

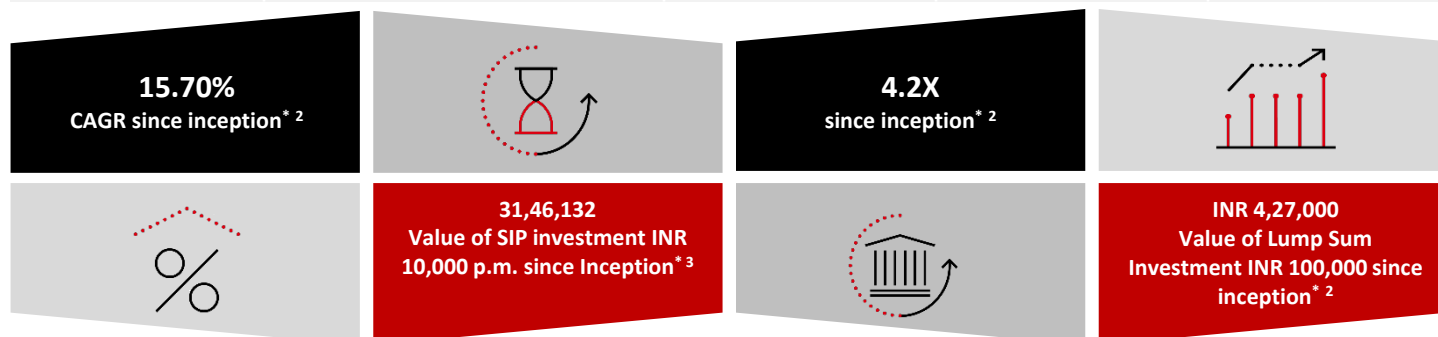
## Product Note

### HSBC Business Cycles Fund (HBCF)

(An open ended equity scheme following business cycles based investing theme)

August 2024

Fund Category	Fund Manager	Benchmark <sup>1</sup>	Inception Date	AUM <sup>&amp;</sup>
Thematic Fund	Gautam Bhupal, Venugopal Manghat and Sonal Gupta <sup>#</sup>	NIFTY 500 TRI	20 Aug 2014	Rs. 953.19 Cr



Portfolio	% to net assets	Industry - Allocation	% to net assets
Trent Limited	6.55%	Construction	17.37%
ICICI Bank Limited	5.42%	Banks	12.55%
Reliance Industries Limited	4.28%	Industrial Products	7.99%
Multi Commodity Exchange of India Limited	4.24%	Retailing	6.55%
Ahluwalia Contracts (India) Limited	4.08%	Consumer Durables	5.39%
Larsen & Toubro Limited	4.00%	Capital Markets	4.99%
Bharat Electronics Limited	3.32%	Petroleum Products	4.28%
HDFC Bank Limited	3.28%	Finance	4.22%
Power Mech Projects Limited	2.95%	Electrical Equipment	3.68%
ABB India Limited	2.70%	Cement & Cement Products	3.67%

Risk Ratios <sup>4</sup>	
Standard Deviation	14.23%
Beta	0.94

Risk Ratios <sup>4</sup>	
Sharpe Ratio <sup>5</sup>	1.25
R2	0.82

**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, A switch-out or a withdrawal under SWP may also attract an Exit Load like any Redemption. No Exit load will be chargeable in case of switches made between different options of the Scheme. No Exit load will be chargeable in case of Units allotted on account of IDCW reinvestments, if any. Exit load is not applicable for Segregated Portfolio. In terms of 10.4.1.a. of SEBI Master Circular on Mutual Funds dated June 27, 2024, no entry load will be charged to the investor.

**Month End Total Expenses Ratios (Annualized)<sup>6</sup> – Regular<sup>7</sup>: 2.30%, Direct: 1.23%**

<sup>\*</sup> Since inception - 20 Aug 14

<sup>1</sup> As per clause 1.9 of the SEBI Master Circular for Mutual Funds no. SEBI/HO/IMD/IMD-PoD-1/P/CIR/2023/74 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. Furthermore, the same is effective from 01 December 2021.

<sup>2</sup> As on 31 July 2024 of Growth option regular plan. During the same period, scheme benchmark (Nifty 500 TRI) has moved by 4.1X to Rs 4,15,230 from Rs 100,000 and delivered return of 15.38%. Please refer page no. 3 for detailed performance of HSBC Business Cycles Fund.

<sup>3</sup> During the same period, value of scheme benchmark (Nifty 500 TRI) has moved to 30,80,288.

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

<sup>5</sup> Risk free rate: 6.55% (FIMMDA-NSE MIBOR)

<sup>6</sup> TER Annualized TER including GST on Investment Management Fees

<sup>7</sup> Continuing plans

<sup>&</sup>For disclosure of quarterly AUM/AAUM and AUM by geography, please visit our website: <https://www.assetmanagement.hsbc.co.in/en/mutual-funds/investor-resources/information-library#&accordion1446811090=4>.

**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).

Source – HSBC Mutual Fund, Data as of 31 July 2024. **Past performance may or may not be sustained in the future and is not indicative of future results.**

<sup>#</sup> Sonal Gupta is dedicated fund manager for investments in foreign securities by all the schemes of HSBC Mutual Fund.

All economies go through “Business Cycles” and every stage of the business cycle impacts performance of each sector that largely drives the performance of equity market.

Thus, timely selection of the prospective sectors that could benefit in different market cycles may provide great opportunity to generate alpha. Invest in HSBC Business Cycles Fund that adopts business cycle approach by identifying economic trends and strategically investing in the sectors and stocks that may perform at that stage of business cycle in the economy which seek to generate wealth in the long-run.

