

Let India's  
every purchase



power your  
portfolio.

Introducing

## HSBC Consumption Fund

(Thematic - An open ended equity scheme following consumption theme)

**NFO Start Date:** 10 August 2023

**NFO End Date:** 24 August 2023

**Reopening Date:** 7 Sep 2023

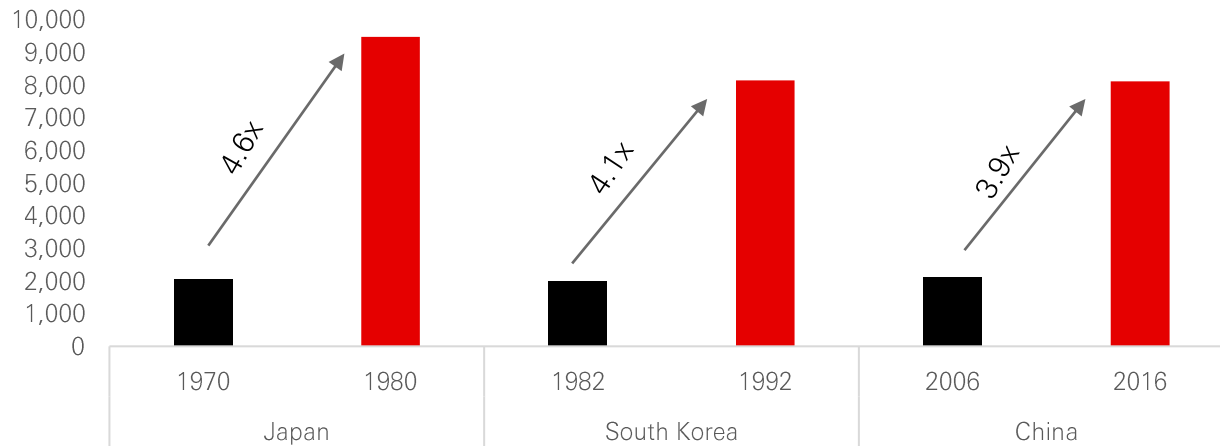
**NFO Deck:** July 2023

## India at an Inflection point

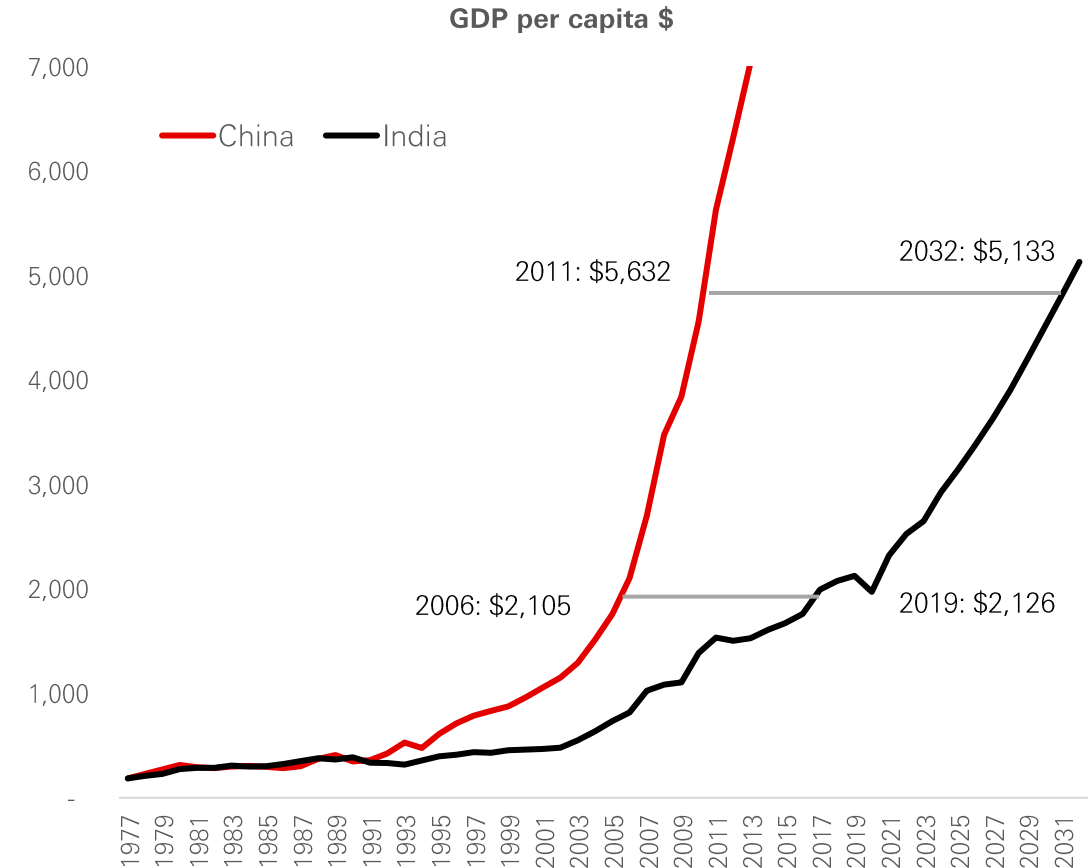
India is where China was in 2006 - India crossed USD 2000 per capita income in CY19

- China per capita income crossed USD 2,000 in CY06
- China's growth in next 10 years (CY06-16) was 14.5%
- During this period
  - China Car sales grew by 5x from 5mn to 24mn (India FY23 car sales was 4mn)
  - China air passenger travel grew by 3x from 158mn to 488mn (India FY20 air passenger was 164mn)
  - Other categories like Food & Beverage grew 3.6x, Medicines & Medical appliances 3.5x and Sports Equipment 7.4x

