



May 2019

If 300 tons can take off, so can your ambitions.
Power meets great potential.

HSBC Large and Mid Cap Equity Fund

(Large and Mid Cap Fund – An open-ended equity scheme investing in both large cap and mid cap stocks)

Recent improved earnings, reasonable valuations, low inflation and interest rate trend are showing encouraging signs for equity investments. Investments in equities have delivered ~16% CAGR over a 40-years investment period.*Large Caps offer lower probability of delivering negative returns^ within equities and thus can reduce volatility while Mid Caps offer probability of delivering high growth^^. Optimal mix of Large Caps and Mid Caps can deliver higher growth with lesser volatility^^^.

Power of Large Caps

Volatility of equities can be kept under check with stability of Large Caps



Potential of Mid Caps

Mid Caps can provide necessary high growth potential



Power meets great potential

Right mix of Large Caps and Mid Caps can deliver higher growth with lesser volatility

Why invest in HSBC Large and Mid Cap Equity Fund (HLMEF)?



Power of consistency and stability

HLMEF offers relatively lower volatility and performance consistency with optimal allocation to Large Caps



Potential of high growth

Optimal exposure to Mid Caps offers potential of accelerated growth and increases the possibility of alpha generation



Power meets great potential

Power of consistent Large Caps and potential of growing Mid Caps can be a winning combination



Benefit from discipline

Mandate of minimum 35% allocation each in Large Caps and Mid Caps helps generate better risk adjusted returns

Investment approach of HSBC Large and Mid Cap Equity Fund (HLMEF)

Investment style



HSBC Large and Mid Cap Equity Fund aims to offer a potential quality mix of Large Caps and Mid Caps (35% to 65% each) with a provision to invest 0% to 30% in other than Large Cap and Mid Cap companies. The fund has a provision to invest across value, growth and market capitalisations

Optimal market cap allocation



HLMEF's optimal allocation to two market cap classes, Large and Mid Caps can strike the right balance between Consistency and Growth

Blended strategy



A blend of top down and bottom up approaches will be used to invest in equities with the help of our proprietary "PBROE" stock selection and management model



Aims to build an actively managed diversified portfolio of Large and Mid Cap stocks having great potential using PBROE# valuation framework

