

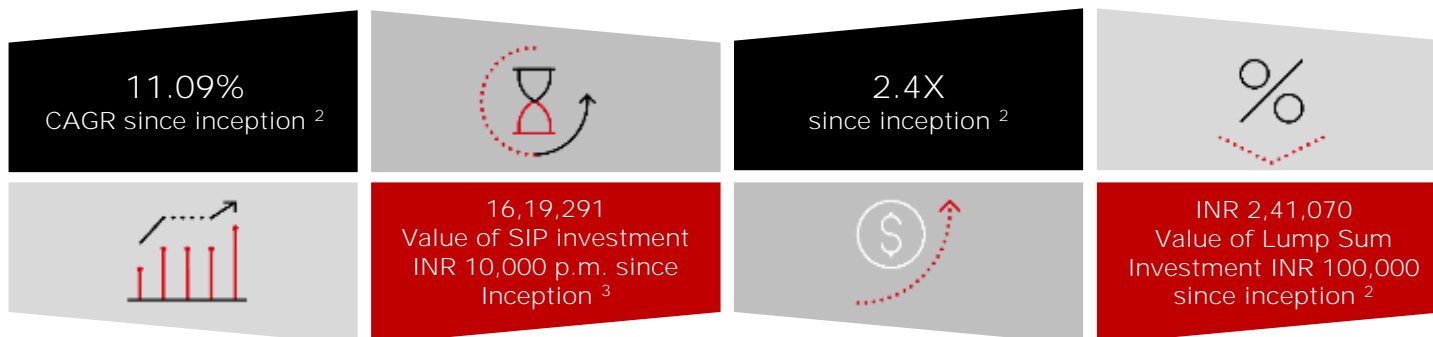
Product Note

HSBC Business Cycles Fund (HBCF) (Formerly known as L&T Business Cycles Fund)

Thematic Fund - An open ended equity scheme following business cycles based investing theme

January 2023

Fund Category	Fund Manager	Benchmark ¹	Inception Date	AUM
Thematic Fund	Ankur Arora and Venugopal Manghat	NIFTY 500 TRI	20 Aug 2014	Rs. 553.96 Cr



Risk Ratios ⁴	
Standard Deviation	25.85%
Beta	1.06
Sharpe Ratio ⁵	0.45
R2	0.93

Load / Expenses	
Entry Load	NA
Exit Load - NIL (after 1 year), 1% (before 1 year) ⁶	
Expense ratio (Other than Direct) ⁷	2.50%
Expense ratio (Direct)	1.43%

Portfolio	% of net assets
ICICI Bank Limited	8.04%
HDFC Bank Limited	6.82%
State Bank of India	4.63%
Larsen & Toubro Limited	4.13%
Reliance Industries Limited	3.92%
Aegis Logistics Limited	2.93%
ABB India Limited	2.79%
Ratnamani Metals & Tubes Limited	2.65%
Trent Limited	2.61%
Timken India Limited	2.53%

Sector - Allocation	% of net assets
Banks	23.32%
Construction	12.53%
Industrial Products	8.71%
Cement & Cement Products	6.20%
Consumer Durables	5.42%
Auto Components	4.78%
Petroleum Products	3.92%
Electrical Equipment	3.89%
Automobiles	3.58%
Retailing	3.29%

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 December 2022 of Growth option. During the same period, scheme benchmark (Nifty 500 TRI) has moved by 2.6X to Rs 26,8490 from Rs 100,000 and delivered return of 12.5%. Please refer page no. 3 for detailed performance of HSBC Business Cycle Fund.

³ During the same period, value of scheme benchmark (Nifty 500 TRI) has moved to 18,25,120

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

⁵ Risk free rate: 6.60% (FIMMDA-NSE MIBOR) as on December 31, 2022

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 Dec 2022

The fund has not 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-it-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 could 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 are likely to outperform at that stage of business cycle in the economy to generate wealth in the long-run.

Why HSBC Business Cycle Fund?

- Long-term capital appreciation
- 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 create a corpus through generating inflation-adjusted returns to cater to long-term goals

Fund Philosophy

- The fund aims to deliver through all market cycles by investing in cyclical stocks when the economy is in growth phase and switch to defensives during an economic slowdown
- It adopts business cycles approach to investing by strategically changing its allocation across stocks and sectors depending on the stage of the business cycle in the economy
- It maintains a diversified portfolio even within cyclical space and is not driven by short term market movement but medium term trends which could help reduce risk
- The fund manager screens stocks on valuation and fundamental based parameters like long-term growth prospects, return on capital, management quality, etc.

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 Managers - Ankur Arora (No of Schemes Managed – 3) - Managing Fund Since 29 July 2020 and Venugopal Manghat (No of Schemes Managed – 5) - Managing Fund Since 20 Aug 2014 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 Business Cycles Fund-Regular	10533	5.34	15489	15.70	13458	6.11	24107	11.09	20-Aug-14
Scheme Benchmark (Nifty 500 TRI)	10425	4.26	16173	17.38	17247	11.50	26849	12.53	
Additional Benchmark (Nifty 50 TRI)	10569	5.71	15416	15.52	18305	12.84	25435	11.80	

