

Indian exports are sailing on the wave of growth
Get your investment on board this opportunity

HSBC India Export Opportunities Fund

(An open ended equity scheme following export theme)

NFO Dates: 5 - 19 September 2024

NFO Deck | August 2024

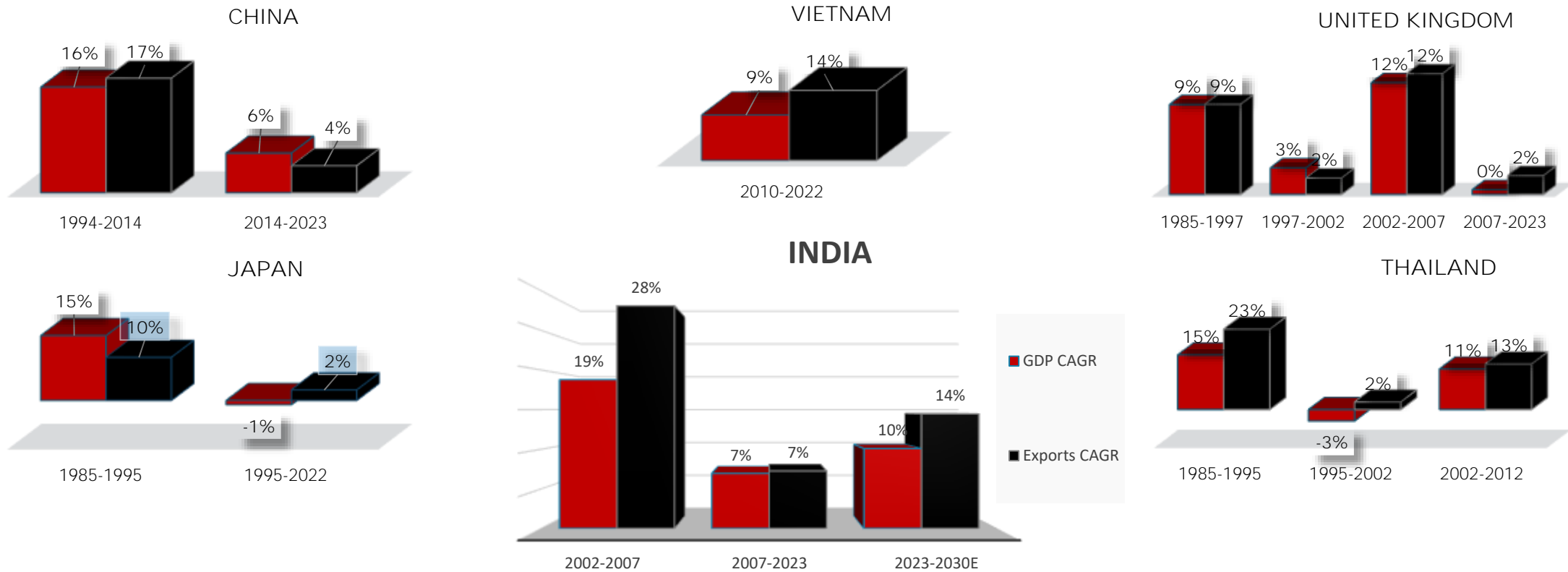
Exports is a major driver of a strong and stable economy



Source: HSBC Mutual Fund, Note: Views provided above based on information provided in public domain at this moment and subject to change. Investors should not consider the same as investment advice.

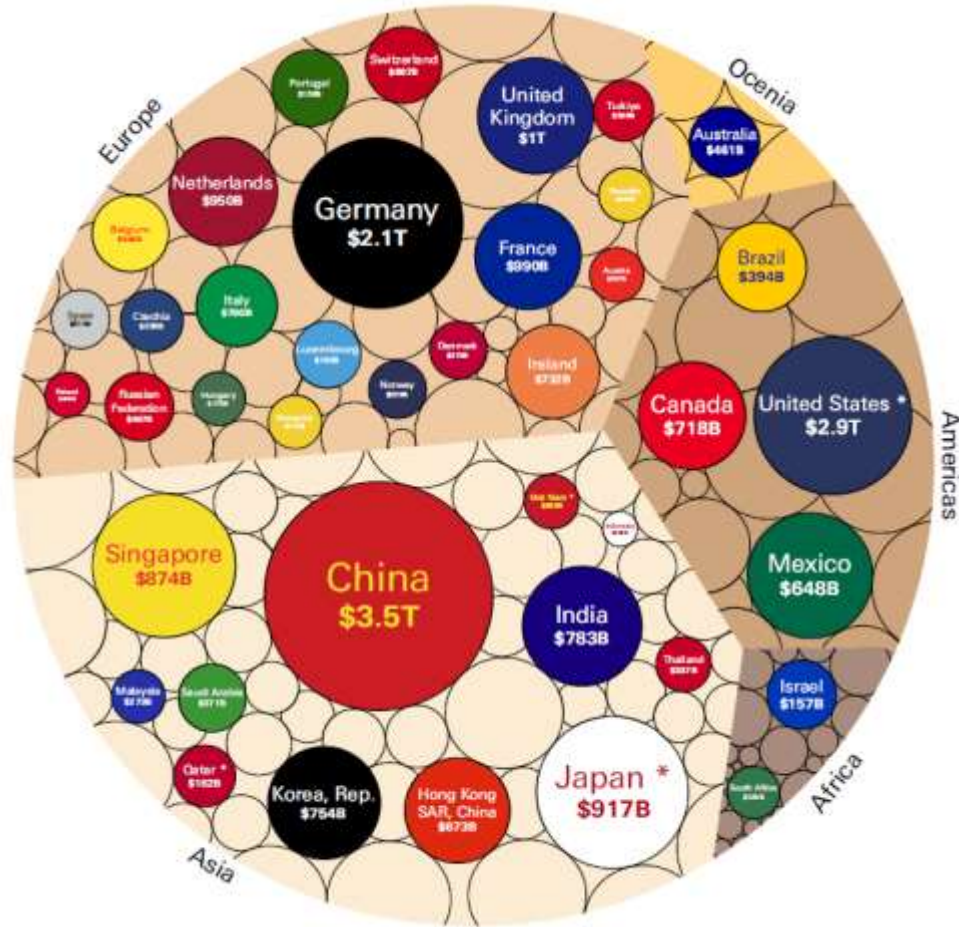
Exports: Key driver to a country's economic growth

- Major economies which saw strong exports growth have also witnessed similarly strong GDP growth during those periods. Similarly, weakness in exports have led to these countries losing their global competitive strength.
- Even smaller economies like Thailand and Vietnam have their GDP growth closely correlated with exports growth
- India's target of \$2tn exports by 2030 appears reasonable considering the existing strong base of services export, coupled with government's focus now on driving merchandise exports.



Source: World Bank, Latest available data as at December 2023, 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. Past performance may or may not be sustained in future and is not a guarantee of any future returns.

Strong exports is important to become a global superpower



GDP trend

Rank	2003	2013	2023	2029E
1	United States	United States	United States	United States
2	Japan	China	China	China
3	Germany	Japan	Germany	India
4	United Kingdom	Germany	Japan	Germany
5	France	France	India	Japan
6	China	United Kingdom	United Kingdom	United Kingdom
7	Italy	Brazil	France	France
8	Spain	Russia	Italy	Brazil
9	Canada	Italy	Brazil	Canada
10	Mexico	India	Canada	Italy
11	Korea	Canada	Russia	Mexico
12	India	Australia	Mexico	Russia

China continues to be
"World's Export
Factory" since 2009"

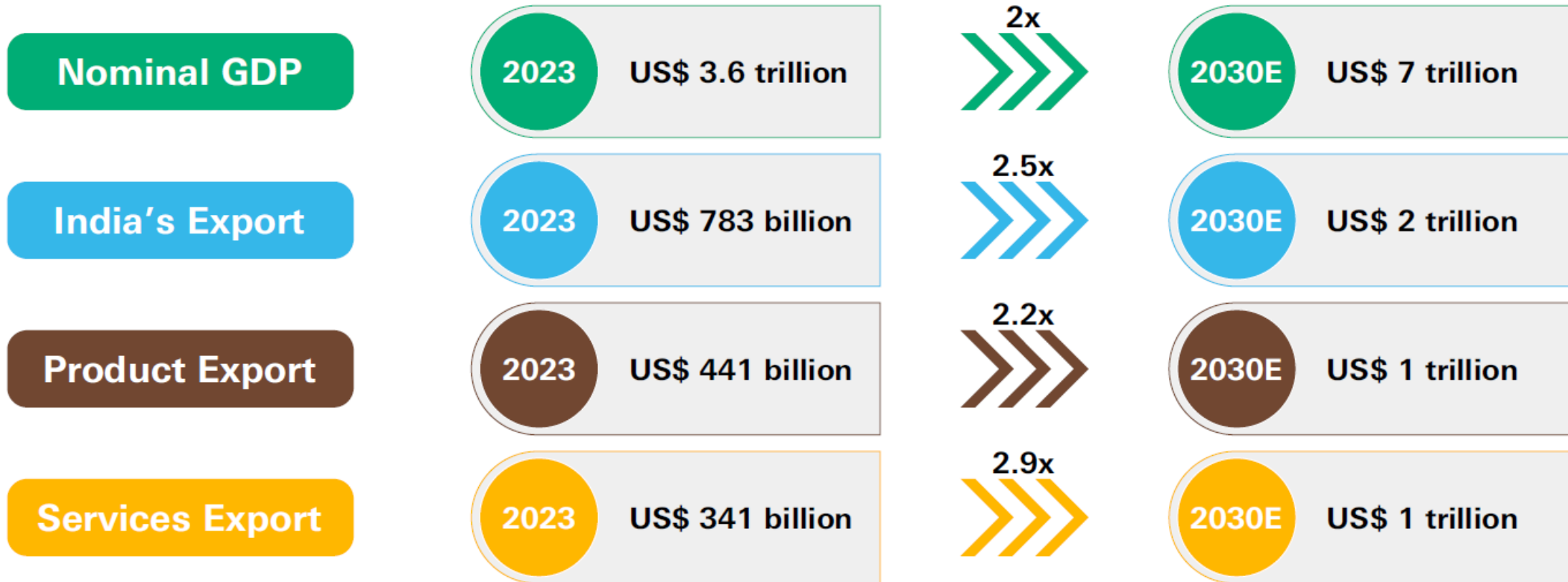
India's exports surged to 115 countries
out of the total 238 destinations
during 2023-24

An economy that exports more may have potential to grow bigger over long run

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India's export ambitions to drive economic growth

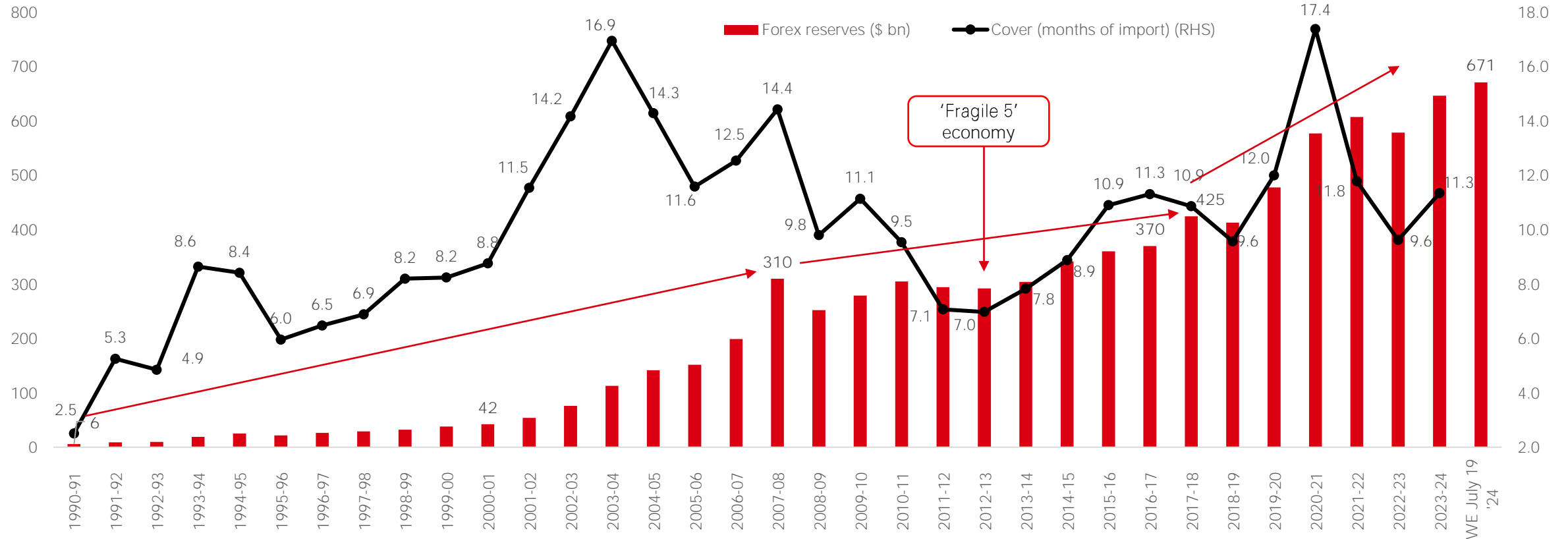
Exports to grow at ~15% CAGR vs Nominal GDP growth of 10% over 2023-30



Source: RBI, Ministry of Commerce and Industry, Latest available data as on 31 July 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. Past performance may or may not be sustained in future and is not a guarantee of any future returns.

