

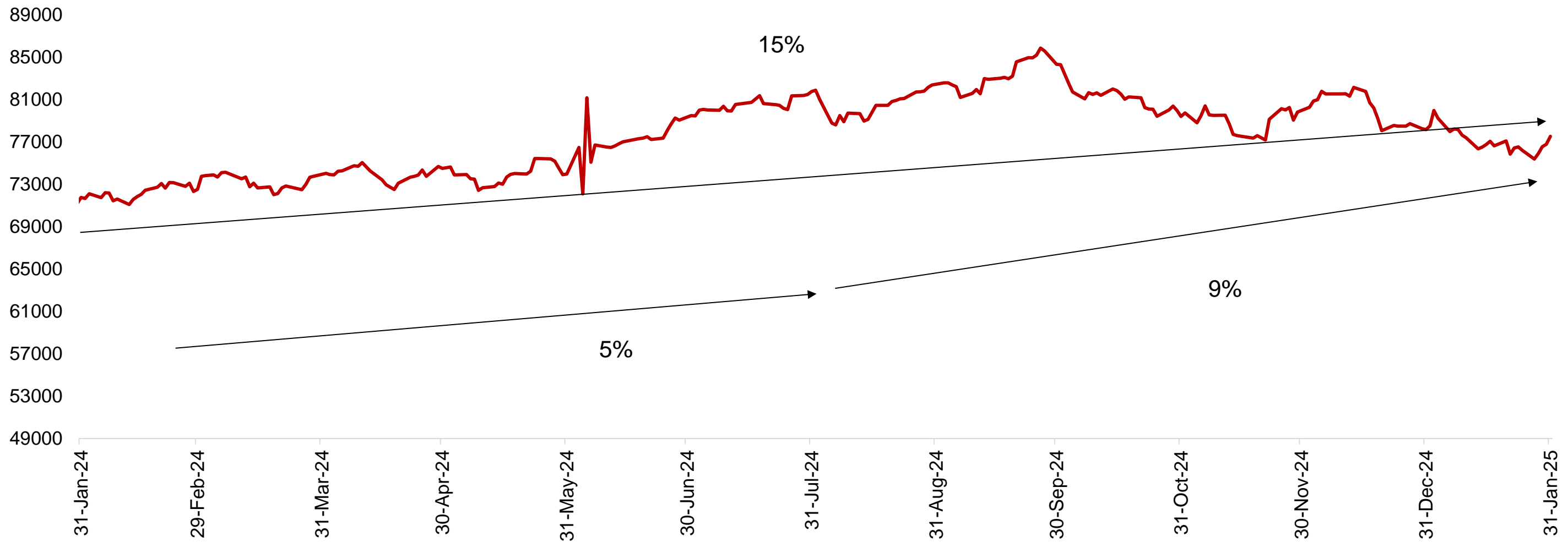
Why Equity?

