

Product Note

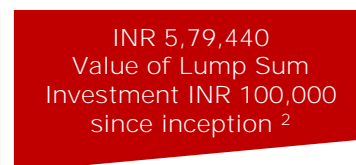
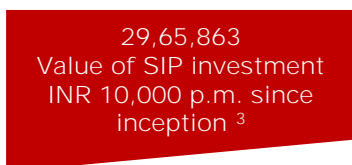
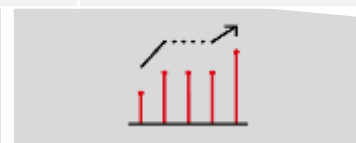
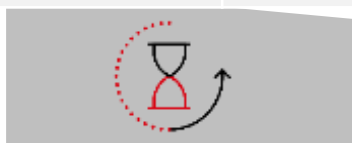
HSBC Small Cap Fund (HSCF) (Formerly known as L&T Emerging Businesses Fund)

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)

September 2023

Fund Category	Fund Manager	Benchmark ¹	Inception Date	AUM
Small Cap Fund	Venugopal Manghat , Vihang Shankar Naik and Sonal Gupta ⁹	NIFTY Small Cap 250 TRI	12 May 2014	Rs. 11549.40 Cr



Portfolio	% of net assets	Sector - Allocation	% of net assets
Apar Industries Limited	3.28%	Industrial Products	24.27%
KPR Mill Limited	3.27%	IT - Software	7.74%
KEI Industries Limited	2.56%	Consumer Durables	7.51%
Cera Sanitaryware Limited	2.50%	Auto Components	6.12%
APL Apollo Tubes Limited	2.31%	Textiles & Apparels	5.87%
EIH Limited	2.30%	Realty	5.49%
KPIT Technologies Limited	2.23%	Construction	4.79%
Sonata Software Limited	2.22%	Electrical Equipment	4.78%
Carborundum Universal Limited	2.11%	Banks	3.81%
Mahindra Lifespace Developers Limited	2.08%	Chemicals & Petrochemicals	3.29%

Risk Ratios ⁴	
Standard Deviation	15.92%
Beta	0.79
Sharpe Ratio ⁵	1.92
R2	0.93

Load / Month End Total Expenses Ratios (Annualized) ⁷	
Entry Load	NA
Exit Load - NIL (after 1 year), 1% (before 1 year) ⁶	
Expense ratio (Other than Direct) ⁸	1.73%
Expense ratio (Direct)	0.71%

¹ As per clause 1.9 of the SEBI Master Circular dated May 19, 2023, 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 August 2023 of Growth option regular plan. During the same period, scheme benchmark (NIFTY Small Cap 250 TRI) has moved by 4.4X to Rs 4,48,470 from Rs 100,000 and delivered return of 17.49% 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 2,521,409

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

⁵ Risk free rate: 6.69% (FIMMDA-NSE Mibor) as on August 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 TER Annualized TER including GST on Investment Management Fees

⁸ Continuing plans.

⁹ Sonal Gupta is dedicated fund manager for investments in foreign securities by all the schemes of HSBC Mutual Fund. Data as on 31 August 2023, HSBC Mutual Fund

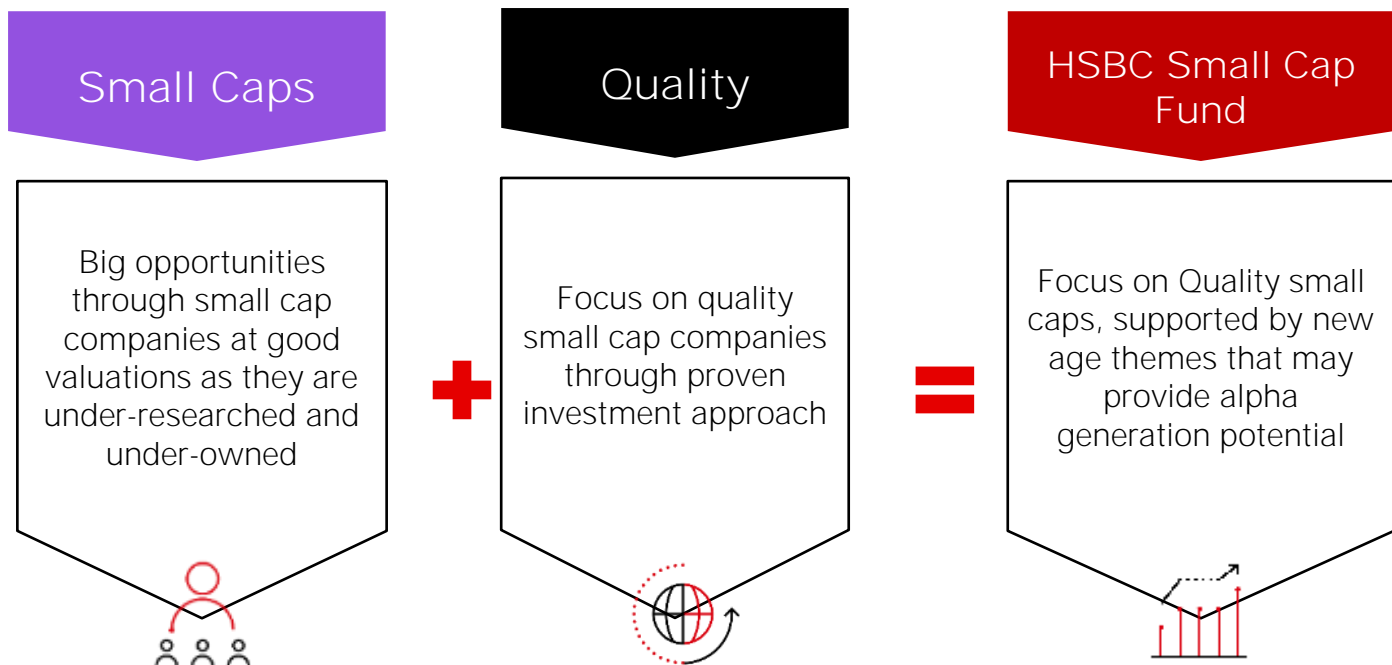
Historically, small cap companies have outperformed other segments of the market cap in the long term, paving the way for tremendous growth potential for investors. It is a well known fact that while large cap companies are extensively researched, small cap stocks are under researched and under owned. 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 aim to have a high potential for growth in the long run. HSBC Small Cap Fund invests in smaller size businesses in their early stage of development
- These businesses may have growth potential in revenue and profits as compared to broader market.
- 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
- Aims to invest in undervalued, under-owned, and under researched segments that may deliver 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.



