

# HSBC Equity Savings Fund

Product Deck



# Challenges Investors face in current market situation

## Muted returns in fixed income space

- Interest rates/yield on Traditional fixed income instruments & Low Duration Debt Products have seen a sharp cut over the past few years.

## Interest rate volatility in fixed income space

- With rise in expectations of rate hikes in coming future we have seen incremental volatility in the medium to Long duration yield curve.

## Equity Valuation not cheap

- With recent rally in equity markets, the markets are no longer cheap and risk averse investors may find it challenging to enter at these market levels

## Volatility in equity markets

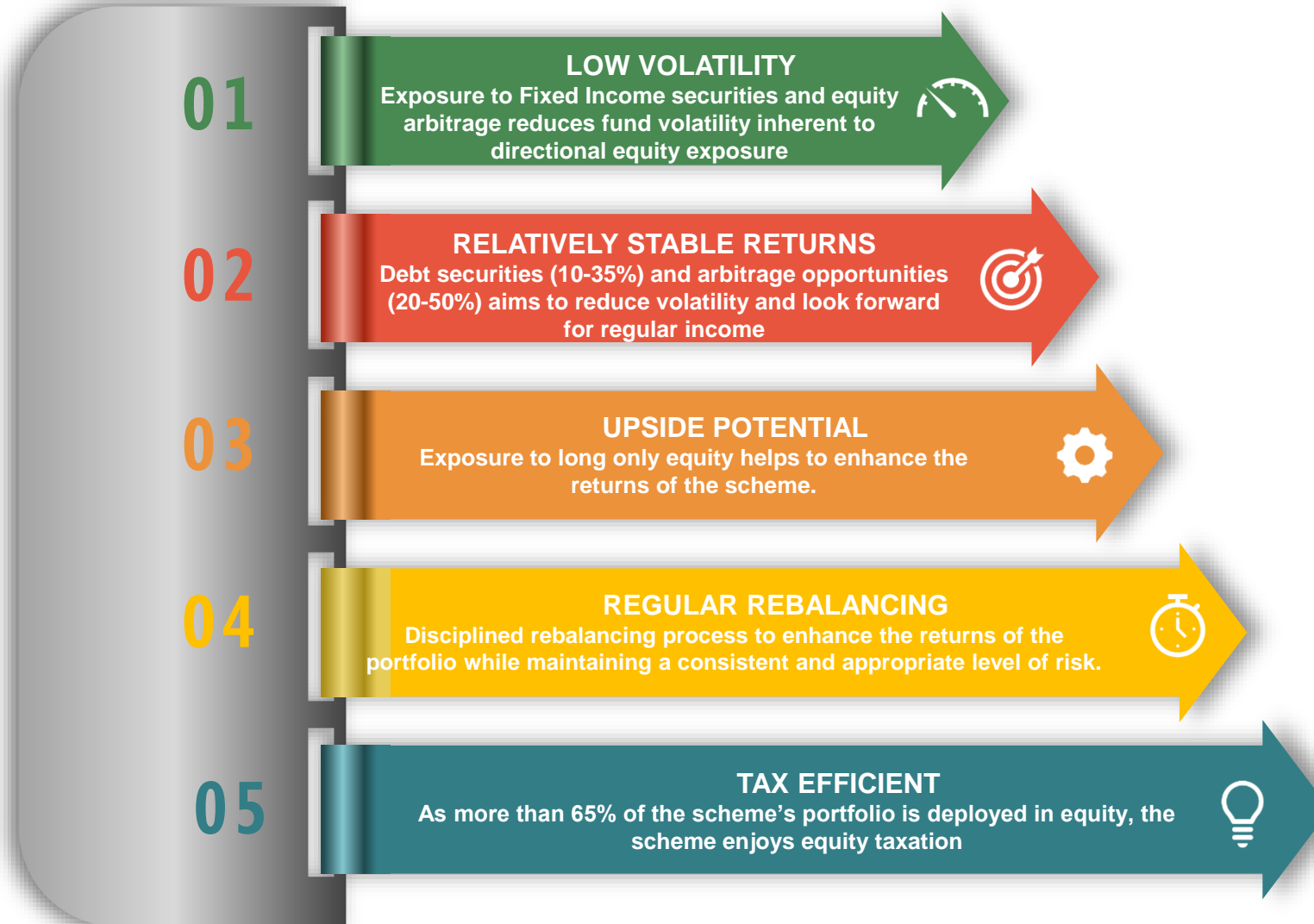
- In the short term equity markets by nature are more volatile, compared to other asset class.
- Investors with low to moderate risk appetite may not be comfortable to invest in a pure equity product

## Post Tax Returns

- With falling fixed deposit rates, inflation, and unfavourable tax impact on traditional and Fixed Income Products, the net return on such products is quite low.

