

Reach new heights with great focus

HSBC Focused Equity Fund

Focused Fund: An open ended equity scheme investing in maximum 30 stocks across market capitalisation (i.e. Multi-cap)

October 2020

Focused strategy can help accelerate wealth creation

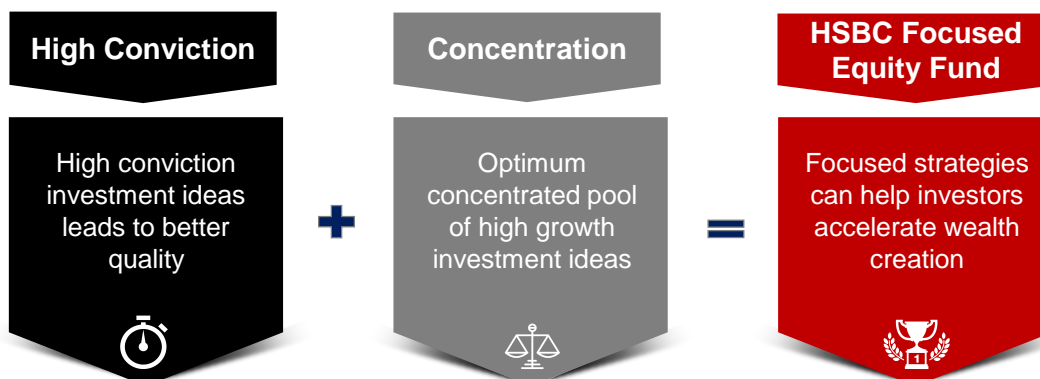


HSBC Focused Equity Fund aims to seek long term capital growth through investments in a concentrated portfolio of equity & equity related instruments of up to 30 companies across market capitalization.

HFEF can help build wealth over a long term with an optimum concentration of high conviction stocks

Conviction & Concentration builds Focused strategy

HSBC Focused Equity Fund aims to build “Concentrated portfolio of equity & equity related instruments up to 30 companies across market capitalisation”.



High Conviction & Concentration can build potential outperformer

Investment Objective:

To seek long term capital growth through investments in a concentrated portfolio of equity & equity related instruments of up to 30 companies across market capitalization. However, there is no assurance that the investment objective of the Scheme will be achieved.

Equity Market Update

- Equity markets lost the upward momentum during September and this coincided with the negative trading bias seen in global equities as well.
- In India however, the high frequency indicators continued to show improvement along with economic activity levels. Additionally, there were signs of the infection curve flattening for the country as a whole with the daily new cases showing first signs of peaking out during the month.
- India manufacturing PMI witnessed a significant jump to 56.8 in September compared to 52 in August, continuing on a trend of expansion. The railway freight data registered a growth in September while the electricity consumption demand returned to pre-COVID levels during September.
- The GST collection data for August (collected in September) also showed a growth (3.9% YoY) for the first time in 6 months.
- From a P/E perspective, Nifty is currently trading at 27.4x/19.1x on FY21/FY22 consensus earnings of Rs. 410/588 respectively. It implies a flat growth in FY21 and a strong 43% growth in FY22.
- Our fund's philosophy has been to invest in dominant businesses having scalable potential and that have reasonable valuations.
- We see telecom, internet economy, ecommerce, technology vendors etc., to benefit from this disruption.

Why invest in HSBC Focused Equity Fund (HFEF)?



Concentration effect

- HFEF aims to build concentrated portfolio up to 30 companies across market capitalisation



Potential of growth companies

- HFEF aims to build an optimised portfolio of high growth companies that can help improve potential performance



High conviction investments

- HFEF aims to have concentrated portfolio of high conviction investment ideas which leads to better quality holdings



Multi Cap market agnostic strategy

- HFEF aims to build 'Concentrated portfolio of up to 30 companies across market capitalisation with sector agnostic approach'

HFEF with high conviction and concentrated strategy aims to generate above benchmark performance

Fund Details



Fund Manager

Neelotpal Sahai & Gautam Bhupal



Benchmark

S&P BSE200 TRI



Inception Date

29 July 2020



NAV (Growth Option)

INR 10.0796



AUM (as on 30.9.20)

519.71 Cr



Exit Load

For 10% of the units redeemed /switched-out within 1 year from the date of allotment : Nil
For remaining units redeemed or switched-out within 1 year from the date of allotment 1.00%



Entry load

NA



Minimum Investment¹

Lumpsum

₹ 5,000

SIP

₹ 500

Additional Purchase

₹ 1,000

Month End Total Expenses ratios (Annualised)²

Other than Direct Plan ³	2.39%
Direct Plan	0.81%

Portfolio Characteristics	Fund	Benchmark
Number of holdings	25	201
Price to book (PB) ⁴	4.00	2.63
Price to earnings (PE) ⁴	37.85	38.64
EPS Adjusted (EPS) ⁴	67.66	54.65
Return on Equity (ROE (%))	11.73	10.10
Dividend Yield	0.62	1.29

