

# Create Wealth Through The Right Mix

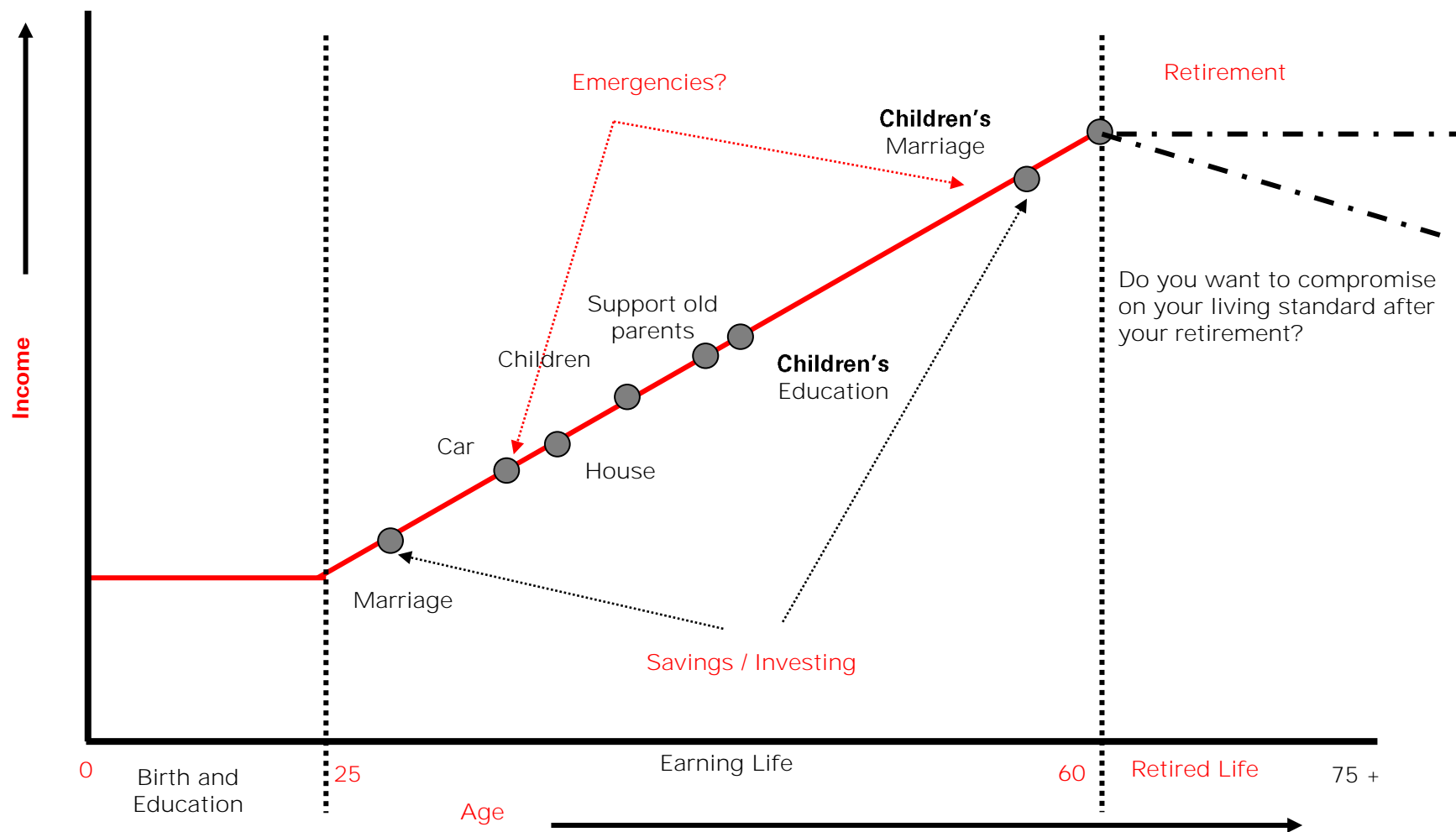
## HSBC Managed Solutions

An Open Ended Fund of Fund Scheme investing in a basket of equity, debt, Gold and other Exchange Traded Funds

