HSBC Asset Management

HSBC India Next Portfolio

PMS Product Note

August 2026

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:

Recent correction in Asian memory stocks has helped India outperforming recently, but several fundamental factors have also turned constructive domestically. Credit growth, auto volumes, property, power demand etc. have been surprising positively and so has the 1QFY27 earnings season. Monsoon is incrementally better & FCNR deposit flow helping INR stability. In terms of monthly flows, FPIs turned positive after four months of heavy outflows while DII flows moderated slightly – DII inflows stood at Rs 351bn vs. FPI inflows of Rs 220bn. High-frequency indicators remain constructive: credit growth is holding up, demand has been more resilient than expected, and recent RBI policies offer some support to the INR.

The 1QFY27 earnings season so far indicates resilient domestic demand despite geopolitical and commodity-related uncertainties. Commentaries from most managements suggest continuing volume momentum, no noteworthy impact on MSME / industrial credit, export traction gaining momentum – with near-term risks from El Nino & prolonged WE Asia crisis as monitorable.

West Asia tensions appear to be moderating following a pause in major strikes and renewed diplomatic efforts, although the situation remains fragile and energy-supply risks have not fully receded. Meanwhile, the global AI trade is undergoing a reassessment as investors scrutinise elevated valuations, hyperscaler capex and the pace of monetisation, potentially supporting rotation towards relatively under-owned markets such as India. The recent US Federal Reserve meeting reinforced uncertainty around the rate outlook, with persistent inflation concerns likely to keep global bond yields and liquidity conditions volatile.

We added RBL bank, mid-sized private sector bank to the portfolio that is set for a transformational step-change as Emirates NBD (ENBD) injects US$3bn of fresh capital (largest FDI in the banking sector to-date) with a controlling 60% stake. We see a host of benefits from this deal viz: (1) GCC-India remittance pipe to open up the NRI deposit business, (2) ability to underwrite big ticket quality corporate loans, (3) transaction banking, treasury and syndication franchise uplift, (4) new cross border and wealth management capabilities. The bank has secured maiden international rating of Baa2 from Moody's, which is above India's sovereign rating and all the large banks. This should drive reduction in wholesale cost of funds immediately, and a gradual improvement in SA and retail TD rates over the medium-term. We believe the capital infusion provides multiple optionalities to the management team incl. but not limited to running down of high-cost borrowings, scaling up corporate, scaling up Middle East linked exchange business and venturing to safer retail asset segments to de-risk the balance sheet. The huge capital infusion led surplus liquidity allows the bank to increase C/D ratio, NIMs and RoAs, even as RoE remains sub-par in the near term.

The current strategy of moving towards secured retail, driving operating leverage, de-risking unsecured retail and retailisation of liabilities to continue even post the ENBD deal getting consummated, We expect loan growth trajectory to increase to ~25% CAGR driven primarily by secured retail & better quality wholesale build up, aided by the capital infusion.

Source -HSBC Asset Management India, Bloomberg

Top 10 Holdings

Name	Weight%	Theme	ROE (FY26) %	EPS CAGR (2Yrs)
SPR AUTO TECHNOLOGIES LTD	6.28	Consumption	20.9	25.9
STATE BANK OF INDIA	6.00	Consumption + Digital	15.4	10.9
TITAN CO LTD	5.31	Consumption	37.1	22.2
PHOENIX MILLS LTD	4.92	Consumption	11.4	24.1
INDIAN HOTELS CO LTD	4.62	Consumption	17.2	31.7
MARUTI SUZUKI INDIA LTD	4.53	GLOCAL + Consumption	14.4	29.6
FORTIS HEALTHCARE LTD	4.40	GLOCAL + Consumption	11.1	30.1
INTERGLOBE AVIATION LTD	4.33	Consumption	(29.3)	-
GE VERNOVA T&D INDIA LTD	4.02	GLOCAL	55.3	26.6
ETERNAL LTD	3.93	Consumption + Digital	1.2	294.6

Performance#	1 Month	3 Months	6 Months	1 Year	2 Years	3 Years	4 Years	5 Years	Since Inception
Portfolio (HINP)	1.99 %	5.95 %	9.22 %	6.18 %	3.33 %	11.59 %	13.17 %	11.78 %	13.62 %
BSE 500 TRI ^	2.19 %	3.78 %	1.99%	2.98 %	0.42 %	11.89 %	13.25 %	12.35 %	13.11 %

Source – HSBC Asset Management India, Bloomberg, Data as on 31 July 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. ^ 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)).

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	28.80
Financials	21.49
Industrials	10.79
Real Estate	8.44
Health Care	7.20
Information Technology	5.93
Communication Services	5.05
Energy	3.38
Utilities	2.75
Consumer Staples	2.52
Materials	2.19

Market Capitalisation

Large Cap:	42.89%
Mid Cap:	32.04%
Small Cap:	23.61%

Avg. Weighted Market Capitalisation Rs. 2,75,782 Cr

Median Market Capitalisation Rs. 87,535 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	33.2%
P/E FY26	56.8x	ROE FY26	15.2%
P/E FY27 estimates	39.2x	Beta:	1.1
P/E FY28 estimates	30.0x		

2 years EPS CAGR: FY26 to FY28

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.
Source – HSBC Asset Management India, Bloomberg, Data as on 31 July 2026.

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.