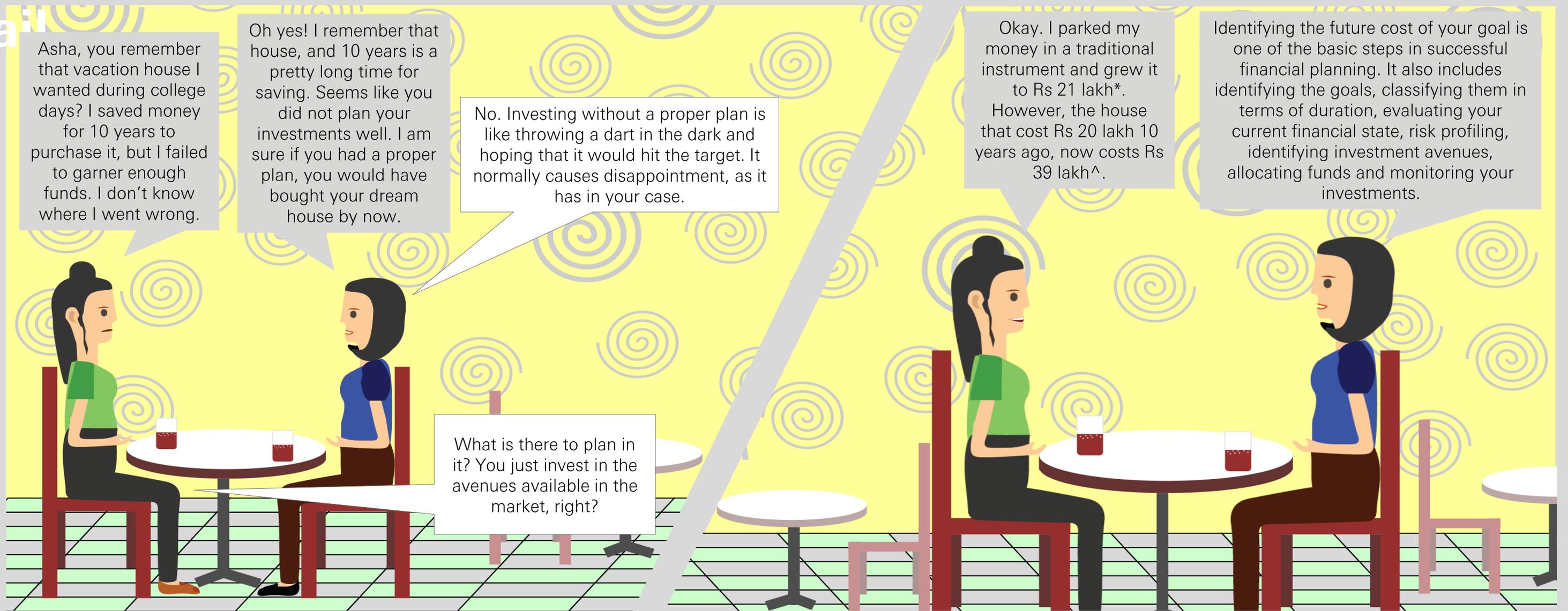


Women and investing

An investor awareness and education initiative

Financial planning: Failing to plan is planning to fail

Nisha and Asha meet after 10 years and talk soon turns to finances



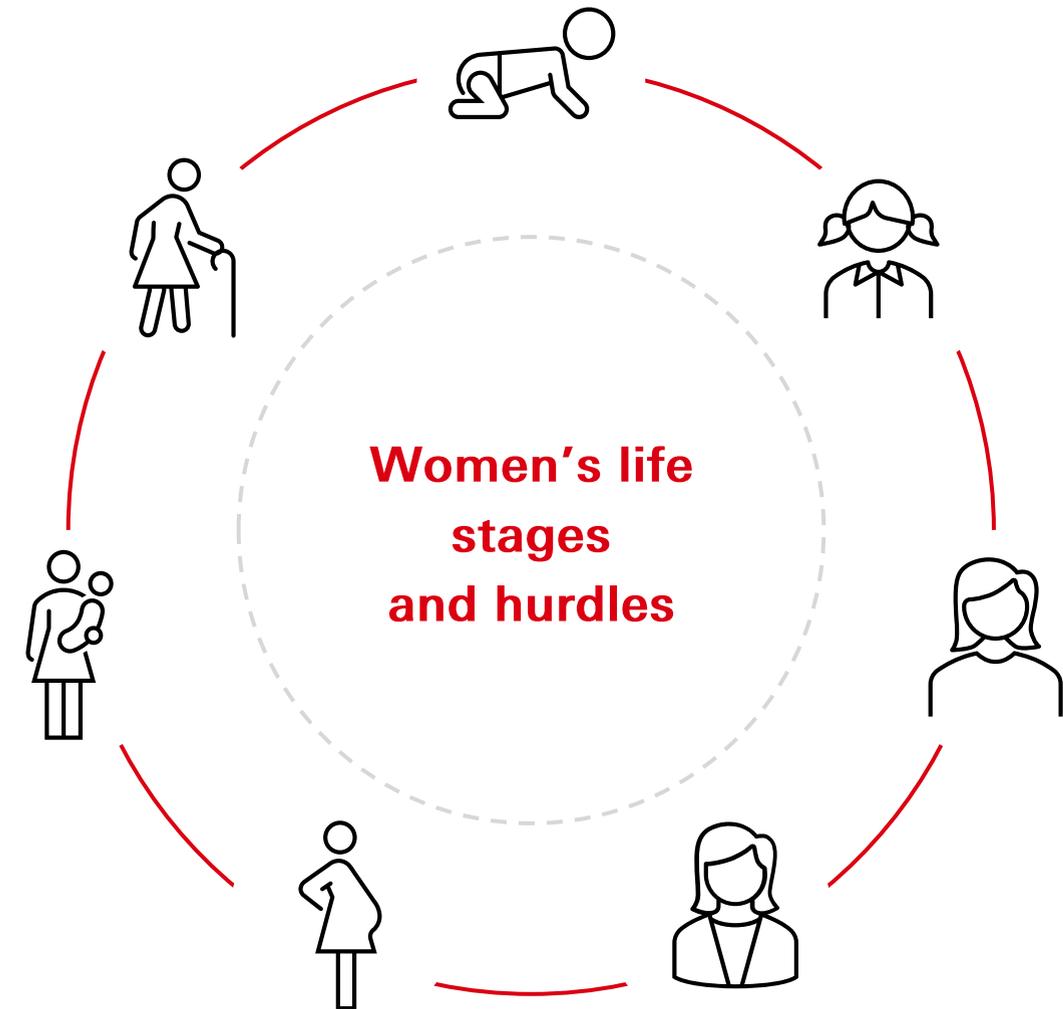
Past performance may or may not be sustained in the future and is not indicative of future results.
For illustration purposes only, Source – CRISIL

^Assuming rise in price at 7% per annum, which is the average CPI-IW inflation rate between 1993 and 2023.
SIP calculated as per AMFI guidelines from <https://www.mutualfundssahihai.com/en/goal-sip-calculator>

*Rs 12,000 per month, fixed income CAGR returns considered for illustration is 7.20%. The above illustration is provided as per AMFI Best Practice Guidelines Circular No. 109 dated November 1, 2023 and as amended from time to time to define the concept of power of compounding

Women life stages and hurdles

- ◆ According to a study, women globally earn 23% less than men on average for the same quantum of work.
- ◆ This indicates larger systemic challenges women face, such as pay disparities, gender disparities and the financial burden of caring for young children.
- ◆ Some of the other challenges they face are lack of funds, expertise and time, hesitation to take risk, fear of losing capital, distrust in financial products and concerns about potential future crises.



For illustration purposes only, Source – CRISIL, HSBC. Data as on Feb 29, 2024

Investment knowledge empowerment for women

- ◆ Across households, women have been the true financial planners, deciding how much money can be spent and how much must be saved. Present-day working women are a step ahead – they do a tightrope walk of balancing professional and personal lives and, simultaneously, managing the finances.
- ◆ With the rise of female entrepreneurship and growing female representation in the workforce, women have transformed the investing landscape in a big way over the past couple of decades. When these women unlock their economic potential and enjoy equal opportunities, they not only contribute to women’s development, but also become active participants in the country’s economic growth.
- ◆ However, there is a hitch. They are not fully aware of the importance of financial planning and, hence, have a long way to go to truly enjoy financial gender equality. According to data gathered on Indian women investors by an online wealth management platform, there is only one woman in every five investors. Clearly, it is high time Indian women became more financially literate.



