HSBC Mutual Fund

Allocate to achieve your goals

Asset Allocation Deck

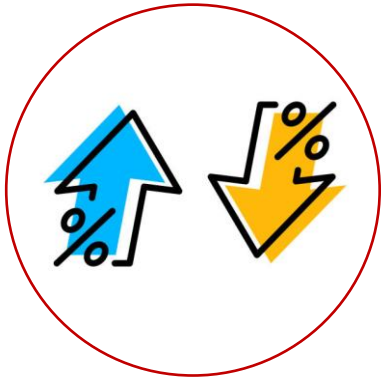
An Investor Education and Awareness Initiative by HSBC Mutual Fund

February 2026

Long-term investment and goal planning insists for more than a single asset

Silver was the one of the performers in 2025, should we consider investing all money in silver in 2026?

Can investors achieve all investment goals with a single asset class?



It takes more than that in the long run. One can aim for …

Equity

Aggressive growth

Debt

Dependable income

Gold / Silver

Timely defense

Long term successful investment planning demands Multi Asset Allocation ability

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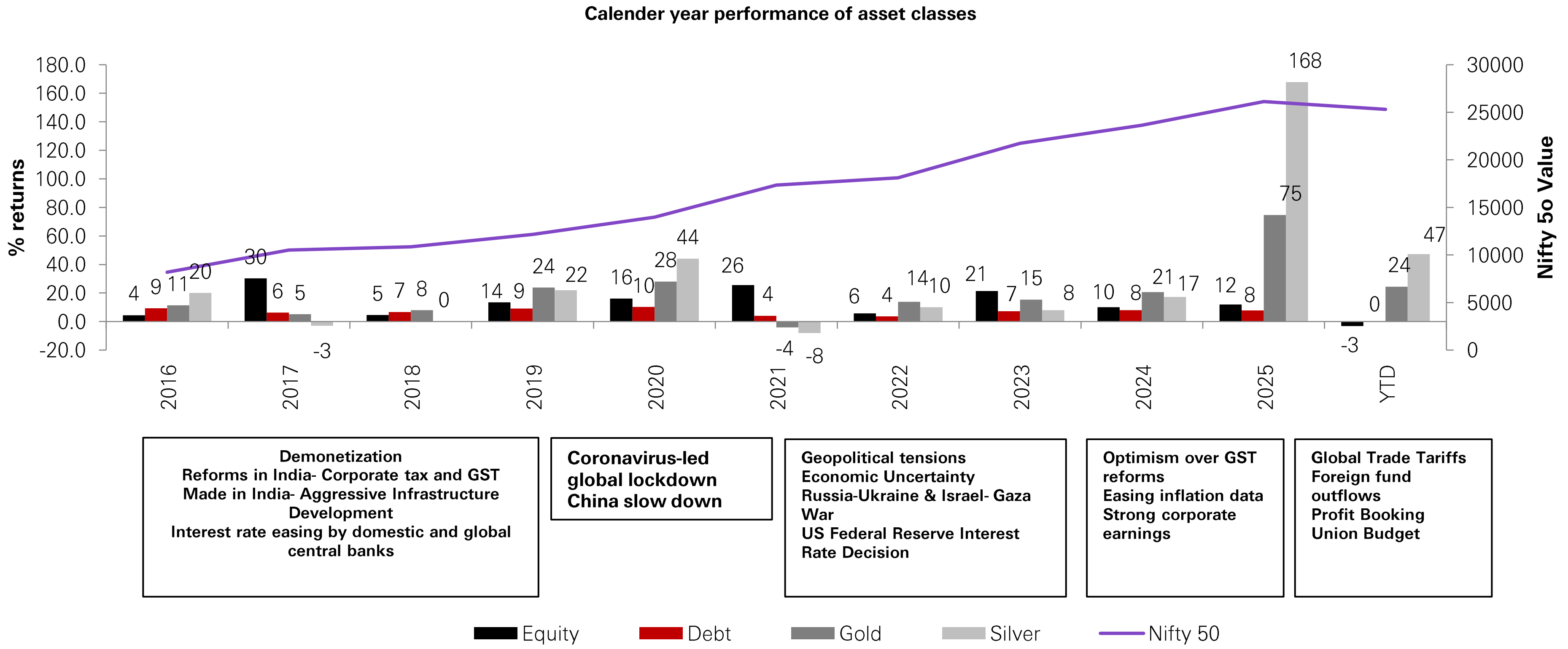
Source: HSBC Mutual Fund, For illustration purpose only.

