agencies at the end of the year is NIL.

13 Disclosure of Risk-o-meter

Scheme Name	Risk-o-meter level at end of the financial year i.e. March 31, 2024	Risk-o-meter level as on March 31, 2023	Number of changes in Risk-o-meter during the financial year (March 2023 to March 2024)
HSBC Business Cycles Fund	Very High	Very High	0

14 Subsequent to receipt of SEBI's no objection to acquisition of 100% equity shares of L&T Investment Management Limited ("LTIM", Investment Manager of L&T Mutual Fund) and the amendments proposed to the trust deed of the HSBC Mutual Fund as required under the SEBI (Mutual Funds) Regulations, 1996, the schemes of L&T Mutual Fund (LTMF) were transferred to/ merged with the schemes of HSBC Mutual Fund on and from the close of business hours of November 25, 2022, and the HSBC AMC and HSBC Trustees assumed the responsibilities of the schemes of LTMF w.e.f. close of business hours of November 25, 2022.

15 During the year, HSBC Securities and Capital Markets (India) Private Limited ("HSCI"), Sponsors of HSBC Mutual Fund established a private limited company with limited liability to act as the "Trustee" of HSBC Mutual Fund. HSBC Trustees (India) Private Limited ("HTIP") was incorporated on 9 January 2024. Accordingly, HTIP has replaced the Board of Trustees of HSBC Mutual Fund w.e.f. 1 March 2024, and the Company through its Board of Directors has been discharging its obligations as the "Trustees" of the Fund from this date.

6 The Annual Accounts of the Schemes, prepared in accordance with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the "Act") read with the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time and clause 17.14 of SEBI Master Circular for Mutual Funds dated June 27, 2024, has been approved by the Board of Directors of HSBC Asset Management (India) Private Limited and HSBC Trustees (India) Private Limited at their meetings held on July 8, 2024 and July 19, 2024 respectively. The audit report attached herewith refers to the said Annual Accounts. The aforesaid abridged accounts are an extract of the Annual Accounts and are prepared in accordance with clause 5.4 and format no. 3.B under the section of formats of SEBI Master Circular for Mutual Funds dated June 27, 2024 and other relevant circulars issued by the Securities and Exchange Board of India from time to time.

Voting Policy and Procedures

In view of para 6.16 of SEBI Master Circular on Mutual Funds dated June 27, 2024 related to “Role of Mutual Funds in Corporate Governance of Public Listed Companies”, HSBC AMC has formulated its “Policy for Proxy Voting in Public Listed Companies”. The said policy is available on our website and the details of actual exercise of proxy votes, the summary of votes casted and the auditor’s certificate is forming part of our full Annual Report for the Financial Year 2023 – 24 which has been uploaded on our website at <http://www.assetmanagement.hsbc.co.in>

Statutory Details & Disclaimers

All the returns have been sourced from Mutual Funds India Explorer software. The performance of the schemes and the benchmark is calculated on a total return basis. This document has been prepared by HSBC Asset Management (India) Private Limited (HSBC) for information purposes only with an intent to provide market overview and should not be construed as an offer or solicitation of an offer for purchase of any of the funds of HSBC Mutual Fund. All information contained in this document (including that sourced from third parties), is obtained from sources, which HSBC/third party, believes to be reliable but which it has not been independently verified by HSBC/the third party. Further, HSBC/the third party makes no guarantee, representation or warranty and accepts no responsibility or liability as to the accuracy or completeness of such information. The information and opinions contained within the document are based upon publicly available information and rates of taxation applicable at the time of publication, which are subject to change from time to time.

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For disclosure of quarterly AUM/AAUM and AUM by geography, please visit our website at www.assetmanagement.hsbc.co.in. Investors are requested to note that as per SEBI (Mutual Funds) Regulations, 1996 and guidelines issued thereunder, HSBC AMC, its employees and/ or empaneled distributors/agents are forbidden from guaranteeing/promising/assuring/predicting any returns or future performances of the schemes of HSBC Mutual Fund. Hence, please do not rely upon any such statements/commitments. If you come across any such practices, please register a complaint via email at investor.line@mutualfunds.hsbc.co.in

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

Important Updates

Name and Date of Birth as per PAN card - Effective from June 1, 2024

As per recent regulatory requirement and changes advised by Income Tax Department in PAN validation process, now it is mandated to quote your Name(s) and DOB as per PAN card. To avoid any failure in such validations, we request investors to quote the Name(s) and DOB's of all the holders including Guardian, Power of Attorney (POA) holders as per PAN card.

Useful Links for self service options

- **Use our 24 x 7 Chatbot - "ASKME" for any queries or service request:**
visit: <https://invest.assetmanagement.hsbc.co.in>

SMS your request to HSBC Mutual Fund

- **Latest NAV :** Send SMS as HSBCMF NAV <Scheme Code> to 56767
Example: HSBCMF NAV F03
- **Valuation Service on registered mobile No. :** Send SMS as HSBCMF VAL <folio_number> to 56767
Example: HSBCMF VAL 123456
- **Annual Report :**
For Electronic Copy: Send SMS as HSBCMFARE <folio_number> to 567678080
Example: HSBCMF ARE 123456
For Physical Copy: Send SMS as HSBCMFARP <folio_number> to 567678080
Example: HSBCMF ARP 123456
- **Half Yearly Portfolio :**
For Electronic Copy: Send SMS as HSBCMFHPE <folio_number> to 567678080
Example: HSBCMF HPE 123456
For Physical Copy: Send SMS as HSBCMFHPP <folio_number> to 567678080
Example: HSBCMF HPP 123456

Missed Call Service

- You can give a missed call to 9212900020 to get the total valuation via SMS and a statement on your registered email ID

Book-Post

If undelivered please return to:

Computer Age Management Services Private Limited (CAMS)

Unit: HSBC Mutual Fund

New No. 10, M.G.R Salai, Nungambakkam, Chennai - 600034.

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

HSBC Asset Management (India) Private Limited

CIN NO: U74140MH2001PTC134220

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

Website : www.assetmanagement.hsbc.co.in

Description	Toll Free Number	Email ID
Investor related queries	1800-4190-200/1800-200-2434	investor.line@mutualfunds.hsbc.co.in
Online related queries	1800-4190-200/1800-200-2434	onlinemf@mutualfunds.hsbc.co.in
Investor (Dialing from abroad)	+91 44 39923900	investor.line@mutualfunds.hsbc.co.in

To get your updated account statement email us at : ["mfsoa@mutualfunds.hsbc.co.in"](mailto:mfsoa@mutualfunds.hsbc.co.in)

We're always here to help you, so feel free to reach out to us

Self-service request at your Fingertips

- Visit Website • Invest Online • Insta Statement • Download Forms
- Transact via Whats App • Use 24/7 ChatBot - Ask Me



Remember, you can also find out more via our social media handles !



Please check our website www.assetmanagement.hsbc.co.in for an updated list of Official Points of Acceptance of HSBC Mutual Fund.

CAMS SERVICE CENTRES / CAMS LIMITED TRANSACTION POINTS / CAMS COLLECTION CENTRES

For details on CAMS Service Centres, please visit www.camsonline.com



HSBC Consumption Fund

An open ended equity scheme following consumption theme.

Abridged Annual Report 2023 - 2024



SPONSOR

HSBC Securities and Capital Markets (India) Private Limited

CIN – U67120MH1994PTC081575

Regd. Office: 52/60, Mahatma Gandhi Road, Fort, Mumbai 400001.

TRUSTEE COMPANY

HSBC Trustees (India) Private Limited

CIN – U66190MH2024PTC416973

Regd. Office: 52/60, Mahatma Gandhi Road, Fort, Mumbai 400001.

ASSET MANAGEMENT COMPANY

HSBC Asset Management (India) Private Limited

CIN – U74140MH2001PTC134220

Regd. Office: 9-11 Floors, NESCO IT Park, Building No. 3,
Western Express Highway, Goregaon (East), Mumbai 400063.

CUSTODIAN

Citibank N.A.

First International Financial Center (FIFC), 9th Floor,
C-54 & 55, G – Block, Bandra Kurla Complex, Bandra (East), Mumbai 400051.

AUDITORS TO THE SCHEME

MSKA & Associates

Chartered Accountants

602, Floor 6, Raheja Titanium, Western Express Highway,
Geetanjali Railway Colony, Ram Nagar, Goregaon (East), Mumbai 400063.

REGISTRAR & TRANSFER AGENTS

Computer Age Management Services Limited (CAMS)

Unit: HSBC Mutual Fund

New No. 10, M.G.R Salai, Nungambakkam, Chennai 600034.

BOARD OF TRUSTEES

Ms. Jasmine Batliwalla	– Chairperson
Mr. Nani Javeri	– Trustee
Mr. David Rasquinha	– Trustee
Mr. Nicolas Moreau	– Trustee

BOARD OF DIRECTORS

Dr. Indu Shahani	– Director
Mr. Kapil Seth	– Director
Ms. Roopa Varma	– Director
Mr. Kailash Kulkarni	– Director & Chief Executive Officer

Dear Investor,

As we reflect on the past year, I am filled with pride and optimism about the future of our company and overall growth of the mutual fund industry. The past year has marked significant milestones in our journey, particularly as we capitalise on the immense potential of India's burgeoning growth story.

Fiscal 2024 turned out to be one of the best years for the domestic mutual fund industry as assets under management (AUM) spurted by nearly Rs. 14 lakh crore to a record Rs. 53.40 lakh crore as of March 2024 compared with Rs. 39.42 lakh crore as of March 2023.

The mutual fund industry is experiencing immense growth and we are poised to take advantage of this upward trajectory. Our company is an integral part of this growth story, riding the wave with several strategic initiatives and accomplishments that have set us on a path of sustained success.



Major achievements post integration

- Post integration we have enhanced our digital offering for both B2B and B2C to provide improved customer journeys.
- HSBC AM India's AUM increased from USD 1.4 bn (before integration) to USD 13.7 bn as of April 2024.
- HSBC Asset Management India has now become the 14th largest asset manager in India in terms of AUM.
- HSBC AM India has launched 4 new products since integration (raising \$445M).
- We have expanded HSBC AM India's product offerings to 43 funds.

Key Achievements in FY2023-2024

Investment Performance: Our disciplined investment strategy and thorough research have been pivotal to our success. We have focused on high-quality, undervalued assets, achieving consistent returns across our portfolio.

Product Innovation: This year, we launched two new funds - HSBC Multi Asset Allocation Fund and HSBC Consumption Fund, tailored to meet the evolving needs of our investors. These new offerings have been well-received, contributing to our growth in AUM significantly.

Increased Media Presence: In FY24, we significantly boosted our media presence, ensuring that our brand and thought leadership are recognized across various platforms. Through strategic media engagements like Informed Investing with ET Now, talks shows and several authored articles plus interviews - we have amplified our message, reaching a broader audience and reinforcing our market position.

Successful Campaign Launch: We successfully launched SIP Hai #FaydeWaliAadat, an investor education campaign, that highlighted the transformative power of SIPs in achieving long-term financial

goals. A first of its kind campaign, it aimed at educating and empowering the millennial investors in India. The campaign garnered significant attention and positive feedback, strengthening our brand presence and engaging a wider audience. Notably, the campaign has also earned us prestigious awards and accolades highlighting our commitment to excellence and innovation.

Client Relationships: We have strengthened our client relationships through enhanced communication, transparency, and personalized service. Our client satisfaction scores have reached new heights, reflecting our commitment to exceptional service.

We believe that the India story has just begun and its economic landscape is poised for significant growth. An exposure to unique and future relevant themes can provide a much-needed inflation buffer. The importance of asset allocation continues to be critical. It is critical for all of us to review our risk appetite and goal proximity and construct a portfolio appropriately.

Besides construction, portfolio rebalancing is equally important in order to achieve optimal outcomes. I do hope you share my enthusiasm and I ask that you continue to invest whilst reviewing your asset allocation at all times.

I would like to express my sincere gratitude to our dedicated team, whose expertise and commitment are the backbone of our success. To our investors, thank you for your trust and continued support. Your confidence in our approach motivates us to strive for excellence in everything we do. Also, I want to express my deepest gratitude to our valuable partners for their unwavering support and keep our services running. Look forward to achieving even grater milestones together.

As we move forward, we remain committed to delivering superior investment performance, fostering strong client relationships, and driving sustainable growth. Together, we are well-positioned to navigate the future and achieve our goals.

Warm regards,

A handwritten signature in black ink, appearing to read 'Kailash Kulkarni', with a horizontal line underneath.

Kailash Kulkarni

Chief Executive Officer

HSBC Asset Management India

Trustees' Report

For the year ended March 31, 2024

The Board of Directors of HSBC Trustees (India) Private Limited, Trustees of HSBC Mutual Fund present the Twenty Second Annual Report and the audited abridged financial statements of the schemes of the HSBC Mutual Fund ("the Fund") for the year ended March 31, 2024.

With the acquisition of L&T Mutual Fund in the previous financial year, the Fund's Assets Under Management ('AUM') (excluding Domestic FOFs) as on March 31, 2024 was INR 109368.16 crores (audited). The Fund ranks in the top 15 Mutual Fund houses in India in terms of AUM.

As at March 31, 2024, the Fund offered 43 schemes across asset classes to meet the varying investment needs of the investors. During the year, the Fund launched two new products namely HSBC Consumption Fund and HSBC Multi Asset Allocation Fund in Equity and Hybrid categories.

The Fund continues its focus on delivering consistent long-term returns. The comments on the performance of the scheme(s) are provided hereinafter. Dividends were declared under various schemes as per the provisions contained in the respective Scheme Information Documents after considering the distributable surplus available under the respective plans of the schemes. Details of dividends declared can be viewed on our website at www.assetmanagement.hsbc.co.in.

During the year, HSBC Securities and Capital Markets (India) Private Limited ("HSCI"), Sponsors of the Fund established a private limited company with limited liability to act as the "Trustees" of the Fund. HSBC Trustees (India) Private Limited ("HTIP") was incorporated on 9 January 2024. Accordingly, HTIP has replaced the Board of Trustees of HSBC Mutual Fund w.e.f. 1 March 2024, and the Company through its Board of Directors has been discharging its obligations as the "Trustees" of the Fund from this date.

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

a. Operations and Performance of the Scheme

➤ Equity Scheme

HSBC Consumption Fund ('HCF')

(Thematic Fund - An open-ended equity scheme following consumption theme)

The investment objective of the Fund is to generate long-term capital growth from an actively managed portfolio of equity and equity related securities of companies engaged in or expected to benefit from consumption and consumption related activities. However, there can be no assurance or guarantee that the investment objective of the scheme will be achieved.

HCF was launched during the year on August 10, 2023, and portfolio construction began from August 25, 2023. The net assets of HCF amounted to INR 1172.77 crores as at March 31, 2024. Around 96.47% of the net assets were invested in equities, 3.71% of the net assets were invested in reverse repos/TREPS and (0.18%) in net current assets as at March 31, 2024.

The long-term thesis of the scheme is to invest in companies which in few years will become much bigger in size and scale. As India's per capita income increases, consumer spend towards Discretionary products will increase at a faster pace and Discretionary sector would be the biggest beneficiary of this trend. Hence, the fund managers have inclined the scheme's portfolio positioning towards Discretionary sector than FMCG. HCF has 19% FMCG weight which is significantly underweight vis-à-vis its benchmark index which is at 34%, while the portfolio is skewed towards Consumer Services & Durables which has 39% weight vis-à-vis 24% in its benchmark index. This is in-line with the fund managers belief and communication that as consumer spending evolves, Discretionary sector s where the growth would be the highest and hence would want to capture the relevant companies as young as possible and is reflected in the small and midcap contribution of 47%.

The scheme tries to capture consumption spending across various sub-sectors. For instance, within the Consumer Durables the scheme has exposure to not only Durables but also to Jewelry, Stationery, Luggage and Shoe companies. While in Consumer services the scheme's portfolio holds Hotels, Apparel, QSR, Travel, Media, and Electronic Retail. Certain segments of Financial Services industry are also an integral part of the entire consumption theme and this has been allocated some weight to non-lending financial companies like Insurance, Exchange, and Wealth management business. Some sectors like Power which are part of

Trustees’ Report
For the year ended March 31, 2024 (Contd...)

the benchmark have been excluded as the fund manager are relatively less positive on that. In the short term, the scheme’s benchmark index has done slightly better due to underweight in Automobile and Auto Components & Power which has hurt the scheme, but rest of the portfolio like Discretionary, Real estate & Hospitals has done well through better stock selection.

On a longer view, consumption with 60% contribution to GDP is a multi-decade theme and it is to benefit from demographic shift in population structure, women’s participation in labor force, change in consumer behavior, low penetration of discretionary categories, unorganized to organized shift, premiumization, digitization, etc. These drivers will help the consumption story of India as well as the scheme and the fund managers are confident of generating good long term returns for our investors.

Performance data of the scheme has not been provided for the schemes which have not completed one year as on March 31, 2024 since inception.

Risk-o-meter as of 31st March, 2024:

Scheme Name	Scheme Risk-o-meter	Benchmark Risk-o-meter
HSBC Consumption Fund	 Investors understand that their principal will be at Very High risk	Benchmark Index: Nifty India Consumption Index TRI 

Please note that the above risk-o-meter is as per the product labelling of the Scheme basis Scheme’s monthly portfolio as on March 31, 2024.

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

➤ EQUITY OUTLOOK

Recap of FY 2023-24:

FY24 was a stellar year for the Indian equity markets with strong economic momentum, healthy earnings growth and strong inflows from domestic and foreign institutional investors and strong retail participation driving a broad-based bull market. The Nifty and Sensex were up a solid 30.1%/26.5% respectively during the year, while the BSE Midcap and BSE Smallcap indices gained an astounding 65.2% and 61.4% respectively.

While geo-political conflicts continued in FY24, their impact on crude and global supply chains moderated. Crude prices largely remained range bound during the year. Inflation barring a brief spike largely remained well contained, the economy gained further steam with GDP growth crossing 8% in H1FY24 supported by government thrust on infrastructure. This translated into strong growth for several core sector industries including steel and cement. The growth in the real estate sector has been strong with inventory continuing to decline in metro markets. However, lagged impact of price increases continued to impinge on consumer demand growth which remained subdued for most mass market categories.

Domestic cyclicals were the best performing sectors during the year led by Real Estate, Capital Goods, Autos. Power was also among the best performing sectors. Global cyclicals like Metals and Oil & Gas also strongly outperformed the Nifty. FMCG and Banking while delivering healthy positive returns underperformed the Nifty, while IT performance was closer to Nifty.

MSCI India index outperformed most of key global indices during the past fiscal. MSCI India index (USD) gained 35.5% as compared to 23.1% gain for MSCI World, 27.9% for US S&P 500, 11.0% for MSCI Europe and only 5.3% for MSCI Emerging Markets as MSCI China declined 19.0% over the period.

Trustees' Report

For the year ended March 31, 2024 (Contd...)

Strong performance of the market and subsiding global macro headwinds drove a sharp turnaround in foreign investment flows. FIIL net inflow was at USD 25.3bn in FY24 versus an outflow of USD 6.0bn/ 17.1bn in FY23/ FY22. DILs, on the other hand, matched FIIL inflow with an inflow of USD 25.3bn although it was lower than the net inflows at USD 30.8bn in FY23. Within DILs, the MF segment was the key contributor (USD 24.3 bn of net inflows up from USD 21.8bn in FY23) while domestic Insurers were also in the net inflow territory (USD 1.0bn of net inflows vs USD 9.0bn in FY23).

Source: Motilal Oswal

Indices Returns (April 01, 2023 to March 31, 2024)	1 Year [^]
S&P BSE Sensex TR	26.5%
NSE CNX Nifty TR	30.1%
S&P BSE 100 TR	34.2%
S&P BSE 200 TR	38.5%
S&P BSE 500 TR	40.2%
S&P BSE Midcap TR	65.2%
S&P BSE Small-cap TR	61.4%

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

Way forward:

The global macro environment remains challenging with heightened geo-political and economic uncertainties. US bond yields remain high putting pressure on interest rates and currencies globally. For India, growth has continued to remain strong with GDP growth of 8.4% in Q3FY24 driven by strong government spending on infrastructure and pickup in manufacturing and construction. The 2024 interim budget has re-affirmed government focus on infrastructure. At the same time reduction in fiscal deficit should also help in easing of domestic interest rates. However, after last year's patchy monsoon, a good monsoon will be an important factor for rural demand and overall consumption growth in the economy in FY25.

India starts FY25 on a strong footing with positive growth momentum and India's investment cycle is expected to be on a medium-term uptrend supported by rising government investment in infrastructure and recovery in real estate cycle. There is also an expectation of higher private investments in renewable energy and related supply chain, localization of higher-end technology components, and India becoming a more meaningful part of global supply chains. Finally, it is expected for consumption to improve as the impact of high inflation fades and real incomes start to grow again.

However, several of these positives are getting discounted by the high valuations currently prevailing in the equity market. While the fund managers remain constructive on Indian equities supported by the more robust medium-term growth outlook there is a caution against high return expectations. Nifty continues to trade on 20.6x consensus 1 year forward PE (as of 30 April). On a 10-year basis, Nifty is still trading 10% above its historic average valuation but is in-line with its 5-year average. Valuations of the midcap and small cap indices are even higher versus their historical average.

➤ DEBT OUTLOOK

Market drivers during the course of the year FY 2024

The year started with advanced economies continuing to grapple with higher inflation and policy tightening remained a common theme across economies. During FY2024, the Federal Open Market Committee (FOMC) raised policy rates by 50 bps while European Central Bank (ECB) and Bank of England (BOE) raised policy rates by 100 bps each. The cumulative rate hikes by various advanced economies in this cycle are as follows: Fed (525 bps), BOE (515 bps) and ECB (450 bps). Meanwhile cumulative rate hikes by the Monetary Policy

Trustees' Report

For the year ended March 31, 2024 (Contd...)

Committee (MPC) in this cycle was 250 bps. On account of higher Government debt burden, Fitch downgraded US sovereign rating from AAA to AA+. US Treasury yields remained volatile during the year, with the 10-year benchmark rising higher by 73 bps during the year. Crude prices also moved higher by USD 7-8/bbl.

On the domestic front, Consumer price Index (CPI) inflation remained broadly in the upper end of the MPC's targeted band of 4% +/- 2% for most of the financial year, however, inflation printed above 6% on two occasions due to high food inflation. Headline inflation remained susceptible to high food inflation with markets now expecting some relief of food prices on the back of normal monsoon. Core inflation eased through the year falling to below 4% in the last quarter.

Domestically, one of the biggest events during the year was the much-awaited index inclusion of Indian Government Bonds (IGBs) into the GBI-EM Global index suite and its relevant benchmarks. India is expected to reach the maximum weight of 10% in the GBI-EM Global Diversified Index (GBI-EM GD), with the inclusion staggered over a 10-month period starting June 2024. Following this, Bloomberg also included IGBs in their Bloomberg EM Local Currency Index, with India expected to reach a maximum weight of 10% over a 10-month period starting Jan 2025. Both these inclusions are expected to bring in INR 25-30 bn of index related FPI inflows over the next 1-2 years and paving the way for inclusion into other global bond indices as well. During FY2024, FPIs poured in close USD 12 bn into IGBs, with majority of the inflows coming in post the JP Morgan index inclusion announcement.

Government continued its path of fiscal consolidation, with the revised estimate of the Fiscal deficit for FY2024 coming in at 5.6%, with expectations for FY2025 at 5.1% and target of below 4.5% by FY2026. PMI numbers continue to remain in expansion, GST revenues remain buoyant and credit off-take upbeat.

The external sector has remained strong due to healthy service exports and remittances. Current Account Deficit (CAD) is expected to be around 1% for the year. Rupee remained one of the more stable currencies during the year, with active intervention from RBI smoothening any volatility. RBI continued to build on the FX reserves with year-end number around USD 650 bn.

Money market rates moved higher during the year due to tightening in liquidity along with higher Certificate of Deposit (CD) issuances. G-Sec yields, however, moved lower due to favorable demand supply and lower G-Sec borrowing. 10-year G-Sec moved lower during the year by 25 bps, while 5 yr G-Sec moved lower by 13 bps.

Market Outlook

While US markets have braced for "higher for longer" rates, we have seen in the past, that reactions to favorable data in such an environment can be sharp. Any softness in growth, employment or inflation data over the next few months will allow the markets to quickly start pricing in aggressive future policy easing. In our view, the RBI is also likely to gradually shift the liquidity deficit into surplus over the course of the next 3-6 months, flipping overnight rates from the top to the bottom of the rate corridor. The yield curve is likely to steepen as liquidity eases. This along with a potential 50 bps of policy easing in first half of CY2025 may push overnight rates lower by 75-100 bps.

While any form of additional spending by the new Government to address concerns of rural sections of the country and the possibility of additional spending to fund such policies will remain a key monitorable, it is believed the Government is likely to remain cognizant of the possible impact of such policies and take measured steps. With the dust settling down on the election outcome, the broad macroeconomic factors should continue to remain stable and could support softening in domestic yields going forward.

The Fund Managers continue to have a positive outlook for interest rates, based on various favorable factors: (a) Record RBI dividend to the Government, (b) reduced Fiscal deficit number of 5.6%, (c) favorable G-Sec supply demand dynamics, (d) FPI index related inflows, (e) revised outlook in India by S&P, (f) soft core inflation along with expectations of a better than normal monsoon, and finally (g) soft signals by Government and RBI on liquidity.

Source: RBI, Bloomberg, Internal HSBC Research & CCIL

Trustees' Report

For the year ended March 31, 2024 (Contd...)

2. BRIEF BACKGROUND OF THE SPONSORS, THE FUND, THE TRUSTEES AND THE ASSET MANAGEMENT COMPANY

A. Sponsor

HSBC Mutual Fund is sponsored by HSBC Securities and Capital Markets (India) Private Limited (HSCI). The Sponsor is the Settler of the Mutual Fund Trust. The Sponsor has entrusted a sum of Rs. 1,00,000/- (Rupees One Lakh only) to the Trustee as the initial contribution towards the corpus of the Mutual Fund.

HSCI offers integrated investment banking services, securities and corporate finance & advisory. HSCI is a member of the Bombay Stock Exchange Limited and National Stock Exchange (capital and derivative market segments). HSCI holds 100% of the paid-up equity share capital of HSBC Asset Management (India) Private Limited.

B. HSBC Mutual Fund

HSBC Mutual Fund ("the Mutual Fund" or "the Fund") has been constituted as a Trust in accordance with the provisions of the Indian Trusts Act, 1882 (2 of 1882) vide a Trust Deed dated February 7, 2002 (as amended) with HSBC Securities and Capital Markets (India) Private Limited, as the Sponsor and HSBC Trustees (India) Private Limited. The Trustee has entered into an Investment Management Agreement dated February 7, 2002 (as amended) with HSBC Asset Management (India) Private Limited (AMC) to function as the Investment Manager for all the schemes of the Fund. The Fund was registered with SEBI vide registration number MF/046/02/5 dated May 27, 2002.

The Trust has been formed for the purpose of pooling of capital from the public for collective investment in securities for the purpose of providing facilities for participation by persons as beneficiaries in such investments and in the profits/income arising therefrom.

C. HSBC Trustees (India) Private Limited (the Trustees)

The Trustees are the exclusive owner of the Trust Fund and holds the same in trust for the benefit of the unitholders. The Trustees have been discharging their duties and carrying out the responsibilities as provided in the SEBI (Mutual Funds) Regulations, 1996 and the Trust Deed. The Trustees seek to ensure that the Fund and the schemes floated there under are managed by the AMC in accordance with the Trust Deed, the said Regulations, directions and guidelines issued by the SEBI, the Stock Exchanges, the Association of Mutual Funds in India and other regulatory agencies.

During the year, HSBC Securities and Capital Markets (India) Private Limited ("HSCI"), Sponsors of HSBC Mutual Fund) established a private limited company with limited liability to act as the "Trustee" of HSBC Mutual Fund. HSBC Trustees (India) Private Limited ("HTIP") was incorporated on 9 January 2024. Accordingly, HTIP has replaced the Board of Trustees of HSBC Mutual Fund w.e.f. 1 March 2024, and the Company through its Board of Directors has been discharging its obligations as the "Trustees" of the Fund from this date.

As of March 31, 2024, HSCI holds 100% of the paid-up equity share capital of HTIP.

D. Asset Management Company (the AMC)

HSBC Asset Management (India) Private Limited (the Investment Manager or the AMC) is a private limited company incorporated under the Companies Act, 1956 on December 12, 2001 having its Registered Office at 9-11 Floors, NESCO IT Park, Building no. 3, Western Express Highway, Goregaon (East), Mumbai – 400 063. HSBC Asset Management (India) Private Limited has been appointed as the Asset Management Company of HSBC Mutual Fund by the Trustee vide Investment Management Agreement (IMA) dated February 7, 2002 (as amended) and executed between the Trustees and the AMC. SEBI approved the AMC to act as the Investment Manager of the Fund vide its letter No. MFD/BC/163/2002 dated May 27, 2002. The paid-up equity share capital of the AMC is Rs. 344.41 crores. The AMC is registered as a Portfolio Manager under the SEBI (Portfolio Managers) Regulations, 1993 vide registration no. INP000001322. The AMC also offers non-binding Advisory services to offshore funds under the mutual fund license.

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

Trustees’ Report
For the year ended March 31, 2024 (Contd...)

3. INVESTMENT OBJECTIVE OF THE SCHEMES

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

4. SIGNIFICANT ACCOUNTING POLICIES

The Significant Accounting Policies form part of the Notes to the Accounts annexed to the Balance Sheet of the Schemes in the Full Annual Report. The accounting policies are in accordance with Securities Exchange Board of India (Mutual Funds) Regulations, 1996 and Indian Accounting Standards (IND AS) notified under section 133 of the Companies Act, 2013 (the “Act” read with the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time.

5. UNCLAIMED DIVIDENDS & REDEMPTIONS

Summary of number of investors & corresponding amount as on March 31, 2024:

Scheme Name	Unclaimed Dividend		Unclaimed Redemption	
	No. of Investors	Amount (₹)	No. of Investors	Amount (₹)
HSBC Consumption Fund	0	0	1	105,826.64

6. INVESTOR SERVICES

The number of official points of acceptance of transactions are 210 locations. In addition to the offices of the Registrar & Transfer Agent, the AMC has its own office in 61 locations and Investor Service Centers in 39 locations. The AMC has 2 Toll Free numbers (1800-4190-200/ 1800-200-2434) which can be dialed from anywhere in India and 1 number i.e. +91 44 39923900 (Investors calling from abroad). The call center service is being managed by the Registrar and Transfer Agents. HSBC Mutual Fund offers the online transaction facility through the AMC’s website at www.assetmanagement.hsbc.co.in.

On the distribution front, the number of empaneled distributors were 59046 as on March 31, 2024. During the year, the AMC initiated tie-ups for online distribution of the Mutual Fund’s schemes with several channel partners taking the total number of such tie-ups to 160 as on March 31, 2024.

7. DETAILS OF INVESTOR GRIEVANCE REDRESSAL

The details of the redressal of investor complaints received against HSBC Mutual Fund during April 2023 - March 2024 are as follows:

2023-2024												
Com-plaint code	Type of Complaint	(a) No. of complaints pending at the beginning of the period	(b) No. of complaints received during the given period	Action on (a) and (b)								
				Resolved				Non Action-able*	Pending			
				Within 30 days	30-60 days	60-180 days	Beyond 180 days		0-3 months	3-6 months	6-9 months	9-12 months
I A	Non receipt of amount declared under Income Distribution cum Capital Withdrawal option	1	10	11	0	0	0	0	0	0	0	0
I B	Interest on delayed payment of amount declared under Income Distribution cum Capital Withdrawal option	0	1	1	0	0	0	0	0	0	0	0
I C	Non receipt of Redemption Proceeds	1	38	39	0	0	0	0	0	0	0	0
I D	Interest on delayed payment of Redemption	0	2	2	0	0	0	0	0	0	0	0

Trustees' Report

For the year ended March 31, 2024 (Contd...)

2023-2024												
Complaint code	Type of Complaint	(a) No. of complaints pending at the beginning of the period	(b) No. of complaints received during the given period	Action on (a) and (b)								
				Resolved				Non Action-able*	Pending			
				Within 30 days	30-60 days	60-180 days	Beyond 180 days		0-3 months	3-6 months	6-9 months	9-12 months
II A	Non receipt of Statement of Account/Unit Certificate	0	3	3	0	0	0	0	0	0	0	0
II B	Discrepancy in Statement of Account	1	22	23	0	0	0	0	0	0	0	0
II C	Data corrections in Investor details	1	250	249	0	0	0	0	2	0	0	0
II D	Non receipt of Annual Report/ Abridged Summary	0	0	0	0	0	0	0	0	0	0	0
III A	Wrong switch between Schemes	0	2	2	0	0	0	0	0	0	0	0
III B	Unauthorized switch between Schemes	0	1	1	0	0	0	0	0	0	0	0
III C	Deviation from Scheme attributes	0	1	1	0	0	0	0	0	0	0	0
III D	Wrong or excess charges/load	0	0	0	0	0	0	0	0	0	0	0
III E	Non updation of changes viz. address, PAN, bank details, nomination, etc	1	127	127	0	0	0	0	1	0	0	0
III F	Delay in allotment of Units	0	5	4	1	0	0	0	0	0	0	0
III G	Unauthorized Redemption	0	0	0	0	0	0	0	0	0	0	0
IV	Others**	1	78	76	0	0	0	0	3	0	0	0
	TOTAL	6	540	539	1	0	0	0	6	0	0	0

** As per AMFI Best Practice Guidelines Circular No.25/2011-12 for Revisions in the Guidelines on Standardization of Complaints/ Grievances Reporting Procedure. If "Others" include a type of complaint which is more than 10% of overall complaints, then such a reason should be provided separately. Hence, data corrections in Investor Details are included as a separate category.

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

Summary of Complaints for FY 2023-24

Particulars	Count
Total complaints received	540
Total number of folios	21,39,406
% of complaints against the folio	0.025

8. INVESTOR EDUCATION INITIATIVES

During the FY 2023-24, the AMC conducted the following investor education and awareness initiatives:

- An integrated multi-media marketing campaign on SIP Hai 'FaydeWaliAadat' aimed to tap into the aspirations, financial goals, and unique spending habits of millennials.
- Editorial content on Systematic Investment Plans (SIP) created across 15 states through various regional television channels.
- Investor education content on the Platform - Quora.
- 'Be Money Confident' video series targeting women through Jio Platforms.
- Campaign on Women & Investing for Women's Day.
- Campaign for Marathon enthusiast on the similarities between running a Marathon & Investing.

Trustees' Report

For the year ended March 31, 2024 (Contd...)

- Financial literacy virtual event on the occasion of Mother's Day, which received more than 725 registered users.
- A mom blogger outreach program to reach Women Investors with financial education content on MF on the occasion of Mother's Day.
- Education campaign on ELSS executed for working audiences.
- Blogs and content for Investor Education properties like SIP Sahi Hai in Value Research, Gyan Guroovaar on Facebook, Investment Ki Paathshala on the website and investor education blogs on the platform - Advisor Khoj.
- 1,462 Investor Education programs to reach out to an audience of 71,465 people out of which 458 were women programs attended by 20,139 women.

9. PROXY VOTING POLICY

As per para 6.16 of SEBI Master Circular on Mutual Funds dated June 27, 2024, the Fund has adopted Proxy Voting Policy and Procedures for exercising voting rights in respect of securities held by the Schemes. (please refer Proxy Voting Policy and Procedures)

The summary of the votes casted in the general meetings of the Investee companies, by the AMC for and on behalf of the Schemes of the Fund, for the financial year 2023-24 is provided below:

Quarter	Total no. of resolutions	Break-up of Vote decision		
		For	Against	Abstained
April 2023 - June 2023	387	260	75	52
July 2023 - September 2023	2,169	1607	448	114
October 2023 - December 2023	197	138	37	22
January 2024 - March 2024	319	240	50	29
TOTAL	3,072	2,245	610	217

As per para 6.16.7 of SEBI Master Circular on Mutual Funds dated June 27, 2024, the AMC has obtained certificate from M/s. M. P. Chitale & Co., Chartered Accountants, who is acting as a Scrutinizer, on the voting report for the FY 2023-24. The certificate dated May 22, 2024 issued by M/s. M. P. Chitale & Co., is available on the website of the AMC as part of the full Annual Report.

Unitholders can refer to the full Annual Report for complete details of actual exercise of votes in the general meetings of the investee companies for the financial year 2023-24 or log on to our website at www.assetmanagement.hsbc.co.in.

10. STATUTORY DETAILS

- The Sponsors are not responsible or liable for any loss resulting from the operation of the Schemes of the Fund beyond initial contribution of Rs. 1 lakh for setting up the Fund.
- The price and redemption value of the units, and income from them, can go up as well as down with fluctuations in the market value of its underlying investments.
- Full Annual Report of HSBC Mutual Fund and of HSBC Asset Management (India) Private Limited (the AMC) shall be disclosed on the website at www.assetmanagement.hsbc.co.in and shall be available for inspection at the Head Office of the Mutual Fund. Present and prospective unitholders can obtain copy of the Trust Deed, the full Annual Report of the Scheme(s), the Annual Report of HSBC Asset Management (India) Private Limited and the text of the relevant Scheme(s) at a price.

11. CHANGES IN RISK-O-METER OF THE SCHEME DURING FY 2023-24

As per para 17.4. of SEBI Master Circular on Mutual Funds dated June 27, 2024 on product labelling, the changes carried out in the risk-o-meter of the schemes of HSBC Mutual Fund during FY 2023-24 have been

Trustees' Report

For the year ended March 31, 2024 (Contd...)

given in the below mentioned table for the information of the unitholders, a report on the said changes has also been displayed on the website of the Fund and AMFI.

Scheme Name	Risk-o-meter level as on March 31, 2023	Risk-o-meter level as on March 31, 2024	Number of changes in Risk-o-meter during the F.Y. 2023-24)
HSBC Consumption Fund*	NA	Very High	0

*Schemes launched during the financial year 2023-24.

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

As per para 6.16.15 of SEBI Master Circular on Mutual Funds dated June 27, 2024, HSBC Mutual Fund has adapted the policy on stewardship responsibilities, the unitholders are requested to note the status of governance with the same as mentioned below:

S. No.	Particulars of Principles of Stewardship Code	Status of compliance (Complied/ Not Complied)	Description	Remarks/ reasons for deviation/non-compliance, if any
1	Principle 1: Institutional Investors should formulate a comprehensive policy on the discharge of their stewardship responsibilities, publicly disclose it, review and update it periodically.	Complied	HSBC Asset Management (India) Private Limited's (AMIN) 'Policy on Stewardship responsibilities' (Stewardship Code/ Policy) was formulated and implemented on 01 July, 2020. This is a comprehensive document which has been publicly disclosed on the website of AMIN. The same shall follow a periodic review.	N.A.
2	Principle 2: Institutional investors should have a clear policy on how they manage conflicts of interest in fulfilling their stewardship responsibilities and publicly disclose it.	Complied	Defining and managing Conflict of Interest in fulfilling stewardship responsibilities are detailed in the Stewardship Policy document. The policy document is publicly disclosed.	N.A.
3	Principle 3: Institutional investors should monitor their investee companies.	Complied	AMIN monitors all investee companies through its investment process. This includes assessment of companies' own and market data, consideration of research from brokers and other independent research providers – including ESG & voting research, attending individual & group meetings with company management and directors, visiting production sites (wherever necessary), engaging with key stakeholders including competitors and customers, and financial modelling. More details enumerated in the policy document	N.A.

Trustees’ Report
For the year ended March 31, 2024 (Contd...)

S. No.	Particulars of Principles of Stewardship Code	Status of compliance (Complied/ Not Complied)	Description	Remarks/ reasons for deviation/non-compliance, if any
4	Principle 4: Institutional investors should have a clear policy on intervention in their investee companies. Institutional investors should also have a clear policy for collaboration with other institutional investors where required, to preserve the interests of the ultimate investors, which should be disclosed.	Complied	Details of undertaking active engagement with investee companies and the policy for collaboration with other institutional holders are detailed in the policy document. The policy document is publicly disclosed.	N.A.
5	Principle 5: Institutional investors should have a clear policy on voting and disclosure of voting activity.	Complied	AMIN has a clear and detailed voting policy which provides the framework for the voting decisions. All voting decisions shall be in accordance with AMIN's Voting Policy and Procedures, which is disclosed on the website. AMIN discloses the details of the voting on its website on a quarterly basis within 10 working days from the end of the quarter. Additionally, AMIN also discloses the details of the votes cast, in the annual report of the schemes of HSBC Mutual Fund.	N.A.
6	Principle 6: Institutional investors should report periodically on their stewardship activities.	Complied	The annual status report of the stewardship code and quarterly report on proxy voting are publicly disclosed on the website as required under SEBI Regulations.	N.A.

13. DISCLOSURES PERTAINING TO NAV ADJUSTED DURING THE FINANCIAL YEAR FOR SWING FACTOR ALONG WITH THE PERFORMANCE IMPACT

Sr No.	Period of applicability of swing pricing	Scheme Name	Unswung NAV	Swing factor applied	Whether optional or mandatory
NIL					

14. SIGNIFICANT EVENT AFTER THE END OF THE FINANCIAL YEAR

NIL

Trustees' Report

For the year ended March 31, 2024 (Contd...)

15. ACKNOWLEDGEMENTS

The Trustees wish to thank the unitholders of the Schemes for their support throughout the year, and also thank the Government of India, the Securities and Exchange Board of India (SEBI), the Reserve Bank of India (RBI) and the Association of Mutual Funds in India (AMFI) for the guidance provided by them. The Trustees also appreciate the services provided by the Registrar and Transfer Agent, Fund Accountant, Custodian, Bankers, Distributors and Brokers. The guidance and services provided by the auditors and advocates and the ebullience, sincerity and dedication of the employees of HSBC Asset Management (India) Private Limited is also appreciated.

The Trustees look forward to the continued support of everyone.

For and on behalf of **HSBC Trustees (India) Private Ltd.**

Sd/-

Director

Mumbai

July 19, 2024

[#] Scheme launched during the current financial year

Independent Auditors' Report

To the Board of Directors of HSBC Trustees (India) Private Limited (the "Trustee")

HSBC Consumption Fund

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **HSBC Consumption Fund** (the "Scheme") of HSBC Mutual Fund (the "Fund"), which comprise the Balance Sheet as at March 31, 2024, the Revenue Account and the Cash Flow Statement for the year then ended, and notes to the financial statements, including a summary of material accounting policy and other explanatory information.

In our opinion, and to the best of our information and according to the explanations given to us, the aforesaid financial statements of the Scheme give a true and fair view in conformity with the Indian Accounting Standards ("Ind AS") prescribed under section 133 of the Companies Act, 2013 (the "Act") read with Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India, including the accounting policies and standards specified in the Regulation 50 and Ninth Schedule to the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 ("the SEBI Regulations") (collectively referred to as the "Regulations") as amended:

- a. in the case of the Balance Sheet, of the state of affairs of the Scheme as at March 31, 2024;
- b. in the case of the Revenue Account, of the net surplus for the year ended on that date; and
- c. in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing ("SAs") and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India (the "ICAI"). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Scheme in accordance with the Code of Ethics issued by the ICAI together with the ethical requirements that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Information Other than the Financial Statements and Auditor's Report Thereon

The Board of Directors of HSBC Asset Management (India) Private Limited (the "AMC") and the Board of Directors of HSBC Trustees (India) Private Limited (the "Trustees") (collectively referred to as "the Management") are responsible for the other information. The other information comprises the information included in the Trustees report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

The Management is responsible for the preparation of these financial statements that give a true and fair view of the state of affairs, results of operations and cash flows of the Scheme in accordance with the accounting principles generally accepted in India, including the accounting policies and standards specified in Regulations. This responsibility also includes maintenance of adequate accounting records in accordance with the SEBI

Independent Auditors' Report (Contd...)

Regulations for safeguarding of the assets of the Scheme and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Management is responsible for assessing the Scheme's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management, either intends to liquidate the Scheme or to cease operations, or has no realistic alternative but to do so.

Those Charged with Governance are also responsible for overseeing the Scheme's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Scheme's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Scheme to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide to those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Independent Auditors' Report (Contd...)

Report on Other Legal and Regulatory Requirements

1. As required by regulation 55(4) and clause 5(ii)(2) of the Eleventh Schedule of the SEBI Regulations, we report that:
 - a. we have sought and obtained all the information and explanations which, to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b. in our opinion, the Balance Sheet and the Revenue Account dealt with by this report have been prepared in accordance with the accounting policies and standards specified in the Regulations; and
 - c. the Balance Sheet, the Revenue Account and the Cash Flow Statement, dealt with by this report are in agreement with the books of accounts of the Scheme.
2. On the basis of information and explanations given to us, the scheme does not have any non-traded securities as at March 31, 2024 and hence reporting requirement of Eighth Schedule of the SEBI Regulations is not applicable.

For **M S K A & Associates**

Chartered Accountants

ICAI Firm Registration No. 105047W

Sd/-

Swapnil Kale

Partner

Membership No: 117812

UDIN: 24117812BKFISK7537

Place : Mumbai

Date : July 19, 2024

Abridged Balance Sheet as at March 31, 2024

Rs. in Lakhs

As at
March 31, 2024[#]

LIABILITIES		
1	Unit Capital	97,912.21
2	Reserves & Surplus	
2.1	Unit Premium Reserves	368.54
2.2	Unrealised Appreciation Reserve	19,793.86
2.3	Other Reserves	(797.31)
3	Loans & Borrowings	-
4	Current Liabilities & Provisions	
4.1	Provision for Doubtful Income/Deposits	-
4.2	Other Current Liabilities & Provisions	550.70
TOTAL		117,828.00
ASSETS		
1	Investments	
1.1	Listed Securities:	
1.1.1	Equity Shares	113,141.04
1.1.2	Preference Shares	-
1.1.3	Equity Linked Debentures	-
1.1.4	Other Debentures & Bonds	-
1.1.5	Securitised Debt Securities	-
1.2	Securities Awaited Listing:	
1.2.1	Equity Shares	-
1.2.2	Preference Shares	-
1.2.3	Equity Linked Debentures	-
1.2.4	Other Debentures & Bonds	-
1.2.5	Securitised Debt Securities	-
1.3	Unlisted Securities:	
1.3.1	Equity Shares	-
1.3.2	Preference Shares	-
1.3.3	Equity Linked Debentures	-
1.3.4	Other Debentures & Bonds	-
1.3.5	Securitised Debt Securities	-
1.4	Government Securities	-
1.5	Treasury Bills	-
1.6	Commercial Paper	-
1.7	Certificate of Deposits	-
1.8	Bill Rediscounting	-
1.9	Units of Domestic Mutual Fund	-
1.10	Foreign Securities	-
Total Investments		113,141.04
2	Deposits	183.67
3	Other Current Assets	
3.1	Cash & Bank Balance	156.19
3.2	CBLO/TREPS/Reverse Repo Lending	4,346.04
3.3	Others	1.06
4	Deferred Revenue Expenditure (to the extent not written off)	-
TOTAL		117,828.00

[#] Scheme launched during the current financial year

Notes to Accounts - Annexure I

Abridged Revenue Account for the period ended March 31, 2024

Rs. in Lakhs

		Current period ended March 31, 2024 #
1	INCOME	
1.1	Dividend	130.34
1.2	Interest	1,067.00
1.3	Realised Gain/(Loss) on Foreign Exchange Transactions	—
1.4	Realised Gains/(Losses) on Interscheme Sale of Investments	—
1.5	Realised Gains/(Losses) on External Sale/Redemption of Investments	(479.83)
1.6	Realised Gains/(Losses) on Derivative Transactions	—
1.7	Other Income	27.13
	(A)	744.64
2	EXPENSES	
2.1	Management Fees	385.02
2.2	GST on Management Fees	69.31
2.3	Transfer Agents Fees and Expenses	41.46
2.4	Custodian Fees	0.91
2.5	Trusteeship Fees	0.51
2.6	Commission to Agents	815.86
2.7	Marketing & Distribution Expenses	0.06
2.8	Audit Fees	1.48
2.9	Investor Education Expenses	12.24
2.10	Interest on Borrowing	—
2.11	Brokerage & Transaction Costs	214.45
2.12	Other Operating Expenses	8.02
	(B)	1,549.32
3	NET REALISED GAINS/(LOSSES) FOR THE YEAR	(C = A - B) (804.68)
4	Change in Unrealised Depreciation in Value of Investments	(D) —
5	NET GAINS/(LOSSES) FOR THE YEAR	(E = C + D) (804.68)
6	Change in Unrealised Appreciation in Value of Investments	(F) 19,793.86
7	NET SURPLUS/(DEFICIT) FOR THE YEAR	(G = E + F) 18,989.19
7.1	Add : Balance Transfer from Unrealised Appreciation Reserve	—
7.2	Less : Balance Transfer to Unrealised Appreciation Reserve	19,793.86
7.3	Add/(Less) : Equalisation	7.36
7.4	Transfer from Reserve Fund	—
7.5	Transfer from Unit Premium Reserve	—
8	Total	(797.31)
9	Dividend Appropriation	
9.1	Income Distributed during the Year	—
9.2	Tax on Income Distributed during the Year	—
10	Retained Surplus/(Deficit) Carried Forward to Balance Sheet	(797.31)

Scheme launched during the current financial year

Notes to Accounts - Annexure I

Key Statistics for the period ended March 31, 2024

	Current period ended March 31, 2024 [#]
1. NAV per unit (Rs.):	
Open	
Regular Plan - Growth Option	—
Regular Plan - IDCW Option	—
Direct Plan - Growth Option	—
Direct Plan - IDCW Option	—
High	
Regular Plan - Growth Option	12.0445
Regular Plan - IDCW Option	12.0445
Direct Plan - Growth Option	12.1272
Direct Plan - IDCW Option	12.1272
Low	
Regular Plan - Growth Option	9.9351
Regular Plan - IDCW Option	9.9351
Direct Plan - Growth Option	9.9566
Direct Plan - IDCW Option	9.9566
End	
Regular Plan - Growth Option	11.9761
Regular Plan - IDCW Option	11.9762
Direct Plan - Growth Option	12.0739
Direct Plan - IDCW Option	12.0739
2. Closing Assets Under Management (Rs. in Lakhs)	
End	1,17,277
Average (AAuM) ¹	1,04,667
3. Gross income as % of AAuM ²	0.71%
4. Expense Ratio:	
a. Total Expense as % of AAuM (including GST tax on Management fees) (planwise)	
Regular Plan	2.20%
Direct Plan	0.81%
b. Management Fee as % of AAuM (planwise)	
Regular Plan	0.63%
Direct Plan	0.59%
5. Net Income as a percentage of AAuM ³	(0.77%)
6. Portfolio turnover ratio ⁴	0.04
7. Total IDCW per unit distributed during the year (planwise)	
Retail	

Key Statistics For the period ended March 31, 2024 (Contd...)

	Current period ended March 31, 2024 #
Regular Plan - IDCW Option	—
Direct Plan - IDCW Option	—
Corporate	
Regular Plan - IDCW Option	—
Direct Plan - IDCW Option	—
8. Returns (%):	
a. Last One Year	
Scheme	
Regular Plan - Growth Option	NA#
Direct Plan - Growth Option	NA#
Benchmark	
Nifty 500 TRI	NA#
b. Since Inception	
Scheme	
Regular Plan - Growth Option	34.38%\$
Direct Plan - Growth Option	36.05%\$
Benchmark	
Nifty 500 TRI	39.01%\$

1. AAuM = Average daily net assets.

2. Gross income = amount against (A) in the Revenue account i.e. Income.

3. Net income = amount against (C) in the Revenue account i.e. Net Realised Gains/(Losses) for the year.

4. Portfolio Turnover = Lower of sales or purchase divided by the Average AuM for the year.

\$ Since Inception scheme & benchmark returns are simple annualised returns.

Note: Returns have been calculated as on last business day of the month i.e. March 28, 2024 due to non-availability of benchmark indices as of March 31, 2024.

Scheme launched during the current financial year

Notes to Accounts – Annexure I

To the Abridged Balance Sheet and Revenue Account for the period ended March 31, 2024

1 Investments:

- 1.1. It is confirmed that investments of the Schemes are registered in the name of the Trustees for the benefit of the Scheme's unitholders.
- 1.2. Open Positions of derivatives as on period ended March 31, 2024 is NIL.
- 1.3. Investment in Associates and Group Companies as at the period ended March 31, 2024 is NIL.
- 1.4. Open positions of Securities Borrowed and/or Lent by the scheme as on the period ended March 31, 2024 is NIL.
- 1.5. Investment in Below investment grade and default/Securities in default beyond its maturity date as on March 31, 2024 is NIL.
- 1.6. Aggregate Unrealised Gain/Loss as at the end of the financial year 2024 and their percentages to net assets are as under :

(Rs. In Lakhs)

Security Category	Amount	Percentage to Net Assets
	As at March 31, 2024	
Equity Shares		
– Appreciation	23,466.26	20.01
– Depreciation	3,672.39	3.13

- 1.7. The aggregate value of investments securities (excluding TREPS and Reverse Repos) purchased and sold (including matured) during the financial period 2023 - 2024 (excluding accretion of discount) is Rs. 97,701.08 lakhs and Rs. 3,874.07 lakhs respectively being 159.65% and 6.33% of the average net assets.
- 1.8. Non-Traded securities in the portfolio: Aggregate Value of Equity, Debt & Money Market Instruments and percentage to net assets during the financial year March 31, 2024 is NIL

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

During the year 2023-24, The Hongkong and Shanghai Banking Corporation Limited, an associate entity of HSBC Asset Management (India) Private Limited was paid collection/bank charges amounting to Rs. Nil.

Commission paid to Sponsor/AMC and its associates/related parties/group companies

Name of Sponsor/ AMC and its associates/related parties/group companies	Nature of Association / Nature of Relation	Period Covered	Business Given [Rs. In lakhs]	% of Total Business received by the Fund	Commission paid [Rs. In Lakhs]	% of Total commission paid by the Fund
The Hongkong and Shanghai Banking Corporation Limited	Group Company	2023-2024	59,470.16	58.07	447.68	55.68

Brokerage paid to Sponsor/AMC and its associates/related parties/group companies

Name of Sponsor/ AMC and its associates/related parties/group companies	Nature of Association /Nature of relation	Period Covered	Value of Transactions [Rs. In lakhs]	% of total value of transactions of the fund	Brokerage paid [Rs. In lakhs]	% of total brokerage paid by the fund
HSBC Securities and Capital Market (India) Private Limited	Sponsor	2023-2024	6,746.24	6.93	8.08	6.94

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

To the Abridged Balance Sheet and Revenue Account for the period ended March 31, 2024

- 3 None of the Investors held more than 25% of the total net assets of the scheme at the year ended March 31, 2024.
- 4 Unit Capital movement during the year ended March 31, 2024:

Description	2023-24				
	Opening Units	Subscription	Redemption	Closing Units	Face value
Regular Plan - Growth Option	–	993,039,449.284	35,513,551.666	957,525,897.618	10
Regular Plan - IDCW Option	–	5,201,865.442	184,343.388	5,017,522.054	10
Direct Plan - Growth Option**	–	17,620,869.593	1,302,091.091	16,318,778.502	10
Direct Plan - IDCW Option	–	273,546.960	13,681.104	259,865.856	10

**Units held by the AMC (Seed Capital) in Direct Plan - Growth Option as on March 31, 2024 is 548,388.304.

- 5 Previous year's/period figures have been re-grouped/re-arranged where necessary.
- 6 There are no contingent liabilities and other commitments as on March 31, 2024. Contingent asset is neither recognized nor disclosed in the financial statements.
- 7 Expenses other than Management Fees are Inclusive of GST where applicable.
- 8 Other income of Rs. 27.13 lakhs represents Exit load credited to the scheme.
- 9 **Investor Education Awareness**

As mandated by SEBI vide circular no. CIR/IMD/DF/21/2012 dated September 13, 2012 an annual charge of 0.02 percent of daily net assets, being a part of total recurring expenses is set aside for Investor Education and Awareness (IEA). In view of the AMFI Best Practices Guidelines Circular No. 56/2015-16, the IEF (Investor Education Fund) accrual is set aside in a separate bank account and the consolidated balance across all schemes as on March 31, 2024.

Pursuant to SEBI circular dated May 23, 2022, w.e.f. July 1, 2022, the limit of 0.02% p.a. has been reduced to 0.01% p.a. in case of ETFs/Index Funds. Furthermore, Fund of Funds (FoFs) investing more than 80% of its NAV in the underlying domestic funds have discontinued setting aside 0.02% p.a. of daily net assets towards IEAI.

The break-up of which is as under:

	March 31, 2024	March 31, 2023
Particulars	Amount (Rs. In Lakhs)	Amount (Rs. In Lakhs)
Opening Balance as on April 01, 2023	997.09	460.22
Add: Accrual during FY 2023-24	1,962.01	1,432.00
Less: Transferred to AMFI *	889.11	646.75
Less: Payable to AMFI (March 2024 accrual) *	91.90	69.25
Add: Investment Income FY 2023-24	77.08	166.42
Less: Spent during FY 2023-24	1,877.44	345.55
Closing Balance as on March 31, 2024	177.73	997.09

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

The IEA disclosure's are presented for surviving schemes only.

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

To the Abridged Balance Sheet and Revenue Account for the period ended March 31, 2024

- 10 Pursuant to SEBI Circular No. SEBI/HO/IMD/DF3/CIR/P/2020/194 dated October 05, 2020, the nomenclature of 'Dividend Option' under all the schemes of HSBC Mutual Fund has been revised to 'Income Distribution cum Capital Withdrawal Option' (IDCW), with effect from April 01, 2021.
- 11 Securities, excluding debt securities, where the non-traded investments which have been valued "in good faith" exceed 5% of the net assets at the end of the year is NIL.
- 12 Debt securities which have been valued at a price other than the price given by the independent valuation agencies at the end of the year is NIL.
- 13 **Disclosure of Risk-o-meter**

Scheme Name	Risk-o-meter level at end of the financial year i.e. March 31, 2024	Risk-o-meter level as on March 31, 2023	Number of changes in Risk-o-meter during the financial year (March 2023 to March 2024)
HSBC Consumption Fund #	Very High	NA	0

Scheme launched during the current financial year

- 14 Subsequent to receipt of SEBI's no objection to acquisition of 100% equity shares of L&T Investment Management Limited ("LTIM", Investment Manager of L&T Mutual Fund) and the amendments proposed to the trust deed of the HSBC Mutual Fund as required under the SEBI (Mutual Funds) Regulations, 1996, the schemes of L&T Mutual Fund (LTMF) were transferred to/ merged with the schemes of HSBC Mutual Fund on and from the close of business hours of November 25, 2022, and the HSBC AMC and HSBC Trustees assumed the responsibilities of the schemes of LTMF w.e.f. close of business hours of November 25, 2022.
- 15 During the year, HSBC Securities and Capital Markets (India) Private Limited ("HSCI"), Sponsors of HSBC Mutual Fund established a private limited company with limited liability to act as the "Trustee" of HSBC Mutual Fund. HSBC Trustees (India) Private Limited ("HTIP") was incorporated on 9 January 2024. Accordingly, HTIP has replaced the Board of Trustees of HSBC Mutual Fund w.e.f. 1 March 2024, and the Company through its Board of Directors has been discharging its obligations as the "Trustees" of the Fund from this date.
- 16 The Annual Accounts of the Schemes, prepared in accordance with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the "Act") read with the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time and clause 17.14 of SEBI Master Circular for Mutual Funds dated June 27, 2024, has been approved by the Board of Directors of HSBC Asset Management (India) Private Limited and HSBC Trustees (India) Private Limited at their meetings held on July 8, 2024 and July 19, 2024 respectively. The audit report attached herewith refers to the said Annual Accounts. The aforesaid abridged accounts are an extract of the Annual Accounts and are prepared in accordance with clause 5.4 and format no. 3.B under the section of formats of SEBI Master Circular for Mutual Funds dated June 27, 2024 and other relevant circulars issued by the Securities and Exchange Board of India from time to time.

Voting Policy and Procedures

In view of para 6.16 of SEBI Master Circular on Mutual Funds dated June 27, 2024 related to “Role of Mutual Funds in Corporate Governance of Public Listed Companies”, HSBC AMC has formulated its “Policy for Proxy Voting in Public Listed Companies”. The said policy is available on our website and the details of actual exercise of proxy votes, the summary of votes casted and the auditor’s certificate is forming part of our full Annual Report for the Financial Year 2023 – 24 which has been uploaded on our website at <http://www.assetmanagement.hsbc.co.in>

Statutory Details & Disclaimers

All the returns have been sourced from Mutual Funds India Explorer software. The performance of the schemes and the benchmark is calculated on a total return basis. This document has been prepared by HSBC Asset Management (India) Private Limited (HSBC) for information purposes only with an intent to provide market overview and should not be construed as an offer or solicitation of an offer for purchase of any of the funds of HSBC Mutual Fund. All information contained in this document (including that sourced from third parties), is obtained from sources, which HSBC/third party, believes to be reliable but which it has not been independently verified by HSBC/the third party. Further, HSBC/the third party makes no guarantee, representation or warranty and accepts no responsibility or liability as to the accuracy or completeness of such information. The information and opinions contained within the document are based upon publicly available information and rates of taxation applicable at the time of publication, which are subject to change from time to time.

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

For disclosure of quarterly AUM/AAUM and AUM by geography, please visit our website at www.assetmanagement.hsbc.co.in. Investors are requested to note that as per SEBI (Mutual Funds) Regulations, 1996 and guidelines issued thereunder, HSBC AMC, its employees and/ or empaneled distributors/agents are forbidden from guaranteeing/promising/assuring/predicting any returns or future performances of the schemes of HSBC Mutual Fund. Hence, please do not rely upon any such statements/commitments. If you come across any such practices, please register a complaint via email at investor.line@mutualfunds.hsbc.co.in

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

Important Updates

Name and Date of Birth as per PAN card - Effective from June 1, 2024

As per recent regulatory requirement and changes advised by Income Tax Department in PAN validation process, now it is mandated to quote your Name(s) and DOB as per PAN card. To avoid any failure in such validations, we request investors to quote the Name(s) and DOB's of all the holders including Guardian, Power of Attorney (POA) holders as per PAN card.

Useful Links for self service options

- **Use our 24 x 7 Chatbot - "ASKME" for any queries or service request:**
visit: <https://invest.assetmanagement.hsbc.co.in>

SMS your request to HSBC Mutual Fund

- **Latest NAV :** Send SMS as HSBCMF NAV <Scheme Code> to 56767
Example: HSBCMF NAV F03
- **Valuation Service on registered mobile No. :** Send SMS as HSBCMF VAL <folio_number> to 56767
Example: HSBCMF VAL 123456
- **Annual Report :**
For Electronic Copy: Send SMS as HSBCMFARE <folio_number> to 567678080
Example: HSBCMF ARE 123456
For Physical Copy: Send SMS as HSBCMFARP <folio_number> to 567678080
Example: HSBCMF ARP 123456
- **Half Yearly Portfolio :**
For Electronic Copy: Send SMS as HSBCMFHPE <folio_number> to 567678080
Example: HSBCMF HPE 123456
For Physical Copy: Send SMS as HSBCMFHPP <folio_number> to 567678080
Example: HSBCMF HPP 123456

Missed Call Service

- You can give a missed call to 9212900020 to get the total valuation via SMS and a statement on your registered email ID

Book-Post

If undelivered please return to:

Computer Age Management Services Private Limited (CAMS)

Unit: HSBC Mutual Fund

New No. 10, M.G.R Salai, Nungambakkam, Chennai - 600034.

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

HSBC Asset Management (India) Private Limited

CIN NO: U74140MH2001PTC134220

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

Website : www.assetmanagement.hsbc.co.in

Description	Toll Free Number	Email ID
Investor related queries	1800-4190-200/1800-200-2434	investor.line@mutualfunds.hsbc.co.in
Online related queries	1800-4190-200/1800-200-2434	onlinemf@mutualfunds.hsbc.co.in
Investor (Dialing from abroad)	+91 44 39923900	investor.line@mutualfunds.hsbc.co.in

To get your updated account statement email us at : ["mfsoa@mutualfunds.hsbc.co.in"](mailto:mfsoa@mutualfunds.hsbc.co.in)

We're always here to help you, so feel free to reach out to us

Self-service request at your Fingertips

- Visit Website • Invest Online • Insta Statement • Download Forms
- Transact via Whats App • Use 24/7 ChatBot - Ask Me



Remember, you can also find out more via our social media handles !

Please check our website www.assetmanagement.hsbc.co.in for an updated list of Official Points of Acceptance of HSBC Mutual Fund.

CAMS SERVICE CENTRES / CAMS LIMITED TRANSACTION POINTS / CAMS COLLECTION CENTRES

For details on CAMS Service Centres, please visit www.camsonline.com



HSBC ELSS Tax Saver Fund

(Erstwhile L&T Tax Advantage Fund)

An open ended equity linked saving scheme with a statutory lock in of 3 years and tax benefit.

Abridged Annual Report 2023 - 2024



HSBC Mutual Fund

SPONSOR

HSBC Securities and Capital Markets (India) Private Limited

CIN – U67120MH1994PTC081575

Regd. Office: 52/60, Mahatma Gandhi Road, Fort, Mumbai 400001.

TRUSTEE COMPANY

HSBC Trustees (India) Private Limited

CIN – U66190MH2024PTC416973

Regd. Office: 52/60, Mahatma Gandhi Road, Fort, Mumbai 400001.

ASSET MANAGEMENT COMPANY

HSBC Asset Management (India) Private Limited

CIN – U74140MH2001PTC134220

Regd. Office: 9-11 Floors, NESCO IT Park, Building No. 3,
Western Express Highway, Goregaon (East), Mumbai 400063.

CUSTODIAN

Citibank N.A.

First International Financial Center (FIFC), 9th Floor,
C-54 & 55, G – Block, Bandra Kurla Complex, Bandra (East), Mumbai 400051.

AUDITORS TO THE SCHEME

MSKA & Associates

Chartered Accountants

602, Floor 6, Raheja Titanium, Western Express Highway,
Geetanjali Railway Colony, Ram Nagar, Goregaon (East), Mumbai 400063.

REGISTRAR & TRANSFER AGENTS

Computer Age Management Services Limited (CAMS)

Unit: HSBC Mutual Fund

New No. 10, M.G.R Salai, Nungambakkam, Chennai 600034.

BOARD OF TRUSTEES

Ms. Jasmine Batliwalla	– Chairperson
Mr. Nani Javeri	– Trustee
Mr. David Rasquinha	– Trustee
Mr. Nicolas Moreau	– Trustee

BOARD OF DIRECTORS

Dr. Indu Shahani	– Director
Mr. Kapil Seth	– Director
Ms. Roopa Varma	– Director
Mr. Kailash Kulkarni	– Director & Chief Executive Officer

Dear Investor,

As we reflect on the past year, I am filled with pride and optimism about the future of our company and overall growth of the mutual fund industry. The past year has marked significant milestones in our journey, particularly as we capitalise on the immense potential of India's burgeoning growth story.

Fiscal 2024 turned out to be one of the best years for the domestic mutual fund industry as assets under management (AUM) spurted by nearly Rs. 14 lakh crore to a record Rs. 53.40 lakh crore as of March 2024 compared with Rs. 39.42 lakh crore as of March 2023.

The mutual fund industry is experiencing immense growth and we are poised to take advantage of this upward trajectory. Our company is an integral part of this growth story, riding the wave with several strategic initiatives and accomplishments that have set us on a path of sustained success.



Major achievements post integration

- Post integration we have enhanced our digital offering for both B2B and B2C to provide improved customer journeys.
- HSBC AM India's AUM increased from USD 1.4 bn (before integration) to USD 13.7 bn as of April 2024.
- HSBC Asset Management India has now become the 14th largest asset manager in India in terms of AUM.
- HSBC AM India has launched 4 new products since integration (raising \$445M).
- We have expanded HSBC AM India's product offerings to 43 funds.

Key Achievements in FY2023-2024

Investment Performance: Our disciplined investment strategy and thorough research have been pivotal to our success. We have focused on high-quality, undervalued assets, achieving consistent returns across our portfolio.

Product Innovation: This year, we launched two new funds - HSBC Multi Asset Allocation Fund and HSBC Consumption Fund, tailored to meet the evolving needs of our investors. These new offerings have been well-received, contributing to our growth in AUM significantly.

Increased Media Presence: In FY24, we significantly boosted our media presence, ensuring that our brand and thought leadership are recognized across various platforms. Through strategic media engagements like Informed Investing with ET Now, talks shows and several authored articles plus interviews - we have amplified our message, reaching a broader audience and reinforcing our market position.

Successful Campaign Launch: We successfully launched SIP Hai #FaydeWaliAadat, an investor education campaign, that highlighted the transformative power of SIPs in achieving long-term financial

goals. A first of its kind campaign, it aimed at educating and empowering the millennial investors in India. The campaign garnered significant attention and positive feedback, strengthening our brand presence and engaging a wider audience. Notably, the campaign has also earned us prestigious awards and accolades highlighting our commitment to excellence and innovation.

Client Relationships: We have strengthened our client relationships through enhanced communication, transparency, and personalized service. Our client satisfaction scores have reached new heights, reflecting our commitment to exceptional service.

We believe that the India story has just begun and its economic landscape is poised for significant growth. An exposure to unique and future relevant themes can provide a much-needed inflation buffer. The importance of asset allocation continues to be critical. It is critical for all of us to review our risk appetite and goal proximity and construct a portfolio appropriately.

Besides construction, portfolio rebalancing is equally important in order to achieve optimal outcomes. I do hope you share my enthusiasm and I ask that you continue to invest whilst reviewing your asset allocation at all times.

I would like to express my sincere gratitude to our dedicated team, whose expertise and commitment are the backbone of our success. To our investors, thank you for your trust and continued support. Your confidence in our approach motivates us to strive for excellence in everything we do. Also, I want to express my deepest gratitude to our valuable partners for their unwavering support and keep our services running. Look forward to achieving even grater milestones together.

As we move forward, we remain committed to delivering superior investment performance, fostering strong client relationships, and driving sustainable growth. Together, we are well-positioned to navigate the future and achieve our goals.

Warm regards,

A handwritten signature in black ink, appearing to read 'Kailash', with a horizontal line drawn underneath it.

Kailash Kulkarni

Chief Executive Officer

HSBC Asset Management India

Trustees' Report

For the year ended March 31, 2024

The Board of Directors of HSBC Trustees (India) Private Limited, Trustees of HSBC Mutual Fund present the Twenty Second Annual Report and the audited abridged financial statements of the schemes of the HSBC Mutual Fund ('the Fund') for the year ended March 31, 2024.

With the acquisition of L&T Mutual Fund in the previous financial year, the Fund's Assets Under Management ('AUM') (excluding Domestic FOFs) as on March 31, 2024 was INR 109368.16 crores (audited). The Fund ranks in the top 15 Mutual Fund houses in India in terms of AUM.

As at March 31, 2024, the Fund offered 43 schemes across asset classes to meet the varying investment needs of the investors. During the year, the Fund launched two new products namely HSBC Consumption Fund and HSBC Multi Asset Allocation Fund in Equity and Hybrid categories.

The Fund continues its focus on delivering consistent long-term returns. The comments on the performance of the scheme(s) are provided hereinafter. Dividends were declared under various schemes as per the provisions contained in the respective Scheme Information Documents after considering the distributable surplus available under the respective plans of the schemes. Details of dividends declared can be viewed on our website at www.assetmanagement.hsbc.co.in.

During the year, HSBC Securities and Capital Markets (India) Private Limited ("HSCI"), Sponsors of the Fund established a private limited company with limited liability to act as the "Trustees" of the Fund. HSBC Trustees (India) Private Limited ("HTIP") was incorporated on 9 January 2024. Accordingly, HTIP has replaced the Board of Trustees of HSBC Mutual Fund w.e.f. 1 March 2024, and the Company through its Board of Directors has been discharging its obligations as the "Trustees" of the Fund from this date.

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

a. Operations and Performance of the Scheme

➤ Equity Schemes

HSBC ELSS Tax saver Fund ('HETF')

(An open-ended equity linked saving scheme with a statutory lock in of 3 years and tax benefit)

The investment objective of the scheme is to generate long-term capital growth from a diversified portfolio of predominantly equity and equity-related securities. There is no assurance that the objective of the scheme will be realised and the scheme does not assure or guarantee any returns. For defensive considerations and/or managing liquidity, the scheme may also invest in money market instruments.

The net assets of HETF amounted to INR 3673.94 crores as at March 31, 2024 as against INR 2983.74 crores as at March 31, 2023. Around 97.96% of the net assets were invested in equities, 2.3% of the net assets were invested in reverse repos/TREPS and (0.26%) in net current assets as at March 31, 2024.

The investment approach for HETF is bottom-up stock picking and it seeks to add the best opportunities that the market presents, without any sector/cap bias.

HETF has been overweight in sectors like Industrials, Information Technology & Consumer Discretionary. HETF largely has growth bias. Government initiatives combined with under investment in capex over the last decade augurs well for infrastructure and capital goods sector in general. Some good picks in IT and Consumer Discretionary segment helped performance. HETF has been underweight in sectors like Energy, Communication Services, Material/Metal & Consumer Staples.

There is some underperformance on back of underweight in Metals, Utilities & Energy. Taking into cognizance the global volatility, geo-political turmoil, China not rebounding as expected post opening of Covid restrictions & recessionary expectations in developed markets, the fund managers had chosen to reduce exposure to global sectors like Energy, Metal & Material.

Trustees' Report

For the year ended March 31, 2024 (Contd...)

HSBC ELSS Tax saver Fund				Date of Inception : 27 February, 2006				
Fund / Benchmark (Value of ₹ 10,000 invested)	1 Year		3 Years		5 Years		Since Inception	
	Amount (₹)	Returns (%)	Amount (₹)	Returns (%)	Amount (₹)	Returns (%)	Amount (₹)	Returns (%)
HSBC ELSS Tax saver Fund	13910	39.35	16133	17.32	20163	15.05	108497	14.08
Scheme Benchmark (Nifty 500 TRI)	14049	40.75	16970	19.32	22112	17.19	94048	13.19
Additional Benchmark (Nifty 50 TRI)	13008	30.27	15736	16.35	20356	15.27	90522	12.95

Past performance may or may not be sustained in future. Returns have been calculated for the respective periods for Growth Option of Regular Plan as on last business day of the month i.e. March 28, 2024 due to non-availability of benchmark indices as of March 31, 2024. Returns on ₹ 10,000 are point-to-point returns for the specific time period, invested at the start of the period. Returns for 1 year and above are Compounded Annualized. Different plans shall have a different expense structure. Performance of the respective benchmark is calculated as per the Total Return Index (TRI).

Risk-o-meter as of 31st March, 2024:

Scheme Name	Scheme Risk-o-meter	Benchmark Risk-o-meter
HSBC ELSS Tax saver Fund	 Investors understand that their principal will be at Very High risk	Benchmark Index: Nifty 500 TRI 

Please note that the above risk-o-meter is as per the product labelling of the Scheme basis Scheme's monthly portfolio as on March 31, 2024.

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

➤ EQUITY OUTLOOK

Recap of FY 2023-24:

FY24 was a stellar year for the Indian equity markets with strong economic momentum, healthy earnings growth and strong inflows from domestic and foreign institutional investors and strong retail participation driving a broad-based bull market. The Nifty and Sensex were up a solid 30.1%/26.5% respectively during the year, while the BSE Midcap and BSE Smallcap indices gained an astounding 65.2% and 61.4% respectively.

While geo-political conflicts continued in FY24, their impact on crude and global supply chains moderated. Crude prices largely remained range bound during the year. Inflation barring a brief spike largely remained well contained, the economy gained further steam with GDP growth crossing 8% in H1FY24 supported by government thrust on infrastructure. This translated into strong growth for several core sector industries including steel and cement. The growth in the real estate sector has been strong with inventory continuing to decline in metro markets. However, lagged impact of price increases continued to impinge on consumer demand growth which remained subdued for most mass market categories.

Domestic cyclicals were the best performing sectors during the year led by Real Estate, Capital Goods, Autos. Power was also among the best performing sectors. Global cyclicals like Metals and Oil & Gas also strongly outperformed the Nifty. FMCG and Banking while delivering healthy positive returns underperformed the Nifty, while IT performance was closer to Nifty.

Trustees' Report

For the year ended March 31, 2024 (Contd...)

MSCI India index outperformed most of key global indices during the past fiscal. MSCI India index (USD) gained 35.5% as compared to 23.1% gain for MSCI World, 27.9% for US S&P 500, 11.0% for MSCI Europe and only 5.3% for MSCI Emerging Markets as MSCI China declined 19.0% over the period.

Strong performance of the market and subsiding global macro headwinds drove a sharp turnaround in foreign investment flows. FII net inflow was at USD 25.3bn in FY24 versus an outflow of USD 6.0bn/17.1bn in FY23/FY22. DIIs, on the other hand, matched FII inflow with an inflow of USD 25.3bn although it was lower than the net inflows at USD 30.8bn in FY23. Within DIIs, the MF segment was the key contributor (USD 24.3 bn of net inflows up from USD 21.8bn in FY23) while domestic Insurers were also in the net inflow territory (USD 1.0bn of net inflows vs USD 9.0bn in FY23).

Source: Motilal Oswal

Indices Returns (April 01, 2023 to March 31, 2024)	1 Year [^]
S&P BSE Sensex TR	26.5%
NSE CNX Nifty TR	30.1%
S&P BSE 100 TR	34.2%
S&P BSE 200 TR	38.5%
S&P BSE 500 TR	40.2%
S&P BSE Midcap TR	65.2%
S&P BSE Small-cap TR	61.4%

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

Way forward:

The global macro environment remains challenging with heightened geo-political and economic uncertainties. US bond yields remain high putting pressure on interest rates and currencies globally. For India, growth has continued to remain strong with GDP growth of 8.4% in Q3FY24 driven by strong government spending on infrastructure and pickup in manufacturing and construction. The 2024 interim budget has re-affirmed government focus on infrastructure. At the same time reduction in fiscal deficit should also help in easing of domestic interest rates. However, after last year's patchy monsoon, a good monsoon will be an important factor for rural demand and overall consumption growth in the economy in FY25.

India starts FY25 on a strong footing with positive growth momentum and India's investment cycle is expected to be on a medium-term uptrend supported by rising government investment in infrastructure and recovery in real estate cycle. There is also an expectation of higher private investments in renewable energy and related supply chain, localization of higher-end technology components, and India becoming a more meaningful part of global supply chains. Finally, it is expected for consumption to improve as the impact of high inflation fades and real incomes start to grow again.

However, several of these positives are getting discounted by the high valuations currently prevailing in the equity market. While the fund managers remain constructive on Indian equities supported by the more robust medium-term growth outlook there is a caution against high return expectations. Nifty continues to trade on 20.6x consensus 1 year forward PE (as of 30 April). On a 10-year basis, Nifty is still trading 10% above its historic average valuation but is in-line with its 5-year average. Valuations of the midcap and small cap indices are even higher versus their historical average.

➤ DEBT OUTLOOK

Market drivers during the course of the year FY 2024

The year started with advanced economies continuing to grapple with higher inflation and policy tightening remained a common theme across economies. During FY2024, the Federal Open Market Committee (FOMC) raised policy rates by 50 bps while European Central Bank (ECB) and Bank of England (BOE) raised policy

Trustees' Report

For the year ended March 31, 2024 (Contd...)

rates by 100 bps each. The cumulative rate hikes by various advanced economies in this cycle are as follows: Fed (525 bps), BOE (515 bps) and ECB (450 bps). Meanwhile cumulative rate hikes by the Monetary Policy Committee (MPC) in this cycle was 250 bps. On account of higher Government debt burden, Fitch downgraded US sovereign rating from AAA to AA+. US Treasury yields remained volatile during the year, with the 10-year benchmark rising higher by 73 bps during the year. Crude prices also moved higher by USD 7-8/bbl.

On the domestic front, Consumer price Index (CPI) inflation remained broadly in the upper end of the MPC's targeted band of 4% +/- 2% for most the financial year, however, inflation printed above 6% on two occasions due to high food inflation. Headline inflation remained susceptible to high food inflation with markets now expecting some relief of food prices on the back of normal monsoon. Core inflation eased through the year falling to below 4% in the last quarter.

Domestically, one of the biggest events during the year was the much-awaited index inclusion of Indian Government Bonds (IGBs) into the GBI-EM Global index suite and its relevant benchmarks. India is expected to reach the maximum weight of 10% in the GBI-EM Global Diversified Index (GBI-EM GD), with the inclusion staggered over a 10-month period starting June 2024. Following this, Bloomberg also included IGBs in their Bloomberg EM Local Currency Index, with India expected to reach a maximum weight of 10% over a 10-month period starting Jan 2025. Both these inclusions are expected to bring in INR 25-30 bn of index related FPI inflows over the next 1-2 years and paving the way for inclusion into other global bond indices as well. During FY2024, FPIs poured in close USD 12 bn into IGBs, with majority of the inflows coming in post the JP Morgan index inclusion announcement.

Government continued its path of fiscal consolidation, with the revised estimate of the Fiscal deficit for FY2024 coming in at 5.6%, with expectations for FY2025 at 5.1% and target of below 4.5% by FY2026. PMI numbers continue to remain in expansion, GST revenues remain buoyant and credit off-take upbeat.

The external sector has remained strong due to healthy service exports and remittances. Current Account Deficit (CAD) is expected to be around 1% for the year. Rupee remained one of the more stable currencies during the year, with active intervention from RBI smoothening any volatility. RBI continued to build on the FX reserves with year-end number around USD 650 bn.

Money market rates moved higher during the year due to tightening in liquidity along with higher Certificate of Deposit (CD) issuances. G-Sec yields, however, moved lower due to favorable demand supply and lower G-Sec borrowing. 10-year G-Sec moved lower during the year by 25 bps, while 5 yr G-Sec moved lower by 13 bps.

Market Outlook

While US markets have braced for "higher for longer" rates, we have seen in the past, that reactions to favorable data in such an environment can be sharp. Any softness in growth, employment or inflation data over the next few months will allow the markets to quickly start pricing in aggressive future policy easing. In our view, the RBI is also likely to gradually shift the liquidity deficit into surplus over the course of the next 3-6 months, flipping overnight rates from the top to the bottom of the rate corridor. The yield curve is likely to steepen as liquidity eases. This along with a potential 50 bps of policy easing in first half of CY2025 may push overnight rates lower by 75-100 bps.

While any form of additional spending by the new Government to address concerns of rural sections of the country and the possibility of additional spending to fund such policies will remain a key monitorable, it is believed the Government is likely to remain cognizant of the possible impact of such policies and take measured steps. With the dust settling down on the election outcome, the broad macroeconomic factors should continue to remain stable and could support softening in domestic yields going forward.

The Fund Managers continue to have a positive outlook for interest rates, based on various favorable factors: (a) Record RBI dividend to the Government, (b) reduced Fiscal deficit number of 5.6%, (c) favorable G-Sec supply demand dynamics, (d) FPI index related inflows, (e) revised outlook in India by S&P, (f) soft core inflation along with expectations of a better than normal monsoon, and finally (g) soft signals by Government and RBI on liquidity.

Source: RBI, Bloomberg, Internal HSBC Research & CCIL

Trustees' Report

For the year ended March 31, 2024 (Contd...)

2. BRIEF BACKGROUND OF THE SPONSORS, THE FUND, THE TRUSTEES AND THE ASSET MANAGEMENT COMPANY

A. Sponsor

HSBC Mutual Fund is sponsored by HSBC Securities and Capital Markets (India) Private Limited (HSCI). The Sponsor is the Settler of the Mutual Fund Trust. The Sponsor has entrusted a sum of Rs. 1,00,000/- (Rupees One Lakh only) to the Trustee as the initial contribution towards the corpus of the Mutual Fund.

HSCI offers integrated investment banking services, securities and corporate finance & advisory. HSCI is a member of the Bombay Stock Exchange Limited and National Stock Exchange (capital and derivative market segments). HSCI holds 100% of the paid-up equity share capital of HSBC Asset Management (India) Private Limited.

B. HSBC Mutual Fund

HSBC Mutual Fund ("the Mutual Fund" or "the Fund") has been constituted as a Trust in accordance with the provisions of the Indian Trusts Act, 1882 (2 of 1882) vide a Trust Deed dated February 7, 2002 (as amended) with HSBC Securities and Capital Markets (India) Private Limited, as the Sponsor and HSBC Trustees (India) Private Limited. The Trustee has entered into an Investment Management Agreement dated February 7, 2002 (as amended) with HSBC Asset Management (India) Private Limited (AMC) to function as the Investment Manager for all the schemes of the Fund. The Fund was registered with SEBI vide registration number MF/046/02/5 dated May 27, 2002.

The Trust has been formed for the purpose of pooling of capital from the public for collective investment in securities for the purpose of providing facilities for participation by persons as beneficiaries in such investments and in the profits/income arising therefrom.

C. HSBC Trustees (India) Private Limited (the Trustees)

The Trustees are the exclusive owner of the Trust Fund and holds the same in trust for the benefit of the unitholders. The Trustees have been discharging their duties and carrying out the responsibilities as provided in the SEBI (Mutual Funds) Regulations, 1996 and the Trust Deed. The Trustees seek to ensure that the Fund and the schemes floated there under are managed by the AMC in accordance with the Trust Deed, the said Regulations, directions and guidelines issued by the SEBI, the Stock Exchanges, the Association of Mutual Funds in India and other regulatory agencies.

During the year, HSBC Securities and Capital Markets (India) Private Limited ("HSCI"), Sponsors of HSBC Mutual Fund) established a private limited company with limited liability to act as the "Trustee" of HSBC Mutual Fund. HSBC Trustees (India) Private Limited ("HTIP") was incorporated on 9 January 2024. Accordingly, HTIP has replaced the Board of Trustees of HSBC Mutual Fund w.e.f. 1 March 2024, and the Company through its Board of Directors has been discharging its obligations as the "Trustees" of the Fund from this date.

As of March 31, 2024, HSCI holds 100% of the paid-up equity share capital of HTIP.

D. Asset Management Company (the AMC)

HSBC Asset Management (India) Private Limited (the Investment Manager or the AMC) is a private limited company incorporated under the Companies Act, 1956 on December 12, 2001 having its Registered Office at 9-11 Floors, NESCO IT Park, Building no. 3, Western Express Highway, Goregaon (East), Mumbai – 400 063. HSBC Asset Management (India) Private Limited has been appointed as the Asset Management Company of HSBC Mutual Fund by the Trustee vide Investment Management Agreement (IMA) dated February 7, 2002 (as amended) and executed between the Trustees and the AMC. SEBI approved the AMC to act as the Investment Manager of the Fund vide its letter No. MFD/BC/163/2002 dated May 27, 2002. The paid-up equity share capital of the AMC is Rs. 344.41 crores. The AMC is registered as a Portfolio Manager under the SEBI (Portfolio Managers) Regulations, 1993 vide registration no. INP000001322. The AMC also offers non-binding Advisory services to offshore funds under the mutual fund license.

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

Trustees’ Report
For the year ended March 31, 2024 (Contd...)

3. INVESTMENT OBJECTIVE OF THE SCHEMES

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

4. SIGNIFICANT ACCOUNTING POLICIES

The Significant Accounting Policies form part of the Notes to the Accounts annexed to the Balance Sheet of the Schemes in the Full Annual Report. The accounting policies are in accordance with Securities Exchange Board of India (Mutual Funds) Regulations, 1996 and Indian Accounting Standards (IND AS) notified under section 133 of the Companies Act, 2013 (the “Act” read with the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time.

5. UNCLAIMED DIVIDENDS & REDEMPTIONS

Summary of number of investors & corresponding amount as on March 31, 2024:

Scheme Name	Unclaimed Dividend		Unclaimed Redemption	
	No. of Investors	Amount (₹)	No. of Investors	Amount (₹)
HSBC ELSS Tax Saver Fund	10,5132	162,546,720.00	873	24,715,349.93

6. INVESTOR SERVICES

The number of official points of acceptance of transactions are 210 locations. In addition to the offices of the Registrar & Transfer Agent, the AMC has its own office in 61 locations and Investor Service Centers in 39 locations. The AMC has 2 Toll Free numbers (1800-4190-200/1800-200-2434) which can be dialed from anywhere in India and 1 number i.e. +91 44 39923900 (Investors calling from abroad). The call center service is being managed by the Registrar and Transfer Agents. HSBC Mutual Fund offers the online transaction facility through the AMC’s website at www.assetmanagement.hsbc.co.in.

On the distribution front, the number of empaneled distributors were 59046 as on March 31, 2024. During the year, the AMC initiated tie-ups for online distribution of the Mutual Fund’s schemes with several channel partners taking the total number of such tie-ups to 160 as on March 31, 2024.

7. DETAILS OF INVESTOR GRIEVANCE REDRESSAL

The details of the redressal of investor complaints received against HSBC Mutual Fund during April 2023 - March 2024 are as follows:

2023-2024												
Com-plaint code	Type of Complaint	(a) No. of complaints pending at the begin-ning of the period	(b) No. of com-plaints received during the given period	Action on (a) and (b)								
				Resolved				Non Action-able*	Pending			
				Within 30 days	30-60 days	60-180 days	Beyond 180 days		0-3 months	3-6 months	6-9 months	9-12 months
I A	Non receipt of amount declared under Income Distribution cum Capital Withdrawal option	1	10	11	0	0	0	0	0	0	0	
I B	Interest on delayed payment of amount declared under Income Distribution cum Capital Withdrawal option	0	1	1	0	0	0	0	0	0	0	
I C	Non receipt of Redemption Proceeds	1	38	39	0	0	0	0	0	0	0	
I D	Interest on delayed payment of Redemption	0	2	2	0	0	0	0	0	0	0	

Trustees' Report

For the year ended March 31, 2024 (Contd...)

2023-2024												
Com-plaint code	Type of Complaint	(a) No. of complaints pending at the beginning of the period	(b) No. of complaints received during the given period	Action on (a) and (b)								
				Resolved				Non Action-able*	Pending			
				Within 30 days	30-60 days	60-180 days	Beyond 180 days		0-3 months	3-6 months	6-9 months	9-12 months
II A	Non receipt of Statement of Account/Unit Certificate	0	3	3	0	0	0	0	0	0	0	0
II B	Discrepancy in Statement of Account	1	22	23	0	0	0	0	0	0	0	0
II C	Data corrections in Investor details	1	250	249	0	0	0	0	2	0	0	0
II D	Non receipt of Annual Report/ Abridged Summary	0	0	0	0	0	0	0	0	0	0	0
III A	Wrong switch between Schemes	0	2	2	0	0	0	0	0	0	0	0
III B	Unauthorized switch between Schemes	0	1	1	0	0	0	0	0	0	0	0
III C	Deviation from Scheme attributes	0	1	1	0	0	0	0	0	0	0	0
III D	Wrong or excess charges/load	0	0	0	0	0	0	0	0	0	0	0
III E	Non updation of changes viz. address, PAN, bank details, nomination, etc	1	127	127	0	0	0	0	1	0	0	0
III F	Delay in allotment of Units	0	5	4	1	0	0	0	0	0	0	0
III G	Unauthorized Redemption	0	0	0	0	0	0	0	0	0	0	0
IV	Others**	1	78	76	0	0	0	0	3	0	0	0
	TOTAL	6	540	539	1	0	0	0	6	0	0	0

** As per AMFI Best Practice Guidelines Circular No.25/2011-12 for Revisions in the Guidelines on Standardization of Complaints/Grievances Reporting Procedure. If "Others" include a type of complaint which is more than 10% of overall complaints, then such a reason should be provided separately. Hence, data corrections in Investor Details are included as a separate category.

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

Summary of Complaints for FY 2023-24

Particulars	Count
Total complaints received	540
Total number of folios	21,39,406
% of complaints against the folio	0.025

8. INVESTOR EDUCATION INITIATIVES

During the FY 2023-24, the AMC conducted the following investor education and awareness initiatives:

- An integrated multi-media marketing campaign on SIP Hai 'FaydeWaliAadat' aimed to tap into the aspirations, financial goals, and unique spending habits of millennials.
- Editorial content on Systematic Investment Plans (SIP) created across 15 states through various regional television channels.
- Investor education content on the Platform - Quora.
- 'Be Money Confident' video series targeting women through Jio Platforms.
- Campaign on Women & Investing for Women's Day.
- Campaign for Marathon enthusiast on the similarities between running a Marathon & Investing.

Trustees' Report

For the year ended March 31, 2024 (Contd...)

- Financial literacy virtual event on the occasion of Mother's Day, which received more than 725 registered users.
- A mom blogger outreach program to reach Women Investors with financial education content on MF on the occasion of Mother's Day.
- Education campaign on ELSS executed for working audiences.
- Blogs and content for Investor Education properties like SIP Sahi Hai in Value Research, Gyan Guroovaar on Facebook, Investment Ki Paathshala on the website and investor education blogs on the platform - Advisor Khoj.
- 1,462 Investor Education programs to reach out to an audience of 71,465 people out of which 458 were women programs attended by 20,139 women.

9. PROXY VOTING POLICY

As per para 6.16 of SEBI Master Circular on Mutual Funds dated June 27, 2024, the Fund has adopted Proxy Voting Policy and Procedures for exercising voting rights in respect of securities held by the Schemes. (please refer Proxy Voting Policy and Procedures)

The summary of the votes casted in the general meetings of the Investee companies, by the AMC for and on behalf of the Schemes of the Fund, for the financial year 2023-24 is provided below:

Quarter	Total no. of resolutions	Break-up of Vote decision		
		For	Against	Abstained
April 2023 - June 2023	387	260	75	52
July 2023 - September 2023	2,169	1607	448	114
October 2023 - December 2023	197	138	37	22
January 2024 - March 2024	319	240	50	29
TOTAL	3,072	2,245	610	217

As per para 6.16.7 of SEBI Master Circular on Mutual Funds dated June 27, 2024, the AMC has obtained certificate from M/s. M. P. Chitale & Co., Chartered Accountants, who is acting as a Scrutinizer, on the voting report for the FY 2023-24. The certificate dated May 22, 2024 issued by M/s. M. P. Chitale & Co., is available on the website of the AMC as part of the full Annual Report.

Unitholders can refer to the full Annual Report for complete details of actual exercise of votes in the general meetings of the investee companies for the financial year 2023-24 or log on to our website at www.assetmanagement.hsbc.co.in.

10. STATUTORY DETAILS

- The Sponsors are not responsible or liable for any loss resulting from the operation of the Schemes of the Fund beyond initial contribution of Rs. 1 lakh for setting up the Fund.
- The price and redemption value of the units, and income from them, can go up as well as down with fluctuations in the market value of its underlying investments.
- Full Annual Report of HSBC Mutual Fund and of HSBC Asset Management (India) Private Limited (the AMC) shall be disclosed on the website at www.assetmanagement.hsbc.co.in and shall be available for inspection at the Head Office of the Mutual Fund. Present and prospective unitholders can obtain copy of the Trust Deed, the full Annual Report of the Scheme(s), the Annual Report of HSBC Asset Management (India) Private Limited and the text of the relevant Scheme(s) at a price.

11. CHANGES IN RISK-O-METER OF THE SCHEME DURING FY 2023-24

As per para 17.4. of SEBI Master Circular on Mutual Funds dated June 27, 2024 on product labelling, the changes carried out in the risk-o-meter of the schemes of HSBC Mutual Fund during FY 2023-24 have been given in the below mentioned table for the information of the unitholders, a report on the said changes has also been displayed on the website of the Fund and AMFI.

Trustees' Report

For the year ended March 31, 2024 (Contd...)

Scheme Name	Risk-o-meter level as on March 31, 2023	Risk-o-meter level as on March 31, 2024	Number of changes in Risk-o-meter during the F.Y. 2023-24)
HSBC ELSS Tax saver Fund	Very High	Very High	0

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

As per para 6.16.15 of SEBI Master Circular on Mutual Funds dated June 27, 2024, HSBC Mutual Fund has adapted the policy on stewardship responsibilities, the unitholders are requested to note the status of governance with the same as mentioned below:

S. No.	Particulars of Principles of Stewardship Code	Status of compliance (Complied/ Not Complied)	Description	Remarks/ reasons for deviation/non-compliance, if any
1	Principle 1: Institutional Investors should formulate a comprehensive policy on the discharge of their stewardship responsibilities, publicly disclose it, review and update it periodically.	Complied	HSBC Asset Management (India) Private Limited's (AMIN) 'Policy on Stewardship responsibilities' (Stewardship Code/ Policy) was formulated and implemented on 01 July, 2020. This is a comprehensive document which has been publicly disclosed on the website of AMIN. The same shall follow a periodic review.	N.A.
2	Principle 2: Institutional investors should have a clear policy on how they manage conflicts of interest in fulfilling their stewardship responsibilities and publicly disclose it.	Complied	Defining and managing Conflict of Interest in fulfilling stewardship responsibilities are detailed in the Stewardship Policy document. The policy document is publicly disclosed.	N.A.
3	Principle 3: Institutional investors should monitor their investee companies.	Complied	AMIN monitors all investee companies through its investment process. This includes assessment of companies' own and market data, consideration of research from brokers and other independent research providers – including ESG & voting research, attending individual & group meetings with company management and directors, visiting production sites (wherever necessary), engaging with key stakeholders including competitors and customers, and financial modelling. More details enumerated in the policy document	N.A.

Trustees’ Report
For the year ended March 31, 2024 (Contd...)

S. No.	Particulars of Principles of Stewardship Code	Status of compliance (Complied/ Not Complied)	Description	Remarks/ reasons for deviation/non-compliance, if any
4	Principle 4: Institutional investors should have a clear policy on intervention in their investee companies. Institutional investors should also have a clear policy for collaboration with other institutional investors where required, to preserve the interests of the ultimate investors, which should be disclosed.	Complied	Details of undertaking active engagement with investee companies and the policy for collaboration with other institutional holders are detailed in the policy document. The policy document is publicly disclosed.	N.A.
5	Principle 5: Institutional investors should have a clear policy on voting and disclosure of voting activity.	Complied	AMIN has a clear and detailed voting policy which provides the framework for the voting decisions. All voting decisions shall be in accordance with AMIN's Voting Policy and Procedures, which is disclosed on the website. AMIN discloses the details of the voting on its website on a quarterly basis within 10 working days from the end of the quarter. Additionally, AMIN also discloses the details of the votes cast, in the annual report of the schemes of HSBC Mutual Fund.	N.A.
6	Principle 6: Institutional investors should report periodically on their stewardship activities.	Complied	The annual status report of the stewardship code and quarterly report on proxy voting are publicly disclosed on the website as required under SEBI Regulations.	N.A.

13. DISCLOSURES PERTAINING TO NAV ADJUSTED DURING THE FINANCIAL YEAR FOR SWING FACTOR ALONG WITH THE PERFORMANCE IMPACT

Sr No.	Period of applicability of swing pricing	Scheme Name	Unswung NAV	Swing factor applied	Whether optional or mandatory
NIL					

14. SIGNIFICANT EVENT AFTER THE END OF THE FINANCIAL YEAR

NIL

Trustees' Report

For the year ended March 31, 2024 (Contd...)

15. ACKNOWLEDGEMENTS

The Trustees wish to thank the unitholders of the Schemes for their support throughout the year, and also thank the Government of India, the Securities and Exchange Board of India (SEBI), the Reserve Bank of India (RBI) and the Association of Mutual Funds in India (AMFI) for the guidance provided by them. The Trustees also appreciate the services provided by the Registrar and Transfer Agent, Fund Accountant, Custodian, Bankers, Distributors and Brokers. The guidance and services provided by the auditors and advocates and the ebullience, sincerity and dedication of the employees of HSBC Asset Management (India) Private Limited is also appreciated.

The Trustees look forward to the continued support of everyone.

For and on behalf of **HSBC Trustees (India) Private Ltd.**

Sd/-

Director

Mumbai

July 19, 2024

Independent Auditors' Report

To the Board of Directors of HSBC Trustees (India) Private Limited (the "Trustee")

HSBC ELSS Tax Saver Fund

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **HSBC ELSS Tax Saver Fund** (the "Scheme") of HSBC Mutual Fund (the "Fund"), which comprise the Balance Sheet as at March 31, 2024, the Revenue Account and the Cash Flow Statement for the year then ended, and notes to the financial statements, including a summary of material accounting policy and other explanatory information.

In our opinion, and to the best of our information and according to the explanations given to us, the aforesaid financial statements of the Scheme give a true and fair view in conformity with the Indian Accounting Standards ("Ind AS") prescribed under section 133 of the Companies Act, 2013 (the "Act") read with Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India, including the accounting policies and standards specified in the Regulation 50 and Ninth Schedule to the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 ("the SEBI Regulations") (collectively referred to as the "Regulations") as amended:

- a. in the case of the Balance Sheet, of the state of affairs of the Scheme as at March 31, 2024;
- b. in the case of the Revenue Account, of the net surplus for the year ended on that date; and
- c. in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing ("SAs") and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India (the "ICAI"). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Scheme in accordance with the Code of Ethics issued by the ICAI together with the ethical requirements that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Information Other than the Financial Statements and Auditor's Report Thereon

The Board of Directors of HSBC Asset Management (India) Private Limited (the "AMC") and the Board of Directors of HSBC Trustees (India) Private Limited (the "Trustees") (collectively referred to as "the Management") are responsible for the other information. The other information comprises the information included in the Trustees report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

The Management is responsible for the preparation of these financial statements that give a true and fair view of the state of affairs, results of operations and cash flows of the Scheme in accordance with the accounting principles generally accepted in India, including the accounting policies and standards specified in Regulations. This responsibility also includes maintenance of adequate accounting records in accordance with the SEBI

Independent Auditors' Report *(Contd...)*

Regulations for safeguarding of the assets of the Scheme and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Management is responsible for assessing the Scheme's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management, either intends to liquidate the Scheme or to cease operations, or has no realistic alternative but to do so.

Those Charged with Governance are also responsible for overseeing the Scheme's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Scheme's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Scheme to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide to those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Independent Auditors' Report (Contd...)

Report on Other Legal and Regulatory Requirements

1. As required by regulation 55(4) and clause 5(ii)(2) of the Eleventh Schedule of the SEBI Regulations, we report that:
 - a. we have sought and obtained all the information and explanations which, to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b. in our opinion, the Balance Sheet and the Revenue Account dealt with by this report have been prepared in accordance with the accounting policies and standards specified in the Regulations; and
 - c. the Balance Sheet, the Revenue Account and the Cash Flow Statement, dealt with by this report are in agreement with the books of accounts of the Scheme.
2. On the basis of information and explanations given to us, the scheme does not have any non-traded securities as at March 31, 2024 and hence reporting requirement of Eighth Schedule of the SEBI Regulations is not applicable.

For **M S K A & Associates**

Chartered Accountants

ICAI Firm Registration No. 105047W

Sd/-

Swapnil Kale

Partner

Membership No: 117812

UDIN: 24117812BKFISL6192

Place : Mumbai

Date : July 19, 2024

Abridged Balance Sheet as at March 31, 2024

Rs. in Lakhs

	As at March 31, 2024	As at March 31, 2023	As at April 1, 2022
LIABILITIES			
1 Unit Capital	43,527.82	49,212.99	55,072.29
2 Reserves & Surplus			
2.1 Unit Premium Reserves	(13,117.73)	(6,702.98)	(3,251.81)
2.2 Unrealised Appreciation Reserve	93,674.75	37,025.60	46,316.14
2.3 Other Reserves	243,308.79	218,760.65	238,780.37
3 Loans & Borrowings	–	–	–
4 Current Liabilities & Provisions			
4.1 Provision for Doubtful Income/Deposits	–	–	–
4.2 Other Current Liabilities & Provisions	4,252.38	3,617.08	5,503.93
TOTAL	371,646.01	301,913.33	342,420.91
ASSETS			
1 Investments			
1.1 Listed Securities:			
1.1.1 Equity Shares	359,890.92	291,777.20	333,854.06
1.1.2 Preference Shares	–	–	–
1.1.3 Equity Linked Debentures	–	–	–
1.1.4 Other Debentures & Bonds	–	–	–
1.1.5 Securitised Debt Securities	–	–	–
1.2 Securities Awaited Listing:			
1.2.1 Equity Shares	–	–	–
1.2.2 Preference Shares	–	–	–
1.2.3 Equity Linked Debentures	–	–	–
1.2.4 Other Debentures & Bonds	–	–	–
1.2.5 Securitised Debt Securities	–	–	–
1.3 Unlisted Securities:			
1.3.1 Equity Shares	–	–	–
1.3.2 Preference Shares	–	–	–
1.3.3 Equity Linked Debentures	–	–	–
1.3.4 Other Debentures & Bonds	–	–	–
1.3.5 Securitised Debt Securities	–	–	–
1.4 Government Securities	–	–	–
1.5 Treasury Bills	–	–	–
1.6 Commercial Paper	–	–	–
1.7 Certificate of Deposits	–	–	–
1.8 Bill Rediscounting	–	–	–
1.9 Units of Domestic Mutual Fund	–	–	–
1.10 Foreign Securities	–	–	–
Total Investments	359,890.92	291,777.20	333,854.06
2 Deposits	347.61	41.28	1,191.45
3 Other Current Assets			
3.1 Cash & Bank Balance	907.99	952.51	375.27
3.2 CBLO/TREPS/Reverse Repo Lending	8,467.37	7,908.77	4,740.77
3.3 Others	2,032.10	1,233.57	2,259.37
4 Deferred Revenue Expenditure (to the extent not written off)	–	–	–
TOTAL	371,646.01	301,913.33	342,420.91

Notes to Accounts - Annexure I

Abridged Revenue Account For the year ended March 31, 2024

		Rs. in Lakhs	
		Current Year ended March 31, 2024	Previous Year ended March 31, 2023
1	INCOME		
1.1	Dividend	3,314.76	2,559.54
1.2	Interest	383.43	273.69
1.3	Realised Gain/(Loss) on Foreign Exchange Transactions	—	—
1.4	Realised Gains/(Losses) on Interscheme Sale of Investments	—	—
1.5	Realised Gains/(Losses) on External Sale/Redemption of Investments	57,016.16	7,743.13
1.6	Realised Gains/(Losses) on Derivative Transactions	—	—
1.7	Other Income	8.70	2.07
	(A)	60,723.06	10,578.43
2	EXPENSES		
2.1	Management Fees	2,934.71	2,869.43
2.2	GST on Management Fees	528.25	516.50
2.3	Transfer Agents Fees and Expenses	230.94	231.65
2.4	Custodian Fees	3.90	7.25
2.5	Trusteeship Fees	2.70	1.99
2.6	Commission to Agents	2,211.85	2,185.61
2.7	Marketing & Distribution Expenses	0.42	2.47
2.8	Audit Fees	4.74	3.70
2.9	Investor Education Expenses	67.05	62.53
2.10	Interest on Borrowing	—	—
2.11	Brokerage & Transaction Costs	956.70	1,050.96
2.12	Other Operating Expenses	58.24	53.25
	(B)	6,999.50	6,985.33
3	NET REALISED GAINS / (LOSSES) FOR THE YEAR (C = A - B)	53,723.55	3,593.10
4	Change in Unrealised Depreciation in Value of Investments	(D) —	—
5	NET GAINS / (LOSSES) FOR THE YEAR (E = C + D)	53,723.55	3,593.10
6	Change in Unrealised Appreciation in Value of Investments	(F) 56,649.14	(8,694.08)
7	NET SURPLUS / (DEFICIT) FOR THE YEAR (G = E + F)	110,372.70	(5,100.99)
7.1	Add : Balance Transfer from Unrealised Appreciation Reserve	—	9,290.54
7.2	Less : Balance Transfer to Unrealised Appreciation Reserve	56,649.14	—
7.3	Add/(Less) : Equalisation	(23,767.86)	(19,410.89)
7.4	Transfer from Reserve Fund	218,760.65	238,780.37
7.5	Transfer from Unit Premium Reserve	—	—
8	Total	248,716.34	223,559.03
9	Dividend Appropriation		
9.1	Income Distributed during the Year	(5,407.54)	(4,798.38)
9.2	Tax on Income Distributed during the Year	—	—
10	Retained Surplus / (Deficit) Carried Forward to Balance Sheet	243,308.79	218,760.65

Notes to Accounts - Annexure I

Key Statistics for the year ended March 31, 2024

	Current Year ended March 31, 2024	Previous Year ended March 31, 2023
1. NAV per unit (Rs.):		
Open		
Regular Plan - Growth Option	78.0001	79.2680
Regular Plan - IDCW Option	21.4054	24.8340
Direct Plan - Growth Option	83.4937	84.1760
Direct Plan - IDCW Option	29.4573	33.0530
High		
Regular Plan - Growth Option	109.3396	82.2248
Regular Plan - IDCW Option	27.7073	24.7309
Direct Plan - Growth Option	117.9219	87.7789
Direct Plan - IDCW Option	39.3004	33.1295
Low		
Regular Plan - Growth Option	77.6879	75.7369
Regular Plan - IDCW Option	21.3197	20.8341
Direct Plan - Growth Option	83.1651	81.0637
Direct Plan - IDCW Option	29.3413	28.6691
End		
Regular Plan - Growth Option	108.5034	78.0001
Regular Plan - IDCW Option	25.4836	21.4054
Direct Plan - Growth Option	117.0419	83.4937
Direct Plan - IDCW Option	36.4929	29.4573
2. Closing Assets Under Management (Rs. in Lakhs)		
End	367,394	298,374
Average (AAuM) ¹	335,259	312,639
3. Gross income as % of AAuM ²	18.11%	3.38%
4. Expense Ratio:		
a. Total Expense as % of AAuM (including GST on Management fees) (plan wise)		
Regular Plan	1.89%	1.98%
Direct Plan	1.12%	1.19%
b. Management Fee as % of AAuM (planwise)		
Regular Plan	0.88%	0.92%
Direct Plan	0.86%	0.91%
5. Net Income as a percentage of AAuM ³	16.02%	1.15%
6. Portfolio turnover ratio ⁴	0.66	0.70
7. Total IDCW per unit distributed during the year (planwise)		
Retail		
Regular Plan - IDCW Option	4.00	3.00
Direct Plan - IDCW Option	4.45	3.30

Key Statistics For the year ended March 31, 2024 (Contd...)

	Current Year ended March 31, 2024	Previous Year ended March 31, 2023
Corporate		
Regular Plan - IDCW Option	4.00	3.00
Direct Plan - IDCW Option	4.45	3.30
8. Returns:		
a. Last One Year		
Scheme		
Regular Plan - Growth Option	39.35%	(1.60%)
Direct Plan - Growth Option	40.45%	(0.81%)
Benchmark		
Nifty 500 TRI	40.75%	(1.22%)
b. Since Inception		
Scheme		
Regular Plan - Growth Option	14.08%	12.76%
Direct Plan - Growth Option	15.28%	13.09%
Benchmark		
Nifty 500 TRI	13.19%	11.76%

- 1. AAuM = Average daily net assets.
- 2. Gross income = amount against (A) in the Revenue account i.e. Income.
- 3. Net income = amount against (C) in the Revenue account i.e. Net Realised Gains/(Losses) for the year.
- 4. Portfolio Turnover = Lower of sales or purchase divided by the Average AuM for the year.

Note: Returns have been calculated as on last business day of the month i.e. March 28, 2024 due to non-availability of benchmark indices as of March 31, 2024.

Notes to Accounts – Annexure I

To the Abridged Balance Sheet and Revenue Account for the year ended March 31, 2024

1 Investments:

- 1.1. It is confirmed that investments of the Schemes are registered in the name of the Trustees for the benefit of the Scheme's unitholders.
- 1.2. Open Positions of derivatives as on year ended March 31, 2024 & March 31, 2023 are NIL.
- 1.3. Investment in Associates and Group Companies as at the year ended March 31, 2024 and March 31, 2023 are NIL.
- 1.4. Open positions of Securities Borrowed and/or Lent by the scheme as on the year ended March 31, 2024 & March 31, 2023 are NIL.
- 1.5 Investment in Below investment grade and default/Securities in default beyond its maturity date as on March 31, 2024 and March 31, 2023 are NIL.
- 1.6. Aggregate Unrealised Gain/Loss as at the end of the financial year 2024 and 2023 and their percentages to net assets are as under :

Rs. In Lakhs

Security Category	Amount	Percentage to Net Assets	Amount	Percentage to Net Assets
	As at March 31, 2024		As at March 31, 2023	
Equity Shares				
– Appreciation	98,417.96	26.79	41,785.61	14.00
– Depreciation	4,743.21	1.29	4,760.00	1.60

- 1.7. The aggregate value of investments securities (excluding TREPS and Reverse Repos) purchased and sold (including matured) during the financial period 2023 - 2024 (excluding accretion of discount) is Rs. 221,302.78 lakhs and Rs. 266,854.36 lakhs respectively being 66.01% and 79.60% of the average net assets.

The aggregate value of investments securities (excluding TREPS and Reverse Repos) purchased and sold (including matured) during the financial period 2022 - 2023 (excluding accretion of discount) is Rs. 219,617.31 lakhs and Rs. 259,692.26 lakhs respectively being 70.25% and 83.06% of the average net assets.

- 1.8. Non-Traded securities in the portfolio: Aggregate Value of Equity, Debt & Money Market Instruments and percentage to net assets during the financial year March 31, 2024 and March 31, 2023 is NIL

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

During the year 2023-24, The Hongkong and Shanghai Banking Corporation Limited, an associate entity of HSBC Asset Management (India) Private Limited was paid collection/bank charges amounting to Rs. Nil.

During the year 2022-23, The Hongkong and Shanghai Banking Corporation Limited, an associate entity of HSBC Asset Management (India) Private Limited was paid collection/bank charges amounting to Rs. Nil.

Commission paid to Sponsor/AMC and its associates/related parties/group companies

Name of Sponsor/AMC and its associates/related parties/group companies	Nature of Association / Nature of Relation	Period Covered	Business Given [Rs. In lakhs]	% of Total Business received by the Fund	Commission paid [Rs. In Lakhs]	% of Total commission paid by the Fund
The Hongkong and Shanghai Banking Corporation Limited	Group Company	2023-2024	125.67	0.70	2.94	0.13
The Hongkong and Shanghai Banking Corporation Limited	Group Company	2022-2023	69.77	0.35	1.79	0.09

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

To the Abridged Balance Sheet and Revenue Account for the year ended March 31, 2024

Brokerage paid to Sponsor/AMC and its associates/related parties/group companies

Name of Sponsor/AMC and its associates/related parties/group companies	Nature of Association /Nature of relation	Period Covered	Value of Transactions [Rs. In lakhs]	% of total value of transactions of the fund	Brokerage paid [Rs. In lakhs]	% of total brokerage paid by the fund
HSBC Securities and Capital Market (India) Private Limited	Sponsor	2023-2024	32,290.30	6.70	38.80	8.18
HSBC Securities and Capital Market (India) Private Limited	Sponsor	2022-2023	21,190.96	4.42	25.43	5.10

3 None of the Investors held more than 25% of the total net assets of the scheme at the year ended March 31, 2024 and March 31, 2023.

4 Unit Capital movement during the year ended March 31, 2024, March 31, 2023 and March 31, 2022:

Description	2023-24				
	Opening Units	Subscription	Redemption	Closing Units	Face value
Regular Plan - Growth Option	300,029,065.899	15,376,576.485	43,973,811.626	271,431,830.758	10
Regular Plan - IDCW Option	149,277,590.011	4,156,776.615	28,698,915.641	124,735,450.985	10
Direct Plan - Growth Option**	36,464,680.651	2,566,296.995	5,733,246.632	33,297,731.014	10
Direct Plan - IDCW Option	6,358,520.705	379,785.803	925,133.045	5,813,173.463	10

Description	2022-23				
	Opening Units	Subscription	Redemption	Closing Units	Face value
Regular Plan - Growth Option	324,727,247.509	19,016,142.088	43,714,323.698	300,029,065.899	10
Regular Plan - IDCW Option	180,458,621.153	5,960,813.664	37,141,844.806	149,277,590.011	10
Direct Plan - Growth Option**	38,431,443.725	4,494,478.644	6,461,241.818	36,464,680.651	10
Direct Plan - IDCW Option	7,105,586.334	431,983.004	1,179,048.633	6,358,520.705	10

Description	2021-22				
	Opening Units	Subscription	Redemption	Closing Units	Face value
Regular Plan - Growth Option	372,065,224.874	18,108,677.791	65,446,655.156	324,727,247.509	10
Regular Plan - IDCW Option	264,531,662.881	2,187,719.068	86,260,760.796	180,458,621.153	10
Direct Plan - Growth Option**	40,232,534.763	4,441,649.986	6,242,741.024	38,431,443.725	10
Direct Plan - IDCW Option	8,090,063.871	511,540.706	1,496,018.243	7,105,586.334	10

**Units held by the AMC (Seed Capital) in Direct Plan Growth Option as on March 31, 2024 is 548,388.304 & as on March 31, 2023 is 548,388.304 & as on March 31, 2022 is 132,721.047.

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

To the Abridged Balance Sheet and Revenue Account for the year ended March 31, 2024

- 5 Previous year's/period figures have been re-grouped/re-arranged where necessary.
- 6 There are no contingent liabilities and other commitments as on March 31, 2024 and March 31, 2023. Contingent asset is neither recognized nor disclosed in the financial statements.
- 7 Expenses other than Management Fees are Inclusive of GST where applicable.
- 8 Other income of Rs. 8.70 lakhs represents Exit load credited to the scheme (2023: Rs. 2.07 lakhs represents Exit load credited to the scheme).

9 Investor Education Awareness

As mandated by SEBI vide circular no. CIR/IMD/DF/21/2012 dated September 13, 2012 an annual charge of 0.02 percent of daily net assets, being a part of total recurring expenses is set aside for Investor Education and Awareness (IEA). In view of the AMFI Best Practices Guidelines Circular No. 56/2015-16, the IEF (Investor Education Fund) accrual is set aside in a separate bank account and the consolidated balance across all schemes as on March 31, 2024.

Pursuant to SEBI circular dated May 23, 2022, w.e.f. July 1, 2022, the limit of 0.02% p.a. has been reduced to 0.01% p.a. in case of ETFs/Index Funds. Furthermore, Fund of Funds (FoFs) investing more than 80% of its NAV in the underlying domestic funds have discontinued setting aside 0.02% p.a. of daily net assets towards IEA.

The break-up of which is as under:

	March 31, 2024	March 31, 2023
Particulars	Amount (Rs. In Lakhs)	Amount (Rs. In Lakhs)
Opening Balance as on April 01, 2023	997.09	460.22
Add: Accrual during FY 2023-24	1,962.01	1,432.00
Less: Transferred to AMFI *	889.11	646.75
Less: Payable to AMFI (March 2024 accrual) *	91.90	69.25
Add: Investment Income FY 2023-24	77.08	166.42
Less: Spent during FY 2023-24	1,877.44	345.55
Closing Balance as on March 31, 2024	177.73	997.09

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

The IEA disclosure's are presented for surviving schemes only.

- 10 Pursuant to SEBI Circular No. SEBI/HO/IMD/DF3/CIR/P/2020/194 dated October 05, 2020, the nomenclature of 'Dividend Option' under all the schemes of HSBC Mutual Fund has been revised to 'Income Distribution cum Capital Withdrawal Option' (IDCW), with effect from April 01, 2021.
- 11 Securities, excluding debt securities, where the non-traded investments which have been valued "in good faith" exceed 5% of the net assets at the end of the year is NIL.
- 12 Debt securities which have been valued at a price other than the price given by the independent valuation agencies at the end of the year is NIL.
- 13 **Disclosure of Risk-o-meter**

Scheme Name	Risk-o-meter level at end of the financial year i.e. March 31, 2024	Risk-o-meter level as on March 31, 2023	Number of changes in Risk-o-meter during the financial year (March 2023 to March 2024)
HSBC ELSS Tax Saver Fund	Very High	Very High	0

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

To the Abridged Balance Sheet and Revenue Account for the year ended March 31, 2024

- 14 Subsequent to receipt of SEBI's no objection to acquisition of 100% equity shares of L&T Investment Management Limited ("LTIM", Investment Manager of L&T Mutual Fund) and the amendments proposed to the trust deed of the HSBC Mutual Fund as required under the SEBI (Mutual Funds) Regulations, 1996, the schemes of L&T Mutual Fund (LTMF) were transferred to/ merged with the schemes of HSBC Mutual Fund on and from the close of business hours of November 25, 2022, and the HSBC AMC and HSBC Trustees assumed the responsibilities of the schemes of LTMF w.e.f. close of business hours of November 25, 2022.
- 15 During the year, HSBC Securities and Capital Markets (India) Private Limited ("HSCI"), Sponsors of HSBC Mutual Fund established a private limited company with limited liability to act as the "Trustee" of HSBC Mutual Fund. HSBC Trustees (India) Private Limited ("HTIP") was incorporated on 9 January 2024. Accordingly, HTIP has replaced the Board of Trustees of HSBC Mutual Fund w.e.f. 1 March 2024, and the Company through its Board of Directors has been discharging its obligations as the "Trustees" of the Fund from this date.
- 16 The Annual Accounts of the Schemes, prepared in accordance with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the "Act") read with the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time and clause 17.14 of SEBI Master Circular for Mutual Funds dated June 27, 2024, has been approved by the Board of Directors of HSBC Asset Management (India) Private Limited and HSBC Trustees (India) Private Limited at their meetings held on July 8, 2024 and July 19, 2024 respectively. The audit report attached herewith refers to the said Annual Accounts. The aforesaid abridged accounts are an extract of the Annual Accounts and are prepared in accordance with clause 5.4 and format no. 3.B under the section of formats of SEBI Master Circular for Mutual Funds dated June 27, 2024 and other relevant circulars issued by the Securities and Exchange Board of India from time to time.

Voting Policy and Procedures

In view of para 6.16 of SEBI Master Circular on Mutual Funds dated June 27, 2024 related to "Role of Mutual Funds in Corporate Governance of Public Listed Companies", HSBC AMC has formulated its "Policy for Proxy Voting in Public Listed Companies". The said policy is available on our website and the details of actual exercise of proxy votes, the summary of votes casted and the auditor's certificate is forming part of our full Annual Report for the Financial Year 2023 – 24 which has been uploaded on our website at <http://www.assetmanagement.hsbc.co.in>

Statutory Details & Disclaimers

All the returns have been sourced from Mutual Funds India Explorer software. The performance of the schemes and the benchmark is calculated on a total return basis. This document has been prepared by HSBC Asset Management (India) Private Limited (HSBC) for information purposes only with an intent to provide market overview and should not be construed as an offer or solicitation of an offer for purchase of any of the funds of HSBC Mutual Fund. All information contained in this document (including that sourced from third parties), is obtained from sources, which HSBC/third party, believes to be reliable but which it has not been independently verified by HSBC/the third party. Further, HSBC/the third party makes no guarantee, representation or warranty and accepts no responsibility or liability as to the accuracy or completeness of such information. The information and opinions contained within the document are based upon publicly available information and rates of taxation applicable at the time of publication, which are subject to change from time to time.

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

For disclosure of quarterly AUM/AAUM and AUM by geography, please visit our website at www.assetmanagement.hsbc.co.in. Investors are requested to note that as per SEBI (Mutual Funds) Regulations, 1996 and guidelines issued thereunder, HSBC AMC, its employees and/ or empaneled distributors/agents are forbidden from guaranteeing/promising/assuring/predicting any returns or future performances of the schemes of HSBC Mutual Fund. Hence, please do not rely upon any such statements/commitments. If you come across any such practices, please register a complaint via email at investor.line@mutualfunds.hsbc.co.in

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

Important Updates

Name and Date of Birth as per PAN card - Effective from June 1, 2024

As per recent regulatory requirement and changes advised by Income Tax Department in PAN validation process, now it is mandated to quote your Name(s) and DOB as per PAN card. To avoid any failure in such validations, we request investors to quote the Name(s) and DOB's of all the holders including Guardian, Power of Attorney (POA) holders as per PAN card.

Useful Links for self service options

- **Use our 24 x 7 Chatbot - "ASKME" for any queries or service request:**
visit: <https://invest.assetmanagement.hsbc.co.in>

SMS your request to HSBC Mutual Fund

- **Latest NAV :** Send SMS as HSBCMF NAV <Scheme Code> to 56767
Example: HSBCMF NAV F03
- **Valuation Service on registered mobile No. :** Send SMS as HSBCMF VAL <folio_number> to 56767
Example: HSBCMF VAL 123456
- **Annual Report :**
For Electronic Copy: Send SMS as HSBCMFARE <folio_number> to 567678080
Example: HSBCMF ARE 123456
For Physical Copy: Send SMS as HSBCMFARP <folio_number> to 567678080
Example: HSBCMF ARP 123456
- **Half Yearly Portfolio :**
For Electronic Copy: Send SMS as HSBCMFHPE <folio_number> to 567678080
Example: HSBCMF HPE 123456
For Physical Copy: Send SMS as HSBCMFHPP <folio_number> to 567678080
Example: HSBCMF HPP 123456

Missed Call Service

- You can give a missed call to 9212900020 to get the total valuation via SMS and a statement on your registered email ID

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If undelivered please return to:

Computer Age Management Services Private Limited (CAMS)

Unit: HSBC Mutual Fund

New No. 10, M.G.R Salai, Nungambakkam, Chennai - 600034.

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

HSBC Asset Management (India) Private Limited

CIN NO: U74140MH2001PTC134220

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

Website : www.assetmanagement.hsbc.co.in

Description	Toll Free Number	Email ID
Investor related queries	1800-4190-200/1800-200-2434	investor.line@mutualfunds.hsbc.co.in
Online related queries	1800-4190-200/1800-200-2434	onlinemf@mutualfunds.hsbc.co.in
Investor (Dialing from abroad)	+91 44 39923900	investor.line@mutualfunds.hsbc.co.in

To get your updated account statement email us at : "mfsoa@mutualfunds.hsbc.co.in"

We're always here to help you, so feel free to reach out to us

Self-service request at your Fingertips

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Remember, you can also find out more via our social media handles !     

Please check our website www.assetmanagement.hsbc.co.in for an updated list of Official Points of Acceptance of HSBC Mutual Fund.

CAMS SERVICE CENTRES / CAMS LIMITED TRANSACTION POINTS / CAMS COLLECTION CENTRES

For details on CAMS Service Centres, please visit www.camsonline.com



HSBC Equity Savings Fund

(Erstwhile L&T Equity Savings Fund)

An open ended scheme investing in equity, arbitrage and debt.

Abridged Annual Report 2023 - 2024



SPONSOR

HSBC Securities and Capital Markets (India) Private Limited

CIN – U67120MH1994PTC081575

Regd. Office: 52/60, Mahatma Gandhi Road, Fort, Mumbai 400001.

TRUSTEE COMPANY

HSBC Trustees (India) Private Limited

CIN – U66190MH2024PTC416973

Regd. Office: 52/60, Mahatma Gandhi Road, Fort, Mumbai 400001.

ASSET MANAGEMENT COMPANY

HSBC Asset Management (India) Private Limited

CIN – U74140MH2001PTC134220

Regd. Office: 9-11 Floors, NESCO IT Park, Building No. 3,
Western Express Highway, Goregaon (East), Mumbai 400063.

CUSTODIAN

Citibank N.A.

First International Financial Center (FIFC), 9th Floor,
C-54 & 55, G – Block, Bandra Kurla Complex, Bandra (East), Mumbai 400051.

AUDITORS TO THE SCHEME

MSKA & Associates

Chartered Accountants

602, Floor 6, Raheja Titanium, Western Express Highway,
Geetanjali Railway Colony, Ram Nagar, Goregaon (East), Mumbai 400063.

REGISTRAR & TRANSFER AGENTS

Computer Age Management Services Limited (CAMS)

Unit: HSBC Mutual Fund

New No. 10, M.G.R Salai, Nungambakkam, Chennai 600034.

BOARD OF TRUSTEES

Ms. Jasmine Batliwalla	– Chairperson
Mr. Nani Javeri	– Trustee
Mr. David Rasquinha	– Trustee
Mr. Nicolas Moreau	– Trustee

BOARD OF DIRECTORS

Dr. Indu Shahani	– Director
Mr. Kapil Seth	– Director
Ms. Roopa Varma	– Director
Mr. Kailash Kulkarni	– Director & Chief Executive Officer

Dear Investor,

As we reflect on the past year, I am filled with pride and optimism about the future of our company and overall growth of the mutual fund industry. The past year has marked significant milestones in our journey, particularly as we capitalise on the immense potential of India's burgeoning growth story.

Fiscal 2024 turned out to be one of the best years for the domestic mutual fund industry as assets under management (AUM) spurted by nearly Rs. 14 lakh crore to a record Rs. 53.40 lakh crore as of March 2024 compared with Rs. 39.42 lakh crore as of March 2023.

The mutual fund industry is experiencing immense growth and we are poised to take advantage of this upward trajectory. Our company is an integral part of this growth story, riding the wave with several strategic initiatives and accomplishments that have set us on a path of sustained success.



Major achievements post integration

- Post integration we have enhanced our digital offering for both B2B and B2C to provide improved customer journeys.
- HSBC AM India's AUM increased from USD 1.4 bn (before integration) to USD 13.7 bn as of April 2024.
- HSBC Asset Management India has now become the 14th largest asset manager in India in terms of AUM.
- HSBC AM India has launched 4 new products since integration (raising \$445M).
- We have expanded HSBC AM India's product offerings to 43 funds.

Key Achievements in FY2023-2024

Investment Performance: Our disciplined investment strategy and thorough research have been pivotal to our success. We have focused on high-quality, undervalued assets, achieving consistent returns across our portfolio.

Product Innovation: This year, we launched two new funds - HSBC Multi Asset Allocation Fund and HSBC Consumption Fund, tailored to meet the evolving needs of our investors. These new offerings have been well-received, contributing to our growth in AUM significantly.

Increased Media Presence: In FY24, we significantly boosted our media presence, ensuring that our brand and thought leadership are recognized across various platforms. Through strategic media engagements like Informed Investing with ET Now, talks shows and several authored articles plus interviews - we have amplified our message, reaching a broader audience and reinforcing our market position.

Successful Campaign Launch: We successfully launched SIP Hai #FaydeWaliAadat, an investor education campaign, that highlighted the transformative power of SIPs in achieving long-term financial

goals. A first of its kind campaign, it aimed at educating and empowering the millennial investors in India. The campaign garnered significant attention and positive feedback, strengthening our brand presence and engaging a wider audience. Notably, the campaign has also earned us prestigious awards and accolades highlighting our commitment to excellence and innovation.

Client Relationships: We have strengthened our client relationships through enhanced communication, transparency, and personalized service. Our client satisfaction scores have reached new heights, reflecting our commitment to exceptional service.

We believe that the India story has just begun and its economic landscape is poised for significant growth. An exposure to unique and future relevant themes can provide a much-needed inflation buffer. The importance of asset allocation continues to be critical. It is critical for all of us to review our risk appetite and goal proximity and construct a portfolio appropriately.

Besides construction, portfolio rebalancing is equally important in order to achieve optimal outcomes. I do hope you share my enthusiasm and I ask that you continue to invest whilst reviewing your asset allocation at all times.

I would like to express my sincere gratitude to our dedicated team, whose expertise and commitment are the backbone of our success. To our investors, thank you for your trust and continued support. Your confidence in our approach motivates us to strive for excellence in everything we do. Also, I want to express my deepest gratitude to our valuable partners for their unwavering support and keep our services running. Look forward to achieving even grater milestones together.

As we move forward, we remain committed to delivering superior investment performance, fostering strong client relationships, and driving sustainable growth. Together, we are well-positioned to navigate the future and achieve our goals.

Warm regards,

A handwritten signature in black ink, appearing to read 'Kailash Kulkarni', written over a horizontal line.

Kailash Kulkarni

Chief Executive Officer

HSBC Asset Management India

Trustees' Report

For the year ended March 31, 2024

The Board of Directors of HSBC Trustees (India) Private Limited, Trustees of HSBC Mutual Fund present the Twenty Second Annual Report and the audited abridged financial statements of the schemes of the HSBC Mutual Fund ('the Fund') for the year ended March 31, 2024.

With the acquisition of L&T Mutual Fund in the previous financial year, the Fund's Assets Under Management ('AUM') (excluding Domestic FOFs) as on March 31, 2024 was INR 109368.16 crores (audited). The Fund ranks in the top 15 Mutual Fund houses in India in terms of AUM.

As at March 31, 2024, the Fund offered 43 schemes across asset classes to meet the varying investment needs of the investors. During the year, the Fund launched two new products namely HSBC Consumption Fund and HSBC Multi Asset Allocation Fund in Equity and Hybrid categories.

The Fund continues its focus on delivering consistent long-term returns. The comments on the performance of the scheme(s) are provided hereinafter. Dividends were declared under various schemes as per the provisions contained in the respective Scheme Information Documents after considering the distributable surplus available under the respective plans of the schemes. Details of dividends declared can be viewed on our website at www.assetmanagement.hsbc.co.in.

During the year, HSBC Securities and Capital Markets (India) Private Limited ("HSCI"), Sponsors of the Fund established a private limited company with limited liability to act as the "Trustees" of the Fund. HSBC Trustees (India) Private Limited ("HTIP") was incorporated on 9 January 2024. Accordingly, HTIP has replaced the Board of Trustees of HSBC Mutual Fund w.e.f. 1 March 2024, and the Company through its Board of Directors has been discharging its obligations as the "Trustees" of the Fund from this date.

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

a. Operations and Performance of the Scheme

➤ Equity Scheme

HSBC Equity Savings Fund ('HESF')

(An open-ended scheme investing in equity, arbitrage and debt)

The investment objective of the scheme is to generate regular income by predominantly investing in arbitrage opportunities in the cash and derivatives segments of the equity markets and debt and money market instruments and to generate long-term capital appreciation through unhedged exposure to equity and equity related instruments. There is no assurance that the objective of the scheme will be realised and the scheme does not assure or guarantee any returns.

The net assets of HESF amounted to INR 230.16 crores as at March 31, 2024 as against INR 138.20 crores as at March 31, 2023. Around 72.81% of the net assets were invested in equities, 24.80% of the net assets were invested in debt, 2.33% of the net assets were invested in reverse repos/TREPS and 0.06% in net current assets as at March 31, 2024.

The asset allocation between equity and debt is decided by the fund manager depending on the prevailing market and economic conditions. Among the metrics considered for deciding the debt-equity mix at any point of time are the interest rate cycle, equity valuations (P/E, P/BV, Dividend Yield, Earnings Yield, Market cap to GDP ratio etc.), medium to long term outlook of the asset class, etc.

During the year, the fund managers increased the allocation in equity – which has seen good returns in the overall market and has helped the scheme. Additionally, some good picks in NBFC, Hospitality and IT space helped the performance. Within Equity, HESF has been overweight in midcaps and small-caps, which has helped performance. Going forward, the fund managers continue to expect better earnings growth for stocks in mid and small cap category, hence the positioning of the scheme.

HSBC Equity Savings Fund					Date of Inception : 18 October, 2011			
Fund / Benchmark (Value of ₹ 10,000 invested)	1 Year		3 Years		5 Years		Since Inception	
	Amount (₹)	Returns (%)	Amount (₹)	Returns (%)	Amount (₹)	Returns (%)	Amount (₹)	Returns (%)
HSBC Equity Savings Fund	12075	20.75	13877	11.54	16032	9.90	28603	8.80

Trustees' Report

For the year ended March 31, 2024 (Contd...)

HSBC Equity Savings Fund					Date of Inception : 18 October, 2011			
Fund / Benchmark (Value of ₹ 10,000 invested)	1 Year		3 Years		5 Years		Since Inception	
	Amount (₹)	Returns (%)	Amount (₹)	Returns (%)	Amount (₹)	Returns (%)	Amount (₹)	Returns (%)
Scheme Benchmark (NIFTY Equity Savings Index)	11537	15.37	13129	9.50	15843	9.64	32093	9.81
Additional Benchmark (CRISIL 10 Year Gilt Index)	10852	8.52	11346	4.30	13471	6.14	22725	6.81

Past performance may or may not be sustained in future. The returns for the respective periods are provided as on March 31, 2024 for Growth Option of Regular Plan. Returns on ₹ 10,000 are point-to-point returns for the specific time period, invested at the start of the period. Returns for 1 year and above are Compounded Annualized. Different plans shall have a different expense structure. Performance of the respective benchmark is calculated as per the Total Return Index (TRI).

Risk-o-meter as of 31st March, 2024:

Scheme Name	Scheme Risk-o-meter	Benchmark Risk-o-meter
HSBC Equity Savings Fund	 Investors understand that their principal will be at Moderately High risk	Benchmark Index: NIFTY Equity Savings Index 

Please note that the above risk-o-meter is as per the product labelling of the Scheme basis Scheme's monthly portfolio as on March 31, 2024.

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

➤ EQUITY OUTLOOK

Recap of FY 2023-24:

FY24 was a stellar year for the Indian equity markets with strong economic momentum, healthy earnings growth and strong inflows from domestic and foreign institutional investors and strong retail participation driving a broad-based bull market. The Nifty and Sensex were up a solid 30.1%/26.5% respectively during the year, while the BSE Midcap and BSE Smallcap indices gained an astounding 65.2% and 61.4% respectively.

While geo-political conflicts continued in FY24, their impact on crude and global supply chains moderated. Crude prices largely remained range bound during the year. Inflation barring a brief spike largely remained well contained, the economy gained further steam with GDP growth crossing 8% in H1FY24 supported by government thrust on infrastructure. This translated into strong growth for several core sector industries including steel and cement. The growth in the real estate sector has been strong with inventory continuing to decline in metro markets. However, lagged impact of price increases continued to impinge on consumer demand growth which remained subdued for most mass market categories.

Domestic cyclicals were the best performing sectors during the year led by Real Estate, Capital Goods, Autos. Power was also among the best performing sectors. Global cyclicals like Metals and Oil & Gas also strongly outperformed the Nifty. FMCG and Banking while delivering healthy positive returns underperformed the Nifty, while IT performance was closer to Nifty.

Trustees' Report

For the year ended March 31, 2024 (Contd...)

MSCI India index outperformed most of key global indices during the past fiscal. MSCI India index (USD) gained 35.5% as compared to 23.1% gain for MSCI World, 27.9% for US S&P 500, 11.0% for MSCI Europe and only 5.3% for MSCI Emerging Markets as MSCI China declined 19.0% over the period.

Strong performance of the market and subsiding global macro headwinds drove a sharp turnaround in foreign investment flows. FI net inflow was at USD 25.3bn in FY24 versus an outflow of USD 6.0bn / 17.1bn in FY23/ FY22. DILs, on the other hand, matched FI inflow with an inflow of USD 25.3bn although it was lower than the net inflows at USD 30.8bn in FY23. Within DILs, the MF segment was the key contributor (USD 24.3 bn of net inflows up from USD 21.8bn in FY23) while domestic Insurers were also in the net inflow territory (USD 1.0bn of net inflows vs USD 9.0bn in FY23).

Source: Motilal Oswal

Indices Returns (April 01, 2023 to March 31, 2024)	1 Year [^]
S&P BSE Sensex TR	26.5%
NSE CNX Nifty TR	30.1%
S&P BSE 100 TR	34.2%
S&P BSE 200 TR	38.5%
S&P BSE 500 TR	40.2%
S&P BSE Midcap TR	65.2%
S&P BSE Small-cap TR	61.4%

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

Way forward:

The global macro environment remains challenging with heightened geo-political and economic uncertainties. US bond yields remain high putting pressure on interest rates and currencies globally. For India, growth has continued to remain strong with GDP growth of 8.4% in Q3FY24 driven by strong government spending on infrastructure and pickup in manufacturing and construction. The 2024 interim budget has re-affirmed government focus on infrastructure. At the same time reduction in fiscal deficit should also help in easing of domestic interest rates. However, after last year's patchy monsoon, a good monsoon will be an important factor for rural demand and overall consumption growth in the economy in FY25.

India starts FY25 on a strong footing with positive growth momentum and India's investment cycle is expected to be on a medium-term uptrend supported by rising government investment in infrastructure and recovery in real estate cycle. There is also an expectation of higher private investments in renewable energy and related supply chain, localization of higher-end technology components, and India becoming a more meaningful part of global supply chains. Finally, it is expected for consumption to improve as the impact of high inflation fades and real incomes start to grow again.

However, several of these positives are getting discounted by the high valuations currently prevailing in the equity market. While the fund managers remain constructive on Indian equities supported by the more robust medium-term growth outlook there is a caution against high return expectations. Nifty continues to trade on 20.6x consensus 1 year forward PE (as of 30 April). On a 10-year basis, Nifty is still trading 10% above its historic average valuation but is in-line with its 5-year average. Valuations of the midcap and small cap indices are even higher versus their historical average.

➤ DEBT OUTLOOK

Market drivers during the course of the year FY 2024

The year started with advanced economies continuing to grapple with higher inflation and policy tightening remained a common theme across economies. During FY2024, the Federal Open Market Committee (FOMC) raised policy rates by 50 bps while European Central Bank (ECB) and Bank of England (BOE) raised policy rates by 100 bps each. The cumulative rate hikes by various advanced economies in this cycle are as follows:

Trustees' Report

For the year ended March 31, 2024 (Contd...)

Fed (525 bps), BOE (515 bps) and ECB (450 bps). Meanwhile cumulative rate hikes by the Monetary Policy Committee (MPC) in this cycle was 250 bps. On account of higher Government debt burden, Fitch downgraded US sovereign rating from AAA to AA+. US Treasury yields remained volatile during the year, with the 10-year benchmark rising higher by 73 bps during the year. Crude prices also moved higher by USD 7-8/bbl.

On the domestic front, Consumer price Index (CPI) inflation remained broadly in the upper end of the MPC's targeted band of 4% +/- 2% for most the financial year, however, inflation printed above 6% on two occasions due to high food inflation. Headline inflation remained susceptible to high food inflation with markets now expecting some relief of food prices on the back of normal monsoon. Core inflation eased through the year falling to below 4% in the last quarter.

Domestically, one of the biggest events during the year was the much-awaited index inclusion of Indian Government Bonds (IGBs) into the GBI-EM Global index suite and its relevant benchmarks. India is expected to reach the maximum weight of 10% in the GBI-EM Global Diversified Index (GBI-EM GD), with the inclusion staggered over a 10-month period starting June 2024. Following this, Bloomberg also included IGBs in their Bloomberg EM Local Currency Index, with India expected to reach a maximum weight of 10% over a 10-month period starting Jan 2025. Both these inclusions are expected to bring in INR 25-30 bn of index related FPI inflows over the next 1-2 years and paving the way for inclusion into other global bond indices as well. During FY2024, FPIs poured in close USD 12 bn into IGBs, with majority of the inflows coming in post the JP Morgan index inclusion announcement.

Government continued its path of fiscal consolidation, with the revised estimate of the Fiscal deficit for FY2024 coming in at 5.6%, with expectations for FY2025 at 5.1% and target of below 4.5% by FY2026. PMI numbers continue to remain in expansion, GST revenues remain buoyant and credit off-take upbeat.

The external sector has remained strong due to healthy service exports and remittances. Current Account Deficit (CAD) is expected to be around 1% for the year. Rupee remained one of the more stable currencies during the year, with active intervention from RBI smoothening any volatility. RBI continued to build on the FX reserves with year-end number around USD 650 bn.

Money market rates moved higher during the year due to tightening in liquidity along with higher Certificate of Deposit (CD) issuances. G-Sec yields, however, moved lower due to favorable demand supply and lower G-Sec borrowing. 10-year G-Sec moved lower during the year by 25 bps, while 5 yr G-Sec moved lower by 13 bps.

Market Outlook

While US markets have braced for "higher for longer" rates, we have seen in the past, that reactions to favorable data in such an environment can be sharp. Any softness in growth, employment or inflation data over the next few months will allow the markets to quickly start pricing in aggressive future policy easing. In our view, the RBI is also likely to gradually shift the liquidity deficit into surplus over the course of the next 3-6 months, flipping overnight rates from the top to the bottom of the rate corridor. The yield curve is likely to steepen as liquidity eases. This along with a potential 50 bps of policy easing in first half of CY2025 may push overnight rates lower by 75-100 bps.

While any form of additional spending by the new Government to address concerns of rural sections of the country and the possibility of additional spending to fund such policies will remain a key monitorable, it is believed the Government is likely to remain cognizant of the possible impact of such policies and take measured steps. With the dust settling down on the election outcome, the broad macroeconomic factors should continue to remain stable and could support softening in domestic yields going forward.

The Fund Managers continue to have a positive outlook for interest rates, based on various favorable factors: (a) Record RBI dividend to the Government, (b) reduced Fiscal deficit number of 5.6%, (c) favorable G-Sec supply demand dynamics, (d) FPI index related inflows, (e) revised outlook in India by S&P, (f) soft core inflation along with expectations of a better than normal monsoon, and finally (g) soft signals by Government and RBI on liquidity.

Source: RBI, Bloomberg, Internal HSBC Research & CCIL

Trustees' Report

For the year ended March 31, 2024 (Contd...)

2. BRIEF BACKGROUND OF THE SPONSORS, THE FUND, THE TRUSTEES AND THE ASSET MANAGEMENT COMPANY

A. Sponsor

HSBC Mutual Fund is sponsored by HSBC Securities and Capital Markets (India) Private Limited (HSCI). The Sponsor is the Settler of the Mutual Fund Trust. The Sponsor has entrusted a sum of Rs. 1,00,000/- (Rupees One Lakh only) to the Trustee as the initial contribution towards the corpus of the Mutual Fund.

HSCI offers integrated investment banking services, securities and corporate finance & advisory. HSCI is a member of the Bombay Stock Exchange Limited and National Stock Exchange (capital and derivative market segments). HSCI holds 100% of the paid-up equity share capital of HSBC Asset Management (India) Private Limited.

B. HSBC Mutual Fund

HSBC Mutual Fund ("the Mutual Fund" or "the Fund") has been constituted as a Trust in accordance with the provisions of the Indian Trusts Act, 1882 (2 of 1882) vide a Trust Deed dated February 7, 2002 (as amended) with HSBC Securities and Capital Markets (India) Private Limited, as the Sponsor and HSBC Trustees (India) Private Limited. The Trustee has entered into an Investment Management Agreement dated February 7, 2002 (as amended) with HSBC Asset Management (India) Private Limited (AMC) to function as the Investment Manager for all the schemes of the Fund. The Fund was registered with SEBI vide registration number MF/046/02/5 dated May 27, 2002.

The Trust has been formed for the purpose of pooling of capital from the public for collective investment in securities for the purpose of providing facilities for participation by persons as beneficiaries in such investments and in the profits/income arising therefrom.

C. HSBC Trustees (India) Private Limited (the Trustees)

The Trustees are the exclusive owner of the Trust Fund and holds the same in trust for the benefit of the unitholders. The Trustees have been discharging their duties and carrying out the responsibilities as provided in the SEBI (Mutual Funds) Regulations, 1996 and the Trust Deed. The Trustees seek to ensure that the Fund and the schemes floated there under are managed by the AMC in accordance with the Trust Deed, the said Regulations, directions and guidelines issued by the SEBI, the Stock Exchanges, the Association of Mutual Funds in India and other regulatory agencies.

During the year, HSBC Securities and Capital Markets (India) Private Limited ("HSCI"), Sponsors of HSBC Mutual Fund) established a private limited company with limited liability to act as the "Trustee" of HSBC Mutual Fund. HSBC Trustees (India) Private Limited ("HTIP") was incorporated on 9 January 2024. Accordingly, HTIP has replaced the Board of Trustees of HSBC Mutual Fund w.e.f. 1 March 2024, and the Company through its Board of Directors has been discharging its obligations as the "Trustees" of the Fund from this date.

As of March 31, 2024, HSCI holds 100% of the paid-up equity share capital of HTIP.

D. Asset Management Company (the AMC)

HSBC Asset Management (India) Private Limited (the Investment Manager or the AMC) is a private limited company incorporated under the Companies Act, 1956 on December 12, 2001 having its Registered Office at 9-11 Floors, NESCO IT Park, Building no. 3, Western Express Highway, Goregaon (East), Mumbai – 400 063. HSBC Asset Management (India) Private Limited has been appointed as the Asset Management Company of HSBC Mutual Fund by the Trustee vide Investment Management Agreement (IMA) dated February 7, 2002 (as amended) and executed between the Trustees and the AMC. SEBI approved the AMC to act as the Investment Manager of the Fund vide its letter No. MFD/BC/163/2002 dated May 27, 2002. The paid-up equity share capital of the AMC is Rs. 344.41 crores. The AMC is registered as a Portfolio Manager under the SEBI (Portfolio Managers) Regulations, 1993 vide registration no. INP000001322. The AMC also offers non-binding Advisory services to offshore funds under the mutual fund license.

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

Trustees' Report

For the year ended March 31, 2024 (Contd...)

3. INVESTMENT OBJECTIVE OF THE SCHEMES

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

4. SIGNIFICANT ACCOUNTING POLICIES

The Significant Accounting Policies form part of the Notes to the Accounts annexed to the Balance Sheet of the Schemes in the Full Annual Report. The accounting policies are in accordance with Securities Exchange Board of India (Mutual Funds) Regulations, 1996 and Indian Accounting Standards (IND AS) notified under section 133 of the Companies Act, 2013 (the "Act" read with the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time.

5. UNCLAIMED DIVIDENDS & REDEMPTIONS

Summary of number of investors & corresponding amount as on March 31, 2024:

Scheme Name	Unclaimed Dividend		Unclaimed Redemption	
	No. of Investors	Amount (₹)	No. of Investors	Amount (₹)
HSBC Equity Savings Fund	292	256,993.55	32	738,343.58

6. INVESTOR SERVICES

The number of official points of acceptance of transactions are 210 locations. In addition to the offices of the Registrar & Transfer Agent, the AMC has its own office in 61 locations and Investor Service Centers in 39 locations. The AMC has 2 Toll Free numbers (1800-4190-200/1800-200-2434) which can be dialed from anywhere in India and 1 number i.e. +91 44 39923900 (Investors calling from abroad). The call center service is being managed by the Registrar and Transfer Agents. HSBC Mutual Fund offers the online transaction facility through the AMC's website at www.assetmanagement.hsbc.co.in.

On the distribution front, the number of empaneled distributors were 59046 as on March 31, 2024. During the year, the AMC initiated tie-ups for online distribution of the Mutual Fund's schemes with several channel partners taking the total number of such tie-ups to 160 as on March 31, 2024.

7. DETAILS OF INVESTOR GRIEVANCE REDRESSAL

The details of the redressal of investor complaints received against HSBC Mutual Fund during April 2023 - March 2024 are as follows:

2023-2024												
Complaint code	Type of Complaint	(a) No. of complaints pending at the beginning of the period	(b) No. of complaints received during the given period	Action on (a) and (b)								
				Resolved				Non Actionable*	Pending			
				Within 30 days	30-60 days	60-180 days	Beyond 180 days		0-3 months	3-6 months	6-9 months	9-12 months
I A	Non receipt of amount declared under Income Distribution cum Capital Withdrawal option	1	10	11	0	0	0	0	0	0	0	0
I B	Interest on delayed payment of amount declared under Income Distribution cum Capital Withdrawal option	0	1	1	0	0	0	0	0	0	0	0
I C	Non receipt of Redemption Proceeds	1	38	39	0	0	0	0	0	0	0	0
I D	Interest on delayed payment of Redemption	0	2	2	0	0	0	0	0	0	0	0
II A	Non receipt of Statement of Account/Unit Certificate	0	3	3	0	0	0	0	0	0	0	0

Trustees' Report

For the year ended March 31, 2024 (Contd...)

2023-2024												
Complaint code	Type of Complaint	(a) No. of complaints pending at the beginning of the period	(b) No. of complaints received during the given period	Action on (a) and (b)								
				Resolved				Non Action-able*	Pending			
				Within 30 days	30-60 days	60-180 days	Beyond 180 days		0-3 months	3-6 months	6-9 months	9-12 months
II B	Discrepancy in Statement of Account	1	22	23	0	0	0	0	0	0	0	0
II C	Data corections in Investor details	1	250	249	0	0	0	0	2	0	0	0
II D	Non receipt of Annual Report/ Abridged Summary	0	0	0	0	0	0	0	0	0	0	0
III A	Wrong switch between Schemes	0	2	2	0	0	0	0	0	0	0	0
III B	Unauthorized switch between Schemes	0	1	1	0	0	0	0	0	0	0	0
III C	Deviation from Scheme attributes	0	1	1	0	0	0	0	0	0	0	0
III D	Wrong or excess charges/load	0	0	0	0	0	0	0	0	0	0	0
III E	Non updation of changes viz. address, PAN, bank details, nomination, etc	1	127	127	0	0	0	0	1	0	0	0
III F	Delay in allotment of Units	0	5	4	1	0	0	0	0	0	0	0
III G	Unauthorized Redemption	0	0	0	0	0	0	0	0	0	0	0
IV	Others**	1	78	76	0	0	0	0	3	0	0	0
	TOTAL	6	540	539	1	0	0	0	6	0	0	0

** As per AMFI Best Practice Guidelines Circular No.25/2011-12 for Revisions in the Guidelines on Standardization of Complaints/ Grievances Reporting Procedure. If "Others" include a type of complaint which is more than 10% of overall complaints, then such a reason should be provided separately. Hence, data corrections in Investor Details are included as a separate category.

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

Summary of Complaints for FY 2023-24

Particulars	Count
Total complaints received	540
Total number of folios	21,39,406
% of complaints against the folio	0.025

8. INVESTOR EDUCATION INITIATIVES

During the FY 2023-24, the AMC conducted the following investor education and awareness initiatives:

- An integrated multi-media marketing campaign on SIP Hai 'FaydeWaliAadat' aimed to tap into the aspirations, financial goals, and unique spending habits of millennials.
- Editorial content on Systematic Investment Plans (SIP) created across 15 states through various regional television channels.
- Investor education content on the Platform - Quora.
- 'Be Money Confident' video series targeting women through Jio Platforms.
- Campaign on Women & Investing for Women's Day.
- Campaign for Marathon enthusiast on the similarities between running a Marathon & Investing.
- Financial literacy virtual event on the occasion of Mother's Day, which received more than 725 registered users.

Trustees' Report

For the year ended March 31, 2024 (Contd...)

- A mom blogger outreach program to reach Women Investors with financial education content on MF on the occasion of Mother's Day.
- Education campaign on ELSS executed for working audiences.
- Blogs and content for Investor Education properties like SIP Sahi Hai in Value Research, Gyan Guroovaar on Facebook, Investment Ki Paathshala on the website and investor education blogs on the platform - Advisor Khoj.
- 1,462 Investor Education programs to reach out to an audience of 71,465 people out of which 458 were women programs attended by 20,139 women.

9. PROXY VOTING POLICY

As per para 6.16 of SEBI Master Circular on Mutual Funds dated June 27, 2024, the Fund has adopted Proxy Voting Policy and Procedures for exercising voting rights in respect of securities held by the Schemes. (please refer Proxy Voting Policy and Procedures)

The summary of the votes casted in the general meetings of the Investee companies, by the AMC for and on behalf of the Schemes of the Fund, for the financial year 2023-24 is provided below:

Quarter	Total no. of resolutions	Break-up of Vote decision		
		For	Against	Abstained
April 2023 - June 2023	387	260	75	52
July 2023 - September 2023	2,169	1607	448	114
October 2023 - December 2023	197	138	37	22
January 2024 - March 2024	319	240	50	29
TOTAL	3,072	2,245	610	217

As per para 6.16.7 of SEBI Master Circular on Mutual Funds dated June 27, 2024, the AMC has obtained certificate from M/s. M. P. Chitale & Co., Chartered Accountants, who is acting as a Scrutinizer, on the voting report for the FY 2023-24. The certificate dated May 22, 2024 issued by M/s. M. P. Chitale & Co., is available on the website of the AMC as part of the full Annual Report.

Unitholders can refer to the full Annual Report for complete details of actual exercise of votes in the general meetings of the investee companies for the financial year 2023-24 or log on to our website at www.assetmanagement.hsbc.co.in.

10. STATUTORY DETAILS

- The Sponsors are not responsible or liable for any loss resulting from the operation of the Schemes of the Fund beyond initial contribution of Rs. 1 lakh for setting up the Fund.
- The price and redemption value of the units, and income from them, can go up as well as down with fluctuations in the market value of its underlying investments.
- Full Annual Report of HSBC Mutual Fund and of HSBC Asset Management (India) Private Limited (the AMC) shall be disclosed on the website at www.assetmanagement.hsbc.co.in and shall be available for inspection at the Head Office of the Mutual Fund. Present and prospective unitholders can obtain copy of the Trust Deed, the full Annual Report of the Scheme(s), the Annual Report of HSBC Asset Management (India) Private Limited and the text of the relevant Scheme(s) at a price.

11. CHANGES IN RISK-O-METER OF THE SCHEME DURING FY 2023-24

As per para 17.4. of SEBI Master Circular on Mutual Funds dated June 27, 2024 on product labelling, the changes carried out in the risk-o-meter of the schemes of HSBC Mutual Fund during FY 2023-24 have been given in the below mentioned table for the information of the unitholders, a report on the said changes has also been displayed on the website of the Fund and AMFI.

Scheme Name	Risk-o-meter level as on March 31, 2023	Risk-o-meter level as on March 31, 2024	Number of changes in Risk-o-meter during the F.Y. 2023-24)
HSBC Equity Savings Fund	Moderately High	Moderately High	0

Trustees' Report

For the year ended March 31, 2024 (Contd...)

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

As per para 6.16.15 of SEBI Master Circular on Mutual Funds dated June 27, 2024, HSBC Mutual Fund has adapted the policy on stewardship responsibilities, the unitholders are requested to note the status of governance with the same as mentioned below:

S. No.	Particulars of Principles of Stewardship Code	Status of compliance (Complied/ Not Complied)	Description	Remarks/ reasons for deviation/non-compliance, if any
1	Principle 1: Institutional Investors should formulate a comprehensive policy on the discharge of their stewardship responsibilities, publicly disclose it, review and update it periodically.	Complied	HSBC Asset Management (India) Private Limited's (AMIN) 'Policy on Stewardship responsibilities' (Stewardship Code/ Policy) was formulated and implemented on 01 July, 2020. This is a comprehensive document which has been publicly disclosed on the website of AMIN. The same shall follow a periodic review.	N.A.
2	Principle 2: Institutional investors should have a clear policy on how they manage conflicts of interest in fulfilling their stewardship responsibilities and publicly disclose it.	Complied	Defining and managing Conflict of Interest in fulfilling stewardship responsibilities are detailed in the Stewardship Policy document. The policy document is publicly disclosed.	N.A.
3	Principle 3: Institutional investors should monitor their investee companies.	Complied	AMIN monitors all investee companies through its investment process. This includes assessment of companies' own and market data, consideration of research from brokers and other independent research providers – including ESG & voting research, attending individual & group meetings with company management and directors, visiting production sites (wherever necessary), engaging with key stakeholders including competitors and customers, and financial modelling. More details enumerated in the policy document	N.A.
4	Principle 4: Institutional investors should have a clear policy on intervention in their investee companies. Institutional investors should also have a clear policy for collaboration with other institutional investors where required, to preserve the interests of the ultimate investors, which should be disclosed.	Complied	Details of undertaking active engagement with investee companies and the policy for collaboration with other institutional holders are detailed in the policy document. The policy document is publicly disclosed.	N.A.

Trustees' Report

For the year ended March 31, 2024 (Contd...)

S. No.	Particulars of Principles of Stewardship Code	Status of compliance (Complied/ Not Complied)	Description	Remarks/ reasons for deviation/non-compliance, if any
5	Principle 5: Institutional investors should have a clear policy on voting and disclosure of voting activity.	Complied	AMIN has a clear and detailed voting policy which provides the framework for the voting decisions. All voting decisions shall be in accordance with AMIN's Voting Policy and Procedures, which is disclosed on the website. AMIN discloses the details of the voting on its website on a quarterly basis within 10 working days from the end of the quarter. Additionally, AMIN also discloses the details of the votes cast, in the annual report of the schemes of HSBC Mutual Fund.	N.A.
6	Principle 6: Institutional investors should report periodically on their stewardship activities.	Complied	The annual status report of the stewardship code and quarterly report on proxy voting are publicly disclosed on the website as required under SEBI Regulations.	N.A.

13. DISCLOSURES PERTAINING TO NAV ADJUSTED DURING THE FINANCIAL YEAR FOR SWING FACTOR ALONG WITH THE PERFORMANCE IMPACT

Sr No.	Period of applicability of swing pricing	Scheme Name	Unswung NAV	Swing factor applied	Whether optional or mandatory
NIL					

14. SIGNIFICANT EVENT AFTER THE END OF THE FINANCIAL YEAR

NIL

15. ACKNOWLEDGEMENTS

The Trustees wish to thank the unitholders of the Schemes for their support throughout the year, and also thank the Government of India, the Securities and Exchange Board of India (SEBI), the Reserve Bank of India (RBI) and the Association of Mutual Funds in India (AMFI) for the guidance provided by them. The Trustees also appreciate the services provided by the Registrar and Transfer Agent, Fund Accountant, Custodian, Bankers, Distributors and Brokers. The guidance and services provided by the auditors and advocates and the ebullience, sincerity and dedication of the employees of HSBC Asset Management (India) Private Limited is also appreciated.

The Trustees look forward to the continued support of everyone.

For and on behalf of **HSBC Trustees (India) Private Ltd.**

Sd/-

Director

Mumbai

July 19, 2024

Independent Auditors' Report

To the Board of Directors of HSBC Trustees (India) Private Limited (the "Trustee")

HSBC Equity Savings Fund

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **HSBC Equity Savings Fund** (the "Scheme") of HSBC Mutual Fund (the "Fund"), which comprise the Balance Sheet as at March 31, 2024, the Revenue Account and the Cash Flow Statement for the year then ended, and notes to the financial statements, including a summary of material accounting policy and other explanatory information.

In our opinion, and to the best of our information and according to the explanations given to us, the aforesaid financial statements of the Scheme give a true and fair view in conformity with the Indian Accounting Standards ("Ind AS") prescribed under section 133 of the Companies Act, 2013 (the "Act") read with Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India, including the accounting policies and standards specified in the Regulation 50 and Ninth Schedule to the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 ("the SEBI Regulations") (collectively referred to as the "Regulations") as amended:

- in the case of the Balance Sheet, of the state of affairs of the Scheme as at March 31, 2024;
- in the case of the Revenue Account, of the net surplus for the year ended on that date; and
- in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing ("SAs") and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India (the "ICAI"). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Scheme in accordance with the Code of Ethics issued by the ICAI together with the ethical requirements that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Information Other than the Financial Statements and Auditor's Report Thereon

The Board of Directors of HSBC Asset Management (India) Private Limited (the "AMC") and the Board of Directors of HSBC Trustees (India) Private Limited (the "Trustees") (collectively referred to as "the Management") are responsible for the other information. The other information comprises the information included in the Trustees report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

The Management is responsible for the preparation of these financial statements that give a true and fair view of the state of affairs, results of operations and cash flows of the Scheme in accordance with the accounting principles generally accepted in India, including the accounting policies and standards specified in Regulations. This responsibility also includes maintenance of adequate accounting records in accordance with the SEBI

Independent Auditors' Report *(Contd...)*

Regulations for safeguarding of the assets of the Scheme and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Management is responsible for assessing the Scheme's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management, either intends to liquidate the Scheme or to cease operations, or has no realistic alternative but to do so.

Those Charged with Governance are also responsible for overseeing the Scheme's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Scheme's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Scheme to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide to those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Independent Auditors' Report (Contd...)

Report on Other Legal and Regulatory Requirements

1. As required by regulation 55(4) and clause 5(ii)(2) of the Eleventh Schedule of the SEBI Regulations, we report that:
 - a. we have sought and obtained all the information and explanations which, to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b. in our opinion, the Balance Sheet and the Revenue Account dealt with by this report have been prepared in accordance with the accounting policies and standards specified in the Regulations; and
 - c. the Balance Sheet, the Revenue Account and the Cash Flow Statement, dealt with by this report are in agreement with the books of accounts of the Scheme.
2. In our opinion, the methods used to value non-traded securities as at March 31, 2024, as determined by the Management under procedures approved by the Trustees in accordance with the guidelines for valuation of securities for mutual funds as mentioned in the Eighth Schedule to the SEBI Regulations, are fair and reasonable.

For **M S K A & Associates**

Chartered Accountants

ICAI Firm Registration No. 105047W

Sd/-

Swapnil Kale

Partner

Membership No: 117812

UDIN: 24117812BKFIRX5348

Place : Mumbai

Date : July 19, 2024

Abridged Balance Sheet as at March 31, 2024

Rs. in Lakhs

	As at March 31, 2024	As at March 31, 2023	As at April 1, 2022
LIABILITIES			
1 Unit Capital	8,098.25	6,072.40	9,511.67
2 Reserves & Surplus			
2.1 Unit Premium Reserves	3,154.07	1,385.55	2,392.48
2.2 Unrealised Appreciation Reserve	3,731.63	72.64	713.91
2.3 Other Reserves	8,032.30	6,286.45	9,024.65
3 Loans & Borrowings	—	—	—
4 Current Liabilities & Provisions			
4.1 Provision for Doubtful Income/Deposits	—	—	—
4.2 Other Current Liabilities & Provisions	170.82	102.51	1,207.37
TOTAL	23,187.07	13,919.54	22,850.06
ASSETS			
1 Investments			
1.1 Listed Securities:			
1.1.1 Equity Shares	16,758.72	9,357.21	15,723.45
1.1.2 Preference Shares	—	—	—
1.1.3 Equity Linked Debentures	—	—	—
1.1.4 Other Debentures & Bonds	—	—	94.08
1.1.5 Securitised Debt Securities	—	—	—
1.2 Securities Awaited Listing:			
1.2.1 Equity Shares	—	—	—
1.2.2 Preference Shares	—	—	—
1.2.3 Equity Linked Debentures	—	—	—
1.2.4 Other Debentures & Bonds	—	—	—
1.2.5 Securitised Debt Securities	—	—	—
1.3 Unlisted Securities:			
1.3.1 Equity Shares	—	—	—
1.3.2 Preference Shares	—	—	—
1.3.3 Equity Linked Debentures	—	—	—
1.3.4 Other Debentures & Bonds	—	—	—
1.3.5 Securitised Debt Securities	—	—	—
1.4 Government Securities	4,372.89	2,931.37	5,051.03
1.5 Treasury Bills	—	—	—
1.6 Commercial Paper	—	—	—
1.7 Certificate of Deposits	1,229.86	931.44	—
1.8 Bill Rediscounting	—	—	—
1.9 Units of Domestic Mutual Fund	—	—	—
1.10 Foreign Securities	—	—	—
Total Investments	22,361.47	13,220.01	20,868.56
2 Deposits	87.15	0.82	487.01
3 Other Current Assets			
3.1 Cash & Bank Balance	86.92	62.93	80.53
3.2 CBLO/TREPS/Reverse Repo Lending	536.09	546.80	1,009.73
3.3 Others	115.44	88.98	404.23
4 Deferred Revenue Expenditure (to the extent not written off)	—	—	—
TOTAL	23,187.07	13,919.54	22,850.06

Notes to Accounts - Annexure I

Abridged Revenue Account for the year ended March 31, 2024

		Rs. in Lakhs	
		Current Year ended March 31, 2024	Previous Year ended March 31, 2023
1	INCOME		
1.1	Dividend	108.91	183.22
1.2	Interest	339.19	351.34
1.3	Realised Gain/(Loss) on Foreign Exchange Transactions	—	—
1.4	Realised Gains/(Losses) on Interscheme Sale of Investments	—	—
1.5	Realised Gains/(Losses) on External Sale/Redemption of Investments	1,387.16	(224.77)
1.6	Realised Gains/(Losses) on Derivative Transactions	(1,795.21)	855.23
1.7	Other Income	0.54	2.19
	(A)	40.60	1,167.22
2	EXPENSES		
2.1	Management Fees	78.93	86.63
2.2	GST on Management Fees	14.21	15.59
2.3	Transfer Agents Fees and Expenses	12.23	13.73
2.4	Custodian Fees	0.21	0.51
2.5	Trusteeship Fees	0.14	0.12
2.6	Commission to Agents	123.56	146.42
2.7	Marketing & Distribution Expenses	0.15	0.83
2.8	Audit Fees	0.29	0.22
2.9	Investor Education Expenses	3.57	3.67
2.10	Interest on Borrowing	—	—
2.11	Brokerage & Transaction Costs	72.10	76.29
2.12	Other Operating Expenses	4.90	5.02
	(B)	310.29	349.03
3	NET REALISED GAINS/(LOSSES) FOR THE YEAR (C = A - B)	(269.69)	818.19
4	Change in Unrealised Depreciation in Value of Investments	(D) (38.33)	42.08
5	NET GAINS/(LOSSES) FOR THE YEAR (E = C + D)	(308.01)	860.27
6	Change in Unrealised Appreciation in Value of Investments	(F) 3,658.99	(619.94)
7	NET SURPLUS/(DEFICIT) FOR THE YEAR (G = E + F)	3,350.98	240.33
7.1	Add : Balance Transfer from Unrealised Appreciation Reserve	—	641.26
7.2	Less : Balance Transfer to Unrealised Appreciation Reserve	3,658.99	—
7.3	Add/(Less) : Equalisation	2,111.09	(3,570.76)
7.4	Transfer from Reserve Fund	6,286.45	9,024.65
7.5	Transfer from Unit Premium Reserve	—	—
8	Total	8,089.53	6,335.48
9	Dividend Appropriation		
9.1	Income Distributed during the Year	(57.23)	(49.03)
9.2	Tax on Income Distributed during the Year	—	—
10	Retained Surplus/(Deficit) Carried Forward to Balance Sheet	8,032.30	6,286.45

Notes to Accounts - Annexure I

Key Statistics for the year ended March 31, 2024

	Current Year ended March 31, 2024	Previous Year ended March 31, 2023
1. NAV per unit (Rs.):		
Open		
Regular Plan - Growth Option	23.6767	23.2610
Regular Plan - Monthly IDCW Option	12.7348	13.2750
Regular Plan - Quarterly IDCW Option	13.5374	14.0840
Direct Plan - Growth Option	25.7335	25.0580
Direct Plan - Monthly IDCW Option	14.1665	14.6740
Direct Plan - Quarterly IDCW Option	14.6504	15.0950
High		
Regular Plan - Growth Option	28.7759	23.6767
Regular Plan - Monthly IDCW Option	14.4703	13.3540
Regular Plan - Quarterly IDCW Option	15.5976	14.1680
Direct Plan - Growth Option	31.5341	25.7335
Direct Plan - Monthly IDCW Option	16.2269	14.7640
Direct Plan - Quarterly IDCW Option	17.0109	15.1870
Low		
Regular Plan - Growth Option	23.6726	22.1830
Regular Plan - Monthly IDCW Option	12.7326	12.5420
Regular Plan - Quarterly IDCW Option	13.5351	13.3730
Direct Plan - Growth Option	25.7310	23.9430
Direct Plan - Monthly IDCW Option	14.1651	13.8850
Direct Plan - Quarterly IDCW Option	14.6490	14.3680
End		
Regular Plan - Growth Option	28.6037	23.6767
Regular Plan - Monthly IDCW Option	14.2935	12.7348
Regular Plan - Quarterly IDCW Option	15.2136	13.5374
Direct Plan - Growth Option	31.3663	25.7335
Direct Plan - Monthly IDCW Option	16.0403	14.1665
Direct Plan - Quarterly IDCW Option	16.5995	14.6504
2. Closing Assets Under Management (Rs. in Lakhs)		
End	23,016	13,820
Average (AAuM) ¹	17,865	18,329
3. Gross income as % of AAuM ²	0.23%	6.37%
4. Expense Ratio:		
a. Total Expense as % of AAuM (including GST tax on Management fees) (planwise)		
Regular Plan	1.49%	1.56%
Direct Plan	0.60%	0.67%

Key Statistics for the year ended March 31, 2024 (Contd...)

	Current Year ended March 31, 2024	Previous Year ended March 31, 2023
b. Management Fee as % of AAuM (planwise)		
Regular Plan	0.45%	0.47%
Direct Plan	0.41%	0.46%
5. Net Income as a percentage of AAuM ³	(1.51%)	4.46%
6. Portfolio turnover ratio ⁴	0.75	0.75
7. Total IDCW per unit distributed during the year (planwise)		
Retail		
Regular Plan - Monthly IDCW Option	1.01	0.76
Regular Plan - Quarterly IDCW Option	1.07	0.78
Direct Plan - Monthly IDCW Option	1.13	0.88
Direct Plan - Quarterly IDCW Option	1.18	0.83
Corporate		
Regular Plan - Monthly IDCW Option	1.01	0.76
Regular Plan - Quarterly IDCW Option	1.07	0.78
Direct Plan - Monthly IDCW Option	1.13	0.88
Direct Plan - Quarterly IDCW Option	1.18	0.83
8. Returns:		
a. Last One Year		
Scheme		
Regular Plan - Growth Option	20.75%	1.79%
Direct Plan - Growth Option	21.82%	2.70%
Benchmark		
NIFTY Equity Savings Index	15.37%	3.52%
b. Since Inception		
Scheme		
Regular Plan - Growth Option	8.80%	7.81%
Direct Plan - Growth Option	9.69%	8.57%
Benchmark		
NIFTY Equity Savings Index	9.81%	9.33%

1. AAuM = Average daily net assets.

2. Gross income = amount against (A) in the Revenue account i.e. Income.

3. Net income = amount against (C) in the Revenue account i.e. Net Realised Gains/(Losses) for the year.

4. Portfolio Turnover = Lower of sales or purchase divided by the Average AuM for the year.

Notes to Accounts – Annexure I

To the Abridged Balance Sheet and Revenue Account for the year ended March 31, 2024

1 Investments:

1.1. It is confirmed that investments of the Schemes are registered in the name of the Trustees for the benefit of the Scheme's unitholders.

1.2. Open Positions of derivatives as on year ended March 31, 2024 & March 31, 2023 are as follows:

2023-24			
Scheme Name	Underlying Assets Name	Number of Contracts	Units Outstanding (Short)
HSBC Equity Savings Fund	Abbott India Limited	3	120
HSBC Equity Savings Fund	Ambuja Cements Limited	65	117,000
HSBC Equity Savings Fund	Aurobindo Pharma Limited	1	1,100
HSBC Equity Savings Fund	Balkrishna Industries Limited	3	900
HSBC Equity Savings Fund	Bandhan Bank Limited	30	75,000
HSBC Equity Savings Fund	Bharat Electronics Limited	131	746,700
HSBC Equity Savings Fund	Gail India Limited	10	45,750
HSBC Equity Savings Fund	HDFC Bank Limited	161	88,550
HSBC Equity Savings Fund	Hindustan Petroleum Corporation Limited	8	21,600
HSBC Equity Savings Fund	Infosys Limited	2	800
HSBC Equity Savings Fund	Larsen & Toubro Limited	70	21,000
HSBC Equity Savings Fund	United Spirits Limited	163	114,100
HSBC Equity Savings Fund	National Aluminium Company Limited	14	105,000
HSBC Equity Savings Fund	Pidilite Industries Limited	84	21,000
HSBC Equity Savings Fund	Steel Authority of India Ltd.	12	96,000
HSBC Equity Savings Fund	Zee Entertainment Enterprises Limited	23	69,000

2022-23			
Scheme Name	Underlying Assets Name	Number of Contracts	Units Outstanding (Short)
HSBC Equity Savings Fund	Laurus Labs Limited	34	37,400
HSBC Equity Savings Fund	Trent Limited	32	12,800
HSBC Equity Savings Fund	Zee Entertainment Enterprises Limited	23	69,000
HSBC Equity Savings Fund	Mahanagar Gas Limited	28	22,400
HSBC Equity Savings Fund	National Aluminium Company Limited	56	420,000
HSBC Equity Savings Fund	HDFC Life Insurance Company Limited	10	11,000
HSBC Equity Savings Fund	IndusInd Bank Limited	39	17,550
HSBC Equity Savings Fund	Multi Commodity Exchange of India Limited	14	5,600
HSBC Equity Savings Fund	United Spirits Limited	184	115,000
HSBC Equity Savings Fund	Oracle Financial Services Software Limited	15	3,000

Notes to Accounts – Annexure I (Contd...)**To the Abridged Balance Sheet and Revenue Account for the year ended March 31, 2024**

2022-23			
Scheme Name	Underlying Assets Name	Number of Contracts	Units Outstanding (Short)
HSBC Equity Savings Fund	Abbott India Limited	3	120
HSBC Equity Savings Fund	Bajaj Finance Limited	60	7,500
HSBC Equity Savings Fund	RBL Bank Limited	1	5,000
HSBC Equity Savings Fund	Tata Power Company Limited	15	50,625
HSBC Equity Savings Fund	Ambuja Cements Limited	67	120,600
HSBC Equity Savings Fund	Delta Corp Limited	16	44,800
HSBC Equity Savings Fund	Hindustan Petroleum Corporation Limited	8	21,600
HSBC Equity Savings Fund	Can Fin Homes Limited	21	20,475
HSBC Equity Savings Fund	Glenmark Pharmaceuticals Limited	3	4,350
HSBC Equity Savings Fund	Maruti Suzuki India Limited	12	1,200
HSBC Equity Savings Fund	Steel Authority of India Limited	36	288,000

- 1.3. Investment in Associates and Group Companies as at the year ended March 31, 2024 and March 31, 2023 are NIL.
- 1.4. Open positions of Securities Borrowed and/or Lent by the scheme as on the year ended March 31, 2024 & March 31, 2023 are NIL.
- 1.5. Investment in Below investment grade and default/Securities in default beyond its maturity date as on March 31, 2024 and March 31, 2023 are NIL.
- 1.6. Aggregate Unrealised Gain/Loss as at the end of the financial year 2024 and 2023 and their percentages to net assets are as under :

(Rs. In Lakhs)

Company Name	Amount	Percentage to Net Assets	Amount	Percentage to Net Assets
	2024		2023	
Equity Shares				
– Appreciation	4,019.29	17.46	706.04	5.11
– Depreciation	289.11	1.26	634.45	4.59
Central and State Government Securities				
– Appreciation	10.97	0.05	0.40	0.00~
– Depreciation	55.77	0.24	90.07	0.65
Certificate of Deposit /Commercial Papers				
– Appreciation	1.44	0.01	1.05	0.01
– Depreciation	–	–	–	–
Futures				
– Appreciation	5.77	0.03	16.95	0.12
– Depreciation	107.42	0.47	35.40	0.26

(–) - Indicates less than 0.01%

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

To the Abridged Balance Sheet and Revenue Account for the year ended March 31, 2024

1.7. The aggregate value of investments securities (excluding TREPS and Reverse Repos) purchased and sold (including matured) during the financial period 2023 - 2024 (excluding accretion of discount) is Rs. 17,327.89 lakhs and Rs. 13,353.07 lakhs respectively being 96.99% and 74.74% of the average net assets.

The aggregate value of investments securities (excluding TREPS and Reverse Repos) purchased and sold (including matured) during the financial period 2022 - 2023 (excluding accretion of discount) is Rs. 12,837.45 lakhs and Rs. 19,625.73 lakhs respectively being 70.04% and 107.07% of the average net assets.

1.8. Non-Traded securities in the portfolio: Aggregate Value of Equity, Debt & Money Market Instruments and percentage to net assets during the financial year March 31, 2024 and March 31, 2023 is as under:

Security Category	Fair Value (Rs in Lakhs)	% to Net Assets	Fair Value (Rs in Lakhs)	% to Net Assets
	As at March 31, 2024		As at March 31, 2023	
Money market Instruments	1,229.86	5.34	931.44	6.74
Total	1,229.86	5.34	931.44	5.34

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

During the year 2023-24, The Hongkong and Shanghai Banking Corporation Limited, an associate entity of HSBC Asset Management (India) Private Limited was paid collection/bank charges amounting to Rs. Nil.

During the year 2022-23, The Hongkong and Shanghai Banking Corporation Limited, an associate entity of HSBC Asset Management (India) Private Limited was paid collection/bank charges amounting to Rs. Nil.

Commission paid to Sponsor/AMC and its associates/related parties/group companies

Name of Sponsor/ Investment Manager and its associates/ related parties/group companies	Nature of Association /Nature of relation	Period Covered	Business Given [Rs. In lakhs]	% of Total Business given by the Fund	Commission paid [Rs. In Lakhs]	% of Total Commission paid by the Fund
The Hongkong and Shanghai Banking Corporation Limited	Group Company	2023-2024	3,209.54	24.12	10.68	9.52
The Hongkong and Shanghai Banking Corporation Limited	Group Company	2022-2023	315.59	7.08	0.34	0.25

Brokerage paid to Sponsor/AMC and its associates/related parties/group companies

Name of Sponsor/AMC and its associates/ related parties/group companies	Nature of Association /Nature of relation	Period Covered	Value of Transactions [Rs. In lakhs]	% of total value of transactions of the fund	Brokerage paid [Rs. in lakhs]	% of total brokerage paid by the fund
HSBC Securities & Capital Markets (India) Private Limited	Sponsor	2023-2024	1,067.74	0.67	0.19	0.51
HSBC Securities and Capital Market (India) Private Limited	Sponsor	2022-2023	1,349.50	0.66	0.59	1.44

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

To the Abridged Balance Sheet and Revenue Account For the year ended March 31, 2024

Clearing Charges paid to Sponsor/AMC and its associates/related parties/group companies

Name of Sponsor/AMC and its associates/related parties/group companies	Nature of Association/ Nature of relation	Transaction Type	Period Covered	Amount (Rs. In Lakhs)
HSBC Securities and Capital Market (India) Private Limited	Sponsor	Clearing Charges	2023-2024	0.76
			2022-2023	–

3 None of the Investors held more than 25% of the total net assets of the scheme at the year ended March 31, 2024 and March 31, 2023.

4 Unit Capital movement during the year ended March 31, 2024, March 31, 2023 and March 31, 2022:

Description	2023-24				
	Opening Units	Subscription	Redemption	Closing Units	Face value
Regular Plan - Growth Option	51,267,707.254	30,022,870.953	25,748,700.673	55,541,877.534	10
Regular Plan - Monthly IDCW Option	2,698,128.311	97,130.861	527,603.318	2,267,655.854	10
Regular Plan - Quarterly IDCW Option	2,573,624.147	284,375.859	586,740.529	2,271,259.477	10
Direct Plan - Growth Option**	3,395,315.687	18,414,640.120	1,545,162.111	20,264,793.696	10
Direct Plan - Monthly IDCW Option	579,773.620	37,655.953	169,884.935	447,544.638	10
Direct Plan - Quarterly IDCW Option	209,401.693	17,191.308	37,216.973	189,376.028	10

Description	2022-23				
	Opening Units	Subscription	Redemption	Closing Units	Face value
Regular Plan - Growth Option	80,180,117.846	15,262,899.314	44,175,309.906	51,267,707.254	10
Regular Plan - Monthly IDCW Option	3,029,679.945	86,922.588	418,474.222	2,698,128.311	10
Regular Plan - Quarterly IDCW Option	3,059,057.597	81,253.452	566,686.902	2,573,624.147	10
Direct Plan - Growth Option**	8,275,803.212	3,377,804.978	8,258,292.503	3,395,315.687	10
Direct Plan - Monthly IDCW Option	352,381.415	277,840.688	50,448.383	579,773.620	10
Direct Plan - Quarterly IDCW Option	219,658.013	23,291.331	33,547.651	209,401.693	10

Description	2021-22				
	Opening Units	Subscription	Redemption	Closing Units	Face value
Regular Plan - Growth Option	26,413,056.212	77,775,098.462	24,008,036.828	80,180,117.846	10
Regular Plan - Monthly IDCW Option	3,720,894.223	358,528.819	1,049,743.097	3,029,679.945	10

Notes to Accounts – Annexure I (Contd...)**To the Abridged Balance Sheet and Revenue Account for the year ended March 31, 2024**

Description	2021-22				Face value
	Opening Units	Subscription	Redemption	Closing Units	
Regular Plan - Quarterly IDCW Option	3,157,689.524	1,473,653.459	1,572,285.386	3,059,057.597	10
Direct Plan - Growth Option**	1,728,754.660	9,534,670.224	2,987,621.672	8,275,803.212	10
Direct Plan - Monthly IDCW Option	176,263.921	318,724.489	142,606.995	352,381.415	10
Direct Plan - Quarterly IDCW Option	128,870.708	102,726.277	11,938.972	219,658.013	10

**Units held by the AMC (Seed Capital) in Direct Plan Growth Option as on March 31, 2024 is 276,931.598 & as on March 31, 2023 is 276,931.598 & as on March 31, 2022 is 276,931.598.

- 5 Previous year's/period figures have been re-grouped/re-arranged where necessary.
- 6 There are no contingent liabilities and other commitments as on March 31, 2024 and March 31, 2023. Contingent asset is neither recognized nor disclosed in the financial statements.
- 7 Expenses other than Management Fees are Inclusive of GST where applicable.
- 8 Other income of Rs. 0.54 lakhs represents Exit load credited to the scheme (2023: Rs. 2.19 lakhs represents Exit load credited to the scheme).
- 9 **Investor Education Awareness**

As mandated by SEBI vide circular no. CIR/IMD/DF/21/2012 dated September 13, 2012 an annual charge of 0.02 percent of daily net assets, being a part of total recurring expenses is set aside for Investor Education and Awareness (IEA). In view of the AMFI Best Practices Guidelines Circular No. 56/2015-16, the IEF (Investor Education Fund) accrual is set aside in a separate bank account and the consolidated balance across all schemes as on March 31, 2024.

Pursuant to SEBI circular dated May 23, 2022, w.e.f. July 1, 2022, the limit of 0.02% p.a. has been reduced to 0.01% p.a. in case of ETFs/Index Funds. Furthermore, Fund of Funds (FoFs) investing more than 80% of its NAV in the underlying domestic funds have discontinued setting aside 0.02% p.a. of daily net assets towards IEA.

The break-up of which is as under:

Particulars	March 31, 2024	March 31, 2023
	Amount (Rs. In Lakhs)	Amount (Rs. In Lakhs)
Opening Balance as on April 01, 2023	997.09	460.22
Add: Accrual during FY 2023-24	1,962.01	1,432.00
Less: Transferred to AMFI *	889.11	646.75
Less: Payable to AMFI (March 2024 accrual) *	91.90	69.25
Add: Investment Income FY 2023-24	77.08	166.42
Less: Spent during FY 2023-24	1,877.44	345.55
Closing Balance as on March 31, 2024	177.73	997.09

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

The IEA disclosure's are presented for surviving schemes only.

- 10 Pursuant to SEBI Circular No. SEBI/HO/IMD/DF3/CIR/P/2020/194 dated October 05, 2020, the nomenclature of 'Dividend Option' under all the schemes of HSBC Mutual Fund has been revised to 'Income Distribution cum Capital Withdrawal Option' (IDCW), with effect from April 01, 2021.

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

To the Abridged Balance Sheet and Revenue Account for the year ended March 31, 2024

- 11 Securities, excluding debt securities, where the non-traded investments which have been valued "in good faith" exceed 5% of the net assets at the end of the year is NIL.
- 12 Debt securities which have been valued at a price other than the price given by the independent valuation agencies at the end of the year is NIL.
- 13 **Disclosure of Risk-o-meter**

Scheme Name	Risk-o-meter level at end of the financial year i.e. March 31, 2024	Risk-o-meter level as on March 31, 2023	Number of changes in Risk-o-meter during the financial year (March 2023 to March 2024)
HSBC Equity Savings Fund	Moderately High	Moderately High	1

- 14 Subsequent to receipt of SEBI's no objection to acquisition of 100% equity shares of L&T Investment Management Limited ("LTIM", Investment Manager of L&T Mutual Fund) and the amendments proposed to the trust deed of the HSBC Mutual Fund as required under the SEBI (Mutual Funds) Regulations, 1996, the schemes of L&T Mutual Fund (LTMF) were transferred to/ merged with the schemes of HSBC Mutual Fund on and from the close of business hours of November 25, 2022, and the HSBC AMC and HSBC Trustees assumed the responsibilities of the schemes of LTMF w.e.f. close of business hours of November 25, 2022.
- 15 During the year, HSBC Securities and Capital Markets (India) Private Limited ("HSCI"), Sponsors of HSBC Mutual Fund established a private limited company with limited liability to act as the "Trustee" of HSBC Mutual Fund. HSBC Trustees (India) Private Limited ("HTIP") was incorporated on 9 January 2024. Accordingly, HTIP has replaced the Board of Trustees of HSBC Mutual Fund w.e.f. 1 March 2024, and the Company through its Board of Directors has been discharging its obligations as the "Trustees" of the Fund from this date.
- 16 The Annual Accounts of the Schemes, prepared in accordance with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the "Act") read with the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time and clause 17.14 of SEBI Master Circular for Mutual Funds dated June 27, 2024, has been approved by the Board of Directors of HSBC Asset Management (India) Private Limited and HSBC Trustees (India) Private Limited at their meetings held on July 8, 2024 and July 19, 2024 respectively. The audit report attached herewith refers to the said Annual Accounts. The aforesaid abridged accounts are an extract of the Annual Accounts and are prepared in accordance with clause 5.4 and format no. 3.B under the section of formats of SEBI Master Circular for Mutual Funds dated June 27, 2024 and other relevant circulars issued by the Securities and Exchange Board of India from time to time.

Voting Policy and Procedures

In view of para 6.16 of SEBI Master Circular on Mutual Funds dated June 27, 2024 related to "Role of Mutual Funds in Corporate Governance of Public Listed Companies", HSBC AMC has formulated its "Policy for Proxy Voting in Public Listed Companies". The said policy is available on our website and the details of actual exercise of proxy votes, the summary of votes casted and the auditor's certificate is forming part of our full Annual Report for the Financial Year 2023 – 24 which has been uploaded on our website at <http://www.assetmanagement.hsbc.co.in>

Statutory Details & Disclaimers

All the returns have been sourced from Mutual Funds India Explorer software. The performance of the schemes and the benchmark is calculated on a total return basis. This document has been prepared by HSBC Asset Management (India) Private Limited (HSBC) for information purposes only with an intent to provide market overview and should not be construed as an offer or solicitation of an offer for purchase of any of the funds of HSBC Mutual Fund. All information contained in this document (including that sourced from third parties), is obtained from sources, which HSBC/third party, believes to be reliable but which it has not been independently verified by HSBC/the third party. Further, HSBC/the third party makes no guarantee, representation or warranty and accepts no responsibility or liability as to the accuracy or completeness of such information. The information and opinions contained within the document are based upon publicly available information and rates of taxation applicable at the time of publication, which are subject to change from time to time.

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

For disclosure of quarterly AUM/AAUM and AUM by geography, please visit our website at www.assetmanagement.hsbc.co.in. Investors are requested to note that as per SEBI (Mutual Funds) Regulations, 1996 and guidelines issued thereunder, HSBC AMC, its employees and/ or empaneled distributors/agents are forbidden from guaranteeing/promising/assuring/predicting any returns or future performances of the schemes of HSBC Mutual Fund. Hence, please do not rely upon any such statements/commitments. If you come across any such practices, please register a complaint via email at investor.line@mutualfunds.hsbc.co.in

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

Important Updates

Name and Date of Birth as per PAN card - Effective from June 1, 2024

As per recent regulatory requirement and changes advised by Income Tax Department in PAN validation process, now it is mandated to quote your Name(s) and DOB as per PAN card. To avoid any failure in such validations, we request investors to quote the Name(s) and DOB's of all the holders including Guardian, Power of Attorney (POA) holders as per PAN card.

Useful Links for self service options

- **Use our 24 x 7 Chatbot - "ASKME" for any queries or service request:**
visit: <https://invest.assetmanagement.hsbc.co.in>

SMS your request to HSBC Mutual Fund

- **Latest NAV :** Send SMS as HSBCMF NAV <Scheme Code> to 56767
Example: HSBCMF NAV F03
- **Valuation Service on registered mobile No. :** Send SMS as HSBCMF VAL <folio_number> to 56767
Example: HSBCMF VAL 123456
- **Annual Report :**
For Electronic Copy: Send SMS as HSBCMFARE <folio_number> to 567678080
Example: HSBCMF ARE 123456
For Physical Copy: Send SMS as HSBCMFARP <folio_number> to 567678080
Example: HSBCMF ARP 123456
- **Half Yearly Portfolio :**
For Electronic Copy: Send SMS as HSBCMFHPE <folio_number> to 567678080
Example: HSBCMF HPE 123456
For Physical Copy: Send SMS as HSBCMFHPP <folio_number> to 567678080
Example: HSBCMF HPP 123456

Missed Call Service

- You can give a missed call to 9212900020 to get the total valuation via SMS and a statement on your registered email ID

Book-Post

If undelivered please return to:

Computer Age Management Services Private Limited (CAMS)

Unit: HSBC Mutual Fund

New No. 10, M.G.R Salai, Nungambakkam, Chennai - 600034.

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

HSBC Asset Management (India) Private Limited

CIN NO: U74140MH2001PTC134220

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

Website : www.assetmanagement.hsbc.co.in

Description	Toll Free Number	Email ID
Investor related queries	1800-4190-200/1800-200-2434	investor.line@mutualfunds.hsbc.co.in
Online related queries	1800-4190-200/1800-200-2434	onlinemf@mutualfunds.hsbc.co.in
Investor (Dialing from abroad)	+91 44 39923900	investor.line@mutualfunds.hsbc.co.in

To get your updated account statement email us at : "mfsoa@mutualfunds.hsbc.co.in"

We're always here to help you, so feel free to reach out to us

Self-service request at your Fingertips

- Visit Website • Invest Online • Insta Statement • Download Forms
- Transact via Whats App • Use 24/7 ChatBot - Ask Me



Remember, you can also find out more via our social media handles !



Please check our website www.assetmanagement.hsbc.co.in for an updated list of Official Points of Acceptance of HSBC Mutual Fund.

CAMS SERVICE CENTRES / CAMS LIMITED TRANSACTION POINTS / CAMS COLLECTION CENTRES

For details on CAMS Service Centres, please visit www.camsonline.com



HSBC Flexi Cap Fund

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

Abridged Annual Report 2023 - 2024



SPONSOR

HSBC Securities and Capital Markets (India) Private Limited

CIN – U67120MH1994PTC081575

Regd. Office: 52/60, Mahatma Gandhi Road, Fort, Mumbai 400001.

TRUSTEE COMPANY

HSBC Trustees (India) Private Limited

CIN – U66190MH2024PTC416973

Regd. Office: 52/60, Mahatma Gandhi Road, Fort, Mumbai 400001.

ASSET MANAGEMENT COMPANY

HSBC Asset Management (India) Private Limited

CIN – U74140MH2001PTC134220

Regd. Office: 9-11 Floors, NESCO IT Park, Building No. 3,
Western Express Highway, Goregaon (East), Mumbai 400063.

CUSTODIAN

Citibank N.A.

First International Financial Center (FIFC), 9th Floor,
C-54 & 55, G – Block, Bandra Kurla Complex, Bandra (East), Mumbai 400051.

AUDITORS TO THE SCHEME

MSKA & Associates

Chartered Accountants

602, Floor 6, Raheja Titanium, Western Express Highway,
Geetanjali Railway Colony, Ram Nagar, Goregaon (East), Mumbai 400063.

REGISTRAR & TRANSFER AGENTS

Computer Age Management Services Limited (CAMS)

Unit: HSBC Mutual Fund

New No. 10, M.G.R Salai, Nungambakkam, Chennai 600034.

BOARD OF TRUSTEES

Ms. Jasmine Batliwalla

– Chairperson

Mr. Nani Javeri

– Trustee

Mr. David Rasquinha

– Trustee

Mr. Nicolas Moreau

– Trustee

BOARD OF DIRECTORS

Dr. Indu Shahani

– Director

Mr. Kapil Seth

– Director

Ms. Roopa Varma

– Director

Mr. Kailash Kulkarni

– Director & Chief Executive Officer

Dear Investor,

As we reflect on the past year, I am filled with pride and optimism about the future of our company and overall growth of the mutual fund industry. The past year has marked significant milestones in our journey, particularly as we capitalise on the immense potential of India's burgeoning growth story.

Fiscal 2024 turned out to be one of the best years for the domestic mutual fund industry as assets under management (AUM) spurted by nearly Rs. 14 lakh crore to a record Rs. 53.40 lakh crore as of March 2024 compared with Rs. 39.42 lakh crore as of March 2023.

The mutual fund industry is experiencing immense growth and we are poised to take advantage of this upward trajectory. Our company is an integral part of this growth story, riding the wave with several strategic initiatives and accomplishments that have set us on a path of sustained success.



Major achievements post integration

- Post integration we have enhanced our digital offering for both B2B and B2C to provide improved customer journeys.
- HSBC AM India's AUM increased from USD 1.4 bn (before integration) to USD 13.7 bn as of April 2024.
- HSBC Asset Management India has now become the 14th largest asset manager in India in terms of AUM.
- HSBC AM India has launched 4 new products since integration (raising \$445M).
- We have expanded HSBC AM India's product offerings to 43 funds.

Key Achievements in FY2023-2024

Investment Performance: Our disciplined investment strategy and thorough research have been pivotal to our success. We have focused on high-quality, undervalued assets, achieving consistent returns across our portfolio.

Product Innovation: This year, we launched two new funds - HSBC Multi Asset Allocation Fund and HSBC Consumption Fund, tailored to meet the evolving needs of our investors. These new offerings have been well-received, contributing to our growth in AUM significantly.

Increased Media Presence: In FY24, we significantly boosted our media presence, ensuring that our brand and thought leadership are recognized across various platforms. Through strategic media engagements like Informed Investing with ET Now, talks shows and several authored articles plus interviews - we have amplified our message, reaching a broader audience and reinforcing our market position.

Successful Campaign Launch: We successfully launched SIP Hai #FaydeWaliAadat, an investor education campaign, that highlighted the transformative power of SIPs in achieving long-term financial

goals. A first of its kind campaign, it aimed at educating and empowering the millennial investors in India. The campaign garnered significant attention and positive feedback, strengthening our brand presence and engaging a wider audience. Notably, the campaign has also earned us prestigious awards and accolades highlighting our commitment to excellence and innovation.

Client Relationships: We have strengthened our client relationships through enhanced communication, transparency, and personalized service. Our client satisfaction scores have reached new heights, reflecting our commitment to exceptional service.

We believe that the India story has just begun and its economic landscape is poised for significant growth. An exposure to unique and future relevant themes can provide a much-needed inflation buffer. The importance of asset allocation continues to be critical. It is critical for all of us to review our risk appetite and goal proximity and construct a portfolio appropriately.

Besides construction, portfolio rebalancing is equally important in order to achieve optimal outcomes. I do hope you share my enthusiasm and I ask that you continue to invest whilst reviewing your asset allocation at all times.

I would like to express my sincere gratitude to our dedicated team, whose expertise and commitment are the backbone of our success. To our investors, thank you for your trust and continued support. Your confidence in our approach motivates us to strive for excellence in everything we do. Also, I want to express my deepest gratitude to our valuable partners for their unwavering support and keep our services running. Look forward to achieving even grater milestones together.

As we move forward, we remain committed to delivering superior investment performance, fostering strong client relationships, and driving sustainable growth. Together, we are well-positioned to navigate the future and achieve our goals.

Warm regards,

A handwritten signature in black ink, appearing to read 'Kailash Kulkarni', written over a horizontal line.

Kailash Kulkarni

Chief Executive Officer

HSBC Asset Management India

Trustees' Report

For the year ended March 31, 2024

The Board of Directors of HSBC Trustees (India) Private Limited, Trustees of HSBC Mutual Fund present the Twenty Second Annual Report and the audited abridged financial statements of the schemes of the HSBC Mutual Fund ('the Fund') for the year ended March 31, 2024.

With the acquisition of L&T Mutual Fund in the previous financial year, the Fund's Assets Under Management ('AUM') (excluding Domestic FOFs) as on March 31, 2024 was INR 109368.16 crores (audited). The Fund ranks in the top 15 Mutual Fund houses in India in terms of AUM.

As at March 31, 2024, the Fund offered 43 schemes across asset classes to meet the varying investment needs of the investors. During the year, the Fund launched two new products namely HSBC Consumption Fund and HSBC Multi Asset Allocation Fund in Equity and Hybrid categories.

The Fund continues its focus on delivering consistent long-term returns. The comments on the performance of the scheme(s) are provided hereinafter. Dividends were declared under various schemes as per the provisions contained in the respective Scheme Information Documents after considering the distributable surplus available under the respective plans of the schemes. Details of dividends declared can be viewed on our website at www.assetmanagement.hsbc.co.in.

During the year, HSBC Securities and Capital Markets (India) Private Limited ("HSCI"), Sponsors of the Fund established a private limited company with limited liability to act as the "Trustees" of the Fund. HSBC Trustees (India) Private Limited ("HTIP") was incorporated on 9 January 2024. Accordingly, HTIP has replaced the Board of Trustees of HSBC Mutual Fund w.e.f. 1 March 2024, and the Company through its Board of Directors has been discharging its obligations as the "Trustees" of the Fund from this date.

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

a. Operations and Performance of the Scheme

➤ Equity Schemes

HSBC Flexi Cap Fund (HFCF)

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

The investment objective of the scheme is to seek long term capital growth through investments made dynamically across market capitalization (i.e. Large, Mid, and Small Caps). The investment could be in any one, two or all three types of market capitalization. The scheme aims to predominantly invest in equity and equity related securities. However, in line with the asset allocation pattern of the scheme, it could move its assets between equity and fixed income securities depending on its view on these markets. However, there can be no assurance or guarantee that the investment objective of the scheme would be achieved.

The net assets of HFCF amounted to INR 4245.42 crores as at March 31, 2024 as against INR 3116.05 crores as at March 31, 2023. Around 98.84% of the net assets were invested in equities, 2.05% of the net assets were invested in reverse repos/TREPS and (0.89%) in net current assets as at March 31, 2024.

The aim of HFCF is to seek aggressive growth and endeavor to provide long term capital growth from a dynamically managed portfolio across small, mid and large cap stocks. The investment could be in anyone, two or all three types of market capitalization. HFCF aims to be predominantly invested in equity and equity related securities. However, it could move its assets between equity and fixed income securities depending on its view on these markets.

HFCF has been overweight in sectors like Pharma & Healthcare, Industrials & Real estate. Government initiatives combined with under investment in capex over the last decade augurs well for infrastructure, Real estate, and capital goods sector. We believe that 'Make in India' for boosting exports and import substitution are themes which have a long runway ahead. HFCF has been underweight sectors like Banks, Oil & Gas and Consumer discretionary.

HFCF has outperformed over last one-year period as against its benchmark due to this positioning and a few non-index stocks which benefitted from the themes mentioned above.

Trustees’ Report
For the year ended March 31, 2024 (Contd...)

HSBC Flexi Cap Fund					Date of Inception : 24 February, 2004			
Fund / Benchmark (Value of ₹ 10,000 invested)	1 Year		3 Years		5 Years		Since Inception	
	Amount (₹)	Returns (%)	Amount (₹)	Returns (%)	Amount (₹)	Returns (%)	Amount (₹)	Returns (%)
HSBC Flexi Cap Fund	14359	43.87	17349	20.20	21007	15.99	223287	16.71
Scheme Benchmark (NIFTY 500 TRI)	14049	40.75	16970	19.32	22112	17.19	178820	15.42
Additional Benchmark (Nifty 50 TRI)	13008	30.27	15736	16.35	20356	15.27	158308	14.73

Past performance may or may not be sustained in future. Returns have been calculated for the respective periods for Growth Option of Regular Plan as on last business day of the month i.e. March 28, 2024 due to non-availability of benchmark indices as of March 31, 2024. Returns on ₹ 10,000 are point-to-point returns for the specific time period, invested at the start of the period. Returns for 1 year and above are Compounded Annualized. Different plans shall have a different expense structure. Performance of the respective benchmark is calculated as per the Total Return Index (TRI).

Risk-o-meter as of 31st March, 2024:

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

Please note that the above risk-o-meter is as per the product labelling of the Scheme basis Scheme’s monthly portfolio as on March 31, 2024.

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

➤ EQUITY OUTLOOK

Recap of FY 2023-24:

FY24 was a stellar year for the Indian equity markets with strong economic momentum, healthy earnings growth and strong inflows from domestic and foreign institutional investors and strong retail participation driving a broad-based bull market. The Nifty and Sensex were up a solid 30.1%/26.5% respectively during the year, while the BSE Midcap and BSE Smallcap indices gained an astounding 65.2% and 61.4% respectively.

While geo-political conflicts continued in FY24, their impact on crude and global supply chains moderated. Crude prices largely remained range bound during the year. Inflation barring a brief spike largely remained well contained, the economy gained further steam with GDP growth crossing 8% in H1FY24 supported by government thrust on infrastructure. This translated into strong growth for several core sector industries including steel and cement. The growth in the real estate sector has been strong with inventory continuing to decline in metro markets. However, lagged impact of price increases continued to impinge on consumer demand growth which remained subdued for most mass market categories.

Trustees' Report

For the year ended March 31, 2024 (Contd...)

Domestic cyclicals were the best performing sectors during the year led by Real Estate, Capital Goods, Autos. Power was also among the best performing sectors. Global cyclicals like Metals and Oil & Gas also strongly outperformed the Nifty. FMCG and Banking while delivering healthy positive returns underperformed the Nifty, while IT performance was closer to Nifty.

MSCI India index outperformed most of key global indices during the past fiscal. MSCI India index (USD) gained 35.5% as compared to 23.1% gain for MSCI World, 27.9% for US S&P 500, 11.0% for MSCI Europe and only 5.3% for MSCI Emerging Markets as MSCI China declined 19.0% over the period.

Strong performance of the market and subsiding global macro headwinds drove a sharp turnaround in foreign investment flows. FII net inflow was at USD 25.3bn in FY24 versus an outflow of USD 6.0bn/17.1bn in FY23/FY22. DIs, on the other hand, matched FII inflow with an inflow of USD 25.3bn although it was lower than the net inflows at USD 30.8bn in FY23. Within DIs, the MF segment was the key contributor (USD 24.3 bn of net inflows up from USD 21.8bn in FY23) while domestic Insurers were also in the net inflow territory (USD 1.0bn of net inflows vs USD 9.0bn in FY23).

Source: Motilal Oswal

Indices Returns (April 01, 2023 to March 31, 2024)	1 Year [^]
S&P BSE Sensex TR	26.5%
NSE CNX Nifty TR	30.1%
S&P BSE 100 TR	34.2%
S&P BSE 200 TR	38.5%
S&P BSE 500 TR	40.2%
S&P BSE Midcap TR	65.2%
S&P BSE Small-cap TR	61.4%

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

Way forward:

The global macro environment remains challenging with heightened geo-political and economic uncertainties. US bond yields remain high putting pressure on interest rates and currencies globally. For India, growth has continued to remain strong with GDP growth of 8.4% in Q3FY24 driven by strong government spending on infrastructure and pickup in manufacturing and construction. The 2024 interim budget has re-affirmed government focus on infrastructure. At the same time reduction in fiscal deficit should also help in easing of domestic interest rates. However, after last year's patchy monsoon, a good monsoon will be an important factor for rural demand and overall consumption growth in the economy in FY25.

India starts FY25 on a strong footing with positive growth momentum and India's investment cycle is expected to be on a medium-term uptrend supported by rising government investment in infrastructure and recovery in real estate cycle. There is also an expectation of higher private investments in renewable energy and related supply chain, localization of higher-end technology components, and India becoming a more meaningful part of global supply chains. Finally, it is expected for consumption to improve as the impact of high inflation fades and real incomes start to grow again.

However, several of these positives are getting discounted by the high valuations currently prevailing in the equity market. While the fund managers remain constructive on Indian equities supported by the more robust medium-term growth outlook there is a caution against high return expectations. Nifty continues to trade on 20.6x consensus 1 year forward PE (as of 30 April). On a 10-year basis, Nifty is still trading 10% above its historic average valuation but is in-line with its 5-year average. Valuations of the midcap and small cap indices are even higher versus their historical average.

Trustees' Report

For the year ended March 31, 2024 (Contd...)

➤ DEBT OUTLOOK

Market drivers during the course of the year FY 2024

The year started with advanced economies continuing to grapple with higher inflation and policy tightening remained a common theme across economies. During FY2024, the Federal Open Market Committee (FOMC) raised policy rates by 50 bps while European Central Bank (ECB) and Bank of England (BOE) raised policy rates by 100 bps each. The cumulative rate hikes by various advanced economies in this cycle are as follows: Fed (525 bps), BOE (515 bps) and ECB (450 bps). Meanwhile cumulative rate hikes by the Monetary Policy Committee (MPC) in this cycle was 250 bps. On account of higher Government debt burden, Fitch downgraded US sovereign rating from AAA to AA+. US Treasury yields remained volatile during the year, with the 10-year benchmark rising higher by 73 bps during the year. Crude prices also moved higher by USD 7-8/bbl.

On the domestic front, Consumer price Index (CPI) inflation remained broadly in the upper end of the MPC's targeted band of 4% +/- 2% for most the financial year, however, inflation printed above 6% on two occasions due to high food inflation. Headline inflation remained susceptible to high food inflation with markets now expecting some relief of food prices on the back of normal monsoon. Core inflation eased through the year falling to below 4% in the last quarter.

Domestically, one of the biggest events during the year was the much-awaited index inclusion of Indian Government Bonds (IGBs) into the GBI-EM Global index suite and its relevant benchmarks. India is expected to reach the maximum weight of 10% in the GBI-EM Global Diversified Index (GBI-EM GD), with the inclusion staggered over a 10-month period starting June 2024. Following this, Bloomberg also included IGBs in their Bloomberg EM Local Currency Index, with India expected to reach a maximum weight of 10% over a 10-month period starting Jan 2025. Both these inclusions are expected to bring in INR 25-30 bn of index related FPI inflows over the next 1-2 years and paving the way for inclusion into other global bond indices as well. During FY2024, FPIs poured in close USD 12 bn into IGBs, with majority of the inflows coming in post the JP Morgan index inclusion announcement.

Government continued its path of fiscal consolidation, with the revised estimate of the Fiscal deficit for FY2024 coming in at 5.6%, with expectations for FY2025 at 5.1% and target of below 4.5% by FY2026. PMI numbers continue to remain in expansion, GST revenues remain buoyant and credit off-take upbeat.

The external sector has remained strong due to healthy service exports and remittances. Current Account Deficit (CAD) is expected to be around 1% for the year. Rupee remained one of the more stable currencies during the year, with active intervention from RBI smoothening any volatility. RBI continued to build on the FX reserves with year-end number around USD 650 bn.

Money market rates moved higher during the year due to tightening in liquidity along with higher Certificate of Deposit (CD) issuances. G-Sec yields, however, moved lower due to favorable demand supply and lower G-Sec borrowing. 10-year G-Sec moved lower during the year by 25 bps, while 5 yr G-Sec moved lower by 13 bps.

Market Outlook

While US markets have braced for "higher for longer" rates, we have seen in the past, that reactions to favorable data in such an environment can be sharp. Any softness in growth, employment or inflation data over the next few months will allow the markets to quickly start pricing in aggressive future policy easing. In our view, the RBI is also likely to gradually shift the liquidity deficit into surplus over the course of the next 3-6 months, flipping overnight rates from the top to the bottom of the rate corridor. The yield curve is likely to steepen as liquidity eases. This along with a potential 50 bps of policy easing in first half of CY2025 may push overnight rates lower by 75-100 bps.

While any form of additional spending by the new Government to address concerns of rural sections of the country and the possibility of additional spending to fund such policies will remain a key monitorable, it is believed the Government is likely to remain cognizant of the possible impact of such policies and take measured steps. With the dust settling down on the election outcome, the broad macroeconomic factors should continue to remain stable and could support softening in domestic yields going forward.

Trustees' Report

For the year ended March 31, 2024 (Contd...)

The Fund Managers continue to have a positive outlook for interest rates, based on various favorable factors: (a) Record RBI dividend to the Government, (b) reduced Fiscal deficit number of 5.6%, (c) favorable G-Sec supply demand dynamics, (d) FPI index related inflows, (e) revised outlook in India by S&P, (f) soft core inflation along with expectations of a better than normal monsoon, and finally (g) soft signals by Government and RBI on liquidity.

Source: RBI, Bloomberg, Internal HSBC Research & CCIL

2. BRIEF BACKGROUND OF THE SPONSORS, THE FUND, THE TRUSTEES AND THE ASSET MANAGEMENT COMPANY

A. Sponsor

HSBC Mutual Fund is sponsored by HSBC Securities and Capital Markets (India) Private Limited (HSCI). The Sponsor is the Settler of the Mutual Fund Trust. The Sponsor has entrusted a sum of Rs. 1,00,000/- (Rupees One Lakh only) to the Trustee as the initial contribution towards the corpus of the Mutual Fund.

HSCI offers integrated investment banking services, securities and corporate finance & advisory. HSCI is a member of the Bombay Stock Exchange Limited and National Stock Exchange (capital and derivative market segments). HSCI holds 100% of the paid-up equity share capital of HSBC Asset Management (India) Private Limited.

B. HSBC Mutual Fund

HSBC Mutual Fund ("the Mutual Fund" or "the Fund") has been constituted as a Trust in accordance with the provisions of the Indian Trusts Act, 1882 (2 of 1882) vide a Trust Deed dated February 7, 2002 (as amended) with HSBC Securities and Capital Markets (India) Private Limited, as the Sponsor and HSBC Trustees (India) Private Limited. The Trustee has entered into an Investment Management Agreement dated February 7, 2002 (as amended) with HSBC Asset Management (India) Private Limited (AMC) to function as the Investment Manager for all the schemes of the Fund. The Fund was registered with SEBI vide registration number MF/046/02/5 dated May 27, 2002.

The Trust has been formed for the purpose of pooling of capital from the public for collective investment in securities for the purpose of providing facilities for participation by persons as beneficiaries in such investments and in the profits/income arising therefrom.

C. HSBC Trustees (India) Private Limited (the Trustees)

The Trustees are the exclusive owner of the Trust Fund and holds the same in trust for the benefit of the unitholders. The Trustees have been discharging their duties and carrying out the responsibilities as provided in the SEBI (Mutual Funds) Regulations, 1996 and the Trust Deed. The Trustees seek to ensure that the Fund and the schemes floated there under are managed by the AMC in accordance with the Trust Deed, the said Regulations, directions and guidelines issued by the SEBI, the Stock Exchanges, the Association of Mutual Funds in India and other regulatory agencies.

During the year, HSBC Securities and Capital Markets (India) Private Limited ("HSCI"), Sponsors of HSBC Mutual Fund) established a private limited company with limited liability to act as the "Trustee" of HSBC Mutual Fund. HSBC Trustees (India) Private Limited ("HTIP") was incorporated on 9 January 2024. Accordingly, HTIP has replaced the Board of Trustees of HSBC Mutual Fund w.e.f. 1 March 2024, and the Company through its Board of Directors has been discharging its obligations as the "Trustees" of the Fund from this date.

As of March 31, 2024, HSCI holds 100% of the paid-up equity share capital of HTIP.

D. Asset Management Company (the AMC)

HSBC Asset Management (India) Private Limited (the Investment Manager or the AMC) is a private limited company incorporated under the Companies Act, 1956 on December 12, 2001 having its Registered Office at 9-11 Floors, NESCO IT Park, Building no. 3, Western Express Highway, Goregaon (East), Mumbai – 400 063. HSBC Asset Management (India) Private Limited has been appointed as the Asset Management Company of HSBC Mutual Fund by the Trustee vide Investment Management Agreement (IMA) dated

Trustees' Report

For the year ended March 31, 2024 (Contd...)

February 7, 2002 (as amended) and executed between the Trustees and the AMC. SEBI approved the AMC to act as the Investment Manager of the Fund vide its letter No. MFD/BC/163/2002 dated May 27, 2002. The paid-up equity share capital of the AMC is Rs. 344.41 crores. The AMC is registered as a Portfolio Manager under the SEBI (Portfolio Managers) Regulations, 1993 vide registration no. INP000001322. The AMC also offers non-binding Advisory services to offshore funds under the mutual fund license.

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

3. INVESTMENT OBJECTIVE OF THE SCHEMES

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

4. SIGNIFICANT ACCOUNTING POLICIES

The Significant Accounting Policies form part of the Notes to the Accounts annexed to the Balance Sheet of the Schemes in the Full Annual Report. The accounting policies are in accordance with Securities Exchange Board of India (Mutual Funds) Regulations, 1996 and Indian Accounting Standards (IND AS) notified under section 133 of the Companies Act, 2013 (the "Act" read with the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time).

5. UNCLAIMED DIVIDENDS & REDEMPTIONS

Summary of number of investors & corresponding amount as on March 31, 2024:

Scheme Name	Unclaimed Dividend		Unclaimed Redemption	
	No. of Investors	Amount (₹)	No. of Investors	Amount (₹)
HSBC Flexi Cap Fund	23945	136,708,055.00	938	38,871,296.04

6. INVESTOR SERVICES

The number of official points of acceptance of transactions are 210 locations. In addition to the offices of the Registrar & Transfer Agent, the AMC has its own office in 61 locations and Investor Service Centers in 39 locations. The AMC has 2 Toll Free numbers (1800-4190-200/1800-200-2434) which can be dialed from anywhere in India and 1 number i.e. +91 44 39923900 (Investors calling from abroad). The call center service is being managed by the Registrar and Transfer Agents. HSBC Mutual Fund offers the online transaction facility through the AMC's website at www.assetmanagement.hsbc.co.in.

On the distribution front, the number of empaneled distributors were 59046 as on March 31, 2024. During the year, the AMC initiated tie-ups for online distribution of the Mutual Fund's schemes with several channel partners taking the total number of such tie-ups to 160 as on March 31, 2024.

7. DETAILS OF INVESTOR GRIEVANCE REDRESSAL

The details of the redressal of investor complaints received against HSBC Mutual Fund during April 2023 - March 2024 are as follows:

2023-2024												
Complaint code	Type of Complaint	(a) No. of complaints pending at the beginning of the period	(b) No. of complaints received during the given period	Action on (a) and (b)								
				Resolved				Non Actionable*	Pending			
				Within 30 days	30-60 days	60-180 days	Beyond 180 days		0-3 months	3-6 months	6-9 months	9-12 months
IA	Non receipt of amount declared under Income Distribution cum Capital Withdrawal option	1	10	11	0	0	0	0	0	0	0	0

Trustees' Report

For the year ended March 31, 2024 (Contd...)

2023-2024												
Complaint code	Type of Complaint	(a) No. of complaints pending at the beginning of the period	(b) No. of complaints received during the given period	Action on (a) and (b)								
				Resolved				Non Action-able*	Pending			
				Within 30 days	30-60 days	60-180 days	Beyond 180 days		0-3 months	3-6 months	6-9 months	9-12 months
I B	Interest on delayed payment of amount declared under Income Distribution cum Capital Withdrawal option	0	1	1	0	0	0	0	0	0	0	0
I C	Non receipt of Redemption Proceeds	1	38	39	0	0	0	0	0	0	0	0
I D	Interest on delayed payment of Redemption	0	2	2	0	0	0	0	0	0	0	0
II A	Non receipt of Statement of Account/Unit Certificate	0	3	3	0	0	0	0	0	0	0	0
II B	Discrepancy in Statement of Account	1	22	23	0	0	0	0	0	0	0	0
II C	Data corrections in Investor details	1	250	249	0	0	0	0	2	0	0	0
II D	Non receipt of Annual Report/ Abridged Summary	0	0	0	0	0	0	0	0	0	0	0
III A	Wrong switch between Schemes	0	2	2	0	0	0	0	0	0	0	0
III B	Unauthorized switch between Schemes	0	1	1	0	0	0	0	0	0	0	0
III C	Deviation from Scheme attributes	0	1	1	0	0	0	0	0	0	0	0
III D	Wrong or excess charges/load	0	0	0	0	0	0	0	0	0	0	0
III E	Non updation of changes viz. address, PAN, bank details, nomination, etc	1	127	127	0	0	0	0	1	0	0	0
III F	Delay in allotment of Units	0	5	4	1	0	0	0	0	0	0	0
III G	Unauthorized Redemption	0	0	0	0	0	0	0	0	0	0	0
IV	Others**	1	78	76	0	0	0	0	3	0	0	0
	TOTAL	6	540	539	1	0	0	0	6	0	0	0

** As per AMFI Best Practice Guidelines Circular No.25/2011-12 for Revisions in the Guidelines on Standardization of Complaints/ Grievances Reporting Procedure. If "Others" include a type of complaint which is more than 10% of overall complaints, then such a reason should be provided separately. Hence, data corrections in Investor Details are included as a separate category.

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

Summary of Complaints for FY 2023-24

Particulars	Count
Total complaints received	540
Total number of folios	21,39,406
% of complaints against the folio	0.025

8. INVESTOR EDUCATION INITIATIVES

During the FY 2023-24, the AMC conducted the following investor education and awareness initiatives:

- An integrated multi-media marketing campaign on SIP Hai 'FaydeWaliAadat' aimed to tap into the aspirations, financial goals, and unique spending habits of millennials.

Trustees' Report

For the year ended March 31, 2024 (Contd...)

- Editorial content on Systematic Investment Plans (SIP) created across 15 states through various regional television channels.
- Investor education content on the Platform - Quora.
- 'Be Money Confident' video series targeting women through Jio Platforms.
- Campaign on Women & Investing for Women's Day.
- Campaign for Marathon enthusiast on the similarities between running a Marathon & Investing.
- Financial literacy virtual event on the occasion of Mother's Day, which received more than 725 registered users.
- A mom blogger outreach program to reach Women Investors with financial education content on MF on the occasion of Mother's Day.
- Education campaign on ELSS executed for working audiences.
- Blogs and content for Investor Education properties like SIP Sahi Hai in Value Research, Gyan Guroovaar on Facebook, Investment Ki Paathshala on the website and investor education blogs on the platform - Advisor Khoj.
- 1,462 Investor Education programs to reach out to an audience of 71,465 people out of which 458 were women programs attended by 20,139 women.

9. PROXY VOTING POLICY

As per para 6.16 of SEBI Master Circular on Mutual Funds dated June 27, 2024, the Fund has adopted Proxy Voting Policy and Procedures for exercising voting rights in respect of securities held by the Schemes. (please refer Proxy Voting Policy and Procedures)

The summary of the votes casted in the general meetings of the Investee companies, by the AMC for and on behalf of the Schemes of the Fund, for the financial year 2023-24 is provided below:

Quarter	Total no. of resolutions	Break-up of Vote decision		
		For	Against	Abstained
April 2023 - June 2023	387	260	75	52
July 2023 - September 2023	2,169	1607	448	114
October 2023 - December 2023	197	138	37	22
January 2024 - March 2024	319	240	50	29
TOTAL	3,072	2,245	610	217

As per para 6.16.7 of SEBI Master Circular on Mutual Funds dated June 27, 2024, the AMC has obtained certificate from M/s. M. P. Chitale & Co., Chartered Accountants, who is acting as a Scrutinizer, on the voting report for the FY 2023-24. The certificate dated May 22, 2024 issued by M/s. M. P. Chitale & Co., is available on the website of the AMC as part of the full Annual Report.

Unitholders can refer to the full Annual Report for complete details of actual exercise of votes in the general meetings of the investee companies for the financial year 2023-24 or log on to our website at www.assetmanagement.hsbc.co.in.

10. STATUTORY DETAILS

- The Sponsors are not responsible or liable for any loss resulting from the operation of the Schemes of the Fund beyond initial contribution of Rs. 1 lakh for setting up the Fund.
- The price and redemption value of the units, and income from them, can go up as well as down with fluctuations in the market value of its underlying investments.

Trustees' Report

For the year ended March 31, 2024 (Contd...)

- c) Full Annual Report of HSBC Mutual Fund and of HSBC Asset Management (India) Private Limited (the AMC) shall be disclosed on the website at www.assetmanagement.hsbc.co.in and shall be available for inspection at the Head Office of the Mutual Fund. Present and prospective unitholders can obtain copy of the Trust Deed, the full Annual Report of the Scheme(s), the Annual Report of HSBC Asset Management (India) Private Limited and the text of the relevant Scheme(s) at a price.

11. CHANGES IN RISK-O-METER OF THE SCHEME DURING FY 2023-24

As per para 17.4. of SEBI Master Circular on Mutual Funds dated June 27, 2024 on product labelling, the changes carried out in the risk-o-meter of the schemes of HSBC Mutual Fund during FY 2023-24 have been given in the below mentioned table for the information of the unitholders, a report on the said changes has also been displayed on the website of the Fund and AMFI.

Scheme Name	Risk-o-meter level as on March 31, 2023	Risk-o-meter level as on March 31, 2024	Number of changes in Risk-o-meter during the F.Y. 2023-24)
HSBC Flexi Cap Fund	Very High	Very High	0

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

As per para 6.16.15 of SEBI Master Circular on Mutual Funds dated June 27, 2024, HSBC Mutual Fund has adapted the policy on stewardship responsibilities, the unitholders are requested to note the status of governance with the same as mentioned below:

S. No.	Particulars of Principles of Stewardship Code	Status of compliance (Complied/ Not Complied)	Description	Remarks/ reasons for deviation/non-compliance, if any
1	Principle 1: Institutional Investors should formulate a comprehensive policy on the discharge of their stewardship responsibilities, publicly disclose it, review and update it periodically.	Complied	HSBC Asset Management (India) Private Limited's (AMIN) 'Policy on Stewardship responsibilities' (Stewardship Code/ Policy) was formulated and implemented on 01 July, 2020. This is a comprehensive document which has been publicly disclosed on the website of AMIN. The same shall follow a periodic review.	N.A.
2	Principle 2: Institutional investors should have a clear policy on how they manage conflicts of interest in fulfilling their stewardship responsibilities and publicly disclose it.	Complied	Defining and managing Conflict of Interest in fulfilling stewardship responsibilities are detailed in the Stewardship Policy document. The policy document is publicly disclosed.	N.A.

Trustees' Report

For the year ended March 31, 2024 (Contd...)

S. No.	Particulars of Principles of Stewardship Code	Status of compliance (Complied/ Not Complied)	Description	Remarks/ reasons for deviation/non-compliance, if any
3	Principle 3: Institutional investors should monitor their investee companies.	Complied	AMIN monitors all investee companies through its investment process. This includes assessment of companies' own and market data, consideration of research from brokers and other independent research providers – including ESG & voting research, attending individual & group meetings with company management and directors, visiting production sites (wherever necessary), engaging with key stakeholders including competitors and customers, and financial modelling. More details enumerated in the policy document	N.A.
4	Principle 4: Institutional investors should have a clear policy on intervention in their investee companies. Institutional investors should also have a clear policy for collaboration with other institutional investors where required, to preserve the interests of the ultimate investors, which should be disclosed.	Complied	Details of undertaking active engagement with investee companies and the policy for collaboration with other institutional holders are detailed in the policy document. The policy document is publicly disclosed.	N.A.
5	Principle 5: Institutional investors should have a clear policy on voting and disclosure of voting activity.	Complied	AMIN has a clear and detailed voting policy which provides the framework for the voting decisions. All voting decisions shall be in accordance with AMIN's Voting Policy and Procedures, which is disclosed on the website. AMIN discloses the details of the voting on its website on a quarterly basis within 10 working days from the end of the quarter. Additionally, AMIN also discloses the details of the votes cast, in the annual report of the schemes of HSBC Mutual Fund.	N.A.
6	Principle 6: Institutional investors should report periodically on their stewardship activities.	Complied	The annual status report of the stewardship code and quarterly report on proxy voting are publicly disclosed on the website as required under SEBI Regulations.	N.A.

Trustees' Report

For the year ended March 31, 2024 (Contd...)

13. DISCLOSURES PERTAINING TO NAV ADJUSTED DURING THE FINANCIAL YEAR FOR SWING FACTOR ALONG WITH THE PERFORMANCE IMPACT

Sr No.	Period of applicability of swing pricing	Scheme Name	Unswung NAV	Swing factor applied	Whether optional or mandatory
NIL					

14. SIGNIFICANT EVENT AFTER THE END OF THE FINANCIAL YEAR

NIL

15. ACKNOWLEDGEMENTS

The Trustees wish to thank the unitholders of the Schemes for their support throughout the year, and also thank the Government of India, the Securities and Exchange Board of India (SEBI), the Reserve Bank of India (RBI) and the Association of Mutual Funds in India (AMFI) for the guidance provided by them. The Trustees also appreciate the services provided by the Registrar and Transfer Agent, Fund Accountant, Custodian, Bankers, Distributors and Brokers. The guidance and services provided by the auditors and advocates and the ebullience, sincerity and dedication of the employees of HSBC Asset Management (India) Private Limited is also appreciated.

The Trustees look forward to the continued support of everyone.

For and on behalf of **HSBC Trustees (India) Private Ltd.**

Sd/-

Director

Mumbai

July 19, 2024

Independent Auditors' Report

To the Board of Directors of HSBC Trustees (India) Private Limited (the "Trustee")

HSBC Flexi Cap Fund

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **HSBC Flexi Cap Fund** (the "Scheme") of HSBC Mutual Fund (the "Fund"), which comprise the Balance Sheet as at March 31, 2024, the Revenue Account and the Cash Flow Statement for the year then ended, and notes to the financial statements, including a summary of material accounting policy and other explanatory information.

In our opinion, and to the best of our information and according to the explanations given to us, the aforesaid financial statements of the Scheme give a true and fair view in conformity with the Indian Accounting Standards ("Ind AS") prescribed under section 133 of the Companies Act, 2013 (the "Act") read with Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India, including the accounting policies and standards specified in the Regulation 50 and Ninth Schedule to the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 ("the SEBI Regulations") (collectively referred to as the "Regulations") as amended:

- a. in the case of the Balance Sheet, of the state of affairs of the Scheme as at March 31, 2024;
- b. in the case of the Revenue Account, of the net surplus for the year ended on that date; and
- c. in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing ("SAs") and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India (the "ICAI"). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Scheme in accordance with the Code of Ethics issued by the ICAI together with the ethical requirements that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Information Other than the Financial Statements and Auditor's Report Thereon

The Board of Directors of HSBC Asset Management (India) Private Limited (the "AMC") and the Board of Directors of HSBC Trustees (India) Private Limited (the "Trustees") (collectively referred to as "the Management") are responsible for the other information. The other information comprises the information included in the Trustees report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

The Management is responsible for the preparation of these financial statements that give a true and fair view of the state of affairs, results of operations and cash flows of the Scheme in accordance with the accounting principles generally accepted in India, including the accounting policies and standards specified in Regulations. This responsibility also includes maintenance of adequate accounting records in accordance with the SEBI

Independent Auditors' Report (Contd...)

Regulations for safeguarding of the assets of the Scheme and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Management is responsible for assessing the Scheme's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management, either intends to liquidate the Scheme or to cease operations, or has no realistic alternative but to do so.

Those Charged with Governance are also responsible for overseeing the Scheme's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Scheme's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Scheme to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide to those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Independent Auditors' Report (Contd...)

Report on Other Legal and Regulatory Requirements

1. As required by regulation 55(4) and clause 5(ii)(2) of the Eleventh Schedule of the SEBI Regulations, we report that:
 - a. we have sought and obtained all the information and explanations which, to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b. in our opinion, the Balance Sheet and the Revenue Account dealt with by this report have been prepared in accordance with the accounting policies and standards specified in the Regulations; and
 - c. the Balance Sheet, the Revenue Account and the Cash Flow Statement, dealt with by this report are in agreement with the books of accounts of the Scheme.
2. In our opinion, the methods used to value non-traded securities as at March 31, 2024, as determined by the Management under procedures approved by the Trustees in accordance with the guidelines for valuation of securities for mutual funds as mentioned in the Eighth Schedule to the SEBI Regulations, are fair and reasonable.

For **M S K A & Associates**

Chartered Accountants

ICAI Firm Registration No. 105047W

Sd/-

Swapnil Kale

Partner

Membership No: 117812

UDIN: 24117812BKFIRY6322

Place : Mumbai

Date : July 19, 2024

Abridged Balance Sheet as at March 31, 2024

Rs. in Lakhs

	As at March 31, 2024	As at March 31, 2023	As at April 1, 2022
LIABILITIES			
1 Unit Capital	33,786.26	35,582.62	4,839.78
2 Reserves & Surplus			
2.1 Unit Premium Reserves	39,023.32	40,764.72	(7,758.73)
2.2 Unrealised Appreciation Reserve	99,089.01	4,144.11	15,121.76
2.3 Other Reserves	252,649.40	231,019.29	28,568.73
3 Loans & Borrowings	—	—	—
4 Current Liabilities & Provisions			
4.1 Provision for Doubtful Income/Deposits	—	—	—
4.2 Other Current Liabilities & Provisions	8,233.96	4,505.32	459.50
TOTAL	432,781.95	316,016.05	41,231.03
ASSETS			
1 Investments			
1.1 Listed Securities:			
1.1.1 Equity Shares	419,619.56	301,083.88	40,296.20
1.1.2 Preference Shares	—	—	—
1.1.3 Equity Linked Debentures	—	—	—
1.1.4 Other Debentures & Bonds	—	—	—
1.1.5 Securitised Debt Securities	—	—	—
1.2 Securities Awaited Listing:			
1.2.1 Equity Shares	—	—	—
1.2.2 Preference Shares	—	—	—
1.2.3 Equity Linked Debentures	—	—	—
1.2.4 Other Debentures & Bonds	—	—	—
1.2.5 Securitised Debt Securities	—	—	—
1.3 Unlisted Securities:			
1.3.1 Equity Shares	—	—	—
1.3.2 Preference Shares	—	—	—
1.3.3 Equity Linked Debentures	—	—	—
1.3.4 Other Debentures & Bonds	—	—	—
1.3.5 Securitised Debt Securities	—	—	—
1.4 Government Securities	—	—	—
1.5 Treasury Bills	—	—	—
1.6 Commercial Paper	—	—	—
1.7 Certificate of Deposits	—	—	—
1.8 Bill Rediscounting	—	—	—
1.9 Units of Domestic Mutual Fund	—	—	—
1.10 Foreign Securities	—	—	—
Total Investments	419,619.56	301,083.88	40,296.20
2 Deposits	324.14	75.08	9.78
3 Other Current Assets			
3.1 Cash & Bank Balance	971.68	893.18	162.19
3.2 CBLO/TREPS/Reverse Repo Lending	8,705.29	12,275.81	603.17
3.3 Others	3,161.28	1,688.10	159.70
4 Deferred Revenue Expenditure (to the extent not written off)	—	—	—
TOTAL	432,781.95	316,016.05	41,231.03

Notes to Accounts - Annexure I

Abridged Revenue Account for the year ended March 31, 2024

Rs. in Lakhs

		Current Year ended March 31, 2024	Previous Year ended March 31, 2023
1	INCOME		
1.1	Dividend	4,793.28	1,227.58
1.2	Interest	410.29	277.60
1.3	Realised Gain/(Loss) on Foreign Exchange Transactions	—	—
1.4	Realised Gains/(Losses) on Interscheme Sale of Investments	—	—
1.5	Realised Gains/(Losses) on External Sale/Redemption of Investments	39,166.95	3,813.87
1.6	Realised Gains/(Losses) on Derivative Transactions	—	—
1.7	Other Income	19.98	8.57
	(A)	44,390.50	5,327.63
2	EXPENSES		
2.1	Management Fees	3,419.32	1,389.15
2.2	GST on Management Fees	615.52	250.05
2.3	Transfer Agents Fees and Expenses	254.18	100.64
2.4	Custodian Fees	4.35	1.34
2.5	Trusteeship Fees	2.94	2.24
2.6	Commission to Agents	2,426.41	1,025.84
2.7	Marketing & Distribution Expenses	0.44	2.55
2.8	Audit Fees	5.43	1.62
2.9	Investor Education Expenses	73.05	27.31
2.10	Interest on Borrowing	—	—
2.11	Brokerage & Transaction Costs	659.12	195.16
2.12	Other Operating Expenses	56.42	29.86
	(B)	7,517.18	3,025.74
3	NET REALISED GAINS/(LOSSES) FOR THE YEAR	(C = A - B)	36,873.33
4	Change in Unrealised Depreciation in Value of Investments	(D)	—
5	NET GAINS/(LOSSES) FOR THE YEAR	(E = C + D)	36,873.33
6	Change in Unrealised Appreciation in Value of Investments	(F)	94,944.90
7	NET SURPLUS/(DEFICIT) FOR THE YEAR	(G = E + F)	(10,922.97)
7.1	Add : Balance Transfer from Unrealised Appreciation Reserve	—	10,977.64
7.2	Less : Balance Transfer to Unrealised Appreciation Reserve	94,944.90	—
7.3	Add/(Less) : Equalisation	(10,284.32)	204,331.39
7.4	Transfer from Reserve Fund	231,019.29	28,568.73
7.5	Transfer from Unit Premium Reserve	—	—
8	Total	257,608.30	235,256.68
9	Dividend Appropriation		
9.1	Income Distributed during the Year	(4,958.89)	(4,237.40)
9.2	Tax on Income Distributed during the Year	—	—
10	Retained Surplus/(Deficit) Carried Forward to Balance Sheet	252,649.40	231,019.29

Notes to Accounts - Annexure I

Key Statistics for the year ended March 31, 2024

	Current Year ended March 31, 2024	Previous Year ended March 31, 2023
1. NAV per unit (Rs.):		
Open		
Regular Plan - Growth Option	127.6268	130.8263
Regular Plan - IDCW Option	31.3552	35.2261
Direct Plan - Growth Option	139.8839	141.8287
Direct Plan - IDCW Option	30.4877	31.5367
High		
Regular Plan - Growth Option	186.1470	135.0689
Regular Plan - IDCW Option	45.3006	36.3685
Direct Plan - Growth Option	205.5216	146.4510
Direct Plan - IDCW Option	44.7935	32.5642
Low		
Regular Plan - Growth Option	128.1573	109.8992
Regular Plan - IDCW Option	31.4855	29.5913
Direct Plan - Growth Option	140.4745	119.4530
Direct Plan - IDCW Option	30.6164	26.5570
End		
Regular Plan - Growth Option	183.2674	127.6268
Regular Plan - IDCW Option	41.2994	31.3552
Direct Plan - Growth Option	202.3736	139.8839
Direct Plan - IDCW Option	44.1074	30.4877
2. Closing Assets Under Management (Rs. in Lakhs)		
End	424,542	311,605
Average (AAuM) ¹	365,242	136,520
3. Gross income as % of AAuM ²	12.15%	3.90%
4. Expense Ratio:		
a. Total Expense as % of AAuM (Including GST on Management fees) (planwise)		
Regular Plan	1.93%	2.14%
Direct Plan	1.19%	1.16%
b. Management Fee as % of AAuM (planwise)		
Regular Plan	0.94%	1.03%
Direct Plan	0.92%	0.88%
5. Net Income as a percentage of AAuM ³	10.10%	1.69%
6. Portfolio turnover ratio ⁴	0.43	0.27
7. Total IDCW per unit distributed during the year (planwise)		
Retail		
Regular Plan - IDCW Option	3.75	3.00
Direct Plan - IDCW Option	–	0.60

Key Statistics For the year ended March 31, 2024 (Contd...)

	Current Year ended March 31, 2024	Previous Year ended March 31, 2023
Corporate		
Regular Plan - IDCW Option	3.75	3.00
Direct Plan - IDCW Option	–	0.60
8. Returns (%):		
a. Last One Year		
Scheme		
Regular Plan - Growth Option	43.87%	1.98%
Direct Plan - Growth Option	44.98%	2.97%
Benchmark		
Nifty 500 TRI	40.75%	(1.22%)
b. Since Inception		
Scheme		
Regular Plan - Growth Option	16.71%	15.44%
Direct Plan - Growth Option	15.30%	12.77%
Benchmark		
Nifty 500 TRI	15.42%	14.24%

- 1. AAuM = Average daily net assets.
- 2. Gross income = amount against (A) in the Revenue Account i.e. Income.
- 3. Net income = amount against (C) in the Revenue Account i.e. Net Realised Gains/(Losses) for the year.
- 4. Portfolio Turnover = Lower of sales or purchase divided by the Average AuM for the year.

Note: Returns have been calculated as on last business day of the month i.e. March 28, 2024 due to non-availability of benchmark indices as of March 31, 2024.

Notes to Accounts – Annexure I

To the Abridged Balance Sheet and Revenue Account for the year ended March 31, 2024

1 Investments:

- 1.1. It is confirmed that investments of the Schemes are registered in the name of the Trustees for the benefit of the Scheme's unitholders.
- 1.2. Open Positions of derivatives as on year ended March 31, 2024 and March 31, 2023 are NIL
- 1.3. Investment in Associates and Group Companies as at the year ended March 31, 2024 and March 31, 2023 are NIL.
- 1.4. Open positions of Securities Borrowed and/or Lent by the scheme as on the year ended March 31, 2024 and March 31, 2023 are NIL.
- 1.5. Investment in Below investment grade and default/Securities in default beyond its maturity date as on March 31, 2024 and March 31, 2023 are NIL.
- 1.6. Aggregate Unrealised Gain/Loss as at the end of the Financial year March 31, 2024 and March 31, 2023 and percentage to net assets are as under:

(Rs. In Lakhs)

Security Category	Amount	Percentage to Net Assets	Amount	Percentage to Net Assets
	As at March 31, 2024		As at March 31, 2023	
Equity Shares				
- Appreciation	103,240.51	24.32	17,584.32	5.64
- Depreciation	4,151.50	0.98	13,440.21	4.31

- 1.7. The aggregate value of investment securities (excluding TREPS and Reverse Repos) purchased and sold (including matured) during the financial year 2023-24 (excluding accretion of discount) is Rs. 158,067.82 lakhs and Rs. 173,643.99 lakhs respectively being 43.28% and 47.54% of the average net assets.

The aggregate value of investment securities (excluding TREPS and Reverse Repos) purchased and sold (including matured) during the financial year 2022-23 (excluding accretion of discount) is Rs. 36,741.63 lakhs and Rs. 55,115.27 lakhs respectively being 26.91% and 40.37% of the average net assets.

- 1.8. Non-Traded securities in the portfolio of the scheme as on the year ended March 31, 2024 and March 31, 2023 are NIL

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

During the year 2023-24, The Hongkong and Shanghai Banking Corporation Limited, an associate entity of HSBC Asset Management (India) Private Limited was paid collection/bank charges amounting to Rs. Nil.

During the year 2022-23, The Hongkong and Shanghai Banking Corporation Limited, an associate entity of HSBC Asset Management (India) Private Limited was paid collection/bank charges amounting to Rs. Nil.

Commission paid to Sponsor/AMC and its associates/related parties/group companies

Name of Sponsor/ AMC and its associates/related parties/group companies	Nature of Association / Nature of Relation	Period Covered	Business Given [Rs. In lakhs]	% of Total Business received by the Fund	Commission paid [Rs. In Lakhs]	% of Total commission paid by the Fund
The Hongkong and Shanghai Banking Corporation Limited	Group Company	2023-2024	1,512.47	5.37	202.61	8.32
The Hongkong and Shanghai Banking Corporation Limited	Group Company	2022-2023	11,752.07	3.72	175.51	8.88

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

To the Abridged Balance Sheet and Revenue Account for the year ended March 31, 2024

Brokerage paid to Sponsor/AMC and its associates/related parties/group companies

Name of Sponsor/AMC and its associates/related parties/group companies	Nature of Association /Nature of relation	Period Covered	Value of Transactions [Rs. In lakhs]	% of total value of transactions of the fund	Brokerage paid [Rs. In lakhs]	% of total brokerage paid by the fund
HSBC Securities and Capital Market (India) Private Limited	Sponsor	2023-2024	13,255.76	4.03	15.92	4.82
HSBC Securities and Capital Market (India) Private Limited	Sponsor	2022-2023	3,004.91	3.29	3.61	3.69

- 3 None of the Investors held more than 25% of the total net assets of the scheme at the year ended March 31, 2024 and March 31, 2023.
- 4 Unit Capital movement during the year ended March 31, 2024, March 31, 2023 and March 31, 2022:

Description	2023-2024				
	Opening Units	Subscription	Redemption	Closing Units	Face Value per unit (Rupees)
Regular Plan - Growth Option	191,616,203.365	14,098,786.076	21,590,081.178	184,124,908.263	10
Regular Plan - IDCW Option	145,013,208.488	7,301,883.951	17,680,051.667	134,635,040.772	10
Direct Plan - Growth Option**	14,292,376.409	1,564,193.809	1,278,437.437	14,578,132.781	10
Direct Plan - IDCW Option	4,904,382.293	284,443.356	664,324.063	4,524,501.586	10

Description	2022-2023				
	Opening Units	Subscription	Redemption	Closing Units	Face Value per unit (Rupees)
Regular Plan - Growth Option	23,341,494.674	180,831,473.608	12,556,764.917	191,616,203.365	10
Regular Plan - IDCW Option	23,491,887.904	131,384,528.163	9,863,207.579	145,013,208.488	10
Direct Plan - Growth Option**	1,329,226.332	13,816,591.398	853,441.321	14,292,376.409	10
Direct Plan - IDCW Option	235,163.522	4,917,977.442	248,758.671	4,904,382.293	10

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

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

To the Abridged Balance Sheet and Revenue Account for the year ended March 31, 2024

** Units held by the AMC (Seed Capital) in Direct Plan Growth Option as on March 31, 2024 is 334,381.09 & as on March 31, 2023 is 334,381.09 & as on March 31, 2022 is 76,942.845.

- 5 Previous year's/period figures have been re-grouped/re-arranged where necessary.
- 6 There are no contingent liabilities and other commitments as on March 31, 2024 and March 31, 2023. Contingent asset is neither recognized nor disclosed in the financial statements.
- 7 Expenses other than Management Fees are Inclusive of GST where applicable.
- 8 Other income of Rs. 19.98 lakhs represents Exit load credited to the scheme (2023: Rs. 8.57 lakhs represents Exit load credited to the scheme).

9 Investor Education Awareness

As mandated by SEBI vide circular no. CIR/IMD/DF/21/2012 dated September 13, 2012 an annual charge of 0.02 percent of daily net assets, being a part of total recurring expenses is set aside for Investor Education and Awareness (IEA). In view of the AMFI Best Practices Guidelines Circular No. 56/2015-16, the IEF (Investor Education Fund) accrual is set aside in a separate bank account and the consolidated balance across all schemes as on March 31, 2024.

Pursuant to SEBI circular dated May 23, 2022, w.e.f. July 1, 2022, the limit of 0.02% p.a. has been reduced to 0.01% p.a. in case of ETFs/Index Funds. Furthermore, Fund of Funds (FoFs) investing more than 80% of its NAV in the underlying domestic funds have discontinued setting aside 0.02% p.a. of daily net assets towards IEA.

The break-up of which is as under:

	March 31, 2024	March 31, 2023
Particulars	Amount (Rs. In Lakhs)	Amount (Rs. In Lakhs)
Opening Balance as on April 01, 2023	997.09	460.22
Add: Accrual during FY 2023-24	1,962.01	1,432.00
Less: Transferred to AMFI *	889.11	646.75
Less: Payable to AMFI (March 2024 accrual) *	91.90	69.25
Add: Investment Income FY 2023-24	77.08	166.42
Less: Spent during FY 2023-24	1,877.44	345.55
Closing Balance as on March 31, 2024	177.73	997.09

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

The IEA disclosure's are presented for surviving schemes only.

- 10 Pursuant to SEBI Circular No. SEBI/HO/IMD/DF3/CIR/P/2020/194 dated October 05, 2020, the nomenclature of 'Dividend Option' under all the schemes of HSBC Mutual Fund has been revised to 'Income Distribution cum Capital Withdrawal Option' (IDCW), with effect from April 1, 2021.
- 11 Securities, excluding debt securities, where the non-traded investments which have been valued "in good faith" exceed 5% of the net assets at the end of the year is NIL.
- 12 Debt securities which have been valued at a price other than the price given by the independent valuation agencies at the end of the year is NIL.

13 Disclosure of Risk-o-meter

Scheme Name	Risk-o-meter level at end of the financial year i.e. March 31, 2024	Risk-o-meter level as on March 31, 2023	Number of changes in Risk-o-meter during the financial year (March 2023 to March 2024)
HSBC Flexi Cap Fund	Very High	Very High	0

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

To the Abridged Balance Sheet and Revenue Account for the year ended March 31, 2024

- 14 Subsequent to receipt of SEBI's no objection to acquisition of 100% equity shares of L&T Investment Management Limited ("LTIM", Investment Manager of L&T Mutual Fund) and the amendments proposed to the trust deed of the HSBC Mutual Fund as required under the SEBI (Mutual Funds) Regulations, 1996, the schemes of L&T Mutual Fund (LTMF) were transferred to/ merged with the schemes of HSBC Mutual Fund on and from the close of business hours of November 25, 2022, and the HSBC AMC and HSBC Trustees assumed the responsibilities of the schemes of LTMF w.e.f. close of business hours of November 25, 2022.
- 15 During the year, HSBC Securities and Capital Markets (India) Private Limited ("HSCI"), Sponsors of HSBC Mutual Fund established a private limited company with limited liability to act as the "Trustee" of HSBC Mutual Fund. HSBC Trustees (India) Private Limited ("HTIP") was incorporated on 9 January 2024. Accordingly, HTIP has replaced the Board of Trustees of HSBC Mutual Fund w.e.f. 1 March 2024, and the Company through its Board of Directors has been discharging its obligations as the "Trustees" of the Fund from this date.
- 16 The Annual Accounts of the Schemes, prepared in accordance with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the "Act") read with the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time and clause 17.14 of SEBI Master Circular for Mutual Funds dated June 27, 2024, has been approved by the Board of Directors of HSBC Asset Management (India) Private Limited and HSBC Trustees (India) Private Limited at their meetings held on July 8, 2024 and July 19, 2024 respectively. The audit report attached herewith refers to the said Annual Accounts. The aforesaid abridged accounts are an extract of the Annual Accounts and are prepared in accordance with clause 5.4 and format no. 3.B under the section of formats of SEBI Master Circular for Mutual Funds dated June 27, 2024 and other relevant circulars issued by the Securities and Exchange Board of India from time to time.

Voting Policy and Procedures

In view of para 6.16 of SEBI Master Circular on Mutual Funds dated June 27, 2024 related to “Role of Mutual Funds in Corporate Governance of Public Listed Companies”, HSBC AMC has formulated its “Policy for Proxy Voting in Public Listed Companies”. The said policy is available on our website and the details of actual exercise of proxy votes, the summary of votes casted and the auditor’s certificate is forming part of our full Annual Report for the Financial Year 2023 – 24 which has been uploaded on our website at <http://www.assetmanagement.hsbc.co.in>

Statutory Details & Disclaimers

All the returns have been sourced from Mutual Funds India Explorer software. The performance of the schemes and the benchmark is calculated on a total return basis. This document has been prepared by HSBC Asset Management (India) Private Limited (HSBC) for information purposes only with an intent to provide market overview and should not be construed as an offer or solicitation of an offer for purchase of any of the funds of HSBC Mutual Fund. All information contained in this document (including that sourced from third parties), is obtained from sources, which HSBC/third party, believes to be reliable but which it has not been independently verified by HSBC/the third party. Further, HSBC/the third party makes no guarantee, representation or warranty and accepts no responsibility or liability as to the accuracy or completeness of such information. The information and opinions contained within the document are based upon publicly available information and rates of taxation applicable at the time of publication, which are subject to change from time to time.

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For disclosure of quarterly AUM/AAUM and AUM by geography, please visit our website at www.assetmanagement.hsbc.co.in. Investors are requested to note that as per SEBI (Mutual Funds) Regulations, 1996 and guidelines issued thereunder, HSBC AMC, its employees and/ or empaneled distributors/agents are forbidden from guaranteeing/promising/assuring/predicting any returns or future performances of the schemes of HSBC Mutual Fund. Hence, please do not rely upon any such statements/commitments. If you come across any such practices, please register a complaint via email at investor.line@mutualfunds.hsbc.co.in

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

Important Updates

Name and Date of Birth as per PAN card - Effective from June 1, 2024

As per recent regulatory requirement and changes advised by Income Tax Department in PAN validation process, now it is mandated to quote your Name(s) and DOB as per PAN card. To avoid any failure in such validations, we request investors to quote the Name(s) and DOB's of all the holders including Guardian, Power of Attorney (POA) holders as per PAN card.

Useful Links for self service options

- **Use our 24 x 7 Chatbot - "ASKME" for any queries or service request:**
visit: <https://invest.assetmanagement.hsbc.co.in>

SMS your request to HSBC Mutual Fund

- **Latest NAV :** Send SMS as HSBCMF NAV <Scheme Code> to 56767
Example: HSBCMF NAV F03
- **Valuation Service on registered mobile No. :** Send SMS as HSBCMF VAL <folio_number> to 56767
Example: HSBCMF VAL 123456
- **Annual Report :**
For Electronic Copy: Send SMS as HSBCMFARE <folio_number> to 567678080
Example: HSBCMF ARE 123456
For Physical Copy: Send SMS as HSBCMFARP <folio_number> to 567678080
Example: HSBCMF ARP 123456
- **Half Yearly Portfolio :**
For Electronic Copy: Send SMS as HSBCMFHPE <folio_number> to 567678080
Example: HSBCMF HPE 123456
For Physical Copy: Send SMS as HSBCMFHPP <folio_number> to 567678080
Example: HSBCMF HPP 123456

Missed Call Service

- You can give a missed call to 9212900020 to get the total valuation via SMS and a statement on your registered email ID

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Computer Age Management Services Private Limited (CAMS)

Unit: HSBC Mutual Fund

New No. 10, M.G.R Salai, Nungambakkam, Chennai - 600034.

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

HSBC Asset Management (India) Private Limited

CIN NO: U74140MH2001PTC134220

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

Website : www.assetmanagement.hsbc.co.in

Description	Toll Free Number	Email ID
Investor related queries	1800-4190-200/1800-200-2434	investor.line@mutualfunds.hsbc.co.in
Online related queries	1800-4190-200/1800-200-2434	onlinemf@mutualfunds.hsbc.co.in
Investor (Dialing from abroad)	+91 44 39923900	investor.line@mutualfunds.hsbc.co.in

To get your updated account statement email us at : ["mfsoa@mutualfunds.hsbc.co.in"](mailto:mfsoa@mutualfunds.hsbc.co.in)

We're always here to help you, so feel free to reach out to us

Self-service request at your Fingertips

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Remember, you can also find out more via our social media handles !



Please check our website www.assetmanagement.hsbc.co.in for an updated list of Official Points of Acceptance of HSBC Mutual Fund.

CAMS SERVICE CENTRES / CAMS LIMITED TRANSACTION POINTS / CAMS COLLECTION CENTRES

For details on CAMS Service Centres, please visit www.camsonline.com



HSBC Focused Fund **(Erstwhile HSBC Focused Equity Fund)**

Focused Fund – An open ended equity scheme investing in maximum 30 stocks across market caps (i.e. Multi-Cap).

Abridged Annual Report 2023 - 2024



HSBC Mutual Fund

SPONSOR

HSBC Securities and Capital Markets (India) Private Limited

CIN – U67120MH1994PTC081575

Regd. Office: 52/60, Mahatma Gandhi Road, Fort, Mumbai 400001.

TRUSTEE COMPANY

HSBC Trustees (India) Private Limited

CIN – U66190MH2024PTC416973

Regd. Office: 52/60, Mahatma Gandhi Road, Fort, Mumbai 400001.

ASSET MANAGEMENT COMPANY

HSBC Asset Management (India) Private Limited

CIN – U74140MH2001PTC134220

Regd. Office: 9-11 Floors, NESCO IT Park, Building No. 3,
Western Express Highway, Goregaon (East), Mumbai 400063.

CUSTODIAN

Citibank N.A.

First International Financial Center (FIFC), 9th Floor,
C-54 & 55, G – Block, Bandra Kurla Complex, Bandra (East), Mumbai 400051.

AUDITORS TO THE SCHEME

MSKA & Associates

Chartered Accountants

602, Floor 6, Raheja Titanium, Western Express Highway,
Geetanjali Railway Colony, Ram Nagar, Goregaon (East), Mumbai 400063.

REGISTRAR & TRANSFER AGENTS

Computer Age Management Services Limited (CAMS)

Unit: HSBC Mutual Fund

New No. 10, M.G.R Salai, Nungambakkam, Chennai 600034.

BOARD OF TRUSTEES

Ms. Jasmine Batliwalla

– Chairperson

Mr. Nani Javeri

– Trustee

Mr. David Rasquinha

– Trustee

Mr. Nicolas Moreau

– Trustee

BOARD OF DIRECTORS

Dr. Indu Shahani

– Director

Mr. Kapil Seth

– Director

Ms. Roopa Varma

– Director

Mr. Kailash Kulkarni

– Director & Chief Executive Officer

Dear Investor,

As we reflect on the past year, I am filled with pride and optimism about the future of our company and overall growth of the mutual fund industry. The past year has marked significant milestones in our journey, particularly as we capitalise on the immense potential of India's burgeoning growth story.

Fiscal 2024 turned out to be one of the best years for the domestic mutual fund industry as assets under management (AUM) spurted by nearly Rs. 14 lakh crore to a record Rs. 53.40 lakh crore as of March 2024 compared with Rs. 39.42 lakh crore as of March 2023.

The mutual fund industry is experiencing immense growth and we are poised to take advantage of this upward trajectory. Our company is an integral part of this growth story, riding the wave with several strategic initiatives and accomplishments that have set us on a path of sustained success.



Major achievements post integration

- Post integration we have enhanced our digital offering for both B2B and B2C to provide improved customer journeys.
- HSBC AM India's AUM increased from USD 1.4 bn (before integration) to USD 13.7 bn as of April 2024.
- HSBC Asset Management India has now become the 14th largest asset manager in India in terms of AUM.
- HSBC AM India has launched 4 new products since integration (raising \$445M).
- We have expanded HSBC AM India's product offerings to 43 funds.

Key Achievements in FY2023-2024

Investment Performance: Our disciplined investment strategy and thorough research have been pivotal to our success. We have focused on high-quality, undervalued assets, achieving consistent returns across our portfolio.

Product Innovation: This year, we launched two new funds - HSBC Multi Asset Allocation Fund and HSBC Consumption Fund, tailored to meet the evolving needs of our investors. These new offerings have been well-received, contributing to our growth in AUM significantly.

Increased Media Presence: In FY24, we significantly boosted our media presence, ensuring that our brand and thought leadership are recognized across various platforms. Through strategic media engagements like Informed Investing with ET Now, talks shows and several authored articles plus interviews - we have amplified our message, reaching a broader audience and reinforcing our market position.

Successful Campaign Launch: We successfully launched SIP Hai #FaydeWaliAadat, an investor education campaign, that highlighted the transformative power of SIPs in achieving long-term financial

goals. A first of its kind campaign, it aimed at educating and empowering the millennial investors in India. The campaign garnered significant attention and positive feedback, strengthening our brand presence and engaging a wider audience. Notably, the campaign has also earned us prestigious awards and accolades highlighting our commitment to excellence and innovation.

Client Relationships: We have strengthened our client relationships through enhanced communication, transparency, and personalized service. Our client satisfaction scores have reached new heights, reflecting our commitment to exceptional service.

We believe that the India story has just begun and its economic landscape is poised for significant growth. An exposure to unique and future relevant themes can provide a much-needed inflation buffer. The importance of asset allocation continues to be critical. It is critical for all of us to review our risk appetite and goal proximity and construct a portfolio appropriately.

Besides construction, portfolio rebalancing is equally important in order to achieve optimal outcomes. I do hope you share my enthusiasm and I ask that you continue to invest whilst reviewing your asset allocation at all times.

I would like to express my sincere gratitude to our dedicated team, whose expertise and commitment are the backbone of our success. To our investors, thank you for your trust and continued support. Your confidence in our approach motivates us to strive for excellence in everything we do. Also, I want to express my deepest gratitude to our valuable partners for their unwavering support and keep our services running. Look forward to achieving even grater milestones together.

As we move forward, we remain committed to delivering superior investment performance, fostering strong client relationships, and driving sustainable growth. Together, we are well-positioned to navigate the future and achieve our goals.

Warm regards,

A handwritten signature in black ink, appearing to read 'Kailash Kulkarni', with a horizontal line underneath.

Kailash Kulkarni

Chief Executive Officer

HSBC Asset Management India

Trustees' Report

For the year ended March 31, 2024

The Board of Directors of HSBC Trustees (India) Private Limited, Trustees of HSBC Mutual Fund present the Twenty Second Annual Report and the audited abridged financial statements of the schemes of the HSBC Mutual Fund ('the Fund') for the year ended March 31, 2024.

With the acquisition of L&T Mutual Fund in the previous financial year, the Fund's Assets Under Management ('AUM') (excluding Domestic FOFs) as on March 31, 2024 was INR 109368.16 crores (audited). The Fund ranks in the top 15 Mutual Fund houses in India in terms of AUM.

As at March 31, 2024, the Fund offered 43 schemes across asset classes to meet the varying investment needs of the investors. During the year, the Fund launched two new products namely HSBC Consumption Fund and HSBC Multi Asset Allocation Fund in Equity and Hybrid categories.

The Fund continues its focus on delivering consistent long-term returns. The comments on the performance of the scheme(s) are provided hereinafter. Dividends were declared under various schemes as per the provisions contained in the respective Scheme Information Documents after considering the distributable surplus available under the respective plans of the schemes. Details of dividends declared can be viewed on our website at www.assetmanagement.hsbc.co.in.

During the year, HSBC Securities and Capital Markets (India) Private Limited ("HSCI"), Sponsors of the Fund established a private limited company with limited liability to act as the "Trustees" of the Fund. HSBC Trustees (India) Private Limited ("HTIP") was incorporated on 9 January 2024. Accordingly, HTIP has replaced the Board of Trustees of HSBC Mutual Fund w.e.f. 1 March 2024, and the Company through its Board of Directors has been discharging its obligations as the "Trustees" of the Fund from this date.

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

a. Operations and Performance of the Scheme

➤ Equity Schemes

HSBC Focused Fund ('HFF')

(Focused Fund – An open-ended equity scheme investing in maximum 30 stocks across market caps)

The investment objective of the scheme is to seek long term capital growth through investments in a concentrated portfolio of equity & equity related instruments of up to 30 companies across market capitalization. However, there is no assurance that the investment objective of the Scheme will be achieved.

The net assets of HFF amounted to INR 1569.67 crores as at March 31, 2024 as against INR 1314.09 crores as at March 31, 2023. Around 97.74% of the net assets were invested in equities, 2.33% of the net assets were invested in reverse repos/TREPS and (0.07%) in net current assets as at March 31, 2024.

The aim of the scheme is to seek growth and provide long-term capital growth from an actively managed portfolio comprising of upto 30 companies across market capitalization. HFF aims to predominantly invest in equity and equity related securities. HFF will endeavor to achieve this by maintaining a minimum of 65% allocation to equity and equity related securities. Investment could also be made towards fixed income securities including money market instruments.

HFF has performed in line with its benchmark over 1-year but has underperformed its benchmark over 3-year period and since inception (3.5 years). Over 1 year, the fund's outperformance came by virtue of overweight in sectors like Real Estate and Industrials, whereas underweight stance in Utilities and Consumer Discretionary were detractors. Stock wise, positive contributions came from MCX, Tata Tech, Zensar, and ONGC, whereas SBI, RHI Magnesita, and HDFC Bank were detractors.

On the portfolio construction front, HFF continues to run a high conviction portfolio, with a cyclical tilt to be well positioned for the earnings growth and macro recovery cycle holding a medium to long term view. The fund managers remain focused on the fundamentals of the companies and their earnings growth trajectory and prefer dominant businesses with scalability and available at reasonable valuations. Portfolio construction is through bottom-up stock selection and there is an emphasis on companies delivering earnings surprises.

Trustees’ Report (Contd...)
For the year ended March 31, 2024

As on 31st March 2024, the portfolio was overweight on Industrials, Healthcare, Real Estate, Financials, and Energy. The portfolio was underweight on Consumer Staples, Materials, Utilities, Communication Services, and Consumer Discretionary and equal weight in Technology sector.

HSBC Focused Fund					Date of Inception : 22 July, 2020			
Fund / Benchmark (Value of ₹ 10,000 invested)	1 Year		3 Years		5 Years		Since Inception	
	Amount (₹)	Returns (%)	Amount (₹)	Returns (%)	Amount (₹)	Returns (%)	Amount (₹)	Returns (%)
HSBC Focused Fund	14023	40.49	15586	15.97	NA	NA	20482	21.48
Scheme Benchmark (Nifty 500 TRI)	14049	40.75	16970	19.32	NA	NA	23241	25.72
Additional Benchmark (Nifty 50 TRI)	13008	30.27	15736	16.35	NA	NA	20905	22.15

Past performance may or may not be sustained in future. Returns have been calculated for the respective periods for Growth Option of Regular Plan as on last business day of the month i.e. March 28, 2024 due to non-availability of benchmark indices as of March 31, 2024. Returns on ₹ 10,000 are point-to-point returns for the specific time period, invested at the start of the period. Returns for 1 year and above are Compounded Annualized. Different plans shall have a different expense structure. Performance of the respective benchmark is calculated as per the Total Return Index (TRI).

Please Note: NA means not available.

Risk-o-meter as of 31st March, 2024:

Scheme Name	Scheme Risk-o-meter	Benchmark Risk-o-meter
HSBC Focused Fund	 Investors understand that their principal will be at Very High risk	Benchmark Index: Nifty 500 TRI 

Please note that the above risk-o-meter is as per the product labelling of the Scheme basis Scheme's monthly portfolio as on March 31, 2024.

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

➤ EQUITY OUTLOOK

Recap of FY 2023-24:

FY24 was a stellar year for the Indian equity markets with strong economic momentum, healthy earnings growth and strong inflows from domestic and foreign institutional investors and strong retail participation driving a broad-based bull market. The Nifty and Sensex were up a solid 30.1%/26.5% respectively during the year, while the BSE Midcap and BSE Smallcap indices gained an astounding 65.2% and 61.4% respectively.

While geo-political conflicts continued in FY24, their impact on crude and global supply chains moderated. Crude prices largely remained range bound during the year. Inflation barring a brief spike largely remained well contained, the economy gained further steam with GDP growth crossing 8% in H1FY24 supported by government thrust on infrastructure. This translated into strong growth for several core sector industries including steel and cement. The growth in the real estate sector has been strong with inventory continuing

Trustees' Report (Contd...)

For the year ended March 31, 2024

to decline in metro markets. However, lagged impact of price increases continued to impinge on consumer demand growth which remained subdued for most mass market categories.

Domestic cyclicals were the best performing sectors during the year led by Real Estate, Capital Goods, Autos. Power was also among the best performing sectors. Global cyclicals like Metals and Oil & Gas also strongly outperformed the Nifty. FMCG and Banking while delivering healthy positive returns underperformed the Nifty, while IT performance was closer to Nifty.

MSCI India index outperformed most of key global indices during the past fiscal. MSCI India index (USD) gained 35.5% as compared to 23.1% gain for MSCI World, 27.9% for US S&P 500, 11.0% for MSCI Europe and only 5.3% for MSCI Emerging Markets as MSCI China declined 19.0% over the period.

Strong performance of the market and subsiding global macro headwinds drove a sharp turnaround in foreign investment flows. FII net inflow was at USD 25.3bn in FY24 versus an outflow of USD 6.0bn/ 17.1bn in FY23/ FY22. DIIs, on the other hand, matched FII inflow with an inflow of USD 25.3bn although it was lower than the net inflows at USD 30.8bn in FY23. Within DIIs, the MF segment was the key contributor (USD 24.3 bn of net inflows up from USD 21.8bn in FY23) while domestic Insurers were also in the net inflow territory (USD 1.0bn of net inflows vs USD 9.0bn in FY23).

Source: Motilal Oswal

Indices Returns (April 01, 2023 to March 31, 2024)	1 Year [^]
S&P BSE Sensex TR	26.5%
NSE CNX Nifty TR	30.1%
S&P BSE 100 TR	34.2%
S&P BSE 200 TR	38.5%
S&P BSE 500 TR	40.2%
S&P BSE Midcap TR	65.2%
S&P BSE Small-cap TR	61.4%

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

Way forward:

The global macro environment remains challenging with heightened geo-political and economic uncertainties. US bond yields remain high putting pressure on interest rates and currencies globally. For India, growth has continued to remain strong with GDP growth of 8.4% in Q3FY24 driven by strong government spending on infrastructure and pickup in manufacturing and construction. The 2024 interim budget has re-affirmed government focus on infrastructure. At the same time reduction in fiscal deficit should also help in easing of domestic interest rates. However, after last year's patchy monsoon, a good monsoon will be an important factor for rural demand and overall consumption growth in the economy in FY25.

India starts FY25 on a strong footing with positive growth momentum and India's investment cycle is expected to be on a medium-term uptrend supported by rising government investment in infrastructure and recovery in real estate cycle. There is also an expectation of higher private investments in renewable energy and related supply chain, localization of higher-end technology components, and India becoming a more meaningful part of global supply chains. Finally, it is expected for consumption to improve as the impact of high inflation fades and real incomes start to grow again.

However, several of these positives are getting discounted by the high valuations currently prevailing in the equity market. While the fund managers remain constructive on Indian equities supported by the more robust medium-term growth outlook there is a caution against high return expectations. Nifty continues to trade on 20.6x consensus 1 year forward PE (as of 30 April). On a 10-year basis, Nifty is still trading 10% above its historic average valuation but is in-line with its 5-year average. Valuations of the midcap and small cap indices are even higher versus their historical average.

Trustees' Report (Contd...)

For the year ended March 31, 2024

➤ DEBT OUTLOOK

Market drivers during the course of the year FY 2024

The year started with advanced economies continuing to grapple with higher inflation and policy tightening remained a common theme across economies. During FY2024, the Federal Open Market Committee (FOMC) raised policy rates by 50 bps while European Central Bank (ECB) and Bank of England (BOE) raised policy rates by 100 bps each. The cumulative rate hikes by various advanced economies in this cycle are as follows: Fed (525 bps), BOE (515 bps) and ECB (450 bps). Meanwhile cumulative rate hikes by the Monetary Policy Committee (MPC) in this cycle was 250 bps. On account of higher Government debt burden, Fitch downgraded US sovereign rating from AAA to AA+. US Treasury yields remained volatile during the year, with the 10-year benchmark rising higher by 73 bps during the year. Crude prices also moved higher by USD 7-8/bbl.

On the domestic front, Consumer price Index (CPI) inflation remained broadly in the upper end of the MPC's targeted band of 4% +/- 2% for most the financial year, however, inflation printed above 6% on two occasions due to high food inflation. Headline inflation remained susceptible to high food inflation with markets now expecting some relief of food prices on the back of normal monsoon. Core inflation eased through the year falling to below 4% in the last quarter.

Domestically, one of the biggest events during the year was the much-awaited index inclusion of Indian Government Bonds (IGBs) into the GBI-EM Global index suite and its relevant benchmarks. India is expected to reach the maximum weight of 10% in the GBI-EM Global Diversified Index (GBI-EM GD), with the inclusion staggered over a 10-month period starting June 2024. Following this, Bloomberg also included IGBs in their Bloomberg EM Local Currency Index, with India expected to reach a maximum weight of 10% over a 10-month period starting Jan 2025. Both these inclusions are expected to bring in INR 25-30 bn of index related FPI inflows over the next 1-2 years and paving the way for inclusion into other global bond indices as well. During FY2024, FPIs poured in close USD 12 bn into IGBs, with majority of the inflows coming in post the JP Morgan index inclusion announcement.

Government continued its path of fiscal consolidation, with the revised estimate of the Fiscal deficit for FY2024 coming in at 5.6%, with expectations for FY2025 at 5.1% and target of below 4.5% by FY2026. PMI numbers continue to remain in expansion, GST revenues remain buoyant and credit off-take upbeat.

The external sector has remained strong due to healthy service exports and remittances. Current Account Deficit (CAD) is expected to be around 1% for the year. Rupee remained one of the more stable currencies during the year, with active intervention from RBI smoothening any volatility. RBI continued to build on the FX reserves with year-end number around USD 650 bn.

Money market rates moved higher during the year due to tightening in liquidity along with higher Certificate of Deposit (CD) issuances. G-Sec yields, however, moved lower due to favorable demand supply and lower G-Sec borrowing. 10-year G-Sec moved lower during the year by 25 bps, while 5 yr G-Sec moved lower by 13 bps.

Market Outlook

While US markets have braced for "higher for longer" rates, we have seen in the past, that reactions to favorable data in such an environment can be sharp. Any softness in growth, employment or inflation data over the next few months will allow the markets to quickly start pricing in aggressive future policy easing. In our view, the RBI is also likely to gradually shift the liquidity deficit into surplus over the course of the next 3-6 months, flipping overnight rates from the top to the bottom of the rate corridor. The yield curve is likely to steepen as liquidity eases. This along with a potential 50 bps of policy easing in first half of CY2025 may push overnight rates lower by 75-100 bps.

While any form of additional spending by the new Government to address concerns of rural sections of the country and the possibility of additional spending to fund such policies will remain a key monitorable, it is believed the Government is likely to remain cognizant of the possible impact of such policies and take measured steps. With the dust settling down on the election outcome, the broad macroeconomic factors should continue to remain stable and could support softening in domestic yields going forward.

Trustees' Report (Contd...)

For the year ended March 31, 2024

The Fund Managers continue to have a positive outlook for interest rates, based on various favorable factors: (a) Record RBI dividend to the Government, (b) reduced Fiscal deficit number of 5.6%, (c) favorable G-Sec supply demand dynamics, (d) FPI index related inflows, (e) revised outlook in India by S&P, (f) soft core inflation along with expectations of a better than normal monsoon, and finally (g) soft signals by Government and RBI on liquidity.

Source: RBI, Bloomberg, Internal HSBC Research & CCIL

2. BRIEF BACKGROUND OF THE SPONSORS, THE FUND, THE TRUSTEES AND THE ASSET MANAGEMENT COMPANY

A. Sponsor

HSBC Mutual Fund is sponsored by HSBC Securities and Capital Markets (India) Private Limited (HSCI). The Sponsor is the Settler of the Mutual Fund Trust. The Sponsor has entrusted a sum of Rs. 1,00,000/- (Rupees One Lakh only) to the Trustee as the initial contribution towards the corpus of the Mutual Fund.

HSCI offers integrated investment banking services, securities and corporate finance & advisory. HSCI is a member of the Bombay Stock Exchange Limited and National Stock Exchange (capital and derivative market segments). HSCI holds 100% of the paid-up equity share capital of HSBC Asset Management (India) Private Limited.

B. HSBC Mutual Fund

HSBC Mutual Fund ("the Mutual Fund" or "the Fund") has been constituted as a Trust in accordance with the provisions of the Indian Trusts Act, 1882 (2 of 1882) vide a Trust Deed dated February 7, 2002 (as amended) with HSBC Securities and Capital Markets (India) Private Limited, as the Sponsor and HSBC Trustees (India) Private Limited. The Trustee has entered into an Investment Management Agreement dated February 7, 2002 (as amended) with HSBC Asset Management (India) Private Limited (AMC) to function as the Investment Manager for all the schemes of the Fund. The Fund was registered with SEBI vide registration number MF/046/02/5 dated May 27, 2002.

The Trust has been formed for the purpose of pooling of capital from the public for collective investment in securities for the purpose of providing facilities for participation by persons as beneficiaries in such investments and in the profits/income arising therefrom.

C. HSBC Trustees (India) Private Limited (the Trustees)

The Trustees are the exclusive owner of the Trust Fund and holds the same in trust for the benefit of the unitholders. The Trustees have been discharging their duties and carrying out the responsibilities as provided in the SEBI (Mutual Funds) Regulations, 1996 and the Trust Deed. The Trustees seek to ensure that the Fund and the schemes floated there under are managed by the AMC in accordance with the Trust Deed, the said Regulations, directions and guidelines issued by the SEBI, the Stock Exchanges, the Association of Mutual Funds in India and other regulatory agencies.

During the year, HSBC Securities and Capital Markets (India) Private Limited ("HSCI"), Sponsors of HSBC Mutual Fund) established a private limited company with limited liability to act as the "Trustee" of HSBC Mutual Fund. HSBC Trustees (India) Private Limited ("HTIP") was incorporated on 9 January 2024. Accordingly, HTIP has replaced the Board of Trustees of HSBC Mutual Fund w.e.f. 1 March 2024, and the Company through its Board of Directors has been discharging its obligations as the "Trustees" of the Fund from this date.

As of March 31, 2024, HSCI holds 100% of the paid-up equity share capital of HTIP.

D. Asset Management Company (the AMC)

HSBC Asset Management (India) Private Limited (the Investment Manager or the AMC) is a private limited company incorporated under the Companies Act, 1956 on December 12, 2001 having its Registered Office at 9-11 Floors, NESCO IT Park, Building no. 3, Western Express Highway, Goregaon (East), Mumbai – 400 063. HSBC Asset Management (India) Private Limited has been appointed as the Asset Management Company of HSBC Mutual Fund by the Trustee vide Investment Management Agreement

Trustees’ Report (Contd...)
For the year ended March 31, 2024

(IMA) dated February 7, 2002 (as amended) and executed between the Trustees and the AMC. SEBI approved the AMC to act as the Investment Manager of the Fund vide its letter No. MFD/BC/163/2002 dated May 27, 2002. The paid-up equity share capital of the AMC is Rs. 344.41 crores. The AMC is registered as a Portfolio Manager under the SEBI (Portfolio Managers) Regulations, 1993 vide registration no. INP000001322. The AMC also offers non-binding Advisory services to offshore funds under the mutual fund license.

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

3. INVESTMENT OBJECTIVE OF THE SCHEMES

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

4. SIGNIFICANT ACCOUNTING POLICIES

The Significant Accounting Policies form part of the Notes to the Accounts annexed to the Balance Sheet of the Schemes in the Full Annual Report. The accounting policies are in accordance with Securities Exchange Board of India (Mutual Funds) Regulations, 1996 and Indian Accounting Standards (IND AS) notified under section 133 of the Companies Act, 2013 (the “Act” read with the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time.

5. UNCLAIMED DIVIDENDS & REDEMPTIONS

Summary of number of investors & corresponding amount as on March 31, 2024:

Scheme Name	Unclaimed Dividend		Unclaimed Redemption	
	No. of Investors	Amount (₹)	No. of Investors	Amount (₹)
HSBC Focused Fund	11	279,700.64	40	1,953,074.68

6. INVESTOR SERVICES

The number of official points of acceptance of transactions are 210 locations. In addition to the offices of the Registrar & Transfer Agent, the AMC has its own office in 61 locations and Investor Service Centers in 39 locations. The AMC has 2 Toll Free numbers (1800-4190-200/ 1800-200-2434) which can be dialed from anywhere in India and 1 number i.e. +91 44 39923900 (Investors calling from abroad). The call center service is being managed by the Registrar and Transfer Agents. HSBC Mutual Fund offers the online transaction facility through the AMC’s website at www.assetmanagement.hsbc.co.in.

On the distribution front, the number of empaneled distributors were 59046 as on March 31, 2024. During the year, the AMC initiated tie-ups for online distribution of the Mutual Fund’s schemes with several channel partners taking the total number of such tie-ups to 160 as on March 31, 2024.

7. DETAILS OF INVESTOR GRIEVANCE REDRESSAL

The details of the redressal of investor complaints received against HSBC Mutual Fund during April 2023 - March 2024 are as follows:

Trustees' Report (Contd...)

For the year ended March 31, 2024

2023-2024												
Complaint code	Type of Complaint	(a) No. of complaints pending at the beginning of the period	(b) No. of complaints received during the given period	Action on (a) and (b)								
				Resolved				Non Actionable*	Pending			
				Within 30 days	30-60 days	60-180 days	Beyond 180 days		0-3 months	3-6 months	6-9 months	9-12 months
I A	Non receipt of amount declared under Income Distribution cum Capital Withdrawal option	1	10	11	0	0	0	0	0	0	0	0
I B	Interest on delayed payment of amount declared under Income Distribution cum Capital Withdrawal option	0	1	1	0	0	0	0	0	0	0	0
I C	Non receipt of Redemption Proceeds	1	38	39	0	0	0	0	0	0	0	0
I D	Interest on delayed payment of Redemption	0	2	2	0	0	0	0	0	0	0	0
II A	Non receipt of Statement of Account/Unit Certificate	0	3	3	0	0	0	0	0	0	0	0
II B	Discrepancy in Statement of Account	1	22	23	0	0	0	0	0	0	0	0
II C	Data corrections in Investor details	1	250	249	0	0	0	0	2	0	0	0
II D	Non receipt of Annual Report/ Abridged Summary	0	0	0	0	0	0	0	0	0	0	0
III A	Wrong switch between Schemes	0	2	2	0	0	0	0	0	0	0	0
III B	Unauthorized switch between Schemes	0	1	1	0	0	0	0	0	0	0	0
III C	Deviation from Scheme attributes	0	1	1	0	0	0	0	0	0	0	0
III D	Wrong or excess charges/load	0	0	0	0	0	0	0	0	0	0	0
III E	Non updation of changes viz. address, PAN, bank details, nomination, etc	1	127	127	0	0	0	0	1	0	0	0
III F	Delay in allotment of Units	0	5	4	1	0	0	0	0	0	0	0
III G	Unauthorized Redemption	0	0	0	0	0	0	0	0	0	0	0
IV	Others**	1	78	76	0	0	0	0	3	0	0	0
	TOTAL	6	540	539	1	0	0	0	6	0	0	0

** As per AMFI Best Practice Guidelines Circular No.25/2011-12 for Revisions in the Guidelines on Standardization of Complaints / Grievances Reporting Procedure. If "Others" include a type of complaint which is more than 10% of overall complaints, then such a reason should be provided separately. Hence, data corrections in Investor Details are included as a separate category.

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

Summary of Complaints for FY 2023-24

Particulars	Count
Total complaints received	540
Total number of folios	21,39,406
% of complaints against the folio	0.025

Trustees' Report (Contd...)

For the year ended March 31, 2024

8. INVESTOR EDUCATION INITIATIVES

During the FY 2023-24, the AMC conducted the following investor education and awareness initiatives:

- An integrated multi-media marketing campaign on SIP Hai 'FaydeWaliAadat' aimed to tap into the aspirations, financial goals, and unique spending habits of millennials.
- Editorial content on Systematic Investment Plans (SIP) created across 15 states through various regional television channels.
- Investor education content on the Platform - Quora.
- 'Be Money Confident' video series targeting women through Jio Platforms.
- Campaign on Women & Investing for Women's Day.
- Campaign for Marathon enthusiast on the similarities between running a Marathon & Investing.
- Financial literacy virtual event on the occasion of Mother's Day, which received more than 725 registered users.
- A mom blogger outreach program to reach Women Investors with financial education content on MF on the occasion of Mother's Day.
- Education campaign on ELSS executed for working audiences.
- Blogs and content for Investor Education properties like SIP Sahi Hai in Value Research, Gyan Guroovaar on Facebook, Investment Ki Paathshala on the website and investor education blogs on the platform - Advisor Khoj.
- 1,462 Investor Education programs to reach out to an audience of 71,465 people out of which 458 were women programs attended by 20,139 women.

9. PROXY VOTING POLICY

As per para 6.16 of SEBI Master Circular on Mutual Funds dated June 27, 2024, the Fund has adopted Proxy Voting Policy and Procedures for exercising voting rights in respect of securities held by the Schemes. (please refer Proxy Voting Policy and Procedures)

The summary of the votes casted in the general meetings of the Investee companies, by the AMC for and on behalf of the Schemes of the Fund, for the financial year 2023-24 is provided below:

Quarter	Total no. of resolutions	Break-up of Vote decision		
		For	Against	Abstained
April 2023 - June 2023	387	260	75	52
July 2023 - September 2023	2,169	1607	448	114
October 2023 - December 2023	197	138	37	22
January 2024 - March 2024	319	240	50	29
TOTAL	3,072	2,245	610	217

As per para 6.16.7 of SEBI Master Circular on Mutual Funds dated June 27, 2024, the AMC has obtained certificate from M/s. M. P. Chitale & Co., Chartered Accountants, who is acting as a Scrutinizer, on the voting report for the FY 2023-24. The certificate dated May 22, 2024 issued by M/s. M. P. Chitale & Co., is available on the website of the AMC as part of the full Annual Report.

Unitholders can refer to the full Annual Report for complete details of actual exercise of votes in the general meetings of the investee companies for the financial year 2023-24 or log on to our website at www.assetmanagement.hsbc.co.in.

Trustees' Report (Contd...)

For the year ended March 31, 2024

10. STATUTORY DETAILS

- The Sponsors are not responsible or liable for any loss resulting from the operation of the Schemes of the Fund beyond initial contribution of Rs. 1 lakh for setting up the Fund.
- The price and redemption value of the units, and income from them, can go up as well as down with fluctuations in the market value of its underlying investments.
- Full Annual Report of HSBC Mutual Fund and of HSBC Asset Management (India) Private Limited (the AMC) shall be disclosed on the website at www.assetmanagement.hsbc.co.in and shall be available for inspection at the Head Office of the Mutual Fund. Present and prospective unitholders can obtain copy of the Trust Deed, the full Annual Report of the Scheme(s), the Annual Report of HSBC Asset Management (India) Private Limited and the text of the relevant Scheme(s) at a price.

11. CHANGES IN RISK-O-METER OF THE SCHEME DURING FY 2023-24

As per para 17.4. of SEBI Master Circular on Mutual Funds dated June 27, 2024 on product labelling, the changes carried out in the risk-o-meter of the schemes of HSBC Mutual Fund during FY 2023-24 have been given in the below mentioned table for the information of the unitholders, a report on the said changes has also been displayed on the website of the Fund and AMFI.

Scheme Name	Risk-o-meter level as on March 31, 2023	Risk-o-meter level as on March 31, 2024	Number of changes in Risk-o-meter during the F.Y. 2023-24)
HSBC Focused Fund	Very High	Very High	0

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

As per para 6.16.15 of SEBI Master Circular on Mutual Funds dated June 27, 2024, HSBC Mutual Fund has adapted the policy on stewardship responsibilities, the unitholders are requested to note the status of governance with the same as mentioned below:

S. No.	Particulars of Principles of Stewardship Code	Status of compliance (Complied/ Not Complied)	Description	Remarks/ reasons for deviation/non-compliance, if any
1	Principle 1: Institutional Investors should formulate a comprehensive policy on the discharge of their stewardship responsibilities, publicly disclose it, review and update it periodically.	Complied	HSBC Asset Management (India) Private Limited's (AMIN) 'Policy on Stewardship responsibilities' (Stewardship Code/ Policy) was formulated and implemented on 01 July, 2020. This is a comprehensive document which has been publicly disclosed on the website of AMIN. The same shall follow a periodic review.	N.A.
2	Principle 2: Institutional investors should have a clear policy on how they manage conflicts of interest in fulfilling their stewardship responsibilities and publicly disclose it.	Complied	Defining and managing Conflict of Interest in fulfilling stewardship responsibilities are detailed in the Stewardship Policy document. The policy document is publicly disclosed.	N.A.

Trustees' Report (Contd...)

For the year ended March 31, 2024

S. No.	Particulars of Principles of Stewardship Code	Status of compliance (Complied/ Not Complied)	Description	Remarks/ reasons for deviation/non-compliance, if any
3	Principle 3: Institutional investors should monitor their investee companies.	Complied	AMIN monitors all investee companies through its investment process. This includes assessment of companies' own and market data, consideration of research from brokers and other independent research providers – including ESG & voting research, attending individual & group meetings with company management and directors, visiting production sites (wherever necessary), engaging with key stakeholders including competitors and customers, and financial modelling. More details enumerated in the policy document	N.A.
4	Principle 4: Institutional investors should have a clear policy on intervention in their investee companies. Institutional investors should also have a clear policy for collaboration with other institutional investors where required, to preserve the interests of the ultimate investors, which should be disclosed.	Complied	Details of undertaking active engagement with investee companies and the policy for collaboration with other institutional holders are detailed in the policy document. The policy document is publicly disclosed.	N.A.
5	Principle 5: Institutional investors should have a clear policy on voting and disclosure of voting activity.	Complied	AMIN has a clear and detailed voting policy which provides the framework for the voting decisions. All voting decisions shall be in accordance with AMIN's Voting Policy and Procedures, which is disclosed on the website. AMIN discloses the details of the voting on its website on a quarterly basis within 10 working days from the end of the quarter. Additionally, AMIN also discloses the details of the votes cast, in the annual report of the schemes of HSBC Mutual Fund.	N.A.
6	Principle 6: Institutional investors should report periodically on their stewardship activities.	Complied	The annual status report of the stewardship code and quarterly report on proxy voting are publicly disclosed on the website as required under SEBI Regulations.	N.A.

Trustees' Report (Contd...)

For the year ended March 31, 2024

13. DISCLOSURES PERTAINING TO NAV ADJUSTED DURING THE FINANCIAL YEAR FOR SWING FACTOR ALONG WITH THE PERFORMANCE IMPACT

Sr No.	Period of applicability of swing pricing	Scheme Name	Unswung NAV	Swing factor applied	Whether optional or mandatory
NIL					

14. SIGNIFICANT EVENT AFTER THE END OF THE FINANCIAL YEAR

NIL

15. ACKNOWLEDGEMENTS

The Trustees wish to thank the unitholders of the Schemes for their support throughout the year, and also thank the Government of India, the Securities and Exchange Board of India (SEBI), the Reserve Bank of India (RBI) and the Association of Mutual Funds in India (AMFI) for the guidance provided by them. The Trustees also appreciate the services provided by the Registrar and Transfer Agent, Fund Accountant, Custodian, Bankers, Distributors and Brokers. The guidance and services provided by the auditors and advocates and the ebullience, sincerity and dedication of the employees of HSBC Asset Management (India) Private Limited is also appreciated.

The Trustees look forward to the continued support of everyone.

For and on behalf of **HSBC Trustees (India) Private Ltd.**

Sd/-

Director

Mumbai

July 19, 2024

Independent Auditors' Report

To the Board of Directors of HSBC Trustees (India) Private Limited (the "Trustee")

HSBC Focused Fund

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **HSBC Focused Fund** (the "Scheme") of HSBC Mutual Fund (the "Fund"), which comprise the Balance Sheet as at March 31, 2024, the Revenue Account and the Cash Flow Statement for the year then ended, and notes to the financial statements, including a summary of material accounting policy and other explanatory information.

In our opinion, and to the best of our information and according to the explanations given to us, the aforesaid financial statements of the Scheme give a true and fair view in conformity with the Indian Accounting Standards ("Ind AS") prescribed under section 133 of the Companies Act, 2013 (the "Act") read with Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India, including the accounting policies and standards specified in the Regulation 50 and Ninth Schedule to the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 ("the SEBI Regulations") (collectively referred to as the "Regulations") as amended:

- a. in the case of the Balance Sheet, of the state of affairs of the Scheme as at March 31, 2024;
- b. in the case of the Revenue Account, of the net surplus for the year ended on that date; and
- c. in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing ("SAs") and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India (the "ICAI"). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Scheme in accordance with the Code of Ethics issued by the ICAI together with the ethical requirements that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Information Other than the Financial Statements and Auditor's Report Thereon

The Board of Directors of HSBC Asset Management (India) Private Limited (the "AMC") and the Board of Directors of HSBC Trustees (India) Private Limited (the "Trustees") (collectively referred to as "the Management") are responsible for the other information. The other information comprises the information included in the Trustees report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

The Management is responsible for the preparation of these financial statements that give a true and fair view of the state of affairs, results of operations and cash flows of the Scheme in accordance with the accounting principles generally accepted in India, including the accounting policies and standards specified in Regulations. This responsibility also includes maintenance of adequate accounting records in accordance with the SEBI

Independent Auditors' Report (Contd...)

Regulations for safeguarding of the assets of the Scheme and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Management is responsible for assessing the Scheme's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management, either intends to liquidate the Scheme or to cease operations, or has no realistic alternative but to do so.

Those Charged with Governance are also responsible for overseeing the Scheme's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Scheme's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Scheme to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide to those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Independent Auditors' Report (Contd...)

Report on Other Legal and Regulatory Requirements

1. As required by regulation 55(4) and clause 5(ii)(2) of the Eleventh Schedule of the SEBI Regulations, we report that:
 - a. we have sought and obtained all the information and explanations which, to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b. in our opinion, the Balance Sheet and the Revenue Account dealt with by this report have been prepared in accordance with the accounting policies and standards specified in the Regulations; and
 - c. the Balance Sheet, the Revenue Account and the Cash Flow Statement, dealt with by this report are in agreement with the books of accounts of the Scheme.
2. On the basis of information and explanations given to us, the scheme does not have any non-traded securities as at March 31, 2024 and hence reporting requirement of Eighth Schedule of the SEBI Regulations is not applicable.

For **M S K A & Associates**

Chartered Accountants

ICAI Firm Registration No. 105047W

Sd/-

Swapnil Kale

Partner

Membership No: 117812

UDIN: 24117812BKFIRZ1667

Place : Mumbai

Date : July 19, 2024

Abridged Balance Sheet as at March 31, 2024

Rs. in Lakhs

	As at March 31, 2024	As at March 31, 2023	As at April 1, 2022
LIABILITIES			
1 Unit Capital	72,359.10	84,881.54	34,786.69
2 Reserves & Surplus			
2.1 Unit Premium Reserves	6,188.87	12,870.85	(5,326.15)
2.2 Unrealised Appreciation Reserve	51,561.95	8,281.64	16,301.22
2.3 Other Reserves	26,857.32	25,342.98	9,606.35
3 Loans & Borrowings	—	—	—
4 Current Liabilities & Provisions			
4.1 Provision for Doubtful Income/Deposits	—	—	—
4.2 Other Current Liabilities & Provisions	561.27	438.20	222.07
TOTAL	157,528.51	131,815.22	55,590.18
ASSETS			
1 Investments			
1.1 Listed Securities:			
1.1.1 Equity Shares	153,412.07	126,780.52	54,999.61
1.1.2 Preference Shares	—	—	—
1.1.3 Equity Linked Debentures	—	—	—
1.1.4 Other Debentures & Bonds	—	—	—
1.1.5 Securitised Debt Securities	—	—	—
1.2 Securities Awaited Listing:			
1.2.1 Equity Shares	—	—	—
1.2.2 Preference Shares	—	—	—
1.2.3 Equity Linked Debentures	—	—	—
1.2.4 Other Debentures & Bonds	—	—	—
1.2.5 Securitised Debt Securities	—	—	—
1.3 Unlisted Securities:			
1.3.1 Equity Shares	—	—	—
1.3.2 Preference Shares	—	—	—
1.3.3 Equity Linked Debentures	—	—	—
1.3.4 Other Debentures & Bonds	—	—	—
1.3.5 Securitised Debt Securities	—	—	—
1.4 Government Securities	—	—	—
1.5 Treasury Bills	—	—	—
1.6 Commercial Paper	—	—	—
1.7 Certificate of Deposits	—	—	—
1.8 Bill Rediscounting	—	—	—
1.9 Units of Domestic Mutual Fund	—	—	—
1.10 Foreign Securities	—	—	—
Total Investments	153,412.07	126,780.52	54,999.61
2 Deposits	376.46	32.44	8.00
3 Other Current Assets			
3.1 Cash & Bank Balance	66.57	29.16	8.60
3.2 CBLO/TREPS/Reverse Repo Lending	3,650.89	4,959.37	568.85
3.3 Others	22.51	13.73	5.12
4 Deferred Revenue Expenditure (to the extent not written off)	—	—	—
TOTAL	157,528.51	131,815.22	55,590.18

Notes to Accounts - Annexure I

Abridged Revenue Account for the year ended March 31, 2024

Rs. in Lakhs

	Current Year ended March 31, 2024	Previous Year ended March 31, 2023
1 INCOME		
1.1 Dividend	1,720.79	780.13
1.2 Interest	269.06	118.66
1.3 Realised Gain/(Loss) on Foreign Exchange Transactions	—	—
1.4 Realised Gains/(Losses) on Interscheme Sale of Investments	—	—
1.5 Realised Gains/(Losses) on External Sale/Redemption of Investments	6,907.51	2,376.68
1.6 Realised Gains/(Losses) on Derivative Transactions	—	—
1.7 Other Income	34.80	18.39
(A)	8,932.16	3,293.86
2 EXPENSES		
2.1 Management Fees	1,035.53	658.28
2.2 GST on Management Fees	186.41	118.49
2.3 Transfer Agents Fees and Expenses	104.47	65.62
2.4 Custodian Fees	1.68	1.79
2.5 Trusteeship Fees	1.18	2.37
2.6 Commission to Agents	1,627.46	978.24
2.7 Marketing & Distribution Expenses	0.21	2.70
2.8 Audit Fees	2.05	0.98
2.9 Investor Education Expenses	29.16	16.56
2.10 Interest on Borrowing	—	—
2.11 Brokerage & Transaction Costs	251.45	343.57
2.12 Other Operating Expenses	25.33	14.67
(B)	3,264.93	2,203.28
3 NET REALISED GAINS/(LOSSES) FOR THE YEAR (C = A - B)	5,667.23	1,090.58
4 Change in Unrealised Depreciation in Value of Investments	(D) —	—
5 NET GAINS/(LOSSES) FOR THE YEAR (E = C + D)	5,667.23	1,090.58
6 Change in Unrealised Appreciation in Value of Investments	(F) 43,280.30	(7,947.10)
7 NET SURPLUS/(DEFICIT) FOR THE YEAR (G = E + F)	48,947.54	(6,856.52)
7.1 Add : Balance Transfer from Unrealised Appreciation Reserve	—	8,019.58
7.2 Less : Balance Transfer to Unrealised Appreciation Reserve	43,280.30	—
7.3 Add/(Less) : Equalisation	(3,960.19)	14,634.06
7.4 Transfer from Reserve Fund	25,342.98	9,606.35
7.5 Transfer from Unit Premium Reserve	—	—
8 Total	27,050.02	25,403.46
9 Dividend Appropriation		
9.1 Income Distributed during the Year	(192.70)	(60.49)
9.2 Tax on Income Distributed during the Year	—	—
10 Retained Surplus/(Deficit) Carried Forward to Balance Sheet	26,857.32	25,342.98

Notes to Accounts - Annexure I

Key Statistics for the year ended March 31, 2024

	Current Year ended March 31, 2024	Previous Year ended March 31, 2023
1. NAV per unit (Rs.):		
Open		
Regular Plan - Growth Option	15.4925	15.9147
Regular Plan - IDCW Option	13.7571	15.2018
Direct Plan - Growth Option	16.1739	16.3635
Direct Plan - IDCW Option	14.3516	15.6279
High		
Regular Plan - Growth Option	22.0724	16.7491
Regular Plan - IDCW Option	18.3769	15.5779
Direct Plan - Growth Option	23.3005	17.4147
Direct Plan - IDCW Option	20.6752	16.0174
Low		
Regular Plan - Growth Option	15.5246	13.4665
Regular Plan - IDCW Option	13.7856	12.8633
Direct Plan - Growth Option	16.2090	13.8953
Direct Plan - IDCW Option	14.3827	13.2697
End		
Regular Plan - Growth Option	21.7219	15.4925
Regular Plan - IDCW Option	18.0851	13.7571
Direct Plan - Growth Option	22.9488	16.1739
Direct Plan - IDCW Option	20.3631	14.3516
2. Closing Assets Under Management (Rs. in Lakhs)		
End	156,967	131,409
Average (AAuM) ¹	145,798	82,792
3. Gross income as % of AAuM ²	6.13%	3.98%
4. Expense Ratio:		
a. Total Expense as % of AAuM (Including GST on Management fees) (planwise)		
Regular Plan	2.13%	2.31%
Direct Plan	0.94%	0.89%
b. Management Fee as % of AAuM (planwise)		
Regular Plan	0.71%	0.80%
Direct Plan	0.70%	0.66%
5. Net Income as a percentage of AAuM ³	3.89%	1.32%
6. Portfolio turnover ratio ⁴	0.38	0.95
7. Total IDCW per unit distributed during the year (planwise)		
Retail		
Regular Plan - IDCW Option	1.00	1.00
Direct Plan - IDCW Option	–	1.04
Corporate		
Regular Plan - IDCW Option	1.00	1.00
Direct Plan - IDCW Option	–	1.04

Key Statistics For the year ended March 31, 2024 (Contd...)

	Current Year ended March 31, 2024	Previous Year ended March 31, 2023
8. Returns (%):		
a. Last One Year		
Scheme		
Regular Plan - Growth Option	40.49%	(3.56%)
Direct Plan - Growth Option	42.17%	(2.44%)
Benchmark		
NIFTY 500 TRI	40.75%	(1.22%)
b. Since Inception		
Scheme		
Regular Plan - Growth Option	21.48%	15.12%
Direct Plan - Growth Option	22.50%	15.94%
Benchmark		
NIFTY 500 TRI	25.72%	20.58%

¹ AAuM = Average daily net assets.

² Gross income = amount against (A) in the Revenue Account i.e. Income.

³ Net income = amount against (C) in the Revenue Account i.e. Net Realised Gains/(Losses) for the year.

⁴ Portfolio Turnover = Lower of sales or purchase divided by the Average AuM for the year.

Note: Returns have been calculated as on last business day of the month i.e. March 28, 2024 due to non-availability of benchmark indices as of March 31, 2024.

Notes to Accounts – Annexure I

To the Abridged Balance Sheet and Revenue Account for the year ended March 31, 2024

1 Investments:

- 1.1. It is confirmed that investments of the Schemes are registered in the name of the Trustees for the benefit of the Scheme's unitholders.
- 1.2. Open Positions of derivatives as on year ended March 31, 2024 & March 31, 2023 are NIL.
- 1.3. Investment in Associates and Group Companies as at the year ended March 31, 2024 and March 31, 2023 are NIL.
- 1.4. Open positions of Securities Borrowed and/or Lent by the scheme as on the year ended March 31, 2024 & March 31, 2023 are NIL.
- 1.5. Investment in Below investment grade and default/Securities in default beyond its maturity date as on March 31, 2024 and March 31, 2023 are NIL.
- 1.6. Aggregate Unrealised Gain/Loss as at the end of the financial year 2024 and 2023 and their percentages to net assets are as under :

(Rs. In Lakhs)

Company Name	Amount	Percentage to Net Assets	Amount	Percentage to Net Assets
	As at March 31, 2024		As at March 31, 2023	
Equity Shares				
– Appreciation	52,321.08	33.33	10,705.40	8.15
– Depreciation	759.13	0.48	2,423.76	1.84

- 1.7. The aggregate value of investments securities (excluding TREPS and Reverse Repos) purchased and sold (including matured) during the financial period 2023 - 2024 (excluding accretion of discount) is Rs. 55,036.14 lakhs and Rs. 78,592.40 lakhs respectively being 37.75% and 53.90% of the average net assets.

The aggregate value of investments securities (excluding TREPS and Reverse Repos) purchased and sold (including matured) during the financial period 2022 - 2023 (excluding accretion of discount) is Rs. 78,296.40 lakhs and Rs. 86,421.08 lakhs respectively being 94.57% and 104.38% of the average net assets.

- 1.8. Non-Traded securities in the portfolio: Aggregate Value of Equity, Debt & Money Market Instruments and percentage to net assets as on March 31, 2024 & March 31, 2023 is Nil.

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

During the year 2023-24, The Hongkong and Shanghai Banking Corporation Limited, an associate entity of HSBC Asset Management (India) Private Limited was paid collection/bank charges amounting to Rs. Nil.

During the year 2022-23, The Hongkong and Shanghai Banking Corporation Limited, an associate entity of HSBC Asset Management (India) Private Limited was paid collection/bank charges amounting to Rs. Nil.

Commission paid to Sponsor/AMC and its associates /related parties /group companies

Name of Sponsor/ AMC and its associates/related parties/group companies	Nature of Association / Nature of Relation	Period Covered	Business Given [Rs. In lakhs]	% of Total Business received by the Fund	Commission paid [Rs. In Lakhs]	% of Total commission paid by the Fund
The Hongkong and Shanghai Banking Corporation Limited	Group Company	2023-2024	5,485.43	4.82	355.60	23.09
The Hongkong and Shanghai Banking Corporation Limited	Group Company	2022-2023	1,219.98	11.07	377.82	23.50

Notes to Accounts – Annexure I (Contd...)
To the Abridged Balance Sheet and Revenue Account for the year ended March 31, 2024

Brokerage paid to Sponsor/AMC and its associates / related parties / group companies

Name of Sponsor/ AMC and its associates/related parties/group companies	Nature of Association / Nature of relation	Period Covered	Value of Transactions [Rs. In lakhs]	% of total value of transaction of the Fund	Brokerage paid [Rs. In lakhs]	% of total brokerage paid by the fund
HSBC Securities & Capital Markets (India) Private Limited	Sponsor	2023-2024	11,757.49	9.17	14.12	11.48
HSBC Securities & Capital Markets (India) Private Limited	Sponsor	2022-2023	3,538.75	2.15	4.25	2.47

- 3 None of the Investors held more than 25% of the total net assets of the scheme as at March 31, 2024 & March 31, 2023.
- 4 Unit Capital movement during the year ended March 31, 2024, March 31, 2023 and March 31, 2022 :

Description	2023-2024				
	Opening Units	Subscription	Redemption	Closing Units	Face Value per unit (Rupees)
Regular Plan - Growth Option	787,976,203.951	54,254,316.945	167,546,685.714	674,683,835.182	10
Regular Plan - IDCW Option	21,256,101.830	1,283,494.815	6,508,628.383	16,030,968.262	10
Direct Plan - Growth Option**	38,113,815.932	3,941,612.700	10,369,783.290	31,685,645.342	10
Direct Plan - IDCW Option	1,469,307.935	116,280.533	395,005.884	1,190,582.584	10

Description	2022-2023				
	Opening Units	Subscription	Redemption	Closing Units	Face Value per unit (Rupees)
Regular Plan - Growth Option	330,623,976.524	593,240,274.368	135,888,046.941	787,976,203.951	10
Regular Plan - IDCW Option	6,100,417.927	18,236,574.007	3,080,890.104	21,256,101.830	10
Direct Plan - Growth Option**	11,073,288.869	31,506,861.124	4,466,334.061	38,113,815.932	10
Direct Plan - IDCW Option	69,228.771	2,101,080.900	701,001.736	1,469,307.935	10

Description	2021-2022				
	Opening Units	Subscription	Redemption	Closing Units	Face Value per unit (Rupees)
Regular Plan - Growth Option	419,567,430.785	68,108,966.817	157,052,421.078	330,623,976.524	10
Regular Plan - IDCW Option	7,152,247.120	1,119,171.022	2,171,000.215	6,100,417.927	10
Direct Plan - Growth Option**	10,710,685.208	2,843,280.858	2,480,677.197	11,073,288.869	10
Direct Plan - IDCW Option	69,441.871	31,789.358	32,002.458	69,228.771	10

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

To the Abridged Balance Sheet and Revenue Account for the year ended March 31, 2024

**Units held by the AMC (Seed Capital) in Direct Plan Growth Option as on March 31, 2024 is 1,223,768.305 & as on March 31, 2023 is 1,223,768.305 & as on March 31, 2022 is 499,975.001.

