Spark Capital
Private Wealth Management

India Investment Strategy

April 2026

You can't predict. You can prepare — Howard Marks

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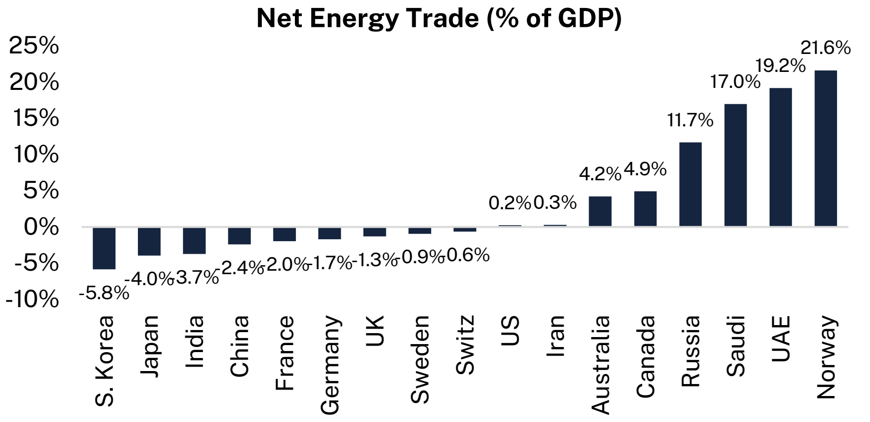
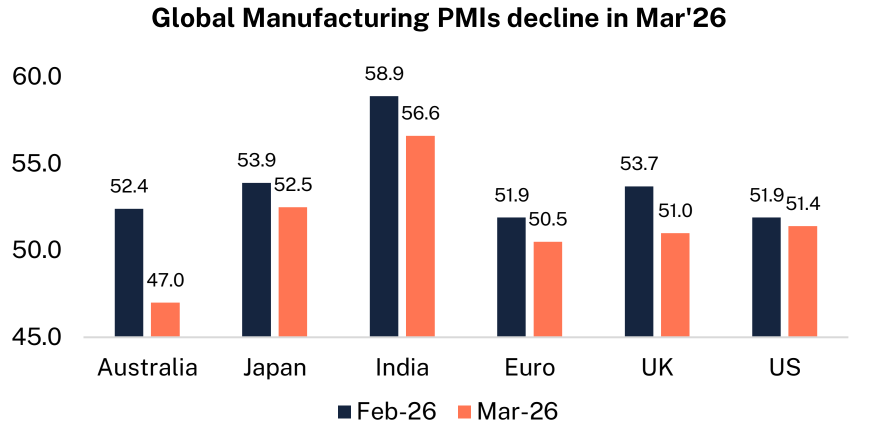
External Cues – Global Growth : Bracing for a dual shock of slower growth & higher prices

The macro risk from the Middle East conflict lies less in direct output destruction and more in a potential energy-led stagflation impulse, with import-dependent Asia and fiscally weaker EMs most exposed. The US appears relatively better insulated with CY26 growth seen at 2% vs 2.1-2.2% in CY25. Global GDP growth is seen to slow to 2.9% in CY26 against 3.3% in CY25.

1 Likely Economic Winners and Losers from the Middle East Crisis



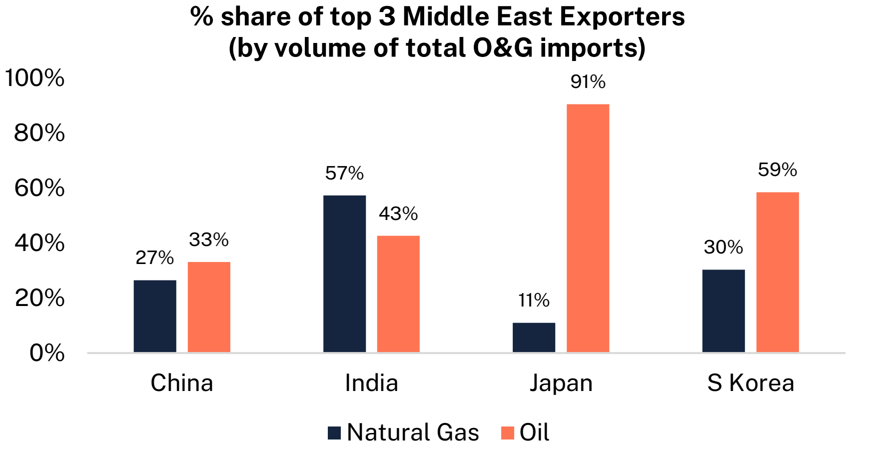
2 Global Activity Shows a Synchronized Shock



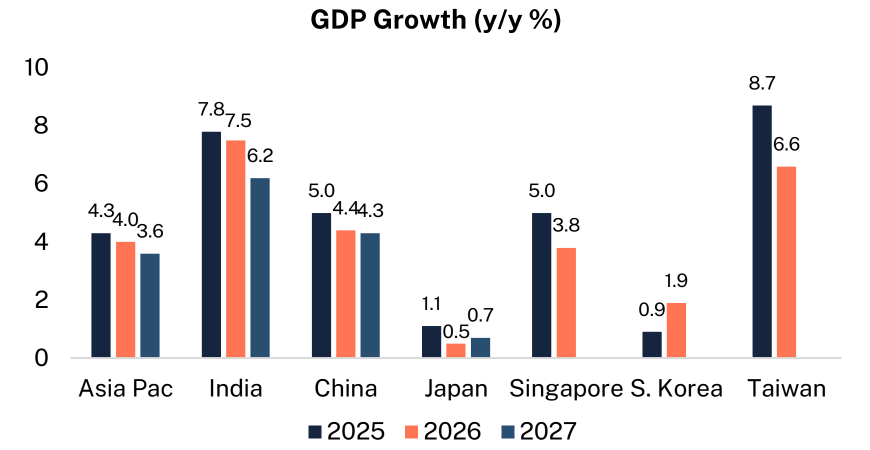
The scale and persistence of the conflict will determine the eventual growth impact; recent signals suggest the episode may yet prove relatively short-lived. The impact on Europe appears lower than during the Russia-Ukraine conflict, but the effect on Asia-Pacific could be more material. The crisis may also further reinforce the relative strength of the US economy.