HSBC Small Cap Fund (HSCF) | Product Note
[September 2023]

Fund Managers - Venugopal Manghat (No of Schemes Managed – 6) - 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 - 6, 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	13186	31.76	28958	42.53	22478	17.57	57944	20.77	12-May-14
Scheme Benchmark (NIFTY Small Cap 250 TRI)	12944	29.35	25347	36.35	20328	15.24	44847	17.49	
Additional Benchmark (Nifty 50 TRI)	10953	9.50	17532	20.58	17495	11.83	30886	12.88	

PTP returns – Point to Point returns. | As per clause 5.9.1 of the SEBI Master Circular dated May 19, 2023 the scheme returns vis-à-vis the benchmark return (Total Return Index) shall be disclosed are provided from the date of allotment of units. | IDCW are assumed to be reinvested and Bonus is adjusted. | 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 August 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. Considering the varying maturities of the close ended schemes, the performance of close-ended schemes is not provided as it is strictly not comparable with that of open-ended schemes.

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 May 19, 2023 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.

Note - Sonal Gupta is 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 Mutual Fund, data as on 31 August 2023

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 Sonal Gupta - Since Jan 30, 2023	Venugopal Manghat-6 Vihang Shankar Naik-4 Sonal Gupta - 6

SIP Performance - HSBC Small Cap Fund - Regular					Inception Date: 12-May-14
Scheme Name & Benchmarks	1 Year	3 Years	5 Years	Since Inception	
Total amount invested (₹)	120000	360000	600000	1110000	
Market Value as on August 31, 2023 (₹)	150,300	581,468	1,257,281	2,965,863	
Scheme Returns (%)	50.03	33.78	30.12	20.33	
NIFTY Small Cap 250 TRI - Scheme Benchmark (₹)	149,962	537,373	1,172,044	2,521,409	
NIFTY Small Cap 250 TRI - Scheme Benchmark Returns (%)	49.44	27.85	27.16	17.03	
Nifty 50 TRI - Additional Benchmark (₹)	128,540	439,512	882,930	2,110,827	
Nifty 50 TRI - Additional Benchmark Returns (%)	13.48	13.41	15.45	13.40	

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.

As per clause 5.9.1 of the SEBI Master Circular dated May 19, 2023 the scheme returns vis-à-vis the benchmark return (Total Return Index) shall be disclosed are provided from the date of allotment of units.

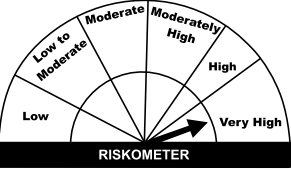
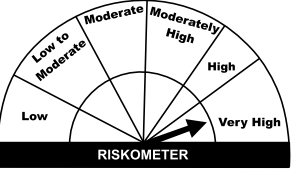
The performance details provided herein is of Regular Plan - Growth Option. Returns on ₹10,000 are point-to-point returns for the specific time period, invested at the start of the period. The returns for the respective periods are provided as on last available NAV of August 2023 for the respective Schemes. 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. Considering the varying maturities of the close ended schemes, the performance of close-ended schemes is not provided as it is strictly not comparable with that of open-ended schemes.

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Past performance may or may not be sustained in the future. Source: HSBC Mutual Fund, data as on 31 August 2023

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

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 : NIFTY Small Cap 250 TRI) 	 <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 August 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 Mutual Fund, data as at 31 August 2023

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