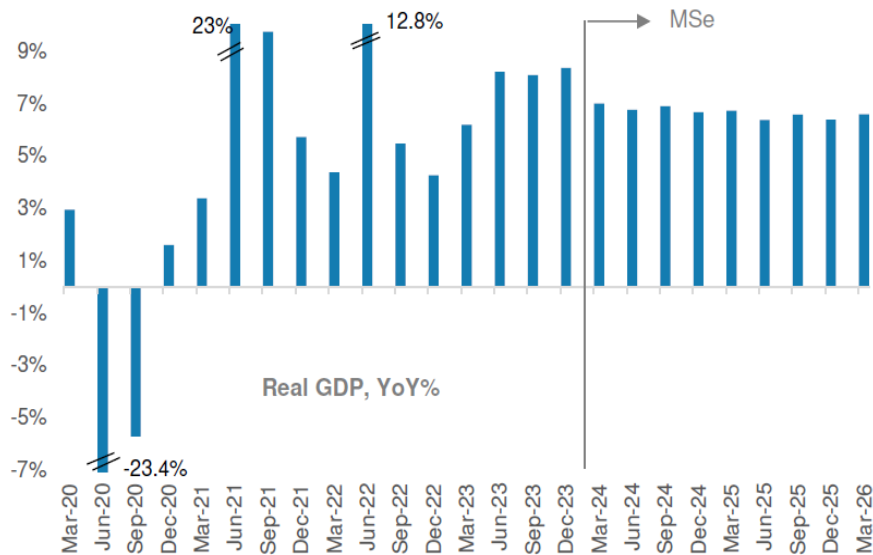


Indian Equities & HSBC Value Fund

Indian economy is estimated to add \$1tn every 1.5 years going forward

India to be third largest economy in next 5 years, after US and China

Healthy GDP growth trend



Source: CEIC, Morgan Stanley Research, Morgan Stanley Research Estimates

Rank	2003	2008	2013	2018	2023	GDP (\$ tn)	2029E	GDP (\$ tn)
1	United States	United States	United States	United States	United States	27.4	United States	35.0
2	Japan	Japan	China	China	China	17.7	China	24.8
3	Germany	China	Japan	Japan	Germany	4.5	India	6.4
4	United Kingdom	Germany	Germany	Germany	Japan	4.2	Germany	5.4
5	France	United Kingdom	France	United Kingdom	India	3.6	Japan	4.9
6	China	France	United Kingdom	France	United Kingdom	3.3	United Kingdom	4.7
7	Italy	Italy	Brazil	India	France	3.0	France	3.6
8	Spain	Russia	Russia	Italy	Italy	2.3	Brazil	3.1
9	Canada	Brazil	Italy	Brazil	Brazil	2.2	Canada	2.8
10	Mexico	Spain	India	Korea	Canada	2.1	Italy	2.6
11	Korea	Canada	Canada	Canada	Russia	2.0	Mexico	2.5
12	India	India	Australia	Russia	Mexico	1.8	Russia	2.2

Source: Forecasts by IMF, Oxford Economics, The World Bank and Reserve Bank of India, BCG Analysis. Data based on GDP at current prices. The above details provided basis on sourced information only. The sector(s) mentioned in this document do not constitute any research report nor it should be considered as an investment research, investment recommendation or advice to any reader of this content to buy or sell any stocks / investments. Participants should note that there is no intention to solicit any investment opportunities outside Indian jurisdiction

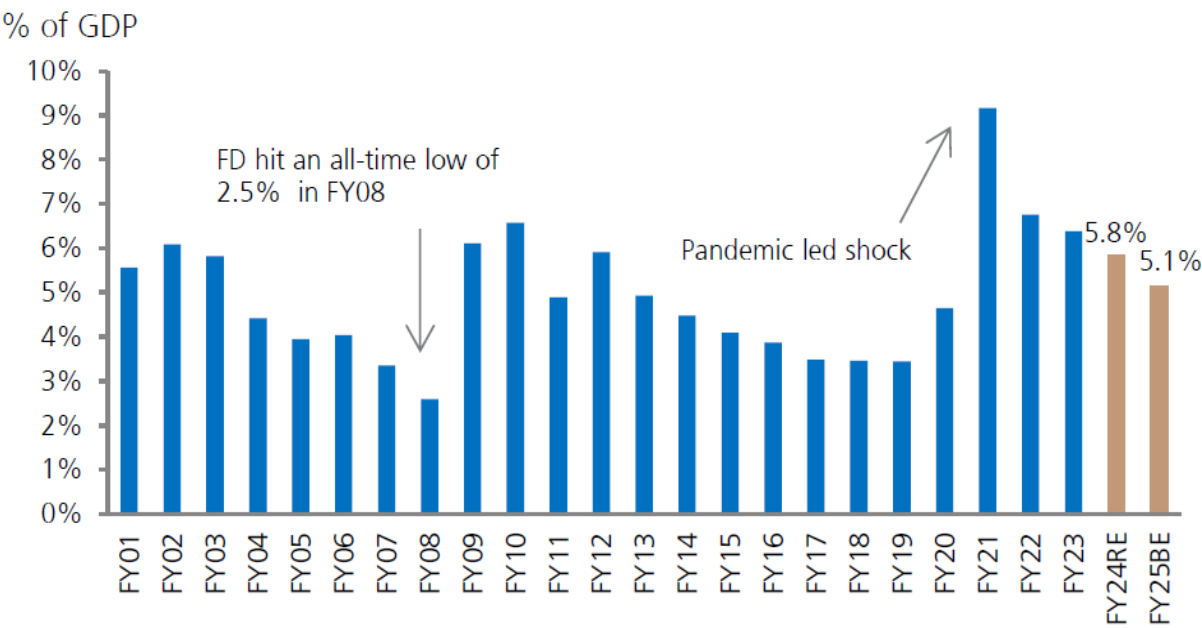
- Among top countries, India is the only one to witness double-digit nominal GDP growth over the next 5 years
- China moved from GDP of \$3.6tn in 2007 (similar to India’s GDP currently) to \$10.5tn in 2014 (~3x in 7 years)

Source: IMF, Oxford Economics, The World Bank, RBI, BCG, Data as on 31 Aug 2024, The above information is for illustrative purposes only. The sector(s)/stock(s)/issuer(s) mentioned in this document do not constitute any research report nor it should be considered as an investment research, investment recommendation or advice to any reader of this content to buy or sell any stocks / investments. The Fund/portfolio may or may not have any existing / future position in these sector(s)/stock(s)/issuer(s). **Past performance may or may not be sustained in future and is not a guarantee of any future returns.**

