



# HSBC India Next Portfolio

PMS Product Note

January 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:

In December 2025, benchmark indices remained range-bound whereas the midcap and smallcap indices underperformed the larger peers. 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%. Domestic inflows into equities were largely offset by persistent FPI selling, along with significant supply from IPOs, QIPs, and promoter or private equity exits.

Going ahead, the key events to watch out for are 3Q corporate earnings season, US trade deal announcement and the union budget. With recent GST reforms alongwith previously announced income tax rate cuts should significantly help boost private consumption in medium to long term and this should help HINP portfolio since it has a sizeable exposure to consumption theme. Income effect (from income tax cuts) + savings effect (from GST cuts & lower EMIs) + wealth effect (from gold price rise) is the potent combination for consumption boost in medium to long term, in our view.

In terms of portfolio action, we reduced weight to Indigo in view of the IndiGo experiencing severe disruptions in December and has been hit the hardest by new FDTL rules, which cut pilot duty hours and raised crew needs, testing its lean, high-utilisation model. In the short term, this would impact IndiGo's financials in a seasonally strong quarter due to its massively curtailed operations of two weeks. As 3Q earnings season will start now, we will monitor the existing portfolio company results, management commentary and will take necessary action if required.

We are mindful of the portfolio underperformance during last one year period. We have observed in the past that HINP being thematic & concentrated portfolio strategy tend to underperform broader markets in some time periods. 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. Sectors such as metals & auto have outperformed whereas IT & realty have underperformed significantly during the calendar year. 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. We remain firmly committed to maintaining discipline of our investment philosophy and valuation discipline - always anchored in fundamentals rather than market sentiment. Looking ahead, 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	Weight%	Theme	ROE (FY25) %	EPS CAGR (2Yrs)
STATE BANK OF INDIA	5.89	Consumption + Digital	17.3	6.2
SHIRRAM PISTONS & RINGS LTD	5.70	Consumption	23.5	19.1
MARUTI SUZUKI INDIA LTD	5.50	GLOCAL + Consumption	15.7	32.1
PHOENIX MILLS LTD	4.96	Consumption	9.9	30.2
INDIAN HOTELS CO LTD	4.66	Consumption	18.5	13.9
TITAN CO LTD	4.57	Consumption	31.8	34.4
INTERGLOBE AVIATION LTD	4.35	Consumption	127.7	19.6
RELIANCE INDUSTRIES LIMITED	4.24	Consumption + Digital	8.5	12.9
FORTIS HEALTHCARE LTD	4.22	Consumption	9.3	36.2
PERSISTENT SYSTEMS LTD	4.09	Digital	24.8	26.2

Performance <sup>#</sup>	1 Month	3 Months	6 Months	1 Year	2 Years	3 Years	4 Years	Since Inception
Portfolio (HINP)	-0.56 %	2.39 %	0.41 %	2.39 %	9.75 %	16.05 %	12.06 %	14.53 %
BSE 500 TRI ^	-0.24 %	5.02 %	1.63 %	7.63 %	11.64 %	16.40 %	13.38 %	15.12 %

Source – HSBC Asset Management India, Bloomberg, Data as on 31 December 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 ([apmiindia.org](http://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	Market Capitalisation	
Consumer Discretionary	28.19	Large Cap:	50.46%
Financials	17.48		
Industrials	9.32	Mid Cap:	23.01%
Real Estate	8.70		
Information Technology	7.38	Small Cap:	21.39%
Health Care	6.97		
Communication Services	5.25	Avg. Weighted Market Capitalisation Rs. 3,16,136 Cr	
Energy	4.24	Median Market Capitalisation Rs. 98,941 Cr	
Consumer Staples	2.86	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.	
Utilities	2.83		
Materials	1.64		

## Portfolio Fundamentals & Attributes

Dividend yield FY25	0.5%	2 year EPS CAGR	22.7%
P/E FY25	47.9x	ROE FY25	21.8%
P/E FY26 estimates	56.2x	Beta:	1.1
P/E FY27 estimates	34.1x		

2 years EPS CAGR: FY25 to FY27

## 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.<sup>8</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>8</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 December 2025.

## 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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