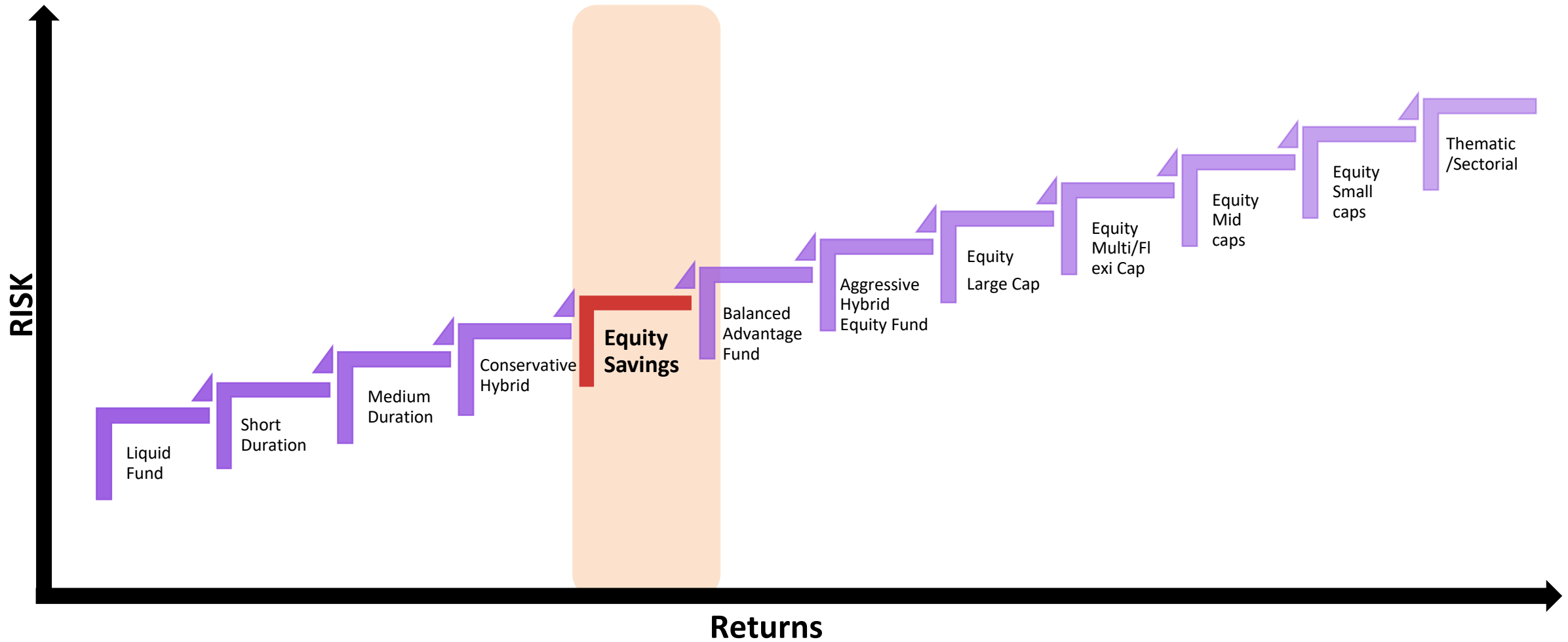
# A winning combination

HSBC Equity Savings Fund



# An offering for investors with low-risk appetite

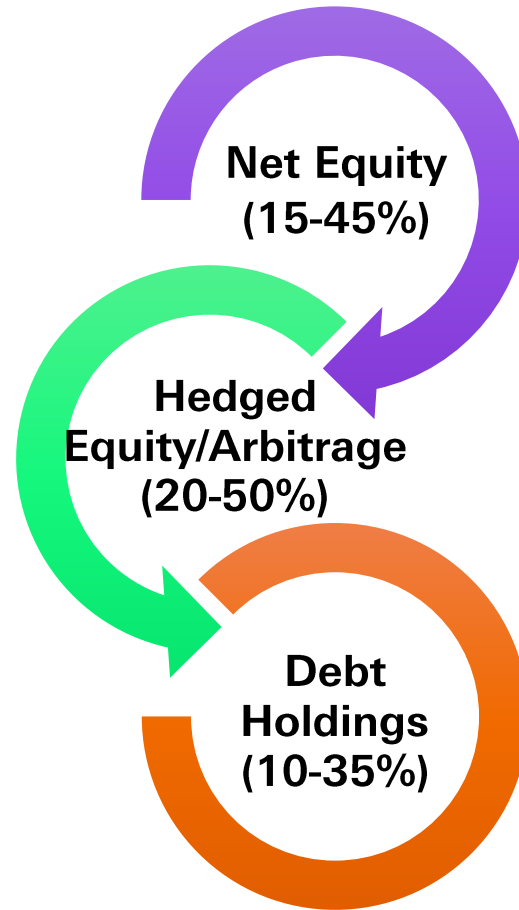
HSBC Equity Savings Fund



HSBC Equity Savings Fund

**Aims to better portfolio returns with potential for capital growth**

**Aims to provide regular income and adds potential stability to the portfolio**



**Tax efficient  
Gross equity exposure of 65 -90 %**

Current Portfolio Allocation is based on the prevailing market conditions and is subject