Nearly 20 mbpd of petroleum products* move through the Strait of Hormuz daily, with no viable alternative route for roughly 75% of these flows and virtually none for LNG exports from Qatar / UAE. In addition, 20–30% of global fertilizer exports transit Hormuz — a particularly relevant risk ahead of the key crop season for many agri-economies

3 Asia's Energy Dependence on the Middle East Remains High



4 Asia-Pacific Growth to Slow to ~4% vs 4.5% in CY25



Asia's growth outlook has deteriorated as higher energy; chemical and fertilizer costs converge with prevailing tariff uncertainty and a possible cooling in the AI export cycle — potentially turning a mild slowdown into a broader inflation shock. Korea, Taiwan, India and China may be most exposed to slowing growth risks (in that order)

*Source: Chatham House, Bloomberg, Deloitte Insights * 20% of global pet liquid consumption, OECD*

External Cues – Global Growth

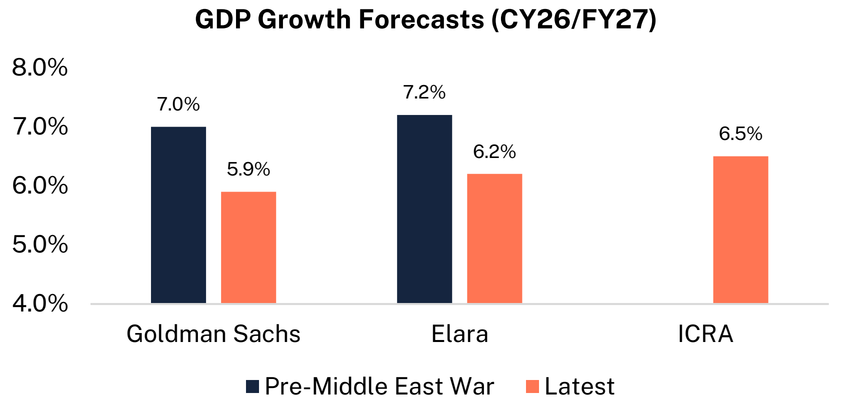
Facts	▪ The Middle East conflict is transmitting to the global economy primarily through **energy, freight and supply-chain disruption**, given that **nearly 20% of global oil and gas consumption** passes through the Strait of Hormuz, even though Gulf economies account for only **~2–3% of global GDP**. There are also meaningful risks of longer-lasting damage to energy infrastructure, which could keep energy costs elevated and volatile even after the conflict settles. ▪ Real-time activity data suggests that the shock is feeding into growth. The **US flash composite PMI fell to 51.4 in March from 51.9 in Feb, an 11-month low**; the **euro-zone composite PMI fell to 50.5, a 10-month low**; and the **UK composite PMI fell to 51.0 from 53.7**, with the **fastest manufacturing input cost increase since 1992**. That said broader global growth momentum is expected to hold up thanks to continued AI-led spending although there will be some significant but manageable economic impact ▪ Asia remains the most exposed end-market for these flows, with ~**90.5% of Japan's oil imports** coming from Saudi Arabia, the UAE and Kuwait, while **Qatar supplied 40.7% of India's natural gas imports**. The crisis has also exposed several less obvious supply-chain vulnerabilities; for instance, Qatar has shut down around a third of global helium production, a critical industrial gas for semiconductors.
Assessment	▪ Conflict duration remains the **single most important swing factor**. If the disruption proves brief, the hit may remain a short-term growth risk; if it persists, the combination of tighter energy markets, weaker confidence and a constrained policy response could turn this into a more material growth risk. ▪ As of now, the shock appears to be increasingly taking the form of a **stagflationary impulse** — growth is slowing even as inflation risks begin to rebuild. ▪ Second-order effects through higher **fertilizer, transport and shipping costs** are expected to weigh more meaningfully on household purchasing power, corporate profitability & business confidence, although the impact is likely to remain uneven across regions depending on import dependence and fiscal room ▪ Some sections assess that the US consumer already faced with a slowing job market, elevated borrowing costs and depleted household savings may buckle under the fresh war led spike in fuel costs - leading to some chatter around US recession risks too – the jury is out on this as yet !
Implication	▪ Unlike the previous crisis of COVID or the RUK conflict, where monetary policy stepped in to support growth, this crisis is a pure supply shock and cannot be wished away through monetary policy. ▪ Resolution therefore must arise from releasing of the critical chokepoints in the Middle-east in the immediate term – however this scenario too may leave a growth scar over a couple of quarters. In such a scenario, winners and losers (at different levels – geographically, sectoraly etc) could be very divergent
Risks	× A longer conflict could turn an **energy-price shock into a broader supply shock**, in turn making inflation more broad-based and persistent, and complicating central-bank responses. × Markets risk further **repricing of monetary policy expectations**, shifting from cuts being delayed to the possibility of even hikes. ✓ **De-escalation whipsaw risk:** if the conflict de-escalates faster than feared, oil could retrace sharply and risk assets could stage a relief rally.

What began as one-time energy shock is increasingly grown into a broader supply chain issue with stagflationary implications. Growth impact over 3-6 months seems to be visible even if the conflict ends immediately, with increasing risk of longer-term ramifications. Sharply divergent and unclear outcomes requires portfolios to be more diversified than before

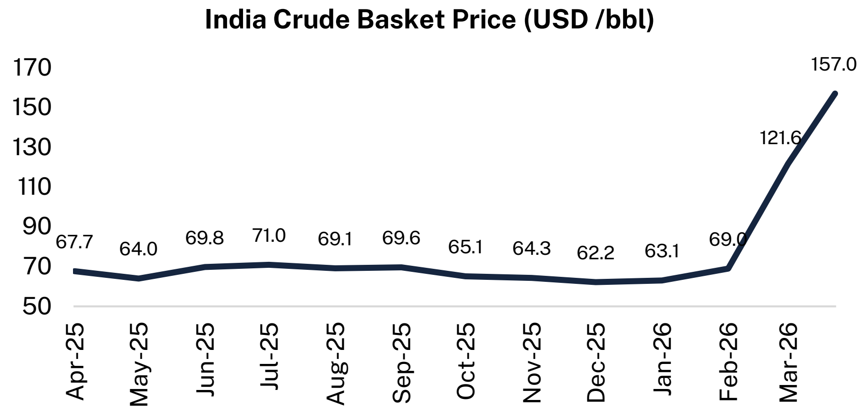
Local Cues – Growth : Too early to assess the full impact, but downside risks have increased