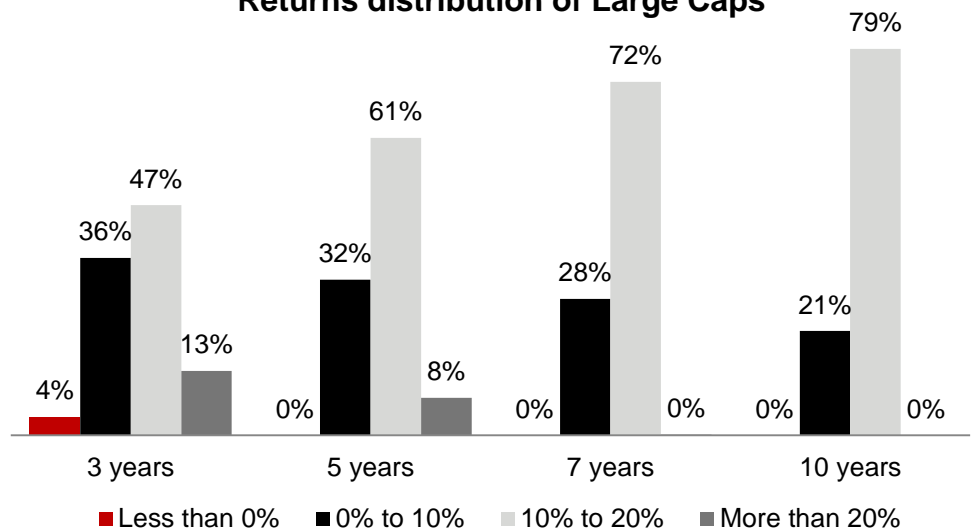
Why Large Caps? Consistency is the key

Returns distribution of Large Caps^

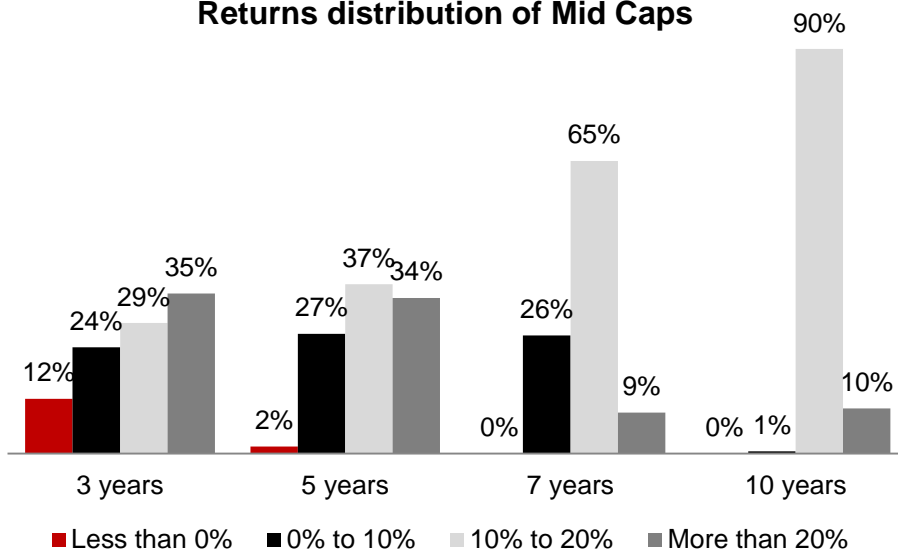
Features

- ▶ Lower volatility
- ▶ Stable earnings growth
- ▶ Well-researched
- ▶ Well-owned
- ▶ Reasonable valuations

Returns distribution of Large Caps



Returns distribution of Mid Caps



Why Mid Caps? Long term Growth

Returns distribution of Mid Caps^^

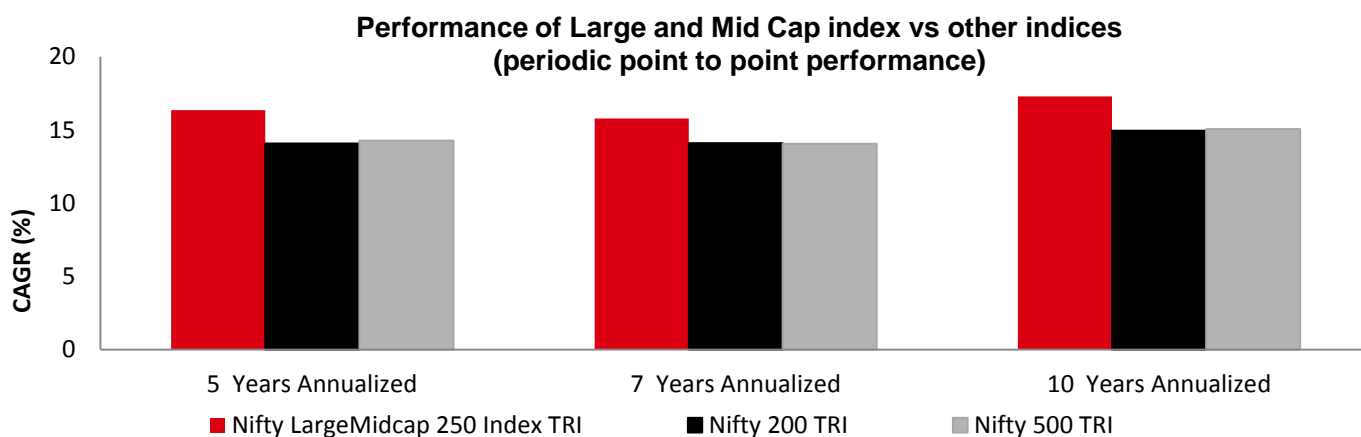
Features

- ▶ Above average performance
- ▶ Earnings acceleration
- ▶ Under-researched
- ▶ Under-owned
- ▶ Diversity and alpha

For illustration purpose only. Source: NSE, CRISIL^ Large Cap index is represented by Nifty 100 TRI, ^^Mid Cap index represented by Nifty Midcap 150 TRI Return distribution based on rolling returns of various holding periods. Period considered: April 2005 – Mar 2019 (as at Mar 2019 - financial years). Note - The fund has provision to invest 35% to 65% in to Large Cap and Mid Cap equities and 0% to 30% into other than Large Cap and Mid Cap equities. The fund can invest 0% - 20% in Debt and Money Market instruments including Cash and Cash equivalents. Past performance may or may not sustain and doesn't guarantee the future performance. # PBROE: PB – Price to book (Valuations) vs RoE - profitability

Large and Mid Cap index vs broader indices[§]

A minimum allocation of 35% to Mid Caps can translate into above average performance. The below chart shows the performance of Nifty LargeMidcap 250 TRI Index over other indices - Nifty 500 TRI and Nifty 200 TRI