to changes depending on the fund manager's view of the equity markets. Asset allocation mentioned above is for normal circumstances. For detailed asset allocation, please refer Scheme Information Document of the scheme.

# Who Can Invest?

HSBC Equity Savings Fund

First time Equity Investors who are seeking growth but are risk averse towards market volatility & uncertainty

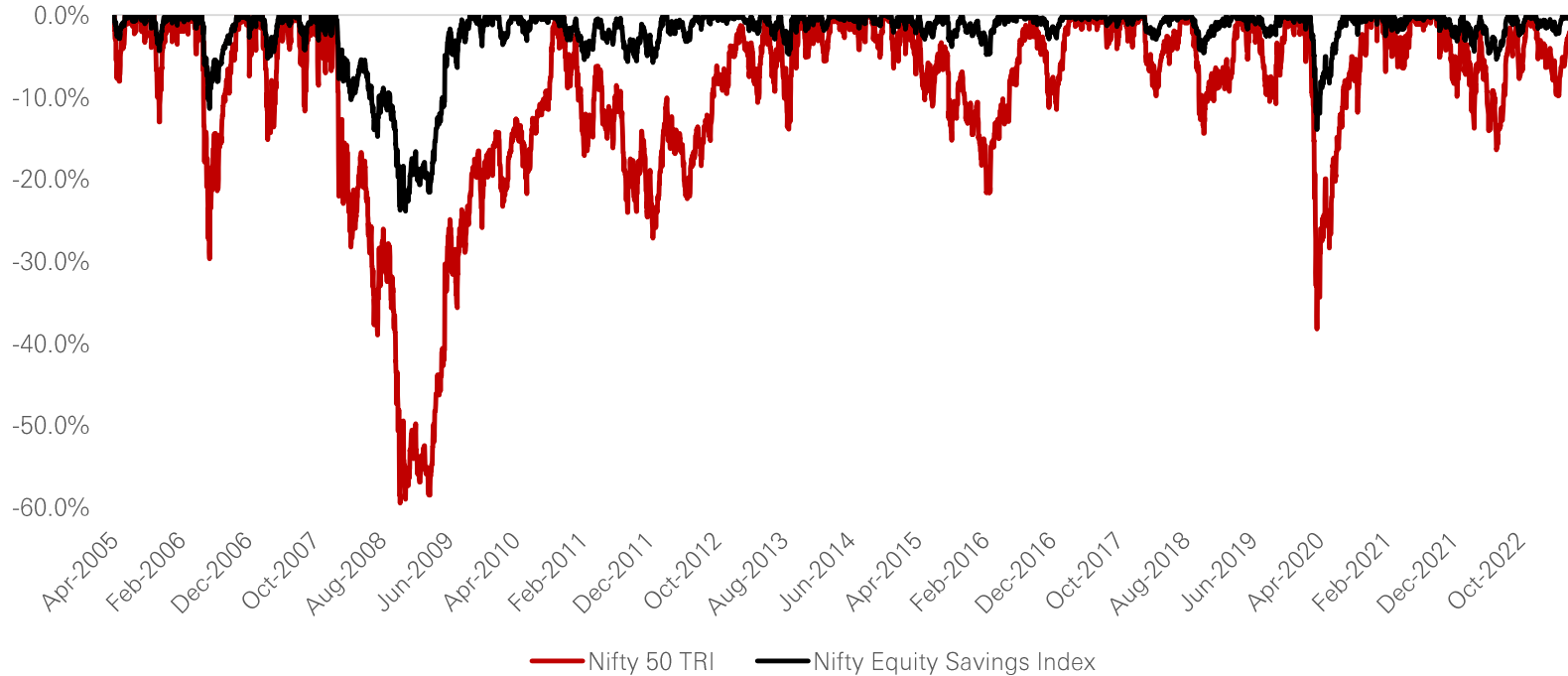
Investors seeking potentially higher returns as compared to Fixed Income investments with a marginally higher risk

