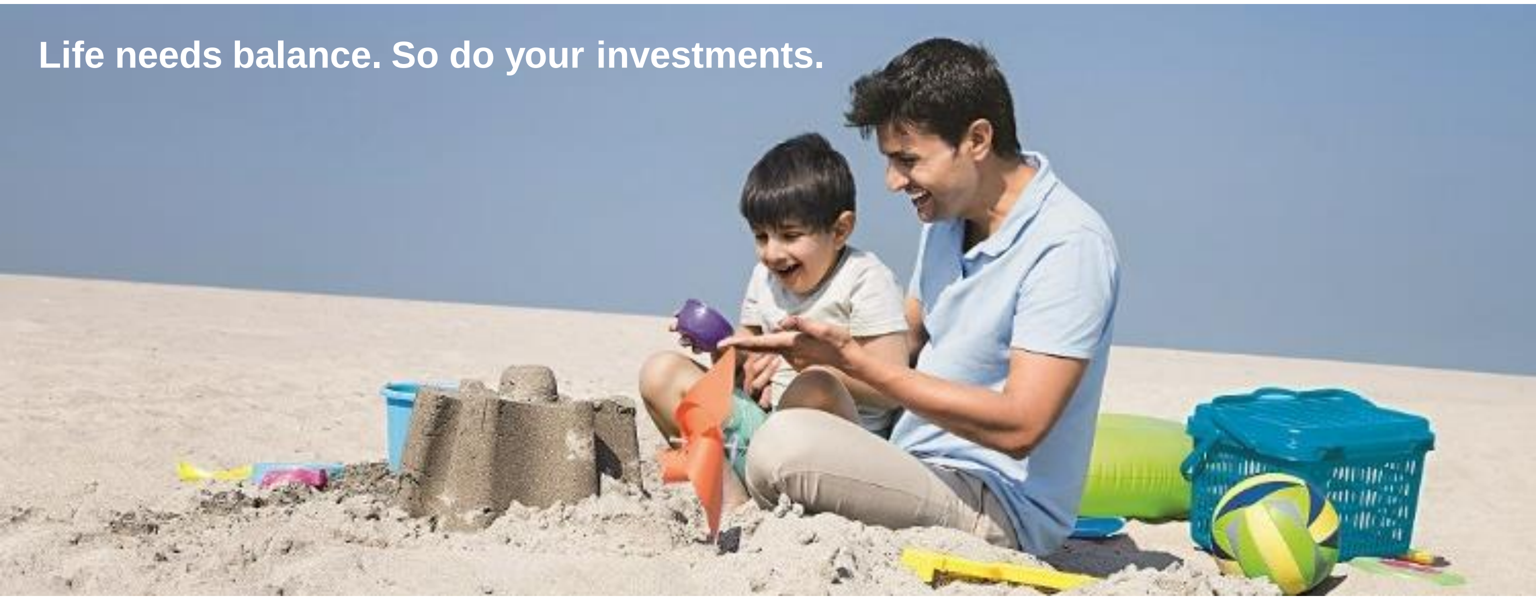
HSBC Equity Hybrid Fund (HEHF)

Aggressive Hybrid fund – An open ended hybrid scheme investing predominantly in equity and equity related instruments



Today, the markets are delicately poised. Above average equity valuations, attractive bond yields and political uncertainty calls for a balanced investment approach and optimal asset allocation of equity – debt asset classes. Equity has proven to be one of the best asset classes for long-term wealth creation. S&P BSE Sensex has returned 14% annualised returns*, on an average, for a 20-year holding period on a daily rolling basis. The volatility in equities reduces in the long term, while allocation to fixed income (debt) asset class may help reduce the short term volatility.

Extreme volatility of equity can reflect temporary erosion of investment

+

Fixed Income asset class provides stability even in the short term

=

Exposure to both asset classes reduces the overall volatility and provides the optimal balance to the portfolio

Why invest in "HSBC Equity Hybrid Fund" (HEHF)?