Look at the history of asset classes through some major events

Can investors achieve all financial goals with a single asset class?

It takes more than that in the long run



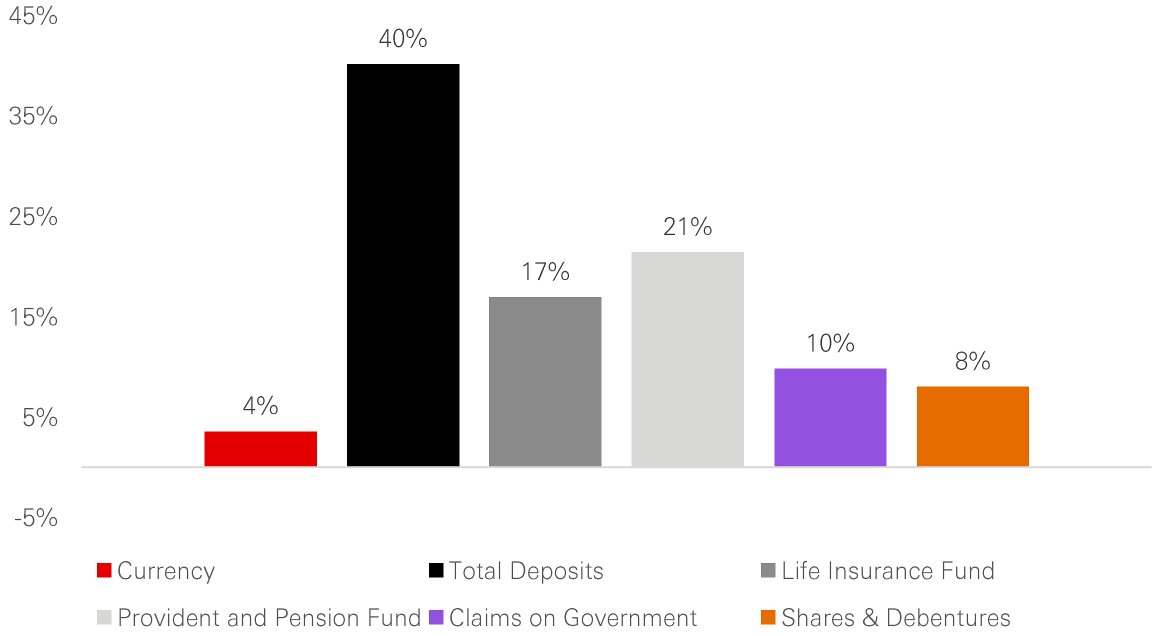
- Equity markets have delivered strong performance during positive market situations but also corrected sharply during major events such as Chinese slowdown, Corona virus led global lockdown, and US trade tariff concerns
- During such events, asset classes such as Gold or Debt or Silver may compensate for negative equity performance