Investors who wants to limit downside risk to their portfolio

Investors seeking tax efficient returns with moderate equity exposure

# Lower Drawdowns : To cushion Risk averse Investors

HSBC Equity Savings Fund



	Nifty 50 TRI	Nifty Equity Savings Index
Jun-06	-29.7%	-11.4%
Oct-08	-59.5%	-23.8%
Dec-11	-27.2%	-5.8%
Feb-16	-21.7%	-4.8%
Mar-20	-38.3%	-13.9%
Jun-22	-16.4%	-5.4%
Mar-23	-9.8	-2.2%

With Portfolio diversification across asset class, and lower allocation towards net equity the fund seeks to achieve lower drawdown during times of market corrections

Source: MFI Explorer, Data period : Apr 2005 – Apr 2023. Past performance may or may not be sustained in future. The chart above is illustrative and is not an indication of returns

# Scenario Analysis : Hybrid Portfolio Strategy

HSBC Equity Savings Fund

Scenarios Analysis		Net Long Equity Portion (20% of the portfolio) Returns from Net Long Equity										
		25%	20%	15%	12%	10%	5%	0%	-5%	-10%	-15%	-20%
Assumed Arbitrage + Debt Portion returns 80% of the portfolio)	4%	8.2%	7.2%	6.2%	5.6%	5.2%	4.2%	3.2%	2.2%	1.2%	0.2%	-0.8%
	5%	9.0%	8.0%	7.0%	6.4%	6.0%	5.0%	4.0%	3.0%	2.0%	1.0%	0.0%
	6%	9.8%	8.8%	7.8%	7.2%	6.8%	5.8%	4.8%	3.8%	2.8%	1.8%	0.8%
	7%	10.6%	9.6%	8.6%	8.0%	7.6%	6.6%	5.6%	4.6%	3.6%	2.6%	1.6%
	8%	11.4%	10.4%	9.4%	8.8%	8.4%	7.4%	6.4%	5.4%	4.4%	3.4%	2.4%

## How to read the table?

Lets take an example of the cell shaded in Grey

Arbitrage & Fixed Income: 7% return \* 80% exposure = 5.6% contribution; Equity: 12% return \* 20% exposure = 2.4% contribution

Performance of the Hybrid Portfolio Strategy = 8% return

Source: HSBC Mutual Fund, Data as at April '23 The scenario of hybrid analysis in the above table does not in any manner reflect the expected return from the fund. The weightage returns are assumed numbers and is just meant to explain the concept return behaviour of a hybrid portfolio. This should not be construed as a guiding tool for investment into fund Investors may consult their financial advisor for any guidance.



# Tax efficiency

## HSBC Equity Savings Fund

	Bank FDs	Equity Savings Fund
<b>Scheme Type</b>	Debt	Equity
<b>Equity Allocation Range (incl. equity derivatives)</b>	NO	>=65%
<b>Cash Future Arbitrage Strategy</b>	No	Yes
<b>Equity Taxation</b>	Tax Inefficient	Yes

Particulars	Term Deposits	Equity Savings Fund
Amount Invested (in Rs.)	100,000	100,000
Assumed Rate of Return after 1 Year	7%	7%
Gross Value of Investment (in Rs.)	107,000	107,000
Capital Gains/Interest on investments (in Rs.)	7,000	7,000
Tax Rate Applicable	Marginal Rate	LTCG
Applicable Tax Rate *	31.20%	10.40%
Tax Liability (in Rs.)	2,184	728
Post Tax value (in Rs.)	104,816	106,272
Post Tax Gain (in Rs.)	4,816	6,272
Effective Post Tax Returns (%)	4.82%	6.27%