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 Large Cap Fund – Regular ⁸	10106	1.07	14303	12.67	15918	9.73	340666	19.22	10-Dec-02
Scheme Benchmark (Nifty 100 TRI)	10494	4.95	15402	15.48	17666	12.04	NA	NA	
Additional Benchmark (Nifty 50 TRI)	10569	5.71	15416	15.52	18305	12.84	223379	16.74	
HSBC Small Cap Fund-Regular ⁹	10046	0.46	20654	27.35	16125	10.02	443460	18.81	12-May-14
Scheme Benchmark (S&P BSE 250 Small Cap Index TRI)	9898	-1.02	20142	26.29	14066	7.05	NA	NA	
Additional Benchmark (Nifty 50 TRI)	10569	5.71	15416	15.52	18305	12.84	28789	13.02	
HSBC Infrastructure Fund-Regular ¹⁰	10479	4.80	16722	18.69	13170	5.65	25364	6.29	27-Sep-07
Scheme Benchmark (S&P BSE India Infrastructure TRI)	11507	15.11	18910	23.66	13797	6.64	NA	NA	
Additional Benchmark (Nifty 50 TRI)	10569	5.71	15416	15.52	18305	12.84	43380	10.09	
HSBC Value Fund-Regular	10524	5.25	16925	19.17	15679	9.40	61216	14.98	08-Jan-10
Scheme Benchmark (Nifty 500 TRI)	10425	4.26	16173	17.38	17247	11.50	40646	11.41	
Additional Benchmark (Nifty 50 TRI)	10569	5.71	15416	15.52	18305	12.84	40433	11.36	
HSBC Flexi Cap Fund-Regular	10185	1.85	14713	13.74	14611	7.87	157695	15.75	24-Feb-04
Scheme Benchmark (Nifty 500 TRI)	10425	4.26	16173	17.38	17247	11.50	134929	14.79	
Additional Benchmark (Nifty 50 TRI)	10569	5.71	15416	15.52	18305	12.84	126802	14.42	
Fund / Benchmark (Value of Rs 10,000 invested)	1 Year		Since Inception		Inception Date				
	Amount in Rs	PTP Returns %	Amount in Rs	PTP Returns %					
HSBC Focused Fund-Regular	9656	-3.45	15132	18.49	22-Jul-20				
Scheme Benchmark (Nifty 500 TRI)	10425	4.26	17537	25.87					
Additional Benchmark (Nifty 50 TRI)	10569	5.71	16744	23.51					

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 Business Cycles Fund	Ankur Arora- Since Nov 26 2022 Venugopal Manghat- Since Aug 20 2014	Ankur Arora-3 Venugopal Manghat-5
HSBC Large Cap Fund	Neelotpal Sahai- Since May 27, 2013 Ankur Arora- Since Nov 26, 2022	Neelotpal Sahai-4 Ankur Arora-3
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 Focused Fund	Neelotpal Sahai- Since Nov 26, 2022 Ankur Arora- Since July 29, 2020	Neelotpal Sahai-4 Ankur Arora-3

⁸ HSBC Large Cap Fund: The launch date of the Nifty 100 TRI is Jan 01, 2003 whereas the inception date of the scheme is Dec 10, 2002. The corresponding benchmark returns since inception of the scheme not available.

⁹ HSBC Small Cap Fund: The launch date of the S&P BSE 250 Small Cap Index

¹⁰ HSBC Infrastructure Fund: The launch date of the S&P BSE India Infrastructure Index (INR) is May 19, 2014 whereas the inception date of the scheme is September 27, 2007. The corresponding benchmark returns since inception of the scheme is not available.

Note - Sonal Gupta shall be 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 Asset Management India, data as at 31 Dec 2022

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SIP Performance - HSBC Business Cycles Fund - Regular					Inception Date: 20-Aug-14
Scheme Name & Benchmarks	1 Year	3 Years	5 Years	Since Inception	
Total amount invested (₹)	120000	360000	600000	1000000	
Market Value as on December 31, 2022 (₹)	1,25,756	4,82,254	8,57,918	16,19,291	
Scheme Returns (%)	9.05	19.98	14.29	11.27	
Nifty 500 TRI - Scheme Benchmark (₹)	1,25,930	4,83,362	8,98,652	18,25,120	
Nifty 500 TRI - Scheme Benchmark Returns (%)	9.33	20.14	16.18	14.03	
Nifty 50 TRI - Additional Benchmark (₹)	1,26,680	4,75,581	8,87,596	18,08,298	
Nifty 50 TRI - Additional Benchmark Returns (%)	10.53	18.98	15.67	13.82	

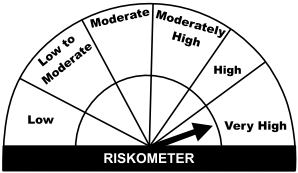
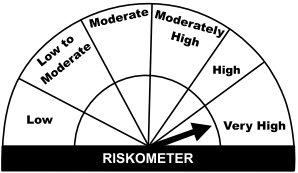
Since Inception returns are provided from the date of allotment of units. PTP returns – Point to Point returns.

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 December 2022 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.

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 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"> 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. (Benchmark : NIFTY 500 TRI Index) <p>HSBC Large Cap Fund (Erstwhile HSBC Large Cap Equity Fund) - Large Cap Fund – An open ended equity scheme predominantly investing in large cap stocks.</p> <ul style="list-style-type: none"> To create wealth over long term. Investment in predominantly large cap equity and equity related securities. (Benchmark : NIFTY 100 TRI Index) <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 Focused Fund (Erstwhile HSBC Focused Equity Fund) - Focused Fund – An open ended equity scheme investing in maximum 30 stocks across market caps (i.e. Multi-Cap).</p> <ul style="list-style-type: none"> Long term wealth creation Investment in equity and equity related securities across market capitalization in maximum 30 stocks. (Benchmark : NIFTY 500 TRI Index) 	 <p>Investors understand that their principal will be at 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 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 Dec 2022

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