- 5 Previous year's/period figures have been re-grouped/re-arranged where necessary.
- 6 There are no contingent liabilities and other commitments as on March 31, 2024 and March 31, 2023. Contingent asset is neither recognized nor disclosed in the financial statements.
- 7 Expenses other than Management Fees are Inclusive of GST where applicable.
- 8 Other income of Rs. 34.80 lakhs represents Exit load credited to the scheme (2023 : Rs. 18.39 lakhs represents Exit load credited to the scheme).

9 Investor Education Awareness

As mandated by SEBI vide circular no. CIR/IMD/DF/21/2012 dated September 13, 2012 an annual charge of 0.02 percent of daily net assets, being a part of total recurring expenses is set aside for Investor Education and Awareness (IEA). In view of the AMFI Best Practices Guidelines Circular No. 56/2015-16, the IEF (Investor Education Fund) accrual is set aside in a separate bank account and the consolidated balance across all schemes as on March 31, 2024.

Pursuant to SEBI circular dated May 23, 2022, w.e.f. July 1, 2022, the limit of 0.02% p.a. has been reduced to 0.01% p.a. in case of ETFs/Index Funds. Furthermore, Fund of Funds (FoFs) investing more than 80% of its NAV in the underlying domestic funds have discontinued setting aside 0.02% p.a. of daily net assets towards IEA.

The break-up of which is as under:

	March 31, 2024	March 31, 2023
Particulars	Amount (Rs. In Lakhs)	Amount (Rs. In Lakhs)
Opening Balance as on April 01, 2023	997.09	460.22
Add: Accrual during FY 2023-24	1,962.01	1,432.00
Less: Transferred to AMFI *	889.11	646.75
Less: Payable to AMFI (March 2024 accrual) *	91.90	69.25
Add: Investment Income FY 2023-24	77.08	166.42
Less: Spent during FY 2023-24	1,877.44	345.55
Closing Balance as on March 31, 2024	177.73	997.09

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

The IEA disclosure's are presented for surviving schemes only.

10 Disclosure of Risk-O-meter

Scheme Name	Risk-o-meter level at end of the financial year i.e. March 31, 2024	Risk-o-meter level as on March 31, 2023	Number of changes in Risk-o-meter during the financial year (March 2023 to March 2024)
HSBC Focused Fund	Very High	Very High	0

- 11 Pursuant to SEBI Circular No. SEBI/HO/IMD/DF3/CIR/P/2020/194 dated October 05, 2020, the nomenclature of 'Dividend Option' under all the schemes of HSBC Mutual Fund has been revised to 'Income Distribution cum Capital Withdrawal Option' (IDCW), with effect from April 01, 2021.
- 12 Securities, excluding debt securities, where the non-traded investments which have been valued "in good faith" exceed 5% of the net assets at the end of the year is NIL.
- 13 Debt securities which have been valued at a price other than the price given by the independent valuation agencies at the end of the year is NIL.

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

To the Abridged Balance Sheet and Revenue Account for the year ended March 31, 2024

- 14 Subsequent to receipt of SEBI's no objection to acquisition of 100% equity shares of L&T Investment Management Limited ("LTIM", Investment Manager of L&T Mutual Fund) and the amendments proposed to the trust deed of the HSBC Mutual Fund as required under the SEBI (Mutual Funds) Regulations, 1996, the schemes of L&T Mutual Fund (LTMF) were transferred to/ merged with the schemes of HSBC Mutual Fund on and from the close of business hours of November 25, 2022, and the HSBC AMC and HSBC Trustees assumed the responsibilities of the schemes of LTMF w.e.f. close of business hours of November 25, 2022.
- 15 During the year, HSBC Securities and Capital Markets (India) Private Limited ("HSCI"), Sponsors of HSBC Mutual Fund established a private limited company with limited liability to act as the "Trustee" of HSBC Mutual Fund. HSBC Trustees (India) Private Limited ("HTIP") was incorporated on 9 January 2024. Accordingly, HTIP has replaced the Board of Trustees of HSBC Mutual Fund w.e.f. 1 March 2024, and the Company through its Board of Directors has been discharging its obligations as the "Trustees" of the Fund from this date.
- 16 The Annual Accounts of the Schemes, prepared in accordance with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the "Act") read with the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time and clause 17.14 of SEBI Master Circular for Mutual Funds dated June 27, 2024, has been approved by the Board of Directors of HSBC Asset Management (India) Private Limited and HSBC Trustees (India) Private Limited at their meetings held on July 8, 2024 and July 19, 2024 respectively. The audit report attached herewith refers to the said Annual Accounts. The aforesaid abridged accounts are an extract of the Annual Accounts and are prepared in accordance with clause 5.4 and format no. 3.B under the section of formats of SEBI Master Circular for Mutual Funds dated June 27, 2024 and other relevant circulars issued by the Securities and Exchange Board of India from time to time.

Voting Policy and Procedures

In view of para 6.16 of SEBI Master Circular on Mutual Funds dated June 27, 2024 related to "Role of Mutual Funds in Corporate Governance of Public Listed Companies", HSBC AMC has formulated its "Policy for Proxy Voting in Public Listed Companies". The said policy is available on our website and the details of actual exercise of proxy votes, the summary of votes casted and the auditor's certificate is forming part of our full Annual Report for the Financial Year 2023 – 24 which has been uploaded on our website at <http://www.assetmanagement.hsbc.co.in>

Statutory Details & Disclaimers

All the returns have been sourced from Mutual Funds India Explorer software. The performance of the schemes and the benchmark is calculated on a total return basis. This document has been prepared by HSBC Asset Management (India) Private Limited (HSBC) for information purposes only with an intent to provide market overview and should not be construed as an offer or solicitation of an offer for purchase of any of the funds of HSBC Mutual Fund. All information contained in this document (including that sourced from third parties), is obtained from sources, which HSBC/third party, believes to be reliable but which it has not been independently verified by HSBC/the third party. Further, HSBC/the third party makes no guarantee, representation or warranty and accepts no responsibility or liability as to the accuracy or completeness of such information. The information and opinions contained within the document are based upon publicly available information and rates of taxation applicable at the time of publication, which are subject to change from time to time.

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

For disclosure of quarterly AUM/AAUM and AUM by geography, please visit our website at www.assetmanagement.hsbc.co.in. Investors are requested to note that as per SEBI (Mutual Funds) Regulations, 1996 and guidelines issued thereunder, HSBC AMC, its employees and/ or empaneled distributors/agents are forbidden from guaranteeing/promising/assuring/predicting any returns or future performances of the schemes of HSBC Mutual Fund. Hence, please do not rely upon any such statements/commitments. If you come across any such practices, please register a complaint via email at investor.line@mutualfunds.hsbc.co.in

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

Important Updates

Name and Date of Birth as per PAN card - Effective from June 1, 2024

As per recent regulatory requirement and changes advised by Income Tax Department in PAN validation process, now it is mandated to quote your Name(s) and DOB as per PAN card. To avoid any failure in such validations, we request investors to quote the Name(s) and DOB's of all the holders including Guardian, Power of Attorney (POA) holders as per PAN card.

Useful Links for self service options

- **Use our 24 x 7 Chatbot - "ASKME" for any queries or service request:**
visit: <https://invest.assetmanagement.hsbc.co.in>

SMS your request to HSBC Mutual Fund

- **Latest NAV :** Send SMS as HSBCMF NAV <Scheme Code> to 56767
Example: HSBCMF NAV F03
- **Valuation Service on registered mobile No. :** Send SMS as HSBCMF VAL <folio_number> to 56767
Example: HSBCMF VAL 123456
- **Annual Report :**
For Electronic Copy: Send SMS as HSBCMFARE <folio_number> to 567678080
Example: HSBCMF ARE 123456
For Physical Copy: Send SMS as HSBCMFARP <folio_number> to 567678080
Example: HSBCMF ARP 123456
- **Half Yearly Portfolio :**
For Electronic Copy: Send SMS as HSBCMFHPE <folio_number> to 567678080
Example: HSBCMF HPE 123456
For Physical Copy: Send SMS as HSBCMFHPP <folio_number> to 567678080
Example: HSBCMF HPP 123456

Missed Call Service

- You can give a missed call to 9212900020 to get the total valuation via SMS and a statement on your registered email ID

Book-Post

If undelivered please return to:

Computer Age Management Services Private Limited (CAMS)

Unit: HSBC Mutual Fund

New No. 10, M.G.R Salai, Nungambakkam, Chennai - 600034.

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

HSBC Asset Management (India) Private Limited

CIN NO: U74140MH2001PTC134220

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

Website : www.assetmanagement.hsbc.co.in

Description	Toll Free Number	Email ID
Investor related queries	1800-4190-200/1800-200-2434	investor.line@mutualfunds.hsbc.co.in
Online related queries	1800-4190-200/1800-200-2434	onlinemf@mutualfunds.hsbc.co.in
Investor (Dialing from abroad)	+91 44 39923900	investor.line@mutualfunds.hsbc.co.in

To get your updated account statement email us at : mfsoa@mutualfunds.hsbc.co.in

We're always here to help you, so feel free to reach out to us

Self-service request at your Fingertips

- Visit Website • Invest Online • Insta Statement • Download Forms
- Transact via Whats App • Use 24/7 ChatBot - Ask Me



Remember, you can also find out more via our social media handles !

Please check our website www.assetmanagement.hsbc.co.in for an updated list of Official Points of Acceptance of HSBC Mutual Fund.

CAMS SERVICE CENTRES / CAMS LIMITED TRANSACTION POINTS / CAMS COLLECTION CENTRES

For details on CAMS Service Centres, please visit www.camsonline.com



HSBC Infrastructure Fund **(Erstwhile L&T Infrastructure Fund)**

An open-ended Equity Scheme following Infrastructure theme.

Abridged Annual Report 2023 - 2024



SPONSOR

HSBC Securities and Capital Markets (India) Private Limited

CIN – U67120MH1994PTC081575

Regd. Office: 52/60, Mahatma Gandhi Road, Fort, Mumbai 400001.

TRUSTEE COMPANY

HSBC Trustees (India) Private Limited

CIN – U66190MH2024PTC416973

Regd. Office: 52/60, Mahatma Gandhi Road, Fort, Mumbai 400001.

ASSET MANAGEMENT COMPANY

HSBC Asset Management (India) Private Limited

CIN – U74140MH2001PTC134220

Regd. Office: 9-11 Floors, NESCO IT Park, Building No. 3,
Western Express Highway, Goregaon (East), Mumbai 400063.

CUSTODIAN

Citibank N.A.

First International Financial Center (FIFC), 9th Floor,
C-54 & 55, G – Block, Bandra Kurla Complex, Bandra (East), Mumbai 400051.

AUDITORS TO THE SCHEME

MSKA & Associates

Chartered Accountants

602, Floor 6, Raheja Titanium, Western Express Highway,
Geetanjali Railway Colony, Ram Nagar, Goregaon (East), Mumbai 400063.

REGISTRAR & TRANSFER AGENTS

Computer Age Management Services Limited (CAMS)

Unit: HSBC Mutual Fund

New No. 10, M.G.R Salai, Nungambakkam, Chennai 600034.

BOARD OF TRUSTEES

Ms. Jasmine Batliwalla

– Chairperson

Mr. Nani Javeri

– Trustee

Mr. David Rasquinha

– Trustee

Mr. Nicolas Moreau

– Trustee

BOARD OF DIRECTORS

Dr. Indu Shahani

– Director

Mr. Kapil Seth

– Director

Ms. Roopa Varma

– Director

Mr. Kailash Kulkarni

– Director & Chief Executive Officer

Dear Investor,

As we reflect on the past year, I am filled with pride and optimism about the future of our company and overall growth of the mutual fund industry. The past year has marked significant milestones in our journey, particularly as we capitalise on the immense potential of India's burgeoning growth story.

Fiscal 2024 turned out to be one of the best years for the domestic mutual fund industry as assets under management (AUM) spurted by nearly Rs. 14 lakh crore to a record Rs. 53.40 lakh crore as of March 2024 compared with Rs. 39.42 lakh crore as of March 2023.

The mutual fund industry is experiencing immense growth and we are poised to take advantage of this upward trajectory. Our company is an integral part of this growth story, riding the wave with several strategic initiatives and accomplishments that have set us on a path of sustained success.



Major achievements post integration

- Post integration we have enhanced our digital offering for both B2B and B2C to provide improved customer journeys.
- HSBC AM India's AUM increased from USD 1.4 bn (before integration) to USD 13.7 bn as of April 2024.
- HSBC Asset Management India has now become the 14th largest asset manager in India in terms of AUM.
- HSBC AM India has launched 4 new products since integration (raising \$445M).
- We have expanded HSBC AM India's product offerings to 43 funds.

Key Achievements in FY2023-2024

Investment Performance: Our disciplined investment strategy and thorough research have been pivotal to our success. We have focused on high-quality, undervalued assets, achieving consistent returns across our portfolio.

Product Innovation: This year, we launched two new funds - HSBC Multi Asset Allocation Fund and HSBC Consumption Fund, tailored to meet the evolving needs of our investors. These new offerings have been well-received, contributing to our growth in AUM significantly.

Increased Media Presence: In FY24, we significantly boosted our media presence, ensuring that our brand and thought leadership are recognized across various platforms. Through strategic media engagements like Informed Investing with ET Now, talks shows and several authored articles plus interviews - we have amplified our message, reaching a broader audience and reinforcing our market position.

Successful Campaign Launch: We successfully launched SIP Hai #FaydeWaliAadat, an investor education campaign, that highlighted the transformative power of SIPs in achieving long-term financial

goals. A first of its kind campaign, it aimed at educating and empowering the millennial investors in India. The campaign garnered significant attention and positive feedback, strengthening our brand presence and engaging a wider audience. Notably, the campaign has also earned us prestigious awards and accolades highlighting our commitment to excellence and innovation.

Client Relationships: We have strengthened our client relationships through enhanced communication, transparency, and personalized service. Our client satisfaction scores have reached new heights, reflecting our commitment to exceptional service.

We believe that the India story has just begun and its economic landscape is poised for significant growth. An exposure to unique and future relevant themes can provide a much-needed inflation buffer. The importance of asset allocation continues to be critical. It is critical for all of us to review our risk appetite and goal proximity and construct a portfolio appropriately.

Besides construction, portfolio rebalancing is equally important in order to achieve optimal outcomes. I do hope you share my enthusiasm and I ask that you continue to invest whilst reviewing your asset allocation at all times.

I would like to express my sincere gratitude to our dedicated team, whose expertise and commitment are the backbone of our success. To our investors, thank you for your trust and continued support. Your confidence in our approach motivates us to strive for excellence in everything we do. Also, I want to express my deepest gratitude to our valuable partners for their unwavering support and keep our services running. Look forward to achieving even grater milestones together.

As we move forward, we remain committed to delivering superior investment performance, fostering strong client relationships, and driving sustainable growth. Together, we are well-positioned to navigate the future and achieve our goals.

Warm regards,

A handwritten signature in black ink, appearing to read 'Kailash Kulkarni', with a horizontal line underneath.

Kailash Kulkarni

Chief Executive Officer

HSBC Asset Management India

Trustees' Report

For the year ended March 31, 2024

The Board of Directors of HSBC Trustees (India) Private Limited, Trustees of HSBC Mutual Fund present the Twenty Second Annual Report and the audited abridged financial statements of the schemes of the HSBC Mutual Fund ('the Fund') for the year ended March 31, 2024.

With the acquisition of L&T Mutual Fund in the previous financial year, the Fund's Assets Under Management ('AUM') (excluding Domestic FOFs) as on March 31, 2024 was INR 109368.16 crores (audited). The Fund ranks in the top 15 Mutual Fund houses in India in terms of AUM.

As at March 31, 2024, the Fund offered 43 schemes across asset classes to meet the varying investment needs of the investors. During the year, the Fund launched two new products namely HSBC Consumption Fund and HSBC Multi Asset Allocation Fund in Equity and Hybrid categories.

The Fund continues its focus on delivering consistent long-term returns. The comments on the performance of the scheme(s) are provided hereinafter. Dividends were declared under various schemes as per the provisions contained in the respective Scheme Information Documents after considering the distributable surplus available under the respective plans of the schemes. Details of dividends declared can be viewed on our website at www.assetmanagement.hsbc.co.in.

During the year, HSBC Securities and Capital Markets (India) Private Limited ("HSCI"), Sponsors of the Fund established a private limited company with limited liability to act as the "Trustees" of the Fund. HSBC Trustees (India) Private Limited ("HTIP") was incorporated on 9 January 2024. Accordingly, HTIP has replaced the Board of Trustees of HSBC Mutual Fund w.e.f. 1 March 2024, and the Company through its Board of Directors has been discharging its obligations as the "Trustees" of the Fund from this date.

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

a. Operations and Performance of the Scheme

➤ Equity Schemes

HSBC Infrastructure Fund ('HIF')

(Theme based Fund - An open-ended equity Scheme following infrastructure theme)

The investment objective of the scheme is to generate long term capital appreciation from an actively managed portfolio of equity and equity related securities by investing predominantly in equity and equity related securities of companies engaged in or expected to benefit from growth and development of Infrastructure in India. However, there can be no assurance or guarantee that the investment objective of the scheme would be achieved.

The net assets of HIF amounted to INR 2213.09 crores as at March 31, 2024 as against INR 1512.82 crores as at March 31, 2023. Around 98.9% of the net assets were invested in equities, 1.69% of the net assets were invested in reverse repos/TREPS and (0.59%) in net current assets as at March 31, 2024.

HIF endeavors to provide long-term capital growth from an actively managed portfolio, primarily comprising of stocks of companies engaged in or expected to benefit from growth and development of Infrastructure in India.

HIF outperformed in 3-years period and since inception as against its benchmark index. HIF is overweight in Industrial which has been the key driver for outperformance. Within Industrial, overweight in companies in capital goods, defense, EPC and cable space has been the key driver of performance. Overweight in materials and real estate has also contributed positively to the performance. Underperformance in 1-year and 5-year period is mainly driven by underweight in energy, utilities and telecom. In recent months performance have improved where underperformance of 1 year has been reversed.

HIF is currently overweight in industrial, materials & real estate and underweight on energy, utilities, communication services. Within Industrial, the fund managers are positive on EPC, capital goods and defence.

Trustees’ Report
For the year ended March 31, 2024 (Contd...)

HSBC Infrastructure Fund					Date of Inception : 27 September, 2007			
Fund / Benchmark (Value of ₹ 10,000 invested)	1 Year		3 Years		5 Years		Since Inception	
	Amount (₹)	Returns (%)	Amount (₹)	Returns (%)	Amount (₹)	Returns (%)	Amount (₹)	Returns (%)
HSBC Infrastructure Fund	15461	54.98	22324	30.76	25349	20.43	40626	8.86
Scheme Benchmark (Nifty Infrastructure TRI)	16521	65.67	21076	28.27	27873	22.74	22774	5.11
Additional Benchmark (Nifty 50 TRI)	13008	30.27	15736	16.35	20356	15.27	54157	10.77

Past performance may or may not be sustained in future. Returns have been calculated for the respective periods for Growth Option of Regular Plan as on last business day of the month i.e. March 28, 2024 due to non-availability of benchmark indices as of March 31, 2024. Returns on ₹ 10,000 are point-to-point returns for the specific time period, invested at the start of the period. Returns for 1 year and above are Compounded Annualized. Different plans shall have a different expense structure. Performance of the respective benchmark is calculated as per the Total Return Index (TRI).

Risk-o-meter as of 31st March, 2024:

Scheme Name	Scheme Risk-o-meter	Benchmark Risk-o-meter
HSBC Infrastructure Fund	 Investors understand that their principal will be at Very High risk	Benchmark Index: NIFTY Infrastructure TRI 

Please note that the above risk-o-meter is as per the product labelling of the Scheme basis Scheme's monthly portfolio as on March 31, 2024.

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

➤ EQUITY OUTLOOK

Recap of FY 2023-24:

FY24 was a stellar year for the Indian equity markets with strong economic momentum, healthy earnings growth and strong inflows from domestic and foreign institutional investors and strong retail participation driving a broad-based bull market. The Nifty and Sensex were up a solid 30.1%/26.5% respectively during the year, while the BSE Midcap and BSE Smallcap indices gained an astounding 65.2% and 61.4% respectively.

While geo-political conflicts continued in FY24, their impact on crude and global supply chains moderated. Crude prices largely remained range bound during the year. Inflation barring a brief spike largely remained well contained, the economy gained further steam with GDP growth crossing 8% in H1FY24 supported by government thrust on infrastructure. This translated into strong growth for several core sector industries including steel and cement. The growth in the real estate sector has been strong with inventory continuing to decline in metro markets. However, lagged impact of price increases continued to impinge on consumer demand growth which remained subdued for most mass market categories.

Domestic cyclicals were the best performing sectors during the year led by Real Estate, Capital Goods, Autos. Power was also among the best performing sectors. Global cyclicals like Metals and Oil & Gas also strongly outperformed the Nifty. FMCG and Banking while delivering healthy positive returns underperformed the Nifty, while IT performance was closer to Nifty.

Trustees' Report

For the year ended March 31, 2024 (Contd...)

MSCI India index outperformed most of key global indices during the past fiscal. MSCI India index (USD) gained 35.5% as compared to 23.1% gain for MSCI World, 27.9% for US S&P 500, 11.0% for MSCI Europe and only 5.3% for MSCI Emerging Markets as MSCI China declined 19.0% over the period.

Strong performance of the market and subsiding global macro headwinds drove a sharp turnaround in foreign investment flows. FIIL net inflow was at USD 25.3bn in FY24 versus an outflow of USD 6.0bn/ 17.1bn in FY23/ FY22. DILs, on the other hand, matched FIIL inflow with an inflow of USD 25.3bn although it was lower than the net inflows at USD 30.8bn in FY23. Within DILs, the MF segment was the key contributor (USD 24.3 bn of net inflows up from USD 21.8bn in FY23) while domestic Insurers were also in the net inflow territory (USD 1.0bn of net inflows vs USD 9.0bn in FY23).

Source: Motilal Oswal

Indices Returns (April 01, 2023 to March 31, 2024)	1 Year [^]
S&P BSE Sensex TR	26.5%
NSE CNX Nifty TR	30.1%
S&P BSE 100 TR	34.2%
S&P BSE 200 TR	38.5%
S&P BSE 500 TR	40.2%
S&P BSE Midcap TR	65.2%
S&P BSE Small-cap TR	61.4%

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

Way forward:

The global macro environment remains challenging with heightened geo-political and economic uncertainties. US bond yields remain high putting pressure on interest rates and currencies globally. For India, growth has continued to remain strong with GDP growth of 8.4% in Q3FY24 driven by strong government spending on infrastructure and pickup in manufacturing and construction. The 2024 interim budget has re-affirmed government focus on infrastructure. At the same time reduction in fiscal deficit should also help in easing of domestic interest rates. However, after last year's patchy monsoon, a good monsoon will be an important factor for rural demand and overall consumption growth in the economy in FY25.

India starts FY25 on a strong footing with positive growth momentum and India's investment cycle is expected to be on a medium-term uptrend supported by rising government investment in infrastructure and recovery in real estate cycle. There is also an expectation of higher private investments in renewable energy and related supply chain, localization of higher-end technology components, and India becoming a more meaningful part of global supply chains. Finally, it is expected for consumption to improve as the impact of high inflation fades and real incomes start to grow again.

However, several of these positives are getting discounted by the high valuations currently prevailing in the equity market. While the fund managers remain constructive on Indian equities supported by the more robust medium-term growth outlook there is a caution against high return expectations. Nifty continues to trade on 20.6x consensus 1 year forward PE (as of 30 April). On a 10-year basis, Nifty is still trading 10% above its historic average valuation but is in-line with its 5-year average. Valuations of the midcap and small cap indices are even higher versus their historical average.

➤ DEBT OUTLOOK

Market drivers during the course of the year FY 2024

The year started with advanced economies continuing to grapple with higher inflation and policy tightening remained a common theme across economies. During FY2024, the Federal Open Market Committee (FOMC) raised policy rates by 50 bps while European Central Bank (ECB) and Bank of England (BOE) raised policy rates by 100 bps each. The cumulative rate hikes by various advanced economies in this cycle are as follows:

Trustees' Report

For the year ended March 31, 2024 (Contd...)

Fed (525 bps), BOE (515 bps) and ECB (450 bps). Meanwhile cumulative rate hikes by the Monetary Policy Committee (MPC) in this cycle was 250 bps. On account of higher Government debt burden, Fitch downgraded US sovereign rating from AAA to AA+. US Treasury yields remained volatile during the year, with the 10-year benchmark rising higher by 73 bps during the year. Crude prices also moved higher by USD 7-8/bbl.

On the domestic front, Consumer price Index (CPI) inflation remained broadly in the upper end of the MPC's targeted band of 4% +/- 2% for most the financial year, however, inflation printed above 6% on two occasions due to high food inflation. Headline inflation remained susceptible to high food inflation with markets now expecting some relief of food prices on the back of normal monsoon. Core inflation eased through the year falling to below 4% in the last quarter.

Domestically, one of the biggest events during the year was the much-awaited index inclusion of Indian Government Bonds (IGBs) into the GBI-EM Global index suite and its relevant benchmarks. India is expected to reach the maximum weight of 10% in the GBI-EM Global Diversified Index (GBI-EM GD), with the inclusion staggered over a 10-month period starting June 2024. Following this, Bloomberg also included IGBs in their Bloomberg EM Local Currency Index, with India expected to reach a maximum weight of 10% over a 10-month period starting Jan 2025. Both these inclusions are expected to bring in INR 25-30 bn of index related FPI inflows over the next 1-2 years and paving the way for inclusion into other global bond indices as well. During FY2024, FPIs poured in close USD 12 bn into IGBs, with majority of the inflows coming in post the JP Morgan index inclusion announcement.

Government continued its path of fiscal consolidation, with the revised estimate of the Fiscal deficit for FY2024 coming in at 5.6%, with expectations for FY2025 at 5.1% and target of below 4.5% by FY2026. PMI numbers continue to remain in expansion, GST revenues remain buoyant and credit off-take upbeat.

The external sector has remained strong due to healthy service exports and remittances. Current Account Deficit (CAD) is expected to be around 1% for the year. Rupee remained one of the more stable currencies during the year, with active intervention from RBI smoothening any volatility. RBI continued to build on the FX reserves with year-end number around USD 650 bn.

Money market rates moved higher during the year due to tightening in liquidity along with higher Certificate of Deposit (CD) issuances. G-Sec yields, however, moved lower due to favorable demand supply and lower G-Sec borrowing. 10-year G-Sec moved lower during the year by 25 bps, while 5 yr G-Sec moved lower by 13 bps.

Market Outlook

While US markets have braced for "higher for longer" rates, we have seen in the past, that reactions to favorable data in such an environment can be sharp. Any softness in growth, employment or inflation data over the next few months will allow the markets to quickly start pricing in aggressive future policy easing. In our view, the RBI is also likely to gradually shift the liquidity deficit into surplus over the course of the next 3-6 months, flipping overnight rates from the top to the bottom of the rate corridor. The yield curve is likely to steepen as liquidity eases. This along with a potential 50 bps of policy easing in first half of CY2025 may push overnight rates lower by 75-100 bps.

While any form of additional spending by the new Government to address concerns of rural sections of the country and the possibility of additional spending to fund such policies will remain a key monitorable, it is believed the Government is likely to remain cognizant of the possible impact of such policies and take measured steps. With the dust settling down on the election outcome, the broad macroeconomic factors should continue to remain stable and could support softening in domestic yields going forward.

The Fund Managers continue to have a positive outlook for interest rates, based on various favorable factors: (a) Record RBI dividend to the Government, (b) reduced Fiscal deficit number of 5.6%, (c) favorable G-Sec supply demand dynamics, (d) FPI index related inflows, (e) revised outlook in India by S&P, (f) soft core inflation along with expectations of a better than normal monsoon, and finally (g) soft signals by Government and RBI on liquidity.

Source: RBI, Bloomberg, Internal HSBC Research & CCIL

Trustees' Report

For the year ended March 31, 2024 (Contd...)

2. BRIEF BACKGROUND OF THE SPONSORS, THE FUND, THE TRUSTEES AND THE ASSET MANAGEMENT COMPANY

A. Sponsor

HSBC Mutual Fund is sponsored by HSBC Securities and Capital Markets (India) Private Limited (HSCI). The Sponsor is the Settler of the Mutual Fund Trust. The Sponsor has entrusted a sum of Rs. 1,00,000/- (Rupees One Lakh only) to the Trustee as the initial contribution towards the corpus of the Mutual Fund.

HSCI offers integrated investment banking services, securities and corporate finance & advisory. HSCI is a member of the Bombay Stock Exchange Limited and National Stock Exchange (capital and derivative market segments). HSCI holds 100% of the paid-up equity share capital of HSBC Asset Management (India) Private Limited.

B. HSBC Mutual Fund

HSBC Mutual Fund ("the Mutual Fund" or "the Fund") has been constituted as a Trust in accordance with the provisions of the Indian Trusts Act, 1882 (2 of 1882) vide a Trust Deed dated February 7, 2002 (as amended) with HSBC Securities and Capital Markets (India) Private Limited, as the Sponsor and HSBC Trustees (India) Private Limited. The Trustee has entered into an Investment Management Agreement dated February 7, 2002 (as amended) with HSBC Asset Management (India) Private Limited (AMC) to function as the Investment Manager for all the schemes of the Fund. The Fund was registered with SEBI vide registration number MF/046/02/5 dated May 27, 2002.

The Trust has been formed for the purpose of pooling of capital from the public for collective investment in securities for the purpose of providing facilities for participation by persons as beneficiaries in such investments and in the profits/income arising therefrom.

C. HSBC Trustees (India) Private Limited (the Trustees)

The Trustees are the exclusive owner of the Trust Fund and holds the same in trust for the benefit of the unitholders. The Trustees have been discharging their duties and carrying out the responsibilities as provided in the SEBI (Mutual Funds) Regulations, 1996 and the Trust Deed. The Trustees seek to ensure that the Fund and the schemes floated there under are managed by the AMC in accordance with the Trust Deed, the said Regulations, directions and guidelines issued by the SEBI, the Stock Exchanges, the Association of Mutual Funds in India and other regulatory agencies.

During the year, HSBC Securities and Capital Markets (India) Private Limited ("HSCI"), Sponsors of HSBC Mutual Fund) established a private limited company with limited liability to act as the "Trustee" of HSBC Mutual Fund. HSBC Trustees (India) Private Limited ("HTIP") was incorporated on 9 January 2024. Accordingly, HTIP has replaced the Board of Trustees of HSBC Mutual Fund w.e.f. 1 March 2024, and the Company through its Board of Directors has been discharging its obligations as the "Trustees" of the Fund from this date.

As of March 31, 2024, HSCI holds 100% of the paid-up equity share capital of HTIP.

D. Asset Management Company (the AMC)

HSBC Asset Management (India) Private Limited (the Investment Manager or the AMC) is a private limited company incorporated under the Companies Act, 1956 on December 12, 2001 having its Registered Office at 9-11 Floors, NESCO IT Park, Building no. 3, Western Express Highway, Goregaon (East), Mumbai – 400 063. HSBC Asset Management (India) Private Limited has been appointed as the Asset Management Company of HSBC Mutual Fund by the Trustee vide Investment Management Agreement (IMA) dated February 7, 2002 (as amended) and executed between the Trustees and the AMC. SEBI approved the AMC to act as the Investment Manager of the Fund vide its letter No. MFD/BC/163/2002 dated May 27, 2002. The paid-up equity share capital of the AMC is Rs. 344.41 crores. The AMC is registered as a Portfolio Manager under the SEBI (Portfolio Managers) Regulations, 1993 vide registration no. INP000001322. The AMC also offers non-binding Advisory services to offshore funds under the mutual fund license.

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

Trustees’ Report
For the year ended March 31, 2024 (Contd...)

3. INVESTMENT OBJECTIVE OF THE SCHEMES

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

4. SIGNIFICANT ACCOUNTING POLICIES

The Significant Accounting Policies form part of the Notes to the Accounts annexed to the Balance Sheet of the Schemes in the Full Annual Report. The accounting policies are in accordance with Securities Exchange Board of India (Mutual Funds) Regulations, 1996 and Indian Accounting Standards (IND AS) notified under section 133 of the Companies Act, 2013 (the “Act” read with the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time.

5. UNCLAIMED DIVIDENDS & REDEMPTIONS

Summary of number of investors & corresponding amount as on March 31, 2024:

Scheme Name	Unclaimed Dividend		Unclaimed Redemption	
	No. of Investors	Amount (₹)	No. of Investors	Amount (₹)
HSBC Infrastructure Fund	4486	16,743,544.98	481	8,821,486.95

6. INVESTOR SERVICES

The number of official points of acceptance of transactions are 210 locations. In addition to the offices of the Registrar & Transfer Agent, the AMC has its own office in 61 locations and Investor Service Centers in 39 locations. The AMC has 2 Toll Free numbers (1800-4190-200/1800-200-2434) which can be dialed from anywhere in India and 1 number i.e. +91 44 39923900 (Investors calling from abroad). The call center service is being managed by the Registrar and Transfer Agents. HSBC Mutual Fund offers the online transaction facility through the AMC’s website at www.assetmanagement.hsbc.co.in.

On the distribution front, the number of empaneled distributors were 59046 as on March 31, 2024. During the year, the AMC initiated tie-ups for online distribution of the Mutual Fund’s schemes with several channel partners taking the total number of such tie-ups to 160 as on March 31, 2024.

7. DETAILS OF INVESTOR GRIEVANCE REDRESSAL

The details of the redressal of investor complaints received against HSBC Mutual Fund during April 2023 - March 2024 are as follows:

2023-2024												
Com-plaint code	Type of Complaint	(a) No. of complaints pending at the beginning of the period	(b) No. of com-plaints received during the given period	Action on (a) and (b)								
				Resolved				Non Action-able*	Pending			
				Within 30 days	30-60 days	60-180 days	Beyond 180 days		0-3 months	3-6 months	6-9 months	9-12 months
I A	Non receipt of amount declared under Income Distribution cum Capital Withdrawal option	1	10	11	0	0	0	0	0	0	0	0
I B	Interest on delayed payment of amount declared under Income Distribution cum Capital Withdrawal option	0	1	1	0	0	0	0	0	0	0	0
I C	Non receipt of Redemption Proceeds	1	38	39	0	0	0	0	0	0	0	0
I D	Interest on delayed payment of Redemption	0	2	2	0	0	0	0	0	0	0	0

Trustees' Report

For the year ended March 31, 2024 (Contd...)

2023-2024												
Complaint code	Type of Complaint	(a) No. of complaints pending at the beginning of the period	(b) No. of complaints received during the given period	Action on (a) and (b)								
				Resolved				Non Actionable*	Pending			
				Within 30 days	30-60 days	60-180 days	Beyond 180 days		0-3 months	3-6 months	6-9 months	9-12 months
II A	Non receipt of Statement of Account/Unit Certificate	0	3	3	0	0	0	0	0	0	0	0
II B	Discrepancy in Statement of Account	1	22	23	0	0	0	0	0	0	0	0
II C	Data corrections in Investor details	1	250	249	0	0	0	0	2	0	0	0
II D	Non receipt of Annual Report/ Abridged Summary	0	0	0	0	0	0	0	0	0	0	0
III A	Wrong switch between Schemes	0	2	2	0	0	0	0	0	0	0	0
III B	Unauthorized switch between Schemes	0	1	1	0	0	0	0	0	0	0	0
III C	Deviation from Scheme attributes	0	1	1	0	0	0	0	0	0	0	0
III D	Wrong or excess charges/load	0	0	0	0	0	0	0	0	0	0	0
III E	Non updation of changes viz. address, PAN, bank details, nomination, etc	1	127	127	0	0	0	0	1	0	0	0
III F	Delay in allotment of Units	0	5	4	1	0	0	0	0	0	0	0
III G	Unauthorized Redemption	0	0	0	0	0	0	0	0	0	0	0
IV	Others**	1	78	76	0	0	0	0	3	0	0	0
	TOTAL	6	540	539	1	0	0	0	6	0	0	0

** As per AMFI Best Practice Guidelines Circular No.25/2011-12 for Revisions in the Guidelines on Standardization of Complaints/ Grievances Reporting Procedure. If "Others" include a type of complaint which is more than 10% of overall complaints, then such a reason should be provided separately. Hence, data corrections in Investor Details are included as a separate category.

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

Summary of Complaints for FY 2023-24

Particulars	Count
Total complaints received	540
Total number of folios	21,39,406
% of complaints against the folio	0.025

8. INVESTOR EDUCATION INITIATIVES

During the FY 2023-24, the AMC conducted the following investor education and awareness initiatives:

- An integrated multi-media marketing campaign on SIP Hai 'FaydeWaliAadat' aimed to tap into the aspirations, financial goals, and unique spending habits of millennials.
- Editorial content on Systematic Investment Plans (SIP) created across 15 states through various regional television channels.
- Investor education content on the Platform - Quora.
- 'Be Money Confident' video series targeting women through Jio Platforms.
- Campaign on Women & Investing for Women's Day.
- Campaign for Marathon enthusiast on the similarities between running a Marathon & Investing.

Trustees' Report

For the year ended March 31, 2024 (Contd...)

- Financial literacy virtual event on the occasion of Mother's Day, which received more than 725 registered users.
- A mom blogger outreach program to reach Women Investors with financial education content on MF on the occasion of Mother's Day.
- Education campaign on ELSS executed for working audiences.
- Blogs and content for Investor Education properties like SIP Sahi Hai in Value Research, Gyan Guroovaar on Facebook, Investment Ki Paathshala on the website and investor education blogs on the platform - Advisor Khoj.
- 1,462 Investor Education programs to reach out to an audience of 71,465 people out of which 458 were women programs attended by 20,139 women.

9. PROXY VOTING POLICY

As per para 6.16 of SEBI Master Circular on Mutual Funds dated June 27, 2024, the Fund has adopted Proxy Voting Policy and Procedures for exercising voting rights in respect of securities held by the Schemes. (please refer Proxy Voting Policy and Procedures)

The summary of the votes casted in the general meetings of the Investee companies, by the AMC for and on behalf of the Schemes of the Fund, for the financial year 2023-24 is provided below:

Quarter	Total no. of resolutions	Break-up of Vote decision		
		For	Against	Abstained
April 2023 - June 2023	387	260	75	52
July 2023 - September 2023	2,169	1607	448	114
October 2023 - December 2023	197	138	37	22
January 2024 - March 2024	319	240	50	29
TOTAL	3,072	2,245	610	217

As per para 6.16.7 of SEBI Master Circular on Mutual Funds dated June 27, 2024, the AMC has obtained certificate from M/s. M. P. Chitale & Co., Chartered Accountants, who is acting as a Scrutinizer, on the voting report for the FY 2023-24. The certificate dated May 22, 2024 issued by M/s. M. P. Chitale & Co., is available on the website of the AMC as part of the full Annual Report.

Unitholders can refer to the full Annual Report for complete details of actual exercise of votes in the general meetings of the investee companies for the financial year 2023-24 or log on to our website at www.assetmanagement.hsbc.co.in.

10. STATUTORY DETAILS

- The Sponsors are not responsible or liable for any loss resulting from the operation of the Schemes of the Fund beyond initial contribution of Rs. 1 lakh for setting up the Fund.
- The price and redemption value of the units, and income from them, can go up as well as down with fluctuations in the market value of its underlying investments.
- Full Annual Report of HSBC Mutual Fund and of HSBC Asset Management (India) Private Limited (the AMC) shall be disclosed on the website at www.assetmanagement.hsbc.co.in and shall be available for inspection at the Head Office of the Mutual Fund. Present and prospective unitholders can obtain copy of the Trust Deed, the full Annual Report of the Scheme(s), the Annual Report of HSBC Asset Management (India) Private Limited and the text of the relevant Scheme(s) at a price.

Trustees' Report

For the year ended March 31, 2024 (Contd...)

11. CHANGES IN RISK-O-METER OF THE SCHEME DURING FY 2023-24

As per para 17.4. of SEBI Master Circular on Mutual Funds dated June 27, 2024 on product labelling, the changes carried out in the risk-o-meter of the schemes of HSBC Mutual Fund during FY 2023-24 have been given in the below mentioned table for the information of the unitholders, a report on the said changes has also been displayed on the website of the Fund and AMFI.

Scheme Name	Risk-o-meter level as on March 31, 2023	Risk-o-meter level as on March 31, 2024	Number of changes in Risk-o-meter during the F.Y. 2023-24)
HSBC Infrastructure Fund	Very High	Very High	0

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

As per para 6.16.15 of SEBI Master Circular on Mutual Funds dated June 27, 2024, HSBC Mutual Fund has adapted the policy on stewardship responsibilities, the unitholders are requested to note the status of governance with the same as mentioned below:

S. No.	Particulars of Principles of Stewardship Code	Status of compliance (Complied/ Not Complied)	Description	Remarks/ reasons for deviation/non-compliance, if any
1	Principle 1: Institutional Investors should formulate a comprehensive policy on the discharge of their stewardship responsibilities, publicly disclose it, review and update it periodically.	Complied	HSBC Asset Management (India) Private Limited's (AMIN) 'Policy on Stewardship responsibilities' (Stewardship Code/ Policy) was formulated and implemented on 01 July, 2020. This is a comprehensive document which has been publicly disclosed on the website of AMIN. The same shall follow a periodic review.	N.A.
2	Principle 2: Institutional investors should have a clear policy on how they manage conflicts of interest in fulfilling their stewardship responsibilities and publicly disclose it.	Complied	Defining and managing Conflict of Interest in fulfilling stewardship responsibilities are detailed in the Stewardship Policy document. The policy document is publicly disclosed.	N.A.
3	Principle 3: Institutional investors should monitor their investee companies.	Complied	AMIN monitors all investee companies through its investment process. This includes assessment of companies' own and market data, consideration of research from brokers and other independent research providers – including ESG & voting research, attending individual & group meetings with company management and directors, visiting production sites (wherever necessary), engaging with key stakeholders including competitors and customers, and financial modelling. More details enumerated in the policy document	N.A.

Trustees’ Report
For the year ended March 31, 2024 (Contd...)

S. No.	Particulars of Principles of Stewardship Code	Status of compliance (Complied/ Not Complied)	Description	Remarks/ reasons for deviation/non-compliance, if any
4	Principle 4: Institutional investors should have a clear policy on intervention in their investee companies. Institutional investors should also have a clear policy for collaboration with other institutional investors where required, to preserve the interests of the ultimate investors, which should be disclosed.	Complied	Details of undertaking active engagement with investee companies and the policy for collaboration with other institutional holders are detailed in the policy document. The policy document is publicly disclosed.	N.A.
5	Principle 5: Institutional investors should have a clear policy on voting and disclosure of voting activity.	Complied	AMIN has a clear and detailed voting policy which provides the framework for the voting decisions. All voting decisions shall be in accordance with AMIN's Voting Policy and Procedures, which is disclosed on the website. AMIN discloses the details of the voting on its website on a quarterly basis within 10 working days from the end of the quarter. Additionally, AMIN also discloses the details of the votes cast, in the annual report of the schemes of HSBC Mutual Fund.	N.A.
6	Principle 6: Institutional investors should report periodically on their stewardship activities.	Complied	The annual status report of the stewardship code and quarterly report on proxy voting are publicly disclosed on the website as required under SEBI Regulations.	N.A.

13. DISCLOSURES PERTAINING TO NAV ADJUSTED DURING THE FINANCIAL YEAR FOR SWING FACTOR ALONG WITH THE PERFORMANCE IMPACT

Sr No.	Period of applicability of swing pricing	Scheme Name	Unswung NAV	Swing factor applied	Whether optional or mandatory
NIL					

14. SIGNIFICANT EVENT AFTER THE END OF THE FINANCIAL YEAR

NIL

Trustees' Report

For the year ended March 31, 2024 (Contd...)

15. ACKNOWLEDGEMENTS

The Trustees wish to thank the unitholders of the Schemes for their support throughout the year, and also thank the Government of India, the Securities and Exchange Board of India (SEBI), the Reserve Bank of India (RBI) and the Association of Mutual Funds in India (AMFI) for the guidance provided by them. The Trustees also appreciate the services provided by the Registrar and Transfer Agent, Fund Accountant, Custodian, Bankers, Distributors and Brokers. The guidance and services provided by the auditors and advocates and the ebullience, sincerity and dedication of the employees of HSBC Asset Management (India) Private Limited is also appreciated.

The Trustees look forward to the continued support of everyone.

For and on behalf of **HSBC Trustees (India) Private Ltd.**

Sd/-

Director

Mumbai

July 19, 2024

Independent Auditors' Report

To the Board of Directors of HSBC Trustees (India) Private Limited (the "Trustee")

HSBC Infrastructure Fund

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **HSBC Infrastructure Fund** (the "Scheme") of HSBC Mutual Fund (the "Fund"), which comprise the Balance Sheet as at March 31, 2024, the Revenue Account and the Cash Flow Statement for the year then ended, and notes to the financial statements, including a summary of material accounting policy and other explanatory information.

In our opinion, and to the best of our information and according to the explanations given to us, the aforesaid financial statements of the Scheme give a true and fair view in conformity with the Indian Accounting Standards ("Ind AS") prescribed under section 133 of the Companies Act, 2013 (the "Act") read with Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India, including the accounting policies and standards specified in the Regulation 50 and Ninth Schedule to the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 ("the SEBI Regulations") (collectively referred to as the "Regulations") as amended:

- a. in the case of the Balance Sheet, of the state of affairs of the Scheme as at March 31, 2024;
- b. in the case of the Revenue Account, of the net surplus for the year ended on that date; and
- c. in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing ("SAs") and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India (the "ICAI"). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Scheme in accordance with the Code of Ethics issued by the ICAI together with the ethical requirements that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements

Information Other than the Financial Statements and Auditor's Report Thereon

The Board of Directors of HSBC Asset Management (India) Private Limited (the "AMC") and the Board of Directors of HSBC Trustees (India) Private Limited (the "Trustees") (collectively referred to as "the Management") are responsible for the other information. The other information comprises the information included in the Trustees report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

The Management is responsible for the preparation of these financial statements that give a true and fair view of the state of affairs, results of operations and cash flows of the Scheme in accordance with the accounting principles generally accepted in India, including the accounting policies and standards specified in Regulations. This responsibility also includes maintenance of adequate accounting records in accordance with the SEBI

Independent Auditors' Report (Contd...)

Regulations for safeguarding of the assets of the Scheme and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Management is responsible for assessing the Scheme's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management, either intends to liquidate the Scheme or to cease operations, or has no realistic alternative but to do so.

Those Charged with Governance are also responsible for overseeing the Scheme's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Scheme's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Scheme to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide to those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Independent Auditors' Report (Contd...)

Report on Other Legal and Regulatory Requirements

1. As required by regulation 55(4) and clause 5(ii)(2) of the Eleventh Schedule of the SEBI Regulations, we report that:
 - a. we have sought and obtained all the information and explanations which, to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b. in our opinion, the Balance Sheet and the Revenue Account dealt with by this report have been prepared in accordance with the accounting policies and standards specified in the Regulations; and
 - c. the Balance Sheet, the Revenue Account and the Cash Flow Statement, dealt with by this report are in agreement with the books of accounts of the Scheme.
2. On the basis of information and explanations given to us, the scheme does not have any non-traded securities as at March 31, 2024 and hence reporting requirement of Eighth Schedule of the SEBI Regulations is not applicable.

For **M S K A & Associates**

Chartered Accountants

ICAI Firm Registration No. 105047W

Sd/-

Swapnil Kale

Partner

Membership No: 117812

UDIN: 24117812BKFISA7880

Place : Mumbai

Date : July 19, 2024

Abridged Balance Sheet as at March 31, 2024

Rs. in Lakhs

	As at March 31, 2024	As at March 31, 2023	As at April 1, 2022
LIABILITIES			
1 Unit Capital	54,561.32	57,413.54	57,314.25
2 Reserves & Surplus			
2.1 Unit Premium Reserves	31,079.93	36,937.98	37,506.38
2.2 Unrealised Appreciation Reserve	101,103.17	44,721.81	47,077.41
2.3 Other Reserves	34,565.86	11,958.51	(4,002.85)
3 Loans & Borrowings	—	—	—
4 Current Liabilities & Provisions			
4.1 Provision for Doubtful Income/Deposits	—	—	—
4.2 Other Current Liabilities & Provisions	2,759.18	931.77	1,186.70
TOTAL	224,069.45	151,963.62	139,081.90
ASSETS			
1 Investments			
1.1 Listed Securities:			
1.1.1 Equity Shares	218,878.60	148,695.65	137,073.11
1.1.2 Preference Shares	—	—	—
1.1.3 Equity Linked Debentures	—	—	—
1.1.4 Other Debentures & Bonds	—	—	—
1.1.5 Securitised Debt Securities	—	—	—
1.2 Securities Awaited Listing:			
1.2.1 Equity Shares	—	—	—
1.2.2 Preference Shares	—	—	—
1.2.3 Equity Linked Debentures	—	—	—
1.2.4 Other Debentures & Bonds	—	—	—
1.2.5 Securitised Debt Securities	—	—	—
1.3 Unlisted Securities:			
1.3.1 Equity Shares	—	—	—
1.3.2 Preference Shares	—	—	—
1.3.3 Equity Linked Debentures	—	—	—
1.3.4 Other Debentures & Bonds	—	—	—
1.3.5 Securitised Debt Securities	—	—	—
1.4 Government Securities	—	—	—
1.5 Treasury Bills	—	—	—
1.6 Commercial Paper	—	—	—
1.7 Certificate of Deposits	—	—	—
1.8 Bill Rediscounting	—	—	—
1.9 Units of Domestic Mutual Fund	—	—	—
1.10 Foreign Securities	—	—	—
Total Investments	218,878.60	148,695.65	137,073.11
2 Deposits	171.57	17.82	20.61
3 Other Current Assets			
3.1 Cash & Bank Balance	379.42	157.23	23.50
3.2 CBLO/TREPS/Reverse Repo Lending	3,740.59	2,973.13	1,923.40
3.3 Others	899.27	119.78	41.29
4 Deferred Revenue Expenditure (to the extent not written off)	—	—	—
TOTAL	224,069.45	151,963.62	139,081.90

Notes to Accounts - Annexure I

Abridged Revenue Account for the year ended March 31, 2024

Rs. in Lakhs

	Current Year ended March 31, 2024	Previous Year ended March 31, 2023
1 INCOME		
1.1 Dividend	1,518.67	1,252.03
1.2 Interest	213.18	119.53
1.3 Realised Gain/(Loss) on Foreign Exchange Transactions	—	—
1.4 Realised Gains/(Losses) on Interscheme Sale of Investments	—	—
1.5 Realised Gains/(Losses) on External Sale/Redemption of Investments	26,292.68	17,524.10
1.6 Realised Gains/(Losses) on Derivative Transactions	—	—
1.7 Other Income	14.52	15.89
(A)	28,039.05	18,911.55
2 EXPENSES		
2.1 Management Fees	1,530.79	1,224.15
2.2 GST on Management Fees	275.56	220.35
2.3 Transfer Agents Fees and Expenses	129.66	106.82
2.4 Custodian Fees	2.27	3.31
2.5 Trusteeship Fees	1.51	0.91
2.6 Commission to Agents	1,453.62	1,122.29
2.7 Marketing & Distribution Expenses	0.25	1.25
2.8 Audit Fees	2.81	1.67
2.9 Investor Education Expenses	37.65	28.28
2.10 Interest on Borrowing	—	—
2.11 Brokerage & Transaction Costs	208.44	319.83
2.12 Other Operating Expenses	33.13	21.95
(B)	3,675.69	3,050.81
3 NET REALISED GAINS / (LOSSES) FOR THE YEAR	(C = A - B) 24,363.37	15,860.74
4 Change in Unrealised Depreciation in Value of Investments	(D) —	—
5 NET GAINS / (LOSSES) FOR THE YEAR	(E = C + D) 24,363.37	15,860.74
6 Change in Unrealised Appreciation in Value of Investments	(F) 56,381.35	(2,160.70)
7 NET SURPLUS / (DEFICIT) FOR THE YEAR	(G = E + F) 80,744.72	13,700.04
7.1 Add : Balance Transfer from Unrealised Appreciation Reserve	—	2,355.60
7.2 Less : Balance Transfer to Unrealised Appreciation Reserve	56,381.35	—
7.3 Add / (Less) : Equalisation	(810.41)	506.11
7.4 Transfer from Reserve Fund	11,958.51	(4,002.85)
7.5 Transfer from Unit Premium Reserve	—	—
8 Total	35,511.47	12,558.91
9 Dividend Appropriation		
9.1 Income Distributed during the Year	(945.61)	(600.40)
9.2 Tax on Income Distributed during the Year	—	—
10 Retained Surplus / (Deficit) Carried Forward to Balance Sheet	34,565.86	11,958.51

Notes to Accounts - Annexure I

Key Statistics for the year ended March 31, 2024

	Current Year ended March 31, 2024	Previous Year ended March 31, 2023
1. NAV per unit (Rs.):		
Open		
Regular Plan - Growth Option	25.8810	23.5700
Regular Plan - IDCW Option	23.8153	23.5700
Direct Plan - Growth Option	28.4118	25.6000
Direct Plan - IDCW Option	26.0699	25.6000
High		
Regular Plan - Growth Option	40.3847	26.0630
Regular Plan - IDCW Option	34.4266	23.9828
Direct Plan - Growth Option	44.7620	28.5231
Direct Plan - IDCW Option	38.0198	26.1720
Low		
Regular Plan - Growth Option	26.0112	24.1188
Regular Plan - IDCW Option	23.9351	22.1938
Direct Plan - Growth Option	28.5572	26.4023
Direct Plan - IDCW Option	26.2033	24.2260
End		
Regular Plan - Growth Option	40.0088	25.8810
Regular Plan - IDCW Option	34.1062	23.8153
Direct Plan - Growth Option	44.3794	28.4118
Direct Plan - IDCW Option	37.6949	26.0699
2. Closing Assets Under Management (Rs. in Lakhs)		
End	221,309	151,282
Average (AAuM) ¹	188,227	141,410
3. Gross income as % of AAuM ²	14.90%	13.37%
4. Expense Ratio:		
a. Total Expense as % of AAuM (Including GST on Management fees) (planwise)		
Regular Plan	2.10%	2.20%
Direct Plan	1.07%	1.14%
b. Management Fee as % of AAuM (planwise)		
Regular Plan	0.81%	0.87%
Direct Plan	0.81%	0.86%
5. Net Income as a percentage of AAuM ³	12.94%	11.22%
6. Portfolio turnover ratio ⁴	0.23	0.28
7. Total IDCW per unit distributed during the year (planwise)		
Retail		
Regular Plan - IDCW Option	2.25	2.00
Direct Plan - IDCW Option	2.50	2.25

Key Statistics for the year ended March 31, 2024 (Contd...)

	Current Year ended March 31, 2024	Previous Year ended March 31, 2023
Corporate		
Regular Plan - IDCW Option	2.25	2.00
Direct Plan - IDCW Option	2.50	2.25
8. Returns (%):		
a. Last One Year		
Scheme		
Regular Plan - Growth Option	54.98%	11.70%
Direct Plan - Growth Option	56.60%	11.03%
Benchmark		
Nifty Infrastructure TRI Index	65.67%	2.31%
b. Since Inception		
Scheme		
Regular Plan - Growth Option	8.86%	6.42%
Direct Plan - Growth Option	17.78%	14.57%
Benchmark		
Nifty Infrastructure TRI Index	5.11%	2.09%

- 1. AAuM = Average daily net assets
- 2. Gross income = amount against (A) in the Revenue Account i.e. Income
- 3. Net income = amount against (C) in the Revenue Account i.e. Net Realised Gains/(Losses) for the year
- 4. Portfolio Turnover = Lower of sales or purchase divided by the Average AuM for the year

Note: Returns have been calculated as on last business day of the month i.e. March 28, 2024 due to non-availability of benchmark indices as of March 31, 2024.

Notes to Accounts – Annexure I

To the Abridged Balance Sheet and Revenue Account for the year ended March 31, 2024

1 Investments:

- 1.1. It is confirmed that investments of the Schemes are registered in the name of the Trustees for the benefit of the Scheme's unitholders.
- 1.2. Open Positions of derivatives as on year ended March 31, 2024 & March 31, 2023 are NIL.
- 1.3. Investment in Associates and Group Companies as at the year ended March 31, 2024 and March 31, 2023 are NIL.
- 1.4. Open positions of Securities Borrowed and/or Lent by the scheme as on the year ended March 31, 2024 & March 31, 2023 are NIL.
- 1.5. Investment in Below investment grade and default/Securities in default beyond its maturity date as on March 31, 2024 and March 31, 2023 are NIL.
- 1.6. Aggregate Unrealised Gain/Loss as at the end of the financial year 2024 and 2023 and their percentages to net assets are as under :

(Rs. In Lakhs)

Company Name	Amount	Percentage to Net Assets	Amount	Percentage to Net Assets
	As at March 31, 2024		As at March 31, 2023	
Equity Shares				
- Appreciation	102,471.77	46.30	47,436.67	31.36
- Depreciation	1,368.60	0.62	2,714.86	1.79

- 1.7. The aggregate value of investment securities (excluding TREPS and Reverse Repos) purchased and sold (including matured) during the financial year 2023-2024 (excluding accretion of discount) is Rs. 42,890.37 lakhs and Rs. 55,381.45 lakhs respectively being 22.79% and 29.42% of the average net assets.

The aggregate value of investment securities (excluding TREPS and Reverse Repos) purchased and sold (including matured) during the financial year 2022-2023 (excluding accretion of discount) is Rs. 39,942.93 lakhs and Rs. 55,270.44 lakhs respectively being 28.25% and 39.09% of the average net assets..

- 1.8. Non-Traded securities in the portfolio: Aggregate Value of Equity, Debt & Money Market Instruments was NIL.

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

During the year 2023-24, The Hongkong and Shanghai Banking Corporation Limited, an associate entity of HSBC Asset Management (India) Private Limited was paid collection/bank charges amounting to Rs. Nil.

During the year 2022-23, The Hongkong and Shanghai Banking Corporation Limited, an associate entity of HSBC Asset Management (India) Private Limited was paid collection/bank charges amounting to Rs. Nil.

Commission paid to Sponsor/AMC and its associates/related parties/group companies

Name of Sponsor/ AMC and its associates/related parties/group companies	Nature of Association / Nature of Relation	Period Covered	Business Given [Rs. In lakhs]	% of Total Business given by the Fund	Commission paid [Rs. In Lakhs]	% of Total commission paid by the Fund
The Hongkong and Shanghai Banking Corporation Limited	Group Company	2023-2024	633.63	2.88	17.48	1.23
The Hongkong and Shanghai Banking Corporation Limited	Group Company	2022-2023	2,022.97	7.61	10.48	1.00

Notes to Accounts – Annexure I (Contd...)**To the Abridged Balance Sheet and Revenue Account for the year ended March 31, 2024****Brokerage paid to Sponsor/AMC and its associates/related parties/group companies**

Name of Sponsor/AMC and its associates/related parties/group companies	Nature of Association /Nature of relation	Period Covered	Value of Transactions [Rs. In lakhs]	% of total value of transactions of the fund	Brokerage paid [Rs. In lakhs]	% of total brokerage paid by the fund
HSBC Securities and Capital Market (India) Private Limited	Sponsor	2023-2024	9,751.44	10.17	11.69	10.41
HSBC Securities and Capital Market (India) Private Limited	Sponsor	2022-2023	1,616.45	1.70	1.94	1.83

- 3 None of the Investors held more than 25% of the total net assets of the scheme at the year ended March 31, 2024 and March 31, 2023.
- 4 Unit Capital movement during the year ended March 31, 2024, March 31, 2023 and March 31, 2022:

Description	2023-24				
	Opening Units	Subscription	Redemption	Closing Units	Face Value per unit (Rupees)
Regular Plan - Growth Option	401,328,898.032	47,062,612.538	63,266,836.063	385,124,674.507	10
Regular Plan - IDCW Option	40,213,476.989	3,659,156.197	7,189,686.319	36,682,946.867	10
Direct Plan - Growth Option**	128,949,809.102	13,084,225.012	21,672,396.322	120,361,637.792	10
Direct Plan - IDCW Option	3,643,239.588	321,481.911	520,807.165	3,443,914.334	10

Description	2022-23				
	Opening Units	Subscription	Redemption	Closing Units	Face Value per unit (Rupees)
Regular Plan - Growth Option	406,223,384.888	69,373,296.636	74,267,783.492	401,328,898.032	10
Regular Plan - IDCW Option	28,517,660.502	18,230,119.658	6,534,303.171	40,213,476.989	10
Direct Plan - Growth Option**	129,049,831.620	17,509,904.301	17,609,926.819	128,949,809.102	10
Direct Plan - IDCW Option	9,351,594.252	378,139.924	6,086,494.588	3,643,239.588	10

Description	2021-22				
	Opening Units	Subscription	Redemption	Closing Units	Face Value per unit (Rupees)
Regular Plan - Growth Option	509,272,691.332	59,044,068.198	162,093,374.642	406,223,384.888	10
Regular Plan - IDCW Option	39,936,887.079	1,101,371.306	12,520,597.883	28,517,660.502	10

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

To the Abridged Balance Sheet and Revenue Account for the year ended March 31, 2024

Description	2021-22				
	Opening Units	Subscription	Redemption	Closing Units	Face Value per unit (Rupees)
Direct Plan - Growth Option**	112,233,890.676	55,267,945.977	38,452,005.033	129,049,831.620	10
Direct Plan - IDCW Option	5,622,222.430	5,620,630.084	1,891,258.262	9,351,594.252	10

**Units held by the AMC (Seed Capital) in Direct Plan Growth Option as on March 31, 2024 is 997,989.865 & as on March 31, 2023 is 997,989.865 & as on March 31, 2022 is 694,601.198.

- 5 Previous year's/period figures have been re-grouped/re-arranged where necessary.
- 6 There are no contingent liabilities and other commitments as on March 31, 2024 and March 31, 2023. Contingent asset is neither recognized nor disclosed in the financial statements.
- 7 Expenses other than Management Fees are Inclusive of GST where applicable.
- 8 Other income of Rs. 14.52 lakhs represents Exit load credited to the scheme (2023: Rs. 15.89 lakhs represents Exit load credited to the scheme).

9 Investor Education Awareness

As mandated by SEBI vide circular no. CIR/IMD/DF/21/2012 dated September 13, 2012 an annual charge of 0.02 percent of daily net assets, being a part of total recurring expenses is set aside for Investor Education and Awareness (IEA). In view of the AMFI Best Practices Guidelines Circular No. 56/2015-16, the IEF (Investor Education Fund) accrual is set aside in a separate bank account and the consolidated balance across all schemes as on March 31, 2024.

Pursuant to SEBI circular dated May 23, 2022, w.e.f. July 1, 2022, the limit of 0.02% p.a. has been reduced to 0.01% p.a. in case of ETFs/Index Funds. Furthermore, Fund of Funds (FoFs) investing more than 80% of its NAV in the underlying domestic funds have discontinued setting aside 0.02% p.a. of daily net assets towards IEA.

The break-up of which is as under:

	March 31, 2024	March 31, 2023
Particulars	Amount (Rs. In Lakhs)	Amount (Rs. In Lakhs)
Opening Balance as on April 01, 2023	997.09	460.22
Add: Accrual during FY 2023-24	1,962.01	1,432.00
Less: Transferred to AMFI *	889.11	646.75
Less: Payable to AMFI (March 2024 accrual) *	91.90	69.25
Add: Investment Income FY 2023-24	77.08	166.42
Less: Spent during FY 2023-24	1,877.44	345.55
Closing Balance as on March 31, 2024	177.73	997.09

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

The IEA disclosure's are presented for surviving schemes only.

- 10 Pursuant to SEBI Circular No. SEBI/HO/IMD/DF3/CIR/P/2020/194 dated October 05, 2020, the nomenclature of 'Dividend Option' under all the schemes of HSBC Mutual Fund has been revised to 'Income Distribution cum Capital Withdrawal Option' (IDCW), with effect from April 1, 2021.
- 11 Securities, excluding debt securities, where the non-traded investments which have been valued "in good faith" exceed 5% of the net assets at the end of the year is NIL.

Notes to Accounts – Annexure I (Contd...)
To the Abridged Balance Sheet and Revenue Account for the year ended March 31, 2024

12 Debt securities which have been valued at a price other than the price given by the independent valuation agencies at the end of the year is NIL.

13 Disclosure of Risk-o-meter

Scheme Name	Risk-o-meter level at end of the financial year i.e. March 31, 2024	Risk-o-meter level as on March 31, 2023	Number of changes in Risk-o-meter during the financial year (March 2023 to March 2024)
HSBC Infrastructure Fund	Very High	Very High	0

14 Subsequent to receipt of SEBI's no objection to acquisition of 100% equity shares of L&T Investment Management Limited ("LTIM", Investment Manager of L&T Mutual Fund) and the amendments proposed to the trust deed of the HSBC Mutual Fund as required under the SEBI (Mutual Funds) Regulations, 1996, the schemes of L&T Mutual Fund (LTMF) were transferred to/ merged with the schemes of HSBC Mutual Fund on and from the close of business hours of November 25, 2022, and the HSBC AMC and HSBC Trustees assumed the responsibilities of the schemes of LTMF w.e.f. close of business hours of November 25, 2022.

15 During the year, HSBC Securities and Capital Markets (India) Private Limited ("HSCI"), Sponsors of HSBC Mutual Fund established a private limited company with limited liability to act as the "Trustee" of HSBC Mutual Fund. HSBC Trustees (India) Private Limited ("HTIP") was incorporated on 9 January 2024. Accordingly, HTIP has replaced the Board of Trustees of HSBC Mutual Fund w.e.f. 1 March 2024, and the Company through its Board of Directors has been discharging its obligations as the "Trustees" of the Fund from this date.

16 The Annual Accounts of the Schemes, prepared in accordance with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the "Act") read with the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time and clause 17.14 of SEBI Master Circular for Mutual Funds dated June 27, 2024, has been approved by the Board of Directors of HSBC Asset Management (India) Private Limited and HSBC Trustees (India) Private Limited at their meetings held on July 8, 2024 and July 19, 2024 respectively. The audit report attached herewith refers to the said Annual Accounts. The aforesaid abridged accounts are an extract of the Annual Accounts and are prepared in accordance with clause 5.4 and format no. 3.B under the section of formats of SEBI Master Circular for Mutual Funds dated June 27, 2024 and other relevant circulars issued by the Securities and Exchange Board of India from time to time.

Voting Policy and Procedures

In view of para 6.16 of SEBI Master Circular on Mutual Funds dated June 27, 2024 related to "Role of Mutual Funds in Corporate Governance of Public Listed Companies", HSBC AMC has formulated its "Policy for Proxy Voting in Public Listed Companies". The said policy is available on our website and the details of actual exercise of proxy votes, the summary of votes casted and the auditor's certificate is forming part of our full Annual Report for the Financial Year 2023 – 24 which has been uploaded on our website at <http://www.assetmanagement.hsbc.co.in>

Statutory Details & Disclaimers

All the returns have been sourced from Mutual Funds India Explorer software. The performance of the schemes and the benchmark is calculated on a total return basis. This document has been prepared by HSBC Asset Management (India) Private Limited (HSBC) for information purposes only with an intent to provide market overview and should not be construed as an offer or solicitation of an offer for purchase of any of the funds of HSBC Mutual Fund. All information contained in this document (including that sourced from third parties), is obtained from sources, which HSBC/third party, believes to be reliable but which it has not been independently verified by HSBC/the third party. Further, HSBC/the third party makes no guarantee, representation or warranty and accepts no responsibility or liability as to the accuracy or completeness of such information. The information and opinions contained within the document are based upon publicly available information and rates of taxation applicable at the time of publication, which are subject to change from time to time.

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

For disclosure of quarterly AUM/AAUM and AUM by geography, please visit our website at www.assetmanagement.hsbc.co.in. Investors are requested to note that as per SEBI (Mutual Funds) Regulations, 1996 and guidelines issued thereunder, HSBC AMC, its employees and/ or empaneled distributors/agents are forbidden from guaranteeing/promising/assuring/predicting any returns or future performances of the schemes of HSBC Mutual Fund. Hence, please do not rely upon any such statements/commitments. If you come across any such practices, please register a complaint via email at investor.line@mutualfunds.hsbc.co.in

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

Important Updates

Name and Date of Birth as per PAN card - Effective from June 1, 2024

As per recent regulatory requirement and changes advised by Income Tax Department in PAN validation process, now it is mandated to quote your Name(s) and DOB as per PAN card. To avoid any failure in such validations, we request investors to quote the Name(s) and DOB's of all the holders including Guardian, Power of Attorney (POA) holders as per PAN card.

Useful Links for self service options

- **Use our 24 x 7 Chatbot - "ASKME" for any queries or service request:**
visit: <https://invest.assetmanagement.hsbc.co.in>

SMS your request to HSBC Mutual Fund

- **Latest NAV :** Send SMS as HSBCMF NAV <Scheme Code> to 56767
Example: HSBCMF NAV F03
- **Valuation Service on registered mobile No. :** Send SMS as HSBCMF VAL <folio_number> to 56767
Example: HSBCMF VAL 123456
- **Annual Report :**
For Electronic Copy: Send SMS as HSBCMFARE <folio_number> to 567678080
Example: HSBCMF ARE 123456
For Physical Copy: Send SMS as HSBCMFARP <folio_number> to 567678080
Example: HSBCMF ARP 123456
- **Half Yearly Portfolio :**
For Electronic Copy: Send SMS as HSBCMFHPE <folio_number> to 567678080
Example: HSBCMF HPE 123456
For Physical Copy: Send SMS as HSBCMFHPP <folio_number> to 567678080
Example: HSBCMF HPP 123456

Missed Call Service

- You can give a missed call to 9212900020 to get the total valuation via SMS and a statement on your registered email ID

Book-Post

If undelivered please return to:

Computer Age Management Services Private Limited (CAMS)

Unit: HSBC Mutual Fund

New No. 10, M.G.R Salai, Nungambakkam, Chennai - 600034.

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

HSBC Asset Management (India) Private Limited

CIN NO: U74140MH2001PTC134220

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

Website : www.assetmanagement.hsbc.co.in

Description	Toll Free Number	Email ID
Investor related queries	1800-4190-200/1800-200-2434	investor.line@mutualfunds.hsbc.co.in
Online related queries	1800-4190-200/1800-200-2434	onlinemf@mutualfunds.hsbc.co.in
Investor (Dialing from abroad)	+91 44 39923900	investor.line@mutualfunds.hsbc.co.in

To get your updated account statement email us at : "mfsoa@mutualfunds.hsbc.co.in"

We're always here to help you, so feel free to reach out to us

Self-service request at your Fingertips

- Visit Website • Invest Online • Insta Statement • Download Forms
- Transact via Whats App • Use 24/7 ChatBot - Ask Me



Remember, you can also find out more via our social media handles !

Please check our website www.assetmanagement.hsbc.co.in for an updated list of Official Points of Acceptance of HSBC Mutual Fund.

CAMS SERVICE CENTRES / CAMS LIMITED TRANSACTION POINTS / CAMS COLLECTION CENTRES

For details on CAMS Service Centres, please visit www.camsonline.com



HSBC Large and Mid Cap Fund

(Erstwhile HSBC Large & Mid Cap Equity Fund)

Large & Mid Cap Fund - An open ended equity scheme investing in both large cap and mid cap stocks.

Abridged Annual Report 2023 - 2024



SPONSOR

HSBC Securities and Capital Markets (India) Private Limited

CIN – U67120MH1994PTC081575

Regd. Office: 52/60, Mahatma Gandhi Road, Fort, Mumbai 400001.

TRUSTEE COMPANY

HSBC Trustees (India) Private Limited

CIN – U66190MH2024PTC416973

Regd. Office: 52/60, Mahatma Gandhi Road, Fort, Mumbai 400001.

ASSET MANAGEMENT COMPANY

HSBC Asset Management (India) Private Limited

CIN – U74140MH2001PTC134220

Regd. Office: 9-11 Floors, NESCO IT Park, Building No. 3,
Western Express Highway, Goregaon (East), Mumbai 400063.

CUSTODIAN

Citibank N.A.

First International Financial Center (FIFC), 9th Floor,
C-54 & 55, G – Block, Bandra Kurla Complex, Bandra (East), Mumbai 400051.

AUDITORS TO THE SCHEME

MSKA & Associates

Chartered Accountants

602, Floor 6, Raheja Titanium, Western Express Highway,
Geetanjali Railway Colony, Ram Nagar, Goregaon (East), Mumbai 400063.

REGISTRAR & TRANSFER AGENTS

Computer Age Management Services Limited (CAMS)

Unit: HSBC Mutual Fund

New No. 10, M.G.R Salai, Nungambakkam, Chennai 600034.

BOARD OF TRUSTEES

Ms. Jasmine Batliwalla	– Chairperson
Mr. Nani Javeri	– Trustee
Mr. David Rasquinha	– Trustee
Mr. Nicolas Moreau	– Trustee

BOARD OF DIRECTORS

Dr. Indu Shahani	– Director
Mr. Kapil Seth	– Director
Ms. Roopa Varma	– Director
Mr. Kailash Kulkarni	– Director & Chief Executive Officer

Dear Investor,

As we reflect on the past year, I am filled with pride and optimism about the future of our company and overall growth of the mutual fund industry. The past year has marked significant milestones in our journey, particularly as we capitalise on the immense potential of India's burgeoning growth story.

Fiscal 2024 turned out to be one of the best years for the domestic mutual fund industry as assets under management (AUM) spurted by nearly Rs. 14 lakh crore to a record Rs. 53.40 lakh crore as of March 2024 compared with Rs. 39.42 lakh crore as of March 2023.

The mutual fund industry is experiencing immense growth and we are poised to take advantage of this upward trajectory. Our company is an integral part of this growth story, riding the wave with several strategic initiatives and accomplishments that have set us on a path of sustained success.



Major achievements post integration

- Post integration we have enhanced our digital offering for both B2B and B2C to provide improved customer journeys.
- HSBC AM India's AUM increased from USD 1.4 bn (before integration) to USD 13.7 bn as of April 2024.
- HSBC Asset Management India has now become the 14th largest asset manager in India in terms of AUM.
- HSBC AM India has launched 4 new products since integration (raising \$445M).
- We have expanded HSBC AM India's product offerings to 43 funds.

Key Achievements in FY2023-2024

Investment Performance: Our disciplined investment strategy and thorough research have been pivotal to our success. We have focused on high-quality, undervalued assets, achieving consistent returns across our portfolio.

Product Innovation: This year, we launched two new funds - HSBC Multi Asset Allocation Fund and HSBC Consumption Fund, tailored to meet the evolving needs of our investors. These new offerings have been well-received, contributing to our growth in AUM significantly.

Increased Media Presence: In FY24, we significantly boosted our media presence, ensuring that our brand and thought leadership are recognized across various platforms. Through strategic media engagements like Informed Investing with ET Now, talks shows and several authored articles plus interviews - we have amplified our message, reaching a broader audience and reinforcing our market position.

Successful Campaign Launch: We successfully launched SIP Hai #FaydeWaliAadat, an investor education campaign, that highlighted the transformative power of SIPs in achieving long-term financial

goals. A first of its kind campaign, it aimed at educating and empowering the millennial investors in India. The campaign garnered significant attention and positive feedback, strengthening our brand presence and engaging a wider audience. Notably, the campaign has also earned us prestigious awards and accolades highlighting our commitment to excellence and innovation.

Client Relationships: We have strengthened our client relationships through enhanced communication, transparency, and personalized service. Our client satisfaction scores have reached new heights, reflecting our commitment to exceptional service.

We believe that the India story has just begun and its economic landscape is poised for significant growth. An exposure to unique and future relevant themes can provide a much-needed inflation buffer. The importance of asset allocation continues to be critical. It is critical for all of us to review our risk appetite and goal proximity and construct a portfolio appropriately.

Besides construction, portfolio rebalancing is equally important in order to achieve optimal outcomes. I do hope you share my enthusiasm and I ask that you continue to invest whilst reviewing your asset allocation at all times.

I would like to express my sincere gratitude to our dedicated team, whose expertise and commitment are the backbone of our success. To our investors, thank you for your trust and continued support. Your confidence in our approach motivates us to strive for excellence in everything we do. Also, I want to express my deepest gratitude to our valuable partners for their unwavering support and keep our services running. Look forward to achieving even grater milestones together.

As we move forward, we remain committed to delivering superior investment performance, fostering strong client relationships, and driving sustainable growth. Together, we are well-positioned to navigate the future and achieve our goals.

Warm regards,

A handwritten signature in black ink, appearing to read 'Kailash Kulkarni', written over a horizontal line.

Kailash Kulkarni

Chief Executive Officer

HSBC Asset Management India

Trustees' Report

For the year ended March 31, 2024

The Board of Directors of HSBC Trustees (India) Private Limited, Trustees of HSBC Mutual Fund present the Twenty Second Annual Report and the audited abridged financial statements of the schemes of the HSBC Mutual Fund ('the Fund') for the year ended March 31, 2024.

With the acquisition of L&T Mutual Fund in the previous financial year, the Fund's Assets Under Management ('AUM') (excluding Domestic FOFs) as on March 31, 2024 was INR 109368.16 crores (audited). The Fund ranks in the top 15 Mutual Fund houses in India in terms of AUM.

As at March 31, 2024, the Fund offered 43 schemes across asset classes to meet the varying investment needs of the investors. During the year, the Fund launched two new products namely HSBC Consumption Fund and HSBC Multi Asset Allocation Fund in Equity and Hybrid categories.

The Fund continues its focus on delivering consistent long-term returns. The comments on the performance of the scheme(s) are provided hereinafter. Dividends were declared under various schemes as per the provisions contained in the respective Scheme Information Documents after considering the distributable surplus available under the respective plans of the schemes. Details of dividends declared can be viewed on our website at www.assetmanagement.hsbc.co.in.

During the year, HSBC Securities and Capital Markets (India) Private Limited ("HSCI"), Sponsors of the Fund established a private limited company with limited liability to act as the "Trustees" of the Fund. HSBC Trustees (India) Private Limited ("HTIP") was incorporated on 9 January 2024. Accordingly, HTIP has replaced the Board of Trustees of HSBC Mutual Fund w.e.f. 1 March 2024, and the Company through its Board of Directors has been discharging its obligations as the "Trustees" of the Fund from this date.

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

a. Operations and Performance of the Scheme

➤ Equity Schemes

HSBC Large and Mid Cap Fund ('HLMF')

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

The investment objective of the scheme is 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.

The net assets of HLMF amounted to INR 2768.75 crores as at March 31, 2024 as against INR 1978.14 crores as at March 31, 2023. Around 98.07% of the net assets were invested in equities, 2.14% of the net assets were invested in reverse repos/TREPS and (0.21%) in net current assets as at March 31, 2024.

HLMF endeavors to provide long-term capital growth from an actively managed portfolio, comprising primarily large cap and mid cap stocks. HLMF aims to predominantly be invested in equity and equity related securities. HLMF 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. HLMF will allocate the balance portion primarily towards all cap equity. Investment could also be made towards fixed income securities including money market instruments.

For the year, HLMF has seen some underperformance vis-à-vis its benchmark index and this was on account of lower holding in some PSU stocks. Also, being underweight in Power sector hurt performance. However, the fund managers have made certain good picks in IT and Consumer Discretionary that helped performance. Additionally, the scheme benefitted from higher allocation to Capital Goods and lower allocation in Consumer Staples. The fund managers expect the capex cycle pick-up, in addition to central government spend, to benefit the infrastructure space. Hence, continue to be overweight in Capital Goods, Manufacturing, Consumer Discretionary and Real Estate.

Trustees' Report

For the year ended March 31, 2024 (Contd...)

HSBC Large and Mid Cap Fund					Date of Inception : 28 March, 2019			
Fund / Benchmark (Value of ₹ 10,000 invested)	1 Year		3 Years		5 Years		Since Inception	
	Amount (₹)	Returns (%)	Amount (₹)	Returns (%)	Amount (₹)	Returns (%)	Amount (₹)	Returns (%)
HSBC Large and Mid Cap Fund	14242	42.70	17175	19.80	21495	16.52	21495	16.52
Scheme Benchmark (NIFTY Large Midcap 250 TRI)	14598	46.28	18053	21.81	24526	19.63	24526	19.63
Additional Benchmark (Nifty 50 TRI)	13008	30.27	15736	16.35	20451	15.37	20451	15.37

Past performance may or may not be sustained in future. Returns have been calculated for the respective periods for Growth Option of Regular Plan as on last business day of the month i.e. March 28, 2024 due to non-availability of benchmark indices as of March 31, 2024. Returns on ₹ 10,000 are point-to-point returns for the specific time period, invested at the start of the period. Returns for 1 year and above are Compounded Annualized. Different plans shall have a different expense structure. Performance of the respective benchmark is calculated as per the Total Return Index (TRI).

Risk-o-meter as of 31st March, 2024:

Scheme Name	Scheme Risk-o-meter	Benchmark Risk-o-meter
HSBC Large and Mid Cap Fund	 Investors understand that their principal will be at Very High risk	Benchmark Index: NIFTY Large Midcap 250 TRI 

Please note that the above risk-o-meter is as per the product labelling of the Scheme basis Scheme's monthly portfolio as on March 31, 2024.

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

➤ EQUITY OUTLOOK

Recap of FY 2023-24:

FY24 was a stellar year for the Indian equity markets with strong economic momentum, healthy earnings growth and strong inflows from domestic and foreign institutional investors and strong retail participation driving a broad-based bull market. The Nifty and Sensex were up a solid 30.1%/26.5% respectively during the year, while the BSE Midcap and BSE Smallcap indices gained an astounding 65.2% and 61.4% respectively.

While geo-political conflicts continued in FY24, their impact on crude and global supply chains moderated. Crude prices largely remained range bound during the year. Inflation barring a brief spike largely remained well contained, the economy gained further steam with GDP growth crossing 8% in H1FY24 supported by government thrust on infrastructure. This translated into strong growth for several core sector industries including steel and cement. The growth in the real estate sector has been strong with inventory continuing to decline in metro markets. However, lagged impact of price increases continued to impinge on consumer demand growth which remained subdued for most mass market categories.

Trustees' Report

For the year ended March 31, 2024 (Contd...)

Domestic cyclical sectors were the best performing sectors during the year led by Real Estate, Capital Goods, Autos. Power was also among the best performing sectors. Global cyclical sectors like Metals and Oil & Gas also strongly outperformed the Nifty. FMCG and Banking while delivering healthy positive returns underperformed the Nifty, while IT performance was closer to Nifty.

MSCI India index outperformed most of key global indices during the past fiscal. MSCI India index (USD) gained 35.5% as compared to 23.1% gain for MSCI World, 27.9% for US S&P 500, 11.0% for MSCI Europe and only 5.3% for MSCI Emerging Markets as MSCI China declined 19.0% over the period.

Strong performance of the market and subsiding global macro headwinds drove a sharp turnaround in foreign investment flows. FII net inflow was at USD 25.3bn in FY24 versus an outflow of USD 6.0bn/ 17.1bn in FY23/ FY22. DIIs, on the other hand, matched FII inflow with an inflow of USD 25.3bn although it was lower than the net inflows at USD 30.8bn in FY23. Within DIIs, the MF segment was the key contributor (USD 24.3 bn of net inflows up from USD 21.8bn in FY23) while domestic Insurers were also in the net inflow territory (USD 1.0bn of net inflows vs USD 9.0bn in FY23).

Source: Motilal Oswal

Indices Returns (April 01, 2023 to March 31, 2024)	1 Year [^]
S&P BSE Sensex TR	26.5%
NSE CNX Nifty TR	30.1%
S&P BSE 100 TR	34.2%
S&P BSE 200 TR	38.5%
S&P BSE 500 TR	40.2%
S&P BSE Midcap TR	65.2%
S&P BSE Small-cap TR	61.4%

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

Way forward:

The global macro environment remains challenging with heightened geo-political and economic uncertainties. US bond yields remain high putting pressure on interest rates and currencies globally. For India, growth has continued to remain strong with GDP growth of 8.4% in Q3FY24 driven by strong government spending on infrastructure and pickup in manufacturing and construction. The 2024 interim budget has re-affirmed government focus on infrastructure. At the same time reduction in fiscal deficit should also help in easing of domestic interest rates. However, after last year's patchy monsoon, a good monsoon will be an important factor for rural demand and overall consumption growth in the economy in FY25.

India starts FY25 on a strong footing with positive growth momentum and India's investment cycle is expected to be on a medium-term uptrend supported by rising government investment in infrastructure and recovery in real estate cycle. There is also an expectation of higher private investments in renewable energy and related supply chain, localization of higher-end technology components, and India becoming a more meaningful part of global supply chains. Finally, it is expected for consumption to improve as the impact of high inflation fades and real incomes start to grow again.

However, several of these positives are getting discounted by the high valuations currently prevailing in the equity market. While the fund managers remain constructive on Indian equities supported by the more robust medium-term growth outlook there is a caution against high return expectations. Nifty continues to trade on 20.6x consensus 1 year forward PE (as of 30 April). On a 10-year basis, Nifty is still trading 10% above its historic average valuation but is in-line with its 5-year average. Valuations of the midcap and small cap indices are even higher versus their historical average.

Trustees' Report

For the year ended March 31, 2024 (Contd...)

➤ DEBT OUTLOOK

Market drivers during the course of the year FY 2024

The year started with advanced economies continuing to grapple with higher inflation and policy tightening remained a common theme across economies. During FY2024, the Federal Open Market Committee (FOMC) raised policy rates by 50 bps while European Central Bank (ECB) and Bank of England (BOE) raised policy rates by 100 bps each. The cumulative rate hikes by various advanced economies in this cycle are as follows: Fed (525 bps), BOE (515 bps) and ECB (450 bps). Meanwhile cumulative rate hikes by the Monetary Policy Committee (MPC) in this cycle was 250 bps. On account of higher Government debt burden, Fitch downgraded US sovereign rating from AAA to AA+. US Treasury yields remained volatile during the year, with the 10-year benchmark rising higher by 73 bps during the year. Crude prices also moved higher by USD 7-8/bbl.

On the domestic front, Consumer price Index (CPI) inflation remained broadly in the upper end of the MPC's targeted band of 4% +/- 2% for most the financial year, however, inflation printed above 6% on two occasions due to high food inflation. Headline inflation remained susceptible to high food inflation with markets now expecting some relief of food prices on the back of normal monsoon. Core inflation eased through the year falling to below 4% in the last quarter.

Domestically, one of the biggest events during the year was the much-awaited index inclusion of Indian Government Bonds (IGBs) into the GBI-EM Global index suite and its relevant benchmarks. India is expected to reach the maximum weight of 10% in the GBI-EM Global Diversified Index (GBI-EM GD), with the inclusion staggered over a 10-month period starting June 2024. Following this, Bloomberg also included IGBs in their Bloomberg EM Local Currency Index, with India expected to reach a maximum weight of 10% over a 10-month period starting Jan 2025. Both these inclusions are expected to bring in INR 25-30 bn of index related FPI inflows over the next 1-2 years and paving the way for inclusion into other global bond indices as well. During FY2024, FPIs poured in close USD 12 bn into IGBs, with majority of the inflows coming in post the JP Morgan index inclusion announcement.

Government continued its path of fiscal consolidation, with the revised estimate of the Fiscal deficit for FY2024 coming in at 5.6%, with expectations for FY2025 at 5.1% and target of below 4.5% by FY2026. PMI numbers continue to remain in expansion, GST revenues remain buoyant and credit off-take upbeat.

The external sector has remained strong due to healthy service exports and remittances. Current Account Deficit (CAD) is expected to be around 1% for the year. Rupee remained one of the more stable currencies during the year, with active intervention from RBI smoothening any volatility. RBI continued to build on the FX reserves with year-end number around USD 650 bn.

Money market rates moved higher during the year due to tightening in liquidity along with higher Certificate of Deposit (CD) issuances. G-Sec yields, however, moved lower due to favorable demand supply and lower G-Sec borrowing. 10-year G-Sec moved lower during the year by 25 bps, while 5 yr G-Sec moved lower by 13 bps.

Market Outlook

While US markets have braced for "higher for longer" rates, we have seen in the past, that reactions to favorable data in such an environment can be sharp. Any softness in growth, employment or inflation data over the next few months will allow the markets to quickly start pricing in aggressive future policy easing. In our view, the RBI is also likely to gradually shift the liquidity deficit into surplus over the course of the next 3-6 months, flipping overnight rates from the top to the bottom of the rate corridor. The yield curve is likely to steepen as liquidity eases. This along with a potential 50 bps of policy easing in first half of CY2025 may push overnight rates lower by 75-100 bps.

While any form of additional spending by the new Government to address concerns of rural sections of the country and the possibility of additional spending to fund such policies will remain a key monitorable, it is believed the Government is likely to remain cognizant of the possible impact of such policies and take measured steps. With the dust settling down on the election outcome, the broad macroeconomic factors should continue to remain stable and could support softening in domestic yields going forward.

Trustees' Report

For the year ended March 31, 2024 (Contd...)

The Fund Managers continue to have a positive outlook for interest rates, based on various favorable factors: (a) Record RBI dividend to the Government, (b) reduced Fiscal deficit number of 5.6%, (c) favorable G-Sec supply demand dynamics, (d) FPI index related inflows, (e) revised outlook in India by S&P, (f) soft core inflation along with expectations of a better than normal monsoon, and finally (g) soft signals by Government and RBI on liquidity.

Source: RBI, Bloomberg, Internal HSBC Research & CCIL

2. BRIEF BACKGROUND OF THE SPONSORS, THE FUND, THE TRUSTEES AND THE ASSET MANAGEMENT COMPANY

A. Sponsor

HSBC Mutual Fund is sponsored by HSBC Securities and Capital Markets (India) Private Limited (HSCI). The Sponsor is the Settler of the Mutual Fund Trust. The Sponsor has entrusted a sum of Rs. 1,00,000/- (Rupees One Lakh only) to the Trustee as the initial contribution towards the corpus of the Mutual Fund.

HSCI offers integrated investment banking services, securities and corporate finance & advisory. HSCI is a member of the Bombay Stock Exchange Limited and National Stock Exchange (capital and derivative market segments). HSCI holds 100% of the paid-up equity share capital of HSBC Asset Management (India) Private Limited.

B. HSBC Mutual Fund

HSBC Mutual Fund ("the Mutual Fund" or "the Fund") has been constituted as a Trust in accordance with the provisions of the Indian Trusts Act, 1882 (2 of 1882) vide a Trust Deed dated February 7, 2002 (as amended) with HSBC Securities and Capital Markets (India) Private Limited, as the Sponsor and HSBC Trustees (India) Private Limited. The Trustee has entered into an Investment Management Agreement dated February 7, 2002 (as amended) with HSBC Asset Management (India) Private Limited (AMC) to function as the Investment Manager for all the schemes of the Fund. The Fund was registered with SEBI vide registration number MF/046/02/5 dated May 27, 2002.

The Trust has been formed for the purpose of pooling of capital from the public for collective investment in securities for the purpose of providing facilities for participation by persons as beneficiaries in such investments and in the profits/income arising therefrom.

C. HSBC Trustees (India) Private Limited (the Trustees)

The Trustees are the exclusive owner of the Trust Fund and holds the same in trust for the benefit of the unitholders. The Trustees have been discharging their duties and carrying out the responsibilities as provided in the SEBI (Mutual Funds) Regulations, 1996 and the Trust Deed. The Trustees seek to ensure that the Fund and the schemes floated there under are managed by the AMC in accordance with the Trust Deed, the said Regulations, directions and guidelines issued by the SEBI, the Stock Exchanges, the Association of Mutual Funds in India and other regulatory agencies.

During the year, HSBC Securities and Capital Markets (India) Private Limited ("HSCI"), Sponsors of HSBC Mutual Fund) established a private limited company with limited liability to act as the "Trustee" of HSBC Mutual Fund. HSBC Trustees (India) Private Limited ("HTIP") was incorporated on 9 January 2024. Accordingly, HTIP has replaced the Board of Trustees of HSBC Mutual Fund w.e.f. 1 March 2024, and the Company through its Board of Directors has been discharging its obligations as the "Trustees" of the Fund from this date.

As of March 31, 2024, HSCI holds 100% of the paid-up equity share capital of HTIP.

D. Asset Management Company (the AMC)

HSBC Asset Management (India) Private Limited (the Investment Manager or the AMC) is a private limited company incorporated under the Companies Act, 1956 on December 12, 2001 having its Registered Office at 9-11 Floors, NESCO IT Park, Building no. 3, Western Express Highway, Goregaon (East), Mumbai – 400 063. HSBC Asset Management (India) Private Limited has been appointed as the Asset Management Company of HSBC Mutual Fund by the Trustee vide Investment Management Agreement (IMA) dated February 7, 2002 (as amended) and executed between the Trustees and the AMC. SEBI approved the AMC

Trustees' Report

For the year ended March 31, 2024 (Contd...)

to act as the Investment Manager of the Fund vide its letter No. MFD/BC/163/2002 dated May 27, 2002. The paid-up equity share capital of the AMC is Rs. 344.41 crores. The AMC is registered as a Portfolio Manager under the SEBI (Portfolio Managers) Regulations, 1993 vide registration no. INP000001322. The AMC also offers non-binding Advisory services to offshore funds under the mutual fund license.

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

3. INVESTMENT OBJECTIVE OF THE SCHEMES

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

4. SIGNIFICANT ACCOUNTING POLICIES

The Significant Accounting Policies form part of the Notes to the Accounts annexed to the Balance Sheet of the Schemes in the Full Annual Report. The accounting policies are in accordance with Securities Exchange Board of India (Mutual Funds) Regulations, 1996 and Indian Accounting Standards (IND AS) notified under section 133 of the Companies Act, 2013 (the "Act" read with the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time.

5. UNCLAIMED DIVIDENDS & REDEMPTIONS

Summary of number of investors & corresponding amount as on March 31, 2024:

Scheme Name	Unclaimed Dividend		Unclaimed Redemption	
	No. of Investors	Amount (₹)	No. of Investors	Amount (₹)
HSBC Large & Mid Cap Fund	3,0825	53,797,596.98	426	15,521,131.32

6. INVESTOR SERVICES

The number of official points of acceptance of transactions are 210 locations. In addition to the offices of the Registrar & Transfer Agent, the AMC has its own office in 61 locations and Investor Service Centers in 39 locations. The AMC has 2 Toll Free numbers (1800-4190-200/1800-200-2434) which can be dialed from anywhere in India and 1 number i.e. +91 44 39923900 (Investors calling from abroad). The call center service is being managed by the Registrar and Transfer Agents. HSBC Mutual Fund offers the online transaction facility through the AMC's website at www.assetmanagement.hsbc.co.in.

On the distribution front, the number of empaneled distributors were 59046 as on March 31, 2024. During the year, the AMC initiated tie-ups for online distribution of the Mutual Fund's schemes with several channel partners taking the total number of such tie-ups to 160 as on March 31, 2024.

7. DETAILS OF INVESTOR GRIEVANCE REDRESSAL

The details of the redressal of investor complaints received against HSBC Mutual Fund during April 2023 - March 2024 are as follows:

2023-2024												
Complaint code	Type of Complaint	(a) No. of complaints pending at the beginning of the period	(b) No. of complaints received during the given period	Action on (a) and (b)								
				Resolved				Non Actionable*	Pending			
				Within 30 days	30-60 days	60-180 days	Beyond 180 days		0-3 months	3-6 months	6-9 months	9-12 months
IA	Non receipt of amount declared under Income Distribution cum Capital Withdrawal option	1	10	11	0	0	0	0	0	0	0	0

Trustees' Report

For the year ended March 31, 2024 (Contd...)

2023-2024												
Com-plaint code	Type of Complaint	(a) No. of complaints pending at the begin-ning of the period	(b) No. of com-plaints received during the given period	Action on (a) and (b)								
				Resolved				Non Action-able*	Pending			
				Within 30 days	30-60 days	60-180 days	Beyond 180 days		0-3 months	3-6 months	6-9 months	9-12 months
I B	Interest on delayed payment of amount declared under Income Distribution cum Capital Withdrawal option	0	1	1	0	0	0	0	0	0	0	0
I C	Non receipt of Redemption Proceeds	1	38	39	0	0	0	0	0	0	0	0
I D	Interest on delayed payment of Redemption	0	2	2	0	0	0	0	0	0	0	0
II A	Non receipt of Statement of Account/Unit Certificate	0	3	3	0	0	0	0	0	0	0	0
II B	Discrepancy in Statement of Account	1	22	23	0	0	0	0	0	0	0	0
II C	Data corrections in Investor details	1	250	249	0	0	0	0	2	0	0	0
II D	Non receipt of Annual Report/ Abridged Summary	0	0	0	0	0	0	0	0	0	0	0
III A	Wrong switch between Schemes	0	2	2	0	0	0	0	0	0	0	0
III B	Unauthorized switch between Schemes	0	1	1	0	0	0	0	0	0	0	0
III C	Deviation from Scheme attributes	0	1	1	0	0	0	0	0	0	0	0
III D	Wrong or excess charges/load	0	0	0	0	0	0	0	0	0	0	0
III E	Non updation of changes viz. address, PAN, bank details, nomination, etc	1	127	127	0	0	0	0	1	0	0	0
III F	Delay in allotment of Units	0	5	4	1	0	0	0	0	0	0	0
III G	Unauthorized Redemption	0	0	0	0	0	0	0	0	0	0	0
IV	Others**	1	78	76	0	0	0	0	3	0	0	0
	TOTAL	6	540	539	1	0	0	0	6	0	0	0

** As per AMFI Best Practice Guidelines Circular No.25/2011-12 for Revisions in the Guidelines on Standardization of Complaints/ Grievances Reporting Procedure. If "Others" include a type of complaint which is more than 10% of overall complaints, then such a reason should be provided separately. Hence, data corrections in Investor Details are included as a separate category.

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

Summary of Complaints for FY 2023-24

Particulars	Count
Total complaints received	540
Total number of folios	21,39,406
% of complaints against the folio	0.025

8. INVESTOR EDUCATION INITIATIVES

During the FY 2023-24, the AMC conducted the following investor education and awareness initiatives:

- An integrated multi-media marketing campaign on SIP Hai 'FaydeWaliAadat' aimed to tap into the aspirations, financial goals, and unique spending habits of millennials.

Trustees' Report

For the year ended March 31, 2024 (Contd...)

- Editorial content on Systematic Investment Plans (SIP) created across 15 states through various regional television channels.
- Investor education content on the Platform - Quora.
- 'Be Money Confident' video series targeting women through Jio Platforms.
- Campaign on Women & Investing for Women's Day.
- Campaign for Marathon enthusiast on the similarities between running a Marathon & Investing.
- Financial literacy virtual event on the occasion of Mother's Day, which received more than 725 registered users.
- A mom blogger outreach program to reach Women Investors with financial education content on MF on the occasion of Mother's Day.
- Education campaign on ELSS executed for working audiences.
- Blogs and content for Investor Education properties like SIP Sahi Hai in Value Research, Gyan Guroovaar on Facebook, Investment Ki Paathshala on the website and investor education blogs on the platform - Advisor Khoj.
- 1,462 Investor Education programs to reach out to an audience of 71,465 people out of which 458 were women programs attended by 20,139 women.

9. PROXY VOTING POLICY

As per para 6.16 of SEBI Master Circular on Mutual Funds dated June 27, 2024, the Fund has adopted Proxy Voting Policy and Procedures for exercising voting rights in respect of securities held by the Schemes. (please refer Proxy Voting Policy and Procedures)

The summary of the votes casted in the general meetings of the Investee companies, by the AMC for and on behalf of the Schemes of the Fund, for the financial year 2023-24 is provided below:

Quarter	Total no. of resolutions	Break-up of Vote decision		
		For	Against	Abstained
April 2023 - June 2023	387	260	75	52
July 2023 - September 2023	2,169	1607	448	114
October 2023 - December 2023	197	138	37	22
January 2024 - March 2024	319	240	50	29
TOTAL	3,072	2,245	610	217

As per para 6.16.7 of SEBI Master Circular on Mutual Funds dated June 27, 2024, the AMC has obtained certificate from M/s. M. P. Chitale & Co., Chartered Accountants, who is acting as a Scrutinizer, on the voting report for the FY 2023-24. The certificate dated May 22, 2024 issued by M/s. M. P. Chitale & Co., is available on the website of the AMC as part of the full Annual Report.

Unit holders can refer to the full Annual Report for complete details of actual exercise of votes in the general meetings of the investee companies for the financial year 2023-24 or log on to our website at www.assetmanagement.hsbc.co.in.

10. STATUTORY DETAILS

- The Sponsors are not responsible or liable for any loss resulting from the operation of the Schemes of the Fund beyond initial contribution of Rs. 1 lakh for setting up the Fund.
- The price and redemption value of the units, and income from them, can go up as well as down with fluctuations in the market value of its underlying investments.

Trustees' Report

For the year ended March 31, 2024 (Contd...)

- c) Full Annual Report of HSBC Mutual Fund and of HSBC Asset Management (India) Private Limited (the AMC) shall be disclosed on the website at www.assetmanagement.hsbc.co.in and shall be available for inspection at the Head Office of the Mutual Fund. Present and prospective unitholders can obtain copy of the Trust Deed, the full Annual Report of the Scheme(s), the Annual Report of HSBC Asset Management (India) Private Limited and the text of the relevant Scheme(s) at a price.

11. CHANGES IN RISK-O-METER OF THE SCHEME DURING FY 2023-24

As per para 17.4. of SEBI Master Circular on Mutual Funds dated June 27, 2024 on product labelling, the changes carried out in the risk-o-meter of the schemes of HSBC Mutual Fund during FY 2023-24 have been given in the below mentioned table for the information of the unitholders, a report on the said changes has also been displayed on the website of the Fund and AMFI.

Scheme Name	Risk-o-meter level as on March 31, 2023	Risk-o-meter level as on March 31, 2024	Number of changes in Risk-o-meter during the F.Y. 2023-24)
HSBC Large and Mid Cap Fund	Very High	Very High	0

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

As per para 6.16.15 of SEBI Master Circular on Mutual Funds dated June 27, 2024, HSBC Mutual Fund has adapted the policy on stewardship responsibilities, the unitholders are requested to note the status of governance with the same as mentioned below:

S. No.	Particulars of Principles of Stewardship Code	Status of compliance (Complied/ Not Complied)	Description	Remarks/ reasons for deviation/non-compliance, if any
1	Principle 1: Institutional Investors should formulate a comprehensive policy on the discharge of their stewardship responsibilities, publicly disclose it, review and update it periodically.	Complied	HSBC Asset Management (India) Private Limited's (AMIN) 'Policy on Stewardship responsibilities' (Stewardship Code/ Policy) was formulated and implemented on 01 July, 2020. This is a comprehensive document which has been publicly disclosed on the website of AMIN. The same shall follow a periodic review.	N.A.
2	Principle 2: Institutional investors should have a clear policy on how they manage conflicts of interest in fulfilling their stewardship responsibilities and publicly disclose it.	Complied	Defining and managing Conflict of Interest in fulfilling stewardship responsibilities are detailed in the Stewardship Policy document. The policy document is publicly disclosed.	N.A.

Trustees' Report

For the year ended March 31, 2024 (Contd...)

S. No.	Particulars of Principles of Stewardship Code	Status of compliance (Complied/ Not Complied)	Description	Remarks/ reasons for deviation/non-compliance, if any
3	Principle 3: Institutional investors should monitor their investee companies.	Complied	AMIN monitors all investee companies through its investment process. This includes assessment of companies' own and market data, consideration of research from brokers and other independent research providers – including ESG & voting research, attending individual & group meetings with company management and directors, visiting production sites (wherever necessary), engaging with key stakeholders including competitors and customers, and financial modelling. More details enumerated in the policy document	N.A.
4	Principle 4: Institutional investors should have a clear policy on intervention in their investee companies. Institutional investors should also have a clear policy for collaboration with other institutional investors where required, to preserve the interests of the ultimate investors, which should be disclosed.	Complied	Details of undertaking active engagement with investee companies and the policy for collaboration with other institutional holders are detailed in the policy document. The policy document is publicly disclosed.	N.A.
5	Principle 5: Institutional investors should have a clear policy on voting and disclosure of voting activity.	Complied	AMIN has a clear and detailed voting policy which provides the framework for the voting decisions. All voting decisions shall be in accordance with AMIN's Voting Policy and Procedures, which is disclosed on the website. AMIN discloses the details of the voting on its website on a quarterly basis within 10 working days from the end of the quarter. Additionally, AMIN also discloses the details of the votes cast, in the annual report of the schemes of HSBC Mutual Fund.	N.A.
6	Principle 6: Institutional investors should report periodically on their stewardship activities.	Complied	The annual status report of the stewardship code and quarterly report on proxy voting are publicly disclosed on the website as required under SEBI Regulations.	N.A.

Trustees' Report

For the year ended March 31, 2024 (Contd...)

13. DISCLOSURES PERTAINING TO NAV ADJUSTED DURING THE FINANCIAL YEAR FOR SWING FACTOR ALONG WITH THE PERFORMANCE IMPACT

Sr No.	Period of applicability of swing pricing	Scheme Name	Unswung NAV	Swing factor applied	Whether optional or mandatory
NIL					

14. SIGNIFICANT EVENT AFTER THE END OF THE FINANCIAL YEAR

NIL

15. ACKNOWLEDGEMENTS

The Trustees wish to thank the unitholders of the Schemes for their support throughout the year, and also thank the Government of India, the Securities and Exchange Board of India (SEBI), the Reserve Bank of India (RBI) and the Association of Mutual Funds in India (AMFI) for the guidance provided by them. The Trustees also appreciate the services provided by the Registrar and Transfer Agent, Fund Accountant, Custodian, Bankers, Distributors and Brokers. The guidance and services provided by the auditors and advocates and the ebullience, sincerity and dedication of the employees of HSBC Asset Management (India) Private Limited is also appreciated.

The Trustees look forward to the continued support of everyone.

For and on behalf of **HSBC Trustees (India) Private Ltd.**

Sd/-

Director

Mumbai

July 19, 2024

Independent Auditors' Report

To the Board of Directors of HSBC Trustees (India) Private Limited (the "Trustee")

HSBC Large and Mid Cap Fund

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **HSBC Large and Mid Cap Fund** (the "Scheme") of HSBC Mutual Fund (the "Fund"), which comprise the Balance Sheet as at March 31, 2024, the Revenue Account and the Cash Flow Statement for the year then ended, and notes to the financial statements, including a summary of material accounting policy and other explanatory information.

In our opinion, and to the best of our information and according to the explanations given to us, the aforesaid financial statements of the Scheme give a true and fair view in conformity with the Indian Accounting Standards ("Ind AS") prescribed under section 133 of the Companies Act, 2013 (the "Act") read with Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India, including the accounting policies and standards specified in the Regulation 50 and Ninth Schedule to the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 ("the SEBI Regulations") (collectively referred to as the "Regulations") as amended:

- a. in the case of the Balance Sheet, of the state of affairs of the Scheme as at March 31, 2024;
- b. in the case of the Revenue Account, of the net surplus for the year ended on that date; and
- c. in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing ("SAs") and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India (the "ICAI"). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Scheme in accordance with the Code of Ethics issued by the ICAI together with the ethical requirements that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Information Other than the Financial Statements and Auditor's Report Thereon

The Board of Directors of HSBC Asset Management (India) Private Limited (the "AMC") and the Board of Directors of HSBC Trustees (India) Private Limited (the "Trustees") (collectively referred to as "the Management") are responsible for the other information. The other information comprises the information included in the Trustees report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

The Management is responsible for the preparation of these financial statements that give a true and fair view of the state of affairs, results of operations and cash flows of the Scheme in accordance with the accounting principles generally accepted in India, including the accounting policies and standards specified in Regulations. This responsibility also includes maintenance of adequate accounting records in accordance with the SEBI

Independent Auditors' Report (Contd...)

Regulations for safeguarding of the assets of the Scheme and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Management is responsible for assessing the Scheme's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management, either intends to liquidate the Scheme or to cease operations, or has no realistic alternative but to do so.

Those Charged with Governance are also responsible for overseeing the Scheme's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Scheme's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Scheme to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide to those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Independent Auditors' Report (Contd...)

Report on Other Legal and Regulatory Requirements

1. As required by regulation 55(4) and clause 5(ii)(2) of the Eleventh Schedule of the SEBI Regulations, we report that:
 - a. we have sought and obtained all the information and explanations which, to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b. in our opinion, the Balance Sheet and the Revenue Account dealt with by this report have been prepared in accordance with the accounting policies and standards specified in the Regulations; and
 - c. the Balance Sheet, the Revenue Account and the Cash Flow Statement, dealt with by this report are in agreement with the books of accounts of the Scheme.
2. On the basis of information and explanations given to us, the scheme does not have any non-traded securities as at March 31, 2024 and hence reporting requirement of Eighth Schedule of the SEBI Regulations is not applicable.

For **M S K A & Associates**

Chartered Accountants

ICAI Firm Registration No. 105047W

Sd/-

Swapnil Kale

Partner

Membership No: 117812

UDIN: 24117812BKFISC8899

Place : Mumbai

Date : July 19, 2024

Abridged Balance Sheet as at March 31, 2024

Rs. in Lakhs

	As at March 31, 2024	As at March 31, 2023	As at April 1, 2022
LIABILITIES			
1 Unit Capital	128,020.13	129,356.71	32,094.64
2 Reserves & Surplus			
2.1 Unit Premium Reserves	14,191.60	14,410.95	(6,383.62)
2.2 Unrealised Appreciation Reserve	59,259.46	5,351.60	17,146.77
2.3 Other Reserves	75,403.45	48,577.33	7,728.81
3 Loans & Borrowings	–	–	–
4 Current Liabilities & Provisions			
4.1 Provision for Doubtful Income/Deposits	–	–	–
4.2 Other Current Liabilities & Provisions	2,102.65	2,797.86	361.33
TOTAL	278,977.29	200,494.45	50,947.92
ASSETS			
1 Investments			
1.1 Listed Securities:			
1.1.1 Equity Shares	271,534.10	194,847.15	49,838.60
1.1.2 Preference Shares	–	–	–
1.1.3 Equity Linked Debentures	–	–	–
1.1.4 Other Debentures & Bonds	–	–	–
1.1.5 Securitised Debt Securities	–	–	–
1.2 Securities Awaited Listing:			
1.2.1 Equity Shares	–	–	–
1.2.2 Preference Shares	–	–	–
1.2.3 Equity Linked Debentures	–	–	–
1.2.4 Other Debentures & Bonds	–	–	–
1.2.5 Securitised Debt Securities	–	–	–
1.3 Unlisted Securities:			
1.3.1 Equity Shares	–	–	–
1.3.2 Preference Shares	–	–	–
1.3.3 Equity Linked Debentures	–	–	–
1.3.4 Other Debentures & Bonds	–	–	–
1.3.5 Securitised Debt Securities	–	–	–
1.4 Government Securities	–	–	–
1.5 Treasury Bills	–	–	–
1.6 Commercial Paper	–	–	–
1.7 Certificate of Deposits	–	–	–
1.8 Bill Rediscouting	–	–	–
1.9 Units of Domestic Mutual Fund	–	–	–
1.10 Foreign Securities	–	–	–
Total Investments	271,534.10	194,847.15	49,838.60
2 Deposits	213.55	19.88	7.00
3 Other Current Assets			
3.1 Cash & Bank Balance	621.21	362.53	61.71
3.2 CBLO/TREPS/Reverse Repo Lending	5,914.85	3,710.65	580.87
3.3 Others	693.57	1,554.24	459.74
4 Deferred Revenue Expenditure (to the extent not written off)	–	–	–
TOTAL	278,977.29	200,494.45	50,947.92

Notes to Accounts - Annexure I

Abridged Revenue Account for the year ended March 31, 2024

Rs. in Lakhs

		Current Year ended March 31, 2024	Previous Year ended March 31, 2023
1	INCOME		
1.1	Dividend	1,984.43	663.98
1.2	Interest	262.95	104.99
1.3	Realised Gain/(Loss) on Foreign Exchange Transactions	—	—
1.4	Realised Gains/(Losses) on Interscheme Sale of Investments	—	—
1.5	Realised Gains/(Losses) on External Sale/Redemption of Investments	32,528.71	6,214.55
1.6	Realised Gains/(Losses) on Derivative Transactions	—	—
1.7	Other Income	24.02	8.77
	(A)	34,800.11	6,992.29
2	EXPENSES		
2.1	Management Fees	1,795.10	829.79
2.2	GST on Management Fees	323.14	149.36
2.3	Transfer Agents Fees and Expenses	167.81	78.45
2.4	Custodian Fees	2.87	1.63
2.5	Trusteeship Fees	1.92	2.35
2.6	Commission to Agents	2,255.52	1,117.73
2.7	Marketing & Distribution Expenses	0.55	2.55
2.8	Audit Fees	3.56	1.21
2.9	Investor Education Expenses	47.74	20.46
2.10	Interest on Borrowing	—	—
2.11	Brokerage & Transaction Costs	1,052.77	296.82
2.12	Other Operating Expenses	40.55	24.90
	(B)	5,691.53	2,525.24
3	NET REALISED GAINS/(LOSSES) FOR THE YEAR	(C = A - B)	29,108.58
4	Change in Unrealised Depreciation in Value of Investments	(D)	—
5	NET GAINS/(LOSSES) FOR THE YEAR	(E = C + D)	29,108.58
6	Change in Unrealised Appreciation in Value of Investments	(F)	53,907.87
7	NET SURPLUS/(DEFICIT) FOR THE YEAR	(G = E + F)	83,016.45
7.1	Add : Balance Transfer from Unrealised Appreciation Reserve	—	11,795.17
7.2	Less : Balance Transfer to Unrealised Appreciation Reserve	53,907.87	—
7.3	Add/(Less) : Equalisation	(407.69)	37,788.71
7.4	Transfer from Reserve Fund	48,577.33	7,728.81
7.5	Transfer from Unit Premium Reserve	—	—
8	Total	77,278.22	50,055.03
9	Dividend Appropriation		
9.1	Income Distributed during the Year	(1,874.77)	(1,477.70)
9.2	Tax on Income Distributed during the Year	—	—
10	Retained Surplus/(Deficit) Carried Forward to Balance Sheet	75,403.45	48,577.33

Notes to Accounts - Annexure I

Key Statistics for the year ended March 31, 2024

	Current Year ended March 31, 2024	Previous Year ended March 31, 2023
1. NAV per unit (Rs.):		
Open		
Regular Plan - Growth Option	15.3432	15.7460
Regular Plan - IDCW Option	14.0084	15.7460
Direct Plan - Growth Option	16.3733	16.5525
Direct Plan - IDCW Option	15.0053	16.5249
High		
Regular Plan - Growth Option	22.1387	16.2086
Regular Plan - IDCW Option	20.2128	16.2086
Direct Plan - Growth Option	23.8536	17.2240
Direct Plan - IDCW Option	21.8606	17.1892
Low		
Regular Plan - Growth Option	15.3016	13.3229
Regular Plan - IDCW Option	13.9704	13.3229
Direct Plan - Growth Option	16.3303	14.0573
Direct Plan - IDCW Option	14.9660	14.0321
End		
Regular Plan - Growth Option	21.8522	15.3432
Regular Plan - IDCW Option	18.1868	14.0084
Direct Plan - Growth Option	23.5559	16.3733
Direct Plan - IDCW Option	19.6721	15.0053
2. Closing Assets Under Management (Rs. in Lakhs)		
End	276,875	197,815
Average (AAuM) ¹	238,719	102,317
3. Gross income as % of AAuM ²	14.58%	6.83%
4. Expense Ratio:		
a. Total Expense as % of AAuM (including GST tax on Management fees) (planwise)		
Regular Plan	2.00%	2.24%
Direct Plan	1.00%	0.95%
b. Management Fee as % of AAuM (planwise)		
Regular Plan	0.75%	0.82%
Direct Plan	0.75%	0.72%
5. Net Income as a percentage of AAuM ³	12.19%	4.37%
6. Portfolio turnover ratio ⁴	1.05	0.68
7. Total IDCW per unit distributed during the year (planwise)		
Retail		
Regular Plan - IDCW Option	1.75	1.30
Direct Plan - IDCW Option	1.90	1.30

Key Statistics For the year ended March 31, 2024 (Contd...)

	Current Year ended March 31, 2024	Previous Year ended March 31, 2023
Corporate		
Regular Plan - IDCW Option	1.75	1.30
Direct Plan - IDCW Option	1.90	1.30
8. Returns (%):		
a. Last One Year		
Scheme		
Regular Plan - Growth Option	42.70%	-0.85%
Direct Plan - Growth Option	44.17%	0.68%
Benchmark		
NIFTY LargeMidcap 250 TRI	46.28%	0.62%
b. Since Inception		
Scheme		
Regular Plan - Growth Option	16.52%	10.81%
Direct Plan - Growth Option	17.40%	11.57%
Benchmark		
NIFTY LargeMidcap 250 TRI	19.63%	13.81%

^{1.} AAuM = Average daily net assets.

^{2.} Gross income = amount against (A) in the Revenue account i.e. Income.

^{3.} Net income = amount against (C) in the Revenue account i.e. Net Realised Gains/(Losses) for the year.

^{4.} Portfolio Turnover = Lower of sales or purchase divided by the Average AuM for the year.

Note: Returns have been calculated as on last business day of the month i.e. March 28, 2024 due to non-availability of benchmark indices as of March 31, 2024.

Notes to Accounts – Annexure I

To the Abridged Balance Sheet and Revenue Account for the year ended March 31, 2024

1 Investments:

- 1.1. It is confirmed that investments of the Schemes are registered in the name of the Trustees for the benefit of the Scheme's unitholders.
- 1.2. Open Positions of derivatives as on year ended March 31, 2024 and March 31, 2023 are NIL.
- 1.3. Investment in Associates and Group Companies as at the year ended March 31, 2024 and March 31, 2023 are NIL.
- 1.4. Open positions of Securities Borrowed and/or Lent by the scheme as on the year ended March 31, 2024 and March 31, 2023 are NIL.
- 1.5. Investment in Below investment grade and default/Securities in default beyond its maturity date as on March 31, 2024 and March 31, 2023 are NIL.
- 1.6. Aggregate Unrealised Gain/Loss as at the end of the Financial year March 31, 2024 and March 31, 2023 and percentage to net assets are as under :

(Rs. In Lakhs)

Security Category	Amount	Percentage to Net Assets	Amount	Percentage to Net Assets
	As at March 31, 2024		As at March 31, 2023	
Equity Shares				
- Appreciation	63,635.68	22.98%	11,330.06	5.73%
- Depreciation	4,376.22	1.58%	5,978.46	3.02%

- 1.7. The aggregate value of investments securities (excluding TREPS and Reverse Repos) purchased and sold (including matured) during the financial year 2023 - 2024 (excluding accretion of discount) is Rs. 250,402.12 lakhs and Rs. 260,151.75 lakhs respectively being 104.89% and 108.98% of the average net assets.

The aggregate value of investments securities (excluding TREPS and Reverse Repos) purchased and sold (including matured) during the financial year 2022 - 2023 (excluding accretion of discount) is Rs. 70,023.85 lakhs and Rs. 77,520.51 lakhs respectively being 68.44% and 75.77% of the average net assets.

- 1.8. Non-Traded securities in the portfolio: Aggregate Value of Equity, Debt & Money Market Instruments and percentage to net assets as on March 31, 2024 & March 31, 2023 is Nil.

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

During the year 2023-24, The Hongkong and Shanghai Banking Corporation Limited, an associate entity of HSBC Asset Management (India) Private Limited was paid collection/bank charges amounting to Rs. Nil.

During the year 2022-23, The Hongkong and Shanghai Banking Corporation Limited, an associate entity of HSBC Asset Management (India) Private Limited was paid collection/bank charges amounting to Rs. Nil.

Commission paid to Sponsor/AMC and its associates/related parties/group companies

Name of Sponsor/AMC and its associates/ related parties/ group companies	Nature of Association / Nature of Relation	Period Covered	Business Given [Rs. In lakhs]	% of Total Business received by the Fund	Commission paid [Rs. In Lakhs]	% of Total commission paid by the Fund
The Hongkong and Shanghai Banking Corporation Limited	Group Company	2023-2024	1,761.41	5.06	294.11	12.94

Notes to Accounts – Annexure I (Contd...)**To the Abridged Balance Sheet and Revenue Account for the year ended March 31, 2024**

Name of Sponsor/AMC and its associates/ related parties/ group companies	Nature of Association / Nature of Relation	Period Covered	Business Given [Rs. In lakhs]	% of Total Business received by the Fund	Commission paid [Rs. In Lakhs]	% of Total commission paid by the Fund
The Hongkong and Shanghai Banking Corporation Limited	Group Company	2022-2023	4,379.95	2.31	252.56	14.16

Brokerage paid to Sponsor/AMC and its associates/related parties/group companies

Name of Sponsor/AMC and its associates/ related parties/group companies	Nature of Association /Nature of relation	Period Covered	Value of Transactions [Rs. In lakhs]	% of total value of transactions of the fund	Brokerage paid [Rs. In lakhs]	% of total brokerage paid by the fund
HSBC Securities and Capital Market (India) Private Limited	Sponsor	2023-2024	16,452.08	3.25	19.75	3.62
HSBC Securities and Capital Market (India) Private Limited	Sponsor	2022-2023	4,605.99	3.12	5.19	3.31

- 3 None of the Investors held more than 25% of the total net assets of the scheme at the year ended March 31, 2024 and March 31, 2023.
- 4 Unit Capital movement during the year ended March 31, 2024, March 31, 2023 and March 31, 2022:

Description	2023-2024				
	Opening Units	Subscription	Redemption	Closing Units	Face Value per unit (Rupees)
Regular Plan - Growth Option	1,104,956,378.970	169,986,160.646	165,657,858.763	1,109,284,680.853	10
Regular Plan - IDCW Option	112,767,336.139	4,673,656.857	12,533,765.021	104,907,227.975	10
Direct Plan - Growth Option**	71,924,513.035	8,922,039.151	18,887,710.045	61,958,842.141	10
Direct Plan - IDCW Option	3,918,888.211	519,534.530	387,901.354	4,050,521.387	10

Description	2022-2023				
	Opening Units	Subscription	Redemption	Closing Units	Face Value per unit (Rupees)
Regular Plan - Growth Option	303,329,855.206	896,655,274.665	95,028,750.901	1,104,956,378.970	10
Regular Plan - IDCW Option	11,350,669.232	108,013,820.814	6,597,153.907	112,767,336.139	10
Direct Plan - Growth Option**	5,747,721.917	74,959,754.858	8,782,963.740	71,924,513.035	10
Direct Plan - IDCW Option	518,129.445	4,033,898.442	633,139.676	3,918,888.211	10

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

To the Abridged Balance Sheet and Revenue Account for the year ended March 31, 2024

Description	2021-2022				
	Opening Units	Subscription	Redemption	Closing Units	Face Value per unit (Rupees)
Regular Plan - Growth Option	349,541,931.880	46,778,027.733	92,990,104.407	303,329,855.206	10
Regular Plan - IDCW Option	19,588,496.672	468,430.553	8,706,257.993	11,350,669.232	10
Direct Plan - Growth Option**	4,473,175.222	1,696,402.358	421,855.663	5,747,721.917	10
Direct Plan - IDCW Option	313,270.803	274,824.477	69,965.835	518,129.445	10

**Units held by the AMC (Seed Capital) in Direct Plan Growth Option as on March 31, 2024 is 1,642,718.98 & as on March 31, 2023 is 1,642,718.976 & as on March 31, 2022 is 500,000.000

- 5 Previous year's/period figures have been re-grouped/re-arranged where necessary.
- 6 There are no contingent liabilities and other commitments as on March 31, 2024 and March 31, 2023. Contingent asset is neither recognized nor disclosed in the financial statements.
- 7 Expenses other than Management Fees are Inclusive of GST where applicable.
- 8 Other income of Rs. 24.01 lakhs represents Exit load credited to the scheme (2023: Rs. 8.77 lakhs represents Exit load credited to the scheme).

9 Investor Education Awareness

As mandated by SEBI vide circular no. CIR/IMD/DF/21/2012 dated September 13, 2012 an annual charge of 0.02 percent of daily net assets, being a part of total recurring expenses is set aside for Investor Education and Awareness (IEA). In view of the AMFI Best Practices Guidelines Circular No. 56/2015-16, the IEF (Investor Education Fund) accrual is set aside in a separate bank account and the consolidated balance across all schemes as on March 31, 2024.

Pursuant to SEBI circular dated May 23, 2022, w.e.f. July 1, 2022, the limit of 0.02% p.a. has been reduced to 0.01% p.a. in case of ETFs/Index Funds. Furthermore, Fund of Funds (FoFs) investing more than 80% of its NAV in the underlying domestic funds have discontinued setting aside 0.02% p.a. of daily net assets towards IEA.

The break-up of which is as under:

	March 31, 2024	March 31, 2023
Particulars	Amount (Rs. In Lakhs)	Amount (Rs. In Lakhs)
Opening Balance as on April 01, 2023	997.09	460.22
Add: Accrual during FY 2023-24	1,962.01	1,432.00
Less: Transferred to AMFI *	889.11	646.75
Less: Payable to AMFI (March 2024 accrual) *	91.90	69.25
Add: Investment Income FY 2023-24	77.08	166.42
Less: Spent during FY 2023-24	1,877.44	345.55
Closing Balance as on March 31, 2024	177.73	997.09

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

The IEA disclosure's are presented for surviving schemes only.

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

To the Abridged Balance Sheet and Revenue Account for the year ended March 31, 2024

10 Disclosure of Risk-o-meter

Scheme Name	Risk-o-meter level at end of the financial year i.e. March 31, 2024	Risk-o-meter level as on March 31, 2023	Number of changes in Risk-o-meter during the financial year (March 2023 to March 2024)
HSBC Large and Mid Cap Fund	Very High	Very High	0

- 11 Pursuant to SEBI Circular No. SEBI/HO/IMD/DF3/CIR/P/2020/194 dated October 05, 2020, the nomenclature of 'Dividend Option' under all the schemes of HSBC Mutual Fund has been revised to 'Income Distribution cum Capital Withdrawal Option' (IDCW), with effect from April 01, 2021.
- 12 Securities, excluding debt securities, where the non-traded investments which have been valued "in good faith" exceed 5% of the net assets at the end of the year is NIL.
- 13 Debt securities which have been valued at a price other than the price given by the independent valuation agencies at the end of the year is NIL.
- 14 Subsequent to receipt of SEBI's no objection to acquisition of 100% equity shares of L&T Investment Management Limited ("LTIM", Investment Manager of L&T Mutual Fund) and the amendments proposed to the trust deed of the HSBC Mutual Fund as required under the SEBI (Mutual Funds) Regulations, 1996, the schemes of L&T Mutual Fund (LTMF) were transferred to/ merged with the schemes of HSBC Mutual Fund on and from the close of business hours of November 25, 2022, and the HSBC AMC and HSBC Trustees assumed the responsibilities of the schemes of LTMF w.e.f. close of business hours of November 25, 2022.
- 15 During the year, HSBC Securities and Capital Markets (India) Private Limited ("HSCI"), Sponsors of HSBC Mutual Fund established a private limited company with limited liability to act as the "Trustee" of HSBC Mutual Fund. HSBC Trustees (India) Private Limited ("HTIP") was incorporated on 9 January 2024. Accordingly, HTIP has replaced the Board of Trustees of HSBC Mutual Fund w.e.f. 1 March 2024, and the Company through its Board of Directors has been discharging its obligations as the "Trustees" of the Fund from this date.
- 16 The Annual Accounts of the Schemes, prepared in accordance with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the "Act") read with the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time and clause 17.14 of SEBI Master Circular for Mutual Funds dated June 27, 2024, has been approved by the Board of Directors of HSBC Asset Management (India) Private Limited and HSBC Trustees (India) Private Limited at their meetings held on July 8, 2024 and July 19, 2024 respectively. The audit report attached herewith refers to the said Annual Accounts. The aforesaid abridged accounts are an extract of the Annual Accounts and are prepared in accordance with clause 5.4 and format no. 3.B under the section of formats of SEBI Master Circular for Mutual Funds dated June 27, 2024 and other relevant circulars issued by the Securities and Exchange Board of India from time to time.

Voting Policy and Procedures

In view of para 6.16 of SEBI Master Circular on Mutual Funds dated June 27, 2024 related to "Role of Mutual Funds in Corporate Governance of Public Listed Companies", HSBC AMC has formulated its "Policy for Proxy Voting in Public Listed Companies". The said policy is available on our website and the details of actual exercise of proxy votes, the summary of votes casted and the auditor's certificate is forming part of our full Annual Report for the Financial Year 2023 – 24 which has been uploaded on our website at <http://www.assetmanagement.hsbc.co.in>

Statutory Details & Disclaimers

All the returns have been sourced from Mutual Funds India Explorer software. The performance of the schemes and the benchmark is calculated on a total return basis. This document has been prepared by HSBC Asset Management (India) Private Limited (HSBC) for information purposes only with an intent to provide market overview and should not be construed as an offer or solicitation of an offer for purchase of any of the funds of HSBC Mutual Fund. All information contained in this document (including that sourced from third parties), is obtained from sources, which HSBC/third party, believes to be reliable but which it has not been independently verified by HSBC/the third party. Further, HSBC/the third party makes no guarantee, representation or warranty and accepts no responsibility or liability as to the accuracy or completeness of such information. The information and opinions contained within the document are based upon publicly available information and rates of taxation applicable at the time of publication, which are subject to change from time to time.

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

For disclosure of quarterly AUM/AAUM and AUM by geography, please visit our website at www.assetmanagement.hsbc.co.in. Investors are requested to note that as per SEBI (Mutual Funds) Regulations, 1996 and guidelines issued thereunder, HSBC AMC, its employees and/ or empaneled distributors/agents are forbidden from guaranteeing/promising/assuring/predicting any returns or future performances of the schemes of HSBC Mutual Fund. Hence, please do not rely upon any such statements/commitments. If you come across any such practices, please register a complaint via email at investor.line@mutualfunds.hsbc.co.in

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

Important Updates

Name and Date of Birth as per PAN card - Effective from June 1, 2024

As per recent regulatory requirement and changes advised by Income Tax Department in PAN validation process, now it is mandated to quote your Name(s) and DOB as per PAN card. To avoid any failure in such validations, we request investors to quote the Name(s) and DOB's of all the holders including Guardian, Power of Attorney (POA) holders as per PAN card.

Useful Links for self service options

- **Use our 24 x 7 Chatbot - "ASKME" for any queries or service request:**
visit: <https://invest.assetmanagement.hsbc.co.in>

SMS your request to HSBC Mutual Fund

- **Latest NAV :** Send SMS as HSBCMF NAV <Scheme Code> to 56767
Example: HSBCMF NAV F03
- **Valuation Service on registered mobile No. :** Send SMS as HSBCMF VAL <folio_number> to 56767
Example: HSBCMF VAL 123456
- **Annual Report :**
For Electronic Copy: Send SMS as HSBCMFARE <folio_number> to 567678080
Example: HSBCMF ARE 123456
For Physical Copy: Send SMS as HSBCMFARP <folio_number> to 567678080
Example: HSBCMF ARP 123456
- **Half Yearly Portfolio :**
For Electronic Copy: Send SMS as HSBCMFHPE <folio_number> to 567678080
Example: HSBCMF HPE 123456
For Physical Copy: Send SMS as HSBCMFHPP <folio_number> to 567678080
Example: HSBCMF HPP 123456

Missed Call Service

- You can give a missed call to 9212900020 to get the total valuation via SMS and a statement on your registered email ID

Book-Post

If undelivered please return to:

Computer Age Management Services Private Limited (CAMS)

Unit: HSBC Mutual Fund

New No. 10, M.G.R Salai, Nungambakkam, Chennai - 600034.

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

HSBC Asset Management (India) Private Limited

CIN NO: U74140MH2001PTC134220

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

Website : www.assetmanagement.hsbc.co.in

Description	Toll Free Number	Email ID
Investor related queries	1800-4190-200/1800-200-2434	investor.line@mutualfunds.hsbc.co.in
Online related queries	1800-4190-200/1800-200-2434	onlinemf@mutualfunds.hsbc.co.in
Investor (Dialing from abroad)	+91 44 39923900	investor.line@mutualfunds.hsbc.co.in

To get your updated account statement email us at : "mfsoa@mutualfunds.hsbc.co.in"

We're always here to help you, so feel free to reach out to us

Self-service request at your Fingertips

- Visit Website • Invest Online • Insta Statement • Download Forms
- Transact via Whats App • Use 24/7 ChatBot - Ask Me



Remember, you can also find out more via our social media handles !



Please check our website www.assetmanagement.hsbc.co.in for an updated list of Official Points of Acceptance of HSBC Mutual Fund.

CAMS SERVICE CENTRES / CAMS LIMITED TRANSACTION POINTS / CAMS COLLECTION CENTRES

For details on CAMS Service Centres, please visit www.camsonline.com



HSBC Large Cap Fund **(Erstwhile HSBC Large Cap Equity Fund)**

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

Abridged Annual Report 2023 - 2024



SPONSOR

HSBC Securities and Capital Markets (India) Private Limited

CIN – U67120MH1994PTC081575

Regd. Office: 52/60, Mahatma Gandhi Road, Fort, Mumbai 400001.

TRUSTEE COMPANY

HSBC Trustees (India) Private Limited

CIN – U66190MH2024PTC416973

Regd. Office: 52/60, Mahatma Gandhi Road, Fort, Mumbai 400001.

ASSET MANAGEMENT COMPANY

HSBC Asset Management (India) Private Limited

CIN – U74140MH2001PTC134220

Regd. Office: 9-11 Floors, NESCO IT Park, Building No. 3,
Western Express Highway, Goregaon (East), Mumbai 400063.

CUSTODIAN

Citibank N.A.

First International Financial Center (FIFC), 9th Floor,
C-54 & 55, G – Block, Bandra Kurla Complex, Bandra (East), Mumbai 400051.

AUDITORS TO THE SCHEME

MSKA & Associates

Chartered Accountants

602, Floor 6, Raheja Titanium, Western Express Highway,
Geetanjali Railway Colony, Ram Nagar, Goregaon (East), Mumbai 400063.

REGISTRAR & TRANSFER AGENTS

Computer Age Management Services Limited (CAMS)

Unit: HSBC Mutual Fund

New No. 10, M.G.R Salai, Nungambakkam, Chennai 600034.

BOARD OF TRUSTEES

Ms. Jasmine Batliwalla	– Chairperson
Mr. Nani Javeri	– Trustee
Mr. David Rasquinha	– Trustee
Mr. Nicolas Moreau	– Trustee

BOARD OF DIRECTORS

Dr. Indu Shahani	– Director
Mr. Kapil Seth	– Director
Ms. Roopa Varma	– Director
Mr. Kailash Kulkarni	– Director & Chief Executive Officer

Dear Investor,

As we reflect on the past year, I am filled with pride and optimism about the future of our company and overall growth of the mutual fund industry. The past year has marked significant milestones in our journey, particularly as we capitalise on the immense potential of India's burgeoning growth story.

Fiscal 2024 turned out to be one of the best years for the domestic mutual fund industry as assets under management (AUM) spurted by nearly Rs. 14 lakh crore to a record Rs. 53.40 lakh crore as of March 2024 compared with Rs. 39.42 lakh crore as of March 2023.

The mutual fund industry is experiencing immense growth and we are poised to take advantage of this upward trajectory. Our company is an integral part of this growth story, riding the wave with several strategic initiatives and accomplishments that have set us on a path of sustained success.



Major achievements post integration

- Post integration we have enhanced our digital offering for both B2B and B2C to provide improved customer journeys.
- HSBC AM India's AUM increased from USD 1.4 bn (before integration) to USD 13.7 bn as of April 2024.
- HSBC Asset Management India has now become the 14th largest asset manager in India in terms of AUM.
- HSBC AM India has launched 4 new products since integration (raising \$445M).
- We have expanded HSBC AM India's product offerings to 43 funds.

Key Achievements in FY2023-2024

Investment Performance: Our disciplined investment strategy and thorough research have been pivotal to our success. We have focused on high-quality, undervalued assets, achieving consistent returns across our portfolio.

Product Innovation: This year, we launched two new funds - HSBC Multi Asset Allocation Fund and HSBC Consumption Fund, tailored to meet the evolving needs of our investors. These new offerings have been well-received, contributing to our growth in AUM significantly.

Increased Media Presence: In FY24, we significantly boosted our media presence, ensuring that our brand and thought leadership are recognized across various platforms. Through strategic media engagements like Informed Investing with ET Now, talks shows and several authored articles plus interviews - we have amplified our message, reaching a broader audience and reinforcing our market position.

Successful Campaign Launch: We successfully launched SIP Hai #FaydeWaliAadat, an investor education campaign, that highlighted the transformative power of SIPs in achieving long-term financial

goals. A first of its kind campaign, it aimed at educating and empowering the millennial investors in India. The campaign garnered significant attention and positive feedback, strengthening our brand presence and engaging a wider audience. Notably, the campaign has also earned us prestigious awards and accolades highlighting our commitment to excellence and innovation.

Client Relationships: We have strengthened our client relationships through enhanced communication, transparency, and personalized service. Our client satisfaction scores have reached new heights, reflecting our commitment to exceptional service.

We believe that the India story has just begun and its economic landscape is poised for significant growth. An exposure to unique and future relevant themes can provide a much-needed inflation buffer. The importance of asset allocation continues to be critical. It is critical for all of us to review our risk appetite and goal proximity and construct a portfolio appropriately.

Besides construction, portfolio rebalancing is equally important in order to achieve optimal outcomes. I do hope you share my enthusiasm and I ask that you continue to invest whilst reviewing your asset allocation at all times.

I would like to express my sincere gratitude to our dedicated team, whose expertise and commitment are the backbone of our success. To our investors, thank you for your trust and continued support. Your confidence in our approach motivates us to strive for excellence in everything we do. Also, I want to express my deepest gratitude to our valuable partners for their unwavering support and keep our services running. Look forward to achieving even grater milestones together.

As we move forward, we remain committed to delivering superior investment performance, fostering strong client relationships, and driving sustainable growth. Together, we are well-positioned to navigate the future and achieve our goals.

Warm regards,



Kailash Kulkarni

Chief Executive Officer

HSBC Asset Management India

Trustees' Report

For the year ended March 31, 2024

The Board of Directors of HSBC Trustees (India) Private Limited, Trustees of HSBC Mutual Fund present the Twenty Second Annual Report and the audited abridged financial statements of the schemes of the HSBC Mutual Fund ("the Fund") for the year ended March 31, 2024.

With the acquisition of L&T Mutual Fund in the previous financial year, the Fund's Assets Under Management ('AUM') (excluding Domestic FOFs) as on March 31, 2024 was INR 109368.16 crores (audited). The Fund ranks in the top 15 Mutual Fund houses in India in terms of AUM.

As at March 31, 2024, the Fund offered 43 schemes across asset classes to meet the varying investment needs of the investors. During the year, the Fund launched two new products namely HSBC Consumption Fund and HSBC Multi Asset Allocation Fund in Equity and Hybrid categories.

The Fund continues its focus on delivering consistent long-term returns. The comments on the performance of the scheme(s) are provided hereinafter. Dividends were declared under various schemes as per the provisions contained in the respective Scheme Information Documents after considering the distributable surplus available under the respective plans of the schemes. Details of dividends declared can be viewed on our website at www.assetmanagement.hsbc.co.in.

During the year, HSBC Securities and Capital Markets (India) Private Limited ("HSCI"), Sponsors of the Fund established a private limited company with limited liability to act as the "Trustees" of the Fund. HSBC Trustees (India) Private Limited ("HTIP") was incorporated on 9 January 2024. Accordingly, HTIP has replaced the Board of Trustees of HSBC Mutual Fund w.e.f. 1 March 2024, and the Company through its Board of Directors has been discharging its obligations as the "Trustees" of the Fund from this date.

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

a. Operations and Performance of the Scheme

➤ Equity Schemes

HSBC Large Cap Fund ('HLEF')

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

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

The net assets of HLEF amounted to INR 1759.39 crores as at March 31, 2024 as against INR 1405.54 crores as at March 31, 2023. Around 98.95% of the net assets were invested in equities, 1.25% of the net assets were invested in reverse repos/TREPS and (0.2%) in net current assets as at March 31, 2024.

HLEF endeavors to provide long-term capital growth from an actively managed portfolio, mainly comprising companies registered in and/or listed on a regulated market of India. HLEF invests at least 80% in large cap companies and may also invest in equity and equity related instruments of companies other than large cap companies.

HLEF outperformed its benchmark index since inception and in the 1-year period largely due to asset allocation. Overweight in Real Estate and Healthcare were positive contributors, whereas underweight in Discretionary was detractor. Among stocks, positive contribution came from Shriram Finance, ONGC, and Lupin. Detracting stocks were SBI and Escorts.

On the portfolio construction front, HLEF continues to run a high conviction portfolio, with a cyclical tilt to be well positioned for the earnings growth and macro recovery cycle holding a medium to long term view. The fund managers remain focused on the fundamentals of the companies and their earnings growth trajectory and prefer dominant businesses with scalability and available at reasonable valuations. Portfolio construction is through bottom-up stock selection and there is an emphasis on companies delivering earnings surprises.

As on 31st March 2024, the portfolio was overweight on Real Estate, Healthcare, Industrials, and Energy. The portfolio was underweight on Consumer Staples, Financials, Technology, Utilities, and Consumer Discretionary. Equal weight sectors were Materials and Communication Services.

Trustees’ Report
For the year ended March 31, 2024 (Contd...)

HSBC Large Cap Fund					Date of Inception : 10 December, 2002			
Fund / Benchmark (Value of ₹ 10,000 invested)	1 Year		3 Years		5 Years		Since Inception	
	Amount (₹)	Returns (%)	Amount (₹)	Returns (%)	Amount (₹)	Returns (%)	Amount (₹)	Returns (%)
HSBC Large Cap Fund	13589	36.12	15651	16.14	20070	14.94	445544	19.50
Scheme Benchmark (Nifty 100 TRI)	13479	35.01	16002	17.00	20561	15.50	NA	NA
Additional Benchmark (Nifty 50 TRI)	13008	30.27	15736	16.35	20356	15.27	278876	16.90

Past performance may or may not be sustained in future. Returns have been calculated for the respective periods for Growth Option of Regular Plan as on last business day of the month i.e. March 28, 2024 due to non-availability of benchmark indices as of March 31, 2024. Returns on ₹ 10,000 are point-to-point returns for the specific time period, invested at the start of the period. Returns for 1 year and above are Compounded Annualized. Different plans shall have a different expense structure. Performance of the respective benchmark is calculated as per the Total Return Index (TRI).

Please Note: NA means not available. The launch date of the Nifty 100 TRI is Jan 1, 2003 whereas the inception date of the scheme is Dec 10, 2002. The corresponding benchmark returns since inception of the scheme is not available.

Risk-o-meter as of 31st March, 2024:

Scheme Name	Scheme Risk-o-meter	Benchmark Risk-o-meter
HSBC Large Cap Fund	 Investors understand that their principal will be at Very High risk	Benchmark Index: Nifty 100 TRI 

Please note that the above risk-o-meter is as per the product labelling of the Scheme basis Scheme’s monthly portfolio as on March 31, 2024.

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

➤ EQUITY OUTLOOK

Recap of FY 2023-24:

FY24 was a stellar year for the Indian equity markets with strong economic momentum, healthy earnings growth and strong inflows from domestic and foreign institutional investors and strong retail participation driving a broad-based bull market. The Nifty and Sensex were up a solid 30.1%/26.5% respectively during the year, while the BSE Midcap and BSE Smallcap indices gained an astounding 65.2% and 61.4% respectively.

While geo-political conflicts continued in FY24, their impact on crude and global supply chains moderated. Crude prices largely remained range bound during the year. Inflation barring a brief spike largely remained well contained, the economy gained further steam with GDP growth crossing 8% in H1FY24 supported by government thrust on infrastructure. This translated into strong growth for several core sector industries including steel and cement. The growth in the real estate sector has been strong with inventory continuing to decline in metro markets. However, lagged impact of price increases continued to impinge on consumer demand growth which remained subdued for most mass market categories.

Domestic cyclicals were the best performing sectors during the year led by Real Estate, Capital Goods, Autos. Power was also among the best performing sectors. Global cyclicals like Metals and Oil & Gas also strongly

Trustees' Report

For the year ended March 31, 2024 (Contd...)

outperformed the Nifty. FMCG and Banking while delivering healthy positive returns underperformed the Nifty, while IT performance was closer to Nifty.

MSCI India index outperformed most of key global indices during the past fiscal. MSCI India index (USD) gained 35.5% as compared to 23.1% gain for MSCI World, 27.9% for US S&P 500, 11.0% for MSCI Europe and only 5.3% for MSCI Emerging Markets as MSCI China declined 19.0% over the period.

Strong performance of the market and subsiding global macro headwinds drove a sharp turnaround in foreign investment flows. FIIL net inflow was at USD 25.3bn in FY24 versus an outflow of USD 6.0bn/17.1bn in FY23/FY22. DILs, on the other hand, matched FIIL inflow with an inflow of USD 25.3bn although it was lower than the net inflows at USD 30.8bn in FY23. Within DILs, the MF segment was the key contributor (USD 24.3 bn of net inflows up from USD 21.8bn in FY23) while domestic Insurers were also in the net inflow territory (USD 1.0bn of net inflows vs USD 9.0bn in FY23).

Source: Motilal Oswal

Indices Returns (April 01, 2023 to March 31, 2024)	1 Year [^]
S&P BSE Sensex TR	26.5%
NSE CNX Nifty TR	30.1%
S&P BSE 100 TR	34.2%
S&P BSE 200 TR	38.5%
S&P BSE 500 TR	40.2%
S&P BSE Midcap TR	65.2%
S&P BSE Small-cap TR	61.4%

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

Way forward:

The global macro environment remains challenging with heightened geo-political and economic uncertainties. US bond yields remain high putting pressure on interest rates and currencies globally. For India, growth has continued to remain strong with GDP growth of 8.4% in Q3FY24 driven by strong government spending on infrastructure and pickup in manufacturing and construction. The 2024 interim budget has re-affirmed government focus on infrastructure. At the same time reduction in fiscal deficit should also help in easing of domestic interest rates. However, after last year's patchy monsoon, a good monsoon will be an important factor for rural demand and overall consumption growth in the economy in FY25.

India starts FY25 on a strong footing with positive growth momentum and India's investment cycle is expected to be on a medium-term uptrend supported by rising government investment in infrastructure and recovery in real estate cycle. There is also an expectation of higher private investments in renewable energy and related supply chain, localization of higher-end technology components, and India becoming a more meaningful part of global supply chains. Finally, it is expected for consumption to improve as the impact of high inflation fades and real incomes start to grow again.

However, several of these positives are getting discounted by the high valuations currently prevailing in the equity market. While the fund managers remain constructive on Indian equities supported by the more robust medium-term growth outlook there is a caution against high return expectations. Nifty continues to trade on 20.6x consensus 1 year forward PE (as of 30 April). On a 10-year basis, Nifty is still trading 10% above its historic average valuation but is in-line with its 5-year average. Valuations of the midcap and small cap indices are even higher versus their historical average.

➤ DEBT OUTLOOK

Market drivers during the course of the year FY 2024

The year started with advanced economies continuing to grapple with higher inflation and policy tightening remained a common theme across economies. During FY2024, the Federal Open Market Committee (FOMC)

Trustees' Report

For the year ended March 31, 2024 (Contd...)

raised policy rates by 50 bps while European Central Bank (ECB) and Bank of England (BOE) raised policy rates by 100 bps each. The cumulative rate hikes by various advanced economies in this cycle are as follows: Fed (525 bps), BOE (515 bps) and ECB (450 bps). Meanwhile cumulative rate hikes by the Monetary Policy Committee (MPC) in this cycle was 250 bps. On account of higher Government debt burden, Fitch downgraded US sovereign rating from AAA to AA+. US Treasury yields remained volatile during the year, with the 10-year benchmark rising higher by 73 bps during the year. Crude prices also moved higher by USD 7-8/bbl.

On the domestic front, Consumer price Index (CPI) inflation remained broadly in the upper end of the MPC's targeted band of 4% +/- 2% for most of the financial year, however, inflation printed above 6% on two occasions due to high food inflation. Headline inflation remained susceptible to high food inflation with markets now expecting some relief of food prices on the back of normal monsoon. Core inflation eased through the year falling to below 4% in the last quarter.

Domestically, one of the biggest events during the year was the much-awaited index inclusion of Indian Government Bonds (IGBs) into the GBI-EM Global index suite and its relevant benchmarks. India is expected to reach the maximum weight of 10% in the GBI-EM Global Diversified Index (GBI-EM GD), with the inclusion staggered over a 10-month period starting June 2024. Following this, Bloomberg also included IGBs in their Bloomberg EM Local Currency Index, with India expected to reach a maximum weight of 10% over a 10-month period starting Jan 2025. Both these inclusions are expected to bring in INR 25-30 bn of index related FPI inflows over the next 1-2 years and paving the way for inclusion into other global bond indices as well. During FY2024, FPIs poured in close USD 12 bn into IGBs, with majority of the inflows coming in post the JP Morgan index inclusion announcement.

Government continued its path of fiscal consolidation, with the revised estimate of the Fiscal deficit for FY2024 coming in at 5.6%, with expectations for FY2025 at 5.1% and target of below 4.5% by FY2026. PMI numbers continue to remain in expansion, GST revenues remain buoyant and credit off-take upbeat.

The external sector has remained strong due to healthy service exports and remittances. Current Account Deficit (CAD) is expected to be around 1% for the year. Rupee remained one of the more stable currencies during the year, with active intervention from RBI smoothening any volatility. RBI continued to build on the FX reserves with year-end number around USD 650 bn.

Money market rates moved higher during the year due to tightening in liquidity along with higher Certificate of Deposit (CD) issuances. G-Sec yields, however, moved lower due to favorable demand supply and lower G-Sec borrowing. 10-year G-Sec moved lower during the year by 25 bps, while 5 yr G-Sec moved lower by 13 bps.

Market Outlook

While US markets have braced for "higher for longer" rates, we have seen in the past, that reactions to favorable data in such an environment can be sharp. Any softness in growth, employment or inflation data over the next few months will allow the markets to quickly start pricing in aggressive future policy easing. In our view, the RBI is also likely to gradually shift the liquidity deficit into surplus over the course of the next 3-6 months, flipping overnight rates from the top to the bottom of the rate corridor. The yield curve is likely to steepen as liquidity eases. This along with a potential 50 bps of policy easing in first half of CY2025 may push overnight rates lower by 75-100 bps.

While any form of additional spending by the new Government to address concerns of rural sections of the country and the possibility of additional spending to fund such policies will remain a key monitorable, it is believed the Government is likely to remain cognizant of the possible impact of such policies and take measured steps. With the dust settling down on the election outcome, the broad macroeconomic factors should continue to remain stable and could support softening in domestic yields going forward.

The Fund Managers continue to have a positive outlook for interest rates, based on various favorable factors: (a) Record RBI dividend to the Government, (b) reduced Fiscal deficit number of 5.6%, (c) favorable G-Sec supply demand dynamics, (d) FPI index related inflows, (e) revised outlook in India by S&P, (f) soft core inflation along with expectations of a better than normal monsoon, and finally (g) soft signals by Government and RBI on liquidity.

Source: RBI, Bloomberg, Internal HSBC Research & CCIL

Trustees' Report

For the year ended March 31, 2024 (Contd...)

2. BRIEF BACKGROUND OF THE SPONSORS, THE FUND, THE TRUSTEES AND THE ASSET MANAGEMENT COMPANY

A. Sponsor

HSBC Mutual Fund is sponsored by HSBC Securities and Capital Markets (India) Private Limited (HSCI). The Sponsor is the Settler of the Mutual Fund Trust. The Sponsor has entrusted a sum of Rs. 1,00,000/- (Rupees One Lakh only) to the Trustee as the initial contribution towards the corpus of the Mutual Fund.

HSCI offers integrated investment banking services, securities and corporate finance & advisory. HSCI is a member of the Bombay Stock Exchange Limited and National Stock Exchange (capital and derivative market segments). HSCI holds 100% of the paid-up equity share capital of HSBC Asset Management (India) Private Limited.

B. HSBC Mutual Fund

HSBC Mutual Fund ("the Mutual Fund" or "the Fund") has been constituted as a Trust in accordance with the provisions of the Indian Trusts Act, 1882 (2 of 1882) vide a Trust Deed dated February 7, 2002 (as amended) with HSBC Securities and Capital Markets (India) Private Limited, as the Sponsor and HSBC Trustees (India) Private Limited. The Trustee has entered into an Investment Management Agreement dated February 7, 2002 (as amended) with HSBC Asset Management (India) Private Limited (AMC) to function as the Investment Manager for all the schemes of the Fund. The Fund was registered with SEBI vide registration number MF/046/02/5 dated May 27, 2002.

The Trust has been formed for the purpose of pooling of capital from the public for collective investment in securities for the purpose of providing facilities for participation by persons as beneficiaries in such investments and in the profits/income arising therefrom.

C. HSBC Trustees (India) Private Limited (the Trustees)

The Trustees are the exclusive owner of the Trust Fund and holds the same in trust for the benefit of the unitholders. The Trustees have been discharging their duties and carrying out the responsibilities as provided in the SEBI (Mutual Funds) Regulations, 1996 and the Trust Deed. The Trustees seek to ensure that the Fund and the schemes floated there under are managed by the AMC in accordance with the Trust Deed, the said Regulations, directions and guidelines issued by the SEBI, the Stock Exchanges, the Association of Mutual Funds in India and other regulatory agencies.

During the year, HSBC Securities and Capital Markets (India) Private Limited ("HSCI"), Sponsors of HSBC Mutual Fund) established a private limited company with limited liability to act as the "Trustee" of HSBC Mutual Fund. HSBC Trustees (India) Private Limited ("HTIP") was incorporated on 9 January 2024. Accordingly, HTIP has replaced the Board of Trustees of HSBC Mutual Fund w.e.f. 1 March 2024, and the Company through its Board of Directors has been discharging its obligations as the "Trustees" of the Fund from this date.

As of March 31, 2024, HSCI holds 100% of the paid-up equity share capital of HTIP.

D. Asset Management Company (the AMC)

HSBC Asset Management (India) Private Limited (the Investment Manager or the AMC) is a private limited company incorporated under the Companies Act, 1956 on December 12, 2001 having its Registered Office at 9-11 Floors, NESCO IT Park, Building no. 3, Western Express Highway, Goregaon (East), Mumbai – 400 063. HSBC Asset Management (India) Private Limited has been appointed as the Asset Management Company of HSBC Mutual Fund by the Trustee vide Investment Management Agreement (IMA) dated February 7, 2002 (as amended) and executed between the Trustees and the AMC. SEBI approved the AMC to act as the Investment Manager of the Fund vide its letter No. MFD/BC/163/2002 dated May 27, 2002. The paid-up equity share capital of the AMC is Rs. 344.41 crores. The AMC is registered as a Portfolio Manager under the SEBI (Portfolio Managers) Regulations, 1993 vide registration no. INP000001322. The AMC also offers non-binding Advisory services to offshore funds under the mutual fund license.

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

Trustees' Report

For the year ended March 31, 2024 (Contd...)

3. INVESTMENT OBJECTIVE OF THE SCHEMES

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

4. SIGNIFICANT ACCOUNTING POLICIES

The Significant Accounting Policies form part of the Notes to the Accounts annexed to the Balance Sheet of the Schemes in the Full Annual Report. The accounting policies are in accordance with Securities Exchange Board of India (Mutual Funds) Regulations, 1996 and Indian Accounting Standards (IND AS) notified under section 133 of the Companies Act, 2013 (the "Act" read with the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time).

5. UNCLAIMED DIVIDENDS & REDEMPTIONS

Summary of number of investors & corresponding amount as on March 31, 2024:

Scheme Name	Unclaimed Dividend		Unclaimed Redemption	
	No. of Investors	Amount (₹)	No. of Investors	Amount (₹)
HSBC Large Cap Fund	1,5327	56,541,667.68	847	22,254,760.34

6. INVESTOR SERVICES

The number of official points of acceptance of transactions are 210 locations. In addition to the offices of the Registrar & Transfer Agent, the AMC has its own office in 61 locations and Investor Service Centers in 39 locations. The AMC has 2 Toll Free numbers (1800-4190-200/1800-200-2434) which can be dialed from anywhere in India and 1 number i.e. +91 44 39923900 (Investors calling from abroad). The call center service is being managed by the Registrar and Transfer Agents. HSBC Mutual Fund offers the online transaction facility through the AMC's website at www.assetmanagement.hsbc.co.in.

On the distribution front, the number of empaneled distributors were 59046 as on March 31, 2024. During the year, the AMC initiated tie-ups for online distribution of the Mutual Fund's schemes with several channel partners taking the total number of such tie-ups to 160 as on March 31, 2024.

7. DETAILS OF INVESTOR GRIEVANCE REDRESSAL

The details of the redressal of investor complaints received against HSBC Mutual Fund during April 2023 - March 2024 are as follows:

2023-2024												
Complaint code	Type of Complaint	(a) No. of complaints pending at the beginning of the period	(b) No. of complaints received during the given period	Action on (a) and (b)								
				Resolved				Non Action-able*	Pending			
				Within 30 days	30-60 days	60-180 days	Beyond 180 days		0-3 months	3-6 months	6-9 months	9-12 months
I A	Non receipt of amount declared under Income Distribution cum Capital Withdrawal option	1	10	11	0	0	0	0	0	0	0	0
I B	Interest on delayed payment of amount declared under Income Distribution cum Capital Withdrawal option	0	1	1	0	0	0	0	0	0	0	0
I C	Non receipt of Redemption Proceeds	1	38	39	0	0	0	0	0	0	0	0
I D	Interest on delayed payment of Redemption	0	2	2	0	0	0	0	0	0	0	0

Trustees' Report

For the year ended March 31, 2024 (Contd...)

2023-2024												
Complaint code	Type of Complaint	(a) No. of complaints pending at the beginning of the period	(b) No. of complaints received during the given period	Action on (a) and (b)								
				Resolved				Non Action-able*	Pending			
				Within 30 days	30-60 days	60-180 days	Beyond 180 days		0-3 months	3-6 months	6-9 months	9-12 months
II A	Non receipt of Statement of Account/Unit Certificate	0	3	3	0	0	0	0	0	0	0	0
II B	Discrepancy in Statement of Account	1	22	23	0	0	0	0	0	0	0	0
II C	Data corrections in Investor details	1	250	249	0	0	0	0	2	0	0	0
II D	Non receipt of Annual Report/ Abridged Summary	0	0	0	0	0	0	0	0	0	0	0
III A	Wrong switch between Schemes	0	2	2	0	0	0	0	0	0	0	0
III B	Unauthorized switch between Schemes	0	1	1	0	0	0	0	0	0	0	0
III C	Deviation from Scheme attributes	0	1	1	0	0	0	0	0	0	0	0
III D	Wrong or excess charges/load	0	0	0	0	0	0	0	0	0	0	0
III E	Non updation of changes viz. address, PAN, bank details, nomination, etc	1	127	127	0	0	0	0	1	0	0	0
III F	Delay in allotment of Units	0	5	4	1	0	0	0	0	0	0	0
III G	Unauthorized Redemption	0	0	0	0	0	0	0	0	0	0	0
IV	Others**	1	78	76	0	0	0	0	3	0	0	0
	TOTAL	6	540	539	1	0	0	0	6	0	0	0

** As per AMFI Best Practice Guidelines Circular No.25/2011-12 for Revisions in the Guidelines on Standardization of Complaints / Grievances Reporting Procedure. If "Others" include a type of complaint which is more than 10% of overall complaints, then such a reason should be provided separately. Hence, data corrections in Investor Details are included as a separate category.

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

Summary of Complaints for FY 2023-24

Particulars	Count
Total complaints received	540
Total number of folios	21,39,406
% of complaints against the folio	0.025

8. INVESTOR EDUCATION INITIATIVES

During the FY 2023-24, the AMC conducted the following investor education and awareness initiatives:

- An integrated multi-media marketing campaign on SIP Hai 'FaydeWaliAadat' aimed to tap into the aspirations, financial goals, and unique spending habits of millennials.
- Editorial content on Systematic Investment Plans (SIP) created across 15 states through various regional television channels.
- Investor education content on the Platform - Quora.
- 'Be Money Confident' video series targeting women through Jio Platforms.
- Campaign on Women & Investing for Women's Day.
- Campaign for Marathon enthusiast on the similarities between running a Marathon & Investing.

Trustees' Report

For the year ended March 31, 2024 (Contd...)

- Financial literacy virtual event on the occasion of Mother's Day, which received more than 725 registered users.
- A mom blogger outreach program to reach Women Investors with financial education content on MF on the occasion of Mother's Day.
- Education campaign on ELSS executed for working audiences.
- Blogs and content for Investor Education properties like SIP Sahi Hai in Value Research, Gyan Guroovaar on Facebook, Investment Ki Paathshala on the website and investor education blogs on the platform - Advisor Khoj.
- 1,462 Investor Education programs to reach out to an audience of 71,465 people out of which 458 were women programs attended by 20,139 women.

9. PROXY VOTING POLICY

As per para 6.16 of SEBI Master Circular on Mutual Funds dated June 27, 2024, the Fund has adopted Proxy Voting Policy and Procedures for exercising voting rights in respect of securities held by the Schemes. (please refer Proxy Voting Policy and Procedures)

The summary of the votes casted in the general meetings of the Investee companies, by the AMC for and on behalf of the Schemes of the Fund, for the financial year 2023-24 is provided below:

Quarter	Total no. of resolutions	Break-up of Vote decision		
		For	Against	Abstained
April 2023 - June 2023	387	260	75	52
July 2023 - September 2023	2,169	1607	448	114
October 2023 - December 2023	197	138	37	22
January 2024 - March 2024	319	240	50	29
TOTAL	3,072	2,245	610	217

As per para 6.16.7 of SEBI Master Circular on Mutual Funds dated June 27, 2024, the AMC has obtained certificate from M/s. M. P. Chitale & Co., Chartered Accountants, who is acting as a Scrutinizer, on the voting report for the FY 2023-24. The certificate dated May 22, 2024 issued by M/s. M. P. Chitale & Co., is available on the website of the AMC as part of the full Annual Report.

Unitholders can refer to the full Annual Report for complete details of actual exercise of votes in the general meetings of the investee companies for the financial year 2023-24 or log on to our website at www.assetmanagement.hsbc.co.in.

10. STATUTORY DETAILS

- The Sponsors are not responsible or liable for any loss resulting from the operation of the Schemes of the Fund beyond initial contribution of Rs. 1 lakh for setting up the Fund.
- The price and redemption value of the units, and income from them, can go up as well as down with fluctuations in the market value of its underlying investments.
- Full Annual Report of HSBC Mutual Fund and of HSBC Asset Management (India) Private Limited (the AMC) shall be disclosed on the website at www.assetmanagement.hsbc.co.in and shall be available for inspection at the Head Office of the Mutual Fund. Present and prospective unitholders can obtain copy of the Trust Deed, the full Annual Report of the Scheme(s), the Annual Report of HSBC Asset Management (India) Private Limited and the text of the relevant Scheme(s) at a price.

11. CHANGES IN RISK-O-METER OF THE SCHEME DURING FY 2023-24

As per para 17.4. of SEBI Master Circular on Mutual Funds dated June 27, 2024 on product labelling, the changes carried out in the risk-o-meter of the schemes of HSBC Mutual Fund during FY 2023-24 have been

Trustees' Report

For the year ended March 31, 2024 (Contd...)

given in the below mentioned table for the information of the unitholders, a report on the said changes has also been displayed on the website of the Fund and AMFI.

Scheme Name	Risk-o-meter level as on March 31, 2023	Risk-o-meter level as on March 31, 2024	Number of changes in Risk-o-meter during the F.Y. 2023-24)
HSBC Large Cap Fund	Very High	Very High	0

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

As per para 6.16.15 of SEBI Master Circular on Mutual Funds dated June 27, 2024, HSBC Mutual Fund has adapted the policy on stewardship responsibilities, the unitholders are requested to note the status of governance with the same as mentioned below:

S. No.	Particulars of Principles of Stewardship Code	Status of compliance (Complied/ Not Complied)	Description	Remarks/ reasons for deviation/non-compliance, if any
1	Principle 1: Institutional Investors should formulate a comprehensive policy on the discharge of their stewardship responsibilities, publicly disclose it, review and update it periodically.	Complied	HSBC Asset Management (India) Private Limited's (AMIN) 'Policy on Stewardship responsibilities' (Stewardship Code/ Policy) was formulated and implemented on 01 July, 2020. This is a comprehensive document which has been publicly disclosed on the website of AMIN. The same shall follow a periodic review.	N.A.
2	Principle 2: Institutional investors should have a clear policy on how they manage conflicts of interest in fulfilling their stewardship responsibilities and publicly disclose it.	Complied	Defining and managing Conflict of Interest in fulfilling stewardship responsibilities are detailed in the Stewardship Policy document. The policy document is publicly disclosed.	N.A.
3	Principle 3: Institutional investors should monitor their investee companies.	Complied	AMIN monitors all investee companies through its investment process. This includes assessment of companies' own and market data, consideration of research from brokers and other independent research providers – including ESG & voting research, attending individual & group meetings with company management and directors, visiting production sites (wherever necessary), engaging with key stakeholders including competitors and customers, and financial modelling. More details enumerated in the policy document	N.A.

Trustees’ Report
For the year ended March 31, 2024 (Contd...)

S. No.	Particulars of Principles of Stewardship Code	Status of compliance (Complied/ Not Complied)	Description	Remarks/ reasons for deviation/non-compliance, if any
4	Principle 4: Institutional investors should have a clear policy on intervention in their investee companies. Institutional investors should also have a clear policy for collaboration with other institutional investors where required, to preserve the interests of the ultimate investors, which should be disclosed.	Complied	Details of undertaking active engagement with investee companies and the policy for collaboration with other institutional holders are detailed in the policy document. The policy document is publicly disclosed.	N.A.
5	Principle 5: Institutional investors should have a clear policy on voting and disclosure of voting activity.	Complied	AMIN has a clear and detailed voting policy which provides the framework for the voting decisions. All voting decisions shall be in accordance with AMIN's Voting Policy and Procedures, which is disclosed on the website. AMIN discloses the details of the voting on its website on a quarterly basis within 10 working days from the end of the quarter. Additionally, AMIN also discloses the details of the votes cast, in the annual report of the schemes of HSBC Mutual Fund.	N.A.
6	Principle 6: Institutional investors should report periodically on their stewardship activities.	Complied	The annual status report of the stewardship code and quarterly report on proxy voting are publicly disclosed on the website as required under SEBI Regulations.	N.A.

13. DISCLOSURES PERTAINING TO NAV ADJUSTED DURING THE FINANCIAL YEAR FOR SWING FACTOR ALONG WITH THE PERFORMANCE IMPACT

Sr No.	Period of applicability of swing pricing	Scheme Name	Unswung NAV	Swing factor applied	Whether optional or mandatory
NIL					

14. SIGNIFICANT EVENT AFTER THE END OF THE FINANCIAL YEAR

NIL

Trustees' Report

For the year ended March 31, 2024 (Contd...)

15. ACKNOWLEDGEMENTS

The Trustees wish to thank the unitholders of the Schemes for their support throughout the year, and also thank the Government of India, the Securities and Exchange Board of India (SEBI), the Reserve Bank of India (RBI) and the Association of Mutual Funds in India (AMFI) for the guidance provided by them. The Trustees also appreciate the services provided by the Registrar and Transfer Agent, Fund Accountant, Custodian, Bankers, Distributors and Brokers. The guidance and services provided by the auditors and advocates and the ebullience, sincerity and dedication of the employees of HSBC Asset Management (India) Private Limited is also appreciated.

The Trustees look forward to the continued support of everyone.

For and on behalf of **HSBC Trustees (India) Private Ltd.**

Sd/-

Director

Mumbai

July 19, 2024

Independent Auditors' Report

To the Board of Directors of HSBC Trustees (India) Private Limited (the "Trustee")

HSBC Large Cap Fund

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **HSBC Large Cap Fund** (the "Scheme") of HSBC Mutual Fund (the "Fund"), which comprise the Balance Sheet as at March 31, 2024, the Revenue Account and the Cash Flow Statement for the year then ended, and notes to the financial statements, including a summary of material accounting policy and other explanatory information.

In our opinion, and to the best of our information and according to the explanations given to us, the aforesaid financial statements of the Scheme give a true and fair view in conformity with the Indian Accounting Standards ("Ind AS") prescribed under section 133 of the Companies Act, 2013 (the "Act") read with Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India, including the accounting policies and standards specified in the Regulation 50 and Ninth Schedule to the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 ("the SEBI Regulations") (collectively referred to as the "Regulations") as amended:

- a. in the case of the Balance Sheet, of the state of affairs of the Scheme as at March 31, 2024;
- b. in the case of the Revenue Account, of the net surplus for the year ended on that date; and
- c. in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing ("SAs") and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India (the "ICAI"). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Scheme in accordance with the Code of Ethics issued by the ICAI together with the ethical requirements that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Information Other than the Financial Statements and Auditor's Report Thereon

The Board of Directors of HSBC Asset Management (India) Private Limited (the "AMC") and the Board of Directors of HSBC Trustees (India) Private Limited (the "Trustees") (collectively referred to as "the Management") are responsible for the other information. The other information comprises the information included in the Trustees report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

The Management is responsible for the preparation of these financial statements that give a true and fair view of the state of affairs, results of operations and cash flows of the Scheme in accordance with the accounting principles generally accepted in India, including the accounting policies and standards specified in Regulations. This responsibility also includes maintenance of adequate accounting records in accordance with the SEBI Regulations for safeguarding of the assets of the Scheme and for preventing and detecting frauds and other

Independent Auditors' Report (Contd...)

irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Management is responsible for assessing the Scheme's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management, either intends to liquidate the Scheme or to cease operations, or has no realistic alternative but to do so.

Those Charged with Governance are also responsible for overseeing the Scheme's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Scheme's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Scheme to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide to those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Independent Auditors' Report (Contd....)

Report on Other Legal and Regulatory Requirements

1. As required by regulation 55(4) and clause 5(ii)(2) of the Eleventh Schedule of the SEBI Regulations, we report that:
 - a. we have sought and obtained all the information and explanations which, to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b. in our opinion, the Balance Sheet and the Revenue Account dealt with by this report have been prepared in accordance with the accounting policies and standards specified in the Regulations; and
 - c. the Balance Sheet, the Revenue Account and the Cash Flow Statement, dealt with by this report are in agreement with the books of accounts of the Scheme.
2. In our opinion, the methods used to value non-traded securities as at March 31, 2024, as determined by the Management under procedures approved by the Trustees in accordance with the guidelines for valuation of securities for mutual funds as mentioned in the Eighth Schedule to the SEBI Regulations, are fair and reasonable.

For **M S K A & Associates**

Chartered Accountants

ICAI Firm Registration No. 105047W

Sd/-

Swapnil Kale

Partner

Membership No: 117812

UDIN: 24117812BKFISB8019

Place : Mumbai

Date : July 19, 2024

Abridged Balance Sheet as at March 31, 2024

Rs. in Lakhs

	As at March 31, 2024	As at March 31, 2023	As at April 1, 2022
LIABILITIES			
1 Unit Capital	8,172.86	8,820.04	5,252.25
2 Reserves & Surplus			
2.1 Unit Premium Reserves	(9,484.50)	(7,763.70)	(15,888.46)
2.2 Unrealised Appreciation Reserve	50,470.75	13,811.50	23,448.23
2.3 Other Reserves	126,781.76	125,609.39	63,820.20
3 Loans & Borrowings	—	—	—
4 Current Liabilities & Provisions			
4.1 Provision for Doubtful Income/Deposits	—	—	—
4.2 Other Current Liabilities & Provisions	1,881.29	1,628.61	1,472.34
TOTAL	177,822.16	142,105.84	78,104.56
ASSETS			
1 Investments			
1.1 Listed Securities:			
1.1.1 Equity Shares	174,092.81	139,695.84	75,826.78
1.1.2 Preference Shares	—	—	—
1.1.3 Equity Linked Debentures	—	—	—
1.1.4 Other Debentures & Bonds	—	—	—
1.1.5 Securitised Debt Securities	—	—	—
1.2 Securities Awaited Listing:			
1.2.1 Equity Shares	—	—	—
1.2.2 Preference Shares	—	—	—
1.2.3 Equity Linked Debentures	—	—	—
1.2.4 Other Debentures & Bonds	—	—	—
1.2.5 Securitised Debt Securities	—	—	—
1.3 Unlisted Securities:			
1.3.1 Equity Shares	—	—	—
1.3.2 Preference Shares	—	—	—
1.3.3 Equity Linked Debentures	—	—	—
1.3.4 Other Debentures & Bonds	—	—	—
1.3.5 Securitised Debt Securities	—	—	—
1.4 Government Securities	—	—	—
1.5 Treasury Bills	—	—	—
1.6 Commercial Paper	—	—	—
1.7 Certificate of Deposits	—	—	—
1.8 Bill Rediscounting	—	—	—
1.9 Units of Domestic Mutual Fund	—	—	—
1.10 Foreign Securities	—	—	—
Total Investments	174,092.81	139,695.84	75,826.78
2 Deposits	190.43	12.22	7.75
3 Other Current Assets			
3.1 Cash & Bank Balance	542.57	585.91	585.61
3.2 CBLO/TREPS/Reverse Repo Lending	2,202.73	1,262.08	1,101.01
3.3 Others	793.63	549.79	583.41
4 Deferred Revenue Expenditure (to the extent not written off)	—	—	—
TOTAL	177,822.16	142,105.84	78,104.56

Notes to Accounts - Annexure I

Abridged Revenue Account for the year ended March 31, 2024

Rs. in Lakhs

	Current Year ended March 31, 2024	Previous Year ended March 31, 2023
1 INCOME		
1.1 Dividend	2,080.72	1,039.36
1.2 Interest	202.54	88.36
1.3 Realised Gain/(Loss) on Foreign Exchange Transactions	—	—
1.4 Realised Gains/(Losses) on Interscheme Sale of Investments	—	—
1.5 Realised Gains/(Losses) on External Sale/Redemption of Investments	13,012.47	6,534.36
1.6 Realised Gains/(Losses) on Derivative Transactions	—	—
1.7 Other Income	11.88	14.61
(A)	15,307.61	7,676.69
2 EXPENSES		
2.1 Management Fees	1,562.83	1,109.83
2.2 GST on Management Fees	281.33	199.77
2.3 Transfer Agents Fees and Expenses	114.57	80.62
2.4 Custodian Fees	1.85	2.46
2.5 Trusteeship Fees	1.27	3.23
2.6 Commission to Agents	1,168.58	752.24
2.7 Marketing & Distribution Expenses	0.21	3.49
2.8 Audit Fees	2.27	1.18
2.9 Investor Education Expenses	31.60	19.90
2.10 Interest on Borrowing	—	—
2.11 Brokerage & Transaction Costs	318.29	306.85
2.12 Other Operating Expenses	28.34	22.52
(B)	3,511.14	2,502.08
3 NET REALISED GAINS/(LOSSES) FOR THE YEAR	(C = A - B) 11,796.46	5,174.61
4 Change in Unrealised Depreciation in Value of Investments	(D) —	—
5 NET GAINS/(LOSSES) FOR THE YEAR	(E = C + D) 11,796.46	5,174.61
6 Change in Unrealised Appreciation in Value of Investments	(F) 36,659.25	(9,524.89)
7 NET SURPLUS/(DEFICIT) FOR THE YEAR	(G = E + F) 48,455.72	(4,350.28)
7.1 Add : Balance Transfer from Unrealised Appreciation Reserve	—	9,636.73
7.2 Less : Balance Transfer to Unrealised Appreciation Reserve	36,659.25	—
7.3 Add/(Less) : Equalisation	(8,820.33)	58,202.21
7.4 Transfer from Reserve Fund	125,609.39	63,820.20
7.5 Transfer from Unit Premium Reserve	—	—
8 Total	128,585.53	127,308.86
9 Dividend Appropriation		
9.1 Income Distributed during the Year	(1,803.77)	(1,699.47)
9.2 Tax on Income Distributed during the Year	—	—
10 Retained Surplus/(Deficit) Carried Forward to Balance Sheet	126,781.76	125,609.39

Notes to Accounts - Annexure I

Key Statistics for the year ended March 31, 2024

	Current Year ended March 31, 2024	Previous Year ended March 31, 2023
1. NAV per unit (Rs.):		
Open		
Regular Plan - Growth Option	310.5054	312.6348
Regular Plan - IDCW Option	36.1021	39.7370
Direct Plan - Growth Option	337.5701	336.6810
Direct Plan - IDCW Option	33.7197	36.9983
High		
Regular Plan - Growth Option	426.3643	334.7415
Regular Plan - IDCW Option	45.8939	42.5468
Direct Plan - Growth Option	467.6564	362.7642
Direct Plan - IDCW Option	43.1665	39.8604
Low		
Regular Plan - Growth Option	310.9680	270.4264
Regular Plan - IDCW Option	36.1559	34.3721
Direct Plan - Growth Option	338.0994	291.8070
Direct Plan - IDCW Option	33.7726	32.0659
End		
Regular Plan - Growth Option	421.9369	310.5054
Regular Plan - IDCW Option	44.8149	36.1021
Direct Plan - Growth Option	462.9641	337.5701
Direct Plan - IDCW Option	41.9943	33.7197
2. Closing Assets Under Management (Rs. in Lakhs)		
End	175,939	140,554
Average (AAuM) ¹	157,977	99,509
3. Gross income as % of AAuM ²	9.69%	7.71%
4. Expense Ratio:		
a. Total Expense as % of AAuM (Including GST on Management fees) (planwise)		
Regular Plan	2.13%	2.33%
Direct Plan	1.21%	1.38%
b. Management Fee as % of AAuM (planwise)		
Regular Plan	1.00%	1.12%
Direct Plan	0.93%	1.05%
5. Net Income as a percentage of AAuM ³	7.47%	5.20%
6. Portfolio turnover ratio ⁴	0.43	0.63
7. Total IDCW per unit distributed during the year (planwise)		
Retail		
Regular Plan - IDCW Option	4.00	3.50
Direct Plan - IDCW Option	4.00	3.50

Key Statistics For the year ended March 31, 2024 (Contd...)

	Current Year ended March 31, 2024	Previous Year ended March 31, 2023
Corporate		
Regular Plan - IDCW Option	4.00	3.50
Direct Plan - IDCW Option	4.00	3.50
8. Returns (%):		
a. Last One Year		
Scheme		
Regular Plan - Growth Option	36.12%	(0.82%)
Direct Plan - Growth Option	37.40%	0.14%
Benchmark		
NIFTY 100 TRI ⁺	35.01%	(1.58%)
b. Since Inception		
Scheme		
Regular Plan - Growth Option	19.50%	18.74%
Direct Plan - Growth Option	14.09%	12.05%
Benchmark		
NIFTY 100 TRI ⁺	NA ⁺	NA ⁺

⁺ Returns since inception are not available as Nifty 100 TRI index was launched on Jan 1, 2003 i.e. post date of allotment of the scheme.

1. AAuM = Average daily net assets

2. Gross income = amount against (A) in the Revenue Account i.e. Income

3. Net income = amount against (C) in the Revenue Account i.e. Net Realised Gains/(Losses) for the year

4. Portfolio Turnover = Lower of sales or purchase divided by the Average AuM for the year

Note: Returns have been calculated as on last business day of the month i.e. March 28, 2024 due to non-availability of benchmark indices as of March 31, 2024.

Notes to Accounts – Annexure I

To the Abridged Balance Sheet and Revenue Account for the year ended March 31, 2024

1 Investments:

- 1.1. It is confirmed that investments of the Schemes are registered in the name of the Trustees for the benefit of the Scheme's unitholders.
- 1.2. Open Positions of derivatives as on year ended March 31, 2024 and March 31, 2023 are NIL.
- 1.3. Investment in Associates and Group Companies as at the year ended March 31, 2024 and March 31, 2023 are NIL.
- 1.4. Open positions of Securities Borrowed and/or Lent by the scheme as on the year ended March 31, 2024 and March 31, 2023 are NIL.
- 1.5. Investment in Below investment grade and default/Securities in default beyond its maturity date as on March 31, 2024 and March 31, 2023 are NIL.
- 1.6. Aggregate Unrealised Gain/Loss as at the end of the Financial year March 31, 2024 and March 31, 2023 and percentage to net assets are as under:

(Rs. In Lakhs)

Company Name	Amount	Percentage to Net Assets	Amount	Percentage to Net Assets
	As at March 31, 2024		As at March 31, 2023	
Equity Shares				
- Appreciation	51,180.36	29.09	16,993.64	12.09
- Depreciation	709.61	0.40	3,182.15	2.26

- 1.7. The aggregate value of investment securities (excluding TREPS and Reverse Repos) purchased and sold (including matured) during the financial year 2023-2024 (excluding accretion of discount) is Rs. 67,501.37 lakhs and Rs. 82,776.12 lakhs respectively being 42.73% and 52.40% of the average net assets.

The aggregate value of investment securities (excluding TREPS and Reverse Repos) purchased and sold (including matured) during the financial year 2022-2023 (excluding accretion of discount) is Rs. 62,762.76 lakhs and Rs. 70,326.86 lakhs respectively being 63.07% and 70.67% of the average net assets.

- 1.8. Non-Traded securities in the portfolio of the scheme as on the year ended March 31, 2024 and March 31, 2023 are NIL.

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

During the year 2023-24, The Hongkong and Shanghai Banking Corporation Limited, an associate entity of HSBC Asset Management (India) Private Limited was paid collection/bank charges amounting to Rs. Nil.

During the year 2022-23, The Hongkong and Shanghai Banking Corporation Limited, an associate entity of HSBC Asset Management (India) Private Limited was paid collection/bank charges amounting to Rs. Nil.

Commission paid to Sponsor/AMC and its associates/related parties/group companies

Name of Sponsor/AMC and its associates/related parties/group companies	Nature of Association / Nature of Relation	Period Covered	Business Given [Rs. In lakhs]	% of Total Business received by the Fund	Commission paid [Rs. In Lakhs]	% of Total commission paid by the Fund
The Hongkong and Shanghai Banking Corporation Limited	Group Company	2023-2024	1,501.58	13.41	225.38	19.32
The Hongkong and Shanghai Banking Corporation Limited	Group Company	2022-2023	4,350.51	4.73	198.10	19.34

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

To the Abridged Balance Sheet and Revenue Account for the year ended March 31, 2024

Brokerage paid to Sponsor/AMC and its associates/related parties/group companies

Name of Sponsor/AMC and its associates/related parties/group companies	Nature of Association /Nature of relation	Period Covered	Value of Transactions [Rs. In lakhs]	% of total value of transactions of the fund	Brokerage paid [Rs. In lakhs]	% of total brokerage paid by the fund
HSBC Securities and Capital Market (India) Private Limited	Sponsor	2023-2024	17,193.16	11.44	20.66	12.31
HSBC Securities and Capital Market (India) Private Limited	Sponsor	2022-2023	9,256.91	6.96	11.11	7.63

- 3 None of the Investors held more than 25% of the total net assets of the scheme at the year ended March 31, 2024 and March 31, 2023.
- 4 Unit Capital movement during the year ended March 31, 2024, March 31, 2023 and March 31, 2022:

Description	2023-2024				
	Opening Units	Subscription	Redemption	Closing Units	Face Value per unit (Rupees)
Regular Plan - Growth Option	34,127,005.468	2,427,872.806	4,549,018.635	32,005,859.639	10
Regular Plan - IDCW Option	47,747,709.761	2,149,794.660	5,814,610.218	44,082,894.203	10
Direct Plan - Growth Option**	4,982,743.991	329,586.971	853,489.964	4,458,840.998	10
Direct Plan - IDCW Option	1,342,902.029	157,142.956	319,044.719	1,181,000.266	10

Description	2022-2023				
	Opening Units	Subscription	Redemption	Closing Units	Face Value per unit (Rupees)
Regular Plan - Growth Option	17,183,047.434	20,635,912.863	3,691,954.829	34,127,005.468	10
Regular Plan - IDCW Option	31,843,915.929	20,375,884.790	4,472,090.958	47,747,709.761	10
Direct Plan - Growth Option**	2,991,471.681	2,775,966.893	784,694.583	4,982,743.991	10
Direct Plan - IDCW Option	504,048.659	900,820.915	61,967.545	1,342,902.029	10

Notes to Accounts – Annexure I (Contd...)**To the Abridged Balance Sheet and Revenue Account for the year ended March 31, 2024**

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

**Units held by the AMC (Seed Capital) in Direct Plan Growth Option as on March 31, 2024 is 64,377.409 & as on March 31, 2023 is 64,377.409 & as on March 31, 2022 is 33,261.112

- 5 Previous year's/period figures have been re-grouped/re-arranged where necessary.
- 6 There are no contingent liabilities and other commitments as on March 31, 2024 and March 31, 2023. Contingent asset is neither recognized nor disclosed in the financial statements.
- 7 Expenses other than Management Fees are Inclusive of GST where applicable.
- 8 Other income of Rs. 11.88 lakhs represents Exit load credited to the scheme (2023: Rs. 14.61 lakhs represents Exit load credited to the scheme).

9 Investor Education Awareness

As mandated by SEBI vide circular no. CIR/IMD/DF/21/2012 dated September 13, 2012 an annual charge of 0.02 percent of daily net assets, being a part of total recurring expenses is set aside for Investor Education and Awareness (IEA). In view of the AMFI Best Practices Guidelines Circular No. 56/2015-16, the IEF (Investor Education Fund) accrual is set aside in a separate bank account and the consolidated balance across all schemes as on March 31, 2024.

Pursuant to SEBI circular dated May 23, 2022, w.e.f. July 1, 2022, the limit of 0.02% p.a. has been reduced to 0.01% p.a. in case of ETFs/Index Funds. Furthermore, Fund of Funds (FoFs) investing more than 80% of its NAV in the underlying domestic funds have discontinued setting aside 0.02% p.a. of daily net assets towards IEA.

The break-up of which is as under:

	March 31, 2024	March 31, 2023
Particulars	Amount (Rs. In Lakhs)	Amount (Rs. In Lakhs)
Opening Balance as on April 01, 2023	997.09	460.22
Add: Accrual during FY 2023-24	1,962.01	1,432.00
Less: Transferred to AMFI *	889.11	646.75
Less: Payable to AMFI (March 2024 accrual) *	91.90	69.25
Add: Investment Income FY 2023-24	77.08	166.42
Less: Spent during FY 2023-24	1,877.44	345.55
Closing Balance as on March 31, 2024	177.73	997.09

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

The IEA disclosure's are presented for surviving schemes only.

- 10 Pursuant to SEBI Circular No. SEBI/HO/IMD/DF3/CIR/P/2020/194 dated October 05, 2020, the nomenclature of 'Dividend Option' under all the schemes of HSBC Mutual Fund has been revised to 'Income Distribution cum Capital Withdrawal Option' (IDCW), with effect from April 1, 2021.

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

To the Abridged Balance Sheet and Revenue Account for the year ended March 31, 2024

- 11 Securities, excluding debt securities, where the non-traded investments which have been valued "in good faith" exceed 5% of the net assets at the end of the year is NIL.
- 12 Debt securities which have been valued at a price other than the price given by the independent valuation agencies at the end of the year is NIL.

13 Disclosure of Risk-o-meter

Scheme Name	Risk-o-meter level at end of the financial year i.e. March 31, 2024	Risk-o-meter level as on March 31, 2023	Number of changes in Risk-o-meter during the financial year (March 2023 to March 2024)
HSBC Large Cap Fund	Very High	Very High	0

- 14 Subsequent to receipt of SEBI's no objection to acquisition of 100% equity shares of L&T Investment Management Limited ("LTIM", Investment Manager of L&T Mutual Fund) and the amendments proposed to the trust deed of the HSBC Mutual Fund as required under the SEBI (Mutual Funds) Regulations, 1996, the schemes of L&T Mutual Fund (LTMF) were transferred to/ merged with the schemes of HSBC Mutual Fund on and from the close of business hours of November 25, 2022, and the HSBC AMC and HSBC Trustees assumed the responsibilities of the schemes of LTMF w.e.f. close of business hours of November 25, 2022.
- 15 During the year, HSBC Securities and Capital Markets (India) Private Limited ("HSCI"), Sponsors of HSBC Mutual Fund established a private limited company with limited liability to act as the "Trustee" of HSBC Mutual Fund. HSBC Trustees (India) Private Limited ("HTIP") was incorporated on 9 January 2024. Accordingly, HTIP has replaced the Board of Trustees of HSBC Mutual Fund w.e.f. 1 March 2024, and the Company through its Board of Directors has been discharging its obligations as the "Trustees" of the Fund from this date.
- 16 The Annual Accounts of the Schemes, prepared in accordance with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the "Act") read with the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time and clause 17.14 of SEBI Master Circular for Mutual Funds dated June 27, 2024, has been approved by the Board of Directors of HSBC Asset Management (India) Private Limited and HSBC Trustees (India) Private Limited at their meetings held on July 8, 2024 and July 19, 2024 respectively. The audit report attached herewith refers to the said Annual Accounts. The aforesaid abridged accounts are an extract of the Annual Accounts and are prepared in accordance with clause 5.4 and format no. 3.B under the section of formats of SEBI Master Circular for Mutual Funds dated June 27, 2024 and other relevant circulars issued by the Securities and Exchange Board of India from time to time.

Voting Policy and Procedures

In view of para 6.16 of SEBI Master Circular on Mutual Funds dated June 27, 2024 related to "Role of Mutual Funds in Corporate Governance of Public Listed Companies", HSBC AMC has formulated its "Policy for Proxy Voting in Public Listed Companies". The said policy is available on our website and the details of actual exercise of proxy votes, the summary of votes casted and the auditor's certificate is forming part of our full Annual Report for the Financial Year 2023 – 24 which has been uploaded on our website at <http://www.assetmanagement.hsbc.co.in>

Statutory Details & Disclaimers

All the returns have been sourced from Mutual Funds India Explorer software. The performance of the schemes and the benchmark is calculated on a total return basis. This document has been prepared by HSBC Asset Management (India) Private Limited (HSBC) for information purposes only with an intent to provide market overview and should not be construed as an offer or solicitation of an offer for purchase of any of the funds of HSBC Mutual Fund. All information contained in this document (including that sourced from third parties), is obtained from sources, which HSBC/third party, believes to be reliable but which it has not been independently verified by HSBC/the third party. Further, HSBC/the third party makes no guarantee, representation or warranty and accepts no responsibility or liability as to the accuracy or completeness of such information. The information and opinions contained within the document are based upon publicly available information and rates of taxation applicable at the time of publication, which are subject to change from time to time.

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

For disclosure of quarterly AUM/AAUM and AUM by geography, please visit our website at www.assetmanagement.hsbc.co.in. Investors are requested to note that as per SEBI (Mutual Funds) Regulations, 1996 and guidelines issued thereunder, HSBC AMC, its employees and/ or empaneled distributors/agents are forbidden from guaranteeing/promising/assuring/predicting any returns or future performances of the schemes of HSBC Mutual Fund. Hence, please do not rely upon any such statements/commitments. If you come across any such practices, please register a complaint via email at investor.line@mutualfunds.hsbc.co.in

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

Important Updates

Name and Date of Birth as per PAN card - Effective from June 1, 2024

As per recent regulatory requirement and changes advised by Income Tax Department in PAN validation process, now it is mandated to quote your Name(s) and DOB as per PAN card. To avoid any failure in such validations, we request investors to quote the Name(s) and DOB's of all the holders including Guardian, Power of Attorney (POA) holders as per PAN card.

Useful Links for self service options

- **Use our 24 x 7 Chatbot - "ASKME" for any queries or service request:**
visit: <https://invest.assetmanagement.hsbc.co.in>

SMS your request to HSBC Mutual Fund

- **Latest NAV :** Send SMS as HSBCMF NAV <Scheme Code> to 56767
Example: HSBCMF NAV F03
- **Valuation Service on registered mobile No. :** Send SMS as HSBCMF VAL <folio_number> to 56767
Example: HSBCMF VAL 123456
- **Annual Report :**
For Electronic Copy: Send SMS as HSBCMFARE <folio_number> to 567678080
Example: HSBCMF ARE 123456
For Physical Copy: Send SMS as HSBCMFARP <folio_number> to 567678080
Example: HSBCMF ARP 123456
- **Half Yearly Portfolio :**
For Electronic Copy: Send SMS as HSBCMFHPE <folio_number> to 567678080
Example: HSBCMF HPE 123456
For Physical Copy: Send SMS as HSBCMFHPP <folio_number> to 567678080
Example: HSBCMF HPP 123456

Missed Call Service

- You can give a missed call to 9212900020 to get the total valuation via SMS and a statement on your registered email ID

Book-Post

If undelivered please return to:

Computer Age Management Services Private Limited (CAMS)

Unit: HSBC Mutual Fund

New No. 10, M.G.R Salai, Nungambakkam, Chennai - 600034.

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

HSBC Asset Management (India) Private Limited

CIN NO: U74140MH2001PTC134220

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

Website : www.assetmanagement.hsbc.co.in

Description	Toll Free Number	Email ID
Investor related queries	1800-4190-200/1800-200-2434	investor.line@mutualfunds.hsbc.co.in
Online related queries	1800-4190-200/1800-200-2434	onlinemf@mutualfunds.hsbc.co.in
Investor (Dialing from abroad)	+91 44 39923900	investor.line@mutualfunds.hsbc.co.in

To get your updated account statement email us at : ["mfsoa@mutualfunds.hsbc.co.in"](mailto:mfsoa@mutualfunds.hsbc.co.in)

We're always here to help you, so feel free to reach out to us

Self-service request at your Fingertips

- Visit Website • Invest Online • Insta Statement • Download Forms
- Transact via Whats App • Use 24/7 ChatBot - Ask Me



Remember, you can also find out more via our social media handles !



Please check our website www.assetmanagement.hsbc.co.in for an updated list of Official Points of Acceptance of HSBC Mutual Fund.

CAMS SERVICE CENTRES / CAMS LIMITED TRANSACTION POINTS / CAMS COLLECTION CENTRES

For details on CAMS Service Centres, please visit www.camsonline.com



HSBC Mid Cap Fund **(Erstwhile L&T Midcap Fund)**

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

Abridged Annual Report 2023 - 2024



SPONSOR

HSBC Securities and Capital Markets (India) Private Limited

CIN – U67120MH1994PTC081575

Regd. Office: 52/60, Mahatma Gandhi Road, Fort, Mumbai 400001.

TRUSTEE COMPANY

HSBC Trustees (India) Private Limited

CIN – U66190MH2024PTC416973

Regd. Office: 52/60, Mahatma Gandhi Road, Fort, Mumbai 400001.

ASSET MANAGEMENT COMPANY

HSBC Asset Management (India) Private Limited

CIN – U74140MH2001PTC134220

Regd. Office: 9-11 Floors, NESCO IT Park, Building No. 3,
Western Express Highway, Goregaon (East), Mumbai 400063.

CUSTODIAN

Citibank N.A.

First International Financial Center (FIFC), 9th Floor,
C-54 & 55, G – Block, Bandra Kurla Complex, Bandra (East), Mumbai 400051.

AUDITORS TO THE SCHEME

MSKA & Associates

Chartered Accountants

602, Floor 6, Raheja Titanium, Western Express Highway,
Geetanjali Railway Colony, Ram Nagar, Goregaon (East), Mumbai 400063.

REGISTRAR & TRANSFER AGENTS

Computer Age Management Services Limited (CAMS)

Unit: HSBC Mutual Fund

New No. 10, M.G.R Salai, Nungambakkam, Chennai 600034.

BOARD OF TRUSTEES

Ms. Jasmine Batliwalla	– Chairperson
Mr. Nani Javeri	– Trustee
Mr. David Rasquinha	– Trustee
Mr. Nicolas Moreau	– Trustee

BOARD OF DIRECTORS

Dr. Indu Shahani	– Director
Mr. Kapil Seth	– Director
Ms. Roopa Varma	– Director
Mr. Kailash Kulkarni	– Director & Chief Executive Officer

Dear Investor,

As we reflect on the past year, I am filled with pride and optimism about the future of our company and overall growth of the mutual fund industry. The past year has marked significant milestones in our journey, particularly as we capitalise on the immense potential of India's burgeoning growth story.

Fiscal 2024 turned out to be one of the best years for the domestic mutual fund industry as assets under management (AUM) spurted by nearly Rs. 14 lakh crore to a record Rs. 53.40 lakh crore as of March 2024 compared with Rs. 39.42 lakh crore as of March 2023.

The mutual fund industry is experiencing immense growth and we are poised to take advantage of this upward trajectory. Our company is an integral part of this growth story, riding the wave with several strategic initiatives and accomplishments that have set us on a path of sustained success.



Major achievements post integration

- Post integration we have enhanced our digital offering for both B2B and B2C to provide improved customer journeys.
- HSBC AM India's AUM increased from USD 1.4 bn (before integration) to USD 13.7 bn as of April 2024.
- HSBC Asset Management India has now become the 14th largest asset manager in India in terms of AUM.
- HSBC AM India has launched 4 new products since integration (raising \$445M).
- We have expanded HSBC AM India's product offerings to 43 funds.

Key Achievements in FY2023-2024

Investment Performance: Our disciplined investment strategy and thorough research have been pivotal to our success. We have focused on high-quality, undervalued assets, achieving consistent returns across our portfolio.

Product Innovation: This year, we launched two new funds - HSBC Multi Asset Allocation Fund and HSBC Consumption Fund, tailored to meet the evolving needs of our investors. These new offerings have been well-received, contributing to our growth in AUM significantly.

Increased Media Presence: In FY24, we significantly boosted our media presence, ensuring that our brand and thought leadership are recognized across various platforms. Through strategic media engagements like Informed Investing with ET Now, talks shows and several authored articles plus interviews - we have amplified our message, reaching a broader audience and reinforcing our market position.

Successful Campaign Launch: We successfully launched SIP Hai #FaydeWaliAadat, an investor education campaign, that highlighted the transformative power of SIPs in achieving long-term financial

goals. A first of its kind campaign, it aimed at educating and empowering the millennial investors in India. The campaign garnered significant attention and positive feedback, strengthening our brand presence and engaging a wider audience. Notably, the campaign has also earned us prestigious awards and accolades highlighting our commitment to excellence and innovation.

Client Relationships: We have strengthened our client relationships through enhanced communication, transparency, and personalized service. Our client satisfaction scores have reached new heights, reflecting our commitment to exceptional service.

We believe that the India story has just begun and its economic landscape is poised for significant growth. An exposure to unique and future relevant themes can provide a much-needed inflation buffer. The importance of asset allocation continues to be critical. It is critical for all of us to review our risk appetite and goal proximity and construct a portfolio appropriately.

Besides construction, portfolio rebalancing is equally important in order to achieve optimal outcomes. I do hope you share my enthusiasm and I ask that you continue to invest whilst reviewing your asset allocation at all times.

I would like to express my sincere gratitude to our dedicated team, whose expertise and commitment are the backbone of our success. To our investors, thank you for your trust and continued support. Your confidence in our approach motivates us to strive for excellence in everything we do. Also, I want to express my deepest gratitude to our valuable partners for their unwavering support and keep our services running. Look forward to achieving even grater milestones together.

As we move forward, we remain committed to delivering superior investment performance, fostering strong client relationships, and driving sustainable growth. Together, we are well-positioned to navigate the future and achieve our goals.

Warm regards,

A handwritten signature in black ink, appearing to read 'Kailash Kulkarni', with a horizontal line underneath.

Kailash Kulkarni

Chief Executive Officer

HSBC Asset Management India

Trustees' Report

For the year ended March 31, 2024

The Board of Directors of HSBC Trustees (India) Private Limited, Trustees of HSBC Mutual Fund present the Twenty Second Annual Report and the audited abridged financial statements of the schemes of the HSBC Mutual Fund ('the Fund') for the year ended March 31, 2024.

With the acquisition of L&T Mutual Fund in the previous financial year, the Fund's Assets Under Management ('AUM') (excluding Domestic FOFs) as on March 31, 2024 was INR 109368.16 crores (audited). The Fund ranks in the top 15 Mutual Fund houses in India in terms of AUM.

As at March 31, 2024, the Fund offered 43 schemes across asset classes to meet the varying investment needs of the investors. During the year, the Fund launched two new products namely HSBC Consumption Fund and HSBC Multi Asset Allocation Fund in Equity and Hybrid categories.

The Fund continues its focus on delivering consistent long-term returns. The comments on the performance of the scheme(s) are provided hereinafter. Dividends were declared under various schemes as per the provisions contained in the respective Scheme Information Documents after considering the distributable surplus available under the respective plans of the schemes. Details of dividends declared can be viewed on our website at www.assetmanagement.hsbc.co.in.

During the year, HSBC Securities and Capital Markets (India) Private Limited ("HSCI"), Sponsors of the Fund established a private limited company with limited liability to act as the "Trustees" of the Fund. HSBC Trustees (India) Private Limited ("HTIP") was incorporated on 9 January 2024. Accordingly, HTIP has replaced the Board of Trustees of HSBC Mutual Fund w.e.f. 1 March 2024, and the Company through its Board of Directors has been discharging its obligations as the "Trustees" of the Fund from this date.

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

a. Operations and Performance of the Scheme

➤ Equity Schemes

HSBC Mid Cap Fund ('HMF')

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

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

The net assets of HMF amounted to INR 9740.79 crores as at March 31, 2024 as against INR 6899.35 crores as at March 31, 2023. Around 97.13% of the net assets were invested in equities, 2.18% of the net assets were invested in reverse repos/TREPS and 0.69% in net current assets as at March 31, 2024.

The aim of HMF is to seek long-term capital growth from an actively managed portfolio comprising of predominantly midcap companies. HMF aims to predominantly invest in equity and equity related securities. HMF endeavors to achieve this by maintaining a minimum of 65% allocation to equity and equity related securities of midcap companies. Investment could also be made towards fixed income securities including money market instruments.

HMF is overweight in categories such as Healthcare, Staples & Materials and underweight in sectors like Banks, Chemicals & Capital Goods. HMF is positioned favourably with long term compounders with primarily three attributes. First, they operate with some kind of a moat or entry barrier. This can be a brand, network effects, economies of scale or distribution. Many companies have a combination of moats. Second, the companies have ability of significant scale up. Third, they are available at a reasonable price. Many of these companies might seem expensive on a PE basis, however because of the longevity of cash flows and steady compounding capabilities, the fund manager believes that the valuations are justified.

HMF despite handsome returns has slightly lagged its benchmark index over the 1-year period as the portfolio had a low beta and was overweight in categories like Healthcare, which underperformed. However, HMF benefited from some good picks in PSUs, Financial Services and Consumer Discretionary. There has also been a positioning change and certain higher growth companies in Capital Goods and Industrials sector

Trustees' Report

For the year ended March 31, 2024 (Contd...)

have been added with reduction in Healthcare space. The fund managers expect these to reflect in scheme's positioning and performance.

HSBC Mid cap Fund				Date of Inception : 9 August, 2004				
Fund/ Benchmark (Value of ₹ 10,000 invested)	1 Year		3 Years		5 Years		Since Inception	
	Amount (₹)	Returns (%)	Amount (₹)	Returns (%)	Amount (₹)	Returns (%)	Amount (₹)	Returns (%)
HSBC Mid Cap Fund	15512	55.49	17793	21.22	23017	18.13	311837	19.14
Scheme Benchmark (Nifty Midcap 150 TRI)	15754	57.93	20245	26.56	28530	23.31	NA	NA
Additional Benchmark (Nifty 50 TRI)	13008	30.27	15736	16.35	20356	15.27	173853	15.64

Past performance may or may not be sustained in future. Returns have been calculated for the respective periods for Growth Option of Regular Plan as on last business day of the month i.e. March 28, 2024 due to non-availability of benchmark indices as of March 31, 2024. Returns on ₹ 10,000 are point-to-point returns for the specific time period, invested at the start of the period. Returns for 1 year and above are Compounded Annualized. Different plans shall have a different expense structure. Performance of the respective benchmark is calculated as per the Total Return Index (TRI).

Please Note: NA means not available. The launch date of the Nifty Midcap 150 TRI is Apr 1, 2005 whereas the inception date of the scheme is Aug 9, 2004. The corresponding benchmark returns since inception of the scheme is not available.

Risk-o-meter as of 31st March, 2024:

Scheme Name	Scheme Risk-o-meter	Benchmark Risk-o-meter
HSBC Mid Cap Fund	 Investors understand that their principal will be at Very High risk	Benchmark Index: Nifty Midcap 150 TRI 

Please note that the above risk-o-meter is as per the product labelling of the Scheme basis Scheme's monthly portfolio as on March 31, 2024.

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

➤ EQUITY OUTLOOK

Recap of FY 2023-24:

FY24 was a stellar year for the Indian equity markets with strong economic momentum, healthy earnings growth and strong inflows from domestic and foreign institutional investors and strong retail participation driving a broad-based bull market. The Nifty and Sensex were up a solid 30.1%/26.5% respectively during the year, while the BSE Midcap and BSE Smallcap indices gained an astounding 65.2% and 61.4% respectively.

While geo-political conflicts continued in FY24, their impact on crude and global supply chains moderated. Crude prices largely remained range bound during the year. Inflation barring a brief spike largely remained well contained, the economy gained further steam with GDP growth crossing 8% in H1FY24 supported by government thrust on infrastructure. This translated into strong growth for several core sector industries

Trustees' Report

For the year ended March 31, 2024 (Contd...)

including steel and cement. The growth in the real estate sector has been strong with inventory continuing to decline in metro markets. However, lagged impact of price increases continued to impinge on consumer demand growth which remained subdued for most mass market categories.

Domestic cyclical were the best performing sectors during the year led by Real Estate, Capital Goods, Autos. Power was also among the best performing sectors. Global cyclical like Metals and Oil & Gas also strongly outperformed the Nifty. FMCG and Banking while delivering healthy positive returns underperformed the Nifty, while IT performance was closer to Nifty.

MSCI India index outperformed most of key global indices during the past fiscal. MSCI India index (USD) gained 35.5% as compared to 23.1% gain for MSCI World, 27.9% for US S&P 500, 11.0% for MSCI Europe and only 5.3% for MSCI Emerging Markets as MSCI China declined 19.0% over the period.

Strong performance of the market and subsiding global macro headwinds drove a sharp turnaround in foreign investment flows. FII net inflow was at USD 25.3bn in FY24 versus an outflow of USD 6.0bn/17.1bn in FY23/FY22. DIIs, on the other hand, matched FII inflow with an inflow of USD 25.3bn although it was lower than the net inflows at USD 30.8bn in FY23. Within DIIs, the MF segment was the key contributor (USD 24.3 bn of net inflows up from USD 21.8bn in FY23) while domestic Insurers were also in the net inflow territory (USD 1.0bn of net inflows vs USD 9.0bn in FY23).

Source: Motilal Oswal

Indices Returns (April 01, 2023 to March 31, 2024)	1 Year [^]
S&P BSE Sensex TR	26.5%
NSE CNX Nifty TR	30.1%
S&P BSE 100 TR	34.2%
S&P BSE 200 TR	38.5%
S&P BSE 500 TR	40.2%
S&P BSE Midcap TR	65.2%
S&P BSE Small-cap TR	61.4%

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

Way forward:

The global macro environment remains challenging with heightened geo-political and economic uncertainties. US bond yields remain high putting pressure on interest rates and currencies globally. For India, growth has continued to remain strong with GDP growth of 8.4% in Q3FY24 driven by strong government spending on infrastructure and pickup in manufacturing and construction. The 2024 interim budget has re-affirmed government focus on infrastructure. At the same time reduction in fiscal deficit should also help in easing of domestic interest rates. However, after last year's patchy monsoon, a good monsoon will be an important factor for rural demand and overall consumption growth in the economy in FY25.

India starts FY25 on a strong footing with positive growth momentum and India's investment cycle is expected to be on a medium-term upturn supported by rising government investment in infrastructure and recovery in real estate cycle. There is also an expectation of higher private investments in renewable energy and related supply chain, localization of higher-end technology components, and India becoming a more meaningful part of global supply chains. Finally, it is expected for consumption to improve as the impact of high inflation fades and real incomes start to grow again.

However, several of these positives are getting discounted by the high valuations currently prevailing in the equity market. While the fund managers remain constructive on Indian equities supported by the more robust medium-term growth outlook there is a caution against high return expectations. Nifty continues to trade on 20.6x consensus 1 year forward PE (as of 30 April). On a 10-year basis, Nifty is still trading 10% above its historic average valuation but is in-line with its 5-year average. Valuations of the midcap and small cap indices are even higher versus their historical average.

Trustees' Report

For the year ended March 31, 2024 (Contd...)

➤ DEBT OUTLOOK

Market drivers during the course of the year FY 2024

The year started with advanced economies continuing to grapple with higher inflation and policy tightening remained a common theme across economies. During FY2024, the Federal Open Market Committee (FOMC) raised policy rates by 50 bps while European Central Bank (ECB) and Bank of England (BOE) raised policy rates by 100 bps each. The cumulative rate hikes by various advanced economies in this cycle are as follows: Fed (525 bps), BOE (515 bps) and ECB (450 bps). Meanwhile cumulative rate hikes by the Monetary Policy Committee (MPC) in this cycle was 250 bps. On account of higher Government debt burden, Fitch downgraded US sovereign rating from AAA to AA+. US Treasury yields remained volatile during the year, with the 10-year benchmark rising higher by 73 bps during the year. Crude prices also moved higher by USD 7-8/bbl.

On the domestic front, Consumer price Index (CPI) inflation remained broadly in the upper end of the MPC's targeted band of 4% +/- 2% for most the financial year, however, inflation printed above 6% on two occasions due to high food inflation. Headline inflation remained susceptible to high food inflation with markets now expecting some relief of food prices on the back of normal monsoon. Core inflation eased through the year falling to below 4% in the last quarter.

Domestically, one of the biggest events during the year was the much-awaited index inclusion of Indian Government Bonds (IGBs) into the GBI-EM Global index suite and its relevant benchmarks. India is expected to reach the maximum weight of 10% in the GBI-EM Global Diversified Index (GBI-EM GD), with the inclusion staggered over a 10-month period starting June 2024. Following this, Bloomberg also included IGBs in their Bloomberg EM Local Currency Index, with India expected to reach a maximum weight of 10% over a 10-month period starting Jan 2025. Both these inclusions are expected to bring in INR 25-30 bn of index related FPI inflows over the next 1-2 years and paving the way for inclusion into other global bond indices as well. During FY2024, FPIs poured in close USD 12 bn into IGBs, with majority of the inflows coming in post the JP Morgan index inclusion announcement.

Government continued its path of fiscal consolidation, with the revised estimate of the Fiscal deficit for FY2024 coming in at 5.6%, with expectations for FY2025 at 5.1% and target of below 4.5% by FY2026. PMI numbers continue to remain in expansion, GST revenues remain buoyant and credit off-take upbeat.

The external sector has remained strong due to healthy service exports and remittances. Current Account Deficit (CAD) is expected to be around 1% for the year. Rupee remained one of the more stable currencies during the year, with active intervention from RBI smoothening any volatility. RBI continued to build on the FX reserves with year-end number around USD 650 bn.

Money market rates moved higher during the year due to tightening in liquidity along with higher Certificate of Deposit (CD) issuances. G-Sec yields, however, moved lower due to favorable demand supply and lower G-Sec borrowing. 10-year G-Sec moved lower during the year by 25 bps, while 5 yr G-Sec moved lower by 13 bps.

Market Outlook

While US markets have braced for "higher for longer" rates, we have seen in the past, that reactions to favorable data in such an environment can be sharp. Any softness in growth, employment or inflation data over the next few months will allow the markets to quickly start pricing in aggressive future policy easing. In our view, the RBI is also likely to gradually shift the liquidity deficit into surplus over the course of the next 3-6 months, flipping overnight rates from the top to the bottom of the rate corridor. The yield curve is likely to steepen as liquidity eases. This along with a potential 50 bps of policy easing in first half of CY2025 may push overnight rates lower by 75-100 bps.

While any form of additional spending by the new Government to address concerns of rural sections of the country and the possibility of additional spending to fund such policies will remain a key monitorable, it is believed the Government is likely to remain cognizant of the possible impact of such policies and take measured steps. With the dust settling down on the election outcome, the broad macroeconomic factors should continue to remain stable and could support softening in domestic yields going forward.

Trustees' Report

For the year ended March 31, 2024 (Contd...)

The Fund Managers continue to have a positive outlook for interest rates, based on various favorable factors: (a) Record RBI dividend to the Government, (b) reduced Fiscal deficit number of 5.6%, (c) favorable G-Sec supply demand dynamics, (d) FPI index related inflows, (e) revised outlook in India by S&P, (f) soft core inflation along with expectations of a better than normal monsoon, and finally (g) soft signals by Government and RBI on liquidity.

Source: RBI, Bloomberg, Internal HSBC Research & CCIL

2. BRIEF BACKGROUND OF THE SPONSORS, THE FUND, THE TRUSTEES AND THE ASSET MANAGEMENT COMPANY

A. Sponsor

HSBC Mutual Fund is sponsored by HSBC Securities and Capital Markets (India) Private Limited (HSCI). The Sponsor is the Settler of the Mutual Fund Trust. The Sponsor has entrusted a sum of Rs. 1,00,000/- (Rupees One Lakh only) to the Trustee as the initial contribution towards the corpus of the Mutual Fund.

HSCI offers integrated investment banking services, securities and corporate finance & advisory. HSCI is a member of the Bombay Stock Exchange Limited and National Stock Exchange (capital and derivative market segments). HSCI holds 100% of the paid-up equity share capital of HSBC Asset Management (India) Private Limited.

B. HSBC Mutual Fund

HSBC Mutual Fund ("the Mutual Fund" or "the Fund") has been constituted as a Trust in accordance with the provisions of the Indian Trusts Act, 1882 (2 of 1882) vide a Trust Deed dated February 7, 2002 (as amended) with HSBC Securities and Capital Markets (India) Private Limited, as the Sponsor and HSBC Trustees (India) Private Limited. The Trustee has entered into an Investment Management Agreement dated February 7, 2002 (as amended) with HSBC Asset Management (India) Private Limited (AMC) to function as the Investment Manager for all the schemes of the Fund. The Fund was registered with SEBI vide registration number MF046/02/5 dated May 27, 2002.

The Trust has been formed for the purpose of pooling of capital from the public for collective investment in securities for the purpose of providing facilities for participation by persons as beneficiaries in such investments and in the profits/income arising therefrom.

C. HSBC Trustees (India) Private Limited (the Trustees)

The Trustees are the exclusive owner of the Trust Fund and holds the same in trust for the benefit of the unitholders. The Trustees have been discharging their duties and carrying out the responsibilities as provided in the SEBI (Mutual Funds) Regulations, 1996 and the Trust Deed. The Trustees seek to ensure that the Fund and the schemes floated there under are managed by the AMC in accordance with the Trust Deed, the said Regulations, directions and guidelines issued by the SEBI, the Stock Exchanges, the Association of Mutual Funds in India and other regulatory agencies.

During the year, HSBC Securities and Capital Markets (India) Private Limited ("HSCI"), Sponsors of HSBC Mutual Fund) established a private limited company with limited liability to act as the "Trustee" of HSBC Mutual Fund. HSBC Trustees (India) Private Limited ("HTIP") was incorporated on 9 January 2024. Accordingly, HTIP has replaced the Board of Trustees of HSBC Mutual Fund w.e.f. 1 March 2024, and the Company through its Board of Directors has been discharging its obligations as the "Trustees" of the Fund from this date.

As of March 31, 2024, HSCI holds 100% of the paid-up equity share capital of HTIP.

D. Asset Management Company (the AMC)

HSBC Asset Management (India) Private Limited (the Investment Manager or the AMC) is a private limited company incorporated under the Companies Act, 1956 on December 12, 2001 having its Registered Office at 9-11 Floors, NESCO IT Park, Building no. 3, Western Express Highway, Goregaon (East), Mumbai – 400 063. HSBC Asset Management (India) Private Limited has been appointed as the Asset Management

Trustees' Report

For the year ended March 31, 2024 (Contd...)

Company of HSBC Mutual Fund by the Trustee vide Investment Management Agreement (IMA) dated February 7, 2002 (as amended) and executed between the Trustees and the AMC. SEBI approved the AMC to act as the Investment Manager of the Fund vide its letter No. MFD/BC/163/2002 dated May 27, 2002. The paid-up equity share capital of the AMC is Rs. 344.41 crores. The AMC is registered as a Portfolio Manager under the SEBI (Portfolio Managers) Regulations, 1993 vide registration no. INP000001322. The AMC also offers non-binding Advisory services to offshore funds under the mutual fund license.

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

3. INVESTMENT OBJECTIVE OF THE SCHEMES

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

4. SIGNIFICANT ACCOUNTING POLICIES

The Significant Accounting Policies form part of the Notes to the Accounts annexed to the Balance Sheet of the Schemes in the Full Annual Report. The accounting policies are in accordance with Securities Exchange Board of India (Mutual Funds) Regulations, 1996 and Indian Accounting Standards (IND AS) notified under section 133 of the Companies Act, 2013 (the "Act" read with the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time).

5. UNCLAIMED DIVIDENDS & REDEMPTIONS

Summary of number of investors & corresponding amount as on March 31, 2024:

Scheme Name	Unclaimed Dividend		Unclaimed Redemption	
	No. of Investors	Amount (₹)	No. of Investors	Amount (₹)
HSBC Midcap Fund	2,096	8,636,137.55	432	10,104,671.75

6. INVESTOR SERVICES

The number of official points of acceptance of transactions are 210 locations. In addition to the offices of the Registrar & Transfer Agent, the AMC has its own office in 61 locations and Investor Service Centers in 39 locations. The AMC has 2 Toll Free numbers (1800-4190-200/1800-200-2434) which can be dialed from anywhere in India and 1 number i.e. +91 44 39923900 (Investors calling from abroad). The call center service is being managed by the Registrar and Transfer Agents. HSBC Mutual Fund offers the online transaction facility through the AMC's website at www.assetmanagement.hsbc.co.in.

On the distribution front, the number of empaneled distributors were 59046 as on March 31, 2024. During the year, the AMC initiated tie-ups for online distribution of the Mutual Fund's schemes with several channel partners taking the total number of such tie-ups to 160 as on March 31, 2024.

7. DETAILS OF INVESTOR GRIEVANCE REDRESSAL

The details of the redressal of investor complaints received against HSBC Mutual Fund during April 2023 - March 2024 are as follows:

Trustees' Report

For the year ended March 31, 2024 (Contd...)

2023-2024												
Complaint code	Type of Complaint	(a) No. of complaints pending at the beginning of the period	(b) No. of complaints received during the given period	Action on (a) and (b)								
				Resolved				Non Actionable*	Pending			
				Within 30 days	30-60 days	60-180 days	Beyond 180 days		0-3 months	3-6 months	6-9 months	9-12 months
I A	Non receipt of amount declared under Income Distribution cum Capital Withdrawal option	1	10	11	0	0	0	0	0	0	0	0
I B	Interest on delayed payment of amount declared under Income Distribution cum Capital Withdrawal option	0	1	1	0	0	0	0	0	0	0	0
I C	Non receipt of Redemption Proceeds	1	38	39	0	0	0	0	0	0	0	0
I D	Interest on delayed payment of Redemption	0	2	2	0	0	0	0	0	0	0	0
II A	Non receipt of Statement of Account/Unit Certificate	0	3	3	0	0	0	0	0	0	0	0
II B	Discrepancy in Statement of Account	1	22	23	0	0	0	0	0	0	0	0
II C	Data corrections in Investor details	1	250	249	0	0	0	0	2	0	0	0
II D	Non receipt of Annual Report/ Abridged Summary	0	0	0	0	0	0	0	0	0	0	0
III A	Wrong switch between Schemes	0	2	2	0	0	0	0	0	0	0	0
III B	Unauthorized switch between Schemes	0	1	1	0	0	0	0	0	0	0	0
III C	Deviation from Scheme attributes	0	1	1	0	0	0	0	0	0	0	0
III D	Wrong or excess charges/load	0	0	0	0	0	0	0	0	0	0	0
III E	Non updation of changes viz. address, PAN, bank details, nomination, etc	1	127	127	0	0	0	0	1	0	0	0
III F	Delay in allotment of Units	0	5	4	1	0	0	0	0	0	0	0
III G	Unauthorized Redemption	0	0	0	0	0	0	0	0	0	0	0
IV	Others**	1	78	76	0	0	0	0	3	0	0	0
	TOTAL	6	540	539	1	0	0	0	6	0	0	0

** As per AMFI Best Practice Guidelines Circular No.25/2011-12 for Revisions in the Guidelines on Standardization of Complaints/Grievances Reporting Procedure. If "Others" include a type of complaint which is more than 10% of overall complaints, then such a reason should be provided separately. Hence, data corrections in Investor Details are included as a separate category.

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

Summary of Complaints for FY 2023-24

Particulars	Count
Total complaints received	540
Total number of folios	21,39,406
% of complaints against the folio	0.025

Trustees' Report

For the year ended March 31, 2024 (Contd...)

8. INVESTOR EDUCATION INITIATIVES

During the FY 2023-24, the AMC conducted the following investor education and awareness initiatives:

- An integrated multi-media marketing campaign on SIP Hai 'FaydeWaliAadat' aimed to tap into the aspirations, financial goals, and unique spending habits of millennials.
- Editorial content on Systematic Investment Plans (SIP) created across 15 states through various regional television channels.
- Investor education content on the Platform - Quora.
- 'Be Money Confident' video series targeting women through Jio Platforms.
- Campaign on Women & Investing for Women's Day.
- Campaign for Marathon enthusiast on the similarities between running a Marathon & Investing.
- Financial literacy virtual event on the occasion of Mother's Day, which received more than 725 registered users.
- A mom blogger outreach program to reach Women Investors with financial education content on MF on the occasion of Mother's Day.
- Education campaign on ELSS executed for working audiences.
- Blogs and content for Investor Education properties like SIP Sahi Hai in Value Research, Gyan Guroovaar on Facebook, Investment Ki Paathshala on the website and investor education blogs on the platform - Advisor Khoj.
- 1,462 Investor Education programs to reach out to an audience of 71,465 people out of which 458 were women programs attended by 20,139 women.

9. PROXY VOTING POLICY

As per para 6.16 of SEBI Master Circular on Mutual Funds dated June 27, 2024, the Fund has adopted Proxy Voting Policy and Procedures for exercising voting rights in respect of securities held by the Schemes. (please refer Proxy Voting Policy and Procedures)

The summary of the votes casted in the general meetings of the Investee companies, by the AMC for and on behalf of the Schemes of the Fund, for the financial year 2023-24 is provided below:

Quarter	Total no. of resolutions	Break-up of Vote decision		
		For	Against	Abstained
April 2023 - June 2023	387	260	75	52
July 2023 - September 2023	2,169	1607	448	114
October 2023 - December 2023	197	138	37	22
January 2024 - March 2024	319	240	50	29
TOTAL	3,072	2,245	610	217

As per para 6.16.7 of SEBI Master Circular on Mutual Funds dated June 27, 2024, the AMC has obtained certificate from M/s. M. P. Chitale & Co., Chartered Accountants, who is acting as a Scrutinizer, on the voting report for the FY 2023-24. The certificate dated May 22, 2024 issued by M/s. M. P. Chitale & Co., is available on the website of the AMC as part of the full Annual Report.

Unitholders can refer to the full Annual Report for complete details of actual exercise of votes in the general meetings of the investee companies for the financial year 2023-24 or log on to our website at www.assetmanagement.hsbc.co.in.

Trustees' Report

For the year ended March 31, 2024 (Contd...)

10. STATUTORY DETAILS

- a) The Sponsors are not responsible or liable for any loss resulting from the operation of the Schemes of the Fund beyond initial contribution of Rs. 1 lakh for setting up the Fund.
- b) The price and redemption value of the units, and income from them, can go up as well as down with fluctuations in the market value of its underlying investments.
- c) Full Annual Report of HSBC Mutual Fund and of HSBC Asset Management (India) Private Limited (the AMC) shall be disclosed on the website at www.assetmanagement.hsbc.co.in and shall be available for inspection at the Head Office of the Mutual Fund. Present and prospective unitholders can obtain copy of the Trust Deed, the full Annual Report of the Scheme(s), the Annual Report of HSBC Asset Management (India) Private Limited and the text of the relevant Scheme(s) at a price.

11. CHANGES IN RISK-O-METER OF THE SCHEME DURING FY 2023-24

As per para 17.4. of SEBI Master Circular on Mutual Funds dated June 27, 2024 on product labelling, the changes carried out in the risk-o-meter of the schemes of HSBC Mutual Fund during FY 2023-24 have been given in the below mentioned table for the information of the unitholders, a report on the said changes has also been displayed on the website of the Fund and AMFI.

Scheme Name	Risk-o-meter level as on March 31, 2023	Risk-o-meter level as on March 31, 2024	Number of changes in Risk-o-meter during the F.Y. 2023-24)
HSBC Midcap Fund	Very High	Very High	0

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

As per para 6.16.15 of SEBI Master Circular on Mutual Funds dated June 27, 2024, HSBC Mutual Fund has adapted the policy on stewardship responsibilities, the unitholders are requested to note the status of governance with the same as mentioned below:

S. No.	Particulars of Principles of Stewardship Code	Status of compliance (Complied/ Not Complied)	Description	Remarks/ reasons for deviation/non-compliance, if any
1	Principle 1: Institutional Investors should formulate a comprehensive policy on the discharge of their stewardship responsibilities, publicly disclose it, review and update it periodically.	Complied	HSBC Asset Management (India) Private Limited's (AMIN) 'Policy on Stewardship responsibilities' (Stewardship Code/ Policy) was formulated and implemented on 01 July, 2020. This is a comprehensive document which has been publicly disclosed on the website of AMIN. The same shall follow a periodic review.	N.A.
2	Principle 2: Institutional investors should have a clear policy on how they manage conflicts of interest in fulfilling their stewardship responsibilities and publicly disclose it.	Complied	Defining and managing Conflict of Interest in fulfilling stewardship responsibilities are detailed in the Stewardship Policy document. The policy document is publicly disclosed.	N.A.

Trustees' Report

For the year ended March 31, 2024 (Contd...)

S. No.	Particulars of Principles of Stewardship Code	Status of compliance (Complied/ Not Complied)	Description	Remarks/ reasons for deviation/non-compliance, if any
3	Principle 3: Institutional investors should monitor their investee companies.	Complied	AMIN monitors all investee companies through its investment process. This includes assessment of companies' own and market data, consideration of research from brokers and other independent research providers – including ESG & voting research, attending individual & group meetings with company management and directors, visiting production sites (wherever necessary), engaging with key stakeholders including competitors and customers, and financial modelling. More details enumerated in the policy document	N.A.
4	Principle 4: Institutional investors should have a clear policy on intervention in their investee companies. Institutional investors should also have a clear policy for collaboration with other institutional investors where required, to preserve the interests of the ultimate investors, which should be disclosed.	Complied	Details of undertaking active engagement with investee companies and the policy for collaboration with other institutional holders are detailed in the policy document. The policy document is publicly disclosed.	N.A.
5	Principle 5: Institutional investors should have a clear policy on voting and disclosure of voting activity.	Complied	AMIN has a clear and detailed voting policy which provides the framework for the voting decisions. All voting decisions shall be in accordance with AMIN's Voting Policy and Procedures, which is disclosed on the website. AMIN discloses the details of the voting on its website on a quarterly basis within 10 working days from the end of the quarter. Additionally, AMIN also discloses the details of the votes cast, in the annual report of the schemes of HSBC Mutual Fund.	N.A.
6	Principle 6: Institutional investors should report periodically on their stewardship activities.	Complied	The annual status report of the stewardship code and quarterly report on proxy voting are publicly disclosed on the website as required under SEBI Regulations.	N.A.

Trustees' Report

For the year ended March 31, 2024 (Contd...)

13. DISCLOSURES PERTAINING TO NAV ADJUSTED DURING THE FINANCIAL YEAR FOR SWING FACTOR ALONG WITH THE PERFORMANCE IMPACT

Sr No.	Period of applicability of swing pricing	Scheme Name	Unswung NAV	Swing factor applied	Whether optional or mandatory
NIL					

14. SIGNIFICANT EVENT AFTER THE END OF THE FINANCIAL YEAR

NIL

15. ACKNOWLEDGEMENTS

The Trustees wish to thank the unitholders of the Schemes for their support throughout the year, and also thank the Government of India, the Securities and Exchange Board of India (SEBI), the Reserve Bank of India (RBI) and the Association of Mutual Funds in India (AMFI) for the guidance provided by them. The Trustees also appreciate the services provided by the Registrar and Transfer Agent, Fund Accountant, Custodian, Bankers, Distributors and Brokers. The guidance and services provided by the auditors and advocates and the ebullience, sincerity and dedication of the employees of HSBC Asset Management (India) Private Limited is also appreciated.

The Trustees look forward to the continued support of everyone.

For and on behalf of **HSBC Trustees (India) Private Ltd.**

Sd/-

Director

Mumbai

July 19, 2024

Independent Auditors' Report

To the Board of Directors of HSBC Trustees (India) Private Limited (the "Trustee")

HSBC Mid Cap Fund

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **HSBC Mid Cap Fund** (the "Scheme") of HSBC Mutual Fund (the "Fund"), which comprise the Balance Sheet as at March 31, 2024, the Revenue Account and the Cash Flow Statement for the year then ended, and notes to the financial statements, including a summary of material accounting policy and other explanatory information.

In our opinion, and to the best of our information and according to the explanations given to us, the aforesaid financial statements of the Scheme give a true and fair view in conformity with the Indian Accounting Standards ("Ind AS") prescribed under section 133 of the Companies Act, 2013 (the "Act") read with Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India, including the accounting policies and standards specified in the Regulation 50 and Ninth Schedule to the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 ("the SEBI Regulations") (collectively referred to as the "Regulations") as amended:

- a. in the case of the Balance Sheet, of the state of affairs of the Scheme as at March 31, 2024;
- b. in the case of the Revenue Account, of the net surplus for the year ended on that date; and
- c. in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing ("SAs") and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India (the "ICAI"). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Scheme in accordance with the Code of Ethics issued by the ICAI together with the ethical requirements that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Information Other than the Financial Statements and Auditor's Report Thereon

The Board of Directors of HSBC Asset Management (India) Private Limited (the "AMC") and the Board of Directors of HSBC Trustees (India) Private Limited (the "Trustees") (collectively referred to as "the Management") are responsible for the other information. The other information comprises the information included in the Trustees report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

The Management is responsible for the preparation of these financial statements that give a true and fair view of the state of affairs, results of operations and cash flows of the Scheme in accordance with the accounting principles generally accepted in India, including the accounting policies and standards specified in Regulations. This responsibility also includes maintenance of adequate accounting records in accordance with the SEBI

Independent Auditors' Report (Contd...)

Regulations for safeguarding of the assets of the Scheme and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Management is responsible for assessing the Scheme's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management, either intends to liquidate the Scheme or to cease operations, or has no realistic alternative but to do so.

Those Charged with Governance are also responsible for overseeing the Scheme's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Scheme's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Scheme to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide to those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Independent Auditors' Report (Contd...)

Report on Other Legal and Regulatory Requirements

1. As required by regulation 55(4) and clause 5(ii)(2) of the Eleventh Schedule of the SEBI Regulations, we report that:
 - a. we have sought and obtained all the information and explanations which, to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b. in our opinion, the Balance Sheet and the Revenue Account dealt with by this report have been prepared in accordance with the accounting policies and standards specified in the Regulations; and
 - c. the Balance Sheet, the Revenue Account and the Cash Flow Statement, dealt with by this report are in agreement with the books of accounts of the Scheme.
2. On the basis of information and explanations given to us, the scheme does not have any non-traded securities as at March 31, 2024 and hence reporting requirement of Eighth Schedule of the SEBI Regulations is not applicable.

For **M S K A & Associates**

Chartered Accountants

ICAI Firm Registration No. 105047W

Sd/-

Swapnil Kale

Partner

Membership No: 117812

UDIN: 24117812BKFISD6221

Place : Mumbai

Date : July 19, 2024

Abridged Balance Sheet as at March 31, 2024

Rs. in Lakhs

	As at March 31, 2024	As at March 31, 2023	As at April 1, 2022
LIABILITIES			
1 Unit Capital	32,030.74	35,300.89	34,276.19
2 Reserves & Surplus			
2.1 Unit Premium Reserves	86,600.84	122,908.30	108,907.91
2.2 Unrealised Appreciation Reserve	418,210.83	155,298.71	215,462.96
2.3 Other Reserves	437,244.71	376,054.67	301,908.92
3 Loans & Borrowings	—	—	—
4 Current Liabilities & Provisions			
4.1 Provision for Doubtful Income/Deposits	—	—	—
4.2 Other Current Liabilities & Provisions	13,485.41	2,637.65	2,232.40
TOTAL	987,572.53	692,200.22	662,788.36
ASSETS			
1 Investments			
1.1 Listed Securities:			
1.1.1 Equity Shares	946,149.41	648,334.79	634,129.92
1.1.2 Preference Shares	—	—	—
1.1.3 Equity Linked Debentures	—	—	—
1.1.4 Other Debentures & Bonds	—	—	—
1.1.5 Securitised Debt Securities	—	—	—
1.2 Securities Awaited Listing:			
1.2.1 Equity Shares	—	—	—
1.2.2 Preference Shares	—	—	—
1.2.3 Equity Linked Debentures	—	—	—
1.2.4 Other Debentures & Bonds	—	—	—
1.2.5 Securitised Debt Securities	—	—	—
1.3 Unlisted Securities:			
1.3.1 Equity Shares	—	—	—
1.3.2 Preference Shares	—	—	—
1.3.3 Equity Linked Debentures	—	—	—
1.3.4 Other Debentures & Bonds	—	—	—
1.3.5 Securitised Debt Securities	—	—	—
1.4 Government Securities	—	—	—
1.5 Treasury Bills	—	—	—
1.6 Commercial Paper	—	—	—
1.7 Certificate of Deposits	—	—	—
1.8 Bill Rediscounting	—	—	—
1.9 Units of Domestic Mutual Fund	—	—	—
1.10 Foreign Securities	—	—	—
Total Investments	946,149.41	648,334.79	634,129.92
2 Deposits	462.32	272.38	249.98
3 Other Current Assets			
3.1 Cash & Bank Balance	502.62	153.68	67.10
3.2 CBLO/TREPS/Reverse Repo Lending	21,213.22	43,199.20	26,791.03
3.3 Others	19,244.96	240.16	1,550.33
4 Deferred Revenue Expenditure (to the extent not written off)	—	—	—
TOTAL	987,572.53	692,200.22	662,788.36

Notes to Accounts - Annexure I

Abridged Revenue Account for the year ended March 31, 2024

Rs. in Lakhs

		Current Year ended March 31, 2024	Previous period ended March 31, 2023
1	INCOME		
1.1	Dividend	8,945.41	8,031.08
1.2	Interest	1,035.57	2,107.42
1.3	Realised Gain/(Loss) on Foreign Exchange Transactions	—	—
1.4	Realised Gains/(Losses) on Interscheme Sale of Investments	—	—
1.5	Realised Gains/(Losses) on External Sale/Redemption of Investments	102,543.37	59,171.72
1.6	Realised Gains/(Losses) on Derivative Transactions	—	—
1.7	Other Income	101.22	76.66
	(A)	112,625.56	69,386.88
2	EXPENSES		
2.1	Management Fees	4,092.92	3,527.42
2.2	GST on Management Fees	736.81	634.94
2.3	Transfer Agents Fees and Expenses	574.63	522.53
2.4	Custodian Fees	9.95	14.48
2.5	Trusteeship Fees	6.66	4.60
2.6	Commission to Agents	7,142.67	5,905.25
2.7	Marketing & Distribution Expenses	0.94	7.49
2.8	Audit Fees	12.49	7.95
2.9	Investor Education Expenses	165.57	134.32
2.10	Interest on Borrowing	—	—
2.11	Brokerage & Transaction Costs	1,180.75	1,295.66
2.12	Other Operating Expenses	149.42	103.83
	(B)	14,072.79	12,158.47
3	NET REALISED GAINS/(LOSSES) FOR THE YEAR (C = A - B)	98,552.77	57,228.41
4	Change in Unrealised Depreciation in Value of Investments	(D)	—
5	NET GAINS/(LOSSES) FOR THE YEAR (E = C + D)	98,552.77	57,228.41
6	Change in Unrealised Appreciation in Value of Investments	(F)	262,912.11 (59,325.35)
7	NET SURPLUS/(DEFICIT) FOR THE YEAR (G = E + F)	361,464.88	(2,096.94)
7.1	Add : Balance Transfer from Unrealised Appreciation Reserve	—	60,164.24
7.2	Less : Balance Transfer to Unrealised Appreciation Reserve	262,912.11	—
7.3	Add/(Less) : Equalisation	(36,238.64)	17,037.62
7.4	Transfer from Reserve Fund	376,054.67	301,908.92
7.5	Transfer from Unit Premium Reserve	—	—
8	Total	438,368.80	377,013.83
9	Dividend Appropriation		
9.1	Income Distributed during the Year	(1,124.09)	(959.16)
9.2	Tax on Income Distributed during the Year	—	—
10	Retained Surplus/(Deficit) Carried Forward to Balance Sheet	437,244.71	376,054.67

Notes to Accounts - Annexure I

Key Statistics for the year ended March 31, 2024

	Current Year ended March 31, 2024	Previous period ended March 31, 2023
1. NAV per unit (Rs.):		
Open		
Regular Plan - Growth Option	202.3844	202.9700
Regular Plan - IDCW Option	49.3769	53.2000
Direct Plan - Growth Option	223.2033	221.3800
Direct Plan - IDCW Option	54.4886	58.1900
High		
Regular Plan - Growth Option	316.1724	214.4890
Regular Plan - IDCW Option	70.6911	54.7800
Direct Plan - Growth Option	352.1938	235.7037
Direct Plan - IDCW Option	78.8460	59.9400
Low		
Regular Plan - Growth Option	203.0094	177.0400
Regular Plan - IDCW Option	49.5294	46.4000
Direct Plan - Growth Option	223.9124	193.5700
Direct Plan - IDCW Option	54.6617	50.8800
End		
Regular Plan - Growth Option	313.8930	202.3844
Regular Plan - IDCW Option	70.1814	49.3769
Direct Plan - Growth Option	349.9333	223.2033
Direct Plan - IDCW Option	78.3400	54.4886
2. Closing Assets Under Management (Rs. in Lakhs)		
End	974,079	689,935
Average (AAuM) ¹	827,854	671,596
3. Gross income as % of AAuM ²	13.60%	10.33%
4. Expense Ratio:		
a. Total Expense as % of AAuM (including GST on Management fees) (plan wise)		
Regular Plan	1.77%	1.85%
Direct Plan	0.69%	0.74%
b. Management Fee as % of AAuM (planwise)		
Regular Plan	0.50%	0.53%
Direct Plan	0.49%	0.53%
5. Net Income as a percentage of AAuM ³	11.90%	8.52%
6. Portfolio turnover ratio ⁴	0.32	0.19

Key Statistics for the year ended March 31, 2024 (Contd...)

	Current Year ended March 31, 2024	Previous period ended March 31, 2023
7. Total IDCW per unit distributed during the year (plan wise)		
Retail		
Regular Plan - IDCW Option	5.00	3.75
Direct Plan - IDCW Option	5.50	4.25
Corporate		
Regular Plan - IDCW Option	5.00	3.75
Direct Plan - IDCW Option	5.50	4.25
8. Returns %:		
a. Last One Year		
Scheme		
Regular Plan - Growth Option	55.49%	(1.02%)
Direct Plan - Growth Option	57.17%	0.78%
Benchmark		
Nifty Midcap 150 TRI	57.93%	2.77%
b. Since Inception		
Scheme		
Regular Plan - Growth Option	19.14%	17.46%
Direct Plan - Growth Option	20.53%	17.46%
Benchmark		
Nifty Midcap 150 TRI	NA ^{\$}	NA ^{\$}

1. AAuM = Average daily net assets

2. Gross income = amount against (A) in the Revenue Account i.e. Income

3. Net income = amount against (C) in the Revenue Account i.e. Net Realised Gains/(Losses) for the year

4. Portfolio Turnover = Lower of sales or purchase divided by the Average AuM for the year

^{\$} Returns since inception are not available as Nifty Midcap 150 TRI was launched on April 1, 2005 i.e. post date of allotment of the scheme.

Note: Returns have been calculated as on last business day of the month i.e. March 28, 2024 due to non-availability of benchmark indices as of March 31, 2024.

Notes to Accounts – Annexure I

To the Abridged Balance Sheet and Revenue Account for the year ended March 31, 2024

1 Investments:

- 1.1. All Investments of the Scheme are registered in the name of the Trustee for the benefit of the Scheme's Unitholders.
- 1.2. Open Position of derivatives as at the year ended March 31, 2024 and March 31, 2023 are Nil.
- 1.3. Investment in Associates and Group Companies as at the year ended March 31, 2024 and March 31, 2023 are NIL.
- 1.4. Open positions of Securities Borrowed and/or Lent by the scheme as on the year ended March 31, 2024 & March 31, 2023 are NIL.
- 1.5 Investment in Below investment grade and default/Securities in default beyond its maturity date as on March 31, 2024 and March 31, 2023 are NIL.
- 1.6. Aggregate Unrealised Gain/Loss as at the end of the Financial Year March 31, 2024 and March 31, 2023 are as under :

Rs. In Lakhs

Security Type	Amount	Percentage to Net Assets	Amount	Percentage to Net Assets
	As at March 31, 2024		As at March 31, 2023	
Equity Shares				
- Appreciation	423,958.62	43.52	177,540.30	25.73
- Depreciation	5,747.79	0.59	22,241.59	3.22

- 1.7. The aggregate value of investment securities (excluding TREPS and Reverse Repos) purchased and sold (including matured) during the financial year 2023-2024 (excluding accretion of discount) is Rs. 266,454.81 lakhs and Rs. 334,095.67 lakhs respectively being 32.19% and 40.36% of the average net assets.

The aggregate value of investment securities (excluding TREPS and Reverse Repos) purchased and sold (including matured) during the financial year 2022-2023 (excluding accretion of discount) is Rs. 126,105.31 lakhs and Rs. 211,393.41 lakhs respectively being 18.78% and 31.48% of the average net assets.

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

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

During the year 2023-24, The Hongkong and Shanghai Banking Corporation Limited, an associate entity of HSBC Asset Management (India) Private Limited was paid collection/bank charges amounting to Rs. Nil.

During the year 2022-23, The Hongkong and Shanghai Banking Corporation Limited, an associate entity of HSBC Asset Management (India) Private Limited was paid collection/bank charges amounting to Rs. Nil.

Commission paid to Sponsor/AMC and its associates/related parties/group companies

Name of Sponsor/ AMC and its associates/related parties/group companies	Nature of Association / Nature of Relation	Period Covered	Business Given [Rs. In lakhs]	% of Total Business received by the Fund	Commission paid [Rs. In Lakhs]	% of Total commission paid by the Fund
The Hongkong and Shanghai Banking Corporation Limited	Group Company	2023-2024	1,203.08	1.46	428.79	6.04
The Hongkong and Shanghai Banking Corporation Limited	Group Company	2022-2023	84,252.93	43.88	685.06	11.21

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

To the Abridged Balance Sheet and Revenue Account for the year ended March 31, 2024

Brokerage paid to Sponsor/AMC and its associates/related parties/group companies

Name of Sponsor/AMC and its associates/related parties/group companies	Nature of Association /Nature of relation	Period Covered	Value of Transactions [Rs. In lakhs]	% of total value of transactions of the fund	Brokerage paid [Rs. In lakhs]	% of total brokerage paid by the fund
HSBC Securities & Capital Markets (India) Private Limited	Sponsor	2023-2024	39,641.71	6.67	47.55	8.12
HSBC Securities & Capital Markets (India) Private Limited	Sponsor	2022-2023	Nil			

- 3 None of the Investors held more than 25% of the total net assets of the scheme at the year ended March 31, 2024 and March 31, 2023.
- 4 Unit Capital movement during the year ended March 31, 2024, March 31, 2023 and March 31, 2022:

Description	2023-24				
	Opening Units	Subscription	Redemption	Closing Units	Face value
Regular Plan - Growth Option	269,069,571.217	26,644,048.037	50,360,313.273	245,353,305.981	10
Regular Plan - IDCW Option	21,132,997.053	1,477,226.027	4,816,504.545	17,793,718.535	10
Direct Plan - Growth Option**	59,480,073.124	4,830,017.436	10,308,319.511	54,001,771.049	10
Direct Plan - IDCW Option	3,326,270.344	337,641.128	505,300.347	3,158,611.125	10

2022-23

Regular Plan - Growth Option	247,767,885.092	79,827,426.687	58,525,740.562	269,069,571.217	10
Regular Plan - IDCW Option	23,797,578.964	4,395,450.314	7,060,032.225	21,132,997.053	10
Direct Plan - Growth Option**	63,459,657.845	8,758,451.842	12,738,036.563	59,480,073.124	10
Direct Plan - IDCW Option	7,736,747.044	340,275.755	4,750,752.455	3,326,270.344	10

2021-22

Regular Plan - Growth Option	278,481,385.509	39,385,341.452	70,098,841.869	247,767,885.092	10
Regular Plan - IDCW Option	32,774,617.874	3,240,970.110	12,218,009.020	23,797,578.964	10
Direct Plan - Growth Option**	71,947,271.287	10,812,000.317	19,299,613.759	63,459,657.845	10
Direct Plan - IDCW Option	4,804,653.428	4,601,002.024	1,668,908.408	7,736,747.044	10

**Units held by the AMC (Seed Capital) in Direct Plan - Growth Option as on March 31, 2024 is 431,147.746 & as on March 31, 2023 is 431,147.746 & as on March 31, 2022 is 58,207.218.

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

To the Abridged Balance Sheet and Revenue Account for the year ended March 31, 2024

- 5 Previous year's/period figures have been re-grouped/re-arranged where necessary.
- 6 There are no contingent liabilities and other commitments as on March 31, 2024 and March 31, 2023. Contingent asset is neither recognized nor disclosed in the financial statements.
- 7 Expenses other than Management Fees are Inclusive of GST where applicable.
- 8 Other income of Rs. 101.22 lakhs represents Exit load credited to the scheme (2023: Rs. 76.66 lakhs represents Exit load credited to the scheme).

9 Investor Education Awareness

As mandated by SEBI vide circular no. CIR/IMD/DF/21/2012 dated September 13, 2012 an annual charge of 0.02 percent of daily net assets, being a part of total recurring expenses is set aside for Investor Education and Awareness (IEA). In view of the AMFI Best Practices Guidelines Circular No. 56/2015-16, the IEF (Investor Education Fund) accrual is set aside in a separate bank account and the consolidated balance across all schemes as on March 31, 2024.

Pursuant to SEBI circular dated May 23, 2022, w.e.f. July 1, 2022, the limit of 0.02% p.a. has been reduced to 0.01% p.a. in case of ETFs/Index Funds. Furthermore, Fund of Funds (FoFs) investing more than 80% of its NAV in the underlying domestic funds have discontinued setting aside 0.02% p.a. of daily net assets towards IEAI.

The break-up of which is as under:

	March 31, 2024	March 31, 2023
Particulars	Amount (Rs. In Lakhs)	Amount (Rs. In Lakhs)
Opening Balance as on April 01, 2023	997.09	460.22
Add: Accrual during FY 2023-24	1,962.01	1,432.00
Less: Transferred to AMFI *	889.11	646.75
Less: Payable to AMFI (March 2024 accrual) *	91.90	69.25
Add: Investment Income FY 2023-24	77.08	166.42
Less: Spent during FY 2023-24	1,877.44	345.55
Closing Balance as on March 31, 2024	177.73	997.09

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

The IEA disclosure are presented for surviving scheme only.

- 10 Pursuant to SEBI Circular No. SEBI/HO/IMD/DF3/CIR/P/2020/194 dated October 05, 2020, the nomenclature of 'Dividend Option' under all the schemes of HSBC Mutual Fund has been revised to 'Income Distribution cum Capital Withdrawal Option' (IDCW), with effect from April 01, 2021.
- 11 Securities, excluding debt securities, where the non-traded investments which have been valued "in good faith" exceed 5% of the net assets at the end of the year is NIL.
- 12 Debt securities which have been valued at a price other than the price given by the independent valuation agencies at the end of the year is NIL.
- 13 **Disclosure of Risk-o-meter**

Scheme Name	Risk-o-meter level at end of the financial year i.e. March 31, 2024	Risk-o-meter level as on March 31, 2023	Number of changes in Risk-o-meter during the financial year (March 2023 to March 2024)
HSBC Mid Cap Fund	Very High	Very High	0

- 14 Subsequent to receipt of SEBI's no objection to acquisition of 100% equity shares of L&T Investment Management Limited ("LTIM", Investment Manager of L&T Mutual Fund) and the amendments proposed to the trust deed of the HSBC Mutual Fund as required under the SEBI (Mutual Funds) Regulations, 1996,

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

To the Abridged Balance Sheet and Revenue Account for the year ended March 31, 2024

the schemes of L&T Mutual Fund (LTMF) were transferred to/ merged with the schemes of HSBC Mutual Fund on and from the close of business hours of November 25, 2022, and the HSBC AMC and HSBC Trustees assumed the responsibilities of the schemes of LTMF w.e.f. close of business hours of November 25, 2022.

- 15 During the year, HSBC Securities and Capital Markets (India) Private Limited ("HSCI"), Sponsors of HSBC Mutual Fund established a private limited company with limited liability to act as the "Trustee" of HSBC Mutual Fund. HSBC Trustees (India) Private Limited ("HTIP") was incorporated on 9 January 2024. Accordingly, HTIP has replaced the Board of Trustees of HSBC Mutual Fund w.e.f. 1 March 2024, and the Company through its Board of Directors has been discharging its obligations as the "Trustees" of the Fund from this date.
- 16 The Annual Accounts of the Schemes, prepared in accordance with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the "Act") read with the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time and clause 17.14 of SEBI Master Circular for Mutual Funds dated June 27, 2024, has been approved by the Board of Directors of HSBC Asset Management (India) Private Limited and HSBC Trustees (India) Private Limited at their meetings held on July 8, 2024 and July 19, 2024 respectively. The audit report attached herewith refers to the said Annual Accounts. The aforesaid abridged accounts are an extract of the Annual Accounts and are prepared in accordance with clause 5.4 and format no. 3.B under the section of formats of SEBI Master Circular for Mutual Funds dated June 27, 2024 and other relevant circulars issued by the Securities and Exchange Board of India from time to time.

Voting Policy and Procedures

In view of para 6.16 of SEBI Master Circular on Mutual Funds dated June 27, 2024 related to “Role of Mutual Funds in Corporate Governance of Public Listed Companies”, HSBC AMC has formulated its “Policy for Proxy Voting in Public Listed Companies”. The said policy is available on our website and the details of actual exercise of proxy votes, the summary of votes casted and the auditor’s certificate is forming part of our full Annual Report for the Financial Year 2023 – 24 which has been uploaded on our website at <http://www.assetmanagement.hsbc.co.in>

Statutory Details & Disclaimers

All the returns have been sourced from Mutual Funds India Explorer software. The performance of the schemes and the benchmark is calculated on a total return basis. This document has been prepared by HSBC Asset Management (India) Private Limited (HSBC) for information purposes only with an intent to provide market overview and should not be construed as an offer or solicitation of an offer for purchase of any of the funds of HSBC Mutual Fund. All information contained in this document (including that sourced from third parties), is obtained from sources, which HSBC/third party, believes to be reliable but which it has not been independently verified by HSBC/the third party. Further, HSBC/the third party makes no guarantee, representation or warranty and accepts no responsibility or liability as to the accuracy or completeness of such information. The information and opinions contained within the document are based upon publicly available information and rates of taxation applicable at the time of publication, which are subject to change from time to time.

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For disclosure of quarterly AUM/AAUM and AUM by geography, please visit our website at www.assetmanagement.hsbc.co.in. Investors are requested to note that as per SEBI (Mutual Funds) Regulations, 1996 and guidelines issued thereunder, HSBC AMC, its employees and/ or empaneled distributors/agents are forbidden from guaranteeing/promising/assuring/predicting any returns or future performances of the schemes of HSBC Mutual Fund. Hence, please do not rely upon any such statements/commitments. If you come across any such practices, please register a complaint via email at investor.line@mutualfunds.hsbc.co.in

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

Important Updates

Name and Date of Birth as per PAN card - Effective from June 1, 2024

As per recent regulatory requirement and changes advised by Income Tax Department in PAN validation process, now it is mandated to quote your Name(s) and DOB as per PAN card. To avoid any failure in such validations, we request investors to quote the Name(s) and DOB's of all the holders including Guardian, Power of Attorney (POA) holders as per PAN card.

Useful Links for self service options

- **Use our 24 x 7 Chatbot - "ASKME" for any queries or service request:**
visit: <https://invest.assetmanagement.hsbc.co.in>

SMS your request to HSBC Mutual Fund

- **Latest NAV :** Send SMS as HSBCMF NAV <Scheme Code> to 56767
Example: HSBCMF NAV F03
- **Valuation Service on registered mobile No. :** Send SMS as HSBCMF VAL <folio_number> to 56767
Example: HSBCMF VAL 123456
- **Annual Report :**
For Electronic Copy: Send SMS as HSBCMFARE <folio_number> to 567678080
Example: HSBCMF ARE 123456
For Physical Copy: Send SMS as HSBCMFARP <folio_number> to 567678080
Example: HSBCMF ARP 123456
- **Half Yearly Portfolio :**
For Electronic Copy: Send SMS as HSBCMFHPE <folio_number> to 567678080
Example: HSBCMF HPE 123456
For Physical Copy: Send SMS as HSBCMFHPP <folio_number> to 567678080
Example: HSBCMF HPP 123456

Missed Call Service

- You can give a missed call to 9212900020 to get the total valuation via SMS and a statement on your registered email ID

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Computer Age Management Services Private Limited (CAMS)

Unit: HSBC Mutual Fund

New No. 10, M.G.R Salai, Nungambakkam, Chennai - 600034.

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

HSBC Asset Management (India) Private Limited

CIN NO: U74140MH2001PTC134220

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

Website : www.assetmanagement.hsbc.co.in

Description	Toll Free Number	Email ID
Investor related queries	1800-4190-200/1800-200-2434	investor.line@mutualfunds.hsbc.co.in
Online related queries	1800-4190-200/1800-200-2434	onlinemf@mutualfunds.hsbc.co.in
Investor (Dialing from abroad)	+91 44 39923900	investor.line@mutualfunds.hsbc.co.in

To get your updated account statement email us at : mfsoa@mutualfunds.hsbc.co.in

We're always here to help you, so feel free to reach out to us

Self-service request at your Fingertips

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Please check our website www.assetmanagement.hsbc.co.in for an updated list of Official Points of Acceptance of HSBC Mutual Fund.

CAMS SERVICE CENTRES / CAMS LIMITED TRANSACTION POINTS / CAMS COLLECTION CENTRES

For details on CAMS Service Centres, please visit www.camsonline.com



HSBC Multi Asset Allocation Fund

An open ended scheme investing in Equity & Equity Related instruments, Debt & Money Market Securities and Gold/Silver ETFs.

Abridged Annual Report 2023 - 2024



SPONSOR

HSBC Securities and Capital Markets (India) Private Limited

CIN – U67120MH1994PTC081575

Regd. Office: 52/60, Mahatma Gandhi Road, Fort, Mumbai 400001.

TRUSTEE COMPANY

HSBC Trustees (India) Private Limited

CIN – U66190MH2024PTC416973

Regd. Office: 52/60, Mahatma Gandhi Road, Fort, Mumbai 400001.

ASSET MANAGEMENT COMPANY

HSBC Asset Management (India) Private Limited

CIN – U74140MH2001PTC134220

Regd. Office: 9-11 Floors, NESCO IT Park, Building No. 3,
Western Express Highway, Goregaon (East), Mumbai 400063.

CUSTODIAN

Citibank N.A.

First International Financial Center (FIFC), 9th Floor,
C-54 & 55, G – Block, Bandra Kurla Complex, Bandra (East), Mumbai 400051.

AUDITORS TO THE SCHEME

MSKA & Associates

Chartered Accountants

602, Floor 6, Raheja Titanium, Western Express Highway,
Geetanjali Railway Colony, Ram Nagar, Goregaon (East), Mumbai 400063.

REGISTRAR & TRANSFER AGENTS

Computer Age Management Services Limited (CAMS)

Unit: HSBC Mutual Fund

New No. 10, M.G.R Salai, Nungambakkam, Chennai 600034.

BOARD OF TRUSTEES

Ms. Jasmine Batliwalla	– Chairperson
Mr. Nani Javeri	– Trustee
Mr. David Rasquinha	– Trustee
Mr. Nicolas Moreau	– Trustee

BOARD OF DIRECTORS

Dr. Indu Shahani	– Director
Mr. Kapil Seth	– Director
Ms. Roopa Varma	– Director
Mr. Kailash Kulkarni	– Director & Chief Executive Officer

Dear Investor,

As we reflect on the past year, I am filled with pride and optimism about the future of our company and overall growth of the mutual fund industry. The past year has marked significant milestones in our journey, particularly as we capitalise on the immense potential of India's burgeoning growth story.

Fiscal 2024 turned out to be one of the best years for the domestic mutual fund industry as assets under management (AUM) spurted by nearly Rs. 14 lakh crore to a record Rs. 53.40 lakh crore as of March 2024 compared with Rs. 39.42 lakh crore as of March 2023.

The mutual fund industry is experiencing immense growth and we are poised to take advantage of this upward trajectory. Our company is an integral part of this growth story, riding the wave with several strategic initiatives and accomplishments that have set us on a path of sustained success.



Major achievements post integration

- Post integration we have enhanced our digital offering for both B2B and B2C to provide improved customer journeys.
- HSBC AM India's AUM increased from USD 1.4 bn (before integration) to USD 13.7 bn as of April 2024.
- HSBC Asset Management India has now become the 14th largest asset manager in India in terms of AUM.
- HSBC AM India has launched 4 new products since integration (raising \$445M).
- We have expanded HSBC AM India's product offerings to 43 funds.

Key Achievements in FY2023-2024

Investment Performance: Our disciplined investment strategy and thorough research have been pivotal to our success. We have focused on high-quality, undervalued assets, achieving consistent returns across our portfolio.

Product Innovation: This year, we launched two new funds - HSBC Multi Asset Allocation Fund and HSBC Consumption Fund, tailored to meet the evolving needs of our investors. These new offerings have been well-received, contributing to our growth in AUM significantly.

Increased Media Presence: In FY24, we significantly boosted our media presence, ensuring that our brand and thought leadership are recognized across various platforms. Through strategic media engagements like Informed Investing with ET Now, talks shows and several authored articles plus interviews - we have amplified our message, reaching a broader audience and reinforcing our market position.

Successful Campaign Launch: We successfully launched SIP Hai #FaydeWaliAadat, an investor education campaign, that highlighted the transformative power of SIPs in achieving long-term financial

goals. A first of its kind campaign, it aimed at educating and empowering the millennial investors in India. The campaign garnered significant attention and positive feedback, strengthening our brand presence and engaging a wider audience. Notably, the campaign has also earned us prestigious awards and accolades highlighting our commitment to excellence and innovation.

Client Relationships: We have strengthened our client relationships through enhanced communication, transparency, and personalized service. Our client satisfaction scores have reached new heights, reflecting our commitment to exceptional service.

We believe that the India story has just begun and its economic landscape is poised for significant growth. An exposure to unique and future relevant themes can provide a much-needed inflation buffer. The importance of asset allocation continues to be critical. It is critical for all of us to review our risk appetite and goal proximity and construct a portfolio appropriately.

Besides construction, portfolio rebalancing is equally important in order to achieve optimal outcomes. I do hope you share my enthusiasm and I ask that you continue to invest whilst reviewing your asset allocation at all times.

I would like to express my sincere gratitude to our dedicated team, whose expertise and commitment are the backbone of our success. To our investors, thank you for your trust and continued support. Your confidence in our approach motivates us to strive for excellence in everything we do. Also, I want to express my deepest gratitude to our valuable partners for their unwavering support and keep our services running. Look forward to achieving even grater milestones together.

As we move forward, we remain committed to delivering superior investment performance, fostering strong client relationships, and driving sustainable growth. Together, we are well-positioned to navigate the future and achieve our goals.

Warm regards,

A handwritten signature in black ink, appearing to read 'Kailash', with a horizontal line drawn underneath it.

Kailash Kulkarni

Chief Executive Officer

HSBC Asset Management India

Trustees' Report

For the year ended March 31, 2024

The Board of Directors of HSBC Trustees (India) Private Limited, Trustees of HSBC Mutual Fund present the Twenty Second Annual Report and the audited abridged financial statements of the schemes of the HSBC Mutual Fund ('the Fund') for the year ended March 31, 2024.

With the acquisition of L&T Mutual Fund in the previous financial year, the Fund's Assets Under Management ('AUM') (excluding Domestic FOFs) as on March 31, 2024 was INR 109368.16 crores (audited). The Fund ranks in the top 15 Mutual Fund houses in India in terms of AUM.

As at March 31, 2024, the Fund offered 43 schemes across asset classes to meet the varying investment needs of the investors. During the year, the Fund launched two new products namely HSBC Consumption Fund and HSBC Multi Asset Allocation Fund in Equity and Hybrid categories.

The Fund continues its focus on delivering consistent long-term returns. The comments on the performance of the scheme(s) are provided hereinafter. Dividends were declared under various schemes as per the provisions contained in the respective Scheme Information Documents after considering the distributable surplus available under the respective plans of the schemes. Details of dividends declared can be viewed on our website at www.assetmanagement.hsbc.co.in.

During the year, HSBC Securities and Capital Markets (India) Private Limited ("HSCI"), Sponsors of the Fund established a private limited company with limited liability to act as the "Trustees" of the Fund. HSBC Trustees (India) Private Limited ("HTIP") was incorporated on 9 January 2024. Accordingly, HTIP has replaced the Board of Trustees of HSBC Mutual Fund w.e.f. 1 March 2024, and the Company through its Board of Directors has been discharging its obligations as the "Trustees" of the Fund from this date.

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

a. Operations and Performance of the Scheme

➤ Equity Schemes

HSBC Multi Asset Allocation Fund ('HMAAF')

(Hybrid Fund - An open-ended scheme investing in Equity & Equity Related instruments, Debt & Money Market Securities and Gold / Silver ETFs)

The aim of the fund is to generate long-term capital growth and generate income by investing in Equity & Equity Related instruments, Debt & Money Market Securities and Gold/Silver ETFs. However, there can be no assurance or guarantee that the investment objective of the scheme would be achieved.

HMAAF was launched during the year on February 08, 2024 and portfolio construction began from February 23, 2024. The net assets of HMAAF amounted to INR 1419.77 crores as at March 31, 2024. Around 61.59% of the net assets were invested in equities, 10.64% of the net assets were invested in ETF, 12.62% of the net assets were invested in debt, and 15.81% of the net assets were invested in reverse repos/TREPS and (0.66%) in net current assets as at March 31, 2024.

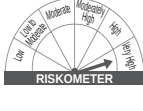
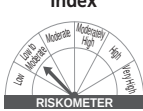
The exact allocation in various asset classes is decided based on the prevalent market conditions, subject to minimum investment of 10% in each asset class, as specified in the asset allocation pattern. The fund manager uses a combination of factors such as market valuations, yield gap, commodity prices & momentum of the asset class to create a more effective asset allocation strategy between equity, debt, & Gold/Silver ETFs.

As on 31st March, 2024, HMAAF has approximately two-thirds weight in equities. Exposure in commodities is through Gold and Silver ETFs and certain allocation in fixed income securities.

Performance data of the scheme has not been provided for the schemes which have not completed one year as on March 31, 2024 since inception.

Trustees’ Report
For the year ended March 31, 2024 (Contd...)

Risk-o-meter as of 31st March, 2024:

Scheme Name	Scheme Risk-o-meter	Benchmark Risk-o-meter	
HSBC Multi Asset Allocation Fund	 RISKOMETER Investors understand that their principal will be at Very High risk	Benchmark Index:	
		BSE 200 TRI  RISKOMETER	Domestic Price of Silver  RISKOMETER
		NIFTY Short Duration Debt Index  RISKOMETER	Domestic Price of Gold  RISKOMETER

Please note that the above risk-o-meter is as per the product labelling of the Scheme basis Scheme's monthly portfolio as on March 31, 2024.

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

➤ EQUITY OUTLOOK

Recap of FY 2023-24:

FY24 was a stellar year for the Indian equity markets with strong economic momentum, healthy earnings growth and strong inflows from domestic and foreign institutional investors and strong retail participation driving a broad-based bull market. The Nifty and Sensex were up a solid 30.1%/26.5% respectively during the year, while the BSE Midcap and BSE Smallcap indices gained an astounding 65.2% and 61.4% respectively.

While geo-political conflicts continued in FY24, their impact on crude and global supply chains moderated. Crude prices largely remained range bound during the year. Inflation barring a brief spike largely remained well contained, the economy gained further steam with GDP growth crossing 8% in H1FY24 supported by government thrust on infrastructure. This translated into strong growth for several core sector industries including steel and cement. The growth in the real estate sector has been strong with inventory continuing to decline in metro markets. However, lagged impact of price increases continued to impinge on consumer demand growth which remained subdued for most mass market categories.

Domestic cyclical were the best performing sectors during the year led by Real Estate, Capital Goods, Autos. Power was also among the best performing sectors. Global cyclical like Metals and Oil & Gas also strongly outperformed the Nifty. FMCG and Banking while delivering healthy positive returns underperformed the Nifty, while IT performance was closer to Nifty.

MSCI India index outperformed most of key global indices during the past fiscal. MSCI India index (USD) gained 35.5% as compared to 23.1% gain for MSCI World, 27.9% for US S&P 500, 11.0% for MSCI Europe and only 5.3% for MSCI Emerging Markets as MSCI China declined 19.0% over the period.

Strong performance of the market and subsiding global macro headwinds drove a sharp turnaround in foreign investment flows. FII net inflow was at USD 25.3bn in FY24 versus an outflow of USD 6.0bn/17.1bn in FY23/ FY22. DIs, on the other hand, matched FII inflow with an inflow of USD 25.3bn although it was lower than the net inflows at USD 30.8bn in FY23. Within DIs, the MF segment was the key contributor (USD 24.3 bn of net inflows up from USD 21.8bn in FY23) while domestic Insurers were also in the net inflow territory (USD 1.0bn of net inflows vs USD 9.0bn in FY23).

Trustees' Report

For the year ended March 31, 2024 (Contd...)

Source: Motilal Oswal

Indices Returns (April 01, 2023 to March 31, 2024)	1 Year [^]
S&P BSE Sensex TR	26.5%
NSE CNX Nifty TR	30.1%
S&P BSE 100 TR	34.2%
S&P BSE 200 TR	38.5%
S&P BSE 500 TR	40.2%
S&P BSE Midcap TR	65.2%
S&P BSE Small-cap TR	61.4%

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

Way forward:

The global macro environment remains challenging with heightened geo-political and economic uncertainties. US bond yields remain high putting pressure on interest rates and currencies globally. For India, growth has continued to remain strong with GDP growth of 8.4% in Q3FY24 driven by strong government spending on infrastructure and pickup in manufacturing and construction. The 2024 interim budget has re-affirmed government focus on infrastructure. At the same time reduction in fiscal deficit should also help in easing of domestic interest rates. However, after last year's patchy monsoon, a good monsoon will be an important factor for rural demand and overall consumption growth in the economy in FY25.

India starts FY25 on a strong footing with positive growth momentum and India's investment cycle is expected to be on a medium-term uptrend supported by rising government investment in infrastructure and recovery in real estate cycle. There is also an expectation of higher private investments in renewable energy and related supply chain, localization of higher-end technology components, and India becoming a more meaningful part of global supply chains. Finally, it is expected for consumption to improve as the impact of high inflation fades and real incomes start to grow again.

However, several of these positives are getting discounted by the high valuations currently prevailing in the equity market. While the fund managers remain constructive on Indian equities supported by the more robust medium-term growth outlook there is a caution against high return expectations. Nifty continues to trade on 20.6x consensus 1 year forward PE (as of 30 April). On a 10-year basis, Nifty is still trading 10% above its historic average valuation but is in-line with its 5-year average. Valuations of the midcap and small cap indices are even higher versus their historical average.

➤ DEBT OUTLOOK

Market drivers during the course of the year FY 2024

The year started with advanced economies continuing to grapple with higher inflation and policy tightening remained a common theme across economies. During FY2024, the Federal Open Market Committee (FOMC) raised policy rates by 50 bps while European Central Bank (ECB) and Bank of England (BOE) raised policy rates by 100 bps each. The cumulative rate hikes by various advanced economies in this cycle are as follows: Fed (525 bps), BOE (515 bps) and ECB (450 bps). Meanwhile cumulative rate hikes by the Monetary Policy Committee (MPC) in this cycle was 250 bps. On account of higher Government debt burden, Fitch downgraded US sovereign rating from AAA to AA+. US Treasury yields remained volatile during the year, with the 10-year benchmark rising higher by 73 bps during the year. Crude prices also moved higher by USD 7-8/bbl.

On the domestic front, Consumer price Index (CPI) inflation remained broadly in the upper end of the MPC's targeted band of 4% +/- 2% for most of the financial year, however, inflation printed above 6% on two occasions due to high food inflation. Headline inflation remained susceptible to high food inflation with markets now expecting some relief of food prices on the back of normal monsoon. Core inflation eased through the year falling to below 4% in the last quarter.

Trustees' Report

For the year ended March 31, 2024 (Contd...)

Domestically, one of the biggest events during the year was the much-awaited index inclusion of Indian Government Bonds (IGBs) into the GBI-EM Global index suite and its relevant benchmarks. India is expected to reach the maximum weight of 10% in the GBI-EM Global Diversified Index (GBI-EM GD), with the inclusion staggered over a 10-month period starting June 2024. Following this, Bloomberg also included IGBs in their Bloomberg EM Local Currency Index, with India expected to reach a maximum weight of 10% over a 10-month period starting Jan 2025. Both these inclusions are expected to bring in INR 25-30 bn of index related FPI inflows over the next 1-2 years and paving the way for inclusion into other global bond indices as well. During FY2024, FPIs poured in close USD 12 bn into IGBs, with majority of the inflows coming in post the JP Morgan index inclusion announcement.

Government continued its path of fiscal consolidation, with the revised estimate of the Fiscal deficit for FY2024 coming in at 5.6%, with expectations for FY2025 at 5.1% and target of below 4.5% by FY2026. PMI numbers continue to remain in expansion, GST revenues remain buoyant and credit off-take upbeat.

The external sector has remained strong due to healthy service exports and remittances. Current Account Deficit (CAD) is expected to be around 1% for the year. Rupee remained one of the more stable currencies during the year, with active intervention from RBI smoothening any volatility. RBI continued to build on the FX reserves with year-end number around USD 650 bn.

Money market rates moved higher during the year due to tightening in liquidity along with higher Certificate of Deposit (CD) issuances. G-Sec yields, however, moved lower due to favorable demand supply and lower G-Sec borrowing. 10-year G-Sec moved lower during the year by 25 bps, while 5 yr G-Sec moved lower by 13 bps.

Market Outlook

While US markets have braced for "higher for longer" rates, we have seen in the past, that reactions to favorable data in such an environment can be sharp. Any softness in growth, employment or inflation data over the next few months will allow the markets to quickly start pricing in aggressive future policy easing. In our view, the RBI is also likely to gradually shift the liquidity deficit into surplus over the course of the next 3-6 months, flipping overnight rates from the top to the bottom of the rate corridor. The yield curve is likely to steepen as liquidity eases. This along with a potential 50 bps of policy easing in first half of CY2025 may push overnight rates lower by 75-100 bps.

While any form of additional spending by the new Government to address concerns of rural sections of the country and the possibility of additional spending to fund such policies will remain a key monitorable, it is believed the Government is likely to remain cognizant of the possible impact of such policies and take measured steps. With the dust settling down on the election outcome, the broad macroeconomic factors should continue to remain stable and could support softening in domestic yields going forward.

The Fund Managers continue to have a positive outlook for interest rates, based on various favorable factors: (a) Record RBI dividend to the Government, (b) reduced Fiscal deficit number of 5.6%, (c) favorable G-Sec supply demand dynamics, (d) FPI index related inflows, (e) revised outlook in India by S&P, (f) soft core inflation along with expectations of a better than normal monsoon, and finally (g) soft signals by Government and RBI on liquidity.

Source: RBI, Bloomberg, Internal HSBC Research & CCIL

2. BRIEF BACKGROUND OF THE SPONSORS, THE FUND, THE TRUSTEES AND THE ASSET MANAGEMENT COMPANY

A. Sponsor

HSBC Mutual Fund is sponsored by HSBC Securities and Capital Markets (India) Private Limited (HSCI). The Sponsor is the Settler of the Mutual Fund Trust. The Sponsor has entrusted a sum of Rs. 1,00,000/- (Rupees One Lakh only) to the Trustee as the initial contribution towards the corpus of the Mutual Fund.

HSCI offers integrated investment banking services, securities and corporate finance & advisory. HSCI is a member of the Bombay Stock Exchange Limited and National Stock Exchange (capital and derivative market segments). HSCI holds 100% of the paid-up equity share capital of HSBC Asset Management (India) Private Limited.

Trustees' Report

For the year ended March 31, 2024 (Contd...)

B. HSBC Mutual Fund

HSBC Mutual Fund ("the Mutual Fund" or "the Fund") has been constituted as a Trust in accordance with the provisions of the Indian Trusts Act, 1882 (2 of 1882) vide a Trust Deed dated February 7, 2002 (as amended) with HSBC Securities and Capital Markets (India) Private Limited, as the Sponsor and HSBC Trustees (India) Private Limited. The Trustee has entered into an Investment Management Agreement dated February 7, 2002 (as amended) with HSBC Asset Management (India) Private Limited (AMC) to function as the Investment Manager for all the schemes of the Fund. The Fund was registered with SEBI vide registration number MF/046/02/5 dated May 27, 2002.

The Trust has been formed for the purpose of pooling of capital from the public for collective investment in securities for the purpose of providing facilities for participation by persons as beneficiaries in such investments and in the profits/income arising therefrom.

C. HSBC Trustees (India) Private Limited (the Trustees)

The Trustees are the exclusive owner of the Trust Fund and holds the same in trust for the benefit of the unitholders. The Trustees have been discharging their duties and carrying out the responsibilities as provided in the SEBI (Mutual Funds) Regulations, 1996 and the Trust Deed. The Trustees seek to ensure that the Fund and the schemes floated there under are managed by the AMC in accordance with the Trust Deed, the said Regulations, directions and guidelines issued by the SEBI, the Stock Exchanges, the Association of Mutual Funds in India and other regulatory agencies.

During the year, HSBC Securities and Capital Markets (India) Private Limited ("HSCI"), Sponsors of HSBC Mutual Fund) established a private limited company with limited liability to act as the "Trustee" of HSBC Mutual Fund. HSBC Trustees (India) Private Limited ("HTIP") was incorporated on 9 January 2024. Accordingly, HTIP has replaced the Board of Trustees of HSBC Mutual Fund w.e.f. 1 March 2024, and the Company through its Board of Directors has been discharging its obligations as the "Trustees" of the Fund from this date.

As of March 31, 2024, HSCI holds 100% of the paid-up equity share capital of HTIP.

D. Asset Management Company (the AMC)

HSBC Asset Management (India) Private Limited (the Investment Manager or the AMC) is a private limited company incorporated under the Companies Act, 1956 on December 12, 2001 having its Registered Office at 9-11 Floors, NESCO IT Park, Building no. 3, Western Express Highway, Goregaon (East), Mumbai – 400 063. HSBC Asset Management (India) Private Limited has been appointed as the Asset Management Company of HSBC Mutual Fund by the Trustee vide Investment Management Agreement (IMA) dated February 7, 2002 (as amended) and executed between the Trustees and the AMC. SEBI approved the AMC to act as the Investment Manager of the Fund vide its letter No. MFD/BC/163/2002 dated May 27, 2002. The paid-up equity share capital of the AMC is Rs. 344.41 crores. The AMC is registered as a Portfolio Manager under the SEBI (Portfolio Managers) Regulations, 1993 vide registration no. INP000001322. The AMC also offers non-binding Advisory services to offshore funds under the mutual fund license.

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

3. INVESTMENT OBJECTIVE OF THE SCHEMES

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

4. SIGNIFICANT ACCOUNTING POLICIES

The Significant Accounting Policies form part of the Notes to the Accounts annexed to the Balance Sheet of the Schemes in the Full Annual Report. The accounting policies are in accordance with Securities Exchange Board of India (Mutual Funds) Regulations, 1996 and Indian Accounting Standards (IND AS) notified under section 133 of the Companies Act, 2013 (the "Act" read with the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time).

Trustees' Report

For the year ended March 31, 2024 (Contd...)

5. UNCLAIMED DIVIDENDS & REDEMPTIONS

Summary of number of investors & corresponding amount as on March 31, 2024:

Scheme Name	Unclaimed Dividend		Unclaimed Redemption	
	No. of Investors	Amount (₹)	No. of Investors	Amount (₹)
HSBC Multi Asset Allocation Fund	–	–	–	–

6. INVESTOR SERVICES

The number of official points of acceptance of transactions are 210 locations. In addition to the offices of the Registrar & Transfer Agent, the AMC has its own office in 61 locations and Investor Service Centers in 39 locations. The AMC has 2 Toll Free numbers (1800-4190-200/1800-200-2434) which can be dialed from anywhere in India and 1 number i.e. +91 44 39923900 (Investors calling from abroad). The call center service is being managed by the Registrar and Transfer Agents. HSBC Mutual Fund offers the online transaction facility through the AMC's website at www.assetmanagement.hsbc.co.in.

On the distribution front, the number of empaneled distributors were 59046 as on March 31, 2024. During the year, the AMC initiated tie-ups for online distribution of the Mutual Fund's schemes with several channel partners taking the total number of such tie-ups to 160 as on March 31, 2024.

7. DETAILS OF INVESTOR GRIEVANCE REDRESSAL

The details of the redressal of investor complaints received against HSBC Mutual Fund during April 2023 - March 2024 are as follows:

2023-2024												
Complaint code	Type of Complaint	(a) No. of complaints pending at the beginning of the period	(b) No. of complaints received during the given period	Action on (a) and (b)								
				Resolved				Non Action-able*	Pending			
				Within 30 days	30-60 days	60-180 days	Beyond 180 days		0-3 months	3-6 months	6-9 months	9-12 months
I A	Non receipt of amount declared under Income Distribution cum Capital Withdrawal option	1	10	11	0	0	0	0	0	0	0	0
I B	Interest on delayed payment of amount declared under Income Distribution cum Capital Withdrawal option	0	1	1	0	0	0	0	0	0	0	0
I C	Non receipt of Redemption Proceeds	1	38	39	0	0	0	0	0	0	0	0
I D	Interest on delayed payment of Redemption	0	2	2	0	0	0	0	0	0	0	0
II A	Non receipt of Statement of Account/Unit Certificate	0	3	3	0	0	0	0	0	0	0	0
II B	Discrepancy in Statement of Account	1	22	23	0	0	0	0	0	0	0	0
II C	Data corrections in Investor details	1	250	249	0	0	0	0	2	0	0	0
II D	Non receipt of Annual Report/ Abridged Summary	0	0	0	0	0	0	0	0	0	0	0
III A	Wrong switch between Schemes	0	2	2	0	0	0	0	0	0	0	0
III B	Unauthorized switch between Schemes	0	1	1	0	0	0	0	0	0	0	0

Trustees' Report

For the year ended March 31, 2024 (Contd...)

2023-2024												
Complaint code	Type of Complaint	(a) No. of complaints pending at the beginning of the period	(b) No. of complaints received during the given period	Action on (a) and (b)								
				Resolved				Non Action-able*	Pending			
				Within 30 days	30-60 days	60-180 days	Beyond 180 days		0-3 months	3-6 months	6-9 months	9-12 months
III C	Deviation from Scheme attributes	0	1	1	0	0	0	0	0	0	0	0
III D	Wrong or excess charges/load	0	0	0	0	0	0	0	0	0	0	0
III E	Non updation of changes viz. address, PAN, bank details, nomination, etc	1	127	127	0	0	0	0	1	0	0	0
III F	Delay in allotment of Units	0	5	4	1	0	0	0	0	0	0	0
III G	Unauthorized Redemption	0	0	0	0	0	0	0	0	0	0	0
IV	Others**	1	78	76	0	0	0	0	3	0	0	0
	TOTAL	6	540	539	1	0	0	0	6	0	0	0

** As per AMFI Best Practice Guidelines Circular No.25/2011-12 for Revisions in the Guidelines on Standardization of Complaints/Grievances Reporting Procedure. If "Others" include a type of complaint which is more than 10% of overall complaints, then such a reason should be provided separately. Hence, data corrections in Investor Details are included as a separate category.

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

Summary of Complaints for FY 2023-24

Particulars	Count
Total complaints received	540
Total number of folios	21,39,406
% of complaints against the folio	0.025

8. INVESTOR EDUCATION INITIATIVES

During the FY 2023-24, the AMC conducted the following investor education and awareness initiatives:

- An integrated multi-media marketing campaign on SIP Hai 'FaydeWaliAadat' aimed to tap into the aspirations, financial goals, and unique spending habits of millennials.
- Editorial content on Systematic Investment Plans (SIP) created across 15 states through various regional television channels.
- Investor education content on the Platform - Quora.
- 'Be Money Confident' video series targeting women through Jio Platforms.
- Campaign on Women & Investing for Women's Day.
- Campaign for Marathon enthusiast on the similarities between running a Marathon & Investing.
- Financial literacy virtual event on the occasion of Mother's Day, which received more than 725 registered users.
- A mom blogger outreach program to reach Women Investors with financial education content on MF on the occasion of Mother's Day.
- Education campaign on ELSS executed for working audiences.
- Blogs and content for Investor Education properties like SIP Sahi Hai in Value Research, Gyan Guroovaar on Facebook, Investment Ki Paathshala on the website and investor education blogs on the platform - Advisor Khoj.

Trustees' Report

For the year ended March 31, 2024 (Contd...)

- 1,462 Investor Education programs to reach out to an audience of 71,465 people out of which 458 were women programs attended by 20,139 women.

9. PROXY VOTING POLICY

As per para 6.16 of SEBI Master Circular on Mutual Funds dated June 27, 2024, the Fund has adopted Proxy Voting Policy and Procedures for exercising voting rights in respect of securities held by the Schemes. (please refer Proxy Voting Policy and Procedures)

The summary of the votes casted in the general meetings of the Investee companies, by the AMC for and on behalf of the Schemes of the Fund, for the financial year 2023-24 is provided below:

Quarter	Total no. of resolutions	Break-up of Vote decision		
		For	Against	Abstained
April 2023 - June 2023	387	260	75	52
July 2023 - September 2023	2,169	1607	448	114
October 2023 - December 2023	197	138	37	22
January 2024 - March 2024	319	240	50	29
TOTAL	3,072	2,245	610	217

As per para 6.16.7 of SEBI Master Circular on Mutual Funds dated June 27, 2024, the AMC has obtained certificate from M/s. M. P. Chitale & Co., Chartered Accountants, who is acting as a Scrutinizer, on the voting report for the FY 2023-24. The certificate dated May 22, 2024 issued by M/s. M. P. Chitale & Co., is available on the website of the AMC as part of the full Annual Report.

Unitholders can refer to the full Annual Report for complete details of actual exercise of votes in the general meetings of the investee companies for the financial year 2023-24 or log on to our website at www.assetmanagement.hsbc.co.in.

10. STATUTORY DETAILS

- The Sponsors are not responsible or liable for any loss resulting from the operation of the Schemes of the Fund beyond initial contribution of Rs. 1 lakh for setting up the Fund.
- The price and redemption value of the units, and income from them, can go up as well as down with fluctuations in the market value of its underlying investments.
- Full Annual Report of HSBC Mutual Fund and of HSBC Asset Management (India) Private Limited (the AMC) shall be disclosed on the website at www.assetmanagement.hsbc.co.in and shall be available for inspection at the Head Office of the Mutual Fund. Present and prospective unitholders can obtain copy of the Trust Deed, the full Annual Report of the Scheme(s), the Annual Report of HSBC Asset Management (India) Private Limited and the text of the relevant Scheme(s) at a price.

11. CHANGES IN RISK-O-METER OF THE SCHEME DURING FY 2023-24

As per para 17.4. of SEBI Master Circular on Mutual Funds dated June 27, 2024 on product labelling, the changes carried out in the risk-o-meter of the schemes of HSBC Mutual Fund during FY 2023-24 have been given in the below mentioned table for the information of the unitholders, a report on the said changes has also been displayed on the website of the Fund and AMFI.

Scheme Name	Risk-o-meter level as on March 31, 2023	Risk-o-meter level as on March 31, 2024	Number of changes in Risk-o-meter during the F.Y. 2023-24)
HSBC Multi Asset Allocation Fund*	NA	Very High	0

*Schemes launched during the financial year 2023-24. For HSBC Multi Asset Allocation Fund, Risk-o-meter at the time of scheme launch has been provided.

Trustees' Report

For the year ended March 31, 2024 (Contd...)

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

As per para 6.16.15 of SEBI Master Circular on Mutual Funds dated June 27, 2024, HSBC Mutual Fund has adapted the policy on stewardship responsibilities, the unitholders are requested to note the status of governance with the same as mentioned below:

S. No.	Particulars of Principles of Stewardship Code	Status of compliance (Complied/ Not Complied)	Description	Remarks/ reasons for deviation/non-compliance, if any
1	Principle 1: Institutional Investors should formulate a comprehensive policy on the discharge of their stewardship responsibilities, publicly disclose it, review and update it periodically.	Complied	HSBC Asset Management (India) Private Limited's (AMIN) 'Policy on Stewardship responsibilities' (Stewardship Code/ Policy) was formulated and implemented on 01 July, 2020. This is a comprehensive document which has been publicly disclosed on the website of AMIN. The same shall follow a periodic review.	N.A.
2	Principle 2: Institutional investors should have a clear policy on how they manage conflicts of interest in fulfilling their stewardship responsibilities and publicly disclose it.	Complied	Defining and managing Conflict of Interest in fulfilling stewardship responsibilities are detailed in the Stewardship Policy document. The policy document is publicly disclosed.	N.A.
3	Principle 3: Institutional investors should monitor their investee companies.	Complied	AMIN monitors all investee companies through its investment process. This includes assessment of companies' own and market data, consideration of research from brokers and other independent research providers – including ESG & voting research, attending individual & group meetings with company management and directors, visiting production sites (wherever necessary), engaging with key stakeholders including competitors and customers, and financial modelling. More details enumerated in the policy document	N.A.
4	Principle 4: Institutional investors should have a clear policy on intervention in their investee companies. Institutional investors should also have a clear policy for collaboration with other institutional investors where required, to preserve the interests of the ultimate investors, which should be disclosed.	Complied	Details of undertaking active engagement with investee companies and the policy for collaboration with other institutional holders are detailed in the policy document. The policy document is publicly disclosed.	N.A.

Trustees' Report

For the year ended March 31, 2024 (Contd...)

S. No.	Particulars of Principles of Stewardship Code	Status of compliance (Complied/ Not Complied)	Description	Remarks/ reasons for deviation/non-compliance, if any
5	Principle 5: Institutional investors should have a clear policy on voting and disclosure of voting activity.	Complied	AMIN has a clear and detailed voting policy which provides the framework for the voting decisions. All voting decisions shall be in accordance with AMIN's Voting Policy and Procedures, which is disclosed on the website. AMIN discloses the details of the voting on its website on a quarterly basis within 10 working days from the end of the quarter. Additionally, AMIN also discloses the details of the votes cast, in the annual report of the schemes of HSBC Mutual Fund.	N.A.
6	Principle 6: Institutional investors should report periodically on their stewardship activities.	Complied	The annual status report of the stewardship code and quarterly report on proxy voting are publicly disclosed on the website as required under SEBI Regulations.	N.A.

13. DISCLOSURES PERTAINING TO NAV ADJUSTED DURING THE FINANCIAL YEAR FOR SWING FACTOR ALONG WITH THE PERFORMANCE IMPACT

Sr No.	Period of applicability of swing pricing	Scheme Name	Unswung NAV	Swing factor applied	Whether optional or mandatory
NIL					

14. SIGNIFICANT EVENT AFTER THE END OF THE FINANCIAL YEAR

NIL

15. ACKNOWLEDGEMENTS

The Trustees wish to thank the unitholders of the Schemes for their support throughout the year, and also thank the Government of India, the Securities and Exchange Board of India (SEBI), the Reserve Bank of India (RBI) and the Association of Mutual Funds in India (AMFI) for the guidance provided by them. The Trustees also appreciate the services provided by the Registrar and Transfer Agent, Fund Accountant, Custodian, Bankers, Distributors and Brokers. The guidance and services provided by the auditors and advocates and the ebullience, sincerity and dedication of the employees of HSBC Asset Management (India) Private Limited is also appreciated.

The Trustees look forward to the continued support of everyone.

For and on behalf of **HSBC Trustees (India) Private Ltd.**

Sd/-

Director

Mumbai

July 19, 2024

Independent Auditors' Report

To the Board of Directors of HSBC Trustees (India) Private Limited (the "Trustee")

HSBC Multi Asset Allocation Fund

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **HSBC Multi Asset Allocation Fund** (the "Scheme") of HSBC Mutual Fund (the "Fund"), which comprise the Balance Sheet as at March 31, 2024, the Revenue Account and the Cash Flow Statement for the year then ended, and notes to the financial statements, including a summary of material accounting policy and other explanatory information.

In our opinion, and to the best of our information and according to the explanations given to us, the aforesaid financial statements of the Scheme give a true and fair view in conformity with the Indian Accounting Standards ("Ind AS") prescribed under section 133 of the Companies Act, 2013 (the "Act") read with Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India, including the accounting policies and standards specified in the Regulation 50 and Ninth Schedule to the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 ("the SEBI Regulations") (collectively referred to as the "Regulations") as amended:

- a. in the case of the Balance Sheet, of the state of affairs of the Scheme as at March 31, 2024;
- b. in the case of the Revenue Account, of the net surplus for the year ended on that date; and
- c. in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing ("SAs") and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India (the "ICAI"). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Scheme in accordance with the Code of Ethics issued by the ICAI together with the ethical requirements that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Information Other than the Financial Statements and Auditor's Report Thereon

The Board of Directors of HSBC Asset Management (India) Private Limited (the "AMC") and the Board of Directors of HSBC Trustees (India) Private Limited (the "Trustees") (collectively referred to as "the Management") are responsible for the other information. The other information comprises the information included in the Trustees report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

The Management is responsible for the preparation of these financial statements that give a true and fair view of the state of affairs, results of operations and cash flows of the Scheme in accordance with the accounting principles generally accepted in India, including the accounting policies and standards specified in Regulations. This responsibility also includes maintenance of adequate accounting records in accordance with the SEBI

Independent Auditors' Report (Contd...)

Regulations for safeguarding of the assets of the Scheme and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Management is responsible for assessing the Scheme's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management, either intends to liquidate the Scheme or to cease operations, or has no realistic alternative but to do so.

Those Charged with Governance are also responsible for overseeing the Scheme's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Scheme's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Scheme to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide to those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Independent Auditors' Report (Contd...)

Report on Other Legal and Regulatory Requirements

1. As required by regulation 55(4) and clause 5(iii)(2) of the Eleventh Schedule of the SEBI Regulations, we report that:
 - a. we have sought and obtained all the information and explanations which, to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b. in our opinion, the Balance Sheet and the Revenue Account dealt with by this report have been prepared in accordance with the accounting policies and standards specified in the Regulations; and
 - c. the Balance Sheet, the Revenue Account and the Cash Flow Statement, dealt with by this report are in agreement with the books of accounts of the Scheme.
2. In our opinion, the methods used to value non-traded securities as at March 31, 2024, as determined by the Management under procedures approved by the Trustees in accordance with the guidelines for valuation of securities for mutual funds as mentioned in the Eighth Schedule to the SEBI Regulations, are fair and reasonable.

For **M S K A & Associates**

Chartered Accountants

ICAI Firm Registration No. 105047W

Sd/-

Swapnil Kale

Partner

Membership No: 117812

UDIN: 24117812BKFISM7458

Place : Mumbai

Date : July 19, 2024

Abridged Balance Sheet as at March 31, 2024

Rs. in Lakhs

		As at March 31, 2024 [#]
LIABILITIES		
1	Unit Capital	139,943.64
2	Reserves & Surplus	
2.1	Unit Premium Reserves	22.60
2.2	Unrealised Appreciation Reserve	1,885.45
2.3	Other Reserves	125.96
3	Loans & Borrowings	—
4	Current Liabilities & Provisions	
4.1	Provision for Doubtful Income/Deposits	—
4.2	Other Current Liabilities & Provisions	1,498.58
TOTAL		143,476.23
ASSETS		
1	Investments	
1.1	Listed Securities:	
1.1.1	Equity Shares	87,424.89
1.1.2	Preference Shares	—
1.1.3	Equity Linked Debentures	—
1.1.4	Other Debentures & Bonds	10,027.33
1.1.5	Securitised Debt Securities	—
1.2	Securities Awaited Listing:	
1.2.1	Equity Shares	—
1.2.2	Preference Shares	—
1.2.3	Equity Linked Debentures	—
1.2.4	Other Debentures & Bonds	—
1.2.5	Securitised Debt Securities	—
1.3	Unlisted Securities:	
1.3.1	Equity Shares	—
1.3.2	Preference Shares	—
1.3.3	Equity Linked Debentures	—
1.3.4	Other Debentures & Bonds	—
1.3.5	Securitised Debt Securities	—
1.4	Government Securities	7,570.84
1.5	Treasury Bills	—
1.6	Commercial Paper	—
1.7	Certificate of Deposits	—
1.8	Bill Rediscounting	—
1.9	Units of Domestic Mutual Fund	—
1.10	Exchange Traded Funds (ETF)	15,122.94
1.11	Foreign Securities	—
Total Investments		120,146.00
2	Deposits	336.49
3	Other Current Assets	
3.1	Cash & Bank Balance	219.70
3.2	CBLO/TREPS/Reverse Repo Lending	22,450.68
3.3	Others	323.37
4	Deferred Revenue Expenditure (to the extent not written off)	—
TOTAL		143,476.23

[#] Scheme launched during the current financial year

Notes to Accounts - Annexure I

Abridged Revenue Account for the period ended March 31, 2024

Rs. in Lakhs

		Current period ended March 31, 2024 [#]
1	INCOME	
1.1	Dividend	18.46
1.2	Interest	574.77
1.3	Realised Gain/(Loss) on Foreign Exchange Transactions	—
1.4	Realised Gains/(Losses) on Interscheme Sale of Investments	—
1.5	Realised Gains/(Losses) on External Sale/Redemption of Investments	—
1.6	Realised Gains/(Losses) on Derivative Transactions	—
1.7	Other Income	5.88
	(A)	599.11
2	EXPENSES	
2.1	Management Fees	56.14
2.2	GST on Management Fees	10.11
2.3	Transfer Agents Fees and Expenses	9.79
2.4	Custodian Fees	0.75
2.5	Trusteeship Fees	0.15
2.6	Commission to Agents	162.36
2.7	Marketing & Distribution Expenses	0.03
2.8	Audit Fees	1.78
2.9	Investor Education Expenses	2.47
2.10	Interest on Borrowing	—
2.11	Brokerage & Transaction Costs	189.32
2.12	Other Operating Expenses	2.67
	(B)	435.57
3	NET REALISED GAINS / (LOSSES) FOR THE YEAR	(C = A - B) 163.54
4	Change in Unrealised Depreciation in Value of Investments	(D) (3.09)
5	NET GAINS / (LOSSES) FOR THE YEAR	(E = C + D) 160.45
6	Change in Unrealised Appreciation in Value of Investments	(F) 1,885.45
7	NET SURPLUS / (DEFICIT) FOR THE YEAR	(G = E + F) 2,045.90
7.1	Add : Balance Transfer from Unrealised Appreciation Reserve	—
7.2	Less : Balance Transfer to Unrealised Appreciation Reserve	1,885.45
7.3	Add/(Less) : Equalisation	(34.49)
7.4	Transfer from Reserve Fund	—
7.5	Transfer from Unit Premium Reserve	—
8	Total	125.96
9	Dividend Appropriation	
9.1	Income Distributed during the Year	—
9.2	Tax on Income Distributed during the Year	—
10	Retained Surplus / (Deficit) Carried Forward to Balance Sheet	125.96

[#] Scheme launched during the current financial year

Notes to Accounts - Annexure I

Key Statistics for the period ended March 31, 2024

	Current period ended March 31, 2024 #
1. NAV per unit (Rs.):	
Open	
Regular Plan - Growth Option	—
Regular Plan - IDCW Option	—
Direct Plan - Growth Option	—
Direct Plan - IDCW Option	—
High	
Regular Plan - Growth Option	10.1450
Regular Plan - IDCW Option	10.1450
Direct Plan - Growth Option	10.1578
Direct Plan - IDCW Option	10.1578
Low	
Regular Plan - Growth Option	9.7120
Regular Plan - IDCW Option	9.7120
Direct Plan - Growth Option	9.7176
Direct Plan - IDCW Option	9.7176
End	
Regular Plan - Growth Option	10.1449
Regular Plan - IDCW Option	10.1449
Direct Plan - Growth Option	10.1578
Direct Plan - IDCW Option	10.1578
2. Closing Assets Under Management (Rs. in Lakhs)	
End	1,41,977
Average (AAuM) ¹	1,36,833
3. Gross income as % of AAuM ²	0.44%
4. Expense Ratio:	
a. Total Expense as % of AAuM (including GST on Management fees) (plan wise)	
Regular Plan	2.03%
Direct Plan	0.63%
b. Management Fee as % of AAuM (planwise)	
Regular Plan	0.46%
Direct Plan	0.41%
5. Net Income as a percentage of AAuM ³	0.12%
6. Portfolio turnover ratio ⁴	—
7. Total IDCW per unit distributed during the year (planwise)	
Retail	
Regular Plan - IDCW Option	—
Direct Plan - IDCW Option	—

Key Statistics for the period ended March 31, 2024 (Contd...)

	Current period ended March 31, 2024 [#]
Corporate	
Regular Plan - IDCW Option	—
Direct Plan - IDCW Option	—
8. Returns (%):	
a. Last One Year	
Scheme	
Regular Plan - Growth Option	NA [#]
Direct Plan - Growth Option	NA [#]
Benchmark	
S&P BSE 200 TRI (65 per cent) + NIFTY Short Duration Debt Index (20 per cent) + Domestic Price of Gold (10 per cent) + Domestic Price of Silver (5 per cent)	NA [#]
b. Since Inception	
Scheme	
Regular Plan - Growth Option	18.25% ^{\$}
Direct Plan - Growth Option	19.71% ^{\$}
Benchmark	
S&P BSE 200 TRI (65 per cent) + NIFTY Short Duration Debt Index (20 per cent) + Domestic Price of Gold (10 per cent) + Domestic Price of Silver (5 per cent)	31.84% ^{\$}

^{1.} AAuM = Average daily net assets.

^{2.} Gross income = amount against (A) in the Revenue account i.e. Income.

^{3.} Net income = amount against (C) in the Revenue account i.e. Net Realised Gains/(Losses) for the year.

^{4.} Portfolio Turnover = Lower of sales or purchase divided by the Average AuM for the year.

^{\$} Since Inception scheme & benchmark returns are simple annualised returns.

[#] Scheme launched during the current financial year

Note: Returns have been calculated as on last business day of the month i.e. March 28, 2024 due to non-availability of benchmark indices as of March 31, 2024.

Notes to Accounts – Annexure I

To the Abridged Balance Sheet and Revenue Account for the period ended March 31, 2024

1 Investments:

- 1.1. It is confirmed that investments of the Schemes are registered in the name of the Trustees for the benefit of the Scheme's unitholders.
- 1.2. Open Positions of derivatives as on year ended March 31, 2024 is NIL.
- 1.3. Investment in Associates and Group Companies as at the period ended March 31, 2024 is NIL.
- 1.4. Open positions of Securities Borrowed and/or Lent by the scheme as on the period ended March 31, 2024 is NIL.
- 1.5. Aggregate Unrealised Gain/Loss as at the end of the financial year 2024 and their percentages to net assets are as under :

Rs. In Lakhs

Company Name	Amount	Percentage to Net Assets
	As at March 31, 2024	
Equity Shares		
– Appreciation	3,142.15	2.21
– Depreciation	1,906.19	1.34
Central and State Government Securities		
– Appreciation	1.36	0.00~
– Depreciation	4.45	0.00~
Bonds and Debentures		
– Appreciation	12.34	0.01
– Depreciation	2.07	0.00~
Domestic Mutual Fund		
– Appreciation	639.23	0.45
– Depreciation	–	

(–) - Indicates less than 0.01%

- 1.6. The aggregate value of investments securities (excluding TREPS and Reverse Repos) purchased and sold (including matured) during the financial period 2023-24 (excluding accretion of discount) is Rs. 118,263.63 lakhs and Nil respectively being 958.58% and 0% of the average net assets.
- 1.7. Non-Traded securities in the portfolio: Aggregate Value of Equity, Debt & Money Market Instruments and percentage to net assets during the financial year March 31, 2024:

Security Category	Fair Value (Rs in Lakhs)	% to Net Assets
As at March 31, 2024		
Debt Instruments	7,518.70	5.30
Total	7,518.70	5.30

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

To the Abridged Balance Sheet and Revenue Account for the period ended March 31, 2024

2 Disclosure Under Regulation 25(8) of the Securities And Exchange Board of India (Mutual Funds) Regulations, 1996 As Amended

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

During the year 2023-24, The Hongkong and Shanghai Banking Corporation Limited, an associate entity of HSBC Asset Management (India) Private Limited was paid collection/bank charges amounting to Rs. Nil.

Commission paid to Sponsor/AMC and its associates/related parties/group companies

Name of Sponsor/ AMC and its associates/related parties/group companies	Nature of Association / Nature of Relation	Period Covered	Business Given [Rs. In lakhs]	% of Total Business received by the Fund	Commission paid [Rs. In Lakhs]	% of Total commission paid by the Fund
The Hongkong and Shanghai Banking Corporation Limited	Group Company	2023-2024	66,051.57	46.90	66.88	41.37

Brokerage paid to Sponsor/AMC and its associates/related parties/group companies

Name of Sponsor/ AMC and its associates/related parties/group companies	Nature of Association /Nature of relation	Period Covered	Value of Transactions [Rs. In lakhs]	% of total value of transactions of the fund	Brokerage paid [Rs. In lakhs]	% of total brokerage paid by the fund
HSBC Securities and Capital Market (India) Private Limited	Sponsor	2023-2024	3,714.11	4.32	4.45	4.42

- None of the Investors held more than 25% of the total net assets of the scheme at the year ended March 31, 2024.
- Unit Capital movement during the years ended March 31, 2024:

Description	2023-24				
	Opening Units	Subscription	Redemption	Closing Units	Face value
Regular Plan - Growth Option	–	1,362,056,758.136	8,368,781.004	1,353,687,977.132	10
Regular Plan - IDCW Option	–	7,311,519.545	18,127.286	7,293,392.259	10
Direct Plan - Growth Option**	–	38,782,410.245	611,502.022	38,170,908.223	10
Direct Plan - IDCW Option	–	286,889.123	2,799.861	284,089.262	10

**Units held by the AMC (Seed Capital) in Direct Plan - Growth Option as on March 31, 2024 is 1,799,910.004.

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

To the Abridged Balance Sheet and Revenue Account for the period ended March 31, 2024

5. Previous year's/period figures have been re-grouped/re-arranged where necessary.
6. There are no contingent liabilities and other commitments as on March 31, 2024. Contingent asset is neither recognized nor disclosed in the financial statements.
7. Expenses other than Management Fees are Inclusive of GST where applicable.
8. Other income of Rs. 5.88 lakhs represents Exit load credited to the scheme.

9 Investor Education Awareness

As mandated by SEBI vide circular no. CIR/IMD/DF/21/2012 dated September 13, 2012 an annual charge of 0.02 percent of daily net assets, being a part of total recurring expenses is set aside for Investor Education and Awareness (IEA). In view of the AMFI Best Practices Guidelines Circular No. 56/2015-16, the IEF (Investor Education Fund) accrual is set aside in a separate bank account and the consolidated balance across all schemes as on March 31, 2024.

Pursuant to SEBI circular dated May 23, 2022, w.e.f. July 1, 2022, the limit of 0.02% p.a. has been reduced to 0.01% p.a. in case of ETFs/Index Funds. Furthermore, Fund of Funds (FoFs) investing more than 80% of its NAV in the underlying domestic funds have discontinued setting aside 0.02% p.a. of daily net assets towards IEAI.