\*Assuming the investor falls into highest tax bracket, Equity Long Term capital gains (units held for more than 12 months) Short Term Capital Gains (Units held for 12 months or less) Debt Hybrid Funds Long Term capital gains (units held for more than 36 months), Short Term Capital Gains (Units held for 36 months less). The information set out above is included for general information purposes only and may not be exhaustive and does not constitute legal or tax advice. Investor is advised to consult his/her own tax consultant with respect to specific tax implications arising out of their participation in the scheme

## HSBC Equity Savings Fund

### Individuals & HUFs

	HSBC Equity Savings Fund	Liquid & Debt Fund
Long term capital gains tax	<b>#10.40%</b> 10% + 4% Cess	<b>#31.20%</b> 30% + 4% Cess
Short Term Capital gains tax	<b>#15.60%</b> 15% + 4% Cess	<b>#31.20%</b> 30%* + 4% Cess

### Domestic Companies

	HSBC Equity Savings Fund	Liquid & Debt Fund
Long term capital gains tax	<b>#10.40%</b> 10% + 4% Cess	<b>#31.20%</b> 30% + 4% Cess
Short Term Capital gains tax	<b>#15.60%</b> 15% + 4% Cess	<b>#31.20%</b> 30%** + 4% Cess

In respect of Equity Oriented Funds, long term capital gains tax will be applicable on the LTCG exceeding 1 Lac in a financial year

# Surcharge at 15 on base tax, will also be applicable where net income of Individual/HUF unit holders exceeds 1 cr and at 10 where net income exceeds 50 lakhs but does not exceed 1 cr Surcharge at 7 on base tax will also be applicable where net income of domestic corporate unit holders exceeds 1 cr but does not exceed 10 crs and at 12 where net income exceeds 10 crs

\*Assuming the investor falls into highest tax bracket, \*\* Assuming the company has adopted the old tax regime, 25% if total turnover or gross receipts of a domestic company during the previous financial year does not exceed 250 Crs, for Other domestic companies 30%. Equity Long Term capital gains (units held for more than 12 months) Short Term Capital Gains (Units held for 12 months or less)

Liquid Debt Long Term capital gains (units held for more than 36 months) Short Term Capital Gains (Units held for 36 months less)

Securities transaction tax (shall be payable on equity oriented mutual funds schemes at the time of redemption/switch to the other schemes/sale of units)

The information set out above is included for general information purposes only and is not exhaustive and does not constitute legal or tax advice Investor is advised to consult his/her own tax consultant with respect to specific tax implications arising out of their participation in the scheme

# Portfolio positioning and strategy

## HSBC Equity Savings Fund

Fund Category	Fund Manager	Benchmark	Inception Date	AUM
Equity Savings	Cheenu Gupta and Ritesh Jain	NIFTY Equity Savings Index	18 Oct 2011	Rs. 140.73 Cr

- The fund aims to generate income and capital appreciation, through a combination of equity, equity arbitrage strategies, debt and money market instruments
- The fund is subject low volatility as the exposure to Fixed Income securities and equity arbitrage reduces fund volatility inherent to directional equity exposure
- The fund is suitable for risk averse investors who fear market volatility but still want exposure to equities in their portfolio can opt for the scheme of this category. The arbitrage components in the portfolio of these schemes try to protect the downside risk
- The scheme is tax efficient as more than 65% of the scheme’s portfolio is deployed in equity, the scheme enjoys equity taxation