Data as on 30 September 2020

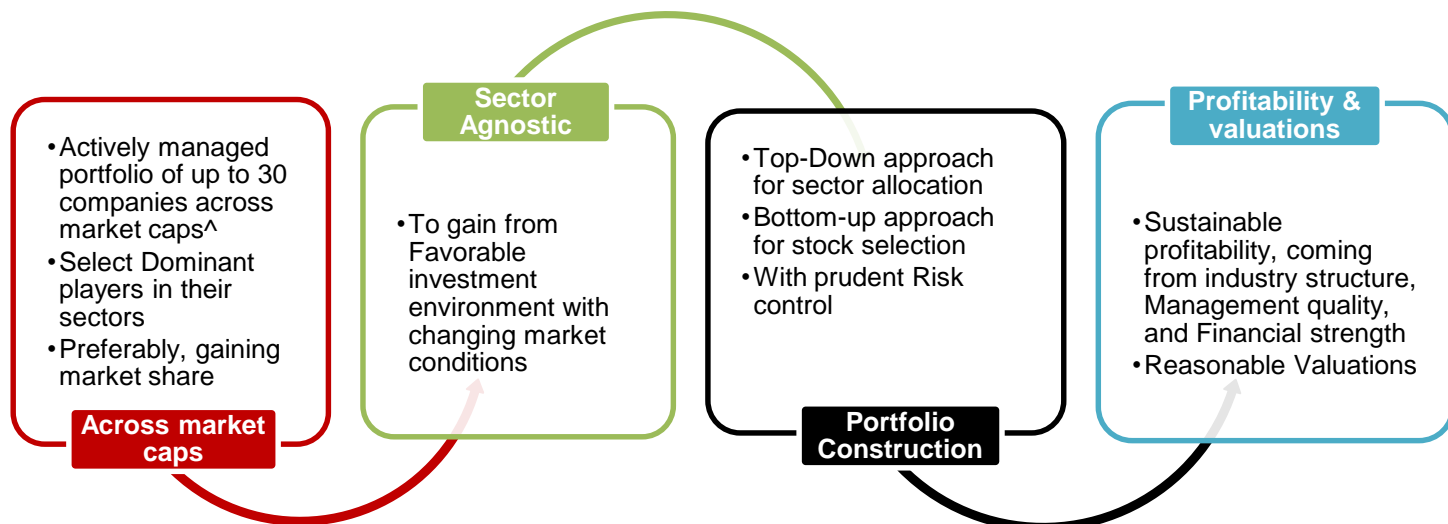
¹ In multiples of Rs.1 thereafter

² TER Annualized TER including GST on Investment Management Fees

³ Continuing plan

⁴ EPS - Trailing 12 month Estimates Comparable Adjusted EPS, PE - Trailing 12 month Price to earnings adjusted for negative earnings, Weighted average method, PB - Price to book value, Trailing 12 month Price to earnings, Index method aggregation. Source - HSBC AMC India and Bloomberg, Data as of 30 September 2020

HSBC Focused Equity Fund (HFEF) – Investment strategy



Dominant players + Sustainable profitability + Reasonable valuations

=

DSR portfolio framework for HFEF

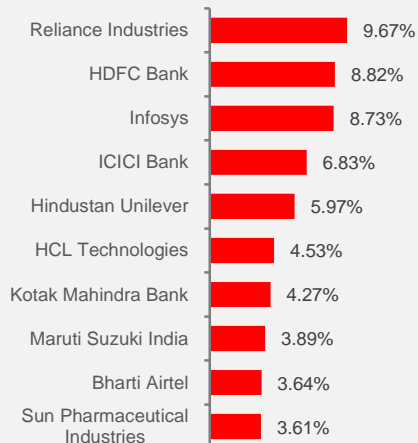
[^] Currently the large cap companies are the 1st-100th, mid cap companies are 101st - 250th and small cap companies are 251st company onwards in terms of full market capitalization updated by AMFI. Note: The above asset allocation and strategy may not have all details.

For complete details on asset allocation and investment strategy, please refer to the SID (Scheme Information Document of HSBC Focused Equity Fund)

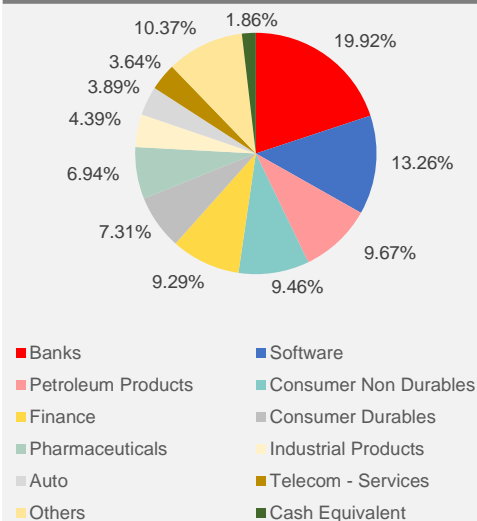


Portfolio

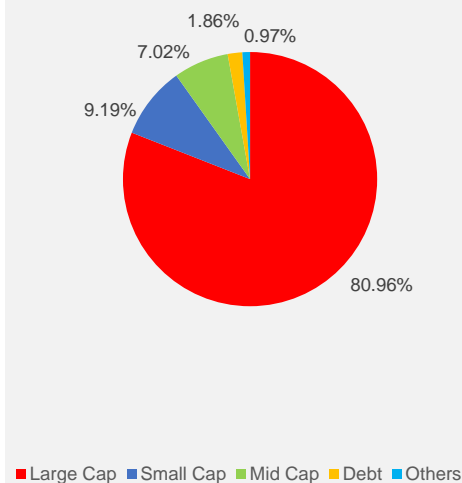
Top 10 Holdings as on 30 September 2020



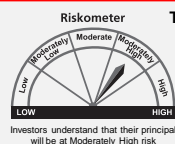
Asset Allocation



Market Capitalisation



HSBC Focused Equity Fund



This product is suitable for investors who are seeking*:

- Long term wealth creation
- Investment in equity and equity related securities across market capitalization in maximum 30 stocks

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

Source: HSBC Asset Management India, Data as at 30, September 2020.

The above details should not be construed as an investment advice or research report or recommendation to buy or sell any stocks mentioned above. This is provided only to illustrate variance in performance of stocks. This should not to be construed as the proposed portfolio and actual portfolio may not have any of the above mentioned stocks

Past performance may or may not sustain and doesn't guarantee the future performance

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