Optimal asset allocation

- Enjoy better risk-adjusted returns with optimal asset allocation

Asset rebalancing

- Maintain the desired asset allocation level in your portfolio with asset rebalancing

Dual advantage

- Grow your investments with equity and stabilise the volatility with debt

Tax efficient#

- Switching between both asset classes for the desired asset allocation portfolio has no tax incidence

Mutual fund investments are subject to market risks, read all scheme related documents carefully. Past performance may or may not sustain and doesn't guarantee the future performance. #HEHF invest and rebalances portfolio within equity and debt asset class. # HEHF has equity fund status and subject to equity taxation. *Source: CRISIL Research, S&P BSE Sensex data as on 31 July 2018 from July 1979 to July 2018.

HSBC Global Asset Management

Investment approach of HSBC Equity Hybrid Fund

- Optimal asset allocation – Exposure to 2 different asset classes to strike the optimal balance between Growth & Stability. HEHF aims to invest around 70% into equities while rest 30% into debt^^.
- Flexi-Equity strategy - Sector agnostic style of investments with a flexi-cap strategy to build a diversified portfolio using PBROE valuation framework^. The fund will invest in equity and equity related securities[1] with a flexibility to invest across large, mid and small cap companies.
- Optimal duration strategy – The fund will follow a optimal duration debt strategy and invest in high quality fixed income instruments which offer reasonable yields.

Why flexi-cap equity strategy?

Performance

- Flexi cap strategy can invest across market spectrum depending on prevailing opportunities which can provide performance consistency

Volatility

- Ability to maintain portfolio volatility at reasonable level due to a balance between large, mid and small cap stocks

Under researched

- Mid & small caps may be subject to mis-appraisals and mis-pricing as they are under researched and thus can create an alpha generation opportunity for the fund manager

Earnings

- It offers a combination of stable as well as accelerated earnings with a potential to support stock valuations in up as well as down trend

Growth

- While large cap companies are well positioned to achieve economies of scale, mid & small cap companies offer higher growth push

Why optimal duration strategy?

Performance

- Potential to capture the superior risk adjusted performance due to flexibility to move allocation towards favourable duration instruments

Volatility

- Potential to avoid extreme risks as the fund manager would aim to reduce duration in a volatile environment

Risk

- Ability to avoid extreme risk as fund manger has the flexibility to position a portfolio in the favorable short-mid-long durations

Quality

- Investments in better rated credit quality instruments that generally have low capital risk

^ PBRoE – PB refers price to book and RoE refers to return on equity, which are valuation measures for stocks.
^^ The fund has provision to invest 65% to 80% in to equities and 20% to 35% into debt and also 0 to 10% in REiT & InvIT units
Mutual fund investments are subject to market risks, read all scheme related documents carefully. Past performance may or may not sustain and doesn't guarantee the future performance

Current potential opportunities in equity and debt

Large cap

- There is a concentrated performance on a YTD basis in Large Cap indices and there could be a case for wider participation going forward.

Mid & Small cap

- This segment continues to be more bottom up and a sharp correction in mid & small cap names this year is throwing up some investment opportunities that are now available at more reasonable valuations.

Corporate bonds

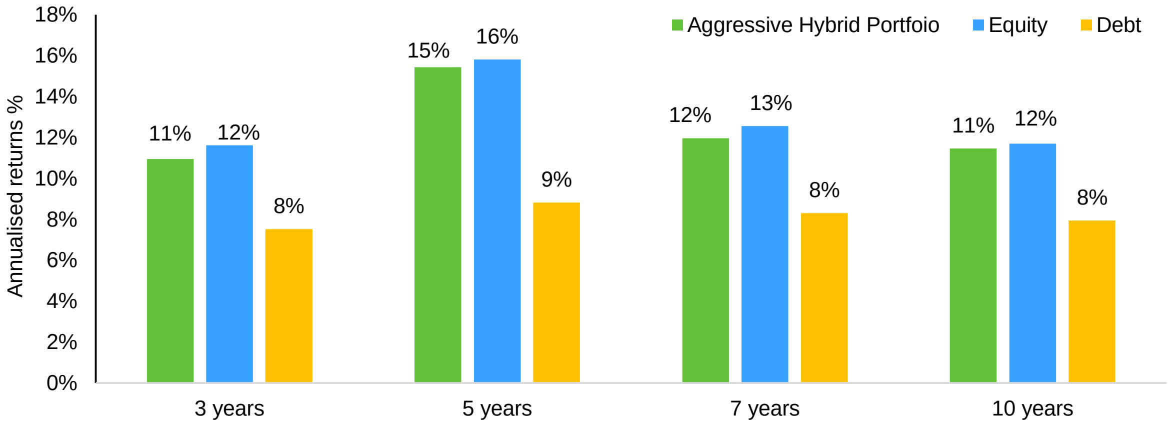
- Corporate bonds between 6 months to 3 years are trading 200 bps over the repo rate and seem to have accounted for more than one rate hike by the RBI. 5 year corporate bond's average spread is at 130 bps, going forward it offers good carry with favorable risk reward.