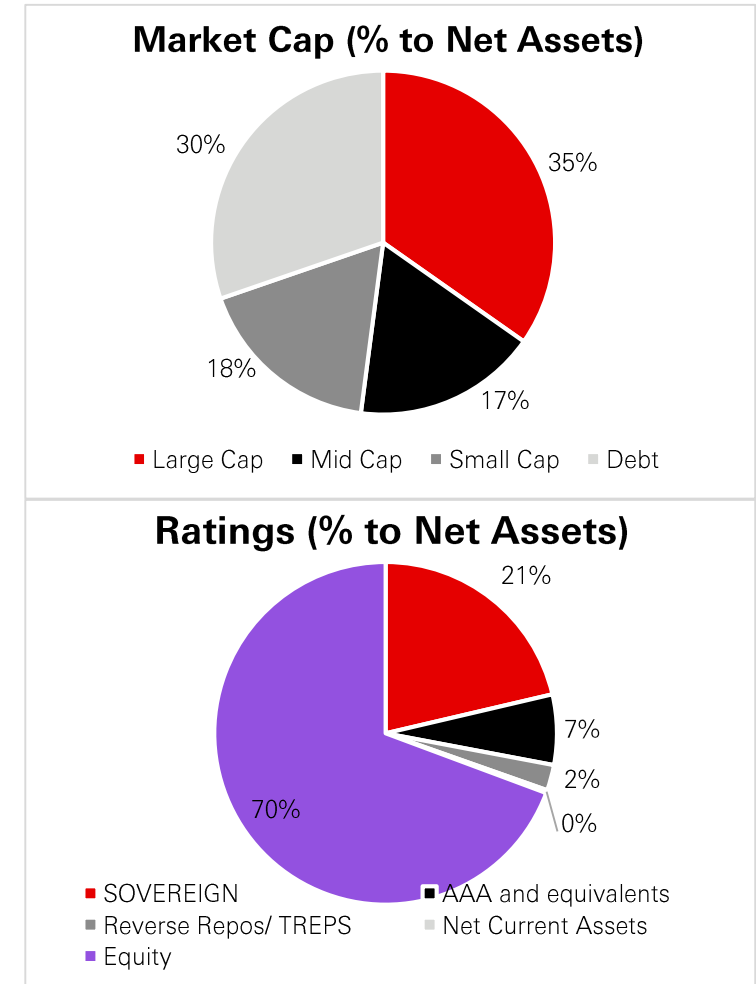
Equity portfolio top holdings	% of net assets
United Spirits Limited	6.35%
Ambuja Cements Limited	3.40%
Bajaj Finance Limited	3.35%
The Indian Hotels Company Limited	2.99%
National Aluminium Company Limited	2.47%
ICICI Bank Limited	2.39%
Sonata Software Limited	2.25%
Persistent Systems Limited	2.21%
Cholamandalam Investment and Finance Company Limited	2.17%
Larsen and Toubro Limited	2.02%

## HSBC Equity Savings Fund

### Why HSBC Equity Savings Fund?

- Investment predominantly in arbitrage opportunities in the cash and derivatives segments of the equity markets; and debt and money market instruments
- Ensure reasonable liquidity and better risk adjusted performance to suit the investor's requirements
- Maintains optimum allocation across arbitrage instruments
- Aims to generate of reasonable returns over short to medium term

