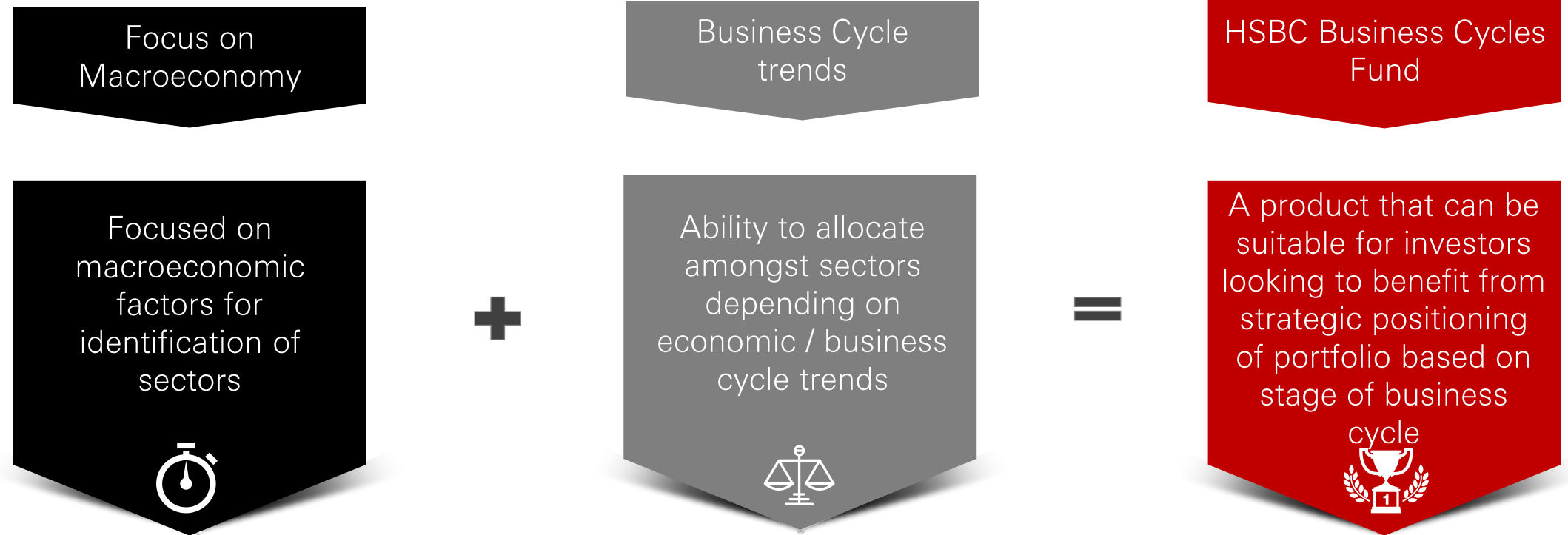


Aim to Benefit from business cycles

HSBC Business Cycles Fund

Benefit from business cycles

HSBC Business Cycles Fund (HBCF)



HBCF focuses on riding business cycles through dynamic allocation between various sectors and stocks at different stages of business cycles in the economy

Looking for strategically positioned portfolio for all markets?

Investment approach

- Business cycles approach

Parameters used

- Stage of economy or business cycle determines portfolio positioning

Key features

- Use medium term economic / business trends to position portfolio
- Not swayed by short term movements in the market
- Decisions based on forward looking business / market parameters

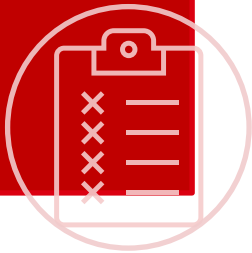
- Aims to benefit from the long-term return potential of equities
- May be subject to lower volatility during intermediate periods when equity returns tend to lag other asset classes
- Aim to maximize gains in a rising market through appropriate portfolio positioning
- Potential to turn defensive when equities underperform

Business cycles approach could strategically position portfolio to help gain from favourable market cycles over long run

HSBC Business Cycles Fund

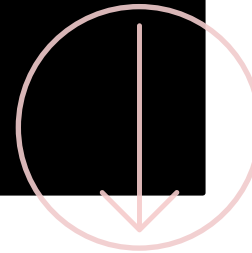
- Focused on macroeconomic factors for identification of sectors expected to perform.
- Adopts a blended approach of top down and bottom up for identification of trend cycle and allocating funds to securities which are expected to benefit from the cycle.

Vs Typical diversified equity funds



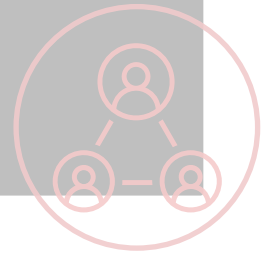
- Not a sector specific fund, can invests across multiple sectors
- Ability to allocate depending on economic / business cycle trends
- Focused on long term story of economy rather than a particular sector

Vs Sector focused funds



- Intends to capture the economic growth through allocation basis trend cycle rather than focusing on specific theme(s) which are expected to perform and rotate them as per theme prevalent in the market.

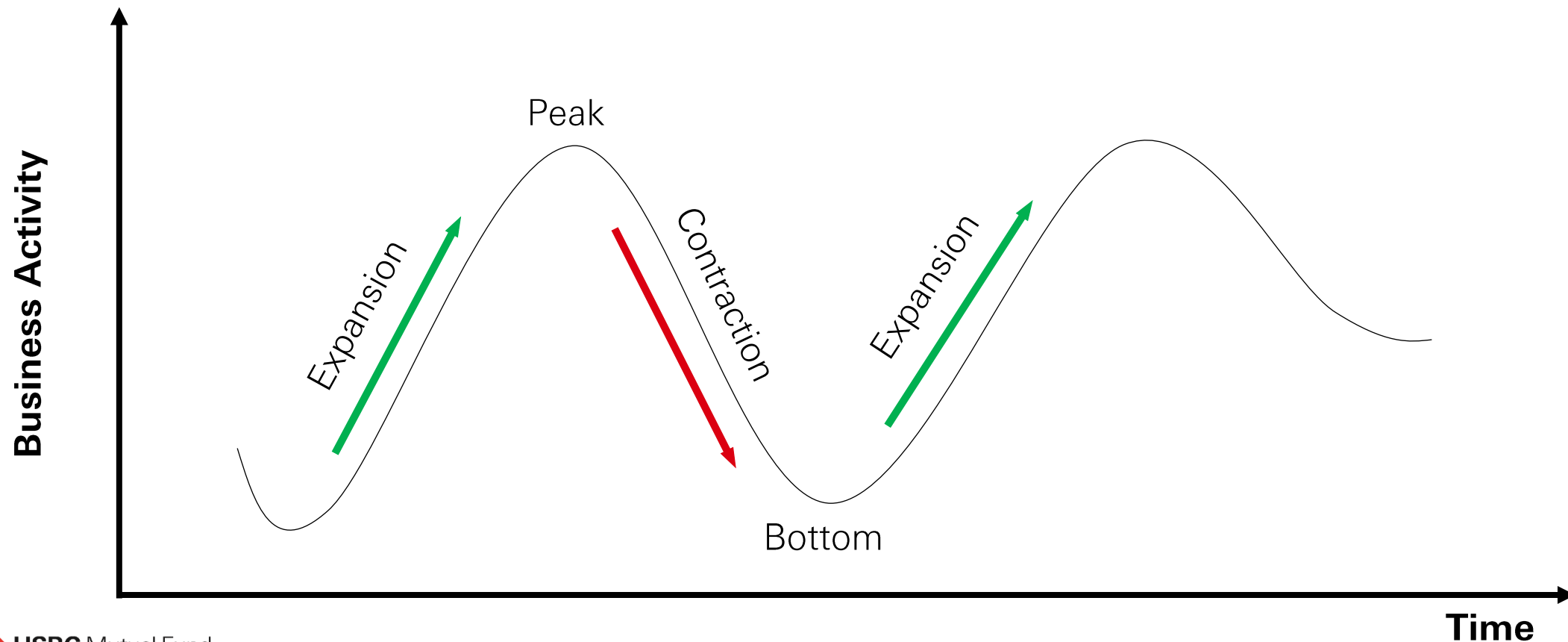
Vs Typical thematic funds



Note - Various sectors and stocks at different stages of business cycles in the economy