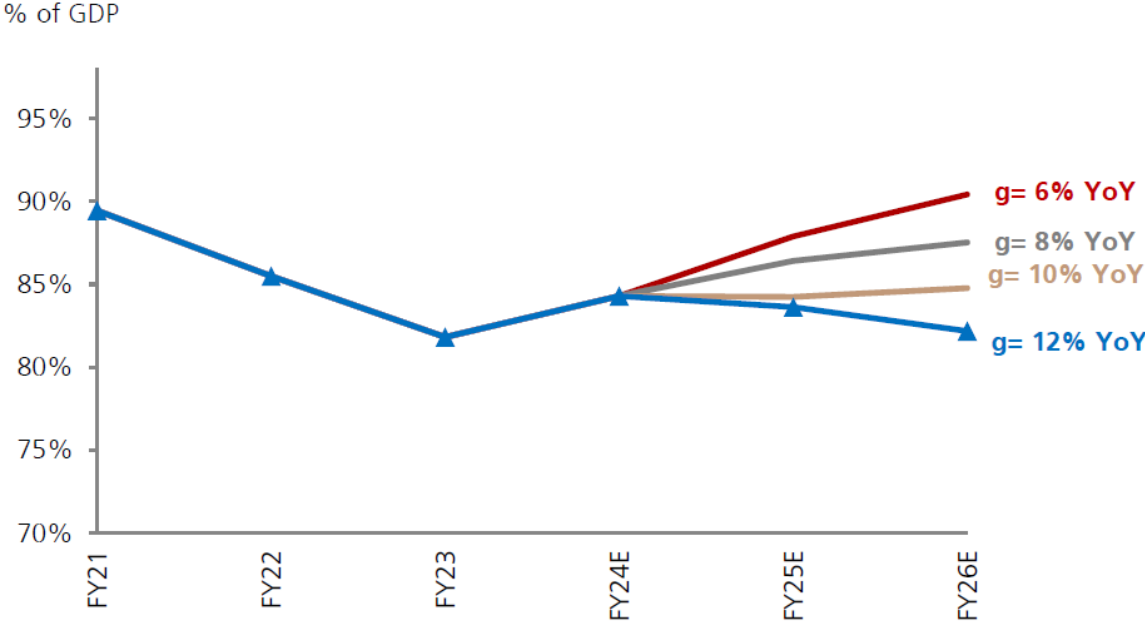
India macro economic stability

Government focus on Fiscal consolidation, leading to better relative debt metrics

Fiscal Deficit to GDP



National Debt to GDP



- Government announced a fiscal consolidation of 70bp with FY25 central government’s fiscal deficit (FD) pegged at 5.1% of GDP (versus 5.8% in FY24RE). The target is to reach 4.5% by FY 2026
- India's public debt level has eased from the recent high of 89% of GDP recorded in FY21 but will continue to remain elevated at 83% of GDP in FY25BE. Estimates indicate nominal GDP needs to grow at least 10% YoY to help stabilize public debt at the current level before reducing it.

Source: Budget documents, UBS. Note: RE = Government's revised estimate, BE = Government's budget estimate, Data as on 31 Aug 2024. The sector(s)/stock(s)/issuer(s) mentioned in this document do not constitute any research report nor it should be considered as an investment research, investment recommendation or advice to any reader of this content to buy or sell any stocks / investments. The Fund/portfolio may or may not have any existing / future position in these sector(s)/stock(s)/issuer(s). **Past performance may or may not be sustained in future and is not a guarantee of any future returns.**

Themes aiming to drive India's growth

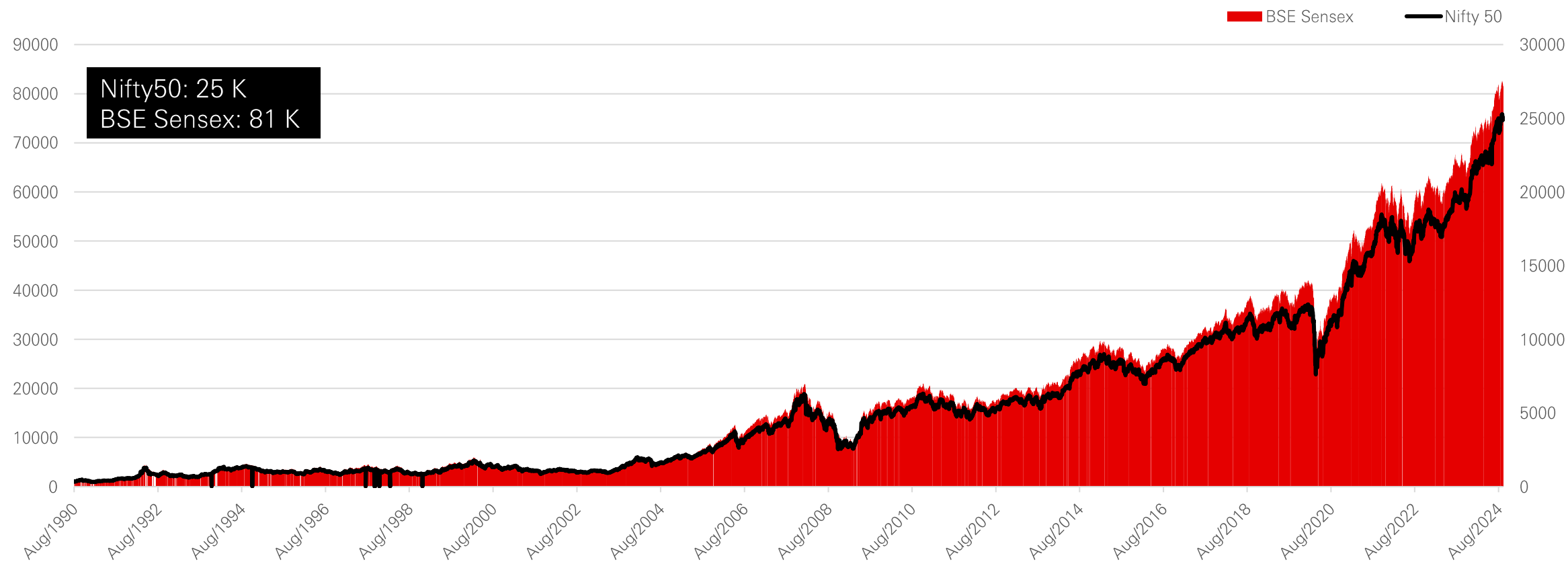
1 Infrastructure and Realty	2 Manufacturing	3 Consumption	4 Financialisation
◆ Power demand with rising peak deficit ◆ Higher Government capital expenditure ◆ Better connectivity with expenditure across various industries like roads, railways, airports, telecom, etc. ◆ Residential affordability and low inventories ◆ Building materials and other real estate beneficiaries such as Tiles, Electricals, Wires and Cables, Paints, etc. ◆ Improvement in logistics	◆ EMS (Equipment Manufacturing services) ◆ Railways, including metros. Eg: Vande Bharat coaches ◆ Indigenization in defence ◆ EV, its supply chain and related new age companies ◆ Government incentives and policies like PLIs, low corporate tax rate and tax rationalization (inverted duty structure) ◆ Ease of doing business ◆ Focus on exports	◆ Premiumisation ◆ Formalization of economy (Unorganized to Organized movement) ◆ Improving penetration across products and services ◆ Urbanization ◆ Nuclearisation ◆ Digitisation ◆ Convenience	◆ Financial inclusion ◆ Improved financial literacy ◆ Investment into Digitisation ensuring ease of use, efficiency and protection ◆ Faster growth of Ultra High Net-worth Individuals ◆ High gross national savings ◆ Better asset quality and stronger balance sheet of financials and NBFCs

