

Product Note

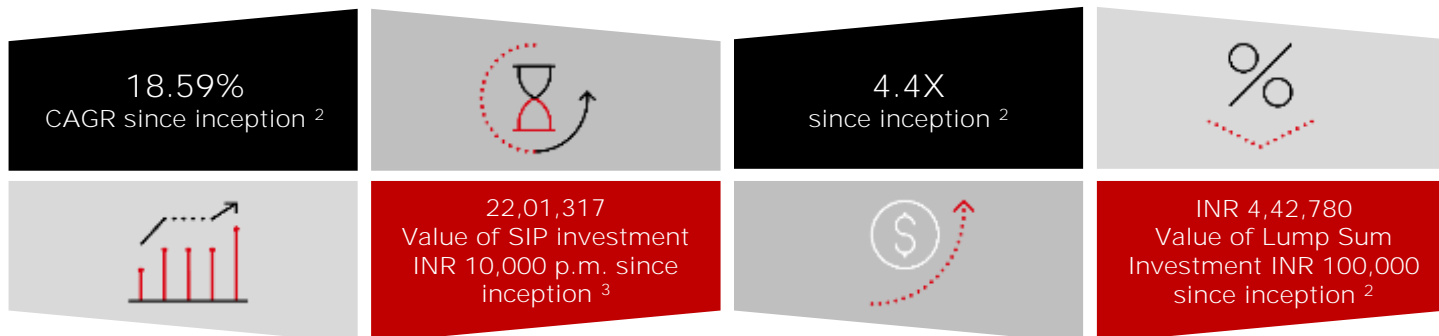
HSBC Small Cap Fund (HSCF) (Formerly known as L&T Emerging Businesses Fund)

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)

February 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. 8672.09 Cr



Portfolio	% of net assets	Sector - Allocation	% of net assets
KPR Mill Limited	3.10%	Industrial Products	23.82%
RHI Magnesita India Limited	2.71%	Auto Components	7.03%
Indian Bank	2.66%	Banks	6.66%
Grindwell Norton Limited	2.60%	IT Software	6.50%
Carborundum Universal Limited	2.52%	Consumer Durables	6.37%
KEI Industries Limited	2.48%	Realty	5.70%
JK Lakshmi Cement Limited	2.41%	Chemicals and Petrochemicals	5.42%
EID Parry India Limited	2.39%	Textiles and Apparels	4.85%
Apar Industries Limited	2.30%	Agricultural Food and other Products	4.15%
Ratnamani Metals and Tubes Limited	2.25%	Construction	3.86%

Risk Ratios ⁴	
Standard Deviation	27.17%
Beta	0.86
Sharpe Ratio ⁵	0.76
R2	0.97

Load / Expenses	
Entry Load	NA
Exit Load - NIL (after 1 year), 1% (before 1 year) ⁶	
Expense ratio (Other than Direct) ⁷	1.84%
Expense ratio (Direct)	0.75%

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 31 January 2023 of Growth option. During the same period, scheme benchmark (NIFTY Small Cap 250 TRI) has moved by 3.4X to Rs 3,46,460 from Rs 100,000 and delivered return of 15.3%. 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 18,81,218.

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

⁵ Risk free rate: 6.50% (FIMMDA-NSE Mibor) as on January 31, 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 31 January 2023 unless otherwise given

The fund has undergone merger/consolidation along with changes to its fundamental attributes as per the notice published on 15 Oct '22. For more details visit our website page - <https://www.assetmanagement.hsbc.co.in/en/mutual-funds/acquisition-of-lt-mutual-fund>.

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	10097	0.97	19863	25.68	16484	10.51	44278	18.59	12-May-14
Scheme Benchmark (NIFTY Small Cap 250 TRI)	9533	-4.67	18349	22.40	13862	6.75	34646	15.30	
Additional Benchmark (Nifty 50 TRI)	10318	3.18	15298	15.21	17049	11.25	28089	12.56	

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	10452	4.52	15924	16.76	13339	5.93	25300	6.23	27-Sep-07
Scheme Benchmark (NIFTY Infrastructure TRI)	10140	1.40	16336	17.76	15239	8.79	13702	2.07	
Additional Benchmark (Nifty 50 TRI)	10318	3.18	15298	15.21	17049	11.25	42325	9.85	
HSBC Value Fund-Regular	10364	3.64	16482	18.11	15427	9.05	60624	14.78	08-Jan-10
Scheme Benchmark (Nifty 500 TRI)	10128	1.28	15654	16.10	16317	10.28	39303	11.04	
Additional Benchmark (Nifty 50 TRI)	10318	3.18	15298	15.21	17049	11.25	39449	11.07	
HSBC Flexi Cap Fund-Regular	10117	1.17	14477	13.11	14091	7.10	155771	15.59	24-Feb-04
Scheme Benchmark (Nifty 500 TRI)	10128	1.28	15654	16.10	16317	10.28	130471	14.52	
Additional Benchmark (Nifty 50 TRI)	10318	3.18	15298	15.21	17049	11.25	123717	14.20	
HSBC Business Cycles Fund-Regular	10304	3.04	14608	13.45	13434	6.08	23631	10.71	20-Aug-14
Scheme Benchmark (Nifty 500 TRI)	10128	1.28	15654	16.10	16317	10.28	25962	11.95	
Additional Benchmark (Nifty 50 TRI)	10318	3.18	15298	15.21	17049	11.25	24817	11.35	
HSBC Mid Cap Fund-Regular ¹⁰	9995	-0.05	14657	13.58	13730	6.54	204271	17.72	09-Aug-04
Scheme Benchmark (NIFTY Midcap 150 TRI)	10256	2.56	17904	21.40	17077	11.29	NA	NA	
Additional Benchmark (Nifty 50 TRI)	10318	3.18	15298	15.21	17049	11.25	135868	15.15	

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-6
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	Ankur Arora- Since Nov 26 2022 Venugopal Manghat- Since Aug 20 2014	Ankur Arora-3 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-7

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

SIP Performance - HSBC Small Cap Fund - Reg				
Scheme Name & Benchmarks	1 Year	3 Years	5 Years	Since Inception
Total amount invested (₹)	120000	360000	600000	1040000
Market Value as on January 31, 2023 (₹)	1,24,607	5,58,101	10,15,348	22,01,317
Scheme Returns (%)	7.16	30.63	21.16	16.70
NIFTY Small Cap 250 TRI - Scheme Benchmark (₹)	1,21,403	5,15,163	9,45,918	18,81,218
NIFTY Small Cap 250 TRI - Scheme Benchmark Returns (%)	2.17	24.70	18.25	13.25
Nifty 50 TRI - Additional Benchmark (₹)	1,23,151	4,58,694	8,57,687	18,52,162
Nifty 50 TRI - Additional Benchmark Returns (%)	4.88	16.37	14.26	12.91

Inception Date: 12-May-14

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

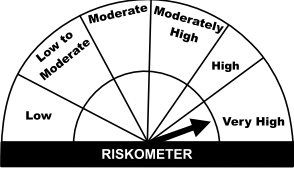
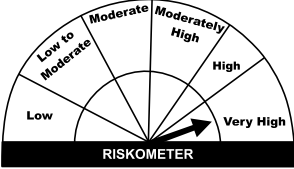
For SIP returns, monthly investment of Rs.10,000 invested on the 1st day of every month has been considered. SIP Return are calculated on XIRR basis.

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 January 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 31 January 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 31 Dec 2022, 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 January 2023

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