# Why invest?

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Greater demand to spend

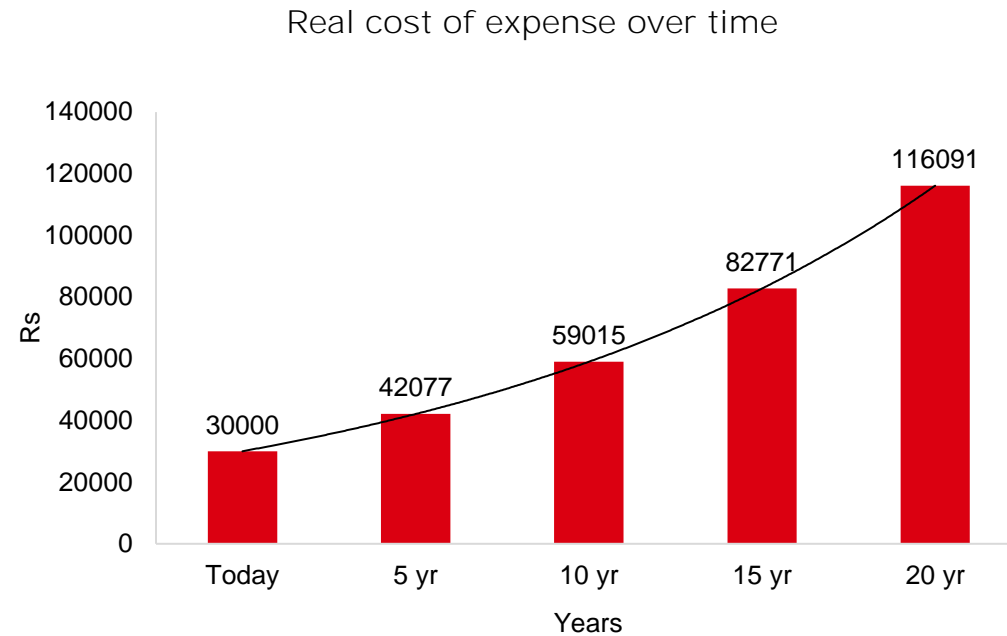


For representation purpose only, It may differ on a case-to-case basis)

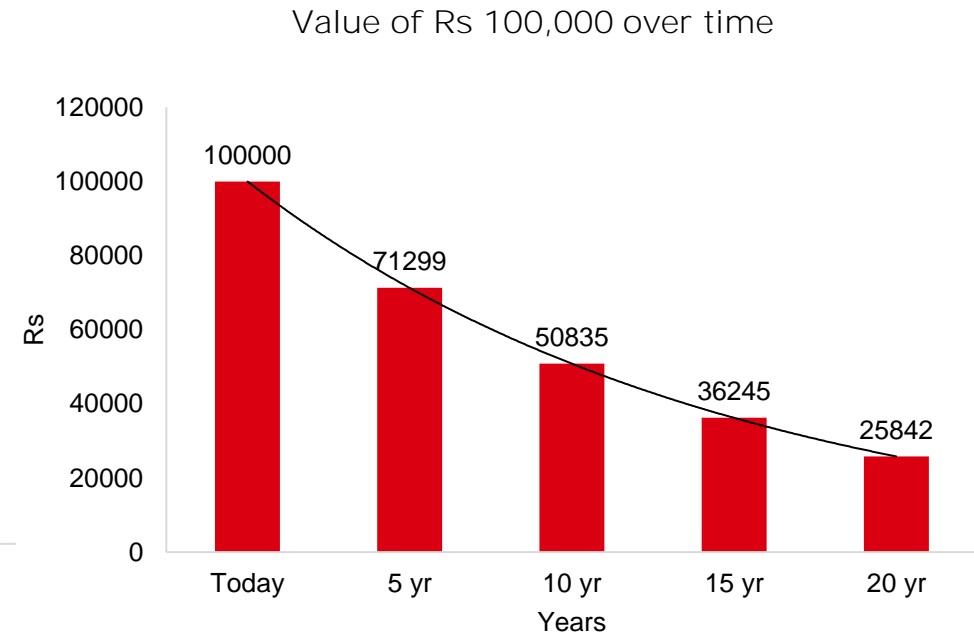
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If our expenses are real, returns should also be real

3



At ~7% inflation



At ~7% inflation

Savings is not enough, you also have to beat inflation!