Source: HSBC Mutual Fund, Data as on 31 Aug 2024, The sector(s)/stock(s)/issuer(s) mentioned in this document do not constitute any research report nor it should be considered as an investment research, investment recommendation or advice to any reader of this content to buy or sell any stocks / investments. The Fund/portfolio may or may not have any existing / future position in these sector(s)/stock(s)/issuer(s).

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

Indian equity markets continue to scale new highs in 2024

Market trend - Nifty and Sensex

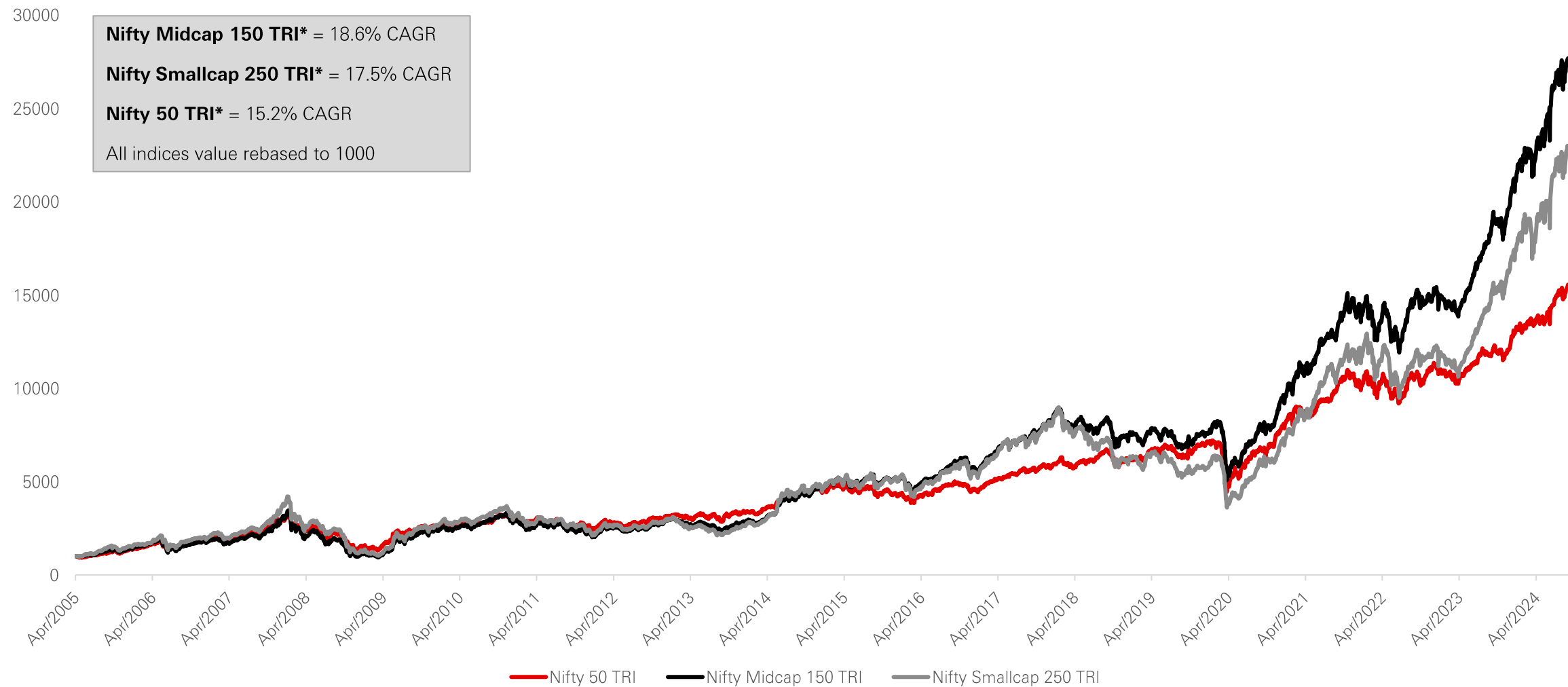


... backed by strong earnings growth trend

Source: ICRA MFI, Data as on 30 August 2024, **Past performance may or may not be sustained in future and is not a guarantee of any future returns.**