### India's per capita path likely to be similar



### China vs India (Per capita income)

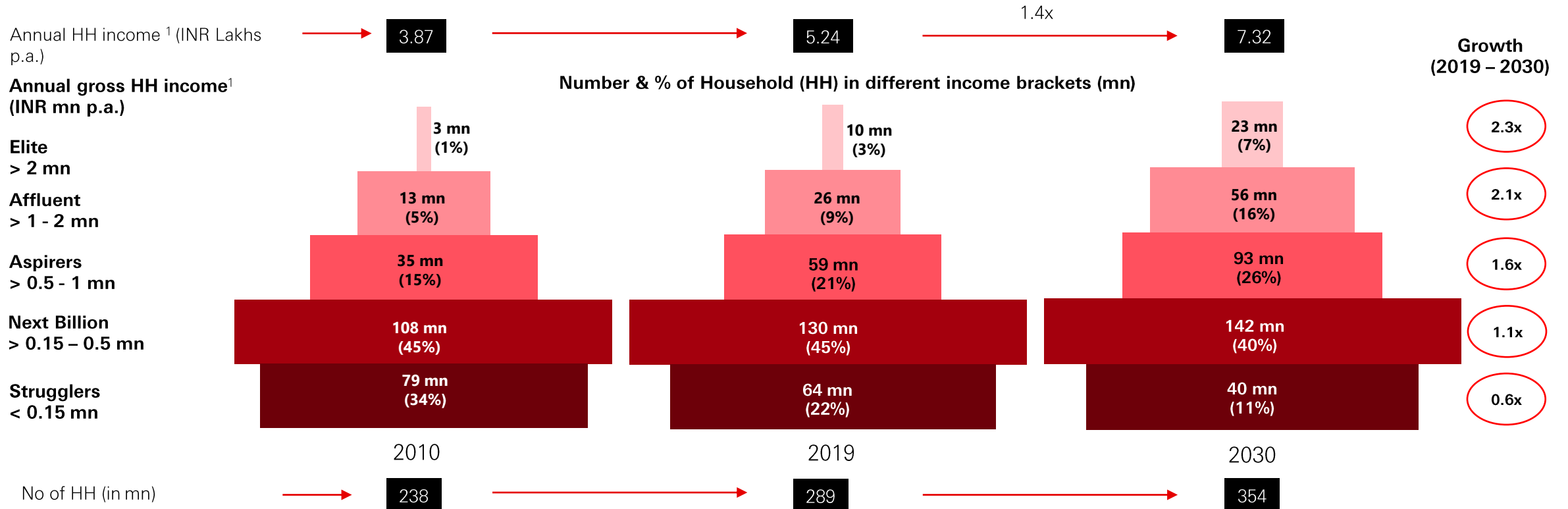


**India can replicate China consumption success story in the next 10-15 years**

Source: World bank, NBS of PRC, Bloomberg, Euromonitor, Latest available data updated, Data as on 31 May 2023

# Why India can replicate China success story

Middle Class to redefine India's consumption story - Shift in population structure

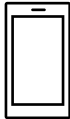







## India's current and expected future population breakup holds the key

- 34 million new households (HH) likely to enter Aspirers category while 43 Mn HH to enter Affluent & Elite category by the end of this decade
- India is clearly well positioned to reap benefits of demographic dividend
- India expected to add 22% of the world's working population by 2031
- India will have the youngest work force
- In 2030, 77% of India's population will comprise Millennials & Gen Z

# India consumption story: Change in behaviour / spending pattern

Emergence of new spending categories, Lifestyle upgrade

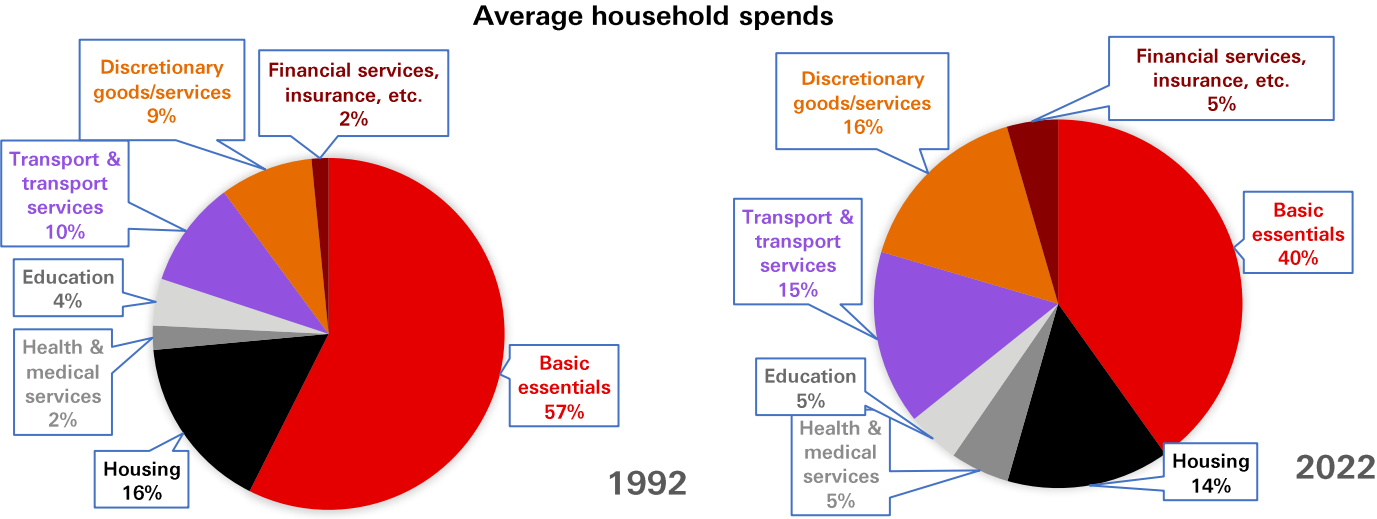
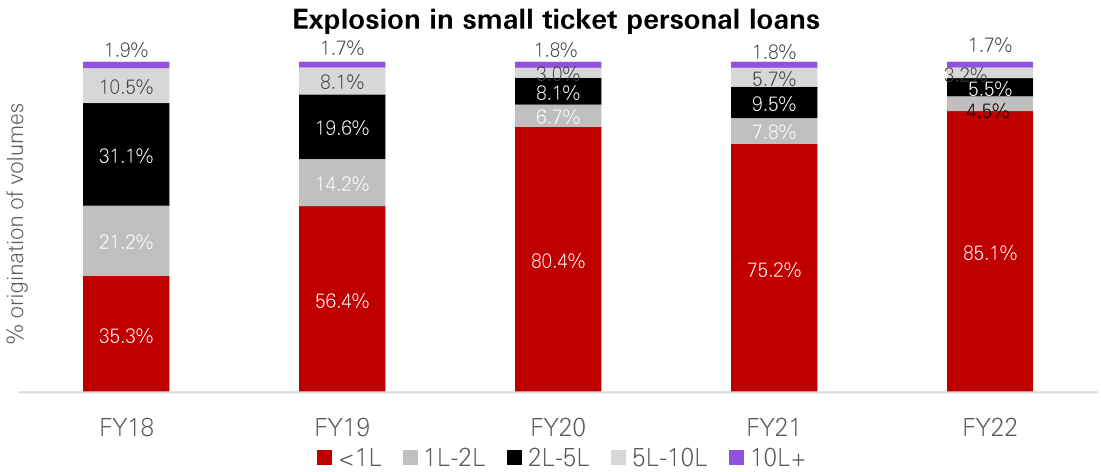
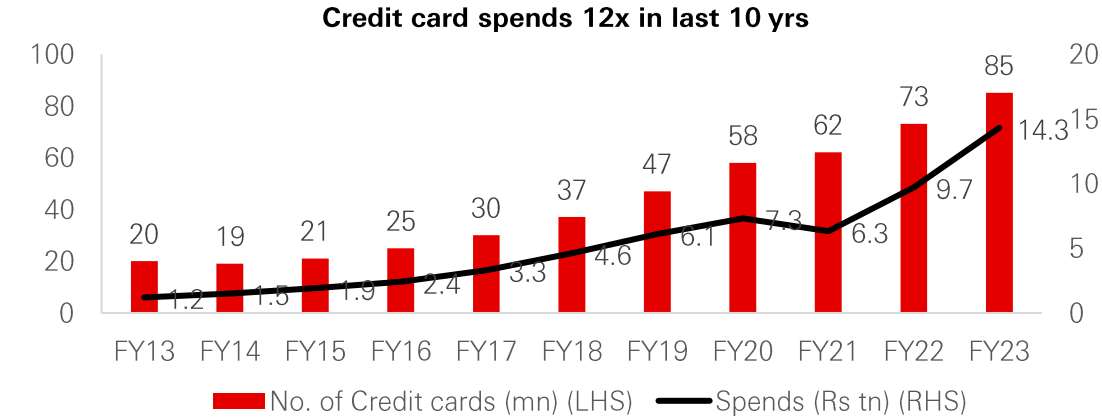
	Categories existed even a decade back	Category Expansion	Newer Disruption Categories
	Headphones & Earphones	Wireless Bluetooth, Sports	Truly Wireless, Earbuds, Bone Conducting
	Cable TV/In-house Entertainment	Android TV, Satellite TV	OTT Apps
	Accessories	Cell Phone Chargers, Wireless Charging	Power Bank
	Non-Home Food Consumption	Personal Takeaway	Home consumption replaced by outside food by aggregators
	Watches	Smart Watches	Health bands, fitness trackers
	Public Transportation	Taxi services	Motor Vehicle Aggregators

