



Fund Insights

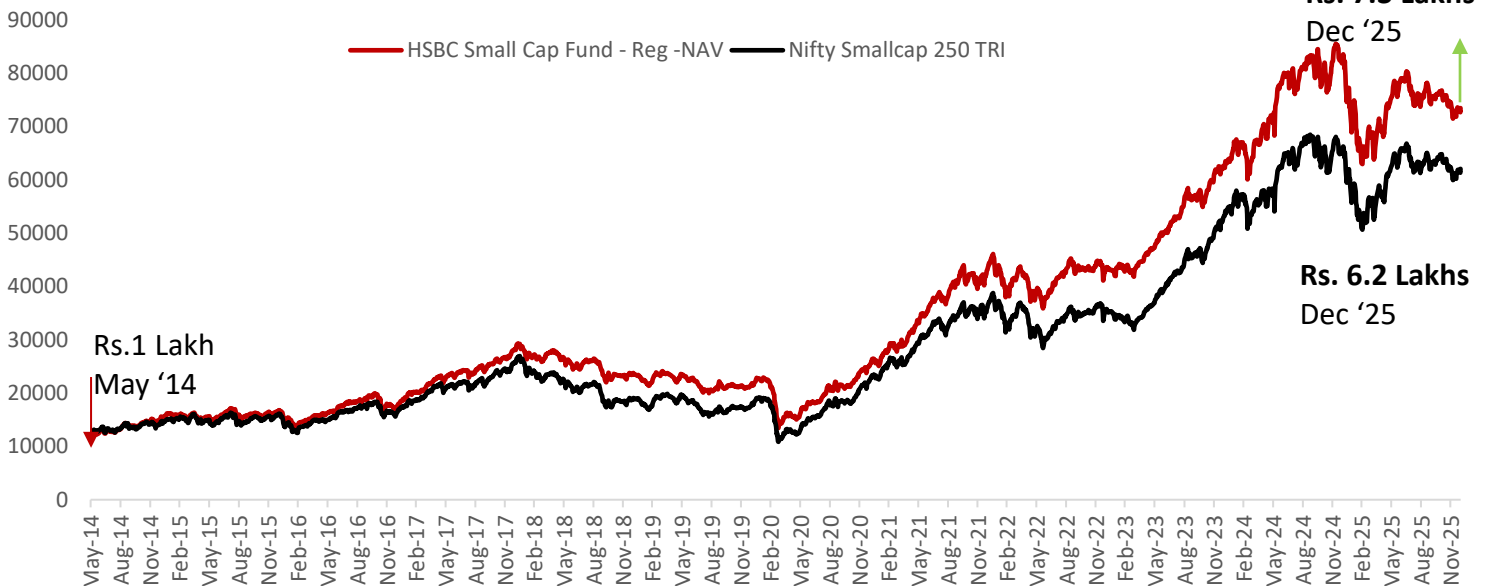
HSBC Small Cap Fund


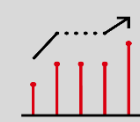


(An open ended equity scheme predominantly investing in small cap stocks)

**See Opportunity
Where others don't**
January 2026

Fund Category	Fund Manager	Benchmark ¹	Inception Date	AUM ^{&}
Small Cap Fund	Venugopal Manghat and Mayank Chaturvedi [#]	NIFTY Small Cap 250 TRI	12 May 2014	Rs. 15,968.70 Cr

Fund performance journey



18.70% CAGR since inception* ²		7.3X since inception* ²	
	Rs. 40,56,130 Value of SIP investment INR 10,000 p.m. since inception* ³		Rs. 7,36,180 Value of Lump Sum Investment INR 1,00,000 since inception* ²

