

Invest in the early signs

HSBC Mid Cap Fund

Mid Cap Fund – An open ended equity scheme predominantly investing in mid cap stocks

NFO Deck

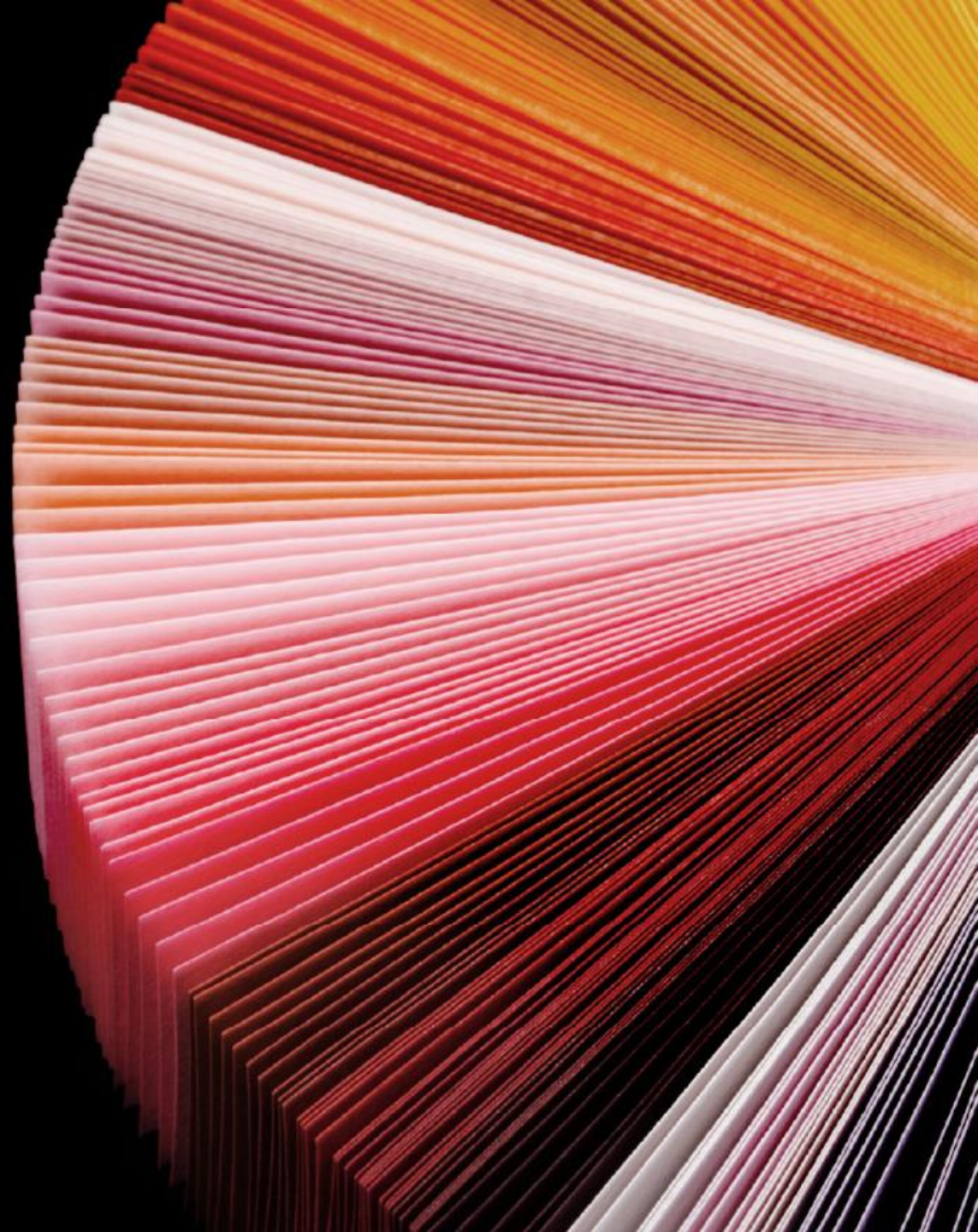
NFO: 6 September 2021 to 20 September 2021

Reopening Date: 29 September 2021



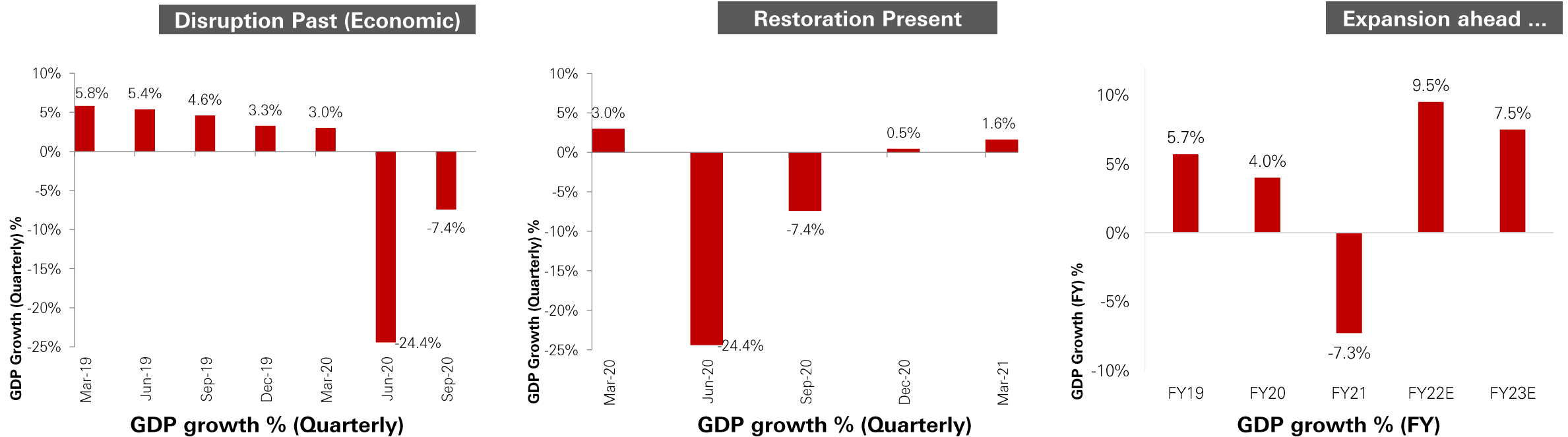
Mid caps

Benefit from Restoration, Expansion and Disruption



Disruption, Restoration, Expansion - Looking back and forward

2020-21: Economic indicator, GDP fell significantly but expected to show strong recovery



1. COVID – 19 led **Disruption** impacted Indian economy
2. **Restoration** of Indian economy visible through various economic and market indicators
3. Indian economy moving towards the fresh **Expansionary phase**

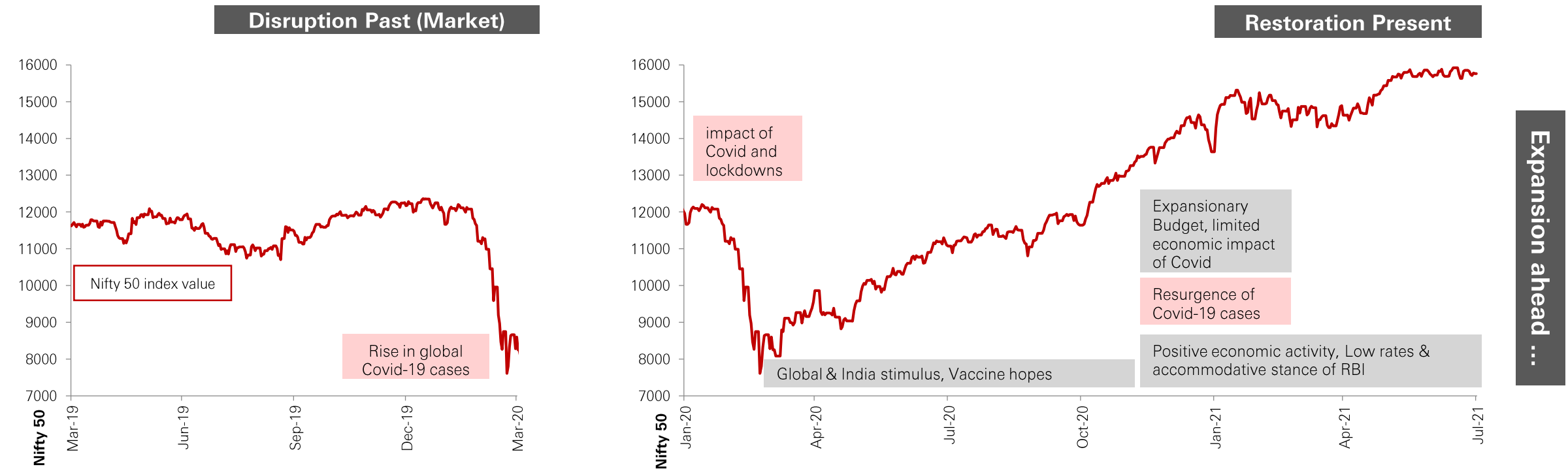
Expansionary policies post Disruption likely to benefit economy

Source: Bloomberg, Morgan Stanley, CRISIL, IMF, Data as of 31 July 2021, Chart 2: GDP: Source: IMF, World Bank, Data as at July '21, FY: Financial Year data

The GDP projection start after fiscal year 2022 and are shown with sign 'E' in this graph is for illustration purposes only and is not guaranteed. Past performance may or may not sustain and does not guarantee future performance.

Disruption, Restoration, Expansion

Equity market journey



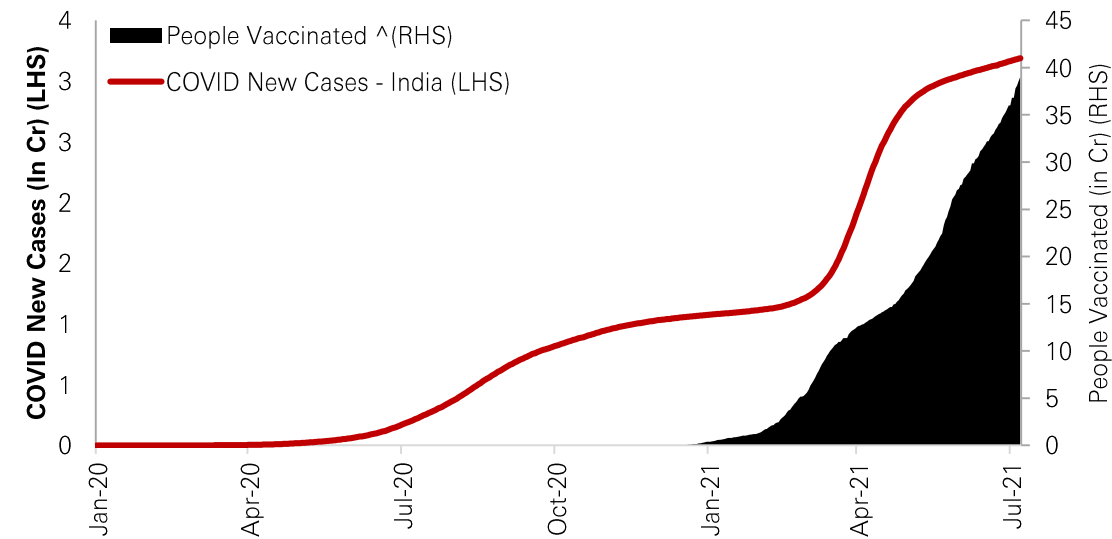
Equity market fall followed by strong recovery indicates significant economic expansion ahead

Source: Bloomberg, NSE, NSE sector classification, HSBC Asset Management, Data as of 31 July 2021, Past performance may or may not sustain, past performance does not guarantee the future performance.