Multiple non existing and niche segment of spends have emerged

Source: Spark capital research, Bloomberg, For illustration purpose only.

# India consumption story: Ease of access to credit

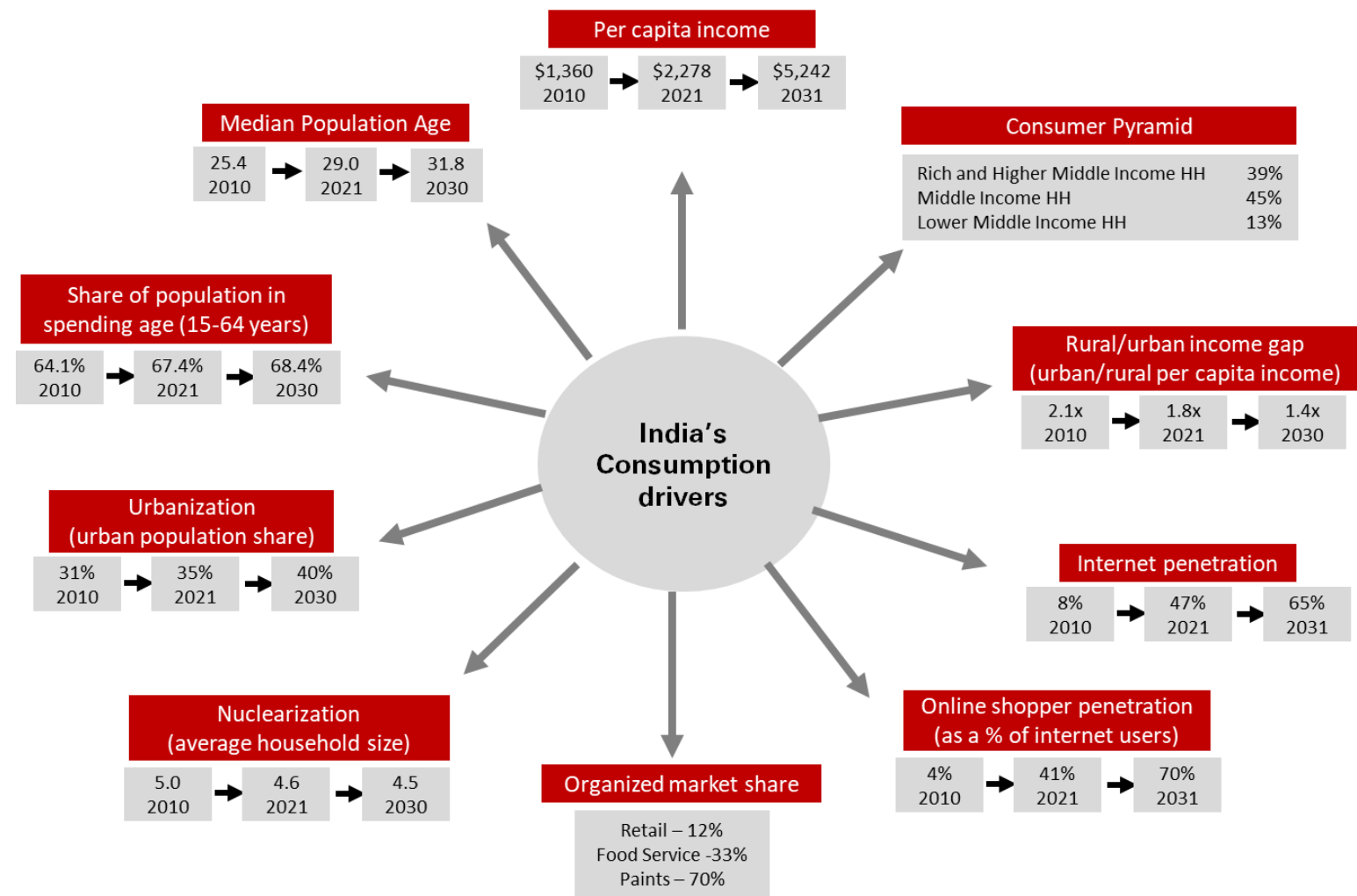
Wallet share moving towards discretionary spends



