



# HSBC India Next Portfolio

## PMS Product Note

June 2026

### Which themes can benefit the most in economic revival?

CONSUMPTION		GLOCAL		DIGITISATION		HIGH ALPHA
<ul style="list-style-type: none"> <li>Secular growth sector</li> <li>Conventional yet progressive theme</li> </ul>	+	<ul style="list-style-type: none"> <li>Play on MNCs in India</li> <li>Structural, long term theme</li> </ul>	+	<ul style="list-style-type: none"> <li>Disruptive and New age theme</li> </ul>	=	<ul style="list-style-type: none"> <li>Disruptive themes combined with secular &amp; progressive ones aim to have potential to deliver alpha</li> </ul>

**Inception Date :** 18 February 2021

#### Minimum Application Amount

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

#### Investment Objective

HSBC India Next Portfolio aims to generate returns and provide long term capital appreciation by investing in equity and equity related securities across market cap of businesses benefitting from transformation in Indian economy

#### Benchmark: BSE 500 TRI

**Rationale for selection of benchmark –** Primary Benchmark prescribed by APMI as mandated by SEBI to evaluate relative performance of the portfolio. It is as per market cap based methodology for equity strategy.

#### Fund Manager

Sheetalkumar Shah, Total Experience: 28 years, managing this portfolio since 18 February 2021

#### Indicative tenure or investment horizon

Medium to Long Term (3 years+)

#### 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 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

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:

The 4QFY26 corporate earnings fared better than expectations with BSE-500 PAT remained strong at 14% YoY, in line with 3QFY26. Topline (ex-BFSI) accelerated to 12% YoY (vs 9% YoY in 3Q). Despite a cautious tone on operating margins, corporate commentary continues to point to healthy underlying demand and sustained volume momentum across most domestic-facing sectors.

Following India's sharp underperformance in FY26 and record FII outflows, a favorable base has likely been set for Indian equities. However, in the near term, the market will remain hostage to volatile developments arising from the West Asian crisis. Higher commodity prices will be the key monitorables, as a prolonged elevated level could affect India's macro parameters and engender a tight monetary policy stance.

The domestic recovery continued to gain traction, supported by the ongoing transmission of monetary easing and fiscal measures taken during CY25, including GST rationalization and personal income tax cuts. The West Asia conflict has reinforced India's vulnerability to global energy supply disruptions, given its high dependence on imported crude, gas and coal. India's major macro-economic parameters such as CAD/BoP, fiscal, growth and inflation/interest rates have high linkage to crude oil and gas prices. Thus, the duration and extent of the ongoing West Asia crisis will determine the level of crude oil prices over the next few months and impact on the Indian economy. Going forward markets will keenly watch clarity on US-Iran deal, crude prices. MPC commentary and monsoon trends.

India's relative underperformance in emerging market basket is mainly due to lack of AI opportunity in Indian markets & India's macro vulnerability due higher crude prices. However if we see the global markets, there is extreme concentration, almost half of the global market cap sits in just 229 stocks! The AI cycle has redrawn capital flows across Asia. It is changing MSCI weights, creating new trillion-dollar companies, driving government tax revenues and pulling global capital towards Taiwan and Korea.

Consider the concentration: Taiwan's stock market is now ~85% information technology, Korea is ~57%. Even the US sits at ~32.7%. Within Korea, Samsung Electronics and SK Hynix alone account for over 50% of the index. Taiwan is essentially TSMC and has a few more tech plays. Global equity markets have rarely been this concentrated in a single sector. Valuation, positioning, and capital flows eventually create their own reversal. And when that rotation comes, it is likely to come back to India where scale, domestic demand, manufacturing, and policy support remain long-duration structural advantages.

#### Top 10 Holdings

Name	Weight%	Theme	ROE (FY25) %	EPS CAGR (2Yrs)
SHRIRAM PISTONS & RINGS LTD	6.2	Consumption	23.5	25.9
STATE BANK OF INDIA	6.1	Consumption + Digital	17.3	11.1
GE VERNOVA T&D INDIA LTD	5.1	GLOCAL	40.3	24.9
PHOENIX MILLS LTD	4.9	Consumption	9.9	24.1
TITAN CO LTD	4.7	Consumption	31.8	22.3
FORTIS HEALTHCARE LTD	4.6	Consumption	9.3	30.3
MARUTI SUZUKI INDIA LTD	4.4	GLOCAL + Consumption	15.7	28.0
INDIAN HOTELS CO LTD	4.3	Consumption	18.5	32.0
INTERGLOBE AVIATION LTD	3.9	Consumption	127.7	-
NIPPON LIFE INDIA ASSET MANA	3.6	GLOCAL + Consumption	31.4	17.7