The break-up of which is as under:

	March 31, 2024	March 31, 2023
Particulars	Amount (Rs. In Lakhs)	Amount (Rs. In Lakhs)
Opening Balance as on April 01, 2023	997.09	460.22
Add: Accrual during FY 2023-24	1,962.01	1,432.00
Less: Transferred to AMFI *	889.11	646.75
Less: Payable to AMFI (March 2024 accrual) *	91.90	69.25
Add: Investment Income FY 2023-24	77.08	166.42
Less: Spent during FY 2023-24	1,877.44	345.55
Closing Balance as on March 31, 2024	177.73	997.09

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

The IEA disclosure's are presented for surviving schemes only.

10. Pursuant to SEBI Circular No. SEBI/HO/IMD/DF3/CIR/P/2020/194 dated October 05, 2020, the nomenclature of 'Dividend Option' under all the schemes of HSBC Mutual Fund has been revised to 'Income Distribution cum Capital Withdrawal Option' (IDCW), with effect from April 01, 2021.
11. Securities, excluding debt securities, where the non-traded investments which have been valued "in good faith" exceed 5% of the net assets at the end of the year is NIL.
12. Debt securities which have been valued at a price other than the price given by the independent valuation agencies at the end of the year is NIL.

13 Disclosure of Risk-o-meter

Scheme Name	Risk-o-meter level at end of the financial year i.e. March 31, 2024	Risk-o-meter level as on March 31, 2023	Number of changes in Risk-o-meter during the financial year (March 2023 to March 2024)
HSBC Multi Asset Allocation Fund	Very High	NA	0

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

To the Abridged Balance Sheet and Revenue Account for the period ended March 31, 2024

14. Subsequent to receipt of SEBI's no objection to acquisition of 100% equity shares of L&T Investment Management Limited ("LTIM", Investment Manager of L&T Mutual Fund) and the amendments proposed to the trust deed of the HSBC Mutual Fund as required under the SEBI (Mutual Funds) Regulations, 1996, the schemes of L&T Mutual Fund (LTMF) were transferred to/ merged with the schemes of HSBC Mutual Fund on and from the close of business hours of November 25, 2022, and the HSBC AMC and HSBC Trustees assumed the responsibilities of the schemes of LTMF w.e.f. close of business hours of November 25, 2022.
15. During the year, HSBC Securities and Capital Markets (India) Private Limited ("HSCI"), Sponsors of HSBC Mutual Fund established a private limited company with limited liability to act as the "Trustee" of HSBC Mutual Fund. HSBC Trustees (India) Private Limited ("HTIP") was incorporated on 9 January 2024. Accordingly, HTIP has replaced the Board of Trustees of HSBC Mutual Fund w.e.f. 1 March 2024, and the Company through its Board of Directors has been discharging its obligations as the "Trustees" of the Fund from this date.
16. The Annual Accounts of the Schemes, prepared in accordance with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the "Act") read with the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time and clause 17.14 of SEBI Master Circular for Mutual Funds dated June 27, 2024, has been approved by the Board of Directors of HSBC Asset Management (India) Private Limited and HSBC Trustees (India) Private Limited at their meetings held on July 8, 2024 and July 19, 2024 respectively. The audit report attached herewith refers to the said Annual Accounts. The aforesaid abridged accounts are an extract of the Annual Accounts and are prepared in accordance with clause 5.4 and format no. 3.B under the section of formats of SEBI Master Circular for Mutual Funds dated June 27, 2024 and other relevant circulars issued by the Securities and Exchange Board of India from time to time.

Voting Policy and Procedures

In view of para 6.16 of SEBI Master Circular on Mutual Funds dated June 27, 2024 related to "Role of Mutual Funds in Corporate Governance of Public Listed Companies", HSBC AMC has formulated its "Policy for Proxy Voting in Public Listed Companies". The said policy is available on our website and the details of actual exercise of proxy votes, the summary of votes casted and the auditor's certificate is forming part of our full Annual Report for the Financial Year 2023 – 24 which has been uploaded on our website at <http://www.assetmanagement.hsbc.co.in>

Statutory Details & Disclaimers

All the returns have been sourced from Mutual Funds India Explorer software. The performance of the schemes and the benchmark is calculated on a total return basis. This document has been prepared by HSBC Asset Management (India) Private Limited (HSBC) for information purposes only with an intent to provide market overview and should not be construed as an offer or solicitation of an offer for purchase of any of the funds of HSBC Mutual Fund. All information contained in this document (including that sourced from third parties), is obtained from sources, which HSBC/third party, believes to be reliable but which it has not been independently verified by HSBC/the third party. Further, HSBC/the third party makes no guarantee, representation or warranty and accepts no responsibility or liability as to the accuracy or completeness of such information. The information and opinions contained within the document are based upon publicly available information and rates of taxation applicable at the time of publication, which are subject to change from time to time.

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

For disclosure of quarterly AUM/AAUM and AUM by geography, please visit our website at www.assetmanagement.hsbc.co.in. Investors are requested to note that as per SEBI (Mutual Funds) Regulations, 1996 and guidelines issued thereunder, HSBC AMC, its employees and/ or empaneled distributors/agents are forbidden from guaranteeing/promising/assuring/predicting any returns or future performances of the schemes of HSBC Mutual Fund. Hence, please do not rely upon any such statements/commitments. If you come across any such practices, please register a complaint via email at investor.line@mutualfunds.hsbc.co.in

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

Important Updates

Name and Date of Birth as per PAN card - Effective from June 1, 2024

As per recent regulatory requirement and changes advised by Income Tax Department in PAN validation process, now it is mandated to quote your Name(s) and DOB as per PAN card. To avoid any failure in such validations, we request investors to quote the Name(s) and DOB's of all the holders including Guardian, Power of Attorney (POA) holders as per PAN card.

Useful Links for self service options

- **Use our 24 x 7 Chatbot - "ASKME" for any queries or service request:**
visit: <https://invest.assetmanagement.hsbc.co.in>

SMS your request to HSBC Mutual Fund

- **Latest NAV** : Send SMS as HSBCMF NAV <Scheme Code> to 56767
Example: HSBCMF NAV F03
- **Valuation Service on registered mobile No. :** Send SMS as HSBCMF VAL <folio_number> to 56767
Example: HSBCMF VAL 123456
- **Annual Report :**
For Electronic Copy: Send SMS as HSBCMFARE <folio_number> to 567678080
Example: HSBCMF ARE 123456
For Physical Copy: Send SMS as HSBCMFARP <folio_number> to 567678080
Example: HSBCMF ARP 123456
- **Half Yearly Portfolio :**
For Electronic Copy: Send SMS as HSBCMFHPE <folio_number> to 567678080
Example: HSBCMF HPE 123456
For Physical Copy: Send SMS as HSBCMFHPP <folio_number> to 567678080
Example: HSBCMF HPP 123456

Missed Call Service

- You can give a missed call to 9212900020 to get the total valuation via SMS and a statement on your registered email ID

Book-Post

If undelivered please return to:

Computer Age Management Services Private Limited (CAMS)

Unit: HSBC Mutual Fund

New No. 10, M.G.R Salai, Nungambakkam, Chennai - 600034.

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

HSBC Asset Management (India) Private Limited

CIN NO: U74140MH2001PTC134220

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

Website : www.assetmanagement.hsbc.co.in

Description	Toll Free Number	Email ID
Investor related queries	1800-4190-200/1800-200-2434	investor.line@mutualfunds.hsbc.co.in
Online related queries	1800-4190-200/1800-200-2434	onlinemf@mutualfunds.hsbc.co.in
Investor (Dialing from abroad)	+91 44 39923900	investor.line@mutualfunds.hsbc.co.in

To get your updated account statement email us at : "mfsoa@mutualfunds.hsbc.co.in"

We're always here to help you, so feel free to reach out to us

Self-service request at your Fingertips

- Visit Website • Invest Online • Insta Statement • Download Forms
- Transact via Whats App • Use 24/7 ChatBot - Ask Me



Remember, you can also find out more via our social media handles !

Please check our website www.assetmanagement.hsbc.co.in for an updated list of Official Points of Acceptance of HSBC Mutual Fund.

CAMS SERVICE CENTRES/CAMS LIMITED TRANSACTION POINTS/CAMS COLLECTION CENTRES

For details on CAMS Service Centres, please visit www.camsonline.com



HSBC Multi Cap Fund

An open ended equity scheme investing across large cap, mid cap, small cap stocks.

Abridged Annual Report 2023 - 2024



SPONSOR

HSBC Securities and Capital Markets (India) Private Limited

CIN – U67120MH1994PTC081575

Regd. Office: 52/60, Mahatma Gandhi Road, Fort, Mumbai 400001.

TRUSTEE COMPANY

HSBC Trustees (India) Private Limited

CIN – U66190MH2024PTC416973

Regd. Office: 52/60, Mahatma Gandhi Road, Fort, Mumbai 400001.

ASSET MANAGEMENT COMPANY

HSBC Asset Management (India) Private Limited

CIN – U74140MH2001PTC134220

Regd. Office: 9-11 Floors, NESCO IT Park, Building No. 3,
Western Express Highway, Goregaon (East), Mumbai 400063.

CUSTODIAN

Citibank N.A.

First International Financial Center (FIFC), 9th Floor,
C-54 & 55, G – Block, Bandra Kurla Complex, Bandra (East), Mumbai 400051.

AUDITORS TO THE SCHEME

MSKA & Associates

Chartered Accountants

602, Floor 6, Raheja Titanium, Western Express Highway,
Geetanjali Railway Colony, Ram Nagar, Goregaon (East), Mumbai 400063.

REGISTRAR & TRANSFER AGENTS

Computer Age Management Services Limited (CAMS)

Unit: HSBC Mutual Fund

New No. 10, M.G.R Salai, Nungambakkam, Chennai 600034.

BOARD OF TRUSTEES

Ms. Jasmine Batliwalla

– Chairperson

Mr. Nani Javeri

– Trustee

Mr. David Rasquinha

– Trustee

Mr. Nicolas Moreau

– Trustee

BOARD OF DIRECTORS

Dr. Indu Shahani

– Director

Mr. Kapil Seth

– Director

Ms. Roopa Varma

– Director

Mr. Kailash Kulkarni

– Director & Chief Executive Officer

Dear Investor,

As we reflect on the past year, I am filled with pride and optimism about the future of our company and overall growth of the mutual fund industry. The past year has marked significant milestones in our journey, particularly as we capitalise on the immense potential of India's burgeoning growth story.

Fiscal 2024 turned out to be one of the best years for the domestic mutual fund industry as assets under management (AUM) spurted by nearly Rs. 14 lakh crore to a record Rs. 53.40 lakh crore as of March 2024 compared with Rs. 39.42 lakh crore as of March 2023.

The mutual fund industry is experiencing immense growth and we are poised to take advantage of this upward trajectory. Our company is an integral part of this growth story, riding the wave with several strategic initiatives and accomplishments that have set us on a path of sustained success.



Major achievements post integration

- Post integration we have enhanced our digital offering for both B2B and B2C to provide improved customer journeys.
- HSBC AM India's AUM increased from USD 1.4 bn (before integration) to USD 13.7 bn as of April 2024.
- HSBC Asset Management India has now become the 14th largest asset manager in India in terms of AUM.
- HSBC AM India has launched 4 new products since integration (raising \$445M).
- We have expanded HSBC AM India's product offerings to 43 funds.

Key Achievements in FY2023-2024

Investment Performance: Our disciplined investment strategy and thorough research have been pivotal to our success. We have focused on high-quality, undervalued assets, achieving consistent returns across our portfolio.

Product Innovation: This year, we launched two new funds - HSBC Multi Asset Allocation Fund and HSBC Consumption Fund, tailored to meet the evolving needs of our investors. These new offerings have been well-received, contributing to our growth in AUM significantly.

Increased Media Presence: In FY24, we significantly boosted our media presence, ensuring that our brand and thought leadership are recognized across various platforms. Through strategic media engagements like Informed Investing with ET Now, talks shows and several authored articles plus interviews - we have amplified our message, reaching a broader audience and reinforcing our market position.

Successful Campaign Launch: We successfully launched SIP Hai #FaydeWaliAadat, an investor education campaign, that highlighted the transformative power of SIPs in achieving long-term financial

goals. A first of its kind campaign, it aimed at educating and empowering the millennial investors in India. The campaign garnered significant attention and positive feedback, strengthening our brand presence and engaging a wider audience. Notably, the campaign has also earned us prestigious awards and accolades highlighting our commitment to excellence and innovation.

Client Relationships: We have strengthened our client relationships through enhanced communication, transparency, and personalized service. Our client satisfaction scores have reached new heights, reflecting our commitment to exceptional service.

We believe that the India story has just begun and its economic landscape is poised for significant growth. An exposure to unique and future relevant themes can provide a much-needed inflation buffer. The importance of asset allocation continues to be critical. It is critical for all of us to review our risk appetite and goal proximity and construct a portfolio appropriately.

Besides construction, portfolio rebalancing is equally important in order to achieve optimal outcomes. I do hope you share my enthusiasm and I ask that you continue to invest whilst reviewing your asset allocation at all times.

I would like to express my sincere gratitude to our dedicated team, whose expertise and commitment are the backbone of our success. To our investors, thank you for your trust and continued support. Your confidence in our approach motivates us to strive for excellence in everything we do. Also, I want to express my deepest gratitude to our valuable partners for their unwavering support and keep our services running. Look forward to achieving even grater milestones together.

As we move forward, we remain committed to delivering superior investment performance, fostering strong client relationships, and driving sustainable growth. Together, we are well-positioned to navigate the future and achieve our goals.

Warm regards,

A handwritten signature in black ink, appearing to read 'Kailash Kulkarni', written over a horizontal line.

Kailash Kulkarni

Chief Executive Officer

HSBC Asset Management India

Trustees' Report

For the year ended March 31, 2024

The Board of Directors of HSBC Trustees (India) Private Limited, Trustees of HSBC Mutual Fund present the Twenty Second Annual Report and the audited abridged financial statements of the schemes of the HSBC Mutual Fund ('the Fund') for the year ended March 31, 2024.

With the acquisition of L&T Mutual Fund in the previous financial year, the Fund's Assets Under Management ('AUM') (excluding Domestic FOFs) as on March 31, 2024 was INR 109368.16 crores (audited). The Fund ranks in the top 15 Mutual Fund houses in India in terms of AUM.

As at March 31, 2024, the Fund offered 43 schemes across asset classes to meet the varying investment needs of the investors. During the year, the Fund launched two new products namely HSBC Consumption Fund and HSBC Multi Asset Allocation Fund in Equity and Hybrid categories.

The Fund continues its focus on delivering consistent long-term returns. The comments on the performance of the scheme(s) are provided hereinafter. Dividends were declared under various schemes as per the provisions contained in the respective Scheme Information Documents after considering the distributable surplus available under the respective plans of the schemes. Details of dividends declared can be viewed on our website at www.assetmanagement.hsbc.co.in.

During the year, HSBC Securities and Capital Markets (India) Private Limited ("HSCI"), Sponsors of the Fund established a private limited company with limited liability to act as the "Trustees" of the Fund. HSBC Trustees (India) Private Limited ("HTIP") was incorporated on 9 January 2024. Accordingly, HTIP has replaced the Board of Trustees of HSBC Mutual Fund w.e.f. 1 March 2024, and the Company through its Board of Directors has been discharging its obligations as the "Trustees" of the Fund from this date.

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

a. Operations and Performance of the Scheme

➤ Equity Scheme

HSBC Multi Cap Fund ('HMCF')

(Multi Cap Fund - An open-ended equity scheme investing across large cap, mid cap & small cap stocks)

The investment objective of the scheme is to generate long-term capital growth from an actively managed portfolio of equity and equity related securities across market capitalization. However, there can be no assurance or guarantee that the investment objective of the scheme would be achieved.

The net assets of HMCF amounted to INR 2669.86 crores as at March 31, 2024 as against INR 1257.52 crores as at March 31, 2023. Around 98.26% of the net assets were invested in equities, 1.77% of the net assets were invested in reverse repos/TREPS and (0.03%) in net current assets as at March 31, 2024.

The aim of HMCF is to provide long-term capital growth from a dynamically managed portfolio across small, mid and large cap stocks. The market capitalization allocation of assets will be minimum 25% each in small, mid and large cap stocks as per the SEBI guidelines at all points of time.

The aim of HMCF 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. A blend of top down and bottom up approach will be used to invest in equity and equity related instruments. Investments will be pursued in select sectors based on the investment team's analysis of business cycles, regulatory reforms, competitive advantage etc. The fund managers in selecting scrips focus on the fundamentals of the business, the industry structure, the quality of management, sensitivity to economic factors, the factors and forces affecting the securities market including the fluctuations in the interest rates.

HMCF portfolio outperformed the benchmark index primarily driven by better stock selection. HMCF delivered improved performance on account of certain stocks performing better in IT, Financials, Consumer Discretionary and Consumer Staples. HMCF outperformed across all market caps, viz, Large Cap, Mid Cap and Small Cap.

Currently, HMCF had ~60% allocation to Large Cap and the balance distributed among Mid Cap and Small Cap. HMCF is overweight in Capital Goods and Real Estate and underweight in Banks and Automobiles.

Trustees’ Report
For the year ended March 31, 2024 (Contd...)

HSBC Multi Cap Fund					Date of Inception : 30 January, 2023			
Fund / Benchmark (Value of ₹ 10,000 invested)	1 Year		3 Years		5 Years		Since Inception	
	Amount (₹)	Returns (%)	Amount (₹)	Returns (%)	Amount (₹)	Returns (%)	Amount (₹)	Returns (%)
HSBC Multi Cap Fund	15693	57.32	NA	NA	NA	NA	15749	47.98
Scheme Benchmark (NIFTY 500 Multicap 50:25:25 TRI)	14756	47.88	NA	NA	NA	NA	14490	37.71
Additional Benchmark (Nifty 50 TRI)	13008	30.27	NA	NA	NA	NA	12805	23.79

Past performance may or may not be sustained in future. Returns have been calculated for the respective periods for Growth Option of Regular Plan as on last business day of the month i.e. March 28, 2024 due to non-availability of benchmark indices as of March 31, 2024. Returns on ₹ 10,000 are point-to-point returns for the specific time period, invested at the start of the period. Returns for 1 year and above are Compounded Annualized. Different plans shall have a different expense structure. Performance of the respective benchmark is calculated as per the Total Return Index (TRI).

Please Note: NA means not available.

Risk-o-meter as of 31st March, 2024:

Scheme Name	Scheme Risk-o-meter	Benchmark Risk-o-meter
HSBC Multi Cap Fund	 Investors understand that their principal will be at Very High risk	Benchmark Index: Nifty 500 Multi-cap 50:25:25 TRI 

Please note that the above risk-o-meter is as per the product labelling of the Scheme basis Scheme's monthly portfolio as on March 31, 2024.

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

➤ EQUITY OUTLOOK

Recap of FY 2023-24:

FY24 was a stellar year for the Indian equity markets with strong economic momentum, healthy earnings growth and strong inflows from domestic and foreign institutional investors and strong retail participation driving a broad-based bull market. The Nifty and Sensex were up a solid 30.1%/26.5% respectively during the year, while the BSE Midcap and BSE Smallcap indices gained an astounding 65.2% and 61.4% respectively. While geo-political conflicts continued in FY24, their impact on crude and global supply chains moderated. Crude prices largely remained range bound during the year. Inflation barring a brief spike largely remained well contained, the economy gained further steam with GDP growth crossing 8% in H1FY24 supported by government thrust on infrastructure. This translated into strong growth for several core sector industries including steel and cement. The growth in the real estate sector has been strong with inventory continuing to decline in metro markets. However, lagged impact of price increases continued to impinge on consumer demand growth which remained subdued for most mass market categories.

Trustees' Report

For the year ended March 31, 2024 (Contd...)

Domestic cyclicals were the best performing sectors during the year led by Real Estate, Capital Goods, Autos. Power was also among the best performing sectors. Global cyclicals like Metals and Oil & Gas also strongly outperformed the Nifty. FMCG and Banking while delivering healthy positive returns underperformed the Nifty, while IT performance was closer to Nifty.

MSCI India index outperformed most of key global indices during the past fiscal. MSCI India index (USD) gained 35.5% as compared to 23.1% gain for MSCI World, 27.9% for US S&P 500, 11.0% for MSCI Europe and only 5.3% for MSCI Emerging Markets as MSCI China declined 19.0% over the period.

Strong performance of the market and subsiding global macro headwinds drove a sharp turnaround in foreign investment flows. FII net inflow was at USD 25.3bn in FY24 versus an outflow of USD 6.0bn/17.1bn in FY23/FY22. DILs, on the other hand, matched FII inflow with an inflow of USD 25.3bn although it was lower than the net inflows at USD 30.8bn in FY23. Within DILs, the MF segment was the key contributor (USD 24.3 bn of net inflows up from USD 21.8bn in FY23) while domestic Insurers were also in the net inflow territory (USD 1.0bn of net inflows vs USD 9.0bn in FY23).

Source: Motilal Oswal

Indices Returns (April 01, 2023 to March 31, 2024)	1 Year [^]
S&P BSE Sensex TR	26.5%
NSE CNX Nifty TR	30.1%
S&P BSE 100 TR	34.2%
S&P BSE 200 TR	38.5%
S&P BSE 500 TR	40.2%
S&P BSE Midcap TR	65.2%
S&P BSE Small-cap TR	61.4%

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

Way forward:

The global macro environment remains challenging with heightened geo-political and economic uncertainties. US bond yields remain high putting pressure on interest rates and currencies globally. For India, growth has continued to remain strong with GDP growth of 8.4% in Q3FY24 driven by strong government spending on infrastructure and pickup in manufacturing and construction. The 2024 interim budget has re-affirmed government focus on infrastructure. At the same time reduction in fiscal deficit should also help in easing of domestic interest rates. However, after last year's patchy monsoon, a good monsoon will be an important factor for rural demand and overall consumption growth in the economy in FY25.

India starts FY25 on a strong footing with positive growth momentum and India's investment cycle is expected to be on a medium-term uptrend supported by rising government investment in infrastructure and recovery in real estate cycle. There is also an expectation of higher private investments in renewable energy and related supply chain, localization of higher-end technology components, and India becoming a more meaningful part of global supply chains. Finally, it is expected for consumption to improve as the impact of high inflation fades and real incomes start to grow again.

However, several of these positives are getting discounted by the high valuations currently prevailing in the equity market. While the fund managers remain constructive on Indian equities supported by the more robust medium-term growth outlook there is a caution against high return expectations. Nifty continues to trade on 20.6x consensus 1 year forward PE (as of 30 April). On a 10-year basis, Nifty is still trading 10% above its historic average valuation but is in-line with its 5-year average. Valuations of the midcap and small cap indices are even higher versus their historical average.

Trustees' Report

For the year ended March 31, 2024 (Contd...)

➤ DEBT OUTLOOK

Market drivers during the course of the year FY 2024

The year started with advanced economies continuing to grapple with higher inflation and policy tightening remained a common theme across economies. During FY2024, the Federal Open Market Committee (FOMC) raised policy rates by 50 bps while European Central Bank (ECB) and Bank of England (BOE) raised policy rates by 100 bps each. The cumulative rate hikes by various advanced economies in this cycle are as follows: Fed (525 bps), BOE (515 bps) and ECB (450 bps). Meanwhile cumulative rate hikes by the Monetary Policy Committee (MPC) in this cycle was 250 bps. On account of higher Government debt burden, Fitch downgraded US sovereign rating from AAA to AA+. US Treasury yields remained volatile during the year, with the 10-year benchmark rising higher by 73 bps during the year. Crude prices also moved higher by USD 7-8/bbl.

On the domestic front, Consumer price Index (CPI) inflation remained broadly in the upper end of the MPC's targeted band of 4% +/- 2% for most the financial year, however, inflation printed above 6% on two occasions due to high food inflation. Headline inflation remained susceptible to high food inflation with markets now expecting some relief of food prices on the back of normal monsoon. Core inflation eased through the year falling to below 4% in the last quarter.

Domestically, one of the biggest events during the year was the much-awaited index inclusion of Indian Government Bonds (IGBs) into the GBI-EM Global index suite and its relevant benchmarks. India is expected to reach the maximum weight of 10% in the GBI-EM Global Diversified Index (GBI-EM GD), with the inclusion staggered over a 10-month period starting June 2024. Following this, Bloomberg also included IGBs in their Bloomberg EM Local Currency Index, with India expected to reach a maximum weight of 10% over a 10-month period starting Jan 2025. Both these inclusions are expected to bring in INR 25-30 bn of index related FPI inflows over the next 1-2 years and paving the way for inclusion into other global bond indices as well. During FY2024, FPIs poured in close USD 12 bn into IGBs, with majority of the inflows coming in post the JP Morgan index inclusion announcement.

Government continued its path of fiscal consolidation, with the revised estimate of the Fiscal deficit for FY2024 coming in at 5.6%, with expectations for FY2025 at 5.1% and target of below 4.5% by FY2026. PMI numbers continue to remain in expansion, GST revenues remain buoyant and credit off-take upbeat.

The external sector has remained strong due to healthy service exports and remittances. Current Account Deficit (CAD) is expected to be around 1% for the year. Rupee remained one of the more stable currencies during the year, with active intervention from RBI smoothening any volatility. RBI continued to build on the FX reserves with year-end number around USD 650 bn.

Money market rates moved higher during the year due to tightening in liquidity along with higher Certificate of Deposit (CD) issuances. G-Sec yields, however, moved lower due to favorable demand supply and lower G-Sec borrowing. 10-year G-Sec moved lower during the year by 25 bps, while 5 yr G-Sec moved lower by 13 bps.

Market Outlook

While US markets have braced for "higher for longer" rates, we have seen in the past, that reactions to favorable data in such an environment can be sharp. Any softness in growth, employment or inflation data over the next few months will allow the markets to quickly start pricing in aggressive future policy easing. In our view, the RBI is also likely to gradually shift the liquidity deficit into surplus over the course of the next 3-6 months, flipping overnight rates from the top to the bottom of the rate corridor. The yield curve is likely to steepen as liquidity eases. This along with a potential 50 bps of policy easing in first half of CY2025 may push overnight rates lower by 75-100 bps.

While any form of additional spending by the new Government to address concerns of rural sections of the country and the possibility of additional spending to fund such policies will remain a key monitorable, it is believed the Government is likely to remain cognizant of the possible impact of such policies and take measured steps. With the dust settling down on the election outcome, the broad macroeconomic factors should continue to remain stable and could support softening in domestic yields going forward.

Trustees' Report

For the year ended March 31, 2024 (Contd...)

The Fund Managers continue to have a positive outlook for interest rates, based on various favorable factors: (a) Record RBI dividend to the Government, (b) reduced Fiscal deficit number of 5.6%, (c) favorable G-Sec supply demand dynamics, (d) FPI index related inflows, (e) revised outlook in India by S&P, (f) soft core inflation along with expectations of a better than normal monsoon, and finally (g) soft signals by Government and RBI on liquidity.

Source: RBI, Bloomberg, Internal HSBC Research & CCIL

2. BRIEF BACKGROUND OF THE SPONSORS, THE FUND, THE TRUSTEES AND THE ASSET MANAGEMENT COMPANY

A. Sponsor

HSBC Mutual Fund is sponsored by HSBC Securities and Capital Markets (India) Private Limited (HSCI). The Sponsor is the Settler of the Mutual Fund Trust. The Sponsor has entrusted a sum of Rs. 1,00,000/- (Rupees One Lakh only) to the Trustee as the initial contribution towards the corpus of the Mutual Fund.

HSCI offers integrated investment banking services, securities and corporate finance & advisory. HSCI is a member of the Bombay Stock Exchange Limited and National Stock Exchange (capital and derivative market segments). HSCI holds 100% of the paid-up equity share capital of HSBC Asset Management (India) Private Limited.

B. HSBC Mutual Fund

HSBC Mutual Fund ("the Mutual Fund" or "the Fund") has been constituted as a Trust in accordance with the provisions of the Indian Trusts Act, 1882 (2 of 1882) vide a Trust Deed dated February 7, 2002 (as amended) with HSBC Securities and Capital Markets (India) Private Limited, as the Sponsor and HSBC Trustees (India) Private Limited. The Trustee has entered into an Investment Management Agreement dated February 7, 2002 (as amended) with HSBC Asset Management (India) Private Limited (AMC) to function as the Investment Manager for all the schemes of the Fund. The Fund was registered with SEBI vide registration number MF/046/02/5 dated May 27, 2002.

The Trust has been formed for the purpose of pooling of capital from the public for collective investment in securities for the purpose of providing facilities for participation by persons as beneficiaries in such investments and in the profits/income arising therefrom.

C. HSBC Trustees (India) Private Limited (the Trustees)

The Trustees are the exclusive owner of the Trust Fund and holds the same in trust for the benefit of the unitholders. The Trustees have been discharging their duties and carrying out the responsibilities as provided in the SEBI (Mutual Funds) Regulations, 1996 and the Trust Deed. The Trustees seek to ensure that the Fund and the schemes floated there under are managed by the AMC in accordance with the Trust Deed, the said Regulations, directions and guidelines issued by the SEBI, the Stock Exchanges, the Association of Mutual Funds in India and other regulatory agencies.

During the year, HSBC Securities and Capital Markets (India) Private Limited ("HSCI"), Sponsors of HSBC Mutual Fund) established a private limited company with limited liability to act as the "Trustee" of HSBC Mutual Fund. HSBC Trustees (India) Private Limited ("HTIP") was incorporated on 9 January 2024. Accordingly, HTIP has replaced the Board of Trustees of HSBC Mutual Fund w.e.f. 1 March 2024, and the Company through its Board of Directors has been discharging its obligations as the "Trustees" of the Fund from this date.

As of March 31, 2024, HSCI holds 100% of the paid-up equity share capital of HTIP.

D. Asset Management Company (the AMC)

HSBC Asset Management (India) Private Limited (the Investment Manager or the AMC) is a private limited company incorporated under the Companies Act, 1956 on December 12, 2001 having its Registered Office at 9-11 Floors, NESCO IT Park, Building no. 3, Western Express Highway, Goregaon (East), Mumbai – 400 063. HSBC Asset Management (India) Private Limited has been appointed as the Asset Management Company of HSBC Mutual Fund by the Trustee vide Investment Management Agreement

Trustees’ Report
For the year ended March 31, 2024 (Contd...)

(IMA) dated February 7, 2002 (as amended) and executed between the Trustees and the AMC. SEBI approved the AMC to act as the Investment Manager of the Fund vide its letter No. MFD/BC/163/2002 dated May 27, 2002. The paid-up equity share capital of the AMC is Rs. 344.41 crores. The AMC is registered as a Portfolio Manager under the SEBI (Portfolio Managers) Regulations, 1993 vide registration no. INP000001322. The AMC also offers non-binding Advisory services to offshore funds under the mutual fund license.

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

3. INVESTMENT OBJECTIVE OF THE SCHEMES

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

4. SIGNIFICANT ACCOUNTING POLICIES

The Significant Accounting Policies form part of the Notes to the Accounts annexed to the Balance Sheet of the Schemes in the Full Annual Report. The accounting policies are in accordance with Securities Exchange Board of India (Mutual Funds) Regulations, 1996 and Indian Accounting Standards (IND AS) notified under section 133 of the Companies Act, 2013 (the “Act” read with the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time.

5. UNCLAIMED DIVIDENDS & REDEMPTIONS

Summary of number of investors & corresponding amount as on March 31, 2024:

Scheme Name	Unclaimed Dividend		Unclaimed Redemption	
	No. of Investors	Amount (₹)	No. of Investors	Amount (₹)
HSBC Multi Cap Fund	10	29,937.00	52	1,070,850.07

6. INVESTOR SERVICES

The number of official points of acceptance of transactions are 210 locations. In addition to the offices of the Registrar & Transfer Agent, the AMC has its own office in 61 locations and Investor Service Centers in 39 locations. The AMC has 2 Toll Free numbers (1800-4190-200/1800-200-2434) which can be dialed from anywhere in India and 1 number i.e. +91 44 39923900 (Investors calling from abroad). The call center service is being managed by the Registrar and Transfer Agents. HSBC Mutual Fund offers the online transaction facility through the AMC’s website at www.assetmanagement.hsbc.co.in.

On the distribution front, the number of empaneled distributors were 59046 as on March 31, 2024. During the year, the AMC initiated tie-ups for online distribution of the Mutual Fund’s schemes with several channel partners taking the total number of such tie-ups to 160 as on March 31, 2024.

7. DETAILS OF INVESTOR GRIEVANCE REDRESSAL

The details of the redressal of investor complaints received against HSBC Mutual Fund during April 2023 - March 2024 are as follows:

Trustees' Report

For the year ended March 31, 2024 (Contd...)

2023-2024												
Complaint code	Type of Complaint	(a) No. of complaints pending at the beginning of the period	(b) No. of complaints received during the given period	Action on (a) and (b)								
				Resolved				Non Action-able*	Pending			
				Within 30 days	30-60 days	60-180 days	Beyond 180 days		0-3 months	3-6 months	6-9 months	9-12 months
I A	Non receipt of amount declared under Income Distribution cum Capital Withdrawal option	1	10	11	0	0	0	0	0	0	0	0
I B	Interest on delayed payment of amount declared under Income Distribution cum Capital Withdrawal option	0	1	1	0	0	0	0	0	0	0	0
I C	Non receipt of Redemption Proceeds	1	38	39	0	0	0	0	0	0	0	0
I D	Interest on delayed payment of Redemption	0	2	2	0	0	0	0	0	0	0	0
II A	Non receipt of Statement of Account/Unit Certificate	0	3	3	0	0	0	0	0	0	0	0
II B	Discrepancy in Statement of Account	1	22	23	0	0	0	0	0	0	0	0
II C	Data corrections in Investor details	1	250	249	0	0	0	0	2	0	0	0
II D	Non receipt of Annual Report/ Abridged Summary	0	0	0	0	0	0	0	0	0	0	0
III A	Wrong switch between Schemes	0	2	2	0	0	0	0	0	0	0	0
III B	Unauthorized switch between Schemes	0	1	1	0	0	0	0	0	0	0	0
III C	Deviation from Scheme attributes	0	1	1	0	0	0	0	0	0	0	0
III D	Wrong or excess charges/load	0	0	0	0	0	0	0	0	0	0	0
III E	Non updation of changes viz. address, PAN, bank details, nomination, etc	1	127	127	0	0	0	0	1	0	0	0
III F	Delay in allotment of Units	0	5	4	1	0	0	0	0	0	0	0
III G	Unauthorized Redemption	0	0	0	0	0	0	0	0	0	0	0
IV	Others**	1	78	76	0	0	0	0	3	0	0	0
	TOTAL	6	540	539	1	0	0	0	6	0	0	0

** As per AMFI Best Practice Guidelines Circular No.25/2011-12 for Revisions in the Guidelines on Standardization of Complaints/ Grievances Reporting Procedure. If "Others" include a type of complaint which is more than 10% of overall complaints, then such a reason should be provided separately. Hence, data corrections in Investor Details are included as a separate category.

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

Summary of Complaints for FY 2023-24

Particulars	Count
Total complaints received	540
Total number of folios	21,39,406
% of complaints against the folio	0.025

Trustees' Report

For the year ended March 31, 2024 (Contd...)

8. INVESTOR EDUCATION INITIATIVES

During the FY 2023-24, the AMC conducted the following investor education and awareness initiatives:

- An integrated multi-media marketing campaign on SIP Hai 'FaydeWaliAadat' aimed to tap into the aspirations, financial goals, and unique spending habits of millennials.
- Editorial content on Systematic Investment Plans (SIP) created across 15 states through various regional television channels.
- Investor education content on the Platform - Quora.
- 'Be Money Confident' video series targeting women through Jio Platforms.
- Campaign on Women & Investing for Women's Day.
- Campaign for Marathon enthusiast on the similarities between running a Marathon & Investing.
- Financial literacy virtual event on the occasion of Mother's Day, which received more than 725 registered users.
- A mom blogger outreach program to reach Women Investors with financial education content on MF on the occasion of Mother's Day.
- Education campaign on ELSS executed for working audiences.
- Blogs and content for Investor Education properties like SIP Sahi Hai in Value Research, Gyan Guroovaar on Facebook, Investment Ki Paathshala on the website and investor education blogs on the platform - Advisor Khoj.
- 1,462 Investor Education programs to reach out to an audience of 71,465 people out of which 458 were women programs attended by 20,139 women.

9. PROXY VOTING POLICY

As per para 6.16 of SEBI Master Circular on Mutual Funds dated June 27, 2024, the Fund has adopted Proxy Voting Policy and Procedures for exercising voting rights in respect of securities held by the Schemes. (please refer Proxy Voting Policy and Procedures)

The summary of the votes casted in the general meetings of the Investee companies, by the AMC for and on behalf of the Schemes of the Fund, for the financial year 2023-24 is provided below:

Quarter	Total no. of resolutions	Break-up of Vote decision		
		For	Against	Abstained
April 2023 - June 2023	387	260	75	52
July 2023 - September 2023	2,169	1607	448	114
October 2023 - December 2023	197	138	37	22
January 2024 - March 2024	319	240	50	29
TOTAL	3,072	2,245	610	217

As per para 6.16.7 of SEBI Master Circular on Mutual Funds dated June 27, 2024, the AMC has obtained certificate from M/s. M. P. Chitale & Co., Chartered Accountants, who is acting as a Scrutinizer, on the voting report for the FY 2023-24. The certificate dated May 22, 2024 issued by M/s. M. P. Chitale & Co., is available on the website of the AMC as part of the full Annual Report.

Unitholders can refer to the full Annual Report for complete details of actual exercise of votes in the general meetings of the investee companies for the financial year 2023-24 or log on to our website at www.assetmanagement.hsbc.co.in.

Trustees' Report

For the year ended March 31, 2024 (Contd...)

10. STATUTORY DETAILS

- The Sponsors are not responsible or liable for any loss resulting from the operation of the Schemes of the Fund beyond initial contribution of Rs. 1 lakh for setting up the Fund.
- The price and redemption value of the units, and income from them, can go up as well as down with fluctuations in the market value of its underlying investments.
- Full Annual Report of HSBC Mutual Fund and of HSBC Asset Management (India) Private Limited (the AMC) shall be disclosed on the website at www.assetmanagement.hsbc.co.in and shall be available for inspection at the Head Office of the Mutual Fund. Present and prospective unitholders can obtain copy of the Trust Deed, the full Annual Report of the Scheme(s), the Annual Report of HSBC Asset Management (India) Private Limited and the text of the relevant Scheme(s) at a price.

11. CHANGES IN RISK-O-METER OF THE SCHEME DURING FY 2023-24

As per para 17.4. of SEBI Master Circular on Mutual Funds dated June 27, 2024 on product labelling, the changes carried out in the risk-o-meter of the schemes of HSBC Mutual Fund during FY 2023-24 have been given in the below mentioned table for the information of the unitholders, a report on the said changes has also been displayed on the website of the Fund and AMFI.

Scheme Name	Risk-o-meter level as on March 31, 2023	Risk-o-meter level as on March 31, 2024	Number of changes in Risk-o-meter during the F.Y. 2023-24)
HSBC Multi Cap Fund	Very High	Very High	0

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

As per para 6.16.15 of SEBI Master Circular on Mutual Funds dated June 27, 2024, HSBC Mutual Fund has adapted the policy on stewardship responsibilities, the unitholders are requested to note the status of governance with the same as mentioned below:

S. No.	Particulars of Principles of Stewardship Code	Status of compliance (Complied/ Not Complied)	Description	Remarks/ reasons for deviation/non-compliance, if any
1	Principle 1: Institutional Investors should formulate a comprehensive policy on the discharge of their stewardship responsibilities, publicly disclose it, review and update it periodically.	Complied	HSBC Asset Management (India) Private Limited's (AMIN) 'Policy on Stewardship responsibilities' (Stewardship Code/ Policy) was formulated and implemented on 01 July, 2020. This is a comprehensive document which has been publicly disclosed on the website of AMIN. The same shall follow a periodic review.	N.A.
2	Principle 2: Institutional investors should have a clear policy on how they manage conflicts of interest in fulfilling their stewardship responsibilities and publicly disclose it.	Complied	Defining and managing Conflict of Interest in fulfilling stewardship responsibilities are detailed in the Stewardship Policy document. The policy document is publicly disclosed.	N.A.

Trustees' Report

For the year ended March 31, 2024 (Contd...)

S. No.	Particulars of Principles of Stewardship Code	Status of compliance (Complied/ Not Complied)	Description	Remarks/ reasons for deviation/non-compliance, if any
3	Principle 3: Institutional investors should monitor their investee companies.	Complied	AMIN monitors all investee companies through its investment process. This includes assessment of companies' own and market data, consideration of research from brokers and other independent research providers – including ESG & voting research, attending individual & group meetings with company management and directors, visiting production sites (wherever necessary), engaging with key stakeholders including competitors and customers, and financial modelling. More details enumerated in the policy document	N.A.
4	Principle 4: Institutional investors should have a clear policy on intervention in their investee companies. Institutional investors should also have a clear policy for collaboration with other institutional investors where required, to preserve the interests of the ultimate investors, which should be disclosed.	Complied	Details of undertaking active engagement with investee companies and the policy for collaboration with other institutional holders are detailed in the policy document. The policy document is publicly disclosed.	N.A.
5	Principle 5: Institutional investors should have a clear policy on voting and disclosure of voting activity.	Complied	AMIN has a clear and detailed voting policy which provides the framework for the voting decisions. All voting decisions shall be in accordance with AMIN's Voting Policy and Procedures, which is disclosed on the website. AMIN discloses the details of the voting on its website on a quarterly basis within 10 working days from the end of the quarter. Additionally, AMIN also discloses the details of the votes cast, in the annual report of the schemes of HSBC Mutual Fund.	N.A.
6	Principle 6: Institutional investors should report periodically on their stewardship activities.	Complied	The annual status report of the stewardship code and quarterly report on proxy voting are publicly disclosed on the website as required under SEBI Regulations.	N.A.

Trustees' Report

For the year ended March 31, 2024 (Contd...)

13. DISCLOSURES PERTAINING TO NAV ADJUSTED DURING THE FINANCIAL YEAR FOR SWING FACTOR ALONG WITH THE PERFORMANCE IMPACT

Sr No.	Period of applicability of swing pricing	Scheme Name	Unswung NAV	Swing factor applied	Whether optional or mandatory
NIL					

14. SIGNIFICANT EVENT AFTER THE END OF THE FINANCIAL YEAR

NIL

15. ACKNOWLEDGEMENTS

The Trustees wish to thank the unitholders of the Schemes for their support throughout the year, and also thank the Government of India, the Securities and Exchange Board of India (SEBI), the Reserve Bank of India (RBI) and the Association of Mutual Funds in India (AMFI) for the guidance provided by them. The Trustees also appreciate the services provided by the Registrar and Transfer Agent, Fund Accountant, Custodian, Bankers, Distributors and Brokers. The guidance and services provided by the auditors and advocates and the ebullience, sincerity and dedication of the employees of HSBC Asset Management (India) Private Limited is also appreciated.

The Trustees look forward to the continued support of everyone.

For and on behalf of **HSBC Trustees (India) Private Ltd.**

Sd/-

Director

Mumbai

July 19, 2024

Independent Auditors' Report

To the Board of Directors of HSBC Trustees (India) Private Limited (the "Trustee")

HSBC Multi Cap Fund

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **HSBC Multi Cap Fund** (the "Scheme") of HSBC Mutual Fund (the "Fund"), which comprise the Balance Sheet as at March 31, 2024, the Revenue Account and the Cash Flow Statement for the year then ended, and notes to the financial statements, including a summary of material accounting policy and other explanatory information.

In our opinion, and to the best of our information and according to the explanations given to us, the aforesaid financial statements of the Scheme give a true and fair view in conformity with the Indian Accounting Standards ("Ind AS") prescribed under section 133 of the Companies Act, 2013 (the "Act") read with Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India, including the accounting policies and standards specified in the Regulation 50 and Ninth Schedule to the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 ("the SEBI Regulations") (collectively referred to as the "Regulations") as amended:

- a. in the case of the Balance Sheet, of the state of affairs of the Scheme as at March 31, 2024;
- b. in the case of the Revenue Account, of the net surplus for the year ended on that date; and
- c. in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing ("SAs") and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India (the "ICAI"). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Scheme in accordance with the Code of Ethics issued by the ICAI together with the ethical requirements that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Information Other than the Financial Statements and Auditor's Report Thereon

The Board of Directors of HSBC Asset Management (India) Private Limited (the "AMC") and the Board of Directors of HSBC Trustees (India) Private Limited (the "Trustees") (collectively referred to as "the Management") are responsible for the other information. The other information comprises the information included in the Trustees report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

The Management is responsible for the preparation of these financial statements that give a true and fair view of the state of affairs, results of operations and cash flows of the Scheme in accordance with the accounting principles generally accepted in India, including the accounting policies and standards specified in Regulations. This responsibility also includes maintenance of adequate accounting records in accordance with the SEBI

Independent Auditors' Report *(Contd...)*

Regulations for safeguarding of the assets of the Scheme and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Management is responsible for assessing the Scheme's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management, either intends to liquidate the Scheme or to cease operations, or has no realistic alternative but to do so.

Those Charged with Governance are also responsible for overseeing the Scheme's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Scheme's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Scheme to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide to those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Independent Auditors' Report (Contd...)

Report on Other Legal and Regulatory Requirements

1. As required by regulation 55(4) and clause 5(ii)(2) of the Eleventh Schedule of the SEBI Regulations, we report that:
 - a. we have sought and obtained all the information and explanations which, to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b. in our opinion, the Balance Sheet and the Revenue Account dealt with by this report have been prepared in accordance with the accounting policies and standards specified in the Regulations; and
 - c. the Balance Sheet, the Revenue Account and the Cash Flow Statement, dealt with by this report are in agreement with the books of accounts of the Scheme.
2. On the basis of information and explanations given to us, the scheme does not have any non-traded securities as at March 31, 2024 and hence reporting requirement of Eighth Schedule of the SEBI Regulations is not applicable.

For **M S K A & Associates**

Chartered Accountants

ICAI Firm Registration No. 105047W

Sd/-

Swapnil Kale

Partner

Membership No: 117812

UDIN: 24117812BKFISE8737

Place : Mumbai

Date : July 19, 2024

Abridged Balance Sheet as at March 31, 2024

Rs. in Lakhs		
	As at March 31, 2024	As at March 31, 2023
LIABILITIES		
1 Unit Capital	169,468.17	125,399.02
2 Reserves & Surplus		
2.1 Unit Premium Reserves	16,079.99	3.19
2.2 Unrealised Appreciation Reserve	78,423.60	282.70
2.3 Other Reserves	3,016.58	167.37
3 Loans & Borrowings	—	—
4 Current Liabilities & Provisions		
4.1 Provision for Doubtful Income/Deposits	—	—
4.2 Other Current Liabilities & Provisions	997.57	336.73
TOTAL	267,985.90	126,189.01
ASSETS		
1 Investments		
1.1 Listed Securities:		
1.1.1 Equity Shares	262,337.89	105,554.45
1.1.2 Preference Shares	—	—
1.1.3 Equity Linked Debentures	—	—
1.1.4 Other Debentures & Bonds	—	—
1.1.5 Securitised Debt Securities	—	—
1.2 Securities Awaited Listing:		
1.2.1 Equity Shares	—	—
1.2.2 Preference Shares	—	—
1.2.3 Equity Linked Debentures	—	—
1.2.4 Other Debentures & Bonds	—	—
1.2.5 Securitised Debt Securities	—	—
1.3 Unlisted Securities:		
1.3.1 Equity Shares	—	—
1.3.2 Preference Shares	—	—
1.3.3 Equity Linked Debentures	—	—
1.3.4 Other Debentures & Bonds	—	—
1.3.5 Securitised Debt Securities	—	—
1.4 Government Securities	—	—
1.5 Treasury Bills	—	—
1.6 Commercial Paper	—	—
1.7 Certificate of Deposits	—	—
1.8 Bill Rediscounting	—	—
1.9 Units of Domestic Mutual Fund	—	—
1.10 Exchange Traded Funds (ETF)	—	15,122.94
1.11 Foreign Securities	—	—
Total Investments	262,337.89	105,554.45
2 Deposits	195.87	280.20
3 Other Current Assets		
3.1 Cash & Bank Balance	689.98	47.55
3.2 CBLO/TREPS/Reverse Repo Lending	4,730.72	20,306.81
3.3 Others	31.44	—
4 Deferred Revenue Expenditure (to the extent not written off)	—	—
TOTAL	267,985.90	126,189.01

Notes to Accounts - Annexure I

Abridged Revenue Account for the year ended March 31, 2024

		Rs. in Lakhs	
		Current period ended March 31, 2024	Current period ended March 31, 2023
1	INCOME		
1.1	Dividend	1,925.65	82.75
1.2	Interest	310.25	750.99
1.3	Realised Gain/(Loss) on Foreign Exchange Transactions	—	—
1.4	Realised Gains/(Losses) on Interscheme Sale of Investments	—	—
1.5	Realised Gains/(Losses) on External Sale/Redemption of Investments	4,006.46	—
1.6	Realised Gains/(Losses) on Derivative Transactions	—	—
1.7	Other Income	156.87	17.91
	(A)	6,399.23	851.65
2	EXPENSES		
2.1	Management Fees	970.15	135.98
2.2	GST on Management Fees	174.64	24.48
2.3	Transfer Agents Fees and Expenses	125.84	14.03
2.4	Custodian Fees	2.47	—
2.5	Trusteeship Fees	1.47	0.09
2.6	Commission to Agents	2,360.23	257.02
2.7	Marketing & Distribution Expenses	0.23	1.20
2.8	Audit Fees	3.39	1.45
2.9	Investor Education Expenses	36.86	4.11
2.10	Interest on Borrowing	—	—
2.11	Brokerage & Transaction Costs	256.81	229.22
2.12	Other Operating Expenses	26.10	3.60
	(B)	3,958.20	671.18
3	NET REALISED GAINS/(LOSSES) FOR THE YEAR (C = A - B)	2,441.03	180.46
4	Change in Unrealised Depreciation in Value of Investments (D)	—	—
5	NET GAINS/(LOSSES) FOR THE YEAR (E = C + D)	2,441.03	180.46
6	Change in Unrealised Appreciation in Value of Investments (F)	78,140.89	282.70
7	NET SURPLUS/(DEFICIT) FOR THE YEAR (G = E + F)	80,581.92	463.17
7.1	Add : Balance Transfer from Unrealised Appreciation Reserve	—	—
7.2	Less : Balance Transfer to Unrealised Appreciation Reserve	78,140.89	282.70
7.3	Add/(Less) : Equalisation	408.18	(13.10)
7.4	Transfer from Reserve Fund	167.37	—
7.5	Transfer from Unit Premium Reserve	—	—
8	Total	3,016.58	167.37
9	Dividend Appropriation		
9.1	Income Distributed during the Year	—	—
9.2	Tax on Income Distributed during the Year	—	—
10	Retained Surplus/(Deficit) Carried Forward to Balance Sheet	3,016.58	167.37

Notes to Accounts - Annexure I

Key Statistics for the year ended March 31, 2024

	Current period ended March 31, 2024	Previous Year ended March 31, 2023
1. NAV per unit (Rs.):		
Open		
Regular Plan - Growth Option	10.0356	—
Regular Plan - IDCW Option	10.0356	—
Direct Plan - Growth Option	10.0587	—
Direct Plan - IDCW Option	10.0587	—
High		
Regular Plan - Growth Option	16.1781	10.1495
Regular Plan - IDCW Option	16.1779	10.1495
Direct Plan - Growth Option	16.4207	10.1642
Direct Plan - IDCW Option	16.4209	10.1642
Low		
Regular Plan - Growth Option	10.0246	9.7721
Regular Plan - IDCW Option	10.0246	9.7721
Direct Plan - Growth Option	10.0488	9.7936
Direct Plan - IDCW Option	10.0488	9.7936
End		
Regular Plan - Growth Option	15.7462	10.0356
Regular Plan - IDCW Option	15.7460	10.0356
Direct Plan - Growth Option	15.9984	10.0587
Direct Plan - IDCW Option	15.9985	10.0587
2. Closing Assets Under Management (Rs. in Lakhs)		
End	266,986	125,752
Average (AAuM) ¹	184,296	122,895
3. Gross income as % of AAuM ²	3.47%	0.69%
4. Expense Ratio:		
a. Total Expense as % of AAuM (including GST on Management fees) (planwise)		
Regular Plan	2.05%	0.17%
Direct Plan	0.68%	0.79%
b. Management Fee as % of AAuM (planwise)		
Regular Plan	0.53%	0.66%
Direct Plan	0.49%	0.57%
5. Net Income as a percentage of AAuM ³	1.32%	0.15%
6. Portfolio turnover ratio ⁴	0.13	—

Key Statistics for the year ended March 31, 2024 (Contd...)

	Current period ended March 31, 2024	Previous Year ended March 31, 2023
7. Total IDCW per unit distributed during the year (planwise)		
Retail		
Regular Plan - IDCW Option	—	—
Direct Plan - IDCW Option	—	—
Corporate		
Regular Plan - IDCW Option	—	—
Direct Plan - IDCW Option	—	—
8. Returns (%):		
a. Last One Year		
Scheme		
Regular Plan - Growth Option	57.32%	NA#
Direct Plan - Growth Option	59.46%	NA#
Benchmark		
NIFTY 500 TRI	47.88%	NA#
b. Since Inception		
Scheme		
Regular Plan - Growth Option	47.98%	0.36%#
Direct Plan - Growth Option	50.01%	0.59%#
Benchmark		
NIFTY 500 TRI	37.71%	(1.81)%#

The scheme has not completed one year, hence since inception scheme & benchmark returns are simple annualised returns.

¹ AAuM = Average daily net assets.

² Gross income = amount against (A) in the Revenue Account i.e. Income.

³ Net income = amount against (C) in the Revenue Account i.e. Net Realised Gains/(Losses) for the year.

⁴ Portfolio Turnover = Lower of sales or purchase divided by the Average AuM for the year.

Note: Returns have been calculated as on last business day of the month i.e. March 28, 2024 due to non-availability of benchmark indices as of March 31, 2024.

Notes to Accounts – Annexure I

To the Abridged Balance Sheet and Revenue Account for the year ended March 31, 2024

1 Investments:

- 1.1. It is confirmed that investments of the Schemes are registered in the name of the Trustees for the benefit of the Scheme's unitholders.
- 1.2. Open Positions of derivatives as on year ended March 31, 2024 and March 31, 2023 are NIL.
- 1.3. Investment in Associates and Group Companies as at the year ended March 31, 2024 and March 31, 2023 are NIL.
- 1.4. Open positions of Securities Borrowed and/or Lent by the scheme as on the year ended March 31, 2024 and March 31, 2023 are NIL.
- 1.5. Investment in Below investment grade and default/Securities in default beyond its maturity date as on March 31, 2024 and March 31, 2023 are NIL.
- 1.6. Aggregate Unrealised Gain/Loss as at the end of the Financial year March 31, 2024 and March 31, 2023 and percentage to net assets are as under :

Rs. In Lakhs

Company Name	Amount	Percentage to Net Assets	Amount	Percentage to Net Assets
	As at March 31, 2024		As at March 31, 2023	
Equity Shares				
- Appreciation	81,695.77	30.60	2,777.78	2.21
- Depreciation	3,272.17	1.23	2,495.08	1.98

- 1.7. The aggregate value of investments securities (excluding TREPS and Reverse Repos) purchased and sold (including matured) during the financial year 2023-24 (excluding accretion of discount) is Rs. 98,395.00 lakhs and Rs. 23,758.91 lakhs respectively being 53.39% and 12.89% of the average net assets.

The aggregate value of investments securities (excluding TREPS and Reverse Repos) purchased and sold (including matured) during the financial year 2022-23 (excluding accretion of discount) is Rs. 105,500.96 lakhs and Rs. 0 respectively being 513.67% and 0% of the average net assets.

- 1.8. Non-Traded securities in the portfolio of the scheme as on the year ended March 31, 2024 and March 2023 is NIL.

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

During the year 2023-24, The Hongkong and Shanghai Banking Corporation Limited, an associate entity of HSBC Asset Management (India) Private Limited was paid collection/bank charges amounting to Rs. Nil.

During the year 2022-23, The Hongkong and Shanghai Banking Corporation Limited, an associate entity of HSBC Asset Management (India) Private Limited was paid collection/bank charges amounting to Rs. Nil.

Commission paid to Sponsor/AMC and its associates/related parties/group companies

Name of Sponsor/AMC and its associates/related parties/group companies	Nature of Association / Nature of Relation	Period Covered	Business Given [Rs. In lakhs]	% of Total Business received by the Fund	Commission paid [Rs. In Lakhs]	% of Total commission paid by the Fund
The Hongkong and Shanghai Banking Corporation Limited	Group Company	2023-2024	10,542.04	10.82	938.98	40.85
The Hongkong and Shanghai Banking Corporation Limited	Group Company	2022-2023	73,446.56	57.36	64.94	51.33

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

To the Abridged Balance Sheet and Revenue Account for the year ended March 31, 2024

Brokerage paid to Sponsor/AMC and its associates/related parties/group companies

Name of Sponsor/AMC and its associates/related parties/group companies	Nature of Association /Nature of relation	Period Covered	Value of Transactions [Rs. In lakhs]	% of total value of transactions of the fund	Brokerage paid [Rs. In lakhs]	% of total brokerage paid by the fund
HSBC Securities & Capital Markets (India) Private Limited	Sponsor	2023-2024	7,969.37	6.52	9.55	7.10
HSBC Securities & Capital Markets (India) Private Limited	Sponsor	2022-2023	NIL			

- 3 None of the Investors held more than 25% of the total net assets of the scheme at the year ended March 31, 2024 and March 2023.
- 4 Unit Capital movement during the year ended March 31, 2024 and March 31, 2023:

Description	2023-2024				
	Opening Units	Subscription	Redemption	Closing Units	Face Value per unit (Rupees)
Regular Plan - Growth Option	1,220,411,422.979	683,140,634.255	271,635,660.909	1,631,916,396.325	10
Regular Plan - IDCW Option	6,714,951.845	4,053,148.196	3,210,930.498	7,557,169.543	10
Direct Plan - Growth Option**	26,578,271.566	32,755,444.518	5,101,472.683	54,232,243.401	10
Direct Plan - IDCW Option	285,567.066	852,217.775	161,926.126	975,858.715	10

Description	2022-2023				
	Opening Units	Subscription	Redemption	Closing Units	Face Value per unit (Rupees)
Regular Plan - Growth Option	–	1,243,025,777.208	22,614,354.229	1,220,411,422.979	10
Regular Plan - IDCW Option	–	6,729,651.040	14,699.195	6,714,951.845	10
Direct Plan - Growth Option**	–	30,708,355.155	4,130,083.589	26,578,271.566	10
Direct Plan – IDCW Option	–	285,567.066	–	285,567.066	10

** Units held by the AMC (Seed Capital) in Direct Plan Growth Option as on March 31, 2024 is 1,570,587.671 and as on March 31, 2023 is 1,570,587.671.

- 5 Previous year's/period figures have been re-grouped/re-arranged where necessary.
- 6 There are no contingent liabilities and other commitments as on March 31, 2024 and March 31, 2023. Contingent asset is neither recognized nor disclosed in the financial statements.

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

To the Abridged Balance Sheet and Revenue Account for the year ended March 31, 2024

- 7 Expenses other than Management Fees are Inclusive of GST where applicable.
- 8 Other income of Rs. 156.87 lakhs represents Exit load credited to the scheme (2023: Rs. 17.91 lakhs represents Exit load credited to the scheme).

9 Investor Education Awareness

As mandated by SEBI vide circular no. CIR/IMD/DF/21/2012 dated September 13, 2012 an annual charge of 0.02 percent of daily net assets, being a part of total recurring expenses is set aside for Investor Education and Awareness (IEA). In view of the AMFI Best Practices Guidelines Circular No. 56/2015-16, the IEF (Investor Education Fund) accrual is set aside in a separate bank account and the consolidated balance across all schemes as on March 31, 2024.

Pursuant to SEBI circular dated May 23, 2022, w.e.f. July 1, 2022, the limit of 0.02% p.a. has been reduced to 0.01% p.a. in case of ETFs/Index Funds. Furthermore, Fund of Funds (FoFs) investing more than 80% of its NAV in the underlying domestic funds have discontinued setting aside 0.02% p.a. of daily net assets towards IEA.

The break-up of which is as under:

	March 31, 2024	March 31, 2023
Particulars	Amount (Rs. In Lakhs)	Amount (Rs. In Lakhs)
Opening Balance as on April 01, 2023	997.09	460.22
Add: Accrual during FY 2023-24	1,962.01	1,432.00
Less: Transferred to AMFI *	889.11	646.75
Less: Payable to AMFI (March 2024 accrual) *	91.90	69.25
Add: Investment Income FY 2023-24	77.08	166.42
Less: Spent during FY 2023-24	1,877.44	345.55
Closing Balance as on March 31, 2024	177.73	997.09

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

The IEA disclosure's are presented for surviving schemes only.

- 10 Pursuant to SEBI Circular No. SEBI/HO/IMD/DF3/CIR/P/2020/194 dated October 05, 2020, the nomenclature of 'Dividend Option' under all the schemes of HSBC Mutual Fund has been revised to 'Income Distribution cum Capital Withdrawal Option' (IDCW), with effect from April 01, 2021.
- 11 Securities, excluding debt securities, where the non-traded investments which have been valued "in good faith" exceed 5% of the net assets at the end of the year is NIL.
- 12 Debt securities which have been valued at a price other than the price given by the independent valuation agencies at the end of the year is NIL.
- 13 **Disclosure of Risk-o-meter**

Scheme Name	Risk-o-meter level at end of the financial year i.e. March 31, 2024	Risk-o-meter level as on March 31, 2023	Number of changes in Risk-o-meter during the financial year (March 2023 to March 2024)
HSBC Multi Cap Fund	Very High	Very High	0

- 14 Subsequent to receipt of SEBI's no objection to acquisition of 100% equity shares of L&T Investment Management Limited ("LTIM", Investment Manager of L&T Mutual Fund) and the amendments proposed to the trust deed of the HSBC Mutual Fund as required under the SEBI (Mutual Funds) Regulations, 1996, the schemes of L&T Mutual Fund (LTMF) were transferred to/ merged with the schemes of HSBC Mutual Fund on and from the close of business hours of November 25, 2022, and the HSBC AMC and HSBC

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

To the Abridged Balance Sheet and Revenue Account for the year ended March 31, 2024

Trustees assumed the responsibilities of the schemes of LTMF w.e.f. close of business hours of November 25, 2022.

- 15 During the year, HSBC Securities and Capital Markets (India) Private Limited ("HSCI"), Sponsors of HSBC Mutual Fund established a private limited company with limited liability to act as the "Trustee" of HSBC Mutual Fund. HSBC Trustees (India) Private Limited ("HTIP") was incorporated on 9 January 2024. Accordingly, HTIP has replaced the Board of Trustees of HSBC Mutual Fund w.e.f. 1 March 2024, and the Company through its Board of Directors has been discharging its obligations as the "Trustees" of the Fund from this date.
- 16 The Annual Accounts of the Schemes, prepared in accordance with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the "Act") read with the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time and clause 17.14 of SEBI Master Circular for Mutual Funds dated June 27, 2024, has been approved by the Board of Directors of HSBC Asset Management (India) Private Limited and HSBC Trustees (India) Private Limited at their meetings held on July 8, 2024 and July 19, 2024 respectively. The audit report attached herewith refers to the said Annual Accounts. The aforesaid abridged accounts are an extract of the Annual Accounts and are prepared in accordance with clause 5.4 and format no. 3.B under the section of formats of SEBI Master Circular for Mutual Funds dated June 27, 2024 and other relevant circulars issued by the Securities and Exchange Board of India from time to time.

Voting Policy and Procedures

In view of para 6.16 of SEBI Master Circular on Mutual Funds dated June 27, 2024 related to "Role of Mutual Funds in Corporate Governance of Public Listed Companies", HSBC AMC has formulated its "Policy for Proxy Voting in Public Listed Companies". The said policy is available on our website and the details of actual exercise of proxy votes, the summary of votes casted and the auditor's certificate is forming part of our full Annual Report for the Financial Year 2023 – 24 which has been uploaded on our website at <http://www.assetmanagement.hsbc.co.in>

Statutory Details & Disclaimers

All the returns have been sourced from Mutual Funds India Explorer software. The performance of the schemes and the benchmark is calculated on a total return basis. This document has been prepared by HSBC Asset Management (India) Private Limited (HSBC) for information purposes only with an intent to provide market overview and should not be construed as an offer or solicitation of an offer for purchase of any of the funds of HSBC Mutual Fund. All information contained in this document (including that sourced from third parties), is obtained from sources, which HSBC/third party, believes to be reliable but which it has not been independently verified by HSBC/the third party. Further, HSBC/the third party makes no guarantee, representation or warranty and accepts no responsibility or liability as to the accuracy or completeness of such information. The information and opinions contained within the document are based upon publicly available information and rates of taxation applicable at the time of publication, which are subject to change from time to time.

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

For disclosure of quarterly AUM/AAUM and AUM by geography, please visit our website at www.assetmanagement.hsbc.co.in. Investors are requested to note that as per SEBI (Mutual Funds) Regulations, 1996 and guidelines issued thereunder, HSBC AMC, its employees and/ or empaneled distributors/agents are forbidden from guaranteeing/promising/assuring/predicting any returns or future performances of the schemes of HSBC Mutual Fund. Hence, please do not rely upon any such statements/commitments. If you come across any such practices, please register a complaint via email at investor.line@mutualfunds.hsbc.co.in

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

Important Updates

Name and Date of Birth as per PAN card - Effective from June 1, 2024

As per recent regulatory requirement and changes advised by Income Tax Department in PAN validation process, now it is mandated to quote your Name(s) and DOB as per PAN card. To avoid any failure in such validations, we request investors to quote the Name(s) and DOB's of all the holders including Guardian, Power of Attorney (POA) holders as per PAN card.

Useful Links for self service options

- **Use our 24 x 7 Chatbot - "ASKME" for any queries or service request:**
visit: <https://invest.assetmanagement.hsbc.co.in>

SMS your request to HSBC Mutual Fund

- **Latest NAV :** Send SMS as HSBCMF NAV <Scheme Code> to 56767
Example: HSBCMF NAV F03
- **Valuation Service on registered mobile No. :** Send SMS as HSBCMF VAL <folio_number> to 56767
Example: HSBCMF VAL 123456
- **Annual Report :**
For Electronic Copy: Send SMS as HSBCMFARE <folio_number> to 567678080
Example: HSBCMF ARE 123456
For Physical Copy: Send SMS as HSBCMFARP <folio_number> to 567678080
Example: HSBCMF ARP 123456
- **Half Yearly Portfolio :**
For Electronic Copy: Send SMS as HSBCMFHPE <folio_number> to 567678080
Example: HSBCMF HPE 123456
For Physical Copy: Send SMS as HSBCMFHPP <folio_number> to 567678080
Example: HSBCMF HPP 123456

Missed Call Service

- You can give a missed call to 9212900020 to get the total valuation via SMS and a statement on your registered email ID

Book-Post

If undelivered please return to:

Computer Age Management Services Private Limited (CAMS)

Unit: HSBC Mutual Fund

New No. 10, M.G.R Salai, Nungambakkam, Chennai - 600034.

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

HSBC Asset Management (India) Private Limited

CIN NO: U74140MH2001PTC134220

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

Website : www.assetmanagement.hsbc.co.in

Description	Toll Free Number	Email ID
Investor related queries	1800-4190-200/1800-200-2434	investor.line@mutualfunds.hsbc.co.in
Online related queries	1800-4190-200/1800-200-2434	onlinemf@mutualfunds.hsbc.co.in
Investor (Dialing from abroad)	+91 44 39923900	investor.line@mutualfunds.hsbc.co.in

To get your updated account statement email us at : mfsoa@mutualfunds.hsbc.co.in

We're always here to help you, so feel free to reach out to us

Self-service request at your Fingertips

- Visit Website • Invest Online • Insta Statement • Download Forms
- Transact via Whats App • Use 24/7 ChatBot - Ask Me



Remember, you can also find out more via our social media handles !

Please check our website www.assetmanagement.hsbc.co.in for an updated list of Official Points of Acceptance of HSBC Mutual Fund.

CAMS SERVICE CENTRES / CAMS LIMITED TRANSACTION POINTS / CAMS COLLECTION CENTRES

For details on CAMS Service Centres, please visit www.camsonline.com



HSBC Nifty 50 Index Fund **(Erstwhile L&T Nifty 50 Index Fund)**

Index Fund - An open ended Equity Scheme tracking NIFTY 50 Index.

Abridged Annual Report 2023 - 2024



SPONSOR

HSBC Securities and Capital Markets (India) Private Limited

CIN – U67120MH1994PTC081575

Regd. Office: 52/60, Mahatma Gandhi Road, Fort, Mumbai 400001.

TRUSTEE COMPANY

HSBC Trustees (India) Private Limited

CIN – U66190MH2024PTC416973

Regd. Office: 52/60, Mahatma Gandhi Road, Fort, Mumbai 400001.

ASSET MANAGEMENT COMPANY

HSBC Asset Management (India) Private Limited

CIN – U74140MH2001PTC134220

Regd. Office: 9-11 Floors, NESCO IT Park, Building No. 3,
Western Express Highway, Goregaon (East), Mumbai 400063.

CUSTODIAN

Citibank N.A.

First International Financial Center (FIFC), 9th Floor,
C-54 & 55, G – Block, Bandra Kurla Complex, Bandra (East), Mumbai 400051.

AUDITORS TO THE SCHEME

MSKA & Associates

Chartered Accountants

602, Floor 6, Raheja Titanium, Western Express Highway,
Geetanjali Railway Colony, Ram Nagar, Goregaon (East), Mumbai 400063.

REGISTRAR & TRANSFER AGENTS

Computer Age Management Services Limited (CAMS)

Unit: HSBC Mutual Fund

New No. 10, M.G.R Salai, Nungambakkam, Chennai 600034.

BOARD OF TRUSTEES

Ms. Jasmine Batliwalla

– Chairperson

Mr. Nani Javeri

– Trustee

Mr. David Rasquinha

– Trustee

Mr. Nicolas Moreau

– Trustee

BOARD OF DIRECTORS

Dr. Indu Shahani

– Director

Mr. Kapil Seth

– Director

Ms. Roopa Varma

– Director

Mr. Kailash Kulkarni

– Director & Chief Executive Officer

Dear Investor,

As we reflect on the past year, I am filled with pride and optimism about the future of our company and overall growth of the mutual fund industry. The past year has marked significant milestones in our journey, particularly as we capitalise on the immense potential of India's burgeoning growth story.

Fiscal 2024 turned out to be one of the best years for the domestic mutual fund industry as assets under management (AUM) spurted by nearly Rs. 14 lakh crore to a record Rs. 53.40 lakh crore as of March 2024 compared with Rs. 39.42 lakh crore as of March 2023.

The mutual fund industry is experiencing immense growth and we are poised to take advantage of this upward trajectory. Our company is an integral part of this growth story, riding the wave with several strategic initiatives and accomplishments that have set us on a path of sustained success.



Major achievements post integration

- Post integration we have enhanced our digital offering for both B2B and B2C to provide improved customer journeys.
- HSBC AM India's AUM increased from USD 1.4 bn (before integration) to USD 13.7 bn as of April 2024.
- HSBC Asset Management India has now become the 14th largest asset manager in India in terms of AUM.
- HSBC AM India has launched 4 new products since integration (raising \$445M).
- We have expanded HSBC AM India's product offerings to 43 funds.

Key Achievements in FY2023-2024

Investment Performance: Our disciplined investment strategy and thorough research have been pivotal to our success. We have focused on high-quality, undervalued assets, achieving consistent returns across our portfolio.

Product Innovation: This year, we launched two new funds - HSBC Multi Asset Allocation Fund and HSBC Consumption Fund, tailored to meet the evolving needs of our investors. These new offerings have been well-received, contributing to our growth in AUM significantly.

Increased Media Presence: In FY24, we significantly boosted our media presence, ensuring that our brand and thought leadership are recognized across various platforms. Through strategic media engagements like Informed Investing with ET Now, talks shows and several authored articles plus interviews - we have amplified our message, reaching a broader audience and reinforcing our market position.

Successful Campaign Launch: We successfully launched SIP Hai #FaydeWaliAadat, an investor education campaign, that highlighted the transformative power of SIPs in achieving long-term financial

goals. A first of its kind campaign, it aimed at educating and empowering the millennial investors in India. The campaign garnered significant attention and positive feedback, strengthening our brand presence and engaging a wider audience. Notably, the campaign has also earned us prestigious awards and accolades highlighting our commitment to excellence and innovation.

Client Relationships: We have strengthened our client relationships through enhanced communication, transparency, and personalized service. Our client satisfaction scores have reached new heights, reflecting our commitment to exceptional service.

We believe that the India story has just begun and its economic landscape is poised for significant growth. An exposure to unique and future relevant themes can provide a much-needed inflation buffer. The importance of asset allocation continues to be critical. It is critical for all of us to review our risk appetite and goal proximity and construct a portfolio appropriately.

Besides construction, portfolio rebalancing is equally important in order to achieve optimal outcomes. I do hope you share my enthusiasm and I ask that you continue to invest whilst reviewing your asset allocation at all times.

I would like to express my sincere gratitude to our dedicated team, whose expertise and commitment are the backbone of our success. To our investors, thank you for your trust and continued support. Your confidence in our approach motivates us to strive for excellence in everything we do. Also, I want to express my deepest gratitude to our valuable partners for their unwavering support and keep our services running. Look forward to achieving even grater milestones together.

As we move forward, we remain committed to delivering superior investment performance, fostering strong client relationships, and driving sustainable growth. Together, we are well-positioned to navigate the future and achieve our goals.

Warm regards,



Kailash Kulkarni
Chief Executive Officer
HSBC Asset Management India

Trustees' Report

For the year ended March 31, 2024

The Board of Directors of HSBC Trustees (India) Private Limited, Trustees of HSBC Mutual Fund present the Twenty Second Annual Report and the audited abridged financial statements of the schemes of the HSBC Mutual Fund ("the Fund") for the year ended March 31, 2024.

With the acquisition of L&T Mutual Fund in the previous financial year, the Fund's Assets Under Management ('AUM') (excluding Domestic FOFs) as on March 31, 2024 was INR 109368.16 crores (audited). The Fund ranks in the top 15 Mutual Fund houses in India in terms of AUM.

As at March 31, 2024, the Fund offered 43 schemes across asset classes to meet the varying investment needs of the investors. During the year, the Fund launched two new products namely HSBC Consumption Fund and HSBC Multi Asset Allocation Fund in Equity and Hybrid categories.

The Fund continues its focus on delivering consistent long-term returns. The comments on the performance of the scheme(s) are provided hereinafter. Dividends were declared under various schemes as per the provisions contained in the respective Scheme Information Documents after considering the distributable surplus available under the respective plans of the schemes. Details of dividends declared can be viewed on our website at www.assetmanagement.hsbc.co.in.

During the year, HSBC Securities and Capital Markets (India) Private Limited ("HSCI"), Sponsors of the Fund established a private limited company with limited liability to act as the "Trustees" of the Fund. HSBC Trustees (India) Private Limited ("HTIP") was incorporated on 9 January 2024. Accordingly, HTIP has replaced the Board of Trustees of HSBC Mutual Fund w.e.f. 1 March 2024, and the Company through its Board of Directors has been discharging its obligations as the "Trustees" of the Fund from this date.

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

a. Operations and Performance of the Scheme

➤ Equity Scheme

HSBC Nifty 50 Index Fund ('HNI-50')

(Index Fund - An open-ended Equity Scheme tracking NIFTY 50 Index)

The scheme has adopted a passive investment strategy. The scheme invests in stocks comprising the Nifty 50 index in the same proportion as in the benchmark index with the objective of achieving returns equivalent to the Total Returns Index of Nifty 50 index by minimizing the performance difference between the benchmark index and the Scheme. The Total Returns Index is an index that reflects the returns on the index from index gain/loss plus dividend payments by the constituent stocks. There is no assurance that the investment objective of the Scheme will be realized.

The net assets of HNI-50 amounted to INR 244.97 crores as at March 31, 2024 as against INR 165.04 crores as at March 31, 2023. Around 99.79% of the net assets were invested in equities, 0.34% of the net assets were invested in reverse repos/TREPS and (0.13%) in net current assets as at March 31, 2024.

HNI-50 invests predominantly in stocks constituting the underlying index in the same proportion as in the Index and endeavors to track the benchmark index. A very small portion (0-5% of the Net Assets) of HNI-50 may be kept liquid to meet the liquidity and expense requirements.

HSBC Nifty 50 Index Fund					Date of Inception : 15 April, 2020			
Fund / Benchmark (Value of ₹ 10,000 invested)	1 Year		3 Years		5 Years		Since Inception	
	Amount (₹)	Returns (%)	Amount (₹)	Returns (%)	Amount (₹)	Returns (%)	Amount (₹)	Returns (%)
HSBC Nifty 50 Index Fund	12955	29.73	15475	15.70	NA	NA	25428	26.63
Scheme Benchmark (Nifty 50 TRI)	13008	30.27	15736	16.35	NA	NA	26154	27.53
Additional Benchmark (S&P BSE Sensex TRI)	12650	26.66	15423	15.57	NA	NA	25406	26.60

Trustees’ Report
For the year ended March 31, 2024 (Contd...)

Past performance may or may not be sustained in future. Returns have been calculated for the respective periods for Growth Option of Regular Plan as on last business day of the month i.e. March 28, 2024 due to non-availability of benchmark indices as of March 31, 2024. Returns on ₹ 10,000 are point-to-point returns for the specific time period, invested at the start of the period. Returns for 1 year and above are Compounded Annualized. Different plans shall have a different expense structure. Performance of the respective benchmark is calculated as per the Total Return Index (TRI).

Please Note: NA means not available

Please note that Bombay Stock Exchange (“BSE”) has notified that basis their demerger of the tie-up between S&P Dow Jones (“SPDJS”) and BSE, only the nomenclature of Additional Benchmark of the scheme stands revised from June 1, 2024, however, the underlying index composition of the additional benchmark remains unchanged.

Risk-o-meter as of 31st March, 2024:

Scheme Name	Scheme Risk-o-meter	Benchmark Risk-o-meter
HSBC Nifty 50 Index Fund	 Investors understand that their principal will be at Very High risk	Benchmark Index: Nifty 50 TRI 

Please note that the above risk-o-meter is as per the product labelling of the Scheme basis Scheme's monthly portfolio as on March 31, 2024.

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

➤ EQUITY OUTLOOK

Recap of FY 2023-24:

FY24 was a stellar year for the Indian equity markets with strong economic momentum, healthy earnings growth and strong inflows from domestic and foreign institutional investors and strong retail participation driving a broad-based bull market. The Nifty and Sensex were up a solid 30.1%/26.5% respectively during the year, while the BSE Midcap and BSE Smallcap indices gained an astounding 65.2% and 61.4% respectively.

While geo-political conflicts continued in FY24, their impact on crude and global supply chains moderated. Crude prices largely remained range bound during the year. Inflation barring a brief spike largely remained well contained, the economy gained further steam with GDP growth crossing 8% in H1FY24 supported by government thrust on infrastructure. This translated into strong growth for several core sector industries including steel and cement. The growth in the real estate sector has been strong with inventory continuing to decline in metro markets. However, lagged impact of price increases continued to impinge on consumer demand growth which remained subdued for most mass market categories.

Domestic cyclicals were the best performing sectors during the year led by Real Estate, Capital Goods, Autos. Power was also among the best performing sectors. Global cyclicals like Metals and Oil & Gas also strongly outperformed the Nifty. FMCG and Banking while delivering healthy positive returns underperformed the Nifty, while IT performance was closer to Nifty.

MSCI India index outperformed most of key global indices during the past fiscal. MSCI India index (USD) gained 35.5% as compared to 23.1% gain for MSCI World, 27.9% for US S&P 500, 11.0% for MSCI Europe and only 5.3% for MSCI Emerging Markets as MSCI China declined 19.0% over the period.

Trustees' Report

For the year ended March 31, 2024 (Contd...)

Strong performance of the market and subsiding global macro headwinds drove a sharp turnaround in foreign investment flows. FII net inflow was at USD 25.3bn in FY24 versus an outflow of USD 6.0bn/ 17.1bn in FY23/ FY22. DIIs, on the other hand, matched FII inflow with an inflow of USD 25.3bn although it was lower than the net inflows at USD 30.8bn in FY23. Within DIIs, the MF segment was the key contributor (USD 24.3 bn of net inflows up from USD 21.8bn in FY23) while domestic Insurers were also in the net inflow territory (USD 1.0bn of net inflows vs USD 9.0bn in FY23).

Source: Motilal Oswal

Indices Returns (April 01, 2023 to March 31, 2024)	1 Year [^]
S&P BSE Sensex TR	26.5%
NSE CNX Nifty TR	30.1%
S&P BSE 100 TR	34.2%
S&P BSE 200 TR	38.5%
S&P BSE 500 TR	40.2%
S&P BSE Midcap TR	65.2%
S&P BSE Small-cap TR	61.4%

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

Way forward:

The global macro environment remains challenging with heightened geo-political and economic uncertainties. US bond yields remain high putting pressure on interest rates and currencies globally. For India, growth has continued to remain strong with GDP growth of 8.4% in Q3FY24 driven by strong government spending on infrastructure and pickup in manufacturing and construction. The 2024 interim budget has re-affirmed government focus on infrastructure. At the same time reduction in fiscal deficit should also help in easing of domestic interest rates. However, after last year's patchy monsoon, a good monsoon will be an important factor for rural demand and overall consumption growth in the economy in FY25.

India starts FY25 on a strong footing with positive growth momentum and India's investment cycle is expected to be on a medium-term uptrend supported by rising government investment in infrastructure and recovery in real estate cycle. There is also an expectation of higher private investments in renewable energy and related supply chain, localization of higher-end technology components, and India becoming a more meaningful part of global supply chains. Finally, it is expected for consumption to improve as the impact of high inflation fades and real incomes start to grow again.

However, several of these positives are getting discounted by the high valuations currently prevailing in the equity market. While the fund managers remain constructive on Indian equities supported by the more robust medium-term growth outlook there is a caution against high return expectations. Nifty continues to trade on 20.6x consensus 1 year forward PE (as of 30 April). On a 10-year basis, Nifty is still trading 10% above its historic average valuation but is in-line with its 5-year average. Valuations of the midcap and small cap indices are even higher versus their historical average.

➤ DEBT OUTLOOK

Market drivers during the course of the year FY 2024

The year started with advanced economies continuing to grapple with higher inflation and policy tightening remained a common theme across economies. During FY2024, the Federal Open Market Committee (FOMC) raised policy rates by 50 bps while European Central Bank (ECB) and Bank of England (BOE) raised policy rates by 100 bps each. The cumulative rate hikes by various advanced economies in this cycle are as follows:

Trustees' Report

For the year ended March 31, 2024 (Contd...)

Fed (525 bps), BOE (515 bps) and ECB (450 bps). Meanwhile cumulative rate hikes by the Monetary Policy Committee (MPC) in this cycle was 250 bps. On account of higher Government debt burden, Fitch downgraded US sovereign rating from AAA to AA+. US Treasury yields remained volatile during the year, with the 10-year benchmark rising higher by 73 bps during the year. Crude prices also moved higher by USD 7-8/bbl.

On the domestic front, Consumer price Index (CPI) inflation remained broadly in the upper end of the MPC's targeted band of 4% +/- 2% for most the financial year, however, inflation printed above 6% on two occasions due to high food inflation. Headline inflation remained susceptible to high food inflation with markets now expecting some relief of food prices on the back of normal monsoon. Core inflation eased through the year falling to below 4% in the last quarter.

Domestically, one of the biggest events during the year was the much-awaited index inclusion of Indian Government Bonds (IGBs) into the GBI-EM Global index suite and its relevant benchmarks. India is expected to reach the maximum weight of 10% in the GBI-EM Global Diversified Index (GBI-EM GD), with the inclusion staggered over a 10-month period starting June 2024. Following this, Bloomberg also included IGBs in their Bloomberg EM Local Currency Index, with India expected to reach a maximum weight of 10% over a 10-month period starting Jan 2025. Both these inclusions are expected to bring in INR 25-30 bn of index related FPI inflows over the next 1-2 years and paving the way for inclusion into other global bond indices as well. During FY2024, FPIs poured in close USD 12 bn into IGBs, with majority of the inflows coming in post the JP Morgan index inclusion announcement.

Government continued its path of fiscal consolidation, with the revised estimate of the Fiscal deficit for FY2024 coming in at 5.6%, with expectations for FY2025 at 5.1% and target of below 4.5% by FY2026. PMI numbers continue to remain in expansion, GST revenues remain buoyant and credit off-take upbeat.

The external sector has remained strong due to healthy service exports and remittances. Current Account Deficit (CAD) is expected to be around 1% for the year. Rupee remained one of the more stable currencies during the year, with active intervention from RBI smoothening any volatility. RBI continued to build on the FX reserves with year-end number around USD 650 bn.

Money market rates moved higher during the year due to tightening in liquidity along with higher Certificate of Deposit (CD) issuances. G-Sec yields, however, moved lower due to favorable demand supply and lower G-Sec borrowing. 10-year G-Sec moved lower during the year by 25 bps, while 5 yr G-Sec moved lower by 13 bps.

Market Outlook

While US markets have braced for "higher for longer" rates, we have seen in the past, that reactions to favorable data in such an environment can be sharp. Any softness in growth, employment or inflation data over the next few months will allow the markets to quickly start pricing in aggressive future policy easing. In our view, the RBI is also likely to gradually shift the liquidity deficit into surplus over the course of the next 3-6 months, flipping overnight rates from the top to the bottom of the rate corridor. The yield curve is likely to steepen as liquidity eases. This along with a potential 50 bps of policy easing in first half of CY2025 may push overnight rates lower by 75-100 bps.

While any form of additional spending by the new Government to address concerns of rural sections of the country and the possibility of additional spending to fund such policies will remain a key monitorable, it is believed the Government is likely to remain cognizant of the possible impact of such policies and take measured steps. With the dust settling down on the election outcome, the broad macroeconomic factors should continue to remain stable and could support softening in domestic yields going forward.

The Fund Managers continue to have a positive outlook for interest rates, based on various favorable factors: (a) Record RBI dividend to the Government, (b) reduced Fiscal deficit number of 5.6%, (c) favorable G-Sec supply demand dynamics, (d) FPI index related inflows, (e) revised outlook in India by S&P, (f) soft core inflation along with expectations of a better than normal monsoon, and finally (g) soft signals by Government and RBI on liquidity.

Source: RBI, Bloomberg, Internal HSBC Research & CCIL

Trustees' Report

For the year ended March 31, 2024 (Contd...)

2. BRIEF BACKGROUND OF THE SPONSORS, THE FUND, THE TRUSTEES AND THE ASSET MANAGEMENT COMPANY

A. Sponsor

HSBC Mutual Fund is sponsored by HSBC Securities and Capital Markets (India) Private Limited (HSCI). The Sponsor is the Settler of the Mutual Fund Trust. The Sponsor has entrusted a sum of Rs. 1,00,000/- (Rupees One Lakh only) to the Trustee as the initial contribution towards the corpus of the Mutual Fund.

HSCI offers integrated investment banking services, securities and corporate finance & advisory. HSCI is a member of the Bombay Stock Exchange Limited and National Stock Exchange (capital and derivative market segments). HSCI holds 100% of the paid-up equity share capital of HSBC Asset Management (India) Private Limited.

B. HSBC Mutual Fund

HSBC Mutual Fund ("the Mutual Fund" or "the Fund") has been constituted as a Trust in accordance with the provisions of the Indian Trusts Act, 1882 (2 of 1882) vide a Trust Deed dated February 7, 2002 (as amended) with HSBC Securities and Capital Markets (India) Private Limited, as the Sponsor and HSBC Trustees (India) Private Limited. The Trustee has entered into an Investment Management Agreement dated February 7, 2002 (as amended) with HSBC Asset Management (India) Private Limited (AMC) to function as the Investment Manager for all the schemes of the Fund. The Fund was registered with SEBI vide registration number MF/046/02/5 dated May 27, 2002.

The Trust has been formed for the purpose of pooling of capital from the public for collective investment in securities for the purpose of providing facilities for participation by persons as beneficiaries in such investments and in the profits/income arising therefrom.

C. HSBC Trustees (India) Private Limited (the Trustees)

The Trustees are the exclusive owner of the Trust Fund and holds the same in trust for the benefit of the unitholders. The Trustees have been discharging their duties and carrying out the responsibilities as provided in the SEBI (Mutual Funds) Regulations, 1996 and the Trust Deed. The Trustees seek to ensure that the Fund and the schemes floated there under are managed by the AMC in accordance with the Trust Deed, the said Regulations, directions and guidelines issued by the SEBI, the Stock Exchanges, the Association of Mutual Funds in India and other regulatory agencies.

During the year, HSBC Securities and Capital Markets (India) Private Limited ("HSCI"), Sponsors of HSBC Mutual Fund) established a private limited company with limited liability to act as the "Trustee" of HSBC Mutual Fund. HSBC Trustees (India) Private Limited ("HTIP") was incorporated on 9 January 2024. Accordingly, HTIP has replaced the Board of Trustees of HSBC Mutual Fund w.e.f. 1 March 2024, and the Company through its Board of Directors has been discharging its obligations as the "Trustees" of the Fund from this date.

As of March 31, 2024, HSCI holds 100% of the paid-up equity share capital of HTIP.

D. Asset Management Company (the AMC)

HSBC Asset Management (India) Private Limited (the Investment Manager or the AMC) is a private limited company incorporated under the Companies Act, 1956 on December 12, 2001 having its Registered Office at 9-11 Floors, NESCO IT Park, Building no. 3, Western Express Highway, Goregaon (East), Mumbai – 400 063. HSBC Asset Management (India) Private Limited has been appointed as the Asset Management Company of HSBC Mutual Fund by the Trustee vide Investment Management Agreement (IMA) dated February 7, 2002 (as amended) and executed between the Trustees and the AMC. SEBI approved the AMC to act as the Investment Manager of the Fund vide its letter No. MFD/BC/163/2002 dated May 27, 2002. The paid-up equity share capital of the AMC is Rs. 344.41 crores. The AMC is registered as a Portfolio Manager under the SEBI (Portfolio Managers) Regulations, 1993 vide registration no. INP000001322. The AMC also offers non-binding Advisory services to offshore funds under the mutual fund license.

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

Trustees’ Report
For the year ended March 31, 2024 (Contd...)

3. INVESTMENT OBJECTIVE OF THE SCHEMES

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

4. SIGNIFICANT ACCOUNTING POLICIES

The Significant Accounting Policies form part of the Notes to the Accounts annexed to the Balance Sheet of the Schemes in the Full Annual Report. The accounting policies are in accordance with Securities Exchange Board of India (Mutual Funds) Regulations, 1996 and Indian Accounting Standards (IND AS) notified under section 133 of the Companies Act, 2013 (the “Act” read with the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time.

5. UNCLAIMED DIVIDENDS & REDEMPTIONS

Summary of number of investors & corresponding amount as on March 31, 2024:

Scheme Name	Unclaimed Dividend		Unclaimed Redemption	
	No. of Investors	Amount (₹)	No. of Investors	Amount (₹)
HSBC NIFTY 50 INDEX FUND	0	0	9	813,094.66

6. INVESTOR SERVICES

The number of official points of acceptance of transactions are 210 locations. In addition to the offices of the Registrar & Transfer Agent, the AMC has its own office in 61 locations and Investor Service Centers in 39 locations. The AMC has 2 Toll Free numbers (1800-4190-200/1800-200-2434) which can be dialed from anywhere in India and 1 number i.e. +91 44 39923900 (Investors calling from abroad). The call center service is being managed by the Registrar and Transfer Agents. HSBC Mutual Fund offers the online transaction facility through the AMC’s website at www.assetmanagement.hsbc.co.in.

On the distribution front, the number of empaneled distributors were 59046 as on March 31, 2024. During the year, the AMC initiated tie-ups for online distribution of the Mutual Fund’s schemes with several channel partners taking the total number of such tie-ups to 160 as on March 31, 2024.

7. DETAILS OF INVESTOR GRIEVANCE REDRESSAL

The details of the redressal of investor complaints received against HSBC Mutual Fund during April 2023 - March 2024 are as follows:

2023-2024												
Complaint code	Type of Complaint	(a) No. of complaints pending at the beginning of the period	(b) No. of complaints received during the given period	Action on (a) and (b)								
				Resolved				Non Action-able*	Pending			
				Within 30 days	30-60 days	60-180 days	Beyond 180 days		0-3 months	3-6 months	6-9 months	9-12 months
I A	Non receipt of amount declared under Income Distribution cum Capital Withdrawal option	1	10	11	0	0	0	0	0	0	0	0
I B	Interest on delayed payment of amount declared under Income Distribution cum Capital Withdrawal option	0	1	1	0	0	0	0	0	0	0	0
I C	Non receipt of Redemption Proceeds	1	38	39	0	0	0	0	0	0	0	0
I D	Interest on delayed payment of Redemption	0	2	2	0	0	0	0	0	0	0	0

Trustees' Report

For the year ended March 31, 2024 (Contd...)

2023-2024												
Com-plaint code	Type of Complaint	(a) No. of complaints pending at the beginning of the period	(b) No. of complaints received during the given period	Action on (a) and (b)								
				Resolved				Non Action-able*	Pending			
				Within 30 days	30-60 days	60-180 days	Beyond 180 days		0-3 months	3-6 months	6-9 months	9-12 months
II A	Non receipt of Statement of Account/Unit Certificate	0	3	3	0	0	0	0	0	0	0	0
II B	Discrepancy in Statement of Account	1	22	23	0	0	0	0	0	0	0	0
II C	Data corrections in Investor details	1	250	249	0	0	0	0	2	0	0	0
II D	Non receipt of Annual Report/ Abridged Summary	0	0	0	0	0	0	0	0	0	0	0
III A	Wrong switch between Schemes	0	2	2	0	0	0	0	0	0	0	0
III B	Unauthorized switch between Schemes	0	1	1	0	0	0	0	0	0	0	0
III C	Deviation from Scheme attributes	0	1	1	0	0	0	0	0	0	0	0
III D	Wrong or excess charges/load	0	0	0	0	0	0	0	0	0	0	0
III E	Non updation of changes viz. address, PAN, bank details, nomination, etc	1	127	127	0	0	0	0	1	0	0	0
III F	Delay in allotment of Units	0	5	4	1	0	0	0	0	0	0	0
III G	Unauthorized Redemption	0	0	0	0	0	0	0	0	0	0	0
IV	Others**	1	78	76	0	0	0	0	3	0	0	0
	TOTAL	6	540	539	1	0	0	0	6	0	0	0

** As per AMFI Best Practice Guidelines Circular No.25/2011-12 for Revisions in the Guidelines on Standardization of Complaints / Grievances Reporting Procedure. If "Others" include a type of complaint which is more than 10% of overall complaints, then such a reason should be provided separately. Hence, data corrections in Investor Details are included as a separate category.

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

Summary of Complaints for FY 2023-24

Particulars	Count
Total complaints received	540
Total number of folios	21,39,406
% of complaints against the folio	0.025

8. INVESTOR EDUCATION INITIATIVES

During the FY 2023-24, the AMC conducted the following investor education and awareness initiatives:

- An integrated multi-media marketing campaign on SIP Hai 'FaydeWaliAadat' aimed to tap into the aspirations, financial goals, and unique spending habits of millennials.
- Editorial content on Systematic Investment Plans (SIP) created across 15 states through various regional television channels.
- Investor education content on the Platform - Quora.
- 'Be Money Confident' video series targeting women through Jio Platforms.
- Campaign on Women & Investing for Women's Day.
- Campaign for Marathon enthusiast on the similarities between running a Marathon & Investing.

Trustees' Report

For the year ended March 31, 2024 (Contd...)

- Financial literacy virtual event on the occasion of Mother's Day, which received more than 725 registered users.
- A mom blogger outreach program to reach Women Investors with financial education content on MF on the occasion of Mother's Day.
- Education campaign on ELSS executed for working audiences.
- Blogs and content for Investor Education properties like SIP Sahi Hai in Value Research, Gyan Guroovaar on Facebook, Investment Ki Paathshala on the website and investor education blogs on the platform - Advisor Khoj.
- 1,462 Investor Education programs to reach out to an audience of 71,465 people out of which 458 were women programs attended by 20,139 women.

9. PROXY VOTING POLICY

As per para 6.16 of SEBI Master Circular on Mutual Funds dated June 27, 2024, the Fund has adopted Proxy Voting Policy and Procedures for exercising voting rights in respect of securities held by the Schemes. (please refer Proxy Voting Policy and Procedures)

The summary of the votes casted in the general meetings of the Investee companies, by the AMC for and on behalf of the Schemes of the Fund, for the financial year 2023-24 is provided below:

Quarter	Total no. of resolutions	Break-up of Vote decision		
		For	Against	Abstained
April 2023 - June 2023	387	260	75	52
July 2023 - September 2023	2,169	1607	448	114
October 2023 - December 2023	197	138	37	22
January 2024 - March 2024	319	240	50	29
TOTAL	3,072	2,245	610	217

As per para 6.16.7 of SEBI Master Circular on Mutual Funds dated June 27, 2024, the AMC has obtained certificate from M/s. M. P. Chitale & Co., Chartered Accountants, who is acting as a Scrutinizer, on the voting report for the FY 2023-24. The certificate dated May 22, 2024 issued by M/s. M. P. Chitale & Co., is available on the website of the AMC as part of the full Annual Report.

Unitholders can refer to the full Annual Report for complete details of actual exercise of votes in the general meetings of the investee companies for the financial year 2023-24 or log on to our website at www.assetmanagement.hsbc.co.in.

10. STATUTORY DETAILS

- The Sponsors are not responsible or liable for any loss resulting from the operation of the Schemes of the Fund beyond initial contribution of Rs. 1 lakh for setting up the Fund.
- The price and redemption value of the units, and income from them, can go up as well as down with fluctuations in the market value of its underlying investments.
- Full Annual Report of HSBC Mutual Fund and of HSBC Asset Management (India) Private Limited (the AMC) shall be disclosed on the website at www.assetmanagement.hsbc.co.in and shall be available for inspection at the Head Office of the Mutual Fund. Present and prospective unitholders can obtain copy of the Trust Deed, the full Annual Report of the Scheme(s), the Annual Report of HSBC Asset Management (India) Private Limited and the text of the relevant Scheme(s) at a price.

11. CHANGES IN RISK-O-METER OF THE SCHEME DURING FY 2023-24

As per para 17.4. of SEBI Master Circular on Mutual Funds dated June 27, 2024 on product labelling, the changes carried out in the risk-o-meter of the schemes of HSBC Mutual Fund during FY 2023-24 have been

Trustees' Report

For the year ended March 31, 2024 (Contd...)

given in the below mentioned table for the information of the unitholders, a report on the said changes has also been displayed on the website of the Fund and AMFI.

Scheme Name	Risk-o-meter level as on March 31, 2023	Risk-o-meter level as on March 31, 2024	Number of changes in Risk-o-meter during the F.Y. 2023-24)
HSBC Nifty 50 Index Fund	Very High	Very High	0

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

As per para 6.16.15 of SEBI Master Circular on Mutual Funds dated June 27, 2024, HSBC Mutual Fund has adapted the policy on stewardship responsibilities, the unitholders are requested to note the status of governance with the same as mentioned below:

S. No.	Particulars of Principles of Stewardship Code	Status of compliance (Complied/ Not Complied)	Description	Remarks/ reasons for deviation/non-compliance, if any
1	Principle 1: Institutional Investors should formulate a comprehensive policy on the discharge of their stewardship responsibilities, publicly disclose it, review and update it periodically.	Complied	HSBC Asset Management (India) Private Limited's (AMIN) 'Policy on Stewardship responsibilities' (Stewardship Code/ Policy) was formulated and implemented on 01 July, 2020. This is a comprehensive document which has been publicly disclosed on the website of AMIN. The same shall follow a periodic review.	N.A.
2	Principle 2: Institutional investors should have a clear policy on how they manage conflicts of interest in fulfilling their stewardship responsibilities and publicly disclose it.	Complied	Defining and managing Conflict of Interest in fulfilling stewardship responsibilities are detailed in the Stewardship Policy document. The policy document is publicly disclosed.	N.A.
3	Principle 3: Institutional investors should monitor their investee companies.	Complied	AMIN monitors all investee companies through its investment process. This includes assessment of companies' own and market data, consideration of research from brokers and other independent research providers – including ESG & voting research, attending individual & group meetings with company management and directors, visiting production sites (wherever necessary), engaging with key stakeholders including competitors and customers, and financial modelling. More details enumerated in the policy document	N.A.

Trustees’ Report
For the year ended March 31, 2024 (Contd...)

S. No.	Particulars of Principles of Stewardship Code	Status of compliance (Complied/ Not Complied)	Description	Remarks/ reasons for deviation/non-compliance, if any
4	Principle 4: Institutional investors should have a clear policy on intervention in their investee companies. Institutional investors should also have a clear policy for collaboration with other institutional investors where required, to preserve the interests of the ultimate investors, which should be disclosed.	Complied	Details of undertaking active engagement with investee companies and the policy for collaboration with other institutional holders are detailed in the policy document. The policy document is publicly disclosed.	N.A.
5	Principle 5: Institutional investors should have a clear policy on voting and disclosure of voting activity.	Complied	AMIN has a clear and detailed voting policy which provides the framework for the voting decisions. All voting decisions shall be in accordance with AMIN's Voting Policy and Procedures, which is disclosed on the website. AMIN discloses the details of the voting on its website on a quarterly basis within 10 working days from the end of the quarter. Additionally, AMIN also discloses the details of the votes cast, in the annual report of the schemes of HSBC Mutual Fund.	N.A.
6	Principle 6: Institutional investors should report periodically on their stewardship activities.	Complied	The annual status report of the stewardship code and quarterly report on proxy voting are publicly disclosed on the website as required under SEBI Regulations.	N.A.

13. DISCLOSURES PERTAINING TO NAV ADJUSTED DURING THE FINANCIAL YEAR FOR SWING FACTOR ALONG WITH THE PERFORMANCE IMPACT

Sr No.	Period of applicability of swing pricing	Scheme Name	Unswung NAV	Swing factor applied	Whether optional or mandatory
NIL					

14. SIGNIFICANT EVENT AFTER THE END OF THE FINANCIAL YEAR

NIL

Trustees' Report

For the year ended March 31, 2024 (Contd...)

15. ACKNOWLEDGEMENTS

The Trustees wish to thank the unitholders of the Schemes for their support throughout the year, and also thank the Government of India, the Securities and Exchange Board of India (SEBI), the Reserve Bank of India (RBI) and the Association of Mutual Funds in India (AMFI) for the guidance provided by them. The Trustees also appreciate the services provided by the Registrar and Transfer Agent, Fund Accountant, Custodian, Bankers, Distributors and Brokers. The guidance and services provided by the auditors and advocates and the ebullience, sincerity and dedication of the employees of HSBC Asset Management (India) Private Limited is also appreciated.

The Trustees look forward to the continued support of everyone.

For and on behalf of **HSBC Trustees (India) Private Ltd.**

Sd/-

Director

Mumbai

July 19, 2024

Independent Auditors' Report

To the Board of Directors of HSBC Trustees (India) Private Limited (the "Trustee")

HSBC NIFTY 50 INDEX FUND

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **HSBC NIFTY 50 INDEX FUND** (the "Scheme") of HSBC Mutual Fund (the "Fund"), which comprise the Balance Sheet as at March 31, 2024, the Revenue Account and the Cash Flow Statement for the year then ended, and notes to the financial statements, including a summary of material accounting policy and other explanatory information.

In our opinion, and to the best of our information and according to the explanations given to us, the aforesaid financial statements of the Scheme give a true and fair view in conformity with the Indian Accounting Standards ("Ind AS") prescribed under section 133 of the Companies Act, 2013 (the "Act") read with Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India, including the accounting policies and standards specified in the Regulation 50 and Ninth Schedule to the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 ("the SEBI Regulations") (collectively referred to as the "Regulations") as amended:

- a. in the case of the Balance Sheet, of the state of affairs of the Scheme as at March 31, 2024;
- b. in the case of the Revenue Account, of the net surplus for the year ended on that date; and
- c. in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing ("SAs") and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India (the "ICAI"). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Scheme in accordance with the Code of Ethics issued by the ICAI together with the ethical requirements that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Information Other than the Financial Statements and Auditor's Report Thereon

The Board of Directors of HSBC Asset Management (India) Private Limited (the "AMC") and the Board of Directors of HSBC Trustees (India) Private Limited (the "Trustees") (collectively referred to as "the Management") are responsible for the other information. The other information comprises the information included in the Trustees report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

The Management is responsible for the preparation of these financial statements that give a true and fair view of the state of affairs, results of operations and cash flows of the Scheme in accordance with the accounting principles generally accepted in India, including the accounting policies and standards specified in Regulations.

Independent Auditors' Report (Contd...)

This responsibility also includes maintenance of adequate accounting records in accordance with the SEBI Regulations for safeguarding of the assets of the Scheme and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Management is responsible for assessing the Scheme's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management, either intends to liquidate the Scheme or to cease operations, or has no realistic alternative but to do so.

Those Charged with Governance are also responsible for overseeing the Scheme's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Scheme's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Scheme to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide to those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Independent Auditors' Report (Contd...)

Report on Other Legal and Regulatory Requirements

1. As required by regulation 55(4) and clause 5(ii)(2) of the Eleventh Schedule of the SEBI Regulations, we report that:
 - a. we have sought and obtained all the information and explanations which, to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b. in our opinion, the Balance Sheet and the Revenue Account dealt with by this report have been prepared in accordance with the accounting policies and standards specified in the Regulations; and
 - c. the Balance Sheet, the Revenue Account and the Cash Flow Statement, dealt with by this report are in agreement with the books of accounts of the Scheme.
2. On the basis of information and explanations given to us, the scheme does not have any non-traded securities as at March 31, 2024 and hence reporting requirement of Eighth Schedule of the SEBI Regulations is not applicable.

For **M S K A & Associates**

Chartered Accountants

ICAI Firm Registration No. 105047W

Sd/-

Swapnil Kale

Partner

Membership No: 117812

UDIN: 24117812BKFISF7568

Place : Mumbai

Date : July 19, 2024

Abridged Balance Sheet as at March 31, 2024

Rs. in Lakhs

	As at March 31, 2024	As at March 31, 2023	As at April 1, 2022
LIABILITIES			
1 Unit Capital	9,589.40	8,377.75	4,677.56
2 Reserves & Surplus			
2.1 Unit Premium Reserves	5,253.60	3,972.22	1,059.65
2.2 Unrealised Appreciation Reserve	6,860.82	2,314.15	2,662.59
2.3 Other Reserves	2,793.34	1,846.84	817.45
2.4 Other Current Liabilities & Provisions	—	—	—
3 Loans & Borrowings	—	—	—
4 Current Liabilities & Provisions			
4.1 Provision for Doubtful Income/Deposits	—	—	—
4.2 Other Current Liabilities & Provisions	52.63	145.26	112.45
TOTAL	24,549.78	16,656.21	9,329.70
ASSETS			
1 Investments			
1.1 Listed Securities:			
1.1.1 Equity Shares	24,446.66	16,463.46	9,188.22
1.1.2 Preference Shares	—	—	—
1.1.3 Equity Linked Debentures	—	—	—
1.1.4 Other Debentures & Bonds	—	—	—
1.1.5 Securitised Debt Securities	—	—	—
1.2 Securities Awaited Listing:			
1.2.1 Equity Shares	—	—	—
1.2.2 Preference Shares	—	—	—
1.2.3 Equity Linked Debentures	—	—	—
1.2.4 Other Debentures & Bonds	—	—	—
1.2.5 Securitised Debt Securities	—	—	—
1.3 Unlisted Securities:			
1.3.1 Equity Shares	—	—	—
1.3.2 Preference Shares	—	—	—
1.3.3 Equity Linked Debentures	—	—	—
1.3.4 Other Debentures & Bonds	—	—	—
1.3.5 Securitised Debt Securities	—	—	—
1.4 Government Securities	—	—	—
1.5 Treasury Bills	—	—	—
1.6 Commercial Paper	—	—	—
1.7 Certificate of Deposits	—	—	—
1.8 Bill Rediscounting	—	—	—
1.9 Units of Domestic Mutual Fund	—	—	—
1.10 Foreign Securities	—	—	—
Total Investments	24,446.66	16,463.46	9,188.22
2 Deposits	1.00	1.25	22.82
3 Other Current Assets			
3.1 Cash & Bank Balance	10.17	3.09	15.12
3.2 CBLO/TREPS/Reverse Repo Lending	83.81	179.65	39.23
3.3 Others	8.13	8.76	64.31
4 Deferred Revenue Expenditure (to the extent not written off)	—	—	—
TOTAL	24,549.78	16,656.21	9,329.70

Notes to Accounts - Annexure I

Abridged Revenue Account for the year ended March 31, 2024

Rs. in Lakhs

	Current Year ended March 31, 2024	Previous Year ended March 31, 2023
1 INCOME		
1.1 Dividend	279.50	158.51
1.2 Interest	4.55	4.27
1.3 Realised Gain/(Loss) on Foreign Exchange Transactions	—	—
1.4 Realised Gains/(Losses) on Interscheme Sale of Investments	—	—
1.5 Realised Gains/(Losses) on External Sale/Redemption of Investments	459.25	169.02
1.6 Realised Gains/(Losses) on Derivative Transactions	—	—
1.7 Other Income	6.87	6.78
(A)	750.16	338.58
2 EXPENSES		
2.1 Management Fees	29.29	9.39
2.2 GST on Management Fees	5.27	1.69
2.3 Transfer Agents Fees and Expenses	7.31	7.35
2.4 Custodian Fees	0.31	0.45
2.5 Trusteeship Fees	0.16	0.07
2.6 Commission to Agents	23.76	16.19
2.7 Marketing & Distribution Expenses	0.02	0.20
2.8 Audit Fees	0.31	0.14
2.9 Investor Education Expenses	2.04	1.39
2.10 Interest on Borrowing	—	—
2.11 Brokerage & Transaction Costs	8.11	18.49
2.12 Other Operating Expenses	5.53	5.63
(B)	82.12	60.98
3 NET REALISED GAINS/(LOSSES) FOR THE YEAR (C = A - B)	668.05	277.60
4 Change in Unrealised Depreciation in Value of Investments	(D) —	—
5 NET GAINS/(LOSSES) FOR THE YEAR (E = C + D)	668.05	277.60
6 Change in Unrealised Appreciation in Value of Investments	(F) 4,546.67	(340.49)
7 NET SURPLUS/(DEFICIT) FOR THE YEAR (G = E + F)	5,214.71	(62.89)
7.1 Add : Balance Transfer from Unrealised Appreciation Reserve	—	348.44
7.2 Less : Balance Transfer to Unrealised Appreciation Reserve	4,546.67	—
7.3 Add/(Less) : Equalisation	278.46	743.84
7.4 Transfer from Reserve Fund	1,846.84	817.45
7.5 Transfer from Unit Premium Reserve	—	—
8 Total	2,793.34	1,846.84
9 Dividend Appropriation		
9.1 Income Distributed during the Year	—	—
9.2 Tax on Income Distributed during the Year	—	—
10 Retained Surplus/(Deficit) Carried Forward to Balance Sheet	2,793.34	1,846.84

Notes to Accounts - Annexure I

Key Statistics for the year ended March 31, 2024

	Current Year ended March 31, 2024	Previous Year ended March 31, 2023
1. NAV per unit (Rs.):		
Open		
Regular Plan – Growth Option	19.6277	19.6330
Regular Plan – IDCW Option	19.6277	19.6320
Direct Plan – Growth Option	19.8536	19.8030
Direct Plan – IDCW Option	19.8535	19.8030
High		
Regular Plan – Growth Option	25.6238	21.2834
Regular Plan – IDCW Option	25.6238	21.2834
Direct Plan – Growth Option	25.9794	21.5108
Direct Plan – IDCW Option	25.9794	21.5107
Low		
Regular Plan – Growth Option	19.6702	19.1631
Regular Plan – IDCW Option	19.6702	19.1631
Direct Plan – Growth Option	19.8970	19.3827
Direct Plan – IDCW Option	19.8970	19.3827
End		
Regular Plan – Growth Option	25.4266	19.6277
Regular Plan – IDCW Option	25.4266	19.6277
Direct Plan – Growth Option	25.7837	19.8536
Direct Plan – IDCW Option	25.7836	19.8535
2. Closing Assets Under Management (Rs. in Lakhs)		
End	24,497	16,504
Average (AAuM) ¹	20,360	11,530
3. Gross income as % of AAuM ²	3.68%	2.94%
4. Expense Ratio:		
a. Total Expense as % of AAuM (including GST on Management fees) (plan wise)		
Regular Plan	0.45%	0.48%
Direct Plan	0.20%	0.21%
b. Management Fee as % of AAuM (planwise)		
Regular Plan	0.17%	0.09%
Direct Plan	0.10%	0.06%
5. Net Income as a percentage of AAuM ³	3.28%	2.41%
6. Portfolio turnover ratio ⁴	0.09	0.08
7. Total IDCW per unit distributed during the year (planwise)		
Retail		
Regular Plan – IDCW Option	–	–
Direct Plan – IDCW Option	–	–

Key Statistics for the year ended March 31, 2024 (Contd...)

	Current Year ended March 31, 2024	Previous Year ended March 31, 2023
Corporate		
Regular Plan – IDCW Option	–	–
Direct Plan – IDCW Option	–	–
8. Returns:		
a. Last One Year		
Scheme		
Regular Plan – Growth Option	29.73%	(0.03%)
Direct Plan – Growth Option	30.06%	0.26%
Benchmark		
Nifty 50 TRI	30.27%	0.59%
b. Since Inception		
Scheme		
Regular Plan – Growth Option	26.63%	25.60%
Direct Plan – Growth Option	27.07%	26.08%
Benchmark		
Nifty 50 TRI	27.53%	27.00%

- 1. AAuM = Average daily net assets
- 2. Gross income = amount against (A) in the Revenue Account i.e. Income
- 3. Net income = amount against (C) in the Revenue Account i.e. Net Realised Gains/(Losses) for the year
- 4. Portfolio Turnover = Lower of sales or purchase divided by the Average AuM for the year

Note: Returns have been calculated as on last business day of the month i.e. March 28, 2024 due to non-availability of benchmark indices as of March 31, 2024.

Notes to Accounts – Annexure I

To the Abridged Balance Sheet and Revenue Account for the year ended March 31, 2024

1 Investments:

- 1.1. All Investments of the Scheme are registered in the name of the Trustee for the benefit of the Scheme's Unitholders.
- 1.2. Open Position of derivatives as at the year ended March 31, 2024 and March 31, 2023 are Nil.
- 1.3. Investment in Associates and Group Companies as at the year ended March 31, 2024 and March 31, 2023 are NIL.
- 1.4. Open positions of Securities Borrowed and/or Lent by the scheme as on the year ended March 31, 2024 & March 31, 2023 are NIL.
- 1.5. Investment in Below investment grade and default/Securities in default beyond its maturity date as on March 31, 2024 and March 31, 2023 are NIL.
- 1.6. Aggregate Unrealised Gain/Loss as at the end of the Financial Year March 31, 2024 and March 31, 2023 are as under:

(Rs. In Lakhs)

Security Category	Amount	Percentage to Net Assets	Amount	Percentage to Net Assets
	As at March 31, 2024		As at March 31, 2023	
Equity				
– Appreciation	6,900.39	28.17	2,454.27	14.87
– Depreciation	39.57	0.16	140.12	0.85

- 1.7. The aggregate value of investment securities (excluding TREPS and Reverse Repos) purchased and sold (including matured) during the financial year 2023-2024 (excluding accretion of discount) is Rs. 4,791.78 lakhs and Rs. 1,814.50 lakhs respectively being 23.54% and 8.91% of the average net assets.

The aggregate value of investment securities (excluding TREPS and Reverse Repos) purchased and sold (including matured) during the financial year 2022-2023 (excluding accretion of discount) is Rs. 8,332.38 lakhs and Rs. 867.18 lakhs respectively being 72.27% and 7.52% of the average net assets.

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

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

During the year 2023-24, The Hongkong and Shanghai Banking Corporation Limited, an associate entity of HSBC Asset Management (India) Private Limited was paid collection/bank charges amounting to Rs. Nil.

During the year 2022-23, The Hongkong and Shanghai Banking Corporation Limited, an associate entity of HSBC Asset Management (India) Private Limited was paid collection/bank charges amounting to Rs. Nil.

Commission paid to Sponsor/AMC and its associates/related parties/group companies

Name of Sponsor/AMC and its associates/related parties/group companies	Nature of Association / Nature of Relation	Period Covered	Business Given [Rs. In lakhs]	% of Total Business received by the Fund	Commission paid [Rs. In Lakhs]	% of Total commission paid by the Fund
The Hongkong and Shanghai Banking Corporation Limited	Group Company	2023-2024	3,951.61	54.82	9.60	40.68

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

To the Abridged Balance Sheet and Revenue Account for the year ended March 31, 2024

Name of Sponsor/AMC and its associates/related parties/group companies	Nature of Association / Nature of Relation	Period Covered	Business Given [Rs. In lakhs]	% of Total Business received by the Fund	Commission paid [Rs. In Lakhs]	% of Total commission paid by the Fund
The Hongkong and Shanghai Banking Corporation Limited	Group Company	2022-2023	4,954.25	49.60	1.17	7.97

Brokerage paid to Sponsor/AMC and its associates/related parties/group companies is Nil (Previous year Nil).

- 3
- None of the Investors held more than 25% of the total net assets of the scheme at the year ended March 31, 2024 and March 31, 2023.
- 4
- Unit Capital movement during the years ended March 31, 2024, March 31, 2023 and March 31, 2022:

Description	2023-24				
	Opening Units	Subscription	Redemption	Closing Units	Face value
Regular Plan - Growth Option	52,878,919.177	23,070,922.508	13,323,176.653	62,626,665.032	10
Regular Plan - IDCW Option	1,078,874.153	469,038.612	365,230.701	1,182,682.064	10
Direct Plan - Growth Option**	29,353,662.948	7,728,686.887	5,470,682.747	31,611,667.088	10
Direct Plan - IDCW Option	466,018.046	295,410.750	288,448.613	472,980.183	10

Description	2022-23				
	Opening Units	Subscription	Redemption	Closing Units	Face value
Regular Plan - Growth Option	26,094,553.016	34,857,208.827	8,072,842.666	52,878,919.177	10
Regular Plan - IDCW Option	721,044.060	554,951.966	197,121.873	1,078,874.153	10
Direct Plan - Growth Option**	19,606,417.958	14,592,055.655	4,844,810.665	29,353,662.948	10
Direct Plan - IDCW Option	353,560.288	270,591.400	158,133.642	466,018.046	10

Description	2021-22				
	Opening Units	Subscription	Redemption	Closing Units	Face value
Regular Plan - Growth Option	20,520,894.168	11,408,528.712	5,834,869.864	26,094,553.016	10
Regular Plan - IDCW Option	627,111.201	234,799.803	140,866.944	721,044.060	10
Direct Plan - Growth Option**	16,391,653.137	10,545,279.770	7,330,514.949	19,606,417.958	10
Direct Plan - IDCW Option	263,437.008	168,875.009	78,751.729	353,560.288	10

**Units held by the AMC (Seed Capital) in Direct Plan - Growth Option as on March 31, 2024 is 500,000 & as on March 31, 2023 is 500,000 & as on March 31, 2022 is 500,000.

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

To the Abridged Balance Sheet and Revenue Account for the year ended March 31, 2024

- 5 Previous year's/period figures have been re-grouped/re-arranged where necessary.
- 6 There are no contingent liabilities and other commitments as on March 31, 2024 and March 31, 2023. Contingent asset is neither recognized nor disclosed in the financial statements.
- 7 Expenses other than Management Fees are Inclusive of GST where applicable.
- 8 Other income of Rs. 6.87 lakhs represents Exit load credited to the scheme (2023: Rs. 6.78 lakhs represents Exit load credited to the scheme).

9 Investor Education Awareness

As mandated by SEBI vide circular no. CIR/IMD/DF/21/2012 dated September 13, 2012 an annual charge of 0.02 percent of daily net assets, being a part of total recurring expenses is set aside for Investor Education and Awareness (IEA). In view of the AMFI Best Practices Guidelines Circular No. 56/2015-16, the IEF (Investor Education Fund) accrual is set aside in a separate bank account and the consolidated balance across all schemes as on March 31, 2024.

Pursuant to SEBI circular dated May 23, 2022, w.e.f. July 1, 2022, the limit of 0.02% p.a. has been reduced to 0.01% p.a. in case of ETFs/Index Funds. Furthermore, Fund of Funds (FoFs) investing more than 80% of its NAV in the underlying domestic funds have discontinued setting aside 0.02% p.a. of daily net assets towards IEA.

The break-up of which is as under:

	March 31, 2024	March 31, 2023
Particulars	Amount (Rs. In Lakhs)	Amount (Rs. In Lakhs)
Opening Balance as on April 01, 2023	997.09	460.22
Add: Accrual during FY 2023-24	1,962.01	1,432.00
Less: Transferred to AMFI *	889.11	646.75
Less: Payable to AMFI (March 2024 accrual) *	91.90	69.25
Add: Investment Income FY 2023-24	77.08	166.42
Less: Spent during FY 2023-24	1,877.44	345.55
Closing Balance as on March 31, 2024	177.73	997.09

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

The IEA disclosure's are presented for surviving schemes only.

- 10 Pursuant to SEBI Circular No. SEBI/HO/IMD/DF3/CIR/P/2020/194 dated October 05, 2020, the nomenclature of 'Dividend Option' under all the schemes of HSBC Mutual Fund has been revised to 'Income Distribution cum Capital Withdrawal Option' (IDCW), with effect from April 01, 2021.
- 11 Securities, excluding debt securities, where the non-traded investments which have been valued "in good faith" exceed 5% of the net assets at the end of the year is NIL.
- 12 Debt securities which have been valued at a price other than the price given by the independent valuation agencies at the end of the year is NIL.
- 13 **Disclosure of Risk-o-meter**

Scheme Name	Risk-o-meter level at end of the financial year i.e. March 31, 2024	Risk-o-meter level as on March 31, 2023	Number of changes in Risk-o-meter during the financial year (March 2023 to March 2024)
HSBC Nifty 50 Index Fund	Very High	Very High	0

- 14 Subsequent to receipt of SEBI's no objection to acquisition of 100% equity shares of L&T Investment Management Limited ("LTIM", Investment Manager of L&T Mutual Fund) and the amendments proposed to the trust deed of the HSBC Mutual Fund as required under the SEBI (Mutual Funds) Regulations, 1996,

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

To the Abridged Balance Sheet and Revenue Account for the year ended March 31, 2024

the schemes of L&T Mutual Fund (LTMF) were transferred to/ merged with the schemes of HSBC Mutual Fund on and from the close of business hours of November 25, 2022, and the HSBC AMC and HSBC Trustees assumed the responsibilities of the schemes of LTMF w.e.f. close of business hours of November 25, 2022.

- 15 During the year, HSBC Securities and Capital Markets (India) Private Limited ("HSCI"), Sponsors of HSBC Mutual Fund established a private limited company with limited liability to act as the "Trustee" of HSBC Mutual Fund. HSBC Trustees (India) Private Limited ("HTIP") was incorporated on 9 January 2024. Accordingly, HTIP has replaced the Board of Trustees of HSBC Mutual Fund w.e.f. 1 March 2024, and the Company through its Board of Directors has been discharging its obligations as the "Trustees" of the Fund from this date.
- 16 The Annual Accounts of the Schemes, prepared in accordance with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the "Act") read with the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time and clause 17.14 of SEBI Master Circular for Mutual Funds dated June 27, 2024, has been approved by the Board of Directors of HSBC Asset Management (India) Private Limited and HSBC Trustees (India) Private Limited at their meetings held on July 8, 2024 and July 19, 2024 respectively. The audit report attached herewith refers to the said Annual Accounts. The aforesaid abridged accounts are an extract of the Annual Accounts and are prepared in accordance with clause 5.4 and format no. 3.B under the section of formats of SEBI Master Circular for Mutual Funds dated June 27, 2024 and other relevant circulars issued by the Securities and Exchange Board of India from time to time.

Voting Policy and Procedures

In view of para 6.16 of SEBI Master Circular on Mutual Funds dated June 27, 2024 related to “Role of Mutual Funds in Corporate Governance of Public Listed Companies”, HSBC AMC has formulated its “Policy for Proxy Voting in Public Listed Companies”. The said policy is available on our website and the details of actual exercise of proxy votes, the summary of votes casted and the auditor’s certificate is forming part of our full Annual Report for the Financial Year 2023 – 24 which has been uploaded on our website at <http://www.assetmanagement.hsbc.co.in>

Statutory Details & Disclaimers

All the returns have been sourced from Mutual Funds India Explorer software. The performance of the schemes and the benchmark is calculated on a total return basis. This document has been prepared by HSBC Asset Management (India) Private Limited (HSBC) for information purposes only with an intent to provide market overview and should not be construed as an offer or solicitation of an offer for purchase of any of the funds of HSBC Mutual Fund. All information contained in this document (including that sourced from third parties), is obtained from sources, which HSBC/third party, believes to be reliable but which it has not been independently verified by HSBC/the third party. Further, HSBC/the third party makes no guarantee, representation or warranty and accepts no responsibility or liability as to the accuracy or completeness of such information. The information and opinions contained within the document are based upon publicly available information and rates of taxation applicable at the time of publication, which are subject to change from time to time.

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For disclosure of quarterly AUM/AAUM and AUM by geography, please visit our website at www.assetmanagement.hsbc.co.in. Investors are requested to note that as per SEBI (Mutual Funds) Regulations, 1996 and guidelines issued thereunder, HSBC AMC, its employees and/ or empaneled distributors/agents are forbidden from guaranteeing/promising/assuring/predicting any returns or future performances of the schemes of HSBC Mutual Fund. Hence, please do not rely upon any such statements/commitments. If you come across any such practices, please register a complaint via email at investor.line@mutualfunds.hsbc.co.in

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

Important Updates

Name and Date of Birth as per PAN card - Effective from June 1, 2024

As per recent regulatory requirement and changes advised by Income Tax Department in PAN validation process, now it is mandated to quote your Name(s) and DOB as per PAN card. To avoid any failure in such validations, we request investors to quote the Name(s) and DOB's of all the holders including Guardian, Power of Attorney (POA) holders as per PAN card.

Useful Links for self service options

- **Use our 24 x 7 Chatbot - "ASKME" for any queries or service request:**
visit: <https://invest.assetmanagement.hsbc.co.in>

SMS your request to HSBC Mutual Fund

- **Latest NAV :** Send SMS as HSBCMF NAV <Scheme Code> to 56767
Example: HSBCMF NAV F03
- **Valuation Service on registered mobile No. :** Send SMS as HSBCMF VAL <folio_number> to 56767
Example: HSBCMF VAL 123456
- **Annual Report :**
For Electronic Copy: Send SMS as HSBCMFARE <folio_number> to 567678080
Example: HSBCMF ARE 123456
For Physical Copy: Send SMS as HSBCMFARP <folio_number> to 567678080
Example: HSBCMF ARP 123456
- **Half Yearly Portfolio :**
For Electronic Copy: Send SMS as HSBCMFHPE <folio_number> to 567678080
Example: HSBCMF HPE 123456
For Physical Copy: Send SMS as HSBCMFHPP <folio_number> to 567678080
Example: HSBCMF HPP 123456

Missed Call Service

- You can give a missed call to 9212900020 to get the total valuation via SMS and a statement on your registered email ID

Book-Post

If undelivered please return to:

Computer Age Management Services Private Limited (CAMS)

Unit: HSBC Mutual Fund

New No. 10, M.G.R Salai, Nungambakkam, Chennai - 600034.

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

HSBC Asset Management (India) Private Limited

CIN NO: U74140MH2001PTC134220

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

Website : www.assetmanagement.hsbc.co.in

Description	Toll Free Number	Email ID
Investor related queries	1800-4190-200/1800-200-2434	investor.line@mutualfunds.hsbc.co.in
Online related queries	1800-4190-200/1800-200-2434	onlinemf@mutualfunds.hsbc.co.in
Investor (Dialing from abroad)	+91 44 39923900	investor.line@mutualfunds.hsbc.co.in

To get your updated account statement email us at : ["mfsoa@mutualfunds.hsbc.co.in"](mailto:mfsoa@mutualfunds.hsbc.co.in)

We're always here to help you, so feel free to reach out to us

Self-service request at your Fingertips

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Remember, you can also find out more via our social media handles !

Please check our website www.assetmanagement.hsbc.co.in for an updated list of Official Points of Acceptance of HSBC Mutual Fund.

CAMS SERVICE CENTRES/CAMS LIMITED TRANSACTION POINTS/CAMS COLLECTION CENTRES

For details on CAMS Service Centres, please visit www.camsonline.com



HSBC Nifty Next 50 Index Fund

(Erstwhile L&T Nifty Next 50 Index)

Index Fund - An open ended Equity Scheme tracking NIFTY Next 50 Index.

Abridged Annual Report 2023 - 2024



SPONSOR

HSBC Securities and Capital Markets (India) Private Limited

CIN – U67120MH1994PTC081575

Regd. Office: 52/60, Mahatma Gandhi Road, Fort, Mumbai 400001.

TRUSTEE COMPANY

HSBC Trustees (India) Private Limited

CIN – U66190MH2024PTC416973

Regd. Office: 52/60, Mahatma Gandhi Road, Fort, Mumbai 400001.

ASSET MANAGEMENT COMPANY

HSBC Asset Management (India) Private Limited

CIN – U74140MH2001PTC134220

Regd. Office: 9-11 Floors, NESCO IT Park, Building No. 3,
Western Express Highway, Goregaon (East), Mumbai 400063.

CUSTODIAN

Citibank N.A.

First International Financial Center (FIFC), 9th Floor,
C-54 & 55, G – Block, Bandra Kurla Complex, Bandra (East), Mumbai 400051.

AUDITORS TO THE SCHEME

MSKA & Associates

Chartered Accountants

602, Floor 6, Raheja Titanium, Western Express Highway,
Geetanjali Railway Colony, Ram Nagar, Goregaon (East), Mumbai 400063.

REGISTRAR & TRANSFER AGENTS

Computer Age Management Services Limited (CAMS)

Unit: HSBC Mutual Fund

New No. 10, M.G.R Salai, Nungambakkam, Chennai 600034.

BOARD OF TRUSTEES

Ms. Jasmine Batliwalla	– Chairperson
Mr. Nani Javeri	– Trustee
Mr. David Rasquinha	– Trustee
Mr. Nicolas Moreau	– Trustee

BOARD OF DIRECTORS

Dr. Indu Shahani	– Director
Mr. Kapil Seth	– Director
Ms. Roopa Varma	– Director
Mr. Kailash Kulkarni	– Director & Chief Executive Officer

Dear Investor,

As we reflect on the past year, I am filled with pride and optimism about the future of our company and overall growth of the mutual fund industry. The past year has marked significant milestones in our journey, particularly as we capitalise on the immense potential of India's burgeoning growth story.

Fiscal 2024 turned out to be one of the best years for the domestic mutual fund industry as assets under management (AUM) spurted by nearly Rs. 14 lakh crore to a record Rs. 53.40 lakh crore as of March 2024 compared with Rs. 39.42 lakh crore as of March 2023.

The mutual fund industry is experiencing immense growth and we are poised to take advantage of this upward trajectory. Our company is an integral part of this growth story, riding the wave with several strategic initiatives and accomplishments that have set us on a path of sustained success.



Major achievements post integration

- Post integration we have enhanced our digital offering for both B2B and B2C to provide improved customer journeys.
- HSBC AM India's AUM increased from USD 1.4 bn (before integration) to USD 13.7 bn as of April 2024.
- HSBC Asset Management India has now become the 14th largest asset manager in India in terms of AUM.
- HSBC AM India has launched 4 new products since integration (raising \$445M).
- We have expanded HSBC AM India's product offerings to 43 funds.

Key Achievements in FY2023-2024

Investment Performance: Our disciplined investment strategy and thorough research have been pivotal to our success. We have focused on high-quality, undervalued assets, achieving consistent returns across our portfolio.

Product Innovation: This year, we launched two new funds - HSBC Multi Asset Allocation Fund and HSBC Consumption Fund, tailored to meet the evolving needs of our investors. These new offerings have been well-received, contributing to our growth in AUM significantly.

Increased Media Presence: In FY24, we significantly boosted our media presence, ensuring that our brand and thought leadership are recognized across various platforms. Through strategic media engagements like Informed Investing with ET Now, talks shows and several authored articles plus interviews - we have amplified our message, reaching a broader audience and reinforcing our market position.

Successful Campaign Launch: We successfully launched SIP Hai #FaydeWaliAadat, an investor education campaign, that highlighted the transformative power of SIPs in achieving long-term financial

goals. A first of its kind campaign, it aimed at educating and empowering the millennial investors in India. The campaign garnered significant attention and positive feedback, strengthening our brand presence and engaging a wider audience. Notably, the campaign has also earned us prestigious awards and accolades highlighting our commitment to excellence and innovation.

Client Relationships: We have strengthened our client relationships through enhanced communication, transparency, and personalized service. Our client satisfaction scores have reached new heights, reflecting our commitment to exceptional service.

We believe that the India story has just begun and its economic landscape is poised for significant growth. An exposure to unique and future relevant themes can provide a much-needed inflation buffer. The importance of asset allocation continues to be critical. It is critical for all of us to review our risk appetite and goal proximity and construct a portfolio appropriately.

Besides construction, portfolio rebalancing is equally important in order to achieve optimal outcomes. I do hope you share my enthusiasm and I ask that you continue to invest whilst reviewing your asset allocation at all times.

I would like to express my sincere gratitude to our dedicated team, whose expertise and commitment are the backbone of our success. To our investors, thank you for your trust and continued support. Your confidence in our approach motivates us to strive for excellence in everything we do. Also, I want to express my deepest gratitude to our valuable partners for their unwavering support and keep our services running. Look forward to achieving even grater milestones together.

As we move forward, we remain committed to delivering superior investment performance, fostering strong client relationships, and driving sustainable growth. Together, we are well-positioned to navigate the future and achieve our goals.

Warm regards,

A handwritten signature in black ink, appearing to read 'Kailash Kulkarni', with a horizontal line underneath.

Kailash Kulkarni

Chief Executive Officer

HSBC Asset Management India

Trustees' Report

For the year ended March 31, 2024

The Board of Directors of HSBC Trustees (India) Private Limited, Trustees of HSBC Mutual Fund present the Twenty Second Annual Report and the audited abridged financial statements of the schemes of the HSBC Mutual Fund ('the Fund') for the year ended March 31, 2024.

With the acquisition of L&T Mutual Fund in the previous financial year, the Fund's Assets Under Management ('AUM') (excluding Domestic FOFs) as on March 31, 2024 was INR 109368.16 crores (audited). The Fund ranks in the top 15 Mutual Fund houses in India in terms of AUM.

As at March 31, 2024, the Fund offered 43 schemes across asset classes to meet the varying investment needs of the investors. During the year, the Fund launched two new products namely HSBC Consumption Fund and HSBC Multi Asset Allocation Fund in Equity and Hybrid categories.

The Fund continues its focus on delivering consistent long-term returns. The comments on the performance of the scheme(s) are provided hereinafter. Dividends were declared under various schemes as per the provisions contained in the respective Scheme Information Documents after considering the distributable surplus available under the respective plans of the schemes. Details of dividends declared can be viewed on our website at www.assetmanagement.hsbc.co.in.

During the year, HSBC Securities and Capital Markets (India) Private Limited ("HSCI"), Sponsors of the Fund established a private limited company with limited liability to act as the "Trustees" of the Fund. HSBC Trustees (India) Private Limited ("HTIP") was incorporated on 9 January 2024. Accordingly, HTIP has replaced the Board of Trustees of HSBC Mutual Fund w.e.f. 1 March 2024, and the Company through its Board of Directors has been discharging its obligations as the "Trustees" of the Fund from this date.

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

a. Operations and Performance of the Scheme

➤ Equity Schemes

HSBC Nifty Next 50 Index Fund ('HNNI-50')

(Index Fund - An open-ended Equity Scheme tracking NIFTY Next 50 Index)

The scheme has adopted a passive investment strategy. The scheme invests in stocks comprising the Nifty Next 50 index in the same proportion as in the index with the objective of achieving returns equivalent to the Total Returns Index of Nifty Next 50 index by minimizing the performance difference between the benchmark index and the Scheme. The Total Returns Index is an index that reflects the returns on the index from index gain/loss plus dividend payments by the constituent stocks. There is no assurance that the investment objective of the Scheme will be realized.

The net assets of HNNI-50 amounted to INR 100.29 crores as at March 31, 2024 as against INR 57.79 crores as at March 31, 2023. Around 99.8% of the net assets were invested in equities, 0.02% of the net assets were invested in reverse repos/TREPS and 0.18% in net current assets as at March 31, 2024.

HNNI-50 invests predominantly in stocks constituting the underlying index in the same proportion as in the Index and endeavors to track the benchmark index. A very small portion (0-5% of the Net Assets) of the fund may be kept liquid to meet the liquidity and expense requirements.

HSBC Nifty Next 50 Index Fund					Date of Inception : 15 April, 2020			
Fund / Benchmark (Value of ₹ 10,000 invested)	1 Year		3 Years		5 Years		Since Inception	
	Amount (₹)	Returns (%)	Amount (₹)	Returns (%)	Amount (₹)	Returns (%)	Amount (₹)	Returns (%)
HSBC Nifty Next 50 Index Fund	15988	60.30	17626	20.84	NA	NA	26007	27.35
Scheme Benchmark (Nifty Next 50 TRI)	16140	61.83	18184	22.10	NA	NA	27135	28.72
Additional Benchmark (Nifty 50 TRI)	13008	30.27	15736	16.35	NA	NA	26154	27.53

Trustees' Report

For the year ended March 31, 2024 (Contd...)

Past performance may or may not be sustained in future. Returns have been calculated for the respective periods for Growth Option of Regular Plan as on last business day of the month i.e. March 28, 2024 due to non-availability of benchmark indices as of March 31, 2024. Returns on ₹ 10,000 are point-to-point returns for the specific time period, invested at the start of the period. Returns for 1 year and above are Compounded Annualized. Different plans shall have a different expense structure. Performance of the respective benchmark is calculated as per the Total Return Index (TRI).

Please Note: NA means not available

Risk-o-meter as of 31st March, 2024:

Scheme Name	Scheme Risk-o-meter	Benchmark Risk-o-meter
HSBC Nifty Next 50 Index Fund	 Investors understand that their principal will be at Very High risk	Benchmark Index: Nifty Next 50 TRI 

Please note that the above risk-o-meter is as per the product labelling of the Scheme basis Scheme's monthly portfolio as on March 31, 2024.

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

➤ EQUITY OUTLOOK

Recap of FY 2023-24:

FY24 was a stellar year for the Indian equity markets with strong economic momentum, healthy earnings growth and strong inflows from domestic and foreign institutional investors and strong retail participation driving a broad-based bull market. The Nifty and Sensex were up a solid 30.1%/26.5% respectively during the year, while the BSE Midcap and BSE Smallcap indices gained an astounding 65.2% and 61.4% respectively.

While geo-political conflicts continued in FY24, their impact on crude and global supply chains moderated. Crude prices largely remained range bound during the year. Inflation barring a brief spike largely remained well contained, the economy gained further steam with GDP growth crossing 8% in H1FY24 supported by government thrust on infrastructure. This translated into strong growth for several core sector industries including steel and cement. The growth in the real estate sector has been strong with inventory continuing to decline in metro markets. However, lagged impact of price increases continued to impinge on consumer demand growth which remained subdued for most mass market categories.

Domestic cyclicals were the best performing sectors during the year led by Real Estate, Capital Goods, Autos. Power was also among the best performing sectors. Global cyclicals like Metals and Oil & Gas also strongly outperformed the Nifty. FMCG and Banking while delivering healthy positive returns underperformed the Nifty, while IT performance was closer to Nifty.

MSCI India index outperformed most of key global indices during the past fiscal. MSCI India index (USD) gained 35.5% as compared to 23.1% gain for MSCI World, 27.9% for US S&P 500, 11.0% for MSCI Europe and only 5.3% for MSCI Emerging Markets as MSCI China declined 19.0% over the period.

Strong performance of the market and subsiding global macro headwinds drove a sharp turnaround in foreign investment flows. FI net inflow was at USD 25.3bn in FY24 versus an outflow of USD 6.0bn/ 17.1bn in FY23/ FY22. DILs, on the other hand, matched FI inflow with an inflow of USD 25.3bn although it was lower than the net inflows at USD 30.8bn in FY23. Within DILs, the MF segment was the key contributor (USD 24.3 bn of net inflows up from USD 21.8bn in FY23) while domestic Insurers were also in the net inflow territory (USD 1.0bn of net inflows vs USD 9.0bn in FY23).

Trustees' Report

For the year ended March 31, 2024 (Contd...)

Source: Motilal Oswal

Indices Returns (April 01, 2023 to March 31, 2024)	1 Year [^]
S&P BSE Sensex TR	26.5%
NSE CNX Nifty TR	30.1%
S&P BSE 100 TR	34.2%
S&P BSE 200 TR	38.5%
S&P BSE 500 TR	40.2%
S&P BSE Midcap TR	65.2%
S&P BSE Small-cap TR	61.4%

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

Way forward:

The global macro environment remains challenging with heightened geo-political and economic uncertainties. US bond yields remain high putting pressure on interest rates and currencies globally. For India, growth has continued to remain strong with GDP growth of 8.4% in Q3FY24 driven by strong government spending on infrastructure and pickup in manufacturing and construction. The 2024 interim budget has re-affirmed government focus on infrastructure. At the same time reduction in fiscal deficit should also help in easing of domestic interest rates. However, after last year's patchy monsoon, a good monsoon will be an important factor for rural demand and overall consumption growth in the economy in FY25.

India starts FY25 on a strong footing with positive growth momentum and India's investment cycle is expected to be on a medium-term uptrend supported by rising government investment in infrastructure and recovery in real estate cycle. There is also an expectation of higher private investments in renewable energy and related supply chain, localization of higher-end technology components, and India becoming a more meaningful part of global supply chains. Finally, it is expected for consumption to improve as the impact of high inflation fades and real incomes start to grow again.

However, several of these positives are getting discounted by the high valuations currently prevailing in the equity market. While the fund managers remain constructive on Indian equities supported by the more robust medium-term growth outlook there is a caution against high return expectations. Nifty continues to trade on 20.6x consensus 1 year forward PE (as of 30 April). On a 10-year basis, Nifty is still trading 10% above its historic average valuation but is in-line with its 5-year average. Valuations of the midcap and small cap indices are even higher versus their historical average.

➤ DEBT OUTLOOK

Market drivers during the course of the year FY 2024

The year started with advanced economies continuing to grapple with higher inflation and policy tightening remained a common theme across economies. During FY2024, the Federal Open Market Committee (FOMC) raised policy rates by 50 bps while European Central Bank (ECB) and Bank of England (BOE) raised policy rates by 100 bps each. The cumulative rate hikes by various advanced economies in this cycle are as follows: Fed (525 bps), BOE (515 bps) and ECB (450 bps). Meanwhile cumulative rate hikes by the Monetary Policy Committee (MPC) in this cycle was 250 bps. On account of higher Government debt burden, Fitch downgraded US sovereign rating from AAA to AA+. US Treasury yields remained volatile during the year, with the 10-year benchmark rising higher by 73 bps during the year. Crude prices also moved higher by USD 7-8/bbl.

On the domestic front, Consumer price Index (CPI) inflation remained broadly in the upper end of the MPC's targeted band of 4% +/- 2% for most the financial year, however, inflation printed above 6% on two occasions due to high food inflation. Headline inflation remained susceptible to high food inflation with markets now expecting some relief of food prices on the back of normal monsoon. Core inflation eased through the year falling to below 4% in the last quarter.

Trustees' Report

For the year ended March 31, 2024 (Contd...)

Domestically, one of the biggest events during the year was the much-awaited index inclusion of Indian Government Bonds (IGBs) into the GBI-EM Global index suite and its relevant benchmarks. India is expected to reach the maximum weight of 10% in the GBI-EM Global Diversified Index (GBI-EM GD), with the inclusion staggered over a 10-month period starting June 2024. Following this, Bloomberg also included IGBs in their Bloomberg EM Local Currency Index, with India expected to reach a maximum weight of 10% over a 10-month period starting Jan 2025. Both these inclusions are expected to bring in INR 25-30 bn of index related FPI inflows over the next 1-2 years and paving the way for inclusion into other global bond indices as well. During FY2024, FPIs poured in close USD 12 bn into IGBs, with majority of the inflows coming in post the JP Morgan index inclusion announcement.

Government continued its path of fiscal consolidation, with the revised estimate of the Fiscal deficit for FY2024 coming in at 5.6%, with expectations for FY2025 at 5.1% and target of below 4.5% by FY2026. PMI numbers continue to remain in expansion, GST revenues remain buoyant and credit off-take upbeat.

The external sector has remained strong due to healthy service exports and remittances. Current Account Deficit (CAD) is expected to be around 1% for the year. Rupee remained one of the more stable currencies during the year, with active intervention from RBI smoothening any volatility. RBI continued to build on the FX reserves with year-end number around USD 650 bn.

Money market rates moved higher during the year due to tightening in liquidity along with higher Certificate of Deposit (CD) issuances. G-Sec yields, however, moved lower due to favorable demand supply and lower G-Sec borrowing. 10-year G-Sec moved lower during the year by 25 bps, while 5 yr G-Sec moved lower by 13 bps.

Market Outlook

While US markets have braced for "higher for longer" rates, we have seen in the past, that reactions to favorable data in such an environment can be sharp. Any softness in growth, employment or inflation data over the next few months will allow the markets to quickly start pricing in aggressive future policy easing. In our view, the RBI is also likely to gradually shift the liquidity deficit into surplus over the course of the next 3-6 months, flipping overnight rates from the top to the bottom of the rate corridor. The yield curve is likely to steepen as liquidity eases. This along with a potential 50 bps of policy easing in first half of CY2025 may push overnight rates lower by 75-100 bps.

While any form of additional spending by the new Government to address concerns of rural sections of the country and the possibility of additional spending to fund such policies will remain a key monitorable, it is believed the Government is likely to remain cognizant of the possible impact of such policies and take measured steps. With the dust settling down on the election outcome, the broad macroeconomic factors should continue to remain stable and could support softening in domestic yields going forward.

The Fund Managers continue to have a positive outlook for interest rates, based on various favorable factors: (a) Record RBI dividend to the Government, (b) reduced Fiscal deficit number of 5.6%, (c) favorable G-Sec supply demand dynamics, (d) FPI index related inflows, (e) revised outlook in India by S&P, (f) soft core inflation along with expectations of a better than normal monsoon, and finally (g) soft signals by Government and RBI on liquidity.

Source: RBI, Bloomberg, Internal HSBC Research & CCIL

2. BRIEF BACKGROUND OF THE SPONSORS, THE FUND, THE TRUSTEES AND THE ASSET MANAGEMENT COMPANY

A. Sponsor

HSBC Mutual Fund is sponsored by HSBC Securities and Capital Markets (India) Private Limited (HSCI). The Sponsor is the Settler of the Mutual Fund Trust. The Sponsor has entrusted a sum of Rs. 1,00,000/- (Rupees One Lakh only) to the Trustee as the initial contribution towards the corpus of the Mutual Fund.

HSCI offers integrated investment banking services, securities and corporate finance & advisory. HSCI is a member of the Bombay Stock Exchange Limited and National Stock Exchange (capital and derivative market segments). HSCI holds 100% of the paid-up equity share capital of HSBC Asset Management (India) Private Limited.

Trustees' Report

For the year ended March 31, 2024 (Contd...)

B. HSBC Mutual Fund

HSBC Mutual Fund ("the Mutual Fund" or "the Fund") has been constituted as a Trust in accordance with the provisions of the Indian Trusts Act, 1882 (2 of 1882) vide a Trust Deed dated February 7, 2002 (as amended) with HSBC Securities and Capital Markets (India) Private Limited, as the Sponsor and HSBC Trustees (India) Private Limited. The Trustee has entered into an Investment Management Agreement dated February 7, 2002 (as amended) with HSBC Asset Management (India) Private Limited (AMC) to function as the Investment Manager for all the schemes of the Fund. The Fund was registered with SEBI vide registration number MF/046/02/5 dated May 27, 2002.

The Trust has been formed for the purpose of pooling of capital from the public for collective investment in securities for the purpose of providing facilities for participation by persons as beneficiaries in such investments and in the profits/income arising therefrom.

C. HSBC Trustees (India) Private Limited (the Trustees)

The Trustees are the exclusive owner of the Trust Fund and holds the same in trust for the benefit of the unitholders. The Trustees have been discharging their duties and carrying out the responsibilities as provided in the SEBI (Mutual Funds) Regulations, 1996 and the Trust Deed. The Trustees seek to ensure that the Fund and the schemes floated there under are managed by the AMC in accordance with the Trust Deed, the said Regulations, directions and guidelines issued by the SEBI, the Stock Exchanges, the Association of Mutual Funds in India and other regulatory agencies.

During the year, HSBC Securities and Capital Markets (India) Private Limited ("HSCI"), Sponsors of HSBC Mutual Fund) established a private limited company with limited liability to act as the "Trustee" of HSBC Mutual Fund. HSBC Trustees (India) Private Limited ("HTIP") was incorporated on 9 January 2024. Accordingly, HTIP has replaced the Board of Trustees of HSBC Mutual Fund w.e.f. 1 March 2024, and the Company through its Board of Directors has been discharging its obligations as the "Trustees" of the Fund from this date.

As of March 31, 2024, HSCI holds 100% of the paid-up equity share capital of HTIP.

D. Asset Management Company (the AMC)

HSBC Asset Management (India) Private Limited (the Investment Manager or the AMC) is a private limited company incorporated under the Companies Act, 1956 on December 12, 2001 having its Registered Office at 9-11 Floors, NESCO IT Park, Building no. 3, Western Express Highway, Goregaon (East), Mumbai – 400 063. HSBC Asset Management (India) Private Limited has been appointed as the Asset Management Company of HSBC Mutual Fund by the Trustee vide Investment Management Agreement (IMA) dated February 7, 2002 (as amended) and executed between the Trustees and the AMC. SEBI approved the AMC to act as the Investment Manager of the Fund vide its letter No. MFD/BC/163/2002 dated May 27, 2002. The paid-up equity share capital of the AMC is Rs. 344.41 crores. The AMC is registered as a Portfolio Manager under the SEBI (Portfolio Managers) Regulations, 1993 vide registration no. INP000001322. The AMC also offers non-binding Advisory services to offshore funds under the mutual fund license.

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

3. INVESTMENT OBJECTIVE OF THE SCHEMES

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

4. SIGNIFICANT ACCOUNTING POLICIES

The Significant Accounting Policies form part of the Notes to the Accounts annexed to the Balance Sheet of the Schemes in the Full Annual Report. The accounting policies are in accordance with Securities Exchange Board of India (Mutual Funds) Regulations, 1996 and Indian Accounting Standards (IND AS) notified under section 133 of the Companies Act, 2013 (the "Act" read with the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time.

Trustees' Report

For the year ended March 31, 2024 (Contd...)

5. UNCLAIMED DIVIDENDS & REDEMPTIONS

Summary of number of investors & corresponding amount as on March 31, 2024:

Scheme Name	Unclaimed Dividend		Unclaimed Redemption	
	No. of Investors	Amount (₹)	No. of Investors	Amount (₹)
HSBC NIFTY NEXT 50 INDEX FUND	0	0	4	17,772.69

6. INVESTOR SERVICES

The number of official points of acceptance of transactions are 210 locations. In addition to the offices of the Registrar & Transfer Agent, the AMC has its own office in 61 locations and Investor Service Centers in 39 locations. The AMC has 2 Toll Free numbers (1800-4190-200/1800-200-2434) which can be dialed from anywhere in India and 1 number i.e. +91 44 39923900 (Investors calling from abroad). The call center service is being managed by the Registrar and Transfer Agents. HSBC Mutual Fund offers the online transaction facility through the AMC's website at www.assetmanagement.hsbc.co.in.

On the distribution front, the number of empaneled distributors were 59046 as on March 31, 2024. During the year, the AMC initiated tie-ups for online distribution of the Mutual Fund's schemes with several channel partners taking the total number of such tie-ups to 160 as on March 31, 2024.

7. DETAILS OF INVESTOR GRIEVANCE REDRESSAL

The details of the redressal of investor complaints received against HSBC Mutual Fund during April 2023 - March 2024 are as follows:

2023-2024												
Complaint code	Type of Complaint	(a) No. of complaints pending at the beginning of the period	(b) No. of complaints received during the given period	Action on (a) and (b)								
				Resolved				Non Action-able*	Pending			
				Within 30 days	30-60 days	60-180 days	Beyond 180 days		0-3 months	3-6 months	6-9 months	9-12 months
I A	Non receipt of amount declared under Income Distribution cum Capital Withdrawal option	1	10	11	0	0	0	0	0	0	0	0
I B	Interest on delayed payment of amount declared under Income Distribution cum Capital Withdrawal option	0	1	1	0	0	0	0	0	0	0	0
I C	Non receipt of Redemption Proceeds	1	38	39	0	0	0	0	0	0	0	0
I D	Interest on delayed payment of Redemption	0	2	2	0	0	0	0	0	0	0	0
II A	Non receipt of Statement of Account/Unit Certificate	0	3	3	0	0	0	0	0	0	0	0
II B	Discrepancy in Statement of Account	1	22	23	0	0	0	0	0	0	0	0
II C	Data corrections in Investor details	1	250	249	0	0	0	0	2	0	0	0
II D	Non receipt of Annual Report/ Abridged Summary	0	0	0	0	0	0	0	0	0	0	0
III A	Wrong switch between Schemes	0	2	2	0	0	0	0	0	0	0	0
III B	Unauthorized switch between Schemes	0	1	1	0	0	0	0	0	0	0	0
III C	Deviation from Scheme attributes	0	1	1	0	0	0	0	0	0	0	0
III D	Wrong or excess charges/load	0	0	0	0	0	0	0	0	0	0	0

Trustees' Report

For the year ended March 31, 2024 (Contd...)

2023-2024												
Com- plaint code	Type of Complaint	(a) No. of complaints pending at the begin- ning of the period	(b) No. of com- plaints received during the given period	Action on (a) and (b)								
				Resolved				Non Action- able*	Pending			
				Within 30 days	30-60 days	60-180 days	Beyond 180 days		0-3 months	3-6 months	6-9 months	9-12 months
III E	Non updation of changes viz. address, PAN, bank details, nomination, etc	1	127	127	0	0	0	0	1	0	0	0
III F	Delay in allotment of Units	0	5	4	1	0	0	0	0	0	0	0
III G	Unauthorized Redemption	0	0	0	0	0	0	0	0	0	0	0
IV	Others**	1	78	76	0	0	0	0	3	0	0	0
	TOTAL	6	540	539	1	0	0	0	6	0	0	0

** As per AMFI Best Practice Guidelines Circular No.25/2011-12 for Revisions in the Guidelines on Standardization of Complaints /Grievances Reporting Procedure. If "Others" include a type of complaint which is more than 10% of overall complaints, then such a reason should be provided separately. Hence, data corrections in Investor Details are included as a separate category.

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

Summary of Complaints for FY 2023-24

Particulars	Count
Total complaints received	540
Total number of folios	21,39,406
% of complaints against the folio	0.025

8. INVESTOR EDUCATION INITIATIVES

During the FY 2023-24, the AMC conducted the following investor education and awareness initiatives:

- An integrated multi-media marketing campaign on SIP Hai 'FaydeWaliAadat' aimed to tap into the aspirations, financial goals, and unique spending habits of millennials.
- Editorial content on Systematic Investment Plans (SIP) created across 15 states through various regional television channels.
- Investor education content on the Platform - Quora.
- 'Be Money Confident' video series targeting women through Jio Platforms.
- Campaign on Women & Investing for Women's Day.
- Campaign for Marathon enthusiast on the similarities between running a Marathon & Investing.
- Financial literacy virtual event on the occasion of Mother's Day, which received more than 725 registered users.
- A mom blogger outreach program to reach Women Investors with financial education content on MF on the occasion of Mother's Day.
- Education campaign on ELSS executed for working audiences.
- Blogs and content for Investor Education properties like SIP Sahi Hai in Value Research, Gyan Guroovaar on Facebook, Investment Ki Paathshala on the website and investor education blogs on the platform - Advisor Khoj.
- 1,462 Investor Education programs to reach out to an audience of 71,465 people out of which 458 were women programs attended by 20,139 women.

Trustees' Report

For the year ended March 31, 2024 (Contd...)

9. PROXY VOTING POLICY

As per para 6.16 of SEBI Master Circular on Mutual Funds dated June 27, 2024, the Fund has adopted Proxy Voting Policy and Procedures for exercising voting rights in respect of securities held by the Schemes. (please refer Proxy Voting Policy and Procedures)

The summary of the votes casted in the general meetings of the Investee companies, by the AMC for and on behalf of the Schemes of the Fund, for the financial year 2023-24 is provided below:

Quarter	Total no. of resolutions	Break-up of Vote decision		
		For	Against	Abstained
April 2023 - June 2023	387	260	75	52
July 2023 - September 2023	2,169	1607	448	114
October 2023 - December 2023	197	138	37	22
January 2024 - March 2024	319	240	50	29
TOTAL	3,072	2,245	610	217

As per para 6.16.7 of SEBI Master Circular on Mutual Funds dated June 27, 2024, the AMC has obtained certificate from M/s. M. P. Chitale & Co., Chartered Accountants, who is acting as a Scrutinizer, on the voting report for the FY 2023-24. The certificate dated May 22, 2024 issued by M/s. M. P. Chitale & Co., is available on the website of the AMC as part of the full Annual Report.

Unitholders can refer to the full Annual Report for complete details of actual exercise of votes in the general meetings of the investee companies for the financial year 2023-24 or log on to our website at www.assetmanagement.hsbc.co.in.

10. STATUTORY DETAILS

- The Sponsors are not responsible or liable for any loss resulting from the operation of the Schemes of the Fund beyond initial contribution of Rs. 1 lakh for setting up the Fund.
- The price and redemption value of the units, and income from them, can go up as well as down with fluctuations in the market value of its underlying investments.
- Full Annual Report of HSBC Mutual Fund and of HSBC Asset Management (India) Private Limited (the AMC) shall be disclosed on the website at www.assetmanagement.hsbc.co.in and shall be available for inspection at the Head Office of the Mutual Fund. Present and prospective unitholders can obtain copy of the Trust Deed, the full Annual Report of the Scheme(s), the Annual Report of HSBC Asset Management (India) Private Limited and the text of the relevant Scheme(s) at a price.

11. CHANGES IN RISK-O-METER OF THE SCHEME DURING FY 2023-24

As per para 17.4. of SEBI Master Circular on Mutual Funds dated June 27, 2024 on product labelling, the changes carried out in the risk-o-meter of the schemes of HSBC Mutual Fund during FY 2023-24 have been given in the below mentioned table for the information of the unitholders, a report on the said changes has also been displayed on the website of the Fund and AMFI.

Scheme Name	Risk-o-meter level as on March 31, 2023	Risk-o-meter level as on March 31, 2024	Number of changes in Risk-o-meter during the F.Y. 2023-24)
HSBC Nifty Next 50 Index Fund	Very High	Very High	0

Trustees' Report

For the year ended March 31, 2024 (Contd...)

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

As per para 6.16.15 of SEBI Master Circular on Mutual Funds dated June 27, 2024, HSBC Mutual Fund has adapted the policy on stewardship responsibilities, the unitholders are requested to note the status of governance with the same as mentioned below:

S. No.	Particulars of Principles of Stewardship Code	Status of compliance (Complied/ Not Complied)	Description	Remarks/ reasons for deviation/non-compliance, if any
1	Principle 1: Institutional Investors should formulate a comprehensive policy on the discharge of their stewardship responsibilities, publicly disclose it, review and update it periodically.	Complied	HSBC Asset Management (India) Private Limited's (AMIN) 'Policy on Stewardship responsibilities' (Stewardship Code/ Policy) was formulated and implemented on 01 July, 2020. This is a comprehensive document which has been publicly disclosed on the website of AMIN. The same shall follow a periodic review.	N.A.
2	Principle 2: Institutional investors should have a clear policy on how they manage conflicts of interest in fulfilling their stewardship responsibilities and publicly disclose it.	Complied	Defining and managing Conflict of Interest in fulfilling stewardship responsibilities are detailed in the Stewardship Policy document. The policy document is publicly disclosed.	N.A.
3	Principle 3: Institutional investors should monitor their investee companies.	Complied	AMIN monitors all investee companies through its investment process. This includes assessment of companies' own and market data, consideration of research from brokers and other independent research providers – including ESG & voting research, attending individual & group meetings with company management and directors, visiting production sites (wherever necessary), engaging with key stakeholders including competitors and customers, and financial modelling. More details enumerated in the policy document	N.A.
4	Principle 4: Institutional investors should have a clear policy on intervention in their investee companies. Institutional investors should also have a clear policy for collaboration with other institutional investors where required, to preserve the interests of the ultimate investors, which should be disclosed.	Complied	Details of undertaking active engagement with investee companies and the policy for collaboration with other institutional holders are detailed in the policy document. The policy document is publicly disclosed.	N.A.

Trustees’ Report
For the year ended March 31, 2024 (Contd...)

S. No.	Particulars of Principles of Stewardship Code	Status of compliance (Complied/ Not Complied)	Description	Remarks/ reasons for deviation/non-compliance, if any
5	Principle 5: Institutional investors should have a clear policy on voting and disclosure of voting activity.	Complied	AMIN has a clear and detailed voting policy which provides the framework for the voting decisions. All voting decisions shall be in accordance with AMIN's Voting Policy and Procedures, which is disclosed on the website. AMIN discloses the details of the voting on its website on a quarterly basis within 10 working days from the end of the quarter. Additionally, AMIN also discloses the details of the votes cast, in the annual report of the schemes of HSBC Mutual Fund.	N.A.
6	Principle 6: Institutional investors should report periodically on their stewardship activities.	Complied	The annual status report of the stewardship code and quarterly report on proxy voting are publicly disclosed on the website as required under SEBI Regulations.	N.A.

13. DISCLOSURES PERTAINING TO NAV ADJUSTED DURING THE FINANCIAL YEAR FOR SWING FACTOR ALONG WITH THE PERFORMANCE IMPACT

Sr No.	Period of applicability of swing pricing	Scheme Name	Unswung NAV	Swing factor applied	Whether optional or mandatory
NIL					

14. SIGNIFICANT EVENT AFTER THE END OF THE FINANCIAL YEAR

NIL

15. ACKNOWLEDGEMENTS

The Trustees wish to thank the unitholders of the Schemes for their support throughout the year, and also thank the Government of India, the Securities and Exchange Board of India (SEBI), the Reserve Bank of India (RBI) and the Association of Mutual Funds in India (AMFI) for the guidance provided by them. The Trustees also appreciate the services provided by the Registrar and Transfer Agent, Fund Accountant, Custodian, Bankers, Distributors and Brokers. The guidance and services provided by the auditors and advocates and the ebullience, sincerity and dedication of the employees of HSBC Asset Management (India) Private Limited is also appreciated.

The Trustees look forward to the continued support of everyone.

For and on behalf of **HSBC Trustees (India) Private Ltd.**

Sd/-

Director

Mumbai

July 19, 2024

Independent Auditors' Report

To the Board of Directors of HSBC Trustees (India) Private Limited (the "Trustee")

HSBC NIFTY NEXT 50 INDEX FUND

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **HSBC NIFTY NEXT 50 INDEX FUND** (the "Scheme") of HSBC Mutual Fund (the "Fund"), which comprise the Balance Sheet as at March 31, 2024, the Revenue Account and the Cash Flow Statement for the year then ended, and notes to the financial statements, including a summary of material accounting policy and other explanatory information.

In our opinion, and to the best of our information and according to the explanations given to us, the aforesaid financial statements of the Scheme give a true and fair view in conformity with the Indian Accounting Standards ("Ind AS") prescribed under section 133 of the Companies Act, 2013 (the "Act") read with Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India, including the accounting policies and standards specified in the Regulation 50 and Ninth Schedule to the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 ("the SEBI Regulations") (collectively referred to as the "Regulations") as amended:

- a. in the case of the Balance Sheet, of the state of affairs of the Scheme as at March 31, 2024;
- b. in the case of the Revenue Account, of the net surplus for the year ended on that date; and
- c. in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing ("SAs") and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India (the "ICAI"). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Scheme in accordance with the Code of Ethics issued by the ICAI together with the ethical requirements that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Information Other than the Financial Statements and Auditor's Report Thereon

The Board of Directors of HSBC Asset Management (India) Private Limited (the "AMC") and the Board of Directors of HSBC Trustees (India) Private Limited (the "Trustees") (collectively referred to as "the Management") are responsible for the other information. The other information comprises the information included in the Trustees report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

The Management is responsible for the preparation of these financial statements that give a true and fair view of the state of affairs, results of operations and cash flows of the Scheme in accordance with the accounting principles generally accepted in India, including the accounting policies and standards specified in Regulations. This responsibility also includes maintenance of adequate accounting records in accordance with the SEBI

Independent Auditors' Report (Contd...)

Regulations for safeguarding of the assets of the Scheme and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Management is responsible for assessing the Scheme's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management, either intends to liquidate the Scheme or to cease operations, or has no realistic alternative but to do so.

Those Charged with Governance are also responsible for overseeing the Scheme's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Scheme's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Scheme to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide to those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Independent Auditors' Report (Contd...)

Report on Other Legal and Regulatory Requirements

1. As required by regulation 55(4) and clause 5(iii)(2) of the Eleventh Schedule of the SEBI Regulations, we report that:
 - a. we have sought and obtained all the information and explanations which, to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b. in our opinion, the Balance Sheet and the Revenue Account dealt with by this report have been prepared in accordance with the accounting policies and standards specified in the Regulations; and
 - c. the Balance Sheet, the Revenue Account and the Cash Flow Statement, dealt with by this report are in agreement with the books of accounts of the Scheme.
2. On the basis of information and explanations given to us, the scheme does not have any non-traded securities as at March 31, 2024 and hence reporting requirement of Eighth Schedule of the SEBI Regulations is not applicable.

For **M S K A & Associates**

Chartered Accountants

ICAI Firm Registration No. 105047W

Sd/-

Swapnil Kale

Partner

Membership No: 117812

UDIN: 24117812BKFISG6066

Place : Mumbai

Date : July 19, 2024

Abridged Balance Sheet as at March 31, 2024

Rs. in Lakhs

	As at March 31, 2024	As at March 31, 2023	As at April 1, 2022
LIABILITIES			
1 Unit Capital	3,811.16	3,527.15	2,675.78
2 Reserves & Surplus			
2.1 Unit Premium Reserves	1,048.53	787.96	491.44
2.2 Unrealised Appreciation Reserve	2,941.57	—	548.70
2.3 Other Reserves	2,227.42	1,470.63	1,056.74
3 Loans & Borrowings	—	—	—
4 Current Liabilities & Provisions			
4.1 Provision for Doubtful Income/Deposits	—	—	—
4.2 Other Current Liabilities & Provisions	22.88	31.05	915.34
TOTAL	10,051.56	5,816.80	5,688.00
ASSETS			
1 Investments			
1.1 Listed Securities:			
1.1.1 Equity Shares	10,008.14	5,780.39	4,756.81
1.1.2 Preference Shares	—	—	—
1.1.3 Equity Linked Debentures	—	—	—
1.1.4 Other Debentures & Bonds	—	—	—
1.1.5 Securitised Debt Securities	—	—	—
1.2 Securities Awaited Listing:			
1.2.1 Equity Shares	—	—	—
1.2.2 Preference Shares	—	—	—
1.2.3 Equity Linked Debentures	—	—	—
1.2.4 Other Debentures & Bonds	—	—	—
1.2.5 Securitised Debt Securities	—	—	—
1.3 Unlisted Securities:			
1.3.1 Equity Shares	—	—	—
1.3.2 Preference Shares	—	—	—
1.3.3 Equity Linked Debentures	—	—	—
1.3.4 Other Debentures & Bonds	—	—	—
1.3.5 Securitised Debt Securities	—	—	—
1.4 Government Securities	—	—	—
1.5 Treasury Bills	—	—	—
1.6 Commercial Paper	—	—	—
1.7 Certificate of Deposits	—	—	—
1.8 Bill Rediscounting	—	—	—
1.9 Units of Domestic Mutual Fund	—	—	—
1.10 Foreign Securities	—	—	—
Total Investments	10,008.14	5,780.39	4,756.81
2 Deposits	1.38	0.16	208.47
3 Other Current Assets			
3.1 Cash & Bank Balance	5.68	5.31	4.73
3.2 CBLO/TREPS/Reverse Repo Lending	2.39	30.36	127.04
3.3 Others	33.99	0.58	590.96
4 Deferred Revenue Expenditure (to the extent not written off)	—	—	—
TOTAL	10,051.56	5,816.80	5,688.00

Notes to Accounts - Annexure I

Abridged Revenue Account for the year ended March 31, 2024

Rs. in Lakhs

		Current Year ended March 31, 2024	Previous Year ended March 31, 2023
1	INCOME		
1.1	Dividend	115.56	96.64
1.2	Interest	1.61	1.63
1.3	Realised Gain/(Loss) on Foreign Exchange Transactions	—	—
1.4	Realised Gains/(Losses) on Interscheme Sale of Investments	—	—
1.5	Realised Gains/(Losses) on External Sale/Redemption of Investments	391.35	159.90
1.6	Realised Gains/(Losses) on Derivative Transactions	—	—
1.7	Other Income	0.63	0.43
	(A)	509.15	258.61
2	EXPENSES		
2.1	Management Fees	17.82	11.60
2.2	GST on Management Fees	3.21	2.09
2.3	Transfer Agents Fees and Expenses	2.70	3.90
2.4	Custodian Fees	0.17	0.30
2.5	Trusteeship Fees	0.06	0.04
2.6	Commission to Agents	10.13	8.88
2.7	Marketing & Distribution Expenses	0.01	0.19
2.8	Audit Fees	0.12	0.07
2.9	Investor Education Expenses	0.74	0.69
2.10	Interest on Borrowing	—	—
2.11	Brokerage & Transaction Costs	8.22	10.81
2.12	Other Operating Expenses	3.03	2.08
	(B)	46.22	40.64
3	NET REALISED GAINS / (LOSSES) FOR THE YEAR	(C = A - B) 462.93	217.97
4	Change in Unrealised Depreciation in Value of Investments	(D) 161.60	(161.60)
5	NET GAINS / (LOSSES) FOR THE YEAR	(E = C + D) 624.53	56.37
6	Change in Unrealised Appreciation in Value of Investments	(F) 2,941.57	(543.61)
7	NET SURPLUS / (DEFICIT) FOR THE YEAR	(G = E + F) 3,566.11	(487.24)
7.1	Add : Balance Transfer from Unrealised Appreciation Reserve	—	548.70
7.2	Less : Balance Transfer to Unrealised Appreciation Reserve	2,941.57	—
7.3	Add/(Less) : Equalisation	132.26	352.44
7.4	Transfer from Reserve Fund	1,470.63	1,056.74
7.5	Transfer from Unit Premium Reserve	—	—
8	Total	2,227.42	1,470.63
9	Dividend Appropriation		
9.1	Income Distributed during the Year	—	—
9.2	Tax on Income Distributed during the Year	—	—
10	Retained Surplus/(Deficit) Carried Forward to Balance Sheet	2,227.42	1,470.63

Notes to Accounts - Annexure I

Key Statistics for the year ended March 31, 2024

	Current Year ended March 31, 2024	Previous Year ended March 31, 2023
1. NAV per unit (Rs.):		
Open		
Regular Plan - Growth Option	16.2667	17.7460
Regular Plan - IDCW Option	16.2668	17.7450
Direct Plan - Growth Option	16.4850	17.9040
Direct Plan - IDCW Option	16.4850	17.9040
High		
Regular Plan - Growth Option	26.0074	18.9793
Regular Plan - IDCW Option	26.0076	18.9794
Direct Plan - Growth Option	26.4744	19.2073
Direct Plan - IDCW Option	26.4744	19.2073
Low		
Regular Plan - Growth Option	16.3059	15.9139
Regular Plan - IDCW Option	16.3060	15.9140
Direct Plan - Growth Option	16.5254	16.1270
Direct Plan - IDCW Option	16.5253	16.1269
End		
Regular Plan - Growth Option	26.0057	16.2667
Regular Plan - IDCW Option	26.0059	16.2668
Direct Plan - Growth Option	26.4737	16.4850
Direct Plan - IDCW Option	26.4737	16.4850
2. Closing Assets Under Management (Rs. in Lakhs)		
End	10,029	5,779
Average (AAuM) ¹	7,448	5,652
3. Gross income as % of AAuM ²	6.84%	4.58%
4. Expense Ratio:		
a. Total Expense as % of AAuM (including GST on Management fees) (plan wise)		
Regular Plan	0.80%	0.80%
Direct Plan	0.35%	0.35%
b. Management Fee as % of AAuM (planwise)		
Regular Plan	0.28%	0.23%
Direct Plan	0.22%	0.19%
5. Net Income as a percentage of AAuM ³	6.22%	3.86%
6. Portfolio turnover ratio ⁴	0.41	0.54
7. Total IDCW per unit distributed during the year (planwise)		
Retail		
Regular Plan - IDCW Option	—	—
Direct Plan - IDCW Option	—	—

Key Statistics for the year ended March 31, 2024 (Contd...)

	Current Year ended March 31, 2024	Previous Year ended March 31, 2023
Corporate		
Regular Plan - IDCW Option	—	—
Direct Plan - IDCW Option	—	—
8. Returns (%):		
a. Last One Year		
Scheme		
Regular Plan - Growth Option	60.30%	(8.34%)
Direct Plan - Growth Option	61.02%	(7.93%)
Benchmark		
Nifty Next 50 TRI	61.83%	(7.34%)
b. Since Inception		
Scheme		
Regular Plan - Growth Option	27.35%	17.87%
Direct Plan - Growth Option	27.92%	18.41%
Benchmark		
Nifty Next 50 TRI	28.72%	19.19%

1. AAuM = Average daily net assets

2. Gross income = amount against (A) in the Revenue Account i.e. Income

3. Net income = amount against (C) in the Revenue Account i.e. Net Realised Gains/(Losses) for the year

4. Portfolio Turnover = Lower of sales or purchase divided by the Average AuM for the year

Note: Returns have been calculated as on last business day of the month i.e. March 28, 2024 due to non-availability of benchmark indices as of March 31, 2024.

Notes to Accounts – Annexure I

To the Abridged Balance Sheet and Revenue Account for the year ended March 31, 2024

1 Investments:

- 1.1. All Investments of the Scheme are registered in the name of the Trustee for the benefit of the Scheme's Unitholders.
- 1.2. Open Position of derivatives as at the year ended March 31, 2024 and March 31, 2023 are Nil.
- 1.3. Investment in Associates and Group Companies as at the year ended March 31, 2024 and March 31, 2023 are Nil.
- 1.4. There was no open position of Securities Borrowed and/or Lend by the scheme as at March 31, 2024 and March 31, 2023.
- 1.5. Investment in Below investment grade and default/Securities in default beyond its maturity date as on March 31, 2024 and March 31, 2023 are NIL.
- 1.6. Aggregate Unrealised Gain/Loss as at the end of the Financial Year March 31, 2024 and March 31, 2023 are as under :

Rs. In Lakhs

Security Type	Amount	Percentage to Net Assets	Amount	Percentage to Net Assets
	As at March 31, 2024		As at March 31, 2023	
Equity Shares				
- Appreciation	3,087.20	30.78	380.97	6.59
- Depreciation	145.63	1.45	542.57	9.39

- 1.7. The aggregate value of investment securities (excluding TREPS and Reverse Repos) purchased and sold (including matured) during the financial year 2023-2024 (excluding accretion of discount) is Rs. 3,775.31 lakhs and Rs. 3,042.09 lakhs respectively being 50.69% and 40.84% of the average net assets.

The aggregate value of investment securities (excluding TREPS and Reverse Repos) purchased and sold (including matured) during the financial year 2022-2023 (excluding accretion of discount) is Rs. 4,604.48 lakhs and Rs. 3,024.77 lakhs respectively being 81.47% and 53.52% of the average net assets..

- 1.8. Non-Traded securities in the portfolio: Aggregate Value of Equity, Debt & Money Market Instruments was NIL.

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

During the year 2023-24, The Hongkong and Shanghai Banking Corporation Limited, an associate entity of HSBC Asset Management (India) Private Limited was paid collection/bank charges amounting to Rs. Nil.

During the year 2022-23, The Hongkong and Shanghai Banking Corporation Limited, an associate entity of HSBC Asset Management (India) Private Limited was paid collection/bank charges amounting to Rs. Nil.

Commission paid to Sponsor / AMC and its associates / related parties / group companies

Name of Sponsor/ Investment Manager and its associates/ related parties/ group companies	Nature of Association /Nature of relation	Period Covered	Business Given [Rs. In lakhs]	% of Total Business given by the Fund	Commission paid [Rs. In Lakhs]	% of Total Commission paid by the Fund
The Hongkong and Shanghai Banking Corporation Limited	Group Company	2023-2024	27.52	1.10	0.10	0.97
The Hongkong and Shanghai Banking Corporation Limited	Group Company	2022-2023	21.72	0.84	0.01	0.09

Notes to Accounts – Annexure I (Contd...)**To the Abridged Balance Sheet and Revenue Account for the year ended March 31, 2024**

Brokerage paid to Sponsor/AMC and its associates/related parties/group companies is NIL.
(Previous year Nil).

- 3 There were no Unitholders over 25% of the NAV of the Scheme as at March 31, 2024 and March 31, 2023.
- 4 Unit Capital movement during the years ended March 31, 2024, March 31, 2023 and March 31, 2022:

Description	2023-24				
	Opening Units	Subscription	Redemption	Closing Units	Face value
Regular Plan - Growth Option	12,973,918.061	4,155,493.797	4,320,767.584	12,808,644.274	10
Regular Plan - IDCW Option	201,308.785	21,603.599	28,219.288	194,693.096	10
Direct Plan - Growth Option**	21,831,302.031	7,455,498.361	4,458,743.312	24,828,057.080	10
Direct Plan - IDCW Option	265,003.750	86,023.270	70,860.931	280,166.089	10
	2022-23				
Regular Plan - Growth Option	11,169,994.455	4,624,775.060	2,820,851.454	12,973,918.061	10
Regular Plan - IDCW Option	241,057.602	39,826.396	79,575.213	201,308.785	10
Direct Plan - Growth Option**	15,113,706.763	9,848,985.764	3,131,390.496	21,831,302.031	10
Direct Plan - IDCW Option	233,023.608	132,146.425	100,166.283	265,003.750	10
	2021-22				
Regular Plan - Growth Option	9,644,983.432	4,592,769.681	3,067,758.658	11,169,994.455	10
Regular Plan - IDCW Option	244,100.500	54,268.573	57,311.471	241,057.602	10
Direct Plan - Growth Option**	6,981,972.972	10,785,692.731	2,653,958.940	15,113,706.763	10
Direct Plan - IDCW Option	214,873.184	134,240.931	116,090.507	233,023.608	10

**Units held by the AMC (Seed Capital) in Direct Plan - Growth Option as on March 31, 2024 is 500,000 & as on March 31, 2023 is 500,000 & as on March 31, 2022 is 500,000.

- 5 Previous year's/period figures have been re-grouped/re-arranged where necessary.
- 6 There are no contingent liabilities and other commitments as on March 31, 2024 and March 31, 2023. Contingent asset is neither recognized nor disclosed in the financial statements.
- 7 Expenses other than Management Fees are Inclusive of GST where applicable.
- 8 Other income of Rs. 0.63 lakhs represents Exit load credited to the scheme (2023: Rs. 0.43 lakhs represents Exit load credited to the scheme).
- 9 **Investor Education Awareness**

As mandated by SEBI vide circular no. CIR/IMD/DF/21/2012 dated September 13, 2012 an annual charge of 0.02 percent of daily net assets, being a part of total recurring expenses is set aside for Investor Education and Awareness (IEA). In view of the AMFI Best Practices Guidelines Circular No. 56/2015-16,

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

To the Abridged Balance Sheet and Revenue Account for the year ended March 31, 2024

the IEF (Investor Education Fund) accrual is set aside in a separate bank account and the consolidated balance across all schemes as on March 31, 2024.

Pursuant to SEBI circular dated May 23, 2022, w.e.f. July 1, 2022, the limit of 0.02% p.a. has been reduced to 0.01% p.a. in case of ETFs/Index Funds. Furthermore, Fund of Funds (FoFs) investing more than 80% of its NAV in the underlying domestic funds have discontinued setting aside 0.02% p.a. of daily net assets towards IEAI.

The break-up of which is as under:

	March 31, 2024	March 31, 2023
Particulars	Amount (Rs. In Lakhs)	Amount (Rs. In Lakhs)
Opening Balance as on April 01, 2023	997.09	460.22
Add: Accrual during FY 2023-24	1,962.01	1,432.00
Less: Transferred to AMFI *	889.11	646.75
Less: Payable to AMFI (March 2024 accrual) *	91.90	69.25
Add: Investment Income FY 2023-24	77.08	166.42
Less: Spent during FY 2023-24	1,877.44	345.55
Closing Balance as on March 31, 2024	177.73	997.09

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

The IEA disclosure's are presented for surviving schemes only.

- 10 Pursuant to SEBI Circular No. SEBI/HO/IMD/DF3/CIR/P/2020/194 dated October 05, 2020, the nomenclature of 'Dividend Option' under all the schemes of HSBC Mutual Fund has been revised to 'Income Distribution cum Capital Withdrawal Option' (IDCW), with effect from April 01, 2021.
- 11 Securities, excluding debt securities, where the non-traded investments which have been valued "in good faith" exceed 5% of the net assets at the end of the year is NIL.
- 12 Debt securities which have been valued at a price other than the price given by the independent valuation agencies at the end of the year is NIL.
- 13 **Disclosure of Risk-o-meter**

Scheme Name	Risk-o-meter level at end of the financial year i.e. March 31, 2024	Risk-o-meter level as on March 31, 2023	Number of changes in Risk-o-meter during the financial year (March 2023 to March 2024)
HSBC Nifty Next 50 Index Fund	Very High	Very High	0

- 14 Subsequent to receipt of SEBI's no objection to acquisition of 100% equity shares of L&T Investment Management Limited ("LTIM", Investment Manager of L&T Mutual Fund) and the amendments proposed to the trust deed of the HSBC Mutual Fund as required under the SEBI (Mutual Funds) Regulations, 1996, the schemes of L&T Mutual Fund (LTMF) were transferred to/ merged with the schemes of HSBC Mutual Fund on and from the close of business hours of November 25, 2022, and the HSBC AMC and HSBC Trustees assumed the responsibilities of the schemes of LTMF w.e.f. close of business hours of November 25, 2022.
- 15 During the year, HSBC Securities and Capital Markets (India) Private Limited ("HSCI"), Sponsors of HSBC Mutual Fund established a private limited company with limited liability to act as the "Trustee" of HSBC Mutual Fund. HSBC Trustees (India) Private Limited ("HTIP") was incorporated on 9 January 2024. Accordingly, HTIP has replaced the Board of Trustees of HSBC Mutual Fund w.e.f. 1 March 2024, and the Company through its Board of Directors has been discharging its obligations as the "Trustees" of the Fund from this date.

Notes to Accounts – Annexure I (Contd...)**To the Abridged Balance Sheet and Revenue Account for the year ended March 31, 2024**

- 16 The Annual Accounts of the Schemes, prepared in accordance with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the “Act”) read with the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time and clause 17.14 of SEBI Master Circular for Mutual Funds dated June 27, 2024, has been approved by the Board of Directors of HSBC Asset Management (India) Private Limited and HSBC Trustees (India) Private Limited at their meetings held on July 8, 2024 and July 19, 2024 respectively. The audit report attached herewith refers to the said Annual Accounts. The aforesaid abridged accounts are an extract of the Annual Accounts and are prepared in accordance with clause 5.4 and format no. 3.B under the section of formats of SEBI Master Circular for Mutual Funds dated June 27, 2024 and other relevant circulars issued by the Securities and Exchange Board of India from time to time.

Voting Policy and Procedures

In view of para 6.16 of SEBI Master Circular on Mutual Funds dated June 27, 2024 related to “Role of Mutual Funds in Corporate Governance of Public Listed Companies”, HSBC AMC has formulated its “Policy for Proxy Voting in Public Listed Companies”. The said policy is available on our website and the details of actual exercise of proxy votes, the summary of votes casted and the auditor's certificate is forming part of our full Annual Report for the Financial Year 2023 – 24 which has been uploaded on our website at <http://www.assetmanagement.hsbc.co.in>

Statutory Details & Disclaimers

All the returns have been sourced from Mutual Funds India Explorer software. The performance of the schemes and the benchmark is calculated on a total return basis. This document has been prepared by HSBC Asset Management (India) Private Limited (HSBC) for information purposes only with an intent to provide market overview and should not be construed as an offer or solicitation of an offer for purchase of any of the funds of HSBC Mutual Fund. All information contained in this document (including that sourced from third parties), is obtained from sources, which HSBC/third party, believes to be reliable but which it has not been independently verified by HSBC/the third party. Further, HSBC/the third party makes no guarantee, representation or warranty and accepts no responsibility or liability as to the accuracy or completeness of such information. The information and opinions contained within the document are based upon publicly available information and rates of taxation applicable at the time of publication, which are subject to change from time to time.

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

For disclosure of quarterly AUM/AAUM and AUM by geography, please visit our website at www.assetmanagement.hsbc.co.in. Investors are requested to note that as per SEBI (Mutual Funds) Regulations, 1996 and guidelines issued thereunder, HSBC AMC, its employees and/ or empaneled distributors/agents are forbidden from guaranteeing/promising/assuring/predicting any returns or future performances of the schemes of HSBC Mutual Fund. Hence, please do not rely upon any such statements/commitments. If you come across any such practices, please register a complaint via email at investor.line@mutualfunds.hsbc.co.in

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

Important Updates

Name and Date of Birth as per PAN card - Effective from June 1, 2024

As per recent regulatory requirement and changes advised by Income Tax Department in PAN validation process, now it is mandated to quote your Name(s) and DOB as per PAN card. To avoid any failure in such validations, we request investors to quote the Name(s) and DOB's of all the holders including Guardian, Power of Attorney (POA) holders as per PAN card.

Useful Links for self service options

- **Use our 24 x 7 Chatbot - "ASKME" for any queries or service request:**
visit: <https://invest.assetmanagement.hsbc.co.in>

SMS your request to HSBC Mutual Fund

- **Latest NAV :** Send SMS as HSBCMF NAV <Scheme Code> to 56767
Example: HSBCMF NAV F03
- **Valuation Service on registered mobile No. :** Send SMS as HSBCMF VAL <folio_number> to 56767
Example: HSBCMF VAL 123456
- **Annual Report :**
For Electronic Copy: Send SMS as HSBCMFARE <folio_number> to 567678080
Example: HSBCMF ARE 123456
For Physical Copy: Send SMS as HSBCMFARP <folio_number> to 567678080
Example: HSBCMF ARP 123456
- **Half Yearly Portfolio :**
For Electronic Copy: Send SMS as HSBCMFHPE <folio_number> to 567678080
Example: HSBCMF HPE 123456
For Physical Copy: Send SMS as HSBCMFHPP <folio_number> to 567678080
Example: HSBCMF HPP 123456

Missed Call Service

- You can give a missed call to 9212900020 to get the total valuation via SMS and a statement on your registered email ID

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Computer Age Management Services Private Limited (CAMS)

Unit: HSBC Mutual Fund

New No. 10, M.G.R Salai, Nungambakkam, Chennai - 600034.

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

HSBC Asset Management (India) Private Limited

CIN NO: U74140MH2001PTC134220

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

Website : www.assetmanagement.hsbc.co.in

Description	Toll Free Number	Email ID
Investor related queries	1800-4190-200/1800-200-2434	investor.line@mutualfunds.hsbc.co.in
Online related queries	1800-4190-200/1800-200-2434	onlinemf@mutualfunds.hsbc.co.in
Investor (Dialing from abroad)	+91 44 39923900	investor.line@mutualfunds.hsbc.co.in

To get your updated account statement email us at : "mfsoa@mutualfunds.hsbc.co.in"

We're always here to help you, so feel free to reach out to us

Self-service request at your Fingertips

- Visit Website • Invest Online • Insta Statement • Download Forms
- Transact via Whats App • Use 24/7 ChatBot - Ask Me



Remember, you can also find out more via our social media handles !



Please check our website www.assetmanagement.hsbc.co.in for an updated list of Official Points of Acceptance of HSBC Mutual Fund.

CAMS SERVICE CENTRES / CAMS LIMITED TRANSACTION POINTS / CAMS COLLECTION CENTRES

For details on CAMS Service Centres, please visit www.camsonline.com



HSBC Small Cap Fund

(Erstwhile L&T Emerging Businesses Fund)

An open ended equity scheme predominantly investing in small cap stocks

Abridged Annual Report 2023 - 2024



SPONSOR

HSBC Securities and Capital Markets (India) Private Limited

CIN – U67120MH1994PTC081575

Regd. Office: 52/60, Mahatma Gandhi Road, Fort, Mumbai 400001.

TRUSTEE COMPANY

HSBC Trustees (India) Private Limited

CIN – U66190MH2024PTC416973

Regd. Office: 52/60, Mahatma Gandhi Road, Fort, Mumbai 400001.

ASSET MANAGEMENT COMPANY

HSBC Asset Management (India) Private Limited

CIN – U74140MH2001PTC134220

Regd. Office: 9-11 Floors, NESCO IT Park, Building No. 3,
Western Express Highway, Goregaon (East), Mumbai 400063.

CUSTODIAN

Citibank N.A.

First International Financial Center (FIFC), 9th Floor,
C-54 & 55, G – Block, Bandra Kurla Complex, Bandra (East), Mumbai 400051.

AUDITORS TO THE SCHEME

MSKA & Associates

Chartered Accountants

602, Floor 6, Raheja Titanium, Western Express Highway,
Geetanjali Railway Colony, Ram Nagar, Goregaon (East), Mumbai 400063.

REGISTRAR & TRANSFER AGENTS

Computer Age Management Services Limited (CAMS)

Unit: HSBC Mutual Fund

New No. 10, M.G.R Salai, Nungambakkam, Chennai 600034.

BOARD OF TRUSTEES

Ms. Jasmine Batliwalla	– Chairperson
Mr. Nani Javeri	– Trustee
Mr. David Rasquinha	– Trustee
Mr. Nicolas Moreau	– Trustee

BOARD OF DIRECTORS

Dr. Indu Shahani	– Director
Mr. Kapil Seth	– Director
Ms. Roopa Varma	– Director
Mr. Kailash Kulkarni	– Director & Chief Executive Officer

Dear Investor,

As we reflect on the past year, I am filled with pride and optimism about the future of our company and overall growth of the mutual fund industry. The past year has marked significant milestones in our journey, particularly as we capitalise on the immense potential of India's burgeoning growth story.

Fiscal 2024 turned out to be one of the best years for the domestic mutual fund industry as assets under management (AUM) spurred by nearly Rs. 14 lakh crore to a record Rs. 53.40 lakh crore as of March 2024 compared with Rs. 39.42 lakh crore as of March 2023.

The mutual fund industry is experiencing immense growth and we are poised to take advantage of this upward trajectory. Our company is an integral part of this growth story, riding the wave with several strategic initiatives and accomplishments that have set us on a path of sustained success.



Major achievements post integration

- Post integration we have enhanced our digital offering for both B2B and B2C to provide improved customer journeys.
- HSBC AM India's AUM increased from USD 1.4 bn (before integration) to USD 13.7 bn as of April 2024.
- HSBC Asset Management India has now become the 14th largest asset manager in India in terms of AUM.
- HSBC AM India has launched 4 new products since integration (raising \$445M).
- We have expanded HSBC AM India's product offerings to 43 funds.

Key Achievements in FY2023-2024

Investment Performance: Our disciplined investment strategy and thorough research have been pivotal to our success. We have focused on high-quality, undervalued assets, achieving consistent returns across our portfolio.

Product Innovation: This year, we launched two new funds - HSBC Multi Asset Allocation Fund and HSBC Consumption Fund, tailored to meet the evolving needs of our investors. These new offerings have been well-received, contributing to our growth in AUM significantly.

Increased Media Presence: In FY24, we significantly boosted our media presence, ensuring that our brand and thought leadership are recognized across various platforms. Through strategic media engagements like Informed Investing with ET Now, talks shows and several authored articles plus interviews - we have amplified our message, reaching a broader audience and reinforcing our market position.

Successful Campaign Launch: We successfully launched SIP Hai #FaydeWaliAadat, an investor education campaign, that highlighted the transformative power of SIPs in achieving long-term financial

goals. A first of its kind campaign, it aimed at educating and empowering the millennial investors in India. The campaign garnered significant attention and positive feedback, strengthening our brand presence and engaging a wider audience. Notably, the campaign has also earned us prestigious awards and accolades highlighting our commitment to excellence and innovation.

Client Relationships: We have strengthened our client relationships through enhanced communication, transparency, and personalized service. Our client satisfaction scores have reached new heights, reflecting our commitment to exceptional service.

We believe that the India story has just begun and its economic landscape is poised for significant growth. An exposure to unique and future relevant themes can provide a much-needed inflation buffer. The importance of asset allocation continues to be critical. It is critical for all of us to review our risk appetite and goal proximity and construct a portfolio appropriately.

Besides construction, portfolio rebalancing is equally important in order to achieve optimal outcomes. I do hope you share my enthusiasm and I ask that you continue to invest whilst reviewing your asset allocation at all times.

I would like to express my sincere gratitude to our dedicated team, whose expertise and commitment are the backbone of our success. To our investors, thank you for your trust and continued support. Your confidence in our approach motivates us to strive for excellence in everything we do. Also, I want to express my deepest gratitude to our valuable partners for their unwavering support and keep our services running. Look forward to achieving even grater milestones together.

As we move forward, we remain committed to delivering superior investment performance, fostering strong client relationships, and driving sustainable growth. Together, we are well-positioned to navigate the future and achieve our goals.

Warm regards,

A handwritten signature in black ink, appearing to read 'Kailash Kulkarni', with a horizontal line underneath.

Kailash Kulkarni

Chief Executive Officer

HSBC Asset Management India

Trustees' Report

For the year ended March 31, 2024

The Board of Directors of HSBC Trustees (India) Private Limited, Trustees of HSBC Mutual Fund present the Twenty Second Annual Report and the audited abridged financial statements of the schemes of the HSBC Mutual Fund ("the Fund") for the year ended March 31, 2024.

With the acquisition of L&T Mutual Fund in the previous financial year, the Fund's Assets Under Management ('AUM') (excluding Domestic FOFs) as on March 31, 2024 was INR 109368.16 crores (audited). The Fund ranks in the top 15 Mutual Fund houses in India in terms of AUM.

As at March 31, 2024, the Fund offered 43 schemes across asset classes to meet the varying investment needs of the investors. During the year, the Fund launched two new products namely HSBC Consumption Fund and HSBC Multi Asset Allocation Fund in Equity and Hybrid categories.

The Fund continues its focus on delivering consistent long-term returns. The comments on the performance of the scheme(s) are provided hereinafter. Dividends were declared under various schemes as per the provisions contained in the respective Scheme Information Documents after considering the distributable surplus available under the respective plans of the schemes. Details of dividends declared can be viewed on our website at www.assetmanagement.hsbc.co.in.

During the year, HSBC Securities and Capital Markets (India) Private Limited ("HSCI"), Sponsors of the Fund established a private limited company with limited liability to act as the "Trustees" of the Fund. HSBC Trustees (India) Private Limited ("HTIP") was incorporated on 9 January 2024. Accordingly, HTIP has replaced the Board of Trustees of HSBC Mutual Fund w.e.f. 1 March 2024, and the Company through its Board of Directors has been discharging its obligations as the "Trustees" of the Fund from this date.

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

a. Operations and Performance of the Scheme

➤ Equity Schemes

HSBC Small Cap Fund ('HSCF')

(Small Cap Fund - An open-ended equity scheme predominantly investing in small cap stocks)

The investment objective of the scheme is to generate long term capital growth from an actively managed portfolio of equity and equity related securities of predominantly small cap companies. However, it could move a portion of its assets towards fixed income securities if the fund manager becomes negative on the Indian equity markets. However, there can be no assurance or guarantee that the investment objective of the scheme would be achieved.

The net assets of HSCF amounted to INR 13401.24 crores as at March 31, 2024 as against INR 8718.44 crores as at March 31, 2023. Around 97.36% of the net assets were invested in equities, 2.78% of the net assets were invested in reverse repos/TREPS and (0.14%) in net current assets as at March 31, 2024.

The aim of HSCF is to deliver long-term capital growth from an actively managed portfolio, primarily comprising of small cap stocks. HSCF aims to predominantly be 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 manager becomes cautious or negative on equity markets.

HSCF 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. A top down and bottom-up approach will be used to invest in equity and equity related instruments. Investments will be pursued in select sectors based on the Investment team's analysis of business cycles, regulatory reforms, competitive advantage etc. Selective stock picking will be done from these sectors. The fund manager in selecting scrips focuses on the fundamentals of the business, the industry structure, the quality of management, corporate governance trends, sensitivity to economic factors, the financial strength of the company and the key earnings drivers.

The benchmark index delivered 65% returns driven by high earnings growth, RoE accretion and strong domestic flows in small cap stocks. Small cap index saw a strong rally driven primarily by cyclical. HSCF has underperformed the benchmark index on 1-year basis but continues to outperform over longer time periods.

Trustees’ Report
For the year ended March 31, 2024 (Contd...)

Overweight in Real Estate and Consumer Discretionary were the positive contributors, while underweight in Financials detracted performance.

The fund managers focus is on companies that are scaling up well and are likely to become significantly larger players in the years to come. In most sectors, profit pool is consolidating with the dominant players of that industry and that trend is likely to continue. So, within small cap space also, the focus will be on companies that are leaders or strong challengers in their respective sub segment. HSCF continues to focus on these strong companies that are capturing market share and are available at reasonable valuations. HSCF is currently overweight in Capital Goods, Real Estate, Material and Consumer Discretionary, while being underweight in Financials, Pharmaceuticals and Technology.

HSBC Small Cap Fund				Date of Inception : 12 May, 2014				
Fund / Benchmark (Value of ₹ 10,000 invested)	1 Year		3 Years		5 Years		Since Inception	
	Amount (₹)	Returns (%)	Amount (₹)	Returns (%)	Amount (₹)	Returns (%)	Amount (₹)	Returns (%)
HSBC Small Cap Fund	14712	47.43	22813	31.71	27607	22.51	65344	20.91
Scheme Benchmark (Nifty Smallcap 250 TRI)	16415	64.60	21135	28.39	27630	22.53	54029	18.61
Additional Benchmark (Nifty 50 TRI)	13008	30.27	15736	16.35	20356	15.27	35942	13.82

Past performance may or may not be sustained in future. Returns have been calculated for the respective periods for Growth Option of Regular Plan as on last business day of the month i.e. March 28, 2024 due to non-availability of benchmark indices as of March 31, 2024. Returns on ₹ 10,000 are point-to-point returns for the specific time period, invested at the start of the period. Returns for 1 year and above are Compounded Annualized. Different plans shall have a different expense structure. Performance of the respective benchmark is calculated as per the Total Return Index (TRI).

Risk-o-meter as of 31st March, 2024:

Scheme Name	Scheme Risk-o-meter	Benchmark Risk-o-meter
HSBC Small Cap Fund	 Investors understand that their principal will be at Very High risk	

Please note that the above risk-o-meter is as per the product labelling of the Scheme basis Scheme's monthly portfolio as on March 31, 2024.

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

➤ EQUITY OUTLOOK

Recap of FY 2023-24:

FY24 was a stellar year for the Indian equity markets with strong economic momentum, healthy earnings growth and strong inflows from domestic and foreign institutional investors and strong retail participation driving a broad-based bull market. The Nifty and Sensex were up a solid 30.1%/26.5% respectively during the year, while the BSE Midcap and BSE Smallcap indices gained an astounding 65.2% and 61.4% respectively.

Trustees' Report

For the year ended March 31, 2024 (Contd...)

While geo-political conflicts continued in FY24, their impact on crude and global supply chains moderated. Crude prices largely remained range bound during the year. Inflation barring a brief spike largely remained well contained, the economy gained further steam with GDP growth crossing 8% in H1FY24 supported by government thrust on infrastructure. This translated into strong growth for several core sector industries including steel and cement. The growth in the real estate sector has been strong with inventory continuing to decline in metro markets. However, lagged impact of price increases continued to impinge on consumer demand growth which remained subdued for most mass market categories.

Domestic cyclicals were the best performing sectors during the year led by Real Estate, Capital Goods, Autos. Power was also among the best performing sectors. Global cyclicals like Metals and Oil & Gas also strongly outperformed the Nifty. FMCG and Banking while delivering healthy positive returns underperformed the Nifty, while IT performance was closer to Nifty.

MSCI India index outperformed most of key global indices during the past fiscal. MSCI India index (USD) gained 35.5% as compared to 23.1% gain for MSCI World, 27.9% for US S&P 500, 11.0% for MSCI Europe and only 5.3% for MSCI Emerging Markets as MSCI China declined 19.0% over the period.

Strong performance of the market and subsiding global macro headwinds drove a sharp turnaround in foreign investment flows. FII net inflow was at USD 25.3bn in FY24 versus an outflow of USD 6.0bn/ 17.1bn in FY23/ FY22. DIIs, on the other hand, matched FII inflow with an inflow of USD 25.3bn although it was lower than the net inflows at USD 30.8bn in FY23. Within DIIs, the MF segment was the key contributor (USD 24.3 bn of net inflows up from USD 21.8bn in FY23) while domestic Insurers were also in the net inflow territory (USD 1.0bn of net inflows vs USD 9.0bn in FY23).

Source: Motilal Oswal

Indices Returns (April 01, 2023 to March 31, 2024)	1 Year [^]
S&P BSE Sensex TR	26.5%
NSE CNX Nifty TR	30.1%
S&P BSE 100 TR	34.2%
S&P BSE 200 TR	38.5%
S&P BSE 500 TR	40.2%
S&P BSE Midcap TR	65.2%
S&P BSE Small-cap TR	61.4%

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

Way forward:

The global macro environment remains challenging with heightened geo-political and economic uncertainties. US bond yields remain high putting pressure on interest rates and currencies globally. For India, growth has continued to remain strong with GDP growth of 8.4% in Q3FY24 driven by strong government spending on infrastructure and pickup in manufacturing and construction. The 2024 interim budget has re-affirmed government focus on infrastructure. At the same time reduction in fiscal deficit should also help in easing of domestic interest rates. However, after last year's patchy monsoon, a good monsoon will be an important factor for rural demand and overall consumption growth in the economy in FY25.

India starts FY25 on a strong footing with positive growth momentum and India's investment cycle is expected to be on a medium-term uptrend supported by rising government investment in infrastructure and recovery in real estate cycle. There is also an expectation of higher private investments in renewable energy and related supply chain, localization of higher-end technology components, and India becoming a more meaningful part of global supply chains. Finally, it is expected for consumption to improve as the impact of high inflation fades and real incomes start to grow again.

Trustees' Report

For the year ended March 31, 2024 (Contd...)

However, several of these positives are getting discounted by the high valuations currently prevailing in the equity market. While the fund managers remain constructive on Indian equities supported by the more robust medium-term growth outlook there is a caution against high return expectations. Nifty continues to trade on 20.6x consensus 1 year forward PE (as of 30 April). On a 10-year basis, Nifty is still trading 10% above its historic average valuation but is in-line with its 5-year average. Valuations of the midcap and small cap indices are even higher versus their historical average.

➤ DEBT OUTLOOK

Market drivers during the course of the year FY 2024

The year started with advanced economies continuing to grapple with higher inflation and policy tightening remained a common theme across economies. During FY2024, the Federal Open Market Committee (FOMC) raised policy rates by 50 bps while European Central Bank (ECB) and Bank of England (BOE) raised policy rates by 100 bps each. The cumulative rate hikes by various advanced economies in this cycle are as follows: Fed (525 bps), BOE (515 bps) and ECB (450 bps). Meanwhile cumulative rate hikes by the Monetary Policy Committee (MPC) in this cycle was 250 bps. On account of higher Government debt burden, Fitch downgraded US sovereign rating from AAA to AA+. US Treasury yields remained volatile during the year, with the 10-year benchmark rising higher by 73 bps during the year. Crude prices also moved higher by USD 7-8/bbl.

On the domestic front, Consumer price Index (CPI) inflation remained broadly in the upper end of the MPC's targeted band of 4% +/- 2% for most the financial year, however, inflation printed above 6% on two occasions due to high food inflation. Headline inflation remained susceptible to high food inflation with markets now expecting some relief of food prices on the back of normal monsoon. Core inflation eased through the year falling to below 4% in the last quarter.

Domestically, one of the biggest events during the year was the much-awaited index inclusion of Indian Government Bonds (IGBs) into the GBI-EM Global index suite and its relevant benchmarks. India is expected to reach the maximum weight of 10% in the GBI-EM Global Diversified Index (GBI-EM GD), with the inclusion staggered over a 10-month period starting June 2024. Following this, Bloomberg also included IGBs in their Bloomberg EM Local Currency Index, with India expected to reach a maximum weight of 10% over a 10-month period starting Jan 2025. Both these inclusions are expected to bring in INR 25-30 bn of index related FPI inflows over the next 1-2 years and paving the way for inclusion into other global bond indices as well. During FY2024, FPIs poured in close USD 12 bn into IGBs, with majority of the inflows coming in post the JP Morgan index inclusion announcement.

Government continued its path of fiscal consolidation, with the revised estimate of the Fiscal deficit for FY2024 coming in at 5.6%, with expectations for FY2025 at 5.1% and target of below 4.5% by FY2026. PML numbers continue to remain in expansion, GST revenues remain buoyant and credit off-take upbeat.

The external sector has remained strong due to healthy service exports and remittances. Current Account Deficit (CAD) is expected to be around 1% for the year. Rupee remained one of the more stable currencies during the year, with active intervention from RBI smoothening any volatility. RBI continued to build on the FX reserves with year-end number around USD 650 bn.

Money market rates moved higher during the year due to tightening in liquidity along with higher Certificate of Deposit (CD) issuances. G-Sec yields, however, moved lower due to favorable demand supply and lower G-Sec borrowing. 10-year G-Sec moved lower during the year by 25 bps, while 5 yr G-Sec moved lower by 13 bps.

Market Outlook

While US markets have braced for "higher for longer" rates, we have seen in the past, that reactions to favorable data in such an environment can be sharp. Any softness in growth, employment or inflation data over the next few months will allow the markets to quickly start pricing in aggressive future policy easing. In our view, the RBI is also likely to gradually shift the liquidity deficit into surplus over the course of the next 3-6 months, flipping overnight rates from the top to the bottom of the rate corridor. The yield curve is likely to steepen as liquidity eases. This along with a potential 50 bps of policy easing in first half of CY2025 may push overnight rates lower by 75-100 bps.

Trustees' Report

For the year ended March 31, 2024 (Contd...)

While any form of additional spending by the new Government to address concerns of rural sections of the country and the possibility of additional spending to fund such policies will remain a key monitorable, it is believed the Government is likely to remain cognizant of the possible impact of such policies and take measured steps. With the dust settling down on the election outcome, the broad macroeconomic factors should continue to remain stable and could support softening in domestic yields going forward.

The Fund Managers continue to have a positive outlook for interest rates, based on various favorable factors: (a) Record RBI dividend to the Government, (b) reduced Fiscal deficit number of 5.6%, (c) favorable G-Sec supply demand dynamics, (d) FPI index related inflows, (e) revised outlook in India by S&P, (f) soft core inflation along with expectations of a better than normal monsoon, and finally (g) soft signals by Government and RBI on liquidity.

Source: RBI, Bloomberg, Internal HSBC Research & CCIL

2. BRIEF BACKGROUND OF THE SPONSORS, THE FUND, THE TRUSTEES AND THE ASSET MANAGEMENT COMPANY

A. Sponsor

HSBC Mutual Fund is sponsored by HSBC Securities and Capital Markets (India) Private Limited (HSCI). The Sponsor is the Settler of the Mutual Fund Trust. The Sponsor has entrusted a sum of Rs. 1,00,000/- (Rupees One Lakh only) to the Trustee as the initial contribution towards the corpus of the Mutual Fund.

HSCI offers integrated investment banking services, securities and corporate finance & advisory. HSCI is a member of the Bombay Stock Exchange Limited and National Stock Exchange (capital and derivative market segments). HSCI holds 100% of the paid-up equity share capital of HSBC Asset Management (India) Private Limited.

B. HSBC Mutual Fund

HSBC Mutual Fund ("the Mutual Fund" or "the Fund") has been constituted as a Trust in accordance with the provisions of the Indian Trusts Act, 1882 (2 of 1882) vide a Trust Deed dated February 7, 2002 (as amended) with HSBC Securities and Capital Markets (India) Private Limited, as the Sponsor and HSBC Trustees (India) Private Limited. The Trustee has entered into an Investment Management Agreement dated February 7, 2002 (as amended) with HSBC Asset Management (India) Private Limited (AMC) to function as the Investment Manager for all the schemes of the Fund. The Fund was registered with SEBI vide registration number MF/046/02/5 dated May 27, 2002.

The Trust has been formed for the purpose of pooling of capital from the public for collective investment in securities for the purpose of providing facilities for participation by persons as beneficiaries in such investments and in the profits/income arising therefrom.

C. HSBC Trustees (India) Private Limited (the Trustees)

The Trustees are the exclusive owner of the Trust Fund and holds the same in trust for the benefit of the unitholders. The Trustees have been discharging their duties and carrying out the responsibilities as provided in the SEBI (Mutual Funds) Regulations, 1996 and the Trust Deed. The Trustees seek to ensure that the Fund and the schemes floated there under are managed by the AMC in accordance with the Trust Deed, the said Regulations, directions and guidelines issued by the SEBI, the Stock Exchanges, the Association of Mutual Funds in India and other regulatory agencies.

During the year, HSBC Securities and Capital Markets (India) Private Limited ("HSCI"), Sponsors of HSBC Mutual Fund) established a private limited company with limited liability to act as the "Trustee" of HSBC Mutual Fund. HSBC Trustees (India) Private Limited ("HTIP") was incorporated on 9 January 2024. Accordingly, HTIP has replaced the Board of Trustees of HSBC Mutual Fund w.e.f. 1 March 2024, and the Company through its Board of Directors has been discharging its obligations as the "Trustees" of the Fund from this date.

As of March 31, 2024, HSCI holds 100% of the paid-up equity share capital of HTIP.

Trustees' Report

For the year ended March 31, 2024 (Contd...)

D. Asset Management Company (the AMC)

HSBC Asset Management (India) Private Limited (the Investment Manager or the AMC) is a private limited company incorporated under the Companies Act, 1956 on December 12, 2001 having its Registered Office at 9-11 Floors, NESCO IT Park, Building no. 3, Western Express Highway, Goregaon (East), Mumbai – 400 063. HSBC Asset Management (India) Private Limited has been appointed as the Asset Management Company of HSBC Mutual Fund by the Trustee vide Investment Management Agreement (IMA) dated February 7, 2002 (as amended) and executed between the Trustees and the AMC. SEBI approved the AMC to act as the Investment Manager of the Fund vide its letter No. MFD/BC/163/2002 dated May 27, 2002. The paid-up equity share capital of the AMC is Rs. 344.41 crores. The AMC is registered as a Portfolio Manager under the SEBI (Portfolio Managers) Regulations, 1993 vide registration no. INP000001322. The AMC also offers non-binding Advisory services to offshore funds under the mutual fund license.

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

3. INVESTMENT OBJECTIVE OF THE SCHEMES

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

4. SIGNIFICANT ACCOUNTING POLICIES

The Significant Accounting Policies form part of the Notes to the Accounts annexed to the Balance Sheet of the Schemes in the Full Annual Report. The accounting policies are in accordance with Securities Exchange Board of India (Mutual Funds) Regulations, 1996 and Indian Accounting Standards (IND AS) notified under section 133 of the Companies Act, 2013 (the "Act" read with the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time).

5. UNCLAIMED DIVIDENDS & REDEMPTIONS

Summary of number of investors & corresponding amount as on March 31, 2024:

Scheme Name	Unclaimed Dividend		Unclaimed Redemption	
	No. of Investors	Amount (₹)	No. of Investors	Amount (₹)
HSBC Small Cap Fund	2,454	11,998,770.99	644	12,310,487.87

6. INVESTOR SERVICES

The number of official points of acceptance of transactions are 210 locations. In addition to the offices of the Registrar & Transfer Agent, the AMC has its own office in 61 locations and Investor Service Centers in 39 locations. The AMC has 2 Toll Free numbers (1800-4190-200/1800-200-2434) which can be dialed from anywhere in India and 1 number i.e. +91 44 39923900 (Investors calling from abroad). The call center service is being managed by the Registrar and Transfer Agents. HSBC Mutual Fund offers the online transaction facility through the AMC's website at www.assetmanagement.hsbc.co.in.

On the distribution front, the number of empaneled distributors were 59046 as on March 31, 2024. During the year, the AMC initiated tie-ups for online distribution of the Mutual Fund's schemes with several channel partners taking the total number of such tie-ups to 160 as on March 31, 2024.

7. DETAILS OF INVESTOR GRIEVANCE REDRESSAL

The details of the redressal of investor complaints received against HSBC Mutual Fund during April 2023 - March 2024 are as follows:

Trustees' Report

For the year ended March 31, 2024 (Contd...)

2023-2024												
Complaint code	Type of Complaint	(a) No. of complaints pending at the beginning of the period	(b) No. of complaints received during the given period	Action on (a) and (b)								
				Resolved				Non Action-able*	Pending			
				Within 30 days	30-60 days	60-180 days	Beyond 180 days		0-3 months	3-6 months	6-9 months	9-12 months
I A	Non receipt of amount declared under Income Distribution cum Capital Withdrawal option	1	10	11	0	0	0	0	0	0	0	0
I B	Interest on delayed payment of amount declared under Income Distribution cum Capital Withdrawal option	0	1	1	0	0	0	0	0	0	0	0
I C	Non receipt of Redemption Proceeds	1	38	39	0	0	0	0	0	0	0	0
I D	Interest on delayed payment of Redemption	0	2	2	0	0	0	0	0	0	0	0
II A	Non receipt of Statement of Account/Unit Certificate	0	3	3	0	0	0	0	0	0	0	0
II B	Discrepancy in Statement of Account	1	22	23	0	0	0	0	0	0	0	0
II C	Data corrections in Investor details	1	250	249	0	0	0	0	2	0	0	0
II D	Non receipt of Annual Report/ Abridged Summary	0	0	0	0	0	0	0	0	0	0	0
III A	Wrong switch between Schemes	0	2	2	0	0	0	0	0	0	0	0
III B	Unauthorized switch between Schemes	0	1	1	0	0	0	0	0	0	0	0
III C	Deviation from Scheme attributes	0	1	1	0	0	0	0	0	0	0	0
III D	Wrong or excess charges/load	0	0	0	0	0	0	0	0	0	0	0
III E	Non updation of changes viz. address, PAN, bank details, nomination, etc	1	127	127	0	0	0	0	1	0	0	0
III F	Delay in allotment of Units	0	5	4	1	0	0	0	0	0	0	0
III G	Unauthorized Redemption	0	0	0	0	0	0	0	0	0	0	0
IV	Others**	1	78	76	0	0	0	0	3	0	0	0
	TOTAL	6	540	539	1	0	0	0	6	0	0	0

** As per AMFI Best Practice Guidelines Circular No.25/2011-12 for Revisions in the Guidelines on Standardization of Complaints/Grievances Reporting Procedure. If "Others" include a type of complaint which is more than 10% of overall complaints, then such a reason should be provided separately. Hence, data corrections in Investor Details are included as a separate category.

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

Summary of Complaints for FY 2023-24

Particulars	Count
Total complaints received	540
Total number of folios	21,39,406
% of complaints against the folio	0.025

Trustees' Report

For the year ended March 31, 2024 (Contd...)

8. INVESTOR EDUCATION INITIATIVES

During the FY 2023-24, the AMC conducted the following investor education and awareness initiatives:

- An integrated multi-media marketing campaign on SIP Hai 'FaydeWaliAadat' aimed to tap into the aspirations, financial goals, and unique spending habits of millennials.
- Editorial content on Systematic Investment Plans (SIP) created across 15 states through various regional television channels.
- Investor education content on the Platform - Quora.
- 'Be Money Confident' video series targeting women through Jio Platforms.
- Campaign on Women & Investing for Women's Day.
- Campaign for Marathon enthusiast on the similarities between running a Marathon & Investing.
- Financial literacy virtual event on the occasion of Mother's Day, which received more than 725 registered users.
- A mom blogger outreach program to reach Women Investors with financial education content on MF on the occasion of Mother's Day.
- Education campaign on ELSS executed for working audiences.
- Blogs and content for Investor Education properties like SIP Sahi Hai in Value Research, Gyan Guroovaar on Facebook, Investment Ki Paathshala on the website and investor education blogs on the platform - Advisor Khoj.
- 1,462 Investor Education programs to reach out to an audience of 71,465 people out of which 458 were women programs attended by 20,139 women.

9. PROXY VOTING POLICY

As per para 6.16 of SEBI Master Circular on Mutual Funds dated June 27, 2024, the Fund has adopted Proxy Voting Policy and Procedures for exercising voting rights in respect of securities held by the Schemes. (please refer Proxy Voting Policy and Procedures)

The summary of the votes casted in the general meetings of the Investee companies, by the AMC for and on behalf of the Schemes of the Fund, for the financial year 2023-24 is provided below:

Quarter	Total no. of resolutions	Break-up of Vote decision		
		For	Against	Abstained
April 2023 - June 2023	387	260	75	52
July 2023 - September 2023	2,169	1607	448	114
October 2023 - December 2023	197	138	37	22
January 2024 - March 2024	319	240	50	29
TOTAL	3,072	2,245	610	217

As per para 6.16.7 of SEBI Master Circular on Mutual Funds dated June 27, 2024, the AMC has obtained certificate from M/s. M. P. Chitale & Co., Chartered Accountants, who is acting as a Scrutinizer, on the voting report for the FY 2023-24. The certificate dated May 22, 2024 issued by M/s. M. P. Chitale & Co., is available on the website of the AMC as part of the full Annual Report.

Unitholders can refer to the full Annual Report for complete details of actual exercise of votes in the general meetings of the investee companies for the financial year 2023-24 or log on to our website at www.assetmanagement.hsbc.co.in.

Trustees' Report

For the year ended March 31, 2024 (Contd...)

10. STATUTORY DETAILS

- The Sponsors are not responsible or liable for any loss resulting from the operation of the Schemes of the Fund beyond initial contribution of Rs. 1 lakh for setting up the Fund.
- The price and redemption value of the units, and income from them, can go up as well as down with fluctuations in the market value of its underlying investments.
- Full Annual Report of HSBC Mutual Fund and of HSBC Asset Management (India) Private Limited (the AMC) shall be disclosed on the website at www.assetmanagement.hsbc.co.in and shall be available for inspection at the Head Office of the Mutual Fund. Present and prospective unitholders can obtain copy of the Trust Deed, the full Annual Report of the Scheme(s), the Annual Report of HSBC Asset Management (India) Private Limited and the text of the relevant Scheme(s) at a price.

11. CHANGES IN RISK-O-METER OF THE SCHEME DURING FY 2023-24

As per para 17.4. of SEBI Master Circular on Mutual Funds dated June 27, 2024 on product labelling, the changes carried out in the risk-o-meter of the schemes of HSBC Mutual Fund during FY 2023-24 have been given in the below mentioned table for the information of the unitholders, a report on the said changes has also been displayed on the website of the Fund and AMFI.

Scheme Name	Risk-o-meter level as on March 31, 2023	Risk-o-meter level as on March 31, 2024	Number of changes in Risk-o-meter during the F.Y. 2023-24)
HSBC Small Cap Fund	Very High	Very High	0

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

As per para 6.16.15 of SEBI Master Circular on Mutual Funds dated June 27, 2024, HSBC Mutual Fund has adapted the policy on stewardship responsibilities, the unitholders are requested to note the status of governance with the same as mentioned below:

S. No.	Particulars of Principles of Stewardship Code	Status of compliance (Complied/ Not Complied)	Description	Remarks/ reasons for deviation/non-compliance, if any
1	Principle 1: Institutional Investors should formulate a comprehensive policy on the discharge of their stewardship responsibilities, publicly disclose it, review and update it periodically.	Complied	HSBC Asset Management (India) Private Limited's (AMIN) 'Policy on Stewardship responsibilities' (Stewardship Code/ Policy) was formulated and implemented on 01 July, 2020. This is a comprehensive document which has been publicly disclosed on the website of AMIN. The same shall follow a periodic review.	N.A.
2	Principle 2: Institutional investors should have a clear policy on how they manage conflicts of interest in fulfilling their stewardship responsibilities and publicly disclose it.	Complied	Defining and managing Conflict of Interest in fulfilling stewardship responsibilities are detailed in the Stewardship Policy document. The policy document is publicly disclosed.	N.A.

Trustees' Report

For the year ended March 31, 2024 (Contd...)

S. No.	Particulars of Principles of Stewardship Code	Status of compliance (Complied/ Not Complied)	Description	Remarks/ reasons for deviation/non-compliance, if any
3	Principle 3: Institutional investors should monitor their investee companies.	Complied	AMIN monitors all investee companies through its investment process. This includes assessment of companies' own and market data, consideration of research from brokers and other independent research providers – including ESG & voting research, attending individual & group meetings with company management and directors, visiting production sites (wherever necessary), engaging with key stakeholders including competitors and customers, and financial modelling. More details enumerated in the policy document	N.A.
4	Principle 4: Institutional investors should have a clear policy on intervention in their investee companies. Institutional investors should also have a clear policy for collaboration with other institutional investors where required, to preserve the interests of the ultimate investors, which should be disclosed.	Complied	Details of undertaking active engagement with investee companies and the policy for collaboration with other institutional holders are detailed in the policy document. The policy document is publicly disclosed.	N.A.
5	Principle 5: Institutional investors should have a clear policy on voting and disclosure of voting activity.	Complied	AMIN has a clear and detailed voting policy which provides the framework for the voting decisions. All voting decisions shall be in accordance with AMIN's Voting Policy and Procedures, which is disclosed on the website. AMIN discloses the details of the voting on its website on a quarterly basis within 10 working days from the end of the quarter. Additionally, AMIN also discloses the details of the votes cast, in the annual report of the schemes of HSBC Mutual Fund.	N.A.
6	Principle 6: Institutional investors should report periodically on their stewardship activities.	Complied	The annual status report of the stewardship code and quarterly report on proxy voting are publicly disclosed on the website as required under SEBI Regulations.	N.A.

Trustees' Report

For the year ended March 31, 2024 (Contd...)

13. DISCLOSURES PERTAINING TO NAV ADJUSTED DURING THE FINANCIAL YEAR FOR SWING FACTOR ALONG WITH THE PERFORMANCE IMPACT

Sr No.	Period of applicability of swing pricing	Scheme Name	Unswung NAV	Swing factor applied	Whether optional or mandatory
NIL					

14. SIGNIFICANT EVENT AFTER THE END OF THE FINANCIAL YEAR

NIL

15. ACKNOWLEDGEMENTS

The Trustees wish to thank the unitholders of the Schemes for their support throughout the year, and also thank the Government of India, the Securities and Exchange Board of India (SEBI), the Reserve Bank of India (RBI) and the Association of Mutual Funds in India (AMFI) for the guidance provided by them. The Trustees also appreciate the services provided by the Registrar and Transfer Agent, Fund Accountant, Custodian, Bankers, Distributors and Brokers. The guidance and services provided by the auditors and advocates and the ebullience, sincerity and dedication of the employees of HSBC Asset Management (India) Private Limited is also appreciated.

The Trustees look forward to the continued support of everyone.

For and on behalf of **HSBC Trustees (India) Private Ltd.**

Sd/-

Director

Mumbai

July 19, 2024

Independent Auditors' Report

To the Board of Directors of HSBC Trustees (India) Private Limited (the "Trustee")

HSBC Small Cap Fund

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **HSBC Small Cap Fund** (the "Scheme") of HSBC Mutual Fund (the "Fund"), which comprise the Balance Sheet as at March 31, 2024, the Revenue Account and the Cash Flow Statement for the year then ended, and notes to the financial statements, including a summary of material accounting policy and other explanatory information.

In our opinion, and to the best of our information and according to the explanations given to us, the aforesaid financial statements of the Scheme give a true and fair view in conformity with the Indian Accounting Standards ("Ind AS") prescribed under section 133 of the Companies Act, 2013 (the "Act") read with Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India, including the accounting policies and standards specified in the Regulation 50 and Ninth Schedule to the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 ("the SEBI Regulations") (collectively referred to as the "Regulations") as amended:

- a. in the case of the Balance Sheet, of the state of affairs of the Scheme as at March 31, 2024;
- b. in the case of the Revenue Account, of the net surplus for the year ended on that date; and
- c. in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing ("SAs") and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India (the "ICAI"). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Scheme in accordance with the Code of Ethics issued by the ICAI together with the ethical requirements that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Information Other than the Financial Statements and Auditor's Report Thereon

The Board of Directors of HSBC Asset Management (India) Private Limited (the "AMC") and the Board of Directors of HSBC Trustees (India) Private Limited (the "Trustees") (collectively referred to as "the Management") are responsible for the other information. The other information comprises the information included in the Trustees report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

The Management is responsible for the preparation of these financial statements that give a true and fair view of the state of affairs, results of operations and cash flows of the Scheme in accordance with the accounting principles generally accepted in India, including the accounting policies and standards specified in Regulations. This responsibility also includes maintenance of adequate accounting records in accordance with the SEBI

Independent Auditors' Report (Contd...)

Regulations for safeguarding of the assets of the Scheme and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Management is responsible for assessing the Scheme's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management, either intends to liquidate the Scheme or to cease operations, or has no realistic alternative but to do so.

Those Charged with Governance are also responsible for overseeing the Scheme's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Scheme's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Scheme to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide to those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Independent Auditors' Report (Contd...)

Report on Other Legal and Regulatory Requirements

1. As required by regulation 55(4) and clause 5(ii)(2) of the Eleventh Schedule of the SEBI Regulations, we report that:
 - a. we have sought and obtained all the information and explanations which, to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b. in our opinion, the Balance Sheet and the Revenue Account dealt with by this report have been prepared in accordance with the accounting policies and standards specified in the Regulations; and
 - c. the Balance Sheet, the Revenue Account and the Cash Flow Statement, dealt with by this report are in agreement with the books of accounts of the Scheme.
2. On the basis of information and explanations given to us, the scheme does not have any non-traded securities as at March 31, 2024 and hence reporting requirement of Eighth Schedule of the SEBI Regulations is not applicable.

For **M S K A & Associates**

Chartered Accountants

ICAI Firm Registration No. 105047W

Sd/-

Swapnil Kale

Partner

Membership No: 117812

UDIN: 24117812BKFISH7552

Place : Mumbai

Date : July 19, 2024

Abridged Balance Sheet as at March 31, 2024

Rs. in Lakhs

	As at March 31, 2024	As at March 31, 2023	As at April 1, 2022
LIABILITIES			
1 Unit Capital	191,070.46	183,146.22	176,119.15
2 Reserves & Surplus			
2.1 Unit Premium Reserves	163,989.02	132,574.25	116,860.25
2.2 Unrealised Appreciation Reserve	635,364.01	324,049.64	327,588.25
2.3 Other Reserves	349,708.94	231,811.86	178,979.15
3 Loans & Borrowings	—	—	—
4 Current Liabilities & Provisions			
4.1 Provision for Doubtful Income/Deposits	—	—	—
4.2 Other Current Liabilities & Provisions	3,429.38	2,570.28	7,625.12
TOTAL	1,343,561.81	874,152.25	807,171.93
ASSETS			
1 Investments			
1.1 Listed Securities:			
1.1.1 Equity Shares	1,304,802.89	851,158.09	787,562.41
1.1.2 Preference Shares	—	—	—
1.1.3 Equity Linked Debentures	—	—	—
1.1.4 Other Debentures & Bonds	—	—	—
1.1.5 Securitised Debt Securities	—	—	—
1.2 Securities Awaited Listing:			
1.2.1 Equity Shares	—	—	—
1.2.2 Preference Shares	—	—	—
1.2.3 Equity Linked Debentures	—	—	—
1.2.4 Other Debentures & Bonds	—	—	—
1.2.5 Securitised Debt Securities	—	—	—
1.3 Unlisted Securities:			
1.3.1 Equity Shares	—	—	—
1.3.2 Preference Shares	—	—	—
1.3.3 Equity Linked Debentures	—	—	—
1.3.4 Other Debentures & Bonds	—	—	—
1.3.5 Securitised Debt Securities	—	—	—
1.4 Government Securities	—	—	—
1.5 Treasury Bills	—	—	—
1.6 Commercial Paper	—	—	—
1.7 Certificate of Deposits	—	—	—
1.8 Bill Rediscounting	—	—	—
1.9 Units of Domestic Mutual Fund	—	—	—
1.10 Foreign Securities	—	—	—
Total Investments	1,304,802.89	851,158.09	787,562.41
2 Deposits	457.03	121.01	3,036.60
3 Other Current Assets			
3.1 Cash & Bank Balance	800.31	263.59	151.17
3.2 CBLO/TREPS/Reverse Repo Lending	37,258.28	22,436.33	14,970.47
3.3 Others	243.30	173.23	1,451.27
4 Deferred Revenue Expenditure (to the extent not written off)	—	—	—
TOTAL	1,343,561.81	874,152.25	807,171.93

Notes to Accounts - Annexure I

Abridged Revenue Account for the year ended March 31, 2024

Rs. in Lakhs

	Current Year ended March 31, 2024	Previous Year ended March 31, 2023
1 INCOME		
1.1 Dividend	7,210.41	5,699.22
1.2 Interest	1,339.33	1,040.40
1.3 Realised Gain/(Loss) on Foreign Exchange Transactions	—	—
1.4 Realised Gains/(Losses) on Interscheme Sale of Investments	—	—
1.5 Realised Gains/(Losses) on External Sale/Redemption of Investments	117,536.91	51,183.25
1.6 Realised Gains/(Losses) on Derivative Transactions	—	—
1.7 Other Income	216.85	126.90
(A)	126,303.51	58,049.76
2 EXPENSES		
2.1 Management Fees	5,872.74	4,700.30
2.2 GST on Management Fees	1,057.21	846.05
2.3 Transfer Agents Fees and Expenses	792.23	585.14
2.4 Custodian Fees	13.87	18.30
2.5 Trusteeship Fees	9.24	5.12
2.6 Commission to Agents	8,830.41	6,558.01
2.7 Marketing & Distribution Expenses	1.41	6.21
2.8 Audit Fees	17.22	9.79
2.9 Investor Education Expenses	231.23	165.43
2.10 Interest on Borrowing	—	—
2.11 Brokerage & Transaction Costs	1,030.20	1,328.38
2.12 Other Operating Expenses	200.32	144.75
(B)	18,056.08	14,367.48
3 NET REALISED GAINS/(LOSSES) FOR THE YEAR (C = A - B)	108,247.42	43,682.28
4 Change in Unrealised Depreciation in Value of Investments	(D) —	—
5 NET GAINS/(LOSSES) FOR THE YEAR (E = C + D)	108,247.42	43,682.28
6 Change in Unrealised Appreciation in Value of Investments	(F) 311,314.38	(2,577.34)
7 NET SURPLUS/(DEFICIT) FOR THE YEAR (G = E + F)	419,561.80	41,104.93
7.1 Add : Balance Transfer from Unrealised Appreciation Reserve	—	3,538.61
7.2 Less : Balance Transfer to Unrealised Appreciation Reserve	311,314.38	—
7.3 Add/(Less) : Equalisation	11,694.37	9,316.73
7.4 Transfer from Reserve Fund	231,811.86	178,979.15
7.5 Transfer from Unit Premium Reserve	—	—
8 Total	351,753.66	232,939.43
9 Dividend Appropriation		
9.1 Income Distributed during the Year	(2,044.72)	(1,127.57)
9.2 Tax on Income Distributed during the Year	—	—
10 Retained Surplus/(Deficit) Carried Forward to Balance Sheet	349,708.94	231,811.86

Notes to Accounts - Annexure I

Key Statistics for the year ended March 31, 2024

	Current Year ended March 31, 2024	Previous Year ended March 31, 2023
1. NAV per unit (Rs.):		
Open		
Regular Plan - Growth Option	47.2773	45.1340
Regular Plan - IDCW Option	30.8125	31.1980
Direct Plan - Growth Option	51.3139	48.4690
Direct Plan - IDCW Option	33.9540	33.9880
High		
Regular Plan - Growth Option	73.1023	48.9466
Regular Plan - IDCW Option	43.3913	31.9005
Direct Plan - Growth Option	80.0381	52.9476
Direct Plan - IDCW Option	48.6767	35.0350
Low		
Regular Plan - Growth Option	47.4119	44.8950
Regular Plan - IDCW Option	30.5950	29.2599
Direct Plan - Growth Option	51.4643	48.5903
Direct Plan - IDCW Option	34.0535	32.1518
End		
Regular Plan - Growth Option	69.5454	47.2773
Regular Plan - IDCW Option	41.2800	30.8125
Direct Plan - Growth Option	76.2563	51.3139
Direct Plan - IDCW Option	46.3767	33.9540
2. Closing Assets Under Management (Rs. in Lakhs)		
End	1,340,124	871,844
Average (AAuM) ¹	1,156,162	827,115
3. Gross income as % of AAuM ²	10.92%	7.02%
4. Expense Ratio:		
a. Total Expense as % of AAuM (including GST on Management fees) (plan wise)		
Regular Plan	1.73%	1.84%
Direct Plan	0.71%	0.78%
b. Management Fee as % of AAuM (planwise)		
Regular Plan	0.51%	0.57%
Direct Plan	0.51%	0.56%
5. Net Income as a percentage of AAuM ³	9.36%	5.28%
6. Portfolio turnover ratio ⁴	0.22	0.15
7. Total IDCW per unit distributed during the year (planwise)		
Retail		
Regular Plan - IDCW Option	3.00	1.85
Direct Plan - IDCW Option	3.00	2.00
Corporate		
Regular Plan - IDCW Option	3.00	1.85
Direct Plan - IDCW Option	3.00	2.00

Key Statistics for the year ended March 31, 2024 (Contd...)

	Current Year ended March 31, 2024	Previous Year ended March 31, 2023
8. Returns:		
a. Last One Year		
Scheme		
Regular Plan - Growth Option	47.43%	4.38%
Direct Plan - Growth Option	48.94%	5.69%
Benchmark		
Nifty Smallcap 250 TRI	64.60%	(6.03%)
b. Since Inception		
Scheme		
Regular Plan - Growth Option	20.91%	18.26%
Direct Plan - Growth Option	21.90%	19.19%
Benchmark		
Nifty Smallcap 250 TRI	18.61%	14.34%

- 1. AAuM = Average daily net assets
- 2. Gross income = amount against (A) in the Revenue Account i.e. Income
- 3. Net income = amount against (C) in the Revenue Account i.e. Net Realised Gains/(Losses) for the year
- 4. Portfolio Turnover = Lower of sales or purchase divided by the Average AuM for the year

Note: Returns have been calculated as on last business day of the month i.e. March 28, 2024 due to non-availability of benchmark indices as of March 31, 2024.

Notes to Accounts – Annexure I

To the Abridged Balance Sheet and Revenue Account for the year ended March 31, 2024

1 Investments:

- 1.1. All Investments of the Scheme are registered in the name of the Trustee for the benefit of the Scheme's Unitholders.
- 1.2. Open Position of derivatives as at the year ended March 31, 2024 and March 31, 2023 are Nil.
- 1.3. Investment in Associates and Group Companies as at the year ended March 31, 2024 and March 31, 2023 are NIL.
- 1.4. Open positions of Securities Borrowed and/or Lent by the scheme as on the year ended March 31, 2024 & March 31, 2023 are NIL.
- 1.5. Investment in Below investment grade and default/Securities in default beyond its maturity date as on March 31, 2024 and March 31, 2023 are NIL.
- 1.6. Aggregate Unrealised Gain/Loss as at the end of the Financial Year March 31, 2024 and March 31, 2023 are as under :

Rs. In Lakhs

Scheme Name / Security Type	Amount	Percentage to Net Assets	Amount	Percentage to Net Assets
	As at March 31, 2024		As at March 31, 2023	
Equity Shares				
- Appreciation	656,839.69	49.01	346,549.35	39.75
- Depreciation	21,475.68	1.60	22,499.72	2.58

- 1.7. The aggregate value of investment securities (excluding TREPS and Reverse Repos) purchased and sold (including matured) during the financial year 2023-2024 (excluding accretion of discount) is Rs. 275,657.61 lakhs and Rs. 250,864.10 lakhs respectively being 23.89% and 21.70% of the average net assets.

The aggregate value of investment securities (excluding TREPS and Reverse Repos) purchased and sold (including matured) during the financial year 2022-2023 (excluding accretion of discount) is Rs. 124,809.10 lakhs and Rs. 136,630.17 lakhs respectively being 15.09% and 16.52% of the average net assets.

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

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

During the year 2023-24, The Hongkong and Shanghai Banking Corporation Limited, an associate entity of HSBC Asset Management (India) Private Limited was paid collection/bank charges amounting to Rs. Nil.

During the year 2022-23, The Hongkong and Shanghai Banking Corporation Limited, an associate entity of HSBC Asset Management (India) Private Limited was paid collection/bank charges amounting to Rs. Nil.

Commission paid to Sponsor/AMC and its associates/related parties/group companies

Name of Sponsor/AMC and its associates/related parties/group companies	Nature of Association / Nature of Relation	Period Covered	Business Given [Rs. In lakhs]	% of Total Business received by the Fund	Commission paid [Rs. In Lakhs]	% of Total commission paid by the Fund
The Hongkong and Shanghai Banking Corporation Limited	Group Company	2023-2024	3,444.76	1.65	134.73	1.52

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

To the Abridged Balance Sheet and Revenue Account for the year ended March 31, 2024

Name of Sponsor/AMC and its associates/related parties/group companies	Nature of Association / Nature of Relation	Period Covered	Business Given [Rs. In lakhs]	% of Total Business received by the Fund	Commission paid [Rs. In Lakhs]	% of Total commission paid by the Fund
The Hongkong and Shanghai Banking Corporation Limited	Group Company	2022-2023	11,064.85	7.43	97.53	1.60

Brokerage paid to Sponsor/AMC and its associates/related parties/group companies

Name of Sponsor/AMC and its associates/related parties/group companies	Nature of Association /Nature of relation	Period Covered	Value of Transactions [Rs. In lakhs]	% of total value of transactions of the fund	Brokerage paid [Rs. In lakhs]	% of total brokerage paid by the fund
HSBC Securities & Capital Markets (India) Private Limited	Sponsor	2023-2024	3,690.38	0.71	4.43	0.87
HSBC Securities & Capital Markets (India) Private Limited	Sponsor	2022-2023	Nil			

- 3
- None of the Investors held more than 25% of the total net assets of the scheme at the year ended March 31, 2024 and March 31, 2023.
- 4
- Unit Capital movement during the year ended March 31, 2024, March 31, 2023 and March 31, 2022 :

Description	Opening Units	Subscription	Redemption	Closing Units	Face value
2023-24					
Regular Plan - Growth Option	1,350,996,559.597	246,091,182.595	182,725,189.059	1,414,362,553.133	10
Regular Plan - IDCW Option	54,546,002.896	4,478,678.323	8,402,382.776	50,622,298.443	10
Direct Plan - Growth Option**	411,506,688.912	80,212,649.573	60,345,177.351	431,374,161.134	10
Direct Plan - IDCW Option	14,412,947.072	2,115,955.376	2,183,272.790	14,345,629.658	10
2022-23					
Regular Plan - Growth Option	1,294,303,817.515	232,242,010.390	175,549,268.308	1,350,996,559.597	10
Regular Plan - IDCW Option	47,382,515.326	15,058,699.588	7,895,212.018	54,546,002.896	10
Direct Plan - Growth Option**	400,576,253.165	70,178,245.276	59,247,809.529	411,506,688.912	10
Direct Plan - IDCW Option	18,928,927.976	2,005,304.457	6,521,285.361	14,412,947.072	10

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

To the Abridged Balance Sheet and Revenue Account for the year ended March 31, 2024

Description	Opening Units	Subscription	Redemption	Closing Units	Face value
2021-22					
Regular Plan - Growth Option	1,408,105,028.972	201,923,115.546	315,724,327.003	1,294,303,817.515	10
Regular Plan - IDCW Option	65,714,707.585	5,048,506.757	23,380,699.016	47,382,515.326	10
Direct Plan - Growth Option**	413,039,266.688	82,345,017.202	94,808,030.725	400,576,253.165	10
Direct Plan - IDCW Option	17,209,081.609	6,374,221.661	4,654,375.294	18,928,927.976	10

**Units held by the AMC (Seed Capital) in Direct Plan - Growth Option as on March 31, 2023 is 2,230,481.038 & as on March 31, 2023 is 2,230,481.038 & as on March 31, 2022 is 332,358.415.

- 5 Previous year's/period figures have been re-grouped/re-arranged where necessary.
- 6 There are no contingent liabilities and other commitments as on March 31, 2024 and March 31, 2023. Contingent asset is neither recognized nor disclosed in the financial statements.
- 7 Expenses other than Management Fees are Inclusive of GST where applicable.
- 8 Other income of Rs. 216.85 lakhs represents Exit load credited to the scheme (2023: Rs. 126.90 lakhs represents Exit load credited to the scheme).

9 Investor Education Awareness

As mandated by SEBI vide circular no. CIR/IMD/DF/21/2012 dated September 13, 2012 an annual charge of 0.02 percent of daily net assets, being a part of total recurring expenses is set aside for Investor Education and Awareness (IEA). In view of the AMFI Best Practices Guidelines Circular No. 56/2015-16, the IEF (Investor Education Fund) accrual is set aside in a separate bank account and the consolidated balance across all schemes as on March 31, 2024.

Pursuant to SEBI circular dated May 23, 2022, w.e.f. July 1, 2022, the limit of 0.02% p.a. has been reduced to 0.01% p.a. in case of ETFs/Index Funds. Furthermore, Fund of Funds (FoFs) investing more than 80% of its NAV in the underlying domestic funds have discontinued setting aside 0.02% p.a. of daily net assets towards IEA.

The break-up of which is as under:

	March 31, 2024	March 31, 2023
Particulars	Amount (Rs. In Lakhs)	Amount (Rs. In Lakhs)
Opening Balance as on April 01, 2023	997.09	460.22
Add: Accrual during FY 2023-24	1,962.01	1,432.00
Less: Transferred to AMFI *	889.11	646.75
Less: Payable to AMFI (March 2024 accrual) *	91.90	69.25
Add: Investment Income FY 2023-24	77.08	166.42
Less: Spent during FY 2023-24	1,877.44	345.55
Closing Balance as on March 31, 2024	177.73	997.09

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

The IEA disclosure are presented for surviving scheme only.

- 10 Pursuant to SEBI Circular No. SEBI/HO/IMD/DF3/CIR/P/2020/194 dated October 05, 2020, the nomenclature of 'Dividend Option' under all the schemes of HSBC Mutual Fund has been revised to 'Income Distribution cum Capital Withdrawal Option' (IDCW), with effect from April 01, 2021.

Notes to Accounts – Annexure I (Contd...)
To the Abridged Balance Sheet and Revenue Account for the year ended March 31, 2024

- 11 Securities, excluding debt securities, where the non-traded investments which have been valued “in good faith” exceed 5% of the net assets at the end of the year is NIL.
- 12 Debt securities which have been valued at a price other than the price given by the independent valuation agencies at the end of the year is NIL.

13 Disclosure of Risk-o-meter

Scheme Name	Risk-o-meter level at end of the financial year i.e. March 31, 2024	Risk-o-meter level as on March 31, 2023	Number of changes in Risk-o-meter during the financial year (March 2023 to March 2024)
HSBC Small Cap Fund	Very High	Very High	0

- 14 Subsequent to receipt of SEBI's no objection to acquisition of 100% equity shares of L&T Investment Management Limited (“LTIM”, Investment Manager of L&T Mutual Fund) and the amendments proposed to the trust deed of the HSBC Mutual Fund as required under the SEBI (Mutual Funds) Regulations, 1996, the schemes of L&T Mutual Fund (LTMF) were transferred to/ merged with the schemes of HSBC Mutual Fund on and from the close of business hours of November 25, 2022, and the HSBC AMC and HSBC Trustees assumed the responsibilities of the schemes of LTMF w.e.f. close of business hours of November 25, 2022.
- 15 During the year, HSBC Securities and Capital Markets (India) Private Limited (“HSCI”), Sponsors of HSBC Mutual Fund established a private limited company with limited liability to act as the “Trustee” of HSBC Mutual Fund. HSBC Trustees (India) Private Limited (“HTIP”) was incorporated on 9 January 2024. Accordingly, HTIP has replaced the Board of Trustees of HSBC Mutual Fund w.e.f. 1 March 2024, and the Company through its Board of Directors has been discharging its obligations as the “Trustees” of the Fund from this date.
- 16 The Annual Accounts of the Schemes, prepared in accordance with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the “Act”) read with the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time and clause 17.14 of SEBI Master Circular for Mutual Funds dated June 27, 2024, has been approved by the Board of Directors of HSBC Asset Management (India) Private Limited and HSBC Trustees (India) Private Limited at their meetings held on July 8, 2024 and July 19, 2024 respectively. The audit report attached herewith refers to the said Annual Accounts. The aforesaid abridged accounts are an extract of the Annual Accounts and are prepared in accordance with clause 5.4 and format no. 3.B under the section of formats of SEBI Master Circular for Mutual Funds dated June 27, 2024 and other relevant circulars issued by the Securities and Exchange Board of India from time to time.

Voting Policy and Procedures

In view of para 6.16 of SEBI Master Circular on Mutual Funds dated June 27, 2024 related to “Role of Mutual Funds in Corporate Governance of Public Listed Companies”, HSBC AMC has formulated its “Policy for Proxy Voting in Public Listed Companies”. The said policy is available on our website and the details of actual exercise of proxy votes, the summary of votes casted and the auditor’s certificate is forming part of our full Annual Report for the Financial Year 2023 – 24 which has been uploaded on our website at <http://www.assetmanagement.hsbc.co.in>

Statutory Details & Disclaimers

All the returns have been sourced from Mutual Funds India Explorer software. The performance of the schemes and the benchmark is calculated on a total return basis. This document has been prepared by HSBC Asset Management (India) Private Limited (HSBC) for information purposes only with an intent to provide market overview and should not be construed as an offer or solicitation of an offer for purchase of any of the funds of HSBC Mutual Fund. All information contained in this document (including that sourced from third parties), is obtained from sources, which HSBC/third party, believes to be reliable but which it has not been independently verified by HSBC/the third party. Further, HSBC/the third party makes no guarantee, representation or warranty and accepts no responsibility or liability as to the accuracy or completeness of such information. The information and opinions contained within the document are based upon publicly available information and rates of taxation applicable at the time of publication, which are subject to change from time to time.

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

For disclosure of quarterly AUM/AAUM and AUM by geography, please visit our website at www.assetmanagement.hsbc.co.in. Investors are requested to note that as per SEBI (Mutual Funds) Regulations, 1996 and guidelines issued thereunder, HSBC AMC, its employees and/ or empaneled distributors/agents are forbidden from guaranteeing/promising/assuring/predicting any returns or future performances of the schemes of HSBC Mutual Fund. Hence, please do not rely upon any such statements/commitments. If you come across any such practices, please register a complaint via email at investor.line@mutualfunds.hsbc.co.in

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

Important Updates

Name and Date of Birth as per PAN card - Effective from June 1, 2024

As per recent regulatory requirement and changes advised by Income Tax Department in PAN validation process, now it is mandated to quote your Name(s) and DOB as per PAN card. To avoid any failure in such validations, we request investors to quote the Name(s) and DOB's of all the holders including Guardian, Power of Attorney (POA) holders as per PAN card.

Useful Links for self service options

- **Use our 24 x 7 Chatbot - "ASKME" for any queries or service request:**
visit: <https://invest.assetmanagement.hsbc.co.in>

SMS your request to HSBC Mutual Fund

- **Latest NAV :** Send SMS as HSBCMF NAV <Scheme Code> to 56767
Example: HSBCMF NAV F03
- **Valuation Service on registered mobile No. :** Send SMS as HSBCMF VAL <folio_number> to 56767
Example: HSBCMF VAL 123456
- **Annual Report :**
For Electronic Copy: Send SMS as HSBCMFARE <folio_number> to 567678080
Example: HSBCMF ARE 123456
For Physical Copy: Send SMS as HSBCMFARP <folio_number> to 567678080
Example: HSBCMF ARP 123456
- **Half Yearly Portfolio :**
For Electronic Copy: Send SMS as HSBCMFHPE <folio_number> to 567678080
Example: HSBCMF HPE 123456
For Physical Copy: Send SMS as HSBCMFHPP <folio_number> to 567678080
Example: HSBCMF HPP 123456

Missed Call Service

- You can give a missed call to 9212900020 to get the total valuation via SMS and a statement on your registered email ID

Book-Post

If undelivered please return to:

Computer Age Management Services Private Limited (CAMS)

Unit: HSBC Mutual Fund

New No. 10, M.G.R Salai, Nungambakkam, Chennai - 600034.

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

HSBC Asset Management (India) Private Limited

CIN NO: U74140MH2001PTC134220

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

Website : www.assetmanagement.hsbc.co.in

Description	Toll Free Number	Email ID
Investor related queries	1800-4190-200/1800-200-2434	investor.line@mutualfunds.hsbc.co.in
Online related queries	1800-4190-200/1800-200-2434	onlinemf@mutualfunds.hsbc.co.in
Investor (Dialing from abroad)	+91 44 39923900	investor.line@mutualfunds.hsbc.co.in

To get your updated account statement email us at : ["mfsoa@mutualfunds.hsbc.co.in"](mailto:mfsoa@mutualfunds.hsbc.co.in)

We're always here to help you, so feel free to reach out to us

Self-service request at your Fingertips

- Visit Website • Invest Online • Insta Statement • Download Forms
- Transact via Whats App • Use 24/7 ChatBot - Ask Me



Remember, you can also find out more via our social media handles !

Please check our website www.assetmanagement.hsbc.co.in for an updated list of Official Points of Acceptance of HSBC Mutual Fund.

CAMS SERVICE CENTRES/CAMS LIMITED TRANSACTION POINTS/CAMS COLLECTION CENTRES

For details on CAMS Service Centres, please visit www.camsonline.com



HSBC Tax Saver Equity Fund

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

Abridged Annual Report 2023 - 2024



SPONSOR

HSBC Securities and Capital Markets (India) Private Limited

CIN – U67120MH1994PTC081575

Regd. Office: 52/60, Mahatma Gandhi Road, Fort, Mumbai 400001.

TRUSTEE COMPANY

HSBC Trustees (India) Private Limited

CIN – U66190MH2024PTC416973

Regd. Office: 52/60, Mahatma Gandhi Road, Fort, Mumbai 400001.

ASSET MANAGEMENT COMPANY

HSBC Asset Management (India) Private Limited

CIN – U74140MH2001PTC134220

Regd. Office: 9-11 Floors, NESCO IT Park, Building No. 3,
Western Express Highway, Goregaon (East), Mumbai 400063.

CUSTODIAN

Citibank N.A.

First International Financial Center (FIFC), 9th Floor,
C-54 & 55, G – Block, Bandra Kurla Complex, Bandra (East), Mumbai 400051.

AUDITORS TO THE SCHEME

MSKA & Associates

Chartered Accountants

602, Floor 6, Raheja Titanium, Western Express Highway,
Geetanjali Railway Colony, Ram Nagar, Goregaon (East), Mumbai 400063.

REGISTRAR & TRANSFER AGENTS

Computer Age Management Services Limited (CAMS)

Unit: HSBC Mutual Fund

New No. 10, M.G.R Salai, Nungambakkam, Chennai 600034.

BOARD OF TRUSTEES

Ms. Jasmine Batliwalla	– Chairperson
Mr. Nani Javeri	– Trustee
Mr. David Rasquinha	– Trustee
Mr. Nicolas Moreau	– Trustee

BOARD OF DIRECTORS

Dr. Indu Shahani	– Director
Mr. Kapil Seth	– Director
Ms. Roopa Varma	– Director
Mr. Kailash Kulkarni	– Director & Chief Executive Officer

Dear Investor,

As we reflect on the past year, I am filled with pride and optimism about the future of our company and overall growth of the mutual fund industry. The past year has marked significant milestones in our journey, particularly as we capitalise on the immense potential of India's burgeoning growth story.

Fiscal 2024 turned out to be one of the best years for the domestic mutual fund industry as assets under management (AUM) spurted by nearly Rs. 14 lakh crore to a record Rs. 53.40 lakh crore as of March 2024 compared with Rs. 39.42 lakh crore as of March 2023.

The mutual fund industry is experiencing immense growth and we are poised to take advantage of this upward trajectory. Our company is an integral part of this growth story, riding the wave with several strategic initiatives and accomplishments that have set us on a path of sustained success.



Major achievements post integration

- Post integration we have enhanced our digital offering for both B2B and B2C to provide improved customer journeys.
- HSBC AM India's AUM increased from USD 1.4 bn (before integration) to USD 13.7 bn as of April 2024.
- HSBC Asset Management India has now become the 14th largest asset manager in India in terms of AUM.
- HSBC AM India has launched 4 new products since integration (raising \$445M).
- We have expanded HSBC AM India's product offerings to 43 funds.

Key Achievements in FY2023-2024

Investment Performance: Our disciplined investment strategy and thorough research have been pivotal to our success. We have focused on high-quality, undervalued assets, achieving consistent returns across our portfolio.

Product Innovation: This year, we launched two new funds - HSBC Multi Asset Allocation Fund and HSBC Consumption Fund, tailored to meet the evolving needs of our investors. These new offerings have been well-received, contributing to our growth in AUM significantly.

Increased Media Presence: In FY24, we significantly boosted our media presence, ensuring that our brand and thought leadership are recognized across various platforms. Through strategic media engagements like Informed Investing with ET Now, talks shows and several authored articles plus interviews - we have amplified our message, reaching a broader audience and reinforcing our market position.

Successful Campaign Launch: We successfully launched SIP Hai #FaydeWaliAadat, an investor education campaign, that highlighted the transformative power of SIPs in achieving long-term financial

goals. A first of its kind campaign, it aimed at educating and empowering the millennial investors in India. The campaign garnered significant attention and positive feedback, strengthening our brand presence and engaging a wider audience. Notably, the campaign has also earned us prestigious awards and accolades highlighting our commitment to excellence and innovation.

Client Relationships: We have strengthened our client relationships through enhanced communication, transparency, and personalized service. Our client satisfaction scores have reached new heights, reflecting our commitment to exceptional service.

We believe that the India story has just begun and its economic landscape is poised for significant growth. An exposure to unique and future relevant themes can provide a much-needed inflation buffer. The importance of asset allocation continues to be critical. It is critical for all of us to review our risk appetite and goal proximity and construct a portfolio appropriately.

Besides construction, portfolio rebalancing is equally important in order to achieve optimal outcomes. I do hope you share my enthusiasm and I ask that you continue to invest whilst reviewing your asset allocation at all times.

I would like to express my sincere gratitude to our dedicated team, whose expertise and commitment are the backbone of our success. To our investors, thank you for your trust and continued support. Your confidence in our approach motivates us to strive for excellence in everything we do. Also, I want to express my deepest gratitude to our valuable partners for their unwavering support and keep our services running. Look forward to achieving even grater milestones together.

As we move forward, we remain committed to delivering superior investment performance, fostering strong client relationships, and driving sustainable growth. Together, we are well-positioned to navigate the future and achieve our goals.

Warm regards,

A handwritten signature in black ink, appearing to read 'Kailash Kulkarni', written over a horizontal line.

Kailash Kulkarni

Chief Executive Officer

HSBC Asset Management India

Trustees' Report

For the year ended March 31, 2024

The Board of Directors of HSBC Trustees (India) Private Limited, Trustees of HSBC Mutual Fund present the Twenty Second Annual Report and the audited abridged financial statements of the schemes of the HSBC Mutual Fund ('the Fund') for the year ended March 31, 2024.

With the acquisition of L&T Mutual Fund in the previous financial year, the Fund's Assets Under Management ('AUM') (excluding Domestic FOFs) as on March 31, 2024 was INR 109368.16 crores (audited). The Fund ranks in the top 15 Mutual Fund houses in India in terms of AUM.

As at March 31, 2024, the Fund offered 43 schemes across asset classes to meet the varying investment needs of the investors. During the year, the Fund launched two new products namely HSBC Consumption Fund and HSBC Multi Asset Allocation Fund in Equity and Hybrid categories.

The Fund continues its focus on delivering consistent long-term returns. The comments on the performance of the scheme(s) are provided hereinafter. Dividends were declared under various schemes as per the provisions contained in the respective Scheme Information Documents after considering the distributable surplus available under the respective plans of the schemes. Details of dividends declared can be viewed on our website at www.assetmanagement.hsbc.co.in.

During the year, HSBC Securities and Capital Markets (India) Private Limited ("HSCI"), Sponsors of the Fund established a private limited company with limited liability to act as the "Trustees" of the Fund. HSBC Trustees (India) Private Limited ("HTIP") was incorporated on 9 January 2024. Accordingly, HTIP has replaced the Board of Trustees of HSBC Mutual Fund w.e.f. 1 March 2024, and the Company through its Board of Directors has been discharging its obligations as the "Trustees" of the Fund from this date.

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

a. Operations and Performance of the Scheme

➤ Equity Schemes

HSBC Tax Saver Equity Fund ('HTSF')

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

The investment objective of the scheme is to provide long term capital appreciation by investing in a diversified portfolio of equity & equity related instruments of companies across various sectors and industries, with no capitalization bias. The Fund may also invest in fixed income securities. However, there can be no assurance or guarantee that the investment objective of the scheme would be achieved.

The net assets of HTSF amounted to INR 220.35 crores as at March 31, 2024 as against INR 174.38 crores as at March 31, 2023. Around 99.01% of the net assets were invested in equities, 0% of the net assets were invested in debt, 2.31% of the net assets were invested in reverse repos/TREPS and (-1.32%) in net current assets as at March 31, 2024.

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 the scheme. HTSF aims to be predominantly invested in equity and equity related securities. HTSF may also invest in fixed income securities.

HTSF outperformed its benchmark index in 1-year and since inception period but underperformed in the 3-year and 5-year period. Overweight in Real Estate, Consumer Discretionary, Healthcare & Financial contributed positively to the outperformance in 1-year period. The underperformance in 3-year and 5-year period has been driven by being underweight in staples, material & energy.

HTSF is overweight in Industrial, Real Estate, Healthcare & Consumer Discretionary, neutral in Communication Services and underweight in Consumer Staples, Energy, Materials, Utilities and IT.

Trustees’ Report (Contd...)
For the year ended March 31, 2024

HSBC Tax Saver Equity Fund					Date of Inception : 5 January, 2007			
Fund/ Benchmark (Value of ₹ 10,000 invested)	1 Year		3 Years		5 Years		Since Inception	
	Amount (₹)	Returns (%)	Amount (₹)	Returns (%)	Amount (₹)	Returns (%)	Amount (₹)	Returns (%)
HSBC Tax Saver Equity Fund	14129	41.56	16648	18.56	20211	15.10	75712	12.46
Scheme Benchmark (Nifty 500 TRI)	14049	40.75	16970	19.32	22112	17.19	74192	12.33
Additional Benchmark (Nifty 50 TRI)	13008	30.27	15736	16.35	20356	15.27	68774	11.84

Past performance may or may not be sustained in future. Returns have been calculated for the respective periods for Growth Option of Regular Plan as on last business day of the month i.e. March 28, 2024 due to non-availability of benchmark indices as of March 31, 2024. Returns on ₹ 10,000 are point-to-point returns for the specific time period, invested at the start of the period. Returns for 1 year and above are Compounded Annualized. Different plans shall have a different expense structure. Performance of the respective benchmark is calculated as per the Total Return Index (TRI).

Note: As a result of the acquisition of L&T Mutual Fund in FY 2022 - 23, HSBCMF would have had two equity linked savings scheme ("ELSS") in the form of HSBC Tax Saver Equity Fund (An open-ended ELSS with a statutory lock in period of 3 years an tax benefit), and HSBC ELSS Tax saver Fund (erstwhile L&T Tax Advantage Fund). As per ELSS guidelines, a mutual fund can have only one open-ended ELSS scheme. In view of the said restriction, the subscription (including SIP, STP or switch) into HTSF was stopped from close of business hours on November 25, 2022. However, existing unitholders will be allowed to hold their investments in this fund, except that no further investments/subscription would be accepted in this fund and unitholders will be permitted to redeem/switch out their units post the mandatory lock-in period.

Risk-o-meter as of 31st March, 2024:

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

Please note that the above risk-o-meter is as per the product labelling of the Scheme basis Scheme's monthly portfolio as on March 31, 2024.

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

➤ EQUITY OUTLOOK

Recap of FY 2023-24:

FY24 was a stellar year for the Indian equity markets with strong economic momentum, healthy earnings growth and strong inflows from domestic and foreign institutional investors and strong retail participation driving a broad-based bull market. The Nifty and Sensex were up a solid 30.1%/26.5% respectively during the year, while the BSE Midcap and BSE Smallcap indices gained an astounding 65.2% and 61.4% respectively.

While geo-political conflicts continued in FY24, their impact on crude and global supply chains moderated. Crude prices largely remained range bound during the year. Inflation barring a brief spike largely remained well contained, the economy gained further steam with GDP growth crossing 8% in H1FY24 supported by government thrust on infrastructure. This translated into strong growth for several core sector industries

Trustees' Report (Contd...)

For the year ended March 31, 2024

including steel and cement. The growth in the real estate sector has been strong with inventory continuing to decline in metro markets. However, lagged impact of price increases continued to impinge on consumer demand growth which remained subdued for most mass market categories.

Domestic cyclicals were the best performing sectors during the year led by Real Estate, Capital Goods, Autos. Power was also among the best performing sectors. Global cyclicals like Metals and Oil & Gas also strongly outperformed the Nifty. FMCG and Banking while delivering healthy positive returns underperformed the Nifty, while IT performance was closer to Nifty.

MSCI India index outperformed most of key global indices during the past fiscal. MSCI India index (USD) gained 35.5% as compared to 23.1% gain for MSCI World, 27.9% for US S&P 500, 11.0% for MSCI Europe and only 5.3% for MSCI Emerging Markets as MSCI China declined 19.0% over the period.

Strong performance of the market and subsiding global macro headwinds drove a sharp turnaround in foreign investment flows. FII net inflow was at USD 25.3bn in FY24 versus an outflow of USD 6.0bn/ 17.1bn in FY23/ FY22. DIs, on the other hand, matched FII inflow with an inflow of USD 25.3bn although it was lower than the net inflows at USD 30.8bn in FY23. Within DIs, the MF segment was the key contributor (USD 24.3 bn of net inflows up from USD 21.8bn in FY23) while domestic Insurers were also in the net inflow territory (USD 1.0bn of net inflows vs USD 9.0bn in FY23).

Source: Motilal Oswal

Indices Returns (April 01, 2023 to March 31, 2024)	1 Year [^]
S&P BSE Sensex TR	26.5%
NSE CNX Nifty TR	30.1%
S&P BSE 100 TR	34.2%
S&P BSE 200 TR	38.5%
S&P BSE 500 TR	40.2%
S&P BSE Midcap TR	65.2%
S&P BSE Small-cap TR	61.4%

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

Way forward:

The global macro environment remains challenging with heightened geo-political and economic uncertainties. US bond yields remain high putting pressure on interest rates and currencies globally. For India, growth has continued to remain strong with GDP growth of 8.4% in Q3FY24 driven by strong government spending on infrastructure and pickup in manufacturing and construction. The 2024 interim budget has re-affirmed government focus on infrastructure. At the same time reduction in fiscal deficit should also help in easing of domestic interest rates. However, after last year's patchy monsoon, a good monsoon will be an important factor for rural demand and overall consumption growth in the economy in FY25.

India starts FY25 on a strong footing with positive growth momentum and India's investment cycle is expected to be on a medium-term uptrend supported by rising government investment in infrastructure and recovery in real estate cycle. There is also an expectation of higher private investments in renewable energy and related supply chain, localization of higher-end technology components, and India becoming a more meaningful part of global supply chains. Finally, it is expected for consumption to improve as the impact of high inflation fades and real incomes start to grow again.

However, several of these positives are getting discounted by the high valuations currently prevailing in the equity market. While the fund managers remain constructive on Indian equities supported by the more robust medium-term growth outlook there is a caution against high return expectations. Nifty continues to trade on 20.6x consensus 1 year forward PE (as of 30 April). On a 10-year basis, Nifty is still trading 10% above its historic average valuation but is in-line with its 5-year average. Valuations of the midcap and small cap indices are even higher versus their historical average.

Trustees' Report (Contd...)

For the year ended March 31, 2024

➤ **DEBT OUTLOOK**

Market drivers during the course of the year FY 2024

The year started with advanced economies continuing to grapple with higher inflation and policy tightening remained a common theme across economies. During FY2024, the Federal Open Market Committee (FOMC) raised policy rates by 50 bps while European Central Bank (ECB) and Bank of England (BOE) raised policy rates by 100 bps each. The cumulative rate hikes by various advanced economies in this cycle are as follows: Fed (525 bps), BOE (515 bps) and ECB (450 bps). Meanwhile cumulative rate hikes by the Monetary Policy Committee (MPC) in this cycle was 250 bps. On account of higher Government debt burden, Fitch downgraded US sovereign rating from AAA to AA+. US Treasury yields remained volatile during the year, with the 10-year benchmark rising higher by 73 bps during the year. Crude prices also moved higher by USD 7-8/bbl.

On the domestic front, Consumer price Index (CPI) inflation remained broadly in the upper end of the MPC's targeted band of 4% +/- 2% for most the financial year, however, inflation printed above 6% on two occasions due to high food inflation. Headline inflation remained susceptible to high food inflation with markets now expecting some relief of food prices on the back of normal monsoon. Core inflation eased through the year falling to below 4% in the last quarter.

Domestically, one of the biggest events during the year was the much-awaited index inclusion of Indian Government Bonds (IGBs) into the GBI-EM Global index suite and its relevant benchmarks. India is expected to reach the maximum weight of 10% in the GBI-EM Global Diversified Index (GBI-EM GD), with the inclusion staggered over a 10-month period starting June 2024. Following this, Bloomberg also included IGBs in their Bloomberg EM Local Currency Index, with India expected to reach a maximum weight of 10% over a 10-month period starting Jan 2025. Both these inclusions are expected to bring in INR 25-30 bn of index related FPI inflows over the next 1-2 years and paving the way for inclusion into other global bond indices as well. During FY2024, FPIs poured in close USD 12 bn into IGBs, with majority of the inflows coming in post the JP Morgan index inclusion announcement.

Government continued its path of fiscal consolidation, with the revised estimate of the Fiscal deficit for FY2024 coming in at 5.6%, with expectations for FY2025 at 5.1% and target of below 4.5% by FY2026. PMI numbers continue to remain in expansion, GST revenues remain buoyant and credit off-take upbeat.

The external sector has remained strong due to healthy service exports and remittances. Current Account Deficit (CAD) is expected to be around 1% for the year. Rupee remained one of the more stable currencies during the year, with active intervention from RBI smoothening any volatility. RBI continued to build on the FX reserves with year-end number around USD 650 bn.

Money market rates moved higher during the year due to tightening in liquidity along with higher Certificate of Deposit (CD) issuances. G-Sec yields, however, moved lower due to favorable demand supply and lower G-Sec borrowing. 10-year G-Sec moved lower during the year by 25 bps, while 5 yr G-Sec moved lower by 13 bps.

Market Outlook

While US markets have braced for "higher for longer" rates, we have seen in the past, that reactions to favorable data in such an environment can be sharp. Any softness in growth, employment or inflation data over the next few months will allow the markets to quickly start pricing in aggressive future policy easing. In our view, the RBI is also likely to gradually shift the liquidity deficit into surplus over the course of the next 3-6 months, flipping overnight rates from the top to the bottom of the rate corridor. The yield curve is likely to steepen as liquidity eases. This along with a potential 50 bps of policy easing in first half of CY2025 may push overnight rates lower by 75-100 bps.

While any form of additional spending by the new Government to address concerns of rural sections of the country and the possibility of additional spending to fund such policies will remain a key monitorable, it is believed the Government is likely to remain cognizant of the possible impact of such policies and take measured steps. With the dust settling down on the election outcome, the broad macroeconomic factors should continue to remain stable and could support softening in domestic yields going forward.

Trustees' Report (Contd...)

For the year ended March 31, 2024

The Fund Managers continue to have a positive outlook for interest rates, based on various favorable factors: (a) Record RBI dividend to the Government, (b) reduced Fiscal deficit number of 5.6%, (c) favorable G-Sec supply demand dynamics, (d) FPI index related inflows, (e) revised outlook in India by S&P, (f) soft core inflation along with expectations of a better than normal monsoon, and finally (g) soft signals by Government and RBI on liquidity.

Source: RBI, Bloomberg, Internal HSBC Research & CCIL

2. BRIEF BACKGROUND OF THE SPONSORS, THE FUND, THE TRUSTEES AND THE ASSET MANAGEMENT COMPANY

A. Sponsor

HSBC Mutual Fund is sponsored by HSBC Securities and Capital Markets (India) Private Limited (HSCI). The Sponsor is the Settler of the Mutual Fund Trust. The Sponsor has entrusted a sum of Rs. 1,00,000/- (Rupees One Lakh only) to the Trustee as the initial contribution towards the corpus of the Mutual Fund.

HSCI offers integrated investment banking services, securities and corporate finance & advisory. HSCI is a member of the Bombay Stock Exchange Limited and National Stock Exchange (capital and derivative market segments). HSCI holds 100% of the paid-up equity share capital of HSBC Asset Management (India) Private Limited.

B. HSBC Mutual Fund

HSBC Mutual Fund ("the Mutual Fund" or "the Fund") has been constituted as a Trust in accordance with the provisions of the Indian Trusts Act, 1882 (2 of 1882) vide a Trust Deed dated February 7, 2002 (as amended) with HSBC Securities and Capital Markets (India) Private Limited, as the Sponsor and HSBC Trustees (India) Private Limited. The Trustee has entered into an Investment Management Agreement dated February 7, 2002 (as amended) with HSBC Asset Management (India) Private Limited (AMC) to function as the Investment Manager for all the schemes of the Fund. The Fund was registered with SEBI vide registration number MF/046/02/5 dated May 27, 2002.

The Trust has been formed for the purpose of pooling of capital from the public for collective investment in securities for the purpose of providing facilities for participation by persons as beneficiaries in such investments and in the profits/income arising therefrom.

C. HSBC Trustees (India) Private Limited (the Trustees)

The Trustees are the exclusive owner of the Trust Fund and holds the same in trust for the benefit of the unitholders. The Trustees have been discharging their duties and carrying out the responsibilities as provided in the SEBI (Mutual Funds) Regulations, 1996 and the Trust Deed. The Trustees seek to ensure that the Fund and the schemes floated there under are managed by the AMC in accordance with the Trust Deed, the said Regulations, directions and guidelines issued by the SEBI, the Stock Exchanges, the Association of Mutual Funds in India and other regulatory agencies.

During the year, HSBC Securities and Capital Markets (India) Private Limited ("HSCI"), Sponsors of HSBC Mutual Fund) established a private limited company with limited liability to act as the "Trustee" of HSBC Mutual Fund. HSBC Trustees (India) Private Limited ("HTIP") was incorporated on 9 January 2024. Accordingly, HTIP has replaced the Board of Trustees of HSBC Mutual Fund w.e.f. 1 March 2024, and the Company through its Board of Directors has been discharging its obligations as the "Trustees" of the Fund from this date.

As of March 31, 2024, HSCI holds 100% of the paid-up equity share capital of HTIP.

D. Asset Management Company (the AMC)

HSBC Asset Management (India) Private Limited (the Investment Manager or the AMC) is a private limited company incorporated under the Companies Act, 1956 on December 12, 2001 having its Registered Office at 9-11 Floors, NESCO IT Park, Building no. 3, Western Express Highway, Goregaon (East), Mumbai – 400 063. HSBC Asset Management (India) Private Limited has been appointed as the Asset Management Company of HSBC Mutual Fund by the Trustee vide Investment Management Agreement (IMA) dated February 7, 2002 (as amended) and executed between the Trustees and the AMC. SEBI approved the AMC

Trustees’ Report (Contd...)
For the year ended March 31, 2024

to act as the Investment Manager of the Fund vide its letter No. MFD/BC/163/2002 dated May 27, 2002. The paid-up equity share capital of the AMC is Rs. 344.41 crores. The AMC is registered as a Portfolio Manager under the SEBI (Portfolio Managers) Regulations, 1993 vide registration no. INP000001322. The AMC also offers non-binding Advisory services to offshore funds under the mutual fund license.

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

3. INVESTMENT OBJECTIVE OF THE SCHEMES

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

4. SIGNIFICANT ACCOUNTING POLICIES

The Significant Accounting Policies form part of the Notes to the Accounts annexed to the Balance Sheet of the Schemes in the Full Annual Report. The accounting policies are in accordance with Securities Exchange Board of India (Mutual Funds) Regulations, 1996 and Indian Accounting Standards (IND AS) notified under section 133 of the Companies Act, 2013 (the “Act” read with the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time.

5. UNCLAIMED DIVIDENDS & REDEMPTIONS

Summary of number of investors & corresponding amount as on March 31, 2024:

Scheme Name	Unclaimed Dividend		Unclaimed Redemption	
	No. of Investors	Amount (₹)	No. of Investors	Amount (₹)
HSBC Tax Saver Equity Fund	9,539	20,629,445.99	282	6,818,065.85

6. INVESTOR SERVICES

The number of official points of acceptance of transactions are 210 locations. In addition to the offices of the Registrar & Transfer Agent, the AMC has its own office in 61 locations and Investor Service Centers in 39 locations. The AMC has 2 Toll Free numbers (1800-4190-200/1800-200-2434) which can be dialed from anywhere in India and 1 number i.e. +91 44 39923900 (Investors calling from abroad). The call center service is being managed by the Registrar and Transfer Agents. HSBC Mutual Fund offers the online transaction facility through the AMC’s website at www.assetmanagement.hsbc.co.in.

On the distribution front, the number of empaneled distributors were 59046 as on March 31, 2024. During the year, the AMC initiated tie-ups for online distribution of the Mutual Fund’s schemes with several channel partners taking the total number of such tie-ups to 160 as on March 31, 2024.

7. DETAILS OF INVESTOR GRIEVANCE REDRESSAL

The details of the redressal of investor complaints received against HSBC Mutual Fund during April 2023 - March 2024 are as follows:

2023-2024												
Com-plaint code	Type of Complaint	(a) No. of complaints pending at the beginning of the period	(b) No. of complaints received during the given period	Action on (a) and (b)								
				Resolved				Non Action-able*	Pending			
				Within 30 days	30-60 days	60-180 days	Beyond 180 days		0-3 months	3-6 months	6-9 months	9-12 months
I A	Non receipt of amount declared under Income Distribution cum Capital Withdrawal option	1	10	11	0	0	0	0	0	0	0	0

Trustees' Report (Contd...)

For the year ended March 31, 2024

2023-2024												
Com- plaint code	Type of Complaint	(a) No. of complaints pending at the begin- ning of the period	(b) No. of com- plaints received during the given period	Action on (a) and (b)								
				Resolved				Non Action- able*	Pending			
				Within 30 days	30-60 days	60-180 days	Beyond 180 days		0-3 months	3-6 months	6-9 months	9-12 months
I B	Interest on delayed payment of amount declared under Income Distribution cum Capital Withdrawal option	0	1	1	0	0	0	0	0	0	0	0
I C	Non receipt of Redemption Proceeds	1	38	39	0	0	0	0	0	0	0	0
I D	Interest on delayed payment of Redemption	0	2	2	0	0	0	0	0	0	0	0
II A	Non receipt of Statement of Account/Unit Certificate	0	3	3	0	0	0	0	0	0	0	0
II B	Discrepancy in Statement of Account	1	22	23	0	0	0	0	0	0	0	0
II C	Data corrections in Investor details	1	250	249	0	0	0	0	2	0	0	0
II D	Non receipt of Annual Report/ Abridged Summary	0	0	0	0	0	0	0	0	0	0	0
III A	Wrong switch between Schemes	0	2	2	0	0	0	0	0	0	0	0
III B	Unauthorized switch between Schemes	0	1	1	0	0	0	0	0	0	0	0
III C	Deviation from Scheme attributes	0	1	1	0	0	0	0	0	0	0	0
III D	Wrong or excess charges/load	0	0	0	0	0	0	0	0	0	0	0
III E	Non updation of changes viz. address, PAN, bank details, nomination, etc	1	127	127	0	0	0	0	1	0	0	0
III F	Delay in allotment of Units	0	5	4	1	0	0	0	0	0	0	0
III G	Unauthorized Redemption	0	0	0	0	0	0	0	0	0	0	0
IV	Others**	1	78	76	0	0	0	0	3	0	0	0
	TOTAL	6	540	539	1	0	0	0	6	0	0	0

** As per AMFI Best Practice Guidelines Circular No.25/2011-12 for Revisions in the Guidelines on Standardization of Complaints/ Grievances Reporting Procedure. If "Others" include a type of complaint which is more than 10% of overall complaints, then such a reason should be provided separately. Hence, data corrections in Investor Details are included as a separate category.

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

Summary of Complaints for FY 2023-24

Particulars	Count
Total complaints received	540
Total number of folios	21,39,406
% of complaints against the folio	0.025

8. INVESTOR EDUCATION INITIATIVES

During the FY 2023-24, the AMC conducted the following investor education and awareness initiatives:

- An integrated multi-media marketing campaign on SIP Hai 'FaydeWaliAadat' aimed to tap into the aspirations, financial goals, and unique spending habits of millennials.

Trustees' Report (Contd...)

For the year ended March 31, 2024

- Editorial content on Systematic Investment Plans (SIP) created across 15 states through various regional television channels.
- Investor education content on the Platform - Quora.
- 'Be Money Confident' video series targeting women through Jio Platforms.
- Campaign on Women & Investing for Women's Day.
- Campaign for Marathon enthusiast on the similarities between running a Marathon & Investing.
- Financial literacy virtual event on the occasion of Mother's Day, which received more than 725 registered users.
- A mom blogger outreach program to reach Women Investors with financial education content on MF on the occasion of Mother's Day.
- Education campaign on ELSS executed for working audiences.
- Blogs and content for Investor Education properties like SIP Sahi Hai in Value Research, Gyan Guroovaar on Facebook, Investment Ki Paathshala on the website and investor education blogs on the platform - Advisor Khoj.
- 1,462 Investor Education programs to reach out to an audience of 71,465 people out of which 458 were women programs attended by 20,139 women.

9. PROXY VOTING POLICY

As per para 6.16 of SEBI Master Circular on Mutual Funds dated June 27, 2024, the Fund has adopted Proxy Voting Policy and Procedures for exercising voting rights in respect of securities held by the Schemes. (please refer Proxy Voting Policy and Procedures)

The summary of the votes casted in the general meetings of the Investee companies, by the AMC for and on behalf of the Schemes of the Fund, for the financial year 2023-24 is provided below:

Quarter	Total no. of resolutions	Break-up of Vote decision		
		For	Against	Abstained
April 2023 - June 2023	387	260	75	52
July 2023 - September 2023	2,169	1607	448	114
October 2023 - December 2023	197	138	37	22
January 2024 - March 2024	319	240	50	29
TOTAL	3,072	2,245	610	217

As per para 6.16.7 of SEBI Master Circular on Mutual Funds dated June 27, 2024, the AMC has obtained certificate from M/s. M. P. Chitale & Co., Chartered Accountants, who is acting as a Scrutinizer, on the voting report for the FY 2023-24. The certificate dated May 22, 2024 issued by M/s. M. P. Chitale & Co., is available on the website of the AMC as part of the full Annual Report.

Unitholders can refer to the full Annual Report for complete details of actual exercise of votes in the general meetings of the investee companies for the financial year 2023-24 or log on to our website at www.assetmanagement.hsbc.co.in.

10. STATUTORY DETAILS

- The Sponsors are not responsible or liable for any loss resulting from the operation of the Schemes of the Fund beyond initial contribution of Rs. 1 lakh for setting up the Fund.
- The price and redemption value of the units, and income from them, can go up as well as down with fluctuations in the market value of its underlying investments.

Trustees' Report (Contd...)

For the year ended March 31, 2024

- c) Full Annual Report of HSBC Mutual Fund and of HSBC Asset Management (India) Private Limited (the AMC) shall be disclosed on the website at www.assetmanagement.hsbc.co.in and shall be available for inspection at the Head Office of the Mutual Fund. Present and prospective unitholders can obtain copy of the Trust Deed, the full Annual Report of the Scheme(s), the Annual Report of HSBC Asset Management (India) Private Limited and the text of the relevant Scheme(s) at a price.

11. CHANGES IN RISK-O-METER OF THE SCHEME DURING FY 2023-24

As per para 17.4. of SEBI Master Circular on Mutual Funds dated June 27, 2024 on product labelling, the changes carried out in the risk-o-meter of the schemes of HSBC Mutual Fund during FY 2023-24 have been given in the below mentioned table for the information of the unitholders, a report on the said changes has also been displayed on the website of the Fund and AMFI.

Scheme Name	Risk-o-meter level as on March 31, 2023	Risk-o-meter level as on March 31, 2024	Number of changes in Risk-o-meter during the F.Y. 2023-24)
HSBC Tax Saver Equity Fund	Very High	Very High	0

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

As per para 6.16.15 of SEBI Master Circular on Mutual Funds dated June 27, 2024, HSBC Mutual Fund has adapted the policy on stewardship responsibilities, the unitholders are requested to note the status of governance with the same as mentioned below:

S. No.	Particulars of Principles of Stewardship Code	Status of compliance (Complied/ Not Complied)	Description	Remarks/ reasons for deviation/non-compliance, if any
1	Principle 1: Institutional Investors should formulate a comprehensive policy on the discharge of their stewardship responsibilities, publicly disclose it, review and update it periodically.	Complied	HSBC Asset Management (India) Private Limited's (AMIN) 'Policy on Stewardship responsibilities' (Stewardship Code/ Policy) was formulated and implemented on 01 July, 2020. This is a comprehensive document which has been publicly disclosed on the website of AMIN. The same shall follow a periodic review.	N.A.
2	Principle 2: Institutional investors should have a clear policy on how they manage conflicts of interest in fulfilling their stewardship responsibilities and publicly disclose it.	Complied	Defining and managing Conflict of Interest in fulfilling stewardship responsibilities are detailed in the Stewardship Policy document. The policy document is publicly disclosed.	N.A.

Trustees' Report (Contd...)

For the year ended March 31, 2024

S. No.	Particulars of Principles of Stewardship Code	Status of compliance (Complied/ Not Complied)	Description	Remarks/ reasons for deviation/non-compliance, if any
3	Principle 3: Institutional investors should monitor their investee companies.	Complied	AMIN monitors all investee companies through its investment process. This includes assessment of companies' own and market data, consideration of research from brokers and other independent research providers – including ESG & voting research, attending individual & group meetings with company management and directors, visiting production sites (wherever necessary), engaging with key stakeholders including competitors and customers, and financial modelling. More details enumerated in the policy document	N.A.
4	Principle 4: Institutional investors should have a clear policy on intervention in their investee companies. Institutional investors should also have a clear policy for collaboration with other institutional investors where required, to preserve the interests of the ultimate investors, which should be disclosed.	Complied	Details of undertaking active engagement with investee companies and the policy for collaboration with other institutional holders are detailed in the policy document. The policy document is publicly disclosed.	N.A.
5	Principle 5: Institutional investors should have a clear policy on voting and disclosure of voting activity.	Complied	AMIN has a clear and detailed voting policy which provides the framework for the voting decisions. All voting decisions shall be in accordance with AMIN's Voting Policy and Procedures, which is disclosed on the website. AMIN discloses the details of the voting on its website on a quarterly basis within 10 working days from the end of the quarter. Additionally, AMIN also discloses the details of the votes cast, in the annual report of the schemes of HSBC Mutual Fund.	N.A.
6	Principle 6: Institutional investors should report periodically on their stewardship activities.	Complied	The annual status report of the stewardship code and quarterly report on proxy voting are publicly disclosed on the website as required under SEBI Regulations.	N.A.

Trustees' Report (Contd...)

For the year ended March 31, 2024

13. DISCLOSURES PERTAINING TO NAV ADJUSTED DURING THE FINANCIAL YEAR FOR SWING FACTOR ALONG WITH THE PERFORMANCE IMPACT

Sr No.	Period of applicability of swing pricing	Scheme Name	Unswung NAV	Swing factor applied	Whether optional or mandatory
NIL					

14. SIGNIFICANT EVENT AFTER THE END OF THE FINANCIAL YEAR

NIL

15. ACKNOWLEDGEMENTS

The Trustees wish to thank the unitholders of the Schemes for their support throughout the year, and also thank the Government of India, the Securities and Exchange Board of India (SEBI), the Reserve Bank of India (RBI) and the Association of Mutual Funds in India (AMFI) for the guidance provided by them. The Trustees also appreciate the services provided by the Registrar and Transfer Agent, Fund Accountant, Custodian, Bankers, Distributors and Brokers. The guidance and services provided by the auditors and advocates and the ebullience, sincerity and dedication of the employees of HSBC Asset Management (India) Private Limited is also appreciated.

The Trustees look forward to the continued support of everyone.

For and on behalf of **HSBC Trustees (India) Private Ltd.**

Sd/-

Director

Mumbai

July 19, 2024

Independent Auditors' Report

To the Board of Directors of HSBC Trustees (India) Private Limited (the "Trustee")

HSBC Tax Saver Equity Fund

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **HSBC Tax Saver Equity Fund** (the "Scheme") of HSBC Mutual Fund (the "Fund"), which comprise the Balance Sheet as at March 31, 2024, the Revenue Account and the Cash Flow Statement for the year then ended, and notes to the financial statements, including a summary of material accounting policy and other explanatory information.

In our opinion, and to the best of our information and according to the explanations given to us, the aforesaid financial statements of the Scheme give a true and fair view in conformity with the Indian Accounting Standards ("Ind AS") prescribed under section 133 of the Companies Act, 2013 (the "Act") read with Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India, including the accounting policies and standards specified in the Regulation 50 and Ninth Schedule to the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 ("the SEBI Regulations") (collectively referred to as the "Regulations") as amended:

- a. in the case of the Balance Sheet, of the state of affairs of the Scheme as at March 31, 2024;
- b. in the case of the Revenue Account, of the net surplus for the year ended on that date; and
- c. in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing ("SAs") and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India (the "ICAI"). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Scheme in accordance with the Code of Ethics issued by the ICAI together with the ethical requirements that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Information Other than the Financial Statements and Auditor's Report Thereon

The Board of Directors of HSBC Asset Management (India) Private Limited (the "AMC") and the Board of Directors of HSBC Trustees (India) Private Limited (the "Trustees") (collectively referred to as "the Management") are responsible for the other information. The other information comprises the information included in the Trustees report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

The Management is responsible for the preparation of these financial statements that give a true and fair view of the state of affairs, results of operations and cash flows of the Scheme in accordance with the accounting principles generally accepted in India, including the accounting policies and standards specified in Regulations. This responsibility also includes maintenance of adequate accounting records in accordance with the SEBI

Independent Auditors' Report (Contd...)

Regulations for safeguarding of the assets of the Scheme and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Management is responsible for assessing the Scheme's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management, either intends to liquidate the Scheme or to cease operations, or has no realistic alternative but to do so.

Those Charged with Governance are also responsible for overseeing the Scheme's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Scheme's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Scheme to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide to those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Independent Auditors' Report (Contd....)

Report on Other Legal and Regulatory Requirements

1. As required by regulation 55(4) and clause 5(ii)(2) of the Eleventh Schedule of the SEBI Regulations, we report that:
 - a. we have sought and obtained all the information and explanations which, to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b. in our opinion, the Balance Sheet and the Revenue Account dealt with by this report have been prepared in accordance with the accounting policies and standards specified in the Regulations; and
 - c. the Balance Sheet, the Revenue Account and the Cash Flow Statement, dealt with by this report are in agreement with the books of accounts of the Scheme.
2. On the basis of information and explanations given to us, the scheme does not have any non-traded securities as at March 31, 2024 and hence reporting requirement of Eighth Schedule of the SEBI Regulations is not applicable.

For **M S K A & Associates**

Chartered Accountants

ICAI Firm Registration No. 105047W

Sd/-

Swapnil Kale

Partner

Membership No: 117812

UDIN: 24117812BKFSI8741

Place : Mumbai

Date : July 19, 2024

Abridged Balance Sheet as at March 31, 2024

Rs. in Lakhs

	As at March 31, 2024	As at March 31, 2023	As at April 1, 2022
LIABILITIES			
1 Unit Capital	3,647.05	4,010.99	4,242.30
2 Reserves & Surplus			
2.1 Unit Premium Reserves	(4,138.47)	(3,696.19)	(3,581.01)
2.2 Unrealised Appreciation Reserve	10,241.94	5,472.65	7,615.00
2.3 Other Reserves	12,284.44	11,640.74	11,268.56
3 Loans & Borrowings	—	—	—
4 Current Liabilities & Provisions			
4.1 Provision for Doubtful Income/Deposits	—	—	—
4.2 Other Current Liabilities & Provisions	749.89	433.24	378.92
TOTAL	22,784.86	17,861.43	19,923.77
ASSETS			
1 Investments			
1.1 Listed Securities:			
1.1.1 Equity Shares	21,816.23	17,254.19	19,049.34
1.1.2 Preference Shares	—	—	—
1.1.3 Equity Linked Debentures	—	—	—
1.1.4 Other Debentures & Bonds	—	—	—
1.1.5 Securitised Debt Securities	—	—	—
1.2 Securities Awaited Listing:			
1.2.1 Equity Shares	—	—	—
1.2.2 Preference Shares	—	—	—
1.2.3 Equity Linked Debentures	—	—	—
1.2.4 Other Debentures & Bonds	—	—	—
1.2.5 Securitised Debt Securities	—	—	—
1.3 Unlisted Securities:			
1.3.1 Equity Shares	—	—	—
1.3.2 Preference Shares	—	—	—
1.3.3 Equity Linked Debentures	—	—	—
1.3.4 Other Debentures & Bonds	—	—	—
1.3.5 Securitised Debt Securities	—	—	—
1.4 Government Securities	—	—	—
1.5 Treasury Bills	—	—	—
1.6 Commercial Paper	—	—	—
1.7 Certificate of Deposits	—	—	—
1.8 Bill Rediscounting	—	—	—
1.9 Units of Domestic Mutual Fund	—	—	—
1.10 Foreign Securities	—	—	—
Total Investments	21,816.23	17,254.19	19,049.34
2 Deposits	31.77	1.87	3.00
3 Other Current Assets			
3.1 Cash & Bank Balance	153.41	159.94	90.28
3.2 CBLO/TREPS/Reverse Repo Lending	508.92	241.15	195.02
3.3 Others	274.53	204.29	586.12
4 Deferred Revenue Expenditure (to the extent not written off)	—	—	—
TOTAL	22,784.86	17,861.43	19,923.77

Notes to Accounts - Annexure I

Abridged Revenue Account for the year ended March 31, 2024

Rs. in Lakhs

	Current Year ended March 31, 2024	Previous Year ended March 31, 2023
1 INCOME		
1.1 Dividend	157.47	145.50
1.2 Interest	20.23	15.46
1.3 Realised Gain/(Loss) on Foreign Exchange Transactions	—	—
1.4 Realised Gains/(Losses) on Interscheme Sale of Investments	—	—
1.5 Realised Gains/(Losses) on External Sale/Redemption of Investments	2,416.11	1,613.42
1.6 Realised Gains/(Losses) on Derivative Transactions	—	—
1.7 Other Income	0.05	0.02
(A)	2,593.86	1,774.40
2 EXPENSES		
2.1 Management Fees	278.78	254.90
2.2 GST on Management Fees	50.18	45.88
2.3 Transfer Agents Fees and Expenses	13.82	15.87
2.4 Custodian Fees	0.24	0.64
2.5 Trusteeship Fees	0.16	0.77
2.6 Commission to Agents	134.20	126.20
2.7 Marketing & Distribution Expenses	0.07	0.87
2.8 Audit Fees	0.28	0.22
2.9 Investor Education Expenses	4.00	3.73
2.10 Interest on Borrowing	—	—
2.11 Brokerage & Transaction Costs	22.41	42.47
2.12 Other Operating Expenses	3.10	4.97
(B)	507.25	496.51
3 NET REALISED GAINS/(LOSSES) FOR THE YEAR (C = A - B)	2,086.61	1,277.88
4 Change in Unrealised Depreciation in Value of Investments	(D) —	—
5 NET GAINS/(LOSSES) FOR THE YEAR (E = C + D)	2,086.61	1,277.88
6 Change in Unrealised Appreciation in Value of Investments	(F) 4,769.29	(2,117.46)
7 NET SURPLUS/(DEFICIT) FOR THE YEAR (G = E + F)	6,855.90	(839.58)
7.1 Add : Balance Transfer from Unrealised Appreciation Reserve	—	2,142.35
7.2 Less : Balance Transfer to Unrealised Appreciation Reserve	4,769.29	—
7.3 Add/(Less) : Equalisation	(1,126.14)	(618.19)
7.4 Transfer from Reserve Fund	11,640.74	11,268.56
7.5 Transfer from Unit Premium Reserve	—	—
8 Total	12,601.21	11,953.14
9 Dividend Appropriation		
9.1 Income Distributed during the Year	(316.77)	(312.41)
9.2 Tax on Income Distributed during the Year	—	—
10 Retained Surplus/(Deficit) Carried Forward to Balance Sheet	12,284.44	11,640.74

Notes to Accounts - Annexure I

Key Statistics for the year ended March 31, 2024

	Current Year ended March 31, 2024	Previous Year ended March 31, 2023
1. NAV per unit (Rs.):		
Open		
Regular Plan - Growth Option	53.5866	56.1559
Regular Plan - IDCW Option	23.3279	26.7156
Direct Plan - Growth Option	58.9147	60.9947
Direct Plan - IDCW Option	25.2986	28.4709
High		
Regular Plan - Growth Option	77.0591	59.0710
Regular Plan - IDCW Option	31.9275	28.1024
Direct Plan - Growth Option	85.5150	64.6973
Direct Plan - IDCW Option	34.9085	30.1644
Low		
Regular Plan - Growth Option	53.6718	47.9136
Regular Plan - IDCW Option	23.3650	22.7944
Direct Plan - Growth Option	59.0140	52.1859
Direct Plan - IDCW Option	25.3413	24.3492
End		
Regular Plan - Growth Option	75.6985	53.5866
Regular Plan - IDCW Option	30.3734	23.3279
Direct Plan - Growth Option	84.0561	58.9147
Direct Plan - IDCW Option	33.5104	25.2986
2. Closing Assets Under Management (Rs. in Lakhs)		
End	22,035	17,438
Average (AAuM) ¹	20,022	18,652
3. Gross income as % of AAuM ²	12.96%	9.51%
4. Expense Ratio:		
a. Total Expense as % of AAuM (Including GST on Management fees) (planwise)		
Regular Plan	2.47%	2.49%
Direct Plan	1.48%	1.29%
b. Management Fee as % of AAuM (planwise)		
Regular Plan	1.40%	1.38%
Direct Plan	1.20%	1.01%
5. Net Income as a percentage of AAuM ³	10.42%	6.85%
6. Portfolio turnover ratio ⁴	0.19	0.38
7. Total IDCW per unit distributed during the year (planwise)		
Retail		
Regular Plan - IDCW Option	2.50	2.25
Direct Plan - IDCW Option	2.50	2.25

Key Statistics for the year ended March 31, 2024 (Contd...)

	Current Year ended March 31, 2024	Previous Year ended March 31, 2023
Corporate		
Regular Plan - IDCW Option	2.50	2.25
Direct Plan - IDCW Option	2.50	2.25
8. Returns (%):		
a. Last One Year		
Scheme		
Regular Plan - Growth Option	41.56%	(4.58%)
Direct Plan - Growth Option	42.97%	(3.41%)
Benchmark		
NIFTY 500 TRI	40.75%	(1.22%)
b. Since Inception		
Scheme		
Regular Plan - Growth Option	12.46%	10.89%
Direct Plan - Growth Option	15.30%	12.92%
Benchmark		
NIFTY 500 TRI	12.33%	10.79%

¹ AAuM = Average daily net assets.

² Gross income = amount against (A) in the Revenue Account i.e. Income.

³ Net income = amount against (C) in the Revenue Account i.e. Net Realised Gains/(Losses) for the year.

⁴ Portfolio Turnover = Lower of sales or purchase divided by the Average AuM for the year.

Note: Returns have been calculated as on last business day of the month i.e. March 28, 2024 due to non-availability of benchmark indices as of March 31, 2024.

Notes to Accounts – Annexure I

To the Abridged Balance Sheet and Revenue Account for the year ended March 31, 2024

1 Investments:

- 1.1. It is confirmed that investments of the Schemes are registered in the name of the Trustees for the benefit of the Scheme's unitholders.
- 1.2. Open Positions of derivatives as on year ended March 31, 2024 and March 31, 2023 are NIL.
- 1.3. Investment in Associates and Group Companies as at the year ended March 31, 2024 and March 31, 2023 are NIL.
- 1.4. Open positions of Securities Borrowed and/or Lent by the scheme as on the year ended March 31, 2024 and March 31, 2023 are NIL.
- 1.5. Investment in Below investment grade and default/Securities in default beyond its maturity date as on March 31, 2024 and March 31, 2023 are NIL.
- 1.6. Aggregate Unrealised Gain/Loss as at the end of the Financial year and their percentages to net assets are as under:

(Rs. In Lakhs)

Company Name	Amount	Percentage to Net Assets	Amount	Percentage to Net Assets
	As at March 31, 2024		As at March 31, 2023	
Equity Shares				
– Appreciation	10,411.35	47.25	5,935.28	34.04
– Depreciation	169.41	0.77	462.63	2.65

- 1.7. The aggregate value of investments securities (excluding TREPS and Reverse Repos) purchased and sold (including matured) during the financial year 2023-24 (excluding accretion of discount) is Rs. 3,804.07 lakhs and Rs. 6,427.43 lakhs respectively being 19.00% and 32.10% of the average net assets.

The aggregate value of investments securities (excluding TREPS and Reverse Repos) purchased and sold (including matured) during the financial year 2022-23 (excluding accretion of discount) is Rs. 7,054.03 lakhs and Rs. 8,302.68 lakhs respectively being 37.82% and 44.51% of the average net assets.

- 1.8. Non-Traded securities in the portfolio of the scheme as on the year ended March 31, 2024 and March 31, 2023 are NIL.

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

During the year 2023-24, The Hongkong and Shanghai Banking Corporation Limited, an associate entity of HSBC Asset Management (India) Private Limited was paid collection/bank charges amounting to Rs. Nil.

During the year 2022-23, The Hongkong and Shanghai Banking Corporation Limited, an associate entity of HSBC Asset Management (India) Private Limited was paid collection/bank charges amounting to Rs. Nil.

Commission paid to Sponsor/AMC and its associates / related parties / group companies

Name of Sponsor/ AMC and its associates/related parties/group companies	Nature of Association / Nature of Relation	Period Covered	Business Given [Rs. In lakhs]	% of Total Business received by the Fund	Commission paid [Rs. In Lakhs]	% of Total commission paid by the Fund
The Hongkong and Shanghai Banking Corporation Limited	Group Company	2023-2024	–	–	11.16	9.40

Notes to Accounts – Annexure I (Contd...)**To the Abridged Balance Sheet and Revenue Account for the year ended March 31, 2024**

Name of Sponsor/ AMC and its associates/related parties/group companies	Nature of Association / Nature of Relation	Period Covered	Business Given [Rs. In lakhs]	% of Total Business received by the Fund	Commission paid [Rs. In Lakhs]	% of Total commission paid by the Fund
The Hongkong and Shanghai Banking Corporation Limited	Group Company	2022-2023	62.93	13.54	10.04	10.26

Brokerage paid to Sponsor/AMC and its associates / related parties / group companies

Name of Sponsor/ AMC and its associates/related parties/group companies	Nature of Association / Nature of relation	Period Covered	Value of Transactions [Rs. In lakhs]	% of total value of transactions of the fund	Brokerage paid [Rs. In lakhs]	% of total brokerage paid by the fund
HSBC Securities and Capital Market (India) Private Limited	Sponsor	2023-2024	302.53	2.96	0.36	2.98
HSBC Securities and Capital Market (India) Private Limited	Sponsor	2022-2023	183.00	1.21	0.22	1.23

- 3 None of the Investors held more than 25% of the total net assets of the scheme at the year ended March 31, 2024 and March 31, 2023.
- 4 Unit Capital movement during the year ended March 31, 2024, March 31, 2023 and March 31, 2022:

Description	2023-2024					Face Value per unit (Rupees)
	Opening Units	Subscription	Redemption	Closing Units		
Regular Plan - Growth Option	25,169,836.114	–	2,301,621.596	22,868,214.518		10
Regular Plan - IDCW Option	13,413,779.398	–	1,134,853.187	12,278,926.211		10
Direct Plan - Growth Option**	1,265,034.809	–	174,785.296	1,090,249.513		10
Direct Plan - IDCW Option	261,209.385	–	28,093.884	233,115.501		10

Description	2022-2023					Face Value per unit (Rupees)
	Opening Units	Subscription	Redemption	Closing Units		
Regular Plan - Growth Option	26,401,056.334	607,599.152	1,838,819.372	25,169,836.114		10
Regular Plan - IDCW Option	14,483,331.528	264,010.693	1,333,562.823	13,413,779.398		10
Direct Plan - Growth Option**	1,265,982.451	107,108.472	108,056.114	1,265,034.809		10
Direct Plan - IDCW Option	272,580.306	7,703.755	19,074.676	261,209.385		10

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

To the Abridged Balance Sheet and Revenue Account for the year ended March 31, 2024

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

** Units held by the AMC (Seed Capital) in Direct Plan Growth Option as on March 31, 2024 is 187,801.892 and as on March 31, 2023 is 187,801.892 and as on March 31, 2022 is 187,801.892

- 5 Previous year's/period figures have been re-grouped/re-arranged where necessary.
- 6 There are no contingent liabilities and other commitments as on March 31, 2024 and March 31, 2023. Contingent asset is neither recognized nor disclosed in the financial statements.
- 7 Expenses other than Management Fees are Inclusive of GST where applicable.
- 8 Other Income Rs. 0.05 lakhs represents exit load credited to the scheme. (2023: Rs. 0.02 lakhs represents exit load credited to the scheme).
- 9 **Investor Education Awareness**

As mandated by SEBI vide circular no. CIR/IMD/DF/21/2012 dated September 13, 2012 an annual charge of 0.02 percent of daily net assets, being a part of total recurring expenses is set aside for Investor Education and Awareness (IEA). In view of the AMFI Best Practices Guidelines Circular No. 56/2015-16, the IEF (Investor Education Fund) accrual is set aside in a separate bank account and the consolidated balance across all schemes as on March 31, 2024.

Pursuant to SEBI circular dated May 23, 2022, w.e.f. July 1, 2022, the limit of 0.02% p.a. has been reduced to 0.01% p.a. in case of ETFs/Index Funds. Furthermore, Fund of Funds (FoFs) investing more than 80% of its NAV in the underlying domestic funds have discontinued setting aside 0.02% p.a. of daily net assets towards IEAI.

The break-up of which is as under:

	March 31, 2024	March 31, 2023
Particulars	Amount (Rs. In Lakhs)	Amount (Rs. In Lakhs)
Opening Balance as on April 01, 2023	997.09	460.22
Add: Accrual during FY 2023-24	1,962.01	1,432.00
Less: Transferred to AMFI *	889.11	646.75
Less: Payable to AMFI (March 2024 accrual) *	91.90	69.25
Add: Investment Income FY 2023-24	77.08	166.42
Less: Spent during FY 2023-24	1,877.44	345.55
Closing Balance as on March 31, 2024	177.73	997.09

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

The IEA disclosure's are presented for surviving schemes only.

- 10 Pursuant to SEBI Circular No. SEBI/HO/IMD/DF3/CIR/P/2020/194 dated October 05, 2020, the nomenclature of 'Dividend Option' under all the schemes of HSBC Mutual Fund has been revised to 'Income Distribution cum Capital Withdrawal Option' (IDCW), with effect from April 01, 2021.

Notes to Accounts – Annexure I (Contd...)
To the Abridged Balance Sheet and Revenue Account for the year ended March 31, 2024

- 11 Securities, excluding debt securities, where the non-traded investments which have been valued “in good faith” exceed 5% of the net assets at the end of the year is NIL.
- 12 Debt securities which have been valued at a price other than the price given by the independent valuation agencies at the end of the year is NIL.