A far-off investment goal can ride out market lows

An Investor Awareness & Education Initiative
2025

Consistent growth amid market fluctuations

BSE Sensex performance

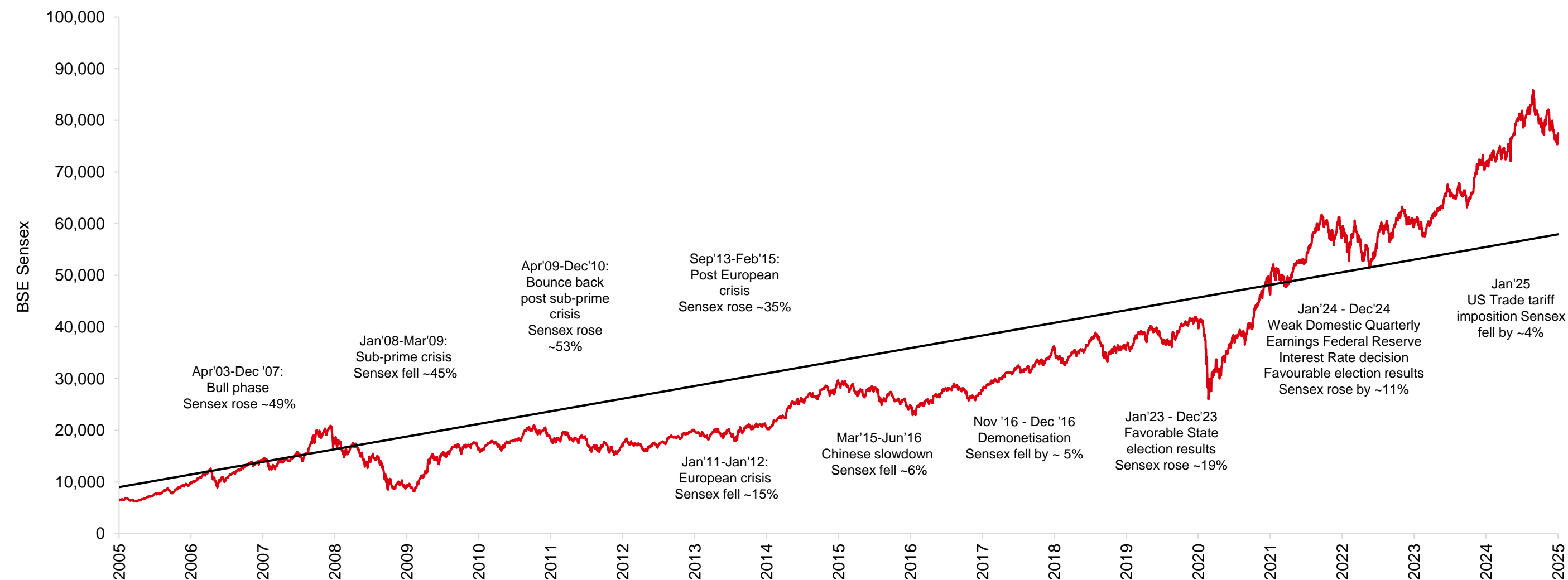


Sensex continues to deliver positive performance through market corrections

Source: BSE Sensex, Note: Past performance may or may not be sustained in future and is not a guarantee of any future returns. Data as at Jan 2025

The ride may not be smooth, but Equities tend to head up

Highs interspersed with lows

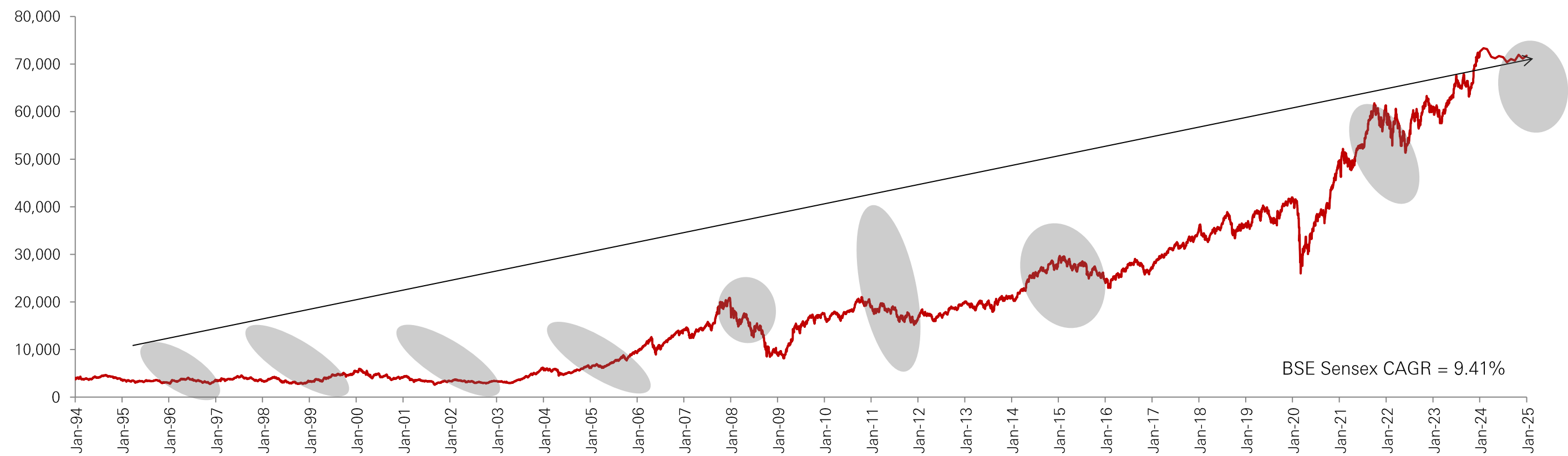


Source: BSE, CRISIL Research Data as at Jan 2025,
Returns for period less than one year are absolute; otherwise, annualised , Past performance may or may not be sustained in future and is not a guarantee of any future returns.

Sensex in past 30 years, grown at ~10% CAGR

BSE Sensex -- Anatomy of Corrections

BSE Sensex -- Anatomy of Corrections



Note: Highlighted circles represent correction in the market

Short-term volatility is an inherent part of equity investment

Source: BSE Sensex, Data as at Jan 2025, Past performance may or may not be sustained in future and is not a guarantee of any future returns.

