



HSBC India Next Portfolio

PMS Product Note

March 2026

Which themes can benefit the most in economic revival?

CONSUMPTION		GLOCAL		DIGITISATION		HIGH ALPHA
<ul style="list-style-type: none"> Secular growth sector Conventional yet progressive theme 	+	<ul style="list-style-type: none"> Play on MNCs in India Structural, long term theme 	+	<ul style="list-style-type: none"> Disruptive and New age theme 	=	<ul style="list-style-type: none"> 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:

Multiple variables continue to influence the near-term market environment. The recent ongoing middle east conflict will have major impact on Indian economy if it gets prolonged further. The conflict has entered a phase where outcomes are increasingly uncertain and economic risks are asymmetric. The Strait of Hormuz - critical to ~20% of global oil flows, remains functionally impaired despite limited physical damage to infrastructure. India's oil imports from Iran are limited, but imports transiting the Strait of Hormuz are significant. A prolonged energy shock would weigh on global growth, complicate inflation trajectories, and tighten financial conditions. For India, the stakes are particularly acute. The country imports over 85 percent of its crude oil requirement, and middle eastern suppliers account for more than half of those imports. A sustained move above \$80 per barrel would widen India's current account deficit, push domestic inflation higher and put pressure on the rupee. If the hostilities end in next few days, the markets will recover sharply, as they did in Oct-23 and Jun-25. A sustained war however, poses significant macro risks for India.

On macro front, Indian economy is in good shape with resilient high frequency indicators, improved composite PMI (58.9), inflation within target range. India's new GDP series with base year 2022–23 stated 3QFY26 growth at 7.8% YoY as against 8.4% YoY in 2QFY26. Growth was primarily driven by manufacturing (its strongest growth in eight quarters) and services (its strongest in seven quarters). On the demand side, both private consumption (aided by GST-related cuts and favorable interest rate conditions) and investment remained robust. This is the first full quarter reflecting the impact of GST. Overall, the revised GDP series confirms that India's economy remains fundamentally strong. Overall, despite continued global uncertainty, India remains well positioned for sustained growth, underpinned by resilient domestic demand, supportive financial conditions, moderate inflation and contained external imbalances. The recently announced Union Budget maintains a steady and credible macro framework. While adhering to fiscal prudence, the government has opted for targeted support measures rather than a broad-based stimulus.

The 3Q FY26 Earnings ended with overall good show as Nifty 500 Companies marked double-digit revenue after a gap of five quarters while earnings growth sustained third-consecutive quarters of double-digit growth, up 16.3% yoy.

Indian markets particularly broader universe has been going through a major time & value correction phase since past eighteen months which may not get reflected in headline benchmark indices. For India where growth is driven by domestic consumption, capex recovery, digitization and manufacturing realignment- geopolitical shocks are typically interruptions and not inflection points. We are hopeful that once the conflict related uncertainty over, quality stocks with strong fundamentals & balance sheet in HINP portfolio may provide reasonable upside in medium to long term.

Patient opportunism, buttressed by a contrarian attitude and strong balance sheet, can yield amazing profits during meltdowns -Howard Marks **Source - HSBC Asset Management India, Bloomberg**

Top 10 Holdings	Weight%	Theme	ROE (FY25) %	EPS CAGR (2Yrs)
STATE BANK OF INDIA	7.54	Consumption + Digital	17.3	8.8
SHRIRAM PISTONS & RINGS LTD	5.74	Consumption	23.5	19.6
MARUTI SUZUKI INDIA LTD	5.11	GLOCAL + Consumption	15.7	29.9
TITAN CO LTD	5.09	Consumption	31.8	38.4
FORTIS HEALTHCARE LTD	4.71	Consumption	9.3	33.8
PHOENIX MILLS LTD	4.63	Consumption	9.9	29.6
INDIAN HOTELS CO LTD	4.39	Consumption	18.5	10.5
INTERGLOBE AVIATION LTD	4.34	Consumption	127.7	12.5
RELIANCE INDUSTRIES LIMITED	3.93	Consumption + Digital	8.5	12.1
GE VERNOVA T&D INDIA LTD	3.84	GLOCAL	40.3	54.0

Performance#	1 Month	3 Months	6 Months	1 Year	2 Years	3 Years	4 Years	5 Years	Since Inception
Portfolio (HINP)	1.96 %	-3.83 %	-0.46 %	14.70 %	4.07 %	15.47 %	12.47 %	13.37 %	13.28 %
BSE 500 TRI ^	0.45 %	-3.13 %	3.24 %	17.30 %	8.09 %	17.66 %	13.79 %	14.78 %	13.93 %

Source – HSBC Asset Management India, Bloomberg, Data as on 28 February 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 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	28.14
Financials	19.26
Industrials	10.56
Real Estate	8.06
Health Care	7.68
Information Technology	5.70
Communication Services	4.80
Energy	3.93
Utilities	2.93
Consumer Staples	2.76
Materials	1.99

Market Capitalisation

Large Cap:	47.79%
Mid Cap:	27.28%
Small Cap:	20.74%
Avg. Weighted Market Capitalisation	Rs. 3,16,393 Cr
Median Market Capitalisation	Rs. 74,663 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	0.5%	2 year EPS CAGR	22.3%
P/E FY25	47.4x	ROE FY25	23.0%
P/E FY26 estimates	56.6x	Beta:	1.0
P/E FY27 estimates	33.5x		

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.⁸

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

⁸ 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 28 February 2026.