For illustration purposes only, Source – CRISIL

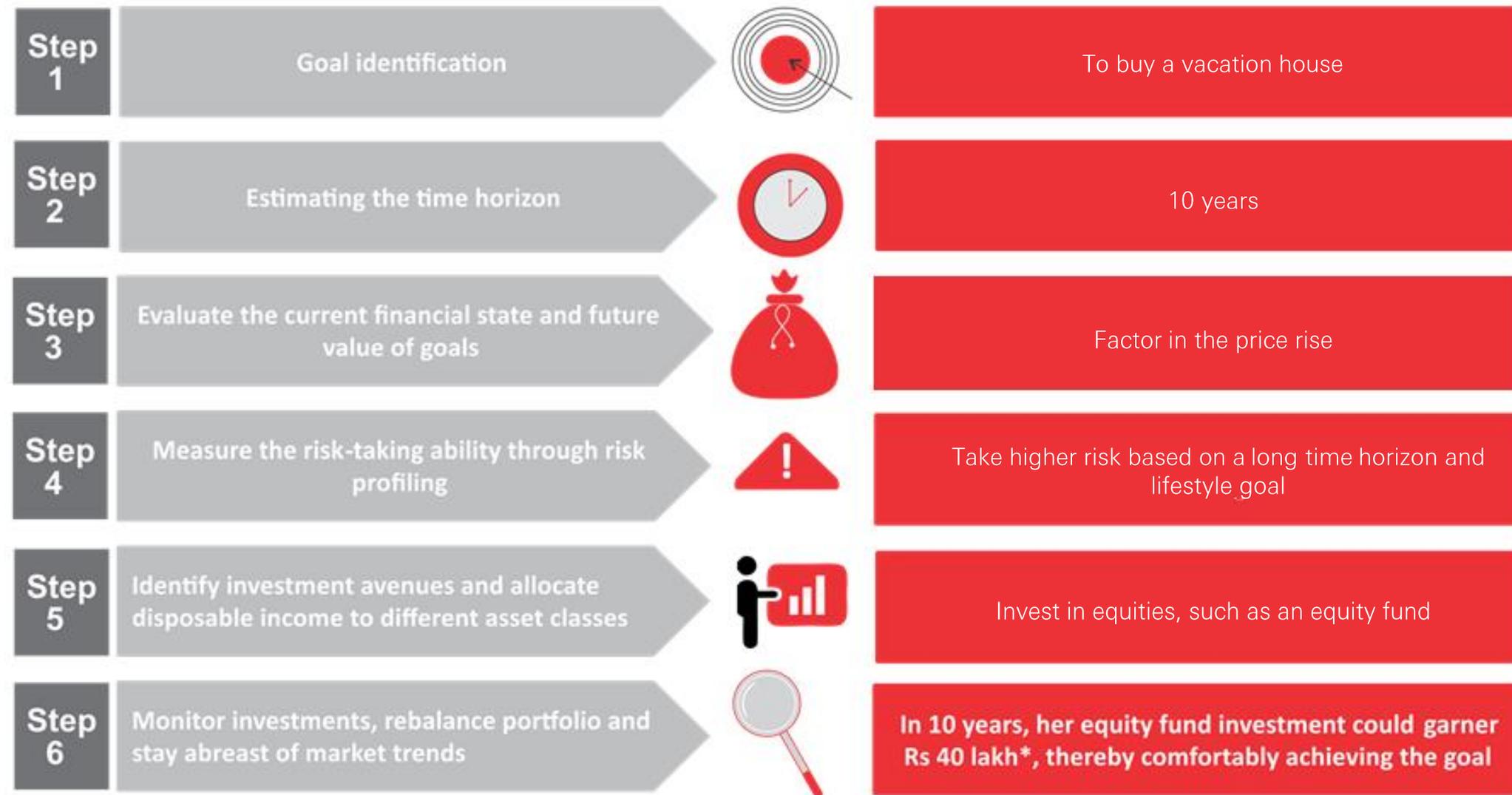
Savings versus goal-based investing

- ◆ We all have dreams. To turn these into reality, we need to adopt investment planning
- ◆ Often, we are oblivious of our risk profile, our goals, the future cost of goals, etc.
- ◆ We need holistic and focused goal-based planning
- ◆ It can allow us to allocate enough money required to achieve a goal