Short-term volatility is an intrinsic part of equity investments

Long-term investment pays off

BSE Sensex	3-year rolling returns	5-year rolling returns	7-year rolling returns	10-year rolling returns	15-year rolling returns
Average rolling period returns	16.26%	15.76%	15.36%	15.17%	14.45%
Total time periods (monthly rolling)	512	488	464	428	368
Total number of positive returns*	449	454	439	425	368
Total number of negative returns^	51	33	25	3	0
Positive investment periods	88%	93%	95%	99%	100%

The longer you stay invested, lower is the possibility of negative returns

In the long term, the probability of incurring losses is lower in equity investments

Notes: BSE Sensex rolling returns.

Monthly rolling returns for respective holding periods since 30 June 1979. For instance, in case of 15-year monthly rolling returns, there will be 356 return periods. The first return period will be 30 June 1979- 30 June 1994 and the last return period will be 31 Jan 2007- 31 Jan 2025.

* Positive returns – The number of investment periods during which returns have been positive. For example, when investment returns have been computed for a 15-year rolling period, 356 months out of 356 instances offered positive returns (i.e. 100% positive investment periods).

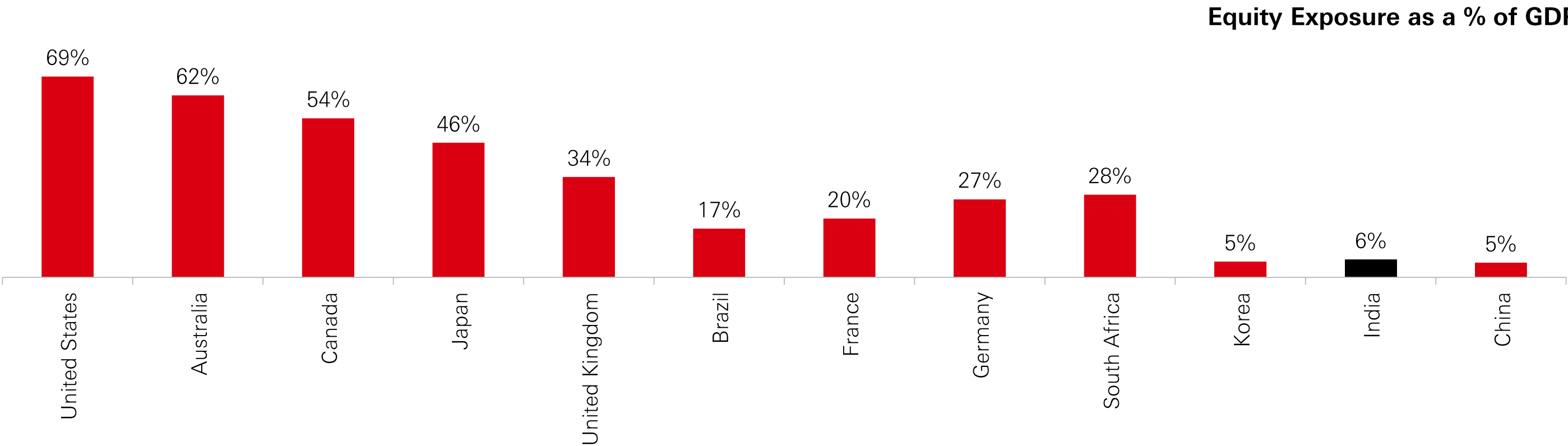
^ Negative returns – Number of investment periods during which returns have been negative. For example, where investment returns have been computed for a 5-year rolling period, 33 months offered negative returns (losses), the number of negative returns = 33

Source: BSE, CRISIL Research, Data as at Jan 2025, Past performance may or may not be sustained in future and is not a guarantee of any future returns.

But equity is the most preferred investment avenue globally

Developed countries have higher affinity to equity

- ◆ Emerging economies are significantly under-exposed to the equity asset class compared with developed economies



India has one of the lowest equity exposures at only 6%

Source: CRISIL, IMF, IIFA, GDP Data as of October 2023; Assets data as of Q1, 2023
Past performance may or may not be sustained in future and is not a guarantee of any future returns.