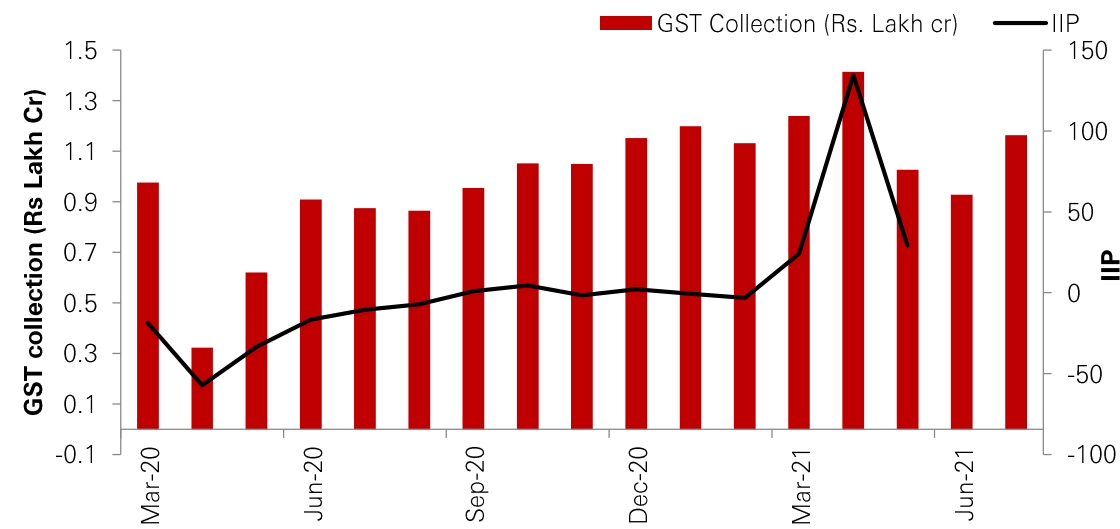
What is driving 'Restoration' over the medium term?

Vaccination progress and GOI initiatives to support restoration

Covid cases & Vaccination (Cr)



IIP and GST collections (Rs Lakh Cr)



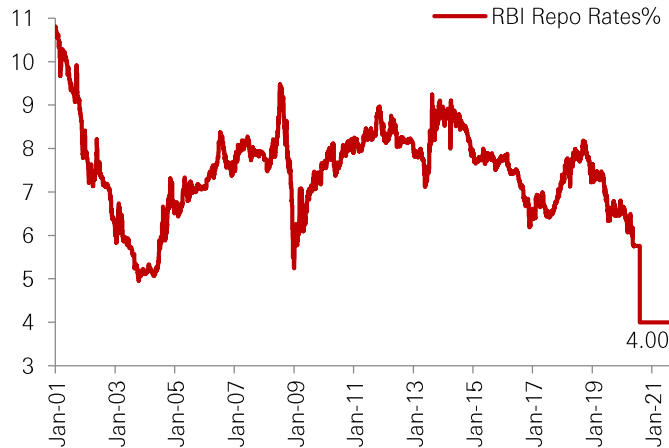
Vaccination, RBI-GOI measures have helped ongoing economic restoration

Source: Bloomberg, RBI, Data as at July 2021 except otherwise mentioned, Source Chart 1 - <https://ourworldindata.org>, License: All the material produced by Our World in Data, including interactive visualizations and code, are completely open access under the Creative Commons BY license. Past performance may or may not sustain, past performance does not guarantee future performance ^ People vaccinated with 1 or 2 doses, LHS – Left Hand Side, RHS – Right Hand Side

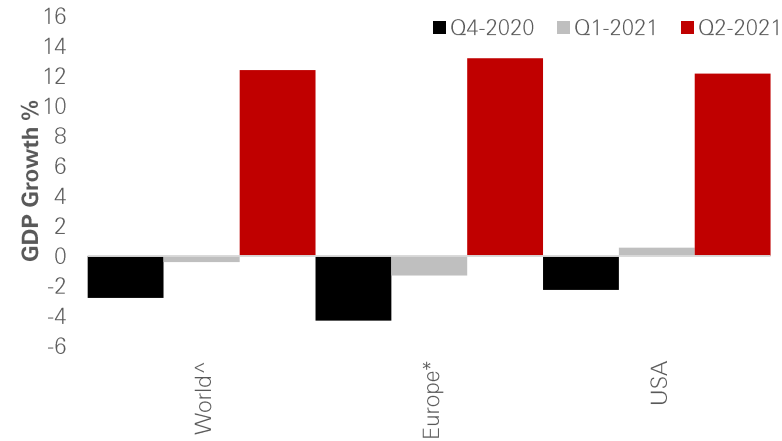
What will drive 'Expansion'?

BCG - **B**udget, **C**ost of Capital & **G**lobal growth

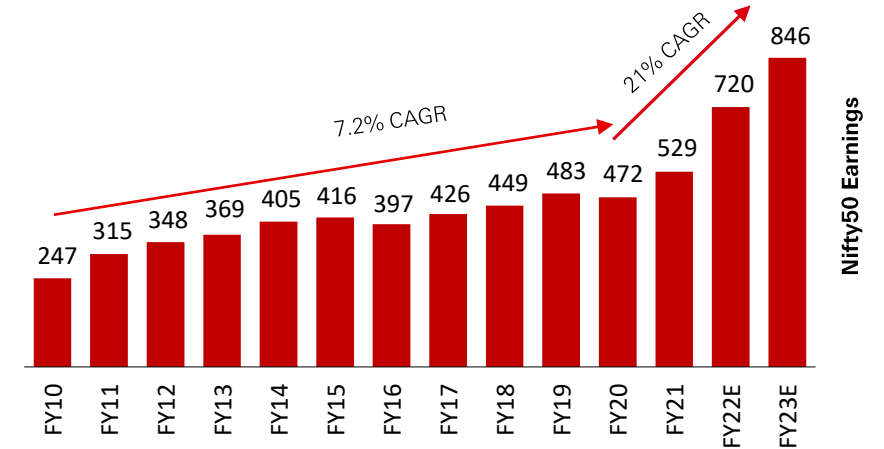
Low Cost of capital



Global growth support



Expansionary Budget | Earnings growth | FDI



- **Low Cost of Capital** and lower rates
- Cost of capital **at 20 year lows**
- **RBI's accommodative stance**

- **Global strong growth**, significant growth ahead
- India's exports: all time high US\$95bn Apr-Jun'21
- Strong "**Cyclical catch-up growth**" in Q2/Q3

- **Expansionary Budget:** long term structural growth
- **Strong Capex push** (highest seen since FY08)
- **Earnings** to see significant growth during FY22-23
- Cyclical revival multi-year **earnings visibility**
- **India: highest ever FDI inflow** of US\$81bn^^

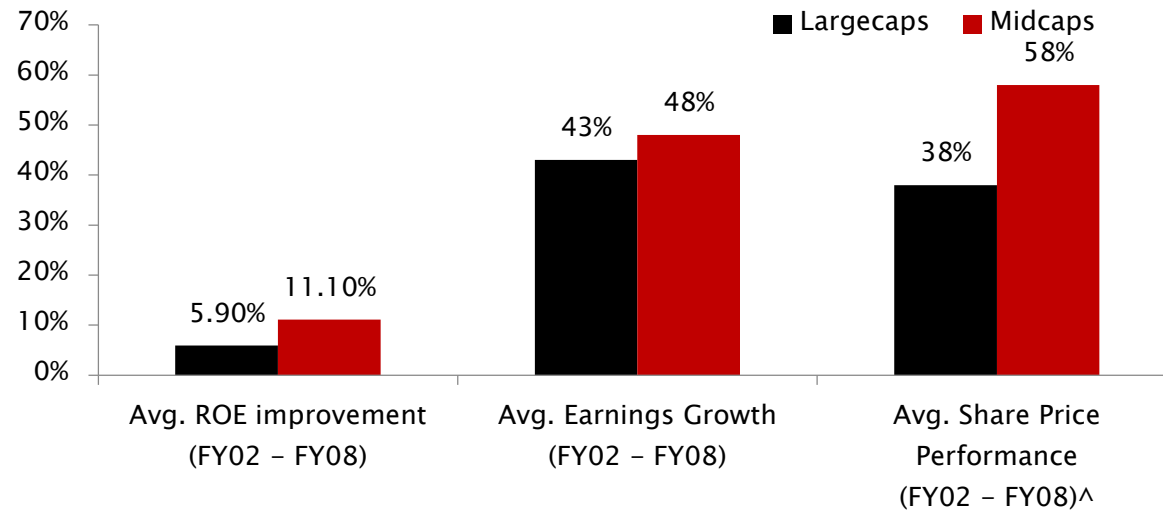
Expansionary Budget, global growth and low cost of capital to propel economy to Expansion phase

Source: Bloomberg, MOSL, OECD, Data as at July 2021 except otherwise mentioned. Past performance may or may not sustain, past performance does not guarantee future performance. ^^ FY21
Global growth support: * European Union - EU – 27 countries (from 01/02/2020) ^ World (OECD - Total), Q2-21 Simple avg. of only available data from select countries for Q2-2021

Mid cap behaviour during expansion

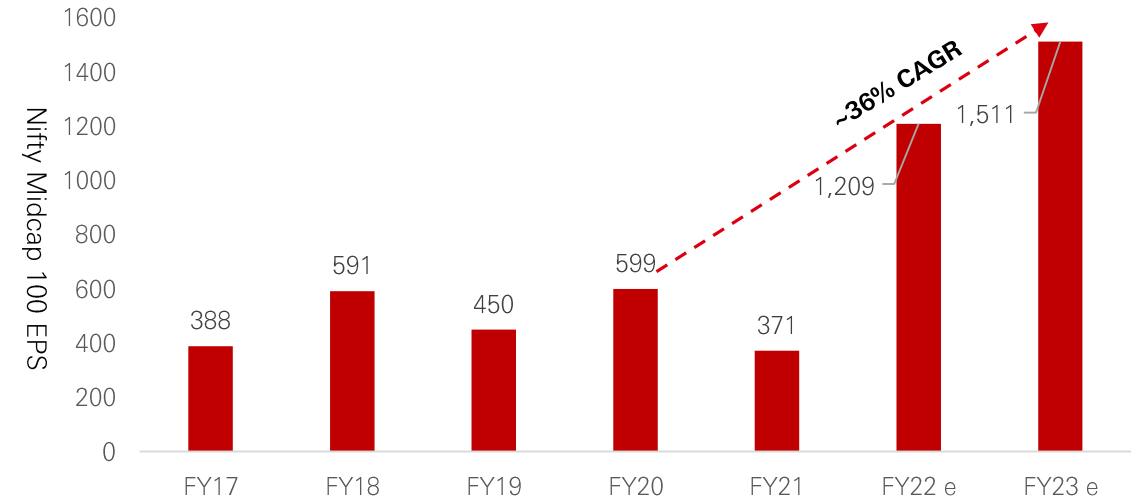
Mid cap earnings rise faster relative to Large cap when the cycle turns