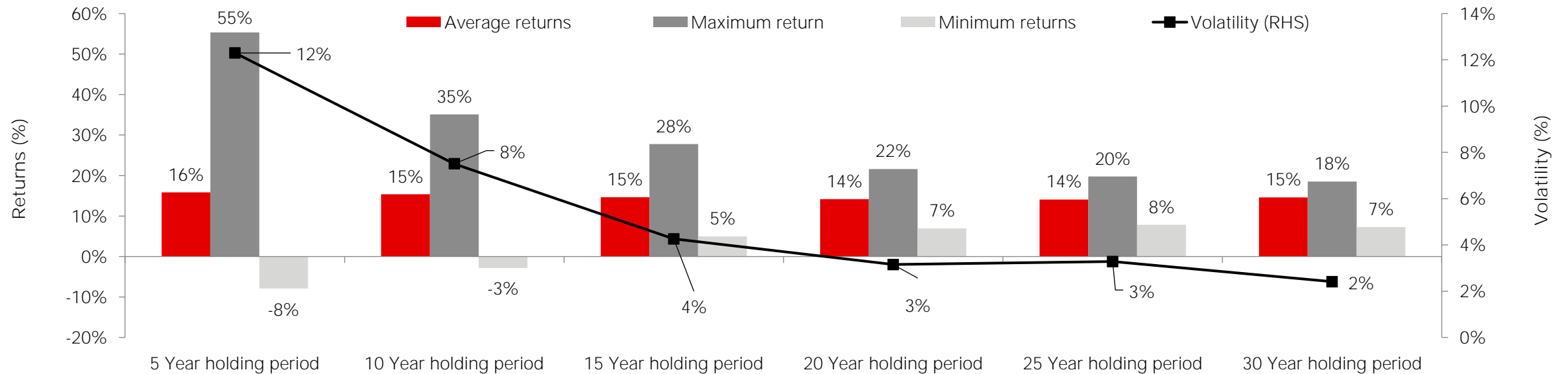
Source: CRISIL, Labour bureau.nic.in, as per the latest data available, Data as at December 2022  
Inflation represented by the average of monthly inflation of industrial workers declared from January 1993 to December 2022  
Past performance may or may not be sustained in future. 3

# Equity – Volatile short-term, attractive long-term potential

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- While equity is a good investment instrument for a young populace, the asset class is beneficial only in the long term
- Equity is exposed to volatility in the short term
- As evident from the returns distribution chart below, the percentage of positive returns increases as the investment horizon increases
- Similarly, the holding period returns chart shows that there are no negative returns for the investment period above 15 years
- Another benefit of long-term investing is that volatility decreases with an increase in the investment horizon

## Holding period returns



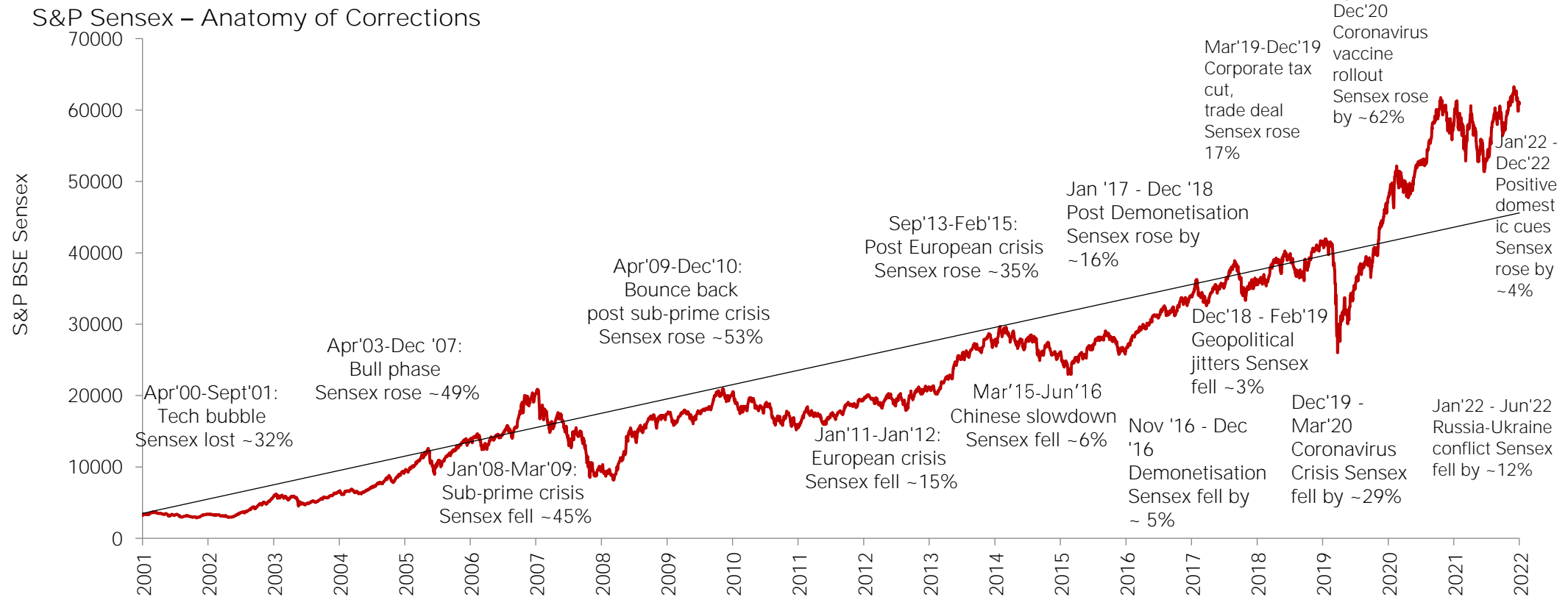
Average annualised returns on a daily rolling basis since inception (1979) of S&P BSE Sensex considered across various holding periods  
Source: BSE, CRISIL Research, Data as at December 2022

Past performance may or may not be sustained in future. Investor should not consider the same as investment advice.

