



HSBC India Next Portfolio

PMS Product Note

September 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:

India's GDP grew by 7.8% in Q1FY27, showing tremendous resilience despite the heightened external turbulence of West Asia war, Tariff uncertainty and higher crude price. Growth was driven by both private consumption and investment on the expenditure side and by Manufacturing and Services on the production side. However, on the flip side, monsoon is 14.0% below normal thus far. Spatial distribution is also poor with 47.0% of India's districts having received scanty/deficient rains. West Asia remains the biggest macro uncertainty, keeping oil prices, energy costs and supply-chain risks elevated. A more hawkish US rates backdrop has also pushed bond yields and the dollar higher. August witnessed a deluge of large secondary market deals as promoters and private equity investors sold @ Rs. 80,000 crores during the month, highest since June 2025. The FY27 earnings season began on a strong footing, with the first quarter delivering a broad-based surprise with BSE 500(ex-OMCs) delivered 17%/20%/23% growth in revenue/EBITDA/PAT. Corporate commentary remained constructive, reflecting sustained demand across domestic-facing sectors despite the price hikes.

During the month, we have undertaken portfolio restructuring based on quarterly results. We exited PVR Inox & Schneider Electric Infrastructure from the portfolio. Partial profit was booked in Manappuram Finance Ltd. We increased the weightage to RBL Bank further. The new stock MCX is added to the portfolio. MCX is the largest commodity exchange in India with a near monopoly in most non-agri commodities. MCX offers commodity derivatives across categories such as agricultural products, gold, silver, crude, natural gas and base metals. Rising volumes, a stable technology platform, regulatory tailwinds and the option value attached to a visible pipeline of new products have driven the outperformance to date, and that is likely to continue. Allowing FPIs into deliverable contracts will boost bullion and metals options volume. This along with Index options on bullion and metals can drive the next leg of growth.

MCX has driven greater participation in commodity derivatives by introducing contracts with smaller sizes. This reduces margin requirements. These features have resulted in greater retail participation driving contribution from mini contracts to gold and silver futures and options turnover rising to 60-70% in FY26 vs 20-40% two years back.

Increased participation in commodity derivatives over last few years is quite significant, the number of participants on MCX grew at 50% CAGR over the last three years and stood at 2.1 million. This has been primarily driven by participation in options, which has increased from 0.4 million in FY23 to 1.8 million in FY26. Despite this surge, participation in commodity derivatives fades in comparison to equity derivatives considering only 1/5th of NSE's individual equity derivative traders participated in MCX's options in FY26. There is scope for further growth in commodity traders in India as participation on retail trading platforms upscale up.

MCX has multiple optionalities including: (1) coal exchange, 2) colocation : Whenever colocation is allowed this could provide MCX with recurring usage income and uplift volumes. (3) FPI participation in non-cash derivatives and (4) weekly option contracts: Weekly options may add 12-18% to MCX's earnings assuming turnover is 5-8% of weekly equity options.

MCX has positive working capital and limited capex (c.20% of OCF). Hence, FCF has been higher than EBITDA historically. MCX with its strong balance sheet & strong cashflows, is likely to increase dividend payouts in future.

Source -HSBC Asset Management India, Bloomberg

Top 10 Holdings

Name	Weight%	Theme	ROE (FY26) %	EPS CAGR (2Yrs)
SPR AUTO TECHNOLOGIES LTD	6.60	Consumption	20.9	26.1
STATE BANK OF INDIA	6.21	Consumption + Digital	16.2	12.2
TITAN CO LTD	5.56	Consumption	37.1	24.4
PHOENIX MILLS LTD	4.95	Consumption	11.4	20.6
INDIAN HOTELS CO LTD	4.63	Consumption	17.2	32.0
INTERGLOBE AVIATION LTD	4.40	Consumption	(29.3)	-
MARUTI SUZUKI INDIA LTD	4.37	GLOCAL + Consumption	14.5	28.2
ETERNAL LTD	4.28	Consumption + Digital	1.2	308.6
FORTIS HEALTHCARE LTD	4.23	GLOCAL + Consumption	11.1	26.2
GE VERNOVA T&D INDIA LTD	4.16	GLOCAL	55.3	29.5

Performance#	1 Month	3 Months	6 Months	1 Year	2 Years	3 Years	4 Years	5 Years	Since Inception
Portfolio	0.12 %	5.89 %	7.25 %	6.76 %	2.62 %	11.27 %	12.24 %	11.24 %	13.42 %
BSE 500 TRI ^	-0.09 %	3.86 %	1.43 %	4.72 %	-0.11 %	12.09 %	11.90 %	10.91 %	12.88 %

Source – HSBC Asset Management India, Bloomberg, Data as on 31 August 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 (apmiindia.org).

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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	29.37
Financials	24.13
Real Estate	8.61
Industrials	8.56
Health Care	6.84
Information Technology	5.81
Energy	3.31
Materials	2.67
Utilities	2.52
Communication Services	2.43
Consumer Staples	2.28

Market Capitalisation

Large Cap:	43.22%
Mid Cap:	34.68%
Small Cap:	18.63%
Avg. Weighted Market Capitalisation Rs. 2,78,910 Cr	
Median Market Capitalisation Rs. 96,644 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	32.7%
P/E FY26	56.5x	ROE FY26	16.0%
P/E FY27 estimates	41.8x	Beta:	1.1
P/E FY28 estimates	30.4x		

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.⁶ 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 August 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.

Disclaimer: HSBC Asset Management (India) Private Limited ("HSBC AMC") is registered with the Securities and Exchange Board of India ("SEBI") as a Portfolio Manager having registration number INP000001322.

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