Economic upcycle (FY02-08) encouraging for midcaps**



- **Economic cycle FY02-08:** Mid cap earnings grown faster than Large caps**
- **Economic cycle:** GDP growth of India averaged ~7.9% during this period*
- Mid cap companies show pronounced cyclical

Earnings: Nifty Midcap 100 index



- **Cyclical revival & Expansionary Budget:** multi-year earnings visibility
- **Significant improvement in earnings** in FY22-23
- Cyclically, economic revival should imply Mid cap rerating

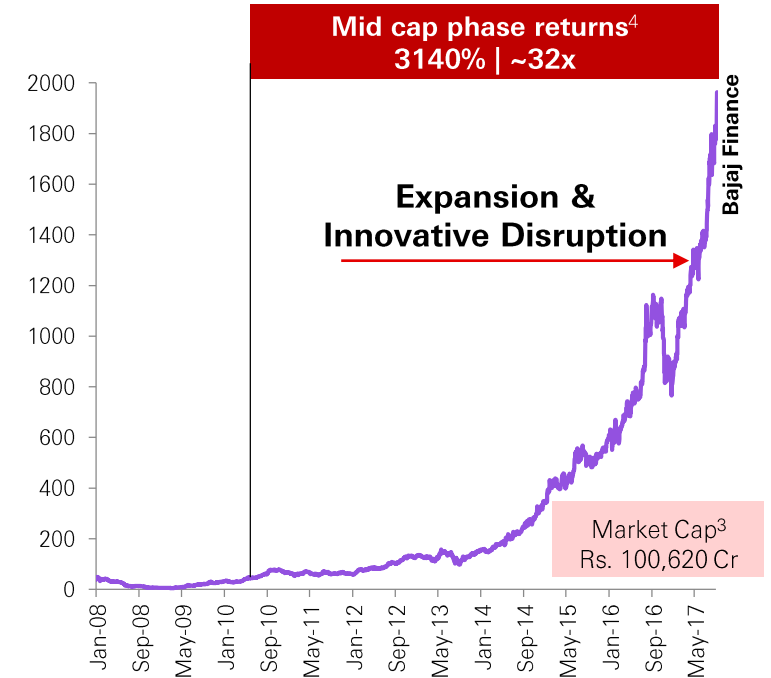
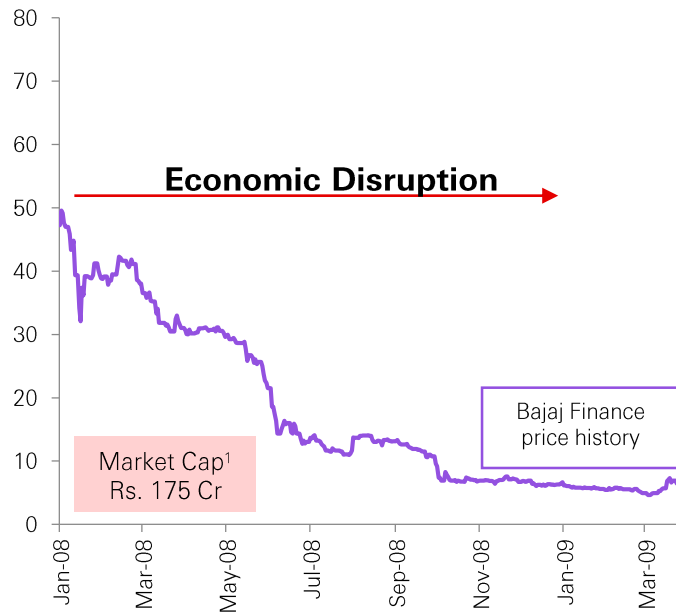
Midcap stocks earnings expected to grow significantly higher during FY22 and FY23

Source: AMBIT Capital Research, Data as at July 2021, **Note: Large-caps are represented by the top 100 stocks on market capitalisation basis & Mid caps are represented by the next 150 stocks based on market capitalisation. ^ Apr '02 to Mar '08, * During Dec 2002 to Dec 2007. Midcap earnings: MOSL, Nifty Midcap 100 index EPS data, EPS = Earnings Per Share, e = estimates, GDP data: World Bank. For illustration purpose only. Past performance may or may not sustain and doesn't guarantee the future performance.

Disruption to Expansion (+ 'Innovative Disruption') – learnings from the past

2008: Disruption to Expansion developed some of the major companies in India e.g. Bajaj Finance

Journey of Bajaj Finance: expansion to innovative disruption



Economic Restoration, Expansionary policies with Innovative Disruption to benefit Mid cap companies

Source: Bloomberg, Data as of 31 July 2021, The above chart and names of the stock is provided for illustration purpose only. Past performance may or may not sustain, past performance does not guarantee the future performance
Market Cap as on 1: 9-03-09, 2: 31-07-10, 3: 28-08-17, Returns: 4: From 1-08-10 to 31-08-17, Mid caps - In India, companies listed on the stock exchanges between 101st - 250th in terms of full market capitalization are called Mid Cap companies (Mid Cap stocks). The above information are for illustrative purpose only and it should not be considered as investment research, investment recommendation or advice to any reader of this content to buy or sell investments. The Fund may or may not have any future position in these stocks.

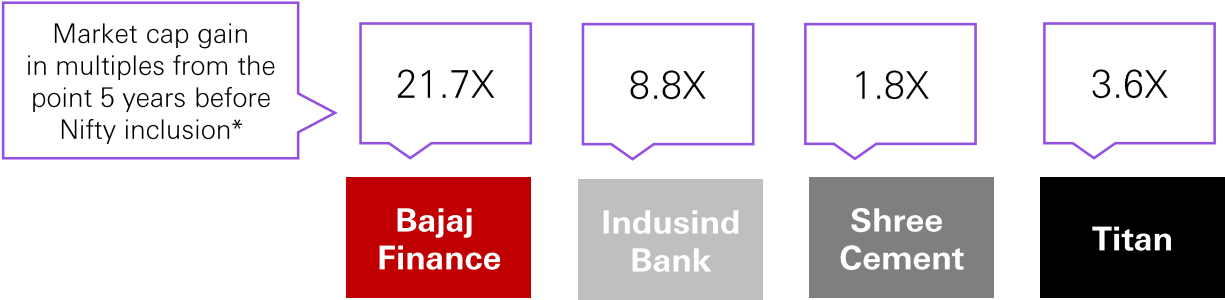
Tracking stocks progression to Nifty50

Nifty’s constituents changed over the last two decades

Journey of Nifty50 entrants (In average market cap (Rs. Cr)



- Historically, Nifty’s constituents change by 50% every decade
- Mid caps can progress to large caps and replace current Nifty constituents
- Mid caps: Best options to gain exposure to rapidly growing businesses
- In last 10 years, some Mid cap stocks entered Nifty50
- 5 years prior to their inclusion, stocks were smaller in size and much less discussed!



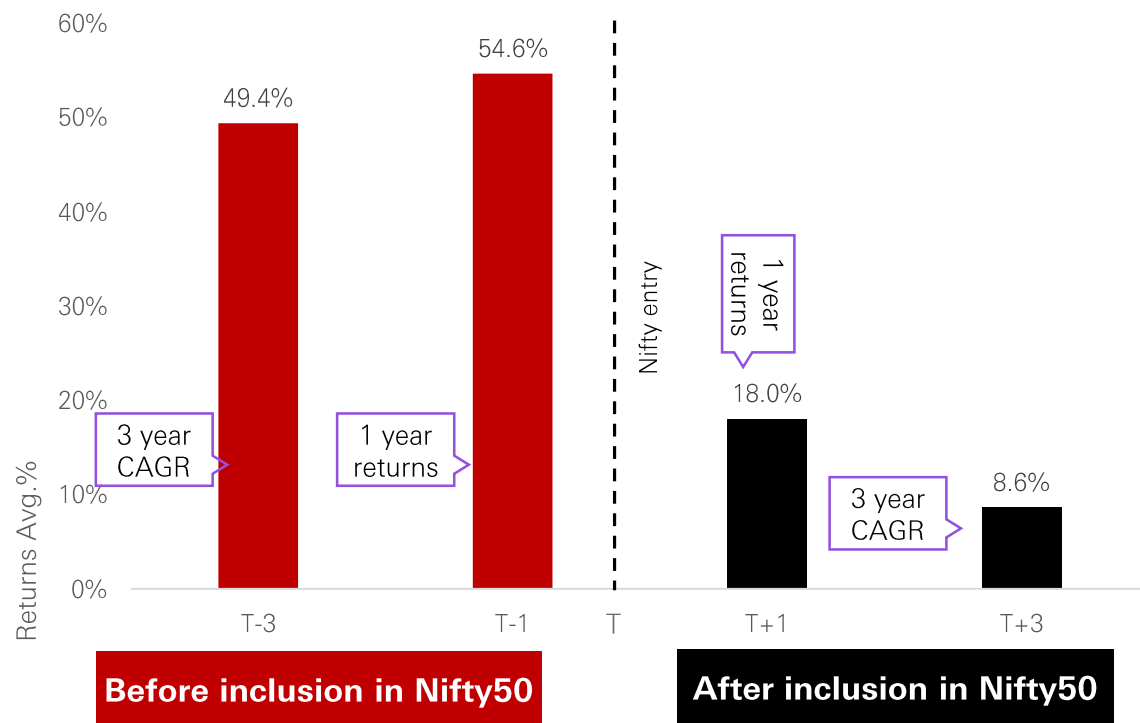
Mid caps have potential to become the large caps of tomorrow

Source: AMBIT Capital Research, Data as at July 2021, Chart: Data used here belong to stocks entered into Nifty50 since Sep 1996, The chart has given an aggregate average market cap journey of all stocks for 5 years before the inclusion in Nifty50 index. Based on market cap data from the point of 5 years before entering Nifty50 to the date of Nifty50 entry. t-0 represents the year in which the stock has been included in Nifty50. t-1 is 1 year before the inclusion in Nifty50. Similarly going down to t-5 indicates the market cap of stocks 5 years before the inclusion in Nifty50. * Market cap gain in multiples: Past performance may or may not sustain and doesn’t guarantee the future performance. The above information are for illustrative purpose only and it should not be considered as investment research, investment recommendation or advice to any reader of this content to buy or sell investments. The Fund may or may not have any future position in these stocks.