# Is equity investment the only way?

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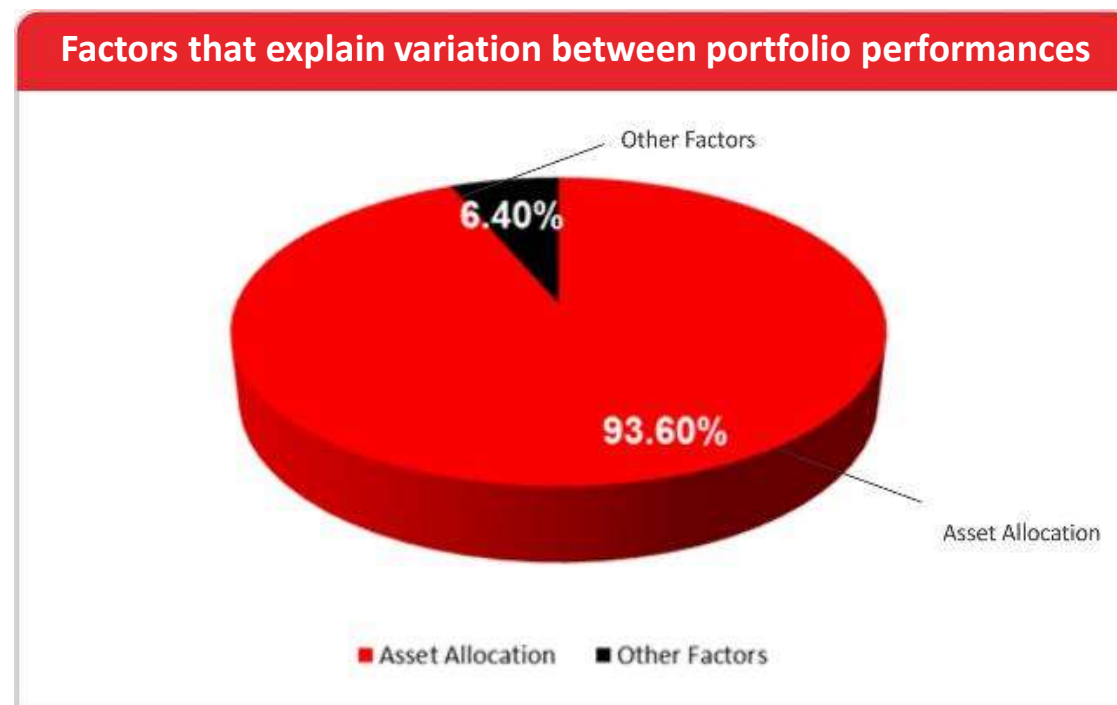
- ◆ While equity is a good investment instrument for a young populace, the asset class is beneficial in the long term
  - Equity is exposed to volatility in the short term
  - As seen in the chart, while the linear trend of the asset class is positive in the long term, the short term periods may subject to volatility
  - An example of this volatility is the subprime crisis in early 2008, which lopped nearly half of the market gains, while the quantitative easing by global central banks subsequently pushed the markets higher



Source: BSE, CRISIL Research  
Data as at December 2022

Returns for period less than one year are absolute; otherwise, annualised , 5

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Asset allocation represents ~94% for performance variation, while other factors viz. security selection, market timing just about 6%

Source: Brinson et al, 1986, For illustration purpose only. Past performance may or may not be sustained in future. Investor should not consider the same as investment advice.

