

HSBC Large Cap Equity Fund (HLEF)

Large Cap Fund - An open ended equity scheme predominantly investing in large cap stocks ¹
(Formerly known as HSBC Equity Fund)

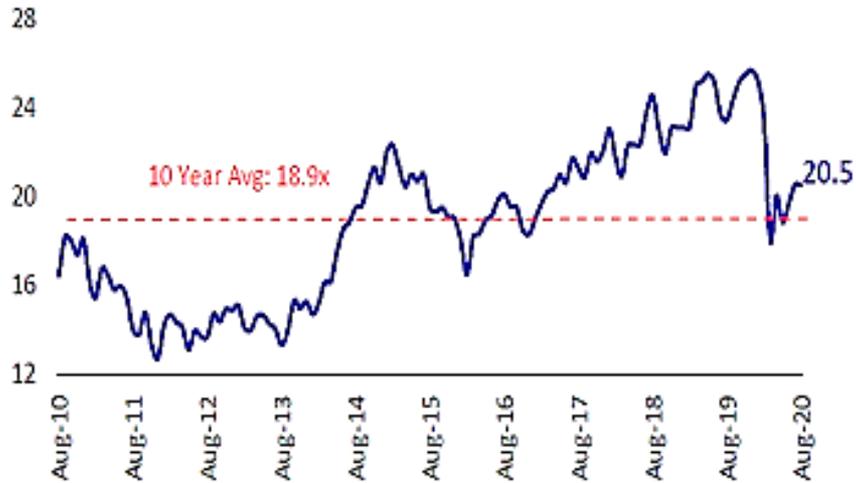


HSBC
Global Asset
Management

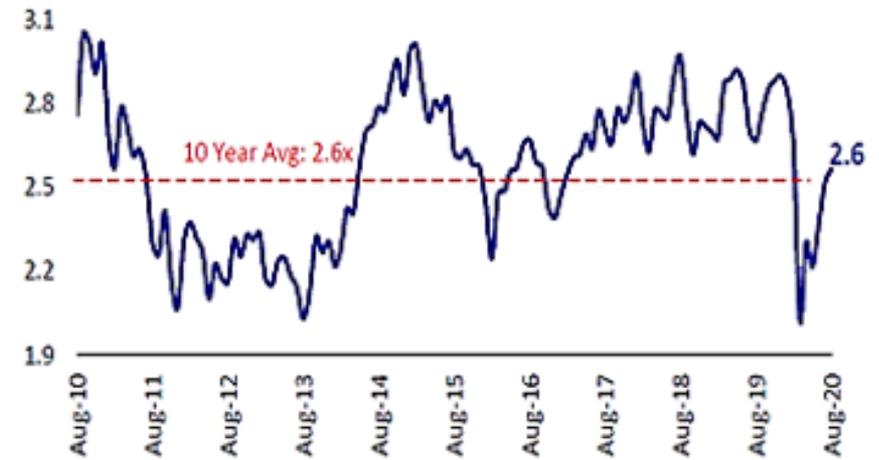
¹ Pursuant to the circular issued by SEBI on 'Categorization and Rationalization of the Schemes, there has been change in the fundamental attribute(s) of the aforesaid effective from Mar 14, 2018.

Reasonable valuations in large caps post correction

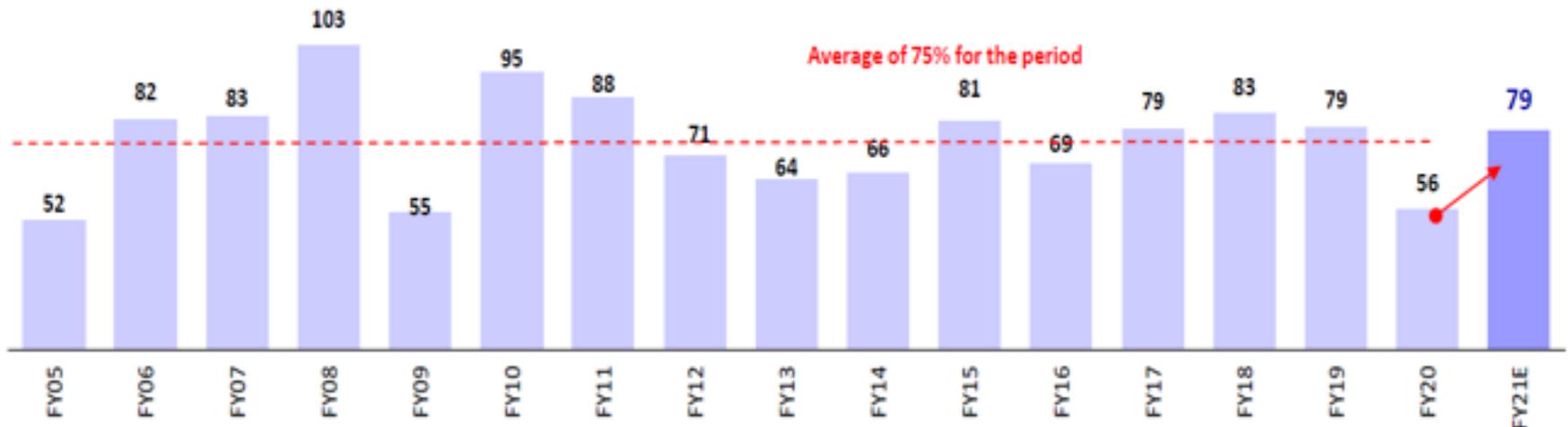
Nifty 50 – 12 months forward Price to Earnings ratio (P/E) (x)



Nifty 50 – 12 months forward Price to Book ratio (PB)