Investing is cyclical

- Business Cycle pattern tends to repeat themselves over time
- Changes in key economic indicators provide a reliable guide in identifying different phases of an economic cycle
- Business Cycle approach focuses on riding business cycles by strategically changing allocations between various sectors and stocks depending on the stage of their business cycle



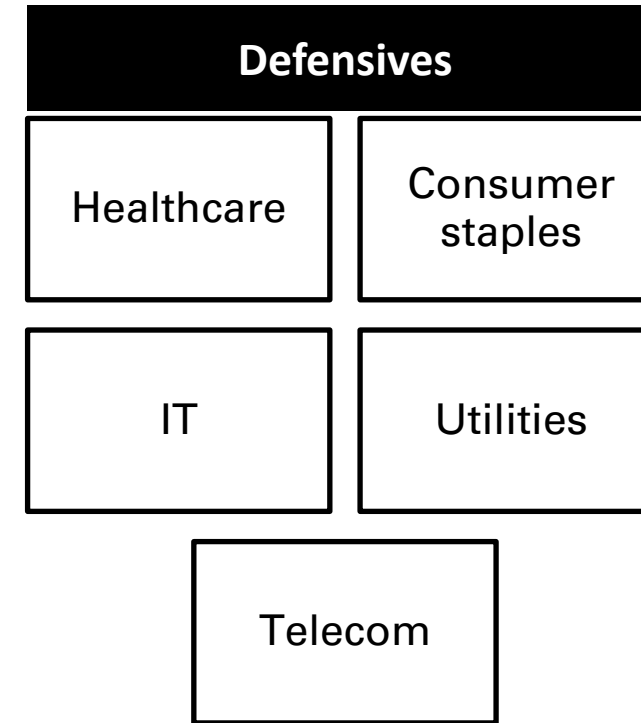
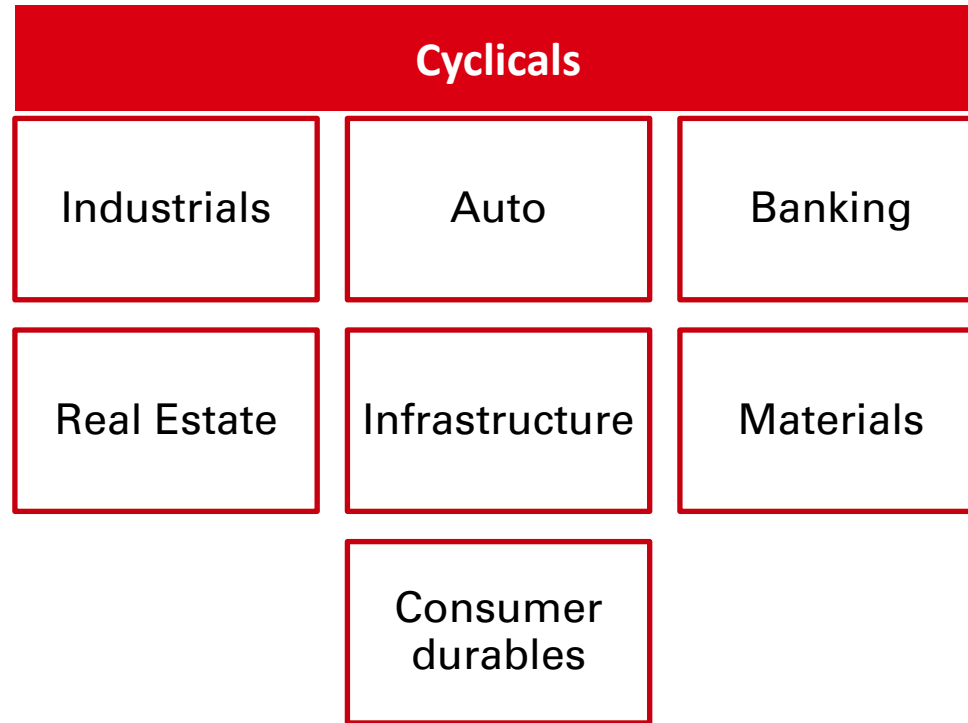
Indicators which act as a guide while assessing business cycle

Various parameters are tracked on a regular basis to get an in-depth understanding of the business cycle

Macro-economic factors			Anecdotal evidence ^		Earnings & Valuations	
Growth expectations	GDP	PMI	Inventory levels	Corporate capex	Profit growth	Revenue growth
IIP	Investment cycle	Credit growth	Customer feedback	Volume / Demand growth	Price to Earnings	EV/EBITDA
Inflation	Interest rates	Money supply	Capacity utilization levels for core sectors	Competitive intensity	Operating Profit margins	DuPont analysis of Return on Equity

Source – HSBC Mutual Fund, ^ Anecdotal evidence through ground level research, For illustration purpose only

What sector constitute business cycles - Cyclical and Defensive?