	Savings	Investing
Goal type	Help achieve near-term goals and emergencies	Can Help accumulate money for long-term goal
Risk profile	Since money stays idle in savings account or remains invested in the money market, risk is lower and so are returns	Risk profile is high; typically, investment for long term involves equity
Liquidation	Immediate liquidity	Liquidation depends on investment type

Source – CRISIL

Goal-based investing: what Nisha should have done



The above calculations and potential appreciation of investments are given for illustration purposes only.

*Rs 17000 per month, mean CAGR returns considered for illustration is 12.64% by taking mean of 10-year rolling returns between 1 June 2013 and 30 May 2023 of S&P BSE Sensex.

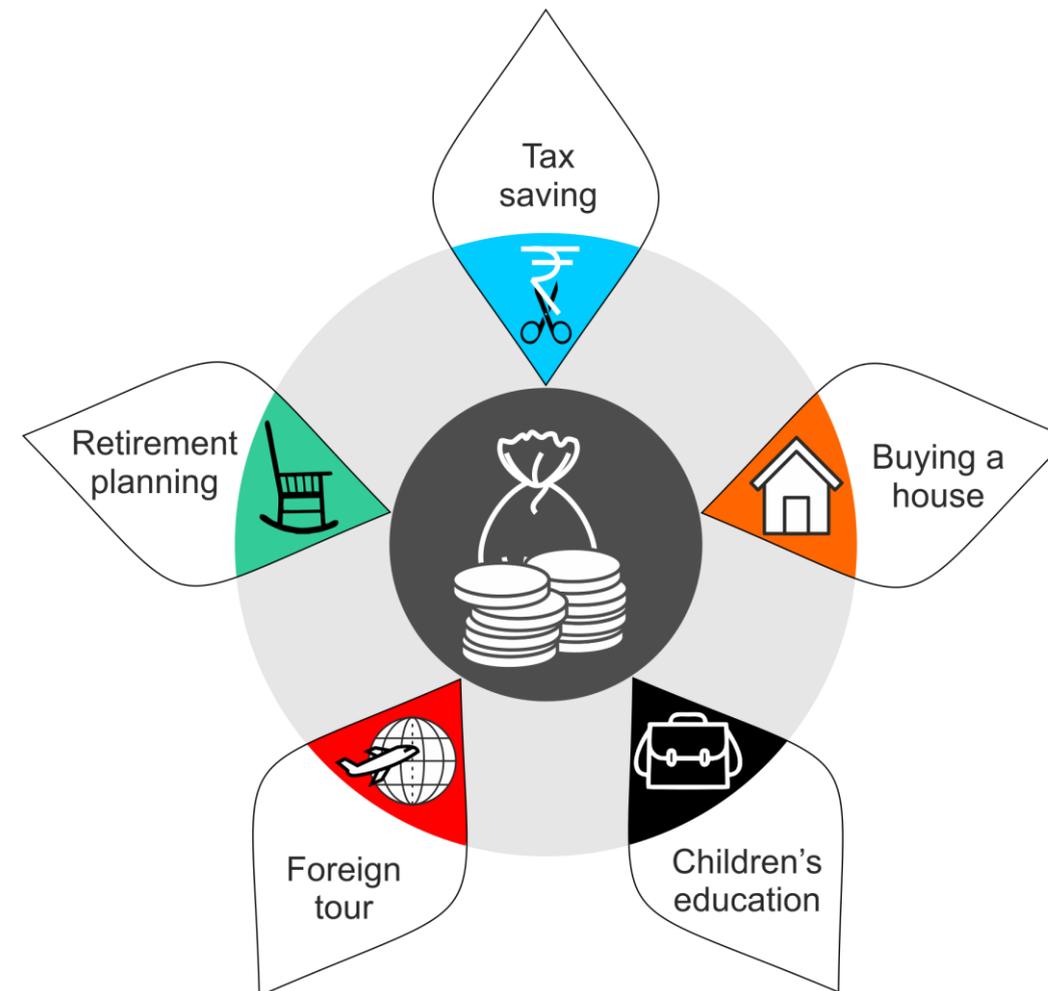
SIP calculated as per AMFI guidelines from <https://www.mutualfundssahihai.com/en/goal-sip-calculator>

The above illustration is provided as per AMFI Best Practice Guidelines Circular No. 109 dated November 1, 2023 and as amended from time to time to define the concept of power of compounding.

