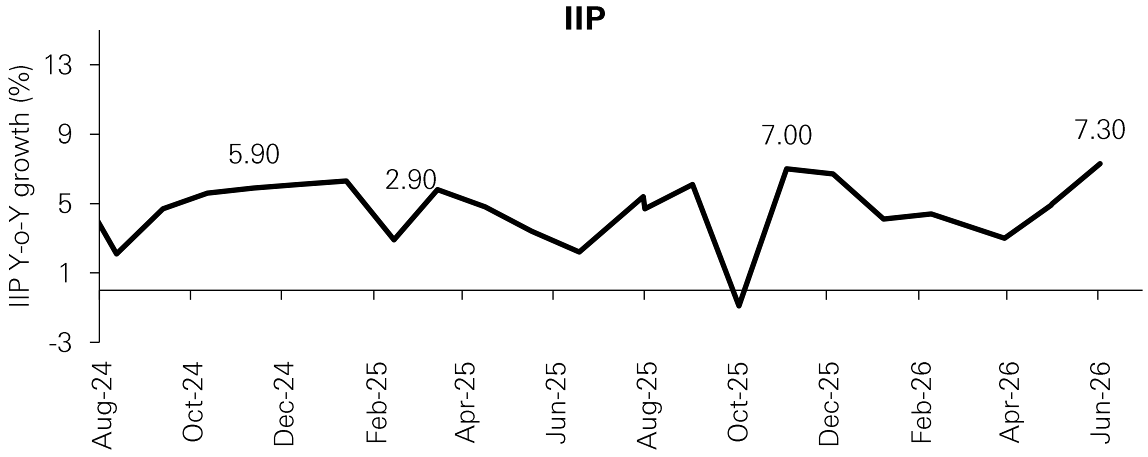
HSBC Mutual Fund

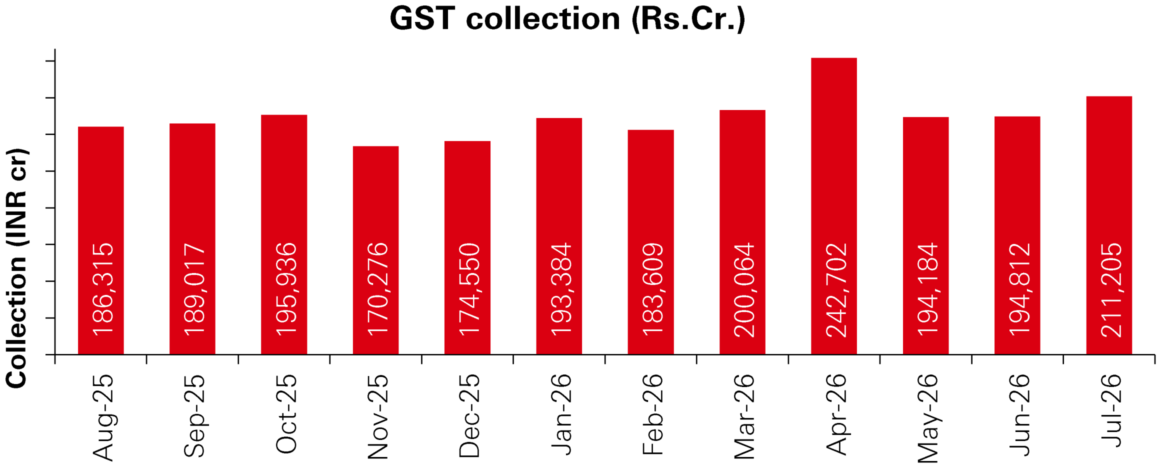
Equity Market View & Fund Update

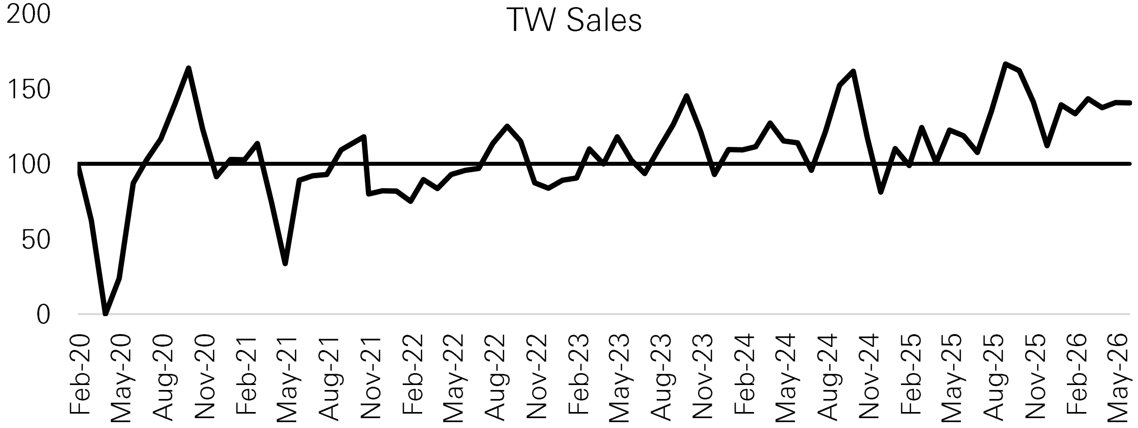
HSBC Large & Mid Cap Fund | HSBC Midcap Fund | HSBC Equity Savings Fund

