HSBC
Global Asset Management

Scheme Information Document

HSBC Fixed Term Series 131 (HFTS 131)

(A close-ended Income Scheme)

Offer of Units of Rs.10/- per unit during the New Fund Offer

New Fund Offer of HSBC Fixed Term Series 131 (1140 days)

New Fund Offer Opens on	**March 15, 2018**
New Fund Offer Closes on	**March 20, 2018**

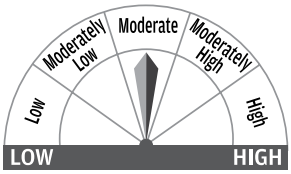
Product Labeling:

HSBC Fixed Term Series 131

This product is suitable for investors who are seeking*:

- Income over the term of the Plan;
- Investment in debt/money market instruments

Riskometer



Investors understand that their principal will be at Moderate risk

* Investors should consult their financial advisers if in doubt about whether the product is suitable for them.

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

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

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

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

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

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

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

This Scheme Information Document is dated March 5, 2018.

Sponsor:
HSBC Securities and Capital Markets (India) Private Limited
Regd. Office: 52/60, Mahatma Gandhi Road,Fort, Mumbai 400 001, India.

Trustee:

Board of Trustees
16, Veer Nariman Road, Fort, Mumbai 400 001, India.

Asset Management Company:
HSBC Asset Management (India) Private Limited
Regd. & Corp. Office: 16, Veer Nariman Road, Fort, Mumbai 400 001, India

NSE Disclaimer:

As required, a copy of this Scheme Information Document has been submitted to National Stock Exchange of India Limited (hereinafter referred to as NSE). NSE has given vide its letter no. NSE/LIST/4628 dated December 22, 2017 permission to the Mutual Fund to use the Exchange's name in this Scheme Information Document as one of the stock exchanges on which the Mutual Fund's units are proposed to be listed subject to, the Mutual Fund fulfilling the various criteria for listing. The Exchange has scrutinized this Scheme Information Document for its limited internal purpose of deciding on the matter of granting the aforesaid permission to the Mutual Fund. It is to be distinctly understood that the aforesaid permission given by NSE should not in any way be deemed or construed that the Scheme Information Document has been cleared or approved by NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Scheme Information Document; nor does it warrant that the Mutual Fund's units will be listed or will continue to be listed on the Exchange; nor does it take any responsibility for the financial or other soundness of the Mutual Fund, its sponsors its management or any scheme of the Mutual Fund.

Every person who desires to apply for or otherwise acquire any units of the Mutual Fund may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription / acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever.

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HIGHLIGHTS / SUMMARY OF THE SCHEME

Name of the Scheme	HSBC Fixed Term Series (HFTS)
Type of Scheme	A close ended Income Scheme
Investment Objective	To seek generation of returns by investing in a portfolio of fixed income instruments which mature on or before the maturity date of the Plan. However, there is no assurance or guarantee that the investment objective of the Plan will be achieved. The Plan does not assure or guarantee any returns.
Plan	HSBC Fixed Term Series 131
Maturity of the Plan	HFTS 131 with maturity of 1140 days. The Plan will come to an end on the maturity date. On the maturity date of the Plan, all Units under the Plan will be compulsorily, and without any further act by the Unit Holders, redeemed at the Applicable NAV of that day and paid out on the next day of the maturity date. For the Units held in electronic form, the Units will be extinguished with the Depository as per the beneficiary position details received from the Depository and the redemption amount will be paid to the Unit Holders on the next day of maturity, at the prevailing NAV of the Plan on that date. If the maturity date falls on a non-Business Day, the immediately succeeding Business Day will be considered as the maturity date
Option	Growth & Dividend Payout options under both Regular and Direct Options. The Regular and Direct Options, and options under them will have a common portfolio.
Minimum Application Amount	Rs. 5,000 and in multiples of Re. 1/- thereafter
Benchmark Index	HFTS 131 - CRISIL Composite Bond Fund Index
New Fund Offer	The NFO period for HSBC Fixed Term Series 131 will commence from March 15, 2018 and close on March 20, 2018 The NFO price of Units of the Plan will be Rs. 10/- per unit. The AMC/Trustees reserve the right to extend/prepone the closing date of the NFO period, subject to the condition that the subscription to the NFO shall not be kept open for more than 15 days.
Load structure	Entry Load* – Nil *In terms of SEBI circular no. SEBI/IMD/CIR No.4/168230/09 dated June 30, 2009, no entry load will be charged by the Scheme to the investor effective August 1, 2009. Upfront commission shall be paid directly by the investor to the AMFI registered Distributors based on the investor's assessment of various factors including the service rendered by the distributors. Exit Load - Not Applicable (as the Units will be listed on NSE or any other recognised Stock Exchange).
Listing	In accordance with SEBI circular dated December 11, 2008, close-end schemes (except Equity Linked Saving Scheme) shall be mandatorily listed on a recognized stock exchange. Accordingly, the Units of the Plan under the Scheme will be listed on the Capital Market Segment of NSE within 5 business days from the date of allotment of Units. The Mutual Fund may at its sole discretion list the Units of the Plan on any other recognized Stock Exchange(s) at a later date.
Liquidity	Being close-ended, subscription to the Units of the Plan will be permissible only during the NFO period. The Plan will not be open for ongoing subscriptions / switch ins. The Units of the Plan cannot be redeemed by the investors directly with the Fund until the maturity of the Plan and there will be redemption by the Fund only on the maturity of the Plan. However, investors who wish to exit/redeem before the maturity may do so through stock exchange mode by giving a request for redemption in unit terms to the DP. Further, investors are requested to note that they should have demat account to trade in the Units of the Plan. Investors must indicate this option in the Application form.
Redemption options	Until maturity of the Plan, the Units cannot be redeemed by the investors directly with the Fund. Upon maturity, Unit Holders shall have the following options: – Payment by cheque to the Unit Holder; – Direct credit into the account of the Unit Holder; and – Switch into any scheme of HSBC Mutual Fund (subject to the same being available).

Transparency/ NAV Disclosure	The NAV of the Plan will be calculated and disclosed at the close of every Business Day. NAV of the Plan / Option(s) shall be made available at all Investor Service Centres of the AMC. The AMC shall have the NAV published in two daily newspapers having nationwide circulation. The AMC shall update the NAVs on the website of the Fund (www.assetmanagement.hsbc.com/in) and on the website of Association of Mutual Funds in India – AMFI (www.amfiindia.com) by 9.00 p.m. on every Business Day. Since the Plan are proposed to be listed on NSE, the listed price would be available on NSE.
Dematerialization	The Unit holders are given an Option to hold the Units by way of an Account Statement (physical form) or in Dematerialized ('demat') form. Unit holders opting to hold the Units in demat form must provide their Demat Account details in the specified section of the application form. The Unit holder intending to hold the Units in Demat form is required to have a beneficiary account with the Depository Participant (DP) (registered with NSDL / CDSL) and will be required to indicate in the application the DP's name, DP ID Number and the beneficiary account number of the applicant with the DP at the time of purchasing Units during the NFO of the Scheme. In case Unit holders do not provide their Demat Account details, an Account Statement shall be sent to them. Such investors will not be able to trade on the stock exchange till the holdings are converted into demat form. Investors opting to hold Units in demat form should furnish Bank Account details linked with their demat account.
Transfer of Units	Units held by way of an Account Statement (physical mode) cannot be transferred. Units held in demat form are transferable in accordance with the provisions of SEBI (Depositories and Participants) Regulations, 1996, as may be amended from time to time. Transfer can be made only in favors of transferees who are capable of holding Units and having a Demat Account. Refer section on 'Transfer of Units' in the SID.
Holding of Units	The Unit holders in the Plan are given an Option to hold the Units by way of an Account Statement (physical form) or demat (dematerialized) form. A Unit holder who desires to hold the Units in demat form at a later date, will be required to have a beneficiary account with a DP of NSDL / CDSL and will have to submit the account statement along with a request form asking for the conversion into demat form. This request is called a Demat Request Form (DRF). Rematerialization of Units will be in accordance with the provisions of SEBI (Depositories & Participants) Regulations, 1996 as may be amended from time to time.

A. RISK FACTORS

Standard Risk Factors

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

Scheme Specific Risk Factors

Debt Instruments

Subject to the stated investment objective, the Scheme proposes to invest in debt and related instruments.

- There have been times in the past, when settlements have been unable to keep pace with the volume of securities transactions, making it difficult to conduct further transactions. Delays or other problems in settlement of transactions could result in temporary periods when the assets of the Plan is not invested and no return is earned thereon.
- The liquidity and valuation of the Plans' investments due to its holdings of unlisted securities may be affected if they have to be sold prior to their target date of divestment. Investing in close-ended schemes is more appropriate for seasoned investors. A close-ended scheme endeavors to achieve the desired returns only at the scheduled maturity of the scheme. Hence, Unit Holders who sell their Units in the Plan of the Scheme prior to maturity may not get the desired returns
- *Price-Risk or Interest Rate Risk:* As with all debt securities, changes in interest rates may affect the NAV of the Plan as the prices of securities increase as interest rates decline and decrease as interest rates rise. Prices of long-term securities generally fluctuate more in response to interest rate changes than do short-term securities. Indian debt markets can be volatile leading to the possibility of price movements up or down in fixed income securities and thereby to possible movements in the NAV.
- In the case of floating rate instruments, an additional risk could be due to the change in the spreads of floating rate instruments. If the spreads on floating rate papers rise, then there could be a price loss on these instruments. Secondly in the case of fixed rate instruments that have been swapped for floating rates, any adverse movement in the fixed rate yields vis-à-vis swap rates could result in losses. However, floating rate debt instruments which have periodical interest rate reset, carry a lower interest rate risk as compared to fixed rate debt instruments. In a falling interest rate scenario the returns on floating rate debt instruments may not be better than those on fixed rate debt instruments.
- *Liquidity or Marketability Risk:* This refers to the ease with which a security can be sold at or near to its valuation yield-to-maturity (YTM). The primary measure of liquidity risk is the spread between the bid price and the offer price quoted by a dealer. Liquidity risk is today characteristic of the Indian fixed income market. Trading volumes, settlement periods and transfer procedures may affect the liquidity of the investments of the scheme.
- *Credit Risk:* Credit risk or default risk refers to the risk that an issuer of a fixed income security may default (i.e. will be unable to make timely principal and interest payments on the security). Because of this risk, corporate debentures are sold at a yield above those offered on Government Securities, which are sovereign obligations. Normally, the value of a fixed income security will fluctuate depending upon the changes in the perceived level of credit risk as well as any actual event of default. The greater the credit risk, the greater the yield required for someone to be compensated for the increased risk. Any losses in case of a default by an issuer will be borne by the investor. The fixed income security is also subject to credit downgrades by the rating agencies in case of deterioration of credit quality.
- *Concentration Risk:* As the debt market in India is not so matured, there is a possibility of having high exposures to single issuers. Although these exposures would be within the regulatory limits prescribed by SEBI, however they could pose additional risk to investors as the portfolio could comprise of just 4 to 5 issuers. Further, the investors could also be exposed to group level risks resulting from an aggregation of issuers associated with the same group.
- *Reinvestment Risk:* This risk refers to the interest rate levels at which cash flows received from the securities in the Plan is reinvested. The additional income from reinvestment is the "interest on interest" component. The risk is that the rate at which interim cash flows can be reinvested may be lower than that originally assumed.
- *Benchmark Risk:* The floating rate segment of the domestic debt market is not very developed. Currently, majority of the issuance of floating rate papers is linked to NSE MIBOR. As the floating rate segment develops further, more benchmark rates for floating papers may be available in future. The fewer number of benchmark rates could result in limited diversification of the benchmark risk.

- Different types of securities in which the Plan of the Scheme would invest as given in the SID carry different levels and types of risk. Accordingly the Plans' risk may increase or decrease depending upon its investment pattern. e.g. corporate bonds carry a higher amount of risk than Government Securities. Further even among corporate bonds, bonds which are AAA rated are comparatively less risky than bonds which are AA rated.
- *Duration Risk:* Duration is a risk measure used to measure the bond / security price changes to potential changes in interest rates. Duration of portfolio x the expected changes in rates = the expected value change in the portfolio. Duration is more scientific measure of risk compared to average maturity of the portfolio. The higher the duration of the portfolio, the greater the changes in value (i.e. higher risk) to movement in interest rates. Modified duration is the duration of a bond / security given its current yield to maturity, put / call feature, and an expected level of future interest rates.
- *Legal, tax and regulatory risk:* The Plan could be exposed to changes in legal, tax and regulatory regime which may adversely affect it and/or the investors. Such changes could also have retrospective effect and could lead to additional taxation imposed on the Scheme which was not contemplated either when investments were made, valued or disposed off.
- The AMC and/or its empanelled distributors have not and shall not give Plan's indicative portfolio / yield in any communication or any manner, whatsoever. Investors are advised not to rely on any communication of indicative portfolio/ yield with regard to Plans' investments.
- From time to time and subject to the Regulations, the Sponsor, their affiliates, associates, subsidiaries, the Mutual Fund and the AMC may invest directly or indirectly in the Plan. These entities may acquire a substantial portion of the Plans' Units and collectively constitute a major investor in the Plan. Accordingly, redemption of Units held by such entities may have an adverse impact on the Plan because the timing of such redemption may impact the ability of other Unitholders to redeem their Units. However, such investments by Sponsor, affiliates, associates, subsidiaries, Mutual Fund or the AMC shall be in compliance with the Investment Restrictions as applicable to all investors.
- There could be cases of restructuring/re-scheduling of particular debt/money market instruments held in the portfolio which could result in the maturity of these instruments going beyond the scheme maturity date. In such cases, the Fund Manager may be constrained to sell these instruments in the market at realizable value and pass on the loss/impact to investors in the scheme.