Source – CRISIL, Note – Past performance may or may not be sustained in future and is not a guarantee of any future returns. 6

Goal planning: Identify and segregate

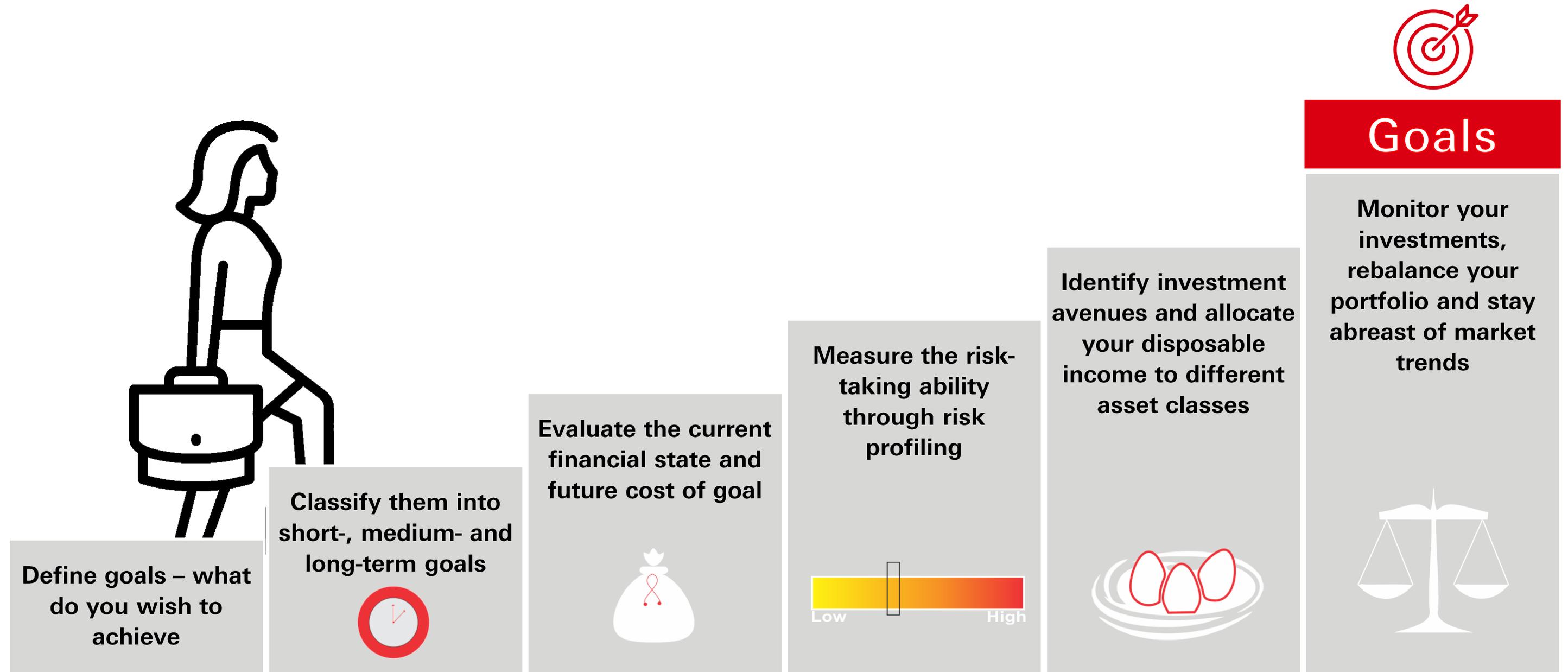
- ◆ Make a list of all the goals that you want to achieve, such as:



- ◆ Segregate goals into priority and aspirational – the former are essential and get precedence over the latter

For representation purposes only, Source – CRISIL

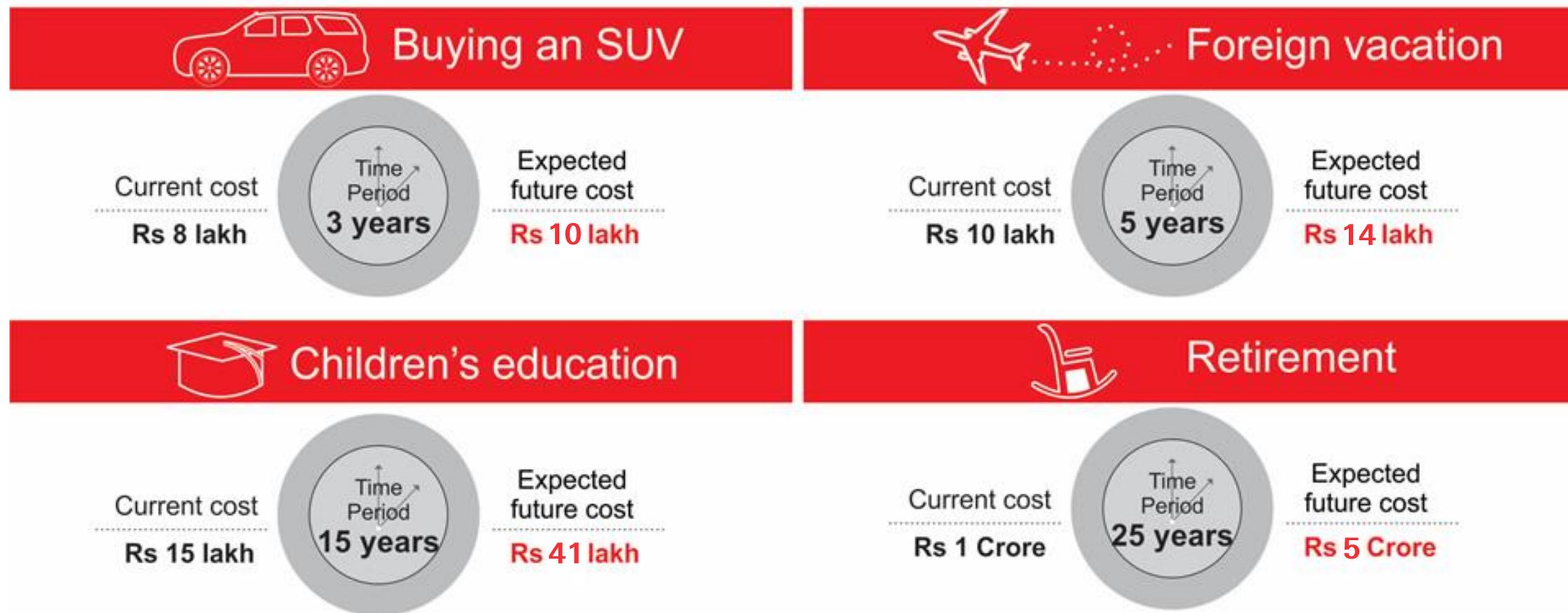
Six steps to achieve the goal



For representation purposes only, Source – CRISIL

Are you prepared to achieve the goals on time?