Trend in India's market cap-to-GDP (%) – trading below its long-period averages



Reasonable valuations in large caps post correction

Nifty yield gap: 10yr bond yield minus earning yield

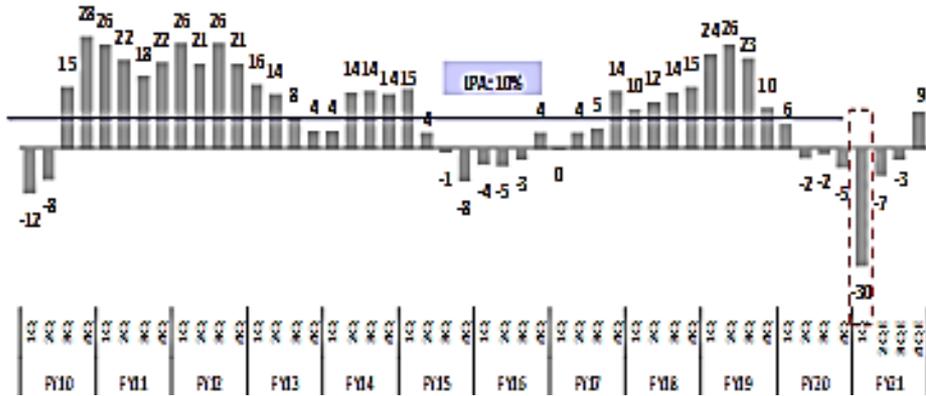


Nifty yield gap: 1yr bond yield minus earning yield

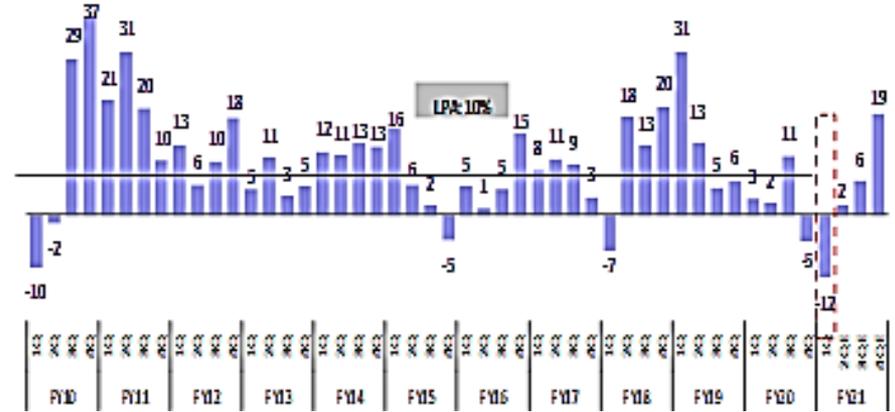


Sustainable Recovery in Revenue, net profit to follow

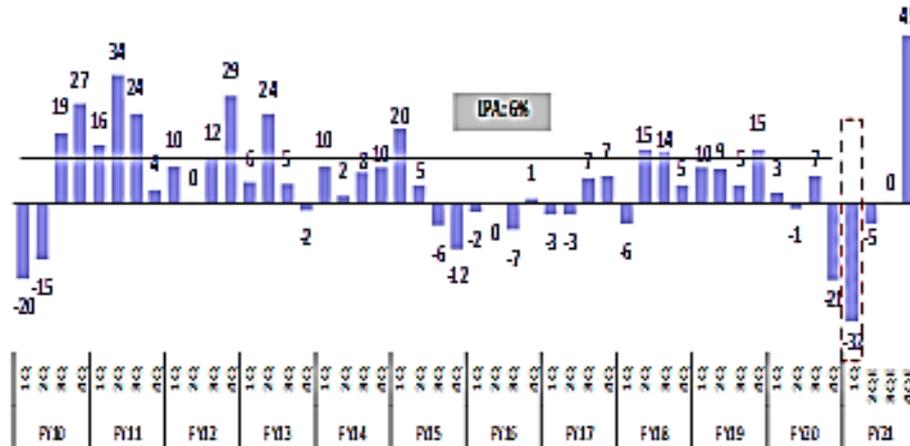
Nifty (50) Sales Growth YoY (%)



Nifty (50) EBITDA Growth YoY (%)



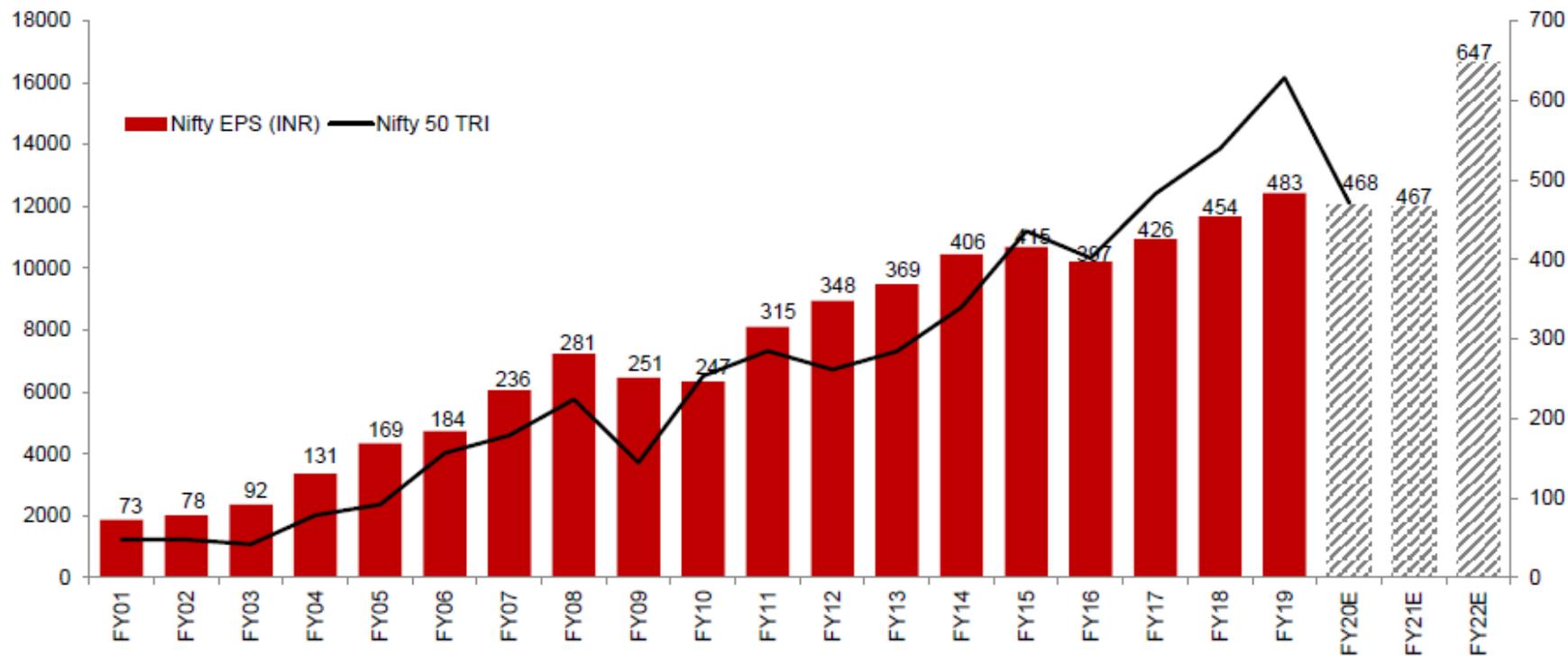
Nifty (50) PAT Growth YoY (%)



Source: Motilal Oswal, Morgan Stanley Research, LPA – Long Period Average, Data as at August 2020

Past performance may or may not sustain in the future and does not guarantee or assure future returns.