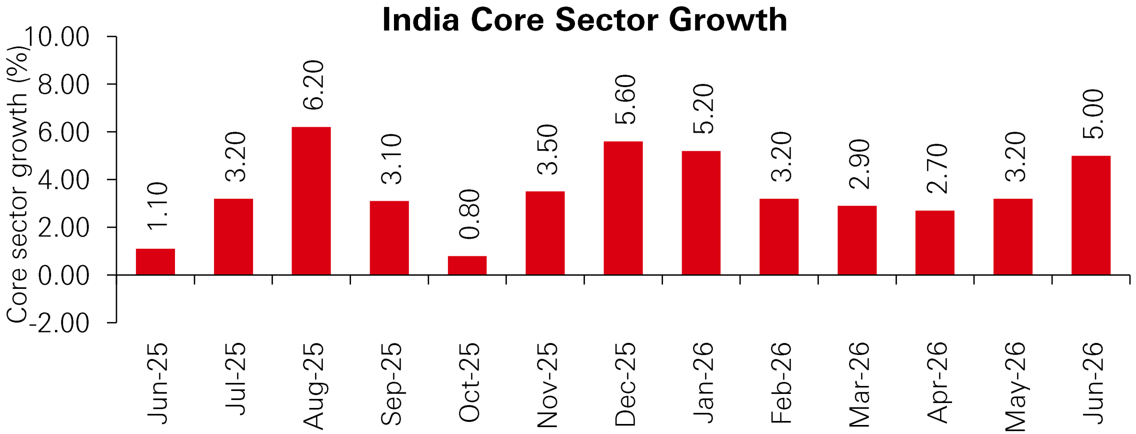
SEBI Registered Name/Number-HSBC Mutual Fund/MF/046/02/5

1. Strong economic activity ups conviction





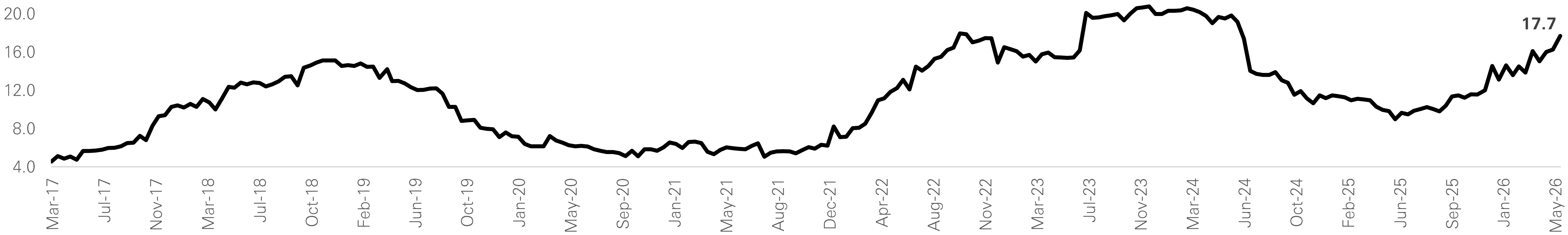




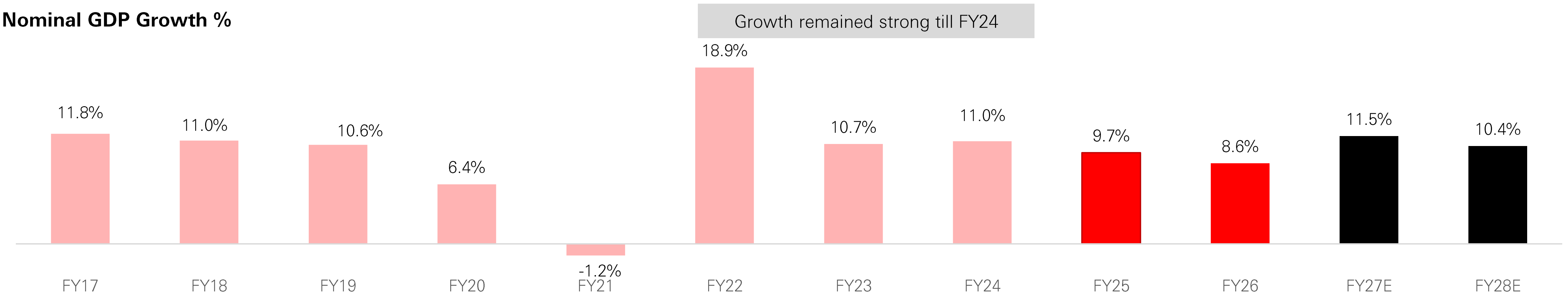
Source: Crisil intelligence, Trading Economics, MOSPI, EAI, Data as on 31 July 2026, RBI- Reserve Bank of India

1. Liquidity tightening led to moderation; stronger credit growth to drive overall GDP growth

Credit growth (YoY,%)



Nominal GDP Growth %



Source: Controller General of Accounts (CGA), RBI, Government of India, HSBC Mutual Fund, Latest available data as at May 2026

