

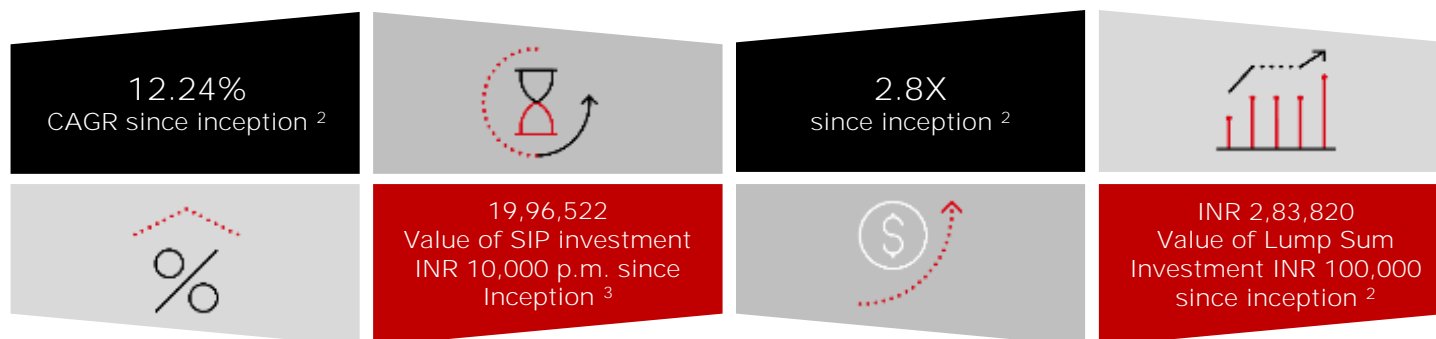
## Product Note

### 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

September 2023

Fund Category	Fund Manager	Benchmark <sup>1</sup>	Inception Date	AUM
Thematic Fund	Gautam Bhupal, Venugopal Manghat and Sonal Gupta <sup>#</sup>	NIFTY 500 TRI	20 Aug 2014	Rs. 633.40 Cr



Risk Ratios <sup>4</sup>	
Standard Deviation	15.54%
Beta	0.98
Sharpe Ratio <sup>5</sup>	1.16
R2	0.88

Load / Expenses <sup>7</sup>	
Entry Load	NA
Exit Load - NIL (after 1 year), 1% (before 1 year) <sup>6</sup>	
Expense ratio (Other than Direct) <sup>8</sup>	2.43%
Expense ratio (Direct)	1.36%

Portfolio	% of net assets
HDFC Bank Limited	8.47%
ICICI Bank Limited	6.43%
Larsen & Toubro Limited	4.69%
Reliance Industries Limited	4.18%
State Bank of India	3.99%
Trent Limited	3.46%
ABB India Limited	3.22%
Ahluwalia Contracts (India) Limited	3.15%
Ratnamani Metals & Tubes Limited	3.13%
Power Mech Projects Limited	3.03%

Sector - Allocation	% of net assets
Banks	23.74%
Construction	13.72%
Industrial Products	11.90%
Consumer Durables	5.08%
Electrical Equipment	4.91%
Cement & Cement Products	4.35%
Petroleum Products	4.18%
Retailing	3.46%
Industrial Manufacturing	3.37%
Realty	2.73%

<sup>1</sup> 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.

<sup>2</sup> As on 31 August 2023 of Growth option regular plan. During the same period, scheme benchmark (Nifty 500 TRI) has moved by 2.9X to Rs 2,96,320 from Rs 100,000 and delivered return of 12.77 %. Please refer page no. 3 for detailed performance of HSBC Business Cycle Fund.

<sup>3</sup> During the same period, value of scheme benchmark (Nifty 500 TRI) has moved to 21,04,970.