Best asset class may change often

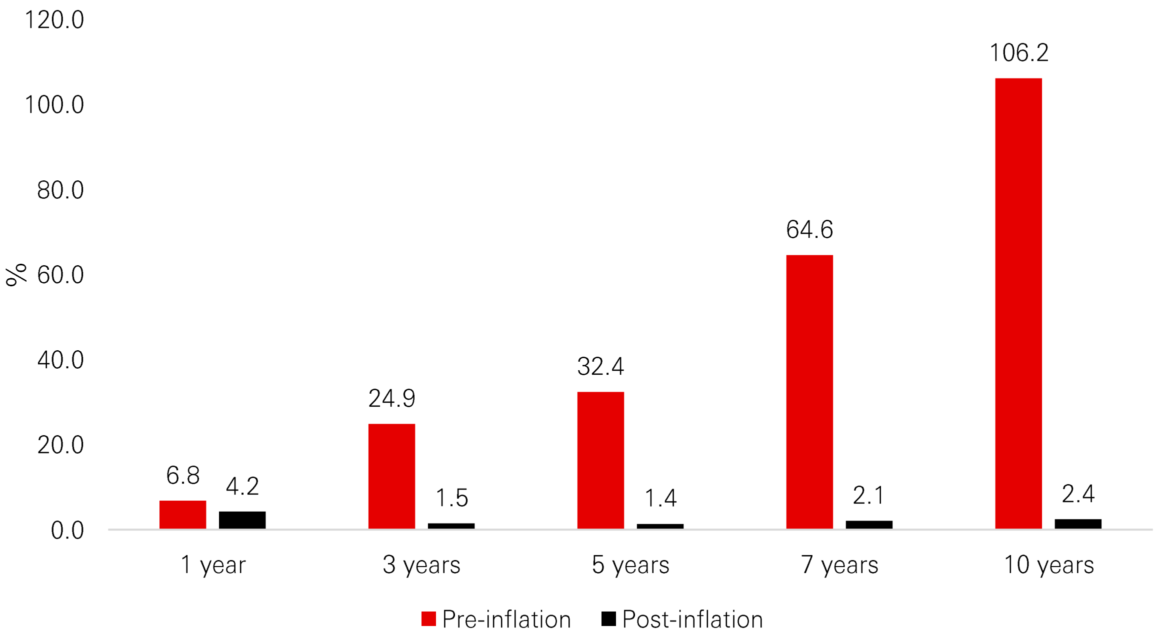
Equity represented by NIFTY 50 TRI, Debt by Crisil Short Term Bond Index, and Price of Gold (per 10 gram), Prices of Silver, Nifty 50 value.
Source: MFI Explorer, Crisil, Data as on 31 Jan 2026, YTD – Data up to 31 Jan 2026, Absolute Returns for the period of 1 Jan to 31 Dec for respective Calendar Years
Past performance may or may not be sustained in future and is not a guarantee of any future returns.

Does debt offer adequate inflation-adjusted returns?

India's investment allocation



Debt performance



- Indians have favored traditional investment instruments, bank fixed deposits, as reflected in India's household savings data
- As seen from above chart, post inflation returns of Debt are relatively low

Only Debt or Only Equity may not be enough to achieve long-term goals

Source: HSBC Mutual Fund, Crisil, RBI, Labourbureau.nic.in, Chart 1 (LHS) Data as at FY2024-25, Chart 2 (RHS) Data as at Jan 2026
Debt represented by Crisil Composite Bond Fund Index, Inflation by average of annual CPI-IW inflation
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Can you fight negative market phases with Gold / Silver?