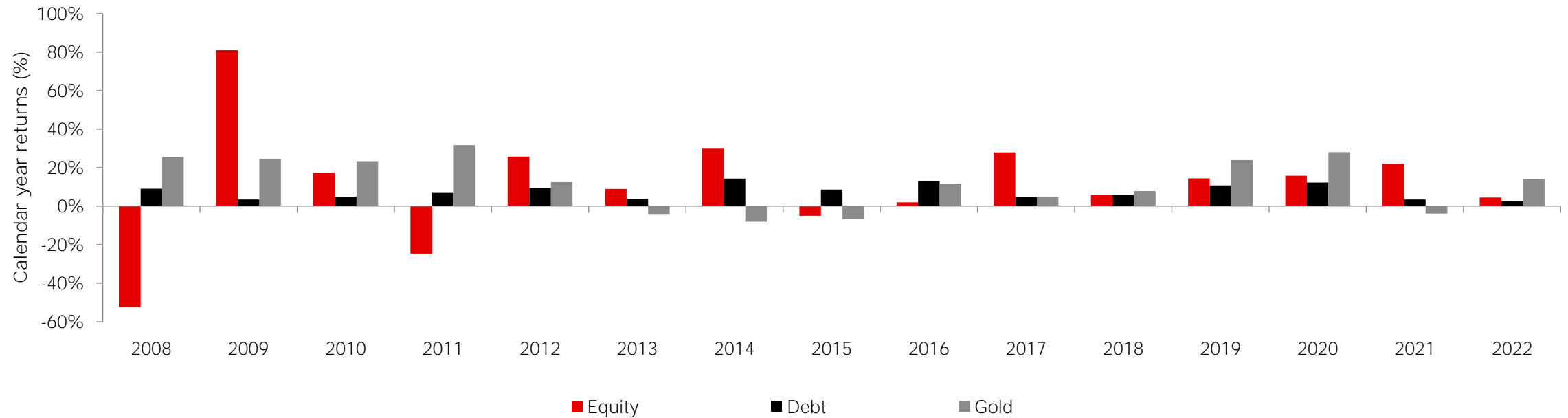
# What does performance history suggest?

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## Annual performance of asset classes

- Different asset classes tend to outperform each other across different time periods
- Allocating funds solely to a single asset class is not prudent as it may not garner efficient inflation and risk-adjusted returns
- Different levels of correlation among different asset classes provide the portfolio with an effective hedge

The best asset changes almost every year



Equity represented by S&P BSE Sensex, Debt by CRISIL Composite Bond Fund Index, and Gold by IBSA spot gold prices (PM) (per 10 gram), Calendar Year Absolute Returns  
Source: BSE, CRISIL Research, Data as at December 2022, Past performance may or may not be sustained in future. Investor should not consider the same as investment advice.

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1

- Allocate funds across various investment classes optimally based on an individual's risk-return profile

2

- The basic premise of asset allocation is to earn efficient risk-adjusted returns and to spread risk

3

- In simple terms, asset allocation is an investment strategy to figure out how much of one's portfolio is to be invested in different asset classes depending on one's risk-taking abilities and financial goals

4

- The right asset allocation helps to counter market uncertainty as it diversifies investments not only within an asset class but also across asset classes

5

- Asset allocation can be a good medium for meeting financial goals and wealth maximisation



# Why switch to goal-based asset allocation?

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- A goal-based approach involves investing to achieve specific goals (small, medium and long-term) by allocating money to different asset classes in sync with one's risk capacity and time horizon
- Let us take the hypothetical case of a young professional
- His/ her priorities across different time horizons are captured in the table below. Based on those, he/ she can allocate funds across asset classes