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

- *Prepayment Risk:* The risk associated with the early unscheduled return of principal on a fixed-income security. The early unscheduled return of principal may result in reinvestment risk.

Risks associated with Listing of Units

- Listing of Units of the Plan does not necessarily guarantee their liquidity and there can be no assurance that an active secondary market for the Units will develop or be maintained. Consequently, the Plan may quote below its face value / NAV. The AMC will not perform any kind of market making activity for the Units of the Plan.
- Trading in Units of the Plan on the Exchange may be halted because of market conditions or for reasons in view of the Exchange Authorities or SEBI, rendering trading in the Units of the Plan inadvisable. In addition, trading of the Units of the Plan are subject to trading halts caused by extraordinary market volatility and pursuant to the Stock Exchange's / market regulator's 'circuit filter' rules. There can be no assurance that the requirements of the concerned Stock Exchange necessary to maintain the listing of the Units of the Plan will remain unchanged.
- Unit holders may find it difficult or uneconomical to liquidate their investments at any particular time. For Units listed on the exchange, it is possible that the market price at which the Units are traded may be at a discount to the NAV of such Units. As a result, a unit holder must be prepared to hold the Units until the maturity of the Scheme.
- The Units of the Plan may trade at a significant discount or premium on the Stock Exchange. The NAV of the Plan will fluctuate in accordance with market supply and demand as well as be affected by changes in NAV.
- *Regulatory Risk:* Any changes in trading regulations by the Stock Exchange or SEBI among other things may also result in a wider premium / discount to the NAV of the Plan. Although the Units are proposed to be listed on the Stock Exchange, the AMC and the Trustees will not be liable for any loss suffered by investors due to delay in listing of Units of the Plan on the Stock Exchange or due to connectivity problems with the depositories due to the occurrence of any event beyond their control.
- The Trustee reserves the right to list the Units of the Plan on any other recognized Stock Exchange in India, as may be deemed fit, in which case the investors may face risks related to an undeveloped market, delay in settlements etc.
- There may be acts / omissions on the part of the Stock Exchange resulting in the cancellation of Unit Holder's orders or the execution of orders on erroneous terms

Risk Factor associated with Close-ended Schemes:

Investing in close-ended Schemes is more appropriate for seasoned investors. A close-ended Scheme endeavors to achieve the desired returns only at the scheduled maturity of the Scheme. Investors who wish to exit/redeem before the scheduled maturity date may do so through the stock exchange mode, if they have opted to hold Units in a demat form. For the units listed on the exchange, it is possible that the market price at which the units are traded may be at a discount to the NAV of such Units. Hence, Unit Holders who sell their Units in a Scheme prior to maturity may not get the desired returns.

B. REQUIREMENT OF MINIMUM INVESTORS IN THE SCHEME

The Plan shall have a minimum of 20 investors and no single investor shall account for more than 25% of the corpus of the Plan. These conditions will be complied with immediately after the close of the NFO itself i.e. at the time of allotment. In case of non-fulfillment with the condition of minimum 20 investors, the Plan shall be wound up in accordance with Regulation 39 (2) (c) of SEBI (MF) Regulations automatically without any reference from SEBI. In case of non-fulfillment with the condition of 25% holding by a single investor on the date of allotment, the application to the extent of exposure in excess of the stipulated 25% limit would be liable to be rejected and the allotment would be effective only to the extent of 25% of the corpus collected. Consequently, such exposure over 25% limits will lead to refund within 6 weeks of the date of closure of the New Fund Offer.

C. SPECIAL CONSIDERATIONS, IF ANY

- The Trustees, the Mutual Fund, the AMC, their directors or their employees shall not be liable for any tax consequences that may arise upon maturity, refund or roll over of the Scheme, as the case may be.
- The ratings wherever mentioned in this document pertain to local entities of each issuer rated by domestic rating agencies.
- The tax benefits described in this SID are as available under the present taxation laws and are available subject to conditions. The information given is included for general purpose only and is based on advice received by the AMC regarding the law and practice in force in India and the investors should be aware that the relevant fiscal rules or their interpretation may change. As is the case with any investment, there can be no guarantee that the tax position or the proposed tax position prevailing at the time of an investment in the Plan will endure indefinitely. In view of the individual nature of tax consequences, each investor is advised to consult his/her own professional tax advisor.
- Neither this SID nor the Units have been registered in any jurisdiction. The distribution of this SID in certain jurisdictions may be restricted or totally prohibited and accordingly, persons who come into possession of this SID are required to inform themselves about, and to observe, any such restrictions.
- Prospective investors should review / study this SID carefully and in its entirety and shall not construe the contents hereof or regard the summaries contained herein as advice relating to legal, taxation, or financial / investment matters and are advised to consult their own professional advisor(s) as to the legal, tax, financial or any other requirements or restrictions relating to the subscription, gifting, acquisition, holding, disposal (sale, switch or redemption or conversion into money) of Units and to the treatment of income (if any), capitalization, capital gains, any distribution, and other tax consequences relevant to their subscription, acquisition, holding, capitalization, disposal (sale, transfer, switch or conversion into money) of Units within their jurisdiction of nationality, residence, incorporation, domicile etc. or under the laws of any jurisdiction to which they or any managed funds to be used to purchase/gift Units are subject, and also to determine possible legal, tax, financial or other consequences of subscribing / gifting, purchasing or holding Units before making an application for Units.
- The Mutual Fund / the AMC have not authorized any person to give any information or make any representations, either oral or written, not stated in this SID in connection with issue of Units of Plan. Prospective investors are advised not to rely upon any information or representations not incorporated in this SID as the same have not been authorized by the Fund or the AMC. Any subscription, purchase or sale made by any person on the basis of statements or representations which are not contained in this SID or which are inconsistent with the information contained herein shall be solely at the risk of the investor.
- To the best of the knowledge and belief of the Trustees and the AMC, information contained in this SID is in accordance with the SEBI regulations and the facts stated herein are correct and this SID does not omit anything likely to have an impact on the importance of such information.
- **Foreign Account Tax Compliance Act (FATCA) -** India has executed an Inter-Governmental Agreement (IGA) with the U.S. and the Fund intends to take any measures that may be required to ensure compliance under the terms of the IGA and local implementing regulations. In order to comply with its FATCA obligations, the Fund will be required to obtain certain information from its investors so as to ascertain their U.S. tax status. If the investor is a specified U.S. person, U.S. owned non-U.S. entity, non-participating FFI ("NPFFI") or does not provide the requisite documentation, the Fund may need to report information on these investors to the appropriate tax authority, as far as legally permitted. If an investor or an intermediary through which it holds its interest in the Fund either fails to provide the Fund its agents or authorised representatives with any correct, complete and accurate information that may be required for the Fund to comply with FATCA or is a NPFFI, the investor may be subject to withholding on amounts otherwise distributable to the investor, may be compelled to sell its interest in the Fund or, in certain situations, the investor's interest in the Fund may be sold involuntarily. The Fund may at its discretion enter into any supplemental agreement without the consent of investors to provide for any measures that the Fund deems appropriate or necessary to comply with FATCA, subject to this being legally permitted under the IGA or the Indian laws and regulations. Other countries are in the process of adopting tax legislation concerning the reporting of information. The Fund also intends to comply with such other similar tax legislation that may apply to the Fund although the exact parameters of such requirements are not yet fully known. FATCA is globally applicable from July 1, 2014 and in order to comply with FATCA obligations, the Fund will, seek additional information from investors while accepting applications, in order to ascertain their U.S. tax status. The Fund will not accept applications which are not accompanied with information / documentation required to establish the U.S. tax status of investors. Investors are therefore requested to ensure that the details provided under Section "Confirmation under Foreign Account Tax Compliance Act (FATCA) for determining US person status" of the application form are complete and accurate to avoid rejection of the application (updated forms are available with ISCs or on Fund's website – www.assetmanagement.hsbc.com/in).
- Investors should consult their own tax advisors regarding the FATCA requirements with respect to their own situation. In the event of any conflict or inconsistency between any of these Terms and Conditions and those in any other service, product, business relationship, account or agreement between investor and HSBC, these terms shall prevail, to the extent permissible by applicable local law. If all or any part of the provisions of these Terms and Conditions become illegal, invalid or unenforceable in any respect under the law of any jurisdiction, that shall not affect or impair the legality, validity or enforceability of such provision in any other jurisdictions or the remainder of these Terms and Conditions in that jurisdiction. These Terms and Conditions shall continue to apply notwithstanding the death, bankruptcy or incapacity of the investor, the closure of any investor account, the termination of HSBC's provision of the Services to the investor or the redemption of the investor's investment in the Fund.
- **Common Reporting Standards** - India has joined the Multilateral Competent Authority Agreement (MCAA) on automatic exchange of financial information in Tax Matters, commonly known as Common Reporting Standards ('CRS'). All countries which are signatories to the MCAA are obliged to exchange a wide range of financial information after collecting the same from financial institutions in their jurisdiction. In accordance with Income Tax Act read with SEBI Circular nos. CIR/MIRSD/2/2015 dated August 26,

2015 and CIR/MIRSD/3/2015 dated September 10, 2015 regarding implementation of CRS requirements, it shall be mandatory for all new investors to provide details and declaration pertaining to CRS in the application form, failing which the AMC shall have authority to reject the application.

- **Compliance under Volcker Rule :**

  The Volcker Rule is a part of the U.S. Dodd Frank Act which prohibits U.S. banks from proprietary trading and restricts investment in hedge funds and private equity by commercial banks and their affiliates. HSBC Holdings plc, is a U.S. regulated bank holding company and any entity (company, fund, trust, partnership etc.) located anywhere in the world, that is directly or indirectly controlled by the parent company is subject to the Volcker Rule. The Volcker Rule is effective from July 21, 2015.

  As part of HSBC's Volcker Conformance obligations, the Fund is required to implement a Compliance Programme to ensure on-going compliance with the Volcker Rule and the AMC must ensure that no HSBC affiliate (fund or business entity) invests in the Fund unless it has implemented necessary controls to ensure that the ownership limits, in line with the Volcker Rule, can be met. Hence, the Fund will not be able to accept subscriptions from HSBC group entities into the schemes of the Fund, aggregating to more than 4.9% of the voting rights of a scheme or more than 19.9% of the assets under management of any scheme. In the event of the aggregate investment by HSBC group entities crossing the above limits, the Fund will have the discretion to reject any subscription/ switch applications received or redeem any excess exposure by the group entities in the Fund, to be in compliance with the Volcker Rule.

D. DEFINITIONS

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

Asset Management Company/AMC	HSBC Asset Management (India) Private Limited incorporated under the provisions of the Companies Act, 1956, and approved by SEBI to act as Investment Manager for the schemes of the Fund.
Applicable NAV	The Net Asset Value applicable for purchases / redemptions / switches etc., based on the Business Day and relevant cut-off times on which the application is accepted at an Investor Service Centre.
Business Day	A day other than (1) Saturday and Sunday and / or (2) a day on which Bombay Stock Exchange Limited and/ or National Stock Exchange of India Limited and /or Reserve Bank of India and /or banks in Mumbai are closed and / or (3) a day on which there is no RBI clearing / settlement of securities and / or (4) a day on which the sale and / or redemption and / or switches of Units is suspended by the Trustees / AMC and / or (5) a book closure period as may be announced by the Trustees / AMC and / or (6) a day on which normal business cannot be transacted due to storms, floods, bandhs, strikes or such other events as the AMC may determine from time to time. The AMC reserves the right to change the definition of Business Day. Provided that the days when the banks in any location where the AMC's / Registrar's Investor Service Centres are located, are closed due to a local holiday, such days will be treated as non-Business Days at such centres for the purposes of accepting fresh subscriptions. However, if the Investor Service Centre in such locations is open on such local holidays, then switch requests will be accepted at those centres provided it is a Business Day for the Scheme on an overall basis. Notwithstanding the above, the AMC may declare any day as a Business Day / Non Business Day.
Beneficial Owner	Beneficial owner as defined in the Depositories Act 1996 (22 of 1996) means a person whose name is recorded as such with a depository.
Custodian	Standard Chartered Bank, Mumbai, registered under the SEBI (Custodian of Securities) Regulations, 1996, currently acting as global Custodian to the Scheme or any other custodian approved by the Trustees.
Designated Collection Centre	Such centres as may be designated by the AMC for collection of subscriptions and / or redemptions and / or switches in the Scheme.
Depository	Depository as defined in the Depositories Act, 1996 and includes National Securities Depository Ltd (NSDL) and Central Depository Services Ltd (CDSL).
Depository Participant / DP	'Depository Participant' means a person registered as such under subsection (1A) of section 12 of the Securities and Exchange Board of India Act, 1992
Depository Records	Depository Records as defined in the Depositories Act 1996 (22 of 1996) includes the records maintained in the form of books or stored in a computer or in such other form as may be determined by the said Act from time to time.
Distributor	Such persons / firms / companies / corporates as may be appointed by the AMC to distribute / sell / market the schemes of the Fund.
Dividend	Income distributed by the Plan on the Units, where applicable.
Direct Option	Direct Option is an option available for investors who purchase / subscribe units in a scheme directly with the Fund i.e. investments / applications not routed through the Distributor.