Information collateral replaces physical collateral

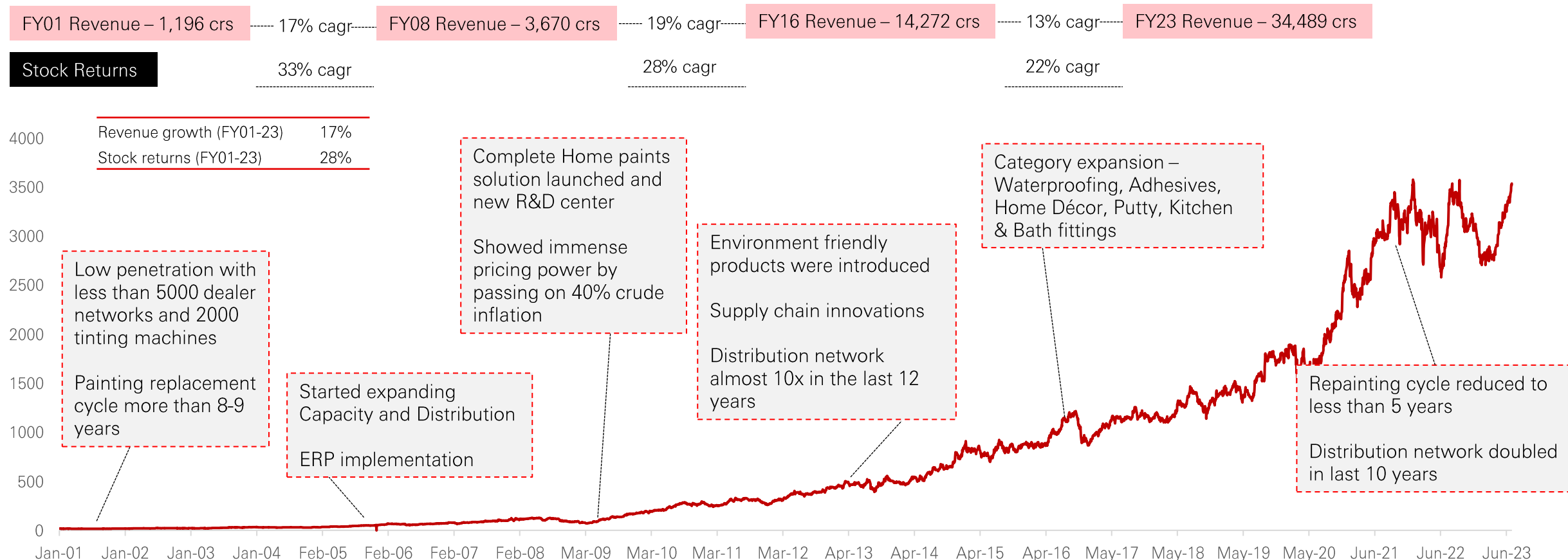
# Drivers of future spend

Penetration, Urbanisation, Digitisation and Unorganised to Organised drivers trending in India



Source: Bloomberg, Morgan Stanley, BCG Rai 2022, For illustration purpose only.

# Asian Paints – Penetration illustration



**Underpenetrated themes like Auto, Durables, Hospitality, Airlines & Insurance give a long runway for growth**

Source: Company data, Bloomberg. Data as on 30 June 2023

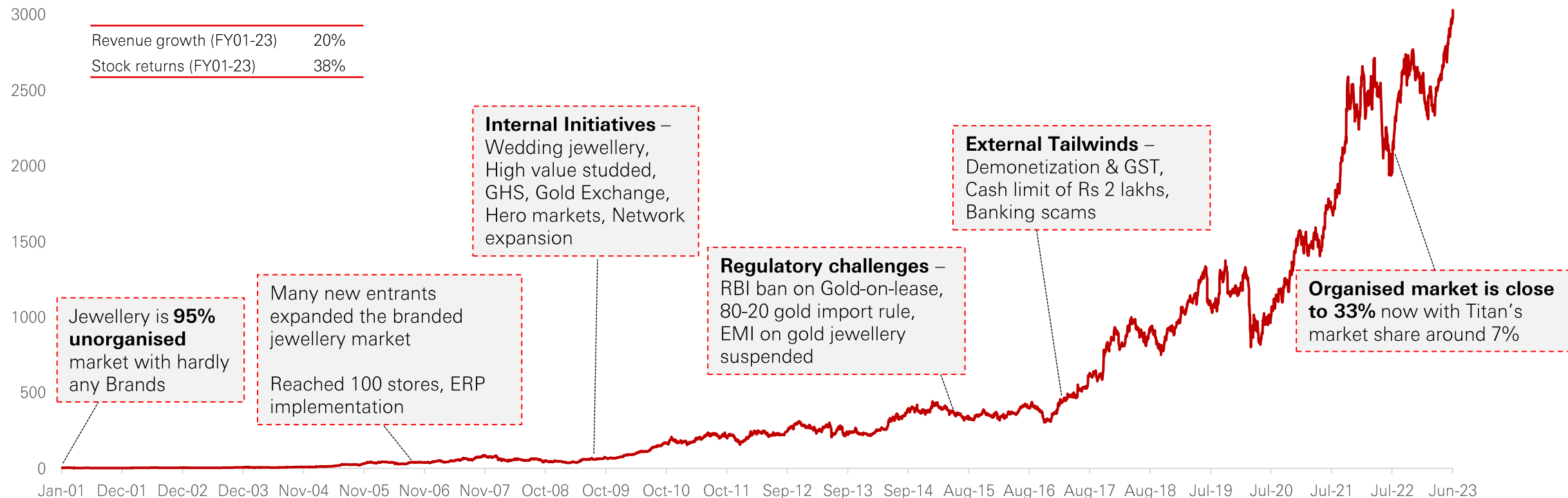
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# Titan industries – Unorganised to organised illustration

FY01 Revenue – 708 crs      23% cagr      FY08 Revenue – 2,997 crs      22% cagr      FY15 Revenue – 11,913 crs      17% cagr      FY23 Revenue – 40,575 crs