India's equity market moves with earnings

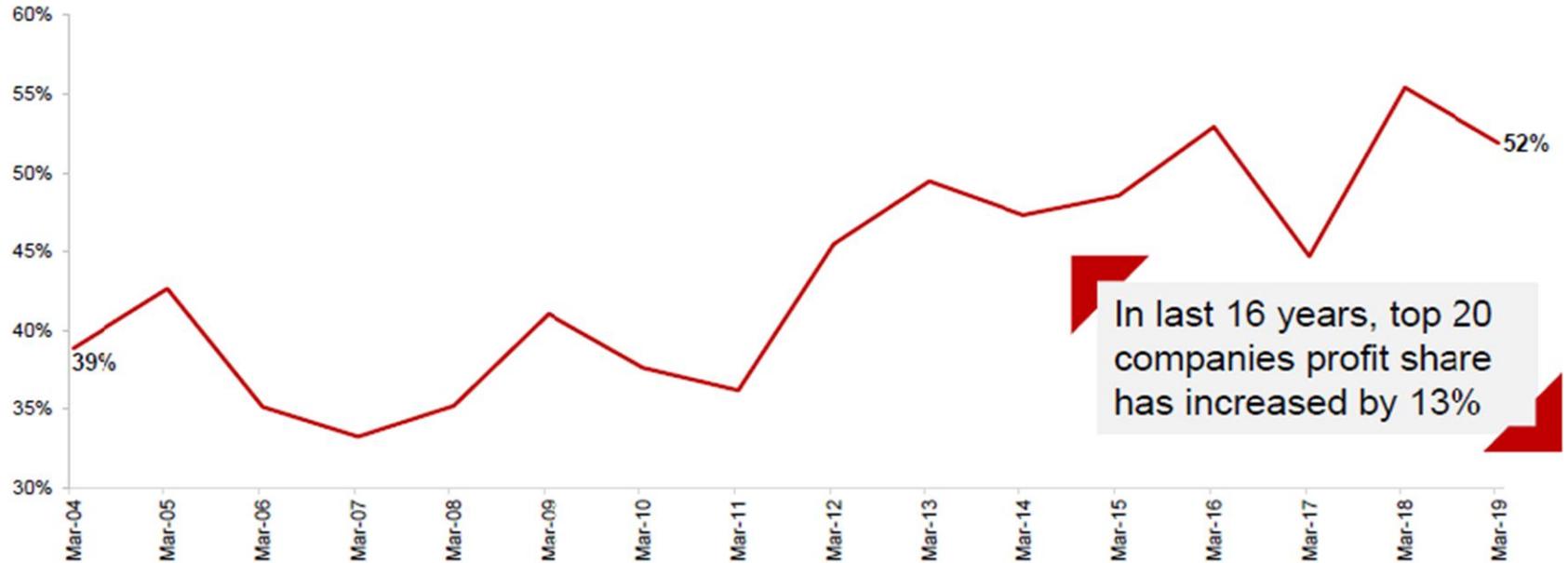


FY01 to FY20, Nifty50 EPS growth is 10.2% CAGR while Nifty50 TRI delivered ~12.1% CAGR

Source: MOSL, ACE MF, data as at June 2020, E- estimates
 Past performance may or may not sustain in the future and does not guarantee or assure future returns

Profitability of companies is getting concentrated among few players

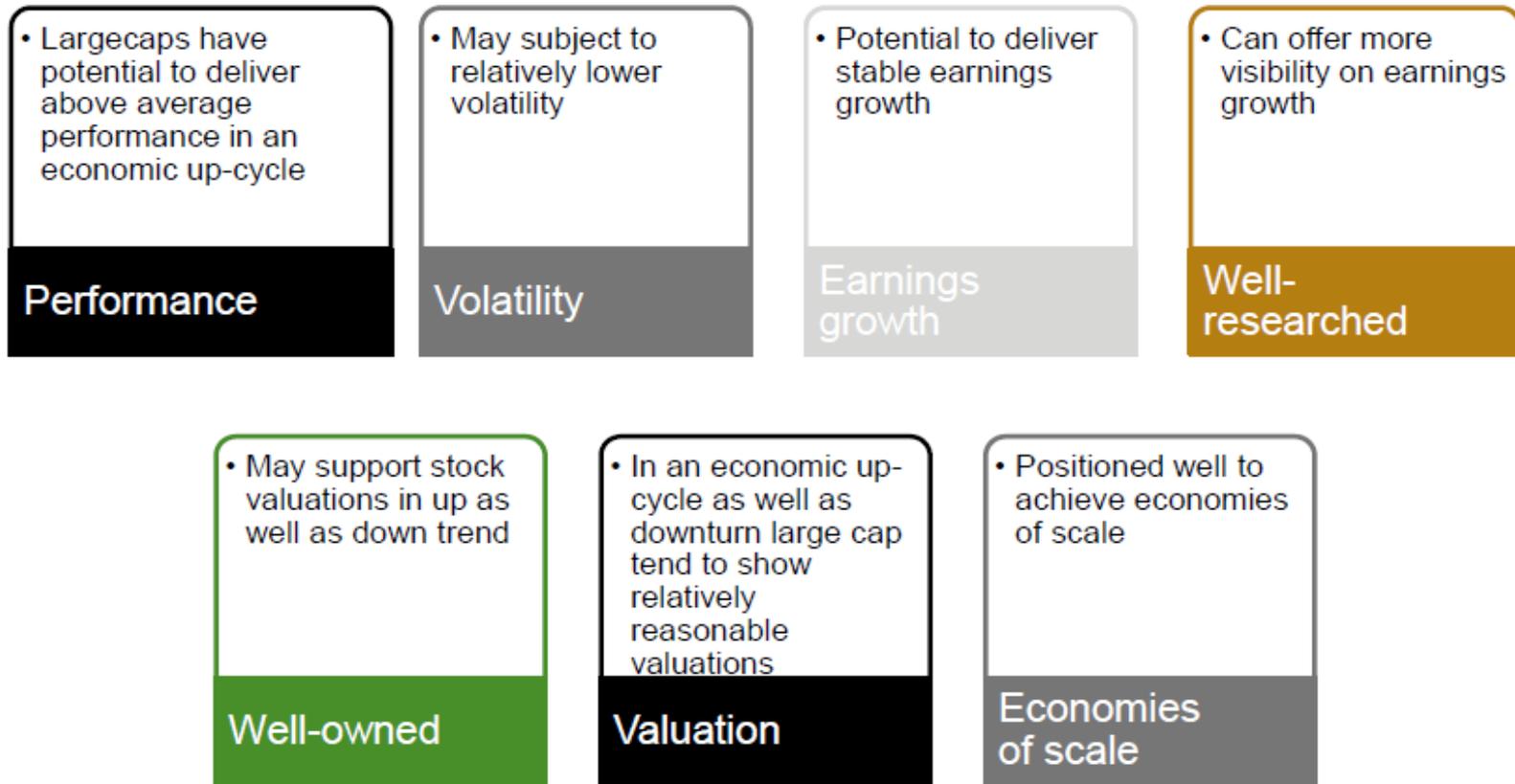
Ratio of Top 20 listed Indian profitable companies' profit to the Total corporate profit