Source – HSBC MF, Bloomberg, Data as on 31 Dec '25,

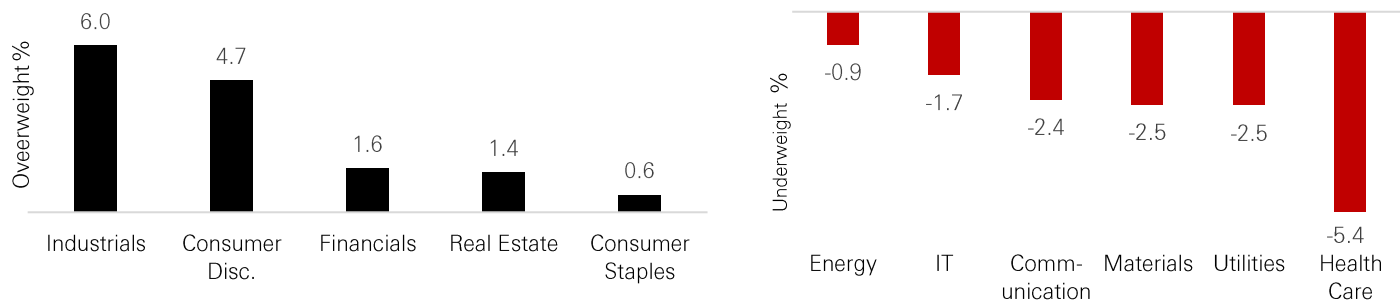
Past performance may or may not be sustained in future and is not a guarantee of any future returns. * Since inception - 12 May 14,

¹ As per clause 1.9 of the SEBI Master Circular dated June 27, 2024, on 'Guiding Principles for bringing uniformity in Benchmarks of 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 effective from 01 December 2021.

² As on 31 December 2025 of Growth option regular plan. During the same period, scheme benchmark (NIFTY Small Cap 250 TRI) has moved by 6.3X to Rs 6,35,750 from Rs 100,000 and delivered return of 17.21%

³ During the same period, value of scheme benchmark (NIFTY Small Cap 250 TRI) has moved to 38,75,185.

Active weights vs benchmark (%)



Overweight

- **Consumer Discretionary:** Overweight on Consumer Discretionary and staples driven by income tax cuts, GST rationalization, low inflation and rate cuts, state level social welfare schemes
- **Capital Markets:** Financialisation of savings and wealth effect. Prefer Exchanges and Broking/ Wealth Management companies.
- **Retailing:** Prefer Platforms over brick-and-mortar companies targeting customers, who prefer convenience and multiple choices.

Underweight

- **Pharmaceuticals & Biotechnology:** Exposure to CDMO companies but not overweight on generic players (domestic/ exports).
- **Chemicals and Agrochemicals:** Global uncertainty with respect to tariff, higher inventory levels and competitive intensity
- **Energy:** Muted growth outlook on Gas players and lower marketing margins for OMCs
- **Automobiles:** Playing through Auto Components to gain widespread exposure at sector level.

Over the past 3 months stock selection in Financials and underweight position in Utilities contributed positively, while overweight in Consumer Discretionary was a detractor. Over the past 1 Year, stock selection in Financials and underweight position in Communication Services contributed positively, while overweight positions in Industrials and Consumer Discretionary detracted. Growth-orientation of portfolio contributed positively.

HSBC Small Cap Fund endeavors to invest in emerging businesses which may offer an opportunity to generate potential long-term alpha. Typically, these are small sized businesses which are in their early stage of development. Therefore, they may have higher growth potential in revenues and profits. Our endeavor is to identify good opportunities ahead of the market and invest in them using our in-house research capability.

The approach to investing is largely bottom up in nature given each stock or business needs to be evaluated and could have individual strengths. Hence, at a broad level, sector weights are a result of the opportunities available on a bottom-up basis. As India is a fast-growing economy, growth would be one of the key styles while investing money. However, the endeavor would be to not overpay while investing and hence the focus on risk-reward, long term value potential, margin of safety in a drawdown etc.

Given the needs of a large population and the evolving strengths in the market there are many early-stage sectors. There may also be smaller companies within large established sectors catering to niche segments. As the economy is growing rapidly, many small businesses are achieving scale. There is also a shift happening from the unorganized sector to the organised space due to reforms, technology changes etc. All these thus present a large, exciting opportunity for bottom-up investors.

We believe stocks from some of these relatively early-stage sectors could potentially be winners for the next decade. The idea is to therefore identify scalable businesses having competitive strengths run by good quality people demonstrating good governance practices. Once such companies have been identified and invested, the approach is to let the business perform to its full potential before exiting or till such time valuations become unjustified. Hence the portfolio turnover ratio for the fund has been low.

Source – HSBC MF, Bloomberg, Data as on 31 Dec '25, Note: 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).

