

# Product Note

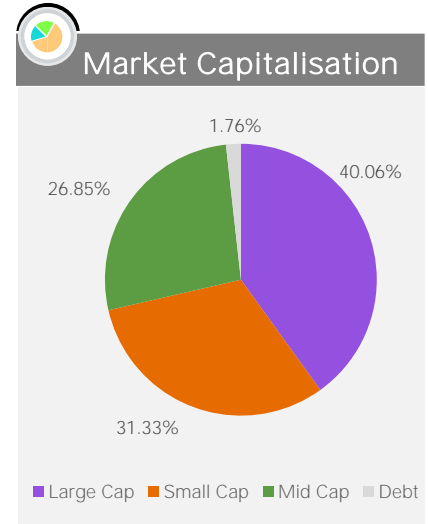
## HSBC Multi Cap Fund (HMCF)

(Multi Cap Fund - An open ended equity scheme investing across large cap, mid cap, small cap stocks)

June 2023

Fund Category	Fund Manager	Benchmark <sup>1</sup>	Inception Date	AUM
Multi Cap Fund	Venugopal Manghat and Kapil Punjabi	NIFTY 500 Multicap 50:25:25 TRI	30 Jan 2023	Rs. 1351.64 Cr

Portfolio	% of net assets	Sector - Allocation	% of net assets
HDFC Bank Limited	3.61%	Banks	15.07%
ICICI Bank Limited	3.23%	Industrial Products	12.09%
Larsen & Toubro Limited	2.94%	IT - Software	10.40%
ITC Limited	2.92%	Construction	7.19%
State Bank of India	2.67%	Electrical Equipment	5.04%
NTPC Limited	2.60%	Pharmaceuticals & Biotechnology	4.09%
KPIT Technologies Limited	2.37%	Cement & Cement Products	3.97%
Kirloskar Oil Eng Limited	2.35%	Leisure Services	3.65%
Varun Beverages Limited	2.32%	Automobiles	3.52%
The Ramco Cements Limited	2.23%	Diversified FMCG	2.92%



## Access benefits in multiple market cycles through one fund



## Stock selection

- The fund invest across Large, Mid and Small Caps
- Aim to invest in smaller size businesses in their early stage of development that have higher potential for growth in the long run
- Focus on growth potential in revenue and profits as compared to broader market with relatively higher risk
- Follows bottom-up stock selection using proprietary investment approach
- Provides an opportunity to invest in undervalued, under-owned, and under researched segments that can deliver strong growth
- Valuation is the most important key focus while investing in stocks with an adequate margin of safety

## The fund's Investment approach

- Aim to provide long-term capital growth through a dynamically managed portfolio across Small, Mid and Large Cap stocks
- The market capitalisation allocation of assets will be a minimum 25% each in Small, Mid and Large Cap stocks

### Bottom-up stock picking is rewarding across cycles

- Various phases of the economic cycle throw up diverse stock picking opportunities
- In a growing economy, some companies exhibit better growth and earnings visibility irrespective of the business cycle
- Business cycles and macros driving them can be directional indicators but ultimately stock selection will lead to better returns

### Strong franchises thrive in bad macros

- Bad macro-economic conditions are a blessing for good franchises
- For e.g. rising cost of inputs forces weaker players in an industry to close capacity. This helps stronger / organized players to gain market share and dominate the industry
- Consumer staples companies do well generally in a high inflation environment. Similarly, rising crude prices have helped Paint companies even as their input prices have risen multifold
- Adverse NPA cycle has hurt weak PSU banks, curtailing their ability to lend, thereby enabling NBFCs and private banks to garner market share and strengthen their franchise further

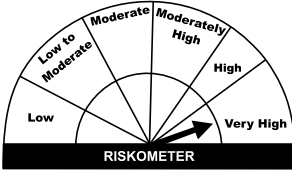

## Opportunity across sizes - LEAP

Large Cap - <b>L</b> eader Top 100 companies	Mid Cap - <b>E</b> merging <b>A</b> spirants 101st to 250th companies	Small Cap - <b>P</b> earls 251st company and beyond
Well established businesses	Potential Large Caps	Niche and emerging businesses
Matured players with long track record	Proven track record with higher growth prospects	High potential for growth
High liquidity	Comparatively higher volatile versus Large Caps	Relatively more volatile and less liquidity
Stable and less volatile	Potential valuation multiple re-rating candidates	Higher research arbitrage

Source: HSBC Mutual Fund

Chart representation - Large cap – S&PBSE Sensex, Mid Cap – S&P BSE Midcap, Small Cap – S&P BSE Small Cap index.  
**Past performance may or may not be sustained in the future.**

## Product Label

HSBC Multi Cap Fund		
<p><b>Multi Cap Fund</b> – An open ended equity scheme investing across large cap, mid cap, small cap stocks.</p> <p><b>This product is suitable for investors who are seeking*:</b></p> <ul style="list-style-type: none"> <li>To create wealth over long-term</li> <li>Investment predominantly in equity and equity related securities across market capitalization (Benchmark: NIFTY 500 Multicap 50:25:25 TRI)</li> </ul>	 <p><b>RISKOMETER</b></p> <p>Investors understand that their principal will be at Very High risk</p>	<p>Benchmark Index: NIFTY 500 Multicap 50:25:25 TRI</p>  <p><b>RISKOMETER</b></p>

\* 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 May 2023. 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

Past performance may or may not be sustained in the future. Source: HSBC Asset Management India, data as at 31 May 2023

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