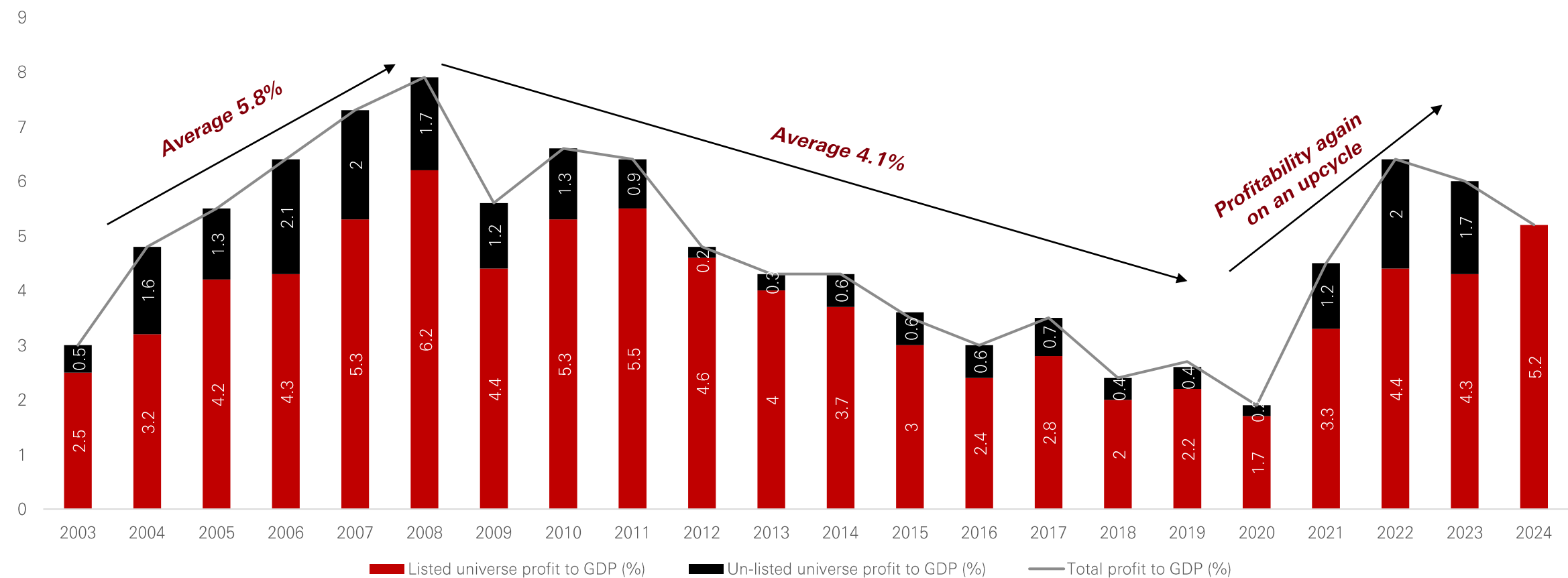
Mid Caps and Small Caps have delivered returns in past

Nifty50 TRI vs Nifty Midcap 150 TRI vs Nifty Smallcap 250 TRI



Listed corporate profit to GDP at multi-year highs

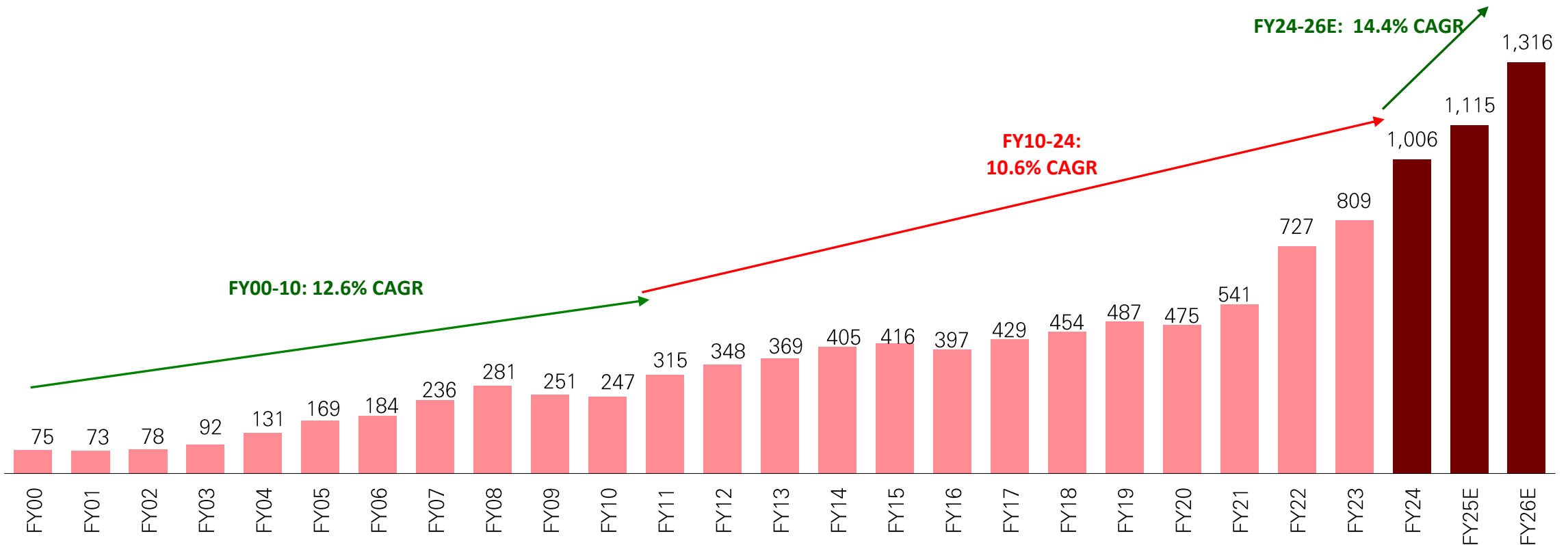
- Corporate profit to GDP



Source – Bloomberg, Latest available data as on 31 Aug 2024, Note – Corporate Profit compiled from Capitaline for available listed and unlisted companies, FY24 earnings from unlisted companies are yet to be available. The above information is for illustrative purposes only. The sector(s)/stock(s)/issuer(s) mentioned in this document do not constitute any research report nor it should be considered as an investment research, investment recommendation or advice to any reader of this content to buy or sell any stocks / investments. The Fund/portfolio may or may not have any existing / future position in these sector(s)/stock(s)/issuer(s). **Past performance may or may not sustain and doesn't guarantee the future performance.**

