

HSBC Evolve Portfolio

Grow with Micro themes under Macro trends

Investment Approach: HSBC Evolve Portfolio

Investment Objective

The aim of the Portfolio is long term wealth creation from an actively managed portfolio of equity and equity related securities optimizing opportunities across the market capitalization spectrum without any sector bias. However, there can be no assurance or guarantee that the investment objective of the Approach would be achieved.

Description of types of securities

- Equity and equity related securities including convertible bonds and debentures and warrants carrying the right to obtain equity shares.
- Derivative instruments as may be permitted by SEBI / RBI.
- Units of overnight funds /liquid funds of HSBC Mutual Fund.
- Cash and cash equivalents
- Any other instruments as may be permitted by RBI / SEBI / such other Regulatory Authorities from time to time.

Basis of selection of types of securities

- The investment approach seeks to invest in companies across the entire market capitalization spectrum without any sector bias. The portfolio manager intends to do the same by buying equities of these companies and hence, equity and equity related securities are chosen for investment. The portfolio manager will focus on companies which have potential to deliver high growth.

Allocation of portfolio across types of securities

The investment approach has the mandate to invest in Equity and Equity related instruments of Large, Mid and Small cap companies without any sector bias.

Benchmark index for comparison of performance

- Regulatory Benchmark/ Strategy Benchmark: BSE 500 TRI

Macro Trends : Driving India Story

- Key macro trends continue to get stronger
- Driven by strong macro trends, micro themes or new sectors have emerged within them leading to new out-performers
- Cherry-picking the right micro theme in a macro trend important to deliver superior returns

Demographics which drives consumption



- Government focus on Manufacturing and Infrastructure
- Formalisation
- Digitisation
- Infrastructure & Rural Development
- Global supply chain diversification or China +1
- Market cap creation within these macro trends have changed as various micro themes or new sectors emerged within them
- The portfolio aims to capture these macro trends + micro themes across cycles

Top 10 Holdings

Name	Weight%
ICICI BANK LTD	4.12
BHARTI AIRTEL LTD	3.39
INTERGLOBE AVIATION LTD	3.29
BAJAJ FINANCE LTD	2.72
MUTHOOT FINANCE LTD	2.69
ETERNAL LTD	2.54
SWIGGY LTD	2.46
KRISHNA INSTITUTE OF MEDICAL	2.44
HDFC ASSET MANAGEMENT CO LTD	2.42
FEDBANK FINANCIAL SERVICES L	2.33

Investment Approach: HSBC Evolve Portfolio

Rationale for selection of benchmark:

- This Investment approach is designed to offer broad based exposure across market capitalization and sectors in the Indian listed equity universe. BSE 500 TRI is suitably aligned with this investment approach.

Indicative tenure or investment horizon

- Medium to Long Term (3-5 years+)

Risk associated with investment approach

- The portfolio may perform differently from the broader stock markets/benchmark, in view of the limited number of stocks invested in by the fund manager. At times, Portfolios of individual clients may be concentrated in certain companies / industries. The performance of the Portfolios would depend on the performance of such companies / industries / sectors of the economy.
- Deployment of monies under the investment strategy will be oriented towards equity and equity related securities of companies belonging to various market capitalization which include large, mid and small cap. Stocks of mid and small cap companies usually have lower trading volumes on the exchanges, which may result into higher impact costs and longer execution time compared to large cap stocks.
- Also, in case the portfolio becomes more skewed towards the mid-small caps, this may increase volatility of the portfolio.

Sector Allocation

Sector Name	% of Net Assets
Financials	21.11
Consumer Discretionary	10.23
Health Care	8.08
Industrials	4.92
Information Technology	4.80
Materials	3.88
Communication Services	3.39
Consumer Staples	1.56

Market Capitalisation

Large Cap:	21.92%
Mid Cap:	24.46%
Small Cap:	11.59%
Avg. Weighted Market Capitalisation Rs. 1, 41,957 Cr	
Median Market Capitalisation Rs. 5,45,71 Cr	
Large Cap:1st 100 company in terms of full market capitalization. Mid Cap: 101st to 250th company in terms of full market capitalization. Small Cap: 251st company onwards in terms of full market capitalisation.	