India's GDP growth outlook has been revised downward by some forecasters. While the downside risk is clearly elevated, the extent of the impact remains uncertain given the fluidity in macro variables, commodity-price dynamics and the duration of the conflict. These revisions are broadly based on crude averaging ~USD 85–90/bbl in FY27

1 Impact on GDP growth estimated at 70–100 bps



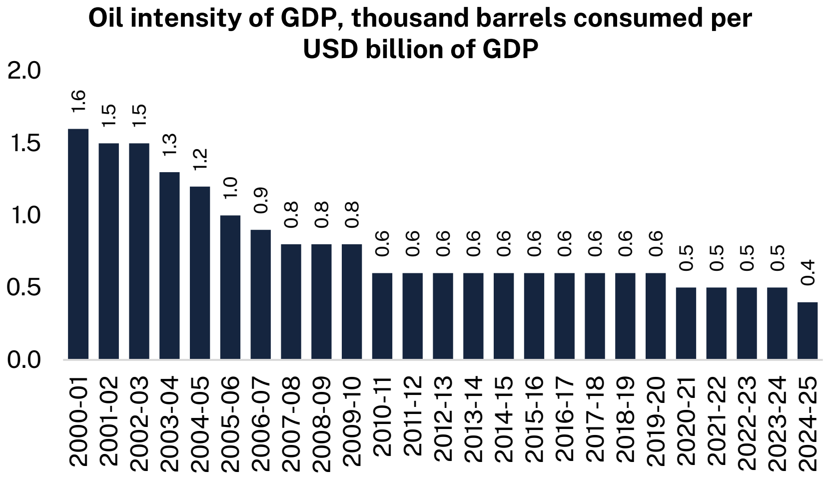
2 Prices and availability of energy products loom large



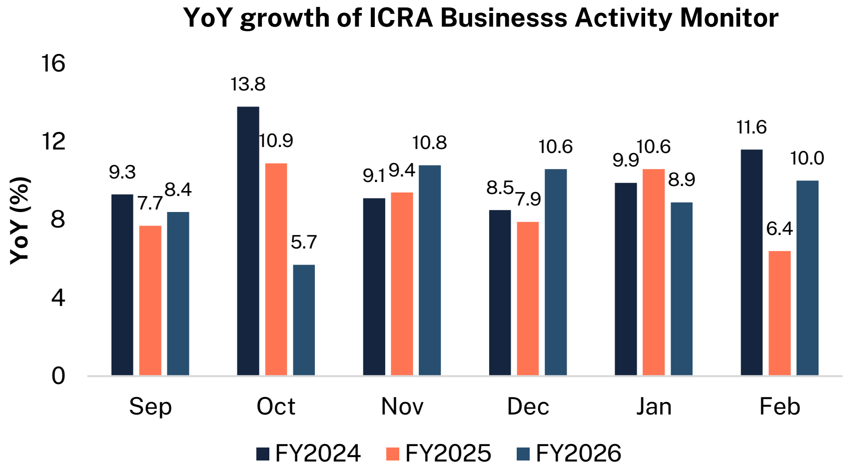
Indian crude prices have risen by over 100% y/y. Beyond prices, energy availability remains a key risk. LPG shipments from the Middle East, which account for ~90% of India's gas imports, fell in Mar'26 to their lowest level since Apr'23, even as domestic refiners increased LPG production by ~30% y/y in a quick response.

While India remains vulnerable to oil spikes, the economy's dependence on oil has been on a declining trend, supported by a meaningful shift toward renewable energy, blending of fuel, improving energy efficiency and, to some extent, the services-led nature of growth.

3 India's vulnerability to oil spikes has moderated



4 High-frequency indicators soften in Mar'26 vs. a strong Feb'26



Economic activity seemed to be holding up in Mar with vehicle registrations up by 19% yoy and E-way bills growing by 9.4% yoy until the 3rd week of the month. However, restaurant footfalls softened, and consumption on delivery platforms moderated..

Source: ICRA Business Activity Monitor Feb'26, RBI, Moneyconrol, PPAC.gov.in

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Local Cues – Growth

Facts

- India remains materially exposed to the Middle East through **energy and trade flows**. Roughly **46% of crude imports** and **55% of LNG imports** are linked to Gulf / Strait-of-Hormuz supplies, while the GCC remains critical for exports (~**USD 60 bn in FY25**) and remittances (~**USD 40 bn in FY24**, or nearly one-third of India's total remittances).
- Given the unfolding energy shock post the Middle East conflict, India's **FY27 growth outlook has already been revised lower by multiple forecasters to ~6.0–6.5%**, (while S&P has raised its FY27 GDP growth estimate to **~7.1%)**, reflecting the uncertainty and fluid macro dynamics at play.
- High-frequency domestic activity had improved into February and remain steady into Mar'26. The flash Composite PMI fell to a 3.5-year low to 56.5 (Feb: 58.9), driven largely by weakness in manufacturing. Input cost inflation rose the most in nearly 4-years. Encouragingly, export orders continued to grow at a record pace
- Separately, **CY26 is expected to experience a super El Niño**, increasing the likelihood of weaker monsoons & hotter summers, which could weigh on the kharif crop season.

Assessment

- While it may still be too early to quantify the full growth impact, the direction is clear: the shock is now moving beyond a price shock into a supply shock with lingering impact on **activity, demand, confidence and financial conditions, including the currency**, impacting a nascent growth recovery and testing the strong domestic fundamentals.
- The impact is likely to be **non-linear**. At **Brent of ~USD 80–90/bbl**, the shock appears manageable though growth-negative (USD 90. bbl does appear like new tolerance threshold vs USD 60 – 65 /bbl earlier) ; above **USD 100/bbl**, pressure on **CAD, INR, yields and policy flexibility** rises materially. In broad terms, every **USD 10 rise in crude** is expected to increase **WPI / CPI by ~80–100 bps / ~40–60 bps** under full pass-through, while **CAD could widen to above 2%** if crude sustains above **USD 100/bbl**.
- The latest data also suggests that while **input-cost pressures have risen sharply to the highest in four years** — across metals, food, rubber and other inputs — firms have so far absorbed much of the increase, with limited pass-through via selling prices. This likely reflects an expectation that the latest spike may prove transitory. However, if these cost pressures persist, margin compression could become more visible in Q1-FY27 and price hikes may begin. (passenger vehicles and paints have already taken price hikes)
- In the PMI, outlook on exports have remained strong, reflecting the benefit of a more competitive INR and continued diversification of exports toward newer geographies. The expected FTAs with the Eurozone and the settlement of the Indo-US tariff treaty in CY27 could provide an additional tailwind to this segment. From a medium-term perspective, global derisking of supply chains, easing of Press Note 3 norms locally (~600 proposals worth USD 5 – 7B pending) and inclusion in the BBG Global Aggregate index bode well for capital inflows into India over time.