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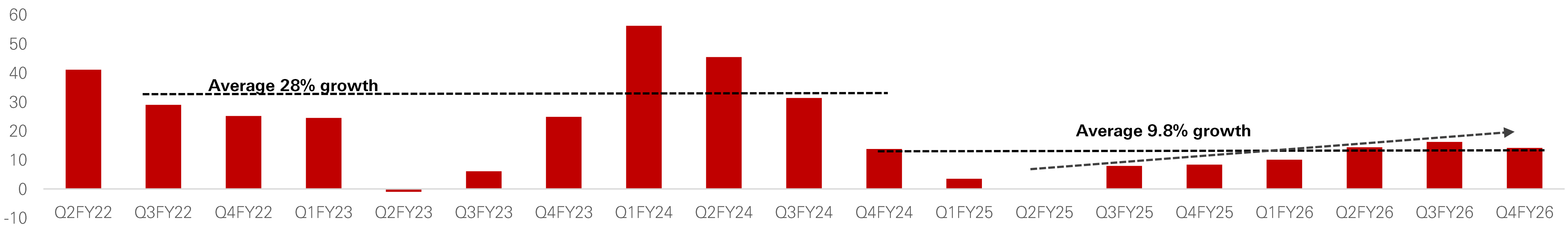
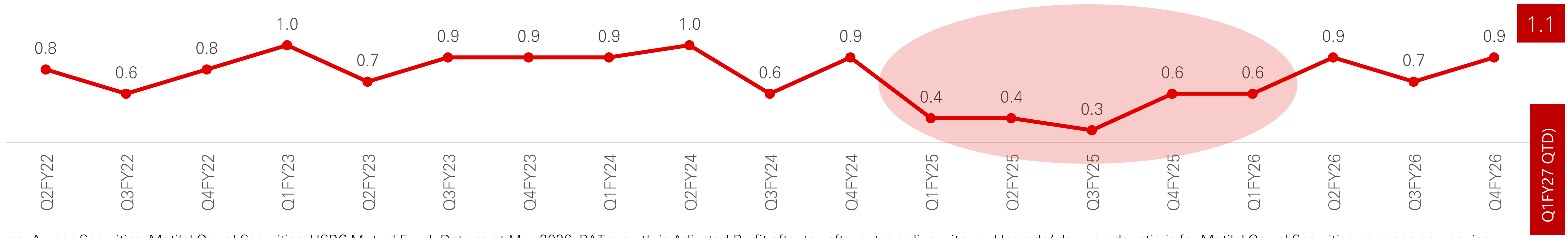
Past performance may or may not be sustained in future and is not a guarantee of any future returns.

2. Early signs of earnings recovery post slowdown since 4Q24

Corporate earnings growth was strong post Covid



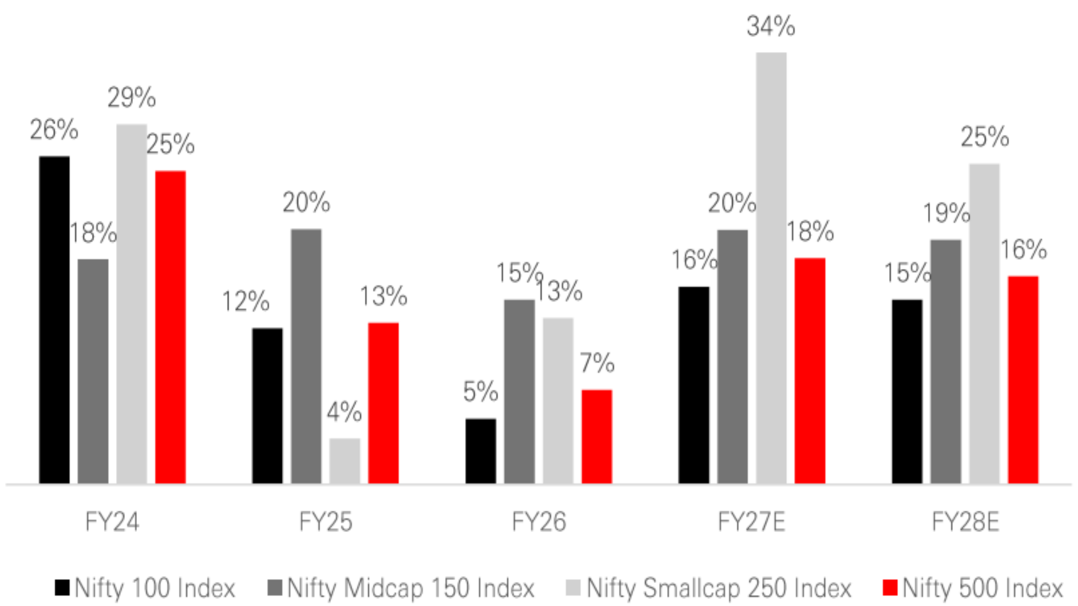


Source: Amsec Securities, Motilal Oswal Securities, HSBC Mutual Fund, Data as at May 2026. PAT growth is Adjusted Profit after tax after extra-ordinary items; Upgrade/ downgrade ratio is for Motilal Oswal Securities coverage companies