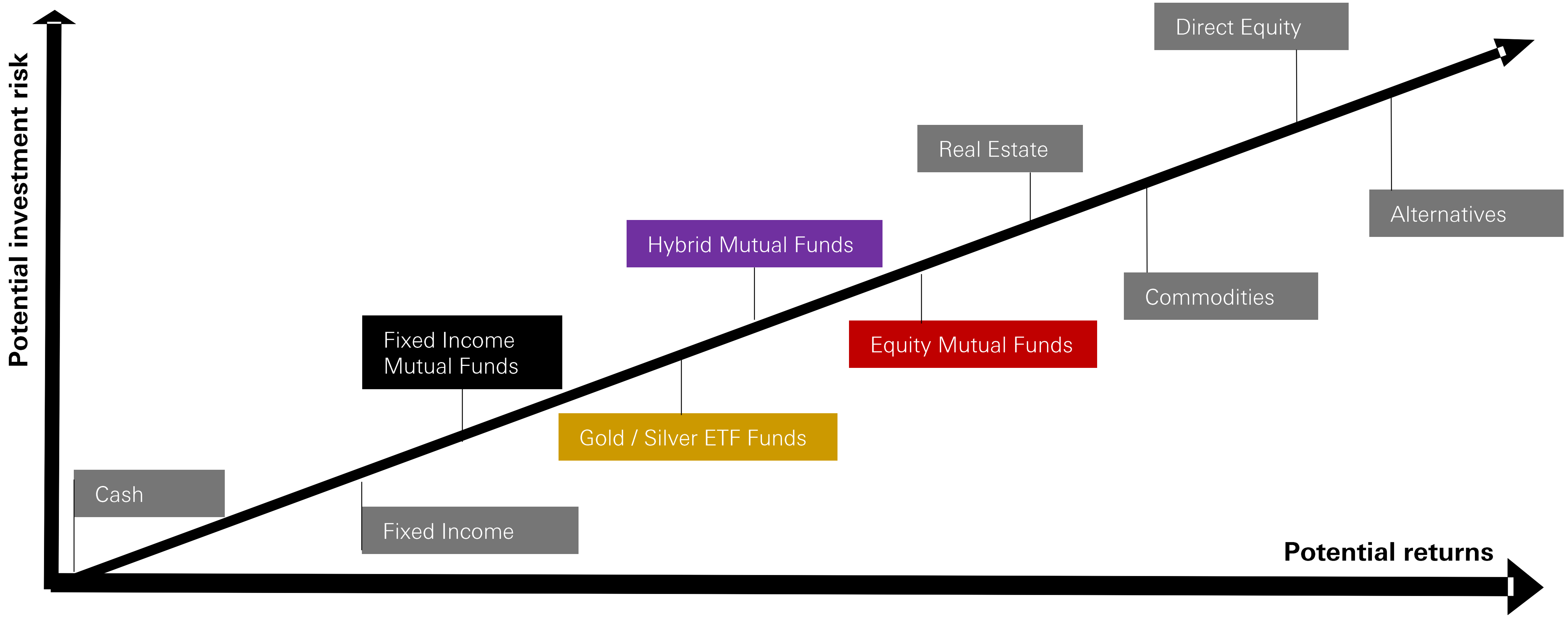
Correlation	Equity	Debt	Gold	Silver
Equity	1.00	0.08	-0.17	0.13
Debt	0.08	1.00	0.09	0.05
Gold	-0.17	0.09	1.00	0.65
Silver	0.13	0.05	0.65	1.00

- Gold / Silver may help compensate volatility of equities
- Extreme events such as Lockdown or Sub-prime crisis calls for strong defense and allocation to Gold / Silver may help with downside protection in such events

History suggests that Gold can be better defense against volatility

Source: Crisil MFI, Data as on 31 Jan 2026, Equity represented by Nifty 50 TRI, Debt represented by CRISIL Short Term Bond Index, Prices of Gold, Prices of Silver, Nifty 50 value. Data period: 1 Jan 2015 – 31 Dec 2025,
Past performance may or may not be sustained in future and is not a guarantee of any future returns.

Where would you like to invest?