Implication

- **Growth expectations for FY27 now carry a distinct downside risk.** This could remain the case even if the conflict settles relatively quickly, as supply disruptions may linger and keep price pressures and material shortages elevated. FY27 earnings growth expectations could well settle into mid-single digits.
- **The key positive in this crisis, is the comfortable starting point with regard to 1) low inflation, 2) low fiscal deficit and 3) reasonable forex reserves.** Given the widening growth slack and the cost push led price pressures, policy may remain supportive of growth. Hidden reserves could emerge from a large RBI dividend that can provide fiscal relief.
- Given impact of inflation and wealth effect of falling asset prices, **the nascent consumption revival cycle may get impacted** – yet again the mantle of driving growth may rest on the shoulders of the Govt. The other counter intuitive **beneficiary could be exports** given the attractiveness of the INR and the global thrust towards supply chain diversification

Risks

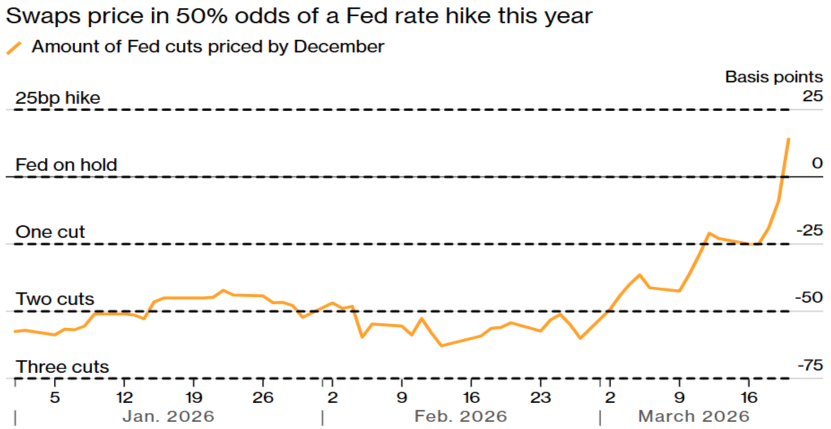
- × **Conflict-persistence :** A longer conflict could turn a manageable oil shock into a broader and more generalized slowdown in demand.
- × **USD 100+ crude** If crude sustains near or above **USD 100/bbl**, pressure on **CAD, BoP, INR, CPI, fiscal deficit and yields** becomes materially sharper and more non-linear.
- × **Climate risk:** With fertilizer & fuel dynamics already fragile, weaker monsoon could further complicate the policy backdrop, given the broader implications for food security.

The domestic growth cycle is not breaking, but downside risks have clearly increased. The key swing factors now are crude persistence, policy flexibility and whether higher input costs begin to translate into broader margin and demand stress – all of which will start showing up into 1QFY27

Inflation & Interest Rates – Global : Yields rise as war upends inflation & rate cut expectations

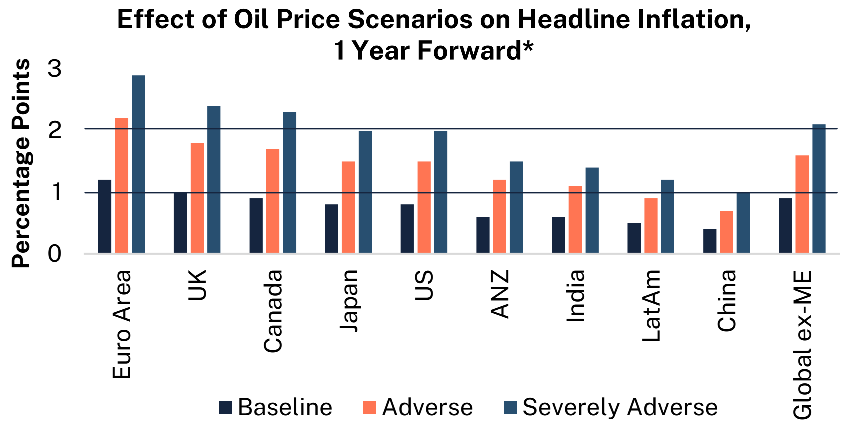
1 Market Pricing of Fed Rate Cuts by Year-End

Rate-hike expectations have risen sharply across major economies including the Euro Area, the UK, parts of Asia, and even the US — where markets were still pricing in two rate cuts as recently as Feb'26



2 Expectations of Global Inflation by end CY26

Global inflation is now seen moving higher, led by energy and broader supply-chain disruptions that could persist beyond the immediate duration of the conflict. The OECD expects US inflation to rise to 4.2% in CY26 vs 2.6% in CY25



*Our estimates may underestimate the nonlinear impact of a severely adverse LNG shock in Europe & Asia

Facts

- The **global rate-cutting cycle appears largely over**, as the earlier benign inflation narrative has shifted and markets are beginning to price in rate hikes at the margin.
- While the **US Fed, ECB and BoE** all held rates steady in Mar'26, **Australia raised rates for the second consecutive time**, while **Japan, ECB & BoE** are increasingly expected to tighten between **Apr–Jun'26**.
- **Global bond yields have risen sharply**, reflecting higher inflation pressures, a stronger USD and a fading probability of a rate cut

Assessment

- While market pricing for a **US Fed hike** has increased, it still appears unlikely in the near term given the approaching **mid-term Presidential election**, and the negative growth shock from higher energy prices hitting an economy already facing elevated unemployment. For now, the **FOMC dot plot continues to indicate one rate cut in CY26.**
- **Europe and Asia appear more rate-sensitive to the oil shock than the US**, as the inflation impulse is larger and more immediate. Economies including **India, Indonesia and the Philippines** are seen to be relatively more exposed to currency and inflationary pressures.