Higher forex reserves help avoid external shocks

Forex reserves and cover (months of import)



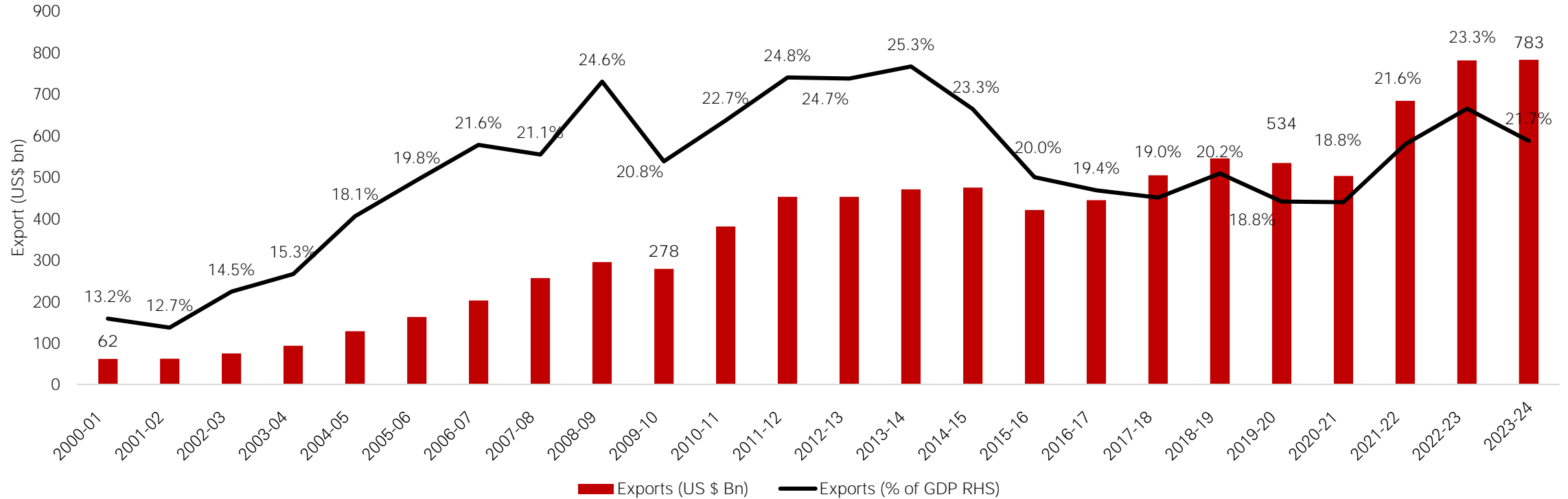
India's forex reserve continues to show strong growth momentum

Source: RBI, Ministry of Commerce and Industry, HSBC Mutual Fund. Note: Cover indicates forex reserves as a proportion of average monthly imports for the respective year, Latest available data as on 19 July 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.

Indian exports have been consistently scaling up

Export growth has been strong post Covid

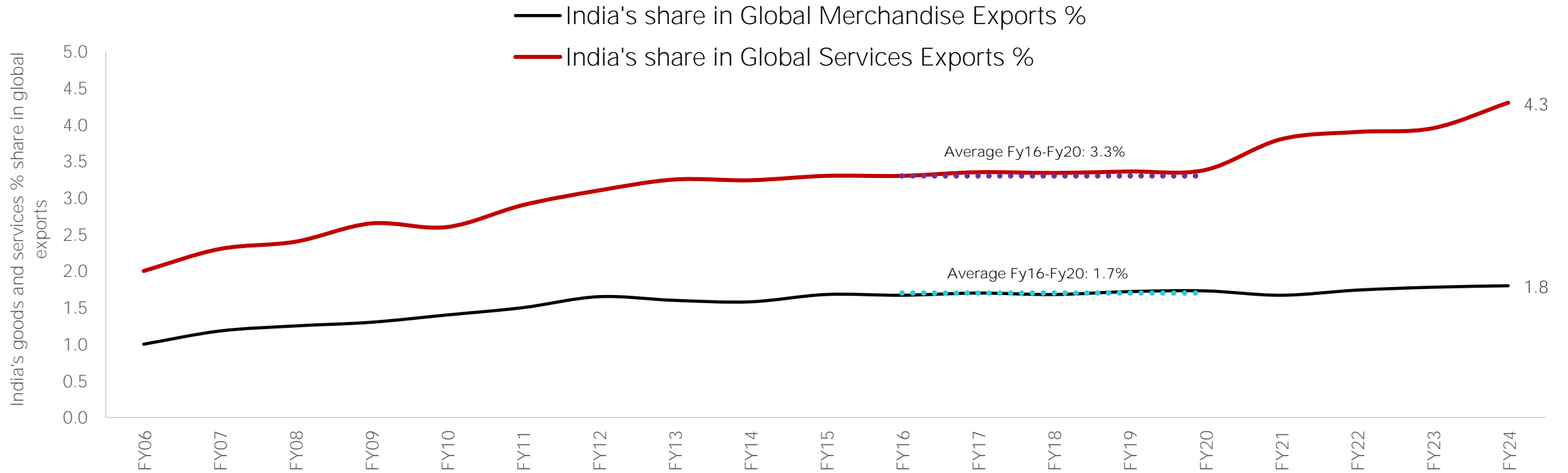
India's Export trend



Indian exports have grown 10% CAGR compared to pre-Covid era, 1.7x of nominal GDP growth

Source: RBI, IMF, HSBC Mutual Fund, Latest available data as on 31 July 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. Note: Views provided above based on information provided in public domain at this moment and subject to change. Investors should not consider the same as investment advice.

Indian exports in the global context is consistently improving



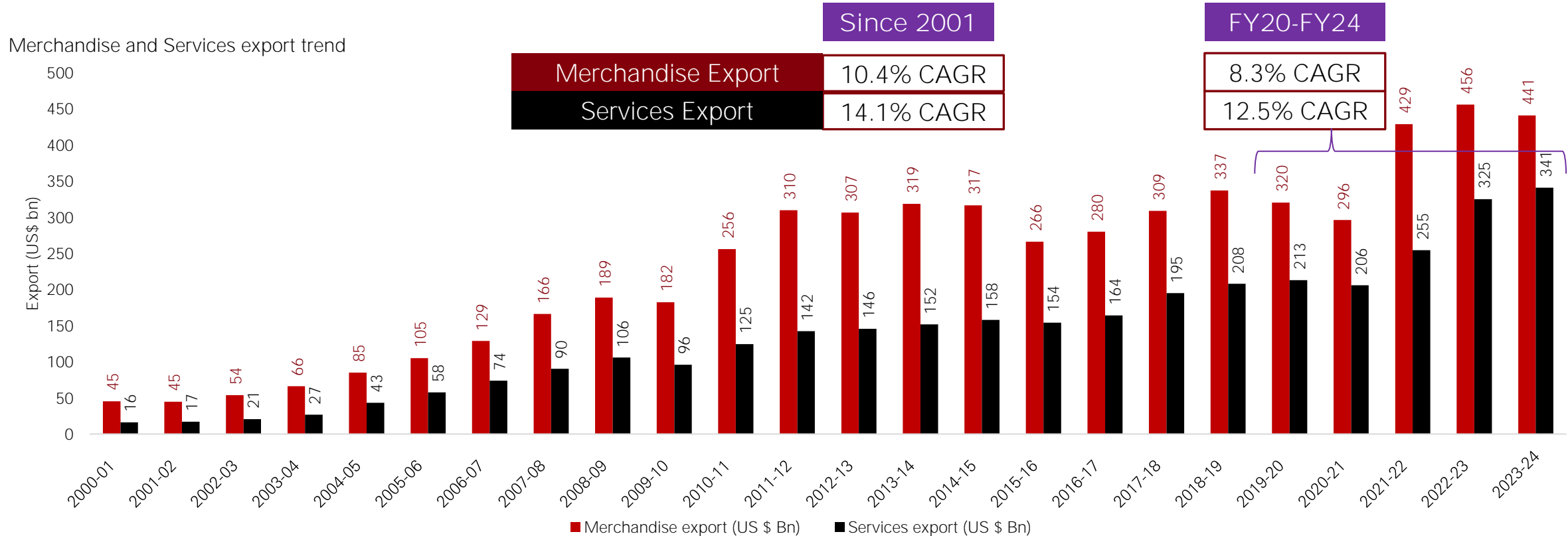
- Global merchandise exports stood at \$23.8tn in 2023 and global services export at \$7.9tn

India has seen its global share of merchandise and service exports rising in overall trade

Source: UNCTAD, HSBC Mutual Fund, Latest available data as on 31 July 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. Note: Views provided above based on information provided in public domain at this moment and subject to change. Investors should not consider the same as investment advice.

Services continue to register faster growth than goods

Merchandise and Services export in US\$ billion with YoY growth %

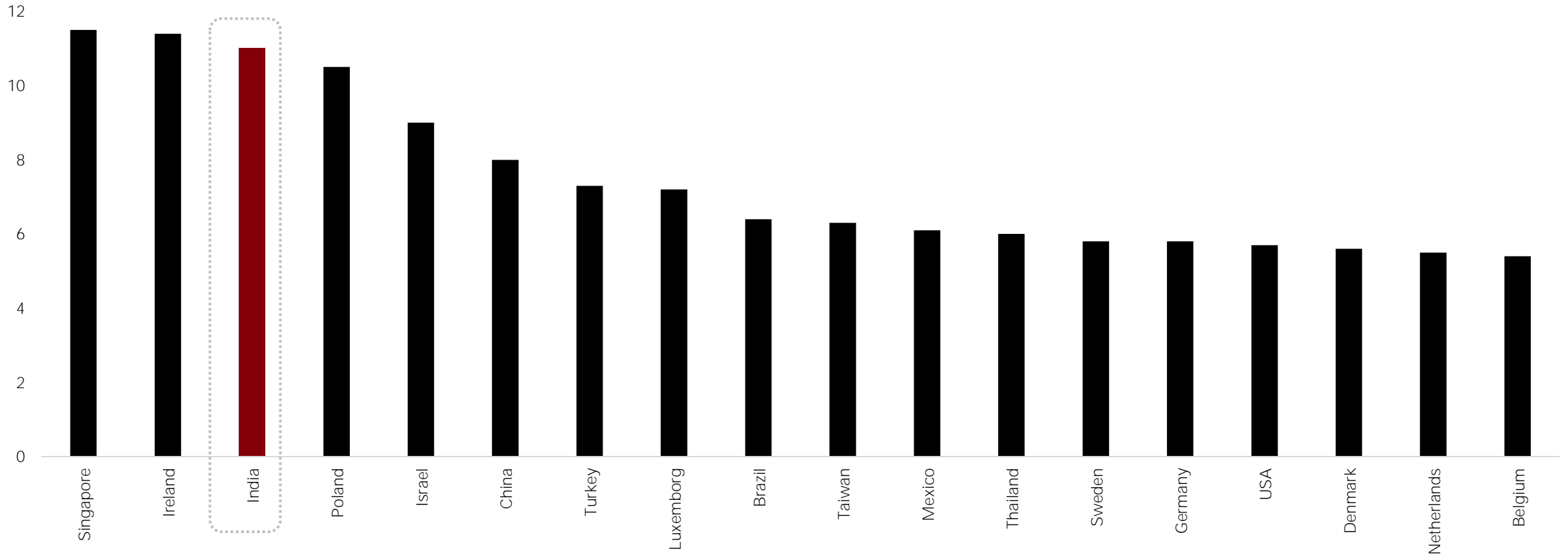


India's export of services has grown faster than merchandise (goods)

Source: RBI, HSBC Mutual Fund, Latest available data as on 31 July 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. Note: Views provided above based on information provided in public domain at this moment and subject to change. Investors should not consider the same as investment advice.