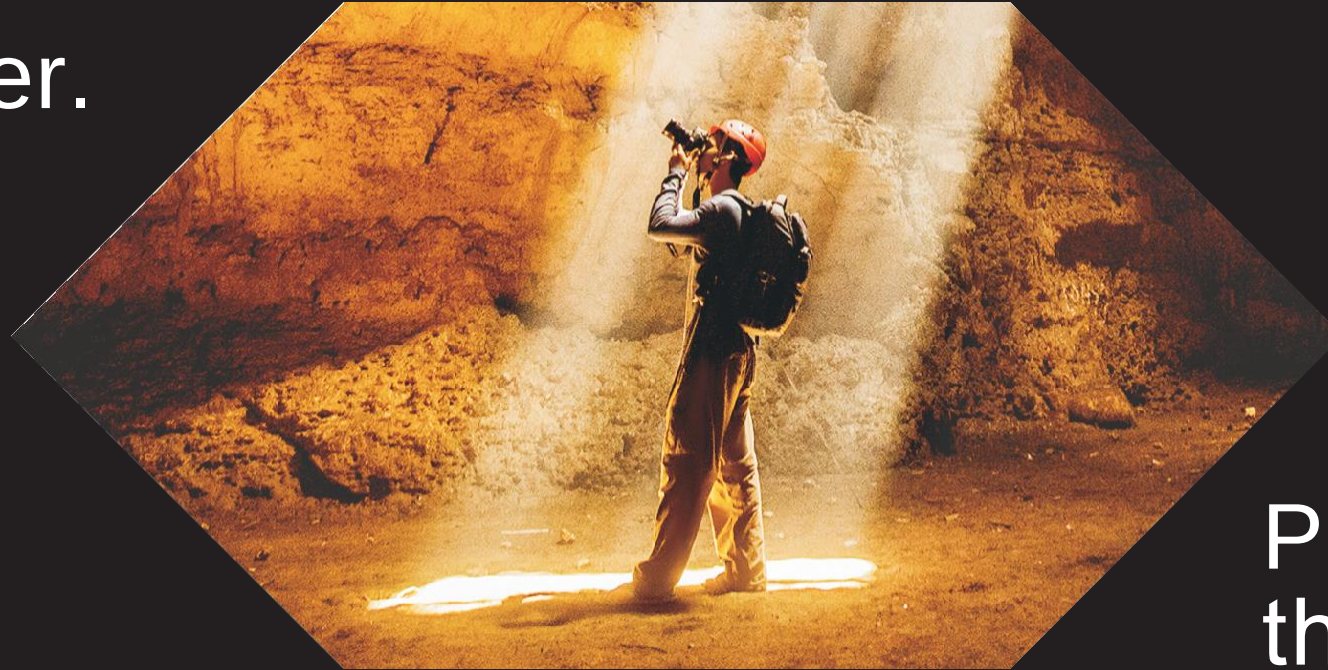
Corporate earnings to keep delivering strong growth

- Nifty delivered 13.5% CAGR returns over the past two decades (FY04-24) with companies posting ~11% earnings growth during this period
- Earnings expectation continue to remain strong with 14% growth over FY24-FY26



Source – MOSL, Bloomberg, Data as on 31 August 2024. Note: Above data is based on Nifty EPS (in INR), Nifty50 Earnings and returns, Latest available data as on 30 June 2024, EPS – Earnings Per Share. The sector(s)/stock(s)/issuer(s) mentioned in this document do not constitute any research report nor it should be considered as an investment research, investment recommendation or advice to any reader of this content to buy or sell any stocks / investments. The Fund/portfolio may or may not have any existing / future position in these sector(s)/stock(s)/issuer(s). **Past performance may or may not sustain and doesn't guarantee the future performance.**

Discover.



Potential
that's rare.

HSBC Value Fund 

An open ended equity scheme following a value investment strategy

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Product Deck
September 2024

Styles of Investing in Equity Mutual Funds

Different equity mutual fund schemes follow different investment styles

Growth Investing

- Stocks with potential to deliver high **earnings per share (EPS)** growth over the next few quarters.
- Capital appreciation in equities directly related to EPS growth.
- Growth stocks exhibit faster growth in share prices.
- Typically, High PE stocks with potential to grow at a rate relatively higher than industry.

Value Investing

- Stocks **trading at significant discounts to their intrinsic value.**
- Value fund managers invest in stocks where market price is significantly lower than the intrinsic value as determined by the fund manager.
- Relative Valuation methods used to determine such stocks. Low PE/PB stocks with potentially high dividend yield.

Growth at a Reasonable Price (GARP)

- **Blends growth and value investing.**
- While the focus of GARP is on growth stocks (stocks with high EPS growth expectations), the fund manager also looks at price relative to EPS growth.
- Avoid stocks whose price (valuations) have run ahead of EPS growth.
- PEG (PE to Growth) ratio typically used to determine such stocks.