Five reasons why you should invest in equities

Reasons to Invest in Equities

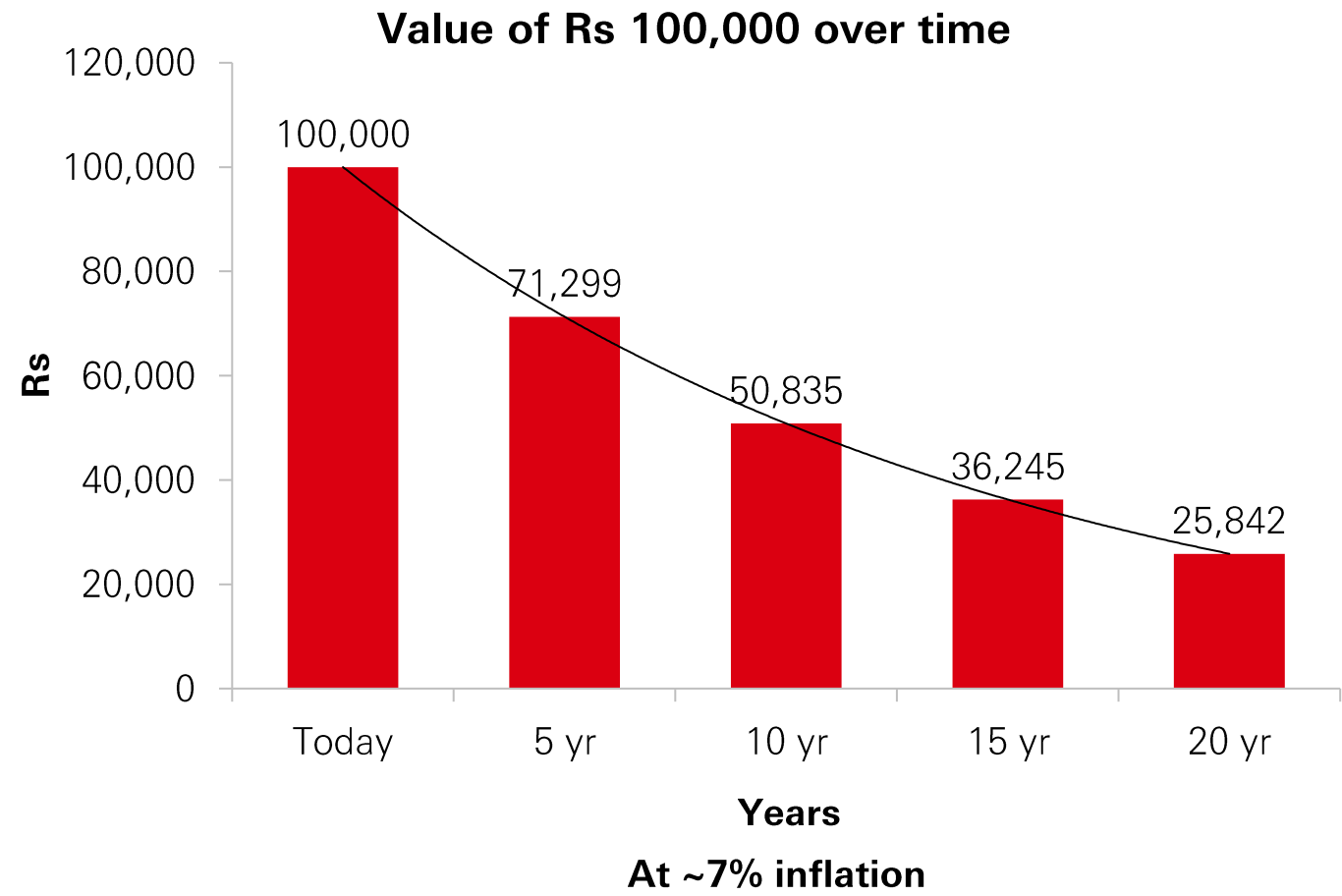
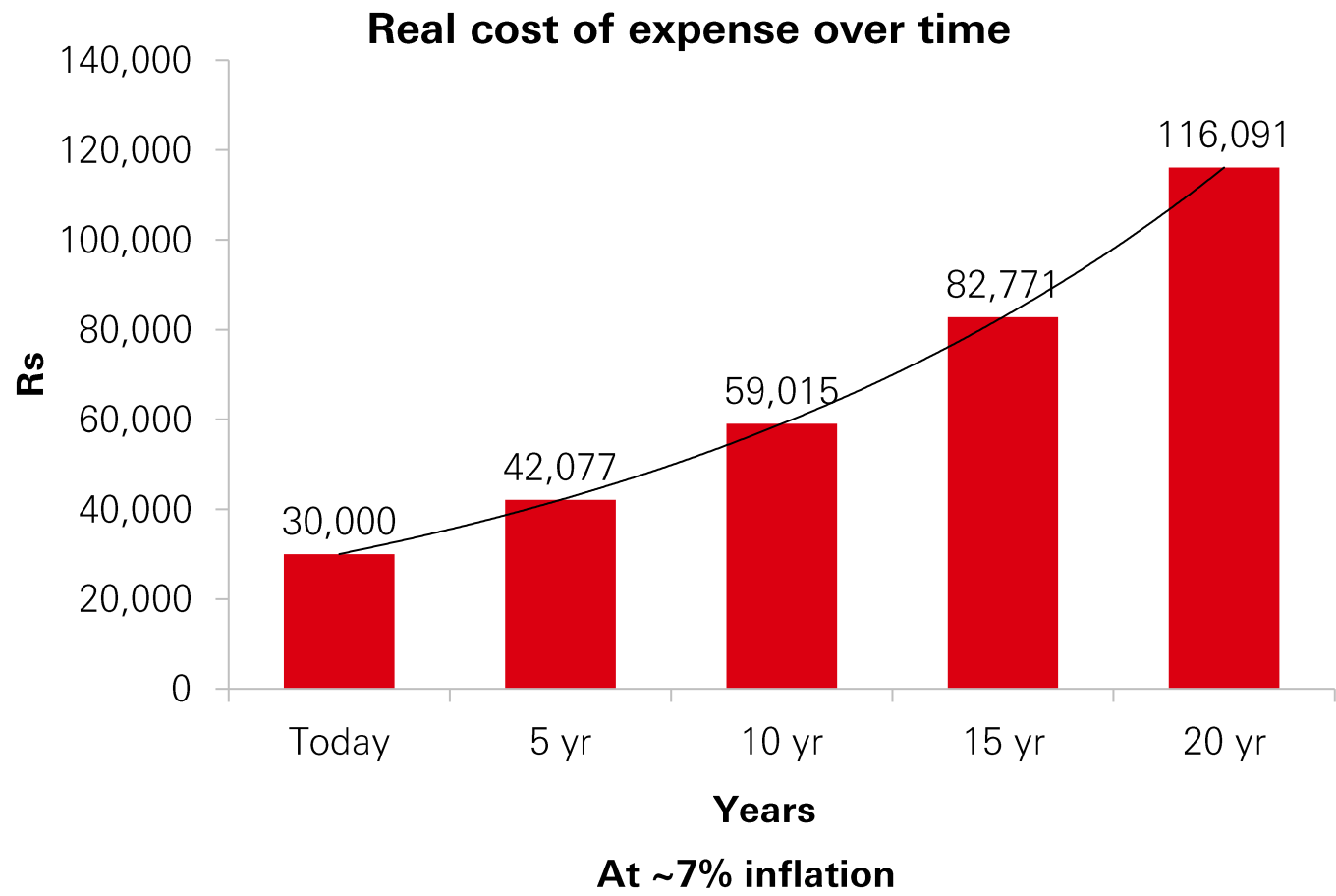
Growth	Inflation	Returns	Goals	Retirement
India's equity market performance highlights the potential of equities to deliver growth for investors	Equity investments may provide an opportunity to outperform ever-increasing inflation and improve purchasing capacity	Historically, equity investments have outperformed other asset classes over the long term	Equity investments aid in goal planning and help meet long-term goals	Equity investments offer potential to save better for comfortable retirement