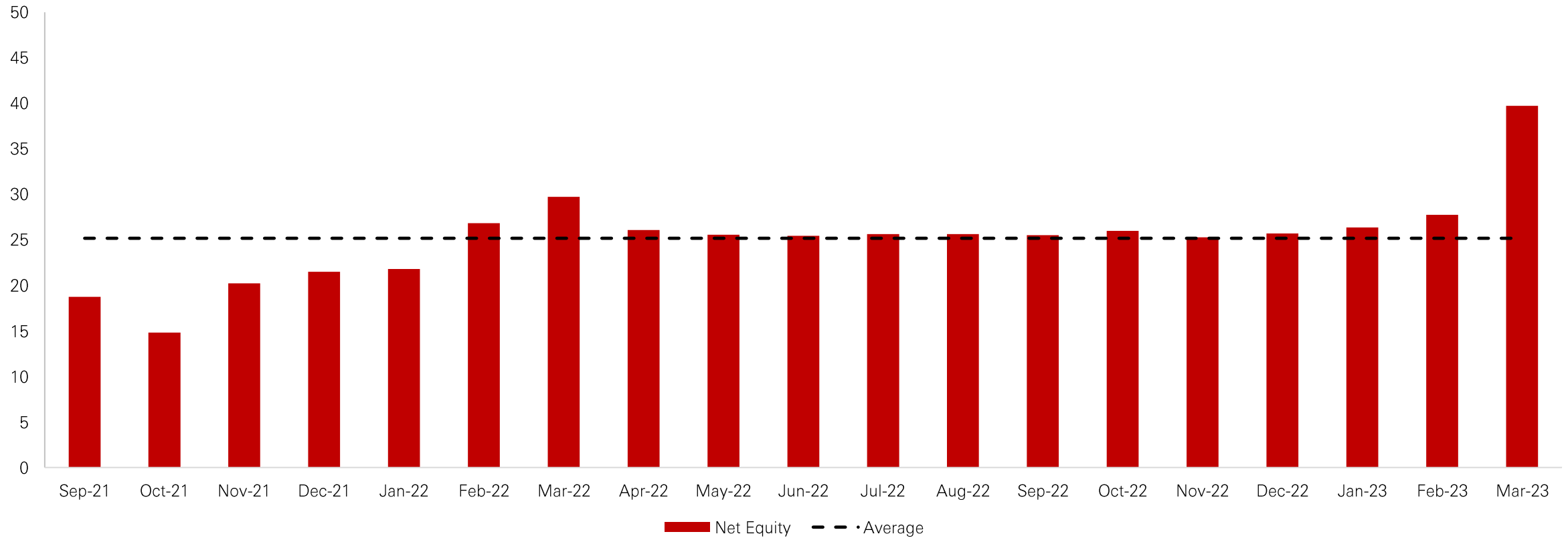
Debt Portfolio	% to Net Assets
<b>Equity</b>	69.72%
<b>Government Securities</b>	21.46%
5.22% GOVERNMENT OF INDIA 15JUN25 G-SEC	10.51%
6.18% GOI 04NOV2024	7.25%
7.38% GOI 20JUN2027	3.70%
<b>Money Market Instruments</b>	
<b>Certificate of Deposit</b>	6.67%
HDFC Bank Limited	6.67%
<b>Cash Equivalent</b>	
TREPS	2.43%
Net Current Assets:	-0.28%
Total Net Assets as on 30-APRIL-2023	100.00%