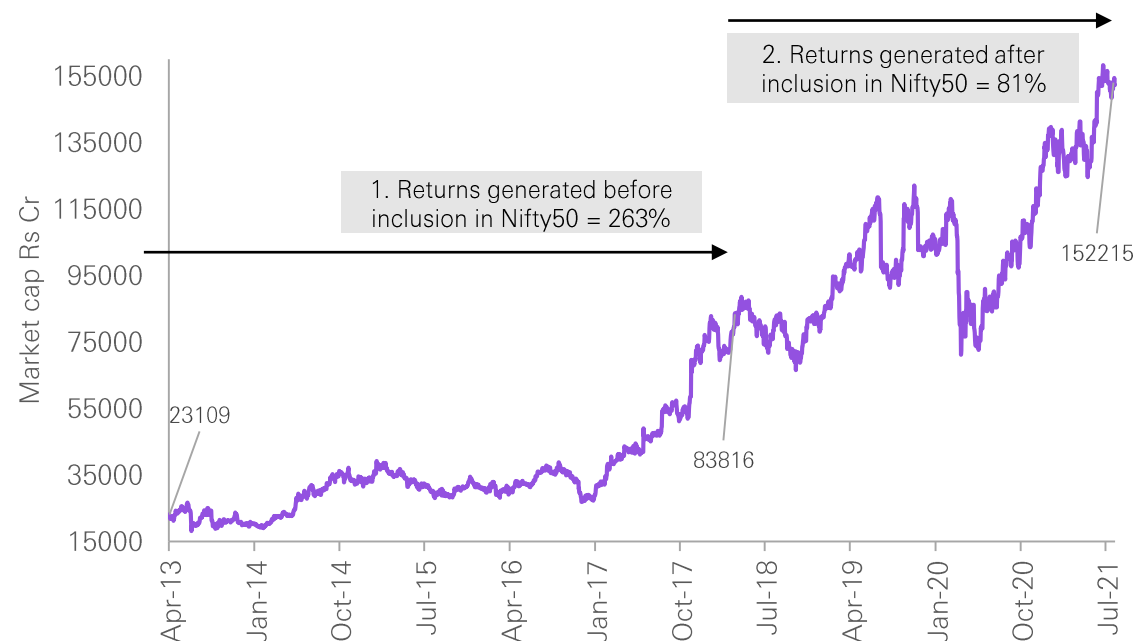
Transition phase provides real opportunity

Mid cap stocks should be tapped at an early stage of their life-cycle

Price Performance (Avg.) of Nifty Entrants



Titan: Before and After



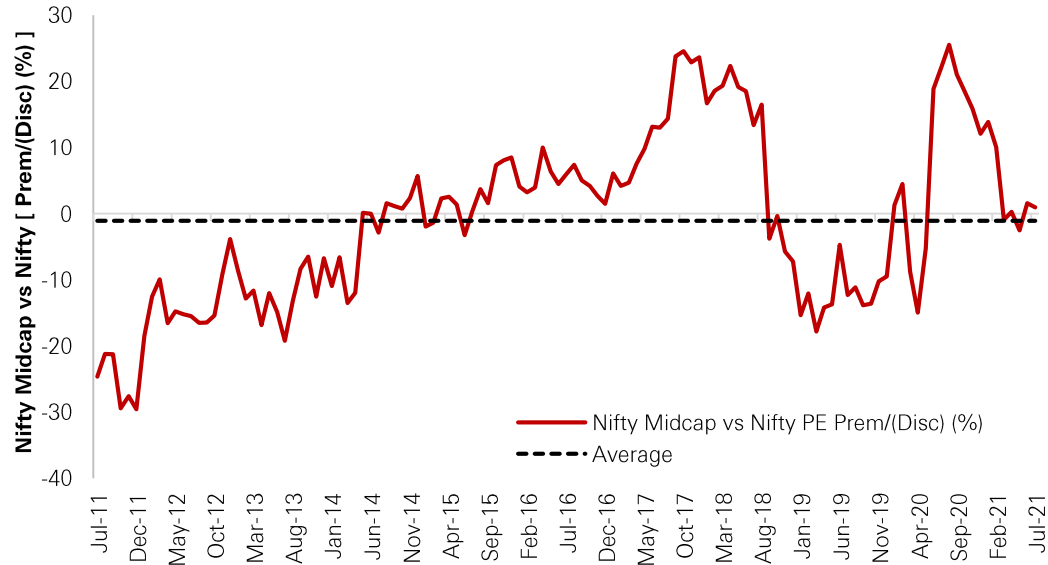
Invest in the early signs: The value of investing in these stocks is before they enter the index and not after!

Source: Bloomberg, Data as at July 2021, For Price performance (Aggregate average returns) of all Nifty50 entrants data from 1 Jan 2001. T is the date of inclusion in Nifty50, T - 1 (1 year prior to inclusion), T - 3 (3 year prior to inclusion), T + 1 (1 year after inclusion), T + 3 (3 years after inclusion). CAGR returns for 3 year period. Some of the recently entered Nifty50 stocks have not completed 3 years period but their 1 year performance is included, The above information is for illustrative purpose only and it should not be considered as investment research, investment recommendation or advice to any reader of this content to buy or sell investments. Past performance may or may not sustain and doesn't guarantee the future performance. The Fund may or may not have any future position in these stocks.

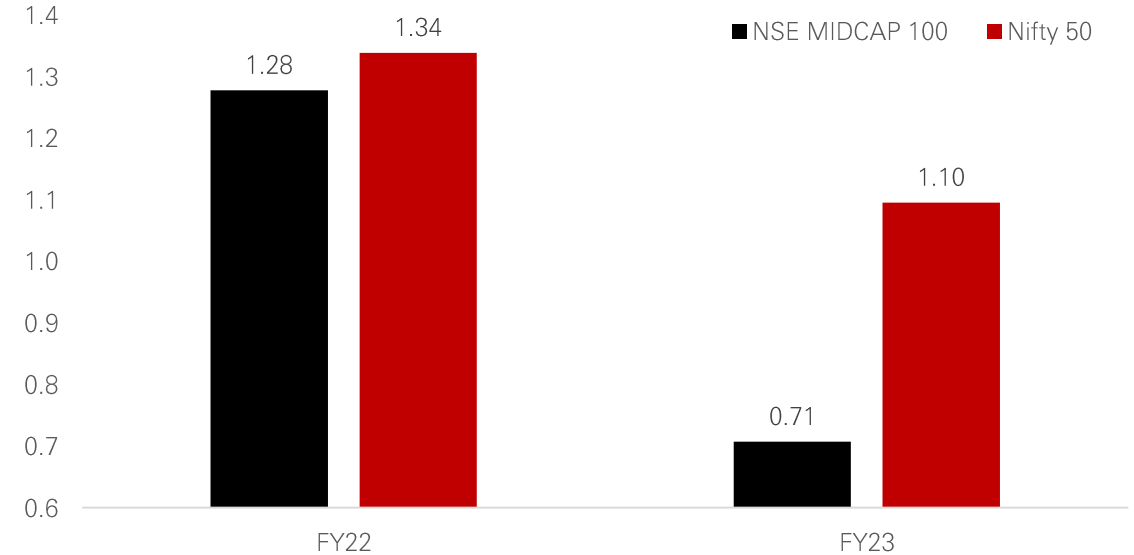
Mid cap valuations reasonable considering higher growth potential

Valuations just above long term averages but relatively reasonable

Valuation premium / discount – Large vs Mid cap



PEG¹ ratio: Mid cap vs Large cap



1. Valuations of midcaps are only marginally higher and not at a premium to large caps
2. Typically, Mid caps enter an underperformance cycle only after crossing higher valuation premium
3. We expect Mid cap companies to grow faster than large caps, so 2 year forward multiples would actually be lesser for midcap companies even today

Valuations above long term averages but relatively reasonable considering favourable environment

An essential diversification – Nifty50 vs Nifty Midcap150

Sector wise allocation – Nifty50 vs NiftyMidcap150 index

	Sector	Allocation %	
		Nifty50	Nifty Midcap 150
1	Financial Services	37.2	21.7
2	IT	17.5	6.4
3	Oil & Gas	11.2	4.2
4	Consumer Goods	10.9	10.8
5	Automobile	4.9	7.1
6	Metals	4.1	2.9
7	Pharma	3.7	6.6
8	Construction	2.8	2.9
9	Cement & Cement products	2.7	2.7
10	Telecom	1.9	1.6
11	Power	1.7	3.3
12	Services	0.7	1.9
13	Fertilisers & Pesticides	0.7	3.0
14	Industrial Manufacturing		9.7
15	Chemicals		6.7
16	Healthcare Services		3.0
17	Consumer Services		3.1
18	Media, Entertainment & Publications		1.5
19	Textiles		1.2

Variation in
Sector
allocation

Additional
sector
opportunities^

Greater
Diversification

Greater
Opportunities

Mid caps offer more diversified universe for investment

Source: Bloomberg, NSE, Data as at July 2021, Nifty 50 and Nifty Midcap 150 index sector allocation

The above data is provided for illustration purpose only.

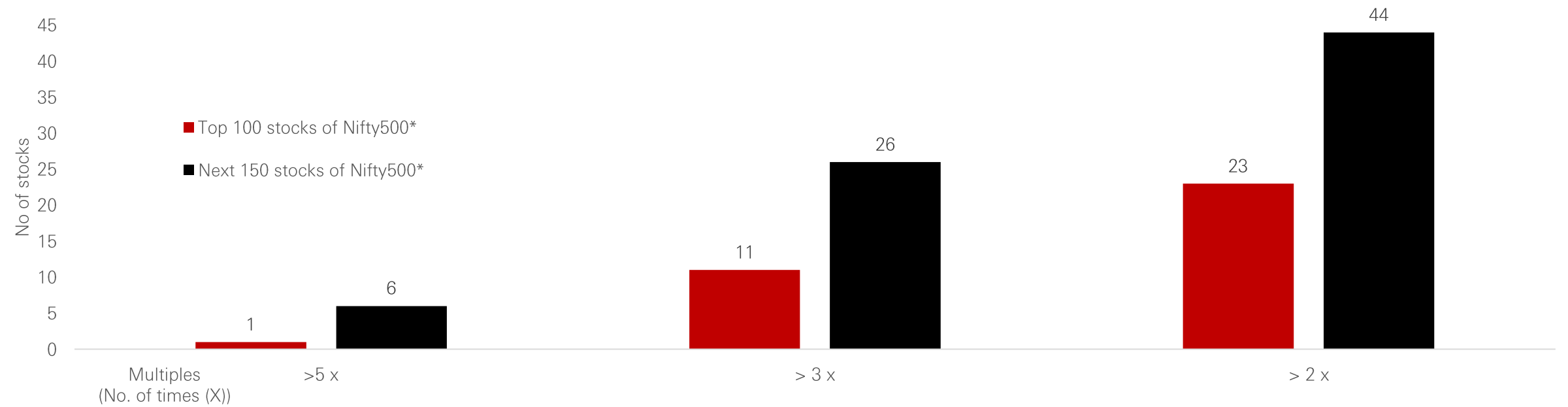
^Subject to stocks meeting the criteria for Mid cap as defined by SEBI i.e. 101st to 250th stock in terms of total market capitalization of the stock and view of the fund manager.