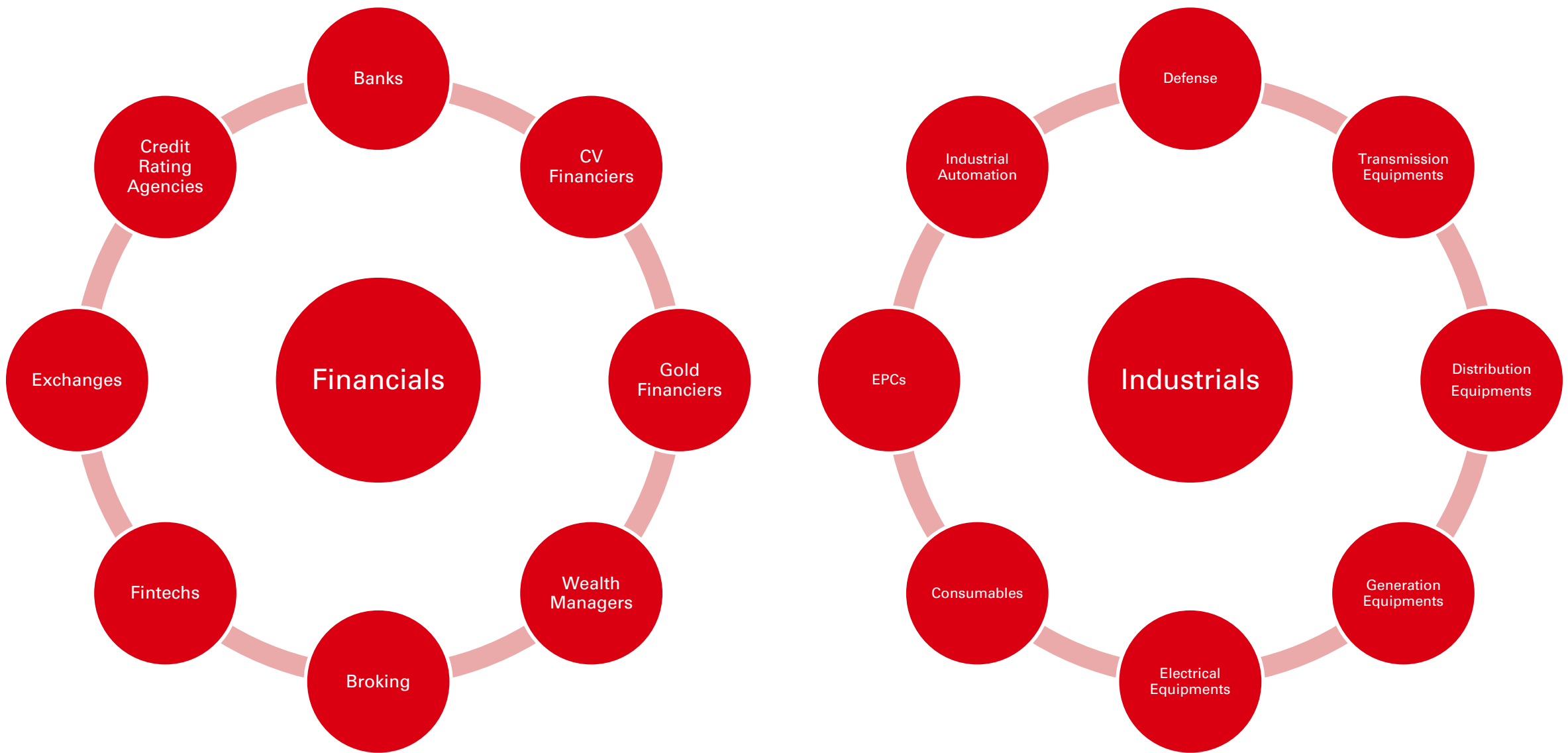


- Cyclical sectors are affected by macroeconomic changes and their performance follow the cycles of an economy
- Defensive sector are generally the opposite of Cyclical sectors.

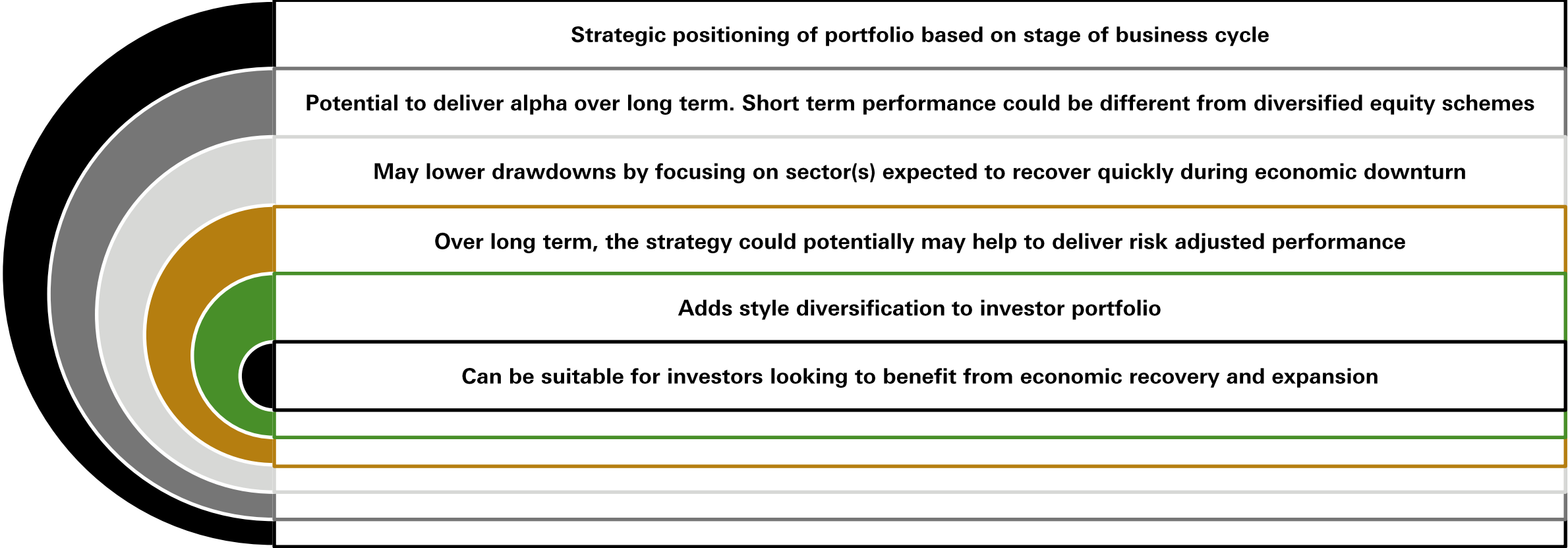
Source – HSBC Mutual Fund, For illustration purpose only

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Multiple micro business cycle exists within a sector

