

HSBC India Next Portfolio

PMS Product Note

April 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 	=	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:

March marked the sharpest drawdown since the COVID crash, with indices falling over 11% amid a four-way macro shock—oil surge, currency depreciation, rising bond yields, and record FII outflows. The trigger was clear: heightened geopolitical volatility arising from the US–Iran–Middle East conflict, which rattled global supply chains and triggered sharp energy shocks across Asia, with the Strait of Hormuz effectively shut.

For India, the implications are both near-term and structural. Higher energy prices feed directly into the current account, inflation, and growth, tightening the macro balance and reducing policy flexibility. The impact is not limited to any single variable but rather reflects a broader adjustment across the macro framework, as higher import costs work their way through inflation and growth dynamics. In this context, policy trade-offs also become more complex, with limited room to simultaneously support growth while managing inflation and external balances. Supply chains, RM availability, RM price shock are impacting production in many sectors. We hope that this situation does not last longer and economic activity normalizes in near term.

In March month, DIIs invested \$15.4bn and marked the highest ever monthly inflows; they extended the streak to 32 straight months of net inflows. Meanwhile, FIIs turned sellers with a historic \$13.3bn sell-off during the month. On the currency front, INR depreciated ~4% MoM, breaching the 95/USD mark in Mar'26 and closing near 94.8, making it the weakest among key emerging market currencies. India's economic activity slowed in March, with manufacturing PMI dropping to 53.9 (a 4.5 year low) amid gas shortages linked to Iran tensions; services PMI softened to 57.2.

Nevertheless, the sharp drop in stock prices has brought down the market valuations (Nifty 50) to about 17 times the one-year forward estimated earnings. Consequently, the market cap to GDP ratio dropped to a low of 116% during the current crisis from a peak of 151% in Sep'24. The severe market correction has led to double digit valuation decline across most sectors. Valuations for Automobiles, Private Banks, Consumer, Technology, and Oil & Gas are now below their 10-year averages.

We are hopeful that earnings downgrades will be limited for FY2027 and FY2028 if the Iran- US war ends within the next 2-3 weeks and oil & gas supply conditions improve over the next few months. While the current market setup may continue to witness near-term volatility, the broader risk-reward has turned favourable for medium to long term in our view. We remain constructive on themes: Digital, Consumption & Glocal in our HINP portfolio and are well positioned to deliver potential risk adjusted returns over long term.

In War and Peace, Leo Tolstoy reflects on the nature of endurance and struggle — not just in battle, but in life. Writing against the backdrop of the Napoleonic wars, Tolstoy focused less on military heroics and more on the quiet forces that ultimately determine outcomes: patience and time. In investing, as in life, the most enduring victories are rarely won quickly. We feel that in this complex environment, we remain patient and stick to our long-term strategy to weather market turbulence and reap the rewards when conditions stabilise.

Source - War and Peace - a book written by the Leo Tolstoy

Top 10 Holdings	Weight%	Theme	ROE (FY25) %	EPS CAGR (2Yrs)
STATE BANK OF INDIA	6.87	Consumption + Digital	17.3	8.5
SHRIRAM PISTONS & RINGS LTD	6.21	Consumption	23.5	22.6
TITAN CO LTD	5.18	Consumption	31.8	38.4
MARUTI SUZUKI INDIA LTD	4.71	GLOCAL + Consumption	15.7	28.8
PHOENIX MILLS LTD	4.70	Consumption	9.9	29.3
FORTIS HEALTHCARE LTD	4.44	Consumption	9.3	33.8
INDIAN HOTELS CO LTD	4.25	Consumption	18.5	10.4
RELIANCE INDUSTRIES LIMITED	4.18	Consumption + Digital	8.5	11.6
GE VERNOVA T&D INDIA LTD	4.07	GLOCAL	40.3	54.0
INTERGLOBE AVIATION LTD	3.97	Consumption	127.7	7.9

Performance [#]	1 Month	3 Months	6 Months	1 Year	2 Years	3 Years	4 Years	5 Years	Since Inception
Portfolio (HINP)	-10.37 %	-13.31 %	-11.24 %	-2.83 %	-2.73 %	11.84 %	8.60 %	10.96 %	10.65 %
BSE 500 TRI [^]	-11.37 %	-13.94 %	-9.62 %	-3.12 %	1.32 %	12.89 %	9.27 %	11.76 %	11.03 %

Source – HSBC Asset Management India, Bloomberg, Data as on 31 March 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)).

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	28.28
Financials	18.14
Industrials	10.53
Real Estate	7.90
Health Care	7.54
Information Technology	6.09
Communication Services	5.22
Energy	4.18
Utilities	3.29
Consumer Staples	2.62
Materials	1.93

Market Capitalisation

Large Cap:	46.39%
Mid Cap:	27.78%
Small Cap:	21.55%
Avg. Weighted Market Capitalisation Rs. 2,71,206 Cr	
Median Market Capitalisation Rs. 76,938 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	0.6%	2 year EPS CAGR	22.0%
P/E FY25	47.7x	ROE FY25	22.7%
P/E FY26 estimates	53.5x	Beta:	1.0
P/E FY27 estimates	30.4x		

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 31 March 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.

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