**Stock Returns**      59% cagr      33% cagr      30% cagr



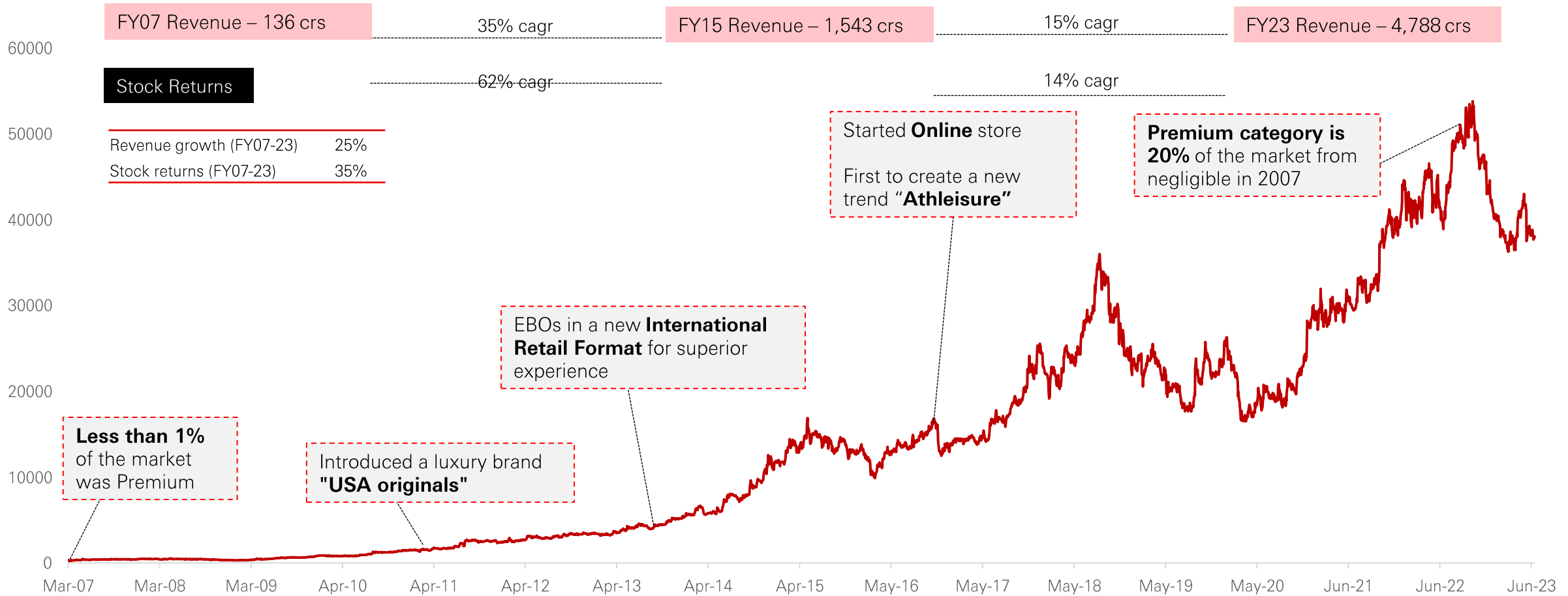
**Organised Jewelers 33% market share now vs 6% in 2007; Organised retail: significant future opportunity**

Source: Company data, Bloomberg. Data as on 30 June 2023

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# Page industries – Premiumisation illustration



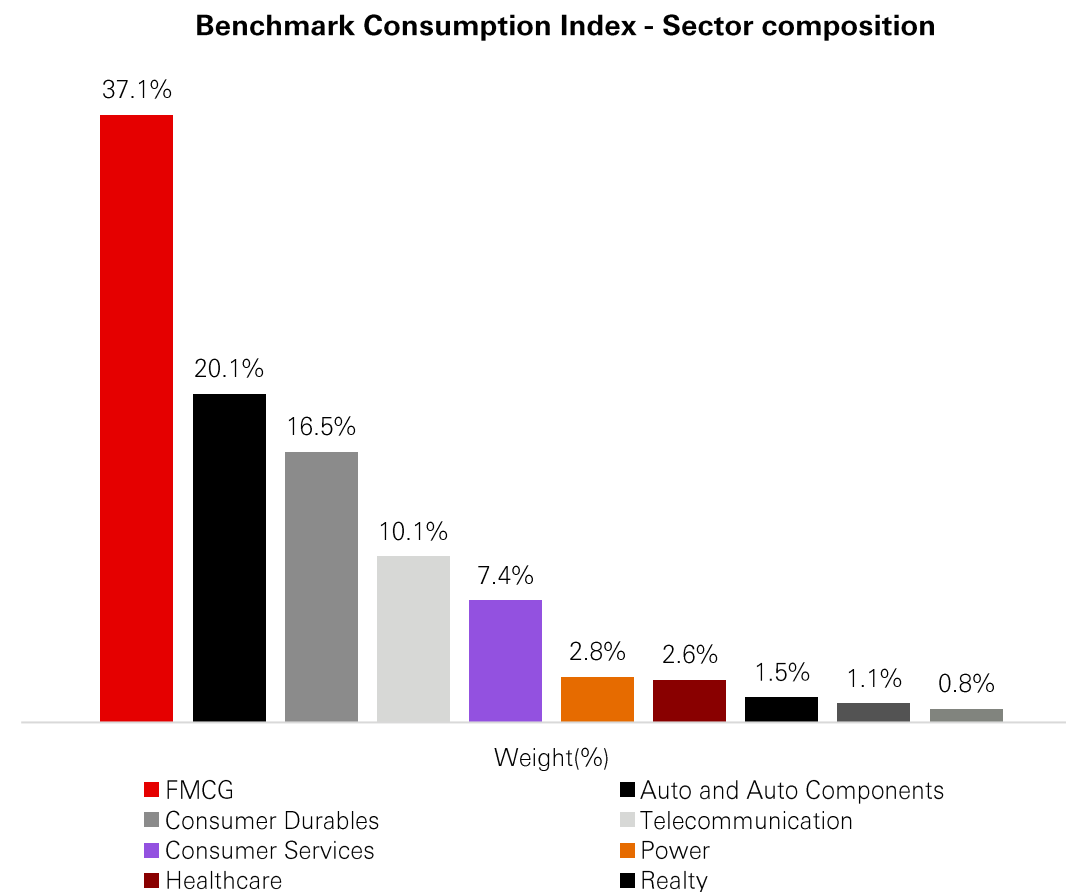
**Premiumisation trend visible across products & services – e.g. Durables, Auto, Telecom, FMCG, etc.**

Source: Company data, Bloomberg. Data as on 30 June 2023

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## Consumption theme is a sizeable part of portfolio universe

NSE 500	Number of Companies	Market Cap (Rs crores)	
Automobile and Auto Components	30	17,74,416	40%
Capital Goods	10	2,89,780	
Consumer Durables	28	10,74,001	35%
Consumer Services	26	8,20,497	
Fast Moving Consumer Goods	30	24,03,403	30%
Financial Services	47	55,55,381	
Healthcare	44	13,84,891	25%
Media, Entertainment & Publication	6	65,751	20%
Oil, Gas & Consumable Fuels	5	19,44,403	
Realty	13	3,60,349	15%
Telecommunication	6	6,51,443	10%
Textiles	10	1,33,705	
Others	2	2,32,394	5%
<b>Total</b>	<b>257</b>	<b>1,66,90,415</b>	
Large Cap	61	1,30,23,940	
Mid Cap	78	25,19,395	
Small Cap	118	11,47,080	
<b>Total</b>	<b>257</b>	<b>1,66,90,415</b>	