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

<sup>5</sup> Risk free rate: 6.69% (FIMMDA-NSE MIBOR) as on August 31, 2023

<sup>6</sup> 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

<sup>7</sup> TER Annualized TER including GST on Investment Management Fees

<sup>8</sup> Continuing plans

Data as on 31 August 2023, HSBC Mutual Fund, **Past performance may or may not be sustained in the future.** <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 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

- 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.
- Persistently high Inflation has impacted the margins of corporate India. However, the demand scenario so far has not deteriorated. With commodity prices starting to come down, 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 with correction in crude and global commodity prices 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:
  - Overweight on the capex recovery theme: Our highest active sector weight remains industrial which is seeing a strong growth driven by a strong capex push by both public and private sector companies,
  - Overweight on the infrastructure: Also remain positive on infrastructure space driven by strong push by government
  - Equal weight on financials: Financials are seeing a strong growth driven by recovery in credit growth cycle coupled with credit cost normalization which is leading to earnings expansion. However, valuations are pricing in fair bit of medium-term earnings growth leading to our neutral stance.

Portfolio sectoral positioning:

- Overweight: Industrials, Materials, Consumer Discretionary, Real Estate
- Neutral: Financials
- Underweight: IT, Consumer Staples, Healthcare, Utilities, Communication Services, Energy

Note : Stocks/Sectors specific information provided above is based on Portfolio details as on July 31, 2023. Further, the same shall not be considered as investment advice. The Fund may or may not have any future position in these stocks/sectors

Sector Attribution (1 year):

- O/W in Industrials & Materials and U/W in IT & Utilities contributed positively to the performance.
- U/W in Consumer Staples and E/W in Financials contributed negatively to the performance.

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.

Fund Managers - Gautam Bhupal (No of Schemes Managed – 8 ) - Managing Fund Since June 01 2023 and Venugopal Manghat (No of Schemes Managed – 6 ) - Managing Fund Since 20 Aug 2014 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 Business Cycles Fund-Regular	11617	16.12	20152	26.31	17804	12.22	28382	12.24	20-Aug-14
Scheme Benchmark (Nifty 500 TRI)	11142	11.39	18655	23.10	17893	12.33	29632	12.77	
Additional Benchmark (Nifty 50 TRI)	10953	9.50	17532	20.58	17495	11.83	27288	11.75	

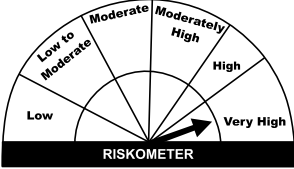

PTP returns – Point to Point returns. | As per clause 5.9.1 of the SEBI Master Circular dated May 19, 2023 the scheme returns vis-à-vis the benchmark return (Total Return Index) shall be disclosed are provided from the date of allotment of units. | IDCW are assumed to be reinvested and Bonus is adjusted. | 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. Past performance may or may not be sustained in the future. HSBC Multi Cap Fund performance is not given as schemes have not completed 6 months as on 31 August 2023. Source: HSBC Mutual Fund, data as on 31 August 2023. Sonal Gupta is dedicated fund manager for investments in foreign securities by all the schemes of HSBC Mutual Fund.

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	1080000	
Market Value as on August 31, 2023 (₹)	136,793	484,002	963,619	1,996,522	
Scheme Returns (%)	26.99	20.21	19.03	13.20	
Nifty 500 TRI - Scheme Benchmark (₹)	132,388	455,037	925,645	2,102,199	
Nifty 500 TRI - Scheme Benchmark Returns (%)	19.72	15.83	17.38	14.29	
Nifty 50 TRI - Additional Benchmark (₹)	128,540	439,512	882,930	2,024,898	
Nifty 50 TRI - Additional Benchmark Returns (%)	13.48	13.41	15.45	13.50	

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. 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. Past performance may or may not be sustained in the future.

[Click here to check other funds performance managed by the Fund Manager](#)  
**Past performance may or may not be sustained in the future.** Source: HSBC Mutual Fund, data as on 31 August 2023  
Note - Sector specific information provided above should not be considered as investment advice. Past performance may or may not be sustained in future.

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><b>HSBC Business Cycles Fund (Erstwhile L&amp;T Business Cycles Fund) - Thematic Fund</b> - An open ended equity scheme following business cycles based investing theme.</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. (Benchmark : NIFTY 500 TRI Index)</li> </ul>	 <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 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 on 31 August 2023

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 HSBC Mutual Fund, 9-11th Floor, NESCO - IT Park Bldg. 3, Nesco Complex, Western Express Highway, Goregaon East, Mumbai 400063. Maharashtra.  
 GST - 27AABCH0007N1ZS, Email: investor.line@mutualfunds.hsbc.co.in | Website: www.assetmanagement.hsbc.co/in

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