Equity investment is relatively less explored in India compared with other options

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

Savings are not enough since inflation erodes the value of money

If our expenses are real, returns should also be real

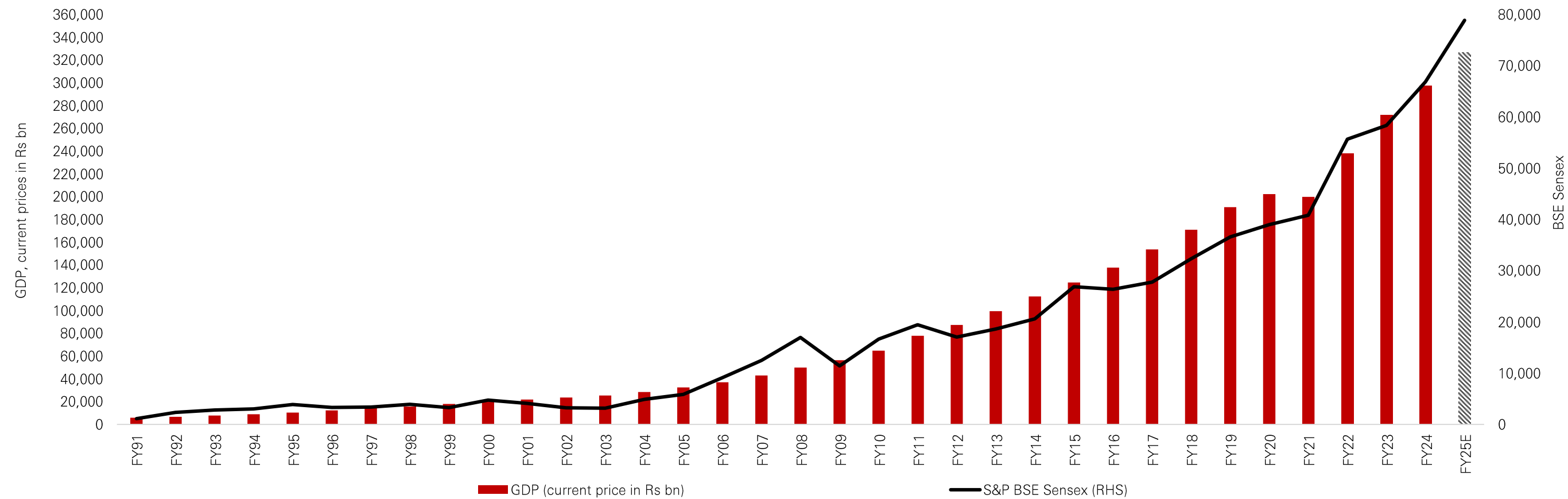


Inflation not only increases the cost of products, but also reduces the value of money

Source: Labour bureau.nic.in
Inflation represented by the average of monthly inflation of industrial workers declared from January 1993 to January 2025
Past performance may or may not be sustained in future and is not a guarantee of any future returns.