India one of the fastest growing services export country globally

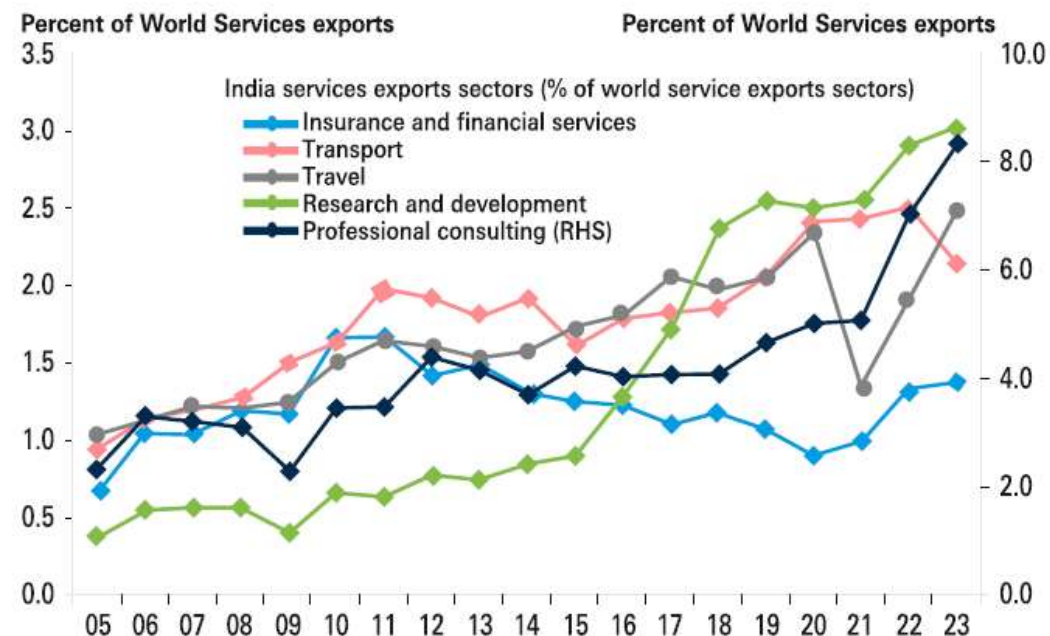
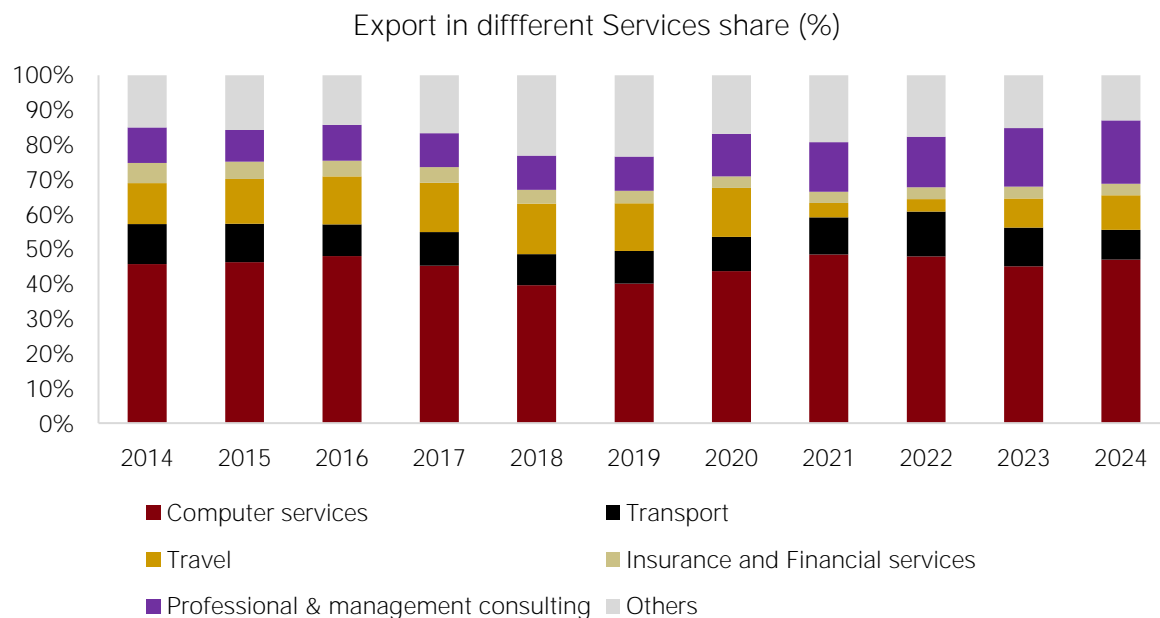
Services Export (CAGR% 2005 -2023)



India is on third position in terms of services export growth

Source: UNCTAD, Haver Analytics, Goldman Sachs Global Research, Latest available data as on 31 July 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.

Services export landscape is driven by technology



GCC (Prof & Management consulting) 24.2% CAGR (since 2020)

India has been gaining share in professional consulting globally, which is relatively less concentrated than other sectors

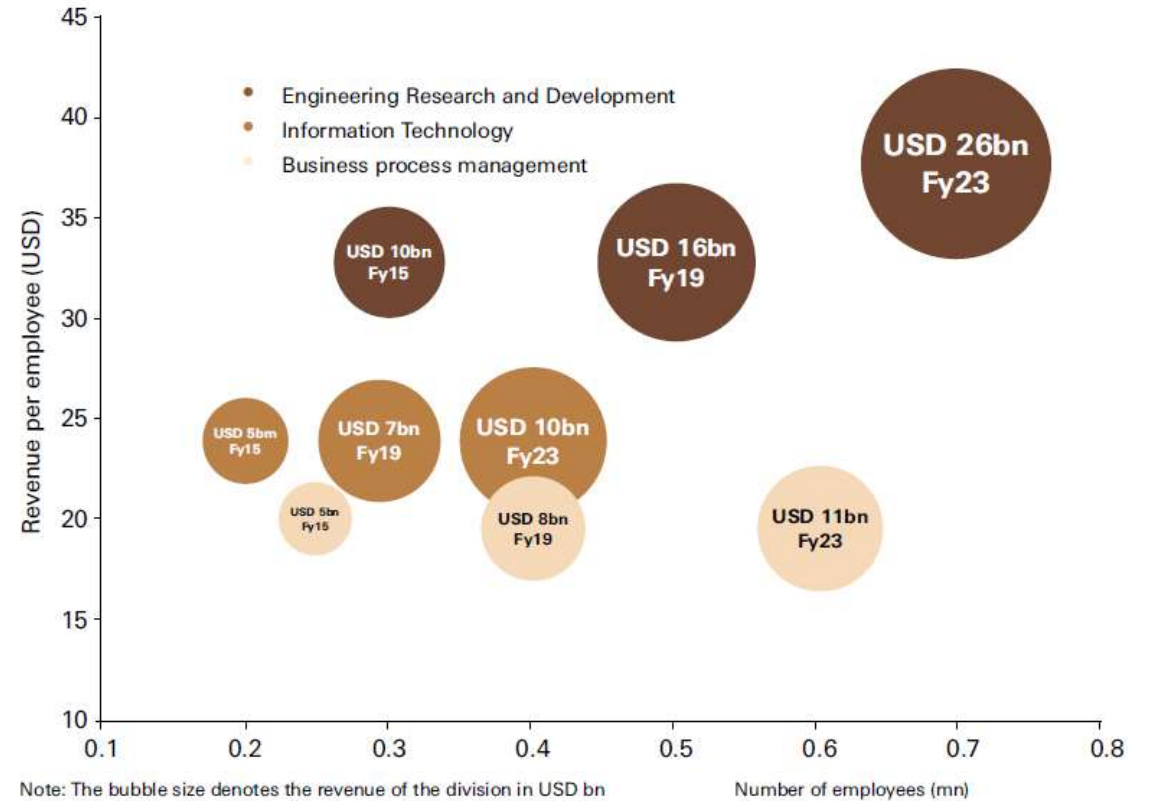
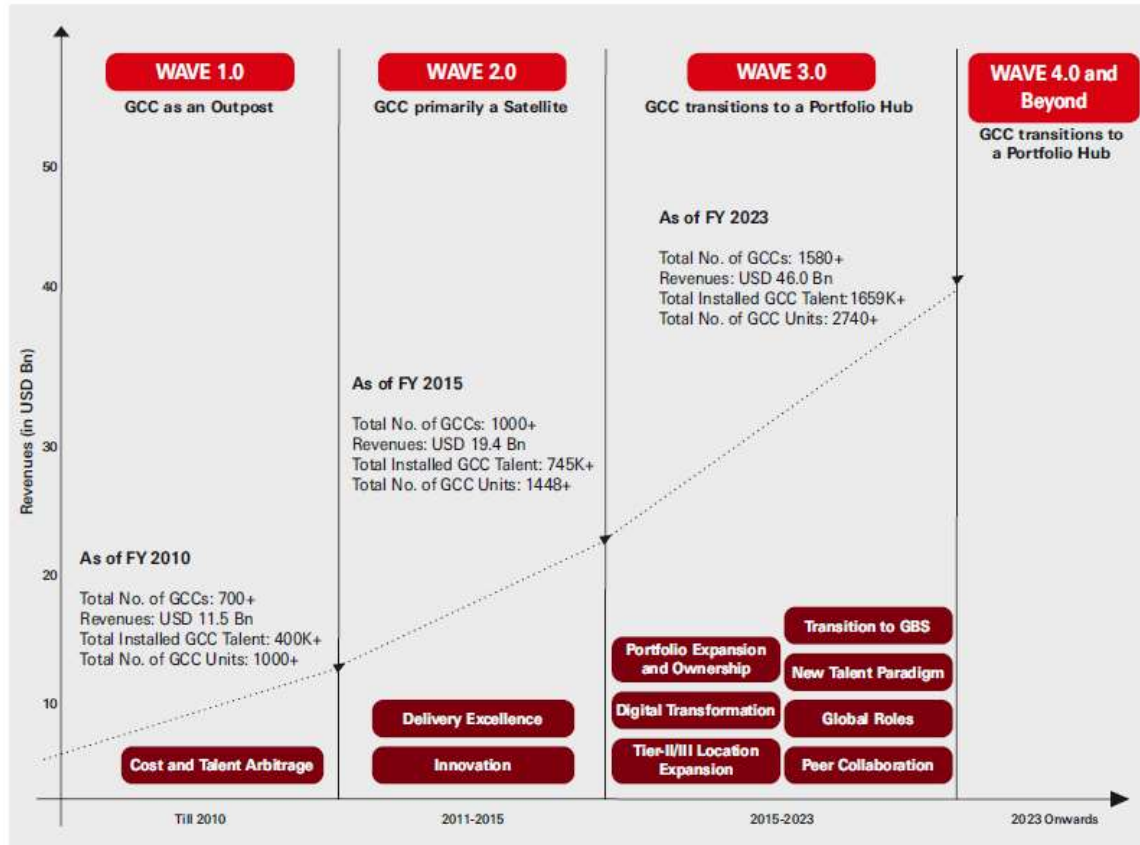
India has opportunity to gain share in consulting, insurance and financial services going forward

Source: UNCTAD, Haver Analytics, Goldman Sachs Global Investment Research, Latest available data as on 31 July 2024, GCC - Global Capability Centers. 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.

GCC* – moving up the value curve

India has graduated from low-cost IT exports hub to

- Evolving as corporate headquarters for 40% of corporate leadership and staffing needs
- Developing 55% of enterprise tech products



Source: Nasscom, Glodman Sachs Global Investment Research, Data as on 31 July 2024, *GCC - Global Capability Centers. 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.

World merchandise exports share - China clearly dominant; India inching up

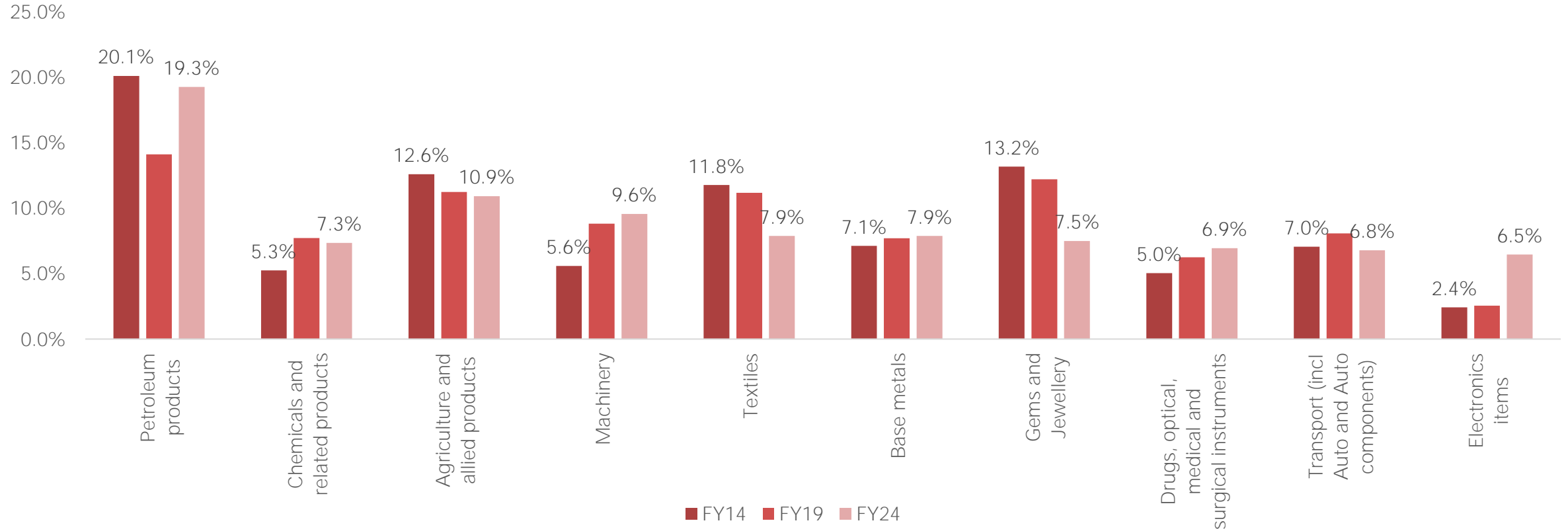
Share in world exports by country and by product category (%)