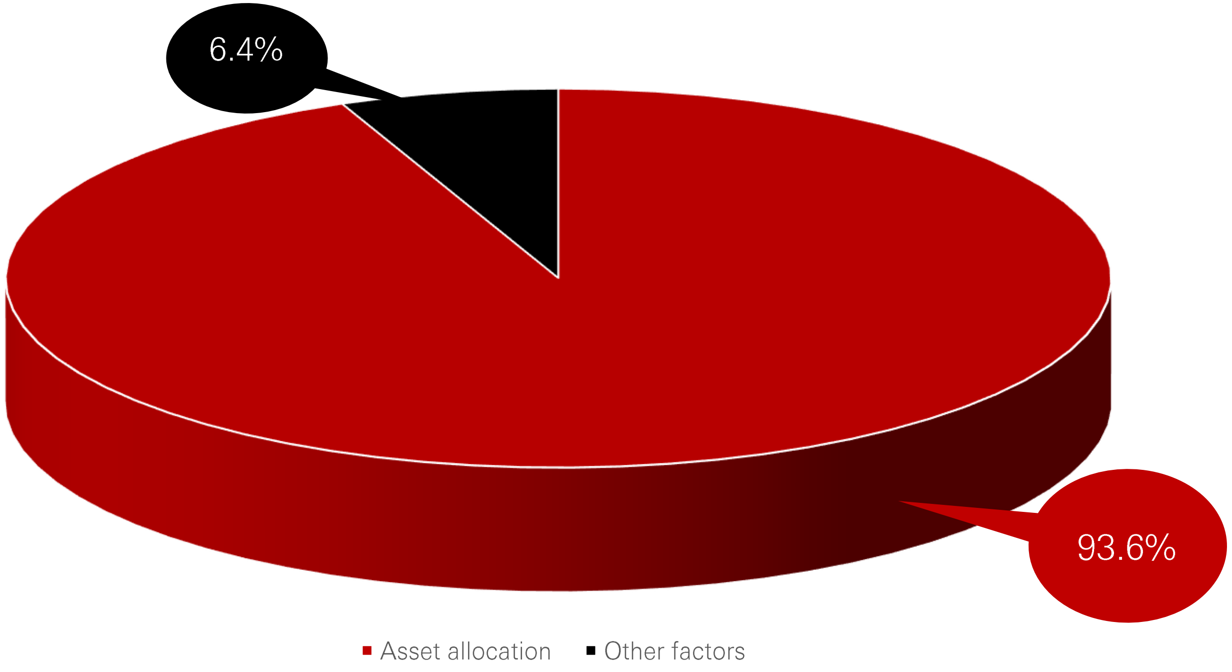


Choose wisely considering Risk - Return profile of various asset classes

Source: HSBC Mutual Fund, For illustration purpose only.

Asset allocation: A key determinant of performance

Factors that explain variation between portfolio performances



- The famous research done on asset allocation in the year 1986 states that Asset allocation represents ~94% for performance variation, while other factors viz. security selection, market timing just about 6%

Multi Asset Allocation is the way forward

Source: Brinson et al, 1986, For illustration purpose only.

Past performance may or may not be sustained in the future and is not indicative of future results

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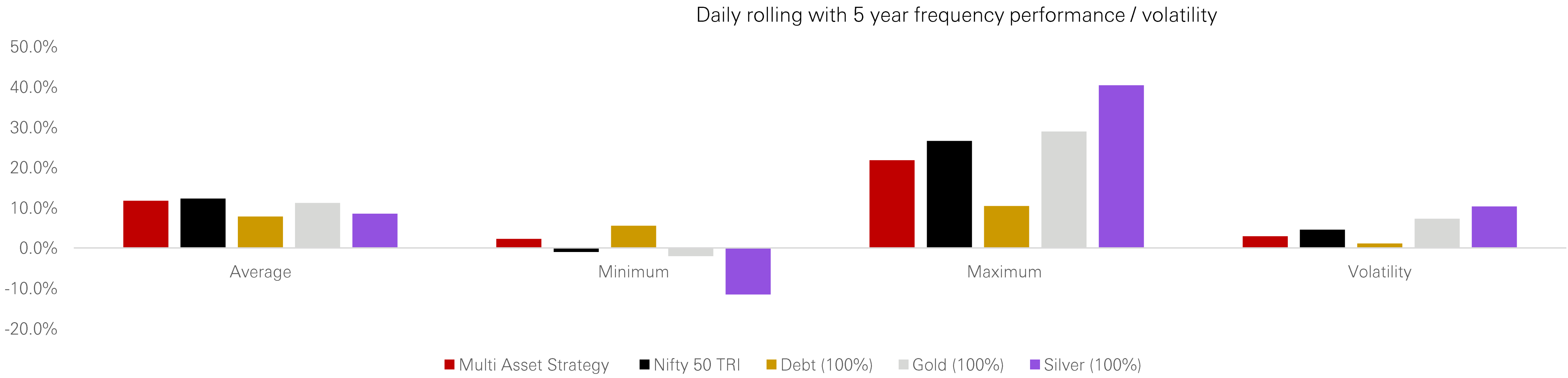
Multi Asset Allocation can reduce Volatility and offer Diversification

