



# HSBC Aspire Portfolio

## PMS Product Note

January 2026

### 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 &amp; 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: BSE 500 TRI

**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.

**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+)

Investors should note that pursuant to Clause 2.3 of SEBI Master Circular for Portfolio Managers dated July 16, 2025, an option to invest directly, i.e. without intermediation of persons engaged in distribution services, is available to the investors.

**Portfolio Manager's commentary:**

Indian stock markets remained quite resilient despite tariff uncertainty, geopolitical issues during 3QFY26. Government's GST-2 reform announcement, rate cuts, improved trajectory of 2Q corporate earnings were the main factors for positive returns of the market. Despite positive macro data like soft November inflation print, narrowing of November trade deficit and repo rate cut by the RBI, the overall market breadth remained subdued as FII outflows persisted. India's GDP growth in Q2 FY26 surprised significantly on the upside, registering 8.2% with GVA at 8.1%. RBI in its December policy reduced the policy repo rate by 25 bps to 5.25 per cent. Going ahead, the expected gains are likely to be driven by a pick up in private capital expenditure, recovery in the earnings cycle and moderation in global risks. Benign inflation and an improving demand environment, supported by both fiscal & monetary measures should aid the domestic earnings turnaround.

During last one year period, broader markets performance is quite divergent in the sense that almost 2/3<sup>rd</sup> of BSE 500 constituents have underperformed the index. So even if Nifty 50 is close to all time high levels, there is growing disquiet among bottom-up investing for the past few months. SMID segment of the market went through a correction phase both in valuation & time. After many years of major outperformance, this segment has gone through sideways movement and selective price declines. Another important factor was primary market fundraising reached multi-year highs, drawing liquidity away from the secondary market. This has disproportionately affected SMID segment where investor participation declined. Another important factor is migration of risk capital moving into AI related stocks particularly into developed markets. Precious metals such as gold, silver, platinum have also attracted strong inflows both in domestically and internationally, this shift has drained liquidity from SMID segment, causing the underperformance. As starting valuation of broader markets are more reasonable now as compared to beginning of 2025, we remain constructive on broader markets going ahead.

Over the last one year especially after SMID carnage in 4QFY25, we have focused on reinvigorating the portfolio. We updated several holdings across sectors, adding growth while adhering to our key tenets of earnings growth visibility, business moat & strong balance sheet fundamentals. We are optimistic around the impact of recent transactions, on the portfolio's long-term performance going ahead.

During the quarter, we have exited two companies Thomas Cook & PI industries. Both the companies reported subdued 2Q results and there is near to medium term concern on improving their business environment. We increased exposure to existing stocks: Welspun Corp & Redington with a view of their strong result and earning visibility. As 3Q earnings season will start now, we will closely monitor the portfolio companies' results, management commentary and will take necessary action if required. Going ahead, the outlook for Indian equities appear constructive considering both macro & micro factors aligning in favour of positive market environment. With tailwinds of policy support, technological transformation and a turning earnings cycle should aid positive market environment. Having said, we always remain vigilant to the risks as risk control is most essential aspect of investing.

Source - HSBC Asset Management India, Bloomberg

**Top 10 Holdings**

Name	Weight%
MAX FINANCIAL SERVICES LTD	6.51
ECLERX SERVICES LTD	4.42
MANAPPURAM FINANCE LTD	4.29
BANK OF BARODA	4.12
FORTIS HEALTHCARE LTD	3.98
ERIS LIFESCIENCES LTD	3.96
360 ONE WAM LTD	3.78
JINDAL STAINLESS LTD	3.71
HERO MOTOCORP LTD	3.66
AADHAR HOUSING FINANCE LTD	3.63

Performance <sup>#</sup>	1 Month	3 Months	6 Months	1 Year	2 Years	Since inception (21/09/23)
Portfolio (HSAP)	-1.74 %	2.20 %	-0.61 %	-2.87 %	9.71 %	11.64 %
BSE 500 TRI ^	-0.24 %	5.02 %	1.63 %	7.63 %	11.64 %	15.45 %

Source – HSBC Asset Management India, Bloomberg, Data as on 31 December 2025. 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.