As per the scheme mandate, the scheme will invest minimum 65% in small caps as per asset allocation. Remaining 35% can be in any market capitalization. As at 31 December 2025, the Fund has almost 69% allocation to Small Caps, about 29% to Mid Caps. We have seen that Small and Mid Cap companies tend to do well in expanding economic cycles or when economic growth rates are rising. Past cycles are testimony to this phenomenon.

Investment approach

Approach	Sector Diversification	Under-researched/ Quality companies	Risk-reward
Characteristics	Fund Manager allocates overweight / underweight vs benchmark for better portfolio risk management and sector diversification	Low analyst coverage and low institutional ownership, however, should fulfil fund manager’s investment criteria	Active management of stock weights considering upside potential, liquidity/ impact cost and margin of safety
Impact on portfolio	High stock selection impact with aim to offer relatively moderate volatility vs small caps	Key driver for alpha generation	Right-sizing of bets and reducing impact of commissioning error
Portfolio impact	Risk-adjusted performance	Alpha generation through bottom-up research	Optimise performance
Quick pitch	Benefit from diversified set of emerging companies	Focus on SMID	Shock-absorption on rough roads

Why HSBC Small Cap Fund?

- HSBC Small Cap Fund invests in smaller size businesses in their early stage of development.
- Small cap stocks aim to have a potential for growth over the long term.
- These businesses may have better revenue and growth potential as compared to broader market.
- The fund seek an exposure in small cap segment stocks for alpha generating opportunities over long run.
- The fund follows bottom-up stock selection using our proven investment approach.
- At least 65% exposure to small cap companies that comprises of companies from 251st onwards in terms of full market capitalization.
- Aims to invest in undervalued, under-owned, and under researched segments that may deliver performance over the long term.
- The fund Benefit from diversified set of emerging companies, Focus on SMID and prepared for shock-absorption on rough roads with efficient risk-reward management.



Well diversified portfolio with wide representation of sectors



Follows bottom-up stock selection



Benchmark aware but an active portfolio



Pre-dominantly growth oriented but focus is on buying at reasonable price



Sizing of bets is based on conviction and opportunity



Exposure to other stocks than small cap stocks in the portfolio to aim to maintain stability

Top Portfolio holdings	% to net assets	Industry - Allocation	% to net assets
Multi Commodity Exchange of India Ltd.	3.66%	Industrial Products	10.63%
Karur Vysya Bank Limited	2.41%	Capital Markets	8.96%
eClerx Services Limited	2.25%	Banks	7.92%
PNB Housing Finance Limited	1.93%	Finance	7.13%
The Federal Bank Limited	1.79%	Pharmaceuticals & Biotechnology	7.01%
Time Technoplast Limited	1.60%	Consumer Durables	5.82%
Lemon Tree Hotels Limited	1.60%	Auto Components	4.96%
Nippon Life India Asset Management Ltd	1.57%	Textiles & Apparels	4.52%
City Union Bank Limited	1.56%	Leisure Services	4.03%
ElH Limited	1.54%	Construction	3.82%

Fund Manager - Venugopal Manghat Effective 17 Dec 2019. Total Schemes Managed – 4; Fund Manager - Mayank Chaturvedi Effective 01 Oct 2025. Total Schemes Managed – 20

Lump Sum Investment Performance											Inception Date
Fund / Benchmark (Value of Rs 10,000 invested)	1 Year		3 Years		5 Years		10 Years		Since Inception		
	Amount in ₹	Returns %	Amount in ₹	Returns %	Amount in ₹	Returns %	Amount in ₹	Returns %	Amount in ₹	Returns %	
HSBC Small Cap Fund-Regular Plan~~	8845	-11.55	16601	18.37	29499	24.14	45949	16.46	73618	18.70	12-May-14
Scheme Benchmark (NIFTY Small Cap 250 TRI)	9452	-5.48	17928	21.44	28511	23.30	39674	14.76	63575	17.21	
Additional Benchmark (Nifty 50 TRI)	11188	11.88	14941	14.29	19832	14.67	37193	14.02	43014	13.35	
HSBC Small Cap Fund-Direct Plan~~	8937	-10.63	17119	19.59	31210	25.55	49092	17.23	81212	19.70	12-May-14
Scheme Benchmark (NIFTY Small Cap 250 TRI)	9452	-5.48	17928	21.44	28511	23.30	39674	14.76	63575	17.21	
Additional Benchmark (Nifty 50 TRI)	11188	11.88	14941	14.29	19832	14.67	37193	14.02	43014	13.35	