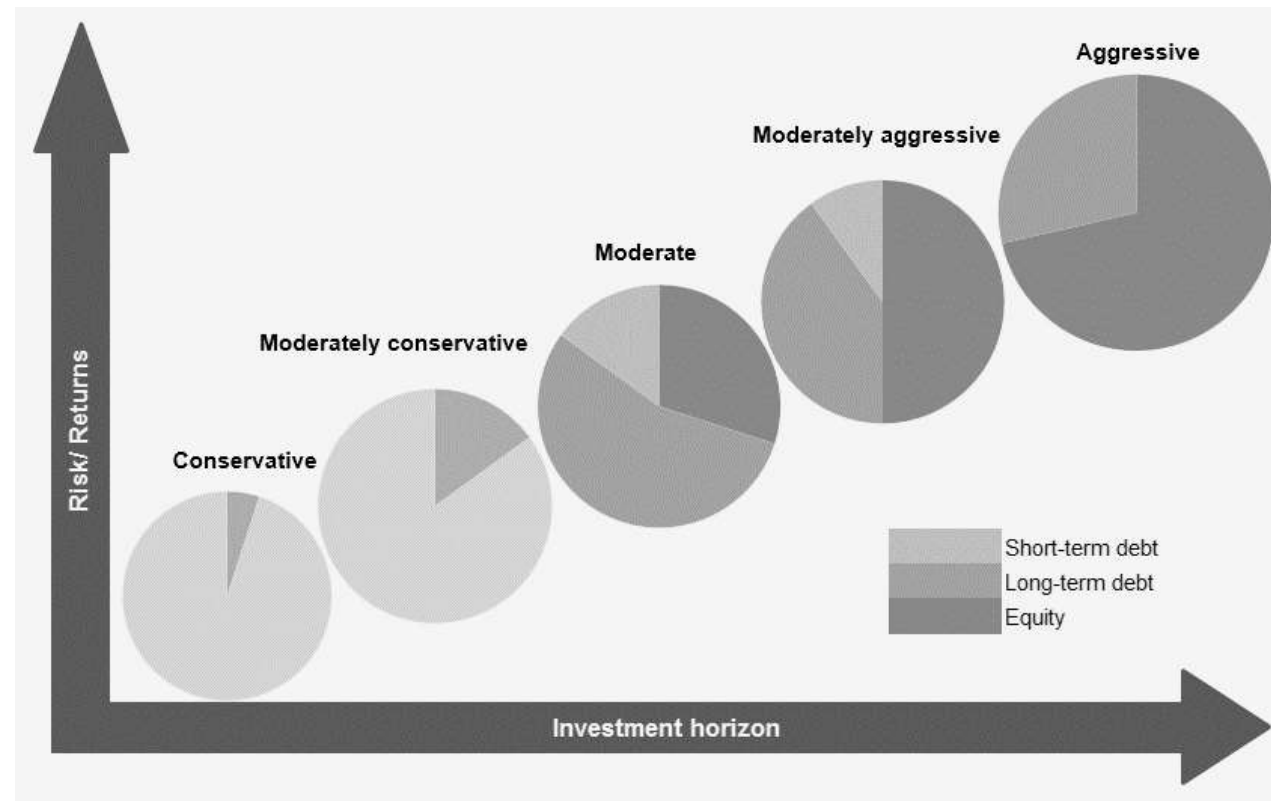
	<b>Want</b>	Goal – Buying a car	Goal – Buying a vacation home	Goals – Foreign vacation, estate planning
		Investment objective – Stability	Investment objective – Stability and growth	Investment objective – Growth
		Asset allocation – Moderately conservative	Asset allocation – Moderately aggressive	Asset allocation – Aggressive
	<b>Need</b>	Goals – Child care, down payment on home	Goals – Children's education, old-age parent care	Goals – Retirement, children's marriage
		Investment objective – Stability	Investment objectives – Stability and growth	Investment objective – Growth
		Asset allocation – Conservative	Asset allocation – Moderate	Asset allocation – Moderately aggressive
		<b>Short term</b>	<b>Medium term</b>	<b>Long term</b>

For representation purpose only, it may differ on a case-to-case basis)

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## Asset allocation should be as per risk profile

- Risk profiling involves investors assessing themselves on various parameters to evaluate their risk-taking capacity, and accordingly allocating money to different asset classes
  - Risk profiling is usually undertaken via a formal questionnaire-based process where investors answer questions that probe their goals, risk-taking capacity and suitability



For representation purpose only; may differ on a case-to-case basis. Past performance may or may not sustain and does not guarantee future performance.

- Investors may not have the resources to manage their money and allocate assets across asset classes
- Further, allocation is not just restricted among asset classes but also, within the asset class
  - Equity sub-asset allocation based on market cap (large, mid and small) and sector or theme-based
  - Debt sub-asset allocation based on maturity (short and long term)
- Professional management is an option to consider
- Investments can be routed through mutual funds
- Benefits of mutual fund
  - Professional management – A dedicated team helps better analyse investment opportunities in the market
  - Research and credit function – An independent research and credit function aids investment
  - Focused risk management – Imperative to manage inherent risks in the asset classes

Past performance may or may not be sustained in future. Investor should not consider the same as investment advice. Mutual fund investments are subject to market risks, read all scheme related documents carefully.

## Impact of asset allocation

- Lowers volatility
- Encourages stable investor behavior and potentially provides better results
- Rebalancing – a key supporting factor

Asset allocation is an excellent tool for addressing the volatility of investment markets

# .....HSBC Managed Solutions (HMS)

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An open ended fund of fund scheme investing in a basket of equity, debt, Gold and other Exchange Traded Funds.

- Multi-asset<sup>^</sup> portfolios which are actively managed
- Constructed to optimize Return whilst managing Risk
- Offer transactional efficiency to the investor

How do I ensure Investment discipline?	✓
How do I avoid transactional cost?	✓



A unique investment solution for Indian investors

<sup>^</sup>The scheme has provision to invest in asset classes such as Equity Schemes (Units of Domestic Equity and Offshore Equity), Debt Schemes, Gold and Other Exchange Traded Funds, Money Market Schemes / Liquid Funds and Money Market Instruments.