13 Disclosure of Risk-O-meter

Scheme Name	Risk-o-meter level at end of the financial year i.e. March 31, 2024	Risk-o-meter level as on March 31, 2023	Number of changes in Risk-o-meter during the financial year (March 2023 to March 2024)
HSBC Tax Saver Equity Fund	Very High	Very High	0

- 14 Subsequent to receipt of SEBI's no objection to acquisition of 100% equity shares of L&T Investment Management Limited (“LTIM”, Investment Manager of L&T Mutual Fund) and the amendments proposed to the trust deed of the HSBC Mutual Fund as required under the SEBI (Mutual Funds) Regulations, 1996, the schemes of L&T Mutual Fund (LTMF) were transferred to/ merged with the schemes of HSBC Mutual Fund on and from the close of business hours of November 25, 2022, and the HSBC AMC and HSBC Trustees assumed the responsibilities of the schemes of LTMF w.e.f. close of business hours of November 25, 2022.
- 15 During the year, HSBC Securities and Capital Markets (India) Private Limited (“HSCI”), Sponsors of HSBC Mutual Fund established a private limited company with limited liability to act as the “Trustee” of HSBC Mutual Fund. HSBC Trustees (India) Private Limited (“HTIP”) was incorporated on 9 January 2024. Accordingly, HTIP has replaced the Board of Trustees of HSBC Mutual Fund w.e.f. 1 March 2024, and the Company through its Board of Directors has been discharging its obligations as the “Trustees” of the Fund from this date.
- 16 The Annual Accounts of the Schemes, prepared in accordance with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the “Act”) read with the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time and clause 17.14 of SEBI Master Circular for Mutual Funds dated June 27, 2024, has been approved by the Board of Directors of HSBC Asset Management (India) Private Limited and HSBC Trustees (India) Private Limited at their meetings held on July 8, 2024 and July 19, 2024 respectively. The audit report attached herewith refers to the said Annual Accounts. The aforesaid abridged accounts are an extract of the Annual Accounts and are prepared in accordance with clause 5.4 and format no. 3.B under the section of formats of SEBI Master Circular for Mutual Funds dated June 27, 2024 and other relevant circulars issued by the Securities and Exchange Board of India from time to time.

Voting Policy and Procedures

In view of para 6.16 of SEBI Master Circular on Mutual Funds dated June 27, 2024 related to “Role of Mutual Funds in Corporate Governance of Public Listed Companies”, HSBC AMC has formulated its “Policy for Proxy Voting in Public Listed Companies”. The said policy is available on our website and the details of actual exercise of proxy votes, the summary of votes casted and the auditor’s certificate is forming part of our full Annual Report for the Financial Year 2023 – 24 which has been uploaded on our website at <http://www.assetmanagement.hsbc.co.in>

Statutory Details & Disclaimers

All the returns have been sourced from Mutual Funds India Explorer software. The performance of the schemes and the benchmark is calculated on a total return basis. This document has been prepared by HSBC Asset Management (India) Private Limited (HSBC) for information purposes only with an intent to provide market overview and should not be construed as an offer or solicitation of an offer for purchase of any of the funds of HSBC Mutual Fund. All information contained in this document (including that sourced from third parties), is obtained from sources, which HSBC/third party, believes to be reliable but which it has not been independently verified by HSBC/the third party. Further, HSBC/the third party makes no guarantee, representation or warranty and accepts no responsibility or liability as to the accuracy or completeness of such information. The information and opinions contained within the document are based upon publicly available information and rates of taxation applicable at the time of publication, which are subject to change from time to time.

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For disclosure of quarterly AUM/AAUM and AUM by geography, please visit our website at www.assetmanagement.hsbc.co.in. Investors are requested to note that as per SEBI (Mutual Funds) Regulations, 1996 and guidelines issued thereunder, HSBC AMC, its employees and/ or empaneled distributors/agents are forbidden from guaranteeing/promising/assuring/predicting any returns or future performances of the schemes of HSBC Mutual Fund. Hence, please do not rely upon any such statements/commitments. If you come across any such practices, please register a complaint via email at investor.line@mutualfunds.hsbc.co.in

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

Important Updates

Name and Date of Birth as per PAN card - Effective from June 1, 2024

As per recent regulatory requirement and changes advised by Income Tax Department in PAN validation process, now it is mandated to quote your Name(s) and DOB as per PAN card. To avoid any failure in such validations, we request investors to quote the Name(s) and DOB's of all the holders including Guardian, Power of Attorney (POA) holders as per PAN card.

Useful Links for self service options

- **Use our 24 x 7 Chatbot - "ASKME" for any queries or service request:**
visit: <https://invest.assetmanagement.hsbc.co.in>

SMS your request to HSBC Mutual Fund

- **Latest NAV :** Send SMS as HSBCMF NAV <Scheme Code> to 56767
Example: HSBCMF NAV F03
- **Valuation Service on registered mobile No. :** Send SMS as HSBCMF VAL <folio_number> to 56767
Example: HSBCMF VAL 123456
- **Annual Report :**
For Electronic Copy: Send SMS as HSBCMFARE <folio_number> to 567678080
Example: HSBCMF ARE 123456
For Physical Copy: Send SMS as HSBCMFARP <folio_number> to 567678080
Example: HSBCMF ARP 123456
- **Half Yearly Portfolio :**
For Electronic Copy: Send SMS as HSBCMFHPE <folio_number> to 567678080
Example: HSBCMF HPE 123456
For Physical Copy: Send SMS as HSBCMFHPP <folio_number> to 567678080
Example: HSBCMF HPP 123456

Missed Call Service

- You can give a missed call to 9212900020 to get the total valuation via SMS and a statement on your registered email ID

Book-Post

If undelivered please return to:

Computer Age Management Services Private Limited (CAMS)

Unit: HSBC Mutual Fund

New No. 10, M.G.R Salai, Nungambakkam, Chennai - 600034.

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

HSBC Asset Management (India) Private Limited

CIN NO: U74140MH2001PTC134220

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

Website : www.assetmanagement.hsbc.co.in

Description	Toll Free Number	Email ID
Investor related queries	1800-4190-200/1800-200-2434	investor.line@mutualfunds.hsbc.co.in
Online related queries	1800-4190-200/1800-200-2434	onlinemf@mutualfunds.hsbc.co.in
Investor (Dialing from abroad)	+91 44 39923900	investor.line@mutualfunds.hsbc.co.in

To get your updated account statement email us at : "mfsoa@mutualfunds.hsbc.co.in"

We're always here to help you, so feel free to reach out to us

Self-service request at your Fingertips

- Visit Website • Invest Online • Insta Statement • Download Forms
- Transact via Whats App • Use 24/7 ChatBot - Ask Me



Remember, you can also find out more via our social media handles !

Please check our website www.assetmanagement.hsbc.co.in for an updated list of Official Points of Acceptance of HSBC Mutual Fund.

CAMS SERVICE CENTRES / CAMS LIMITED TRANSACTION POINTS / CAMS COLLECTION CENTRES

For details on CAMS Service Centres, please visit www.camsonline.com



HSBC Value Fund **(Erstwhile L&T India Value Fund)**

An open ended equity scheme following a value investment strategy.

Abridged Annual Report 2023 - 2024



SPONSOR

HSBC Securities and Capital Markets (India) Private Limited

CIN – U67120MH1994PTC081575

Regd. Office: 52/60, Mahatma Gandhi Road, Fort, Mumbai 400001.

TRUSTEE COMPANY

HSBC Trustees (India) Private Limited

CIN – U66190MH2024PTC416973

Regd. Office: 52/60, Mahatma Gandhi Road, Fort, Mumbai 400001.

ASSET MANAGEMENT COMPANY

HSBC Asset Management (India) Private Limited

CIN – U74140MH2001PTC134220

Regd. Office: 9-11 Floors, NESCO IT Park, Building No. 3,
Western Express Highway, Goregaon (East), Mumbai 400063.

CUSTODIAN

Citibank N.A.

First International Financial Center (FIFC), 9th Floor,
C-54 & 55, G – Block, Bandra Kurla Complex, Bandra (East), Mumbai 400051.

AUDITORS TO THE SCHEME

MSKA & Associates

Chartered Accountants

602, Floor 6, Raheja Titanium, Western Express Highway,
Geetanjali Railway Colony, Ram Nagar, Goregaon (East), Mumbai 400063.

REGISTRAR & TRANSFER AGENTS

Computer Age Management Services Limited (CAMS)

Unit: HSBC Mutual Fund

New No. 10, M.G.R Salai, Nungambakkam, Chennai 600034.

BOARD OF TRUSTEES

Ms. Jasmine Batliwalla	– Chairperson
Mr. Nani Javeri	– Trustee
Mr. David Rasquinha	– Trustee
Mr. Nicolas Moreau	– Trustee

BOARD OF DIRECTORS

Dr. Indu Shahani	– Director
Mr. Kapil Seth	– Director
Ms. Roopa Varma	– Director
Mr. Kailash Kulkarni	– Director & Chief Executive Officer

Dear Investor,

As we reflect on the past year, I am filled with pride and optimism about the future of our company and overall growth of the mutual fund industry. The past year has marked significant milestones in our journey, particularly as we capitalise on the immense potential of India's burgeoning growth story.

Fiscal 2024 turned out to be one of the best years for the domestic mutual fund industry as assets under management (AUM) spurred by nearly Rs. 14 lakh crore to a record Rs. 53.40 lakh crore as of March 2024 compared with Rs. 39.42 lakh crore as of March 2023.

The mutual fund industry is experiencing immense growth and we are poised to take advantage of this upward trajectory. Our company is an integral part of this growth story, riding the wave with several strategic initiatives and accomplishments that have set us on a path of sustained success.



Major achievements post integration

- Post integration we have enhanced our digital offering for both B2B and B2C to provide improved customer journeys.
- HSBC AM India's AUM increased from USD 1.4 bn (before integration) to USD 13.7 bn as of April 2024.
- HSBC Asset Management India has now become the 14th largest asset manager in India in terms of AUM.
- HSBC AM India has launched 4 new products since integration (raising \$445M).
- We have expanded HSBC AM India's product offerings to 43 funds.

Key Achievements in FY2023-2024

Investment Performance: Our disciplined investment strategy and thorough research have been pivotal to our success. We have focused on high-quality, undervalued assets, achieving consistent returns across our portfolio.

Product Innovation: This year, we launched two new funds - HSBC Multi Asset Allocation Fund and HSBC Consumption Fund, tailored to meet the evolving needs of our investors. These new offerings have been well-received, contributing to our growth in AUM significantly.

Increased Media Presence: In FY24, we significantly boosted our media presence, ensuring that our brand and thought leadership are recognized across various platforms. Through strategic media engagements like Informed Investing with ET Now, talks shows and several authored articles plus interviews - we have amplified our message, reaching a broader audience and reinforcing our market position.

Successful Campaign Launch: We successfully launched SIP Hai #FaydeWaliAadat, an investor education campaign, that highlighted the transformative power of SIPs in achieving long-term financial

goals. A first of its kind campaign, it aimed at educating and empowering the millennial investors in India. The campaign garnered significant attention and positive feedback, strengthening our brand presence and engaging a wider audience. Notably, the campaign has also earned us prestigious awards and accolades highlighting our commitment to excellence and innovation.

Client Relationships: We have strengthened our client relationships through enhanced communication, transparency, and personalized service. Our client satisfaction scores have reached new heights, reflecting our commitment to exceptional service.

We believe that the India story has just begun and its economic landscape is poised for significant growth. An exposure to unique and future relevant themes can provide a much-needed inflation buffer. The importance of asset allocation continues to be critical. It is critical for all of us to review our risk appetite and goal proximity and construct a portfolio appropriately.

Besides construction, portfolio rebalancing is equally important in order to achieve optimal outcomes. I do hope you share my enthusiasm and I ask that you continue to invest whilst reviewing your asset allocation at all times.

I would like to express my sincere gratitude to our dedicated team, whose expertise and commitment are the backbone of our success. To our investors, thank you for your trust and continued support. Your confidence in our approach motivates us to strive for excellence in everything we do. Also, I want to express my deepest gratitude to our valuable partners for their unwavering support and keep our services running. Look forward to achieving even grater milestones together.

As we move forward, we remain committed to delivering superior investment performance, fostering strong client relationships, and driving sustainable growth. Together, we are well-positioned to navigate the future and achieve our goals.

Warm regards,

A handwritten signature in black ink, appearing to read 'Kailash Kulkarni', with a horizontal line underneath.

Kailash Kulkarni

Chief Executive Officer

HSBC Asset Management India

Trustees' Report

For the year ended March 31, 2024

The Board of Directors of HSBC Trustees (India) Private Limited, Trustees of HSBC Mutual Fund present the Twenty Second Annual Report and the audited abridged financial statements of the schemes of the HSBC Mutual Fund ('the Fund') for the year ended March 31, 2024.

With the acquisition of L&T Mutual Fund in the previous financial year, the Fund's Assets Under Management ('AUM') (excluding Domestic FOFs) as on March 31, 2024 was INR 109368.16 crores (audited). The Fund ranks in the top 15 Mutual Fund houses in India in terms of AUM.

As at March 31, 2024, the Fund offered 43 schemes across asset classes to meet the varying investment needs of the investors. During the year, the Fund launched two new products namely HSBC Consumption Fund and HSBC Multi Asset Allocation Fund in Equity and Hybrid categories.

The Fund continues its focus on delivering consistent long-term returns. The comments on the performance of the scheme(s) are provided hereinafter. Dividends were declared under various schemes as per the provisions contained in the respective Scheme Information Documents after considering the distributable surplus available under the respective plans of the schemes. Details of dividends declared can be viewed on our website at www.assetmanagement.hsbc.co.in.

During the year, HSBC Securities and Capital Markets (India) Private Limited ("HSCI"), Sponsors of the Fund established a private limited company with limited liability to act as the "Trustees" of the Fund. HSBC Trustees (India) Private Limited ("HTIP") was incorporated on 9 January 2024. Accordingly, HTIP has replaced the Board of Trustees of HSBC Mutual Fund w.e.f. 1 March 2024, and the Company through its Board of Directors has been discharging its obligations as the "Trustees" of the Fund from this date.

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

a. Operations and Performance of the Scheme

➤ Equity Schemes

HSBC Value Fund ('HVF')

(An open-ended equity scheme following a value investment strategy)

The investment objective of the scheme is to generate long-term capital appreciation from a diversified portfolio of predominantly equity and equity related securities, in the Indian markets with higher focus on undervalued securities.

The net assets of HVF amounted to INR 11430.68 crores as at March 31, 2024 as against INR 7883.63 crores as at March 31, 2023. Around 98.06% of the net assets were invested in equities, 2.26% of the net assets were invested in reverse repos/TREPS and (0.32%) in net current assets as at March 31, 2024.

It is the endeavor of the fund managers to identify undervalued stocks having the potential to deliver long term risk-adjusted returns. Undervalued stocks would include stocks which the fund managers believe are trading at less than their assessed values.

The fund managers aim is to identify undervalued stocks having the potential to deliver long term risk-adjusted returns. Undervalued stocks would include stocks which the fund managers believe are trading at less than their assessed values. The identification of undervalued stocks would involve fundamental analysis. It is based on the evaluation of various factors including but not limited to stock valuation, financial strength, cash flows, company's competitive advantage, business prospects and earnings potential. Hence the investment approach is largely bottom up in nature.

During the last one-year period ending March 31 2024, HVF outperformed its benchmark. HVF has also outperformed across all time periods 3-year, 5-year and since inception. Stock selection has been the key to this outperformance. The outperformance was driven by selected stocks in PSU banks and Mid-cap IT space. Value as a style has been doing well especially since the time interest rate cycle started its upward move. This provided some tailwind for the category and the scheme. The mix of large, mid and small cap within the portfolio is changed based on the market conditions and availability of stocks in the value zone. HVF is overweight on Capital Goods, Materials, Real Estate and Banks, while being underweight on Energy, Pharmaceuticals and Consumer Staples.

Trustees’ Report
For the year ended March 31, 2024 (Contd...)

HSBC Value Fund						Date of Inception : 8 January, 2010		
Fund / Benchmark (Value of ₹ 10,000 invested)	1 Year		3 Years		5 Years		Since Inception	
	Amount (₹)	Returns (%)	Amount (₹)	Returns (%)	Amount (₹)	Returns (%)	Amount (₹)	Returns (%)
HSBC Value Fund	15115	51.50	20038	26.13	25319	20.40	91500	16.84
Scheme Benchmark (Nifty 500 TRI)	14049	40.75	16970	19.32	22112	17.19	53867	12.56
Additional Benchmark (Nifty 50 TRI)	13008	30.27	15736	16.35	20356	15.27	50478	12.05

Past performance may or may not be sustained in future. Returns have been calculated for the respective periods for Growth Option of Regular Plan as on last business day of the month i.e. March 28, 2024 due to non-availability of benchmark indices as of March 31, 2024. Returns on ₹ 10,000 are point-to-point returns for the specific time period, invested at the start of the period. Returns for 1 year and above are Compounded Annualized. Different plans shall have a different expense structure. Performance of the respective benchmark is calculated as per the Total Return Index (TRI).

Risk-o-meter as of 31st March, 2024:

Scheme Name	Scheme Risk-o-meter	Benchmark Risk-o-meter
HSBC Value Fund	 Investors understand that their principal will be at Very High risk	Benchmark Index: Nifty 500 TRI 

Please note that the above risk-o-meter is as per the product labelling of the Scheme basis Scheme's monthly portfolio as on March 31, 2024.

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

➤ EQUITY OUTLOOK

Recap of FY 2023-24:

FY24 was a stellar year for the Indian equity markets with strong economic momentum, healthy earnings growth and strong inflows from domestic and foreign institutional investors and strong retail participation driving a broad-based bull market. The Nifty and Sensex were up a solid 30.1%/26.5% respectively during the year, while the BSE Midcap and BSE Smallcap indices gained an astounding 65.2% and 61.4% respectively.

While geo-political conflicts continued in FY24, their impact on crude and global supply chains moderated. Crude prices largely remained range bound during the year. Inflation barring a brief spike largely remained well contained, the economy gained further steam with GDP growth crossing 8% in H1FY24 supported by government thrust on infrastructure. This translated into strong growth for several core sector industries including steel and cement. The growth in the real estate sector has been strong with inventory continuing to decline in metro markets. However, lagged impact of price increases continued to impinge on consumer demand growth which remained subdued for most mass market categories.

Trustees' Report

For the year ended March 31, 2024 (Contd...)

Domestic cyclicals were the best performing sectors during the year led by Real Estate, Capital Goods, Autos. Power was also among the best performing sectors. Global cyclicals like Metals and Oil & Gas also strongly outperformed the Nifty. FMCG and Banking while delivering healthy positive returns underperformed the Nifty, while IT performance was closer to Nifty.

MSCI India index outperformed most of key global indices during the past fiscal. MSCI India index (USD) gained 35.5% as compared to 23.1% gain for MSCI World, 27.9% for US S&P 500, 11.0% for MSCI Europe and only 5.3% for MSCI Emerging Markets as MSCI China declined 19.0% over the period.

Strong performance of the market and subsiding global macro headwinds drove a sharp turnaround in foreign investment flows. FII net inflow was at USD 25.3bn in FY24 versus an outflow of USD 6.0bn/17.1bn in FY23/FY22. DIIs, on the other hand, matched FII inflow with an inflow of USD 25.3bn although it was lower than the net inflows at USD 30.8bn in FY23. Within DIIs, the MF segment was the key contributor (USD 24.3 bn of net inflows up from USD 21.8bn in FY23) while domestic Insurers were also in the net inflow territory (USD 1.0bn of net inflows vs USD 9.0bn in FY23).

Source: Motilal Oswal

Indices Returns (April 01, 2023 to March 31, 2024)	1 Year [^]
S&P BSE Sensex TR	26.5%
NSE CNX Nifty TR	30.1%
S&P BSE 100 TR	34.2%
S&P BSE 200 TR	38.5%
S&P BSE 500 TR	40.2%
S&P BSE Midcap TR	65.2%
S&P BSE Small-cap TR	61.4%

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

Way forward:

The global macro environment remains challenging with heightened geo-political and economic uncertainties. US bond yields remain high putting pressure on interest rates and currencies globally. For India, growth has continued to remain strong with GDP growth of 8.4% in Q3FY24 driven by strong government spending on infrastructure and pickup in manufacturing and construction. The 2024 interim budget has re-affirmed government focus on infrastructure. At the same time reduction in fiscal deficit should also help in easing of domestic interest rates. However, after last year's patchy monsoon, a good monsoon will be an important factor for rural demand and overall consumption growth in the economy in FY25.

India starts FY25 on a strong footing with positive growth momentum and India's investment cycle is expected to be on a medium-term uptrend supported by rising government investment in infrastructure and recovery in real estate cycle. There is also an expectation of higher private investments in renewable energy and related supply chain, localization of higher-end technology components, and India becoming a more meaningful part of global supply chains. Finally, it is expected for consumption to improve as the impact of high inflation fades and real incomes start to grow again.

However, several of these positives are getting discounted by the high valuations currently prevailing in the equity market. While the fund managers remain constructive on Indian equities supported by the more robust medium-term growth outlook there is a caution against high return expectations. Nifty continues to trade on 20.6x consensus 1 year forward PE (as of 30 April). On a 10-year basis, Nifty is still trading 10% above its historic average valuation but is in-line with its 5-year average. Valuations of the midcap and small cap indices are even higher versus their historical average.

Trustees' Report

For the year ended March 31, 2024 (Contd...)

➤ DEBT OUTLOOK

Market drivers during the course of the year FY 2024

The year started with advanced economies continuing to grapple with higher inflation and policy tightening remained a common theme across economies. During FY2024, the Federal Open Market Committee (FOMC) raised policy rates by 50 bps while European Central Bank (ECB) and Bank of England (BOE) raised policy rates by 100 bps each. The cumulative rate hikes by various advanced economies in this cycle are as follows: Fed (525 bps), BOE (515 bps) and ECB (450 bps). Meanwhile cumulative rate hikes by the Monetary Policy Committee (MPC) in this cycle was 250 bps. On account of higher Government debt burden, Fitch downgraded US sovereign rating from AAA to AA+. US Treasury yields remained volatile during the year, with the 10-year benchmark rising higher by 73 bps during the year. Crude prices also moved higher by USD 7-8/bbl.

On the domestic front, Consumer price Index (CPI) inflation remained broadly in the upper end of the MPC's targeted band of 4% +/- 2% for most the financial year, however, inflation printed above 6% on two occasions due to high food inflation. Headline inflation remained susceptible to high food inflation with markets now expecting some relief of food prices on the back of normal monsoon. Core inflation eased through the year falling to below 4% in the last quarter.

Domestically, one of the biggest events during the year was the much-awaited index inclusion of Indian Government Bonds (IGBs) into the GBI-EM Global index suite and its relevant benchmarks. India is expected to reach the maximum weight of 10% in the GBI-EM Global Diversified Index (GBI-EM GD), with the inclusion staggered over a 10-month period starting June 2024. Following this, Bloomberg also included IGBs in their Bloomberg EM Local Currency Index, with India expected to reach a maximum weight of 10% over a 10-month period starting Jan 2025. Both these inclusions are expected to bring in INR 25-30 bn of index related FPI inflows over the next 1-2 years and paving the way for inclusion into other global bond indices as well. During FY2024, FPIs poured in close USD 12 bn into IGBs, with majority of the inflows coming in post the JP Morgan index inclusion announcement.

Government continued its path of fiscal consolidation, with the revised estimate of the Fiscal deficit for FY2024 coming in at 5.6%, with expectations for FY2025 at 5.1% and target of below 4.5% by FY2026. PMI numbers continue to remain in expansion, GST revenues remain buoyant and credit off-take upbeat.

The external sector has remained strong due to healthy service exports and remittances. Current Account Deficit (CAD) is expected to be around 1% for the year. Rupee remained one of the more stable currencies during the year, with active intervention from RBI smoothening any volatility. RBI continued to build on the FX reserves with year-end number around USD 650 bn.

Money market rates moved higher during the year due to tightening in liquidity along with higher Certificate of Deposit (CD) issuances. G-Sec yields, however, moved lower due to favorable demand supply and lower G-Sec borrowing. 10-year G-Sec moved lower during the year by 25 bps, while 5 yr G-Sec moved lower by 13 bps.

Market Outlook

While US markets have braced for "higher for longer" rates, we have seen in the past, that reactions to favorable data in such an environment can be sharp. Any softness in growth, employment or inflation data over the next few months will allow the markets to quickly start pricing in aggressive future policy easing. In our view, the RBI is also likely to gradually shift the liquidity deficit into surplus over the course of the next 3-6 months, flipping overnight rates from the top to the bottom of the rate corridor. The yield curve is likely to steepen as liquidity eases. This along with a potential 50 bps of policy easing in first half of CY2025 may push overnight rates lower by 75-100 bps.

While any form of additional spending by the new Government to address concerns of rural sections of the country and the possibility of additional spending to fund such policies will remain a key monitorable, it is believed the Government is likely to remain cognizant of the possible impact of such policies and take measured steps. With the dust settling down on the election outcome, the broad macroeconomic factors should continue to remain stable and could support softening in domestic yields going forward.

Trustees' Report

For the year ended March 31, 2024 (Contd...)

The Fund Managers continue to have a positive outlook for interest rates, based on various favorable factors: (a) Record RBI dividend to the Government, (b) reduced Fiscal deficit number of 5.6%, (c) favorable G-Sec supply demand dynamics, (d) FPI index related inflows, (e) revised outlook in India by S&P, (f) soft core inflation along with expectations of a better than normal monsoon, and finally (g) soft signals by Government and RBI on liquidity.

Source: RBI, Bloomberg, Internal HSBC Research & CCIL

2. BRIEF BACKGROUND OF THE SPONSORS, THE FUND, THE TRUSTEES AND THE ASSET MANAGEMENT COMPANY

A. Sponsor

HSBC Mutual Fund is sponsored by HSBC Securities and Capital Markets (India) Private Limited (HSCI). The Sponsor is the Settler of the Mutual Fund Trust. The Sponsor has entrusted a sum of Rs. 1,00,000/- (Rupees One Lakh only) to the Trustee as the initial contribution towards the corpus of the Mutual Fund.

HSCI offers integrated investment banking services, securities and corporate finance & advisory. HSCI is a member of the Bombay Stock Exchange Limited and National Stock Exchange (capital and derivative market segments). HSCI holds 100% of the paid-up equity share capital of HSBC Asset Management (India) Private Limited.

B. HSBC Mutual Fund

HSBC Mutual Fund ("the Mutual Fund" or "the Fund") has been constituted as a Trust in accordance with the provisions of the Indian Trusts Act, 1882 (2 of 1882) vide a Trust Deed dated February 7, 2002 (as amended) with HSBC Securities and Capital Markets (India) Private Limited, as the Sponsor and HSBC Trustees (India) Private Limited. The Trustee has entered into an Investment Management Agreement dated February 7, 2002 (as amended) with HSBC Asset Management (India) Private Limited (AMC) to function as the Investment Manager for all the schemes of the Fund. The Fund was registered with SEBI vide registration number MF/046/02/5 dated May 27, 2002.

The Trust has been formed for the purpose of pooling of capital from the public for collective investment in securities for the purpose of providing facilities for participation by persons as beneficiaries in such investments and in the profits/income arising therefrom.

C. HSBC Trustees (India) Private Limited (the Trustees)

The Trustees are the exclusive owner of the Trust Fund and holds the same in trust for the benefit of the unitholders. The Trustees have been discharging their duties and carrying out the responsibilities as provided in the SEBI (Mutual Funds) Regulations, 1996 and the Trust Deed. The Trustees seek to ensure that the Fund and the schemes floated there under are managed by the AMC in accordance with the Trust Deed, the said Regulations, directions and guidelines issued by the SEBI, the Stock Exchanges, the Association of Mutual Funds in India and other regulatory agencies.

During the year, HSBC Securities and Capital Markets (India) Private Limited ("HSCI"), Sponsors of HSBC Mutual Fund) established a private limited company with limited liability to act as the "Trustee" of HSBC Mutual Fund. HSBC Trustees (India) Private Limited ("HTIP") was incorporated on 9 January 2024. Accordingly, HTIP has replaced the Board of Trustees of HSBC Mutual Fund w.e.f. 1 March 2024, and the Company through its Board of Directors has been discharging its obligations as the "Trustees" of the Fund from this date.

As of March 31, 2024, HSCI holds 100% of the paid-up equity share capital of HTIP.

D. Asset Management Company (the AMC)

HSBC Asset Management (India) Private Limited (the Investment Manager or the AMC) is a private limited company incorporated under the Companies Act, 1956 on December 12, 2001 having its Registered Office at 9-11 Floors, NESCO IT Park, Building no. 3, Western Express Highway, Goregaon (East), Mumbai – 400 063. HSBC Asset Management (India) Private Limited has been appointed as the Asset Management

Trustees' Report

For the year ended March 31, 2024 (Contd...)

Company of HSBC Mutual Fund by the Trustee vide Investment Management Agreement (IMA) dated February 7, 2002 (as amended) and executed between the Trustees and the AMC. SEBI approved the AMC to act as the Investment Manager of the Fund vide its letter No. MFD/BC/163/2002 dated May 27, 2002. The paid-up equity share capital of the AMC is Rs. 344.41 crores. The AMC is registered as a Portfolio Manager under the SEBI (Portfolio Managers) Regulations, 1993 vide registration no. INP000001322. The AMC also offers non-binding Advisory services to offshore funds under the mutual fund license.

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

3. INVESTMENT OBJECTIVE OF THE SCHEMES

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

4. SIGNIFICANT ACCOUNTING POLICIES

The Significant Accounting Policies form part of the Notes to the Accounts annexed to the Balance Sheet of the Schemes in the Full Annual Report. The accounting policies are in accordance with Securities Exchange Board of India (Mutual Funds) Regulations, 1996 and Indian Accounting Standards (IND AS) notified under section 133 of the Companies Act, 2013 (the "Act" read with the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time).

5. UNCLAIMED DIVIDENDS & REDEMPTIONS

Summary of number of investors & corresponding amount as on March 31, 2024:

Scheme Name	Unclaimed Dividend		Unclaimed Redemption	
	No. of Investors	Amount (₹)	No. of Investors	Amount (₹)
HSBC Value Fund	8,257	40,040,905.29	935	18,823,140.58

6. INVESTOR SERVICES

The number of official points of acceptance of transactions are 210 locations. In addition to the offices of the Registrar & Transfer Agent, the AMC has its own office in 61 locations and Investor Service Centers in 39 locations. The AMC has 2 Toll Free numbers (1800-4190-200/1800-200-2434) which can be dialed from anywhere in India and 1 number i.e. +91 44 39923900 (Investors calling from abroad). The call center service is being managed by the Registrar and Transfer Agents. HSBC Mutual Fund offers the online transaction facility through the AMC's website at www.assetmanagement.hsbc.co.in.

On the distribution front, the number of empaneled distributors were 59046 as on March 31, 2024. During the year, the AMC initiated tie-ups for online distribution of the Mutual Fund's schemes with several channel partners taking the total number of such tie-ups to 160 as on March 31, 2024.

7. DETAILS OF INVESTOR GRIEVANCE REDRESSAL

The details of the redressal of investor complaints received against HSBC Mutual Fund during April 2023 - March 2024 are as follows:

Trustees' Report

For the year ended March 31, 2024 (Contd...)

2023-2024												
Complaint code	Type of Complaint	(a) No. of complaints pending at the beginning of the period	(b) No. of complaints received during the given period	Action on (a) and (b)								
				Resolved				Non Action-able*	Pending			
				Within 30 days	30-60 days	60-180 days	Beyond 180 days		0-3 months	3-6 months	6-9 months	9-12 months
I A	Non receipt of amount declared under Income Distribution cum Capital Withdrawal option	1	10	11	0	0	0	0	0	0	0	0
I B	Interest on delayed payment of amount declared under Income Distribution cum Capital Withdrawal option	0	1	1	0	0	0	0	0	0	0	0
I C	Non receipt of Redemption Proceeds	1	38	39	0	0	0	0	0	0	0	0
I D	Interest on delayed payment of Redemption	0	2	2	0	0	0	0	0	0	0	0
II A	Non receipt of Statement of Account/Unit Certificate	0	3	3	0	0	0	0	0	0	0	0
II B	Discrepancy in Statement of Account	1	22	23	0	0	0	0	0	0	0	0
II C	Data corrections in Investor details	1	250	249	0	0	0	0	2	0	0	0
II D	Non receipt of Annual Report/ Abridged Summary	0	0	0	0	0	0	0	0	0	0	0
III A	Wrong switch between Schemes	0	2	2	0	0	0	0	0	0	0	0
III B	Unauthorized switch between Schemes	0	1	1	0	0	0	0	0	0	0	0
III C	Deviation from Scheme attributes	0	1	1	0	0	0	0	0	0	0	0
III D	Wrong or excess charges/load	0	0	0	0	0	0	0	0	0	0	0
III E	Non updation of changes viz. address, PAN, bank details, nomination, etc	1	127	127	0	0	0	0	1	0	0	0
III F	Delay in allotment of Units	0	5	4	1	0	0	0	0	0	0	0
III G	Unauthorized Redemption	0	0	0	0	0	0	0	0	0	0	0
IV	Others**	1	78	76	0	0	0	0	3	0	0	0
	TOTAL	6	540	539	1	0	0	0	6	0	0	0

** As per AMFI Best Practice Guidelines Circular No.25/2011-12 for Revisions in the Guidelines on Standardization of Complaints/Grievances Reporting Procedure. If "Others" include a type of complaint which is more than 10% of overall complaints, then such a reason should be provided separately. Hence, data corrections in Investor Details are included as a separate category.

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

Summary of Complaints for FY 2023-24

Particulars	Count
Total complaints received	540
Total number of folios	21,39,406
% of complaints against the folio	0.025

Trustees' Report

For the year ended March 31, 2024 (Contd...)

8. INVESTOR EDUCATION INITIATIVES

During the FY 2023-24, the AMC conducted the following investor education and awareness initiatives:

- An integrated multi-media marketing campaign on SIP Hai 'FaydeWaliAadat' aimed to tap into the aspirations, financial goals, and unique spending habits of millennials.
- Editorial content on Systematic Investment Plans (SIP) created across 15 states through various regional television channels.
- Investor education content on the Platform - Quora.
- 'Be Money Confident' video series targeting women through Jio Platforms.
- Campaign on Women & Investing for Women's Day.
- Campaign for Marathon enthusiast on the similarities between running a Marathon & Investing.
- Financial literacy virtual event on the occasion of Mother's Day, which received more than 725 registered users.
- A mom blogger outreach program to reach Women Investors with financial education content on MF on the occasion of Mother's Day.
- Education campaign on ELSS executed for working audiences.
- Blogs and content for Investor Education properties like SIP Sahi Hai in Value Research, Gyan Guroovaar on Facebook, Investment Ki Paathshala on the website and investor education blogs on the platform - Advisor Khoj.
- 1,462 Investor Education programs to reach out to an audience of 71,465 people out of which 458 were women programs attended by 20,139 women.

9. PROXY VOTING POLICY

As per para 6.16 of SEBI Master Circular on Mutual Funds dated June 27, 2024, the Fund has adopted Proxy Voting Policy and Procedures for exercising voting rights in respect of securities held by the Schemes. (please refer Proxy Voting Policy and Procedures)

The summary of the votes casted in the general meetings of the Investee companies, by the AMC for and on behalf of the Schemes of the Fund, for the financial year 2023-24 is provided below:

Quarter	Total no. of resolutions	Break-up of Vote decision		
		For	Against	Abstained
April 2023 - June 2023	387	260	75	52
July 2023 - September 2023	2,169	1607	448	114
October 2023 - December 2023	197	138	37	22
January 2024 - March 2024	319	240	50	29
TOTAL	3,072	2,245	610	217

As per para 6.16.7 of SEBI Master Circular on Mutual Funds dated June 27, 2024, the AMC has obtained certificate from M/s. M. P. Chitale & Co., Chartered Accountants, who is acting as a Scrutinizer, on the voting report for the FY 2023-24. The certificate dated May 22, 2024 issued by M/s. M. P. Chitale & Co., is available on the website of the AMC as part of the full Annual Report.

Unitholders can refer to the full Annual Report for complete details of actual exercise of votes in the general meetings of the investee companies for the financial year 2023-24 or log on to our website at www.assetmanagement.hsbc.co.in.

Trustees' Report

For the year ended March 31, 2024 (Contd...)

10. STATUTORY DETAILS

- The Sponsors are not responsible or liable for any loss resulting from the operation of the Schemes of the Fund beyond initial contribution of Rs. 1 lakh for setting up the Fund.
- The price and redemption value of the units, and income from them, can go up as well as down with fluctuations in the market value of its underlying investments.
- Full Annual Report of HSBC Mutual Fund and of HSBC Asset Management (India) Private Limited (the AMC) shall be disclosed on the website at www.assetmanagement.hsbc.co.in and shall be available for inspection at the Head Office of the Mutual Fund. Present and prospective unitholders can obtain copy of the Trust Deed, the full Annual Report of the Scheme(s), the Annual Report of HSBC Asset Management (India) Private Limited and the text of the relevant Scheme(s) at a price.

11. CHANGES IN RISK-O-METER OF THE SCHEME DURING FY 2023-24

As per para 17.4. of SEBI Master Circular on Mutual Funds dated June 27, 2024 on product labelling, the changes carried out in the risk-o-meter of the schemes of HSBC Mutual Fund during FY 2023-24 have been given in the below mentioned table for the information of the unitholders, a report on the said changes has also been displayed on the website of the Fund and AMFI.

Scheme Name	Risk-o-meter level as on March 31, 2023	Risk-o-meter level as on March 31, 2024	Number of changes in Risk-o-meter during the F.Y. 2023-24)
HSBC Value Fund	Very High	Very High	0

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

As per para 6.16.15 of SEBI Master Circular on Mutual Funds dated June 27, 2024, HSBC Mutual Fund has adapted the policy on stewardship responsibilities, the unitholders are requested to note the status of governance with the same as mentioned below:

S. No.	Particulars of Principles of Stewardship Code	Status of compliance (Complied/ Not Complied)	Description	Remarks/ reasons for deviation/non-compliance, if any
1	Principle 1: Institutional Investors should formulate a comprehensive policy on the discharge of their stewardship responsibilities, publicly disclose it, review and update it periodically.	Complied	HSBC Asset Management (India) Private Limited's (AMIN) 'Policy on Stewardship responsibilities' (Stewardship Code/ Policy) was formulated and implemented on 01 July, 2020. This is a comprehensive document which has been publicly disclosed on the website of AMIN. The same shall follow a periodic review.	N.A.
2	Principle 2: Institutional investors should have a clear policy on how they manage conflicts of interest in fulfilling their stewardship responsibilities and publicly disclose it.	Complied	Defining and managing Conflict of Interest in fulfilling stewardship responsibilities are detailed in the Stewardship Policy document. The policy document is publicly disclosed.	N.A.

Trustees' Report

For the year ended March 31, 2024 (Contd...)

S. No.	Particulars of Principles of Stewardship Code	Status of compliance (Complied/ Not Complied)	Description	Remarks/ reasons for deviation/non-compliance, if any
3	Principle 3: Institutional investors should monitor their investee companies.	Complied	AMIN monitors all investee companies through its investment process. This includes assessment of companies' own and market data, consideration of research from brokers and other independent research providers – including ESG & voting research, attending individual & group meetings with company management and directors, visiting production sites (wherever necessary), engaging with key stakeholders including competitors and customers, and financial modelling. More details enumerated in the policy document	N.A.
4	Principle 4: Institutional investors should have a clear policy on intervention in their investee companies. Institutional investors should also have a clear policy for collaboration with other institutional investors where required, to preserve the interests of the ultimate investors, which should be disclosed.	Complied	Details of undertaking active engagement with investee companies and the policy for collaboration with other institutional holders are detailed in the policy document. The policy document is publicly disclosed.	N.A.
5	Principle 5: Institutional investors should have a clear policy on voting and disclosure of voting activity.	Complied	AMIN has a clear and detailed voting policy which provides the framework for the voting decisions. All voting decisions shall be in accordance with AMIN's Voting Policy and Procedures, which is disclosed on the website. AMIN discloses the details of the voting on its website on a quarterly basis within 10 working days from the end of the quarter. Additionally, AMIN also discloses the details of the votes cast, in the annual report of the schemes of HSBC Mutual Fund.	N.A.
6	Principle 6: Institutional investors should report periodically on their stewardship activities.	Complied	The annual status report of the stewardship code and quarterly report on proxy voting are publicly disclosed on the website as required under SEBI Regulations.	N.A.

Trustees' Report

For the year ended March 31, 2024 (Contd...)

13. DISCLOSURES PERTAINING TO NAV ADJUSTED DURING THE FINANCIAL YEAR FOR SWING FACTOR ALONG WITH THE PERFORMANCE IMPACT

Sr No.	Period of applicability of swing pricing	Scheme Name	Unswung NAV	Swing factor applied	Whether optional or mandatory
NIL					

14. SIGNIFICANT EVENT AFTER THE END OF THE FINANCIAL YEAR

NIL

15. ACKNOWLEDGEMENTS

The Trustees wish to thank the unitholders of the Schemes for their support throughout the year, and also thank the Government of India, the Securities and Exchange Board of India (SEBI), the Reserve Bank of India (RBI) and the Association of Mutual Funds in India (AMFI) for the guidance provided by them. The Trustees also appreciate the services provided by the Registrar and Transfer Agent, Fund Accountant, Custodian, Bankers, Distributors and Brokers. The guidance and services provided by the auditors and advocates and the ebullience, sincerity and dedication of the employees of HSBC Asset Management (India) Private Limited is also appreciated.

The Trustees look forward to the continued support of everyone.

For and on behalf of **HSBC Trustees (India) Private Ltd.**

Sd/-

Director

Mumbai

July 19, 2024

Independent Auditors' Report

To the Board of Directors of HSBC Trustees (India) Private Limited (the "Trustee")

HSBC Value Fund

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **HSBC Value Fund** (the "Scheme") of HSBC Mutual Fund (the "Fund"), which comprise the Balance Sheet as at March 31, 2024, the Revenue Account and the Cash Flow Statement for the year then ended, and notes to the financial statements, including a summary of material accounting policy and other explanatory information.

In our opinion, and to the best of our information and according to the explanations given to us, the aforesaid financial statements of the Scheme give a true and fair view in conformity with the Indian Accounting Standards ("Ind AS") prescribed under section 133 of the Companies Act, 2013 (the "Act") read with Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India, including the accounting policies and standards specified in the Regulation 50 and Ninth Schedule to the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 ("the SEBI Regulations") (collectively referred to as the "Regulations") as amended:

- a. in the case of the Balance Sheet, of the state of affairs of the Scheme as at March 31, 2024;
- b. in the case of the Revenue Account, of the net surplus for the year ended on that date; and
- c. in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing ("SAs") and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India (the "ICAI"). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Scheme in accordance with the Code of Ethics issued by the ICAI together with the ethical requirements that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Information Other than the Financial Statements and Auditor's Report Thereon

The Board of Directors of HSBC Asset Management (India) Private Limited (the "AMC") and the Board of Directors of HSBC Trustees (India) Private Limited (the "Trustees") (collectively referred to as "the Management") are responsible for the other information. The other information comprises the information included in the Trustees report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

The Management is responsible for the preparation of these financial statements that give a true and fair view of the state of affairs, results of operations and cash flows of the Scheme in accordance with the accounting principles generally accepted in India, including the accounting policies and standards specified in Regulations. This responsibility also includes maintenance of adequate accounting records in accordance with the SEBI

Independent Auditors' Report (Contd...)

Regulations for safeguarding of the assets of the Scheme and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Management is responsible for assessing the Scheme's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management, either intends to liquidate the Scheme or to cease operations, or has no realistic alternative but to do so.

Those Charged with Governance are also responsible for overseeing the Scheme's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Scheme's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Scheme to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide to those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Independent Auditors' Report (Contd...)

Report on Other Legal and Regulatory Requirements

1. As required by regulation 55(4) and clause 5(ii)(2) of the Eleventh Schedule of the SEBI Regulations, we report that:
 - a. we have sought and obtained all the information and explanations which, to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b. in our opinion, the Balance Sheet and the Revenue Account dealt with by this report have been prepared in accordance with the accounting policies and standards specified in the Regulations; and
 - c. the Balance Sheet, the Revenue Account and the Cash Flow Statement, dealt with by this report are in agreement with the books of accounts of the Scheme.
2. On the basis of information and explanations given to us, the scheme does not have any non-traded securities as at March 31, 2024 and hence reporting requirement of Eighth Schedule of the SEBI Regulations is not applicable.

For **M S K A & Associates**

Chartered Accountants

ICAI Firm Registration No. 105047W

Sd/-

Swapnil Kale

Partner

Membership No: 117812

UDIN: 24117812BKFIJ2402

Place : Mumbai

Date : July 19, 2024

Abridged Balance Sheet as at March 31, 2024

Rs. in Lakhs

	As at March 31, 2024	As at March 31, 2023	As at April 1, 2022
LIABILITIES			
1 Unit Capital	126,046.53	131,536.95	136,984.40
2 Reserves & Surplus			
2.1 Unit Premium Reserves	83,560.79	100,421.88	112,947.58
2.2 Unrealised Appreciation Reserve	547,641.89	248,298.41	282,264.28
2.3 Other Reserves	385,834.30	307,876.27	250,592.46
3 Loans & Borrowings	–	–	–
4 Current Liabilities & Provisions			
4.1 Provision for Doubtful Income/Deposits	–	–	–
4.2 Other Current Liabilities & Provisions	5,951.87	2,728.07	2,704.97
TOTAL	1,149,035.39	790,861.58	785,493.69
ASSETS			
1 Investments			
1.1 Listed Securities:			
1.1.1 Equity Shares	1,120,855.91	785,964.26	777,996.57
1.1.2 Preference Shares	–	–	–
1.1.3 Equity Linked Debentures	–	–	–
1.1.4 Other Debentures & Bonds	–	–	–
1.1.5 Securitised Debt Securities	–	–	–
1.2 Securities Awaited Listing:			
1.2.1 Equity Shares	–	–	–
1.2.2 Preference Shares	–	–	–
1.2.3 Equity Linked Debentures	–	–	–
1.2.4 Other Debentures & Bonds	–	–	–
1.2.5 Securitised Debt Securities	–	–	–
1.3 Unlisted Securities:			
1.3.1 Equity Shares	–	–	–
1.3.2 Preference Shares	–	–	–
1.3.3 Equity Linked Debentures	–	–	–
1.3.4 Other Debentures & Bonds	–	–	–
1.3.5 Securitised Debt Securities	–	–	–
1.4 Government Securities	–	–	–
1.5 Treasury Bills	–	–	–
1.6 Commercial Paper	–	–	–
1.7 Certificate of Deposits	–	–	–
1.8 Bill Rediscounting	–	–	–
1.9 Units of Domestic Mutual Fund	–	–	–
1.10 Foreign Securities	–	–	–
Total Investments	1,120,855.91	785,964.26	777,996.57
2 Deposits	500.48	42.97	83.14
3 Other Current Assets			
3.1 Cash & Bank Balance	1,239.99	336.15	107.36
3.2 CBLO/TREPS/Reverse Repo Lending	25,850.36	4,208.21	6,841.84
3.3 Others	588.65	310.01	464.78
4 Deferred Revenue Expenditure (to the extent not written off)	–	–	–
TOTAL	1,149,035.39	790,861.58	785,493.69

Notes to Accounts – Annexure I

Abridged Revenue Account for the year ended March 31, 2024

Rs. in Lakhs

	Current Year ended March 31, 2024	Previous Year ended March 31, 2023
1 INCOME		
1.1 Dividend	11,639.87	9,600.93
1.2 Interest	653.09	747.83
1.3 Realised Gain/(Loss) on Foreign Exchange Transactions	—	—
1.4 Realised Gains/(Losses) on Interscheme Sale of Investments	—	—
1.5 Realised Gains/(Losses) on External Sale/Redemption of Investments	99,283.85	76,608.56
1.6 Realised Gains/(Losses) on Derivative Transactions	—	—
1.7 Other Income	76.66	55.41
(A)	111,653.46	87,012.74
2 EXPENSES		
2.1 Management Fees	5,699.58	5,021.85
2.2 GST on Management Fees	1,026.02	903.93
2.3 Transfer Agents Fees and Expenses	658.47	573.72
2.4 Custodian Fees	11.69	17.08
2.5 Trusteeship Fees	7.75	4.90
2.6 Commission to Agents	7,223.68	5,831.74
2.7 Marketing & Distribution Expenses	1.98	6.43
2.8 Audit Fees	14.80	9.13
2.9 Investor Education Expenses	192.39	154.33
2.10 Interest on Borrowing	—	—
2.11 Brokerage & Transaction Costs	801.80	1,545.58
2.12 Other Operating Expenses	153.82	100.20
(B)	15,791.97	14,168.91
3 NET REALISED GAINS/(LOSSES) FOR THE YEAR (C = A - B)	95,861.49	72,843.83
4 Change in Unrealised Depreciation in Value of Investments	(D) —	—
5 NET GAINS/(LOSSES) FOR THE YEAR (E = C + D)	95,861.49	72,843.83
6 Change in Unrealised Appreciation in Value of Investments	(F) 299,343.48	(32,937.10)
7 NET SURPLUS/(DEFICIT) FOR THE YEAR (G = E + F)	395,204.98	39,906.73
7.1 Add : Balance Transfer from Unrealised Appreciation Reserve	—	33,965.87
7.2 Less : Balance Transfer to Unrealised Appreciation Reserve	299,343.48	—
7.3 Add/(Less) : Equalisation	(14,489.41)	(11,841.83)
7.4 Transfer from Reserve Fund	307,876.27	250,592.46
7.5 Transfer from Unit Premium Reserve	—	—
8 Total	389,248.35	312,623.23
9 Dividend Appropriation		
9.1 Income Distributed during the Year	(3,414.05)	(4,746.96)
9.2 Tax on Income Distributed during the Year	—	—
10 Retained Surplus/(Deficit) Carried Forward to Balance Sheet	385,834.30	307,876.27

Notes to Accounts - Annexure I

Key Statistics for the year ended March 31, 2024

	Current Year ended March 31, 2024	Previous Year ended March 31, 2023
1. NAV per unit (Rs.):		
Open		
Regular Plan - Growth Option	60.5350	57.6700
Regular Plan - IDCW Option	34.8186	38.5220
Direct Plan - Growth Option	66.1021	62.3650
Direct Plan - IDCW Option	41.5449	44.8020
High		
Regular Plan - Growth Option	93.9162	62.8409
Regular Plan - IDCW Option	50.4851	39.7854
Direct Plan - Growth Option	103.4773	68.4211
Direct Plan - IDCW Option	60.7019	46.6386
Low		
Regular Plan - Growth Option	60.6717	58.8942
Regular Plan - IDCW Option	34.8973	33.8745
Direct Plan - Growth Option	66.2567	64.1605
Direct Plan - IDCW Option	41.6420	40.4157
End		
Regular Plan - Growth Option	91.4872	60.5350
Regular Plan - IDCW Option	47.9488	34.8186
Direct Plan - Growth Option	100.8732	66.1021
Direct Plan - IDCW Option	58.7174	41.5449
2. Closing Assets Under Management (Rs. in Lakhs)		
End	1,143,068	788,363
Average (AAuM) ¹	961,954	771,614
3. Gross income as % of AAuM ²	11.61%	11.28%
4. Expense Ratio:		
a. Total Expense as % of AAuM (including GST tax on Management fees) (planwise)		
Regular Plan	1.77%	1.84%
Direct Plan	0.80%	0.87%
b. Management Fee as % of AAuM (planwise)		
Regular Plan	0.59%	0.65%
Direct Plan	0.58%	0.64%
5. Net Income as a percentage of AAuM ³	9.97%	9.44%
6. Portfolio turnover ratio ⁴	0.19	0.30
7. Total IDCW per unit distributed during the year (planwise)		
Retail		
Regular Plan - IDCW Option	4.50	5.25
Direct Plan - IDCW Option	4.50	5.50
Corporate		
Regular Plan - IDCW Option	4.50	5.25

Key Statistics for the year ended March 31, 2024 (Contd...)

	Current Year ended March 31, 2024	Previous Year ended March 31, 2023
Direct Plan - IDCW Option	4.50	5.50
8. Returns (%):		
a. Last One Year		
Scheme		
Regular Plan - Growth Option	51.50%	4.97%
Direct Plan - Growth Option	52.97%	5.99%
Benchmark		
Nifty 500 TRI	40.75%	(1.22%)
b. Since Inception		
Scheme		
Regular Plan - Growth Option	16.84%	14.58%
Direct Plan - Growth Option	20.60%	17.85%
Benchmark		
Nifty 500 TRI	12.56%	10.69%

- 1. AAuM = Average daily net assets
- 2. Gross income = amount against (A) in the Revenue Account i.e. Income
- 3. Net income = amount against (C) in the Revenue Account i.e. Net Realised Gains/(Losses) for the year
- 4. Portfolio Turnover = Lower of sales or purchase divided by the Average AuM for the year

Note: Returns have been calculated as on last business day of the month i.e. March 28, 2024 due to non-availability of benchmark indices as of March 31, 2024.

Notes to Accounts – Annexure I

To the Abridged Balance Sheet and Revenue Account for the year ended March 31, 2024

1 Investments:

- 1.1. All Investments of the Scheme are registered in the name of the Trustee for the benefit of the Scheme's Unitholders.
- 1.2. Open Position of derivatives as at the year ended March 31, 2024 and March 31, 2023 are Nil.
- 1.3. Investment in Associates and Group Companies as at the year ended March 31, 2024 and March 31, 2023 are NIL.
- 1.4. Open positions of Securities Borrowed and/or Lent by the scheme as on the year ended March 31, 2024 & March 31, 2023 are NIL.
- 1.5. Investment in Below investment grade and default/Securities in default beyond its maturity date as on March 31, 2024 and March 31, 2023 are NIL.
- 1.6. Aggregate Unrealised Gain/Loss as at the end of the Financial Year March 31, 2024 and March 31, 2023 are as under :

Rs. In Lakhs

Scheme Name / Security Type	Amount	Percentage to Net Assets	Amount	Percentage to Net Assets
	As at March 31, 2024		As at March 31, 2023	
Equity Shares				
– Appreciation	556,384.91	48.67	263,460.40	33.42
– Depreciation	8,743.02	0.76	15,161.99	1.92

- 1.7. The aggregate value of investment securities (excluding TREPS and Reverse Repos) purchased and sold (including matured) during the financial year 2023-2024 (excluding accretion of discount) is Rs. 180,097.53 lakhs and Rs. 243,833.20 lakhs respectively being 18.72% and 24.35% of the average net assets.

The aggregate value of investment securities (excluding TREPS and Reverse Repos) purchased and sold (including matured) during the financial year 2022-2023 (excluding accretion of discount) is Rs. 230,589.29 lakhs and Rs. 264,728.49 lakhs respectively being 29.88% and 34.31% of the average net assets.

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

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

During the year 2023-24, The Hongkong and Shanghai Banking Corporation Limited, an associate entity of HSBC Asset Management (India) Private Limited was paid collection/bank charges amounting to Rs. Nil.

During the year 2022-23, The Hongkong and Shanghai Banking Corporation Limited, an associate entity of HSBC Asset Management (India) Private Limited was paid collection/bank charges amounting to Rs. Nil.

Commission paid to Sponsor/AMC and its associates/related parties/group companies

Name of Sponsor/ AMC and its associates/related parties/group companies	Nature of Association / Nature of Relation	Period Covered	Business Given [Rs. In lakhs]	% of Total Business received by the Fund	Commission paid [Rs. In Lakhs]	% of Total commission paid by the Fund
The Hongkong and Shanghai Banking Corporation Limited	Group Company	2023-2024	1,525.58	1.89	18.56	0.26

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

To the Abridged Balance Sheet and Revenue Account for the year ended March 31, 2024

Name of Sponsor/ AMC and its associates/related parties/group companies	Nature of Association / Nature of Relation	Period Covered	Business Given [Rs. In lakhs]	% of Total Business received by the Fund	Commission paid [Rs. In Lakhs]	% of Total commission paid by the Fund
The Hongkong and Shanghai Banking Corporation Limited	Group Company	2022-2023	417.10	0.54	8.47	0.16

Brokerage paid to Sponsor/AMC and its associates/related parties/group companies

Name of Sponsor/ AMC and its associates/related parties/group companies	Nature of Association /Nature of relation	Period Covered	Value of Transactions [Rs. In lakhs]	% of total value of transactions of the fund	Brokerage paid [Rs. In lakhs]	% of total brokerage paid by the fund
HSBC Securities & Capital Markets (India) Private Limited	Sponsor	2023-2024	10,805.10	2.55	12.97	3.44
HSBC Securities & Capital Markets (India) Private Limited	Sponsor	2022-2023	14,436.10	2.95	17.34	4.22

- 3 None of the Investors held more than 25% of the total net assets of the scheme at the year ended March 31, 2024 and March 31, 2023.
- 4 Unit Capital movement during the year ended March 31, 2024, March 31, 2023 and March 31, 2022:

Description	2023-24				
	Opening Units	Subscription	Redemption	Closing Units	Face value
Regular Plan - Growth Option	975,490,753.507	88,460,809.046	122,204,058.599	941,747,503.954	10
Regular Plan - IDCW Option	83,054,086.880	4,531,580.740	15,281,634.357	72,304,033.263	10
Direct Plan - Growth Option**	252,460,755.547	13,765,117.447	23,952,094.968	242,273,778.026	10
Direct Plan - IDCW Option	4,363,920.269	356,563.571	580,508.369	4,139,975.471	10
Description	2022-23				
	Opening Units	Subscription	Redemption	Closing Units	Face value
Regular Plan - Growth Option	1,014,408,369.900	108,794,299.588	147,711,915.981	975,490,753.507	10
Regular Plan - IDCW Option	94,450,110.755	9,034,523.959	20,430,547.834	83,054,086.880	10
Direct Plan - Growth Option**	253,205,750.317	17,136,477.878	17,881,472.648	252,460,755.547	10
Direct Plan - IDCW Option	7,779,729.261	577,272.659	3,993,081.651	4,363,920.269	10

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

To the Abridged Balance Sheet and Revenue Account for the year ended March 31, 2024

Description	2021-22				
	Opening Units	Subscription	Redemption	Closing Units	Face value
Regular Plan - Growth Option	1,109,216,936.529	105,769,381.180	200,577,947.809	1,014,408,369.900	10
Regular Plan - IDCW Option	121,791,293.339	3,323,649.223	30,664,831.807	94,450,110.755	10
Direct Plan - Growth Option**	258,180,008.372	22,120,154.015	27,094,412.070	253,205,750.317	10
Direct Plan - IDCW Option	5,585,502.916	3,689,368.953	1,495,142.608	7,779,729.261	10

**Units held by the AMC (Seed Capital) in Direct Plan - Growth Option as on March 31, 2024 is 1,560,254.329 & as on March 31, 2023 is 1,555,749.624 & as on March 31, 2022 is 383,793.839.

- 5 Previous year's/period figures have been re-grouped/re-arranged where necessary.
- 6 There are no contingent liabilities and other commitments as on March 31, 2024 and March 31, 2023. Contingent asset is neither recognized nor disclosed in the financial statements.
- 7 Expenses other than Management Fees are Inclusive of GST where applicable.
- 8 Other income of Rs. 66.66 lakhs represents Exit load credited to the scheme (2023: Rs. 55.41 lakhs represents Exit load credited to the scheme).
- 9 **Investor Education Awareness**

As mandated by SEBI vide circular no. CIR/IMD/DF/21/2012 dated September 13, 2012 an annual charge of 0.02 percent of daily net assets, being a part of total recurring expenses is set aside for Investor Education and Awareness (IEA). In view of the AMFI Best Practices Guidelines Circular No. 56/2015-16, the IEF (Investor Education Fund) accrual is set aside in a separate bank account and the consolidated balance across all schemes as on March 31, 2024.

Pursuant to SEBI circular dated May 23, 2022, w.e.f. July 1, 2022, the limit of 0.02% p.a. has been reduced to 0.01% p.a. in case of ETFs/Index Funds. Furthermore, Fund of Funds (FoFs) investing more than 80% of its NAV in the underlying domestic funds have discontinued setting aside 0.02% p.a. of daily net assets towards IEA.

The break-up of which is as under:

	March 31, 2024	March 31, 2023
Particulars	Amount (Rs. In Lakhs)	Amount (Rs. In Lakhs)
Opening Balance as on April 01, 2023	997.09	460.22
Add: Accrual during FY 2023-24	1,962.01	1,432.00
Less: Transferred to AMFI *	889.11	646.75
Less: Payable to AMFI (March 2024 accrual) *	91.90	69.25
Add: Investment Income FY 2023-24	77.08	166.42
Less: Spent during FY 2023-24	1,877.44	345.55
Closing Balance as on March 31, 2024	177.73	997.09

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

The IEA disclosure's are presented for surviving schemes only.

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

To the Abridged Balance Sheet and Revenue Account for the year ended March 31, 2024

- 10 Pursuant to SEBI Circular No. SEBI/HO/IMD/DF3/CIR/P/2020/194 dated October 05, 2020, the nomenclature of ‘Dividend Option’ under all the schemes of HSBC Mutual Fund has been revised to ‘Income Distribution cum Capital Withdrawal Option’ (IDCW), with effect from April 1, 2021.
- 11 Securities, excluding debt securities, where the non-traded investments which have been valued “in good faith” exceed 5% of the net assets at the end of the year is NIL.
- 12 Debt securities which have been valued at a price other than the price given by the independent valuation agencies at the end of the year is NIL.
- 13 **Disclosure of Risk-o-meter**

Scheme Name	Risk-o-meter level at end of the financial year i.e. March 31, 2024	Risk-o-meter level as on March 31, 2023	Number of changes in Risk-o-meter during the financial year (March 2023 to March 2024)
HSBC Value Fund	Very High	Very High	0

- 14 Subsequent to receipt of SEBI’s no objection to acquisition of 100% equity shares of L&T Investment Management Limited (“LTIM”, Investment Manager of L&T Mutual Fund) and the amendments proposed to the trust deed of the HSBC Mutual Fund as required under the SEBI (Mutual Funds) Regulations, 1996, the schemes of L&T Mutual Fund (LTMF) were transferred to/ merged with the schemes of HSBC Mutual Fund on and from the close of business hours of November 25, 2022, and the HSBC AMC and HSBC Trustees assumed the responsibilities of the schemes of LTMF w.e.f. close of business hours of November 25, 2022.
- 15 During the year, HSBC Securities and Capital Markets (India) Private Limited (“HSCI”), Sponsors of HSBC Mutual Fund established a private limited company with limited liability to act as the “Trustee” of HSBC Mutual Fund. HSBC Trustees (India) Private Limited (“HTIP”) was incorporated on 9 January 2024. Accordingly, HTIP has replaced the Board of Trustees of HSBC Mutual Fund w.e.f. 1 March 2024, and the Company through its Board of Directors has been discharging its obligations as the “Trustees” of the Fund from this date.
- 16 The Annual Accounts of the Schemes, prepared in accordance with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the “Act”) read with the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time and clause 17.14 of SEBI Master Circular for Mutual Funds dated June 27, 2024, has been approved by the Board of Directors of HSBC Asset Management (India) Private Limited and HSBC Trustees (India) Private Limited at their meetings held on July 8, 2024 and July 19, 2024 respectively. The audit report attached herewith refers to the said Annual Accounts. The aforesaid abridged accounts are an extract of the Annual Accounts and are prepared in accordance with clause 5.4 and format no. 3.B under the section of formats of SEBI Master Circular for Mutual Funds dated June 27, 2024 and other relevant circulars issued by the Securities and Exchange Board of India from time to time.

Voting Policy and Procedures

In view of para 6.16 of SEBI Master Circular on Mutual Funds dated June 27, 2024 related to "Role of Mutual Funds in Corporate Governance of Public Listed Companies", HSBC AMC has formulated its "Policy for Proxy Voting in Public Listed Companies". The said policy is available on our website and the details of actual exercise of proxy votes, the summary of votes casted and the auditor's certificate is forming part of our full Annual Report for the Financial Year 2023 – 24 which has been uploaded on our website at <http://www.assetmanagement.hsbc.co.in>

Statutory Details & Disclaimers

All the returns have been sourced from Mutual Funds India Explorer software. The performance of the schemes and the benchmark is calculated on a total return basis. This document has been prepared by HSBC Asset Management (India) Private Limited (HSBC) for information purposes only with an intent to provide market overview and should not be construed as an offer or solicitation of an offer for purchase of any of the funds of HSBC Mutual Fund. All information contained in this document (including that sourced from third parties), is obtained from sources, which HSBC/third party, believes to be reliable but which it has not been independently verified by HSBC/the third party. Further, HSBC/the third party makes no guarantee, representation or warranty and accepts no responsibility or liability as to the accuracy or completeness of such information. The information and opinions contained within the document are based upon publicly available information and rates of taxation applicable at the time of publication, which are subject to change from time to time.

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

For disclosure of quarterly AUM/AAUM and AUM by geography, please visit our website at www.assetmanagement.hsbc.co.in. Investors are requested to note that as per SEBI (Mutual Funds) Regulations, 1996 and guidelines issued thereunder, HSBC AMC, its employees and/ or empaneled distributors/agents are forbidden from guaranteeing/promising/assuring/predicting any returns or future performances of the schemes of HSBC Mutual Fund. Hence, please do not rely upon any such statements/commitments. If you come across any such practices, please register a complaint via email at investor.line@mutualfunds.hsbc.co.in

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

Important Updates

Name and Date of Birth as per PAN card - Effective from June 1, 2024

As per recent regulatory requirement and changes advised by Income Tax Department in PAN validation process, now it is mandated to quote your Name(s) and DOB as per PAN card. To avoid any failure in such validations, we request investors to quote the Name(s) and DOB's of all the holders including Guardian, Power of Attorney (POA) holders as per PAN card.

Useful Links for self service options

- **Use our 24 x 7 Chatbot - "ASKME" for any queries or service request:**
visit: <https://invest.assetmanagement.hsbc.co.in>

SMS your request to HSBC Mutual Fund

- **Latest NAV :** Send SMS as HSBCMF NAV <Scheme Code> to 56767
Example: HSBCMF NAV F03
- **Valuation Service on registered mobile No. :** Send SMS as HSBCMF VAL <folio_number> to 56767
Example: HSBCMF VAL 123456
- **Annual Report :**
For Electronic Copy: Send SMS as HSBCMFARE <folio_number> to 567678080
Example: HSBCMF ARE 123456
For Physical Copy: Send SMS as HSBCMFARP <folio_number> to 567678080
Example: HSBCMF ARP 123456
- **Half Yearly Portfolio :**
For Electronic Copy: Send SMS as HSBCMFHPE <folio_number> to 567678080
Example: HSBCMF HPE 123456
For Physical Copy: Send SMS as HSBCMFHPP <folio_number> to 567678080
Example: HSBCMF HPP 123456

Missed Call Service

- You can give a missed call to 9212900020 to get the total valuation via SMS and a statement on your registered email ID

Book-Post

If undelivered please return to:

Computer Age Management Services Private Limited (CAMS)

Unit: HSBC Mutual Fund

New No. 10, M.G.R Salai, Nungambakkam, Chennai - 600034.

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

HSBC Asset Management (India) Private Limited

CIN NO: U74140MH2001PTC134220

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

Website : www.assetmanagement.hsbc.co.in

Description	Toll Free Number	Email ID
Investor related queries	1800-4190-200/1800-200-2434	investor.line@mutualfunds.hsbc.co.in
Online related queries	1800-4190-200/1800-200-2434	onlinemf@mutualfunds.hsbc.co.in
Investor (Dialing from abroad)	+91 44 39923900	investor.line@mutualfunds.hsbc.co.in

To get your updated account statement email us at : ["mfsoa@mutualfunds.hsbc.co.in"](mailto:mfsoa@mutualfunds.hsbc.co.in)

We're always here to help you, so feel free to reach out to us

Self-service request at your Fingertips

- Visit Website • Invest Online • Insta Statement • Download Forms
- Transact via Whats App • Use 24/7 ChatBot - Ask Me



Remember, you can also find out more via our social media handles !



Please check our website www.assetmanagement.hsbc.co.in for an updated list of Official Points of Acceptance of HSBC Mutual Fund.

CAMS SERVICE CENTRES/CAMS LIMITED TRANSACTION POINTS/CAMS COLLECTION CENTRES

For details on CAMS Service Centres, please visit www.camsonline.com



HSBC Aggressive Hybrid Fund **(Erstwhile L&T Hybrid Equity Fund)**

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

Abridged Annual Report 2023 - 2024



SPONSOR

HSBC Securities and Capital Markets (India) Private Limited

CIN – U67120MH1994PTC081575

Regd. Office: 52/60, Mahatma Gandhi Road, Fort, Mumbai 400001.

TRUSTEE COMPANY

HSBC Trustees (India) Private Limited

CIN – U66190MH2024PTC416973

Regd. Office: 52/60, Mahatma Gandhi Road, Fort, Mumbai 400001.

ASSET MANAGEMENT COMPANY

HSBC Asset Management (India) Private Limited

CIN – U74140MH2001PTC134220

Regd. Office: 9-11 Floors, NESCO IT Park, Building No. 3,
Western Express Highway, Goregaon (East), Mumbai 400063.

CUSTODIAN

Citibank N.A.

First International Financial Center (FIFC), 9th Floor,
C-54 & 55, G – Block, Bandra Kurla Complex, Bandra (East), Mumbai 400051.

AUDITORS TO THE SCHEME

MSKA & Associates

Chartered Accountants

602, Floor 6, Raheja Titanium, Western Express Highway,
Geetanjali Railway Colony, Ram Nagar, Goregaon (East), Mumbai 400063.

REGISTRAR & TRANSFER AGENTS

Computer Age Management Services Limited (CAMS)

Unit: HSBC Mutual Fund

New No. 10, M.G.R Salai, Nungambakkam, Chennai 600034.

BOARD OF TRUSTEES

Ms. Jasmine Batliwalla

– Chairperson

Mr. Nani Javeri

– Trustee

Mr. David Rasquinha

– Trustee

Mr. Nicolas Moreau

– Trustee

BOARD OF DIRECTORS

Dr. Indu Shahani

– Director

Mr. Kapil Seth

– Director

Ms. Roopa Varma

– Director

Mr. Kailash Kulkarni

– Director & Chief Executive Officer

Dear Investor,

As we reflect on the past year, I am filled with pride and optimism about the future of our company and overall growth of the mutual fund industry. The past year has marked significant milestones in our journey, particularly as we capitalise on the immense potential of India's burgeoning growth story.

Fiscal 2024 turned out to be one of the best years for the domestic mutual fund industry as assets under management (AUM) spurted by nearly Rs. 14 lakh crore to a record Rs. 53.40 lakh crore as of March 2024 compared with Rs. 39.42 lakh crore as of March 2023.

The mutual fund industry is experiencing immense growth and we are poised to take advantage of this upward trajectory. Our company is an integral part of this growth story, riding the wave with several strategic initiatives and accomplishments that have set us on a path of sustained success.



Major achievements post integration

- Post integration we have enhanced our digital offering for both B2B and B2C to provide improved customer journeys.
- HSBC AM India's AUM increased from USD 1.4 bn (before integration) to USD 13.7 bn as of April 2024.
- HSBC Asset Management India has now become the 14th largest asset manager in India in terms of AUM.
- HSBC AM India has launched 4 new products since integration (raising \$445M).
- We have expanded HSBC AM India's product offerings to 43 funds.

Key Achievements in FY2023-2024

Investment Performance: Our disciplined investment strategy and thorough research have been pivotal to our success. We have focused on high-quality, undervalued assets, achieving consistent returns across our portfolio.

Product Innovation: This year, we launched two new funds - HSBC Multi Asset Allocation Fund and HSBC Consumption Fund, tailored to meet the evolving needs of our investors. These new offerings have been well-received, contributing to our growth in AUM significantly.

Increased Media Presence: In FY24, we significantly boosted our media presence, ensuring that our brand and thought leadership are recognized across various platforms. Through strategic media engagements like Informed Investing with ET Now, talks shows and several authored articles plus interviews - we have amplified our message, reaching a broader audience and reinforcing our market position.

Successful Campaign Launch: We successfully launched SIP Hai #FaydeWaliAadat, an investor education campaign, that highlighted the transformative power of SIPs in achieving long-term financial

goals. A first of its kind campaign, it aimed at educating and empowering the millennial investors in India. The campaign garnered significant attention and positive feedback, strengthening our brand presence and engaging a wider audience. Notably, the campaign has also earned us prestigious awards and accolades highlighting our commitment to excellence and innovation.

Client Relationships: We have strengthened our client relationships through enhanced communication, transparency, and personalized service. Our client satisfaction scores have reached new heights, reflecting our commitment to exceptional service.

We believe that the India story has just begun and its economic landscape is poised for significant growth. An exposure to unique and future relevant themes can provide a much-needed inflation buffer. The importance of asset allocation continues to be critical. It is critical for all of us to review our risk appetite and goal proximity and construct a portfolio appropriately.

Besides construction, portfolio rebalancing is equally important in order to achieve optimal outcomes. I do hope you share my enthusiasm and I ask that you continue to invest whilst reviewing your asset allocation at all times.

I would like to express my sincere gratitude to our dedicated team, whose expertise and commitment are the backbone of our success. To our investors, thank you for your trust and continued support. Your confidence in our approach motivates us to strive for excellence in everything we do. Also, I want to express my deepest gratitude to our valuable partners for their unwavering support and keep our services running. Look forward to achieving even grater milestones together.

As we move forward, we remain committed to delivering superior investment performance, fostering strong client relationships, and driving sustainable growth. Together, we are well-positioned to navigate the future and achieve our goals.

Warm regards,

A handwritten signature in black ink, appearing to read 'Kailash Kulkarni', with a horizontal line underneath.

Kailash Kulkarni

Chief Executive Officer

HSBC Asset Management India

Trustees' Report

For the year ended March 31, 2024

The Board of Directors of HSBC Trustees (India) Private Limited, Trustees of HSBC Mutual Fund present the Twenty Second Annual Report and the audited abridged financial statements of the schemes of the HSBC Mutual Fund ("the Fund") for the year ended March 31, 2024.

With the acquisition of L&T Mutual Fund in the previous financial year, the Fund's Assets Under Management ('AUM') (excluding Domestic FOFs) as on March 31, 2024 was INR 109368.16 crores (audited). The Fund ranks in the top 15 Mutual Fund houses in India in terms of AUM.

As at March 31, 2024, the Fund offered 43 schemes across asset classes to meet the varying investment needs of the investors. During the year, the Fund launched two new products namely HSBC Consumption Fund and HSBC Multi Asset Allocation Fund in Equity and Hybrid categories.

The Fund continues its focus on delivering consistent long-term returns. The comments on the performance of the scheme(s) are provided hereinafter. Dividends were declared under various schemes as per the provisions contained in the respective Scheme Information Documents after considering the distributable surplus available under the respective plans of the schemes. Details of dividends declared can be viewed on our website at www.assetmanagement.hsbc.co.in.

During the year, HSBC Securities and Capital Markets (India) Private Limited ("HSCI"), Sponsors of the Fund established a private limited company with limited liability to act as the "Trustees" of the Fund. HSBC Trustees (India) Private Limited ("HTIP") was incorporated on 9 January 2024. Accordingly, HTIP has replaced the Board of Trustees of HSBC Mutual Fund w.e.f. 1 March 2024, and the Company through its Board of Directors has been discharging its obligations as the "Trustees" of the Fund from this date.

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

a. Operations and Performance of the Scheme

➤ Equity Schemes

HSBC Aggressive Hybrid Fund ('HAHF')

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

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

The net assets of HAHF amounted to INR 5147.02 crores as at March 31, 2024 as against INR 4600.86 crores as at March 31, 2023. Around 73.54% of the net assets were invested in equities, 26.35% of the net assets were invested in debt, 1.59% of the net assets were invested in reverse repos/TREPS and (1.48%) in net current assets as at March 31, 2024.

The aim of HAHF is to seek a balance between long term growth and stability from an actively managed portfolio of equity and equity related securities and fixed income instruments. HAHF endeavors 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.

In the first half of the year, HAHF underperformed its benchmark index, as HAHF's portfolio was underweight in metals and PSU banks, and stocks such as ITC vis-à-vis its benchmark index. HAHF largely has growth and blend bias and hence the underweight in the above sectors. Also taking cognizance of the global volatility and factors such as China not rebounding as expected post opening up of Covid restrictions, recession expected in developed markets such as US and Europe, sectors such as metals had been underweight.

The second half of the year, saw good recovery in the scheme's performance and the scheme outperformed its benchmark index across most time-periods. The fund managers expect the capex cycle revival and Production-linked Incentive (PLI) schemes to benefit the manufacturing space, hence the scheme is largely positioned in that manner. Also, it is expected for Auto and discretionary consumption space to do well specially on the premium end. This is well reflected in the scheme's portfolio.

Trustees' Report
For the year ended March 31, 2024 (Contd...)

HSBC Aggressive Hybrid Fund					Date of Inception : 7 February, 2011			
Fund / Benchmark (Value of ₹ 10,000 invested)	1 Year		3 Years		5 Years		Since Inception	
	Amount (₹)	Returns (%)	Amount (₹)	Returns (%)	Amount (₹)	Returns (%)	Amount (₹)	Returns (%)
HSBC Aggressive Hybrid Fund	13028	30.47	14632	13.55	18064	12.55	47263	12.54
Scheme Benchmark (NIFTY 50 Hybrid Composite Debt 65:35 Index)	12214	22.28	14304	12.70	18464	13.04	41567	11.45
Additional Benchmark (Nifty 50 TRI)	13008	30.27	15736	16.35	20356	15.27	48519	12.77

Past performance may or may not be sustained in future. Returns have been calculated for the respective periods for Growth Option of Regular Plan as on last business day of the month i.e. March 28, 2024 due to non-availability of benchmark indices as of March 31, 2024. Returns on ₹ 10,000 are point-to-point returns for the specific time period, invested at the start of the period. Returns for 1 year and above are Compounded Annualized. Different plans shall have a different expense structure. Performance of the respective benchmark is calculated as per the Total Return Index (TRI).

Risk-o-meter as of 31st March, 2024:

Scheme Name	Scheme Risk-o-meter	Benchmark Risk-o-meter
HSBC Aggressive Hybrid Fund	 Investors understand that their principal will be at Very High risk	Benchmark Index: NIFTY 50 Hybrid Composite Debt 65:35 Index 

Please note that the above risk-o-meter is as per the product labelling of the Scheme basis Scheme's monthly portfolio as on March 31, 2024.

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

➤ EQUITY OUTLOOK

Recap of FY 2023-24:

FY24 was a stellar year for the Indian equity markets with strong economic momentum, healthy earnings growth and strong inflows from domestic and foreign institutional investors and strong retail participation driving a broad-based bull market. The Nifty and Sensex were up a solid 30.1%/26.5% respectively during the year, while the BSE Midcap and BSE Smallcap indices gained an astounding 65.2% and 61.4% respectively.

While geo-political conflicts continued in FY24, their impact on crude and global supply chains moderated. Crude prices largely remained range bound during the year. Inflation barring a brief spike largely remained well contained, the economy gained further steam with GDP growth crossing 8% in H1FY24 supported by government thrust on infrastructure. This translated into strong growth for several core sector industries including steel and cement. The growth in the real estate sector has been strong with inventory continuing to decline in metro markets. However, lagged impact of price increases continued to impinge on consumer demand growth which remained subdued for most mass market categories.

Trustees' Report

For the year ended March 31, 2024 (Contd...)

Domestic cyclicals were the best performing sectors during the year led by Real Estate, Capital Goods, Autos. Power was also among the best performing sectors. Global cyclicals like Metals and Oil & Gas also strongly outperformed the Nifty. FMCG and Banking while delivering healthy positive returns underperformed the Nifty, while IT performance was closer to Nifty.

MSCI India index outperformed most of key global indices during the past fiscal. MSCI India index (USD) gained 35.5% as compared to 23.1% gain for MSCI World, 27.9% for US S&P 500, 11.0% for MSCI Europe and only 5.3% for MSCI Emerging Markets as MSCI China declined 19.0% over the period.

Strong performance of the market and subsiding global macro headwinds drove a sharp turnaround in foreign investment flows. FI net inflow was at USD 25.3bn in FY24 versus an outflow of USD 6.0bn/17.1bn in FY23/FY22. DIs, on the other hand, matched FI inflow with an inflow of USD 25.3bn although it was lower than the net inflows at USD 30.8bn in FY23. Within DIs, the MF segment was the key contributor (USD 24.3 bn of net inflows up from USD 21.8bn in FY23) while domestic Insurers were also in the net inflow territory (USD 1.0bn of net inflows vs USD 9.0bn in FY23).

Source: Motilal Oswal

Indices Returns (April 01, 2023 to March 31, 2024)	1 Year [^]
S&P BSE Sensex TR	26.5%
NSE CNX Nifty TR	30.1%
S&P BSE 100 TR	34.2%
S&P BSE 200 TR	38.5%
S&P BSE 500 TR	40.2%
S&P BSE Midcap TR	65.2%
S&P BSE Small-cap TR	61.4%

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

Way forward:

The global macro environment remains challenging with heightened geo-political and economic uncertainties. US bond yields remain high putting pressure on interest rates and currencies globally. For India, growth has continued to remain strong with GDP growth of 8.4% in Q3FY24 driven by strong government spending on infrastructure and pickup in manufacturing and construction. The 2024 interim budget has re-affirmed government focus on infrastructure. At the same time reduction in fiscal deficit should also help in easing of domestic interest rates. However, after last year's patchy monsoon, a good monsoon will be an important factor for rural demand and overall consumption growth in the economy in FY25.

India starts FY25 on a strong footing with positive growth momentum and India's investment cycle is expected to be on a medium-term uptrend supported by rising government investment in infrastructure and recovery in real estate cycle. There is also an expectation of higher private investments in renewable energy and related supply chain, localization of higher-end technology components, and India becoming a more meaningful part of global supply chains. Finally, it is expected for consumption to improve as the impact of high inflation fades and real incomes start to grow again.

However, several of these positives are getting discounted by the high valuations currently prevailing in the equity market. While the fund managers remain constructive on Indian equities supported by the more robust medium-term growth outlook there is a caution against high return expectations. Nifty continues to trade on 20.6x consensus 1 year forward PE (as of 30 April). On a 10-year basis, Nifty is still trading 10% above its historic average valuation but is in-line with its 5-year average. Valuations of the midcap and small cap indices are even higher versus their historical average.

Trustees' Report

For the year ended March 31, 2024 (Contd...)

➤ DEBT OUTLOOK

Market drivers during the course of the year FY 2024

The year started with advanced economies continuing to grapple with higher inflation and policy tightening remained a common theme across economies. During FY2024, the Federal Open Market Committee (FOMC) raised policy rates by 50 bps while European Central Bank (ECB) and Bank of England (BOE) raised policy rates by 100 bps each. The cumulative rate hikes by various advanced economies in this cycle are as follows: Fed (525 bps), BOE (515 bps) and ECB (450 bps). Meanwhile cumulative rate hikes by the Monetary Policy Committee (MPC) in this cycle was 250 bps. On account of higher Government debt burden, Fitch downgraded US sovereign rating from AAA to AA+. US Treasury yields remained volatile during the year, with the 10-year benchmark rising higher by 73 bps during the year. Crude prices also moved higher by USD 7-8/bbl.

On the domestic front, Consumer price Index (CPI) inflation remained broadly in the upper end of the MPC's targeted band of 4% +/- 2% for most the financial year, however, inflation printed above 6% on two occasions due to high food inflation. Headline inflation remained susceptible to high food inflation with markets now expecting some relief of food prices on the back of normal monsoon. Core inflation eased through the year falling to below 4% in the last quarter.

Domestically, one of the biggest events during the year was the much-awaited index inclusion of Indian Government Bonds (IGBs) into the GBI-EM Global index suite and its relevant benchmarks. India is expected to reach the maximum weight of 10% in the GBI-EM Global Diversified Index (GBI-EM GD), with the inclusion staggered over a 10-month period starting June 2024. Following this, Bloomberg also included IGBs in their Bloomberg EM Local Currency Index, with India expected to reach a maximum weight of 10% over a 10-month period starting Jan 2025. Both these inclusions are expected to bring in INR 25-30 bn of index related FPI inflows over the next 1-2 years and paving the way for inclusion into other global bond indices as well. During FY2024, FPIs poured in close USD 12 bn into IGBs, with majority of the inflows coming in post the JP Morgan index inclusion announcement.

Government continued its path of fiscal consolidation, with the revised estimate of the Fiscal deficit for FY2024 coming in at 5.6%, with expectations for FY2025 at 5.1% and target of below 4.5% by FY2026. PMI numbers continue to remain in expansion, GST revenues remain buoyant and credit off-take upbeat.

The external sector has remained strong due to healthy service exports and remittances. Current Account Deficit (CAD) is expected to be around 1% for the year. Rupee remained one of the more stable currencies during the year, with active intervention from RBI smoothening any volatility. RBI continued to build on the FX reserves with year-end number around USD 650 bn.

Money market rates moved higher during the year due to tightening in liquidity along with higher Certificate of Deposit (CD) issuances. G-Sec yields, however, moved lower due to favorable demand supply and lower G-Sec borrowing. 10-year G-Sec moved lower during the year by 25 bps, while 5 yr G-Sec moved lower by 13 bps.

Market Outlook

While US markets have braced for "higher for longer" rates, we have seen in the past, that reactions to favorable data in such an environment can be sharp. Any softness in growth, employment or inflation data over the next few months will allow the markets to quickly start pricing in aggressive future policy easing. In our view, the RBI is also likely to gradually shift the liquidity deficit into surplus over the course of the next 3-6 months, flipping overnight rates from the top to the bottom of the rate corridor. The yield curve is likely to steepen as liquidity eases. This along with a potential 50 bps of policy easing in first half of CY2025 may push overnight rates lower by 75-100 bps.

While any form of additional spending by the new Government to address concerns of rural sections of the country and the possibility of additional spending to fund such policies will remain a key monitorable, it is believed the Government is likely to remain cognizant of the possible impact of such policies and take measured steps. With the dust settling down on the election outcome, the broad macroeconomic factors should continue to remain stable and could support softening in domestic yields going forward.

Trustees' Report

For the year ended March 31, 2024 (Contd...)

The Fund Managers continue to have a positive outlook for interest rates, based on various favorable factors: (a) Record RBI dividend to the Government, (b) reduced Fiscal deficit number of 5.6%, (c) favorable G-Sec supply demand dynamics, (d) FPI index related inflows, (e) revised outlook in India by S&P, (f) soft core inflation along with expectations of a better than normal monsoon, and finally (g) soft signals by Government and RBI on liquidity.

Source: RBI, Bloomberg, Internal HSBC Research & CCIL

2. BRIEF BACKGROUND OF THE SPONSORS, THE FUND, THE TRUSTEES AND THE ASSET MANAGEMENT COMPANY

A. Sponsor

HSBC Mutual Fund is sponsored by HSBC Securities and Capital Markets (India) Private Limited (HSCI). The Sponsor is the Settler of the Mutual Fund Trust. The Sponsor has entrusted a sum of Rs. 1,00,000/- (Rupees One Lakh only) to the Trustee as the initial contribution towards the corpus of the Mutual Fund.

HSCI offers integrated investment banking services, securities and corporate finance & advisory. HSCI is a member of the Bombay Stock Exchange Limited and National Stock Exchange (capital and derivative market segments). HSCI holds 100% of the paid-up equity share capital of HSBC Asset Management (India) Private Limited.

B. HSBC Mutual Fund

HSBC Mutual Fund ("the Mutual Fund" or "the Fund") has been constituted as a Trust in accordance with the provisions of the Indian Trusts Act, 1882 (2 of 1882) vide a Trust Deed dated February 7, 2002 (as amended) with HSBC Securities and Capital Markets (India) Private Limited, as the Sponsor and HSBC Trustees (India) Private Limited. The Trustee has entered into an Investment Management Agreement dated February 7, 2002 (as amended) with HSBC Asset Management (India) Private Limited (AMC) to function as the Investment Manager for all the schemes of the Fund. The Fund was registered with SEBI vide registration number MF046/02/5 dated May 27, 2002.

The Trust has been formed for the purpose of pooling of capital from the public for collective investment in securities for the purpose of providing facilities for participation by persons as beneficiaries in such investments and in the profits/income arising therefrom.

C. HSBC Trustees (India) Private Limited (the Trustees)

The Trustees are the exclusive owner of the Trust Fund and holds the same in trust for the benefit of the unitholders. The Trustees have been discharging their duties and carrying out the responsibilities as provided in the SEBI (Mutual Funds) Regulations, 1996 and the Trust Deed. The Trustees seek to ensure that the Fund and the schemes floated there under are managed by the AMC in accordance with the Trust Deed, the said Regulations, directions and guidelines issued by the SEBI, the Stock Exchanges, the Association of Mutual Funds in India and other regulatory agencies.

During the year, HSBC Securities and Capital Markets (India) Private Limited ("HSCI"), Sponsors of HSBC Mutual Fund) established a private limited company with limited liability to act as the "Trustee" of HSBC Mutual Fund. HSBC Trustees (India) Private Limited ("HTIP") was incorporated on 9 January 2024. Accordingly, HTIP has replaced the Board of Trustees of HSBC Mutual Fund w.e.f. 1 March 2024, and the Company through its Board of Directors has been discharging its obligations as the "Trustees" of the Fund from this date.

As of March 31, 2024, HSCI holds 100% of the paid-up equity share capital of HTIP.

D. Asset Management Company (the AMC)

HSBC Asset Management (India) Private Limited (the Investment Manager or the AMC) is a private limited company incorporated under the Companies Act, 1956 on December 12, 2001 having its Registered Office at 9-11 Floors, NESCO IT Park, Building no. 3, Western Express Highway, Goregaon (East), Mumbai – 400 063. HSBC Asset Management (India) Private Limited has been appointed as the Asset Management Company of HSBC Mutual Fund by the Trustee vide Investment Management Agreement (IMA) dated

Trustees’ Report
For the year ended March 31, 2024 (Contd...)

February 7, 2002 (as amended) and executed between the Trustees and the AMC. SEBI approved the AMC to act as the Investment Manager of the Fund vide its letter No. MFD/BC/163/2002 dated May 27, 2002. The paid-up equity share capital of the AMC is Rs. 344.41 crores. The AMC is registered as a Portfolio Manager under the SEBI (Portfolio Managers) Regulations, 1993 vide registration no. INP000001322. The AMC also offers non-binding Advisory services to offshore funds under the mutual fund license.

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

3. INVESTMENT OBJECTIVE OF THE SCHEMES

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

4. SIGNIFICANT ACCOUNTING POLICIES

The Significant Accounting Policies form part of the Notes to the Accounts annexed to the Balance Sheet of the Schemes in the Full Annual Report. The accounting policies are in accordance with Securities Exchange Board of India (Mutual Funds) Regulations, 1996 and Indian Accounting Standards (IND AS) notified under section 133 of the Companies Act, 2013 (the “Act” read with the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time.

5. UNCLAIMED DIVIDENDS & REDEMPTIONS

Summary of number of investors & corresponding amount as on March 31, 2024:

Scheme Name	Unclaimed Dividend		Unclaimed Redemption	
	No. of Investors	Amount (₹)	No. of Investors	Amount (₹)
HSBC Aggressive Hybrid Fund	3,316	7,844,780.19	319	4,672,307.00

6. INVESTOR SERVICES

The number of official points of acceptance of transactions are 210 locations. In addition to the offices of the Registrar & Transfer Agent, the AMC has its own office in 61 locations and Investor Service Centers in 39 locations. The AMC has 2 Toll Free numbers (1800-4190-200/1800-200-2434) which can be dialed from anywhere in India and 1 number i.e. +91 44 39923900 (Investors calling from abroad). The call center service is being managed by the Registrar and Transfer Agents. HSBC Mutual Fund offers the online transaction facility through the AMC’s website at www.assetmanagement.hsbc.co.in.

On the distribution front, the number of empaneled distributors were 59046 as on March 31, 2024. During the year, the AMC initiated tie-ups for online distribution of the Mutual Fund’s schemes with several channel partners taking the total number of such tie-ups to 160 as on March 31, 2024.

7. DETAILS OF INVESTOR GRIEVANCE REDRESSAL

The details of the redressal of investor complaints received against HSBC Mutual Fund during April 2023 - March 2024 are as follows:

2023-2024												
Com-plaint code	Type of Complaint	(a) No. of complaints pending at the begin-ning of the period	(b) No. of com-plaints received during the given period	Action on (a) and (b)								
				Resolved				Non Action-able*	Pending			
				Within 30 days	30-60 days	60-180 days	Beyond 180 days		0-3 months	3-6 months	6-9 months	9-12 months
IA	Non receipt of amount declared under Income Distribution cum Capital Withdrawal option	1	10	11	0	0	0	0	0	0	0	0

Trustees' Report

For the year ended March 31, 2024 (Contd...)

2023-2024												
Complaint code	Type of Complaint	(a) No. of complaints pending at the beginning of the period	(b) No. of complaints received during the given period	Action on (a) and (b)								
				Resolved				Non Action-able*	Pending			
				Within 30 days	30-60 days	60-180 days	Beyond 180 days		0-3 months	3-6 months	6-9 months	9-12 months
I B	Interest on delayed payment of amount declared under Income Distribution cum Capital Withdrawal option	0	1	1	0	0	0	0	0	0	0	0
I C	Non receipt of Redemption Proceeds	1	38	39	0	0	0	0	0	0	0	0
I D	Interest on delayed payment of Redemption	0	2	2	0	0	0	0	0	0	0	0
II A	Non receipt of Statement of Account/Unit Certificate	0	3	3	0	0	0	0	0	0	0	0
II B	Discrepancy in Statement of Account	1	22	23	0	0	0	0	0	0	0	0
II C	Data corrections in Investor details	1	250	249	0	0	0	0	2	0	0	0
II D	Non receipt of Annual Report/ Abridged Summary	0	0	0	0	0	0	0	0	0	0	0
III A	Wrong switch between Schemes	0	2	2	0	0	0	0	0	0	0	0
III B	Unauthorized switch between Schemes	0	1	1	0	0	0	0	0	0	0	0
III C	Deviation from Scheme attributes	0	1	1	0	0	0	0	0	0	0	0
III D	Wrong or excess charges/load	0	0	0	0	0	0	0	0	0	0	0
III E	Non updation of changes viz. address, PAN, bank details, nomination, etc	1	127	127	0	0	0	0	1	0	0	0
III F	Delay in allotment of Units	0	5	4	1	0	0	0	0	0	0	0
III G	Unauthorized Redemption	0	0	0	0	0	0	0	0	0	0	0
IV	Others**	1	78	76	0	0	0	0	3	0	0	0
	TOTAL	6	540	539	1	0	0	0	6	0	0	0

** As per AMFI Best Practice Guidelines Circular No.25/2011-12 for Revisions in the Guidelines on Standardization of Complaints/Grievances Reporting Procedure. If "Others" include a type of complaint which is more than 10% of overall complaints, then such a reason should be provided separately. Hence, data corrections in Investor Details are included as a separate category.

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

Summary of Complaints for FY 2023-24

Particulars	Count
Total complaints received	540
Total number of folios	21,39,406
% of complaints against the folio	0.025

8. INVESTOR EDUCATION INITIATIVES

During the FY 2023-24, the AMC conducted the following investor education and awareness initiatives:

- An integrated multi-media marketing campaign on SIP Hai 'FaydeWaliAadat' aimed to tap into the aspirations, financial goals, and unique spending habits of millennials.

Trustees' Report

For the year ended March 31, 2024 (Contd...)

- Editorial content on Systematic Investment Plans (SIP) created across 15 states through various regional television channels.
- Investor education content on the Platform - Quora.
- 'Be Money Confident' video series targeting women through Jio Platforms.
- Campaign on Women & Investing for Women's Day.
- Campaign for Marathon enthusiast on the similarities between running a Marathon & Investing.
- Financial literacy virtual event on the occasion of Mother's Day, which received more than 725 registered users.
- A mom blogger outreach program to reach Women Investors with financial education content on MF on the occasion of Mother's Day.
- Education campaign on ELSS executed for working audiences.
- Blogs and content for Investor Education properties like SIP Sahi Hai in Value Research, Gyan Guroovaar on Facebook, Investment Ki Paathshala on the website and investor education blogs on the platform - Advisor Khoj.
- 1,462 Investor Education programs to reach out to an audience of 71,465 people out of which 458 were women programs attended by 20,139 women.

9. PROXY VOTING POLICY

As per para 6.16 of SEBI Master Circular on Mutual Funds dated June 27, 2024, the Fund has adopted Proxy Voting Policy and Procedures for exercising voting rights in respect of securities held by the Schemes. (please refer Proxy Voting Policy and Procedures)

The summary of the votes casted in the general meetings of the Investee companies, by the AMC for and on behalf of the Schemes of the Fund, for the financial year 2023-24 is provided below:

Quarter	Total no. of resolutions	Break-up of Vote decision		
		For	Against	Abstained
April 2023 - June 2023	387	260	75	52
July 2023 - September 2023	2,169	1607	448	114
October 2023 - December 2023	197	138	37	22
January 2024 - March 2024	319	240	50	29
TOTAL	3,072	2,245	610	217

As per para 6.16.7 of SEBI Master Circular on Mutual Funds dated June 27, 2024, the AMC has obtained certificate from M/s. M. P. Chitale & Co., Chartered Accountants, who is acting as a Scrutinizer, on the voting report for the FY 2023-24. The certificate dated May 22, 2024 issued by M/s. M. P. Chitale & Co., is available on the website of the AMC as part of the full Annual Report.

Unitholders can refer to the full Annual Report for complete details of actual exercise of votes in the general meetings of the investee companies for the financial year 2023-24 or log on to our website at www.assetmanagement.hsbc.co.in.

10. STATUTORY DETAILS

- The Sponsors are not responsible or liable for any loss resulting from the operation of the Schemes of the Fund beyond initial contribution of Rs. 1 lakh for setting up the Fund.
- The price and redemption value of the units, and income from them, can go up as well as down with fluctuations in the market value of its underlying investments.

Trustees' Report

For the year ended March 31, 2024 (Contd...)

- c) Full Annual Report of HSBC Mutual Fund and of HSBC Asset Management (India) Private Limited (the AMC) shall be disclosed on the website at www.assetmanagement.hsbc.co.in and shall be available for inspection at the Head Office of the Mutual Fund. Present and prospective unitholders can obtain copy of the Trust Deed, the full Annual Report of the Scheme(s), the Annual Report of HSBC Asset Management (India) Private Limited and the text of the relevant Scheme(s) at a price.

11. CHANGES IN RISK-O-METER OF THE SCHEME DURING FY 2023-24

As per para 17.4. of SEBI Master Circular on Mutual Funds dated June 27, 2024 on product labelling, the changes carried out in the risk-o-meter of the schemes of HSBC Mutual Fund during FY 2023-24 have been given in the below mentioned table for the information of the unitholders, a report on the said changes has also been displayed on the website of the Fund and AMFI.

Scheme Name	Risk-o-meter level as on March 31, 2023	Risk-o-meter level as on March 31, 2024	Number of changes in Risk-o-meter during the F.Y. 2023-24)
HSBC Aggressive Hybrid Fund	Very High	Very High	0

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

As per para 6.16.15 of SEBI Master Circular on Mutual Funds dated June 27, 2024, HSBC Mutual Fund has adapted the policy on stewardship responsibilities, the unitholders are requested to note the status of governance with the same as mentioned below:

S. No.	Particulars of Principles of Stewardship Code	Status of compliance (Complied/ Not Complied)	Description	Remarks/ reasons for deviation/non-compliance, if any
1	Principle 1: Institutional Investors should formulate a comprehensive policy on the discharge of their stewardship responsibilities, publicly disclose it, review and update it periodically.	Complied	HSBC Asset Management (India) Private Limited's (AMIN) 'Policy on Stewardship responsibilities' (Stewardship Code/ Policy) was formulated and implemented on 01 July, 2020. This is a comprehensive document which has been publicly disclosed on the website of AMIN. The same shall follow a periodic review.	N.A.
2	Principle 2: Institutional investors should have a clear policy on how they manage conflicts of interest in fulfilling their stewardship responsibilities and publicly disclose it.	Complied	Defining and managing Conflict of Interest in fulfilling stewardship responsibilities are detailed in the Stewardship Policy document. The policy document is publicly disclosed.	N.A.

Trustees' Report

For the year ended March 31, 2024 (Contd...)

S. No.	Particulars of Principles of Stewardship Code	Status of compliance (Complied/ Not Complied)	Description	Remarks/ reasons for deviation/non-compliance, if any
3	Principle 3: Institutional investors should monitor their investee companies.	Complied	AMIN monitors all investee companies through its investment process. This includes assessment of companies' own and market data, consideration of research from brokers and other independent research providers – including ESG & voting research, attending individual & group meetings with company management and directors, visiting production sites (wherever necessary), engaging with key stakeholders including competitors and customers, and financial modelling. More details enumerated in the policy document	N.A.
4	Principle 4: Institutional investors should have a clear policy on intervention in their investee companies. Institutional investors should also have a clear policy for collaboration with other institutional investors where required, to preserve the interests of the ultimate investors, which should be disclosed.	Complied	Details of undertaking active engagement with investee companies and the policy for collaboration with other institutional holders are detailed in the policy document. The policy document is publicly disclosed.	N.A.
5	Principle 5: Institutional investors should have a clear policy on voting and disclosure of voting activity.	Complied	AMIN has a clear and detailed voting policy which provides the framework for the voting decisions. All voting decisions shall be in accordance with AMIN's Voting Policy and Procedures, which is disclosed on the website. AMIN discloses the details of the voting on its website on a quarterly basis within 10 working days from the end of the quarter. Additionally, AMIN also discloses the details of the votes cast, in the annual report of the schemes of HSBC Mutual Fund.	N.A.
6	Principle 6: Institutional investors should report periodically on their stewardship activities.	Complied	The annual status report of the stewardship code and quarterly report on proxy voting are publicly disclosed on the website as required under SEBI Regulations.	N.A.

Trustees' Report

For the year ended March 31, 2024 (Contd...)

13. DISCLOSURES PERTAINING TO NAV ADJUSTED DURING THE FINANCIAL YEAR FOR SWING FACTOR ALONG WITH THE PERFORMANCE IMPACT

Sr No.	Period of applicability of swing pricing	Scheme Name	Unswung NAV	Swing factor applied	Whether optional or mandatory
NIL					

14. SIGNIFICANT EVENT AFTER THE END OF THE FINANCIAL YEAR

NIL

15. ACKNOWLEDGEMENTS

The Trustees wish to thank the unitholders of the Schemes for their support throughout the year, and also thank the Government of India, the Securities and Exchange Board of India (SEBI), the Reserve Bank of India (RBI) and the Association of Mutual Funds in India (AMFI) for the guidance provided by them. The Trustees also appreciate the services provided by the Registrar and Transfer Agent, Fund Accountant, Custodian, Bankers, Distributors and Brokers. The guidance and services provided by the auditors and advocates and the ebullience, sincerity and dedication of the employees of HSBC Asset Management (India) Private Limited is also appreciated.

The Trustees look forward to the continued support of everyone.

For and on behalf of **HSBC Trustees (India) Private Ltd.**

Sd/-

Director

Mumbai

July 19, 2024

Independent Auditors' Report

To the Board of Directors of HSBC Trustees (India) Private Limited (the "Trustee")

HSBC Aggressive Hybrid Fund

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **HSBC Aggressive Hybrid Fund** (the "Scheme") of HSBC Mutual Fund (the "Fund"), which comprise the Balance Sheet as at March 31, 2024, the Revenue Account and the Cash Flow Statement for the year then ended, and notes to the financial statements, including a summary of material accounting policy and other explanatory information.

In our opinion, and to the best of our information and according to the explanations given to us, the aforesaid financial statements of the Scheme give a true and fair view in conformity with the Indian Accounting Standards ("Ind AS") prescribed under section 133 of the Companies Act, 2013 (the "Act") read with Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India, including the accounting policies and standards specified in the Regulation 50 and Ninth Schedule to the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 ("the SEBI Regulations") (collectively referred to as the "Regulations") as amended:

- a. in the case of the Balance Sheet, of the state of affairs of the Scheme as at March 31, 2024;
- b. in the case of the Revenue Account, of the net surplus for the year ended on that date; and
- c. in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing ("SAs") and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India (the "ICAI"). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Scheme in accordance with the Code of Ethics issued by the ICAI together with the ethical requirements that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Information Other than the Financial Statements and Auditor's Report Thereon

The Board of Directors of HSBC Asset Management (India) Private Limited (the "AMC") and the Board of Directors of HSBC Trustees (India) Private Limited (the "Trustees") (collectively referred to as "the Management") are responsible for the other information. The other information comprises the information included in the Trustees report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

The Management is responsible for the preparation of these financial statements that give a true and fair view of the state of affairs, results of operations and cash flows of the Scheme in accordance with the accounting principles generally accepted in India, including the accounting policies and standards specified in Regulations.

Independent Auditors' Report (Contd...)

This responsibility also includes maintenance of adequate accounting records in accordance with the SEBI Regulations for safeguarding of the assets of the Scheme and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Management is responsible for assessing the Scheme's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management, either intends to liquidate the Scheme or to cease operations, or has no realistic alternative but to do so.

Those Charged with Governance are also responsible for overseeing the Scheme's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Scheme's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Scheme to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide to those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Independent Auditors' Report (Contd...)

Report on Other Legal and Regulatory Requirements

1. As required by regulation 55(4) and clause 5(ii)(2) of the Eleventh Schedule of the SEBI Regulations, we report that:
 - a. we have sought and obtained all the information and explanations which, to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b. in our opinion, the Balance Sheet and the Revenue Account dealt with by this report have been prepared in accordance with the accounting policies and standards specified in the Regulations; and
 - c. the Balance Sheet, the Revenue Account and the Cash Flow Statement, dealt with by this report are in agreement with the books of accounts of the Scheme.
2. In our opinion, the methods used to value non-traded securities as at March 31, 2024, as determined by the Management under procedures approved by the Trustees in accordance with the guidelines for valuation of securities for mutual funds as mentioned in the Eighth Schedule to the SEBI Regulations, are fair and reasonable.

For **M S K A & Associates**

Chartered Accountants

ICAI Firm Registration No. 105047W

Sd/-

Swapnil Kale

Partner

Membership No: 117812

UDIN: 24117812BKFIRT1986

Place : Mumbai

Date : July 19, 2024

Abridged Balance Sheet as at March 31, 2024

Rs. in Lakhs

	As at March 31, 2024	As at March 31, 2023	As at April 1, 2022
LIABILITIES			
1 Unit Capital	118,714.59	137,517.45	146,110.28
2 Reserves & Surplus			
2.1 Unit Premium Reserves	57,419.95	77,325.34	85,260.01
2.2 Unrealised Appreciation Reserve	91,047.34	35,084.59	83,166.46
2.3 Other Reserves	247,525.82	209,794.77	187,228.29
3 Loans & Borrowings	—	—	—
4 Current Liabilities & Provisions			
4.1 Provision for Doubtful Income/Deposits	—	—	—
4.2 Other Current Liabilities & Provisions	8,983.15	4,232.02	5,621.80
TOTAL	523,690.85	463,954.15	507,386.84
ASSETS			
1 Investments			
1.1 Listed Securities:			
1.1.1 Equity Shares	378,514.47	354,377.53	369,798.12
1.1.2 Preference Shares	—	—	—
1.1.3 Equity Linked Debentures	—	—	—
1.1.4 Other Debentures & Bonds	54,341.45	13,212.82	41,094.78
1.1.5 Securitised Debt Securities	—	—	—
1.2 Securities Awaited Listing:			
1.2.1 Equity Shares	—	—	—
1.2.2 Preference Shares	—	—	—
1.2.3 Equity Linked Debentures	—	—	—
1.2.4 Other Debentures & Bonds	—	—	—
1.2.5 Securitised Debt Securities	—	—	—
1.3 Unlisted Securities:			
1.3.1 Equity Shares	—	—	—
1.3.2 Preference Shares	—	—	—
1.3.3 Equity Linked Debentures	—	—	—
1.3.4 Other Debentures & Bonds	—	—	—
1.3.5 Securitised Debt Securities	—	—	—
1.4 Government Securities	66,405.64	74,971.85	63,344.05
1.5 Treasury Bills	—	—	—
1.6 Commercial Paper	4,882.59	2,809.87	—
1.7 Certificate of Deposits	7,485.93	990.75	945.95
1.8 Bill Rediscounting	—	—	—
1.9 Units of Domestic Mutual Fund	—	—	—
1.10 Foreign Securities	—	—	—
Total Investments	511,630.07	446,362.81	475,182.90
2 Deposits	295.08	3.02	2,576.86
3 Other Current Assets			
3.1 Cash & Bank Balance	378.99	119.26	192.78
3.2 CBLO/TREPS/Reverse Repo Lending	8,182.06	11,759.79	20,503.11
3.3 Others	3,204.65	5,709.28	8,931.19
4 Deferred Revenue Expenditure (to the extent not written off)	—	—	—
TOTAL	523,690.85	463,954.15	507,386.84

Notes to Accounts - Annexure I

Abridged Revenue Account for the year ended March 31, 2024

		Rs. in Lakhs	
		Current Year ended March 31, 2024	Previous Year ended March 31, 2023
1	INCOME		
1.1	Dividend	3,989.36	2,835.42
1.2	Interest	7,727.82	7,393.90
1.3	Realised Gain/(Loss) on Foreign Exchange Transactions	—	—
1.4	Realised Gains/(Losses) on Interscheme Sale of Investments	—	—
1.5	Realised Gains/(Losses) on External Sale/Redemption of Investments	70,436.59	36,522.33
1.6	Realised Gains/(Losses) on Derivative Transactions	0.81	—
1.7	Other Income	73.51	18.23
	(A)	82,228.10	46,769.87
2	EXPENSES		
2.1	Management Fees	3,074.68	3,051.70
2.2	GST on Management Fees	553.50	549.31
2.3	Transfer Agents Fees and Expenses	341.33	342.30
2.4	Custodian Fees	5.26	8.83
2.5	Trusteeship Fees	3.99	3.07
2.6	Commission to Agents	4,765.62	4,437.59
2.7	Marketing & Distribution Expenses	1.03	4.51
2.8	Audit Fees	6.63	5.52
2.9	Investor Education Expenses	98.64	93.34
2.10	Interest on Borrowing	—	—
2.11	Brokerage & Transaction Costs	1,448.52	1,254.19
2.12	Other Operating Expenses	77.95	44.63
	(B)	10,377.15	9,794.99
3	NET REALISED GAINS/(LOSSES) FOR THE YEAR (C = A - B)	71,850.95	36,974.87
4	Change in Unrealised Depreciation in Value of Investments	(D) 2,247.05	(935.70)
5	NET GAINS/(LOSSES) FOR THE YEAR (E = C + D)	74,098.00	36,039.17
6	Change in Unrealised Appreciation in Value of Investments	(F) 55,962.76	(47,523.09)
7	NET SURPLUS/(DEFICIT) FOR THE YEAR (G = E + F)	130,060.76	(11,483.92)
7.1	Add : Balance Transfer from Unrealised Appreciation Reserve	—	48,081.88
7.2	Less : Balance Transfer to Unrealised Appreciation Reserve	55,962.76	—
7.3	Add/(Less) : Equalisation	(32,132.28)	(9,636.41)
7.4	Transfer from Reserve Fund	209,794.77	187,228.29
7.5	Transfer from Unit Premium Reserve	—	—
8	Total	251,760.49	214,189.84
9	Dividend Appropriation		
9.1	Income Distributed during the Year	(4,234.68)	(4,395.08)
9.2	Tax on Income Distributed during the Year	—	—
10	Retained Surplus/(Deficit) Carried Forward to Balance Sheet	247,525.82	209,794.77

Notes to Accounts - Annexure I

Key Statistics for the year ended March 31, 2024

	Current Year ended March 31, 2024	Previous Year ended March 31, 2023
1. NAV per unit (Rs.):		
Open		
Regular Plan - Growth Option	36.1267	36.8890
Regular Plan - IDCW Option	22.3562	24.5690
Regular Plan - Annual IDCW Option	13.8096	15.3370
Direct Plan - Growth Option	40.0782	40.5060
Direct Plan - IDCW Option	25.7989	28.0540
Direct Plan - Annual IDCW Option	15.1864	16.5730
High		
Regular Plan - Growth Option	47.4587	37.5140
Regular Plan - IDCW Option	27.4336	24.9850
Regular Plan - Annual IDCW Option	17.8919	15.5970
Direct Plan - Growth Option	53.1589	41.4722
Direct Plan - IDCW Option	31.9953	28.5330
Direct Plan - Annual IDCW Option	19.8621	16.9685
Low		
Regular Plan - Growth Option	35.9921	32.2390
Regular Plan - IDCW Option	22.2729	21.2140
Regular Plan - Annual IDCW Option	13.7581	13.4040
Direct Plan - Growth Option	39.9322	35.4810
Direct Plan - IDCW Option	25.7049	24.2780
Direct Plan - Annual IDCW Option	15.1311	14.5170
End		
Regular Plan - Growth Option	47.0635	36.1267
Regular Plan - IDCW Option	26.9941	22.3562
Regular Plan - Annual IDCW Option	16.4842	13.8096
Direct Plan - Growth Option	52.7567	40.0782
Direct Plan - IDCW Option	31.5121	25.7989
Direct Plan - Annual IDCW Option	18.2821	15.1864
2. Closing Assets Under Management (Rs. in Lakhs)		
End	514,702	460,086
Average (AAuM) ¹	493,176	466,682
3. Gross income as % of AAuM ²	16.67%	10.02%
4. Expense Ratio:		
a. Total Expense as % of AAuM (including GST on Management fees) (plan wise)		
Regular Plan	1.88%	1.91%
Direct Plan	0.84%	0.88%
b. Management Fee as % of AAuM (planwise)		
Regular Plan	0.62%	0.66%
Direct Plan	0.62%	0.65%
5. Net Income as a percentage of AAuM ³	14.57%	7.92%

Key Statistics for the year ended March 31, 2024 (Contd...)

	Current Year ended March 31, 2024	Previous Year ended March 31, 2023
6. Portfolio turnover ratio ⁴	0.87	0.75
7. Total IDCW per unit distributed during the year (planwise)		
Retail		
Regular Plan - IDCW Option	1.92	0.84
Direct Plan - IDCW Option	2.19	0.96
Regular Plan - Annual IDCW Option	1.50	1.20
Direct Plan - Annual IDCW Option	1.70	1.20
Corporate		
Regular Plan - IDCW Option	1.92	0.84
Direct Plan - IDCW Option	2.19	0.96
Regular Plan - Annual IDCW Option	1.50	1.20
Direct Plan - Annual IDCW Option	1.70	1.20
8. Returns:		
a. Last One Year		
Scheme		
Regular Plan - Growth Option	30.47%	(2.05%)
Direct Plan - Growth Option	31.82%	(1.04%)
Benchmark		
NIFTY 50 Hybrid Composite Debt 65:35 Index	22.28%	1.89%
b. Since Inception		
Scheme		
Regular Plan - Growth Option	12.54%	11.19%
Direct Plan - Growth Option	14.48%	12.93%
Benchmark		
NIFTY 50 Hybrid Composite Debt 65:35 Index	11.45%	10.61%

1. AAuM = Average daily net assets

2. Gross income = amount against (A) in the Revenue Account i.e. Income

3. Net income = amount against (C) in the Revenue Account i.e. Net Realised Gains/(Losses) for the year

4. Portfolio Turnover = Lower of sales or purchase divided by the Average AuM for the year

Note: Returns have been calculated as on last business day of the month i.e. March 28, 2024 due to non-availability of benchmark indices as of March 31, 2024.

Notes to Accounts – Annexure I

To the Abridged Balance Sheet and Revenue Account for the year ended March 31, 2024

1 Investments:

- 1.1. All Investments of the Scheme are registered in the name of the Trustee for the benefit of the Scheme's Unitholders.
- 1.2. Open Position of derivatives as at the year ended March 31, 2024 and March 31, 2023 are Nil.
- 1.3. Investment in Associates and Group Companies as at the year ended March 31, 2024 and March 31, 2023 are NIL.
- 1.4. There was no open position of Securities Borrowed and/or Lend by the scheme as at March 31, 2024 and March 31, 2023.
- 1.5. Investment in Below investment grade and default/Securities in default beyond its maturity date as on March 31, 2024 and March 31, 2023 are NIL.
- 1.6. Aggregate Unrealised Gain/Loss as at the end of the Financial Year March 31, 2024 and March 31, 2023 are as under :

Rs. In Lakhs

Scheme Name/ Security Type	Amount	Percentage to Net Assets	Amount	Percentage to Net Assets
	As at March 31, 2024		As at March 31, 2023	
Equity Shares				
– Appreciation	95,167.11	18.49	45,014.00	9.78
– Depreciation	4,179.74	0.81	9,929.41	2.16
Bonds & Debentures				
– Appreciation	187.25	0.04	18.94	0.00~
– Depreciation	184.72	0.04	343.43	0.07
Central and State Government Securities				
– Appreciation	474.23	0.09	102.09	0.02
– Depreciation	428.09	0.08	2,024.20	0.44
Commercial Papers/ Certificate of Deposits				
– Appreciation	11.31	0.00~	3.19	0.00~
– Depreciation	0	0.00~	3.64	0.00~

(–) - Indicates less than 0.01%

- 1.7. The aggregate value of investment securities (excluding TREPS and Reverse Repos) purchased and sold (including matured) during the financial year 2023-2024 (excluding accretion of discount) is Rs. 422,935.14 lakhs and Rs. 486,588.65 lakhs respectively being 85.76% and 98.66% of the average net assets.

The aggregate value of investment securities (excluding TREPS and Reverse Repos) purchased and sold (including matured) during the financial year 2022-2023 (excluding accretion of discount) is Rs. 347,817.03 lakhs and Rs. 408,115.58 lakhs respectively being 74.53% and 87.45% of the average net assets.

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

To the Abridged Balance Sheet and Revenue Account for the year ended March 31, 2024

- 1.8. Non-Traded securities in the portfolio: Aggregate Value of Equity, Debt & Money Market Instruments was as under:

Rs. In Lakhs

Security Category	Fair Value	% to Net Assets	Fair Value	% to Net Assets
	As at March 31, 2024		As at March 31, 2023	
Debt Instruments	29,583.79	5.75	10,723.54	2.33
Money market Instruments	12,368.52	2.40	2,862.64	0.62
Total	41,952.31	8.15	13,586.18	2.95

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

During the year 2023-24, The Hongkong and Shanghai Banking Corporation Limited, an associate entity of HSBC Asset Management (India) Private Limited was paid collection/bank charges amounting to Rs. Nil.

During the year 2022-23, The Hongkong and Shanghai Banking Corporation Limited, an associate entity of HSBC Asset Management (India) Private Limited was paid collection/bank charges amounting to Rs. Nil.

Commission paid to Sponsor/AMC and its associates/related parties/group companies

Name of Sponsor/Investment Manager and its associates/related parties/group companies	Nature of Association /Nature of relation	Period Covered	Business Given [Rs. In lakhs]	% of Total Business given by the Fund	Commission paid [Rs. In Lakhs]	% of Total Commission paid by the Fund
The Hongkong and Shanghai Banking Corporation Limited	Group Company	2023-2024	1,322.22	4.35	285.29	6.06
The Hongkong and Shanghai Banking Corporation Limited	Group Company	2022-2023	33,014.69	42.18	280.00	6.36

Brokerage paid to Sponsor/AMC and its associates/related parties/group companies

Name of Sponsor/AMC and its associates/related parties/group companies	Nature of Association /Nature of relation	Period Covered	Value of Transactions [Rs. In lakhs]	% of total value of transactions of the fund	Brokerage paid [Rs. In lakhs]	% of total brokerage paid by the fund
HSBC Securities & Capital Markets (India) Private Limited	Sponsor	2023-2024	38,701.69	5.29	46.48	6.53
HSBC Securities and Capital Market (India) Private Limited	Sponsor	2022-2023	22,397.80	3.66	26.88	4.48

Clearing Charges paid to Sponsor/AMC and its associates/related parties/group companies

Name of Sponsor/AMC and its associates/related parties / group companies	Nature of Association/ Nature of relation	Transaction Type	Period Covered	Amount (Rs. In Lakhs)
HSBC Securities and Capital Market (India) Private Limited	Sponsor	Clearing Charges	2023-2024	0.00~
			2022-2023	Nil

(~) - Indicates less than 0.01

Notes to Accounts – Annexure I (Contd...)**To the Abridged Balance Sheet and Revenue Account for the year ended March 31, 2024**

- 3 None of the Investors held more than 25% of the total net assets of the scheme at the year ended March 31, 2024 and March 31, 2023.
- 4 Unit Capital movement during the years ended March 31, 2024, March 31, 2023 and March 31, 2022:

Description	Opening Units	Subscription	Redemption	Closing Units	Face value
2023-24					
Regular Plan - Growth Option	1,043,985,067.401	47,853,394.050	184,887,154.292	906,951,307.159	10
Regular Plan - IDCW Option	197,288,363.224	5,711,745.117	36,703,217.919	166,296,890.422	10
Regular Plan - Annual IDCW Option	51,703,269.277	1,908,070.605	11,928,073.724	41,683,266.158	10
Direct Plan - Growth Option**	72,793,744.530	18,058,791.077	26,763,245.267	64,089,290.340	10
Direct Plan - IDCW Option	6,750,238.407	284,393.435	983,572.740	6,051,059.102	10
Direct Plan - Annual IDCW Option	2,653,829.011	170,557.739	750,287.889	2,074,098.861	10
2022-23					
Regular Plan - Growth Option	1,072,563,407.318	181,811,300.727	210,389,640.644	1,043,985,067.401	10
Regular Plan - IDCW Option	237,331,874.994	8,090,514.553	48,134,026.323	197,288,363.224	10
Regular Plan - Annual IDCW Option	47,142,694.820	14,037,274.998	9,476,700.541	51,703,269.277	10
Direct Plan - Growth Option**	93,921,432.064	9,180,863.803	30,308,551.337	72,793,744.530	10
Direct Plan - IDCW Option	7,349,249.295	210,219.514	809,230.402	6,750,238.407	10
Direct Plan - Annual IDCW Option	2,794,141.517	210,141.952	350,454.458	2,653,829.011	10

Description	Opening Units	Subscription	Redemption	Closing Units	Face value
2021-22					
Regular Plan - Growth Option	1,282,484,992.791	63,771,234.329	273,692,819.802	1,072,563,407.318	10
Regular Plan - IDCW Option	319,218,123.130	4,878,681.610	86,764,929.746	237,331,874.994	10
Regular Plan - Annual IDCW Option	57,191,244.949	1,397,761.006	11,446,311.135	47,142,694.820	10
Direct Plan - Growth Option**	120,279,325.326	19,440,811.532	45,798,704.794	93,921,432.064	10
Direct Plan - IDCW Option	8,478,336.656	469,156.940	1,598,244.301	7,349,249.295	10
Direct Plan - Annual IDCW Option	3,148,014.919	192,344.565	546,217.967	2,794,141.517	10

**Units held by the AMC (Seed Capital) in Direct Plan - Growth Option as on March 31, 2024 is 1,715,954.51 & as on March 31, 2023 is 1,715,954.51 & as on March 31, 2022 is 255,493.102.

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

To the Abridged Balance Sheet and Revenue Account for the year ended March 31, 2024

- 5 Previous year's/period figures have been re-grouped/re-arranged where necessary.
- 6 There are no contingent liabilities and other commitments as on March 31, 2024 and March 31, 2023. Contingent asset is neither recognized nor disclosed in the financial statements.
- 7 Expenses other than Management Fees are Inclusive of GST where applicable.
- 8 Other income of Rs. 73.51 lakhs represents Exit load credited to the scheme (2023: Rs. 18.23 lakhs represents Exit load credited to the scheme).

9 Investor Education Awareness

As mandated by SEBI vide circular no. CIR/IMD/DF/21/2012 dated September 13, 2012 an annual charge of 0.02 percent of daily net assets, being a part of total recurring expenses is set aside for Investor Education and Awareness (IEA). In view of the AMFI Best Practices Guidelines Circular No. 56/2015-16, the IEF (Investor Education Fund) accrual is set aside in a separate bank account and the consolidated balance across all schemes as on March 31, 2024.

Pursuant to SEBI circular dated May 23, 2022, w.e.f. July 1, 2022, the limit of 0.02% p.a. has been reduced to 0.01% p.a. in case of ETFs/Index Funds. Furthermore, Fund of Funds (FoFs) investing more than 80% of its NAV in the underlying domestic funds have discontinued setting aside 0.02% p.a. of daily net assets towards IEAI.

The break-up of which is as under:

	March 31, 2024	March 31, 2023
Particulars	Amount (Rs. In Lakhs)	Amount (Rs. In Lakhs)
Opening Balance as on April 01, 2023	997.09	460.22
Add: Accrual during FY 2023-24	1,962.01	1,432.00
Less: Transferred to AMFI *	889.11	646.75
Less: Payable to AMFI (March 2024 accrual) *	91.90	69.25
Add: Investment Income FY 2023-24	77.08	166.42
Less: Spent during FY 2023-24	1,877.44	345.55
Closing Balance as on March 31, 2024	177.73	997.09

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

The IEA disclosure's are presented for surviving schemes only.

- 10 Pursuant to SEBI Circular No. SEBI/HO/IMD/DF3/CIR/P/2020/194 dated October 05, 2020, the nomenclature of 'Dividend Option' under all the schemes of HSBC Mutual Fund has been revised to 'Income Distribution cum Capital Withdrawal Option' (IDCW), with effect from April 1, 2021.
- 11 Securities, excluding debt securities, where the non-traded investments which have been valued "in good faith" exceed 5% of the net assets at the end of the year is NIL.
- 12 Debt securities which have been valued at a price other than the price given by the independent valuation agencies at the end of the year is NIL.
- 13 **Disclosure of Risk-o-meter**

Scheme Name	Risk-o-meter level at end of the financial year i.e. March 31, 2024	Risk-o-meter level as on March 31, 2023	Number of changes in Risk-o-meter during the financial year (March 2023 to March 2024)
HSBC Aggressive Hybrid Fund	Very High	Very High	0

- 14 Subsequent to receipt of SEBI's no objection to acquisition of 100% equity shares of L&T Investment Management Limited ("LTIM", Investment Manager of L&T Mutual Fund) and the amendments proposed to the trust deed of the HSBC Mutual Fund as required under the SEBI (Mutual Funds) Regulations, 1996, the schemes of L&T Mutual Fund (LTMF) were transferred to/merged with the schemes of HSBC Mutual Fund on and from the close of business hours of November 25, 2022, and the HSBC AMC and HSBC

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

To the Abridged Balance Sheet and Revenue Account for the year ended March 31, 2024

Trustees assumed the responsibilities of the schemes of LTMF w.e.f. close of business hours of November 25, 2022.

- 15 During the year, HSBC Securities and Capital Markets (India) Private Limited ("HSCI"), Sponsors of HSBC Mutual Fund established a private limited company with limited liability to act as the "Trustee" of HSBC Mutual Fund. HSBC Trustees (India) Private Limited ("HTIP") was incorporated on 9 January 2024. Accordingly, HTIP has replaced the Board of Trustees of HSBC Mutual Fund w.e.f. 1 March 2024, and the Company through its Board of Directors has been discharging its obligations as the "Trustees" of the Fund from this date.
- 16 The Annual Accounts of the Schemes, prepared in accordance with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the "Act") read with the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time and clause 17.14 of SEBI Master Circular for Mutual Funds dated June 27, 2024, has been approved by the Board of Directors of HSBC Asset Management (India) Private Limited and HSBC Trustees (India) Private Limited at their meetings held on July 8, 2024 and July 19, 2024 respectively. The audit report attached herewith refers to the said Annual Accounts. The aforesaid abridged accounts are an extract of the Annual Accounts and are prepared in accordance with clause 5.4 and format no. 3.B under the section of formats of SEBI Master Circular for Mutual Funds dated June 27, 2024 and other relevant circulars issued by the Securities and Exchange Board of India from time to time.

Voting Policy and Procedures

In view of para 6.16 of SEBI Master Circular on Mutual Funds dated June 27, 2024 related to “Role of Mutual Funds in Corporate Governance of Public Listed Companies”, HSBC AMC has formulated its “Policy for Proxy Voting in Public Listed Companies”. The said policy is available on our website and the details of actual exercise of proxy votes, the summary of votes casted and the auditor’s certificate is forming part of our full Annual Report for the Financial Year 2023 – 24 which has been uploaded on our website at <http://www.assetmanagement.hsbc.co.in>

Statutory Details & Disclaimers

All the returns have been sourced from Mutual Funds India Explorer software. The performance of the schemes and the benchmark is calculated on a total return basis. This document has been prepared by HSBC Asset Management (India) Private Limited (HSBC) for information purposes only with an intent to provide market overview and should not be construed as an offer or solicitation of an offer for purchase of any of the funds of HSBC Mutual Fund. All information contained in this document (including that sourced from third parties), is obtained from sources, which HSBC/third party, believes to be reliable but which it has not been independently verified by HSBC/the third party. Further, HSBC/the third party makes no guarantee, representation or warranty and accepts no responsibility or liability as to the accuracy or completeness of such information. The information and opinions contained within the document are based upon publicly available information and rates of taxation applicable at the time of publication, which are subject to change from time to time.

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For disclosure of quarterly AUM/AAUM and AUM by geography, please visit our website at www.assetmanagement.hsbc.co.in. Investors are requested to note that as per SEBI (Mutual Funds) Regulations, 1996 and guidelines issued thereunder, HSBC AMC, its employees and/ or empaneled distributors/agents are forbidden from guaranteeing/promising/assuring/predicting any returns or future performances of the schemes of HSBC Mutual Fund. Hence, please do not rely upon any such statements/commitments. If you come across any such practices, please register a complaint via email at investor.line@mutualfunds.hsbc.co.in

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

Important Updates

Name and Date of Birth as per PAN card - Effective from June 1, 2024

As per recent regulatory requirement and changes advised by Income Tax Department in PAN validation process, now it is mandated to quote your Name(s) and DOB as per PAN card. To avoid any failure in such validations, we request investors to quote the Name(s) and DOB's of all the holders including Guardian, Power of Attorney (POA) holders as per PAN card.

Useful Links for self service options

- **Use our 24 x 7 Chatbot - "ASKME" for any queries or service request:**
visit: <https://invest.assetmanagement.hsbc.co.in>

SMS your request to HSBC Mutual Fund

- **Latest NAV :** Send SMS as HSBCMF NAV <Scheme Code> to 56767
Example: HSBCMF NAV F03
- **Valuation Service on registered mobile No. :** Send SMS as HSBCMF VAL <folio_number> to 56767
Example: HSBCMF VAL 123456
- **Annual Report :**
For Electronic Copy: Send SMS as HSBCMFARE <folio_number> to 567678080
Example: HSBCMF ARE 123456
For Physical Copy: Send SMS as HSBCMFARP <folio_number> to 567678080
Example: HSBCMF ARP 123456
- **Half Yearly Portfolio :**
For Electronic Copy: Send SMS as HSBCMFHPE <folio_number> to 567678080
Example: HSBCMF HPE 123456
For Physical Copy: Send SMS as HSBCMFHPP <folio_number> to 567678080
Example: HSBCMF HPP 123456

Missed Call Service

- You can give a missed call to 9212900020 to get the total valuation via SMS and a statement on your registered email ID

Book-Post

If undelivered please return to:

Computer Age Management Services Private Limited (CAMS)

Unit: HSBC Mutual Fund

New No. 10, M.G.R Salai, Nungambakkam, Chennai - 600034.

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

HSBC Asset Management (India) Private Limited

CIN NO: U74140MH2001PTC134220

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

Website : www.assetmanagement.hsbc.co.in

Description	Toll Free Number	Email ID
Investor related queries	1800-4190-200/1800-200-2434	investor.line@mutualfunds.hsbc.co.in
Online related queries	1800-4190-200/1800-200-2434	onlinemf@mutualfunds.hsbc.co.in
Investor (Dialing from abroad)	+91 44 39923900	investor.line@mutualfunds.hsbc.co.in

To get your updated account statement email us at : mfsoa@mutualfunds.hsbc.co.in

We're always here to help you, so feel free to reach out to us

Self-service request at your Fingertips

- Visit Website • Invest Online • Insta Statement • Download Forms
- Transact via Whats App • Use 24/7 ChatBot - Ask Me



Remember, you can also find out more via our social media handles !     

Please check our website www.assetmanagement.hsbc.co.in for an updated list of Official Points of Acceptance of HSBC Mutual Fund.

CAMS SERVICE CENTRES / CAMS LIMITED TRANSACTION POINTS / CAMS COLLECTION CENTRES

For details on CAMS Service Centres, please visit www.camsonline.com



HSBC Asia Pacific (Ex Japan) Dividend Yield Fund

An open ended fund of fund Scheme investing in HSBC Global Investments Fund - Asia Pacific Ex Japan Equity High Dividend Fund

Abridged Annual Report 2023 - 2024



SPONSOR

HSBC Securities and Capital Markets (India) Private Limited

CIN – U67120MH1994PTC081575

Regd. Office: 52/60, Mahatma Gandhi Road, Fort, Mumbai 400001.

TRUSTEE COMPANY

HSBC Trustees (India) Private Limited

CIN – U66190MH2024PTC416973

Regd. Office: 52/60, Mahatma Gandhi Road, Fort, Mumbai 400001.

ASSET MANAGEMENT COMPANY

HSBC Asset Management (India) Private Limited

CIN – U74140MH2001PTC134220

Regd. Office: 9-11 Floors, NESCO IT Park, Building No. 3,
Western Express Highway, Goregaon (East), Mumbai 400063.

CUSTODIAN

Citibank N.A.

First International Financial Center (IFC), 9th Floor,
C-54 & 55, G – Block, Bandra Kurla Complex, Bandra (East), Mumbai 400051.

AUDITORS TO THE SCHEME

MSKA & Associates

Chartered Accountants

602, Floor 6, Raheja Titanium, Western Express Highway,
Geetanjali Railway Colony, Ram Nagar, Goregaon (East), Mumbai 400063.

REGISTRAR & TRANSFER AGENTS

Computer Age Management Services Limited (CAMS)

Unit: HSBC Mutual Fund

New No. 10, M.G.R Salai, Nungambakkam, Chennai 600034.

BOARD OF TRUSTEES

Ms. Jasmine Batliwalla	– Chairperson
Mr. Nani Javeri	– Trustee
Mr. David Rasquinha	– Trustee
Mr. Nicolas Moreau	– Trustee

BOARD OF DIRECTORS

Dr. Indu Shahani	– Director
Mr. Kapil Seth	– Director
Ms. Roopa Varma	– Director
Mr. Kailash Kulkarni	– Director & Chief Executive Officer

Dear Investor,

As we reflect on the past year, I am filled with pride and optimism about the future of our company and overall growth of the mutual fund industry. The past year has marked significant milestones in our journey, particularly as we capitalise on the immense potential of India's burgeoning growth story.

Fiscal 2024 turned out to be one of the best years for the domestic mutual fund industry as assets under management (AUM) spurted by nearly Rs. 14 lakh crore to a record Rs. 53.40 lakh crore as of March 2024 compared with Rs. 39.42 lakh crore as of March 2023.

The mutual fund industry is experiencing immense growth and we are poised to take advantage of this upward trajectory. Our company is an integral part of this growth story, riding the wave with several strategic initiatives and accomplishments that have set us on a path of sustained success.



Major achievements post integration

- Post integration we have enhanced our digital offering for both B2B and B2C to provide improved customer journeys.
- HSBC AM India's AUM increased from USD 1.4 bn (before integration) to USD 13.7 bn as of April 2024.
- HSBC Asset Management India has now become the 14th largest asset manager in India in terms of AUM.
- HSBC AM India has launched 4 new products since integration (raising \$445M).
- We have expanded HSBC AM India's product offerings to 43 funds.

Key Achievements in FY2023-2024

Investment Performance: Our disciplined investment strategy and thorough research have been pivotal to our success. We have focused on high-quality, undervalued assets, achieving consistent returns across our portfolio.

Product Innovation: This year, we launched two new funds - HSBC Multi Asset Allocation Fund and HSBC Consumption Fund, tailored to meet the evolving needs of our investors. These new offerings have been well-received, contributing to our growth in AUM significantly.

Increased Media Presence: In FY24, we significantly boosted our media presence, ensuring that our brand and thought leadership are recognized across various platforms. Through strategic media engagements like Informed Investing with ET Now, talks shows and several authored articles plus interviews - we have amplified our message, reaching a broader audience and reinforcing our market position.

Successful Campaign Launch: We successfully launched SIP Hai #FaydeWaliAadat, an investor education campaign, that highlighted the transformative power of SIPs in achieving long-term financial

goals. A first of its kind campaign, it aimed at educating and empowering the millennial investors in India. The campaign garnered significant attention and positive feedback, strengthening our brand presence and engaging a wider audience. Notably, the campaign has also earned us prestigious awards and accolades highlighting our commitment to excellence and innovation.

Client Relationships: We have strengthened our client relationships through enhanced communication, transparency, and personalized service. Our client satisfaction scores have reached new heights, reflecting our commitment to exceptional service.

We believe that the India story has just begun and its economic landscape is poised for significant growth. An exposure to unique and future relevant themes can provide a much-needed inflation buffer. The importance of asset allocation continues to be critical. It is critical for all of us to review our risk appetite and goal proximity and construct a portfolio appropriately.

Besides construction, portfolio rebalancing is equally important in order to achieve optimal outcomes. I do hope you share my enthusiasm and I ask that you continue to invest whilst reviewing your asset allocation at all times.

I would like to express my sincere gratitude to our dedicated team, whose expertise and commitment are the backbone of our success. To our investors, thank you for your trust and continued support. Your confidence in our approach motivates us to strive for excellence in everything we do. Also, I want to express my deepest gratitude to our valuable partners for their unwavering support and keep our services running. Look forward to achieving even grater milestones together.

As we move forward, we remain committed to delivering superior investment performance, fostering strong client relationships, and driving sustainable growth. Together, we are well-positioned to navigate the future and achieve our goals.

Warm regards,

A handwritten signature in black ink, appearing to read 'Kailash Kulkarni', with a horizontal line underneath.

Kailash Kulkarni

Chief Executive Officer

HSBC Asset Management India

Trustees' Report

For the year ended March 31, 2024

The Board of Directors of HSBC Trustees (India) Private Limited, Trustees of HSBC Mutual Fund present the Twenty Second Annual Report and the audited abridged financial statements of the schemes of the HSBC Mutual Fund ('the Fund') for the year ended March 31, 2024.

With the acquisition of L&T Mutual Fund in the previous financial year, the Fund's Assets Under Management ('AUM') (excluding Domestic FOFs) as on March 31, 2024 was INR 109368.16 crores (audited). The Fund ranks in the top 15 Mutual Fund houses in India in terms of AUM.

As at March 31, 2024, the Fund offered 43 schemes across asset classes to meet the varying investment needs of the investors. During the year, the Fund launched two new products namely HSBC Consumption Fund and HSBC Multi Asset Allocation Fund in Equity and Hybrid categories.

The Fund continues its focus on delivering consistent long-term returns. The comments on the performance of the scheme(s) are provided hereinafter. Dividends were declared under various schemes as per the provisions contained in the respective Scheme Information Documents after considering the distributable surplus available under the respective plans of the schemes. Details of dividends declared can be viewed on our website at www.assetmanagement.hsbc.co.in.

During the year, HSBC Securities and Capital Markets (India) Private Limited ("HSCI"), Sponsors of the Fund established a private limited company with limited liability to act as the "Trustees" of the Fund. HSBC Trustees (India) Private Limited ("HTIP") was incorporated on 9 January 2024. Accordingly, HTIP has replaced the Board of Trustees of HSBC Mutual Fund w.e.f. 1 March 2024, and the Company through its Board of Directors has been discharging its obligations as the "Trustees" of the Fund from this date.

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

a. Operations and Performance of the Scheme

HSBC Asia Pacific (Ex Japan) Dividend Yield Fund (HAPDF)

(An open-ended fund of fund scheme investing in HSBC Global Investments Fund - Asia Pacific Ex Japan Equity High Dividend Fund)

HAPDF seeks to provide long term capital appreciation by investing predominantly in units of HSBC Global Investment Funds (HGIF) Asia Pacific Ex Japan Equity High Dividend Fund. The Scheme may, also invest a certain proportion of its corpus in money market instruments and/or units of liquid mutual fund schemes, in order to meet liquidity requirements from time to time. However, there is no assurance that the investment objective of the Scheme will be achieved.

The net assets of HAPDF amounted to INR 6.31 crores as at March 31, 2024 as against INR 9.90 crores as at March 31, 2023. Around 98.91% of the net assets were invested in mutual fund units, 4.93% of the net assets were invested in reverse repos/TREPS and (3.84%) in net current assets as at March 31, 2024.

The performance is largely driven by underlying equity fund. The outperformance has been driven primarily by the outperformance of the underlying HSBC Global Investment Funds - Asia Pacific ex Japan Equity High Dividend Fund compared to MSCI AC Asia Pacific ex Japan TRI.

HSBC Asia Pacific (Ex Japan) Dividend Yield Fund					Date of Inception : 24 February, 2014			
Fund / Benchmark (Value of ₹ 10,000 invested)	1 Year		3 Years		5 Years		Since Inception	
	Amount (₹)	Returns (%)	Amount (₹)	Returns (%)	Amount (₹)	Returns (%)	Amount (₹)	Returns (%)
HSBC Asia Pacific (Ex Japan) Dividend Yield Fund	10708	7.12	10021	0.07	13607	6.35	19358	6.76
Scheme Benchmark (MSCI AC Asia Pacific ex Japan TRI)	10659	6.63	9717	-0.95	13789	6.63	20569	7.40
Additional Benchmark (Nifty 50 TRI)	13008	30.27	15736	16.35	20356	15.27	40780	14.94

Trustees’ Report

For the year ended March 31, 2024 (Contd...)

Past performance may or may not be sustained in future. Returns have been calculated for the respective periods for Growth Option of Regular Plan as on last business day of the month i.e. March 28, 2024 due to non-availability of benchmark indices as of March 31, 2024. Returns on ₹ 10,000 are point-to-point returns for the specific time period, invested at the start of the period. Returns for 1 year and above are Compounded Annualized. Different plans shall have a different expense structure. Performance of the respective benchmark is calculated as per the Total Return Index (TRI).

Risk-o-meter as of 31st March, 2024:

Scheme Name	Scheme Risk-o-meter	Benchmark Risk-o-meter
HSBC Asia Pacific (Ex Japan) Dividend Yield Fund	 Investors understand that their principal will be at Very High risk	Benchmark Index: MSCI AC Asia Pacific ex Japan TRI 

Please note that the above risk-o-meter is as per the product labelling of the Scheme basis Scheme's monthly portfolio as on March 31, 2024.

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

➤ EQUITY OUTLOOK

Recap of FY 2023-24:

FY24 was a stellar year for the Indian equity markets with strong economic momentum, healthy earnings growth and strong inflows from domestic and foreign institutional investors and strong retail participation driving a broad-based bull market. The Nifty and Sensex were up a solid 30.1%/26.5% respectively during the year, while the BSE Midcap and BSE Smallcap indices gained an astounding 65.2% and 61.4% respectively.

While geo-political conflicts continued in FY24, their impact on crude and global supply chains moderated. Crude prices largely remained range bound during the year. Inflation barring a brief spike largely remained well contained, the economy gained further steam with GDP growth crossing 8% in H1FY24 supported by government thrust on infrastructure. This translated into strong growth for several core sector industries including steel and cement. The growth in the real estate sector has been strong with inventory continuing to decline in metro markets. However, lagged impact of price increases continued to impinge on consumer demand growth which remained subdued for most mass market categories.

Domestic cyclical were the best performing sectors during the year led by Real Estate, Capital Goods, Autos. Power was also among the best performing sectors. Global cyclical like Metals and Oil & Gas also strongly outperformed the Nifty. FMCG and Banking while delivering healthy positive returns underperformed the Nifty, while IT performance was closer to Nifty.

MSCI India index outperformed most of key global indices during the past fiscal. MSCI India index (USD) gained 35.5% as compared to 23.1% gain for MSCI World, 27.9% for US S&P 500, 11.0% for MSCI Europe and only 5.3% for MSCI Emerging Markets as MSCI China declined 19.0% over the period.

Strong performance of the market and subsiding global macro headwinds drove a sharp turnaround in foreign investment flows. FII net inflow was at USD 25.3bn in FY24 versus an outflow of USD 6.0bn/ 17.1bn in FY23/ FY22. DIs, on the other hand, matched FII inflow with an inflow of USD 25.3bn although it was lower than the net inflows at USD 30.8bn in FY23. Within DIs, the MF segment was the key contributor (USD 24.3 bn of net inflows up from USD 21.8bn in FY23) while domestic Insurers were also in the net inflow territory (USD 1.0bn of net inflows vs USD 9.0bn in FY23).

Source: Motilal Oswal

Trustees' Report

For the year ended March 31, 2024 (Contd...)

Indices Returns (April 01, 2023 to March 31, 2024)	1 Year [^]
S&P BSE Sensex TR	26.5%
NSE CNX Nifty TR	30.1%
S&P BSE 100 TR	34.2%
S&P BSE 200 TR	38.5%
S&P BSE 500 TR	40.2%
S&P BSE Midcap TR	65.2%
S&P BSE Small-cap TR	61.4%

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

Way forward:

The global macro environment remains challenging with heightened geo-political and economic uncertainties. US bond yields remain high putting pressure on interest rates and currencies globally. For India, growth has continued to remain strong with GDP growth of 8.4% in Q3FY24 driven by strong government spending on infrastructure and pickup in manufacturing and construction. The 2024 interim budget has re-affirmed government focus on infrastructure. At the same time reduction in fiscal deficit should also help in easing of domestic interest rates. However, after last year's patchy monsoon, a good monsoon will be an important factor for rural demand and overall consumption growth in the economy in FY25.

India starts FY25 on a strong footing with positive growth momentum and India's investment cycle is expected to be on a medium-term uptrend supported by rising government investment in infrastructure and recovery in real estate cycle. There is also an expectation of higher private investments in renewable energy and related supply chain, localization of higher-end technology components, and India becoming a more meaningful part of global supply chains. Finally, it is expected for consumption to improve as the impact of high inflation fades and real incomes start to grow again.

However, several of these positives are getting discounted by the high valuations currently prevailing in the equity market. While the fund managers remain constructive on Indian equities supported by the more robust medium-term growth outlook there is a caution against high return expectations. Nifty continues to trade on 20.6x consensus 1 year forward PE (as of 30 April). On a 10-year basis, Nifty is still trading 10% above its historic average valuation but is in-line with its 5-year average. Valuations of the midcap and small cap indices are even higher versus their historical average.

➤ DEBT OUTLOOK

Market drivers during the course of the year FY 2024

The year started with advanced economies continuing to grapple with higher inflation and policy tightening remained a common theme across economies. During FY2024, the Federal Open Market Committee (FOMC) raised policy rates by 50 bps while European Central Bank (ECB) and Bank of England (BOE) raised policy rates by 100 bps each. The cumulative rate hikes by various advanced economies in this cycle are as follows: Fed (525 bps), BOE (515 bps) and ECB (450 bps). Meanwhile cumulative rate hikes by the Monetary Policy Committee (MPC) in this cycle was 250 bps. On account of higher Government debt burden, Fitch downgraded US sovereign rating from AAA to AA+. US Treasury yields remained volatile during the year, with the 10-year benchmark rising higher by 73 bps during the year. Crude prices also moved higher by USD 7-8/bbl.

On the domestic front, Consumer price Index (CPI) inflation remained broadly in the upper end of the MPC's targeted band of 4% +/- 2% for most the financial year, however, inflation printed above 6% on two occasions due to high food inflation. Headline inflation remained susceptible to high food inflation with markets now expecting some relief of food prices on the back of normal monsoon. Core inflation eased through the year falling to below 4% in the last quarter.

Trustees' Report

For the year ended March 31, 2024 (Contd...)

Domestically, one of the biggest events during the year was the much-awaited index inclusion of Indian Government Bonds (IGBs) into the GBI-EM Global index suite and its relevant benchmarks. India is expected to reach the maximum weight of 10% in the GBI-EM Global Diversified Index (GBI-EM GD), with the inclusion staggered over a 10-month period starting June 2024. Following this, Bloomberg also included IGBs in their Bloomberg EM Local Currency Index, with India expected to reach a maximum weight of 10% over a 10-month period starting Jan 2025. Both these inclusions are expected to bring in INR 25-30 bn of index related FPI inflows over the next 1-2 years and paving the way for inclusion into other global bond indices as well. During FY2024, FPIs poured in close USD 12 bn into IGBs, with majority of the inflows coming in post the JP Morgan index inclusion announcement.

Government continued its path of fiscal consolidation, with the revised estimate of the Fiscal deficit for FY2024 coming in at 5.6%, with expectations for FY2025 at 5.1% and target of below 4.5% by FY2026. PMI numbers continue to remain in expansion, GST revenues remain buoyant and credit off-take upbeat.

The external sector has remained strong due to healthy service exports and remittances. Current Account Deficit (CAD) is expected to be around 1% for the year. Rupee remained one of the more stable currencies during the year, with active intervention from RBI smoothening any volatility. RBI continued to build on the FX reserves with year-end number around USD 650 bn.

Money market rates moved higher during the year due to tightening in liquidity along with higher Certificate of Deposit (CD) issuances. G-Sec yields, however, moved lower due to favorable demand supply and lower G-Sec borrowing. 10-year G-Sec moved lower during the year by 25 bps, while 5 yr G-Sec moved lower by 13 bps.

Market Outlook

While US markets have braced for "higher for longer" rates, we have seen in the past, that reactions to favorable data in such an environment can be sharp. Any softness in growth, employment or inflation data over the next few months will allow the markets to quickly start pricing in aggressive future policy easing. In our view, the RBI is also likely to gradually shift the liquidity deficit into surplus over the course of the next 3-6 months, flipping overnight rates from the top to the bottom of the rate corridor. The yield curve is likely to steepen as liquidity eases. This along with a potential 50 bps of policy easing in first half of CY2025 may push overnight rates lower by 75-100 bps.

While any form of additional spending by the new Government to address concerns of rural sections of the country and the possibility of additional spending to fund such policies will remain a key monitorable, it is believed the Government is likely to remain cognizant of the possible impact of such policies and take measured steps. With the dust settling down on the election outcome, the broad macroeconomic factors should continue to remain stable and could support softening in domestic yields going forward.

The Fund Managers continue to have a positive outlook for interest rates, based on various favorable factors: (a) Record RBI dividend to the Government, (b) reduced Fiscal deficit number of 5.6%, (c) favorable G-Sec supply demand dynamics, (d) FPI index related inflows, (e) revised outlook in India by S&P, (f) soft core inflation along with expectations of a better than normal monsoon, and finally (g) soft signals by Government and RBI on liquidity.

Source: RBI, Bloomberg, Internal HSBC Research & CCIL

2. BRIEF BACKGROUND OF THE SPONSORS, THE FUND, THE TRUSTEES AND THE ASSET MANAGEMENT COMPANY

A. Sponsor

HSBC Mutual Fund is sponsored by HSBC Securities and Capital Markets (India) Private Limited (HSCI). The Sponsor is the Settler of the Mutual Fund Trust. The Sponsor has entrusted a sum of Rs. 1,00,000/- (Rupees One Lakh only) to the Trustee as the initial contribution towards the corpus of the Mutual Fund.

HSCI offers integrated investment banking services, securities and corporate finance & advisory. HSCI is a member of the Bombay Stock Exchange Limited and National Stock Exchange (capital and derivative market segments). HSCI holds 100% of the paid-up equity share capital of HSBC Asset Management (India) Private Limited.

Trustees' Report

For the year ended March 31, 2024 (Contd...)

B. HSBC Mutual Fund

HSBC Mutual Fund ("the Mutual Fund" or "the Fund") has been constituted as a Trust in accordance with the provisions of the Indian Trusts Act, 1882 (2 of 1882) vide a Trust Deed dated February 7, 2002 (as amended) with HSBC Securities and Capital Markets (India) Private Limited, as the Sponsor and HSBC Trustees (India) Private Limited. The Trustee has entered into an Investment Management Agreement dated February 7, 2002 (as amended) with HSBC Asset Management (India) Private Limited (AMC) to function as the Investment Manager for all the schemes of the Fund. The Fund was registered with SEBI vide registration number MF/046/02/5 dated May 27, 2002.

The Trust has been formed for the purpose of pooling of capital from the public for collective investment in securities for the purpose of providing facilities for participation by persons as beneficiaries in such investments and in the profits/income arising therefrom.

C. HSBC Trustees (India) Private Limited (the Trustees)

The Trustees are the exclusive owner of the Trust Fund and holds the same in trust for the benefit of the unitholders. The Trustees have been discharging their duties and carrying out the responsibilities as provided in the SEBI (Mutual Funds) Regulations, 1996 and the Trust Deed. The Trustees seek to ensure that the Fund and the schemes floated there under are managed by the AMC in accordance with the Trust Deed, the said Regulations, directions and guidelines issued by the SEBI, the Stock Exchanges, the Association of Mutual Funds in India and other regulatory agencies.

During the year, HSBC Securities and Capital Markets (India) Private Limited ("HSCI"), Sponsors of HSBC Mutual Fund) established a private limited company with limited liability to act as the "Trustee" of HSBC Mutual Fund. HSBC Trustees (India) Private Limited ("HTIP") was incorporated on 9 January 2024. Accordingly, HTIP has replaced the Board of Trustees of HSBC Mutual Fund w.e.f. 1 March 2024, and the Company through its Board of Directors has been discharging its obligations as the "Trustees" of the Fund from this date.

As of March 31, 2024, HSCI holds 100% of the paid-up equity share capital of HTIP.

D. Asset Management Company (the AMC)

HSBC Asset Management (India) Private Limited (the Investment Manager or the AMC) is a private limited company incorporated under the Companies Act, 1956 on December 12, 2001 having its Registered Office at 9-11 Floors, NESCO IT Park, Building no. 3, Western Express Highway, Goregaon (East), Mumbai – 400 063. HSBC Asset Management (India) Private Limited has been appointed as the Asset Management Company of HSBC Mutual Fund by the Trustee vide Investment Management Agreement (IMA) dated February 7, 2002 (as amended) and executed between the Trustees and the AMC. SEBI approved the AMC to act as the Investment Manager of the Fund vide its letter No. MFD/BC/163/2002 dated May 27, 2002. The paid-up equity share capital of the AMC is Rs. 344.41 crores. The AMC is registered as a Portfolio Manager under the SEBI (Portfolio Managers) Regulations, 1993 vide registration no. INP000001322. The AMC also offers non-binding Advisory services to offshore funds under the mutual fund license.

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

3. INVESTMENT OBJECTIVE OF THE SCHEMES

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

4. SIGNIFICANT ACCOUNTING POLICIES

The Significant Accounting Policies form part of the Notes to the Accounts annexed to the Balance Sheet of the Schemes in the Full Annual Report. The accounting policies are in accordance with Securities Exchange Board of India (Mutual Funds) Regulations, 1996 and Indian Accounting Standards (IND AS) notified under section 133 of the Companies Act, 2013 (the "Act" read with the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time).

Trustees’ Report
For the year ended March 31, 2024 (Contd...)

5. UNCLAIMED DIVIDENDS & REDEMPTIONS

Summary of number of investors & corresponding amount as on March 31, 2024:

Scheme Name	Unclaimed Dividend		Unclaimed Redemption	
	No. of Investors	Amount (₹)	No. of Investors	Amount (₹)
HSBC Asia Pacific (Ex Japan) Div Yield Fund	6	42,245.99	3	38,306.42

6. INVESTOR SERVICES

The number of official points of acceptance of transactions are 210 locations. In addition to the offices of the Registrar & Transfer Agent, the AMC has its own office in 61 locations and Investor Service Centers in 39 locations. The AMC has 2 Toll Free numbers (1800-4190-200/1800-200-2434) which can be dialed from anywhere in India and 1 number i.e. +91 44 39923900 (Investors calling from abroad). The call center service is being managed by the Registrar and Transfer Agents. HSBC Mutual Fund offers the online transaction facility through the AMC’s website at www.assetmanagement.hsbc.co.in.

On the distribution front, the number of empaneled distributors were 59046 as on March 31, 2024. During the year, the AMC initiated tie-ups for online distribution of the Mutual Fund’s schemes with several channel partners taking the total number of such tie-ups to 160 as on March 31, 2024.

7. DETAILS OF INVESTOR GRIEVANCE REDRESSAL

The details of the redressal of investor complaints received against HSBC Mutual Fund during April 2023 - March 2024 are as follows:

2023-2024												
Complaint code	Type of Complaint	(a) No. of complaints pending at the beginning of the period	(b) No. of complaints received during the given period	Action on (a) and (b)								
				Resolved				Non Action-able*	Pending			
				Within 30 days	30-60 days	60-180 days	Beyond 180 days		0-3 months	3-6 months	6-9 months	9-12 months
I A	Non receipt of amount declared under Income Distribution cum Capital Withdrawal option	1	10	11	0	0	0	0	0	0	0	0
I B	Interest on delayed payment of amount declared under Income Distribution cum Capital Withdrawal option	0	1	1	0	0	0	0	0	0	0	0
I C	Non receipt of Redemption Proceeds	1	38	39	0	0	0	0	0	0	0	0
I D	Interest on delayed payment of Redemption	0	2	2	0	0	0	0	0	0	0	0
II A	Non receipt of Statement of Account/Unit Certificate	0	3	3	0	0	0	0	0	0	0	0
II B	Discrepancy in Statement of Account	1	22	23	0	0	0	0	0	0	0	0
II C	Data corrections in Investor details	1	250	249	0	0	0	0	2	0	0	0
II D	Non receipt of Annual Report/ Abridged Summary	0	0	0	0	0	0	0	0	0	0	0
III A	Wrong switch between Schemes	0	2	2	0	0	0	0	0	0	0	0
III B	Unauthorized switch between Schemes	0	1	1	0	0	0	0	0	0	0	0
III C	Deviation from Scheme attributes	0	1	1	0	0	0	0	0	0	0	0
III D	Wrong or excess charges/load	0	0	0	0	0	0	0	0	0	0	0

Trustees' Report

For the year ended March 31, 2024 (Contd...)

2023-2024												
Com- plaint code	Type of Complaint	(a) No. of complaints pending at the begin- ning of the period	(b) No. of com- plaints received during the given period	Action on (a) and (b)								
				Resolved				Non Action- able*	Pending			
				Within 30 days	30-60 days	60-180 days	Beyond 180 days		0-3 months	3-6 months	6-9 months	9-12 months
III E	Non updation of changes viz. address, PAN, bank details, nomination, etc	1	127	127	0	0	0	0	1	0	0	0
III F	Delay in allotment of Units	0	5	4	1	0	0	0	0	0	0	0
III G	Unauthorized Redemption	0	0	0	0	0	0	0	0	0	0	0
IV	Others**	1	78	76	0	0	0	0	3	0	0	0
	TOTAL	6	540	539	1	0	0	0	6	0	0	0

** As per AMFI Best Practice Guidelines Circular No.25/2011-12 for Revisions in the Guidelines on Standardization of Complaints / Grievances Reporting Procedure. If "Others" include a type of complaint which is more than 10% of overall complaints, then such a reason should be provided separately. Hence, data corrections in Investor Details are included as a separate category.

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

Summary of Complaints for FY 2023-24

Particulars	Count
Total complaints received	540
Total number of folios	21,39,406
% of complaints against the folio	0.025

8. INVESTOR EDUCATION INITIATIVES

During the FY 2023-24, the AMC conducted the following investor education and awareness initiatives:

- An integrated multi-media marketing campaign on SIP Hai 'FaydeWaliAadat' aimed to tap into the aspirations, financial goals, and unique spending habits of millennials.
- Editorial content on Systematic Investment Plans (SIP) created across 15 states through various regional television channels.
- Investor education content on the Platform - Quora.
- 'Be Money Confident' video series targeting women through Jio Platforms.
- Campaign on Women & Investing for Women's Day.
- Campaign for Marathon enthusiast on the similarities between running a Marathon & Investing.
- Financial literacy virtual event on the occasion of Mother's Day, which received more than 725 registered users.
- A mom blogger outreach program to reach Women Investors with financial education content on MF on the occasion of Mother's Day.
- Education campaign on ELSS executed for working audiences.
- Blogs and content for Investor Education properties like SIP Sahi Hai in Value Research, Gyan Guroovaar on Facebook, Investment Ki Paathshala on the website and investor education blogs on the platform - Advisor Khoj.
- 1,462 Investor Education programs to reach out to an audience of 71,465 people out of which 458 were women programs attended by 20,139 women.

Trustees' Report

For the year ended March 31, 2024 (Contd...)

9. PROXY VOTING POLICY

As per para 6.16 of SEBI Master Circular on Mutual Funds dated June 27, 2024, the Fund has adopted Proxy Voting Policy and Procedures for exercising voting rights in respect of securities held by the Schemes. (please refer Proxy Voting Policy and Procedures)

The summary of the votes casted in the general meetings of the Investee companies, by the AMC for and on behalf of the Schemes of the Fund, for the financial year 2023-24 is provided below:

Quarter	Total no. of resolutions	Break-up of Vote decision		
		For	Against	Abstained
April 2023 - June 2023	387	260	75	52
July 2023 - September 2023	2,169	1607	448	114
October 2023 - December 2023	197	138	37	22
January 2024 - March 2024	319	240	50	29
TOTAL	3,072	2,245	610	217

As per para 6.16.7 of SEBI Master Circular on Mutual Funds dated June 27, 2024, the AMC has obtained certificate from M/s. M. P. Chitale & Co., Chartered Accountants, who is acting as a Scrutinizer, on the voting report for the FY 2023-24. The certificate dated May 22, 2024 issued by M/s. M. P. Chitale & Co., is available on the website of the AMC as part of the full Annual Report.

Unitholders can refer to the full Annual Report for complete details of actual exercise of votes in the general meetings of the investee companies for the financial year 2023-24 or log on to our website at www.assetmanagement.hsbc.co.in.

10. STATUTORY DETAILS

- The Sponsors are not responsible or liable for any loss resulting from the operation of the Schemes of the Fund beyond initial contribution of Rs. 1 lakh for setting up the Fund.
- The price and redemption value of the units, and income from them, can go up as well as down with fluctuations in the market value of its underlying investments.
- Full Annual Report of HSBC Mutual Fund and of HSBC Asset Management (India) Private Limited (the AMC) shall be disclosed on the website at www.assetmanagement.hsbc.co.in and shall be available for inspection at the Head Office of the Mutual Fund. Present and prospective unitholders can obtain copy of the Trust Deed, the full Annual Report of the Scheme(s), the Annual Report of HSBC Asset Management (India) Private Limited and the text of the relevant Scheme(s) at a price.

11. CHANGES IN RISK-O-METER OF THE SCHEME DURING FY 2023-24

As per para 17.4. of SEBI Master Circular on Mutual Funds dated June 27, 2024 on product labelling, the changes carried out in the risk-o-meter of the schemes of HSBC Mutual Fund during FY 2023-24 have been given in the below mentioned table for the information of the unitholders, a report on the said changes has also been displayed on the website of the Fund and AMFI.

Scheme Name	Risk-o-meter level as on March 31, 2023	Risk-o-meter level as on March 31, 2024	Number of changes in Risk-o-meter during the F.Y. 2023-24)
HSBC Asia Pacific (Ex Japan) Dividend Yield Fund	Very High	Very High	0

Trustees' Report

For the year ended March 31, 2024 (Contd...)

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

As per para 6.16.15 of SEBI Master Circular on Mutual Funds dated June 27, 2024, HSBC Mutual Fund has adapted the policy on stewardship responsibilities, the unitholders are requested to note the status of governance with the same as mentioned below:

S. No.	Particulars of Principles of Stewardship Code	Status of compliance (Complied/ Not Complied)	Description	Remarks/ reasons for deviation/non-compliance, if any
1	Principle 1: Institutional Investors should formulate a comprehensive policy on the discharge of their stewardship responsibilities, publicly disclose it, review and update it periodically.	Complied	HSBC Asset Management (India) Private Limited's (AMIN) 'Policy on Stewardship responsibilities' (Stewardship Code/ Policy) was formulated and implemented on 01 July, 2020. This is a comprehensive document which has been publicly disclosed on the website of AMIN. The same shall follow a periodic review.	N.A.
2	Principle 2: Institutional investors should have a clear policy on how they manage conflicts of interest in fulfilling their stewardship responsibilities and publicly disclose it.	Complied	Defining and managing Conflict of Interest in fulfilling stewardship responsibilities are detailed in the Stewardship Policy document. The policy document is publicly disclosed.	N.A.
3	Principle 3: Institutional investors should monitor their investee companies.	Complied	AMIN monitors all investee companies through its investment process. This includes assessment of companies' own and market data, consideration of research from brokers and other independent research providers – including ESG & voting research, attending individual & group meetings with company management and directors, visiting production sites (wherever necessary), engaging with key stakeholders including competitors and customers, and financial modelling. More details enumerated in the policy document	N.A.
4	Principle 4: Institutional investors should have a clear policy on intervention in their investee companies. Institutional investors should also have a clear policy for collaboration with other institutional investors where required, to preserve the interests of the ultimate investors, which should be disclosed.	Complied	Details of undertaking active engagement with investee companies and the policy for collaboration with other institutional holders are detailed in the policy document. The policy document is publicly disclosed.	N.A.

Trustees’ Report
For the year ended March 31, 2024 (Contd...)

S. No.	Particulars of Principles of Stewardship Code	Status of compliance (Complied/ Not Complied)	Description	Remarks/ reasons for deviation/non-compliance, if any
5	Principle 5: Institutional investors should have a clear policy on voting and disclosure of voting activity.	Complied	AMIN has a clear and detailed voting policy which provides the framework for the voting decisions. All voting decisions shall be in accordance with AMIN's Voting Policy and Procedures, which is disclosed on the website. AMIN discloses the details of the voting on its website on a quarterly basis within 10 working days from the end of the quarter. Additionally, AMIN also discloses the details of the votes cast, in the annual report of the schemes of HSBC Mutual Fund.	N.A.
6	Principle 6: Institutional investors should report periodically on their stewardship activities.	Complied	The annual status report of the stewardship code and quarterly report on proxy voting are publicly disclosed on the website as required under SEBI Regulations.	N.A.

13. DISCLOSURES PERTAINING TO NAV ADJUSTED DURING THE FINANCIAL YEAR FOR SWING FACTOR ALONG WITH THE PERFORMANCE IMPACT

Sr No.	Period of applicability of swing pricing	Scheme Name	Unswung NAV	Swing factor applied	Whether optional or mandatory
NIL					

14. SIGNIFICANT EVENT AFTER THE END OF THE FINANCIAL YEAR

NIL

15. ACKNOWLEDGEMENTS

The Trustees wish to thank the unitholders of the Schemes for their support throughout the year, and also thank the Government of India, the Securities and Exchange Board of India (SEBI), the Reserve Bank of India (RBI) and the Association of Mutual Funds in India (AMFI) for the guidance provided by them. The Trustees also appreciate the services provided by the Registrar and Transfer Agent, Fund Accountant, Custodian, Bankers, Distributors and Brokers. The guidance and services provided by the auditors and advocates and the ebullience, sincerity and dedication of the employees of HSBC Asset Management (India) Private Limited is also appreciated.

The Trustees look forward to the continued support of everyone.

For and on behalf of **HSBC Trustees (India) Private Ltd.**

Sd/-

Director

Mumbai

July 19, 2024

Independent Auditors' Report

To the Board of Directors of HSBC Trustees (India) Private Limited (the "Trustee")

HSBC Asia Pacific (Ex Japan) Div Yield Fund

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **HSBC Asia Pacific(Ex Japan) Div Yield Fund** (the "Scheme") of HSBC Mutual Fund (the "Fund"), which comprise the Balance Sheet as at March 31, 2024, the Revenue Account and the Cash Flow Statement for the year then ended, and notes to the financial statements, including a summary of material accounting policy and other explanatory information.

In our opinion, and to the best of our information and according to the explanations given to us, the aforesaid financial statements of the Scheme give a true and fair view in conformity with the Indian Accounting Standards ("Ind AS") prescribed under section 133 of the Companies Act, 2013 (the "Act") read with Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India, including the accounting policies and standards specified in the Regulation 50 and Ninth Schedule to the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 ("the SEBI Regulations") (collectively referred to as the "Regulations") as amended:

- a. in the case of the Balance Sheet, of the state of affairs of the Scheme as at March 31, 2024;
- b. in the case of the Revenue Account, of the net surplus for the year ended on that date; and
- c. in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing ("SAs") and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India (the "ICAI"). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Scheme in accordance with the Code of Ethics issued by the ICAI together with the ethical requirements that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Information Other than the Financial Statements and Auditor's Report Thereon

The Board of Directors of HSBC Asset Management (India) Private Limited (the "AMC") and the Board of Directors of HSBC Trustees (India) Private Limited (the "Trustees") (collectively referred to as "the Management") are responsible for the other information. The other information comprises the information included in the Trustees report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

The Management is responsible for the preparation of these financial statements that give a true and fair view of the state of affairs, results of operations and cash flows of the Scheme in accordance with the accounting principles generally accepted in India, including the accounting policies and standards specified in Regulations. This responsibility also includes maintenance of adequate accounting records in accordance with the SEBI Regulations for safeguarding of the assets of the Scheme and for preventing and detecting frauds and other

Independent Auditors' Report (Contd...)

irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Management is responsible for assessing the Scheme's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management, either intends to liquidate the Scheme or to cease operations, or has no realistic alternative but to do so.

Those Charged with Governance are also responsible for overseeing the Scheme's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Scheme's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Scheme to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide to those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Independent Auditors' Report (Contd...)

Report on Other Legal and Regulatory Requirements

1. As required by regulation 55(4) and clause 5(ii)(2) of the Eleventh Schedule of the SEBI Regulations, we report that:
 - a. we have sought and obtained all the information and explanations which, to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b. in our opinion, the Balance Sheet and the Revenue Account dealt with by this report have been prepared in accordance with the accounting policies and standards specified in the Regulations; and
 - c. the Balance Sheet, the Revenue Account and the Cash Flow Statement, dealt with by this report are in agreement with the books of accounts of the Scheme.
2. On the basis of information and explanations given to us, the scheme does not have any non-traded securities as at March 31, 2024 and hence reporting requirement of Eighth Schedule of the SEBI Regulations is not applicable.

For **M S K A & Associates**
Chartered Accountants
ICAI Firm Registration No. 105047W

Swapnil Kale
Partner
Membership No. 117812
UDIN: 24117812BKFISN2727

Place : Mumbai
Date : July 19, 2024

Abridged Balance Sheet as at March 31, 2024

Rs. in Lakhs			
	As at March 31, 2024	As at March 31, 2023	As at April 1, 2022
LIABILITIES			
1 Unit Capital	318.70	458.91	508.19
2 Reserves & Surplus			
2.1 Unit Premium Reserves	(44.86)	(14.87)	(18.05)
2.2 Unrealised Appreciation Reserve	80.75	76.82	148.97
2.3 Other Reserves	276.71	334.01	351.08
3 Loans & Borrowings	—	—	—
4 Current Liabilities & Provisions			
4.1 Provision for Doubtful Income/Deposits	—	—	—
4.2 Other Current Liabilities & Provisions	25.74	5.32	5.39
TOTAL	657.04	860.19	995.58
ASSETS			
1 Investments			
1.1 Listed Securities:			
1.1.1 Equity Shares	—	—	—
1.1.2 Preference Shares	—	—	—
1.1.3 Equity Linked Debentures	—	—	—
1.1.4 Other Debentures & Bonds	—	—	—
1.1.5 Securitised Debt Securities	—	—	—
1.2 Securities Awaited Listing:			
1.2.1 Equity Shares	—	—	—
1.2.2 Preference Shares	—	—	—
1.2.3 Equity Linked Debentures	—	—	—
1.2.4 Other Debentures & Bonds	—	—	—
1.2.5 Securitised Debt Securities	—	—	—
1.3 Unlisted Securities:			
1.3.1 Equity Shares	—	—	—
1.3.2 Preference Shares	—	—	—
1.3.3 Equity Linked Debentures	—	—	—
1.3.4 Other Debentures & Bonds	—	—	—
1.3.5 Securitised Debt Securities	—	—	—
1.4 Government Securities	—	—	—
1.5 Treasury Bills	—	—	—
1.6 Commercial Paper	—	—	—
1.7 Certificate of Deposits	—	—	—
1.8 Bill Rediscounting	—	—	—
1.9 Units of Domestic Mutual Fund	—	—	—
1.10 Foreign Securities	624.43	831.17	977.40
Total Investments	624.43	831.17	977.40
2 Deposits	0.16	0.19	1.00
3 Other Current Assets			
3.1 Cash & Bank Balance	0.54	1.26	0.15
3.2 CBLO/TREPS/Reverse Repo Lending	31.10	27.41	16.90
3.3 Others	0.81	0.16	0.12
4 Deferred Revenue Expenditure (to the extent not written off)	—	—	—
TOTAL	657.04	860.19	995.58

Notes to Accounts - Annexure I

Abridged Revenue Account for the year ended March 31, 2024

Rs. in Lakhs

		Current Year ended March 31, 2024	Previous Year ended March 31, 2023
1	INCOME		
1.1	Dividend	20.07	26.36
1.2	Interest	1.73	1.98
1.3	Realised Gain/(Loss) on Foreign Exchange Fluctuations	0.29	0.14
1.4	Realised Gains/(Losses) on Interscheme Sale of Investments	—	—
1.5	Realised Gains/(Losses) on External Sale/Redemption of Investments	28.70	(0.03)
1.6	Realised Gains/(Losses) on Derivative Transactions	—	—
1.7	Other Income	0.46	0.32
	(A)	51.25	28.76
2	EXPENSES		
2.1	Management Fees	5.17	4.34
2.2	GST on Management Fees	0.93	0.78
2.3	Transfer Agents Fees and Expenses	0.27	0.35
2.4	Custodian Fees	0.15	0.48
2.5	Trusteeship Fees	0.01	0.03
2.6	Commission to Agents	1.22	1.73
2.7	Marketing & Distribution Expenses	0.00	0.10
2.8	Audit Fees	0.01	0.01
2.9	Investor Education Expenses	0.15	0.17
2.10	Brokerage & Transaction Costs	0.00	0.00
2.11	Interest on Borrowing	—	—
2.12	Other Operating Expenses	0.15	0.67
	(B)	8.06	8.66
3	NET REALISED GAINS/(LOSSES) FOR THE YEAR (C = A - B)	43.19	20.09
4	Change in Unrealised Depreciation in Value of Investments	(D) —	—
5	NET GAINS/(LOSSES) FOR THE YEAR (E = C + D)	43.19	20.09
6	Change in Unrealised Appreciation in Value of Investments	(F) 3.93	(72.15)
7	NET SURPLUS/(DEFICIT) FOR THE YEAR (G = E + F)	47.12	(52.06)
7.1	Add : Balance Transfer from Unrealised Appreciation Reserve	—	72.15
7.2	Less : Balance Transfer to Unrealised Appreciation Reserve	3.93	—
7.3	Add/(Less) : Equalisation	(97.36)	(34.40)
7.4	Transfer from Reserve Fund	334.01	351.08
7.5	Transfer from Unit Premium Reserve	—	—
8	Total	279.85	336.77
9	Dividend Appropriation		
9.1	Income Distributed during the Year	(3.13)	(2.76)
9.2	Tax on Income Distributed during the Year	—	—
10	Retained Surplus/(Deficit) Carried Forward to Balance Sheet	276.71	334.01

Notes to Accounts - Annexure I

Key Statistics for the year ended March 31, 2024

	Current Year ended March 31, 2024	Previous Year ended March 31, 2023
1. NAV per unit (Rs.):		
Open		
Regular Plan - Growth Option	18.0777	18.9710
Regular Plan - IDCW Option	16.5482	18.9710
Direct Plan - Growth Option	19.3165	20.1157
Direct Plan - IDCW Option	16.3218	18.5953
High		
Regular Plan - Growth Option	19.7507	19.0221
Regular Plan - IDCW Option	17.4304	19.0221
Direct Plan - Growth Option	21.2139	20.1716
Direct Plan - IDCW Option	17.2775	18.6469
Low		
Regular Plan - Growth Option	17.1080	14.9005
Regular Plan - IDCW Option	15.6606	14.9005
Direct Plan - Growth Option	18.3479	15.8706
Direct Plan - IDCW Option	15.5033	14.6682
End		
Regular Plan - Growth Option	19.3594	18.0777
Regular Plan - IDCW Option	16.1738	16.5482
Direct Plan - Growth Option	20.7909	19.3165
Direct Plan - IDCW Option	16.0194	16.3218
2. Closing Assets Under Management (Rs. in Lakhs)		
End	631	854
Average (AAuM) ¹	749	843
3. Gross income as % of AAuM ²	6.84%	3.41%
4. Expense Ratio:		
a. Total Expense as % of AAuM (including GST on Management fees) (planwise)		
Regular Plan	1.35%	1.42%
Direct Plan	0.82%	0.65%
b. Management Fee as % of AAuM (planwise)		
Regular Plan	0.77%	0.66%
Direct Plan	0.61%	0.38%
5. Net Income as a percentage of AAuM ³	5.77%	2.38%
6. Portfolio turnover ratio ⁴	0.10	0.05
7. Total IDCW per unit distributed during the year (planwise)		
Retail		
Regular Plan - IDCW Option	1.50	3.00
Direct Plan - IDCW Option	1.50	3.00

Key Statistics for the year ended March 31, 2024 (Contd...)

	Current Year ended March 31, 2024	Previous Year ended March 31, 2023
Corporate		
Regular Plan - IDCW Option	1.50	3.00
Direct Plan - IDCW Option	1.50	3.00
8. Returns (%):		
a. Last One Year		
Scheme		
Regular Plan - Growth Option	7.12	(4.71)
Direct Plan - Growth Option	7.68	(3.97)
Benchmark		
MSCI AC Asia Pacific ex Japan TRI	6.63	(1.46)
b. Since Inception		
Scheme		
Regular Plan - Growth Option	6.76	6.72
Direct Plan - Growth Option	7.52	7.50
Benchmark		
MSCI AC Asia Pacific ex Japan TRI	7.40	7.49

1. AAuM = Average daily net assets
2. Gross income = amount against (A) in the Revenue account i.e. Income
3. Net income = amount against (C) in the Revenue account i.e. Net Realised Gains/(Losses) for the year
4. Portfolio Turnover = Lower of sales or purchase divided by the Average AuM for the year
5. The Total management fees and other expenses charged by the mutual fund(s) in foreign countries along with the management fee and recurring expenses charged to the domestic mutual fund is as follows:

Scheme	TER charged by underlying Fund	TER of the domestic Fund	Weighted Average TER	Maximum TER Cap as per circular
	2023-24			
HSBC Asia Pacific (Ex Japan) Dividend Yield Fund	0.65%	1.28%	1.93%	2.30%
	2022-23			
HSBC Asia Pacific (Ex Japan) Dividend Yield Fund	0.65%	1.30%	1.95%	2.30%

Note: Returns have been calculated as on last business day of the month i.e. March 28, 2024 due to non-availability of benchmark indices as of March 31, 2024.

Notes to Accounts – Annexure I

To the Abridged Balance Sheet and Revenue Account for the year ended March 31, 2024

1 Investments:

- 1.1. It is confirmed that investments of the Scheme are registered in the name of the Trustees for the benefit of the Scheme's unitholders.
- 1.2. Open Positions of derivatives as on year ended March 31, 2024 and March 31, 2023 are NIL
- 1.3. Investment in Associates and Group Companies as at the year ended March 31, 2024 and March 31, 2023 are NIL.
- 1.4. Open positions of Securities Borrowed and/or Lent by the Scheme as on the year ended March 31, 2024 and March 31, 2023 are NIL.
- 1.5. Investment in Below investment grade and default/Securities in default as on March 31, 2024 and March 31, 2023 are NIL.
- 1.6. Aggregate Unrealised Gain/Loss as at the end of the financial year end and their percentages to net assets are as under:

(Rs. in Lakhs)

Security Category	Amount	Percentage to Net Assets	Amount	Percentage to Net Assets
	As at March 31, 2024		As at March 31, 2023	
Foreign Securities				
- Appreciation	80.63	12.77	76.70	8.98
- Depreciation	—	—	—	—

- 1.7 The aggregate value of investments securities (excluding CBLO/TREPS and Reverse Repos) purchased and sold (including matured) during the financial period 2023-2024 (excluding accretion of discount) is Rs. 0.89 lakhs and 3.78 lakhs respectively being 0.12% and 0.50% of the average net assets.

The aggregate value of investments securities (excluding CBLO/TREPS and Reverse Repos) purchased and sold (including matured) during the financial period 2022-2023 (excluding accretion of discount) is Rs. 0.52 lakhs and 1.50 lakhs respectively being 0.06% and 0.18% of the average net assets.

- 1.8. Non-Traded securities in the portfolios as at March 31, 2024 and March 31, 2023 are NIL.

2 Disclosure Under Regulation 25(8) of the Securities And Exchange Board of India (Mutual Funds) Regulations, 1996 As Amended.

During the year 2023-24, The Hongkong and Shanghai Banking Corporation Limited, an associate entity of HSBC Asset Management (India) Private Limited was paid collection/bank charges amounting to Rs. Nil.

During the year 2022-23, The Hongkong and Shanghai Banking Corporation Limited, an associate entity of HSBC Asset Management (India) Private Limited was paid collection/bank charges amounting to Rs. Nil.

Commission paid to Sponsor/AMC and its associates/related parties/group companies

Name of Sponsor/ AMC and its associates/related parties/group companies	Nature of Association / Nature of Relation	Period Covered	Business Given [Rs. in lakhs]	% of Total Business received by the Fund	Commission paid [Rs. in lakhs]	% of Total commission paid by the Fund
The Hongkong and Shanghai Banking Corporation Limited	Group Company	2023-2024	0.24	0.28	0.89	63.29
The Hongkong and Shanghai Banking Corporation Limited	Group Company	2022-2023	0.33	0.30	0.98	69.02

Notes to Accounts – Annexure I (Contd...)**To the Abridged Balance Sheet and Revenue Account for the year ended March 31, 2024**

Brokerage paid to Sponsor/AMC and its associates/related parties/group companies is NIL.
(Previous year also NIL).

- 3 None of the Investors held more than 25% of the total net assets of the scheme at the year ended March 31, 2024 and March 31, 2023.
- 4 Unit Capital movement during the year ended March 31, 2024, March 31, 2023 and March 31, 2022:

Description	2023-2024				
	Opening Units	Subscription	Redemption	Closing Units	Face Value per unit (Rupees)
Regular Plan - Growth Option	2,093,387.235	150,701.848	764,708.168	1,479,380.915	10
Regular Plan - IDCW Option	107,857.601	25,677.091	15,685.437	117,849.255	10
Direct Plan - Growth Option**	2,298,779.049	259,350.125	1,066,475.738	1,491,653.436	10
Direct Plan - IDCW Option	89,126.220	26,414.110	17,472.719	98,067.611	10

Description	2022-2023				
	Opening Units	Subscription	Redemption	Closing Units	Face Value per unit (Rupees)
Regular Plan - Growth Option	2,595,331.546	227,015.278	728,959.589	2,093,387.235	10
Regular Plan - IDCW Option	101,094.425	16,226.649	9,463.473	107,857.601	10
Direct Plan - Growth Option**	2,305,973.682	350,020.890	357,215.523	2,298,779.049	10
Direct Plan - IDCW Option	79,527.758	21,716.484	12,118.022	89,126.220	10

Description	2021-2022				
	Opening Units	Subscription	Redemption	Closing Units	Face Value per unit (Rupees)
Regular Plan - Growth Option	1,891,852.226	1,880,946.467	1,177,467.147	2,595,331.546	10
Regular Plan - IDCW Option	100,925.176	42,797.603	42,628.354	101,094.425	10
Direct Plan - Growth Option**	1,638,217.373	1,844,381.671	1,176,625.362	2,305,973.682	10
Direct Plan - IDCW Option	99,598.436	37,287.219	57,357.897	79,527.758	10

** Units held by the AMC (Seed Capital) in Direct Plan - Growth Option as on March 31, 2024 is 434,480.361, on March 31, 2023 is 434,480.361 & on March 31, 2022 is 434,480.361.

- 5 Previous year's/period figures have been re-grouped/re-arranged where necessary.
- 6 There are no contingent liabilities and other commitments as on March 31, 2024 and March 31, 2023. Contingent asset is neither recognized nor disclosed in the financial statements.
- 7 Expenses other than Management Fees are Inclusive of GST where applicable.

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

To the Abridged Balance Sheet and Revenue Account for the year ended March 31, 2024

- 8 Other income credited to the scheme of 0.46 lakhs represents Exit load credited to the scheme (2023 : Rs. 0.32 lakhs represents Exit load credited to the scheme).

9 Investor Education Awareness

As mandated by SEBI vide circular no. CIR/IMD/DF/21/2012 dated September 13, 2012 an annual charge of 0.02 percent of daily net assets, being a part of total recurring expenses is set aside for Investor Education and Awareness (IEA). In view of the AMFI Best Practices Guidelines Circular No. 56/2015-16, the IEF (Investor Education Fund) accrual is set aside in a separate bank account and the consolidated balance across all schemes as on March 31, 2024.

Pursuant to SEBI circular dated May 23, 2022, w.e.f. July 1, 2022, the limit of 0.02% p.a. has been reduced to 0.01% p.a. in case of ETFs/Index Funds. Furthermore, Fund of Funds (FoFs) investing more than 80% of its NAV in the underlying domestic funds have discontinued setting aside 0.02% p.a. of daily net assets towards IEA.

The break-up of which is as under:

	March 31, 2024	March 31, 2023
Particulars	Amount (Rs. In Lakhs)	Amount (Rs. In Lakhs)
Opening Balance as on April 01, 2023	997.09	460.22
Add: Accrual during FY 2023-24	1,962.01	1,432.00
Less: Transferred to AMFI *	889.11	646.75
Less: Payable to AMFI (March 2024 accrual) *	91.90	69.25
Add: Investment Income FY 2023-24	77.08	166.42
Less: Spent during FY 2023-24	1,877.44	345.55
Closing Balance as on March 31, 2024	177.73	997.09

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

The IEA disclosure are presented for surviving scheme only.

- 10 Pursuant to SEBI Circular No. SEBI/HO/IMD/DF3/CIR/P/2020/194 dated October 05, 2020, the nomenclature of 'Dividend Option' under all the schemes of HSBC Mutual Fund has been revised to 'Income Distribution cum Capital Withdrawal Option' (IDCW), with effect from April 01, 2021.
- 11 Securities, excluding debt securities, where the non-traded investments which have been valued "in good faith" exceed 5% of the net assets at the end of the year is NIL.
- 12 Debt securities which have been valued at a price other than the price given by the independent valuation agencies at the end of the year is NIL.
- 13 **Disclosure of Risk-o-meter**

Scheme Name	Risk-o-meter level at end of the financial year i.e. March 31, 2024	Risk-o-meter level as on March 31, 2023	Number of changes in Risk-o-meter during the financial year (March 2023 to March 2024)
HSBC Asia Pacific (Ex Japan) Div Yield Fund	Very High	Very High	0

- 14 Subsequent to receipt of SEBI's no objection to acquisition of 100% equity shares of L&T Investment Management Limited ("LTIM", Investment Manager of L&T Mutual Fund) and the amendments proposed to the trust deed of the HSBC Mutual Fund as required under the SEBI (Mutual Funds) Regulations, 1996, the schemes of L&T Mutual Fund (LTMF) were transferred to/ merged with the schemes of HSBC Mutual

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

To the Abridged Balance Sheet and Revenue Account for the year ended March 31, 2024

Fund on and from the close of business hours of November 25, 2022, and the HSBC AMC and HSBC Trustees assumed the responsibilities of the schemes of LTMF w.e.f. close of business hours of November 25, 2022.

- 15 During the year, HSBC Securities and Capital Markets (India) Private Limited ("HSCI"), Sponsors of HSBC Mutual Fund established a private limited company with limited liability to act as the "Trustee" of HSBC Mutual Fund. HSBC Trustees (India) Private Limited ("HTIP") was incorporated on 9 January 2024. Accordingly, HTIP has replaced the Board of Trustees of HSBC Mutual Fund w.e.f. 1 March 2024, and the Company through its Board of Directors has been discharging its obligations as the "Trustees" of the Fund from this date.
- 16 The Annual Accounts of the Schemes, prepared in accordance with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the "Act") read with the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time and clause 17.14 of SEBI Master Circular for Mutual Funds dated June 27, 2024, has been approved by the Board of Directors of HSBC Asset Management (India) Private Limited and HSBC Trustees (India) Private Limited at their meetings held on July 8, 2024 and July 19, 2024 respectively. The audit report attached herewith refers to the said Annual Accounts. The aforesaid abridged accounts are an extract of the Annual Accounts and are prepared in accordance with clause 5.4 and format no. 3.B under the section of formats of SEBI Master Circular for Mutual Funds dated June 27, 2024 and other relevant circulars issued by the Securities and Exchange Board of India from time to time.

Voting Policy and Procedures

In view of para 6.16 of SEBI Master Circular on Mutual Funds dated June 27, 2024 related to "Role of Mutual Funds in Corporate Governance of Public Listed Companies", HSBC AMC has formulated its "Policy for Proxy Voting in Public Listed Companies". The said policy is available on our website and the details of actual exercise of proxy votes, the summary of votes casted and the auditor's certificate is forming part of our full Annual Report for the Financial Year 2023 – 24 which has been uploaded on our website at <http://www.assetmanagement.hsbc.co.in>

Statutory Details & Disclaimers

All the returns have been sourced from Mutual Funds India Explorer software. The performance of the schemes and the benchmark is calculated on a total return basis. This document has been prepared by HSBC Asset Management (India) Private Limited (HSBC) for information purposes only with an intent to provide market overview and should not be construed as an offer or solicitation of an offer for purchase of any of the funds of HSBC Mutual Fund. All information contained in this document (including that sourced from third parties), is obtained from sources, which HSBC/third party, believes to be reliable but which it has not been independently verified by HSBC/the third party. Further, HSBC/the third party makes no guarantee, representation or warranty and accepts no responsibility or liability as to the accuracy or completeness of such information. The information and opinions contained within the document are based upon publicly available information and rates of taxation applicable at the time of publication, which are subject to change from time to time.

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

For disclosure of quarterly AUM/AAUM and AUM by geography, please visit our website at www.assetmanagement.hsbc.co.in. Investors are requested to note that as per SEBI (Mutual Funds) Regulations, 1996 and guidelines issued thereunder, HSBC AMC, its employees and/ or empaneled distributors/agents are forbidden from guaranteeing/promising/assuring/predicting any returns or future performances of the schemes of HSBC Mutual Fund. Hence, please do not rely upon any such statements/commitments. If you come across any such practices, please register a complaint via email at investor.line@mutualfunds.hsbc.co.in

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

Important Updates

Name and Date of Birth as per PAN card - Effective from June 1, 2024

As per recent regulatory requirement and changes advised by Income Tax Department in PAN validation process, now it is mandated to quote your Name(s) and DOB as per PAN card. To avoid any failure in such validations, we request investors to quote the Name(s) and DOB's of all the holders including Guardian, Power of Attorney (POA) holders as per PAN card.

Useful Links for self service options

- **Use our 24 x 7 Chatbot - "ASKME" for any queries or service request:**
visit: <https://invest.assetmanagement.hsbc.co.in>

SMS your request to HSBC Mutual Fund

- **Latest NAV :** Send SMS as HSBCMF NAV <Scheme Code> to 56767
Example: HSBCMF NAV F03
- **Valuation Service on registered mobile No. :** Send SMS as HSBCMF VAL <folio_number> to 56767
Example: HSBCMF VAL 123456
- **Annual Report :**
For Electronic Copy: Send SMS as HSBCMFARE <folio_number> to 567678080
Example: HSBCMF ARE 123456
For Physical Copy: Send SMS as HSBCMFARP <folio_number> to 567678080
Example: HSBCMF ARP 123456
- **Half Yearly Portfolio :**
For Electronic Copy: Send SMS as HSBCMFHPE <folio_number> to 567678080
Example: HSBCMF HPE 123456
For Physical Copy: Send SMS as HSBCMFHPP <folio_number> to 567678080
Example: HSBCMF HPP 123456

Missed Call Service

- You can give a missed call to 9212900020 to get the total valuation via SMS and a statement on your registered email ID

Book-Post

If undelivered please return to:

Computer Age Management Services Private Limited (CAMS)

Unit: HSBC Mutual Fund

New No. 10, M.G.R Salai, Nungambakkam, Chennai - 600034.

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

HSBC Asset Management (India) Private Limited

CIN NO: U74140MH2001PTC134220

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

Website : www.assetmanagement.hsbc.co.in

Description	Toll Free Number	Email ID
Investor related queries	1800-4190-200/1800-200-2434	investor.line@mutualfunds.hsbc.co.in
Online related queries	1800-4190-200/1800-200-2434	onlinemf@mutualfunds.hsbc.co.in
Investor (Dialing from abroad)	+91 44 39923900	investor.line@mutualfunds.hsbc.co.in

To get your updated account statement email us at : mfsoa@mutualfunds.hsbc.co.in

We're always here to help you, so feel free to reach out to us

Self-service request at your Fingertips

- Visit Website • Invest Online • Insta Statement • Download Forms
- Transact via Whats App • Use 24/7 ChatBot - Ask Me



Remember, you can also find out more via our social media handles !



Please check our website www.assetmanagement.hsbc.co.in for an updated list of Official Points of Acceptance of HSBC Mutual Fund.

CAMS SERVICE CENTRES/CAMS LIMITED TRANSACTION POINTS/CAMS COLLECTION CENTRES

For details on CAMS Service Centres, please visit www.camsonline.com



HSBC Brazil Fund

An open ended fund of fund Scheme investing in HSBC Global Investments Fund - Brazil Equity Fund

Abridged Annual Report 2023 - 2024



SPONSOR

HSBC Securities and Capital Markets (India) Private Limited

CIN – U67120MH1994PTC081575

Regd. Office: 52/60, Mahatma Gandhi Road, Fort, Mumbai 400001.

TRUSTEE COMPANY

HSBC Trustees (India) Private Limited

CIN – U66190MH2024PTC416973

Regd. Office: 52/60, Mahatma Gandhi Road, Fort, Mumbai 400001.

ASSET MANAGEMENT COMPANY

HSBC Asset Management (India) Private Limited

CIN – U74140MH2001PTC134220

Regd. Office: 9-11 Floors, NESCO IT Park, Building No. 3,
Western Express Highway, Goregaon (East), Mumbai 400063.

CUSTODIAN

Citibank N.A.

First International Financial Center (FIFC), 9th Floor,
C-54 & 55, G – Block, Bandra Kurla Complex, Bandra (East), Mumbai 400051.

AUDITORS TO THE SCHEME

MSKA & Associates

Chartered Accountants

602, Floor 6, Raheja Titanium, Western Express Highway,
Geetanjali Railway Colony, Ram Nagar, Goregaon (East), Mumbai 400063.

REGISTRAR & TRANSFER AGENTS

Computer Age Management Services Limited (CAMS)

Unit: HSBC Mutual Fund

New No. 10, M.G.R Salai, Nungambakkam, Chennai 600034.

BOARD OF TRUSTEES

Ms. Jasmine Batliwalla	– Chairperson
Mr. Nani Javeri	– Trustee
Mr. David Rasquinha	– Trustee
Mr. Nicolas Moreau	– Trustee

BOARD OF DIRECTORS

Dr. Indu Shahani	– Director
Mr. Kapil Seth	– Director
Ms. Roopa Varma	– Director
Mr. Kailash Kulkarni	– Director & Chief Executive Officer

Dear Investor,

As we reflect on the past year, I am filled with pride and optimism about the future of our company and overall growth of the mutual fund industry. The past year has marked significant milestones in our journey, particularly as we capitalise on the immense potential of India's burgeoning growth story.

Fiscal 2024 turned out to be one of the best years for the domestic mutual fund industry as assets under management (AUM) spurted by nearly Rs. 14 lakh crore to a record Rs. 53.40 lakh crore as of March 2024 compared with Rs. 39.42 lakh crore as of March 2023.

The mutual fund industry is experiencing immense growth and we are poised to take advantage of this upward trajectory. Our company is an integral part of this growth story, riding the wave with several strategic initiatives and accomplishments that have set us on a path of sustained success.



Major achievements post integration

- Post integration we have enhanced our digital offering for both B2B and B2C to provide improved customer journeys.
- HSBC AM India's AUM increased from USD 1.4 bn (before integration) to USD 13.7 bn as of April 2024.
- HSBC Asset Management India has now become the 14th largest asset manager in India in terms of AUM.
- HSBC AM India has launched 4 new products since integration (raising \$445M).
- We have expanded HSBC AM India's product offerings to 43 funds.

Key Achievements in FY2023-2024

Investment Performance: Our disciplined investment strategy and thorough research have been pivotal to our success. We have focused on high-quality, undervalued assets, achieving consistent returns across our portfolio.

Product Innovation: This year, we launched two new funds - HSBC Multi Asset Allocation Fund and HSBC Consumption Fund, tailored to meet the evolving needs of our investors. These new offerings have been well-received, contributing to our growth in AUM significantly.

Increased Media Presence: In FY24, we significantly boosted our media presence, ensuring that our brand and thought leadership are recognized across various platforms. Through strategic media engagements like Informed Investing with ET Now, talks shows and several authored articles plus interviews - we have amplified our message, reaching a broader audience and reinforcing our market position.

Successful Campaign Launch: We successfully launched SIP Hai #FaydeWaliAadat, an investor education campaign, that highlighted the transformative power of SIPs in achieving long-term financial

goals. A first of its kind campaign, it aimed at educating and empowering the millennial investors in India. The campaign garnered significant attention and positive feedback, strengthening our brand presence and engaging a wider audience. Notably, the campaign has also earned us prestigious awards and accolades highlighting our commitment to excellence and innovation.

Client Relationships: We have strengthened our client relationships through enhanced communication, transparency, and personalized service. Our client satisfaction scores have reached new heights, reflecting our commitment to exceptional service.

We believe that the India story has just begun and its economic landscape is poised for significant growth. An exposure to unique and future relevant themes can provide a much-needed inflation buffer. The importance of asset allocation continues to be critical. It is critical for all of us to review our risk appetite and goal proximity and construct a portfolio appropriately.

Besides construction, portfolio rebalancing is equally important in order to achieve optimal outcomes. I do hope you share my enthusiasm and I ask that you continue to invest whilst reviewing your asset allocation at all times.

I would like to express my sincere gratitude to our dedicated team, whose expertise and commitment are the backbone of our success. To our investors, thank you for your trust and continued support. Your confidence in our approach motivates us to strive for excellence in everything we do. Also, I want to express my deepest gratitude to our valuable partners for their unwavering support and keep our services running. Look forward to achieving even grater milestones together.

As we move forward, we remain committed to delivering superior investment performance, fostering strong client relationships, and driving sustainable growth. Together, we are well-positioned to navigate the future and achieve our goals.

Warm regards,

A handwritten signature in black ink, appearing to read 'Kailash Kulkarni', with a horizontal line underneath.

Kailash Kulkarni

Chief Executive Officer

HSBC Asset Management India

Trustees' Report

For the year ended March 31, 2024

The Board of Directors of HSBC Trustees (India) Private Limited, Trustees of HSBC Mutual Fund present the Twenty Second Annual Report and the audited abridged financial statements of the schemes of the HSBC Mutual Fund ("the Fund") for the year ended March 31, 2024.

With the acquisition of L&T Mutual Fund in the previous financial year, the Fund's Assets Under Management ('AUM') (excluding Domestic FOFs) as on March 31, 2024 was INR 109368.16 crores (audited). The Fund ranks in the top 15 Mutual Fund houses in India in terms of AUM.

As at March 31, 2024, the Fund offered 43 schemes across asset classes to meet the varying investment needs of the investors. During the year, the Fund launched two new products namely HSBC Consumption Fund and HSBC Multi Asset Allocation Fund in Equity and Hybrid categories.

The Fund continues its focus on delivering consistent long-term returns. The comments on the performance of the scheme(s) are provided hereinafter. Dividends were declared under various schemes as per the provisions contained in the respective Scheme Information Documents after considering the distributable surplus available under the respective plans of the schemes. Details of dividends declared can be viewed on our website at www.assetmanagement.hsbc.co.in.

During the year, HSBC Securities and Capital Markets (India) Private Limited ("HSCI"), Sponsors of the Fund established a private limited company with limited liability to act as the "Trustees" of the Fund. HSBC Trustees (India) Private Limited ("HTIP") was incorporated on 9 January 2024. Accordingly, HTIP has replaced the Board of Trustees of HSBC Mutual Fund w.e.f. 1 March 2024, and the Company through its Board of Directors has been discharging its obligations as the "Trustees" of the Fund from this date.

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

a. Operations and Performance of the Scheme

HSBC Brazil Fund (HBF)

(An open-ended fund of fund scheme investing in HSBC Global Investments Fund - Brazil Equity Fund)

HBF seeks to provide long term capital appreciation by investing predominantly in units/shares of HSBC Global Investments Funds (HGIF) Brazil Equity Fund. The scheme may, at the discretion of the Investment Manager, also invest in the units of other similar overseas mutual fund schemes, which may constitute a significant part of its corpus. The scheme may also invest a certain proportion of its corpus in money market instruments and/or units of liquid mutual fund schemes, in order to meet liquidity requirements from time to time. However, there can be no assurance or guarantee that the investment objective of the scheme would be achieved.

The net assets of HBF amounted to INR 39.19 crores as at March 31, 2024 as against INR 34.75 crores as at March 31, 2023. Around 96.91% of the net assets were invested in Mutual fund units, 4.55% of the net assets were invested in reverse repos/TREPS and (1.46%) in net current assets as at March 31, 2024.

The performance is largely driven by underlying equity fund. The underperformance has been driven primarily by the underperformance of the underlying HSBC Global Investment Funds - Brazil Equity Fund compared to MSCI Brazil 10/40 Index TRI.

HSBC Brazil Fund					Date of Inception : 6 May, 2011			
Fund / Benchmark (Value of ₹ 10,000 invested)	1 Year		3 Years		5 Years		Since Inception	
	Amount (₹)	Returns (%)	Amount (₹)	Returns (%)	Amount (₹)	Returns (%)	Amount (₹)	Returns (%)
HSBC Brazil Fund	12183	21.96	11062	3.43	8908	-2.29	7498	-2.21
Scheme Benchmark (MSCI Brazil 10/40 Index TRI)	12960	29.79	13742	11.20	12656	4.82	15815	3.62

Trustees' Report
For the year ended March 31, 2024 (Contd...)

HSBC Brazil Fund					Date of Inception : 6 May, 2011			
Fund / Benchmark (Value of ₹ 10,000 invested)	1 Year		3 Years		5 Years		Since Inception	
	Amount (₹)	Returns (%)	Amount (₹)	Returns (%)	Amount (₹)	Returns (%)	Amount (₹)	Returns (%)
Additional Benchmark (Nifty 50 TRI)	13008	30.27	15736	16.35	20356	15.27	47086	12.76

Past performance may or may not be sustained in future. Returns have been calculated for the respective periods for Growth Option of Regular Plan as on last business day of the month i.e. March 28, 2024 due to non-availability of benchmark indices as of March 31, 2024. Returns on ₹ 10,000 are point-to-point returns for the specific time period, invested at the start of the period. Returns for 1 year and above are Compounded Annualized. Different plans shall have a different expense structure. Performance of the respective benchmark is calculated as per the Total Return Index (TRI).

Risk-o-meter as of 31st March, 2024:

Scheme Name	Scheme Risk-o-meter	Benchmark Risk-o-meter
HSBC Brazil Fund	 Investors understand that their principal will be at Very High risk	Benchmark Index: MSCI Brazil 10/40 Index TRI 

Please note that the above risk-o-meter is as per the product labelling of the Scheme basis Scheme's monthly portfolio as on March 31, 2024.

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

➤ EQUITY OUTLOOK

Recap of FY 2023-24:

FY24 was a stellar year for the Indian equity markets with strong economic momentum, healthy earnings growth and strong inflows from domestic and foreign institutional investors and strong retail participation driving a broad-based bull market. The Nifty and Sensex were up a solid 30.1%/26.5% respectively during the year, while the BSE Midcap and BSE Smallcap indices gained an astounding 65.2% and 61.4% respectively.

While geo-political conflicts continued in FY24, their impact on crude and global supply chains moderated. Crude prices largely remained range bound during the year. Inflation barring a brief spike largely remained well contained, the economy gained further steam with GDP growth crossing 8% in H1FY24 supported by government thrust on infrastructure. This translated into strong growth for several core sector industries including steel and cement. The growth in the real estate sector has been strong with inventory continuing to decline in metro markets. However, lagged impact of price increases continued to impinge on consumer demand growth which remained subdued for most mass market categories.

Domestic cyclicals were the best performing sectors during the year led by Real Estate, Capital Goods, Autos. Power was also among the best performing sectors. Global cyclicals like Metals and Oil & Gas also strongly outperformed the Nifty. FMCG and Banking while delivering healthy positive returns underperformed the Nifty, while IT performance was closer to Nifty.

Trustees' Report

For the year ended March 31, 2024 (Contd...)

MSCI India index outperformed most of key global indices during the past fiscal. MSCI India index (USD) gained 35.5% as compared to 23.1% gain for MSCI World, 27.9% for US S&P 500, 11.0% for MSCI Europe and only 5.3% for MSCI Emerging Markets as MSCI China declined 19.0% over the period.

Strong performance of the market and subsiding global macro headwinds drove a sharp turnaround in foreign investment flows. FII net inflow was at USD 25.3bn in FY24 versus an outflow of USD 6.0bn/17.1bn in FY23/FY22. DIs, on the other hand, matched FII inflow with an inflow of USD 25.3bn although it was lower than the net inflows at USD 30.8bn in FY23. Within DIs, the MF segment was the key contributor (USD 24.3 bn of net inflows up from USD 21.8bn in FY23) while domestic Insurers were also in the net inflow territory (USD 1.0bn of net inflows vs USD 9.0bn in FY23).

Source: Motilal Oswal

Indices Returns (April 01, 2023 to March 31, 2024)	1 Year [^]
S&P BSE Sensex TR	26.5%
NSE CNX Nifty TR	30.1%
S&P BSE 100 TR	34.2%
S&P BSE 200 TR	38.5%
S&P BSE 500 TR	40.2%
S&P BSE Midcap TR	65.2%
S&P BSE Small-cap TR	61.4%

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

Way forward:

The global macro environment remains challenging with heightened geo-political and economic uncertainties. US bond yields remain high putting pressure on interest rates and currencies globally. For India, growth has continued to remain strong with GDP growth of 8.4% in Q3FY24 driven by strong government spending on infrastructure and pickup in manufacturing and construction. The 2024 interim budget has re-affirmed government focus on infrastructure. At the same time reduction in fiscal deficit should also help in easing of domestic interest rates. However, after last year's patchy monsoon, a good monsoon will be an important factor for rural demand and overall consumption growth in the economy in FY25.

India starts FY25 on a strong footing with positive growth momentum and India's investment cycle is expected to be on a medium-term uptrend supported by rising government investment in infrastructure and recovery in real estate cycle. There is also an expectation of higher private investments in renewable energy and related supply chain, localization of higher-end technology components, and India becoming a more meaningful part of global supply chains. Finally, it is expected for consumption to improve as the impact of high inflation fades and real incomes start to grow again.

However, several of these positives are getting discounted by the high valuations currently prevailing in the equity market. While the fund managers remain constructive on Indian equities supported by the more robust medium-term growth outlook there is a caution against high return expectations. Nifty continues to trade on 20.6x consensus 1 year forward PE (as of 30 April). On a 10-year basis, Nifty is still trading 10% above its historic average valuation but is in-line with its 5-year average. Valuations of the midcap and small cap indices are even higher versus their historical average.

➤ DEBT OUTLOOK

Market drivers during the course of the year FY 2024

The year started with advanced economies continuing to grapple with higher inflation and policy tightening remained a common theme across economies. During FY2024, the Federal Open Market Committee (FOMC) raised policy rates by 50 bps while European Central Bank (ECB) and Bank of England (BOE) raised policy

Trustees' Report

For the year ended March 31, 2024 (Contd...)

rates by 100 bps each. The cumulative rate hikes by various advanced economies in this cycle are as follows: Fed (525 bps), BOE (515 bps) and ECB (450 bps). Meanwhile cumulative rate hikes by the Monetary Policy Committee (MPC) in this cycle was 250 bps. On account of higher Government debt burden, Fitch downgraded US sovereign rating from AAA to AA+. US Treasury yields remained volatile during the year, with the 10-year benchmark rising higher by 73 bps during the year. Crude prices also moved higher by USD 7-8/bbl.

On the domestic front, Consumer price Index (CPI) inflation remained broadly in the upper end of the MPC's targeted band of 4% +/- 2% for most the financial year, however, inflation printed above 6% on two occasions due to high food inflation. Headline inflation remained susceptible to high food inflation with markets now expecting some relief of food prices on the back of normal monsoon. Core inflation eased through the year falling to below 4% in the last quarter.

Domestically, one of the biggest events during the year was the much-awaited index inclusion of Indian Government Bonds (IGBs) into the GBI-EM Global index suite and its relevant benchmarks. India is expected to reach the maximum weight of 10% in the GBI-EM Global Diversified Index (GBI-EM GD), with the inclusion staggered over a 10-month period starting June 2024. Following this, Bloomberg also included IGBs in their Bloomberg EM Local Currency Index, with India expected to reach a maximum weight of 10% over a 10-month period starting Jan 2025. Both these inclusions are expected to bring in INR 25-30 bn of index related FPI inflows over the next 1-2 years and paving the way for inclusion into other global bond indices as well. During FY2024, FPIs poured in close USD 12 bn into IGBs, with majority of the inflows coming in post the JP Morgan index inclusion announcement.

Government continued its path of fiscal consolidation, with the revised estimate of the Fiscal deficit for FY2024 coming in at 5.6%, with expectations for FY2025 at 5.1% and target of below 4.5% by FY2026. PMI numbers continue to remain in expansion, GST revenues remain buoyant and credit off-take upbeat.

The external sector has remained strong due to healthy service exports and remittances. Current Account Deficit (CAD) is expected to be around 1% for the year. Rupee remained one of the more stable currencies during the year, with active intervention from RBI smoothening any volatility. RBI continued to build on the FX reserves with year-end number around USD 650 bn.

Money market rates moved higher during the year due to tightening in liquidity along with higher Certificate of Deposit (CD) issuances. G-Sec yields, however, moved lower due to favorable demand supply and lower G-Sec borrowing. 10-year G-Sec moved lower during the year by 25 bps, while 5 yr G-Sec moved lower by 13 bps.

Market Outlook

While US markets have braced for "higher for longer" rates, we have seen in the past, that reactions to favorable data in such an environment can be sharp. Any softness in growth, employment or inflation data over the next few months will allow the markets to quickly start pricing in aggressive future policy easing. In our view, the RBI is also likely to gradually shift the liquidity deficit into surplus over the course of the next 3-6 months, flipping overnight rates from the top to the bottom of the rate corridor. The yield curve is likely to steepen as liquidity eases. This along with a potential 50 bps of policy easing in first half of CY2025 may push overnight rates lower by 75-100 bps.

While any form of additional spending by the new Government to address concerns of rural sections of the country and the possibility of additional spending to fund such policies will remain a key monitorable, it is believed the Government is likely to remain cognizant of the possible impact of such policies and take measured steps. With the dust settling down on the election outcome, the broad macroeconomic factors should continue to remain stable and could support softening in domestic yields going forward.

The Fund Managers continue to have a positive outlook for interest rates, based on various favorable factors: (a) Record RBI dividend to the Government, (b) reduced Fiscal deficit number of 5.6%, (c) favorable G-Sec supply demand dynamics, (d) FPI index related inflows, (e) revised outlook in India by S&P, (f) soft core inflation along with expectations of a better than normal monsoon, and finally (g) soft signals by Government and RBI on liquidity.

Source: RBI, Bloomberg, Internal HSBC Research & CCIL

Trustees' Report

For the year ended March 31, 2024 (Contd...)

2. BRIEF BACKGROUND OF THE SPONSORS, THE FUND, THE TRUSTEES AND THE ASSET MANAGEMENT COMPANY

A. Sponsor

HSBC Mutual Fund is sponsored by HSBC Securities and Capital Markets (India) Private Limited (HSCI). The Sponsor is the Settler of the Mutual Fund Trust. The Sponsor has entrusted a sum of Rs. 1,00,000/- (Rupees One Lakh only) to the Trustee as the initial contribution towards the corpus of the Mutual Fund.

HSCI offers integrated investment banking services, securities and corporate finance & advisory. HSCI is a member of the Bombay Stock Exchange Limited and National Stock Exchange (capital and derivative market segments). HSCI holds 100% of the paid-up equity share capital of HSBC Asset Management (India) Private Limited.

B. HSBC Mutual Fund

HSBC Mutual Fund ("the Mutual Fund" or "the Fund") has been constituted as a Trust in accordance with the provisions of the Indian Trusts Act, 1882 (2 of 1882) vide a Trust Deed dated February 7, 2002 (as amended) with HSBC Securities and Capital Markets (India) Private Limited, as the Sponsor and HSBC Trustees (India) Private Limited. The Trustee has entered into an Investment Management Agreement dated February 7, 2002 (as amended) with HSBC Asset Management (India) Private Limited (AMC) to function as the Investment Manager for all the schemes of the Fund. The Fund was registered with SEBI vide registration number MF/046/02/5 dated May 27, 2002.

The Trust has been formed for the purpose of pooling of capital from the public for collective investment in securities for the purpose of providing facilities for participation by persons as beneficiaries in such investments and in the profits/income arising therefrom.

C. HSBC Trustees (India) Private Limited (the Trustees)

The Trustees are the exclusive owner of the Trust Fund and holds the same in trust for the benefit of the unitholders. The Trustees have been discharging their duties and carrying out the responsibilities as provided in the SEBI (Mutual Funds) Regulations, 1996 and the Trust Deed. The Trustees seek to ensure that the Fund and the schemes floated there under are managed by the AMC in accordance with the Trust Deed, the said Regulations, directions and guidelines issued by the SEBI, the Stock Exchanges, the Association of Mutual Funds in India and other regulatory agencies.

During the year, HSBC Securities and Capital Markets (India) Private Limited ("HSCI"), Sponsors of HSBC Mutual Fund) established a private limited company with limited liability to act as the "Trustee" of HSBC Mutual Fund. HSBC Trustees (India) Private Limited ("HTIP") was incorporated on 9 January 2024. Accordingly, HTIP has replaced the Board of Trustees of HSBC Mutual Fund w.e.f. 1 March 2024, and the Company through its Board of Directors has been discharging its obligations as the "Trustees" of the Fund from this date.

As of March 31, 2024, HSCI holds 100% of the paid-up equity share capital of HTIP.

D. Asset Management Company (the AMC)

HSBC Asset Management (India) Private Limited (the Investment Manager or the AMC) is a private limited company incorporated under the Companies Act, 1956 on December 12, 2001 having its Registered Office at 9-11 Floors, NESCO IT Park, Building no. 3, Western Express Highway, Goregaon (East), Mumbai – 400 063. HSBC Asset Management (India) Private Limited has been appointed as the Asset Management Company of HSBC Mutual Fund by the Trustee vide Investment Management Agreement (IMA) dated February 7, 2002 (as amended) and executed between the Trustees and the AMC. SEBI approved the AMC to act as the Investment Manager of the Fund vide its letter No. MFD/BC/163/2002 dated May 27, 2002. The paid-up equity share capital of the AMC is Rs. 344.41 crores. The AMC is registered as a Portfolio Manager under the SEBI (Portfolio Managers) Regulations, 1993 vide registration no. INP000001322. The AMC also offers non-binding Advisory services to offshore funds under the mutual fund license.

Trustees' Report
For the year ended March 31, 2024 (Contd...)

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

3. INVESTMENT OBJECTIVE OF THE SCHEMES

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

4. SIGNIFICANT ACCOUNTING POLICIES

The Significant Accounting Policies form part of the Notes to the Accounts annexed to the Balance Sheet of the Schemes in the Full Annual Report. The accounting policies are in accordance with Securities Exchange Board of India (Mutual Funds) Regulations, 1996 and Indian Accounting Standards (IND AS) notified under section 133 of the Companies Act, 2013 (the “Act” read with the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time.

5. UNCLAIMED DIVIDENDS & REDEMPTIONS

Summary of number of investors & corresponding amount as on March 31, 2024:

Scheme Name	Unclaimed Dividend		Unclaimed Redemption	
	No. of Investors	Amount (₹)	No. of Investors	Amount (₹)
HSBC Brazil Fund	0	0	14	39,181.63

6. INVESTOR SERVICES

The number of official points of acceptance of transactions are 210 locations. In addition to the offices of the Registrar & Transfer Agent, the AMC has its own office in 61 locations and Investor Service Centers in 39 locations. The AMC has 2 Toll Free numbers (1800-4190-200/1800-200-2434) which can be dialed from anywhere in India and 1 number i.e. +91 44 39923900 (Investors calling from abroad). The call center service is being managed by the Registrar and Transfer Agents. HSBC Mutual Fund offers the online transaction facility through the AMC's website at www.assetmanagement.hsbc.co.in.

On the distribution front, the number of empaneled distributors were 59046 as on March 31, 2024. During the year, the AMC initiated tie-ups for online distribution of the Mutual Fund's schemes with several channel partners taking the total number of such tie-ups to 160 as on March 31, 2024.

7. DETAILS OF INVESTOR GRIEVANCE REDRESSAL

The details of the redressal of investor complaints received against HSBC Mutual Fund during April 2023 - March 2024 are as follows:

2023-2024												
Com-plaint code	Type of Complaint	(a) No. of complaints pending at the begin-ning of the period	(b) No. of com-plaints received during the given period	Action on (a) and (b)								
				Resolved				Non Action-able*	Pending			
				Within 30 days	30-60 days	60-180 days	Beyond 180 days		0-3 months	3-6 months	6-9 months	9-12 months
IA	Non receipt of amount declared under Income Distribution cum Capital Withdrawal option	1	10	11	0	0	0	0	0	0	0	0
IB	Interest on delayed payment of amount declared under Income Distribution cum Capital Withdrawal option	0	1	1	0	0	0	0	0	0	0	0

Trustees' Report

For the year ended March 31, 2024 (Contd...)

2023-2024												
Com- plaint code	Type of Complaint	(a) No. of complaints pending at the begin- ning of the period	(b) No. of com- plaints received during the given period	Action on (a) and (b)								
				Resolved				Non Action- able*	Pending			
				Within 30 days	30-60 days	60-180 days	Beyond 180 days		0-3 months	3-6 months	6-9 months	9-12 months
I C	Non receipt of Redemption Proceeds	1	38	39	0	0	0	0	0	0	0	0
I D	Interest on delayed payment of Redemption	0	2	2	0	0	0	0	0	0	0	0
II A	Non receipt of Statement of Account/Unit Certificate	0	3	3	0	0	0	0	0	0	0	0
II B	Discrepancy in Statement of Account	1	22	23	0	0	0	0	0	0	0	0
II C	Data corrections in Investor details	1	250	249	0	0	0	0	2	0	0	0
II D	Non receipt of Annual Report/ Abridged Summary	0	0	0	0	0	0	0	0	0	0	0
III A	Wrong switch between Schemes	0	2	2	0	0	0	0	0	0	0	0
III B	Unauthorized switch between Schemes	0	1	1	0	0	0	0	0	0	0	0
III C	Deviation from Scheme attributes	0	1	1	0	0	0	0	0	0	0	0
III D	Wrong or excess charges/load	0	0	0	0	0	0	0	0	0	0	0
III E	Non updation of changes viz. address, PAN, bank details, nomination, etc	1	127	127	0	0	0	0	1	0	0	0
III F	Delay in allotment of Units	0	5	4	1	0	0	0	0	0	0	0
III G	Unauthorized Redemption	0	0	0	0	0	0	0	0	0	0	0
IV	Others**	1	78	76	0	0	0	0	3	0	0	0
	TOTAL	6	540	539	1	0	0	0	6	0	0	0

** As per AMFI Best Practice Guidelines Circular No.25/2011-12 for Revisions in the Guidelines on Standardization of Complaints/Grievances Reporting Procedure. If "Others" include a type of complaint which is more than 10% of overall complaints, then such a reason should be provided separately. Hence, data corrections in Investor Details are included as a separate category.

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

Summary of Complaints for FY 2023-24

Particulars	Count
Total complaints received	540
Total number of folios	21,39,406
% of complaints against the folio	0.025

8. INVESTOR EDUCATION INITIATIVES

During the FY 2023-24, the AMC conducted the following investor education and awareness initiatives:

- An integrated multi-media marketing campaign on SIP Hai 'FaydeWaliAadat' aimed to tap into the aspirations, financial goals, and unique spending habits of millennials.
- Editorial content on Systematic Investment Plans (SIP) created across 15 states through various regional television channels.
- Investor education content on the Platform - Quora.
- 'Be Money Confident' video series targeting women through Jio Platforms.

Trustees' Report

For the year ended March 31, 2024 (Contd...)

- Campaign on Women & Investing for Women's Day.
- Campaign for Marathon enthusiast on the similarities between running a Marathon & Investing.
- Financial literacy virtual event on the occasion of Mother's Day, which received more than 725 registered users.
- A mom blogger outreach program to reach Women Investors with financial education content on MF on the occasion of Mother's Day.
- Education campaign on ELSS executed for working audiences.
- Blogs and content for Investor Education properties like SIP Sahi Hai in Value Research, Gyan Guroovaar on Facebook, Investment Ki Paathshala on the website and investor education blogs on the platform - Advisor Khoj.
- 1,462 Investor Education programs to reach out to an audience of 71,465 people out of which 458 were women programs attended by 20,139 women.

9. PROXY VOTING POLICY

As per para 6.16 of SEBI Master Circular on Mutual Funds dated June 27, 2024, the Fund has adopted Proxy Voting Policy and Procedures for exercising voting rights in respect of securities held by the Schemes. (please refer Proxy Voting Policy and Procedures)

The summary of the votes casted in the general meetings of the Investee companies, by the AMC for and on behalf of the Schemes of the Fund, for the financial year 2023-24 is provided below:

Quarter	Total no. of resolutions	Break-up of Vote decision		
		For	Against	Abstained
April 2023 - June 2023	387	260	75	52
July 2023 - September 2023	2,169	1607	448	114
October 2023 - December 2023	197	138	37	22
January 2024 - March 2024	319	240	50	29
TOTAL	3,072	2,245	610	217

As per para 6.16.7 of SEBI Master Circular on Mutual Funds dated June 27, 2024, the AMC has obtained certificate from M/s. M. P. Chitale & Co., Chartered Accountants, who is acting as a Scrutinizer, on the voting report for the FY 2023-24. The certificate dated May 22, 2024 issued by M/s. M. P. Chitale & Co., is available on the website of the AMC as part of the full Annual Report.

Unitholders can refer to the full Annual Report for complete details of actual exercise of votes in the general meetings of the investee companies for the financial year 2023-24 or log on to our website at www.assetmanagement.hsbc.co.in.

10. STATUTORY DETAILS

- The Sponsors are not responsible or liable for any loss resulting from the operation of the Schemes of the Fund beyond initial contribution of Rs. 1 lakh for setting up the Fund.
- The price and redemption value of the units, and income from them, can go up as well as down with fluctuations in the market value of its underlying investments.
- Full Annual Report of HSBC Mutual Fund and of HSBC Asset Management (India) Private Limited (the AMC) shall be disclosed on the website at www.assetmanagement.hsbc.co.in and shall be available for inspection at the Head Office of the Mutual Fund. Present and prospective unitholders can obtain copy of the Trust Deed, the full Annual Report of the Scheme(s), the Annual Report of HSBC Asset Management (India) Private Limited and the text of the relevant Scheme(s) at a price.

Trustees' Report

For the year ended March 31, 2024 (Contd...)

11. CHANGES IN RISK-O-METER OF THE SCHEME DURING FY 2023-24

As per para 17.4. of SEBI Master Circular on Mutual Funds dated June 27, 2024 on product labelling, the changes carried out in the risk-o-meter of the schemes of HSBC Mutual Fund during FY 2023-24 have been given in the below mentioned table for the information of the unitholders, a report on the said changes has also been displayed on the website of the Fund and AMFI.

Scheme Name	Risk-o-meter level as on March 31, 2023	Risk-o-meter level as on March 31, 2024	Number of changes in Risk-o-meter during the F.Y. 2023-24)
HSBC Brazil Fund	Very High	Very High	0

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

As per para 6.16.15 of SEBI Master Circular on Mutual Funds dated June 27, 2024, HSBC Mutual Fund has adapted the policy on stewardship responsibilities, the unitholders are requested to note the status of governance with the same as mentioned below:

S. No.	Particulars of Principles of Stewardship Code	Status of compliance (Complied/ Not Complied)	Description	Remarks/ reasons for deviation/non-compliance, if any
1	Principle 1: Institutional Investors should formulate a comprehensive policy on the discharge of their stewardship responsibilities, publicly disclose it, review and update it periodically.	Complied	HSBC Asset Management (India) Private Limited's (AMIN) 'Policy on Stewardship responsibilities' (Stewardship Code/ Policy) was formulated and implemented on 01 July, 2020. This is a comprehensive document which has been publicly disclosed on the website of AMIN. The same shall follow a periodic review.	N.A.
2	Principle 2: Institutional investors should have a clear policy on how they manage conflicts of interest in fulfilling their stewardship responsibilities and publicly disclose it.	Complied	Defining and managing Conflict of Interest in fulfilling stewardship responsibilities are detailed in the Stewardship Policy document. The policy document is publicly disclosed.	N.A.
3	Principle 3: Institutional investors should monitor their investee companies.	Complied	AMIN monitors all investee companies through its investment process. This includes assessment of companies' own and market data, consideration of research from brokers and other independent research providers – including ESG & voting research, attending individual & group meetings with company management and directors, visiting production sites (wherever necessary), engaging with key stakeholders including competitors and customers, and financial modelling. More details enumerated in the policy document	N.A.

Trustees' Report

For the year ended March 31, 2024 (Contd...)

S. No.	Particulars of Principles of Stewardship Code	Status of compliance (Complied/ Not Complied)	Description	Remarks/ reasons for deviation/non-compliance, if any
4	Principle 4: Institutional investors should have a clear policy on intervention in their investee companies. Institutional investors should also have a clear policy for collaboration with other institutional investors where required, to preserve the interests of the ultimate investors, which should be disclosed.	Complied	Details of undertaking active engagement with investee companies and the policy for collaboration with other institutional holders are detailed in the policy document. The policy document is publicly disclosed.	N.A.
5	Principle 5: Institutional investors should have a clear policy on voting and disclosure of voting activity.	Complied	AMIN has a clear and detailed voting policy which provides the framework for the voting decisions. All voting decisions shall be in accordance with AMIN's Voting Policy and Procedures, which is disclosed on the website. AMIN discloses the details of the voting on its website on a quarterly basis within 10 working days from the end of the quarter. Additionally, AMIN also discloses the details of the votes cast, in the annual report of the schemes of HSBC Mutual Fund.	N.A.
6	Principle 6: Institutional investors should report periodically on their stewardship activities.	Complied	The annual status report of the stewardship code and quarterly report on proxy voting are publicly disclosed on the website as required under SEBI Regulations.	N.A.

13. DISCLOSURES PERTAINING TO NAV ADJUSTED DURING THE FINANCIAL YEAR FOR SWING FACTOR ALONG WITH THE PERFORMANCE IMPACT

Sr No.	Period of applicability of swing pricing	Scheme Name	Unswung NAV	Swing factor applied	Whether optional or mandatory
NIL					

14. SIGNIFICANT EVENT AFTER THE END OF THE FINANCIAL YEAR

NIL

Trustees' Report

For the year ended March 31, 2024 (Contd...)

15. ACKNOWLEDGEMENTS

The Trustees wish to thank the unitholders of the Schemes for their support throughout the year, and also thank the Government of India, the Securities and Exchange Board of India (SEBI), the Reserve Bank of India (RBI) and the Association of Mutual Funds in India (AMFI) for the guidance provided by them. The Trustees also appreciate the services provided by the Registrar and Transfer Agent, Fund Accountant, Custodian, Bankers, Distributors and Brokers. The guidance and services provided by the auditors and advocates and the ebullience, sincerity and dedication of the employees of HSBC Asset Management (India) Private Limited is also appreciated.

The Trustees look forward to the continued support of everyone.

For and on behalf of **HSBC Trustees (India) Private Ltd.**

Sd/-

Director

Mumbai

July 19, 2024

Independent Auditors' Report

To the Board of Directors of HSBC Trustees (India) Private Limited (the "Trustee")

HSBC Brazil Fund

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **HSBC Brazil Fund** (the "Scheme") of HSBC Mutual Fund (the "Fund"), which comprise the Balance Sheet as at March 31, 2024, the Revenue Account and the Cash Flow Statement for the year then ended, and notes to the financial statements, including a summary of material accounting policy and other explanatory information.

In our opinion, and to the best of our information and according to the explanations given to us, the aforesaid financial statements of the Scheme give a true and fair view in conformity with the Indian Accounting Standards ("Ind AS") prescribed under section 133 of the Companies Act, 2013 (the "Act") read with Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India, including the accounting policies and standards specified in the Regulation 50 and Ninth Schedule to the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 ("the SEBI Regulations") (collectively referred to as the "Regulations") as amended:

- a. in the case of the Balance Sheet, of the state of affairs of the Scheme as at March 31, 2024;
- b. in the case of the Revenue Account, of the net surplus for the year ended on that date; and
- c. in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing ("SAs") and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India (the "ICAI"). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Scheme in accordance with the Code of Ethics issued by the ICAI together with the ethical requirements that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Information Other than the Financial Statements and Auditor's Report Thereon

The Board of Directors of HSBC Asset Management (India) Private Limited (the "AMC") and the Board of Directors of HSBC Trustees (India) Private Limited (the "Trustees") (collectively referred to as "the Management") are responsible for the other information. The other information comprises the information included in the Trustees report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

The Management is responsible for the preparation of these financial statements that give a true and fair view of the state of affairs, results of operations and cash flows of the Scheme in accordance with the accounting principles generally accepted in India, including the accounting policies and standards specified in Regulations. This responsibility also includes maintenance of adequate accounting records in accordance with the SEBI

Independent Auditors' Report (Contd...)

Regulations for safeguarding of the assets of the Scheme and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Management is responsible for assessing the Scheme's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management, either intends to liquidate the Scheme or to cease operations, or has no realistic alternative but to do so.

Those Charged with Governance are also responsible for overseeing the Scheme's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Scheme's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Scheme to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide to those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Independent Auditors' Report (Contd...)

Report on Other Legal and Regulatory Requirements

1. As required by regulation 55(4) and clause 5(ii)(2) of the Eleventh Schedule of the SEBI Regulations, we report that:
 - a. we have sought and obtained all the information and explanations which, to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b. in our opinion, the Balance Sheet and the Revenue Account dealt with by this report have been prepared in accordance with the accounting policies and standards specified in the Regulations; and
 - c. the Balance Sheet, the Revenue Account and the Cash Flow Statement, dealt with by this report are in agreement with the books of accounts of the Scheme.
2. On the basis of information and explanations given to us, the scheme does not have any non-traded securities as at March 31, 2024 and hence reporting requirement of Eighth Schedule of the SEBI Regulations is not applicable.

For **M S K A & Associates**

Chartered Accountants

ICAI Firm Registration No. 105047W

Swapnil Kale

Partner

Membership No. 117812

UDIN: 24117812BKFI06739

Place : Mumbai

Date : July 19, 2024

Abridged Balance Sheet as at March 31, 2024

Rs. in Lakhs

	As at March 31, 2024	As at March 31, 2023	As at April 1, 2022
LIABILITIES			
1 Unit Capital	4,952.13	5,170.66	4,392.62
2 Reserves & Surplus			
2.1 Unit Premium Reserves	890.89	890.90	931.42
2.2 Unrealised Appreciation Reserve	—	—	—
2.3 Other Reserves	(1,924.30)	(2,718.36)	(1,857.87)
3 Loans & Borrowings	—	—	—
4 Current Liabilities & Provisions			
4.1 Provision for Doubtful Income/Deposits	—	—	—
4.2 Other Current Liabilities & Provisions	61.55	19.08	119.89
TOTAL	3,980.27	3,362.28	3,586.05
ASSETS			
1 Investments			
1.1 Listed Securities:			
1.1.1 Equity Shares	—	—	—
1.1.2 Preference Shares	—	—	—
1.1.3 Equity Linked Debentures	—	—	—
1.1.4 Other Debentures & Bonds	—	—	—
1.1.5 Securitised Debt Securities	—	—	—
1.2 Securities Awaited Listing:			
1.2.1 Equity Shares	—	—	—
1.2.2 Preference Shares	—	—	—
1.2.3 Equity Linked Debentures	—	—	—
1.2.4 Other Debentures & Bonds	—	—	—
1.2.5 Securitised Debt Securities	—	—	—
1.3 Unlisted Securities:			
1.3.1 Equity Shares	—	—	—
1.3.2 Preference Shares	—	—	—
1.3.3 Equity Linked Debentures	—	—	—
1.3.4 Other Debentures & Bonds	—	—	—
1.3.5 Securitised Debt Securities	—	—	—
1.4 Government Securities	—	—	—
1.5 Treasury Bills	—	—	—
1.6 Commercial Paper	—	—	—
1.7 Certificate of Deposits	—	—	—
1.8 Bill Rediscounting	—	—	—
1.9 Units of Domestic Mutual Fund	—	—	—
1.10 Foreign Securities	3,797.66	3,211.79	3,486.92
Total Investments	3,797.66	3,211.79	3,486.92
2 Deposits	0.98	0.97	1.00
3 Other Current Assets			
3.1 Cash & Bank Balance	2.76	4.03	0.75
3.2 CBLO/TREPS/Reverse Repo Lending	178.47	144.98	24.05
3.3 Others	0.40	0.50	73.33
4 Deferred Revenue Expenditure (to the extent not written off)	—	—	—
TOTAL	3,980.27	3,362.28	3,586.05

Notes to Accounts - Annexure I

Abridged Revenue Account for the year ended March 31, 2024

		Rs. in Lakhs	
		Current Year ended March 31, 2024	Previous Year ended March 31, 2023
1	INCOME		
1.1	Dividend	246.97	142.81
1.2	Interest	10.34	5.40
1.3	Realised Gain/(Loss) on Foreign Exchange Fluctuations	(2.65)	1.81
1.4	Realised Gains/(Losses) on Interscheme Sale of Investments	—	—
1.5	Realised Gains/(Losses) on External Sale/Redemption of Investments	(37.34)	(26.06)
1.6	Realised Gains/(Losses) on Derivative Transactions	—	—
1.7	Other Income	4.81	2.91
	(A)	222.12	126.87
2	EXPENSES		
2.1	Management Fees	28.70	19.82
2.2	GST on Management Fees	5.17	3.57
2.3	Transfer Agents Fees and Expenses	1.51	1.23
2.4	Custodian Fees	0.31	0.52
2.5	Trusteeship Fees	0.03	0.12
2.6	Commission to Agents	6.30	6.16
2.7	Marketing & Distribution Expenses	0.00	0.13
2.8	Audit Fees	0.06	0.04
2.9	Investor Education Expenses	0.77	0.60
2.10	Brokerage & Transaction Costs	0.01	—
2.11	Interest on Borrowing	—	—
2.12	Other Operating Expenses	1.43	1.40
	(B)	44.29	33.58
3	NET REALISED GAINS / (LOSSES) FOR THE YEAR	(C = A - B)	177.83
4	Change in Unrealised Depreciation in Value of Investments	(D)	554.45
5	NET GAINS / (LOSSES) FOR THE YEAR	(E = C + D)	(696.20)
6	Change in Unrealised Appreciation in Value of Investments	(F)	732.28
7	NET SURPLUS / (DEFICIT) FOR THE YEAR	(G = E + F)	(602.92)
7.1	Add : Balance Transfer from Unrealised Appreciation Reserve	—	—
7.2	Less : Balance Transfer to Unrealised Appreciation Reserve	—	—
7.3	Add/(Less) : Equalisation	61.79	(257.57)
7.4	Transfer from Reserve Fund	(2,718.36)	(1,857.87)
7.5	Transfer from Unit Premium Reserve	—	—
8	Total	(1,924.30)	(2,718.36)
9	Dividend Appropriation		
9.1	Income Distributed during the Year	—	—
9.2	Tax on Income Distributed during the Year	—	—
10	Retained Surplus / (Deficit) Carried Forward to Balance Sheet	(1,924.30)	(2,718.36)

Notes to Accounts - Annexure I

Key Statistics for the year ended March 31, 2024

	Current Year ended March 31, 2024	Previous Year ended March 31, 2023
1. NAV per unit (Rs.):		
Open		
Regular Plan - Growth Option	6.1545	7.5743
Regular Plan - IDCW Option	6.1545	7.5743
Direct Plan - Growth Option	6.6417	8.1121
Direct Plan - IDCW Option	6.6360	8.1059
High		
Regular Plan - Growth Option	8.1204	7.8154
Regular Plan - IDCW Option	8.1204	7.8154
Direct Plan - Growth Option	8.8061	8.3711
Direct Plan - IDCW Option	8.7985	8.3646
Low		
Regular Plan - Growth Option	5.9901	5.5468
Regular Plan - IDCW Option	5.9901	5.5468
Direct Plan - Growth Option	6.4650	5.9535
Direct Plan - IDCW Option	6.4594	5.9487
End		
Regular Plan - Growth Option	7.4978	6.1545
Regular Plan - IDCW Option	7.4978	6.1545
Direct Plan - Growth Option	8.1417	6.6417
Direct Plan - IDCW Option	8.1347	6.6360
2. Closing Assets Under Management (Rs. in Lakhs)		
End	3,919	3,340
Average (AAuM) ¹	3,850	3,005
3. Gross income as % of AAuM²	5.77%	4.22%
4. Expense Ratio:		
a. Total Expense as % of AAuM (including GST on Management fees) (planwise)		
Regular Plan	1.55%	1.58%
Direct Plan	0.94%	0.82%
b. Management Fee as % of AAuM (planwise)		
Regular Plan	0.82%	0.78%
Direct Plan	0.70%	0.58%
5. Net Income as a percentage of AAuM³	4.62%	3.10%
6. Portfolio turnover ratio⁴	0.14	0.09
7. Total IDCW per unit distributed during the year (planwise)		
Retail		
Regular Plan – IDCW Option	–	–
Direct Plan – IDCW Option	–	–

Key Statistics for the year ended March 31, 2024 (Contd...)

	Current Year ended March 31, 2024	Previous Year ended March 31, 2023
Corporate		
Regular Plan – IDCW Option	–	–
Direct Plan – IDCW Option	–	–
8. Returns (%):		
a. Last One Year		
Scheme		
Regular Plan - Growth Option	21.96	(18.75)
Direct Plan - Growth Option	22.73	(18.13)
Benchmark		
MSCI Brazil 10/40 Index TRI	29.79	(14.88)
b. Since Inception		
Scheme		
Regular Plan - Growth Option	(2.21)	(3.99)
Direct Plan - Growth Option	(1.83)	(3.94)
Benchmark		
MSCI Brazil 10/40 Index TRI	3.62	1.69

- 1. AAuM = Average daily net assets.
- 2. Gross income = amount against (A) in the Revenue account i.e. Income
- 3. Net income = amount against (C) in the Revenue account i.e. Net Realised Gains/(Losses) for the year
- 4. Portfolio Turnover = Lower of sales or purchase divided by the Average AuM for the year
- 5. The Total management fees and other expenses charged by the underlying fund along with the management fee and recurring expenses charged by the domestic Mutual Fund is as follows:

Scheme	TER charged by underlying Fund	TER of the domestic Fund	Weighted Average TER	Maximum TER Cap as per circular
	2023-24			
HSBC Brazil Fund	0.85%	1.44%	2.29%	2.30%
	2022-23			
HSBC Brazil Fund	0.85%	1.44%	2.29%	2.30%

Note: Returns have been calculated as on last business day of the month i.e. March 28, 2024 due to non-availability of benchmark indices as of March 31, 2024.

Notes to Accounts – Annexure I

To the Abridged Balance Sheet and Revenue Account for the year ended March 31, 2024

1 Investments:

- 1.1. It is confirmed that investments of the Scheme are registered in the name of the Trustees for the benefit of the Scheme's unitholders.
- 1.2. Open Positions of derivatives as on year ended March 31, 2024 and March 31, 2023 are NIL.
- 1.3. Investment in Associates and Group Companies as at the year ended March 31, 2024 and March 31, 2023 are NIL.
- 1.4. Open positions of Securities Borrowed and/or Lent by the Scheme as on the year ended March 31, 2024 and March 31, 2023 are NIL.
- 1.5. Investment in Below investment grade and default/Securities in default as on March 31, 2024 and March 31, 2023 are NIL.
- 1.6. Aggregate Unrealised Gain/Loss as at the end of the financial year end and their percentages to net assets are as under:

[Rs. In lakhs]

Security Category	Amount	Percentage to Net Assets	Amount	Percentage to Net Assets
	As at March 31, 2024		As at March 31, 2023	
Foreign Securities				
– Appreciation	–	–	–	–
– Depreciation	156.23	3.99	710.68	21.28

- 1.7 The aggregate value of investments securities (excluding TREPS and Reverse Repos) purchased and sold (including matured) during the financial year 2023-2024 (excluding accretion of discount) is Rs. 7.54 lakhs and Rs. 6.70 lakhs respectively being 0.20% and 0.17% of the average net assets.

The aggregate value of investments securities (excluding TREPS and Reverse Repos) purchased and sold (including matured) during the financial year 2022-2023 (excluding accretion of discount) is Rs. 8.85 lakhs and Rs. 3.55 lakhs respectively being 0.29% and 0.12% of the average net assets.

- 1.8. Non -Traded securities in the portfolios as at March 31, 2024 and March 31, 2023 are NIL.

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

During the year 2023-24, The Hongkong and Shanghai Banking Corporation Limited, an associate entity of HSBC Asset Management (India) Private Limited was paid collection/bank charges amounting to Rs. Nil.

During the year 2022-23, The Hongkong and Shanghai Banking Corporation Limited, an associate entity of HSBC Asset Management (India) Private Limited was paid collection/bank charges amounting to Rs. Nil.

Commission paid to Sponsor/AMC and its associates/related parties/group companies

Name of Sponsor/AMC and its associates/related parties/group companies	Nature of Association / Nature of Relation	Period Covered	Business Given [Rs. In lakhs]	% of Total Business received by the Fund	Commission paid [Rs. In Lakhs]	% of Total commission paid by the Fund
The Hongkong and Shanghai Banking Corporation Limited	Group Company	2023-2024	–	–	2.24	34.17
The Hongkong and Shanghai Banking Corporation Limited	Group Company	2022-2023	~0.00	0.01	1.82	37.45

~ Indicates less than 0.01

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

To the Abridged Balance Sheet and Revenue Account for the year ended March 31, 2024

Brokerage paid to Sponsor/AMC and its associates/related parties/group companies is NIL.
(Previous year also NIL)

- 3 None of the Investors held more than 25% of the total net assets of the scheme at the year ended March 31, 2024 and March 31, 2023.
- 4 Unit Capital movement during the year ended March 31, 2024, March 31, 2023 and March 31, 2022:

Description	2023-2024				
	Opening Units	Subscription	Redemption	Closing Units	Face Value per unit (Rupees)
Regular Plan - Growth Option	15,905,244.818	8,290,327.148	8,806,351.801	15,389,220.165	10
Regular Plan - IDCW Option	2,773,315.117	88,112.625	679,621.470	2,181,806.272	10
Direct Plan - Growth Option**	32,731,297.099	6,856,656.903	7,870,270.231	31,717,683.771	10
Direct Plan - IDCW Option	296,790.431	39,279.167	103,459.758	232,609.840	10

Description	2022-2023				
	Opening Units	Subscription	Redemption	Closing Units	Face Value per unit (Rupees)
Regular Plan - Growth Option	15,208,886.177	3,165,524.435	2,469,165.794	15,905,244.818	10
Regular Plan - IDCW Option	2,868,526.525	107,192.624	202,404.032	2,773,315.117	10
Direct Plan - Growth Option**	25,465,160.120	12,872,354.865	5,606,217.886	32,731,297.099	10
Direct Plan - IDCW Option	383,606.190	46,182.182	132,997.941	296,790.431	10

Description	2021-2022				
	Opening Units	Subscription	Redemption	Closing Units	Face Value per unit (Rupees)
Regular Plan - Growth Option	12,724,192.184	6,572,074.391	4,087,380.398	15,208,886.177	10
Regular Plan - IDCW Option	2,712,121.927	390,569.929	234,165.331	2,868,526.525	10
Direct Plan - Growth Option**	10,241,468.411	23,095,003.517	7,871,311.808	25,465,160.120	10
Direct Plan - IDCW Option	352,380.802	246,353.528	215,128.140	383,606.190	10

** Units held by the AMC (Seed Capital) in Direct Plan Growth Option as on March 31, 2024 is 701,095.111 & as on March 31, 2023 is 701,095.111 & as on March 31, 2022 is 701,095.111.

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

To the Abridged Balance Sheet and Revenue Account for the year ended March 31, 2024

- 5 Previous year's/period figures have been re-grouped/re-arranged where necessary.
- 6 There are no contingent liabilities and other commitments as on March 31, 2024 and March 31, 2023. Contingent asset is neither recognized nor disclosed in the financial statements.
- 7 Expenses other than Management Fees are Inclusive of GST where applicable.
- 8 Other income of Rs. 4.81 lakhs represents Exit load credited to the scheme (2023: Rs. 2.91 lakhs represents Exit load credited to the scheme).

9 Investor Education Awareness

As mandated by SEBI vide circular no. CIR/IMD/DF/21/2012 dated September 13, 2012 an annual charge of 0.02 percent of daily net assets, being a part of total recurring expenses is set aside for Investor Education and Awareness (IEA). In view of the AMFI Best Practices Guidelines Circular No. 56/2015-16, the IEF (Investor Education Fund) accrual is set aside in a separate bank account and the consolidated balance across all schemes as on March 31, 2024.

Pursuant to SEBI circular dated May 23, 2022, w.e.f. July 1, 2022, the limit of 0.02% p.a. has been reduced to 0.01% p.a. in case of ETFs/Index Funds. Furthermore, Fund of Funds (FoFs) investing more than 80% of its NAV in the underlying domestic funds have discontinued setting aside 0.02% p.a. of daily net assets towards IEAI.

The break-up of which is as under:

	March 31, 2024	March 31, 2023
Particulars	Amount (Rs. In Lakhs)	Amount (Rs. In Lakhs)
Opening Balance as on April 01, 2023	997.09	460.22
Add: Accrual during FY 2023-24	1,962.01	1,432.00
Less: Transferred to AMFI *	889.11	646.75
Less: Payable to AMFI (March 2024 accrual) *	91.90	69.25
Add: Investment Income FY 2023-24	77.08	166.42
Less: Spent during FY 2023-24	1,877.44	345.55
Closing Balance as on March 31, 2024	177.73	997.09

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

The IEA disclosure are presented for surviving scheme only.

- 10 Pursuant to SEBI Circular No. SEBI/HO/IMD/DF3/CIR/P/2020/194 dated October 05, 2020, the nomenclature of 'Dividend Option' under all the schemes of HSBC Mutual Fund has been revised to 'Income Distribution cum Capital Withdrawal Option' (IDCW), with effect from April 01, 2021.
- 11 Securities, excluding debt securities, where the non-traded investments which have been valued "in good faith" exceed 5% of the net assets at the end of the year is NIL.
- 12 Debt securities which have been valued at a price other than the price given by the independent valuation agencies at the end of the year is NIL.
- 13 **Disclosure of Risk-o-meter**

Scheme Name	Risk-o-meter level at end of the financial year i.e. March 31, 2024	Risk-o-meter level as on March 31, 2023	Number of changes in Risk-o-meter during the financial year (March 2023 to March 2024)
HSBC Brazil Fund	Very High	Very High	0

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

To the Abridged Balance Sheet and Revenue Account for the year ended March 31, 2024

- 14 Subsequent to receipt of SEBI's no objection to acquisition of 100% equity shares of L&T Investment Management Limited ("LTIM", Investment Manager of L&T Mutual Fund) and the amendments proposed to the trust deed of the HSBC Mutual Fund as required under the SEBI (Mutual Funds) Regulations, 1996, the schemes of L&T Mutual Fund (LTMF) were transferred to/ merged with the schemes of HSBC Mutual Fund on and from the close of business hours of November 25, 2022, and the HSBC AMC and HSBC Trustees assumed the responsibilities of the schemes of LTMF w.e.f. close of business hours of November 25, 2022.
- 15 During the year, HSBC Securities and Capital Markets (India) Private Limited ("HSCI"), Sponsors of HSBC Mutual Fund established a private limited company with limited liability to act as the "Trustee" of HSBC Mutual Fund. HSBC Trustees (India) Private Limited ("HTIP") was incorporated on 9 January 2024. Accordingly, HTIP has replaced the Board of Trustees of HSBC Mutual Fund w.e.f. 1 March 2024, and the Company through its Board of Directors has been discharging its obligations as the "Trustees" of the Fund from this date.
- 16 The Annual Accounts of the Schemes, prepared in accordance with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the "Act") read with the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time and clause 17.14 of SEBI Master Circular for Mutual Funds dated June 27, 2024, has been approved by the Board of Directors of HSBC Asset Management (India) Private Limited and HSBC Trustees (India) Private Limited at their meetings held on July 8, 2024 and July 19, 2024 respectively. The audit report attached herewith refers to the said Annual Accounts. The aforesaid abridged accounts are an extract of the Annual Accounts and are prepared in accordance with clause 5.4 and format no. 3.B under the section of formats of SEBI Master Circular for Mutual Funds dated June 27, 2024 and other relevant circulars issued by the Securities and Exchange Board of India from time to time.

Voting Policy and Procedures

In view of para 6.16 of SEBI Master Circular on Mutual Funds dated June 27, 2024 related to "Role of Mutual Funds in Corporate Governance of Public Listed Companies", HSBC AMC has formulated its "Policy for Proxy Voting in Public Listed Companies". The said policy is available on our website and the details of actual exercise of proxy votes, the summary of votes casted and the auditor's certificate is forming part of our full Annual Report for the Financial Year 2023 – 24 which has been uploaded on our website at <http://www.assetmanagement.hsbc.co.in>

Statutory Details & Disclaimers

All the returns have been sourced from Mutual Funds India Explorer software. The performance of the schemes and the benchmark is calculated on a total return basis. This document has been prepared by HSBC Asset Management (India) Private Limited (HSBC) for information purposes only with an intent to provide market overview and should not be construed as an offer or solicitation of an offer for purchase of any of the funds of HSBC Mutual Fund. All information contained in this document (including that sourced from third parties), is obtained from sources, which HSBC/third party, believes to be reliable but which it has not been independently verified by HSBC/the third party. Further, HSBC/the third party makes no guarantee, representation or warranty and accepts no responsibility or liability as to the accuracy or completeness of such information. The information and opinions contained within the document are based upon publicly available information and rates of taxation applicable at the time of publication, which are subject to change from time to time.

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For disclosure of quarterly AUM/AAUM and AUM by geography, please visit our website at www.assetmanagement.hsbc.co.in. Investors are requested to note that as per SEBI (Mutual Funds) Regulations, 1996 and guidelines issued thereunder, HSBC AMC, its employees and/ or empaneled distributors/agents are forbidden from guaranteeing/promising/assuring/predicting any returns or future performances of the schemes of HSBC Mutual Fund. Hence, please do not rely upon any such statements/commitments. If you come across any such practices, please register a complaint via email at investor.line@mutualfunds.hsbc.co.in

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

Important Updates

Name and Date of Birth as per PAN card - Effective from June 1, 2024

As per recent regulatory requirement and changes advised by Income Tax Department in PAN validation process, now it is mandated to quote your Name(s) and DOB as per PAN card. To avoid any failure in such validations, we request investors to quote the Name(s) and DOB's of all the holders including Guardian, Power of Attorney (POA) holders as per PAN card.

Useful Links for self service options

- **Use our 24 x 7 Chatbot - "ASKME" for any queries or service request:**
visit: <https://invest.assetmanagement.hsbc.co.in>

SMS your request to HSBC Mutual Fund

- **Latest NAV :** Send SMS as HSBCMF NAV <Scheme Code> to 56767
Example: HSBCMF NAV F03
- **Valuation Service on registered mobile No. :** Send SMS as HSBCMF VAL <folio_number> to 56767
Example: HSBCMF VAL 123456
- **Annual Report :**
For Electronic Copy: Send SMS as HSBCMFARE <folio_number> to 567678080
Example: HSBCMF ARE 123456
For Physical Copy: Send SMS as HSBCMFARP <folio_number> to 567678080
Example: HSBCMF ARP 123456
- **Half Yearly Portfolio :**
For Electronic Copy: Send SMS as HSBCMFHPE <folio_number> to 567678080
Example: HSBCMF HPE 123456
For Physical Copy: Send SMS as HSBCMFHPP <folio_number> to 567678080
Example: HSBCMF HPP 123456

Missed Call Service

- You can give a missed call to 9212900020 to get the total valuation via SMS and a statement on your registered email ID

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If undelivered please return to:

Computer Age Management Services Private Limited (CAMS)

Unit: HSBC Mutual Fund

New No. 10, M.G.R Salai, Nungambakkam, Chennai - 600034.

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

HSBC Asset Management (India) Private Limited

CIN NO: U74140MH2001PTC134220

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

Website : www.assetmanagement.hsbc.co.in

Description	Toll Free Number	Email ID
Investor related queries	1800-4190-200/1800-200-2434	investor.line@mutualfunds.hsbc.co.in
Online related queries	1800-4190-200/1800-200-2434	onlinemf@mutualfunds.hsbc.co.in
Investor (Dialing from abroad)	+91 44 39923900	investor.line@mutualfunds.hsbc.co.in

To get your updated account statement email us at : mfsoa@mutualfunds.hsbc.co.in

We're always here to help you, so feel free to reach out to us

Self-service request at your Fingertips

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Remember, you can also find out more via our social media handles !



Please check our website www.assetmanagement.hsbc.co.in for an updated list of Official Points of Acceptance of HSBC Mutual Fund.

CAMS SERVICE CENTRES / CAMS LIMITED TRANSACTION POINTS / CAMS COLLECTION CENTRES

For details on CAMS Service Centres, please visit www.camsonline.com



HSBC Global Emerging Markets Fund

An open ended fund of fund Scheme investing in HSBC Global Investment Funds - Global Emerging Markets Equity Fund

Abridged Annual Report 2023 - 2024

SPONSOR

HSBC Securities and Capital Markets (India) Private Limited

CIN – U67120MH1994PTC081575

Regd. Office: 52/60, Mahatma Gandhi Road, Fort, Mumbai 400001.

TRUSTEE COMPANY

HSBC Trustees (India) Private Limited

CIN – U66190MH2024PTC416973

Regd. Office: 52/60, Mahatma Gandhi Road, Fort, Mumbai 400001.

ASSET MANAGEMENT COMPANY

HSBC Asset Management (India) Private Limited

CIN – U74140MH2001PTC134220

Regd. Office: 9-11 Floors, NESCO IT Park, Building No. 3,
Western Express Highway, Goregaon (East), Mumbai 400063.

CUSTODIAN

Citibank N.A.

First International Financial Center (FIFC), 9th Floor,
C-54 & 55, G – Block, Bandra Kurla Complex, Bandra (East), Mumbai 400051.

AUDITORS TO THE SCHEME

MSKA & Associates

Chartered Accountants

602, Floor 6, Raheja Titanium, Western Express Highway,
Geetanjali Railway Colony, Ram Nagar, Goregaon (East), Mumbai 400063.

REGISTRAR & TRANSFER AGENTS

Computer Age Management Services Limited (CAMS)

Unit: HSBC Mutual Fund

New No. 10, M.G.R Salai, Nungambakkam, Chennai 600034.

BOARD OF TRUSTEES

Ms. Jasmine Batliwalla

– Chairperson

Mr. Nani Javeri

– Trustee

Mr. David Rasquinha

– Trustee

Mr. Nicolas Moreau

– Trustee

BOARD OF DIRECTORS

Dr. Indu Shahani

– Director

Mr. Kapil Seth

– Director

Ms. Roopa Varma

– Director

Mr. Kailash Kulkarni

– Director & Chief Executive Officer

Dear Investor,

As we reflect on the past year, I am filled with pride and optimism about the future of our company and overall growth of the mutual fund industry. The past year has marked significant milestones in our journey, particularly as we capitalise on the immense potential of India's burgeoning growth story.

Fiscal 2024 turned out to be one of the best years for the domestic mutual fund industry as assets under management (AUM) spurted by nearly Rs. 14 lakh crore to a record Rs. 53.40 lakh crore as of March 2024 compared with Rs. 39.42 lakh crore as of March 2023.

The mutual fund industry is experiencing immense growth and we are poised to take advantage of this upward trajectory. Our company is an integral part of this growth story, riding the wave with several strategic initiatives and accomplishments that have set us on a path of sustained success.



Major achievements post integration

- Post integration we have enhanced our digital offering for both B2B and B2C to provide improved customer journeys.
- HSBC AM India's AUM increased from USD 1.4 bn (before integration) to USD 13.7 bn as of April 2024.
- HSBC Asset Management India has now become the 14th largest asset manager in India in terms of AUM.
- HSBC AM India has launched 4 new products since integration (raising \$445M).
- We have expanded HSBC AM India's product offerings to 43 funds.

Key Achievements in FY2023-2024

Investment Performance: Our disciplined investment strategy and thorough research have been pivotal to our success. We have focused on high-quality, undervalued assets, achieving consistent returns across our portfolio.

Product Innovation: This year, we launched two new funds - HSBC Multi Asset Allocation Fund and HSBC Consumption Fund, tailored to meet the evolving needs of our investors. These new offerings have been well-received, contributing to our growth in AUM significantly.

Increased Media Presence: In FY24, we significantly boosted our media presence, ensuring that our brand and thought leadership are recognized across various platforms. Through strategic media engagements like Informed Investing with ET Now, talks shows and several authored articles plus interviews - we have amplified our message, reaching a broader audience and reinforcing our market position.

Successful Campaign Launch: We successfully launched SIP Hai #FaydeWaliAadat, an investor education campaign, that highlighted the transformative power of SIPs in achieving long-term financial

goals. A first of its kind campaign, it aimed at educating and empowering the millennial investors in India. The campaign garnered significant attention and positive feedback, strengthening our brand presence and engaging a wider audience. Notably, the campaign has also earned us prestigious awards and accolades highlighting our commitment to excellence and innovation.

Client Relationships: We have strengthened our client relationships through enhanced communication, transparency, and personalized service. Our client satisfaction scores have reached new heights, reflecting our commitment to exceptional service.

We believe that the India story has just begun and its economic landscape is poised for significant growth. An exposure to unique and future relevant themes can provide a much-needed inflation buffer. The importance of asset allocation continues to be critical. It is critical for all of us to review our risk appetite and goal proximity and construct a portfolio appropriately.

Besides construction, portfolio rebalancing is equally important in order to achieve optimal outcomes. I do hope you share my enthusiasm and I ask that you continue to invest whilst reviewing your asset allocation at all times.

I would like to express my sincere gratitude to our dedicated team, whose expertise and commitment are the backbone of our success. To our investors, thank you for your trust and continued support. Your confidence in our approach motivates us to strive for excellence in everything we do. Also, I want to express my deepest gratitude to our valuable partners for their unwavering support and keep our services running. Look forward to achieving even grater milestones together.

As we move forward, we remain committed to delivering superior investment performance, fostering strong client relationships, and driving sustainable growth. Together, we are well-positioned to navigate the future and achieve our goals.

Warm regards,

A handwritten signature in black ink, appearing to read 'Kailash Kulkarni', with a horizontal line underneath.

Kailash Kulkarni

Chief Executive Officer

HSBC Asset Management India

Trustees' Report

For the year ended March 31, 2024

The Board of Directors of HSBC Trustees (India) Private Limited, Trustees of HSBC Mutual Fund present the Twenty Second Annual Report and the audited abridged financial statements of the schemes of the HSBC Mutual Fund ('the Fund') for the year ended March 31, 2024.

With the acquisition of L&T Mutual Fund in the previous financial year, the Fund's Assets Under Management ('AUM') (excluding Domestic FOFs) as on March 31, 2024 was INR 109368.16 crores (audited). The Fund ranks in the top 15 Mutual Fund houses in India in terms of AUM.

As at March 31, 2024, the Fund offered 43 schemes across asset classes to meet the varying investment needs of the investors. During the year, the Fund launched two new products namely HSBC Consumption Fund and HSBC Multi Asset Allocation Fund in Equity and Hybrid categories.

The Fund continues its focus on delivering consistent long-term returns. The comments on the performance of the scheme(s) are provided hereinafter. Dividends were declared under various schemes as per the provisions contained in the respective Scheme Information Documents after considering the distributable surplus available under the respective plans of the schemes. Details of dividends declared can be viewed on our website at www.assetmanagement.hsbc.co.in.

During the year, HSBC Securities and Capital Markets (India) Private Limited ("HSCI"), Sponsors of the Fund established a private limited company with limited liability to act as the "Trustees" of the Fund. HSBC Trustees (India) Private Limited ("HTIP") was incorporated on 9 January 2024. Accordingly, HTIP has replaced the Board of Trustees of HSBC Mutual Fund w.e.f. 1 March 2024, and the Company through its Board of Directors has been discharging its obligations as the "Trustees" of the Fund from this date.

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

a. Operations and Performance of the Scheme

HSBC Global Emerging Markets Fund ('HGMF')

(An open-ended fund of fund scheme investing in HSBC Global Investment Funds - Global Emerging Markets Equity Fund)

The primary investment objective of the scheme is to provide long term capital appreciation by investing predominantly in units/shares of HSBC Global Investment Funds - Global Emerging Markets Equity Fund. The scheme may also invest a certain proportion of its corpus in money market instruments and/or units of liquid mutual fund schemes, in order to meet liquidity requirements from time to time. However, there can be no assurance or guarantee that the investment objective of the scheme would be achieved.

The net assets of HGMF amounted to INR 32.43 crores as at March 31, 2024 as against INR 15.10 crores as at March 31, 2023. Around 96.76% of the net assets were invested in mutual fund units, 3.37% of the net assets were invested in reverse repos/TREPS and (0.13%) in net current assets as at March 31, 2024.

The performance is largely driven by underlying equity fund. The underperformance has been driven primarily by the underperformance of the underlying HSBC Global Investment Funds - Global Emerging Markets Equity Fund compared to MSCI Emerging Markets Index TRI.

HSBC Global Emerging Markets Fund				Date of Inception : 17 March, 2008				
Fund / Benchmark (Value of ₹ 10,000 invested)	1 Year		3 Years		5 Years		Since Inception	
	Amount (₹)	Returns (%)	Amount (₹)	Returns (%)	Amount (₹)	Returns (%)	Amount (₹)	Returns (%)
HSBC Global Emerging Markets Fund	10722	7.26	8845	-4.02	12702	4.90	17658	3.61
Scheme Benchmark (MSCI Emerging Markets Index TRI)	10949	9.54	9728	-0.92	13385	6.00	30040	7.10
Additional Benchmark (Nifty 50 TRI)	13008	30.27	15736	16.35	20356	15.27	59964	11.81

Trustees' Report

For the year ended March 31, 2024 (Contd...)

Past performance may or may not be sustained in future. Returns have been calculated for the respective periods for Growth Option of Regular Plan as on last business day of the month i.e. March 28, 2024 due to non-availability of benchmark indices as of March 31, 2024. Returns on ₹ 10,000 are point-to-point returns for the specific time period, invested at the start of the period. Returns for 1 year and above are Compounded Annualized. Different plans shall have a different expense structure. Performance of the respective benchmark is calculated as per the Total Return Index (TRI).

Risk-o-meter as of 31st March, 2024:

Scheme Name	Scheme Risk-o-meter	Benchmark Risk-o-meter
HSBC Global Emerging Markets Fund	 Investors understand that their principal will be at Very High risk	Benchmark Index : MSCI Emerging Market Index TRI 

Please note that the above risk-o-meter is as per the product labelling of the Scheme basis Scheme's monthly portfolio as on March 31, 2024.

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

➤ EQUITY OUTLOOK

Recap of FY 2023-24:

FY24 was a stellar year for the Indian equity markets with strong economic momentum, healthy earnings growth and strong inflows from domestic and foreign institutional investors and strong retail participation driving a broad-based bull market. The Nifty and Sensex were up a solid 30.1%/26.5% respectively during the year, while the BSE Midcap and BSE Smallcap indices gained an astounding 65.2% and 61.4% respectively.

While geo-political conflicts continued in FY24, their impact on crude and global supply chains moderated. Crude prices largely remained range bound during the year. Inflation barring a brief spike largely remained well contained, the economy gained further steam with GDP growth crossing 8% in H1FY24 supported by government thrust on infrastructure. This translated into strong growth for several core sector industries including steel and cement. The growth in the real estate sector has been strong with inventory continuing to decline in metro markets. However, lagged impact of price increases continued to impinge on consumer demand growth which remained subdued for most mass market categories.

Domestic cyclicals were the best performing sectors during the year led by Real Estate, Capital Goods, Autos. Power was also among the best performing sectors. Global cyclicals like Metals and Oil & Gas also strongly outperformed the Nifty. FMCG and Banking while delivering healthy positive returns underperformed the Nifty, while IT performance was closer to Nifty.

MSCI India index outperformed most of key global indices during the past fiscal. MSCI India index (USD) gained 35.5% as compared to 23.1% gain for MSCI World, 27.9% for US S&P 500, 11.0% for MSCI Europe and only 5.3% for MSCI Emerging Markets as MSCI China declined 19.0% over the period.

Strong performance of the market and subsiding global macro headwinds drove a sharp turnaround in foreign investment flows. FII net inflow was at USD 25.3bn in FY24 versus an outflow of USD 6.0bn/ 17.1bn in FY23/ FY22. DIs, on the other hand, matched FII inflow with an inflow of USD 25.3bn although it was lower than the net inflows at USD 30.8bn in FY23. Within DIs, the MF segment was the key contributor (USD 24.3 bn of net inflows up from USD 21.8bn in FY23) while domestic Insurers were also in the net inflow territory (USD 1.0bn of net inflows vs USD 9.0bn in FY23).

Source: Motilal Oswal

Trustees' Report

For the year ended March 31, 2024 (Contd...)

Indices Returns (April 01, 2023 to March 31, 2024)	1 Year [^]
S&P BSE Sensex TR	26.5%
NSE CNX Nifty TR	30.1%
S&P BSE 100 TR	34.2%
S&P BSE 200 TR	38.5%
S&P BSE 500 TR	40.2%
S&P BSE Midcap TR	65.2%
S&P BSE Small-cap TR	61.4%

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

Way forward:

The global macro environment remains challenging with heightened geo-political and economic uncertainties. US bond yields remain high putting pressure on interest rates and currencies globally. For India, growth has continued to remain strong with GDP growth of 8.4% in Q3FY24 driven by strong government spending on infrastructure and pickup in manufacturing and construction. The 2024 interim budget has re-affirmed government focus on infrastructure. At the same time reduction in fiscal deficit should also help in easing of domestic interest rates. However, after last year's patchy monsoon, a good monsoon will be an important factor for rural demand and overall consumption growth in the economy in FY25.

India starts FY25 on a strong footing with positive growth momentum and India's investment cycle is expected to be on a medium-term uptrend supported by rising government investment in infrastructure and recovery in real estate cycle. There is also an expectation of higher private investments in renewable energy and related supply chain, localization of higher-end technology components, and India becoming a more meaningful part of global supply chains. Finally, it is expected for consumption to improve as the impact of high inflation fades and real incomes start to grow again.

However, several of these positives are getting discounted by the high valuations currently prevailing in the equity market. While the fund managers remain constructive on Indian equities supported by the more robust medium-term growth outlook there is a caution against high return expectations. Nifty continues to trade on 20.6x consensus 1 year forward PE (as of 30 April). On a 10-year basis, Nifty is still trading 10% above its historic average valuation but is in-line with its 5-year average. Valuations of the midcap and small cap indices are even higher versus their historical average.

➤ DEBT OUTLOOK

Market drivers during the course of the year FY 2024

The year started with advanced economies continuing to grapple with higher inflation and policy tightening remained a common theme across economies. During FY2024, the Federal Open Market Committee (FOMC) raised policy rates by 50 bps while European Central Bank (ECB) and Bank of England (BOE) raised policy rates by 100 bps each. The cumulative rate hikes by various advanced economies in this cycle are as follows: Fed (525 bps), BOE (515 bps) and ECB (450 bps). Meanwhile cumulative rate hikes by the Monetary Policy Committee (MPC) in this cycle was 250 bps. On account of higher Government debt burden, Fitch downgraded US sovereign rating from AAA to AA+. US Treasury yields remained volatile during the year, with the 10-year benchmark rising higher by 73 bps during the year. Crude prices also moved higher by USD 7-8/bbl.

On the domestic front, Consumer price Index (CPI) inflation remained broadly in the upper end of the MPC's targeted band of 4% +/- 2% for most the financial year, however, inflation printed above 6% on two occasions due to high food inflation. Headline inflation remained susceptible to high food inflation with markets now expecting some relief of food prices on the back of normal monsoon. Core inflation eased through the year falling to below 4% in the last quarter.

Trustees' Report

For the year ended March 31, 2024 (Contd...)

Domestically, one of the biggest events during the year was the much-awaited index inclusion of Indian Government Bonds (IGBs) into the GBI-EM Global index suite and its relevant benchmarks. India is expected to reach the maximum weight of 10% in the GBI-EM Global Diversified Index (GBI-EM GD), with the inclusion staggered over a 10-month period starting June 2024. Following this, Bloomberg also included IGBs in their Bloomberg EM Local Currency Index, with India expected to reach a maximum weight of 10% over a 10-month period starting Jan 2025. Both these inclusions are expected to bring in INR 25-30 bn of index related FPI inflows over the next 1-2 years and paving the way for inclusion into other global bond indices as well. During FY2024, FPIs poured in close USD 12 bn into IGBs, with majority of the inflows coming in post the JP Morgan index inclusion announcement.

Government continued its path of fiscal consolidation, with the revised estimate of the Fiscal deficit for FY2024 coming in at 5.6%, with expectations for FY2025 at 5.1% and target of below 4.5% by FY2026. PMI numbers continue to remain in expansion, GST revenues remain buoyant and credit off-take upbeat.

The external sector has remained strong due to healthy service exports and remittances. Current Account Deficit (CAD) is expected to be around 1% for the year. Rupee remained one of the more stable currencies during the year, with active intervention from RBI smoothening any volatility. RBI continued to build on the FX reserves with year-end number around USD 650 bn.

Money market rates moved higher during the year due to tightening in liquidity along with higher Certificate of Deposit (CD) issuances. G-Sec yields, however, moved lower due to favorable demand supply and lower G-Sec borrowing. 10-year G-Sec moved lower during the year by 25 bps, while 5 yr G-Sec moved lower by 13 bps.

Market Outlook

While US markets have braced for "higher for longer" rates, we have seen in the past, that reactions to favorable data in such an environment can be sharp. Any softness in growth, employment or inflation data over the next few months will allow the markets to quickly start pricing in aggressive future policy easing. In our view, the RBI is also likely to gradually shift the liquidity deficit into surplus over the course of the next 3-6 months, flipping overnight rates from the top to the bottom of the rate corridor. The yield curve is likely to steepen as liquidity eases. This along with a potential 50 bps of policy easing in first half of CY2025 may push overnight rates lower by 75-100 bps.

While any form of additional spending by the new Government to address concerns of rural sections of the country and the possibility of additional spending to fund such policies will remain a key monitorable, it is believed the Government is likely to remain cognizant of the possible impact of such policies and take measured steps. With the dust settling down on the election outcome, the broad macroeconomic factors should continue to remain stable and could support softening in domestic yields going forward.

The Fund Managers continue to have a positive outlook for interest rates, based on various favorable factors: (a) Record RBI dividend to the Government, (b) reduced Fiscal deficit number of 5.6%, (c) favorable G-Sec supply demand dynamics, (d) FPI index related inflows, (e) revised outlook in India by S&P, (f) soft core inflation along with expectations of a better than normal monsoon, and finally (g) soft signals by Government and RBI on liquidity.

Source: RBI, Bloomberg, Internal HSBC Research & CCIL

2. BRIEF BACKGROUND OF THE SPONSORS, THE FUND, THE TRUSTEES AND THE ASSET MANAGEMENT COMPANY

A. Sponsor

HSBC Mutual Fund is sponsored by HSBC Securities and Capital Markets (India) Private Limited (HSCI). The Sponsor is the Settler of the Mutual Fund Trust. The Sponsor has entrusted a sum of Rs. 1,00,000/- (Rupees One Lakh only) to the Trustee as the initial contribution towards the corpus of the Mutual Fund.

HSCI offers integrated investment banking services, securities and corporate finance & advisory. HSCI is a member of the Bombay Stock Exchange Limited and National Stock Exchange (capital and derivative market segments). HSCI holds 100% of the paid-up equity share capital of HSBC Asset Management (India) Private Limited.

Trustees' Report

For the year ended March 31, 2024 (Contd...)

B. HSBC Mutual Fund

HSBC Mutual Fund ("the Mutual Fund" or "the Fund") has been constituted as a Trust in accordance with the provisions of the Indian Trusts Act, 1882 (2 of 1882) vide a Trust Deed dated February 7, 2002 (as amended) with HSBC Securities and Capital Markets (India) Private Limited, as the Sponsor and HSBC Trustees (India) Private Limited. The Trustee has entered into an Investment Management Agreement dated February 7, 2002 (as amended) with HSBC Asset Management (India) Private Limited (AMC) to function as the Investment Manager for all the schemes of the Fund. The Fund was registered with SEBI vide registration number MF/046/02/5 dated May 27, 2002.

The Trust has been formed for the purpose of pooling of capital from the public for collective investment in securities for the purpose of providing facilities for participation by persons as beneficiaries in such investments and in the profits/income arising therefrom.

C. HSBC Trustees (India) Private Limited (the Trustees)

The Trustees are the exclusive owner of the Trust Fund and holds the same in trust for the benefit of the unitholders. The Trustees have been discharging their duties and carrying out the responsibilities as provided in the SEBI (Mutual Funds) Regulations, 1996 and the Trust Deed. The Trustees seek to ensure that the Fund and the schemes floated there under are managed by the AMC in accordance with the Trust Deed, the said Regulations, directions and guidelines issued by the SEBI, the Stock Exchanges, the Association of Mutual Funds in India and other regulatory agencies.

During the year, HSBC Securities and Capital Markets (India) Private Limited ("HSCI"), Sponsors of HSBC Mutual Fund) established a private limited company with limited liability to act as the "Trustee" of HSBC Mutual Fund. HSBC Trustees (India) Private Limited ("HTIP") was incorporated on 9 January 2024. Accordingly, HTIP has replaced the Board of Trustees of HSBC Mutual Fund w.e.f. 1 March 2024, and the Company through its Board of Directors has been discharging its obligations as the "Trustees" of the Fund from this date.

As of March 31, 2024, HSCI holds 100% of the paid-up equity share capital of HTIP.

D. Asset Management Company (the AMC)

HSBC Asset Management (India) Private Limited (the Investment Manager or the AMC) is a private limited company incorporated under the Companies Act, 1956 on December 12, 2001 having its Registered Office at 9-11 Floors, NESCO IT Park, Building no. 3, Western Express Highway, Goregaon (East), Mumbai – 400 063. HSBC Asset Management (India) Private Limited has been appointed as the Asset Management Company of HSBC Mutual Fund by the Trustee vide Investment Management Agreement (IMA) dated February 7, 2002 (as amended) and executed between the Trustees and the AMC. SEBI approved the AMC to act as the Investment Manager of the Fund vide its letter No. MFD/BC/163/2002 dated May 27, 2002. The paid-up equity share capital of the AMC is Rs. 344.41 crores. The AMC is registered as a Portfolio Manager under the SEBI (Portfolio Managers) Regulations, 1993 vide registration no. INP000001322. The AMC also offers non-binding Advisory services to offshore funds under the mutual fund license.

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

3. INVESTMENT OBJECTIVE OF THE SCHEMES

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

4. SIGNIFICANT ACCOUNTING POLICIES

The Significant Accounting Policies form part of the Notes to the Accounts annexed to the Balance Sheet of the Schemes in the Full Annual Report. The accounting policies are in accordance with Securities Exchange Board of India (Mutual Funds) Regulations, 1996 and Indian Accounting Standards (IND AS) notified under section 133 of the Companies Act, 2013 (the "Act" read with the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time).

Trustees' Report

For the year ended March 31, 2024 (Contd...)

5. UNCLAIMED DIVIDENDS & REDEMPTIONS

Summary of number of investors & corresponding amount as on March 31, 2024:

Scheme Name	Unclaimed Dividend		Unclaimed Redemption	
	No. of Investors	Amount (₹)	No. of Investors	Amount (₹)
HSBC Global Emerging Markets Fund	92	172,356.06	26	345,428.70

6. INVESTOR SERVICES

The number of official points of acceptance of transactions are 210 locations. In addition to the offices of the Registrar & Transfer Agent, the AMC has its own office in 61 locations and Investor Service Centers in 39 locations. The AMC has 2 Toll Free numbers (1800-4190-200/1800-200-2434) which can be dialed from anywhere in India and 1 number i.e. +91 44 39923900 (Investors calling from abroad). The call center service is being managed by the Registrar and Transfer Agents. HSBC Mutual Fund offers the online transaction facility through the AMC's website at www.assetmanagement.hsbc.co.in.

On the distribution front, the number of empaneled distributors were 59046 as on March 31, 2024. During the year, the AMC initiated tie-ups for online distribution of the Mutual Fund's schemes with several channel partners taking the total number of such tie-ups to 160 as on March 31, 2024.

7. DETAILS OF INVESTOR GRIEVANCE REDRESSAL

The details of the redressal of investor complaints received against HSBC Mutual Fund during April 2023 - March 2024 are as follows:

2023-2024												
Com- plaint code	Type of Complaint	(a) No. of complaints pending at the begin- ning of the period	(b) No. of com- plaints received during the given period	Action on (a) and (b)								
				Resolved				Non Action- able*	Pending			
				Within 30 days	30-60 days	60-180 days	Beyond 180 days		0-3 months	3-6 months	6-9 months	9-12 months
I A	Non receipt of amount declared under Income Distribution cum Capital Withdrawal option	1	10	11	0	0	0	0	0	0	0	
I B	Interest on delayed payment of amount declared under Income Distribution cum Capital Withdrawal option	0	1	1	0	0	0	0	0	0	0	
I C	Non receipt of Redemption Proceeds	1	38	39	0	0	0	0	0	0	0	
I D	Interest on delayed payment of Redemption	0	2	2	0	0	0	0	0	0	0	
II A	Non receipt of Statement of Account/Unit Certificate	0	3	3	0	0	0	0	0	0	0	
II B	Discrepancy in Statement of Account	1	22	23	0	0	0	0	0	0	0	
II C	Data corrections in Investor details	1	250	249	0	0	0	0	2	0	0	
II D	Non receipt of Annual Report/ Abridged Summary	0	0	0	0	0	0	0	0	0	0	
III A	Wrong switch between Schemes	0	2	2	0	0	0	0	0	0	0	
III B	Unauthorized switch between Schemes	0	1	1	0	0	0	0	0	0	0	
III C	Deviation from Scheme attributes	0	1	1	0	0	0	0	0	0	0	

Trustees' Report

For the year ended March 31, 2024 (Contd...)

2023-2024												
Complaint code	Type of Complaint	(a) No. of complaints pending at the beginning of the period	(b) No. of complaints received during the given period	Action on (a) and (b)								
				Resolved				Non Action-able*	Pending			
				Within 30 days	30-60 days	60-180 days	Beyond 180 days		0-3 months	3-6 months	6-9 months	9-12 months
III D	Wrong or excess charges/load	0	0	0	0	0	0	0	0	0	0	
III E	Non updation of changes viz. address, PAN, bank details, nomination, etc	1	127	127	0	0	0	0	1	0	0	0
III F	Delay in allotment of Units	0	5	4	1	0	0	0	0	0	0	0
III G	Unauthorized Redemption	0	0	0	0	0	0	0	0	0	0	0
IV	Others**	1	78	76	0	0	0	0	3	0	0	0
	TOTAL	6	540	539	1	0	0	0	6	0	0	0

** As per AMFI Best Practice Guidelines Circular No.25/2011-12 for Revisions in the Guidelines on Standardization of Complaints / Grievances Reporting Procedure. If "Others" include a type of complaint which is more than 10% of overall complaints, then such a reason should be provided separately. Hence, data corrections in Investor Details are included as a separate category.

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

Summary of Complaints for FY 2023-24

Particulars	Count
Total complaints received	540
Total number of folios	21,39,406
% of complaints against the folio	0.025

8. INVESTOR EDUCATION INITIATIVES

During the FY 2023-24, the AMC conducted the following investor education and awareness initiatives:

- An integrated multi-media marketing campaign on SIP Hai 'FaydeWaliAadat' aimed to tap into the aspirations, financial goals, and unique spending habits of millennials.
- Editorial content on Systematic Investment Plans (SIP) created across 15 states through various regional television channels.
- Investor education content on the Platform - Quora.
- 'Be Money Confident' video series targeting women through Jio Platforms.
- Campaign on Women & Investing for Women's Day.
- Campaign for Marathon enthusiast on the similarities between running a Marathon & Investing.
- Financial literacy virtual event on the occasion of Mother's Day, which received more than 725 registered users.
- A mom blogger outreach program to reach Women Investors with financial education content on MF on the occasion of Mother's Day.
- Education campaign on ELSS executed for working audiences.
- Blogs and content for Investor Education properties like SIP Sahi Hai in Value Research, Gyan Guroovaar on Facebook, Investment Ki Paathshala on the website and investor education blogs on the platform - Advisor Khoj.
- 1,462 Investor Education programs to reach out to an audience of 71,465 people out of which 458 were women programs attended by 20,139 women.

Trustees’ Report
For the year ended March 31, 2024 (Contd...)

9. PROXY VOTING POLICY

As per para 6.16 of SEBI Master Circular on Mutual Funds dated June 27, 2024, the Fund has adopted Proxy Voting Policy and Procedures for exercising voting rights in respect of securities held by the Schemes. (please refer Proxy Voting Policy and Procedures)

The summary of the votes casted in the general meetings of the Investee companies, by the AMC for and on behalf of the Schemes of the Fund, for the financial year 2023-24 is provided below:

Quarter	Total no. of resolutions	Break-up of Vote decision		
		For	Against	Abstained
April 2023 - June 2023	387	260	75	52
July 2023 - September 2023	2,169	1607	448	114
October 2023 - December 2023	197	138	37	22
January 2024 - March 2024	319	240	50	29
TOTAL	3,072	2,245	610	217

As per para 6.16.7 of SEBI Master Circular on Mutual Funds dated June 27, 2024, the AMC has obtained certificate from M/s. M. P. Chitale & Co., Chartered Accountants, who is acting as a Scrutinizer, on the voting report for the FY 2023-24. The certificate dated May 22, 2024 issued by M/s. M. P. Chitale & Co., is available on the website of the AMC as part of the full Annual Report.

Unitholders can refer to the full Annual Report for complete details of actual exercise of votes in the general meetings of the investee companies for the financial year 2023-24 or log on to our website at www.assetmanagement.hsbc.co.in.

10. STATUTORY DETAILS

- a) The Sponsors are not responsible or liable for any loss resulting from the operation of the Schemes of the Fund beyond initial contribution of Rs. 1 lakh for setting up the Fund.
- b) The price and redemption value of the units, and income from them, can go up as well as down with fluctuations in the market value of its underlying investments.
- c) Full Annual Report of HSBC Mutual Fund and of HSBC Asset Management (India) Private Limited (the AMC) shall be disclosed on the website at www.assetmanagement.hsbc.co.in and shall be available for inspection at the Head Office of the Mutual Fund. Present and prospective unitholders can obtain copy of the Trust Deed, the full Annual Report of the Scheme(s), the Annual Report of HSBC Asset Management (India) Private Limited and the text of the relevant Scheme(s) at a price.

11. CHANGES IN RISK-O-METER OF THE SCHEME DURING FY 2023-24

As per para 17.4. of SEBI Master Circular on Mutual Funds dated June 27, 2024 on product labelling, the changes carried out in the risk-o-meter of the schemes of HSBC Mutual Fund during FY 2023-24 have been given in the below mentioned table for the information of the unitholders, a report on the said changes has also been displayed on the website of the Fund and AMFI.

Scheme Name	Risk-o-meter level as on March 31, 2023	Risk-o-meter level as on March 31, 2024	Number of changes in Risk-o-meter during the F.Y. 2023-24)
HSBC Global Emerging Markets Fund	Very High	Very High	0

Trustees' Report

For the year ended March 31, 2024 (Contd...)

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

As per para 6.16.15 of SEBI Master Circular on Mutual Funds dated June 27, 2024, HSBC Mutual Fund has adapted the policy on stewardship responsibilities, the unitholders are requested to note the status of governance with the same as mentioned below:

S. No.	Particulars of Principles of Stewardship Code	Status of compliance (Complied/ Not Complied)	Description	Remarks/ reasons for deviation/non-compliance, if any
1	Principle 1: Institutional Investors should formulate a comprehensive policy on the discharge of their stewardship responsibilities, publicly disclose it, review and update it periodically.	Complied	HSBC Asset Management (India) Private Limited's (AMIN) 'Policy on Stewardship responsibilities' (Stewardship Code/ Policy) was formulated and implemented on 01 July, 2020. This is a comprehensive document which has been publicly disclosed on the website of AMIN. The same shall follow a periodic review.	N.A.
2	Principle 2: Institutional investors should have a clear policy on how they manage conflicts of interest in fulfilling their stewardship responsibilities and publicly disclose it.	Complied	Defining and managing Conflict of Interest in fulfilling stewardship responsibilities are detailed in the Stewardship Policy document. The policy document is publicly disclosed.	N.A.
3	Principle 3: Institutional investors should monitor their investee companies.	Complied	AMIN monitors all investee companies through its investment process. This includes assessment of companies' own and market data, consideration of research from brokers and other independent research providers – including ESG & voting research, attending individual & group meetings with company management and directors, visiting production sites (wherever necessary), engaging with key stakeholders including competitors and customers, and financial modelling. More details enumerated in the policy document	N.A.
4	Principle 4: Institutional investors should have a clear policy on intervention in their investee companies. Institutional investors should also have a clear policy for collaboration with other institutional investors where required, to preserve the interests of the ultimate investors, which should be disclosed.	Complied	Details of undertaking active engagement with investee companies and the policy for collaboration with other institutional holders are detailed in the policy document. The policy document is publicly disclosed.	N.A.

Trustees’ Report
For the year ended March 31, 2024 (Contd...)

S. No.	Particulars of Principles of Stewardship Code	Status of compliance (Complied/ Not Complied)	Description	Remarks/ reasons for deviation/non-compliance, if any
5	Principle 5: Institutional investors should have a clear policy on voting and disclosure of voting activity.	Complied	AMIN has a clear and detailed voting policy which provides the framework for the voting decisions. All voting decisions shall be in accordance with AMIN’s Voting Policy and Procedures, which is disclosed on the website. AMIN discloses the details of the voting on its website on a quarterly basis within 10 working days from the end of the quarter. Additionally, AMIN also discloses the details of the votes cast, in the annual report of the schemes of HSBC Mutual Fund.	N.A.
6	Principle 6: Institutional investors should report periodically on their stewardship activities.	Complied	The annual status report of the stewardship code and quarterly report on proxy voting are publicly disclosed on the website as required under SEBI Regulations.	N.A.

13. DISCLOSURES PERTAINING TO NAV ADJUSTED DURING THE FINANCIAL YEAR FOR SWING FACTOR ALONG WITH THE PERFORMANCE IMPACT

Sr No.	Period of applicability of swing pricing	Scheme Name	Unswung NAV	Swing factor applied	Whether optional or mandatory
NIL					

14. SIGNIFICANT EVENT AFTER THE END OF THE FINANCIAL YEAR

NIL

15. ACKNOWLEDGEMENTS

The Trustees wish to thank the unitholders of the Schemes for their support throughout the year, and also thank the Government of India, the Securities and Exchange Board of India (SEBI), the Reserve Bank of India (RBI) and the Association of Mutual Funds in India (AMFI) for the guidance provided by them. The Trustees also appreciate the services provided by the Registrar and Transfer Agent, Fund Accountant, Custodian,

Trustees' Report

For the year ended March 31, 2024 *(Contd...)*

Bankers, Distributors and Brokers. The guidance and services provided by the auditors and advocates and the ebullience, sincerity and dedication of the employees of HSBC Asset Management (India) Private Limited is also appreciated.

The Trustees look forward to the continued support of everyone.

For and on behalf of **HSBC Trustees (India) Private Ltd.**

Sd/-

Director

Mumbai

July 19, 2024

Independent Auditors' Report

To the Board of Directors of HSBC Trustees (India) Private Limited (the "Trustee")

HSBC Global Emerging Markets Fund

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **HSBC Global Emerging Markets Fund** (the "Scheme") of HSBC Mutual Fund (the "Fund"), which comprise the Balance Sheet as at March 31, 2024, the Revenue Account and the Cash Flow Statement for the year then ended, and notes to the financial statements, including a summary of material accounting policy and other explanatory information.

In our opinion, and to the best of our information and according to the explanations given to us, the aforesaid financial statements of the Scheme give a true and fair view in conformity with the Indian Accounting Standards ("Ind AS") prescribed under section 133 of the Companies Act, 2013 (the "Act") read with Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India, including the accounting policies and standards specified in the Regulation 50 and Ninth Schedule to the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 ("the SEBI Regulations") (collectively referred to as the "Regulations") as amended:

- a. in the case of the Balance Sheet, of the state of affairs of the Scheme as at March 31, 2024;
- b. in the case of the Revenue Account, of the net surplus for the year ended on that date; and
- c. in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing ("SAs") and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India (the "ICAI"). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Scheme in accordance with the Code of Ethics issued by the ICAI together with the ethical requirements that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Information Other than the Financial Statements and Auditor's Report Thereon

The Board of Directors of HSBC Asset Management (India) Private Limited (the "AMC") and the Board of Directors of HSBC Trustees (India) Private Limited (the "Trustees") (collectively referred to as "the Management") are responsible for the other information. The other information comprises the information included in the Trustees report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

The Management is responsible for the preparation of these financial statements that give a true and fair view of the state of affairs, results of operations and cash flows of the Scheme in accordance with the accounting principles generally accepted in India, including the accounting policies and standards specified in Regulations. This responsibility also includes maintenance of adequate accounting records in accordance with the SEBI

Independent Auditors' Report (Contd...)

Regulations for safeguarding of the assets of the Scheme and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Management is responsible for assessing the Scheme's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management, either intends to liquidate the Scheme or to cease operations, or has no realistic alternative but to do so.

Those Charged with Governance are also responsible for overseeing the Scheme's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Scheme's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Scheme to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide to those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Independent Auditors' Report (Contd...)

Report on Other Legal and Regulatory Requirements

1. As required by regulation 55(4) and clause 5(ii)(2) of the Eleventh Schedule of the SEBI Regulations, we report that:
 - a. we have sought and obtained all the information and explanations which, to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b. in our opinion, the Balance Sheet and the Revenue Account dealt with by this report have been prepared in accordance with the accounting policies and standards specified in the Regulations; and
 - c. the Balance Sheet, the Revenue Account and the Cash Flow Statement, dealt with by this report are in agreement with the books of accounts of the Scheme.
2. On the basis of information and explanations given to us, the scheme does not have any non-traded securities as at March 31, 2024 and hence reporting requirement of Eighth Schedule of the SEBI Regulations is not applicable.

For **M S K A & Associates**

Chartered Accountants

ICAI Firm Registration No. 105047W

Swapnil Kale

Partner

Membership No. 117812

UDIN: 24117812BKFISP7110

Place : Mumbai

Date : July 19, 2024

Abridged Balance Sheet as at March 31, 2024

Rs. in Lakhs

	As at March 31, 2024	As at March 31, 2023	As at April 1, 2022
LIABILITIES			
1 Unit Capital	1,787.62	1,185.84	811.18
2 Reserves & Surplus			
2.1 Unit Premium Reserves	(229.56)	(585.83)	(270.41)
2.2 Unrealised Appreciation Reserve	333.85	150.49	351.71
2.3 Other Reserves	1,350.67	1,211.47	617.81
3 Loans & Borrowings	–	–	–
4 Current Liabilities & Provisions			
4.1 Provision for Doubtful Income/Deposits	–	–	–
4.2 Other Current Liabilities & Provisions	20.40	34.43	17.86
TOTAL	3,262.97	1,996.39	1,528.15
ASSETS			
1 Investments			
1.1 Listed Securities:			
1.1.1 Equity Shares	–	–	–
1.1.2 Preference Shares	–	–	–
1.1.3 Equity Linked Debentures	–	–	–
1.1.4 Other Debentures & Bonds	–	–	–
1.1.5 Securitised Debt Securities	–	–	–
1.2 Securities Awaited Listing:			
1.2.1 Equity Shares	–	–	–
1.2.2 Preference Shares	–	–	–
1.2.3 Equity Linked Debentures	–	–	–
1.2.4 Other Debentures & Bonds	–	–	–
1.2.5 Securitised Debt Securities	–	–	–
1.3 Unlisted Securities:			
1.3.1 Equity Shares	–	–	–
1.3.2 Preference Shares	–	–	–
1.3.3 Equity Linked Debentures	–	–	–
1.3.4 Other Debentures & Bonds	–	–	–
1.3.5 Securitised Debt Securities	–	–	–
1.4 Government Securities	–	–	–
1.5 Treasury Bills	–	–	–
1.6 Commercial Paper	–	–	–
1.7 Certificate of Deposits	–	–	–
1.8 Bill Rediscounting	–	–	–
1.9 Units of Domestic Mutual Fund	–	–	–
1.10 Foreign Securities	3,138.59	1,804.34	1,505.52
Total Investments	3,138.59	1,804.34	1,505.52
2 Deposits	2.70	0.89	1.00
3 Other Current Assets			
3.1 Cash & Bank Balance	8.30	5.33	0.10
3.2 CBLO/TREPS/Reverse Repo Lending	109.20	173.66	12.41
3.3 Others	5.18	12.17	9.12
4 Deferred Revenue Expenditure (to the extent not written off)	–	–	–
TOTAL	3,262.97	1,996.39	1,528.15

Notes to Accounts - Annexure I

Abridged Revenue Account for the year ended March 31, 2024

		Rs. in Lakhs	
		Current Year ended March 31, 2024	Previous Year ended March 31, 2023
1	INCOME		
1.1	Dividend	27.29	18.13
1.2	Interest	7.25	3.33
1.3	Realised Gain/(Loss) on Foreign Exchange Fluctuations	(0.84)	(0.67)
1.4	Realised Gains/(Losses) on Interscheme Sale of Investments	—	—
1.5	Realised Gains/(Losses) on External Sale/Redemption of Investments	33.16	28.54
1.6	Realised Gains/(Losses) on Derivative Transactions	—	—
1.7	Other Income	1.25	0.33
	(A)	68.11	49.67
2	EXPENSES		
2.1	Management Fees	16.10	9.77
2.2	GST on Management Fees	2.90	1.76
2.3	Transfer Agents Fees and Expenses	0.87	0.57
2.4	Custodian Fees	0.43	0.47
2.5	Trusteeship Fees	0.02	0.05
2.6	Commission to Agents	8.43	6.13
2.7	Marketing & Distribution Expenses	0.00	0.06
2.8	Audit Fees	0.04	0.02
2.9	Investor Education Expenses	0.49	0.29
2.10	Brokerage & Transaction Costs	0.01	0.00
2.11	Interest on Borrowing	—	—
2.12	Other Operating Expenses	1.77	0.70
	(B)	31.06	19.83
3	NET REALISED GAINS/(LOSSES) FOR THE YEAR (C = A - B)	37.05	29.84
4	Change in Unrealised Depreciation in Value of Investments	(D)	—
5	NET GAINS/(LOSSES) FOR THE YEAR (E = C + D)	37.05	29.84
6	Change in Unrealised Appreciation in Value of Investments	(F)	183.36
7	NET SURPLUS/(DEFICIT) FOR THE YEAR (G = E + F)	220.41	(171.38)
7.1	Add : Balance Transfer from Unrealised Appreciation Reserve	—	201.22
7.2	Less : Balance Transfer to Unrealised Appreciation Reserve	183.36	—
7.3	Add/(Less) : Equalisation	112.12	563.82
7.4	Transfer from Reserve Fund	1,211.47	617.81
7.5	Transfer from Unit Premium Reserve	—	—
8	Total	1,360.64	1,211.47
9	Dividend Appropriation		
9.1	Income Distributed during the Year	(9.97)	—
9.2	Tax on Income Distributed during the Year	—	—
10	Retained Surplus/(Deficit) Carried Forward to Balance Sheet	1,350.67	1,211.47

Notes to Accounts - Annexure I

Key Statistics for the year ended March 31, 2024

	Current Year ended March 31, 2024	Previous Year ended March 31, 2023
1. NAV per unit (Rs.):		
Open		
Regular Plan – Growth Option	16.4689	18.5382
Regular Plan – IDCW Option	14.6380	16.4772
Direct Plan – Growth Option	17.7272	19.8147
Direct Plan – IDCW Option	15.7379	17.5948
High		
Regular Plan – Growth Option	17.6813	18.6940
Regular Plan – IDCW Option	15.7156	16.6157
Direct Plan – Growth Option	19.1380	19.9828
Direct Plan – IDCW Option	16.9903	17.7439
Low		
Regular Plan – Growth Option	15.2529	14.5586
Regular Plan – IDCW Option	13.5572	12.9401
Direct Plan – Growth Option	16.4850	15.6254
Direct Plan – IDCW Option	14.6351	13.8724
End		
Regular Plan – Growth Option	17.6572	16.4689
Regular Plan – IDCW Option	14.4888	14.6380
Direct Plan – Growth Option	19.1371	17.7272
Direct Plan – IDCW Option	16.9895	15.7379
2. Closing Assets Under Management (Rs. in Lakhs)		
End	3,243	1,960
Average (AAuM) ¹	2,463	1,432
3. Gross income as % of AAuM ²	2.76%	3.47%
4. Expense Ratio:		
a. Total Expense as % of AAuM (including GST on Management fees) (planwise)		
Regular Plan	1.52%	1.55%
Direct Plan	0.83%	0.85%
b. Management Fee as % of AAuM (planwise)		
Regular Plan	0.69%	0.71%
Direct Plan	0.58%	0.58%
5. Net Income as a percentage of AAuM ³	1.50%	2.08%
6. Portfolio turnover ratio ⁴	0.20	0.18
7. Total IDCW per unit distributed during the year (planwise)		
Retail		
Regular Plan – IDCW Option	1.20	–
Direct Plan – IDCW Option	–	–

Key Statistics for the year ended March 31, 2024 (Contd...)

	Current Year ended March 31, 2024	Previous Year ended March 31, 2023
Corporate		
Regular Plan – IDCW Option	1.20	–
Direct Plan – IDCW Option	–	–
8. Returns (%):		
a. Last One Year		
Scheme		
Regular Plan – Growth Option	7.26	(11.16)
Direct Plan – Growth Option	8.00	(10.54)
Benchmark		
MSCI Emerging Markets Index TRI	9.54	(3.40)
b. Since Inception		
Scheme		
Regular Plan – Growth Option	3.61	3.37
Direct Plan – Growth Option	4.79	4.49
Benchmark		
MSCI Emerging Markets Index TRI	7.10	6.94

1. AAuM = Average daily net assets
2. Gross income = amount against (A) in the Revenue account i.e. Income
3. Net income = amount against (C) in the Revenue account i.e. Net Realised Gains/(Losses) for the year
4. Portfolio Turnover = Lower of sales or purchase divided by the Average AuM for the year
5. The Total management fees and other expenses charged by the underlying fund along with the management fee and recurring expenses charged by the domestic Mutual Fund is as follows:

Scheme	TER charged by underlying Fund	TER of the domestic Fund	Weighted Average TER	Maximum TER Cap as per circular
	2023-24			
HSBC Emerging Markets Fund	0.85%	1.41%	2.26%	2.30%
	2022-23			
HSBC Emerging Markets Fund	0.85%	1.44%	2.29%	2.30%

Note: Returns have been calculated as on last business day of the month i.e. March 28, 2024 due to non-availability of benchmark indices as of March 31, 2024.

Notes to Accounts – Annexure I

To the Abridged Balance Sheet and Revenue Account for the year ended March 31, 2024

1 Investments:

- 1.1. It is confirmed that investments of the Scheme are registered in the name of the Trustees for the benefit of the Scheme's unitholders.
- 1.2. Open Positions of derivatives as on year ended March 31, 2024 and March 31, 2023 are NIL.
- 1.3. Investment in Associates and Group Companies as at the year ended March 31, 2024 and March 31, 2023 are NIL.
- 1.4. Open positions of Securities Borrowed and/or Lent by the Scheme as on the year ended March 31, 2024 and March 31, 2023 are NIL.
- 1.5. Investment in Below investment grade and default/Securities in default as on March 31, 2024 and March 31, 2023 are NIL.
- 1.6. Aggregate Unrealised Gain/Loss as at the end of the financial year end and their percentages to net assets are as under:

Rs. In Lakhs

Security Category	Amount	Percentage to Net Assets	Amount	Percentage to Net Assets
	As at March 31, 2024		As at March 31, 2023	
Foreign Securities				
– Appreciation	333.85	10.30	150.49	7.68
– Depreciation	–	–	–	–

- 1.7 The aggregate value of investments securities (excluding TREPS and Reverse Repos) purchased and sold (including matured) during the financial year 2023-2024 (excluding accretion of discount) is Rs. 18.48 lakhs and 6.05 lakhs respectively being 0.75% and 0.25% of the average net assets.

The aggregate value of investments securities (excluding TREPS and Reverse Repos) purchased and sold (including matured) during the financial year 2022-2023 (excluding accretion of discount) is Rs. 8.91 lakhs and 3.30 lakhs respectively being 0.62% and 0.23% of the average net assets.

- 1.8. Non-Traded securities in the portfolios as at March 31, 2024 and March 31, 2023 are NIL.

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

During the year 2023-24, The Hongkong and Shanghai Banking Corporation Limited, an associate entity of HSBC Asset Management (India) Private Limited was paid collection/bank charges amounting to Rs. Nil.

During the year 2022-23, The Hongkong and Shanghai Banking Corporation Limited, an associate entity of HSBC Asset Management (India) Private Limited was paid collection/bank charges amounting to Rs. Nil.

Commission paid to Sponsor/AMC and its associates/related parties/group companies

Name of Sponsor/ AMC and its associates/related parties/group companies	Nature of Association/ Nature of Relation	Period Covered	Business Given [Rs. In lakhs]	% of Total Business received by the Fund	Commission paid [Rs. In Lakhs]	% of Total commission paid by the Fund
The Hongkong and Shanghai Banking Corporation Limited	Group Company	2023-2024	0.00	0.00	0.52	6.10
The Hongkong and Shanghai Banking Corporation Limited	Group Company	2022-2023	0.06	0.01	0.39	7.49

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

To the Abridged Balance Sheet and Revenue Account for the year ended March 31, 2024

Brokerage paid to Sponsor/AMC and its associates/related parties/group companies is NIL.
(Previous year also NIL).

- 3 None of the Investors held more than 25% of the total net assets of the scheme at the year ended March 31, 2024 and March 31, 2023.
- 4 Unit Capital movement during the year ended March 31, 2024, March 31, 2023 & March 31, 2022:

Description	2023-2024				
	Opening Units	Subscription	Redemption	Closing Units	Face Value per unit (Rupees)
Regular Plan - Growth Option	8,342,269.024	6,499,005.376	5,587,136.505	9,254,137.895	10
Regular Plan - IDCW Option	1,103,513.555	62,261.064	316,504.253	849,270.366	10
Direct Plan - Growth Option**	2,355,127.189	5,807,466.113	482,230.917	7,680,362.385	10
Direct Plan - IDCW Option	57,516.520	45,364.365	10,496.175	92,384.710	10

Description	2022-2023				
	Opening Units	Subscription	Redemption	Closing Units	Face Value per unit (Rupees)
Regular Plan - Growth Option	4,533,320.850	4,397,300.372	588,352.198	8,342,269.024	10
Regular Plan IDCW Option	1,141,056.219	48,687.974	86,230.638	1,103,513.555	10
Direct Plan - Growth Option **	2,388,530.450	1,519,293.073	1,552,696.334	2,355,127.189	10
Direct Plan - IDCW Option	48,881.283	13,093.004	4,457.767	57,516.520	10

Description	2021-2022				
	Opening Units	Subscription	Redemption	Closing Units	Face Value per unit (Rupees)
Regular Plan - Growth Option	4,815,313.354	1,177,818.981	1,459,811.485	4,533,320.850	10
Regular Plan IDCW Option	1,336,486.922	68,326.753	263,757.456	1,141,056.219	10
Direct Plan - Growth Option **	2,869,876.176	601,806.136	1,083,151.862	2,388,530.450	10
Direct Plan - IDCW Option	43,343.360	48,108.144	42,570.221	48,881.283	10

** Units held by the AMC (Seed Capital) in Direct Plan Growth Option as on March 31, 2024 is 113,484.384 & as on March 31, 2023 is 113,484.384 & as on March 31, 2022 is 113,484.384.

- 5 Previous year's/period figures have been re-grouped/re-arranged where necessary.
- 6 There are no contingent liabilities and other commitments as on March 31, 2024 and March 31, 2023. Contingent asset is neither recognized nor disclosed in the financial statements.

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

To the Abridged Balance Sheet and Revenue Account for the year ended March 31, 2024

- 7 Expenses other than Management Fees are Inclusive of GST where applicable.
- 8 Other income of Rs. 1.25 lakhs Exit load credited to the scheme (2023: Rs. 0.33 lakhs represents Exit load credited to the scheme).