Foreign Institutional Investor (FII)	Foreign Institutional Investor, registered with SEBI under Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995 as amended from time to time.
Foreign Portfolio Investor (FPI)	An entity registered with designated depository participant under the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014 as amended from time to time.
Floating Rate Instruments	Floating rate instruments are debt / money market instruments issued by Central / State Governments, Corporates, PSUs etc. with interest rates that are reset periodically. The periodicity of interest reset could be daily, monthly, annually or any other periodicity that may be mutually agreed between the issuer and the Fund.
Fund or Mutual Fund	HSBC Mutual Fund, a trust set up under the provisions of the Indian Trusts Act, 1882 and registered with SEBI under the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 vide Registration No. MF/046/02/5 dated May 27, 2002.
HFTS 131	HSBC Fixed Term Series 131
HSCI or Sponsor or Settlor	HSBC Securities and Capital Markets (India) Private Limited, a company incorporated under the provisions of the Companies Act, 1956.
Maturity Date	Maturity Date is the date (or the immediately following Business Day, if that date is not a Business Day) on which the Units will be compulsorily and without any further act by the Unit holder(s) redeemed at the Applicable NAV.
New Fund Offer or NFO or New Fund Offer Period	Offer for purchase of Units of HFTS 131 during the New Fund Offer Period.
Investment Management Agreement	The Agreement dated February 7, 2002 entered into between the Trustees of HSBC Mutual Fund and HSBC Asset Management (India) Private Limited, as amended from time to time.
Investor Service Centres or ISC	Such offices of the AMC/Registrar as are designated as Investor Service Centres from time to time.
Load	In case of repurchase / switch out of a Unit, the sum of money deducted from the applicable NAV on the repurchase / switch out (Exit Load) and in the case of sale / switch in of a Unit, a sum of money to be paid by the prospective investor on the sale / switch in of a Unit in addition to the applicable NAV (Entry Load).
Maturity of the Plan	HSBC Fixed Term Series 131 will have maturity period of 1140 days from the date of allotment.
NAV	Net Asset Value of the Units of the Plan (including Option(s) if any, therein) calculated in the manner provided in this SID or as may be prescribed by the Regulations from time to time.
NSE	National Stock Exchange of India Ltd., a Stock Exchange recognized by the Securities and Exchange Board of India.
Scheme Information Document	This document issued by HSBC Mutual Fund, offering units of HFTS 131 for subscription.
Plan	HFTS 131
RBI	Reserve Bank of India established under the Reserve Bank of India Act, 1934, as amended from time to time.
Regular Plan	Plan other than the Direct Option (refer definition of Direct Option above)
Registrar	Computer Age Management Services (P) Ltd. (CAMS), registered under the SEBI (Registrars to an Issue and Share Transfer Agents) Regulations, 1993, currently acting as Registrar to the Scheme or any other registrar appointed by the AMC from time to time.
Repo / Reverse repo	Sale / purchase of Government Securities as may be allowed by RBI from time to time with simultaneous agreement to repurchase / resell them at a later date.
Repurchase / Redemption	Repurchase / redemption of Units of the Plan.
Sale / Subscription	Sale / subscription of Units of the Plan.
Statement of Additional Information / SAI	The document issued by HSBC Mutual Fund containing details of HSBC Mutual Fund, its constitution, & certain tax, legal and general information. SAI is legally a part of the Scheme Information Document
Scheme	HSBC Fixed Term Series 131
SEBI	Securities and Exchange Board of India established under Securities and Exchange Board of India Act, 1992, as amended from time to time.
SEBI Regulations or Regulations	Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 as amended from time to time, including by way of circulars or notifications issued by SEBI, the Government of India or RBI.

Switch	Sale of a Unit in one Scheme / Plan / Option against purchase of a Unit in another Scheme / Plan / Option.
Trustees	Board of Trustees of HSBC Mutual Fund & approved by SEBI to act as Trustees of the Schemes or any other Trustee as may be appointed from time to time by the Sponsor and as approved by SEBI.
Trust Deed	Trust Deed dated 7 February, 2002 made by & between the Sponsor & Trustees establishing HSBC Mutual Fund, as amended from time to time.
Trust Fund	Amounts settled / contributed by the Sponsor towards the corpus of the Fund and additions / accretions thereto.
Unit	The interest of an investor which consists of one undivided share in the net assets of the Scheme.
Unit holder or Investor	A holder of Units in the Scheme offered under this SID.

E. DUE DILIGENCE BY THE ASSET MANAGEMENT COMPANY

DUE DILIGENCE CERTIFICATE

It is confirmed that:

i) The draft Scheme Information Document forwarded to SEBI is in accordance with the SEBI (Mutual Funds) Regulations, 1996 and the guidelines and directives issued by SEBI from time to time.

ii) All legal requirements connected with the launching of the Scheme as also the guidelines, instructions, etc., issued by the Government and any other competent authority in this behalf, have been duly complied with.

iii) The disclosures made in the Scheme Information Document are true, fair and adequate to enable the investors to make a well informed decision regarding investment in the proposed scheme.

iv) The intermediaries named in the Scheme Information Document and Statement of Additional Information are registered with SEBI and their registration is valid.

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

Sumesh Kumar
Chief Compliance Officer

Place : Mumbai
Date : January 2, 2018.

HSBC FIXED TERM SERIES (HFTS)

A. TYPE OF THE SCHEME

A close ended Income Scheme having one Plan, viz. HSBC Fixed Term Series 131 (HFTS 131).

B. INVESTMENT OBJECTIVE

To seek generation of returns by investing in a portfolio of fixed income instruments which mature on or before the maturity date of the Plan However, there is no assurance or guarantee that the investment objective of the Plan will be achieved. The Plan does not assure or guarantee any returns.

C. ASSET ALLOCATION OF THE SCHEME

The asset allocation of HFTS 131 will be as follows:

Type of Security	Normal Allocation	Risk Profile
Debt instruments	80% - 100%	Low to Medium
Money Market instruments	0% - 20%	Low to Medium

The Plan will not invest in securitized debt. The total exposure to Debt and Money Market Instruments will not exceed 100% of the net assets of the Plan.

Change in Investment Pattern and Portfolio re-balancing

Subject to the Regulations, the asset allocation pattern indicated above for the Plan may change from time to time, keeping in view market conditions, market opportunities, applicable regulations and political and economic factors. The intention being at all times to seek to protect the interests of the Unit holders, and meet the objective of the Plan.

Such changes in the investment pattern will be for short term and defensive considerations and the Fund Manager will rebalance the portfolio within 30 days from the date of deviation.

In case re-balancing is not done within the above mentioned time-lines, the same would be highlighted to the Investment Management Committee for review and further course of action. Any material instances will be reported to the Trustees.

Intended allocation of the Plan

The Fund Manager shall adopt the following allocation with respect to the asset class of securities. The floors/ceilings within a range of 5% of intended allocation against each sub asset class / credit rating will be as follows:

Security / Credit Rating of securities	A1+* (%)	AAA** (%)	AA** (%)	A** (%)	Others [credit rating not applicable] (%)
Money market instruments					
CDs	–	–	–	–	–
CPs	–	–	–	–	–
CBLO, Reverse repo in government securities and treasury bills	–	–	–	–	–
Debt instruments					
NCD	–	87 - 92	–	–	–
Government securities	–	–	–	–	8 - 13

* for short-term instruments

** for long-term debt instruments

(The aforesaid floors and caps within a range of 5% of the intended allocation against each sub asset class / credit rating shall be decided at the time of filing of the final SID with SEBI before launch of the Plan.)

Notes :

1) The Plan will not invest into any unrated debt securities.
2) Securities with rating A and AA shall include A+ and A- and AA+ and AA- respectively.
3) All investments shall be made based on the rating prevalent at the time of investment. However, incase of an instrument having dual ratings, the most conservative publicly available rating would be considered.
4) Positive variation in investments towards higher credit rating in the same instrument shall be allowed.
5) In case instruments/ securities as indicated above are not available or taking into account risk – reward analysis of instruments/ securities, the Scheme may invest in PSU Bank Certificate of Deposits (CDs) and or any other bank CDs having highest ratings and if such CDs are not available, investments will be made in CBLOs / T-bills / Reverse Repo and Repo in Government securities. Such deviation may exist till suitable instruments of desired credit quality are available
6) At the time of building up the portfolio post NFO and towards maturity of a Plan, there may be higher allocation to cash and cash equivalents.
7) During the tenure of the Plan, the above allocation may vary due to instances like (a) coupon inflow; (b) the instrument is called or bought back by the issuer (c) in anticipation of any adverse credit event etc. In case of such deviations, the Plan may invest in highest rated CDs (ie. A1+ or equivalent) / CBLOs/ Reverse Repo and Repo in Government Securities or T-Bills.
8) There will be no variation between the intended and final portfolio allocation in a Plan, subject to notes 4-7 above.
9) The Plan will not participate in repo in corporate debt securities.
10) The Plan will not engage in short selling of securities or securities lending and borrowing.
11) The Plan will not participate in Credit Default Swaps or invest in foreign securities.
12) The Plan will have no exposure to Derivative instruments.

Portfolio re-balancing

At the time of initial allocation of the portfolio, in case the portfolio is not in line with intended allocation and notes provided above, the Fund Manager will rebalance the portfolio within 30 days from the date of deviation.

In case re-balancing is not done within the above mentioned time-lines, the same would be highlighted to the Investment Management Committee for review and further course of action. Any material instances will be reported to the Trustees.

D. WHERE WILL THE SCHEME INVEST?

The corpus of the Plan will be invested primarily in a range of debt and money market instruments.

HFTS will invest predominantly in debt and money market instruments where interest rate risk is low to medium. Subject

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

- Securities issued / guaranteed by the Central, State and local governments (including but not limited to coupon bearing bonds, zero coupon bonds and treasury bills)
- Bonds and debentures of domestic government agencies and statutory bodies, which may or may not carry a Central / State Government guarantee
- Corporate debt (of both public and private sector undertakings)
- Non-Convertible debentures of banks (both public and private sector) and financial institutions
- Short term deposits of banks for the purpose of pending deployment, as per SEBI Circular dated April 16, 2007
- Money market instruments permitted by SEBI and / or RBI, having residual maturities of up to 1 year
- Certificate of Deposits (CDs)
- Commercial Paper (CPs)
- CBLO and reverse repos in government securities or treasury bills.
- Securities with Floating interest rates such as MIBOR related debentures / instruments
- Reverse repurchase obligations in government securities
- The non-convertible part of convertible securities
- Any other domestic fixed income securities
- Any other instruments as may be permitted by SEBI from time to time.

The securities mentioned above could be listed, unlisted, privately placed, secured, unsecured or, rated and of any maturity. The securities may be acquired through Initial Public Offerings (IPOs), secondary market operations and private placement, rights offers or negotiated deals.

The AMC and/or its empanelled distributors have not and shall not give the Plans' indicative portfolio/yield in any communication or any manner, whatsoever. Investors are advised not to rely on any communication of indicative portfolio/ yield with regard to Scheme's investments.

Credit Evaluation Policy

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

Sectors into which the Scheme will not invest

Real estate and Airlines are identified sectors into which the Plan would not invest.

E. INVESTMENT STRATEGIES

The Plan will invest predominantly in debt and money market instruments where interest rate risk is relatively low to medium. The funds will be invested in a portfolio of debt and money market instruments maturing on or before the maturity date of the Plan. HFTS is a portfolio of securities with known maturity seeking to generate returns. As part of the portfolio strategy, there would be no security in the portfolio maturing at a date later than the maturity date. Due to this strategy, the average maturity of the Plan under HFTS will always be equal to or lower than the tenure of the Plan. The Plan would invest only in such securities which mature on or before the date of the maturity of the Plan. However, the Fund Manager would aim to reinvest the proceeds from securities maturing closer to the maturity of the Plan. In case if reinvesting during the period closer to Plans' maturity is not viable or the opportunities are not available in the market, the money will be parked into overnight instruments.

The Plan may invest in unlisted and / or privately placed debt securities subject to the limits indicated under "Investment Restrictions for the Scheme" prescribed in this SID, from issuers of repute and sound financial standing.