Why Flexi cap ? Red Ocean Blue Ocean* (ROBO) Analogy

- The portfolio would have large dominant players which continue to benefit from macro trends – Red Ocean winners
- Along with micro themes within these macro trends, i.e. new or niche sector companies – Blue Ocean winners
- A combination of ROBO winners – could drive out-performance. Hence a flexi cap approach

RED OCEAN STRATEGY

Compete in existing market space

Beat the competition

Exploit existing demand

Make the value-cost trade-off

Align the whole system of a firm's activities with its strategic choice of differentiation or low cost

Indigo, Bharti Airtel, Maruti

BLUE OCEAN STRATEGY

Create uncontested market space

Make the competition irrelevant

Create and capture new demand

Break the value-cost trade-off

Align the whole system of a firm's activities in pursuit of differentiation and low cost

Eternal, PB Fintech, Trent

*W. Chan Kim and Renée Mauborgne, both INSEAD professors and leading thinkers in strategic management, introduced the Blue Ocean Strategy framework in their 2005 book, "Blue Ocean Strategy: How to Create Uncontested Market Space and Make the Competition Irrelevant." The book has been translated into over 40 languages and has sold millions of copies, underscoring its global impact on business practices.

Themes : Macro + Micro

Macro Theme		Phase 1	Phase 2
Consumption Examples		Retailing, Quick Service Restuarants DMART, Jubilant	Ecomm + Food Delivery, Quick commerce Zomato, Swiggy
Government focus on manufacturing and infra Examples		Power, Steel, Cement, Roads Construction Jindal Steel, Shree Cement	Electronics manufacturing, Decarbonisation, Defense DIXON, Gravita, Hindustan Aeronautics
Formalisation Examples		Banks, AMC, Insurance ICICI Bank, HDFC AMC	Discount broking, Weath management, Depositories AngelOne, 360one, CDSL, CAMS
Digitisation Examples		Telecom Bharti Airtel, Infoedge	Travel bookings, Music Labels Saregama, Ixigo
Exports Competitive service + Product Globa Supply Diversification Examples		IT Services, Textiles, Speciality Chemicals Infosys, KPR Mills, SRF	EMS, CDMO Kaynes, Neuland
Rural Development Examples		Irrigation, MFIs, Mobility Credit Access Grameen, Hero Moto	Electronics Retail, Building construction Aditya Vision, Vishal Mega Mart

- Macro tailwinds remain the same and keep growing
- They give rise to new micro themes / new sectors which emerge every cycle
- The portfolio will capture these themes at an early stage, with respect for valuations

Note - The above information is for general information purpose only and it should not be considered as investment research, investment recommendation or advice to any reader of this content to buy or sell investments. The portfolio may or may not have any future position in these stocks. Investors should seek financial advice regarding the appropriateness of investing in any securities or investment strategies that may have been discussed in this report and should understand that the views regarding future prospects may or may not be realised. Past performance may or may not sustain and doesn't guarantee the future performance.

Disclaimer: HSBC Asset Management (India) Private Limited is a SEBI registered Portfolio Manager with registration no. INP000001322. This document is for information purpose only. This document and information contained therein do not constitute distribution, endorsement, investment advice, offer to buy or sell or solicitation of an offer to buy or sell any securities or any other financial or investment products (collectively "Products") mentioned in this document or an attempt to influence the opinion or behavior of investors/ recipients. Any use of information contained herein for investment related decisions by the investors/ recipients is at their sole discretion and risk. Please read Disclosure Document and client agreements along with other related documents carefully before investing. Investment in Products is subject to market risks, various micro and macro factors and forces affecting the capital markets and include price fluctuation risks. There is no assurance or guarantee that the objective of any Products will be achieved. The investments may not be suited for all categories of investors/ recipients. Investors/ recipients must make their own investment decisions based on their own specific investment objectives, their financial position and using such independent professional advisors, as they believe necessary, before investing in such Products. This document is intended only for those who access it from within India and approved for distribution in Indian jurisdiction only. Distribution of this document to anyone (including investors, prospective investors or distributors) who are located outside India or foreign nationals residing in India, is strictly prohibited. Neither this document nor HSBC Asset Management India Private Limited have been registered under Securities law/Regulations in any foreign jurisdiction. The distribution of this document in certain jurisdictions may be unlawful or restricted or totally prohibited and accordingly, persons who come into possession of this document are required to inform themselves about, and to observe, any such restrictions. If any person chooses to access this document from a jurisdiction other than India, then such person do so at his/her own risk and HSBC and its group companies will not be liable for any breach of local law or regulation that such person commits as a result of doing so. © Copyright. HSBC Asset Management (India) Private Limited 2025, ALL RIGHTS RESERVED. HSBC Asset Management (India) Private Limited, 9-11 Floors, NESCO IT Park, Building no. 3, Western Express Highway, Goregaon (East), Mumbai – 400 063, India. Email: hsbcpms@hsbc.co.in | Website: www.assetmanagement.hsbc.co.in