Equity mirrors economic growth in the long term

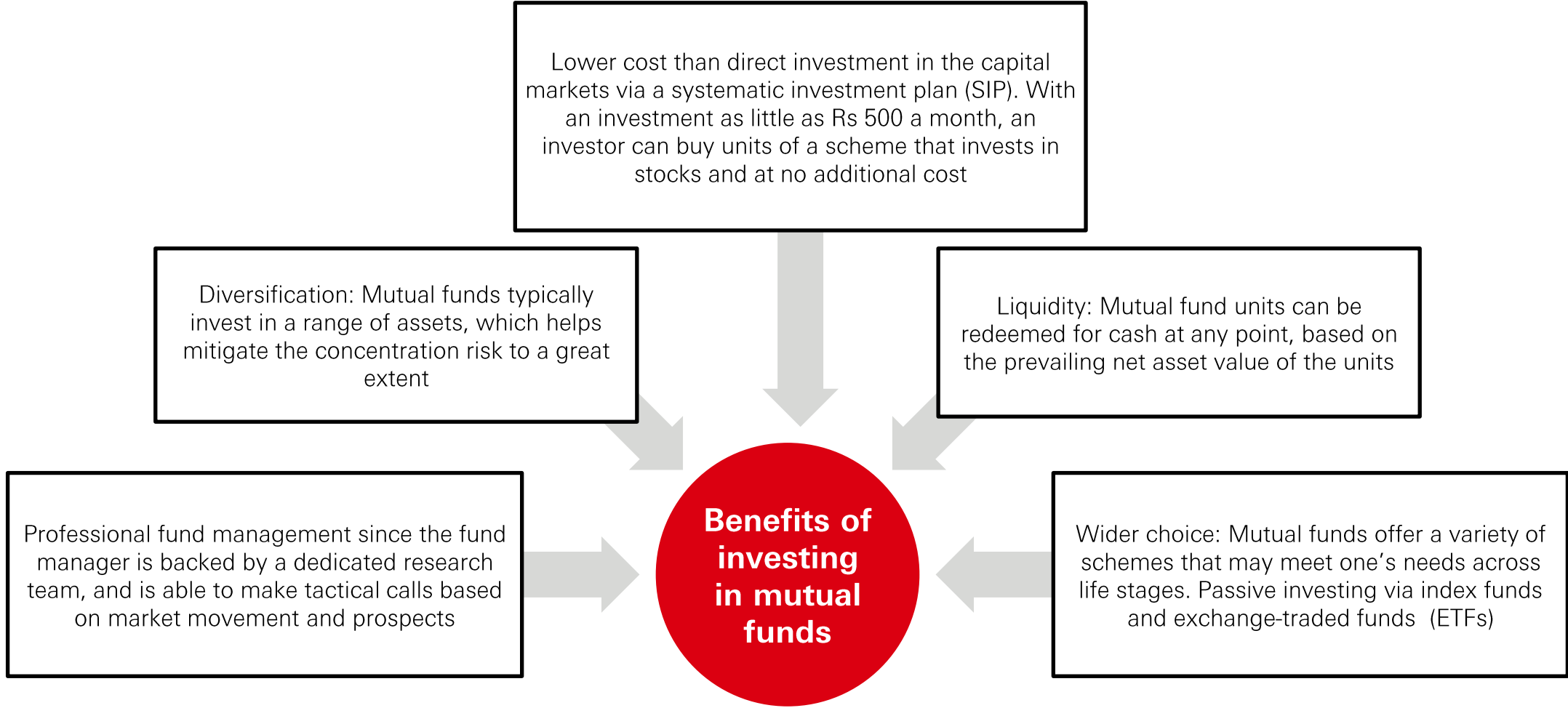
GDP - The Indian economy is expected to carry the momentum of last year’s GDP growth into the current fiscal year as well



Equity offers an opportunity for long-term wealth creation

Source: BSE, IMF, Data as at Jan 2025, GDP projection starts after year 2024 and is shown shaded in this graph, Projection contained in this graph is for illustration purposes only and is not guaranteed, Past performance may or may not be sustained in future and is not a guarantee of any future returns.