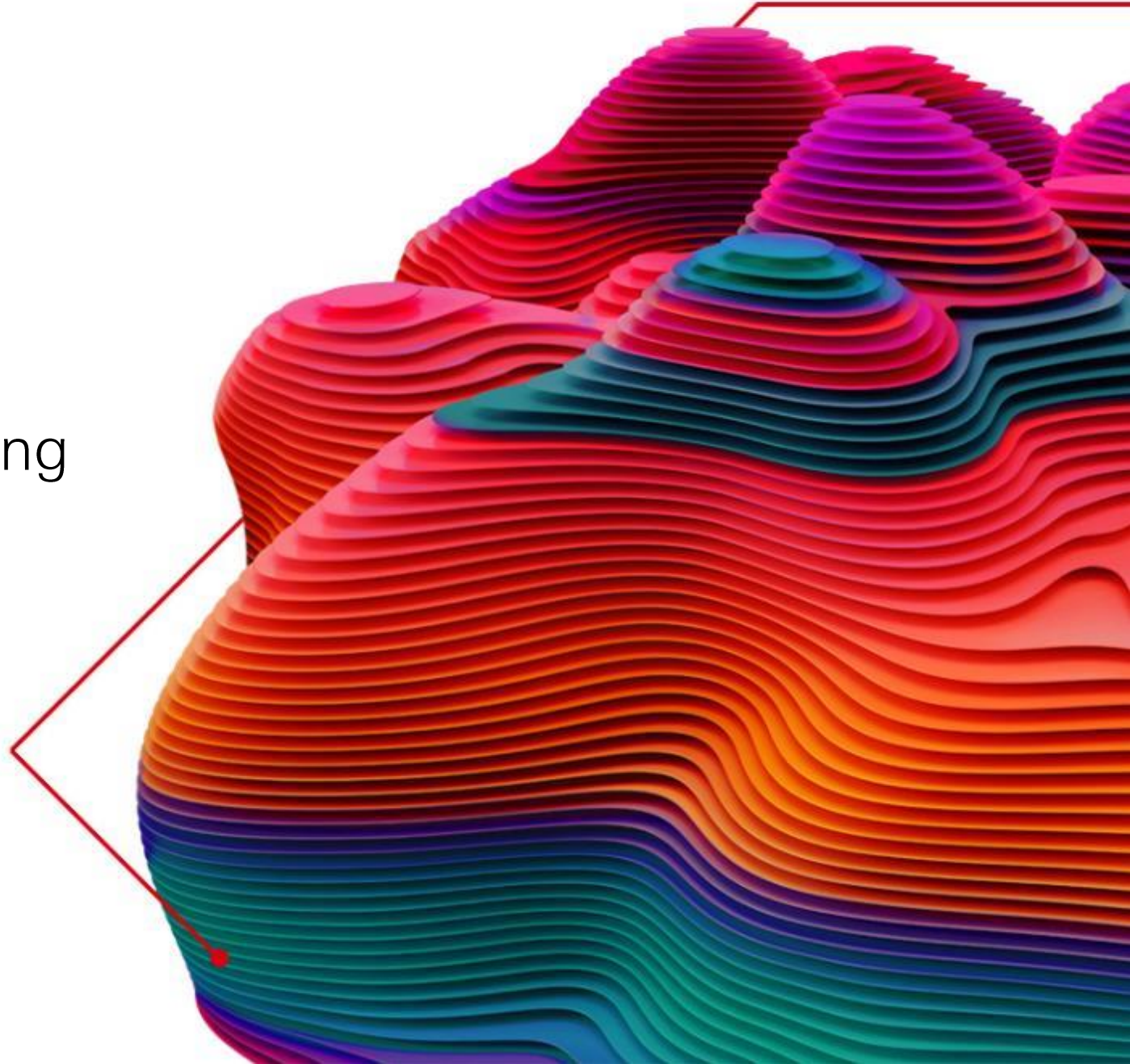


What's in for investors?



Take advantage of trending business cycle with HSBC Business Cycle Fund

Business Cycles Fund Positioning



Framework for Portfolio Composition

Financials

Financials are seeing a strong growth driven by liquidity push and regulatory easing by RBI and financialization of savings as a long-term theme.

Capital expenditure

Industrial Product sector is seeing a strong growth driven by a strong capex push by both public and private sector companies.

Consumer Discretionary

Strong push by the government driven by income tax benefits and social welfare schemes.

Data as on 30 June 2025, Note : The details provided above based on information available in the public domain at this moment and subject to change. Past performance may or may not be sustained in future and is not a guarantee of any future returns.

Financials: Liquidity infusion and financialization driving our weights in the sector

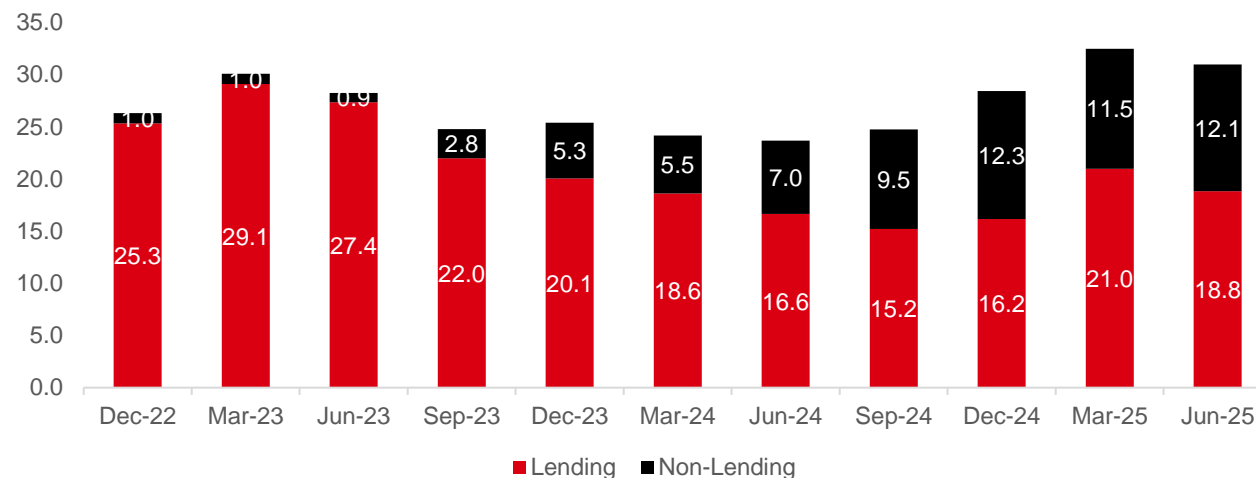
▪ Lending

- Repo and CRR Cut, easing of risk weights and other norms, increasing system liquidity will drive the credit growth.
- Asset quality remain benign (barring micro finance segment)
- Comfortable valuations
- Positive on Banks and select NBFCs with visibility of healthy growth along with stable asset quality.

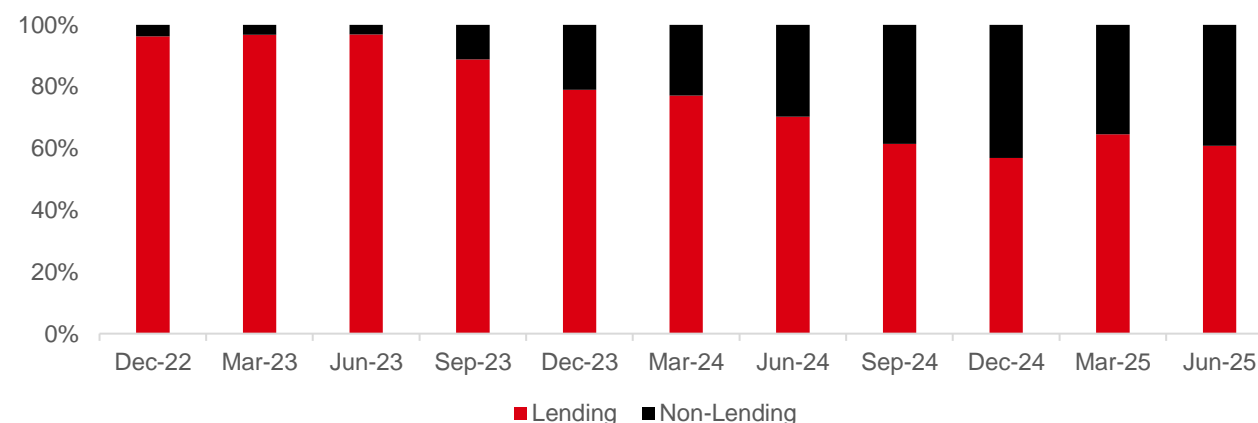
▪ Non-lending

- Financialization of savings is a medium-term theme, which is ongoing, and continue to play in India over next several years.
- Capital Markets, AMC, Exchanges and select Stockbrokers and Intermediaries will be biggest beneficiaries.
- Life insurers will continue to witness healthy APE growth along with VNB margin expansion on the back of 1) Growth recovery in non-linked products 2) Rationalized commission structure post new regulations and 3) ULIP growth on the back of higher sum assured and rider attachments.
- The non-life industry is going through a rough patch, but landscape is continuously evolving and see potential in medium to long term.