Investment style

- Investors are saved from the predicament of investing in long bond or short bond oriented funds as the fund manager manages the portfolio composition based on the interest rate cycle.

HEHF provides wealth-building opportunity

Prudent asset mix offers comparative risk adjusted performance across all timeframes. Aggressive hybrid portfolio - as represented by the S&P BSE 200 TRI Index *(70% weightage)* and CRISIL Composite Bond Fund Index *(30% weightage)* has been at par with equity *(S&P BSE Sensex TRI)* and has outperformed debt *(CRISIL Composite Bond Fund Index)* across all timeframes.



Source - MFI ICRA, HSBC Global Asset Management , data as of 31 July 18

Mutual fund investments are subject to market risks, read all scheme related documents carefully. Past performance may or may not sustain and doesn't guarantee the future performance

Who should invest in HEHF?

Cautious - New to equity

- HEHF is well suited for investors with no current equity exposure fearing volatility associated with equity asset class. HEHF can provide better risk adjusted returns.

Moderate – Measured equity exposure

- HEHF is well suited for informed investors looking for adequate exposure to equities with moderate risk.

Disciplined – Balanced approach

- HEHF is well suited for investors looking for a cost effective and optimal asset allocation product.

Investment Objective:

To seek long term capital growth and income through investments in equity and equity related securities and fixed income instruments. However, there is no assurance that the investment objective of the Scheme will be achieved.

Fund Name	**HSBC Equity Hybrid Fund**
Benchmark	A customized index with 70% weight to S&P BSE 200 and 30% weight to CRISIL Composite Bond Fund Index.
Minimum Application Amount	Rs 5,000/- per application and in multiples of Re. 1/- thereafter
Minimum Application Amount (SIP)	Minimum Investment Amount - Rs. 1000 (monthly) or Rs. 3000 (quarterly); Minimum no. of instalments - 12 (monthly) or 4 (quarterly); Minimum aggregate investment - Rs. 12,000.
SIP/STP/SWP	Available
Type	An open ended hybrid scheme investing predominantly in equity and equity related instruments
Plans / Options / Sub options	Regular, Direct plans / Growth, Dividend / Payout, Dividend Reinvestment
Loads (including SIP / STP wherever applicable)	Entry Load* : Nil Exit Load:– Any redemption / switch-out within 1 year from the date of allotment: For 10% of the units: NIL, For remaining units: 1%, If redeemed / switched out after 12 months from the date of allotment: NIL”
Fund Managers	Neelotpal Sahai for Equity Sanjay Shah for Debt

Scheme Name	Riskometer
HSBC Equity Hybrid Fund (Aggressive Hybrid fund – An open ended hybrid scheme investing predominantly in equity and equity related instruments) **This product is suitable for investors who are seeking*:** ☐ Long term wealth creation and income ☐ Investment in equity and equity related securities and fixed income instruments * Investors should consult their financial advisers if in doubt about whether the product is suitable for them.	 **Investors understand that their principal will be at Moderately High risk**

The exit loads set forth above is subject to change at the discretion of the AMC and such changes shall be implemented prospectively
*In terms of SEBI circular no. SEBI/IMD/CIR No.4/ 168230/09 dated June 30, 2009, no entry load will be charged by the Scheme to the investor effective August 1, 2009. Upfront commission shall be paid directly by the investor to the AMFI registered Distributors based on the investor’s assessment of various factors including the service rendered by the distributors. No exit load (if any) will be charged for units allotted under bonus / dividend reinvestment option. Data as of 30 Sep 2018

Disclaimer:

HSBC Asset Management (India) Private Limited, 16, V.N. Road, Fort, Mumbai-400001
Email: hsbcmf@camsonline.com | Website: www.assetmanagement.hsbc.com/in