

HSBC India Next Portfolio

PMS Product Note

May 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:

If March was about capitulation, April has been about recalibration for Indian stock markets. Indian stock markets made a strong comeback in April with a temporary ceasefire announcement between Iran & US. The benchmark Nifty 50 gained 7.5% but broader markets rallied much higher with Nifty midcap 100 & Nifty Small cap 100 indices up 14% & 18% respectively. However, the uncertainties about opening of strait of Hormuz continue impacting oil prices. Higher crude prices have disrupted India's earlier favourable macro setup, shifting the balance from strong growth and moderate inflation toward a more difficult trade-off between inflation, growth, fiscal deficit and external stability. The duration of the conflict will be the key determinant of the overall impact, with risks to macroeconomic variables becoming increasingly non-linear if disruption persists. In spite of this complex global environments, global stock markets are making fresh highs led by AI led technology stocks. Nvidia's market cap surpasses India's entire listed market. This highlights extreme concentration of value in global tech stocks.

Q4 corporate earnings so far have remained resilient, with early positive trends for 4QFY26 and FY27 forecasts holding up. We have been closely analysing 4QFY26 corporate results & subsequent management commentary and will take necessary action in portfolio reshuffling if required. We remain hopeful on a long-term basis, as we see a US-Iran negotiated settlement in the coming weeks driving normalization of energy prices. Many stocks in HINP Portfolio recovered sharply during April month, helping the portfolio outperformance across time frames.

We are close to reaching a point where a lot of bad news is already priced in. Every time, India has faced a crisis whether it is 1991, 2008 or 2020, we have come out stronger with an enabling policy framework setting base for a stronger upcycle.

Going forward, while the market over the near-to-medium term is unnerved by macro concerns and heightened geopolitical uncertainties, investors will do well by staying invested in quality names with strong earnings outlook. HINP portfolio has withstood high levels of volatility in the markets since its inception due to our investment philosophy of quality investments with strong, predictable and profitable business models; experienced management teams; well-funded, conservative balance sheets – these attributes will help the portfolio companies navigate the current complex environment.

Source - Morgan Housel

"How long you stay invested for, will likely be the single most important factor determining how well you do at investing".

Top 10 Holdings

Name	Weight%	Theme	ROE (FY25) %	EPS CAGR (2Yrs)
STATE BANK OF INDIA	6.62	Consumption + Digital	17.3	8.0
SHRIRAM PISTONS & RINGS LTD	6.35	Consumption	23.5	22.6
TITAN CO LTD	5.07	Consumption	31.8	39.2
PHOENIX MILLS LTD	4.87	Consumption	9.9	28.4
FORTIS HEALTHCARE LTD	4.56	Consumption	9.3	33.3
MARUTI SUZUKI INDIA LTD	4.51	GLOCAL + Consumption	15.7	23.4
GE VERNOVA T&D INDIA LTD	4.41	GLOCAL	40.3	54.6
INDIAN HOTELS CO LTD	4.21	Consumption	18.5	11.0
NIPPON LIFE INDIA ASSET MANA	4.12	GLOCAL + Consumption	31.4	18.2
RELIANCE INDUSTRIES LIMITED	3.93	Consumption + Digital	8.5	10.6

Performance#	1 Month	3 Months	6 Months	1 Year	2 Years	3 Years	4 Years	5 Years	Since Inception
Portfolio (HINP)	12.80%	3.08%	-3.53 %	7.21 %	3.21 %	14.55 %	12.39 %	13.73 %	13.06 %
BSE 500 TRI ^	10.38 %	-1.73 %	-4.33 %	3.64 %	4.67 %	14.94 %	12.16 %	13.88 %	12.98 %

Source – HSBC Asset Management India, Bloomberg, Data as on 30 April 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.

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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Sector Allocation

Sector Name	% of Net Assets
Consumer Discretionary	28.16
Financials	18.10
Industrials	11.47
Real Estate	8.16
Health Care	7.35
Information Technology	5.84
Communication Services	4.95
Energy	3.93
Utilities	3.42
Consumer Staples	3.10
Materials	1.69

Market Capitalisation

Large Cap:	45.61%
Mid Cap:	27.87%
Small Cap:	22.69%
Avg. Weighted Market Capitalisation Rs. 2,83,740 Cr	
Median Market Capitalisation Rs. 75,720 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	19.6%
P/E FY26	62.2x	ROE FY25	23.0%
P/E FY27 estimates	37.5x	Beta:	1.0
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.&

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 30 April 2026.