Financial Services allocation (in %)



Financial Services - Mix (in %)

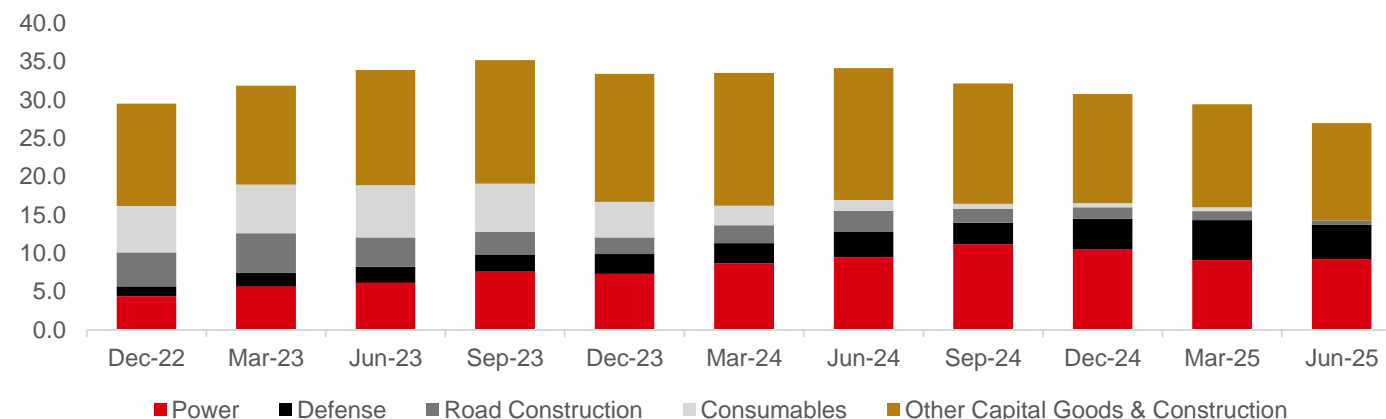


Source: Ace MF, HSBC Mutual Fund, Latest available data as on 30 June 2025. **Note:** The sector(s)/stock(s)/issuer(s) mentioned in this document do not constitute any research report nor it should be considered as an investment research, investment recommendation or advice to any reader of this content 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). Past performance may or may not be sustained in future and is not a guarantee of any future returns.

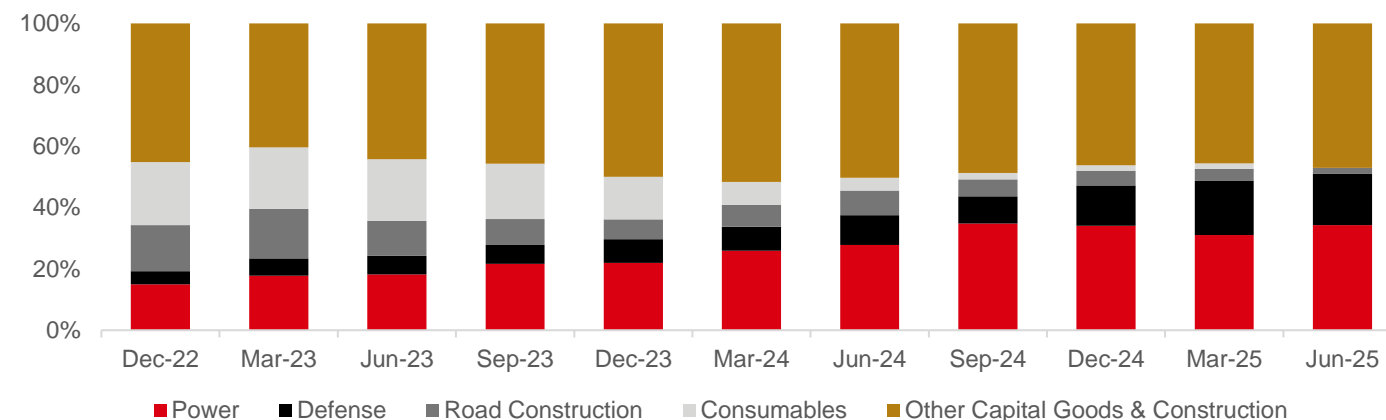
Industrials: Overweight stance on Capital Goods continues; preference of industries changing

- Overall capex growth to be a bit muted in FY26
 - Centre capex to show modest growth
 - Risk to State Capex growth
 - Private capex is picking up and will continue to drive growth
- Medium to longer term growth driver remain intact
- Despite muted capex, we expect select segments to do well
 - Defense
 - Power (especially T&D)
 - Industrial

Capital Goods & Construction allocation (in %)



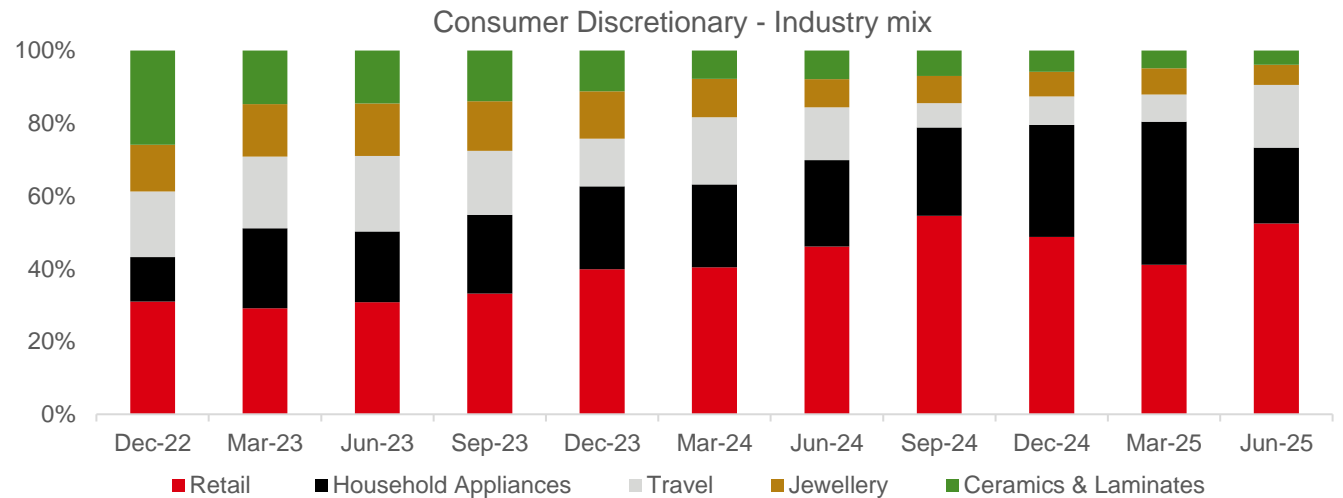
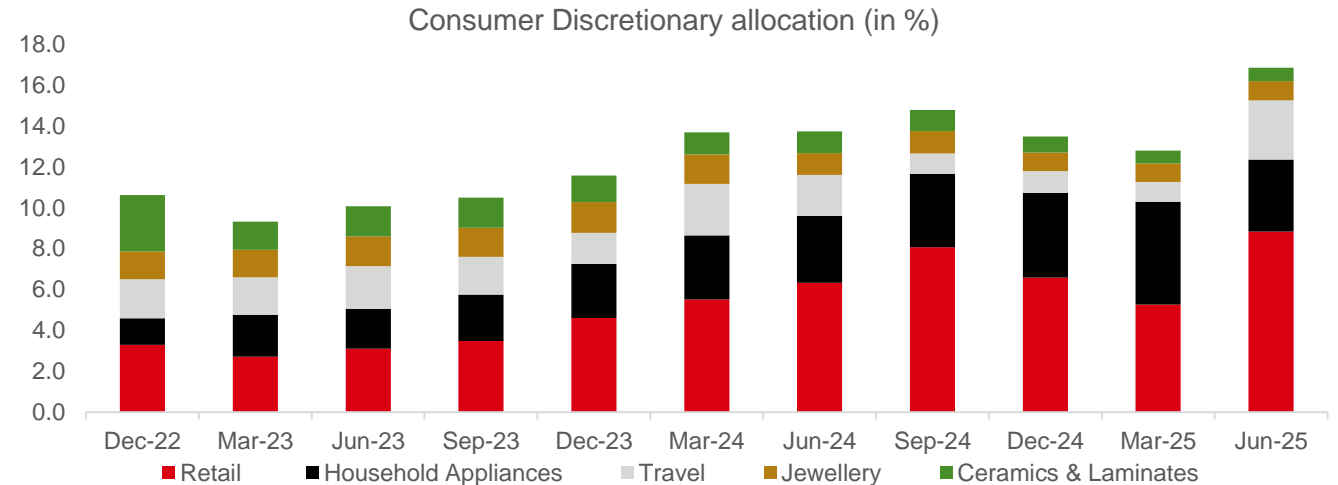
Capital Goods & Construction - Industry mix



Source: Ace MF, HSBC Mutual Fund, Latest available data as on 30 June 2025. **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). Past performance may or may not be sustained in future and is not a guarantee of any future returns.