Asset allocation versus solitary asset-class performance



- To test the benefit of asset allocation, we compared the returns, volatility under individual asset classes -- equity, debt, gold and silver -- with those under asset allocation combination of the four asset classes (in a ratio of 65:20:10:5 respectively) since 2007
- The asset allocation combination fares well on all the parameters – returns and volatility

Multi Asset Allocation aims to offer reasonable growth with low volatility in long run

Equity represented by Nifty 50 TRI, Debt by CRISIL Composite Bond Fund Index, Gold by MCX/ spot gold prices (PM) (per 10 gram), Silver by MCX / spot silver prices (PM), Multi Asset Strategy = Equity (65%) + Debt (20%) + Gold (10%) + Silver (5%), Daily rolling performance with 5-year rolling frequency / volatility, Volatility= Annualised Standard Deviation of daily weighted return, Source: NSE, Crisil, Data as on 31 January 2026. Performance results may have inherent limitations, and no representation is being made that any investor will or is likely to achieve.
Past performance may or may not be sustained in future and is not a guarantee of any future returns.

Asset class performance across calendar years

Returns (CY%) | Asset Class	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Equity	-50.8	77.6	19.2	-23.8	29.4	8.1	32.9	-3	4.4	30.3	4.6	13.5	16.1	25.6	5.7	21.3	10.1	11.9
Debt	10.9	8.2	4.2	8.7	10.7	8.0	10.5	8.5	9.3	6.3	6.7	9.1	10.2	4.1	3.7	7.2	8.0	7.8
Gold	26.9	24.2	23.2	31.7	12.3	-4.5	-7.9	-6.6	11.3	5.1	7.9	23.8	28	-4.2	13.9	15.4	20.6	74.7
Silver	-7	51	71	9	13	-23	-16	-10	20	-3	0	22	44	-8	10	8	17.2	168
Average	-5.1	40.1	29.5	6.4	16.4	-3	4.9	-2.7	11.1	9.7	4.8	17	24.7	4.3	8.3	12.9	14.0	65.6

Lowest Middle Highest

Asset classes show strength and potential weakness & behave differently depending on economic situations

- While equity investments can be risky in the short term, they can drive long-term wealth creation
- Active asset allocation within Equity, Debt, Gold and Silver can reduce volatility and aim to optimise returns

Multi Asset Allocation can be one of the prudent solution to counter volatility and achieve return optimisation in long run

Equity represented by NIFTY 50 TRI, Debt by Crisil Short Term Bond index, Price of Gold (per 10 gram), Prices of Silver
Source: MFI Explorer, Crisil, Data as on 31 Dec 2025 Absolute returns for the period of 1 Jan to 31 Dec for respective Calendar Years,
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Multi Asset Allocation strategy offers diversification, reduces volatility

Asset allocation versus solitary asset-class performance

Rollong Returns	Parameters	Multi Asset Strategy [Equity (65%) + Debt (20%) + Gold (10%) + Silver (5%)]	Nifty 50 TRI	Debt (100%)	Gold (100%)	Silver (100%)
1 Year	Average	12.5%	13.2%	7.7%	16.2%	15.9%
	Minimum	-38.0%	-55.4%	-0.5%	-17.3%	-30.6%
	Maximum	73.3%	100.2%	15.8%	117.5%	320.5%
	Volatility	14.0%	21.6%	3.5%	17.6%	33.8%
3 Year	Average	12.1%	12.4%	7.6%	12.7%	10.7%
	Minimum	-0.1%	-4.5%	4.1%	-8.0%	-18.9%
	Maximum	27.4%	32.4%	12.9%	42.5%	71.7%
	Volatility	3.8%	5.8%	1.7%	10.1%	15.8%
5 Year	Average	11.7%	12.3%	7.8%	11.2%	8.5%
	Minimum	2.3%	-1.0%	5.5%	-2.0%	-11.6%
	Maximum	21.8%	26.6%	10.4%	28.9%	40.4%
	Volatility	2.9%	4.6%	1.1%	7.3%	10.3%

- The asset allocation combinations fares well on all the parameters – returns and volatility