9 Investor Education Awareness

As mandated by SEBI vide circular no. CIR/IMD/DF/21/2012 dated September 13, 2012 an annual charge of 0.02 percent of daily net assets, being a part of total recurring expenses is set aside for Investor Education and Awareness (IEA). In view of the AMFI Best Practices Guidelines Circular No. 56/2015-16, the IEF (Investor Education Fund) accrual is set aside in a separate bank account and the consolidated balance across all schemes as on March 31, 2024.

Pursuant to SEBI circular dated May 23, 2022, w.e.f. July 1, 2022, the limit of 0.02% p.a. has been reduced to 0.01% p.a. in case of ETFs/Index Funds. Furthermore, Fund of Funds (FoFs) investing more than 80% of its NAV in the underlying domestic funds have discontinued setting aside 0.02% p.a. of daily net assets towards IEAI.

The break-up of which is as under:

	March 31, 2024	March 31, 2023
Particulars	Amount (Rs. In Lakhs)	Amount (Rs. In Lakhs)
Opening Balance as on April 01, 2023	997.09	460.22
Add: Accrual during FY 2023-24	1,962.01	1,432.00
Less: Transferred to AMFI *	889.11	646.75
Less: Payable to AMFI (March 2024 accrual) *	91.90	69.25
Add: Investment Income FY 2023-24	77.08	166.42
Less: Spent during FY 2023-24	1,877.44	345.55
Closing Balance as on March 31, 2024	177.73	997.09

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

The IEA disclosure are presented for surviving scheme only.

- 10 Pursuant to SEBI Circular No. SEBI/HO/IMD/DF3/CIR/P/2020/194 dated October 05, 2020, the nomenclature of 'Dividend Option' under all the schemes of HSBC Mutual Fund has been revised to 'Income Distribution cum Capital Withdrawal Option' (IDCW), with effect from April 01, 2021.
- 11 Securities, excluding debt securities, where the non-traded investments which have been valued "in good faith" exceed 5% of the net assets at the end of the year is NIL.
- 12 Debt securities which have been valued at a price other than the price given by the independent valuation agencies at the end of the year is NIL.
- 13 **Disclosure of Risk-o-meter**

Scheme Name	Risk-o-meter level at end of the financial year i.e. March 31, 2024	Risk-o-meter level as on March 31, 2023	Number of changes in Risk-o-meter during the financial year (March 2023 to March 2024)
HSBC Global Emerging Markets Fund	Very High	Very High	0

- 14 Subsequent to receipt of SEBI's no objection to acquisition of 100% equity shares of L&T Investment Management Limited ("LTIM", Investment Manager of L&T Mutual Fund) and the amendments proposed to the trust deed of the HSBC Mutual Fund as required under the SEBI (Mutual Funds) Regulations, 1996, the schemes of L&T Mutual Fund (LTMF) were transferred to/ merged with the schemes of HSBC Mutual

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

To the Abridged Balance Sheet and Revenue Account for the year ended March 31, 2024

Fund on and from the close of business hours of November 25, 2022, and the HSBC AMC and HSBC Trustees assumed the responsibilities of the schemes of LTMF w.e.f. close of business hours of November 25, 2022.

- 15 During the year, HSBC Securities and Capital Markets (India) Private Limited ("HSCI"), Sponsors of HSBC Mutual Fund established a private limited company with limited liability to act as the "Trustee" of HSBC Mutual Fund. HSBC Trustees (India) Private Limited ("HTIP") was incorporated on 9 January 2024. Accordingly, HTIP has replaced the Board of Trustees of HSBC Mutual Fund w.e.f. 1 March 2024, and the Company through its Board of Directors has been discharging its obligations as the "Trustees" of the Fund from this date.
- 16 The Annual Accounts of the Schemes, prepared in accordance with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the "Act") read with the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time and clause 17.14 of SEBI Master Circular for Mutual Funds dated June 27, 2024, has been approved by the Board of Directors of HSBC Asset Management (India) Private Limited and HSBC Trustees (India) Private Limited at their meetings held on July 8, 2024 and July 19, 2024 respectively. The audit report attached herewith refers to the said Annual Accounts. The aforesaid abridged accounts are an extract of the Annual Accounts and are prepared in accordance with clause 5.4 and format no. 3.B under the section of formats of SEBI Master Circular for Mutual Funds dated June 27, 2024 and other relevant circulars issued by the Securities and Exchange Board of India from time to time.

Voting Policy and Procedures

In view of para 6.16 of SEBI Master Circular on Mutual Funds dated June 27, 2024 related to "Role of Mutual Funds in Corporate Governance of Public Listed Companies", HSBC AMC has formulated its "Policy for Proxy Voting in Public Listed Companies". The said policy is available on our website and the details of actual exercise of proxy votes, the summary of votes casted and the auditor's certificate is forming part of our full Annual Report for the Financial Year 2023 – 24 which has been uploaded on our website at <http://www.assetmanagement.hsbc.co.in>

Statutory Details & Disclaimers

All the returns have been sourced from Mutual Funds India Explorer software. The performance of the schemes and the benchmark is calculated on a total return basis. This document has been prepared by HSBC Asset Management (India) Private Limited (HSBC) for information purposes only with an intent to provide market overview and should not be construed as an offer or solicitation of an offer for purchase of any of the funds of HSBC Mutual Fund. All information contained in this document (including that sourced from third parties), is obtained from sources, which HSBC/third party, believes to be reliable but which it has not been independently verified by HSBC/the third party. Further, HSBC/the third party makes no guarantee, representation or warranty and accepts no responsibility or liability as to the accuracy or completeness of such information. The information and opinions contained within the document are based upon publicly available information and rates of taxation applicable at the time of publication, which are subject to change from time to time.

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

For disclosure of quarterly AUM/AAUM and AUM by geography, please visit our website at www.assetmanagement.hsbc.co.in. Investors are requested to note that as per SEBI (Mutual Funds) Regulations, 1996 and guidelines issued thereunder, HSBC AMC, its employees and/ or empaneled distributors/agents are forbidden from guaranteeing/promising/assuring/predicting any returns or future performances of the schemes of HSBC Mutual Fund. Hence, please do not rely upon any such statements/commitments. If you come across any such practices, please register a complaint via email at investor.line@mutualfunds.hsbc.co.in

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

Important Updates

Name and Date of Birth as per PAN card - Effective from June 1, 2024

As per recent regulatory requirement and changes advised by Income Tax Department in PAN validation process, now it is mandated to quote your Name(s) and DOB as per PAN card. To avoid any failure in such validations, we request investors to quote the Name(s) and DOB's of all the holders including Guardian, Power of Attorney (POA) holders as per PAN card.

Useful Links for self service options

- **Use our 24 x 7 Chatbot - "ASKME" for any queries or service request:**
visit: <https://invest.assetmanagement.hsbc.co.in>

SMS your request to HSBC Mutual Fund

- **Latest NAV :** Send SMS as HSBCMF NAV <Scheme Code> to 56767
Example: HSBCMF NAV F03
- **Valuation Service on registered mobile No. :** Send SMS as HSBCMF VAL <folio_number> to 56767
Example: HSBCMF VAL 123456
- **Annual Report :**
For Electronic Copy: Send SMS as HSBCMFARE <folio_number> to 567678080
Example: HSBCMF ARE 123456
For Physical Copy: Send SMS as HSBCMFARP <folio_number> to 567678080
Example: HSBCMF ARP 123456
- **Half Yearly Portfolio :**
For Electronic Copy: Send SMS as HSBCMFHPE <folio_number> to 567678080
Example: HSBCMF HPE 123456
For Physical Copy: Send SMS as HSBCMFHPP <folio_number> to 567678080
Example: HSBCMF HPP 123456

Missed Call Service

- You can give a missed call to 9212900020 to get the total valuation via SMS and a statement on your registered email ID

Book-Post

If undelivered please return to:

Computer Age Management Services Private Limited (CAMS)

Unit: HSBC Mutual Fund

New No. 10, M.G.R Salai, Nungambakkam, Chennai - 600034.

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

HSBC Asset Management (India) Private Limited

CIN NO: U74140MH2001PTC134220

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

Website : www.assetmanagement.hsbc.co.in

Description	Toll Free Number	Email ID
Investor related queries	1800-4190-200/1800-200-2434	investor.line@mutualfunds.hsbc.co.in
Online related queries	1800-4190-200/1800-200-2434	onlinemf@mutualfunds.hsbc.co.in
Investor (Dialing from abroad)	+91 44 39923900	investor.line@mutualfunds.hsbc.co.in

To get your updated account statement email us at : "mfsoa@mutualfunds.hsbc.co.in"

We're always here to help you, so feel free to reach out to us

Self-service request at your Fingertips

- Visit Website • Invest Online • Insta Statement • Download Forms
- Transact via Whats App • Use 24/7 ChatBot - Ask Me



Remember, you can also find out more via our social media handles !     

Please check our website www.assetmanagement.hsbc.co.in for an updated list of Official Points of Acceptance of HSBC Mutual Fund.

CAMS SERVICE CENTRES / CAMS LIMITED TRANSACTION POINTS / CAMS COLLECTION CENTRES

For details on CAMS Service Centres, please visit www.camsonline.com



HSBC Global Equity Climate Change Fund of Fund

An open ended fund of fund scheme investing in HSBC Global Investment Funds – Global Equity Climate Change.

Abridged Annual Report 2023 - 2024



SPONSOR

HSBC Securities and Capital Markets (India) Private Limited

CIN – U67120MH1994PTC081575

Regd. Office: 52/60, Mahatma Gandhi Road, Fort, Mumbai 400001.

TRUSTEE COMPANY

HSBC Trustees (India) Private Limited

CIN – U66190MH2024PTC416973

Regd. Office: 52/60, Mahatma Gandhi Road, Fort, Mumbai 400001.

ASSET MANAGEMENT COMPANY

HSBC Asset Management (India) Private Limited

CIN – U74140MH2001PTC134220

Regd. Office: 9-11 Floors, NESCO IT Park, Building No. 3,
Western Express Highway, Goregaon (East), Mumbai 400063.

CUSTODIAN

Citibank N.A.

First International Financial Center (FIFC), 9th Floor,
C-54 & 55, G – Block, Bandra Kurla Complex, Bandra (East), Mumbai 400051.

AUDITORS TO THE SCHEME

MSKA & Associates

Chartered Accountants

602, Floor 6, Raheja Titanium, Western Express Highway,
Geetanjali Railway Colony, Ram Nagar, Goregaon (East), Mumbai 400063.

REGISTRAR & TRANSFER AGENTS

Computer Age Management Services Limited (CAMS)

Unit: HSBC Mutual Fund

New No. 10, M.G.R Salai, Nungambakkam, Chennai 600034.

BOARD OF TRUSTEES

Ms. Jasmine Batliwalla	– Chairperson
Mr. Nani Javeri	– Trustee
Mr. David Rasquinha	– Trustee
Mr. Nicolas Moreau	– Trustee

BOARD OF DIRECTORS

Dr. Indu Shahani	– Director
Mr. Kapil Seth	– Director
Ms. Roopa Varma	– Director
Mr. Kailash Kulkarni	– Director & Chief Executive Officer

Dear Investor,

As we reflect on the past year, I am filled with pride and optimism about the future of our company and overall growth of the mutual fund industry. The past year has marked significant milestones in our journey, particularly as we capitalise on the immense potential of India's burgeoning growth story.

Fiscal 2024 turned out to be one of the best years for the domestic mutual fund industry as assets under management (AUM) spurted by nearly Rs. 14 lakh crore to a record Rs. 53.40 lakh crore as of March 2024 compared with Rs. 39.42 lakh crore as of March 2023.

The mutual fund industry is experiencing immense growth and we are poised to take advantage of this upward trajectory. Our company is an integral part of this growth story, riding the wave with several strategic initiatives and accomplishments that have set us on a path of sustained success.



Major achievements post integration

- Post integration we have enhanced our digital offering for both B2B and B2C to provide improved customer journeys.
- HSBC AM India's AUM increased from USD 1.4 bn (before integration) to USD 13.7 bn as of April 2024.
- HSBC Asset Management India has now become the 14th largest asset manager in India in terms of AUM.
- HSBC AM India has launched 4 new products since integration (raising \$445M).
- We have expanded HSBC AM India's product offerings to 43 funds.

Key Achievements in FY2023-2024

Investment Performance: Our disciplined investment strategy and thorough research have been pivotal to our success. We have focused on high-quality, undervalued assets, achieving consistent returns across our portfolio.

Product Innovation: This year, we launched two new funds - HSBC Multi Asset Allocation Fund and HSBC Consumption Fund, tailored to meet the evolving needs of our investors. These new offerings have been well-received, contributing to our growth in AUM significantly.

Increased Media Presence: In FY24, we significantly boosted our media presence, ensuring that our brand and thought leadership are recognized across various platforms. Through strategic media engagements like Informed Investing with ET Now, talks shows and several authored articles plus interviews - we have amplified our message, reaching a broader audience and reinforcing our market position.

Successful Campaign Launch: We successfully launched SIP Hai #FaydeWaliAadat, an investor education campaign, that highlighted the transformative power of SIPs in achieving long-term financial

goals. A first of its kind campaign, it aimed at educating and empowering the millennial investors in India. The campaign garnered significant attention and positive feedback, strengthening our brand presence and engaging a wider audience. Notably, the campaign has also earned us prestigious awards and accolades highlighting our commitment to excellence and innovation.

Client Relationships: We have strengthened our client relationships through enhanced communication, transparency, and personalized service. Our client satisfaction scores have reached new heights, reflecting our commitment to exceptional service.

We believe that the India story has just begun and its economic landscape is poised for significant growth. An exposure to unique and future relevant themes can provide a much-needed inflation buffer. The importance of asset allocation continues to be critical. It is critical for all of us to review our risk appetite and goal proximity and construct a portfolio appropriately.

Besides construction, portfolio rebalancing is equally important in order to achieve optimal outcomes. I do hope you share my enthusiasm and I ask that you continue to invest whilst reviewing your asset allocation at all times.

I would like to express my sincere gratitude to our dedicated team, whose expertise and commitment are the backbone of our success. To our investors, thank you for your trust and continued support. Your confidence in our approach motivates us to strive for excellence in everything we do. Also, I want to express my deepest gratitude to our valuable partners for their unwavering support and keep our services running. Look forward to achieving even grater milestones together.

As we move forward, we remain committed to delivering superior investment performance, fostering strong client relationships, and driving sustainable growth. Together, we are well-positioned to navigate the future and achieve our goals.

Warm regards,

A handwritten signature in black ink, appearing to read 'Kailash Kulkarni', with a horizontal line underneath.

Kailash Kulkarni

Chief Executive Officer

HSBC Asset Management India

Trustees' Report

For the year ended March 31, 2024

The Board of Directors of HSBC Trustees (India) Private Limited, Trustees of HSBC Mutual Fund present the Twenty Second Annual Report and the audited abridged financial statements of the schemes of the HSBC Mutual Fund ('the Fund') for the year ended March 31, 2024.

With the acquisition of L&T Mutual Fund in the previous financial year, the Fund's Assets Under Management ('AUM') (excluding Domestic FOFs) as on March 31, 2024 was INR 109368.16 crores (audited). The Fund ranks in the top 15 Mutual Fund houses in India in terms of AUM.

As at March 31, 2024, the Fund offered 43 schemes across asset classes to meet the varying investment needs of the investors. During the year, the Fund launched two new products namely HSBC Consumption Fund and HSBC Multi Asset Allocation Fund in Equity and Hybrid categories.

The Fund continues its focus on delivering consistent long-term returns. The comments on the performance of the scheme(s) are provided hereinafter. Dividends were declared under various schemes as per the provisions contained in the respective Scheme Information Documents after considering the distributable surplus available under the respective plans of the schemes. Details of dividends declared can be viewed on our website at www.assetmanagement.hsbc.co.in.

During the year, HSBC Securities and Capital Markets (India) Private Limited ("HSCI"), Sponsors of the Fund established a private limited company with limited liability to act as the "Trustees" of the Fund. HSBC Trustees (India) Private Limited ("HTIP") was incorporated on 9 January 2024. Accordingly, HTIP has replaced the Board of Trustees of HSBC Mutual Fund w.e.f. 1 March 2024, and the Company through its Board of Directors has been discharging its obligations as the "Trustees" of the Fund from this date.

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

a. Operations and Performance of the Scheme

HSBC Global Equity Climate Change Fund of Fund

(An open-ended fund of fund scheme investing in HSBC Global Investments Funds - Global Equity Climate Change)

HGCECF seeks to provide long term capital appreciation by investing predominantly in units of HSBC Global Investment Funds – Global Equity Climate Change. The scheme may also invest a certain proportion of its corpus in money market instruments and/or units of overnight/liquid mutual fund schemes, in order to meet liquidity requirements from time to time. However, there is no assurance that the investment objective of the scheme will be achieved.

The net assets of HGCECF amounted to INR 135.13 crores as at March 31, 2024 as against INR 523.28 crores as at March 31, 2023. Around 99.4% of the net assets were invested in mutual fund units, 2.58% of the net assets were invested in reverse repos/TREPS and (1.98%) in net current assets as at March 31, 2024.

The performance is largely driven by underlying equity fund. The underperformance has been driven primarily by the underperformance of the underlying HSBC Global Investment Funds - Global Equity Climate Change Fund compared to MSCI AC World Index TRI.

HSBC Global Equity Climate Change Fund of Fund					Date of Inception : 22 March, 2021			
Fund/ Benchmark (Value of ₹ 10,000 invested)	1 Year		3 Years		5 Years		Since Inception	
	Amount (₹)	Returns (%)	Amount (₹)	Returns (%)	Amount (₹)	Returns (%)	Amount (₹)	Returns (%)
HSBC Global Equity Climate Change Fund of Fund	10734	7.38	9885	-0.39	NA	NA	9942	-0.19
Scheme Benchmark (MSCI AC World Index TRI)	12502	25.17	13935	11.72	NA	NA	14082	12.01
Additional Benchmark (Nifty 50 TRI)	13008	30.27	15736	16.35	NA	NA	15690	16.09

Trustees’ Report

For the year ended March 31, 2024 (Contd...)

Past performance may or may not be sustained in future. Returns have been calculated for the respective periods for Growth Option of Regular Plan as on last business day of the month i.e. March 28, 2024 due to non-availability of benchmark indices as of March 31, 2024. Returns on ₹ 10,000 are point-to-point returns for the specific time period, invested at the start of the period. Returns for 1 year and above are Compounded Annualized. Different plans shall have a different expense structure. Performance of the respective benchmark is calculated as per the Total Return Index (TRI).

Please Note: NA means not available.

Risk-o-meter as of 31st March, 2024:

Scheme Name	Scheme Risk-o-meter	Benchmark Risk-o-meter
HSBC Global Equity Climate Change Fund of Fund	 RISKOMETER Investors understand that their principal will be at Very High risk	Benchmark Index : MSCI AC World Index TRI  RISKOMETER

Please note that the above risk-o-meter is as per the product labelling of the Scheme basis Scheme's monthly portfolio as on March 31, 2024.

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

➤ EQUITY OUTLOOK

Recap of FY 2023-24:

FY24 was a stellar year for the Indian equity markets with strong economic momentum, healthy earnings growth and strong inflows from domestic and foreign institutional investors and strong retail participation driving a broad-based bull market. The Nifty and Sensex were up a solid 30.1%/26.5% respectively during the year, while the BSE Midcap and BSE Smallcap indices gained an astounding 65.2% and 61.4% respectively.

While geo-political conflicts continued in FY24, their impact on crude and global supply chains moderated. Crude prices largely remained range bound during the year. Inflation barring a brief spike largely remained well contained, the economy gained further steam with GDP growth crossing 8% in H1FY24 supported by government thrust on infrastructure. This translated into strong growth for several core sector industries including steel and cement. The growth in the real estate sector has been strong with inventory continuing to decline in metro markets. However, lagged impact of price increases continued to impinge on consumer demand growth which remained subdued for most mass market categories.

Domestic cyclicals were the best performing sectors during the year led by Real Estate, Capital Goods, Autos. Power was also among the best performing sectors. Global cyclicals like Metals and Oil & Gas also strongly outperformed the Nifty. FMCG and Banking while delivering healthy positive returns underperformed the Nifty, while IT performance was closer to Nifty.

MSCI India index outperformed most of key global indices during the past fiscal. MSCI India index (USD) gained 35.5% as compared to 23.1% gain for MSCI World, 27.9% for US S&P 500, 11.0% for MSCI Europe and only 5.3% for MSCI Emerging Markets as MSCI China declined 19.0% over the period.

Strong performance of the market and subsiding global macro headwinds drove a sharp turnaround in foreign investment flows. FII net inflow was at USD 25.3bn in FY24 versus an outflow of USD 6.0bn/17.1bn in FY23/ FY22. DIs, on the other hand, matched FII inflow with an inflow of USD 25.3bn although it was lower than the net inflows at USD 30.8bn in FY23. Within DIs, the MF segment was the key contributor (USD 24.3 bn

Trustees' Report

For the year ended March 31, 2024 (Contd...)

of net inflows up from USD 21.8bn in FY23) while domestic Insurers were also in the net inflow territory (USD 1.0bn of net inflows vs USD 9.0bn in FY23).

Source: Motilal Oswal

Indices Returns (April 01, 2023 to March 31, 2024)	1 Year [^]
S&P BSE Sensex TR	26.5%
NSE CNX Nifty TR	30.1%
S&P BSE 100 TR	34.2%
S&P BSE 200 TR	38.5%
S&P BSE 500 TR	40.2%
S&P BSE Midcap TR	65.2%
S&P BSE Small-cap TR	61.4%

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

Way forward:

The global macro environment remains challenging with heightened geo-political and economic uncertainties. US bond yields remain high putting pressure on interest rates and currencies globally. For India, growth has continued to remain strong with GDP growth of 8.4% in Q3FY24 driven by strong government spending on infrastructure and pickup in manufacturing and construction. The 2024 interim budget has re-affirmed government focus on infrastructure. At the same time reduction in fiscal deficit should also help in easing of domestic interest rates. However, after last year's patchy monsoon, a good monsoon will be an important factor for rural demand and overall consumption growth in the economy in FY25.

India starts FY25 on a strong footing with positive growth momentum and India's investment cycle is expected to be on a medium-term uptrend supported by rising government investment in infrastructure and recovery in real estate cycle. There is also an expectation of higher private investments in renewable energy and related supply chain, localization of higher-end technology components, and India becoming a more meaningful part of global supply chains. Finally, it is expected for consumption to improve as the impact of high inflation fades and real incomes start to grow again.

However, several of these positives are getting discounted by the high valuations currently prevailing in the equity market. While the fund managers remain constructive on Indian equities supported by the more robust medium-term growth outlook there is a caution against high return expectations. Nifty continues to trade on 20.6x consensus 1 year forward PE (as of 30 April). On a 10-year basis, Nifty is still trading 10% above its historic average valuation but is in-line with its 5-year average. Valuations of the midcap and small cap indices are even higher versus their historical average.

➤ DEBT OUTLOOK

Market drivers during the course of the year FY 2024

The year started with advanced economies continuing to grapple with higher inflation and policy tightening remained a common theme across economies. During FY2024, the Federal Open Market Committee (FOMC) raised policy rates by 50 bps while European Central Bank (ECB) and Bank of England (BOE) raised policy rates by 100 bps each. The cumulative rate hikes by various advanced economies in this cycle are as follows: Fed (525 bps), BOE (515 bps) and ECB (450 bps). Meanwhile cumulative rate hikes by the Monetary Policy Committee (MPC) in this cycle was 250 bps. On account of higher Government debt burden, Fitch downgraded US sovereign rating from AAA to AA+. US Treasury yields remained volatile during the year, with the 10-year benchmark rising higher by 73 bps during the year. Crude prices also moved higher by USD 7-8/bbl.

On the domestic front, Consumer price Index (CPI) inflation remained broadly in the upper end of the MPC's targeted band of 4% +/- 2% for most the financial year, however, inflation printed above 6% on two occasions

Trustees' Report

For the year ended March 31, 2024 (Contd...)

due to high food inflation. Headline inflation remained susceptible to high food inflation with markets now expecting some relief of food prices on the back of normal monsoon. Core inflation eased through the year falling to below 4% in the last quarter.

Domestically, one of the biggest events during the year was the much-awaited index inclusion of Indian Government Bonds (IGBs) into the GBI-EM Global index suite and its relevant benchmarks. India is expected to reach the maximum weight of 10% in the GBI-EM Global Diversified Index (GBI-EM GD), with the inclusion staggered over a 10-month period starting June 2024. Following this, Bloomberg also included IGBs in their Bloomberg EM Local Currency Index, with India expected to reach a maximum weight of 10% over a 10-month period starting Jan 2025. Both these inclusions are expected to bring in INR 25-30 bn of index related FPI inflows over the next 1-2 years and paving the way for inclusion into other global bond indices as well. During FY2024, FPIs poured in close USD 12 bn into IGBs, with majority of the inflows coming in post the JP Morgan index inclusion announcement.

Government continued its path of fiscal consolidation, with the revised estimate of the Fiscal deficit for FY2024 coming in at 5.6%, with expectations for FY2025 at 5.1% and target of below 4.5% by FY2026. PMI numbers continue to remain in expansion, GST revenues remain buoyant and credit off-take upbeat.

The external sector has remained strong due to healthy service exports and remittances. Current Account Deficit (CAD) is expected to be around 1% for the year. Rupee remained one of the more stable currencies during the year, with active intervention from RBI smoothening any volatility. RBI continued to build on the FX reserves with year-end number around USD 650 bn.

Money market rates moved higher during the year due to tightening in liquidity along with higher Certificate of Deposit (CD) issuances. G-Sec yields, however, moved lower due to favorable demand supply and lower G-Sec borrowing. 10-year G-Sec moved lower during the year by 25 bps, while 5 yr G-Sec moved lower by 13 bps.

Market Outlook

While US markets have braced for "higher for longer" rates, we have seen in the past, that reactions to favorable data in such an environment can be sharp. Any softness in growth, employment or inflation data over the next few months will allow the markets to quickly start pricing in aggressive future policy easing. In our view, the RBI is also likely to gradually shift the liquidity deficit into surplus over the course of the next 3-6 months, flipping overnight rates from the top to the bottom of the rate corridor. The yield curve is likely to steepen as liquidity eases. This along with a potential 50 bps of policy easing in first half of CY2025 may push overnight rates lower by 75-100 bps.

While any form of additional spending by the new Government to address concerns of rural sections of the country and the possibility of additional spending to fund such policies will remain a key monitorable, it is believed the Government is likely to remain cognizant of the possible impact of such policies and take measured steps. With the dust settling down on the election outcome, the broad macroeconomic factors should continue to remain stable and could support softening in domestic yields going forward.

The Fund Managers continue to have a positive outlook for interest rates, based on various favorable factors: (a) Record RBI dividend to the Government, (b) reduced Fiscal deficit number of 5.6%, (c) favorable G-Sec supply demand dynamics, (d) FPI index related inflows, (e) revised outlook in India by S&P, (f) soft core inflation along with expectations of a better than normal monsoon, and finally (g) soft signals by Government and RBI on liquidity.

Source: RBI, Bloomberg, Internal HSBC Research & CCIL

2. BRIEF BACKGROUND OF THE SPONSORS, THE FUND, THE TRUSTEES AND THE ASSET MANAGEMENT COMPANY

A. Sponsor

HSBC Mutual Fund is sponsored by HSBC Securities and Capital Markets (India) Private Limited (HSCI). The Sponsor is the Settler of the Mutual Fund Trust. The Sponsor has entrusted a sum of Rs. 1,00,000/- (Rupees One Lakh only) to the Trustee as the initial contribution towards the corpus of the Mutual Fund.

Trustees' Report

For the year ended March 31, 2024 (Contd...)

HSCI offers integrated investment banking services, securities and corporate finance & advisory. HSCI is a member of the Bombay Stock Exchange Limited and National Stock Exchange (capital and derivative market segments). HSCI holds 100% of the paid-up equity share capital of HSBC Asset Management (India) Private Limited.

B. HSBC Mutual Fund

HSBC Mutual Fund ("the Mutual Fund" or "the Fund") has been constituted as a Trust in accordance with the provisions of the Indian Trusts Act, 1882 (2 of 1882) vide a Trust Deed dated February 7, 2002 (as amended) with HSBC Securities and Capital Markets (India) Private Limited, as the Sponsor and HSBC Trustees (India) Private Limited. The Trustee has entered into an Investment Management Agreement dated February 7, 2002 (as amended) with HSBC Asset Management (India) Private Limited (AMC) to function as the Investment Manager for all the schemes of the Fund. The Fund was registered with SEBI vide registration number MF/046/02/5 dated May 27, 2002.

The Trust has been formed for the purpose of pooling of capital from the public for collective investment in securities for the purpose of providing facilities for participation by persons as beneficiaries in such investments and in the profits/income arising therefrom.

C. HSBC Trustees (India) Private Limited (the Trustees)

The Trustees are the exclusive owner of the Trust Fund and holds the same in trust for the benefit of the unitholders. The Trustees have been discharging their duties and carrying out the responsibilities as provided in the SEBI (Mutual Funds) Regulations, 1996 and the Trust Deed. The Trustees seek to ensure that the Fund and the schemes floated there under are managed by the AMC in accordance with the Trust Deed, the said Regulations, directions and guidelines issued by the SEBI, the Stock Exchanges, the Association of Mutual Funds in India and other regulatory agencies.

During the year, HSBC Securities and Capital Markets (India) Private Limited ("HSCI"), Sponsors of HSBC Mutual Fund) established a private limited company with limited liability to act as the "Trustee" of HSBC Mutual Fund. HSBC Trustees (India) Private Limited ("HTIP") was incorporated on 9 January 2024. Accordingly, HTIP has replaced the Board of Trustees of HSBC Mutual Fund w.e.f. 1 March 2024, and the Company through its Board of Directors has been discharging its obligations as the "Trustees" of the Fund from this date.

As of March 31, 2024, HSCI holds 100% of the paid-up equity share capital of HTIP.

D. Asset Management Company (the AMC)

HSBC Asset Management (India) Private Limited (the Investment Manager or the AMC) is a private limited company incorporated under the Companies Act, 1956 on December 12, 2001 having its Registered Office at 9-11 Floors, NESCO IT Park, Building no. 3, Western Express Highway, Goregaon (East), Mumbai – 400 063. HSBC Asset Management (India) Private Limited has been appointed as the Asset Management Company of HSBC Mutual Fund by the Trustee vide Investment Management Agreement (IMA) dated February 7, 2002 (as amended) and executed between the Trustees and the AMC. SEBI approved the AMC to act as the Investment Manager of the Fund vide its letter No. MFD/BC/163/2002 dated May 27, 2002. The paid-up equity share capital of the AMC is Rs. 344.41 crores. The AMC is registered as a Portfolio Manager under the SEBI (Portfolio Managers) Regulations, 1993 vide registration no. INP000001322. The AMC also offers non-binding Advisory services to offshore funds under the mutual fund license.

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

3. INVESTMENT OBJECTIVE OF THE SCHEMES

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

Trustees’ Report
For the year ended March 31, 2024 (Contd...)

4. SIGNIFICANT ACCOUNTING POLICIES

The Significant Accounting Policies form part of the Notes to the Accounts annexed to the Balance Sheet of the Schemes in the Full Annual Report. The accounting policies are in accordance with Securities Exchange Board of India (Mutual Funds) Regulations, 1996 and Indian Accounting Standards (IND AS) notified under section 133 of the Companies Act, 2013 (the “Act” read with the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time.

5. UNCLAIMED DIVIDENDS & REDEMPTIONS

Summary of number of investors & corresponding amount as on March 31, 2024:

Scheme Name	Unclaimed Dividend		Unclaimed Redemption	
	No. of Investors	Amount (₹)	No. of Investors	Amount (₹)
HSBC Global Equity Climate Change Fund of Fund	0	0	5	1,086,178.10

6. INVESTOR SERVICES

The number of official points of acceptance of transactions are 210 locations. In addition to the offices of the Registrar & Transfer Agent, the AMC has its own office in 61 locations and Investor Service Centers in 39 locations. The AMC has 2 Toll Free numbers (1800-4190-200/ 1800-200-2434) which can be dialed from anywhere in India and 1 number i.e. +91 44 39923900 (Investors calling from abroad). The call center service is being managed by the Registrar and Transfer Agents. HSBC Mutual Fund offers the online transaction facility through the AMC’s website at www.assetmanagement.hsbc.co.in.

On the distribution front, the number of empaneled distributors were 59046 as on March 31, 2024. During the year, the AMC initiated tie-ups for online distribution of the Mutual Fund’s schemes with several channel partners taking the total number of such tie-ups to 160 as on March 31, 2024.

7. DETAILS OF INVESTOR GRIEVANCE REDRESSAL

The details of the redressal of investor complaints received against HSBC Mutual Fund during April 2023 - March 2024 are as follows:

2023-2024												
Com-plaint code	Type of Complaint	(a) No. of complaints pending at the begin-ning of the period	(b) No. of com-plaints received during the given period	Action on (a) and (b)								
				Resolved				Non Action-able*	Pending			
				Within 30 days	30-60 days	60-180 days	Beyond 180 days		0-3 months	3-6 months	6-9 months	9-12 months
I A	Non receipt of amount declared under Income Distribution cum Capital Withdrawal option	1	10	11	0	0	0	0	0	0	0	0
I B	Interest on delayed payment of amount declared under Income Distribution cum Capital Withdrawal option	0	1	1	0	0	0	0	0	0	0	0
I C	Non receipt of Redemption Proceeds	1	38	39	0	0	0	0	0	0	0	0
I D	Interest on delayed payment of Redemption	0	2	2	0	0	0	0	0	0	0	0
II A	Non receipt of Statement of Account/Unit Certificate	0	3	3	0	0	0	0	0	0	0	0
II B	Discrepancy in Statement of Account	1	22	23	0	0	0	0	0	0	0	0

Trustees' Report

For the year ended March 31, 2024 (Contd...)

2023-2024												
Complaint code	Type of Complaint	(a) No. of complaints pending at the beginning of the period	(b) No. of complaints received during the given period	Action on (a) and (b)								
				Resolved				Non Action-able*	Pending			
				Within 30 days	30-60 days	60-180 days	Beyond 180 days		0-3 months	3-6 months	6-9 months	9-12 months
II C	Data corrections in Investor details	1	250	249	0	0	0	0	2	0	0	0
II D	Non receipt of Annual Report/ Abridged Summary	0	0	0	0	0	0	0	0	0	0	0
III A	Wrong switch between Schemes	0	2	2	0	0	0	0	0	0	0	0
III B	Unauthorized switch between Schemes	0	1	1	0	0	0	0	0	0	0	0
III C	Deviation from Scheme attributes	0	1	1	0	0	0	0	0	0	0	0
III D	Wrong or excess charges/load	0	0	0	0	0	0	0	0	0	0	0
III E	Non updation of changes viz. address, PAN, bank details, nomination, etc	1	127	127	0	0	0	0	1	0	0	0
III F	Delay in allotment of Units	0	5	4	1	0	0	0	0	0	0	0
III G	Unauthorized Redemption	0	0	0	0	0	0	0	0	0	0	0
IV	Others**	1	78	76	0	0	0	0	3	0	0	0
	TOTAL	6	540	539	1	0	0	0	6	0	0	0

** As per AMFI Best Practice Guidelines Circular No.25/2011-12 for Revisions in the Guidelines on Standardization of Complaints/ Grievances Reporting Procedure. If "Others" include a type of complaint which is more than 10% of overall complaints, then such a reason should be provided separately. Hence, data corrections in Investor Details are included as a separate category.

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

Summary of Complaints for FY 2023-24

Particulars	Count
Total complaints received	540
Total number of folios	21,39,406
% of complaints against the folio	0.025

8. INVESTOR EDUCATION INITIATIVES

During the FY 2023-24, the AMC conducted the following investor education and awareness initiatives:

- An integrated multi-media marketing campaign on SIP Hai 'FaydeWaliAadat' aimed to tap into the aspirations, financial goals, and unique spending habits of millennials.
- Editorial content on Systematic Investment Plans (SIP) created across 15 states through various regional television channels.
- Investor education content on the Platform - Quora.
- 'Be Money Confident' video series targeting women through Jio Platforms.
- Campaign on Women & Investing for Women's Day.
- Campaign for Marathon enthusiast on the similarities between running a Marathon & Investing.
- Financial literacy virtual event on the occasion of Mother's Day, which received more than 725 registered users.

Trustees' Report

For the year ended March 31, 2024 (Contd...)

- A mom blogger outreach program to reach Women Investors with financial education content on MF on the occasion of Mother's Day.
- Education campaign on ELSS executed for working audiences.
- Blogs and content for Investor Education properties like SIP Sahi Hai in Value Research, Gyan Guroovaar on Facebook, Investment Ki Paathshala on the website and investor education blogs on the platform - Advisor Khoj.
- 1,462 Investor Education programs to reach out to an audience of 71,465 people out of which 458 were women programs attended by 20,139 women.

9. PROXY VOTING POLICY

As per para 6.16 of SEBI Master Circular on Mutual Funds dated June 27, 2024, the Fund has adopted Proxy Voting Policy and Procedures for exercising voting rights in respect of securities held by the Schemes. (please refer Proxy Voting Policy and Procedures)

The summary of the votes casted in the general meetings of the Investee companies, by the AMC for and on behalf of the Schemes of the Fund, for the financial year 2023-24 is provided below:

Quarter	Total no. of resolutions	Break-up of Vote decision		
		For	Against	Abstained
April 2023 - June 2023	387	260	75	52
July 2023 - September 2023	2,169	1607	448	114
October 2023 - December 2023	197	138	37	22
January 2024 - March 2024	319	240	50	29
TOTAL	3,072	2,245	610	217

As per para 6.16.7 of SEBI Master Circular on Mutual Funds dated June 27, 2024, the AMC has obtained certificate from M/s. M. P. Chitale & Co., Chartered Accountants, who is acting as a Scrutinizer, on the voting report for the FY 2023-24. The certificate dated May 22, 2024 issued by M/s. M. P. Chitale & Co., is available on the website of the AMC as part of the full Annual Report.

Unitholders can refer to the full Annual Report for complete details of actual exercise of votes in the general meetings of the investee companies for the financial year 2023-24 or log on to our website at www.assetmanagement.hsbc.co.in.

10. STATUTORY DETAILS

- The Sponsors are not responsible or liable for any loss resulting from the operation of the Schemes of the Fund beyond initial contribution of Rs. 1 lakh for setting up the Fund.
- The price and redemption value of the units, and income from them, can go up as well as down with fluctuations in the market value of its underlying investments.
- Full Annual Report of HSBC Mutual Fund and of HSBC Asset Management (India) Private Limited (the AMC) shall be disclosed on the website at www.assetmanagement.hsbc.co.in and shall be available for inspection at the Head Office of the Mutual Fund. Present and prospective unitholders can obtain copy of the Trust Deed, the full Annual Report of the Scheme(s), the Annual Report of HSBC Asset Management (India) Private Limited and the text of the relevant Scheme(s) at a price.

11. CHANGES IN RISK-O-METER OF THE SCHEME DURING FY 2023-24

As per para 17.4. of SEBI Master Circular on Mutual Funds dated June 27, 2024 on product labelling, the changes carried out in the risk-o-meter of the schemes of HSBC Mutual Fund during FY 2023-24 have been given in the below mentioned table for the information of the unitholders, a report on the said changes has also been displayed on the website of the Fund and AMFI.

Trustees' Report

For the year ended March 31, 2024 (Contd...)

Scheme Name	Risk-o-meter level as on March 31, 2023	Risk-o-meter level as on March 31, 2024	Number of changes in Risk-o-meter during the F.Y. 2023-24)
HSBC Global Equity Climate Change Fund of Fund	Very High	Very High	0

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

As per para 6.16.15 of SEBI Master Circular on Mutual Funds dated June 27, 2024, HSBC Mutual Fund has adapted the policy on stewardship responsibilities, the unitholders are requested to note the status of governance with the same as mentioned below:

S. No.	Particulars of Principles of Stewardship Code	Status of compliance (Complied/ Not Complied)	Description	Remarks/ reasons for deviation/non-compliance, if any
1	Principle 1: Institutional Investors should formulate a comprehensive policy on the discharge of their stewardship responsibilities, publicly disclose it, review and update it periodically.	Complied	HSBC Asset Management (India) Private Limited's (AMIN) 'Policy on Stewardship responsibilities' (Stewardship Code/ Policy) was formulated and implemented on 01 July, 2020. This is a comprehensive document which has been publicly disclosed on the website of AMIN. The same shall follow a periodic review.	N.A.
2	Principle 2: Institutional investors should have a clear policy on how they manage conflicts of interest in fulfilling their stewardship responsibilities and publicly disclose it.	Complied	Defining and managing Conflict of Interest in fulfilling stewardship responsibilities are detailed in the Stewardship Policy document. The policy document is publicly disclosed.	N.A.
3	Principle 3: Institutional investors should monitor their investee companies.	Complied	AMIN monitors all investee companies through its investment process. This includes assessment of companies' own and market data, consideration of research from brokers and other independent research providers – including ESG & voting research, attending individual & group meetings with company management and directors, visiting production sites (wherever necessary), engaging with key stakeholders including competitors and customers, and financial modelling. More details enumerated in the policy document	N.A.

Trustees’ Report
For the year ended March 31, 2024 (Contd...)

S. No.	Particulars of Principles of Stewardship Code	Status of compliance (Complied/ Not Complied)	Description	Remarks/ reasons for deviation/non-compliance, if any
4	Principle 4: Institutional investors should have a clear policy on intervention in their investee companies. Institutional investors should also have a clear policy for collaboration with other institutional investors where required, to preserve the interests of the ultimate investors, which should be disclosed.	Complied	Details of undertaking active engagement with investee companies and the policy for collaboration with other institutional holders are detailed in the policy document. The policy document is publicly disclosed.	N.A.
5	Principle 5: Institutional investors should have a clear policy on voting and disclosure of voting activity.	Complied	AMIN has a clear and detailed voting policy which provides the framework for the voting decisions. All voting decisions shall be in accordance with AMIN's Voting Policy and Procedures, which is disclosed on the website. AMIN discloses the details of the voting on its website on a quarterly basis within 10 working days from the end of the quarter. Additionally, AMIN also discloses the details of the votes cast, in the annual report of the schemes of HSBC Mutual Fund.	N.A.
6	Principle 6: Institutional investors should report periodically on their stewardship activities.	Complied	The annual status report of the stewardship code and quarterly report on proxy voting are publicly disclosed on the website as required under SEBI Regulations.	N.A.

13. DISCLOSURES PERTAINING TO NAV ADJUSTED DURING THE FINANCIAL YEAR FOR SWING FACTOR ALONG WITH THE PERFORMANCE IMPACT

Sr No.	Period of applicability of swing pricing	Scheme Name	Unswung NAV	Swing factor applied	Whether optional or mandatory
NIL					

14. SIGNIFICANT EVENT AFTER THE END OF THE FINANCIAL YEAR

NIL

Trustees' Report

For the year ended March 31, 2024 (Contd...)

15. ACKNOWLEDGEMENTS

The Trustees wish to thank the unitholders of the Schemes for their support throughout the year, and also thank the Government of India, the Securities and Exchange Board of India (SEBI), the Reserve Bank of India (RBI) and the Association of Mutual Funds in India (AMFI) for the guidance provided by them. The Trustees also appreciate the services provided by the Registrar and Transfer Agent, Fund Accountant, Custodian, Bankers, Distributors and Brokers. The guidance and services provided by the auditors and advocates and the ebullience, sincerity and dedication of the employees of HSBC Asset Management (India) Private Limited is also appreciated.

The Trustees look forward to the continued support of everyone.

For and on behalf of **HSBC Trustees (India) Private Ltd.**

Sd/-

Director

Mumbai

July 19, 2024

Independent Auditors' Report

To the Board of Directors of HSBC Trustees (India) Private Limited (the "Trustee")

HSBC Global Equity Climate Change Fund of Fund

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **HSBC Global Equity Climate Change Fund of Fund** (the "Scheme") of HSBC Mutual Fund (the "Fund"), which comprise the Balance Sheet as at March 31, 2024, the Revenue Account and the Cash Flow Statement for the year then ended, and notes to the financial statements, including a summary of material accounting policy and other explanatory information.

In our opinion, and to the best of our information and according to the explanations given to us, the aforesaid financial statements of the Scheme give a true and fair view in conformity with the Indian Accounting Standards ("Ind AS") prescribed under section 133 of the Companies Act, 2013 (the "Act") read with Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India, including the accounting policies and standards specified in the Regulation 50 and Ninth Schedule to the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 ("the SEBI Regulations") (collectively referred to as the "Regulations") as amended:

- a. in the case of the Balance Sheet, of the state of affairs of the Scheme as at March 31, 2024;
- b. in the case of the Revenue Account, of the net surplus for the year ended on that date; and
- c. in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing ("SAs") and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India (the "ICAI"). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Scheme in accordance with the Code of Ethics issued by the ICAI together with the ethical requirements that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Information Other than the Financial Statements and Auditor's Report Thereon

The Board of Directors of HSBC Asset Management (India) Private Limited (the "AMC") and the Board of Directors of HSBC Trustees (India) Private Limited (the "Trustees") (collectively referred to as "the Management") are responsible for the other information. The other information comprises the information included in the Trustees report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

The Management is responsible for the preparation of these financial statements that give a true and fair view of the state of affairs, results of operations and cash flows of the Scheme in accordance with the accounting principles generally accepted in India, including the accounting policies and standards specified in Regulations. This responsibility also includes maintenance of adequate accounting records in accordance with the SEBI

Independent Auditors' Report (Contd...)

Regulations for safeguarding of the assets of the Scheme and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Management is responsible for assessing the Scheme's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management, either intends to liquidate the Scheme or to cease operations, or has no realistic alternative but to do so.

Those Charged with Governance are also responsible for overseeing the Scheme's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Scheme's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Scheme to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide to those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Independent Auditors' Report (Contd...)

Report on Other Legal and Regulatory Requirements

1. As required by regulation 55(4) and clause 5(iii)(2) of the Eleventh Schedule of the SEBI Regulations, we report that:
 - a. we have sought and obtained all the information and explanations which, to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b. in our opinion, the Balance Sheet and the Revenue Account dealt with by this report have been prepared in accordance with the accounting policies and standards specified in the Regulations; and
 - c. the Balance Sheet, the Revenue Account and the Cash Flow Statement, dealt with by this report are in agreement with the books of accounts of the Scheme.
2. On the basis of information and explanations given to us, the scheme does not have any non-traded securities as at March 31, 2024 and hence reporting requirement of Eighth Schedule of the SEBI Regulations is not applicable.

For **M S K A & Associates**

Chartered Accountants

ICAI Firm Registration No. 105047W

Swapnil Kale

Partner

Membership No. 117812

UDIN: 24117812BKFSQ7205

Place : Mumbai

Date : July 19, 2024

Abridged Balance Sheet as at March 31, 2024

Rs. in Lakhs

	As at March 31, 2024	As at March 31, 2023	As at April 1, 2022
LIABILITIES			
1 Unit Capital	13,559.29	32,588.35	54,790.90
2 Reserves & Surplus			
2.1 Unit Premium Reserves	(606.95)	(598.98)	(615.55)
2.2 Unrealised Appreciation Reserve	663.42	—	—
2.3 Other Reserves	(102.95)	(1,775.79)	(1,847.54)
3 Loans & Borrowings	—	—	—
4 Current Liabilities & Provisions			
4.1 Provision for Doubtful Income/Deposits	—	—	—
4.2 Other Current Liabilities & Provisions	286.09	349.09	383.88
TOTAL	13,798.90	30,562.67	52,711.70
ASSETS			
1 Investments			
1.1 Listed Securities:			
1.1.1 Equity Shares	—	—	—
1.1.2 Preference Shares	—	—	—
1.1.3 Equity Linked Debentures	—	—	—
1.1.4 Other Debentures & Bonds	—	—	—
1.1.5 Securitised Debt Securities	—	—	—
1.2 Securities Awaited Listing:			
1.2.1 Equity Shares	—	—	—
1.2.2 Preference Shares	—	—	—
1.2.3 Equity Linked Debentures	—	—	—
1.2.4 Other Debentures & Bonds	—	—	—
1.2.5 Securitised Debt Securities	—	—	—
1.3 Unlisted Securities:			
1.3.1 Equity Shares	—	—	—
1.3.2 Preference Shares	—	—	—
1.3.3 Equity Linked Debentures	—	—	—
1.3.4 Other Debentures & Bonds	—	—	—
1.3.5 Securitised Debt Securities	—	—	—
1.4 Government Securities	—	—	—
1.5 Treasury Bills	—	—	—
1.6 Commercial Paper	—	—	—
1.7 Certificate of Deposits	—	—	—
1.8 Bill Rediscounting	—	—	—
1.9 Units of Domestic Mutual Fund	—	—	—
1.10 Foreign Securities	13,431.35	29,046.38	52,141.04
Total Investments	13,431.35	29,046.38	52,141.04
2 Deposits	3.48	7.45	8.00
3 Other Current Assets			
3.1 Cash & Bank Balance	4.19	78.15	0.72
3.2 CBLO/TREPS/Reverse Repo Lending	348.91	1,430.57	561.88
3.3 Others	10.97	0.11	0.06
4 Deferred Revenue Expenditure (to the extent not written off)	—	—	—
TOTAL	13,798.90	30,562.67	52,711.70

Notes to Accounts - Annexure I

Abridged Revenue Account for the year ended March 31, 2024

Rs. in Lakhs

	Current Year ended March 31, 2024	Previous period ended March 31, 2023
1 INCOME		
1.1 Dividend	—	—
1.2 Interest	51.04	36.63
1.3 Realised Gain/(Loss) on Foreign Exchange Transactions	(0.25)	(0.67)
1.4 Realised Gains/(Losses) on Interscheme Sale of Investments	—	—
1.5 Realised Gains/(Losses) on External Sale/Redemption of Investments	(577.91)	(2,294.93)
1.6 Realised Gains/(Losses) on Derivative Transactions	—	—
1.7 Other Income	1.35	3.58
(A)	(525.77)	(2,255.39)
2 EXPENSES		
2.1 Management Fees	135.78	242.69
2.2 GST on Management Fees	24.44	43.68
2.3 Transfer Agents Fees and Expenses	8.94	17.31
2.4 Custodian Fees	2.93	1.51
2.5 Trusteeship Fees	0.17	1.77
2.6 Commission to Agents	115.29	252.05
2.7 Marketing & Distribution Expenses	0.02	1.79
2.8 Audit Fees	0.18	0.48
2.9 Investor Education Expenses	4.24	8.17
2.10 Brokerage & Transaction Costs	0.05	0.01
2.11 Interest on Borrowing	—	—
2.12 Other Operating Expenses	5.14	9.70
(B)	297.19	579.17
3 NET REALISED GAINS/(LOSSES) FOR THE YEAR	(C = A - B)	(822.96)
4 Change in Unrealised Depreciation in Value of Investments	(D)	1,024.72
5 NET GAINS/(LOSSES) FOR THE YEAR	(E = C + D)	201.76
6 Change in Unrealised Appreciation in Value of Investments	(F)	663.42
7 NET SURPLUS/(DEFICIT) FOR THE YEAR	(G = E + F)	865.17
7.1 Add : Balance Transfer from Unrealised Appreciation Reserve	—	—
7.2 Less : Balance Transfer to Unrealised Appreciation Reserve	663.42	—
7.3 Add/(Less) : Equalisation	1,471.09	2,760.67
7.4 Transfer from Reserve Fund	(1,775.79)	(1,847.54)
7.5 Transfer from Unit Premium Reserve	—	—
8 Total	(102.95)	(1,775.79)
9 Dividend Appropriation		
9.1 Income Distributed during the Year	—	—
9.2 Tax on Income Distributed during the Year	—	—
10 Retained Surplus/(Deficit) Carried Forward to Balance Sheet	(102.95)	(1,775.79)

Notes to Accounts - Annexure I

Key Statistics for the year ended March 31, 2024

	Current Year ended March 31, 2024	Previous period ended March 31, 2023
1. NAV per unit (Rs.):		
Open		
Regular Plan – Growth Option	9.2624	9.5466
Regular Plan – IDCW Option	9.2624	9.5466
Direct Plan – Growth Option	9.4116	9.6253
Direct Plan – IDCW Option	9.4116	9.6253
High		
Regular Plan – Growth Option	9.9771	9.4664
Regular Plan – IDCW Option	9.9771	9.4664
Direct Plan – Growth Option	10.2076	9.5785
Direct Plan – IDCW Option	10.2076	9.5785
Low		
Regular Plan – Growth Option	8.0638	7.5365
Regular Plan – IDCW Option	8.0638	7.5365
Direct Plan – Growth Option	8.2292	7.6309
Direct Plan – IDCW Option	8.2292	7.6309
End		
Regular Plan – Growth Option	9.9416	9.2624
Regular Plan – IDCW Option	9.9416	9.2624
Direct Plan – Growth Option	10.1726	9.4116
Direct Plan – IDCW Option	10.1726	9.4116
2. Closing Assets Under Management (Rs. in Lakhs)		
End	13,513	30,184
Average (AAuM) ¹	21,195	40,862
3. Gross income as % of AAuM ²	(2.48%)	(5.52%)
4. Expense Ratio:		
a. Total Expense as % of AAuM (including GST on Management fees) (planwise)		
Regular Plan	1.46%	1.46%
Direct Plan	0.75%	0.68%
b. Management Fee as % of AAuM (planwise)		
Regular Plan	0.65%	0.60%
Direct Plan	0.55%	0.49%
5. Net Income as a percentage of AAuM ³	(3.88%)	(6.94%)
6. Portfolio turnover ratio ⁴	0.01	–
7. Total IDCW per unit distributed during the year (planwise)		
Retail		
Regular Plan – IDCW Option	–	–
Direct Plan – IDCW Option	–	–

Key Statistics for the year ended March 31, 2024 (Contd...)

	Current Year ended March 31, 2024	Previous period ended March 31, 2023
Corporate		
Regular Plan – IDCW Option	–	–
Direct Plan – IDCW Option	–	–
8. Returns (%):		
a. Last One Year		
Scheme		
Regular Plan – Growth Option	7.38	(2.98)
Direct Plan – Growth Option	8.14	(2.22)
Benchmark		
MSCI AC World Index TRI	25.17	0.14
b. Since Inception		
Scheme		
Regular Plan – Growth Option	(0.19)	(3.71)
Direct Plan – Growth Option	0.57	(2.95)
Benchmark		
MSCI AC World Index TRI	12.01	6.06

1. AAuM = Average daily net assets
2. Gross income = amount against (A) in the Revenue account i.e. Income
3. Net income = amount against (C) in the Revenue account i.e. Net Realised Gains/(Losses) for the year
4. Portfolio Turnover = Lower of sales or purchase divided by the Average AuM for the year
5. The Total management fees and other expenses charged by the underlying fund along with the management fee and recurring expenses charged by the domestic Mutual Fund is as follows:

Scheme	TER charged by underlying Fund	TER of the domestic Fund	Weighted Average TER	Maximum TER Cap as per circular
	2023-24			
HSBC Global Equity Climate Change Fund of Fund	0.65%	1.35%	2.00%	2.30%
	2022-23			
HSBC Global Equity Climate Change Fund of Fund	0.65%	1.35%	2.00%	2.30%

Note: Returns have been calculated as on last business day of the month i.e. March 28, 2024 due to non-availability of benchmark indices as of March 31, 2024.

Notes to Accounts – Annexure I

To the Abridged Balance Sheet and Revenue Account for the year ended March 31, 2024

1 Investments:

- 1.1. It is confirmed that investments of the Scheme are registered in the name of the Trustees for the benefit of the Scheme's unitholders.
- 1.2. Open Positions of derivatives as on year / period ended March 31, 2024 & March 31, 2023 are NIL.
- 1.3. Investment in Associates and Group Companies as at the year ended March 31, 2024 and March 31, 2023 are NIL.
- 1.4. Open positions of Securities Borrowed and/ or Lent by the Scheme as on the year/period ended March 31, 2024 & March 31, 2023 are NIL.
- 1.5. Investment in Below investment grade and default / Securities in default as on March 31, 2024 & March 31, 2023 are NIL.
- 1.6. Aggregate Unrealised Gain/Loss as at the end of the financial period and percentage to net assets:

(Rs. In Lakhs)

Security Category	Amount	Percentage to Net Assets	Amount	Percentage to Net Assets
	As at March 31, 2024		As at March 31, 2023	
Foreign Securities				
– Appreciation	663.42	4.91	–	–
– Depreciation	–	–	1,024.72	3.39

- 1.7 The aggregate value of investments securities (excluding TREPS and Reverse Repos) purchased and sold (including matured) during the financial period 2023-2024 (excluding accretion of discount) is Rs. 2.00 lakhs and Rs. 204.30 lakhs respectively being 0.01% and 0.96% of the average net assets.

The aggregate value of investments securities (excluding TREPS and Reverse Repos) purchased and sold (including matured) during the financial period 2022-2023 (excluding accretion of discount) is Nil and Rs. 257.95 lakhs respectively being 0% and 0.63% of the average net assets.

- 1.8 Non-Traded securities in the portfolios as at March 31, 2024 & March 31, 2023 are NIL.

2 Disclosure Under Regulation 25(8) of the Securities And Exchange Board of India (Mutual Funds) Regulations, 1996 As Amended.

During the year 2023-24, The Hongkong and Shanghai Banking Corporation Limited, an associate entity of HSBC Asset Management (India) Private Limited was paid collection/bank charges amounting to Rs. Nil.

During the year 2022-23, The Hongkong and Shanghai Banking Corporation Limited, an associate entity of HSBC Asset Management (India) Private Limited was paid collection/bank charges amounting to Rs. Nil.

Commission paid to Sponsor/AMC and its associates/related parties/group companies

Name of Sponsor/AMC and its associates/related parties/group companies	Nature of Association / Nature of Relation	Period Covered	Business Given [Rs. In lakhs]	% of Total Business received by the Fund	Commission paid [Rs. In Lakhs]	% of Total commission paid by the Fund
The Hongkong and Shanghai Banking Corporation Limited	Group Company	2023-2024	16.63	2.41	92.36	80.96
The Hongkong and Shanghai Banking Corporation Limited	Group Company	2022-2023	224.23	11.22	188.21	87.55

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

To the Abridged Balance Sheet and Revenue Account for the year ended March 31, 2024

Brokerage paid to Sponsor/AMC and its associates/related parties/group companies is NIL.
(Previous year Nil)

- 3 None of the Investors held more than 25% of the total net assets of the scheme at the year/period ended March 31, 2024 & March 31, 2023.
- 4 Unit Capital movement during the year ended March 31, 2024, March 31, 2023 and March 31, 2022:

Description	2023-2024				
	Opening Units	Subscription	Redemption	Closing Units	Face Value per unit (Rupees)
Regular Plan - Growth Option	303,990,719.159	6,543,555.023	190,591,583.142	119,942,691.040	10
Regular Plan - IDCW Option	2,516,907.635	70,978.660	1,097,052.713	1,490,833.582	10
Direct Plan - Growth Option**	19,298,006.082	916,426.417	6,122,982.748	14,091,449.751	10
Direct Plan - IDCW Option	77,824.957	29,092.362	38,959.177	67,958.142	10

Description	2022-2023				
	Opening Units	Subscription	Redemption	Closing Units	Face Value per unit (Rupees)
Regular Plan - Growth Option	516,599,520.315	20,688,039.041	233,296,840.197	303,990,719.159	10
Regular Plan - IDCW Option	4,145,801.010	265,203.519	1,894,096.894	2,516,907.635	10
Direct Plan - Growth Option**	26,992,229.289	2,483,866.723	10,178,089.930	19,298,006.082	10
Direct Plan - IDCW Option	171,464.566	31,842.881	125,482.490	77,824.957	10

Description	2021-2022				
	Opening Units	Subscription	Redemption	Closing Units	Face Value per unit (Rupees)
Regular Plan - Growth Option	608,182,596.676	40,923,749.403	132,506,825.764	516,599,520.315	10
Regular Plan - IDCW Option	4,243,535.050	1,208,193.248	1,305,927.288	4,145,801.010	10
Direct Plan - Growth Option**	6,391,809.700	22,076,699.233	1,476,279.644	26,992,229.289	10
Direct Plan - IDCW Option	60,297.387	124,677.740	13,510.561	171,464.566	10

** Units held by the AMC (Seed Capital) in Direct Plan - Growth Option as on March 31, 2024 is 717,395.378 & on March 31, 2023 is 717,395.378 & on March 31, 2022 is 499,975.001.

- 5 Previous year's/period figures have been re-grouped/re-arranged where necessary.
- 6 There are no contingent liabilities and other commitments as on March 31, 2024 and March 31, 2023. Contingent asset is neither recognized nor disclosed in the financial statements.

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

To the Abridged Balance Sheet and Revenue Account for the year ended March 31, 2024

- 7 Expenses other than Management Fees are Inclusive of GST where applicable.
- 8 Other income credited to the scheme of Rs. 1.35 lakhs represents Exit load credited to the scheme (2023 : Rs. 3.58 lakhs represents Exit load credited to the scheme).

9 Investor Education Awareness

As mandated by SEBI vide circular no. CIR/IMD/DF/21/2012 dated September 13, 2012 an annual charge of 0.02 percent of daily net assets, being a part of total recurring expenses is set aside for Investor Education and Awareness (IEA). In view of the AMFI Best Practices Guidelines Circular No. 56/2015-16, the IEF (Investor Education Fund) accrual is set aside in a separate bank account and the consolidated balance across all schemes as on March 31, 2024.

Pursuant to SEBI circular dated May 23, 2022, w.e.f. July 1, 2022, the limit of 0.02% p.a. has been reduced to 0.01% p.a. in case of ETFs/Index Funds. Furthermore, Fund of Funds (FoFs) investing more than 80% of its NAV in the underlying domestic funds have discontinued setting aside 0.02% p.a. of daily net assets towards IEAI.

The break-up of which is as under:

	March 31, 2024	March 31, 2023
Particulars	Amount (Rs. In Lakhs)	Amount (Rs. In Lakhs)
Opening Balance as on April 01, 2023	997.09	460.22
Add: Accrual during FY 2023-24	1,962.01	1,432.00
Less: Transferred to AMFI *	889.11	646.75
Less: Payable to AMFI (March 2024 accrual) *	91.90	69.25
Add: Investment Income FY 2023-24	77.08	166.42
Less: Spent during FY 2023-24	1,877.44	345.55
Closing Balance as on March 31, 2024	177.73	997.09

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

The IEA disclosure are presented for surviving scheme only.

- 10 Pursuant to SEBI Circular No. SEBI/HO/IMD/DF3/CIR/P/2020/194 dated October 05, 2020, the nomenclature of 'Dividend Option' under all the schemes of HSBC Mutual Fund has been revised to 'Income Distribution cum Capital Withdrawal Option' (IDCW), with effect from April 01, 2021.

11 Disclosure of Risk-o-meter

Scheme Name	Risk-o-meter level at end of the financial year i.e. March 31, 2024	Risk-o-meter level as on March 31, 2023	Number of changes in Risk-o-meter during the financial year (March 2023 to March 2024)
HSBC Global Equity Climate Change Fund of Fund	Very High	Very High	0

- 12 Securities, excluding debt securities, where the non-traded investments which have been valued "in good faith" exceed 5% of the net assets at the end of the year is NIL.
- 13 Debt securities which have been valued at a price other than the price given by the independent valuation agencies at the end of the year is NIL.
- 14 Subsequent to receipt of SEBI's no objection to acquisition of 100% equity shares of L&T Investment Management Limited ("LTIM", Investment Manager of L&T Mutual Fund) and the amendments proposed to the trust deed of the HSBC Mutual Fund as required under the SEBI (Mutual Funds) Regulations, 1996, the schemes of L&T Mutual Fund (LTMF) were transferred to/ merged with the schemes of HSBC Mutual Fund on and from the close of business hours of November 25, 2022, and the HSBC AMC and HSBC

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

To the Abridged Balance Sheet and Revenue Account for the year ended March 31, 2024

Trustees assumed the responsibilities of the schemes of LTMF w.e.f. close of business hours of November 25, 2022.

- 15 During the year, HSBC Securities and Capital Markets (India) Private Limited ("HSCI"), Sponsors of HSBC Mutual Fund established a private limited company with limited liability to act as the "Trustee" of HSBC Mutual Fund. HSBC Trustees (India) Private Limited ("HTIP") was incorporated on 9 January 2024. Accordingly, HTIP has replaced the Board of Trustees of HSBC Mutual Fund w.e.f. 1 March 2024, and the Company through its Board of Directors has been discharging its obligations as the "Trustees" of the Fund from this date.
- 16 The Annual Accounts of the Schemes, prepared in accordance with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the "Act") read with the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time and clause 17.14 of SEBI Master Circular for Mutual Funds dated June 27, 2024, has been approved by the Board of Directors of HSBC Asset Management (India) Private Limited and HSBC Trustees (India) Private Limited at their meetings held on July 8, 2024 and July 19, 2024 respectively. The audit report attached herewith refers to the said Annual Accounts. The aforesaid abridged accounts are an extract of the Annual Accounts and are prepared in accordance with clause 5.4 and format no. 3.B under the section of formats of SEBI Master Circular for Mutual Funds dated June 27, 2024 and other relevant circulars issued by the Securities and Exchange Board of India from time to time.

Voting Policy and Procedures

In view of para 6.16 of SEBI Master Circular on Mutual Funds dated June 27, 2024 related to “Role of Mutual Funds in Corporate Governance of Public Listed Companies”, HSBC AMC has formulated its “Policy for Proxy Voting in Public Listed Companies”. The said policy is available on our website and the details of actual exercise of proxy votes, the summary of votes casted and the auditor’s certificate is forming part of our full Annual Report for the Financial Year 2023 – 24 which has been uploaded on our website at <http://www.assetmanagement.hsbc.co.in>

Statutory Details & Disclaimers

All the returns have been sourced from Mutual Funds India Explorer software. The performance of the schemes and the benchmark is calculated on a total return basis. This document has been prepared by HSBC Asset Management (India) Private Limited (HSBC) for information purposes only with an intent to provide market overview and should not be construed as an offer or solicitation of an offer for purchase of any of the funds of HSBC Mutual Fund. All information contained in this document (including that sourced from third parties), is obtained from sources, which HSBC/third party, believes to be reliable but which it has not been independently verified by HSBC/the third party. Further, HSBC/the third party makes no guarantee, representation or warranty and accepts no responsibility or liability as to the accuracy or completeness of such information. The information and opinions contained within the document are based upon publicly available information and rates of taxation applicable at the time of publication, which are subject to change from time to time.

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

For disclosure of quarterly AUM/AAUM and AUM by geography, please visit our website at www.assetmanagement.hsbc.co.in. Investors are requested to note that as per SEBI (Mutual Funds) Regulations, 1996 and guidelines issued thereunder, HSBC AMC, its employees and/ or empaneled distributors/agents are forbidden from guaranteeing/promising/assuring/predicting any returns or future performances of the schemes of HSBC Mutual Fund. Hence, please do not rely upon any such statements/commitments. If you come across any such practices, please register a complaint via email at investor.line@mutualfunds.hsbc.co.in

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

Important Updates

Name and Date of Birth as per PAN card - Effective from June 1, 2024

As per recent regulatory requirement and changes advised by Income Tax Department in PAN validation process, now it is mandated to quote your Name(s) and DOB as per PAN card. To avoid any failure in such validations, we request investors to quote the Name(s) and DOB's of all the holders including Guardian, Power of Attorney (POA) holders as per PAN card.

Useful Links for self service options

- **Use our 24 x 7 Chatbot - "ASKME" for any queries or service request:**
visit: <https://invest.assetmanagement.hsbc.co.in>

SMS your request to HSBC Mutual Fund

- **Latest NAV :** Send SMS as HSBCMF NAV <Scheme Code> to 56767
Example: HSBCMF NAV F03
- **Valuation Service on registered mobile No. :** Send SMS as HSBCMF VAL <folio_number> to 56767
Example: HSBCMF VAL 123456
- **Annual Report :**
For Electronic Copy: Send SMS as HSBCMFARE <folio_number> to 567678080
Example: HSBCMF ARE 123456
For Physical Copy: Send SMS as HSBCMFARP <folio_number> to 567678080
Example: HSBCMF ARP 123456
- **Half Yearly Portfolio :**
For Electronic Copy: Send SMS as HSBCMFHPE <folio_number> to 567678080
Example: HSBCMF HPE 123456
For Physical Copy: Send SMS as HSBCMFHPP <folio_number> to 567678080
Example: HSBCMF HPP 123456

Missed Call Service

- You can give a missed call to 9212900020 to get the total valuation via SMS and a statement on your registered email ID

Book-Post

If undelivered please return to:

Computer Age Management Services Private Limited (CAMS)

Unit: HSBC Mutual Fund

New No. 10, M.G.R Salai, Nungambakkam, Chennai - 600034.

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

HSBC Asset Management (India) Private Limited

CIN NO: U74140MH2001PTC134220

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

Website : www.assetmanagement.hsbc.co.in

Description	Toll Free Number	Email ID
Investor related queries	1800-4190-200/1800-200-2434	investor.line@mutualfunds.hsbc.co.in
Online related queries	1800-4190-200/1800-200-2434	onlinemf@mutualfunds.hsbc.co.in
Investor (Dialing from abroad)	+91 44 39923900	investor.line@mutualfunds.hsbc.co.in

To get your updated account statement email us at : "mfsoa@mutualfunds.hsbc.co.in"

We're always here to help you, so feel free to reach out to us

Self-service request at your Fingertips

- Visit Website • Invest Online • Insta Statement • Download Forms
- Transact via Whats App • Use 24/7 ChatBot - Ask Me



Remember, you can also find out more via our social media handles !

Please check our website www.assetmanagement.hsbc.co.in for an updated list of Official Points of Acceptance of HSBC Mutual Fund.

CAMS SERVICE CENTRES / CAMS LIMITED TRANSACTION POINTS / CAMS COLLECTION CENTRES

For details on CAMS Service Centres, please visit www.camsonline.com



HSBC Managed Solutions

An open ended fund of fund Scheme investing in a basket of equity, debt, Gold and other Exchange Traded Funds

Abridged Annual Report 2023 - 2024



SPONSOR

HSBC Securities and Capital Markets (India) Private Limited

CIN – U67120MH1994PTC081575

Regd. Office: 52/60, Mahatma Gandhi Road, Fort, Mumbai 400001.

TRUSTEE COMPANY

HSBC Trustees (India) Private Limited

CIN – U66190MH2024PTC416973

Regd. Office: 52/60, Mahatma Gandhi Road, Fort, Mumbai 400001.

ASSET MANAGEMENT COMPANY

HSBC Asset Management (India) Private Limited

CIN – U74140MH2001PTC134220

Regd. Office: 9-11 Floors, NESCO IT Park, Building No. 3,
Western Express Highway, Goregaon (East), Mumbai 400063.

CUSTODIAN

Citibank N.A.

First International Financial Center (FIFC), 9th Floor,
C-54 & 55, G – Block, Bandra Kurla Complex, Bandra (East), Mumbai 400051.

AUDITORS TO THE SCHEME

MSKA & Associates

Chartered Accountants

602, Floor 6, Raheja Titanium, Western Express Highway,
Geetanjali Railway Colony, Ram Nagar, Goregaon (East), Mumbai 400063.

REGISTRAR & TRANSFER AGENTS

Computer Age Management Services Limited (CAMS)

Unit: HSBC Mutual Fund

New No. 10, M.G.R Salai, Nungambakkam, Chennai 600034.

BOARD OF TRUSTEES

Ms. Jasmine Batliwalla	– Chairperson
Mr. Nani Javeri	– Trustee
Mr. David Rasquinha	– Trustee
Mr. Nicolas Moreau	– Trustee

BOARD OF DIRECTORS

Dr. Indu Shahani	– Director
Mr. Kapil Seth	– Director
Ms. Roopa Varma	– Director
Mr. Kailash Kulkarni	– Director & Chief Executive Officer

Dear Investor,

As we reflect on the past year, I am filled with pride and optimism about the future of our company and overall growth of the mutual fund industry. The past year has marked significant milestones in our journey, particularly as we capitalise on the immense potential of India's burgeoning growth story.

Fiscal 2024 turned out to be one of the best years for the domestic mutual fund industry as assets under management (AUM) spurted by nearly Rs. 14 lakh crore to a record Rs. 53.40 lakh crore as of March 2024 compared with Rs. 39.42 lakh crore as of March 2023.

The mutual fund industry is experiencing immense growth and we are poised to take advantage of this upward trajectory. Our company is an integral part of this growth story, riding the wave with several strategic initiatives and accomplishments that have set us on a path of sustained success.



Major achievements post integration

- Post integration we have enhanced our digital offering for both B2B and B2C to provide improved customer journeys.
- HSBC AM India's AUM increased from USD 1.4 bn (before integration) to USD 13.7 bn as of April 2024.
- HSBC Asset Management India has now become the 14th largest asset manager in India in terms of AUM.
- HSBC AM India has launched 4 new products since integration (raising \$445M).
- We have expanded HSBC AM India's product offerings to 43 funds.

Key Achievements in FY2023-2024

Investment Performance: Our disciplined investment strategy and thorough research have been pivotal to our success. We have focused on high-quality, undervalued assets, achieving consistent returns across our portfolio.

Product Innovation: This year, we launched two new funds - HSBC Multi Asset Allocation Fund and HSBC Consumption Fund, tailored to meet the evolving needs of our investors. These new offerings have been well-received, contributing to our growth in AUM significantly.

Increased Media Presence: In FY24, we significantly boosted our media presence, ensuring that our brand and thought leadership are recognized across various platforms. Through strategic media engagements like Informed Investing with ET Now, talks shows and several authored articles plus interviews - we have amplified our message, reaching a broader audience and reinforcing our market position.

Successful Campaign Launch: We successfully launched SIP Hai #FaydeWaliAadat, an investor education campaign, that highlighted the transformative power of SIPs in achieving long-term financial

goals. A first of its kind campaign, it aimed at educating and empowering the millennial investors in India. The campaign garnered significant attention and positive feedback, strengthening our brand presence and engaging a wider audience. Notably, the campaign has also earned us prestigious awards and accolades highlighting our commitment to excellence and innovation.

Client Relationships: We have strengthened our client relationships through enhanced communication, transparency, and personalized service. Our client satisfaction scores have reached new heights, reflecting our commitment to exceptional service.

We believe that the India story has just begun and its economic landscape is poised for significant growth. An exposure to unique and future relevant themes can provide a much-needed inflation buffer. The importance of asset allocation continues to be critical. It is critical for all of us to review our risk appetite and goal proximity and construct a portfolio appropriately.

Besides construction, portfolio rebalancing is equally important in order to achieve optimal outcomes. I do hope you share my enthusiasm and I ask that you continue to invest whilst reviewing your asset allocation at all times.

I would like to express my sincere gratitude to our dedicated team, whose expertise and commitment are the backbone of our success. To our investors, thank you for your trust and continued support. Your confidence in our approach motivates us to strive for excellence in everything we do. Also, I want to express my deepest gratitude to our valuable partners for their unwavering support and keep our services running. Look forward to achieving even grater milestones together.

As we move forward, we remain committed to delivering superior investment performance, fostering strong client relationships, and driving sustainable growth. Together, we are well-positioned to navigate the future and achieve our goals.

Warm regards,

A handwritten signature in black ink, appearing to read 'Kailash Kulkarni', written over a horizontal line.

Kailash Kulkarni

Chief Executive Officer

HSBC Asset Management India

Trustees' Report

For the year ended March 31, 2024

The Board of Directors of HSBC Trustees (India) Private Limited, Trustees of HSBC Mutual Fund present the Twenty Second Annual Report and the audited abridged financial statements of the schemes of the HSBC Mutual Fund ('the Fund') for the year ended March 31, 2024.

With the acquisition of L&T Mutual Fund in the previous financial year, the Fund's Assets Under Management ('AUM') (excluding Domestic FOFs) as on March 31, 2024 was INR 109368.16 crores (audited). The Fund ranks in the top 15 Mutual Fund houses in India in terms of AUM.

As at March 31, 2024, the Fund offered 43 schemes across asset classes to meet the varying investment needs of the investors. During the year, the Fund launched two new products namely HSBC Consumption Fund and HSBC Multi Asset Allocation Fund in Equity and Hybrid categories.

The Fund continues its focus on delivering consistent long-term returns. The comments on the performance of the scheme(s) are provided hereinafter. Dividends were declared under various schemes as per the provisions contained in the respective Scheme Information Documents after considering the distributable surplus available under the respective plans of the schemes. Details of dividends declared can be viewed on our website at www.assetmanagement.hsbc.co.in.

During the year, HSBC Securities and Capital Markets (India) Private Limited ("HSCI"), Sponsors of the Fund established a private limited company with limited liability to act as the "Trustees" of the Fund. HSBC Trustees (India) Private Limited ("HTIP") was incorporated on 9 January 2024. Accordingly, HTIP has replaced the Board of Trustees of HSBC Mutual Fund w.e.f. 1 March 2024, and the Company through its Board of Directors has been discharging its obligations as the "Trustees" of the Fund from this date.

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

a. Operations and Performance of the Scheme

HSBC Managed Solutions ('HMS')

(An open-ended fund of fund scheme investing in a basket of Equity, Debt, Gold and other Exchange Traded Funds)

The Scheme has three plans – Conservative Plan, Growth Plan and the Moderate Plan.

HMS – Conservative Plan seeks to provide long term total return aimed at providing income through an active asset allocation with diversification commensurate with the risk profile of investments by investing in a basket of debt, equity, gold ETFs and other ETFs and money market instruments.

HMS – Growth Plan seeks to provide long term total return primarily by seeking capital appreciation through an active asset allocation with diversification commensurate with the risk profile of investments by investing in a basket of debt, equity, gold exchange traded funds (ETFs) and other ETFs, units of offshore mutual funds and money market instruments.

HMS – Moderate Plan seeks to provide long term total return aimed at capital appreciation and providing income through an active asset allocation with diversification commensurate with the risk profile of investments by investing in a basket of debt, equity, gold ETFs and other ETFs, units of offshore mutual funds and money market instruments.

The net assets of HMS – Conservative Plan amounted to INR 27.38 crores as at March 31, 2024 as against INR 40.32 crores as at March 31, 2023. Around 99.52% of the net assets were invested in mutual fund units, 1.21% of the net assets were invested in reverse repos/TREPS and (0.73%) in net current assets as at March 31, 2024.

The net assets of HMS – Growth Plan amounted to INR 40.59 crores as at March 31, 2024 as against INR 39.86 crores as at March 31, 2023. Around 99.4% of the net assets were invested in mutual fund units, 1.24% of the net assets were invested in reverse repos/TREPS and (-0.64%) in net current assets as at March 31, 2024.

The net assets of HMS – Moderate Plan amounted to INR 57.34 crores as at March 31, 2024 as against INR 69.33 crores as at March 31, 2023. Around 99.24% of the net assets were invested in mutual fund units, 1.47% of the net assets were invested in reverse repos/TREPS and (0.71%) in net current assets as at March 31, 2024.

Trustees' Report

For the year ended March 31, 2024 (Contd...)

Performance is largely driven by underlying equity funds. The underperformance has been driven by underperformance of underlying HSBC Large Cap Fund compared to BSE 200 Index for HMS – Growth, HMS – Moderate and HMS - Conservative. Underlying HSBC Small Cap Fund has outperformed BSE 200 Index and contributed positively towards performance of HMS – Growth and HMS – Moderate.

HSBC Managed Solutions India – Conservative					Date of Inception : 30 April, 2014			
Fund / Benchmark (Value of ₹ 10,000 invested)	1 Year		3 Years		5 Years		Since Inception	
	Amount (₹)	Returns (%)	Amount (₹)	Returns (%)	Amount (₹)	Returns (%)	Amount (₹)	Returns (%)
HSBC Managed Solutions India – Conservative	10940	9.45	11746	5.52	13197	5.70	19627	7.04
Scheme Benchmark (A composite index with 10% weight to S&P BSE 200 TRI and 90% weight to CRISIL Composite Bond Index)	11096	11.02	12186	6.82	14984	8.42	23581	9.03
Additional Benchmark (Nifty 50 TRI)	13008	30.27	15736	16.35	20356	15.27	37649	14.30
Additional Benchmark (CRISIL 10 Year Gilt Index)	10850	8.55	11343	4.30	13477	6.15	19731	7.09

Past performance may or may not be sustained in future. Returns have been calculated for the respective periods for Growth Option of Regular Plan as on last business day of the month i.e. March 28, 2024 due to non-availability of benchmark indices as of March 31, 2024. Returns on ₹ 10,000 are point-to-point returns for the specific time period, invested at the start of the period. Returns for 1 year and above are Compounded Annualized. Different plans shall have a different expense structure. Performance of the respective benchmark is calculated as per the Total Return Index (TRI).

Please note that Bombay Stock Exchange ("BSE") has notified that basis their demerger of the tie-up between S&P Dow Jones ("SPDJS") and BSE, only the nomenclature of the Scheme Benchmark stands revised from June 1, 2024, however, the underlying index composition of the scheme benchmark remains unchanged.

HSBC Managed Solutions India – Growth					Date of Inception : 30 April, 2014			
Fund / Benchmark (Value of ₹ 10,000 invested)	1 Year		3 Years		5 Years		Since Inception	
	Amount (₹)	Returns (%)	Amount (₹)	Returns (%)	Amount (₹)	Returns (%)	Amount (₹)	Returns (%)
HSBC Managed Solutions India – Growth	13184	32.04	15424	15.57	19563	14.36	35115	13.50
Scheme Benchmark (A composite index with 80% weight to S&P BSE 200 TRI and 20% weight to CRISIL Composite Bond Index)	13196	32.16	15630	16.08	20410	15.33	38218	14.47
Additional Benchmark (Nifty 50 TRI)	13008	30.27	15736	16.35	20356	15.27	37649	14.30
Additional Benchmark (CRISIL 10 Year Gilt Index)	10850	8.55	11343	4.30	13477	6.15	19731	7.09

Past performance may or may not be sustained in future. Returns have been calculated for the respective periods for Growth Option of Regular Plan as on last business day of the month i.e. March 28, 2024 due to non-availability of benchmark indices as of March 31, 2024. Returns on ₹ 10,000 are point-to-point returns for the specific time period, invested at the start of the period. Returns for 1 year and above are Compounded Annualized. Different plans shall have a different expense structure. Performance of the respective benchmark is calculated as per the Total Return Index (TRI).

Trustees' Report

For the year ended March 31, 2024 (Contd...)

Please note that Bombay Stock Exchange ("BSE") has notified that basis their demerger of the tie-up between S&P Dow Jones ("SPDJS") and BSE, only the nomenclature of the Scheme Benchmark stands revised from June 1, 2024, however, the underlying index composition of the scheme benchmark remains unchanged.

HSBC Managed Solutions India – Moderate					Date of Inception : 30 April, 2014			
Fund / Benchmark (Value of ₹ 10,000 invested)	1 Year		3 Years		5 Years		Since Inception	
	Amount (₹)	Returns (%)	Amount (₹)	Returns (%)	Amount (₹)	Returns (%)	Amount (₹)	Returns (%)
HSBC Managed Solutions India – Moderate	12654	26.71	14528	13.28	18061	12.54	30960	12.07
Scheme Benchmark (CRISIL Hybrid 35+65 – Aggressive Fund Index)	12726	27.43	14840	14.09	19349	14.10	35056	13.48
Additional Benchmark (Nifty 50 TRI)	13008	30.27	15736	16.35	20356	15.27	37649	14.30
Additional Benchmark (CRISIL 10 Year Gilt Index)	10850	8.55	11343	4.30	13477	6.15	19731	7.09

Past performance may or may not be sustained in future. Returns have been calculated for the respective periods for Growth Option of Regular Plan as on last business day of the month i.e. March 28, 2024 due to non-availability of benchmark indices as of March 31, 2024. Returns on ₹ 10,000 are point-to-point returns for the specific time period, invested at the start of the period. Returns for 1 year and above are Compounded Annualized. Different plans shall have a different expense structure. Performance of the respective benchmark is calculated as per the Total Return Index (TRI).

Risk-o-meter as of 31st March, 2024:

Scheme Name	Scheme Risk-o-meter	Benchmark Risk-o-meter
HSBC Managed Solutions India – Growth	 Investors understand that their principal will be at Very High risk	Benchmark Index : S&P BSE 200 TRI Index 
		Benchmark Index : CRISIL Composite Bond Fund Index 
HSBC Managed Solutions India – Moderate	 Investors understand that their principal will be at High risk	Benchmark Index : CRISIL Hybrid 35+65 - Aggressive Index 

Trustees’ Report
For the year ended March 31, 2024 (Contd...)

Scheme Name	Scheme Risk-o-meter	Benchmark Risk-o-meter
HSBC Managed Solutions India – Conservative	 RISKOMETER Investors understand that their principal will be at Moderately High risk	Benchmark Index : S&P BSE 200 TRI Index  RISKOMETER
		Benchmark Index : CRISIL Composite Bond Fund Index  RISKOMETER

Please note that the above risk-o-meter is as per the product labelling of the Scheme basis Scheme’s monthly portfolio as on March 31, 2024.

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

➤ EQUITY OUTLOOK

Recap of FY 2023-24:

FY24 was a stellar year for the Indian equity markets with strong economic momentum, healthy earnings growth and strong inflows from domestic and foreign institutional investors and strong retail participation driving a broad-based bull market. The Nifty and Sensex were up a solid 30.1%/26.5% respectively during the year, while the BSE Midcap and BSE Smallcap indices gained an astounding 65.2% and 61.4% respectively.

While geo-political conflicts continued in FY24, their impact on crude and global supply chains moderated. Crude prices largely remained range bound during the year. Inflation barring a brief spike largely remained well contained, the economy gained further steam with GDP growth crossing 8% in H1FY24 supported by government thrust on infrastructure. This translated into strong growth for several core sector industries including steel and cement. The growth in the real estate sector has been strong with inventory continuing to decline in metro markets. However, lagged impact of price increases continued to impinge on consumer demand growth which remained subdued for most mass market categories.

Domestic cyclicals were the best performing sectors during the year led by Real Estate, Capital Goods, Autos. Power was also among the best performing sectors. Global cyclicals like Metals and Oil & Gas also strongly outperformed the Nifty. FMCG and Banking while delivering healthy positive returns underperformed the Nifty, while IT performance was closer to Nifty.

MSCI India index outperformed most of key global indices during the past fiscal. MSCI India index (USD) gained 35.5% as compared to 23.1% gain for MSCI World, 27.9% for US S&P 500, 11.0% for MSCI Europe and only 5.3% for MSCI Emerging Markets as MSCI China declined 19.0% over the period.

Strong performance of the market and subsiding global macro headwinds drove a sharp turnaround in foreign investment flows. FI net inflow was at USD 25.3bn in FY24 versus an outflow of USD 6.0bn/ 17.1bn in FY23/ FY22. DIs, on the other hand, matched FI inflow with an inflow of USD 25.3bn although it was lower than the net inflows at USD 30.8bn in FY23. Within DIs, the MF segment was the key contributor (USD 24.3 bn of net inflows up from USD 21.8bn in FY23) while domestic Insurers were also in the net inflow territory (USD 1.0bn of net inflows vs USD 9.0bn in FY23).

Source: Motilal Oswal

Trustees' Report

For the year ended March 31, 2024 (Contd...)

Indices Returns (April 01, 2023 to March 31, 2024)	1 Year [^]
S&P BSE Sensex TR	26.5%
NSE CNX Nifty TR	30.1%
S&P BSE 100 TR	34.2%
S&P BSE 200 TR	38.5%
S&P BSE 500 TR	40.2%
S&P BSE Midcap TR	65.2%
S&P BSE Small-cap TR	61.4%

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

Way forward:

The global macro environment remains challenging with heightened geo-political and economic uncertainties. US bond yields remain high putting pressure on interest rates and currencies globally. For India, growth has continued to remain strong with GDP growth of 8.4% in Q3FY24 driven by strong government spending on infrastructure and pickup in manufacturing and construction. The 2024 interim budget has re-affirmed government focus on infrastructure. At the same time reduction in fiscal deficit should also help in easing of domestic interest rates. However, after last year's patchy monsoon, a good monsoon will be an important factor for rural demand and overall consumption growth in the economy in FY25.

India starts FY25 on a strong footing with positive growth momentum and India's investment cycle is expected to be on a medium-term uptrend supported by rising government investment in infrastructure and recovery in real estate cycle. There is also an expectation of higher private investments in renewable energy and related supply chain, localization of higher-end technology components, and India becoming a more meaningful part of global supply chains. Finally, it is expected for consumption to improve as the impact of high inflation fades and real incomes start to grow again.

However, several of these positives are getting discounted by the high valuations currently prevailing in the equity market. While the fund managers remain constructive on Indian equities supported by the more robust medium-term growth outlook there is a caution against high return expectations. Nifty continues to trade on 20.6x consensus 1 year forward PE (as of 30 April). On a 10-year basis, Nifty is still trading 10% above its historic average valuation but is in-line with its 5-year average. Valuations of the midcap and small cap indices are even higher versus their historical average.

➤ DEBT OUTLOOK

Market drivers during the course of the year FY 2024

The year started with advanced economies continuing to grapple with higher inflation and policy tightening remained a common theme across economies. During FY2024, the Federal Open Market Committee (FOMC) raised policy rates by 50 bps while European Central Bank (ECB) and Bank of England (BOE) raised policy rates by 100 bps each. The cumulative rate hikes by various advanced economies in this cycle are as follows: Fed (525 bps), BOE (515 bps) and ECB (450 bps). Meanwhile cumulative rate hikes by the Monetary Policy Committee (MPC) in this cycle was 250 bps. On account of higher Government debt burden, Fitch downgraded US sovereign rating from AAA to AA+. US Treasury yields remained volatile during the year, with the 10-year benchmark rising higher by 73 bps during the year. Crude prices also moved higher by USD 7-8/bbl.

On the domestic front, Consumer price Index (CPI) inflation remained broadly in the upper end of the MPC's targeted band of 4% +/- 2% for most the financial year, however, inflation printed above 6% on two occasions due to high food inflation. Headline inflation remained susceptible to high food inflation with markets now expecting some relief of food prices on the back of normal monsoon. Core inflation eased through the year falling to below 4% in the last quarter.

Trustees' Report

For the year ended March 31, 2024 (Contd...)

Domestically, one of the biggest events during the year was the much-awaited index inclusion of Indian Government Bonds (IGBs) into the GBI-EM Global index suite and its relevant benchmarks. India is expected to reach the maximum weight of 10% in the GBI-EM Global Diversified Index (GBI-EM GD), with the inclusion staggered over a 10-month period starting June 2024. Following this, Bloomberg also included IGBs in their Bloomberg EM Local Currency Index, with India expected to reach a maximum weight of 10% over a 10-month period starting Jan 2025. Both these inclusions are expected to bring in INR 25-30 bn of index related FPI inflows over the next 1-2 years and paving the way for inclusion into other global bond indices as well. During FY2024, FPIs poured in close USD 12 bn into IGBs, with majority of the inflows coming in post the JP Morgan index inclusion announcement.

Government continued its path of fiscal consolidation, with the revised estimate of the Fiscal deficit for FY2024 coming in at 5.6%, with expectations for FY2025 at 5.1% and target of below 4.5% by FY2026. PMI numbers continue to remain in expansion, GST revenues remain buoyant and credit off-take upbeat.

The external sector has remained strong due to healthy service exports and remittances. Current Account Deficit (CAD) is expected to be around 1% for the year. Rupee remained one of the more stable currencies during the year, with active intervention from RBI smoothening any volatility. RBI continued to build on the FX reserves with year-end number around USD 650 bn.

Money market rates moved higher during the year due to tightening in liquidity along with higher Certificate of Deposit (CD) issuances. G-Sec yields, however, moved lower due to favorable demand supply and lower G-Sec borrowing. 10-year G-Sec moved lower during the year by 25 bps, while 5 yr G-Sec moved lower by 13 bps.

Market Outlook

While US markets have braced for "higher for longer" rates, we have seen in the past, that reactions to favorable data in such an environment can be sharp. Any softness in growth, employment or inflation data over the next few months will allow the markets to quickly start pricing in aggressive future policy easing. In our view, the RBI is also likely to gradually shift the liquidity deficit into surplus over the course of the next 3-6 months, flipping overnight rates from the top to the bottom of the rate corridor. The yield curve is likely to steepen as liquidity eases. This along with a potential 50 bps of policy easing in first half of CY2025 may push overnight rates lower by 75-100 bps.

While any form of additional spending by the new Government to address concerns of rural sections of the country and the possibility of additional spending to fund such policies will remain a key monitorable, it is believed the Government is likely to remain cognizant of the possible impact of such policies and take measured steps. With the dust settling down on the election outcome, the broad macroeconomic factors should continue to remain stable and could support softening in domestic yields going forward.

The Fund Managers continue to have a positive outlook for interest rates, based on various favorable factors: (a) Record RBI dividend to the Government, (b) reduced Fiscal deficit number of 5.6%, (c) favorable G-Sec supply demand dynamics, (d) FPI index related inflows, (e) revised outlook in India by S&P, (f) soft core inflation along with expectations of a better than normal monsoon, and finally (g) soft signals by Government and RBI on liquidity.

Source: RBI, Bloomberg, Internal HSBC Research & CCIL

2. BRIEF BACKGROUND OF THE SPONSORS, THE FUND, THE TRUSTEES AND THE ASSET MANAGEMENT COMPANY

A. Sponsor

HSBC Mutual Fund is sponsored by HSBC Securities and Capital Markets (India) Private Limited (HSCI). The Sponsor is the Settler of the Mutual Fund Trust. The Sponsor has entrusted a sum of Rs. 1,00,000/- (Rupees One Lakh only) to the Trustee as the initial contribution towards the corpus of the Mutual Fund.

HSCI offers integrated investment banking services, securities and corporate finance & advisory. HSCI is a member of the Bombay Stock Exchange Limited and National Stock Exchange (capital and derivative market segments). HSCI holds 100% of the paid-up equity share capital of HSBC Asset Management (India) Private Limited.

Trustees' Report

For the year ended March 31, 2024 (Contd...)

B. HSBC Mutual Fund

HSBC Mutual Fund ("the Mutual Fund" or "the Fund") has been constituted as a Trust in accordance with the provisions of the Indian Trusts Act, 1882 (2 of 1882) vide a Trust Deed dated February 7, 2002 (as amended) with HSBC Securities and Capital Markets (India) Private Limited, as the Sponsor and HSBC Trustees (India) Private Limited. The Trustee has entered into an Investment Management Agreement dated February 7, 2002 (as amended) with HSBC Asset Management (India) Private Limited (AMC) to function as the Investment Manager for all the schemes of the Fund. The Fund was registered with SEBI vide registration number MF/046/02/5 dated May 27, 2002.

The Trust has been formed for the purpose of pooling of capital from the public for collective investment in securities for the purpose of providing facilities for participation by persons as beneficiaries in such investments and in the profits/income arising therefrom.

C. HSBC Trustees (India) Private Limited (the Trustees)

The Trustees are the exclusive owner of the Trust Fund and holds the same in trust for the benefit of the unitholders. The Trustees have been discharging their duties and carrying out the responsibilities as provided in the SEBI (Mutual Funds) Regulations, 1996 and the Trust Deed. The Trustees seek to ensure that the Fund and the schemes floated there under are managed by the AMC in accordance with the Trust Deed, the said Regulations, directions and guidelines issued by the SEBI, the Stock Exchanges, the Association of Mutual Funds in India and other regulatory agencies.

During the year, HSBC Securities and Capital Markets (India) Private Limited ("HSCI"), Sponsors of HSBC Mutual Fund) established a private limited company with limited liability to act as the "Trustee" of HSBC Mutual Fund. HSBC Trustees (India) Private Limited ("HTIP") was incorporated on 9 January 2024. Accordingly, HTIP has replaced the Board of Trustees of HSBC Mutual Fund w.e.f. 1 March 2024, and the Company through its Board of Directors has been discharging its obligations as the "Trustees" of the Fund from this date.

As of March 31, 2024, HSCI holds 100% of the paid-up equity share capital of HTIP.

D. Asset Management Company (the AMC)

HSBC Asset Management (India) Private Limited (the Investment Manager or the AMC) is a private limited company incorporated under the Companies Act, 1956 on December 12, 2001 having its Registered Office at 9-11 Floors, NESCO IT Park, Building no. 3, Western Express Highway, Goregaon (East), Mumbai – 400 063. HSBC Asset Management (India) Private Limited has been appointed as the Asset Management Company of HSBC Mutual Fund by the Trustee vide Investment Management Agreement (IMA) dated February 7, 2002 (as amended) and executed between the Trustees and the AMC. SEBI approved the AMC to act as the Investment Manager of the Fund vide its letter No. MFD/BC/163/2002 dated May 27, 2002. The paid-up equity share capital of the AMC is Rs. 344.41 crores. The AMC is registered as a Portfolio Manager under the SEBI (Portfolio Managers) Regulations, 1993 vide registration no. INP000001322. The AMC also offers non-binding Advisory services to offshore funds under the mutual fund license.

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

3. INVESTMENT OBJECTIVE OF THE SCHEMES

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

4. SIGNIFICANT ACCOUNTING POLICIES

The Significant Accounting Policies form part of the Notes to the Accounts annexed to the Balance Sheet of the Schemes in the Full Annual Report. The accounting policies are in accordance with Securities Exchange Board of India (Mutual Funds) Regulations, 1996 and Indian Accounting Standards (IND AS) notified under section 133 of the Companies Act, 2013 (the "Act" read with the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time).

Trustees' Report

For the year ended March 31, 2024 (Contd...)

5. UNCLAIMED DIVIDENDS & REDEMPTIONS

Summary of number of investors & corresponding amount as on March 31, 2024:

Scheme Name	Unclaimed Dividend		Unclaimed Redemption	
	No. of Investors	Amount (₹)	No. of Investors	Amount (₹)
HSBC Managed Solutions India -Conservative	3	472,936.66	0	0
HSBC Managed Solutions India	1	2,326.24	2	230,392.28

6. INVESTOR SERVICES

The number of official points of acceptance of transactions are 210 locations. In addition to the offices of the Registrar & Transfer Agent, the AMC has its own office in 61 locations and Investor Service Centers in 39 locations. The AMC has 2 Toll Free numbers (1800-4190-200/1800-200-2434) which can be dialed from anywhere in India and 1 number i.e. +91 44 39923900 (Investors calling from abroad). The call center service is being managed by the Registrar and Transfer Agents. HSBC Mutual Fund offers the online transaction facility through the AMC's website at www.assetmanagement.hsbc.co.in.

On the distribution front, the number of empaneled distributors were 59046 as on March 31, 2024. During the year, the AMC initiated tie-ups for online distribution of the Mutual Fund's schemes with several channel partners taking the total number of such tie-ups to 160 as on March 31, 2024.

7. DETAILS OF INVESTOR GRIEVANCE REDRESSAL

The details of the redressal of investor complaints received against HSBC Mutual Fund during April 2023 - March 2024 are as follows:

2023-2024												
Complaint code	Type of Complaint	(a) No. of complaints pending at the beginning of the period	(b) No. of complaints received during the given period	Action on (a) and (b)								
				Resolved				Non Actionable*	Pending			
				Within 30 days	30-60 days	60-180 days	Beyond 180 days		0-3 months	3-6 months	6-9 months	9-12 months
I A	Non receipt of amount declared under Income Distribution cum Capital Withdrawal option	1	10	11	0	0	0	0	0	0	0	0
I B	Interest on delayed payment of amount declared under Income Distribution cum Capital Withdrawal option	0	1	1	0	0	0	0	0	0	0	0
I C	Non receipt of Redemption Proceeds	1	38	39	0	0	0	0	0	0	0	0
I D	Interest on delayed payment of Redemption	0	2	2	0	0	0	0	0	0	0	0
II A	Non receipt of Statement of Account/Unit Certificate	0	3	3	0	0	0	0	0	0	0	0
II B	Discrepancy in Statement of Account	1	22	23	0	0	0	0	0	0	0	0
II C	Data corrections in Investor details	1	250	249	0	0	0	0	2	0	0	0
II D	Non receipt of Annual Report/ Abridged Summary	0	0	0	0	0	0	0	0	0	0	0
III A	Wrong switch between Schemes	0	2	2	0	0	0	0	0	0	0	0
III B	Unauthorized switch between Schemes	0	1	1	0	0	0	0	0	0	0	0

Trustees' Report

For the year ended March 31, 2024 (Contd...)

2023-2024												
Complaint code	Type of Complaint	(a) No. of complaints pending at the beginning of the period	(b) No. of complaints received during the given period	Action on (a) and (b)								
				Resolved				Non Action-able*	Pending			
				Within 30 days	30-60 days	60-180 days	Beyond 180 days		0-3 months	3-6 months	6-9 months	9-12 months
III C	Deviation from Scheme attributes	0	1	1	0	0	0	0	0	0	0	0
III D	Wrong or excess charges/load	0	0	0	0	0	0	0	0	0	0	0
III E	Non updation of changes viz. address, PAN, bank details, nomination, etc	1	127	127	0	0	0	0	1	0	0	0
III F	Delay in allotment of Units	0	5	4	1	0	0	0	0	0	0	0
III G	Unauthorized Redemption	0	0	0	0	0	0	0	0	0	0	0
IV	Others**	1	78	76	0	0	0	0	3	0	0	0
	TOTAL	6	540	539	1	0	0	0	6	0	0	0

** As per AMFI Best Practice Guidelines Circular No.25/2011-12 for Revisions in the Guidelines on Standardization of Complaints / Grievances Reporting Procedure. If "Others" include a type of complaint which is more than 10% of overall complaints, then such a reason should be provided separately. Hence, data corrections in Investor Details are included as a separate category.

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

Summary of Complaints for FY 2023-24

Particulars	Count
Total complaints received	540
Total number of folios	21,39,406
% of complaints against the folio	0.025

8. INVESTOR EDUCATION INITIATIVES

During the FY 2023-24, the AMC conducted the following investor education and awareness initiatives:

- An integrated multi-media marketing campaign on SIP Hai 'FaydeWaliAadat' aimed to tap into the aspirations, financial goals, and unique spending habits of millennials.
- Editorial content on Systematic Investment Plans (SIP) created across 15 states through various regional television channels.
- Investor education content on the Platform - Quora.
- 'Be Money Confident' video series targeting women through Jio Platforms.
- Campaign on Women & Investing for Women's Day.
- Campaign for Marathon enthusiast on the similarities between running a Marathon & Investing.
- Financial literacy virtual event on the occasion of Mother's Day, which received more than 725 registered users.
- A mom blogger outreach program to reach Women Investors with financial education content on MF on the occasion of Mother's Day.
- Education campaign on ELSS executed for working audiences.
- Blogs and content for Investor Education properties like SIP Sahi Hai in Value Research, Gyan Guroovaar on Facebook, Investment Ki Paathshala on the website and investor education blogs on the platform - Advisor Khoj.

Trustees' Report

For the year ended March 31, 2024 (Contd...)

- 1,462 Investor Education programs to reach out to an audience of 71,465 people out of which 458 were women programs attended by 20,139 women.

9. PROXY VOTING POLICY

As per para 6.16 of SEBI Master Circular on Mutual Funds dated June 27, 2024, the Fund has adopted Proxy Voting Policy and Procedures for exercising voting rights in respect of securities held by the Schemes. (please refer Proxy Voting Policy and Procedures)

The summary of the votes casted in the general meetings of the Investee companies, by the AMC for and on behalf of the Schemes of the Fund, for the financial year 2023-24 is provided below:

Quarter	Total no. of resolutions	Break-up of Vote decision		
		For	Against	Abstained
April 2023 - June 2023	387	260	75	52
July 2023 - September 2023	2,169	1607	448	114
October 2023 - December 2023	197	138	37	22
January 2024 - March 2024	319	240	50	29
TOTAL	3,072	2,245	610	217

As per para 6.16.7 of SEBI Master Circular on Mutual Funds dated June 27, 2024, the AMC has obtained certificate from M/s. M. P. Chitale & Co., Chartered Accountants, who is acting as a Scrutinizer, on the voting report for the FY 2023-24. The certificate dated May 22, 2024 issued by M/s. M. P. Chitale & Co., is available on the website of the AMC as part of the full Annual Report.

Unitholders can refer to the full Annual Report for complete details of actual exercise of votes in the general meetings of the investee companies for the financial year 2023-24 or log on to our website at www.assetmanagement.hsbc.co.in.

10. STATUTORY DETAILS

- The Sponsors are not responsible or liable for any loss resulting from the operation of the Schemes of the Fund beyond initial contribution of Rs. 1 lakh for setting up the Fund.
- The price and redemption value of the units, and income from them, can go up as well as down with fluctuations in the market value of its underlying investments.
- Full Annual Report of HSBC Mutual Fund and of HSBC Asset Management (India) Private Limited (the AMC) shall be disclosed on the website at www.assetmanagement.hsbc.co.in and shall be available for inspection at the Head Office of the Mutual Fund. Present and prospective unitholders can obtain copy of the Trust Deed, the full Annual Report of the Scheme(s), the Annual Report of HSBC Asset Management (India) Private Limited and the text of the relevant Scheme(s) at a price.

11. CHANGES IN RISK-O-METER OF THE SCHEME DURING FY 2023-24

As per para 17.4. of SEBI Master Circular on Mutual Funds dated June 27, 2024 on product labelling, the changes carried out in the risk-o-meter of the schemes of HSBC Mutual Fund during FY 2023-24 have been given in the below mentioned table for the information of the unitholders, a report on the said changes has also been displayed on the website of the Fund and AMFI.

Scheme Name	Risk-o-meter level as on March 31, 2023	Risk-o-meter level as on March 31, 2024	Number of changes in Risk-o-meter during the F.Y. 2023-24)
HSBC Managed Solutions India - Conservative	Moderately High	Moderately High	2
HSBC Managed Solutions India - Growth	Very High	Very High	0
HSBC Managed Solutions India - Moderate	High	High	0

Trustees' Report

For the year ended March 31, 2024 (Contd...)

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

As per para 6.16.15 of SEBI Master Circular on Mutual Funds dated June 27, 2024, HSBC Mutual Fund has adapted the policy on stewardship responsibilities, the unitholders are requested to note the status of governance with the same as mentioned below:

S. No.	Particulars of Principles of Stewardship Code	Status of compliance (Complied/ Not Complied)	Description	Remarks/ reasons for deviation/non-compliance, if any
1	Principle 1: Institutional Investors should formulate a comprehensive policy on the discharge of their stewardship responsibilities, publicly disclose it, review and update it periodically.	Complied	HSBC Asset Management (India) Private Limited's (AMIN) 'Policy on Stewardship responsibilities' (Stewardship Code/ Policy) was formulated and implemented on 01 July, 2020. This is a comprehensive document which has been publicly disclosed on the website of AMIN. The same shall follow a periodic review.	N.A.
2	Principle 2: Institutional investors should have a clear policy on how they manage conflicts of interest in fulfilling their stewardship responsibilities and publicly disclose it.	Complied	Defining and managing Conflict of Interest in fulfilling stewardship responsibilities are detailed in the Stewardship Policy document. The policy document is publicly disclosed.	N.A.
3	Principle 3: Institutional investors should monitor their investee companies.	Complied	AMIN monitors all investee companies through its investment process. This includes assessment of companies' own and market data, consideration of research from brokers and other independent research providers – including ESG & voting research, attending individual & group meetings with company management and directors, visiting production sites (wherever necessary), engaging with key stakeholders including competitors and customers, and financial modelling. More details enumerated in the policy document	N.A.
4	Principle 4: Institutional investors should have a clear policy on intervention in their investee companies. Institutional investors should also have a clear policy for collaboration with other institutional investors where required, to preserve the interests of the ultimate investors, which should be disclosed.	Complied	Details of undertaking active engagement with investee companies and the policy for collaboration with other institutional holders are detailed in the policy document. The policy document is publicly disclosed.	N.A.

Trustees’ Report
For the year ended March 31, 2024 (Contd...)

S. No.	Particulars of Principles of Stewardship Code	Status of compliance (Complied/ Not Complied)	Description	Remarks/ reasons for deviation/non-compliance, if any
5	Principle 5: Institutional investors should have a clear policy on voting and disclosure of voting activity.	Complied	AMIN has a clear and detailed voting policy which provides the framework for the voting decisions. All voting decisions shall be in accordance with AMIN's Voting Policy and Procedures, which is disclosed on the website. AMIN discloses the details of the voting on its website on a quarterly basis within 10 working days from the end of the quarter. Additionally, AMIN also discloses the details of the votes cast, in the annual report of the schemes of HSBC Mutual Fund.	N.A.
6	Principle 6: Institutional investors should report periodically on their stewardship activities.	Complied	The annual status report of the stewardship code and quarterly report on proxy voting are publicly disclosed on the website as required under SEBI Regulations.	N.A.

13. DISCLOSURES PERTAINING TO NAV ADJUSTED DURING THE FINANCIAL YEAR FOR SWING FACTOR ALONG WITH THE PERFORMANCE IMPACT

Sr No.	Period of applicability of swing pricing	Scheme Name	Unswung NAV	Swing factor applied	Whether optional or mandatory
NIL					

14. SIGNIFICANT EVENT AFTER THE END OF THE FINANCIAL YEAR

NIL

15. ACKNOWLEDGEMENTS

The Trustees wish to thank the unitholders of the Schemes for their support throughout the year, and also thank the Government of India, the Securities and Exchange Board of India (SEBI), the Reserve Bank of India (RBI) and the Association of Mutual Funds in India (AMFI) for the guidance provided by them. The Trustees also appreciate the services provided by the Registrar and Transfer Agent, Fund Accountant, Custodian, Bankers, Distributors and Brokers. The guidance and services provided by the auditors and advocates and the ebullience, sincerity and dedication of the employees of HSBC Asset Management (India) Private Limited is also appreciated.

The Trustees look forward to the continued support of everyone.

For and on behalf of **HSBC Trustees (India) Private Ltd.**

Sd/-

Director

Mumbai

July 19, 2024

Independent Auditors' Report

To the Board of Directors of HSBC Trustees (India) Private Limited (the "Trustee")

HSBC Managed Solutions India - Growth

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **HSBC Managed Solutions India - Growth** (the "Scheme") of HSBC Mutual Fund (the "Fund"), which comprise the Balance Sheet as at March 31, 2024, the Revenue Account and the Cash Flow Statement for the year then ended, and notes to the financial statements, including a summary of material accounting policy and other explanatory information.

In our opinion, and to the best of our information and according to the explanations given to us, the aforesaid financial statements of the Scheme give a true and fair view in conformity with the Indian Accounting Standards ("Ind AS") prescribed under section 133 of the Companies Act, 2013 (the "Act") read with Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India, including the accounting policies and standards specified in the Regulation 50 and Ninth Schedule to the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 ("the SEBI Regulations") (collectively referred to as the "Regulations") as amended:

- a. in the case of the Balance Sheet, of the state of affairs of the Scheme as at March 31, 2024;
- b. in the case of the Revenue Account, of the net surplus for the year ended on that date; and
- c. in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing ("SAs") and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India (the "ICAI"). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Scheme in accordance with the Code of Ethics issued by the ICAI together with the ethical requirements that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Information Other than the Financial Statements and Auditor's Report Thereon

The Board of Directors of HSBC Asset Management (India) Private Limited (the "AMC") and the Board of Directors of HSBC Trustees (India) Private Limited (the "Trustees") (collectively referred to as "the Management") are responsible for the other information. The other information comprises the information included in the Trustees report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

The Management is responsible for the preparation of these financial statements that give a true and fair view of the state of affairs, results of operations and cash flows of the Scheme in accordance with the accounting principles generally accepted in India, including the accounting policies and standards specified in Regulations.

Independent Auditors' Report (Contd...)

This responsibility also includes maintenance of adequate accounting records in accordance with the SEBI Regulations for safeguarding of the assets of the Scheme and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Management is responsible for assessing the Scheme's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management, either intends to liquidate the Scheme or to cease operations, or has no realistic alternative but to do so.

Those Charged with Governance are also responsible for overseeing the Scheme's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Scheme's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Scheme to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide to those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Independent Auditors' Report (Contd...)

Report on Other Legal and Regulatory Requirements

1. As required by regulation 55(4) and clause 5(ii)(2) of the Eleventh Schedule of the SEBI Regulations, we report that:
 - a. we have sought and obtained all the information and explanations which, to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b. in our opinion, the Balance Sheet and the Revenue Account dealt with by this report have been prepared in accordance with the accounting policies and standards specified in the Regulations; and
 - c. the Balance Sheet, the Revenue Account and the Cash Flow Statement, dealt with by this report are in agreement with the books of accounts of the Scheme.
2. On the basis of information and explanations given to us, the scheme does not have any non-traded securities as at March 31, 2024 and hence reporting requirement of Eighth Schedule of the SEBI Regulations is not applicable.

For **M S K A & Associates**

Chartered Accountants

ICAI Firm Registration No. 105047W

Swapnil Kale

Partner

Membership No. 117812

UDIN: 24117812BKFISS2317

Place : Mumbai

Date : July 19, 2024

Independent Auditors' Report

To the Board of Directors of HSBC Trustees (India) Private Limited (the "Trustee")

HSBC Managed Solutions India - Moderate

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **HSBC Managed Solutions India - Moderate** (the "Scheme") of HSBC Mutual Fund (the "Fund"), which comprise the Balance Sheet as at March 31, 2024, the Revenue Account and the Cash Flow Statement for the year then ended, and notes to the financial statements, including a summary of material accounting policy and other explanatory information.

In our opinion, and to the best of our information and according to the explanations given to us, the aforesaid financial statements of the Scheme give a true and fair view in conformity with the Indian Accounting Standards ("Ind AS") prescribed under section 133 of the Companies Act, 2013 (the "Act") read with Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India, including the accounting policies and standards specified in the Regulation 50 and Ninth Schedule to the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 ("the SEBI Regulations") (collectively referred to as the "Regulations") as amended:

- a. in the case of the Balance Sheet, of the state of affairs of the Scheme as at March 31, 2024;
- b. in the case of the Revenue Account, of the net surplus for the year ended on that date; and
- c. in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing ("SAs") and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India (the "ICAI"). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Scheme in accordance with the Code of Ethics issued by the ICAI together with the ethical requirements that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Information Other than the Financial Statements and Auditor's Report Thereon

The Board of Directors of HSBC Asset Management (India) Private Limited (the "AMC") and the Board of Directors of HSBC Trustees (India) Private Limited (the "Trustees") (collectively referred to as "the Management") are responsible for the other information. The other information comprises the information included in the Trustees report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

The Management is responsible for the preparation of these financial statements that give a true and fair view of the state of affairs, results of operations and cash flows of the Scheme in accordance with the accounting principles generally accepted in India, including the accounting policies and standards specified in Regulations.

Independent Auditors' Report (Contd...)

This responsibility also includes maintenance of adequate accounting records in accordance with the SEBI Regulations for safeguarding of the assets of the Scheme and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Management is responsible for assessing the Scheme's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management, either intends to liquidate the Scheme or to cease operations, or has no realistic alternative but to do so.

Those Charged with Governance are also responsible for overseeing the Scheme's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Scheme's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Scheme to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide to those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Independent Auditors' Report (Contd...)

Report on Other Legal and Regulatory Requirements

1. As required by regulation 55(4) and clause 5(ii)(2) of the Eleventh Schedule of the SEBI Regulations, we report that:
 - a. we have sought and obtained all the information and explanations which, to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b. in our opinion, the Balance Sheet and the Revenue Account dealt with by this report have been prepared in accordance with the accounting policies and standards specified in the Regulations; and
 - c. the Balance Sheet, the Revenue Account and the Cash Flow Statement, dealt with by this report are in agreement with the books of accounts of the Scheme.
2. On the basis of information and explanations given to us, the scheme does not have any non-traded securities as at March 31, 2024 and hence reporting requirement of Eighth Schedule of the SEBI Regulations is not applicable.

For **M S K A & Associates**

Chartered Accountants

ICAI Firm Registration No. 105047W

Swapnil Kale

Partner

Membership No. 117812

UDIN: 24117812BKFIST1843

Place : Mumbai

Date : July 19, 2024

Independent Auditors' Report

To the Board of Directors of HSBC Trustees (India) Private Limited (the "Trustee")

HSBC Managed Solutions India - Conservative

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **HSBC Managed Solutions India - Conservative** (the "Scheme") of HSBC Mutual Fund (the "Fund"), which comprise the Balance Sheet as at March 31, 2024, the Revenue Account and the Cash Flow Statement for the year then ended, and notes to the financial statements, including a summary of material accounting policy and other explanatory information.

In our opinion, and to the best of our information and according to the explanations given to us, the aforesaid financial statements of the Scheme give a true and fair view in conformity with the Indian Accounting Standards ("Ind AS") prescribed under section 133 of the Companies Act, 2013 (the "Act") read with Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India, including the accounting policies and standards specified in the Regulation 50 and Ninth Schedule to the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 ("the SEBI Regulations") (collectively referred to as the "Regulations") as amended:

- a. in the case of the Balance Sheet, of the state of affairs of the Scheme as at March 31, 2024;
- b. in the case of the Revenue Account, of the net surplus for the year ended on that date; and
- c. in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing ("SAs") and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India (the "ICAI"). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Scheme in accordance with the Code of Ethics issued by the ICAI together with the ethical requirements that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Information Other than the Financial Statements and Auditor's Report Thereon

The Board of Directors of HSBC Asset Management (India) Private Limited (the "AMC") and the Board of Directors of HSBC Trustees (India) Private Limited (the "Trustees") (collectively referred to as "the Management") are responsible for the other information. The other information comprises the information included in the Trustees report but does not include the financial statements and our auditor's report thereon.

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Responsibilities of Management and Those Charged with Governance for the Financial Statements

The Management is responsible for the preparation of these financial statements that give a true and fair view of the state of affairs, results of operations and cash flows of the Scheme in accordance with the accounting principles generally accepted in India, including the accounting policies and standards specified in Regulations. This responsibility also includes maintenance of adequate accounting records in accordance with the SEBI

Independent Auditors' Report (Contd...)

Regulations for safeguarding of the assets of the Scheme and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Management is responsible for assessing the Scheme's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management, either intends to liquidate the Scheme or to cease operations, or has no realistic alternative but to do so.

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As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Scheme's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Scheme to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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We also provide to those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Independent Auditors' Report (Contd...)

Report on Other Legal and Regulatory Requirements

1. As required by regulation 55(4) and clause 5(ii)(2) of the Eleventh Schedule of the SEBI Regulations, we report that:
 - a. we have sought and obtained all the information and explanations which, to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b. in our opinion, the Balance Sheet and the Revenue Account dealt with by this report have been prepared in accordance with the accounting policies and standards specified in the Regulations; and
 - c. the Balance Sheet, the Revenue Account and the Cash Flow Statement, dealt with by this report are in agreement with the books of accounts of the Scheme.
2. On the basis of information and explanations given to us, the scheme does not have any non-traded securities as at March 31, 2024 and hence reporting requirement of Eighth Schedule of the SEBI Regulations is not applicable.

For **M S K A & Associates**

Chartered Accountants

ICAI Firm Registration No. 105047W

Swapnil Kale

Partner

Membership No. 117812

UDIN: 24117812BKFSR8932

Place : Mumbai

Date : July 19, 2024

Abridged Balance Sheet as at March 31, 2024

Rs. in Lakhs

HSBC MANAGED SOLUTIONS INDIA – GROWTH			
	As at March 31, 2024	As at March 31, 2023	As at April 1, 2022
LIABILITIES			
1 Unit Capital	1,155.77	1,308.49	1,494.69
2 Reserves & Surplus			
2.1 Unit Premium Reserves	(1,375.87)	(1,376.46)	(1,360.68)
2.2 Unrealised Appreciation Reserve	1,858.72	1,093.75	1,844.13
2.3 Other Reserves	2,420.06	2,464.08	2,008.30
3 Loans & Borrowings	–	–	–
4 Current Liabilities & Provisions			
4.1 Provision for Doubtful Income/Deposits	–	–	–
4.2 Other Current Liabilities & Provisions	29.62	16.99	51.46
TOTAL	4,088.29	3,506.85	4,037.89
ASSETS			
1 Investments			
1.1 Listed Securities:			
1.1.1 Equity Shares	–	–	–
1.1.2 Preference Shares	–	–	–
1.1.3 Equity Linked Debentures	–	–	–
1.1.4 Other Debentures & Bonds	–	–	–
1.1.5 Securitised Debt Securities	–	–	–
1.2 Securities Awaited Listing:			
1.2.1 Equity Shares	–	–	–
1.2.2 Preference Shares	–	–	–
1.2.3 Equity Linked Debentures	–	–	–
1.2.4 Other Debentures & Bonds	–	–	–
1.2.5 Securitised Debt Securities	–	–	–
1.3 Unlisted Securities:			
1.3.1 Equity Shares	–	–	–
1.3.2 Preference Shares	–	–	–
1.3.3 Equity Linked Debentures	–	–	–
1.3.4 Other Debentures & Bonds	–	–	–
1.3.5 Securitised Debt Securities	–	–	–
1.4 Government Securities	–	–	–
1.5 Treasury Bills	–	–	–
1.6 Commercial Paper	–	–	–
1.7 Certificate of Deposits	–	–	–
1.8 Bill Rediscounting	–	–	–
1.9 Units of Domestic Mutual Fund	4,034.16	3,471.95	3,961.43
1.10 Foreign Securities	–	–	–
Total Investments	4,034.16	3,471.95	3,961.43
2 Deposits	0.66	0.20	1.00
3 Other Current Assets			
3.1 Cash & Bank Balance	0.81	0.64	0.06
3.2 CBLO/TREPS/Reverse Repo Lending	50.31	34.04	75.40
3.3 Others	2.35	0.02	0.01
4 Deferred Revenue Expenditure (to the extent not written off)	–	–	–
TOTAL	4,088.29	3,506.85	4,037.89

Notes to Accounts - Annexure I

Abridged Revenue Account for the year ended March 31, 2024

Rs. in Lakhs

HSBC MANAGED SOLUTIONS INDIA – GROWTH			
		Current Year ended March 31, 2024	Previous Year ended March 31, 2023
1	INCOME		
1.1	Dividend	–	–
1.2	Interest	3.58	1.96
1.3	Realised Gain/(Loss) on Foreign Exchange Fluctuations	–	–
1.4	Realised Gains/(Losses) on Interscheme Sale of Investments	–	–
1.5	Realised Gains/(Losses) on External Sale/Redemption of Investments	317.25	765.91
1.6	Realised Gains/(Losses) on Derivative Transactions	–	–
1.7	Other Income	0.18	0.35
	(A)	321.01	768.23
2	EXPENSES		
2.1	Management Fees	21.15	4.27
2.2	GST on Management Fees	3.81	0.77
2.3	Transfer Agents Fees and Expenses	1.07	1.45
2.4	Custodian Fees	0.03	0.43
2.5	Trusteeship Fees	0.02	0.15
2.6	Commission to Agents	10.85	11.50
2.7	Marketing & Distribution Expenses	0.06	0.15
2.8	Audit Fees	0.01	0.04
2.9	Investor Education Expenses	–	0.18
2.10	Brokerage & Transaction Costs	0.02	0.03
2.11	Interest on Borrowing	–	–
2.12	Other Operating Expenses	0.15	2.01
	(B)	37.16	20.98
3	NET REALISED GAINS/(LOSSES) FOR THE YEAR (C = A - B)	283.85	747.25
4	Change in Unrealised Depreciation in Value of Investments	(D)	–
5	NET GAINS/(LOSSES) FOR THE YEAR (E = C + D)	283.85	747.25
6	Change in Unrealised Appreciation in Value of Investments	(F)	764.97 (750.38)
7	NET SURPLUS/(DEFICIT) FOR THE YEAR (G = E + F)	1,048.82	(3.13)
7.1	Add : Balance Transfer from Unrealised Appreciation Reserve	–	750.38
7.2	Less : Balance Transfer to Unrealised Appreciation Reserve	764.97	–
7.3	Add/(Less) : Equalisation	(319.54)	(291.47)
7.4	Transfer from Reserve Fund	2,464.08	2,008.30
7.5	Transfer from Unit Premium Reserve	–	–
8	Total	2,428.39	2,464.08
9	Dividend Appropriation		
9.1	Income Distributed during the Year	(8.33)	–
9.2	Tax on Income Distributed during the Year	–	–
10	Retained Surplus/(Deficit) Carried Forward to Balance Sheet	2,420.057	2,464.08

Notes to Accounts - Annexure I

Key Statistics for the year ended March 31, 2024

HSBC MANAGED SOLUTIONS INDIA - GROWTH		
	Current Year ended March 31, 2024	Previous Year ended March 31, 2023
1. NAV per unit (Rs.):		
Open		
Regular Plan - Growth Option	26.6351	26.6468
Regular Plan - IDCW Option	26.6351	26.6468
Direct Plan - Growth Option	27.3958	27.2884
Direct Plan - IDCW Option	27.3958	27.2884
High		
Regular Plan - Growth Option	35.5114	27.8508
Regular Plan - IDCW Option	32.5703	27.8508
Direct Plan - Growth Option	36.8381	28.5901
Direct Plan - IDCW Option	33.8735	28.5901
Low		
Regular Plan -Growth Option	26.6757	23.2267
Regular Plan - IDCW Option	24.9188	23.2267
Direct Plan - Growth Option	27.4396	23.8045
Direct Plan - IDCW Option	25.7127	23.8045
End		
Regular Plan - Growth Option	35.1129	26.6351
Regular Plan - IDCW Option	32.2048	26.6351
Direct Plan - Growth Option	36.4495	27.3958
Direct Plan - IDCW Option	33.5161	27.3958
2. Closing Assets Under Management (Rs. in Lakhs)		
End	4,059	3,490
Average (AAuM) ¹	3,844	3,682
3. Gross income as % of AAuM ²	8.35%	20.86%
4. Expense Ratio:		
a. Total Expense as % of AAuM (including GST on Management fees) (plan wise)		
Regular Plan	1.01%	0.59%
Direct Plan	0.09%	0.15%
b. Management Fee as % of AAuM (planwise)		
Regular Plan	0.58%	0.12%
Direct Plan	0.05%	0.04%
5. Net Income as a percentage of AAuM ³	7.39%	20.29%
6. Portfolio turnover ratio ⁴	0.08	0.10
7. Total IDCW per unit distributed during the year (planwise)		
Retail		
Regular Plan - IDCW Option	2.25	—
Direct Plan - IDCW Option	2.25	—

Key Statistics for the year ended March 31, 2024 (Contd...)

HSBC MANAGED SOLUTIONS INDIA - GROWTH		
	Current Year ended March 31, 2024	Previous Year ended March 31, 2023
Corporate		
Regular Plan - IDCW Option	2.25	–
Direct Plan - IDCW Option	2.25	–
8. Returns (%):		
a. Last One Year		
Scheme		
Regular Plan - Growth Option	32.04	(0.04)
Direct Plan - Growth Option	33.25	0.39
Benchmark		
20% of CRISIL Composite Bond Fund Index and 80% of S&P BSE 200 TRI	32.16	(0.18)
b. Since Inception		
Scheme		
Regular Plan - Growth Option	13.50	11.60
Direct Plan - Growth Option	13.93	11.96
Benchmark		
20% of CRISIL Composite Bond Fund Index and 80% of S&P BSE 200 TRI	14.47	12.82

1. AAuM = Average daily net assets

2. Gross income = amount against (A) in the Revenue account i.e. Income

3. Net income = amount against (C) in the Revenue account i.e. Net Realised Gains/(Losses) for the period

4. Portfolio Turnover = Lower of sales or purchase divided by the Average AuM for the period

Note: Returns have been calculated as on last business day of the month i.e. March 28, 2024 due to non-availability of benchmark indices as of March 31, 2024.

Notes to Accounts – Annexure I

To the Abridged Balance Sheet and Revenue Account for the year ended March 31, 2024

HSBC MANAGED SOLUTIONS INDIA – GROWTH

1 Investments:

- 1.1. It is confirmed that investments of the Scheme are registered in the name of the Trustees for the benefit of the Scheme's unitholders.
- 1.2. Open Positions of derivatives as on year ended March 31, 2024 & as on March 31, 2023 are NIL.
- 1.3. Investment in Associates and Group Companies as at the year ended March 31, 2024 and March 31, 2023 are NIL.
- 1.4. Open positions of Securities Borrowed and/or Lent by the Scheme as on the year ended March 31, 2024 & March 31, 2023 are NIL.
- 1.5. Investment in Below investment grade and default/Securities in default as on March 31, 2024 and March 31, 2023 are NIL.
- 1.6. Aggregate Unrealised Gain/Loss as at the end of the financial period and percentage to net assets:

(Rs. in Lakhs)

Security Category	Amount	Percentage to Net Assets	Amount	Percentage to Net Assets
	As at March 31, 2024		As at March 31, 2023	
Units in Domestic Mutual Fund				
– Appreciation	1,858.68	45.80	1,094.62	31.00
– Depreciation	–	–	0.90	~ 0.00

~ Indicates less than 0.01

- 1.7 The aggregate value of investments securities (excluding TREPS and Reverse Repos) purchased and sold (including matured) during the financial year 2023-2024 (excluding accretion of discount) is Rs. 309.98 lakhs and Rs. 830.00 lakhs respectively being 8.06% and 21.59% of the average net assets.

The aggregate value of investments securities (excluding TREPS and Reverse Repos) purchased and sold (including matured) during the financial year 2022-2023 (excluding accretion of discount) is Rs. 375.00 lakhs and Rs. 880.00 lakhs respectively being 10.18% and 23.90% of the average net assets.

- 1.8 Non -Traded securities in the portfolios as at March 31, 2024 & March 31, 2023 are NIL.

2 Disclosure Under Regulation 25(8) of the Securities And Exchange Board of India (Mutual Funds) Regulations, 1996 As Amended.

During the year 2023-24, The Hongkong and Shanghai Banking Corporation Limited, an associate entity of HSBC Asset Management (India) Private Limited was paid collection/bank charges amounting to Rs. Nil.

During the year 2022-23, The Hongkong and Shanghai Banking Corporation Limited, an associate entity of HSBC Asset Management (India) Private Limited was paid collection/bank charges amounting to Rs. Nil.

Commission paid to Sponsor/AMC and its associates/related parties/group companies

Name of Sponsor/ AMC and its associates/related parties/group companies	Nature of Association / Nature of Relation	Period Covered	Business Given [Rs. In Lakhs]	% of Total Business received by the Fund	Commission paid [Rs. In Lakhs]	% of Total commission paid by the Fund
The Hongkong and Shanghai Banking Corporation Limited	Group Company	2023-2024	29.50	12.98	9.43	87.96

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

To the Abridged Balance Sheet and Revenue Account for the year ended March 31, 2024

Name of Sponsor/ AMC and its associates/related parties/group companies	Nature of Association / Nature of Relation	Period Covered	Business Given [Rs. In Lakhs]	% of Total Business received by the Fund	Commission paid [Rs. In Lakhs]	% of Total commission paid by the Fund
The Hongkong and Shanghai Banking Corporation Limited	Group Company	2022-2023	46.34	38.51	8.79	90.98

Brokerage paid to Sponsor/AMC and its associates/related parties/group companies is NIL.
(Previous year also Nil).

- 3 None of the Investors held more than 25% of the total net assets of the scheme at the year ended March 31, 2024 & March 31, 2023.
- 4 Unit Capital movement during the year ended March 31, 2024, March 31, 2023 and March 31, 2022:

Description	2023-2024				
	Opening Units	Subscription	Redemption	Closing Units	Face Value per unit (Rupees)
Regular Plan - Growth Option	12,142,748.705	629,383.390	2,056,668.090	10,715,464.005	10
Regular Plan - IDCW Option	326,521.126	56,936.937	164,916.541	218,541.522	10
Direct Plan - Growth Option**	567,869.190	43,781.440	40,389.606	571,261.024	10
Direct Plan - IDCW Option	47,746.441	11,653.873	7,016.005	52,384.309	10

Description	2022-2023				
	Opening Units	Subscription	Redemption	Closing Units	Face Value per unit (Rupees)
Regular Plan - Growth Option	14,027,513.355	284,666.131	2,169,430.781	12,142,748.705	10
Regular Plan - IDCW Option	365,338.177	74,796.610	113,613.661	326,521.126	10
Direct Plan - Growth Option**	544,654.228	54,293.516	31,078.554	567,869.190	10
Direct Plan - IDCW Option	9,393.841	39,097.841	745.241	47,746.441	10

Description	2021-2022				
	Opening Units	Subscription	Redemption	Closing Units	Face Value per unit (Rupees)
Regular Plan - Growth Option	16,334,212.397	414,201.576	2,720,900.618	14,027,513.355	10
Regular Plan - IDCW Option	659,723.378	96,790.339	391,175.540	365,338.177	10
Direct Plan - Growth Option**	683,860.454	70,730.731	209,936.957	544,654.228	10
Direct Plan - IDCW Option	8,316.033	1,842.054	764.246	9,393.841	10

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

To the Abridged Balance Sheet and Revenue Account for the year ended March 31, 2024

**Units held by the AMC (Seed Capital) in Direct Plan - Growth Option as on March 31, 2024 is 377,569.065 & as on March 31, 2023 is 377,569.065 and as on March 31, 2022 is 377,569.065.

- 5 Previous year's/period figures have been re-grouped/re-arranged where necessary.
- 6 There are no contingent liabilities and other commitments as on March 31, 2024 and March 31, 2023. Contingent asset is neither recognized nor disclosed in the financial statements.
- 7 Expenses other than Management Fees are Inclusive of GST where applicable.
- 8 Other income represents Exit load credited to the scheme is Rs. 0.18 lakhs (2023: Rs. 0.35 lakhs represents Exit load credited to the scheme).

9 Investor Education Awareness

As mandated by SEBI vide circular no. CIR/IMD/DF/21/2012 dated September 13, 2012 an annual charge of 0.02 percent of daily net assets, being a part of total recurring expenses is set aside for Investor Education and Awareness (IEA). In view of the AMFI Best Practices Guidelines Circular No. 56/2015-16, the IEF (Investor Education Fund) accrual is set aside in a separate bank account and the consolidated balance across all schemes as on March 31, 2024.

Pursuant to SEBI circular dated May 23, 2022, w.e.f. July 1, 2022, the limit of 0.02% p.a. has been reduced to 0.01% p.a. in case of ETFs/Index Funds. Furthermore, Fund of Funds (FoFs) investing more than 80% of its NAV in the underlying domestic funds have discontinued setting aside 0.02% p.a. of daily net assets towards IEA.

The break-up of which is as under:

Particulars	March 31, 2024	March 31, 2023
	Amount (Rs. In Lakhs)	Amount (Rs. In Lakhs)
Opening Balance as on April 01, 2023	997.09	460.22
Add: Accrual during FY 2023-24	1,962.01	1,432.00
Less: Transferred to AMFI *	889.11	646.75
Less: Payable to AMFI (March 2024 accrual) *	91.90	69.25
Add: Investment Income FY 2023-24	77.08	166.42
Less: Spent during FY 2023-24	1,877.44	345.55
Closing Balance as on March 31, 2024	177.73	997.09

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

The IEA disclosure are presented for surviving scheme only.

- 10 Pursuant to SEBI Circular No. SEBI/HO/IMD/DF3/CIR/P/2020/194 dated October 05, 2020, the nomenclature of 'Dividend Option' under all the schemes of HSBC Mutual Fund has been revised to 'Income Distribution cum Capital Withdrawal Option' (IDCW), with effect from April 01, 2021.
- 11 Securities, excluding debt securities, where the non-traded investments which have been valued "in good faith" exceed 5% of the net assets at the end of the year is NIL.
- 12 Debt securities which have been valued at a price other than the price given by the independent valuation agencies at the end of the year is NIL.

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

To the Abridged Balance Sheet and Revenue Account for the year ended March 31, 2024

13 Disclosure of Risk-o-meter:

Scheme Name	Risk-o-meter level at end of the financial year i.e. March 31, 2024	Risk-o-meter level as on March 31, 2023	Number of changes in Risk-o-meter during the financial year (March 2023 to March 2024)
HSBC Managed Solutions India - Growth	Very High	Very High	0

- 14 Subsequent to receipt of SEBI's no objection to acquisition of 100% equity shares of L&T Investment Management Limited ("LTIM", Investment Manager of L&T Mutual Fund) and the amendments proposed to the trust deed of the HSBC Mutual Fund as required under the SEBI (Mutual Funds) Regulations, 1996, the schemes of L&T Mutual Fund (LTMF) were transferred to/ merged with the schemes of HSBC Mutual Fund on and from the close of business hours of November 25, 2022, and the HSBC AMC and HSBC Trustees assumed the responsibilities of the schemes of LTMF w.e.f. close of business hours of November 25, 2022.
- 15 During the year, HSBC Securities and Capital Markets (India) Private Limited ("HSCI"), Sponsors of HSBC Mutual Fund established a private limited company with limited liability to act as the "Trustee" of HSBC Mutual Fund. HSBC Trustees (India) Private Limited ("HTIP") was incorporated on 9 January 2024. Accordingly, HTIP has replaced the Board of Trustees of HSBC Mutual Fund w.e.f. 1 March 2024, and the Company through its Board of Directors has been discharging its obligations as the "Trustees" of the Fund from this date.
- 16 The Annual Accounts of the Schemes, prepared in accordance with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the "Act") read with the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time and clause 17.14 of SEBI Master Circular for Mutual Funds dated June 27, 2024, has been approved by the Board of Directors of HSBC Asset Management (India) Private Limited and HSBC Trustees (India) Private Limited at their meetings held on July 8, 2024 and July 19, 2024 respectively. The audit report attached herewith refers to the said Annual Accounts. The aforesaid abridged accounts are an extract of the Annual Accounts and are prepared in accordance with clause 5.4 and format no. 3.B under the section of formats of SEBI Master Circular for Mutual Funds dated June 27, 2024 and other relevant circulars issued by the Securities and Exchange Board of India from time to time.

Abridged Balance Sheet as at March 31, 2024

Rs. in Lakhs			
HSBC MANAGED SOLUTIONS INDIA – MODERATE			
	As at March 31, 2024	As at March 31, 2023	As at April 1, 2022
LIABILITIES			
1 Unit Capital	1,856.71	2,322.44	2,837.61
2 Reserves & Surplus			
2.1 Unit Premium Reserves	(2,052.94)	(2,065.65)	(2,035.39)
2.2 Unrealised Appreciation Reserve	2,355.96	1,578.97	2,984.92
2.3 Other Reserves	3,574.17	3,851.79	3,130.93
3 Loans & Borrowings	–	–	–
4 Current Liabilities & Provisions			
4.1 Provision for Doubtful Income/Deposits	–	–	–
4.2 Other Current Liabilities & Provisions	42.32	35.11	58.10
TOTAL	5,776.21	5,722.67	6,976.17
ASSETS			
1 Investments			
1.1 Listed Securities:			
1.1.1 Equity Shares	–	–	–
1.1.2 Preference Shares	–	–	–
1.1.3 Equity Linked Debentures	–	–	–
1.1.4 Other Debentures & Bonds	–	–	–
1.1.5 Securitised Debt Securities	–	–	–
1.2 Securities Awaited Listing:			
1.2.1 Equity Shares	–	–	–
1.2.2 Preference Shares	–	–	–
1.2.3 Equity Linked Debentures	–	–	–
1.2.4 Other Debentures & Bonds	–	–	–
1.2.5 Securitised Debt Securities	–	–	–
1.3 Unlisted Securities:			
1.3.1 Equity Shares	–	–	–
1.3.2 Preference Shares	–	–	–
1.3.3 Equity Linked Debentures	–	–	–
1.3.4 Other Debentures & Bonds	–	–	–
1.3.5 Securitised Debt Securities	–	–	–
1.4 Government Securities	–	–	–
1.5 Treasury Bills	–	–	–
1.6 Commercial Paper	–	–	–
1.7 Certificate of Deposits	–	–	–
1.8 Bill Rediscounting	–	–	–
1.9 Units of Domestic Mutual Fund	5,690.07	5,689.04	6,873.36
1.10 Foreign Securities	–	–	–
Total Investments	5,690.07	5,689.04	6,873.36
2 Deposits	0.67	0.31	1.50
3 Other Current Assets			
3.1 Cash & Bank Balance	1.13	0.83	0.53
3.2 CBLO/TREPS/Reverse Repo Lending	84.34	32.44	100.13
3.3 Others	0.01	0.05	0.64
4 Deferred Revenue Expenditure (to the extent not written off)	–	–	–
TOTAL	5,776.21	5,722.67	6,976.17

Notes to Accounts - Annexure I

Abridged Revenue Account for the year ended March 31, 2024

Rs. in Lakhs

HSBC MANAGED SOLUTIONS INDIA – MODERATE			
		Current Year ended March 31, 2024	Previous Year ended March 31, 2023
1	INCOME		
1.1	Dividend	—	—
1.2	Interest	4.33	3.21
1.3	Realised Gain/(Loss) on Foreign Exchange Fluctuations	—	—
1.4	Realised Gains/(Losses) on Interscheme Sale of Investments	—	—
1.5	Realised Gains/(Losses) on External Sale/Redemption of Investments	637.05	1,476.65
1.6	Realised Gains/(Losses) on Derivative Transactions	—	—
1.7	Other Income	0.05	0.12
	(A)	641.43	1,479.98
2	EXPENSES		
2.1	Management Fees	30.69	9.93
2.2	GST on Management Fees	5.52	1.79
2.3	Transfer Agents Fees and Expenses	1.60	2.49
2.4	Custodian Fees	0.04	0.44
2.5	Trusteeship Fees	0.03	0.26
2.6	Commission to Agents	25.39	32.13
2.7	Marketing & Distribution Expenses	0.06	0.38
2.8	Audit Fees	0.01	0.07
2.9	Investor Education Expenses	—	0.32
2.10	Brokerage & Transaction Costs	0.02	0.04
2.11	Interest on Borrowing	—	—
2.12	Other Operating Expenses	0.28	1.22
	(B)	63.64	49.06
3	NET REALISED GAINS/(LOSSES) FOR THE YEAR (C = A - B)	577.79	1,430.91
4	Change in Unrealised Depreciation in Value of Investments	(D) —	—
5	NET GAINS/(LOSSES) FOR THE YEAR (E = C + D)	577.79	1,430.91
6	Change in Unrealised Appreciation in Value of Investments	(F) 776.99	(1,405.95)
7	NET SURPLUS/(DEFICIT) FOR THE YEAR (G = E + F)	1,354.77	24.96
7.1	Add : Balance Transfer from Unrealised Appreciation Reserve	—	1,405.95
7.2	Less : Balance Transfer to Unrealised Appreciation Reserve	776.99	—
7.3	Add/(Less) : Equalisation	(831.47)	(709.99)
7.4	Transfer from Reserve Fund	3,851.79	3,130.93
7.5	Transfer from Unit Premium Reserve	—	—
8	Total	3,598.11	3,851.85
9	Dividend Appropriation		
9.1	Income Distributed during the Year	(23.95)	(0.06)
9.2	Tax on Income Distributed during the Year	—	—
10	Retained Surplus/(Deficit) Carried Forward to Balance Sheet	3,574.165	3,851.79

Notes to Accounts - Annexure I

Key Statistics for the year ended March 31, 2024

HSBC MANAGED SOLUTIONS INDIA – MODERATE		
	Current Year ended March 31, 2024	Previous Year ended March 31, 2023
1. NAV per unit (Rs.):		
Open		
Regular Plan - Growth Option	24.4657	24.3650
Regular Plan - IDCW Option	24.4657	24.3650
Direct Plan - Growth Option	25.3848	25.1141
Direct Plan - IDCW Option	14.8774	15.7375
High		
Regular Plan - Growth Option	31.2210	25.2920
Regular Plan - IDCW Option	29.3404	25.2920
Direct Plan - Growth Option	32.7074	26.1750
Direct Plan - IDCW Option	18.3477	16.0024
Low		
Regular Plan - Growth Option	24.4975	21.7333
Regular Plan - IDCW Option	23.4039	21.7333
Direct Plan - Growth Option	25.4200	22.4300
Direct Plan - IDCW Option	14.5052	13.1480
End		
Regular Plan - Growth Option	30.9604	24.4657
Regular Plan - IDCW Option	29.0955	24.4657
Direct Plan - Growth Option	32.4593	25.3848
Direct Plan - IDCW Option	18.2086	14.8774
2. Closing Assets Under Management (Rs. in Lakhs)		
End	5,734	5,688
Average (AAuM) ¹	5,791	6,281
3. Gross income as % of AAuM²	11.08%	23.56%
4. Expense Ratio:		
a. Total Expense as % of AAuM (including GST on Management fees) (planwise)		
Regular Plan	1.13%	0.80%
Direct Plan	0.09%	0.14%
b. Management Fee as % of AAuM (planwise)		
Regular Plan	0.55%	0.16%
Direct Plan	0.05%	0.06%
5. Net Income as a percentage of AAuM³	9.98%	22.78%
6. Portfolio turnover ratio⁴	0.06	0.07
7. Total IDCW per unit distributed during the year (planwise)		
Retail		
Regular Plan - IDCW Option	1.50	—
Direct Plan - IDCW Option	0.65	2.00

Key Statistics for the year ended March 31, 2024 (Contd...)

HSBC MANAGED SOLUTIONS INDIA – MODERATE		
	Current Year ended March 31, 2024	Previous Year ended March 31, 2023
Corporate		
Regular Plan - IDCW Option	1.50	–
Direct Plan - IDCW Option	0.65	2.00
8. Returns (%):		
a. Last One year		
Scheme		
Regular Plan - Growth Option	26.71	0.41
Direct Plan - Growth Option	28.03	1.08
Benchmark		
CRISIL Hybrid 35 plus 65 Aggressive Index	27.43	1.14
b. Since Inception		
Scheme		
Regular Plan - Growth Option	12.07	10.55
Direct Plan - Growth Option	12.60	11.00
Benchmark		
CRISIL Hybrid 35 plus 65 Aggressive Index	13.48	12.03

1. AAuM = Average daily net assets

2. Gross income = amount against (A) in the Revenue account i.e. Income

3. Net income = amount against (C) in the Revenue account i.e. Net Realised Gains/(Losses) for the period

4. Portfolio Turnover = Lower of sales or purchase divided by the Average AuM for the period

Note: Returns have been calculated as on last business day of the month i.e. March 28, 2024 due to non-availability of benchmark indices as of March 31, 2024.

Notes to Accounts – Annexure I

To the Abridged Balance Sheet and Revenue Account for the year ended March 31, 2024

HSBC MANAGED SOLUTIONS INDIA – MODERATE

1 Investments:

- 1.1. It is confirmed that investments of the Scheme are registered in the name of the Trustees for the benefit of the Scheme's unitholders.
- 1.2. Open Positions of derivatives as on year ended March 31, 2024 & as on March 31, 2023 are NIL.
- 1.3. Investment in Associates and Group Companies as at the year ended March 31, 2024 and March 31, 2023 are NIL.
- 1.4. Open positions of Securities Borrowed and/or Lent by the Scheme as on the year ended March 31, 2024 & March 31, 2023 are NIL.
- 1.5. Investment in Below investment grade and default/Securities in default as on March 31, 2024 and March 31, 2023 are NIL.
- 1.6. Aggregate Unrealised Gain/Loss as at the end of the financial period and percentage to net assets: (Rs. In Lakhs)

Security Category	Amount	Percentage to Net Assets	Amount	Percentage to Net Assets
	As at March 31, 2024		As at March 31, 2023	
Units in Domestic Mutual Fund				
- Appreciation	2,355.89	41	1,579.82	28
- Depreciation	–	–	0.91	~ 0.00

~ Indicates less than 0.01

- 1.7 The aggregate value of investments securities (excluding TREPS and Reverse Repos) purchased and sold (including matured) during the financial year 2023-2024 (excluding accretion of discount) is Rs. 349.98 lakhs and 1,763.00 lakhs respectively being 6.04% and 30.45% of the average net assets.

The aggregate value of investments securities (excluding TREPS and Reverse Repos) purchased and sold (including matured) during the financial year 2022-2023 (excluding accretion of discount) is Rs. 445.00 lakhs and 1,700.00 lakhs respectively being 7.09% and 27.07% of the average net assets.

- 1.8. Non-Traded securities in the portfolios as at March 31, 2024 & March 31, 2023 are NIL.

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

During the year 2023-24, The Hongkong and Shanghai Banking Corporation Limited, an associate entity of HSBC Asset Management (India) Private Limited was paid collection/bank charges amounting to Rs. Nil.

During the year 2022-23, The Hongkong and Shanghai Banking Corporation Limited, an associate entity of HSBC Asset Management (India) Private Limited was paid collection/bank charges amounting to Rs. Nil.

Commission paid to Sponsor / AMC and its associates / related parties / group companies

Name of Sponsor/ AMC and its associates/related parties/group companies	Nature of Association / Nature of Relation	Period Covered	Business Given [Rs. In lakhs]	% of Total Business received by the Fund	Commission paid [Rs. In Lakhs]	% of Total commission paid by the Fund
The Hongkong and Shanghai Banking Corporation Limited	Group Company	2023-2024	9.44	9.31	24.20	96.49
The Hongkong and Shanghai Banking Corporation Limited	Group Company	2022-2023	27.34	38.10	25.72	97.19

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

To the Abridged Balance Sheet and Revenue Account for the year ended March 31, 2024

Brokerage paid to Sponsor/AMC and its associates/related parties/group companies is Nil.
(Previous year also Nil).

- 3 Details of investors holding units in the scheme over 25% of the NAV as on 31st March 2024 & 31st March 2023 :

Name of Scheme	2023-24		2022-23	
	Number of Investor	% Investment as on March 31, 2024	Number of Investor	% Investment as on March 31, 2023
HSBC Managed Solutions India - Moderate	1	25.16	1	25.47

- 4 Unit Capital movement during the year ended March 31, 2024, March 31, 2023 and March 31, 2022:

Description	2023-2024				
	Opening Units	Subscription	Redemption	Closing Units	Face Value per unit (Rupees)
Regular Plan - Growth Option	20,970,092.044	298,343.318	4,655,430.097	16,613,005.265	10
Regular Plan - IDCW Option	1,593,695.095	57,143.300	362,394.668	1,288,443.727	10
Direct Plan - Growth Option**	655,619.496	17,655.526	11,086.794	662,188.228	10
Direct Plan - IDCW Option	4,998.653	394.880	1,967.845	3,425.688	10

Description	2022-2023				
	Opening Units	Subscription	Redemption	Closing Units	Face Value per unit (Rupees)
Regular Plan - Growth Option	26,032,894.683	235,784.240	5,298,586.879	20,970,092.044	10
Regular Plan - IDCW Option	1,701,399.797	30,994.831	138,699.533	1,593,695.095	10
Direct Plan - Growth Option **	635,796.655	27,581.894	7,759.053	655,619.496	10
Direct Plan - IDCW Option	6,058.067	940.586	2,000.000	4,998.653	10

Description	2021-2022				
	Opening Units	Subscription	Redemption	Closing Units	Face Value per unit (Rupees)
Regular Plan - Growth Option	29,662,319.489	336,854.052	3,966,278.858	26,032,894.683	10
Regular Plan - IDCW Option	1,934,538.958	23,694.635	256,833.796	1,701,399.797	10
Direct Plan - Growth Option **	616,329.273	28,267.375	8,799.993	635,796.655	10
Direct Plan - IDCW Option	4,991.300	1,495.457	428.690	6,058.067	10

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

To the Abridged Balance Sheet and Revenue Account for the year ended March 31, 2024

**Units held by the AMC (Seed Capital) in Direct Plan - Growth Option as on March 31, 2024 is 407,381.757 & as on March 31, 2023 is 407,381.757 and as on March 31, 2022 is 407,381.757

- 5 Previous year's/period figures have been re-grouped/re-arranged where necessary.
- 6 There are no contingent liabilities and other commitments as on March 31, 2024 and March 31, 2023. Contingent asset is neither recognized nor disclosed in the financial statements.
- 7 Expenses other than Management Fees are Inclusive of GST where applicable.
- 8 Other income represents Exit load credited to the scheme is Rs. 0.05 lakhs (2023: Rs. 0.12 lakhs represents Exit load credited to the scheme).

9 Investor Education Awareness

As mandated by SEBI vide circular no. CIR/IMD/DF/21/2012 dated September 13, 2012 an annual charge of 0.02 percent of daily net assets, being a part of total recurring expenses is set aside for Investor Education and Awareness (IEA). In view of the AMFI Best Practices Guidelines Circular No. 56/2015-16, the IEF (Investor Education Fund) accrual is set aside in a separate bank account and the consolidated balance across all schemes as on March 31, 2024.

Pursuant to SEBI circular dated May 23, 2022, w.e.f. July 1, 2022, the limit of 0.02% p.a. has been reduced to 0.01% p.a. in case of ETFs/Index Funds. Furthermore, Fund of Funds (FoFs) investing more than 80% of its NAV in the underlying domestic funds have discontinued setting aside 0.02% p.a. of daily net assets towards IEA.

The break-up of which is as under:

Particulars	March 31, 2024	March 31, 2023
	Amount (Rs. In Lakhs)	Amount (Rs. In Lakhs)
Opening Balance as on April 01, 2023	997.09	460.22
Add: Accrual during FY 2023-24	1,962.01	1,432.00
Less: Transferred to AMFI *	889.11	646.75
Less: Payable to AMFI (March 2024 accrual) *	91.90	69.25
Add: Investment Income FY 2023-24	77.08	166.42
Less: Spent during FY 2023-24	1,877.44	345.55
Closing Balance as on March 31, 2024	177.73	997.09

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

The IEA disclosure are presented for surviving scheme only.

- 10 Pursuant to SEBI Circular No. SEBI/HO/IMD/DF3/CIR/P/2020/194 dated October 05, 2020, the nomenclature of 'Dividend Option' under all the schemes of HSBC Mutual Fund has been revised to 'Income Distribution cum Capital Withdrawal Option' (IDCW), with effect from April 01, 2021.
- 11 Securities, excluding debt securities, where the non-traded investments which have been valued "in good faith" exceed 5% of the net assets at the end of the year is NIL.
- 12 Debt securities which have been valued at a price other than the price given by the independent valuation agencies at the end of the year is NIL.

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

To the Abridged Balance Sheet and Revenue Account for the year ended March 31, 2024

13 Disclosure of Risk-o-meter

Scheme Name	Risk-o-meter level at end of the financial year i.e. March 31, 2024	Risk-o-meter level as on March 31, 2023	Number of changes in Risk-o-meter during the financial year (March 2023 to March 2024)
HSBC Managed Solutions India - Moderate	High	High	0

- 14 Subsequent to receipt of SEBI's no objection to acquisition of 100% equity shares of L&T Investment Management Limited ("LTIM", Investment Manager of L&T Mutual Fund) and the amendments proposed to the trust deed of the HSBC Mutual Fund as required under the SEBI (Mutual Funds) Regulations, 1996, the schemes of L&T Mutual Fund (LTMF) were transferred to/ merged with the schemes of HSBC Mutual Fund on and from the close of business hours of November 25, 2022, and the HSBC AMC and HSBC Trustees assumed the responsibilities of the schemes of LTMF w.e.f. close of business hours of November 25, 2022.
- 15 During the year, HSBC Securities and Capital Markets (India) Private Limited ("HSCI"), Sponsors of HSBC Mutual Fund) established a private limited company with limited liability to act as the "Trustee" of HSBC Mutual Fund. HSBC Trustees (India) Private Limited ("HTIP") was incorporated on 9 January 2024. Accordingly, HTIP has replaced the Board of Trustees of HSBC Mutual Fund w.e.f. 1 March 2024, and the Company through its Board of Directors has been discharging its obligations as the "Trustees" of the Fund from this date.
- 16 The Annual Accounts of the Schemes, prepared in accordance with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the "Act") read with the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time and clause 17.14 of SEBI Master Circular for Mutual Funds dated June 27, 2024, has been approved by the Board of Directors of HSBC Asset Management (India) Private Limited and HSBC Trustees (India) Private Limited* at their meetings held on July 08, 2024 and July 19, 2024 respectively. The audit report attached herewith refers to the said Annual Accounts. The aforesaid abridged accounts are an extract of the Annual Accounts and are prepared in accordance with clause 5.4 and format no. 3.B under the section of formats of SEBI Master Circular for Mutual Funds dated June 27, 2024 and other relevant circulars issued by the Securities and Exchange Board of India from time to time.

Abridged Balance Sheet as at March 31, 2024

Rs. in Lakhs

HSBC MANAGED SOLUTIONS INDIA – CONSERVATIVE				
	As at March 31, 2024	As at March 31, 2023	As at April 1, 2022	
LIABILITIES				
1	Unit Capital	1,397.14	1,916.96	2,302.29
2	Reserves & Surplus			
2.1	Unit Premium Reserves	(1,557.62)	(1,985.72)	(2,307.56)
2.2	Unrealised Appreciation Reserve	514.74	379.22	1,443.26
2.3	Other Reserves	2,383.26	3,132.28	2,594.27
3	Loans & Borrowings	–	–	–
4	Current Liabilities & Provisions			
4.1	Provision for Doubtful Income/Deposits	–	–	–
4.2	Other Current Liabilities & Provisions	25.47	5.80	6.96
TOTAL		2,762.98	3,448.53	4,039.22
ASSETS				
1	Investments			
1.1	Listed Securities:			
1.1.1	Equity Shares	–	–	–
1.1.2	Preference Shares	–	–	–
1.1.3	Equity Linked Debentures	–	–	–
1.1.4	Other Debentures & Bonds	–	–	–
1.1.5	Securitised Debt Securities	–	–	–
1.2	Securities Awaited Listing:			
1.2.1	Equity Shares	–	–	–
1.2.2	Preference Shares	–	–	–
1.2.3	Equity Linked Debentures	–	–	–
1.2.4	Other Debentures & Bonds	–	–	–
1.2.5	Securitised Debt Securities	–	–	–
1.3	Unlisted Securities:			
1.3.1	Equity Shares	–	–	–
1.3.2	Preference Shares	–	–	–
1.3.3	Equity Linked Debentures	–	–	–
1.3.4	Other Debentures & Bonds	–	–	–
1.3.5	Securitised Debt Securities	–	–	–
1.4	Government Securities	–	–	–
1.5	Treasury Bills	–	–	–
1.6	Commercial Paper	–	–	–
1.7	Certificate of Deposits	–	–	–
1.8	Bill Rediscounting	–	–	–
1.9	Units of Domestic Mutual Fund	2,724.30	3,420.17	3,998.67
1.10	Foreign Securities	–	–	–
Total Investments		2,724.30	3,420.17	3,998.67
2	Deposits	0.20	0.19	1.00
3	Other Current Assets			
3.1	Cash & Bank Balance	0.50	0.31	0.02
3.2	CBLO/TREPS/Reverse Repo Lending	33.25	27.85	39.53
3.3	Others	4.74	0.01	0.00
4	Deferred Revenue Expenditure (to the extent not written off)	–	–	–
TOTAL		2,762.98	3,448.53	4,039.22

Notes to Accounts - Annexure I

Abridged Revenue Account for the year ended March 31, 2024

Rs. in Lakhs

HSBC MANAGED SOLUTIONS INDIA – CONSERVATIVE			
		Current Year ended March 31, 2024	Previous Year ended March 31, 2023
1 INCOME			
1.1 Dividend		–	–
1.2 Interest		2.16	1.84
1.3 Realised Gain/(Loss) on Foreign Exchange Fluctuations		–	–
1.4 Realised Gains/(Losses) on Interscheme Sale of Investments		–	–
1.5 Realised Gains/(Losses) on External Sale/Redemption of Investments		165.62	1,185.56
1.6 Realised Gains/(Losses) on Derivative Transactions		–	–
1.7 Other Income		0.04	0.03
	(A)	167.82	1,187.42
2 EXPENSES			
2.1 Management Fees		8.75	9.00
2.2 GST on Management Fees		1.57	1.62
2.3 Transfer Agents Fees and Expenses		0.86	1.51
2.4 Custodian Fees		0.01	0.42
2.5 Trusteeship Fees		0.01	0.16
2.6 Commission to Agents		14.20	19.38
2.7 Marketing & Distribution Expenses		0.06	0.15
2.8 Audit Fees		–	0.04
2.9 Investor Education Expenses		–	0.20
2.10 Brokerage & Transaction Costs		0.01	0.02
2.11 Interest on Borrowing		–	–
2.12 Other Operating Expenses		0.25	0.72
	(B)	25.73	33.22
3 NET REALISED GAINS/(LOSSES) FOR THE YEAR	(C = A - B)	142.09	1,154.20
4 Change in Unrealised Depreciation in Value of Investments	(D)	–	–
5 NET GAINS/(LOSSES) FOR THE YEAR	(E = C + D)	142.09	1,154.20
6 Change in Unrealised Appreciation in Value of Investments	(F)	135.51	(1,064.03)
7 NET SURPLUS/(DEFICIT) FOR THE YEAR	(G = E + F)	277.60	90.17
7.1 Add : Balance Transfer from Unrealised Appreciation Reserve		–	1,064.03
7.2 Less : Balance Transfer to Unrealised Appreciation Reserve		135.51	–
7.3 Add/(Less) : Equalisation		(877.84)	(616.19)
7.4 Transfer from Reserve Fund		3,132.28	2,594.27
7.5 Transfer from Unit Premium Reserve		–	–
8 Total		2,396.53	3,132.28
9 Dividend Appropriation			
9.1 Income Distributed during the Year		(13.28)	–
9.2 Tax on Income Distributed during the Year		–	–
10 Retained Surplus/(Deficit) Carried Forward to Balance Sheet		2,383.258	3,132.28

Notes to Accounts - Annexure I

Key Statistics for the year ended March 31, 2024

HSBC MANAGED SOLUTIONS INDIA – CONSERVATIVE		
	Current Year ended March 31, 2024	Previous Year ended March 31, 2023
1. NAV per unit (Rs.):		
Open		
Regular Plan - Growth Option	17.9409	17.5018
Regular Plan - IDCW Option	17.9409	17.5018
Direct Plan - Growth Option	18.7108	18.1150
High		
Regular Plan - Growth Option	19.6330	17.9409
Regular Plan - IDCW Option	18.2245	17.9409
Direct Plan - Growth Option	20.6338	18.7108
Low		
Regular Plan - Growth Option	17.9495	16.9875
Regular Plan - IDCW Option	16.8213	16.9875
Direct Plan - Growth Option	18.7209	17.6104
End		
Regular Plan - Growth Option	19.6330	17.9409
Regular Plan - IDCW Option	18.2245	17.9409
Direct Plan - Growth Option	20.6338	18.7108
2. Closing Assets Under Management (Rs. in Lakhs)		
End	2,738	3,443
Average (AAuM) ¹	3,061	3,790
3. Gross income as % of AAuM ²	5.48%	31.33%
4. Expense Ratio:		
a. Total Expense as % of AAuM (including GST on Management fees) (plan wise)		
Regular Plan	0.86%	0.89%
Direct Plan	0.09%	0.13%
b. Management Fee as % of AAuM (planwise)		
Regular Plan	0.29%	0.24%
Direct Plan	0.05%	0.05%
5. Net Income as a percentage of AAuM ³	4.64%	30.45%
6. Portfolio turnover ratio ⁴	0.04	0.07
7. Total IDCW per unit distributed during the year (planwise)		
Retail		
Regular Plan – IDCW Option	1.30	–
Direct Plan – IDCW Option	–	–
Corporate		
Regular Plan – IDCW Option	1.30	–
Direct Plan – IDCW Option	–	–

Key Statistics for the year ended March 31, 2024 (Contd...)

HSBC MANAGED SOLUTIONS INDIA – CONSERVATIVE

	Current Year ended March 31, 2024	Previous Year ended March 31, 2023
8. Returns (%):		
a. Last One Year		
Scheme		
Regular Plan - Growth Option	9.45	2.51
Direct Plan - Growth Option	10.29	3.29
Benchmark		
90% of CRISIL Composite Bond Fund Index and 10% of S&P BSE 200 TRI	11.02	2.90
b. Since Inception		
Scheme		
Regular Plan – Growth Option	7.04	6.77
Direct Plan – Growth Option	7.57	7.27
Benchmark		
90% of CRISIL Composite Bond Fund Index and 10% of S&P BSE 200 TRI	9.03	9.03

1. AAuM = Average daily net assets
2. Gross income = amount against (A) in the Revenue account i.e. Income
3. Net income = amount against (C) in the Revenue account i.e. Net Realised Gains / (Losses) for the period
4. Portfolio Turnover = Lower of sales or purchase divided by the Average AuM for the period

Note: Returns have been calculated as on last business day of the month i.e. March 28, 2024 due to non-availability of benchmark indices as of March 31, 2024.

Notes to Accounts – Annexure I

To the Abridged Balance Sheet and Revenue Account for the year ended March 31, 2024

HSBC MANAGED SOLUTIONS INDIA – CONSERVATIVE

1 Investments:

- 1.1. It is confirmed that investments of the Scheme are registered in the name of the Trustees for the benefit of the Scheme's unitholders.
- 1.2. Open Positions of derivatives as on year ended March 31, 2024 & as on March 31, 2023 are NIL.
- 1.3. Investment in Associates and Group Companies as at the year ended March 31, 2024 and March 31, 2023 are NIL.
- 1.4. Open positions of Securities Borrowed and / or Lent by the Scheme as on the year ended March 31, 2024 & March 31, 2023 are NIL.
- 1.5. Investment in Below investment grade and default/Securities in default as on March 31, 2024 and March 31, 2023 are NIL.
- 1.6. Aggregate Unrealised Gain / Loss as at the end of the financial period and percentage to net assets:

(Rs. In Lakhs)

Security Category	Amount	Percentage to Net Assets	Amount	Percentage to Net Assets
	As at March 31, 2024		As at March 31, 2023	
Units in Domestic Mutual Fund				
– Appreciation	525.20	19.19	389.69	11.32
– Depreciation	–	–	–	–

- 1.7 The aggregate value of investments securities (excluding TREPS and Reverse Repos) purchased and sold (including matured) during the financial year 2023-2024 (excluding accretion of discount) is Rs. 134.99 lakhs and Rs. 1,132.00 lakhs respectively being 4.41% and 36.98% of the average net assets.

The aggregate value of investments securities (excluding TREPS and Reverse Repos) purchased and sold (including matured) during the financial year 2022-2023 (excluding accretion of discount) is Rs. 260.00 lakhs and Rs. 960.00 lakhs respectively being 6.86% and 25.33% of the average net assets.

- 1.8. Non -Traded securities in the portfolios as at March 31, 2024 & March 31, 2023 are NIL.

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

During the year 2023-24, The Hongkong and Shanghai Banking Corporation Limited, an associate entity of HSBC Asset Management (India) Private Limited was paid collection/bank charges amounting to Rs. Nil.

During the year 2022-23, The Hongkong and Shanghai Banking Corporation Limited, an associate entity of HSBC Asset Management (India) Private Limited was paid collection/bank charges amounting to Rs. Nil.

Commission paid to Sponsor / AMC and its associates / related parties / group companies

Name of Sponsor/AMC and its associates/ related parties/group companies	Nature of Association / Nature of Relation	Period Covered	Business Given [Rs. In lakhs]	% of Total Business received by the Fund	Commission paid [Rs. In Lakhs]	% of Total commission paid by the Fund
The Hongkong and Shanghai Banking Corporation Limited	Group Company	2023-2024	36.11	92.28	14.07	99.89
The Hongkong and Shanghai Banking Corporation Limited	Group Company	2022-2023	2.65	3.15	16.33	99.85

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

To the Abridged Balance Sheet and Revenue Account for the year ended March 31, 2024

Brokerage paid to Sponsor/AMC and its associates/related parties/group companies is Nil.
(Previous year also Nil).

- 3 Details of investors holding units in the scheme over 25% of the NAV as on March 31, 2024 & March 31, 2023 :

Name of Scheme	2023-24		2022-23	
	Number of Investor	% Investment as on March 31, 2024	Number of Investor	% Investment as on March 31, 2023
HSBC Managed Solutions India - Conservative	1	26.58	1	25.66

- 4 Unit Capital movement during the year ended March 31, 2024, March 31, 2023 and March 31, 2022:

Description	2023-2024				
	Opening Units	Subscription	Redemption	Closing Units	Face Value per unit (Rupees)
Regular Plan - Growth Option	17,676,534.609	187,503.140	5,074,158.381	12,789,879.368	10
Regular Plan - IDCW Option	1,031,795.981	16,320.364	329,522.485	718,593.860	10
Direct Plan - Growth Option**	461,224.163	6,563.657	4,897.133	462,890.687	10

Description	2022-2023				
	Opening Units	Subscription	Redemption	Closing Units	Face Value per unit (Rupees)
Regular Plan - Growth Option	20,938,281.328	478,156.374	3,739,903.093	17,676,534.609	10
Regular Plan - IDCW Option	1,621,720.435	6,642.648	596,567.102	1,031,795.981	10
Direct Plan - Growth Option **	462,915.172	2,215.420	3,906.429	461,224.163	10

Description	2021-2022				
	Opening Units	Subscription	Redemption	Closing Units	Face Value per unit (Rupees)
Regular Plan - Growth Option	27,146,579.682	500,803.570	6,709,101.924	20,938,281.328	10
Regular Plan - IDCW Option	2,129,572.452	47,944.536	555,796.553	1,621,720.435	10
Direct Plan - Growth Option **	459,939.902	7,750.517	4,775.247	462,915.172	10

**Units held by the AMC (Seed Capital) in Direct Plan - Growth Option as on March 31, 2024 is 434,786.389 & as on March 31, 2023 is 434,786.389 & as on March 31, 2022 is 434,786.389.

- 5 Previous year's/period figures have been re-grouped/re-arranged where necessary.

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

To the Abridged Balance Sheet and Revenue Account for the year ended March 31, 2024

- 6 There are no contingent liabilities and other commitments as on March 31, 2024 and March 31, 2023. Contingent asset is neither recognized nor disclosed in the financial statements.
- 7 Expenses other than Management Fees are Inclusive of GST where applicable.
- 8 Other income represents Exit load credited to the scheme is Rs. 0.04 lakhs (2023: Rs. 0.02 lakhs represents Exit load credited to the scheme).

9 Investor Education Awareness

As mandated by SEBI vide circular no. CIR/IMD/DF/21/2012 dated September 13, 2012 an annual charge of 0.02 percent of daily net assets, being a part of total recurring expenses is set aside for Investor Education and Awareness (IEA). In view of the AMFI Best Practices Guidelines Circular No. 56/2015-16, the IEF (Investor Education Fund) accrual is set aside in a separate bank account and the consolidated balance across all schemes as on March 31, 2024.

Pursuant to SEBI circular dated May 23, 2022, w.e.f. July 1, 2022, the limit of 0.02% p.a. has been reduced to 0.01% p.a. in case of ETFs/Index Funds. Furthermore, Fund of Funds (FoFs) investing more than 80% of its NAV in the underlying domestic funds have discontinued setting aside 0.02% p.a. of daily net assets towards IEA.

The break-up of which is as under:

Particulars	March 31, 2024	March 31, 2023
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Add: Accrual during FY 2023-24	1,962.01	1,432.00
Less: Transferred to AMFI *	889.11	646.75
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Closing Balance as on March 31, 2024	177.73	997.09

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

The IEA disclosure are presented for surviving scheme only.

- 10 Pursuant to SEBI Circular No. SEBI/HO/IMD/DF3/CIR/P/2020/194 dated October 05, 2020, the nomenclature of 'Dividend Option' under all the schemes of HSBC Mutual Fund has been revised to 'Income Distribution cum Capital Withdrawal Option' (IDCW), with effect from April 01, 2021.
- 11 Securities, excluding debt securities, where the non-traded investments which have been valued "in good faith" exceed 5% of the net assets at the end of the year is NIL.
- 12 Debt securities which have been valued at a price other than the price given by the independent valuation agencies at the end of the year is NIL.
- 13 **Disclosure of Risk-o-meter**

Scheme Name	Risk-o-meter level at end of the financial year i.e. March 31, 2024	Risk-o-meter level as on March 31, 2023	Number of changes in Risk-o-meter during the financial year (March 2023 to March 2024)
HSBC Managed Solutions India - Conservative	Moderately High	Moderately High	2

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

To the Abridged Balance Sheet and Revenue Account for the year ended March 31, 2024

- 14 Subsequent to receipt of SEBI's no objection to acquisition of 100% equity shares of L&T Investment Management Limited ("LTIM", Investment Manager of L&T Mutual Fund) and the amendments proposed to the trust deed of the HSBC Mutual Fund as required under the SEBI (Mutual Funds) Regulations, 1996, the schemes of L&T Mutual Fund (LTMF) were transferred to/ merged with the schemes of HSBC Mutual Fund on and from the close of business hours of November 25, 2022, and the HSBC AMC and HSBC Trustees assumed the responsibilities of the schemes of LTMF w.e.f. close of business hours of November 25, 2022.
- 15 During the year, HSBC Securities and Capital Markets (India) Private Limited ("HSCI"), Sponsors of HSBC Mutual Fund) established a private limited company with limited liability to act as the "Trustee" of HSBC Mutual Fund. HSBC Trustees (India) Private Limited ("HTIP") was incorporated on 9 January 2024. Accordingly, HTIP has replaced the Board of Trustees of HSBC Mutual Fund w.e.f. 1 March 2024, and the Company through its Board of Directors has been discharging its obligations as the "Trustees" of the Fund from this date.
- 16 The Annual Accounts of the Schemes, prepared in accordance with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the "Act") read with the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time and clause 17.14 of SEBI Master Circular for Mutual Funds dated June 27, 2024, has been approved by the Board of Directors of HSBC Asset Management (India) Private Limited and HSBC Trustees (India) Private Limited* at their meetings held on July 08, 2024 and July 19, 2024 respectively. The audit report attached herewith refers to the said Annual Accounts. The aforesaid abridged accounts are an extract of the Annual Accounts and are prepared in accordance with clause 5.4 and format no. 3.B under the section of formats of SEBI Master Circular for Mutual Funds dated June 27, 2024 and other relevant circulars issued by the Securities and Exchange Board of India from time to time.

Voting Policy and Procedures

In view of para 6.16 of SEBI Master Circular on Mutual Funds dated June 27, 2024 related to "Role of Mutual Funds in Corporate Governance of Public Listed Companies", HSBC AMC has formulated its "Policy for Proxy Voting in Public Listed Companies". The said policy is available on our website and the details of actual exercise of proxy votes, the summary of votes casted and the auditor's certificate is forming part of our full Annual Report for the Financial Year 2023 – 24 which has been uploaded on our website at <http://www.assetmanagement.hsbc.co.in>

Statutory Details & Disclaimers

All the returns have been sourced from Mutual Funds India Explorer software. The performance of the schemes and the benchmark is calculated on a total return basis. This document has been prepared by HSBC Asset Management (India) Private Limited (HSBC) for information purposes only with an intent to provide market overview and should not be construed as an offer or solicitation of an offer for purchase of any of the funds of HSBC Mutual Fund. All information contained in this document (including that sourced from third parties), is obtained from sources, which HSBC/third party, believes to be reliable but which it has not been independently verified by HSBC/the third party. Further, HSBC/the third party makes no guarantee, representation or warranty and accepts no responsibility or liability as to the accuracy or completeness of such information. The information and opinions contained within the document are based upon publicly available information and rates of taxation applicable at the time of publication, which are subject to change from time to time.

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

For disclosure of quarterly AUM/AAUM and AUM by geography, please visit our website at www.assetmanagement.hsbc.co.in. Investors are requested to note that as per SEBI (Mutual Funds) Regulations, 1996 and guidelines issued thereunder, HSBC AMC, its employees and/ or empaneled distributors/agents are forbidden from guaranteeing/promising/assuring/predicting any returns or future performances of the schemes of HSBC Mutual Fund. Hence, please do not rely upon any such statements/commitments. If you come across any such practices, please register a complaint via email at investor.line@mutualfunds.hsbc.co.in

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

Important Updates

Name and Date of Birth as per PAN card - Effective from June 1, 2024

As per recent regulatory requirement and changes advised by Income Tax Department in PAN validation process, now it is mandated to quote your Name(s) and DOB as per PAN card. To avoid any failure in such validations, we request investors to quote the Name(s) and DOB's of all the holders including Guardian, Power of Attorney (POA) holders as per PAN card.

Useful Links for self service options

- **Use our 24 x 7 Chatbot - "ASKME" for any queries or service request:**
visit: <https://invest.assetmanagement.hsbc.co.in>

SMS your request to HSBC Mutual Fund

- **Latest NAV :** Send SMS as HSBCMF NAV <Scheme Code> to 56767
Example: HSBCMF NAV F03
- **Valuation Service on registered mobile No. :** Send SMS as HSBCMF VAL <folio_number> to 56767
Example: HSBCMF VAL 123456
- **Annual Report :**
For Electronic Copy: Send SMS as HSBCMFARE <folio_number> to 567678080
Example: HSBCMF ARE 123456
For Physical Copy: Send SMS as HSBCMFARP <folio_number> to 567678080
Example: HSBCMF ARP 123456
- **Half Yearly Portfolio :**
For Electronic Copy: Send SMS as HSBCMFHPE <folio_number> to 567678080
Example: HSBCMF HPE 123456
For Physical Copy: Send SMS as HSBCMFHPP <folio_number> to 567678080
Example: HSBCMF HPP 123456

Missed Call Service

- You can give a missed call to 9212900020 to get the total valuation via SMS and a statement on your registered email ID

Book-Post

If undelivered please return to:

Computer Age Management Services Private Limited (CAMS)

Unit: HSBC Mutual Fund

New No. 10, M.G.R Salai, Nungambakkam, Chennai - 600034.

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

HSBC Asset Management (India) Private Limited

CIN NO: U74140MH2001PTC134220

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

Website : www.assetmanagement.hsbc.co.in

Description	Toll Free Number	Email ID
Investor related queries	1800-4190-200/1800-200-2434	investor.line@mutualfunds.hsbc.co.in
Online related queries	1800-4190-200/1800-200-2434	onlinemf@mutualfunds.hsbc.co.in
Investor (Dialing from abroad)	+91 44 39923900	investor.line@mutualfunds.hsbc.co.in

To get your updated account statement email us at : "mfsoa@mutualfunds.hsbc.co.in"

We're always here to help you, so feel free to reach out to us

Self-service request at your Fingertips

- Visit Website • Invest Online • Insta Statement • Download Forms
- Transact via Whats App • Use 24/7 ChatBot - Ask Me



Remember, you can also find out more via our social media handles !



Please check our website www.assetmanagement.hsbc.co.in for an updated list of Official Points of Acceptance of HSBC Mutual Fund.

CAMS SERVICE CENTRES / CAMS LIMITED TRANSACTION POINTS / CAMS COLLECTION CENTRES

For details on CAMS Service Centres, please visit www.camsonline.com



HSBC Banking & PSU Debt Fund

(Erstwhile L&T Banking and PSU Debt Fund)

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.

Abridged Annual Report 2023 - 2024



SPONSOR

HSBC Securities and Capital Markets (India) Private Limited

CIN – U67120MH1994PTC081575

Regd. Office: 52/60, Mahatma Gandhi Road, Fort, Mumbai 400001.

TRUSTEE COMPANY

HSBC Trustees (India) Private Limited

CIN – U66190MH2024PTC416973

Regd. Office: 52/60, Mahatma Gandhi Road, Fort, Mumbai 400001.

ASSET MANAGEMENT COMPANY

HSBC Asset Management (India) Private Limited

CIN – U74140MH2001PTC134220

Regd. Office: 9-11 Floors, NESCO IT Park, Building No. 3,
Western Express Highway, Goregaon (East), Mumbai 400063.

CUSTODIAN

Citibank N.A.

First International Financial Center (FIFC), 9th Floor,
C-54 & 55, G – Block, Bandra Kurla Complex, Bandra (East), Mumbai 400051.

AUDITORS TO THE SCHEME

MSKA & Associates

Chartered Accountants

602, Floor 6, Raheja Titanium, Western Express Highway,
Geetanjali Railway Colony, Ram Nagar, Goregaon (East), Mumbai 400063.

REGISTRAR & TRANSFER AGENTS

Computer Age Management Services Limited (CAMS)

Unit: HSBC Mutual Fund

New No. 10, M.G.R Salai, Nungambakkam, Chennai 600034.

BOARD OF TRUSTEES

Ms. Jasmine Batliwalla	– Chairperson
Mr. Nani Javeri	– Trustee
Mr. David Rasquinha	– Trustee
Mr. Nicolas Moreau	– Trustee

BOARD OF DIRECTORS

Dr. Indu Shahani	– Director
Mr. Kapil Seth	– Director
Ms. Roopa Varma	– Director
Mr. Kailash Kulkarni	– Director & Chief Executive Officer

Dear Investor,

As we reflect on the past year, I am filled with pride and optimism about the future of our company and overall growth of the mutual fund industry. The past year has marked significant milestones in our journey, particularly as we capitalise on the immense potential of India's burgeoning growth story.

Fiscal 2024 turned out to be one of the best years for the domestic mutual fund industry as assets under management (AUM) spurted by nearly Rs. 14 lakh crore to a record Rs. 53.40 lakh crore as of March 2024 compared with Rs. 39.42 lakh crore as of March 2023.

The mutual fund industry is experiencing immense growth and we are poised to take advantage of this upward trajectory. Our company is an integral part of this growth story, riding the wave with several strategic initiatives and accomplishments that have set us on a path of sustained success.



Major achievements post integration

- Post integration we have enhanced our digital offering for both B2B and B2C to provide improved customer journeys.
- HSBC AM India's AUM increased from USD 1.4 bn (before integration) to USD 13.7 bn as of April 2024.
- HSBC Asset Management India has now become the 14th largest asset manager in India in terms of AUM.
- HSBC AM India has launched 4 new products since integration (raising \$445M).
- We have expanded HSBC AM India's product offerings to 43 funds.

Key Achievements in FY2023-2024

Investment Performance: Our disciplined investment strategy and thorough research have been pivotal to our success. We have focused on high-quality, undervalued assets, achieving consistent returns across our portfolio.

Product Innovation: This year, we launched two new funds - HSBC Multi Asset Allocation Fund and HSBC Consumption Fund, tailored to meet the evolving needs of our investors. These new offerings have been well-received, contributing to our growth in AUM significantly.

Increased Media Presence: In FY24, we significantly boosted our media presence, ensuring that our brand and thought leadership are recognized across various platforms. Through strategic media engagements like Informed Investing with ET Now, talks shows and several authored articles plus interviews - we have amplified our message, reaching a broader audience and reinforcing our market position.

Successful Campaign Launch: We successfully launched SIP Hai #FaydeWaliAadat, an investor education campaign, that highlighted the transformative power of SIPs in achieving long-term financial

goals. A first of its kind campaign, it aimed at educating and empowering the millennial investors in India. The campaign garnered significant attention and positive feedback, strengthening our brand presence and engaging a wider audience. Notably, the campaign has also earned us prestigious awards and accolades highlighting our commitment to excellence and innovation.

Client Relationships: We have strengthened our client relationships through enhanced communication, transparency, and personalized service. Our client satisfaction scores have reached new heights, reflecting our commitment to exceptional service.

We believe that the India story has just begun and its economic landscape is poised for significant growth. An exposure to unique and future relevant themes can provide a much-needed inflation buffer. The importance of asset allocation continues to be critical. It is critical for all of us to review our risk appetite and goal proximity and construct a portfolio appropriately.

Besides construction, portfolio rebalancing is equally important in order to achieve optimal outcomes. I do hope you share my enthusiasm and I ask that you continue to invest whilst reviewing your asset allocation at all times.

I would like to express my sincere gratitude to our dedicated team, whose expertise and commitment are the backbone of our success. To our investors, thank you for your trust and continued support. Your confidence in our approach motivates us to strive for excellence in everything we do. Also, I want to express my deepest gratitude to our valuable partners for their unwavering support and keep our services running. Look forward to achieving even grater milestones together.

As we move forward, we remain committed to delivering superior investment performance, fostering strong client relationships, and driving sustainable growth. Together, we are well-positioned to navigate the future and achieve our goals.

Warm regards,

A handwritten signature in black ink, appearing to read 'Kailash Kulkarni', with a horizontal line underneath.

Kailash Kulkarni

Chief Executive Officer

HSBC Asset Management India

Trustees' Report

For the year ended March 31, 2024

The Board of Directors of HSBC Trustees (India) Private Limited, Trustees of HSBC Mutual Fund present the Twenty Second Annual Report and the audited abridged financial statements of the schemes of the HSBC Mutual Fund ('the Fund') for the year ended March 31, 2024.

With the acquisition of L&T Mutual Fund in the previous financial year, the Fund's Assets Under Management ('AUM') (excluding Domestic FOFs) as on March 31, 2024 was INR 109368.16 crores (audited). The Fund ranks in the top 15 Mutual Fund houses in India in terms of AUM.

As at March 31, 2024, the Fund offered 43 schemes across asset classes to meet the varying investment needs of the investors. During the year, the Fund launched two new products namely HSBC Consumption Fund and HSBC Multi Asset Allocation Fund in Equity and Hybrid categories.

The Fund continues its focus on delivering consistent long-term returns. The comments on the performance of the scheme(s) are provided hereinafter. Dividends were declared under various schemes as per the provisions contained in the respective Scheme Information Documents after considering the distributable surplus available under the respective plans of the schemes. Details of dividends declared can be viewed on our website at www.assetmanagement.hsbc.co.in.

During the year, HSBC Securities and Capital Markets (India) Private Limited ("HSCI"), Sponsors of the Fund established a private limited company with limited liability to act as the "Trustees" of the Fund. HSBC Trustees (India) Private Limited ("HTIP") was incorporated on 9 January 2024. Accordingly, HTIP has replaced the Board of Trustees of HSBC Mutual Fund w.e.f. 1 March 2024, and the Company through its Board of Directors has been discharging its obligations as the "Trustees" of the Fund from this date.

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

a. Operations and Performance of the Scheme

➤ Debt Scheme

HSBC Banking & PSU Debt Fund ('HBPDF')

(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.)

The scheme predominantly seeks to invest 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.

The net assets of HBPDF amounted to INR 4649.66 crores as at March 31, 2024 as against INR 4702.54 crores as at March 31, 2023. Around 0% of the net assets were invested in equities, 98.88% of the net assets were invested in debt, 1.48% of the net assets were invested in reverse repos/TREPS and (0.61%) in net current assets as at March 31, 2024.

HBPDF is predominantly positioned in the ~2-year segment and offers a prudent portfolio considering the risk appetite whilst seeking optimal returns. HBPDF continues to maintain the highest credit quality, with 100% of the portfolio in AAA or equivalent securities and ideally suited for investors seeking a very high portfolio quality.

HBPDF was marginally underweight on duration compared to the benchmark. The downward movement on yields on the 2-2.5 year segment bonds lead to the underperformance of the scheme over the last 1 year.

HSBC Banking & PSU Debt Fund					Date of Inception : 12 September, 2012			
Fund / Benchmark (Value of ₹ 10,000 invested)	1 Year		3 Years		5 Years		Since Inception	
	Amount (₹)	Returns (%)	Amount (₹)	Returns (%)	Amount (₹)	Returns (%)	Amount (₹)	Returns (%)
HSBC Banking & PSU Debt Fund	10688	6.86	11355	4.32	13484	6.15	22034	7.08

Trustees’ Report
For the year ended March 31, 2024 (Contd...)

HSBC Banking & PSU Debt Fund					Date of Inception : 12 September, 2012			
Fund / Benchmark (Value of ₹ 10,000 invested)	1 Year		3 Years		5 Years		Since Inception	
	Amount (₹)	Returns (%)	Amount (₹)	Returns (%)	Amount (₹)	Returns (%)	Amount (₹)	Returns (%)
Scheme Benchmark (Nifty Banking and PSU Debt Index A-II)	10722	7.20	11579	5.00	13690	6.47	22946	7.45
Additional Benchmark (CRISIL 10 year Gilt Index)	10854	8.52	11347	4.30	13482	6.14	20860	6.57

Past performance may or may not be sustained in future. The returns for the respective periods are provided as on March 31, 2024 for Growth Option of Regular Plan. Returns on ₹ 10,000 are point-to-point returns for the specific time period, invested at the start of the period. Returns for 1 year and above are Compounded Annualized. Different plans shall have a different expense structure. Performance of the respective benchmark is calculated as per the Total Return Index (TRI).

Risk-o-meter as of 31st March, 2024:

Scheme Name	Scheme Risk-o-meter	Benchmark Risk-o-meter
HSBC Banking & PSU Debt Fund	 Investors understand that their principal will be at Low to Moderate risk	Benchmark Index: NIFTY Banking & PSU Debt Index A-II 

Please note that the above risk-o-meter is as per the product labelling of the Scheme basis Scheme’s monthly portfolio as on March 31, 2024.

Potential Risk Class (PRC) Matrix for Debt Schemes of HSBC Mutual Fund

HSBC Banking & PSU Debt Fund			
Credit Risk →	Relatively Low (Class A)	Moderate (Class B)	Relatively High (Class C)
Interest Rate Risk ↓			
Relatively Low (Class I)			
Moderate (Class II)			
Relatively High (Class III)	AIII		
A Scheme with Relatively High interest rate risk and Low credit risk.			

Potential Risk Class ‘PRC’ matrix indicates the maximum interest rate risk (measured by Macaulay Duration of the scheme) and maximum credit risk (measured by Credit Risk Value of the scheme) the fund manager can take in the scheme. PRC matrix classification is done in accordance with and subject to the methodology/guidelines prescribed by SEBI to help investors take informed decision based on the maximum interest rate risk and maximum credit risk the fund manager can take in the scheme, as depicted in the PRC matrix.

Trustees' Report

For the year ended March 31, 2024 (Contd...)

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

➤ EQUITY OUTLOOK

Recap of FY 2023-24:

FY24 was a stellar year for the Indian equity markets with strong economic momentum, healthy earnings growth and strong inflows from domestic and foreign institutional investors and strong retail participation driving a broad-based bull market. The Nifty and Sensex were up a solid 30.1%/26.5% respectively during the year, while the BSE Midcap and BSE Smallcap indices gained an astounding 65.2% and 61.4% respectively.

While geo-political conflicts continued in FY24, their impact on crude and global supply chains moderated. Crude prices largely remained range bound during the year. Inflation barring a brief spike largely remained well contained, the economy gained further steam with GDP growth crossing 8% in H1FY24 supported by government thrust on infrastructure. This translated into strong growth for several core sector industries including steel and cement. The growth in the real estate sector has been strong with inventory continuing to decline in metro markets. However, lagged impact of price increases continued to impinge on consumer demand growth which remained subdued for most mass market categories.

Domestic cyclicals were the best performing sectors during the year led by Real Estate, Capital Goods, Autos. Power was also among the best performing sectors. Global cyclicals like Metals and Oil & Gas also strongly outperformed the Nifty. FMCG and Banking while delivering healthy positive returns underperformed the Nifty, while IT performance was closer to Nifty.

MSCI India index outperformed most of key global indices during the past fiscal. MSCI India index (USD) gained 35.5% as compared to 23.1% gain for MSCI World, 27.9% for US S&P 500, 11.0% for MSCI Europe and only 5.3% for MSCI Emerging Markets as MSCI China declined 19.0% over the period.

Strong performance of the market and subsiding global macro headwinds drove a sharp turnaround in foreign investment flows. FII net inflow was at USD 25.3bn in FY24 versus an outflow of USD 6.0bn/17.1bn in FY23/FY22. DIs, on the other hand, matched FII inflow with an inflow of USD 25.3bn although it was lower than the net inflows at USD 30.8bn in FY23. Within DIs, the MF segment was the key contributor (USD 24.3 bn of net inflows up from USD 21.8bn in FY23) while domestic Insurers were also in the net inflow territory (USD 1.0bn of net inflows vs USD 9.0bn in FY23).

Source: Motilal Oswal

Indices Returns (April 01, 2023 to March 31, 2024)	1 Year [^]
S&P BSE Sensex TR	26.5%
NSE CNX Nifty TR	30.1%
S&P BSE 100 TR	34.2%
S&P BSE 200 TR	38.5%
S&P BSE 500 TR	40.2%
S&P BSE Midcap TR	65.2%
S&P BSE Small-cap TR	61.4%

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

Way forward:

The global macro environment remains challenging with heightened geo-political and economic uncertainties. US bond yields remain high putting pressure on interest rates and currencies globally. For India, growth has continued to remain strong with GDP growth of 8.4% in Q3FY24 driven by strong government spending on infrastructure and pickup in manufacturing and construction. The 2024 interim budget has re-affirmed

Trustees' Report

For the year ended March 31, 2024 (Contd...)

government focus on infrastructure. At the same time reduction in fiscal deficit should also help in easing of domestic interest rates. However, after last year's patchy monsoon, a good monsoon will be an important factor for rural demand and overall consumption growth in the economy in FY25.

India starts FY25 on a strong footing with positive growth momentum and India's investment cycle is expected to be on a medium-term uptrend supported by rising government investment in infrastructure and recovery in real estate cycle. There is also an expectation of higher private investments in renewable energy and related supply chain, localization of higher-end technology components, and India becoming a more meaningful part of global supply chains. Finally, it is expected for consumption to improve as the impact of high inflation fades and real incomes start to grow again.

However, several of these positives are getting discounted by the high valuations currently prevailing in the equity market. While the fund managers remain constructive on Indian equities supported by the more robust medium-term growth outlook there is a caution against high return expectations. Nifty continues to trade on 20.6x consensus 1 year forward PE (as of 30 April). On a 10-year basis, Nifty is still trading 10% above its historic average valuation but is in-line with its 5-year average. Valuations of the midcap and small cap indices are even higher versus their historical average.

➤ DEBT OUTLOOK

Market drivers during the course of the year FY 2024

The year started with advanced economies continuing to grapple with higher inflation and policy tightening remained a common theme across economies. During FY2024, the Federal Open Market Committee (FOMC) raised policy rates by 50 bps while European Central Bank (ECB) and Bank of England (BOE) raised policy rates by 100 bps each. The cumulative rate hikes by various advanced economies in this cycle are as follows: Fed (525 bps), BOE (515 bps) and ECB (450 bps). Meanwhile cumulative rate hikes by the Monetary Policy Committee (MPC) in this cycle was 250 bps. On account of higher Government debt burden, Fitch downgraded US sovereign rating from AAA to AA+. US Treasury yields remained volatile during the year, with the 10-year benchmark rising higher by 73 bps during the year. Crude prices also moved higher by USD 7-8/bbl.

On the domestic front, Consumer price Index (CPI) inflation remained broadly in the upper end of the MPC's targeted band of 4% +/- 2% for most the financial year, however, inflation printed above 6% on two occasions due to high food inflation. Headline inflation remained susceptible to high food inflation with markets now expecting some relief of food prices on the back of normal monsoon. Core inflation eased through the year falling to below 4% in the last quarter.

Domestically, one of the biggest events during the year was the much-awaited index inclusion of Indian Government Bonds (IGBs) into the GBI-EM Global index suite and its relevant benchmarks. India is expected to reach the maximum weight of 10% in the GBI-EM Global Diversified Index (GBI-EM GD), with the inclusion staggered over a 10-month period starting June 2024. Following this, Bloomberg also included IGBs in their Bloomberg EM Local Currency Index, with India expected to reach a maximum weight of 10% over a 10-month period starting Jan 2025. Both these inclusions are expected to bring in INR 25-30 bn of index related FPI inflows over the next 1-2 years and paving the way for inclusion into other global bond indices as well. During FY2024, FPIs poured in close USD 12 bn into IGBs, with majority of the inflows coming in post the JP Morgan index inclusion announcement.

Government continued its path of fiscal consolidation, with the revised estimate of the Fiscal deficit for FY2024 coming in at 5.6%, with expectations for FY2025 at 5.1% and target of below 4.5% by FY2026. PMI numbers continue to remain in expansion, GST revenues remain buoyant and credit off-take upbeat.

The external sector has remained strong due to healthy service exports and remittances. Current Account Deficit (CAD) is expected to be around 1% for the year. Rupee remained one of the more stable currencies during the year, with active intervention from RBI smoothening any volatility. RBI continued to build on the FX reserves with year-end number around USD 650 bn.

Money market rates moved higher during the year due to tightening in liquidity along with higher Certificate of Deposit (CD) issuances. G-Sec yields, however, moved lower due to favorable demand supply and lower G-Sec borrowing. 10-year G-Sec moved lower during the year by 25 bps, while 5 yr G-Sec moved lower by 13 bps.

Trustees' Report

For the year ended March 31, 2024 (Contd...)

Market Outlook

While US markets have braced for “higher for longer” rates, we have seen in the past, that reactions to favorable data in such an environment can be sharp. Any softness in growth, employment or inflation data over the next few months will allow the markets to quickly start pricing in aggressive future policy easing. In our view, the RBI is also likely to gradually shift the liquidity deficit into surplus over the course of the next 3-6 months, flipping overnight rates from the top to the bottom of the rate corridor. The yield curve is likely to steepen as liquidity eases. This along with a potential 50 bps of policy easing in first half of CY2025 may push overnight rates lower by 75-100 bps.

While any form of additional spending by the new Government to address concerns of rural sections of the country and the possibility of additional spending to fund such policies will remain a key monitorable, it is believed the Government is likely to remain cognizant of the possible impact of such policies and take measured steps. With the dust settling down on the election outcome, the broad macroeconomic factors should continue to remain stable and could support softening in domestic yields going forward.

The Fund Managers continue to have a positive outlook for interest rates, based on various favorable factors: (a) Record RBI dividend to the Government, (b) reduced Fiscal deficit number of 5.6%, (c) favorable G-Sec supply demand dynamics, (d) FPI index related inflows, (e) revised outlook in India by S&P, (f) soft core inflation along with expectations of a better than normal monsoon, and finally (g) soft signals by Government and RBI on liquidity.

Source: RBI, Bloomberg, Internal HSBC Research & CCIL

2. BRIEF BACKGROUND OF THE SPONSORS, THE FUND, THE TRUSTEES AND THE ASSET MANAGEMENT COMPANY

A. Sponsor

HSBC Mutual Fund is sponsored by HSBC Securities and Capital Markets (India) Private Limited (HSCI). The Sponsor is the Settler of the Mutual Fund Trust. The Sponsor has entrusted a sum of Rs. 1,00,000/- (Rupees One Lakh only) to the Trustee as the initial contribution towards the corpus of the Mutual Fund.

HSCI offers integrated investment banking services, securities and corporate finance & advisory. HSCI is a member of the Bombay Stock Exchange Limited and National Stock Exchange (capital and derivative market segments). HSCI holds 100% of the paid-up equity share capital of HSBC Asset Management (India) Private Limited.

B. HSBC Mutual Fund

HSBC Mutual Fund (“the Mutual Fund” or “the Fund”) has been constituted as a Trust in accordance with the provisions of the Indian Trusts Act, 1882 (2 of 1882) vide a Trust Deed dated February 7, 2002 (as amended) with HSBC Securities and Capital Markets (India) Private Limited, as the Sponsor and HSBC Trustees (India) Private Limited. The Trustee has entered into an Investment Management Agreement dated February 7, 2002 (as amended) with HSBC Asset Management (India) Private Limited (AMC) to function as the Investment Manager for all the schemes of the Fund. The Fund was registered with SEBI vide registration number MF/046/02/5 dated May 27, 2002.

The Trust has been formed for the purpose of pooling of capital from the public for collective investment in securities for the purpose of providing facilities for participation by persons as beneficiaries in such investments and in the profits/income arising therefrom.

C. HSBC Trustees (India) Private Limited (the Trustees)

The Trustees are the exclusive owner of the Trust Fund and holds the same in trust for the benefit of the unitholders. The Trustees have been discharging their duties and carrying out the responsibilities as provided in the SEBI (Mutual Funds) Regulations, 1996 and the Trust Deed. The Trustees seek to ensure that the Fund and the schemes floated there under are managed by the AMC in accordance with the Trust Deed, the said Regulations, directions and guidelines issued by the SEBI, the Stock Exchanges, the Association of Mutual Funds in India and other regulatory agencies.

Trustees’ Report
For the year ended March 31, 2024 (Contd...)

During the year, HSBC Securities and Capital Markets (India) Private Limited (“HSCI”), Sponsors of HSBC Mutual Fund) established a private limited company with limited liability to act as the “Trustee” of HSBC Mutual Fund. HSBC Trustees (India) Private Limited (“HTIP”) was incorporated on 9 January 2024. Accordingly, HTIP has replaced the Board of Trustees of HSBC Mutual Fund w.e.f. 1 March 2024, and the Company through its Board of Directors has been discharging its obligations as the “Trustees” of the Fund from this date.

As of March 31, 2024, HSCI holds 100% of the paid-up equity share capital of HTIP.

D. Asset Management Company (the AMC)

HSBC Asset Management (India) Private Limited (the Investment Manager or the AMC) is a private limited company incorporated under the Companies Act, 1956 on December 12, 2001 having its Registered Office at 9-11 Floors, NESCO IT Park, Building no. 3, Western Express Highway, Goregaon (East), Mumbai – 400 063. HSBC Asset Management (India) Private Limited has been appointed as the Asset Management Company of HSBC Mutual Fund by the Trustee vide Investment Management Agreement (IMA) dated February 7, 2002 (as amended) and executed between the Trustees and the AMC. SEBI approved the AMC to act as the Investment Manager of the Fund vide its letter No. MFD/BC/163/2002 dated May 27, 2002. The paid-up equity share capital of the AMC is Rs. 344.41 crores. The AMC is registered as a Portfolio Manager under the SEBI (Portfolio Managers) Regulations, 1993 vide registration no. INP000001322. The AMC also offers non-binding Advisory services to offshore funds under the mutual fund license.

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

3. INVESTMENT OBJECTIVE OF THE SCHEMES

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

4. SIGNIFICANT ACCOUNTING POLICIES

The Significant Accounting Policies form part of the Notes to the Accounts annexed to the Balance Sheet of the Schemes in the Full Annual Report. The accounting policies are in accordance with Securities Exchange Board of India (Mutual Funds) Regulations, 1996 and Indian Accounting Standards (IND AS) notified under section 133 of the Companies Act, 2013 (the “Act” read with the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time.

5. UNCLAIMED DIVIDENDS & REDEMPTIONS

Summary of number of investors & corresponding amount as on March 31, 2024:

Scheme Name	Unclaimed Dividend		Unclaimed Redemption	
	No. of Investors	Amount (₹)	No. of Investors	Amount (₹)
HSBC Banking & PSU Debt Fund	182	23,942.00	10	157,161.74

6. INVESTOR SERVICES

The number of official points of acceptance of transactions are 210 locations. In addition to the offices of the Registrar & Transfer Agent, the AMC has its own office in 61 locations and Investor Service Centers in 39 locations. The AMC has 2 Toll Free numbers (1800-4190-200/1800-200-2434) which can be dialed from anywhere in India and 1 number i.e. +91 44 39923900 (Investors calling from abroad). The call center service is being managed by the Registrar and Transfer Agents. HSBC Mutual Fund offers the online transaction facility through the AMC’s website at www.assetmanagement.hsbc.co.in.

On the distribution front, the number of empaneled distributors were 59046 as on March 31, 2024. During the year, the AMC initiated tie-ups for online distribution of the Mutual Fund’s schemes with several channel partners taking the total number of such tie-ups to 160 as on March 31, 2024.

Trustees' Report

For the year ended March 31, 2024 (Contd...)

7. DETAILS OF INVESTOR GRIEVANCE REDRESSAL

The details of the redressal of investor complaints received against HSBC Mutual Fund during April 2023 - March 2024 are as follows:

2023-2024												
Com-plaint code	Type of Complaint	(a) No. of complaints pending at the beginning of the period	(b) No. of complaints received during the given period	Action on (a) and (b)								
				Resolved				Non Action-able*	Pending			
				Within 30 days	30-60 days	60-180 days	Beyond 180 days		0-3 months	3-6 months	6-9 months	9-12 months
I A	Non receipt of amount declared under Income Distribution cum Capital Withdrawal option	1	10	11	0	0	0	0	0	0	0	0
I B	Interest on delayed payment of amount declared under Income Distribution cum Capital Withdrawal option	0	1	1	0	0	0	0	0	0	0	0
I C	Non receipt of Redemption Proceeds	1	38	39	0	0	0	0	0	0	0	0
I D	Interest on delayed payment of Redemption	0	2	2	0	0	0	0	0	0	0	0
II A	Non receipt of Statement of Account/Unit Certificate	0	3	3	0	0	0	0	0	0	0	0
II B	Discrepancy in Statement of Account	1	22	23	0	0	0	0	0	0	0	0
II C	Data corrections in Investor details	1	250	249	0	0	0	0	2	0	0	0
II D	Non receipt of Annual Report/ Abridged Summary	0	0	0	0	0	0	0	0	0	0	0
III A	Wrong switch between Schemes	0	2	2	0	0	0	0	0	0	0	0
III B	Unauthorized switch between Schemes	0	1	1	0	0	0	0	0	0	0	0
III C	Deviation from Scheme attributes	0	1	1	0	0	0	0	0	0	0	0
III D	Wrong or excess charges/load	0	0	0	0	0	0	0	0	0	0	0
III E	Non updation of changes viz. address, PAN, bank details, nomination, etc	1	127	127	0	0	0	0	1	0	0	0
III F	Delay in allotment of Units	0	5	4	1	0	0	0	0	0	0	0
III G	Unauthorized Redemption	0	0	0	0	0	0	0	0	0	0	0
IV	Others**	1	78	76	0	0	0	0	3	0	0	0
	TOTAL	6	540	539	1	0	0	0	6	0	0	0

** As per AMFI Best Practice Guidelines Circular No.25/2011-12 for Revisions in the Guidelines on Standardization of Complaints / Grievances Reporting Procedure. If "Others" include a type of complaint which is more than 10% of overall complaints, then such a reason should be provided separately. Hence, data corrections in Investor Details are included as a separate category.

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

Summary of Complaints for FY 2023-24

Particulars	Count
Total complaints received	540
Total number of folios	21,39,406
% of complaints against the folio	0.025

Trustees' Report

For the year ended March 31, 2024 (Contd...)

8. INVESTOR EDUCATION INITIATIVES

During the FY 2023-24, the AMC conducted the following investor education and awareness initiatives:

- An integrated multi-media marketing campaign on SIP Hai 'FaydeWaliAadat' aimed to tap into the aspirations, financial goals, and unique spending habits of millennials.
- Editorial content on Systematic Investment Plans (SIP) created across 15 states through various regional television channels.
- Investor education content on the Platform - Quora.
- 'Be Money Confident' video series targeting women through Jio Platforms.
- Campaign on Women & Investing for Women's Day.
- Campaign for Marathon enthusiast on the similarities between running a Marathon & Investing.
- Financial literacy virtual event on the occasion of Mother's Day, which received more than 725 registered users.
- A mom blogger outreach program to reach Women Investors with financial education content on MF on the occasion of Mother's Day.
- Education campaign on ELSS executed for working audiences.
- Blogs and content for Investor Education properties like SIP Sahi Hai in Value Research, Gyan Guroovaar on Facebook, Investment Ki Paathshala on the website and investor education blogs on the platform - Advisor Khoj.
- 1,462 Investor Education programs to reach out to an audience of 71,465 people out of which 458 were women programs attended by 20,139 women.

9. PROXY VOTING POLICY

As per para 6.16 of SEBI Master Circular on Mutual Funds dated June 27, 2024, the Fund has adopted Proxy Voting Policy and Procedures for exercising voting rights in respect of securities held by the Schemes. (please refer Proxy Voting Policy and Procedures)

The summary of the votes casted in the general meetings of the Investee companies, by the AMC for and on behalf of the Schemes of the Fund, for the financial year 2023-24 is provided below:

Quarter	Total no. of resolutions	Break-up of Vote decision		
		For	Against	Abstained
April 2023 - June 2023	387	260	75	52
July 2023 - September 2023	2,169	1607	448	114
October 2023 - December 2023	197	138	37	22
January 2024 - March 2024	319	240	50	29
TOTAL	3,072	2,245	610	217

As per para 6.16.7 of SEBI Master Circular on Mutual Funds dated June 27, 2024, the AMC has obtained certificate from M/s. M. P. Chitale & Co., Chartered Accountants, who is acting as a Scrutinizer, on the voting report for the FY 2023-24. The certificate dated May 22, 2024 issued by M/s. M. P. Chitale & Co., is available on the website of the AMC as part of the full Annual Report.

Unitholders can refer to the full Annual Report for complete details of actual exercise of votes in the general meetings of the investee companies for the financial year 2023-24 or log on to our website at www.assetmanagement.hsbc.co.in.

Trustees' Report

For the year ended March 31, 2024 (Contd...)

10. STATUTORY DETAILS

- The Sponsors are not responsible or liable for any loss resulting from the operation of the Schemes of the Fund beyond initial contribution of Rs. 1 lakh for setting up the Fund.
- The price and redemption value of the units, and income from them, can go up as well as down with fluctuations in the market value of its underlying investments.
- Full Annual Report of HSBC Mutual Fund and of HSBC Asset Management (India) Private Limited (the AMC) shall be disclosed on the website at www.assetmanagement.hsbc.co.in and shall be available for inspection at the Head Office of the Mutual Fund. Present and prospective unitholders can obtain copy of the Trust Deed, the full Annual Report of the Scheme(s), the Annual Report of HSBC Asset Management (India) Private Limited and the text of the relevant Scheme(s) at a price.

11. CHANGES IN RISK-O-METER OF THE SCHEME DURING FY 2023-24

As per para 17.4. of SEBI Master Circular on Mutual Funds dated June 27, 2024 on product labelling, the changes carried out in the risk-o-meter of the schemes of HSBC Mutual Fund during FY 2023-24 have been given in the below mentioned table for the information of the unitholders, a report on the said changes has also been displayed on the website of the Fund and AMFI.

Scheme Name	Risk-o-meter level as on March 31, 2023	Risk-o-meter level as on March 31, 2024	Number of changes in Risk-o-meter during the F.Y. 2023-24)
HSBC Banking & PSU Debt Fund	Moderate	Low to Moderate	1

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

As per para 6.16.15 of SEBI Master Circular on Mutual Funds dated June 27, 2024, HSBC Mutual Fund has adapted the policy on stewardship responsibilities, the unitholders are requested to note the status of governance with the same as mentioned below:

S. No.	Particulars of Principles of Stewardship Code	Status of compliance (Complied/ Not Complied)	Description	Remarks/ reasons for deviation/non-compliance, if any
1	Principle 1: Institutional Investors should formulate a comprehensive policy on the discharge of their stewardship responsibilities, publicly disclose it, review and update it periodically.	Complied	HSBC Asset Management (India) Private Limited's (AMIN) 'Policy on Stewardship responsibilities' (Stewardship Code/ Policy) was formulated and implemented on 01 July, 2020. This is a comprehensive document which has been publicly disclosed on the website of AMIN. The same shall follow a periodic review.	N.A.
2	Principle 2: Institutional investors should have a clear policy on how they manage conflicts of interest in fulfilling their stewardship responsibilities and publicly disclose it.	Complied	Defining and managing Conflict of Interest in fulfilling stewardship responsibilities are detailed in the Stewardship Policy document. The policy document is publicly disclosed.	N.A.

Trustees' Report

For the year ended March 31, 2024 (Contd...)

S. No.	Particulars of Principles of Stewardship Code	Status of compliance (Complied/ Not Complied)	Description	Remarks/ reasons for deviation/non-compliance, if any
3	Principle 3: Institutional investors should monitor their investee companies.	Complied	AMIN monitors all investee companies through its investment process. This includes assessment of companies' own and market data, consideration of research from brokers and other independent research providers – including ESG & voting research, attending individual & group meetings with company management and directors, visiting production sites (wherever necessary), engaging with key stakeholders including competitors and customers, and financial modelling. More details enumerated in the policy document	N.A.
4	Principle 4: Institutional investors should have a clear policy on intervention in their investee companies. Institutional investors should also have a clear policy for collaboration with other institutional investors where required, to preserve the interests of the ultimate investors, which should be disclosed.	Complied	Details of undertaking active engagement with investee companies and the policy for collaboration with other institutional holders are detailed in the policy document. The policy document is publicly disclosed.	N.A.
5	Principle 5: Institutional investors should have a clear policy on voting and disclosure of voting activity.	Complied	AMIN has a clear and detailed voting policy which provides the framework for the voting decisions. All voting decisions shall be in accordance with AMIN's Voting Policy and Procedures, which is disclosed on the website. AMIN discloses the details of the voting on its website on a quarterly basis within 10 working days from the end of the quarter. Additionally, AMIN also discloses the details of the votes cast, in the annual report of the schemes of HSBC Mutual Fund.	N.A.
6	Principle 6: Institutional investors should report periodically on their stewardship activities.	Complied	The annual status report of the stewardship code and quarterly report on proxy voting are publicly disclosed on the website as required under SEBI Regulations.	N.A.

Trustees' Report

For the year ended March 31, 2024 (Contd...)

13. DISCLOSURES PERTAINING TO NAV ADJUSTED DURING THE FINANCIAL YEAR FOR SWING FACTOR ALONG WITH THE PERFORMANCE IMPACT

Sr No.	Period of applicability of swing pricing	Scheme Name	Unswung NAV	Swing factor applied	Whether optional or mandatory
NIL					

14. SIGNIFICANT EVENT AFTER THE END OF THE FINANCIAL YEAR

NIL

15. ACKNOWLEDGEMENTS

The Trustees wish to thank the unitholders of the Schemes for their support throughout the year, and also thank the Government of India, the Securities and Exchange Board of India (SEBI), the Reserve Bank of India (RBI) and the Association of Mutual Funds in India (AMFI) for the guidance provided by them. The Trustees also appreciate the services provided by the Registrar and Transfer Agent, Fund Accountant, Custodian, Bankers, Distributors and Brokers. The guidance and services provided by the auditors and advocates and the ebullience, sincerity and dedication of the employees of HSBC Asset Management (India) Private Limited is also appreciated.

The Trustees look forward to the continued support of everyone.

For and on behalf of **HSBC Trustees (India) Private Ltd.**

Sd/-

Director

Mumbai

July 19, 2024

Independent Auditors' Report

To the Board of Directors of HSBC Trustees (India) Private Limited (the "Trustee")

HSBC Banking & PSU Debt Fund

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **HSBC Banking & PSU Debt Fund** (the "Scheme") of HSBC Mutual Fund (the "Fund"), which comprise the Balance Sheet as at March 31, 2024, the Revenue Account and the Cash Flow Statement for the year then ended, and notes to the financial statements, including a summary of material accounting policy and other explanatory information.

In our opinion, and to the best of our information and according to the explanations given to us, the aforesaid financial statements of the Scheme give a true and fair view in conformity with the Indian Accounting Standards ("Ind AS") prescribed under section 133 of the Companies Act, 2013 (the "Act") read with Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India, including the accounting policies and standards specified in the Regulation 50 and Ninth Schedule to the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 ("the SEBI Regulations") (collectively referred to as the "Regulations") as amended:

- a. in the case of the Balance Sheet, of the state of affairs of the Scheme as at March 31, 2024;
- b. in the case of the Revenue Account, of the net surplus for the year ended on that date; and
- c. in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing ("SAs") and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India (the "ICAI"). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Scheme in accordance with the Code of Ethics issued by the ICAI together with the ethical requirements that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Information Other than the Financial Statements and Auditor's Report Thereon

The Board of Directors of HSBC Asset Management (India) Private Limited (the "AMC") and the Board of Directors of HSBC Trustees (India) Private Limited (the "Trustees") (collectively referred to as "the Management") are responsible for the other information. The other information comprises the information included in the Trustees report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

The Management is responsible for the preparation of these financial statements that give a true and fair view of the state of affairs, results of operations and cash flows of the Scheme in accordance with the accounting principles generally accepted in India, including the accounting policies and standards specified in Regulations. This responsibility also includes maintenance of adequate accounting records in accordance with the SEBI

Independent Auditors' Report *(Contd...)*

Regulations for safeguarding of the assets of the Scheme and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Management is responsible for assessing the Scheme's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management, either intends to liquidate the Scheme or to cease operations, or has no realistic alternative but to do so.

Those Charged with Governance are also responsible for overseeing the Scheme's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Scheme's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Scheme to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide to those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Independent Auditors' Report *(Contd...)*

Report on Other Legal and Regulatory Requirements

1. As required by regulation 55(4) and clause 5(ii)(2) of the Eleventh Schedule of the SEBI Regulations, we report that:
 - a. we have sought and obtained all the information and explanations which, to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b. in our opinion, the Balance Sheet and the Revenue Account dealt with by this report have been prepared in accordance with the accounting policies and standards specified in the Regulations; and
 - c. the Balance Sheet, the Revenue Account and the Cash Flow Statement, dealt with by this report are in agreement with the books of accounts of the Scheme.
2. In our opinion, the methods used to value non-traded securities as at March 31, 2024, as determined by the Management under procedures approved by the Trustees in accordance with the guidelines for valuation of securities for mutual funds as mentioned in the Eighth Schedule to the SEBI Regulations, are fair and reasonable.

For **M S K A & Associates**

Chartered Accountants

ICAI Firm Registration No. 105047W

Sd/-

Swapnil Kale

Partner

Membership No: 117812

UDIN: 24117812BKFIRD8727

Place : Mumbai

Date : July 19, 2024

Abridged Balance Sheet as at March 31, 2024

Rs. in Lakhs

	As at March 31, 2024	As at March 31, 2023	As at April 1, 2022
LIABILITIES			
1 Unit Capital	203,493.72	223,775.14	214,302.79
2 Reserves & Surplus			
2.1 Unit Premium Reserves	13,332.53	14,774.25	14,221.87
2.2 Unrealised Appreciation Reserve	21.24	–	14.44
2.3 Other Reserves	248,118.28	237,673.44	216,293.41
3 Loans & Borrowings	–	–	–
4 Current Liabilities & Provisions			
4.1 Provision for Doubtful Income/Deposits	–	–	–
4.2 Other Current Liabilities & Provisions	2,859.23	89,995.40	229.90
TOTAL	467,825.00	566,218.23	445,062.40
ASSETS			
1 Investments			
1.1 Listed Securities:			
1.1.1 Equity Shares	–	–	–
1.1.2 Preference Shares	–	–	–
1.1.3 Equity Linked Debentures	–	–	–
1.1.4 Other Debentures & Bonds	344,418.22	304,214.23	303,702.16
1.1.5 Securitised Debt Securities	–	–	–
1.2 Securities Awaited Listing:			
1.2.1 Equity Shares	–	–	–
1.2.2 Preference Shares	–	–	–
1.2.3 Equity Linked Debentures	–	–	–
1.2.4 Other Debentures & Bonds	–	–	–
1.2.5 Securitised Debt Securities	–	–	–
1.3 Unlisted Securities:			
1.3.1 Equity Shares	–	–	–
1.3.2 Preference Shares	–	–	–
1.3.3 Equity Linked Debentures	–	–	–
1.3.4 Other Debentures & Bonds	–	–	–
1.3.5 Securitised Debt Securities	–	–	–
1.4 Government Securities	100,918.90	136,542.95	125,692.19
1.5 Treasury Bills	–	–	–
1.6 Commercial Paper	–	–	–
1.7 Certificate of Deposits	–	–	–
1.8 PTC	–	–	–
1.9 Units of Domestic Mutual Fund	–	–	–
1.10 Foreign Securities	–	–	–
1.11 AIF Investment	1,165.60	–	–
Total Investments	446,502.71	440,757.18	429,394.35
2 Deposits	9.88	498.61	91.36
3 Other Current Assets			
3.1 Cash & Bank Balance	12.63	605.47	270.64
3.2 CBLO/TREPS/Reverse Repo Lending	6,892.18	109,595.96	4,550.71
3.3 Others	14,407.59	14,761.01	10,755.34
4 Deferred Revenue Expenditure (to the extent not written off)	–	–	–
TOTAL	467,825.00	566,218.23	445,062.40

Notes to Accounts - Annexure I

Abridged Revenue Account for the year ended March 31, 2024

Rs. in Lakhs

		Current Year ended March 31, 2024	Previous Year ended March 31, 2023	
1	INCOME			
1.1	Dividend	—	—	
1.2	Interest	31,017.39	27,705.96	
1.3	Realised Gain/(Loss) on Foreign Exchange Transactions	—	—	
1.4	Realised Gains/(Losses) on Interscheme Sale of Investments	—	—	
1.5	Realised Gains/(Losses) on External Sale/Redemption of Investments	(2,933.98)	(7,298.27)	
1.6	Realised Gains/(Losses) on Derivative Transactions	—	—	
1.7	Other Income	2.99	1.31	
	(A)	28,086.41	20,409.00	
2	EXPENSES			
2.1	Management Fees	692.06	644.93	
2.2	GST on Management Fees	124.57	116.09	
2.3	Transfer Agents Fees and Expenses	131.33	132.65	
2.4	Custodian Fees	2.46	5.69	
2.5	Trusteeship Fees	2.01	2.42	
2.6	Commission to Agents	362.02	409.50	
2.7	Marketing & Distribution Expenses	0.06	3.00	
2.8	Audit Fees	0.76	5.18	
2.9	Investor Education Expenses	92.07	87.58	
2.10	Interest on Borrowing	—	—	
2.11	Brokerage & Transaction Costs	13.08	21.38	
2.12	Other Operating Expenses	9.30	13.64	
	(B)	1,429.70	1,442.05	
3	NET REALISED GAINS/(LOSSES) FOR THE YEAR	(C = A - B)	26,656.71	18,966.95
4	Change in Unrealised Depreciation in Value of Investments	(D)	5,375.20	(8,788.24)
5	NET GAINS/(LOSSES) FOR THE YEAR	(E = C + D)	32,031.90	10,178.71
6	Change in Unrealised Appreciation in Value of Investments	(F)	21.24	—
7	NET SURPLUS/(DEFICIT) FOR THE YEAR	(G = E + F)	32,053.14	10,178.71
7.1	Add: Balance Transfer from Unrealised Appreciation Reserve	—	14.44	
7.2	Less: Balance Transfer to Unrealised Appreciation Reserve	21.24	—	
7.3	Add/(Less) : Equalisation	(21,521.14)	11,251.07	
7.4	Transfer from Reserve Fund	237,673.44	216,293.41	
7.5	Transfer from Unit Premium Reserve	(9.69)	—	
8	Total	248,174.51	237,737.62	
9	Dividend Appropriation			
9.1	Income Distributed during the Year	(56.23)	(64.18)	
9.2	Tax on Income Distributed during the Year	—	—	
10	Retained Surplus/(Deficit) Carried Forward to Balance Sheet	248,118.28	237,673.44	

Notes to Accounts - Annexure I

Key Statistics for the year ended March 31, 2024

	Current Year ended March 31, 2024	Previous Year ended March 31, 2023
1. NAV per unit (Rs.):		
Open		
Regular Plan - Growth Option	20.6149	20.2002
Regular Plan - Daily IDCW Option	11.1160	11.1160
Regular Plan - Weekly IDCW Option	10.2837	10.7682
Regular Plan - Monthly IDCW Option	10.7452	11.1814
Direct Plan - Growth Option	21.5296	21.0165
Direct Plan - Daily IDCW Option	11.1907	11.1907
Direct Plan - Weekly IDCW Option	10.3657	10.7854
Direct Plan - Monthly IDCW Option	11.2734	11.6557
High		
Regular Plan - Growth Option	22.0337	20.6149
Regular Plan - Daily IDCW Option	11.1216	11.1160
Regular Plan - Weekly IDCW Option	10.3581	10.7639
Regular Plan - Monthly IDCW Option	10.8529	11.1784
Direct Plan - Growth Option	23.0989	21.5296
Direct Plan - Daily IDCW Option	11.1967	11.1907
Direct Plan - Weekly IDCW Option	10.3861	10.7816
Direct Plan - Monthly IDCW Option	11.3960	11.6532
Low		
Regular Plan - Growth Option	20.6275	19.5905
Regular Plan - Daily IDCW Option	11.0905	10.7805
Regular Plan - Weekly IDCW Option	10.3025	10.2837
Regular Plan - Monthly IDCW Option	10.5995	10.7048
Direct Plan - Growth Option	21.5435	20.3905
Direct Plan - Daily IDCW Option	11.1655	10.8573
Direct Plan - Weekly IDCW Option	10.3301	10.3103
Direct Plan - Monthly IDCW Option	11.1944	11.2155
End		
Regular Plan - Growth Option	22.0337	20.6149
Regular Plan - Daily IDCW Option	11.1216	11.1160
Regular Plan - Weekly IDCW Option	10.3397	10.3383
Regular Plan - Monthly IDCW Option	10.6183	10.7452
Direct Plan - Growth Option	23.0989	21.5296
Direct Plan - Daily IDCW Option	11.1967	11.1907
Direct Plan - Weekly IDCW Option	10.3672	10.3657
Direct Plan - Monthly IDCW Option	11.2272	11.2734
2. Closing Assets Under Management (Rs. in Lakhs)		
End	464,966	470,254
Average (AAuM) ¹	460,358	437,882
3. Gross income as % of AAuM ²	6.10%	4.66%
4. Expense Ratio:		
a. Total Expense as % of AAuM (including GST on Management fees) (plan wise)		
Regular Plan	0.61%	0.61%
Direct Plan	0.23%	0.23%

Key Statistics for the year ended March 31, 2024 (Contd...)

	Current Year ended March 31, 2024	Previous Year ended March 31, 2023
b. Management Fee as % of AAuM (plan wise)		
Regular Plan	0.16%	0.15%
Direct Plan	0.15%	0.15%
5. Net Income as a percentage of AAuM ³	5.79%	4.33%
6. Portfolio turnover ratio ⁴	N.A.	N.A.
7. Total IDCW per unit distributed during the year (plan wise)		
Retail		
Regular Plan - Daily IDCW Option	0.7345	0.2260
Regular Plan - Weekly IDCW Option	0.6863	0.6339
Regular Plan - Monthly IDCW Option	0.8400	0.6500
Direct Plan - Daily IDCW Option	0.7834	0.2700
Direct Plan - Weekly IDCW Option	0.7273	0.6644
Direct Plan - Monthly IDCW Option	0.8400	0.6500
Corporate		
Regular Plan - Daily IDCW Option	0.7345	0.2260
Regular Plan - Weekly IDCW Option	0.6863	0.6339
Regular Plan - Monthly IDCW Option	0.8400	0.6500
Direct Plan - Daily IDCW Option	0.7834	0.2700
Direct Plan - Weekly IDCW Option	0.7273	0.6644
Direct Plan - Monthly IDCW Option	0.8400	0.6500
8. Returns (%):		
a. Last One Year		
Scheme		
Regular Plan - Growth Option	6.86%	2.05%
Direct Plan - Growth Option	7.27%	2.44%
Benchmark⁵		
NIFTY Banking & PSU Debt Index A II	7.20%	3.71%
b. Since Inception		
Scheme		
Regular Plan - Growth Option	7.08%	7.10%
Direct Plan - Growth Option	7.49%	7.51%
Benchmark⁵		
NIFTY Banking & PSU Debt Index A II	7.45%	7.55%

1. AAuM = Average daily net assets

2. Gross income = amount against (A) in the Revenue Account i.e. Income

3. Net income = amount against (C) in the Revenue Account i.e. Net Realised Gains/(Losses) for the year

4. Portfolio Turnover = Lower of sales or purchase divided by the Average AuM for the year

5. Benchmark returns provided for previous year is as per Old Benchmark

Old Benchmark	New Benchmark	Effective date
NIFTY Banking & PSU Debt Index	NIFTY Banking & PSU Debt Index A II	20th March, 2024

Notes to Accounts – Annexure I

To the Abridged Balance Sheet and Revenue Account for the year ended March 31, 2024

1 Investments:-

- 1.1. It is confirmed that investments of the scheme are registered in the name of the Trustees for the benefit of the Scheme's unitholders.
- 1.2. Open Positions of derivatives as on year ended March 31, 2024 and March 31, 2023 are NIL.
- 1.3. Investment in Associates and Group Companies as at the year ended March 31, 2024 and March 31, 2023 are NIL.
- 1.4. Open position of Securities Borrowed and/or Lent by the scheme as on the year ended March 31, 2024 and March 31, 2023 are NIL.
- 1.5. Investment in Below investment grade and default/Securities in default as on March 31, 2024 and March 31, 2023 are NIL.
- 1.6. Aggregate Unrealised Gain/Loss as at the end of the financial year 2024 and 2023 and their percentage to net assets are as under :

(Rs. In Lakhs)

Scheme Name/Security Type	Amount	Percentage to Net Assets	Amount	Percentage to Net Assets
	As at March 31, 2024		As at March 31, 2023	
Bonds and Debentures				
- Appreciation	197.89	0.04	95.51	0.02
- Depreciation	3,842.06	0.83	7,845.84	1.67
Alternate Investment Fund (CDMDF)				
- Appreciation	21.24	0.00~	-	-
- Depreciation	-	-	-	-
Central and State Government Securities				
- Appreciation	101.74	0.02	-	-
- Depreciation	810.22	0.17	1,977.51	1.67

(~) - Indicates less than 0.01%

- 1.7. The aggregate value of investment securities (excluding CBLO/TREPS and Reverse Repos) purchased and sold (including matured) during the financial year 2023-24 (excluding accretion of discount) are Rs. 179,379.58 lakhs and Rs. 176,096.50 lakhs being 38.97% and 38.25% of the average net assets.

The aggregate value of investment securities (excluding CBLO/TREPS and Reverse Repos) purchased and sold (including matured) during the financial year 2022-23 (excluding accretion of discount) are Rs. 242,410.60 lakhs and Rs. 216,152.07 lakhs being 55.36% and 49.36% of the average net assets.

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

Security Category	Amount (Rs. In Lakhs)	Percentage to Net Assets	Amount (Rs. In Lakhs)	Percentage to Net Assets
	2024		2023	
Debt	344,418	0.74	237,300	0.50
Total	344,418	0.74	237,300	0.50

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

To the Abridged Balance Sheet and Revenue Account for the year ended March 31, 2024

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

During the year 2023-24, The Hongkong and Shanghai Banking Corporation Limited, an associate entity of HSBC Asset Management (India) Private Limited was paid collection/bank charges amounting to Rs. Nil.

During the year 2022-23, The Hongkong and Shanghai Banking Corporation Limited, an associate entity of HSBC Asset Management (India) Private Limited was paid collection/bank charges amounting to Rs. Nil.

Commission paid to Sponsor/AMC and its associates/related parties/group companies

Name of Sponsor/ AMC and its associates/related parties/group companies	Nature of Association / Nature of Relation	Period Covered	Business Given [Rs. In lakhs]	% of Total Business received by the Fund	Commission paid [Rs. In Lakhs]	% of Total commission paid by the Fund
The Hongkong and Shanghai Banking Corporation Limited	Group Company	2023-2024	741.05	1.89	2.26	0.64
The Hongkong and Shanghai Banking Corporation Limited	Group Company	2022-2023	1,887.48	0.94	0.78	0.21

Brokerage paid to Sponsor/AMC and its associates/related parties/group companies is NIL. (Previous year also NIL).

- 3 None of the Investors held more than 25% of the total net assets of the schemes at the year ended March 31, 2024 and March 31, 2023.
- 4 Unit Capital movement during the year ended March 31, 2024, March 31, 2023 and March 31, 2022:

Description	Opening Units	Subscription	Redemption	Closing Units	Face value
2023-24					
Regular Plan - Growth Option	526,626,855.762	25,417,682.555	148,836,158.691	403,208,379.627	10
Regular Plan - Daily IDCW Option	71,719.530	36,278.604	47,347.710	60,650.424	10
Regular Plan - Weekly IDCW Option	226,582.549	38,633.637	111,298.788	153,917.398	10
Regular Plan - Monthly IDCW Option	1,007,361.777	33,853.900	541,505.634	499,710.043	10
Direct Plan - Growth Option **	1,703,991,230.410	149,607,838.063	228,466,341.364	1,625,132,727.110	10
Direct Plan - Daily IDCW Option	25,089.882	4,402.556	5,187.286	24,305.153	10
Direct Plan - Weekly IDCW Option	18,299.425	3,414.995	2,671.666	19,042.754	10

Notes to Accounts – Annexure I (Contd...)**To the Abridged Balance Sheet and Revenue Account for the year ended March 31, 2024**

Description	Opening Units	Subscription	Redemption	Closing Units	Face value
Direct Plan - Monthly IDCW Option	5,784,294.715	77,777.206	23,647.810	5,838,424.111	10
	2022-23				
Regular Plan - Growth Option	554,805,568.185	140,510,972.451	168,689,684.874	526,626,855.762	10
Regular Plan - Daily IDCW Option	90,406.417	24,806.848	43,493.735	71,719.530	10
Regular Plan - Weekly IDCW Option	206,118.609	54,107.707	33,643.767	226,582.549	10
Regular Plan - Monthly IDCW Option	990,756.021	576,846.224	560,240.468	1,007,361.777	10
Direct Plan - Growth Option**	1,577,329,597.741	806,025,615.179	679,363,982.511	1,703,991,230.410	10
Direct Plan - Daily IDCW Option	25,831.392	996.038	1,737.549	25,089.882	10
Direct Plan - Weekly IDCW Option	193,126.129	3,763.103	178,589.807	18,299.425	10
Direct Plan - Monthly IDCW Option	9,386,490.786	20,215.211	3,622,411.282	5,784,294.715	10
	2021-22				
Regular Plan - Growth Option	623,268,551.633	211,313,952.518	279,776,935.966	554,805,568.185	10
Regular Plan - Daily IDCW Option	82,597.798	62,462.222	54,653.603	90,406.417	10
Regular Plan - Weekly IDCW	441,052.756	27,773.811	262,707.958	206,118.609	10
Regular Plan - Monthly IDCW Option	735,342.757	632,443.127	377,029.863	990,756.021	10
Direct Plan - Growth Option**	1,798,360,516.976	953,250,486.408	1,174,281,405.644	1,577,329,597.741	10
Direct Plan - Daily IDCW Option	30,052.953	7,179,265.440	7,183,487.002	25,831.392	10
Direct Plan - Weekly IDCW Option	189,922.036	18,139.491	14,935.398	193,126.129	10
Direct Plan - Monthly IDCW Option	11,247,737.529	288,863,602.622	290,724,849.365	9,386,490.786	10

** Units held by the AMC (Seed Capital) in Direct Plan Growth Option as on March 31, 2024 is 1,522,506.531 & as on March 31, 2023 is 1,522,506.531 & as on March 31, 2022 is 344,758.469.

5 Previous year's/period figures have been re-grouped/re-arranged where necessary.

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

To the Abridged Balance Sheet and Revenue Account for the year ended March 31, 2024

- 6 There are no contingent liabilities and other commitments as on March 31, 2024 and March 31, 2023. Contingent asset is neither recognized nor disclosed in the financial statements.
- 7 Expenses other than Management Fees are Inclusive of GST where applicable.
- 8 Other income: Rs. 2.99 lakhs represents Exit load credited to the scheme (2023: Rs. 1.31 lakhs represents Exit load credited to the scheme).

9 Investor Education Awareness

As mandated by SEBI vide circular no. CIR/IMD/DF/21/2012 dated September 13, 2012 an annual charge of 0.02 percent of daily net assets, being a part of total recurring expenses is set aside for Investor Education and Awareness (IEA). In view of the AMFI Best Practices Guidelines Circular No. 56/2015-16, the IEF (Investor Education Fund) accrual is set aside in a separate bank account and the consolidated balance across all schemes as on March 31, 2024.

Pursuant to SEBI circular dated May 23, 2022, w.e.f. July 01, 2022, the limit of 0.02% p.a. has been reduced to 0.01% p.a. in case of ETFs/Index Funds. Furthermore, Fund of Funds (FoFs) investing more than 80% of its NAV in the underlying domestic funds have discontinued setting aside 0.02% p.a. of daily net assets towards IEAI.

The break-up of which is as under:

	March 31, 2024	March 31, 2023
Particulars	Amount (Rs. In Lakhs)	Amount (Rs. In Lakhs)
Opening Balance as on April 01, 2023	997.09	460.22
Add: Accrual during FY 2023-24	1,962.01	1,432.00
Less: Transferred to AMFI *	889.11	646.75
Less: Payable to AMFI (March 2024 accrual) *	91.90	69.25
Add: Investment Income FY 2023-24	77.08	166.42
Less: Spent during FY 2023-24	1,877.44	345.55
Closing Balance as on March 31, 2024	177.73	997.09

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

The IEA disclosure's are presented for surviving schemes only.

- 10 Pursuant to SEBI Circular No. SEBI/HO/IMD/DF3/CIR/P/2020/194 dated October 05, 2020, the nomenclature of 'Dividend Option' under all the schemes of HSBC Mutual Fund has been revised to 'Income Distribution cum Capital Withdrawal Option' (IDCW), with effect from April 01, 2021.
- 11 Securities, excluding debt securities, where the non-traded investments which have been valued "in good faith" exceed 5% of the net assets at the end of the year is NIL.
- 12 Debt securities which have been valued at a price other than the price given by the independent valuation agencies at the end of the year is NIL.
- 13 **Disclosure of Risk-o-meter**

Scheme Name	Risk-o-meter level at end of the financial year i.e. March 31, 2024	Risk-o-meter level as on March 31, 2023	Number of changes in Risk-o-meter during the financial year (March 2023 to March 2024)
HSBC Banking & PSU Debt Fund	Moderate	Low to Moderate	1

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

To the Abridged Balance Sheet and Revenue Account for the year ended March 31, 2024

- 14 Pursuant to the SEBI circular no. SEBI/HO/IMD/IMD-II DOF3/P/CIR/2021/573 dated June 07,2021, The details of Potential Risk Class matrix of schemes are given in below:

Credit Risk →	Relatively Low (Class A)	Moderate (Class B)	Relatively High (Class C)
Interest Rate Risk ↓			
Relatively Low (Class I)			
Moderate (Class II)			
Relatively High (Class III)	AIII		
A Scheme with Relatively High interest rate risk and Low credit risk.			

- 15 Subsequent to receipt of SEBI's no objection to acquisition of 100% equity shares of L&T Investment Management Limited ("LTIM", Investment Manager of L&T Mutual Fund) and the amendments proposed to the trust deed of the HSBC Mutual Fund as required under the SEBI (Mutual Funds) Regulations, 1996, the schemes of L&T Mutual Fund (LTMF) were transferred to/ merged with the schemes of HSBC Mutual Fund on and from the close of business hours of November 25, 2022, and the HSBC AMC and HSBC Trustees assumed the responsibilities of the schemes of LTMF w.e.f. close of business hours of November 25, 2022.
- 16 During the year, HSBC Securities and Capital Markets (India) Private Limited ("HSCI"), Sponsors of HSBC Mutual Fund established a private limited company with limited liability to act as the "Trustee" of HSBC Mutual Fund. HSBC Trustees (India) Private Limited ("HTIP") was incorporated on 9 January 2024. Accordingly, HTIP has replaced the Board of Trustees of HSBC Mutual Fund w.e.f. 1 March 2024, and the Company through its Board of Directors has been discharging its obligations as the "Trustees" of the Fund from this date.
- 17 The Annual Accounts of the Schemes, prepared in accordance with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the "Act") read with the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time and clause 17.14 of SEBI Master Circular for Mutual Funds dated June 27, 2024, has been approved by the Board of Directors of HSBC Asset Management (India) Private Limited and HSBC Trustees (India) Private Limited at their meetings held on July 8, 2024 and July 19, 2024 respectively. The audit report attached herewith refers to the said Annual Accounts. The aforesaid abridged accounts are an extract of the Annual Accounts and are prepared in accordance with clause 5.4 and format no. 3.B under the section of formats of SEBI Master Circular for Mutual Funds dated June 27, 2024 and other relevant circulars issued by the Securities and Exchange Board of India from time to time.

Voting Policy and Procedures

In view of para 6.16 of SEBI Master Circular on Mutual Funds dated June 27, 2024 related to "Role of Mutual Funds in Corporate Governance of Public Listed Companies", HSBC AMC has formulated its "Policy for Proxy Voting in Public Listed Companies". The said policy is available on our website and the details of actual exercise of proxy votes, the summary of votes casted and the auditor's certificate is forming part of our full Annual Report for the Financial Year 2023 – 24 which has been uploaded on our website at <http://www.assetmanagement.hsbc.co.in>

Statutory Details & Disclaimers

All the returns have been sourced from Mutual Funds India Explorer software. The performance of the schemes and the benchmark is calculated on a total return basis. This document has been prepared by HSBC Asset Management (India) Private Limited (HSBC) for information purposes only with an intent to provide market overview and should not be construed as an offer or solicitation of an offer for purchase of any of the funds of HSBC Mutual Fund. All information contained in this document (including that sourced from third parties), is obtained from sources, which HSBC/third party, believes to be reliable but which it has not been independently verified by HSBC/the third party. Further, HSBC/the third party makes no guarantee, representation or warranty and accepts no responsibility or liability as to the accuracy or completeness of such information. The information and opinions contained within the document are based upon publicly available information and rates of taxation applicable at the time of publication, which are subject to change from time to time.

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

For disclosure of quarterly AUM/AAUM and AUM by geography, please visit our website at www.assetmanagement.hsbc.co.in. Investors are requested to note that as per SEBI (Mutual Funds) Regulations, 1996 and guidelines issued thereunder, HSBC AMC, its employees and/ or empaneled distributors/agents are forbidden from guaranteeing/promising/assuring/predicting any returns or future performances of the schemes of HSBC Mutual Fund. Hence, please do not rely upon any such statements/commitments. If you come across any such practices, please register a complaint via email at investor.line@mutualfunds.hsbc.co.in

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

Important Updates

Name and Date of Birth as per PAN card - Effective from June 1, 2024

As per recent regulatory requirement and changes advised by Income Tax Department in PAN validation process, now it is mandated to quote your Name(s) and DOB as per PAN card. To avoid any failure in such validations, we request investors to quote the Name(s) and DOB's of all the holders including Guardian, Power of Attorney (POA) holders as per PAN card.

Useful Links for self service options

- **Use our 24 x 7 Chatbot - "ASKME" for any queries or service request:**
visit: <https://invest.assetmanagement.hsbc.co.in>

SMS your request to HSBC Mutual Fund

- **Latest NAV :** Send SMS as HSBCMF NAV <Scheme Code> to 56767
Example: HSBCMF NAV F03
- **Valuation Service on registered mobile No. :** Send SMS as HSBCMF VAL <folio_number> to 56767
Example: HSBCMF VAL 123456
- **Annual Report :**
For Electronic Copy: Send SMS as HSBCMFARE <folio_number> to 567678080
Example: HSBCMF ARE 123456
For Physical Copy: Send SMS as HSBCMFARP <folio_number> to 567678080
Example: HSBCMF ARP 123456
- **Half Yearly Portfolio :**
For Electronic Copy: Send SMS as HSBCMFHPE <folio_number> to 567678080
Example: HSBCMF HPE 123456
For Physical Copy: Send SMS as HSBCMFHPP <folio_number> to 567678080
Example: HSBCMF HPP 123456

Missed Call Service

- You can give a missed call to 9212900020 to get the total valuation via SMS and a statement on your registered email ID

Book-Post

If undelivered please return to:

Computer Age Management Services Private Limited (CAMS)

Unit: HSBC Mutual Fund

New No. 10, M.G.R Salai, Nungambakkam, Chennai - 600034.

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

HSBC Asset Management (India) Private Limited

CIN NO: U74140MH2001PTC134220

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

Website : www.assetmanagement.hsbc.co.in

Description	Toll Free Number	Email ID
Investor related queries	1800-4190-200/1800-200-2434	investor.line@mutualfunds.hsbc.co.in
Online related queries	1800-4190-200/1800-200-2434	onlinemf@mutualfunds.hsbc.co.in
Investor (Dialing from abroad)	+91 44 39923900	investor.line@mutualfunds.hsbc.co.in

To get your updated account statement email us at : "mfsoa@mutualfunds.hsbc.co.in"

We're always here to help you, so feel free to reach out to us

Self-service request at your Fingertips

- Visit Website • Invest Online • Insta Statement • Download Forms
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Remember, you can also find out more via our social media handles !

Please check our website www.assetmanagement.hsbc.co.in for an updated list of Official Points of Acceptance of HSBC Mutual Fund.

CAMS SERVICE CENTRES / CAMS LIMITED TRANSACTION POINTS / CAMS COLLECTION CENTRES

For details on CAMS Service Centres, please visit www.camsonline.com



HSBC Conservative Hybrid Fund

(Erstwhile HSBC Regular Savings Fund)

An open ended hybrid scheme investing predominantly in debt instruments.

Abridged Annual Report 2023 - 2024



SPONSOR

HSBC Securities and Capital Markets (India) Private Limited

CIN – U67120MH1994PTC081575

Regd. Office: 52/60, Mahatma Gandhi Road, Fort, Mumbai 400001.

TRUSTEE COMPANY

HSBC Trustees (India) Private Limited

CIN – U66190MH2024PTC416973

Regd. Office: 52/60, Mahatma Gandhi Road, Fort, Mumbai 400001.

ASSET MANAGEMENT COMPANY

HSBC Asset Management (India) Private Limited

CIN – U74140MH2001PTC134220

Regd. Office: 9-11 Floors, NESCO IT Park, Building No. 3,
Western Express Highway, Goregaon (East), Mumbai 400063.

CUSTODIAN

Citibank N.A.

First International Financial Center (FIFC), 9th Floor,
C-54 & 55, G – Block, Bandra Kurla Complex, Bandra (East), Mumbai 400051.

AUDITORS TO THE SCHEME

MSKA & Associates

Chartered Accountants

602, Floor 6, Raheja Titanium, Western Express Highway,
Geetanjali Railway Colony, Ram Nagar, Goregaon (East), Mumbai 400063.

REGISTRAR & TRANSFER AGENTS

Computer Age Management Services Limited (CAMS)

Unit: HSBC Mutual Fund

New No. 10, M.G.R Salai, Nungambakkam, Chennai 600034.

BOARD OF TRUSTEES

Ms. Jasmine Batliwalla	– Chairperson
Mr. Nani Javeri	– Trustee
Mr. David Rasquinha	– Trustee
Mr. Nicolas Moreau	– Trustee

BOARD OF DIRECTORS

Dr. Indu Shahani	– Director
Mr. Kapil Seth	– Director
Ms. Roopa Varma	– Director
Mr. Kailash Kulkarni	– Director & Chief Executive Officer

Dear Investor,

As we reflect on the past year, I am filled with pride and optimism about the future of our company and overall growth of the mutual fund industry. The past year has marked significant milestones in our journey, particularly as we capitalise on the immense potential of India's burgeoning growth story.

Fiscal 2024 turned out to be one of the best years for the domestic mutual fund industry as assets under management (AUM) spurted by nearly Rs. 14 lakh crore to a record Rs. 53.40 lakh crore as of March 2024 compared with Rs. 39.42 lakh crore as of March 2023.

The mutual fund industry is experiencing immense growth and we are poised to take advantage of this upward trajectory. Our company is an integral part of this growth story, riding the wave with several strategic initiatives and accomplishments that have set us on a path of sustained success.



Major achievements post integration

- Post integration we have enhanced our digital offering for both B2B and B2C to provide improved customer journeys.
- HSBC AM India's AUM increased from USD 1.4 bn (before integration) to USD 13.7 bn as of April 2024.
- HSBC Asset Management India has now become the 14th largest asset manager in India in terms of AUM.
- HSBC AM India has launched 4 new products since integration (raising \$445M).
- We have expanded HSBC AM India's product offerings to 43 funds.

Key Achievements in FY2023-2024

Investment Performance: Our disciplined investment strategy and thorough research have been pivotal to our success. We have focused on high-quality, undervalued assets, achieving consistent returns across our portfolio.

Product Innovation: This year, we launched two new funds - HSBC Multi Asset Allocation Fund and HSBC Consumption Fund, tailored to meet the evolving needs of our investors. These new offerings have been well-received, contributing to our growth in AUM significantly.

Increased Media Presence: In FY24, we significantly boosted our media presence, ensuring that our brand and thought leadership are recognized across various platforms. Through strategic media engagements like Informed Investing with ET Now, talks shows and several authored articles plus interviews - we have amplified our message, reaching a broader audience and reinforcing our market position.

Successful Campaign Launch: We successfully launched SIP Hai #FaydeWaliAadat, an investor education campaign, that highlighted the transformative power of SIPs in achieving long-term financial

goals. A first of its kind campaign, it aimed at educating and empowering the millennial investors in India. The campaign garnered significant attention and positive feedback, strengthening our brand presence and engaging a wider audience. Notably, the campaign has also earned us prestigious awards and accolades highlighting our commitment to excellence and innovation.

Client Relationships: We have strengthened our client relationships through enhanced communication, transparency, and personalized service. Our client satisfaction scores have reached new heights, reflecting our commitment to exceptional service.

We believe that the India story has just begun and its economic landscape is poised for significant growth. An exposure to unique and future relevant themes can provide a much-needed inflation buffer. The importance of asset allocation continues to be critical. It is critical for all of us to review our risk appetite and goal proximity and construct a portfolio appropriately.

Besides construction, portfolio rebalancing is equally important in order to achieve optimal outcomes. I do hope you share my enthusiasm and I ask that you continue to invest whilst reviewing your asset allocation at all times.

I would like to express my sincere gratitude to our dedicated team, whose expertise and commitment are the backbone of our success. To our investors, thank you for your trust and continued support. Your confidence in our approach motivates us to strive for excellence in everything we do. Also, I want to express my deepest gratitude to our valuable partners for their unwavering support and keep our services running. Look forward to achieving even grater milestones together.

As we move forward, we remain committed to delivering superior investment performance, fostering strong client relationships, and driving sustainable growth. Together, we are well-positioned to navigate the future and achieve our goals.

Warm regards,

A handwritten signature in black ink, appearing to read 'Kailash Kulkarni', written over a horizontal line.

Kailash Kulkarni

Chief Executive Officer

HSBC Asset Management India

Trustees' Report

For the year ended March 31, 2024

The Board of Directors of HSBC Trustees (India) Private Limited, Trustees of HSBC Mutual Fund present the Twenty Second Annual Report and the audited abridged financial statements of the schemes of the HSBC Mutual Fund ("the Fund") for the year ended March 31, 2024.

With the acquisition of L&T Mutual Fund in the previous financial year, the Fund's Assets Under Management ('AUM') (excluding Domestic FOFs) as on March 31, 2024 was INR 109368.16 crores (audited). The Fund ranks in the top 15 Mutual Fund houses in India in terms of AUM.

As at March 31, 2024, the Fund offered 43 schemes across asset classes to meet the varying investment needs of the investors. During the year, the Fund launched two new products namely HSBC Consumption Fund and HSBC Multi Asset Allocation Fund in Equity and Hybrid categories.

The Fund continues its focus on delivering consistent long-term returns. The comments on the performance of the scheme(s) are provided hereinafter. Dividends were declared under various schemes as per the provisions contained in the respective Scheme Information Documents after considering the distributable surplus available under the respective plans of the schemes. Details of dividends declared can be viewed on our website at www.assetmanagement.hsbc.co.in.

During the year, HSBC Securities and Capital Markets (India) Private Limited ("HSCI"), Sponsors of the Fund established a private limited company with limited liability to act as the "Trustees" of the Fund. HSBC Trustees (India) Private Limited ("HTIP") was incorporated on 9 January 2024. Accordingly, HTIP has replaced the Board of Trustees of HSBC Mutual Fund w.e.f. 1 March 2024, and the Company through its Board of Directors has been discharging its obligations as the "Trustees" of the Fund from this date.

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

a. Operations and Performance of the Scheme

➤ Debt Scheme

HSBC Conservative Hybrid Fund ('HCHF')

(An open-ended hybrid scheme investing predominantly in debt instruments)

The investment objective of the scheme is to seek generation of reasonable returns through investments in Debt and Money Market Instruments. The secondary objective of the scheme is to invest in equity and equity related instruments to seek capital appreciation. However, there can be no assurance or guarantee that the investment objective of the scheme would be achieved.

The net assets of HCHF amounted to INR 106.85 crores as at March 31, 2024 as against INR 114.85 crores as at March 31, 2023. Around 24.18% of the net assets were invested in equities, 72.05% of the net assets were invested in debt, 3.72% of the net assets were invested in reverse repos/TREPS and (0.25%) in net current assets as at March 31, 2024.

The objective of HCHF is to generate regular income through investments predominantly in debt and money market instruments along with some long-term capital appreciation from a moderate equity investment. HCHF may invest up to 25% of its corpus in equities depending on the fund managers view on the markets.

HCHF offers a prudent portfolio in line with the risk appetite of the investors whilst seeking optimal returns. Demonstrated ability to identify value-buying opportunities and to reposition the portfolio basis evolving interest rate environment. HCHF aims at generating regular returns through yield accrual while also capturing potential opportunities of capital appreciation. HCHF continues to maintain the highest credit quality, with 100% of the portfolio in Sovereign/AAA or equivalent securities.

HCHF was overweight compared to benchmark. The scheme had higher exposure on the government securities and the softening yields lead to overperformance of the scheme over the last 1 year.

The equity portion in HCHF was overweight in mid and small cap companies compared to benchmark. This along with high conviction picks through bottom-up construct of the portfolio helped performance.

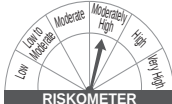
Trustees’ Report

For the year ended March 31, 2024 (Contd...)

HSBC Conservative Hybrid Fund					Date of Inception : 24 February, 2004			
Fund / Benchmark (Value of ₹ 10,000 invested)	1 Year		3 Years		5 Years		Since Inception	
	Amount (₹)	Returns (%)	Amount (₹)	Returns (%)	Amount (₹)	Returns (%)	Amount (₹)	Returns (%)
HSBC Conservative Hybrid Fund	11415	14.15	12492	7.70	14564	7.81	51687	8.51
Scheme Benchmark (NIFTY 50 Hybrid Composite Debt 15:85 Index)	11136	11.36	12364	7.33	15316	8.90	50926	8.43
Additional Benchmark (CRISIL 10 year Gilt Index)	10852	8.52	11346	4.30	13471	6.14	30090	5.63

Past performance may or may not be sustained in future. The returns for the respective periods are provided as on March 31, 2024 for Growth Option of Regular Plan. Returns on ₹ 10,000 are point-to-point returns for the specific time period, invested at the start of the period. Returns for 1 year and above are Compounded Annualized. Different plans shall have a different expense structure. Performance of the respective benchmark is calculated as per the Total Return Index (TRI).

Risk-o-meter as of 31st March, 2024:

Scheme Name	Scheme Risk-o-meter	Benchmark Risk-o-meter
HSBC Conservative Hybrid Fund	 Investors understand that their principal will be at Moderately High risk	Benchmark Index: NIFTY 50 Hybrid Composite Debt 15:85 Index 

Please note that the above risk-o-meter is as per the product labelling of the Scheme basis Scheme's monthly portfolio as on March 31, 2024.

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

➤ EQUITY OUTLOOK

Recap of FY 2023-24:

FY24 was a stellar year for the Indian equity markets with strong economic momentum, healthy earnings growth and strong inflows from domestic and foreign institutional investors and strong retail participation driving a broad-based bull market. The Nifty and Sensex were up a solid 30.1%/26.5% respectively during the year, while the BSE Midcap and BSE Smallcap indices gained an astounding 65.2% and 61.4% respectively.

While geo-political conflicts continued in FY24, their impact on crude and global supply chains moderated. Crude prices largely remained range bound during the year. Inflation barring a brief spike largely remained well contained, the economy gained further steam with GDP growth crossing 8% in H1FY24 supported by government thrust on infrastructure. This translated into strong growth for several core sector industries including steel and cement. The growth in the real estate sector has been strong with inventory continuing to decline in metro markets. However, lagged impact of price increases continued to impinge on consumer demand growth which remained subdued for most mass market categories.

Trustees' Report

For the year ended March 31, 2024 (Contd...)

Domestic cyclicals were the best performing sectors during the year led by Real Estate, Capital Goods, Autos. Power was also among the best performing sectors. Global cyclicals like Metals and Oil & Gas also strongly outperformed the Nifty. FMCG and Banking while delivering healthy positive returns underperformed the Nifty, while IT performance was closer to Nifty.

MSCI India index outperformed most of key global indices during the past fiscal. MSCI India index (USD) gained 35.5% as compared to 23.1% gain for MSCI World, 27.9% for US S&P 500, 11.0% for MSCI Europe and only 5.3% for MSCI Emerging Markets as MSCI China declined 19.0% over the period.

Strong performance of the market and subsiding global macro headwinds drove a sharp turnaround in foreign investment flows. FI net inflow was at USD 25.3bn in FY24 versus an outflow of USD 6.0bn/17.1bn in FY23/FY22. DIs, on the other hand, matched FI inflow with an inflow of USD 25.3bn although it was lower than the net inflows at USD 30.8bn in FY23. Within DIs, the MF segment was the key contributor (USD 24.3 bn of net inflows up from USD 21.8bn in FY23) while domestic Insurers were also in the net inflow territory (USD 1.0bn of net inflows vs USD 9.0bn in FY23).

Source: Motilal Oswal

Indices Returns (April 01, 2023 to March 31, 2024)	1 Year [^]
S&P BSE Sensex TR	26.5%
NSE CNX Nifty TR	30.1%
S&P BSE 100 TR	34.2%
S&P BSE 200 TR	38.5%
S&P BSE 500 TR	40.2%
S&P BSE Midcap TR	65.2%
S&P BSE Small-cap TR	61.4%

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

Way forward:

The global macro environment remains challenging with heightened geo-political and economic uncertainties. US bond yields remain high putting pressure on interest rates and currencies globally. For India, growth has continued to remain strong with GDP growth of 8.4% in Q3FY24 driven by strong government spending on infrastructure and pickup in manufacturing and construction. The 2024 interim budget has re-affirmed government focus on infrastructure. At the same time reduction in fiscal deficit should also help in easing of domestic interest rates. However, after last year's patchy monsoon, a good monsoon will be an important factor for rural demand and overall consumption growth in the economy in FY25.

India starts FY25 on a strong footing with positive growth momentum and India's investment cycle is expected to be on a medium-term uptrend supported by rising government investment in infrastructure and recovery in real estate cycle. There is also an expectation of higher private investments in renewable energy and related supply chain, localization of higher-end technology components, and India becoming a more meaningful part of global supply chains. Finally, it is expected for consumption to improve as the impact of high inflation fades and real incomes start to grow again.

However, several of these positives are getting discounted by the high valuations currently prevailing in the equity market. While the fund managers remain constructive on Indian equities supported by the more robust medium-term growth outlook there is a caution against high return expectations. Nifty continues to trade on 20.6x consensus 1 year forward PE (as of 30 April). On a 10-year basis, Nifty is still trading 10% above its historic average valuation but is in-line with its 5-year average. Valuations of the midcap and small cap indices are even higher versus their historical average.

Trustees' Report

For the year ended March 31, 2024 (Contd...)

➤ DEBT OUTLOOK

Market drivers during the course of the year FY 2024

The year started with advanced economies continuing to grapple with higher inflation and policy tightening remained a common theme across economies. During FY2024, the Federal Open Market Committee (FOMC) raised policy rates by 50 bps while European Central Bank (ECB) and Bank of England (BOE) raised policy rates by 100 bps each. The cumulative rate hikes by various advanced economies in this cycle are as follows: Fed (525 bps), BOE (515 bps) and ECB (450 bps). Meanwhile cumulative rate hikes by the Monetary Policy Committee (MPC) in this cycle was 250 bps. On account of higher Government debt burden, Fitch downgraded US sovereign rating from AAA to AA+. US Treasury yields remained volatile during the year, with the 10-year benchmark rising higher by 73 bps during the year. Crude prices also moved higher by USD 7-8/bbl.

On the domestic front, Consumer price Index (CPI) inflation remained broadly in the upper end of the MPC's targeted band of 4% +/- 2% for most the financial year, however, inflation printed above 6% on two occasions due to high food inflation. Headline inflation remained susceptible to high food inflation with markets now expecting some relief of food prices on the back of normal monsoon. Core inflation eased through the year falling to below 4% in the last quarter.

Domestically, one of the biggest events during the year was the much-awaited index inclusion of Indian Government Bonds (IGBs) into the GBI-EM Global index suite and its relevant benchmarks. India is expected to reach the maximum weight of 10% in the GBI-EM Global Diversified Index (GBI-EM GD), with the inclusion staggered over a 10-month period starting June 2024. Following this, Bloomberg also included IGBs in their Bloomberg EM Local Currency Index, with India expected to reach a maximum weight of 10% over a 10-month period starting Jan 2025. Both these inclusions are expected to bring in INR 25-30 bn of index related FPI inflows over the next 1-2 years and paving the way for inclusion into other global bond indices as well. During FY2024, FPIs poured in close USD 12 bn into IGBs, with majority of the inflows coming in post the JP Morgan index inclusion announcement.

Government continued its path of fiscal consolidation, with the revised estimate of the Fiscal deficit for FY2024 coming in at 5.6%, with expectations for FY2025 at 5.1% and target of below 4.5% by FY2026. PMI numbers continue to remain in expansion, GST revenues remain buoyant and credit off-take upbeat.

The external sector has remained strong due to healthy service exports and remittances. Current Account Deficit (CAD) is expected to be around 1% for the year. Rupee remained one of the more stable currencies during the year, with active intervention from RBI smoothening any volatility. RBI continued to build on the FX reserves with year-end number around USD 650 bn.

Money market rates moved higher during the year due to tightening in liquidity along with higher Certificate of Deposit (CD) issuances. G-Sec yields, however, moved lower due to favorable demand supply and lower G-Sec borrowing. 10-year G-Sec moved lower during the year by 25 bps, while 5 yr G-Sec moved lower by 13 bps.

Market Outlook

While US markets have braced for "higher for longer" rates, we have seen in the past, that reactions to favorable data in such an environment can be sharp. Any softness in growth, employment or inflation data over the next few months will allow the markets to quickly start pricing in aggressive future policy easing. In our view, the RBI is also likely to gradually shift the liquidity deficit into surplus over the course of the next 3-6 months, flipping overnight rates from the top to the bottom of the rate corridor. The yield curve is likely to steepen as liquidity eases. This along with a potential 50 bps of policy easing in first half of CY2025 may push overnight rates lower by 75-100 bps.

While any form of additional spending by the new Government to address concerns of rural sections of the country and the possibility of additional spending to fund such policies will remain a key monitorable, it is believed the Government is likely to remain cognizant of the possible impact of such policies and take measured steps. With the dust settling down on the election outcome, the broad macroeconomic factors should continue to remain stable and could support softening in domestic yields going forward.

Trustees' Report

For the year ended March 31, 2024 (Contd...)

The Fund Managers continue to have a positive outlook for interest rates, based on various favorable factors: (a) Record RBI dividend to the Government, (b) reduced Fiscal deficit number of 5.6%, (c) favorable G-Sec supply demand dynamics, (d) FPI index related inflows, (e) revised outlook in India by S&P, (f) soft core inflation along with expectations of a better than normal monsoon, and finally (g) soft signals by Government and RBI on liquidity.

Source: RBI, Bloomberg, Internal HSBC Research & CCIL

2. BRIEF BACKGROUND OF THE SPONSORS, THE FUND, THE TRUSTEES AND THE ASSET MANAGEMENT COMPANY

A. Sponsor

HSBC Mutual Fund is sponsored by HSBC Securities and Capital Markets (India) Private Limited (HSCI). The Sponsor is the Settler of the Mutual Fund Trust. The Sponsor has entrusted a sum of Rs. 1,00,000/- (Rupees One Lakh only) to the Trustee as the initial contribution towards the corpus of the Mutual Fund.

HSCI offers integrated investment banking services, securities and corporate finance & advisory. HSCI is a member of the Bombay Stock Exchange Limited and National Stock Exchange (capital and derivative market segments). HSCI holds 100% of the paid-up equity share capital of HSBC Asset Management (India) Private Limited.

B. HSBC Mutual Fund

HSBC Mutual Fund ("the Mutual Fund" or "the Fund") has been constituted as a Trust in accordance with the provisions of the Indian Trusts Act, 1882 (2 of 1882) vide a Trust Deed dated February 7, 2002 (as amended) with HSBC Securities and Capital Markets (India) Private Limited, as the Sponsor and HSBC Trustees (India) Private Limited. The Trustee has entered into an Investment Management Agreement dated February 7, 2002 (as amended) with HSBC Asset Management (India) Private Limited (AMC) to function as the Investment Manager for all the schemes of the Fund. The Fund was registered with SEBI vide registration number MF/046/02/5 dated May 27, 2002.

The Trust has been formed for the purpose of pooling of capital from the public for collective investment in securities for the purpose of providing facilities for participation by persons as beneficiaries in such investments and in the profits/income arising therefrom.

C. HSBC Trustees (India) Private Limited (the Trustees)

The Trustees are the exclusive owner of the Trust Fund and holds the same in trust for the benefit of the unitholders. The Trustees have been discharging their duties and carrying out the responsibilities as provided in the SEBI (Mutual Funds) Regulations, 1996 and the Trust Deed. The Trustees seek to ensure that the Fund and the schemes floated there under are managed by the AMC in accordance with the Trust Deed, the said Regulations, directions and guidelines issued by the SEBI, the Stock Exchanges, the Association of Mutual Funds in India and other regulatory agencies.

During the year, HSBC Securities and Capital Markets (India) Private Limited ("HSCI"), Sponsors of HSBC Mutual Fund) established a private limited company with limited liability to act as the "Trustee" of HSBC Mutual Fund. HSBC Trustees (India) Private Limited ("HTIP") was incorporated on 9 January 2024. Accordingly, HTIP has replaced the Board of Trustees of HSBC Mutual Fund w.e.f. 1 March 2024, and the Company through its Board of Directors has been discharging its obligations as the "Trustees" of the Fund from this date.

As of March 31, 2024, HSCI holds 100% of the paid-up equity share capital of HTIP.

D. Asset Management Company (the AMC)

HSBC Asset Management (India) Private Limited (the Investment Manager or the AMC) is a private limited company incorporated under the Companies Act, 1956 on December 12, 2001 having its Registered Office at 9-11 Floors, NESCO IT Park, Building no. 3, Western Express Highway, Goregaon (East), Mumbai – 400 063. HSBC Asset Management (India) Private Limited has been appointed as the Asset Management Company of HSBC Mutual Fund by the Trustee vide Investment Management Agreement (IMA) dated

Trustees' Report

For the year ended March 31, 2024 (Contd...)

February 7, 2002 (as amended) and executed between the Trustees and the AMC. SEBI approved the AMC to act as the Investment Manager of the Fund vide its letter No. MFD/BC/163/2002 dated May 27, 2002. The paid-up equity share capital of the AMC is Rs. 344.41 crores. The AMC is registered as a Portfolio Manager under the SEBI (Portfolio Managers) Regulations, 1993 vide registration no. INP000001322. The AMC also offers non-binding Advisory services to offshore funds under the mutual fund license.

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

3. INVESTMENT OBJECTIVE OF THE SCHEMES

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

4. SIGNIFICANT ACCOUNTING POLICIES

The Significant Accounting Policies form part of the Notes to the Accounts annexed to the Balance Sheet of the Schemes in the Full Annual Report. The accounting policies are in accordance with Securities Exchange Board of India (Mutual Funds) Regulations, 1996 and Indian Accounting Standards (IND AS) notified under section 133 of the Companies Act, 2013 (the "Act" read with the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time).

5. UNCLAIMED DIVIDENDS & REDEMPTIONS

Summary of number of investors & corresponding amount as on March 31, 2024:

Scheme Name	Unclaimed Dividend		Unclaimed Redemption	
	No. of Investors	Amount (₹)	No. of Investors	Amount (₹)
HSBC Conservative Hybrid Fund	8,531	6,740,066.03	54	1,231,033.30

6. INVESTOR SERVICES

The number of official points of acceptance of transactions are 210 locations. In addition to the offices of the Registrar & Transfer Agent, the AMC has its own office in 61 locations and Investor Service Centers in 39 locations. The AMC has 2 Toll Free numbers (1800-4190-200/1800-200-2434) which can be dialed from anywhere in India and 1 number i.e. +91 44 39923900 (Investors calling from abroad). The call center service is being managed by the Registrar and Transfer Agents. HSBC Mutual Fund offers the online transaction facility through the AMC's website at www.assetmanagement.hsbc.co.in.

On the distribution front, the number of empaneled distributors were 59046 as on March 31, 2024. During the year, the AMC initiated tie-ups for online distribution of the Mutual Fund's schemes with several channel partners taking the total number of such tie-ups to 160 as on March 31, 2024.

7. DETAILS OF INVESTOR GRIEVANCE REDRESSAL

The details of the redressal of investor complaints received against HSBC Mutual Fund during April 2023 - March 2024 are as follows:

2023-2024												
Complaint code	Type of Complaint	(a) No. of complaints pending at the beginning of the period	(b) No. of complaints received during the given period	Action on (a) and (b)								
				Resolved				Non Action-able*	Pending			
				Within 30 days	30-60 days	60-180 days	Beyond 180 days		0-3 months	3-6 months	6-9 months	9-12 months
IA	Non receipt of amount declared under Income Distribution cum Capital Withdrawal option	1	10	11	0	0	0	0	0	0	0	0

Trustees' Report

For the year ended March 31, 2024 (Contd...)

2023-2024												
Complaint code	Type of Complaint	(a) No. of complaints pending at the beginning of the period	(b) No. of complaints received during the given period	Action on (a) and (b)								
				Resolved				Non Action-able*	Pending			
				Within 30 days	30-60 days	60-180 days	Beyond 180 days		0-3 months	3-6 months	6-9 months	9-12 months
I B	Interest on delayed payment of amount declared under Income Distribution cum Capital Withdrawal option	0	1	1	0	0	0	0	0	0	0	0
I C	Non receipt of Redemption Proceeds	1	38	39	0	0	0	0	0	0	0	0
I D	Interest on delayed payment of Redemption	0	2	2	0	0	0	0	0	0	0	0
II A	Non receipt of Statement of Account/Unit Certificate	0	3	3	0	0	0	0	0	0	0	0
II B	Discrepancy in Statement of Account	1	22	23	0	0	0	0	0	0	0	0
II C	Data corrections in Investor details	1	250	249	0	0	0	0	2	0	0	0
II D	Non receipt of Annual Report/ Abridged Summary	0	0	0	0	0	0	0	0	0	0	0
III A	Wrong switch between Schemes	0	2	2	0	0	0	0	0	0	0	0
III B	Unauthorized switch between Schemes	0	1	1	0	0	0	0	0	0	0	0
III C	Deviation from Scheme attributes	0	1	1	0	0	0	0	0	0	0	0
III D	Wrong or excess charges/load	0	0	0	0	0	0	0	0	0	0	0
III E	Non updation of changes viz. address, PAN, bank details, nomination, etc	1	127	127	0	0	0	0	1	0	0	0
III F	Delay in allotment of Units	0	5	4	1	0	0	0	0	0	0	0
III G	Unauthorized Redemption	0	0	0	0	0	0	0	0	0	0	0
IV	Others**	1	78	76	0	0	0	0	3	0	0	0
	TOTAL	6	540	539	1	0	0	0	6	0	0	0

** As per AMFI Best Practice Guidelines Circular No.25/2011-12 for Revisions in the Guidelines on Standardization of Complaints/Grievances Reporting Procedure. If "Others" include a type of complaint which is more than 10% of overall complaints, then such a reason should be provided separately. Hence, data corrections in Investor Details are included as a separate category.

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

Summary of Complaints for FY 2023-24

Particulars	Count
Total complaints received	540
Total number of folios	21,39,406
% of complaints against the folio	0.025

8. INVESTOR EDUCATION INITIATIVES

During the FY 2023-24, the AMC conducted the following investor education and awareness initiatives:

- An integrated multi-media marketing campaign on SIP Hai 'FaydeWaliAadat' aimed to tap into the aspirations, financial goals, and unique spending habits of millennials.
- Editorial content on Systematic Investment Plans (SIP) created across 15 states through various regional television channels.

Trustees' Report

For the year ended March 31, 2024 (Contd...)

- Investor education content on the Platform - Quora.
- 'Be Money Confident' video series targeting women through Jio Platforms.
- Campaign on Women & Investing for Women's Day.
- Campaign for Marathon enthusiast on the similarities between running a Marathon & Investing.
- Financial literacy virtual event on the occasion of Mother's Day, which received more than 725 registered users.
- A mom blogger outreach program to reach Women Investors with financial education content on MF on the occasion of Mother's Day.
- Education campaign on ELSS executed for working audiences.
- Blogs and content for Investor Education properties like SIP Sahi Hai in Value Research, Gyan Guroovaar on Facebook, Investment Ki Paathshala on the website and investor education blogs on the platform - Advisor Khoj.
- 1,462 Investor Education programs to reach out to an audience of 71,465 people out of which 458 were women programs attended by 20,139 women.

9. PROXY VOTING POLICY

As per para 6.16 of SEBI Master Circular on Mutual Funds dated June 27, 2024, the Fund has adopted Proxy Voting Policy and Procedures for exercising voting rights in respect of securities held by the Schemes. (please refer Proxy Voting Policy and Procedures)

The summary of the votes casted in the general meetings of the Investee companies, by the AMC for and on behalf of the Schemes of the Fund, for the financial year 2023-24 is provided below:

Quarter	Total no. of resolutions	Break-up of Vote decision		
		For	Against	Abstained
April 2023 - June 2023	387	260	75	52
July 2023 - September 2023	2,169	1607	448	114
October 2023 - December 2023	197	138	37	22
January 2024 - March 2024	319	240	50	29
TOTAL	3,072	2,245	610	217

As per para 6.16.7 of SEBI Master Circular on Mutual Funds dated June 27, 2024, the AMC has obtained certificate from M/s. M. P. Chitale & Co., Chartered Accountants, who is acting as a Scrutinizer, on the voting report for the FY 2023-24. The certificate dated May 22, 2024 issued by M/s. M. P. Chitale & Co., is available on the website of the AMC as part of the full Annual Report.

Unitholders can refer to the full Annual Report for complete details of actual exercise of votes in the general meetings of the investee companies for the financial year 2023-24 or log on to our website at www.assetmanagement.hsbc.co.in.

10. STATUTORY DETAILS

- a) The Sponsors are not responsible or liable for any loss resulting from the operation of the Schemes of the Fund beyond initial contribution of Rs. 1 lakh for setting up the Fund.
- b) The price and redemption value of the units, and income from them, can go up as well as down with fluctuations in the market value of its underlying investments.
- c) Full Annual Report of HSBC Mutual Fund and of HSBC Asset Management (India) Private Limited (the AMC) shall be disclosed on the website at www.assetmanagement.hsbc.co.in and shall be available for inspection at the Head Office of the Mutual Fund. Present and prospective unitholders can obtain copy of the Trust Deed, the full Annual Report of the Scheme(s), the Annual Report of HSBC Asset Management (India) Private Limited and the text of the relevant Scheme(s) at a price.

Trustees' Report

For the year ended March 31, 2024 (Contd...)

11. CHANGES IN RISK-O-METER OF THE SCHEME DURING FY 2023-24

As per para 17.4. of SEBI Master Circular on Mutual Funds dated June 27, 2024 on product labelling, the changes carried out in the risk-o-meter of the schemes of HSBC Mutual Fund during FY 2023-24 have been given in the below mentioned table for the information of the unitholders, a report on the said changes has also been displayed on the website of the Fund and AMFI.

Scheme Name	Risk-o-meter level as on March 31, 2023	Risk-o-meter level as on March 31, 2024	Number of changes in Risk-o-meter during the F.Y. 2023-24)
HSBC Conservative Hybrid Fund	Moderately High	Moderately High	0

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

As per para 6.16.15 of SEBI Master Circular on Mutual Funds dated June 27, 2024, HSBC Mutual Fund has adapted the policy on stewardship responsibilities, the unitholders are requested to note the status of governance with the same as mentioned below:

S. No.	Particulars of Principles of Stewardship Code	Status of compliance (Complied/ Not Complied)	Description	Remarks/ reasons for deviation/non-compliance, if any
1	Principle 1: Institutional Investors should formulate a comprehensive policy on the discharge of their stewardship responsibilities, publicly disclose it, review and update it periodically.	Complied	HSBC Asset Management (India) Private Limited's (AMIN) 'Policy on Stewardship responsibilities' (Stewardship Code/ Policy) was formulated and implemented on 01 July, 2020. This is a comprehensive document which has been publicly disclosed on the website of AMIN. The same shall follow a periodic review.	N.A.
2	Principle 2: Institutional investors should have a clear policy on how they manage conflicts of interest in fulfilling their stewardship responsibilities and publicly disclose it.	Complied	Defining and managing Conflict of Interest in fulfilling stewardship responsibilities are detailed in the Stewardship Policy document. The policy document is publicly disclosed.	N.A.
3	Principle 3: Institutional investors should monitor their investee companies.	Complied	AMIN monitors all investee companies through its investment process. This includes assessment of companies' own and market data, consideration of research from brokers and other independent research providers – including ESG & voting research, attending individual & group meetings with company management and directors, visiting production sites (wherever necessary), engaging with key stakeholders including competitors and customers, and financial modelling. More details enumerated in the policy document	N.A.

Trustees’ Report

For the year ended March 31, 2024 (Contd...)

S. No.	Particulars of Principles of Stewardship Code	Status of compliance (Complied/ Not Complied)	Description	Remarks/ reasons for deviation/non-compliance, if any
4	Principle 4: Institutional investors should have a clear policy on intervention in their investee companies. Institutional investors should also have a clear policy for collaboration with other institutional investors where required, to preserve the interests of the ultimate investors, which should be disclosed.	Complied	Details of undertaking active engagement with investee companies and the policy for collaboration with other institutional holders are detailed in the policy document. The policy document is publicly disclosed.	N.A.
5	Principle 5: Institutional investors should have a clear policy on voting and disclosure of voting activity.	Complied	AMIN has a clear and detailed voting policy which provides the framework for the voting decisions. All voting decisions shall be in accordance with AMIN's Voting Policy and Procedures, which is disclosed on the website. AMIN discloses the details of the voting on its website on a quarterly basis within 10 working days from the end of the quarter. Additionally, AMIN also discloses the details of the votes cast, in the annual report of the schemes of HSBC Mutual Fund.	N.A.
6	Principle 6: Institutional investors should report periodically on their stewardship activities.	Complied	The annual status report of the stewardship code and quarterly report on proxy voting are publicly disclosed on the website as required under SEBI Regulations.	N.A.

13. DISCLOSURES PERTAINING TO NAV ADJUSTED DURING THE FINANCIAL YEAR FOR SWING FACTOR ALONG WITH THE PERFORMANCE IMPACT

Sr No.	Period of applicability of swing pricing	Scheme Name	Unswung NAV	Swing factor applied	Whether optional or mandatory
NIL					

14. SIGNIFICANT EVENT AFTER THE END OF THE FINANCIAL YEAR

NIL

15. ACKNOWLEDGEMENTS

The Trustees wish to thank the unitholders of the Schemes for their support throughout the year, and also thank the Government of India, the Securities and Exchange Board of India (SEBI), the Reserve Bank of India (RBI) and the Association of Mutual Funds in India (AMFI) for the guidance provided by them. The Trustees

Trustees' Report

For the year ended March 31, 2024 *(Contd...)*

also appreciate the services provided by the Registrar and Transfer Agent, Fund Accountant, Custodian, Bankers, Distributors and Brokers. The guidance and services provided by the auditors and advocates and the ebullience, sincerity and dedication of the employees of HSBC Asset Management (India) Private Limited is also appreciated.

The Trustees look forward to the continued support of everyone.

For and on behalf of **HSBC Trustees (India) Private Ltd.**

Sd/-

Director

Mumbai

July 19, 2024

Independent Auditors' Report

To the Board of Directors of HSBC Trustees (India) Private Limited (the "Trustee")

HSBC Conservative Hybrid Fund

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **HSBC Conservative Hybrid Fund** (the "Scheme") of HSBC Mutual Fund (the "Fund"), which comprise the Balance Sheet as at March 31, 2024, the Revenue Account and the Cash Flow Statement for the year then ended, and notes to the financial statements, including a summary of material accounting policy and other explanatory information.

In our opinion, and to the best of our information and according to the explanations given to us, the aforesaid financial statements of the Scheme give a true and fair view in conformity with the Indian Accounting Standards ("Ind AS") prescribed under section 133 of the Companies Act, 2013 (the "Act") read with Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India, including the accounting policies and standards specified in the Regulation 50 and Ninth Schedule to the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 ("the SEBI Regulations") (collectively referred to as the "Regulations") as amended:

- in the case of the Balance Sheet, of the state of affairs of the Scheme as at March 31, 2024;
- in the case of the Revenue Account, of the net surplus for the year ended on that date; and
- in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing ("SAs") and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India (the "ICAI"). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Scheme in accordance with the Code of Ethics issued by the ICAI together with the ethical requirements that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Information Other than the Financial Statements and Auditor's Report Thereon

The Board of Directors of HSBC Asset Management (India) Private Limited (the "AMC") and the Board of Directors of HSBC Trustees (India) Private Limited (the "Trustees") (collectively referred to as "the Management") are responsible for the other information. The other information comprises the information included in the Trustees report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

The Management is responsible for the preparation of these financial statements that give a true and fair view of the state of affairs, results of operations and cash flows of the Scheme in accordance with the accounting principles generally accepted in India, including the accounting policies and standards specified in Regulations. This responsibility also includes maintenance of adequate accounting records in accordance with the SEBI

Independent Auditors' Report *(Contd...)*

Regulations for safeguarding of the assets of the Scheme and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Management is responsible for assessing the Scheme's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management, either intends to liquidate the Scheme or to cease operations, or has no realistic alternative but to do so.

Those Charged with Governance are also responsible for overseeing the Scheme's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Scheme's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Scheme to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide to those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Independent Auditors' Report *(Contd...)*

Report on Other Legal and Regulatory Requirements

1. As required by regulation 55(4) and clause 5(ii)(2) of the Eleventh Schedule of the SEBI Regulations, we report that:
 - a. we have sought and obtained all the information and explanations which, to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b. in our opinion, the Balance Sheet and the Revenue Account dealt with by this report have been prepared in accordance with the accounting policies and standards specified in the Regulations; and
 - c. the Balance Sheet, the Revenue Account and the Cash Flow Statement, dealt with by this report are in agreement with the books of accounts of the Scheme.
2. In our opinion, the methods used to value non-traded securities as at March 31, 2024, as determined by the Management under procedures approved by the Trustees in accordance with the guidelines for valuation of securities for mutual funds as mentioned in the Eighth Schedule to the SEBI Regulations, are fair and reasonable.

For **M S K A & Associates**

Chartered Accountants

ICAI Firm Registration No. 105047W

Sd/-

Swapnil Kale

Partner

Membership No: 117812

UDIN: 24117812BKFIRE4348

Place : Mumbai

Date : July 19, 2024

Abridged Balance Sheet As at March 31, 2024

Rs. in Lakhs

	As at March 31, 2024	As at March 31, 2023	As at April 01, 2022
LIABILITIES			
1 Unit Capital	3,221.41	3,925.69	3,171.17
2 Reserves & Surplus			
2.1 Unit Premium Reserves	(118.12)	(50.66)	(91.86)
2.2 Unrealised Appreciation Reserve	918.34	615.54	859.01
2.3 Other Reserves	6,663.18	6,994.25	5,741.85
3 Loans & Borrowings	—	—	—
4 Current Liabilities & Provisions			
4.1 Provision for Doubtful Income/Deposits	—	—	—
4.2 Other Current Liabilities & Provisions	266.01	256.89	115.45
TOTAL	10,950.81	11,741.71	9,795.62
ASSETS			
1 Investments			
1.1 Listed Securities:			
1.1.1 Equity Shares	2,584.04	2,837.74	2,217.76
1.1.2 Preference Shares	—	—	—
1.1.3 Equity Linked Debentures	—	—	—
1.1.4 Other Debentures & Bonds	—	—	—
1.1.5 Securitised Debt Securities	—	—	—
1.2 Securities Awaited Listing:			
1.2.1 Equity Shares	—	—	—
1.2.2 Preference Shares	—	—	—
1.2.3 Equity Linked Debentures	—	—	—
1.2.4 Other Debentures & Bonds	—	—	—
1.2.5 Securitised Debt Securities	—	—	—
1.3 Unlisted Securities:			
1.3.1 Equity Shares	—	—	—
1.3.2 Preference Shares	—	—	—
1.3.3 Equity Linked Debentures	—	—	—
1.3.4 Other Debentures & Bonds	—	—	—
1.3.5 Securitised Debt Securities	—	—	—
1.4 Government Securities	7,061.42	7,053.00	6,407.71
1.5 Treasury Bills	—	—	—
1.6 Commercial Paper	—	—	—
1.7 Certificate of Deposits	476.07	931.44	—
1.8 PTC	—	—	—
1.9 Units of Domestic Mutual Fund	—	—	—
1.10 Foreign Securities	—	—	—
1.11 AIF Investment	32.48	—	—
Total Investments	10,154.02	10,822.18	8,625.47
2 Deposits	1.13	0.60	5.92
3 Other Current Assets			
3.1 Cash & Bank Balance	144.91	151.00	7.40
3.2 CBLO/TREPS/Reverse Repo Lending	397.72	460.98	964.11
3.3 Others	253.03	306.96	192.71
4 Deferred Revenue Expenditure (to the extent not written off)	—	—	—
TOTAL	10,950.81	11,741.71	9,795.62

Notes to Accounts - Annexure I

Abridged Revenue Account for the year ended March 31, 2024

Rs. in Lakhs

	Current Year ended March 31, 2024	Previous Year ended March 31, 2023
1 INCOME		
1.1 Dividend	18.55	18.58
1.2 Interest	579.88	495.42
1.3 Realised Gain/(Loss) on Foreign Exchange Transactions	—	—
1.4 Realised Gains/(Losses) on Interscheme Sale of Investments	—	—
1.5 Realised Gains/(Losses) on External Sale/Redemption of Investments	784.92	17.92
1.6 Realised Gains/(Losses) on Derivative Transactions	—	—
1.7 Other Income	0.07	0.76
(A)	1,383.42	532.68
2 EXPENSES		
2.1 Management Fees	125.29	115.71
2.2 GST on Management Fees	22.55	20.83
2.3 Transfer Agents Fees and Expenses	4.72	4.05
2.4 Custodian Fees	0.04	0.04
2.5 Trusteeship Fees	0.05	0.37
2.6 Commission to Agents	76.69	70.02
2.7 Marketing & Distribution Expenses	0.13	0.62
2.8 Audit Fees	0.02	0.12
2.9 Investor Education Expenses	2.23	2.06
2.10 Interest on Borrowing	—	—
2.11 Brokerage & Transaction Costs	8.91	6.87
2.12 Other Operating Expenses	1.59	2.63
(B)	242.22	223.33
3 NET REALISED GAINS/(LOSSES) FOR THE YEAR (C = A - B)	1,141.20	309.35
4 Change in Unrealised Depreciation in Value of Investments (D)	48.40	30.43
5 NET GAINS/(LOSSES) FOR THE YEAR (E = C + D)	1,189.60	339.78
6 Change in Unrealised Appreciation in Value of Investments (F)	302.79	(240.38)
7 NET SURPLUS/(DEFICIT) FOR THE YEAR (G = E + F)	1,492.39	99.40
7.1 Add : Balance Transfer from Unrealised Appreciation Reserve	—	243.46
7.2 Less : Balance Transfer to Unrealised Appreciation Reserve	302.79	—
7.3 Add/(Less) : Equalisation	(1,331.63)	1,065.04
7.4 Transfer from Reserve Fund	6,994.25	5,741.85
7.5 Transfer from Unit Premium Reserve	—	—
8 Total	6,852.22	7,149.76
9 Dividend Appropriation		
9.1 Income Distributed during the Year	(189.04)	(155.50)
9.2 Tax on Income Distributed during the Year	—	—
10 Retained Surplus/(Deficit) Carried Forward to Balance Sheet	6,663.18	6,994.25

Notes to Accounts - Annexure I

Key Statistics For the year ended March 31, 2024

	Current Year ended March 31, 2024	Previous Year ended March 31, 2023
1. NAV per unit (Rs.):		
Open		
Regular Plan - Growth Option	46.8800	46.3294
Regular Plan - Monthly IDCW Option	12.1010	12.7999
Regular Plan - Quarterly IDCW Option	15.9083	16.6037
Direct Plan - Growth Option	51.4637	50.2641
Direct Plan - Monthly IDCW Option	15.8211	16.5744
Direct Plan - Quarterly IDCW Option	13.5864	14.2827
High		
Regular Plan - Growth Option	53.5337	47.0453
Regular Plan - Monthly IDCW Option	12.9229	12.8530
Regular Plan - Quarterly IDCW Option	17.1643	16.7299
Direct Plan - Growth Option	59.2501	51.4847
Direct Plan - Monthly IDCW Option	16.9905	16.6457
Direct Plan - Quarterly IDCW Option	14.8622	14.3441
Low		
Regular Plan - Growth Option	46.8362	43.7642
Regular Plan - Monthly IDCW Option	12.0897	11.9649
Regular Plan - Quarterly IDCW Option	15.8934	15.6844
Direct Plan - Growth Option	51.4191	47.6102
Direct Plan - Monthly IDCW Option	15.8074	15.5274
Direct Plan - Quarterly IDCW Option	13.5747	13.4567
End		
Regular Plan - Growth Option	53.5337	46.8800
Regular Plan - Monthly IDCW Option	12.8745	12.1010
Regular Plan - Quarterly IDCW Option	16.8855	15.9083
Direct Plan - Growth Option	59.2501	51.4637
Direct Plan - Monthly IDCW Option	16.9354	15.8211
Direct Plan - Quarterly IDCW Option	14.6251	13.5864
2. Closing Assets Under Management (Rs. in Lakhs)		
End	10,685	11,485
Average (AAuM) ¹	11,163	10,283
3. Gross income as % of AAuM ²	12.39%	5.18%
4. Expense Ratio:		
a. Total Expense as % of AAuM (including GST on Management fees) (plan wise)		
Regular Plan	2.16%	2.18%
Direct Plan	1.34%	1.09%

Key Statistics For the year ended March 31, 2024 (Contd...)

	Current Year ended March 31, 2024	Previous Year ended March 31, 2023
b. Management Fee as % of AAuM (planwise)		
Regular Plan	1.33%	1.15%
Direct Plan	1.26%	0.87%
5. Net Income as a percentage of AAuM ³	10.22%	3.01%
6. Portfolio turnover ratio ⁴	0.69	0.82
7. Total IDCW per unit distributed during the year (planwise)		
Retail		
Regular Plan - Monthly IDCW Option	0.8900	0.8320
Regular Plan - Quarterly IDCW Option	1.2200	0.8800
Direct Plan - Monthly IDCW Option	1.2000	1.0970
Direct Plan - Quarterly IDCW Option	0.9700	0.9900
Corporate		
Regular Plan - Monthly IDCW Option	0.8900	0.8320
Regular Plan - Quarterly IDCW Option	1.2200	0.8800
Direct Plan - Monthly IDCW Option	1.2000	1.0970
Direct Plan - Quarterly IDCW Option	0.9700	0.9900
8. Returns (%):		
a. Last One Year		
Scheme		
Regular Plan - Growth Option	14.15%	0.98%
Direct Plan - Growth Option	15.09%	1.45%
Benchmark		
CRISIL Hybrid 85+15- Conservative index	11.36%	3.39%
b. Since Inception		
Scheme		
Regular Plan - Growth Option	8.51%	8.22%
Direct Plan - Growth Option	8.61%	7.99%
Benchmark		
CRISIL Hybrid 85+15- Conservative index	8.43%	8.27%

1. AAuM = Average daily net assets

2. Gross income = amount against (A) in the Revenue account i.e. Income

3. Net income = amount against (C) in the Revenue account i.e. Net Realised Gains/(Losses) for the year

4. Portfolio Turnover = Lower of sales or purchase divided by the Average AuM for the year

Notes to Accounts – Annexure I

To the Abridged Balance Sheet and Revenue Account for the year ended March 31, 2024

1 Investments:

- 1.1. It is confirmed that investments of the Scheme are registered in the name of the Trustees for the benefit of the Scheme's unitholders.
- 1.2. Open Positions of derivatives as on year ended March 31, 2024 and March 31, 2023 are NIL.
- 1.3. Investment in Associates and Group Companies as at the year ended March 31, 2024 and March 31, 2023 was NIL.
- 1.4. Open position of Securities Borrowed and/or Lent by the scheme as on financial year ended March 31, 2024 and March 31, 2023 are NIL.
- 1.5. Investment in Below investment grade and default/Securities in default as on March 31, 2024 and March 31, 2023 are NIL.
- 1.6. Aggregate Unrealised Gain/Loss as at the end of the financial year 2024 and 2023 and their percentage to net assets are as under:

(Rs. In Lakhs)

Security Category	Amount	Percentage to Net Assets	Amount	Percentage to Net Assets
	As at March 31, 2024		As at March 31, 2023	
Equity Shares				
– Appreciation	872.67	8.17	665.87	5.80
– Depreciation	13.56	0.13	51.38	0.45
Alternate Investment Fund (CDMDF)				
– Appreciation	0.59	0.01	–	–
– Depreciation	–	–	–	–
Central and State Government Securities				
– Appreciation	58.20	0.54	3.40	0.03
– Depreciation	–	–	51.80	0.45
Commercial Paper / Certificate of Deposit				
– Appreciation	0.44	0.00~	1.05	0.01
– Depreciation	–	–	–	–

- 1.7. The aggregate value of investment securities (excluding CBLO/TREPS and Reverse Repos) purchased and sold (including matured) during the financial year 2023-24 (excluding accretion of discount) are Rs. 7,609.25 lakhs and Rs. 9,478.01 lakhs being 68.16% and 84.91% of the average net assets.

The aggregate value of investment securities (excluding CBLO/TREPS and Reverse Repos) purchased and sold (including matured) during the financial year 2022-23 (excluding accretion of discount) are Rs. 8,455.12 lakhs and Rs. 9,844.60 lakhs being 82.22% and 95.74% of the average net assets.

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

Security Category	Amount (Rs. In Lakhs)	Percentage to Net Assets	Amount (Rs. In Lakhs)	Percentage to Net Assets
	As at March 31, 2024		As at March 31, 2023	
Money Market Instruments	476.07	4.46	931.44	8.11
Total	476.07	4.46	931.44	8.11

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

To the Abridged Balance Sheet and Revenue Account for the year ended March 31, 2024

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

During the year 2023-24, The Hongkong and Shanghai Banking Corporation Limited, an associate entity of HSBC Asset Management (India) Private Limited was paid collection/bank charges amounting to Rs. Nil.

During the year 2022-23, The Hongkong and Shanghai Banking Corporation Limited, an associate entity of HSBC Asset Management (India) Private Limited was paid collection/bank charges amounting to Rs. Nil.

Commission paid to Sponsor/AMC and its associates/related parties/group companies

Name of Sponsor/AMC and its associates/related parties/group companies	Nature of Association / Nature of Relation	Period Covered	Business Given [Rs. In lakhs]	% of Total Business received by the Fund	Commission paid [Rs. In Lakhs]	% of Total commission paid by the Fund
The Hongkong and Shanghai Banking Corporation Limited	Group Company	2023-2024	126.61	15.86	10.83	13.87
The Hongkong and Shanghai Banking Corporation Limited	Group Company	2022-2023	241.69	4.40	16.02	20.93

Brokerage paid to Sponsor/AMC and its associates/related parties/group companies

Name of Sponsor/AMC and its associates/related parties/group companies	Nature of Association /Nature of relation	Period Covered	Business Given [Rs. In lakhs]	% of total value of transaction of the fund	Brokerage paid [Rs. In lakhs]	% of total brokerage paid by the fund
HSBC Securities & Capital Markets (India) Private Limited	Sponsor	2023-2024	–	–	–	–
HSBC Securities and Capital Market (India) Private Limited	Sponsor	2022-2023	33.27	1.23	0.04	1.18

3 None of the Investors held more than 25% of the total net assets of the schemes at the year ended March 31, 2024 and March 31, 2023.

4 Unit Capital movement during the year ended March 31, 2024, March 31, 2023 and March 31, 2022:

Description	2023-24					Face Value per unit (Rupees)
	Opening Units	Subscription	Redemption	Closing Units		
Regular Plan - Growth Option	16,441,645.564	1,063,645.956	4,015,977.128	13,489,314.392		10
Regular Plan - Monthly IDCW Option	11,246,069.967	662,933.687	2,251,464.493	9,657,539.161		10
Regular Plan - Quarterly IDCW Option	9,715,700.582	129,340.951	2,602,973.454	7,242,068.079		10
Direct Plan - Growth Option**	1,623,302.086	272,690.794	266,031.960	1,629,960.920		10
Direct Plan - Monthly IDCW Option	170,277.791	11,072.402	53,711.923	127,638.270		10
Direct Plan - Quarterly IDCW Option	59,900.306	20,516.800	12,839.003	67,578.103		10

Notes to Accounts – Annexure I (Contd...)**To the Abridged Balance Sheet and Revenue Account for the year ended March 31, 2024**

Description	2022-23				
	Opening Units	Subscription	Redemption	Closing Units	Face Value per unit (Rupees)
Regular Plan - Growth Option	15,106,366.618	5,349,427.443	4,014,148.497	16,441,645.564	10
Regular Plan - Monthly IDCW Option	9,322,656.987	3,924,349.749	2,000,936.769	11,246,069.967	10
Regular Plan - Quarterly IDCW Option	6,349,486.244	4,091,529.794	725,315.456	9,715,700.582	10
Direct Plan - Growth Option**	830,308.330	2,081,719.286	1,288,725.530	1,623,302.086	10
Direct Plan - Monthly IDCW Option	83,048.573	92,180.263	4,951.045	170,277.791	10
Direct Plan - Quarterly IDCW Option	19,814.285	46,426.274	6,340.253	59,900.306	10

Description	2021-22				
	Opening Units	Subscription	Redemption	Closing Units	Face Value per unit (Rupees)
Regular Plan - Growth Option	12,005,500.965	4,838,977.100	1,738,111.447	15,106,366.618	10
Regular Plan - Monthly IDCW Option	12,325,967.598	563,398.284	3,566,708.895	9,322,656.987	10
Regular Plan - Quarterly IDCW Option	8,020,029.330	61,536.936	1,732,080.022	6,349,486.244	10
Direct Plan - Growth Option**	358,915.643	511,772.921	40,380.234	830,308.330	10
Direct Plan - Monthly IDCW Option	99,705.613	29,257.320	45,914.360	83,048.573	10
Direct Plan - Quarterly IDCW Option	17,973.783	1,840.502	–	19,814.285	10

** Units held by the AMC (Seed Capital) in Direct Plan - Growth Option as on March 31, 2024 is 333,369.822, as on March 31, 2023 is 333,369.822 & as on March 31, 2022 is 170,321.192.

- 5 Previous year's/period figures have been re-grouped/re-arranged where necessary.
- 6 There are no contingent liabilities and other commitments as on March 31, 2024 and March 31, 2023. Contingent asset is neither recognized nor disclosed in the financial statements.
- 7 Expenses other than Management Fees and Audit Fees are Inclusive of GST where applicable.
- 8 Other income: Rs. 0.07 lakhs- represents Exit load credited to the scheme (2023: Rs. 0.76 lakhs represents Exit load credited to the scheme).
- 9 **Investor Education Awareness**

As mandated by SEBI vide circular no. CIR/IMD/DF/21/2012 dated September 13, 2012 an annual charge of 0.02 percent of daily net assets, being a part of total recurring expenses is set aside for Investor Education and Awareness (IEA). In view of the AMFI Best Practices Guidelines Circular No. 56/2015-16,

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

To the Abridged Balance Sheet and Revenue Account for the year ended March 31, 2024

the IEF (Investor Education Fund) accrual is set aside in a separate bank account and the consolidated balance across all schemes as on March 31, 2024.

Pursuant to SEBI circular dated May 23, 2022, w.e.f. July 01, 2022, the limit of 0.02% p.a. has been reduced to 0.01% p.a. in case of ETFs/Index Funds. Furthermore, Fund of Funds (FoFs) investing more than 80% of its NAV in the underlying domestic funds have discontinued setting aside 0.02% p.a. of daily net assets towards IEAI.

The break-up of which is as under:

	March 31, 2024	March 31, 2023
Particulars	Amount (Rs. In Lakhs)	Amount (Rs. In Lakhs)
Opening Balance as on April 01, 2023	997.09	460.22
Add: Accrual during FY 2023-24	1,962.01	1,432.00
Less: Transferred to AMFI *	889.11	646.75
Less: Payable to AMFI (March 2024 accrual) *	91.90	69.25
Add: Investment Income FY 2023-24	77.08	166.42
Less: Spent during FY 2023-24	1,877.44	345.55
Closing Balance as on March 31, 2024	177.73	997.09

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

The IEA disclosure's are presented for surviving schemes only.

10 Garnishee Notice from Income Tax Authorities

During the financial year 2011-12, an Income tax demand of Rs. 32.58 crores was purported to be recovered under garnishee proceedings, by Income Tax Authorities in respect of investments made in Pass through Certificates (PTC) by some of the debt schemes (including matured schemes) of HSBC Mutual Fund (HSBC MF), for A.Y. 2009-2010. The said demand, impacting various mutual fund players in the industry, raised originally on the trusts sponsored by IL&FS Trust Company Ltd., (Appellants) was sought to be also recovered u/s 177(3) of the Income Tax Act, from HSBC MF.

Similar to AY 2009-10, HSBC MF had received a demand notice from the Income Tax authorities for AY 2010-11 for Rs. 6.95 crores.

Further, assessment for the A.Y. 2007-2008 was also been reopened by the Income Tax Authorities and demand of Rs. 2.04 Crores was made on the trust sponsored by IL&FS Trust Company Ltd. HSBC MF has not received any demand notice from the Income Tax authorities for this assessment year.

Against all the above demands, an appeal was filed by the Appellant with the first Appellate Authority CIT(A) and thereafter with ITAT. The matter of several Loan Trusts were consolidated and heard by ITAT and vide order dated 17th Feb 2017, the Income Tax Appellate Tribunal (ITAT) passed an order allowing the appeal of the assessee and dismissed the appeal of the Revenue.

The Department filed Miscellaneous Applications (MA) under section 254(2) of the Income Tax Act with ITAT against the favorable orders passed by ITAT on the ground that the Income Tax Appellate Tribunal has failed to consider all aspects of revenue contentions/appeal.

The ITAT has vide its order dated March 25th 2022, dismissed the MA filed by department.

An appeal filed by Revenue in the High court against the aforesaid order of Feb 2017 is yet to be heard.

- 11 Pursuant to SEBI Circular No. SEBI/HO/IMD/DF3/CIR/P/2020/194 dated October 05, 2020, the nomenclature of 'Dividend Option' under all the schemes of HSBC Mutual Fund has been revised to 'Income Distribution cum Capital Withdrawal Option' (IDCW), with effect from April 01, 2021.

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

To the Abridged Balance Sheet and Revenue Account for the year ended March 31, 2024

- 12 Securities, excluding debt securities, where the non-traded investments which have been valued “in good faith” exceed 5% of the net assets at the end of the year is NIL.
- 13 Debt securities which have been valued at a price other than the price given by the independent valuation agencies at the end of the year is NIL.

14 Disclosure of Risk-o-meter

Scheme Name	Risk-o-meter level at end of the financial year i.e. March 31, 2024	Risk-o-meter level as on March 31, 2023	Number of changes in Risk-o-meter during the financial year (March 2023 to March 2024)
HSBC Conservative Hybrid Fund	Moderately High	Moderately High	0

- 15 Subsequent to receipt of SEBI's no objection to acquisition of 100% equity shares of L&T Investment Management Limited (“LTIM”, Investment Manager of L&T Mutual Fund) and the amendments proposed to the trust deed of the HSBC Mutual Fund as required under the SEBI (Mutual Funds) Regulations, 1996, the schemes of L&T Mutual Fund (LTMF) were transferred to/ merged with the schemes of HSBC Mutual Fund on and from the close of business hours of November 25, 2022, and the HSBC AMC and HSBC Trustees assumed the responsibilities of the schemes of LTMF w.e.f. close of business hours of November 25, 2022.
- 16 During the year, HSBC Securities and Capital Markets (India) Private Limited (“HSCI”), Sponsors of HSBC Mutual Fund established a private limited company with limited liability to act as the “Trustee” of HSBC Mutual Fund. HSBC Trustees (India) Private Limited (“HTIP”) was incorporated on 9 January 2024. Accordingly, HTIP has replaced the Board of Trustees of HSBC Mutual Fund w.e.f. 1 March 2024, and the Company through its Board of Directors has been discharging its obligations as the “Trustees” of the Fund from this date.
- 17 The Annual Accounts of the Schemes, prepared in accordance with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the “Act”) read with the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time and clause 17.14 of SEBI Master Circular for Mutual Funds dated June 27, 2024, has been approved by the Board of Directors of HSBC Asset Management (India) Private Limited and HSBC Trustees (India) Private Limited at their meetings held on July 8, 2024 and July 19, 2024 respectively. The audit report attached herewith refers to the said Annual Accounts. The aforesaid abridged accounts are an extract of the Annual Accounts and are prepared in accordance with clause 5.4 and format no. 3.B under the section of formats of SEBI Master Circular for Mutual Funds dated June 27, 2024 and other relevant circulars issued by the Securities and Exchange Board of India from time to time.

Voting Policy and Procedures

In view of para 6.16 of SEBI Master Circular on Mutual Funds dated June 27, 2024 related to "Role of Mutual Funds in Corporate Governance of Public Listed Companies", HSBC AMC has formulated its "Policy for Proxy Voting in Public Listed Companies". The said policy is available on our website and the details of actual exercise of proxy votes, the summary of votes casted and the auditor's certificate is forming part of our full Annual Report for the Financial Year 2023 – 24 which has been uploaded on our website at <http://www.assetmanagement.hsbc.co.in>

Statutory Details & Disclaimers

All the returns have been sourced from Mutual Funds India Explorer software. The performance of the schemes and the benchmark is calculated on a total return basis. This document has been prepared by HSBC Asset Management (India) Private Limited (HSBC) for information purposes only with an intent to provide market overview and should not be construed as an offer or solicitation of an offer for purchase of any of the funds of HSBC Mutual Fund. All information contained in this document (including that sourced from third parties), is obtained from sources, which HSBC/third party, believes to be reliable but which it has not been independently verified by HSBC/the third party. Further, HSBC/the third party makes no guarantee, representation or warranty and accepts no responsibility or liability as to the accuracy or completeness of such information. The information and opinions contained within the document are based upon publicly available information and rates of taxation applicable at the time of publication, which are subject to change from time to time.