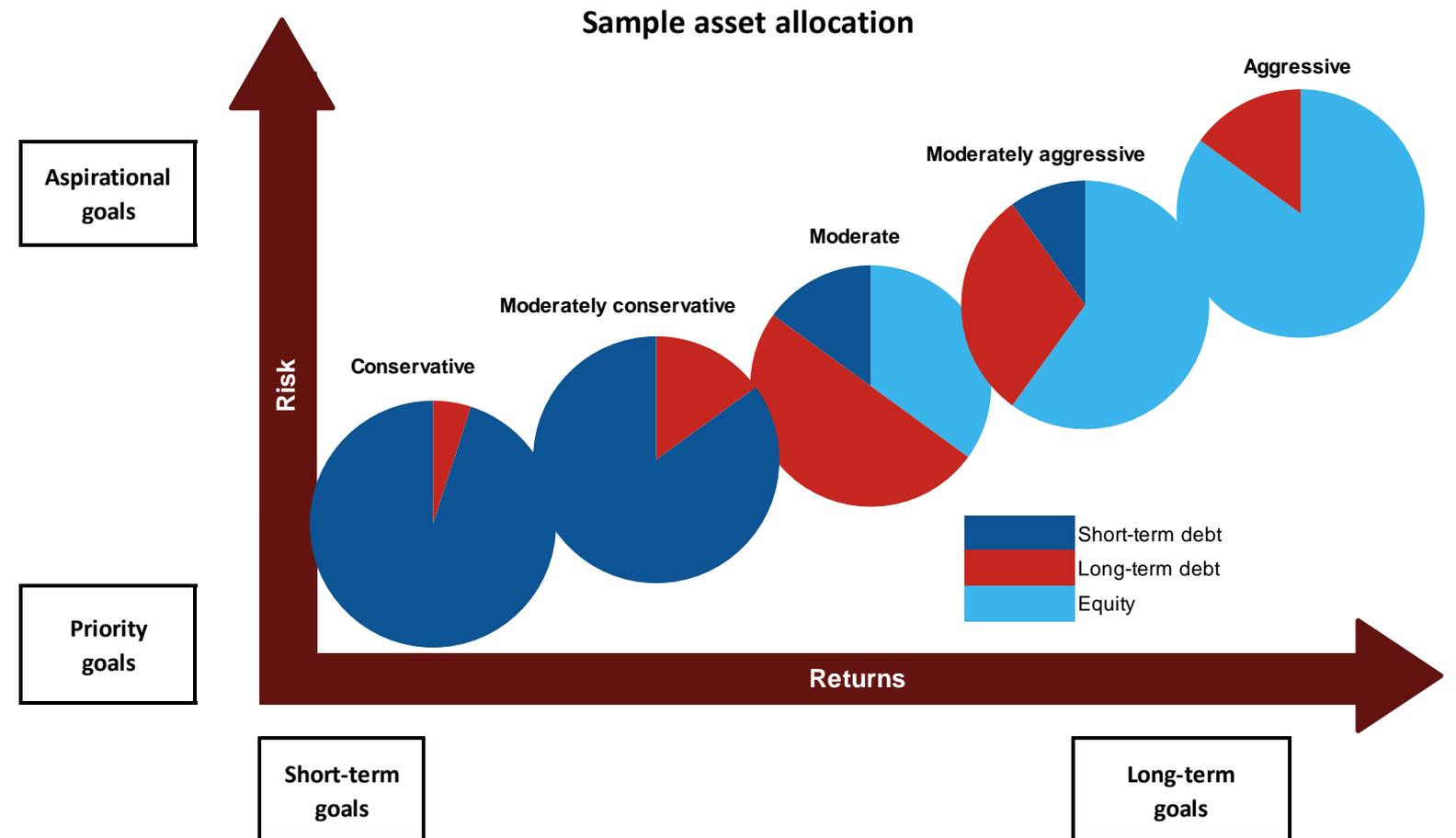
- ◆ Like Nisha, we all have dreams. But we may not realise our dreams if we do not set them as life goals
- ◆ Every goal requires proper financial planning, which considers various factors including its future cost (which Nisha ignored)
- ◆ Below are hypothetical illustrations of various priority and aspirational goals along with their costs and time horizon



Source – CRISIL, Note - Assuming a rise in price of 7% per annum, which is the average CPI-IW inflation rate between 1993 and 2024

Goal planning: Go for diversified asset allocation

- ◆ Once their risk appetite is assessed, an investor should look at parking their money in different asset classes (equity, debt, etc and cash) to enjoy the benefits of diversified asset allocation
- ◆ Generally, priority short-term goals may have a conservative portfolio, which primarily includes traditional investments avenues.
- ◆ For priority long-term goals, a moderately aggressive equity-based portfolio may prefer and for long-term non-essential goals, one can opt for a more aggressive portfolio



(For representation purposes only; it may differ on a case-to-case basis, source – CRISIL)