Implication

- The **probability of near-term rate cuts has fallen materially** across major developed markets, while the possibility of **hikes** has reopened.
- **Long-bond yields are likely to remain sticky and may move higher.**
- This points to the onset of a more challenging rates backdrop for financial assets, characterized by **higher yields, tighter policy and greater FX volatility.**

Risks

✕ **Policy-error risk:** Central banks face a difficult trade-off between looking through a crisis-led spike in energy prices and tightening financial conditions to manage higher inflation- raising risks of policy errors.

✕ **Private-credit risk:** Private credit remains an area of concern. For now, the issue appears contained, but it could have a broader cascading impact if investor confidence weakens further.

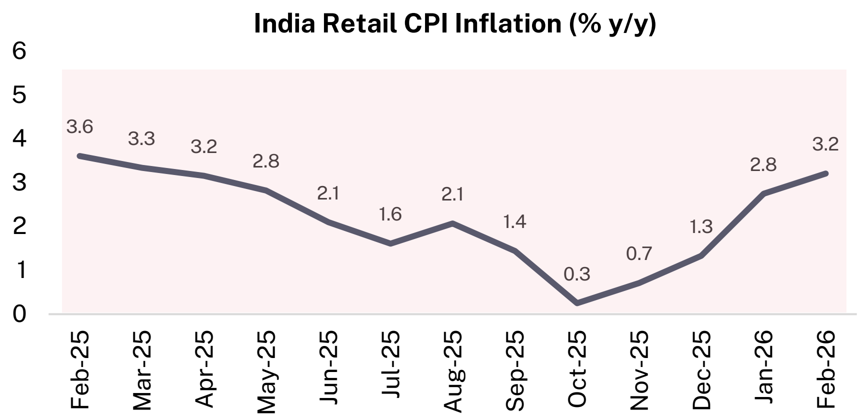
Inflation concerns predominate market reactions currently. In navigating policy, central banks will need to look through this for medium-term growth impact too while shaping policy. Viewed in this way, markets could also be running ahead in the bearish outlook that yields reflect

Source: Bloomberg, Graph – 2 is from Goldman Sachs Global Investment Research

Inflation & Interest Rates – Local : Inflation back on policy radar, rate cut bets evaporate

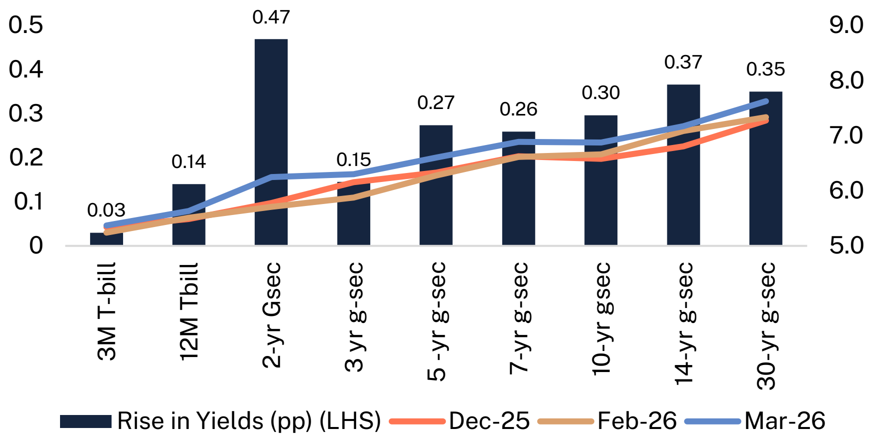
1 **India CPI inflation remains within the policy band, but is trending higher**

The benign Feb'26 inflation print now appears stale in light of the latest surge in energy prices. Early estimates of expected inflation yet seem to be under 6% - the upper end of policy comfort zone



2 **Yields have hardened across the curve despite RBI's cuts & liquidity measures**

Yields have hardened across the curve — affected by liquidity conditions, fading hopes of rate cuts and most recently on concerns of inflation and fiscal arithmetic



Facts

- **CPI inflation expected to rise** owing to input prices rising across fuel/energy, food and the second order price impact across a very wide range of intermediate and final goods.
- Swap markets are indicating two RBI rate hikes in CY26.
- Fears of a weaker INR, higher CAD and fiscal deficit are weighing on bond yields

Assessment

- **CPI inflation is estimated to rise by ~40 bps for every USD 10 increase in crude prices**, though the realized impact may be lower depending on how the burden is shared between the stakeholders. That said, some street estimates now place **average FY27 inflation closer to 5.0%**, versus **4.3% pre-Middle East conflict.**
- Fears of an immediate rate hike may still be premature, given that inflation remains below **4%** and retail fuel prices are unlikely to be raised right away; global crude prices are also expected to normalize closer to **USD 80–85/bbl**, if not lower, once the conflict eases. The situation, however, remains highly fluid and continues to evolve.

Implication

- **RBI policy flexibility has narrowed materially,** given the combination of cost-push inflation, INR depreciation and higher government spending.
- **Bond yields are likely to remain sticky.** In addition to local factors, global cues could also keep domestic yields under upward pressure.
- Given the nature of the shock, the fact that growth recovery was nascent and inflation has been soft, the RBI maybe compelled to take a supportive approach.