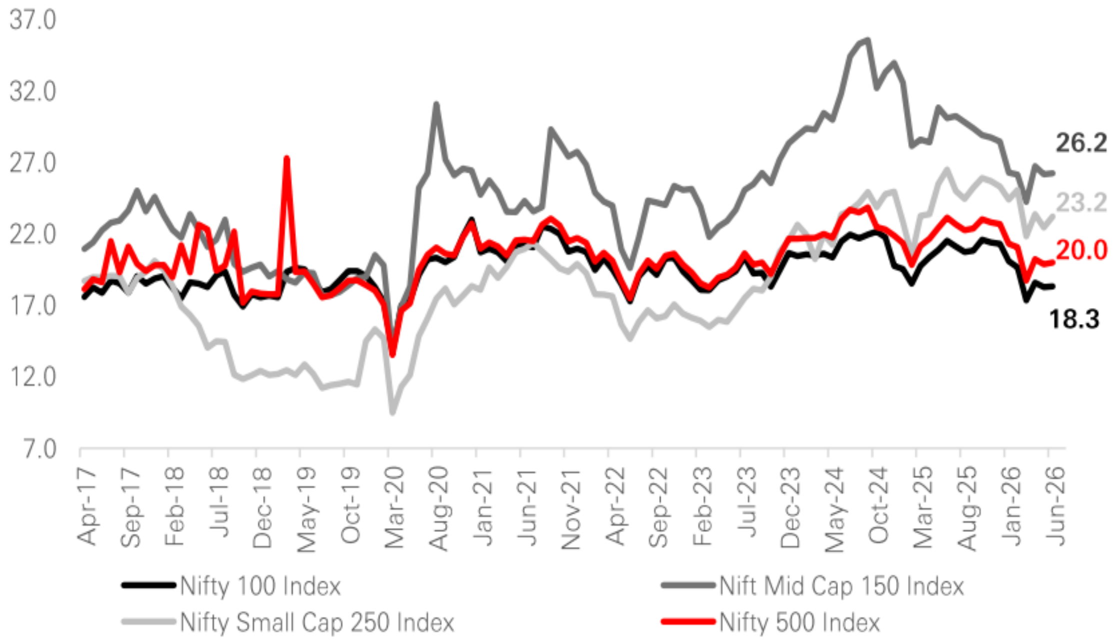
3. Valuations and PAT: Large caps vs midcaps vs small caps

Preference for small caps and midcaps

Cumulative Index PAT growth (%)

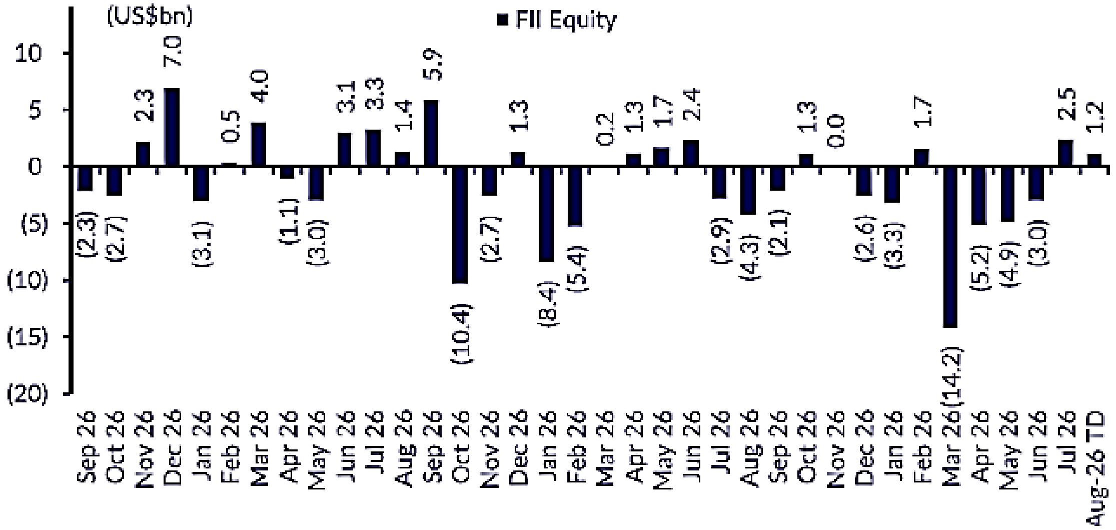


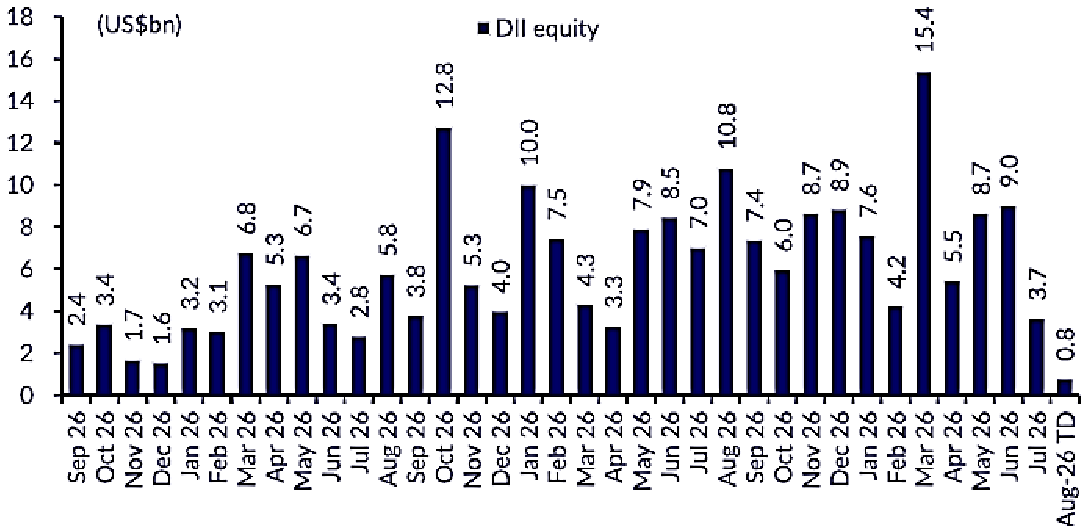
12M Blended Forward P/E (x)



Source: Bloomberg, HSBC Mutual Fund, Data as at June 2026,

4. FII DII flows





Source : Source: Bloomberg, AMFI, CLSA, Data as on 31 July 2026, Past performance may or may not be sustained in future and is not a guarantee of any future returns.
Note-The details provided above is as per the information available in public domain at this moment and subject to change. Please consult your financial advisor for any investment decisions.