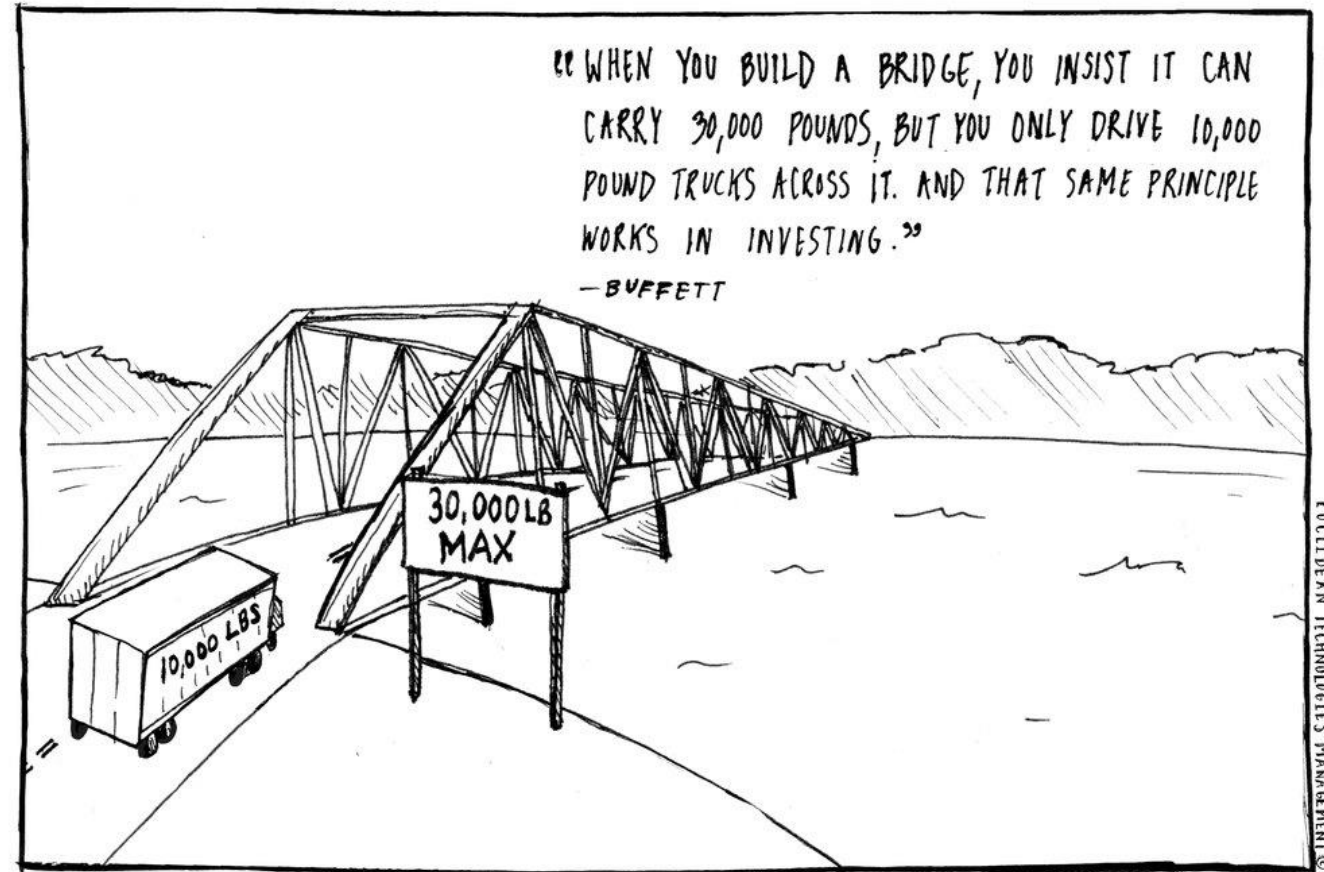
Understanding Value Investing

A strategy of investing in stocks that trade at less than their intrinsic value

Intrinsic Value

- Value of a stock is the present value of future free cash-flows of the company.
- Intrinsic value of a stock is based on fundamental analysis i.e. analysis of the industry growth potential, the company's competitive strengths, market share growth, operating margins, working capital and capex growth, financial projections including earnings per share (EPS) growth etc.

Margin of Safety



Source: Bloomberg, MSCI, Financial Express; Image Source: [Quantifying Margin of Safety – Euclidean Technologies®](#)

Characteristics of Value Stocks

What does a Value Fund Manager look at?



PE Ratio: PE ratio is the current market price (share price) of a stock divided by its 12-month EPS. The 12-month EPS can either be the last 12 months (TTM PE) or estimated EPS over the next 12 months (Forward PE).

PB Ratio: PB ratio is the current market price (share price) of a stock divided by its book value per share. Book value of a share is total assets minus total liabilities (excluding shareholder's equity)

Dividend Yield: Dividend yield is the annual dividend paid by the stock divided by the share price. e.g. the share price of a company is Rs.100. The company declares a dividend of Rs 10. The dividend yield will be $\text{Rs } 10 \div 100 = 10\%$.

Value fund managers will typically invest in stocks, which have LOW PE, PB and HIGH Dividend Yield

Source: Bloomberg, MSCI, Financial Express

HSBC Value Fund

An open-ended equity scheme following a value investment strategy

Fund Category	Fund Manager	Benchmark ¹	Inception Date	AUM ^{&}
Value Fund	Venugopal Manghat, Gautam Bhupal and Sonal Gupta	Nifty 500 TRI	08 June 2010	Rs. 13871 Crs

Why HSBC Value Fund?

- Aim to identify undervalued stocks having the potential to deliver long term superior risk-adjusted returns.
- Undervalued stocks would include stocks which the Fund Managers believe are trading at less than their assessed values.
- To create a corpus through generating inflation-adjusted returns to cater to long-term goals.

Fund Approach

- The fund follows a flexi-cap strategy with a flexibility to invest across the market capitalization spectrum and sectors.
- Expect profit pool consolidation with dominant players to continue and disruption to accelerate this shift.
- The fund's stock selection focuses on earnings growth trajectory and within that, the emphasis lies on earnings surprises.

Investment Objective

- To generate long-term capital appreciation from a diversified portfolio of predominantly equity and equity related securities, in the Indian markets with higher focus on undervalued securities.

¹ As per clause 1.9 of the SEBI Master Circular dated June 27, 2024, on 'Guiding Principles for bringing uniformity in Benchmarks of Mutual Fund Schemes' has introduced two-tiered structure for benchmarking of certain categories of schemes. Accordingly, the benchmark has been classified as Tier 1 benchmark effective from 01 December 2021. . [&]For disclosure of quarterly AUM/AAUM and AUM by geography, please visit our website <https://www.assetmanagement.hsbc.co.in/en/mutual-funds/investor-resources/information-library/#&accordion1446811090=4>.
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Data as on 31 August 2024, HSBC Mutual Fund

Equity - Investment Process

Selection of Ideas

- Strong in-house research coverage
- Filters / screens
- External Research
- Meet industry experts, competitors, suppliers, regulators
- Identify secular opportunities
- Identify industry cycle inflection points

Analysis of Companies

Quality of business

- Attractiveness of business
- Competitive advantage & Disruption risk
- Management performance record