<sup>#</sup> Regulatory benchmark,

 Returns upto 1 year are absolute & over 1 year are Compounded Annualized Returns are adjusted for inflows/outflows. The portfolio may or may not have any future position in these stocks. # Refer page no. 2 for detailed disclaimer. To view the portfolio's performance relative to other Portfolio Managers, you may click here ([APMI \(apmiindia.org\)](http://apmiindia.org)).

## Description of types of securities

Equity and equity related securities including convertible bonds and debentures and warrants carrying the right to obtain equity shares  
Derivatives instruments as may be permitted by SEBI / RBI  
Units of liquid funds/overnight 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

## Allocation of portfolio across types of securities

The investment approach has the mandate to predominantly invest in Equity and Equity related instruments of mid cap and small cap companies. However, the investment approach has the flexibility to invest in companies across the entire market capitalization spectrum.

## Risk associated with investment approach

Deployment of monies under the investment approach will be oriented towards equity and equity related securities of companies belonging to mid cap and small cap. Stocks of these 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. These companies tend to be less researched compared to large cap stocks and this may result into longer waiting period for the stock to reach their potential intrinsic value. A lot of smaller companies can be highly volatile and hence tend to have large up and down movements which may result in periods where the investor may see drawdowns. Further, small cap companies have higher opportunities of growth but these come with higher amount of risk as well and therefore, are suitable only for those investors who have higher risk appetite. It is likely that the portfolio may also experience period of volatile performance and liquidity challenges in view of its exposure towards mid and small cap companies. These companies will also be affected by the broader macro-economic environment such as interest rate changes, liquidity, cross border fund flows, statutory/ regulatory changes etc.

Since the portfolio is expected to be concentrated with exposure to select themes/sectors, it may perform differently from the broader stock markets/benchmark, but may still be impacted by broad market movements. It is likely that the portfolio may also experience period of volatile performance and liquidity challenges in view of the limited number of stocks invested in by the fund manager.

## Market Capitalisation

Sector Name	% of Net Assets	Small Cap :	43.19%
<b>Financials</b>	28.51	Mid Cap:	28.56%
<b>Materials</b>	14.95	Large Cap:	20.41%
<b>Industrials</b>	12.51	Avg. Weighted Market Capitalisation	Rs. 74,837 Cr
<b>Consumer Discretionary</b>	9.10	Median Market Capitalisation	Rs. 29,165 Cr
<b>Information Technology</b>	8.36		
<b>Health Care</b>	7.94		
<b>Real Estate</b>	3.33		
<b>Consumer Staples</b>	2.64		
<b>Utilities</b>	2.49		
<b>Communication Services</b>	2.33		

## 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.

## 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

Note - The above sector mentioned for illustration purpose only. The above data/information represents historic performance of the sector and for illustration purpose only. The above graphs/ analysis should not be construed as an investment advice or research report or recommendation to buy or sell any sector mentioned above. Past performance may or may not sustain and doesn't guarantee the future performance. For illustrative purposes only. The information above is provided by and represents the opinions of HSBC Asset Management and is subject to change without notice.

Source - HSBC Asset Management (India) Bloomberg, Data as on 31 December 2025.

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**# Past performance may or may not be sustained in future and is not a guarantee of any future returns.** Time weighted - Daily valuation method is used for rate of return calculation. Returns up to 1 year are absolute & over 1 year are Compounded Annualized. The performance disclosed above is based on all clients' portfolios under the investment approach, existing as on the performance calculation date, using Time Weighted Rate of Return (TWRR) of each client. All cash holdings and investments in liquid funds are also considered for calculation of performance and the performance data is net of all fees and all expenses (including taxes). Since inception date stated above is the date on which the first client investment was made under the investment approach. Please note that the actual performance for a client portfolio may vary due to factors such as expenses charged, timing of additional flows and redemption, individual client investment restrictions, if any, etc. These factors may have an impact on client's portfolio performance and hence may vary significantly from the performance disclosed above. Neither the Portfolio Manager, nor its directors or employees shall in any way liable for any variation noticed in the returns of individual client portfolios. The performance related information provided herein is not verified by SEBI.

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