5. Why HSBC Mutual Fund

What makes us different:

Global partner

- Global investment **trends focus**
- **Knowledge sharing** through the global parent asset management business

Active share

- Aim for **higher Active investment share** over the fund benchmarks
- Conviction is backed with in-depth research capabilities performed by a **stable and experienced research team**

Growth approach

- Growth oriented approach with more **focus on emerging Mid and Small Cap** segments
- Focus on **long-term business fundamentals** led by a good quality management team

Risk management

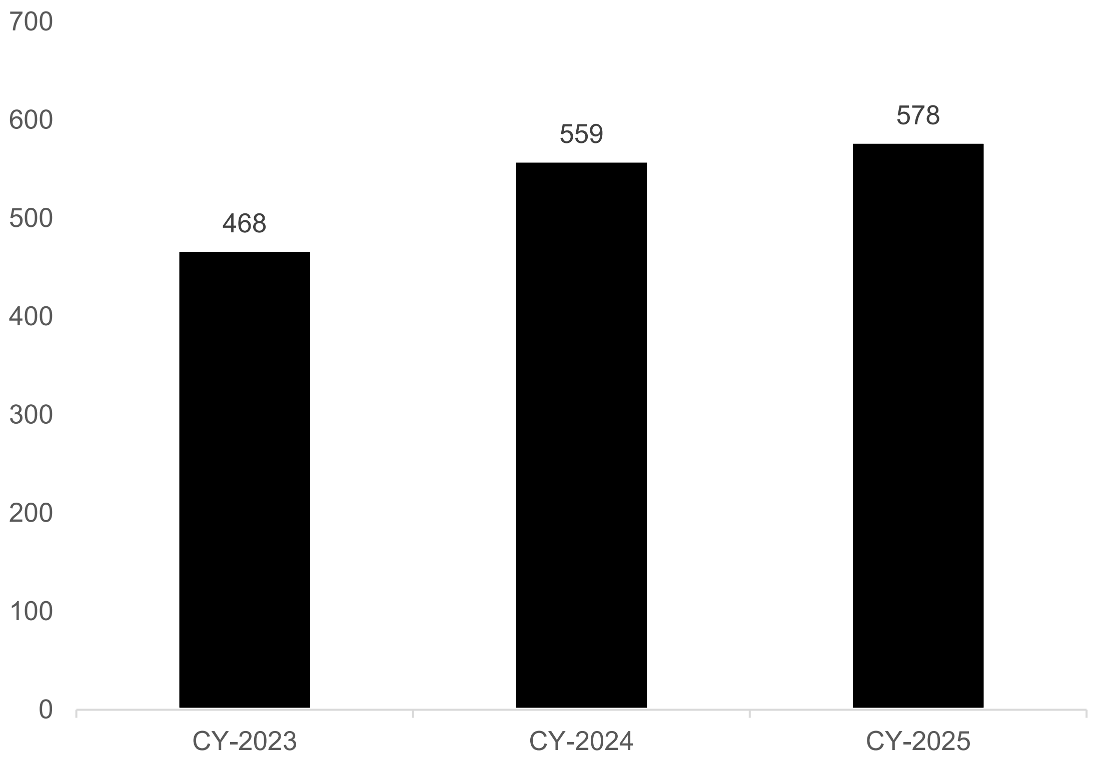
- Stringent **Risk management processes** standardised globally
- Access to **customised global investment tools** and efficient operational processes

~87% of equity strategies* have active share more than 60%

Source: HSBC Mutual Fund, Data as of 31 March 2026. The views expressed above were held at the time of preparation and are subject to change without notice. * We have considered active equity strategies by AUM size for calculation of active share number. We have not considered passive, arbitrage, hybrid equity strategies and FoFs for the purpose of above calculation.

5. Investment universe: 2023 to 2025

Total Stocks in coverage



Focus on quality investment coverage across industries

Sectors (GICS)	2025 Total stocks
Financials	86
Information Technology	46
Materials	90
Consumer Discretionary	91
Energy	10
Consumer Staples	31
Industrials	110
Health Care	72
Utilities	13
Communication Services	11
Real Estate	18
Total	**578**

Source – HSBC Mutual Fund, Bloomberg, Latest available data as on 31 December 2025, Sectors - Auto & Auto comps, Pharma & Healthcare, Paints, Media, Textiles, Consumer Staples, Consumer Discretionary, Durables and building materials, Real Estate, O&G Sugar Telecom, Capital Goods, Power & infra, Logistics, Tech Services, Metals, Cement, Banks and lenders, Financial services, Chemical and Paper. GICS - Global Industry Classification Standard

*Large Cap: top 100 stocks on full market capitalisation basis; Mid caps - next 150 stocks based on full market capitalization; Small Cap: Stocks in Nifty 250 small cap index. . The sector(s)/stock(s)/issuer(s) mentioned in this document do not constitute any research report nor it should be considered as an investment research, investment recommendation or advice to any reader of this content to buy or sell any stocks / investments. The Strategy/portfolio may or may not have any existing / future position in these sector(s)/stock(s)/issuer(s). Past performance may or may not be sustained in future and is not a guarantee of any future returns.