Consumer Discretionary: Consumption seeing a nudge from the Government

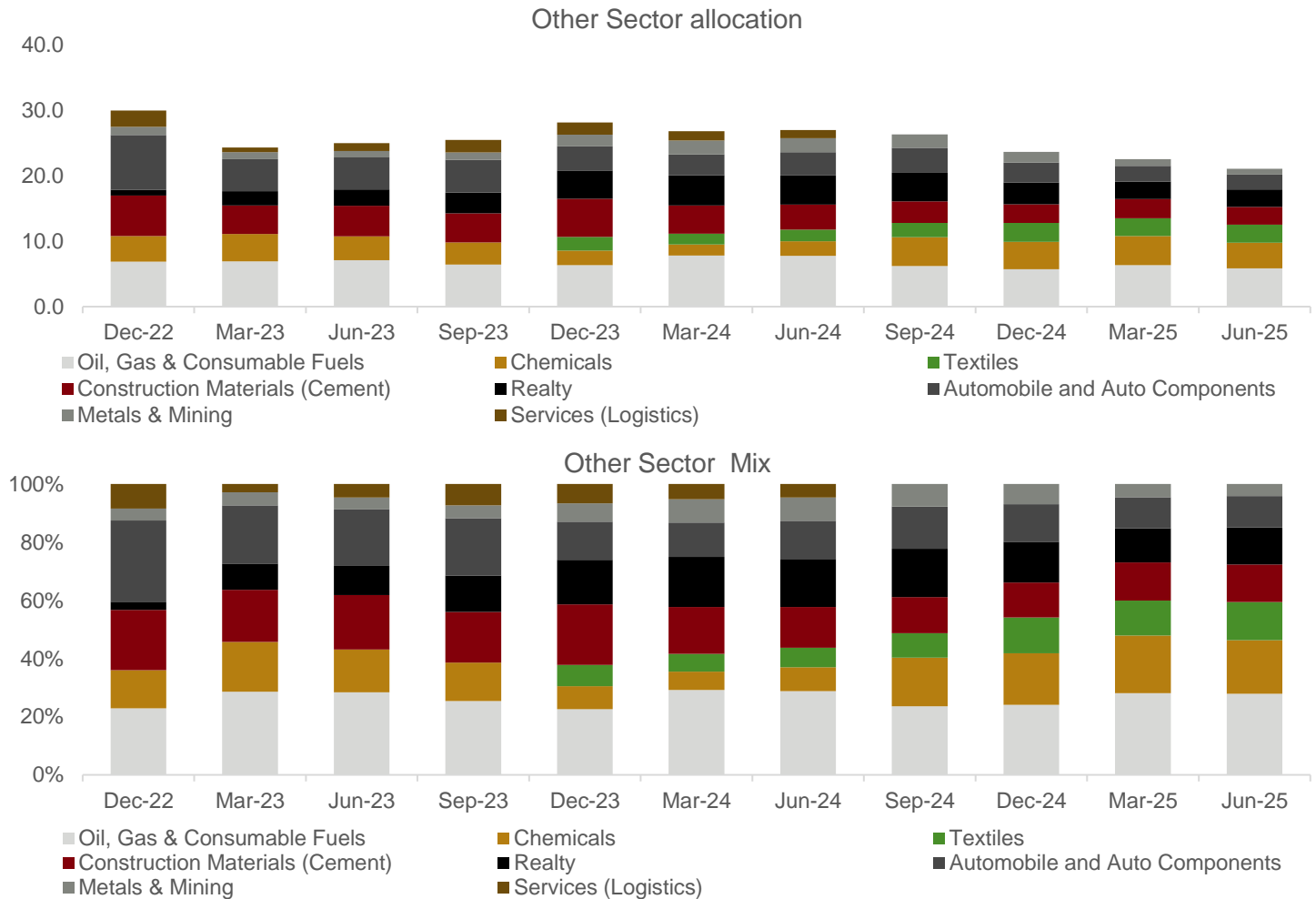
- Consumer basket is shifting from staples to discretionary consumption
- Consumption seeing nudge from the government
 - Income tax relief (~Rs 1 tn)
 - Social welfare schemes (~ Rs 2 tn)
 - Pay hike in 8th pay commission in 2026 (~Rs 4.5 tn)
 - Total stimulus of ~Rs 7.5 tn (2% of GDP)
- Like multiple themes within the sector
 - Changing customer behavior and convenience is driving Value retail and Quick commerce
 - Social media awareness and preference to have unique experiences is driving need for higher travel
 - Extreme weather is driving AC sales
- Select exposure in Jewelry and Ceramics/ laminates



Source: Ace MF, HSBC Mutual Fund, Latest available data as on 30 June 2025. **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). Past performance may or may not be sustained in future and is not a guarantee of any future returns.

Others: Chemicals and Textile saw increase in weights

- Selectively positive on
 - Chemical space, including specialty chemicals
 - Textile
 - Real Estate
- Others are mostly bottom-up stocks with stock-specific triggers

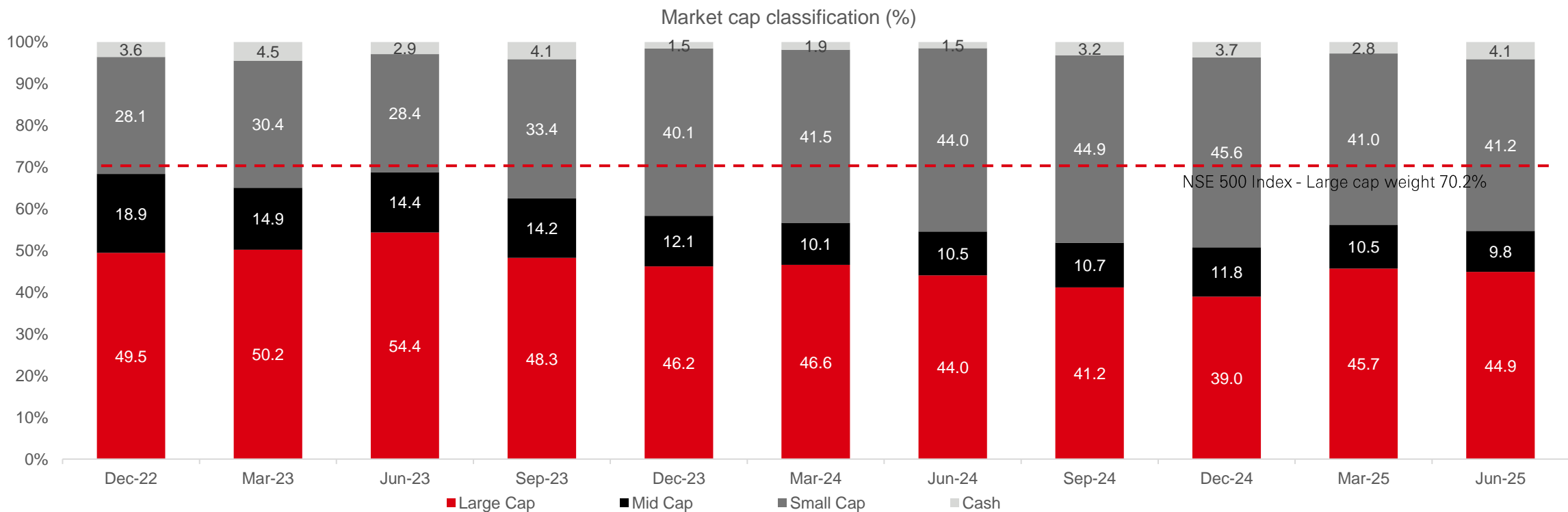


Source: Ace MF, HSBC Mutual Fund, Latest available data as on 30 June 2025. **Note:** The sector(s)/stock(s)/issuer(s) mentioned in this document do not constitute any research report nor it should be considered as an investment research, investment recommendation or advice to any reader of this content 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). Past performance may or may not be sustained in future and is not a guarantee of any future returns.

