

Product Note

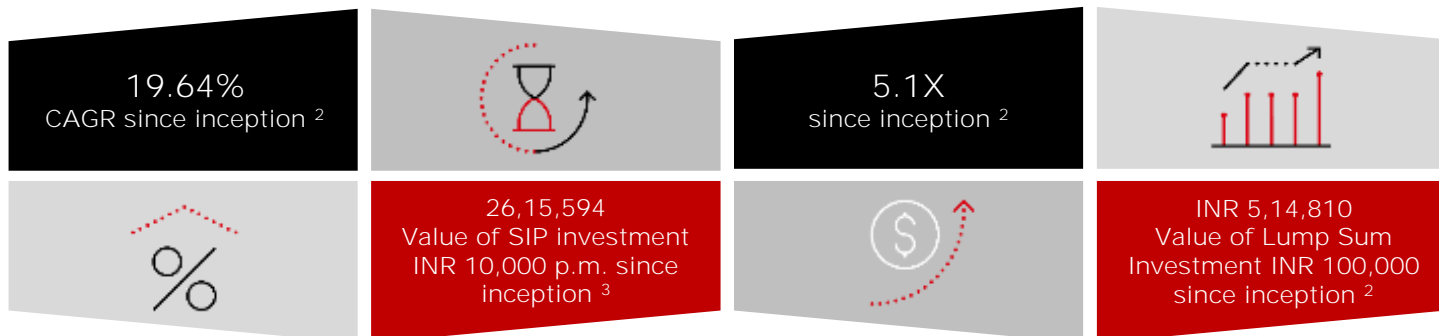
HSBC Small Cap Fund (HSCF) (Formerly known as L&T Emerging Businesses Fund)

Small Cap Fund - An open ended equity scheme predominantly investing in small cap stocks

HSBC Small Cap Equity Fund has merged into L&T Emerging Businesses Fund and the surviving scheme has been renamed)

July 2023

Fund Category	Fund Manager	Benchmark ¹	Inception Date	AUM
Small Cap Fund	Venugopal Manghat and Vihang Shankar Naik	NIFTY Small Cap 250 TRI	12 May 2014	Rs. 10129.41 Cr



Portfolio	% of net assets	Sector - Allocation	% of net assets
Apar Industries Limited	3.34%	Industrial Products	24.13%
KPR Mill Limited	3.33%	IT - Software	8.27%
KEI Industries Limited	3.04%	Consumer Durables	7.19%
Carborundum Universal Limited	2.66%	Auto Components	6.77%
Grindwell Norton Limited	2.54%	Realty	5.49%
Sonata Software Limited	2.44%	Textiles & Apparels	5.39%
KPIT Technologies Limited	2.34%	Chemicals & Petrochemicals	5.25%
Cera Sanitaryware Limited	2.34%	Electrical Equipment	4.57%
EIH Limited	2.23%	Banks	4.33%
Brigade Enterprises Limited	2.15%	Construction	4.09%

Risk Ratios ⁴	
Standard Deviation	16.34%
Beta	0.79
Sharpe Ratio ⁵	1.89
R2	0.93

Load / Expenses	
Entry Load	NA
Exit Load - NIL (after 1 year), 1% (before 1 year) ⁶	
Expense ratio (Other than Direct) ⁷	1.75%
Expense ratio (Direct)	0.73%

¹ SEBI vide its circular no. SEBI/HO/IMD/IMD-II DF3/P/ CIR/2021/652 dated October 27, 2021, 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. Furthermore, the same is effective from 01 December 2021

² As on 30 June 2023 of Growth option. During the same period, scheme benchmark (NIFTY Small Cap 250 TRI) has moved by 3.9X to Rs 3,95,260 from Rs 100,000 and delivered return of 16.23% Please refer page no. 3 for detailed performance of HSBC Small Cap Fund.

³ During the same period, value of scheme benchmark (S&P BSE 250 Small Cap Index TRI) has moved to 2,203,039

⁴ Statistical Ratios disclosed are as per monthly returns (Annualized) for the last 3 years.

⁵ Risk free rate: 6.90% (FIMMDA-NSE Mibor) as on June 30, 2023.

⁶ Exit Load - If the units redeemed or switched out are upto 10% of the units purchased or switched in ("the limit") within 1 year from the date of allotment - Nil

• If units redeemed or switched out are over and above the limit within 1 year from the date of allotment - 1% • If units are redeemed or switched out on or after 1 year from the date of allotment - Nil

⁷ Continuing plans.

Data as on 30 June 2023 unless otherwise given

Historically, small cap companies have outperformed other segments of the market cap in the long term, paving the way for tremendous growth potential for investors. It is a well known fact that while large cap companies are extensively researched, small cap stocks are under researched and under owned. Small cap stocks often present an relatively attractive opportunity in terms of performance from a medium term perspective.

Why HSBC Small Cap Fund?