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

For disclosure of quarterly AUM/AAUM and AUM by geography, please visit our website at www.assetmanagement.hsbc.co.in. Investors are requested to note that as per SEBI (Mutual Funds) Regulations, 1996 and guidelines issued thereunder, HSBC AMC, its employees and/ or empaneled distributors/agents are forbidden from guaranteeing/promising/assuring/predicting any returns or future performances of the schemes of HSBC Mutual Fund. Hence, please do not rely upon any such statements/commitments. If you come across any such practices, please register a complaint via email at investor.line@mutualfunds.hsbc.co.in

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

Important Updates

Name and Date of Birth as per PAN card - Effective from June 1, 2024

As per recent regulatory requirement and changes advised by Income Tax Department in PAN validation process, now it is mandated to quote your Name(s) and DOB as per PAN card. To avoid any failure in such validations, we request investors to quote the Name(s) and DOB's of all the holders including Guardian, Power of Attorney (POA) holders as per PAN card.

Useful Links for self service options

- **Use our 24 x 7 Chatbot - "ASKME" for any queries or service request:**
visit: <https://invest.assetmanagement.hsbc.co.in>

SMS your request to HSBC Mutual Fund

- **Latest NAV :** Send SMS as HSBCMF NAV <Scheme Code> to 56767
Example: HSBCMF NAV F03
- **Valuation Service on registered mobile No. :** Send SMS as HSBCMF VAL <folio_number> to 56767
Example: HSBCMF VAL 123456
- **Annual Report :**
For Electronic Copy: Send SMS as HSBCMFARE <folio_number> to 567678080
Example: HSBCMF ARE 123456
For Physical Copy: Send SMS as HSBCMFARP <folio_number> to 567678080
Example: HSBCMF ARP 123456
- **Half Yearly Portfolio :**
For Electronic Copy: Send SMS as HSBCMFHPE <folio_number> to 567678080
Example: HSBCMF HPE 123456
For Physical Copy: Send SMS as HSBCMFHPP <folio_number> to 567678080
Example: HSBCMF HPP 123456

Missed Call Service

- You can give a missed call to 9212900020 to get the total valuation via SMS and a statement on your registered email ID

Book-Post

If undelivered please return to:

Computer Age Management Services Private Limited (CAMS)

Unit: HSBC Mutual Fund

New No. 10, M.G.R Salai, Nungambakkam, Chennai - 600034.

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

HSBC Asset Management (India) Private Limited

CIN NO: U74140MH2001PTC134220

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

Website : www.assetmanagement.hsbc.co.in

Description	Toll Free Number	Email ID
Investor related queries	1800-4190-200/1800-200-2434	investor.line@mutualfunds.hsbc.co.in
Online related queries	1800-4190-200/1800-200-2434	onlinemf@mutualfunds.hsbc.co.in
Investor (Dialing from abroad)	+91 44 39923900	investor.line@mutualfunds.hsbc.co.in

To get your updated account statement email us at : ["mfsoa@mutualfunds.hsbc.co.in"](mailto:mfsoa@mutualfunds.hsbc.co.in)

We're always here to help you, so feel free to reach out to us

Self-service request at your Fingertips

- Visit Website • Invest Online • Insta Statement • Download Forms
- Transact via Whats App • Use 24/7 ChatBot - Ask Me



Remember, you can also find out more via our social media handles !

Please check our website www.assetmanagement.hsbc.co.in for an updated list of Official Points of Acceptance of HSBC Mutual Fund.

CAMS SERVICE CENTRES / CAMS LIMITED TRANSACTION POINTS / CAMS COLLECTION CENTRES

For details on CAMS Service Centres, please visit www.camsonline.com



HSBC Corporate Bond Fund **(Erstwhile L&T Triple Ace Bond Fund)**

An open ended debt scheme predominantly investing in AA + and above rated corporate bonds. A relatively high interest rate risk and relatively low credit risk.

Abridged Annual Report 2023 - 2024

SPONSOR

HSBC Securities and Capital Markets (India) Private Limited

CIN – U67120MH1994PTC081575

Regd. Office: 52/60, Mahatma Gandhi Road, Fort, Mumbai 400001.

TRUSTEE COMPANY

HSBC Trustees (India) Private Limited

CIN – U66190MH2024PTC416973

Regd. Office: 52/60, Mahatma Gandhi Road, Fort, Mumbai 400001.

ASSET MANAGEMENT COMPANY

HSBC Asset Management (India) Private Limited

CIN – U74140MH2001PTC134220

Regd. Office: 9-11 Floors, NESCO IT Park, Building No. 3,
Western Express Highway, Goregaon (East), Mumbai 400063.

CUSTODIAN

Citibank N.A.

First International Financial Center (FIFC), 9th Floor,
C-54 & 55, G – Block, Bandra Kurla Complex, Bandra (East), Mumbai 400051.

AUDITORS TO THE SCHEME

MSKA & Associates

Chartered Accountants

602, Floor 6, Raheja Titanium, Western Express Highway,
Geetanjali Railway Colony, Ram Nagar, Goregaon (East), Mumbai 400063.

REGISTRAR & TRANSFER AGENTS

Computer Age Management Services Limited (CAMS)

Unit: HSBC Mutual Fund

New No. 10, M.G.R Salai, Nungambakkam, Chennai 600034.

BOARD OF TRUSTEES

Ms. Jasmine Batliwalla	– Chairperson
Mr. Nani Javeri	– Trustee
Mr. David Rasquinha	– Trustee
Mr. Nicolas Moreau	– Trustee

BOARD OF DIRECTORS

Dr. Indu Shahani	– Director
Mr. Kapil Seth	– Director
Ms. Roopa Varma	– Director
Mr. Kailash Kulkarni	– Director & Chief Executive Officer

Dear Investor,

As we reflect on the past year, I am filled with pride and optimism about the future of our company and overall growth of the mutual fund industry. The past year has marked significant milestones in our journey, particularly as we capitalise on the immense potential of India's burgeoning growth story.

Fiscal 2024 turned out to be one of the best years for the domestic mutual fund industry as assets under management (AUM) spurted by nearly Rs. 14 lakh crore to a record Rs. 53.40 lakh crore as of March 2024 compared with Rs. 39.42 lakh crore as of March 2023.

The mutual fund industry is experiencing immense growth and we are poised to take advantage of this upward trajectory. Our company is an integral part of this growth story, riding the wave with several strategic initiatives and accomplishments that have set us on a path of sustained success.



Major achievements post integration

- Post integration we have enhanced our digital offering for both B2B and B2C to provide improved customer journeys.
- HSBC AM India's AUM increased from USD 1.4 bn (before integration) to USD 13.7 bn as of April 2024.
- HSBC Asset Management India has now become the 14th largest asset manager in India in terms of AUM.
- HSBC AM India has launched 4 new products since integration (raising \$445M).
- We have expanded HSBC AM India's product offerings to 43 funds.

Key Achievements in FY2023-2024

Investment Performance: Our disciplined investment strategy and thorough research have been pivotal to our success. We have focused on high-quality, undervalued assets, achieving consistent returns across our portfolio.

Product Innovation: This year, we launched two new funds - HSBC Multi Asset Allocation Fund and HSBC Consumption Fund, tailored to meet the evolving needs of our investors. These new offerings have been well-received, contributing to our growth in AUM significantly.

Increased Media Presence: In FY24, we significantly boosted our media presence, ensuring that our brand and thought leadership are recognized across various platforms. Through strategic media engagements like Informed Investing with ET Now, talks shows and several authored articles plus interviews - we have amplified our message, reaching a broader audience and reinforcing our market position.

Successful Campaign Launch: We successfully launched SIP Hai #FaydeWaliAadat, an investor education campaign, that highlighted the transformative power of SIPs in achieving long-term financial

goals. A first of its kind campaign, it aimed at educating and empowering the millennial investors in India. The campaign garnered significant attention and positive feedback, strengthening our brand presence and engaging a wider audience. Notably, the campaign has also earned us prestigious awards and accolades highlighting our commitment to excellence and innovation.

Client Relationships: We have strengthened our client relationships through enhanced communication, transparency, and personalized service. Our client satisfaction scores have reached new heights, reflecting our commitment to exceptional service.

We believe that the India story has just begun and its economic landscape is poised for significant growth. An exposure to unique and future relevant themes can provide a much-needed inflation buffer. The importance of asset allocation continues to be critical. It is critical for all of us to review our risk appetite and goal proximity and construct a portfolio appropriately.

Besides construction, portfolio rebalancing is equally important in order to achieve optimal outcomes. I do hope you share my enthusiasm and I ask that you continue to invest whilst reviewing your asset allocation at all times.

I would like to express my sincere gratitude to our dedicated team, whose expertise and commitment are the backbone of our success. To our investors, thank you for your trust and continued support. Your confidence in our approach motivates us to strive for excellence in everything we do. Also, I want to express my deepest gratitude to our valuable partners for their unwavering support and keep our services running. Look forward to achieving even grater milestones together.

As we move forward, we remain committed to delivering superior investment performance, fostering strong client relationships, and driving sustainable growth. Together, we are well-positioned to navigate the future and achieve our goals.

Warm regards,

A handwritten signature in black ink, appearing to read 'Kailash Kulkarni', written over a horizontal line.

Kailash Kulkarni

Chief Executive Officer

HSBC Asset Management India

Trustees' Report

For the year ended March 31, 2024

The Board of Directors of HSBC Trustees (India) Private Limited, Trustees of HSBC Mutual Fund present the Twenty Second Annual Report and the audited abridged financial statements of the schemes of the HSBC Mutual Fund ("the Fund") for the year ended March 31, 2024.

With the acquisition of L&T Mutual Fund in the previous financial year, the Fund's Assets Under Management ('AUM') (excluding Domestic FOFs) as on March 31, 2024 was INR 109368.16 crores (audited). The Fund ranks in the top 15 Mutual Fund houses in India in terms of AUM.

As at March 31, 2024, the Fund offered 43 schemes across asset classes to meet the varying investment needs of the investors. During the year, the Fund launched two new products namely HSBC Consumption Fund and HSBC Multi Asset Allocation Fund in Equity and Hybrid categories.

The Fund continues its focus on delivering consistent long-term returns. The comments on the performance of the scheme(s) are provided hereinafter. Dividends were declared under various schemes as per the provisions contained in the respective Scheme Information Documents after considering the distributable surplus available under the respective plans of the schemes. Details of dividends declared can be viewed on our website at www.assetmanagement.hsbc.co.in.

During the year, HSBC Securities and Capital Markets (India) Private Limited ("HSCI"), Sponsors of the Fund established a private limited company with limited liability to act as the "Trustees" of the Fund. HSBC Trustees (India) Private Limited ("HTIP") was incorporated on 9 January 2024. Accordingly, HTIP has replaced the Board of Trustees of HSBC Mutual Fund w.e.f. 1 March 2024, and the Company through its Board of Directors has been discharging its obligations as the "Trustees" of the Fund from this date.

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

a. Operations and Performance of the Scheme

➤ Debt Scheme

HSBC Corporate Bond Fund ('HCBF')

(An open-ended debt scheme predominantly investing in AA+ and above rated corporate bonds. A relatively high interest rate risk and relatively low credit risk)

The investment objective of the scheme is to generate regular return by investing predominantly in AA+ and above rated debt and money market instruments. There is no assurance that the objective of the Scheme will be realised and the Scheme does not assure or guarantee any returns.

The net assets of HCBF amounted to INR 6100.72 crores as at March 31, 2024 as against INR 6883.62 crores as at March 31, 2023. Around 98.24% of the net assets were invested in debt, 1.44% of the net assets were invested in reverse repos/TREPS and 0.02% in net current assets as at March 31, 2024.

HCBF's portfolio carries a relatively low credit risk by virtue of its focus on investing predominantly in AAA rated credits. HCBF endeavors to remain invested in bonds of only AAA rated companies and aims to generate significant proportion of the total returns in the form of income yield from accrual of high quality credit.

HCBF was overweight on duration compared to the benchmark. The government securities exposure in HCBF was predominantly in the 2028 segment compared to index which was deployed in 2026 segment. The 2028 maturity government securities outperformed leading to the fund's better performance versus the benchmark.

HSBC Corporate Bond Fund					Date of Inception : 31 March, 1997			
Fund / Benchmark (Value of ₹ 10,000 invested)	1 Year		3 Years		5 Years		Since Inception	
	Amount (₹)	Returns (%)	Amount (₹)	Returns (%)	Amount (₹)	Returns (%)	Amount (₹)	Returns (%)
HSBC Corporate Bond Fund	10723	7.21	11618	5.12	14218	7.28	65992	7.23
Scheme Benchmark (NIFTY Corporate Bond Index A-II)	10741	7.39	11643	5.20	13810	6.65	NA	NA

Trustees’ Report
For the year ended March 31, 2024 (Contd...)

HSBC Corporate Bond Fund					Date of Inception : 31 March, 1997			
Fund / Benchmark (Value of ₹ 10,000 invested)	1 Year		3 Years		5 Years		Since Inception	
	Amount (₹)	Returns (%)	Amount (₹)	Returns (%)	Amount (₹)	Returns (%)	Amount (₹)	Returns (%)
Additional Benchmark (CRISIL 10 year Gilt Index)	10854	8.52	11347	4.30	13482	6.14	NA	NA

Past performance may or may not be sustained in future. The returns for the respective periods are provided as on March 31, 2024 for Growth Option of Regular Plan. Returns on ₹ 10,000 are point-to-point returns for the specific time period, invested at the start of the period. Returns for 1 year and above are Compounded Annualized. Different plans shall have a different expense structure. Performance of the respective benchmark is calculated as per the Total Return Index (TRI).

Please Note: NA means not available. The launch date of the NIFTY Corporate Bond Index A-II is Sep 3, 2001 and the same for CRISIL 10 year Gilt Index is September 1, 2001 whereas the inception date of the scheme is Mar 31, 1997. The corresponding benchmark returns since inception of the scheme is not available.

Risk-o-meter as of 31st March, 2024:

Scheme Name	Scheme Risk-o-meter	Benchmark Risk-o-meter
HSBC Corporate Bond Fund	 RISKOMETER Investors understand that their principal will be at Moderate risk	Benchmark Index: NIFTY Corporate Bond Index A-II  RISKOMETER

Please note that the above risk-o-meter is as per the product labelling of the Scheme basis Scheme's monthly portfolio as on March 31, 2024.

Potential Risk Class (PRC) Matrix for Debt Schemes of HSBC Mutual Fund

HSBC Corporate Bond Fund			
Credit Risk →	Relatively Low (Class A)	Moderate (Class B)	Relatively High (Class C)
Interest Rate Risk ↓			
Relatively Low (Class I)			
Moderate (Class II)			
Relatively High (Class III)	AIII		
A Scheme with Relatively High interest rate risk and Low credit risk.			

Potential Risk Class ‘PRC’ matrix indicates the maximum interest rate risk (measured by Macaulay Duration of the scheme) and maximum credit risk (measured by Credit Risk Value of the scheme) the fund manager can take in the scheme. PRC matrix classification is done in accordance with and subject to the methodology/guidelines prescribed by SEBI to help investors take informed decision based on the maximum interest rate risk and maximum credit risk the fund manager can take in the scheme, as depicted in the PRC matrix.

Trustees' Report

For the year ended March 31, 2024 (Contd...)

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

➤ EQUITY OUTLOOK

Recap of FY 2023-24:

FY24 was a stellar year for the Indian equity markets with strong economic momentum, healthy earnings growth and strong inflows from domestic and foreign institutional investors and strong retail participation driving a broad-based bull market. The Nifty and Sensex were up a solid 30.1%/26.5% respectively during the year, while the BSE Midcap and BSE Smallcap indices gained an astounding 65.2% and 61.4% respectively.

While geo-political conflicts continued in FY24, their impact on crude and global supply chains moderated. Crude prices largely remained range bound during the year. Inflation barring a brief spike largely remained well contained, the economy gained further steam with GDP growth crossing 8% in H1FY24 supported by government thrust on infrastructure. This translated into strong growth for several core sector industries including steel and cement. The growth in the real estate sector has been strong with inventory continuing to decline in metro markets. However, lagged impact of price increases continued to impinge on consumer demand growth which remained subdued for most mass market categories.

Domestic cyclicals were the best performing sectors during the year led by Real Estate, Capital Goods, Autos. Power was also among the best performing sectors. Global cyclicals like Metals and Oil & Gas also strongly outperformed the Nifty. FMCG and Banking while delivering healthy positive returns underperformed the Nifty, while IT performance was closer to Nifty.

MSCI India index outperformed most of key global indices during the past fiscal. MSCI India index (USD) gained 35.5% as compared to 23.1% gain for MSCI World, 27.9% for US S&P 500, 11.0% for MSCI Europe and only 5.3% for MSCI Emerging Markets as MSCI China declined 19.0% over the period.

Strong performance of the market and subsiding global macro headwinds drove a sharp turnaround in foreign investment flows. FII net inflow was at USD 25.3bn in FY24 versus an outflow of USD 6.0bn/ 17.1bn in FY23/ FY22. DIIs, on the other hand, matched FII inflow with an inflow of USD 25.3bn although it was lower than the net inflows at USD 30.8bn in FY23. Within DIIs, the MF segment was the key contributor (USD 24.3 bn of net inflows up from USD 21.8bn in FY23) while domestic Insurers were also in the net inflow territory (USD 1.0bn of net inflows vs USD 9.0bn in FY23).

Source: Motilal Oswal

Indices Returns (April 01, 2023 to March 31, 2024)	1 Year [^]
S&P BSE Sensex TR	26.5%
NSE CNX Nifty TR	30.1%
S&P BSE 100 TR	34.2%
S&P BSE 200 TR	38.5%
S&P BSE 500 TR	40.2%
S&P BSE Midcap TR	65.2%
S&P BSE Small-cap TR	61.4%

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

Way forward:

The global macro environment remains challenging with heightened geo-political and economic uncertainties. US bond yields remain high putting pressure on interest rates and currencies globally. For India, growth has continued to remain strong with GDP growth of 8.4% in Q3FY24 driven by strong government spending on infrastructure and pickup in manufacturing and construction. The 2024 interim budget has re-affirmed

Trustees' Report

For the year ended March 31, 2024 (Contd...)

government focus on infrastructure. At the same time reduction in fiscal deficit should also help in easing of domestic interest rates. However, after last year's patchy monsoon, a good monsoon will be an important factor for rural demand and overall consumption growth in the economy in FY25.

India starts FY25 on a strong footing with positive growth momentum and India's investment cycle is expected to be on a medium-term uptrend supported by rising government investment in infrastructure and recovery in real estate cycle. There is also an expectation of higher private investments in renewable energy and related supply chain, localization of higher-end technology components, and India becoming a more meaningful part of global supply chains. Finally, it is expected for consumption to improve as the impact of high inflation fades and real incomes start to grow again.

However, several of these positives are getting discounted by the high valuations currently prevailing in the equity market. While the fund managers remain constructive on Indian equities supported by the more robust medium-term growth outlook there is a caution against high return expectations. Nifty continues to trade on 20.6x consensus 1 year forward PE (as of 30 April). On a 10-year basis, Nifty is still trading 10% above its historic average valuation but is in-line with its 5-year average. Valuations of the midcap and small cap indices are even higher versus their historical average.

➤ DEBT OUTLOOK

Market drivers during the course of the year FY 2024

The year started with advanced economies continuing to grapple with higher inflation and policy tightening remained a common theme across economies. During FY2024, the Federal Open Market Committee (FOMC) raised policy rates by 50 bps while European Central Bank (ECB) and Bank of England (BOE) raised policy rates by 100 bps each. The cumulative rate hikes by various advanced economies in this cycle are as follows: Fed (525 bps), BOE (515 bps) and ECB (450 bps). Meanwhile cumulative rate hikes by the Monetary Policy Committee (MPC) in this cycle was 250 bps. On account of higher Government debt burden, Fitch downgraded US sovereign rating from AAA to AA+. US Treasury yields remained volatile during the year, with the 10-year benchmark rising higher by 73 bps during the year. Crude prices also moved higher by USD 7-8/bbl.

On the domestic front, Consumer price Index (CPI) inflation remained broadly in the upper end of the MPC's targeted band of 4% +/- 2% for most the financial year, however, inflation printed above 6% on two occasions due to high food inflation. Headline inflation remained susceptible to high food inflation with markets now expecting some relief of food prices on the back of normal monsoon. Core inflation eased through the year falling to below 4% in the last quarter.

Domestically, one of the biggest events during the year was the much-awaited index inclusion of Indian Government Bonds (IGBs) into the GBI-EM Global index suite and its relevant benchmarks. India is expected to reach the maximum weight of 10% in the GBI-EM Global Diversified Index (GBI-EM GD), with the inclusion staggered over a 10-month period starting June 2024. Following this, Bloomberg also included IGBs in their Bloomberg EM Local Currency Index, with India expected to reach a maximum weight of 10% over a 10-month period starting Jan 2025. Both these inclusions are expected to bring in INR 25-30 bn of index related FPI inflows over the next 1-2 years and paving the way for inclusion into other global bond indices as well. During FY2024, FPIs poured in close USD 12 bn into IGBs, with majority of the inflows coming in post the JP Morgan index inclusion announcement.

Government continued its path of fiscal consolidation, with the revised estimate of the Fiscal deficit for FY2024 coming in at 5.6%, with expectations for FY2025 at 5.1% and target of below 4.5% by FY2026. PMI numbers continue to remain in expansion, GST revenues remain buoyant and credit off-take upbeat.

The external sector has remained strong due to healthy service exports and remittances. Current Account Deficit (CAD) is expected to be around 1% for the year. Rupee remained one of the more stable currencies during the year, with active intervention from RBI smoothening any volatility. RBI continued to build on the FX reserves with year-end number around USD 650 bn.

Money market rates moved higher during the year due to tightening in liquidity along with higher Certificate of Deposit (CD) issuances. G-Sec yields, however, moved lower due to favorable demand supply and lower G-Sec borrowing. 10-year G-Sec moved lower during the year by 25 bps, while 5 yr G-Sec moved lower by 13 bps.

Trustees' Report

For the year ended March 31, 2024 (Contd...)

Market Outlook

While US markets have braced for "higher for longer" rates, we have seen in the past, that reactions to favorable data in such an environment can be sharp. Any softness in growth, employment or inflation data over the next few months will allow the markets to quickly start pricing in aggressive future policy easing. In our view, the RBI is also likely to gradually shift the liquidity deficit into surplus over the course of the next 3-6 months, flipping overnight rates from the top to the bottom of the rate corridor. The yield curve is likely to steepen as liquidity eases. This along with a potential 50 bps of policy easing in first half of CY2025 may push overnight rates lower by 75-100 bps.

While any form of additional spending by the new Government to address concerns of rural sections of the country and the possibility of additional spending to fund such policies will remain a key monitorable, it is believed the Government is likely to remain cognizant of the possible impact of such policies and take measured steps. With the dust settling down on the election outcome, the broad macroeconomic factors should continue to remain stable and could support softening in domestic yields going forward.

The Fund Managers continue to have a positive outlook for interest rates, based on various favorable factors: (a) Record RBI dividend to the Government, (b) reduced Fiscal deficit number of 5.6%, (c) favorable G-Sec supply demand dynamics, (d) FPI index related inflows, (e) revised outlook in India by S&P, (f) soft core inflation along with expectations of a better than normal monsoon, and finally (g) soft signals by Government and RBI on liquidity.

Source: RBI, Bloomberg, Internal HSBC Research & CCIL

2. BRIEF BACKGROUND OF THE SPONSORS, THE FUND, THE TRUSTEES AND THE ASSET MANAGEMENT COMPANY

A. Sponsor

HSBC Mutual Fund is sponsored by HSBC Securities and Capital Markets (India) Private Limited (HSCI). The Sponsor is the Settler of the Mutual Fund Trust. The Sponsor has entrusted a sum of Rs. 1,00,000/- (Rupees One Lakh only) to the Trustee as the initial contribution towards the corpus of the Mutual Fund.

HSCI offers integrated investment banking services, securities and corporate finance & advisory. HSCI is a member of the Bombay Stock Exchange Limited and National Stock Exchange (capital and derivative market segments). HSCI holds 100% of the paid-up equity share capital of HSBC Asset Management (India) Private Limited.

B. HSBC Mutual Fund

HSBC Mutual Fund ("the Mutual Fund" or "the Fund") has been constituted as a Trust in accordance with the provisions of the Indian Trusts Act, 1882 (2 of 1882) vide a Trust Deed dated February 7, 2002 (as amended) with HSBC Securities and Capital Markets (India) Private Limited, as the Sponsor and HSBC Trustees (India) Private Limited. The Trustee has entered into an Investment Management Agreement dated February 7, 2002 (as amended) with HSBC Asset Management (India) Private Limited (AMC) to function as the Investment Manager for all the schemes of the Fund. The Fund was registered with SEBI vide registration number MF/046/02/5 dated May 27, 2002.

The Trust has been formed for the purpose of pooling of capital from the public for collective investment in securities for the purpose of providing facilities for participation by persons as beneficiaries in such investments and in the profits/income arising therefrom.

C. HSBC Trustees (India) Private Limited (the Trustees)

The Trustees are the exclusive owner of the Trust Fund and holds the same in trust for the benefit of the unitholders. The Trustees have been discharging their duties and carrying out the responsibilities as provided in the SEBI (Mutual Funds) Regulations, 1996 and the Trust Deed. The Trustees seek to ensure that the Fund and the schemes floated there under are managed by the AMC in accordance with the Trust Deed, the said Regulations, directions and guidelines issued by the SEBI, the Stock Exchanges, the Association of Mutual Funds in India and other regulatory agencies.

Trustees’ Report

For the year ended March 31, 2024 (Contd...)

During the year, HSBC Securities and Capital Markets (India) Private Limited (“HSCI”), Sponsors of HSBC Mutual Fund) established a private limited company with limited liability to act as the “Trustee” of HSBC Mutual Fund. HSBC Trustees (India) Private Limited (“HTIP”) was incorporated on 9 January 2024. Accordingly, HTIP has replaced the Board of Trustees of HSBC Mutual Fund w.e.f. 1 March 2024, and the Company through its Board of Directors has been discharging its obligations as the “Trustees” of the Fund from this date.

As of March 31, 2024, HSCI holds 100% of the paid-up equity share capital of HTIP.

D. Asset Management Company (the AMC)

HSBC Asset Management (India) Private Limited (the Investment Manager or the AMC) is a private limited company incorporated under the Companies Act, 1956 on December 12, 2001 having its Registered Office at 9-11 Floors, NESCO IT Park, Building no. 3, Western Express Highway, Goregaon (East), Mumbai – 400 063. HSBC Asset Management (India) Private Limited has been appointed as the Asset Management Company of HSBC Mutual Fund by the Trustee vide Investment Management Agreement (IMA) dated February 7, 2002 (as amended) and executed between the Trustees and the AMC. SEBI approved the AMC to act as the Investment Manager of the Fund vide its letter No. MFD/BC/163/2002 dated May 27, 2002. The paid-up equity share capital of the AMC is Rs. 344.41 crores. The AMC is registered as a Portfolio Manager under the SEBI (Portfolio Managers) Regulations, 1993 vide registration no. INP000001322. The AMC also offers non-binding Advisory services to offshore funds under the mutual fund license.

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

3. INVESTMENT OBJECTIVE OF THE SCHEMES

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

4. SIGNIFICANT ACCOUNTING POLICIES

The Significant Accounting Policies form part of the Notes to the Accounts annexed to the Balance Sheet of the Schemes in the Full Annual Report. The accounting policies are in accordance with Securities Exchange Board of India (Mutual Funds) Regulations, 1996 and Indian Accounting Standards (IND AS) notified under section 133 of the Companies Act, 2013 (the “Act” read with the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time.

5. UNCLAIMED DIVIDENDS & REDEMPTIONS

Summary of number of investors & corresponding amount as on March 31, 2024:

Scheme Name	Unclaimed Dividend		Unclaimed Redemption	
	No. of Investors	Amount (₹)	No. of Investors	Amount (₹)
HSBC Corporate Bond Fund	5,333	1,923,012.10	61	954,395.39

6. INVESTOR SERVICES

The number of official points of acceptance of transactions are 210 locations. In addition to the offices of the Registrar & Transfer Agent, the AMC has its own office in 61 locations and Investor Service Centers in 39 locations. The AMC has 2 Toll Free numbers (1800-4190-200/1800-200-2434) which can be dialed from anywhere in India and 1 number i.e. +91 44 39923900 (Investors calling from abroad). The call center service is being managed by the Registrar and Transfer Agents. HSBC Mutual Fund offers the online transaction facility through the AMC’s website at www.assetmanagement.hsbc.co.in.

On the distribution front, the number of empaneled distributors were 59046 as on March 31, 2024. During the year, the AMC initiated tie-ups for online distribution of the Mutual Fund’s schemes with several channel partners taking the total number of such tie-ups to 160 as on March 31, 2024.

Trustees' Report

For the year ended March 31, 2024 (Contd...)

7. DETAILS OF INVESTOR GRIEVANCE REDRESSAL

The details of the redressal of investor complaints received against HSBC Mutual Fund during April 2023 - March 2024 are as follows:

2023-2024												
Complaint code	Type of Complaint	(a) No. of complaints pending at the beginning of the period	(b) No. of complaints received during the given period	Action on (a) and (b)								
				Resolved				Non Action-able*	Pending			
				Within 30 days	30-60 days	60-180 days	Beyond 180 days		0-3 months	3-6 months	6-9 months	9-12 months
I A	Non receipt of amount declared under Income Distribution cum Capital Withdrawal option	1	10	11	0	0	0	0	0	0	0	0
I B	Interest on delayed payment of amount declared under Income Distribution cum Capital Withdrawal option	0	1	1	0	0	0	0	0	0	0	0
I C	Non receipt of Redemption Proceeds	1	38	39	0	0	0	0	0	0	0	0
I D	Interest on delayed payment of Redemption	0	2	2	0	0	0	0	0	0	0	0
II A	Non receipt of Statement of Account/Unit Certificate	0	3	3	0	0	0	0	0	0	0	0
II B	Discrepancy in Statement of Account	1	22	23	0	0	0	0	0	0	0	0
II C	Data corrections in Investor details	1	250	249	0	0	0	0	2	0	0	0
II D	Non receipt of Annual Report/ Abridged Summary	0	0	0	0	0	0	0	0	0	0	0
III A	Wrong switch between Schemes	0	2	2	0	0	0	0	0	0	0	0
III B	Unauthorized switch between Schemes	0	1	1	0	0	0	0	0	0	0	0
III C	Deviation from Scheme attributes	0	1	1	0	0	0	0	0	0	0	0
III D	Wrong or excess charges/load	0	0	0	0	0	0	0	0	0	0	0
III E	Non updation of changes viz. address, PAN, bank details, nomination, etc	1	127	127	0	0	0	0	1	0	0	0
III F	Delay in allotment of Units	0	5	4	1	0	0	0	0	0	0	0
III G	Unauthorized Redemption	0	0	0	0	0	0	0	0	0	0	0
IV	Others**	1	78	76	0	0	0	0	3	0	0	0
	TOTAL	6	540	539	1	0	0	0	6	0	0	0

** As per AMFI Best Practice Guidelines Circular No.25/2011-12 for Revisions in the Guidelines on Standardization of Complaints/Grievances Reporting Procedure. If "Others" include a type of complaint which is more than 10% of overall complaints, then such a reason should be provided separately. Hence, data corrections in Investor Details are included as a separate category.

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

Summary of Complaints for FY 2023-24

Particulars	Count
Total complaints received	540
Total number of folios	21,39,406
% of complaints against the folio	0.025

Trustees' Report

For the year ended March 31, 2024 (Contd...)

8. INVESTOR EDUCATION INITIATIVES

During the FY 2023-24, the AMC conducted the following investor education and awareness initiatives:

- An integrated multi-media marketing campaign on SIP Hai 'FaydeWaliAadat' aimed to tap into the aspirations, financial goals, and unique spending habits of millennials.
- Editorial content on Systematic Investment Plans (SIP) created across 15 states through various regional television channels.
- Investor education content on the Platform - Quora.
- 'Be Money Confident' video series targeting women through Jio Platforms.
- Campaign on Women & Investing for Women's Day.
- Campaign for Marathon enthusiast on the similarities between running a Marathon & Investing.
- Financial literacy virtual event on the occasion of Mother's Day, which received more than 725 registered users.
- A mom blogger outreach program to reach Women Investors with financial education content on MF on the occasion of Mother's Day.
- Education campaign on ELSS executed for working audiences.
- Blogs and content for Investor Education properties like SIP Sahi Hai in Value Research, Gyan Guroovaar on Facebook, Investment Ki Paathshala on the website and investor education blogs on the platform - Advisor Khoj.
- 1,462 Investor Education programs to reach out to an audience of 71,465 people out of which 458 were women programs attended by 20,139 women.

9. PROXY VOTING POLICY

As per para 6.16 of SEBI Master Circular on Mutual Funds dated June 27, 2024, the Fund has adopted Proxy Voting Policy and Procedures for exercising voting rights in respect of securities held by the Schemes. (please refer Proxy Voting Policy and Procedures)

The summary of the votes casted in the general meetings of the Investee companies, by the AMC for and on behalf of the Schemes of the Fund, for the financial year 2023-24 is provided below:

Quarter	Total no. of resolutions	Break-up of Vote decision		
		For	Against	Abstained
April 2023 - June 2023	387	260	75	52
July 2023 - September 2023	2,169	1607	448	114
October 2023 - December 2023	197	138	37	22
January 2024 - March 2024	319	240	50	29
TOTAL	3,072	2,245	610	217

As per para 6.16.7 of SEBI Master Circular on Mutual Funds dated June 27, 2024, the AMC has obtained certificate from M/s. M. P. Chitale & Co., Chartered Accountants, who is acting as a Scrutinizer, on the voting report for the FY 2023-24. The certificate dated May 22, 2024 issued by M/s. M. P. Chitale & Co., is available on the website of the AMC as part of the full Annual Report.

Unitholders can refer to the full Annual Report for complete details of actual exercise of votes in the general meetings of the investee companies for the financial year 2023-24 or log on to our website at www.assetmanagement.hsbc.co.in.

Trustees' Report

For the year ended March 31, 2024 (Contd...)

10. STATUTORY DETAILS

- a) The Sponsors are not responsible or liable for any loss resulting from the operation of the Schemes of the Fund beyond initial contribution of Rs. 1 lakh for setting up the Fund.
- b) The price and redemption value of the units, and income from them, can go up as well as down with fluctuations in the market value of its underlying investments.
- c) Full Annual Report of HSBC Mutual Fund and of HSBC Asset Management (India) Private Limited (the AMC) shall be disclosed on the website at www.assetmanagement.hsbc.co.in and shall be available for inspection at the Head Office of the Mutual Fund. Present and prospective unitholders can obtain copy of the Trust Deed, the full Annual Report of the Scheme(s), the Annual Report of HSBC Asset Management (India) Private Limited and the text of the relevant Scheme(s) at a price.

11. CHANGES IN RISK-O-METER OF THE SCHEME DURING FY 2023-24

As per para 17.4. of SEBI Master Circular on Mutual Funds dated June 27, 2024 on product labelling, the changes carried out in the risk-o-meter of the schemes of HSBC Mutual Fund during FY 2023-24 have been given in the below mentioned table for the information of the unitholders, a report on the said changes has also been displayed on the website of the Fund and AMFI.

Scheme Name	Risk-o-meter level as on March 31, 2023	Risk-o-meter level as on March 31, 2024	Number of changes in Risk-o-meter during the F.Y. 2023-24)
HSBC Corporate Bond Fund	Moderate	Moderate	0

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

As per para 6.16.15 of SEBI Master Circular on Mutual Funds dated June 27, 2024, HSBC Mutual Fund has adapted the policy on stewardship responsibilities, the unitholders are requested to note the status of governance with the same as mentioned below:

S. No.	Particulars of Principles of Stewardship Code	Status of compliance (Complied/ Not Complied)	Description	Remarks/ reasons for deviation/non-compliance, if any
1	Principle 1: Institutional Investors should formulate a comprehensive policy on the discharge of their stewardship responsibilities, publicly disclose it, review and update it periodically.	Complied	HSBC Asset Management (India) Private Limited's (AMIN) 'Policy on Stewardship responsibilities' (Stewardship Code/ Policy) was formulated and implemented on 01 July, 2020. This is a comprehensive document which has been publicly disclosed on the website of AMIN. The same shall follow a periodic review.	N.A.
2	Principle 2: Institutional investors should have a clear policy on how they manage conflicts of interest in fulfilling their stewardship responsibilities and publicly disclose it.	Complied	Defining and managing Conflict of Interest in fulfilling stewardship responsibilities are detailed in the Stewardship Policy document. The policy document is publicly disclosed.	N.A.

Trustees' Report

For the year ended March 31, 2024 (Contd...)

S. No.	Particulars of Principles of Stewardship Code	Status of compliance (Complied/ Not Complied)	Description	Remarks/ reasons for deviation/non-compliance, if any
3	Principle 3: Institutional investors should monitor their investee companies.	Complied	AMIN monitors all investee companies through its investment process. This includes assessment of companies' own and market data, consideration of research from brokers and other independent research providers – including ESG & voting research, attending individual & group meetings with company management and directors, visiting production sites (wherever necessary), engaging with key stakeholders including competitors and customers, and financial modelling. More details enumerated in the policy document	N.A.
4	Principle 4: Institutional investors should have a clear policy on intervention in their investee companies. Institutional investors should also have a clear policy for collaboration with other institutional investors where required, to preserve the interests of the ultimate investors, which should be disclosed.	Complied	Details of undertaking active engagement with investee companies and the policy for collaboration with other institutional holders are detailed in the policy document. The policy document is publicly disclosed.	N.A.
5	Principle 5: Institutional investors should have a clear policy on voting and disclosure of voting activity.	Complied	AMIN has a clear and detailed voting policy which provides the framework for the voting decisions. All voting decisions shall be in accordance with AMIN's Voting Policy and Procedures, which is disclosed on the website. AMIN discloses the details of the voting on its website on a quarterly basis within 10 working days from the end of the quarter. Additionally, AMIN also discloses the details of the votes cast, in the annual report of the schemes of HSBC Mutual Fund.	N.A.
6	Principle 6: Institutional investors should report periodically on their stewardship activities.	Complied	The annual status report of the stewardship code and quarterly report on proxy voting are publicly disclosed on the website as required under SEBI Regulations.	N.A.

Trustees' Report

For the year ended March 31, 2024 (Contd...)

13. DISCLOSURES PERTAINING TO NAV ADJUSTED DURING THE FINANCIAL YEAR FOR SWING FACTOR ALONG WITH THE PERFORMANCE IMPACT

Sr No.	Period of applicability of swing pricing	Scheme Name	Unswung NAV	Swing factor applied	Whether optional or mandatory
NIL					

14. SIGNIFICANT EVENT AFTER THE END OF THE FINANCIAL YEAR

NIL

15. ACKNOWLEDGEMENTS

The Trustees wish to thank the unitholders of the Schemes for their support throughout the year, and also thank the Government of India, the Securities and Exchange Board of India (SEBI), the Reserve Bank of India (RBI) and the Association of Mutual Funds in India (AMFI) for the guidance provided by them. The Trustees also appreciate the services provided by the Registrar and Transfer Agent, Fund Accountant, Custodian, Bankers, Distributors and Brokers. The guidance and services provided by the auditors and advocates and the ebullience, sincerity and dedication of the employees of HSBC Asset Management (India) Private Limited is also appreciated.

The Trustees look forward to the continued support of everyone.

For and on behalf of **HSBC Trustees (India) Private Ltd.**

Sd/-

Director

Mumbai

July 19, 2024

Independent Auditors' Report

To the Board of Directors of HSBC Trustees (India) Private Limited (the "Trustee")

HSBC Corporate Bond Fund

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **HSBC Corporate Bond Fund** (the "Scheme") of HSBC Mutual Fund (the "Fund"), which comprise the Balance Sheet as at March 31, 2024, the Revenue Account and the Cash Flow Statement for the year then ended, and notes to the financial statements, including a summary of material accounting policy and other explanatory information.

In our opinion, and to the best of our information and according to the explanations given to us, the aforesaid financial statements of the Scheme give a true and fair view in conformity with the Indian Accounting Standards ("Ind AS") prescribed under section 133 of the Companies Act, 2013 (the "Act") read with Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India, including the accounting policies and standards specified in the Regulation 50 and Ninth Schedule to the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 ("the SEBI Regulations") (collectively referred to as the "Regulations") as amended:

- a. in the case of the Balance Sheet, of the state of affairs of the Scheme as at March 31, 2024;
- b. in the case of the Revenue Account, of the net surplus for the year ended on that date; and
- c. in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing ("SAs") and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India (the "ICAI"). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Scheme in accordance with the Code of Ethics issued by the ICAI together with the ethical requirements that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Information Other than the Financial Statements and Auditor's Report Thereon

The Board of Directors of HSBC Asset Management (India) Private Limited (the "AMC") and the Board of Directors of HSBC Trustees (India) Private Limited (the "Trustees") (collectively referred to as "the Management") are responsible for the other information. The other information comprises the information included in the Trustees report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

The Management is responsible for the preparation of these financial statements that give a true and fair view of the state of affairs, results of operations and cash flows of the Scheme in accordance with the accounting principles generally accepted in India, including the accounting policies and standards specified in Regulations. This responsibility also includes maintenance of adequate accounting records in accordance with the SEBI

Independent Auditors' Report (Contd...)

Regulations for safeguarding of the assets of the Scheme and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Management is responsible for assessing the Scheme's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management, either intends to liquidate the Scheme or to cease operations, or has no realistic alternative but to do so.

Those Charged with Governance are also responsible for overseeing the Scheme's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Scheme's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Scheme to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide to those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Independent Auditors' Report (Contd...)

Report on Other Legal and Regulatory Requirements

1. As required by regulation 55(4) and clause 5(ii)(2) of the Eleventh Schedule of the SEBI Regulations, we report that:
 - a. we have sought and obtained all the information and explanations which, to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b. in our opinion, the Balance Sheet and the Revenue Account dealt with by this report have been prepared in accordance with the accounting policies and standards specified in the Regulations; and
 - c. the Balance Sheet, the Revenue Account and the Cash Flow Statement, dealt with by this report are in agreement with the books of accounts of the Scheme.
2. In our opinion, the methods used to value non-traded securities as at March 31, 2024, as determined by the Management under procedures approved by the Trustees in accordance with the guidelines for valuation of securities for mutual funds as mentioned in the Eighth Schedule to the SEBI Regulations, are fair and reasonable.

For **M S K A & Associates**

Chartered Accountants

ICAI Firm Registration No. 105047W

Sd/-

Swapnil Kale

Partner

Membership No: 117812

UDIN: 24117812BKFIRF9278

Place : Mumbai

Date : July 19, 2024

Abridged Balance Sheet as at March 31, 2024

Rs. in Lakhs

	As at March 31, 2024	As at March 31, 2023	As at April 1, 2022
LIABILITIES			
1 Unit Capital	90,337.71	112,409.10	146,106.16
2 Reserves & Surplus			
2.1 Unit Premium Reserves	54,693.24	66,579.67	85,951.05
2.2 Unrealised Appreciation Reserve	33.56	—	3,157.70
2.3 Other Reserves	465,007.88	529,870.82	652,214.74
3 Loans & Borrowings	—	—	—
4 Current Liabilities & Provisions			
4.1 Provision for Doubtful Income/Deposits	—	—	—
4.2 Other Current Liabilities & Provisions	706.78	16,116.55	526.86
TOTAL	610,779.18	724,976.14	887,956.50
ASSETS			
1 Investments			
1.1 Listed Securities:			
1.1.1 Equity Shares	—	—	—
1.1.2 Preference Shares	—	—	—
1.1.3 Equity Linked Debentures	—	—	—
1.1.4 Other Debentures & Bonds	476,912.54	493,846.70	595,820.66
1.1.5 Securitised Debt Securities	—	—	—
1.2 Securities Awaited Listing:			
1.2.1 Equity Shares	—	—	—
1.2.2 Preference Shares	—	—	—
1.2.3 Equity Linked Debentures	—	—	—
1.2.4 Other Debentures & Bonds	—	—	—
1.2.5 Securitised Debt Securities	—	—	—
1.3 Unlisted Securities:			
1.3.1 Equity Shares	—	—	—
1.3.2 Preference Shares	—	—	—
1.3.3 Equity Linked Debentures	—	—	—
1.3.4 Other Debentures & Bonds	—	—	—
1.3.5 Securitised Debt Securities	—	—	—
1.4 Government Securities	107,093.96	170,395.00	222,425.84
1.5 Treasury Bills	—	—	—
1.6 Commercial Paper	—	—	—
1.7 Certificate of Deposits	—	—	—
1.8 PTC	—	—	—
1.9 Units of Domestic Mutual Fund	—	—	—
1.10 Foreign Securities	—	—	—
1.11 AIF Investment	1,841.87	—	—
Total Investments	585,848.37	664,241.70	818,246.51
2 Deposits	13.20	31.32	86.83
3 Other Current Assets			
3.1 Cash & Bank Balance	767.14	3,017.47	47.85
3.2 CBLO/TREPS/Reverse Repo Lending	8,781.39	41,162.89	49,164.51
3.3 Others	15,369.08	16,522.77	20,410.81
4 Deferred Revenue Expenditure (to the extent not written off)	—	—	—
TOTAL	610,779.18	724,976.14	887,956.50

Notes to Accounts – Annexure I

Abridged Revenue Account for the year ended March 31, 2024

		Rs. in Lakhs	
		Current Year ended March 31, 2024	Previous Year ended March 31, 2023
1	INCOME		
1.1	Dividend	-	-
1.2	Interest	48,985.07	52,040.07
1.3	Realised Gain/(Loss) on Foreign Exchange Transactions	-	-
1.4	Realised Gains/(Losses) on Interscheme Sale of Investments	-	-
1.5	Realised Gains/(Losses) on External Sale/Redemption of Investments	(4,196.97)	(10,606.67)
1.6	Realised Gains/(Losses) on Derivative Transactions	-	-
1.7	Other Income	30.88	7.27
	(A)	44,818.98	41,440.67
2	EXPENSES		
2.1	Management Fees	1,402.60	1,460.91
2.2	GST on Management Fees	252.47	262.97
2.3	Transfer Agents Fees and Expenses	191.72	218.44
2.4	Custodian Fees	3.23	8.92
2.5	Trusteeship Fees	2.91	4.03
2.6	Commission to Agents	742.53	929.06
2.7	Marketing & Distribution Expenses	0.20	1.10
2.8	Audit Fees	1.01	8.54
2.9	Investor Education Expenses	133.83	144.36
2.10	Interest on Borrowing	-	-
2.11	Brokerage & Transaction Costs	5.38	57.22
2.12	Other Operating Expenses	13.44	21.01
	(B)	2,749.33	3,116.55
3	NET REALISED GAINS/(LOSSES) FOR THE YEAR (C = A - B)	42,069.65	38,324.12
4	Change in Unrealised Depreciation in Value of Investments	(D) 5,891.03	(16,527.45)
5	NET GAINS/(LOSSES) FOR THE YEAR (E = C + D)	47,960.68	21,796.67
6	Change in Unrealised Appreciation in Value of Investments	(F) 33.56	(3,100.45)
7	NET SURPLUS/(DEFICIT) FOR THE YEAR (G = E + F)	47,994.24	18,696.22
7.1	Add : Balance Transfer from Unrealised Appreciation Reserve	-	3,157.70
7.2	Less : Balance Transfer to Unrealised Appreciation Reserve	33.56	-
7.3	Add/(Less) : Equalisation	(112,709.83)	(144,080.85)
7.4	Transfer from Reserve Fund	529,870.82	652,214.74
7.5	Transfer from Unit Premium Reserve	(0.11)	-
8	Total	465,121.56	529,987.81
9	Dividend Appropriation		
9.1	Income Distributed during the Year	(113.68)	(116.99)
9.2	Tax on Income Distributed during the Year	-	-
10	Retained Surplus/(Deficit) Carried Forward to Balance Sheet	465,007.88	529,870.82

Notes to Accounts - Annexure I

Key Statistics for the year ended March 31, 2024

	Current Year ended March 31, 2024	Previous Year ended March 31, 2023
1. NAV per unit (Rs.):		
Open		
Regular Plan - Growth Option	61.5431	59.6662
Regular Plan - Quarterly IDCW Option	10.9728	11.3748
Regular Plan - Semi Annual IDCW Option	16.6489	17.1264
Regular Plan - Annual IDCW Option	11.5411	11.7238
Regular Plan - Bonus Option	23.3774	22.6645
Direct Plan - Growth Option	65.0579	62.8597
Direct Plan - Quarterly IDCW Option	11.3126	11.7053
Direct Plan - Semi Annual IDCW Option	19.7134	20.1285
Direct Plan - Annual IDCW Option	11.7085	11.8458
High		
Regular Plan - Growth Option	65.9926	61.5431
Regular Plan - Quarterly IDCW Option	11.2366	11.3703
Regular Plan - Semi Annual IDCW Option	17.2147	17.2648
Regular Plan - Annual IDCW Option	12.3642	12.0615
Regular Plan - Bonus Option	25.0676	23.3774
Direct Plan - Growth Option	69.9990	65.0579
Direct Plan - Quarterly IDCW Option	11.5919	11.7012
Direct Plan - Semi Annual IDCW Option	20.5149	20.3226
Direct Plan - Annual IDCW Option	12.5851	12.2281
Low		
Regular Plan - Growth Option	61.5361	60.4286
Regular Plan - Quarterly IDCW Option	10.8920	10.9434
Regular Plan - Semi Annual IDCW Option	16.6042	16.6042
Regular Plan - Annual IDCW Option	11.4279	11.5101
Regular Plan - Bonus Option	23.3748	22.9541
Direct Plan - Growth Option	65.0522	63.8071
Direct Plan - Quarterly IDCW Option	11.2474	11.2819
Direct Plan - Semi Annual IDCW Option	19.7107	19.6599
Direct Plan - Annual IDCW Option	11.6294	11.6768
End		
Regular Plan - Growth Option	65.9926	61.5431
Regular Plan - Quarterly IDCW Option	10.9239	10.9728
Regular Plan - Semi Annual IDCW Option	16.5795	16.6489
Regular Plan - Annual IDCW Option	11.4441	11.5411
Regular Plan - Bonus Option	25.0676	23.3774
Direct Plan - Growth Option	69.9990	65.0579
Direct Plan - Quarterly IDCW Option	11.2874	11.3126
Direct Plan - Semi Annual IDCW Option	19.7543	19.7134
Direct Plan - Annual IDCW Option	11.6464	11.7085
2. Closing Assets Under Management (Rs. in Lakhs)		
End	610,072	688,362
Average (AAuM) ¹	669,165	721,773
3. Gross income as % of AAuM ²	6.70%	5.74%

Key Statistics for the year ended March 31, 2024 (Contd...)

	Current Year ended March 31, 2024	Previous Year ended March 31, 2023
4. Expense Ratio:		
a. Total Expense as % of AAuM (including GST on Management fees) (plan wise)		
Regular Plan	0.64%	0.63%
Direct Plan	0.30%	0.29%
b. Management Fee as % of AAuM (planwise)		
Regular Plan	0.25%	0.21%
Direct Plan	0.24%	0.20%
5. Net Income as a percentage of AAuM ³	6.29%	5.31%
6. Portfolio turnover ratio ⁴	N.A.	N.A.
7. Total IDCW per unit distributed during the year (planwise)		
Retail		
Regular Plan - Quarterly IDCW Option	0.8200	0.7400
Regular Plan - Semi Annual IDCW Option	1.2500	1.0000
Regular Plan - Annual IDCW Option	0.9300	0.5500
Direct Plan - Quarterly IDCW Option	0.8600	0.7800
Direct Plan - Semi Annual IDCW Option	1.4300	1.1000
Direct Plan - Annual IDCW Option	0.9500	0.5500
Corporate		
Regular Plan - Quarterly IDCW Option	0.8200	0.7400
Regular Plan - Semi Annual IDCW Option	1.2500	1.0000
Regular Plan - Annual IDCW Option	0.9300	0.5500
Direct Plan - Quarterly IDCW Option	0.8600	0.7800
Direct Plan - Semi Annual IDCW Option	1.4300	1.1000
Direct Plan - Annual IDCW Option	0.9500	0.5500
8. Returns:		
a. Last One Year Scheme		
Regular Plan - Growth Option	7.21%	3.15%
Direct Plan - Growth Option	7.57%	3.50%
Benchmark⁵		
NIFTY Corporate Bond Index A-II	7.39%	4.41%
b. Since Inception Scheme		
Regular Plan - Growth Option	7.23%	7.23%
Direct Plan - Growth Option	7.61%	7.61%
Benchmark		
NIFTY Corporate Bond Index A-II	⁵ NA	⁵ NA

¹. AAuM = Average daily net assets

². Gross income = amount against (A) in the Revenue account i.e. Income

³. Net income = amount against (C) in the Revenue account i.e. Net Realised Gains/(Losses) for the year

⁴. Portfolio Turnover = Lower of sales or purchase divided by the Average AuM for the year

⁵. Benchmark returns provided for previous year is as per Old Benchmark

Old Benchmark	New Benchmark	Effective date
NIFTY Corporate Bond Index B-III	NIFTY Corporate Bond Index A-II	20th March, 2024

⁵ Since benchmark for HSBC Corporate Bond Fund was not available on the plan launch date hence benchmark return is NA

Notes to Accounts – Annexure I

To the Abridged Balance Sheet and Revenue Account for the year ended March 31, 2024

1 Investments:

- 1.1. It is confirmed that investments of the scheme are registered in the name of the Trustees for the benefit of the Scheme's unitholders.
- 1.2. Open Positions of derivatives as on year ended March 31, 2024 and March 31, 2023 are NIL.
- 1.3. Investment in Associates and Group Companies as at the year ended March 31, 2024 and March 31, 2023 are NIL.
- 1.4. Open position of Securities Borrowed and/or Lent by the scheme as on the year ended March 31, 2024 and March 31, 2023 are NIL.
- 1.5. Investment in Below investment grade and default/Securities in default as on March 31, 2024 and March 31, 2023 are NIL.
- 1.6. Aggregate Unrealised Gain/Loss as at the end of the financial year 2024 and 2023 and their percentage to net assets are as under :

(Rs. In Lakhs)

Scheme Name / Security Type	Amount	Percentage to Net Assets	Amount	Percentage to Net Assets
	As at March 31, 2024		As at March 31, 2023	
Bonds and Debentures				
- Appreciation	598.43	0.10	662.02	0.10
- Depreciation	15,501.91	2.54	17,629.59	2.56
Central and State Government Securities				
- Appreciation	139.10	0.02	12.18	0.00~
- Depreciation	1,719.21	0.28	5,419.22	0.79
Alternate Investment Fund (CDMDF)				
- Appreciation	33.56	0.01	–	–
- Depreciation	–	–	–	–

(~) - Indicates less than 0.01%

- 1.7. The aggregate value of investment securities (excluding CBLO/TREPS and Reverse Repos) purchased and sold (including matured) during the financial year 2023-24 (excluding accretion of discount) are Rs. 31,745.45 lakhs and Rs. 111,866.59 lakhs being 4.74% and 16.72% of the average net assets.

The aggregate value of investment securities (excluding CBLO/TREPS and Reverse Repos) purchased and sold (including matured) during the financial year 2022-23 (excluding accretion of discount) are Rs. 151,668.77 lakhs and Rs. 278,414.05 lakhs being 21.01% and 38.57% of the average net assets.

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

Security Category	Amount (Rs. In Lakhs)	Percentage to Net Assets	Amount (Rs. In Lakhs)	Percentage to Net Assets
	As at March 31, 2024		As at March 31, 2023	
Debt	476,913	78.17	476,227	69.18
Total	476,913	78.17	476,227	69.18

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

To the Abridged Balance Sheet and Revenue Account for the year ended March 31, 2024

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

During the year 2023-24, The Hongkong and Shanghai Banking Corporation Limited, an associate entity of HSBC Asset Management (India) Private Limited was paid collection/bank charges amounting to Rs. Nil.

During the year 2022-23, The Hongkong and Shanghai Banking Corporation Limited, an associate entity of HSBC Asset Management (India) Private Limited was paid collection/bank charges amounting to Rs. Nil.

Commission paid to Sponsor/AMC and its associates/related parties/group companies

Name of Sponsor/ AMC and its associates/related parties/group companies	Nature of Association/ Nature of Relation	Period Covered	Business Given [Rs. In lakhs]	% of Total Business received by the Fund	Commission paid [Rs. In Lakhs]	% of Total commission paid by the Fund
The Hongkong and Shanghai Banking Corporation Limited	Group Company	2023-2024	807.82	1.68	30.47	4.24
The Hongkong and Shanghai Banking Corporation Limited	Group Company	2022-2023	607.52	0.37	28.75	3.41

Brokerage paid to Sponsor/AMC and its associates/related parties/group companies is NIL.
(Previous year also NIL).

- 3 None of the Investors held more than 25% of the total net assets of the schemes at the year ended March 31, 2024 and March 31, 2023.
- 4 Unit Capital movement during the year ended March 31, 2024, March 31, 2023 and March 31, 2022:

Description	2023-24				
	Opening Units	Subscription	Redemption	Closing Units	Face value
Regular Plan - Growth Option	377,396,160.921	19,533,252.997	73,910,726.745	323,018,687.173	10
Regular Plan - Quarterly IDCW Option	10,706,674.819	273,675.320	1,055,895.073	9,924,455.066	10
Regular Plan - Semi Annual IDCW Option	823,480.471	84,638.015	167,307.413	740,811.073	10
Regular Plan - Bonus Option	3,830,758.752	–	50,841.587	3,779,917.165	10
Regular Plan - Annual IDCW Option	561,602.685	33,846.002	286,184.152	309,264.535	10
Direct Plan - Growth Option**	728,701,658.165	52,421,557.824	217,578,038.086	563,545,177.903	10
Direct Plan - Quarterly IDCW Option	1,754,073.772	177,201.464	146,313.101	1,784,962.135	10
Direct Plan - Semi Annual IDCW Option	157,227.481	4,689.912	106,175.498	55,741.895	10
Direct Plan - Annual IDCW Option	159,337.339	81,545.446	22,802.494	218,080.291	10

Notes to Accounts – Annexure I (Contd...)**To the Abridged Balance Sheet and Revenue Account for the year ended March 31, 2024**

Description	2022-23				
	Opening Units	Subscription	Redemption	Closing Units	Face value
Regular Plan - Growth Option	664,138,593.324	42,347,299.540	329,089,731.943	377,396,160.921	10
Regular Plan - Quarterly IDCW Option	10,514,743.595	3,098,433.557	2,906,502.333	10,706,674.819	10
Regular Plan - Semi Annual IDCW Option	1,016,054.887	155,861.530	348,435.946	823,480.471	10
Regular Plan - Bonus Option	4,783,169.225	557.061	952,967.534	3,830,758.752	10
Regular Plan - Annual IDCW Option	1,427,525.631	246,498.241	1,112,421.187	561,602.685	10
Direct Plan - Growth Option**	776,702,267.373	217,194,914.278	265,195,523.486	728,701,658.165	10
Direct Plan - Quarterly IDCW Option	2,006,488.691	127,748.596	380,163.515	1,754,073.772	10
Direct Plan - Semi Annual IDCW Option	215,126.148	1,017.110	58,915.777	157,227.481	10
Direct Plan - Annual IDCW Option	257,589.697	21,459.041	119,711.399	159,337.339	10

Description	2021-22				
	Opening Units	Subscription	Redemption	Closing Units	Face value
Regular Plan - Growth Option	386,142,639.125	460,906,945.068	182,910,990.869	664,138,593.324	10
Regular Plan - Quarterly IDCW Option	13,431,581.373	2,051,855.422	4,968,693.200	10,514,743.595	10
Regular Plan - Semi Annual IDCW Option	1,037,019.880	225,221.946	246,186.939	1,016,054.887	10
Regular Plan - Bonus Option	5,309,442.259	–	526,273.034	4,783,169.225	10
Regular Plan - Annual IDCW Option	2,013,505.822	206,021.065	792,001.256	1,427,525.631	10
Direct Plan - Growth Option**	877,775,599.797	523,574,227.130	624,647,559.554	776,702,267.373	10
Direct Plan - Quarterly IDCW Option	18,764,899.854	402,980.824	17,161,391.987	2,006,488.691	10
Direct Plan - Semi Annual IDCW Option	402,411.970	119,985.567	307,271.389	215,126.148	10
Direct Plan - Annual IDCW Option	443,051.818	44,106.193	229,568.314	257,589.697	10

** Units held by the AMC (Seed Capital) in Direct Plan Growth - Option as on March 31, 2024 is 882,711.373 & as on March 31, 2023 is 882,711.373 & as on March 31, 2022 is 135,208.221.

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

To the Abridged Balance Sheet and Revenue Account for the year ended March 31, 2024

- 5 Previous year's/period figures have been re-grouped/re-arranged where necessary.
- 6 There are no contingent liabilities and other commitments as on March 31, 2024 and March 31, 2023. Contingent asset is neither recognized nor disclosed in the financial statements.
- 7 Expenses other than Management Fees and Audit Fees are Inclusive of GST where applicable.
- 8 Other income: Rs. 308.88 lakhs represents Exit load credited to the scheme (2023: Rs. 7.26 lakhs represents Exit load credited to the scheme).

9 Investor Education Awareness

In view of the AMFI Best Practices Guidelines Circular No. 56/2015-16, the IEF (Investor Education Fund) accrual is set aside in a separate bank account and the consolidated balance across all schemes as on March 31, 2024 & March 31, 2023.

The break-up of which is as under:

	March 31, 2024	March 31, 2023
Particulars	Amount (Rs. In Lakhs)	Amount (Rs. In Lakhs)
Opening Balance as on April 01, 2023	997.09	460.22
Add: Accrual during FY 2023-24	1,962.01	1,432.00
Less: Transferred to AMFI *	889.11	646.75
Less: Payable to AMFI (March 2024 accrual) *	91.90	69.25
Add: Investment Income FY 2023-24	77.08	166.42
Less: Spent during FY 2023-24	1,877.44	345.55
Closing Balance as on March 31, 2024	177.73	997.09

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

The IEA disclosure's are presented for surviving schemes only.

- 10 Pursuant to SEBI Circular No. SEBI/HO/IMD/DF3/CIR/P/2020/194 dated October 05, 2020, the nomenclature of 'Dividend Option' under all the schemes of HSBC Mutual Fund has been revised to 'Income Distribution cum Capital Withdrawal Option' (IDCW), with effect from April 01, 2021.
- 11 Securities, excluding debt securities, where the non-traded investments which have been valued "in good faith" exceed 5% of the net assets at the end of the year is NIL.
- 12 Debt securities which have been valued at a price other than the price given by the independent valuation agencies at the end of the year is NIL.
- 13 **Disclosure of Risk-o-meter**

Scheme Name	Risk-o-meter level at end of the financial year i.e. March 31, 2024	Risk-o-meter level as on March 31, 2023	Number of changes in Risk-o-meter during the financial year (March 2023 to March 2024)
HSBC Corporate Bond Fund	Moderate	Moderate	0

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

To the Abridged Balance Sheet and Revenue Account for the year ended March 31, 2024

- 14 Pursuant to the SEBI circular no. SEBI/HO/IMD/IMD-II DOF3/P/CIR/2021/573 dated June 07,2021, The details of Potential Risk Class matrix of schemes are given in below:

Credit Risk →	Relatively Low (Class A)	Moderate (Class B)	Relatively High (Class C)
Interest Rate Risk ↓			
Relatively Low (Class I)			
Moderate (Class II)			
Relatively High (Class III)	AIII		
A Scheme with Relatively High interest rate risk and Low credit risk.			

- 15 Subsequent to receipt of SEBI's no objection to acquisition of 100% equity shares of L&T Investment Management Limited ("LTIM", Investment Manager of L&T Mutual Fund) and the amendments proposed to the trust deed of the HSBC Mutual Fund as required under the SEBI (Mutual Funds) Regulations, 1996, the schemes of L&T Mutual Fund (LTMF) were transferred to/ merged with the schemes of HSBC Mutual Fund on and from the close of business hours of November 25, 2022, and the HSBC AMC and HSBC Trustees assumed the responsibilities of the schemes of LTMF w.e.f. close of business hours of November 25, 2022.
- 16 During the year, HSBC Securities and Capital Markets (India) Private Limited ("HSCI"), Sponsors of HSBC Mutual Fund established a private limited company with limited liability to act as the "Trustee" of HSBC Mutual Fund. HSBC Trustees (India) Private Limited ("HTIP") was incorporated on 9 January 2024. Accordingly, HTIP has replaced the Board of Trustees of HSBC Mutual Fund w.e.f. 1 March 2024, and the Company through its Board of Directors has been discharging its obligations as the "Trustees" of the Fund from this date.
- 17 The Annual Accounts of the Schemes, prepared in accordance with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the "Act") read with the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time and clause 17.14 of SEBI Master Circular for Mutual Funds dated June 27, 2024, has been approved by the Board of Directors of HSBC Asset Management (India) Private Limited and HSBC Trustees (India) Private Limited at their meetings held on July 8, 2024 and July 19, 2024 respectively. The audit report attached herewith refers to the said Annual Accounts. The aforesaid abridged accounts are an extract of the Annual Accounts and are prepared in accordance with clause 5.4 and format no. 3.B under the section of formats of SEBI Master Circular for Mutual Funds dated June 27, 2024 and other relevant circulars issued by the Securities and Exchange Board of India from time to time.

Voting Policy and Procedures

In view of para 6.16 of SEBI Master Circular on Mutual Funds dated June 27, 2024 related to “Role of Mutual Funds in Corporate Governance of Public Listed Companies”, HSBC AMC has formulated its “Policy for Proxy Voting in Public Listed Companies”. The said policy is available on our website and the details of actual exercise of proxy votes, the summary of votes casted and the auditor’s certificate is forming part of our full Annual Report for the Financial Year 2023 – 24 which has been uploaded on our website at <http://www.assetmanagement.hsbc.co.in>

Statutory Details & Disclaimers

All the returns have been sourced from Mutual Funds India Explorer software. The performance of the schemes and the benchmark is calculated on a total return basis. This document has been prepared by HSBC Asset Management (India) Private Limited (HSBC) for information purposes only with an intent to provide market overview and should not be construed as an offer or solicitation of an offer for purchase of any of the funds of HSBC Mutual Fund. All information contained in this document (including that sourced from third parties), is obtained from sources, which HSBC/third party, believes to be reliable but which it has not been independently verified by HSBC/the third party. Further, HSBC/the third party makes no guarantee, representation or warranty and accepts no responsibility or liability as to the accuracy or completeness of such information. The information and opinions contained within the document are based upon publicly available information and rates of taxation applicable at the time of publication, which are subject to change from time to time.

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

For disclosure of quarterly AUM/AAUM and AUM by geography, please visit our website at www.assetmanagement.hsbc.co.in. Investors are requested to note that as per SEBI (Mutual Funds) Regulations, 1996 and guidelines issued thereunder, HSBC AMC, its employees and/ or empaneled distributors/agents are forbidden from guaranteeing/promising/assuring/predicting any returns or future performances of the schemes of HSBC Mutual Fund. Hence, please do not rely upon any such statements/commitments. If you come across any such practices, please register a complaint via email at investor.line@mutualfunds.hsbc.co.in

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

Important Updates

Name and Date of Birth as per PAN card - Effective from June 1, 2024

As per recent regulatory requirement and changes advised by Income Tax Department in PAN validation process, now it is mandated to quote your Name(s) and DOB as per PAN card. To avoid any failure in such validations, we request investors to quote the Name(s) and DOB's of all the holders including Guardian, Power of Attorney (POA) holders as per PAN card.

Useful Links for self service options

- **Use our 24 x 7 Chatbot - "ASKME" for any queries or service request:**
visit: <https://invest.assetmanagement.hsbc.co.in>

SMS your request to HSBC Mutual Fund

- **Latest NAV :** Send SMS as HSBCMF NAV <Scheme Code> to 56767
Example: HSBCMF NAV F03
- **Valuation Service on registered mobile No. :** Send SMS as HSBCMF VAL <folio_number> to 56767
Example: HSBCMF VAL 123456
- **Annual Report :**
For Electronic Copy: Send SMS as HSBCMFARE <folio_number> to 567678080
Example: HSBCMF ARE 123456
For Physical Copy: Send SMS as HSBCMFARP <folio_number> to 567678080
Example: HSBCMF ARP 123456
- **Half Yearly Portfolio :**
For Electronic Copy: Send SMS as HSBCMFHPE <folio_number> to 567678080
Example: HSBCMF HPE 123456
For Physical Copy: Send SMS as HSBCMFHPP <folio_number> to 567678080
Example: HSBCMF HPP 123456

Missed Call Service

- You can give a missed call to 9212900020 to get the total valuation via SMS and a statement on your registered email ID

Book-Post

If undelivered please return to:

Computer Age Management Services Private Limited (CAMS)

Unit: HSBC Mutual Fund

New No. 10, M.G.R Salai, Nungambakkam, Chennai - 600034.

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

HSBC Asset Management (India) Private Limited

CIN NO: U74140MH2001PTC134220

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

Website : www.assetmanagement.hsbc.co.in

Description	Toll Free Number	Email ID
Investor related queries	1800-4190-200/1800-200-2434	investor.line@mutualfunds.hsbc.co.in
Online related queries	1800-4190-200/1800-200-2434	onlinemf@mutualfunds.hsbc.co.in
Investor (Dialing from abroad)	+91 44 39923900	investor.line@mutualfunds.hsbc.co.in

To get your updated account statement email us at : ["mfsoa@mutualfunds.hsbc.co.in"](mailto:mfsoa@mutualfunds.hsbc.co.in)

We're always here to help you, so feel free to reach out to us

Self-service request at your Fingertips

- Visit Website • Invest Online • Insta Statement • Download Forms
- Transact via Whats App • Use 24/7 ChatBot - Ask Me



Remember, you can also find out more via our social media handles !



Please check our website www.assetmanagement.hsbc.co.in for an updated list of Official Points of Acceptance of HSBC Mutual Fund.

CAMS SERVICE CENTRES / CAMS LIMITED TRANSACTION POINTS / CAMS COLLECTION CENTRES

For details on CAMS Service Centres, please visit www.camsonline.com



HSBC Credit Risk Fund (Erstwhile L&T Credit Risk Fund)

An open ended debt scheme predominantly investing in AA and below rated corporate bonds (excluding AA + rated corporate bonds). A relatively high interest rate risk and relatively high credit risk.

Abridged Annual Report 2023 - 2024

SPONSOR

HSBC Securities and Capital Markets (India) Private Limited

CIN – U67120MH1994PTC081575

Regd. Office: 52/60, Mahatma Gandhi Road, Fort, Mumbai 400001.

TRUSTEE COMPANY

HSBC Trustees (India) Private Limited

CIN – U66190MH2024PTC416973

Regd. Office: 52/60, Mahatma Gandhi Road, Fort, Mumbai 400001.

ASSET MANAGEMENT COMPANY

HSBC Asset Management (India) Private Limited

CIN – U74140MH2001PTC134220

Regd. Office: 9-11 Floors, NESCO IT Park, Building No. 3,
Western Express Highway, Goregaon (East), Mumbai 400063.

CUSTODIAN

Citibank N.A.

First International Financial Center (FIFC), 9th Floor,
C-54 & 55, G – Block, Bandra Kurla Complex, Bandra (East), Mumbai 400051.

AUDITORS TO THE SCHEME

MSKA & Associates

Chartered Accountants

602, Floor 6, Raheja Titanium, Western Express Highway,
Geetanjali Railway Colony, Ram Nagar, Goregaon (East), Mumbai 400063.

REGISTRAR & TRANSFER AGENTS

Computer Age Management Services Limited (CAMS)

Unit: HSBC Mutual Fund

New No. 10, M.G.R Salai, Nungambakkam, Chennai 600034.

BOARD OF TRUSTEES

Ms. Jasmine Batliwalla	– Chairperson
Mr. Nani Javeri	– Trustee
Mr. David Rasquinha	– Trustee
Mr. Nicolas Moreau	– Trustee

BOARD OF DIRECTORS

Dr. Indu Shahani	– Director
Mr. Kapil Seth	– Director
Ms. Roopa Varma	– Director
Mr. Kailash Kulkarni	– Director & Chief Executive Officer

Dear Investor,

As we reflect on the past year, I am filled with pride and optimism about the future of our company and overall growth of the mutual fund industry. The past year has marked significant milestones in our journey, particularly as we capitalise on the immense potential of India's burgeoning growth story.

Fiscal 2024 turned out to be one of the best years for the domestic mutual fund industry as assets under management (AUM) spurted by nearly Rs. 14 lakh crore to a record Rs. 53.40 lakh crore as of March 2024 compared with Rs. 39.42 lakh crore as of March 2023.

The mutual fund industry is experiencing immense growth and we are poised to take advantage of this upward trajectory. Our company is an integral part of this growth story, riding the wave with several strategic initiatives and accomplishments that have set us on a path of sustained success.



Major achievements post integration

- Post integration we have enhanced our digital offering for both B2B and B2C to provide improved customer journeys.
- HSBC AM India's AUM increased from USD 1.4 bn (before integration) to USD 13.7 bn as of April 2024.
- HSBC Asset Management India has now become the 14th largest asset manager in India in terms of AUM.
- HSBC AM India has launched 4 new products since integration (raising \$445M).
- We have expanded HSBC AM India's product offerings to 43 funds.

Key Achievements in FY2023-2024

Investment Performance: Our disciplined investment strategy and thorough research have been pivotal to our success. We have focused on high-quality, undervalued assets, achieving consistent returns across our portfolio.

Product Innovation: This year, we launched two new funds - HSBC Multi Asset Allocation Fund and HSBC Consumption Fund, tailored to meet the evolving needs of our investors. These new offerings have been well-received, contributing to our growth in AUM significantly.

Increased Media Presence: In FY24, we significantly boosted our media presence, ensuring that our brand and thought leadership are recognized across various platforms. Through strategic media engagements like Informed Investing with ET Now, talks shows and several authored articles plus interviews - we have amplified our message, reaching a broader audience and reinforcing our market position.

Successful Campaign Launch: We successfully launched SIP Hai #FaydeWaliAadat, an investor education campaign, that highlighted the transformative power of SIPs in achieving long-term financial

goals. A first of its kind campaign, it aimed at educating and empowering the millennial investors in India. The campaign garnered significant attention and positive feedback, strengthening our brand presence and engaging a wider audience. Notably, the campaign has also earned us prestigious awards and accolades highlighting our commitment to excellence and innovation.

Client Relationships: We have strengthened our client relationships through enhanced communication, transparency, and personalized service. Our client satisfaction scores have reached new heights, reflecting our commitment to exceptional service.

We believe that the India story has just begun and its economic landscape is poised for significant growth. An exposure to unique and future relevant themes can provide a much-needed inflation buffer. The importance of asset allocation continues to be critical. It is critical for all of us to review our risk appetite and goal proximity and construct a portfolio appropriately.

Besides construction, portfolio rebalancing is equally important in order to achieve optimal outcomes. I do hope you share my enthusiasm and I ask that you continue to invest whilst reviewing your asset allocation at all times.

I would like to express my sincere gratitude to our dedicated team, whose expertise and commitment are the backbone of our success. To our investors, thank you for your trust and continued support. Your confidence in our approach motivates us to strive for excellence in everything we do. Also, I want to express my deepest gratitude to our valuable partners for their unwavering support and keep our services running. Look forward to achieving even grater milestones together.

As we move forward, we remain committed to delivering superior investment performance, fostering strong client relationships, and driving sustainable growth. Together, we are well-positioned to navigate the future and achieve our goals.

Warm regards,

A handwritten signature in black ink, appearing to read 'Kailash Kulkarni', written over a horizontal line.

Kailash Kulkarni

Chief Executive Officer

HSBC Asset Management India

Trustees' Report

For the year ended March 31, 2024

The Board of Directors of HSBC Trustees (India) Private Limited, Trustees of HSBC Mutual Fund present the Twenty Second Annual Report and the audited abridged financial statements of the schemes of the HSBC Mutual Fund ("the Fund") for the year ended March 31, 2024.

With the acquisition of L&T Mutual Fund in the previous financial year, the Fund's Assets Under Management ('AUM') (excluding Domestic FOFs) as on March 31, 2024 was INR 109368.16 crores (audited). The Fund ranks in the top 15 Mutual Fund houses in India in terms of AUM.

As at March 31, 2024, the Fund offered 43 schemes across asset classes to meet the varying investment needs of the investors. During the year, the Fund launched two new products namely HSBC Consumption Fund and HSBC Multi Asset Allocation Fund in Equity and Hybrid categories.

The Fund continues its focus on delivering consistent long-term returns. The comments on the performance of the scheme(s) are provided hereinafter. Dividends were declared under various schemes as per the provisions contained in the respective Scheme Information Documents after considering the distributable surplus available under the respective plans of the schemes. Details of dividends declared can be viewed on our website at www.assetmanagement.hsbc.co.in.

During the year, HSBC Securities and Capital Markets (India) Private Limited ("HSCI"), Sponsors of the Fund established a private limited company with limited liability to act as the "Trustees" of the Fund. HSBC Trustees (India) Private Limited ("HTIP") was incorporated on 9 January 2024. Accordingly, HTIP has replaced the Board of Trustees of HSBC Mutual Fund w.e.f. 1 March 2024, and the Company through its Board of Directors has been discharging its obligations as the "Trustees" of the Fund from this date.

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

a. Operations and Performance of the Scheme

➤ Debt Scheme

HSBC Credit Risk Fund ('HCRF')

(An open-ended debt scheme predominantly investing in AA and below rated corporate bonds (excluding AA+ rated corporate bonds). A relatively high interest rate risk and relatively high credit risk)

The investment objective of the scheme is to generate regular returns and capital appreciation by investing predominantly in AA and below rated corporate bonds, debt, government securities and money market instruments. There is no assurance that the objective of the Scheme will be realised and the Scheme does not assure or guarantee any returns.

The net assets of HCRF amounted to INR 569.22 crores as at March 31, 2024 as against INR 129.68 crores as at March 31, 2023. Around 97.93% of the net assets were invested in debt, 1.96% of the net assets were invested in reverse repos/TREPS and (0.14%) in net current assets as at March 31, 2024.

HCRF follows an accrual-based, yield-enhancement strategy and a low portfolio turnover to help generate returns through accrual. Robust credit selection process to spot mispriced credit opportunities. HCRF offers a yield pick up over traditional bond funds and has the potential to deliver outperformance over the medium term. Rigorous credit monitoring is conducted by in-house credit research team.

HCRF underperformance as compared to benchmark was due to the scheme being underweight on duration for most part of the year. Also, the scheme exposure to high quality assets was more than the benchmark.

HSBC Credit Risk Fund				Date of Inception : 8 October, 2009				
Fund / Benchmark (Value of ₹ 10,000 invested)	1 Year		3 Years		5 Years		Since Inception	
	Amount (₹)	Returns (%)	Amount (₹)	Returns (%)	Amount (₹)	Returns (%)	Amount (₹)	Returns (%)
HSBC Credit Risk Fund	10671	6.69	11742	5.49	12428	4.43	26199	6.87

Trustees’ Report
For the year ended March 31, 2024 (Contd...)

HSBC Credit Risk Fund					Date of Inception : 8 October, 2009			
Fund / Benchmark (Value of ₹ 10,000 invested)	1 Year		3 Years		5 Years		Since Inception	
	Amount (₹)	Returns (%)	Amount (₹)	Returns (%)	Amount (₹)	Returns (%)	Amount (₹)	Returns (%)
Scheme Benchmark (NIFTY Credit Risk Bond Index B-II)	10875	8.73	12432	7.52	14862	8.23	33290	8.66
Additional Benchmark (CRISIL 10 year Gilt Index)	10854	8.52	11347	4.30	13482	6.14	24009	6.23

Past performance may or may not be sustained in future. The returns for the respective periods are provided as on March 31, 2024 for Growth Option of Regular Plan. Returns on ₹ 10,000 are point-to-point returns for the specific time period, invested at the start of the period. Returns for 1 year and above are Compounded Annualized. Different plans shall have a different expense structure. Performance of the respective benchmark is calculated as per the Total Return Index (TRI).

Risk-o-meter as of 31st March, 2024:

Scheme Name	Scheme Risk-o-meter	Benchmark Risk-o-meter
HSBC Credit Risk Fund	 Investors understand that their principal will be at Moderately High risk	Benchmark Index: NIFTY Credit Risk Bond Index B-II 

Please note that the above risk-o-meter is as per the product labelling of the Scheme basis Scheme's monthly portfolio as on March 31, 2024.

Potential Risk Class (PRC) Matrix for Debt Schemes of HSBC Mutual Fund

HSBC Credit Risk Fund			
Credit Risk →	Relatively Low (Class A)	Moderate (Class B)	Relatively High (Class C)
Interest Rate Risk ↓			
Relatively Low (Class I)			
Moderate (Class II)			
Relatively High (Class III)			CIII
A Scheme with Relatively High interest rate risk and High credit risk.			

Potential Risk Class ‘PRC’) matrix indicates the maximum interest rate risk (measured by Macaulay Duration of the scheme) and maximum credit risk (measured by Credit Risk Value of the scheme) the fund manager can take in the scheme. PRC matrix classification is done in accordance with and subject to the methodology/guidelines prescribed by SEBI to help investors take informed decision based on the maximum interest rate risk and maximum credit risk the fund manager can take in the scheme, as depicted in the PRC matrix.

Trustees' Report

For the year ended March 31, 2024 (Contd...)

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

➤ EQUITY OUTLOOK

Recap of FY 2023-24:

FY24 was a stellar year for the Indian equity markets with strong economic momentum, healthy earnings growth and strong inflows from domestic and foreign institutional investors and strong retail participation driving a broad-based bull market. The Nifty and Sensex were up a solid 30.1%/26.5% respectively during the year, while the BSE Midcap and BSE Smallcap indices gained an astounding 65.2% and 61.4% respectively.

While geo-political conflicts continued in FY24, their impact on crude and global supply chains moderated. Crude prices largely remained range bound during the year. Inflation barring a brief spike largely remained well contained, the economy gained further steam with GDP growth crossing 8% in H1FY24 supported by government thrust on infrastructure. This translated into strong growth for several core sector industries including steel and cement. The growth in the real estate sector has been strong with inventory continuing to decline in metro markets. However, lagged impact of price increases continued to impinge on consumer demand growth which remained subdued for most mass market categories.

Domestic cyclicals were the best performing sectors during the year led by Real Estate, Capital Goods, Autos. Power was also among the best performing sectors. Global cyclicals like Metals and Oil & Gas also strongly outperformed the Nifty. FMCG and Banking while delivering healthy positive returns underperformed the Nifty, while IT performance was closer to Nifty.

MSCI India index outperformed most of key global indices during the past fiscal. MSCI India index (USD) gained 35.5% as compared to 23.1% gain for MSCI World, 27.9% for US S&P 500, 11.0% for MSCI Europe and only 5.3% for MSCI Emerging Markets as MSCI China declined 19.0% over the period.

Strong performance of the market and subsiding global macro headwinds drove a sharp turnaround in foreign investment flows. FII net inflow was at USD 25.3bn in FY24 versus an outflow of USD 6.0bn/ 17.1bn in FY23/ FY22. DIIs, on the other hand, matched FII inflow with an inflow of USD 25.3bn although it was lower than the net inflows at USD 30.8bn in FY23. Within DIIs, the MF segment was the key contributor (USD 24.3 bn of net inflows up from USD 21.8bn in FY23) while domestic Insurers were also in the net inflow territory (USD 1.0bn of net inflows vs USD 9.0bn in FY23).

Source: Motilal Oswal

Indices Returns (April 01, 2023 to March 31, 2024)	1 Year [^]
S&P BSE Sensex TR	26.5%
NSE CNX Nifty TR	30.1%
S&P BSE 100 TR	34.2%
S&P BSE 200 TR	38.5%
S&P BSE 500 TR	40.2%
S&P BSE Midcap TR	65.2%
S&P BSE Small-cap TR	61.4%

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

Way forward:

The global macro environment remains challenging with heightened geo-political and economic uncertainties. US bond yields remain high putting pressure on interest rates and currencies globally. For India, growth has continued to remain strong with GDP growth of 8.4% in Q3FY24 driven by strong government spending on infrastructure and pickup in manufacturing and construction. The 2024 interim budget has re-affirmed

Trustees' Report

For the year ended March 31, 2024 (Contd...)

government focus on infrastructure. At the same time reduction in fiscal deficit should also help in easing of domestic interest rates. However, after last year's patchy monsoon, a good monsoon will be an important factor for rural demand and overall consumption growth in the economy in FY25.

India starts FY25 on a strong footing with positive growth momentum and India's investment cycle is expected to be on a medium-term uptrend supported by rising government investment in infrastructure and recovery in real estate cycle. There is also an expectation of higher private investments in renewable energy and related supply chain, localization of higher-end technology components, and India becoming a more meaningful part of global supply chains. Finally, it is expected for consumption to improve as the impact of high inflation fades and real incomes start to grow again.

However, several of these positives are getting discounted by the high valuations currently prevailing in the equity market. While the fund managers remain constructive on Indian equities supported by the more robust medium-term growth outlook there is a caution against high return expectations. Nifty continues to trade on 20.6x consensus 1 year forward PE (as of 30 April). On a 10-year basis, Nifty is still trading 10% above its historic average valuation but is in-line with its 5-year average. Valuations of the midcap and small cap indices are even higher versus their historical average.

➤ DEBT OUTLOOK

Market drivers during the course of the year FY 2024

The year started with advanced economies continuing to grapple with higher inflation and policy tightening remained a common theme across economies. During FY2024, the Federal Open Market Committee (FOMC) raised policy rates by 50 bps while European Central Bank (ECB) and Bank of England (BOE) raised policy rates by 100 bps each. The cumulative rate hikes by various advanced economies in this cycle are as follows: Fed (525 bps), BOE (515 bps) and ECB (450 bps). Meanwhile cumulative rate hikes by the Monetary Policy Committee (MPC) in this cycle was 250 bps. On account of higher Government debt burden, Fitch downgraded US sovereign rating from AAA to AA+. US Treasury yields remained volatile during the year, with the 10-year benchmark rising higher by 73 bps during the year. Crude prices also moved higher by USD 7-8/bbl.

On the domestic front, Consumer price Index (CPI) inflation remained broadly in the upper end of the MPC's targeted band of 4% +/- 2% for most the financial year, however, inflation printed above 6% on two occasions due to high food inflation. Headline inflation remained susceptible to high food inflation with markets now expecting some relief of food prices on the back of normal monsoon. Core inflation eased through the year falling to below 4% in the last quarter.

Domestically, one of the biggest events during the year was the much-awaited index inclusion of Indian Government Bonds (IGBs) into the GBI-EM Global index suite and its relevant benchmarks. India is expected to reach the maximum weight of 10% in the GBI-EM Global Diversified Index (GBI-EM GD), with the inclusion staggered over a 10-month period starting June 2024. Following this, Bloomberg also included IGBs in their Bloomberg EM Local Currency Index, with India expected to reach a maximum weight of 10% over a 10-month period starting Jan 2025. Both these inclusions are expected to bring in INR 25-30 bn of index related FPI inflows over the next 1-2 years and paving the way for inclusion into other global bond indices as well. During FY2024, FPIs poured in close USD 12 bn into IGBs, with majority of the inflows coming in post the JP Morgan index inclusion announcement.

Government continued its path of fiscal consolidation, with the revised estimate of the Fiscal deficit for FY2024 coming in at 5.6%, with expectations for FY2025 at 5.1% and target of below 4.5% by FY2026. PMI numbers continue to remain in expansion, GST revenues remain buoyant and credit off-take upbeat.

The external sector has remained strong due to healthy service exports and remittances. Current Account Deficit (CAD) is expected to be around 1% for the year. Rupee remained one of the more stable currencies during the year, with active intervention from RBI smoothening any volatility. RBI continued to build on the FX reserves with year-end number around USD 650 bn.

Money market rates moved higher during the year due to tightening in liquidity along with higher Certificate of Deposit (CD) issuances. G-Sec yields, however, moved lower due to favorable demand supply and lower G-Sec

Trustees' Report

For the year ended March 31, 2024 (Contd...)

borrowing. 10-year G-Sec moved lower during the year by 25 bps, while 5 yr G-Sec moved lower by 13 bps.

Market Outlook

While US markets have braced for “higher for longer” rates, we have seen in the past, that reactions to favorable data in such an environment can be sharp. Any softness in growth, employment or inflation data over the next few months will allow the markets to quickly start pricing in aggressive future policy easing. In our view, the RBI is also likely to gradually shift the liquidity deficit into surplus over the course of the next 3-6 months, flipping overnight rates from the top to the bottom of the rate corridor. The yield curve is likely to steepen as liquidity eases. This along with a potential 50 bps of policy easing in first half of CY2025 may push overnight rates lower by 75-100 bps.

While any form of additional spending by the new Government to address concerns of rural sections of the country and the possibility of additional spending to fund such policies will remain a key monitorable, it is believed the Government is likely to remain cognizant of the possible impact of such policies and take measured steps. With the dust settling down on the election outcome, the broad macroeconomic factors should continue to remain stable and could support softening in domestic yields going forward.

The Fund Managers continue to have a positive outlook for interest rates, based on various favorable factors: (a) Record RBI dividend to the Government, (b) reduced Fiscal deficit number of 5.6%, (c) favorable G-Sec supply demand dynamics, (d) FPI index related inflows, (e) revised outlook in India by S&P, (f) soft core inflation along with expectations of a better than normal monsoon, and finally (g) soft signals by Government and RBI on liquidity.

Source: RBI, Bloomberg, Internal HSBC Research & CCIL

2. BRIEF BACKGROUND OF THE SPONSORS, THE FUND, THE TRUSTEES AND THE ASSET MANAGEMENT COMPANY

A. Sponsor

HSBC Mutual Fund is sponsored by HSBC Securities and Capital Markets (India) Private Limited (HSCI). The Sponsor is the Settler of the Mutual Fund Trust. The Sponsor has entrusted a sum of Rs. 1,00,000/- (Rupees One Lakh only) to the Trustee as the initial contribution towards the corpus of the Mutual Fund.

HSCI offers integrated investment banking services, securities and corporate finance & advisory. HSCI is a member of the Bombay Stock Exchange Limited and National Stock Exchange (capital and derivative market segments). HSCI holds 100% of the paid-up equity share capital of HSBC Asset Management (India) Private Limited.

B. HSBC Mutual Fund

HSBC Mutual Fund (“the Mutual Fund” or “the Fund”) has been constituted as a Trust in accordance with the provisions of the Indian Trusts Act, 1882 (2 of 1882) vide a Trust Deed dated February 7, 2002 (as amended) with HSBC Securities and Capital Markets (India) Private Limited, as the Sponsor and HSBC Trustees (India) Private Limited. The Trustee has entered into an Investment Management Agreement dated February 7, 2002 (as amended) with HSBC Asset Management (India) Private Limited (AMC) to function as the Investment Manager for all the schemes of the Fund. The Fund was registered with SEBI vide registration number MF/046/02/5 dated May 27, 2002.

The Trust has been formed for the purpose of pooling of capital from the public for collective investment in securities for the purpose of providing facilities for participation by persons as beneficiaries in such investments and in the profits/income arising therefrom.

C. HSBC Trustees (India) Private Limited (the Trustees)

The Trustees are the exclusive owner of the Trust Fund and holds the same in trust for the benefit of the unitholders. The Trustees have been discharging their duties and carrying out the responsibilities as provided in the SEBI (Mutual Funds) Regulations, 1996 and the Trust Deed. The Trustees seek to ensure that the Fund and the schemes floated there under are managed by the AMC in accordance with the

Trustees' Report

For the year ended March 31, 2024 (Contd...)

Trust Deed, the said Regulations, directions and guidelines issued by the SEBI, the Stock Exchanges, the Association of Mutual Funds in India and other regulatory agencies.

During the year, HSBC Securities and Capital Markets (India) Private Limited ("HSCI"), Sponsors of HSBC Mutual Fund) established a private limited company with limited liability to act as the "Trustee" of HSBC Mutual Fund. HSBC Trustees (India) Private Limited ("HTIP") was incorporated on 9 January 2024. Accordingly, HTIP has replaced the Board of Trustees of HSBC Mutual Fund w.e.f. 1 March 2024, and the Company through its Board of Directors has been discharging its obligations as the "Trustees" of the Fund from this date.

As of March 31, 2024, HSCI holds 100% of the paid-up equity share capital of HTIP.

D. Asset Management Company (the AMC)

HSBC Asset Management (India) Private Limited (the Investment Manager or the AMC) is a private limited company incorporated under the Companies Act, 1956 on December 12, 2001 having its Registered Office at 9-11 Floors, NESCO IT Park, Building no. 3, Western Express Highway, Goregaon (East), Mumbai – 400 063. HSBC Asset Management (India) Private Limited has been appointed as the Asset Management Company of HSBC Mutual Fund by the Trustee vide Investment Management Agreement (IMA) dated February 7, 2002 (as amended) and executed between the Trustees and the AMC. SEBI approved the AMC to act as the Investment Manager of the Fund vide its letter No. MFD/BC/163/2002 dated May 27, 2002. The paid-up equity share capital of the AMC is Rs. 344.41 crores. The AMC is registered as a Portfolio Manager under the SEBI (Portfolio Managers) Regulations, 1993 vide registration no. INP000001322. The AMC also offers non-binding Advisory services to offshore funds under the mutual fund license.

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

3. INVESTMENT OBJECTIVE OF THE SCHEMES

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

4. SIGNIFICANT ACCOUNTING POLICIES

The Significant Accounting Policies form part of the Notes to the Accounts annexed to the Balance Sheet of the Schemes in the Full Annual Report. The accounting policies are in accordance with Securities Exchange Board of India (Mutual Funds) Regulations, 1996 and Indian Accounting Standards (IND AS) notified under section 133 of the Companies Act, 2013 (the "Act" read with the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time).

5. UNCLAIMED DIVIDENDS & REDEMPTIONS

Summary of number of investors & corresponding amount as on March 31, 2024:

Scheme Name	Unclaimed Dividend		Unclaimed Redemption	
	No. of Investors	Amount (₹)	No. of Investors	Amount (₹)
HSBC Credit Risk Fund	67	215,133.88	3	51.00

6. INVESTOR SERVICES

The number of official points of acceptance of transactions are 210 locations. In addition to the offices of the Registrar & Transfer Agent, the AMC has its own office in 61 locations and Investor Service Centers in 39 locations. The AMC has 2 Toll Free numbers (1800-4190-200/1800-200-2434) which can be dialed from anywhere in India and 1 number i.e. +91 44 39923900 (Investors calling from abroad). The call center service is being managed by the Registrar and Transfer Agents. HSBC Mutual Fund offers the online transaction facility through the AMC's website at www.assetmanagement.hsbc.co.in.

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For the year ended March 31, 2024 (Contd...)

On the distribution front, the number of empaneled distributors were 59046 as on March 31, 2024. During the year, the AMC initiated tie-ups for online distribution of the Mutual Fund's schemes with several channel partners taking the total number of such tie-ups to 160 as on March 31, 2024.

7. DETAILS OF INVESTOR GRIEVANCE REDRESSAL

The details of the redressal of investor complaints received against HSBC Mutual Fund during April 2023 - March 2024 are as follows:

2023-2024												
Complaint code	Type of Complaint	(a) No. of complaints pending at the beginning of the period	(b) No. of complaints received during the given period	Action on (a) and (b)								
				Resolved				Non Actionable*	Pending			
				Within 30 days	30-60 days	60-180 days	Beyond 180 days		0-3 months	3-6 months	6-9 months	9-12 months
I A	Non receipt of amount declared under Income Distribution cum Capital Withdrawal option	1	10	11	0	0	0	0	0	0	0	0
I B	Interest on delayed payment of amount declared under Income Distribution cum Capital Withdrawal option	0	1	1	0	0	0	0	0	0	0	0
I C	Non receipt of Redemption Proceeds	1	38	39	0	0	0	0	0	0	0	0
I D	Interest on delayed payment of Redemption	0	2	2	0	0	0	0	0	0	0	0
II A	Non receipt of Statement of Account/Unit Certificate	0	3	3	0	0	0	0	0	0	0	0
II B	Discrepancy in Statement of Account	1	22	23	0	0	0	0	0	0	0	0
II C	Data corrections in Investor details	1	250	249	0	0	0	0	2	0	0	0
II D	Non receipt of Annual Report/ Abridged Summary	0	0	0	0	0	0	0	0	0	0	0
III A	Wrong switch between Schemes	0	2	2	0	0	0	0	0	0	0	0
III B	Unauthorized switch between Schemes	0	1	1	0	0	0	0	0	0	0	0
III C	Deviation from Scheme attributes	0	1	1	0	0	0	0	0	0	0	0
III D	Wrong or excess charges/load	0	0	0	0	0	0	0	0	0	0	0
III E	Non updation of changes viz. address, PAN, bank details, nomination, etc	1	127	127	0	0	0	0	1	0	0	0
III F	Delay in allotment of Units	0	5	4	1	0	0	0	0	0	0	0
III G	Unauthorized Redemption	0	0	0	0	0	0	0	0	0	0	0
IV	Others**	1	78	76	0	0	0	0	3	0	0	0
	TOTAL	6	540	539	1	0	0	0	6	0	0	0

** As per AMFI Best Practice Guidelines Circular No.25/2011-12 for Revisions in the Guidelines on Standardization of Complaints/Grievances Reporting Procedure. If "Others" include a type of complaint which is more than 10% of overall complaints, then such a reason should be provided separately. Hence, data corrections in Investor Details are included as a separate category.

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

Trustees' Report

For the year ended March 31, 2024 (Contd...)

Summary of Complaints for FY 2023-24

Particulars	Count
Total complaints received	540
Total number of folios	21,39,406
% of complaints against the folio	0.025

8. INVESTOR EDUCATION INITIATIVES

During the FY 2023-24, the AMC conducted the following investor education and awareness initiatives:

- An integrated multi-media marketing campaign on SIP Hai 'FaydeWaliAadat' aimed to tap into the aspirations, financial goals, and unique spending habits of millennials.
- Editorial content on Systematic Investment Plans (SIP) created across 15 states through various regional television channels.
- Investor education content on the Platform - Quora.
- 'Be Money Confident' video series targeting women through Jio Platforms.
- Campaign on Women & Investing for Women's Day.
- Campaign for Marathon enthusiast on the similarities between running a Marathon & Investing.
- Financial literacy virtual event on the occasion of Mother's Day, which received more than 725 registered users.
- A mom blogger outreach program to reach Women Investors with financial education content on MF on the occasion of Mother's Day.
- Education campaign on ELSS executed for working audiences.
- Blogs and content for Investor Education properties like SIP Sahi Hai in Value Research, Gyan Guroovaar on Facebook, Investment Ki Paathshala on the website and investor education blogs on the platform - Advisor Khoj.
- 1,462 Investor Education programs to reach out to an audience of 71,465 people out of which 458 were women programs attended by 20,139 women.

9. PROXY VOTING POLICY

As per para 6.16 of SEBI Master Circular on Mutual Funds dated June 27, 2024, the Fund has adopted Proxy Voting Policy and Procedures for exercising voting rights in respect of securities held by the Schemes. (please refer Proxy Voting Policy and Procedures)

The summary of the votes casted in the general meetings of the Investee companies, by the AMC for and on behalf of the Schemes of the Fund, for the financial year 2023-24 is provided below:

Quarter	Total no. of resolutions	Break-up of Vote decision		
		For	Against	Abstained
April 2023 - June 2023	387	260	75	52
July 2023 - September 2023	2,169	1607	448	114
October 2023 - December 2023	197	138	37	22
January 2024 - March 2024	319	240	50	29
TOTAL	3,072	2,245	610	217

As per para 6.16.7 of SEBI Master Circular on Mutual Funds dated June 27, 2024, the AMC has obtained certificate from M/s. M. P. Chitale & Co., Chartered Accountants, who is acting as a Scrutinizer, on the voting report for the FY 2023-24. The certificate dated May 22, 2024 issued by M/s. M. P. Chitale & Co., is available on the website of the AMC as part of the full Annual Report.

Trustees' Report

For the year ended March 31, 2024 (Contd...)

Unitholders can refer to the full Annual Report for complete details of actual exercise of votes in the general meetings of the investee companies for the financial year 2023-24 or log on to our website at www.assetmanagement.hsbc.co.in.

10. STATUTORY DETAILS

- The Sponsors are not responsible or liable for any loss resulting from the operation of the Schemes of the Fund beyond initial contribution of Rs. 1 lakh for setting up the Fund.
- The price and redemption value of the units, and income from them, can go up as well as down with fluctuations in the market value of its underlying investments.
- Full Annual Report of HSBC Mutual Fund and of HSBC Asset Management (India) Private Limited (the AMC) shall be disclosed on the website at www.assetmanagement.hsbc.co.in and shall be available for inspection at the Head Office of the Mutual Fund. Present and prospective unitholders can obtain copy of the Trust Deed, the full Annual Report of the Scheme(s), the Annual Report of HSBC Asset Management (India) Private Limited and the text of the relevant Scheme(s) at a price.

11. CHANGES IN RISK-O-METER OF THE SCHEME DURING FY 2023-24

As per para 17.4. of SEBI Master Circular on Mutual Funds dated June 27, 2024 on product labelling, the changes carried out in the risk-o-meter of the schemes of HSBC Mutual Fund during FY 2023-24 have been given in the below mentioned table for the information of the unitholders, a report on the said changes has also been displayed on the website of the Fund and AMFI.

Scheme Name	Risk-o-meter level as on March 31, 2023	Risk-o-meter level as on March 31, 2024	Number of changes in Risk-o-meter during the F.Y. 2023-24)
HSBC Credit Risk Fund	Moderate	Moderately High	3

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

As per para 6.16.15 of SEBI Master Circular on Mutual Funds dated June 27, 2024, HSBC Mutual Fund has adapted the policy on stewardship responsibilities, the unitholders are requested to note the status of governance with the same as mentioned below:

S. No.	Particulars of Principles of Stewardship Code	Status of compliance (Complied/ Not Complied)	Description	Remarks/ reasons for deviation/non-compliance, if any
1	Principle 1: Institutional Investors should formulate a comprehensive policy on the discharge of their stewardship responsibilities, publicly disclose it, review and update it periodically.	Complied	HSBC Asset Management (India) Private Limited's (AMIN) 'Policy on Stewardship responsibilities' (Stewardship Code/ Policy) was formulated and implemented on 01 July, 2020. This is a comprehensive document which has been publicly disclosed on the website of AMIN. The same shall follow a periodic review.	N.A.
2	Principle 2: Institutional investors should have a clear policy on how they manage conflicts of interest in fulfilling their stewardship responsibilities and publicly disclose it.	Complied	Defining and managing Conflict of Interest in fulfilling stewardship responsibilities are detailed in the Stewardship Policy document. The policy document is publicly disclosed.	N.A.

Trustees' Report

For the year ended March 31, 2024 (Contd...)

S. No.	Particulars of Principles of Stewardship Code	Status of compliance (Complied/ Not Complied)	Description	Remarks/ reasons for deviation/non-compliance, if any
3	Principle 3: Institutional investors should monitor their investee companies.	Complied	AMIN monitors all investee companies through its investment process. This includes assessment of companies' own and market data, consideration of research from brokers and other independent research providers – including ESG & voting research, attending individual & group meetings with company management and directors, visiting production sites (wherever necessary), engaging with key stakeholders including competitors and customers, and financial modelling. More details enumerated in the policy document	N.A.
4	Principle 4: Institutional investors should have a clear policy on intervention in their investee companies. Institutional investors should also have a clear policy for collaboration with other institutional investors where required, to preserve the interests of the ultimate investors, which should be disclosed.	Complied	Details of undertaking active engagement with investee companies and the policy for collaboration with other institutional holders are detailed in the policy document. The policy document is publicly disclosed.	N.A.
5	Principle 5: Institutional investors should have a clear policy on voting and disclosure of voting activity.	Complied	AMIN has a clear and detailed voting policy which provides the framework for the voting decisions. All voting decisions shall be in accordance with AMIN's Voting Policy and Procedures, which is disclosed on the website. AMIN discloses the details of the voting on its website on a quarterly basis within 10 working days from the end of the quarter. Additionally, AMIN also discloses the details of the votes cast, in the annual report of the schemes of HSBC Mutual Fund.	N.A.
6	Principle 6: Institutional investors should report periodically on their stewardship activities.	Complied	The annual status report of the stewardship code and quarterly report on proxy voting are publicly disclosed on the website as required under SEBI Regulations.	N.A.

Trustees' Report

For the year ended March 31, 2024 (Contd...)

13. DISCLOSURES PERTAINING TO NAV ADJUSTED DURING THE FINANCIAL YEAR FOR SWING FACTOR ALONG WITH THE PERFORMANCE IMPACT

Sr No.	Period of applicability of swing pricing	Scheme Name	Unswung NAV	Swing factor applied	Whether optional or mandatory
NIL					

14. SIGNIFICANT EVENT AFTER THE END OF THE FINANCIAL YEAR

NIL

15. ACKNOWLEDGEMENTS

The Trustees wish to thank the unitholders of the Schemes for their support throughout the year, and also thank the Government of India, the Securities and Exchange Board of India (SEBI), the Reserve Bank of India (RBI) and the Association of Mutual Funds in India (AMFI) for the guidance provided by them. The Trustees also appreciate the services provided by the Registrar and Transfer Agent, Fund Accountant, Custodian, Bankers, Distributors and Brokers. The guidance and services provided by the auditors and advocates and the ebullience, sincerity and dedication of the employees of HSBC Asset Management (India) Private Limited is also appreciated.

The Trustees look forward to the continued support of everyone.

For and on behalf of **HSBC Trustees (India) Private Ltd.**

Sd/-

Director

Mumbai

July 19, 2024

Independent Auditors' Report

To the Board of Directors of HSBC Trustees (India) Private Limited (the "Trustee")

HSBC Credit Risk Fund

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **HSBC Credit Risk Fund** (the "Scheme") of HSBC Mutual Fund (the "Fund"), which comprise the Balance Sheet as at March 31, 2024, the Revenue Account and the Cash Flow Statement for the year then ended, and notes to the financial statements, including a summary of material accounting policy and other explanatory information.

In our opinion, and to the best of our information and according to the explanations given to us, the aforesaid financial statements of the Scheme give a true and fair view in conformity with the Indian Accounting Standards ("Ind AS") prescribed under section 133 of the Companies Act, 2013 (the "Act") read with Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India, including the accounting policies and standards specified in the Regulation 50 and Ninth Schedule to the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 ("the SEBI Regulations") (collectively referred to as the "Regulations") as amended:

- a. in the case of the Balance Sheet, of the state of affairs of the Scheme as at March 31, 2024;
- b. in the case of the Revenue Account, of the net surplus for the year ended on that date; and
- c. in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing ("SAs") and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India (the "ICAI"). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Scheme in accordance with the Code of Ethics issued by the ICAI together with the ethical requirements that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Information Other than the Financial Statements and Auditor's Report Thereon

The Board of Directors of HSBC Asset Management (India) Private Limited (the "AMC") and the Board of Directors of HSBC Trustees (India) Private Limited (the "Trustees") (collectively referred to as "the Management") are responsible for the other information. The other information comprises the information included in the Trustees report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

The Management is responsible for the preparation of these financial statements that give a true and fair view of the state of affairs, results of operations and cash flows of the Scheme in accordance with the accounting principles generally accepted in India, including the accounting policies and standards specified in Regulations.

Independent Auditors' Report (Contd...)

This responsibility also includes maintenance of adequate accounting records in accordance with the SEBI Regulations for safeguarding of the assets of the Scheme and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Management is responsible for assessing the Scheme's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management, either intends to liquidate the Scheme or to cease operations, or has no realistic alternative but to do so.

Those Charged with Governance are also responsible for overseeing the Scheme's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Scheme's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Scheme to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide to those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Independent Auditors' Report (Contd...)

Report on Other Legal and Regulatory Requirements

1. As required by regulation 55(4) and clause 5(ii)(2) of the Eleventh Schedule of the SEBI Regulations, we report that:
 - a. we have sought and obtained all the information and explanations which, to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b. in our opinion, the Balance Sheet and the Revenue Account dealt with by this report have been prepared in accordance with the accounting policies and standards specified in the Regulations; and
 - c. the Balance Sheet, the Revenue Account and the Cash Flow Statement, dealt with by this report are in agreement with the books of accounts of the Scheme.
2. In our opinion, the methods used to value non-traded securities as at March 31, 2024, as determined by the Management under procedures approved by the Trustees in accordance with the guidelines for valuation of securities for mutual funds as mentioned in the Eighth Schedule to the SEBI Regulations, are fair and reasonable.

For **M S K A & Associates**

Chartered Accountants

ICAI Firm Registration No. 105047W

Sd/-

Swapnil Kale

Partner

Membership No: 117812

UDIN: 24117812BKFIG6877

Place : Mumbai

Date : July 19, 2024.

Abridged Balance Sheet as at March 31, 2024

		Rs. in Lakhs		
		As at March 31, 2024	As at March 31, 2023	As at April 1, 2022
	LIABILITIES			
1	Unit Capital	21,590.66	5,370.13	7,527.39
2	Reserves & Surplus			
2.1	Unit Premium Reserves	2,978.64	642.23	983.18
2.2	Unrealised Appreciation Reserve	71.25	19.87	195.64
2.3	Other Reserves	32,280.99	6,935.91	8,805.73
3	Loans & Borrowings	–	–	–
4	Current Liabilities & Provisions			
4.1	Provision for Doubtful Income/Deposits	–	–	–
4.2	Other Current Liabilities & Provisions	137.89	33.95	36.08
	TOTAL	57,059.41	13,002.09	17,548.02
	ASSETS			
1	Investments			
1.1	Listed Securities:			
1.1.1	Equity Shares	–	–	–
1.1.2	Preference Shares	–	–	–
1.1.3	Equity Linked Debentures	–	–	–
1.1.4	Other Debentures & Bonds	40,525.53	7,753.44	12,561.24
1.1.5	Securitised Debt Securities	–	–	–
1.2	Securities Awaited Listing:			
1.2.1	Equity Shares	–	–	–
1.2.2	Preference Shares	–	–	–
1.2.3	Equity Linked Debentures	–	–	–
1.2.4	Other Debentures & Bonds	–	–	–
1.2.5	Securitised Debt Securities	–	–	–
1.3	Unlisted Securities:			
1.3.1	Equity Shares	–	–	–
1.3.2	Preference Shares	–	–	–
1.3.3	Equity Linked Debentures	–	–	–
1.3.4	Other Debentures & Bonds	–	–	–
1.3.5	Securitised Debt Securities	–	–	–
1.4	Government Securities	13,635.00	2,013.95	2,028.58
1.5	Treasury Bills	–	–	–
1.6	Commercial Paper	–	–	–
1.7	Certificate of Deposits	–	–	–
1.8	PTC	–	–	–
1.9	Units of Domestic Mutual Fund	–	–	–
1.10	Foreign Securities	–	–	–
1.11	AIF Investment	143.75	–	–
	Total Investments	54,304.28	9,767.38	14,589.82
2	Deposits	0.47	0.73	2.69
3	Other Current Assets			
3.1	Cash & Bank Balance	52.39	3.17	4.54
3.2	CBLO/TREPS/Reverse Repo Lending	1,116.39	2,884.91	2,419.35
3.3	Others	1,585.88	345.90	531.61
4	Deferred Revenue Expenditure (to the extent not written off)	–	–	–
	TOTAL	57,059.41	13,002.09	17,548.02

Notes to Accounts – Annexure I

Abridged Revenue Account for the year ended March 31, 2024

Rs. in Lakhs

	Current Year ended March 31, 2024	Previous Year ended March 31, 2023
1 INCOME		
1.1 Dividend	—	—
1.2 Interest	2,964.90	1,112.48
1.3 Realised Gain/(Loss) on Foreign Exchange Transactions	—	—
1.4 Realised Gains/(Losses) on Interscheme Sale of Investments	—	—
1.5 Realised Gains/(Losses) on External Sale/Redemption of Investments	101.00	(150.25)
1.6 Realised Gains/(Losses) on Derivative Transactions	—	—
1.7 Other Income	10.29	11.86
(A)	3,076.20	974.09
2 EXPENSES		
2.1 Management Fees	282.14	101.85
2.2 GST on Management Fees	50.79	18.33
2.3 Transfer Agents Fees and Expenses	14.81	6.57
2.4 Custodian Fees	0.29	0.24
2.5 Trusteeship Fees	0.18	0.09
2.6 Commission to Agents	226.24	107.40
2.7 Marketing & Distribution Expenses	0.49	0.25
2.8 Audit Fees	0.09	0.18
2.9 Investor Education Expenses	7.73	3.06
2.10 Interest on Borrowing	—	—
2.11 Brokerage & Transaction Costs	3.76	0.52
2.12 Other Operating Expenses	2.79	4.96
(B)	589.30	243.44
3 NET REALISED GAINS/(LOSSES) FOR THE YEAR (C = A - B)	2,486.89	730.65
4 Change in Unrealised Depreciation in Value of Investments	(D) (13.08)	21.28
5 NET GAINS/(LOSSES) FOR THE YEAR (E = C + D)	2,473.81	751.94
6 Change in Unrealised Appreciation in Value of Investments	(F) 51.38	(175.28)
7 NET SURPLUS/(DEFICIT) FOR THE YEAR (G = E + F)	2,525.19	576.65
7.1 Add : Balance Transfer from Unrealised Appreciation Reserve	—	175.77
7.2 Less : Balance Transfer to Unrealised Appreciation Reserve	51.38	—
7.3 Add/(Less) : Equalisation	22,884.59	(2,613.46)
7.4 Transfer from Reserve Fund	6,935.91	8,805.73
7.5 Transfer from Unit Premium Reserve	—	—
8 Total	32,294.30	6,944.69
9 Dividend Appropriation		
9.1 Income Distributed during the Year	(13.32)	(8.79)
9.2 Tax on Income Distributed during the Year	—	—
10 Retained Surplus/(Deficit) Carried Forward to Balance Sheet	32,280.99	6,935.91

Notes to Accounts - Annexure I

Key Statistics for the year ended March 31, 2024

	Current Year ended March 31, 2024	Previous Year ended March 31, 2023
1. NAV per unit (Rs.):		
Open		
Regular Plan - Growth Option	24.5511	23.6010
Regular Plan - IDCW Option	10.1938	10.1747
Regular Plan - Annual IDCW Option	11.5989	11.7755
Regular Plan - Bonus Option	24.1566	23.2210
Direct Plan - Growth Option	26.1388	24.9259
Direct Plan - IDCW Option	10.9541	10.8197
Direct Plan - Annual IDCW Option	12.2600	12.3593
High		
Regular Plan - Growth Option	26.1986	24.5511
Regular Plan - IDCW Option	10.3374	10.2153
Regular Plan - Annual IDCW Option	12.3530	12.2394
Regular Plan - Bonus Option	25.7817	24.1566
Direct Plan - Growth Option	28.1175	26.1388
Direct Plan - IDCW Option	11.1533	10.9741
Direct Plan - Annual IDCW Option	13.1627	12.9488
Low		
Regular Plan – Growth Option	24.5648	23.3690
Regular Plan – IDCW Option	10.1995	10.0094
Regular Plan – Annual IDCW Option	11.3592	11.5875
Regular Plan – Bonus Option	24.1701	22.9933
Direct Plan – Growth Option	26.1552	24.7029
Direct Plan – IDCW Option	10.9610	10.6649
Direct Plan – Annual IDCW Option	12.1192	12.2471
End		
Regular Plan – Growth Option	26.1986	24.5511
Regular Plan – IDCW Option	10.2417	10.1938
Regular Plan – Annual IDCW Option	11.3759	11.5989
Regular Plan – Bonus Option	25.7817	24.1566
Direct Plan – Growth Option	28.1175	26.1388
Direct Plan – IDCW Option	11.0623	10.9541
Direct Plan – Annual IDCW Option	12.1366	12.2600
2. Closing Assets Under Management (Rs. in Lakhs)		
End	56,922	12,968
Average (AAuM) ¹	38,629	15,280
3. Gross income as % of AAuM ²	7.96%	6.37%
4. Expense Ratio:		
a. Total Expense as % of AAuM (including GST on Management fees) (plan wise)		
Regular Plan	1.65%	1.66%
Direct Plan	0.86%	0.85%
b. Management Fee as % of AAuM (plan wise)		
Regular Plan	0.74%	0.67%
Direct Plan	0.67%	0.64%

Key Statistics For the year ended March 31, 2024 (Contd...)

	Current Year ended March 31, 2024	Previous Year ended March 31, 2023
5. Net Income as a percentage of AAUM ³	6.44%	4.78%
6. Portfolio turnover ratio ⁴	N.A.	N.A.
7. Total IDCW per unit distributed during the year (plan wise)		
Retail		
Regular Plan - IDCW Option	0.6200	0.3800
Regular Plan - Annual IDCW Option	1.0000	0.6500
Direct Plan - IDCW Option	0.7000	0.3800
Direct Plan - Annual IDCW Option	1.0500	0.7000
Corporate		
Regular Plan - IDCW Option	0.6200	0.3800
Regular Plan - Annual IDCW Option	1.0000	0.6500
Direct Plan - IDCW Option	0.7000	0.3800
Direct Plan - Annual IDCW Option	1.0500	0.7000
8. Returns % :		
a. Last One Year		
Scheme		
Regular Plan – Growth Option	6.69%	4.03%
Direct Plan – Growth Option	7.55%	4.87%
Benchmark⁵		
NIFTY Credit Risk Bond Index B-II	8.73%	7.01%
b. Since Inception		
Scheme		
Regular Plan – Growth Option	6.87%	6.89%
Direct Plan – Growth Option	7.20%	7.16%
Benchmark⁵		
NIFTY Credit Risk Bond Index B-II	8.66%	9.08%

¹ AAUM = Average daily net assets.

² Gross income = amount against (A) in the Revenue account i.e. Income.

³ Net income = amount against (C) in the Revenue account i.e. Net Realised Gains/(Losses) for the year.

⁴ Portfolio Turnover = Lower of sales or purchase divided by the Average AuM for the year.

⁵ Benchmark returns provided for previous year is as per Old Benchmark

Old Benchmark	New Benchmark	Effective date
NIFTY Credit Risk Bond Index C-III	NIFTY Credit Risk Bond Index B-II	20th March, 2024

Notes to Accounts – Annexure I

To the Abridged Balance Sheet and Revenue Account for the year ended March 31, 2024

1 Investments:

- 1.1. It is confirmed that investments of the Schemes are registered in the name of the Trustees for the benefit of the Scheme's unitholders.
- 1.2. Open Positions of derivatives as on year ended March 31, 2024 & March 31, 2023 are NIL.
- 1.3. Investment in Associates and Group Companies as at the year ended March 31, 2024 and March 31, 2023 are NIL.
- 1.4. Open positions of Securities Borrowed and/or Lent by the Scheme as on the year ended March 31, 2024 & March 31, 2023 are NIL.
- 1.5. Investment in Below investment grade and default as on March 31, 2024 and March 31, 2023 are NIL and Securities in default beyond its maturity date as on March 31, 2024 and March 31, 2023 are:

ISIN	Name of Security	Value of Security Under Net Receivables		Total Amount Due (Principal + Interest) (Rs. in Lakhs)
		Amount (Rs. in Lakhs)	% to NAV	
INE445K07155	Reliance Broadcast Network Limited SR-B11.60% 8OCT19NCD	0.0000	0.00	3,450.61
INE445K07189	10.25% Reliance Broadcast Network Limited 10OCT19	0.0000	0.00	4,978.24
INE445K07163	REL BRO NETWORK LTD -C 11.60% 08OCT20NCD	0.0000	0.00	2,174.16

- 1.6. Aggregate Unrealised Gain/Loss as at the end of the Financial year March 31, 2024 and March 31, 2023 are as under :

(Rs. In Lakhs)

Company Name	Amount	Percentage to Net Assets	Amount	Percentage to Net Assets
	As at March 31, 2024		As at March 31, 2023	
Alternate Investment Fund (CDMDF)				
– Appreciation	1.56	0.00~	–	–
– Depreciation	–	–	–	–
Bonds and Debentures				
– Appreciation	87.60	0.15	146.14	1.13
– Depreciation	100.68	0.18	140.18	1.08
Central and State Government Securities				
– Appreciation	69.68	0.12	13.91	0.11
– Depreciation	–	–	–	

(~) - Indicates less than 0.01%

- 1.7. The aggregate value of investments securities (excluding TREPS and Reverse Repos) purchased and sold (including matured) during the financial year 2023-24 (excluding accretion of discount) is Rs. 82,687.97 lakhs and Rs. 38,323.53 lakhs respectively being 214.06% and 99.21% of the average net assets.

The aggregate value of investments securities (excluding TREPS and Reverse Repos) purchased and sold (including matured) during the financial year 2022-23 (excluding accretion of discount)

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

To the Abridged Balance Sheet and Revenue Account for the year ended March 31, 2024

is Rs. 20,712.78 lakhs and Rs. 25,005.66 lakhs respectively being 135.55% and 163.65% of the average net assets.

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

Security Category	Amount (Rs. In Lakhs)	Percentage to Net Assets	Amount (Rs. In Lakhs)	Percentage to Net Assets
	As at March 31, 2024		As at March 31, 2023	
Debt	38,792	68.15	7,753	59.79
Total	38,792	68.15	7,753	59.79

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

During the year 2023-24, The Hongkong and Shanghai Banking Corporation Limited, an associate entity of HSBC Asset Management (India) Private Limited was paid collection/bank charges amounting to Rs. Nil.

During the year 2022-23, The Hongkong and Shanghai Banking Corporation Limited, an associate entity of HSBC Asset Management (India) Private Limited was paid collection/bank charges amounting to Rs. Nil.

Commission paid to Sponsor/ AMC and its associates /related parties /group companies

Name of Sponsor/ AMC and its associates/related parties/group companies	Nature of Association / Nature of Relation	Period Covered	Business Given [Rs. In lakhs]	% of Total Business received by the Fund	Commission paid [Rs. In Lakhs]	% of Total commission paid by the Fund
The Hongkong and Shanghai Banking Corporation Limited	Group Company	2023-2024	5.00	0.01	0.04	0.02
The Hongkong and Shanghai Banking Corporation Limited	Group Company	2022-2023	Nil			

Brokerage paid to Sponsor/AMC and its associates/related parties/group companies is Nil.
(Previous year also NIL).

- 3 None of the Investors held more than 25% of the total net assets of the schemes at the year ended March 31, 2024 and March 31, 2023.
- 4 Unit Capital movement during the year ended March 31, 2024, March 31, 2023 and March 31, 2022:

Description	2023-24				
	Opening Units	Subscription	Redemption	Closing Units	Face Value per unit (Rupees)
Regular Plan - Bonus Option	1,000.000	—	—	1,000.000	10
Regular Plan - Growth Option	45,749,135.584	144,693,122.579	12,085,541.646	178,356,716.517	10
Regular Plan - IDCW Option	1,995,049.610	80,075.221	216,946.172	1,858,178.659	10
Regular Plan - Annual IDCW Option	51,859.030	5,693.312	28,674.873	28,877.469	10

Notes to Accounts – Annexure I (Contd...)**To the Abridged Balance Sheet and Revenue Account for the year ended March 31, 2024**

Description	2023-24				
	Opening Units	Subscription	Redemption	Closing Units	Face Value per unit (Rupees)
Direct Plan - Growth Option**	5,788,339.619	40,147,485.747	10,433,970.009	35,501,855.357	10
Direct Plan - IDCW Option	46,607.934	48,596.713	4,595.986	90,608.661	10
Direct Plan - Annual IDCW Option	69,334.067	8.224	(0.100)	69,342.391	10

Description	2022-23				
	Opening Units	Subscription	Redemption	Closing Units	Face Value per unit (Rupees)
Regular Plan - Bonus Option	1,000.000	–	–	1,000.000	10
Regular Plan - Growth Option	69,613,972.680	1,755,673.897	25,620,510.993	45,749,135.584	10
Regular Plan - IDCW Option	2,081,770.326	52,544.133	139,264.849	1,995,049.610	10
Regular Plan - Annual IDCW Option	46,761.824	22,381.730	17,284.524	51,859.030	10
Direct Plan - Growth Option**	3,416,105.997	3,253,815.144	881,581.522	5,788,339.619	10
Direct Plan - IDCW Option	52,691.301	3,389.310	9,472.677	46,607.934	10
Direct Plan - Annual IDCW Option	61,549.744	10,998.255	3,213.932	69,334.067	10

Description	2021-22				
	Opening Units	Subscription	Redemption	Closing Units	Face Value per unit (Rupees)
Regular Plan - Bonus Option	1,000.000	–	–	1,000.000	10
Regular Plan - Growth Option	97,338,670.123	2,751,088.204	30,475,785.647	69,613,972.680	10
Regular Plan - IDCW Option	2,423,920.353	25,953.333	368,103.360	2,081,770.326	10
Regular Plan - Annual IDCW Option	154,497.898	8,711.812	116,447.886	46,761.824	10
Direct Plan - Growth Option**	2,624,088.128	1,090,109.926	298,092.057	3,416,105.997	10
Direct Plan - IDCW Option	56,687.196	92,512.238	96,508.133	52,691.301	10

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

To the Abridged Balance Sheet and Revenue Account for the year ended March 31, 2024

Description	2021-22				
	Opening Units	Subscription	Redemption	Closing Units	Face Value per unit (Rupees)
Direct Plan - Annual IDCW Option	174,465.103	2,504.024	115,419.383	61,549.744	10

** Units held by the AMC (Seed Capital) in Direct Plan - Growth Option as on March 31, 2024 is 317,087.865, as on March 31, 2023 is 317,087.865 & as on March 31, 2022 is 317,087.865

- 5 Previous year's/period figures have been re-grouped/re-arranged where necessary.
- 6 There are no contingent liabilities and other commitments as on March 31, 2024 and March 31, 2023. Contingent asset is neither recognized nor disclosed in the financial statements.
- 7 Expenses other than Management Fees are Inclusive of GST where applicable.
- 8 Other income: Rs. 10.29 lakhs represents Exit load credited to the scheme (2023: Rs. 11.85 lakhs represents Exit load credited to the scheme).

9 Investor Education Awareness

As mandated by SEBI vide circular no. CIR/IMD/DF/21/2012 dated September 13, 2012 an annual charge of 0.02 percent of daily net assets, being a part of total recurring expenses is set aside for Investor Education and Awareness (IEA). In view of the AMFI Best Practices Guidelines Circular No. 56/2015-16, the IEF (Investor Education Fund) accrual is set aside in a separate bank account and the consolidated balance across all schemes as on March 31, 2024.

Pursuant to SEBI circular dated May 23, 2022, w.e.f. July 01, 2022, the limit of 0.02% p.a. has been reduced to 0.01% p.a. in case of ETFs/Index Funds. Furthermore, Fund of Funds (FoFs) investing more than 80% of its NAV in the underlying domestic funds have discontinued setting aside 0.02% p.a. of daily net assets towards IEAI.

The break-up of which is as under:

	March 31, 2024	March 31, 2023
Particulars	Amount (Rs. In Lakhs)	Amount (Rs. In Lakhs)
Opening Balance as on April 01, 2023	997.09	460.22
Add: Accrual during FY 2023-24	1,962.01	1,432.00
Less: Transferred to AMFI *	889.11	646.75
Less: Payable to AMFI (March 2024 accrual) *	91.90	69.25
Add: Investment Income FY 2023-24	77.08	166.42
Less: Spent during FY 2023-24	1,877.44	345.55
Closing Balance as on March 31, 2024	177.73	997.09

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

The IEA disclosure's are presented for surviving schemes only.

- 10 Pursuant to SEBI Circular No. SEBI/HO/IMD/DF3/CIR/P/2020/194 dated October 05, 2020, the nomenclature of 'Dividend Option' under all the schemes of HSBC Mutual Fund has been revised to 'Income Distribution cum Capital Withdrawal Option' (IDCW), with effect from April 01, 2021.
- 11 Securities, excluding debt securities, where the non-traded investments which have been valued "in good faith" exceed 5% of the net assets at the end of the year is NIL.
- 12 Debt securities which have been valued at a price other than the price given by the independent valuation agencies at the end of the year is NIL.

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

To the Abridged Balance Sheet and Revenue Account for the year ended March 31, 2024

13 Disclosure of Risk-o-meter

Scheme Name	Risk-o-meter level at end of the financial year i.e. March 31, 2024	Risk-o-meter level as on March 31, 2023	Number of changes in Risk-o-meter during the financial year (March 2023 to March 2024)
HSBC Credit Risk Fund	Moderate	Moderately High	3

- 14 Pursuant to the SEBI circular no. SEBI/HO/IMD/IMD-II DOF3/P/CIR/2021/573 dated June 07, 2021, The details of Potential Risk Class matrix of schemes are given in below:

Credit Risk →	Relatively Low (Class A)	Moderate (Class B)	Relatively High (Class C)
Interest Rate Risk ↓			
Relatively Low (Class I)			
Moderate (Class II)			
Relatively High (Class III)			CIII
A Scheme with Relatively High interest rate risk and High credit risk.			

- 15 Subsequent to receipt of SEBI's no objection to acquisition of 100% equity shares of L&T Investment Management Limited ("LTIM", Investment Manager of L&T Mutual Fund) and the amendments proposed to the trust deed of the HSBC Mutual Fund as required under the SEBI (Mutual Funds) Regulations, 1996, the schemes of L&T Mutual Fund (LTMF) were transferred to/ merged with the schemes of HSBC Mutual Fund on and from the close of business hours of November 25, 2022, and the HSBC AMC and HSBC Trustees assumed the responsibilities of the schemes of LTMF w.e.f. close of business hours of November 25, 2022.
- 16 During the year, HSBC Securities and Capital Markets (India) Private Limited ("HSCI"), Sponsors of HSBC Mutual Fund established a private limited company with limited liability to act as the "Trustee" of HSBC Mutual Fund. HSBC Trustees (India) Private Limited ("HTIP") was incorporated on 9 January 2024. Accordingly, HTIP has replaced the Board of Trustees of HSBC Mutual Fund w.e.f. 1 March 2024, and the Company through its Board of Directors has been discharging its obligations as the "Trustees" of the Fund from this date.
- 17 The Annual Accounts of the Schemes, prepared in accordance with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the "Act") read with the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time and clause 17.14 of SEBI Master Circular for Mutual Funds dated June 27, 2024, has been approved by the Board of Directors of HSBC Asset Management (India) Private Limited and HSBC Trustees (India) Private Limited at their meetings held on July 8, 2024 and July 19, 2024 respectively. The audit report attached herewith refers to the said Annual Accounts. The aforesaid abridged accounts are an extract of the Annual Accounts and are prepared in accordance with clause 5.4 and format no. 3.B under the section of formats of SEBI Master Circular for Mutual Funds dated June 27, 2024 and other relevant circulars issued by the Securities and Exchange Board of India from time to time.

Voting Policy and Procedures

In view of para 6.16 of SEBI Master Circular on Mutual Funds dated June 27, 2024 related to "Role of Mutual Funds in Corporate Governance of Public Listed Companies", HSBC AMC has formulated its "Policy for Proxy Voting in Public Listed Companies". The said policy is available on our website and the details of actual exercise of proxy votes, the summary of votes casted and the auditor's certificate is forming part of our full Annual Report for the Financial Year 2023 – 24 which has been uploaded on our website at <http://www.assetmanagement.hsbc.co.in>

Statutory Details & Disclaimers

All the returns have been sourced from Mutual Funds India Explorer software. The performance of the schemes and the benchmark is calculated on a total return basis. This document has been prepared by HSBC Asset Management (India) Private Limited (HSBC) for information purposes only with an intent to provide market overview and should not be construed as an offer or solicitation of an offer for purchase of any of the funds of HSBC Mutual Fund. All information contained in this document (including that sourced from third parties), is obtained from sources, which HSBC/third party, believes to be reliable but which it has not been independently verified by HSBC/the third party. Further, HSBC/the third party makes no guarantee, representation or warranty and accepts no responsibility or liability as to the accuracy or completeness of such information. The information and opinions contained within the document are based upon publicly available information and rates of taxation applicable at the time of publication, which are subject to change from time to time.

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

For disclosure of quarterly AUM/AAUM and AUM by geography, please visit our website at www.assetmanagement.hsbc.co.in. Investors are requested to note that as per SEBI (Mutual Funds) Regulations, 1996 and guidelines issued thereunder, HSBC AMC, its employees and/ or empaneled distributors/agents are forbidden from guaranteeing/promising/assuring/predicting any returns or future performances of the schemes of HSBC Mutual Fund. Hence, please do not rely upon any such statements/commitments. If you come across any such practices, please register a complaint via email at investor.line@mutualfunds.hsbc.co.in

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

Important Updates

Name and Date of Birth as per PAN card - Effective from June 1, 2024

As per recent regulatory requirement and changes advised by Income Tax Department in PAN validation process, now it is mandated to quote your Name(s) and DOB as per PAN card. To avoid any failure in such validations, we request investors to quote the Name(s) and DOB's of all the holders including Guardian, Power of Attorney (POA) holders as per PAN card.

Useful Links for self service options

- **Use our 24 x 7 Chatbot - "ASKME" for any queries or service request:**
visit: <https://invest.assetmanagement.hsbc.co.in>

SMS your request to HSBC Mutual Fund

- **Latest NAV :** Send SMS as HSBCMF NAV <Scheme Code> to 56767
Example: HSBCMF NAV F03
- **Valuation Service on registered mobile No. :** Send SMS as HSBCMF VAL <folio_number> to 56767
Example: HSBCMF VAL 123456
- **Annual Report :**
For Electronic Copy: Send SMS as HSBCMFARE <folio_number> to 567678080
Example: HSBCMF ARE 123456
For Physical Copy: Send SMS as HSBCMFARP <folio_number> to 567678080
Example: HSBCMF ARP 123456
- **Half Yearly Portfolio :**
For Electronic Copy: Send SMS as HSBCMFHPE <folio_number> to 567678080
Example: HSBCMF HPE 123456
For Physical Copy: Send SMS as HSBCMFHPP <folio_number> to 567678080
Example: HSBCMF HPP 123456

Missed Call Service

- You can give a missed call to 9212900020 to get the total valuation via SMS and a statement on your registered email ID

Book-Post

If undelivered please return to:

Computer Age Management Services Private Limited (CAMS)

Unit: HSBC Mutual Fund

New No. 10, M.G.R Salai, Nungambakkam, Chennai - 600034.

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

HSBC Asset Management (India) Private Limited

CIN NO: U74140MH2001PTC134220

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

Website : www.assetmanagement.hsbc.co.in

Description	Toll Free Number	Email ID
Investor related queries	1800-4190-200/1800-200-2434	investor.line@mutualfunds.hsbc.co.in
Online related queries	1800-4190-200/1800-200-2434	onlinemf@mutualfunds.hsbc.co.in
Investor (Dialing from abroad)	+91 44 39923900	investor.line@mutualfunds.hsbc.co.in

To get your updated account statement email us at : ["mfsoa@mutualfunds.hsbc.co.in"](mailto:mfsoa@mutualfunds.hsbc.co.in)

We're always here to help you, so feel free to reach out to us

Self-service request at your Fingertips

- Visit Website • Invest Online • Insta Statement • Download Forms
- Transact via Whats App • Use 24/7 ChatBot - Ask Me



Remember, you can also find out more via our social media handles !



Please check our website www.assetmanagement.hsbc.co.in for an updated list of Official Points of Acceptance of HSBC Mutual Fund.

CAMS SERVICE CENTRES / CAMS LIMITED TRANSACTION POINTS / CAMS COLLECTION CENTRES

For details on CAMS Service Centres, please visit www.camsonline.com



HSBC Dynamic Bond Fund

(Erstwhile L&T Flexi Bond Fund)

An open ended dynamic debt scheme investing across duration. A relatively high interest rate risk and relatively low credit risk.

Abridged Annual Report 2023 - 2024



SPONSOR

HSBC Securities and Capital Markets (India) Private Limited

CIN – U67120MH1994PTC081575

Regd. Office: 52/60, Mahatma Gandhi Road, Fort, Mumbai 400001.

TRUSTEE COMPANY

HSBC Trustees (India) Private Limited

CIN – U66190MH2024PTC416973

Regd. Office: 52/60, Mahatma Gandhi Road, Fort, Mumbai 400001.

ASSET MANAGEMENT COMPANY

HSBC Asset Management (India) Private Limited

CIN – U74140MH2001PTC134220

Regd. Office: 9-11 Floors, NESCO IT Park, Building No. 3,
Western Express Highway, Goregaon (East), Mumbai 400063.

CUSTODIAN

Citibank N.A.

First International Financial Center (FIFC), 9th Floor,
C-54 & 55, G – Block, Bandra Kurla Complex, Bandra (East), Mumbai 400051.

AUDITORS TO THE SCHEME

MSKA & Associates

Chartered Accountants

602, Floor 6, Raheja Titanium, Western Express Highway,
Geetanjali Railway Colony, Ram Nagar, Goregaon (East), Mumbai 400063.

REGISTRAR & TRANSFER AGENTS

Computer Age Management Services Limited (CAMS)

Unit: HSBC Mutual Fund

New No. 10, M.G.R Salai, Nungambakkam, Chennai 600034.

BOARD OF TRUSTEES

Ms. Jasmine Batliwalla	– Chairperson
Mr. Nani Javeri	– Trustee
Mr. David Rasquinha	– Trustee
Mr. Nicolas Moreau	– Trustee

BOARD OF DIRECTORS

Dr. Indu Shahani	– Director
Mr. Kapil Seth	– Director
Ms. Roopa Varma	– Director
Mr. Kailash Kulkarni	– Director & Chief Executive Officer

Dear Investor,

As we reflect on the past year, I am filled with pride and optimism about the future of our company and overall growth of the mutual fund industry. The past year has marked significant milestones in our journey, particularly as we capitalise on the immense potential of India's burgeoning growth story.

Fiscal 2024 turned out to be one of the best years for the domestic mutual fund industry as assets under management (AUM) spurred by nearly Rs. 14 lakh crore to a record Rs. 53.40 lakh crore as of March 2024 compared with Rs. 39.42 lakh crore as of March 2023.

The mutual fund industry is experiencing immense growth and we are poised to take advantage of this upward trajectory. Our company is an integral part of this growth story, riding the wave with several strategic initiatives and accomplishments that have set us on a path of sustained success.



Major achievements post integration

- Post integration we have enhanced our digital offering for both B2B and B2C to provide improved customer journeys.
- HSBC AM India's AUM increased from USD 1.4 bn (before integration) to USD 13.7 bn as of April 2024.
- HSBC Asset Management India has now become the 14th largest asset manager in India in terms of AUM.
- HSBC AM India has launched 4 new products since integration (raising \$445M).
- We have expanded HSBC AM India's product offerings to 43 funds.

Key Achievements in FY2023-2024

Investment Performance: Our disciplined investment strategy and thorough research have been pivotal to our success. We have focused on high-quality, undervalued assets, achieving consistent returns across our portfolio.

Product Innovation: This year, we launched two new funds - HSBC Multi Asset Allocation Fund and HSBC Consumption Fund, tailored to meet the evolving needs of our investors. These new offerings have been well-received, contributing to our growth in AUM significantly.

Increased Media Presence: In FY24, we significantly boosted our media presence, ensuring that our brand and thought leadership are recognized across various platforms. Through strategic media engagements like Informed Investing with ET Now, talks shows and several authored articles plus interviews - we have amplified our message, reaching a broader audience and reinforcing our market position.

Successful Campaign Launch: We successfully launched SIP Hai #FaydeWaliAadat, an investor education campaign, that highlighted the transformative power of SIPs in achieving long-term financial

goals. A first of its kind campaign, it aimed at educating and empowering the millennial investors in India. The campaign garnered significant attention and positive feedback, strengthening our brand presence and engaging a wider audience. Notably, the campaign has also earned us prestigious awards and accolades highlighting our commitment to excellence and innovation.

Client Relationships: We have strengthened our client relationships through enhanced communication, transparency, and personalized service. Our client satisfaction scores have reached new heights, reflecting our commitment to exceptional service.

We believe that the India story has just begun and its economic landscape is poised for significant growth. An exposure to unique and future relevant themes can provide a much-needed inflation buffer. The importance of asset allocation continues to be critical. It is critical for all of us to review our risk appetite and goal proximity and construct a portfolio appropriately.

Besides construction, portfolio rebalancing is equally important in order to achieve optimal outcomes. I do hope you share my enthusiasm and I ask that you continue to invest whilst reviewing your asset allocation at all times.

I would like to express my sincere gratitude to our dedicated team, whose expertise and commitment are the backbone of our success. To our investors, thank you for your trust and continued support. Your confidence in our approach motivates us to strive for excellence in everything we do. Also, I want to express my deepest gratitude to our valuable partners for their unwavering support and keep our services running. Look forward to achieving even grater milestones together.

As we move forward, we remain committed to delivering superior investment performance, fostering strong client relationships, and driving sustainable growth. Together, we are well-positioned to navigate the future and achieve our goals.

Warm regards,

A handwritten signature in dark ink, appearing to read 'Kailash', with a horizontal line drawn underneath it.

Kailash Kulkarni

Chief Executive Officer

HSBC Asset Management India

Trustees' Report

For the year ended March 31, 2024

The Board of Directors of HSBC Trustees (India) Private Limited, Trustees of HSBC Mutual Fund present the Twenty Second Annual Report and the audited abridged financial statements of the schemes of the HSBC Mutual Fund ("the Fund") for the year ended March 31, 2024.

With the acquisition of L&T Mutual Fund in the previous financial year, the Fund's Assets Under Management ('AUM') (excluding Domestic FOFs) as on March 31, 2024 was INR 109368.16 crores (audited). The Fund ranks in the top 15 Mutual Fund houses in India in terms of AUM.

As at March 31, 2024, the Fund offered 43 schemes across asset classes to meet the varying investment needs of the investors. During the year, the Fund launched two new products namely HSBC Consumption Fund and HSBC Multi Asset Allocation Fund in Equity and Hybrid categories.

The Fund continues its focus on delivering consistent long-term returns. The comments on the performance of the scheme(s) are provided hereinafter. Dividends were declared under various schemes as per the provisions contained in the respective Scheme Information Documents after considering the distributable surplus available under the respective plans of the schemes. Details of dividends declared can be viewed on our website at www.assetmanagement.hsbc.co.in.

During the year, HSBC Securities and Capital Markets (India) Private Limited ("HSCI"), Sponsors of the Fund established a private limited company with limited liability to act as the "Trustees" of the Fund. HSBC Trustees (India) Private Limited ("HTIP") was incorporated on 9 January 2024. Accordingly, HTIP has replaced the Board of Trustees of HSBC Mutual Fund w.e.f. 1 March 2024, and the Company through its Board of Directors has been discharging its obligations as the "Trustees" of the Fund from this date.

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

a. Operations and Performance of the Scheme

➤ Debt Scheme

HSBC Dynamic Bond Fund ('HDBF')

(Dynamic Bond Fund - An open-ended dynamic debt scheme investing across duration. A relatively high interest rate risk and relatively low credit risk.)

The investment objective of the scheme is to deliver returns in the form of interest income and capital gains, along with high liquidity, commensurate with the current view on the markets and the interest rate cycle, through active investment in debt and money market instruments. However, there can be no assurance or guarantee that the investment objective of the scheme would be achieved.

The net assets of HDBF amounted to INR 165.35 crores as at March 31, 2024 as against INR 198.75 crores as at March 31, 2023. Around 97.59% of the net assets were invested in debt, 2.15% of the net assets were invested in reverse repos/TREPS and (0.07%) in net current assets as at March 31, 2024.

HDBF aims to generate alpha and yield accruals through high quality credit selection and active duration management. HDBF endeavors to generate positive returns from even the lowest interest rates in the cycle, irrespective of the interest rate cycle, through active duration management along with dynamic asset allocation. In the current scenario where interest rates are nearing the peak in this cycle, there are opportunities to capture alpha through strategic overweight duration in this fund. It is an actively managed fund investing across the yield curve in Govt. Securities and high-quality AAA rated credits to generate alpha. Dynamic duration management to seize potential upsides when interest rates are expected to soften while also reducing risks in an uncertain environment. HDBF's diversified portfolio is spread across government securities, corporate bonds and money market instruments. HDBF maintains a highly liquid portfolio so as to enable positioning changes based on evolving scenario.

HDBF has marginally underperformed the benchmark in the 1-year horizon as the fund was underweight and the yields moved downwards.

Trustees’ Report
For the year ended March 31, 2024 (Contd...)

HSBC Dynamic Bond Fund					Date of Inception : 27 September, 2010			
Fund / Benchmark (Value of ₹ 10,000 invested)	1 Year		3 Years		5 Years		Since Inception	
	Amount (₹)	Returns (%)	Amount (₹)	Returns (%)	Amount (₹)	Returns (%)	Amount (₹)	Returns (%)
HSBC Dynamic Bond Fund	10751	7.49	11546	4.90	13498	6.17	26906	7.60
Scheme Benchmark (NIFTY Composite Debt Index A-III)	10812	8.10	11693	5.35	14168	7.20	27033	7.63
Additional Benchmark (CRISIL 10 year Gilt Index)	10854	8.52	11347	4.30	13482	6.14	23126	6.40

Past performance may or may not be sustained in future. The returns for the respective periods are provided as on March 31, 2024 for Growth Option of Regular Plan. Returns on ₹ 10,000 are point-to-point returns for the specific time period, invested at the start of the period. Returns for 1 year and above are Compounded Annualized. Different plans shall have a different expense structure. Performance of the respective benchmark is calculated as per the Total Return Index (TRI).

Risk-o-meter as of 31st March, 2024:

Scheme Name	Scheme Risk-o-meter	Benchmark Risk-o-meter
HSBC Dynamic Bond Fund	 RISKOMETER Investors understand that their principal will be at Moderate risk	Benchmark Index: NIFTY Composite Debt Index A-III  RISKOMETER

Please note that the above risk-o-meter is as per the product labelling of the Scheme basis Scheme's monthly portfolio as on March 31, 2024.

Potential Risk Class (PRC) Matrix for Debt Schemes of HSBC Mutual Fund

HSBC Dynamic Bond Fund			
Credit Risk →	Relatively Low (Class A)	Moderate (Class B)	Relatively High (Class C)
Interest Rate Risk ↓			
Relatively Low (Class I)			
Moderate (Class II)			
Relatively High (Class III)	AIII		
A Scheme with Relatively High interest rate risk and Low credit risk.			

Potential Risk Class ‘PRC’ matrix indicates the maximum interest rate risk (measured by Macaulay Duration of the scheme) and maximum credit risk (measured by Credit Risk Value of the scheme) the fund manager can take in the scheme. PRC matrix classification is done in accordance with and subject to the methodology/guidelines prescribed by SEBI to help investors take informed decision based on the maximum interest rate risk and maximum credit risk the fund manager can take in the scheme, as depicted in the PRC matrix.

Trustees' Report

For the year ended March 31, 2024 (Contd...)

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

➤ EQUITY OUTLOOK

Recap of FY 2023-24:

FY24 was a stellar year for the Indian equity markets with strong economic momentum, healthy earnings growth and strong inflows from domestic and foreign institutional investors and strong retail participation driving a broad-based bull market. The Nifty and Sensex were up a solid 30.1%/26.5% respectively during the year, while the BSE Midcap and BSE Smallcap indices gained an astounding 65.2% and 61.4% respectively.

While geo-political conflicts continued in FY24, their impact on crude and global supply chains moderated. Crude prices largely remained range bound during the year. Inflation barring a brief spike largely remained well contained, the economy gained further steam with GDP growth crossing 8% in H1FY24 supported by government thrust on infrastructure. This translated into strong growth for several core sector industries including steel and cement. The growth in the real estate sector has been strong with inventory continuing to decline in metro markets. However, lagged impact of price increases continued to impinge on consumer demand growth which remained subdued for most mass market categories.

Domestic cyclical were the best performing sectors during the year led by Real Estate, Capital Goods, Autos. Power was also among the best performing sectors. Global cyclical like Metals and Oil & Gas also strongly outperformed the Nifty. FMCG and Banking while delivering healthy positive returns underperformed the Nifty, while IT performance was closer to Nifty.

MSCI India index outperformed most of key global indices during the past fiscal. MSCI India index (USD) gained 35.5% as compared to 23.1% gain for MSCI World, 27.9% for US S&P 500, 11.0% for MSCI Europe and only 5.3% for MSCI Emerging Markets as MSCI China declined 19.0% over the period.

Strong performance of the market and subsiding global macro headwinds drove a sharp turnaround in foreign investment flows. FII net inflow was at USD 25.3bn in FY24 versus an outflow of USD 6.0bn/ 17.1bn in FY23/ FY22. DIIs, on the other hand, matched FII inflow with an inflow of USD 25.3bn although it was lower than the net inflows at USD 30.8bn in FY23. Within DIIs, the MF segment was the key contributor (USD 24.3 bn of net inflows up from USD 21.8bn in FY23) while domestic Insurers were also in the net inflow territory (USD 1.0bn of net inflows vs USD 9.0bn in FY23).

Source: Motilal Oswal

Indices Returns (April 01, 2023 to March 31, 2024)	1 Year [^]
S&P BSE Sensex TR	26.5%
NSE CNX Nifty TR	30.1%
S&P BSE 100 TR	34.2%
S&P BSE 200 TR	38.5%
S&P BSE 500 TR	40.2%
S&P BSE Midcap TR	65.2%
S&P BSE Small-cap TR	61.4%

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

Way forward:

The global macro environment remains challenging with heightened geo-political and economic uncertainties. US bond yields remain high putting pressure on interest rates and currencies globally. For India, growth has continued to remain strong with GDP growth of 8.4% in Q3FY24 driven by strong government spending on infrastructure and pickup in manufacturing and construction. The 2024 interim budget has re-affirmed

Trustees' Report

For the year ended March 31, 2024 (Contd...)

government focus on infrastructure. At the same time reduction in fiscal deficit should also help in easing of domestic interest rates. However, after last year's patchy monsoon, a good monsoon will be an important factor for rural demand and overall consumption growth in the economy in FY25.

India starts FY25 on a strong footing with positive growth momentum and India's investment cycle is expected to be on a medium-term uptrend supported by rising government investment in infrastructure and recovery in real estate cycle. There is also an expectation of higher private investments in renewable energy and related supply chain, localization of higher-end technology components, and India becoming a more meaningful part of global supply chains. Finally, it is expected for consumption to improve as the impact of high inflation fades and real incomes start to grow again.

However, several of these positives are getting discounted by the high valuations currently prevailing in the equity market. While the fund managers remain constructive on Indian equities supported by the more robust medium-term growth outlook there is a caution against high return expectations. Nifty continues to trade on 20.6x consensus 1 year forward PE (as of 30 April). On a 10-year basis, Nifty is still trading 10% above its historic average valuation but is in-line with its 5-year average. Valuations of the midcap and small cap indices are even higher versus their historical average.

➤ DEBT OUTLOOK

Market drivers during the course of the year FY 2024

The year started with advanced economies continuing to grapple with higher inflation and policy tightening remained a common theme across economies. During FY2024, the Federal Open Market Committee (FOMC) raised policy rates by 50 bps while European Central Bank (ECB) and Bank of England (BOE) raised policy rates by 100 bps each. The cumulative rate hikes by various advanced economies in this cycle are as follows: Fed (525 bps), BOE (515 bps) and ECB (450 bps). Meanwhile cumulative rate hikes by the Monetary Policy Committee (MPC) in this cycle was 250 bps. On account of higher Government debt burden, Fitch downgraded US sovereign rating from AAA to AA+. US Treasury yields remained volatile during the year, with the 10-year benchmark rising higher by 73 bps during the year. Crude prices also moved higher by USD 7-8/bbl.

On the domestic front, Consumer price Index (CPI) inflation remained broadly in the upper end of the MPC's targeted band of 4% +/- 2% for most the financial year, however, inflation printed above 6% on two occasions due to high food inflation. Headline inflation remained susceptible to high food inflation with markets now expecting some relief of food prices on the back of normal monsoon. Core inflation eased through the year falling to below 4% in the last quarter.

Domestically, one of the biggest events during the year was the much-awaited index inclusion of Indian Government Bonds (IGBs) into the GBI-EM Global index suite and its relevant benchmarks. India is expected to reach the maximum weight of 10% in the GBI-EM Global Diversified Index (GBI-EM GD), with the inclusion staggered over a 10-month period starting June 2024. Following this, Bloomberg also included IGBs in their Bloomberg EM Local Currency Index, with India expected to reach a maximum weight of 10% over a 10-month period starting Jan 2025. Both these inclusions are expected to bring in INR 25-30 bn of index related FPI inflows over the next 1-2 years and paving the way for inclusion into other global bond indices as well. During FY2024, FPIs poured in close USD 12 bn into IGBs, with majority of the inflows coming in post the JP Morgan index inclusion announcement.

Government continued its path of fiscal consolidation, with the revised estimate of the Fiscal deficit for FY2024 coming in at 5.6%, with expectations for FY2025 at 5.1% and target of below 4.5% by FY2026. PMI numbers continue to remain in expansion, GST revenues remain buoyant and credit off-take upbeat.

The external sector has remained strong due to healthy service exports and remittances. Current Account Deficit (CAD) is expected to be around 1% for the year. Rupee remained one of the more stable currencies during the year, with active intervention from RBI smoothening any volatility. RBI continued to build on the FX reserves with year-end number around USD 650 bn.

Money market rates moved higher during the year due to tightening in liquidity along with higher Certificate of Deposit (CD) issuances. G-Sec yields, however, moved lower due to favorable demand supply and lower G-Sec borrowing. 10-year G-Sec moved lower during the year by 25 bps, while 5 yr G-Sec moved lower by 13 bps.

Trustees' Report

For the year ended March 31, 2024 (Contd...)

Market Outlook

While US markets have braced for "higher for longer" rates, we have seen in the past, that reactions to favorable data in such an environment can be sharp. Any softness in growth, employment or inflation data over the next few months will allow the markets to quickly start pricing in aggressive future policy easing. In our view, the RBI is also likely to gradually shift the liquidity deficit into surplus over the course of the next 3-6 months, flipping overnight rates from the top to the bottom of the rate corridor. The yield curve is likely to steepen as liquidity eases. This along with a potential 50 bps of policy easing in first half of CY2025 may push overnight rates lower by 75-100 bps.

While any form of additional spending by the new Government to address concerns of rural sections of the country and the possibility of additional spending to fund such policies will remain a key monitorable, it is believed the Government is likely to remain cognizant of the possible impact of such policies and take measured steps. With the dust settling down on the election outcome, the broad macroeconomic factors should continue to remain stable and could support softening in domestic yields going forward.

The Fund Managers continue to have a positive outlook for interest rates, based on various favorable factors: (a) Record RBI dividend to the Government, (b) reduced Fiscal deficit number of 5.6%, (c) favorable G-Sec supply demand dynamics, (d) FPI index related inflows, (e) revised outlook in India by S&P, (f) soft core inflation along with expectations of a better than normal monsoon, and finally (g) soft signals by Government and RBI on liquidity.

Source: RBI, Bloomberg, Internal HSBC Research & CCIL

2. BRIEF BACKGROUND OF THE SPONSORS, THE FUND, THE TRUSTEES AND THE ASSET MANAGEMENT COMPANY

A. Sponsor

HSBC Mutual Fund is sponsored by HSBC Securities and Capital Markets (India) Private Limited (HSCI). The Sponsor is the Settler of the Mutual Fund Trust. The Sponsor has entrusted a sum of Rs. 1,00,000/- (Rupees One Lakh only) to the Trustee as the initial contribution towards the corpus of the Mutual Fund.

HSCI offers integrated investment banking services, securities and corporate finance & advisory. HSCI is a member of the Bombay Stock Exchange Limited and National Stock Exchange (capital and derivative market segments). HSCI holds 100% of the paid-up equity share capital of HSBC Asset Management (India) Private Limited.

B. HSBC Mutual Fund

HSBC Mutual Fund ("the Mutual Fund" or "the Fund") has been constituted as a Trust in accordance with the provisions of the Indian Trusts Act, 1882 (2 of 1882) vide a Trust Deed dated February 7, 2002 (as amended) with HSBC Securities and Capital Markets (India) Private Limited, as the Sponsor and HSBC Trustees (India) Private Limited. The Trustee has entered into an Investment Management Agreement dated February 7, 2002 (as amended) with HSBC Asset Management (India) Private Limited (AMC) to function as the Investment Manager for all the schemes of the Fund. The Fund was registered with SEBI vide registration number MF/046/02/5 dated May 27, 2002.

The Trust has been formed for the purpose of pooling of capital from the public for collective investment in securities for the purpose of providing facilities for participation by persons as beneficiaries in such investments and in the profits/income arising therefrom.

C. HSBC Trustees (India) Private Limited (the Trustees)

The Trustees are the exclusive owner of the Trust Fund and holds the same in trust for the benefit of the unitholders. The Trustees have been discharging their duties and carrying out the responsibilities as provided in the SEBI (Mutual Funds) Regulations, 1996 and the Trust Deed. The Trustees seek to ensure that the Fund and the schemes floated there under are managed by the AMC in accordance with the Trust Deed, the said Regulations, directions and guidelines issued by the SEBI, the Stock Exchanges, the Association of Mutual Funds in India and other regulatory agencies.

Trustees’ Report

For the year ended March 31, 2024 (Contd...)

During the year, HSBC Securities and Capital Markets (India) Private Limited (“HSCI”), Sponsors of HSBC Mutual Fund) established a private limited company with limited liability to act as the “Trustee” of HSBC Mutual Fund. HSBC Trustees (India) Private Limited (“HTIP”) was incorporated on 9 January 2024. Accordingly, HTIP has replaced the Board of Trustees of HSBC Mutual Fund w.e.f. 1 March 2024, and the Company through its Board of Directors has been discharging its obligations as the “Trustees” of the Fund from this date.

As of March 31, 2024, HSCI holds 100% of the paid-up equity share capital of HTIP.

D. Asset Management Company (the AMC)

HSBC Asset Management (India) Private Limited (the Investment Manager or the AMC) is a private limited company incorporated under the Companies Act, 1956 on December 12, 2001 having its Registered Office at 9-11 Floors, NESCO IT Park, Building no. 3, Western Express Highway, Goregaon (East), Mumbai – 400 063. HSBC Asset Management (India) Private Limited has been appointed as the Asset Management Company of HSBC Mutual Fund by the Trustee vide Investment Management Agreement (IMA) dated February 7, 2002 (as amended) and executed between the Trustees and the AMC. SEBI approved the AMC to act as the Investment Manager of the Fund vide its letter No. MFD/BC/163/2002 dated May 27, 2002. The paid-up equity share capital of the AMC is Rs. 344.41 crores. The AMC is registered as a Portfolio Manager under the SEBI (Portfolio Managers) Regulations, 1993 vide registration no. INP000001322. The AMC also offers non-binding Advisory services to offshore funds under the mutual fund license.

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

3. INVESTMENT OBJECTIVE OF THE SCHEMES

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

4. SIGNIFICANT ACCOUNTING POLICIES

The Significant Accounting Policies form part of the Notes to the Accounts annexed to the Balance Sheet of the Schemes in the Full Annual Report. The accounting policies are in accordance with Securities Exchange Board of India (Mutual Funds) Regulations, 1996 and Indian Accounting Standards (IND AS) notified under section 133 of the Companies Act, 2013 (the “Act” read with the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time.

5. UNCLAIMED DIVIDENDS & REDEMPTIONS

Summary of number of investors & corresponding amount as on March 31, 2024:

Scheme Name	Unclaimed Dividend		Unclaimed Redemption	
	No. of Investors	Amount (₹)	No. of Investors	Amount (₹)
HSBC Dynamic Bond Fund	869	436,855.26	12	456,461.61

6. INVESTOR SERVICES

The number of official points of acceptance of transactions are 210 locations. In addition to the offices of the Registrar & Transfer Agent, the AMC has its own office in 61 locations and Investor Service Centers in 39 locations. The AMC has 2 Toll Free numbers (1800-4190-200/1800-200-2434) which can be dialed from anywhere in India and 1 number i.e. +91 44 39923900 (Investors calling from abroad). The call center service is being managed by the Registrar and Transfer Agents. HSBC Mutual Fund offers the online transaction facility through the AMC’s website at www.assetmanagement.hsbc.co.in.

On the distribution front, the number of empaneled distributors were 59046 as on March 31, 2024. During the year, the AMC initiated tie-ups for online distribution of the Mutual Fund's schemes with several channel partners taking the total number of such tie-ups to 160 as on March 31, 2024.

Trustees' Report

For the year ended March 31, 2024 (Contd...)

7. DETAILS OF INVESTOR GRIEVANCE REDRESSAL

The details of the redressal of investor complaints received against HSBC Mutual Fund during April 2023 - March 2024 are as follows:

2023-2024												
Com- plaint code	Type of Complaint	(a) No. of complaints pending at the begin- ning of the period	(b) No. of com- plaints received during the given period	Action on (a) and (b)								
				Resolved				Non Action- able*	Pending			
				Within 30 days	30-60 days	60-180 days	Beyond 180 days		0-3 months	3-6 months	6-9 months	9-12 months
I A	Non receipt of amount declared under Income Distribution cum Capital Withdrawal option	1	10	11	0	0	0	0	0	0	0	0
I B	Interest on delayed payment of amount declared under Income Distribution cum Capital Withdrawal option	0	1	1	0	0	0	0	0	0	0	0
I C	Non receipt of Redemption Proceeds	1	38	39	0	0	0	0	0	0	0	0
I D	Interest on delayed payment of Redemption	0	2	2	0	0	0	0	0	0	0	0
II A	Non receipt of Statement of Account/Unit Certificate	0	3	3	0	0	0	0	0	0	0	0
II B	Discrepancy in Statement of Account	1	22	23	0	0	0	0	0	0	0	0
II C	Data corrections in Investor details	1	250	249	0	0	0	0	2	0	0	0
II D	Non receipt of Annual Report/ Abridged Summary	0	0	0	0	0	0	0	0	0	0	0
III A	Wrong switch between Schemes	0	2	2	0	0	0	0	0	0	0	0
III B	Unauthorized switch between Schemes	0	1	1	0	0	0	0	0	0	0	0
III C	Deviation from Scheme attributes	0	1	1	0	0	0	0	0	0	0	0
III D	Wrong or excess charges/load	0	0	0	0	0	0	0	0	0	0	0
III E	Non updation of changes viz. address, PAN, bank details, nomination, etc	1	127	127	0	0	0	0	1	0	0	0
III F	Delay in allotment of Units	0	5	4	1	0	0	0	0	0	0	0
III G	Unauthorized Redemption	0	0	0	0	0	0	0	0	0	0	0
IV	Others**	1	78	76	0	0	0	0	3	0	0	0
	TOTAL	6	540	539	1	0	0	0	6	0	0	0

** As per AMFI Best Practice Guidelines Circular No.25/2011-12 for Revisions in the Guidelines on Standardization of Complaints/ Grievances Reporting Procedure. If "Others" include a type of complaint which is more than 10% of overall complaints, then such a reason should be provided separately. Hence, data corrections in Investor Details are included as a separate category.

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

Summary of Complaints for FY 2023-24

Particulars	Count
Total complaints received	540
Total number of folios	21,39,406
% of complaints against the folio	0.025

Trustees’ Report

For the year ended March 31, 2024 (Contd...)

8. INVESTOR EDUCATION INITIATIVES

During the FY 2023-24, the AMC conducted the following investor education and awareness initiatives:

- An integrated multi-media marketing campaign on SIP Hai ‘FaydeWaliAadat’ aimed to tap into the aspirations, financial goals, and unique spending habits of millennials.
- Editorial content on Systematic Investment Plans (SIP) created across 15 states through various regional television channels.
- Investor education content on the Platform - Quora.
- ‘Be Money Confident’ video series targeting women through Jio Platforms.
- Campaign on Women & Investing for Women’s Day.
- Campaign for Marathon enthusiast on the similarities between running a Marathon & Investing.
- Financial literacy virtual event on the occasion of Mother’s Day, which received more than 725 registered users.
- A mom blogger outreach program to reach Women Investors with financial education content on MF on the occasion of Mother’s Day.
- Education campaign on ELSS executed for working audiences.
- Blogs and content for Investor Education properties like SIP Sahi Hai in Value Research, Gyan Guroovaar on Facebook, Investment Ki Paathshala on the website and investor education blogs on the platform - Advisor Khoj.
- 1,462 Investor Education programs to reach out to an audience of 71,465 people out of which 458 were women programs attended by 20,139 women.

9. PROXY VOTING POLICY

As per para 6.16 of SEBI Master Circular on Mutual Funds dated June 27, 2024, the Fund has adopted Proxy Voting Policy and Procedures for exercising voting rights in respect of securities held by the Schemes. (please refer Proxy Voting Policy and Procedures)

The summary of the votes casted in the general meetings of the Investee companies, by the AMC for and on behalf of the Schemes of the Fund, for the financial year 2023-24 is provided below:

Quarter	Total no. of resolutions	Break-up of Vote decision		
		For	Against	Abstained
April 2023 - June 2023	387	260	75	52
July 2023 - September 2023	2,169	1607	448	114
October 2023 - December 2023	197	138	37	22
January 2024 - March 2024	319	240	50	29
TOTAL	3,072	2,245	610	217

As per para 6.16.7 of SEBI Master Circular on Mutual Funds dated June 27, 2024, the AMC has obtained certificate from M/s. M. P. Chitale & Co., Chartered Accountants, who is acting as a Scrutinizer, on the voting report for the FY 2023-24. The certificate dated May 22, 2024 issued by M/s. M. P. Chitale & Co., is available on the website of the AMC as part of the full Annual Report.

Unitholders can refer to the full Annual Report for complete details of actual exercise of votes in the general meetings of the investee companies for the financial year 2023-24 or log on to our website at www.assetmanagement.hsbc.co.in.

Trustees' Report

For the year ended March 31, 2024 (Contd...)

10. STATUTORY DETAILS

- a) The Sponsors are not responsible or liable for any loss resulting from the operation of the Schemes of the Fund beyond initial contribution of Rs. 1 lakh for setting up the Fund.
- b) The price and redemption value of the units, and income from them, can go up as well as down with fluctuations in the market value of its underlying investments.
- c) Full Annual Report of HSBC Mutual Fund and of HSBC Asset Management (India) Private Limited (the AMC) shall be disclosed on the website at www.assetmanagement.hsbc.co.in and shall be available for inspection at the Head Office of the Mutual Fund. Present and prospective unitholders can obtain copy of the Trust Deed, the full Annual Report of the Scheme(s), the Annual Report of HSBC Asset Management (India) Private Limited and the text of the relevant Scheme(s) at a price.

11. CHANGES IN RISK-O-METER OF THE SCHEME DURING FY 2023-24

As per para 17.4. of SEBI Master Circular on Mutual Funds dated June 27, 2024 on product labelling, the changes carried out in the risk-o-meter of the schemes of HSBC Mutual Fund during FY 2023-24 have been given in the below mentioned table for the information of the unitholders, a report on the said changes has also been displayed on the website of the Fund and AMFI.

Scheme Name	Risk-o-meter level as on March 31, 2023	Risk-o-meter level as on March 31, 2024	Number of changes in Risk-o-meter during the F.Y. 2023-24)
HSBC Dynamic Bond Fund	Moderate	Moderate	0

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

As per para 6.16.15 of SEBI Master Circular on Mutual Funds dated June 27, 2024, HSBC Mutual Fund has adapted the policy on stewardship responsibilities, the unitholders are requested to note the status of governance with the same as mentioned below:

S. No.	Particulars of Principles of Stewardship Code	Status of compliance (Complied/ Not Complied)	Description	Remarks/ reasons for deviation/non-compliance, if any
1	Principle 1: Institutional Investors should formulate a comprehensive policy on the discharge of their stewardship responsibilities, publicly disclose it, review and update it periodically.	Complied	HSBC Asset Management (India) Private Limited's (AMIN) 'Policy on Stewardship responsibilities' (Stewardship Code/ Policy) was formulated and implemented on 01 July, 2020. This is a comprehensive document which has been publicly disclosed on the website of AMIN. The same shall follow a periodic review.	N.A.
2	Principle 2: Institutional investors should have a clear policy on how they manage conflicts of interest in fulfilling their stewardship responsibilities and publicly disclose it.	Complied	Defining and managing Conflict of Interest in fulfilling stewardship responsibilities are detailed in the Stewardship Policy document. The policy document is publicly disclosed.	N.A.

Trustees' Report

For the year ended March 31, 2024 (Contd...)

S. No.	Particulars of Principles of Stewardship Code	Status of compliance (Complied/ Not Complied)	Description	Remarks/ reasons for deviation/non-compliance, if any
3	Principle 3: Institutional investors should monitor their investee companies.	Complied	AMIN monitors all investee companies through its investment process. This includes assessment of companies' own and market data, consideration of research from brokers and other independent research providers – including ESG & voting research, attending individual & group meetings with company management and directors, visiting production sites (wherever necessary), engaging with key stakeholders including competitors and customers, and financial modelling. More details enumerated in the policy document	N.A.
4	Principle 4: Institutional investors should have a clear policy on intervention in their investee companies. Institutional investors should also have a clear policy for collaboration with other institutional investors where required, to preserve the interests of the ultimate investors, which should be disclosed.	Complied	Details of undertaking active engagement with investee companies and the policy for collaboration with other institutional holders are detailed in the policy document. The policy document is publicly disclosed.	N.A.
5	Principle 5: Institutional investors should have a clear policy on voting and disclosure of voting activity.	Complied	AMIN has a clear and detailed voting policy which provides the framework for the voting decisions. All voting decisions shall be in accordance with AMIN's Voting Policy and Procedures, which is disclosed on the website. AMIN discloses the details of the voting on its website on a quarterly basis within 10 working days from the end of the quarter. Additionally, AMIN also discloses the details of the votes cast, in the annual report of the schemes of HSBC Mutual Fund.	N.A.
6	Principle 6: Institutional investors should report periodically on their stewardship activities.	Complied	The annual status report of the stewardship code and quarterly report on proxy voting are publicly disclosed on the website as required under SEBI Regulations.	N.A.

Trustees' Report

For the year ended March 31, 2024 (Contd...)

13. DISCLOSURES PERTAINING TO NAV ADJUSTED DURING THE FINANCIAL YEAR FOR SWING FACTOR ALONG WITH THE PERFORMANCE IMPACT

Sr No.	Period of applicability of swing pricing	Scheme Name	Unswung NAV	Swing factor applied	Whether optional or mandatory
NIL					

14. SIGNIFICANT EVENT AFTER THE END OF THE FINANCIAL YEAR

NIL

15. ACKNOWLEDGEMENTS

The Trustees wish to thank the unitholders of the Schemes for their support throughout the year, and also thank the Government of India, the Securities and Exchange Board of India (SEBI), the Reserve Bank of India (RBI) and the Association of Mutual Funds in India (AMFI) for the guidance provided by them. The Trustees also appreciate the services provided by the Registrar and Transfer Agent, Fund Accountant, Custodian, Bankers, Distributors and Brokers. The guidance and services provided by the auditors and advocates and the ebullience, sincerity and dedication of the employees of HSBC Asset Management (India) Private Limited is also appreciated.

The Trustees look forward to the continued support of everyone.

For and on behalf of **HSBC Trustees (India) Private Ltd.**

Sd/-

Director

Mumbai

July 19, 2024

Independent Auditors' Report

To the Board of Directors of HSBC Trustees (India) Private Limited (the "Trustee")

HSBC Dynamic Bond Fund

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **HSBC Dynamic Bond Fund** (the "Scheme") of HSBC Mutual Fund (the "Fund"), which comprise the Balance Sheet as at March 31, 2024, the Revenue Account and the Cash Flow Statement for the year then ended, and notes to the financial statements, including a summary of material accounting policy and other explanatory information.

In our opinion, and to the best of our information and according to the explanations given to us, the aforesaid financial statements of the Scheme give a true and fair view in conformity with the Indian Accounting Standards ("Ind AS") prescribed under section 133 of the Companies Act, 2013 (the "Act") read with Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India, including the accounting policies and standards specified in the Regulation 50 and Ninth Schedule to the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 ("the SEBI Regulations") (collectively referred to as the "Regulations") as amended:

- a. in the case of the Balance Sheet, of the state of affairs of the Scheme as at March 31, 2024;
- b. in the case of the Revenue Account, of the net surplus for the year ended on that date; and
- c. in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing ("SAs") and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India (the "ICAI"). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Scheme in accordance with the Code of Ethics issued by the ICAI together with the ethical requirements that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Information Other than the Financial Statements and Auditor's Report Thereon

The Board of Directors of HSBC Asset Management (India) Private Limited (the "AMC") and the Board of Directors of HSBC Trustees (India) Private Limited (the "Trustees") (collectively referred to as "the Management") are responsible for the other information. The other information comprises the information included in the Trustees report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

The Management is responsible for the preparation of these financial statements that give a true and fair view of the state of affairs, results of operations and cash flows of the Scheme in accordance with the accounting principles generally accepted in India, including the accounting policies and standards specified in Regulations. This responsibility also includes maintenance of adequate accounting records in accordance with the SEBI

Independent Auditors' Report *(Contd...)*

Regulations for safeguarding of the assets of the Scheme and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Management is responsible for assessing the Scheme's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management, either intends to liquidate the Scheme or to cease operations, or has no realistic alternative but to do so.

Those Charged with Governance are also responsible for overseeing the Scheme's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Scheme's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Scheme to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide to those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Independent Auditors' Report *(Contd...)*

Report on Other Legal and Regulatory Requirements

1. As required by regulation 55(4) and clause 5(ii)(2) of the Eleventh Schedule of the SEBI Regulations, we report that:
 - a. we have sought and obtained all the information and explanations which, to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b. in our opinion, the Balance Sheet and the Revenue Account dealt with by this report have been prepared in accordance with the accounting policies and standards specified in the Regulations; and
 - c. the Balance Sheet, the Revenue Account and the Cash Flow Statement, dealt with by this report are in agreement with the books of accounts of the Scheme.
2. In our opinion, the methods used to value non-traded securities as at March 31, 2024, as determined by the Management under procedures approved by the Trustees in accordance with the guidelines for valuation of securities for mutual funds as mentioned in the Eighth Schedule to the SEBI Regulations, are fair and reasonable.

For **M S K A & Associates**

Chartered Accountants

ICAI Firm Registration No. 105047W

Sd/-

Swapnil Kale

Partner

Membership No: 117812

UDIN: 24117812BKFIRJ1120

Place : Mumbai

Date : July 19, 2024.

Abridged Balance Sheet as at March 31, 2024

Rs. in Lakhs

	As at March 31, 2024	As at March 31, 2023	As at April 1, 2022
LIABILITIES			
1 Unit Capital	6,380.70	8,199.55	2,425.40
2 Reserves & Surplus			
2.1 Unit Premium Reserves	95.70	100.50	(8.66)
2.2 Unrealised Appreciation Reserve	101.75	-	0.21
2.3 Other Reserves	9,957.24	11,584.41	3,364.68
3 Loans & Borrowings	-	-	-
4 Current Liabilities & Provisions			
4.1 Provision for Doubtful Income/Deposits	-	-	-
4.2 Other Current Liabilities & Provisions	75.67	93.95	60.31
TOTAL	16,611.06	19,978.42	5,841.93
ASSETS			
1 Investments			
1.1 Listed Securities:			
1.1.1 Equity Shares	-	-	-
1.1.2 Preference Shares	-	-	-
1.1.3 Equity Linked Debentures	-	-	-
1.1.4 Other Debentures & Bonds	3,251.09	10,842.87	-
1.1.5 Securitised Debt Securities	-	-	-
1.2 Securities Awaited Listing:			
1.2.1 Equity Shares	-	-	-
1.2.2 Preference Shares	-	-	-
1.2.3 Equity Linked Debentures	-	-	-
1.2.4 Other Debentures & Bonds	-	-	-
1.2.5 Securitised Debt Securities	-	-	-
1.3 Unlisted Securities:			
1.3.1 Equity Shares	-	-	-
1.3.2 Preference Shares	-	-	-
1.3.3 Equity Linked Debentures	-	-	-
1.3.4 Other Debentures & Bonds	-	-	-
1.3.5 Securitised Debt Securities	-	-	-
1.4 Government Securities	12,606.16	8,387.00	412.70
1.5 Treasury Bills	-	-	3,849.35
1.6 Commercial Paper	-	-	-
1.7 Certificate of Deposits	-	-	-
1.8 PTC	-	-	-
1.9 Units of Domestic Mutual Fund	-	-	-
1.10 Foreign Securities	-	-	-
1.11 AIF Investment	54.21	-	-
Total Investments	15,911.46	19,229.66	4,262.05
2 Deposits	6.37	0.69	8.36
3 Other Current Assets			
3.1 Cash & Bank Balance	49.53	60.95	48.42
3.2 CBLO/TREPS/Reverse Repo Lending	355.39	240.59	1,511.06
3.3 Others	288.31	446.53	12.04
4 Deferred Revenue Expenditure (to the extent not written off)	-	-	-
TOTAL	16,611.06	19,978.42	5,841.93

Notes to Accounts – Annexure I

Abridged Revenue Account for the year ended March 31, 2024

Rs. in Lakhs

	Current Year ended March 31, 2024	Previous Year ended March 31, 2023
1 INCOME		
1.1 Dividend	—	—
1.2 Interest	1,328.68	674.89
1.3 Realised Gain/(Loss) on Foreign Exchange Transactions	—	—
1.4 Realised Gains/(Losses) on Interscheme Sale of Investments	—	—
1.5 Realised Gains/(Losses) on External Sale/Redemption of Investments	19.14	(12.55)
1.6 Realised Gains/(Losses) on Derivative Transactions	—	—
1.7 Other Income	0.19	0.87
(A)	1,348.01	663.21
2 EXPENSES		
2.1 Management Fees	32.59	47.53
2.2 GST on Management Fees	5.87	8.56
2.3 Transfer Agents Fees and Expenses	7.96	4.70
2.4 Custodian Fees	0.09	0.07
2.5 Trusteeship Fees	0.08	0.12
2.6 Commission to Agents	76.06	45.46
2.7 Marketing & Distribution Expenses	0.00	0.40
2.8 Audit Fees	0.03	0.13
2.9 Investor Education Expenses	3.73	2.13
2.10 Interest on Borrowing	—	—
2.11 Brokerage & Transaction Costs	1.51	0.76
2.12 Other Operating Expenses	2.76	1.88
(B)	130.67	111.71
3 NET REALISED GAINS / (LOSSES) FOR THE YEAR (C = A - B)	1,217.34	551.50
4 Change in Unrealised Depreciation in Value of Investments	(D) 36.56	(30.35)
5 NET GAINS / (LOSSES) FOR THE YEAR (E = C + D)	1,253.90	521.15
6 Change in Unrealised Appreciation in Value of Investments	(F) 101.75	(0.21)
7 NET SURPLUS / (DEFICIT) FOR THE YEAR (G = E + F)	1,355.65	520.94
7.1 Add : Balance Transfer from Unrealised Appreciation Reserve	—	0.21
7.2 Less : Balance Transfer to Unrealised Appreciation Reserve	101.75	—
7.3 Add/(Less) : Equalisation	(2,814.28)	7,715.49
7.4 Transfer from Reserve Fund	11,584.41	3,364.68
7.5 Transfer from Unit Premium Reserve	(29.67)	—
8 Total	9,994.36	11,601.32
9 Dividend Appropriation		
9.1 Income Distributed during the Year	(37.13)	(16.91)
9.2 Tax on Income Distributed during the Year	—	—
10 Retained Surplus / (Deficit) Carried Forward to Balance Sheet	9,957.24	11,584.41

Notes to Accounts - Annexure I

Key Statistics for the year ended March 31, 2024

	Current Year ended March 31, 2024	Previous Year ended March 31, 2023
1. NAV per unit (Rs.):		
Open		
Regular Plan - Growth Option	24.8964	23.8905
Regular Plan - Monthly IDCW Option	10.6827	10.7703
Regular Plan - Annual IDCW Option	10.3629	10.7131
Direct Plan - Growth Option	26.6428	25.3981
Direct Plan - Monthly IDCW Option	12.7228	12.7873
Direct Plan - Annual IDCW Option	10.8580	11.1622
High		
Regular Plan - Growth Option	26.7655	24.8964
Regular Plan - Monthly IDCW Option	10.8234	10.7767
Regular Plan - Annual IDCW Option	11.1275	11.1506
Direct Plan - Growth Option	28.7848	26.6428
Direct Plan - Monthly IDCW Option	12.8961	12.8386
Direct Plan - Annual IDCW Option	11.7132	11.6944
Low		
Regular Plan - Growth Option	24.9079	24.4392
Regular Plan - Monthly IDCW Option	10.5903	10.6560
Regular Plan - Annual IDCW Option	10.2933	10.3475
Direct Plan - Growth Option	26.6560	26.1062
Direct Plan - Monthly IDCW Option	12.6143	12.6911
Direct Plan - Annual IDCW Option	10.8412	10.8414
End		
Regular Plan - Growth Option	26.7655	24.8964
Regular Plan - Monthly IDCW Option	10.7083	10.6827
Regular Plan - Annual IDCW Option	10.3187	10.3629
Direct Plan - Growth Option	28.7848	26.6428
Direct Plan - Monthly IDCW Option	12.7536	12.7228
Direct Plan - Annual IDCW Option	10.8412	10.8580
2. Closing Assets Under Management (Rs. in Lakhs)		
End	16,535	19,875
Average (AAuM) ¹	18,667	10,631
3. Gross income as % of AAuM ²	7.22%	6.24%
4. Expense Ratio:		
a. Total Expense as % of AAuM (including GST on Management fees) (plan wise)		
Regular Plan	0.77%	1.20%
Direct Plan	0.28%	0.59%
b. Management Fee as % of AAuM (planwise)		
Regular Plan	0.18%	0.46%
Direct Plan	0.17%	0.41%
5. Net Income as a percentage of AAuM ³	6.52%	5.19%

Key Statistics for the year ended March 31, 2024 (Contd...)

	Current Year ended March 31, 2024	Previous Year ended March 31, 2023
6. Portfolio turnover ratio ⁴	N.A.	N.A.
7. Total IDCW per unit distributed during the year (plan wise)		
Retail		
Regular Plan - Monthly IDCW Option	0.7502	0.3200
Regular Plan - Annual IDCW Option	0.8200	—
Direct Plan - Monthly IDCW Option	0.9563	0.4000
Direct Plan - Annual IDCW Option	0.8600	—
Corporate		
Regular Plan - Monthly IDCW Option	0.7502	0.3200
Regular Plan - Annual IDCW Option	0.8200	—
Direct Plan - Monthly IDCW Option	0.9563	0.4000
Direct Plan - Annual IDCW Option	0.8600	—
8. Returns (%):		
a. Last One Year		
Scheme		
Regular Plan - Growth Option	7.49%	2.99%
Direct Plan - Growth Option	8.02%	3.70%
Benchmark		
NIFTY COMPOSITE DEBT INDEX A-III	8.10%	3.33%
b. Since Inception		
Scheme		
Regular Plan - Growth Option	7.60%	7.61%
Direct Plan - Growth Option	8.01%	8.01%
Benchmark		
NIFTY COMPOSITE DEBT INDEX A-III	7.63%	7.60%

¹ AAuM = Average daily net assets.

² Gross income = amount against (A) in the Revenue account i.e. Income.

³ Net income = amount against (C) in the Revenue account i.e. Net Realised Gains/(Losses) for the year.

⁴ Portfolio Turnover = Lower of sales or purchase divided by the Average AuM for the year.

Notes to Accounts – Annexure I

To the Abridged Balance Sheet and Revenue Account for the year ended March 31, 2024

1 Investments:

- 1.1. It is confirmed that investments of the Schemes are registered in the name of the Trustees for the benefit of the Scheme's unitholders.
- 1.2. Open Positions of derivatives as a % to Net Assets for the period ended March 31, 2024 & March 31, 2023 are NIL.
- 1.3. Investments in Associates and Group Companies as on March 31, 2024 & March 31, 2023 are Nil.
- 1.4. Open positions of Securities Borrowed and/or Lent by the scheme as of the period ended March 31, 2024 & March 31, 2023 are NIL.
- 1.5. Investment in Below investment grade and default/Securities in default as on March 31, 2024 & March 31, 2023 are Nil.
- 1.6. Aggregate Unrealised Gain/Loss as at the end of the financial year and percentages to net assets are as under :

(Rs. In Lakhs)

Scheme Name / Security Type	Amount	Percentage to Net Assets	Amount	Percentage to Net Assets
	As at March 31, 2024		As at March 31, 2023	
Bonds and Debentures				
- Appreciation	13.74	0.08	12.06	0.06
- Depreciation	2.99	0.02	14.61	0.07
Alternate Investment Fund (CDMDF)				
- Appreciation	0.99	0.01	–	–
- Depreciation	–	–	–	–
Central and State Government Securities				
- Appreciation	90.02	0.54	–	–
- Depreciation	–	–	34.01	0.17

- 1.7. The aggregate value of investment securities (excluding CBLO/TREPS and Reverse Repos) purchased and sold (including matured) during the financial year 2023-24 (excluding accretion of discount) are Rs. 29,907.00 lakhs and Rs. 33,382.65 lakhs respectively being 160.21% and 178.83% of the average net assets.

The aggregate value of investment securities (excluding CBLO/TREPS and Reverse Repos) purchased and sold (including matured) during the financial year 2022-23 (excluding accretion of discount) are Rs. 25,578.25 lakhs and Rs. 29,385.87 lakhs respectively being 240.60% and 276.42% of the average net assets.

- 1.8. Non-Traded securities in the portfolio of the scheme as on the year ended March 31, 2024 & March 31, 2023 is below :

Security Category	Amount (Rs. In Lakhs)	Percentage to Net Assets	Amount (Rs. In Lakhs)	Percentage to Net Assets
	As at March 31, 2024		As at March 31, 2023	
Debt	3,251	19.66	9,347	47.03
Total	3,251	19.66	9,347	47.03

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

During the year 2023-24, The Hongkong and Shanghai Banking Corporation Limited, an associate entity of HSBC Asset Management (India) Private Limited was paid collection/bank charges amounting to Rs. Nil.

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

To the Abridged Balance Sheet and Revenue Account for the year ended March 31, 2024

During the year 2022-23, The Hongkong and Shanghai Banking Corporation Limited, an associate entity of HSBC Asset Management (India) Private Limited was paid collection/bank charges amounting to Rs. Nil.

Commission paid to Sponsor/AMC and its associates/related parties/group companies

Name of Sponsor/ AMC and its associates/related parties/group companies	Nature of Association / Nature of Relation	Period Covered	Business Given [Rs. In lakhs]	% of Total Business received by the Fund	Commission paid [Rs. In Lakhs]	% of Total commission paid by the Fund
The Hongkong and Shanghai Banking Corporation Limited	Group Company	2023-2024	136.13	14.95	33.02	44.32
The Hongkong and Shanghai Banking Corporation Limited	Group Company	2022-2023	14,147.64	56.91	40.29	51.19

Brokerage paid to Sponsor/AMC and its associates/related parties/group companies is Nil
(Previous year also NIL)

- 3
- None of the Investors held more than 25% of the total net assets of the scheme at the year ended March 31, 2024.
- 4
- Unit Capital movement during the year ended March 31, 2024, March 31, 2023 and March 31, 2022:

Description	2023-24				
	Opening Units	Subscription	Redemption	Closing Units	Face value
Regular Plan - Annual IDCW Option	234,420.599	5,133.780	192,379.877	47,174.502	10
Regular Plan - Growth Option	64,870,142.712	2,133,129.790	18,112,186.398	48,891,086.104	10
Regular Plan - Monthly IDCW Option	4,520,200.008	157,203.108	389,275.197	4,288,127.919	10
Direct Plan - Growth Option**	11,873,190.494	1,226,338.592	2,888,417.810	10,211,111.276	10
Direct Plan - Monthly IDCW Option	441,953.889	29,534.423	153,199.451	318,288.861	10
Direct Plan - Annual IDCW Option	55,635.149	4,271.943	8,697.514	51,209.578	10

Description	2022-23				
	Opening Units	Subscription	Redemption	Closing Units	Face value
Regular Plan - Annual IDCW Option	225,282.320	26,239.793	17,101.514	234,420.599	10
Regular Plan - Growth Option	12,075,661.396	64,118,216.409	11,323,735.092	64,870,142.712	10
Regular Plan - Monthly IDCW Option	787,378.916	5,001,650.222	1,268,829.130	4,520,200.008	10
Direct Plan - Growth Option**	10,792,229.493	22,960,013.004	21,879,052.003	11,873,190.494	10
Direct Plan - Monthly IDCW Option	310,773.451	261,797.321	130,616.883	441,953.889	10
Direct Plan - Annual IDCW Option	62,635.705	34,948.753	41,949.309	55,635.149	10

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

To the Abridged Balance Sheet and Revenue Account for the year ended March 31, 2024

Description	2021-22				
	Opening Units	Subscription	Redemption	Closing Units	Face value
Regular Plan - Annual IDCW Option	234,377.951	15,090.153	24,185.784	225,282.320	10
Regular Plan - Growth Option	15,745,331.673	696,834.340	4,366,504.617	12,075,661.396	10
Regular Plan - Monthly IDCW Option	871,842.166	41,360.198	125,823.447	787,378.916	10
Direct Plan - Growth Option**	11,149,111.973	1,257,793.923	1,614,676.403	10,792,229.493	10
Direct Plan - Monthly IDCW Option	290,162.207	64,836.008	44,224.764	310,773.451	10
Direct Plan - Annual IDCW Option	66,597.136	16,864.749	20,826.180	62,635.705	10

** Units held by the AMC (Seed Capital) in Direct Plan - Growth Option as on March 31, 2024 is 845,119.282 & as on March 31, 2023 is 845,119.282 & as on March 31, 2022 is 331,793.81.

- 5 Previous year's/period figures have been re-grouped/re-arranged where necessary.
- 6 There are no contingent liabilities and other commitments as on March 31, 2024 and March 31, 2023. Contingent asset is neither recognized nor disclosed in the financial statements.
- 7 Expenses other than Management Fees are Inclusive of GST where applicable.
- 8 Other income of Rs. 0.19 lakhs represents Exit load credited to the scheme (2023: Rs. 0.87 lakhs represents Exit load credited to the scheme).

9 Investor Education Awareness

As mandated by SEBI vide circular no. CIR/IMD/DF/21/2012 dated September 13, 2012 an annual charge of 0.02 percent of daily net assets, being a part of total recurring expenses is set aside for Investor Education and Awareness (IEA). In view of the AMFI Best Practices Guidelines Circular No. 56/2015-16, the IEF (Investor Education Fund) accrual is set aside in a separate bank account and the consolidated balance across all schemes as on March 31, 2024.

Pursuant to SEBI circular dated May 23, 2022, w.e.f. July 1, 2022, the limit of 0.02% p.a. has been reduced to 0.01% p.a. in case of ETFs/Index Funds. Furthermore, Fund of Funds (FoFs) investing more than 80% of its NAV in the underlying domestic funds have discontinued setting aside 0.02% p.a. of daily net assets towards IEAI.

The break-up of which is as under:

Particulars	March 31, 2024	March 31, 2023
	Amount (Rs. In Lakhs)	Amount (Rs. In Lakhs)
Opening Balance as on April 01, 2023	997.09	460.22
Add: Accrual during FY 2023-24	1,962.01	1,432.00
Less: Transferred to AMFI *	889.11	646.75
Less: Payable to AMFI (March 2024 accrual) *	91.90	69.25
Add: Investment Income FY 2023-24	77.08	166.42
Less: Spent during FY 2023-24	1,877.44	345.55
Closing Balance as on March 31, 2024	177.73	997.09

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

The IEA disclosure's are presented for surviving schemes only.

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

To the Abridged Balance Sheet and Revenue Account for the year ended March 31, 2024

- 10 Securities, excluding debt securities, where the non-traded investments which have been valued “in good faith” exceed 5% of the net assets at the end of the year is NIL.
- 11 Debt securities which have been valued at a price other than the price given by the independent valuation agencies at the end of the year is NIL.
- 12 **Disclosure of Risk-o-meter**

Scheme Name	Risk-o-meter level at end of the financial year i.e. March 31, 2024	Risk-o-meter level as on March 31, 2023	Number of changes in Risk-o-meter during the financial year (March 2023 to March 2024)
HSBC Dynamic Bond Fund	Moderate	Moderate	0

- 13 Pursuant to the SEBI circular no. SEBI/HO/IMD/IMD-II DOF3/P/CIR/2021/573 dated June 07,2021, The details of Potential Risk Class matrix of schemes are given in below:

Credit Risk →	Relatively Low (Class A)	Moderate (Class B)	Relatively High (Class C)
Interest Rate Risk ↓			
Relatively Low (Class I)			
Moderate (Class II)			
Relatively High (Class III)	AIII		
A Scheme with Relatively High interest rate risk and Low credit risk.			

- 14 Pursuant to SEBI Circular No. SEBI/HO/IMD/DF3/CIR/P/2020/194 dated October 05, 2020, the nomenclature of ‘Dividend Option’ under all the schemes of HSBC Mutual Fund has been revised to ‘Income Distribution cum Capital Withdrawal Option’ (IDCW), with effect from April 1, 2021.
- 15 Subsequent to receipt of SEBI’s no objection to acquisition of 100% equity shares of L&T Investment Management Limited (“LTIM”, Investment Manager of L&T Mutual Fund) and the amendments proposed to the trust deed of the HSBC Mutual Fund as required under the SEBI (Mutual Funds) Regulations, 1996, the schemes of L&T Mutual Fund (LTMF) were transferred to/ merged with the schemes of HSBC Mutual Fund on and from the close of business hours of November 25, 2022, and the HSBC AMC and HSBC Trustees assumed the responsibilities of the schemes of LTMF w.e.f. close of business hours of November 25, 2022.
- 16 During the year, HSBC Securities and Capital Markets (India) Private Limited (“HSCI”), Sponsors of HSBC Mutual Fund established a private limited company with limited liability to act as the “Trustee” of HSBC Mutual Fund. HSBC Trustees (India) Private Limited (“HTIP”) was incorporated on 9 January 2024. Accordingly, HTIP has replaced the Board of Trustees of HSBC Mutual Fund w.e.f. 1 March 2024, and the Company through its Board of Directors has been discharging its obligations as the “Trustees” of the Fund from this date.
- 17 The Annual Accounts of the Schemes, prepared in accordance with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the “Act”) read with the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time and clause 17.14 of SEBI Master Circular for Mutual Funds dated June 27, 2024, has been approved by the Board of Directors of HSBC Asset Management (India) Private Limited and HSBC Trustees (India) Private Limited at their meetings held on July 8, 2024 and July 19, 2024 respectively. The audit report attached herewith refers to the said Annual Accounts. The aforesaid abridged accounts are an extract of the Annual Accounts and are prepared in accordance with clause 5.4 and format no. 3.B under the section of formats of SEBI Master Circular for Mutual Funds dated June 27, 2024 and other relevant circulars issued by the Securities and Exchange Board of India from time to time.

Voting Policy and Procedures

In view of para 6.16 of SEBI Master Circular on Mutual Funds dated June 27, 2024 related to “Role of Mutual Funds in Corporate Governance of Public Listed Companies”, HSBC AMC has formulated its “Policy for Proxy Voting in Public Listed Companies”. The said policy is available on our website and the details of actual exercise of proxy votes, the summary of votes casted and the auditor’s certificate is forming part of our full Annual Report for the Financial Year 2023 – 24 which has been uploaded on our website at <http://www.assetmanagement.hsbc.co.in>

Statutory Details & Disclaimers

All the returns have been sourced from Mutual Funds India Explorer software. The performance of the schemes and the benchmark is calculated on a total return basis. This document has been prepared by HSBC Asset Management (India) Private Limited (HSBC) for information purposes only with an intent to provide market overview and should not be construed as an offer or solicitation of an offer for purchase of any of the funds of HSBC Mutual Fund. All information contained in this document (including that sourced from third parties), is obtained from sources, which HSBC/third party, believes to be reliable but which it has not been independently verified by HSBC/the third party. Further, HSBC/the third party makes no guarantee, representation or warranty and accepts no responsibility or liability as to the accuracy or completeness of such information. The information and opinions contained within the document are based upon publicly available information and rates of taxation applicable at the time of publication, which are subject to change from time to time.

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

For disclosure of quarterly AUM/AAUM and AUM by geography, please visit our website at www.assetmanagement.hsbc.co.in. Investors are requested to note that as per SEBI (Mutual Funds) Regulations, 1996 and guidelines issued thereunder, HSBC AMC, its employees and/ or empaneled distributors/agents are forbidden from guaranteeing/promising/assuring/predicting any returns or future performances of the schemes of HSBC Mutual Fund. Hence, please do not rely upon any such statements/commitments. If you come across any such practices, please register a complaint via email at investor.line@mutualfunds.hsbc.co.in

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

Important Updates

Name and Date of Birth as per PAN card - Effective from June 1, 2024

As per recent regulatory requirement and changes advised by Income Tax Department in PAN validation process, now it is mandated to quote your Name(s) and DOB as per PAN card. To avoid any failure in such validations, we request investors to quote the Name(s) and DOB's of all the holders including Guardian, Power of Attorney (POA) holders as per PAN card.

Useful Links for self service options

- **Use our 24 x 7 Chatbot - "ASKME" for any queries or service request:**
visit: <https://invest.assetmanagement.hsbc.co.in>

SMS your request to HSBC Mutual Fund

- **Latest NAV :** Send SMS as HSBCMF NAV <Scheme Code> to 56767
Example: HSBCMF NAV F03
- **Valuation Service on registered mobile No. :** Send SMS as HSBCMF VAL <folio_number> to 56767
Example: HSBCMF VAL 123456
- **Annual Report :**
For Electronic Copy: Send SMS as HSBCMFARE <folio_number> to 567678080
Example: HSBCMF ARE 123456
For Physical Copy: Send SMS as HSBCMFARP <folio_number> to 567678080
Example: HSBCMF ARP 123456
- **Half Yearly Portfolio :**
For Electronic Copy: Send SMS as HSBCMFHPE <folio_number> to 567678080
Example: HSBCMF HPE 123456
For Physical Copy: Send SMS as HSBCMFHPP <folio_number> to 567678080
Example: HSBCMF HPP 123456

Missed Call Service

- You can give a missed call to 9212900020 to get the total valuation via SMS and a statement on your registered email ID

Book-Post

If undelivered please return to:

Computer Age Management Services Private Limited (CAMS)

Unit: HSBC Mutual Fund

New No. 10, M.G.R Salai, Nungambakkam, Chennai - 600034.

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

HSBC Asset Management (India) Private Limited

CIN NO: U74140MH2001PTC134220

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

Website : www.assetmanagement.hsbc.co.in

Description	Toll Free Number	Email ID
Investor related queries	1800-4190-200/1800-200-2434	investor.line@mutualfunds.hsbc.co.in
Online related queries	1800-4190-200/1800-200-2434	onlinemf@mutualfunds.hsbc.co.in
Investor (Dialing from abroad)	+91 44 39923900	investor.line@mutualfunds.hsbc.co.in

To get your updated account statement email us at : ["mfsoa@mutualfunds.hsbc.co.in"](mailto:mfsoa@mutualfunds.hsbc.co.in)

We're always here to help you, so feel free to reach out to us

Self-service request at your Fingertips

- Visit Website • Invest Online • Insta Statement • Download Forms
- Transact via Whats App • Use 24/7 ChatBot - Ask Me



Remember, you can also find out more via our social media handles !



Please check our website www.assetmanagement.hsbc.co.in for an updated list of Official Points of Acceptance of HSBC Mutual Fund.

CAMS SERVICE CENTRES/CAMS LIMITED TRANSACTION POINTS/CAMS COLLECTION CENTRES

For details on CAMS Service Centres, please visit www.camsonline.com



HSBC Gilt Fund **(Erstwhile L&T Gilt Fund)**

An open ended debt scheme investing in government securities across maturity.
A relatively high interest rate risk and relatively low credit risk.

Abridged Annual Report 2023 - 2024

SPONSOR

HSBC Securities and Capital Markets (India) Private Limited

CIN – U67120MH1994PTC081575

Regd. Office: 52/60, Mahatma Gandhi Road, Fort, Mumbai 400001.

TRUSTEE COMPANY

HSBC Trustees (India) Private Limited

CIN – U66190MH2024PTC416973

Regd. Office: 52/60, Mahatma Gandhi Road, Fort, Mumbai 400001.

ASSET MANAGEMENT COMPANY

HSBC Asset Management (India) Private Limited

CIN – U74140MH2001PTC134220

Regd. Office: 9-11 Floors, NESCO IT Park, Building No. 3,
Western Express Highway, Goregaon (East), Mumbai 400063.

CUSTODIAN

Citibank N.A.

First International Financial Center (FIFC), 9th Floor,
C-54 & 55, G – Block, Bandra Kurla Complex, Bandra (East), Mumbai 400051.

AUDITORS TO THE SCHEME

MSKA & Associates

Chartered Accountants

602, Floor 6, Raheja Titanium, Western Express Highway,
Geetanjali Railway Colony, Ram Nagar, Goregaon (East), Mumbai 400063.

REGISTRAR & TRANSFER AGENTS

Computer Age Management Services Limited (CAMS)

Unit: HSBC Mutual Fund

New No. 10, M.G.R Salai, Nungambakkam, Chennai 600034.

BOARD OF TRUSTEES

Ms. Jasmine Batliwalla	– Chairperson
Mr. Nani Javeri	– Trustee
Mr. David Rasquinha	– Trustee
Mr. Nicolas Moreau	– Trustee

BOARD OF DIRECTORS

Dr. Indu Shahani	– Director
Mr. Kapil Seth	– Director
Ms. Roopa Varma	– Director
Mr. Kailash Kulkarni	– Director & Chief Executive Officer

Dear Investor,

As we reflect on the past year, I am filled with pride and optimism about the future of our company and overall growth of the mutual fund industry. The past year has marked significant milestones in our journey, particularly as we capitalise on the immense potential of India's burgeoning growth story.

Fiscal 2024 turned out to be one of the best years for the domestic mutual fund industry as assets under management (AUM) spurred by nearly Rs. 14 lakh crore to a record Rs. 53.40 lakh crore as of March 2024 compared with Rs. 39.42 lakh crore as of March 2023.

The mutual fund industry is experiencing immense growth and we are poised to take advantage of this upward trajectory. Our company is an integral part of this growth story, riding the wave with several strategic initiatives and accomplishments that have set us on a path of sustained success.



Major achievements post integration

- Post integration we have enhanced our digital offering for both B2B and B2C to provide improved customer journeys.
- HSBC AM India's AUM increased from USD 1.4 bn (before integration) to USD 13.7 bn as of April 2024.
- HSBC Asset Management India has now become the 14th largest asset manager in India in terms of AUM.
- HSBC AM India has launched 4 new products since integration (raising \$445M).
- We have expanded HSBC AM India's product offerings to 43 funds.

Key Achievements in FY2023-2024

Investment Performance: Our disciplined investment strategy and thorough research have been pivotal to our success. We have focused on high-quality, undervalued assets, achieving consistent returns across our portfolio.

Product Innovation: This year, we launched two new funds - HSBC Multi Asset Allocation Fund and HSBC Consumption Fund, tailored to meet the evolving needs of our investors. These new offerings have been well-received, contributing to our growth in AUM significantly.

Increased Media Presence: In FY24, we significantly boosted our media presence, ensuring that our brand and thought leadership are recognized across various platforms. Through strategic media engagements like Informed Investing with ET Now, talks shows and several authored articles plus interviews - we have amplified our message, reaching a broader audience and reinforcing our market position.

Successful Campaign Launch: We successfully launched SIP Hai #FaydeWaliAadat, an investor education campaign, that highlighted the transformative power of SIPs in achieving long-term financial

goals. A first of its kind campaign, it aimed at educating and empowering the millennial investors in India. The campaign garnered significant attention and positive feedback, strengthening our brand presence and engaging a wider audience. Notably, the campaign has also earned us prestigious awards and accolades highlighting our commitment to excellence and innovation.

Client Relationships: We have strengthened our client relationships through enhanced communication, transparency, and personalized service. Our client satisfaction scores have reached new heights, reflecting our commitment to exceptional service.

We believe that the India story has just begun and its economic landscape is poised for significant growth. An exposure to unique and future relevant themes can provide a much-needed inflation buffer. The importance of asset allocation continues to be critical. It is critical for all of us to review our risk appetite and goal proximity and construct a portfolio appropriately.

Besides construction, portfolio rebalancing is equally important in order to achieve optimal outcomes. I do hope you share my enthusiasm and I ask that you continue to invest whilst reviewing your asset allocation at all times.

I would like to express my sincere gratitude to our dedicated team, whose expertise and commitment are the backbone of our success. To our investors, thank you for your trust and continued support. Your confidence in our approach motivates us to strive for excellence in everything we do. Also, I want to express my deepest gratitude to our valuable partners for their unwavering support and keep our services running. Look forward to achieving even grater milestones together.

As we move forward, we remain committed to delivering superior investment performance, fostering strong client relationships, and driving sustainable growth. Together, we are well-positioned to navigate the future and achieve our goals.

Warm regards,

A handwritten signature in black ink, appearing to read 'Kailash Kulkarni', with a horizontal line underneath.

Kailash Kulkarni

Chief Executive Officer

HSBC Asset Management India

Trustees' Report

For the year ended March 31, 2024

The Board of Directors of HSBC Trustees (India) Private Limited, Trustees of HSBC Mutual Fund present the Twenty Second Annual Report and the audited abridged financial statements of the schemes of the HSBC Mutual Fund ("the Fund") for the year ended March 31, 2024.

With the acquisition of L&T Mutual Fund in the previous financial year, the Fund's Assets Under Management ('AUM') (excluding Domestic FOFs) as on March 31, 2024 was INR 109368.16 crores (audited). The Fund ranks in the top 15 Mutual Fund houses in India in terms of AUM.

As at March 31, 2024, the Fund offered 43 schemes across asset classes to meet the varying investment needs of the investors. During the year, the Fund launched two new products namely HSBC Consumption Fund and HSBC Multi Asset Allocation Fund in Equity and Hybrid categories.

The Fund continues its focus on delivering consistent long-term returns. The comments on the performance of the scheme(s) are provided hereinafter. Dividends were declared under various schemes as per the provisions contained in the respective Scheme Information Documents after considering the distributable surplus available under the respective plans of the schemes. Details of dividends declared can be viewed on our website at www.assetmanagement.hsbc.co.in.

During the year, HSBC Securities and Capital Markets (India) Private Limited ("HSCI"), Sponsors of the Fund established a private limited company with limited liability to act as the "Trustees" of the Fund. HSBC Trustees (India) Private Limited ("HTIP") was incorporated on 9 January 2024. Accordingly, HTIP has replaced the Board of Trustees of HSBC Mutual Fund w.e.f. 1 March 2024, and the Company through its Board of Directors has been discharging its obligations as the "Trustees" of the Fund from this date.

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

a. Operations and Performance of the Scheme

➤ Debt Scheme

HSBC Gilt Fund ('HGF')

(Gilt Fund - An open-ended debt scheme investing in government securities across maturity. A relatively high interest rate risk and relatively low credit risk.)

The scheme seeks to generate returns from a portfolio from investments in Government Securities. There is no assurance that the objective of the Scheme will be realised and the Scheme does not assure or guarantee any returns.

The net assets of HGF amounted to INR 202.73 crores as at March 31, 2024 as against INR 228.58 crores as at March 31, 2023. Around 98.83% of the net assets were invested in debt, 1.35% of the net assets were invested in reverse repos/TREPS and (0.18%) in net current assets as at March 31, 2024.

HGF aims to generate alpha through active duration management and invests predominantly in sovereign instruments and hence has minimal credit risk. HGF endeavors to generate positive returns from even the lowest interest rates in the cycle, irrespective of the interest rate cycle, through active duration management and aggressive cash calls along with dynamic asset allocation.

In the current scenario where interest rates are nearing the peak in this cycle, there are opportunities to capture alpha through strategic overweight duration in this fund. HGF is an actively managed fund investing across the yield curve in government securities and SDLs to generate alpha. HGF also follows dynamic duration management to seize potential upsides as interest rates are expected to soften while also reducing risks in an uncertain environment. The fund manager strives to maintain a highly liquid portfolio so as to enable positioning changes based on evolving scenario.

HGF has underperformed against the benchmark in the 1-year horizon as it was overweight during the October – December 2023 quarter where the rates moved up as RBI announced possibility of OMOs.

Trustees’ Report
For the year ended March 31, 2024 (Contd...)

HSBC Gilt Fund					Date of Inception : 29 March, 2000			
Fund / Benchmark (Value of ₹ 10,000 invested)	1 Year		3 Years		5 Years		Since Inception	
	Amount (₹)	Returns (%)	Amount (₹)	Returns (%)	Amount (₹)	Returns (%)	Amount (₹)	Returns (%)
HSBC Gilt Fund	10684	6.82	11341	4.28	13341	5.92	60594	7.79
Scheme Benchmark (NIFTY All Duration G-Sec Index)	10917	9.15	11864	5.86	14285	7.38	NA	NA
Additional Benchmark (CRISIL 10 year Gilt Index)	10854	8.52	11347	4.30	13482	6.14	NA	NA

Past performance may or may not be sustained in future. The returns for the respective periods are provided as on March 31, 2024 for Growth Option of Regular Plan. Returns on ₹ 10,000 are point-to-point returns for the specific time period, invested at the start of the period. Returns for 1 year and above are Compounded Annualized. Different plans shall have a different expense structure. Performance of the respective benchmark is calculated as per the Total Return Index (TRI).

Please Note: NA means not available. The launch date of the NIFTY All Duration G-Sec Index is Sep. 3, 2001 and the same for CRISIL 10 year Gilt Index is September 1, 2001 whereas the inception date of the scheme is Mar 29, 2000. The corresponding benchmark returns since inception of the scheme is not available.

Risk-o-meter as of 31st March, 2024:

Scheme Name	Scheme Risk-o-meter	Benchmark Risk-o-meter
HSBC Gilt Fund	 Investors understand that their principal will be at Moderate risk	Benchmark Index: NIFTY All Duration G-Sec Index 

Please note that the above risk-o-meter is as per the product labelling of the Scheme basis Scheme's monthly portfolio as on March 31, 2024.

Potential Risk Class (PRC) Matrix for Debt Schemes of HSBC Mutual Fund

HSBC Gilt Fund			
Credit Risk →	Relatively Low (Class A)	Moderate (Class B)	Relatively High (Class C)
Interest Rate Risk ↓			
Relatively Low (Class I)			
Moderate (Class II)			
Relatively High (Class III)	AIII		
A Scheme with Relatively High interest rate risk and Low credit risk.			

Potential Risk Class ‘PRC’ matrix indicates the maximum interest rate risk (measured by Macaulay Duration of the scheme) and maximum credit risk (measured by Credit Risk Value of the scheme) the fund manager can take in the scheme. PRC matrix classification is done in accordance with and subject to the methodology/guidelines prescribed by SEBI to help investors take informed decision based on the maximum interest rate risk and maximum credit risk the fund manager can take in the scheme, as depicted in the PRC matrix.

Trustees' Report

For the year ended March 31, 2024 (Contd...)

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

➤ EQUITY OUTLOOK

Recap of FY 2023-24:

FY24 was a stellar year for the Indian equity markets with strong economic momentum, healthy earnings growth and strong inflows from domestic and foreign institutional investors and strong retail participation driving a broad-based bull market. The Nifty and Sensex were up a solid 30.1%/26.5% respectively during the year, while the BSE Midcap and BSE Smallcap indices gained an astounding 65.2% and 61.4% respectively.

While geo-political conflicts continued in FY24, their impact on crude and global supply chains moderated. Crude prices largely remained range bound during the year. Inflation barring a brief spike largely remained well contained, the economy gained further steam with GDP growth crossing 8% in H1FY24 supported by government thrust on infrastructure. This translated into strong growth for several core sector industries including steel and cement. The growth in the real estate sector has been strong with inventory continuing to decline in metro markets. However, lagged impact of price increases continued to impinge on consumer demand growth which remained subdued for most mass market categories.

Domestic cyclicals were the best performing sectors during the year led by Real Estate, Capital Goods, Autos. Power was also among the best performing sectors. Global cyclicals like Metals and Oil & Gas also strongly outperformed the Nifty. FMCG and Banking while delivering healthy positive returns underperformed the Nifty, while IT performance was closer to Nifty.

MSCI India index outperformed most of key global indices during the past fiscal. MSCI India index (USD) gained 35.5% as compared to 23.1% gain for MSCI World, 27.9% for US S&P 500, 11.0% for MSCI Europe and only 5.3% for MSCI Emerging Markets as MSCI China declined 19.0% over the period.

Strong performance of the market and subsidising global macro headwinds drove a sharp turnaround in foreign investment flows. FII net inflow was at USD 25.3bn in FY24 versus an outflow of USD 6.0bn/17.1bn in FY23/FY22. DIIs, on the other hand, matched FII inflow with an inflow of USD 25.3bn although it was lower than the net inflows at USD 30.8bn in FY23. Within DIIs, the MF segment was the key contributor (USD 24.3 bn of net inflows up from USD 21.8bn in FY23) while domestic Insurers were also in the net inflow territory (USD 1.0bn of net inflows vs USD 9.0bn in FY23).

Source: Motilal Oswal

Indices Returns (April 01, 2023 to March 31, 2024)	1 Year [^]
S&P BSE Sensex TR	26.5%
NSE CNX Nifty TR	30.1%
S&P BSE 100 TR	34.2%
S&P BSE 200 TR	38.5%
S&P BSE 500 TR	40.2%
S&P BSE Midcap TR	65.2%
S&P BSE Small-cap TR	61.4%

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

Way forward:

The global macro environment remains challenging with heightened geo-political and economic uncertainties. US bond yields remain high putting pressure on interest rates and currencies globally. For India, growth has continued to remain strong with GDP growth of 8.4% in Q3FY24 driven by strong government spending on infrastructure and pickup in manufacturing and construction. The 2024 interim budget has re-affirmed

Trustees' Report

For the year ended March 31, 2024 (Contd...)

government focus on infrastructure. At the same time reduction in fiscal deficit should also help in easing of domestic interest rates. However, after last year's patchy monsoon, a good monsoon will be an important factor for rural demand and overall consumption growth in the economy in FY25.

India starts FY25 on a strong footing with positive growth momentum and India's investment cycle is expected to be on a medium-term uptrend supported by rising government investment in infrastructure and recovery in real estate cycle. There is also an expectation of higher private investments in renewable energy and related supply chain, localization of higher-end technology components, and India becoming a more meaningful part of global supply chains. Finally, it is expected for consumption to improve as the impact of high inflation fades and real incomes start to grow again.

However, several of these positives are getting discounted by the high valuations currently prevailing in the equity market. While the fund managers remain constructive on Indian equities supported by the more robust medium-term growth outlook there is a caution against high return expectations. Nifty continues to trade on 20.6x consensus 1 year forward PE (as of 30 April). On a 10-year basis, Nifty is still trading 10% above its historic average valuation but is in-line with its 5-year average. Valuations of the midcap and small cap indices are even higher versus their historical average.

➤ DEBT OUTLOOK

Market drivers during the course of the year FY 2024

The year started with advanced economies continuing to grapple with higher inflation and policy tightening remained a common theme across economies. During FY2024, the Federal Open Market Committee (FOMC) raised policy rates by 50 bps while European Central Bank (ECB) and Bank of England (BOE) raised policy rates by 100 bps each. The cumulative rate hikes by various advanced economies in this cycle are as follows: Fed (525 bps), BOE (515 bps) and ECB (450 bps). Meanwhile cumulative rate hikes by the Monetary Policy Committee (MPC) in this cycle was 250 bps. On account of higher Government debt burden, Fitch downgraded US sovereign rating from AAA to AA+. US Treasury yields remained volatile during the year, with the 10-year benchmark rising higher by 73 bps during the year. Crude prices also moved higher by USD 7-8/bbl.

On the domestic front, Consumer price Index (CPI) inflation remained broadly in the upper end of the MPC's targeted band of 4% +/- 2% for most the financial year, however, inflation printed above 6% on two occasions due to high food inflation. Headline inflation remained susceptible to high food inflation with markets now expecting some relief of food prices on the back of normal monsoon. Core inflation eased through the year falling to below 4% in the last quarter.

Domestically, one of the biggest events during the year was the much-awaited index inclusion of Indian Government Bonds (IGBs) into the GBI-EM Global index suite and its relevant benchmarks. India is expected to reach the maximum weight of 10% in the GBI-EM Global Diversified Index (GBI-EM GD), with the inclusion staggered over a 10-month period starting June 2024. Following this, Bloomberg also included IGBs in their Bloomberg EM Local Currency Index, with India expected to reach a maximum weight of 10% over a 10-month period starting Jan 2025. Both these inclusions are expected to bring in INR 25-30 bn of index related FPI inflows over the next 1-2 years and paving the way for inclusion into other global bond indices as well. During FY2024, FPIs poured in close USD 12 bn into IGBs, with majority of the inflows coming in post the JP Morgan index inclusion announcement.

Government continued its path of fiscal consolidation, with the revised estimate of the Fiscal deficit for FY2024 coming in at 5.6%, with expectations for FY2025 at 5.1% and target of below 4.5% by FY2026. PMI numbers continue to remain in expansion, GST revenues remain buoyant and credit off-take upbeat.

The external sector has remained strong due to healthy service exports and remittances. Current Account Deficit (CAD) is expected to be around 1% for the year. Rupee remained one of the more stable currencies during the year, with active intervention from RBI smoothening any volatility. RBI continued to build on the FX reserves with year-end number around USD 650 bn.

Money market rates moved higher during the year due to tightening in liquidity along with higher Certificate of Deposit (CD) issuances. G-Sec yields, however, moved lower due to favorable demand supply and lower G-Sec borrowing. 10-year G-Sec moved lower during the year by 25 bps, while 5 yr G-Sec moved lower by 13 bps.

Trustees' Report

For the year ended March 31, 2024 (Contd...)

Market Outlook

While US markets have braced for “higher for longer” rates, we have seen in the past, that reactions to favorable data in such an environment can be sharp. Any softness in growth, employment or inflation data over the next few months will allow the markets to quickly start pricing in aggressive future policy easing. In our view, the RBI is also likely to gradually shift the liquidity deficit into surplus over the course of the next 3-6 months, flipping overnight rates from the top to the bottom of the rate corridor. The yield curve is likely to steepen as liquidity eases. This along with a potential 50 bps of policy easing in first half of CY2025 may push overnight rates lower by 75-100 bps.

While any form of additional spending by the new Government to address concerns of rural sections of the country and the possibility of additional spending to fund such policies will remain a key monitorable, it is believed the Government is likely to remain cognizant of the possible impact of such policies and take measured steps. With the dust settling down on the election outcome, the broad macroeconomic factors should continue to remain stable and could support softening in domestic yields going forward.

The Fund Managers continue to have a positive outlook for interest rates, based on various favorable factors: (a) Record RBI dividend to the Government, (b) reduced Fiscal deficit number of 5.6%, (c) favorable G-Sec supply demand dynamics, (d) FPI index related inflows, (e) revised outlook in India by S&P, (f) soft core inflation along with expectations of a better than normal monsoon, and finally (g) soft signals by Government and RBI on liquidity.

Source: RBI, Bloomberg, Internal HSBC Research & CCIL

2. BRIEF BACKGROUND OF THE SPONSORS, THE FUND, THE TRUSTEES AND THE ASSET MANAGEMENT COMPANY

A. Sponsor

HSBC Mutual Fund is sponsored by HSBC Securities and Capital Markets (India) Private Limited (HSCI). The Sponsor is the Settler of the Mutual Fund Trust. The Sponsor has entrusted a sum of Rs. 1,00,000/- (Rupees One Lakh only) to the Trustee as the initial contribution towards the corpus of the Mutual Fund.

HSCI offers integrated investment banking services, securities and corporate finance & advisory. HSCI is a member of the Bombay Stock Exchange Limited and National Stock Exchange (capital and derivative market segments). HSCI holds 100% of the paid-up equity share capital of HSBC Asset Management (India) Private Limited.

B. HSBC Mutual Fund

HSBC Mutual Fund (“the Mutual Fund” or “the Fund”) has been constituted as a Trust in accordance with the provisions of the Indian Trusts Act, 1882 (2 of 1882) vide a Trust Deed dated February 7, 2002 (as amended) with HSBC Securities and Capital Markets (India) Private Limited, as the Sponsor and HSBC Trustees (India) Private Limited. The Trustee has entered into an Investment Management Agreement dated February 7, 2002 (as amended) with HSBC Asset Management (India) Private Limited (AMC) to function as the Investment Manager for all the schemes of the Fund. The Fund was registered with SEBI vide registration number MF/046/02/5 dated May 27, 2002.

The Trust has been formed for the purpose of pooling of capital from the public for collective investment in securities for the purpose of providing facilities for participation by persons as beneficiaries in such investments and in the profits/income arising therefrom.

C. HSBC Trustees (India) Private Limited (the Trustees)

The Trustees are the exclusive owner of the Trust Fund and holds the same in trust for the benefit of the unitholders. The Trustees have been discharging their duties and carrying out the responsibilities as provided in the SEBI (Mutual Funds) Regulations, 1996 and the Trust Deed. The Trustees seek to ensure that the Fund and the schemes floated there under are managed by the AMC in accordance with the Trust Deed, the said Regulations, directions and guidelines issued by the SEBI, the Stock Exchanges, the Association of Mutual Funds in India and other regulatory agencies.

Trustees' Report

For the year ended March 31, 2024 (Contd...)

During the year, HSBC Securities and Capital Markets (India) Private Limited ("HSCI"), Sponsors of HSBC Mutual Fund) established a private limited company with limited liability to act as the "Trustee" of HSBC Mutual Fund. HSBC Trustees (India) Private Limited ("HTIP") was incorporated on 9 January 2024. Accordingly, HTIP has replaced the Board of Trustees of HSBC Mutual Fund w.e.f. 1 March 2024, and the Company through its Board of Directors has been discharging its obligations as the "Trustees" of the Fund from this date.

As of March 31, 2024, HSCI holds 100% of the paid-up equity share capital of HTIP.

D. Asset Management Company (the AMC)

HSBC Asset Management (India) Private Limited (the Investment Manager or the AMC) is a private limited company incorporated under the Companies Act, 1956 on December 12, 2001 having its Registered Office at 9-11 Floors, NESCO IT Park, Building no. 3, Western Express Highway, Goregaon (East), Mumbai – 400 063. HSBC Asset Management (India) Private Limited has been appointed as the Asset Management Company of HSBC Mutual Fund by the Trustee vide Investment Management Agreement (IMA) dated February 7, 2002 (as amended) and executed between the Trustees and the AMC. SEBI approved the AMC to act as the Investment Manager of the Fund vide its letter No. MFD/BC/163/2002 dated May 27, 2002. The paid-up equity share capital of the AMC is Rs. 344.41 crores. The AMC is registered as a Portfolio Manager under the SEBI (Portfolio Managers) Regulations, 1993 vide registration no. INP000001322. The AMC also offers non-binding Advisory services to offshore funds under the mutual fund license.

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

3. INVESTMENT OBJECTIVE OF THE SCHEMES

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

4. SIGNIFICANT ACCOUNTING POLICIES

The Significant Accounting Policies form part of the Notes to the Accounts annexed to the Balance Sheet of the Schemes in the Full Annual Report. The accounting policies are in accordance with Securities Exchange Board of India (Mutual Funds) Regulations, 1996 and Indian Accounting Standards (IND AS) notified under section 133 of the Companies Act, 2013 (the "Act" read with the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time).

5. UNCLAIMED DIVIDENDS & REDEMPTIONS

Summary of number of investors & corresponding amount as on March 31, 2024:

Scheme Name	Unclaimed Dividend		Unclaimed Redemption	
	No. of Investors	Amount (₹)	No. of Investors	Amount (₹)
HSBC Gilt Fund	182	121,994.73	2	49,235.00

6. INVESTOR SERVICES

The number of official points of acceptance of transactions are 210 locations. In addition to the offices of the Registrar & Transfer Agent, the AMC has its own office in 61 locations and Investor Service Centers in 39 locations. The AMC has 2 Toll Free numbers (1800-4190-200/1800-200-2434) which can be dialed from anywhere in India and 1 number i.e. +91 44 39923900 (Investors calling from abroad). The call center service is being managed by the Registrar and Transfer Agents. HSBC Mutual Fund offers the online transaction facility through the AMC's website at www.assetmanagement.hsbc.co.in.

On the distribution front, the number of empaneled distributors were 59046 as on March 31, 2024. During the year, the AMC initiated tie-ups for online distribution of the Mutual Fund's schemes with several channel partners taking the total number of such tie-ups to 160 as on March 31, 2024.

Trustees' Report

For the year ended March 31, 2024 (Contd...)

7. DETAILS OF INVESTOR GRIEVANCE REDRESSAL

The details of the redressal of investor complaints received against HSBC Mutual Fund during April 2023 - March 2024 are as follows:

2023-2024												
Com-plaint code	Type of Complaint	(a) No. of complaints pending at the beginning of the period	(b) No. of com-plaints received during the given period	Action on (a) and (b)								
				Resolved				Non Action-able*	Pending			
				Within 30 days	30-60 days	60-180 days	Beyond 180 days		0-3 months	3-6 months	6-9 months	9-12 months
I A	Non receipt of amount declared under Income Distribution cum Capital Withdrawal option	1	10	11	0	0	0	0	0	0	0	0
I B	Interest on delayed payment of amount declared under Income Distribution cum Capital Withdrawal option	0	1	1	0	0	0	0	0	0	0	0
I C	Non receipt of Redemption Proceeds	1	38	39	0	0	0	0	0	0	0	0
I D	Interest on delayed payment of Redemption	0	2	2	0	0	0	0	0	0	0	0
II A	Non receipt of Statement of Account/Unit Certificate	0	3	3	0	0	0	0	0	0	0	0
II B	Discrepancy in Statement of Account	1	22	23	0	0	0	0	0	0	0	0
II C	Data corrections in Investor details	1	250	249	0	0	0	0	2	0	0	0
II D	Non receipt of Annual Report/ Abridged Summary	0	0	0	0	0	0	0	0	0	0	0
III A	Wrong switch between Schemes	0	2	2	0	0	0	0	0	0	0	0
III B	Unauthorized switch between Schemes	0	1	1	0	0	0	0	0	0	0	0
III C	Deviation from Scheme attributes	0	1	1	0	0	0	0	0	0	0	0
III D	Wrong or excess charges/load	0	0	0	0	0	0	0	0	0	0	0
III E	Non updation of changes viz. address, PAN, bank details, nomination, etc	1	127	127	0	0	0	0	1	0	0	0
III F	Delay in allotment of Units	0	5	4	1	0	0	0	0	0	0	0
III G	Unauthorized Redemption	0	0	0	0	0	0	0	0	0	0	0
IV	Others**	1	78	76	0	0	0	0	3	0	0	0
	TOTAL	6	540	539	1	0	0	0	6	0	0	0

** As per AMFI Best Practice Guidelines Circular No.25/2011-12 for Revisions in the Guidelines on Standardization of Complaints / Grievances Reporting Procedure. If "Others" include a type of complaint which is more than 10% of overall complaints, then such a reason should be provided separately. Hence, data corrections in Investor Details are included as a separate category.

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

Summary of Complaints for FY 2023-24

Particulars	Count
Total complaints received	540
Total number of folios	21,39,406
% of complaints against the folio	0.025

Trustees' Report

For the year ended March 31, 2024 (Contd...)

8. INVESTOR EDUCATION INITIATIVES

During the FY 2023-24, the AMC conducted the following investor education and awareness initiatives:

- An integrated multi-media marketing campaign on SIP Hai 'FaydeWaliAadat' aimed to tap into the aspirations, financial goals, and unique spending habits of millennials.
- Editorial content on Systematic Investment Plans (SIP) created across 15 states through various regional television channels.
- Investor education content on the Platform - Quora.
- 'Be Money Confident' video series targeting women through Jio Platforms.
- Campaign on Women & Investing for Women's Day.
- Campaign for Marathon enthusiast on the similarities between running a Marathon & Investing.
- Financial literacy virtual event on the occasion of Mother's Day, which received more than 725 registered users.
- A mom blogger outreach program to reach Women Investors with financial education content on MF on the occasion of Mother's Day.
- Education campaign on ELSS executed for working audiences.
- Blogs and content for Investor Education properties like SIP Sahi Hai in Value Research, Gyan Guroovaar on Facebook, Investment Ki Paathshala on the website and investor education blogs on the platform - Advisor Khoj.
- 1,462 Investor Education programs to reach out to an audience of 71,465 people out of which 458 were women programs attended by 20,139 women.

9. PROXY VOTING POLICY

As per para 6.16 of SEBI Master Circular on Mutual Funds dated June 27, 2024, the Fund has adopted Proxy Voting Policy and Procedures for exercising voting rights in respect of securities held by the Schemes. (please refer Proxy Voting Policy and Procedures)

The summary of the votes casted in the general meetings of the Investee companies, by the AMC for and on behalf of the Schemes of the Fund, for the financial year 2023-24 is provided below:

Quarter	Total no. of resolutions	Break-up of Vote decision		
		For	Against	Abstained
April 2023 - June 2023	387	260	75	52
July 2023 - September 2023	2,169	1607	448	114
October 2023 - December 2023	197	138	37	22
January 2024 - March 2024	319	240	50	29
TOTAL	3,072	2,245	610	217

As per para 6.16.7 of SEBI Master Circular on Mutual Funds dated June 27, 2024, the AMC has obtained certificate from M/s. M. P. Chitale & Co., Chartered Accountants, who is acting as a Scrutinizer, on the voting report for the FY 2023-24. The certificate dated May 22, 2024 issued by M/s. M. P. Chitale & Co., is available on the website of the AMC as part of the full Annual Report.

Unitholders can refer to the full Annual Report for complete details of actual exercise of votes in the general meetings of the investee companies for the financial year 2023-24 or log on to our website at www.assetmanagement.hsbc.co.in.

10. STATUTORY DETAILS

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

Trustees' Report

For the year ended March 31, 2024 (Contd...)

- b) The price and redemption value of the units, and income from them, can go up as well as down with fluctuations in the market value of its underlying investments.
- c) Full Annual Report of HSBC Mutual Fund and of HSBC Asset Management (India) Private Limited (the AMC) shall be disclosed on the website at www.assetmanagement.hsbc.co.in and shall be available for inspection at the Head Office of the Mutual Fund. Present and prospective unitholders can obtain copy of the Trust Deed, the full Annual Report of the Scheme(s), the Annual Report of HSBC Asset Management (India) Private Limited and the text of the relevant Scheme(s) at a price.

11. CHANGES IN RISK-O-METER OF THE SCHEME DURING FY 2023-24

As per para 17.4. of SEBI Master Circular on Mutual Funds dated June 27, 2024 on product labelling, the changes carried out in the risk-o-meter of the schemes of HSBC Mutual Fund during FY 2023-24 have been given in the below mentioned table for the information of the unitholders, a report on the said changes has also been displayed on the website of the Fund and AMFI.

Scheme Name	Risk-o-meter level as on March 31, 2023	Risk-o-meter level as on March 31, 2024	Number of changes in Risk-o-meter during the F.Y. 2023-24)
HSBC Gilt Fund	Moderate	Moderate	2

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

As per para 6.16.15 of SEBI Master Circular on Mutual Funds dated June 27, 2024, HSBC Mutual Fund has adapted the policy on stewardship responsibilities, the unitholders are requested to note the status of governance with the same as mentioned below:

S. No.	Particulars of Principles of Stewardship Code	Status of compliance (Complied/ Not Complied)	Description	Remarks/ reasons for deviation/non-compliance, if any
1	Principle 1: Institutional Investors should formulate a comprehensive policy on the discharge of their stewardship responsibilities, publicly disclose it, review and update it periodically.	Complied	HSBC Asset Management (India) Private Limited's (AMIN) 'Policy on Stewardship responsibilities' (Stewardship Code/ Policy) was formulated and implemented on 01 July, 2020. This is a comprehensive document which has been publicly disclosed on the website of AMIN. The same shall follow a periodic review.	N.A.
2	Principle 2: Institutional investors should have a clear policy on how they manage conflicts of interest in fulfilling their stewardship responsibilities and publicly disclose it.	Complied	Defining and managing Conflict of Interest in fulfilling stewardship responsibilities are detailed in the Stewardship Policy document. The policy document is publicly disclosed.	N.A.

Trustees' Report

For the year ended March 31, 2024 (Contd...)

S. No.	Particulars of Principles of Stewardship Code	Status of compliance (Complied/ Not Complied)	Description	Remarks/ reasons for deviation/non-compliance, if any
3	Principle 3: Institutional investors should monitor their investee companies.	Complied	AMIN monitors all investee companies through its investment process. This includes assessment of companies' own and market data, consideration of research from brokers and other independent research providers – including ESG & voting research, attending individual & group meetings with company management and directors, visiting production sites (wherever necessary), engaging with key stakeholders including competitors and customers, and financial modelling. More details enumerated in the policy document	N.A.
4	Principle 4: Institutional investors should have a clear policy on intervention in their investee companies. Institutional investors should also have a clear policy for collaboration with other institutional investors where required, to preserve the interests of the ultimate investors, which should be disclosed.	Complied	Details of undertaking active engagement with investee companies and the policy for collaboration with other institutional holders are detailed in the policy document. The policy document is publicly disclosed.	N.A.
5	Principle 5: Institutional investors should have a clear policy on voting and disclosure of voting activity.	Complied	AMIN has a clear and detailed voting policy which provides the framework for the voting decisions. All voting decisions shall be in accordance with AMIN's Voting Policy and Procedures, which is disclosed on the website. AMIN discloses the details of the voting on its website on a quarterly basis within 10 working days from the end of the quarter. Additionally, AMIN also discloses the details of the votes cast, in the annual report of the schemes of HSBC Mutual Fund.	N.A.
6	Principle 6: Institutional investors should report periodically on their stewardship activities.	Complied	The annual status report of the stewardship code and quarterly report on proxy voting are publicly disclosed on the website as required under SEBI Regulations.	N.A.

Trustees' Report

For the year ended March 31, 2024 (Contd...)

13. DISCLOSURES PERTAINING TO NAV ADJUSTED DURING THE FINANCIAL YEAR FOR SWING FACTOR ALONG WITH THE PERFORMANCE IMPACT

Sr No.	Period of applicability of swing pricing	Scheme Name	Unswung NAV	Swing factor applied	Whether optional or mandatory
NIL					

14. SIGNIFICANT EVENT AFTER THE END OF THE FINANCIAL YEAR

NIL

15. ACKNOWLEDGEMENTS

The Trustees wish to thank the unitholders of the Schemes for their support throughout the year, and also thank the Government of India, the Securities and Exchange Board of India (SEBI), the Reserve Bank of India (RBI) and the Association of Mutual Funds in India (AMFI) for the guidance provided by them. The Trustees also appreciate the services provided by the Registrar and Transfer Agent, Fund Accountant, Custodian, Bankers, Distributors and Brokers. The guidance and services provided by the auditors and advocates and the ebullience, sincerity and dedication of the employees of HSBC Asset Management (India) Private Limited is also appreciated.

The Trustees look forward to the continued support of everyone.

For and on behalf of **HSBC Trustees (India) Private Ltd.**

Sd/-

Director

Mumbai

July 19, 2024

Independent Auditors' Report

To the Board of Directors of HSBC Trustees (India) Private Limited (the "Trustee")

HSBC Gilt Fund

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **HSBC Gilt Fund** (the "Scheme") of HSBC Mutual Fund (the "Fund"), which comprise the Balance Sheet as at March 31, 2024, the Revenue Account and the Cash Flow Statement for the year then ended, and notes to the financial statements, including a summary of material accounting policy and other explanatory information.

In our opinion, and to the best of our information and according to the explanations given to us, the aforesaid financial statements of the Scheme give a true and fair view in conformity with the Indian Accounting Standards ("Ind AS") prescribed under section 133 of the Companies Act, 2013 (the "Act") read with Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India, including the accounting policies and standards specified in the Regulation 50 and Ninth Schedule to the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 ("the SEBI Regulations") (collectively referred to as the "Regulations") as amended:

- a. in the case of the Balance Sheet, of the state of affairs of the Scheme as at March 31, 2024;
- b. in the case of the Revenue Account, of the net surplus for the year ended on that date; and
- c. in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing ("SAs") and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India (the "ICAI"). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Scheme in accordance with the Code of Ethics issued by the ICAI together with the ethical requirements that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Information Other than the Financial Statements and Auditor's Report Thereon

The Board of Directors of HSBC Asset Management (India) Private Limited (the "AMC") and the Board of Directors of HSBC Trustees (India) Private Limited (the "Trustees") (collectively referred to as "the Management") are responsible for the other information. The other information comprises the information included in the Trustees report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

The Management is responsible for the preparation of these financial statements that give a true and fair view of the state of affairs, results of operations and cash flows of the Scheme in accordance with the accounting principles generally accepted in India, including the accounting policies and standards specified in Regulations. This responsibility also includes maintenance of adequate accounting records in accordance with the SEBI

Independent Auditors' Report *(Contd...)*

Regulations for safeguarding of the assets of the Scheme and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Management is responsible for assessing the Scheme's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management, either intends to liquidate the Scheme or to cease operations, or has no realistic alternative but to do so.

Those Charged with Governance are also responsible for overseeing the Scheme's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Scheme's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Scheme to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide to those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Independent Auditors' Report (Contd....)

Report on Other Legal and Regulatory Requirements

1. As required by regulation 55(4) and clause 5(ii)(2) of the Eleventh Schedule of the SEBI Regulations, we report that:
 - a. we have sought and obtained all the information and explanations which, to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b. in our opinion, the Balance Sheet and the Revenue Account dealt with by this report have been prepared in accordance with the accounting policies and standards specified in the Regulations; and
 - c. the Balance Sheet, the Revenue Account and the Cash Flow Statement, dealt with by this report are in agreement with the books of accounts of the Scheme.
2. On the basis of information and explanations given to us, the scheme does not have any non-traded securities as at March 31, 2024 and hence reporting requirement of Eighth Schedule of the SEBI Regulations is not applicable.

For **M S K A & Associates**

Chartered Accountants

ICAI Firm Registration No. 105047W

Sd/-

Swapnil Kale

Partner

Membership No: 117812

UDIN : 24117812BKFIRK6269

Place : Mumbai

Date : July 19, 2024.

Abridged Balance Sheet as at March 31, 2024

Rs. in Lakhs

	As at March 31, 2024	As at March 31, 2023	As at April 1, 2022
LIABILITIES			
1 Unit Capital	3,356.80	4,079.36	4,511.25
2 Reserves & Surplus			
2.1 Unit Premium Reserves	(2,177.77)	(2,798.50)	(3,078.62)
2.2 Unrealised Appreciation Reserve	232.74	—	0.43
2.3 Other Reserves	18,860.95	21,666.62	22,891.05
3 Loans & Borrowings	—	—	—
4 Current Liabilities & Provisions			
4.1 Provision for Doubtful Income/Deposits	—	—	—
4.2 Other Current Liabilities & Provisions	55.53	56.54	5,327.35
TOTAL	20,328.25	23,004.02	29,651.46
ASSETS			
1 Investments			
1.1 Listed Securities:			
1.1.1 Equity Shares	—	—	—
1.1.2 Preference Shares	—	—	—
1.1.3 Equity Linked Debentures	—	—	—
1.1.4 Other Debentures & Bonds	—	—	—
1.1.5 Securitised Debt Securities	—	—	—
1.2 Securities Awaited Listing:			
1.2.1 Equity Shares	—	—	—
1.2.2 Preference Shares	—	—	—
1.2.3 Equity Linked Debentures	—	—	—
1.2.4 Other Debentures & Bonds	—	—	—
1.2.5 Securitised Debt Securities	—	—	—
1.3 Unlisted Securities:			
1.3.1 Equity Shares	—	—	—
1.3.2 Preference Shares	—	—	—
1.3.3 Equity Linked Debentures	—	—	—
1.3.4 Other Debentures & Bonds	—	—	—
1.3.5 Securitised Debt Securities	—	—	—
1.4 Government Securities	19,756.33	18,184.00	9,640.67
1.5 Treasury Bills	—	—	5,774.03
1.6 Commercial Paper	—	—	—
1.7 Certificate of Deposits	—	—	—
1.8 PTC	—	—	—
1.9 Units of Domestic Mutual Fund	—	—	—
1.10 Foreign Securities	—	—	—
1.11 AIF Investment	—	—	—
Total Investments	19,756.33	18,183.81	15,414.70
2 Deposits	3.34	8.30	48.75
3 Other Current Assets			
3.1 Cash & Bank Balance	12.25	95.90	36.22
3.2 CBLO/TREPS/Reverse Repo Lending	274.64	1,821.53	10,545.03
3.3 Others	281.70	2,894.47	3,606.76
4 Deferred Revenue Expenditure (to the extent not written off)	—	—	—
TOTAL	20,328.25	23,004.02	29,651.46

Notes to Accounts - Annexure I

Abridged Revenue Account for the year ended March 31, 2024

		Rs. in Lakhs	
		Current Year ended March 31, 2024	Previous Year ended March 31, 2023
1	INCOME		
1.1	Dividend	—	—
1.2	Interest	1,532.46	1,511.00
1.3	Realised Gain/(Loss) on Foreign Exchange Transactions	—	—
1.4	Realised Gains/(Losses) on Interscheme Sale of Investments	—	—
1.5	Realised Gains/(Losses) on External Sale/Redemption of Investments	11.71	(194.30)
1.6	Realised Gains/(Losses) on Derivative Transactions	—	—
1.7	Other Income	0.00	0.00
	(A)	1,544.18	1,316.70
2	EXPENSES		
2.1	Management Fees	78.00	83.90
2.2	GST on Management Fees	14.04	15.10
2.3	Transfer Agents Fees and Expenses	8.65	10.39
2.4	Custodian Fees	0.02	0.01
2.5	Trusteeship Fees	0.10	0.13
2.6	Commission to Agents	218.37	240.97
2.7	Marketing & Distribution Expenses	0.13	0.19
2.8	Audit Fees	0.04	0.28
2.9	Investor Education Expenses	4.36	4.79
2.10	Interest on Borrowing	—	—
2.11	Brokerage & Transaction Costs	2.31	2.31
2.12	Other Operating Expenses	2.72	4.78
	(B)	328.74	362.85
3	NET REALISED GAINS/(LOSSES) FOR THE YEAR	(C = A - B)	1,215.44
4	Change in Unrealised Depreciation in Value of Investments	(D)	27.41
5	NET GAINS/(LOSSES) FOR THE YEAR	(E = C + D)	1,242.85
6	Change in Unrealised Appreciation in Value of Investments	(F)	232.74
7	NET SURPLUS/(DEFICIT) FOR THE YEAR	(G = E + F)	1,475.59
7.1	Add : Balance Transfer from Unrealised Appreciation Reserve	—	0.43
7.2	Less : Balance Transfer to Unrealised Appreciation Reserve	232.74	—
7.3	Add/(Less) : Equalisation	(4,039.16)	(2,217.29)
7.4	Transfer from Reserve Fund	21,666.62	22,891.05
7.5	Transfer from Unit Premium Reserve	—	—
8	Total	18,870.31	21,675.11
9	Dividend Appropriation		
9.1	Income Distributed during the Year	(9.36)	(8.49)
9.2	Tax on Income Distributed during the Year	—	—
10	Retained Surplus/(Deficit) Carried Forward to Balance Sheet	18,860.95	21,666.62

Notes to Accounts - Annexure I

Key Statistics for the year ended March 31, 2024

	Current Year ended March 31, 2024	Previous Year ended March 31, 2023
1. NAV per unit (Rs.):		
Open		
Regular Plan - Growth Option	56.7151	54.4818
Regular Plan - Quarterly IDCW Option	11.0195	11.2230
Direct Plan - Growth Option	63.2808	60.0610
Direct Plan - Quarterly IDCW Option	12.4150	12.5034
High		
Regular Plan - Growth Option	60.5942	56.7531
Regular Plan - Quarterly IDCW Option	11.2266	11.2389
Direct Plan - Growth Option	68.4388	63.3190
Direct Plan - Quarterly IDCW Option	12.6813	12.6376
Low		
Regular Plan - Growth Option	56.7326	54.0304
Regular Plan - Quarterly IDCW Option	10.7586	11.0108
Direct Plan - Growth Option	63.3066	59.6398
Direct Plan - Quarterly IDCW Option	12.1916	12.3289
End		
Regular Plan - Growth Option	60.5942	56.7151
Regular Plan - Quarterly IDCW Option	10.9477	11.0195
Direct Plan - Growth Option	68.4388	63.2808
Direct Plan - Quarterly IDCW Option	12.4731	12.4150
2. Closing Assets Under Management (Rs. in Lakhs)		
End	20,273	22,858
Average (AAuM) ¹	21,808	23,957
3. Gross income as % of AAuM ²	7.08%	5.50%
4. Expense Ratio:		
a. Total Expense as % of AAuM (including GST on Management fees) (plan wise)		
Regular Plan	1.70%	1.70%
Direct Plan	0.48%	0.49%
b. Management Fee as % of AAuM (plan wise)		
Regular Plan	0.36%	0.35%
Direct Plan	0.34%	0.35%
5. Net Income as a percentage of AAuM ³	5.57%	3.98%

Key Statistics for the year ended March 31, 2024 (Contd...)

	Current Year ended March 31, 2024	Previous Year ended March 31, 2023
6. Portfolio turnover ratio ⁴	N.A.	N.A.
7. Total IDCW per unit distributed during the year (plan wise)		
Retail	0.8000	0.6500
Regular Plan - Quarterly IDCW Option	0.9200	0.7400
Direct Plan - Quarterly IDCW Option		
Corporate		
Regular Plan - Quarterly IDCW Option	0.8000	0.6500
Direct Plan - Quarterly IDCW Option	0.9200	0.7400
8. Returns:		
a. Last One Year		
Scheme		
Regular Plan - Growth Option	6.82%	4.10%
Direct Plan - Growth Option	8.13%	5.36%
Benchmark		
NIFTY All Duration G-Sec Index	9.15%	4.47%
b. Since Inception		
Scheme		
Regular Plan - Growth Option	7.79%	7.83%
Direct Plan - Growth Option	8.76%	8.82%
Benchmark		
NIFTY All Duration G-Sec Index	NA^{\$}	NA^{\$}

1. AAuM = Average daily net assets

2. Gross income = amount against (A) in the Revenue Account i.e. Income

3. Net income = amount against (C) in the Revenue Account i.e. Net Realised Gains/(Losses) for the year

4. Portfolio Turnover = Lower of sales or purchase divided by the Average AuM for the year

^{\$} The launch date of the NIFTY All Duration G-Sec Index is Sep. 3, 2001 whereas the inception date of the scheme is March 29, 2000. The corresponding benchmark returns since inception of the scheme not available.

Notes to Accounts – Annexure I

To the Abridged Balance Sheet and Revenue Account for the year ended March 31, 2024

1 Investments:

- 1.1. It is confirmed that investments of the Schemes are registered in the name of the Trustees for the benefit of the Scheme's unitholders.
- 1.2. Open Positions of derivatives as on year ended March 31, 2024 & March 31, 2023 are NIL.
- 1.3. Investment in Associates and Group Companies as at the year ended March 31, 2024 and March 31, 2023 are NIL.
- 1.4. Open positions of Securities Borrowed and/or Lent by the scheme as on the year ended March 31, 2024 & March 31, 2023 are NIL.
- 1.5. Investment in Below investment grade and default/Securities in default beyond its maturity date as on March 31, 2024 and March 31, 2023 are NIL.
- 1.6. Aggregate Unrealised Gain/Loss as at the end of the Financial year and their percentages to net assets are as under:

(Rs. In Lakhs)

Scheme Name / Security Type	Amount	Percentage to Net Assets	Amount	Percentage to Net Assets
	As at March 31, 2024		As at March 31, 2023	
Central and State Government Securities				
– Appreciation	237.23	1.17	47.90	0.21
– Depreciation	4.49	0.02	75.31	0.33

- 1.7. The aggregate value of investment securities (excluding CBLO/TREPS and Reverse Repos) purchased and sold (including matured) during the financial year 2023-24 (excluding accretion of discount) are Rs. 82,930.78 lakhs and Rs. 81,630.12 lakhs being 380.27% and 374.31% of the average net assets.

The aggregate value of investment securities (excluding CBLO/TREPS and Reverse Repos) purchased and sold (including matured) during the financial year 2022-23 (excluding accretion of discount) are Rs. 170,993.72 lakhs and Rs. 167,938.83 lakhs being 713.74% and 700.99% of the average net assets.

- 1.8. Non-Traded securities in the portfolio: Aggregate Value of Equity, Debt & Money Market Instruments and percentage to net as on March 31, 2024 & March 31, 2023 is NIL.

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

During the year 2023-24, The Hongkong and Shanghai Banking Corporation Limited, an associate entity of HSBC Asset Management (India) Private Limited was paid collection/bank charges amounting to Rs. Nil.

During the year 2022-23, The Hongkong and Shanghai Banking Corporation Limited, an associate entity of HSBC Asset Management (India) Private Limited was paid collection/bank charges amounting to Rs. Nil.

Commission paid to Sponsor/AMC and its associates/related parties/group companies

Name of Sponsor/AMC and its associates/related parties/group companies	Nature of Association / Nature of Relation	Period Covered	Business Given [Rs. In lakhs]	% of Total Business received by the Fund	Commission paid [Rs. In Lakhs]	% of Total commission paid by the Fund
The Hongkong and Shanghai Banking Corporation Limited	Group Company	2023-2024	2.51	0.12	0.00	0.00

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

To the Abridged Balance Sheet and Revenue Account for the year ended March 31, 2024

Name of Sponsor/ AMC and its associates/related parties/group companies	Nature of Association / Nature of Relation	Period Covered	Business Given [Rs. In lakhs]	% of Total Business received by the Fund	Commission paid [Rs. In Lakhs]	% of Total commission paid by the Fund
The Hongkong and Shanghai Banking Corporation Limited	Group Company	2022-2023	56.06	2.01	0.01	0.00

Brokerage paid to Sponsor/ AMC and its associates/ related parties/ group companies is NIL.
(Previous year also NIL).

- 3 None of the Investors held more than 25% of the total net assets of the schemes at the year ended March 31, 2024 and March 31, 2023.
- 4 Unit Capital movement during the year ended March 31, 2024, March 31, 2023 and March 31, 2022:

Description	Opening Units	Subscription	Redemption	Closing Units	Face value
2023-24					
Regular Plan - Growth Option	34,071,364.982	2,433,570.563	9,862,950.982	26,641,984.563	10
Regular Plan - Quarterly IDCW Option	905,276.355	31,969.991	138,333.637	798,912.709	10
Direct Plan - Growth Option**	5,508,534.072	961,186.859	613,432.489	5,856,288.442	10
Direct Plan - Quarterly IDCW Option	308,395.712	29,352.788	66,939.239	270,809.261	10
2022-23					
Regular Plan - Growth Option	37,516,447.730	3,640,048.075	7,085,130.823	34,071,364.982	10
Regular Plan - Quarterly IDCW Option	1,043,567.794	34,419.499	172,710.938	905,276.355	10
Direct Plan - Growth Option**	6,198,919.513	1,259,138.892	1,949,524.333	5,508,534.072	10
Direct Plan - Quarterly IDCW Option	353,584.429	32,453.656	77,642.373	308,395.712	10
2021-22					
Regular Plan - Growth Option	40,739,962.697	9,868,377.359	13,091,892.326	37,516,447.730	10
Regular Plan - Quarterly IDCW Option	1,353,560.920	58,962.422	368,955.548	1,043,567.794	10
Direct Plan - Growth Option**	7,355,046.584	1,320,519.515	2,476,646.586	6,198,919.513	10
Direct Plan - Quarterly IDCW Option	539,655.467	61,184.656	247,255.694	353,584.429	10

** Units held by the AMC (Seed Capital) in Direct Plan Growth Option as on March 31, 2024 is 142,009.952 & as on March 31, 2023 is 142,009.952 & as on March 31, 2022 is 142,009.952

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

To the Abridged Balance Sheet and Revenue Account for the year ended March 31, 2024

- 5 Previous year's/period figures have been re-grouped/re-arranged where necessary.
- 6 There are no contingent liabilities and other commitments as on March 31, 2024 and March 31, 2023. Contingent asset is neither recognized nor disclosed in the financial statements.
- 7 Expenses other than Management Fees are Inclusive of GST where applicable.
- 8 Other income: Nil (2023: Nil)

9 Investor Education Awareness

As mandated by SEBI vide circular no. CIR/IMD/DF/21/2012 dated September 13, 2012 an annual charge of 0.02 percent of daily net assets, being a part of total recurring expenses is set aside for Investor Education and Awareness (IEA). In view of the AMFI Best Practices Guidelines Circular No. 56/2015-16, the IEF (Investor Education Fund) accrual is set aside in a separate bank account and the consolidated balance across all schemes as on March 31, 2024.

Pursuant to SEBI circular dated May 23, 2022, w.e.f. July 1, 2022, the limit of 0.02% p.a. has been reduced to 0.01% p.a. in case of ETFs/Index Funds. Furthermore, Fund of Funds (FoFs) investing more than 80% of its NAV in the underlying domestic funds have discontinued setting aside 0.02% p.a. of daily net assets towards IEAI.

The break-up of which is as under:

	March 31, 2024	March 31, 2023
Particulars	Amount (Rs. In Lakhs)	Amount (Rs. In Lakhs)
Opening Balance as on April 01, 2023	997.09	460.22
Add: Accrual during FY 2023-24	1,962.01	1,432.00
Less: Transferred to AMFI *	889.11	646.75
Less: Payable to AMFI (March 2024 accrual) *	91.90	69.25
Add: Investment Income FY 2023-24	77.08	166.42
Less: Spent during FY 2023-24	1,877.44	345.55
Closing Balance as on March 31, 2024	177.73	997.09

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

The IEA disclosure's are presented for surviving schemes only.

- 10 Pursuant to SEBI Circular No. SEBI/HO/IMD/DF3/CIR/P/2020/194 dated October 05, 2020, the nomenclature of 'Dividend Option' under all the schemes of HSBC Mutual Fund has been revised to 'Income Distribution cum Capital Withdrawal Option' (IDCW), with effect from April 01, 2021.
 - 11 Securities, excluding debt securities, where the non-traded investments which have been valued "in good faith" exceed 5% of the net assets at the end of the year is NIL.
 - 12 Debt securities which have been valued at a price other than the price given by the independent valuation agencies at the end of the year is NIL.
- #### 13 Disclosure of Risk-o-meter

Scheme Name	Risk-o-meter level at end of the financial year i.e. March 31, 2024	Risk-o-meter level as on March 31, 2023	Number of changes in Risk-o-meter during the financial year (March 2023 to March 2024)
HSBC Gilt Fund	Moderate	Moderate	2

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

To the Abridged Balance Sheet and Revenue Account for the year ended March 31, 2024

- 14 Pursuant to the SEBI circular no. SEBI/HO/IMD/IMD-II DOF3/PI/CIR/2021/573 dated June 07,2021, The details of Potential Risk Class matrix of schemes are given in below:

Credit Risk →	Relatively Low (Class A)	Moderate (Class B)	Relatively High (Class C)
Interest Rate Risk ↓			
Relatively Low (Class I)			
Moderate (Class II)			
Relatively High (Class III)	AIII		
A Scheme with Relatively High interest rate risk and Low credit risk.			

- 15 Subsequent to receipt of SEBI's no objection to acquisition of 100% equity shares of L&T Investment Management Limited ("LTIM", Investment Manager of L&T Mutual Fund) and the amendments proposed to the trust deed of the HSBC Mutual Fund as required under the SEBI (Mutual Funds) Regulations, 1996, the schemes of L&T Mutual Fund (LTMF) were transferred to/ merged with the schemes of HSBC Mutual Fund on and from the close of business hours of November 25, 2022, and the HSBC AMC and HSBC Trustees assumed the responsibilities of the schemes of LTMF w.e.f. close of business hours of November 25, 2022.
- 16 During the year, HSBC Securities and Capital Markets (India) Private Limited ("HSCI"), Sponsors of HSBC Mutual Fund established a private limited company with limited liability to act as the "Trustee" of HSBC Mutual Fund. HSBC Trustees (India) Private Limited ("HTIP") was incorporated on 9 January 2024. Accordingly, HTIP has replaced the Board of Trustees of HSBC Mutual Fund w.e.f. 1 March 2024, and the Company through its Board of Directors has been discharging its obligations as the "Trustees" of the Fund from this date.
- 17 The Annual Accounts of the Schemes, prepared in accordance with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the "Act") read with the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time and clause 17.14 of SEBI Master Circular for Mutual Funds dated June 27, 2024, has been approved by the Board of Directors of HSBC Asset Management (India) Private Limited and HSBC Trustees (India) Private Limited at their meetings held on July 8, 2024 and July 19, 2024 respectively. The audit report attached herewith refers to the said Annual Accounts. The aforesaid abridged accounts are an extract of the Annual Accounts and are prepared in accordance with clause 5.4 and format no. 3.B under the section of formats of SEBI Master Circular for Mutual Funds dated June 27, 2024 and other relevant circulars issued by the Securities and Exchange Board of India from time to time.

Voting Policy and Procedures

In view of para 6.16 of SEBI Master Circular on Mutual Funds dated June 27, 2024 related to "Role of Mutual Funds in Corporate Governance of Public Listed Companies", HSBC AMC has formulated its "Policy for Proxy Voting in Public Listed Companies". The said policy is available on our website and the details of actual exercise of proxy votes, the summary of votes casted and the auditor's certificate is forming part of our full Annual Report for the Financial Year 2023 – 24 which has been uploaded on our website at <http://www.assetmanagement.hsbc.co.in>

Statutory Details & Disclaimers

All the returns have been sourced from Mutual Funds India Explorer software. The performance of the schemes and the benchmark is calculated on a total return basis. This document has been prepared by HSBC Asset Management (India) Private Limited (HSBC) for information purposes only with an intent to provide market overview and should not be construed as an offer or solicitation of an offer for purchase of any of the funds of HSBC Mutual Fund. All information contained in this document (including that sourced from third parties), is obtained from sources, which HSBC/third party, believes to be reliable but which it has not been independently verified by HSBC/the third party. Further, HSBC/the third party makes no guarantee, representation or warranty and accepts no responsibility or liability as to the accuracy or completeness of such information. The information and opinions contained within the document are based upon publicly available information and rates of taxation applicable at the time of publication, which are subject to change from time to time.

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

For disclosure of quarterly AUM/AAUM and AUM by geography, please visit our website at www.assetmanagement.hsbc.co.in. Investors are requested to note that as per SEBI (Mutual Funds) Regulations, 1996 and guidelines issued thereunder, HSBC AMC, its employees and/ or empaneled distributors/agents are forbidden from guaranteeing/promising/assuring/predicting any returns or future performances of the schemes of HSBC Mutual Fund. Hence, please do not rely upon any such statements/commitments. If you come across any such practices, please register a complaint via email at investor.line@mutualfunds.hsbc.co.in

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

Important Updates

Name and Date of Birth as per PAN card - Effective from June 1, 2024

As per recent regulatory requirement and changes advised by Income Tax Department in PAN validation process, now it is mandated to quote your Name(s) and DOB as per PAN card. To avoid any failure in such validations, we request investors to quote the Name(s) and DOB's of all the holders including Guardian, Power of Attorney (POA) holders as per PAN card.

Useful Links for self service options

- **Use our 24 x 7 Chatbot - "ASKME" for any queries or service request:**
visit: <https://invest.assetmanagement.hsbc.co.in>

SMS your request to HSBC Mutual Fund

- **Latest NAV :** Send SMS as HSBCMF NAV <Scheme Code> to 56767
Example: HSBCMF NAV F03
- **Valuation Service on registered mobile No. :** Send SMS as HSBCMF VAL <folio_number> to 56767
Example: HSBCMF VAL 123456
- **Annual Report :**
For Electronic Copy: Send SMS as HSBCMFARE <folio_number> to 567678080
Example: HSBCMF ARE 123456
For Physical Copy: Send SMS as HSBCMFARP <folio_number> to 567678080
Example: HSBCMF ARP 123456
- **Half Yearly Portfolio :**
For Electronic Copy: Send SMS as HSBCMFHPE <folio_number> to 567678080
Example: HSBCMF HPE 123456
For Physical Copy: Send SMS as HSBCMFHPP <folio_number> to 567678080
Example: HSBCMF HPP 123456

Missed Call Service

- You can give a missed call to 9212900020 to get the total valuation via SMS and a statement on your registered email ID

Book-Post

If undelivered please return to:

Computer Age Management Services Private Limited (CAMS)

Unit: HSBC Mutual Fund

New No. 10, M.G.R Salai, Nungambakkam, Chennai - 600034.

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

HSBC Asset Management (India) Private Limited

CIN NO: U74140MH2001PTC134220

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

Website : www.assetmanagement.hsbc.co.in

Description	Toll Free Number	Email ID
Investor related queries	1800-4190-200/1800-200-2434	investor.line@mutualfunds.hsbc.co.in
Online related queries	1800-4190-200/1800-200-2434	onlinemf@mutualfunds.hsbc.co.in
Investor (Dialing from abroad)	+91 44 39923900	investor.line@mutualfunds.hsbc.co.in

To get your updated account statement email us at : "mfsoa@mutualfunds.hsbc.co.in"

We're always here to help you, so feel free to reach out to us

Self-service request at your Fingertips

- Visit Website • Invest Online • Insta Statement • Download Forms
- Transact via Whats App • Use 24/7 ChatBot - Ask Me



Remember, you can also find out more via our social media handles !



Please check our website www.assetmanagement.hsbc.co.in for an updated list of Official Points of Acceptance of HSBC Mutual Fund.

CAMS SERVICE CENTRES/CAMS LIMITED TRANSACTION POINTS/CAMS COLLECTION CENTRES

For details on CAMS Service Centres, please visit www.camsonline.com



HSBC CRISIL IBX Gilt June 2027 Index Fund

An open-ended Target Maturity Index Fund tracking CRISIL-IBX Gilt Index - June 2027. Relatively high interest rate risk and relatively low credit risk.

Abridged Annual Report 2023 - 2024



SPONSOR

HSBC Securities and Capital Markets (India) Private Limited

CIN – U67120MH1994PTC081575

Regd. Office: 52/60, Mahatma Gandhi Road, Fort, Mumbai 400001.

TRUSTEE COMPANY

HSBC Trustees (India) Private Limited

CIN – U66190MH2024PTC416973

Regd. Office: 52/60, Mahatma Gandhi Road, Fort, Mumbai 400001.

ASSET MANAGEMENT COMPANY

HSBC Asset Management (India) Private Limited

CIN – U74140MH2001PTC134220

Regd. Office: 9-11 Floors, NESCO IT Park, Building No. 3,
Western Express Highway, Goregaon (East), Mumbai 400063.

CUSTODIAN

Citibank N.A.

First International Financial Center (FIFC), 9th Floor,
C-54 & 55, G – Block, Bandra Kurla Complex, Bandra (East), Mumbai 400051.

AUDITORS TO THE SCHEME

MSKA & Associates

Chartered Accountants

602, Floor 6, Raheja Titanium, Western Express Highway,
Geetanjali Railway Colony, Ram Nagar, Goregaon (East), Mumbai 400063.

REGISTRAR & TRANSFER AGENTS

Computer Age Management Services Limited (CAMS)

Unit: HSBC Mutual Fund

New No. 10, M.G.R Salai, Nungambakkam, Chennai 600034.

BOARD OF TRUSTEES

Ms. Jasmine Batliwalla	– Chairperson
Mr. Nani Javeri	– Trustee
Mr. David Rasquinha	– Trustee
Mr. Nicolas Moreau	– Trustee

BOARD OF DIRECTORS

Dr. Indu Shahani	– Director
Mr. Kapil Seth	– Director
Ms. Roopa Varma	– Director
Mr. Kailash Kulkarni	– Director & Chief Executive Officer

Dear Investor,

As we reflect on the past year, I am filled with pride and optimism about the future of our company and overall growth of the mutual fund industry. The past year has marked significant milestones in our journey, particularly as we capitalise on the immense potential of India's burgeoning growth story.

Fiscal 2024 turned out to be one of the best years for the domestic mutual fund industry as assets under management (AUM) spurted by nearly Rs. 14 lakh crore to a record Rs. 53.40 lakh crore as of March 2024 compared with Rs. 39.42 lakh crore as of March 2023.

The mutual fund industry is experiencing immense growth and we are poised to take advantage of this upward trajectory. Our company is an integral part of this growth story, riding the wave with several strategic initiatives and accomplishments that have set us on a path of sustained success.



Major achievements post integration

- Post integration we have enhanced our digital offering for both B2B and B2C to provide improved customer journeys.
- HSBC AM India's AUM increased from USD 1.4 bn (before integration) to USD 13.7 bn as of April 2024.
- HSBC Asset Management India has now become the 14th largest asset manager in India in terms of AUM.
- HSBC AM India has launched 4 new products since integration (raising \$445M).
- We have expanded HSBC AM India's product offerings to 43 funds.

Key Achievements in FY2023-2024

Investment Performance: Our disciplined investment strategy and thorough research have been pivotal to our success. We have focused on high-quality, undervalued assets, achieving consistent returns across our portfolio.

Product Innovation: This year, we launched two new funds - HSBC Multi Asset Allocation Fund and HSBC Consumption Fund, tailored to meet the evolving needs of our investors. These new offerings have been well-received, contributing to our growth in AUM significantly.

Increased Media Presence: In FY24, we significantly boosted our media presence, ensuring that our brand and thought leadership are recognized across various platforms. Through strategic media engagements like Informed Investing with ET Now, talks shows and several authored articles plus interviews - we have amplified our message, reaching a broader audience and reinforcing our market position.

Successful Campaign Launch: We successfully launched SIP Hai #FaydeWaliAadat, an investor education campaign, that highlighted the transformative power of SIPs in achieving long-term financial

goals. A first of its kind campaign, it aimed at educating and empowering the millennial investors in India. The campaign garnered significant attention and positive feedback, strengthening our brand presence and engaging a wider audience. Notably, the campaign has also earned us prestigious awards and accolades highlighting our commitment to excellence and innovation.

Client Relationships: We have strengthened our client relationships through enhanced communication, transparency, and personalized service. Our client satisfaction scores have reached new heights, reflecting our commitment to exceptional service.

We believe that the India story has just begun and its economic landscape is poised for significant growth. An exposure to unique and future relevant themes can provide a much-needed inflation buffer. The importance of asset allocation continues to be critical. It is critical for all of us to review our risk appetite and goal proximity and construct a portfolio appropriately.

Besides construction, portfolio rebalancing is equally important in order to achieve optimal outcomes. I do hope you share my enthusiasm and I ask that you continue to invest whilst reviewing your asset allocation at all times.

I would like to express my sincere gratitude to our dedicated team, whose expertise and commitment are the backbone of our success. To our investors, thank you for your trust and continued support. Your confidence in our approach motivates us to strive for excellence in everything we do. Also, I want to express my deepest gratitude to our valuable partners for their unwavering support and keep our services running. Look forward to achieving even grater milestones together.

As we move forward, we remain committed to delivering superior investment performance, fostering strong client relationships, and driving sustainable growth. Together, we are well-positioned to navigate the future and achieve our goals.

Warm regards,

A handwritten signature in black ink, appearing to read 'Kailash Kulkarni', written over a horizontal line.

Kailash Kulkarni

Chief Executive Officer

HSBC Asset Management India

Trustees' Report

For the year ended March 31, 2024

The Board of Directors of HSBC Trustees (India) Private Limited, Trustees of HSBC Mutual Fund present the Twenty Second Annual Report and the audited abridged financial statements of the schemes of the HSBC Mutual Fund ("the Fund") for the year ended March 31, 2024.

With the acquisition of L&T Mutual Fund in the previous financial year, the Fund's Assets Under Management ('AUM') (excluding Domestic FOFs) as on March 31, 2024 was INR 109368.16 crores (audited). The Fund ranks in the top 15 Mutual Fund houses in India in terms of AUM.

As at March 31, 2024, the Fund offered 43 schemes across asset classes to meet the varying investment needs of the investors. During the year, the Fund launched two new products namely HSBC Consumption Fund and HSBC Multi Asset Allocation Fund in Equity and Hybrid categories.

The Fund continues its focus on delivering consistent long-term returns. The comments on the performance of the scheme(s) are provided hereinafter. Dividends were declared under various schemes as per the provisions contained in the respective Scheme Information Documents after considering the distributable surplus available under the respective plans of the schemes. Details of dividends declared can be viewed on our website at www.assetmanagement.hsbc.co.in.

During the year, HSBC Securities and Capital Markets (India) Private Limited ("HSCI"), Sponsors of the Fund established a private limited company with limited liability to act as the "Trustees" of the Fund. HSBC Trustees (India) Private Limited ("HTIP") was incorporated on 9 January 2024. Accordingly, HTIP has replaced the Board of Trustees of HSBC Mutual Fund w.e.f. 1 March 2024, and the Company through its Board of Directors has been discharging its obligations as the "Trustees" of the Fund from this date.

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

a. Operations and Performance of the Scheme

➤ Debt Scheme

HSBC CRISIL IBX Gilt June 2027 Index Fund ('HCIGIF')

(Index Fund - An open-ended Target Maturity Index Fund tracking CRISIL-IBX Gilt Index - June 2027. Relatively high interest rate risk and relatively low credit risk.)

The investment objective of the Scheme is to provide returns corresponding to the total returns of the securities as represented by the CRISIL-IBX Gilt Index - June 2027 before expenses, subject to tracking errors. However, there is no assurance that the investment objective of the Scheme will be achieved.

The net assets of HCIGIF amounted to INR 229.94 crores as at March 31, 2024 as against INR 243.27 crores as at March 31, 2023. Around 98.54% of the net assets were invested in debt, 1.65% of the net assets were invested in reverse repos/TREPS and (0.19%) in net current assets as at March 31, 2024.

HSBC CRISIL IBX Gilt June 2027 Index Fund (HCIGIF - Target Maturity Index Fund) replicates CRISIL-IBX Gilt Index - June 2027. HCIGIF aims to track the index performance and offer liquidity and invests in sovereign G-Sec papers, as per the index. HCIGIF focuses on 3 year point of the yield curve which offers adequate carry and a roll down strategy to take benefits of better yields. The fund manager believes that the attractive yield for 3 year and the roll down strategy could lead to lower volatility over medium term holding period versus longer duration bonds. HCIGIF offers relatively low credit risk by investments in G-Sec and the mandate is to invest in line with the index construction.

HCIGIF has underperformed its benchmark on the 1-year horizon as the fund was overweight on a specific security to maintain liquidity and that security marginally underperformed.

Trustees' Report
For the year ended March 31, 2024 (Contd...)

HSBC CRISIL IBX Gilt June 2027 Index Fund					Date of Inception : 23 March, 2023			
Fund / Benchmark (Value of ₹ 10,000 invested)	1 Year		3 Years		5 Years		Since Inception	
	Amount (₹)	Returns (%)	Amount (₹)	Returns (%)	Amount (₹)	Returns (%)	Amount (₹)	Returns (%)
HSBC CRISIL IBX Gilt June 2027 Index Fund	10717	7.15	NA	NA	NA	NA	10753	7.34
Scheme Benchmark (CRISIL-IBX Gilt Index - June 2027)	10765	7.63	NA	NA	NA	NA	10791	7.71
Additional Benchmark (CRISIL 10 year Gilt Index)	10854	8.52	NA	NA	NA	NA	10892	8.69

Past performance may or may not be sustained in future. The returns for the respective periods are provided as on March 31, 2024 for Growth Option of Regular Plan. Returns on ₹ 10,000 are point-to-point returns for the specific time period, invested at the start of the period. Returns for 1 year and above are Compounded Annualized. Different plans shall have a different expense structure. Performance of the respective benchmark is calculated as per the Total Return Index (TRI).

Please Note: NA means not available.

Risk-o-meter as of 31st March, 2024:

Scheme Name	Scheme Risk-o-meter	Benchmark Risk-o-meter
HSBC CRISIL IBX Gilt June 2027 Index Fund	 Investors understand that their principal will be at Low to Moderate risk	Benchmark Index: CRISIL-IBX Gilt Index - June 2027 

Please note that the above risk-o-meter is as per the product labelling of the Scheme basis Scheme's monthly portfolio as on March 31, 2024.

Potential Risk Class (PRC) Matrix for Debt Schemes of HSBC Mutual Fund

HSBC CRISIL IBX Gilt June 2027 Index Fund			
Credit Risk →	Relatively Low (Class A)	Moderate (Class B)	Relatively High (Class C)
Interest Rate Risk ↓			
Relatively Low (Class I)			
Moderate (Class II)			
Relatively High (Class III)	AIII		
A Scheme with Relatively High interest rate risk and Low credit risk.			

Potential Risk Class 'PRC' matrix indicates the maximum interest rate risk (measured by Macaulay Duration of the scheme) and maximum credit risk (measured by Credit Risk Value of the scheme) the fund manager can take in the scheme. PRC matrix classification is done in accordance with and subject to the methodology/guidelines prescribed by SEBI to help investors take informed decision based on the maximum interest rate risk and maximum credit risk the fund manager can take in the scheme, as depicted in the PRC matrix.

Trustees' Report

For the year ended March 31, 2024 (Contd...)

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

➤ EQUITY OUTLOOK

Recap of FY 2023-24:

FY24 was a stellar year for the Indian equity markets with strong economic momentum, healthy earnings growth and strong inflows from domestic and foreign institutional investors and strong retail participation driving a broad-based bull market. The Nifty and Sensex were up a solid 30.1%/26.5% respectively during the year, while the BSE Midcap and BSE Smallcap indices gained an astounding 65.2% and 61.4% respectively.

While geo-political conflicts continued in FY24, their impact on crude and global supply chains moderated. Crude prices largely remained range bound during the year. Inflation barring a brief spike largely remained well contained, the economy gained further steam with GDP growth crossing 8% in H1FY24 supported by government thrust on infrastructure. This translated into strong growth for several core sector industries including steel and cement. The growth in the real estate sector has been strong with inventory continuing to decline in metro markets. However, lagged impact of price increases continued to impinge on consumer demand growth which remained subdued for most mass market categories.

Domestic cyclicals were the best performing sectors during the year led by Real Estate, Capital Goods, Autos. Power was also among the best performing sectors. Global cyclicals like Metals and Oil & Gas also strongly outperformed the Nifty. FMCG and Banking while delivering healthy positive returns underperformed the Nifty, while IT performance was closer to Nifty.

MSCI India index outperformed most of key global indices during the past fiscal. MSCI India index (USD) gained 35.5% as compared to 23.1% gain for MSCI World, 27.9% for US S&P 500, 11.0% for MSCI Europe and only 5.3% for MSCI Emerging Markets as MSCI China declined 19.0% over the period.

Strong performance of the market and subsiding global macro headwinds drove a sharp turnaround in foreign investment flows. FII net inflow was at USD 25.3bn in FY24 versus an outflow of USD 6.0bn / 17.1bn in FY23/ FY22. DIIs, on the other hand, matched FII inflow with an inflow of USD 25.3bn although it was lower than the net inflows at USD 30.8bn in FY23. Within DIIs, the MF segment was the key contributor (USD 24.3 bn of net inflows up from USD 21.8bn in FY23) while domestic Insurers were also in the net inflow territory (USD 1.0bn of net inflows vs USD 9.0bn in FY23).

Source: Motilal Oswal

Indices Returns (April 01, 2023 to March 31, 2024)	1 Year [^]
S&P BSE Sensex TR	26.5%
NSE CNX Nifty TR	30.1%
S&P BSE 100 TR	34.2%
S&P BSE 200 TR	38.5%
S&P BSE 500 TR	40.2%
S&P BSE Midcap TR	65.2%
S&P BSE Small-cap TR	61.4%

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

Way forward:

The global macro environment remains challenging with heightened geo-political and economic uncertainties. US bond yields remain high putting pressure on interest rates and currencies globally. For India, growth has continued to remain strong with GDP growth of 8.4% in Q3FY24 driven by strong government spending on infrastructure and pickup in manufacturing and construction. The 2024 interim budget has re-affirmed government focus on infrastructure. At the same time reduction in fiscal deficit should also help in easing

Trustees' Report

For the year ended March 31, 2024 (Contd...)

of domestic interest rates. However, after last year's patchy monsoon, a good monsoon will be an important factor for rural demand and overall consumption growth in the economy in FY25.

India starts FY25 on a strong footing with positive growth momentum and India's investment cycle is expected to be on a medium-term uptrend supported by rising government investment in infrastructure and recovery in real estate cycle. There is also an expectation of higher private investments in renewable energy and related supply chain, localization of higher-end technology components, and India becoming a more meaningful part of global supply chains. Finally, it is expected for consumption to improve as the impact of high inflation fades and real incomes start to grow again.

However, several of these positives are getting discounted by the high valuations currently prevailing in the equity market. While the fund managers remain constructive on Indian equities supported by the more robust medium-term growth outlook there is a caution against high return expectations. Nifty continues to trade on 20.6x consensus 1 year forward PE (as of 30 April). On a 10-year basis, Nifty is still trading 10% above its historic average valuation but is in-line with its 5-year average. Valuations of the midcap and small cap indices are even higher versus their historical average.

➤ DEBT OUTLOOK

Market drivers during the course of the year FY 2024

The year started with advanced economies continuing to grapple with higher inflation and policy tightening remained a common theme across economies. During FY2024, the Federal Open Market Committee (FOMC) raised policy rates by 50 bps while European Central Bank (ECB) and Bank of England (BOE) raised policy rates by 100 bps each. The cumulative rate hikes by various advanced economies in this cycle are as follows: Fed (525 bps), BOE (515 bps) and ECB (450 bps). Meanwhile cumulative rate hikes by the Monetary Policy Committee (MPC) in this cycle was 250 bps. On account of higher Government debt burden, Fitch downgraded US sovereign rating from AAA to AA+. US Treasury yields remained volatile during the year, with the 10-year benchmark rising higher by 73 bps during the year. Crude prices also moved higher by USD 7-8/bbl.

On the domestic front, Consumer price Index (CPI) inflation remained broadly in the upper end of the MPC's targeted band of 4% +/- 2% for most the financial year, however, inflation printed above 6% on two occasions due to high food inflation. Headline inflation remained susceptible to high food inflation with markets now expecting some relief of food prices on the back of normal monsoon. Core inflation eased through the year falling to below 4% in the last quarter.

Domestically, one of the biggest events during the year was the much-awaited index inclusion of Indian Government Bonds (IGBs) into the GBI-EM Global index suite and its relevant benchmarks. India is expected to reach the maximum weight of 10% in the GBI-EM Global Diversified Index (GBI-EM GD), with the inclusion staggered over a 10-month period starting June 2024. Following this, Bloomberg also included IGBs in their Bloomberg EM Local Currency Index, with India expected to reach a maximum weight of 10% over a 10-month period starting Jan 2025. Both these inclusions are expected to bring in INR 25-30 bn of index related FPI inflows over the next 1-2 years and paving the way for inclusion into other global bond indices as well. During FY2024, FPIs poured in close USD 12 bn into IGBs, with majority of the inflows coming in post the JP Morgan index inclusion announcement.

Government continued its path of fiscal consolidation, with the revised estimate of the Fiscal deficit for FY2024 coming in at 5.6%, with expectations for FY2025 at 5.1% and target of below 4.5% by FY2026. PMI numbers continue to remain in expansion, GST revenues remain buoyant and credit off-take upbeat.

The external sector has remained strong due to healthy service exports and remittances. Current Account Deficit (CAD) is expected to be around 1% for the year. Rupee remained one of the more stable currencies during the year, with active intervention from RBI smoothening any volatility. RBI continued to build on the FX reserves with year-end number around USD 650 bn.

Money market rates moved higher during the year due to tightening in liquidity along with higher Certificate of Deposit (CD) issuances. G-Sec yields, however, moved lower due to favorable demand supply and lower G-Sec borrowing. 10-year G-Sec moved lower during the year by 25 bps, while 5 yr G-Sec moved lower by 13 bps.

Trustees' Report

For the year ended March 31, 2024 (Contd...)

Market Outlook

While US markets have braced for "higher for longer" rates, we have seen in the past, that reactions to favorable data in such an environment can be sharp. Any softness in growth, employment or inflation data over the next few months will allow the markets to quickly start pricing in aggressive future policy easing. In our view, the RBI is also likely to gradually shift the liquidity deficit into surplus over the course of the next 3-6 months, flipping overnight rates from the top to the bottom of the rate corridor. The yield curve is likely to steepen as liquidity eases. This along with a potential 50 bps of policy easing in first half of CY2025 may push overnight rates lower by 75-100 bps.

While any form of additional spending by the new Government to address concerns of rural sections of the country and the possibility of additional spending to fund such policies will remain a key monitorable, it is believed the Government is likely to remain cognizant of the possible impact of such policies and take measured steps. With the dust settling down on the election outcome, the broad macroeconomic factors should continue to remain stable and could support softening in domestic yields going forward.

The Fund Managers continue to have a positive outlook for interest rates, based on various favorable factors: (a) Record RBI dividend to the Government, (b) reduced Fiscal deficit number of 5.6%, (c) favorable G-Sec supply demand dynamics, (d) FPI index related inflows, (e) revised outlook in India by S&P, (f) soft core inflation along with expectations of a better than normal monsoon, and finally (g) soft signals by Government and RBI on liquidity.

Source: RBI, Bloomberg, Internal HSBC Research & CCIL

2. BRIEF BACKGROUND OF THE SPONSORS, THE FUND, THE TRUSTEES AND THE ASSET MANAGEMENT COMPANY

A. Sponsor

HSBC Mutual Fund is sponsored by HSBC Securities and Capital Markets (India) Private Limited (HSCI). The Sponsor is the Settler of the Mutual Fund Trust. The Sponsor has entrusted a sum of Rs. 1,00,000/- (Rupees One Lakh only) to the Trustee as the initial contribution towards the corpus of the Mutual Fund.

HSCI offers integrated investment banking services, securities and corporate finance & advisory. HSCI is a member of the Bombay Stock Exchange Limited and National Stock Exchange (capital and derivative market segments). HSCI holds 100% of the paid-up equity share capital of HSBC Asset Management (India) Private Limited.

B. HSBC Mutual Fund

HSBC Mutual Fund ("the Mutual Fund" or "the Fund") has been constituted as a Trust in accordance with the provisions of the Indian Trusts Act, 1882 (2 of 1882) vide a Trust Deed dated February 7, 2002 (as amended) with HSBC Securities and Capital Markets (India) Private Limited, as the Sponsor and HSBC Trustees (India) Private Limited. The Trustee has entered into an Investment Management Agreement dated February 7, 2002 (as amended) with HSBC Asset Management (India) Private Limited (AMC) to function as the Investment Manager for all the schemes of the Fund. The Fund was registered with SEBI vide registration number MF/046/02/5 dated May 27, 2002.

The Trust has been formed for the purpose of pooling of capital from the public for collective investment in securities for the purpose of providing facilities for participation by persons as beneficiaries in such investments and in the profits/income arising therefrom.

C. HSBC Trustees (India) Private Limited (the Trustees)

The Trustees are the exclusive owner of the Trust Fund and holds the same in trust for the benefit of the unitholders. The Trustees have been discharging their duties and carrying out the responsibilities as provided in the SEBI (Mutual Funds) Regulations, 1996 and the Trust Deed. The Trustees seek to ensure that the Fund and the schemes floated there under are managed by the AMC in accordance with the Trust Deed, the said Regulations, directions and guidelines issued by the SEBI, the Stock Exchanges, the Association of Mutual Funds in India and other regulatory agencies.

Trustees' Report

For the year ended March 31, 2024 (Contd...)

During the year, HSBC Securities and Capital Markets (India) Private Limited ("HSCI"), Sponsors of HSBC Mutual Fund) established a private limited company with limited liability to act as the "Trustee" of HSBC Mutual Fund. HSBC Trustees (India) Private Limited ("HTIP") was incorporated on 9 January 2024. Accordingly, HTIP has replaced the Board of Trustees of HSBC Mutual Fund w.e.f. 1 March 2024, and the Company through its Board of Directors has been discharging its obligations as the "Trustees" of the Fund from this date.

As of March 31, 2024, HSCI holds 100% of the paid-up equity share capital of HTIP.

D. Asset Management Company (the AMC)

HSBC Asset Management (India) Private Limited (the Investment Manager or the AMC) is a private limited company incorporated under the Companies Act, 1956 on December 12, 2001 having its Registered Office at 9-11 Floors, NESCO IT Park, Building no. 3, Western Express Highway, Goregaon (East), Mumbai – 400 063. HSBC Asset Management (India) Private Limited has been appointed as the Asset Management Company of HSBC Mutual Fund by the Trustee vide Investment Management Agreement (IMA) dated February 7, 2002 (as amended) and executed between the Trustees and the AMC. SEBI approved the AMC to act as the Investment Manager of the Fund vide its letter No. MFD/BC/163/2002 dated May 27, 2002. The paid-up equity share capital of the AMC is Rs. 344.41 crores. The AMC is registered as a Portfolio Manager under the SEBI (Portfolio Managers) Regulations, 1993 vide registration no. INP000001322. The AMC also offers non-binding Advisory services to offshore funds under the mutual fund license.

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

3. INVESTMENT OBJECTIVE OF THE SCHEMES

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

4. SIGNIFICANT ACCOUNTING POLICIES

The Significant Accounting Policies form part of the Notes to the Accounts annexed to the Balance Sheet of the Schemes in the Full Annual Report. The accounting policies are in accordance with Securities Exchange Board of India (Mutual Funds) Regulations, 1996 and Indian Accounting Standards (IND AS) notified under section 133 of the Companies Act, 2013 (the "Act" read with the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time).

5. UNCLAIMED DIVIDENDS & REDEMPTIONS

Summary of number of investors & corresponding amount as on March 31, 2024:

Scheme Name	Unclaimed Dividend		Unclaimed Redemption	
	No. of Investors	Amount (₹)	No. of Investors	Amount (₹)
HSBC CRISIL IBX Gilt June 2027 Index Fund	–	–	–	–

6. INVESTOR SERVICES

The number of official points of acceptance of transactions are 210 locations. In addition to the offices of the Registrar & Transfer Agent, the AMC has its own office in 61 locations and Investor Service Centers in 39 locations. The AMC has 2 Toll Free numbers (1800-4190-200/1800-200-2434) which can be dialed from anywhere in India and 1 number i.e. +91 44 39923900 (Investors calling from abroad). The call center service is being managed by the Registrar and Transfer Agents. HSBC Mutual Fund offers the online transaction facility through the AMC's website at www.assetmanagement.hsbc.co.in.

On the distribution front, the number of empaneled distributors were 59046 as on March 31, 2024. During the year, the AMC initiated tie-ups for online distribution of the Mutual Fund's schemes with several channel partners taking the total number of such tie-ups to 160 as on March 31, 2024.

Trustees' Report

For the year ended March 31, 2024 (Contd...)

7. DETAILS OF INVESTOR GRIEVANCE REDRESSAL

The details of the redressal of investor complaints received against HSBC Mutual Fund during April 2023 - March 2024 are as follows:

2023-2024												
Com- plaint code	Type of Complaint	(a) No. of complaints pending at the begin- ning of the period	(b) No. of com- plaints received during the given period	Action on (a) and (b)								
				Resolved				Non Action- able*	Pending			
				Within 30 days	30-60 days	60-180 days	Beyond 180 days		0-3 months	3-6 months	6-9 months	9-12 months
I A	Non receipt of amount declared under Income Distribution cum Capital Withdrawal option	1	10	11	0	0	0	0	0	0	0	0
I B	Interest on delayed payment of amount declared under Income Distribution cum Capital Withdrawal option	0	1	1	0	0	0	0	0	0	0	0
I C	Non receipt of Redemption Proceeds	1	38	39	0	0	0	0	0	0	0	0
I D	Interest on delayed payment of Redemption	0	2	2	0	0	0	0	0	0	0	0
II A	Non receipt of Statement of Account/Unit Certificate	0	3	3	0	0	0	0	0	0	0	0
II B	Discrepancy in Statement of Account	1	22	23	0	0	0	0	0	0	0	0
II C	Data corrections in Investor details	1	250	249	0	0	0	0	2	0	0	0
II D	Non receipt of Annual Report/ Abridged Summary	0	0	0	0	0	0	0	0	0	0	0
III A	Wrong switch between Schemes	0	2	2	0	0	0	0	0	0	0	0
III B	Unauthorized switch between Schemes	0	1	1	0	0	0	0	0	0	0	0
III C	Deviation from Scheme attributes	0	1	1	0	0	0	0	0	0	0	0
III D	Wrong or excess charges/load	0	0	0	0	0	0	0	0	0	0	0
III E	Non updation of changes viz. address, PAN, bank details, nomination, etc	1	127	127	0	0	0	0	1	0	0	0
III F	Delay in allotment of Units	0	5	4	1	0	0	0	0	0	0	0
III G	Unauthorized Redemption	0	0	0	0	0	0	0	0	0	0	0
IV	Others**	1	78	76	0	0	0	0	3	0	0	0
	TOTAL	6	540	539	1	0	0	0	6	0	0	0

** As per AMFI Best Practice Guidelines Circular No.25/2011-12 for Revisions in the Guidelines on Standardization of Complaints/Grievances Reporting Procedure. If "Others" include a type of complaint which is more than 10% of overall complaints, then such a reason should be provided separately. Hence, data corrections in Investor Details are included as a separate category.

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

Summary of Complaints for FY 2023-24

Particulars	Count
Total complaints received	540
Total number of folios	21,39,406
% of complaints against the folio	0.025

Trustees' Report

For the year ended March 31, 2024 (Contd...)

8. INVESTOR EDUCATION INITIATIVES

During the FY 2023-24, the AMC conducted the following investor education and awareness initiatives:

- An integrated multi-media marketing campaign on SIP Hai 'FaydeWaliAadat' aimed to tap into the aspirations, financial goals, and unique spending habits of millennials.
- Editorial content on Systematic Investment Plans (SIP) created across 15 states through various regional television channels.
- Investor education content on the Platform - Quora.
- 'Be Money Confident' video series targeting women through Jio Platforms.
- Campaign on Women & Investing for Women's Day.
- Campaign for Marathon enthusiast on the similarities between running a Marathon & Investing.
- Financial literacy virtual event on the occasion of Mother's Day, which received more than 725 registered users.
- A mom blogger outreach program to reach Women Investors with financial education content on MF on the occasion of Mother's Day.
- Education campaign on ELSS executed for working audiences.
- Blogs and content for Investor Education properties like SIP Sahi Hai in Value Research, Gyan Guroovaar on Facebook, Investment Ki Paathshala on the website and investor education blogs on the platform - Advisor Khoj.
- 1,462 Investor Education programs to reach out to an audience of 71,465 people out of which 458 were women programs attended by 20,139 women.

9. PROXY VOTING POLICY

As per para 6.16 of SEBI Master Circular on Mutual Funds dated June 27, 2024, the Fund has adopted Proxy Voting Policy and Procedures for exercising voting rights in respect of securities held by the Schemes. (please refer Proxy Voting Policy and Procedures)

The summary of the votes casted in the general meetings of the Investee companies, by the AMC for and on behalf of the Schemes of the Fund, for the financial year 2023-24 is provided below:

Quarter	Total no. of resolutions	Break-up of Vote decision		
		For	Against	Abstained
April 2023 - June 2023	387	260	75	52
July 2023 - September 2023	2,169	1607	448	114
October 2023 - December 2023	197	138	37	22
January 2024 - March 2024	319	240	50	29
TOTAL	3,072	2,245	610	217

As per para 6.16.7 of SEBI Master Circular on Mutual Funds dated June 27, 2024, the AMC has obtained certificate from M/s. M. P. Chitale & Co., Chartered Accountants, who is acting as a Scrutinizer, on the voting report for the FY 2023-24. The certificate dated May 22, 2024 issued by M/s. M. P. Chitale & Co., is available on the website of the AMC as part of the full Annual Report.

Unitholders can refer to the full Annual Report for complete details of actual exercise of votes in the general meetings of the investee companies for the financial year 2023-24 or log on to our website at www.assetmanagement.hsbc.co.in.

Trustees' Report

For the year ended March 31, 2024 (Contd...)

10. STATUTORY DETAILS

- The Sponsors are not responsible or liable for any loss resulting from the operation of the Schemes of the Fund beyond initial contribution of Rs. 1 lakh for setting up the Fund.
- The price and redemption value of the units, and income from them, can go up as well as down with fluctuations in the market value of its underlying investments.
- Full Annual Report of HSBC Mutual Fund and of HSBC Asset Management (India) Private Limited (the AMC) shall be disclosed on the website at www.assetmanagement.hsbc.co.in and shall be available for inspection at the Head Office of the Mutual Fund. Present and prospective unitholders can obtain copy of the Trust Deed, the full Annual Report of the Scheme(s), the Annual Report of HSBC Asset Management (India) Private Limited and the text of the relevant Scheme(s) at a price.

11. CHANGES IN RISK-O-METER OF THE SCHEME DURING FY 2023-24

As per para 17.4. of SEBI Master Circular on Mutual Funds dated June 27, 2024 on product labelling, the changes carried out in the risk-o-meter of the schemes of HSBC Mutual Fund during FY 2023-24 have been given in the below mentioned table for the information of the unitholders, a report on the said changes has also been displayed on the website of the Fund and AMFI.

Scheme Name	Risk-o-meter level as on March 31, 2023	Risk-o-meter level as on March 31, 2024	Number of changes in Risk-o-meter during the F.Y. 2023-24)
HSBC CRISIL IBX Gilt June 2027 Index Fund	Moderate	Low to Moderate	1

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

As per para 6.16.15 of SEBI Master Circular on Mutual Funds dated June 27, 2024, HSBC Mutual Fund has adapted the policy on stewardship responsibilities, the unitholders are requested to note the status of governance with the same as mentioned below:

S. No.	Particulars of Principles of Stewardship Code	Status of compliance (Complied/ Not Complied)	Description	Remarks/ reasons for deviation/non-compliance, if any
1	Principle 1: Institutional Investors should formulate a comprehensive policy on the discharge of their stewardship responsibilities, publicly disclose it, review and update it periodically.	Complied	HSBC Asset Management (India) Private Limited's (AMIN) 'Policy on Stewardship responsibilities' (Stewardship Code/ Policy) was formulated and implemented on 01 July, 2020. This is a comprehensive document which has been publicly disclosed on the website of AMIN. The same shall follow a periodic review.	N.A.
2	Principle 2: Institutional investors should have a clear policy on how they manage conflicts of interest in fulfilling their stewardship responsibilities and publicly disclose it.	Complied	Defining and managing Conflict of Interest in fulfilling stewardship responsibilities are detailed in the Stewardship Policy document. The policy document is publicly disclosed.	N.A.

Trustees' Report

For the year ended March 31, 2024 (Contd...)

S. No.	Particulars of Principles of Stewardship Code	Status of compliance (Complied/ Not Complied)	Description	Remarks/ reasons for deviation/non-compliance, if any
3	Principle 3: Institutional investors should monitor their investee companies.	Complied	AMIN monitors all investee companies through its investment process. This includes assessment of companies' own and market data, consideration of research from brokers and other independent research providers – including ESG & voting research, attending individual & group meetings with company management and directors, visiting production sites (wherever necessary), engaging with key stakeholders including competitors and customers, and financial modelling. More details enumerated in the policy document	N.A.
4	Principle 4: Institutional investors should have a clear policy on intervention in their investee companies. Institutional investors should also have a clear policy for collaboration with other institutional investors where required, to preserve the interests of the ultimate investors, which should be disclosed.	Complied	Details of undertaking active engagement with investee companies and the policy for collaboration with other institutional holders are detailed in the policy document. The policy document is publicly disclosed.	N.A.
5	Principle 5: Institutional investors should have a clear policy on voting and disclosure of voting activity.	Complied	AMIN has a clear and detailed voting policy which provides the framework for the voting decisions. All voting decisions shall be in accordance with AMIN's Voting Policy and Procedures, which is disclosed on the website. AMIN discloses the details of the voting on its website on a quarterly basis within 10 working days from the end of the quarter. Additionally, AMIN also discloses the details of the votes cast, in the annual report of the schemes of HSBC Mutual Fund.	N.A.
6	Principle 6: Institutional investors should report periodically on their stewardship activities.	Complied	The annual status report of the stewardship code and quarterly report on proxy voting are publicly disclosed on the website as required under SEBI Regulations.	N.A.

Trustees' Report

For the year ended March 31, 2024 (Contd...)

13. DISCLOSURES PERTAINING TO NAV ADJUSTED DURING THE FINANCIAL YEAR FOR SWING FACTOR ALONG WITH THE PERFORMANCE IMPACT

Sr No.	Period of applicability of swing pricing	Scheme Name	Unswung NAV	Swing factor applied	Whether optional or mandatory
NIL					

14. SIGNIFICANT EVENT AFTER THE END OF THE FINANCIAL YEAR

NIL

15. ACKNOWLEDGEMENTS

The Trustees wish to thank the unitholders of the Schemes for their support throughout the year, and also thank the Government of India, the Securities and Exchange Board of India (SEBI), the Reserve Bank of India (RBI) and the Association of Mutual Funds in India (AMFI) for the guidance provided by them. The Trustees also appreciate the services provided by the Registrar and Transfer Agent, Fund Accountant, Custodian, Bankers, Distributors and Brokers. The guidance and services provided by the auditors and advocates and the ebullience, sincerity and dedication of the employees of HSBC Asset Management (India) Private Limited is also appreciated.

The Trustees look forward to the continued support of everyone.

For and on behalf of **HSBC Trustees (India) Private Ltd.**

Sd/-

Director

Mumbai

July 19, 2024

Independent Auditors' Report

To the Board of Directors of HSBC Trustees (India) Private Limited (the "Trustee")

HSBC CRISIL IBX GILT JUNE 2027 INDEX FUND

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **HSBC CRISIL IBX GILT JUNE 2027 INDEX FUND** (the "Scheme") of HSBC Mutual Fund (the "Fund"), which comprise the Balance Sheet as at March 31, 2024, the Revenue Account and the Cash Flow Statement for the year then ended, and notes to the financial statements, including a summary of material accounting policy and other explanatory information.

In our opinion, and to the best of our information and according to the explanations given to us, the aforesaid financial statements of the Scheme give a true and fair view in conformity with the Indian Accounting Standards ("Ind AS") prescribed under section 133 of the Companies Act, 2013 (the "Act") read with Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India, including the accounting policies and standards specified in the Regulation 50 and Ninth Schedule to the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 ("the SEBI Regulations") (collectively referred to as the "Regulations") as amended:

- in the case of the Balance Sheet, of the state of affairs of the Scheme as at March 31, 2024;
- in the case of the Revenue Account, of the net surplus for the year ended on that date; and
- in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing ("SAs") and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India (the "ICAI"). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Scheme in accordance with the Code of Ethics issued by the ICAI together with the ethical requirements that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Information Other than the Financial Statements and Auditor's Report Thereon

The Board of Directors of HSBC Asset Management (India) Private Limited (the "AMC") and the Board of Directors of HSBC Trustees (India) Private Limited (the "Trustees") (collectively referred to as "the Management") are responsible for the other information. The other information comprises the information included in the Trustees report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

The Management is responsible for the preparation of these financial statements that give a true and fair view of the state of affairs, results of operations and cash flows of the Scheme in accordance with the accounting principles generally accepted in India, including the accounting policies and standards specified in Regulations.

Independent Auditors' Report (Contd...)

This responsibility also includes maintenance of adequate accounting records in accordance with the SEBI Regulations for safeguarding of the assets of the Scheme and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Management is responsible for assessing the Scheme's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management, either intends to liquidate the Scheme or to cease operations, or has no realistic alternative but to do so.

Those Charged with Governance are also responsible for overseeing the Scheme's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Scheme's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Scheme to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide to those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Independent Auditors' Report (Contd...)

Report on Other Legal and Regulatory Requirements

1. As required by regulation 55(4) and clause 5(ii)(2) of the Eleventh Schedule of the SEBI Regulations, we report that:
 - a. we have sought and obtained all the information and explanations which, to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b. in our opinion, the Balance Sheet and the Revenue Account dealt with by this report have been prepared in accordance with the accounting policies and standards specified in the Regulations; and
 - c. the Balance Sheet, the Revenue Account and the Cash Flow Statement, dealt with by this report are in agreement with the books of accounts of the Scheme.
2. On the basis of information and explanations given to us, the scheme does not have any non-traded securities as at March 31, 2024 and hence reporting requirement of Eighth Schedule of the SEBI Regulations is not applicable.

For **M S K A & Associates**

Chartered Accountants

ICAI Firm Registration No. 105047W

Sd/-

Swapnil Kale

Partner

Membership No: 117812

UDIN: 24117812BKFIRH6911

Place : Mumbai

Date : July 19, 2024

Abridged Balance Sheet as at March 31, 2024

Rs. in Lakhs

	As at March 31, 2024	As at March 31, 2023
LIABILITIES		
1 Unit Capital	21,375.03	27,563.51
2 Reserves & Surplus		
2.1 Unit Premium Reserves	(6.61)	4.79
2.2 Unrealised Appreciation Reserve	52.69	21.90
2.3 Other Reserves	1,573.32	64.55
3 Loans & Borrowings	—	—
4 Current Liabilities & Provisions		
4.1 Provision for Doubtful Income/Deposits	—	—
4.2 Other Current Liabilities & Provisions	48.49	1,037.98
TOTAL	23,042.91	28,692.72
ASSETS		
1 Investments		
1.1 Listed Securities:		
1.1.1 Equity Shares	—	—
1.1.2 Preference Shares	—	—
1.1.3 Equity Linked Debentures	—	—
1.1.4 Other Debentures & Bonds	—	—
1.1.5 Securitised Debt Securities	—	—
1.2 Securities Awaited Listing:		
1.2.1 Equity Shares	—	—
1.2.2 Preference Shares	—	—
1.2.3 Equity Linked Debentures	—	—
1.2.4 Other Debentures & Bonds	—	—
1.2.5 Securitised Debt Securities	—	—
1.3 Unlisted Securities:		
1.3.1 Equity Shares	—	—
1.3.2 Preference Shares	—	—
1.3.3 Equity Linked Debentures	—	—
1.3.4 Other Debentures & Bonds	—	—
1.3.5 Securitised Debt Securities	—	—
1.4 Government Securities	22,219.75	23,178.33
1.5 Treasury Bills	—	—
1.6 Commercial Paper	—	—
1.7 Certificate of Deposits	—	—
1.8 PTC	—	—
1.9 Units of Domestic Mutual Fund	—	—
1.10 Foreign Securities	—	—
1.11 AIF Investment	—	—
Total Investments	22,219.75	23,178.33
2 Deposits	3.97	230.52
3 Other Current Assets		
3.1 Cash & Bank Balance	0.93	957.23
3.2 CBLO/TREPS/Reverse Repo Lending	378.30	3,863.10
3.3 Others	439.96	463.55
4 Deferred Revenue Expenditure (to the extent not written off)	—	—
TOTAL	23,042.91	28,692.72

Notes to Accounts - Annexure I

Abridged Revenue Account for the year ended March 31, 2024

Rs. in Lakhs

	Current year ended March 31, 2024	Previous period ended March 31, 2023
1 INCOME		
1.1 Dividend	—	—
1.2 Interest	1,832.96	56.04
1.3 Realised Gain/(Loss) on Foreign Exchange Transactions	—	—
1.4 Realised Gains/(Losses) on Interscheme Sale of Investments	—	—
1.5 Realised Gains/(Losses) on External Sale/Redemption of Investments	6.49	(1.06)
1.6 Realised Gains/(Losses) on Derivative Transactions	—	—
1.7 Other Income	0.64	—
(A)	1,840.08	54.98
2 EXPENSES		
2.1 Management Fees	36.53	0.43
2.2 GST on Management Fees	6.58	0.08
2.3 Transfer Agents Fees and Expenses	5.90	0.14
2.4 Custodian Fees	0.02	—
2.5 Trusteeship Fees	0.11	—
2.6 Commission to Agents	52.32	1.18
2.7 Marketing & Distribution Expenses	0.00	0.00
2.8 Audit Fees	0.04	0.27
2.9 Investor Education Expenses	2.54	0.06
2.10 Interest on Borrowing	0.02	—
2.11 Brokerage & Transaction Costs	0.16	0.35
2.12 Other Operating Expenses	0.42	0.08
(B)	104.64	2.59
3 NET REALISED GAINS/(LOSSES) FOR THE YEAR (C = A - B)	1,735.44	52.40
4 Change in Unrealised Depreciation in Value of Investments	(D) —	—
5 NET GAINS/(LOSSES) FOR THE YEAR (E = C + D)	1,735.44	52.40
6 Change in Unrealised Appreciation in Value of Investments	(F) 30.79	21.90
7 NET SURPLUS/(DEFICIT) FOR THE YEAR (G = E + F)	1,766.23	74.30
7.1 Add : Balance Transfer from Unrealised Appreciation Reserve	—	—
7.2 Less : Balance Transfer to Unrealised Appreciation Reserve	30.79	21.90
7.3 Add/(Less) : Equalisation	(226.68)	12.15
7.4 Transfer from Reserve Fund	64.55	—
7.5 Transfer from Unit Premium Reserve	—	—
8 Total	1,573.32	64.55
9 Dividend Appropriation		
9.1 Income Distributed during the Year	—	—
9.2 Tax on Income Distributed during the Year	—	—
10 Retained Surplus/(Deficit) Carried Forward to Balance Sheet	1,573.32	64.55

Notes to Accounts - Annexure I

Key Statistics for the year ended March 31, 2024

	Current Year ended March 31, 2024	Previous period ended March 31, 2023
1. NAV per unit (Rs.):		
Open		
Regular Plan - Growth Option	10.0330	—
Regular Plan - IDCW Option	10.0331	—
Direct Plan - Growth Option	10.0337	—
Direct Plan - IDCW Option	10.0337	—
High		
Regular Plan - Growth Option	10.7528	10.0330
Regular Plan - IDCW Option	10.7529	10.0331
Direct Plan - Growth Option	10.7837	10.0337
Direct Plan - IDCW Option	10.7837	10.0337
Low		
Regular Plan - Growth Option	10.0367	10.0197
Regular Plan - IDCW Option	10.0368	10.0198
Direct Plan - Growth Option	10.0377	10.0202
Direct Plan - IDCW Option	10.0377	10.0202
End		
Regular Plan - Growth Option	10.7528	10.0330
Regular Plan - IDCW Option	10.7529	10.0331
Direct Plan - Growth Option	10.7837	10.0337
Direct Plan - IDCW Option	10.7837	10.0337
2. Closing Assets Under Management (Rs. in Lakhs)		
End	22,994	24,327
Average (AAuM) ¹	25,429	22,744
3. Gross income as % of AAuM ²	7.24%	0.24%
4. Expense Ratio:		
a. Total Expense as % of AAuM (Including GST on Management fees) (planwise)		
Regular Plan	0.45%	0.44%
Direct Plan	0.17%	0.16%
b. Management Fee as % of AAuM (planwise)		
Regular Plan	0.15%	0.08%
Direct Plan	0.11%	0.05%

Key Statistics For the year ended March 31, 2024 (Contd...)