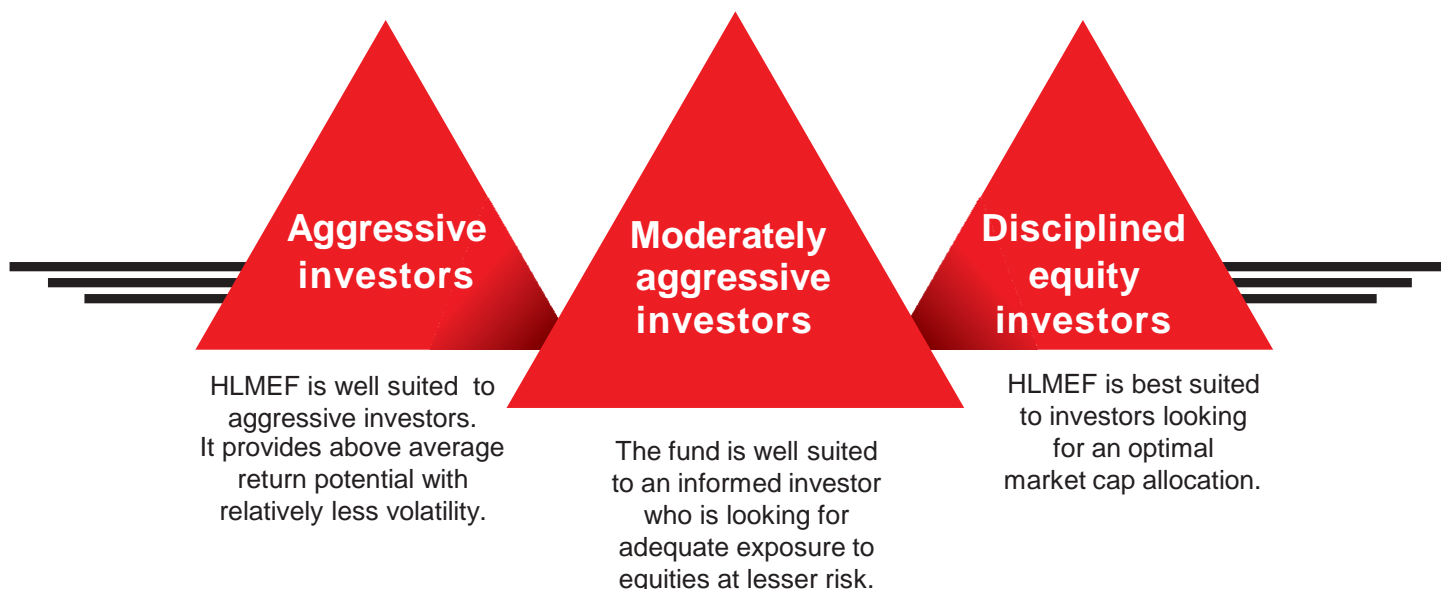


Current potential opportunities

Large Caps	Mid Caps
<ul style="list-style-type: none"> ▶ There is a concentrated performance in Large Cap indices during the year 2018 ▶ Some large caps have corrected very recently and there could be a case for wider participation going forward 	<ul style="list-style-type: none"> ▶ This segment continues to be more bottom up ▶ A sharp correction in Mid Cap names this year is throwing open some investment opportunities that are now available at reasonable valuations

[§] Multi Cap index is represented by Nifty 500 TRI; Large and Mid Cap index is represented by Nifty LargeMidcap 250 Index TRI, Point to point CAGR as at April 2019. Past performance may or may not sustain and doesn't guarantee the future performance

Who should invest in HSBC Large and Mid Cap Equity Fund (HLMEF)?



