

HSBC Aspire Portfolio

PMS Product Note

June 2024

Emerging themes from Mid and Small Cap stocks to lead in the next decade

Mid Cap stocks	Small Cap stocks	Large Cap stocks	Aspirational themes with High Alpha
Emerging set of companies with growth potential. Midcap universe offers access to growing pool of leaders.	Big opportunities through Small Cap stocks as they may offer valuation discount on account of under-researched / under-owned features	Well researched Large Cap stocks have visibility on earnings growth with proven business and track record	Aim to build a portfolio with aspirational themes that have potential to deliver alpha from a Mid & Small Cap stocks oriented Multi Cap Equity strategy

Aspirational themes from Mid and Small Cap stocks with flavor of quality Large Cap stocks

Inception Date : 21 September 2023

Minimum Application Amount

For (1) Fixed fee option and (2) Fixed & Performance-linked option = INR 5 million

Investment Objective

HSBC Aspire Portfolio aims to generate long-term capital growth from an actively managed portfolio of equity and equity related securities predominately from the mid and small cap companies. However, the approach would also have the flexibility to invest in companies across the entire market capitalization spectrum. There can be no assurance or guarantee the objective of the investment approach would be achieved

Benchmark: • Regulatory Benchmark/ Strategy Benchmark: S&P BSE 500 TRI
• Secondary Benchmark: Nifty MidSmall 400 Index

Rationale for selection of benchmark –

Regulatory Benchmark/ Strategy Benchmark: Benchmark prescribed by Association of Portfolio Managers in India (APMI) as mandated by SEBI to evaluate relative performance of the portfolio. This is decided by APMI as per market-cap based methodology for equity strategy. Secondary Benchmark: The portfolio is also being benchmarked against the Nifty MidSmall 400 Index since its composition is in line with the objective of the investment approach. The index comprises of mid and small cap companies and is also suited for comparing the performance of the portfolio.

Fund Manager

Sheetalkumar Shah, Total Experience: 27 years, managing this portfolio since 21 September 2023

Indicative tenure or investment horizon

Medium to Long Term (5 years+)

HSBC Aspire Portfolio

HSBC Portfolio Management Services presents HSBC Aspire Portfolio, which aims to invest your money in emerging themes from Mid and Small Cap stocks to which may lead in the next decade.

Why Mid and Small Cap stocks?

- Stocks from relatively new sectors are getting listed and many of these are mid - small cap stocks
- India gaining traction as a manufacturing source would mean opportunities for a lot of ancillary sectors which would be smaller in size
- Historically, Mid and Small Cap stocks have delivered reasonable performance over medium to long term
- Small and Mid Cap stocks are good options to hold emerging business leaders. More Mid-Small cap businesses are dependent on domestic factors
- Mid and Small Cap stocks offer potential of delivering growth and alpha in the long term

Top 10 Holdings

Name	Weight%
HINDUSTAN AERONAUTICS LTD	4.89
AEGIS LOGISTICS LTD	4.45
JINDAL STAINLESS LTD	3.75
THOMAS COOK (INDIA) LTD	3.72
WPIL LTD	3.62
GODREJ PROPERTIES LTD	3.62
INGERSOLL-RAND INDIA LTD	3.55
360 ONE WAM LTD	3.53
BANK OF BARODA	3.41
INDUSIND BANK LTD	3.37

Why Invest in HSBC Aspire Portfolio (HSAP)?

Quality

The portfolio aims to gain by focusing on Quality Business with robust growth & competitive advantages: High quality products, brands, franchise with scalability and resilience.

Sustainability

Sustainable earning growth & return ratios: We prefer companies with superior earnings growth profile with high ROE/ROCE with low gearing.

Valuations

Fair Valuations: Identifying a scrip at fair value before its future earnings growth is reflected in its "valuation" is an art which helps in generating portfolio "Alpha".

Ownership

Promoter holding: Invests into businesses with reasonable promoter holding. The management with passion and have skin in the game are expected to deliver performance over the period of time.

Governance

Corporate governance a key to long term success: Transparent, passionate & honest management helps in multiplying wealth in the long term. Capital efficiency reflects the management skills.

Performance [#]	1 Month	3 Months	6 Months	Since inception (21/09/23)
Portfolio (HSAP)	-1.11%	8.09%	16.45%	20.09%
BSE 500 TRI [^]	0.83%	5.19%	17.75%	21.34%
Nifty MidSmallcap400 ^{^^}	0.94%	6.90%	19.87%	27.93%

Source – Bloomberg, 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. Data as on 31 May 2024. Investors should note that pursuant to Clause 2.3 of SEBI Master circular for Portfolio Managers dated March 20, 2023, investors have an option to invest directly i.e. without intermediation of persons engaged in distribution services.

Source – Bloomberg, Returns upto 1 year are absolute & over 1 year are Compounded Annualized Returns are adjusted for inflows/outflows. 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. Data as on 31 May 2024. # Refer page no. 2 for detailed disclaimer. To view the portfolio's performance relative to other Portfolio Managers, you may click here (APMI apmiindia.org).

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