Merchanandise	Year / Change	China	Mexico	Korea	Taiwan	India	Vietnam
Total Products	2004	6.5	2.1	2.8	1.9	0.8	0.3
	2015	13.9	2.3	3.2	1.7	1.6	1
	2023	14.1	2.5	2.6	1.8	1.8	1.5
	Change (pp) full period	7.6	0.4	-0.2	-0.1	1	1.2
	Change (pp) since 2015	0.2	0.2	-0.6	0.1	0.2	0.5
Machinery	2004	9.5	2.3	3.2	2.6	0.2	0.1
	2015	19	3.1	3.2	1.5	0.7	0.5
	2023	19.6	3.6	2.8	3	1.1	1.2
	Change (pp) full period	10.1	1.3	-0.4	0.4	0.9	1.1
	Change (pp) since 2015	0.6	0.5	-0.4	1.5	0.4	0.7
Electronics	2004	10.3	3.7	5.8	4.5	0.2	0.1
	2015	26	3.5	6	5	0.3	2.1
	2023	25.6	3	4.9	6.4	0.7	3.9
	Change (pp) full period	15.3	-0.7	-0.9	1.9	0.5	3.8
	Change (pp) since 2015	-0.4	-0.5	-1.1	1.4	0.4	1.8
Textile and Clothing	2004	18.4	2	3.1	2.6	2.9	1
	2015	35.6	0.9	1.8	1.4	4.8	3.6
	2023	32.1	1	1.1	0.7	3.9	4.8
	Change (pp) full period	13.7	-1	-2	-1.9	1	3.8
	Change (pp) since 2015	-3.5	0.1	-0.7	-0.7	-0.9	1.2
Autos	2004	1.4	3.4	3.8	0.7	0.3	0
	2015	4.7	6.8	5.2	0.8	1.1	0.1
	2023	10.1	8.2	4.8	0.6	1.3	0.3
	Change (pp) full period	8.7	4.8	1	-0.1	1	0.3
	Change (pp) since 2015	5.4	1.4	-0.4	-0.2	0.2	0.2

Source: Trademap, UN Comtrade and Nomura Global Economics. Note: Estimation is involved to derive the 2023 export market shares, as 2023 export values by category are still unavailable for some countries, Data as on 31 July 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. Past performance may or may not be sustained in future and is not a guarantee of any future returns.

Mix of Indian exports changing over the years

Share of top products in India's merchandise exports









Traditional sectors have lower mix and sunrise sectors growing faster

Source: Ministry of Commerce and Industry, Kotak Institutional Equities, Latest available data as on 31 July 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.

Manufacturing export growth drivers

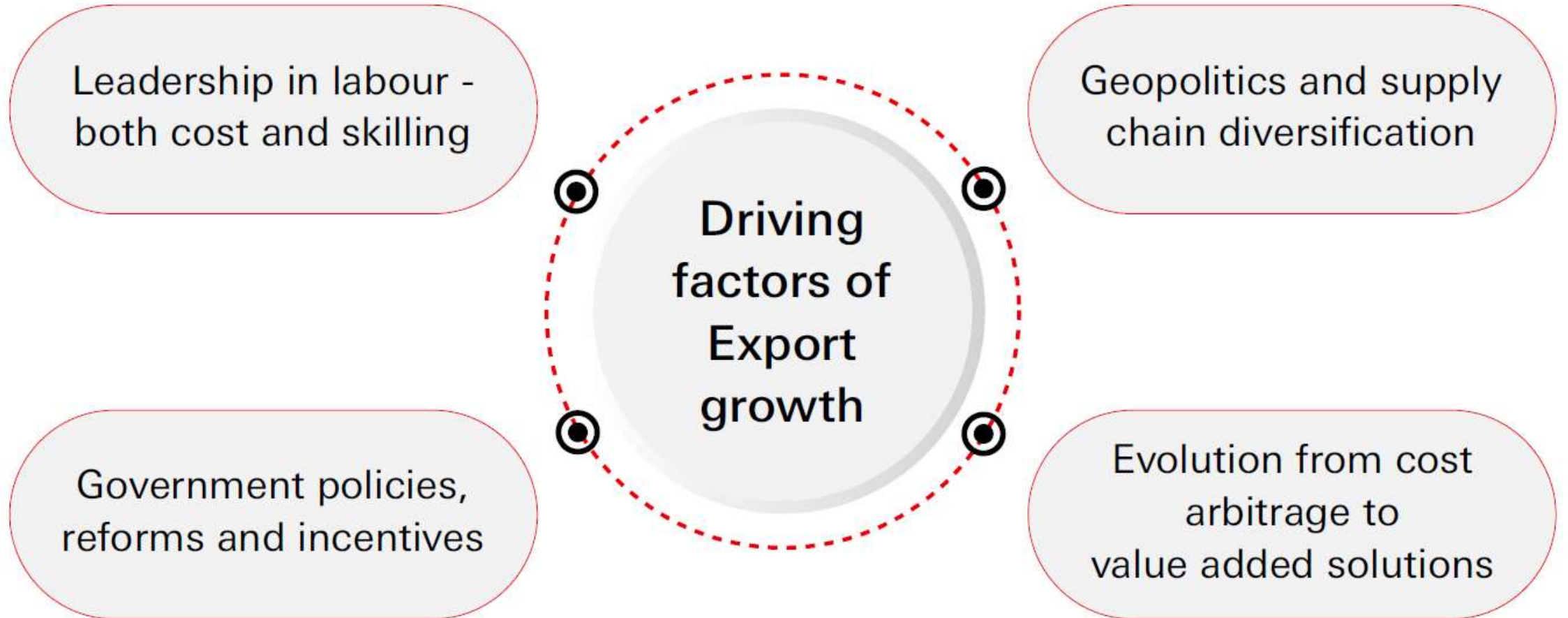
Six sectors that will drive manufacturing export growth, enabling India to achieve \$1 trillion in export by FY28

 Chemical	-\$110-\$130B	<ul style="list-style-type: none">• Projected exports CAGR: 19%-23%• Hot segments: specialty chemicals, agrochemicals
 Pharma	~\$45-\$50B	<ul style="list-style-type: none">• Projected exports CAGR: 16%-18%• Hot segments: active pharmaceutical ingredients and drug intermediaries
 Industrial machinery	-\$70-\$75B	<ul style="list-style-type: none">• Projected exports CAGR: 18%-20%• Hot segments: Food processing machines and textile machines
 Electrical & electronics	120-\$145B	<ul style="list-style-type: none">• Projected exports CAGR: 35%-40%• Hot segments: Mobile phones & Industrial electronics
 Automotive	\$45-\$55B	<ul style="list-style-type: none">• Projected exports CAGR: 15%-18%• Hot segments: EV components
 Textile & apparel	-\$95-\$110B	<ul style="list-style-type: none">• Projected exports CAGR: 13%-16%• Hot segments: man-made fibers, technical textiles

Source: Bain analysis, Data as on August 2022, Note Projected exports and all the growth numbers are from FY22-28. 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.

Why export theme in India now?

Export - Driving factors

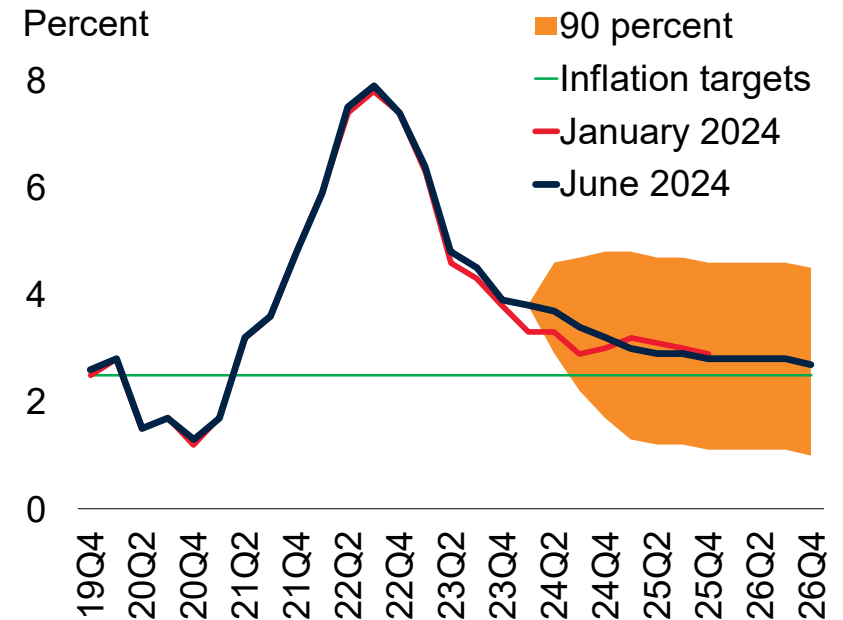


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2024 Global economic outlook appears similar to 2023

- Positive GDP growth projected for all large economies for 2024 and 2025 vs negative growth for a couple of large economies over the past few years
- Globally, inflation is likely to come further down and should keep trending lower towards the inflation targets. This should further aid overall GDP growth.

	2021	2022	2023e	2024f	2025f	2026f
World	6.3	3.0	2.6	2.6	2.7	2.7
Advanced economies	5.5	2.6	1.5	1.5	1.7	1.8
United States	5.8	1.9	2.5	2.5	1.8	1.8
Euro area	5.9	3.4	0.5	0.7	1.4	1.3
Japan	2.6	1.0	1.9	0.7	1.0	0.9
Emerging market and developing economies	7.3	3.7	4.2	4.0	4.0	3.9
East Asia and Pacific	7.6	3.4	5.1	4.8	4.2	4.1
China	8.4	3.0	5.2	4.8	4.1	4.0
Indonesia	3.7	5.3	5.0	5.0	5.1	5.1
Thailand	1.6	2.5	1.9	2.4	2.8	2.9
Europe and Central Asia	7.2	1.6	3.2	3.0	2.9	2.8
Russian Federation	5.9	-1.2	3.6	2.9	1.4	1.1
Türkiye	11.4	5.5	4.5	3.0	3.6	4.3
Poland	6.9	5.6	0.2	3.0	3.4	3.2
Latin America and the Caribbean	7.2	3.9	2.2	1.8	2.7	2.6
Brazil	4.8	3.0	2.9	2.0	2.2	2.0
Mexico	6.0	3.7	3.2	2.3	2.1	2.0
Argentina	10.7	5.0	-1.6	-3.5	5.0	4.5
Middle East and North Africa	6.2	5.9	1.5	2.8	4.2	3.6
Saudi Arabia	4.3	8.7	-0.9	2.5	5.9	3.2
Iran, Islamic Rep. ²	4.7	3.8	5.0	3.2	2.7	2.4
Egypt, Arab Rep. ²	3.3	6.6	3.8	2.8	4.2	4.6
South Asia	8.6	5.8	6.6	6.2	6.2	6.2
India ²	9.7	7.0	8.2	6.6	6.7	6.8



Source: Oxford Economics; World Bank. Model-based GDP-weighted projections of consumer price inflation using Oxford Economics' Global Economic Model. Sample includes 65 economies, including 31 EMDs, and excludes Argentina and República Bolivariana de Venezuela. Confidence bands are derived from Consensus Economics forecast errors using the pre-pandemic sample. Horizontal line shows the average of most recent country-specific inflation targets, where available, or the 2015-19 average.

De-globalisation opportunity

Adverse geo-political situation

Rising nationalism and protectionism

Trade wars and trade tariffs

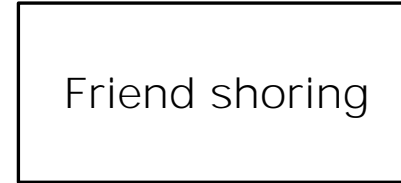
Supply chain vulnerabilities

Strategic partnerships and alliances between countries

Cost savings in transportation and logistics



Reshoring



Friend shoring



Decoupling



Near shoring



De-risking

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Policy initiatives creating champions of Tomorrow by investing Today

Drivers for Exports

- Selected growth sectors to be emphasized for increasing trade
- Domestic manufacturing capacity to be enhanced
- Focused initiatives for capacity building to meet global demands



Moving from traditional sectors to sunrise sectors

Source: Ministry of Commerce and Industry, HSBC Mutual Fund, Data as on 31 July 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. Note: Views provided above based on information provided in public domain at this moment and subject to change. Investors should not consider the same as investment advice.