Risks

- ✕ Continued depreciation in the INR
- ✕ Oil prices remaining above USD 100/bbl for a sustained period

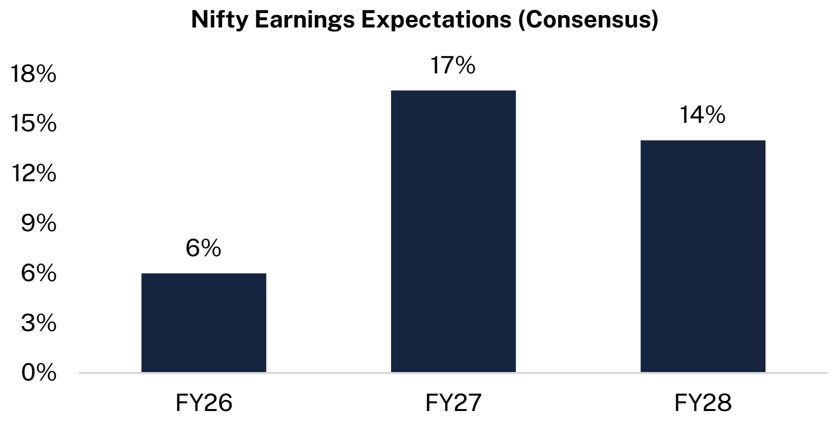
India's local rates backdrop has turned more cautious: higher oil is threatening to feed into broader inflation, is already affecting the INR, and triggering external-balance concerns — pushing yields higher. Hopefully, the INR and capital flows do not force the RBI's hand into taking harsh policy decisions.

Source: Bloomberg

Valuation & Earnings : The nascent earnings recovery may have hit an ‘air pocket’

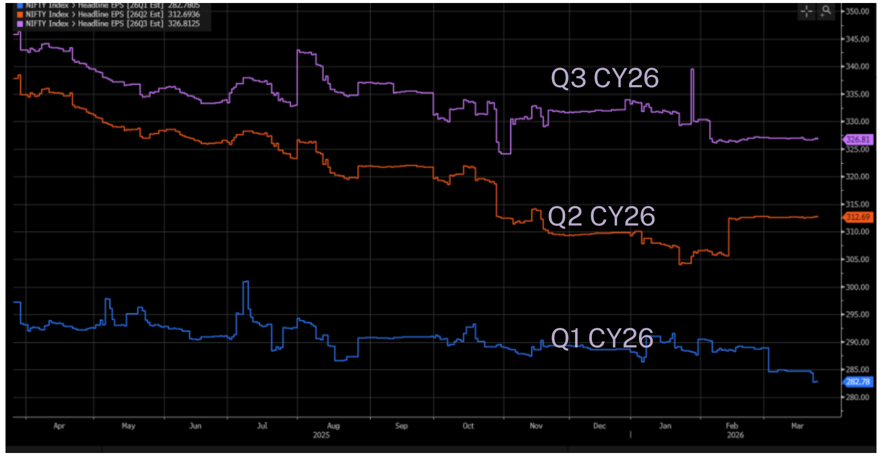
1 **Early to assess the full impact, but downside risks have increased**

FY27 earning estimates are currently too fluid- 4QFY26 and 1QFY27 results may provide some visibility of the impact to growth for FY27.



2 **Nifty earnings estimates for 1HFY27 have remained steady for now**

FY27 earnings expectations improved after Oct–Dec’25 quarters. While there has been a mild downgrade to Q4FY26 earnings, FY27 earnings remain intact as of now but are subject to meaningful downside risk



Facts

- **Q3FY26 results** signalled a strong rebound in earnings across market caps, led by a sharp improvement in **oil & gas, metals, PSUs and autos**.
- At present, **FY27 earnings forecasts remain unchanged**, pending greater clarity on the duration of elevated crude, though downside risks are clearly meaningful.
- On valuations, the **current Nifty TTM earnings yield of ~4.8%** implies a spread of roughly **210 bps** versus the **10-year G-sec yield of ~7%**.

Assessment

- The eventual level at which crude prices settle remains critical to the earnings arithmetic. Some sections believe that elevated crude for a few weeks may not permanently alter broader earnings estimates; however, **persistently high crude prices (~USD 100/bbl)** are expected to trigger earnings cuts across sectors, particularly **paints, chemicals / fertilizers, aviation, QSR / delivery and consumer goods** with high input-cost sensitivity, though these are still not seen as permanent impairments.
- Historically, a **Nifty earnings yield spread of lower than 200 bps** versus the 10-year G-sec has implied a more favourable risk-reward over a **12–24 M** horizon. Separately, from a **market-cap-to-GDP** perspective, India remains at **~113**, versus a peak of **150** and crisis levels of **48–50**.

Implication

- Near-term earnings expectations are likely to become **more selective and more divergent**, with a reasonable likelihood that headline earnings estimates may yet see another round of downward revision.
- Select sectors such as **renewables, power, utilities, select manufacturing** could find favor, also in line with the broader **global HALO** narrative gaining momentum.
- With inflation back in the mainstream narrative, higher yields, a tougher macro backdrop and a pushback in the much-awaited earnings cycle, our view remains that a **de-rating in Indian equities continues to be underway**.

Risks

- ✕ Higher than expected pass through of oil price rise, impacting broader demand
- ✕ Supply disruptions led broad-basing of earnings deterioration

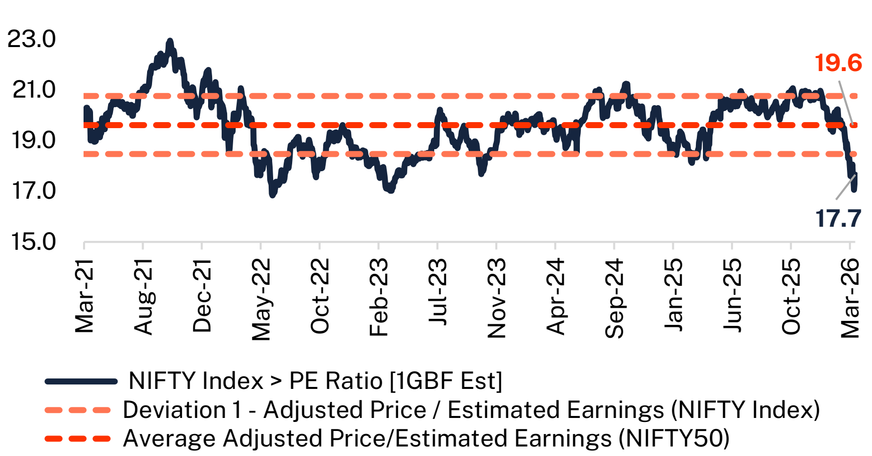
Given the nature of the shock, earnings expectations will likely be revised sharply lower. Current valuations will need to be viewed in this backdrop.