Valuations

- PE, EV/EBITDA, balance sheet strength
- Risk – reward evaluation

Portfolio Creation and Monitoring

Scheme objective -Value

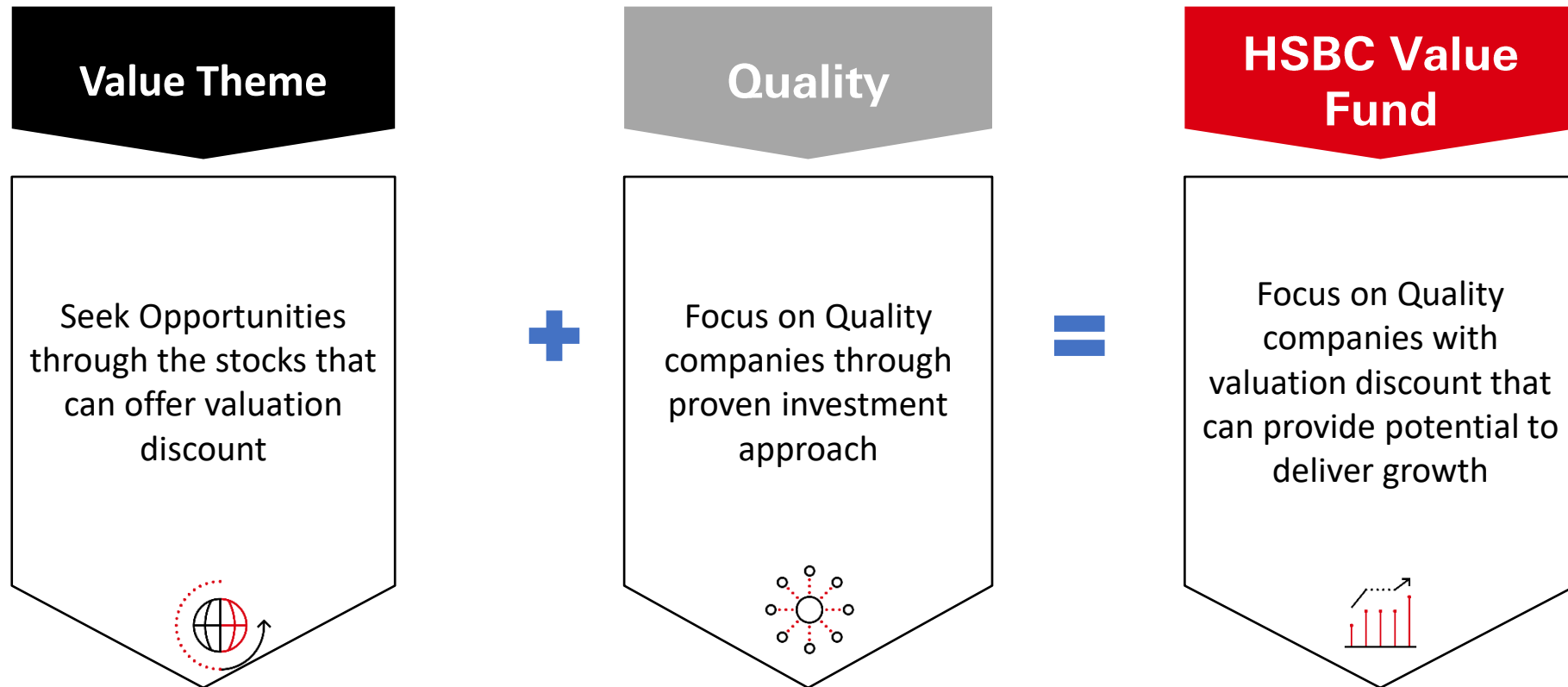
Stock and sector diversification

Risk identification – Concentration, liquidity, market cap and tracking error

Monitoring economic and business trends

Investment Committee discussion

Portfolio performance review



HSBC Value Fund aims to offer alpha generation in the long run

Investment Approach

Bottom-up

Adopts a bottom-up stock selection approach with focus on valuations to spot businesses whose stocks have a potential to deliver performance over medium to long term

Reduce risk

Aims to invest in stocks with adequate margin of safety to reduce risk in a volatile market environment

Investments across market spectrum

Complete flexibility to invest across market cap segments and sectors, thus allowing it to capitalise on investment opportunities across market spectrum without any restrictions

Investing factors

For assessing the value of a stock, the Fund Manager typically assesses various parameters such as growth potential, cash flows, dividend payouts, subsidiary valuations, sum of the parts, etc

Valuations

The Fund Managers looks at valuation of a stock vis-à-vis its (a) earning growth prospects, (b) historical long period valuation, and (c) relative valuation compared to peers

Risk management

Robust risk management framework - a well diversified portfolio with focus on managing liquidity and other portfolio risks

Prefer companies with differentiated business models which can act as moats to ensure growth trajectory

Why invest in value theme now?

Equity, Inflation and Rate Outlook

- Inflation remains at comfortable levels in India. The scenario is favourable for Debt cycle with the peaking of interest rates. Inclusion of India Government Bonds in global indices may result in considerable USD inflows. Positive bias for equities due to strong earnings growth expectations. Positive outlook for sectors / themes such as Manufacturing, Infrastructure, Power and Financials, Make in India, Discretionary consumption, etc.

Lowering Risk

- As market valuations are close to long term averages investors need to focus on value theme

Twin Benefits

- Value stocks outperform in early stages of economic recovery, which is when valuation rerating takes place. EPS also picks up at this stage and value funds get twin benefits of valuation rerating and EPS growth.

Bottom Up

- Value investing requires considerable bottom-up stock picking expertise backed by strong research capabilities. You should invest in funds with strong long term performance track record.

True Value

- Investors should have very long investment horizons for value funds, since the prices of value stocks may take relatively longer time till the market discovers their true value.

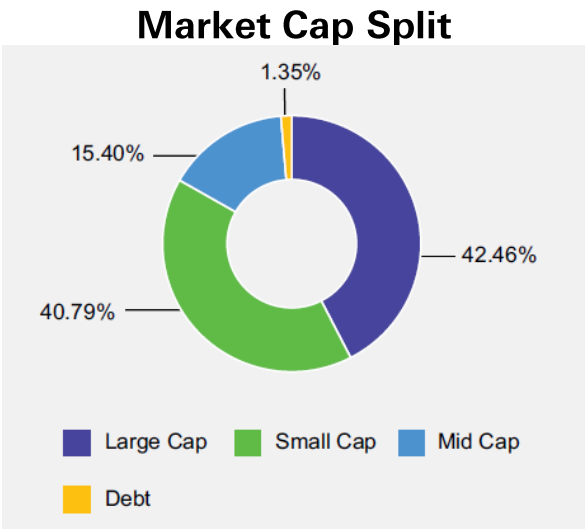
Source: Bloomberg, MSCI, Financial Express

Portfolio Snapshot

HSBC Value Fund

Portfolio – Top 10 stocks	% to net assets
NTPC Limited	4.11%
ICICI Bank Limited	3.88%
State Bank of India	3.39%
Jindal Stainless Limited	3.13%
Multi Commodity Exchange of India Limited	2.98%
KEC International Limited	2.66%
Mahindra & Mahindra Limited	2.42%
Federal Bank Limited	2.25%
Indian Bank	2.23%
Reliance Industries Limited	2.17%

Top 10 Sector - Allocation	% to net assets
Banks	19.39%
IT - Software	10.87%
Construction	8.58%
Industrial Products	5.99%
Finance	4.49%
Realty	4.36%
Ferrous Metals	4.19%
Automobiles	4.11%
Power	4.11%
Petroleum Products	3.26%



Quantitative Parameters

Standard Deviation	13.76%
Beta	0.96
Sharpe Ratio	1.28
Tracking Error	4.66
No. of stocks	72
Portfolio Turnover Ratio (1 year)	0.19