Equity mutual funds are an optimal way to invest in the asset class



Individual investors would be better off diversifying their investment through equity mutual funds to benefit from the capital markets in the long term

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

Equity funds provide an array of investment strategies and options

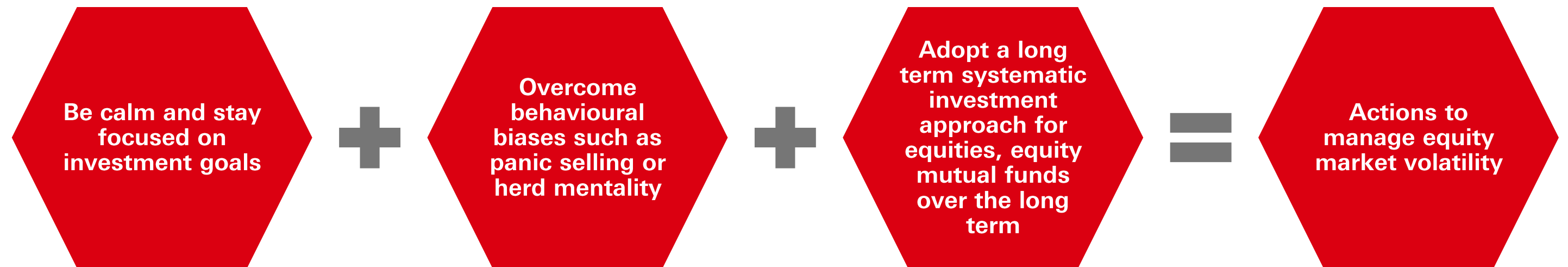
Raft of options available for both active and passive funds

Actively managed		Passively managed	
Market cap-based	Flexi-cap	Index funds/ ETFs	Index tracking funds
	Multi-cap		
	Large-cap		
	Large & mid-cap		Sectoral index tracking funds
	Mid-cap		
	Small-cap		
Strategy-based	Dividend yield fund		Global index tracking funds
	Value fund		
	Contra fund		
	Focussed fund		Smart beta index tracking funds
Thematic and tax saving	Sectoral/thematic fund		
	Equity linked saving scheme (ELSS)		

Equity MF investments offer a variety of options – active and passive – across market capitalisation, themes and strategies

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

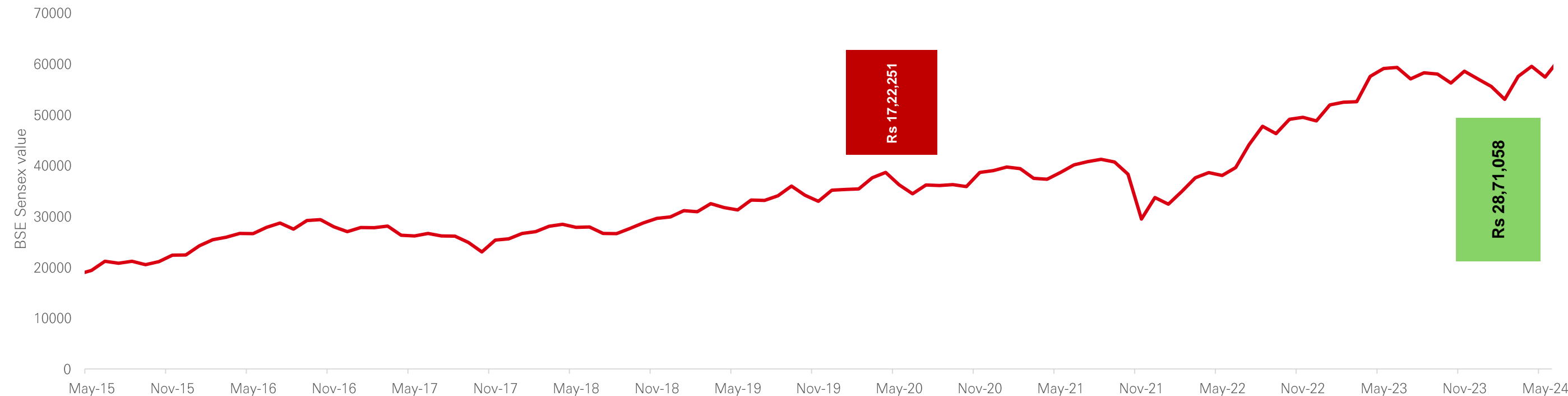
Adopt systematic investment approach to tide over market volatility



Past performance may or may not be sustained in future and is not a guarantee of any future returns.