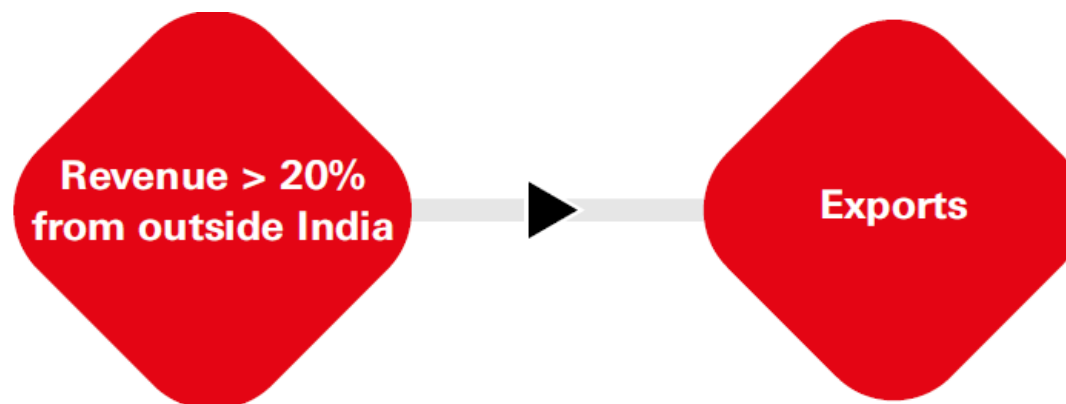
Introducing

HSBC India Export Opportunities Fund

(An open ended equity scheme following export theme)



Investment universe



Classification based on type of business

	Number of companies	Cumulative market cap (INR tn)
Goods	235	93
Services	75	49
Grand Total	310	143

Market cap classification

	Number of companies	Cumulative market cap (INR tn)
Large Cap	31	104
Mid Cap	40	18
Small Cap	239	20
Grand Total	310	143

While our approach is sector agnostic, below sectors are unlikely to have large representation

AMFI classification	Number of companies	Cumulative market cap (INR tn)
Banks	30	47
Capital markets	19	4
Cement & cement products	16	9
Finance	43	25
Gas	8	4
Insurance	10	12
Power	17	17
Realty	16	7
Retailing	15	8
Grand Total	174	133

Source: Ace Equities, Annual Reports, HSBC Mutual Fund. Universe representation here is companies having more than Rs 2,000crs market cap (as per SEBI market cap classification as on June 30, 2024) having more than 20% revenue from outside India. Classification of 'Goods' and 'Services' has been done based on our understanding at AMFI industry level. Data as of July 31, 2024. Number of companies may increase or decrease every year based on the exports revenue. Market cap is the Average 6 months market capitalization of BSE and NSE as per SEBI file on June 30 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. Note: Views provided above based on information provided in public domain at this moment and subject to change. Investors should not consider the same as investment advice.

Investment approach - **Diverse attributes in every 'generation'**



Zoomers
Business in their infancy or early phase of growth

- Currently exports as a percentage of overall revenue is small, due to nascency of industry (sunrise sectors) they represent.
- Early days of gaining global competitiveness or recognition. Such companies will have a long runway for growth.



Millennials
Businesses having global presence and in mid-cycle phase of growth spurt

- Visibly demonstrated strong export growth in recent history, driven by industry tailwinds/ core business strength.
- Gained traction due to supply chain diversifications of end customer/ buyer. These businesses are on the verge of breakout and being catapulted to global growth orbit.



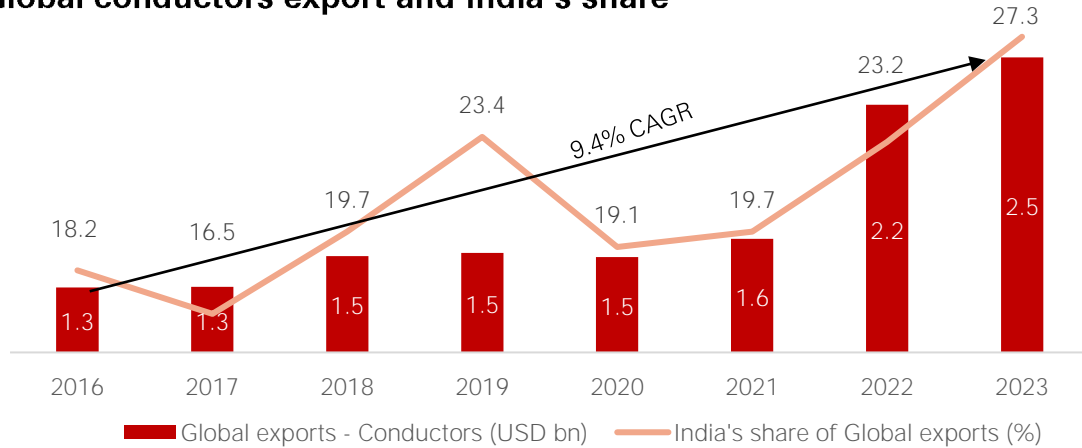
Gen X
Businesses that have established themselves on global scale and size

- Long-proven exports track record, backed by widespread presence and built consistent delivery edge over peers.
- Established companies with sizeable market share in the industries due to strong global moat, either backed by technology, low cost of production, labour cost arbitrage or pure sourcing advantage.

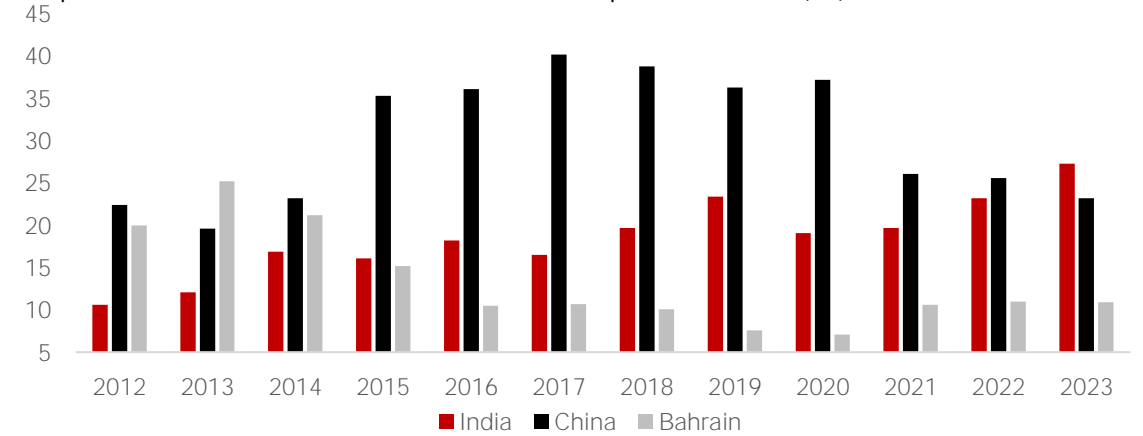
#1) Global renewables demand driving conductor exports

Global conductor exports remain strong driven by renewables demand with India increasing its share

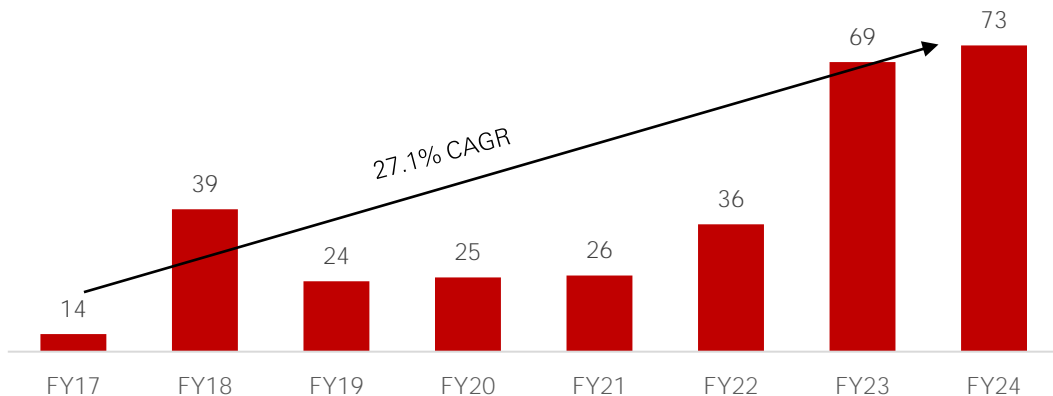
Global conductors export and India's share



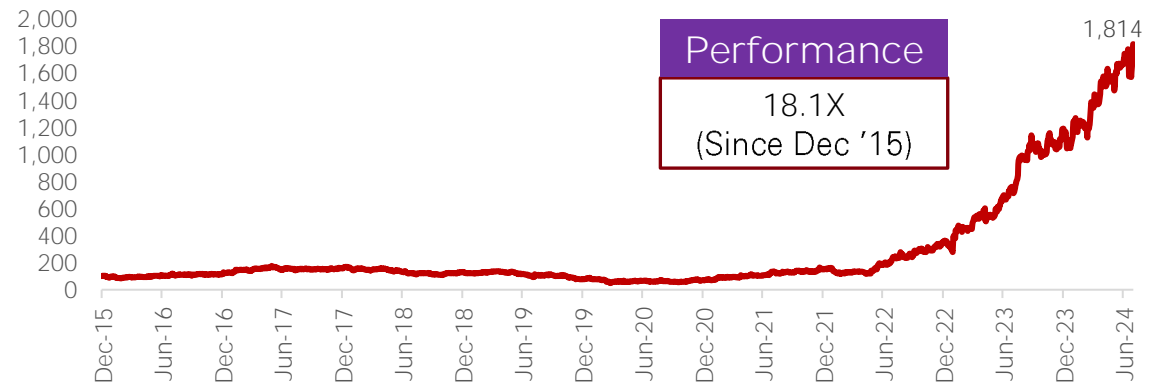
Top 3 countries Conductor* world exports share (%)



Company X - Export revenue (INR bn)



Company X - Rebased price (INR)



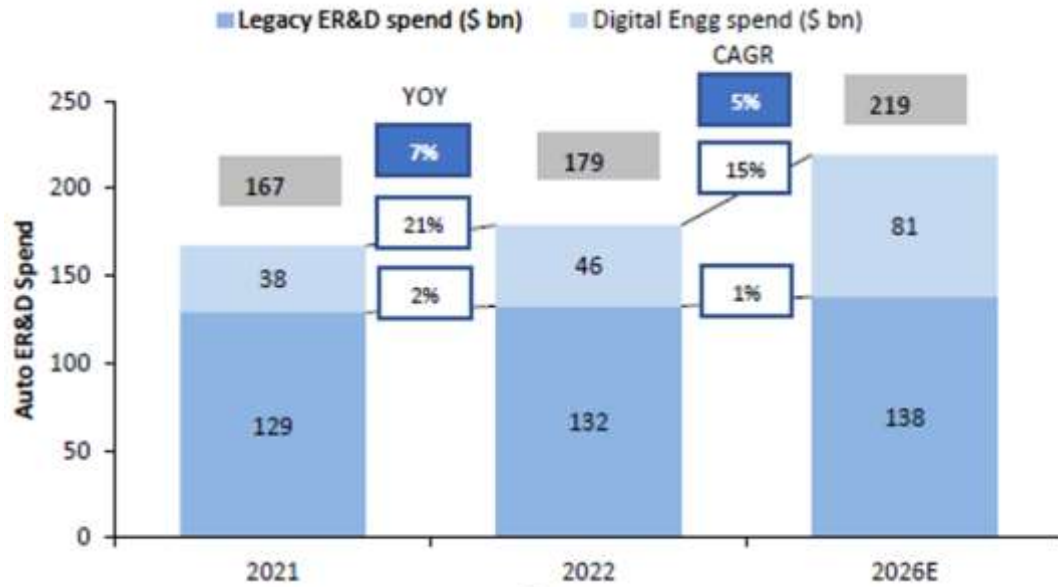
Strong growth in exports driven by conductors



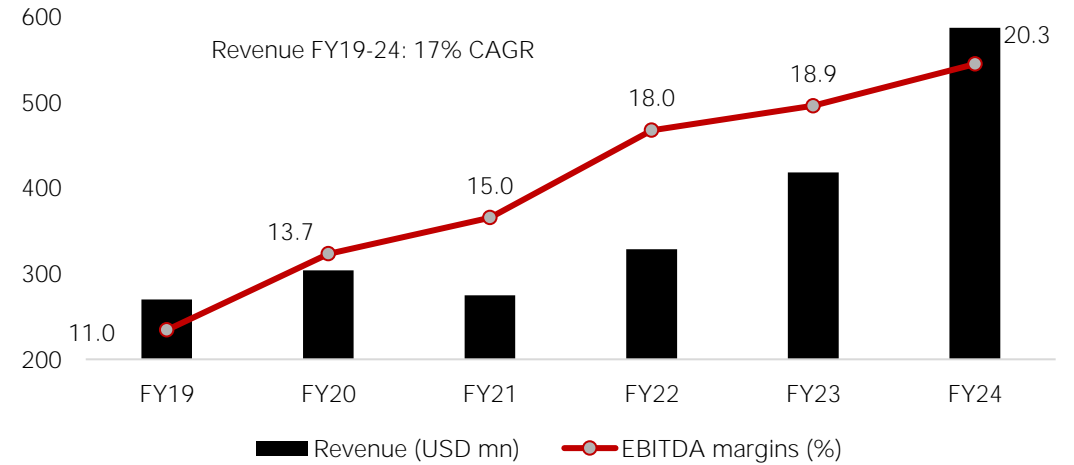
Source: Bloomberg, Trademap, Ace Equity, Note: We have used Product code 7614 Stranded wire, cables, plaited bands and the like, of aluminium (excl. such products electrically insulated) as proxy for global exports of conductors. The sector(s)/stock(s)/issuer(s) mentioned in this document do not constitute 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.