The Fund may invest a part of the portfolio in various debt securities issued by corporates and / or state and central government. Such government securities may include securities which are supported by the ability to borrow from the Treasury or supported only by India's sovereign guarantee or of the state government or supported by GOI / state government in some other way.

Position of Debt Markets in India

The major players in the Indian debt markets today are banks, financial institutions, insurance companies and mutual funds. The instruments in the market can be broadly categorised as those issued by corporates, banks, financial institutions and those issued by state / central governments. The risks associated with any investment are - credit risk, interest rate risk and liquidity risk. While corporate papers carry credit risk due to changing business conditions, government securities are perceived to have zero credit risk. Interest rate risk is present in all debt securities and depends on a variety of macroeconomic factors. The liquidity risk in the corporate securities market is higher as compared to that in case of government securities. Liquidity in the corporate debt market has been improving due to the entry of more players and due to various measures taken by the regulators in this direction over a period of time. SEBI's directive of a compulsory rating by a rating agency for any public issuance over 18 months, dematerialisation, entry of private insurance companies, listing of debt securities and growth of fixed income mutual funds have enhanced liquidity in the corporate debt market. The setting up of clearing corporations, real time gross settlement and electronic clearing system for government securities have considerably enhanced the depth and width of the Indian debt markets and bringing it at par with developed markets.

The following table attempts to give a broad overview of the available instruments in the financial markets and their risk - return profile. The data is based on the market conditions as on the date of the Offer Document and may vary substantially depending upon the factors and forces affecting the securities market including the fluctuations in the interest rates.

The indicative yields and liquidity on various securities as on March 1, 2018 are as under:-

Issuer	Instrument	Maturity	Yields (%)	Liquidity
GOI	Treasury Bill	91 days	6.00 - 6.75	Medium to High
GOI	Treasury Bill	364 days	6.25 - 6.75	Medium to High
GOI	Short Dated	1-3 Yrs	6.25 - 7.25	Medium
GOI	Medium Dated	3-5 Yrs	6.50 - 7.50	Medium to High
GOI	Medium Dated	5-10 Yrs	6.75 - 8.00	High
GOI	Long Dated	10-15Yrs	7.25 - 8.25	High

Issuer	Instrument	Maturity	Yields (%)	Liquidity
GOI	Long Dated	>15Yrs	7.25 - 8.25	Low to Medium
GOI	Reverse Repo / CBLO	1-14 days	5.00 - 7.00	High
Corporate Debt	Taxable Bonds (AAA)	364 days	6.50 - 7.75	Low to Medium
Corporate Debt	Taxable Bonds (AAA)	1-3 Yrs	6.75 - 8.00	Medium
Corporate Debt	Taxable Bonds (AAA)	3-5 Yrs	7.00 - 8.25	Medium
Corporate Debt	Taxable Bonds (AAA)	5-10 Yrs	7.25 - 8.50	Medium
Corporate Debt	CPs (A1+)	3 months	6.25 - 8.00	Low to Medium
Corporate Debt	CPs (A1+)	1 Year	6.50- 9.50	Low to Medium

Portfolio Turnover

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

Procedure followed for Investment Decisions

The Fund Manager(s) of the Plan are responsible for making buy / sell decisions in respect of the securities in the portfolio and to develop a well-diversified portfolio that minimizes liquidity and credit risk. The investment decisions are made on a daily basis keeping in view the market conditions and all relevant aspects.

The Board of the AMC has constituted an Investment Management Committee that meets at periodic intervals. The Investment Management Committee, at its meetings, reviews investments, including performance of the Plan and general market outlook and formulates the broad investment strategy at their meetings.

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

The Chief Investment Officer and the Fund Manager – Fixed Income present to the Board of the AMC and the Trustees periodically, the performance of the schemes of the Fund. The performance of the Plan will be reviewed by the Boards with reference to the appropriate benchmarks.

The performance of the Plan will be benchmarked against CRISIL Composite Bond Fund Index. However, the Plan performance may not be strictly comparable with the performance of the Index due to the inherent differences in the construction of the portfolios. The Boards may review the benchmark selection process from time to time, and make suitable changes as to use of the benchmark, or related to composition of the benchmark, whenever it deems necessary.

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

The AMC will keep a record of all investment decisions.

Deployment of NFO proceeds in CBLO

The Mutual Fund / AMC shall make investment out of the NFO proceeds only on or after the closure of the NFO period. The Mutual Fund / AMC can however deploy the NFO proceeds in CBLO before the closure of NFO period. However, AMCs shall not charge any investment management and advisory fees on funds deployed in CBLOs during the NFO period. The appreciation received from investment in CBLO shall be passed on to investors. Further, in case the minimum subscription amount is not garnered by the Scheme during the NFO period, the interest earned upon investment of NFO proceeds in CBLO shall be returned to investors, in proportion of their investments, along-with the refund of the subscription amount.

Investments by the AMC in the Plan of the Scheme

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

F. FUNDAMENTAL ATTRIBUTES

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

(i) Type of the scheme

- A close ended Income Scheme

(ii) Investment Objective

- Main Objective - Please refer Section II-B. Investment Objective.
- Investment pattern - Please refer Section II. C. Asset Allocation of the Plan

(iii) Terms of Issue

- Liquidity provisions such as listing, repurchase, redemption - Please refer Section III.A. Listing and Section III.B. Redemptions
- Aggregate fees and expenses charged to the scheme – Please refer Section IV. Fees and expenses.
- Any safety net or guarantee provided – The Plan does not provide any guaranteed or assured return.

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

- A written communication about the proposed change is sent to each Unit holder of the Plan and an advertisement is given in one English daily newspaper having nationwide circulation as well as in a newspaper published in the language of the region

where the Head Office of the Mutual Fund is situated; and

- The Unitholders are given an option for a period of 30 days to exit at the prevailing Net Asset Value without any exit load.

G. HOW WILL THE SCHEME BENCHMARK ITS PERFORMANCE?

The performance of the Plan will be benchmarked against CRISIL Composite Bond Fund Index. However, the Plans' performance may not be strictly comparable with the performance of the Index due to the inherent differences in the construction of the portfolios. The Boards may review the benchmark selection process from time to time, and make suitable changes as to use of the benchmark, or related to composition of the benchmark, whenever it deems necessary.

Justification

As mentioned in asset allocation table, the Plan primarily intend to invest in debt and money market instruments with the risk profile being low to medium. The interest rate risk profile of the Plan is expected to be similar to that of the benchmark. The benchmark will enable the investors to arrive at a more informed judgement on performance of the Plan.

H. FUND MANAGER

Name of Fund Manager	Designation	Age	Qualification	Years of Experience with description
Kapil Punjabi	Vice President & Fund Manager – Fixed Income	35	B.M.S, M.M.S Mumbai	Around 13 years of experience in research and fixed income management. • **HSBC Asset Management (India) Private Limited** Vice President & Fund Manager – Fixed Income from March 4, 2014 onwards • **Taurus Asset Management Company Limited** Fund Manager Fixed Income since June 2012 to February 2014 • **Edelweiss Asset Management Limited** Fund Manager Fixed Income – December 2009 - June 2012 • **Edelweiss Securities Limited** Manager Investment – October 2007 - November 2009 • **Trans Market Group Research (India) Private Limited** Research Analyst and Proprietary Trader – May 2006 - October 2007

Names of other schemes managed by the Fund Manager

Scheme	Fund Managers
HSBC Cash Fund	Kapil Punjabi
HSBC Ultra Short Term Bond Fund	Kapil Punjabi
HSBC Income Fund - Short Term Plan	Sanjay Shah & Kapil Punjabi
HSBC Fixed Term Series – FTS 130	Kapil Punjabi
HSBC Fixed Term Series – FTS 132	Kapil Punjabi

I. WHAT ARE THE INVESTMENT RESTRICTIONS?

Investment Restrictions for the Plan

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

- The Plan shall not invest more than 10% of its NAV in debt instruments comprising money market and non-money market instruments issued by a single issuer, which are rated not below investment grade by a credit rating agency authorized to carry out such activity under the SEBI Act, 1992. Such investment limit may be extended to 12% of the NAV of the Plan with the prior approval of the Board of Trustees and the Board of the AMC. Provided that, such limit shall not be applicable for investments in government securities, treasury bills and collateralized borrowing and lending obligations.
- The total exposure of the Plan in a particular sector (excluding investments in Bank CDs, CBLO, G-Secs, T-Bills, AAA rated securities issued by Public Financial Institutions and Public Sector Banks and short term deposits of scheduled commercial banks) shall not exceed 25% of the net assets of the Plan.

  Provided that an additional exposure to financial services sector (over and above the limit of 25%) not exceeding 15% of the net assets of the Plan shall be allowed by way of increase in exposure to Housing Finance Companies (HFCs) only; Provided further that the additional exposure to such securities issued by HFCs are rated AA and above and these HFCs are registered with National Housing Bank (NHB) and the total investment/ exposure in HFCs shall not exceed 25% of the net assets of the Plan.
- The total exposure of the Plan in a group (excluding investments in securities issued by Public Sector Units, Public Financial Institutions and Public Sector Banks) shall not exceed 20% of the net assets of the Plan. Such investment limit may be extended to 25% of the net assets of the Plan with the prior approval of the Board of Trustees.
- Transfer of investments from one scheme to another scheme in the Mutual Fund is permitted provided:
  - Such transfers are done at the prevailing market price for quoted instruments on spot basis (spot basis shall have the same meaning as specified by a Stock Exchange for

spot transactions); and

  - The securities so transferred shall be in conformity with the investment objective of the Scheme to which such transfer has been made.

- The aggregate inter-scheme investment in line with the investment objectives, made by all the schemes under the same management or in schemes under management of any other asset management company shall not exceed 5% of the Net Asset Value of the Fund. No investment management fees shall be charged for investing in other schemes of the Fund or in the schemes of any other Mutual Fund.
- The Fund shall get the securities purchased or transferred in the name of the Fund on account of the concerned Plan, wherever investments are intended to be of a long-term nature.
- Every mutual fund shall buy and sell securities on the basis of deliveries and shall in all cases of purchases, take delivery of relevant securities and in all cases of sale, deliver the securities. Provided further that sale of government security already contracted for purchase shall be permitted in accordance with the guidelines issued by the Reserve Bank of India in this regard.
- Pending deployment of funds of a scheme in terms of investment objectives of the scheme, a mutual fund may invest them in short-term deposits of scheduled commercial banks, subject to SEBI regulations. The requirements of SEBI Circulars, SEBI/IMD/CIR No. 1/91171/07 dated 16 April 2007 and SEBI/IMD/CIR No.7/129592/08 dated 23 June 2008 will be adhered to.
- The Plan shall not make any investment in:
  - Any unlisted security of an associate or group company of the Sponsor; or
  - Any security issued by way of private placement by an associate or group company of the Sponsor; or the listed securities of group companies of the Sponsor which is in excess of 25% of the net assets of the Plan under the Scheme.
- The Fund shall not borrow except to meet temporary liquidity needs of the Fund for the purpose of repurchase / redemption of Units or payment of interest and dividend to the Unitholders. Provided that the Fund shall not borrow more than 20% of the net assets of any individual Plan and the duration of the borrowing shall not exceed a period of 6 months.
- The Plan shall invest only in such securities which mature on or before the date of the maturity of the Plan.
- Debentures, irrespective of any residual maturity period (above or below 1 year), shall attract the investment restrictions as applicable for debt instruments as specified under Clause 1 and 1A of the Seventh Schedule to the Regulations or as may be specified by SEBI from time to time.
- No loans for any purpose shall be advanced by the Plan.
- The Plan shall not invest in a fund of funds scheme.
- The Plan will comply with any other regulations applicable to the investments of mutual funds from time to time.

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

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

J. SCHEME PERFORMANCE:

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

K. SCHEME PORTFOLIO HOLDINGS:

Not applicable.

L. PORTFOLIO TURNOVER:

Not applicable

M. INVESTMENTS BY DIRECTORS, FUND MANAGER'S AND KEY MANAGERIAL PERSONNEL OF THE AMC IN SCHEME:

Not applicable

SECTION III - UNITS AND OFFER

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

A. NEW FUND OFFER (NFO)

New Fund Offer

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

The offer is being made for subscription of Units of **HSBC Fixed Term Series 131 (HFTS 131)** with maturity period of 1140 days.

HFTS is a close-ended Income Scheme having one Plan viz. HFTS 131 with maturity period of 1140 days, from the date of allotment.

New Fund Offer Period

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

The NFO for HFTS 131 will commence from March 15, 2018 and close on March 20, 2018.

New Fund Offer Price

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

The NFO price of Units of HFTS 131 will be Rs. 10/- per unit.

Extension / Preponing of the New Fund Offer Period

The Trustees / AMC reserve the right to extend / prepone the closing date of the NFO period, subject to the condition that the subscription to the NFO shall not be kept open for more than 15 days.

Minimum Amount for Application in the NFO

The minimum application amount under the Plan of HFTS will be Rs. 5,000/- and in multiples of Re. 1/- thereafter. The AMC reserves the right to change the minimum application amount from time to time.