Top profitable companies share in the overall corporate profits has risen significantly

Case for Large caps Funds

Advantage Large Cap Funds as underlying large cap stocks offer

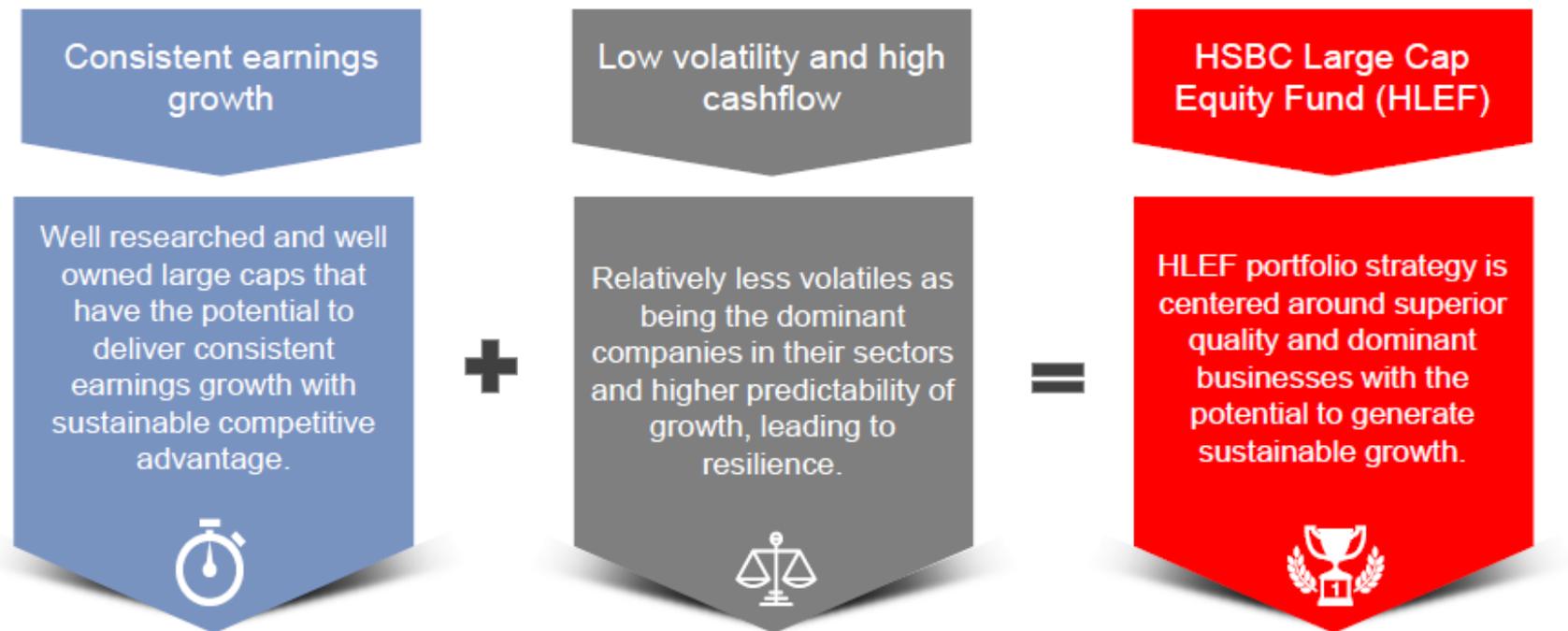


Large Caps: a core asset class within equities

Investments are subject to market risk. Past performance may or may not sustain in the future and does not guarantee or assure future returns

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

HSBC Large Cap Equity Fund

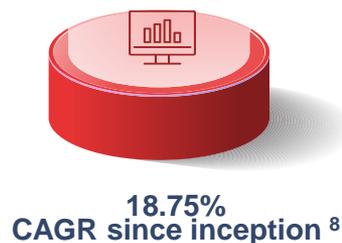


A portfolio strategy centered around superior quality and dominant businesses

HSBC Large Cap Equity Fund ^{1/2}

Fund Strategy

- HSBC Large Cap Equity Fund primarily comprises of large cap stocks, without exposure to excessive risk inline with the risk appetite of investors
- Fund strategy is centered around superior quality businesses that generate sustainable growth
- Disciplined, repeatable approach to select good stocks at inexpensive valuations that can get re rated v/s popular stocks at high valuations
- Aim to benefit from the power of compounding
- Avoiding stocks with poor corporate governance, inefficient capital allocators, and poor quality of business



A large cap strategy with 21.0X growth in since inception

⁸ As on 31 August 2020 of Growth option. During the same period, scheme benchmark (Nifty 50 TRI) has moved by 13.6X to Rs 136,767 from Rs 10,000 and delivered return of 15.89%

¹ Pursuant to the circular issued by SEBI on 'Categorization and Rationalization of the Schemes, there has been change in the fundamental attribute(s) of the aforesaid effective from Mar 14, 2018.

² The benchmark was changed w.e.f. 11th November, 2016 as a more suitable benchmark was identified which better matched the portfolio strategy. There has been no change to investment management of the scheme.