Why equity, debt, gold and other asset classes

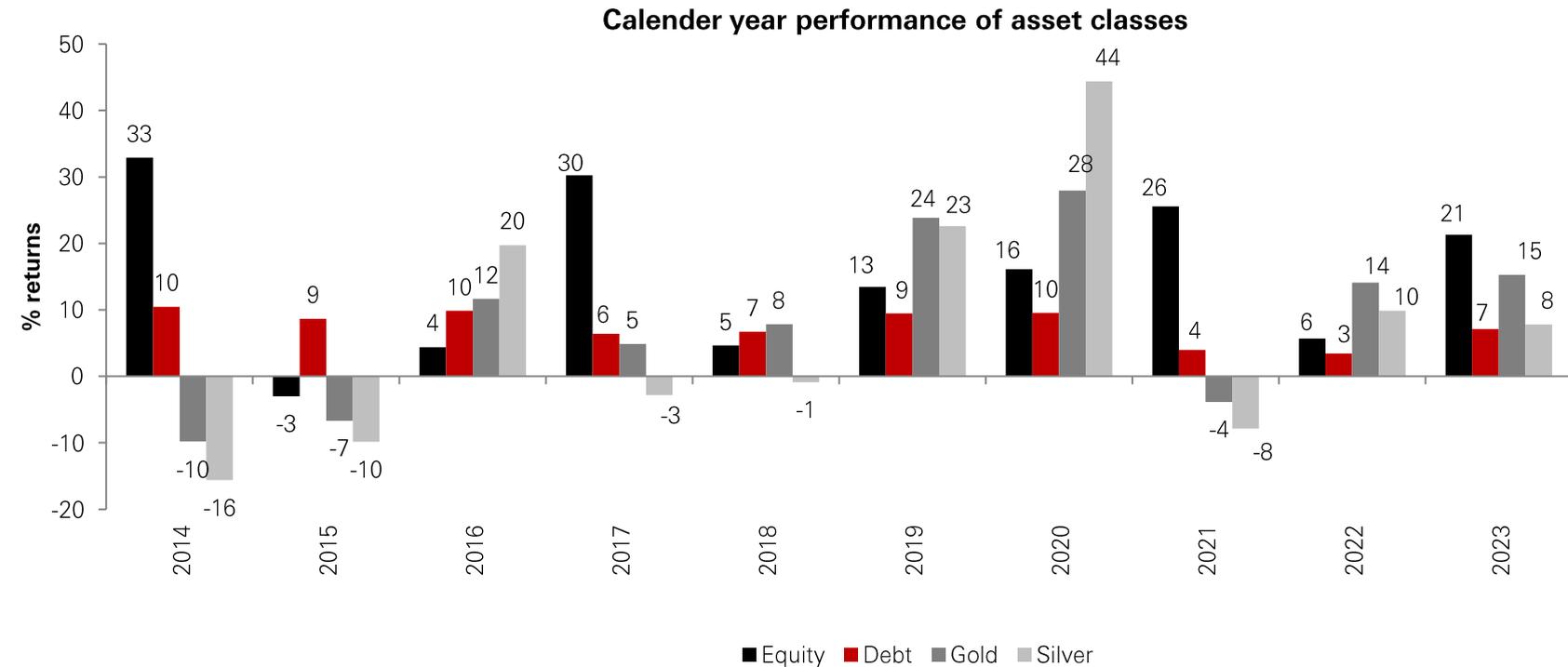
◆ Equity is a vital ingredient of long-term wealth creation. However, investors could burn their fingers if they are not able to handle volatility. Hence, to flavour their portfolio appropriately, they should diversify across asset classes — equities, fixed income (debt), and cash and equivalents

◆ The following chart shows how asset allocation will play a vital role in maintaining the risk appetite of investors, while earning returns on their portfolio

◆ Revisit your investments on a semi-annual (six months) or annual basis

◆ It is crucial, as the financial markets are dynamic, and your portfolio needs to be modified in sync with changes in the underlying asset class

◆ Reassessment will help you weed out the underperformers and realign investments in line with the asset allocation and risk-return profile



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HSBC Asset Management (India) Private Limited, 9-11 Floors, NESCO IT Park, Building no. 3, Western Express Highway, Goregaon (East), Mumbai – 400 063, India.

Website: www.assetmanagement.hsbc.co.in

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