Multi Asset Allocation scenarios show reasonable risk adjusted performance

Equity represented by Nifty 50 TRI, Debt by CRISIL Composite Bond Fund Index, Gold by MCX/ spot gold prices (PM) (per 10 gram), Silver by MCX / spot silver prices (PM), Multi Asset Strategy = Equity (65%) + Debt (20%) + Gold (10%) + Silver (5%), Daily rolling performance with 1, 3 and 5-year rolling frequency / volatility, Volatility= Annualised Standard Deviation of daily weighted return, Source: NSE, Crisil, Rolling data period 1 Jan 2007 to 31 January 2026, Data as on 31 January 2026. Performance results may have inherent limitations, and no representation is being made that any investor will or is likely to achieve.
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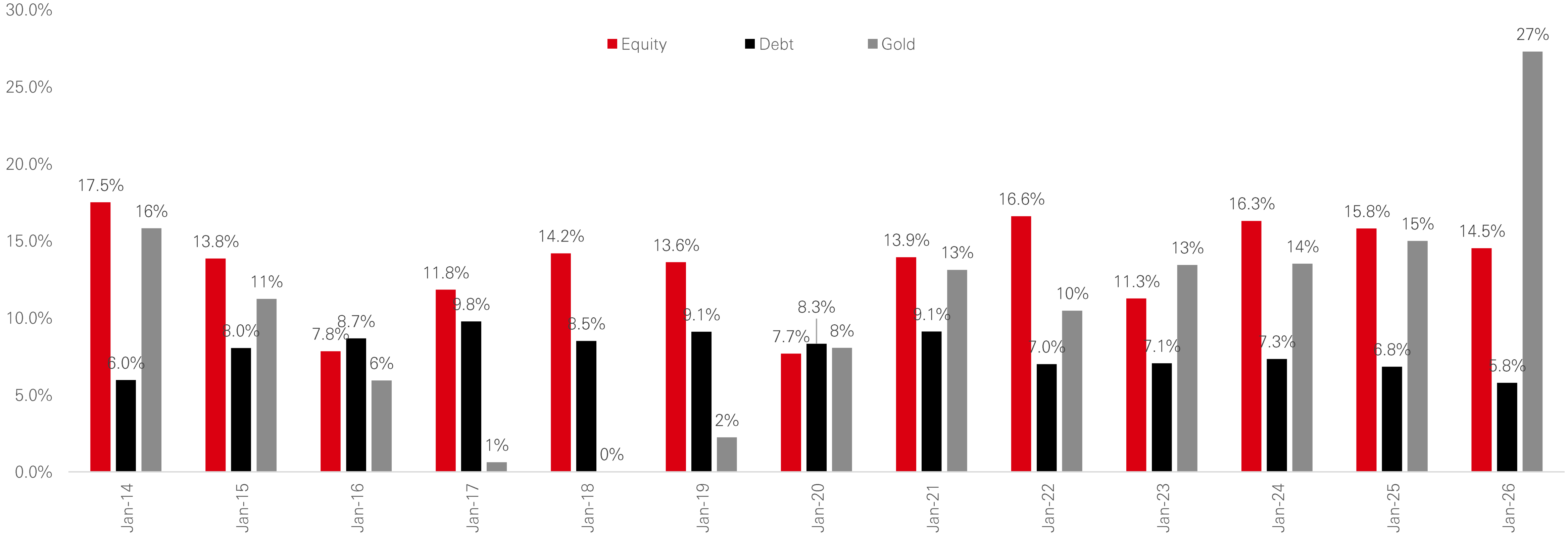
Asset class performance over varied longer timeframes