- Small cap stocks have a higher potential for growth in the long run. HSBC Small Cap Fund invests in smaller size businesses in their early stage of development
- These businesses have huge growth potential in revenue and profits as compared to broader market with relatively higher risk.
- The fund seek an exposure in small cap segment stocks for higher alpha generating opportunities
- Follows bottom-up stock selection using our proprietary investment approach
- At least 65% exposure to stocks beyond the top 250, in terms of market capitalization
- 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 on investing in stocks with an adequate margin of safety

Investment Objective

To generate long term capital growth from an actively managed portfolio of equity and equity related securities of predominantly small cap companies. However, it could move a portion of its assets towards fixed income securities if the fund manager becomes negative on the Indian equity markets. However, there can be no assurance or guarantee that the investment objective of the scheme would be achieved.

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Fund Managers - Venugopal Manghat (No of Schemes Managed – 5) - Managing Fund Since 17 Dec 2019 and Vihang Shankar Naik (No of Schemes Managed – 4) - Managing Fund Since 17 Dec 2019 and Sonal Gupta (No of Schemes Managed - 4, for investment in foreign securities)

Lump Sum Investment Performance									Inception Date
Fund / Benchmark (Value of Rs 10,000 Invested)	1 Year		3 Years		5 Years		Since Inception		
	Amount in Rs	PTP Returns %	Amount in Rs	PTP Returns %	Amount in Rs	PTP Returns %	Amount in Rs	PTP Returns %	
HSBC Small Cap Fund-Regular ⁸	13386	33.86	29382	43.23	21237	16.24	51481	19.64	12-May-14
Scheme Benchmark (NIFTY Small Cap 250 TRI)	13148	31.48	26608	38.57	19167	13.88	39526	16.23	
Additional Benchmark (Nifty 50 TRI)	12291	22.91	19315	24.54	19018	13.70	30685	13.05	

Performance of other funds managed by the Fund Manager									Inception Date
Fund / Benchmark (Value of Rs 10,000 Invested)	1 Year		3 Years		5 Years		Since Inception		
	Amount in Rs	PTP Returns %	Amount in Rs	PTP Returns %	Amount in Rs	PTP Returns %	Amount in Rs	PTP Returns %	
HSBC Infrastructure Fund-Regular ⁹	14109	41.09	24372	34.58	18704	13.33	30319	7.29	27-Sep-07
Scheme Benchmark (NIFTY Infrastructure TRI)	12524	25.24	19704	25.37	19941	14.79	15543	2.84	
Additional Benchmark (Nifty 50 TRI)	12291	22.91	19315	24.54	19018	13.70	46236	10.20	
HSBC Value Fund-Regular	13182	31.82	21813	29.69	19134	13.84	66925	15.14	08-Jan-10
Scheme Benchmark (Nifty 500 TRI)	12390	23.90	20030	26.06	18963	13.64	43425	11.51	
Additional Benchmark (Nifty 50 TRI)	12291	22.91	19315	24.54	19018	13.70	43095	11.44	
HSBC Flexi Cap Fund-Regular	12568	25.68	18617	23.02	16605	10.66	173762	15.89	24-Feb-04
Scheme Benchmark (Nifty 500 TRI)	12390	23.90	20030	26.06	18963	13.64	144154	14.78	
Additional Benchmark (Nifty 50 TRI)	12291	22.91	19315	24.54	19018	13.70	135149	14.40	
HSBC Business Cycles Fund-Regular	13149	31.49	21228	28.52	17642	12.01	27057	11.88	20-Aug-14
Scheme Benchmark (Nifty 500 TRI)	12390	23.90	20030	26.06	18963	13.64	28685	12.62	
Additional Benchmark (Nifty 50 TRI)	12291	22.91	19315	24.54	19018	13.70	27110	11.91	
HSBC Mid Cap Fund-Regular ¹⁰	12338	23.38	19046	23.96	16746	10.85	226738	17.95	09-Aug-04
Scheme Benchmark (NIFTY Midcap 150 TRI)	13440	34.40	24428	34.68	21838	16.89	NA	NA	
Additional Benchmark (Nifty 50 TRI)	12291	22.91	19315	24.54	19018	13.70	148422	15.34	

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

Name of Scheme	Fund Manager	No. of funds managed and Co-managed
HSBC Small Cap Fund	Venugopal Manghat- Since Dec 17, 2019 Vihang Shankar Naik- Since Dec 17, 2019	Venugopal Manghat-5 Vihang Shankar Naik-4
HSBC Infrastructure Fund	Venugopal Manghat- Since Dec 17, 2019 Gautam Bhupal- Since Nov 26, 2022	Venugopal Manghat-5 Gautam Bhupal-8
HSBC Value Fund	Venugopal Manghat- Since Nov 24, 2012 Vihang Shankar Naik- Since Dec 17, 2019	Venugopal Manghat-5 Vihang Shankar Naik-4
HSBC Flexi Cap Fund	Vihang Shankar Naik- Since Nov, 26 2022 Venugopal Manghat- Since Nov, 26 2022	Vihang Shankar Naik-4 Venugopal Manghat-5
HSBC Business Cycles Fund	Gautam Bhupal- Since Nov 26 2022 Venugopal Manghat- Since June 01, 2023	Gautam Bhupal-8 Venugopal Manghat-5
HSBC Midcap Fund	Vihang Shankar Naik- Since June 28 2016 Cheenu Gupta- Since Nov 26 2022	Vihang Shankar Naik-4 Cheenu Gupta-8

Note - Sonal Gupta shall be dedicated fund manager for investments in foreign securities by all the schemes of HSBC Mutual Fund.