Source: HSBC Mutual Fund, Data as at April '23

# Portfolio's equity allocation

HSBC Equity Savings Fund

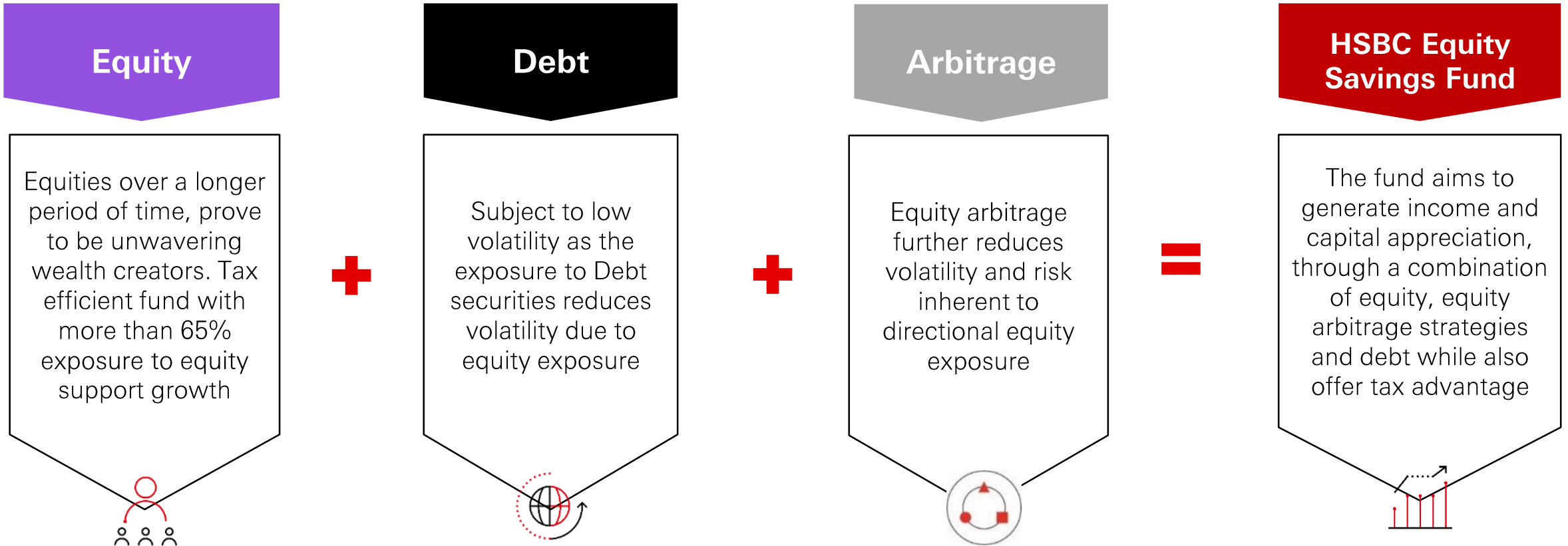


Fund's average net long equity allocation remains close to ~25%

Source: HSBC Mutual Fund, Data as at April '23

# One fund four benefits

HSBC Equity Savings Fund



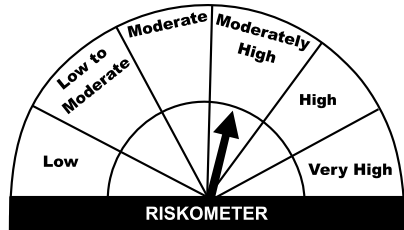
Source – HSBC Mutual Fund, For illustration purpose only.

# Riskometer

## HSBC Equity Savings Fund

Equity Savings Fund – An open ended scheme investing in equity, arbitrage and debt.

### HSBC Equity Savings Fund (Erstwhile L&T Equity Savings Fund)



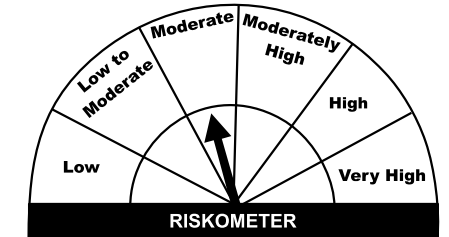
Investors understand that their principal will be at Moderately High risk

Equity Savings Fund – An open ended scheme investing in equity, arbitrage and debt.

This product is suitable for investors who are seeking\*:

- Investment in fixed income (debt and money market instruments) as well as equity and equity related securities
- Capital appreciation over medium to long term

Benchmark Index: NIFTY Equity Savings Index



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

Product label as of 30 April 2023

# Disclaimer

---

This document has been prepared by HSBC Asset Management (India) Private Limited (HSBC) for information purposes only with an intent to provide market overview and should not be construed as an offer or solicitation of an offer for purchase of any of the funds of HSBC Mutual Fund. All information contained in this document (including that sourced from third parties), is obtained from sources, which HSBC/ third party, believes to be reliable but which it has not been independently verified by HSBC/ the third party. Further, HSBC/ the third party makes no guarantee, representation or warranty and accepts no responsibility or liability as to the accuracy or completeness of such information. The information and opinions contained within the document are based upon publicly available information and rates of taxation applicable at the time of publication, which are subject to change from time to time. Expressions of opinion are those of HSBC only and are subject to change without any prior intimation or notice. It does not have regard to specific investment objectives, financial situation and the particular needs of any specific person who may receive this document. Investors should seek financial advice regarding the appropriateness of investing in any securities or investment strategies that may have been discussed or recommended in this report and should understand that the views regarding future prospects may or may not be realized. Neither this document nor the units of HSBC Mutual Fund have been registered in any jurisdiction. The distribution of this document in certain jurisdictions may be restricted or totally prohibited and accordingly, persons who come into possession of this document are required to inform themselves about, and to observe, any such restrictions. .

This document is intended only for those who access it from within India and approved for distribution in Indian jurisdiction only. Distribution of this document to anyone (including investors, prospective investors or distributors) who are located outside India or foreign nationals residing in India, is strictly prohibited. Neither this document nor the units of HSBC Mutual Fund have been registered under Securities law/Regulations in any foreign jurisdiction. The distribution of this document in certain jurisdictions may be unlawful or restricted or totally prohibited and accordingly, persons who come into possession of this document are required to inform themselves about, and to observe, any such restrictions. If any person chooses to access this document from a jurisdiction other than India, then such person do so at his/her own risk and HSBC and its group companies will not be liable for any breach of local law or regulation that such person commits as a result of doing so.

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

© Copyright. HSBC Asset Management (India) Private Limited 2023, ALL RIGHTS RESERVED.

HSBC Asset Management (India) Private Limited, 9-11 Floors, NESCO IT Park, Building no. 3, Western Express Highway, Goregaon (East), Mumbai – 400 063, India.  
investor.line@mutualfunds.hsbc.co.in | Website: [www.assetmanagement.hsbc.co.in](http://www.assetmanagement.hsbc.co.in)