#2) Auto ER&D driven revenue and margin uptick

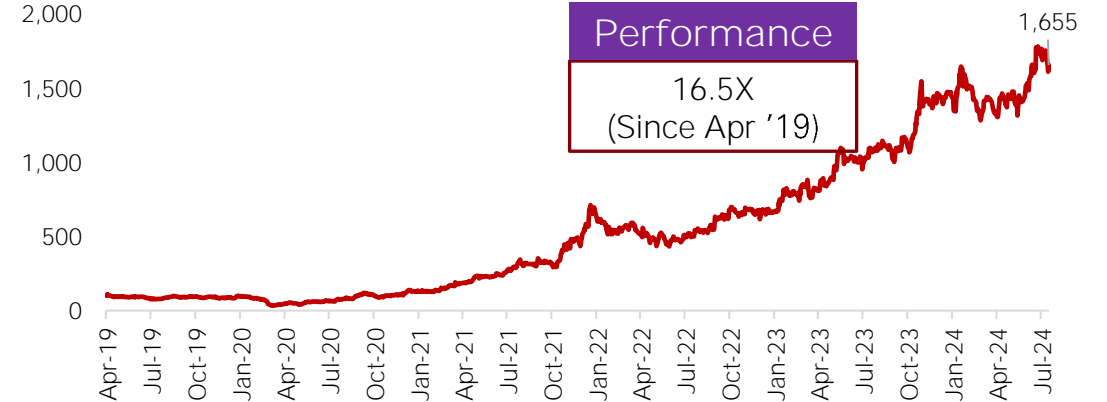
Global auto ER&D spending (2022-26): Push in new-age areas such as SDV and EV is accelerating spending



Company Y - case study



Company Y - Rebased price (INR)

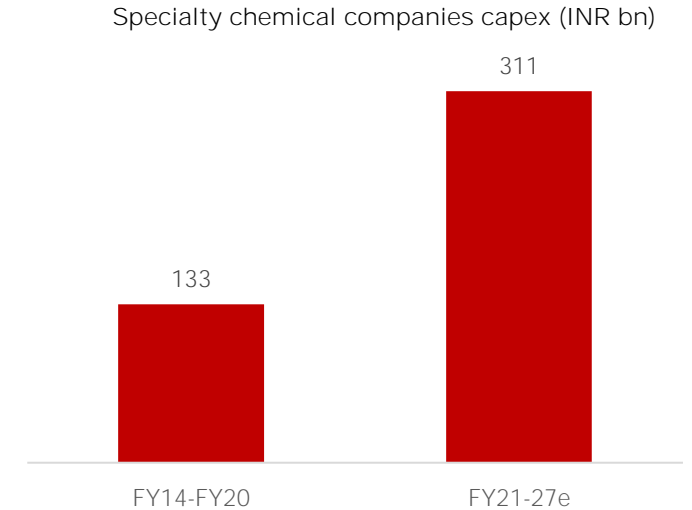
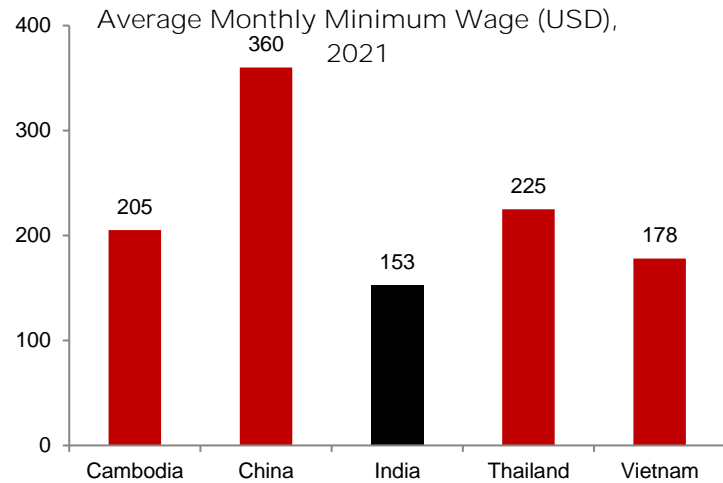
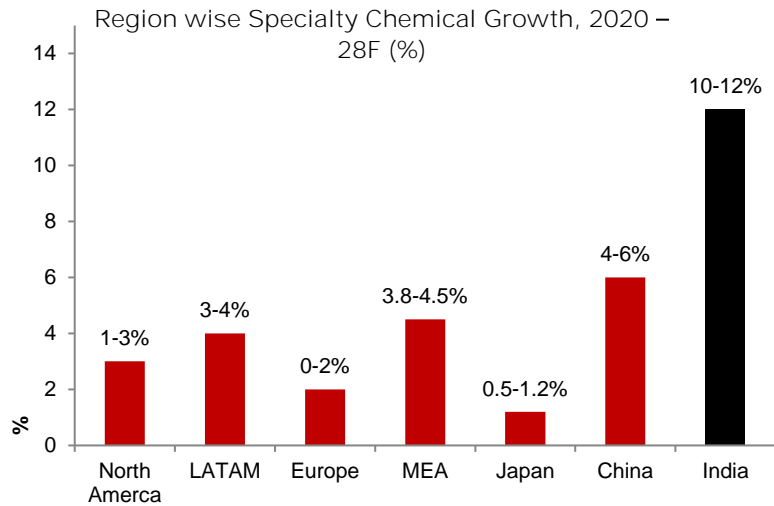


- CASE (Connected Autonomous Shared Electric) started to form sizeable share of Auto R&D spends
- Company Y benefitted from this trend since it is 100% Auto vertical focused ER&D player

Source: Zinnov, Ace Equity. 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.

#3) Indian specialty chemicals to see fastest growth in the world

- Stringent environmental norms in China and increasing demand from end-user industries contributing to strong growth of Indian specialty chemical industries
- Indian manufacturers have gain cost advantage as compared to their Chinese counterparts
- Low labour cost in India as compared to China is another contributing factor in rising Indian specialty chemical industry
- Specialty chemical companies have invested heavily over the past few years to build capacities for driving this strong growth and achieve economies of scale

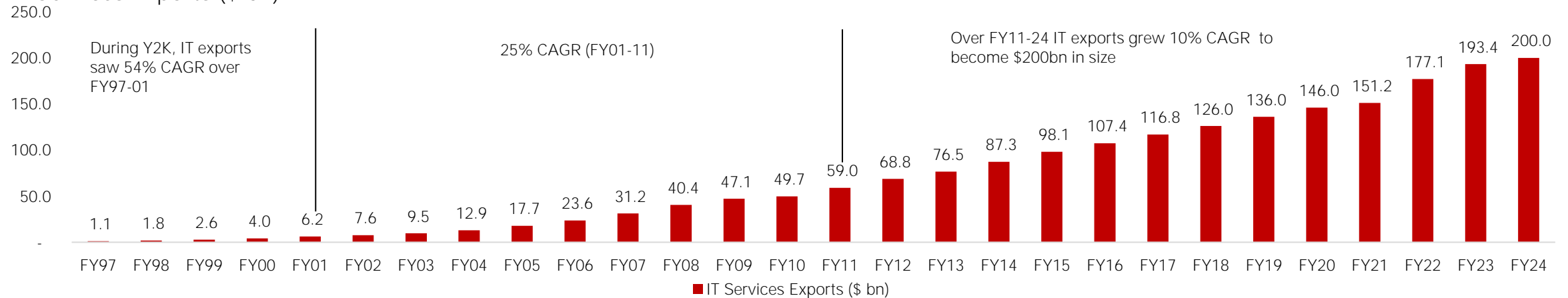


Source: JM Financial, Ace Equities, Company Data, HSBC Mutual Fund, Data as on 31 July 2024, The sector(s)/stock(s)/issuer(s) mentioned in this document do not constitute any research report nor it should be considered as an investment research, investment recommendation or advice to any reader of this 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. Note: Views provided above based on information provided in public domain at this moment and subject to change. Investors should not consider the same as investment advice.

#4) IT services – The bellwether of exports

- STPI was the “PLI” of 1990’s to propel the IT Services exports. Even today, more than half of \$200bn exports happen from STPI registered units.
- Key benefits of STPI scheme:
 1. 100% foreign equity participation and capital repatriation (royalty, dividend, etc)
 2. No geographical restriction on location of STP complex
 3. Duty free import of infrastructure equipment
 4. 5-year block of tax holiday during first eight years of operation
 5. Exemption from domestic levies like excise duty, sales tax
- It started with STPI, Y2K event provided the booster, sector gained prominence in terms of its contribution to exports, employment generation and broader economic development. Schemes evolved from STPI, SEZ, SEIS as Govt recognized the economic and social benefits.

IT Services Exports (\$ bn)

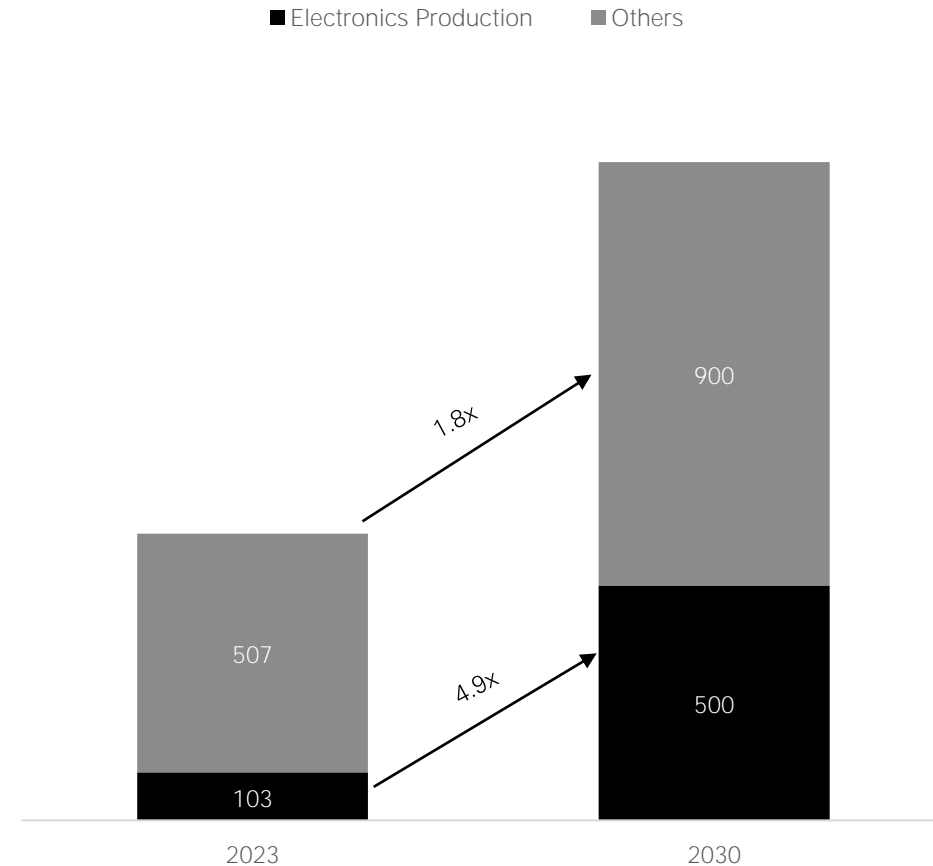
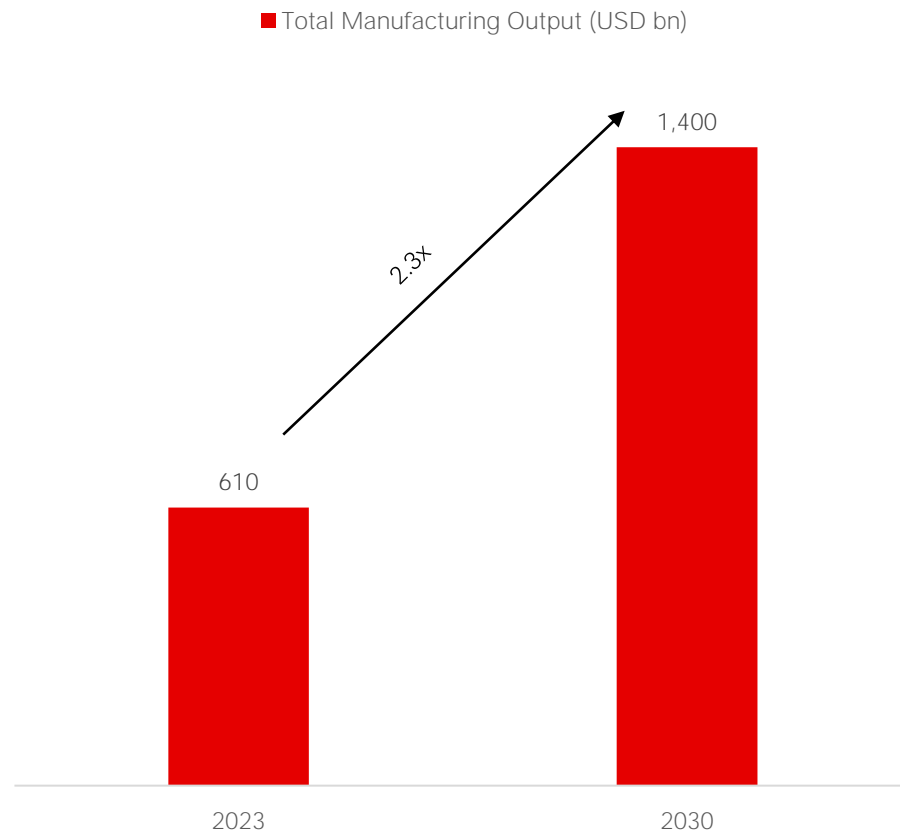


Source: Nasscom. Note: STPI was set up by Govt under MeitY in 1991; Meity – Ministry of Electronics and Information Technology; STPI – Software Technology Parks of India, The sector(s)/stock(s)/issuer(s) mentioned in this document do not constitute any research report nor it should be considered as an 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.