Higher mix of SMID to take advantage of the expansion cycle

No benchmark hugging! - Active share of the fund remains high

- The fund started increasing its weight in Large caps since the beginning of the year driven by global uncertainty and volatility
- We don't have a benchmark hugging strategy and our active share remains high at 70%



Source: Bloomberg, HSBC Mutual Fund, Latest available data as on 30 June 2025. **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). Past performance may or may not be sustained in future and is not a guarantee of any future returns.

HSBC Business Cycles Fund (HBCF)

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

Fund Category	Fund Manager	Benchmark ¹	Inception Date	AUM ^{&}
Thematic Fund	Gautam Bhupal [^] and Sonal Gupta [#]	NIFTY 500 TRI	20 Aug 2014	Rs. 1,153.14 Cr

Why HSBC Business Cycle 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

Fund approach

- The fund 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.

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.

Portfolio

	% to net assets
Multi Commodity Exchange of India Limited	5.51%
ICICI Bank Limited	5.33%
Reliance Industries Limited	5.23%
Trent Limited	5.16%
HDFC Bank Limited	4.28%
Power Mech Projects Limited	2.64%
Bharat Electronics Limited	2.46%
Ahluwalia Contracts (India) Limited	2.42%
Power Finance Corporation Limited	2.24%
Swiggy Limited	2.21%

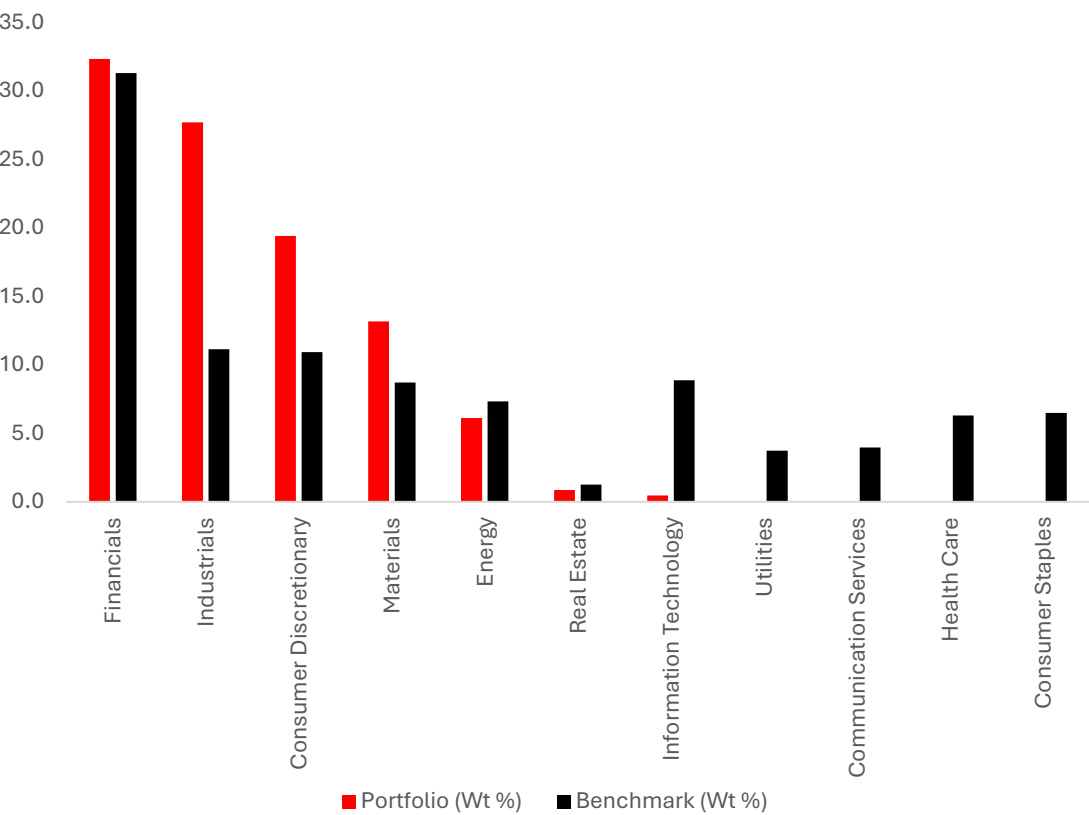
Industry - Allocation

	% to net assets
Banks	13.78%
Construction	10.35%
Capital Markets	10.25%
Retailing	8.84%
Industrial Products	5.30%
Petroleum Products	5.23%
Consumer Durables	5.11%
Finance	5.06%
Electrical Equipment	4.64%
Aerospace & Defense	4.50%

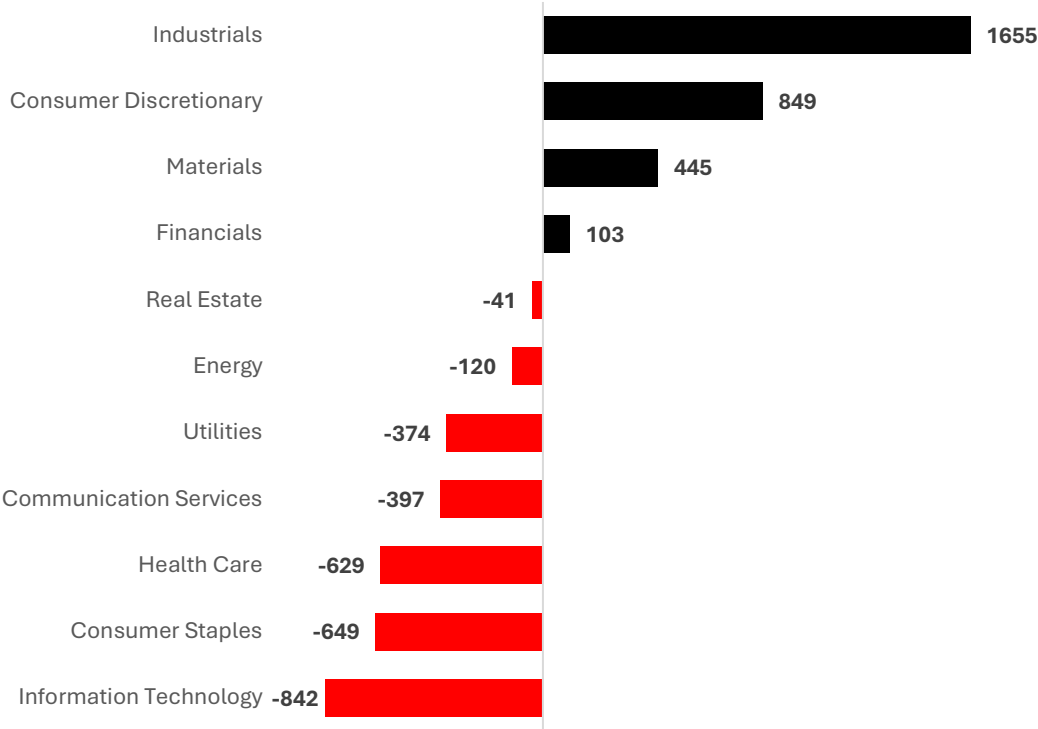
¹ As per clause 1.9 of the SEBI Master Circular dated June 27, 2024, on 'Guiding Principles for bringing uniformity in Benchmarks of Mutual Fund Schemes', has introduced two-tiered structure for benchmarking of certain categories of schemes. Accordingly, the benchmark has been classified as Tier 1 benchmark effective from 01 December 2021. [^] Gautam Bhupal Effective 01 Jun 2023. Total Schemes Managed - 7; [#] Sonal Gupta Effective 05 Jul 2021. Total Schemes Managed - 24 [#] Sonal Gupta is dedicated fund manager for investments in foreign securities by all the schemes of HSBC Mutual Fund. [&]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). Data as on 30 June 2025, HSBC Mutual Fund