Please refer slide no 15 for detailed performance of HSBC Large Cap Equity Fund. For other schemes performance managed by Neelotpal Sahai refer respective slides no 17 and 18 in this presentation

Past performance may or may not sustain in the future and does not guarantee or assure future returns

HSBC Large Cap Equity Fund ¹

An open ended equity scheme predominantly investing in large cap stocks

Fund Manager	Neelotpal Sahai
Benchmark	Nifty 50 TRI ²
Standard Deviation ³	20.05%
Beta ³	0.91
Sharpe Ratio ^{3,4}	0.06
Inception Date	10 December 2002

Portfolio Characteristics	Fund	Nifty 50 TRI
Number of holdings	27	50
Price to book (PB) ⁵	3.71	2.71
Price to earnings (PE) ⁵	34.16	36.07
Return on Equity (ROE (%)) ⁵	13.70	12.11
Dividend Yield ⁵	0.80	1.32
Portfolio Turnover ⁶	1.02	-

¹ Pursuant to the circular issued by SEBI on 'Categorization and Rationalization of the Schemes, there has been change in the fundamental attribute(s) of the aforesaid effective from Mar 14, 2018.

² The benchmark (BM) was changed w.e.f. 11 Nov '16 as a more suitable BM was identified to better match with portfolio strategy. There has been no change to investment management of the scheme.

³ Statistical Ratios disclosed are as per monthly returns (Annualized) for the last 3 years.

⁴ Risk free rate: 3.78% (FIMMDA-NSE MIBOR) as on August 31, 2020

⁵ PE Trailing (weighted average method), PB, Dividend Yield, ROE

⁶ Portfolio Turnover Ratio is computed for the last 12 months

- **Standard deviation** is a statistical measure of the range of an investment's performance. When a mutual fund has a high standard deviation, it means its range of performance is wide, implying greater volatility.
- **Beta** is a measure of an investment's volatility vis-a-vis the market. Beta of less than 1 means that the security will be less volatile than the market. A beta of greater than 1 implies that the security's price will be more volatile than the market.
- **Portfolio turnover** is a measure of how frequently assets within a fund are bought and sold by the managers.
- **Price to Book (PB)** and **Price to Earnings (PE)** are stocks valuation parameters relative to its earnings
- **Return on equity (ROE)** is a measure of profitability that calculates how much of profit a company generates on shareholders' equity.
- **Weighted Average Market Capitalization** is a fund's portfolio weighted by the market capitalization of each stock in the portfolio. In such a weighting companies with large weight account for a greater portion of the portfolio.

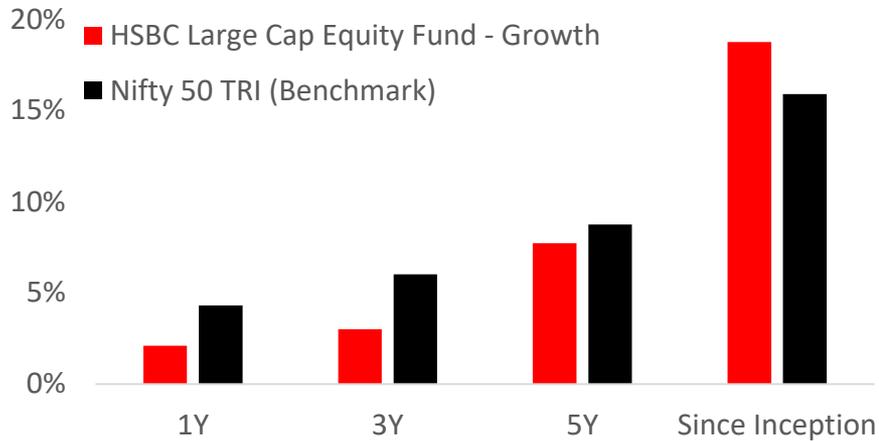
Data as on 31 August 2020

Current key focused sectors in HLEF

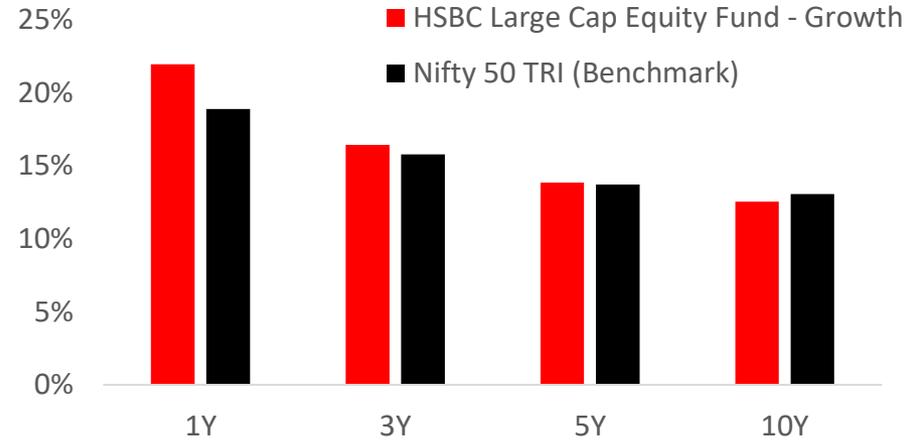
Sectors	Comments
Healthcare	<p>We have a positive view of the sector, on account of the expected resilience in earnings and also ability to retain the demand in the current environment compared to other sectors. We also believe that the focus of buyers in the US will also be to ensure steady supply of generic drugs, whereas in the past, price reduction was the key focus. This should ease pricing pressure for Indian companies as well as give them higher visibility of demand. Domestic business will likely see a modest growth as chronic segment will be grow but acute segment will likely show a decline. Stabilization of raw material supplies from China has eased pressure on raw material sourcing. Our exposure to the sector, is primarily through companies having US generic business. We also own domestic focused businesses with a relatively higher degree of vertical integration.</p>
Consumer Discretionary	<p>We reckon that the impact of the COVID-19 disruption will not be felt uniform across all Consumer Discretionary players. We are positive on companies that can demonstrate faster rebound in the economic recovery process. This would be demonstrated in names that can sustain and improve demand post the disruption phase. We have used the correction to reorient the exposure within the sector and have been adding to names where the price correction has been steeper than the value destruction of the business. Within the space, we are more positive on consumer goods and Auto OEMs as against consumer services and auto ancillaries part of the discretionary basket. Our exposure is through names which are dominant players in their respective businesses.</p>
Telecom Services	<p>Telecom is one sector that has seen limited impact of the lock-down in the country owing to the essential nature of the service. Looking beyond this crisis period, the telecom sector continues to be a beneficiary of consolidation and tariff increase. We see profitability of the sector coming back strongly and the post consolidation phase would benefit players who are better positioned on network / spectrum and also with better access and ability to deploy future capital. Our preference is for players with relatively stronger balance sheet and showing better execution on the ground. Ruling by the Hon'ble Supreme Court on the AGR issue has brought the long pending issue to an end. The companies can, now, look ahead and plan better.</p>