Performance <sup>#</sup>	1 Month	3 Months	6 Months	1 Year	2 Years	3 Years	4 Years	5 Years	Since Inception
<b>Portfolio</b>	0.18 %	1.28 %	-2.59 %	1.80 %	4.44 %	12.53 %	13.47 %	12.34 %	12.88 %
<b>BSE 500 TRI</b> <sup>^</sup>	-0.17 %	-2.34 %	-5.39 %	-0.07 %	4.14 %	13.46 %	13.31 %	12.29 %	12.72 %

Source – HSBC Asset Management India, Bloomberg, Data as on 31 May 2026. 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. <sup>^</sup> Regulatory benchmark, #Refer page no. 2 for detailed disclaimer. To view the portfolio's performance relative to other Portfolio Managers, you may click here (APMI [apmindia.org](http://apmindia.org)).

## Basis of selection of types of securities

The investment approach is to create long term wealth for investors by participating in companies from sectors that are likely to be beneficiaries of transformation in the Indian economy including themes such as, digitization, consumption, GLOCAL i.e. Global companies working in local markets, etc. The portfolio manager intends to do the same by buying equities of these businesses and hence, equity and equity related securities are chosen for investment. The portfolio manager may, from time to time, invest un-deployed funds in units of liquid funds/ overnight funds of HSBC Mutual Fund including cash and cash equivalents for cash management purposes

## \* For cash management and pending deployment in the portfolio

## Why invest in HSBC India Next Portfolio (HINP)?

### Fueled by focused themes

The portfolio aims to gain by focusing on the select themes such as Consumption, GLOCAL and Digitisation in a more concentrated manner that can propel growth.

### Growth with new age portfolio

HINP's allocation to Discretionary spending can offer above average growth over a long term. Allocation to Digitisation adds new age investment ideas.

### Earning visibility

Expected earnings acceleration can offer high alpha generation opportunities effectively.

### High conviction and concentration

High conviction and concentrated portfolio of HINP can provide high alpha generation opportunities with our portfolio construction process and TVSQ strategy. (TVSQ – Dominant Themes, Reasonable Valuations, Scalability & Sustainability and Management Business Quality)

## Risk associated with investment approach

Deployment of monies under the investment strategy will be oriented towards equity and equity related securities of companies belonging to themes/sectors that are likely to be beneficiaries of transformation in the Indian economy including themes such as digitization, consumption, GLOCAL i.e. Global companies working in local markets, etc. and hence will be affected by risks associated with these industries as well as any factors that affect 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.

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## Sector Allocation

Sector Name	% of Net Assets
Consumer Discretionary	27.94
Financials	17.30
Industrials	12.41
Real Estate	8.19
Health Care	7.42
Information Technology	6.01
Communication Services	4.75
Energy	3.63
Utilities	3.23
Consumer Staples	3.18
Materials	2.33

## Market Capitalisation

Large Cap:	44.42%
Mid Cap:	29.21%
Small Cap:	22.76%
Avg. Weighted Market Capitalisation	Rs. 2,59,125 Cr
Median Market Capitalisation	Rs. 81,940 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	0.6%	2 year EPS CAGR	31.9%
P/E FY26	55.7x	ROE FY26	15.7%
P/E FY27 estimates	36.9x	Beta:	1.0
P/E FY28 estimates	28.9x		

## Investment Strategy

2 years EPS CAGR: FY26 to FY28

The portfolio strategy endeavors to capitalize on long term wealth creation opportunity by investing in select high growth potential businesses from sectors that are likely to be beneficiaries of transformation in the Indian economy including themes such as Digitisation, Consumption, GLOCAL i.e. Global companies working in local markets, etc. The portfolio would be market cap agnostic and would focus on select themes with potential to deliver alpha over medium to long term.<sup>&</sup>

However, it is expressly clarified that clients are not being offered any guaranteed / assured returns and that the Portfolio Manager only endeavors to meet the investment objective

## HSBC India Next Portfolio offers high conviction, concentrated investment portfolio focused on sectors that are likely to be beneficiaries of transformation in the Indian economy

<sup>&</sup> The Portfolio Manager may also participate in the Securities Lending Scheme.

**Portfolio Disclaimer:** The portfolio attributes of the investment approach mentioned above are based on all clients' portfolios existing as on the date stated above, excluding any temporary cash investments, and does not represent the model portfolio being offered to the clients, including prospective clients, and hence it is possible that these stocks may not be part of the portfolios constructed for new clients. **The above information is for illustrative purpose only and it should not be considered as investment recommendation or advice or opinion from the Portfolio Manager on the above mentioned stocks/sectors.** In no event shall the Portfolio Manager, its directors or employees or its affiliates have any liability for any financial impact to the recipient on account of use of the above information.

**# 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. Source - HSBC Asset Management India, Bloomberg, Data as on 31 May 2026.