	Current Year ended March 31, 2024	Previous period ended March 31, 2023
5. Net Income as a percentage of AAuM ³	6.82%	0.23%
6. Portfolio turnover ratio ⁴	NA	NA
7. Total IDCW per unit distributed during the year (planwise)		
Retail		
Regular Plan - IDCW Option	—	—
Direct Plan - IDCW Option	—	—
Corporate		
Regular Plan - IDCW Option	—	—
Direct Plan - IDCW Option	—	—
8. Returns (%):		
a. Last One Year		
Scheme		
Regular Plan - Growth Option	7.15%	NA [#]
Direct Plan - Growth Option	7.45%	NA [#]
Benchmark		
HSBC_Crisil IBX Gilt Index - June 2027	7.63%	NA [#]
b. Since Inception		
Scheme		
Regular Plan - Growth Option	7.34%	0.33% ^{##}
Direct Plan - Growth Option	7.64%	0.34% ^{##}
Benchmark		
HSBC_Crisil IBX Gilt Index - June 2027	7.71%	0.24% ^{##}

1. AAuM = Average daily net assets.

2. Gross income = amount against (A) in the Revenue Account i.e. Income.

3. Net income = amount against (C) in the Revenue Account i.e. Net Realised Gains/(Losses) for the year.

4. Portfolio Turnover = Lower of sales or purchase divided by the Average AuM for the year.

[#] Scheme launched during the financial year 2022-23.

^{##} Since Inception scheme & benchmark returns are simple annualised returns.

Notes to Accounts – Annexure I

To the Abridged Balance Sheet and Revenue Account for the year ended March 31, 2024

1 Investments:

- 1.1. It is confirmed that investments of the Schemes are registered in the name of the Trustees for the benefit of the Scheme's unitholders.
- 1.2. Open Positions of derivatives as on year ended March 31, 2024 and March 31, 2023 are NIL.
- 1.3. Investments in Associates and Group Companies as on March 31, 2024 and March 31, 2023 are Nil.
- 1.4. Open positions of Securities Borrowed and/or Lent by the scheme as on the year ended March 31, 2024 and March 31, 2023 are NIL.
- 1.5. Investment in Below investment grade and default/Securities in default as on March 31, 2024 and March 31, 2023 are NIL.
- 1.6. Aggregate Unrealised Gain/Loss as at the end of the Financial year and their percentages to net assets are as under:

Rs. In Lakhs

Company Name	Amount	Percentage to Net Assets	Amount	Percentage to Net Assets
	As at March 31, 2024		As at March 31, 2023	
Central and State Government Securities				
- Appreciation	60.12	0.26	21.90	0.09
- Depreciation	7.43	0.03	–	

- 1.7. The aggregate value of investments securities (excluding TREPS and Reverse Repos) purchased and sold (including matured) during the financial year 2023-24 (excluding accretion of discount) is Rs. 5,492.03 lakhs and Rs. 6,487.89 lakhs respectively being 21.60% and 25.51% of the average net assets.

The aggregate value of investments securities (excluding TREPS and Reverse Repos) purchased and sold (including matured) during the financial year 2022-23 (excluding accretion of discount) is Rs. 30,263.28 lakhs and Rs. 6,671.96 lakhs respectively being 5396.26% and 1189.68% of the average net assets.

- 1.8. Non-Traded securities in the portfolio of the scheme as on the year ended March 31, 2024 and March 31, 2023 are NIL.

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

During the year 2023-24, The Hongkong and Shanghai Banking Corporation Limited, an associate entity of HSBC Asset Management (India) Private Limited was paid collection/bank charges amounting to Rs. Nil.

During the year 2022-23, The Hongkong and Shanghai Banking Corporation Limited, an associate entity of HSBC Asset Management (India) Private Limited was paid collection/bank charges amounting to Rs. Nil.

Notes to Accounts – Annexure I (Contd...)**To the Abridged Balance Sheet and Revenue Account for the year ended March 31, 2024****Commission paid to Sponsor/AMC and its associates/related parties/group companies**

Name of Sponsor/AMC and its associates/related parties/group companies	Nature of Association / Nature of Relation	Period Covered	Business Given [Rs. In lakhs]	% of Total Business received by the Fund	Commission paid [Rs. In Lakhs]	% of Total commission paid by the Fund
The Hongkong and Shanghai Banking Corporation Limited	Group Company	2023-2024	1,423.90	72.87	42.73	82.24
The Hongkong and Shanghai Banking Corporation Limited	Group Company	2022-2023	20,365.77	73.02	–	–

Brokerage paid to Sponsor/AMC and its associates/related parties/group companies is NIL.
(Previous year also NIL).

- 3 None of the Investors held more than 25% of the total net assets of the scheme at the year ended March 31, 2024 & March 31, 2023.
- 4 Unit Capital movement during the year ended March 31, 2024 and March 31, 2023 :

Description	2023-2024				
	Opening Units	Subscription	Redemption	Closing Units	Face Value per unit (Rupees)
Regular Plan - Growth Option	240,919,735.018	14,689,065.468	75,696,853.164	179,911,947.322	10
Regular Plan - IDCW Option	1,162,680.307	2,499,003.947	2,963,073.568	698,610.686	10
Direct Plan - Growth Option**	33,539,646.594	1,672,903.800	2,093,322.184	33,119,228.210	10
Direct Plan - IDCW Option	13,008.350	10,247.183	2,740.845	20,514.688	10

Description	2022-2023				
	Opening Units	Subscription	Redemption	Closing Units	Face Value per unit (Rupees)
Regular Plan - Growth Option	–	240,969,736.707	50,001.689	240,919,735.018	10
Regular Plan - IDCW Option	–	4,162,530.314	2,999,850.007	1,162,680.307	10
Direct Plan - Growth Option**	–	33,571,245.014	31,598.420	33,539,646.594	10
Direct Plan - IDCW Option	–	13,008.350	–	13,008.350	10

** Units held by the AMC (Seed Capital) in Direct Plan - Growth Option as on March 31, 2024 and as on March 31, 2023 is Nil.

Notes to Accounts – Annexure I (Contd...)**To the Abridged Balance Sheet and Revenue Account for the year ended March 31, 2024**

- 5 Previous year's/period figures have been re-grouped/re-arranged where necessary.
- 6 There are no contingent liabilities and other commitments as on March 31, 2024 and March 31, 2023. Contingent asset is neither recognized nor disclosed in the financial statements.
- 7 Expenses other than Management Fees are Inclusive of GST where applicable.
- 8 Other Income Rs. 0.64 lakhs represents exit load Income (2023: Nil).

9 Investor Education Awareness

As mandated by SEBI vide circular no. CIR/IMD/DF/21/2012 dated September 13, 2012 an annual charge of 0.02 percent of daily net assets, being a part of total recurring expenses is set aside for Investor Education and Awareness (IEA). In view of the AMFI Best Practices Guidelines Circular No. 56/2015-16, the IEF (Investor Education Fund) accrual is set aside in a separate bank account and the consolidated balance across all schemes as on March 31, 2024.

Pursuant to SEBI circular dated May 23, 2022, w.e.f. July 01, 2022, the limit of 0.02% p.a. has been reduced to 0.01% p.a. in case of ETFs/Index Funds. Furthermore, Fund of Funds (FoFs) investing more than 80% of its NAV in the underlying domestic funds have discontinued setting aside 0.02% p.a. of daily net assets towards IEA.

The break-up of which is as under:

	March 31, 2024	March 31, 2023
Particulars	Amount (Rs. In Lakhs)	Amount (Rs. In Lakhs)
Opening Balance as on April 01, 2023	997.09	460.22
Add: Accrual during FY 2023-24	1,962.01	1,432.00
Less: Transferred to AMFI *	889.11	646.75
Less: Payable to AMFI (March 2024 accrual) *	91.90	69.25
Add: Investment Income FY 2023-24	77.08	166.42
Less: Spent during FY 2023-24	1,877.44	345.55
Closing Balance as on March 31, 2024	177.73	997.09

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

The IEA disclosure's are presented for surviving schemes only.

- 10 Pursuant to SEBI Circular No. SEBI/HO/IMD/DF3/CIR/P/2020/194 dated October 05, 2020, the nomenclature of 'Dividend Option' under all the schemes of HSBC Mutual Fund has been revised to 'Income Distribution cum Capital Withdrawal Option' (IDCW), with effect from April 01, 2021.
- 11 Securities, excluding debt securities, where the non-traded investments which have been valued "in good faith" exceed 5% of the net assets at the end of the year is NIL.
- 12 Debt securities which have been valued at a price other than the price given by the independent valuation agencies at the end of the year is NIL.

13 Disclosure of Risk-O-meter

Scheme Name	Risk-o-meter level at end of the financial year i.e. March 31, 2024	Risk-o-meter level as on March 31, 2023	Number of changes in Risk-o-meter during the financial year (March 2023 to March 2024)
HSBC CRISIL IBX Gilt June 2027 Index Fund	Moderate	Low to Moderate	1

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

To the Abridged Balance Sheet and Revenue Account for the year ended March 31, 2024

- 14 Pursuant to the SEBI circular no. SEBI/HO/IMD/IMD-II DOF3/P/CIR/2021/573 dated June 07, 2021, The details of Potential Risk Class matrix of schemes are given in below:

Credit Risk →	Relatively Low (Class A)	Moderate (Class B)	Relatively High (Class C)
Interest Rate Risk ↓			
Relatively Low (Class I)			
Moderate (Class II)			
Relatively High (Class III)	AIII		
A Scheme with Relatively High interest rate risk and Low credit risk.			

- 15 Subsequent to receipt of SEBI's no objection to acquisition of 100% equity shares of L&T Investment Management Limited ("LTIM", Investment Manager of L&T Mutual Fund) and the amendments proposed to the trust deed of the HSBC Mutual Fund as required under the SEBI (Mutual Funds) Regulations, 1996, the schemes of L&T Mutual Fund (LTMF) were transferred to/ merged with the schemes of HSBC Mutual Fund on and from the close of business hours of November 25, 2022, and the HSBC AMC and HSBC Trustees assumed the responsibilities of the schemes of LTMF w.e.f. close of business hours of November 25, 2022.
- 16 During the year, HSBC Securities and Capital Markets (India) Private Limited ("HSCI"), Sponsors of HSBC Mutual Fund established a private limited company with limited liability to act as the "Trustee" of HSBC Mutual Fund. HSBC Trustees (India) Private Limited ("HTIP") was incorporated on 9 January 2024. Accordingly, HTIP has replaced the Board of Trustees of HSBC Mutual Fund w.e.f. 1 March 2024, and the Company through its Board of Directors has been discharging its obligations as the "Trustees" of the Fund from this date.
- 17 The Annual Accounts of the Schemes, prepared in accordance with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the "Act") read with the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time and clause 17.14 of SEBI Master Circular for Mutual Funds dated June 27, 2024, has been approved by the Board of Directors of HSBC Asset Management (India) Private Limited and HSBC Trustees (India) Private Limited at their meetings held on July 8, 2024 and July 19, 2024 respectively. The audit report attached herewith refers to the said Annual Accounts. The aforesaid abridged accounts are an extract of the Annual Accounts and are prepared in accordance with clause 5.4 and format no. 3.B under the section of formats of SEBI Master Circular for Mutual Funds dated June 27, 2024 and other relevant circulars issued by the Securities and Exchange Board of India from time to time.

Voting Policy and Procedures

In view of para 6.16 of SEBI Master Circular on Mutual Funds dated June 27, 2024 related to “Role of Mutual Funds in Corporate Governance of Public Listed Companies”, HSBC AMC has formulated its “Policy for Proxy Voting in Public Listed Companies”. The said policy is available on our website and the details of actual exercise of proxy votes, the summary of votes casted and the auditor’s certificate is forming part of our full Annual Report for the Financial Year 2023 – 24 which has been uploaded on our website at <http://www.assetmanagement.hsbc.co.in>

Statutory Details & Disclaimers

All the returns have been sourced from Mutual Funds India Explorer software. The performance of the schemes and the benchmark is calculated on a total return basis. This document has been prepared by HSBC Asset Management (India) Private Limited (HSBC) for information purposes only with an intent to provide market overview and should not be construed as an offer or solicitation of an offer for purchase of any of the funds of HSBC Mutual Fund. All information contained in this document (including that sourced from third parties), is obtained from sources, which HSBC/third party, believes to be reliable but which it has not been independently verified by HSBC/the third party. Further, HSBC/the third party makes no guarantee, representation or warranty and accepts no responsibility or liability as to the accuracy or completeness of such information. The information and opinions contained within the document are based upon publicly available information and rates of taxation applicable at the time of publication, which are subject to change from time to time.

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

For disclosure of quarterly AUM/AAUM and AUM by geography, please visit our website at www.assetmanagement.hsbc.co.in. Investors are requested to note that as per SEBI (Mutual Funds) Regulations, 1996 and guidelines issued thereunder, HSBC AMC, its employees and/ or empaneled distributors/agents are forbidden from guaranteeing/promising/assuring/predicting any returns or future performances of the schemes of HSBC Mutual Fund. Hence, please do not rely upon any such statements/commitments. If you come across any such practices, please register a complaint via email at investor.line@mutualfunds.hsbc.co.in

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

Important Updates

Name and Date of Birth as per PAN card - Effective from June 1, 2024

As per recent regulatory requirement and changes advised by Income Tax Department in PAN validation process, now it is mandated to quote your Name(s) and DOB as per PAN card. To avoid any failure in such validations, we request investors to quote the Name(s) and DOB's of all the holders including Guardian, Power of Attorney (POA) holders as per PAN card.

Useful Links for self service options

- **Use our 24 x 7 Chatbot - "ASKME" for any queries or service request:**
visit: <https://invest.assetmanagement.hsbc.co.in>

SMS your request to HSBC Mutual Fund

- **Latest NAV** : Send SMS as HSBCMF NAV <Scheme Code> to 56767
Example: HSBCMF NAV F03
- **Valuation Service on registered mobile No.** : Send SMS as HSBCMF VAL <folio_number> to 56767
Example: HSBCMF VAL 123456
- **Annual Report** :
For Electronic Copy: Send SMS as HSBCMFARE <folio_number> to 567678080
Example: HSBCMF ARE 123456
For Physical Copy: Send SMS as HSBCMFARP <folio_number> to 567678080
Example: HSBCMF ARP 123456
- **Half Yearly Portfolio** :
For Electronic Copy: Send SMS as HSBCMFHPE <folio_number> to 567678080
Example: HSBCMF HPE 123456
For Physical Copy: Send SMS as HSBCMFHPP <folio_number> to 567678080
Example: HSBCMF HPP 123456

Missed Call Service

- You can give a missed call to 9212900020 to get the total valuation via SMS and a statement on your registered email ID

Book-Post

If undelivered please return to:

Computer Age Management Services Private Limited (CAMS)

Unit: HSBC Mutual Fund

New No. 10, M.G.R Salai, Nungambakkam, Chennai - 600034.

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

HSBC Asset Management (India) Private Limited

CIN NO: U74140MH2001PTC134220

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

Website : www.assetmanagement.hsbc.co.in

Description	Toll Free Number	Email ID
Investor related queries	1800-4190-200/1800-200-2434	investor.line@mutualfunds.hsbc.co.in
Online related queries	1800-4190-200/1800-200-2434	onlinemf@mutualfunds.hsbc.co.in
Investor (Dialing from abroad)	+91 44 39923900	investor.line@mutualfunds.hsbc.co.in

To get your updated account statement email us at : ["mfsoa@mutualfunds.hsbc.co.in"](mailto:mfsoa@mutualfunds.hsbc.co.in)

We're always here to help you, so feel free to reach out to us

Self-service request at your Fingertips

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Remember, you can also find out more via our social media handles !     

Please check our website www.assetmanagement.hsbc.co.in for an updated list of Official Points of Acceptance of HSBC Mutual Fund.

CAMS SERVICE CENTRES/CAMS LIMITED TRANSACTION POINTS/CAMS COLLECTION CENTRES

For details on CAMS Service Centres, please visit www.camsonline.com



HSBC CRISIL IBX Gilt June 2027 Index Fund

An open-ended Target Maturity Index Fund tracking CRISIL-IBX Gilt Index - June 2027. Relatively high interest rate risk and relatively low credit risk.

Abridged Annual Report 2023 - 2024



SPONSOR

HSBC Securities and Capital Markets (India) Private Limited

CIN – U67120MH1994PTC081575

Regd. Office: 52/60, Mahatma Gandhi Road, Fort, Mumbai 400001.

TRUSTEE COMPANY

HSBC Trustees (India) Private Limited

CIN – U66190MH2024PTC416973

Regd. Office: 52/60, Mahatma Gandhi Road, Fort, Mumbai 400001.

ASSET MANAGEMENT COMPANY

HSBC Asset Management (India) Private Limited

CIN – U74140MH2001PTC134220

Regd. Office: 9-11 Floors, NESCO IT Park, Building No. 3,
Western Express Highway, Goregaon (East), Mumbai 400063.

CUSTODIAN

Citibank N.A.

First International Financial Center (FIFC), 9th Floor,
C-54 & 55, G – Block, Bandra Kurla Complex, Bandra (East), Mumbai 400051.

AUDITORS TO THE SCHEME

MSKA & Associates

Chartered Accountants

602, Floor 6, Raheja Titanium, Western Express Highway,
Geetanjali Railway Colony, Ram Nagar, Goregaon (East), Mumbai 400063.

REGISTRAR & TRANSFER AGENTS

Computer Age Management Services Limited (CAMS)

Unit: HSBC Mutual Fund

New No. 10, M.G.R Salai, Nungambakkam, Chennai 600034.

BOARD OF TRUSTEES

Ms. Jasmine Batliwalla	– Chairperson
Mr. Nani Javeri	– Trustee
Mr. David Rasquinha	– Trustee
Mr. Nicolas Moreau	– Trustee

BOARD OF DIRECTORS

Dr. Indu Shahani	– Director
Mr. Kapil Seth	– Director
Ms. Roopa Varma	– Director
Mr. Kailash Kulkarni	– Director & Chief Executive Officer

Dear Investor,

As we reflect on the past year, I am filled with pride and optimism about the future of our company and overall growth of the mutual fund industry. The past year has marked significant milestones in our journey, particularly as we capitalise on the immense potential of India's burgeoning growth story.

Fiscal 2024 turned out to be one of the best years for the domestic mutual fund industry as assets under management (AUM) spurted by nearly Rs. 14 lakh crore to a record Rs. 53.40 lakh crore as of March 2024 compared with Rs. 39.42 lakh crore as of March 2023.

The mutual fund industry is experiencing immense growth and we are poised to take advantage of this upward trajectory. Our company is an integral part of this growth story, riding the wave with several strategic initiatives and accomplishments that have set us on a path of sustained success.



Major achievements post integration

- Post integration we have enhanced our digital offering for both B2B and B2C to provide improved customer journeys.
- HSBC AM India's AUM increased from USD 1.4 bn (before integration) to USD 13.7 bn as of April 2024.
- HSBC Asset Management India has now become the 14th largest asset manager in India in terms of AUM.
- HSBC AM India has launched 4 new products since integration (raising \$445M).
- We have expanded HSBC AM India's product offerings to 43 funds.

Key Achievements in FY2023-2024

Investment Performance: Our disciplined investment strategy and thorough research have been pivotal to our success. We have focused on high-quality, undervalued assets, achieving consistent returns across our portfolio.

Product Innovation: This year, we launched two new funds - HSBC Multi Asset Allocation Fund and HSBC Consumption Fund, tailored to meet the evolving needs of our investors. These new offerings have been well-received, contributing to our growth in AUM significantly.

Increased Media Presence: In FY24, we significantly boosted our media presence, ensuring that our brand and thought leadership are recognized across various platforms. Through strategic media engagements like Informed Investing with ET Now, talks shows and several authored articles plus interviews - we have amplified our message, reaching a broader audience and reinforcing our market position.

Successful Campaign Launch: We successfully launched SIP Hai #FaydeWaliAadat, an investor education campaign, that highlighted the transformative power of SIPs in achieving long-term financial

goals. A first of its kind campaign, it aimed at educating and empowering the millennial investors in India. The campaign garnered significant attention and positive feedback, strengthening our brand presence and engaging a wider audience. Notably, the campaign has also earned us prestigious awards and accolades highlighting our commitment to excellence and innovation.

Client Relationships: We have strengthened our client relationships through enhanced communication, transparency, and personalized service. Our client satisfaction scores have reached new heights, reflecting our commitment to exceptional service.

We believe that the India story has just begun and its economic landscape is poised for significant growth. An exposure to unique and future relevant themes can provide a much-needed inflation buffer. The importance of asset allocation continues to be critical. It is critical for all of us to review our risk appetite and goal proximity and construct a portfolio appropriately.

Besides construction, portfolio rebalancing is equally important in order to achieve optimal outcomes. I do hope you share my enthusiasm and I ask that you continue to invest whilst reviewing your asset allocation at all times.

I would like to express my sincere gratitude to our dedicated team, whose expertise and commitment are the backbone of our success. To our investors, thank you for your trust and continued support. Your confidence in our approach motivates us to strive for excellence in everything we do. Also, I want to express my deepest gratitude to our valuable partners for their unwavering support and keep our services running. Look forward to achieving even grater milestones together.

As we move forward, we remain committed to delivering superior investment performance, fostering strong client relationships, and driving sustainable growth. Together, we are well-positioned to navigate the future and achieve our goals.

Warm regards,

A handwritten signature in black ink, appearing to read 'Kailash Kulkarni', written over a horizontal line.

Kailash Kulkarni

Chief Executive Officer

HSBC Asset Management India

Trustees' Report

For the year ended March 31, 2024

The Board of Directors of HSBC Trustees (India) Private Limited, Trustees of HSBC Mutual Fund present the Twenty Second Annual Report and the audited abridged financial statements of the schemes of the HSBC Mutual Fund ("the Fund") for the year ended March 31, 2024.

With the acquisition of L&T Mutual Fund in the previous financial year, the Fund's Assets Under Management ('AUM') (excluding Domestic FOFs) as on March 31, 2024 was INR 109368.16 crores (audited). The Fund ranks in the top 15 Mutual Fund houses in India in terms of AUM.

As at March 31, 2024, the Fund offered 43 schemes across asset classes to meet the varying investment needs of the investors. During the year, the Fund launched two new products namely HSBC Consumption Fund and HSBC Multi Asset Allocation Fund in Equity and Hybrid categories.

The Fund continues its focus on delivering consistent long-term returns. The comments on the performance of the scheme(s) are provided hereinafter. Dividends were declared under various schemes as per the provisions contained in the respective Scheme Information Documents after considering the distributable surplus available under the respective plans of the schemes. Details of dividends declared can be viewed on our website at www.assetmanagement.hsbc.co.in.

During the year, HSBC Securities and Capital Markets (India) Private Limited ("HSCI"), Sponsors of the Fund established a private limited company with limited liability to act as the "Trustees" of the Fund. HSBC Trustees (India) Private Limited ("HTIP") was incorporated on 9 January 2024. Accordingly, HTIP has replaced the Board of Trustees of HSBC Mutual Fund w.e.f. 1 March 2024, and the Company through its Board of Directors has been discharging its obligations as the "Trustees" of the Fund from this date.

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

a. Operations and Performance of the Scheme

➤ Debt Scheme

HSBC CRISIL IBX Gilt June 2027 Index Fund ('HCIGIF')

(Index Fund - An open-ended Target Maturity Index Fund tracking CRISIL-IBX Gilt Index - June 2027. Relatively high interest rate risk and relatively low credit risk.)

The investment objective of the Scheme is to provide returns corresponding to the total returns of the securities as represented by the CRISIL-IBX Gilt Index - June 2027 before expenses, subject to tracking errors. However, there is no assurance that the investment objective of the Scheme will be achieved.

The net assets of HCIGIF amounted to INR 229.94 crores as at March 31, 2024 as against INR 243.27 crores as at March 31, 2023. Around 98.54% of the net assets were invested in debt, 1.65% of the net assets were invested in reverse repos/TREPS and (0.19%) in net current assets as at March 31, 2024.

HSBC CRISIL IBX Gilt June 2027 Index Fund (HCIGIF - Target Maturity Index Fund) replicates CRISIL-IBX Gilt Index - June 2027. HCIGIF aims to track the index performance and offer liquidity and invests in sovereign G-Sec papers, as per the index. HCIGIF focuses on 3 year point of the yield curve which offers adequate carry and a roll down strategy to take benefits of better yields. The fund manager believes that the attractive yield for 3 year and the roll down strategy could lead to lower volatility over medium term holding period versus longer duration bonds. HCIGIF offers relatively low credit risk by investments in G-Sec and the mandate is to invest in line with the index construction.

HCIGIF has underperformed its benchmark on the 1-year horizon as the fund was overweight on a specific security to maintain liquidity and that security marginally underperformed.

Trustees’ Report
For the year ended March 31, 2024 (Contd...)

HSBC CRISIL IBX Gilt June 2027 Index Fund					Date of Inception : 23 March, 2023			
Fund / Benchmark (Value of ₹ 10,000 invested)	1 Year		3 Years		5 Years		Since Inception	
	Amount (₹)	Returns (%)	Amount (₹)	Returns (%)	Amount (₹)	Returns (%)	Amount (₹)	Returns (%)
HSBC CRISIL IBX Gilt June 2027 Index Fund	10717	7.15	NA	NA	NA	NA	10753	7.34
Scheme Benchmark (CRISIL-IBX Gilt Index - June 2027)	10765	7.63	NA	NA	NA	NA	10791	7.71
Additional Benchmark (CRISIL 10 year Gilt Index)	10854	8.52	NA	NA	NA	NA	10892	8.69

Past performance may or may not be sustained in future. The returns for the respective periods are provided as on March 31, 2024 for Growth Option of Regular Plan. Returns on ₹ 10,000 are point-to-point returns for the specific time period, invested at the start of the period. Returns for 1 year and above are Compounded Annualized. Different plans shall have a different expense structure. Performance of the respective benchmark is calculated as per the Total Return Index (TRI).

Please Note: NA means not available.

Risk-o-meter as of 31st March, 2024:

Scheme Name	Scheme Risk-o-meter	Benchmark Risk-o-meter
HSBC CRISIL IBX Gilt June 2027 Index Fund	 Investors understand that their principal will be at Low to Moderate risk	Benchmark Index: CRISIL-IBX Gilt Index - June 2027 

Please note that the above risk-o-meter is as per the product labelling of the Scheme basis Scheme's monthly portfolio as on March 31, 2024.

Potential Risk Class (PRC) Matrix for Debt Schemes of HSBC Mutual Fund

HSBC CRISIL IBX Gilt June 2027 Index Fund			
Credit Risk →	Relatively Low (Class A)	Moderate (Class B)	Relatively High (Class C)
Interest Rate Risk ↓			
Relatively Low (Class I)			
Moderate (Class II)			
Relatively High (Class III)	AIII		
A Scheme with Relatively High interest rate risk and Low credit risk.			

Potential Risk Class 'PRC' matrix indicates the maximum interest rate risk (measured by Macaulay Duration of the scheme) and maximum credit risk (measured by Credit Risk Value of the scheme) the fund manager can take in the scheme. PRC matrix classification is done in accordance with and subject to the methodology/guidelines prescribed by SEBI to help investors take informed decision based on the maximum interest rate risk and maximum credit risk the fund manager can take in the scheme, as depicted in the PRC matrix.

Trustees' Report

For the year ended March 31, 2024 (Contd...)

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

➤ EQUITY OUTLOOK

Recap of FY 2023-24:

FY24 was a stellar year for the Indian equity markets with strong economic momentum, healthy earnings growth and strong inflows from domestic and foreign institutional investors and strong retail participation driving a broad-based bull market. The Nifty and Sensex were up a solid 30.1%/26.5% respectively during the year, while the BSE Midcap and BSE Smallcap indices gained an astounding 65.2% and 61.4% respectively.

While geo-political conflicts continued in FY24, their impact on crude and global supply chains moderated. Crude prices largely remained range bound during the year. Inflation barring a brief spike largely remained well contained, the economy gained further steam with GDP growth crossing 8% in H1FY24 supported by government thrust on infrastructure. This translated into strong growth for several core sector industries including steel and cement. The growth in the real estate sector has been strong with inventory continuing to decline in metro markets. However, lagged impact of price increases continued to impinge on consumer demand growth which remained subdued for most mass market categories.

Domestic cyclicals were the best performing sectors during the year led by Real Estate, Capital Goods, Autos. Power was also among the best performing sectors. Global cyclicals like Metals and Oil & Gas also strongly outperformed the Nifty. FMCG and Banking while delivering healthy positive returns underperformed the Nifty, while IT performance was closer to Nifty.

MSCI India index outperformed most of key global indices during the past fiscal. MSCI India index (USD) gained 35.5% as compared to 23.1% gain for MSCI World, 27.9% for US S&P 500, 11.0% for MSCI Europe and only 5.3% for MSCI Emerging Markets as MSCI China declined 19.0% over the period.

Strong performance of the market and subsiding global macro headwinds drove a sharp turnaround in foreign investment flows. FII net inflow was at USD 25.3bn in FY24 versus an outflow of USD 6.0bn / 17.1bn in FY23/ FY22. DIIs, on the other hand, matched FII inflow with an inflow of USD 25.3bn although it was lower than the net inflows at USD 30.8bn in FY23. Within DIIs, the MF segment was the key contributor (USD 24.3 bn of net inflows up from USD 21.8bn in FY23) while domestic Insurers were also in the net inflow territory (USD 1.0bn of net inflows vs USD 9.0bn in FY23).

Source: Motilal Oswal

Indices Returns (April 01, 2023 to March 31, 2024)	1 Year [^]
S&P BSE Sensex TR	26.5%
NSE CNX Nifty TR	30.1%
S&P BSE 100 TR	34.2%
S&P BSE 200 TR	38.5%
S&P BSE 500 TR	40.2%
S&P BSE Midcap TR	65.2%
S&P BSE Small-cap TR	61.4%

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

Way forward:

The global macro environment remains challenging with heightened geo-political and economic uncertainties. US bond yields remain high putting pressure on interest rates and currencies globally. For India, growth has continued to remain strong with GDP growth of 8.4% in Q3FY24 driven by strong government spending on infrastructure and pickup in manufacturing and construction. The 2024 interim budget has re-affirmed government focus on infrastructure. At the same time reduction in fiscal deficit should also help in easing

Trustees' Report

For the year ended March 31, 2024 (Contd...)

of domestic interest rates. However, after last year's patchy monsoon, a good monsoon will be an important factor for rural demand and overall consumption growth in the economy in FY25.

India starts FY25 on a strong footing with positive growth momentum and India's investment cycle is expected to be on a medium-term uptrend supported by rising government investment in infrastructure and recovery in real estate cycle. There is also an expectation of higher private investments in renewable energy and related supply chain, localization of higher-end technology components, and India becoming a more meaningful part of global supply chains. Finally, it is expected for consumption to improve as the impact of high inflation fades and real incomes start to grow again.

However, several of these positives are getting discounted by the high valuations currently prevailing in the equity market. While the fund managers remain constructive on Indian equities supported by the more robust medium-term growth outlook there is a caution against high return expectations. Nifty continues to trade on 20.6x consensus 1 year forward PE (as of 30 April). On a 10-year basis, Nifty is still trading 10% above its historic average valuation but is in-line with its 5-year average. Valuations of the midcap and small cap indices are even higher versus their historical average.

➤ DEBT OUTLOOK

Market drivers during the course of the year FY 2024

The year started with advanced economies continuing to grapple with higher inflation and policy tightening remained a common theme across economies. During FY2024, the Federal Open Market Committee (FOMC) raised policy rates by 50 bps while European Central Bank (ECB) and Bank of England (BOE) raised policy rates by 100 bps each. The cumulative rate hikes by various advanced economies in this cycle are as follows: Fed (525 bps), BOE (515 bps) and ECB (450 bps). Meanwhile cumulative rate hikes by the Monetary Policy Committee (MPC) in this cycle was 250 bps. On account of higher Government debt burden, Fitch downgraded US sovereign rating from AAA to AA+. US Treasury yields remained volatile during the year, with the 10-year benchmark rising higher by 73 bps during the year. Crude prices also moved higher by USD 7-8/bbl.

On the domestic front, Consumer price Index (CPI) inflation remained broadly in the upper end of the MPC's targeted band of 4% +/- 2% for most the financial year, however, inflation printed above 6% on two occasions due to high food inflation. Headline inflation remained susceptible to high food inflation with markets now expecting some relief of food prices on the back of normal monsoon. Core inflation eased through the year falling to below 4% in the last quarter.

Domestically, one of the biggest events during the year was the much-awaited index inclusion of Indian Government Bonds (IGBs) into the GBI-EM Global index suite and its relevant benchmarks. India is expected to reach the maximum weight of 10% in the GBI-EM Global Diversified Index (GBI-EM GD), with the inclusion staggered over a 10-month period starting June 2024. Following this, Bloomberg also included IGBs in their Bloomberg EM Local Currency Index, with India expected to reach a maximum weight of 10% over a 10-month period starting Jan 2025. Both these inclusions are expected to bring in INR 25-30 bn of index related FPI inflows over the next 1-2 years and paving the way for inclusion into other global bond indices as well. During FY2024, FPIs poured in close USD 12 bn into IGBs, with majority of the inflows coming in post the JP Morgan index inclusion announcement.

Government continued its path of fiscal consolidation, with the revised estimate of the Fiscal deficit for FY2024 coming in at 5.6%, with expectations for FY2025 at 5.1% and target of below 4.5% by FY2026. PMI numbers continue to remain in expansion, GST revenues remain buoyant and credit off-take upbeat.

The external sector has remained strong due to healthy service exports and remittances. Current Account Deficit (CAD) is expected to be around 1% for the year. Rupee remained one of the more stable currencies during the year, with active intervention from RBI smoothening any volatility. RBI continued to build on the FX reserves with year-end number around USD 650 bn.

Money market rates moved higher during the year due to tightening in liquidity along with higher Certificate of Deposit (CD) issuances. G-Sec yields, however, moved lower due to favorable demand supply and lower G-Sec borrowing. 10-year G-Sec moved lower during the year by 25 bps, while 5 yr G-Sec moved lower by 13 bps.

Trustees' Report

For the year ended March 31, 2024 (Contd...)

Market Outlook

While US markets have braced for "higher for longer" rates, we have seen in the past, that reactions to favorable data in such an environment can be sharp. Any softness in growth, employment or inflation data over the next few months will allow the markets to quickly start pricing in aggressive future policy easing. In our view, the RBI is also likely to gradually shift the liquidity deficit into surplus over the course of the next 3-6 months, flipping overnight rates from the top to the bottom of the rate corridor. The yield curve is likely to steepen as liquidity eases. This along with a potential 50 bps of policy easing in first half of CY2025 may push overnight rates lower by 75-100 bps.

While any form of additional spending by the new Government to address concerns of rural sections of the country and the possibility of additional spending to fund such policies will remain a key monitorable, it is believed the Government is likely to remain cognizant of the possible impact of such policies and take measured steps. With the dust settling down on the election outcome, the broad macroeconomic factors should continue to remain stable and could support softening in domestic yields going forward.

The Fund Managers continue to have a positive outlook for interest rates, based on various favorable factors: (a) Record RBI dividend to the Government, (b) reduced Fiscal deficit number of 5.6%, (c) favorable G-Sec supply demand dynamics, (d) FPI index related inflows, (e) revised outlook in India by S&P, (f) soft core inflation along with expectations of a better than normal monsoon, and finally (g) soft signals by Government and RBI on liquidity.

Source: RBI, Bloomberg, Internal HSBC Research & CCIL

2. BRIEF BACKGROUND OF THE SPONSORS, THE FUND, THE TRUSTEES AND THE ASSET MANAGEMENT COMPANY

A. Sponsor

HSBC Mutual Fund is sponsored by HSBC Securities and Capital Markets (India) Private Limited (HSCI). The Sponsor is the Settler of the Mutual Fund Trust. The Sponsor has entrusted a sum of Rs. 1,00,000/- (Rupees One Lakh only) to the Trustee as the initial contribution towards the corpus of the Mutual Fund.

HSCI offers integrated investment banking services, securities and corporate finance & advisory. HSCI is a member of the Bombay Stock Exchange Limited and National Stock Exchange (capital and derivative market segments). HSCI holds 100% of the paid-up equity share capital of HSBC Asset Management (India) Private Limited.

B. HSBC Mutual Fund

HSBC Mutual Fund ("the Mutual Fund" or "the Fund") has been constituted as a Trust in accordance with the provisions of the Indian Trusts Act, 1882 (2 of 1882) vide a Trust Deed dated February 7, 2002 (as amended) with HSBC Securities and Capital Markets (India) Private Limited, as the Sponsor and HSBC Trustees (India) Private Limited. The Trustee has entered into an Investment Management Agreement dated February 7, 2002 (as amended) with HSBC Asset Management (India) Private Limited (AMC) to function as the Investment Manager for all the schemes of the Fund. The Fund was registered with SEBI vide registration number MF/046/02/5 dated May 27, 2002.

The Trust has been formed for the purpose of pooling of capital from the public for collective investment in securities for the purpose of providing facilities for participation by persons as beneficiaries in such investments and in the profits/income arising therefrom.

C. HSBC Trustees (India) Private Limited (the Trustees)

The Trustees are the exclusive owner of the Trust Fund and holds the same in trust for the benefit of the unitholders. The Trustees have been discharging their duties and carrying out the responsibilities as provided in the SEBI (Mutual Funds) Regulations, 1996 and the Trust Deed. The Trustees seek to ensure that the Fund and the schemes floated there under are managed by the AMC in accordance with the Trust Deed, the said Regulations, directions and guidelines issued by the SEBI, the Stock Exchanges, the Association of Mutual Funds in India and other regulatory agencies.

Trustees' Report

For the year ended March 31, 2024 (Contd...)

During the year, HSBC Securities and Capital Markets (India) Private Limited ("HSCI"), Sponsors of HSBC Mutual Fund) established a private limited company with limited liability to act as the "Trustee" of HSBC Mutual Fund. HSBC Trustees (India) Private Limited ("HTIP") was incorporated on 9 January 2024. Accordingly, HTIP has replaced the Board of Trustees of HSBC Mutual Fund w.e.f. 1 March 2024, and the Company through its Board of Directors has been discharging its obligations as the "Trustees" of the Fund from this date.

As of March 31, 2024, HSCI holds 100% of the paid-up equity share capital of HTIP.

D. Asset Management Company (the AMC)

HSBC Asset Management (India) Private Limited (the Investment Manager or the AMC) is a private limited company incorporated under the Companies Act, 1956 on December 12, 2001 having its Registered Office at 9-11 Floors, NESCO IT Park, Building no. 3, Western Express Highway, Goregaon (East), Mumbai – 400 063. HSBC Asset Management (India) Private Limited has been appointed as the Asset Management Company of HSBC Mutual Fund by the Trustee vide Investment Management Agreement (IMA) dated February 7, 2002 (as amended) and executed between the Trustees and the AMC. SEBI approved the AMC to act as the Investment Manager of the Fund vide its letter No. MFD/BC/163/2002 dated May 27, 2002. The paid-up equity share capital of the AMC is Rs. 344.41 crores. The AMC is registered as a Portfolio Manager under the SEBI (Portfolio Managers) Regulations, 1993 vide registration no. INP000001322. The AMC also offers non-binding Advisory services to offshore funds under the mutual fund license.

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

3. INVESTMENT OBJECTIVE OF THE SCHEMES

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

4. SIGNIFICANT ACCOUNTING POLICIES

The Significant Accounting Policies form part of the Notes to the Accounts annexed to the Balance Sheet of the Schemes in the Full Annual Report. The accounting policies are in accordance with Securities Exchange Board of India (Mutual Funds) Regulations, 1996 and Indian Accounting Standards (IND AS) notified under section 133 of the Companies Act, 2013 (the "Act" read with the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time).

5. UNCLAIMED DIVIDENDS & REDEMPTIONS

Summary of number of investors & corresponding amount as on March 31, 2024:

Scheme Name	Unclaimed Dividend		Unclaimed Redemption	
	No. of Investors	Amount (₹)	No. of Investors	Amount (₹)
HSBC CRISIL IBX Gilt June 2027 Index Fund	–	–	–	–

6. INVESTOR SERVICES

The number of official points of acceptance of transactions are 210 locations. In addition to the offices of the Registrar & Transfer Agent, the AMC has its own office in 61 locations and Investor Service Centers in 39 locations. The AMC has 2 Toll Free numbers (1800-4190-200/1800-200-2434) which can be dialed from anywhere in India and 1 number i.e. +91 44 39923900 (Investors calling from abroad). The call center service is being managed by the Registrar and Transfer Agents. HSBC Mutual Fund offers the online transaction facility through the AMC's website at www.assetmanagement.hsbc.co.in.

On the distribution front, the number of empaneled distributors were 59046 as on March 31, 2024. During the year, the AMC initiated tie-ups for online distribution of the Mutual Fund's schemes with several channel partners taking the total number of such tie-ups to 160 as on March 31, 2024.

Trustees' Report

For the year ended March 31, 2024 (Contd...)

7. DETAILS OF INVESTOR GRIEVANCE REDRESSAL

The details of the redressal of investor complaints received against HSBC Mutual Fund during April 2023 - March 2024 are as follows:

2023-2024												
Com- plaint code	Type of Complaint	(a) No. of complaints pending at the begin- ning of the period	(b) No. of com- plaints received during the given period	Action on (a) and (b)								
				Resolved				Non Action- able*	Pending			
				Within 30 days	30-60 days	60-180 days	Beyond 180 days		0-3 months	3-6 months	6-9 months	9-12 months
I A	Non receipt of amount declared under Income Distribution cum Capital Withdrawal option	1	10	11	0	0	0	0	0	0	0	0
I B	Interest on delayed payment of amount declared under Income Distribution cum Capital Withdrawal option	0	1	1	0	0	0	0	0	0	0	0
I C	Non receipt of Redemption Proceeds	1	38	39	0	0	0	0	0	0	0	0
I D	Interest on delayed payment of Redemption	0	2	2	0	0	0	0	0	0	0	0
II A	Non receipt of Statement of Account/Unit Certificate	0	3	3	0	0	0	0	0	0	0	0
II B	Discrepancy in Statement of Account	1	22	23	0	0	0	0	0	0	0	0
II C	Data corrections in Investor details	1	250	249	0	0	0	0	2	0	0	0
II D	Non receipt of Annual Report/ Abridged Summary	0	0	0	0	0	0	0	0	0	0	0
III A	Wrong switch between Schemes	0	2	2	0	0	0	0	0	0	0	0
III B	Unauthorized switch between Schemes	0	1	1	0	0	0	0	0	0	0	0
III C	Deviation from Scheme attributes	0	1	1	0	0	0	0	0	0	0	0
III D	Wrong or excess charges/load	0	0	0	0	0	0	0	0	0	0	0
III E	Non updation of changes viz. address, PAN, bank details, nomination, etc	1	127	127	0	0	0	0	1	0	0	0
III F	Delay in allotment of Units	0	5	4	1	0	0	0	0	0	0	0
III G	Unauthorized Redemption	0	0	0	0	0	0	0	0	0	0	0
IV	Others**	1	78	76	0	0	0	0	3	0	0	0
	TOTAL	6	540	539	1	0	0	0	6	0	0	0

** As per AMFI Best Practice Guidelines Circular No.25/2011-12 for Revisions in the Guidelines on Standardization of Complaints/Grievances Reporting Procedure. If "Others" include a type of complaint which is more than 10% of overall complaints, then such a reason should be provided separately. Hence, data corrections in Investor Details are included as a separate category.

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

Summary of Complaints for FY 2023-24

Particulars	Count
Total complaints received	540
Total number of folios	21,39,406
% of complaints against the folio	0.025

Trustees' Report

For the year ended March 31, 2024 (Contd...)

8. INVESTOR EDUCATION INITIATIVES

During the FY 2023-24, the AMC conducted the following investor education and awareness initiatives:

- An integrated multi-media marketing campaign on SIP Hai 'FaydeWaliAadat' aimed to tap into the aspirations, financial goals, and unique spending habits of millennials.
- Editorial content on Systematic Investment Plans (SIP) created across 15 states through various regional television channels.
- Investor education content on the Platform - Quora.
- 'Be Money Confident' video series targeting women through Jio Platforms.
- Campaign on Women & Investing for Women's Day.
- Campaign for Marathon enthusiast on the similarities between running a Marathon & Investing.
- Financial literacy virtual event on the occasion of Mother's Day, which received more than 725 registered users.
- A mom blogger outreach program to reach Women Investors with financial education content on MF on the occasion of Mother's Day.
- Education campaign on ELSS executed for working audiences.
- Blogs and content for Investor Education properties like SIP Sahi Hai in Value Research, Gyan Guroovaar on Facebook, Investment Ki Paathshala on the website and investor education blogs on the platform - Advisor Khoj.
- 1,462 Investor Education programs to reach out to an audience of 71,465 people out of which 458 were women programs attended by 20,139 women.

9. PROXY VOTING POLICY

As per para 6.16 of SEBI Master Circular on Mutual Funds dated June 27, 2024, the Fund has adopted Proxy Voting Policy and Procedures for exercising voting rights in respect of securities held by the Schemes. (please refer Proxy Voting Policy and Procedures)

The summary of the votes casted in the general meetings of the Investee companies, by the AMC for and on behalf of the Schemes of the Fund, for the financial year 2023-24 is provided below:

Quarter	Total no. of resolutions	Break-up of Vote decision		
		For	Against	Abstained
April 2023 - June 2023	387	260	75	52
July 2023 - September 2023	2,169	1607	448	114
October 2023 - December 2023	197	138	37	22
January 2024 - March 2024	319	240	50	29
TOTAL	3,072	2,245	610	217

As per para 6.16.7 of SEBI Master Circular on Mutual Funds dated June 27, 2024, the AMC has obtained certificate from M/s. M. P. Chitale & Co., Chartered Accountants, who is acting as a Scrutinizer, on the voting report for the FY 2023-24. The certificate dated May 22, 2024 issued by M/s. M. P. Chitale & Co., is available on the website of the AMC as part of the full Annual Report.

Unitholders can refer to the full Annual Report for complete details of actual exercise of votes in the general meetings of the investee companies for the financial year 2023-24 or log on to our website at www.assetmanagement.hsbc.co.in.

Trustees' Report

For the year ended March 31, 2024 (Contd...)

10. STATUTORY DETAILS

- The Sponsors are not responsible or liable for any loss resulting from the operation of the Schemes of the Fund beyond initial contribution of Rs. 1 lakh for setting up the Fund.
- The price and redemption value of the units, and income from them, can go up as well as down with fluctuations in the market value of its underlying investments.
- Full Annual Report of HSBC Mutual Fund and of HSBC Asset Management (India) Private Limited (the AMC) shall be disclosed on the website at www.assetmanagement.hsbc.co.in and shall be available for inspection at the Head Office of the Mutual Fund. Present and prospective unitholders can obtain copy of the Trust Deed, the full Annual Report of the Scheme(s), the Annual Report of HSBC Asset Management (India) Private Limited and the text of the relevant Scheme(s) at a price.

11. CHANGES IN RISK-O-METER OF THE SCHEME DURING FY 2023-24

As per para 17.4. of SEBI Master Circular on Mutual Funds dated June 27, 2024 on product labelling, the changes carried out in the risk-o-meter of the schemes of HSBC Mutual Fund during FY 2023-24 have been given in the below mentioned table for the information of the unitholders, a report on the said changes has also been displayed on the website of the Fund and AMFI.

Scheme Name	Risk-o-meter level as on March 31, 2023	Risk-o-meter level as on March 31, 2024	Number of changes in Risk-o-meter during the F.Y. 2023-24)
HSBC CRISIL IBX Gilt June 2027 Index Fund	Moderate	Low to Moderate	1

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

As per para 6.16.15 of SEBI Master Circular on Mutual Funds dated June 27, 2024, HSBC Mutual Fund has adapted the policy on stewardship responsibilities, the unitholders are requested to note the status of governance with the same as mentioned below:

S. No.	Particulars of Principles of Stewardship Code	Status of compliance (Complied/ Not Complied)	Description	Remarks/ reasons for deviation/non-compliance, if any
1	Principle 1: Institutional Investors should formulate a comprehensive policy on the discharge of their stewardship responsibilities, publicly disclose it, review and update it periodically.	Complied	HSBC Asset Management (India) Private Limited's (AMIN) 'Policy on Stewardship responsibilities' (Stewardship Code/ Policy) was formulated and implemented on 01 July, 2020. This is a comprehensive document which has been publicly disclosed on the website of AMIN. The same shall follow a periodic review.	N.A.
2	Principle 2: Institutional investors should have a clear policy on how they manage conflicts of interest in fulfilling their stewardship responsibilities and publicly disclose it.	Complied	Defining and managing Conflict of Interest in fulfilling stewardship responsibilities are detailed in the Stewardship Policy document. The policy document is publicly disclosed.	N.A.

Trustees' Report

For the year ended March 31, 2024 (Contd...)

S. No.	Particulars of Principles of Stewardship Code	Status of compliance (Complied/ Not Complied)	Description	Remarks/ reasons for deviation/non-compliance, if any
3	Principle 3: Institutional investors should monitor their investee companies.	Complied	AMIN monitors all investee companies through its investment process. This includes assessment of companies' own and market data, consideration of research from brokers and other independent research providers – including ESG & voting research, attending individual & group meetings with company management and directors, visiting production sites (wherever necessary), engaging with key stakeholders including competitors and customers, and financial modelling. More details enumerated in the policy document	N.A.
4	Principle 4: Institutional investors should have a clear policy on intervention in their investee companies. Institutional investors should also have a clear policy for collaboration with other institutional investors where required, to preserve the interests of the ultimate investors, which should be disclosed.	Complied	Details of undertaking active engagement with investee companies and the policy for collaboration with other institutional holders are detailed in the policy document. The policy document is publicly disclosed.	N.A.
5	Principle 5: Institutional investors should have a clear policy on voting and disclosure of voting activity.	Complied	AMIN has a clear and detailed voting policy which provides the framework for the voting decisions. All voting decisions shall be in accordance with AMIN's Voting Policy and Procedures, which is disclosed on the website. AMIN discloses the details of the voting on its website on a quarterly basis within 10 working days from the end of the quarter. Additionally, AMIN also discloses the details of the votes cast, in the annual report of the schemes of HSBC Mutual Fund.	N.A.
6	Principle 6: Institutional investors should report periodically on their stewardship activities.	Complied	The annual status report of the stewardship code and quarterly report on proxy voting are publicly disclosed on the website as required under SEBI Regulations.	N.A.

Trustees' Report

For the year ended March 31, 2024 (Contd...)

13. DISCLOSURES PERTAINING TO NAV ADJUSTED DURING THE FINANCIAL YEAR FOR SWING FACTOR ALONG WITH THE PERFORMANCE IMPACT

Sr No.	Period of applicability of swing pricing	Scheme Name	Unswung NAV	Swing factor applied	Whether optional or mandatory
NIL					

14. SIGNIFICANT EVENT AFTER THE END OF THE FINANCIAL YEAR

NIL

15. ACKNOWLEDGEMENTS

The Trustees wish to thank the unitholders of the Schemes for their support throughout the year, and also thank the Government of India, the Securities and Exchange Board of India (SEBI), the Reserve Bank of India (RBI) and the Association of Mutual Funds in India (AMFI) for the guidance provided by them. The Trustees also appreciate the services provided by the Registrar and Transfer Agent, Fund Accountant, Custodian, Bankers, Distributors and Brokers. The guidance and services provided by the auditors and advocates and the ebullience, sincerity and dedication of the employees of HSBC Asset Management (India) Private Limited is also appreciated.

The Trustees look forward to the continued support of everyone.

For and on behalf of **HSBC Trustees (India) Private Ltd.**

Sd/-

Director

Mumbai

July 19, 2024

Independent Auditors' Report

To the Board of Directors of HSBC Trustees (India) Private Limited (the "Trustee")

HSBC CRISIL IBX GILT JUNE 2027 INDEX FUND

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **HSBC CRISIL IBX GILT JUNE 2027 INDEX FUND** (the "Scheme") of HSBC Mutual Fund (the "Fund"), which comprise the Balance Sheet as at March 31, 2024, the Revenue Account and the Cash Flow Statement for the year then ended, and notes to the financial statements, including a summary of material accounting policy and other explanatory information.

In our opinion, and to the best of our information and according to the explanations given to us, the aforesaid financial statements of the Scheme give a true and fair view in conformity with the Indian Accounting Standards ("Ind AS") prescribed under section 133 of the Companies Act, 2013 (the "Act") read with Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India, including the accounting policies and standards specified in the Regulation 50 and Ninth Schedule to the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 ("the SEBI Regulations") (collectively referred to as the "Regulations") as amended:

- in the case of the Balance Sheet, of the state of affairs of the Scheme as at March 31, 2024;
- in the case of the Revenue Account, of the net surplus for the year ended on that date; and
- in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing ("SAs") and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India (the "ICAI"). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Scheme in accordance with the Code of Ethics issued by the ICAI together with the ethical requirements that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Information Other than the Financial Statements and Auditor's Report Thereon

The Board of Directors of HSBC Asset Management (India) Private Limited (the "AMC") and the Board of Directors of HSBC Trustees (India) Private Limited (the "Trustees") (collectively referred to as "the Management") are responsible for the other information. The other information comprises the information included in the Trustees report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

The Management is responsible for the preparation of these financial statements that give a true and fair view of the state of affairs, results of operations and cash flows of the Scheme in accordance with the accounting principles generally accepted in India, including the accounting policies and standards specified in Regulations.

Independent Auditors' Report (Contd...)

This responsibility also includes maintenance of adequate accounting records in accordance with the SEBI Regulations for safeguarding of the assets of the Scheme and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Management is responsible for assessing the Scheme's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management, either intends to liquidate the Scheme or to cease operations, or has no realistic alternative but to do so.

Those Charged with Governance are also responsible for overseeing the Scheme's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Scheme's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Scheme to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide to those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Independent Auditors' Report (Contd...)

Report on Other Legal and Regulatory Requirements

1. As required by regulation 55(4) and clause 5(ii)(2) of the Eleventh Schedule of the SEBI Regulations, we report that:
 - a. we have sought and obtained all the information and explanations which, to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b. in our opinion, the Balance Sheet and the Revenue Account dealt with by this report have been prepared in accordance with the accounting policies and standards specified in the Regulations; and
 - c. the Balance Sheet, the Revenue Account and the Cash Flow Statement, dealt with by this report are in agreement with the books of accounts of the Scheme.
2. On the basis of information and explanations given to us, the scheme does not have any non-traded securities as at March 31, 2024 and hence reporting requirement of Eighth Schedule of the SEBI Regulations is not applicable.

For **M S K A & Associates**

Chartered Accountants

ICAI Firm Registration No. 105047W

Sd/-

Swapnil Kale

Partner

Membership No: 117812

UDIN: 24117812BKFRH6911

Place : Mumbai

Date : July 19, 2024

Abridged Balance Sheet as at March 31, 2024

Rs. in Lakhs

	As at March 31, 2024	As at March 31, 2023
LIABILITIES		
1 Unit Capital	21,375.03	27,563.51
2 Reserves & Surplus		
2.1 Unit Premium Reserves	(6.61)	4.79
2.2 Unrealised Appreciation Reserve	52.69	21.90
2.3 Other Reserves	1,573.32	64.55
3 Loans & Borrowings	—	—
4 Current Liabilities & Provisions		
4.1 Provision for Doubtful Income/Deposits	—	—
4.2 Other Current Liabilities & Provisions	48.49	1,037.98
TOTAL	23,042.91	28,692.72
ASSETS		
1 Investments		
1.1 Listed Securities:		
1.1.1 Equity Shares	—	—
1.1.2 Preference Shares	—	—
1.1.3 Equity Linked Debentures	—	—
1.1.4 Other Debentures & Bonds	—	—
1.1.5 Securitised Debt Securities	—	—
1.2 Securities Awaited Listing:		
1.2.1 Equity Shares	—	—
1.2.2 Preference Shares	—	—
1.2.3 Equity Linked Debentures	—	—
1.2.4 Other Debentures & Bonds	—	—
1.2.5 Securitised Debt Securities	—	—
1.3 Unlisted Securities:		
1.3.1 Equity Shares	—	—
1.3.2 Preference Shares	—	—
1.3.3 Equity Linked Debentures	—	—
1.3.4 Other Debentures & Bonds	—	—
1.3.5 Securitised Debt Securities	—	—
1.4 Government Securities	22,219.75	23,178.33
1.5 Treasury Bills	—	—
1.6 Commercial Paper	—	—
1.7 Certificate of Deposits	—	—
1.8 PTC	—	—
1.9 Units of Domestic Mutual Fund	—	—
1.10 Foreign Securities	—	—
1.11 AIF Investment	—	—
Total Investments	22,219.75	23,178.33
2 Deposits	3.97	230.52
3 Other Current Assets		
3.1 Cash & Bank Balance	0.93	957.23
3.2 CBLO/TREPS/Reverse Repo Lending	378.30	3,863.10
3.3 Others	439.96	463.55
4 Deferred Revenue Expenditure (to the extent not written off)	—	—
TOTAL	23,042.91	28,692.72

Notes to Accounts - Annexure I

Abridged Revenue Account for the year ended March 31, 2024

Rs. in Lakhs

	Current year ended March 31, 2024	Previous period ended March 31, 2023
1 INCOME		
1.1 Dividend	—	—
1.2 Interest	1,832.96	56.04
1.3 Realised Gain/(Loss) on Foreign Exchange Transactions	—	—
1.4 Realised Gains/(Losses) on Interscheme Sale of Investments	—	—
1.5 Realised Gains/(Losses) on External Sale/Redemption of Investments	6.49	(1.06)
1.6 Realised Gains/(Losses) on Derivative Transactions	—	—
1.7 Other Income	0.64	—
(A)	1,840.08	54.98
2 EXPENSES		
2.1 Management Fees	36.53	0.43
2.2 GST on Management Fees	6.58	0.08
2.3 Transfer Agents Fees and Expenses	5.90	0.14
2.4 Custodian Fees	0.02	—
2.5 Trusteeship Fees	0.11	—
2.6 Commission to Agents	52.32	1.18
2.7 Marketing & Distribution Expenses	0.00	0.00
2.8 Audit Fees	0.04	0.27
2.9 Investor Education Expenses	2.54	0.06
2.10 Interest on Borrowing	0.02	—
2.11 Brokerage & Transaction Costs	0.16	0.35
2.12 Other Operating Expenses	0.42	0.08
(B)	104.64	2.59
3 NET REALISED GAINS/(LOSSES) FOR THE YEAR (C = A - B)	1,735.44	52.40
4 Change in Unrealised Depreciation in Value of Investments	(D) —	—
5 NET GAINS/(LOSSES) FOR THE YEAR (E = C + D)	1,735.44	52.40
6 Change in Unrealised Appreciation in Value of Investments	(F) 30.79	21.90
7 NET SURPLUS/(DEFICIT) FOR THE YEAR (G = E + F)	1,766.23	74.30
7.1 Add : Balance Transfer from Unrealised Appreciation Reserve	—	—
7.2 Less : Balance Transfer to Unrealised Appreciation Reserve	30.79	21.90
7.3 Add/(Less) : Equalisation	(226.68)	12.15
7.4 Transfer from Reserve Fund	64.55	—
7.5 Transfer from Unit Premium Reserve	—	—
8 Total	1,573.32	64.55
9 Dividend Appropriation		
9.1 Income Distributed during the Year	—	—
9.2 Tax on Income Distributed during the Year	—	—
10 Retained Surplus/(Deficit) Carried Forward to Balance Sheet	1,573.32	64.55

Notes to Accounts - Annexure I

Key Statistics for the year ended March 31, 2024

	Current Year ended March 31, 2024	Previous period ended March 31, 2023
1. NAV per unit (Rs.):		
Open		
Regular Plan - Growth Option	10.0330	—
Regular Plan - IDCW Option	10.0331	—
Direct Plan - Growth Option	10.0337	—
Direct Plan - IDCW Option	10.0337	—
High		
Regular Plan - Growth Option	10.7528	10.0330
Regular Plan - IDCW Option	10.7529	10.0331
Direct Plan - Growth Option	10.7837	10.0337
Direct Plan - IDCW Option	10.7837	10.0337
Low		
Regular Plan - Growth Option	10.0367	10.0197
Regular Plan - IDCW Option	10.0368	10.0198
Direct Plan - Growth Option	10.0377	10.0202
Direct Plan - IDCW Option	10.0377	10.0202
End		
Regular Plan - Growth Option	10.7528	10.0330
Regular Plan - IDCW Option	10.7529	10.0331
Direct Plan - Growth Option	10.7837	10.0337
Direct Plan - IDCW Option	10.7837	10.0337
2. Closing Assets Under Management (Rs. in Lakhs)		
End	22,994	24,327
Average (AAuM) ¹	25,429	22,744
3. Gross income as % of AAuM ²	7.24%	0.24%
4. Expense Ratio:		
a. Total Expense as % of AAuM (Including GST on Management fees) (planwise)		
Regular Plan	0.45%	0.44%
Direct Plan	0.17%	0.16%
b. Management Fee as % of AAuM (planwise)		
Regular Plan	0.15%	0.08%
Direct Plan	0.11%	0.05%

Key Statistics For the year ended March 31, 2024 (Contd...)

	Current Year ended March 31, 2024	Previous period ended March 31, 2023
5. Net Income as a percentage of AAuM ³	6.82%	0.23%
6. Portfolio turnover ratio ⁴	NA	NA
7. Total IDCW per unit distributed during the year (planwise)		
Retail		
Regular Plan - IDCW Option	—	—
Direct Plan - IDCW Option	—	—
Corporate		
Regular Plan - IDCW Option	—	—
Direct Plan - IDCW Option	—	—
8. Returns (%):		
a. Last One Year		
Scheme		
Regular Plan - Growth Option	7.15%	NA [#]
Direct Plan - Growth Option	7.45%	NA [#]
Benchmark		
HSBC_Crisil IBX Gilt Index - June 2027	7.63%	NA [#]
b. Since Inception		
Scheme		
Regular Plan - Growth Option	7.34%	0.33% ^{##}
Direct Plan - Growth Option	7.64%	0.34% ^{##}
Benchmark		
HSBC_Crisil IBX Gilt Index - June 2027	7.71%	0.24% ^{##}

1. AAuM = Average daily net assets.

2. Gross income = amount against (A) in the Revenue Account i.e. Income.

3. Net income = amount against (C) in the Revenue Account i.e. Net Realised Gains/(Losses) for the year.

4. Portfolio Turnover = Lower of sales or purchase divided by the Average AuM for the year.

[#] Scheme launched during the financial year 2022-23.

^{##} Since Inception scheme & benchmark returns are simple annualised returns.

Notes to Accounts – Annexure I

To the Abridged Balance Sheet and Revenue Account for the year ended March 31, 2024

1 Investments:

- 1.1. It is confirmed that investments of the Schemes are registered in the name of the Trustees for the benefit of the Scheme's unitholders.
- 1.2. Open Positions of derivatives as on year ended March 31, 2024 and March 31, 2023 are NIL.
- 1.3. Investments in Associates and Group Companies as on March 31, 2024 and March 31, 2023 are Nil.
- 1.4. Open positions of Securities Borrowed and/or Lent by the scheme as on the year ended March 31, 2024 and March 31, 2023 are NIL.
- 1.5. Investment in Below investment grade and default/Securities in default as on March 31, 2024 and March 31, 2023 are NIL.
- 1.6. Aggregate Unrealised Gain/Loss as at the end of the Financial year and their percentages to net assets are as under:

Rs. In Lakhs

Company Name	Amount	Percentage to Net Assets	Amount	Percentage to Net Assets
	As at March 31, 2024		As at March 31, 2023	
Central and State Government Securities				
- Appreciation	60.12	0.26	21.90	0.09
- Depreciation	7.43	0.03	–	

- 1.7. The aggregate value of investments securities (excluding TREPS and Reverse Repos) purchased and sold (including matured) during the financial year 2023-24 (excluding accretion of discount) is Rs. 5,492.03 lakhs and Rs. 6,487.89 lakhs respectively being 21.60% and 25.51% of the average net assets.

The aggregate value of investments securities (excluding TREPS and Reverse Repos) purchased and sold (including matured) during the financial year 2022-23 (excluding accretion of discount) is Rs. 30,263.28 lakhs and Rs. 6,671.96 lakhs respectively being 5396.26% and 1189.68% of the average net assets.

- 1.8. Non-Traded securities in the portfolio of the scheme as on the year ended March 31, 2024 and March 31, 2023 are NIL.

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

During the year 2023-24, The Hongkong and Shanghai Banking Corporation Limited, an associate entity of HSBC Asset Management (India) Private Limited was paid collection/bank charges amounting to Rs. Nil.

During the year 2022-23, The Hongkong and Shanghai Banking Corporation Limited, an associate entity of HSBC Asset Management (India) Private Limited was paid collection/bank charges amounting to Rs. Nil.

Notes to Accounts – Annexure I (Contd...)**To the Abridged Balance Sheet and Revenue Account for the year ended March 31, 2024****Commission paid to Sponsor/AMC and its associates/related parties/group companies**

Name of Sponsor/AMC and its associates/related parties/group companies	Nature of Association / Nature of Relation	Period Covered	Business Given [Rs. In lakhs]	% of Total Business received by the Fund	Commission paid [Rs. In Lakhs]	% of Total commission paid by the Fund
The Hongkong and Shanghai Banking Corporation Limited	Group Company	2023-2024	1,423.90	72.87	42.73	82.24
The Hongkong and Shanghai Banking Corporation Limited	Group Company	2022-2023	20,365.77	73.02	–	–

Brokerage paid to Sponsor/AMC and its associates/related parties/group companies is NIL.
(Previous year also NIL).

- 3 None of the Investors held more than 25% of the total net assets of the scheme at the year ended March 31, 2024 & March 31, 2023.
- 4 Unit Capital movement during the year ended March 31, 2024 and March 31, 2023 :

Description	2023-2024				
	Opening Units	Subscription	Redemption	Closing Units	Face Value per unit (Rupees)
Regular Plan - Growth Option	240,919,735.018	14,689,065.468	75,696,853.164	179,911,947.322	10
Regular Plan - IDCW Option	1,162,680.307	2,499,003.947	2,963,073.568	698,610.686	10
Direct Plan - Growth Option**	33,539,646.594	1,672,903.800	2,093,322.184	33,119,228.210	10
Direct Plan - IDCW Option	13,008.350	10,247.183	2,740.845	20,514.688	10

Description	2022-2023				
	Opening Units	Subscription	Redemption	Closing Units	Face Value per unit (Rupees)
Regular Plan - Growth Option	–	240,969,736.707	50,001.689	240,919,735.018	10
Regular Plan - IDCW Option	–	4,162,530.314	2,999,850.007	1,162,680.307	10
Direct Plan - Growth Option**	–	33,571,245.014	31,598.420	33,539,646.594	10
Direct Plan - IDCW Option	–	13,008.350	–	13,008.350	10

** Units held by the AMC (Seed Capital) in Direct Plan - Growth Option as on March 31, 2024 and as on March 31, 2023 is Nil.

Notes to Accounts – Annexure I (Contd...)**To the Abridged Balance Sheet and Revenue Account for the year ended March 31, 2024**

- 5 Previous year's/period figures have been re-grouped/re-arranged where necessary.
- 6 There are no contingent liabilities and other commitments as on March 31, 2024 and March 31, 2023. Contingent asset is neither recognized nor disclosed in the financial statements.
- 7 Expenses other than Management Fees are Inclusive of GST where applicable.
- 8 Other Income Rs. 0.64 lakhs represents exit load Income (2023: Nil).

9 Investor Education Awareness

As mandated by SEBI vide circular no. CIR/IMD/DF/21/2012 dated September 13, 2012 an annual charge of 0.02 percent of daily net assets, being a part of total recurring expenses is set aside for Investor Education and Awareness (IEA). In view of the AMFI Best Practices Guidelines Circular No. 56/2015-16, the IEF (Investor Education Fund) accrual is set aside in a separate bank account and the consolidated balance across all schemes as on March 31, 2024.

Pursuant to SEBI circular dated May 23, 2022, w.e.f. July 01, 2022, the limit of 0.02% p.a. has been reduced to 0.01% p.a. in case of ETFs/Index Funds. Furthermore, Fund of Funds (FoFs) investing more than 80% of its NAV in the underlying domestic funds have discontinued setting aside 0.02% p.a. of daily net assets towards IEA.

The break-up of which is as under:

	March 31, 2024	March 31, 2023
Particulars	Amount (Rs. In Lakhs)	Amount (Rs. In Lakhs)
Opening Balance as on April 01, 2023	997.09	460.22
Add: Accrual during FY 2023-24	1,962.01	1,432.00
Less: Transferred to AMFI *	889.11	646.75
Less: Payable to AMFI (March 2024 accrual) *	91.90	69.25
Add: Investment Income FY 2023-24	77.08	166.42
Less: Spent during FY 2023-24	1,877.44	345.55
Closing Balance as on March 31, 2024	177.73	997.09

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

The IEA disclosure's are presented for surviving schemes only.

- 10 Pursuant to SEBI Circular No. SEBI/HO/IMD/DF3/CIR/P/2020/194 dated October 05, 2020, the nomenclature of 'Dividend Option' under all the schemes of HSBC Mutual Fund has been revised to 'Income Distribution cum Capital Withdrawal Option' (IDCW), with effect from April 01, 2021.
 - 11 Securities, excluding debt securities, where the non-traded investments which have been valued "in good faith" exceed 5% of the net assets at the end of the year is NIL.
 - 12 Debt securities which have been valued at a price other than the price given by the independent valuation agencies at the end of the year is NIL.
- 13 Disclosure of Risk-O-meter**

Scheme Name	Risk-o-meter level at end of the financial year i.e. March 31, 2024	Risk-o-meter level as on March 31, 2023	Number of changes in Risk-o-meter during the financial year (March 2023 to March 2024)
HSBC CRISIL IBX Gilt June 2027 Index Fund	Moderate	Low to Moderate	1

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

To the Abridged Balance Sheet and Revenue Account for the year ended March 31, 2024

- 14 Pursuant to the SEBI circular no. SEBI/HO/IMD/IMD-II DOF3/P/CIR/2021/573 dated June 07, 2021, The details of Potential Risk Class matrix of schemes are given in below:

Credit Risk →	Relatively Low (Class A)	Moderate (Class B)	Relatively High (Class C)
Interest Rate Risk ↓			
Relatively Low (Class I)			
Moderate (Class II)			
Relatively High (Class III)	AIII		
A Scheme with Relatively High interest rate risk and Low credit risk.			

- 15 Subsequent to receipt of SEBI's no objection to acquisition of 100% equity shares of L&T Investment Management Limited ("LTIM", Investment Manager of L&T Mutual Fund) and the amendments proposed to the trust deed of the HSBC Mutual Fund as required under the SEBI (Mutual Funds) Regulations, 1996, the schemes of L&T Mutual Fund (LTMF) were transferred to/ merged with the schemes of HSBC Mutual Fund on and from the close of business hours of November 25, 2022, and the HSBC AMC and HSBC Trustees assumed the responsibilities of the schemes of LTMF w.e.f. close of business hours of November 25, 2022.
- 16 During the year, HSBC Securities and Capital Markets (India) Private Limited ("HSCI"), Sponsors of HSBC Mutual Fund established a private limited company with limited liability to act as the "Trustee" of HSBC Mutual Fund. HSBC Trustees (India) Private Limited ("HTIP") was incorporated on 9 January 2024. Accordingly, HTIP has replaced the Board of Trustees of HSBC Mutual Fund w.e.f. 1 March 2024, and the Company through its Board of Directors has been discharging its obligations as the "Trustees" of the Fund from this date.
- 17 The Annual Accounts of the Schemes, prepared in accordance with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the "Act") read with the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time and clause 17.14 of SEBI Master Circular for Mutual Funds dated June 27, 2024, has been approved by the Board of Directors of HSBC Asset Management (India) Private Limited and HSBC Trustees (India) Private Limited at their meetings held on July 8, 2024 and July 19, 2024 respectively. The audit report attached herewith refers to the said Annual Accounts. The aforesaid abridged accounts are an extract of the Annual Accounts and are prepared in accordance with clause 5.4 and format no. 3.B under the section of formats of SEBI Master Circular for Mutual Funds dated June 27, 2024 and other relevant circulars issued by the Securities and Exchange Board of India from time to time.

Voting Policy and Procedures

In view of para 6.16 of SEBI Master Circular on Mutual Funds dated June 27, 2024 related to “Role of Mutual Funds in Corporate Governance of Public Listed Companies”, HSBC AMC has formulated its “Policy for Proxy Voting in Public Listed Companies”. The said policy is available on our website and the details of actual exercise of proxy votes, the summary of votes casted and the auditor’s certificate is forming part of our full Annual Report for the Financial Year 2023 – 24 which has been uploaded on our website at <http://www.assetmanagement.hsbc.co.in>

Statutory Details & Disclaimers

All the returns have been sourced from Mutual Funds India Explorer software. The performance of the schemes and the benchmark is calculated on a total return basis. This document has been prepared by HSBC Asset Management (India) Private Limited (HSBC) for information purposes only with an intent to provide market overview and should not be construed as an offer or solicitation of an offer for purchase of any of the funds of HSBC Mutual Fund. All information contained in this document (including that sourced from third parties), is obtained from sources, which HSBC/third party, believes to be reliable but which it has not been independently verified by HSBC/the third party. Further, HSBC/the third party makes no guarantee, representation or warranty and accepts no responsibility or liability as to the accuracy or completeness of such information. The information and opinions contained within the document are based upon publicly available information and rates of taxation applicable at the time of publication, which are subject to change from time to time.

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

For disclosure of quarterly AUM/AAUM and AUM by geography, please visit our website at www.assetmanagement.hsbc.co.in. Investors are requested to note that as per SEBI (Mutual Funds) Regulations, 1996 and guidelines issued thereunder, HSBC AMC, its employees and/ or empaneled distributors/agents are forbidden from guaranteeing/promising/assuring/predicting any returns or future performances of the schemes of HSBC Mutual Fund. Hence, please do not rely upon any such statements/commitments. If you come across any such practices, please register a complaint via email at investor.line@mutualfunds.hsbc.co.in

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

Important Updates

Name and Date of Birth as per PAN card - Effective from June 1, 2024

As per recent regulatory requirement and changes advised by Income Tax Department in PAN validation process, now it is mandated to quote your Name(s) and DOB as per PAN card. To avoid any failure in such validations, we request investors to quote the Name(s) and DOB's of all the holders including Guardian, Power of Attorney (POA) holders as per PAN card.

Useful Links for self service options

- **Use our 24 x 7 Chatbot - "ASKME" for any queries or service request:**
visit: <https://invest.assetmanagement.hsbc.co.in>

SMS your request to HSBC Mutual Fund

- **Latest NAV** : Send SMS as HSBCMF NAV <Scheme Code> to 56767
Example: HSBCMF NAV F03
- **Valuation Service on registered mobile No.** : Send SMS as HSBCMF VAL <folio_number> to 56767
Example: HSBCMF VAL 123456
- **Annual Report** :
For Electronic Copy: Send SMS as HSBCMFARE <folio_number> to 567678080
Example: HSBCMF ARE 123456
For Physical Copy: Send SMS as HSBCMFARP <folio_number> to 567678080
Example: HSBCMF ARP 123456
- **Half Yearly Portfolio** :
For Electronic Copy: Send SMS as HSBCMFHPE <folio_number> to 567678080
Example: HSBCMF HPE 123456
For Physical Copy: Send SMS as HSBCMFHPP <folio_number> to 567678080
Example: HSBCMF HPP 123456

Missed Call Service

- You can give a missed call to 9212900020 to get the total valuation via SMS and a statement on your registered email ID

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Unit: HSBC Mutual Fund

New No. 10, M.G.R Salai, Nungambakkam, Chennai - 600034.

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

HSBC Asset Management (India) Private Limited

CIN NO: U74140MH2001PTC134220

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

Website : www.assetmanagement.hsbc.co.in

Description	Toll Free Number	Email ID
Investor related queries	1800-4190-200/1800-200-2434	investor.line@mutualfunds.hsbc.co.in
Online related queries	1800-4190-200/1800-200-2434	onlinemf@mutualfunds.hsbc.co.in
Investor (Dialing from abroad)	+91 44 39923900	investor.line@mutualfunds.hsbc.co.in

To get your updated account statement email us at : ["mfsoa@mutualfunds.hsbc.co.in"](mailto:mfsoa@mutualfunds.hsbc.co.in)

We're always here to help you, so feel free to reach out to us

Self-service request at your Fingertips

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- Transact via Whats App • Use 24/7 ChatBot - Ask Me



Remember, you can also find out more via our social media handles !     

Please check our website www.assetmanagement.hsbc.co.in for an updated list of Official Points of Acceptance of HSBC Mutual Fund.

CAMS SERVICE CENTRES/CAMS LIMITED TRANSACTION POINTS/CAMS COLLECTION CENTRES

For details on CAMS Service Centres, please visit www.camsonline.com



HSBC Liquid Fund **(Erstwhile HSBC Cash Fund)**

An open-ended Liquid Scheme. Relatively Low interest rate risk and Low credit risk.

Abridged Annual Report 2023 - 2024



SPONSOR

HSBC Securities and Capital Markets (India) Private Limited

CIN – U67120MH1994PTC081575

Regd. Office: 52/60, Mahatma Gandhi Road, Fort, Mumbai 400001.

TRUSTEE COMPANY

HSBC Trustees (India) Private Limited

CIN – U66190MH2024PTC416973

Regd. Office: 52/60, Mahatma Gandhi Road, Fort, Mumbai 400001.

ASSET MANAGEMENT COMPANY

HSBC Asset Management (India) Private Limited

CIN – U74140MH2001PTC134220

Regd. Office: 9-11 Floors, NESCO IT Park, Building No. 3,
Western Express Highway, Goregaon (East), Mumbai 400063.

CUSTODIAN

Citibank N.A.

First International Financial Center (FIFC), 9th Floor,
C-54 & 55, G – Block, Bandra Kurla Complex, Bandra (East), Mumbai 400051.

AUDITORS TO THE SCHEME

MSKA & Associates

Chartered Accountants

602, Floor 6, Raheja Titanium, Western Express Highway,
Geetanjali Railway Colony, Ram Nagar, Goregaon (East), Mumbai 400063.

REGISTRAR & TRANSFER AGENTS

Computer Age Management Services Limited (CAMS)

Unit: HSBC Mutual Fund

New No. 10, M.G.R Salai, Nungambakkam, Chennai 600034.

BOARD OF TRUSTEES

Ms. Jasmine Batliwalla	– Chairperson
Mr. Nani Javeri	– Trustee
Mr. David Rasquinha	– Trustee
Mr. Nicolas Moreau	– Trustee

BOARD OF DIRECTORS

Dr. Indu Shahani	– Director
Mr. Kapil Seth	– Director
Ms. Roopa Varma	– Director
Mr. Kailash Kulkarni	– Director & Chief Executive Officer

Dear Investor,

As we reflect on the past year, I am filled with pride and optimism about the future of our company and overall growth of the mutual fund industry. The past year has marked significant milestones in our journey, particularly as we capitalise on the immense potential of India's burgeoning growth story.

Fiscal 2024 turned out to be one of the best years for the domestic mutual fund industry as assets under management (AUM) spurted by nearly Rs. 14 lakh crore to a record Rs. 53.40 lakh crore as of March 2024 compared with Rs. 39.42 lakh crore as of March 2023.

The mutual fund industry is experiencing immense growth and we are poised to take advantage of this upward trajectory. Our company is an integral part of this growth story, riding the wave with several strategic initiatives and accomplishments that have set us on a path of sustained success.



Major achievements post integration

- Post integration we have enhanced our digital offering for both B2B and B2C to provide improved customer journeys.
- HSBC AM India's AUM increased from USD 1.4 bn (before integration) to USD 13.7 bn as of April 2024.
- HSBC Asset Management India has now become the 14th largest asset manager in India in terms of AUM.
- HSBC AM India has launched 4 new products since integration (raising \$445M).
- We have expanded HSBC AM India's product offerings to 43 funds.

Key Achievements in FY2023-2024

Investment Performance: Our disciplined investment strategy and thorough research have been pivotal to our success. We have focused on high-quality, undervalued assets, achieving consistent returns across our portfolio.

Product Innovation: This year, we launched two new funds - HSBC Multi Asset Allocation Fund and HSBC Consumption Fund, tailored to meet the evolving needs of our investors. These new offerings have been well-received, contributing to our growth in AUM significantly.

Increased Media Presence: In FY24, we significantly boosted our media presence, ensuring that our brand and thought leadership are recognized across various platforms. Through strategic media engagements like Informed Investing with ET Now, talks shows and several authored articles plus interviews - we have amplified our message, reaching a broader audience and reinforcing our market position.

Successful Campaign Launch: We successfully launched SIP Hai #FaydeWaliAadat, an investor education campaign, that highlighted the transformative power of SIPs in achieving long-term financial

goals. A first of its kind campaign, it aimed at educating and empowering the millennial investors in India. The campaign garnered significant attention and positive feedback, strengthening our brand presence and engaging a wider audience. Notably, the campaign has also earned us prestigious awards and accolades highlighting our commitment to excellence and innovation.

Client Relationships: We have strengthened our client relationships through enhanced communication, transparency, and personalized service. Our client satisfaction scores have reached new heights, reflecting our commitment to exceptional service.

We believe that the India story has just begun and its economic landscape is poised for significant growth. An exposure to unique and future relevant themes can provide a much-needed inflation buffer. The importance of asset allocation continues to be critical. It is critical for all of us to review our risk appetite and goal proximity and construct a portfolio appropriately.

Besides construction, portfolio rebalancing is equally important in order to achieve optimal outcomes. I do hope you share my enthusiasm and I ask that you continue to invest whilst reviewing your asset allocation at all times.

I would like to express my sincere gratitude to our dedicated team, whose expertise and commitment are the backbone of our success. To our investors, thank you for your trust and continued support. Your confidence in our approach motivates us to strive for excellence in everything we do. Also, I want to express my deepest gratitude to our valuable partners for their unwavering support and keep our services running. Look forward to achieving even grater milestones together.

As we move forward, we remain committed to delivering superior investment performance, fostering strong client relationships, and driving sustainable growth. Together, we are well-positioned to navigate the future and achieve our goals.

Warm regards,

A handwritten signature in dark ink, appearing to read 'Kailash Kulkarni', written over a horizontal line.

Kailash Kulkarni

Chief Executive Officer

HSBC Asset Management India

Trustees' Report

For the year ended March 31, 2024

The Board of Directors of HSBC Trustees (India) Private Limited, Trustees of HSBC Mutual Fund present the Twenty Second Annual Report and the audited abridged financial statements of the schemes of the HSBC Mutual Fund ('the Fund') for the year ended March 31, 2024.

With the acquisition of L&T Mutual Fund in the previous financial year, the Fund's Assets Under Management ('AUM') (excluding Domestic FOFs) as on March 31, 2024 was INR 109368.16 crores (audited). The Fund ranks in the top 15 Mutual Fund houses in India in terms of AUM.

As at March 31, 2024, the Fund offered 43 schemes across asset classes to meet the varying investment needs of the investors. During the year, the Fund launched two new products namely HSBC Consumption Fund and HSBC Multi Asset Allocation Fund in Equity and Hybrid categories.

The Fund continues its focus on delivering consistent long-term returns. The comments on the performance of the scheme(s) are provided hereinafter. Dividends were declared under various schemes as per the provisions contained in the respective Scheme Information Documents after considering the distributable surplus available under the respective plans of the schemes. Details of dividends declared can be viewed on our website at www.assetmanagement.hsbc.co.in.

During the year, HSBC Securities and Capital Markets (India) Private Limited ("HSCI"), Sponsors of the Fund established a private limited company with limited liability to act as the "Trustees" of the Fund. HSBC Trustees (India) Private Limited ("HTIP") was incorporated on 9 January 2024. Accordingly, HTIP has replaced the Board of Trustees of HSBC Mutual Fund w.e.f. 1 March 2024, and the Company through its Board of Directors has been discharging its obligations as the "Trustees" of the Fund from this date.

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

a. Operations and Performance of the Scheme

➤ Debt Scheme

HSBC Liquid Fund ('HLF')

(Liquid Fund - An open-ended Liquid Scheme. Relatively Low interest rate risk and Moderate credit risk.)

The investment objective of the scheme is to provide reasonable returns, commensurate with low risk while providing a high level of liquidity, through a portfolio of money market and debt securities. However, there can be no assurance that the Scheme's objective can be realized.

The net assets of HLF amounted to INR 12991.16 crores as at March 31, 2024 as against INR 9029.04 crores as at March 31, 2023. Around 99.72% of the net assets were invested in debt, 0% of the net assets were invested in reverse repos/TREPS and (19.36%) in net current assets as at March 31, 2024.

To ensure optimal liquidity and better risk adjusted performance to suit the investor's requirements in various situations, our fund managers follow stringent liquidity, credit risk and interest rate risk norms. The portfolio comprises of high credit quality papers evaluated through a rigorous credit evaluation process and generally aims to restrict investments to the highest possible short-term rating. The portfolio of HLF is predominantly invested in highly liquid money market instruments, government securities and corporate debt with residual maturity of up to 91 days with focus on maintaining a high credit quality and highly liquid portfolio. The scheme outperformed its benchmark in the past 30 days.

HSBC Liquid Fund							Date of Inception : 4 December, 2002							
Fund / Benchmark (Value of ₹ 10,000 invested)	7 Days		15 Days		30 Days		1 Year		3 Years		5 Years		Since Inception	
	Amount (₹)	Returns (%)	Amount (₹)	Returns (%)	Amount (₹)	Returns (%)	Amount (₹)	Returns (%)	Amount (₹)	Returns (%)	Amount (₹)	Returns (%)	Amount (₹)	Returns (%)
HSBC Liquid Fund	10016	9.95	10030	8.08	10059	7.67	10718	7.18	11705	5.39	12858	5.16	24033	7.05

Trustees’ Report
For the year ended March 31, 2024 (Contd...)

HSBC Liquid Fund							Date of Inception : 4 December, 2002							
Fund / Benchmark (Value of ₹ 10,000 invested)	7 Days		15 Days		30 Days		1 Year		3 Years		5 Years		Since Inception	
	Amount (₹)	Returns (%)	Amount (₹)	Returns (%)	Amount (₹)	Returns (%)	Amount (₹)	Returns (%)	Amount (₹)	Returns (%)	Amount (₹)	Returns (%)	Amount (₹)	Returns (%)
Scheme Benchmark (NIFTY Liquid Index A-I)	10011	7.22	10027	7.18	10056	7.29	10730	7.30	11745	5.51	12893	5.21	24175	7.10
Additional Benchmark (CRISIL 1 Year T Bill Index)	10012	7.44	10024	6.38	10056	7.25	10721	7.21	11624	5.15	13073	5.51	22750	6.59

Past performance may or may not be sustained in future. The returns for the respective periods are provided as on March 31, 2024 for Growth Option of Regular Plan. Returns on ₹ 10,000 are point-to-point returns for the specific time period, invested at the start of the period. Returns for 1 year and above are Compounded Annualized. Different plans shall have a different expense structure. Performance of the respective benchmark is calculated as per the Total Return Index (TRI).

Risk-o-meter as of 31st March, 2024:

Scheme Name	Scheme Risk-o-meter	Benchmark Risk-o-meter
HSBC Liquid Fund	 Investors understand that their principal will be at Low to Moderate risk	Benchmark Index: NIFTY Liquid Index A-I 

Please note that the above risk-o-meter is as per the product labelling of the Scheme basis Scheme’s monthly portfolio as on March 31, 2024.

Potential Risk Class (PRC) Matrix for Debt Schemes of HSBC Mutual Fund

HSBC Liquid Fund			
Credit Risk →	Relatively Low (Class A)	Moderate (Class B)	Relatively High (Class C)
Interest Rate Risk ↓			
Relatively Low (Class I)		BI	
Moderate (Class II)			
Relatively High (Class III)			
A Scheme with Relatively Low interest rate risk and Moderate credit risk.			

Potential Risk Class ‘PRC’ matrix indicates the maximum interest rate risk (measured by Macaulay Duration of the scheme) and maximum credit risk (measured by Credit Risk Value of the scheme) the fund manager can take in the scheme. PRC matrix classification is done in accordance with and subject to the methodology/guidelines prescribed by SEBI to help investors take

Trustees' Report

For the year ended March 31, 2024 (Contd...)

informed decision based on the maximum interest rate risk and maximum credit risk the fund manager can take in the scheme, as depicted in the PRC matrix.

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

➤ EQUITY OUTLOOK

Recap of FY 2023-24:

FY24 was a stellar year for the Indian equity markets with strong economic momentum, healthy earnings growth and strong inflows from domestic and foreign institutional investors and strong retail participation driving a broad-based bull market. The Nifty and Sensex were up a solid 30.1%/26.5% respectively during the year, while the BSE Midcap and BSE Smallcap indices gained an astounding 65.2% and 61.4% respectively.

While geo-political conflicts continued in FY24, their impact on crude and global supply chains moderated. Crude prices largely remained range bound during the year. Inflation barring a brief spike largely remained well contained, the economy gained further steam with GDP growth crossing 8% in H1FY24 supported by government thrust on infrastructure. This translated into strong growth for several core sector industries including steel and cement. The growth in the real estate sector has been strong with inventory continuing to decline in metro markets. However, lagged impact of price increases continued to impinge on consumer demand growth which remained subdued for most mass market categories.

Domestic cyclicals were the best performing sectors during the year led by Real Estate, Capital Goods, Autos. Power was also among the best performing sectors. Global cyclicals like Metals and Oil & Gas also strongly outperformed the Nifty. FMCG and Banking while delivering healthy positive returns underperformed the Nifty, while IT performance was closer to Nifty.

MSCI India index outperformed most of key global indices during the past fiscal. MSCI India index (USD) gained 35.5% as compared to 23.1% gain for MSCI World, 27.9% for US S&P 500, 11.0% for MSCI Europe and only 5.3% for MSCI Emerging Markets as MSCI China declined 19.0% over the period.

Strong performance of the market and subsiding global macro headwinds drove a sharp turnaround in foreign investment flows. FII net inflow was at USD 25.3bn in FY24 versus an outflow of USD 6.0bn/17.1bn in FY23/FY22. DIIs, on the other hand, matched FII inflow with an inflow of USD 25.3bn although it was lower than the net inflows at USD 30.8bn in FY23. Within DIIs, the MF segment was the key contributor (USD 24.3 bn of net inflows up from USD 21.8bn in FY23) while domestic Insurers were also in the net inflow territory (USD 1.0bn of net inflows vs USD 9.0bn in FY23).

Source: Motilal Oswal

Indices Returns (April 01, 2023 to March 31, 2024)	1 Year [^]
S&P BSE Sensex TR	26.5%
NSE CNX Nifty TR	30.1%
S&P BSE 100 TR	34.2%
S&P BSE 200 TR	38.5%
S&P BSE 500 TR	40.2%
S&P BSE Midcap TR	65.2%
S&P BSE Small-cap TR	61.4%

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

Way forward:

The global macro environment remains challenging with heightened geo-political and economic uncertainties. US bond yields remain high putting pressure on interest rates and currencies globally. For India, growth has

Trustees' Report

For the year ended March 31, 2024 (Contd...)

continued to remain strong with GDP growth of 8.4% in Q3FY24 driven by strong government spending on infrastructure and pickup in manufacturing and construction. The 2024 interim budget has re-affirmed government focus on infrastructure. At the same time reduction in fiscal deficit should also help in easing of domestic interest rates. However, after last year's patchy monsoon, a good monsoon will be an important factor for rural demand and overall consumption growth in the economy in FY25.

India starts FY25 on a strong footing with positive growth momentum and India's investment cycle is expected to be on a medium-term upturn supported by rising government investment in infrastructure and recovery in real estate cycle. There is also an expectation of higher private investments in renewable energy and related supply chain, localization of higher-end technology components, and India becoming a more meaningful part of global supply chains. Finally, it is expected for consumption to improve as the impact of high inflation fades and real incomes start to grow again.

However, several of these positives are getting discounted by the high valuations currently prevailing in the equity market. While the fund managers remain constructive on Indian equities supported by the more robust medium-term growth outlook there is a caution against high return expectations. Nifty continues to trade on 20.6x consensus 1 year forward PE (as of 30 April). On a 10-year basis, Nifty is still trading 10% above its historic average valuation but is in-line with its 5-year average. Valuations of the midcap and small cap indices are even higher versus their historical average.

➤ DEBT OUTLOOK

Market drivers during the course of the year FY 2024

The year started with advanced economies continuing to grapple with higher inflation and policy tightening remained a common theme across economies. During FY2024, the Federal Open Market Committee (FOMC) raised policy rates by 50 bps while European Central Bank (ECB) and Bank of England (BOE) raised policy rates by 100 bps each. The cumulative rate hikes by various advanced economies in this cycle are as follows: Fed (525 bps), BOE (515 bps) and ECB (450 bps). Meanwhile cumulative rate hikes by the Monetary Policy Committee (MPC) in this cycle was 250 bps. On account of higher Government debt burden, Fitch downgraded US sovereign rating from AAA to AA+. US Treasury yields remained volatile during the year, with the 10-year benchmark rising higher by 73 bps during the year. Crude prices also moved higher by USD 7-8/bbl.

On the domestic front, Consumer price Index (CPI) inflation remained broadly in the upper end of the MPC's targeted band of 4% +/- 2% for most of the financial year, however, inflation printed above 6% on two occasions due to high food inflation. Headline inflation remained susceptible to high food inflation with markets now expecting some relief of food prices on the back of normal monsoon. Core inflation eased through the year falling to below 4% in the last quarter.

Domestically, one of the biggest events during the year was the much-awaited index inclusion of Indian Government Bonds (IGBs) into the GBI-EM Global index suite and its relevant benchmarks. India is expected to reach the maximum weight of 10% in the GBI-EM Global Diversified Index (GBI-EM GD), with the inclusion staggered over a 10-month period starting June 2024. Following this, Bloomberg also included IGBs in their Bloomberg EM Local Currency Index, with India expected to reach a maximum weight of 10% over a 10-month period starting Jan 2025. Both these inclusions are expected to bring in INR 25-30 bn of index related FPI inflows over the next 1-2 years and paving the way for inclusion into other global bond indices as well. During FY2024, FPIs poured in close USD 12 bn into IGBs, with majority of the inflows coming in post the JP Morgan index inclusion announcement.

Government continued its path of fiscal consolidation, with the revised estimate of the Fiscal deficit for FY2024 coming in at 5.6%, with expectations for FY2025 at 5.1% and target of below 4.5% by FY2026. PMI numbers continue to remain in expansion, GST revenues remain buoyant and credit off-take upbeat.

The external sector has remained strong due to healthy service exports and remittances. Current Account Deficit (CAD) is expected to be around 1% for the year. Rupee remained one of the more stable currencies during the year, with active intervention from RBI smoothening any volatility. RBI continued to build on the FX reserves with year-end number around USD 650 bn.

Trustees' Report

For the year ended March 31, 2024 (Contd...)

Money market rates moved higher during the year due to tightening in liquidity along with higher Certificate of Deposit (CD) issuances. G-Sec yields, however, moved lower due to favorable demand supply and lower G-Sec borrowing. 10-year G-Sec moved lower during the year by 25 bps, while 5 yr G-Sec moved lower by 13 bps.

Market Outlook

While US markets have braced for "higher for longer" rates, we have seen in the past, that reactions to favorable data in such an environment can be sharp. Any softness in growth, employment or inflation data over the next few months will allow the markets to quickly start pricing in aggressive future policy easing. In our view, the RBI is also likely to gradually shift the liquidity deficit into surplus over the course of the next 3-6 months, flipping overnight rates from the top to the bottom of the rate corridor. The yield curve is likely to steepen as liquidity eases. This along with a potential 50 bps of policy easing in first half of CY2025 may push overnight rates lower by 75-100 bps.

While any form of additional spending by the new Government to address concerns of rural sections of the country and the possibility of additional spending to fund such policies will remain a key monitorable, it is believed the Government is likely to remain cognizant of the possible impact of such policies and take measured steps. With the dust settling down on the election outcome, the broad macroeconomic factors should continue to remain stable and could support softening in domestic yields going forward.

The Fund Managers continue to have a positive outlook for interest rates, based on various favorable factors: (a) Record RBI dividend to the Government, (b) reduced Fiscal deficit number of 5.6%, (c) favorable G-Sec supply demand dynamics, (d) FPI index related inflows, (e) revised outlook in India by S&P, (f) soft core inflation along with expectations of a better than normal monsoon, and finally (g) soft signals by Government and RBI on liquidity.

Source: RBI, Bloomberg, Internal HSBC Research & CCIL

2. BRIEF BACKGROUND OF THE SPONSORS, THE FUND, THE TRUSTEES AND THE ASSET MANAGEMENT COMPANY

A. Sponsor

HSBC Mutual Fund is sponsored by HSBC Securities and Capital Markets (India) Private Limited (HSCI). The Sponsor is the Settler of the Mutual Fund Trust. The Sponsor has entrusted a sum of Rs. 1,00,000/- (Rupees One Lakh only) to the Trustee as the initial contribution towards the corpus of the Mutual Fund.

HSCI offers integrated investment banking services, securities and corporate finance & advisory. HSCI is a member of the Bombay Stock Exchange Limited and National Stock Exchange (capital and derivative market segments). HSCI holds 100% of the paid-up equity share capital of HSBC Asset Management (India) Private Limited.

B. HSBC Mutual Fund

HSBC Mutual Fund ("the Mutual Fund" or "the Fund") has been constituted as a Trust in accordance with the provisions of the Indian Trusts Act, 1882 (2 of 1882) vide a Trust Deed dated February 7, 2002 (as amended) with HSBC Securities and Capital Markets (India) Private Limited, as the Sponsor and HSBC Trustees (India) Private Limited. The Trustee has entered into an Investment Management Agreement dated February 7, 2002 (as amended) with HSBC Asset Management (India) Private Limited (AMC) to function as the Investment Manager for all the schemes of the Fund. The Fund was registered with SEBI vide registration number MF046/02/5 dated May 27, 2002.

The Trust has been formed for the purpose of pooling of capital from the public for collective investment in securities for the purpose of providing facilities for participation by persons as beneficiaries in such investments and in the profits/income arising therefrom.

C. HSBC Trustees (India) Private Limited (the Trustees)

The Trustees are the exclusive owner of the Trust Fund and holds the same in trust for the benefit of the unitholders. The Trustees have been discharging their duties and carrying out the responsibilities as provided in the SEBI (Mutual Funds) Regulations, 1996 and the Trust Deed. The Trustees seek to ensure

Trustees' Report

For the year ended March 31, 2024 (Contd...)

that the Fund and the schemes floated there under are managed by the AMC in accordance with the Trust Deed, the said Regulations, directions and guidelines issued by the SEBI, the Stock Exchanges, the Association of Mutual Funds in India and other regulatory agencies.

During the year, HSBC Securities and Capital Markets (India) Private Limited ("HSCI"), Sponsors of HSBC Mutual Fund) established a private limited company with limited liability to act as the "Trustee" of HSBC Mutual Fund. HSBC Trustees (India) Private Limited ("HTIP") was incorporated on 9 January 2024. Accordingly, HTIP has replaced the Board of Trustees of HSBC Mutual Fund w.e.f. 1 March 2024, and the Company through its Board of Directors has been discharging its obligations as the "Trustees" of the Fund from this date.

As of March 31, 2024, HSCI holds 100% of the paid-up equity share capital of HTIP.

D. Asset Management Company (the AMC)

HSBC Asset Management (India) Private Limited (the Investment Manager or the AMC) is a private limited company incorporated under the Companies Act, 1956 on December 12, 2001 having its Registered Office at 9-11 Floors, NESCO IT Park, Building no. 3, Western Express Highway, Goregaon (East), Mumbai – 400 063. HSBC Asset Management (India) Private Limited has been appointed as the Asset Management Company of HSBC Mutual Fund by the Trustee vide Investment Management Agreement (IMA) dated February 7, 2002 (as amended) and executed between the Trustees and the AMC. SEBI approved the AMC to act as the Investment Manager of the Fund vide its letter No. MFD/BC/163/2002 dated May 27, 2002. The paid-up equity share capital of the AMC is Rs. 344.41 crores. The AMC is registered as a Portfolio Manager under the SEBI (Portfolio Managers) Regulations, 1993 vide registration no. INP000001322. The AMC also offers non-binding Advisory services to offshore funds under the mutual fund license.

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

3. INVESTMENT OBJECTIVE OF THE SCHEMES

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

4. SIGNIFICANT ACCOUNTING POLICIES

The Significant Accounting Policies form part of the Notes to the Accounts annexed to the Balance Sheet of the Schemes in the Full Annual Report. The accounting policies are in accordance with Securities Exchange Board of India (Mutual Funds) Regulations, 1996 and Indian Accounting Standards (IND AS) notified under section 133 of the Companies Act, 2013 (the "Act" read with the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time).

5. UNCLAIMED DIVIDENDS & REDEMPTIONS

Summary of number of investors & corresponding amount as on March 31, 2024:

Scheme Name	Unclaimed Dividend		Unclaimed Redemption	
	No. of Investors	Amount (₹)	No. of Investors	Amount (₹)
HSBC Liquid Fund	1,7586	1,606,739.13	56	3,199,055.08

6. INVESTOR SERVICES

The number of official points of acceptance of transactions are 210 locations. In addition to the offices of the Registrar & Transfer Agent, the AMC has its own office in 61 locations and Investor Service Centers in 39 locations. The AMC has 2 Toll Free numbers (1800-4190-200/1800-200-2434) which can be dialed from anywhere in India and 1 number i.e. +91 44 39923900 (Investors calling from abroad). The call center service is being managed by the Registrar and Transfer Agents. HSBC Mutual Fund offers the online transaction facility through the AMC's website at www.assetmanagement.hsbc.co.in.

Trustees' Report

For the year ended March 31, 2024 (Contd...)

On the distribution front, the number of empaneled distributors were 59046 as on March 31, 2024. During the year, the AMC initiated tie-ups for online distribution of the Mutual Fund's schemes with several channel partners taking the total number of such tie-ups to 160 as on March 31, 2024.

7. DETAILS OF INVESTOR GRIEVANCE REDRESSAL

The details of the redressal of investor complaints received against HSBC Mutual Fund during April 2023 - March 2024 are as follows:

2023-2024												
Com-plaint code	Type of Complaint	(a) No. of complaints pending at the beginning of the period	(b) No. of complaints received during the given period	Action on (a) and (b)								
				Resolved				Non Action-able*	Pending			
				Within 30 days	30-60 days	60-180 days	Beyond 180 days		0-3 months	3-6 months	6-9 months	9-12 months
I A	Non receipt of amount declared under Income Distribution cum Capital Withdrawal option	1	10	11	0	0	0	0	0	0	0	0
I B	Interest on delayed payment of amount declared under Income Distribution cum Capital Withdrawal option	0	1	1	0	0	0	0	0	0	0	0
I C	Non receipt of Redemption Proceeds	1	38	39	0	0	0	0	0	0	0	0
I D	Interest on delayed payment of Redemption	0	2	2	0	0	0	0	0	0	0	0
II A	Non receipt of Statement of Account/Unit Certificate	0	3	3	0	0	0	0	0	0	0	0
II B	Discrepancy in Statement of Account	1	22	23	0	0	0	0	0	0	0	0
II C	Data corrections in Investor details	1	250	249	0	0	0	0	2	0	0	0
II D	Non receipt of Annual Report/ Abridged Summary	0	0	0	0	0	0	0	0	0	0	0
III A	Wrong switch between Schemes	0	2	2	0	0	0	0	0	0	0	0
III B	Unauthorized switch between Schemes	0	1	1	0	0	0	0	0	0	0	0
III C	Deviation from Scheme attributes	0	1	1	0	0	0	0	0	0	0	0
III D	Wrong or excess charges/load	0	0	0	0	0	0	0	0	0	0	0
III E	Non updation of changes viz. address, PAN, bank details, nomination, etc	1	127	127	0	0	0	0	1	0	0	0
III F	Delay in allotment of Units	0	5	4	1	0	0	0	0	0	0	0
III G	Unauthorized Redemption	0	0	0	0	0	0	0	0	0	0	0
IV	Others**	1	78	76	0	0	0	0	3	0	0	0
	TOTAL	6	540	539	1	0	0	0	6	0	0	0

** As per AMFI Best Practice Guidelines Circular No.25/2011-12 for Revisions in the Guidelines on Standardization of Complaints/ Grievances Reporting Procedure. If "Others" include a type of complaint which is more than 10% of overall complaints, then such a reason should be provided separately. Hence, data corrections in Investor Details are included as a separate category.

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

Trustees' Report

For the year ended March 31, 2024 (Contd...)

Summary of Complaints for FY 2023-24

Particulars	Count
Total complaints received	540
Total number of folios	21,39,406
% of complaints against the folio	0.025

8. INVESTOR EDUCATION INITIATIVES

During the FY 2023-24, the AMC conducted the following investor education and awareness initiatives:

- An integrated multi-media marketing campaign on SIP Hai 'FaydeWaliAadat' aimed to tap into the aspirations, financial goals, and unique spending habits of millennials.
- Editorial content on Systematic Investment Plans (SIP) created across 15 states through various regional television channels.
- Investor education content on the Platform - Quora.
- 'Be Money Confident' video series targeting women through Jio Platforms.
- Campaign on Women & Investing for Women's Day.
- Campaign for Marathon enthusiast on the similarities between running a Marathon & Investing.
- Financial literacy virtual event on the occasion of Mother's Day, which received more than 725 registered users.
- A mom blogger outreach program to reach Women Investors with financial education content on MF on the occasion of Mother's Day.
- Education campaign on ELSS executed for working audiences.
- Blogs and content for Investor Education properties like SIP Sahi Hai in Value Research, Gyan Guroovaar on Facebook, Investment Ki Paathshala on the website and investor education blogs on the platform - Advisor Khoj.
- 1,462 Investor Education programs to reach out to an audience of 71,465 people out of which 458 were women programs attended by 20,139 women.

9. PROXY VOTING POLICY

As per para 6.16 of SEBI Master Circular on Mutual Funds dated June 27, 2024, the Fund has adopted Proxy Voting Policy and Procedures for exercising voting rights in respect of securities held by the Schemes. (please refer Proxy Voting Policy and Procedures)

The summary of the votes casted in the general meetings of the Investee companies, by the AMC for and on behalf of the Schemes of the Fund, for the financial year 2023-24 is provided below:

Quarter	Total no. of resolutions	Break-up of Vote decision		
		For	Against	Abstained
April 2023 - June 2023	387	260	75	52
July 2023 - September 2023	2,169	1607	448	114
October 2023 - December 2023	197	138	37	22
January 2024 - March 2024	319	240	50	29
TOTAL	3,072	2,245	610	217

As per para 6.16.7 of SEBI Master Circular on Mutual Funds dated June 27, 2024, the AMC has obtained certificate from M/s. M. P. Chitale & Co., Chartered Accountants, who is acting as a Scrutinizer, on the voting report for the FY 2023-24. The certificate dated May 22, 2024 issued by M/s. M. P. Chitale & Co., is available on the website of the AMC as part of the full Annual Report.

Trustees' Report

For the year ended March 31, 2024 (Contd...)

Unitholders can refer to the full Annual Report for complete details of actual exercise of votes in the general meetings of the investee companies for the financial year 2023-24 or log on to our website at www.assetmanagement.hsbc.co.in.

10. STATUTORY DETAILS

- The Sponsors are not responsible or liable for any loss resulting from the operation of the Schemes of the Fund beyond initial contribution of Rs. 1 lakh for setting up the Fund.
- The price and redemption value of the units, and income from them, can go up as well as down with fluctuations in the market value of its underlying investments.
- Full Annual Report of HSBC Mutual Fund and of HSBC Asset Management (India) Private Limited (the AMC) shall be disclosed on the website at www.assetmanagement.hsbc.co.in and shall be available for inspection at the Head Office of the Mutual Fund. Present and prospective unitholders can obtain copy of the Trust Deed, the full Annual Report of the Scheme(s), the Annual Report of HSBC Asset Management (India) Private Limited and the text of the relevant Scheme(s) at a price.

11. CHANGES IN RISK-O-METER OF THE SCHEME DURING FY 2023-24

As per para 17.4. of SEBI Master Circular on Mutual Funds dated June 27, 2024 on product labelling, the changes carried out in the risk-o-meter of the schemes of HSBC Mutual Fund during FY 2023-24 have been given in the below mentioned table for the information of the unitholders, a report on the said changes has also been displayed on the website of the Fund and AMFI.

Scheme Name	Risk-o-meter level as on March 31, 2023	Risk-o-meter level as on March 31, 2024	Number of changes in Risk-o-meter during the F.Y. 2023-24)
HSBC Liquid Fund	Low to Moderate	Low to Moderate	0

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

As per para 6.16.15 of SEBI Master Circular on Mutual Funds dated June 27, 2024, HSBC Mutual Fund has adapted the policy on stewardship responsibilities, the unitholders are requested to note the status of governance with the same as mentioned below:

S. No.	Particulars of Principles of Stewardship Code	Status of compliance (Complied/ Not Complied)	Description	Remarks/ reasons for deviation/non-compliance, if any
1	Principle 1: Institutional Investors should formulate a comprehensive policy on the discharge of their stewardship responsibilities, publicly disclose it, review and update it periodically.	Complied	HSBC Asset Management (India) Private Limited's (AMIN) 'Policy on Stewardship responsibilities' (Stewardship Code/ Policy) was formulated and implemented on 01 July, 2020. This is a comprehensive document which has been publicly disclosed on the website of AMIN. The same shall follow a periodic review.	N.A.
2	Principle 2: Institutional investors should have a clear policy on how they manage conflicts of interest in fulfilling their stewardship responsibilities and publicly disclose it.	Complied	Defining and managing Conflict of Interest in fulfilling stewardship responsibilities are detailed in the Stewardship Policy document. The policy document is publicly disclosed.	N.A.

Trustees' Report

For the year ended March 31, 2024 (Contd...)

S. No.	Particulars of Principles of Stewardship Code	Status of compliance (Complied/ Not Complied)	Description	Remarks/ reasons for deviation/non-compliance, if any
3	Principle 3: Institutional investors should monitor their investee companies.	Complied	AMIN monitors all investee companies through its investment process. This includes assessment of companies' own and market data, consideration of research from brokers and other independent research providers – including ESG & voting research, attending individual & group meetings with company management and directors, visiting production sites (wherever necessary), engaging with key stakeholders including competitors and customers, and financial modelling. More details enumerated in the policy document	N.A.
4	Principle 4: Institutional investors should have a clear policy on intervention in their investee companies. Institutional investors should also have a clear policy for collaboration with other institutional investors where required, to preserve the interests of the ultimate investors, which should be disclosed.	Complied	Details of undertaking active engagement with investee companies and the policy for collaboration with other institutional holders are detailed in the policy document. The policy document is publicly disclosed.	N.A.
5	Principle 5: Institutional investors should have a clear policy on voting and disclosure of voting activity.	Complied	AMIN has a clear and detailed voting policy which provides the framework for the voting decisions. All voting decisions shall be in accordance with AMIN's Voting Policy and Procedures, which is disclosed on the website. AMIN discloses the details of the voting on its website on a quarterly basis within 10 working days from the end of the quarter. Additionally, AMIN also discloses the details of the votes cast, in the annual report of the schemes of HSBC Mutual Fund.	N.A.
6	Principle 6: Institutional investors should report periodically on their stewardship activities.	Complied	The annual status report of the stewardship code and quarterly report on proxy voting are publicly disclosed on the website as required under SEBI Regulations.	N.A.

Trustees' Report

For the year ended March 31, 2024 (Contd...)

13. DISCLOSURES PERTAINING TO NAV ADJUSTED DURING THE FINANCIAL YEAR FOR SWING FACTOR ALONG WITH THE PERFORMANCE IMPACT

Sr No.	Period of applicability of swing pricing	Scheme Name	Unswung NAV	Swing factor applied	Whether optional or mandatory
NIL					

14. SIGNIFICANT EVENT AFTER THE END OF THE FINANCIAL YEAR

NIL

15. ACKNOWLEDGEMENTS

The Trustees wish to thank the unitholders of the Schemes for their support throughout the year, and also thank the Government of India, the Securities and Exchange Board of India (SEBI), the Reserve Bank of India (RBI) and the Association of Mutual Funds in India (AMFI) for the guidance provided by them. The Trustees also appreciate the services provided by the Registrar and Transfer Agent, Fund Accountant, Custodian, Bankers, Distributors and Brokers. The guidance and services provided by the auditors and advocates and the ebullience, sincerity and dedication of the employees of HSBC Asset Management (India) Private Limited is also appreciated.

The Trustees look forward to the continued support of everyone.

For and on behalf of **HSBC Trustees (India) Private Ltd.**

Sd/-

Director

Mumbai

July 19, 2024

Independent Auditors' Report

To the Board of Directors of HSBC Trustees (India) Private Limited (the "Trustee")

HSBC Liquid Fund

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **HSBC Liquid Fund** (the "Scheme") of HSBC Mutual Fund (the "Fund"), which comprise the Balance Sheet as at March 31, 2024, the Revenue Account and the Cash Flow Statement for the year then ended, and notes to the financial statements, including a summary of material accounting policy and other explanatory information.

In our opinion, and to the best of our information and according to the explanations given to us, the aforesaid financial statements of the Scheme give a true and fair view in conformity with the Indian Accounting Standards ("Ind AS") prescribed under section 133 of the Companies Act, 2013 (the "Act") read with Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India, including the accounting policies and standards specified in the Regulation 50 and Ninth Schedule to the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 ("the SEBI Regulations") (collectively referred to as the "Regulations") as amended:

- in the case of the Balance Sheet, of the state of affairs of the Scheme as at March 31, 2024;
- in the case of the Revenue Account, of the net surplus for the year ended on that date; and
- in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing ("SAs") and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India (the "ICAI"). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Scheme in accordance with the Code of Ethics issued by the ICAI together with the ethical requirements that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Information Other than the Financial Statements and Auditor's Report Thereon

The Board of Directors of HSBC Asset Management (India) Private Limited (the "AMC") and the Board of Directors of HSBC Trustees (India) Private Limited (the "Trustees") (collectively referred to as "the Management") are responsible for the other information. The other information comprises the information included in the Trustees report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

The Management is responsible for the preparation of these financial statements that give a true and fair view of the state of affairs, results of operations and cash flows of the Scheme in accordance with the accounting principles generally accepted in India, including the accounting policies and standards specified in Regulations. This responsibility also includes maintenance of adequate accounting records in accordance with the SEBI

Independent Auditors' Report *(Contd...)*

Regulations for safeguarding of the assets of the Scheme and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Management is responsible for assessing the Scheme's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management, either intends to liquidate the Scheme or to cease operations, or has no realistic alternative but to do so.

Those Charged with Governance are also responsible for overseeing the Scheme's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Scheme's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Scheme to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide to those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Independent Auditors' Report *(Contd...)*

Report on Other Legal and Regulatory Requirements

1. As required by regulation 55(4) and clause 5(ii)(2) of the Eleventh Schedule of the SEBI Regulations, we report that:
 - a. we have sought and obtained all the information and explanations which, to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b. in our opinion, the Balance Sheet and the Revenue Account dealt with by this report have been prepared in accordance with the accounting policies and standards specified in the Regulations; and
 - c. the Balance Sheet, the Revenue Account and the Cash Flow Statement, dealt with by this report are in agreement with the books of accounts of the Scheme.
2. In our opinion, the methods used to value non-traded securities as at March 31, 2024, as determined by the Management under procedures approved by the Trustees in accordance with the guidelines for valuation of securities for mutual funds as mentioned in the Eighth Schedule to the SEBI Regulations, are fair and reasonable.

For **M S K A & Associates**

Chartered Accountants

ICAI Firm Registration No. 105047W

Sd/-

Swapnil Kale

Partner

Membership No: 117812

UDIN: 24117812BKFIRL4943

Place : Mumbai

Date : July 19, 2024.

Abridged Balance Sheet as at March 31, 2024

Rs. in Lakhs

	As at March 31, 2024	As at March 31, 2023	As at April 1, 2022
LIABILITIES			
1 Unit Capital	542,918.51	409,334.36	145,942.65
2 Reserves & Surplus			
2.1 Unit Premium Reserves	693.06	1,207.05	1,156.84
2.2 Unrealised Appreciation Reserve	445.44	409.58	29.11
2.3 Other Reserves	755,058.89	491,958.64	150,654.29
3 Loans & Borrowings	251,451.61	—	—
4 Current Liabilities & Provisions			
4.1 Provision for Doubtful Income/Deposits	—	—	—
4.2 Other Current Liabilities & Provisions	704.24	531.37	1,410.84
TOTAL	1,551,271.75	903,441.01	299,193.74
ASSETS			
1 Investments			
1.1 Listed Securities:			
1.1.1 Equity Shares	—	—	—
1.1.2 Preference Shares	—	—	—
1.1.3 Equity Linked Debentures	—	—	—
1.1.4 Other Debentures & Bonds	16,992.39	73,466.72	7,531.15
1.1.5 Securitised Debt Securities	—	—	—
1.2 Securities Awaited Listing:			
1.2.1 Equity Shares	—	—	—
1.2.2 Preference Shares	—	—	—
1.2.3 Equity Linked Debentures	—	—	—
1.2.4 Other Debentures & Bonds	—	—	—
1.2.5 Securitised Debt Securities	—	—	—
1.3 Unlisted Securities:			
1.3.1 Equity Shares	—	—	—
1.3.2 Preference Shares	—	—	—
1.3.3 Equity Linked Debentures	—	—	—
1.3.4 Other Debentures & Bonds	—	—	—
1.3.5 Securitised Debt Securities	—	—	—
1.4 Government Securities	—	—	10,082.67
1.5 Treasury Bills	286,576.36	90,055.82	54,647.24
1.6 Commercial Paper	637,438.32	472,134.50	—
1.7 Certificate of Deposits	604,860.62	192,712.59	92,108.44
1.8 PTC	—	—	—
1.9 Units of Domestic Mutual Fund	—	—	—
1.10 Foreign Securities	—	—	—
1.11 AIF Investment	3,613.57	—	—
Total Investments	1,549,481.26	828,369.63	164,369.49
2 Deposits	464.12	63.25	183.93
3 Other Current Assets			
3.1 Cash & Bank Balance	127.16	177.77	4.77
3.2 CBLO/TREPS/Reverse Repo Lending	48.57	70,233.04	2,126.03
3.3 Others	1,150.65	4,597.33	781.38
4 Deferred Revenue Expenditure (to the extent not written off)	—	—	—
TOTAL	1,551,271.76	903,441.01	299,193.74

Notes to Accounts - Annexure I

Abridged Revenue Account for the year ended March 31, 2024

Rs. in Lakhs

	Current Year ended March 31, 2024	Previous Year ended March 31, 2023
1 INCOME		
1.1 Dividend	—	—
1.2 Interest	123,584.75	40,768.55
1.3 Realised Gain/(Loss) on Foreign Exchange Transactions	—	—
1.4 Realised Gains/(Losses) on Interscheme Sale of Investments	—	—
1.5 Realised Gains/(Losses) on External Sale/Redemption of Investments	218.29	(208.92)
1.6 Realised Gains/(Losses) on Derivative Transactions	—	—
1.7 Other Income	46.71	35.00
(A)	123,849.75	40,594.63
2 EXPENSES		
2.1 Management Fees	1,187.73	443.72
2.2 GST on Management Fees	213.78	79.87
2.3 Transfer Agents Fees and Expenses	271.77	101.08
2.4 Custodian Fees	10.48	2.82
2.5 Trusteeship Fees	7.71	9.03
2.6 Commission to Agents	208.44	67.01
2.7 Marketing & Distribution Expenses	0.26	4.07
2.8 Audit Fees	4.20	7.80
2.9 Investor Education Expenses	344.76	139.30
2.10 Interest on Borrowing	428.24	—
2.11 Brokerage & Transaction Costs	45.23	12.58
2.12 Other Operating Expenses	35.90	44.39
(B)	2,758.52	911.67
3 NET REALISED GAINS/(LOSSES) FOR THE YEAR (C = A - B)	121,091.23	39,682.96
4 Change in Unrealised Depreciation in Value of Investments	(D) —	19.31
5 NET GAINS/(LOSSES) FOR THE YEAR (E = C + D)	121,091.23	39,702.27
6 Change in Unrealised Appreciation in Value of Investments	(F) 35.86	380.62
7 NET SURPLUS/(DEFICIT) FOR THE YEAR (G = E + F)	121,127.09	40,082.89
7.1 Add : Balance Transfer from Unrealised Appreciation Reserve	—	—
7.2 Less : Balance Transfer to Unrealised Appreciation Reserve	35.86	380.48
7.3 Add/(Less) : Equalisation	142,029.40	302,138.62
7.4 Transfer from Reserve Fund	491,958.64	150,654.29
7.5 Transfer from Unit Premium Reserve	1,045.33	—
8 Total	756,124.60	492,495.32
9 Dividend Appropriation		
9.1 Income Distributed during the Year	(1,065.71)	(536.68)
9.2 Tax on Income Distributed during the Year	—	—
10 Retained Surplus/(Deficit) Carried Forward to Balance Sheet	755,058.89	491,958.64

Notes to Accounts - Annexure I

Key Statistics for the year ended March 31, 2024

	Current Year ended March 31, 2024	Previous Year ended March 31, 2023
1. NAV per unit (Rs.):		
Open		
Growth Option # (Discontinued Plan)	3,212.2379	3,055.0566
Daily IDCW Option # (Discontinued Plan)	1,019.3000	1,019.3000
Weekly IDCW Option # (Discontinued Plan)	1,002.0012	1,000.5240
Institutional - Daily IDCW Option #	1,562.8262	1,553.7509
Regular Plan - Growth Option	2,226.3856	2,106.9529
Regular Plan - Daily IDCW Option	1,001.3789	1,001.3789
Regular Plan - Weekly IDCW Option	1,109.1234	1,107.8300
Regular Plan - Monthly IDCW Option	1,003.6223	1,002.2952
Direct Plan - Growth Option	2,242.1310	2,119.7831
Direct Plan - Daily IDCW Option	1,000.9401	1,000.9401
Direct Plan - Weekly IDCW Option	1,196.7798	1,179.2316
Direct Plan - Monthly IDCW Option	1,039.2652	1,038.6577
Unclaimed IDCW less than 3 yrs *	–	1,368.5045
Unclaimed IDCW more than 3 yrs *	–	1,000.0000
Unclaimed Redemption less than 3 yrs *	–	1,368.5045
Unclaimed Redemption more than 3 yrs *	–	1,000.0000
High		
Growth Option # (Discontinued Plan)	3,443.5283	3,212.2379
Daily IDCW Option # (Discontinued Plan)	1,019.9105	1,019.3000
Weekly IDCW Option # (Discontinued Plan)	1,002.6681	1,002.0012
Institutional - Daily IDCW Option #	1,563.7634	1,574.4518
Regular Plan - Growth Option	2,386.6917	2,226.3856
Regular Plan - Daily IDCW Option	1,001.9786	1,001.3789
Regular Plan - Weekly IDCW Option	1,109.8616	1,109.2529
Regular Plan - Monthly IDCW Option	1,008.5656	1,008.3129
Direct Plan - Growth Option	2,405.9756	2,242.1310
Direct Plan - Daily IDCW Option	1,001.8597	1,000.9401
Direct Plan - Weekly IDCW Option	1,197.5862	1,197.1087
Direct Plan - Monthly IDCW Option	1,044.4656	1,044.2030
Low		
Growth Option # (Discontinued Plan)	3,213.4607	3,055.7762
Daily IDCW Option # (Discontinued Plan)	1,019.3000	1,019.0102
Weekly IDCW Option # (Discontinued Plan)	1,000.7050	1,000.1664
Institutional - Daily IDCW Option #	1,562.8262	1,554.1991
Regular Plan - Growth Option	2,227.2330	2,107.5872
Regular Plan - Daily IDCW Option	1,001.3789	1,001.1379
Regular Plan - Weekly IDCW Option	1,107.4561	1,107.4099
Regular Plan - Monthly IDCW Option	1,002.3019	1,002.1136
Direct Plan - Growth Option	2,242.9968	2,120.4380

Key Statistics for the year ended March 31, 2024 (Contd...)

	Current Year ended March 31, 2024	Previous Year ended March 31, 2023
Direct Plan - Daily IDCW Option	1,000.9401	1,000.7043
Direct Plan - Weekly IDCW Option	1,195.1444	1,179.5957
Direct Plan - Monthly IDCW Option	1,037.8864	1,037.6943
End		
Growth Option # (Discontinued Plan)	3,443.5283	3,212.2379
Daily IDCW Option # (Discontinued Plan)	1,019.9105	1,019.3000
Weekly IDCW Option # (Discontinued Plan)	1,002.3108	1,002.0012
Institutional - Daily IDCW Option #	1,563.7634	1,562.8262
Regular Plan - Growth Option	2,386.6917	2,226.3856
Regular Plan - Daily IDCW Option	1,001.9786	1,001.3789
Regular Plan - Weekly IDCW Option	1,109.1605	1,109.1234
Regular Plan - Monthly IDCW Option	1,003.9408	1,003.6223
Direct Plan - Growth Option	2,405.9756	2,242.1310
Direct Plan - Daily IDCW Option	1,001.8597	1,000.9401
Direct Plan - Weekly IDCW Option	1,197.0002	1,196.7798
Direct Plan - Monthly IDCW Option	1,039.6006	1,039.2652
2. Closing Assets Under Management (Rs. in Lakhs)		
End	1,299,116	902,904
Average (AAuM) ¹	1,723,803	658,114
3. Gross income as % of AAuM ²	7.18%	6.17%
4. Expense Ratio:		
a. Total Expense as % of AAuM (including GST on Management fees) (planwise)		
Discontinued Plan#	0.22%	0.72%
Institutional Plan #	0.22%	0.31%
Regular Plan	0.22%	0.22%
Direct Plan	0.12%	0.12%
Unclaimed*	NA	0.51%
b. Management Fee as % of AAuM (planwise)		
Discontinued Plan#	0.07%	0.06%
Institutional Plan #	0.06%	0.06%
Regular Plan	0.07%	0.09%
Direct Plan	0.07%	0.06%
Unclaimed*	NA	0.05%
5. Net Income as a percentage of AAuM ³	7.02%	6.03%
6. Portfolio turnover ratio ⁴	NA	NA
7. Total IDCW per unit distributed during the year (planwise)		
Retail		
Daily IDCW Option #	70.2698	51.1436
Weekly IDCW Option #	69.3192	48.7383
Regular Plan - Daily IDCW Option	69.0315	55.2173

Key Statistics for the year ended March 31, 2024 (Contd...)

	Current Year ended March 31, 2024	Previous Year ended March 31, 2023
Regular Plan - Weekly IDCW Option	69.5713	59.6011
Regular Plan - Monthly IDCW Option	77.0126	54.0665
Direct Plan - Daily IDCW Option	69.9381	56.1563
Direct Plan - Weekly IDCW Option	73.0797	49.2016
Direct Plan - Monthly IDCW Option	84.1279	57.7588
Corporate		
Daily IDCW Option #	70.2698	51.1436
Weekly IDCW Option #	69.3192	48.7383
Regular Plan - Daily IDCW Option	69.0315	55.2173
Regular Plan - Weekly IDCW Option	69.5713	59.6011
Regular Plan - Monthly IDCW Option	77.0126	54.0665
Direct Plan - Daily IDCW Option	69.9381	56.1563
Direct Plan - Weekly IDCW Option	73.0797	49.2016
Direct Plan - Monthly IDCW Option	84.1279	57.7588
8. Returns (%):		
a. Last One Year		
Scheme		
Regular Plan - Growth Option	7.18%	5.66%
Direct Plan - Growth Option	7.29%	5.75%
Benchmark⁵		
NIFTY Liquid Index A-I	7.30%	5.88%
b. Since Inception		
Scheme		
Regular Plan - Growth Option	7.05%	6.77%
Direct Plan - Growth Option	6.81%	7.04%
Benchmark⁵		
NIFTY Liquid Index A-I	7.10%	7.13%

Plans Discontinued for fresh subscription

* Unclaimed plans were closed in HSBC Liquid Fund on July 24, 2022

1. AAuM = Average daily net assets

2. Gross income = amount against (A) in the Revenue account i.e. Income

3. Net income = amount against (C) in the Revenue account i.e. Net Realised Gains/(Losses) for the year

4. Portfolio Turnover = Lower of sales or purchase divided by the Average AuM for the year

5. Benchmark returns provided for previous year is as per Old Benchmark

Old Benchmark	New Benchmark	Effective date
Nifty Liquid Index B-I	Nifty Liquid Index A-I	13th March, 2024

Notes to Accounts – Annexure I

To the Abridged Balance Sheet and Revenue Account for the year ended March 31, 2024

1 Investments:

- 1.1. It is confirmed that investments of the Schemes are registered in the name of the Trustees for the benefit of the Scheme's unitholders.
- 1.2. Open Positions of derivatives as on year ended March 31, 2024 and March 31, 2023 end are NIL.
- 1.3. Investment in Associates and Group Companies as at the year ended March 31, 2024 and March 31, 2023 are NIL.
- 1.4. Open position of Securities Borrowed and/or Lent by the scheme as on financial year ended March 31, 2024 and March 31, 2023 are NIL.
- 1.5. Investment in Below investment grade and default/Securities in default as on March 31, 2024 and March 31, 2023 are NIL.
- 1.6. Aggregate Unrealised Gain/Loss as at the end of the financial year March 31, 2024 and March 31, 2023 are as under:

Rs. In Lakhs

Security Category	Amount	Percentage to Net Assets	Amount	Percentage to Net Assets
	As at March 31, 2024		As at March 31, 2023	
Bonds and Debentures				
- Appreciation	2.40	0.00~	98.04	0.01
- Depreciation	–	–	–	–
Certificates of Deposit/Commercial Paper				
- Appreciation	355.96	0.03	305.95	0.03
- Depreciation	2.35	0.00~	9.55	0.00~
Treasury Bills				
- Appreciation	40.34	0.00~	15.15	0.00~
- Depreciation	8.82	0.00~	–	–
Alternative Investment Fund (CDMDF)				
- Appreciation	57.92	0.00~	–	–
- Depreciation	–	–	–	–

~ Indicates less than 0.01

- 1.7. The aggregate value of investment securities (excluding CBLO/TREPS and Reverse Repos) purchased and sold (including matured) during the financial year 2023-24 (excluding accretion of discount) are Rs. 10,355,192.08 lakhs and Rs. 9,748,650.85 lakhs respectively being 600.72% and 565.53% of the average net assets.

The aggregate value of investment securities (excluding CBLO/TREPS and Reverse Repos) purchased and sold (including matured) during the financial year 2022-23 (excluding accretion of discount) are Rs. 4,340,279.31 in lacs and Rs. 4,676,746.76 in lacs respectively being 659.50% and 710.63% of the average net assets.

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

Security Category	Amount (Rs. In Lakhs)	Percentage to Net Assets	Amount (Rs. In Lakhs)	Percentage to Net Assets
	As at March 31, 2024		As at March 31, 2023	
Debt Instruments	16,992.39	1.31	73,466.72	8.14
Money Market Instruments	1,188,040.50	91.45	593,114.38	65.69
Total	1,205,033	92.76	666,581.10	73.83

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

To the Abridged Balance Sheet and Revenue Account for the year ended March 31, 2024

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

During the year 2023-24, The Hongkong and Shanghai Banking Corporation Limited, an associate entity of HSBC Asset Management (India) Private Limited was paid collection/bank charges amounting to Rs. Nil.

During the year 2022-23, The Hongkong and Shanghai Banking Corporation Limited, an associate entity of HSBC Asset Management (India) Private Limited was paid collection/bank charges amounting to Rs. Nil.

Commission paid to Sponsor / AMC and its associates / related parties / group companies

Name of Sponsor/ AMC and its associates/related parties/group companies	Nature of Association / Nature of Relation	Period Covered	Business Given [Rs. In lakhs]	% of Total Business received by the Fund	Commission paid [Rs. In Lakhs]	% of Total commission paid by the Fund
The Hongkong and Shanghai Banking Corporation Limited	Group Company	2023-2024	41,382.08	0.24	22.63	10.96
The Hongkong and Shanghai Banking Corporation Limited	Group Company	2022-2023	44,881.04	0.43	17.26	19.61

Brokerage paid to Sponsor / AMC and its associates / related parties / group companies is NIL.
(Previous year also NIL).

- 3 None of the Investors held more than 25% of the total net assets of the scheme at the year ended March 31, 2024 and March 31, 2023.
- 4 Unit Capital movement during the year ended March 31, 2024, March 31, 2023 and March 31, 2022:

Description	2023-2024				
	Opening Units	Subscription	Redemption	Closing Units	Face Value per unit (Rupees)
Growth Option # (Discontinued Plan)	8,579.075	–	282.467	8,296.608	1,000
Daily IDCW Option # (Discontinued Plan)	38,250.902	68.449	6,853.416	31,465.935	1,000
Weekly IDCW Option # (Discontinued Plan)	5,307.894	–	–	5,307.894	1,000
Institutional Daily IDCW Option#	38.218	–	–	38.218	1,000
Regular Plan - Growth Option	7,022,947.213	93,975,857.863	95,476,688.218	5,522,116.858	1,000
Regular Plan - Daily IDCW Option	451,435.690	454,605.829	640,894.241	265,147.278	1,000
Regular Plan - Weekly IDCW Option	38,657.644	8,437.186	17,386.514	29,708.316	1,000
Regular Plan - IDCW Option	25,361.666	56,129.542	57,805.018	23,686.190	1,000
Direct Plan - Growth Option**	32,779,109.128	641,907,093.647	626,367,220.757	48,318,982.018	1,000
Direct Plan - Daily IDCW Option	544,725.300	7,551,714.387	8,021,264.134	75,175.553	1,000

Notes to Accounts – Annexure I (Contd...)**To the Abridged Balance Sheet and Revenue Account for the year ended March 31, 2024**

Description	2023-2024				
	Opening Units	Subscription	Redemption	Closing Units	Face Value per unit (Rupees)
Direct Plan - Weekly IDCW Option	17,754.753	8,806.760	16,722.936	9,838.577	1,000
Direct Plan - Monthly IDCW Option	1,268.821	3,831.886	3,013.497	2,087.210	1,000

Description	2022-2023				
	Opening Units	Subscription	Redemption	Closing Units	Face Value per unit (Rupees)
Growth Option # (Discontinued Plan)	9,338.642	465.779	1,225.346	8,579.075	1,000
Daily IDCW Option # (Discontinued Plan)	38,980.047	739.594	1,468.739	38,250.902	1,000
Weekly IDCW Option # (Discontinued Plan)	5,307.894	–	–	5,307.894	1,000
Institutional Daily IDCW Option#	38.218	–	–	38.218	1,000
Regular Plan – Growth Option	1,662,500.611	43,270,813.686	37,910,367.084	7,022,947.213	1,000
Regular Plan - Daily IDCW Option	654,489.865	871,985.809	1,075,039.985	451,435.690	1,000
Regular Plan - Weekly IDCW Option	11,673.256	36,727.491	9,743.103	38,657.644	1,000
Regular Plan - IDCW Option	60,668.326	8,333.659	43,640.319	25,361.666	1,000
Direct Plan - Growth Option**	11,887,312.206	221,052,741.722	200,160,944.800	32,779,109.128	1,000
Direct Plan - Daily IDCW Option	175,122.818	581,415.719	211,813.237	544,725.300	1,000
Direct Plan - Weekly IDCW Option	130.436	22,678.175	5,053.858	17,754.753	1,000
Direct Plan - Monthly IDCW Option	1,487.937	1,457.323	1,676.439	1,268.821	1,000
Unclaimed Plan- IDCW less than 3 year*	11,533.045	–	11,533.045	–	1,000
Unclaimed Plan- IDCW more than 3 year*	25,315.530	–	25,315.530	–	1,000
Unclaimed Plan- Redemption less than 3 year*	15,574.104	–	15,574.104	–	1,000
Unclaimed Plan- Redemption more than 3 year*	34,792.072	–	34,792.072	–	1,000

Notes to Accounts – Annexure I (Contd...)**To the Abridged Balance Sheet and Revenue Account for the year ended March 31, 2024**

Description	2021-2022				Face Value per unit (Rupees)
	Opening Units	Subscription	Redemption	Closing Units	
Growth Option # (Discontinued Plan)	9,539.197	–	200.555	9,338.642	1,000
Daily IDCW Option # (Discontinued Plan)	42,896.452	–	3,916.405	38,980.047	1,000
Weekly IDCW Option # (Discontinued Plan)	5,620.354	–	312.460	5,307.894	1,000
Institutional Daily IDCW Option#	38.218	–	–	38.218	1,000
Regular Plan - Growth Option	4,001,666.870	9,271,465.227	11,610,631.486	1,662,500.611	1,000
Regular Plan - Daily IDCW Option	974,263.618	514,189.063	833,962.816	654,489.865	1,000
Regular Plan - Weekly IDCW Option	128,879.571	49,980.765	167,187.080	11,673.256	1,000
Regular Plan - IDCW Option	48,829.391	62,395.941	50,557.006	60,668.326	1,000
Direct Plan - Growth Option**	11,784,992.295	74,325,097.403	74,222,777.492	11,887,312.206	1,000
Direct Plan - Daily IDCW Option	43,575.129	205,734.158	74,186.469	175,122.818	1,000
Direct Plan - Weekly IDCW Option	1,093.801	35.979	999.344	130.436	1,000
Direct Plan - Monthly IDCW Option	1,481.648	307.340	301.051	1,487.937	1,000
Unclaimed Plan- IDCW less than 3 year*	16,119.886	979.188	5,566.029	11,533.045	1,000
Unclaimed Plan- IDCW more than 3 year*	21,679.768	5,213.104	1,577.342	25,315.530	1,000
Unclaimed Plan- Redemption less than 3 year*	12,504.070	12,995.327	9,925.293	15,574.104	1,000
Unclaimed Plan- Redemption more than 3 year*	32,491.756	2,822.279	521.963	34,792.072	1,000

** Units held by the AMC in Direct Plan Growth Option as on March 31, 2024 is 802,212.574 & as on March 31, 2023 is 107,417.088 & as on March 31, 2022 is 528,877.488

Plans Discontinued for fresh subscription

* Unclaimed plans were closed in HSBC Liquid Fund on July 24, 2022

- 5 Previous year's/period figures have been re-grouped/re-arranged where necessary.
- 6 There are no contingent liabilities and other commitments as on March 31, 2024 and March 31, 2023. Contingent asset is neither recognized nor disclosed in the financial statements.
- 7 Expenses other than Management Fees are Inclusive of GST where applicable.

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

To the Abridged Balance Sheet and Revenue Account for the year ended March 31, 2024

- 8 Other Income :- Rs. 46.71 Lakhs represents Exit load credited to the scheme (2023 - Rs. 35.00 Lakhs represents Exit load credited to the scheme).

9 Investor Education Awareness

As mandated by SEBI vide circular no. CIR/IMD/DF/21/2012 dated September 13, 2012 an annual charge of 0.02 percent of daily net assets, being a part of total recurring expenses is set aside for Investor Education and Awareness (IEA). In view of the AMFI Best Practices Guidelines Circular No. 56/2015-16, the IEF (Investor Education Fund) accrual is set aside in a separate bank account and the consolidated balance across all schemes as on March 31, 2024.

Pursuant to SEBI circular dated May 23, 2022, w.e.f. July 01, 2022, the limit of 0.02% p.a. has been reduced to 0.01% p.a. in case of ETFs/Index Funds. Furthermore, Fund of Funds (FoFs) investing more than 80% of its NAV in the underlying domestic funds have discontinued setting aside 0.02% p.a. of daily net assets towards IEA.

The break-up of which is as under:

	March 31, 2024	March 31, 2023
Particulars	Amount (Rs. In Lakhs)	Amount (Rs. In Lakhs)
Opening Balance as on April 01, 2023	997.09	460.22
Add: Accrual during FY 2023-24	1,962.01	1,432.00
Less: Transferred to AMFI *	889.11	646.75
Less: Payable to AMFI (March 2024 accrual) *	91.90	69.25
Add: Investment Income FY 2023-24	77.08	166.42
Less: Spent during FY 2023-24	1,877.44	345.55
Closing Balance as on March 31, 2024	177.73	997.09

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

The IEA disclosure's are presented for surviving schemes only.

10 Borrowings

Outstanding Borrowing Liability as at 31st March 2024 is Rs. 251,451.61 lakhs & 31st March 2023 is Nil

11 Garnishee Notice from Income Tax Authorities

During the financial year 2011-12, an Income tax demand of Rs. 32.58 crores was purported to be recovered under garnishee proceedings, by Income Tax Authorities in respect of investments made in Pass through Certificates (PTC) by some of the debt schemes (including matured schemes) of HSBC Mutual Fund (HSBC MF), for A.Y. 2009-2010. The said demand, impacting various mutual fund players in the industry, raised originally on the trusts sponsored by IL&FS Trust Company Ltd., (Appellants) was sought to be also recovered u/s 177(3) of the Income Tax Act, from HSBC MF.

Similar to AY 2009-10, HSBC MF had received a demand notice from the Income Tax authorities for AY 2010-11 for Rs. 6.95 crores.

Further, assessment for the A.Y. 2007-2008 was also been reopened by the Income Tax Authorities and demand of Rs. 2.04 Crores was made on the trust sponsored by IL&FS Trust Company Ltd. HSBC MF has not received any demand notice from the Income Tax authorities for this assessment year.

Against all the above demands, an appeal was filed by the Appellant with the first Appellate Authority CIT(A) and thereafter with ITAT. The matter of several Loan Trusts were consolidated and heard by ITAT and vide order dated 17th Feb 2017, the Income Tax Appellate Tribunal (ITAT) passed an order allowing the appeal of the assessee and dismissed the appeal of the Revenue.

The Department filed Miscellaneous Applications (MA) under section 254(2) of the Income Tax Act with ITAT against the favorable orders passed by ITAT on the ground that the Income Tax Appellate Tribunal has failed to consider all aspects of revenue contentions/appeal.

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

To the Abridged Balance Sheet and Revenue Account for the year ended March 31, 2024

The ITAT has vide its order dated March 25th 2022 dismissed the MA filed by department. An appeal filed by Revenue in the High court against the aforesaid order of Feb 2017 is yet to be heard.

- 13 Securities, excluding debt securities, where the non-traded investments which have been valued "in good faith" exceed 5% of the net assets at the end of the year is NIL.
- 14 Debt securities which have been valued at a price other than the price given by the independent valuation agencies at the end of the year is NIL.
- 15 **Disclosure of Risk-o-meter**

Scheme Name	Risk-o-meter level at end of the financial year i.e. March 31, 2024	Risk-o-meter level as on March 31, 2023	Number of changes in Risk-o-meter during the financial year (March 2023 to March 2024)
HSBC Liquid Fund	Low to Moderate	Low to Moderate	0

- 16 Pursuant to the SEBI circular no. SEBI/HO/IMD/IMD-II DOF3/P/CIR/2021/573 dated June 07,2021, The details of Potential Risk Class matrix of schemes are given in below:

Credit Risk →	Relatively Low (Class A)	Moderate (Class B)	Relatively High (Class C)
Interest Rate Risk ↓			
Relatively Low (Class I)		BI	
Moderate (Class II)			
Relatively High (Class III)			
A Scheme with Relatively Low interest rate risk and Moderate credit risk.			

- 16 Pursuant to SEBI Circular No. SEBI/HO/IMD/DF3/CIR/P/2020/194 dated October 05, 2020, the nomenclature of 'Dividend Option' under all the schemes of HSBC Mutual Fund has been revised to 'Income Distribution cum Capital Withdrawal Option' (IDCW), with effect from April 01, 2021.
- 17 Subsequent to receipt of SEBI's no objection to acquisition of 100% equity shares of L&T Investment Management Limited ("LTIM", Investment Manager of L&T Mutual Fund) and the amendments proposed to the trust deed of the HSBC Mutual Fund as required under the SEBI (Mutual Funds) Regulations, 1996, the schemes of L&T Mutual Fund (LTMF) were transferred to/ merged with the schemes of HSBC Mutual Fund on and from the close of business hours of November 25, 2022, and the HSBC AMC and HSBC Trustees assumed the responsibilities of the schemes of LTMF w.e.f. close of business hours of November 25, 2022.
- 18 During the year, HSBC Securities and Capital Markets (India) Private Limited ("HSCI"), Sponsors of HSBC Mutual Fund established a private limited company with limited liability to act as the "Trustee" of HSBC Mutual Fund. HSBC Trustees (India) Private Limited ("HTIP") was incorporated on 9 January 2024. Accordingly, HTIP has replaced the Board of Trustees of HSBC Mutual Fund w.e.f. 1 March 2024, and the Company through its Board of Directors has been discharging its obligations as the "Trustees" of the Fund from this date.
- 19 The Annual Accounts of the Schemes, prepared in accordance with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the "Act") read with the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time and clause 17.14 of SEBI Master Circular for Mutual Funds dated June 27, 2024, has been approved by the Board of Directors of HSBC Asset Management (India) Private Limited and HSBC Trustees (India) Private Limited at their meetings held on July 8, 2024 and July 19, 2024 respectively. The audit report attached herewith refers to the said Annual Accounts. The aforesaid abridged accounts are an extract of the Annual Accounts and are prepared in accordance with clause 5.4 and format no. 3.B under the section of formats of SEBI Master Circular for Mutual Funds dated June 27, 2024 and other relevant circulars issued by the Securities and Exchange Board of India from time to time.

Voting Policy and Procedures

In view of para 6.16 of SEBI Master Circular on Mutual Funds dated June 27, 2024 related to "Role of Mutual Funds in Corporate Governance of Public Listed Companies", HSBC AMC has formulated its "Policy for Proxy Voting in Public Listed Companies". The said policy is available on our website and the details of actual exercise of proxy votes, the summary of votes casted and the auditor's certificate is forming part of our full Annual Report for the Financial Year 2023 – 24 which has been uploaded on our website at <http://www.assetmanagement.hsbc.co.in>

Statutory Details & Disclaimers

All the returns have been sourced from Mutual Funds India Explorer software. The performance of the schemes and the benchmark is calculated on a total return basis. This document has been prepared by HSBC Asset Management (India) Private Limited (HSBC) for information purposes only with an intent to provide market overview and should not be construed as an offer or solicitation of an offer for purchase of any of the funds of HSBC Mutual Fund. All information contained in this document (including that sourced from third parties), is obtained from sources, which HSBC/third party, believes to be reliable but which it has not been independently verified by HSBC/the third party. Further, HSBC/the third party makes no guarantee, representation or warranty and accepts no responsibility or liability as to the accuracy or completeness of such information. The information and opinions contained within the document are based upon publicly available information and rates of taxation applicable at the time of publication, which are subject to change from time to time.

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

For disclosure of quarterly AUM/AAUM and AUM by geography, please visit our website at www.assetmanagement.hsbc.co.in. Investors are requested to note that as per SEBI (Mutual Funds) Regulations, 1996 and guidelines issued thereunder, HSBC AMC, its employees and/ or empaneled distributors/agents are forbidden from guaranteeing/promising/assuring/predicting any returns or future performances of the schemes of HSBC Mutual Fund. Hence, please do not rely upon any such statements/commitments. If you come across any such practices, please register a complaint via email at investor.line@mutualfunds.hsbc.co.in

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

Important Updates

Name and Date of Birth as per PAN card - Effective from June 1, 2024

As per recent regulatory requirement and changes advised by Income Tax Department in PAN validation process, now it is mandated to quote your Name(s) and DOB as per PAN card. To avoid any failure in such validations, we request investors to quote the Name(s) and DOB's of all the holders including Guardian, Power of Attorney (POA) holders as per PAN card.

Useful Links for self service options

- **Use our 24 x 7 Chatbot - "ASKME" for any queries or service request:**
visit: <https://invest.assetmanagement.hsbc.co.in>

SMS your request to HSBC Mutual Fund

- **Latest NAV** : Send SMS as HSBCMF NAV <Scheme Code> to 56767
Example: HSBCMF NAV F03
- **Valuation Service on registered mobile No.** : Send SMS as HSBCMF VAL <folio_number> to 56767
Example: HSBCMF VAL 123456
- **Annual Report** :
For Electronic Copy: Send SMS as HSBCMFARE <folio_number> to 567678080
Example: HSBCMF ARE 123456
For Physical Copy: Send SMS as HSBCMFARP <folio_number> to 567678080
Example: HSBCMF ARP 123456
- **Half Yearly Portfolio** :
For Electronic Copy: Send SMS as HSBCMFHPE <folio_number> to 567678080
Example: HSBCMF HPE 123456
For Physical Copy: Send SMS as HSBCMFHPP <folio_number> to 567678080
Example: HSBCMF HPP 123456

Missed Call Service

- You can give a missed call to 9212900020 to get the total valuation via SMS and a statement on your registered email ID

Book-Post

If undelivered please return to:

Computer Age Management Services Private Limited (CAMS)

Unit: HSBC Mutual Fund

New No. 10, M.G.R Salai, Nungambakkam, Chennai - 600034.

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

HSBC Asset Management (India) Private Limited

CIN NO: U74140MH2001PTC134220

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

Website : www.assetmanagement.hsbc.co.in

Description	Toll Free Number	Email ID
Investor related queries	1800-4190-200/1800-200-2434	investor.line@mutualfunds.hsbc.co.in
Online related queries	1800-4190-200/1800-200-2434	onlinemf@mutualfunds.hsbc.co.in
Investor (Dialing from abroad)	+91 44 39923900	investor.line@mutualfunds.hsbc.co.in

To get your updated account statement email us at : "mfsoa@mutualfunds.hsbc.co.in"

We're always here to help you, so feel free to reach out to us

Self-service request at your Fingertips

- Visit Website • Invest Online • Insta Statement • Download Forms
- Transact via Whats App • Use 24/7 ChatBot - Ask Me



Remember, you can also find out more via our social media handles !



Please check our website www.assetmanagement.hsbc.co.in for an updated list of Official Points of Acceptance of HSBC Mutual Fund.

CAMS SERVICE CENTRES/CAMS LIMITED TRANSACTION POINTS/CAMS COLLECTION CENTRES

For details on CAMS Service Centres, please visit www.camsonline.com



HSBC Low Duration Fund **(Erstwhile L&T Low Duration Fund)**

An open ended low duration debt scheme investing in instruments such that the Macaulay duration of the portfolio is between 6 months to 12 months. A relatively low interest rate risk and moderate credit risk.

Abridged Annual Report 2023 - 2024

SPONSOR

HSBC Securities and Capital Markets (India) Private Limited

CIN – U67120MH1994PTC081575

Regd. Office: 52/60, Mahatma Gandhi Road, Fort, Mumbai 400001.

TRUSTEE COMPANY

HSBC Trustees (India) Private Limited

CIN – U66190MH2024PTC416973

Regd. Office: 52/60, Mahatma Gandhi Road, Fort, Mumbai 400001.

ASSET MANAGEMENT COMPANY

HSBC Asset Management (India) Private Limited

CIN – U74140MH2001PTC134220

Regd. Office: 9-11 Floors, NESCO IT Park, Building No. 3,
Western Express Highway, Goregaon (East), Mumbai 400063.

CUSTODIAN

Citibank N.A.

First International Financial Center (FIFC), 9th Floor,
C-54 & 55, G – Block, Bandra Kurla Complex, Bandra (East), Mumbai 400051.

AUDITORS TO THE SCHEME

MSKA & Associates

Chartered Accountants

602, Floor 6, Raheja Titanium, Western Express Highway,
Geetanjali Railway Colony, Ram Nagar, Goregaon (East), Mumbai 400063.

REGISTRAR & TRANSFER AGENTS

Computer Age Management Services Limited (CAMS)

Unit: HSBC Mutual Fund

New No. 10, M.G.R Salai, Nungambakkam, Chennai 600034.

BOARD OF TRUSTEES

Ms. Jasmine Batliwalla	– Chairperson
Mr. Nani Javeri	– Trustee
Mr. David Rasquinha	– Trustee
Mr. Nicolas Moreau	– Trustee

BOARD OF DIRECTORS

Dr. Indu Shahani	– Director
Mr. Kapil Seth	– Director
Ms. Roopa Varma	– Director
Mr. Kailash Kulkarni	– Director & Chief Executive Officer

Dear Investor,

As we reflect on the past year, I am filled with pride and optimism about the future of our company and overall growth of the mutual fund industry. The past year has marked significant milestones in our journey, particularly as we capitalise on the immense potential of India's burgeoning growth story.

Fiscal 2024 turned out to be one of the best years for the domestic mutual fund industry as assets under management (AUM) spurted by nearly Rs. 14 lakh crore to a record Rs. 53.40 lakh crore as of March 2024 compared with Rs. 39.42 lakh crore as of March 2023.

The mutual fund industry is experiencing immense growth and we are poised to take advantage of this upward trajectory. Our company is an integral part of this growth story, riding the wave with several strategic initiatives and accomplishments that have set us on a path of sustained success.



Major achievements post integration

- Post integration we have enhanced our digital offering for both B2B and B2C to provide improved customer journeys.
- HSBC AM India's AUM increased from USD 1.4 bn (before integration) to USD 13.7 bn as of April 2024.
- HSBC Asset Management India has now become the 14th largest asset manager in India in terms of AUM.
- HSBC AM India has launched 4 new products since integration (raising \$445M).
- We have expanded HSBC AM India's product offerings to 43 funds.

Key Achievements in FY2023-2024

Investment Performance: Our disciplined investment strategy and thorough research have been pivotal to our success. We have focused on high-quality, undervalued assets, achieving consistent returns across our portfolio.

Product Innovation: This year, we launched two new funds - HSBC Multi Asset Allocation Fund and HSBC Consumption Fund, tailored to meet the evolving needs of our investors. These new offerings have been well-received, contributing to our growth in AUM significantly.

Increased Media Presence: In FY24, we significantly boosted our media presence, ensuring that our brand and thought leadership are recognized across various platforms. Through strategic media engagements like Informed Investing with ET Now, talks shows and several authored articles plus interviews - we have amplified our message, reaching a broader audience and reinforcing our market position.

Successful Campaign Launch: We successfully launched SIP Hai #FaydeWaliAadat, an investor education campaign, that highlighted the transformative power of SIPs in achieving long-term financial

goals. A first of its kind campaign, it aimed at educating and empowering the millennial investors in India. The campaign garnered significant attention and positive feedback, strengthening our brand presence and engaging a wider audience. Notably, the campaign has also earned us prestigious awards and accolades highlighting our commitment to excellence and innovation.

Client Relationships: We have strengthened our client relationships through enhanced communication, transparency, and personalized service. Our client satisfaction scores have reached new heights, reflecting our commitment to exceptional service.

We believe that the India story has just begun and its economic landscape is poised for significant growth. An exposure to unique and future relevant themes can provide a much-needed inflation buffer. The importance of asset allocation continues to be critical. It is critical for all of us to review our risk appetite and goal proximity and construct a portfolio appropriately.

Besides construction, portfolio rebalancing is equally important in order to achieve optimal outcomes. I do hope you share my enthusiasm and I ask that you continue to invest whilst reviewing your asset allocation at all times.

I would like to express my sincere gratitude to our dedicated team, whose expertise and commitment are the backbone of our success. To our investors, thank you for your trust and continued support. Your confidence in our approach motivates us to strive for excellence in everything we do. Also, I want to express my deepest gratitude to our valuable partners for their unwavering support and keep our services running. Look forward to achieving even grater milestones together.

As we move forward, we remain committed to delivering superior investment performance, fostering strong client relationships, and driving sustainable growth. Together, we are well-positioned to navigate the future and achieve our goals.

Warm regards,

A handwritten signature in black ink, appearing to read 'Kailash Kulkarni', written over a horizontal line.

Kailash Kulkarni

Chief Executive Officer

HSBC Asset Management India

Trustees' Report

For the year ended March 31, 2024

The Board of Directors of HSBC Trustees (India) Private Limited, Trustees of HSBC Mutual Fund present the Twenty Second Annual Report and the audited abridged financial statements of the schemes of the HSBC Mutual Fund ('the Fund') for the year ended March 31, 2024.

With the acquisition of L&T Mutual Fund in the previous financial year, the Fund's Assets Under Management ('AUM') (excluding Domestic FOFs) as on March 31, 2024 was INR 109368.16 crores (audited). The Fund ranks in the top 15 Mutual Fund houses in India in terms of AUM.

As at March 31, 2024, the Fund offered 43 schemes across asset classes to meet the varying investment needs of the investors. During the year, the Fund launched two new products namely HSBC Consumption Fund and HSBC Multi Asset Allocation Fund in Equity and Hybrid categories.

The Fund continues its focus on delivering consistent long-term returns. The comments on the performance of the scheme(s) are provided hereinafter. Dividends were declared under various schemes as per the provisions contained in the respective Scheme Information Documents after considering the distributable surplus available under the respective plans of the schemes. Details of dividends declared can be viewed on our website at www.assetmanagement.hsbc.co.in.

During the year, HSBC Securities and Capital Markets (India) Private Limited ("HSCI"), Sponsors of the Fund established a private limited company with limited liability to act as the "Trustees" of the Fund. HSBC Trustees (India) Private Limited ("HTIP") was incorporated on 9 January 2024. Accordingly, HTIP has replaced the Board of Trustees of HSBC Mutual Fund w.e.f. 1 March 2024, and the Company through its Board of Directors has been discharging its obligations as the "Trustees" of the Fund from this date.

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

a. Operations and Performance of the Scheme

➤ Debt Scheme

HSBC Low Duration Fund ('HLDF')

(An open-ended low duration debt scheme investing in instruments such that the Macaulay duration of the portfolio is between 6 months to 12 months. A relatively low interest rate risk and moderate credit risk.)

The investment objective of the scheme is to provide liquidity and reasonable returns by investing primarily in a mix of short-term debt and money market instruments such that the Macaulay duration of the portfolio is between 6 months to 12 months. However, there can be no assurance or guarantee that the investment objective of the scheme would be achieved.

The net assets of HLDF amounted to INR 439.17 crores as at March 31, 2024 as against INR 444.95 crores as at March 31, 2023. Around 98.9% of the net assets were invested in debt, 2.54% of the net assets were invested in reverse repos/TREPS and (1.74%) in net current assets as at March 31, 2024.

HLDF is positioned to provide a higher carry over the traditional money market category funds while maintaining adequate liquidity. HLDF focusses on generating returns through a yield-oriented and accrual based strategy along-with a rigorous credit selection process to spot mispriced credit opportunities. Given the portfolio quality and liquidity, the scheme is well positioned in the current market environment. HLDF has been positioned with a diversified mix of assets i.e. 85:15 rating mix strategy between AAA and non-AAA names and adequate liquidity.

HLDF seeks to provide liquidity and reasonable returns by investing primarily in a mix of debt and money market instruments such that the Macaulay duration of the portfolio is between 6 months to 12 months. However, there can be no assurance or guarantee that the investment objective of the scheme would be achieved.

HLDF has marginally underperformed the index in the past one year. The Scheme aims to actively manage duration through investments in Floating rate bonds and Interest rate swaps.

Trustees’ Report
For the year ended March 31, 2024 (Contd...)

HSBC Low Duration Fund					Date of Inception : 4 December, 2010			
Fund / Benchmark (Value of ₹ 10,000 invested)	1 Year		3 Years		5 Years		Since Inception	
	Amount (₹)	Returns (%)	Amount (₹)	Returns (%)	Amount (₹)	Returns (%)	Amount (₹)	Returns (%)
HSBC Low Duration Fund	10738	7.36	11641	5.19	12776	5.01	25198	7.18
Scheme Benchmark (NIFTY Low Duration Debt Index A-I)	10751	7.48	11698	5.36	13287	5.84	26140	7.47
Additional Benchmark (CRISIL 1 Year T Bill Index)	10723	7.21	11626	5.15	13081	5.51	23266	6.54

Past performance may or may not be sustained in future. The returns for the respective periods are provided as on March 31, 2024 for Growth Option of Regular Plan. Returns on ₹ 10,000 are point-to-point returns for the specific time period, invested at the start of the period. Returns for 1 year and above are Compounded Annualized. Different plans shall have a different expense structure. Performance of the respective benchmark is calculated as per the Total Return Index (TRI).

Risk-o-meter as of 31st March, 2024:

Scheme Name	Scheme Risk-o-meter	Benchmark Risk-o-meter
HSBC Low Duration Fund	 Investors understand that their principal will be at Low to Moderate risk	Benchmark Index: NIFTY Low Duration Debt Index A-I 

Please note that the above risk-o-meter is as per the product labelling of the Scheme basis Scheme's monthly portfolio as on March 31, 2024.

Potential Risk Class (PRC) Matrix for Debt Schemes of HSBC Mutual Fund

HSBC Low Duration Fund			
Credit Risk →	Relatively Low (Class A)	Moderate (Class B)	Relatively High (Class C)
Interest Rate Risk ↓			
Relatively Low (Class I)		BI	
Moderate (Class II)			
Relatively High (Class III)			
A Scheme with Relatively Low interest rate risk and Moderate credit risk.			

Potential Risk Class ‘PRC’) matrix indicates the maximum interest rate risk (measured by Macaulay Duration of the scheme) and maximum credit risk (measured by Credit Risk Value of the scheme) the fund manager can take in the scheme. PRC matrix classification is done in accordance with and subject to the methodology/guidelines prescribed by SEBI to help investors take informed decision based on the maximum interest rate risk and maximum credit risk the fund manager can take in the scheme, as depicted in the PRC matrix.

Trustees' Report

For the year ended March 31, 2024 (Contd...)

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

➤ EQUITY OUTLOOK

Recap of FY 2023-24:

FY24 was a stellar year for the Indian equity markets with strong economic momentum, healthy earnings growth and strong inflows from domestic and foreign institutional investors and strong retail participation driving a broad-based bull market. The Nifty and Sensex were up a solid 30.1%/26.5% respectively during the year, while the BSE Midcap and BSE Smallcap indices gained an astounding 65.2% and 61.4% respectively.

While geo-political conflicts continued in FY24, their impact on crude and global supply chains moderated. Crude prices largely remained range bound during the year. Inflation barring a brief spike largely remained well contained, the economy gained further steam with GDP growth crossing 8% in H1FY24 supported by government thrust on infrastructure. This translated into strong growth for several core sector industries including steel and cement. The growth in the real estate sector has been strong with inventory continuing to decline in metro markets. However, lagged impact of price increases continued to impinge on consumer demand growth which remained subdued for most mass market categories.

Domestic cyclicals were the best performing sectors during the year led by Real Estate, Capital Goods, Autos. Power was also among the best performing sectors. Global cyclicals like Metals and Oil & Gas also strongly outperformed the Nifty. FMCG and Banking while delivering healthy positive returns underperformed the Nifty, while IT performance was closer to Nifty.

MSCI India index outperformed most of key global indices during the past fiscal. MSCI India index (USD) gained 35.5% as compared to 23.1% gain for MSCI World, 27.9% for US S&P 500, 11.0% for MSCI Europe and only 5.3% for MSCI Emerging Markets as MSCI China declined 19.0% over the period.

Strong performance of the market and subsiding global macro headwinds drove a sharp turnaround in foreign investment flows. FI net inflow was at USD 25.3bn in FY24 versus an outflow of USD 6.0bn/17.1bn in FY23/FY22. DIs, on the other hand, matched FI inflow with an inflow of USD 25.3bn although it was lower than the net inflows at USD 30.8bn in FY23. Within DIs, the MF segment was the key contributor (USD 24.3 bn of net inflows up from USD 21.8bn in FY23) while domestic Insurers were also in the net inflow territory (USD 1.0bn of net inflows vs USD 9.0bn in FY23).

Source: Motilal Oswal

Indices Returns (April 01, 2023 to March 31, 2024)	1 Year [^]
S&P BSE Sensex TR	26.5%
NSE CNX Nifty TR	30.1%
S&P BSE 100 TR	34.2%
S&P BSE 200 TR	38.5%
S&P BSE 500 TR	40.2%
S&P BSE Midcap TR	65.2%
S&P BSE Small-cap TR	61.4%

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

Way forward:

The global macro environment remains challenging with heightened geo-political and economic uncertainties. US bond yields remain high putting pressure on interest rates and currencies globally. For India, growth has continued to remain strong with GDP growth of 8.4% in Q3FY24 driven by strong government spending on infrastructure and pickup in manufacturing and construction. The 2024 interim budget has re-affirmed

Trustees' Report

For the year ended March 31, 2024 (Contd...)

government focus on infrastructure. At the same time reduction in fiscal deficit should also help in easing of domestic interest rates. However, after last year's patchy monsoon, a good monsoon will be an important factor for rural demand and overall consumption growth in the economy in FY25.

India starts FY25 on a strong footing with positive growth momentum and India's investment cycle is expected to be on a medium-term uptrend supported by rising government investment in infrastructure and recovery in real estate cycle. There is also an expectation of higher private investments in renewable energy and related supply chain, localization of higher-end technology components, and India becoming a more meaningful part of global supply chains. Finally, it is expected for consumption to improve as the impact of high inflation fades and real incomes start to grow again.

However, several of these positives are getting discounted by the high valuations currently prevailing in the equity market. While the fund managers remain constructive on Indian equities supported by the more robust medium-term growth outlook there is a caution against high return expectations. Nifty continues to trade on 20.6x consensus 1 year forward PE (as of 30 April). On a 10-year basis, Nifty is still trading 10% above its historic average valuation but is in-line with its 5-year average. Valuations of the midcap and small cap indices are even higher versus their historical average.

➤ DEBT OUTLOOK

Market drivers during the course of the year FY 2024

The year started with advanced economies continuing to grapple with higher inflation and policy tightening remained a common theme across economies. During FY2024, the Federal Open Market Committee (FOMC) raised policy rates by 50 bps while European Central Bank (ECB) and Bank of England (BOE) raised policy rates by 100 bps each. The cumulative rate hikes by various advanced economies in this cycle are as follows: Fed (525 bps), BOE (515 bps) and ECB (450 bps). Meanwhile cumulative rate hikes by the Monetary Policy Committee (MPC) in this cycle was 250 bps. On account of higher Government debt burden, Fitch downgraded US sovereign rating from AAA to AA+. US Treasury yields remained volatile during the year, with the 10-year benchmark rising higher by 73 bps during the year. Crude prices also moved higher by USD 7-8/bbl.

On the domestic front, Consumer price Index (CPI) inflation remained broadly in the upper end of the MPC's targeted band of 4% +/- 2% for most of the financial year, however, inflation printed above 6% on two occasions due to high food inflation. Headline inflation remained susceptible to high food inflation with markets now expecting some relief of food prices on the back of normal monsoon. Core inflation eased through the year falling to below 4% in the last quarter.

Domestically, one of the biggest events during the year was the much-awaited index inclusion of Indian Government Bonds (IGBs) into the GBI-EM Global index suite and its relevant benchmarks. India is expected to reach the maximum weight of 10% in the GBI-EM Global Diversified Index (GBI-EM GD), with the inclusion staggered over a 10-month period starting June 2024. Following this, Bloomberg also included IGBs in their Bloomberg EM Local Currency Index, with India expected to reach a maximum weight of 10% over a 10-month period starting Jan 2025. Both these inclusions are expected to bring in INR 25-30 bn of index related FPI inflows over the next 1-2 years and paving the way for inclusion into other global bond indices as well. During FY2024, FPIs poured in close USD 12 bn into IGBs, with majority of the inflows coming in post the JP Morgan index inclusion announcement.

Government continued its path of fiscal consolidation, with the revised estimate of the Fiscal deficit for FY2024 coming in at 5.6%, with expectations for FY2025 at 5.1% and target of below 4.5% by FY2026. PMI numbers continue to remain in expansion, GST revenues remain buoyant and credit off-take upbeat.

The external sector has remained strong due to healthy service exports and remittances. Current Account Deficit (CAD) is expected to be around 1% for the year. Rupee remained one of the more stable currencies during the year, with active intervention from RBI smoothening any volatility. RBI continued to build on the FX reserves with year-end number around USD 650 bn.

Money market rates moved higher during the year due to tightening in liquidity along with higher Certificate of Deposit (CD) issuances. G-Sec yields, however, moved lower due to favorable demand supply and lower G-Sec borrowing. 10-year G-Sec moved lower during the year by 25 bps, while 5 yr G-Sec moved lower by 13 bps.

Trustees' Report

For the year ended March 31, 2024 (Contd...)

Market Outlook

While US markets have braced for "higher for longer" rates, we have seen in the past, that reactions to favorable data in such an environment can be sharp. Any softness in growth, employment or inflation data over the next few months will allow the markets to quickly start pricing in aggressive future policy easing. In our view, the RBI is also likely to gradually shift the liquidity deficit into surplus over the course of the next 3-6 months, flipping overnight rates from the top to the bottom of the rate corridor. The yield curve is likely to steepen as liquidity eases. This along with a potential 50 bps of policy easing in first half of CY2025 may push overnight rates lower by 75-100 bps.

While any form of additional spending by the new Government to address concerns of rural sections of the country and the possibility of additional spending to fund such policies will remain a key monitorable, it is believed the Government is likely to remain cognizant of the possible impact of such policies and take measured steps. With the dust settling down on the election outcome, the broad macroeconomic factors should continue to remain stable and could support softening in domestic yields going forward.

The Fund Managers continue to have a positive outlook for interest rates, based on various favorable factors: (a) Record RBI dividend to the Government, (b) reduced Fiscal deficit number of 5.6%, (c) favorable G-Sec supply demand dynamics, (d) FPI index related inflows, (e) revised outlook in India by S&P, (f) soft core inflation along with expectations of a better than normal monsoon, and finally (g) soft signals by Government and RBI on liquidity.

Source: RBI, Bloomberg, Internal HSBC Research & CCIL

2. BRIEF BACKGROUND OF THE SPONSORS, THE FUND, THE TRUSTEES AND THE ASSET MANAGEMENT COMPANY

A. Sponsor

HSBC Mutual Fund is sponsored by HSBC Securities and Capital Markets (India) Private Limited (HSCI). The Sponsor is the Settler of the Mutual Fund Trust. The Sponsor has entrusted a sum of Rs. 1,00,000/- (Rupees One Lakh only) to the Trustee as the initial contribution towards the corpus of the Mutual Fund.

HSCI offers integrated investment banking services, securities and corporate finance & advisory. HSCI is a member of the Bombay Stock Exchange Limited and National Stock Exchange (capital and derivative market segments). HSCI holds 100% of the paid-up equity share capital of HSBC Asset Management (India) Private Limited.

B. HSBC Mutual Fund

HSBC Mutual Fund ("the Mutual Fund" or "the Fund") has been constituted as a Trust in accordance with the provisions of the Indian Trusts Act, 1882 (2 of 1882) vide a Trust Deed dated February 7, 2002 (as amended) with HSBC Securities and Capital Markets (India) Private Limited, as the Sponsor and HSBC Trustees (India) Private Limited. The Trustee has entered into an Investment Management Agreement dated February 7, 2002 (as amended) with HSBC Asset Management (India) Private Limited (AMC) to function as the Investment Manager for all the schemes of the Fund. The Fund was registered with SEBI vide registration number MF/046/02/5 dated May 27, 2002.

The Trust has been formed for the purpose of pooling of capital from the public for collective investment in securities for the purpose of providing facilities for participation by persons as beneficiaries in such investments and in the profits/income arising therefrom.

C. HSBC Trustees (India) Private Limited (the Trustees)

The Trustees are the exclusive owner of the Trust Fund and holds the same in trust for the benefit of the unitholders. The Trustees have been discharging their duties and carrying out the responsibilities as provided in the SEBI (Mutual Funds) Regulations, 1996 and the Trust Deed. The Trustees seek to ensure that the Fund and the schemes floated there under are managed by the AMC in accordance with the Trust Deed, the said Regulations, directions and guidelines issued by the SEBI, the Stock Exchanges, the Association of Mutual Funds in India and other regulatory agencies.

Trustees' Report

For the year ended March 31, 2024 (Contd...)

During the year, HSBC Securities and Capital Markets (India) Private Limited ("HSCI"), Sponsors of HSBC Mutual Fund) established a private limited company with limited liability to act as the "Trustee" of HSBC Mutual Fund. HSBC Trustees (India) Private Limited ("HTIP") was incorporated on 9 January 2024. Accordingly, HTIP has replaced the Board of Trustees of HSBC Mutual Fund w.e.f. 1 March 2024, and the Company through its Board of Directors has been discharging its obligations as the "Trustees" of the Fund from this date.

As of March 31, 2024, HSCI holds 100% of the paid-up equity share capital of HTIP.

D. Asset Management Company (the AMC)

HSBC Asset Management (India) Private Limited (the Investment Manager or the AMC) is a private limited company incorporated under the Companies Act, 1956 on December 12, 2001 having its Registered Office at 9-11 Floors, NESCO IT Park, Building no. 3, Western Express Highway, Goregaon (East), Mumbai – 400 063. HSBC Asset Management (India) Private Limited has been appointed as the Asset Management Company of HSBC Mutual Fund by the Trustee vide Investment Management Agreement (IMA) dated February 7, 2002 (as amended) and executed between the Trustees and the AMC. SEBI approved the AMC to act as the Investment Manager of the Fund vide its letter No. MFD/BC/163/2002 dated May 27, 2002. The paid-up equity share capital of the AMC is Rs. 344.41 crores. The AMC is registered as a Portfolio Manager under the SEBI (Portfolio Managers) Regulations, 1993 vide registration no. INP000001322. The AMC also offers non-binding Advisory services to offshore funds under the mutual fund license.

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

3. INVESTMENT OBJECTIVE OF THE SCHEMES

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

4. SIGNIFICANT ACCOUNTING POLICIES

The Significant Accounting Policies form part of the Notes to the Accounts annexed to the Balance Sheet of the Schemes in the Full Annual Report. The accounting policies are in accordance with Securities Exchange Board of India (Mutual Funds) Regulations, 1996 and Indian Accounting Standards (IND AS) notified under section 133 of the Companies Act, 2013 (the "Act" read with the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time).

5. UNCLAIMED DIVIDENDS & REDEMPTIONS

Summary of number of investors & corresponding amount as on March 31, 2024:

Scheme Name	Unclaimed Dividend		Unclaimed Redemption	
	No. of Investors	Amount (₹)	No. of Investors	Amount (₹)
HSBC Low Duration Fund	338	869,958.70	23	311,858.81

6. INVESTOR SERVICES

The number of official points of acceptance of transactions are 210 locations. In addition to the offices of the Registrar & Transfer Agent, the AMC has its own office in 61 locations and Investor Service Centers in 39 locations. The AMC has 2 Toll Free numbers (1800-4190-200/1800-200-2434) which can be dialed from anywhere in India and 1 number i.e. +91 44 39923900 (Investors calling from abroad). The call center service is being managed by the Registrar and Transfer Agents. HSBC Mutual Fund offers the online transaction facility through the AMC's website at www.assetmanagement.hsbc.co.in.

On the distribution front, the number of empaneled distributors were 59046 as on March 31, 2024. During the year, the AMC initiated tie-ups for online distribution of the Mutual Fund's schemes with several channel partners taking the total number of such tie-ups to 160 as on March 31, 2024.

Trustees' Report

For the year ended March 31, 2024 (Contd...)

7. DETAILS OF INVESTOR GRIEVANCE REDRESSAL

The details of the redressal of investor complaints received against HSBC Mutual Fund during April 2023 - March 2024 are as follows:

2023-2024												
Complaint code	Type of Complaint	(a) No. of complaints pending at the beginning of the period	(b) No. of complaints received during the given period	Action on (a) and (b)								
				Resolved				Non Action-able*	Pending			
				Within 30 days	30-60 days	60-180 days	Beyond 180 days		0-3 months	3-6 months	6-9 months	9-12 months
I A	Non receipt of amount declared under Income Distribution cum Capital Withdrawal option	1	10	11	0	0	0	0	0	0	0	0
I B	Interest on delayed payment of amount declared under Income Distribution cum Capital Withdrawal option	0	1	1	0	0	0	0	0	0	0	0
I C	Non receipt of Redemption Proceeds	1	38	39	0	0	0	0	0	0	0	0
I D	Interest on delayed payment of Redemption	0	2	2	0	0	0	0	0	0	0	0
II A	Non receipt of Statement of Account/Unit Certificate	0	3	3	0	0	0	0	0	0	0	0
II B	Discrepancy in Statement of Account	1	22	23	0	0	0	0	0	0	0	0
II C	Data corrections in Investor details	1	250	249	0	0	0	0	2	0	0	0
II D	Non receipt of Annual Report/ Abridged Summary	0	0	0	0	0	0	0	0	0	0	0
III A	Wrong switch between Schemes	0	2	2	0	0	0	0	0	0	0	0
III B	Unauthorized switch between Schemes	0	1	1	0	0	0	0	0	0	0	0
III C	Deviation from Scheme attributes	0	1	1	0	0	0	0	0	0	0	0
III D	Wrong or excess charges/load	0	0	0	0	0	0	0	0	0	0	0
III E	Non updation of changes viz. address, PAN, bank details, nomination, etc	1	127	127	0	0	0	0	1	0	0	0
III F	Delay in allotment of Units	0	5	4	1	0	0	0	0	0	0	0
III G	Unauthorized Redemption	0	0	0	0	0	0	0	0	0	0	0
IV	Others**	1	78	76	0	0	0	0	3	0	0	0
	TOTAL	6	540	539	1	0	0	0	6	0	0	0

** As per AMFI Best Practice Guidelines Circular No.25/2011-12 for Revisions in the Guidelines on Standardization of Complaints/ Grievances Reporting Procedure. If "Others" include a type of complaint which is more than 10% of overall complaints, then such a reason should be provided separately. Hence, data corrections in Investor Details are included as a separate category.

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

Summary of Complaints for FY 2023-24

Particulars	Count
Total complaints received	540
Total number of folios	21,39,406
% of complaints against the folio	0.025

Trustees' Report

For the year ended March 31, 2024 (Contd...)

8. INVESTOR EDUCATION INITIATIVES

During the FY 2023-24, the AMC conducted the following investor education and awareness initiatives:

- An integrated multi-media marketing campaign on SIP Hai 'FaydeWaliAadat' aimed to tap into the aspirations, financial goals, and unique spending habits of millennials.
- Editorial content on Systematic Investment Plans (SIP) created across 15 states through various regional television channels.
- Investor education content on the Platform - Quora.
- 'Be Money Confident' video series targeting women through Jio Platforms.
- Campaign on Women & Investing for Women's Day.
- Campaign for Marathon enthusiast on the similarities between running a Marathon & Investing.
- Financial literacy virtual event on the occasion of Mother's Day, which received more than 725 registered users.
- A mom blogger outreach program to reach Women Investors with financial education content on MF on the occasion of Mother's Day.
- Education campaign on ELSS executed for working audiences.
- Blogs and content for Investor Education properties like SIP Sahi Hai in Value Research, Gyan Guroovaar on Facebook, Investment Ki Paathshala on the website and investor education blogs on the platform - Advisor Khoj.
- 1,462 Investor Education programs to reach out to an audience of 71,465 people out of which 458 were women programs attended by 20,139 women.

9. PROXY VOTING POLICY

As per para 6.16 of SEBI Master Circular on Mutual Funds dated June 27, 2024, the Fund has adopted Proxy Voting Policy and Procedures for exercising voting rights in respect of securities held by the Schemes. (please refer Proxy Voting Policy and Procedures)

The summary of the votes casted in the general meetings of the Investee companies, by the AMC for and on behalf of the Schemes of the Fund, for the financial year 2023-24 is provided below:

Quarter	Total no. of resolutions	Break-up of Vote decision		
		For	Against	Abstained
April 2023 - June 2023	387	260	75	52
July 2023 - September 2023	2,169	1607	448	114
October 2023 - December 2023	197	138	37	22
January 2024 - March 2024	319	240	50	29
TOTAL	3,072	2,245	610	217

As per para 6.16.7 of SEBI Master Circular on Mutual Funds dated June 27, 2024, the AMC has obtained certificate from M/s. M. P. Chitale & Co., Chartered Accountants, who is acting as a Scrutinizer, on the voting report for the FY 2023-24. The certificate dated May 22, 2024 issued by M/s. M. P. Chitale & Co., is available on the website of the AMC as part of the full Annual Report.

Unitholders can refer to the full Annual Report for complete details of actual exercise of votes in the general meetings of the investee companies for the financial year 2023-24 or log on to our website at www.assetmanagement.hsbc.co.in.

Trustees' Report

For the year ended March 31, 2024 (Contd...)

10. STATUTORY DETAILS

- a) The Sponsors are not responsible or liable for any loss resulting from the operation of the Schemes of the Fund beyond initial contribution of Rs. 1 lakh for setting up the Fund.
- b) The price and redemption value of the units, and income from them, can go up as well as down with fluctuations in the market value of its underlying investments.
- c) Full Annual Report of HSBC Mutual Fund and of HSBC Asset Management (India) Private Limited (the AMC) shall be disclosed on the website at www.assetmanagement.hsbc.co.in and shall be available for inspection at the Head Office of the Mutual Fund. Present and prospective unitholders can obtain copy of the Trust Deed, the full Annual Report of the Scheme(s), the Annual Report of HSBC Asset Management (India) Private Limited and the text of the relevant Scheme(s) at a price.

11. CHANGES IN RISK-O-METER OF THE SCHEME DURING FY 2023-24

As per para 17.4. of SEBI Master Circular on Mutual Funds dated June 27, 2024 on product labelling, the changes carried out in the risk-o-meter of the schemes of HSBC Mutual Fund during FY 2023-24 have been given in the below mentioned table for the information of the unitholders, a report on the said changes has also been displayed on the website of the Fund and AMFI.

Scheme Name	Risk-o-meter level as on March 31, 2023	Risk-o-meter level as on March 31, 2024	Number of changes in Risk-o-meter during the F.Y. 2023-24)
HSBC Low Duration Fund	Low to Moderate	Low to Moderate	0

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

As per para 6.16.15 of SEBI Master Circular on Mutual Funds dated June 27, 2024, HSBC Mutual Fund has adapted the policy on stewardship responsibilities, the unitholders are requested to note the status of governance with the same as mentioned below:

S. No.	Particulars of Principles of Stewardship Code	Status of compliance (Complied/ Not Complied)	Description	Remarks/ reasons for deviation/non-compliance, if any
1	Principle 1: Institutional Investors should formulate a comprehensive policy on the discharge of their stewardship responsibilities, publicly disclose it, review and update it periodically.	Complied	HSBC Asset Management (India) Private Limited's (AMIN) 'Policy on Stewardship responsibilities' (Stewardship Code/ Policy) was formulated and implemented on 01 July, 2020. This is a comprehensive document which has been publicly disclosed on the website of AMIN. The same shall follow a periodic review.	N.A.
2	Principle 2: Institutional investors should have a clear policy on how they manage conflicts of interest in fulfilling their stewardship responsibilities and publicly disclose it.	Complied	Defining and managing Conflict of Interest in fulfilling stewardship responsibilities are detailed in the Stewardship Policy document. The policy document is publicly disclosed.	N.A.

Trustees' Report

For the year ended March 31, 2024 (Contd...)

S. No.	Particulars of Principles of Stewardship Code	Status of compliance (Complied/ Not Complied)	Description	Remarks/ reasons for deviation/non-compliance, if any
3	Principle 3: Institutional investors should monitor their investee companies.	Complied	AMIN monitors all investee companies through its investment process. This includes assessment of companies' own and market data, consideration of research from brokers and other independent research providers – including ESG & voting research, attending individual & group meetings with company management and directors, visiting production sites (wherever necessary), engaging with key stakeholders including competitors and customers, and financial modelling. More details enumerated in the policy document	N.A.
4	Principle 4: Institutional investors should have a clear policy on intervention in their investee companies. Institutional investors should also have a clear policy for collaboration with other institutional investors where required, to preserve the interests of the ultimate investors, which should be disclosed.	Complied	Details of undertaking active engagement with investee companies and the policy for collaboration with other institutional holders are detailed in the policy document. The policy document is publicly disclosed.	N.A.
5	Principle 5: Institutional investors should have a clear policy on voting and disclosure of voting activity.	Complied	AMIN has a clear and detailed voting policy which provides the framework for the voting decisions. All voting decisions shall be in accordance with AMIN's Voting Policy and Procedures, which is disclosed on the website. AMIN discloses the details of the voting on its website on a quarterly basis within 10 working days from the end of the quarter. Additionally, AMIN also discloses the details of the votes cast, in the annual report of the schemes of HSBC Mutual Fund.	N.A.
6	Principle 6: Institutional investors should report periodically on their stewardship activities.	Complied	The annual status report of the stewardship code and quarterly report on proxy voting are publicly disclosed on the website as required under SEBI Regulations.	N.A.

Trustees' Report

For the year ended March 31, 2024 (Contd...)

13. DISCLOSURES PERTAINING TO NAV ADJUSTED DURING THE FINANCIAL YEAR FOR SWING FACTOR ALONG WITH THE PERFORMANCE IMPACT

Sr No.	Period of applicability of swing pricing	Scheme Name	Unswung NAV	Swing factor applied	Whether optional or mandatory
NIL					

14. SIGNIFICANT EVENT AFTER THE END OF THE FINANCIAL YEAR

NIL

15. ACKNOWLEDGEMENTS

The Trustees wish to thank the unitholders of the Schemes for their support throughout the year, and also thank the Government of India, the Securities and Exchange Board of India (SEBI), the Reserve Bank of India (RBI) and the Association of Mutual Funds in India (AMFI) for the guidance provided by them. The Trustees also appreciate the services provided by the Registrar and Transfer Agent, Fund Accountant, Custodian, Bankers, Distributors and Brokers. The guidance and services provided by the auditors and advocates and the ebullience, sincerity and dedication of the employees of HSBC Asset Management (India) Private Limited is also appreciated.

The Trustees look forward to the continued support of everyone.

For and on behalf of **HSBC Trustees (India) Private Ltd.**

Sd/-

Director

Mumbai

July 19, 2024

Independent Auditors' Report

To the Board of Directors of HSBC Trustees (India) Private Limited (the "Trustee")

HSBC Low Duration Fund

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **HSBC Low Duration Fund** (the "Scheme") of HSBC Mutual Fund (the "Fund"), which comprise the Balance Sheet as at March 31, 2024, the Revenue Account and the Cash Flow Statement for the year then ended, and notes to the financial statements, including a summary of material accounting policy and other explanatory information.

In our opinion, and to the best of our information and according to the explanations given to us, the aforesaid financial statements of the Scheme give a true and fair view in conformity with the Indian Accounting Standards ("Ind AS") prescribed under section 133 of the Companies Act, 2013 (the "Act") read with Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India, including the accounting policies and standards specified in the Regulation 50 and Ninth Schedule to the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 ("the SEBI Regulations") (collectively referred to as the "Regulations") as amended:

- in the case of the Balance Sheet, of the state of affairs of the Scheme as at March 31, 2024;
- in the case of the Revenue Account, of the net surplus for the year ended on that date; and
- in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing ("SAs") and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India (the "ICAI"). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Scheme in accordance with the Code of Ethics issued by the ICAI together with the ethical requirements that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Information Other than the Financial Statements and Auditor's Report Thereon

The Board of Directors of HSBC Asset Management (India) Private Limited (the "AMC") and the Board of Directors of HSBC Trustees (India) Private Limited (the "Trustees") (collectively referred to as "the Management") are responsible for the other information. The other information comprises the information included in the Trustees report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

The Management is responsible for the preparation of these financial statements that give a true and fair view of the state of affairs, results of operations and cash flows of the Scheme in accordance with the accounting principles generally accepted in India, including the accounting policies and standards specified in Regulations. This responsibility also includes maintenance of adequate accounting records in accordance with the SEBI

Independent Auditors' Report *(Contd...)*

Regulations for safeguarding of the assets of the Scheme and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Management is responsible for assessing the Scheme's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management, either intends to liquidate the Scheme or to cease operations, or has no realistic alternative but to do so.

Those Charged with Governance are also responsible for overseeing the Scheme's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Scheme's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Scheme to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide to those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Independent Auditors' Report *(Contd...)*

Report on Other Legal and Regulatory Requirements

1. As required by regulation 55(4) and clause 5(iii)(2) of the Eleventh Schedule of the SEBI Regulations, we report that:
 - a. we have sought and obtained all the information and explanations which, to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b. in our opinion, the Balance Sheet and the Revenue Account dealt with by this report have been prepared in accordance with the accounting policies and standards specified in the Regulations; and
 - c. the Balance Sheet, the Revenue Account and the Cash Flow Statement, dealt with by this report are in agreement with the books of accounts of the Scheme.
2. In our opinion, the methods used to value non-traded securities as at March 31, 2024, as determined by the Management under procedures approved by the Trustees in accordance with the guidelines for valuation of securities for mutual funds as mentioned in the Eighth Schedule to the SEBI Regulations, are fair and reasonable.

For **M S K A & Associates**

Chartered Accountants

ICAI Firm Registration No. 105047W

Sd/-

Swapnil Kale

Partner

Membership No: 117812

UDIN: 24117812BKFIRM1262

Place : Mumbai

Date : July 19, 2024

Abridged Balance Sheet as at March 31, 2024

Rs. in Lakhs

	As at March 31, 2024	As at March 31, 2023	As at April 1, 2022
LIABILITIES			
1 Unit Capital	17,399.16	18,961.78	36,220.66
2 Reserves & Surplus			
2.1 Unit Premium Reserves	257.02	246.85	1,080.37
2.2 Unrealised Appreciation Reserve	87.80	21.34	3.98
2.3 Other Reserves	26,173.51	25,206.03	47,006.53
3 Loans & Borrowings	—	—	—
4 Current Liabilities & Provisions			
4.1 Provision for Doubtful Income/Deposits	—	—	—
4.2 Other Current Liabilities & Provisions	825.21	386.39	146.88
TOTAL	44,742.69	44,822.41	84,458.42
ASSETS			
1 Investments			
1.1 Listed Securities:			
1.1.1 Equity Shares	—	—	—
1.1.2 Preference Shares	—	—	—
1.1.3 Equity Linked Debentures	—	—	—
1.1.4 Other Debentures & Bonds	22,150.29	15,349.37	47,249.17
1.1.5 Securitised Debt Securities	—	—	3,162.00
1.2 Securities Awaited Listing:			
1.2.1 Equity Shares	—	—	—
1.2.2 Preference Shares	—	—	—
1.2.3 Equity Linked Debentures	—	—	—
1.2.4 Other Debentures & Bonds	—	—	—
1.2.5 Securitised Debt Securities	—	—	—
1.3 Unlisted Securities:			
1.3.1 Equity Shares	—	—	—
1.3.2 Preference Shares	—	—	—
1.3.3 Equity Linked Debentures	—	—	—
1.3.4 Other Debentures & Bonds	—	—	—
1.3.5 Securitised Debt Securities	—	—	—
1.4 Government Securities	4,550.61	2,964.19	23,415.56
1.5 Treasury Bills	—	2,452.22	—
1.6 Commercial Paper	2,441.30	2,399.20	—
1.7 Certificate of Deposits	13,602.54	19,822.27	7,276.83
1.8 PTC	—	—	—
1.9 Units of Domestic Mutual Fund	—	—	—
1.10 Foreign Securities	—	—	—
1.11 AIF Investment	130.82	—	—
Total Investments	42,875.55	42,987.25	81,103.56
2 Deposits	4.20	2.52	4.82
3 Other Current Assets			
3.1 Cash & Bank Balance	47.16	32.44	44.70
3.2 CBLO/TREPS/Reverse Repo Lending	1,113.98	1,178.02	1,435.24
3.3 Others	701.80	622.18	1,870.10
4 Deferred Revenue Expenditure (to the extent not written off)	—	—	—
TOTAL	44,742.69	44,822.41	84,458.42

Notes to Accounts - Annexure I

Abridged Revenue Account for the year ended March 31, 2024

Rs. in Lakhs

	Current Year ended March 31, 2024	Previous Year ended March 31, 2023
1 INCOME		
1.1 Dividend	—	—
1.2 Interest	3,576.71	4,622.69
1.3 Realised Gain/(Loss) on Foreign Exchange Transactions	—	—
1.4 Realised Gains/(Losses) on Interscheme Sale of Investments	—	—
1.5 Realised Gains/(Losses) on External Sale/Redemption of Investments	84.01	(1,400.71)
1.6 Realised Gains/(Losses) on Derivative Transactions	—	—
1.7 Other Income	1.13	2.34
(A)	3,661.86	3,224.32
2 EXPENSES		
2.1 Management Fees	91.82	150.03
2.2 GST on Management Fees	16.53	27.01
2.3 Transfer Agents Fees and Expenses	15.30	23.49
2.4 Custodian Fees	0.34	1.13
2.5 Trusteeship Fees	0.21	0.45
2.6 Commission to Agents	137.75	159.85
2.7 Marketing & Distribution Expenses	0.01	0.46
2.8 Audit Fees	0.08	0.84
2.9 Investor Education Expenses	9.89	14.25
2.10 Interest on Borrowing	—	—
2.11 Brokerage & Transaction Costs	5.67	5.83
2.12 Other Operating Expenses	3.80	5.69
(B)	281.40	389.04
3 NET REALISED GAINS/(LOSSES) FOR THE YEAR (C = A - B)	3,380.46	2,835.28
4 Change in Unrealised Depreciation in Value of Investments	(D) 96.65	392.28
5 NET GAINS/(LOSSES) FOR THE YEAR (E = C + D)	3,477.10	3,227.55
6 Change in Unrealised Appreciation in Value of Investments	(F) 66.45	19.82
7 NET SURPLUS/(DEFICIT) FOR THE YEAR (G = E + F)	3,543.56	3,247.37
7.1 Add : Balance Transfer from Unrealised Appreciation Reserve	—	—
7.2 Less : Balance Transfer to Unrealised Appreciation Reserve	66.45	17.36
7.3 Add/(Less) : Equalisation	(2,434.69)	(24,985.40)
7.4 Transfer from Reserve Fund	25,206.03	47,006.53
7.5 Transfer from Unit Premium Reserve	—	—
8 Total	26,248.44	25,251.14
9 Dividend Appropriation		
9.1 Income Distributed during the Year	(74.93)	(45.11)
9.2 Tax on Income Distributed during the Year	—	—
10 Retained Surplus/(Deficit) Carried Forward to Balance Sheet	26,173.51	25,206.03

Notes to Accounts - Annexure I

Key Statistics for the year ended March 31, 2024

	Current Year ended March 31, 2024	Previous Year ended March 31, 2023
1. NAV per unit (Rs.):		
Open		
Regular Plan - Growth Option	24.0482	22.9730
Regular Plan - Monthly IDCW Option	10.3593	10.4266
Regular Plan - Annual IDCW Option	10.1897	10.4040
Direct Plan - Growth Option	25.1252	23.8610
Direct Plan - Monthly IDCW Option	11.0711	11.0756
Direct Plan - Annual IDCW Option	10.5262	10.7102
High		
Regular Plan - Growth Option	25.8239	24.0482
Regular Plan - Monthly IDCW Option	10.4230	10.4442
Regular Plan - Annual IDCW Option	10.9226	10.8706
Direct Plan - Growth Option	27.0859	25.1252
Direct Plan - Monthly IDCW Option	11.1422	11.1250
Direct Plan - Annual IDCW Option	11.3270	11.2561
Low		
Regular Plan - Growth Option	24.0681	22.9335
Regular Plan - Monthly IDCW Option	10.3411	10.3310
Regular Plan - Annual IDCW Option	10.0746	10.1709
Direct Plan - Growth Option	25.1467	23.8381
Direct Plan - Monthly IDCW Option	11.0513	11.0065
Direct Plan - Annual IDCW Option	10.4191	10.5065
End		
Regular Plan - Growth Option	25.8239	24.0482
Regular Plan - Monthly IDCW Option	10.3584	10.3593
Regular Plan - Annual IDCW Option	10.0906	10.1897
Direct Plan - Growth Option	27.0859	25.1252
Direct Plan - Monthly IDCW Option	11.0701	11.0711
Direct Plan - Annual IDCW Option	10.4362	10.5262
2. Closing Assets Under Management (Rs. in Lakhs)		
End	43,917	44,495
Average (AAuM) ¹	49,457	71,269
3. Gross income as % of AAuM ²	7.40%	4.52%
4. Expense Ratio:		
a. Total Expense as % of AAuM (including GST on Management fees) (planwise)		
Regular Plan	0.64%	0.84%
Direct Plan	0.25%	0.26%
b. Management Fee as % of AAuM (planwise)		
Regular Plan	0.19%	0.26%
Direct Plan	0.17%	0.17%

Key Statistics for the year ended March 31, 2024 (Contd...)

	Current Year ended March 31, 2024	Previous Year ended March 31, 2023
5. Net Income as a percentage of AAuM ³	6.84%	3.98%
6. Portfolio turnover ratio ⁴	N.A.	N.A.
7. Total IDCW per unit distributed during the year (planwise)		
Retail		
Regular Plan - Monthly IDCW Option	0.7402	0.5416
Regular Plan - Annual IDCW Option	0.8500	0.7000
Direct Plan - Monthly IDCW Option	0.8341	0.5758
Direct Plan - Annual IDCW Option	0.9100	0.7500
Corporate		
Regular Plan - Monthly IDCW Option	0.7402	0.5416
Regular Plan - Annual IDCW Option	0.8500	0.7000
Direct Plan - Monthly IDCW Option	0.8341	0.5758
Direct Plan - Annual IDCW Option	0.9100	0.7500
8. Returns (%):		
a. Last One Year		
Scheme		
Regular Plan - Growth Option	7.36%	4.63%
Direct Plan - Growth Option	7.78%	5.23%
Benchmark⁵		
NIFTY Low Duration Debt Index A-I	7.48%	5.48%
b. Since Inception		
Scheme		
Regular Plan - Growth Option	7.18%	7.16%
Direct Plan - Growth Option	7.41%	7.38%
Benchmark⁵		
NIFTY Low Duration Debt Index A-I	7.47%	7.73%

1. AAuM = Average daily net assets.

2. Gross income = amount against (A) in the Revenue account i.e. Income.

3. Net income = amount against (C) in the Revenue account i.e. Net Realised Gains/(Losses) for the year.

4. Portfolio Turnover = Lower of sales or purchase divided by the Average AuM for the year.

5. Benchmark returns provided for previous year is as per Old Benchmark

Old Benchmark	New Benchmark	Effective date
NIFTY Low Duration Debt Index B-I	NIFTY Low Duration Debt Index A-I	13th March, 2024

Notes to Accounts – Annexure I

To the Abridged Balance Sheet and Revenue Account for the year ended March 31, 2024

1 Investments:

- 1.1. All Investments of the Scheme are registered in the name of the Trustee for the benefit of the Scheme's Unitholders.
- 1.2. Open Position of derivatives as at the year ended March 31, 2024 and March 31, 2023 are NIL.
- 1.3. Investment in Associates and Group Companies as at the year ended March 31, 2024 and March 31, 2023 are NIL.
- 1.4. Open position of Securities Borrowed and/or Lent by the scheme as on the year ended March 31, 2024 and March 31, 2023 are NIL.
- 1.5. Investment in Below investment grade and default as on March 31, 2024 and March 31, 2023 are NIL and Securities in default beyond its maturity date as on March 31, 2024 and March 31, 2023 are:

ISIN	Name of Security	Value of Security Under Net Receivables		Total Amount Due (Principal + Interest) (Rs. in Lakhs)
		Amount (Rs. in Lakhs)	% to NAV	
INE445K07163	REL BRO NETWORK LTD - C 11.60% 08OCT20NCD	0.00	0.00	1,087.08

- 1.6. Aggregate Unrealised Gain/Loss as at the end of the Financial year March 31, 2024 and March 31, 2023 are as under :

(Rs. In Lakhs)

Scheme Name/Security Type	Amount	Percentage to Net Assets	Amount	Percentage to Net Assets
	As at March 31, 2024		As at March 31, 2023	
Bonds and Debentures				
– Appreciation	77.13	0.18	24.10	0.05
– Depreciation	27.56	0.06	118.93	0.27
Commercial Papers / Certificate of Deposits				
– Appreciation	19.21	0.04	22.35	0.05
– Depreciation	–	–	1.00	0.00~
Alternate Investment Fund (CDMDF)				
– Appreciation	2.38	0.01	–	–
– Depreciation	–	–	–	–
Central and State Government Securities				
– Appreciation	16.64	0.04	0.37	0.00~
– Depreciation	–	–	3.12	0.01
Treasury Bills				
– Appreciation	–	–	–	–
– Depreciation	–	–	1.58	0.00~
Interest rate Swap (IRS)				
– Appreciation	–	–	–	–
– Depreciation	2.52	0.01	–	–

(–) - Indicates less than 0.01

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

To the Abridged Balance Sheet and Revenue Account for the year ended March 31, 2024

- 1.7. The aggregate value of investment securities (excluding CBLO/TREPS and Reverse Repos) purchased and sold (including matured) during the financial year 2023-24 (excluding accretion of discount) are Rs. 121,015.75 Lakhs and Rs. 122,637.50 lakhs being 244.69% and 247.97% of the average net assets.

The aggregate value of investment securities (excluding CBLO/TREPS and Reverse Repos) purchased and sold (including matured) during the financial year 2022-23 (excluding accretion of discount) are Rs. 208,654.89 lakhs and Rs. 259,719.30 lakhs being 292.77% and 364.42% of the average net assets.

- 1.8. Non-Traded securities in the portfolio: Aggregate Value of Debt & Money Market Instruments and percentage to net assets during the financial year March 31, 2024 and March 31, 2023 are as follows:

Security Category	Amount (Rs. In Lakhs)	Percentage to Net Assets	Amount (Rs. In Lakhs)	Percentage to Net Assets
	As at March 31, 2024		As at March 31, 2023	
Debt	21,720	49.46	12,875	28.93
Money Market	16,044	36.53	12,750	28.65
Total	37,764	85.99	25,625	57.59

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

During the year 2023-24, The Hongkong and Shanghai Banking Corporation Limited, an associate entity of HSBC Asset Management (India) Private Limited was paid collection/bank charges amounting to Rs. Nil. During the year 2022-23, The Hongkong and Shanghai Banking Corporation Limited, an associate entity of HSBC Asset Management (India) Private Limited was paid collection/bank charges amounting to Rs. Nil.

Commission paid to Sponsor/AMC and its associates/related parties/group companies

Name of Sponsor/AMC and its associates/related parties/group companies	Nature of Association / Nature of Relation	Period Covered	Business Given [Rs. In lakhs]	% of Total Business received by the Fund	Commission paid [Rs. In Lakhs]	% of Total commission paid by the Fund
The Hongkong and Shanghai Banking Corporation Limited	Group Company	2023-2024	18,312.35	26.36	37.49	26.99
The Hongkong and Shanghai Banking Corporation Limited	Group Company	2022-2023	44,136.88	40.90	32.10	17.95

Brokerage paid to Sponsor/AMC and its associates/related parties/group companies is NIL.
(Previous year also NIL).

- 3 None of the Investors held more than 25% of the total net assets of the schemes at the year ended March 31, 2024 and March 31, 2023.

Notes to Accounts – Annexure I (Contd...)**To the Abridged Balance Sheet and Revenue Account for the year ended March 31, 2024**

4 Unit Capital movement during the year ended March 31, 2024, March 31, 2023 and March 31, 2022:

Description	2023-2024				
	Opening Units	Subscription	Redemption	Closing Units	Face Value per unit (Rupees)
Regular Plan - Growth Option	153,777,329.375	177,577,187.087	197,875,702.882	133,478,813.580	10
Regular Plan - Monthly IDCW Option	9,669,090.662	2,747,036.725	3,902,415.448	8,513,711.939	10
Regular Plan - Annual IDCW Option	115,960.482	109,010.573	128,642.632	96,328.423	10
Direct Plan - Growth Option**	25,312,519.128	94,210,801.894	88,148,185.021	31,375,136.001	10
Direct Plan - Monthly IDCW Option	704,740.533	119,765.806	330,371.876	494,134.463	10
Direct Plan - Annual IDCW Option	38,163.187	375.786	5,059.530	33,479.443	10

Description	2022-2023				
	Opening Units	Subscription	Redemption	Closing Units	Face Value per unit (Rupees)
Regular Plan - Growth Option	147,078,947.125	160,427,117.471	153,728,735.221	153,777,329.375	10
Regular Plan - Monthly IDCW Option	5,626,129.297	7,939,864.827	3,896,903.462	9,669,090.662	10
Regular Plan - Annual IDCW Option	89,365.096	405,754.280	379,158.894	115,960.482	10
Direct Plan - Growth Option**	209,096,811.168	199,981,892.302	383,766,184.342	25,312,519.128	10
Direct Plan - Monthly IDCW Option	233,590.981	475,728.521	4,578.969	704,740.533	10
Direct Plan - Annual IDCW Option	81,726.970	260.421	43,824.204	38,163.187	10

Description	2021-2022				
	Opening Units	Subscription	Redemption	Closing Units	Face Value per unit (Rupees)
Regular Plan - Growth Option	175,197,307.986	148,419,178.802	176,537,539.663	147,078,947.125	10
Regular Plan - Monthly IDCW Option	7,350,032.399	847,860.040	2,571,763.142	5,626,129.297	10
Regular Plan - Annual IDCW Option	141,636.560	43,580.617	95,852.081	89,365.096	10

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

To the Abridged Balance Sheet and Revenue Account for the year ended March 31, 2024

Description	2021-2022				
	Opening Units	Subscription	Redemption	Closing Units	Face Value per unit (Rupees)
Direct Plan - Growth Option**	264,277,729.475	497,255,107.187	552,436,025.494	209,096,811.168	10
Direct Plan - Monthly IDCW Option	568,384.566	76,374.427	411,168.012	233,590.981	10
Direct Plan - Annual IDCW Option	407,548.024	1,289.737	327,110.791	81,726.970	10

** Units held by the AMC (Seed Capital) in Direct Plan Growth Option as on March 31, 2024 is 5,568,298.399 & as on March 31, 2023 is 5,568,298.399 & as on March 31, 2022 is 340,894.37.

- 5 Previous year's/period figures have been re-grouped/re-arranged where necessary.
- 6 There are no contingent liabilities and other commitments as on March 31, 2024 and March 31, 2023. Contingent asset is neither recognized nor disclosed in the financial statements.
- 7 Expenses other than Management Fees are Inclusive of GST where applicable.
- 8 Other income: Rs. 1.13 lakhs represents Exit load credited to the scheme (2023: Rs. 2.34 lakhs represents Exit load credited to the scheme).

9 Investor Education Awareness

As mandated by SEBI vide circular no. CIR/IMD/DF/21/2012 dated September 13, 2012 an annual charge of 0.02 percent of daily net assets, being a part of total recurring expenses is set aside for Investor Education and Awareness (IEA). In view of the AMFI Best Practices Guidelines Circular No. 56/2015-16, the IEF (Investor Education Fund) accrual is set aside in a separate bank account and the consolidated balance across all schemes as on March 31, 2024.

Pursuant to SEBI circular dated May 23, 2022, w.e.f. July 1, 2022, the limit of 0.02% p.a. has been reduced to 0.01% p.a. in case of ETFs/Index Funds. Furthermore, Fund of Funds (FoFs) investing more than 80% of its NAV in the underlying domestic funds have discontinued setting aside 0.02% p.a. of daily net assets towards IEA.

The break-up of which is as under:

	March 31, 2024	March 31, 2023
Particulars	Amount (Rs. In Lakhs)	Amount (Rs. In Lakhs)
Opening Balance as on April 01, 2023	997.09	460.22
Add: Accrual during FY 2023-24	1,962.01	1,432.00
Less: Transferred to AMFI *	889.11	646.75
Less: Payable to AMFI (March 2024 accrual) *	91.90	69.25
Add: Investment Income FY 2023-24	77.08	166.42
Less: Spent during FY 2023-24	1,877.44	345.55
Closing Balance as on March 31, 2024	177.73	997.09

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

The IEA disclosure's are presented for surviving schemes only.

- 10 Pursuant to SEBI Circular No. SEBI/HO/IMD/DF3/CIR/P/2020/194 dated October 05, 2020, the nomenclature of 'Dividend Option' under all the schemes of HSBC Mutual Fund has been revised to 'Income Distribution cum Capital Withdrawal Option' (IDCW), with effect from April 1, 2021.

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

To the Abridged Balance Sheet and Revenue Account for the year ended March 31, 2024

- 11 Securities, excluding debt securities, where the non-traded investments which have been valued "in good faith" exceed 5% of the net assets at the end of the year is NIL.
- 12 Debt securities which have been valued at a price other than the price given by the independent valuation agencies at the end of the year is NIL.

13 Disclosure of Risk-o-meter

Scheme Name	Risk-o-meter level at end of the financial year i.e. March 31, 2024	Risk-o-meter level as on March 31, 2023	Number of changes in Risk-o-meter during the financial year (March 2023 to March 2024)
HSBC Low Duration Fund	Low to Moderate	Low to Moderate	0

- 14 Pursuant to the SEBI circular no. SEBI/HO/IMD/IMD-II DOF3/P/CIR/2021/573 dated June 07,2021, The details of Potential Risk Class matrix of schemes are given in below:

Credit Risk →	Relatively Low (Class A)	Moderate (Class B)	Relatively High (Class C)
Interest Rate Risk ↓			
Relatively Low (Class I)		BI	
Moderate (Class II)			
Relatively High (Class III)			
A Scheme with Relatively Low interest rate risk and Moderate credit risk.			

- 15 Subsequent to receipt of SEBI's no objection to acquisition of 100% equity shares of L&T Investment Management Limited ("LTIM", Investment Manager of L&T Mutual Fund) and the amendments proposed to the trust deed of the HSBC Mutual Fund as required under the SEBI (Mutual Funds) Regulations, 1996, the schemes of L&T Mutual Fund (LTMF) were transferred to/ merged with the schemes of HSBC Mutual Fund on and from the close of business hours of November 25, 2022, and the HSBC AMC and HSBC Trustees assumed the responsibilities of the schemes of LTMF w.e.f. close of business hours of November 25, 2022.
- 16 During the year, HSBC Securities and Capital Markets (India) Private Limited ("HSCI"), Sponsors of HSBC Mutual Fund established a private limited company with limited liability to act as the "Trustee" of HSBC Mutual Fund. HSBC Trustees (India) Private Limited ("HTIP") was incorporated on 9 January 2024. Accordingly, HTIP has replaced the Board of Trustees of HSBC Mutual Fund w.e.f. 1 March 2024, and the Company through its Board of Directors has been discharging its obligations as the "Trustees" of the Fund from this date.
- 17 The Annual Accounts of the Schemes, prepared in accordance with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the "Act") read with the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time and clause 17.14 of SEBI Master Circular for Mutual Funds dated June 27, 2024, has been approved by the Board of Directors of HSBC Asset Management (India) Private Limited and HSBC Trustees (India) Private Limited at their meetings held on July 8, 2024 and July 19, 2024 respectively. The audit report attached herewith refers to the said Annual Accounts. The aforesaid abridged accounts are an extract of the Annual Accounts and are prepared in accordance with clause 5.4 and format no. 3.B under the section of formats of SEBI Master Circular for Mutual Funds dated June 27, 2024 and other relevant circulars issued by the Securities and Exchange Board of India from time to time.

Voting Policy and Procedures

In view of para 6.16 of SEBI Master Circular on Mutual Funds dated June 27, 2024 related to "Role of Mutual Funds in Corporate Governance of Public Listed Companies", HSBC AMC has formulated its "Policy for Proxy Voting in Public Listed Companies". The said policy is available on our website and the details of actual exercise of proxy votes, the summary of votes casted and the auditor's certificate is forming part of our full Annual Report for the Financial Year 2023 – 24 which has been uploaded on our website at <http://www.assetmanagement.hsbc.co.in>

Statutory Details & Disclaimers

All the returns have been sourced from Mutual Funds India Explorer software. The performance of the schemes and the benchmark is calculated on a total return basis. This document has been prepared by HSBC Asset Management (India) Private Limited (HSBC) for information purposes only with an intent to provide market overview and should not be construed as an offer or solicitation of an offer for purchase of any of the funds of HSBC Mutual Fund. All information contained in this document (including that sourced from third parties), is obtained from sources, which HSBC/third party, believes to be reliable but which it has not been independently verified by HSBC/the third party. Further, HSBC/the third party makes no guarantee, representation or warranty and accepts no responsibility or liability as to the accuracy or completeness of such information. The information and opinions contained within the document are based upon publicly available information and rates of taxation applicable at the time of publication, which are subject to change from time to time.

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

For disclosure of quarterly AUM/AAUM and AUM by geography, please visit our website at www.assetmanagement.hsbc.co.in. Investors are requested to note that as per SEBI (Mutual Funds) Regulations, 1996 and guidelines issued thereunder, HSBC AMC, its employees and/ or empaneled distributors/agents are forbidden from guaranteeing/promising/assuring/predicting any returns or future performances of the schemes of HSBC Mutual Fund. Hence, please do not rely upon any such statements/commitments. If you come across any such practices, please register a complaint via email at investor.line@mutualfunds.hsbc.co.in

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

Important Updates

Name and Date of Birth as per PAN card - Effective from June 1, 2024

As per recent regulatory requirement and changes advised by Income Tax Department in PAN validation process, now it is mandated to quote your Name(s) and DOB as per PAN card. To avoid any failure in such validations, we request investors to quote the Name(s) and DOB's of all the holders including Guardian, Power of Attorney (POA) holders as per PAN card.

Useful Links for self service options

- **Use our 24 x 7 Chatbot - "ASKME" for any queries or service request:**
visit: <https://invest.assetmanagement.hsbc.co.in>

SMS your request to HSBC Mutual Fund

- **Latest NAV :** Send SMS as HSBCMF NAV <Scheme Code> to 56767
Example: HSBCMF NAV F03
- **Valuation Service on registered mobile No. :** Send SMS as HSBCMF VAL <folio_number> to 56767
Example: HSBCMF VAL 123456
- **Annual Report :**
 - For Electronic Copy:** Send SMS as HSBCMFARE <folio_number> to 567678080
Example: HSBCMF ARE 123456
 - For Physical Copy:** Send SMS as HSBCMFARP <folio_number> to 567678080
Example: HSBCMF ARP 123456
- **Half Yearly Portfolio :**
 - For Electronic Copy:** Send SMS as HSBCMFHPE <folio_number> to 567678080
Example: HSBCMF HPE 123456
 - For Physical Copy:** Send SMS as HSBCMFHPP <folio_number> to 567678080
Example: HSBCMF HPP 123456

Missed Call Service

- You can give a missed call to 9212900020 to get the total valuation via SMS and a statement on your registered email ID

Book-Post

If undelivered please return to:

Computer Age Management Services Private Limited (CAMS)

Unit: HSBC Mutual Fund

New No. 10, M.G.R Salai, Nungambakkam, Chennai - 600034.

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

HSBC Asset Management (India) Private Limited

CIN NO: U74140MH2001PTC134220

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

Website : www.assetmanagement.hsbc.co.in

Description	Toll Free Number	Email ID
Investor related queries	1800-4190-200/1800-200-2434	investor.line@mutualfunds.hsbc.co.in
Online related queries	1800-4190-200/1800-200-2434	onlinemf@mutualfunds.hsbc.co.in
Investor (Dialing from abroad)	+91 44 39923900	investor.line@mutualfunds.hsbc.co.in

To get your updated account statement email us at : ["mfsoa@mutualfunds.hsbc.co.in"](mailto:mfsoa@mutualfunds.hsbc.co.in)

We're always here to help you, so feel free to reach out to us

Self-service request at your Fingertips

- Visit Website • Invest Online • Insta Statement • Download Forms
- Transact via Whats App • Use 24/7 ChatBot - Ask Me



Remember, you can also find out more via our social media handles !



Please check our website www.assetmanagement.hsbc.co.in for an updated list of Official Points of Acceptance of HSBC Mutual Fund.

CAMS SERVICE CENTRES / CAMS LIMITED TRANSACTION POINTS / CAMS COLLECTION CENTRES

For details on CAMS Service Centres, please visit www.camsonline.com



HSBC Medium Duration Fund

(Erstwhile L&T Resurgent India Bond Fund)

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. A relatively high interest rate risk and moderate credit risk.

Abridged Annual Report 2023 - 2024



SPONSOR

HSBC Securities and Capital Markets (India) Private Limited

CIN – U67120MH1994PTC081575

Regd. Office: 52/60, Mahatma Gandhi Road, Fort, Mumbai 400001.

TRUSTEE COMPANY

HSBC Trustees (India) Private Limited

CIN – U66190MH2024PTC416973

Regd. Office: 52/60, Mahatma Gandhi Road, Fort, Mumbai 400001.

ASSET MANAGEMENT COMPANY

HSBC Asset Management (India) Private Limited

CIN – U74140MH2001PTC134220

Regd. Office: 9-11 Floors, NESCO IT Park, Building No. 3,
Western Express Highway, Goregaon (East), Mumbai 400063.

CUSTODIAN

Citibank N.A.

First International Financial Center (FIFC), 9th Floor,
C-54 & 55, G – Block, Bandra Kurla Complex, Bandra (East), Mumbai 400051.

AUDITORS TO THE SCHEME

MSKA & Associates

Chartered Accountants

602, Floor 6, Raheja Titanium, Western Express Highway,
Geetanjali Railway Colony, Ram Nagar, Goregaon (East), Mumbai 400063.

REGISTRAR & TRANSFER AGENTS

Computer Age Management Services Limited (CAMS)

Unit: HSBC Mutual Fund

New No. 10, M.G.R Salai, Nungambakkam, Chennai 600034.

BOARD OF TRUSTEES

Ms. Jasmine Batliwalla	– Chairperson
Mr. Nani Javeri	– Trustee
Mr. David Rasquinha	– Trustee
Mr. Nicolas Moreau	– Trustee

BOARD OF DIRECTORS

Dr. Indu Shahani	– Director
Mr. Kapil Seth	– Director
Ms. Roopa Varma	– Director
Mr. Kailash Kulkarni	– Director & Chief Executive Officer

Dear Investor,

As we reflect on the past year, I am filled with pride and optimism about the future of our company and overall growth of the mutual fund industry. The past year has marked significant milestones in our journey, particularly as we capitalise on the immense potential of India's burgeoning growth story.

Fiscal 2024 turned out to be one of the best years for the domestic mutual fund industry as assets under management (AUM) spurted by nearly Rs. 14 lakh crore to a record Rs. 53.40 lakh crore as of March 2024 compared with Rs. 39.42 lakh crore as of March 2023.

The mutual fund industry is experiencing immense growth and we are poised to take advantage of this upward trajectory. Our company is an integral part of this growth story, riding the wave with several strategic initiatives and accomplishments that have set us on a path of sustained success.



Major achievements post integration

- Post integration we have enhanced our digital offering for both B2B and B2C to provide improved customer journeys.
- HSBC AM India's AUM increased from USD 1.4 bn (before integration) to USD 13.7 bn as of April 2024.
- HSBC Asset Management India has now become the 14th largest asset manager in India in terms of AUM.
- HSBC AM India has launched 4 new products since integration (raising \$445M).
- We have expanded HSBC AM India's product offerings to 43 funds.

Key Achievements in FY2023-2024

Investment Performance: Our disciplined investment strategy and thorough research have been pivotal to our success. We have focused on high-quality, undervalued assets, achieving consistent returns across our portfolio.

Product Innovation: This year, we launched two new funds - HSBC Multi Asset Allocation Fund and HSBC Consumption Fund, tailored to meet the evolving needs of our investors. These new offerings have been well-received, contributing to our growth in AUM significantly.

Increased Media Presence: In FY24, we significantly boosted our media presence, ensuring that our brand and thought leadership are recognized across various platforms. Through strategic media engagements like Informed Investing with ET Now, talks shows and several authored articles plus interviews - we have amplified our message, reaching a broader audience and reinforcing our market position.

Successful Campaign Launch: We successfully launched SIP Hai #FaydeWaliAadat, an investor education campaign, that highlighted the transformative power of SIPs in achieving long-term financial

goals. A first of its kind campaign, it aimed at educating and empowering the millennial investors in India. The campaign garnered significant attention and positive feedback, strengthening our brand presence and engaging a wider audience. Notably, the campaign has also earned us prestigious awards and accolades highlighting our commitment to excellence and innovation.

Client Relationships: We have strengthened our client relationships through enhanced communication, transparency, and personalized service. Our client satisfaction scores have reached new heights, reflecting our commitment to exceptional service.

We believe that the India story has just begun and its economic landscape is poised for significant growth. An exposure to unique and future relevant themes can provide a much-needed inflation buffer. The importance of asset allocation continues to be critical. It is critical for all of us to review our risk appetite and goal proximity and construct a portfolio appropriately.

Besides construction, portfolio rebalancing is equally important in order to achieve optimal outcomes. I do hope you share my enthusiasm and I ask that you continue to invest whilst reviewing your asset allocation at all times.

I would like to express my sincere gratitude to our dedicated team, whose expertise and commitment are the backbone of our success. To our investors, thank you for your trust and continued support. Your confidence in our approach motivates us to strive for excellence in everything we do. Also, I want to express my deepest gratitude to our valuable partners for their unwavering support and keep our services running. Look forward to achieving even grater milestones together.

As we move forward, we remain committed to delivering superior investment performance, fostering strong client relationships, and driving sustainable growth. Together, we are well-positioned to navigate the future and achieve our goals.

Warm regards,

A handwritten signature in black ink, appearing to read 'Kailash Kulkarni', with a horizontal line drawn underneath it.

Kailash Kulkarni

Chief Executive Officer

HSBC Asset Management India

Trustees' Report

For the year ended March 31, 2024

The Board of Directors of HSBC Trustees (India) Private Limited, Trustees of HSBC Mutual Fund present the Twenty Second Annual Report and the audited abridged financial statements of the schemes of the HSBC Mutual Fund ('the Fund') for the year ended March 31, 2024.

With the acquisition of L&T Mutual Fund in the previous financial year, the Fund's Assets Under Management ('AUM') (excluding Domestic FOFs) as on March 31, 2024 was INR 109368.16 crores (audited). The Fund ranks in the top 15 Mutual Fund houses in India in terms of AUM.

As at March 31, 2024, the Fund offered 43 schemes across asset classes to meet the varying investment needs of the investors. During the year, the Fund launched two new products namely HSBC Consumption Fund and HSBC Multi Asset Allocation Fund in Equity and Hybrid categories.

The Fund continues its focus on delivering consistent long-term returns. The comments on the performance of the scheme(s) are provided hereinafter. Dividends were declared under various schemes as per the provisions contained in the respective Scheme Information Documents after considering the distributable surplus available under the respective plans of the schemes. Details of dividends declared can be viewed on our website at www.assetmanagement.hsbc.co.in.

During the year, HSBC Securities and Capital Markets (India) Private Limited ("HSCI"), Sponsors of the Fund established a private limited company with limited liability to act as the "Trustees" of the Fund. HSBC Trustees (India) Private Limited ("HTIP") was incorporated on 9 January 2024. Accordingly, HTIP has replaced the Board of Trustees of HSBC Mutual Fund w.e.f. 1 March 2024, and the Company through its Board of Directors has been discharging its obligations as the "Trustees" of the Fund from this date.

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

a. Operations and Performance of the Scheme

➤ Debt Scheme

HSBC Medium Duration Fund ('HMDF')

(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. A relatively high interest rate risk and moderate credit risk.)

The investment objective of the scheme is to generate income by investing primarily in debt and money market securities. There is no assurance that the objective of the Scheme will be realised and the Scheme does not assure or guarantee any returns.

The net assets of HMDF amounted to INR 820.68 crores as at March 31, 2024 as against INR 650.58 crores as at March 31, 2023. Around 98.41% of the net assets were invested in debt, 1.02% of the net assets were invested in reverse repos/TREPS and 0.36% in net current assets as at March 31, 2024.

HMDF endeavors to create alpha by identifying securities of value propositions, vis-à-vis yield curve steepness, attractive carry opportunities, elevated credit spreads, etc. with a focus to strategically manage duration in periods of volatile interest rates. With interest rates consolidating at a higher level, HMDF follows a strategy to combine a prudent mix of strategic duration calls and accrual product.

HMDF has outperformed the benchmark on the 1-year horizon as the fund duration was actively managed on two occasions, when the outlook on near term interest rates turned negative, the duration of the fund was brought down to below 3 years to reduce interest rate risk.

HSBC Medium Duration Fund					Date of Inception : 2 February, 2015			
Fund / Benchmark (Value of ₹ 10,000 invested)	1 Year		3 Years		5 Years		Since Inception	
	Amount (₹)	Returns (%)	Amount (₹)	Returns (%)	Amount (₹)	Returns (%)	Amount (₹)	Returns (%)
HSBC Medium Duration Fund	10763	7.61	11663	5.26	13545	6.24	18420	6.89

Trustees’ Report
For the year ended March 31, 2024 (Contd...)

HSBC Medium Duration Fund						Date of Inception : 2 February, 2015		
Fund / Benchmark (Value of ₹ 10,000 invested)	1 Year		3 Years		5 Years		Since Inception	
	Amount (₹)	Returns (%)	Amount (₹)	Returns (%)	Amount (₹)	Returns (%)	Amount (₹)	Returns (%)
Scheme Benchmark (NIFTY Medium Duration Debt Index A-III)	10757	7.55	11583	5.02	14127	7.14	NA	NA
Additional Benchmark (CRISIL 10 year Gilt Index)	10854	8.52	11347	4.30	13482	6.14	17441	6.26

Past performance may or may not be sustained in future. The returns for the respective periods are provided as on March 31, 2024 for Growth Option of Regular Plan. Returns on ₹ 10,000 are point-to-point returns for the specific time period, invested at the start of the period. Returns for 1 year and above are Compounded Annualized. Different plans shall have a different expense structure. Performance of the respective benchmark is calculated as per the Total Return Index (TRI).

Please Note: NA means not available. The launch date of the NIFTY Medium Duration Debt Index A-III Index is Feb 5, 2015 whereas the inception date of the scheme is Feb 2, 2015. The corresponding benchmark returns since inception of the scheme is not available.

Risk-o-meter as of 31st March, 2024:

Scheme Name	Scheme Risk-o-meter	Benchmark Risk-o-meter
HSBC Medium Duration Fund	 Investors understand that their principal will be at Moderate risk	Benchmark Index: NIFTY Medium Duration Debt Index A-III 

Please note that the above risk-o-meter is as per the product labelling of the Scheme basis Scheme’s monthly portfolio as on March 31, 2024.

Potential Risk Class (PRC) Matrix for Debt Schemes of HSBC Mutual Fund

HSBC Medium Duration Fund			
Credit Risk →	Relatively Low (Class A)	Moderate (Class B)	Relatively High (Class C)
Interest Rate Risk ↓			
Relatively Low (Class I)			
Moderate (Class II)			
Relatively High (Class III)		BIII	
A Scheme with Relatively High interest rate risk and Moderate credit risk.			

Potential Risk Class ‘PRC’ matrix indicates the maximum interest rate risk (measured by Macaulay Duration of the scheme) and maximum credit risk (measured by Credit Risk Value of the scheme) the fund manager can take in the scheme. PRC matrix classification is done in accordance with and subject to the methodology/guidelines prescribed by SEBI to help investors take informed decision based on the maximum interest rate risk and maximum credit risk the fund manager can take in the scheme, as depicted in the PRC matrix.

Trustees' Report

For the year ended March 31, 2024 (Contd...)

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

➤ EQUITY OUTLOOK

Recap of FY 2023-24:

FY24 was a stellar year for the Indian equity markets with strong economic momentum, healthy earnings growth and strong inflows from domestic and foreign institutional investors and strong retail participation driving a broad-based bull market. The Nifty and Sensex were up a solid 30.1%/26.5% respectively during the year, while the BSE Midcap and BSE Smallcap indices gained an astounding 65.2% and 61.4% respectively.

While geo-political conflicts continued in FY24, their impact on crude and global supply chains moderated. Crude prices largely remained range bound during the year. Inflation barring a brief spike largely remained well contained, the economy gained further steam with GDP growth crossing 8% in H1FY24 supported by government thrust on infrastructure. This translated into strong growth for several core sector industries including steel and cement. The growth in the real estate sector has been strong with inventory continuing to decline in metro markets. However, lagged impact of price increases continued to impinge on consumer demand growth which remained subdued for most mass market categories.

Domestic cyclicals were the best performing sectors during the year led by Real Estate, Capital Goods, Autos. Power was also among the best performing sectors. Global cyclicals like Metals and Oil & Gas also strongly outperformed the Nifty. FMCG and Banking while delivering healthy positive returns underperformed the Nifty, while IT performance was closer to Nifty.

MSCI India index outperformed most of key global indices during the past fiscal. MSCI India index (USD) gained 35.5% as compared to 23.1% gain for MSCI World, 27.9% for US S&P 500, 11.0% for MSCI Europe and only 5.3% for MSCI Emerging Markets as MSCI China declined 19.0% over the period.

Strong performance of the market and subsiding global macro headwinds drove a sharp turnaround in foreign investment flows. FII net inflow was at USD 25.3bn in FY24 versus an outflow of USD 6.0bn / 17.1bn in FY23/ FY22. DIIs, on the other hand, matched FII inflow with an inflow of USD 25.3bn although it was lower than the net inflows at USD 30.8bn in FY23. Within DIIs, the MF segment was the key contributor (USD 24.3 bn of net inflows up from USD 21.8bn in FY23) while domestic Insurers were also in the net inflow territory (USD 1.0bn of net inflows vs USD 9.0bn in FY23).

Source: Motilal Oswal

Indices Returns (April 01, 2023 to March 31, 2024)	1 Year [^]
S&P BSE Sensex TR	26.5%
NSE CNX Nifty TR	30.1%
S&P BSE 100 TR	34.2%
S&P BSE 200 TR	38.5%
S&P BSE 500 TR	40.2%
S&P BSE Midcap TR	65.2%
S&P BSE Small-cap TR	61.4%

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

Way forward:

The global macro environment remains challenging with heightened geo-political and economic uncertainties. US bond yields remain high putting pressure on interest rates and currencies globally. For India, growth has continued to remain strong with GDP growth of 8.4% in Q3FY24 driven by strong government spending on infrastructure and pickup in manufacturing and construction. The 2024 interim budget has re-affirmed

Trustees' Report

For the year ended March 31, 2024 (Contd...)

government focus on infrastructure. At the same time reduction in fiscal deficit should also help in easing of domestic interest rates. However, after last year's patchy monsoon, a good monsoon will be an important factor for rural demand and overall consumption growth in the economy in FY25.

India starts FY25 on a strong footing with positive growth momentum and India's investment cycle is expected to be on a medium-term uptrend supported by rising government investment in infrastructure and recovery in real estate cycle. There is also an expectation of higher private investments in renewable energy and related supply chain, localization of higher-end technology components, and India becoming a more meaningful part of global supply chains. Finally, it is expected for consumption to improve as the impact of high inflation fades and real incomes start to grow again.

However, several of these positives are getting discounted by the high valuations currently prevailing in the equity market. While the fund managers remain constructive on Indian equities supported by the more robust medium-term growth outlook there is a caution against high return expectations. Nifty continues to trade on 20.6x consensus 1 year forward PE (as of 30 April). On a 10-year basis, Nifty is still trading 10% above its historic average valuation but is in-line with its 5-year average. Valuations of the midcap and small cap indices are even higher versus their historical average.

➤ DEBT OUTLOOK

Market drivers during the course of the year FY 2024

The year started with advanced economies continuing to grapple with higher inflation and policy tightening remained a common theme across economies. During FY2024, the Federal Open Market Committee (FOMC) raised policy rates by 50 bps while European Central Bank (ECB) and Bank of England (BOE) raised policy rates by 100 bps each. The cumulative rate hikes by various advanced economies in this cycle are as follows: Fed (525 bps), BOE (515 bps) and ECB (450 bps). Meanwhile cumulative rate hikes by the Monetary Policy Committee (MPC) in this cycle was 250 bps. On account of higher Government debt burden, Fitch downgraded US sovereign rating from AAA to AA+. US Treasury yields remained volatile during the year, with the 10-year benchmark rising higher by 73 bps during the year. Crude prices also moved higher by USD 7-8/bbl.

On the domestic front, Consumer price Index (CPI) inflation remained broadly in the upper end of the MPC's targeted band of 4% +/- 2% for most the financial year, however, inflation printed above 6% on two occasions due to high food inflation. Headline inflation remained susceptible to high food inflation with markets now expecting some relief of food prices on the back of normal monsoon. Core inflation eased through the year falling to below 4% in the last quarter.

Domestically, one of the biggest events during the year was the much-awaited index inclusion of Indian Government Bonds (IGBs) into the GBI-EM Global index suite and its relevant benchmarks. India is expected to reach the maximum weight of 10% in the GBI-EM Global Diversified Index (GBI-EM GD), with the inclusion staggered over a 10-month period starting June 2024. Following this, Bloomberg also included IGBs in their Bloomberg EM Local Currency Index, with India expected to reach a maximum weight of 10% over a 10-month period starting Jan 2025. Both these inclusions are expected to bring in INR 25-30 bn of index related FPI inflows over the next 1-2 years and paving the way for inclusion into other global bond indices as well. During FY2024, FPIs poured in close USD 12 bn into IGBs, with majority of the inflows coming in post the JP Morgan index inclusion announcement.

Government continued its path of fiscal consolidation, with the revised estimate of the Fiscal deficit for FY2024 coming in at 5.6%, with expectations for FY2025 at 5.1% and target of below 4.5% by FY2026. PMI numbers continue to remain in expansion, GST revenues remain buoyant and credit off-take upbeat.

The external sector has remained strong due to healthy service exports and remittances. Current Account Deficit (CAD) is expected to be around 1% for the year. Rupee remained one of the more stable currencies during the year, with active intervention from RBI smoothening any volatility. RBI continued to build on the FX reserves with year-end number around USD 650 bn.

Money market rates moved higher during the year due to tightening in liquidity along with higher Certificate of Deposit (CD) issuances. G-Sec yields, however, moved lower due to favorable demand supply and lower G-Sec borrowing. 10-year G-Sec moved lower during the year by 25 bps, while 5 yr G-Sec moved lower by 13 bps.

Trustees' Report

For the year ended March 31, 2024 (Contd...)

Market Outlook

While US markets have braced for “higher for longer” rates, we have seen in the past, that reactions to favorable data in such an environment can be sharp. Any softness in growth, employment or inflation data over the next few months will allow the markets to quickly start pricing in aggressive future policy easing. In our view, the RBI is also likely to gradually shift the liquidity deficit into surplus over the course of the next 3-6 months, flipping overnight rates from the top to the bottom of the rate corridor. The yield curve is likely to steepen as liquidity eases. This along with a potential 50 bps of policy easing in first half of CY2025 may push overnight rates lower by 75-100 bps.

While any form of additional spending by the new Government to address concerns of rural sections of the country and the possibility of additional spending to fund such policies will remain a key monitorable, it is believed the Government is likely to remain cognizant of the possible impact of such policies and take measured steps. With the dust settling down on the election outcome, the broad macroeconomic factors should continue to remain stable and could support softening in domestic yields going forward.

The Fund Managers continue to have a positive outlook for interest rates, based on various favorable factors: (a) Record RBI dividend to the Government, (b) reduced Fiscal deficit number of 5.6%, (c) favorable G-Sec supply demand dynamics, (d) FPI index related inflows, (e) revised outlook in India by S&P, (f) soft core inflation along with expectations of a better than normal monsoon, and finally (g) soft signals by Government and RBI on liquidity.

Source: RBI, Bloomberg, Internal HSBC Research & CCIL

2. BRIEF BACKGROUND OF THE SPONSORS, THE FUND, THE TRUSTEES AND THE ASSET MANAGEMENT COMPANY

A. Sponsor

HSBC Mutual Fund is sponsored by HSBC Securities and Capital Markets (India) Private Limited (HSCI). The Sponsor is the Settler of the Mutual Fund Trust. The Sponsor has entrusted a sum of Rs. 1,00,000/- (Rupees One Lakh only) to the Trustee as the initial contribution towards the corpus of the Mutual Fund.

HSCI offers integrated investment banking services, securities and corporate finance & advisory. HSCI is a member of the Bombay Stock Exchange Limited and National Stock Exchange (capital and derivative market segments). HSCI holds 100% of the paid-up equity share capital of HSBC Asset Management (India) Private Limited.

B. HSBC Mutual Fund

HSBC Mutual Fund (“the Mutual Fund” or “the Fund”) has been constituted as a Trust in accordance with the provisions of the Indian Trusts Act, 1882 (2 of 1882) vide a Trust Deed dated February 7, 2002 (as amended) with HSBC Securities and Capital Markets (India) Private Limited, as the Sponsor and HSBC Trustees (India) Private Limited. The Trustee has entered into an Investment Management Agreement dated February 7, 2002 (as amended) with HSBC Asset Management (India) Private Limited (AMC) to function as the Investment Manager for all the schemes of the Fund. The Fund was registered with SEBI vide registration number MF/046/02/5 dated May 27, 2002.

The Trust has been formed for the purpose of pooling of capital from the public for collective investment in securities for the purpose of providing facilities for participation by persons as beneficiaries in such investments and in the profits/income arising therefrom.

C. HSBC Trustees (India) Private Limited (the Trustees)

The Trustees are the exclusive owner of the Trust Fund and holds the same in trust for the benefit of the unitholders. The Trustees have been discharging their duties and carrying out the responsibilities as provided in the SEBI (Mutual Funds) Regulations, 1996 and the Trust Deed. The Trustees seek to ensure that the Fund and the schemes floated there under are managed by the AMC in accordance with the Trust Deed, the said Regulations, directions and guidelines issued by the SEBI, the Stock Exchanges, the Association of Mutual Funds in India and other regulatory agencies.

Trustees' Report

For the year ended March 31, 2024 (Contd...)

During the year, HSBC Securities and Capital Markets (India) Private Limited ("HSCI"), Sponsors of HSBC Mutual Fund) established a private limited company with limited liability to act as the "Trustee" of HSBC Mutual Fund. HSBC Trustees (India) Private Limited ("HTIP") was incorporated on 9 January 2024. Accordingly, HTIP has replaced the Board of Trustees of HSBC Mutual Fund w.e.f. 1 March 2024, and the Company through its Board of Directors has been discharging its obligations as the "Trustees" of the Fund from this date.

As of March 31, 2024, HSCI holds 100% of the paid-up equity share capital of HTIP.

D. Asset Management Company (the AMC)

HSBC Asset Management (India) Private Limited (the Investment Manager or the AMC) is a private limited company incorporated under the Companies Act, 1956 on December 12, 2001 having its Registered Office at 9-11 Floors, NESCO IT Park, Building no. 3, Western Express Highway, Goregaon (East), Mumbai – 400 063. HSBC Asset Management (India) Private Limited has been appointed as the Asset Management Company of HSBC Mutual Fund by the Trustee vide Investment Management Agreement (IMA) dated February 7, 2002 (as amended) and executed between the Trustees and the AMC. SEBI approved the AMC to act as the Investment Manager of the Fund vide its letter No. MFD/BC/163/2002 dated May 27, 2002. The paid-up equity share capital of the AMC is Rs. 344.41 crores. The AMC is registered as a Portfolio Manager under the SEBI (Portfolio Managers) Regulations, 1993 vide registration no. INP000001322. The AMC also offers non-binding Advisory services to offshore funds under the mutual fund license.

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

3. INVESTMENT OBJECTIVE OF THE SCHEMES

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

4. SIGNIFICANT ACCOUNTING POLICIES

The Significant Accounting Policies form part of the Notes to the Accounts annexed to the Balance Sheet of the Schemes in the Full Annual Report. The accounting policies are in accordance with Securities Exchange Board of India (Mutual Funds) Regulations, 1996 and Indian Accounting Standards (IND AS) notified under section 133 of the Companies Act, 2013 (the "Act" read with the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time).

5. UNCLAIMED DIVIDENDS & REDEMPTIONS

Summary of number of investors & corresponding amount as on March 31, 2024:

Scheme Name	Unclaimed Dividend		Unclaimed Redemption	
	No. of Investors	Amount (₹)	No. of Investors	Amount (₹)
HSBC Medium Duration Fund	7	7,533.60	2	8,871.93

6. INVESTOR SERVICES

The number of official points of acceptance of transactions are 210 locations. In addition to the offices of the Registrar & Transfer Agent, the AMC has its own office in 61 locations and Investor Service Centers in 39 locations. The AMC has 2 Toll Free numbers (1800-4190-200/1800-200-2434) which can be dialed from anywhere in India and 1 number i.e. +91 44 39923900 (Investors calling from abroad). The call center service is being managed by the Registrar and Transfer Agents. HSBC Mutual Fund offers the online transaction facility through the AMC's website at www.assetmanagement.hsbc.co.in.

On the distribution front, the number of empaneled distributors were 59046 as on March 31, 2024. During the year, the AMC initiated tie-ups for online distribution of the Mutual Fund's schemes with several channel partners taking the total number of such tie-ups to 160 as on March 31, 2024.

Trustees' Report

For the year ended March 31, 2024 (Contd...)

7. DETAILS OF INVESTOR GRIEVANCE REDRESSAL

The details of the redressal of investor complaints received against HSBC Mutual Fund during April 2023 - March 2024 are as follows:

2023-2024												
Com-plaint code	Type of Complaint	(a) No. of complaints pending at the beginning of the period	(b) No. of complaints received during the given period	Action on (a) and (b)								
				Resolved				Non Action-able*	Pending			
				Within 30 days	30-60 days	60-180 days	Beyond 180 days		0-3 months	3-6 months	6-9 months	9-12 months
I A	Non receipt of amount declared under Income Distribution cum Capital Withdrawal option	1	10	11	0	0	0	0	0	0	0	0
I B	Interest on delayed payment of amount declared under Income Distribution cum Capital Withdrawal option	0	1	1	0	0	0	0	0	0	0	0
I C	Non receipt of Redemption Proceeds	1	38	39	0	0	0	0	0	0	0	0
I D	Interest on delayed payment of Redemption	0	2	2	0	0	0	0	0	0	0	0
II A	Non receipt of Statement of Account/Unit Certificate	0	3	3	0	0	0	0	0	0	0	0
II B	Discrepancy in Statement of Account	1	22	23	0	0	0	0	0	0	0	0
II C	Data corrections in Investor details	1	250	249	0	0	0	0	2	0	0	0
II D	Non receipt of Annual Report/ Abridged Summary	0	0	0	0	0	0	0	0	0	0	0
III A	Wrong switch between Schemes	0	2	2	0	0	0	0	0	0	0	0
III B	Unauthorized switch between Schemes	0	1	1	0	0	0	0	0	0	0	0
III C	Deviation from Scheme attributes	0	1	1	0	0	0	0	0	0	0	0
III D	Wrong or excess charges/load	0	0	0	0	0	0	0	0	0	0	0
III E	Non updation of changes viz. address, PAN, bank details, nomination, etc	1	127	127	0	0	0	0	1	0	0	0
III F	Delay in allotment of Units	0	5	4	1	0	0	0	0	0	0	0
III G	Unauthorized Redemption	0	0	0	0	0	0	0	0	0	0	0
IV	Others**	1	78	76	0	0	0	0	3	0	0	0
	TOTAL	6	540	539	1	0	0	0	6	0	0	0

** As per AMFI Best Practice Guidelines Circular No.25/2011-12 for Revisions in the Guidelines on Standardization of Complaints /Grievances Reporting Procedure. If "Others" include a type of complaint which is more than 10% of overall complaints, then such a reason should be provided separately. Hence, data corrections in Investor Details are included as a separate category.

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

Summary of Complaints for FY 2023-24

Particulars	Count
Total complaints received	540
Total number of folios	21,39,406
% of complaints against the folio	0.025

Trustees' Report

For the year ended March 31, 2024 (Contd...)

8. INVESTOR EDUCATION INITIATIVES

During the FY 2023-24, the AMC conducted the following investor education and awareness initiatives:

- An integrated multi-media marketing campaign on SIP Hai 'FaydeWaliAadat' aimed to tap into the aspirations, financial goals, and unique spending habits of millennials.
- Editorial content on Systematic Investment Plans (SIP) created across 15 states through various regional television channels.
- Investor education content on the Platform - Quora.
- 'Be Money Confident' video series targeting women through Jio Platforms.
- Campaign on Women & Investing for Women's Day.
- Campaign for Marathon enthusiast on the similarities between running a Marathon & Investing.
- Financial literacy virtual event on the occasion of Mother's Day, which received more than 725 registered users.
- A mom blogger outreach program to reach Women Investors with financial education content on MF on the occasion of Mother's Day.
- Education campaign on ELSS executed for working audiences.
- Blogs and content for Investor Education properties like SIP Sahi Hai in Value Research, Gyan Guroovaar on Facebook, Investment Ki Paathshala on the website and investor education blogs on the platform - Advisor Khoj.
- 1,462 Investor Education programs to reach out to an audience of 71,465 people out of which 458 were women programs attended by 20,139 women.

9. PROXY VOTING POLICY

As per para 6.16 of SEBI Master Circular on Mutual Funds dated June 27, 2024, the Fund has adopted Proxy Voting Policy and Procedures for exercising voting rights in respect of securities held by the Schemes. (please refer Proxy Voting Policy and Procedures)

The summary of the votes casted in the general meetings of the Investee companies, by the AMC for and on behalf of the Schemes of the Fund, for the financial year 2023-24 is provided below:

Quarter	Total no. of resolutions	Break-up of Vote decision		
		For	Against	Abstained
April 2023 - June 2023	387	260	75	52
July 2023 - September 2023	2,169	1607	448	114
October 2023 - December 2023	197	138	37	22
January 2024 - March 2024	319	240	50	29
TOTAL	3,072	2,245	610	217

As per para 6.16.7 of SEBI Master Circular on Mutual Funds dated June 27, 2024, the AMC has obtained certificate from M/s. M. P. Chitale & Co., Chartered Accountants, who is acting as a Scrutinizer, on the voting report for the FY 2023-24. The certificate dated May 22, 2024 issued by M/s. M. P. Chitale & Co., is available on the website of the AMC as part of the full Annual Report.

Unitholders can refer to the full Annual Report for complete details of actual exercise of votes in the general meetings of the investee companies for the financial year 2023-24 or log on to our website at www.assetmanagement.hsbc.co.in.

Trustees' Report

For the year ended March 31, 2024 (Contd...)

10. STATUTORY DETAILS

- The Sponsors are not responsible or liable for any loss resulting from the operation of the Schemes of the Fund beyond initial contribution of Rs. 1 lakh for setting up the Fund.
- The price and redemption value of the units, and income from them, can go up as well as down with fluctuations in the market value of its underlying investments.
- Full Annual Report of HSBC Mutual Fund and of HSBC Asset Management (India) Private Limited (the AMC) shall be disclosed on the website at www.assetmanagement.hsbc.co.in and shall be available for inspection at the Head Office of the Mutual Fund. Present and prospective unitholders can obtain copy of the Trust Deed, the full Annual Report of the Scheme(s), the Annual Report of HSBC Asset Management (India) Private Limited and the text of the relevant Scheme(s) at a price.

11. CHANGES IN RISK-O-METER OF THE SCHEME DURING FY 2023-24

As per para 17.4. of SEBI Master Circular on Mutual Funds dated June 27, 2024 on product labelling, the changes carried out in the risk-o-meter of the schemes of HSBC Mutual Fund during FY 2023-24 have been given in the below mentioned table for the information of the unitholders, a report on the said changes has also been displayed on the website of the Fund and AMFI.

Scheme Name	Risk-o-meter level as on March 31, 2023	Risk-o-meter level as on March 31, 2024	Number of changes in Risk-o-meter during the F.Y. 2023-24)
HSBC Medium Duration Fund	Moderate	Moderate	0

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

As per para 6.16.15 of SEBI Master Circular on Mutual Funds dated June 27, 2024, HSBC Mutual Fund has adapted the policy on stewardship responsibilities, the unitholders are requested to note the status of governance with the same as mentioned below:

S. No.	Particulars of Principles of Stewardship Code	Status of compliance (Complied/ Not Complied)	Description	Remarks/ reasons for deviation/non-compliance, if any
1	Principle 1: Institutional Investors should formulate a comprehensive policy on the discharge of their stewardship responsibilities, publicly disclose it, review and update it periodically.	Complied	HSBC Asset Management (India) Private Limited's (AMIN) 'Policy on Stewardship responsibilities' (Stewardship Code/ Policy) was formulated and implemented on 01 July, 2020. This is a comprehensive document which has been publicly disclosed on the website of AMIN. The same shall follow a periodic review.	N.A.
2	Principle 2: Institutional investors should have a clear policy on how they manage conflicts of interest in fulfilling their stewardship responsibilities and publicly disclose it.	Complied	Defining and managing Conflict of Interest in fulfilling stewardship responsibilities are detailed in the Stewardship Policy document. The policy document is publicly disclosed.	N.A.

Trustees' Report

For the year ended March 31, 2024 (Contd...)

S. No.	Particulars of Principles of Stewardship Code	Status of compliance (Complied/ Not Complied)	Description	Remarks/ reasons for deviation/non-compliance, if any
3	Principle 3: Institutional investors should monitor their investee companies.	Complied	AMIN monitors all investee companies through its investment process. This includes assessment of companies' own and market data, consideration of research from brokers and other independent research providers – including ESG & voting research, attending individual & group meetings with company management and directors, visiting production sites (wherever necessary), engaging with key stakeholders including competitors and customers, and financial modelling. More details enumerated in the policy document	N.A.
4	Principle 4: Institutional investors should have a clear policy on intervention in their investee companies. Institutional investors should also have a clear policy for collaboration with other institutional investors where required, to preserve the interests of the ultimate investors, which should be disclosed.	Complied	Details of undertaking active engagement with investee companies and the policy for collaboration with other institutional holders are detailed in the policy document. The policy document is publicly disclosed.	N.A.
5	Principle 5: Institutional investors should have a clear policy on voting and disclosure of voting activity.	Complied	AMIN has a clear and detailed voting policy which provides the framework for the voting decisions. All voting decisions shall be in accordance with AMIN's Voting Policy and Procedures, which is disclosed on the website. AMIN discloses the details of the voting on its website on a quarterly basis within 10 working days from the end of the quarter. Additionally, AMIN also discloses the details of the votes cast, in the annual report of the schemes of HSBC Mutual Fund.	N.A.
6	Principle 6: Institutional investors should report periodically on their stewardship activities.	Complied	The annual status report of the stewardship code and quarterly report on proxy voting are publicly disclosed on the website as required under SEBI Regulations.	N.A.

Trustees' Report

For the year ended March 31, 2024 (Contd...)

13. DISCLOSURES PERTAINING TO NAV ADJUSTED DURING THE FINANCIAL YEAR FOR SWING FACTOR ALONG WITH THE PERFORMANCE IMPACT

Sr No.	Period of applicability of swing pricing	Scheme Name	Unswung NAV	Swing factor applied	Whether optional or mandatory
NIL					

14. SIGNIFICANT EVENT AFTER THE END OF THE FINANCIAL YEAR

NIL

15. ACKNOWLEDGEMENTS

The Trustees wish to thank the unitholders of the Schemes for their support throughout the year, and also thank the Government of India, the Securities and Exchange Board of India (SEBI), the Reserve Bank of India (RBI) and the Association of Mutual Funds in India (AMFI) for the guidance provided by them. The Trustees also appreciate the services provided by the Registrar and Transfer Agent, Fund Accountant, Custodian, Bankers, Distributors and Brokers. The guidance and services provided by the auditors and advocates and the ebullience, sincerity and dedication of the employees of HSBC Asset Management (India) Private Limited is also appreciated.

The Trustees look forward to the continued support of everyone.

For and on behalf of **HSBC Trustees (India) Private Ltd.**

Sd/-

Director

Mumbai

July 19, 2024

Independent Auditors' Report

To the Board of Directors of HSBC Trustees (India) Private Limited (the "Trustee")

HSBC Medium Duration Fund

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **HSBC Medium Duration Fund** (the "Scheme") of HSBC Mutual Fund (the "Fund"), which comprise the Balance Sheet as at March 31, 2024, the Revenue Account and the Cash Flow Statement for the year then ended, and notes to the financial statements, including a summary of material accounting policy and other explanatory information.

In our opinion, and to the best of our information and according to the explanations given to us, the aforesaid financial statements of the Scheme give a true and fair view in conformity with the Indian Accounting Standards ("Ind AS") prescribed under section 133 of the Companies Act, 2013 (the "Act") read with Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India, including the accounting policies and standards specified in the Regulation 50 and Ninth Schedule to the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 ("the SEBI Regulations") (collectively referred to as the "Regulations") as amended:

- in the case of the Balance Sheet, of the state of affairs of the Scheme as at March 31, 2024;
- in the case of the Revenue Account, of the net surplus for the year ended on that date; and
- in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing ("SAs") and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India (the "ICAI"). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Scheme in accordance with the Code of Ethics issued by the ICAI together with the ethical requirements that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Information Other than the Financial Statements and Auditor's Report Thereon

The Board of Directors of HSBC Asset Management (India) Private Limited (the "AMC") and the Board of Directors of HSBC Trustees (India) Private Limited (the "Trustees") (collectively referred to as "the Management") are responsible for the other information. The other information comprises the information included in the Trustees report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

The Management is responsible for the preparation of these financial statements that give a true and fair view of the state of affairs, results of operations and cash flows of the Scheme in accordance with the accounting principles generally accepted in India, including the accounting policies and standards specified in Regulations. This responsibility also includes maintenance of adequate accounting records in accordance with the SEBI

Independent Auditors' Report *(Contd...)*

Regulations for safeguarding of the assets of the Scheme and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Management is responsible for assessing the Scheme's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management, either intends to liquidate the Scheme or to cease operations, or has no realistic alternative but to do so.

Those Charged with Governance are also responsible for overseeing the Scheme's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Scheme's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Scheme to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide to those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Independent Auditors' Report *(Contd...)*

Report on Other Legal and Regulatory Requirements

1. As required by regulation 55(4) and clause 5(ii)(2) of the Eleventh Schedule of the SEBI Regulations, we report that:
 - a. we have sought and obtained all the information and explanations which, to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b. in our opinion, the Balance Sheet and the Revenue Account dealt with by this report have been prepared in accordance with the accounting policies and standards specified in the Regulations; and
 - c. the Balance Sheet, the Revenue Account and the Cash Flow Statement, dealt with by this report are in agreement with the books of accounts of the Scheme.
2. In our opinion, the methods used to value non-traded securities as at March 31, 2024, as determined by the Management under procedures approved by the Trustees in accordance with the guidelines for valuation of securities for mutual funds as mentioned in the Eighth Schedule to the SEBI Regulations, are fair and reasonable.

For **M S K A & Associates**

Chartered Accountants

ICAI Firm Registration No. 105047W

Sd/-

Swapnil Kale

Partner

Membership No: 117812

UDIN: 24117812BKFIRN9994

Place : Mumbai

Date : July 19, 2024.

Abridged Balance Sheet as at March 31, 2024

Rs. in Lakhs

	As at March 31, 2024	As at March 31, 2023	As at April 1, 2022
LIABILITIES			
1 Unit Capital	50,176.62	41,249.44	62,122.21
2 Reserves & Surplus			
2.1 Unit Premium Reserves	1,635.37	1,405.50	2,130.95
2.2 Unrealised Appreciation Reserve	242.82	26.36	646.51
2.3 Other Reserves	30,013.61	29,182.89	39,085.24
3 Loans & Borrowings	—	—	—
4 Current Liabilities & Provisions			
4.1 Provision for Doubtful Income/Deposits	—	—	—
4.2 Other Current Liabilities & Provisions	113.19	1,695.41	150.80
TOTAL	82,181.61	73,559.60	104,135.70
ASSETS			
1 Investments			
1.1 Listed Securities:			
1.1.1 Equity Shares	—	—	—
1.1.2 Preference Shares	—	—	—
1.1.3 Equity Linked Debentures	—	—	—
1.1.4 Other Debentures & Bonds	37,426.61	27,794.63	56,460.97
1.1.5 Securitised Debt Securities	6,273.68	5,545.31	5,348.46
1.2 Securities Awaited Listing:			
1.2.1 Equity Shares	—	—	—
1.2.2 Preference Shares	—	—	—
1.2.3 Equity Linked Debentures	—	—	—
1.2.4 Other Debentures & Bonds	—	—	—
1.2.5 Securitised Debt Securities	—	—	—
1.3 Unlisted Securities:			
1.3.1 Equity Shares	—	—	—
1.3.2 Preference Shares	—	—	—
1.3.3 Equity Linked Debentures	—	—	—
1.3.4 Other Debentures & Bonds	—	—	—
1.3.5 Securitised Debt Securities	—	—	—
1.4 Government Securities	35,812.70	26,551.85	35,788.88
1.5 Treasury Bills	—	—	—
1.6 Commercial Paper	—	—	—
1.7 Certificate of Deposits	—	—	—
1.8 PTC	—	—	—
1.9 Units of Domestic Mutual Fund	—	—	—
1.10 Foreign Securities	—	—	—
1.11 AIF Investment	173.76	—	—
Total Investments	79,686.76	59,891.79	97,598.31
2 Deposits	15.97	17.04	17.02
3 Other Current Assets			
3.1 Cash & Bank Balance	407.39	217.18	8.94
3.2 CBLO/TREPS/Reverse Repo Lending	834.56	12,455.91	4,270.27
3.3 Others	1,236.94	977.55	2,241.16
4 Deferred Revenue Expenditure (to the extent not written off)	—	—	—
TOTAL	82,181.61	73,559.60	104,135.70

Notes to Accounts - Annexure I

Abridged Revenue Account for the year ended March 31, 2024

		Rs. in Lakhs	
		Current Year ended March 31, 2024	Previous Year ended March 31, 2023
1	INCOME		
1.1	Dividend	—	—
1.2	Interest	5,442.77	5,168.73
1.3	Realised Gain/(Loss) on Foreign Exchange Transactions	—	—
1.4	Realised Gains/(Losses) on Interscheme Sale of Investments	—	—
1.5	Realised Gains/(Losses) on External Sale/Redemption of Investments	204.89	(1,424.14)
1.6	Realised Gains/(Losses) on Derivative Transactions	—	—
1.7	Other Income	0.34	46.16
	(A)	5,647.99	3,790.75
2	EXPENSES		
2.1	Management Fees	211.93	277.60
2.2	GST on Management Fees	38.15	49.97
2.3	Transfer Agents Fees and Expenses	28.01	29.83
2.4	Custodian Fees	0.32	0.84
2.5	Trusteeship Fees	0.32	0.39
2.6	Commission to Agents	318.64	421.11
2.7	Marketing & Distribution Expenses	0.48	0.30
2.8	Audit Fees	0.14	0.83
2.9	Investor Education Expenses	14.32	14.03
2.10	Interest on Borrowing	—	—
2.11	Brokerage & Transaction Costs	3.74	4.10
2.12	Other Operating Expenses	3.54	5.25
	(B)	619.60	804.24
3	NET REALISED GAINS/(LOSSES) FOR THE YEAR	(C = A - B)	5,028.39
4	Change in Unrealised Depreciation in Value of Investments	(D)	261.46
5	NET GAINS/(LOSSES) FOR THE YEAR	(E = C + D)	5,289.85
6	Change in Unrealised Appreciation in Value of Investments	(F)	216.46
7	NET SURPLUS/(DEFICIT) FOR THE YEAR	(G = E + F)	5,506.31
7.1	Add : Balance Transfer from Unrealised Appreciation Reserve	—	620.15
7.2	Less : Balance Transfer to Unrealised Appreciation Reserve	216.46	—
7.3	Add/(Less) : Equalisation	(4,091.57)	(12,657.97)
7.4	Transfer from Reserve Fund	29,182.89	39,085.24
7.5	Transfer from Unit Premium Reserve	—	—
8	Total	30,381.18	29,229.05
9	Dividend Appropriation		
9.1	Income Distributed during the Year	(367.56)	(46.16)
9.2	Tax on Income Distributed during the Year	—	—
10	Retained Surplus/(Deficit) Carried Forward to Balance Sheet	30,013.61	29,182.89

Notes to Accounts - Annexure I

Key Statistics for the year ended March 31, 2024

	Current Year ended March 31, 2024	Previous Year ended March 31, 2023
1. NAV per unit (Rs.):		
Open		
Regular Plan - Growth Option	17.1141	16.5368
Regular Plan - IDCW Option	10.6043	10.8918
Regular Plan - Annual IDCW Option	10.7538	11.2134
Direct Plan - Growth Option	18.3852	17.6159
Direct Plan - IDCW Option	11.4402	11.6034
Direct Plan - Annual IDCW Option	11.5764	11.9553
High		
Regular Plan - Growth Option	18.4203	17.1141
Regular Plan - IDCW Option	10.7325	10.8959
Regular Plan - Annual IDCW Option	11.5502	11.5946
Direct Plan - Growth Option	19.9273	18.3852
Direct Plan - IDCW Option	11.5957	11.6098
Direct Plan - Annual IDCW Option	12.5186	12.4656
Low		
Regular Plan - Growth Option	17.1243	16.2229
Regular Plan - IDCW Option	10.4960	10.5697
Regular Plan - Annual IDCW Option	10.6330	10.7416
Direct Plan - Growth Option	18.3973	17.2969
Direct Plan - IDCW Option	11.3888	11.3031
Direct Plan - Annual IDCW Option	11.5230	11.5626
End		
Regular Plan - Growth Option	18.4203	17.1141
Regular Plan - IDCW Option	10.5442	10.6043
Regular Plan - Annual IDCW Option	10.6528	10.7538
Direct Plan - Growth Option	19.9273	18.3852
Direct Plan - IDCW Option	11.4810	11.4402
Direct Plan - Annual IDCW Option	11.5454	11.5764
2. Closing Assets Under Management (Rs. in Lakhs)		
End	82,068	65,058
Average (AAuM) ¹	71,597	70,126
3. Gross income as % of AAuM ²	7.89%	5.41%
4. Expense Ratio:		
a. Total Expense as % of AAuM (including GST on Management fees) (plan wise)		
Regular Plan	1.10%	1.37%
Direct Plan	0.40%	0.52%

Key Statistics for the year ended March 31, 2024 (Contd...)

	Current Year ended March 31, 2024	Previous Year ended March 31, 2023
b. Management Fee as % of AAuM (plan wise)		
Regular Plan	0.30%	0.40%
Direct Plan	0.28%	0.38%
5. Net Income as a percentage of AAuM ³	7.02%	4.26%
6. Portfolio turnover ratio ⁴	N.A.	N.A.
7. Total IDCW per unit distributed during the year (plan wise)		
Retail		
Regular Plan - IDCW Option	0.8400	0.6500
Regular Plan - Annual IDCW Option	0.9200	0.8500
Direct Plan - IDCW Option	0.8850	0.6500
Direct Plan - Annual IDCW Option	1.0000	0.9000
Corporate		
Regular Plan - IDCW Option	0.8400	0.6500
Regular Plan - Annual IDCW Option	0.9200	0.8500
Direct Plan - IDCW Option	0.8850	0.6500
Direct Plan - Annual IDCW Option	1.0000	0.9000
8. Returns:		
a. Last One Year		
Scheme		
Regular Plan - Growth Option	7.61%	3.49%
Direct Plan - Growth Option	8.36%	4.37%
Benchmark⁵		
NIFTY Medium Duration Debt Index A-III	7.55%	4.22%
b. Since Inception		
Scheme		
Regular Plan - Growth Option	6.89%	6.81%
Direct Plan - Growth Option	7.81%	7.75%
Benchmark⁵		
NIFTY Medium Duration Debt Index A-III	NA ⁺	7.58%

1. AAuM = Average daily net assets

2. Gross income = amount against (A) in the Revenue account i.e. Income

3. Net income = amount against (C) in the Revenue account i.e. Net Realised Gains/(Losses) for the year

4. Portfolio Turnover = Lower of sales or purchase divided by the Average AuM for the year

5. Benchmark returns provided for previous year is as per Old Benchmark

Old Benchmark	New Benchmark	Effective date
NIFTY Medium Duration Debt Index B-III	NIFTY Medium Duration Debt Index A-III	13th March, 2024

+ The launch date of the NIFTY Medium Duration Debt Index A-III is Feb 05, 2015 whereas the inception date of the scheme is Feb 2, 2015. The corresponding benchmark returns since inception of the scheme not available

Notes to Accounts – Annexure I

To the Abridged Balance Sheet and Revenue Account for the year ended March 31, 2024

1 Investments:-

- 1.1. It is confirmed that investments of the scheme are registered in the name of the Trustees for the benefit of the Scheme's unitholders.
- 1.2. Open Positions of derivatives as on year ended March 31, 2024 and March 31, 2023 are NIL.
- 1.3. Investment in Associates and Group Companies as at the year ended March 31, 2024 and March 31, 2023 are NIL.
- 1.4. Open position of Securities Borrowed and/or Lent by the scheme as on the year ended March 31, 2024 and March 31, 2023 are NIL.
- 1.5. Investment in Below investment grade and default/Securities in default as on March 31, 2024 and March 31, 2023 are NIL.
- 1.6. Aggregate Unrealised Gain/Loss as at the end of the financial year 2024 and 2023 and their percentage to net assets are as under :

(Rs. In Lakhs)

Scheme Name / Security Type	Amount	Percentage to Net Assets	Amount	Percentage to Net Assets
	As at March 31, 2024		As at March 31, 2023	
Bonds and Debentures				
- Appreciation	19.34	0.02	222.15	0.34
- Depreciation	323.55	0.39	736.99	1.13
PTC				
- Appreciation	1.84	~0.00	–	–
- Depreciation	21.12	0.03	88.47	0.14
Alternate Investment Fund (CDMDF)				
- Appreciation	3.12	–	–	–
- Depreciation	–	–	–	–
Interest rate Swap (IRS)				
- Appreciation	–	–	–	–
- Depreciation	16.52	0.02	–	–
Central and State Government Securities				
- Appreciation	239.07	0.29	49.41	0.08
- Depreciation	1.20	~0.00	23.05	0.04

(–) - Indicates less than 0.01

- 1.7. The aggregate value of investment securities (excluding CBLO/TREPS and Reverse Repos) purchased and sold (including matured) during the financial year 2023-24 (excluding accretion of discount) are Rs. 128,940.68 lakhs and Rs. 109,484.04 lakhs being 180.09% and 152.92% of the average net assets.

The aggregate value of investment securities (excluding CBLO/TREPS and Reverse Repos) purchased and sold (including matured) during the financial year 2022-23 (excluding accretion of discount) are Rs. 82,884.51 lakhs and Rs. 119,995.51 lakhs being 118.19% and 171.12% of the average net assets.

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

To the Abridged Balance Sheet and Revenue Account for the year ended March 31, 2024

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

Security Category	Amount (Rs. In lakhs)	Percentage to Net Assets	Amount (Rs. In lakhs)	Percentage to Net Assets
	As at March 31, 2024		As at March 31, 2023	
Debt	37,427	45.60	27,795	42.72
Total	37,427	45.60	27,795	42.72

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

During the year 2023-24, The Hongkong and Shanghai Banking Corporation Limited, an associate entity of HSBC Asset Management (India) Private Limited was paid collection/bank charges amounting to Rs. Nil.

During the year 2022-23, The Hongkong and Shanghai Banking Corporation Limited, an associate entity of HSBC Asset Management (India) Private Limited was paid collection/bank charges amounting to Rs. Nil.

Commission paid to Sponsor/AMC and its associates/related parties/group companies

Name of Sponsor/ AMC and its associates/related parties/group companies	Nature of Association / Nature of Relation	Period Covered	Business Given [Rs. In lakhs]	% of Total Business received by the Fund	Commission paid [Rs. In Lakhs]	% of Total commission paid by the Fund
The Hongkong and Shanghai Banking Corporation Limited	Group Company	2023-2024	32.40	0.15	0.08	0.03
The Hongkong and Shanghai Banking Corporation Limited	Group Company	2022-2023	10.67	0.04	0.03	0.01

Brokerage paid to Sponsor/AMC and its associates/related parties/group companies is NIL. (Previous year also NIL).

- 3 None of the Investors held more than 25% of the total net assets of the schemes at the year ended March 31, 2024 and March 31, 2023.
- 4 Unit Capital movement during the year ended March 31, 2024, March 31, 2023 and March 31, 2022:

Description	Opening Units	Subscription	Redemption	Closing Units	Face value
2023-24					
Regular Plan - Growth Option	283,456,090.962	16,713,031.945	81,055,425.833	219,113,697.074	10
Regular Plan - IDCW Option	779,848.274	151,456,181.593	512,789.045	151,723,240.822	10
Regular Plan - Annual IDCW Option	42,230.025	10,598.489	–	52,828.514	10
Direct Plan - Growth Option**	123,711,482.474	10,096,183.963	7,427,316.245	126,380,350.192	10
Direct Plan - Annual IDCW Option	4,459,581.354	3,976.254	12,571.078	4,450,986.530	10
Direct Plan - IDCW Option	45,204.913	10,092.218	10,177.610	45,119.521	10

Notes to Accounts – Annexure I (Contd...)**To the Abridged Balance Sheet and Revenue Account for the year ended March 31, 2024**

Description	Opening Units	Subscription	Redemption	Closing Units	Face value
2022-23					
Regular Plan - Growth Option	498,274,861.970	101,084,213.268	315,902,984.276	283,456,090.962	10
Regular Plan - IDCW Option	857,416.153	613,768.707	691,336.586	779,848.274	10
Regular Plan - Annual IDCW Option	89,027.267	7,194.504	53,991.746	42,230.025	10
Direct Plan - Growth Option**	121,847,342.830	61,446,150.098	59,582,010.454	123,711,482.474	10
Direct Plan - Annual IDCW Option	102,048.241	4,358,581.945	1,048.832	4,459,581.354	10
Direct Plan - IDCW Option	51,356.695	3,600.849	9,752.631	45,204.913	10
2021-22					
Regular Plan - Growth Option	385,786,830.480	254,805,324.038	142,317,292.548	498,274,861.970	10
Regular Plan - IDCW Option	1,320,134.787	77,472.635	540,191.269	857,416.153	10
Direct Plan - Annual IDCW Option	108,025.033	15,236.366	34,234.132	89,027.267	10
Direct Plan - Growth Option **	75,241,417.242	249,836,507.568	203,230,581.980	121,847,342.830	10
Direct Plan - Annual IDCW Option	3,641,104.853	855,779.045	4,394,835.657	102,048.241	10
Direct Plan - IDCW Option	51,985.727	6,227.996	6,857.028	51,356.695	10

** Units held by the AMC (Seed Capital) in Direct Plan - Growth Option as on March 31, 2024 is 500,000 & as on March 31, 2023 is 500,000 & as on March 31, 2022 is 206,147.313.

- 5 Previous year's/period figures have been re-grouped/re-arranged where necessary.
- 6 There are no contingent liabilities and other commitments as on March 31, 2024 and March 31, 2023. Contingent asset is neither recognized nor disclosed in the financial statements.
- 7 Expenses other than Management Fees and Audit Fees are Inclusive of GST where applicable.
- 8 Other income: Rs. 0.33 lakhs represents Exit load credited to the scheme (2023: Rs. 46.16 lakhs represents Exit load credited to the scheme).
- 9 **Investor Education Awareness**

As mandated by SEBI vide circular no. CIR/IMD/DF/21/2012 dated September 13, 2012 an annual charge of 0.02 percent of daily net assets, being a part of total recurring expenses is set aside for Investor Education and Awareness (IEA). In view of the AMFI Best Practices Guidelines Circular No. 56/2015-16, the IEF (Investor Education Fund) accrual is set aside in a separate bank account and the consolidated balance across all schemes as on March 31, 2024

Pursuant to SEBI circular dated May 23, 2022, w.e.f. July 01, 2022, the limit of 0.02% p.a. has been reduced to 0.01% p.a. in case of ETFs/Index Funds. Furthermore, Fund of Funds (FoFs) investing more than 80% of its NAV in the underlying domestic funds have discontinued setting aside 0.02% p.a. of daily net assets towards IEAL.

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

To the Abridged Balance Sheet and Revenue Account for the year ended March 31, 2024

The break-up of which is as under:

	March 31, 2024	March 31, 2023
Particulars	Amount (Rs. In Lakhs)	Amount (Rs. In Lakhs)
Opening Balance as on April 01, 2023	997.09	460.22
Add: Accrual during FY 2023-24	1,962.01	1,432.00
Less: Transferred to AMFI *	889.11	646.75
Less: Payable to AMFI (March 2024 accrual) *	91.90	69.25
Add: Investment Income FY 2023-24	77.08	166.42
Less: Spent during FY 2023-24	1,877.44	345.55
Closing Balance as on March 31, 2024	177.73	997.09

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

The IEA disclosure's are presented for surviving schemes only.

- 10 Pursuant to SEBI Circular No. SEBI/HO/IMD/DF3/CIR/P/2020/194 dated October 05, 2020, the nomenclature of 'Dividend Option' under all the schemes of HSBC Mutual Fund has been revised to 'Income Distribution cum Capital Withdrawal Option' (IDCW), with effect from April 01, 2021.
- 11 Securities, excluding debt securities, where the non-traded investments which have been valued "in good faith" exceed 5% of the net assets at the end of the year is NIL.
- 12 Debt securities which have been valued at a price other than the price given by the independent valuation agencies at the end of the year is NIL.
- 13 **Disclosure of Risk-o-meter**

Scheme Name	Risk-o-meter level at end of the financial year i.e. March 31, 2024	Risk-o-meter level as on March 31, 2023	Number of changes in Risk-o-meter during the financial year (March 2023 to March 2024)
HSBC Medium Duration Fund	Moderate	Moderate	0

- 14 Pursuant to the SEBI circular no. SEBI/HO/IMD/IMD-II DOF3/P/CIR/2021/573 dated June 07, 2021, The details of Potential Risk Class matrix of schemes are given in below:

Credit Risk →	Relatively Low (Class A)	Moderate (Class B)	Relatively High (Class C)
Interest Rate Risk ↓			
Relatively Low (Class I)			
Moderate (Class II)			
Relatively High (Class III)		BIII	
A Scheme with Relatively High interest rate risk and Moderate credit risk.			

- 15 Subsequent to receipt of SEBI's no objection to acquisition of 100% equity shares of L&T Investment Management Limited ("LTIM", Investment Manager of L&T Mutual Fund) and the amendments proposed to the trust deed of the HSBC Mutual Fund as required under the SEBI (Mutual Funds) Regulations, 1996, the schemes of L&T Mutual Fund (LTMF) were transferred to/ merged with the schemes of HSBC Mutual Fund on and from the close of business hours of November 25, 2022, and the HSBC AMC and HSBC Trustees assumed the responsibilities of the schemes of LTMF w.e.f. close of business hours of November 25, 2022.

Notes to Accounts – Annexure I (Contd...)**To the Abridged Balance Sheet and Revenue Account for the year ended March 31, 2024**

- 16 During the year, HSBC Securities and Capital Markets (India) Private Limited ("HSCI"), Sponsors of HSBC Mutual Fund established a private limited company with limited liability to act as the "Trustee" of HSBC Mutual Fund. HSBC Trustees (India) Private Limited ("HTIP") was incorporated on 9 January 2024. Accordingly, HTIP has replaced the Board of Trustees of HSBC Mutual Fund w.e.f. 1 March 2024, and the Company through its Board of Directors has been discharging its obligations as the "Trustees" of the Fund from this date.
- 17 The Annual Accounts of the Schemes, prepared in accordance with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the "Act") read with the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time and clause 17.14 of SEBI Master Circular for Mutual Funds dated June 27, 2024, has been approved by the Board of Directors of HSBC Asset Management (India) Private Limited and HSBC Trustees (India) Private Limited at their meetings held on July 08, 2024 and July 19, 2024 respectively. The audit report attached herewith refers to the said Annual Accounts. The aforesaid abridged accounts are an extract of the Annual Accounts and are prepared in accordance with clause 5.4 and format no. 3.B under the section of formats of SEBI Master Circular for Mutual Funds dated June 27, 2024 and other relevant circulars issued by the Securities and Exchange Board of India from time to time.

Voting Policy and Procedures

In view of para 6.16 of SEBI Master Circular on Mutual Funds dated June 27, 2024 related to "Role of Mutual Funds in Corporate Governance of Public Listed Companies", HSBC AMC has formulated its "Policy for Proxy Voting in Public Listed Companies". The said policy is available on our website and the details of actual exercise of proxy votes, the summary of votes casted and the auditor's certificate is forming part of our full Annual Report for the Financial Year 2023 – 24 which has been uploaded on our website at <http://www.assetmanagement.hsbc.co.in>

Statutory Details & Disclaimers

All the returns have been sourced from Mutual Funds India Explorer software. The performance of the schemes and the benchmark is calculated on a total return basis. This document has been prepared by HSBC Asset Management (India) Private Limited (HSBC) for information purposes only with an intent to provide market overview and should not be construed as an offer or solicitation of an offer for purchase of any of the funds of HSBC Mutual Fund. All information contained in this document (including that sourced from third parties), is obtained from sources, which HSBC/third party, believes to be reliable but which it has not been independently verified by HSBC/the third party. Further, HSBC/the third party makes no guarantee, representation or warranty and accepts no responsibility or liability as to the accuracy or completeness of such information. The information and opinions contained within the document are based upon publicly available information and rates of taxation applicable at the time of publication, which are subject to change from time to time.

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

For disclosure of quarterly AUM/AAUM and AUM by geography, please visit our website at www.assetmanagement.hsbc.co.in. Investors are requested to note that as per SEBI (Mutual Funds) Regulations, 1996 and guidelines issued thereunder, HSBC AMC, its employees and/ or empaneled distributors/agents are forbidden from guaranteeing/promising/assuring/predicting any returns or future performances of the schemes of HSBC Mutual Fund. Hence, please do not rely upon any such statements/commitments. If you come across any such practices, please register a complaint via email at investor.line@mutualfunds.hsbc.co.in

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

Important Updates

Name and Date of Birth as per PAN card - Effective from June 1, 2024

As per recent regulatory requirement and changes advised by Income Tax Department in PAN validation process, now it is mandated to quote your Name(s) and DOB as per PAN card. To avoid any failure in such validations, we request investors to quote the Name(s) and DOB's of all the holders including Guardian, Power of Attorney (POA) holders as per PAN card.

Useful Links for self service options

- **Use our 24 x 7 Chatbot - "ASKME" for any queries or service request:**
visit: <https://invest.assetmanagement.hsbc.co.in>

SMS your request to HSBC Mutual Fund

- **Latest NAV :** Send SMS as HSBCMF NAV <Scheme Code> to 56767
Example: HSBCMF NAV F03
- **Valuation Service on registered mobile No. :** Send SMS as HSBCMF VAL <folio_number> to 56767
Example: HSBCMF VAL 123456
- **Annual Report :**
For Electronic Copy: Send SMS as HSBCMFARE <folio_number> to 567678080
Example: HSBCMF ARE 123456
For Physical Copy: Send SMS as HSBCMFARP <folio_number> to 567678080
Example: HSBCMF ARP 123456
- **Half Yearly Portfolio :**
For Electronic Copy: Send SMS as HSBCMFHPE <folio_number> to 567678080
Example: HSBCMF HPE 123456
For Physical Copy: Send SMS as HSBCMFHPP <folio_number> to 567678080
Example: HSBCMF HPP 123456

Missed Call Service

- You can give a missed call to 9212900020 to get the total valuation via SMS and a statement on your registered email ID

Book-Post

If undelivered please return to:

Computer Age Management Services Private Limited (CAMS)

Unit: HSBC Mutual Fund

New No. 10, M.G.R Salai, Nungambakkam, Chennai - 600034.

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

HSBC Asset Management (India) Private Limited

CIN NO: U74140MH2001PTC134220

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

Website : www.assetmanagement.hsbc.co.in

Description	Toll Free Number	Email ID
Investor related queries	1800-4190-200/1800-200-2434	investor.line@mutualfunds.hsbc.co.in
Online related queries	1800-4190-200/1800-200-2434	onlinemf@mutualfunds.hsbc.co.in
Investor (Dialing from abroad)	+91 44 39923900	investor.line@mutualfunds.hsbc.co.in

To get your updated account statement email us at : ["mfsoa@mutualfunds.hsbc.co.in"](mailto:mfsoa@mutualfunds.hsbc.co.in)

We're always here to help you, so feel free to reach out to us

Self-service request at your Fingertips

- Visit Website • Invest Online • Insta Statement • Download Forms
- Transact via Whats App • Use 24/7 ChatBot - Ask Me



Remember, you can also find out more via our social media handles !     

Please check our website www.assetmanagement.hsbc.co.in for an updated list of Official Points of Acceptance of HSBC Mutual Fund.

CAMS SERVICE CENTRES / CAMS LIMITED TRANSACTION POINTS / CAMS COLLECTION CENTRES

For details on CAMS Service Centres, please visit www.camsonline.com



HSBC Medium to Long Duration Fund **(Erstwhile HSBC Debt Fund)**

An open ended medium to long term debt scheme investing in instruments such that the Macaulay duration of the portfolio is between 4 years to 7 years. Relatively high interest rate risk and moderate credit risk.

Abridged Annual Report 2023 - 2024



SPONSOR

HSBC Securities and Capital Markets (India) Private Limited

CIN – U67120MH1994PTC081575

Regd. Office: 52/60, Mahatma Gandhi Road, Fort, Mumbai 400001.

TRUSTEE COMPANY

HSBC Trustees (India) Private Limited

CIN – U66190MH2024PTC416973

Regd. Office: 52/60, Mahatma Gandhi Road, Fort, Mumbai 400001.

ASSET MANAGEMENT COMPANY

HSBC Asset Management (India) Private Limited

CIN – U74140MH2001PTC134220

Regd. Office: 9-11 Floors, NESCO IT Park, Building No. 3,
Western Express Highway, Goregaon (East), Mumbai 400063.

CUSTODIAN

Citibank N.A.

First International Financial Center (FIFC), 9th Floor,
C-54 & 55, G – Block, Bandra Kurla Complex, Bandra (East), Mumbai 400051.

AUDITORS TO THE SCHEME

MSKA & Associates

Chartered Accountants

602, Floor 6, Raheja Titanium, Western Express Highway,
Geetanjali Railway Colony, Ram Nagar, Goregaon (East), Mumbai 400063.

REGISTRAR & TRANSFER AGENTS

Computer Age Management Services Limited (CAMS)

Unit: HSBC Mutual Fund

New No. 10, M.G.R Salai, Nungambakkam, Chennai 600034.

BOARD OF TRUSTEES

Ms. Jasmine Batliwalla	– Chairperson
Mr. Nani Javeri	– Trustee
Mr. David Rasquinha	– Trustee
Mr. Nicolas Moreau	– Trustee

BOARD OF DIRECTORS

Dr. Indu Shahani	– Director
Mr. Kapil Seth	– Director
Ms. Roopa Varma	– Director
Mr. Kailash Kulkarni	– Director & Chief Executive Officer

Dear Investor,

As we reflect on the past year, I am filled with pride and optimism about the future of our company and overall growth of the mutual fund industry. The past year has marked significant milestones in our journey, particularly as we capitalise on the immense potential of India's burgeoning growth story.

Fiscal 2024 turned out to be one of the best years for the domestic mutual fund industry as assets under management (AUM) spurted by nearly Rs. 14 lakh crore to a record Rs. 53.40 lakh crore as of March 2024 compared with Rs. 39.42 lakh crore as of March 2023.

The mutual fund industry is experiencing immense growth and we are poised to take advantage of this upward trajectory. Our company is an integral part of this growth story, riding the wave with several strategic initiatives and accomplishments that have set us on a path of sustained success.



Major achievements post integration

- Post integration we have enhanced our digital offering for both B2B and B2C to provide improved customer journeys.
- HSBC AM India's AUM increased from USD 1.4 bn (before integration) to USD 13.7 bn as of April 2024.
- HSBC Asset Management India has now become the 14th largest asset manager in India in terms of AUM.
- HSBC AM India has launched 4 new products since integration (raising \$445M).
- We have expanded HSBC AM India's product offerings to 43 funds.

Key Achievements in FY2023-2024

Investment Performance: Our disciplined investment strategy and thorough research have been pivotal to our success. We have focused on high-quality, undervalued assets, achieving consistent returns across our portfolio.

Product Innovation: This year, we launched two new funds - HSBC Multi Asset Allocation Fund and HSBC Consumption Fund, tailored to meet the evolving needs of our investors. These new offerings have been well-received, contributing to our growth in AUM significantly.

Increased Media Presence: In FY24, we significantly boosted our media presence, ensuring that our brand and thought leadership are recognized across various platforms. Through strategic media engagements like Informed Investing with ET Now, talks shows and several authored articles plus interviews - we have amplified our message, reaching a broader audience and reinforcing our market position.

Successful Campaign Launch: We successfully launched SIP Hai #FaydeWaliAadat, an investor education campaign, that highlighted the transformative power of SIPs in achieving long-term financial

goals. A first of its kind campaign, it aimed at educating and empowering the millennial investors in India. The campaign garnered significant attention and positive feedback, strengthening our brand presence and engaging a wider audience. Notably, the campaign has also earned us prestigious awards and accolades highlighting our commitment to excellence and innovation.

Client Relationships: We have strengthened our client relationships through enhanced communication, transparency, and personalized service. Our client satisfaction scores have reached new heights, reflecting our commitment to exceptional service.

We believe that the India story has just begun and its economic landscape is poised for significant growth. An exposure to unique and future relevant themes can provide a much-needed inflation buffer. The importance of asset allocation continues to be critical. It is critical for all of us to review our risk appetite and goal proximity and construct a portfolio appropriately.

Besides construction, portfolio rebalancing is equally important in order to achieve optimal outcomes. I do hope you share my enthusiasm and I ask that you continue to invest whilst reviewing your asset allocation at all times.

I would like to express my sincere gratitude to our dedicated team, whose expertise and commitment are the backbone of our success. To our investors, thank you for your trust and continued support. Your confidence in our approach motivates us to strive for excellence in everything we do. Also, I want to express my deepest gratitude to our valuable partners for their unwavering support and keep our services running. Look forward to achieving even grater milestones together.

As we move forward, we remain committed to delivering superior investment performance, fostering strong client relationships, and driving sustainable growth. Together, we are well-positioned to navigate the future and achieve our goals.

Warm regards,



Kailash Kulkarni

Chief Executive Officer

HSBC Asset Management India

Trustees' Report

For the year ended March 31, 2024

The Board of Directors of HSBC Trustees (India) Private Limited, Trustees of HSBC Mutual Fund present the Twenty Second Annual Report and the audited abridged financial statements of the schemes of the HSBC Mutual Fund ('the Fund') for the year ended March 31, 2024.

With the acquisition of L&T Mutual Fund in the previous financial year, the Fund's Assets Under Management ('AUM') (excluding Domestic FOFs) as on March 31, 2024 was INR 109368.16 crores (audited). The Fund ranks in the top 15 Mutual Fund houses in India in terms of AUM.

As at March 31, 2024, the Fund offered 43 schemes across asset classes to meet the varying investment needs of the investors. During the year, the Fund launched two new products namely HSBC Consumption Fund and HSBC Multi Asset Allocation Fund in Equity and Hybrid categories.

The Fund continues its focus on delivering consistent long-term returns. The comments on the performance of the scheme(s) are provided hereinafter. Dividends were declared under various schemes as per the provisions contained in the respective Scheme Information Documents after considering the distributable surplus available under the respective plans of the schemes. Details of dividends declared can be viewed on our website at www.assetmanagement.hsbc.co.in.

During the year, HSBC Securities and Capital Markets (India) Private Limited ("HSCI"), Sponsors of the Fund established a private limited company with limited liability to act as the "Trustees" of the Fund. HSBC Trustees (India) Private Limited ("HTIP") was incorporated on 9 January 2024. Accordingly, HTIP has replaced the Board of Trustees of HSBC Mutual Fund w.e.f. 1 March 2024, and the Company through its Board of Directors has been discharging its obligations as the "Trustees" of the Fund from this date.

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

a. Operations and Performance of the Scheme

➤ Debt Scheme

HSBC Medium to Long Duration Fund ('HMLDF')

(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 Moderate credit risk.)

The investment objective of the scheme is to provide a reasonable income through a diversified portfolio of fixed income securities such that the Macaulay duration of the portfolio is between 4 years to 7 years.

The net assets of the fund amounted to INR 46.36 crores as at March 31, 2024 as against INR 41.51 crores as at March 31, 2023. Around 94.57% of the net assets were invested in debt, 5.42% of the net assets were invested in reverse repos/TREPS and (0.25%) in net current assets as at March 31, 2024.

In the current scenario where interest rates are nearing the peak in this cycle, the fund manager believes there are opportunities to capture alpha through strategic overweight duration in this fund. HMLDF is an actively managed fund investing across the yield curve in government securities and high quality AAA rated credits to generate alpha. The portfolio Macaulay duration of the portfolio is above 4 years. HMLDF is managed through dynamic duration and a highly liquid portfolio to seize potential upsides when interest rates are expected to soften while also reducing risks in an uncertain environment. The portfolio is predominantly invested in G-secs as corporate bonds spreads in > 5 year bonds over G-secs are very low.

HMLDF has underperformed its benchmark on the 1-year horizon as the fund was overweight on a specific security to maintain liquidity and that security marginally underperformed.

HSBC Medium to Long Duration Fund					Date of Inception : 10 December, 2002			
Fund / Benchmark (Value of ₹ 10,000 invested)	1 Year		3 Years		5 Years		Since Inception	
	Amount (₹)	Returns (%)	Amount (₹)	Returns (%)	Amount (₹)	Returns (%)	Amount (₹)	Returns (%)
HSBC Medium to Long Duration Fund	10644	6.43	11223	3.92	12964	5.32	38435	6.52

Trustees’ Report
For the year ended March 31, 2024 (Contd...)

HSBC Medium to Long Duration Fund					Date of Inception : 10 December, 2002			
Fund / Benchmark (Value of ₹ 10,000 invested)	1 Year		3 Years		5 Years		Since Inception	
	Amount (₹)	Returns (%)	Amount (₹)	Returns (%)	Amount (₹)	Returns (%)	Amount (₹)	Returns (%)
Scheme Benchmark (NIFTY Medium to Long Duration Debt Index A-III)	10819	8.16	11676	5.30	14243	7.31	41143	6.86
Additional Benchmark (CRISIL 10 year Gilt Index)	10854	8.52	11347	4.30	13482	6.14	34596	5.99

Past performance may or may not be sustained in future. The returns for the respective periods are provided as on March 31, 2024 for Growth Option of Regular Plan. Returns on ₹ 10,000 are point-to-point returns for the specific time period, invested at the start of the period. Returns for 1 year and above are Compounded Annualized. Different plans shall have a different expense structure. Performance of the respective benchmark is calculated as per the Total Return Index (TRI).

Risk-o-meter as of 31st March, 2024:

Scheme Name	Scheme Risk-o-meter	Benchmark Risk-o-meter
HSBC Medium to Long Duration Fund	 Investors understand that their principal will be at Moderate risk	Benchmark Index: NIFTY Medium to Long Duration Debt Index A-III 

Please note that the above risk-o-meter is as per the product labelling of the Scheme basis Scheme’s monthly portfolio as on March 31, 2024.

Potential Risk Class (PRC) Matrix for Debt Schemes of HSBC Mutual Fund

HSBC Medium to Long Duration Fund			
Credit Risk →	Relatively Low (Class A)	Moderate (Class B)	Relatively High (Class C)
Interest Rate Risk ↓			
Relatively Low (Class I)			
Moderate (Class II)			
Relatively High (Class III)	AIII		
Relatively High interest rate risk and relatively Low credit risk			

Potential Risk Class ‘PRC’ matrix indicates the maximum interest rate risk (measured by Macaulay Duration of the scheme) and maximum credit risk (measured by Credit Risk Value of the scheme) the fund manager can take in the scheme. PRC matrix classification is done in accordance with and subject to the methodology/guidelines prescribed by SEBI to help investors take informed decision based on the maximum interest rate risk and maximum credit risk the fund manager can take in the scheme, as depicted in the PRC matrix.

Trustees' Report

For the year ended March 31, 2024 (Contd...)

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

➤ EQUITY OUTLOOK

Recap of FY 2023-24:

FY24 was a stellar year for the Indian equity markets with strong economic momentum, healthy earnings growth and strong inflows from domestic and foreign institutional investors and strong retail participation driving a broad-based bull market. The Nifty and Sensex were up a solid 30.1%/26.5% respectively during the year, while the BSE Midcap and BSE Smallcap indices gained an astounding 65.2% and 61.4% respectively.

While geo-political conflicts continued in FY24, their impact on crude and global supply chains moderated. Crude prices largely remained range bound during the year. Inflation barring a brief spike largely remained well contained, the economy gained further steam with GDP growth crossing 8% in H1FY24 supported by government thrust on infrastructure. This translated into strong growth for several core sector industries including steel and cement. The growth in the real estate sector has been strong with inventory continuing to decline in metro markets. However, lagged impact of price increases continued to impinge on consumer demand growth which remained subdued for most mass market categories.

Domestic cyclicals were the best performing sectors during the year led by Real Estate, Capital Goods, Autos. Power was also among the best performing sectors. Global cyclicals like Metals and Oil & Gas also strongly outperformed the Nifty. FMCG and Banking while delivering healthy positive returns underperformed the Nifty, while IT performance was closer to Nifty.

MSCI India index outperformed most of key global indices during the past fiscal. MSCI India index (USD) gained 35.5% as compared to 23.1% gain for MSCI World, 27.9% for US S&P 500, 11.0% for MSCI Europe and only 5.3% for MSCI Emerging Markets as MSCI China declined 19.0% over the period.

Strong performance of the market and subsiding global macro headwinds drove a sharp turnaround in foreign investment flows. FI net inflow was at USD 25.3bn in FY24 versus an outflow of USD 6.0bn/ 17.1bn in FY23/ FY22. DIs, on the other hand, matched FI inflow with an inflow of USD 25.3bn although it was lower than the net inflows at USD 30.8bn in FY23. Within DIs, the MF segment was the key contributor (USD 24.3 bn of net inflows up from USD 21.8bn in FY23) while domestic Insurers were also in the net inflow territory (USD 1.0bn of net inflows vs USD 9.0bn in FY23).

Source: Motilal Oswal

Indices Returns (April 01, 2023 to March 31, 2024)	1 Year [^]
S&P BSE Sensex TR	26.5%
NSE CNX Nifty TR	30.1%
S&P BSE 100 TR	34.2%
S&P BSE 200 TR	38.5%
S&P BSE 500 TR	40.2%
S&P BSE Midcap TR	65.2%
S&P BSE Small-cap TR	61.4%

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

Way forward:

The global macro environment remains challenging with heightened geo-political and economic uncertainties. US bond yields remain high putting pressure on interest rates and currencies globally. For India, growth has continued to remain strong with GDP growth of 8.4% in Q3FY24 driven by strong government spending on infrastructure and pickup in manufacturing and construction. The 2024 interim budget has re-affirmed

Trustees' Report

For the year ended March 31, 2024 (Contd...)

government focus on infrastructure. At the same time reduction in fiscal deficit should also help in easing of domestic interest rates. However, after last year's patchy monsoon, a good monsoon will be an important factor for rural demand and overall consumption growth in the economy in FY25.

India starts FY25 on a strong footing with positive growth momentum and India's investment cycle is expected to be on a medium-term uptrend supported by rising government investment in infrastructure and recovery in real estate cycle. There is also an expectation of higher private investments in renewable energy and related supply chain, localization of higher-end technology components, and India becoming a more meaningful part of global supply chains. Finally, it is expected for consumption to improve as the impact of high inflation fades and real incomes start to grow again.

However, several of these positives are getting discounted by the high valuations currently prevailing in the equity market. While the fund managers remain constructive on Indian equities supported by the more robust medium-term growth outlook there is a caution against high return expectations. Nifty continues to trade on 20.6x consensus 1 year forward PE (as of 30 April). On a 10-year basis, Nifty is still trading 10% above its historic average valuation but is in-line with its 5-year average. Valuations of the midcap and small cap indices are even higher versus their historical average.

➤ DEBT OUTLOOK

Market drivers during the course of the year FY 2024

The year started with advanced economies continuing to grapple with higher inflation and policy tightening remained a common theme across economies. During FY2024, the Federal Open Market Committee (FOMC) raised policy rates by 50 bps while European Central Bank (ECB) and Bank of England (BOE) raised policy rates by 100 bps each. The cumulative rate hikes by various advanced economies in this cycle are as follows: Fed (525 bps), BOE (515 bps) and ECB (450 bps). Meanwhile cumulative rate hikes by the Monetary Policy Committee (MPC) in this cycle was 250 bps. On account of higher Government debt burden, Fitch downgraded US sovereign rating from AAA to AA+. US Treasury yields remained volatile during the year, with the 10-year benchmark rising higher by 73 bps during the year. Crude prices also moved higher by USD 7-8/bbl.

On the domestic front, Consumer price Index (CPI) inflation remained broadly in the upper end of the MPC's targeted band of 4% +/- 2% for most the financial year, however, inflation printed above 6% on two occasions due to high food inflation. Headline inflation remained susceptible to high food inflation with markets now expecting some relief of food prices on the back of normal monsoon. Core inflation eased through the year falling to below 4% in the last quarter.

Domestically, one of the biggest events during the year was the much-awaited index inclusion of Indian Government Bonds (IGBs) into the GBI-EM Global index suite and its relevant benchmarks. India is expected to reach the maximum weight of 10% in the GBI-EM Global Diversified Index (GBI-EM GD), with the inclusion staggered over a 10-month period starting June 2024. Following this, Bloomberg also included IGBs in their Bloomberg EM Local Currency Index, with India expected to reach a maximum weight of 10% over a 10-month period starting Jan 2025. Both these inclusions are expected to bring in INR 25-30 bn of index related FPI inflows over the next 1-2 years and paving the way for inclusion into other global bond indices as well. During FY2024, FPIs poured in close USD 12 bn into IGBs, with majority of the inflows coming in post the JP Morgan index inclusion announcement.

Government continued its path of fiscal consolidation, with the revised estimate of the Fiscal deficit for FY2024 coming in at 5.6%, with expectations for FY2025 at 5.1% and target of below 4.5% by FY2026. PMI numbers continue to remain in expansion, GST revenues remain buoyant and credit off-take upbeat.

The external sector has remained strong due to healthy service exports and remittances. Current Account Deficit (CAD) is expected to be around 1% for the year. Rupee remained one of the more stable currencies during the year, with active intervention from RBI smoothening any volatility. RBI continued to build on the FX reserves with year-end number around USD 650 bn.

Money market rates moved higher during the year due to tightening in liquidity along with higher Certificate of Deposit (CD) issuances. G-Sec yields, however, moved lower due to favorable demand supply and lower G-Sec borrowing. 10-year G-Sec moved lower during the year by 25 bps, while 5 yr G-Sec moved lower by 13 bps.

Trustees' Report

For the year ended March 31, 2024 (Contd...)

Market Outlook

While US markets have braced for "higher for longer" rates, we have seen in the past, that reactions to favorable data in such an environment can be sharp. Any softness in growth, employment or inflation data over the next few months will allow the markets to quickly start pricing in aggressive future policy easing. In our view, the RBI is also likely to gradually shift the liquidity deficit into surplus over the course of the next 3-6 months, flipping overnight rates from the top to the bottom of the rate corridor. The yield curve is likely to steepen as liquidity eases. This along with a potential 50 bps of policy easing in first half of CY2025 may push overnight rates lower by 75-100 bps.

While any form of additional spending by the new Government to address concerns of rural sections of the country and the possibility of additional spending to fund such policies will remain a key monitorable, it is believed the Government is likely to remain cognizant of the possible impact of such policies and take measured steps. With the dust settling down on the election outcome, the broad macroeconomic factors should continue to remain stable and could support softening in domestic yields going forward.

The Fund Managers continue to have a positive outlook for interest rates, based on various favorable factors: (a) Record RBI dividend to the Government, (b) reduced Fiscal deficit number of 5.6%, (c) favorable G-Sec supply demand dynamics, (d) FPI index related inflows, (e) revised outlook in India by S&P, (f) soft core inflation along with expectations of a better than normal monsoon, and finally (g) soft signals by Government and RBI on liquidity.

Source: RBI, Bloomberg, Internal HSBC Research & CCIL

2. BRIEF BACKGROUND OF THE SPONSORS, THE FUND, THE TRUSTEES AND THE ASSET MANAGEMENT COMPANY

A. Sponsor

HSBC Mutual Fund is sponsored by HSBC Securities and Capital Markets (India) Private Limited (HSCI). The Sponsor is the Settler of the Mutual Fund Trust. The Sponsor has entrusted a sum of Rs. 1,00,000/- (Rupees One Lakh only) to the Trustee as the initial contribution towards the corpus of the Mutual Fund.

HSCI offers integrated investment banking services, securities and corporate finance & advisory. HSCI is a member of the Bombay Stock Exchange Limited and National Stock Exchange (capital and derivative market segments). HSCI holds 100% of the paid-up equity share capital of HSBC Asset Management (India) Private Limited.

B. HSBC Mutual Fund

HSBC Mutual Fund ("the Mutual Fund" or "the Fund") has been constituted as a Trust in accordance with the provisions of the Indian Trusts Act, 1882 (2 of 1882) vide a Trust Deed dated February 7, 2002 (as amended) with HSBC Securities and Capital Markets (India) Private Limited, as the Sponsor and HSBC Trustees (India) Private Limited. The Trustee has entered into an Investment Management Agreement dated February 7, 2002 (as amended) with HSBC Asset Management (India) Private Limited (AMC) to function as the Investment Manager for all the schemes of the Fund. The Fund was registered with SEBI vide registration number MF/046/02/5 dated May 27, 2002.

The Trust has been formed for the purpose of pooling of capital from the public for collective investment in securities for the purpose of providing facilities for participation by persons as beneficiaries in such investments and in the profits/income arising therefrom.

C. HSBC Trustees (India) Private Limited (the Trustees)

The Trustees are the exclusive owner of the Trust Fund and holds the same in trust for the benefit of the unitholders. The Trustees have been discharging their duties and carrying out the responsibilities as provided in the SEBI (Mutual Funds) Regulations, 1996 and the Trust Deed. The Trustees seek to ensure that the Fund and the schemes floated there under are managed by the AMC in accordance with the Trust Deed, the said Regulations, directions and guidelines issued by the SEBI, the Stock Exchanges, the Association of Mutual Funds in India and other regulatory agencies.

Trustees' Report

For the year ended March 31, 2024 (Contd...)

During the year, HSBC Securities and Capital Markets (India) Private Limited ("HSCI"), Sponsors of HSBC Mutual Fund) established a private limited company with limited liability to act as the "Trustee" of HSBC Mutual Fund. HSBC Trustees (India) Private Limited ("HTIP") was incorporated on 9 January 2024. Accordingly, HTIP has replaced the Board of Trustees of HSBC Mutual Fund w.e.f. 1 March 2024, and the Company through its Board of Directors has been discharging its obligations as the "Trustees" of the Fund from this date.

As of March 31, 2024, HSCI holds 100% of the paid-up equity share capital of HTIP.

D. Asset Management Company (the AMC)

HSBC Asset Management (India) Private Limited (the Investment Manager or the AMC) is a private limited company incorporated under the Companies Act, 1956 on December 12, 2001 having its Registered Office at 9-11 Floors, NESCO IT Park, Building no. 3, Western Express Highway, Goregaon (East), Mumbai – 400 063. HSBC Asset Management (India) Private Limited has been appointed as the Asset Management Company of HSBC Mutual Fund by the Trustee vide Investment Management Agreement (IMA) dated February 7, 2002 (as amended) and executed between the Trustees and the AMC. SEBI approved the AMC to act as the Investment Manager of the Fund vide its letter No. MFD/BC/163/2002 dated May 27, 2002. The paid-up equity share capital of the AMC is Rs. 344.41 crores. The AMC is registered as a Portfolio Manager under the SEBI (Portfolio Managers) Regulations, 1993 vide registration no. INP000001322. The AMC also offers non-binding Advisory services to offshore funds under the mutual fund license.

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

3. INVESTMENT OBJECTIVE OF THE SCHEMES

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

4. SIGNIFICANT ACCOUNTING POLICIES

The Significant Accounting Policies form part of the Notes to the Accounts annexed to the Balance Sheet of the Schemes in the Full Annual Report. The accounting policies are in accordance with Securities Exchange Board of India (Mutual Funds) Regulations, 1996 and Indian Accounting Standards (IND AS) notified under section 133 of the Companies Act, 2013 (the "Act" read with the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time).