Returns over 5-year period



Different asset classes outperform each other across different timeframes

Equity represented by NIFTY 50 TRI, Debt by CRISIL Composite Bond Fund Index, and Gold by MCX spot gold prices (per 10 gram), Prices of Silver, 5 year CAGR
Source: MFI Explorer, Crisil, AMFI portal, MCX Website, Data as on 31 Jan 2026
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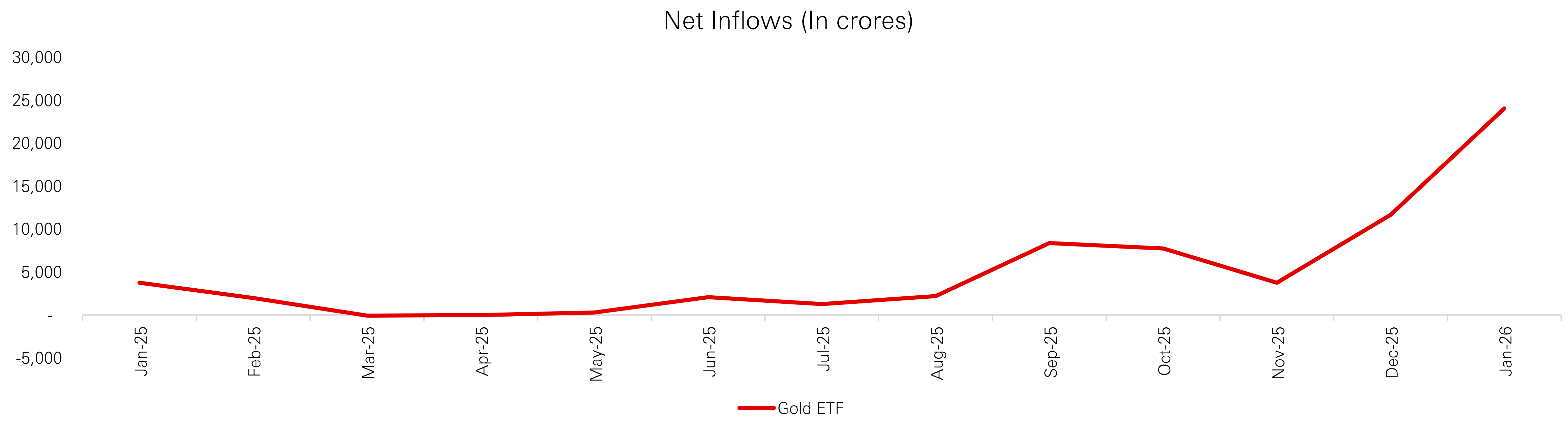
Gold Gains Momentum



- Gold ETF inflows have gained momentum in recent months, indicating a gradual shift toward defensive allocations, even as equity continues to dominate overall fund flows.
- In periods of market uncertainty, gold could serve as a strategic allocation within a well-diversified long-term portfolio.

Equity dominates domestic flows while gold sees renewed interest

Source: HSBC Mutual Fund, Crisil, AMFI, Data as on 31 Jan 2026.

Summary – Why Multi Asset Allocation?

Why Equity?

- Equities are subject to volatility in the short term but may have the ability to beat inflation by margin on an average over long term
- Probability of achieving returns can increase as the investment horizon increases
- Volatility can decrease with an increase in the investment horizon

Why Debt?

- During crisis, Debt may compensate for negative equity performance
- Some debt instruments exhibit lower volatility

Why Gold / Silver?

- During crisis, Gold / Silver have compensated for negative performance of equities, and those can work as a defender

Arbitrage Opportunities

- Some Multi Asset Allocation funds can also use Arbitrage. Extreme events such as Covid Lockdown or Sub-prime calls for reasonable defense and Arbitrage can help in such events

- Multi Asset Allocation of Equity, Debt and Gold/Silver combination can fare well on all the three parameters – returns, volatility and risk-adjusted performance in long run
- Efficient asset allocation can help to reduce volatility and optimise returns in long term

Multi Asset Allocation aims to reduce volatility and can offer long term growth

Source: Bloomberg, Data as on 31 January 2026

Multi Asset Allocation can help to achieve specific goals

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

- 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

Achieve goal planning with Multi Asset Allocation

For representation purpose only, The goal / financial planning may differ on a case-to-case basis.
The above is for illustration/ representation purpose only and it may not be necessary that goals will be achieved. Investors should consult their financial advisor for any investment decision.

Disclaimer

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