HSBC Asset Management

HSBC Aspire Portfolio

PMS Product Note

July 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 & 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: 28 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 equities endured a turbulent first half of 2026 as geopolitical tensions, persistent foreign selling, earnings downgrades and concerns over artificial intelligence weighed on investor sentiment. The West Asia war heightened volatility in crude oil prices, bond yields and rupee. Persistent foreign selling was another major drag on the Indian market. Foreign portfolio investors withdrew a record Rs 2.74 tn from domestic equities during 1HCY26. Today, the backdrop has turned considerably more constructive. Geopolitical concerns have mellowed, energy prices have eased from their peaks, and global oil trade has largely normalized.
.
For India, the combination of softer crude, easing geopolitical tensions and lighter foreign positioning is creating a more supportive market backdrop. Investor sentiment could gradually improve after an extended period of caution and sustained selling. Corporate commentary also remains constructive, with resilient domestic demand, healthy pricing power across several sectors and exports becoming a more important growth driver. Companies are increasingly moving up the value chain and expanding into adjacent businesses to improve margins and broaden their addressable markets. India's southwest monsoon has had one of the weakest starts in over a century, but emerging trends suggest the season is delayed rather than derailed. The all-India rainfall deficit has narrowed sharply from 42% to 24% as of 4 July'26, with daily rainfall moving into surplus territory. We remain constructive on rural demand for FY27. Non-farm income drivers should continue to cushion any farm-side softness.

In terms of portfolio performance, many stocks in the portfolio saw sharp up move (>20%) thereby helping the portfolio outperformance vis-a-vis benchmark index during the quarter. We will closely monitor 1QFY27 corporate earnings & subsequent management commentary and will restructure the portfolio if required while adhering to our investment framework.

We booked profit in Sansera Engineering and added two new stocks namely We work & Craftsman Automation during the quarter. WeWork India it as 'one of the leading' premium flexible workspace operator in India and is one of the largest operator in terms of revenue. The company is majorly owned and promoted by Embassy Group, one of India's leading real estate developers. Its premium brand, strategic locations in Grade A buildings, and strong enterprise client base enable it to command industry-leading pricing and margins. Faster-than-expected adoption of flexible workspaces, higher occupancy, and stronger ARPM growth could drive further margin expansion and cash flow. The expansion pipeline is meaningfully de-risked (~40% already secured), while disciplined capacity addition, stronger free cash flows, rising RoCE, and a healthier balance sheet collectively strengthen medium-term visibility and operating leverage.

Craftsman Automation Ltd (CAL) is a diversified engineering company primarily engaged in three business verticals- aluminum products, powertrain machines, engine & transmission components and Industrial & engineering segment. Craftsman is the largest player involved in the machining of cylinder blocks and cylinder heads in the IMHCV segment as well as construction equipment industry in India. It is also amongst the top 3-4 players in machining of cylinder blocks for the tractors segment. The company's strong in-house engineering and design capabilities enable it to offer comprehensive products and solutions to long-standing domestic and international customers in each of the above segments. Having evolved into a larger diversified player through organic & inorganic growth over the last 3-4 years, we believe CAL is poised for further scale-up with healthy traction from domestic and global OEMs.

CAL would benefit from the large stationary engine orders picking up steam, in addition to being a preferred aluminium die casting partner for OEMs with attainment of critical scale. Margin is likely to improve due to operating leverages, with PAT expected to additionally benefit from balance sheet deleveraging. Facilitated by acquisitions and organic expansion, company would benefit from meaningful customer and segmental diversification.

Source -HSBC Asset Management India, Bloomberg

Top 10 Holdings

Name	Weight%	ROE (FY26) %	EPS CAGR (2Yrs)
MAX FINANCIAL SERVICES LTD	6.04	1.6	113.5
WELSPUN CORP LTD	5.27	19.4	22.6
MANAPPURAM FINANCE LTD	4.42	7.0	54.2
FORTIS HEALTHCARE LTD	4.22	11.1	30.1
BANK OF BARODA	3.84	12.7	(7.2)
AADHAR HOUSING FINANCE LTD	3.78	15.8	22.1
ERIS LIFESCIENCES LTD	3.70	18.3	16.3
JSW ENERGY LTD	3.47	7.7	20.9
HINDUSTAN AERONAUTICS LTD	3.44	24.0	11.9
INGERSOLL-RAND INDIA LTD	3.38	41.8	18.1

Performance#	1 Month	3 Months	6 Months	1 Year	2 Years	Since inception (21/09/23)
Portfolio (HSAP)	1.87 %	17.55 %	0.79 %	0.18 %	-1.55 %	9.78 %
BSE 500 TRI ^	1.73 %	12.10 %	-3.53 %	-1.96 %	1.52 %	11.08 %

Source – HSBC Asset Management India, Bloomberg, Data as on 30 June 2026. 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.
^ 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)).

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.

Sector Allocation

Sector Name	% of Net Assets
Financials	27.82
Materials	16.56
Industrials	13.58
Health Care	11.05
Information Technology	7.73
Consumer Discretionary	6.22
Real Estate	5.94
Utilities	3.47
Communication Services	2.60
Consumer Staples	2.17

Market Capitalisation

Large Cap :	16.26%
Mid Cap:	28.29%
Small Cap:	52.59%
Avg. Weighted Market Capitalisation	Rs. 71,777 Cr
Median Market Capitalisation	Rs. 35,300 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.

Portfolio Fundamentals & Attributes

Dividend yield FY26	0.9%	2 year EPS CAGR	21.6%
P/E FY26	62.9x	ROE FY26	17.9%
P/E FY27 estimates	36.2x	Beta:	1.0
P/E FY28 estimates	29.4x		

2 years EPS CAGR: FY26 to FY28

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 30 June 2026.
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 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.