Past performance may or may not be sustained in the future. Source: HSBC Asset Management India, data as at 30 June 2023

SIP Performance - HSBC Small Cap Fund - Reg					Inception Date: 12-May-14
Scheme Name & Benchmarks	1 Year	3 Years	5 Years	Since Inception	
Total amount invested (₹)	120000	360000	600000	1090000	
Market Value as on June 30, 2023 (₹)	139,610	554,597	1,139,374	2,615,594	
Scheme Returns (%)	31.87	30.27	26.00	18.51	
NIFTY Small Cap 250 TRI - Scheme Benchmark (₹)	137,995	505,614	1,051,722	2,203,039	
NIFTY Small Cap 250 TRI - Scheme Benchmark Returns (%)	29.15	23.42	22.66	14.94	
Nifty 50 TRI - Additional Benchmark (₹)	131,535	454,311	894,567	2,077,421	
Nifty 50 TRI - Additional Benchmark Returns (%)	18.43	15.75	16.00	13.72	

Since Inception returns are provided from the date of allotment of units. PTP returns – Point to Point returns.

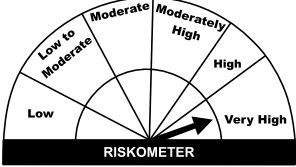
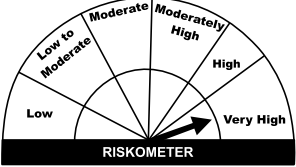
For SIP returns, monthly investment of Rs.10,000 invested on the 1st day of every month has been considered. SIP Return are calculated on XIRR basis.

The performance details provided herein is of Regular 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 June 2023 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.

Pursuant to the transfer of schemes of L&T Mutual Fund to HSBC Mutual Fund, which was effective from the close of business hours of November 25, 2022, the performance of the Scheme (which is the surviving scheme out of the merger of schemes with similar features) provided above is computed as per the provisions of SEBI Circular No- SEBI/HO/IMD/DF3/CIR/P/2018/69 dated April 12, 2018 using the weighted average performance of both transferor and transferee schemes. The details of the transferor and transferee schemes please refer to our notice dated October 14, 2022 available on www.assetmanagement.hsbc.co.in.

Past performance may or may not be sustained in the future. Source: HSBC Asset Management India, data as at 30 June 2023

Product Label

Scheme name and Type of scheme	*Riskometer of the Scheme	Riskometer of the benchmark
<p>This product is suitable for investors who are seeking*:</p> <p>HSBC Small Cap Fund (Erstwhile L&T Emerging Businesses Fund) - Small Cap Fund – An open ended equity scheme predominantly investing in small cap stocks</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 (Benchmark : S&P BSE 250 Small Cap Index TRI Index) <p>HSBC Infrastructure Fund - Thematic Fund (Erstwhile L&T Infrastructure Fund) – An open-ended Equity Scheme following Infrastructure theme.</p> <ul style="list-style-type: none"> • To create wealth over long term • Investment in equity and equity related securities, primarily in themes that play an important role in India's economic development. (Benchmark : S&P BSE India Infrastructure TRI Index) <p>HSBC Value Fund (Erstwhile L&T India Value Fund) - Value Fund - An open ended equity scheme following a value investment strategy.</p> <ul style="list-style-type: none"> • Long term capital appreciation • Investment predominantly in equity and equity-related securities in Indian markets and foreign securities with higher focus on undervalued securities. (Benchmark : NIFTY 500 TRI Index) <p>HSBC Flexi Cap Fund - Flexi Cap Fund – An open ended dynamic equity scheme investing across large cap, mid cap, small cap stocks.</p> <ul style="list-style-type: none"> • To create wealth over long term • Investment in equity and equity related securities across market capitalizations. (Benchmark : NIFTY 500 TRI Index) <p>HSBC Business Cycles Fund (Erstwhile L&T Business Cycles Fund) - Thematic Fund - An open ended equity scheme following business cycles based investing theme.</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 focus on riding business cycles through dynamic allocation between various sectors and stock at different stages of business cycles in the economy. (Benchmark : NIFTY 500 TRI Index) <p>HSBC Midcap Fund (Erstwhile L&T Midcap Fund) - Midcap Fund – An open ended equity scheme predominantly investing in mid cap stocks.</p> <ul style="list-style-type: none"> • Long term wealth creation • Investment in equity and equity related securities of mid cap companies. (Benchmark : S&P BSE 150 MidCap TRI Index) 	 <p>RISKOMETER</p> <p>Investors understand that their principal will be at Very High risk</p>	 <p>RISKOMETER</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 30 June 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 30 June 2023

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