Source: Bloomberg, Spark Internal Estimates

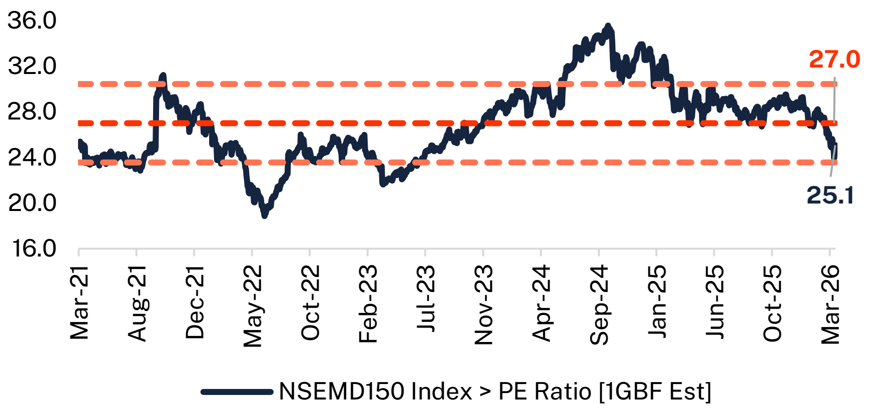
Decoding Valuations

Broadly attractive valuations: Large caps are trading below -1SD of their 5-year average valuations, while mid-caps have corrected to similar levels and small caps continue to remain above their historical averages.

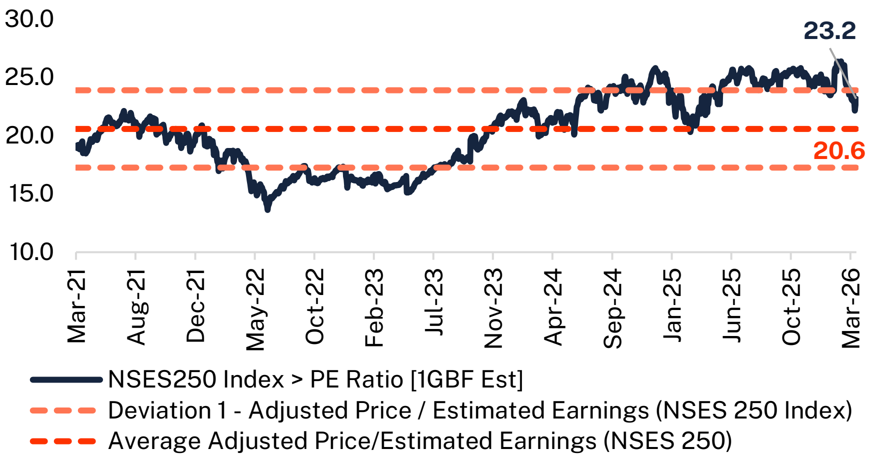
Nifty 50



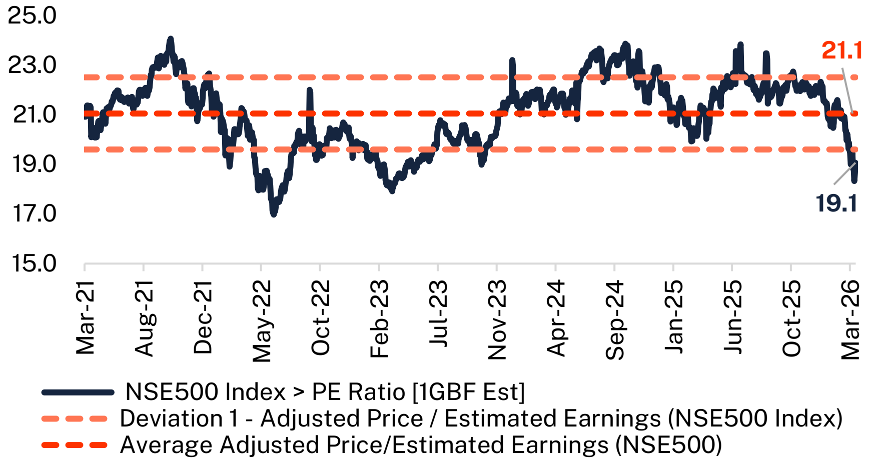
Nifty Midcap 150



Nifty Smallcap 250



Nifty 500



Large Caps:

- Large Caps are currently trading below -1SD levels of 5-year average PE.

SMID Caps:

- Small-caps continue to trade above their 5-year average valuation levels, while mid-cap stocks have corrected meaningfully and are now close to -1SD below their 5-year average P/E.
- The recent correction is largely driven by geo-political uncertainties. While timing the exact market bottom remains challenging, current valuations across market caps are becoming increasingly attractive from a medium-term perspective.

Source: Bloomberg, Spark PWM

Where the Money's Moving : Sector-Wise FII Trends

FII flows were net negative over the last fortnight, with notable outflows in Financial Services, Auto & Auto Components and Telecom sectors whereas Capital Goods witnessed inflows.

Breakdown of Fortnightly FII Flows to Indian Equities by Sectors (INR Crs)

