

HSBC India Next Portfolio

PMS Product Note


 December 2025

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:

India's benchmark Nifty 50 index touched all time high levels after a 14 month wait, buoyed by improving corporate results, Bihar election results, GST reforms and positive global cues. The rally was predominantly led by large cap names. India's 2QFY26 GDP surged 8.2% yoy that marked India's strongest growth in six quarters. Amid supportive base, this acceleration underscores a resilient macroeconomic environment and reflects the impact of frontloading of exports, aggressive public capex spending and continued traction of the services sector. CPI inflation reached all time low of 0.25% in October month providing ample room for RBI to cut rates in its December monetary policy. The Composite PMI eased to 59.7 in November, lowest since May but still above its long-run average, as manufacturing slowed while services accelerated. Looking ahead, firm domestic demand, progress on GST rationalization and a potential US-India trade deal could support momentum in both sectors.

Another important reform that the government took during November was introduction of new labour codes that could potentially boost formalization and productivity in the long term. India's primary market is quite buoyant with year 2025 set to close surpassing all past records. While the pipeline of new issues that could come up is showing no signs of fatigue, the returns are. 2QFY26 results of the Nifty 500 companies reflects the improving trend with revenue, EBITDA & PAT growth of 6%, 17% & 15% yoy respectively. The broad-based resilience with improving growth trajectory underscore a steady recovery setup heading into second half of FY26.

We have added APL Apollo Tubes (APAT) in the portfolio during the month. It is the leader in fast-growing steel tubes industry with a market share of 55%. Underpinned by an innovative comprehensive product range, its presence across segments (housing, commercial and infrastructure) and pan-India brand and distribution, APAT has clocked revenue/EBITDA/PAT CAGR of 23%/20%/25% over FY13–23 period, highest in the industry. APAT has aggressively expanded its production capacity by a CAGR 20%-plus over the last ten years. The total capacity of the group moved up to 4.6 MTPA. APL Apollo plans to expand capacity from 5mtpa to 7mtpa over the next two–three years via expansion at Gorakhpur, Siliguri and Dubai with a long-term goal of 10mtpa. The company's competitive moat spans product range, service, distribution, brand and technology. Its 3,000+ SKU portfolio and nationwide network of 11 plants enable a shift towards higher-margin structural tubes and ensure industry-best delivery timelines. A distribution network of 800+ distributors and 200,000 retailers with strong brand investments drives penetration in tier-2/3 markets. Advanced technologies have created cost advantages, whereas a cash-and-carry model has reduced working capital to zero, supporting growth and capex.

The company exports to 30+ countries, with 11 production facilities across India and abroad. The Dubai unit contributed positively in FY25, helping expand international volumes. The company continues to increase the share of value-added products such as Apollo Tricoat, Apollo Z, Apollo Galv and now heavy and super-heavy structures, color coated products and tubes. The company has negative working capital cycle with healthy balance sheet, net cash of Rs 640 crores and ROCE of 35%.

Source - HSBC Asset Management India, Bloomberg

Top 10 Holdings	Weight%	Theme	ROE (FY25) %	EPS CAGR (2Yrs)
INTERGLOBE AVIATION LTD	6.53	Consumption	127.7	24.4
STATE BANK OF INDIA	5.94	Consumption + Digital	17.3	6.0
MARUTI SUZUKI INDIA LTD	5.30	GLOCAL + Consumption	15.7	32.1
INDIAN HOTELS CO LTD	4.74	Consumption	18.5	13.5
PHOENIX MILLS LTD	4.68	Consumption	9.9	30.7
SHIRIRAM PISTONS & RINGS LTD	4.64	Consumption	23.5	17.2
TITAN CO LTD	4.43	Consumption	31.8	34.4
FORTIS HEALTHCARE LTD	4.42	Consumption	9.3	36.0
RELIANCE INDUSTRIES LIMITED	4.31	Consumption + Digital	8.5	12.9
PERSISTENT SYSTEMS LTD	4.17	Digital	24.8	25.9

Performance#	1 Month	3 Months	6 Months	1 Year	2 Years	3 Years	4 Years	Since Inception
Portfolio (HINP)	-0.79 %	3.50 %	4.51 %	3.68 %	12.97 %	15.05 %	13.04 %	14.94 %
BSE 500 TRI ^	0.96 %	6.57 %	5.62 %	6.27 %	16.17 %	15.26 %	14.11 %	15.47 %

Source – HSBC Asset Management India, Bloomberg, Data as on 30 November 2025. 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)

Sector Allocation

Sector Name	% of Net Assets	Market Capitalisation
Consumer Discretionary	27.47	Large Cap: 53.24%
Financials	17.43	Mid Cap: 23.13%
Industrials	11.52	
Real Estate	8.64	Small Cap: 20.63%
Information Technology	7.97	
Health Care	7.29	Avg. Weighted Market Capitalisation Rs. 3,26,535 Cr
Communication Services	5.14	Median Market Capitalisation Rs. 1,00,219 Cr
Energy	4.31	
Utilities	2.92	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.
Consumer Staples	2.83	
Materials	1.48	

Portfolio Fundamentals & Attributes

Dividend yield FY25	0.6%	2 year EPS CAGR	23.1%
P/E FY25	49.4x	ROE FY25	24.4%
P/E FY26 estimates	56.6x	Beta:	1.1
P/E FY27 estimates	34.5x		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.[&]

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 November 2025.

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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