

# HSBC India Next Portfolio

PMS Product Note

February 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:

Calendar year 2026 started like 2025 for Indian equity markets continuing to lag global markets, with persistent FPI selling offset by price agnostic DII/retail buying. The near-term market environment continues to be shaped by a wide range of global variables, while domestic fundamentals remain relatively steady. A supportive external backdrop marked by progress on a US trade deal, steady energy prices, and a broadly stable to firm rupee – would be constructive for equities and could help improve equity flow dynamics.

The recently announced Union budget strikes a pragmatic approach between fiscal prudence and growth. It also marks a clear shift in the government's fiscal framework, with the government formally moving from a focus on annual fiscal deficit reduction to a debt-to-GDP regime of budget discipline that is designed to absorb external shocks without derailing medium term consolidation. However, the key disappointment has been in the form of higher-than-expected FY27 gross borrowing estimate of INR 17.2 tn, the unexpected sharp increase in STT on futures & options and the lack of tax measures to support foreign equity flows.

Another important event was signing of the India-EU Free Trade Agreement (FTA) on 27th January 2026. The agreement marks a meaningful inflection point for Indian exporters, particularly in labour-intensive sectors such as textiles and apparel. The deal represents a structural opportunity to restore India's competitiveness in EU at a time when dependence on the US is becoming increasingly risky.

3Qearnings season is in line with expectations so far with revenue growth of 11% and PAT growth of 14% for the universe that comprises 42% of India's market capitalisation.

During the month, we have replaced ABB India with another promising MNC company GE Vernova T&D India Ltd with strong revenue & earnings visibility in medium to long term. GE Vernova is a play on Grid capex in T & D space. There is sharp increase in energy installations which require acceleration in transmission network installations. The government targets installed capacity to reach 900 GW by 2032, implying additional installations of 400GW over the next 7 years providing huge opportunity for GE Vernova.

The domestic electrification market during 2025- 27 is expected to double to \$25bn and remain on similar levels during 2028-30. The company estimates its addressable market to increase to \$9.8bn by 2030 (vs \$2.8bn in 2022) driven by opportunities in HVDC, STATCOMs, and AC Equipment of which HVDC will form about 40% of capex. The market is anticipating atleast 1-2 HVDC projects each year through 2030-32 – translating into 8-10 additional HVDC projects.

Global Power T&D market expected to double to \$175bn by 2030 from \$80bn during 2023 – led by sharp increase in transmission network and upgradation of existing network. We believe Europe provides significant export opportunities to GVTD as the production capacities of equipment suppliers in Europe are already stretched.

The company posted impressive 3Q result with strong order inflow of 29.4 bn pushing up the backlog to Rs143.8bn (3.4x FY25 sales). This order book provides revenue visibility for the next 2 years. Exports contribute about 30% of the total order book. The company is likely to report strong revenue trajectory more than doubling by FY28 – translating into FY25-28 sales CAGR of >30% - led by execution of current orderbook and continued momentum in the T&D ordering. EBITDA margin is set to further expand by 300-400bps supported by slight gross margin expansion and operating leverage.

Source - HSBC Asset Management India, Bloomberg

Top 10 Holdings	Weight%	Theme	ROE (FY25) %	EPS CAGR (2Yrs)
STATE BANK OF INDIA	6.86	Consumption + Digital	17.3	6.3
SHIRIRAM PISTONS & RINGS LTD	5.14	Consumption	23.5	19.3
MARUTI SUZUKI INDIA LTD	5.10	GLOCAL + Consumption	15.7	30.1
TITAN CO LTD	4.76	Consumption	31.8	35.6
PHOENIX MILLS LTD	4.74	Consumption	9.9	28.3
INDIAN HOTELS CO LTD	4.51	Consumption	18.5	12.4
FORTIS HEALTHCARE LTD	4.32	Consumption	9.3	35.0
INTERGLOBE AVIATION LTD	4.20	Consumption	127.7	12.3
PERSISTENT SYSTEMS LTD	4.20	Digital	24.8	28.5
RELIANCE INDUSTRIES LIMITED	4.00	Consumption + Digital	8.5	12.1

Performance#	1 Month	3 Months	6 Months	1 Year	2 Years	3 Years	4 Years	Since Inception
Portfolio (HINP)	-5.14 %	-6.42 %	-2.78 %	3.84 %	5.82 %	14.64 %	10.79 %	13.05 %
BSE 500 TRI ^	-3.34 %	-2.64 %	0.98 %	7.74 %	8.72 %	16.40 %	12.53 %	14.06 %

Source – HSBC Asset Management India, Bloomberg. Data as on 31 January 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 \(apmiindia.org\)](http://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)

## 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

## Market Capitalisation

Sector Name	% of Net Assets	Large Cap:	47.83%
Consumer Discretionary	27.19		
Financials	18.67	Mid Cap:	25.23%
Real Estate	8.41		
Industrials	7.68	Small Cap:	20.44%
Information Technology	7.49		
Health Care	7.33	Avg. Weighted Market Capitalisation Rs. 3,04,191 Cr	
Communication Services	5.05		
Energy	4.00	Median Market Capitalisation Rs. 82,711 Cr	
Consumer Staples	2.92		
Utilities	2.90	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.	
Materials	1.86		

## Portfolio Fundamentals & Attributes

Dividend yield FY25	0.6%	2 year EPS CAGR	22.1%
P/E FY25	47.5x	ROE FY25	21.4%
P/E FY26 estimates	58.9x	Beta:	1.1
P/E FY27 estimates	31.8x		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.

<sup>9</sup> 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 January 2026.