Minimum Target Amount

The minimum subscription (target) amount for the Plan under HFTS shall be Rs. 20 Crores. This is the minimum amount required to operate the Plan and if this is not collected during the NFO period, then all the investors would be refunded the amount invested without any return. However, if AMC fails to refund the amount within 5 business days from close of the NFO, interest as specified by SEBI (currently 15% p.a.) will be paid to the investors for such number of days, from expiry of 5 business days from the date of closure of NFO.

Maximum Amount to be raised (if any)

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

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

Options offered under the Scheme

Investors will have a choice of two Options viz. Growth & Dividend Payout under both Regular and Direct Plan. The Regular and Direct Plan, and Options under them will have a common portfolio.

Growth option

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

Dividend Payout option

Under this option, it is proposed to declare dividends on Maturity of the Plan, subject to availability of distributable profits, as computed in accordance with SEBI Regulations. The record date for the purpose of determining the Unit holders entitled to receipt of Income distribution / Dividend, if any declared, under this option, will be the Maturity Date. The Trustee / AMC reserves the right to change the record dates from time to time.

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

Unitholders will be entitled for dividend under the Dividend Payout option as at the close of the business on the Record Date. Dividends will be paid, net of taxes, as may be applicable to those Unit holders whose names appear in the register of Unit holders on the record date.

In case of Units held in demat mode, the Depositories (NSDL / CDSL) will give the list of demat account holders and the number of Units held by them in demat form on the Record date to the Registrars and Transfer Agent of the Mutual Fund.

Subsequent to the declaration of Dividend, NAV of the Dividend Payout and Growth options will be different under the Plan.

Default Option and Plan

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

Indication not made/incorrectly made regarding	Default
Scheme Name	As indicated on the application form
Dividend Payout / Growth option	Growth option
Mode of holding (in cases where there are more than one applicant)	Joint
*Demat account details	Units will be held in physical mode

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

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

Scenario	Broker Code mentioned by the investor	Plan mentioned by the investor	Default Plan to be captured
1.	Not mentioned	Not mentioned	Direct Plan
2.	Not mentioned	Direct	Direct Plan
3.	Not mentioned	Regular	Direct Plan
4.	Mentioned	Direct	Direct Plan
5.	Direct	Not Mentioned	Direct Plan
6.	Direct	Regular	Direct Plan
7.	Mentioned	Regular	Regular Plan
8.	Mentioned	Not Mentioned	Regular Plan

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

Dividend Distribution Policy

The Trustees propose to follow the following dividend distribution policy:

Declaration of dividend for HFTS 131 is subject to the availability of distributable surplus. Such dividends if declared, will be paid under normal circumstances, only to those Unitholders who have opted for Dividend Payout option.

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

The dividend that may be paid out of the net surplus of the Scheme will be paid only to those Unitholders whose names appear in the register of Unitholders on the notified record date. In case of Units held in dematerialized mode, the Depositories (NSDL/CDSL) will give the list of demat account holders and the number of units held by them in demat form on the Record date to the Registrars and Transfer Agent of the Mutual Fund.

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

Dividend Distribution Procedure

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

1. Quantum of dividend and the record date will be fixed by the Trustee in their meeting. Dividend so decided shall be paid, subject to availability of distributable surplus.
2. Within one calendar day of decision by the Trustee, the AMC shall issue notice to the public communicating the decision about the dividend including the record date, in one English daily newspaper having nationwide circulation as well as in a newspaper published in the language of the region where the head office of the Mutual Fund is situated.
3. Record date shall be the date which will be considered for the purpose of determining the eligibility of investors whose names appear on the register of Unit holders for receiving dividends. The Record Date will be 5 calendar days from the issue of notice.
4. The notice will, in font size 10, bold, categorically state that pursuant to payment of dividend, the NAV of the Option would fall to the extent of payout and statutory levy (if applicable).
5. The NAV will be adjusted to the extent of dividend distribution and statutory levy, if any, at the close of business hours on record date.
6. Before the issue of such notice, no communication indicating the probable date of dividend declaration in any manner whatsoever, will be issued by Mutual Fund.

The dividend proceeds may be paid by way of dividend warrants / direct credit / EFT / ECS Credit / NEFT RTGS / Wired Transfer / any other manner through the investor's bank account specified in the Registrar's records, within 30 days from the date of dividend declaration. The AMC, at its discretion at a later date, may choose to alter or add other modes of payment. In the event of delay in dispatch of dividend proceeds beyond the stipulated 30 day period, the AMC shall be liable to pay interest @15% per annum to the unitholders.

Allotment

All applicants will receive full and firm allotment of Units, provided the applications are complete in all respects and are found to be in order. The Trustees retain the sole and absolute discretion to reject any application. The process of allotment of Units and mailing of allotment/ account statements reflecting the allotments will be completed within 5 business days from the date of closure of the NFO. Applicants under the Plan will have an option to hold the Units either in physical form (i.e. account statement) or in dematerialized form. For investors who have given demat account details, the Units will be credited to the investor's demat account after due verification and confirmation from NSDL / CDSL of the demat account details. As the Stock Exchange(s) do not allow trading of fractional units, Units will be allotted only in integers by rounding off the Units allotted to the lower integer and the balance amount will be refunded to the investor.

An allotment confirmation specifying the number of units allotted shall be sent to the Unitholders at their registered email address and/or mobile no. by way of email and / or sms within 5 days from date of receipt of allotment.

Dematerialization

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

Account Statement (for investors holding units in physical mode)

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

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

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

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

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

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

b) The scheme's average Total Expense Ratio (in percentage terms) for the half-year period for each scheme's applicable Plan, where the concerned investor has actually invested in.

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

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

Allotment Advice (for investors holding units in dematerialised mode)

An Allotment advice will be sent upon allotment of Units stating the number of Units allotted to each of the Unit holder(s) who have opted for allotment in dematerialized mode within 5 working days from the date of closure of the NFO period. The Units allotted will be credited to the DP account of the Unit holder as per the details provided in the application form. It may be noted that trading and settlement in the Units of the Scheme over the stock exchange(s) (where the Units are listed) will be permitted only in demat form. Normally, no Unit certificates will be issued. However, if the applicant so desires, the AMC shall issue a non-transferable Unit certificate to the applicant within 5 working days of the receipt of request for the certificate. Unit certificate if issued must be duly discharged by the Unit holder(s) and surrendered along with the request for Redemption / Switch or any other transaction of Units covered therein.

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

All Units will rank pari passu, among Units within the same option in the Scheme concerned as to assets, earnings and the receipt of dividend distributions, if any, as may be declared by the Trustee.

Refund

In case the Scheme fails to collect the minimum subscription amount under the scheme, the Mutual Fund and the AMC shall be liable to refund the subscription amount to the applicants of the Scheme within 5 business days from closure of NFO. In addition to the above, refund of subscription money to applicants whose applications are invalid for any reason whatsoever will commence immediately after the allotment process is completed.

No interest will be payable on any subscription money refunded as above. Interest on subscription amount will be payable for amounts refunded later than 5 business days from the closure of the New Fund Offer Period at the rate of 15% per annum for the period in excess of 5 business days and will be charged to the AMC. Refund orders will be marked "A/c. payee only" and will be in favour of and be despatched to the Sole / First Applicant, by registered post.

Who can invest?

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

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

- Adult individuals resident in India, either singly or jointly
- Minor through parent / lawful guardian
- Companies, Bodies Corporate, Public Sector Undertakings, Association of Persons, Bodies of individuals, Societies registered under the Societies Registration Act, 1860, mutual fund schemes (so long as the purchase of units is permitted under the respective constitutions)
- Religious and Charitable Trusts, Wakfs or endowments of private trusts (subject to receipt of necessary approvals as required) and Private Trusts authorised to invest in mutual fund schemes under their trust deeds

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

Who cannot invest?

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

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

Note:

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

  For the purpose of this clause:

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

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

Investors are requested to note that information will be obtained from CVL / SEBI appointed KRA (KYC Registration Agency) database and information in the AMC records will be overwritten. In the event of any discrepancy in the application on account of address or residence status, the application will be rejected and the money will be refunded upon confirmation from CVL / KRA database.

The Fund reserves the right to include / exclude new / existing categories of investors to invest in the Scheme from time to time, subject to SEBI Regulations and other prevailing statutory regulations, if any. Subject to the SEBI Regulations, any application for Units may be accepted or rejected in the sole and absolute

discretion of the Trustee. The Trustee may inter-alia reject any application for the purchase of Units if the application is invalid or incomplete or if the Trustee for any other reason does not believe that it would be in the best interest of the Scheme or its Unit holders to accept such an application.

Where can you submit the filled up applications

Computer Age Management Services Private Limited (CAMS) with registered address at 'C' Block, 2nd Floor, Hanudev Info Park Pvt. Ltd., SF No. 558/2, Udayampalayam Road, Nava India, Coimbatore - 641028 has been appointed as Registrar for the Scheme. The Registrar is registered with SEBI under registration no: INR000002813. The applications filled up and duly signed by the applicants should be submitted at the office of the Collection Centres / ISCs / Official Points of Acceptance, Details of official points of acceptance of transactions are provided on back cover page.

Bank Account Numbers

In order to protect the interest of investors from fraudulent encashment of cheques, cheques specify the name of the Unit holder and the bank name and account number where payments are to be credited. As per the directive issued by SEBI vide its letters IIMARP/MF/CIR/07/826/98 dated April 15, 1998 and IMD/CIR/No.6/4213/04 dated March 01, 2004, it is mandatory for applicants to mention bank details in their applications for purchase. SEBI Regulations make it mandatory for an investor to mention the details of his / her /its bank account. It is important for applicants to mention their bank name, bank account number, branch address, account type in their applications for subscription of Units. **Applications without this information shall be rejected**. It may be noted that, in case of those unit holders, who hold Units in demat form, the bank mandate available with respective DP will be treated as the valid bank mandate for the purpose of payout at the time of maturity or at the time of any corporate action.

How to apply?

Please refer to the SAI and KIM for instructions.

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

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

Investor subscribing under Direct Plan of a Scheme is required to indicate "Direct Plan" against the Scheme name in the application form e.g. "HSBC Fixed Term Series 131 – Direct Plan". Please refer to section on 'Default Option and Plans' for more details.

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

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

Subscription of Units through Registrar & Transfer Agent's Website:

The Fund will allow existing investors to transact through the website of the Fund's Registrar & Transfer Agent (CAMS), i.e. www.camsonline.com. However, the Fund will not be liable for any failure to act upon electronic instructions or to provide any facility for any cause that is beyond the control of the Fund.

Listing

In accordance with the SEBI Circular dated December 11, 2008, every close-end scheme (except Equity Linked Saving Scheme) be mandatorily listed on a recognized stock exchange. Accordingly, the Units of the Scheme will be listed on the Capital Market Segment of the National Stock Exchange of India Ltd. (NSE) within 5 business days from allotment of Units. The Mutual Fund may at its sole discretion list the Units under the Scheme on any other recognized Stock Exchange(s) at a later date.

The Units of the Plan can be purchased / sold on a continuous basis on NSE and/or any other Stock Exchange(s) on which the Units are listed during the trading hours like any other publicly traded stock. The price of the Units in the market will depend on demand and supply at that point of time. There is no minimum investment, although Units are purchased in round lots of 1.

The Units of the Plan cannot be redeemed by the investors directly with the Fund until the maturity of the Plan and there will be redemption by the Fund only on the maturity of the Plan. However, investors who wish to exit/redeem before the maturity, may do so through stock exchange mode by providing a request for redemption in unit terms to the DP. Further, investors are requested to note that they should have demat account to trade in the Units of the Plan.

Special Products / facilities available during the NFO

Since this is a close ended scheme, special features such as Systematic Investment Plan, Systematic Transfer Plan & Systematic Withdrawal Plan shall not be available. Only switch ins are allowed during the NFO.

Switching Option

Subscription to the Units of the Plan will be permissible only during the NFO period. The Plan will not be open for ongoing subscriptions / switch ins during the tenure of the Plan. The Unitholders have the option to switch all or part of their investment from any other scheme of the Fund to this Plan at the time of its NFO. The switch-out will be effected at the Applicable NAV of the respective (switch-out) scheme (subject to applicable cut-off time and applicable load), on the day of acceptance of the switching request. The switch-in will be effected at the New Fund Offer Price. Investors are requested to note that no inter-option switches shall be allowed within the Plan.

To effect a switch, a Unit holder must provide clear instructions. A request for a switch-in may be specified either in terms of amount or in terms of the number of Units of the scheme from which the switch is sought. Where a request for switch is for both amount and number of Units, the amount requested will be considered as the definitive request. Such instructions may be provided in writing and lodged on any Business Day at any of the Investor Service Centres / Designated Collection Centres. An Allotment / Account Statement / Transaction Confirmation reflecting the new holding will be dispatched to the Unitholders normally within 5 Business Days of completion of the switch transaction.

The switch-in will be effected by redeeming units from the scheme in which the units are held and investing the net proceeds into this Plan / its Options, subject to the minimum balance, minimum application amount and subscription / redemption criteria, if any, applicable for the Plan / Options.