HSBC Large Cap Equity Fund performance

P2P performance



Rolling Returns[^]



Source MFI Explorer as at August 31, 2020, Nifty 50 TRI

[^]The above table shows the performance on daily rolling returns basis for respective periods (1, 3, 5 and 10 years) since the inception date of the scheme

Rolling return period for HSBC Large Cap Equity Fund 10 Dec 02 to 31 Aug 2020

Rolling return period for Nifty 50 TRI 10 Dec 02 to 31 Aug 2020

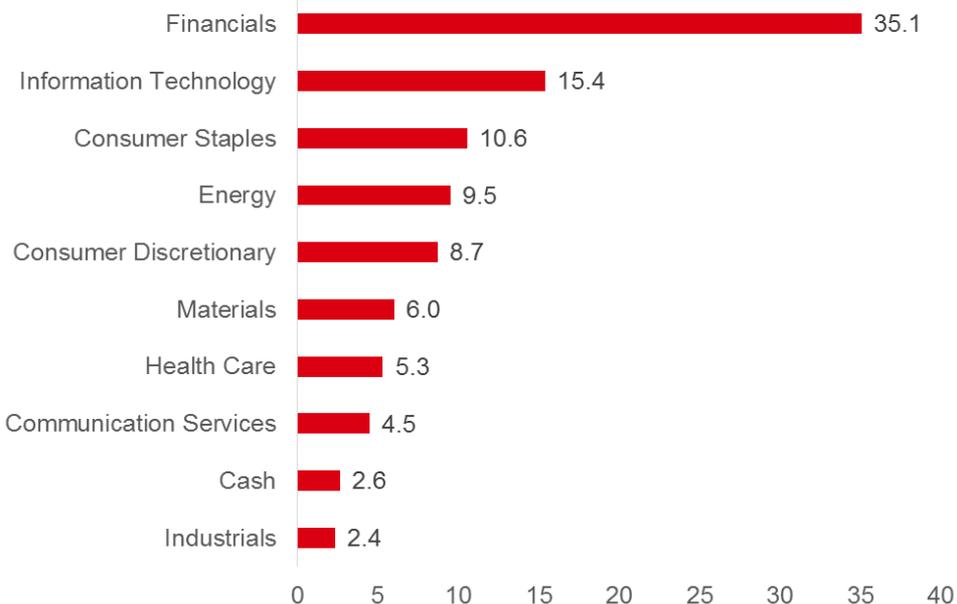
Performance of the respective benchmark is calculated as per the Total Return Index (TRI)

Pursuant to the circular issued by SEBI on 'Categorization and Rationalization of the Schemes, there has been change in the fundamental attribute(s) of the aforesaid effective from Mar 14, 2018

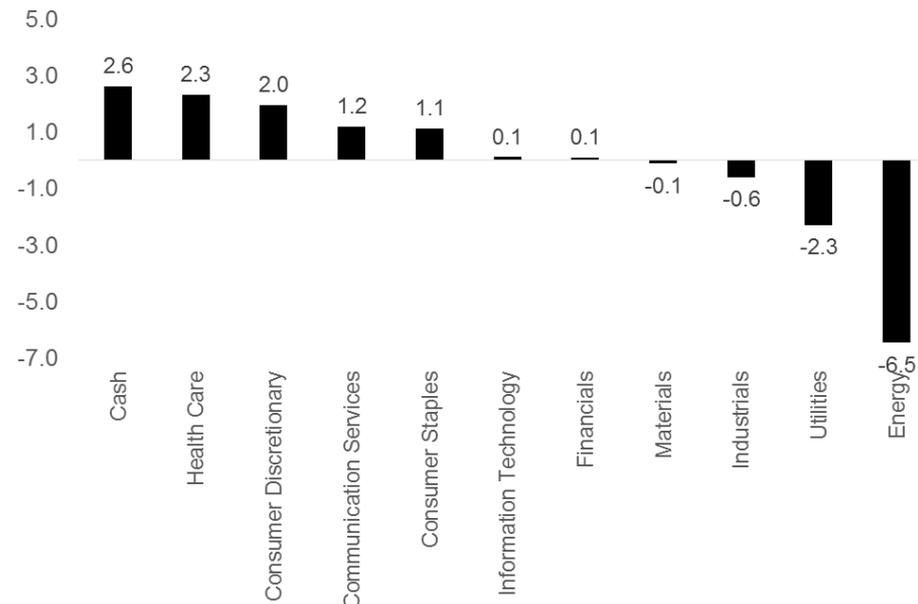
Returns are of growth option. The returns for the respective periods are provided as on 31 August 2020. Returns above 1 year are Compounded Annualized. Standard benchmark is prescribed by SEBI and is used for comparison purposes. Returns on 10,000 are point-to-point returns for the specific time period, invested at the start of the period. The returns provided above have been rounded off and hence there may be minor differences between point-to-point returns vis-a-vis returns indicated above. Different plans shall have a different expense structure. The performance details provided herein are of other than Direct plan. Scheme count for the total schemes managed by the Fund Managers does not include closed ended scheme.