Issuer	Market Value (₹ in Lacs)	% to Net Assets	Rating
Auto Ancillaries			
Apollo Tyres	1,339.33	2.14%	
Exide Industries	1,284.90	2.05%	
Balkrishna Industries	1,147.51	1.83%	
Banks			
HDFC Bank	4,634.90	7.40%	
ICICI Bank	3,056.25	4.88%	
RBL Bank	2,375.98	3.79%	
Axis Bank	2,300.55	3.67%	
City Union Bank	1,825.20	2.91%	
Cement			
ACC	1,632.05	2.60%	
Chemicals			
Aarti Industries	811.33	1.29%	
Construction			
Prestige Estates Project	1,306.25	2.08%	
Construction Project			
Larsen & Toubro	2,022.83	3.23%	
Consumer Durables			
Voltas	1,506.75	2.40%	
Crompton Greaves Consumer Electrical	1,425.90	2.28%	
Consumer Non Durables			
ITC	2,260.13	3.61%	
Asian Paints	1,463.15	2.34%	
Ferrous Metals			
Jindal Steel & Power	890.50	1.42%	
Finance			
SBI Life Insurance Co	1,599.63	2.55%	
LIC Housing Finance	1,490.25	2.38%	
Gruh Finance	1,271.20	2.03%	
Healthcare Services			
Apollo Hospitals Enterprises	1,216.50	1.94%	
Hotels, Resorts And Other Recreational			
Indian Hotels Co.	1,389.15	2.22%	
Industrial Capital Goods			
Bharat Electronics	1,220.10	1.95%	
Industrial Products			
Supreme Industries	1,428.69	2.28%	
Polycab India	958.88	1.53%	
Media & Entertainment			
Sun TV Network	1,435.63	2.29%	
Petroleum Products			
Reliance Industries	3,482.00	5.56%	
Pharmaceuticals			
Torrent Pharmaceuticals	1,343.93	2.14%	
Lupin	1,308.08	2.09%	
Sun Pharmaceutical Industries	1,144.13	1.83%	
Power			
NTPC	1,005.38	1.60%	
Software			
HCL Technologies	1,775.03	2.83%	
Infosys	1,502.70	2.40%	
Money Market Instruments			
Certificate of Deposit			
Andhra Bank	4,950.51	7.90%	CARE A1+
Cash Equivalents			
TREPS	3,626.47	5.79%	
Net Current Assets	-773.98	-1.23%	
Total Net Assets as on 30-Apr-2019	62,657.72	100.00%	

Asset Allocation	
Auto Ancillaries	6.02%
Banks	22.65%
Cement	2.60%
Chemicals	1.29%
Construction	2.08%
Construction Project	3.23%
Consumer Durables	4.68%
Consumer Non Durables	5.95%
Ferrous Metals	1.42%
Finance	6.96%
Healthcare Services	1.94%
Hotels, Resorts And Other Recreational Activities	2.22%
Industrial Capital Goods	1.95%
Industrial Products	3.81%
Media & Entertainment	2.29%
Petroleum Products	5.56%
Pharmaceuticals	6.06%
Power	1.60%
Software	5.23%
Reverse Repos/TREPS	5.79%
Net Current Assets	-1.23%
Certificate Of Deposit	7.90%
Total Net Assets	100.00%

Investment Objective:

To seek long term capital growth through investments in both large cap and mid cap stocks. However, there is no assurance that the investment objective of the Scheme will be achieved.

Fund Name	HSBC Large and Mid Cap Equity Fund	Type	Large and Mid Cap Fund - An open ended equity scheme investing in both large cap and mid cap stocks
Benchmark	NIFTY LargeMidcap 250 TRI		
Minimum Application Amount	₹ 5,000/- per application and in multiples of ₹ 1/- thereafter	Plans / Options / Sub options	Regular, Direct plans / Growth, Dividend / Payout, Dividend Reinvestment
Minimum Application Amount (SIP)	Minimum Investment Amount ₹ 1000 (monthly) or ₹ 3000 (quarterly); Minimum no. of instalments - 12 (monthly) or 4 (quarterly); Minimum aggregate investment - ₹ 12,000.	Loads (including SIP / STP wherever applicable)	Entry Load*: Nil Exit Load: Any redemption / switch-out within 1 year from the date of allotment: 1% No Exit Load will be charged, if units are redeemed/switched-out after 1 year from the date of allotment.^
SIP/STP/SWP	Available	Fund Managers	Neelotpal Sahai

^The exit loads set forth above is subject to change at the discretion of the AMC and such changes shall be implemented prospectively

*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. No exit load (if any) will be charged for units allotted under bonus / dividend reinvestment option.

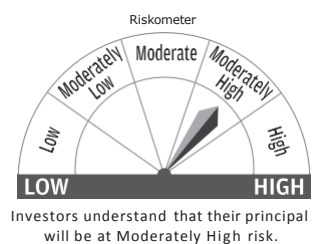
HSBC Large and Mid Cap Equity Fund

(Large and Mid Cap Fund – An open-ended equity scheme investing in both large cap and mid cap stocks)

This product is suitable for investors who are seeking*

- Long term wealth creation and income
- Investing predominantly in equity and equity related securities of Large and Mid cap companies.

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



Disclaimer: Expressions of opinion are those of HSBC only and are subject to change without any prior intimation or notice. It does not have regard to specific investment objectives, financial situation and the particular needs of any specific person who may receive this document. Investors should seek financial advice regarding the appropriateness of investing in any securities or investment strategies that may have been discussed or recommended in this report and should understand that the views regarding future prospects may or may not be realised. 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.

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

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