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

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

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

Not Applicable

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

i) Trading in units

Investors who do not provide their demat account details will not be allowed to trade their Units on the Exchange till the time the holdings are converted into demat form.

ii) Transfer & Transmission of Units

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

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

A person becoming entitled to hold the Units in consequence of the death, insolvency, or winding up of the sole holder or the survivors of joint holders, upon producing evidence and documentation to the satisfaction of the Fund and upon executing suitable indemnities in favor of the Fund and the AMC, shall be registered as a Unit holder if the transferee is otherwise eligible to hold the Units.

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

Processing of Transmission-cum-transaction requests:

If an investor submits either a financial or non-financial transaction request alongwith transmission request, then such transaction requests will be processed after the Units are transferred in the name of new unit holder and only upon subsequent submission of fresh request from the new unit holder post transmission. Under normal circumstances, the Fund will endeavor to process the transmission request within 10 business days, subject to receipt of complete documentation as applicable. The AMC reserves the right to insist on transmission along with redemption request by the claimant at any point deemed necessary.

iii) Lien / Pledge of Mutual Fund units

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

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

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

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

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

iv) Fractional Units

Unit holders are requested to note that requests made for Units to be held in dematerialized form, which are or shall be listed on any recognized Stock Exchange(s), would be allotted in whole numbers and no fractional Units will be allotted. As the Units will not be allotted in fractions, any excess amount will be refunded to the investors.

v) Suspension of Sale / Repurchase / Switch of Units

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

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

- During the period of Book Closure.
- During the period from the date of issue of the notice for fixing the record date for determining the Unit holders whose name(s) appear on the list of beneficial owners as per the Depositories (NSDL / CDSL) records for the purpose of redemption of Units on Maturity.
- When one or more stock exchanges or markets, which provide basis for valuation for a substantial portion of the assets of the Scheme is closed otherwise than for ordinary holidays or if stock markets stop functioning or trading is restricted.
- When, as a result of political, economic or monetary events or any circumstances outside the control of the Trustees and the AMC, the disposal of the assets of the Scheme is not reasonable, or would not reasonably be practicable without being detrimental to the interests of the Unit holders.

- In the event of breakdown in the means of communication used for the valuation of investments of the Scheme, without which the value of the securities of the Scheme cannot be accurately calculated.
- During periods of extreme volatility of markets, which in the opinion of the AMC are prejudicial to the interests of the Unit holders of the Scheme.
- In case of natural calamities, strikes, riots and bandhs.
- In the event of any force majeure or disaster that affects the normal functioning of the AMC, Stock Exchange(s), ISC or the Registrar.
- If so directed by SEBI.

In the above eventualities, the time limits indicated above, for processing of requests for purchase, switch and redemption of Units will not be applicable. Further, an order to purchase Units is not binding and may be rejected by the Trustees, the AMC or their respective agents, until it has been confirmed in writing by the AMC or its agents and payment has been received.

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

vi) Freezing / Seizure of Accounts

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

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

Static Details

The details provided by investors in the application form for subscribing to Units should be same as the details registered with the DP.

- In the event of any conflict, the details registered with the DP will prevail.
- In case any particular detail is not registered with the DP, the details in the application form will be considered.
- In the event of mismatch in the mode of holding as mentioned in the application form vis-à-vis details with the DP, the application is liable to be rejected.

Third party Cheques

Investment / subscription made through third party cheque(s) will not be accepted for investments in the units of HSBC Mutual Fund. Please visit www.assetmanagement.hsbc.com/in for further details

Multiple Bank accounts

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

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

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

Pursuant to SEBI circular dated December 26, 2013 on uniform KYC norms, certain information from Part I of the standard KYC application form, sourced by KRA (KYC Registration Agency) has been shifted to Part II which captures information specific to the area of activity of an intermediary. Accordingly, the additional KYC information required for mutual fund activities has been incorporated into the new application forms of the Fund and investors are requested to provide the same in order for the Fund to have all the necessary KYC details. For investors who have not completed KYC compliance through KRA, any application received without the requisite KYC information will be rejected. However, investors who have obtained KRA KYC compliance, as well as existing investors of the Fund who have registered their KYC details with the Fund shall be required to submit the additional KYC information to the Fund, only in the event of change in their occupation or income details. Kindly use the updated application forms or the separate KYC form of the Fund, available at ISCs or on the Fund's website for updating the additional information. The AMC reserves the right to reject the application and refund the application amount, post acceptance of the application, in the event that the required KYC information is not provided or not found adequate. Further, in accordance with SEBI Circulars MIRSD/SE/Cir- 21/2011 dated October 5, 2011 and MIRSD/Cir-5/2012 dated April 13, 2012 on Uniform Know Your Client (KYC) read with AMFI Best practices guidelines circular no. 62/2015-16 dated September 18, 2015, it shall be mandatory for existing Unit holders to provide additional KYC information such as Income details, Occupation, Politically Exposed Person status, Net worth etc. as mentioned in the application form as well as complete In-Person Verification (IPV) and provide any missing KYC information, failing which the AMC shall have the authority to reject the transaction for additional subscription (including switches) in their existing folios. However, any SIP/ STP registered till December 31, 2015 will be exempt from this requirement.

Implementation of Central KYC (CKYC)

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

1. New individual investors who have never done KYC under KRA (KYC Registration Agency) regime and whose KYC is not registered or verified in the KRA system, will be required to fill the new CKYC form while investing with the Fund.

2. If any new individual investor uses the old KRA KYC form which does not have all the information needed for registration with CKYC, such investor will be required to either fill the new CKYC form or provide the missing/additional information using the Supplementary CKYC form. Investors who have already completed CKYC and have a KYC Identification Number (KIN) from the CKYC Registry can invest in schemes of the Fund quoting their 14 digit KIN in the application form. Further, in case the investor's PAN is not updated in CKYC system, a self-certified copy of PAN Card will need to be provided.

Implementation of the Prevention of Money – Laundering (Maintenance of Records) Second Amendment Rules, 2017 with respect to seeding of Aadhaar Number:

Investors are requested to note that the Ministry of Finance (Department of Revenue) (MOF) in consultation with the Reserve Bank of India has made certain amendments to the Prevention of Money-laundering (Maintenance of Records) Rules, 2005, namely, the Prevention of Money-laundering (Maintenance of Records) Second Amendment Rules, 2017. These Rules have come into force with effect from June 1, 2017. Further, the MOF vide Notification dated December 13, 2017 has notified the revised timelines for submission of the Aadhaar Number and PAN by investors to the reporting entity for the purpose of linking the same with their accounts/folios.

Accordingly, investors are requested to note the following requirements in relation to submission of Aadhaar number and other prescribed details to HSBC Mutual Fund / its Registrar and Transfer Agent / Asset Management Company ("the AMC"):

i. Where the investor is an individual, who is eligible to be enrolled for Aadhaar number, the investor is required to submit the Aadhaar number issued by UIDAI. Where the Aadhaar number has not been assigned to an investor, the investor is required to submit proof of application of enrolment for Aadhaar. If such an individual investor is not eligible to be enrolled for Aadhaar number, and in case the Permanent Account Number (PAN) is not submitted, the investor shall submit one certified copy of an officially valid document containing details of his identity and address and one recent photograph along with such other details as may be required by the Mutual Fund. In case of a minor investor, Aadhaar and PAN are mandatory for guardian. The investor is required to submit PAN as defined in the Income Tax Rules, 1962.

ii. Where the investor is a non-individual, apart from the constitution documents, Aadhaar numbers and PANs as defined in Income-tax Rules, 1962 of managers, officers or employees or persons holding an attorney to transact on the investor's behalf is required to be submitted. Where an Aadhaar number has not been assigned, proof of application towards enrolment for Aadhaar is required to be submitted and in case PAN is not submitted an officially valid document is required to be submitted. If a person holding an authority to transact on behalf of such an entity is not eligible to be enrolled for Aadhaar and does not submit the PAN, certified copy of an officially valid document containing details of identity, address, photograph and such other documents as prescribed is required to be submitted.

The timelines for submission of the Aadhaar numbers, as per the requirements stated above, are as follows:

- For existing Mutual Fund folios/accounts as on the date of the relevant MoF Notification ((i.e. June 1, 2017 & Dec 13, 2017) and for folios/accounts opened thereafter but before March 31, 2018, investors needs to submit the required details latest by March 31, 2018, failing which, the Mutual Fund folio(s) / accounts would cease to be operational till the time the requisite details are submitted.
- For new Mutual Fund folios / accounts opened from April 1, 2018 onwards, investors are required to submit the required details, at the time of opening the folio/ account itself, without which no new folio/account shall be opened.

Where the investors who are individuals or in the case of investors who are non-individuals, managers, officers or employees or persons holding an attorney to transact on the investor's behalf, as the case may be, do not have an Aadhaar number, the proof of enrolment for Aadhaar can be submitted. However, in such cases, the Aadhaar number shall be required to be provided for eventual authentication within the prescribed timeframe of 6 months as aforesaid, failing which the account / folio shall cease to be operational.

It may be noted that the requirement of submitting Form 60 as prescribed in the aforesaid notification is not applicable for investment in mutual fund units.

B. ONGOING OFFER DETAILS

Ongoing Offer period

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

Not Applicable.

Being close-ended, subscription to the Units of the Plan will be permissible only during the NFO of the Plan. The Scheme will not be open for ongoing subscriptions/switch ins. The Unitholders also have the option to switch all or part of their investment from any other scheme of the Fund to Plan of HFTS 131 at the time of NFO of such Plan.

To provide liquidity to investors, the Units of the Plan will be listed on the Capital Market Segment of the NSE within 5 business days from allotment of Units.

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

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

Being close-ended, subscription to the Units of the Plan will be permissible only during the NFO period at Rs. 10/- per unit. The Plan will not be open for ongoing subscriptions / switch ins. The Unitholders also have the option to switch all or part of their investment from any other scheme to any of the Plan under HFTS at the time of NFO of such Plan. The switch-out will be effected at the Applicable NAV of the respective (switch-out) scheme (subject to applicable cut-off time and applicable load), on the day of acceptance of the switching request. The switch-in will be effected at the New Fund Offer Price of Rs. 10/- per unit. Investors are requested to note that no inter-option switches (i.e. switching between options of a Plan) shall be allowed within the Plan.

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

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

As the Plan will not be available for ongoing redemptions through the Fund until maturity, Units shall be redeemed on the Maturity Date at the Applicable NAV.

However, investors who wish to exit/redeem before the maturity may do so through stock exchange mode by providing a request for redemption in unit terms to the DP.

Upon maturity of the Plan, investors can switch out to other plans/schemes of the Fund by submitting a switch-out request.

Cut off timing for subscriptions / redemptions / switches

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

For Purchases including switch-ins:

Being close-ended, subscription to the Units of the Plan will be permissible only during the NFO of the Plan. The Scheme will not be open for ongoing subscriptions / switch ins.

For Redemptions including switch-outs

The Units of the Plan cannot be redeemed by the investors directly with the Fund until the maturity of the Scheme and there will be redemption by the Fund only on the maturity of the Scheme. However, investors who wish to exit/redeem before the maturity, may do so through stock exchange mode by providing a redemption request in unit terms to DP. Further, investors are requested to note that they should have a demat account to trade in the Units of the Scheme. The Units shall be redeemed on the Maturity Date at the Applicable NAV.

Listing

The Units of the Plan will be listed on the Capital Market Segment of NSE within 5 business days from the date of allotment. NSE has provided in-principle approval to the Fund for listing the Units of the Plan on NSE. The Fund may at its sole discretion list the Units of the Plan on any other recognized Stock Exchange(s) at a later date. The Trustee shall issue an addendum for listing of Units on any other recognized Stock Exchange in India, and a public notice to this effect will be given in two newspapers and also displayed at the Investor Service Centres. All regulatory procedures will be followed in this regard.

An investor can buy / sell Units on a continuous basis on NSE and/or any other Stock Exchange(s) on which the Units are listed during the trading hours like any other publicly traded stock, until the date of issue of notice by the AMC for fixing the record date for determining the Unit holders whose name(s) appear on the list of beneficial owners as per the Depository's (NSDL / CDSL) records for the purpose of redemption of Units on maturity / final redemption date. The trading of Units on NSE and / or any other Stock Exchange(s) on which the Units are listed will automatically get suspended from the date of issuance of the said notice and also no off-market trades shall be permitted by the Depositories. The first NAV of the Scheme as declared by the AMC will be the base price or open price of listing on the stock exchange(s).

The price of the Units in the market will depend on demand and supply at that point of time. There is no minimum investment, although Units are purchased in round lots of 1. As the Stock Exchange(s) do not allow trading of fractional Units, Units will not be allotted in fractions and hence, any excess amount will be refunded to the investors.

Transaction Cost: Though there will be no entry / exit load for buying / selling the Units from / to the secondary market, the investors will have to bear the other costs related to transacting in the secondary market, e.g. brokerage, GST, etc.

The Plan will be de-listed after its tenure. The AMC / Trustee will initiate the delisting procedure prior to the date of maturity. The Unit holders will not be able to trade on the stock exchange once the Plan is/are delisted.