HSBC Large Cap Equity Fund – Sector allocation

Sector weightings (%)



Active sector weightings (%)

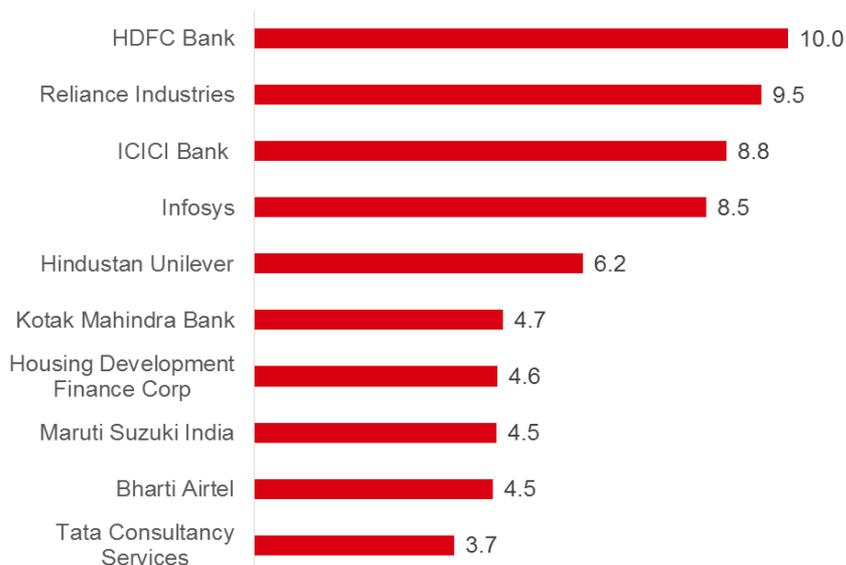


The fund is overweight on sectors such as Health Care, Consumer Discretionary and Communication services

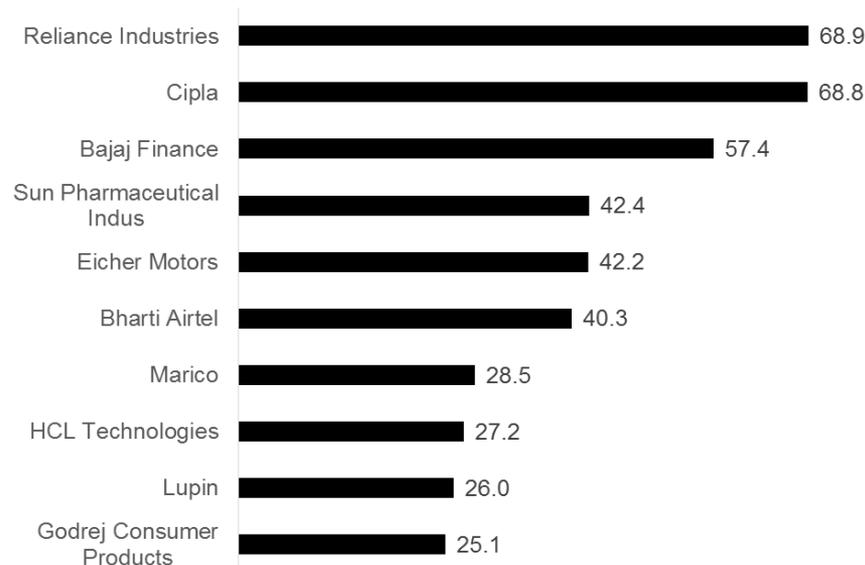
Active sector weightings - The difference in allocation of an individual security or portfolio segment between portfolio and the benchmark.
 HSBC Global Asset Management, Data as on 31 August 2020

HSBC Large Cap Equity Fund – Stock positioning

Top stock holdings in the portfolio (%)



Top 10 return generating stocks in 1 year (%)



One of the holding of HLEF has delivered ~68% returns in 1 year period for the fund

HSBC Large Cap Equity Fund performance

Lump Sum Investment Performance

Funds Managed by Neelotpal Sahai (Total Schemes Managed 5)								
HSBC Large Cap Equity Fund								
Fund / Benchmark (Value of ₹10,000 invested)	1 Year		3 Years		5 Years		Since Inception	
	Amount in	Returns (%)	Amount in	Returns (%)	Amount in	Returns (%)	Amount in	Returns (%)
HSBC Large Cap Equity Fund	10,219	2.18	10,928	3.00	14,510	7.72	210,754	18.75
Scheme Benchmark (Nifty 50 TRI)	10,433	4.31	11,915	6.01	15,218	8.75	136,767	15.89
Additional Benchmark (S&P BSE Sensex TRI)	10,461	4.58	12,610	8.03	15,664	9.38	153,113	16.63

Inception Date: 10-Dec-02

The said Fund is managed by Neelotpal Sahai Effective (27 May 2013)

SIP Performance

HSBC Large Cap Equity Fund				
Scheme Name & Benchmarks	1 Year	3 Years	5 Years	Since Inception
Total amount invested (₹)	120000	360000	600000	2130000
Market Value as on August 31, 2020 (₹)	125830	376095	698667	7111936
Scheme Returns (%)	9.14	2.86	6.02	12.30
Nifty 50 TRI - Scheme Benchmark (₹)	128718	387667	730332	7123702
Nifty 50 TRI - Scheme Benchmark Returns (%)	13.75	4.87	7.79	12.31
S&P BSE Sensex TRI - Additional Benchmark (₹)	128709	395640	751988	7563513
S&P BSE Sensex TRI - Additional Benchmark Returns (%)	13.73	6.22	8.96	12.88

Inception Date: 10-Dec-02

TRI data of Standard Benchmark is not available since inception of the scheme. Standard Benchmark performance is calculated using Composite CAGR of S&P BSE Sensex TRI values from date 10-Dec-2002 to date 30-May-2007 and TRI values since date 31-May-2007.

Performance of the respective benchmark is calculated as per the Total Return Index (TRI)

Pursuant to the circular issued by SEBI on 'Categorization and Rationalization of the Schemes, there has been change in the fundamental attribute(s) of the aforesaid effective from Mar 14, 2018

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HSBC Large Cap Equity Fund – Key features

Investment Objective	To generate long-term capital growth from an actively managed portfolio of equity and equity related securities of predominantly large cap companies. However, there can be no assurance or guarantee that the investment objective of the scheme would be achieved.
Minimum Application Amount	Lump sum = INR 5,000, SIP = INR 500
Load Structure	Entry Load – Nil; Exit Load ⁴ – 1% if redeemed / switched out within 1 year from allotment else NIL
Options	Growth, Dividend (Payout & Dividend Reinvestment)
SIP/STP/SEP	SIP/STP/SEP available
Benchmark Index	Nifty 50 TRI
Fund Manager	Neelotpal Sahai

HSBC Large Cap Equity Fund

This product is suitable for investors who are seeking*:

- To create wealth over long term
- Investment in predominantly large cap equity and equity related securities



Investors understand that their principal will be at Moderately High risk.

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

⁴ Applicable with effect from 14 March, 2018. In respect of each purchase /switch-in of Units, an Exit Load of 1% is payable if Units are redeemed / switched-out within 1 year from the date of allotment, No Exit Load will be charged, if Units are redeemed/switched-out after 1 year from the date of allotment.