#5) Manufacturing output to more than double by 2030

Share of manufacturing in GDP is expected to increase to 20% by 2030; Mainly driven by Electronics sector

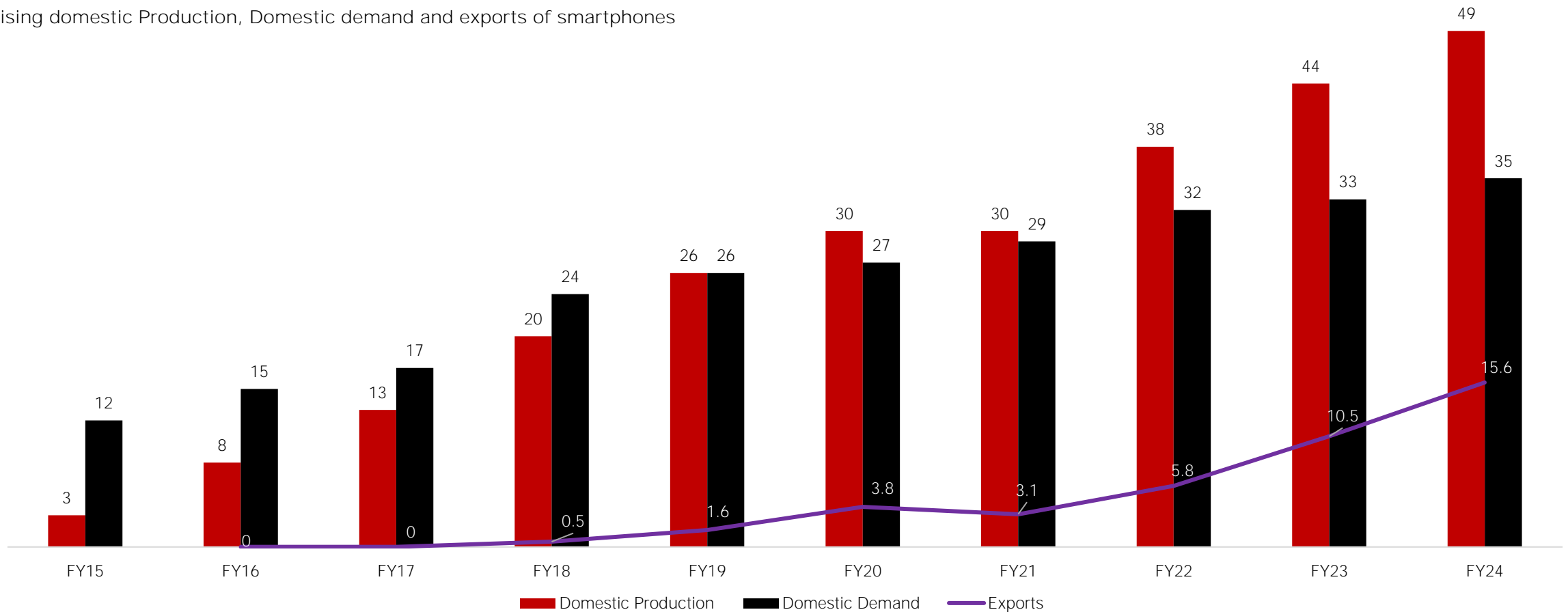
Electronics manufacturing is expected to grow by almost 5x by 2030;



Source – Bloomberg, MeitY, JM Financial, Industry, Latest available data as on 30 June 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.

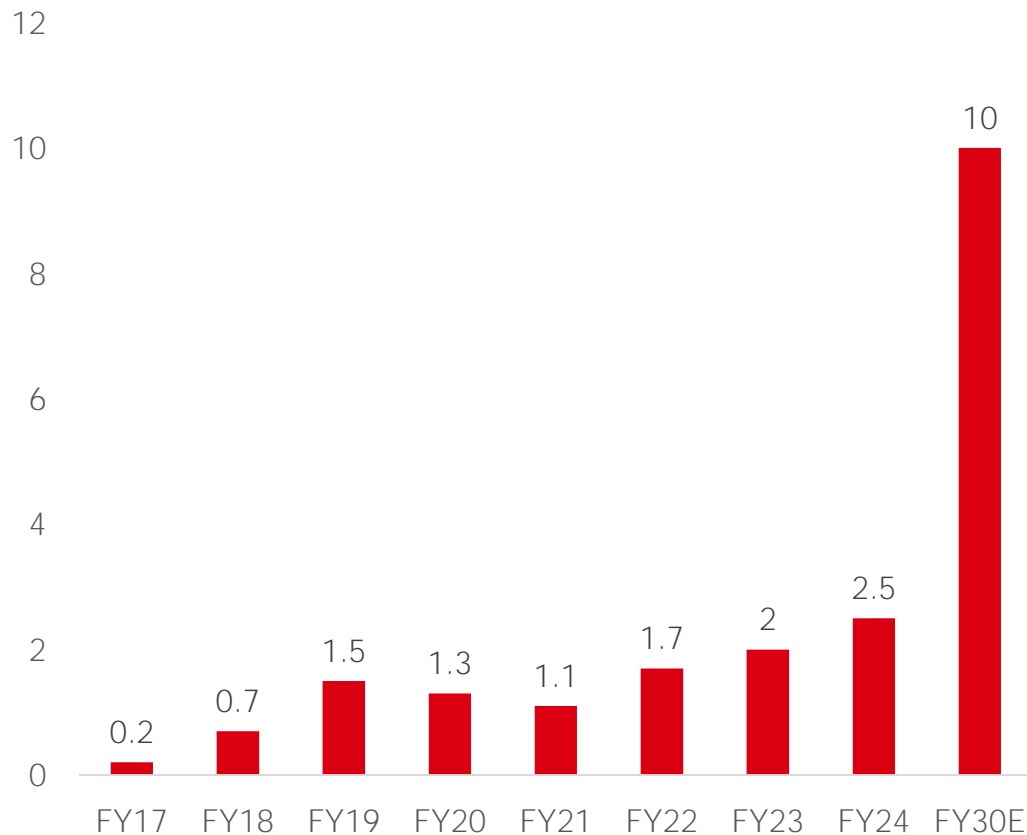
#5) India has seen leapfrog growth in smartphones and is likely to continue

Rising domestic Production, Domestic demand and exports of smartphones



Source: ICEA, Export Import Data Bank (Annual), Trade Statistics, Ministry of Commerce and Industry, HSBC Mutual Fund, Data as on 31 July 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.

India's Defence exports (\$ bn)



Key Growth Driver

100% Foreign Direct Investment in Defence

- Foreign companies can own up to 100% equity in domestic defence manufacturing companies (Automatic govt approval)
- Access to new technology and utilizing foreign technology

Long-term indigenous Defence capabilities through policy interventions (DPP & MAKE)

- Encourage indigenous manufacturing of defence equipment
- Increased focus towards indigenous R&D

Offset Clause enabling domestic procurement

- Components worth 30% of estimated cost of capital acquisition must be procured domestically via Indian manufacturers

Source: Ministry of Defence, HSBC Mutual Fund, Data as on 31 July 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. Note: Views provided above based on information provided in public domain at this moment and subject to change. Investors should not consider the same as investment advice.

Performance of recent HSBC MF NFOs

Fund Name	Returns Since inception (%)	SIP Returns Since inception (%)
HSBC Multi Cap Fund-Regular Plan (Inception Date 30-Jan-23)	52.64	58.55
Scheme Benchmark (NIFTY 500 Multicap 50:25:25 TRI)	43.94	49.31
HSBC Consumption Fund-Regular Plan (Inception Date 31-Aug-23)	43.35	48.46
Scheme Benchmark (Nifty India Consumption TRI)	47.33	54.53

Source: HSBC Mutual Fund, Data as on 31 July 2024. Returns CAGR %, SIP Returns in XIRR, Refer to the slide 37 – 39 for detailed performance of the above funds. Past performance may or may not be sustained in the future and is not indicative of future results.



Company MOAT

- What factors makes this business model excel over its peers ?
- Is it Technical/innovation , Financial, lowest cost of production ?
- What is brand perception in the eyes of end user & Customer Satisfaction Score (CSAT)

Corporate Governance

- Good capital allocation practices judiciously evaluated
- Independence of Management/professional executives.
- Strong checks and balances to avoid conflict of interest.

Cash Flows

- Healthy operating & equity free cash flows
- Capital allocation decision based on ROCE & project-based IRR
- Healthy balance sheet & strong return ratios. (ROCE/ROIC>COC

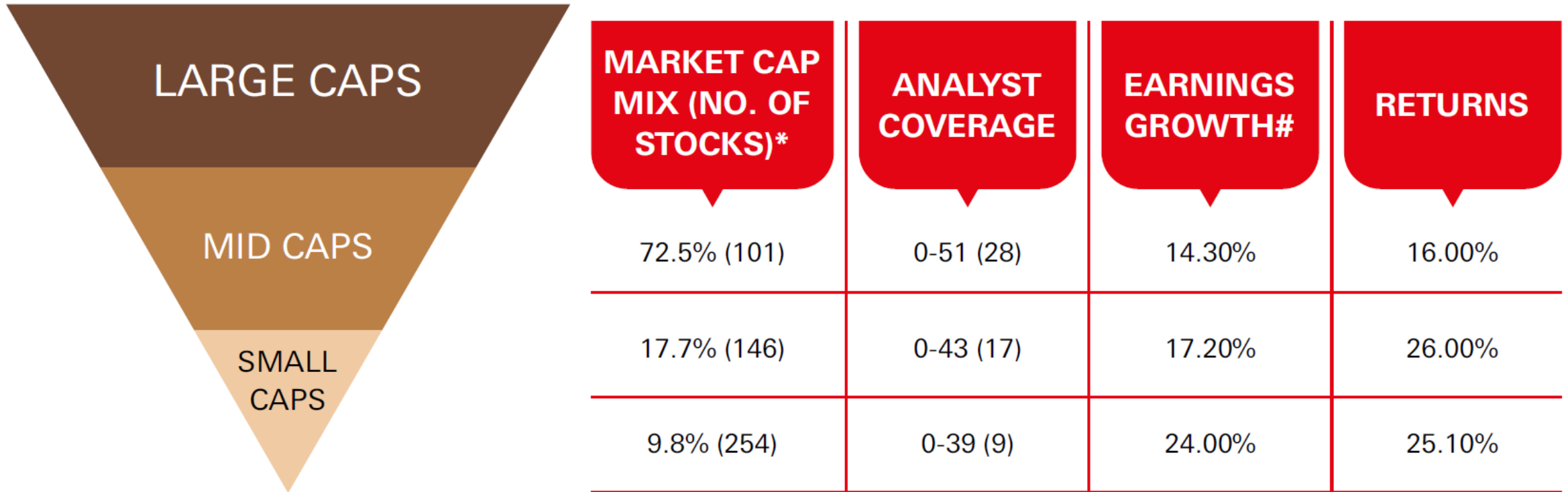
Comparative Valuations

- Using absolute & relative valuations on sectoral basis
- Different valuation matrix depending on sector, company life cycle.
- Understand nuances between static & dynamic value buildup.

Source: HSBC Mutual Fund, Note: Views provided above based on information provided in public domain at this moment and subject to change. Investors should not consider the same as investment advice.

Mid and Small Caps offer analytical edge given the low analyst coverage

- Over the long-term, Mid Caps and Small Caps offer better earnings growth and returns over Large Caps
- Narrow analyst coverage for Small Caps compared to Large and Mid Caps



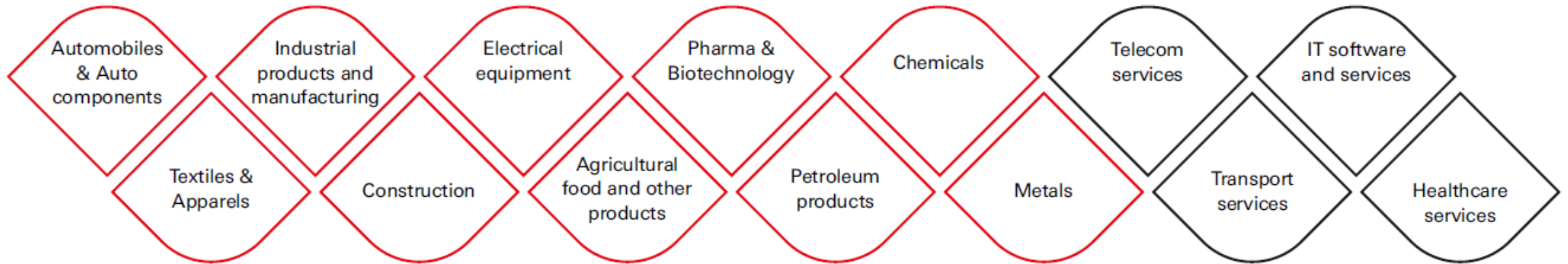
Source: Bloomberg, HSBC Mutual Fund. * - Market Cap Mix is based on SEBI classification for December 2023, considering companies which have market capitalization of more than Rs 1,000crs. # - Large Caps, Mid Caps and Small Caps are represented by Nifty 100 Index, Nifty Midcap 150 Index and Nifty Smallcap 250 Index respectively. Earnings growth represents EPS CAGR for calendar period 2020 to 2023. Returns are total 5-year CAGR returns as on May 31, 2024. Analyst coverage indicates range of sell-side research analysts covering companies; Brackets indicate average of such analysts for the respective market cap group.