5. Risk Management

Governance Forums & Key risk drivers

Central to product design & Investment process

Investment Management Committee (IMC)

- Provides 'front line' governance of investment and trading activities
- Responsible for overseeing people, process and performance

Risk Management Meeting (RMM)

- Risk governance forum established to review material risks
- Stress testing for all funds on a monthly basis
- Responsible for the oversight of risk and internal controls

Effective monitoring of portfolio volatility and risk exposures

Investment Risk

- Monitoring & management through ex-ante tracking error
- Ex-ante tracking error ranges are reviewed and approved
- Measurement and monitoring of ex-ante portfolio volatility

Liquidity Risk

- Monitored using internal liquidity models
- Liquidity is assessed in normal and stressed market conditions

Portfolio Construction

- In line with stated investment objective / asset allocation
- Diversification across sectors and themes as per scheme objective
- Strict adherence to regulatory limits

Position sizing

- Due consideration of market segment weight in the benchmark
- Evaluation of market characteristics viz. Liquidity, market impact

A. 6. HSBC Large and Mid Cap Fund: Portfolio construction approach

Category	Stable/ Leaders	High growth/ Challengers	Themes/ turnarounds
Characteristics	Good consistent track record Cash generating businesses Demonstrated better return ratios across various cycles	Good execution, gaining market share Better products/operating metrics Agile management	Turnarounds - cyclical, change in management Themes – Import substitution / Manufacturing (Engineering companies), Digital, Fintech
Role in portfolio	Lends stability to portfolio	Key driver for portfolio	Helps in looking out for new ideas
Stock weights	Equal weight to minor overweight	Prefer high overweight	Limited weights
Risk	Low risk	Moderate risk	Relatively higher risk
Market cap	Large and Mid cap	Large, Mid and Small cap	Mid and Small cap

Source – HSBC Mutual Fund, The above information is for illustrative purposes only. The sector(s)/stock(s)/issuer(s) mentioned in this document do not constitute any research report nor it should be considered as an investment research, investment recommendation or advice to any reader of this content to buy or sell any stocks / investments. The Fund/portfolio may or may not have any existing / future position in these sector(s)/stock(s)/issuer(s). Past performance may or may not be sustained in future and is not a guarantee of any future returns.

A. 7. Key pillars for growth

1 Financialization

- Financial inclusion
- Faster growth of Ultra High Net-worth Individuals
- Investment into Digitisation ensuring ease of use, efficiency and protection
- Improved financial literacy
- High gross national savings
- Better asset quality and stronger balance sheet of financials and NBFCs

2 Manufacturing and Infrastructure

- Rising power demand
- EMS (Equipment Manufacturing services)
- Indigenization in defence
- Government incentives and policies like PLIs, low corporate tax rate and tax rationalization (inverted duty structure)
- Certification standards for specific sectors
- Better connectivity with expenditure across various industries like roads, railways, airports, telecom, etc.
- Ease of doing business

3 Consumption

- Taxation benefits - GST rate cuts and simplified GST structure; personal income tax cuts
- Lower inflation and higher disposable income
- Premiumization
- Formalization of economy (Unorganized to Organized movement)
- Improving penetration across discretionary categories
- Urbanization
- Nuclearization

4 Digitalization/ Platforms

- Higher smartphone and internet penetration with low data costs
- Convenience with faster access
- Scalability with low marginal costs
- Wide variety of choices
- Personalized selection and better customer targeting
- Rich data history along with data mining capabilities
- Network effect

Source: HSBC Asset Management, Data as of 30 June 2026, The above information is for illustrative purposes only. The sector(s)/stock(s)/issuer(s) mentioned in this document do not constitute any research report nor it should be considered as an investment research, investment recommendation or advice to any reader of this content to buy or sell any stocks / investments. The Strategy/portfolio may or may not have any existing / future position in these sector(s)/stock(s)/issuer(s). Past performance may or may not be sustained in future and is not a guarantee of any future returns.

B. 8. | 9. HSBC Midcap Fund: Portfolio positioning and strategy

Fund Category	Fund Manager	Benchmark[1]	Inception Date*	AUM&
Midcap Fund	Cheenu Gupta and Mayank Chaturvedi#	NIFTY Midcap 150 TRI	9 Aug 2004	Rs.15,578 Cr

Fund strategy

- Well diversified portfolio with wide representation of sectors
- Follows bottom-up stock selection with top-down view
- No benchmark hugging with high active weights
- Blend style with bias towards growth
- Sizing of bets is based on conviction and opportunity
- Exposure to Large/ Small cap stocks have traits similar to Mid caps

Issuer	Industry	% to Net Assets
The Federal Bank	Banks	4.91%
Lenskart Solutions	Retailing	4.13%
FSN E-Commerce Ventures	Retailing	4.04%
Piramal Finance	Finance	3.66%
PB Fintech	Fintech	3.64%
GE Vernova T&D India	Electrical Equipment	3.43%
Meesho	Retailing	3.34%
Bharat Forge	Auto Components	3.22%
Aditya Infotech	Industrial Manufacturing	2.92%
Mahindra & Mahindra Financial Ser.	Finance	2.88%