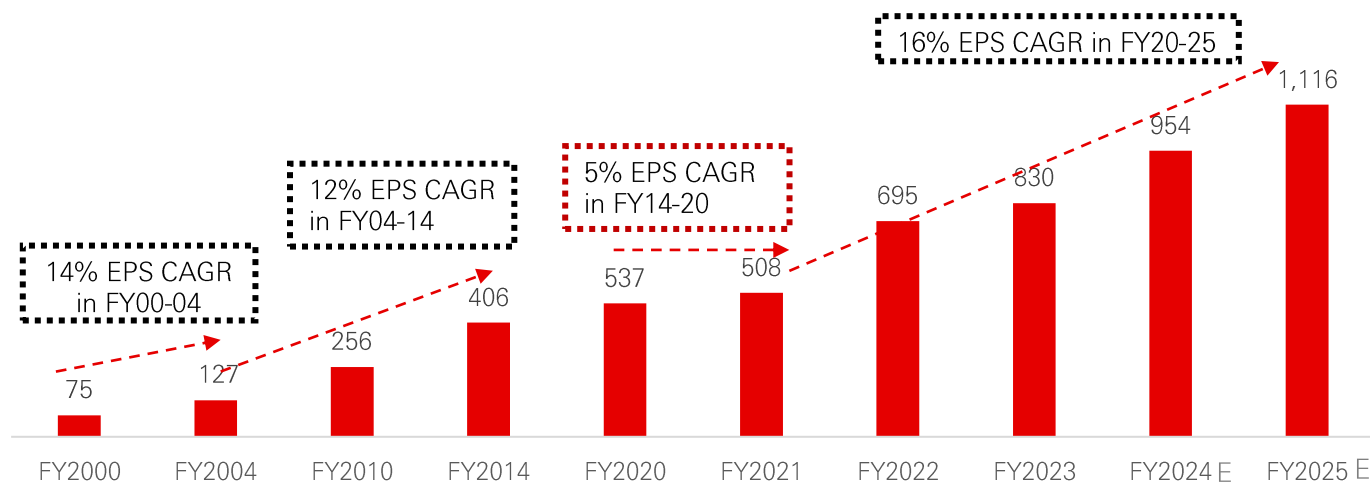


Note: 257 companies out of NSE 500 belong to the consumption or consumption related theme

Source: NSE, NSE Disclaimer: All information contained herewith is provided for reference purpose only. NSE Indices Limited (formerly known as India Index Services & Products Limited-IISL) ensures accuracy and reliability of the above information to the best of its endeavors. However, NSE Indices Limited makes no warranty or representation as to the accuracy, completeness or reliability of any of the information contained herein and disclaim any and all liability whatsoever to any person for any damage or loss of any nature arising from or as a result of reliance on any of the information provided herein. The information contained in this document is not intended to provide any professional advice. The Fund may or may not have positions in these stocks. The above statements analysis should not be construed as an investment advice or a research report or a recommendation to buy or sell any security covered under the respective sector/s Industry Leadership in terms of market share/ Sales/ Profitability considered. Latest available data updated. Source: Bloomberg, Latest available data updated. Table data as on 31 May 2023, Chart Data as on 30 Jun 2023

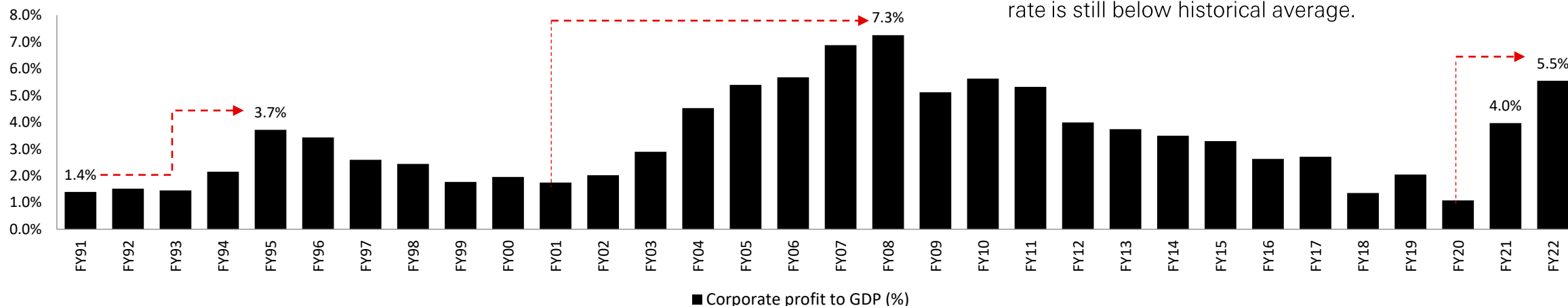
# Why equity and consumption theme now - strong earnings expectations