PUBLIC

Multibagger opportunities

Performance of top100 vs Next150 stocks of Nifty500

Performance in multiples over the 5 years period



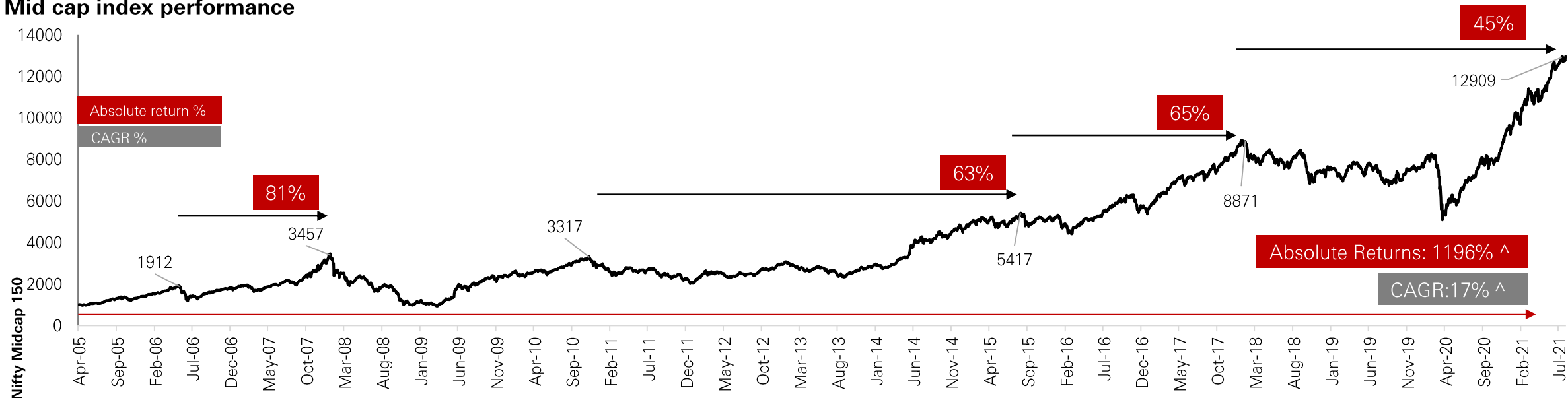
23 out of Top100^ and 44 from Next150^ stocks of Nifty500 have given 2x returns over the past five years

Source: Bloomberg, Data as at July 2021, *^Nifty 500 index data, Top 100 stocks of Nifty 500, Next top 150 stocks of Nifty 500 in terms of market capitalisation. The above data is provided for illustration purpose only. Past performance may or may not sustain and doesn't guarantee the future performance.

Peak to peak journey of Mid caps

One peak to another, Mid cap index still delivered significant performance

Mid cap index performance



Nifty Midcap 150 Index (Equity) - Rolling Returns	3 years	5 years	7 years	10 years	15 years
Average rolling period returns	11%	13%	13%	12%	12%
Positive investment periods	85%	98%	100%	100%	100%

The longer you stay invested, lower is the possibility of negative returns

Source - Bloomberg, Nifty Mid cap index, Data as at 31 July '21, All red boxes have absolute returns%, Grey box has CAGR returns.

Peak to Peak absolute returns are calculated above from select major top of Nifty Mid Cap 150 index point to another top of Nifty Mid Cap Index point for relevant period.

Returns period Peak (1) 10 May 06 to 7 Jan 08, Peak (2) 10 Nov 10 to 6 Aug 15, Peak (3) 6 Aug 15 to 8 Jan 18, Peak (4) 8 Jan 18 to 30 Jul 21

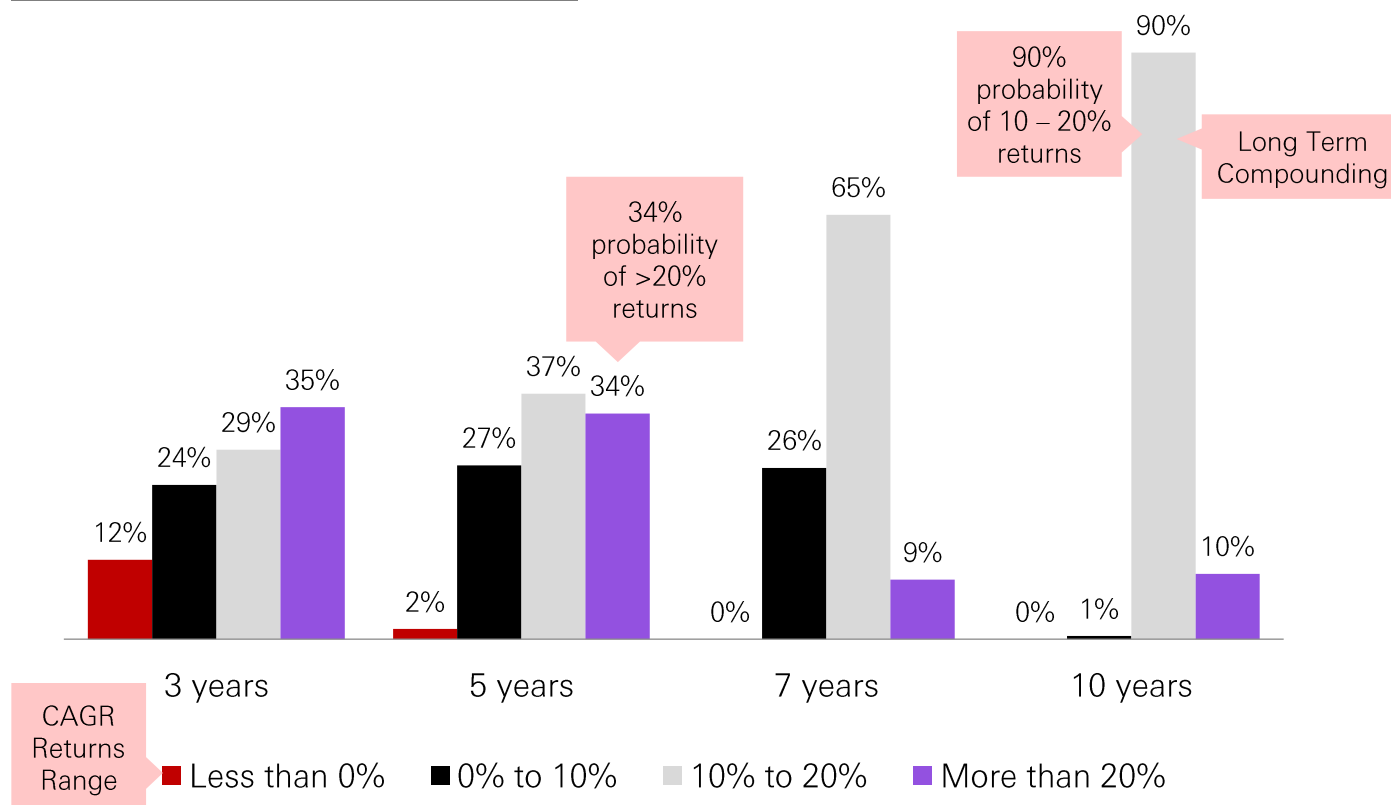
^ returns of Nifty Mid cap index from 1 Apr '05 to 31 July '21

Nifty Midcap Rolling Returns table: Source: BSE, CRISIL Research, Financial Yearwise Data as at July 2021. The above data is provided for illustration purpose only. Past performance may or may not sustain and doesn't guarantee the future performance. Monthly rolling returns for respective holding periods since inception. For instance, in case of 15-year monthly rolling returns, there will be no. of return periods. The first return period will be Apr 2005- Mar 2021 and the last return period will be Aug 2006-2021. Positive investment periods – The investment periods during which returns have been positive..

Mid Caps – A healthy addition for long term compounding

Underlying features of Mid caps make them potential outperformers

Returns distribution of Mid Caps



Mid Cap features



Above average performance



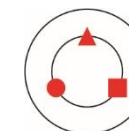
Earnings acceleration



Under-researched



Under- owned



Diversity and alpha

Offers quality investment opportunities with additional emerging themes

Source: NSE, CRISIL, CY data as at December 2020

Mid Cap index represented by Nifty Midcap 150 TRI, Return distribution based on a daily rolling returns of various holding periods. Period considered: CY January 2005 – December 2020

The above data is provided for illustration purpose only. Past performance may or may not sustain and doesn't guarantee the future performance.

PUBLIC

Myth caps to Mid caps

Misconception about Mid caps cleared

Myth 1: Midcaps are of inferior quality

- Midcap - a set of companies with mix of good and not so good companies same as large caps.
- Many of these midcaps are leaders in their segments and are very efficient.
- And by virtue of their excellence, they deliver good returns.
- Many mid caps companies have excellent track records of execution as well as of governance.
- So it's unfair to say that midcaps are of inferior quality.

Myth 2: Crisis hits Midcaps the most

- Most of the category leaders in each category have gained during the COVID period as market consolidated.
- Many of these category leaders are mid cap companies.
- Midcap companies shouldn't be confused with mid size companies. These are large companies in their own right with market cap typically above a certain threshold.
- Many of these companies have actually gained during the COVID event.
- So the argument that crisis hit them the most is incorrect.

Myth 3: Midcaps are over valued

- Valuation for midcaps is not always at a premium to large caps and currently just marginally higher.
- Midcap companies are expected to grow faster in the current expansionary phase.
- As the midcap companies are growing faster, the forward multiples for these companies would still be at a discount to the larger cap adjusting for higher growth.
- Midcaps tend to outperform large caps over the longer term especially in expansionary phase of the economy.

Myth 4: Global liquidity chases large caps

- Midcaps perform very well during periods of high global liquidity.
- A low-interest-rate environment also disproportionately benefits mid cap businesses as their capital costs are higher than large caps.
- These factors, combined with the ongoing better-than-expected recovery across domestic sectors are an attractive combination for the mid-cap segment to do well over the medium term.

Liquidity, low rates and ongoing recovery across sectors an attractive combination for Mid caps

Source: HSBC Asset Management, Data as at July '21

Large Cap: 1st 100 company in terms of full market capitalization. Mid Cap: 101st to 250th company in terms of full market capitalization. Small Cap: 251st company onwards in terms of full market capitalisation.