Past performance may or may not be sustained in future and is not a guarantee of any future returns. The performance details provided herein are of Regular as well as Direct Plan - Growth Option. Returns on ₹10,000 are point-to-point returns for the specific time period, invested at the start of the period. The returns for the respective periods are provided as on last available NAV of December 2025 for the respective schemes. Returns for 1 year and above are Compounded Annualized. Returns for less than 1 year is Simple Annualized. Load is not taken into consideration for computation of performance. Different plans shall have a different expense structure. The expenses of the Direct Plan under the Scheme will be lower to the extent of the distribution expenses / commission charged to the Regular Plan. As per clause 5.9.1 of the SEBI Master Circular dated June 27, 2024, the scheme returns vis-à-vis the benchmark return (Total Return Index) shall be disclosed are provided from the date of allotment of units.

 Post merger performance of the surviving scheme, arising out of merger of schemes with similar features, is computed as per the provisions of clause 13.4 of the SEBI Master Circular dated June 27, 2024, on Disclosure of Performance of Schemes post-merger using the weighted average performance of both transferor and transferee schemes. In other cases, performance is computed using the Applicable NAV of the surviving/continuing schemes. ~~ Face value Rs 10

SIP Performance - HSBC Small Cap Fund – Regular Plan					Inception Date: 12-May-14
Scheme Name & Benchmarks	1 Year	3 Years	5 Years	Since Inception	
Total amount invested (₹)	120000	360000	600000	1390000	
Market Value as on December 31, 2025 (₹)	1,20,116	4,12,641	8,88,642	40,56,130	
Scheme Returns (%)	0.18	9.06	15.70	17.32	
NIFTY Small Cap 250 TRI - Scheme Benchmark (₹)	1,22,964	4,40,948	9,26,509	38,75,185	
NIFTY Small Cap 250 TRI - Scheme Benchmark Returns (%)	4.61	13.62	17.40	16.61	
Nifty 50 TRI - Additional Benchmark (₹)	1,29,510	4,38,632	8,38,961	32,60,031	
Nifty 50 TRI - Additional Benchmark Returns (%)	15.02	13.26	13.37	13.90	



SIP Performance - HSBC Small Cap Fund – Direct Plan					Inception Date: 12-May-14
Scheme Name & Benchmarks	1 Year	3 Years	5 Years	Since Inception	
Total amount invested (₹)	120000	360000	600000	1390000	
Market Value as on December 31, 2025 (₹)	1,20,794	4,19,876	9,17,943	43,21,494	
Scheme Returns (%)	1.23	10.25	17.03	18.30	
NIFTY Small Cap 250 TRI - Scheme Benchmark (₹)	1,22,964	4,40,948	9,26,509	38,75,185	
NIFTY Small Cap 250 TRI - Scheme Benchmark Returns (%)	4.61	13.62	17.40	16.61	
Nifty 50 TRI - Additional Benchmark (₹)	1,29,510	4,38,632	8,38,961	32,60,031	
Nifty 50 TRI - Additional Benchmark Returns (%)	15.02	13.26	13.37	13.90	

Past performance may or may not be sustained in future and is not a guarantee of any future returns. For SIP returns, monthly investment of Rs. 10,000/- invested on the 1st day of every month has been considered. SIP Return are calculated on XIRR basis. IDCW are assumed to be reinvested and bonus is adjusted. Load is not taken into consideration.

 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.

 Source: HSBC Mutual Fund, data as on 31 December 2025

[Click here](#) to check other funds performance managed by the Fund Manager

Scheme name and Type of scheme	Scheme Risk-o-meter	Benchmark Risk-o-meter (as applicable)
<p>HSBC Small Cap Fund (An open ended equity scheme predominantly investing in small cap stocks)</p> <p>This product is suitable for investors who are seeking*:</p> <ul style="list-style-type: none"> Long term capital appreciation Investment predominantly in equity and equity-related securities, including equity derivatives in Indian markets with key theme focus being emerging companies (small cap stocks); and foreign securities 	 <p>The risk of the scheme is Very High Risk</p>	<p>As per AMFI Tier I. Benchmark : NIFTY Small Cap 250 TRI</p>  <p>The risk of the benchmark is Very High Risk</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 December 2025, 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

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