¹ As per clause 1.9 of the SEBI Master Circular dated June 27, 2024, on 'Guiding Principles for bringing uniformity in Benchmarks of Mutual Fund Schemes' has introduced two-tiered structure for benchmarking of certain categories of schemes. Accordingly, the benchmark has been classified as Tier 1 benchmark effective from 01 December 2021. [#] Sonal Gupta is dedicated fund manager for investments in foreign securities by all the schemes of HSBC Mutual Fund. [@] Managing since October 01, 2023. Please refer notice cum addendum dated September 29, 2023. [&]For disclosure of quarterly AUM/AAUM and AUM by geography, please visit our website: <https://www.assetmanagement.hsbc.co.in/en/mutual-funds/investor-resources/information-library#&accordion1446811090=4>

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Source – HSBC Mutual Fund, Data as of 31 Aug 2024. **Past performance may or may not be sustained in the future and is not indicative of future results.**

HSBC Value Fund - Performance

Lump sum Investment Performance		Inception Date: 08-Jan-10						
Fund/Benchmark (Value of ₹10,000 invested)	1 Year		3 Years		5 Years		Since Inception	
	Amount in Rs.	Returns (%)	Amount in Rs.	Returns (%)	Amount in Rs.	Returns (%)	Amount in Rs.	Returns (%)
HSBC Value Fund – Regular Plan – Growth	15256	52.56	20132	26.27	33304	27.17	110995	17.85
Scheme Benchmark (Nifty 500 TRI)	14158	41.58	16829	18.95	27845	22.70	63512	13.45
Additional Benchmark (Nifty 50 TRI)	13264	32.64	15274	15.17	24262	19.37	57534	12.68
HSBC Value Fund - Direct Plan - Growth		Inception Date: 01-Jan-13						
HSBC Value Fund	15404	54.04	20723	27.49	34953	28.40	100067	21.82
Scheme Benchmark (Nifty 500 TRI)	14158	41.58	16829	18.95	27845	22.70	56562	16.01
Additional Benchmark (Nifty 50 TRI)	13264	32.64	15274	15.17	24262	19.37	48964	14.58

Source: HSBC Mutual Fund. *Benchmark: S&P Nifty 500 TRI **Additional Benchmark - Nifty 50 TRI;
Past performance may or may not be sustained in the future and is not indicative of future results. The performance details provided herein are of Regular Plan -Growth Option. Returns on ₹10,000 are point-to-point returns for the specific time period, invested at the start of the period. The returns for the respective periods are provided as on last available NAV of August 2024 for the respective schemes. Returns for 1 year and above are Compounded Annualized. Returns for less than 1 year is Simple Annualized. Load is not taken into consideration for computation of performance. Different plans shall have a different expense structure. The expenses of the Direct Plan under the Scheme will be lower to the extent of the distribution expenses / commission charged to the Regular Plan.
As per clause 5.9.1 of the SEBI Master Circular dated June 27, 2024, the scheme returns vis-à-vis the benchmark return (Total Return Index) shall be disclosed are provided from the date of allotment of units.
Post merger performance of the surviving scheme, arising out of merger of schemes with similar features, is computed as per the provisions of clause 13.4 of the SEBI Master Circular dated June 27, 2024, on Disclosure of Performance of Schemes post-merger using the weighted average performance of both transferor and transferee schemes. In other cases, performance is computed using the Applicable NAV of the surviving/continuing schemes. ~ Face value Rs 10. Data as on 30 Aug 2024
[Click here: https://www.assetmanagement.hsbc.co.in/assets/documents/mutual-funds/en/8c7cc1fd-40f6-4e04-a2de-eb849d34ac60/performance-equity-hybrid-debt-global-funds-aug-2024.pdf](https://www.assetmanagement.hsbc.co.in/assets/documents/mutual-funds/en/8c7cc1fd-40f6-4e04-a2de-eb849d34ac60/performance-equity-hybrid-debt-global-funds-aug-2024.pdf)
to check other funds performance managed by the Fund Manager

Performance across calendar years

HSBC Value Fund performance track record across market cycles

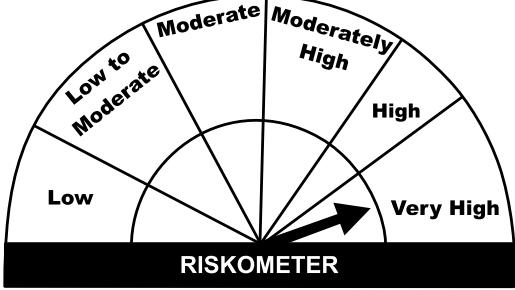
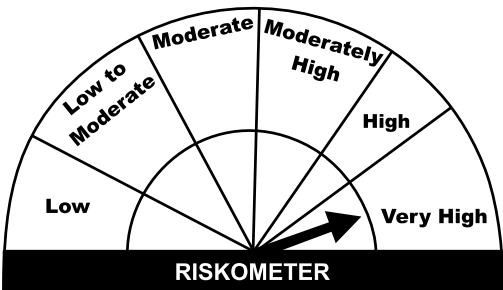
Calendar Year	HSBC Value Fund - Reg – Growth (%)	*Nifty 500 TRI (%)	*Nifty 50 TRI (%)
2013	6.6	4.8	8.1
2014	74.1	39.3	32.9
2015	12.9	0.2	-3.0
2016	8.1	5.1	4.4
2017	41.3	37.7	30.3
2018	-11.4	-2.1	4.6
2019	4.6	9.0	13.5
2020	14.6	17.8	16.1
2021	40.3	31.6	25.6
2022	5.2	4.2	5.7
2023	39.4	26.9	21.3

Calendar year wise performance of the Fund vis-à-vis its benchmark Nifty 500 TRI Index and additional benchmark Nifty 50 TRI

Source: MFI Explorer. *Benchmark: S&P Nifty 500 TRI **Additional Benchmark - Nifty 50 TRI

Past performance may or may not sustain and doesn't guarantee the future performance. Note: Calendar year is Jan 1 to 31 Dec for each year.

Product Label

Scheme name and Type of scheme	*Riskometer of the Scheme	Riskometer of the benchmark
HSBC Value Fund An open ended equity scheme following a value investment strategy. This product is suitable for investors who are seeking*: • Long term capital appreciation • Investment predominantly in equity and equity-related securities in Indian markets and foreign securities with higher focus on undervalued securities. (Benchmark : NIFTY 500 TRI Index)	 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.

Note: Riskometer is as on 31 August 2024, 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

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Mutual Fund investments are subject to market risks, read all scheme related documents carefully.

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