Nifty EPS is expected to more than double between FY20-FY25



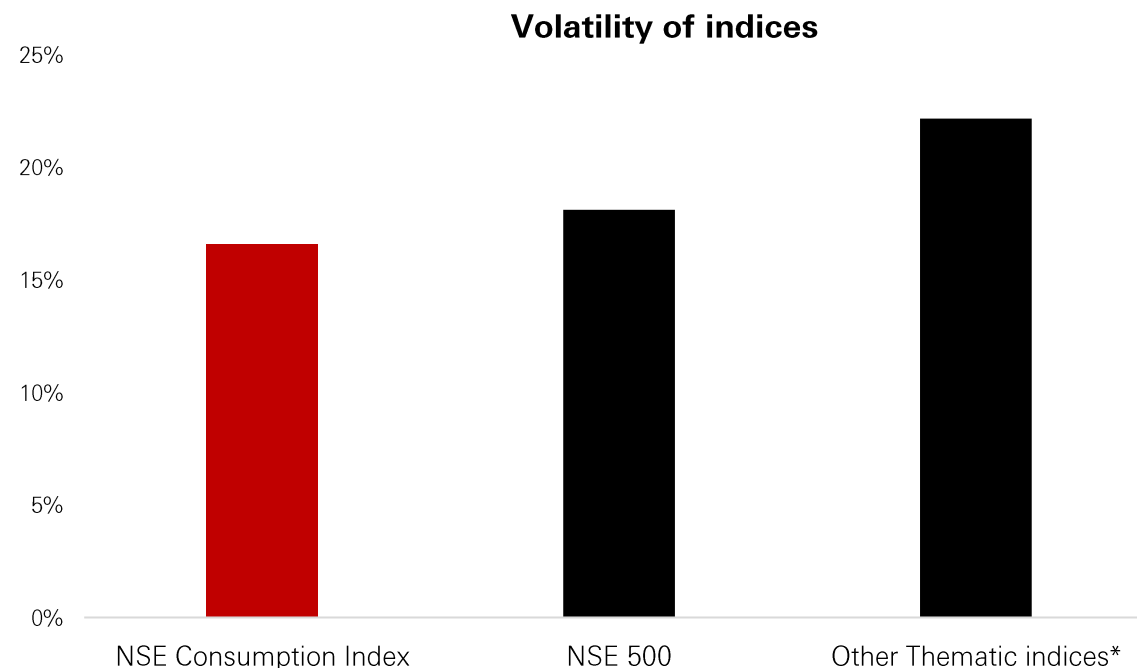
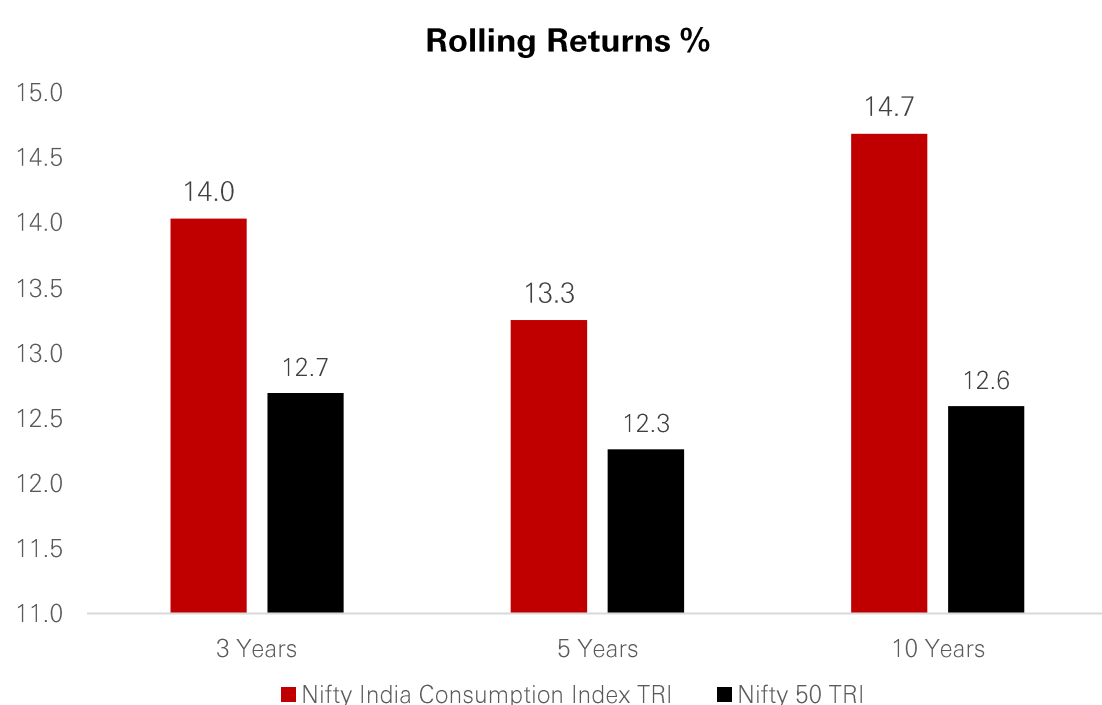
- Several indicators – such as GST Collections, E-way bills, Power consumption, Retail loan growth, PMI services, Air passengers flown, Auto sales – have shown an improving trend, indicating a pickup in discretionary consumption
- Rural demand, which has been range-bound, is now indicating early signs of a pickup
- MNC Sentiment at multi-year high as number of MNCs like Amazon, Cisco, Microsoft, Mondelez are expected to start / expand operation in India
- Commodity prices and inflation have cooled off, better margins for corporates
- RBI and Fed have paused rate hike cycle. India interest rate is still below historical average.

## Corporate earnings cycle is at the cusp of a turnaround



## Bringing performance consistency with Consumption funds

Consumption Index's volatility is lowest among other thematic indices as well as lower than Nifty 500



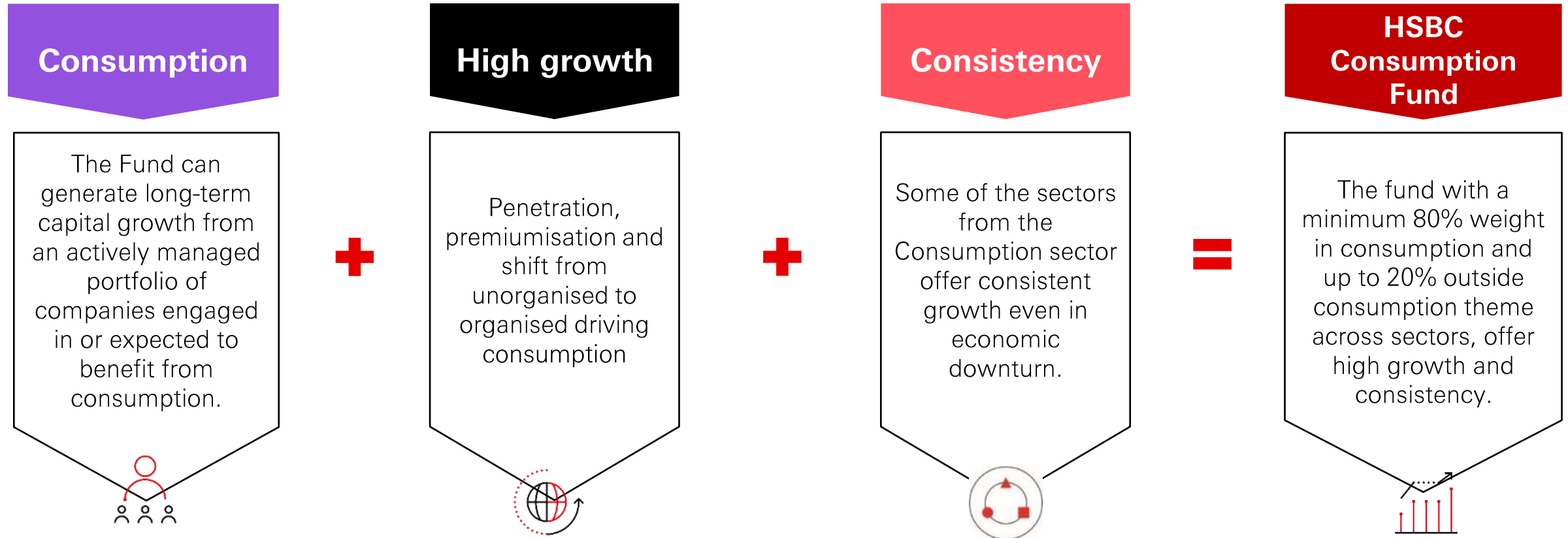
**Consumption funds have potential to deliver better risk adjusted consistent performance**

Source: MFI ICRA, NSE, Daily rolling returns for respective periods using index values since Jun '13 till Jun '23, Data as on 30 June 2023, Compounded Annual Growth Rates (CAGR), **Past performance may or may not be sustained in the future.**

Source: Bloomberg,, Volatility = Standard Deviation, Data since 1 Jan '09 till 30 June '23, \* Average of other thematic indices, Other Thematic Indices list - NSE Nifty India Consumption Index TR, NSE Nifty Infrastructure Index TR, NSE Nifty Pharma Index TR, NSE Nifty Financial Services Index TR, Nifty IT TR Index, Nifty Housing TR index, NSE Nifty Media Index TR, NSE Nifty Commodities Index TR, NSE Nifty Services Sector Index TR, Nifty Transportation & Logistics TR index, NSE Nifty Private Bank Total Return Index, NSE Nifty CPSE Total Return Index, Nifty Transportation & Logistics TR index.