Sector positioning

HSBC Business Cycles Fund



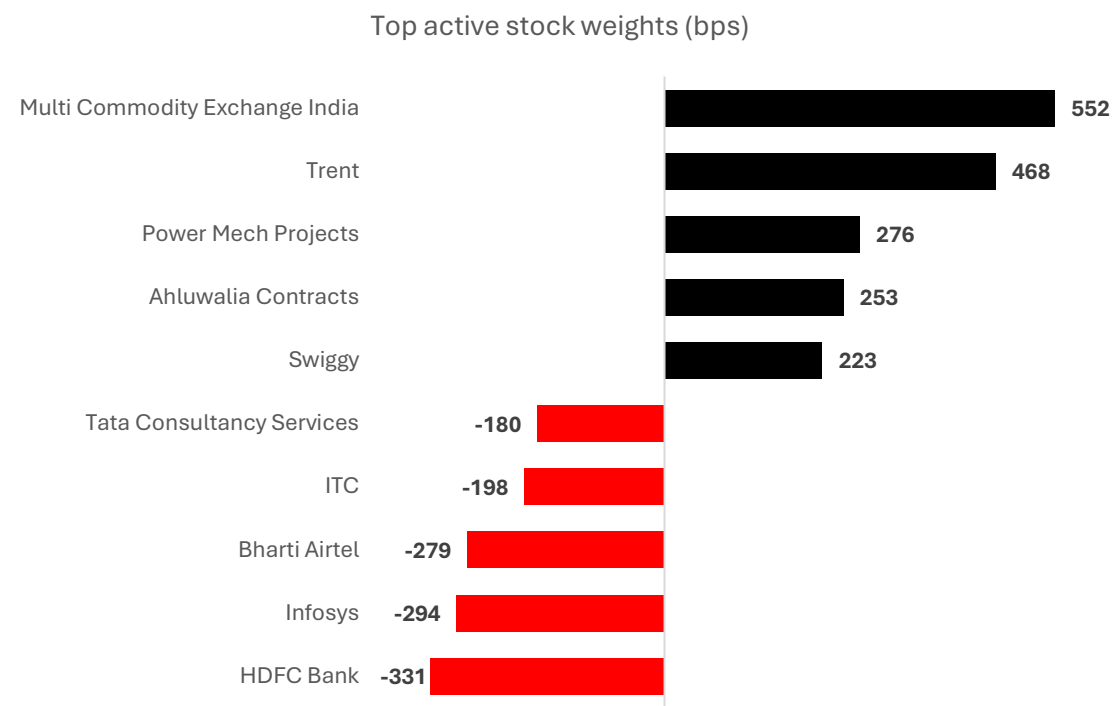
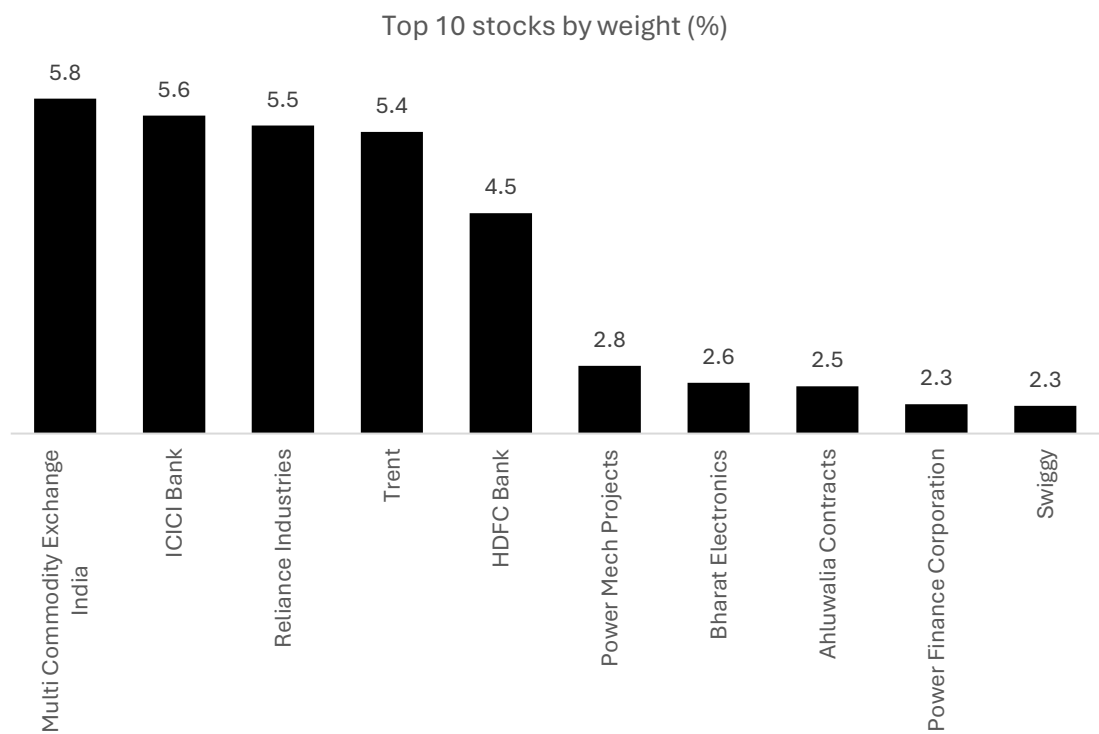
Top active sector weights (bps)



Source: HSBC Mutual Fund, Bloomberg, Data as on 30 June 2025
The scheme may or may not have future positions in this sector. The above graphs/ analysis should not be construed as an investment advice or research report or recommendation to buy or sell in any sector mentioned above. 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. Past performance may or may not be sustained in future and is not a guarantee of any future returns.

Top Stock positioning



HSBC Business Cycles Fund



Source: HSBC Mutual Fund, Bloomberg, Data as on 30 June 2025

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Product Label

Scheme name and Type of scheme	Scheme Risk-o-meter	Benchmark Risk-o-meter (as applicable)
<p>HSBC Business Cycles Fund (An open ended equity scheme following business cycles based investing theme)</p> <p>This product is suitable for investors who are seeking*:</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 stocks at different stages of business cycles in the economy.	 <p>The risk of the scheme is Very High Risk</p>	<p>As per AMFI Tier I Benchmark i.e. Benchmark Index: NIFTY 500 TRI</p>  <p>The risk of the benchmark is Very High Risk</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 2025, 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. Source: HSBC Mutual Fund,

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