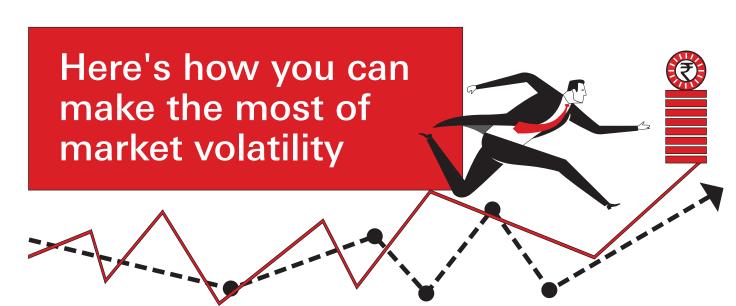


Mutual Fund



What exactly is market volatility?

Market volatility is the range of price change in a given period of time. If price of an asset does not change or fluctuate frequently, that asset is considered as less volatile. Similarly, a highly volatile asset experiences rapid increase and decrease in prices.

Does Volatility = Risk?

"Volatility is far from synonymous with risk. Risk comes from not knowing what you're doing." - Warren Buffett

Risk refers to the possibility of suffering capital loss. It is a subjective phenomenon which depicts investor's willingness and ability to withstand any loss. Risk as a perception could also arise from low awareness or wrong understanding.



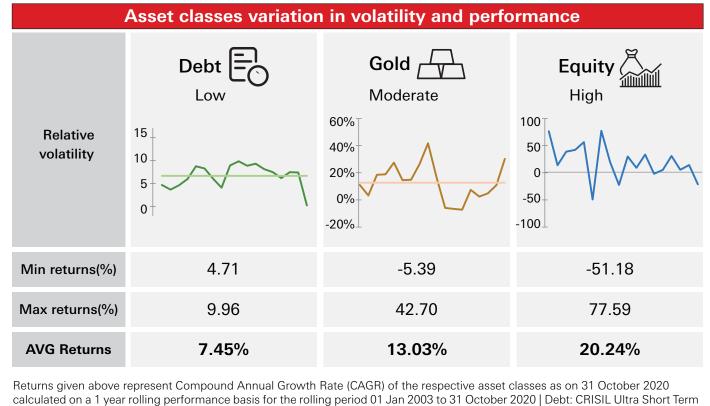
loss. It denotes the asset's tendency to move up and down. If embraced & optimised rightly, volatility can be great for long-term investors.

Volatility, on the other hand, is objective in nature and does not always mean capital

To summarise – Volatility is relative to the price movement of any asset and is universal whereas Risk is based on individual perception and is a subjective term.

Volatility & Investing

You can ride volatility by choosing right asset allocation. As different asset classes carry different volatility profile, investing across non correlated assets can help you achieve effective portfolio diversification and manage portfolio risk and volatility.



performance of Index on account of expense charges and performance of individual security held by the scheme. Source: HSBC Asset Management, Bank Bazaar, ACE MF | Past performance may or may not sustain, it does not guarantee the future performance | These are for illustration purpose only.

Debt Index | Gold: Pure gold rates 24K | Equity: NIFTY 50 TRI | Performance of mutual fund schemes may not be in line with the

The higher the volatility, better the probability of generating higher returns! As we can see despite carrying the highest volatility, equity has outperformed all other assets over a long period of time.

If you stay invested for long term with equity, the probability of you losing money goes down dramatically. (Rolling returns) **S&P BSE Sensex**

3 years

5 years

7 years

10 years

15 years

Average rolling period returns	16.38%	16.00%	15.67%	15.59%	15.02%
Positive investment periods*	88%	92%	94%	99%	100%
Source: BSE, CRISIL Research, Past performance may or may not sustain, past performance does not guarantee future performance. Data as on October 2020					
Daily rolling returns for respective holding periods since 1979. For instance, in case of 15-year monthly rolling returns, there will be 9468 return periods. The first return period will be June 1979 to					

June 1994 and last return period will be Oct 2005 to Oct 2020. * Positive returns - The number of investment periods during which returns have been positive. For example, where investment returns have been computed for a 15-year rolling period46, 9621 out of 9621 days offered positive returns. These are for illustration purpose only

Thus, if you want to make the most of market volatility choose the right asset class and

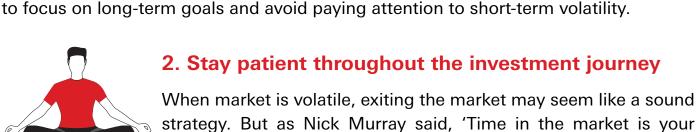
aim for long-term wealth creation. How can you ride volatili

Although inevitable, volatility is a temporary hiccup that has insignificant impact on your long-term wealth creation journey. In order to achieve goals easily, it is important

1. Look at the bigger picture/ Focus on

long-term investments







lead to lasting consequences.

3. Opt for disciplined investment option Investing fixed small amount on a periodic basis via Systematic Investment Plan not only spreads out your investment over different market cycles but also helps in mitigating short term volatility and benefit from it.

While it is prudent to review the strategy once every year, having

greatest natural advantage'; it is wiser to stay patient and wait for the correction. In fact, reacting to volatility rather than riding it can



4. Stick to your asset allocation strategy

a biased allocation towards a single asset may not be the right approach. You should build an asset allocation strategy that aligns with your goals and risk appetite and sustain that strategy.





This document has been prepared by HSBC Asset Management (India) Private Limited for information purposes only and should not be construed as i) an offer or recommendation to buy or sell securities referred to herein or any of the funds of HSBC Mutual Fund; or ii) an investment research or investment advice. Investors should seek personal and independent advice regarding the appropriateness of investing in any of the funds, securities, other investment or investment strategies that may have been discussed or referred herein and should understand that the views regarding future prospects may or may not be realized.

This document is intended only for those who access it from within India and approved for distribution in Indian jurisdiction only. Distribution of this document to anyone (including investors, prospective investors or distributors) who are located outside India or foreign nationals residing in India, is strictly prohibited.