The above sectors mentioned are for illustration purpose only. The above data/information represents historic performance of the sector and for illustration purpose only. The scheme may or may not have future positions in this sector. The above graphs/ analysis should not be construed as an investment advice or research report or recommendation to buy or sell in any sector mentioned above. Past performance may or may not be sustained in future and is not a guarantee of any future returns. Note: Views provided above based on information provided in public domain at this moment and subject to change. Investors should not consider the same as investment advice.

Investment focus*

HSBC India Export Opportunities Fund

- The aim of the scheme is to generate long-term capital growth from an actively managed portfolio of equity and equity related securities of companies engaged in or expected to benefit from export of goods or services.
- The Scheme intends to invest predominantly in Equities and Equity Related Securities of companies from the sectors/industry having exports with revenue more than 20% from outside India which interalia include:



The fund will take exposure to companies that are likely to involve themselves in the following activities:

- Export goods manufactured in India that have the potential to increase employment
- Benefit from government's policy and reforms towards exports as a sector
- Leverages India's cost benefit arbitrage in services, ease of doing business and highly skilled talent pool
- Assist in promoting inbound tourism or providing cost-effective world-class healthcare facilities

Source: HSBC Mutual Fund, Data as on 31 July 2024, The above list of sectors/ industries may change over time based on the company disclosures. The above list is indicative and the Fund Manager may add such activities that satisfies the above exports theme. * Refer to the sections "How will the scheme allocate its assets?" and "Where will the scheme invest?" and "What are the Investment Strategies" in the SID for more details on Asset Allocation and Investments. 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. Note: Views provided above based on information provided in public domain at this moment and subject to change. Investors should not consider the same as investment advice.

Investing style

Identifying the investment opportunities based on the Investment Team's analysis of drivers of growth of sectors

Investments will be pursued in sectors engaged in or expected to benefit from export of goods or services

Selective stock picking will be done from these sectors basis

- Fundamentals of the business,
- Industry structure and relative business strength amongst peers,
- Quality of the management,
- Sensitivity to economic factors,
- Financial strength of the company
- key earnings drivers
- Valuation methods such as relative valuation, Fundamental valuation,

Market cap

The scheme has flexibility to invest in companies that are part of the exports theme across market capitalization viz. Large cap, mid cap and small cap companies.

Source: HSBC Mutual Fund, Data as on 31 July 2024, Currently the large cap companies are the 1st-100th, mid cap companies are 101st - 250th and small cap companies are 251st company onwards in terms of full market capitalisation. The list of stocks would be as per the list published by AMFI and updated on half yearly basis. 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. Note: Views provided above based on information provided in public domain at this moment and subject to change. Investors should not consider the same as investment advice.

HSBC India Export Opportunities Fund


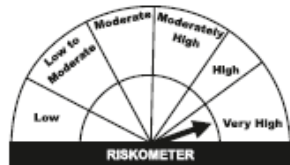
(An open ended equity scheme following export theme)

Exports to grow at ~15% CAGR over FY24-30

- The Indian government has set an ambitious target to achieve \$2tn exports by 2030 implying exports share to increase to ~29%. The government expects exports to grow at ~15% CAGR over FY24-30, with services likely to grow faster than manufacturing. This will aid India to increase its share in world manufacturing from less than 3% in 2023 to its ambition of 5% in 2030 and 10% in 2047.

HSBC India Export Opportunities Fund

- Aims to capture the growth in exports. The Scheme intends to invest predominantly in Equities and Equity Related Securities of companies (80%-100%) from the sectors/industry having exports revenue more than 20% from outside India. Further to achieve diversification, the Scheme may invest up to 20% of the assets in Companies of other equity and equity related securities.

Scheme name and Type of scheme	Scheme Risk-o-meter	Benchmark Risk-o-meter (as applicable)
<p>HSBC India Export Opportunities Fund (An open ended equity scheme following export theme)</p> <p>This product is suitable for investors who are seeking*:</p> <ul style="list-style-type: none"> To create wealth over long term Investment predominantly in equity and equity related securities of companies engaged in or expected to benefit from export of goods or Services 		<p>As per AMFI Tier 1 Benchmark I.e. Benchmark Index: Nifty 500 TRI</p> 

Benchmark Index:
As per AMFI Tier 1 benchmark Index – Nifty 500 Total Return Index (TRI)

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

The product labeling assigned during the New Fund Offer (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.

Source: Bloomberg, GOI, HSBC Mutual Fund, Data as on 31 July 2024, * Refer to the sections "How will the scheme allocate its assets?" and "Where will the scheme invest?" and "What are the Investment Strategies" in the SID for more details on Asset Allocation and Investments. 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. Note: Views provided above based on information provided in public domain at this moment and subject to change. Investors should not consider the same as investment advice.

HSBC India Export Opportunities Fund

Under normal circumstances, it is anticipated that the asset allocation of the Scheme will be as follows*:

Instruments	Indicative allocations (% of total assets)	
	Minimum	Maximum
Equities & Equity related securities of companies engaged in or expected to benefit from export of goods or services	80	100
Other equity and equity related securities	0	20
Debt Securities & Money Market instruments (including Cash & cash equivalents, units of Liquid and Overnight mutual funds)	0	20
Units of REITs and InvITs	0	10

Investment Objective

- The investment objective of the scheme is to generate long-term capital growth from an actively managed portfolio of equity and equity related securities of companies engaged in or expected to benefit from export of goods or services. There is no assurance that the objective of the scheme will be realised and the scheme does not assure or guarantee any returns.

Fund focus

- The aim of the Scheme is to generate long-term capital growth from an actively managed portfolio of equity and equity related securities of companies engaged in or expected to benefit from export of goods or services .

Source: HSBC Mutual Fund, Data as on 31 July 2024, * Refer to the sections “How will the scheme allocate its assets?” and “Where will the scheme invest?” and “What are the Investment Strategies” in the SID for more details on Asset Allocation and Investments. 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. Note: Views provided above based on information provided in public domain at this moment and subject to change. Investors should not consider the same as investment advice.

Performance

Fund Manager - Venugopal Manghat Effective 30 Jan 2023. Total Schemes Managed - 7; Fund Manager - Gautam Bhupal Effective 01 Apr 2024. Total Schemes Managed - 13; Fund Manager - Sonal Gupta Effective 30 Jan 2023. Total Schemes Managed - 19; Fund Manager – Kapil Lal Punjabi Effective 30 Jan 2023. Total Schemes Managed - 17

Fund / Benchmark (Value of Rs 10,000 invested)	1 Year		Since Inception		30-Jan-23
	Amount in `	Returns %	Amount in `	Returns %	
HSBC Multi Cap Fund-Regular Plan--	15702	56.83	18869	52.64	
Scheme Benchmark (NIFTY 500 Multicap 50:25:25 TRI)	14531	45.17	17279	43.94	
Additional Benchmark (Nifty 50 TRI)	12784	27.76	14400	27.49	

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 July 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

SIP Performance - HSBC Multi Cap Fund– Regular Plan*			Inception Date: 30-Jan-23
Scheme Name & Benchmarks	1 Year	Since Inception	
Total amount invested (₹)	120000	180000	
Market Value as on July 31, 2024 (₹)	1,55,452	2,64,124	
Scheme Returns (%)	58.99	58.55	
NIFTY 500 Multicap 50:25:25 TRI - Scheme Benchmark (₹)	1,50,888	2,50,695	
Nifty 500 TRI - Scheme Benchmark Returns (%)	50.96	49.31	
Nifty 50 TRI - Additional Benchmark (₹)	1,42,083	2,26,225	
Nifty 50 TRI - Additional Benchmark Returns (%)	35.82	32.36	

Past performance may or may not be sustained in the future and is not indicative of future results. For SIP returns, monthly investment of Rs. 10,000/- invested on the 1st day of every month has been considered. SIP Return are calculated on XIRR basis. IDCW are assumed to be reinvested and bonus is adjusted. Load is not taken into consideration.

Sonal Gupta is dedicated fund manager for investments in foreign securities by all the schemes of HSBC Mutual Fund.

Source: HSBC Mutual Fund, data as on 31 July 2024

[Click here](#) to check other funds performance managed by the Fund Manager

Source: HSBC Mutual Fund, Latest available data as on 31 July 2024. Note: Views provided above based on information provided in public domain at this moment and subject to change. Investors should not consider the same as investment advice.

Performance

Fund Manager - Gautam Bhupal Effective 31 Aug 2023. Total Schemes Managed - 13					
Fund Manager - Anish Goenka Effective 01 Oct 2023. Total Schemes Managed - 1					
Fund Manager - Sonal Gupta Effective 31 Aug 2023. Total Schemes Managed - 19					
Fund / Benchmark (Value of Rs 10,000 Invested)	6 Months		Since Inception		31-Aug-23
	Amount in Rs	Returns %	Amount in Rs	Returns %	
HSBC Consumption Fund-Regular Plan	11920	42.24	13978	43.35	
Scheme Benchmark (Nifty India Consumption TRI)	12118	47.01	14344	47.33	
Additional Benchmark (Nifty 50 TRI)	11464	31.52	13086	33.62	

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 July 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

SIP Performance - HSBC Consumption Fund*– Regular Plan			Inception Date: 20-Aug-14
Scheme Name & Benchmarks	1 Year	Since Inception	
Total amount invested (₹)	60000	110000	
Market Value as on July 31, 2024 (₹)	67,682	1,34,560	
Scheme Returns (%)	50.91	48.46	
Nifty India Consumption TRI - Scheme Benchmark (°)	69.110	1,37,419	
Nifty India Consumption TRI - Scheme Benchmark Returns (%)	61.87	54.53	
Nifty 50 TRI - Additional Benchmark (°)	66.183	1,29,221	
Nifty 50 TRI - Additional Benchmark Returns (%)	39.92	37.36	

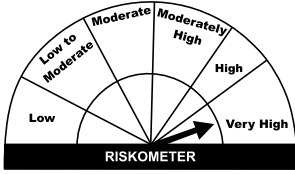
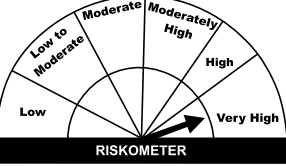
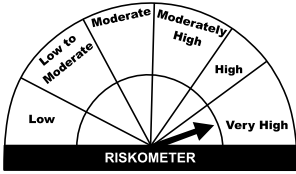
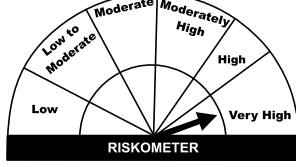
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Sonal Gupta is dedicated fund manager for investments in foreign securities by all the schemes of HSBC Mutual Fund.

Source: HSBC Mutual Fund, data as on 31 July 2024

[Click here](#) to check other funds performance managed by the Fund Manager

Source: HSBC Mutual Fund, Latest available data as on 31 July 2024. Note: Views provided above based on information provided in public domain at this moment and subject to change. Investors should not consider the same as investment advice.

Scheme name and Type of scheme	Scheme Risk-o-meter	Benchmark Risk-o-meter (as applicable)
<p>HSBC Consumption Fund (An open ended equity scheme following consumption theme)</p> <p>This product is suitable for investors who are seeking*:</p> <ul style="list-style-type: none"> 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 	 <p>RISKOMETER</p> <p>Investors understand that their principal will be at Very High risk</p>	<p>As per AMFI Tier I Benchmark i.e. Benchmark : Nifty India Consumption Index TRI</p>  <p>RISKOMETER</p>
<p>HSBC Multi Cap Fund (An open ended equity scheme investing across large cap, mid cap, small cap stocks)</p> <p>This product is suitable for investors who are seeking*:</p> <ul style="list-style-type: none"> To create wealth over long-term Investment predominantly in equity and equity related securities across market capitalization 	 <p>RISKOMETER</p> <p>Investors understand that their principal will be at Very High risk</p>	<p>As per AMFI Tier I. Benchmark Index: NIFTY 500 Multi-cap 50:25:25 TRI</p>  <p>RISKOMETER</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 July 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. Note: Views provided above based on information provided in public domain at this moment and subject to change. Investors should not consider the same as investment advice.

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