Construct : Fund of Funds feeding into HSBC Asset Management India / Third Party funds

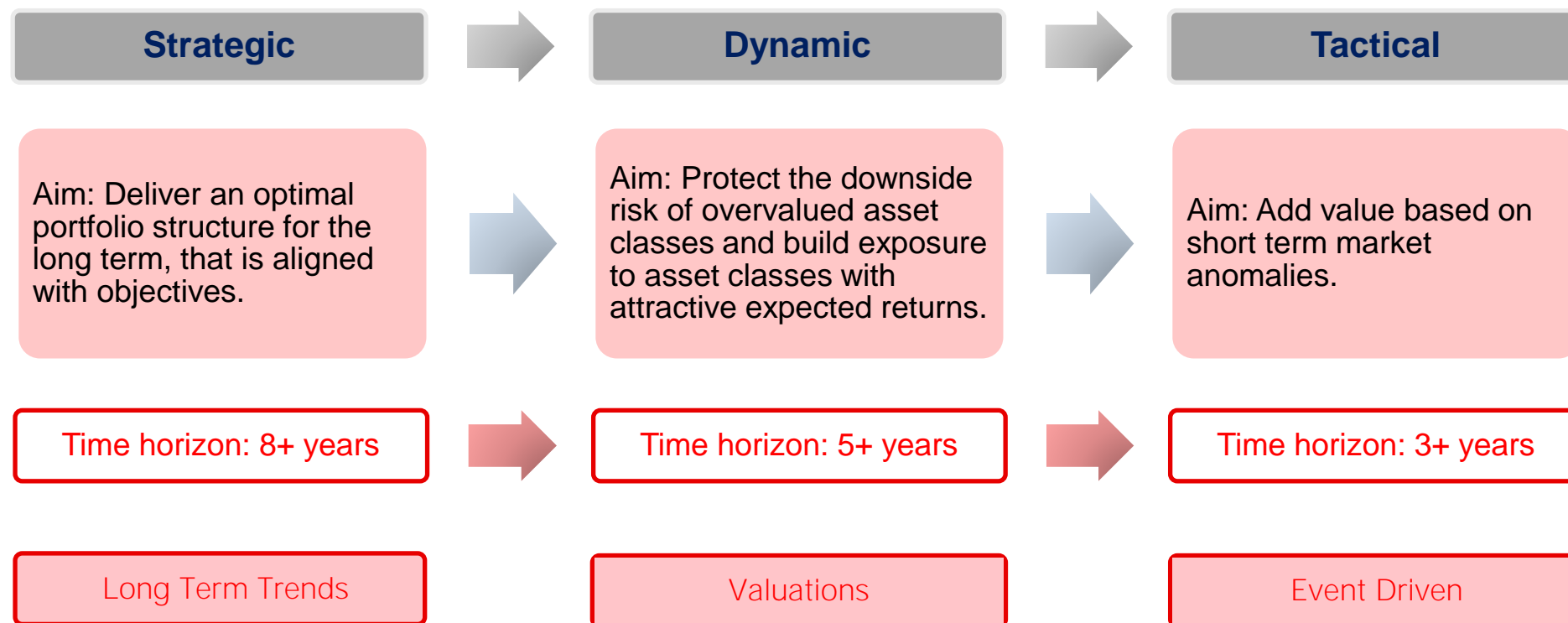
Style : Active Asset Allocation

- Strategic/Dynamic/Tactical
- Quarterly review of allocation weights
- Regular rebalancing for market movements
- Annual comprehensive review of design principles

Benefits

- Diversification : Domestic Equities/Bonds
- Rebalancing
- Discipline: Long term solution i.e. not topical

Please refer to Scheme Information Document (SID) of scheme for more information.



Ideal time horizon given for illustration purpose only. Past performance may or may not be sustained in future. Investor should not consider the same as investment advice. Mutual fund investments are subject to market risks, read all scheme related documents carefully.