5. UNCLAIMED DIVIDENDS & REDEMPTIONS

Summary of number of investors & corresponding amount as on March 31, 2024:

Scheme Name	Unclaimed Dividend		Unclaimed Redemption	
	No. of Investors	Amount (₹)	No. of Investors	Amount (₹)
HSBC Medium to Long Duration Fund	2,776	1,398,521.21	29	1,769,777.57

6. INVESTOR SERVICES

The number of official points of acceptance of transactions are 210 locations. In addition to the offices of the Registrar & Transfer Agent, the AMC has its own office in 61 locations and Investor Service Centers in 39 locations. The AMC has 2 Toll Free numbers (1800-4190-200/1800-200-2434) which can be dialed from anywhere in India and 1 number i.e. +91 44 39923900 (Investors calling from abroad). The call center service is being managed by the Registrar and Transfer Agents. HSBC Mutual Fund offers the online transaction facility through the AMC's website at www.assetmanagement.hsbc.co.in.

On the distribution front, the number of empaneled distributors were 59046 as on March 31, 2024. During the year, the AMC initiated tie-ups for online distribution of the Mutual Fund's schemes with several channel partners taking the total number of such tie-ups to 160 as on March 31, 2024.

Trustees' Report

For the year ended March 31, 2024 (Contd...)

7. DETAILS OF INVESTOR GRIEVANCE REDRESSAL

The details of the redressal of investor complaints received against HSBC Mutual Fund during April 2023 - March 2024 are as follows:

2023-2024												
Complaint code	Type of Complaint	(a) No. of complaints pending at the beginning of the period	(b) No. of complaints received during the given period	Action on (a) and (b)								
				Resolved				Non Action-able*	Pending			
				Within 30 days	30-60 days	60-180 days	Beyond 180 days		0-3 months	3-6 months	6-9 months	9-12 months
I A	Non receipt of amount declared under Income Distribution cum Capital Withdrawal option	1	10	11	0	0	0	0	0	0	0	0
I B	Interest on delayed payment of amount declared under Income Distribution cum Capital Withdrawal option	0	1	1	0	0	0	0	0	0	0	0
I C	Non receipt of Redemption Proceeds	1	38	39	0	0	0	0	0	0	0	0
I D	Interest on delayed payment of Redemption	0	2	2	0	0	0	0	0	0	0	0
II A	Non receipt of Statement of Account/Unit Certificate	0	3	3	0	0	0	0	0	0	0	0
II B	Discrepancy in Statement of Account	1	22	23	0	0	0	0	0	0	0	0
II C	Data corrections in Investor details	1	250	249	0	0	0	0	2	0	0	0
II D	Non receipt of Annual Report/ Abridged Summary	0	0	0	0	0	0	0	0	0	0	0
III A	Wrong switch between Schemes	0	2	2	0	0	0	0	0	0	0	0
III B	Unauthorized switch between Schemes	0	1	1	0	0	0	0	0	0	0	0
III C	Deviation from Scheme attributes	0	1	1	0	0	0	0	0	0	0	0
III D	Wrong or excess charges/load	0	0	0	0	0	0	0	0	0	0	0
III E	Non updation of changes viz. address, PAN, bank details, nomination, etc	1	127	127	0	0	0	0	1	0	0	0
III F	Delay in allotment of Units	0	5	4	1	0	0	0	0	0	0	0
III G	Unauthorized Redemption	0	0	0	0	0	0	0	0	0	0	0
IV	Others**	1	78	76	0	0	0	0	3	0	0	0
	TOTAL	6	540	539	1	0	0	0	6	0	0	0

** As per AMFI Best Practice Guidelines Circular No.25/2011-12 for Revisions in the Guidelines on Standardization of Complaints / Grievances Reporting Procedure. If "Others" include a type of complaint which is more than 10% of overall complaints, then such a reason should be provided separately. Hence, data corrections in Investor Details are included as a separate category.

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

Summary of Complaints for FY 2023-24

Particulars	Count
Total complaints received	540
Total number of folios	21,39,406
% of complaints against the folio	0.025

Trustees' Report

For the year ended March 31, 2024 (Contd...)

8. INVESTOR EDUCATION INITIATIVES

During the FY 2023-24, the AMC conducted the following investor education and awareness initiatives:

- An integrated multi-media marketing campaign on SIP Hai 'FaydeWaliAadat' aimed to tap into the aspirations, financial goals, and unique spending habits of millennials.
- Editorial content on Systematic Investment Plans (SIP) created across 15 states through various regional television channels.
- Investor education content on the Platform - Quora.
- 'Be Money Confident' video series targeting women through Jio Platforms.
- Campaign on Women & Investing for Women's Day.
- Campaign for Marathon enthusiast on the similarities between running a Marathon & Investing.
- Financial literacy virtual event on the occasion of Mother's Day, which received more than 725 registered users.
- A mom blogger outreach program to reach Women Investors with financial education content on MF on the occasion of Mother's Day.
- Education campaign on ELSS executed for working audiences.
- Blogs and content for Investor Education properties like SIP Sahi Hai in Value Research, Gyan Guroovaar on Facebook, Investment Ki Paathshala on the website and investor education blogs on the platform - Advisor Khoj.
- 1,462 Investor Education programs to reach out to an audience of 71,465 people out of which 458 were women programs attended by 20,139 women.

9. PROXY VOTING POLICY

As per para 6.16 of SEBI Master Circular on Mutual Funds dated June 27, 2024, the Fund has adopted Proxy Voting Policy and Procedures for exercising voting rights in respect of securities held by the Schemes. (please refer Proxy Voting Policy and Procedures)

The summary of the votes casted in the general meetings of the Investee companies, by the AMC for and on behalf of the Schemes of the Fund, for the financial year 2023-24 is provided below:

Quarter	Total no. of resolutions	Break-up of Vote decision		
		For	Against	Abstained
April 2023 - June 2023	387	260	75	52
July 2023 - September 2023	2,169	1607	448	114
October 2023 - December 2023	197	138	37	22
January 2024 - March 2024	319	240	50	29
TOTAL	3,072	2,245	610	217

As per para 6.16.7 of SEBI Master Circular on Mutual Funds dated June 27, 2024, the AMC has obtained certificate from M/s. M. P. Chitale & Co., Chartered Accountants, who is acting as a Scrutinizer, on the voting report for the FY 2023-24. The certificate dated May 22, 2024 issued by M/s. M. P. Chitale & Co., is available on the website of the AMC as part of the full Annual Report.

Unitholders can refer to the full Annual Report for complete details of actual exercise of votes in the general meetings of the investee companies for the financial year 2023-24 or log on to our website at www.assetmanagement.hsbco.in.

Trustees' Report

For the year ended March 31, 2024 (Contd...)

10. STATUTORY DETAILS

- The Sponsors are not responsible or liable for any loss resulting from the operation of the Schemes of the Fund beyond initial contribution of Rs. 1 lakh for setting up the Fund.
- The price and redemption value of the units, and income from them, can go up as well as down with fluctuations in the market value of its underlying investments.
- Full Annual Report of HSBC Mutual Fund and of HSBC Asset Management (India) Private Limited (the AMC) shall be disclosed on the website at www.assetmanagement.hsbc.co.in and shall be available for inspection at the Head Office of the Mutual Fund. Present and prospective unitholders can obtain copy of the Trust Deed, the full Annual Report of the Scheme(s), the Annual Report of HSBC Asset Management (India) Private Limited and the text of the relevant Scheme(s) at a price.

11. CHANGES IN RISK-O-METER OF THE SCHEME DURING FY 2023-24

As per para 17.4. of SEBI Master Circular on Mutual Funds dated June 27, 2024 on product labelling, the changes carried out in the risk-o-meter of the schemes of HSBC Mutual Fund during FY 2023-24 have been given in the below mentioned table for the information of the unitholders, a report on the said changes has also been displayed on the website of the Fund and AMFI.

Scheme Name	Risk-o-meter level as on March 31, 2023	Risk-o-meter level as on March 31, 2024	Number of changes in Risk-o-meter during the F.Y. 2023-24)
HSBC Medium to Long Duration Fund	Moderate	Moderate	0

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

As per para 6.16.15 of SEBI Master Circular on Mutual Funds dated June 27, 2024, HSBC Mutual Fund has adapted the policy on stewardship responsibilities, the unitholders are requested to note the status of governance with the same as mentioned below:

S. No.	Particulars of Principles of Stewardship Code	Status of compliance (Complied/ Not Complied)	Description	Remarks/ reasons for deviation/non-compliance, if any
1	Principle 1: Institutional Investors should formulate a comprehensive policy on the discharge of their stewardship responsibilities, publicly disclose it, review and update it periodically.	Complied	HSBC Asset Management (India) Private Limited's (AMIN) 'Policy on Stewardship responsibilities' (Stewardship Code/ Policy) was formulated and implemented on 01 July, 2020. This is a comprehensive document which has been publicly disclosed on the website of AMIN. The same shall follow a periodic review.	N.A.
2	Principle 2: Institutional investors should have a clear policy on how they manage conflicts of interest in fulfilling their stewardship responsibilities and publicly disclose it.	Complied	Defining and managing Conflict of Interest in fulfilling stewardship responsibilities are detailed in the Stewardship Policy document. The policy document is publicly disclosed.	N.A.

Trustees' Report

For the year ended March 31, 2024 (Contd...)

S. No.	Particulars of Principles of Stewardship Code	Status of compliance (Complied/ Not Complied)	Description	Remarks/ reasons for deviation/non-compliance, if any
3	Principle 3: Institutional investors should monitor their investee companies.	Complied	AMIN monitors all investee companies through its investment process. This includes assessment of companies' own and market data, consideration of research from brokers and other independent research providers – including ESG & voting research, attending individual & group meetings with company management and directors, visiting production sites (wherever necessary), engaging with key stakeholders including competitors and customers, and financial modelling. More details enumerated in the policy document	N.A.
4	Principle 4: Institutional investors should have a clear policy on intervention in their investee companies. Institutional investors should also have a clear policy for collaboration with other institutional investors where required, to preserve the interests of the ultimate investors, which should be disclosed.	Complied	Details of undertaking active engagement with investee companies and the policy for collaboration with other institutional holders are detailed in the policy document. The policy document is publicly disclosed.	N.A.
5	Principle 5: Institutional investors should have a clear policy on voting and disclosure of voting activity.	Complied	AMIN has a clear and detailed voting policy which provides the framework for the voting decisions. All voting decisions shall be in accordance with AMIN's Voting Policy and Procedures, which is disclosed on the website. AMIN discloses the details of the voting on its website on a quarterly basis within 10 working days from the end of the quarter. Additionally, AMIN also discloses the details of the votes cast, in the annual report of the schemes of HSBC Mutual Fund.	N.A.
6	Principle 6: Institutional investors should report periodically on their stewardship activities.	Complied	The annual status report of the stewardship code and quarterly report on proxy voting are publicly disclosed on the website as required under SEBI Regulations.	N.A.

Trustees' Report

For the year ended March 31, 2024 (Contd...)

13. DISCLOSURES PERTAINING TO NAV ADJUSTED DURING THE FINANCIAL YEAR FOR SWING FACTOR ALONG WITH THE PERFORMANCE IMPACT

Sr No.	Period of applicability of swing pricing	Scheme Name	Unswung NAV	Swing factor applied	Whether optional or mandatory
NIL					

14. SIGNIFICANT EVENT AFTER THE END OF THE FINANCIAL YEAR

NIL

15. ACKNOWLEDGEMENTS

The Trustees wish to thank the unitholders of the Schemes for their support throughout the year, and also thank the Government of India, the Securities and Exchange Board of India (SEBI), the Reserve Bank of India (RBI) and the Association of Mutual Funds in India (AMFI) for the guidance provided by them. The Trustees also appreciate the services provided by the Registrar and Transfer Agent, Fund Accountant, Custodian, Bankers, Distributors and Brokers. The guidance and services provided by the auditors and advocates and the ebullience, sincerity and dedication of the employees of HSBC Asset Management (India) Private Limited is also appreciated.

The Trustees look forward to the continued support of everyone.

For and on behalf of **HSBC Trustees (India) Private Ltd.**

Sd/-

Director

Mumbai

July 19, 2024

Independent Auditors' Report

To the Board of Directors of HSBC Trustees (India) Private Limited (the "Trustee")

HSBC Medium To Long Duration Fund

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **HSBC Medium To Long Duration Fund** (the "Scheme") of HSBC Mutual Fund (the "Fund"), which comprise the Balance Sheet as at March 31, 2024, the Revenue Account and the Cash Flow Statement for the year then ended, and notes to the financial statements, including a summary of material accounting policy and other explanatory information.

In our opinion, and to the best of our information and according to the explanations given to us, the aforesaid financial statements of the Scheme give a true and fair view in conformity with the Indian Accounting Standards ("Ind AS") prescribed under section 133 of the Companies Act, 2013 (the "Act") read with Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India, including the accounting policies and standards specified in the Regulation 50 and Ninth Schedule to the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 ("the SEBI Regulations") (collectively referred to as the "Regulations") as amended:

- a. in the case of the Balance Sheet, of the state of affairs of the Scheme as at March 31, 2024;
- b. in the case of the Revenue Account, of the net surplus for the year ended on that date; and
- c. in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing ("SAs") and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India (the "ICAI"). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Scheme in accordance with the Code of Ethics issued by the ICAI together with the ethical requirements that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Information Other than the Financial Statements and Auditor's Report Thereon

The Board of Directors of HSBC Asset Management (India) Private Limited (the "AMC") and the Board of Directors of HSBC Trustees (India) Private Limited (the "Trustees") (collectively referred to as "the Management") are responsible for the other information. The other information comprises the information included in the Trustees report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

The Management is responsible for the preparation of these financial statements that give a true and fair view of the state of affairs, results of operations and cash flows of the Scheme in accordance with the accounting principles generally accepted in India, including the accounting policies and standards specified in Regulations.

Independent Auditors' Report *(Contd...)*

This responsibility also includes maintenance of adequate accounting records in accordance with the SEBI Regulations for safeguarding of the assets of the Scheme and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Management is responsible for assessing the Scheme's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management, either intends to liquidate the Scheme or to cease operations, or has no realistic alternative but to do so.

Those Charged with Governance are also responsible for overseeing the Scheme's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Scheme's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Scheme to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide to those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Independent Auditors' Report *(Contd...)*

Report on Other Legal and Regulatory Requirements

1. As required by regulation 55(4) and clause 5(ii)(2) of the Eleventh Schedule of the SEBI Regulations, we report that:
 - a. we have sought and obtained all the information and explanations which, to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b. in our opinion, the Balance Sheet and the Revenue Account dealt with by this report have been prepared in accordance with the accounting policies and standards specified in the Regulations; and
 - c. the Balance Sheet, the Revenue Account and the Cash Flow Statement, dealt with by this report are in agreement with the books of accounts of the Scheme.
2. On the basis of information and explanations given to us, the scheme does not have any non-traded securities as at March 31, 2024 and hence reporting requirement of Eighth Schedule of the SEBI Regulations is not applicable.

For **M S K A & Associates**

Chartered Accountants

ICAI Firm Registration No. 105047W

Sd/-

Swapnil Kale

Partner

Membership No: 117812

UDIN: 24117812BKFIRO3418

Place : Mumbai

Date : July 19, 2024

Abridged Balance Sheet as at March 31, 2024

Rs. in Lakhs

	As at March 31, 2024	As at March 31, 2023	As at April 1, 2022
LIABILITIES			
1 Unit Capital	1,304.33	1,263.93	1,294.34
2 Reserves & Surplus			
2.1 Unit Premium Reserves	(140.07)	(610.91)	(590.21)
2.2 Unrealised Appreciation Reserve	49.67	—	0.06
2.3 Other Reserves	3,421.65	3,500.98	3,481.85
3 Loans & Borrowings	—	—	—
4 Current Liabilities & Provisions			
4.1 Provision for Doubtful Income/Deposits	—	—	—
4.2 Other Current Liabilities & Provisions	58.61	52.56	43.71
TOTAL	4,694.20	4,206.56	4,229.75
ASSETS			
1 Investments			
1.1 Listed Securities:			
1.1.1 Equity Shares	—	—	—
1.1.2 Preference Shares	—	—	—
1.1.3 Equity Linked Debentures	—	—	—
1.1.4 Other Debentures & Bonds	250.90	—	—
1.1.5 Securitised Debt Securities	—	—	—
1.2 Securities Awaited Listing:			
1.2.1 Equity Shares	—	—	—
1.2.2 Preference Shares	—	—	—
1.2.3 Equity Linked Debentures	—	—	—
1.2.4 Other Debentures & Bonds	—	—	—
1.2.5 Securitised Debt Securities	—	—	—
1.3 Unlisted Securities:			
1.3.1 Equity Shares	—	—	—
1.3.2 Preference Shares	—	—	—
1.3.3 Equity Linked Debentures	—	—	—
1.3.4 Other Debentures & Bonds	—	—	—
1.3.5 Securitised Debt Securities	—	—	—
1.4 Government Securities	4,044.80	3,851.00	3,922.27
1.5 Treasury Bills	—	—	—
1.6 Commercial Paper	—	—	—
1.7 Certificate of Deposits	—	—	—
1.8 PTC	—	—	—
1.9 Units of Domestic Mutual Fund	—	—	—
1.10 Foreign Securities	—	—	—
1.11 AIF Investment	12.28	—	—
Total Investments	4,307.98	3,851.00	3,922.27
2 Deposits	3.26	0.06	3.55
3 Other Current Assets			
3.1 Cash & Bank Balance	11.81	10.15	0.04
3.2 CBLO/TREPS/Reverse Repo Lending	251.37	241.61	200.64
3.3 Others	119.78	103.73	103.26
4 Deferred Revenue Expenditure (to the extent not written off)	—	—	—
TOTAL	4,694.20	4,206.56	4,229.75

Notes to Accounts - Annexure I

Abridged Revenue Account for the year ended March 31, 2024

Rs. in Lakhs

		Current Year ended March 31, 2024	Previous Year ended March 31, 2023
1	INCOME		
1.1	Dividend	—	—
1.2	Interest	317.10	278.37
1.3	Realised Gain/(Loss) on Foreign Exchange Transactions	—	—
1.4	Realised Gains/(Losses) on Interscheme Sale of Investments	—	—
1.5	Realised Gains/(Losses) on External Sale/Redemption of Investments	(71.47)	(107.58)
1.6	Realised Gains/(Losses) on Derivative Transactions	—	—
1.7	Other Income	0.09	0.03
	(A)	245.72	170.82
2	EXPENSES		
2.1	Management Fees	37.89	43.39
2.2	GST on Management Fees	6.82	7.81
2.3	Transfer Agents Fees and Expenses	1.77	1.44
2.4	Custodian Fees	0.01	0.01
2.5	Trusteeship Fees	0.02	0.10
2.6	Commission to Agents	16.13	13.04
2.7	Marketing & Distribution Expenses	0.13	0.14
2.8	Audit Fees	0.01	0.05
2.9	Investor Education Expenses	0.89	0.81
2.10	Interest on Borrowing	—	—
2.11	Brokerage & Transaction Costs	0.24	0.12
2.12	Other Operating Expenses	0.78	0.42
	(B)	64.71	67.32
3	NET REALISED GAINS/(LOSSES) FOR THE YEAR (C = A - B)	181.01	103.49
4	Change in Unrealised Depreciation in Value of Investments (D)	73.76	(5.76)
5	NET GAINS/(LOSSES) FOR THE YEAR (E = C + D)	254.78	97.74
6	Change in Unrealised Appreciation in Value of Investments (F)	49.67	—
7	NET SURPLUS/(DEFICIT) FOR THE YEAR (G = E + F)	304.45	97.74
7.1	Add : Balance Transfer from Unrealised Appreciation Reserve	—	0.06
7.2	Less : Balance Transfer to Unrealised Appreciation Reserve	49.67	—
7.3	Add/(Less) : Equalisation	142.45	(70.98)
7.4	Transfer from Reserve Fund	3,500.98	3,481.85
7.5	Transfer from Unit Premium Reserve	(464.09)	—
8	Total	3,434.11	3,508.67
9	Dividend Appropriation		
9.1	Income Distributed during the Year	(12.46)	(7.69)
9.2	Tax on Income Distributed during the Year	—	—
10	Retained Surplus/(Deficit) Carried Forward to Balance Sheet	3,421.65	3,500.98

Notes to Accounts - Annexure I

Key Statistics for the year ended March 31, 2024

	Current Year ended March 31, 2024	Previous Year ended March 31, 2023
1. NAV per unit (Rs.):		
Open		
Regular Plan - Growth Option	36.1077	35.3778
Regular Plan - Quarterly IDCW Option	10.6064	10.7608
Direct Plan - Growth Option	39.2185	38.0692
Direct Plan - Quarterly IDCW Option	10.5418	10.8840
High		
Regular Plan - Growth Option	38.4348	36.1077
Regular Plan - Quarterly IDCW Option	10.8300	10.7537
Direct Plan - Growth Option	42.2627	39.2185
Direct Plan - Quarterly IDCW Option	10.7882	10.8636
Low		
Regular Plan - Growth Option	36.1154	34.3226
Regular Plan - Quarterly IDCW Option	10.4245	10.4398
Direct Plan - Growth Option	39.2308	36.9670
Direct Plan - Quarterly IDCW Option	10.4026	10.4740
End		
Regular Plan - Growth Option	38.4348	36.1077
Regular Plan - Quarterly IDCW Option	10.6532	10.6064
Direct Plan - Growth Option	42.2627	39.2185
Direct Plan - Quarterly IDCW Option	10.5808	10.5418
2. Closing Assets Under Management (Rs. in Lakhs)		
End	4,636	4,151
Average (AAuM) ¹	4,475	4,057
3. Gross income as % of AAuM ²	5.49%	4.21%
4. Expense Ratio:		
a. Total Expense as % of AAuM (including GST on Management fees) (planwise)		
Regular Plan	1.91%	2.02%
Direct Plan	0.68%	1.10%
b. Management Fee as % of AAuM (planwise)		
Regular Plan	1.25%	1.20%
Direct Plan	0.60%	0.87%
5. Net Income as a percentage of AAuM ³	4.04%	2.55%
6. Portfolio turnover ratio ⁴	NA	NA

Key Statistics for the year ended March 31, 2024 (Contd...)

	Current Year ended March 31, 2024	Previous Year ended March 31, 2023
7. Total IDCW per unit distributed during the year (planwise)		
Retail		
Regular Plan - Quarterly IDCW Option	0.6200	0.3700
Direct Plan - Quarterly IDCW Option	0.7550	0.6500
Corporate		
Regular Plan - Quarterly IDCW Option	0.6200	0.3700
Direct Plan - Quarterly IDCW Option	0.7550	0.6500
8. Returns (%):		
a. Last One Year		
Scheme		
Regular Plan - Growth Option	6.43%	2.06%
Direct Plan - Growth Option	7.74%	3.02%
Benchmark⁵		
NIFTY Medium to Long Duration Debt Index A-III	8.16%	5.38%
b. Since Inception		
Scheme		
Regular Plan - Growth Option	6.52%	6.52%
Direct Plan - Growth Option	6.87%	6.78%
Benchmark⁵		
NIFTY Medium to Long Duration Debt Index A-III	6.86%	7.40%

1. AAuM = Average daily net assets.

2. Gross income = amount against (A) in the Revenue account i.e. Income.

3. Net income = amount against (C) in the Revenue account i.e. Net Realised Gains/(Losses) for the year.

4. Portfolio Turnover = Lower of sales or purchase divided by the Average AuM for the year.

5. Benchmark returns provided for previous year is as per Old Benchmark

Old Benchmark	New Benchmark	Effective date
NIFTY Medium to Long Duration Debt Index B-III	NIFTY Medium to Long Duration Debt Index A-III	4th September, 2023

Notes to Accounts – Annexure I

To the Abridged Balance Sheet and Revenue Account for the year ended March 31, 2024

1 Investments:-

- 1.1. It is confirmed that investments of the scheme are registered in the name of the Trustees for the benefit of the Scheme's unitholders.
- 1.2. Open Positions of derivatives as on year ended March 31, 2024 and March 31, 2023 are NIL.
- 1.3. Investment in Associates and Group Companies as at the year ended March 31, 2024 and March 31, 2023 are NIL.
- 1.4. Open position of Securities Borrowed and/or Lent by the scheme as on the year ended March 31, 2024 and March 31, 2023 are NIL.
- 1.5. Investment in Below investment grade and default/Securities in default as on March 31, 2024 and March 31, 2023 are NIL.
- 1.6. Aggregate Unrealised Gain/Loss as at the end of the financial year 2023 and 2022 and their percentages to net assets are as under :

(Rs. In Lakhs)

Security Category	Amount	Percentage to Net Assets	Amount	Percentage to Net Assets
	As at March 31, 2024		As at March 31, 2023	
Bonds and Debentures				
- Appreciation	0.90	0.02	–	–
- Depreciation	–	–	–	–
Alternate Investment Fund (CDMDF)				
- Appreciation	0.21	~0.00	–	–
- Depreciation	–	–	–	–
Central and State Government Securities				
- Appreciation	48.88	1.05	2.39	0.06
- Depreciation	0.31	0.01	76.15	1.83

~ Indicates less than 0.01

- 1.7. The aggregate value of investments securities (excluding CBLO/TREPS and Reverse Repos) purchased and sold (including matured) during the financial year 2023-24 (excluding accretion of discount) are Rs. 8,519.88 lakhs and Rs. 8,115.15 lakhs respectively being 190.39% and 181.34% of the average net assets.

The aggregate value of investments securities (excluding CBLO/TREPS and Reverse Repos) purchased and sold (including matured) during the financial year 2022-23 (excluding accretion of discount) are Rs. 3,841.89 lakhs and Rs. 3,796.71 lakhs respectively being 94.70% and 93.59% of the average net assets.

- 1.8. Non-Traded securities in the portfolio: Aggregate Value of Equity, Debt & Money Market Instruments and percentage to net assets as on March 31, 2024 & March 31, 2023 is Nil.

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

During the year 2023-24, The Hongkong and Shanghai Banking Corporation Limited, an associate entity of HSBC Asset Management (India) Private Limited was paid collection/bank charges amounting to Rs. Nil.

During the year 2022-23, The Hongkong and Shanghai Banking Corporation Limited, an associate entity of HSBC Asset Management (India) Private Limited was paid collection/bank charges amounting to Rs. Nil.

Notes to Accounts – Annexure I (Contd...)**To the Abridged Balance Sheet and Revenue Account for the year ended March 31, 2024****Commission paid to Sponsor/AMC and its associates/related parties/group companies**

Name of Sponsor/AMC and its associates/related parties/group companies	Nature of Association/ Nature of Relation	Period Covered	Business Given [Rs. In lakhs]	% of Total Business received by the Fund	Commission paid [Rs. In Lakhs]	% of Total commission paid by the Fund
The Hongkong and Shanghai Banking Corporation Limited	Group Company	2023-2024	3.14	0.36	3.19	22.17
The Hongkong and Shanghai Banking Corporation Limited	Group Company	2022-2023	3.05	0.51	3.72	35.27

Brokerage paid to Sponsor/AMC and its associates/related parties/group companies is NIL.
(Previous year also NIL).

- 3 Details of investors holding units in the scheme over 25% of the NAV is given below:-

Name of Scheme	2024		2023	
	Number of Investor	% Investment as on 31-03-2024	Number of Investor	% Investment as on 31-03-2023
HSBC Medium to Long Duration Fund	1	37.11	1	33.78

- 4 Unit Capital movement during the year ended March 31, 2024, March 31, 2023 and March 31, 2022:

Description	2023-2024				
	Opening Units	Subscription	Redemption	Closing Units	Face Value per unit (Rupees)
Regular Plan - Quarterly IDCW Option	2,072,674.001	83,385.197	179,057.089	1,977,002.109	10
Regular Plan - Growth Option	6,631,715.672	1,384,533.702	1,471,232.752	6,545,016.622	10
Direct Plan - Growth Option**	3,922,334.855	830,990.210	236,497.948	4,516,827.117	10
Direct Plan - Quarterly IDCW Option	12,564.191	183.429	8,263.385	4,484.235	10

Description	2022-2023				
	Opening Units	Subscription	Redemption	Closing Units	Face Value per unit (Rupees)
Regular Plan - Quarterly IDCW Option	2,087,064.827	43,701.717	58,092.543	2,072,674.001	10
Regular - Growth Option	6,243,750.448	710,082.249	322,117.025	6,631,715.672	10
Direct Plan - Growth Option**	4,599,982.151	906,822.059	1,584,469.355	3,922,334.855	10
Direct Plan - Quarterly IDCW Option	12,614.203	133.257	183.269	12,564.191	10

Notes to Accounts – Annexure I (Contd...)**To the Abridged Balance Sheet and Revenue Account for the year ended March 31, 2024**

Description	2021-2022				
	Opening Units	Subscription	Redemption	Closing Units	Face Value per unit (Rupees)
Regular Plan - Quarterly IDCW Option	2,090,909.436	77,742.539	81,587.148	2,087,064.827	10
Regular Plan - Growth Option	4,338,333.707	2,314,358.276	408,941.535	6,243,750.448	10
Direct Plan - Growth Option**	4,899,880.208	601,059.024	900,957.081	4,599,982.151	10
Direct Plan - Quarterly IDCW Option	12,308.436	3,624.356	3,318.589	12,614.203	10

** Units held by the AMC (Seed Capital) in Direct Plan Growth Option as on March 31, 2024 is 206,147.313 & as on March 31, 2023 is 206,147.313 & as on March 31, 2022 is 206,147.313

5. Previous year's/period figures have been re-grouped/re-arranged where necessary.
6. There are no contingent liabilities and other commitments as on March 31, 2024 and March 31, 2023. Contingent asset is neither recognized nor disclosed in the financial statements.
7. Expenses other than Management Fees are Inclusive of GST where applicable.
8. Other income of Rs. 0.09 lakhs represents Exit load credited to the scheme (2023: Rs. 0.03 lakhs represents Exit load credited to the scheme).
9. **Investor Education Awareness**

As mandated by SEBI vide circular no. CIR/IMD/DF/21/2012 dated September 13, 2012 an annual charge of 0.02 percent of daily net assets, being a part of total recurring expenses is set aside for Investor Education and Awareness (IEA). In view of the AMFI Best Practices Guidelines Circular No. 56/2015-16, the IEF (Investor Education Fund) accrual is set aside in a separate bank account and the consolidated balance across all schemes as on March 31, 2024.

Pursuant to SEBI circular dated May 23, 2022, w.e.f. July 01, 2022, the limit of 0.02% p.a. has been reduced to 0.01% p.a. in case of ETFs/Index Funds. Furthermore, Fund of Funds (FoFs) investing more than 80% of its NAV in the underlying domestic funds have discontinued setting aside 0.02% p.a. of daily net assets towards IEA.

The break-up of which is as under:

	March 31, 2024	March 31, 2023
Particulars	Amount (Rs. In Lakhs)	Amount (Rs. In Lakhs)
Opening Balance as on April 01, 2023	997.09	460.22
Add: Accrual during FY 2023-24	1,962.01	1,432.00
Less: Transferred to AMFI *	889.11	646.75
Less: Payable to AMFI (March 2024 accrual) *	91.90	69.25
Add: Investment Income FY 2023-24	77.08	166.42
Less: Spent during FY 2023-24	1,877.44	345.55
Closing Balance as on March 31, 2024	177.73	997.09

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

The IEA disclosure's are presented for surviving schemes only.

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

To the Abridged Balance Sheet and Revenue Account for the year ended March 31, 2024

10 Garnishee Notice from Income Tax Authorities

During the financial year 2011-12, an Income tax demand of Rs. 32.58 crores was purported to be recovered under garnishee proceedings, by Income Tax Authorities in respect of investments made in Pass through Certificates (PTC) by some of the debt schemes (including matured schemes) of HSBC Mutual Fund (HSBC MF), for A.Y. 2009-2010. The said demand, impacting various mutual fund players in the industry, raised originally on the trusts sponsored by IL&FS Trust Company Ltd., (Appellants) was sought to be also recovered u/s 177(3) of the Income Tax Act, from HSBC MF.

Similar to AY 2009-10, HSBC MF had received a demand notice from the Income Tax authorities for AY 2010-11 for Rs. 6.95 crores.

Further, assessment for the A.Y. 2007-2008 was also been reopened by the Income Tax Authorities and demand of Rs. 2.04 Crores was made on the trust sponsored by IL&FS Trust Company Ltd. HSBC MF has not received any demand notice from the Income Tax authorities for this assessment year.

Against all the above demands, an appeal was filed by the Appellant with the first Appellate Authority CIT(A) and thereafter with ITAT.

The matter of several Loan Trusts were consolidated and heard by ITAT and vide order dated 17th Feb 2017, the Income Tax Appellate Tribunal (ITAT) passed an order allowing the appeal of the assessee and dismissed the appeal of the Revenue.

The Department filed Miscellaneous Applications (MA) under section 254(2) of the Income Tax Act with ITAT against the favorable orders passed by ITAT on the ground that the Income Tax Appellate Tribunal has failed to consider all aspects of revenue contentions/appeal.

The ITAT has vide its order dated March 25th 2022 dismissed the MA filed by department.

An appeal filed by Revenue in the High court against the aforesaid order of Feb 2017 is yet to be heard.

- 11 Pursuant to SEBI Circular No. SEBI/HO/IMD/DF3/CIR/P/2020/194 dated October 5, 2020, the nomenclature of 'Dividend Option' under all the schemes of HSBC Mutual Fund has been revised to 'Income Distribution cum Capital Withdrawal Option' (IDCW), with effect from April 1, 2021.

12 Disclosure of Risk-o-meter

Scheme Name	Risk-o-meter level at end of the financial year i.e. March 31, 2024	Risk-o-meter level as on March 31, 2023	Number of changes in Risk-o-meter during the financial year (March 2023 to March 2024)
HSBC Medium to Long Duration Fund	Moderate	Moderate	0

- 13 Pursuant to the SEBI circular no. SEBI/HO/IMD/IMD-II DOF3/P/CIR/2021/573 dated June 07,2021, The details of Potential Risk Class matrix of schemes are given in below

Credit Risk →	Relatively Low (Class A)	Moderate (Class B)	Relatively High (Class C)
Interest Rate Risk ↓			
Relatively Low (Class I)			
Moderate (Class II)			
Relatively High (Class III)	AIII		
A Scheme with Relatively High interest rate risk and Moderate credit risk.			

- 14 Securities, excluding debt securities, where the non-traded investments which have been valued "in good faith" exceed 5% of the net assets at the end of the year is NIL.
- 15 Debt securities which have been valued at a price other than the price given by the independent valuation agencies at the end of the year is NIL.

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

To the Abridged Balance Sheet and Revenue Account for the year ended March 31, 2024

- 16 Subsequent to receipt of SEBI's no objection to acquisition of 100% equity shares of L&T Investment Management Limited ("LTIM", Investment Manager of L&T Mutual Fund) and the amendments proposed to the trust deed of the HSBC Mutual Fund as required under the SEBI (Mutual Funds) Regulations, 1996, the schemes of L&T Mutual Fund (LTMF) were transferred to/ merged with the schemes of HSBC Mutual Fund on and from the close of business hours of November 25, 2022, and the HSBC AMC and HSBC Trustees assumed the responsibilities of the schemes of LTMF w.e.f. close of business hours of November 25, 2022.
- 17 During the year, HSBC Securities and Capital Markets (India) Private Limited ("HSCI"), Sponsors of HSBC Mutual Fund established a private limited company with limited liability to act as the "Trustee" of HSBC Mutual Fund. HSBC Trustees (India) Private Limited ("HTIP") was incorporated on 9 January 2024. Accordingly, HTIP has replaced the Board of Trustees of HSBC Mutual Fund w.e.f. 1 March 2024, and the Company through its Board of Directors has been discharging its obligations as the "Trustees" of the Fund from this date.
- 18 The Annual Accounts of the Schemes, prepared in accordance with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the "Act") read with the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time and clause 17.14 of SEBI Master Circular for Mutual Funds dated June 27, 2024, has been approved by the Board of Directors of HSBC Asset Management (India) Private Limited and HSBC Trustees (India) Private Limited at their meetings held on July 8, 2024 and July 19, 2024 respectively. The audit report attached herewith refers to the said Annual Accounts. The aforesaid abridged accounts are an extract of the Annual Accounts and are prepared in accordance with clause 5.4 and format no. 3.B under the section of formats of SEBI Master Circular for Mutual Funds dated June 27, 2024 and other relevant circulars issued by the Securities and Exchange Board of India from time to time.

Voting Policy and Procedures

In view of para 6.16 of SEBI Master Circular on Mutual Funds dated June 27, 2024 related to “Role of Mutual Funds in Corporate Governance of Public Listed Companies”, HSBC AMC has formulated its “Policy for Proxy Voting in Public Listed Companies”. The said policy is available on our website and the details of actual exercise of proxy votes, the summary of votes casted and the auditor’s certificate is forming part of our full Annual Report for the Financial Year 2023 – 24 which has been uploaded on our website at <http://www.assetmanagement.hsbc.co.in>

Statutory Details & Disclaimers

All the returns have been sourced from Mutual Funds India Explorer software. The performance of the schemes and the benchmark is calculated on a total return basis. This document has been prepared by HSBC Asset Management (India) Private Limited (HSBC) for information purposes only with an intent to provide market overview and should not be construed as an offer or solicitation of an offer for purchase of any of the funds of HSBC Mutual Fund. All information contained in this document (including that sourced from third parties), is obtained from sources, which HSBC/third party, believes to be reliable but which it has not been independently verified by HSBC/the third party. Further, HSBC/the third party makes no guarantee, representation or warranty and accepts no responsibility or liability as to the accuracy or completeness of such information. The information and opinions contained within the document are based upon publicly available information and rates of taxation applicable at the time of publication, which are subject to change from time to time.

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

For disclosure of quarterly AUM/AAUM and AUM by geography, please visit our website at www.assetmanagement.hsbc.co.in. Investors are requested to note that as per SEBI (Mutual Funds) Regulations, 1996 and guidelines issued thereunder, HSBC AMC, its employees and/ or empaneled distributors/agents are forbidden from guaranteeing/promising/assuring/predicting any returns or future performances of the schemes of HSBC Mutual Fund. Hence, please do not rely upon any such statements/commitments. If you come across any such practices, please register a complaint via email at investor.line@mutualfunds.hsbc.co.in

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

Important Updates

Name and Date of Birth as per PAN card - Effective from June 1, 2024

As per recent regulatory requirement and changes advised by Income Tax Department in PAN validation process, now it is mandated to quote your Name(s) and DOB as per PAN card. To avoid any failure in such validations, we request investors to quote the Name(s) and DOB's of all the holders including Guardian, Power of Attorney (POA) holders as per PAN card.

Useful Links for self service options

- **Use our 24 x 7 Chatbot - "ASKME" for any queries or service request:**
visit: <https://invest.assetmanagement.hsbc.co.in>

SMS your request to HSBC Mutual Fund

- **Latest NAV :** Send SMS as HSBCMF NAV <Scheme Code> to 56767
Example: HSBCMF NAV F03
- **Valuation Service on registered mobile No. :** Send SMS as HSBCMF VAL <folio_number> to 56767
Example: HSBCMF VAL 123456
- **Annual Report :**
For Electronic Copy: Send SMS as HSBCMFARE <folio_number> to 567678080
Example: HSBCMF ARE 123456
For Physical Copy: Send SMS as HSBCMFARP <folio_number> to 567678080
Example: HSBCMF ARP 123456
- **Half Yearly Portfolio :**
For Electronic Copy: Send SMS as HSBCMFHPE <folio_number> to 567678080
Example: HSBCMF HPE 123456
For Physical Copy: Send SMS as HSBCMFHPP <folio_number> to 567678080
Example: HSBCMF HPP 123456

Missed Call Service

- You can give a missed call to 9212900020 to get the total valuation via SMS and a statement on your registered email ID

Book-Post

If undelivered please return to:

Computer Age Management Services Private Limited (CAMS)

Unit: HSBC Mutual Fund

New No. 10, M.G.R Salai, Nungambakkam, Chennai - 600034.

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

HSBC Asset Management (India) Private Limited

CIN NO: U74140MH2001PTC134220

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

Website : www.assetmanagement.hsbc.co.in

Description	Toll Free Number	Email ID
Investor related queries	1800-4190-200/1800-200-2434	investor.line@mutualfunds.hsbc.co.in
Online related queries	1800-4190-200/1800-200-2434	onlinemf@mutualfunds.hsbc.co.in
Investor (Dialing from abroad)	+91 44 39923900	investor.line@mutualfunds.hsbc.co.in

To get your updated account statement email us at : "mfsoa@mutualfunds.hsbc.co.in"

We're always here to help you, so feel free to reach out to us

Self-service request at your Fingertips

- Visit Website • Invest Online • Insta Statement • Download Forms
- Transact via Whats App • Use 24/7 ChatBot - Ask Me



Remember, you can also find out more via our social media handles !



Please check our website www.assetmanagement.hsbc.co.in for an updated list of Official Points of Acceptance of HSBC Mutual Fund.

CAMS SERVICE CENTRES / CAMS LIMITED TRANSACTION POINTS / CAMS COLLECTION CENTRES

For details on CAMS Service Centres, please visit www.camsonline.com



HSBC Money Market Fund **(Erstwhile L&T Money Market Fund)**

An open-ended debt scheme investing in money market instruments. A relatively low interest rate risk and moderate credit risk.

Abridged Annual Report 2023 - 2024



SPONSOR

HSBC Securities and Capital Markets (India) Private Limited

CIN – U67120MH1994PTC081575

Regd. Office: 52/60, Mahatma Gandhi Road, Fort, Mumbai 400001.

TRUSTEE COMPANY

HSBC Trustees (India) Private Limited

CIN – U66190MH2024PTC416973

Regd. Office: 52/60, Mahatma Gandhi Road, Fort, Mumbai 400001.

ASSET MANAGEMENT COMPANY

HSBC Asset Management (India) Private Limited

CIN – U74140MH2001PTC134220

Regd. Office: 9-11 Floors, NESCO IT Park, Building No. 3,
Western Express Highway, Goregaon (East), Mumbai 400063.

CUSTODIAN

Citibank N.A.

First International Financial Center (FIFC), 9th Floor,
C-54 & 55, G – Block, Bandra Kurla Complex, Bandra (East), Mumbai 400051.

AUDITORS TO THE SCHEME

MSKA & Associates

Chartered Accountants

602, Floor 6, Raheja Titanium, Western Express Highway,
Geetanjali Railway Colony, Ram Nagar, Goregaon (East), Mumbai 400063.

REGISTRAR & TRANSFER AGENTS

Computer Age Management Services Limited (CAMS)

Unit: HSBC Mutual Fund

New No. 10, M.G.R Salai, Nungambakkam, Chennai 600034.

BOARD OF TRUSTEES

Ms. Jasmine Batliwalla

– Chairperson

Mr. Nani Javeri

– Trustee

Mr. David Rasquinha

– Trustee

Mr. Nicolas Moreau

– Trustee

BOARD OF DIRECTORS

Dr. Indu Shahani

– Director

Mr. Kapil Seth

– Director

Ms. Roopa Varma

– Director

Mr. Kailash Kulkarni

– Director & Chief Executive Officer

Dear Investor,

As we reflect on the past year, I am filled with pride and optimism about the future of our company and overall growth of the mutual fund industry. The past year has marked significant milestones in our journey, particularly as we capitalise on the immense potential of India's burgeoning growth story.

Fiscal 2024 turned out to be one of the best years for the domestic mutual fund industry as assets under management (AUM) spurted by nearly Rs. 14 lakh crore to a record Rs. 53.40 lakh crore as of March 2024 compared with Rs. 39.42 lakh crore as of March 2023.

The mutual fund industry is experiencing immense growth and we are poised to take advantage of this upward trajectory. Our company is an integral part of this growth story, riding the wave with several strategic initiatives and accomplishments that have set us on a path of sustained success.



Major achievements post integration

- Post integration we have enhanced our digital offering for both B2B and B2C to provide improved customer journeys.
- HSBC AM India's AUM increased from USD 1.4 bn (before integration) to USD 13.7 bn as of April 2024.
- HSBC Asset Management India has now become the 14th largest asset manager in India in terms of AUM.
- HSBC AM India has launched 4 new products since integration (raising \$445M).
- We have expanded HSBC AM India's product offerings to 43 funds.

Key Achievements in FY2023-2024

Investment Performance: Our disciplined investment strategy and thorough research have been pivotal to our success. We have focused on high-quality, undervalued assets, achieving consistent returns across our portfolio.

Product Innovation: This year, we launched two new funds - HSBC Multi Asset Allocation Fund and HSBC Consumption Fund, tailored to meet the evolving needs of our investors. These new offerings have been well-received, contributing to our growth in AUM significantly.

Increased Media Presence: In FY24, we significantly boosted our media presence, ensuring that our brand and thought leadership are recognized across various platforms. Through strategic media engagements like Informed Investing with ET Now, talks shows and several authored articles plus interviews - we have amplified our message, reaching a broader audience and reinforcing our market position.

Successful Campaign Launch: We successfully launched SIP Hai #FaydeWaliAadat, an investor education campaign, that highlighted the transformative power of SIPs in achieving long-term financial

goals. A first of its kind campaign, it aimed at educating and empowering the millennial investors in India. The campaign garnered significant attention and positive feedback, strengthening our brand presence and engaging a wider audience. Notably, the campaign has also earned us prestigious awards and accolades highlighting our commitment to excellence and innovation.

Client Relationships: We have strengthened our client relationships through enhanced communication, transparency, and personalized service. Our client satisfaction scores have reached new heights, reflecting our commitment to exceptional service.

We believe that the India story has just begun and its economic landscape is poised for significant growth. An exposure to unique and future relevant themes can provide a much-needed inflation buffer. The importance of asset allocation continues to be critical. It is critical for all of us to review our risk appetite and goal proximity and construct a portfolio appropriately.

Besides construction, portfolio rebalancing is equally important in order to achieve optimal outcomes. I do hope you share my enthusiasm and I ask that you continue to invest whilst reviewing your asset allocation at all times.

I would like to express my sincere gratitude to our dedicated team, whose expertise and commitment are the backbone of our success. To our investors, thank you for your trust and continued support. Your confidence in our approach motivates us to strive for excellence in everything we do. Also, I want to express my deepest gratitude to our valuable partners for their unwavering support and keep our services running. Look forward to achieving even grater milestones together.

As we move forward, we remain committed to delivering superior investment performance, fostering strong client relationships, and driving sustainable growth. Together, we are well-positioned to navigate the future and achieve our goals.

Warm regards,

A handwritten signature in black ink, appearing to read 'Kailash Kulkarni', written over a horizontal line.

Kailash Kulkarni

Chief Executive Officer

HSBC Asset Management India

Trustees' Report

For the year ended March 31, 2024

The Board of Directors of HSBC Trustees (India) Private Limited, Trustees of HSBC Mutual Fund present the Twenty Second Annual Report and the audited abridged financial statements of the schemes of the HSBC Mutual Fund ('the Fund') for the year ended March 31, 2024.

With the acquisition of L&T Mutual Fund in the previous financial year, the Fund's Assets Under Management ('AUM') (excluding Domestic FOFs) as on March 31, 2024 was INR 109368.16 crores (audited). The Fund ranks in the top 15 Mutual Fund houses in India in terms of AUM.

As at March 31, 2024, the Fund offered 43 schemes across asset classes to meet the varying investment needs of the investors. During the year, the Fund launched two new products namely HSBC Consumption Fund and HSBC Multi Asset Allocation Fund in Equity and Hybrid categories.

The Fund continues its focus on delivering consistent long-term returns. The comments on the performance of the scheme(s) are provided hereinafter. Dividends were declared under various schemes as per the provisions contained in the respective Scheme Information Documents after considering the distributable surplus available under the respective plans of the schemes. Details of dividends declared can be viewed on our website at www.assetmanagement.hsbc.co.in.

During the year, HSBC Securities and Capital Markets (India) Private Limited ("HSCI"), Sponsors of the Fund established a private limited company with limited liability to act as the "Trustees" of the Fund. HSBC Trustees (India) Private Limited ("HTIP") was incorporated on 9 January 2024. Accordingly, HTIP has replaced the Board of Trustees of HSBC Mutual Fund w.e.f. 1 March 2024, and the Company through its Board of Directors has been discharging its obligations as the "Trustees" of the Fund from this date.

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

a. Operations and Performance of the Scheme

➤ Debt Scheme

HSBC Money Market Fund ('HMMF')

(An open-ended debt scheme investing in money market instruments. A relatively low interest rate risk and moderate credit risk.)

The investment objective of the scheme is to generate regular income through investment in a portfolio comprising substantially of money market instruments. There is no assurance that the objective of the scheme will be realised and the scheme does not assure or guarantee any returns.

The net assets of HMMF amounted to INR 1100.26 crores as at March 31, 2024 as against INR 892.01 crores as at March 31, 2023. Around 100.31% of the net assets were invested in debt, 4.4% of the net assets were invested in reverse repos/TREPS and (4.98%) in net current assets as at March 31, 2024.

HMMF aims to position into maturity buckets to extract maximum value along the money market yield curve. HMMF has low interest rate risk, given that maturity of instruments are below 1 year and aims to selectively invest in higher yielding-good quality credits, while also maintaining adequate portfolio liquidity. The current investment is a mix of T-Bills, CDs and CPs with an aim to ride the steepness of money market curve and create a corpus through generating risk-adjusted returns.

HMMF has marginally underperformed its benchmark. The fund maintained slightly overweight on the 1-year segment versus the benchmark which underperformed compared to other segments in the index.

HSBC Money Market Fund					Date of Inception : 10 August, 2005			
Fund / Benchmark (Value of ₹ 10,000 invested)	1 Year		3 Years		5 Years		Since Inception	
	Amount (₹)	Returns (%)	Amount (₹)	Returns (%)	Amount (₹)	Returns (%)	Amount (₹)	Returns (%)
HSBC Money Market Fund	10723	7.21	11596	5.06	13037	5.43	36131	7.13
Scheme Benchmark (NIFTY Money Market Index A-I)	10745	7.43	11738	5.48	13026	5.42	37725	7.38

Trustees’ Report
For the year ended March 31, 2024 (Contd...)

HSBC Money Market Fund					Date of Inception : 10 August, 2005			
Fund / Benchmark (Value of ₹ 10,000 invested)	1 Year		3 Years		5 Years		Since Inception	
	Amount (₹)	Returns (%)	Amount (₹)	Returns (%)	Amount (₹)	Returns (%)	Amount (₹)	Returns (%)
Additional Benchmark (CRISIL 1 Year T Bill Index)	10723	7.21	11626	5.15	13081	5.51	30022	6.07

Past performance may or may not be sustained in future. The returns for the respective periods are provided as on March 31, 2024 for Growth Option of Regular Plan. Returns on ₹ 10,000 are point-to-point returns for the specific time period, invested at the start of the period. Returns for 1 year and above are Compounded Annualized. Different plans shall have a different expense structure. Performance of the respective benchmark is calculated as per the Total Return Index (TRI).

Please Note: NA means not available.

Risk-o-meter as of 31st March, 2024:

Scheme Name	Scheme Risk-o-meter	Benchmark Risk-o-meter
HSBC Money Market Fund	 Investors understand that their principal will be at Low to Moderate risk	Benchmark Index: NIFTY Money Market Index A-I 

Please note that the above risk-o-meter is as per the product labelling of the Scheme basis Scheme’s monthly portfolio as on March 31, 2024.

Potential Risk Class (PRC) Matrix for Debt Schemes of HSBC Mutual Fund

HSBC Money Market Fund			
Credit Risk →	Relatively Low (Class A)	Moderate (Class B)	Relatively High (Class C)
Interest Rate Risk ↓			
Relatively Low (Class I)		BI	
Moderate (Class II)			
Relatively High (Class III)			
A Scheme with Relatively Low interest rate risk and Moderate credit risk.			

Potential Risk Class ‘PRC’ matrix indicates the maximum interest rate risk (measured by Macaulay Duration of the scheme) and maximum credit risk (measured by Credit Risk Value of the scheme) the fund manager can take in the scheme. PRC matrix classification is done in accordance with and subject to the methodology/guidelines prescribed by SEBI to help investors take informed decision based on the maximum interest rate risk and maximum credit risk the fund manager can take in the scheme, as depicted in the PRC matrix.

Trustees' Report

For the year ended March 31, 2024 (Contd...)

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

➤ EQUITY OUTLOOK

Recap of FY 2023-24:

FY24 was a stellar year for the Indian equity markets with strong economic momentum, healthy earnings growth and strong inflows from domestic and foreign institutional investors and strong retail participation driving a broad-based bull market. The Nifty and Sensex were up a solid 30.1%/26.5% respectively during the year, while the BSE Midcap and BSE Smallcap indices gained an astounding 65.2% and 61.4% respectively.

While geo-political conflicts continued in FY24, their impact on crude and global supply chains moderated. Crude prices largely remained range bound during the year. Inflation barring a brief spike largely remained well contained, the economy gained further steam with GDP growth crossing 8% in H1FY24 supported by government thrust on infrastructure. This translated into strong growth for several core sector industries including steel and cement. The growth in the real estate sector has been strong with inventory continuing to decline in metro markets. However, lagged impact of price increases continued to impinge on consumer demand growth which remained subdued for most mass market categories.

Domestic cyclical sectors were the best performing sectors during the year led by Real Estate, Capital Goods, Autos. Power was also among the best performing sectors. Global cyclical sectors like Metals and Oil & Gas also strongly outperformed the Nifty. FMCG and Banking while delivering healthy positive returns underperformed the Nifty, while IT performance was closer to Nifty.

MSCI India index outperformed most of key global indices during the past fiscal. MSCI India index (USD) gained 35.5% as compared to 23.1% gain for MSCI World, 27.9% for US S&P 500, 11.0% for MSCI Europe and only 5.3% for MSCI Emerging Markets as MSCI China declined 19.0% over the period.

Strong performance of the market and subsiding global macro headwinds drove a sharp turnaround in foreign investment flows. FII net inflow was at USD 25.3bn in FY24 versus an outflow of USD 6.0bn/17.1bn in FY23/FY22. DIIs, on the other hand, matched FII inflow with an inflow of USD 25.3bn although it was lower than the net inflows at USD 30.8bn in FY23. Within DIIs, the MF segment was the key contributor (USD 24.3 bn of net inflows up from USD 21.8bn in FY23) while domestic Insurers were also in the net inflow territory (USD 1.0bn of net inflows vs USD 9.0bn in FY23).

Source: Motilal Oswal

Indices Returns (April 01, 2023 to March 31, 2024)	1 Year [^]
S&P BSE Sensex TR	26.5%
NSE CNX Nifty TR	30.1%
S&P BSE 100 TR	34.2%
S&P BSE 200 TR	38.5%
S&P BSE 500 TR	40.2%
S&P BSE Midcap TR	65.2%
S&P BSE Small-cap TR	61.4%

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

Way forward:

The global macro environment remains challenging with heightened geo-political and economic uncertainties. US bond yields remain high putting pressure on interest rates and currencies globally. For India, growth has continued to remain strong with GDP growth of 8.4% in Q3FY24 driven by strong government spending on infrastructure and pickup in manufacturing and construction. The 2024 interim budget has re-affirmed

Trustees' Report

For the year ended March 31, 2024 (Contd...)

government focus on infrastructure. At the same time reduction in fiscal deficit should also help in easing of domestic interest rates. However, after last year's patchy monsoon, a good monsoon will be an important factor for rural demand and overall consumption growth in the economy in FY25.

India starts FY25 on a strong footing with positive growth momentum and India's investment cycle is expected to be on a medium-term uptrend supported by rising government investment in infrastructure and recovery in real estate cycle. There is also an expectation of higher private investments in renewable energy and related supply chain, localization of higher-end technology components, and India becoming a more meaningful part of global supply chains. Finally, it is expected for consumption to improve as the impact of high inflation fades and real incomes start to grow again.

However, several of these positives are getting discounted by the high valuations currently prevailing in the equity market. While the fund managers remain constructive on Indian equities supported by the more robust medium-term growth outlook there is a caution against high return expectations. Nifty continues to trade on 20.6x consensus 1 year forward PE (as of 30 April). On a 10-year basis, Nifty is still trading 10% above its historic average valuation but is in-line with its 5-year average. Valuations of the midcap and small cap indices are even higher versus their historical average.

➤ DEBT OUTLOOK

Market drivers during the course of the year FY 2024

The year started with advanced economies continuing to grapple with higher inflation and policy tightening remained a common theme across economies. During FY2024, the Federal Open Market Committee (FOMC) raised policy rates by 50 bps while European Central Bank (ECB) and Bank of England (BOE) raised policy rates by 100 bps each. The cumulative rate hikes by various advanced economies in this cycle are as follows: Fed (525 bps), BOE (515 bps) and ECB (450 bps). Meanwhile cumulative rate hikes by the Monetary Policy Committee (MPC) in this cycle was 250 bps. On account of higher Government debt burden, Fitch downgraded US sovereign rating from AAA to AA+. US Treasury yields remained volatile during the year, with the 10-year benchmark rising higher by 73 bps during the year. Crude prices also moved higher by USD 7-8/bbl.

On the domestic front, Consumer price Index (CPI) inflation remained broadly in the upper end of the MPC's targeted band of 4% +/- 2% for most of the financial year, however, inflation printed above 6% on two occasions due to high food inflation. Headline inflation remained susceptible to high food inflation with markets now expecting some relief of food prices on the back of normal monsoon. Core inflation eased through the year falling to below 4% in the last quarter.

Domestically, one of the biggest events during the year was the much-awaited index inclusion of Indian Government Bonds (IGBs) into the GBI-EM Global index suite and its relevant benchmarks. India is expected to reach the maximum weight of 10% in the GBI-EM Global Diversified Index (GBI-EM GD), with the inclusion staggered over a 10-month period starting June 2024. Following this, Bloomberg also included IGBs in their Bloomberg EM Local Currency Index, with India expected to reach a maximum weight of 10% over a 10-month period starting Jan 2025. Both these inclusions are expected to bring in INR 25-30 bn of index related FPI inflows over the next 1-2 years and paving the way for inclusion into other global bond indices as well. During FY2024, FPIs poured in close USD 12 bn into IGBs, with majority of the inflows coming in post the JP Morgan index inclusion announcement.

Government continued its path of fiscal consolidation, with the revised estimate of the Fiscal deficit for FY2024 coming in at 5.6%, with expectations for FY2025 at 5.1% and target of below 4.5% by FY2026. PMI numbers continue to remain in expansion, GST revenues remain buoyant and credit off-take upbeat.

The external sector has remained strong due to healthy service exports and remittances. Current Account Deficit (CAD) is expected to be around 1% for the year. Rupee remained one of the more stable currencies during the year, with active intervention from RBI smoothening any volatility. RBI continued to build on the FX reserves with year-end number around USD 650 bn.

Money market rates moved higher during the year due to tightening in liquidity along with higher Certificate of Deposit (CD) issuances. G-Sec yields, however, moved lower due to favorable demand supply and lower G-Sec

Trustees' Report

For the year ended March 31, 2024 (Contd...)

borrowing. 10-year G-Sec moved lower during the year by 25 bps, while 5 yr G-Sec moved lower by 13 bps.

Market Outlook

While US markets have braced for "higher for longer" rates, we have seen in the past, that reactions to favorable data in such an environment can be sharp. Any softness in growth, employment or inflation data over the next few months will allow the markets to quickly start pricing in aggressive future policy easing. In our view, the RBI is also likely to gradually shift the liquidity deficit into surplus over the course of the next 3-6 months, flipping overnight rates from the top to the bottom of the rate corridor. The yield curve is likely to steepen as liquidity eases. This along with a potential 50 bps of policy easing in first half of CY2025 may push overnight rates lower by 75-100 bps.

While any form of additional spending by the new Government to address concerns of rural sections of the country and the possibility of additional spending to fund such policies will remain a key monitorable, it is believed the Government is likely to remain cognizant of the possible impact of such policies and take measured steps. With the dust settling down on the election outcome, the broad macroeconomic factors should continue to remain stable and could support softening in domestic yields going forward.

The Fund Managers continue to have a positive outlook for interest rates, based on various favorable factors: (a) Record RBI dividend to the Government, (b) reduced Fiscal deficit number of 5.6%, (c) favorable G-Sec supply demand dynamics, (d) FPI index related inflows, (e) revised outlook in India by S&P, (f) soft core inflation along with expectations of a better than normal monsoon, and finally (g) soft signals by Government and RBI on liquidity.

Source: RBI, Bloomberg, Internal HSBC Research & CCIL

2. BRIEF BACKGROUND OF THE SPONSORS, THE FUND, THE TRUSTEES AND THE ASSET MANAGEMENT COMPANY

A. Sponsor

HSBC Mutual Fund is sponsored by HSBC Securities and Capital Markets (India) Private Limited (HSCI). The Sponsor is the Settler of the Mutual Fund Trust. The Sponsor has entrusted a sum of Rs. 1,00,000/- (Rupees One Lakh only) to the Trustee as the initial contribution towards the corpus of the Mutual Fund.

HSCI offers integrated investment banking services, securities and corporate finance & advisory. HSCI is a member of the Bombay Stock Exchange Limited and National Stock Exchange (capital and derivative market segments). HSCI holds 100% of the paid-up equity share capital of HSBC Asset Management (India) Private Limited.

B. HSBC Mutual Fund

HSBC Mutual Fund ("the Mutual Fund" or "the Fund") has been constituted as a Trust in accordance with the provisions of the Indian Trusts Act, 1882 (2 of 1882) vide a Trust Deed dated February 7, 2002 (as amended) with HSBC Securities and Capital Markets (India) Private Limited, as the Sponsor and HSBC Trustees (India) Private Limited. The Trustee has entered into an Investment Management Agreement dated February 7, 2002 (as amended) with HSBC Asset Management (India) Private Limited (AMC) to function as the Investment Manager for all the schemes of the Fund. The Fund was registered with SEBI vide registration number MF/046/02/5 dated May 27, 2002.

The Trust has been formed for the purpose of pooling of capital from the public for collective investment in securities for the purpose of providing facilities for participation by persons as beneficiaries in such investments and in the profits/income arising therefrom.

C. HSBC Trustees (India) Private Limited (the Trustees)

The Trustees are the exclusive owner of the Trust Fund and holds the same in trust for the benefit of the unitholders. The Trustees have been discharging their duties and carrying out the responsibilities as provided in the SEBI (Mutual Funds) Regulations, 1996 and the Trust Deed. The Trustees seek to ensure that the Fund and the schemes floated there under are managed by the AMC in accordance with the

Trustees' Report

For the year ended March 31, 2024 (Contd...)

Trust Deed, the said Regulations, directions and guidelines issued by the SEBI, the Stock Exchanges, the Association of Mutual Funds in India and other regulatory agencies.

During the year, HSBC Securities and Capital Markets (India) Private Limited ("HSCI"), Sponsors of HSBC Mutual Fund) established a private limited company with limited liability to act as the "Trustee" of HSBC Mutual Fund. HSBC Trustees (India) Private Limited ("HTIP") was incorporated on 9 January 2024. Accordingly, HTIP has replaced the Board of Trustees of HSBC Mutual Fund w.e.f. 1 March 2024, and the Company through its Board of Directors has been discharging its obligations as the "Trustees" of the Fund from this date.

As of March 31, 2024, HSCI holds 100% of the paid-up equity share capital of HTIP.

D. Asset Management Company (the AMC)

HSBC Asset Management (India) Private Limited (the Investment Manager or the AMC) is a private limited company incorporated under the Companies Act, 1956 on December 12, 2001 having its Registered Office at 9-11 Floors, NESCO IT Park, Building no. 3, Western Express Highway, Goregaon (East), Mumbai – 400 063. HSBC Asset Management (India) Private Limited has been appointed as the Asset Management Company of HSBC Mutual Fund by the Trustee vide Investment Management Agreement (IMA) dated February 7, 2002 (as amended) and executed between the Trustees and the AMC. SEBI approved the AMC to act as the Investment Manager of the Fund vide its letter No. MFD/BC/163/2002 dated May 27, 2002. The paid-up equity share capital of the AMC is Rs. 344.41 crores. The AMC is registered as a Portfolio Manager under the SEBI (Portfolio Managers) Regulations, 1993 vide registration no. INP000001322. The AMC also offers non-binding Advisory services to offshore funds under the mutual fund license.

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

3. INVESTMENT OBJECTIVE OF THE SCHEMES

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

4. SIGNIFICANT ACCOUNTING POLICIES

The Significant Accounting Policies form part of the Notes to the Accounts annexed to the Balance Sheet of the Schemes in the Full Annual Report. The accounting policies are in accordance with Securities Exchange Board of India (Mutual Funds) Regulations, 1996 and Indian Accounting Standards (IND AS) notified under section 133 of the Companies Act, 2013 (the "Act" read with the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time).

5. UNCLAIMED DIVIDENDS & REDEMPTIONS

Summary of number of investors & corresponding amount as on March 31, 2024:

Scheme Name	Unclaimed Dividend		Unclaimed Redemption	
	No. of Investors	Amount (₹)	No. of Investors	Amount (₹)
HSBC Money Market Fund	532	165,647.65	37	351,037.30

6. INVESTOR SERVICES

The number of official points of acceptance of transactions are 210 locations. In addition to the offices of the Registrar & Transfer Agent, the AMC has its own office in 61 locations and Investor Service Centers in 39 locations. The AMC has 2 Toll Free numbers (1800-4190-200/1800-200-2434) which can be dialed from anywhere in India and 1 number i.e. +91 44 39923900 (Investors calling from abroad). The call center service is being managed by the Registrar and Transfer Agents. HSBC Mutual Fund offers the online transaction facility through the AMC's website at www.assetmanagement.hsbc.co.in.

Trustees' Report

For the year ended March 31, 2024 (Contd...)

On the distribution front, the number of empaneled distributors were 59046 as on March 31, 2024. During the year, the AMC initiated tie-ups for online distribution of the Mutual Fund's schemes with several channel partners taking the total number of such tie-ups to 160 as on March 31, 2024.

7. DETAILS OF INVESTOR GRIEVANCE REDRESSAL

The details of the redressal of investor complaints received against HSBC Mutual Fund during April 2023 - March 2024 are as follows:

2023-2024												
Com-plaint code	Type of Complaint	(a) No. of complaints pending at the beginning of the period	(b) No. of com-plaints received during the given period	Action on (a) and (b)								
				Resolved				Non Action-able*	Pending			
				Within 30 days	30-60 days	60-180 days	Beyond 180 days		0-3 months	3-6 months	6-9 months	9-12 months
I A	Non receipt of amount declared under Income Distribution cum Capital Withdrawal option	1	10	11	0	0	0	0	0	0	0	0
I B	Interest on delayed payment of amount declared under Income Distribution cum Capital Withdrawal option	0	1	1	0	0	0	0	0	0	0	0
I C	Non receipt of Redemption Proceeds	1	38	39	0	0	0	0	0	0	0	0
I D	Interest on delayed payment of Redemption	0	2	2	0	0	0	0	0	0	0	0
II A	Non receipt of Statement of Account/Unit Certificate	0	3	3	0	0	0	0	0	0	0	0
II B	Discrepancy in Statement of Account	1	22	23	0	0	0	0	0	0	0	0
II C	Data corrections in Investor details	1	250	249	0	0	0	0	2	0	0	0
II D	Non receipt of Annual Report/ Abridged Summary	0	0	0	0	0	0	0	0	0	0	0
III A	Wrong switch between Schemes	0	2	2	0	0	0	0	0	0	0	0
III B	Unauthorized switch between Schemes	0	1	1	0	0	0	0	0	0	0	0
III C	Deviation from Scheme attributes	0	1	1	0	0	0	0	0	0	0	0
III D	Wrong or excess charges/load	0	0	0	0	0	0	0	0	0	0	0
III E	Non updation of changes viz. address, PAN, bank details, nomination, etc	1	127	127	0	0	0	0	1	0	0	0
III F	Delay in allotment of Units	0	5	4	1	0	0	0	0	0	0	0
III G	Unauthorized Redemption	0	0	0	0	0	0	0	0	0	0	0
IV	Others**	1	78	76	0	0	0	0	3	0	0	0
	TOTAL	6	540	539	1	0	0	0	6	0	0	0

** As per AMFI Best Practice Guidelines Circular No.25/2011-12 for Revisions in the Guidelines on Standardization of Complaints/Grievances Reporting Procedure. If "Others" include a type of complaint which is more than 10% of overall complaints, then such a reason should be provided separately. Hence, data corrections in Investor Details are included as a separate category.

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

Trustees' Report

For the year ended March 31, 2024 (Contd...)

Summary of Complaints for FY 2023-24

Particulars	Count
Total complaints received	540
Total number of folios	21,39,406
% of complaints against the folio	0.025

8. INVESTOR EDUCATION INITIATIVES

During the FY 2023-24, the AMC conducted the following investor education and awareness initiatives:

- An integrated multi-media marketing campaign on SIP Hai 'FaydeWaliAadat' aimed to tap into the aspirations, financial goals, and unique spending habits of millennials.
- Editorial content on Systematic Investment Plans (SIP) created across 15 states through various regional television channels.
- Investor education content on the Platform - Quora.
- 'Be Money Confident' video series targeting women through Jio Platforms.
- Campaign on Women & Investing for Women's Day.
- Campaign for Marathon enthusiast on the similarities between running a Marathon & Investing.
- Financial literacy virtual event on the occasion of Mother's Day, which received more than 725 registered users.
- A mom blogger outreach program to reach Women Investors with financial education content on MF on the occasion of Mother's Day.
- Education campaign on ELSS executed for working audiences.
- Blogs and content for Investor Education properties like SIP Sahi Hai in Value Research, Gyan Guroovaar on Facebook, Investment Ki Paathshala on the website and investor education blogs on the platform - Advisor Khoj.
- 1,462 Investor Education programs to reach out to an audience of 71,465 people out of which 458 were women programs attended by 20,139 women.

9. PROXY VOTING POLICY

As per para 6.16 of SEBI Master Circular on Mutual Funds dated June 27, 2024, the Fund has adopted Proxy Voting Policy and Procedures for exercising voting rights in respect of securities held by the Schemes. (please refer Proxy Voting Policy and Procedures)

The summary of the votes casted in the general meetings of the Investee companies, by the AMC for and on behalf of the Schemes of the Fund, for the financial year 2023-24 is provided below:

Quarter	Total no. of resolutions	Break-up of Vote decision		
		For	Against	Abstained
April 2023 - June 2023	387	260	75	52
July 2023 - September 2023	2,169	1607	448	114
October 2023 - December 2023	197	138	37	22
January 2024 - March 2024	319	240	50	29
TOTAL	3,072	2,245	610	217

As per para 6.16.7 of SEBI Master Circular on Mutual Funds dated June 27, 2024, the AMC has obtained certificate from M/s. M. P. Chitale & Co., Chartered Accountants, who is acting as a Scrutinizer, on the voting report for the FY 2023-24. The certificate dated May 22, 2024 issued by M/s. M. P. Chitale & Co., is available on the website of the AMC as part of the full Annual Report.

Trustees' Report

For the year ended March 31, 2024 (Contd...)

Unitholders can refer to the full Annual Report for complete details of actual exercise of votes in the general meetings of the investee companies for the financial year 2023-24 or log on to our website at www.assetmanagement.hsbc.co.in.

10. STATUTORY DETAILS

- The Sponsors are not responsible or liable for any loss resulting from the operation of the Schemes of the Fund beyond initial contribution of Rs. 1 lakh for setting up the Fund.
- The price and redemption value of the units, and income from them, can go up as well as down with fluctuations in the market value of its underlying investments.
- Full Annual Report of HSBC Mutual Fund and of HSBC Asset Management (India) Private Limited (the AMC) shall be disclosed on the website at www.assetmanagement.hsbc.co.in and shall be available for inspection at the Head Office of the Mutual Fund. Present and prospective unitholders can obtain copy of the Trust Deed, the full Annual Report of the Scheme(s), the Annual Report of HSBC Asset Management (India) Private Limited and the text of the relevant Scheme(s) at a price.

11. CHANGES IN RISK-O-METER OF THE SCHEME DURING FY 2023-24

As per para 17.4. of SEBI Master Circular on Mutual Funds dated June 27, 2024 on product labelling, the changes carried out in the risk-o-meter of the schemes of HSBC Mutual Fund during FY 2023-24 have been given in the below mentioned table for the information of the unitholders, a report on the said changes has also been displayed on the website of the Fund and AMFI.

Scheme Name	Risk-o-meter level as on March 31, 2023	Risk-o-meter level as on March 31, 2024	Number of changes in Risk-o-meter during the F.Y. 2023-24)
HSBC Money Market Fund	Low to Moderate	Low to Moderate	0

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

As per para 6.16.15 of SEBI Master Circular on Mutual Funds dated June 27, 2024, HSBC Mutual Fund has adapted the policy on stewardship responsibilities, the unitholders are requested to note the status of governance with the same as mentioned below:

S. No.	Particulars of Principles of Stewardship Code	Status of compliance (Complied/ Not Complied)	Description	Remarks/ reasons for deviation/non-compliance, if any
1	Principle 1: Institutional Investors should formulate a comprehensive policy on the discharge of their stewardship responsibilities, publicly disclose it, review and update it periodically.	Complied	HSBC Asset Management (India) Private Limited's (AMIN) 'Policy on Stewardship responsibilities' (Stewardship Code/ Policy) was formulated and implemented on 01 July, 2020. This is a comprehensive document which has been publicly disclosed on the website of AMIN. The same shall follow a periodic review.	N.A.
2	Principle 2: Institutional investors should have a clear policy on how they manage conflicts of interest in fulfilling their stewardship responsibilities and publicly disclose it.	Complied	Defining and managing Conflict of Interest in fulfilling stewardship responsibilities are detailed in the Stewardship Policy document. The policy document is publicly disclosed.	N.A.

Trustees' Report

For the year ended March 31, 2024 (Contd...)

S. No.	Particulars of Principles of Stewardship Code	Status of compliance (Complied/ Not Complied)	Description	Remarks/ reasons for deviation/non-compliance, if any
3	Principle 3: Institutional investors should monitor their investee companies.	Complied	AMIN monitors all investee companies through its investment process. This includes assessment of companies' own and market data, consideration of research from brokers and other independent research providers – including ESG & voting research, attending individual & group meetings with company management and directors, visiting production sites (wherever necessary), engaging with key stakeholders including competitors and customers, and financial modelling. More details enumerated in the policy document	N.A.
4	Principle 4: Institutional investors should have a clear policy on intervention in their investee companies. Institutional investors should also have a clear policy for collaboration with other institutional investors where required, to preserve the interests of the ultimate investors, which should be disclosed.	Complied	Details of undertaking active engagement with investee companies and the policy for collaboration with other institutional holders are detailed in the policy document. The policy document is publicly disclosed.	N.A.
5	Principle 5: Institutional investors should have a clear policy on voting and disclosure of voting activity.	Complied	AMIN has a clear and detailed voting policy which provides the framework for the voting decisions. All voting decisions shall be in accordance with AMIN's Voting Policy and Procedures, which is disclosed on the website. AMIN discloses the details of the voting on its website on a quarterly basis within 10 working days from the end of the quarter. Additionally, AMIN also discloses the details of the votes cast, in the annual report of the schemes of HSBC Mutual Fund.	N.A.
6	Principle 6: Institutional investors should report periodically on their stewardship activities.	Complied	The annual status report of the stewardship code and quarterly report on proxy voting are publicly disclosed on the website as required under SEBI Regulations.	N.A.

Trustees' Report

For the year ended March 31, 2024 (Contd...)

13. DISCLOSURES PERTAINING TO NAV ADJUSTED DURING THE FINANCIAL YEAR FOR SWING FACTOR ALONG WITH THE PERFORMANCE IMPACT

Sr No.	Period of applicability of swing pricing	Scheme Name	Unswung NAV	Swing factor applied	Whether optional or mandatory
NIL					

14. SIGNIFICANT EVENT AFTER THE END OF THE FINANCIAL YEAR

NIL

15. ACKNOWLEDGEMENTS

The Trustees wish to thank the unitholders of the Schemes for their support throughout the year, and also thank the Government of India, the Securities and Exchange Board of India (SEBI), the Reserve Bank of India (RBI) and the Association of Mutual Funds in India (AMFI) for the guidance provided by them. The Trustees also appreciate the services provided by the Registrar and Transfer Agent, Fund Accountant, Custodian, Bankers, Distributors and Brokers. The guidance and services provided by the auditors and advocates and the ebullience, sincerity and dedication of the employees of HSBC Asset Management (India) Private Limited is also appreciated.

The Trustees look forward to the continued support of everyone.

For and on behalf of **HSBC Trustees (India) Private Ltd.**

Sd/-

Director

Mumbai

July 19, 2024

Independent Auditors' Report

To the Board of Directors of HSBC Trustees (India) Private Limited (the "Trustee")

HSBC Money Market Fund

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **HSBC Money Market Fund** (the "Scheme") of HSBC Mutual Fund (the "Fund"), which comprise the Balance Sheet as at March 31, 2024, the Revenue Account and the Cash Flow Statement for the year then ended, and notes to the financial statements, including a summary of material accounting policy and other explanatory information.

In our opinion, and to the best of our information and according to the explanations given to us, the aforesaid financial statements of the Scheme give a true and fair view in conformity with the Indian Accounting Standards ("Ind AS") prescribed under section 133 of the Companies Act, 2013 (the "Act") read with Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India, including the accounting policies and standards specified in the Regulation 50 and Ninth Schedule to the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 ("the SEBI Regulations") (collectively referred to as the "Regulations") as amended:

- a. in the case of the Balance Sheet, of the state of affairs of the Scheme as at March 31, 2024;
- b. in the case of the Revenue Account, of the net surplus for the year ended on that date; and
- c. in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing ("SAs") and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India (the "ICAI"). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Scheme in accordance with the Code of Ethics issued by the ICAI together with the ethical requirements that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Information Other than the Financial Statements and Auditor's Report Thereon

The Board of Directors of HSBC Asset Management (India) Private Limited (the "AMC") and the Board of Directors of HSBC Trustees (India) Private Limited (the "Trustees") (collectively referred to as "the Management") are responsible for the other information. The other information comprises the information included in the Trustees report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

The Management is responsible for the preparation of these financial statements that give a true and fair view of the state of affairs, results of operations and cash flows of the Scheme in accordance with the accounting principles generally accepted in India, including the accounting policies and standards specified in Regulations.

Independent Auditors' Report (Contd...)

This responsibility also includes maintenance of adequate accounting records in accordance with the SEBI Regulations for safeguarding of the assets of the Scheme and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Management is responsible for assessing the Scheme's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management, either intends to liquidate the Scheme or to cease operations, or has no realistic alternative but to do so.

Those Charged with Governance are also responsible for overseeing the Scheme's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Scheme's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Scheme to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide to those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Independent Auditors' Report (Contd....)

Report on Other Legal and Regulatory Requirements

1. As required by regulation 55(4) and clause 5(ii)(2) of the Eleventh Schedule of the SEBI Regulations, we report that:
 - a. we have sought and obtained all the information and explanations which, to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b. in our opinion, the Balance Sheet and the Revenue Account dealt with by this report have been prepared in accordance with the accounting policies and standards specified in the Regulations; and
 - c. the Balance Sheet, the Revenue Account and the Cash Flow Statement, dealt with by this report are in agreement with the books of accounts of the Scheme.
2. In our opinion, the methods used to value non-traded securities as at March 31, 2024, as determined by the Management under procedures approved by the Trustees in accordance with the guidelines for valuation of securities for mutual funds as mentioned in the Eighth Schedule to the SEBI Regulations, are fair and reasonable.

For **M S K A & Associates**

Chartered Accountants

ICAI Firm Registration No. 105047W

Sd/-

Swapnil Kale

Partner

Membership No: 117812

UDIN: 24117812BKFIRP5922

Place : Mumbai

Date : July 19, 2024.

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Abridged Balance Sheet as at March 31, 2024

Rs. in Lakhs

	As at March 31, 2024	As at March 31, 2023	As at April 1, 2022
LIABILITIES			
1 Unit Capital	44,121.68	38,601.99	47,126.25
2 Reserves & Surplus			
2.1 Unit Premium Reserves	(18,642.48)	(16,344.03)	(20,089.15)
2.2 Unrealised Appreciation Reserve	162.67	71.63	54.65
2.3 Other Reserves	84,384.57	66,996.16	75,859.92
3 Loans & Borrowings	4,659.11	—	—
4 Current Liabilities & Provisions			
4.1 Provision for Doubtful Income/Deposits	—	—	—
4.2 Other Current Liabilities & Provisions	960.37	95.84	44.38
TOTAL	115,645.93	89,421.59	102,996.04
ASSETS			
1 Investments			
1.1 Listed Securities:			
1.1.1 Equity Shares	—	—	—
1.1.2 Preference Shares	—	—	—
1.1.3 Equity Linked Debentures	—	—	—
1.1.4 Other Debentures & Bonds	—	—	—
1.1.5 Securitised Debt Securities	—	—	—
1.2 Securities Awaited Listing:			
1.2.1 Equity Shares	—	—	—
1.2.2 Preference Shares	—	—	—
1.2.3 Equity Linked Debentures	—	—	—
1.2.4 Other Debentures & Bonds	—	—	—
1.2.5 Securitised Debt Securities	—	—	—
1.3 Unlisted Securities:			
1.3.1 Equity Shares	—	—	—
1.3.2 Preference Shares	—	—	—
1.3.3 Equity Linked Debentures	—	—	—
1.3.4 Other Debentures & Bonds	—	—	—
1.3.5 Securitised Debt Securities	—	—	—
1.4 Government Securities	—	—	—
1.5 Treasury Bills	7,224.14	14,068.44	21,677.02
1.6 Commercial Paper	27,969.96	21,976.97	—
1.7 Certificate of Deposits	75,176.20	51,818.99	47,133.17
1.8 PTC	—	—	—
1.9 Units of Domestic Mutual Fund	—	—	—
1.10 Foreign Securities	—	—	—
1.11 AIF Investment	300.83	—	—
Total Investments	110,671.12	87,864.40	68,810.19
2 Deposits	11.48	5.27	15.25
3 Other Current Assets			
3.1 Cash & Bank Balance	120.52	86.07	12.29
3.2 CBLO/TREPS/Reverse Repo Lending	4,837.65	1,464.39	2,178.76
3.3 Others	5.17	1.46	1.22
4 Deferred Revenue Expenditure (to the extent not written off)	—	—	—
TOTAL	115,645.93	89,421.59	102,996.04

Notes to Accounts - Annexure I

Abridged Revenue Account for the year ended March 31, 2024

Rs. in Lakhs

	Current year ended March 31, 2024	Previous year ended March 31, 2023
1 INCOME		
1.1 Dividend	—	—
1.2 Interest	8,202.18	4,739.19
1.3 Realised Gain/(Loss) on Foreign Exchange Transactions	—	—
1.4 Realised Gains/(Losses) on Interscheme Sale of Investments	—	—
1.5 Realised Gains/(Losses) on External Sale/Redemption of Investments	(0.81)	(461.55)
1.6 Realised Gains/(Losses) on Derivative Transactions	—	—
1.7 Other Income	0.66	0.14
(A)	8,202.03	4,277.78
2 EXPENSES		
2.1 Management Fees	198.76	144.09
2.2 GST on Management Fees	35.78	25.94
2.3 Transfer Agents Fees and Expenses	16.62	14.27
2.4 Custodian Fees	0.67	1.17
2.5 Trusteeship Fees	0.48	0.47
2.6 Commission to Agents	64.35	76.90
2.7 Marketing & Distribution Expenses	0.01	0.62
2.8 Audit Fees	0.19	0.98
2.9 Investor Education Expenses	22.07	16.56
2.10 Interest on Borrowing	4.40	—
2.11 Brokerage & Transaction Costs	6.69	4.85
2.12 Other Operating Expenses	5.77	7.19
(B)	355.79	293.04
3 NET REALISED GAINS/(LOSSES) FOR THE YEAR (C = A - B)	7,846.24	3,984.74
4 Change in Unrealised Depreciation in Value of Investments (D)	—	—
5 NET GAINS/(LOSSES) FOR THE YEAR (E = C + D)	7,846.24	3,984.74
6 Change in Unrealised Appreciation in Value of Investments (F)	91.04	16.99
7 NET SURPLUS/(DEFICIT) FOR THE YEAR (G = E + F)	7,937.28	4,001.73
7.1 Add : Balance Transfer from Unrealised Appreciation Reserve	—	—
7.2 Less : Balance Transfer to Unrealised Appreciation Reserve	91.04	16.99
7.3 Add/(Less) : Equalisation	9,559.46	(12,812.19)
7.4 Transfer from Reserve Fund	66,996.16	75,859.92
7.5 Transfer from Unit Premium Reserve	0.08	—
8 Total	84,401.93	67,032.47
9 Dividend Appropriation		
9.1 Income Distributed during the Year	(17.36)	(36.31)
9.2 Tax on Income Distributed during the Year	—	—
10 Retained Surplus/(Deficit) Carried Forward to Balance Sheet	84,384.57	66,996.16

Notes to Accounts - Annexure I

Key Statistics for the year ended March 31, 2024

	Current year ended March 31, 2024	Previous year ended March 31, 2023
1. NAV per unit (Rs.):		
Open		
Regular Plan - Growth Option	22.4629	21.4273
Regular Plan - Daily IDCW Option	10.8591	10.8591
Regular Plan - Weekly IDCW Option	13.1149	13.0975
Regular Plan - Monthly IDCW Option	11.5615	11.5112
Direct Plan - Growth Option	23.4218	22.2403
Direct Plan - Daily IDCW Option	10.8591	10.8591
Direct Plan - Weekly IDCW Option	13.2021	13.1771
Direct Plan - Monthly IDCW Option	12.2126	12.1089
High		
Regular Plan - Growth Option	24.0874	22.4629
Regular Plan - Daily IDCW Option	10.8649	10.8591
Regular Plan - Weekly IDCW Option	13.1273	13.1188
Regular Plan - Monthly IDCW Option	11.6299	11.6124
Direct Plan - Growth Option	25.1931	23.4218
Direct Plan - Daily IDCW Option	10.8652	10.8591
Direct Plan - Weekly IDCW Option	13.2152	13.2065
Direct Plan - Monthly IDCW Option	12.2873	12.2720
Low		
Regular Plan - Growth Option	22.4765	21.4144
Regular Plan - Daily IDCW Option	10.8579	10.8276
Regular Plan - Weekly IDCW Option	13.0924	13.0547
Regular Plan - Monthly IDCW Option	11.5402	11.4615
Direct Plan - Growth Option	23.4365	22.2375
Direct Plan - Daily IDCW Option	10.8580	10.8282
Direct Plan - Weekly IDCW Option	13.1793	13.1359
Direct Plan - Monthly IDCW Option	12.1897	12.0687
End		
Regular Plan - Growth Option	24.0874	22.4629
Regular Plan - Daily IDCW Option	10.8649	10.8591
Regular Plan - Weekly IDCW	13.1194	13.1149
Regular Plan - Monthly IDCW Option	11.5637	11.5615
Direct Plan - Growth Option	25.1931	23.4218
Direct Plan - Daily IDCW Option	10.8652	10.8591
Direct Plan - Weekly IDCW Option	13.2070	13.2021
Direct Plan - Monthly IDCW Option	12.2134	12.2126
2. Closing Assets Under Management (Rs. in Lakhs)		
End	110,026	89,201
Average (AAuM) ¹	110,327	82,788
3. Gross income as % of AAuM ²	7.43%	5.17%
4. Expense Ratio:		
a. Total Expense as % of AAuM (including GST on Management fees) (plan wise)		
Regular Plan	0.56%	0.70%
Direct Plan	0.25%	0.24%

Key Statistics for the year ended March 31, 2024 (Contd...)

	Current year ended March 31, 2024	Previous year ended March 31, 2023
b. Management Fee as % of AAuM (plan wise)		
Regular Plan	0.19%	0.21%
Direct Plan	0.18%	0.16%
5. Net Income as a percentage of AAuM ³	7.11%	4.81%
6. Portfolio turnover ratio ⁴	N.A.	N.A.
7. Total IDCW per unit distributed during the year (plan wise)		
Retail		
Regular Plan - Daily IDCW	1.1408	0.5127
Regular Plan - Weekly IDCW Option	1.3952	0.6007
Regular Plan - Monthly IDCW Option	1.2563	0.4945
Direct Plan - Daily IDCW Option	0.3981	0.5621
Direct Plan - Weekly IDCW Option	0.4722	0.6571
Direct Plan - Monthly IDCW Option	0.4390	0.5269
Corporate		
Regular Plan - Daily IDCW Option	1.1408	0.5127
Regular Plan - Weekly IDCW Option	1.3952	0.6007
Regular Plan - Monthly IDCW	1.2563	0.4945
Direct Plan - Daily IDCW Option	0.3981	0.5621
Direct Plan - Weekly IDCW Option	0.4722	0.6571
Direct Plan - Monthly IDCW Option	0.4390	0.5269
8. Returns:		
a. Last One Year		
Scheme		
Regular Plan - Growth Option	7.21%	4.83%
Direct Plan - Growth Option	7.54%	5.31%
Benchmark⁵		
Nifty Money Market Index A-I	7.43%	5.67%
b. Since Inception		
Scheme		
Regular Plan - Growth Option	7.13%	7.13%
Direct Plan - Growth Option	7.45%	7.44%
Benchmark⁵		
Nifty Money Market Index A-I	7.38%	7.42%

¹ AAuM = Average daily net assets

² Gross income = amount against (A) in the Revenue account i.e. Income

³ Net income = amount against (C) in the Revenue account i.e. Net Realised Gains/(Losses) for the year

⁴ Portfolio Turnover = Lower of sales or purchase divided by the Average AuM for the year

⁵ Benchmark returns provided for previous year is as per Old Benchmark

Old Benchmark	New Benchmark	Effective date
Nifty Money Market Index B-I	Nifty Money Market Index A-I	13th March, 2024

Notes to Accounts – Annexure I

To the Abridged Balance Sheet and Revenue Account for the year ended March 31, 2024

1 Investments:

- 1.1. It is confirmed that investments of the scheme are registered in the name of the Trustees for the benefit of the Scheme's unitholders.
- 1.2. Open Positions of derivatives as on year ended March 31, 2024 and March 31, 2023 are NIL.
- 1.3. Investment in Associates and Group Companies as at the year ended March 31, 2024 and March 31, 2023 are NIL.
- 1.4. Open position of Securities Borrowed and/or Lent by the scheme as on the year ended March 31, 2024 and March 31, 2023 are NIL.
- 1.5. Investment in Below investment grade and default/Securities in default as on March 31, 2024 and March 31, 2023 are NIL.
- 1.6. Aggregate Unrealised Gain/Loss as at the end of the financial year 2024 and 2023 and their percentage to net assets are as under :

(Rs. In Lakhs)

Scheme Name / Security Type	Amount	Percentage to Net Assets	Amount	Percentage to Net Assets
	As at March 31, 2024		As at March 31, 2023	
Commercial Papers / Certificate of Deposits				
- Appreciation	156.44	0.14	68.59	0.08
- Depreciation	–	–	1.38	0.00~
Treasury Bills				
- Appreciation	2.00	0.00~	4.83	0.01
- Depreciation	0.01	0.00~	0.41	0.00~
Alternate Investment Fund (CDMDF)				
- Appreciation	4.24	0.00~	–	–
- Depreciation	–	–	–	–

(–) - Indicates less than 0.01%

- 1.7. The aggregate value of investment securities (excluding CBLO/TREPS and Reverse Repos) purchased and sold (including matured) during the financial year 2023-24 (excluding accretion of discount) are Rs. 260,356.44 lakhs and Rs. 245,573.04 lakhs being 235.99% and 222.59% of the average net assets.

The aggregate value of investment securities (excluding CBLO/TREPS and Reverse Repos) purchased and sold (including matured) during the financial year 2022-23 (excluding accretion of discount) are Rs. 258,221.97 lakhs and Rs. 265,780.03 lakhs being 311.91% and 321.04% of the average net assets.

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

Security Category	Amount (Rs. In Lakhs)	Percentage to Net Assets	Amount (Rs. In Lakhs)	Percentage to Net Assets
	As at March 31, 2024		As at March 31, 2023	
Money Market	103,146	93.75	53,507	59.98
Total	103,146	93.75	53,507	59.98

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

During the year 2023-24, The Hongkong and Shanghai Banking Corporation Limited, an associate entity of HSBC Asset Management (India) Private Limited was paid collection/bank charges amounting to Rs. Nil.

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

To the Abridged Balance Sheet and Revenue Account for the year ended March 31, 2024

During the year 2022-23, The Hongkong and Shanghai Banking Corporation Limited, an associate entity of HSBC Asset Management (India) Private Limited was paid collection/bank charges amounting to Rs. Nil.

Commission paid to Sponsor/AMC and its associates/related parties/group companies

Name of Sponsor/AMC and its associates/related parties/group companies	Nature of Association / Nature of Relation	Period Covered	Business Given [Rs. In lakhs]	% of Total Business received by the Fund	Commission paid [Rs. In Lakhs]	% of Total commission paid by the Fund
The Hongkong and Shanghai Banking Corporation Limited	Group Company	2023-2024	14,175.75	8.66	19.56	29.93
The Hongkong and Shanghai Banking Corporation Limited	Group Company	2022-2023	6,406.74	3.75	2.92	3.96

Brokerage paid to Sponsor/AMC and its associates/related parties/group companies is NIL. (Previous year also NIL).

- 3
- None of the Investors held more than 25% of the total net assets of the schemes at the year ended March 31, 2024 and March 31, 2023.
- 4
- Unit Capital movement during the year ended March 31, 2024, March 31, 2023 and March 31, 2022:

Description	Opening Units	Subscription	Redemption	Closing Units	Face value
	2023-24				
Regular Plan - Growth Option	73,894,386.812	160,246,443.260	151,111,465.690	83,029,364.382	10
Regular Plan - Daily IDCW Option	1,696,980.369	2,738,794.435	4,052,178.349	383,596.455	10
Regular Plan - Weekly IDCW Option	287,404.450	43,840.682	22,347.099	308,898.033	10
Regular Plan - Monthly IDCW Option	791,562.214	476,559.255	726,150.104	541,971.365	10
Direct Plan - Growth Option**	308,967,432.969	515,620,621.503	467,993,303.634	356,594,750.838	10
Direct Plan - Daily IDCW Option	59,773.385	101,193.577	93,580.196	67,386.766	10
Direct Plan - Monthly IDCW Option	145,188.268	7,374.499	49,506.892	103,055.875	10
Direct Plan - Weekly IDCW Option	177,131.610	10,689.689	–	187,821.299	10
	2022-23				
Regular Plan - Growth Option	96,149,395.347	83,748,703.655	106,003,712.190	73,894,386.812	10
Regular Plan - Daily IDCW Option	7,839,971.987	10,238,319.900	16,381,311.518	1,696,980.369	10
Regular Plan - Weekly IDCW Option	279,631.636	18,958.820	11,186.006	287,404.450	10

Notes to Accounts – Annexure I (Contd...)**To the Abridged Balance Sheet and Revenue Account for the year ended March 31, 2024**

Description	Opening Units	Subscription	Redemption	Closing Units	Face value
Regular Plan - Monthly IDCW Option	1,001,091.552	51,693.050	261,222.388	791,562.214	10
Direct Plan - Growth Option**	365,469,940.736	666,189,165.651	722,691,673.418	308,967,432.969	10
Direct Plan - Daily IDCW Option	59,560.881	10,554.647	10,342.143	59,773.385	10
Direct Plan - Monthly IDCW Option	275,581.269	4,143.754	134,536.755	145,188.268	10
Direct Plan - Weekly IDCW Option	187,339.642	7,557.594	17,765.626	177,131.610	10
2021-22					
Regular Plan - Growth Option	158,020,667.238	162,395,357.843	224,266,629.734	96,149,395.347	10
Regular Plan - Daily IDCW Option	5,173,481.418	8,853,896.778	6,187,406.209	7,839,971.987	10
Regular Plan - Weekly IDCW Option	609,215.327	48,847.639	378,431.330	279,631.636	10
Regular Plan - Monthly IDCW Option	2,326,698.179	213,612.806	1,539,219.433	1,001,091.552	10
Direct Plan - Growth Option**	374,134,488.792	990,960,860.798	999,625,408.854	365,469,940.736	10
Direct Plan - Daily IDCW Option	409,715.543	1,136,546.892	1,486,701.554	59,560.881	10
Direct Plan - Monthly IDCW Option	531,997.485	129,917.361	386,333.577	275,581.269	10
Direct Plan - Weekly IDCW Option	880,694.942	583,856.079	1,277,211.379	187,339.642	10

** Units held by the AMC (Seed Capital) in Direct Plan Growth Option as on March 31, 2024 is 365,788.53 & as on March 31, 2023 is 365,788.53 & as on March 31, 2022 is 365,788.53

- 5 Previous year's/period figures have been re-grouped/re-arranged where necessary.
- 6 There are no contingent liabilities and other commitments as on March 31, 2024 and March 31, 2023. Contingent asset is neither recognized nor disclosed in the financial statements.
- 7 Expenses other than Management Fees are Inclusive of GST where applicable.
- 8 Other income: Rs. 0.65 lakhs represents Exit load credited to the scheme (2023: Rs. 0.14 lakhs represents Exit load credited to the scheme).
- 9 **Investor Education Awareness**

As mandated by SEBI vide circular no. CIR/IMD/DF/21/2012 dated September 13, 2012 an annual charge of 0.02 percent of daily net assets, being a part of total recurring expenses is set aside for Investor Education and Awareness (IEA). In view of the AMFI Best Practices Guidelines Circular No. 56/2015-16, the IEF (Investor Education Fund) accrual is set aside in a separate bank account and the consolidated balance across all schemes as on March 31, 2024.

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

To the Abridged Balance Sheet and Revenue Account for the year ended March 31, 2024

Pursuant to SEBI circular dated May 23, 2023, w.e.f. July 01, 2022, the limit of 0.02% p.a. has been reduced to 0.01% p.a. in case of ETFs/Index Funds. Furthermore, Fund of Funds (FoFs) investing more than 80% of its NAV in the underlying domestic funds have discontinued setting aside 0.02% p.a. of daily net assets towards IEAI.

The break-up of which is as under:

	March 31, 2024	March 31, 2023
Particulars	Amount (Rs. In Lakhs)	Amount (Rs. In Lakhs)
Opening Balance as on April 01, 2023	997.09	460.22
Add: Accrual during FY 2023-24	1,962.01	1,432.00
Less: Transferred to AMFI *	889.11	646.75
Less: Payable to AMFI (March 2024 accrual) *	91.90	69.25
Add: Investment Income FY 2023-24	77.08	166.42
Less: Spent during FY 2023-24	1,877.44	345.55
Closing Balance as on March 31, 2024	177.73	997.09

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

The IEA disclosure's are presented for surviving schemes only.

- 10 Pursuant to SEBI Circular No. SEBI/HO/IMD/DF3/CIR/P/2020/194 dated October 05, 2020, the nomenclature of 'Dividend Option' under all the schemes of HSBC Mutual Fund has been revised to 'Income Distribution cum Capital Withdrawal Option' (IDCW), with effect from April 1, 2021.
- 11 Securities, excluding debt securities, where the non-traded investments which have been valued "in good faith" exceed 5% of the net assets at the end of the year is NIL.
- 12 Debt securities which have been valued at a price other than the price given by the independent valuation agencies at the end of the year is NIL.
- 13 **Disclosure of Risk-o-meter**

Scheme Name	Risk-o-meter level at end of the financial year i.e. March 31, 2024	Risk-o-meter level as on March 31, 2023	Number of changes in Risk-o-meter during the financial year (March 2023 to March 2024)
HSBC Money Market Fund	Low to Moderate	Low to Moderate	0

- 14 Pursuant to the SEBI circular no. SEBI/HO/IMD/IMD-II DOF3/P/CIR/2021/573 dated June 07, 2021, The details of Potential Risk Class matrix of schemes are given in below:

Credit Risk →	Relatively Low (Class A)	Moderate (Class B)	Relatively High (Class C)
Interest Rate Risk ↓			
Relatively Low (Class I)		BI	
Moderate (Class II)			
Relatively High (Class III)			
A Scheme with Relatively Low interest rate risk and Moderate credit risk.			

- 15 Subsequent to receipt of SEBI's no objection to acquisition of 100% equity shares of L&T Investment Management Limited ("LTIM", Investment Manager of L&T Mutual Fund) and the amendments proposed to the trust deed of the HSBC Mutual Fund as required under the SEBI (Mutual Funds) Regulations, 1996, the schemes of L&T Mutual Fund (LTMF) were transferred to/ merged with the schemes of HSBC Mutual Fund on and from the close of business hours of November 25, 2022, and the HSBC AMC and HSBC Trustees assumed the responsibilities of the schemes of LTMF w.e.f. close of business hours of November 25, 2022.

Notes to Accounts – Annexure I (Contd...)**To the Abridged Balance Sheet and Revenue Account for the year ended March 31, 2024**

- 16 During the year, HSBC Securities and Capital Markets (India) Private Limited ("HSCI"), Sponsors of HSBC Mutual Fund established a private limited company with limited liability to act as the "Trustee" of HSBC Mutual Fund. HSBC Trustees (India) Private Limited ("HTIP") was incorporated on 9 January 2024. Accordingly, HTIP has replaced the Board of Trustees of HSBC Mutual Fund w.e.f. 1 March 2024, and the Company through its Board of Directors has been discharging its obligations as the "Trustees" of the Fund from this date.
- 17 The Annual Accounts of the Schemes, prepared in accordance with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the "Act") read with the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time and clause 17.14 of SEBI Master Circular for Mutual Funds dated June 27, 2024, has been approved by the Board of Directors of HSBC Asset Management (India) Private Limited and HSBC Trustees (India) Private Limited at their meetings held on July 08, 2024 and July 19, 2024 respectively. The audit report attached herewith refers to the said Annual Accounts. The aforesaid abridged accounts are an extract of the Annual Accounts and are prepared in accordance with clause 5.4 and format no. 3.B under the section of formats of SEBI Master Circular for Mutual Funds dated June 27, 2024 and other relevant circulars issued by the Securities and Exchange Board of India from time to time.

Voting Policy and Procedures

In view of para 6.16 of SEBI Master Circular on Mutual Funds dated June 27, 2024 related to "Role of Mutual Funds in Corporate Governance of Public Listed Companies", HSBC AMC has formulated its "Policy for Proxy Voting in Public Listed Companies". The said policy is available on our website and the details of actual exercise of proxy votes, the summary of votes casted and the auditor's certificate is forming part of our full Annual Report for the Financial Year 2023 – 24 which has been uploaded on our website at <http://www.assetmanagement.hsbc.co.in>

Statutory Details & Disclaimers

All the returns have been sourced from Mutual Funds India Explorer software. The performance of the schemes and the benchmark is calculated on a total return basis. This document has been prepared by HSBC Asset Management (India) Private Limited (HSBC) for information purposes only with an intent to provide market overview and should not be construed as an offer or solicitation of an offer for purchase of any of the funds of HSBC Mutual Fund. All information contained in this document (including that sourced from third parties), is obtained from sources, which HSBC/third party, believes to be reliable but which it has not been independently verified by HSBC/the third party. Further, HSBC/the third party makes no guarantee, representation or warranty and accepts no responsibility or liability as to the accuracy or completeness of such information. The information and opinions contained within the document are based upon publicly available information and rates of taxation applicable at the time of publication, which are subject to change from time to time.

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For disclosure of quarterly AUM/AAUM and AUM by geography, please visit our website at www.assetmanagement.hsbc.co.in. Investors are requested to note that as per SEBI (Mutual Funds) Regulations, 1996 and guidelines issued thereunder, HSBC AMC, its employees and/ or empaneled distributors/agents are forbidden from guaranteeing/promising/assuring/predicting any returns or future performances of the schemes of HSBC Mutual Fund. Hence, please do not rely upon any such statements/commitments. If you come across any such practices, please register a complaint via email at investor.line@mutualfunds.hsbc.co.in

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

Important Updates

Name and Date of Birth as per PAN card - Effective from June 1, 2024

As per recent regulatory requirement and changes advised by Income Tax Department in PAN validation process, now it is mandated to quote your Name(s) and DOB as per PAN card. To avoid any failure in such validations, we request investors to quote the Name(s) and DOB's of all the holders including Guardian, Power of Attorney (POA) holders as per PAN card.

Useful Links for self service options

- **Use our 24 x 7 Chatbot - "ASKME" for any queries or service request:**
visit: <https://invest.assetmanagement.hsbc.co.in>

SMS your request to HSBC Mutual Fund

- **Latest NAV :** Send SMS as HSBCMF NAV <Scheme Code> to 56767
Example: HSBCMF NAV F03
- **Valuation Service on registered mobile No. :** Send SMS as HSBCMF VAL <folio_number> to 56767
Example: HSBCMF VAL 123456
- **Annual Report :**
For Electronic Copy: Send SMS as HSBCMFARE <folio_number> to 567678080
Example: HSBCMF ARE 123456
For Physical Copy: Send SMS as HSBCMFARP <folio_number> to 567678080
Example: HSBCMF ARP 123456
- **Half Yearly Portfolio :**
For Electronic Copy: Send SMS as HSBCMFHPE <folio_number> to 567678080
Example: HSBCMF HPE 123456
For Physical Copy: Send SMS as HSBCMFHPP <folio_number> to 567678080
Example: HSBCMF HPP 123456

Missed Call Service

- You can give a missed call to 9212900020 to get the total valuation via SMS and a statement on your registered email ID

Book-Post

If undelivered please return to:

Computer Age Management Services Private Limited (CAMS)

Unit: HSBC Mutual Fund

New No. 10, M.G.R Salai, Nungambakkam, Chennai - 600034.

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

HSBC Asset Management (India) Private Limited

CIN NO: U74140MH2001PTC134220

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

Website : www.assetmanagement.hsbc.co.in

Description	Toll Free Number	Email ID
Investor related queries	1800-4190-200/1800-200-2434	investor.line@mutualfunds.hsbc.co.in
Online related queries	1800-4190-200/1800-200-2434	onlinemf@mutualfunds.hsbc.co.in
Investor (Dialing from abroad)	+91 44 39923900	investor.line@mutualfunds.hsbc.co.in

To get your updated account statement email us at : "mfsoa@mutualfunds.hsbc.co.in"

We're always here to help you, so feel free to reach out to us

Self-service request at your Fingertips

- Visit Website • Invest Online • Insta Statement • Download Forms
- Transact via Whats App • Use 24/7 ChatBot - Ask Me



Remember, you can also find out more via our social media handles !     

Please check our website www.assetmanagement.hsbc.co.in for an updated list of Official Points of Acceptance of HSBC Mutual Fund.

CAMS SERVICE CENTRES / CAMS LIMITED TRANSACTION POINTS / CAMS COLLECTION CENTRES

For details on CAMS Service Centres, please visit www.camsonline.com



HSBC Overnight Fund

Overnight fund – An open ended debt scheme investing in overnight securities. Relatively Low interest rate risk and relatively Low credit risk.

Abridged Annual Report 2023 - 2024



SPONSOR

HSBC Securities and Capital Markets (India) Private Limited

CIN – U67120MH1994PTC081575

Regd. Office: 52/60, Mahatma Gandhi Road, Fort, Mumbai 400001.

TRUSTEE COMPANY

HSBC Trustees (India) Private Limited

CIN – U66190MH2024PTC416973

Regd. Office: 52/60, Mahatma Gandhi Road, Fort, Mumbai 400001.

ASSET MANAGEMENT COMPANY

HSBC Asset Management (India) Private Limited

CIN – U74140MH2001PTC134220

Regd. Office: 9-11 Floors, NESCO IT Park, Building No. 3,
Western Express Highway, Goregaon (East), Mumbai 400063.

CUSTODIAN

Citibank N.A.

First International Financial Center (FIFC), 9th Floor,
C-54 & 55, G – Block, Bandra Kurla Complex, Bandra (East), Mumbai 400051.

AUDITORS TO THE SCHEME

MSKA & Associates

Chartered Accountants

602, Floor 6, Raheja Titanium, Western Express Highway,
Geetanjali Railway Colony, Ram Nagar, Goregaon (East), Mumbai 400063.

REGISTRAR & TRANSFER AGENTS

Computer Age Management Services Limited (CAMS)

Unit: HSBC Mutual Fund

New No. 10, M.G.R Salai, Nungambakkam, Chennai 600034.

BOARD OF TRUSTEES

Ms. Jasmine Batliwalla	– Chairperson
Mr. Nani Javeri	– Trustee
Mr. David Rasquinha	– Trustee
Mr. Nicolas Moreau	– Trustee

BOARD OF DIRECTORS

Dr. Indu Shahani	– Director
Mr. Kapil Seth	– Director
Ms. Roopa Varma	– Director
Mr. Kailash Kulkarni	– Director & Chief Executive Officer

Dear Investor,

As we reflect on the past year, I am filled with pride and optimism about the future of our company and overall growth of the mutual fund industry. The past year has marked significant milestones in our journey, particularly as we capitalise on the immense potential of India's burgeoning growth story.

Fiscal 2024 turned out to be one of the best years for the domestic mutual fund industry as assets under management (AUM) spurted by nearly Rs. 14 lakh crore to a record Rs. 53.40 lakh crore as of March 2024 compared with Rs. 39.42 lakh crore as of March 2023.

The mutual fund industry is experiencing immense growth and we are poised to take advantage of this upward trajectory. Our company is an integral part of this growth story, riding the wave with several strategic initiatives and accomplishments that have set us on a path of sustained success.



Major achievements post integration

- Post integration we have enhanced our digital offering for both B2B and B2C to provide improved customer journeys.
- HSBC AM India's AUM increased from USD 1.4 bn (before integration) to USD 13.7 bn as of April 2024.
- HSBC Asset Management India has now become the 14th largest asset manager in India in terms of AUM.
- HSBC AM India has launched 4 new products since integration (raising \$445M).
- We have expanded HSBC AM India's product offerings to 43 funds.

Key Achievements in FY2023-2024

Investment Performance: Our disciplined investment strategy and thorough research have been pivotal to our success. We have focused on high-quality, undervalued assets, achieving consistent returns across our portfolio.

Product Innovation: This year, we launched two new funds - HSBC Multi Asset Allocation Fund and HSBC Consumption Fund, tailored to meet the evolving needs of our investors. These new offerings have been well-received, contributing to our growth in AUM significantly.

Increased Media Presence: In FY24, we significantly boosted our media presence, ensuring that our brand and thought leadership are recognized across various platforms. Through strategic media engagements like Informed Investing with ET Now, talks shows and several authored articles plus interviews - we have amplified our message, reaching a broader audience and reinforcing our market position.

Successful Campaign Launch: We successfully launched SIP Hai #FaydeWaliAadat, an investor education campaign, that highlighted the transformative power of SIPs in achieving long-term financial

goals. A first of its kind campaign, it aimed at educating and empowering the millennial investors in India. The campaign garnered significant attention and positive feedback, strengthening our brand presence and engaging a wider audience. Notably, the campaign has also earned us prestigious awards and accolades highlighting our commitment to excellence and innovation.

Client Relationships: We have strengthened our client relationships through enhanced communication, transparency, and personalized service. Our client satisfaction scores have reached new heights, reflecting our commitment to exceptional service.

We believe that the India story has just begun and its economic landscape is poised for significant growth. An exposure to unique and future relevant themes can provide a much-needed inflation buffer. The importance of asset allocation continues to be critical. It is critical for all of us to review our risk appetite and goal proximity and construct a portfolio appropriately.

Besides construction, portfolio rebalancing is equally important in order to achieve optimal outcomes. I do hope you share my enthusiasm and I ask that you continue to invest whilst reviewing your asset allocation at all times.

I would like to express my sincere gratitude to our dedicated team, whose expertise and commitment are the backbone of our success. To our investors, thank you for your trust and continued support. Your confidence in our approach motivates us to strive for excellence in everything we do. Also, I want to express my deepest gratitude to our valuable partners for their unwavering support and keep our services running. Look forward to achieving even grater milestones together.

As we move forward, we remain committed to delivering superior investment performance, fostering strong client relationships, and driving sustainable growth. Together, we are well-positioned to navigate the future and achieve our goals.

Warm regards,

A handwritten signature in black ink, appearing to read 'Kailash Kulkarni', written over a horizontal line.

Kailash Kulkarni

Chief Executive Officer

HSBC Asset Management India

Trustees' Report

For the year ended March 31, 2024

The Board of Directors of HSBC Trustees (India) Private Limited, Trustees of HSBC Mutual Fund present the Twenty Second Annual Report and the audited abridged financial statements of the schemes of the HSBC Mutual Fund ('the Fund') for the year ended March 31, 2024.

With the acquisition of L&T Mutual Fund in the previous financial year, the Fund's Assets Under Management ('AUM') (excluding Domestic FOFs) as on March 31, 2024 was INR 109368.16 crores (audited). The Fund ranks in the top 15 Mutual Fund houses in India in terms of AUM.

As at March 31, 2024, the Fund offered 43 schemes across asset classes to meet the varying investment needs of the investors. During the year, the Fund launched two new products namely HSBC Consumption Fund and HSBC Multi Asset Allocation Fund in Equity and Hybrid categories.

The Fund continues its focus on delivering consistent long-term returns. The comments on the performance of the scheme(s) are provided hereinafter. Dividends were declared under various schemes as per the provisions contained in the respective Scheme Information Documents after considering the distributable surplus available under the respective plans of the schemes. Details of dividends declared can be viewed on our website at www.assetmanagement.hsbc.co.in.

During the year, HSBC Securities and Capital Markets (India) Private Limited ("HSCI"), Sponsors of the Fund established a private limited company with limited liability to act as the "Trustees" of the Fund. HSBC Trustees (India) Private Limited ("HTIP") was incorporated on 9 January 2024. Accordingly, HTIP has replaced the Board of Trustees of HSBC Mutual Fund w.e.f. 1 March 2024, and the Company through its Board of Directors has been discharging its obligations as the "Trustees" of the Fund from this date.

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

a. Operations and Performance of the Scheme

➤ Debt Scheme

HSBC Overnight Fund ('HOF')

(An open-ended debt scheme investing in overnight securities. Relatively low interest rate risk and relatively low credit risk)

The scheme aims to offer reasonable returns commensurate with low risk and high degree of liquidity through investments in overnight securities. However, there is no assurance that the investment objective of the Scheme will be achieved.

The net assets of HOF amounted to INR 1863.15 crores as at March 31, 2024 as against INR 3195.45 crores as at March 31, 2023. Around 8.29% of the net assets were invested in Debt, 91.68% of the net assets were invested in reverse repos/TREPS and 0.03% in net current assets as at March 31, 2024.

HOF underperformed marginally than its benchmark. The scheme aims at optimal deployment in the overnight market i.e. TREPS and CROMS.

HSBC Overnight Fund				Date of Inception : 22 May, 2019				
Fund / Benchmark (Value of ₹ 10,000 invested)	1 Year		3 Years		5 Years		Since Inception	
	Amount (₹)	Returns (%)	Amount (₹)	Returns (%)	Amount (₹)	Returns (%)	Amount (₹)	Returns (%)
HSBC Overnight Fund	10671	6.69	11598	5.06	NA	NA	12389	4.50
Scheme Benchmark (NIFTY 1D Rate Index)	10679	6.83	11648	5.23	NA	NA	12533	4.76
Additional Benchmark (CRISIL 1 Year T Bill Index)	10723	7.21	11626	5.15	NA	NA	12967	5.49

Past performance may or may not be sustained in future. The returns for the respective periods are provided as on March 31, 2024 for Growth Option of Regular Plan. Returns on ₹ 10,000 are point-to-point returns for the

Trustees’ Report

For the year ended March 31, 2024 (Contd...)

specific time period, invested at the start of the period. Returns for 1 year and above are Compounded Annualized. Different plans shall have a different expense structure. Performance of the respective benchmark is calculated as per the Total Return Index (TRI).

Risk-o-meter as of 31st March, 2024:

Scheme Name	Scheme Risk-o-meter	Benchmark Risk-o-meter
HSBC Overnight Fund	 Investors understand that their principal will be at Low risk	Benchmark Index: NIFTY 1D Rate Index 

Please note that the above risk-o-meter is as per the product labelling of the Scheme basis Scheme's monthly portfolio as on March 31, 2024.

Potential Risk Class (PRC) Matrix for Debt Schemes of HSBC Mutual Fund

HSBC Overnight Fund			
Credit Risk →	Relatively Low (Class A)	Moderate (Class B)	Relatively High (Class C)
Interest Rate Risk ↓			
Relatively Low (Class I)	AI		
Moderate (Class II)			
Relatively High (Class III)			
A Scheme with Relatively Low interest rate risk and Low credit risk.			

Potential Risk Class 'PRC' matrix indicates the maximum interest rate risk (measured by Macaulay Duration of the scheme) and maximum credit risk (measured by Credit Risk Value of the scheme) the fund manager can take in the scheme. PRC matrix classification is done in accordance with and subject to the methodology/guidelines prescribed by SEBI to help investors take informed decision based on the maximum interest rate risk and maximum credit risk the fund manager can take in the scheme, as depicted in the PRC matrix.

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

➤ EQUITY OUTLOOK

Recap of FY 2023-24:

FY24 was a stellar year for the Indian equity markets with strong economic momentum, healthy earnings growth and strong inflows from domestic and foreign institutional investors and strong retail participation driving a broad-based bull market. The Nifty and Sensex were up a solid 30.1%/26.5% respectively during the year, while the BSE Midcap and BSE Smallcap indices gained an astounding 65.2% and 61.4% respectively.

While geo-political conflicts continued in FY24, their impact on crude and global supply chains moderated. Crude prices largely remained range bound during the year. Inflation barring a brief spike largely remained well contained, the economy gained further steam with GDP growth crossing 8% in H1FY24 supported by government thrust on infrastructure. This translated into strong growth for several core sector industries including steel and cement. The growth in the real estate sector has been strong with inventory continuing to decline in metro markets. However, lagged impact of price increases continued to impinge on consumer demand growth which remained subdued for most mass market categories.

Trustees' Report

For the year ended March 31, 2024 (Contd...)

Domestic cyclical were the best performing sectors during the year led by Real Estate, Capital Goods, Autos. Power was also among the best performing sectors. Global cyclical like Metals and Oil & Gas also strongly outperformed the Nifty. FMCG and Banking while delivering healthy positive returns underperformed the Nifty, while IT performance was closer to Nifty.

MSCI India index outperformed most of key global indices during the past fiscal. MSCI India index (USD) gained 35.5% as compared to 23.1% gain for MSCI World, 27.9% for US S&P 500, 11.0% for MSCI Europe and only 5.3% for MSCI Emerging Markets as MSCI China declined 19.0% over the period.

Strong performance of the market and subsiding global macro headwinds drove a sharp turnaround in foreign investment flows. FII net inflow was at USD 25.3bn in FY24 versus an outflow of USD 6.0bn/17.1bn in FY23/ FY22. DIIs, on the other hand, matched FII inflow with an inflow of USD 25.3bn although it was lower than the net inflows at USD 30.8bn in FY23. Within DIIs, the MF segment was the key contributor (USD 24.3 bn of net inflows up from USD 21.8bn in FY23) while domestic Insurers were also in the net inflow territory (USD 1.0bn of net inflows vs USD 9.0bn in FY23).

Source: Motilal Oswal

Indices Returns (April 01, 2023 to March 31, 2024)	1 Year [^]
S&P BSE Sensex TR	26.5%
NSE CNX Nifty TR	30.1%
S&P BSE 100 TR	34.2%
S&P BSE 200 TR	38.5%
S&P BSE 500 TR	40.2%
S&P BSE Midcap TR	65.2%
S&P BSE Small-cap TR	61.4%

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

Way forward:

The global macro environment remains challenging with heightened geo-political and economic uncertainties. US bond yields remain high putting pressure on interest rates and currencies globally. For India, growth has continued to remain strong with GDP growth of 8.4% in Q3FY24 driven by strong government spending on infrastructure and pickup in manufacturing and construction. The 2024 interim budget has re-affirmed government focus on infrastructure. At the same time reduction in fiscal deficit should also help in easing of domestic interest rates. However, after last year's patchy monsoon, a good monsoon will be an important factor for rural demand and overall consumption growth in the economy in FY25.

India starts FY25 on a strong footing with positive growth momentum and India's investment cycle is expected to be on a medium-term uptrend supported by rising government investment in infrastructure and recovery in real estate cycle. There is also an expectation of higher private investments in renewable energy and related supply chain, localization of higher-end technology components, and India becoming a more meaningful part of global supply chains. Finally, it is expected for consumption to improve as the impact of high inflation fades and real incomes start to grow again.

However, several of these positives are getting discounted by the high valuations currently prevailing in the equity market. While the fund managers remain constructive on Indian equities supported by the more robust medium-term growth outlook there is a caution against high return expectations. Nifty continues to trade on 20.6x consensus 1 year forward PE (as of 30 April). On a 10-year basis, Nifty is still trading 10% above its historic average valuation but is in-line with its 5-year average. Valuations of the midcap and small cap indices are even higher versus their historical average.

Trustees' Report

For the year ended March 31, 2024 (Contd...)

➤ DEBT OUTLOOK

Market drivers during the course of the year FY 2024

The year started with advanced economies continuing to grapple with higher inflation and policy tightening remained a common theme across economies. During FY2024, the Federal Open Market Committee (FOMC) raised policy rates by 50 bps while European Central Bank (ECB) and Bank of England (BOE) raised policy rates by 100 bps each. The cumulative rate hikes by various advanced economies in this cycle are as follows: Fed (525 bps), BOE (515 bps) and ECB (450 bps). Meanwhile cumulative rate hikes by the Monetary Policy Committee (MPC) in this cycle was 250 bps. On account of higher Government debt burden, Fitch downgraded US sovereign rating from AAA to AA+. US Treasury yields remained volatile during the year, with the 10-year benchmark rising higher by 73 bps during the year. Crude prices also moved higher by USD 7-8/bbl.

On the domestic front, Consumer price Index (CPI) inflation remained broadly in the upper end of the MPC's targeted band of 4% +/- 2% for most the financial year, however, inflation printed above 6% on two occasions due to high food inflation. Headline inflation remained susceptible to high food inflation with markets now expecting some relief of food prices on the back of normal monsoon. Core inflation eased through the year falling to below 4% in the last quarter.

Domestically, one of the biggest events during the year was the much-awaited index inclusion of Indian Government Bonds (IGBs) into the GBI-EM Global index suite and its relevant benchmarks. India is expected to reach the maximum weight of 10% in the GBI-EM Global Diversified Index (GBI-EM GD), with the inclusion staggered over a 10-month period starting June 2024. Following this, Bloomberg also included IGBs in their Bloomberg EM Local Currency Index, with India expected to reach a maximum weight of 10% over a 10-month period starting Jan 2025. Both these inclusions are expected to bring in INR 25-30 bn of index related FPI inflows over the next 1-2 years and paving the way for inclusion into other global bond indices as well. During FY2024, FPIs poured in close USD 12 bn into IGBs, with majority of the inflows coming in post the JP Morgan index inclusion announcement.

Government continued its path of fiscal consolidation, with the revised estimate of the Fiscal deficit for FY2024 coming in at 5.6%, with expectations for FY2025 at 5.1% and target of below 4.5% by FY2026. PMI numbers continue to remain in expansion, GST revenues remain buoyant and credit off-take upbeat.

The external sector has remained strong due to healthy service exports and remittances. Current Account Deficit (CAD) is expected to be around 1% for the year. Rupee remained one of the more stable currencies during the year, with active intervention from RBI smoothening any volatility. RBI continued to build on the FX reserves with year-end number around USD 650 bn.

Money market rates moved higher during the year due to tightening in liquidity along with higher Certificate of Deposit (CD) issuances. G-Sec yields, however, moved lower due to favorable demand supply and lower G-Sec borrowing. 10-year G-Sec moved lower during the year by 25 bps, while 5 yr G-Sec moved lower by 13 bps.

Market Outlook

While US markets have braced for "higher for longer" rates, we have seen in the past, that reactions to favorable data in such an environment can be sharp. Any softness in growth, employment or inflation data over the next few months will allow the markets to quickly start pricing in aggressive future policy easing. In our view, the RBI is also likely to gradually shift the liquidity deficit into surplus over the course of the next 3-6 months, flipping overnight rates from the top to the bottom of the rate corridor. The yield curve is likely to steepen as liquidity eases. This along with a potential 50 bps of policy easing in first half of CY2025 may push overnight rates lower by 75-100 bps.

While any form of additional spending by the new Government to address concerns of rural sections of the country and the possibility of additional spending to fund such policies will remain a key monitorable, it is believed the Government is likely to remain cognizant of the possible impact of such policies and take measured steps. With the dust settling down on the election outcome, the broad macroeconomic factors should continue to remain stable and could support softening in domestic yields going forward.

Trustees' Report

For the year ended March 31, 2024 (Contd...)

The Fund Managers continue to have a positive outlook for interest rates, based on various favorable factors: (a) Record RBI dividend to the Government, (b) reduced Fiscal deficit number of 5.6%, (c) favorable G-Sec supply demand dynamics, (d) FPI index related inflows, (e) revised outlook in India by S&P, (f) soft core inflation along with expectations of a better than normal monsoon, and finally (g) soft signals by Government and RBI on liquidity.

Source: RBI, Bloomberg, Internal HSBC Research & CCIL

2. BRIEF BACKGROUND OF THE SPONSORS, THE FUND, THE TRUSTEES AND THE ASSET MANAGEMENT COMPANY

A. Sponsor

HSBC Mutual Fund is sponsored by HSBC Securities and Capital Markets (India) Private Limited (HSCI). The Sponsor is the Settler of the Mutual Fund Trust. The Sponsor has entrusted a sum of Rs. 1,00,000/- (Rupees One Lakh only) to the Trustee as the initial contribution towards the corpus of the Mutual Fund.

HSCI offers integrated investment banking services, securities and corporate finance & advisory. HSCI is a member of the Bombay Stock Exchange Limited and National Stock Exchange (capital and derivative market segments). HSCI holds 100% of the paid-up equity share capital of HSBC Asset Management (India) Private Limited.

B. HSBC Mutual Fund

HSBC Mutual Fund ("the Mutual Fund" or "the Fund") has been constituted as a Trust in accordance with the provisions of the Indian Trusts Act, 1882 (2 of 1882) vide a Trust Deed dated February 7, 2002 (as amended) with HSBC Securities and Capital Markets (India) Private Limited, as the Sponsor and HSBC Trustees (India) Private Limited. The Trustee has entered into an Investment Management Agreement dated February 7, 2002 (as amended) with HSBC Asset Management (India) Private Limited (AMC) to function as the Investment Manager for all the schemes of the Fund. The Fund was registered with SEBI vide registration number MF/046/02/5 dated May 27, 2002.

The Trust has been formed for the purpose of pooling of capital from the public for collective investment in securities for the purpose of providing facilities for participation by persons as beneficiaries in such investments and in the profits/income arising therefrom.

C. HSBC Trustees (India) Private Limited (the Trustees)

The Trustees are the exclusive owner of the Trust Fund and holds the same in trust for the benefit of the unitholders. The Trustees have been discharging their duties and carrying out the responsibilities as provided in the SEBI (Mutual Funds) Regulations, 1996 and the Trust Deed. The Trustees seek to ensure that the Fund and the schemes floated there under are managed by the AMC in accordance with the Trust Deed, the said Regulations, directions and guidelines issued by the SEBI, the Stock Exchanges, the Association of Mutual Funds in India and other regulatory agencies.

During the year, HSBC Securities and Capital Markets (India) Private Limited ("HSCI"), Sponsors of HSBC Mutual Fund) established a private limited company with limited liability to act as the "Trustee" of HSBC Mutual Fund. HSBC Trustees (India) Private Limited ("HTIP") was incorporated on 9 January 2024. Accordingly, HTIP has replaced the Board of Trustees of HSBC Mutual Fund w.e.f. 1 March 2024, and the Company through its Board of Directors has been discharging its obligations as the "Trustees" of the Fund from this date.

As of March 31, 2024, HSCI holds 100% of the paid-up equity share capital of HTIP.

D. Asset Management Company (the AMC)

HSBC Asset Management (India) Private Limited (the Investment Manager or the AMC) is a private limited company incorporated under the Companies Act, 1956 on December 12, 2001 having its Registered Office at 9-11 Floors, NESCO IT Park, Building no. 3, Western Express Highway, Goregaon (East), Mumbai – 400 063. HSBC Asset Management (India) Private Limited has been appointed as the Asset Management Company of HSBC Mutual Fund by the Trustee vide Investment Management Agreement (IMA) dated

Trustees' Report
For the year ended March 31, 2024 (Contd...)

February 7, 2002 (as amended) and executed between the Trustees and the AMC. SEBI approved the AMC to act as the Investment Manager of the Fund vide its letter No. MFD/BC/163/2002 dated May 27, 2002. The paid-up equity share capital of the AMC is Rs. 344.41 crores. The AMC is registered as a Portfolio Manager under the SEBI (Portfolio Managers) Regulations, 1993 vide registration no. INP000001322. The AMC also offers non-binding Advisory services to offshore funds under the mutual fund license.

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

3. INVESTMENT OBJECTIVE OF THE SCHEMES

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

4. SIGNIFICANT ACCOUNTING POLICIES

The Significant Accounting Policies form part of the Notes to the Accounts annexed to the Balance Sheet of the Schemes in the Full Annual Report. The accounting policies are in accordance with Securities Exchange Board of India (Mutual Funds) Regulations, 1996 and Indian Accounting Standards (IND AS) notified under section 133 of the Companies Act, 2013 (the "Act" read with the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time.

5. UNCLAIMED DIVIDENDS & REDEMPTIONS

Summary of number of investors & corresponding amount as on March 31, 2024:

Scheme Name	Unclaimed Dividend		Unclaimed Redemption	
	No. of Investors	Amount (₹)	No. of Investors	Amount (₹)
HSBC Overnight Fund	2,907	212,506.94	115	3,742,249.93

6. INVESTOR SERVICES

The number of official points of acceptance of transactions are 210 locations. In addition to the offices of the Registrar & Transfer Agent, the AMC has its own office in 61 locations and Investor Service Centers in 39 locations. The AMC has 2 Toll Free numbers (1800-4190-200/1800-200-2434) which can be dialed from anywhere in India and 1 number i.e. +91 44 39923900 (Investors calling from abroad). The call center service is being managed by the Registrar and Transfer Agents. HSBC Mutual Fund offers the online transaction facility through the AMC's website at www.assetmanagement.hsbc.co.in.

On the distribution front, the number of empaneled distributors were 59046 as on March 31, 2024. During the year, the AMC initiated tie-ups for online distribution of the Mutual Fund's schemes with several channel partners taking the total number of such tie-ups to 160 as on March 31, 2024.

7. DETAILS OF INVESTOR GRIEVANCE REDRESSAL

The details of the redressal of investor complaints received against HSBC Mutual Fund during April 2023 - March 2024 are as follows:

2023-2024												
Complaint code	Type of Complaint	(a) No. of complaints pending at the beginning of the period	(b) No. of complaints received during the given period	Action on (a) and (b)								
				Resolved				Non Action-able*	Pending			
				Within 30 days	30-60 days	60-180 days	Beyond 180 days		0-3 months	3-6 months	6-9 months	9-12 months
IA	Non receipt of amount declared under Income Distribution cum Capital Withdrawal option	1	10	11	0	0	0	0	0	0	0	0

Trustees' Report

For the year ended March 31, 2024 (Contd...)

2023-2024												
Com- plaint code	Type of Complaint	(a) No. of complaints pending at the begin- ning of the period	(b) No. of com- plaints received during the given period	Action on (a) and (b)								
				Resolved				Non Action- able*	Pending			
				Within 30 days	30-60 days	60-180 days	Beyond 180 days		0-3 months	3-6 months	6-9 months	9-12 months
I B	Interest on delayed payment of amount declared under Income Distribution cum Capital Withdrawal option	0	1	1	0	0	0	0	0	0	0	0
I C	Non receipt of Redemption Proceeds	1	38	39	0	0	0	0	0	0	0	0
I D	Interest on delayed payment of Redemption	0	2	2	0	0	0	0	0	0	0	0
II A	Non receipt of Statement of Account/Unit Certificate	0	3	3	0	0	0	0	0	0	0	0
II B	Discrepancy in Statement of Account	1	22	23	0	0	0	0	0	0	0	0
II C	Data corrections in Investor details	1	250	249	0	0	0	0	2	0	0	0
II D	Non receipt of Annual Report/ Abridged Summary	0	0	0	0	0	0	0	0	0	0	0
III A	Wrong switch between Schemes	0	2	2	0	0	0	0	0	0	0	0
III B	Unauthorized switch between Schemes	0	1	1	0	0	0	0	0	0	0	0
III C	Deviation from Scheme attributes	0	1	1	0	0	0	0	0	0	0	0
III D	Wrong or excess charges/load	0	0	0	0	0	0	0	0	0	0	0
III E	Non updation of changes viz. address, PAN, bank details, nomination, etc	1	127	127	0	0	0	0	1	0	0	0
III F	Delay in allotment of Units	0	5	4	1	0	0	0	0	0	0	0
III G	Unauthorized Redemption	0	0	0	0	0	0	0	0	0	0	0
IV	Others**	1	78	76	0	0	0	0	3	0	0	0
	TOTAL	6	540	539	1	0	0	0	6	0	0	0

** As per AMFI Best Practice Guidelines Circular No.25/2011-12 for Revisions in the Guidelines on Standardization of Complaints/Grievances Reporting Procedure. If "Others" include a type of complaint which is more than 10% of overall complaints, then such a reason should be provided separately. Hence, data corrections in Investor Details are included as a separate category.

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

Summary of Complaints for FY 2023-24

Particulars	Count
Total complaints received	540
Total number of folios	21,39,406
% of complaints against the folio	0.025

8. INVESTOR EDUCATION INITIATIVES

During the FY 2023-24, the AMC conducted the following investor education and awareness initiatives:

- An integrated multi-media marketing campaign on SIP Hai 'FaydeWaliAadat' aimed to tap into the aspirations, financial goals, and unique spending habits of millennials.
- Editorial content on Systematic Investment Plans (SIP) created across 15 states through various regional television channels.

Trustees' Report

For the year ended March 31, 2024 (Contd...)

- Investor education content on the Platform - Quora.
- 'Be Money Confident' video series targeting women through Jio Platforms.
- Campaign on Women & Investing for Women's Day.
- Campaign for Marathon enthusiast on the similarities between running a Marathon & Investing.
- Financial literacy virtual event on the occasion of Mother's Day, which received more than 725 registered users.
- A mom blogger outreach program to reach Women Investors with financial education content on MF on the occasion of Mother's Day.
- Education campaign on ELSS executed for working audiences.
- Blogs and content for Investor Education properties like SIP Sahi Hai in Value Research, Gyan Guroovaar on Facebook, Investment Ki Paathshala on the website and investor education blogs on the platform - Advisor Khoj.
- 1,462 Investor Education programs to reach out to an audience of 71,465 people out of which 458 were women programs attended by 20,139 women.

9. PROXY VOTING POLICY

As per para 6.16 of SEBI Master Circular on Mutual Funds dated June 27, 2024, the Fund has adopted Proxy Voting Policy and Procedures for exercising voting rights in respect of securities held by the Schemes. (please refer Proxy Voting Policy and Procedures)

The summary of the votes casted in the general meetings of the Investee companies, by the AMC for and on behalf of the Schemes of the Fund, for the financial year 2023-24 is provided below:

Quarter	Total no. of resolutions	Break-up of Vote decision		
		For	Against	Abstained
April 2023 - June 2023	387	260	75	52
July 2023 - September 2023	2,169	1607	448	114
October 2023 - December 2023	197	138	37	22
January 2024 - March 2024	319	240	50	29
TOTAL	3,072	2,245	610	217

As per para 6.16.7 of SEBI Master Circular on Mutual Funds dated June 27, 2024, the AMC has obtained certificate from M/s. M. P. Chitale & Co., Chartered Accountants, who is acting as a Scrutinizer, on the voting report for the FY 2023-24. The certificate dated May 22, 2024 issued by M/s. M. P. Chitale & Co., is available on the website of the AMC as part of the full Annual Report.

Unitholders can refer to the full Annual Report for complete details of actual exercise of votes in the general meetings of the investee companies for the financial year 2023-24 or log on to our website at www.assetmanagement.hsbc.co.in.

10. STATUTORY DETAILS

- The Sponsors are not responsible or liable for any loss resulting from the operation of the Schemes of the Fund beyond initial contribution of Rs. 1 lakh for setting up the Fund.
- The price and redemption value of the units, and income from them, can go up as well as down with fluctuations in the market value of its underlying investments.
- Full Annual Report of HSBC Mutual Fund and of HSBC Asset Management (India) Private Limited (the AMC) shall be disclosed on the website at www.assetmanagement.hsbc.co.in and shall be available for inspection at the Head Office of the Mutual Fund. Present and prospective unitholders can obtain copy of the Trust Deed, the full Annual Report of the Scheme(s), the Annual Report of HSBC Asset Management (India) Private Limited and the text of the relevant Scheme(s) at a price.

Trustees' Report

For the year ended March 31, 2024 (Contd...)

11. CHANGES IN RISK-O-METER OF THE SCHEME DURING FY 2023-24

As per para 17.4. of SEBI Master Circular on Mutual Funds dated June 27, 2024 on product labelling, the changes carried out in the risk-o-meter of the schemes of HSBC Mutual Fund during FY 2023-24 have been given in the below mentioned table for the information of the unitholders, a report on the said changes has also been displayed on the website of the Fund and AMFI.

Scheme Name	Risk-o-meter level as on March 31, 2023	Risk-o-meter level as on March 31, 2024	Number of changes in Risk-o-meter during the F.Y. 2023-24)
HSBC Overnight Fund	Low	Low	0

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

As per para 6.16.15 of SEBI Master Circular on Mutual Funds dated June 27, 2024, HSBC Mutual Fund has adapted the policy on stewardship responsibilities, the unitholders are requested to note the status of governance with the same as mentioned below:

S. No.	Particulars of Principles of Stewardship Code	Status of compliance (Complied/ Not Complied)	Description	Remarks/ reasons for deviation/non-compliance, if any
1	Principle 1: Institutional Investors should formulate a comprehensive policy on the discharge of their stewardship responsibilities, publicly disclose it, review and update it periodically.	Complied	HSBC Asset Management (India) Private Limited's (AMIN) 'Policy on Stewardship responsibilities' (Stewardship Code/ Policy) was formulated and implemented on 01 July, 2020. This is a comprehensive document which has been publicly disclosed on the website of AMIN. The same shall follow a periodic review.	N.A.
2	Principle 2: Institutional investors should have a clear policy on how they manage conflicts of interest in fulfilling their stewardship responsibilities and publicly disclose it.	Complied	Defining and managing Conflict of Interest in fulfilling stewardship responsibilities are detailed in the Stewardship Policy document. The policy document is publicly disclosed.	N.A.
3	Principle 3: Institutional investors should monitor their investee companies.	Complied	AMIN monitors all investee companies through its investment process. This includes assessment of companies' own and market data, consideration of research from brokers and other independent research providers – including ESG & voting research, attending individual & group meetings with company management and directors, visiting production sites (wherever necessary), engaging with key stakeholders including competitors and customers, and financial modelling. More details enumerated in the policy document	N.A.

Trustees' Report
For the year ended March 31, 2024 (Contd...)

S. No.	Particulars of Principles of Stewardship Code	Status of compliance (Complied/ Not Complied)	Description	Remarks/ reasons for deviation/non-compliance, if any
4	Principle 4: Institutional investors should have a clear policy on intervention in their investee companies. Institutional investors should also have a clear policy for collaboration with other institutional investors where required, to preserve the interests of the ultimate investors, which should be disclosed.	Complied	Details of undertaking active engagement with investee companies and the policy for collaboration with other institutional holders are detailed in the policy document. The policy document is publicly disclosed.	N.A.
5	Principle 5: Institutional investors should have a clear policy on voting and disclosure of voting activity.	Complied	AMIN has a clear and detailed voting policy which provides the framework for the voting decisions. All voting decisions shall be in accordance with AMIN's Voting Policy and Procedures, which is disclosed on the website. AMIN discloses the details of the voting on its website on a quarterly basis within 10 working days from the end of the quarter. Additionally, AMIN also discloses the details of the votes cast, in the annual report of the schemes of HSBC Mutual Fund.	N.A.
6	Principle 6: Institutional investors should report periodically on their stewardship activities.	Complied	The annual status report of the stewardship code and quarterly report on proxy voting are publicly disclosed on the website as required under SEBI Regulations.	N.A.

13. DISCLOSURES PERTAINING TO NAV ADJUSTED DURING THE FINANCIAL YEAR FOR SWING FACTOR ALONG WITH THE PERFORMANCE IMPACT

Sr No.	Period of applicability of swing pricing	Scheme Name	Unswung NAV	Swing factor applied	Whether optional or mandatory
NIL					

14. SIGNIFICANT EVENT AFTER THE END OF THE FINANCIAL YEAR

NIL

15. ACKNOWLEDGEMENTS

The Trustees wish to thank the unitholders of the Schemes for their support throughout the year, and also thank the Government of India, the Securities and Exchange Board of India (SEBI), the Reserve Bank of India (RBI) and the Association of Mutual Funds in India (AMFI) for the guidance provided by them. The Trustees

Trustees' Report

For the year ended March 31, 2024 (Contd...)

also appreciate the services provided by the Registrar and Transfer Agent, Fund Accountant, Custodian, Bankers, Distributors and Brokers. The guidance and services provided by the auditors and advocates and the ebullience, sincerity and dedication of the employees of HSBC Asset Management (India) Private Limited is also appreciated.

The Trustees look forward to the continued support of everyone.

For and on behalf of **HSBC Trustees (India) Private Ltd.**

Sd/-

Director

Mumbai

July 19, 2024

Independent Auditors' Report

To the Board of Directors of HSBC Trustees (India) Private Limited (the "Trustee")

HSBC Overnight Fund

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **HSBC Overnight Fund** (the "Scheme") of HSBC Mutual Fund (the "Fund"), which comprise the Balance Sheet as at March 31, 2024, the Revenue Account and the Cash Flow Statement for the year then ended, and notes to the financial statements, including a summary of material accounting policy and other explanatory information.

In our opinion, and to the best of our information and according to the explanations given to us, the aforesaid financial statements of the Scheme give a true and fair view in conformity with the Indian Accounting Standards ("Ind AS") prescribed under section 133 of the Companies Act, 2013 (the "Act") read with Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India, including the accounting policies and standards specified in the Regulation 50 and Ninth Schedule to the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 ("the SEBI Regulations") (collectively referred to as the "Regulations") as amended:

- in the case of the Balance Sheet, of the state of affairs of the Scheme as at March 31, 2024;
- in the case of the Revenue Account, of the net surplus for the year ended on that date; and
- in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing ("SAs") and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India (the "ICAI"). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Scheme in accordance with the Code of Ethics issued by the ICAI together with the ethical requirements that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Information Other than the Financial Statements and Auditor's Report Thereon

The Board of Directors of HSBC Asset Management (India) Private Limited (the "AMC") and the Board of Directors of HSBC Trustees (India) Private Limited (the "Trustees") (collectively referred to as "the Management") are responsible for the other information. The other information comprises the information included in the Trustees report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

The Management is responsible for the preparation of these financial statements that give a true and fair view of the state of affairs, results of operations and cash flows of the Scheme in accordance with the accounting principles generally accepted in India, including the accounting policies and standards specified in Regulations. This responsibility also includes maintenance of adequate accounting records in accordance with the SEBI

Independent Auditors' Report (Contd...)

Regulations for safeguarding of the assets of the Scheme and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Management is responsible for assessing the Scheme's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management, either intends to liquidate the Scheme or to cease operations, or has no realistic alternative but to do so.

Those Charged with Governance are also responsible for overseeing the Scheme's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Scheme's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Scheme to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide to those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Independent Auditors' Report *(Contd...)*

Report on Other Legal and Regulatory Requirements

1. As required by regulation 55(4) and clause 5(ii)(2) of the Eleventh Schedule of the SEBI Regulations, we report that:
 - a. we have sought and obtained all the information and explanations which, to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b. in our opinion, the Balance Sheet and the Revenue Account dealt with by this report have been prepared in accordance with the accounting policies and standards specified in the Regulations; and
 - c. the Balance Sheet, the Revenue Account and the Cash Flow Statement, dealt with by this report are in agreement with the books of accounts of the Scheme.
2. On the basis of information and explanations given to us, the scheme does not have any non-traded securities as at March 31, 2024 and hence reporting requirement of Eighth Schedule of the SEBI Regulations is not applicable.

For **M S K A & Associates**

Chartered Accountants

ICAI Firm Registration No. 105047W

Sd/-

Swapnil Kale

Partner

Membership No: 117812

UDIN: 24117812BKFIRQ1245

Place : Mumbai

Date : July 19, 2024.

Abridged Balance Sheet as at March 31, 2024

Rs. in Lakhs

	As at March 31, 2024	As at March 31, 2023	As at April 1, 2022
LIABILITIES			
1 Unit Capital	150,029.08	273,550.93	86,772.27
2 Reserves & Surplus			
2.1 Unit Premium Reserves	239.67	17.78	(0.44)
2.2 Unrealised Appreciation Reserve	2.15	1.33	—
2.3 Other Reserves	36,043.89	45,974.82	9,589.36
3 Loans & Borrowings	—	—	—
4 Current Liabilities & Provisions			
4.1 Provision for Doubtful Income / Deposits	—	—	—
4.2 Other Current Liabilities & Provisions	887.17	1,013.69	6,176.99
TOTAL	187,201.96	320,558.55	102,538.17
ASSETS			
1 Investments			
1.1 Listed Securities:			
1.1.1 Equity Shares	—	—	—
1.1.2 Preference Shares	—	—	—
1.1.3 Equity Linked Debentures	—	—	—
1.1.4 Other Debentures & Bonds	—	—	—
1.1.5 Securitised Debt Securities	—	—	—
1.2 Securities Awaited Listing:			
1.2.1 Equity Shares	—	—	—
1.2.2 Preference Shares	—	—	—
1.2.3 Equity Linked Debentures	—	—	—
1.2.4 Other Debentures & Bonds	—	—	—
1.2.5 Securitised Debt Securities	—	—	—
1.3 Unlisted Securities:			
1.3.1 Equity Shares	—	—	—
1.3.2 Preference Shares	—	—	—
1.3.3 Equity Linked Debentures	—	—	—
1.3.4 Other Debentures & Bonds	—	—	—
1.3.5 Securitised Debt Securities	—	—	—
1.4 Government Securities	—	—	—
1.5 Treasury Bills	15,446.46	19,913.46	—
1.6 Commercial Paper	—	—	—
1.7 Certificate of Deposits	—	—	—
1.8 PTC	—	—	—
1.9 Units of Domestic Mutual Fund	—	—	—
1.10 Foreign Securities	—	—	—
1.11 AIF Investment	—	—	—
Total Investments	15,446.46	19,913.46	—
2 Deposits	713.54	553.69	785.00
3 Other Current Assets			
3.1 Cash & Bank Balance	188.84	833.04	6,101.18
3.2 CBLO/TREPS/Reverse Repo Lending	170,813.77	299,253.62	95,642.01
3.3 Others	39.36	4.74	9.98
4 Deferred Revenue Expenditure (to the extent not written off)	—	—	—
TOTAL	187,201.96	320,558.56	102,538.17

Notes to Accounts - Annexure I

Abridged Revenue Account for the year ended March 31, 2024

Rs. in Lakhs

	Current year ended March 31, 2024	Previous year ended March 31, 2023
1 INCOME		
1.1 Dividend	—	—
1.2 Interest	21,437.03	8,812.37
1.3 Realised Gain / (Loss) on Foreign Exchange Transactions	—	—
1.4 Realised Gains / (Losses) on Interscheme Sale of Investments	—	—
1.5 Realised Gains / (Losses) on External Sale / Redemption of Investments	(0.41)	(0.11)
1.6 Realised Gains / (Losses) on Derivative Transactions	—	—
1.7 Other Income	5.48	14.46
(A)	21,442.10	8,826.73
2 EXPENSES		
2.1 Management Fees	134.77	95.66
2.2 GST on Management Fees	24.26	17.22
2.3 Transfer Agents Fees and Expenses	50.87	21.98
2.4 Custodian Fees	0.32	0.01
2.5 Trusteeship Fees	1.41	2.01
2.6 Commission to Agents	67.10	32.23
2.7 Marketing & Distribution Expenses	0.05	0.72
2.8 Audit Fees	0.63	1.78
2.9 Investor Education Expenses	268.61	105.41
2.10 Interest on Borrowing	—	—
2.11 Brokerage & Transaction Costs	49.77	31.36
2.12 Other Operating Expenses	11.38	5.26
(B)	609.17	313.64
3 NET REALISED GAINS / (LOSSES) FOR THE YEAR (C = A - B)	20,832.93	8,513.09
4 Change in Unrealised Depreciation in Value of Investments	(D) —	—
5 NET GAINS / (LOSSES) FOR THE YEAR (E = C + D)	20,832.93	8,513.09
6 Change in Unrealised Appreciation in Value of Investments	(F) 0.82	1.33
7 NET SURPLUS / (DEFICIT) FOR THE YEAR (G = E + F)	20,833.75	8,514.42
7.1 Add : Balance Transfer from Unrealised Appreciation Reserve	(0.82)	—
7.2 Less : Balance Transfer to Unrealised Appreciation Reserve	—	1.33
7.3 Add / (Less) : Equalisation	(30,711.17)	27,898.41
7.4 Transfer from Reserve Fund	45,974.82	9,589.36
7.5 Transfer from Unit Premium Reserve	—	—
8 Total	36,096.58	46,000.85
9 Dividend Appropriation		
9.1 Income Distributed during the Year	(52.69)	(26.03)
9.2 Tax on Income Distributed during the Year	—	—
10 Retained Surplus / (Deficit) Carried Forward to Balance Sheet	36,043.89	45,974.82

Key Statistics for the year ended March 31, 2024

	Current year ended March 31, 2024	Previous year ended March 31, 2023
1. NAV per unit (Rs.):		
Open		
Regular - Growth Option	1,166.3480	1,107.2931
Regular - Daily IDCW Option	1,000.0064	1,000.0006
Regular - Weekly IDCW Option	1,000.6202	1,000.1807
Regular - IDCW Option	1,000.7501	1,000.5237
Direct Plan - Growth Option	1,172.9962	1,112.0680
Direct Plan - Daily IDCW Option	1,000.0067	1,000.0000
Direct Plan - Weekly IDCW Option	1,000.5934	1,000.1882
Direct Plan - Monthly IDCW Option	1,000.7615	1,000.5490
Unclaimed IDCW less than 3 yrs*	1,041.0436	—
Unclaimed IDCW more than 3 yrs*	1,000.0000	—
Unclaimed Redemption less than 3 yrs*	1,041.0438	—
Unclaimed Redemption more than 3 yrs*	1,000.0000	—
High		
Regular - Growth Option	1,244.5718	1,166.3480
Regular - Daily IDCW Option	1,000.7989	1,000.0064
Regular - Weekly IDCW Option	1,001.5246	1,001.2667
Regular - Monthly IDCW Option	1,005.9614	1,005.4695
Direct Plan - Growth Option	1,252.9183	1,172.9962
Direct Plan - Daily IDCW Option	1,000.5971	1,000.0067
Direct Plan - Weekly IDCW Option	1,001.1717	1,001.2573
Direct Plan - Monthly IDCW Option	1,006.0517	1,005.5631
Unclaimed IDCW less than 3 yrs*	1,111.9706	1,041.0436
Unclaimed IDCW more than 3 yrs*	1,000.0000	1,000.0000
Unclaimed Redemption less than 3 yrs*	1,111.9748	1,041.0438
Unclaimed Redemption more than 3 yrs*	1,000.0000	1,000.0000
Low		
Regular - Growth Option	1,166.8079	1,107.6138
Regular - Daily IDCW Option	1,000.0064	1,000.0006
Regular - Weekly IDCW Option	1,000.0404	1,000.0404
Regular - Monthly IDCW Option	1,000.0013	1,000.0013
Direct Plan - Growth Option	1,173.4651	1,112.4037
Direct Plan - Daily IDCW Option	1,000.0067	1,000.0000
Direct Plan - Weekly IDCW Option	1,000.0066	1,000.0034
Direct Plan - Monthly IDCW Option	1,000.0013	1,000.0013
Unclaimed IDCW less than 3 yrs*	1,041.4597	1,000.1410
Unclaimed IDCW more than 3 yrs*	1,000.0000	1,000.0000
Unclaimed Redemption less than 3 yrs*	1,041.4600	1,000.1410
Unclaimed Redemption more than 3 yrs*	1,000.0000	1,000.0000

Key Statistics for the year ended March 31, 2024 (Contd...)

	Current year ended March 31, 2024	Previous year ended March 31, 2023
End		
Regular - Growth Option	1,244.5718	1,166.3480
Regular - Daily IDCW Option	1,000.7989	1,000.0064
Regular - Weekly IDCW Option	1,001.0035	1,000.6202
Regular - Monthly IDCW Option	1,001.1434	1,000.7501
Direct Plan - Growth Option	1,252.9183	1,172.9962
Direct Plan - Daily IDCW Option	1,000.9835	1,000.0067
Direct Plan - Weekly IDCW Option	1,000.5971	1,000.5934
Direct Plan - Monthly IDCW Option	1,001.1594	1,000.7615
Unclaimed IDCW less than 3 yrs*	1,111.9706	1,041.0436
Unclaimed IDCW more than 3 yrs*	1,000.0000	1,000.0000
Unclaimed Redemption less than 3 yrs*	1,111.9748	1,041.0438
Unclaimed Redemption more than 3 yrs*	1,000.0000	1,000.0000
2. Closing Assets Under Management (Rs. in Lakhs)		
End	186,315	319,545
Average (AAuM) ¹	320,844	149,223
3. Gross income as % of AAuM ²	6.68%	5.92%
4. Expense Ratio:		
a. Total Expense as % of AAuM (including GST on Management fees) (planwise)		
Regular Plan	0.18%	0.23%
Direct Plan	0.09%	0.10%
Unclaimed Plan	0.08%	0.10%
b. Management Fee as % of AAuM (planwise)		
Regular Plan	0.06%	0.09%
Direct Plan	0.05%	0.05%
Unclaimed Plan	0.05%	0.05%
5. Net Income as a percentage of AAuM ³	6.49%	5.70%
6. Portfolio turnover ratio ⁴	NA	NA
7. Total IDCW per unit distributed during the year (planwise)		
Retail		
Regular - Daily IDCW Option	64.3249	51.8801
Regular - Weekly IDCW Option	64.9634	51.5109
Regular - Monthly IDCW Option	64.6947	51.8378
Direct Plan - Daily IDCW Option	64.1288	53.7530
Direct Plan - Weekly IDCW Option	65.6544	53.0118
Direct Plan - Monthly IDCW Option	65.6951	27.6929
Corporate		
Regular - Daily IDCW Option	64.3249	51.8801
Regular - Weekly IDCW Option	64.9634	51.5109

Key Statistics for the year ended March 31, 2024 (Contd...)

	Current year ended March 31, 2024	Previous year ended March 31, 2023
Regular - Monthly IDCW Option	64.6947	51.8378
Direct Plan - Daily IDCW Option	64.1288	53.7530
Direct Plan - Weekly IDCW Option	65.6544	53.0118
Direct Plan - Monthly IDCW Option	65.6951	27.6929
8. Returns (%):		
a. Last One Year		
Scheme		
Regular Plan – Growth Option	6.69%	5.33%
Direct Plan – Growth Option	6.79%	5.46%
Benchmark		
CRISIL Overnight Index	6.83%	5.52%
b. Since Inception		
Scheme		
Regular Plan – Growth Option	4.50%	3.94%
Direct Plan – Growth Option	4.72%	4.19%
Benchmark		
CRISIL Overnight Index	4.76%	4.23%

1. AAuM = Average daily net assets

2. Gross income = amount against (A) in the Revenue account i.e. Income

3. Net income = amount against (C) in the Revenue account i.e. Net Realised Gains/(Losses) for the year

4. Portfolio Turnover = Lower of sales or purchase divided by the Average AuM for the year

* Unclaimed plans were introduced in HSBC Overnight Fund on July 24, 2022

Notes to Accounts – Annexure I

To the Abridged Balance Sheet and Revenue Account for the year ended March 31, 2024

1 Investments:

- 1.1. It is confirmed that investments of the Schemes are registered in the name of the Trustees for the benefit of the Scheme's unitholders.
- 1.2. Open Positions of derivatives as on year ended March 31, 2024 and March 31, 2023 are NIL.
- 1.3. Investment in Associates and Group Companies as at the year ended March 31, 2024 and March 31, 2023 are NIL.
- 1.4. Open positions of Securities Borrowed and/or Lent by the scheme as on the year ended March 31, 2024 and March 31, 2023 are NIL.
- 1.5. Investment in Below investment grade and default/Securities in default as on March 31, 2024 and March 31, 2023 are NIL.
- 1.6. Aggregate Unrealised Gain/Loss as at the end of the financial year March 31, 2024 and March 31, 2023 are as under:

Rs. In Lakhs

Security Category	Amount	Percentage to Net Assets	Amount	Percentage to Net Assets
	As at March 31, 2024		As at March 31, 2023	
Treasury Bills				
- Appreciation	2.15	0.00~	1.59	0.00~
- Depreciation	–	–	0.26	0.00~

~ Indicates less than 0.01

- 1.7. The aggregate value of investment securities (excluding CBLO/TREPS and Reverse Repos) purchased and sold (including matured) during the financial year 2023-24 (excluding accretion of discount) are Rs. 383,447.39 lakhs and Rs. 388,947.24 lakhs respectively being 119.51% and 121.23% of the average net assets.

The aggregate value of investment securities (excluding CBLO/TREPS and Reverse Repos) purchased and sold (including matured) during the financial year 2022-23 (excluding accretion of discount) are Rs. 87,679.24 lakhs and Rs. 70,496.25 lakhs respectively being 58.76% and 47.24% of the average net assets.

- 1.8. Non-Traded securities in the portfolio: Aggregate Value of Equity, Debt & Money Market Instruments and percentage to net assets as on March 31, 2024 and as on March 31, 2023 are Nil.

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

During the year 2023-24, The Hongkong and Shanghai Banking Corporation Limited, an associate entity of HSBC Asset Management (India) Private Limited was paid collection/bank charges amounting to Rs. Nil.

During the year 2022-23, The Hongkong and Shanghai Banking Corporation Limited, an associate entity of HSBC Asset Management (India) Private Limited was paid collection/bank charges amounting to Rs. Nil.

Commission paid to Sponsor/AMC and its associates/related parties/group companies

Name of Sponsor/AMC and its associates/related parties/group companies	Nature of Association / Nature of Relation	Period Covered	Business Given [Rs. In lakhs]	% of Total Business received by the Fund	Commission paid [Rs. In Lakhs]	% of Total commission paid by the Fund
The Hongkong and Shanghai Banking Corporation Limited	Group Company	2023-2024	8,635.97	0.06	9.94	14.80

Notes to Accounts – Annexure I (Contd...)**To the Abridged Balance Sheet and Revenue Account for the year ended March 31, 2024**

Name of Sponsor/AMC and its associates/related parties/group companies	Nature of Association / Nature of Relation	Period Covered	Business Given [Rs. In lakhs]	% of Total Business received by the Fund	Commission paid [Rs. In Lakhs]	% of Total commission paid by the Fund
The Hongkong and Shanghai Banking Corporation Limited	Group Company	2022-2023	9,078.05	0.09	10.62	21.76

Brokerage paid to Sponsor/AMC and its associates/related parties/group companies is NIL.
(Previous year also NIL).

- 3 Details of investors holding units in the scheme over 25% of the NAV as on March 31, 2024 and as on March 31, 2023 is Nil.
- 4 Unit Capital movement during the year ended March 31, 2024, March 31, 2023 and March 31, 2022:

Description	2023-2024				
	Opening Units	Subscription	Redemption	Closing Units	Face Value per unit (Rupees)
Regular - Growth Option	6,139,805.773	427,247,932.687	431,451,821.901	1,935,916.559	1,000
Regular - Daily IDCW Option	62,067.522	3,636.607	15,729.363	49,974.766	1,000
Regular - Weekly IDCW Option	48,161.561	1,092.893	40,924.319	8,330.135	1,000
Regular - Monthly IDCW Option	5,465.839	549.045	1,400.069	4,614.815	1,000
Direct Plan - Growth Option**	20,646,609.190	692,623,313.465	700,966,396.683	12,303,525.972	1,000
Direct Plan - Daily IDCW Option	45.508	66.822	5.000	107.330	1,000
Direct Plan - Weekly IDCW Option	427.128	1,304.948	14.221	1,717.855	1,000
Direct Plan - Monthly IDCW Option	3,891.749	1,766.071	245.196	5,412.624	1,000
Unclaimed IDCW less than 3 years	69,541.682	289,653.979	41,896.542	317,299.119	1,000
Unclaimed IDCW more than 3 years	177,222.939	17,693.029	14,272.608	180,643.360	1,000
Unclaimed Redemption less than 3 years	119,689.583	15,364.718	8,661.718	126,392.583	1,000
Unclaimed Redemption more than 3 years	82,164.751	73,591.471	86,783.388	68,972.834	1,000

Description	2022-2023				
	Opening Units	Subscription	Redemption	Closing Units	Face Value per unit (Rupees)
Regular - Growth Option	2,260,924.288	140,697,866.346	136,818,984.861	6,139,805.773	1,000
Regular - Daily IDCW Option	24,152.435	44,712.639	6,797.552	62,067.522	1,000

Notes to Accounts – Annexure I (Contd...)**To the Abridged Balance Sheet and Revenue Account for the year ended March 31, 2024**

Description	2022-2023				
	Opening Units	Subscription	Redemption	Closing Units	Face Value per unit (Rupees)
Regular - Weekly IDCW Option	52.63	48,280.910	171.98	48,161.561	1,000
Regular - Monthly IDCW Option	274.594	5,659.698	468.453	5,465.839	1,000
Direct Plan - Growth Option**	6,391,748.594	450,888,177.204	436,633,316.608	20,646,609.190	1,000
Direct Plan - Daily IDCW Option	17.78	181.60	153.87	45.51	1,000
Direct Plan - Weekly IDCW Option	6.36	456.36	35.59	427.13	1,000
Direct Plan - Monthly IDCW Option	50.00	4,276.897	435.146	3,891.749	1,000
Unclaimed IDCW less than 3 years	0.00	81,558.450	12,016.768	69,541.682	1,000
Unclaimed IDCW more than 3 years	0.00	184,315.150	7,092.211	177,222.939	1,000
Unclaimed Redemption less than 3 years	0.00	127,065.961	7,376.378	119,689.583	1,000
Unclaimed Redemption more than 3 years	0.00	110,449.814	28,285.063	82,164.751	1,000

Description	2021-2022				
	Opening Units	Subscription	Redemption	Closing Units	Face Value per unit (Rupees)
Regular - Growth Option	1,390,745.938	61,920,988.322	61,050,809.972	2,260,924.288	1,000
Regular - Daily IDCW Option	30,731.623	3,361.122	9,940.310	24,152.435	1,000
Regular - Weekly IDCW Option	35,485.307	52.844	35,485.517	52.634	1,000
Regular - Monthly IDCW Option	13,269.581	346.944	13,341.931	274.594	1,000
Direct Plan - Growth Option**	1,833,351.934	186,575,464.284	182,017,067.624	6,391,748.594	1,000
Direct Plan - Daily IDCW Option	17.112	5.666	5.003	17.775	1,000
Direct Plan - Weekly IDCW Option	6.170	20.277	20.088	6.359	1,000
Direct Plan - Monthly IDCW Option	–	69.997	19.999	49.998	1,000

** Units held by the AMC (Seed Capital) in Direct Plan Growth Option as on March 31, 2024 is 17,916.63 and as on March 31, 2023 is 69,533.0456 and as on March 31, 2022 is 95,437.176

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

To the Abridged Balance Sheet and Revenue Account for the year ended March 31, 2024

- 5 Previous year's/period figures have been re-grouped/re-arranged where necessary.
- 6 There are no contingent liabilities and other commitments as on March 31, 2024 and March 31, 2023. Contingent asset is neither recognized nor disclosed in the financial statements.
- 7 Expenses other than Management Fees and Audit Fees are inclusive of GST where applicable.
- 8 Other Income Rs. 5.47 lakhs represents Exit load credited to the scheme (2023 : Rs. 14.46 lakhs represents Exit load credited to the scheme).

9 Investor Education Awareness

As mandated by SEBI vide circular no. CIR/IMD/DF/21/2012 dated September 13, 2012 an annual charge of 0.02 percent of daily net assets, being a part of total recurring expenses is set aside for Investor Education and Awareness (IEA). In view of the AMFI Best Practices Guidelines Circular No. 56/2015-16, the IEF (Investor Education Fund) accrual is set aside in a separate bank account and the consolidated balance across all schemes as on March 31, 2024.

Pursuant to SEBI circular dated May 23, 2022, w.e.f. July 01, 2022, the limit of 0.02% p.a. has been reduced to 0.01% p.a. in case of ETFs/Index Funds. Furthermore, Fund of Funds (FoFs) investing more than 80% of its NAV in the underlying domestic funds have discontinued setting aside 0.02% p.a. of daily net assets towards IEAI.

The break-up of which is as under:

	March 31, 2024	March 31, 2023
Particulars	Amount (Rs. In Lakhs)	Amount (Rs. In Lakhs)
Opening Balance as on April 01, 2023	997.09	460.22
Add: Accrual during FY 2023-24	1,962.01	1,432.00
Less: Transferred to AMFI *	889.11	646.75
Less: Payable to AMFI (March 2024 accrual) *	91.90	69.25
Add: Investment Income FY 2023-24	77.08	166.42
Less: Spent during FY 2023-24	1,877.44	345.55
Closing Balance as on March 31, 2024	177.73	997.09

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

The IEA disclosure's are presented for surviving schemes only.

10 Disclosure of Risk-o-meter

Scheme Name	Risk-o-meter level as on March 31, 2023 ^	Risk-o-meter level at end of the financial year i.e. March 31, 2024	Number of changes in Risk-o-meter during the financial year^ (April 2023 to March 2024)
HSBC Overnight Fund	Low	Low	0

- 11 Pursuant to the SEBI circular no. SEBI/HO/IMD/IMD-II DOF3/P/CIR/2021/573 dated June 07,2021, The details of Potential Risk Class matrix of schemes are given in below:

Credit Risk	Relatively Low (Class A)	Moderate (Class B)	Relatively High (Class C)
Interest Rate Risk			
Relatively Low (Class I)	AI		
Moderate (Class II)			
Relatively High (Class III)			
A Scheme with Relatively Low interest rate risk and Low credit risk.			

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

To the Abridged Balance Sheet and Revenue Account for the year ended March 31, 2024

- 12 Pursuant to SEBI Circular No. SEBI/HO/IMD/DF3/CIR/P/2020/194 dated October 05, 2020, the nomenclature of 'Dividend Option' under all the schemes of HSBC Mutual Fund has been revised to 'Income Distribution cum Capital Withdrawal Option' (IDCW), with effect from April 1, 2021.
- 13 Securities, excluding debt securities, where the non-traded investments which have been valued "in good faith" exceed 5% of the net assets at the end of the year is NIL.
- 14 Debt securities which have been valued at a price other than the price given by the independent valuation agencies at the end of the year is NIL.
- 15 Subsequent to receipt of SEBI's no objection to acquisition of 100% equity shares of L&T Investment Management Limited ("LTIM", Investment Manager of L&T Mutual Fund) and the amendments proposed to the trust deed of the HSBC Mutual Fund as required under the SEBI (Mutual Funds) Regulations, 1996, the schemes of L&T Mutual Fund (LTMF) were transferred to/ merged with the schemes of HSBC Mutual Fund on and from the close of business hours of November 25, 2022, and the HSBC AMC and HSBC Trustees assumed the responsibilities of the schemes of LTMF w.e.f. close of business hours of November 25, 2022.
- 16 During the year, HSBC Securities and Capital Markets (India) Private Limited ("HSCI"), Sponsors of HSBC Mutual Fund established a private limited company with limited liability to act as the "Trustee" of HSBC Mutual Fund. HSBC Trustees (India) Private Limited ("HTIP") was incorporated on 9 January 2024. Accordingly, HTIP has replaced the Board of Trustees of HSBC Mutual Fund w.e.f. 1 March 2024, and the Company through its Board of Directors has been discharging its obligations as the "Trustees" of the Fund from this date.
- 17 The Annual Accounts of the Schemes, prepared in accordance with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the "Act") read with the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time and clause 17.14 of SEBI Master Circular for Mutual Funds dated June 27, 2024, has been approved by the Board of Directors of HSBC Asset Management (India) Private Limited and HSBC Trustees (India) Private Limited at their meetings held on July 8, 2024 and July 19, 2024 respectively. The audit report attached herewith refers to the said Annual Accounts. The aforesaid abridged accounts are an extract of the Annual Accounts and are prepared in accordance with clause 5.4 and format no. 3.B under the section of formats of SEBI Master Circular for Mutual Funds dated June 27, 2024 and other relevant circulars issued by the Securities and Exchange Board of India from time to time.

Voting Policy and Procedures

In view of para 6.16 of SEBI Master Circular on Mutual Funds dated June 27, 2024 related to “Role of Mutual Funds in Corporate Governance of Public Listed Companies”, HSBC AMC has formulated its “Policy for Proxy Voting in Public Listed Companies”. The said policy is available on our website and the details of actual exercise of proxy votes, the summary of votes casted and the auditor’s certificate is forming part of our full Annual Report for the Financial Year 2023 – 24 which has been uploaded on our website at <http://www.assetmanagement.hsbc.co.in>

Statutory Details & Disclaimers

All the returns have been sourced from Mutual Funds India Explorer software. The performance of the schemes and the benchmark is calculated on a total return basis. This document has been prepared by HSBC Asset Management (India) Private Limited (HSBC) for information purposes only with an intent to provide market overview and should not be construed as an offer or solicitation of an offer for purchase of any of the funds of HSBC Mutual Fund. All information contained in this document (including that sourced from third parties), is obtained from sources, which HSBC/third party, believes to be reliable but which it has not been independently verified by HSBC/the third party. Further, HSBC/the third party makes no guarantee, representation or warranty and accepts no responsibility or liability as to the accuracy or completeness of such information. The information and opinions contained within the document are based upon publicly available information and rates of taxation applicable at the time of publication, which are subject to change from time to time.

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

For disclosure of quarterly AUM/AAUM and AUM by geography, please visit our website at www.assetmanagement.hsbc.co.in. Investors are requested to note that as per SEBI (Mutual Funds) Regulations, 1996 and guidelines issued thereunder, HSBC AMC, its employees and/ or empaneled distributors/agents are forbidden from guaranteeing/promising/assuring/predicting any returns or future performances of the schemes of HSBC Mutual Fund. Hence, please do not rely upon any such statements/commitments. If you come across any such practices, please register a complaint via email at investor.line@mutualfunds.hsbc.co.in

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

Important Updates

Name and Date of Birth as per PAN card - Effective from June 1, 2024

As per recent regulatory requirement and changes advised by Income Tax Department in PAN validation process, now it is mandated to quote your Name(s) and DOB as per PAN card. To avoid any failure in such validations, we request investors to quote the Name(s) and DOB's of all the holders including Guardian, Power of Attorney (POA) holders as per PAN card.

Useful Links for self service options

- **Use our 24 x 7 Chatbot - "ASKME" for any queries or service request:**
visit: <https://invest.assetmanagement.hsbc.co.in>

SMS your request to HSBC Mutual Fund

- **Latest NAV :** Send SMS as HSBCMF NAV <Scheme Code> to 56767
Example: HSBCMF NAV F03
- **Valuation Service on registered mobile No. :** Send SMS as HSBCMF VAL <folio_number> to 56767
Example: HSBCMF VAL 123456
- **Annual Report :**
For Electronic Copy: Send SMS as HSBCMFARE <folio_number> to 567678080
Example: HSBCMF ARE 123456
For Physical Copy: Send SMS as HSBCMFARP <folio_number> to 567678080
Example: HSBCMF ARP 123456
- **Half Yearly Portfolio :**
For Electronic Copy: Send SMS as HSBCMFHPE <folio_number> to 567678080
Example: HSBCMF HPE 123456
For Physical Copy: Send SMS as HSBCMFHPP <folio_number> to 567678080
Example: HSBCMF HPP 123456

Missed Call Service

- You can give a missed call to 9212900020 to get the total valuation via SMS and a statement on your registered email ID

Book-Post

If undelivered please return to:

Computer Age Management Services Private Limited (CAMS)

Unit: HSBC Mutual Fund

New No. 10, M.G.R Salai, Nungambakkam, Chennai - 600034.

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

HSBC Asset Management (India) Private Limited

CIN NO: U74140MH2001PTC134220

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

Website : www.assetmanagement.hsbc.co.in

Description	Toll Free Number	Email ID
Investor related queries	1800-4190-200/1800-200-2434	investor.line@mutualfunds.hsbc.co.in
Online related queries	1800-4190-200/1800-200-2434	onlinemf@mutualfunds.hsbc.co.in
Investor (Dialing from abroad)	+91 44 39923900	investor.line@mutualfunds.hsbc.co.in

To get your updated account statement email us at : "mfsoa@mutualfunds.hsbc.co.in"

We're always here to help you, so feel free to reach out to us

Self-service request at your Fingertips

- Visit Website • Invest Online • Insta Statement • Download Forms
- Transact via Whats App • Use 24/7 ChatBot - Ask Me



Remember, you can also find out more via our social media handles !     

Please check our website www.assetmanagement.hsbc.co.in for an updated list of Official Points of Acceptance of HSBC Mutual Fund.

CAMS SERVICE CENTRES / CAMS LIMITED TRANSACTION POINTS / CAMS COLLECTION CENTRES

For details on CAMS Service Centres, please visit www.camsonline.com



HSBC Short Duration Fund

(Erstwhile L&T Short Term Bond Fund)

An open-ended short term debt scheme investing in instruments such that the Macaulay duration of the portfolio is between 1 year to 3 years. A moderate interest rate risk and moderate credit risk.

Abridged Annual Report 2023 - 2024



SPONSOR

HSBC Securities and Capital Markets (India) Private Limited

CIN – U67120MH1994PTC081575

Regd. Office: 52/60, Mahatma Gandhi Road, Fort, Mumbai 400001.

TRUSTEE COMPANY

HSBC Trustees (India) Private Limited

CIN – U66190MH2024PTC416973

Regd. Office: 52/60, Mahatma Gandhi Road, Fort, Mumbai 400001.

ASSET MANAGEMENT COMPANY

HSBC Asset Management (India) Private Limited

CIN – U74140MH2001PTC134220

Regd. Office: 9-11 Floors, NESCO IT Park, Building No. 3,
Western Express Highway, Goregaon (East), Mumbai 400063.

CUSTODIAN

Citibank N.A.

First International Financial Center (FIFC), 9th Floor,
C-54 & 55, G – Block, Bandra Kurla Complex, Bandra (East), Mumbai 400051.

AUDITORS TO THE SCHEME

MSKA & Associates

Chartered Accountants

602, Floor 6, Raheja Titanium, Western Express Highway,
Geetanjali Railway Colony, Ram Nagar, Goregaon (East), Mumbai 400063.

REGISTRAR & TRANSFER AGENTS

Computer Age Management Services Limited (CAMS)

Unit: HSBC Mutual Fund

New No. 10, M.G.R Salai, Nungambakkam, Chennai 600034.

BOARD OF TRUSTEES

Ms. Jasmine Batliwalla	– Chairperson
Mr. Nani Javeri	– Trustee
Mr. David Rasquinha	– Trustee
Mr. Nicolas Moreau	– Trustee

BOARD OF DIRECTORS

Dr. Indu Shahani	– Director
Mr. Kapil Seth	– Director
Ms. Roopa Varma	– Director
Mr. Kailash Kulkarni	– Director & Chief Executive Officer

Dear Investor,

As we reflect on the past year, I am filled with pride and optimism about the future of our company and overall growth of the mutual fund industry. The past year has marked significant milestones in our journey, particularly as we capitalise on the immense potential of India's burgeoning growth story.

Fiscal 2024 turned out to be one of the best years for the domestic mutual fund industry as assets under management (AUM) spurted by nearly Rs. 14 lakh crore to a record Rs. 53.40 lakh crore as of March 2024 compared with Rs. 39.42 lakh crore as of March 2023.

The mutual fund industry is experiencing immense growth and we are poised to take advantage of this upward trajectory. Our company is an integral part of this growth story, riding the wave with several strategic initiatives and accomplishments that have set us on a path of sustained success.



Major achievements post integration

- Post integration we have enhanced our digital offering for both B2B and B2C to provide improved customer journeys.
- HSBC AM India's AUM increased from USD 1.4 bn (before integration) to USD 13.7 bn as of April 2024.
- HSBC Asset Management India has now become the 14th largest asset manager in India in terms of AUM.
- HSBC AM India has launched 4 new products since integration (raising \$445M).
- We have expanded HSBC AM India's product offerings to 43 funds.

Key Achievements in FY2023-2024

Investment Performance: Our disciplined investment strategy and thorough research have been pivotal to our success. We have focused on high-quality, undervalued assets, achieving consistent returns across our portfolio.

Product Innovation: This year, we launched two new funds - HSBC Multi Asset Allocation Fund and HSBC Consumption Fund, tailored to meet the evolving needs of our investors. These new offerings have been well-received, contributing to our growth in AUM significantly.

Increased Media Presence: In FY24, we significantly boosted our media presence, ensuring that our brand and thought leadership are recognized across various platforms. Through strategic media engagements like Informed Investing with ET Now, talks shows and several authored articles plus interviews - we have amplified our message, reaching a broader audience and reinforcing our market position.

Successful Campaign Launch: We successfully launched SIP Hai #FaydeWaliAadat, an investor education campaign, that highlighted the transformative power of SIPs in achieving long-term financial

goals. A first of its kind campaign, it aimed at educating and empowering the millennial investors in India. The campaign garnered significant attention and positive feedback, strengthening our brand presence and engaging a wider audience. Notably, the campaign has also earned us prestigious awards and accolades highlighting our commitment to excellence and innovation.

Client Relationships: We have strengthened our client relationships through enhanced communication, transparency, and personalized service. Our client satisfaction scores have reached new heights, reflecting our commitment to exceptional service.

We believe that the India story has just begun and its economic landscape is poised for significant growth. An exposure to unique and future relevant themes can provide a much-needed inflation buffer. The importance of asset allocation continues to be critical. It is critical for all of us to review our risk appetite and goal proximity and construct a portfolio appropriately.

Besides construction, portfolio rebalancing is equally important in order to achieve optimal outcomes. I do hope you share my enthusiasm and I ask that you continue to invest whilst reviewing your asset allocation at all times.

I would like to express my sincere gratitude to our dedicated team, whose expertise and commitment are the backbone of our success. To our investors, thank you for your trust and continued support. Your confidence in our approach motivates us to strive for excellence in everything we do. Also, I want to express my deepest gratitude to our valuable partners for their unwavering support and keep our services running. Look forward to achieving even grater milestones together.

As we move forward, we remain committed to delivering superior investment performance, fostering strong client relationships, and driving sustainable growth. Together, we are well-positioned to navigate the future and achieve our goals.

Warm regards,

A handwritten signature in black ink, appearing to read 'Kailash Kulkarni', written over a horizontal line.

Kailash Kulkarni

Chief Executive Officer

HSBC Asset Management India

Trustees' Report

For the year ended March 31, 2024

The Board of Directors of HSBC Trustees (India) Private Limited, Trustees of HSBC Mutual Fund present the Twenty Second Annual Report and the audited abridged financial statements of the schemes of the HSBC Mutual Fund ("the Fund") for the year ended March 31, 2024.

With the acquisition of L&T Mutual Fund in the previous financial year, the Fund's Assets Under Management ('AUM') (excluding Domestic FOFs) as on March 31, 2024 was INR 109368.16 crores (audited). The Fund ranks in the top 15 Mutual Fund houses in India in terms of AUM.

As at March 31, 2024, the Fund offered 43 schemes across asset classes to meet the varying investment needs of the investors. During the year, the Fund launched two new products namely HSBC Consumption Fund and HSBC Multi Asset Allocation Fund in Equity and Hybrid categories.

The Fund continues its focus on delivering consistent long-term returns. The comments on the performance of the scheme(s) are provided hereinafter. Dividends were declared under various schemes as per the provisions contained in the respective Scheme Information Documents after considering the distributable surplus available under the respective plans of the schemes. Details of dividends declared can be viewed on our website at www.assetmanagement.hsbc.co.in.

During the year, HSBC Securities and Capital Markets (India) Private Limited ("HSCI"), Sponsors of the Fund established a private limited company with limited liability to act as the "Trustees" of the Fund. HSBC Trustees (India) Private Limited ("HTIP") was incorporated on 9 January 2024. Accordingly, HTIP has replaced the Board of Trustees of HSBC Mutual Fund w.e.f. 1 March 2024, and the Company through its Board of Directors has been discharging its obligations as the "Trustees" of the Fund from this date.

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

a. Operations and Performance of the Scheme

➤ Debt Scheme

HSBC Short Duration Fund ('HSDF')

(An open-ended short term debt scheme investing in instruments such that the Macaulay duration of the portfolio is between 1 year to 3 years. Moderate interest rate risk and moderate credit risk.)

The investment objective of the scheme is to provide reasonable income through a diversified portfolio of fixed income securities such that the Macaulay duration of the portfolio is between 1 year to 3 years. However, there can be no assurance or guarantee that the investment objective of the scheme would be achieved.

The net assets of HSDF amounted to INR 3600.48 crores as at March 31, 2024 as against INR 3609.36 crores as at March 31, 2023. Around 98.32% of the net assets were invested in debt, 1.34% of the net assets were invested in reverse repos/TREPS and 0.08% in net current assets as at March 31, 2024.

HSDF invests in a prudent portfolio with high credit quality debt fund with lower interest rate risk whilst seeking optimal returns. HSDF identifies value-buying opportunities and to reposition the portfolio basis evolving interest rate environment with an aim at generate regular returns through yield accrual while also capturing potential opportunities of capital appreciation. HSDF continues to maintain the highest credit quality, with 100% of the portfolio in AAA or equivalent securities. The endeavor is to restrict the residual maturity of any security (including G-Sec) upto 5 years.

HSDF underperformed its benchmark over a 1-year time frame. This was due to being underweight on duration vs the benchmark and also due to higher exposure to government securities resulting in lower carry.

HSBC Short Duration Fund				Date of Inception : 27 December, 2011				
Fund / Benchmark (Value of ₹ 10,000 invested)	1 Year		3 Years		5 Years		Since Inception	
	Amount (₹)	Returns (%)	Amount (₹)	Returns (%)	Amount (₹)	Returns (%)	Amount (₹)	Returns (%)
HSBC Short Duration Fund	10684	6.82	11487	4.73	12895	5.21	22573	6.86

Trustees’ Report
For the year ended March 31, 2024 (Contd...)

HSBC Short Duration Fund					Date of Inception : 27 December, 2011			
Fund / Benchmark (Value of ₹ 10,000 invested)	1 Year		3 Years		5 Years		Since Inception	
	Amount (₹)	Returns (%)	Amount (₹)	Returns (%)	Amount (₹)	Returns (%)	Amount (₹)	Returns (%)
Scheme Benchmark (NIFTY Short Duration Debt Index A-II)	10746	7.44	11665	5.26	13636	6.39	24778	7.68
Additional Benchmark (CRISIL 10 year Gilt Index)	10854	8.52	11347	4.30	13482	6.14	22212	6.72

Past performance may or may not be sustained in future. The returns for the respective periods are provided as on March 31, 2024 for Growth Option of Regular Plan. Returns on ₹ 10,000 are point-to-point returns for the specific time period, invested at the start of the period. Returns for 1 year and above are Compounded Annualized. Different plans shall have a different expense structure. Performance of the respective benchmark is calculated as per the Total Return Index (TRI).

Please Note: NA means not available.

Risk-o-meter as of 31st March, 2024:

Scheme Name	Scheme Risk-o-meter	Benchmark Risk-o-meter
HSBC Short Duration Fund	 Investors understand that their principal will be at Moderate risk	Benchmark Index: NIFTY Short Duration Debt Index A-II 

Please note that the above risk-o-meter is as per the product labelling of the Scheme basis Scheme's monthly portfolio as on March 31, 2024.

Potential Risk Class (PRC) Matrix for Debt Schemes of HSBC Mutual Fund

HSBC Short Duration Fund			
Credit Risk →	Relatively Low (Class A)	Moderate (Class B)	Relatively High (Class C)
Interest Rate Risk ↓			
Relatively Low (Class I)			
Moderate (Class II)	All		
Relatively High (Class III)			
A Moderate interest rate risk and Relatively Low credit risk.			

Potential Risk Class 'PRC' matrix indicates the maximum interest rate risk (measured by Macaulay Duration of the scheme) and maximum credit risk (measured by Credit Risk Value of the scheme) the fund manager can take in the scheme. PRC matrix classification is done in accordance with and subject to the methodology/guidelines prescribed by SEBI to help investors take informed decision based on the maximum interest rate risk and maximum credit risk the fund manager can take in the scheme, as depicted in the PRC matrix.

Trustees' Report

For the year ended March 31, 2024 (Contd...)

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

➤ EQUITY OUTLOOK

Recap of FY 2023-24:

FY24 was a stellar year for the Indian equity markets with strong economic momentum, healthy earnings growth and strong inflows from domestic and foreign institutional investors and strong retail participation driving a broad-based bull market. The Nifty and Sensex were up a solid 30.1%/26.5% respectively during the year, while the BSE Midcap and BSE Smallcap indices gained an astounding 65.2% and 61.4% respectively.

While geo-political conflicts continued in FY24, their impact on crude and global supply chains moderated. Crude prices largely remained range bound during the year. Inflation barring a brief spike largely remained well contained, the economy gained further steam with GDP growth crossing 8% in H1FY24 supported by government thrust on infrastructure. This translated into strong growth for several core sector industries including steel and cement. The growth in the real estate sector has been strong with inventory continuing to decline in metro markets. However, lagged impact of price increases continued to impinge on consumer demand growth which remained subdued for most mass market categories.

Domestic cyclical were the best performing sectors during the year led by Real Estate, Capital Goods, Autos. Power was also among the best performing sectors. Global cyclical like Metals and Oil & Gas also strongly outperformed the Nifty. FMCG and Banking while delivering healthy positive returns underperformed the Nifty, while IT performance was closer to Nifty.

MSCI India index outperformed most of key global indices during the past fiscal. MSCI India index (USD) gained 35.5% as compared to 23.1% gain for MSCI World, 27.9% for US S&P 500, 11.0% for MSCI Europe and only 5.3% for MSCI Emerging Markets as MSCI China declined 19.0% over the period.

Strong performance of the market and subsiding global macro headwinds drove a sharp turnaround in foreign investment flows. FII net inflow was at USD 25.3bn in FY24 versus an outflow of USD 6.0bn / 17.1bn in FY23/ FY22. DIIs, on the other hand, matched FII inflow with an inflow of USD 25.3bn although it was lower than the net inflows at USD 30.8bn in FY23. Within DIIs, the MF segment was the key contributor (USD 24.3 bn of net inflows up from USD 21.8bn in FY23) while domestic Insurers were also in the net inflow territory (USD 1.0bn of net inflows vs USD 9.0bn in FY23).

Source: Motilal Oswal

Indices Returns (April 01, 2023 to March 31, 2024)	1 Year [^]
S&P BSE Sensex TR	26.5%
NSE CNX Nifty TR	30.1%
S&P BSE 100 TR	34.2%
S&P BSE 200 TR	38.5%
S&P BSE 500 TR	40.2%
S&P BSE Midcap TR	65.2%
S&P BSE Small-cap TR	61.4%

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

Way forward:

The global macro environment remains challenging with heightened geo-political and economic uncertainties. US bond yields remain high putting pressure on interest rates and currencies globally. For India, growth has continued to remain strong with GDP growth of 8.4% in Q3FY24 driven by strong government spending on infrastructure and pickup in manufacturing and construction. The 2024 interim budget has re-affirmed

Trustees' Report

For the year ended March 31, 2024 (Contd...)

government focus on infrastructure. At the same time reduction in fiscal deficit should also help in easing of domestic interest rates. However, after last year's patchy monsoon, a good monsoon will be an important factor for rural demand and overall consumption growth in the economy in FY25.

India starts FY25 on a strong footing with positive growth momentum and India's investment cycle is expected to be on a medium-term uptrend supported by rising government investment in infrastructure and recovery in real estate cycle. There is also an expectation of higher private investments in renewable energy and related supply chain, localization of higher-end technology components, and India becoming a more meaningful part of global supply chains. Finally, it is expected for consumption to improve as the impact of high inflation fades and real incomes start to grow again.

However, several of these positives are getting discounted by the high valuations currently prevailing in the equity market. While the fund managers remain constructive on Indian equities supported by the more robust medium-term growth outlook there is a caution against high return expectations. Nifty continues to trade on 20.6x consensus 1 year forward PE (as of 30 April). On a 10-year basis, Nifty is still trading 10% above its historic average valuation but is in-line with its 5-year average. Valuations of the midcap and small cap indices are even higher versus their historical average.

➤ DEBT OUTLOOK

Market drivers during the course of the year FY 2024

The year started with advanced economies continuing to grapple with higher inflation and policy tightening remained a common theme across economies. During FY2024, the Federal Open Market Committee (FOMC) raised policy rates by 50 bps while European Central Bank (ECB) and Bank of England (BOE) raised policy rates by 100 bps each. The cumulative rate hikes by various advanced economies in this cycle are as follows: Fed (525 bps), BOE (515 bps) and ECB (450 bps). Meanwhile cumulative rate hikes by the Monetary Policy Committee (MPC) in this cycle was 250 bps. On account of higher Government debt burden, Fitch downgraded US sovereign rating from AAA to AA+. US Treasury yields remained volatile during the year, with the 10-year benchmark rising higher by 73 bps during the year. Crude prices also moved higher by USD 7-8/bbl.

On the domestic front, Consumer price Index (CPI) inflation remained broadly in the upper end of the MPC's targeted band of 4% +/- 2% for most the financial year, however, inflation printed above 6% on two occasions due to high food inflation. Headline inflation remained susceptible to high food inflation with markets now expecting some relief of food prices on the back of normal monsoon. Core inflation eased through the year falling to below 4% in the last quarter.

Domestically, one of the biggest events during the year was the much-awaited index inclusion of Indian Government Bonds (IGBs) into the GBI-EM Global index suite and its relevant benchmarks. India is expected to reach the maximum weight of 10% in the GBI-EM Global Diversified Index (GBI-EM GD), with the inclusion staggered over a 10-month period starting June 2024. Following this, Bloomberg also included IGBs in their Bloomberg EM Local Currency Index, with India expected to reach a maximum weight of 10% over a 10-month period starting Jan 2025. Both these inclusions are expected to bring in INR 25-30 bn of index related FPI inflows over the next 1-2 years and paving the way for inclusion into other global bond indices as well. During FY2024, FPIs poured in close USD 12 bn into IGBs, with majority of the inflows coming in post the JP Morgan index inclusion announcement.

Government continued its path of fiscal consolidation, with the revised estimate of the Fiscal deficit for FY2024 coming in at 5.6%, with expectations for FY2025 at 5.1% and target of below 4.5% by FY2026. PMI numbers continue to remain in expansion, GST revenues remain buoyant and credit off-take upbeat.

The external sector has remained strong due to healthy service exports and remittances. Current Account Deficit (CAD) is expected to be around 1% for the year. Rupee remained one of the more stable currencies during the year, with active intervention from RBI smoothening any volatility. RBI continued to build on the FX reserves with year-end number around USD 650 bn.

Trustees' Report

For the year ended March 31, 2024 (Contd...)

Money market rates moved higher during the year due to tightening in liquidity along with higher Certificate of Deposit (CD) issuances. G-Sec yields, however, moved lower due to favorable demand supply and lower G-Sec borrowing. 10-year G-Sec moved lower during the year by 25 bps, while 5 yr G-Sec moved lower by 13 bps.

Market Outlook

While US markets have braced for "higher for longer" rates, we have seen in the past, that reactions to favorable data in such an environment can be sharp. Any softness in growth, employment or inflation data over the next few months will allow the markets to quickly start pricing in aggressive future policy easing. In our view, the RBI is also likely to gradually shift the liquidity deficit into surplus over the course of the next 3-6 months, flipping overnight rates from the top to the bottom of the rate corridor. The yield curve is likely to steepen as liquidity eases. This along with a potential 50 bps of policy easing in first half of CY2025 may push overnight rates lower by 75-100 bps.

While any form of additional spending by the new Government to address concerns of rural sections of the country and the possibility of additional spending to fund such policies will remain a key monitorable, it is believed the Government is likely to remain cognizant of the possible impact of such policies and take measured steps. With the dust settling down on the election outcome, the broad macroeconomic factors should continue to remain stable and could support softening in domestic yields going forward.

The Fund Managers continue to have a positive outlook for interest rates, based on various favorable factors: (a) Record RBI dividend to the Government, (b) reduced Fiscal deficit number of 5.6%, (c) favorable G-Sec supply demand dynamics, (d) FPI index related inflows, (e) revised outlook in India by S&P, (f) soft core inflation along with expectations of a better than normal monsoon, and finally (g) soft signals by Government and RBI on liquidity.

Source: RBI, Bloomberg, Internal HSBC Research & CCIL

2. BRIEF BACKGROUND OF THE SPONSORS, THE FUND, THE TRUSTEES AND THE ASSET MANAGEMENT COMPANY

A. Sponsor

HSBC Mutual Fund is sponsored by HSBC Securities and Capital Markets (India) Private Limited (HSCI). The Sponsor is the Settler of the Mutual Fund Trust. The Sponsor has entrusted a sum of Rs. 1,00,000/- (Rupees One Lakh only) to the Trustee as the initial contribution towards the corpus of the Mutual Fund.

HSCI offers integrated investment banking services, securities and corporate finance & advisory. HSCI is a member of the Bombay Stock Exchange Limited and National Stock Exchange (capital and derivative market segments). HSCI holds 100% of the paid-up equity share capital of HSBC Asset Management (India) Private Limited.

B. HSBC Mutual Fund

HSBC Mutual Fund ("the Mutual Fund" or "the Fund") has been constituted as a Trust in accordance with the provisions of the Indian Trusts Act, 1882 (2 of 1882) vide a Trust Deed dated February 7, 2002 (as amended) with HSBC Securities and Capital Markets (India) Private Limited, as the Sponsor and HSBC Trustees (India) Private Limited. The Trustee has entered into an Investment Management Agreement dated February 7, 2002 (as amended) with HSBC Asset Management (India) Private Limited (AMC) to function as the Investment Manager for all the schemes of the Fund. The Fund was registered with SEBI vide registration number MF/046/02/5 dated May 27, 2002.

The Trust has been formed for the purpose of pooling of capital from the public for collective investment in securities for the purpose of providing facilities for participation by persons as beneficiaries in such investments and in the profits/income arising therefrom.

C. HSBC Trustees (India) Private Limited (the Trustees)

The Trustees are the exclusive owner of the Trust Fund and holds the same in trust for the benefit of the unitholders. The Trustees have been discharging their duties and carrying out the responsibilities as provided in the SEBI (Mutual Funds) Regulations, 1996 and the Trust Deed. The Trustees seek to ensure

Trustees' Report

For the year ended March 31, 2024 (Contd...)

that the Fund and the schemes floated there under are managed by the AMC in accordance with the Trust Deed, the said Regulations, directions and guidelines issued by the SEBI, the Stock Exchanges, the Association of Mutual Funds in India and other regulatory agencies.

During the year, HSBC Securities and Capital Markets (India) Private Limited ("HSCI"), Sponsors of HSBC Mutual Fund) established a private limited company with limited liability to act as the "Trustee" of HSBC Mutual Fund. HSBC Trustees (India) Private Limited ("HTIP") was incorporated on 9 January 2024. Accordingly, HTIP has replaced the Board of Trustees of HSBC Mutual Fund w.e.f. 1 March 2024, and the Company through its Board of Directors has been discharging its obligations as the "Trustees" of the Fund from this date.

As of March 31, 2024, HSCI holds 100% of the paid-up equity share capital of HTIP.

D. Asset Management Company (the AMC)

HSBC Asset Management (India) Private Limited (the Investment Manager or the AMC) is a private limited company incorporated under the Companies Act, 1956 on December 12, 2001 having its Registered Office at 9-11 Floors, NESCO IT Park, Building no. 3, Western Express Highway, Goregaon (East), Mumbai – 400 063. HSBC Asset Management (India) Private Limited has been appointed as the Asset Management Company of HSBC Mutual Fund by the Trustee vide Investment Management Agreement (IMA) dated February 7, 2002 (as amended) and executed between the Trustees and the AMC. SEBI approved the AMC to act as the Investment Manager of the Fund vide its letter No. MFD/BC/163/2002 dated May 27, 2002. The paid-up equity share capital of the AMC is Rs. 344.41 crores. The AMC is registered as a Portfolio Manager under the SEBI (Portfolio Managers) Regulations, 1993 vide registration no. INP000001322. The AMC also offers non-binding Advisory services to offshore funds under the mutual fund license.

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

3. INVESTMENT OBJECTIVE OF THE SCHEMES

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

4. SIGNIFICANT ACCOUNTING POLICIES

The Significant Accounting Policies form part of the Notes to the Accounts annexed to the Balance Sheet of the Schemes in the Full Annual Report. The accounting policies are in accordance with Securities Exchange Board of India (Mutual Funds) Regulations, 1996 and Indian Accounting Standards (IND AS) notified under section 133 of the Companies Act, 2013 (the "Act" read with the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time.

5. UNCLAIMED DIVIDENDS & REDEMPTIONS

Summary of number of investors & corresponding amount as on March 31, 2024:

Scheme Name	Unclaimed Dividend		Unclaimed Redemption	
	No. of Investors	Amount (₹)	No. of Investors	Amount (₹)
HSBC Short Duration Fund	443	624,026.51	11	1,459,797.30

6. INVESTOR SERVICES

The number of official points of acceptance of transactions are 210 locations. In addition to the offices of the Registrar & Transfer Agent, the AMC has its own office in 61 locations and Investor Service Centers in 39 locations. The AMC has 2 Toll Free numbers (1800-4190-200/1800-200-2434) which can be dialed from anywhere in India and 1 number i.e. +91 44 39923900 (Investors calling from abroad). The call center service

Trustees' Report

For the year ended March 31, 2024 (Contd...)

is being managed by the Registrar and Transfer Agents. HSBC Mutual Fund offers the online transaction facility through the AMC's website at www.assetmanagement.hsbc.co.in.

On the distribution front, the number of empaneled distributors were 59046 as on March 31, 2024. During the year, the AMC initiated tie-ups for online distribution of the Mutual Fund's schemes with several channel partners taking the total number of such tie-ups to 160 as on March 31, 2024.

7. DETAILS OF INVESTOR GRIEVANCE REDRESSAL

The details of the redressal of investor complaints received against HSBC Mutual Fund during April 2023 - March 2024 are as follows:

2023-2024												
Com-plaint code	Type of Complaint	(a) No. of complaints pending at the begin-ning of the period	(b) No. of com-plaints received during the given period	Action on (a) and (b)								
				Resolved				Non Action-able*	Pending			
				Within 30 days	30-60 days	60-180 days	Beyond 180 days		0-3 months	3-6 months	6-9 months	9-12 months
I A	Non receipt of amount declared under Income Distribution cum Capital Withdrawal option	1	10	11	0	0	0	0	0	0	0	0
I B	Interest on delayed payment of amount declared under Income Distribution cum Capital Withdrawal option	0	1	1	0	0	0	0	0	0	0	0
I C	Non receipt of Redemption Proceeds	1	38	39	0	0	0	0	0	0	0	0
I D	Interest on delayed payment of Redemption	0	2	2	0	0	0	0	0	0	0	0
II A	Non receipt of Statement of Account/Unit Certificate	0	3	3	0	0	0	0	0	0	0	0
II B	Discrepancy in Statement of Account	1	22	23	0	0	0	0	0	0	0	0
II C	Data corrections in Investor details	1	250	249	0	0	0	0	2	0	0	0
II D	Non receipt of Annual Report/ Abridged Summary	0	0	0	0	0	0	0	0	0	0	0
III A	Wrong switch between Schemes	0	2	2	0	0	0	0	0	0	0	0
III B	Unauthorized switch between Schemes	0	1	1	0	0	0	0	0	0	0	0
III C	Deviation from Scheme attributes	0	1	1	0	0	0	0	0	0	0	0
III D	Wrong or excess charges/load	0	0	0	0	0	0	0	0	0	0	0
III E	Non updation of changes viz. address, PAN, bank details, nomination, etc	1	127	127	0	0	0	0	1	0	0	0
III F	Delay in allotment of Units	0	5	4	1	0	0	0	0	0	0	0
III G	Unauthorized Redemption	0	0	0	0	0	0	0	0	0	0	0
IV	Others**	1	78	76	0	0	0	0	3	0	0	0
	TOTAL	6	540	539	1	0	0	0	6	0	0	0

** As per AMFI Best Practice Guidelines Circular No.25/2011-12 for Revisions in the Guidelines on Standardization of Complaints/Grievances Reporting Procedure. If "Others" include a type of complaint which is more than 10% of overall complaints, then such a reason should be provided separately. Hence, data corrections in Investor Details are included as a separate category.

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

Trustees' Report

For the year ended March 31, 2024 (Contd...)

Summary of Complaints for FY 2023-24

Particulars	Count
Total complaints received	540
Total number of folios	21,39,406
% of complaints against the folio	0.025

8. INVESTOR EDUCATION INITIATIVES

During the FY 2023-24, the AMC conducted the following investor education and awareness initiatives:

- An integrated multi-media marketing campaign on SIP Hai 'FaydeWaliAadat' aimed to tap into the aspirations, financial goals, and unique spending habits of millennials.
- Editorial content on Systematic Investment Plans (SIP) created across 15 states through various regional television channels.
- Investor education content on the Platform - Quora.
- 'Be Money Confident' video series targeting women through Jio Platforms.
- Campaign on Women & Investing for Women's Day.
- Campaign for Marathon enthusiast on the similarities between running a Marathon & Investing.
- Financial literacy virtual event on the occasion of Mother's Day, which received more than 725 registered users.
- A mom blogger outreach program to reach Women Investors with financial education content on MF on the occasion of Mother's Day.
- Education campaign on ELSS executed for working audiences.
- Blogs and content for Investor Education properties like SIP Sahi Hai in Value Research, Gyan Guroovaar on Facebook, Investment Ki Paathshala on the website and investor education blogs on the platform - Advisor Khoj.
- 1,462 Investor Education programs to reach out to an audience of 71,465 people out of which 458 were women programs attended by 20,139 women.

9. PROXY VOTING POLICY

As per para 6.16 of SEBI Master Circular on Mutual Funds dated June 27, 2024, the Fund has adopted Proxy Voting Policy and Procedures for exercising voting rights in respect of securities held by the Schemes. (please refer Proxy Voting Policy and Procedures)

The summary of the votes casted in the general meetings of the Investee companies, by the AMC for and on behalf of the Schemes of the Fund, for the financial year 2023-24 is provided below:

Quarter	Total no. of resolutions	Break-up of Vote decision		
		For	Against	Abstained
April 2023 - June 2023	387	260	75	52
July 2023 - September 2023	2,169	1607	448	114
October 2023 - December 2023	197	138	37	22
January 2024 - March 2024	319	240	50	29
TOTAL	3,072	2,245	610	217

As per para 6.16.7 of SEBI Master Circular on Mutual Funds dated June 27, 2024, the AMC has obtained certificate from M/s. M. P. Chitale & Co., Chartered Accountants, who is acting as a Scrutinizer, on the voting report for the FY 2023-24. The certificate dated May 22, 2024 issued by M/s. M. P. Chitale & Co., is available on the website of the AMC as part of the full Annual Report.

Trustees' Report

For the year ended March 31, 2024 (Contd...)

Unitholders can refer to the full Annual Report for complete details of actual exercise of votes in the general meetings of the investee companies for the financial year 2023-24 or log on to our website at www.assetmanagement.hsbc.co.in.

10. STATUTORY DETAILS

- The Sponsors are not responsible or liable for any loss resulting from the operation of the Schemes of the Fund beyond initial contribution of Rs. 1 lakh for setting up the Fund.
- The price and redemption value of the units, and income from them, can go up as well as down with fluctuations in the market value of its underlying investments.
- Full Annual Report of HSBC Mutual Fund and of HSBC Asset Management (India) Private Limited (the AMC) shall be disclosed on the website at www.assetmanagement.hsbc.co.in and shall be available for inspection at the Head Office of the Mutual Fund. Present and prospective unitholders can obtain copy of the Trust Deed, the full Annual Report of the Scheme(s), the Annual Report of HSBC Asset Management (India) Private Limited and the text of the relevant Scheme(s) at a price.

11. CHANGES IN RISK-O-METER OF THE SCHEME DURING FY 2023-24

As per para 17.4. of SEBI Master Circular on Mutual Funds dated June 27, 2024 on product labelling, the changes carried out in the risk-o-meter of the schemes of HSBC Mutual Fund during FY 2023-24 have been given in the below mentioned table for the information of the unitholders, a report on the said changes has also been displayed on the website of the Fund and AMFI.

Scheme Name	Risk-o-meter level as on March 31, 2023	Risk-o-meter level as on March 31, 2024	Number of changes in Risk-o-meter during the F.Y. 2023-24)
HSBC Short Duration Fund	Moderate	Moderate	2

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

As per para 6.16.15 of SEBI Master Circular on Mutual Funds dated June 27, 2024, HSBC Mutual Fund has adapted the policy on stewardship responsibilities, the unitholders are requested to note the status of governance with the same as mentioned below:

S. No.	Particulars of Principles of Stewardship Code	Status of compliance (Complied/ Not Complied)	Description	Remarks/ reasons for deviation/non-compliance, if any
1	Principle 1: Institutional Investors should formulate a comprehensive policy on the discharge of their stewardship responsibilities, publicly disclose it, review and update it periodically.	Complied	HSBC Asset Management (India) Private Limited's (AMIN) 'Policy on Stewardship responsibilities' (Stewardship Code/ Policy) was formulated and implemented on 01 July, 2020. This is a comprehensive document which has been publicly disclosed on the website of AMIN. The same shall follow a periodic review.	N.A.
2	Principle 2: Institutional investors should have a clear policy on how they manage conflicts of interest in fulfilling their stewardship responsibilities and publicly disclose it.	Complied	Defining and managing Conflict of Interest in fulfilling stewardship responsibilities are detailed in the Stewardship Policy document. The policy document is publicly disclosed.	N.A.

Trustees' Report

For the year ended March 31, 2024 (Contd...)

S. No.	Particulars of Principles of Stewardship Code	Status of compliance (Complied/ Not Complied)	Description	Remarks/ reasons for deviation/non-compliance, if any
3	Principle 3: Institutional investors should monitor their investee companies.	Complied	AMIN monitors all investee companies through its investment process. This includes assessment of companies' own and market data, consideration of research from brokers and other independent research providers – including ESG & voting research, attending individual & group meetings with company management and directors, visiting production sites (wherever necessary), engaging with key stakeholders including competitors and customers, and financial modelling. More details enumerated in the policy document	N.A.
4	Principle 4: Institutional investors should have a clear policy on intervention in their investee companies. Institutional investors should also have a clear policy for collaboration with other institutional investors where required, to preserve the interests of the ultimate investors, which should be disclosed.	Complied	Details of undertaking active engagement with investee companies and the policy for collaboration with other institutional holders are detailed in the policy document. The policy document is publicly disclosed.	N.A.
5	Principle 5: Institutional investors should have a clear policy on voting and disclosure of voting activity.	Complied	AMIN has a clear and detailed voting policy which provides the framework for the voting decisions. All voting decisions shall be in accordance with AMIN's Voting Policy and Procedures, which is disclosed on the website. AMIN discloses the details of the voting on its website on a quarterly basis within 10 working days from the end of the quarter. Additionally, AMIN also discloses the details of the votes cast, in the annual report of the schemes of HSBC Mutual Fund.	N.A.
6	Principle 6: Institutional investors should report periodically on their stewardship activities.	Complied	The annual status report of the stewardship code and quarterly report on proxy voting are publicly disclosed on the website as required under SEBI Regulations.	N.A.

Trustees' Report

For the year ended March 31, 2024 (Contd...)

13. DISCLOSURES PERTAINING TO NAV ADJUSTED DURING THE FINANCIAL YEAR FOR SWING FACTOR ALONG WITH THE PERFORMANCE IMPACT

Sr No.	Period of applicability of swing pricing	Scheme Name	Unswung NAV	Swing factor applied	Whether optional or mandatory
NIL					

14. SIGNIFICANT EVENT AFTER THE END OF THE FINANCIAL YEAR

NIL

15. ACKNOWLEDGEMENTS

The Trustees wish to thank the unitholders of the Schemes for their support throughout the year, and also thank the Government of India, the Securities and Exchange Board of India (SEBI), the Reserve Bank of India (RBI) and the Association of Mutual Funds in India (AMFI) for the guidance provided by them. The Trustees also appreciate the services provided by the Registrar and Transfer Agent, Fund Accountant, Custodian, Bankers, Distributors and Brokers. The guidance and services provided by the auditors and advocates and the ebullience, sincerity and dedication of the employees of HSBC Asset Management (India) Private Limited is also appreciated.

The Trustees look forward to the continued support of everyone.

For and on behalf of **HSBC Trustees (India) Private Ltd.**

Sd/-

Director

Mumbai

July 19, 2024

Independent Auditors' Report

To the Board of Directors of HSBC Trustees (India) Private Limited (the "Trustee")

HSBC Short Duration Fund

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **HSBC Short Duration Fund** (the "Scheme") of HSBC Mutual Fund (the "Fund"), which comprise the Balance Sheet as at March 31, 2024, the Revenue Account and the Cash Flow Statement for the year then ended, and notes to the financial statements, including a summary of material accounting policy and other explanatory information.

In our opinion, and to the best of our information and according to the explanations given to us, the aforesaid financial statements of the Scheme give a true and fair view in conformity with the Indian Accounting Standards ("Ind AS") prescribed under section 133 of the Companies Act, 2013 (the "Act") read with Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India, including the accounting policies and standards specified in the Regulation 50 and Ninth Schedule to the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 ("the SEBI Regulations") (collectively referred to as the "Regulations") as amended:

- in the case of the Balance Sheet, of the state of affairs of the Scheme as at March 31, 2024;
- in the case of the Revenue Account, of the net surplus for the year ended on that date; and
- in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing ("SAs") and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India (the "ICAI"). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Scheme in accordance with the Code of Ethics issued by the ICAI together with the ethical requirements that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Information Other than the Financial Statements and Auditor's Report Thereon

The Board of Directors of HSBC Asset Management (India) Private Limited (the "AMC") and the Board of Directors of HSBC Trustees (India) Private Limited (the "Trustees") (collectively referred to as "the Management") are responsible for the other information. The other information comprises the information included in the Trustees report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

The Management is responsible for the preparation of these financial statements that give a true and fair view of the state of affairs, results of operations and cash flows of the Scheme in accordance with the accounting principles generally accepted in India, including the accounting policies and standards specified in Regulations.

Independent Auditors' Report *(Contd...)*

This responsibility also includes maintenance of adequate accounting records in accordance with the SEBI Regulations for safeguarding of the assets of the Scheme and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Management is responsible for assessing the Scheme's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management, either intends to liquidate the Scheme or to cease operations, or has no realistic alternative but to do so.

Those Charged with Governance are also responsible for overseeing the Scheme's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Scheme's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Scheme to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide to those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Independent Auditors' Report (Contd...)

Report on Other Legal and Regulatory Requirements

1. As required by regulation 55(4) and clause 5(ii)(2) of the Eleventh Schedule of the SEBI Regulations, we report that:
 - a. we have sought and obtained all the information and explanations which, to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b. in our opinion, the Balance Sheet and the Revenue Account dealt with by this report have been prepared in accordance with the accounting policies and standards specified in the Regulations; and
 - c. the Balance Sheet, the Revenue Account and the Cash Flow Statement, dealt with by this report are in agreement with the books of accounts of the Scheme.
2. In our opinion, the methods used to value non-traded securities as at March 31, 2024, as determined by the Management under procedures approved by the Trustees in accordance with the guidelines for valuation of securities for mutual funds as mentioned in the Eighth Schedule to the SEBI Regulations, are fair and reasonable.

For **M S K A & Associates**

Chartered Accountants

ICAI Firm Registration No. 105047W

Sd/-

Swapnil Kale

Partner

Membership No: 117812

UDIN: 24117812BKFIRR5323

Place : Mumbai

Date : July 19, 2024.

Abridged Balance Sheet as at March 31, 2024

Rs. in Lakhs

	As at March 31, 2024	As at March 31, 2023	As at April 1, 2022
LIABILITIES			
1 Unit Capital	152,064.03	156,341.57	182,304.57
2 Reserves & Surplus			
2.1 Unit Premium Reserves	2,059.48	5,086.01	6,761.74
2.2 Unrealised Appreciation Reserve	443.28	—	139.03
2.3 Other Reserves	205,481.69	199,841.02	217,175.18
3 Loans & Borrowings	—	—	—
4 Current Liabilities & Provisions			
4.1 Provision for Doubtful Income/Deposits	—	—	—
4.2 Other Current Liabilities & Provisions	334.08	328.52	217.47
TOTAL	360,382.55	361,597.12	406,598.00
ASSETS			
1 Investments			
1.1 Listed Securities:			
1.1.1 Equity Shares	—	—	—
1.1.2 Preference Shares	—	—	—
1.1.3 Equity Linked Debentures	—	—	—
1.1.4 Other Debentures & Bonds	196,252.28	153,225.98	162,582.94
1.1.5 Securitised Debt Securities	—	4,036.08	8,684.14
1.2 Securities Awaited Listing:			
1.2.1 Equity Shares	—	—	—
1.2.2 Preference Shares	—	—	—
1.2.3 Equity Linked Debentures	—	—	—
1.2.4 Other Debentures & Bonds	—	—	—
1.2.5 Securitised Debt Securities	—	—	—
1.3 Unlisted Securities:			
1.3.1 Equity Shares	—	—	—
1.3.2 Preference Shares	—	—	—
1.3.3 Equity Linked Debentures	—	—	—
1.3.4 Other Debentures & Bonds	—	—	—
1.3.5 Securitised Debt Securities	—	—	—
1.4 Government Securities	147,829.39	135,810.75	194,805.34
1.5 Treasury Bills	—	—	—
1.6 Commercial Paper	—	—	—
1.7 Certificate of Deposits	—	44,490.65	829.28
1.8 PTC	—	—	—
1.9 Units of Domestic Mutual Fund	—	—	—
1.10 Foreign Securities	—	—	—
1.11 AIF Investment	920.43	—	—
Total Investments	345,002.09	337,563.47	366,901.69
2 Deposits	108.19	12.32	106.60
3 Other Current Assets			
3.1 Cash & Bank Balance	526.58	1,519.15	64.82
3.2 CBLO/TREPS/Reverse Repo Lending	4,817.68	7,107.23	31,555.46
3.3 Others	9,928.01	15,394.96	7,969.43
4 Deferred Revenue Expenditure (to the extent not written off)	—	—	—
TOTAL	360,382.55	361,597.12	406,598.00

Notes to Accounts - Annexure I

Abridged Revenue Account for the year ended March 31, 2024

		Rs. in Lakhs	
		Current Year ended March 31, 2024	Previous Year ended March 31, 2023
1	INCOME		
1.1	Dividend	–	–
1.2	Interest	24,557.59	23,451.42
1.3	Realised Gain/(Loss) on Foreign Exchange Transactions	–	–
1.4	Realised Gains/(Losses) on Interscheme Sale of Investments	–	–
1.5	Realised Gains/(Losses) on External Sale/Redemption of Investments	(4,779.44)	(5,624.24)
1.6	Realised Gains/(Losses) on Derivative Transactions	–	–
1.7	Other Income	2.27	2.19
	(A)	19,780.42	17,829.37
2	EXPENSES		
2.1	Management Fees	646.15	691.98
2.2	GST on Management Fees	116.31	124.56
2.3	Transfer Agents Fees and Expenses	98.94	113.10
2.4	Custodian Fees	1.52	3.73
2.5	Trusteeship Fees	1.54	2.11
2.6	Commission to Agents	253.97	373.62
2.7	Marketing & Distribution Expenses	0.13	0.83
2.8	Audit Fees	0.59	4.38
2.9	Investor Education Expenses	69.43	74.05
2.10	Interest on Borrowing	–	–
2.11	Brokerage & Transaction Costs	14.64	18.64
2.12	Other Operating Expenses	9.36	13.22
	(B)	1,212.58	1,420.22
3	NET REALISED GAINS/(LOSSES) FOR THE YEAR (C = A – B)	18,567.83	16,409.15
4	Change in Unrealised Depreciation in Value of Investments	(D) 5,405.74	(2,968.66)
5	NET GAINS/(LOSSES) FOR THE YEAR (E = C + D)	23,973.57	13,440.49
6	Change in Unrealised Appreciation in Value of Investments	(F) 443.28	(129.72)
7	NET SURPLUS/(DEFICIT) FOR THE YEAR (G = E + F)	24,416.85	13,310.77
7.1	Add : Balance Transfer from Unrealised Appreciation Reserve	–	139.03
7.2	Less : Balance Transfer to Unrealised Appreciation Reserve	443.28	–
7.3	Add/(Less) : Equalisation	(17,974.61)	(30,678.51)
7.4	Transfer from Reserve Fund	199,841.02	217,175.18
7.5	Transfer from Unit Premium Reserve	5.14	–
8	Total	205,845.12	199,946.48
9	Dividend Appropriation		
9.1	Income Distributed during the Year	(363.44)	(105.46)
9.2	Tax on Income Distributed during the Year	–	–
10	Retained Surplus/(Deficit) Carried Forward to Balance Sheet	205,481.69	199,841.02

Notes to Accounts - Annexure I

Key Statistics for the year ended March 31, 2024

	Current Year ended March 31, 2024	Previous Year ended March 31, 2023
1. NAV per unit (Rs.):		
Open		
Regular Plan - Growth Option	22.4077	21.6605
Regular Plan - Monthly IDCW Option	11.0632	11.2372
Regular Plan - Quarterly IDCW Option	10.5777	10.8072
Regular Plan - Annual IDCW Option	11.7749	12.2054
Regular Plan - Bonus Option	22.4077	21.6605
Direct Plan - Growth Option	23.5034	22.6108
Direct Plan - Monthly IDCW Option	11.7337	11.8623
Direct Plan - Quarterly IDCW Option	11.3257	11.5156
Direct Plan - Annual IDCW Option	12.2128	12.6165
High		
Regular Plan - Growth Option	23.9400	22.4077
Regular Plan - Monthly IDCW Option	11.1511	11.2415
Regular Plan - Quarterly IDCW Option	10.7665	10.8114
Regular Plan - Annual IDCW Option	12.5516	12.6077
Regular Plan - Bonus Option	23.9388	22.4077
Direct Plan - Growth Option	25.2314	23.5034
Direct Plan - Monthly IDCW Option	11.8308	11.8680
Direct Plan - Quarterly IDCW Option	11.5412	11.5211
Direct Plan - Annual IDCW Option	13.0801	13.0944
Low		
Regular Plan - Growth Option	22.4169	21.3887
Regular Plan - Monthly IDCW Option	11.0284	11.0215
Regular Plan - Quarterly IDCW Option	10.4613	10.5574
Regular Plan - Annual IDCW Option	11.6082	11.7523
Regular Plan - Bonus Option	22.4169	21.3887
Direct Plan - Growth Option	23.5140	22.3386
Direct Plan - Monthly IDCW Option	11.6983	11.6495
Direct Plan - Quarterly IDCW Option	11.2540	11.2857
Direct Plan - Annual IDCW Option	12.0871	12.1889
End		
Regular Plan - Growth Option	23.9400	22.4077
Regular Plan - Monthly IDCW Option	11.0719	11.0632
Regular Plan - Quarterly IDCW Option	10.4796	10.5777
Regular Plan - Annual IDCW Option	11.6284	11.7749
Regular Plan - Bonus Option	23.9388	22.4077
Direct Plan - Growth Option	25.2314	23.5034
Direct Plan - Monthly IDCW Option	11.7431	11.7337
Direct Plan - Quarterly IDCW Option	11.2742	11.3257
Direct Plan - Annual IDCW Option	12.1088	12.2128
2. Closing Assets Under Management (Rs. in Lakhs)		
End	360,048	360,936
Average (AAuM) ¹	347,129	370,265
3. Gross income as % of AAuM ²	5.70%	4.82%

Key Statistics for the year ended March 31, 2024 (Contd...)

	Current Year ended March 31, 2024	Previous Year ended March 31, 2023
4. Expense Ratio:		
a. Total Expense as % of AAuM (including GST on Management fees) (plan wise)		
Regular Plan	0.75%	0.75%
Direct Plan	0.27%	0.27%
b. Management Fee as % of AAuM (plan wise)		
Regular Plan	0.21%	0.21%
Direct Plan	0.18%	0.18%
5. Net Income as a percentage of AAuM ³	5.35%	4.43%
6. Portfolio turnover ratio ⁴	N.A.	N.A.
7. Total IDCW per unit distributed during the year (plan wise)		
Retail		
Regular Plan - Monthly IDCW Option	0.7244	0.5486
Regular Plan - Quarterly IDCW Option	0.8000	0.5900
Regular Plan - Annual IDCW Option	0.9500	0.8500
Direct Plan - Monthly IDCW Option	0.8248	0.5823
Direct Plan - Quarterly IDCW Option	0.8600	0.6300
Direct Plan - Annual IDCW Option	1.0000	0.9000
Corporate		
Regular Plan - Monthly IDCW Option	0.7244	0.5486
Regular Plan - Quarterly IDCW Option	0.8000	0.5900
Regular Plan - Annual IDCW Option	0.9500	0.8500
Direct Plan - Monthly IDCW Option	0.8248	0.5823
Direct Plan - Quarterly IDCW Option	0.8600	0.6300
Direct Plan - Annual IDCW Option	1.0000	0.9000
8. Returns (%):		
a. Last One Year		
Scheme		
Regular Plan - Growth Option	6.82%	3.45%
Direct Plan - Growth Option	7.33%	3.95%
Benchmark⁵		
NIFTY Short Duration Debt Index A-II	7.44%	4.76%
b. Since Inception		
Scheme		
Regular Plan - Growth Option	6.86%	6.87%
Direct Plan - Growth Option	7.63%	7.66%
Benchmark⁵		
NIFTY Short Duration Debt Index A-II	7.68%	7.89%

1. AAuM = Average daily net assets

2. Gross income = amount against (A) in the Revenue account i.e. Income

3. Net income = amount against (C) in the Revenue account i.e. Net Realised Gains/(Losses) for the year

4. Portfolio Turnover = Lower of sales or purchase divided by the Average AuM for the year

5. Benchmark returns provided for previous year is as per Old Benchmark

Old Benchmark	New Benchmark	Effective date
NIFTY Short Duration Debt Index B-II	NIFTY Short Duration Debt Index A-II	4th September, 2023

Notes to Accounts – Annexure I

To the Abridged Balance Sheet and Revenue Account for the year ended March 31, 2024

1 Investments:-

- 1.1. It is confirmed that investments of the scheme are registered in the name of the Trustees for the benefit of the Scheme's unitholders.
- 1.2. Open Positions of derivatives as on year ended March 31, 2024 and March 31, 2023 are NIL.
- 1.3. Investment in Associates and Group Companies as at the year ended March 31, 2024 and March 31, 2023 are NIL.
- 1.4. Open position of Securities Borrowed and/or Lent by the scheme as on the year ended March 31, 2024 and March 31, 2023 are NIL.
- 1.5. Investment in Below investment grade and default/Securities in default as on March 31, 2024 and March 31, 2023 are NIL.
- 1.6. Aggregate Unrealised Gain/Loss as at the end of the financial year 2024 and 2023 and their percentage to net assets are as under :

(Rs. In Lakhs)

Security Category	Amount	Percentage to Net Assets	Amount	Percentage to Net Assets
	As at March 31, 2024		As at March 31, 2023	
Bonds and Debentures				
– Appreciation	426.36	0.12	127.10	0.04
– Depreciation	746.57	0.21	1,824.65	0.51
Central and State Government Securities				
– Appreciation	475.74	0.13	14.11	0.00~
– Depreciation	53.50	0.01	29.02	0.01
Commercial Papers / Certificate of Deposits				
– Appreciation	–	–	16.41	0.00~
– Depreciation	–	–	4,008.10	1.11
Securitised Debt Securities				
– Appreciation	–	–	–	–
– Depreciation	–	–	21.80	0.01
Alternate Investment Fund (CDMDF)				
– Appreciation	16.77	0.00~	–	–
– Depreciation	–	–	–	–

(–) - Indicates less than 0.01%

- 1.7. The aggregate value of investment securities (excluding CBLO/TREPS and Reverse Repos) purchased and sold (including matured) during the financial year 2023-24 (excluding accretion of discount) are Rs. 293,222.48 lakhs and Rs. 287,582.11 lakhs being 84.47% and 82.85% of the average net assets.

The aggregate value of investment securities (excluding CBLO/TREPS and Reverse Repos) purchased and sold (including matured) during the financial year 2022-23 (excluding accretion of discount) are Rs. 338,177.68 lakhs and Rs. 358,184.03 lakhs being 91.33% and 96.74% of the average net assets.

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

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

To the Abridged Balance Sheet and Revenue Account for the year ended March 31, 2024

Security Category	Amount (Rs. In Lakhs)	Percentage to Net Assets	Amount (Rs. In Lakhs)	Percentage to Net Assets
	As at March 31, 2024		As at March 31, 2023	
Debt	196,252	54.51	105,786	29.31
Total	196,252	54.51	105,786	29.31

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

During the year 2023-24, The Hongkong and Shanghai Banking Corporation Limited, an associate entity of HSBC Asset Management (India) Private Limited was paid collection/bank charges amounting to Rs. Nil.

During the year 2022-23, The Hongkong and Shanghai Banking Corporation Limited, an associate entity of HSBC Asset Management (India) Private Limited was paid collection/bank charges amounting to Rs. Nil.

Commission paid to Sponsor/AMC and its associates/related parties/group companies

Name of Sponsor/ AMC and its associates/related parties/group companies	Nature of Association / Nature of Relation	Period Covered	Business Given [Rs. In lakhs]	% of Total Business received by the Fund	Commission paid [Rs. In Lakhs]	% of Total commission paid by the Fund
The Hongkong and Shanghai Banking Corporation Limited	Group Company	2023-2024	2,342.59	5.45	8.77	3.59
The Hongkong and Shanghai Banking Corporation Limited	Group Company	2022-2023	5,895.29	7.54	11.49	3.28

Brokerage paid to Sponsor/AMC and its associates/related parties/group companies is NIL.
(Previous year also NIL).

- 3 None of the Investors held more than 25% of the total net assets of the schemes at the year ended March 31, 2024 and March 31, 2023.
- 4 Unit Capital movement during the year ended March 31, 2024, March 31, 2023 and March 31, 2022:

Description	Opening Units	Subscription	Redemption	Closing Units	Face value
	2023-24				
Regular Plan - Growth Option	298,227,188.879	30,738,841.268	141,336,867.312	187,629,162.835	10
Regular Plan - Monthly IDCW Option	11,270,322.333	1,013,175.449	2,980,257.563	9,303,240.219	10
Regular Plan - Quarterly IDCW Option	9,218,688.101	132,767,272.177	7,674,704.434	134,311,255.844	10
Regular Plan - Bonus Option	3,000.000	–	–	3,000.000	10
Regular Plan - Annual IDCW Option	1,621,948.405	1,594,529.281	3,177,642.015	38,835.671	10
Direct Plan - Growth Option**	1,241,924,329.235	87,143,441.377	140,237,236.342	1,188,830,534.270	10

Notes to Accounts – Annexure I (Contd...)**To the Abridged Balance Sheet and Revenue Account for the year ended March 31, 2024**

Description	Opening Units	Subscription	Redemption	Closing Units	Face value
	2023-24				
Direct Plan - Monthly IDCW Option	1,036,827.823	35,640.675	627,783.233	444,685.265	10
Direct Plan - Quarterly IDCW Option	81,427.040	1,752.758	31,484.475	51,695.323	10
Direct Plan Annual IDCW Option	31,932.039	771.480	4,834.311	27,869.208	10
2022-23					
Regular Plan - Growth Option	449,776,972.107	84,629,565.908	236,179,349.136	298,227,188.879	10
Regular Plan - Monthly IDCW Option	1,293,978.030	10,496,489.412	520,145.109	11,270,322.333	10
Regular Plan - Quarterly IDCW Option	9,483,070.370	41,209.897	305,592.166	9,218,688.101	10
Regular Plan - Bonus Option	3,500.000	–	500.000	3,000.000	10
Regular Plan - Annual IDCW Option	1,527,879.377	123,860.768	29,791.740	1,621,948.405	10
Direct Plan - Growth Option**	1,359,797,905.812	242,110,758.155	359,984,334.732	1,241,924,329.235	10
Direct Plan - Monthly IDCW Option	1,021,817.484	458,392.023	443,381.684	1,036,827.823	10
Direct Plan - Quarterly IDCW Option	91,218.812	9,689.601	19,481.373	81,427.040	10
Direct Plan - Annual IDCW Option	49,401.188	2,089.310	19,558.459	31,932.039	10
2021-22					
Regular Plan - Growth Option	603,518,040.706	447,965,067.110	601,706,135.709	449,776,972.107	10
Regular Plan - Monthly IDCW Option	3,174,519.482	178,658.336	2,059,199.788	1,293,978.030	10
Regular Plan - Quarterly IDCW Option	9,762,845.503	62,519.839	342,294.972	9,483,070.370	10
Regular Plan - Bonus Option	3,500.000	–	–	3,500.000	10

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

To the Abridged Balance Sheet and Revenue Account for the year ended March 31, 2024

Description	Opening Units	Subscription	Redemption	Closing Units	Face value
2023-24					
Regular Plan - Annual IDCW Option	1,504,921.451	78,469.182	55,511.256	1,527,879.377	10
Direct Plan - Growth Option**	1,951,333,097.237	1,072,530,804.101	1,664,065,995.526	1,359,797,905.812	10
Direct Plan - Monthly IDCW Option	1,136,703.356	105,332.254	220,218.126	1,021,817.484	10
Direct Plan - Quarterly IDCW Option	242,937.691	43,987.784	195,706.663	91,218.812	10
Direct Plan - Annual IDCW Option	47,718.590	15,343.263	13,660.665	49,401.188	10

** Units held by the AMC (Seed Capital) in Direct Plan Growth Option as on March 31, 2024 is 17,908,677.364 & as on March 31, 2023 is 17,908,677.364 & as on March 31, 2022 is 367,947.369.

- 5 Previous year's/period figures have been re-grouped/re-arranged where necessary.
- 6 There are no contingent liabilities and other commitments as on March 31, 2024 and March 31, 2023. Contingent asset is neither recognized nor disclosed in the financial statements.
- 7 Expenses other than Management Fees and Audit Fees are Inclusive of GST where applicable.
- 8 Other income: Rs. 2.27 Lakhs represents Exit load credited to the scheme (2023: Rs. 2.19 Lakhs represents Exit load credited to the scheme).

9 Investor Education Awareness

As mandated by SEBI vide circular no. CIR/IMD/DF/21/2012 dated September 13, 2012 an annual charge of 0.02 percent of daily net assets, being a part of total recurring expenses is set aside for Investor Education and Awareness (IEA). In view of the AMFI Best Practices Guidelines Circular No. 56/2015-16, the IEF (Investor Education Fund) accrual is set aside in a separate bank account and the consolidated balance across all schemes as on March 31, 2024.

Pursuant to SEBI circular dated May 23, 2022, w.e.f. July 1, 2022, the limit of 0.02% p.a. has been reduced to 0.01% p.a. in case of ETFs/Index Funds. Furthermore, Fund of Funds (FoFs) investing more than 80% of its NAV in the underlying domestic funds have discontinued setting aside 0.02% p.a. of daily net assets towards IEA.

The break-up of which is as under:

	March 31, 2024	March 31, 2023
Particulars	Amount (Rs. In Lakhs)	Amount (Rs. In Lakhs)
Opening Balance as on April 01, 2023	997.09	460.22
Add: Accrual during FY 2023-24	1,962.01	1,432.00
Less: Transferred to AMFI *	889.11	646.75
Less: Payable to AMFI (March 2024 accrual) *	91.90	69.25
Add: Investment Income FY 2023-24	77.08	166.42
Less: Spent during FY 2023-24	1,877.44	345.55
Closing Balance as on March 31, 2024	177.73	997.09

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

The IEA disclosure's are presented for surviving schemes only.

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

To the Abridged Balance Sheet and Revenue Account for the year ended March 31, 2024

- 10 Pursuant to SEBI Circular No. SEBI/HO/IMD/DF3/CIR/P/2020/194 dated October 05, 2020, the nomenclature of 'Dividend Option' under all the schemes of HSBC Mutual Fund has been revised to 'Income Distribution cum Capital Withdrawal Option' (IDCW), with effect from April 01, 2021.
- 11 Securities, excluding debt securities, where the non-traded investments which have been valued "in good faith" exceed 5% of the net assets at the end of the year is NIL.
- 12 Debt securities which have been valued at a price other than the price given by the independent valuation agencies at the end of the year is NIL.
- 13 **Disclosure of Risk-o-meter**

Scheme Name	Risk-o-meter level at end of the financial year i.e. March 31, 2024	Risk-o-meter level as on March 31, 2023	Number of changes in Risk-o-meter during the financial year (March 2023 to March 2024)
HSBC Short Duration Fund	Moderate	Moderate	2

- 14 Pursuant to the SEBI circular no. SEBI/HO/IMD/IMD-II DOF3/P/CIR/2021/573 dated June 07, 2021. The details of Potential Risk Class matrix of schemes are given in below:

A Scheme with Relatively Moderate interest rate risk and Moderate credit risk	Relatively Low (Class A)	Moderate (Class B)	Relatively High (Class C)
Interest Rate Risk ↓			
Relatively Low (Class I)			
Moderate (Class II)	All		
Relatively High (Class III)			
A Scheme with Relatively Moderate interest rate risk and Moderate credit risk			

- 15 Subsequent to receipt of SEBI's no objection to acquisition of 100% equity shares of L&T Investment Management Limited ("LTIM", Investment Manager of L&T Mutual Fund) and the amendments proposed to the trust deed of the HSBC Mutual Fund as required under the SEBI (Mutual Funds) Regulations, 1996, the schemes of L&T Mutual Fund (LTMF) were transferred to/ merged with the schemes of HSBC Mutual Fund on and from the close of business hours of November 25, 2022, and the HSBC AMC and HSBC Trustees assumed the responsibilities of the schemes of LTMF w.e.f. close of business hours of November 25, 2022.
- 16 During the year, HSBC Securities and Capital Markets (India) Private Limited ("HSCI"), Sponsors of HSBC Mutual Fund established a private limited company with limited liability to act as the "Trustee" of HSBC Mutual Fund. HSBC Trustees (India) Private Limited ("HTIP") was incorporated on 9 January 2024. Accordingly, HTIP has replaced the Board of Trustees of HSBC Mutual Fund w.e.f. 1 March 2024, and the Company through its Board of Directors has been discharging its obligations as the "Trustees" of the Fund from this date.
- 17 The Annual Accounts of the Schemes, prepared in accordance with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the "Act") read with the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time and clause 17.14 of SEBI Master Circular for Mutual Funds dated June 27, 2024, has been approved by the Board of Directors of HSBC Asset Management (India) Private Limited and HSBC Trustees (India) Private Limited at their meetings held on July 8, 2024 and July 19, 2024 respectively. The audit report attached herewith refers to the said Annual Accounts. The aforesaid abridged accounts are an extract of the Annual Accounts and are prepared in accordance with clause 5.4 and format no. 3.B under the section of formats of SEBI Master Circular for Mutual Funds dated June 27, 2024 and other relevant circulars issued by the Securities and Exchange Board of India from time to time.

Voting Policy and Procedures

In view of para 6.16 of SEBI Master Circular on Mutual Funds dated June 27, 2024 related to "Role of Mutual Funds in Corporate Governance of Public Listed Companies", HSBC AMC has formulated its "Policy for Proxy Voting in Public Listed Companies". The said policy is available on our website and the details of actual exercise of proxy votes, the summary of votes casted and the auditor's certificate is forming part of our full Annual Report for the Financial Year 2023 – 24 which has been uploaded on our website at <http://www.assetmanagement.hsbc.co.in>

Statutory Details & Disclaimers

All the returns have been sourced from Mutual Funds India Explorer software. The performance of the schemes and the benchmark is calculated on a total return basis. This document has been prepared by HSBC Asset Management (India) Private Limited (HSBC) for information purposes only with an intent to provide market overview and should not be construed as an offer or solicitation of an offer for purchase of any of the funds of HSBC Mutual Fund. All information contained in this document (including that sourced from third parties), is obtained from sources, which HSBC/third party, believes to be reliable but which it has not been independently verified by HSBC/the third party. Further, HSBC/the third party makes no guarantee, representation or warranty and accepts no responsibility or liability as to the accuracy or completeness of such information. The information and opinions contained within the document are based upon publicly available information and rates of taxation applicable at the time of publication, which are subject to change from time to time.

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

For disclosure of quarterly AUM/AAUM and AUM by geography, please visit our website at www.assetmanagement.hsbc.co.in. Investors are requested to note that as per SEBI (Mutual Funds) Regulations, 1996 and guidelines issued thereunder, HSBC AMC, its employees and/ or empaneled distributors/agents are forbidden from guaranteeing/promising/assuring/predicting any returns or future performances of the schemes of HSBC Mutual Fund. Hence, please do not rely upon any such statements/commitments. If you come across any such practices, please register a complaint via email at investor.line@mutualfunds.hsbc.co.in

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

Important Updates

Name and Date of Birth as per PAN card - Effective from June 1, 2024

As per recent regulatory requirement and changes advised by Income Tax Department in PAN validation process, now it is mandated to quote your Name(s) and DOB as per PAN card. To avoid any failure in such validations, we request investors to quote the Name(s) and DOB's of all the holders including Guardian, Power of Attorney (POA) holders as per PAN card.

Useful Links for self service options

- **Use our 24 x 7 Chatbot - "ASKME" for any queries or service request:**
visit: <https://invest.assetmanagement.hsbc.co.in>

SMS your request to HSBC Mutual Fund

- **Latest NAV :** Send SMS as HSBCMF NAV <Scheme Code> to 56767
Example: HSBCMF NAV F03
- **Valuation Service on registered mobile No. :** Send SMS as HSBCMF VAL <folio_number> to 56767
Example: HSBCMF VAL 123456
- **Annual Report :**
For Electronic Copy: Send SMS as HSBCMFARE <folio_number> to 567678080
Example: HSBCMF ARE 123456
For Physical Copy: Send SMS as HSBCMFARP <folio_number> to 567678080
Example: HSBCMF ARP 123456
- **Half Yearly Portfolio :**
For Electronic Copy: Send SMS as HSBCMFHPE <folio_number> to 567678080
Example: HSBCMF HPE 123456
For Physical Copy: Send SMS as HSBCMFHPP <folio_number> to 567678080
Example: HSBCMF HPP 123456

Missed Call Service

- You can give a missed call to 9212900020 to get the total valuation via SMS and a statement on your registered email ID

Book-Post

If undelivered please return to:

Computer Age Management Services Private Limited (CAMS)

Unit: HSBC Mutual Fund

New No. 10, M.G.R Salai, Nungambakkam, Chennai - 600034.

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

HSBC Asset Management (India) Private Limited

CIN NO: U74140MH2001PTC134220

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

Website : www.assetmanagement.hsbc.co.in

Description	Toll Free Number	Email ID
Investor related queries	1800-4190-200/1800-200-2434	investor.line@mutualfunds.hsbc.co.in
Online related queries	1800-4190-200/1800-200-2434	onlinemf@mutualfunds.hsbc.co.in
Investor (Dialing from abroad)	+91 44 39923900	investor.line@mutualfunds.hsbc.co.in

To get your updated account statement email us at : ["mfsoa@mutualfunds.hsbc.co.in"](mailto:mfsoa@mutualfunds.hsbc.co.in)

We're always here to help you, so feel free to reach out to us

Self-service request at your Fingertips

- Visit Website • Invest Online • Insta Statement • Download Forms
- Transact via Whats App • Use 24/7 ChatBot - Ask Me



Remember, you can also find out more via our social media handles !



Please check our website www.assetmanagement.hsbc.co.in for an updated list of Official Points of Acceptance of HSBC Mutual Fund.

CAMS SERVICE CENTRES / CAMS LIMITED TRANSACTION POINTS / CAMS COLLECTION CENTRES

For details on CAMS Service Centres, please visit www.camsonline.com



HSBC Ultra Short Duration Fund

An open ended ultra-short term debt scheme investing in instruments such that the Macaulay Duration of the portfolio is between 3 months to 6 months. A relatively Low interest rate risk and Moderate credit risk.

Abridged Annual Report 2023 - 2024



SPONSOR

HSBC Securities and Capital Markets (India) Private Limited

CIN – U67120MH1994PTC081575

Regd. Office: 52/60, Mahatma Gandhi Road, Fort, Mumbai 400001.

TRUSTEE COMPANY

HSBC Trustees (India) Private Limited

CIN – U66190MH2024PTC416973

Regd. Office: 52/60, Mahatma Gandhi Road, Fort, Mumbai 400001.

ASSET MANAGEMENT COMPANY

HSBC Asset Management (India) Private Limited

CIN – U74140MH2001PTC134220

Regd. Office: 9-11 Floors, NESCO IT Park, Building No. 3,
Western Express Highway, Goregaon (East), Mumbai 400063.

CUSTODIAN

Citibank N.A.

First International Financial Center (FIFC), 9th Floor,
C-54 & 55, G – Block, Bandra Kurla Complex, Bandra (East), Mumbai 400051.

AUDITORS TO THE SCHEME

MSKA & Associates

Chartered Accountants

602, Floor 6, Raheja Titanium, Western Express Highway,
Geetanjali Railway Colony, Ram Nagar, Goregaon (East), Mumbai 400063.

REGISTRAR & TRANSFER AGENTS

Computer Age Management Services Limited (CAMS)

Unit: HSBC Mutual Fund

New No. 10, M.G.R Salai, Nungambakkam, Chennai 600034.

BOARD OF TRUSTEES

Ms. Jasmine Batliwalla	– Chairperson
Mr. Nani Javeri	– Trustee
Mr. David Rasquinha	– Trustee
Mr. Nicolas Moreau	– Trustee

BOARD OF DIRECTORS

Dr. Indu Shahani	– Director
Mr. Kapil Seth	– Director
Ms. Roopa Varma	– Director
Mr. Kailash Kulkarni	– Director & Chief Executive Officer

Dear Investor,

As we reflect on the past year, I am filled with pride and optimism about the future of our company and overall growth of the mutual fund industry. The past year has marked significant milestones in our journey, particularly as we capitalise on the immense potential of India's burgeoning growth story.

Fiscal 2024 turned out to be one of the best years for the domestic mutual fund industry as assets under management (AUM) spurted by nearly Rs. 14 lakh crore to a record Rs. 53.40 lakh crore as of March 2024 compared with Rs. 39.42 lakh crore as of March 2023.

The mutual fund industry is experiencing immense growth and we are poised to take advantage of this upward trajectory. Our company is an integral part of this growth story, riding the wave with several strategic initiatives and accomplishments that have set us on a path of sustained success.



Major achievements post integration

- Post integration we have enhanced our digital offering for both B2B and B2C to provide improved customer journeys.
- HSBC AM India's AUM increased from USD 1.4 bn (before integration) to USD 13.7 bn as of April 2024.
- HSBC Asset Management India has now become the 14th largest asset manager in India in terms of AUM.
- HSBC AM India has launched 4 new products since integration (raising \$445M).
- We have expanded HSBC AM India's product offerings to 43 funds.

Key Achievements in FY2023-2024

Investment Performance: Our disciplined investment strategy and thorough research have been pivotal to our success. We have focused on high-quality, undervalued assets, achieving consistent returns across our portfolio.

Product Innovation: This year, we launched two new funds - HSBC Multi Asset Allocation Fund and HSBC Consumption Fund, tailored to meet the evolving needs of our investors. These new offerings have been well-received, contributing to our growth in AUM significantly.

Increased Media Presence: In FY24, we significantly boosted our media presence, ensuring that our brand and thought leadership are recognized across various platforms. Through strategic media engagements like Informed Investing with ET Now, talks shows and several authored articles plus interviews - we have amplified our message, reaching a broader audience and reinforcing our market position.

Successful Campaign Launch: We successfully launched SIP Hai #FaydeWaliAadat, an investor education campaign, that highlighted the transformative power of SIPs in achieving long-term financial

goals. A first of its kind campaign, it aimed at educating and empowering the millennial investors in India. The campaign garnered significant attention and positive feedback, strengthening our brand presence and engaging a wider audience. Notably, the campaign has also earned us prestigious awards and accolades highlighting our commitment to excellence and innovation.

Client Relationships: We have strengthened our client relationships through enhanced communication, transparency, and personalized service. Our client satisfaction scores have reached new heights, reflecting our commitment to exceptional service.

We believe that the India story has just begun and its economic landscape is poised for significant growth. An exposure to unique and future relevant themes can provide a much-needed inflation buffer. The importance of asset allocation continues to be critical. It is critical for all of us to review our risk appetite and goal proximity and construct a portfolio appropriately.

Besides construction, portfolio rebalancing is equally important in order to achieve optimal outcomes. I do hope you share my enthusiasm and I ask that you continue to invest whilst reviewing your asset allocation at all times.

I would like to express my sincere gratitude to our dedicated team, whose expertise and commitment are the backbone of our success. To our investors, thank you for your trust and continued support. Your confidence in our approach motivates us to strive for excellence in everything we do. Also, I want to express my deepest gratitude to our valuable partners for their unwavering support and keep our services running. Look forward to achieving even grater milestones together.

As we move forward, we remain committed to delivering superior investment performance, fostering strong client relationships, and driving sustainable growth. Together, we are well-positioned to navigate the future and achieve our goals.

Warm regards,

A handwritten signature in black ink, appearing to read 'Kailash Kulkarni', written over a horizontal line.

Kailash Kulkarni

Chief Executive Officer

HSBC Asset Management India

Trustees' Report

For the year ended March 31, 2024

The Board of Directors of HSBC Trustees (India) Private Limited, Trustees of HSBC Mutual Fund present the Twenty Second Annual Report and the audited abridged financial statements of the schemes of the HSBC Mutual Fund ('the Fund') for the year ended March 31, 2024.

With the acquisition of L&T Mutual Fund in the previous financial year, the Fund's Assets Under Management ('AUM') (excluding Domestic FOFs) as on March 31, 2024 was INR 109368.16 crores (audited). The Fund ranks in the top 15 Mutual Fund houses in India in terms of AUM.

As at March 31, 2024, the Fund offered 43 schemes across asset classes to meet the varying investment needs of the investors. During the year, the Fund launched two new products namely HSBC Consumption Fund and HSBC Multi Asset Allocation Fund in Equity and Hybrid categories.

The Fund continues its focus on delivering consistent long-term returns. The comments on the performance of the scheme(s) are provided hereinafter. Dividends were declared under various schemes as per the provisions contained in the respective Scheme Information Documents after considering the distributable surplus available under the respective plans of the schemes. Details of dividends declared can be viewed on our website at www.assetmanagement.hsbc.co.in.

During the year, HSBC Securities and Capital Markets (India) Private Limited ("HSCI"), Sponsors of the Fund established a private limited company with limited liability to act as the "Trustees" of the Fund. HSBC Trustees (India) Private Limited ("HTIP") was incorporated on 9 January 2024. Accordingly, HTIP has replaced the Board of Trustees of HSBC Mutual Fund w.e.f. 1 March 2024, and the Company through its Board of Directors has been discharging its obligations as the "Trustees" of the Fund from this date.

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

a. Operations and Performance of the Scheme

➤ Debt Scheme

HSBC Ultra Short Duration Fund (HUSDF)

(An Open Ended Ultra-Short term debt scheme investing in instruments such that the Macaulay duration of the portfolio is between 3 months to 6 months. Relatively low interest rate risk and relatively low credit risk.)

The investment object of the scheme is to provide liquidity and generate reasonable returns with low volatility through investment in a portfolio comprising of debt & money market instruments. However, there is no assurance that the investment objective of the scheme will be achieved.

The net assets of HUSDF amounted to INR 2100.02 crores as at March 31, 2024 as against INR 2114.22 crores as at March 31, 2023. Around 96.6% of the net assets were invested in Debt, 3.15% of the net assets were invested in reverse repos/TREPS and (0.04%) in net current assets as at March 31, 2024.

HUSDF largely maintains high credit quality portfolio of securities with investment predominantly in securities that have high short term credit quality rating. The security selection is predominantly driven by investment team's view on credit spreads, liquidity and the risk reward assessment of each security. HUSDF typically has a relatively higher portfolio average maturity as compared to liquid/cash fund and continues to focus on high credit quality securities (100% AAA portfolio) and a liquid portfolio. The fund manager remains neutral to positive on duration currently and the focus continues to be on the accrual returns in the portfolio.

HUSDF has underperformed its benchmark. The scheme maintained slightly overweight on the 1-year segment versus the benchmark which underperformed compared to other segments in the index.

Trustees’ Report
For the year ended March 31, 2024 (Contd...)

HSBC Ultra Short Duration Fund					Date of Inception : 29 January, 2020			
Fund / Benchmark (Value of ₹ 10,000 invested)	1 Year		3 Years		5 Years		Since Inception	
	Amount (₹)	Returns (%)	Amount (₹)	Returns (%)	Amount (₹)	Returns (%)	Amount (₹)	Returns (%)
HSBC Ultra Short Duration Fund	10719	7.17	11687	5.33	NA	NA	12373	5.24
Scheme Benchmark (NIFTY Ultra Short Duration Debt Index A-I)	10758	7.55	11797	5.66	NA	NA	12478	5.45
Additional Benchmark (NIFTY Ultra Short Duration Debt Index)	10780	7.78	11905	5.98	NA	NA	12618	5.73
Additional Benchmark (CRISIL 1 Year T Bill Index)	10723	7.21	11626	5.15	NA	NA	12363	5.21

Past performance may or may not be sustained in future. The returns for the respective periods are provided as on March 31, 2024 for Growth Option of Regular Plan. Returns on ₹ 10,000 are point-to-point returns for the specific time period, invested at the start of the period. Returns for 1 year and above are Compounded Annualized. Different plans shall have a different expense structure. Performance of the respective benchmark is calculated as per the Total Return Index (TRI).

Risk-o-meter as of 31st March, 2024:

Scheme Name	Scheme Risk-o-meter	Benchmark Risk-o-meter
HSBC Ultra Short Duration Fund	 Investors understand that their principal will be at Low to Moderate risk	Benchmark Index: NIFTY Ultra Short Duration Debt Index A-I 

Please note that the above risk-o-meter is as per the product labelling of the Scheme basis Scheme's monthly portfolio as on March 31, 2024.

Potential Risk Class (PRC) Matrix for Debt Schemes of HSBC Mutual Fund

HSBC Ultra Short Duration Fund			
Credit Risk →	Relatively Low (Class A)	Moderate (Class B)	Relatively High (Class C)
Interest Rate Risk ↓			
Relatively Low (Class I)		BI	
Moderate (Class II)			
Relatively High (Class III)			
A Scheme with Relatively Low interest rate risk and Moderate credit risk.			

Potential Risk Class 'PRC' matrix indicates the maximum interest rate risk (measured by Macaulay Duration of the scheme) and maximum credit risk (measured by Credit Risk Value of the scheme) the fund manager can take in the scheme. PRC matrix classification is done in accordance with and subject to the methodology/guidelines prescribed by SEBI to help investors take informed decision based on the maximum interest rate risk and maximum credit risk the fund manager can take in the scheme, as depicted in the PRC matrix.

Trustees' Report

For the year ended March 31, 2024 (Contd...)

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

➤ EQUITY OUTLOOK

Recap of FY 2023-24:

FY24 was a stellar year for the Indian equity markets with strong economic momentum, healthy earnings growth and strong inflows from domestic and foreign institutional investors and strong retail participation driving a broad-based bull market. The Nifty and Sensex were up a solid 30.1%/26.5% respectively during the year, while the BSE Midcap and BSE Smallcap indices gained an astounding 65.2% and 61.4% respectively.

While geo-political conflicts continued in FY24, their impact on crude and global supply chains moderated. Crude prices largely remained range bound during the year. Inflation barring a brief spike largely remained well contained, the economy gained further steam with GDP growth crossing 8% in H1FY24 supported by government thrust on infrastructure. This translated into strong growth for several core sector industries including steel and cement. The growth in the real estate sector has been strong with inventory continuing to decline in metro markets. However, lagged impact of price increases continued to impinge on consumer demand growth which remained subdued for most mass market categories.

Domestic cyclical were the best performing sectors during the year led by Real Estate, Capital Goods, Autos. Power was also among the best performing sectors. Global cyclical like Metals and Oil & Gas also strongly outperformed the Nifty. FMCG and Banking while delivering healthy positive returns underperformed the Nifty, while IT performance was closer to Nifty.

MSCI India index outperformed most of key global indices during the past fiscal. MSCI India index (USD) gained 35.5% as compared to 23.1% gain for MSCI World, 27.9% for US S&P 500, 11.0% for MSCI Europe and only 5.3% for MSCI Emerging Markets as MSCI China declined 19.0% over the period.

Strong performance of the market and subsiding global macro headwinds drove a sharp turnaround in foreign investment flows. FII net inflow was at USD 25.3bn in FY24 versus an outflow of USD 6.0bn/17.1bn in FY23/FY22. DIs, on the other hand, matched FII inflow with an inflow of USD 25.3bn although it was lower than the net inflows at USD 30.8bn in FY23. Within DIs, the MF segment was the key contributor (USD 24.3 bn of net inflows up from USD 21.8bn in FY23) while domestic Insurers were also in the net inflow territory (USD 1.0bn of net inflows vs USD 9.0bn in FY23).

Source: Motilal Oswal

Indices Returns (April 01, 2023 to March 31, 2024)	1 Year [^]
S&P BSE Sensex TR	26.5%
NSE CNX Nifty TR	30.1%
S&P BSE 100 TR	34.2%
S&P BSE 200 TR	38.5%
S&P BSE 500 TR	40.2%
S&P BSE Midcap TR	65.2%
S&P BSE Small-cap TR	61.4%

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

Way forward:

The global macro environment remains challenging with heightened geo-political and economic uncertainties. US bond yields remain high putting pressure on interest rates and currencies globally. For India, growth has continued to remain strong with GDP growth of 8.4% in Q3FY24 driven by strong government spending on infrastructure and pickup in manufacturing and construction. The 2024 interim budget has re-affirmed government focus on infrastructure. At the same time reduction in fiscal deficit should also help in easing

Trustees' Report

For the year ended March 31, 2024 (Contd...)

of domestic interest rates. However, after last year's patchy monsoon, a good monsoon will be an important factor for rural demand and overall consumption growth in the economy in FY25.

India starts FY25 on a strong footing with positive growth momentum and India's investment cycle is expected to be on a medium-term uptrend supported by rising government investment in infrastructure and recovery in real estate cycle. There is also an expectation of higher private investments in renewable energy and related supply chain, localization of higher-end technology components, and India becoming a more meaningful part of global supply chains. Finally, it is expected for consumption to improve as the impact of high inflation fades and real incomes start to grow again.

However, several of these positives are getting discounted by the high valuations currently prevailing in the equity market. While the fund managers remain constructive on Indian equities supported by the more robust medium-term growth outlook there is a caution against high return expectations. Nifty continues to trade on 20.6x consensus 1 year forward PE (as of 30 April). On a 10-year basis, Nifty is still trading 10% above its historic average valuation but is in-line with its 5-year average. Valuations of the midcap and small cap indices are even higher versus their historical average.

➤ DEBT OUTLOOK

Market drivers during the course of the year FY 2024

The year started with advanced economies continuing to grapple with higher inflation and policy tightening remained a common theme across economies. During FY2024, the Federal Open Market Committee (FOMC) raised policy rates by 50 bps while European Central Bank (ECB) and Bank of England (BOE) raised policy rates by 100 bps each. The cumulative rate hikes by various advanced economies in this cycle are as follows: Fed (525 bps), BOE (515 bps) and ECB (450 bps). Meanwhile cumulative rate hikes by the Monetary Policy Committee (MPC) in this cycle was 250 bps. On account of higher Government debt burden, Fitch downgraded US sovereign rating from AAA to AA+. US Treasury yields remained volatile during the year, with the 10-year benchmark rising higher by 73 bps during the year. Crude prices also moved higher by USD 7-8/bbl.

On the domestic front, Consumer price Index (CPI) inflation remained broadly in the upper end of the MPC's targeted band of 4% +/- 2% for most the financial year, however, inflation printed above 6% on two occasions due to high food inflation. Headline inflation remained susceptible to high food inflation with markets now expecting some relief of food prices on the back of normal monsoon. Core inflation eased through the year falling to below 4% in the last quarter.

Domestically, one of the biggest events during the year was the much-awaited index inclusion of Indian Government Bonds (IGBs) into the GBI-EM Global index suite and its relevant benchmarks. India is expected to reach the maximum weight of 10% in the GBI-EM Global Diversified Index (GBI-EM GD), with the inclusion staggered over a 10-month period starting June 2024. Following this, Bloomberg also included IGBs in their Bloomberg EM Local Currency Index, with India expected to reach a maximum weight of 10% over a 10-month period starting Jan 2025. Both these inclusions are expected to bring in INR 25-30 bn of index related FPI inflows over the next 1-2 years and paving the way for inclusion into other global bond indices as well. During FY2024, FPIs poured in close USD 12 bn into IGBs, with majority of the inflows coming in post the JP Morgan index inclusion announcement.

Government continued its path of fiscal consolidation, with the revised estimate of the Fiscal deficit for FY2024 coming in at 5.6%, with expectations for FY2025 at 5.1% and target of below 4.5% by FY2026. PMI numbers continue to remain in expansion, GST revenues remain buoyant and credit off-take upbeat.

The external sector has remained strong due to healthy service exports and remittances. Current Account Deficit (CAD) is expected to be around 1% for the year. Rupee remained one of the more stable currencies during the year, with active intervention from RBI smoothening any volatility. RBI continued to build on the FX reserves with year-end number around USD 650 bn.

Money market rates moved higher during the year due to tightening in liquidity along with higher Certificate of Deposit (CD) issuances. G-Sec yields, however, moved lower due to favorable demand supply and lower G-Sec borrowing. 10-year G-Sec moved lower during the year by 25 bps, while 5 yr G-Sec moved lower by 13 bps.

Trustees' Report

For the year ended March 31, 2024 (Contd...)

Market Outlook

While US markets have braced for “higher for longer” rates, we have seen in the past, that reactions to favorable data in such an environment can be sharp. Any softness in growth, employment or inflation data over the next few months will allow the markets to quickly start pricing in aggressive future policy easing. In our view, the RBI is also likely to gradually shift the liquidity deficit into surplus over the course of the next 3-6 months, flipping overnight rates from the top to the bottom of the rate corridor. The yield curve is likely to steepen as liquidity eases. This along with a potential 50 bps of policy easing in first half of CY2025 may push overnight rates lower by 75-100 bps.

While any form of additional spending by the new Government to address concerns of rural sections of the country and the possibility of additional spending to fund such policies will remain a key monitorable, it is believed the Government is likely to remain cognizant of the possible impact of such policies and take measured steps. With the dust settling down on the election outcome, the broad macroeconomic factors should continue to remain stable and could support softening in domestic yields going forward.

The Fund Managers continue to have a positive outlook for interest rates, based on various favorable factors: (a) Record RBI dividend to the Government, (b) reduced Fiscal deficit number of 5.6%, (c) favorable G-Sec supply demand dynamics, (d) FPI index related inflows, (e) revised outlook in India by S&P, (f) soft core inflation along with expectations of a better than normal monsoon, and finally (g) soft signals by Government and RBI on liquidity.

Source: RBI, Bloomberg, Internal HSBC Research & CCIL

2. BRIEF BACKGROUND OF THE SPONSORS, THE FUND, THE TRUSTEES AND THE ASSET MANAGEMENT COMPANY

A. Sponsor

HSBC Mutual Fund is sponsored by HSBC Securities and Capital Markets (India) Private Limited (HSCI). The Sponsor is the Settler of the Mutual Fund Trust. The Sponsor has entrusted a sum of Rs. 1,00,000/- (Rupees One Lakh only) to the Trustee as the initial contribution towards the corpus of the Mutual Fund.

HSCI offers integrated investment banking services, securities and corporate finance & advisory. HSCI is a member of the Bombay Stock Exchange Limited and National Stock Exchange (capital and derivative market segments). HSCI holds 100% of the paid-up equity share capital of HSBC Asset Management (India) Private Limited.

B. HSBC Mutual Fund

HSBC Mutual Fund (“the Mutual Fund” or “the Fund”) has been constituted as a Trust in accordance with the provisions of the Indian Trusts Act, 1882 (2 of 1882) vide a Trust Deed dated February 7, 2002 (as amended) with HSBC Securities and Capital Markets (India) Private Limited, as the Sponsor and HSBC Trustees (India) Private Limited. The Trustee has entered into an Investment Management Agreement dated February 7, 2002 (as amended) with HSBC Asset Management (India) Private Limited (AMC) to function as the Investment Manager for all the schemes of the Fund. The Fund was registered with SEBI vide registration number MF/046/02/5 dated May 27, 2002.

The Trust has been formed for the purpose of pooling of capital from the public for collective investment in securities for the purpose of providing facilities for participation by persons as beneficiaries in such investments and in the profits/income arising therefrom.

C. HSBC Trustees (India) Private Limited (the Trustees)

The Trustees are the exclusive owner of the Trust Fund and holds the same in trust for the benefit of the unitholders. The Trustees have been discharging their duties and carrying out the responsibilities as provided in the SEBI (Mutual Funds) Regulations, 1996 and the Trust Deed. The Trustees seek to ensure that the Fund and the schemes floated there under are managed by the AMC in accordance with the Trust Deed, the said Regulations, directions and guidelines issued by the SEBI, the Stock Exchanges, the Association of Mutual Funds in India and other regulatory agencies.

Trustees’ Report

For the year ended March 31, 2024 (Contd...)

During the year, HSBC Securities and Capital Markets (India) Private Limited (“HSCI”), Sponsors of HSBC Mutual Fund) established a private limited company with limited liability to act as the “Trustee” of HSBC Mutual Fund. HSBC Trustees (India) Private Limited (“HTIP”) was incorporated on 9 January 2024. Accordingly, HTIP has replaced the Board of Trustees of HSBC Mutual Fund w.e.f. 1 March 2024, and the Company through its Board of Directors has been discharging its obligations as the “Trustees” of the Fund from this date.

As of March 31, 2024, HSCI holds 100% of the paid-up equity share capital of HTIP.

D. Asset Management Company (the AMC)

HSBC Asset Management (India) Private Limited (the Investment Manager or the AMC) is a private limited company incorporated under the Companies Act, 1956 on December 12, 2001 having its Registered Office at 9-11 Floors, NESCO IT Park, Building no. 3, Western Express Highway, Goregaon (East), Mumbai – 400 063. HSBC Asset Management (India) Private Limited has been appointed as the Asset Management Company of HSBC Mutual Fund by the Trustee vide Investment Management Agreement (IMA) dated February 7, 2002 (as amended) and executed between the Trustees and the AMC. SEBI approved the AMC to act as the Investment Manager of the Fund vide its letter No. MFD/BC/163/2002 dated May 27, 2002. The paid-up equity share capital of the AMC is Rs. 344.41 crores. The AMC is registered as a Portfolio Manager under the SEBI (Portfolio Managers) Regulations, 1993 vide registration no. INP000001322. The AMC also offers non-binding Advisory services to offshore funds under the mutual fund license.

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

3. INVESTMENT OBJECTIVE OF THE SCHEMES

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

4. SIGNIFICANT ACCOUNTING POLICIES

The Significant Accounting Policies form part of the Notes to the Accounts annexed to the Balance Sheet of the Schemes in the Full Annual Report. The accounting policies are in accordance with Securities Exchange Board of India (Mutual Funds) Regulations, 1996 and Indian Accounting Standards (IND AS) notified under section 133 of the Companies Act, 2013 (the “Act” read with the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time.

5. UNCLAIMED DIVIDENDS & REDEMPTIONS

Summary of number of investors & corresponding amount as on March 31, 2024:

Scheme Name	Unclaimed Dividend		Unclaimed Redemption	
	No. of Investors	Amount (₹)	No. of Investors	Amount (₹)
HSBC Ultra Short Duration Fund	2,187	327,263.69	44	1,643,898.47

6. INVESTOR SERVICES

The number of official points of acceptance of transactions are 210 locations. In addition to the offices of the Registrar & Transfer Agent, the AMC has its own office in 61 locations and Investor Service Centers in 39 locations. The AMC has 2 Toll Free numbers (1800-4190-200/1800-200-2434) which can be dialed from anywhere in India and 1 number i.e. +91 44 39923900 (Investors calling from abroad). The call center service is being managed by the Registrar and Transfer Agents. HSBC Mutual Fund offers the online transaction facility through the AMC’s website at www.assetmanagement.hsbc.co.in.

On the distribution front, the number of empaneled distributors were 59046 as on March 31, 2024. During the year, the AMC initiated tie-ups for online distribution of the Mutual Fund’s schemes with several channel partners taking the total number of such tie-ups to 160 as on March 31, 2024.

Trustees' Report

For the year ended March 31, 2024 (Contd...)

7. DETAILS OF INVESTOR GRIEVANCE REDRESSAL

The details of the redressal of investor complaints received against HSBC Mutual Fund during April 2023 - March 2024 are as follows:

2023-2024												
Complaint code	Type of Complaint	(a) No. of complaints pending at the beginning of the period	(b) No. of complaints received during the given period	Action on (a) and (b)								
				Resolved				Non Actionable*	Pending			
				Within 30 days	30-60 days	60-180 days	Beyond 180 days		0-3 months	3-6 months	6-9 months	9-12 months
I A	Non receipt of amount declared under Income Distribution cum Capital Withdrawal option	1	10	11	0	0	0	0	0	0	0	0
I B	Interest on delayed payment of amount declared under Income Distribution cum Capital Withdrawal option	0	1	1	0	0	0	0	0	0	0	0
I C	Non receipt of Redemption Proceeds	1	38	39	0	0	0	0	0	0	0	0
I D	Interest on delayed payment of Redemption	0	2	2	0	0	0	0	0	0	0	0
II A	Non receipt of Statement of Account/Unit Certificate	0	3	3	0	0	0	0	0	0	0	0
II B	Discrepancy in Statement of Account	1	22	23	0	0	0	0	0	0	0	0
II C	Data corrections in Investor details	1	250	249	0	0	0	0	2	0	0	0
II D	Non receipt of Annual Report/ Abridged Summary	0	0	0	0	0	0	0	0	0	0	0
III A	Wrong switch between Schemes	0	2	2	0	0	0	0	0	0	0	0
III B	Unauthorized switch between Schemes	0	1	1	0	0	0	0	0	0	0	0
III C	Deviation from Scheme attributes	0	1	1	0	0	0	0	0	0	0	0
III D	Wrong or excess charges/load	0	0	0	0	0	0	0	0	0	0	0
III E	Non updation of changes viz. address, PAN, bank details, nomination, etc	1	127	127	0	0	0	0	1	0	0	0
III F	Delay in allotment of Units	0	5	4	1	0	0	0	0	0	0	0
III G	Unauthorized Redemption	0	0	0	0	0	0	0	0	0	0	0
IV	Others**	1	78	76	0	0	0	0	3	0	0	0
	TOTAL	6	540	539	1	0	0	0	6	0	0	0

** As per AMFI Best Practice Guidelines Circular No.25/2011-12 for Revisions in the Guidelines on Standardization of Complaints/Grievances Reporting Procedure. If "Others" include a type of complaint which is more than 10% of overall complaints, then such a reason should be provided separately. Hence, data corrections in Investor Details are included as a separate category.

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

Summary of Complaints for FY 2023-24

Particulars	Count
Total complaints received	540
Total number of folios	21,39,406
% of complaints against the folio	0.025

Trustees' Report

For the year ended March 31, 2024 (Contd...)

8. INVESTOR EDUCATION INITIATIVES

During the FY 2023-24, the AMC conducted the following investor education and awareness initiatives:

- An integrated multi-media marketing campaign on SIP Hai 'FaydeWaliAadat' aimed to tap into the aspirations, financial goals, and unique spending habits of millennials.
- Editorial content on Systematic Investment Plans (SIP) created across 15 states through various regional television channels.
- Investor education content on the Platform - Quora.
- 'Be Money Confident' video series targeting women through Jio Platforms.
- Campaign on Women & Investing for Women's Day.
- Campaign for Marathon enthusiast on the similarities between running a Marathon & Investing.
- Financial literacy virtual event on the occasion of Mother's Day, which received more than 725 registered users.
- A mom blogger outreach program to reach Women Investors with financial education content on MF on the occasion of Mother's Day.
- Education campaign on ELSS executed for working audiences.
- Blogs and content for Investor Education properties like SIP Sahi Hai in Value Research, Gyan Guroovaar on Facebook, Investment Ki Paathshala on the website and investor education blogs on the platform - Advisor Khoj.
- 1,462 Investor Education programs to reach out to an audience of 71,465 people out of which 458 were women programs attended by 20,139 women.

9. PROXY VOTING POLICY

As per para 6.16 of SEBI Master Circular on Mutual Funds dated June 27, 2024, the Fund has adopted Proxy Voting Policy and Procedures for exercising voting rights in respect of securities held by the Schemes. (please refer Proxy Voting Policy and Procedures)

The summary of the votes casted in the general meetings of the Investee companies, by the AMC for and on behalf of the Schemes of the Fund, for the financial year 2023-24 is provided below:

Quarter	Total no. of resolutions	Break-up of Vote decision		
		For	Against	Abstained
April 2023 - June 2023	387	260	75	52
July 2023 - September 2023	2,169	1607	448	114
October 2023 - December 2023	197	138	37	22
January 2024 - March 2024	319	240	50	29
TOTAL	3,072	2,245	610	217

As per para 6.16.7 of SEBI Master Circular on Mutual Funds dated June 27, 2024, the AMC has obtained certificate from M/s. M. P. Chitale & Co., Chartered Accountants, who is acting as a Scrutinizer, on the voting report for the FY 2023-24. The certificate dated May 22, 2024 issued by M/s. M. P. Chitale & Co., is available on the website of the AMC as part of the full Annual Report.

Unitholders can refer to the full Annual Report for complete details of actual exercise of votes in the general meetings of the investee companies for the financial year 2023-24 or log on to our website at www.assetmanagement.hsbcbco.in.

Trustees' Report

For the year ended March 31, 2024 (Contd...)

10. STATUTORY DETAILS

- The Sponsors are not responsible or liable for any loss resulting from the operation of the Schemes of the Fund beyond initial contribution of Rs. 1 lakh for setting up the Fund.
- The price and redemption value of the units, and income from them, can go up as well as down with fluctuations in the market value of its underlying investments.
- Full Annual Report of HSBC Mutual Fund and of HSBC Asset Management (India) Private Limited (the AMC) shall be disclosed on the website at www.assetmanagement.hsbc.co.in and shall be available for inspection at the Head Office of the Mutual Fund. Present and prospective unitholders can obtain copy of the Trust Deed, the full Annual Report of the Scheme(s), the Annual Report of HSBC Asset Management (India) Private Limited and the text of the relevant Scheme(s) at a price.

11. CHANGES IN RISK-O-METER OF THE SCHEME DURING FY 2023-24

As per para 17.4. of SEBI Master Circular on Mutual Funds dated June 27, 2024 on product labelling, the changes carried out in the risk-o-meter of the schemes of HSBC Mutual Fund during FY 2023-24 have been given in the below mentioned table for the information of the unitholders, a report on the said changes has also been displayed on the website of the Fund and AMFI.

Scheme Name	Risk-o-meter level as on March 31, 2023	Risk-o-meter level as on March 31, 2024	Number of changes in Risk-o-meter during the F.Y. 2023-24)
HSBC Ultra Short Duration Fund	Low to Moderate	Low to Moderate	0

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

As per para 6.16.15 of SEBI Master Circular on Mutual Funds dated June 27, 2024, HSBC Mutual Fund has adapted the policy on stewardship responsibilities, the unitholders are requested to note the status of governance with the same as mentioned below:

S. No.	Particulars of Principles of Stewardship Code	Status of compliance (Complied/ Not Complied)	Description	Remarks/ reasons for deviation/non-compliance, if any
1	Principle 1: Institutional Investors should formulate a comprehensive policy on the discharge of their stewardship responsibilities, publicly disclose it, review and update it periodically.	Complied	HSBC Asset Management (India) Private Limited's (AMIN) 'Policy on Stewardship responsibilities' (Stewardship Code/ Policy) was formulated and implemented on 01 July, 2020. This is a comprehensive document which has been publicly disclosed on the website of AMIN. The same shall follow a periodic review.	N.A.
2	Principle 2: Institutional investors should have a clear policy on how they manage conflicts of interest in fulfilling their stewardship responsibilities and publicly disclose it.	Complied	Defining and managing Conflict of Interest in fulfilling stewardship responsibilities are detailed in the Stewardship Policy document. The policy document is publicly disclosed.	N.A.

Trustees' Report

For the year ended March 31, 2024 (Contd...)

S. No.	Particulars of Principles of Stewardship Code	Status of compliance (Complied/ Not Complied)	Description	Remarks/ reasons for deviation/non-compliance, if any
3	Principle 3: Institutional investors should monitor their investee companies.	Complied	AMIN monitors all investee companies through its investment process. This includes assessment of companies' own and market data, consideration of research from brokers and other independent research providers – including ESG & voting research, attending individual & group meetings with company management and directors, visiting production sites (wherever necessary), engaging with key stakeholders including competitors and customers, and financial modelling. More details enumerated in the policy document	N.A.
4	Principle 4: Institutional investors should have a clear policy on intervention in their investee companies. Institutional investors should also have a clear policy for collaboration with other institutional investors where required, to preserve the interests of the ultimate investors, which should be disclosed.	Complied	Details of undertaking active engagement with investee companies and the policy for collaboration with other institutional holders are detailed in the policy document. The policy document is publicly disclosed.	N.A.
5	Principle 5: Institutional investors should have a clear policy on voting and disclosure of voting activity.	Complied	AMIN has a clear and detailed voting policy which provides the framework for the voting decisions. All voting decisions shall be in accordance with AMIN's Voting Policy and Procedures, which is disclosed on the website. AMIN discloses the details of the voting on its website on a quarterly basis within 10 working days from the end of the quarter. Additionally, AMIN also discloses the details of the votes cast, in the annual report of the schemes of HSBC Mutual Fund.	N.A.
6	Principle 6: Institutional investors should report periodically on their stewardship activities.	Complied	The annual status report of the stewardship code and quarterly report on proxy voting are publicly disclosed on the website as required under SEBI Regulations.	N.A.

Trustees' Report

For the year ended March 31, 2024 (Contd...)

13. DISCLOSURES PERTAINING TO NAV ADJUSTED DURING THE FINANCIAL YEAR FOR SWING FACTOR ALONG WITH THE PERFORMANCE IMPACT

Sr No.	Period of applicability of swing pricing	Scheme Name	Unswung NAV	Swing factor applied	Whether optional or mandatory
NIL					

14. SIGNIFICANT EVENT AFTER THE END OF THE FINANCIAL YEAR

NIL

15. ACKNOWLEDGEMENTS

The Trustees wish to thank the unitholders of the Schemes for their support throughout the year, and also thank the Government of India, the Securities and Exchange Board of India (SEBI), the Reserve Bank of India (RBI) and the Association of Mutual Funds in India (AMFI) for the guidance provided by them. The Trustees also appreciate the services provided by the Registrar and Transfer Agent, Fund Accountant, Custodian, Bankers, Distributors and Brokers. The guidance and services provided by the auditors and advocates and the ebullience, sincerity and dedication of the employees of HSBC Asset Management (India) Private Limited is also appreciated.

The Trustees look forward to the continued support of everyone.

For and on behalf of **HSBC Trustees (India) Private Ltd.**

Sd/-

Director

Mumbai

July 19, 2024

Independent Auditors' Report

To the Board of Directors of HSBC Trustees (India) Private Limited (the "Trustee")

HSBC Ultra Short Duration Fund

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **HSBC Ultra Short Duration Fund** (the "Scheme") of HSBC Mutual Fund (the "Fund"), which comprise the Balance Sheet as at March 31, 2024, the Revenue Account and the Cash Flow Statement for the year then ended, and notes to the financial statements, including a summary of material accounting policy and other explanatory information.

In our opinion, and to the best of our information and according to the explanations given to us, the aforesaid financial statements of the Scheme give a true and fair view in conformity with the Indian Accounting Standards ("Ind AS") prescribed under section 133 of the Companies Act, 2013 (the "Act") read with Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India, including the accounting policies and standards specified in the Regulation 50 and Ninth Schedule to the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 ("the SEBI Regulations") (collectively referred to as the "Regulations") as amended:

- in the case of the Balance Sheet, of the state of affairs of the Scheme as at March 31, 2024;
- in the case of the Revenue Account, of the net surplus for the year ended on that date; and
- in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing ("SAs") and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India (the "ICAI"). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Scheme in accordance with the Code of Ethics issued by the ICAI together with the ethical requirements that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Information Other than the Financial Statements and Auditor's Report Thereon

The Board of Directors of HSBC Asset Management (India) Private Limited (the "AMC") and the Board of Directors of HSBC Trustees (India) Private Limited (the "Trustees") (collectively referred to as "the Management") are responsible for the other information. The other information comprises the information included in the Trustees report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

The Management is responsible for the preparation of these financial statements that give a true and fair view of the state of affairs, results of operations and cash flows of the Scheme in accordance with the accounting principles generally accepted in India, including the accounting policies and standards specified in Regulations. This responsibility also includes maintenance of adequate accounting records in accordance with the SEBI

Independent Auditors' Report (Contd...)

Regulations for safeguarding of the assets of the Scheme and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Management is responsible for assessing the Scheme's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management, either intends to liquidate the Scheme or to cease operations, or has no realistic alternative but to do so.

Those Charged with Governance are also responsible for overseeing the Scheme's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Scheme's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Scheme to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide to those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Independent Auditors' Report *(Contd...)*

Report on Other Legal and Regulatory Requirements

1. As required by regulation 55(4) and clause 5(ii)(2) of the Eleventh Schedule of the SEBI Regulations, we report that:
 - a. we have sought and obtained all the information and explanations which, to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b. in our opinion, the Balance Sheet and the Revenue Account dealt with by this report have been prepared in accordance with the accounting policies and standards specified in the Regulations; and
 - c. the Balance Sheet, the Revenue Account and the Cash Flow Statement, dealt with by this report are in agreement with the books of accounts of the Scheme.
2. In our opinion, the methods used to value non-traded securities as at March 31, 2024, as determined by the Management under procedures approved by the Trustees in accordance with the guidelines for valuation of securities for mutual funds as mentioned in the Eighth Schedule to the SEBI Regulations, are fair and reasonable.

For **M S K A & Associates**

Chartered Accountants

ICAI Firm Registration No. 105047W

Sd/-

Swapnil Kale

Partner

Membership No: 117812

UDIN: 24117812BKFIRS9950

Place : Mumbai

Date : July 19, 2024

Abridged Balance Sheet as at March 31, 2024

Rs. in Lakhs

	As at March 31, 2024	As at March 31, 2023	As at April 1, 2022
LIABILITIES			
1 Unit Capital	168,571.31	189,949.12	150,993.46
2 Reserves & Surplus			
2.1 Unit Premium Reserves	(713.55)	(1,057.65)	(116.26)
2.2 Unrealised Appreciation Reserve	205.07	163.44	60.92
2.3 Other Reserves	41,939.50	31,316.74	15,328.10
3 Loans & Borrowings	—	—	—
4 Current Liabilities & Provisions			
4.1 Provision for Doubtful Income/Deposits	—	—	—
4.2 Other Current Liabilities & Provisions	253.06	382.95	100.30
TOTAL	210,255.39	220,754.61	166,366.52
ASSETS			
1 Investments			
1.1 Listed Securities:			
1.1.1 Equity Shares	—	—	—
1.1.2 Preference Shares	—	—	—
1.1.3 Equity Linked Debentures	—	—	—
1.1.4 Other Debentures & Bonds	47,695.79	37,186.35	19,280.79
1.1.5 Securitised Debt Securities	—	—	—
1.2 Securities Awaited Listing:			
1.2.1 Equity Shares	—	—	—
1.2.2 Preference Shares	—	—	—
1.2.3 Equity Linked Debentures	—	—	—
1.2.4 Other Debentures & Bonds	—	—	—
1.2.5 Securitised Debt Securities	—	—	—
1.3 Unlisted Securities:			
1.3.1 Equity Shares	—	—	—
1.3.2 Preference Shares	—	—	—
1.3.3 Equity Linked Debentures	—	—	—
1.3.4 Other Debentures & Bonds	—	—	—
1.3.5 Securitised Debt Securities	—	—	—
1.4 Government Securities	9,033.19	—	—
1.5 Treasury Bills	12,119.79	26,019.26	18,663.42
1.6 Commercial Paper	43,689.95	49,507.09	—
1.7 Certificate of Deposits	88,286.22	85,730.15	75,859.28
1.8 PTC	—	—	—
1.9 Units of Domestic Mutual Fund	—	—	—
1.10 Foreign Securities	—	—	—
1.11 AIF Investment	603.85	—	—
Total Investments	201,428.79	198,442.84	113,803.48
2 Deposits	66.04	7.19	52.00
3 Other Current Assets			
3.1 Cash & Bank Balance	87.74	6,511.17	12,014.46
3.2 CBLO/TREPS/Reverse Repo Lending	6,622.43	14,618.23	552.11
3.3 Others	2,050.39	1,175.17	438.23
4 Deferred Revenue Expenditure (to the extent not written off)	—	—	—
TOTAL	210,255.39	220,754.61	166,366.52

Notes to Accounts - Annexure I

Abridged Revenue Account for the year ended March 31, 2024

Rs. in Lakhs

	Current Year ended March 31, 2024	Previous Year ended March 31, 2023
1 INCOME		
1.1 Dividend	—	—
1.2 Interest	17,212.76	10,960.40
1.3 Realised Gain/(Loss) on Foreign Exchange Transactions	—	—
1.4 Realised Gains/(Losses) on Interscheme Sale of Investments	—	—
1.5 Realised Gains/(Losses) on External Sale/Redemption of Investments	681.92	(852.20)
1.6 Realised Gains/(Losses) on Derivative Transactions	—	—
1.7 Other Income	2.54	1.58
(A)	17,897.22	10,109.78
2 EXPENSES		
2.1 Management Fees	399.18	270.22
2.2 GST on Management Fees	71.85	48.64
2.3 Transfer Agents Fees and Expenses	39.58	44.62
2.4 Custodian Fees	1.65	2.67
2.5 Trusteeship Fees	1.04	3.58
2.6 Commission to Agents	86.80	50.41
2.7 Marketing & Distribution Expenses	0.03	2.03
2.8 Audit Fees	0.35	2.11
2.9 Investor Education Expenses	48.47	35.67
2.10 Interest on Borrowing	—	—
2.11 Brokerage & Transaction Costs	28.80	13.29
2.12 Other Operating Expenses	8.39	12.65
(B)	686.12	485.89
3 NET REALISED GAINS/(LOSSES) FOR THE YEAR	(C = A - B)	17,211.09
4 Change in Unrealised Depreciation in Value of Investments	(D)	(11.77)
5 NET GAINS/(LOSSES) FOR THE YEAR	(E = C + D)	17,199.32
6 Change in Unrealised Appreciation in Value of Investments	(F)	41.63
7 NET SURPLUS/(DEFICIT) FOR THE YEAR	(G = E + F)	17,240.96
7.1 Add : Balance Transfer from Unrealised Appreciation Reserve	—	—
7.2 Less : Balance Transfer to Unrealised Appreciation Reserve	41.63	102.52
7.3 Add/(Less) : Equalisation	(6,471.18)	6,347.52
7.4 Transfer from Reserve Fund	31,316.74	15,328.10
7.5 Transfer from Unit Premium Reserve	—	—
8 Total	42,044.88	31,371.38
9 Dividend Appropriation		
9.1 Income Distributed during the Year	(105.37)	(54.64)
9.2 Tax on Income Distributed during the Year	—	—
10 Retained Surplus/(Deficit) Carried Forward to Balance Sheet	41,939.50	31,316.74

Notes to Accounts - Annexure I

Key Statistics for the year ended March 31, 2024

	Current Year ended March 31, 2024	Previous Year ended March 31, 2023
1. NAV per unit (Rs.):		
Open		
Regular Plan - Growth Option	1,154.1265	1,096.1100
Regular Plan - Daily IDCW Option	1,031.7278	1,028.8960
Regular Plan - Weekly IDCW Option	1,042.9825	1,030.7704
Regular Plan - Monthly IDCW Option	1,028.6128	1,023.1215
Direct Plan - Growth Option	1,163.6546	1,102.3053
Direct Plan - Daily IDCW Option	1,079.9409	1,076.5215
Direct Plan - Weekly IDCW Option	1,008.8549	1,009.0793
Direct Plan - Monthly IDCW Option	1,013.0158	1,012.4549
High		
Regular Plan - Growth Option	1,237.0972	1,154.1265
Regular Plan - Daily IDCW Option	1,032.3149	1,039.7551
Regular Plan - Weekly IDCW Option	1,044.0259	1,043.4333
Regular Plan - Monthly IDCW Option	1,034.2167	1,033.2989
Direct Plan - Growth Option	1,250.5650	1,163.6546
Direct Plan - Daily IDCW Option	1,080.5696	1,088.7821
Direct Plan - Weekly IDCW Option	1,009.9000	1,009.5178
Direct Plan - Monthly IDCW Option	1,018.7156	1,017.8565
Low		
Regular Plan - Growth Option	1,154.8749	1,096.2100
Regular Plan - Daily IDCW Option	1,031.7278	1,028.9899
Regular Plan - Weekly IDCW Option	1,041.4441	1,030.8644
Regular Plan - Monthly IDCW Option	1,027.0669	1,023.2149
Direct Plan - Growth Option	1,164.4339	1,102.4685
Direct Plan - Daily IDCW Option	1,079.9409	1,076.6796
Direct Plan - Weekly IDCW Option	1,007.3504	1,006.8012
Direct Plan - Monthly IDCW Option	1,011.4718	1,009.7908
End		
Regular Plan - Growth Option	1,237.0972	1,154.1265
Regular Plan - Daily IDCW Option	1,032.3149	1,031.7278
Regular Plan - Weekly IDCW Option	1,042.9986	1,042.9825
Regular Plan - Monthly IDCW Option	1,028.6236	1,028.6128
Direct Plan - Growth Option	1,250.5650	1,163.6546
Direct Plan - Daily IDCW Option	1,080.5696	1,079.9409
Direct Plan - Weekly IDCW Option	1,008.8837	1,008.8549
Direct Plan - Monthly IDCW Option	1,013.0339	1,013.0158
2. Closing Assets Under Management (Rs. in Lakhs)		
End	210,002	211,422
Average (AAuM) ¹	242,364	178,331
3. Gross income as % of AAuM ²	7.38%	5.67%
4. Expense Ratio:		
a. Total Expense as % of AAuM (including GST on Management fees) (planwise)		
Regular Plan	0.48%	0.48%
Direct Plan	0.22%	0.22%

Key Statistics for the year ended March 31, 2024 (Contd...)

	Current Year ended March 31, 2024	Previous Year ended March 31, 2023
b. Management Fee as % of AAuM (planwise)		
Regular Plan	0.23%	0.22%
Direct Plan	0.15%	0.14%
5. Net Income as a percentage of AAuM ³	7.10%	5.40%
6. Portfolio turnover ratio ⁴	NA	NA
7. Total IDCW per unit distributed during the year (planwise)		
Retail		
Regular Plan - Daily IDCW Option	71.0509	50.4039
Regular Plan - Weekly IDCW Option	72.3442	41.4616
Regular Plan - Monthly IDCW Option	71.5143	47.5795
Direct Plan - Daily IDCW Option	79.3925	55.2517
Direct Plan - Weekly IDCW Option	72.3608	54.8319
Direct Plan - Monthly IDCW Option	73.0658	54.3588
Corporate		
Regular Plan - Daily IDCW Option	71.0509	50.4039
Regular Plan - Weekly IDCW Option	72.3442	41.4616
Regular Plan - Monthly IDCW Option	71.5143	47.5795
Direct Plan - Daily IDCW Option	79.3925	55.2517
Direct Plan - Weekly IDCW Option	72.3608	54.8319
Direct Plan - Monthly IDCW Option	73.0658	54.3588
8. Returns (%):		
a. Last One Year		
Scheme		
Regular Plan - Growth Option	7.17%	5.28%
Direct Plan - Growth Option	7.45%	5.53%
Benchmark⁵		
NIFTY Ultra Short Duration Debt Index A-I	7.55%	5.96%
b. Since Inception		
Scheme		
Regular Plan - Growth Option	5.24%	4.63%
Direct Plan - Growth Option	5.49%	4.87%
Benchmark⁵		
NIFTY Ultra Short Duration Debt Index A-I	5.45%	5.21%

¹ AAuM = Average daily net assets

² Gross income = amount against (A) in the Revenue account i.e. Income

³ Net income = amount against (C) in the Revenue account i.e. Net Realised Gains/(Losses) for the year

⁴ Portfolio Turnover = Lower of sales or purchase divided by the Average AuM for the year

⁵ Benchmark returns provided for previous year is as per Old Benchmark

Old Benchmark	New Benchmark	Effective date
NIFTY Ultra Short Duration Debt Index B-I	NIFTY Ultra Short Duration Debt Index A-I	13th March, 2024

Notes to Accounts – Annexure I

To the Abridged Balance Sheet and Revenue Account for the year ended March 31, 2024

1 Investments:

- 1.1. It is confirmed that investments of the Schemes are registered in the name of the Trustees for the benefit of the Scheme's unitholders.
- 1.2. Open Positions of derivatives as on year ended March 31, 2024 and March 31, 2023 are NIL.
- 1.3. Investment in Associates and Group Companies as at the year ended March 31, 2024 and March 31, 2023 are NIL.
- 1.4. Open positions of Securities Borrowed and/or Lent by the scheme as on the year ended March 31, 2024 and March 31, 2023 are NIL.
- 1.5. Investment in Below investment grade and default/Securities in default as on March 31, 2024 and March 31, 2023 are NIL.
- 1.6. Aggregate Unrealised Gain/Loss as at the end of the financial year and percentages to net assets are as under :

(Rs. In Lakhs)

Security Category	Amount	Percentage to Net Assets	Amount	Percentage to Net Assets
	As at March 31, 2024		As at March 31, 2023	
Bonds and Debentures				
– Appreciation	151.42	0.07	95.61	0.05
– Depreciation	56.69	0.03	–	–
Certificates of Deposit/Commercial Paper				
– Appreciation	102.97	4.90	80.61	0.04
– Depreciation	6.85	0.33	12.78	0.01
Central and State Government Securities				
– Appreciation	–	–	–	–
– Depreciation	14.47	0.69	–	–
Alternate Investment Fund (CDMDF)				
– Appreciation	11.00	0.52	–	–
– Depreciation	–	–	–	–
Treasury Bills				
– Appreciation	3.23	0.15	4.83	0.00~
– Depreciation	–	–	7.53	0.00~

~ Indicates less than 0.01

- 1.7. The aggregate value of investment securities (excluding CBLO/TREPS and Reverse Repos) purchased and sold (including matured) during the financial year 2023-24 (excluding accretion of discount) are Rs. 817,732.59 lakhs and Rs. 827,837.81 lakhs respectively being 337.40% and 341.57% of the average net assets.

The aggregate value of investment securities (excluding CBLO/TREPS and Reverse Repos) purchased and sold (including matured) during the financial year 2022-23 (excluding accretion of discount) are Rs. 596,973.45 lakhs and Rs. 669,503.29 lakhs respectively being 334.76% and 375.43% of the average net assets.

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

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

To the Abridged Balance Sheet and Revenue Account for the year ended March 31, 2024

Security Category	Amount (Rs. In Lakhs)	% to Net Assets	Amount (Rs. In Lakhs)	% to Net Assets
	As at March 31, 2024		As at March 31, 2023	
Debt Instruments	31,427	14.97	37,186	17.71
Money market Instruments	117,206	55.81	111,203	52.95
Total	148,634	70.78	148,389	70.66

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

During the year 2023-24, The Hongkong and Shanghai Banking Corporation Limited, an associate entity of HSBC Asset Management (India) Private Limited was paid collection/bank charges amounting to Rs. Nil.

During the year 2022-23, The Hongkong and Shanghai Banking Corporation Limited, an associate entity of HSBC Asset Management (India) Private Limited was paid collection/bank charges amounting to Rs. Nil.

Commission paid to Sponsor/AMC and its associates/related parties/group companies

Name of Sponsor/AMC and its associates/related parties/group companies	Nature of Association / Nature of Relation	Period Covered	Business Given [Rs. In lakhs]	% of Total Business received by the Fund	Commission paid [Rs. In Lakhs]	% of Total commission paid by the Fund
The Hongkong and Shanghai Banking Corporation Limited	Group Company	2023-2024	8,912.79	1.74	11.71	13.53
The Hongkong and Shanghai Banking Corporation Limited	Group Company	2022-2023	5,854.39	0.61	14.11	17.31

Brokerage paid to Sponsor/AMC and its associates/related parties/group companies is NIL.
(Previous year also NIL).

3 None of the Investors held more than 25% of the total net assets of the scheme at the year ended March 31, 2024 and March 31, 2023.

4 Unit Capital movement during the year ended March 31, 2024, March 31, 2023 and March 31, 2022:

Description	2023-2024				
	Opening Units	Subscription	Redemption	Closing Units	Face Value per unit (Rupees)
Regular Plan - Growth Option	4,662,173.073	6,801,845.187	7,531,785.836	3,932,232.424	1,000
Regular Plan - Daily IDCW Option	40,943.143	25,048.154	26,365.817	39,625.480	1,000
Regular Plan - Weekly IDCW Option	17,427.818	1,112.962	7,884.084	10,656.696	1,000
Regular Plan - Monthly IDCW Option	83,639.991	1,241.159	15,500.214	69,380.936	1,000
Direct Plan - Growth Option**	14,169,232.082	35,925,951.119	37,296,504.798	12,798,678.403	1,000
Direct Plan - Daily IDCW Option	1,763.230	87.340	750.362	1,100.208	1,000
Direct Plan - Weekly IDCW Option	2,658.640	70.400	1,792.611	936.429	1,000
Direct Plan - Monthly IDCW Option	17,074.294	2,748.738	15,303.068	4,519.964	1,000

Notes to Accounts – Annexure I (Contd...)**To the Abridged Balance Sheet and Revenue Account for the year ended March 31, 2024**

Description	2022-2023				
	Opening Units	Subscription	Redemption	Closing Units	Face Value per unit (Rupees)
Regular Plan - Growth Option	1,686,061.636	7,344,081.557	4,367,970.120	4,662,173.073	1,000
Regular Plan - Daily IDCW Option	31,873.947	31,040.566	21,971.370	40,943.143	1,000
Regular Plan - Weekly IDCW Option	10,267.328	23,568.870	16,408.380	17,427.818	1,000
Regular Plan - Monthly IDCW Option	48,838.646	78,978.877	44,177.532	83,639.991	1,000
Direct Plan - Growth Option**	13,321,400.720	60,631,470.634	59,783,639.272	14,169,232.082	1,000
Direct Plan - Daily IDCW Option	20.437	2,071.717	328.924	1,763.230	1,000
Direct Plan - Weekly IDCW Option	27.229	2,973.375	341.964	2,658.640	1,000
Direct Plan - Monthly IDCW Option	855.885	16,370.985	152.576	17,074.294	1,000

Description	2021-2022				
	Opening Units	Subscription	Redemption	Closing Units	Face Value per unit (Rupees)
Regular Plan - Growth Option	2,207,222.365	6,128,475.630	6,649,636.359	1,686,061.636	1,000
Regular Plan - Daily IDCW Option	80,405.606	53,279.635	101,811.294	31,873.947	1,000
Regular Plan - Weekly IDCW Option	36,913.508	39,148.338	65,794.518	10,267.328	1,000
Regular Plan - Monthly IDCW Option	129,531.345	60,349.859	141,042.558	48,838.646	1,000
Direct Plan - Growth Option**	3,779,116.254	67,506,088.855	57,963,804.389	13,321,400.720	1,000
Direct Plan - Daily IDCW Option	20.437	–	–	20.437	1,000
Direct Plan - Weekly IDCW Option	26.223	1.006	–	27.229	1,000
Direct Plan - Monthly IDCW Option	866.052	10.797	20.964	855.885	1,000

** Units held by the AMC (Seed Capital) in Direct Plan Growth Option as on March 31, 2024 is 15,556.017 and as on March 31, 2023 is 15,556.017 and as on March 31, 2022 is 5,000.000.

- 5 Previous year's/period figures have been re-grouped/re-arranged where necessary.
- 6 There are no contingent liabilities and other commitments as on March 31, 2024 and March 31, 2023. Contingent asset is neither recognized nor disclosed in the financial statements.
- 7 Expenses other than Management Fees and Audit Fees are Inclusive of GST where applicable.

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

To the Abridged Balance Sheet and Revenue Account for the year ended March 31, 2024

- 8 Other Income of Rs. 2.54 lakhs represents Exit load credited to the scheme (2023 : Rs. 1.58 lakhs represents Exit load credited to the scheme).

9 Investor Education Awareness

As mandated by SEBI vide circular no. CIR/IMD/DF/21/2012 dated September 13, 2012 an annual charge of 0.02 percent of daily net assets, being a part of total recurring expenses is set aside for Investor Education and Awareness (IEA). In view of the AMFI Best Practices Guidelines Circular No. 56/2015-16, the IEF (Investor Education Fund) accrual is set aside in a separate bank account and the consolidated balance across all schemes as on March 31, 2024.

Pursuant to SEBI circular dated May 23, 2022, w.e.f. July 1, 2022, the limit of 0.02% p.a. has been reduced to 0.01% p.a. in case of ETFs/Index Funds. Furthermore, Fund of Funds (FoFs) investing more than 80% of its NAV in the underlying domestic funds have discontinued setting aside 0.02% p.a. of daily net assets towards IEAI.

The break-up of which is as under:

	March 31, 2024	March 31, 2023
Particulars	Amount (Rs. In Lakhs)	Amount (Rs. In Lakhs)
Opening Balance as on April 01, 2023	997.09	460.22
Add: Accrual during FY 2023-24	1,962.01	1,432.00
Less: Transferred to AMFI *	889.11	646.75
Less: Payable to AMFI (March 2024 accrual) *	91.90	69.25
Add: Investment Income FY 2023-24	77.08	166.42
Less: Spent during FY 2023-24	1,877.44	345.55
Closing Balance as on March 31, 2024	177.73	997.09

*In accordance with SEBI circular number SEBI/HO/IMD/DF/2/RS/813/2016 dated January 8, 2016.

The IEA disclosure's are presented for surviving schemes only.

- 10 Securities, excluding debt securities, where the non-traded investments which have been valued "in good faith" exceed 5% of the net assets at the end of the year is NIL.
- 11 Debt securities which have been valued at a price other than the price given by the independent valuation agencies at the end of the year is NIL.
- 12 **Disclosure of Risk-o-meter**

Scheme Name	Risk-o-meter level at end of the financial year i.e. March 31, 2024	Risk-o-meter level as on March 31, 2023	Number of changes in Risk-o-meter during the financial year (March 2023 to March 2024)
HSBC Ultra Short Duration Fund	Low to Moderate	Low to Moderate	0

- 13 Pursuant to the SEBI circular no. SEBI/HO/IMD/IMD-II DOF3/P/CIR/2021/573 dated June 07,2021, The details of Potential Risk Class matrix of schemes are given in below:

Credit Risk →	Relatively Low (Class A)	Moderate (Class B)	Relatively High (Class C)
Interest Rate Risk ↓			
Relatively Low (Class I)		BI	
Moderate (Class II)			
Relatively High (Class III)			
A Scheme with Relatively Low interest rate risk and Moderate credit risk.			

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

To the Abridged Balance Sheet and Revenue Account for the year ended March 31, 2024

- 14 Pursuant to SEBI Circular No. SEBI/HO/IMD/DF3/CIR/P/2020/194 dated October 05, 2020, the nomenclature of 'Dividend Option' under all the schemes of HSBC Mutual Fund has been revised to 'Income Distribution cum Capital Withdrawal Option' (IDCW), with effect from April 01, 2021.
- 15 Subsequent to receipt of SEBI's no objection to acquisition of 100% equity shares of L&T Investment Management Limited ("LTIM", Investment Manager of L&T Mutual Fund) and the amendments proposed to the trust deed of the HSBC Mutual Fund as required under the SEBI (Mutual Funds) Regulations, 1996, the schemes of L&T Mutual Fund (LTMF) were transferred to/ merged with the schemes of HSBC Mutual Fund on and from the close of business hours of November 25, 2022, and the HSBC AMC and HSBC Trustees assumed the responsibilities of the schemes of LTMF w.e.f. close of business hours of November 25, 2022.
- 16 During the year, HSBC Securities and Capital Markets (India) Private Limited ("HSCI"), Sponsors of HSBC Mutual Fund established a private limited company with limited liability to act as the "Trustee" of HSBC Mutual Fund. HSBC Trustees (India) Private Limited ("HTIP") was incorporated on 9 January 2024. Accordingly, HTIP has replaced the Board of Trustees of HSBC Mutual Fund w.e.f. 1 March 2024, and the Company through its Board of Directors has been discharging its obligations as the "Trustees" of the Fund from this date.
- 17 The Annual Accounts of the Schemes, prepared in accordance with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the "Act") read with the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time and clause 17.14 of SEBI Master Circular for Mutual Funds dated June 27, 2024, has been approved by the Board of Directors of HSBC Asset Management (India) Private Limited and HSBC Trustees (India) Private Limited at their meetings held on July 8, 2024 and July 19, 2024 respectively. The audit report attached herewith refers to the said Annual Accounts. The aforesaid abridged accounts are an extract of the Annual Accounts and are prepared in accordance with clause 5.4 and format no. 3.B under the section of formats of SEBI Master Circular for Mutual Funds dated June 27, 2024 and other relevant circulars issued by the Securities and Exchange Board of India from time to time.

Voting Policy and Procedures

In view of para 6.16 of SEBI Master Circular on Mutual Funds dated June 27, 2024 related to "Role of Mutual Funds in Corporate Governance of Public Listed Companies", HSBC AMC has formulated its "Policy for Proxy Voting in Public Listed Companies". The said policy is available on our website and the details of actual exercise of proxy votes, the summary of votes casted and the auditor's certificate is forming part of our full Annual Report for the Financial Year 2023 – 24 which has been uploaded on our website at <http://www.assetmanagement.hsbc.co.in>

Statutory Details & Disclaimers

All the returns have been sourced from Mutual Funds India Explorer software. The performance of the schemes and the benchmark is calculated on a total return basis. This document has been prepared by HSBC Asset Management (India) Private Limited (HSBC) for information purposes only with an intent to provide market overview and should not be construed as an offer or solicitation of an offer for purchase of any of the funds of HSBC Mutual Fund. All information contained in this document (including that sourced from third parties), is obtained from sources, which HSBC/third party, believes to be reliable but which it has not been independently verified by HSBC/the third party. Further, HSBC/the third party makes no guarantee, representation or warranty and accepts no responsibility or liability as to the accuracy or completeness of such information. The information and opinions contained within the document are based upon publicly available information and rates of taxation applicable at the time of publication, which are subject to change from time to time.

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For disclosure of quarterly AUM/AAUM and AUM by geography, please visit our website at www.assetmanagement.hsbc.co.in. Investors are requested to note that as per SEBI (Mutual Funds) Regulations, 1996 and guidelines issued thereunder, HSBC AMC, its employees and/ or empaneled distributors/agents are forbidden from guaranteeing/promising/assuring/predicting any returns or future performances of the schemes of HSBC Mutual Fund. Hence, please do not rely upon any such statements/commitments. If you come across any such practices, please register a complaint via email at investor.line@mutualfunds.hsbc.co.in

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

Important Updates

Name and Date of Birth as per PAN card - Effective from June 1, 2024

As per recent regulatory requirement and changes advised by Income Tax Department in PAN validation process, now it is mandated to quote your Name(s) and DOB as per PAN card. To avoid any failure in such validations, we request investors to quote the Name(s) and DOB's of all the holders including Guardian, Power of Attorney (POA) holders as per PAN card.

Useful Links for self service options

- **Use our 24 x 7 Chatbot - "ASKME" for any queries or service request:**
visit: <https://invest.assetmanagement.hsbc.co.in>

SMS your request to HSBC Mutual Fund

- **Latest NAV :** Send SMS as HSBCMF NAV <Scheme Code> to 56767
Example: HSBCMF NAV F03
- **Valuation Service on registered mobile No. :** Send SMS as HSBCMF VAL <folio_number> to 56767
Example: HSBCMF VAL 123456
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- **Half Yearly Portfolio :**
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Example: HSBCMF HPP 123456

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Computer Age Management Services Private Limited (CAMS)

Unit: HSBC Mutual Fund

New No. 10, M.G.R Salai, Nungambakkam, Chennai - 600034.

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

HSBC Asset Management (India) Private Limited

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Investor (Dialing from abroad)	+91 44 39923900	investor.line@mutualfunds.hsbc.co.in

To get your updated account statement email us at : "mfsoa@mutualfunds.hsbc.co.in"

We're always here to help you, so feel free to reach out to us

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