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

Source – HSBC Mutual Fund, Data as of 31 July 2026. * Since inception - 09 Aug 04
1. As per clause 7.22 of the SEBI Master Circular for Mutual Funds dated March 20, 2026, on Benchmarks for Mutual Fund Schemes has introduced two-tiered structure for benchmarking of certain categories of schemes. Accordingly, the benchmark has been classified as Tier 1 benchmark. Furthermore, the same is effective from 01 December 2021.
Mayank Chaturvedi shall be the fund manager for investments in foreign securities (wherever applicable) for all the schemes of HSBC Mutual Fund. w.e.f. October 01, 2025.
&For disclosure of quarterly AUM/AAUM and AUM by geography, please visit our website: https://www.assetmanagement.hsbc.co.in/en/mutual-funds/investor-resources/information-library#&accordion1446811090=4
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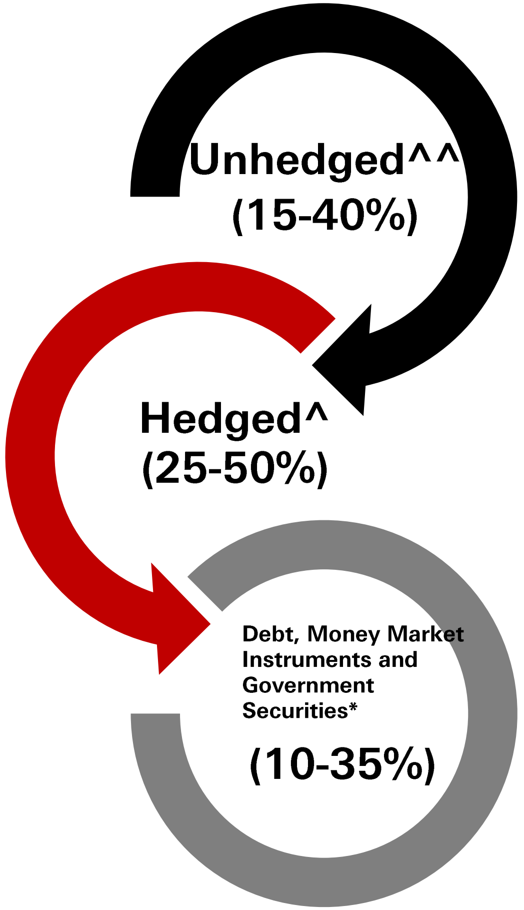
C. 10. HSBC Equity Savings Fund: **Asset Allocation**

Aims for potential long term capital growth



Equities & Equity related securities (65% to 90%)

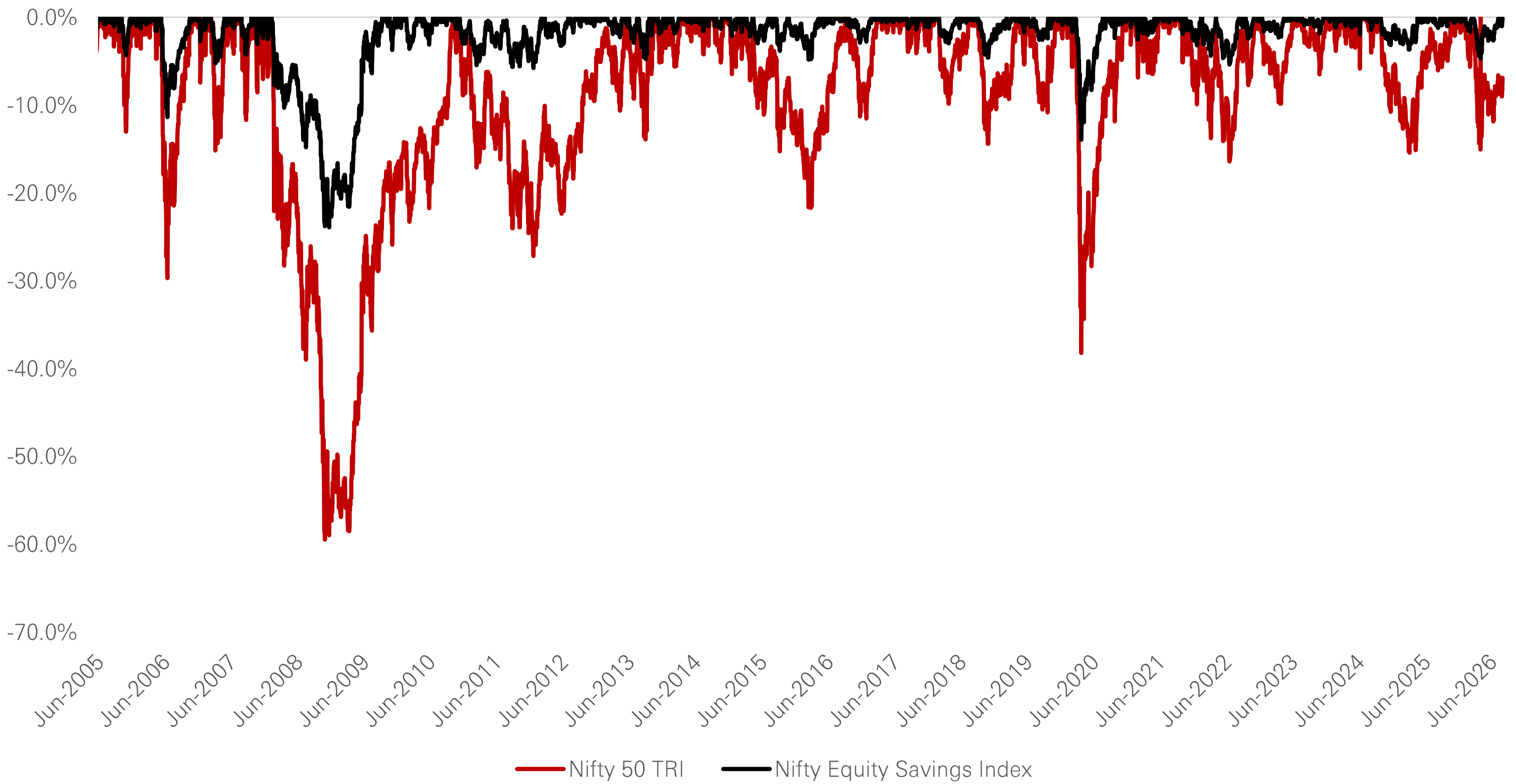
Tax efficient
Gross equity exposure of 65 -90%

