



HSBC India Next Portfolio

PMS Product Note

October 2025

Which themes can benefit the most in economic revival?

CONSUMPTION		GLOCAL		DIGITISATION		HIGH ALPHA
- Secular growth sector - Conventional yet progressive theme	+	- Play on MNCs in India - Structural, long term theme	+	Disruptive and New age theme	=	Disruptive themes combined with secular & progressive ones aim to have potential to deliver alpha

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:

Indian stock market is witnessing Tariff Pe Tariff since last few months and September was no exception. Tighter scrutiny of H1B visa program and 100% tariff on branded and patented pharmaceutical imports created renewed headwinds for Indian markets. Apart from FII outflows, there has been over \$27 bn of paper in last four months diverting capital away from secondary markets. The momentum of supply seems likely to continue in October given the recent IPO filings – Sep 2025 will be highest number of IPOs since 1997!

RBI in its latest monetary policy has kept the repo rate unchanged at 5.5% but revised FY26 real GDP growth from 6.5% to 6.8%. It has announced a slew of measures to support credit growth and rationalisation of certain regulatory limits for the banking sector that should improve the ease of doing business, boost growth and enhance balance sheet resiliency. India witnessed its strongest monsoon in five years that could mean better harvests and further reduction in food inflation.

The proposed GST rationalisation is expected to gradually stimulate demand, with the auto sector already reflecting early signs of improvement ahead of the festive season. We expect these benefits to cascade into FMCG, durables, cement and other discretionary categories over time, supported by rural recovery and direct tax relief. Importantly, the festive period is anticipated to provide an additional fillip to consumption across categories. Consumption being one of the major themes of HINP portfolio and the current portfolio has sizeable exposure to consumption related stocks, it should help the portfolio immensely in the medium to long term.

We believe that the government is committed to lifting and stimulating the Indian economy in the face of global headwinds, weak private capex and sub-optimal consumption. In our view, the proactive steps of the government in tandem with the RBI's stimulus measures have kick-started a cycle of positive uptrends for the Indian equity market, which has been a key underperformer over the past 12 months. With government's reforms measure of GST, Income tax cut, softening interest rates, RBI's liquidity infusion; all these factors should augur well for economy & corporate India in 2HFY26 & beyond. We believe that the cavalry of measures by the government will help to reset the trajectory of corporate earnings as domestic reforms are expected to continue, while any resolution of the tariff stalemate will be a key external catalyst in our opinion. We see potential for further market upside, especially in an environment characterized by improving corporate earnings growth, low interest rates, ample liquidity, and macroeconomic recovery.

We will be keenly watching 2Q results and subsequent management commentary to take appropriate portfolio actions if required.

We added Tube Investments of India (TII) to the portfolio during the month. TII, part of the Murugappa Group, is a mobility focused manufacturing company with a strong established franchise across auto and industrial sectors. It operates across three business segments in the standalone entity (Engineering, Metal Formed Products and Cycles) and has diversified into new business including EVs, CDMO, medical devices apart from holding 58% stake in CG Power & 70% stake in Shanthi Gear. The company is among the top three players in most of the business segments it operates in. For instance, TI enjoys healthy presence in the large diameter tubes business, is the second largest player in the domestic automobile chains business and the domestic bicycles business. Besides, Shanti Gears enjoys leadership position in the special gears and gearboxes segment, while CG Power, has also emerged as the market leader in the transformer, switch gear and motor segments.

We are positive on TII due to its credible promoter-led management which is focused on delivering higher than industry growth on a consistent basis. CG Power's performance post turnaround and subsequent cash redeployment into new business ventures lends further credibility to management's ability to transform companies and channelise cash flows for growth pursuits.

Top 10 Holdings

Source - HSBC Asset Management India, Bloomberg

Name	Weight %	Theme	ROE (FY25)%	EPS CAGR (2Yrs)
INTERGLOBE AVIATION LTD	6.38	Consumption	127	25.1
STATE BANK OF INDIA	6.30	Consumption + Digital	17.3	4.1
MARUTI SUZUKI INDIA LTD	5.51	GLOCAL + Consumption	15.7	15.1
SHRIRAM PISTONS & RINGS LTD	4.93	Consumption	23.5	15.4
FORTIS HEALTHCARE LTD	4.80	Consumption	9.3	34.9
INDIAN HOTELS CO LTD	4.72	Consumption	18.5	15.0
ETERNAL LTD	4.51	Consumption + Digital	2.1	141.7
PHOENIX MILLS LTD	4.32	Consumption	9.9	31.6
DLF LTD	4.02	Consumption	10.7	10.5
TITAN CO LTD	3.94	Consumption	31.8	33.4

Performance#	1 Month	3 Months	6 Months	1 Year	2 Years	3 Years	4 Years	Since Inception
Portfolio (HINP)	0.52 %	-1.93 %	9.47 %	-3.78 %	13.49 %	15.52 %	11.43 %	14.79 %
BSE 500 TRI ^	1.24 %	-3.23 %	7.19 %	-5.50 %	15.46 %	16.13 %	11.91 %	14.78 %

Source – HSBC Asset Management India, Bloomberg, Data as on 30 September 2025. 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. ^ 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 apmiindia.org).

PUBLIC

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)

Sector Allocation

Sector Name % of Net Assets

Consumer Discretionary	28.50
Financials	17.81
Industrials	11.80
Real Estate	8.34
Health Care	7.62
Information Technology	6.71
Communication Services	5.28
Energy	3.87
Utilities	3.00
Consumer Staples	2.69

Market Capitalisation

Large Cap:	53.19%
Mid Cap:	21.08%
Small Cap:	21.35%
Avg. Weighted Market Capitalisation Rs. 2,95,042 Cr	
Median Market Capitalisation Rs. 88,977 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 FY25	0.6%	2 year EPS CAGR	17.4%
P/E FY26 estimates	52.6x	Beta:	1.1
P/E FY27 estimates	33.7x		

2 years EPS CAGR: FY25 to FY27 – Data as on 30 September 2025

Investment Strategy

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.&

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

& 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.

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.

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

PUBLIC