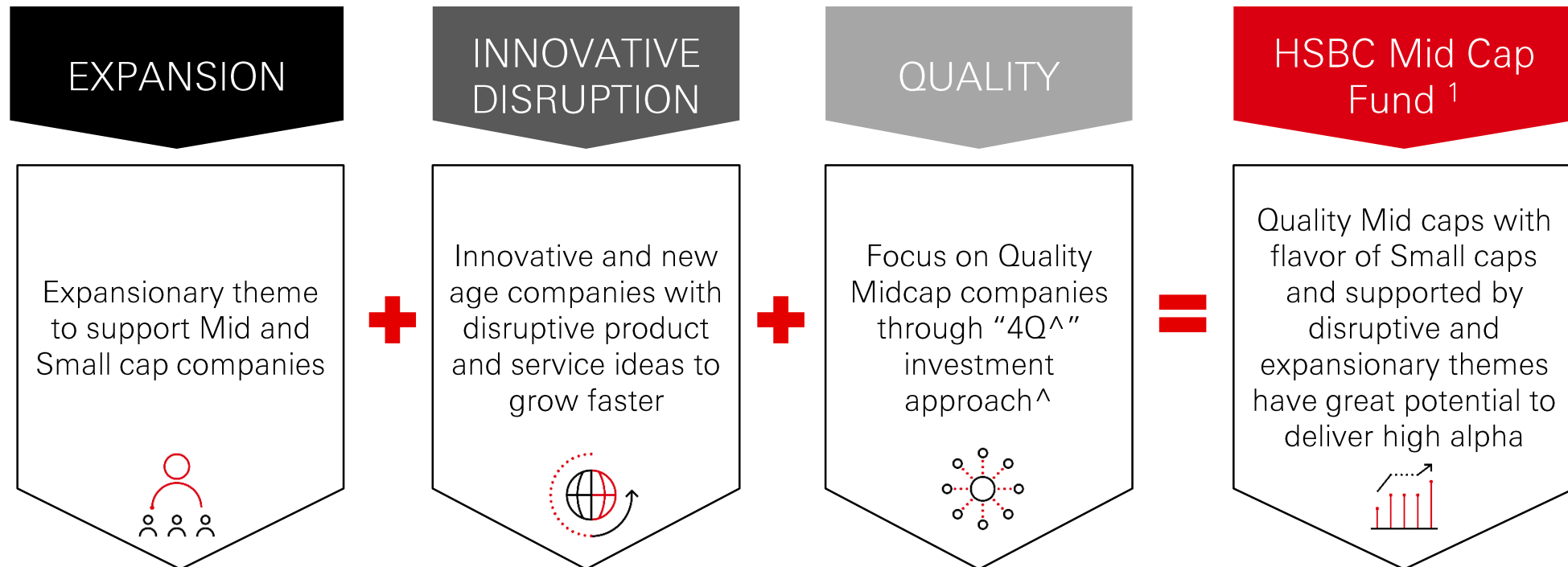
Invest in the early signs

HSBC Mid Cap Fund

Mid Cap Fund – An open ended equity scheme predominantly investing in mid cap stocks

Quality Mid caps with flavor of Small caps^ have great potential to generate alpha

Focus on Quality Mid caps with flavor of Small caps^



Expansion, Disruption & focus on Quality can lead HSBC Mid Cap Fund (HMF) to generate alpha

Source – HSBC Asset Management India, For illustration purpose only., ^4Q approach – refer to slide 19 for details on 4Q approach

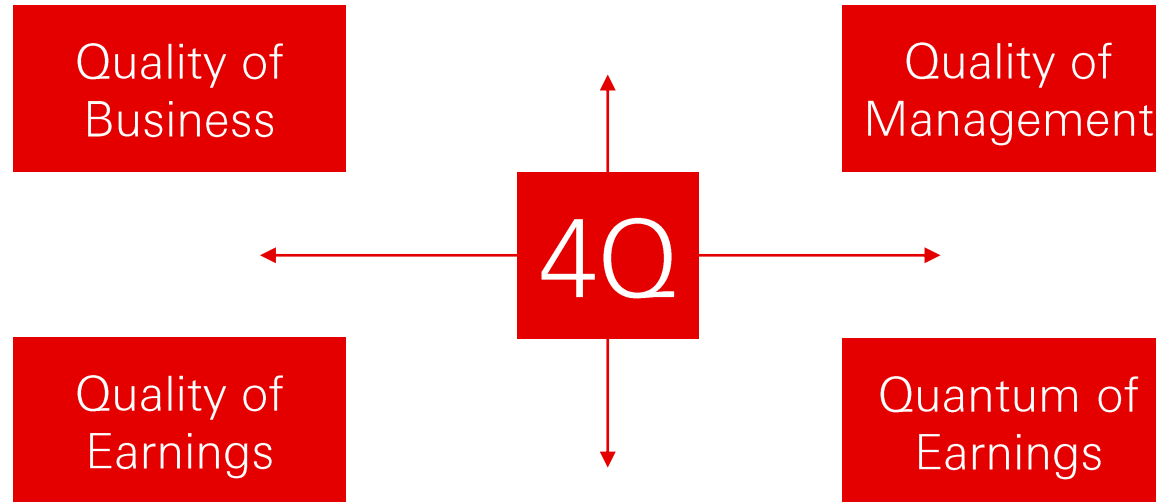
1. Mid Cap Fund – An open ended equity scheme predominantly investing in mid cap stocks

^The scheme has a flexibility to invest anywhere between 65% to 100% in mid cap stocks and upto 35% in debt & money market instruments and stocks other than mid cap stocks i.e. small and large cap stocks. Also the scheme has a provision to invest upto 10% in Units issued by REITs and InvITs. The above view/strategy is as per current view of the investment team and this is subject to change without any notice.

PUBLIC

HMF's Investment approach: Focus on Quality and Quantum

Midcap are good but Midcaps with Quality & Quantum are better



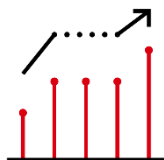
4Q Investment approach

- 1. Quality of Business:** Scalability of business, Competitive Advantage, Market Share, Longevity, Pricing power, Brand strength
- 2. Quality of Management:** Track record, Corporate governance, Promoter background, Capital allocation
- 3. Quality of Earnings:** Consistency in earnings, Capital intensity, Cashflow
- 4. Quantum of Earning:** Strong growth in earnings

4Q to support HMF's investment journey while identifying investment opportunities and avoiding accidents

Mid caps with flavour of Small caps

Quality Mid and Small cap^ opportunities



- ◆ **Potential to outperform** in an economic up-cycle
- ◆ One of the best options to gain exposure to the **rapidly growing industries**
- ◆ Better **earnings acceleration** due to **emerging businesses**

Some examples which may or may not be a part of our portfolio

Mid Caps

- ◆ Dixon Technology – Leading Contract manufacturer of mobile and electronics
- ◆ Vinati Organics – Leading player in chemicals
- ◆ PI Industries – A fast growing **agri-sciences company** with a **unique business model**
- ◆ Dr. Lal Path Labs – Leading service provider of diagnostic and healthcare tests

Small caps

- ◆ JB Chemicals and Pharma – **Leading player from Chemicals and pharma industry**
- ◆ Amber Enterprises - Solution provider for AC, **OEM/ODM Industry**
- ◆ INOX - Leading **entertainment company** in India
- ◆ Kajaria - Leading **Ceramic Industry player**

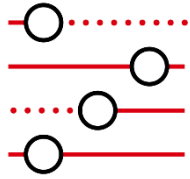
Quality Mid caps with flavour of Small caps may help HMF to generate alpha

Source – Bloomberg, Respective corporate websites, HSBC Asset Management India, Data as at July '21. The above information are for illustrative purpose only and it should not be considered as investment research, investment recommendation or advice to any reader of this content to buy or sell investments. The above themes are as per current view of the investment team and this is subject to change without any notice. Past performance may or may not sustain and doesn't guarantee the future performance. The Fund may or may not have any future position in these stocks.

^The scheme has a flexibility to invest anywhere between 65% to 100% in mid cap stocks and upto 35% in debt & money market instruments and stocks other than mid cap stocks i.e. small and large cap stocks. Also the scheme has a provision to invest upto 10% in Units issued by REITs and InvITs. The Fund may or may not have any future position in these stocks.

HMF - Themes

Innovative Disruption and new age businesses

Theme	Opportunity
<div>Innovative Disruption & New age businesses</div> 	<ul style="list-style-type: none"> ◆ India: ambitious target of a \$1 trillion digital economy by 2025¹ ◆ Opportunities from JAM based digital economy ◆ Digital adoption: significant economic value addition ◆ New age businesses are expected to grow at ~30% to 50% CAGR[^] ◆ HMF will have an opportunity to build fresh portfolio in this new economic upcycle ◆ Recently listed Zomato commands ~Rs.1 tn market cap

Some examples which may or may not be a part of our portfolio

Leading disruptors

- ◆ **Food delivery apps**: Zomato
- ◆ **Innovative mobility services**: Cartrade
- ◆ New age sectors:
 - **Ed-tech start ups**
 - **Renewable Energy**,
 - Advanced Infrastructure,
 - Inventory management, **Delivery solutions**
 - Cloud solutions
 - **Omni channel Retail**

IPOs^^

- ◆ Upcoming new age business IPOs: Paytm, Mobikwik, Policybazaar
- ◆ Other major upcoming IPOs: NSE, Nykaa, Adani Wilmar, Aditya Birla MF
- ◆ Recently listed new age IPOs: Easy Trip, CAMS, Barbeque Nations, Happiest Minds, Route Mobile

Theme: The fund can explore opportunities in Innovative Disruption theme

Source - [^]Paytm DRHP, July 2021, [^]FY21 to FY26, Make in India (GOI), ¹Ministry of Electronics and Information Technology (MeitY), 1. These GOI schemes subject to other conditions, refer MakeinIndia website for more details. Production Linked Incentive Scheme (PLI), Scheme for Promotion of Manufacturing of Electronic Components and Semiconductors (SPecs), Modified Electronics Manufacturing Clusters Scheme (EMC 2.0). The above information are for illustrative purpose only and it should not be considered as investment research, investment recommendation or advice to any reader of this content to buy or sell investments. (JAP-Jandhan, Aadhaar, Mobile). The above themes are as per current view of the investment team and this is subject to change without any notice. Past performance may or may not sustain and doesn't guarantee the future performance. The Fund may or may not have any future position in these stocks. ^^HMF can not invest in unlisted companies.