Aims to reduce volatility

Units issued by REITs / InvITs (0 to 10%)

Equity and Equity related securities 65 – 90% (Hedged and Unhedged allocation), * Debt, Money Market instruments and Government securities, Current Portfolio Allocation is based on the prevailing market conditions and is subject to changes depending on the fund manager's view of the equity markets. Asset allocation mentioned above is for normal circumstances. For detailed asset allocation, please refer Scheme Information Document of the scheme. * including TREPS/ reverse repos, Credit default swaps, equity, linked debentures margin money and securitized debt ^ Equity and equity derivatives (arbitrage opportunities) – Hedged, ^^ Net long equity - Unhedged

C. 11. HSBC Equity Savings Fund: Lower Drawdowns



	Nifty 50 TRI	Nifty Equity Savings Index
Jun-06	-29.7%	**-11.4%**
Oct-08	-59.5%	**-23.8%**
Dec-11	-27.2%	**-5.8%**
Feb-16	-21.7%	**-4.8%**
Mar-20	-38.3%	**-13.9%**
Jun-22	-16.4%	**-5.4%**
Mar-23	-9.8%	**-2.2%**
Oct-23	-6.5%	**-1.9%**
Jun-24	-5.9%	**-2.0%**
Oct-24	-4.6%	**-1.6%**
Mar-25	-15.4%	**-3.7%**
Mar-26	-15.1%	**-4.7%**

With Portfolio diversification across asset class the fund seeks to achieve lower drawdown during times of market corrections

Source: MFI Explorer, Data period : Jun 2005 – Jun 2026. Past performance may or may not be sustained in future. The chart above is illustrative and is not an indication of returns

Fund Manager Profile

Cheenu Gupta

Senior Vice President & Fund Manager – Equity, HSBC Mutual Fund

Investment Experience – 20 years

Cheenu Gupta is Equity Fund Manager at HSBC Asset Management India and brings with her around 20 years of rich experience. She joined HSBC as part of the L&T Investment Management team. Prior to that Cheenu, worked with Canara Robeco AMC, where she worked as Equity Fund Manager. She was also associated with Tata AIA Life Insurance as Equity Fund Manager, ING Investment Management as Senior Research Analyst and UTI Mutual Fund as Analyst.

Cheenu is a CFA charter holder (USA) and has completed her PGDBM from S.P. Jain, Mumbai, where she was a gold medallist in her Finance specialization. She is also a B.E. (Information Technology) from VESIT, Mumbai University.

Product Label

Scheme name and Type of scheme	Scheme Risk-o-meter	Benchmark Risk-o-meter (as applicable)
HSBC 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 • Investment predominantly in equity and equity related securities of Large and Mid cap companies	 The risk of the scheme is Very High Risk	As per AMFI Tier I. Benchmark : NIFTY Large Midcap 250 TRI  The risk of the benchmark is Very High Risk

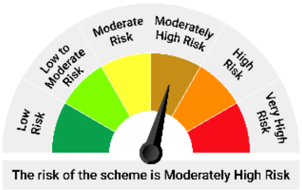
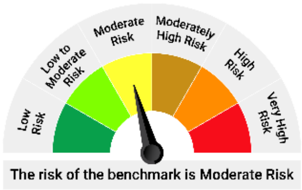
* Investors should consult their financial advisers if in doubt about whether the product is suitable for them.

Note on Risk-o-meters: Riskometer is as on 31 July 2026, Any change in risk-o-meter shall be communicated by way of Notice cum Addendum and by way of an e-mail or SMS to unitholders of that particular scheme

Fund Manager Profile

Product Label

Scheme name and Type of scheme	Scheme Risk-o-meter	Benchmark Risk-o-meter (as applicable)
HSBC Midcap 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 in equity and equity related securities of mid cap companies.		As per AMFI Tier I Benchmark i.e. **Benchmark Index: Nifty Midcap 150 TRI** 

Scheme name and Type of scheme	Scheme Risk-o-meter	Benchmark Risk-o-meter (as applicable)
HSBC Equity Savings Fund (An open ended scheme investing in equity, arbitrage and debt) **This product is suitable for investors who are seeking*:** • Generation of regular income by predominantly investing in arbitrage opportunities in the cash and derivatives segment and long–term capital appreciation through unhedged exposure to equity and equity related instruments. • Investment in equity and equity related instruments, derivatives and debt and money market instruments.		As per AMFI Tier I. Benchmark Index: NIFTY Equity Savings Index 

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

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CL 4315

HSBC Mutual Fund

HSBC Midcap Fund

(An open ended equity scheme predominantly investing in mid cap stocks)

SEBI Registered Name/Number-HSBC Mutual Fund/MF/046/02/5.