# Presenting: HSBC Consumption Fund

Thematic Fund - An open ended equity scheme following consumption theme

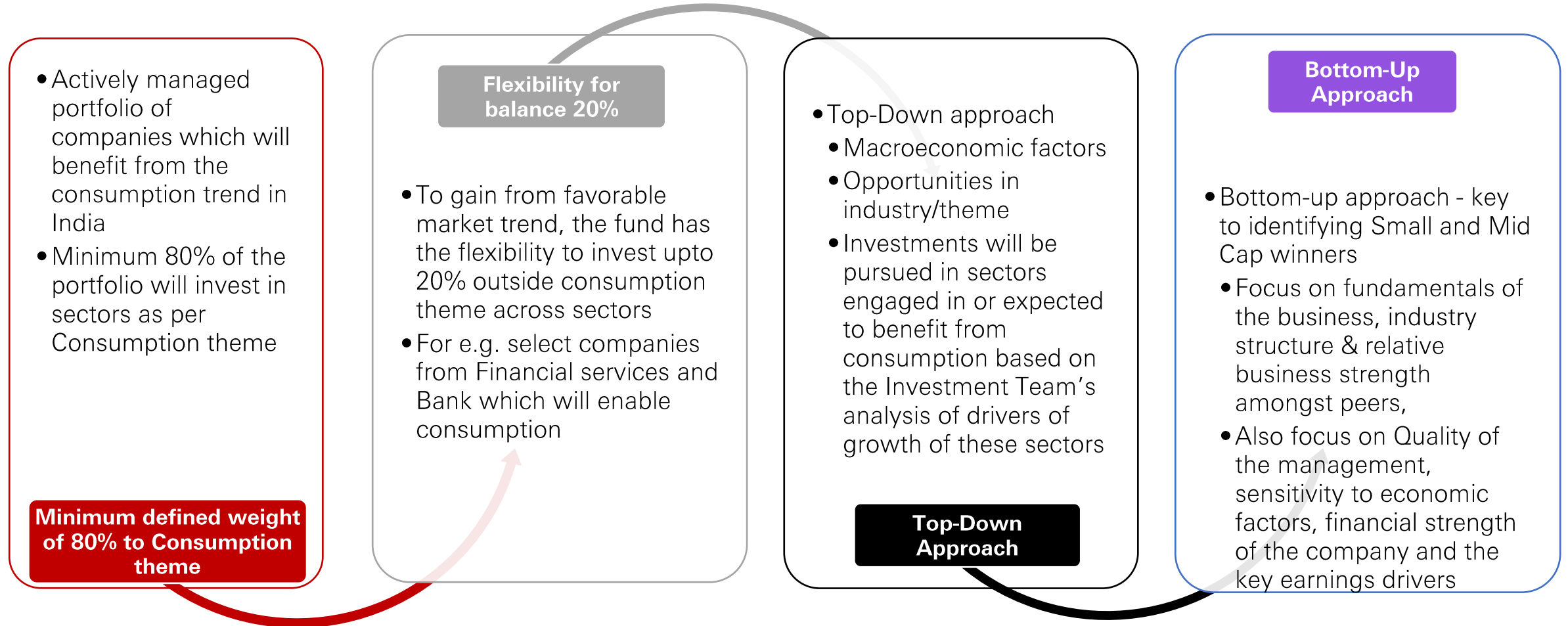


**Access multiple benefits with the HSBC Consumption Fund**

Source – HSBC Mutual Fund, For illustration purpose only.

# Investment Strategy

## HSBC Consumption Fund



**Fund to gain from consistent allocation of 80% to pure consumption theme**

## Summary: Advantage Consumption Fund



The Fund can generate long-term capital growth from an actively managed portfolio of companies engaged in or expected to benefit from consumption.



Mid and Small Caps across consumption and consumption enablers expected to offer high growth.



Some of the sectors from the Consumption sectors have potential to offer consistent growth even in economic downturn.



The fund with a minimum 80% weight in consumption and up to 20% outside consumption theme across sectors, offers high growth and consistency.

### Benchmark (Tier 1)

- Nifty India Consumption Index TRI

### Fund Manager

- Gautam Bhupal
- Sonal Gupta  
(For Overseas investments)

## HSBC Consumption Fund

Thematic Fund - An open ended equity scheme following consumption theme

Product Label

Scheme Risk-o-meter

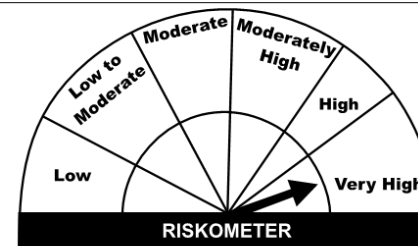
Benchmark Risk-o-meter  
Benchmark Index :  
NIFTY India Consumption Index TRI

### HSBC Consumption Fund

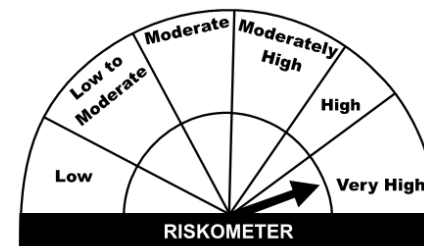
(An open ended equity scheme following consumption theme)

This product is suitable for investors who are seeking\*:

- To create wealth over long-term
- Investment predominantly in equity and equity related securities of companies engaged in or expected to benefit from Consumption and consumption related activities



Investors understand that their principal will be at Very High risk



**\* Investors should consult their financial advisers if in doubt about whether the product is suitable for them.**

Product labelling assigned during the NFO is based on internal assessment of the scheme characteristics or model portfolio and the same may vary post NFO when the actual investments are made.



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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.  
investor.line@mutualfunds.hsbc.co.in | Website: [www.assetmanagement.hsbc.co.in](http://www.assetmanagement.hsbc.co.in)