Make in India and Exports

Make in India
<ul style="list-style-type: none"> ◆ India registered its highest ever FDI Inflow of US \$81 billion in FY21 ◆ India's production of electronics increased: 2014-19 - USD29bn to 70bn ◆ GOI incentives for manufacturing: PLI, SPECS and EMC to improve profitability <ul style="list-style-type: none"> ▪ PLI: 4% to 6% incentive on sales of goods manufactured in India¹ ▪ SPECS: financial incentives of 25% on capital expenditure¹ ▪ EMC: Financial assistance of 50% of the project cost for EMC projects¹
Some examples which may or may not be a part of our portfolio
<p>Make in India: Examples</p> <p>Fresh opportunities across sectors:</p> <ul style="list-style-type: none"> ▪ Electronics, Chemicals, Defence, IT, Auto, Food processing, Electricals, Renewable energy, etc. ◆ Dixon Technologies (contract manufacturing) ◆ Amber Enterprises (contract manufacturing)

Exports
<ul style="list-style-type: none"> ◆ Exports improvement due to a sharp rise in demand for goods and services as global markets rebound ◆ Exports likely to rise further as global trade activity gains momentum and incentives from the government ◆ The government is working towards achieving another all-time high of \$400 billion merchandise exports target by the end of the current fiscal year*
Some examples which may or may not be a part of our portfolio
<p>Exports: Examples</p> <ul style="list-style-type: none"> ◆ Gaining prominence in the fields such as <ul style="list-style-type: none"> ◆ Pharma API ◆ Specialty chemicals ◆ Textile ◆ Aqua culture ◆ IT industry accounted for 8% of India's GDP in 2020

HMF expected to benefit from construction of fresh portfolio at the beginning of the expansion cycle

Source – Bloomberg, Morgan Stanley, OEC World, Respective corporate websites, HSBC Asset Management India, ^ Data as at December 2019 * Ministry of Commerce & Industry, PIB.gov.in. For illustration purpose only., Data as at July '21. The above information are for illustrative purpose only and it should not be considered as investment research, investment recommendation or advice to any reader of this content to buy or sell investments. The above themes are as per current view of the investment team and this is subject to change without any notice. Past performance may or may not sustain and doesn't guarantee the future performance. The Fund may or may not have any future position in these stocks.

HSBC Asset Management: Few Mid cap picks in our portfolio

Some Mid cap stocks performance

Dixon Technology



Market Cap = Rs. 2840Cr

Market Cap = Rs. 25212 Cr

Price = 522

Price = 4305

Price return multiples = ~ 8 X

Vinati Organics



Market Cap = Rs. 2165 Cr

Market Cap = Rs. 20344 Cr

Price = 210

Price = 1979

Price return multiples = ~ 9 X

The above information represents some of the investments made by various schemes of HSBC Mutual Fund in mid cap stocks in the past and is provided for illustrative purpose only for explaining the concepts stated in this presentation and it should not be considered as investment research, investment recommendation or advice to any reader of this content to buy or sell investments. Please note that all the investment decisions made by the AMC may not always be profitable and hence the above stated past performance of stocks doesn't guarantee or indicate the future performance of the HMF or any other schemes of HSBC Mutual Fund. The Fund may or may not have any future position in these stocks.

Some Mid cap stocks that have performed well

HSBC Mid Cap Fund

Mid Cap Fund – An open ended equity scheme predominantly investing in mid cap stocks

Investment Objective

- ◆ To seek to generate long-term capital growth from an actively managed portfolio of equity and equity related securities of predominantly mid cap companies. However, there can be no assurance or guarantee that the investment objective of the scheme would be achieved.

Benchmark

- ◆ NIFTY Midcap 150 Index TRI

Where will the scheme invest?¹

- ◆ The corpus of the Scheme will be invested in equity, equity related and various fixed income securities.
- ◆ The Scheme will have flexibility to invest across large, mid and small cap companies but will be invested predominantly (at least 65%) in mid cap companies. ²
- ◆ Bottom up approach: A bottom up approach to invest in equity and equity related instruments supported by top down view

Fund Manager

- ◆ Ankur Arora
- ◆ Over 16 years of experience in Research and Fund Management

Source – HSBC Asset Management India,

1. Refer Scheme Information Document for complete investment universe and asset allocation of HSBC Mid Cap Fund
2. The scheme has a flexibility to invest anywhere between 65% to 100% in mid cap stocks and upto 35% in debt & money market instruments and stocks other than mid cap stocks i.e. small and large cap stocks. Also the scheme has a provision to invest upto 10% in Units issued by REITs and InvITs.

HSBC Mid Cap Fund¹

Mid Cap Fund – An open ended equity scheme predominantly investing in mid cap stocks

- **Minimum Application Amount (Lump sum):** Rs.5000 | Rs.1 (multiples)
- **Minimum Additional investment:** Rs.1000 | Rs.1 (multiples)
- **Minimum Application Amount (SIP):** Rs.500 per month (12 installments)
- **Entry Load:** Not applicable²
- **Exit Load³:** NIL, if units are redeemed/switched-out after 1 year from allotment, 1% if Any redemption / switch-out of units within 1 year from allotment.

Scheme Name

HSBC Mid Cap Fund

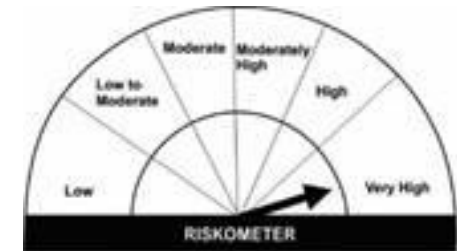
(Mid Cap Fund – An open ended equity scheme predominantly investing in mid cap stocks)

This product is suitable for investors who are seeking*:

- Long term wealth creation
- Investment predominantly in equity and equity related securities of mid cap companies

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

Riskometer



Product labelling assigned during the NFO is based on internal assessment of the scheme characteristics or model portfolio and the same may vary post NFO when the actual investments are made.

For complete details on asset allocation of the scheme, please refer to the Scheme Information Document of HSBC Mid Cap Fund.

1. Mid Cap Fund – An open ended equity scheme predominantly investing in mid cap stocks
2. In terms of SEBI circular no. SEBI/IMD/CIR No.4/ 168230/09 dated June 30, 2009, no entry load will be charged to the investor effective August 1, 2009. No exit load (if any) will be charged for units allotted under reinvestment of IDCW option.
3. The exit loads set forth above is subject to change at the discretion of the AMC and such changes shall be implemented prospectively.

Annexure

“Innovative Disruption” opportunities

Growth driver: Mid caps to lead the new age emerging opportunities

“Innovative Disruption” opportunities		
		
Fintech	Entertainment	Mobile services
		
Online retail	Agritech	Recruitment

Emerging opportunities			
Market opportunity	FY2021 (US\$ bn)	FY2026 (US\$ bn)	CAGR %
E-grocery	3.7	22-27	43-49%
Online Food Delivery	2.7-3	13-14	36%
Online Gaming	2.8	12-13	34% - 36%
E-tail	41	140-160	28% - 31%
India Advertising ³	9.3	20-25	20%
Travel Ticketing ¹	36	60	~9%
Film Ticketing ^{1 2}	2.6	3.5	5%

- New age companies and overall digitisation drive across sectors to lead ‘Innovative Disruption’ theme
- India is digitising activities at faster pace than matured and other emerging economies
- India has the second highest number of Internet users (778 mn) globally with substantial room for growth
- Online payment transactions in India for the year 2020 have reached 48bn

“Innovative Disruption” theme to flourish over the next decade

Once upon a time, we were Mid caps

Journey of few Mid caps to Large caps

Shree Cement



Market Cap = Rs. 1,722 Cr

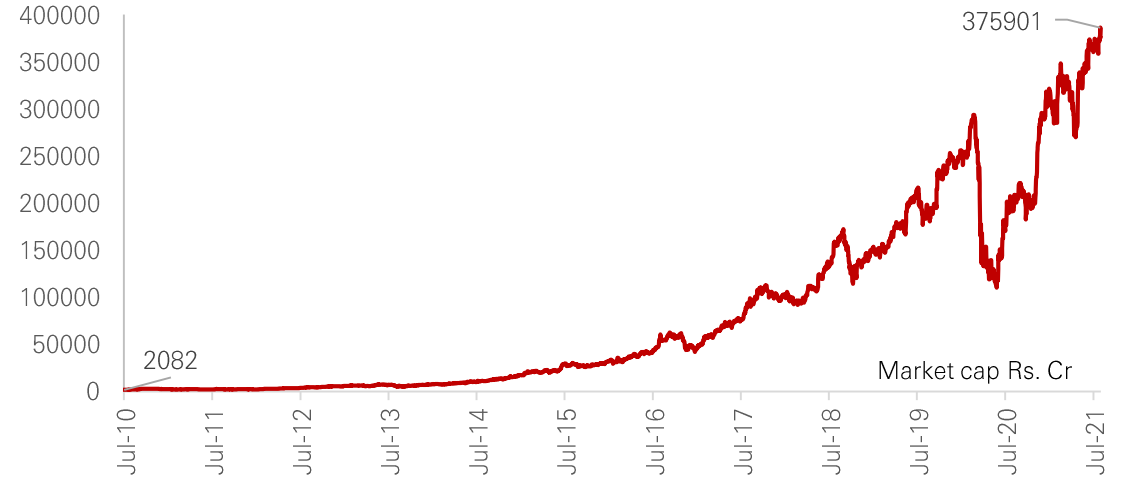
Market Cap = Rs. 101,985 Cr

Price[^] = 495

Price = 28,266

Price return multiples = ~ 57 X

Bajaj Finance



Market Cap = Rs. 2082 Cr

Market Cap = Rs. 386,282 Cr

Price^{^^} = 55

Price = 6228

Price return multiples = ~ 113 X

These companies have set the benchmark

Source: Bloomberg, Data as at July 2021, Largecaps = Top 100 companies of Nifty500, Midcaps = Next 150 companies of Nifty500, Smallcaps = Last 250 companies of Nifty500 in terms of Market capitalisation