Performance of other funds managed by the Fund Manager

Funds Managed by Neelotpal Sahai (Total Schemes Managed 5)								
HSBC Multi Cap Equity Fund								
Fund / Benchmark (Value of ₹10,000 invested)	1 Year		3 Years		5 Years		Since Inception	
	Amount in ₹	Returns (%)	Amount in ₹	Returns (%)	Amount in ₹	Returns (%)	Amount in ₹	Returns (%)
HSBC Multi Cap Equity Fund	10,539	5.36	9,854	-0.49	13,267	5.81	82,528	13.62
Scheme Benchmark (Nifty 500 TRI)	10,543	5.40	11,159	3.72	14,919	8.32	79,809	13.39
Additional Benchmark (Nifty 50 TRI)	10,433	4.31	11,915	6.01	15,218	8.75	77,627	13.20

Inception Date: 24-Feb-04

Past performance may or may not be sustained in the future. Refer note below.

The said Fund is managed by Neelotpal Sahai Effective (27 May 2013)

Fund Manager - Neelotpal Sahai (For Equity) Total Schemes Managed - 5 Fund Manager - Amaresh Mishra (For Equity) Total Schemes Managed - 1				
HSBC Large and Mid Cap Equity Fund ¹				
Fund / Benchmark (Value of ₹10,000 invested)	1 Year		Since Inception	
	Amount in ₹	Returns (%)	Amount in ₹	Returns (%)
HSBC Large and Mid Cap Equity Fund	10,337	3.35	9,786	-1.50
Scheme Benchmark (NIFTY Large Midcap 250 TRI)	10,828	8.23	10,019	0.13
Additional Benchmark (Nifty 50 TRI)	10,433	4.31	10,024	0.17

Inception Date: 28-March-19

Past performance may or may not be sustained in the future. Refer note below.

The said Fund is managed by Neelotpal Sahai Effective (28 March 2019)

The said Fund is managed by Amaresh Mishra Effective (23 July 2019)

The Performance of HSBC Focused Equity Fund (managed by Neelotpal Sahai and Gautam Bhupal) is not given since the scheme has not completed one year from the date of inception.

¹ The said Fund has been in existence for more than 1 year but less than 3 years

Performance of the respective benchmark is calculated as per the Total Return Index (TRI)

Pursuant to the circular issued by SEBI on 'Categorization and Rationalization of the Schemes, there has been change in the fundamental attribute(s) of the aforesaid effective from Mar 14, 2018

Returns are of growth option. The returns for the respective periods are provided as on 31 August 2020. Returns above 1 year are Compounded Annualized. Standard benchmark is prescribed by SEBI and is used for comparison purposes. Returns on 10,000 are point-to-point returns for the specific time period, invested at the start of the period. The returns provided above have been rounded off and hence there may be minor differences between point-to-point returns vis-a-vis returns indicated above. Different plans shall have a different expense structure. The performance details provided herein are of other than Direct plan. Scheme count for the total schemes managed by the Fund Managers does not include closed ended scheme.

Performance of other funds managed by the Fund Manager

Fund Manager - Neelotpal Sahai (For Equity) Total Schemes Managed - 5
 Fund Manager - Ranjithgopal K A (For Equity) Total Schemes Managed - 1
 Fund Manager - Kapil Punjabi (For Debt) Total Schemes Managed - 7

HSBC Equity Hybrid Fund¹²

Fund / Benchmark (Value of ₹10,000 invested)	1 Year		Since Inception	
	Amount in ₹	Returns (%)	Amount in ₹	Returns (%)
HSBC Equity Hybrid Fund	10,717	7.13	11,306	6.82
Scheme Benchmark (30% of CRISIL Composite Bond Fund Index and 70% of S&P BSE 200 TRI)	10,664	6.60	11,547	8.04
Additional Benchmark (Nifty 50 TRI)	10,433	4.31	11,371	7.15

Inception Date: 22-Oct-18

Source – Bloomberg, HSBC Asset Management, India, Data as at August 2020 except otherwise mentioned.

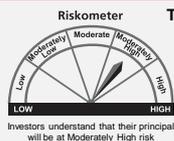
Past performance may or may not be sustained in the future. Refer note below.

The said Fund is managed by Neelotpal Sahai Effective (22 October 2018)

The said Fund is managed by Ranjithgopal K A Effective (23 July 2019)

The said Fund is managed by Kapil Punjabi Effective (18 February 2019)

HSBC Large & Mid Cap Equity Fund



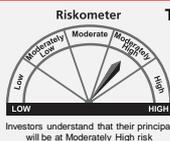
This product is suitable for investors who are seeking*:

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

Investors understand that their principal will be at Moderately High risk

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

HSBC Equity Hybrid Fund



This product is suitable for investors who are seeking*:

- Long term wealth creation and income
- Invests in equity and equity related securities and fixed Income instruments

Investors understand that their principal will be at Moderately High risk

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

HSBC Multi Cap Equity Fund



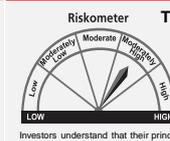
This product is suitable for investors who are seeking*:

- To create wealth over long term
- Invests in equity and equity related securities across market capitalisations

Investors understand that their principal will be at Moderately High risk

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

HSBC Focused Equity Fund



This product is suitable for investors who are seeking*:

- Long term wealth creation
- Investment in equity and equity related securities across market capitalization in maximum 30 stocks

Investors understand that their principal will be at Moderately High risk

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

¹² The said Fund has been in existence for more than 1 year but less than 3 years

The performance of HSBC Focused Equity Fund which is managed by Neelotpal Sahai is not given as it has not completed 1 year

Returns are of growth option. The returns for the respective periods are provided as on 31 August 2020. Returns above 1 year are Compounded Annualized. Standard benchmark is prescribed by SEBI and is used for comparison purposes. Returns on 10,000 are point-to-point returns for the specific time period, invested at the start of the period. The returns provided above have been rounded off and hence there may be minor differences between point-to-point returns vis-a-vis returns indicated above. Different plans shall have a different expense structure. The performance details provided herein are of other than Direct plan.

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HSBC Asset Management (India) Private Limited, 16, V.N. Road, Fort, Mumbai-400001
Email: hsbcmf@camsonline.com | Website: www.assetmanagement.hsbc.com/in

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