Settlement of Purchase / Sale of Units of the Scheme on the Stock Exchange

Buying / Selling Units on the NSE is just like buying / selling any other normal listed security. If an investor has bought Units, an investor has to pay the purchase amount to the broker / sub-broker such that the amount paid is realized before the funds pay-in day of the settlement cycle on the exchange. If an investor has sold Units, an investor has to deliver the Units to the broker / sub-broker before the securities pay-in day of the settlement cycle on the exchange. The Units (in the case of Units bought) and the funds (in the case of units sold) are paid out to the broker on the payout day of the settlement cycle on the exchange. The exchange regulations stipulate that the trading member should pay the money or units to the investor within 24 hours of the payout.

If an investor has bought Units, he should give Standing Instructions for 'Delivery-In' to his/her DP for accepting Units in his / her beneficiary account. An investor should give the details of his / her beneficiary account and the DP ID of his/her DP to his / her trading member. The trading member will transfer the Units directly to his / her beneficiary account on receipt of the same from exchange's Clearing Corporation.

An investor who has sold Units should instruct his / her Depository Participant (DP) to give 'Delivery Out' instructions to transfer the Units from his / her beneficiary account to the Pool Account of his/her trading member through whom he / she has sold the Units. The details of the Pool A/c (CM-BP-ID) of his / her trading member to which the units are to be transferred, unit quantity etc. should be mentioned in the 'Delivery Out' instructions given by him/her to the DP. The instructions should be given well before the prescribed securities pay-in day. SEBI has advised that the 'Delivery Out' instructions should be given at least 24 hours prior to the cut-off time for the prescribed securities pay-in to avoid any rejection of instructions due to data entry errors, network problems, etc.

Rolling Settlement

As per the SEBI's circular dated March 4, 2003, the rolling settlement on T+2 basis for all trades has commenced from April 1, 2003 onwards. The Pay-in and Pay-out of funds and the securities/Units takes place within 2 working days after the trading date. The pay-in and pay-out days for funds and securities are prescribed as per the Settlement Cycle. A typical Settlement Cycle of Rolling Settlement is given below:

Day Activity

T - The day on which the transaction is executed by a trading member

T+1 - Confirmation of all trades including custodial trades by 11.00 a.m.

T+1 - Processing and downloading of obligation files to brokers /custodians by 1.30 p.m.

T+2 - Pay-in of funds and securities by 11.00 a.m.

T+2 - Pay out of funds and securities by 1.30 p.m.

While calculating the days from the Trading day (Day T), weekend days (i.e. Saturday and Sundays) and bank holidays are not taken into consideration.

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

Being close-ended Plan, subscription to the Units will be permissible only during the NFO period. The Plan will not be open for ongoing subscriptions / switches. The Unitholders also have the option to switch all or part of their investment from any other scheme of the Fund to any Plan of HFTS 131 at the time of NFO of such Plan. Investors are requested to note that no inter-option switches shall be allowed within the Plan.

The Units cannot be redeemed by the investors directly with the Fund until the maturity of the relevant Plan, however may exit/

redeem before the maturity through the stock exchange mode by giving a redemption request in unit terms to the DP, provided they have a demat account to trade in the Units of the Plan.

Minimum amount for purchase / redemption / switches

Not Applicable, as purchase / redemption/switch out is not permitted during the term of the Plan. However, investors who wish to exit / redeem before the maturity, may do so through stock exchange mode.

Minimum balance to be maintained and consequences of non-maintenance

Not Applicable.

Special Products available

Since this is a close ended scheme, special features such as Systematic Investment Plan, Systematic Transfer Plan & Systematic Withdrawal Plan shall not be available. Switch ins are not allowed after NFO period.

Account Statement / Allotment advice

1. An **Account Statement** reflecting the Units allotted will be sent by ordinary post / courier / e-mail to each Unit holder within 5 working days from the date of closure of the NFO Period. The Account Statement will be sent to those Unit holders who have opted to hold Units in Physical (non-dematerialized) form. However, Unit holders holding Units by way of account statement intending to get their Units dematerialized may submit the Demat Request Form (DRF) to the DP along with a copy of the Account Statement.
2. An **Allotment advice** will be sent upon allotment of Units stating the number of Units allotted to each of the Unit holder(s) who have opted for allotment in dematerialized mode within 05 working days from the date of closure of the NFO Period. The Units allotted will be credited to the DP account of the Unit holder as per the details provided in the application form.
3. A **Consolidated Account Statement (CAS)** for each calendar month shall be sent by email on or before 10th of the succeeding month to those unit holders in whose folio(s) transactions have taken place during the month. In the event that the registered email address of the unit holder is not available with the Fund, the CAS will be sent as a physical statement. CAS shall contain details relating to all transactions* carried out by the Unitholder across schemes of all mutual funds during the month, holdings at the end of the month and transaction charges paid to the distributor, if any.

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

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

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

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

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

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

   SEBI has vide its circular dated November 12, 2014 on CAS for all securities assets, prescribed that in order to enable a single consolidated view of all investments of an investor in mutual funds as well as securities held in demat form, the Depositories shall generate and dispatch a single CAS to an investor having mutual fund investments and holding demat accounts. The AMC / Registrar will share the requisite information with the Depositories on a monthly basis to enable generation and dispatch of CAS by Depositories, at such frequency as is currently done by the AMC / RTA.

   For Unitholders who have mutual fund investments and also hold demat accounts, CAS shall be sent by the Depository on a monthly basis. In case there is no transaction in the mutual fund folios or demat accounts, then CAS with holding details shall be sent by the Depository on a half yearly basis. Incase an investor has multiple accounts across two Depositories; the Depository with whom the account has been opened earlier will be the default Depository. If statements are presently being dispatched to the Unitholder by email either by the AMC / RTA or by the Depository, CAS shall continue to be sent through email. However, if the Unitholder does not wish to receive CAS through email, an option shall be given to receive the CAS in physical form at the address registered in the Depository system. With respect to investors who hold mutual fund folios but do not have demat accounts, CAS shall continue to be sent by the AMC / its RTA as is being presently done.
4. For those Unit holders who have provided an e-mail address, the AMC will send the account statement by e-mail at the email address provided by the Unit Holder. Further please refer "Receiving Account Statement / Correspondence by e-mail" mentioned below.

5. The Unit holder may request for a physical account statement by writing / calling the AMC / ISC / R&T. Further please refer "Receiving Account Statement / Correspondence by e-mail" mentioned below.

As Units of the Plan held in physical form will be non-transferable, the Account Statements shall be non-transferable. If the Unit holder so desires, non-transferable unit certificates will be issued within 5 working days of the receipt of request for the certificate. The Account Statement shall not be construed as a proof of title and is only a computer-printed statement indicating the details of transactions under the Scheme. For Dividends paid out, investors will receive a transaction advice in case of dividends paid along with instrument, where applicable. The Unitholders can also obtain an Account Statement on request from any of the ISCs. The Account Statement is a record of the transaction in the schemes of the Fund. Investors are requested to review the account statement carefully and contact their nearest Investor Service Centre in case of any discrepancy.

All Units will rank pari passu among Units within the same Option, i.e. either the Dividend Payout Option or the Growth Option, as to assets, earnings and the receipt of dividend distributions, if any, as may be declared by the Trustees. Allotment of Units and despatch of Account Statements to NRIs / FIIs / FPIs will be subject to relevant laws, rules and regulations as applicable from time to time.

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

Receiving Account Statement / Correspondence by e-mail

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

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

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

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

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

Dividends and Distributions

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

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

Redemptions / Switch outs

The Units of the Plan cannot be redeemed by the investors directly with the Fund until the maturity of the Plan and there will be redemption by the Fund only upon maturity. However, investors who wish to exit / redeem before the maturity, may do so through stock exchange mode. Further, investors are requested to note that they should have a demat account to trade in the Units of the Plan. The Units shall be redeemed on the Maturity Date at the Applicable NAV.

Investors who wish to switch-out on maturity are requested to submit transaction slip at the Investor Centres of the AMC or the Registrar.

As per the Regulations, the Fund shall despatch the redemption proceeds within 10 Business Days from the Maturity date. In the event of failure to despatch the redemption proceeds within the above time, interest @ 15% per annum or such rate as may be specified by SEBI, would be paid to the Unit holders for the period of delay.

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

NRIs / FIIs / FPIs

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

In case Indian Rupee drafts are purchased abroad or from FCNR / NRE accounts, an account debit certificate from the bank / financial entity issuing the draft confirming the debit shall also be enclosed.

NRIs shall also be required to furnish such other documents as may be necessary and as desired by the AMC / Mutual Fund/ Registrar, in connection with the investment in the schemes.

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

Redemption by NRIs / FIIs / FPIs

Units held by an NRI investor and FIIs / FPIs may be redeemed by such investor by tendering Units to the Mutual Fund or for payment of maturity proceeds, subject to any procedures laid down by RBI from time to time. The Fund will not be liable for any delays or for any loss on account of any exchange fluctuations, while converting the rupee amount in foreign exchange in the case of transactions with NRIs / FIIs / FPIs. Provisions with respect to NRIs / FIIs / FPIs stated above, is as per the AMC's understanding of the laws currently prevalent in India.

Delay in payment of redemption / repurchase proceeds

In the event of failure to despatch the proceeds within 10 Business Days from the Maturity date, the AMC shall be liable to pay interest to the Unit holders at such rate as may be specified by SEBI for the period of such delay (presently @ 15% per annum).

Maturity period of the Scheme / Winding up

HFTS 131 will have a maturity period of 1140 days.

If the maturity date falls on a non-Business Day, the immediately succeeding Business Day will be considered as the maturity date.

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

- On the happening of any event, which in the opinion of the Trustees, requires the Plan to be wound up;
- If seventy five per cent (75%) of the Unit holders of the Plan pass a resolution that the Plan be wound up;
- If SEBI so directs in the interest of the Unit holders.

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

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

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

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

Procedure and Manner of Winding up

The Trustees shall call a meeting of the Unit holders of the relevant Plan to approve by simple majority of the Unit holders present and voting at the meeting, resolution for authorising the Trustees or any other person to take steps for the winding up of the Plan. The Trustees or the person authorised as above, shall dispose off the assets of the Plan concerned in the best interest of the Unit holders of the Plan.

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

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

Notwithstanding anything contained herein above, the provisions of the Regulations in respect of disclosures of half-yearly reports and annual reports shall continue to be applicable, until winding up is completed or the Scheme ceases to exist. After the receipt of the report referred to above, if SEBI is satisfied that all measures for winding up of the Plan have been complied with, the Scheme shall cease to exist.

C. PERIODIC DISCLOSURES

Net Asset Value

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

The first NAV of the Scheme will be declared within 5 business days of allotment. On an ongoing basis, NAVs will be calculated and published on every Business Day. The Unit holders may obtain the information on NAV of the prescribed days by calling the office of the AMC or any of the Investor Service Centres or on the website of the AMC at www.assetmanagement.hsbc.com/in. The Fund will publish NAVs in at least two daily newspapers having nationwide circulation. Further, the AMC shall publish the purchase and redemption prices of Units on a daily basis in a newspaper with all India circulation.

The AMC shall update the NAVs on the website of Association of Mutual Funds in India – AMFI (www.amfiindia.com) and the AMC by 9.00 p.m. on every Business Day. In case of any delay, the reasons for such delay would be explained to AMFI by the next day. If the NAVs are not available before commencement of business hours on the following day due to any reason, the Fund shall issue a press release providing reasons and explaining when the Fund would be able to publish the NAVs. Since the Scheme is proposed to be listed on a recognized Stock Exchange, the listed price would also be available on that Stock Exchange.

Monthly Portfolio Disclosure

Investors are requested to note that in terms of SEBI circular no. SEBI/IMD/CIR No. CIR/IMD/DF/21/2012 dated September 13, 2012, portfolios of the Scheme (alongwith ISIN) shall be disclosed and uploaded on a monthly basis on the website of the AMC within 10 days of the succeeding month.

Half yearly Disclosures: Portfolio / Financial Results

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

The Fund shall within one month from the close of each half year, that is on 31st March and on 30th September, host a soft copy of its unaudited financial results on their website, containing

details as specified in Twelfth Schedule of the Regulations and such other details as are necessary for the purpose of providing a true and fair view of the operations of the Fund. The Fund shall publish an advertisement disclosing the hosting of such financial results on their website, in atleast one English daily newspaper having nationwide circulation and in a newspaper having wide circulation published in the language of the region where the Head Office of the Fund is situated.

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

Annual Report

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

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

(i) By e-mail only, to those Unit holders' whose e-mail address is available with the Fund;

(ii) In physical form, to those Unit holders' whose email address is not available with the Fund and/or to those Unit holders' who have specifically opted/requested for physical report.

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

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

Associate Transactions

For details of Associate transactions including dealing with associate companies, investors are advised to please refer SAI.