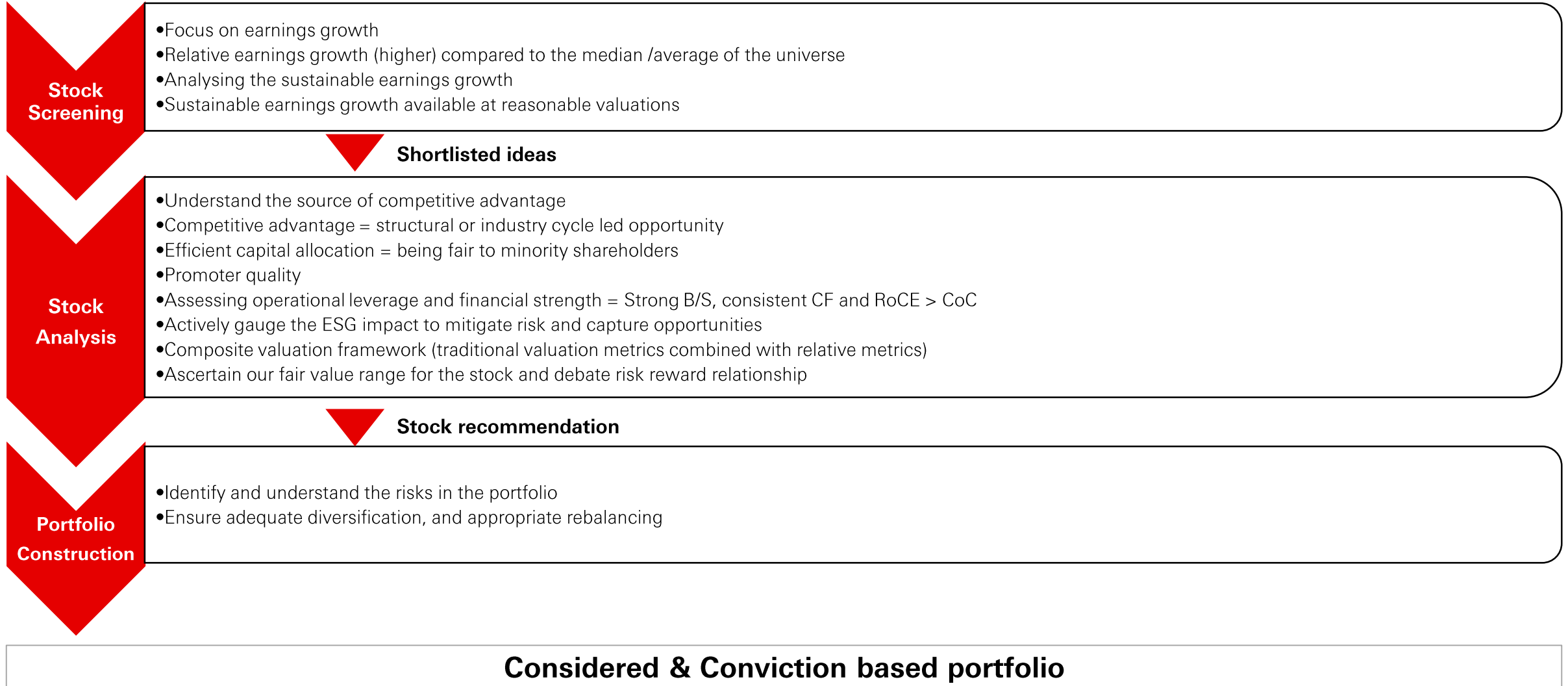
Past performance may or may not sustain and doesn't guarantee the future performance. ^ Price 1 Jan '09 to 31 July '21 ^^ Price 31 July '10 to 31 July '21

The above information are for illustrative purpose only and it should not be considered as investment research, investment recommendation or advice to any reader of this content to buy or sell investments. The Fund may or may not have any future position in these stocks.

Investment process

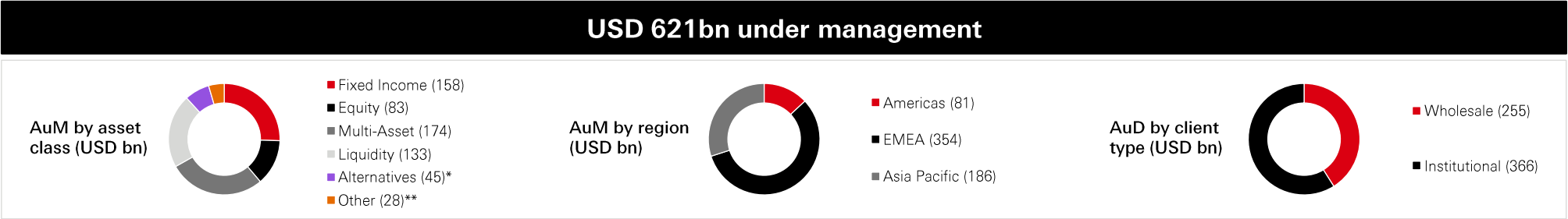
29

Stock screening to Portfolio construction



HSBC Asset Management capabilities: A global network of local experts

Investment professionals working across key locations



● HSBC Asset Management offices - Countries and territories where our investment teams sit are in bold

1. Asia-Pacific includes employees and assets of Hang Seng Bank, in which HSBC has a majority holding.

2. HSBC Jintrust Fund Management company is a joint venture between HSBC Asset Management and Shanxi Trust Corporation Limited.

*Alternatives assets include USD 3bn from committed capital (“dry powder”), however it excludes advisory and oversight assets.

**Other is the assets of Hang Seng Bank, in which HSBC has a majority holding, and of HSBC Jintrust Fund Management, a joint venture between HSBC Asset Management and Shanxi Trust Corporation Limited.

Source: HSBC Asset Management as at 31 March 2021. Assets under management are presented on a distributed (AuD) basis. Any differences are due to rounding.

Summary views



Macro Outlook

- ◆ We are entering the **expansion phase of the economic cycle** with China and the US leading the way. Other DMs and EMs are set to follow later this year and into 2022
- ◆ Among DMs, **supportive fiscal policy has boosted US growth**. However, with **Europe's vaccine rollout now back on track**, it should perform well in the coming quarters
- ◆ **Credit tightening in China suggests more moderate growth ahead** with spillovers to North Asia. However, **some other Asian EMs could see stronger growth**, provided Covid is brought under control and vaccines are rolled out
- ◆ Near-term volatility aside, **inflation is likely to remain contained over the medium term**, but upside risks are more apparent in the US and some EMs



Investment Views

- ◆ **Relative valuations continue to favour equities**
- ◆ Downgrade in GDP estimates pertaining to the Q1, **trajectory of growth should pick up now**
- ◆ At an overall level, **market valuations trending above historical averages**
- ◆ The **earnings momentum continues to remain strong** and should hold up going forward
- ◆ **Mid caps tend to grow faster** in the expansionary theme which is current trend
- ◆ Focus on **dominant businesses that are scalable and available at reasonable valuations**



Policy Outlook

- ◆ Global central banks remain committed to supporting the recovery – we see **little if any tapering of asset purchases this year** and **lower-for-even longer interest rates**
- ◆ Focus of RBI policy has been reiterating growth support via channelizing credit to the needy sectors while at the same time safe guarding the rates by means of another GSAP
- ◆ Balancing the upside and downside risks, **inflation estimates have been marginally revised upwards with risks broadly balanced**
- ◆ RBI to continue maintain its current course of measures, **reiterating its commitment for growth**.



Key Risks

Cyclical overheating

A rapid economic recovery and inflation scare (mainly in the US) trigger a bond market tantrum, hitting risk asset performance

Pandemic developments

The pandemic drags on amid the impact of variants and slow vaccine rollout in some parts of the world

Policy tightening

Vaccine complacency or stimulus fatigue could mean premature policy withdrawal.

Past performance is not a reliable indicator of future performance.

Source: HSBC Asset Management, July 2021. Any views expressed were held at the time of preparation and are subject to change without notice. While any forecast, projection or target where provided is indicative only and not guaranteed in any way. HSBC Asset Management (accepts no liability for any failure to meet such forecast, projection or target.



Tushar Pradhan

Chief Investment Officer

Tushar has over 25 years of experience in various roles through his career. He is an MBA in Investment Finance, having graduated from the University of Hartford, Connecticut, USA in 1992. Prior to joining HSBC Global Asset Management, India in June 2009, Tushar has also worked in international positions in the United States for a couple of years before returning to India. In India he has worked with HDFC Asset Management and more recently with AIG Global Asset Management in senior asset management roles.



Neelotpal Sahai

Head of Equities &
Fund Manager

Neelotpal Sahai is currently Head of Equities and Fund Manager since September 2017. He has been a Senior Vice President and Portfolio Manager in the Onshore India Equity team in Mumbai since 2013, when he joined HSBC. Neelotpal is responsible for managing three HSBC Mutual Fund equity funds. Neelotpal has been working in the industry since 1991. Previously, Neelotpal was Director at IDFC Asset Management Company Ltd in Mumbai, responsible for equity fund management, and held a variety of positions at Motilal Oswal Securities Ltd. in Mumbai, Infosys Technologies in Mumbai, Vickers Ballas Securities Ltd. in Mumbai, SBC Warburg in Mumbai, UTI Securities Ltd. in Mumbai and HCL HP Ltd. in Mumbai. Neelotpal holds a Bachelor's degree in Engineering from IIT BHU – Varanasi and a Post-Graduate Diploma in Business Management from IIM Kolkata, both in India.



Ankur Arora

SVP and Fund Manager

Ankur Arora is a Senior Vice President and Fund Manager – Equities in the onshore India Equity Team. Ankur brings with him more than 16 years of experience spread across fund management, research and strategy. Prior to joining HSBC, Ankur has worked with Aegon Life Insurance, Arvind Ltd, IDFC Asset management, ING Investment Management, Macquarie Securities, Evalueserve and UTI Asset Management in various capacities. A management graduate from of Indian Institute of Management, Lucknow, Ankur also holds a CFA from CFA Institute and a B. Com from Guru Nanak Dev University. Amritsar.

HSBC Asset Management India

The above information are for illustrative purpose only and it should not be considered as investment research, investment recommendation or advice to any reader of this content to buy or sell investments. Various index and their constituents and other stocks discussed in this document are for illustrative purpose only for explaining the concepts stated in this presentation and it should not be considered as investment research, investment recommendation or advice to any reader of this content to buy or sell investments. From the asset allocation perspectives, the Scheme shall invest minimum 65% of AUM in those mid cap stocks which meets the criteria of Mid Cap Stocks as defined by SEBI i.e. 101st to 250th stock in terms of total market capitalization of the stock.

This document has been prepared by HSBC Asset Management (India) Private Limited (AMIN) for information purposes only with an intent to provide market overview and should not be construed as an offer or solicitation of an offer for purchase of any of the funds of HSBC Mutual Fund. All information contained in this document (including that sourced from third parties), is obtained from sources, which AMIN/ third party, believes to be reliable but which it has not been independently verified by AMIN/ the third party. Further, AMIN/ the third party makes no guarantee, representation or warranty and accepts no responsibility or liability as to the accuracy or completeness of such information. The information and opinions contained within the document are based upon publicly available information and rates of taxation applicable at the time of publication, which are subject to change from time to time. Expressions of opinion are those of AMIN only and are subject to change without any prior intimation or notice. It does not have regard to specific investment objectives, financial situation and the particular needs of any specific person who may receive this document. Investors should seek financial advice regarding the appropriateness of investing in any securities or investment strategies that may have been discussed or recommended in this report and should understand that the views regarding future prospects may or may not be realized. Neither this document nor the units of HSBC Mutual Fund have been registered in any jurisdiction. The distribution of this document in certain jurisdictions may be restricted or totally prohibited and accordingly, persons who come into possession of this document are required to inform themselves about, and to observe, any such restrictions. .

This document is intended only for those who access it from within India and approved for distribution in Indian jurisdiction only. Distribution of this document to anyone (including investors, prospective investors or distributors) who are located outside India or foreign nationals residing in India, is strictly prohibited. Neither this document nor the units of HSBC Mutual Fund have been registered under Securities law/Regulations in any foreign jurisdiction. The distribution of this document in certain jurisdictions may be unlawful or restricted or totally prohibited and accordingly, persons who come into possession of this document are required to inform themselves about, and to observe, any such restrictions. If any person chooses to access this document from a jurisdiction other than India, then such person do so at his/her own risk and HSBC and its group companies will not be liable for any breach of local law or regulation that such person commits as a result of doing so.

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

© Copyright. HSBC Asset Management (India) Private Limited 2021, ALL RIGHTS RESERVED.

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