- Managed Solutions India – Growth

Primarily invests in units of equity funds (55% to 90%), with a provision to have allocation to debt funds, gold ETFs, other ETFs, units of offshore mutual funds and money market instruments

- Managed Solutions India – Moderate

Primarily invests in units of equity and debt funds (30% to 70%), with a provision to diversify in to gold ETF, other ETFs, units of offshore mutual funds and money market instruments

- Managed Solutions India – Conservative

Primarily invests in debt funds (55% to 100%), with a provision to diversify in to equity funds, gold ETF, other ETFs and money market instruments

The right mix for your investments

Please refer to Scheme Information Document(SID) for more detail on Asset Allocation of the scheme(s)









# HSBC Managed Solutions: 3 Options

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Plan	Type of Security	Indicative Allocation (% of net assets)		Risk Profile
		Minimum	Maximum	
Managed Solutions India – Growth	Units of various Mutual Fund Schemes (Domestic and Off shore funds) out of which:	95%	100%	High
	a) Equity Schemes (Units of Domestic Equity and Off –shore Equity)	55%	90%	High
	b) Debt Schemes	10%	30%	Low to Medium
	c) Gold and Other Exchange Traded Funds	0%	15%	Medium to High
	d) Money Market Schemes / Liquid Funds	0%	20%	Low
	Money market instruments	0%	5%	Low
Managed Solutions India – Moderate	Units of various Mutual Fund Schemes (Domestic and Off shore funds) out of which:	95%	100%	High
	a) Equity Schemes (Units of Domestic Equity and Off –shore Equity)	30%	70%	High
	b) Debt Schemes	30%	70%	Low to Medium
	c) Gold and Other Exchange Traded Funds	0%	15%	Medium to High
	d) Money Market Schemes / Liquid Funds	0%	25%	Low
	Money market instruments	0%	5%	Low
Managed Solutions India – Conservative	Units of various Mutual Fund Schemes (Domestic and Off shore funds) out of which:	95%	100%	High
	a) Equity Schemes (Units of Domestic Equity)	0%	15%	High
	b) Debt Schemes	55%	100%	Low to Medium
	c) Gold and Other Exchange Traded Funds	0%	5%	Medium to High
	d) Money Market Schemes / Liquid Funds	0%	25%	Low
	Money market instruments	0%	5%	Low

Source – HSBC Asset Management India, Please refer to Scheme Information Document(SID) for more detail on Asset Allocation of the scheme(s) 18

## Product Label

Scheme Name					
Managed Solutions India – Growth		Managed Solutions India – Moderate		Managed Solutions India – Conservative	
<p>This product is suitable for investors who are seeking*:</p> <ul style="list-style-type: none"> <li>▶ To create wealth over the long-term.</li> <li>▶ Investing predominantly in units of equity mutual funds as well as in a basket of debt mutual funds, gold &amp; exchange traded funds, offshore mutual funds and money market instruments;</li> </ul>		<p>This product is suitable for investors who are seeking*:</p> <ul style="list-style-type: none"> <li>▶ To create wealth and provide income over the long-term;</li> <li>▶ Investments in a basket of debt mutual funds, equity mutual funds, gold &amp; exchange traded funds, offshore mutual funds and money market instruments;</li> </ul>		<p>This product is suitable for investors who are seeking*:</p> <ul style="list-style-type: none"> <li>▶ To provide income over the long-term;</li> <li>▶ Investing predominantly in units of debt mutual funds as well as in a basket of equity mutual funds, gold &amp; other exchange traded funds and money market instruments;</li> </ul>	
Scheme Risk-o-meter	Benchmark Risk-o-meter	Scheme Risk-o-meter	Benchmark Risk-o-meter	Scheme Risk-o-meter	Benchmark Risk-o-meter
<p>Scheme : Managed Solutions India – Growth</p>  <p><b>RISKOMETER</b></p> <p>Investors understand that their principal will be at Very High risk</p>	<p>Benchmark Index : A composite index with 80% weight to S&amp;P BSE 200 and 20% weight to CRISIL Composite Bond Index</p>  <p><b>RISKOMETER</b></p>  <p><b>RISKOMETER</b></p>	<p>Scheme : Managed Solutions India – Moderate</p>  <p><b>RISKOMETER</b></p> <p>Investors understand that their principal will be at High risk</p>	<p>Benchmark Index : CRISIL Hybrid 35 + 65 - Aggressive Index</p>  <p><b>RISKOMETER</b></p>	<p>Scheme : Managed Solutions India – Conservative</p>  <p><b>RISKOMETER</b></p> <p>Investors understand that their principal will be at Moderately High risk</p>	<p>Benchmark Index : A composite index with 10% weight to S&amp;P BSE 200 and 90% weight to CRISIL Composite Bond Index</p>  <p><b>RISKOMETER</b></p>  <p><b>RISKOMETER</b></p>

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

**Note on Risk-o-meters:** Riskometer is as on 31 August 2023. Any change in risk-o-meter shall be communicated by way of Notice cum Addendum and by way of an e-mail or SMS to unitholders of that particular scheme. Some of the funds have undergone merger/consolidation along with changes to its fundamental attributes as per the notice published on 15 Oct '22. For more details visit our website page

# Disclaimer

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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)