Taxation

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

Particulars	Investors	Mutual Fund
Tax on Dividend	Nil	**Debt Fund:** ***For Individuals and HUF*** – 25%* plus applicable surcharge and education cess; **Liquid Fund:** ***For Individuals and HUF*** – 25%* plus applicable surcharge and education cess; ***For other than Individual / HUF*** – 30%* plus applicable surcharge and education cess.
Capital Gains		
1) Long Term	20%** with Cost Inflation Index benefit	20%** TDS needs to be deducted in case of payment to NRI and Non Domestic company / Foreign company
2) Short Term (when units are held for not more than 36 months)	Income tax rate applicable to the Unit holders as per their income slabs**^	30%** TDS needs to be deducted in case of payment to NRI and 40%** in case of Non Domestic company / Foreign company

* the above rates needs to be increased by applicable surcharge and education cess. Further the rates needs to be applied on gross up basis.

** Plus applicable surcharge and education cess. .

^ maximum 30 percent as per slab (plus applicable surcharge and education cess)

The Scheme shall bear the dividend distribution tax as per section 115R of Income Tax Act 1961. As per extant Income Tax regulations, dividends distributed by mutual funds are tax free in the hands of the investor. Any additional tax liability due to demand raised on the fund by the IT authorities and deemed payable would be borne by the scheme. For further details on taxation, investors are requested to refer to the section on Taxation in the SAI.

Investor Services

The Fund will follow-up with the Investor Service Centres and the Registrar on complaints and enquiries received from investors with an endeavour to resolve them promptly.

For this purpose, Ms. Rheitu Bansal is currently designated as the Investor Relations Officer. She can be contacted at the Corporate Office of the AMC. The address and phone numbers are:

16, V.N. Road, Fort, Mumbai 400 001.

Tel.: 1800 200 2434. Fax : (91) (22) 49146254

E-mail: hsbcmf@camsonline.com

D. COMPUTATION OF NAV

NAV of Units under the Scheme shall be calculated as shown below:

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

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

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

SECTION IV - FEES AND EXPENSES

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

A. NEW FUND OFFER (NFO) EXPENSES

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

The NFO expenses of HFTS 131 shall be borne by the AMC.

B. ANNUAL SCHEME RECURRING EXPENSES

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

The total recurring expenses of the Scheme shall be as per the limits prescribed under sub-regulation 6 and 6A of Regulation 52 of the SEBI Regulations and shall not exceed the limits prescribed there under. Currently, as per the Regulation 52(6), the maximum recurring expenses that can be charged to the Scheme shall be subject to a percentage limit of daily net assets in the table below:

First Rs. 100 crore of the daily net assets	Next Rs. 300 crore of the daily net assets	Next Rs. 300 crore of the daily net assets	Balance of the assets
2.25%	2.00%	1.75%	1.50%

As per the limits prescribed under sub-regulation 6 & 6A of Regulation 52 of the SEBI Regulations, the AMC has estimated that the following could be charged to the Scheme as expenses.

Expense Head	% of daily Net Assets*
	Regular Plan
Investment Management and Advisory Fees	Upto 1.00%
Trustee fee	
Audit fees	
Custodian fees	
RTA Fees	
Marketing & Selling expense incl. agent commission	
Cost related to investor communications	
Cost of fund transfer from location to location	
Cost of providing account statements and dividend redemption cheque and warrants	
Costs of statutory Advertisements	
Cost towards investor education & awareness (at least 2 bps)	
Brokerage & transaction cost (inclusive of GST) over and above 12bps	
GST on expenses other than investment and advisory fees	
Other Expenses	
Maximum total expense ratio (TER) permissible under Regulation 52 (6) (c) (i) and (6) (a)	**Upto 1.00%**
Additional expenses for gross new inflows from specified cities	Upto 0.30%

* Annual scheme recurring expense charged to Direct Plan will be restricted upto 0.70% of daily net assets

Notes:

1 **Other expenses:** Investors are requested to note that w.e.f. December 11, 2008, listing fees is a permissible expense which will be charged to the Plan within the above mentioned limits as under Regulation 52(4).

2 The AMC may charge GST on management fee in addition to the maximum limit of TER. Refer details below under 'C. GST'.

3 The expenses towards Investment Management and Advisory fees under Regulation 52 (2) and the various sub-heads of recurring expenses mentioned under the Regulation 52 (4) of SEBI (Mutual Funds) Regulations are fungible in nature. Thus there shall be no internal sub-limits within the expense ratio for the expense heads mentioned under Regulations 52 (2) and (4) respectively. Additional expenses includes -

a) expenses not exceeding 0.30% of daily net assets may be charged, if new inflows from beyond top 15 cities** are at least (i) 30% of gross new inflows in the Scheme or (ii) 15% of the average net assets under management (year to date) of the Scheme, whichever is higher. In case inflows from beyond such cities is less than higher of (i) or (ii) mentioned above, such additional expense on daily net assets of the Scheme shall be charged on proportionate basis in accordance with SEBI Circular no. CIR/IMD/DF/21/2012 dated September 13, 2012.

The expense so charged shall be utilised for distribution expenses incurred for bringing inflows from such cities. However, the amount incurred as expense on account of inflows from such cities shall be credited back to the Scheme in case the said inflows are redeemed within a period of one year from the date of investment.

** The top 15 cities shall mean top 15 cities based on Association of Mutual Funds in India (AMFI) data on 'AUM by Geography – Consolidated Data for Mutual Fund Industry' as at the end of the previous financial year.

Note: SEBI vide circular no. SEBI/HO/IMD/DF2/CIR/P/2018/16 dated February 2, 2018 has notified that with effect from April 1, 2018 the additional expense of upto 0.30 per cent would be allowed for inflows from beyond top 30 cities instead of beyond top 15 cities. Accordingly, with effect from April 1, 2018 the reference of top 15 cities would be substituted with top 30 cities.

b) Brokerage & transaction cost (inclusive of GST) incurred for execution of trade upto 0.12% for in cash market transactions may be capitalized and such costs in excess of said 0.12 % may also be charged within the maximum limit of TER as prescribed under regulation 52 of the Regulations.

Any expenditure in excess of the said prescribed limit (including brokerage and transaction cost, if any) shall be borne by the AMC or by the trustee or sponsors.

4 **Expense structure for Direct Plan:** Atleast 30% of the TER will be charged towards distribution expenses / commission in the Regular Plan. The TER of the Direct Plan will be lower to the extent of the above mentioned distribution expenses /

commission (atleast 30% of TER) which is charged in the Regular Plan. For example, in the event that the TER of the Regular Plan is 1% p.a., the TER of the Direct Plan would not exceed 0.70% p.a.)

5 For the actual current expenses being charged, the investor should refer to the website of the Fund.

Subject to Regulations and this SID, expenses over and above the prescribed ceiling will be borne by the AMC, Trustees or the Sponsor.

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

Collections at Day Zero		A	100,000,000
Purchase Price per unit		B	10
Units allotted to domestic investors	A / B	C	10,000,000.00
Amount Invested		D	100,000,000
Yield on investment		E	6%
Expense ratio		F	1.65%
AUM after one month			
AUM including Yield	(D*E))/12 +D	G	100,500,000
Expenses (for one month) (INR)- approximated at average of opening and closing AUM	((A+G)/2) * F)/12	H	137,844
AUM after one month	G-H	I	100,362,156
NAV per unit	I/C	J	10.0362
Annualized returns (Pre Expenses) %	(G-D)/D*100*12	K	6.00
Annualized returns (Post Expenses) %	(I-D)/D *100*12	L	4.35

C. GOODS AND SERVICE TAX

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

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

D. LOAD STRUCTURE

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

Load Structure

Particulars	During NFO & the close ended period
Sales Load (Entry Load)*	Nil
Repurchase/ Redemption Load (Exit Load)	Not Applicable The Units under the Plan cannot be directly redeemed with the Fund as the Units are listed on the stock exchange(s). However Investors can subscribe (purchase) / redeem (sell) Units on a continuous basis on NSE and / or any other Stock Exchange(s) on which the Units of the scheme are listed.
Maximum Switchover Fee	Not Applicable

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

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

E. PROCEDURE FOR DIRECT APPLICATIONS

Pursuant to SEBI Circular No. SEBI/IMD/CIR No. 4/168230/09 dated June 30, 2009, no Entry Load will be charged in any scheme of the Fund. Therefore, the procedure for Waiver of Load for Direct Applications is no longer applicable.

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

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

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

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

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

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

(ii) Existing Investor in Mutual Fund

Transaction charge of Rs. 100/- per subscription of Rs. 10,000 and above will be deducted by the Fund from the subscription

amount and paid to the distributor / agent of the investor and the balance shall be invested in the relevant scheme opted by the investor.

(iii) Transaction charges shall not be deducted for

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

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

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

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

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

SECTION V - RIGHTS OF UNITHOLDERS

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

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

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

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

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

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

Penalty imposed by Exchanges on HSCI during the period April 01, 2014 - March 31, 2017 excluding the penalties imposed by the Exchanges in the ordinary course of business :-

Exchange	Reason	Date	Penalty imposed and paid
BSE	Fine levied in respect of Post facto approval for change in Designated Director	Mar-16	5725
NSE	Fine levied in respect of Client Registration document delivered to client after due date	Mar-17	1000
BSE	Late Reporting of Change in Designated Director	Jan-17	1000

   b. *For irregularities or for violations in the financial services sector, or for defaults with respect to share holders or debenture holders and depositors, or for economic offences, or for violation of securities law by AMC/Board of Trustees.*

   (i) Against the SEBI Order dated April 23, 2010), two appeals were filed by the AMC with the Securities Appellate Tribunal (SAT) by certain aggrieved investors of HSBC Gilt Fund.

   - The SAT issued Order dated May 03, 2011 and July 5, 2012 to the Mutual Fund, Trustees of the Mutual Fund, AMC and CEO of the AMC pertaining to the change effected in modified duration in HSBC Gilt Fund during January 2009. SAT held that the changes brought about in the scheme altered the fundamental attributes of the same affecting the interest of unitholders. The SAT therefore directed the AMC and related parties to comply with regulation 18(15A) of the SEBI Regulations and provide an exit option to the appellants of the case. An appeal was filed by the AMC against these Orders before the Supreme Court. The Supreme Court vide its Order dated January 15, 2014 upheld the Order of SAT and dismissed the appeal filed by the AMC. The AMC has complied with the Order of the Supreme Court read with the SAT Order.

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

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

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

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

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

part relief on similar lines of AY 2009-2010. The Appellant filed an appeal before the ITAT against the CIT(A) order.

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

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

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

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

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

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

Notes:

1. Any amendments / replacement / re-enactment of SEBI (MF) Regulations subsequent to the date of this Scheme Information Document shall prevail over those specified in this Scheme Information Document.
2. **The Board of Directors of HSBC Asset Management (India) Private Limited have approved the Scheme Information Document vide circular resolution dated April 26, 2017 and is approved by the Trustees of HSBC Mutual Fund at its meeting held on April 28, 2017.**

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

Sumesh Kumar
Chief Compliance Officer

Place: Mumbai
March 5, 2018.

OFFICIAL POINTS OF ACCEPTANCE OF TRANSACTION REQUESTS

HSBC MUTUAL FUND

- **Ahmedabad** : Mardia Plaza, C.G. Road, Ahmedabad - 380 006.
- **Bengaluru** : No. 7, HSBC Center, M.G. Road, Bengaluru - 560 001.
- **Chandigarh** : SCO 1, Sector 9 D, Chandigarh - 160 017.
- **Chennai** : No. 30, Rajaji Salai, 2nd Floor, Chennai - 600 001.
- **Hyderabad** : 6-3-1107 & 1108, Rajbhavan Road, Somajiguda, Hyderabad - 500 082.
- **Kolkata** : 31 BBD Bagh, Dalhousie Square, Kolkata - 700 001.
- **Mumbai** : 16, V.N. Road, Fort, Mumbai - 400 001.
- **New Delhi** : Ground Floor, East Tower, Birla Tower, 25, Barakhamba Road, New Delhi - 110 001.
- **Pune** : Amar Avinash Corporate City, Sector No. 11, Bund Garden Road, Pune - 411 011.

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

For details on CAMS Service Centres, CAMS Limited Transaction Points and CAMS Collection Centres, please visit www.camsonline.com or call us on 1800 200 2434 AND Investors calling from abroad may call on +91 44 39923900 to connect to our customer care centre.

CAMS Limited Transaction Points and CAMS Collection Centres have limited operating hours from 12:00 p.m. to 3 p.m. Collection Centres only accept application forms and service requests. For any enquiries, customers transacting at these locations are requested to call the nearest CAMS Service Center or the National Toll Free Customer Support number.

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

For more details on visit : www.camsonline.com

ASBA

All Self Certified Syndicated Banks (SCSBs) and their branches, through which Applications Supported by Blocked Amounts (ASBA) are sourced shall also be considered as Official Points of Acceptance for ASBA Applications.

Please check our website www.assetmanagement.hsbc.com/in for an updated list of Official Points of Acceptance of HSBC Mutual Fund. Please note that during the NFO period, switch transactions (switch-out from an existing Scheme of HSBC Mutual Fund to HFTS 131 should be submitted only at HSBC Mutual Fund Investor Service Centres listed above.

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HSBC
Global Asset Management

VSTS Corporation