Investors who redeem/stop investments lose out long-term opportunities

- A and B started their SIPs in May 2015, with both investing Rs 10,000 per month
- Everything was fine with their investments until the Coronavirus (covid) pandemic affected markets in March 2020
- While A redeemed his investments, B stopped his investments, but did not withdraw his money
- A received ~Rs 17.22 lakh from his cumulative investment at an 12.62% at the end of March 2020. B, who had not withdrawn his investments, and did not invest any more after the covid pandemic, saw returns of ~Rs 28.71 lakh as of May 2024 with returns of 12.62%.



Source: BSE, CRISIL Research, HSBC MF, AMFI, BSE,
The above illustration is provided as per AMFI Best Practice Guidelines Circular No. 109 dated November 01, 2023 read with 109A dated September 10, 2024 and as amended from time to time to define the concept of power of compounding.
Past performance may or may not be sustained in future and is not a guarantee of any future returns. The investors should not consider the same as investment advice
*Mean CAGR returns considered for illustration is 12.62% by taking mean of 10-year rolling returns between 1 June 2014 and 31 May 2024 of BSE Sensex. Monthly SIP of Rs10,000 in BSE Sensex from June 2015 on the first day of the month.

Investors who continue their SIPs gain from long-term opportunities

C started investing Rs 10,000 per month in June 2015 and persisted with his investment over the years. His total investment of Rs 12 lakh had a market value of Rs 46.18 lakhs in May 2024 at 12.62%* rate of return.



Source: BSE, CRISIL Research, HSBC MF, AMFI, BSE,
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Look beyond market downturns, stay invested in SIPs for long-term gains

- Even if SIPs remain in the red, staying invested for the long term as the market recovers gradually will increase the corpus value and overall SIP returns
- We undertook a scenario analysis to understand the implications of various types of mutual fund investor behaviour during market volatility, and the associated benefits
- Investors A, B and C began investing Rs 10,000 in an equity SIP in BSE Sensex from June 2015. However, their approach to market volatility differed:
 - A redeemed his investment after the covid pandemic
 - B stopped SIPs due to the volatility seen during the covid pandemic, but retained his investments
 - C continued his SIP at the same pace

	A	B	C
Total amount invested (Rs lakh)	7.2	7.2	12
Total value at the end of May 2024 (~Rs lakh)	17.22	28.71	46.18

How they fared

- A missed out on accumulating more units and increasing his corpus, while B benefitted from retaining investments, but could not leverage gains in rupee terms
- C persevered and benefitted from his disciplined investments.

Source: BSE, CRISIL Research, HSBC MF, AMFI, BSE.

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Rupee cost averaging beneficial for investors

- ◆ SIP ensures a regular fixed investment at different points of time, which ultimately results in investors buying more units when the falls and fewer units when the market rises. This averages the cost per unit of investment (rupee cost averaging)
- ◆ Rupee cost averaging is beneficial for investors in many ways as shown below



Source – CRISIL, For illustration purposes only, Past performance may or may not be sustained in future and is not a guarantee of any future returns.

Achieve your long-term goals with systematic investments

Rahul and Nakul can achieve their goals of funding their kids’ higher education with a lower investment by investing systematically in equity mutual funds. The surplus can be used to target other life goals

	Fixed income instruments	Equity
Goal	Create corpus for child’s higher education expenses	
Current cost of goal	~Rs 10 lakh*	
Goal period	15 years	
Cost of goal after 15 years	Rs 30 lakh^	
Monthly investment amount to achieve goal#	~Rs 16,865	~Rs 4,359

Systematic investments in equity provides optimum results for investors over the long term

Source – CRISIL Research, HSBC MF, AMFI, BSE, *approx. IIT Bombay fees, Assuming inflation of 7%, which was the average inflation rate of industrial workers since January 1993 till January 24The above illustration is provided as per AMFI Best Practice Guidelines Circular No. 109 dated November 01, 2023 read with 109A dated September 10, 2024 and as amended from time to time to define the concept of power of compounding.
Past performance may or may not be sustained in future and is not a guarantee of any future returns. The investors should not consider the same as investment advice. The data given here is for illustration purposes only and not guaranteed,
#Mean CAGR returns considered for illustration is 12.62% by taking mean of 10-year rolling returns between 1 June 2014 and 31 May 2024 of BSE Sensex. Fixed income CAGR returns considered for illustration is 7.20% (Fixed income).
Monthly investment calculated from : <https://cleartax.in/s/goal-planner>
^Based on inflation represented by average of monthly inflation of industrial workers declared since January 1993 till January 2025

In a nutshell

Equity is a long-term capital growth solution

- ◆ The future is uncertain; prediction is risky
- ◆ Preserve and, if possible, grow capital on a real-term basis over the long term
- ◆ Avoid permanent capital impairment through risk-averse capital allocation
- ◆ Target outperformance only over a full cycle
- ◆ Invest systematically in equity over the long term to derive optimum investment results

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

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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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