## Why HSBC Business Cycles Fund?

- Aim to build a portfolio of predominantly equities with focus on riding business cycles
- Dynamic allocation between cyclical and defensive sectors and stocks at different stages of business cycles in the economy
- To aim to create a corpus through generating inflation-adjusted returns to cater to long-term goals

## Fund Approach

- HBCF focuses on riding business cycles by strategically changing allocation between various sectors and stocks at different stages of business cycle in the economy
- The fund has the flexibility to invest across the market capitalization spectrum.
- Within a sector, the fund prefers dominant and scalable businesses available at reasonable valuations

## Key portfolio themes:

- We believe that the macro recovery cycle is still underway and has some way to go before turning. In line with that we are invested into the cyclical part of the economy. We believe the earnings growth delivered by these companies will be strong in the medium term partially aided by the economic tailwinds.
- Margins are also showing signs of an uptick. Remain constructive on the businesses that are participating in the current growth trends.
- Inflationary pressures seem to be moderating and the likelihood of further interest rates increase has reduced. We remain positively biased towards domestic cyclicals, supported by the more robust medium term growth outlook.
- Our positioning in the portfolio is:
  - Capex recovery theme: Industrial Product sector is seeing a strong growth driven by a strong capex push by both public and private sector companies.
  - Infrastructure: Remain positive on infrastructure space driven by strong push by government.
  - Financials: Financials are seeing a strong growth driven by recovery in credit growth cycle coupled with credit cost normalisation which is leading to earnings expansion.

## Investment Objective

The investment objective of the Scheme is to seek to generate long-term capital appreciation from a portfolio of predominantly equity and equity related securities, including equity derivatives, in the Indian market with focus on riding business cycles through dynamic allocation between various sectors and stocks at different stages of business cycles in the economy. The Scheme could also additionally invest in Foreign Securities. There is no assurance that the objective of the Scheme will be realised and the Scheme does not assure or guarantee any returns.

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Fund Manager - Gautam Bhupal Effective 01 Jun 2023. Total Schemes Managed - 13; Fund Manager - Venugopal Manghat Effective 20 Aug 2014. Total Schemes Managed - 7;  
Fund Manager - Sonal Gupta Effective 05 Jul 2021. Total Schemes Managed - 25

Lump Sum Investment Performance									Inception Date
Fund / Benchmark (Value of Rs 10,000 invested)	1 Year		3 Years		5 Years		Since Inception		
	Amount in ₹	Returns %	Amount in ₹	Returns %	Amount in Rs	PTP Returns %	Amount in ₹	Returns %	20-Aug-14
HSBC Business Cycles Fund-Regular	14915	48.99	20069	26.08	29289	23.95	42700	15.70	
Scheme Benchmark (Nifty 500 TRI)	13928	39.15	17755	21.05	27412	22.32	41523	15.38	
Additional Benchmark (Nifty 50 TRI)	12784	27.76	16387	17.86	23784	18.90	35709	13.64	

**Past performance may or may not be sustained in the future and is not indicative of future results.** The performance details provided herein are 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 July 2024 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 Business Cycles Fund – Regular Plan					Inception Date: 20-Aug-14
Scheme Name & Benchmarks	1 Year	3 Years	5 Years	Since Inception	
Total amount invested (₹)	120000	360000	600000	1190000	
Market Value as on July 31, 2024 (₹)	1,57,336	5,96,175	12,76,436	31,46,132	
Scheme Returns (%)	62.33	35.68	30.75	18.65	
Nifty 500 TRI - Scheme Benchmark (₹)	1,48,472	5,35,004	11,38,496	30,80,288	
Nifty 500 TRI - Scheme Benchmark Returns (%)	46.76	27.51	25.94	18.25	
Nifty 50 TRI - Additional Benchmark (₹)	1,42,083	4,93,705	10,23,803	27,79,046	
Nifty 50 TRI - Additional Benchmark Returns (%)	35.82	21.63	21.52	16.32	

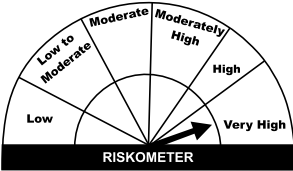
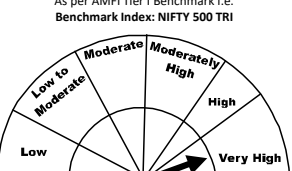
**Past performance may or may not be sustained in the future and is not indicative of future results.** For SIP returns, monthly investment of Rs. 10,000/- invested on the 1st day of every month has been considered. SIP Return are calculated on XIRR basis. IDCW are assumed to be reinvested and bonus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

Sonal Gupta is dedicated fund manager for investments in foreign securities by all the schemes of HSBC Mutual Fund.

Source: HSBC Mutual Fund, data as on 31 July 2024

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

## Product Label

Scheme name and Type of scheme	Scheme Risk-o-meter	Benchmark Risk-o-meter (as applicable)
<p><b>HSBC Business Cycles Fund</b> (An open ended equity scheme following business cycles based investing theme)</p> <p><b>This product is suitable for investors who are seeking*:</b></p> <ul style="list-style-type: none"> <li>• Long term capital appreciation</li> <li>• 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 stocks at different stages of business cycles in the economy.</li> </ul>	 <p>Investors understand that their principal will be at Very High risk</p>	<p>As per AMFI Tier I Benchmark i.e. Benchmark Index: NIFTY 500 TRI</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 July 2024, 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 and is not indicative of future results.** Source: HSBC Mutual Fund, data as on 31 July 2024

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