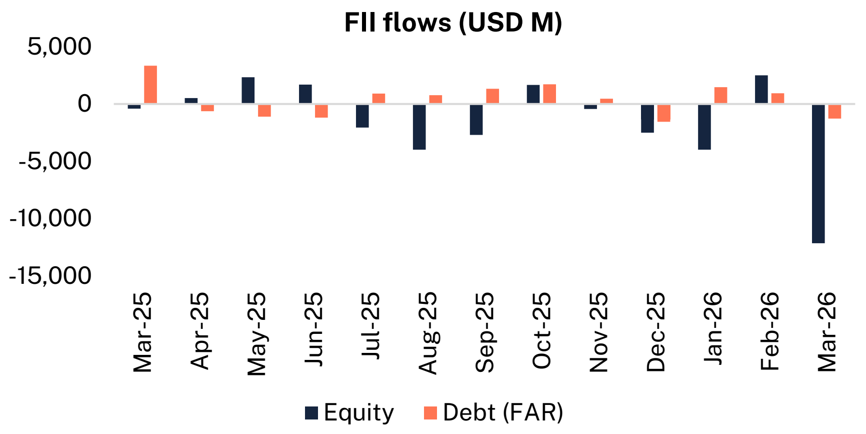
SECTOR / DATE	31-Oct	15-Nov	30-Nov	15-Dec	31-Dec	15-Jan	31-Jan	15-Feb	28-Feb	15-Mar
Automobile and Auto Components	(593)	(385)	(1,257)	611	(2,656)	(500)	(3,094)	511	3,075	(4,807)
Capital Goods	169	788	1,707	(1,218)	(1,348)	326	2,435	8,032	4,103	3,897
Chemicals	(608)	(518)	(660)	(23)	(25)	69	71	642	(394)	225
Construction	1,592	(330)	(112)	(175)	382	(455)	(1,077)	1,745	2,742	(2,975)
Construction Materials	(1,198)	(369)	(492)	(1,125)	(549)	(481)	(376)	378	(57)	(1,492)
Consumer Durables	(1,543)	(1,379)	1,273	401	198	322	(1,372)	(434)	(322)	(1,727)
Consumer Services	(1,677)	(2,918)	(1,075)	(50)	3,390	(1,952)	(3,561)	1,066	(5,238)	531
Diversified	(70)	46	10	(80)	(29)	(14)	5	(2)	2	-
Fast Moving Consumer Goods	(1,267)	(2,042)	(2,722)	(1,419)	(4,425)	(6,128)	(1,369)	(1,182)	(769)	(2,403)
Financial Services	5,003	(2,041)	(1,137)	(6,516)	(4,009)	(3,190)	(5,402)	6,175	2,243	(31,831)
Forest Materials	17	(12)	(19)	(54)	-	(10)	12	30	8	(4)
Healthcare	(365)	(2,526)	743	(2,351)	(643)	(1,049)	(5,113)	(1,051)	722	(2,436)
Information Technology	(267)	(4,873)	(921)	(3,331)	4,457	(2,075)	240	(10,956)	(5,993)	(1,263)
Media, Entertainment & Publication	(133)	(148)	(161)	(39)	(281)	(123)	(55)	134	(62)	(57)
Metals & Mining	1,752	(109)	(571)	807	2,177	2,689	8,837	3,279	2,359	876
Oil, Gas & Consumable Fuels	8,043	2,992	4,177	3,001	(645)	(549)	(391)	4,678	703	(2,932)
Power	(138)	(2,512)	(103)	(2,118)	(635)	(340)	(1,527)	3,272	1,234	602
Realty	1	236	(1,045)	(670)	(271)	(699)	(1,956)	786	(52)	(2,133)
Services	(21)	(673)	(307)	(3,237)	(1,041)	(1,587)	(384)	1,286	205	(1,275)
Telecommunication	2,087	9,413	4,913	(879)	1,113	(1,497)	(3,280)	(106)	(1,775)	(3,856)
Textiles	(156)	(186)	(140)	(263)	(274)	(176)	(99)	(67)	(33)	(177)
Utilities	14	8	27	(13)	(17)	(126)	24	(14)	8	(14)
Others	395	1,554	634	999	382	(1,397)	726	1,647	309	620
Total	**11,037**	**(5,984)**	**2,762**	**(17,742)**	**(4,749)**	**(18,942)**	**(16,707)**	**19,849**	**3,018**	**(52,632)**

Source: Bloomberg, NSDL, Securities & Exchange Board of India, Spark PWM

Allocation of Capital : FIIs rush out of Asian EMs; India bears the maximum brunt

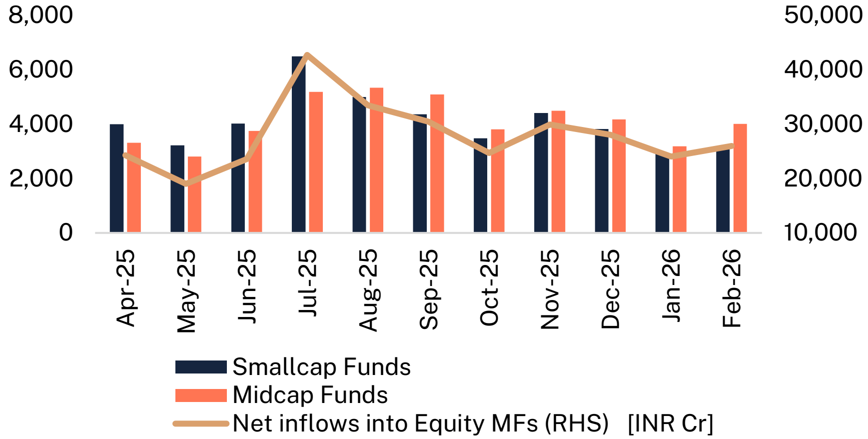
1 **FIIs revert to selling after a one-month inflow post the US–India deal in Feb'26**

FII outflows in Mar'26 (~USD 13 bn) have exceeded the cumulative inflows into India over the past 12 months since Feb'25 (~USD 12.6 bn)- possibly on track for record outflows in any month



2 **Flows into equity mutual funds continue at a steady pace**

Equity MF flows appear to have stabilized at ~INR 25k crore per month. SIPs remain steady at ~INR 30k crore, although the stoppage ratio has edged higher.



Facts

- Most Asian markets have seen **heavy outflows in Mar'26** following the outbreak of the Middle East war — to the tune of roughly **USD 55 bn+** — putting the region on track for its highest monthly outflows since at least **2008** across **South Korea, Taiwan, Thailand, Indonesia, Vietnam, Philippines**.
- **Domestic equity mutual fund flows** have remained broadly steady; in fact, anecdotal evidence suggests that inflows into equity MFs may have edged slightly higher in Mar'26, with investors likely attempting to **buy the dip**.

Assessment

- The sectors that have borne the brunt include **financials** — with the **HDFC Bank episode** likely accentuating outflows from the stock — along with **IT, FMCG, autos** and select other cyclically sensitive sectors. In contrast, **industrials, energy, metals and capital goods** have seen incremental build-up.
- From a domestic perspective, there appears to be a broader move by major equity mutual funds to **raise cash**. Over **30 of the 48 AMCs** increased cash positions in Feb'26, although industry-wide cash levels remain broadly unchanged. AMCs such as **PPFAS, HDFC, Nippon and Motilal** trimmed cash levels, while **IPRU, SBI and Kotak** increased them.
- Also, with the latest correction in equities, **2-year SIP returns have slipped into the red**, even as point-to-point returns remain positive.

Implication

- A prolonged period of equity underperformance could weigh on **fresh retail allocations**; domestic liquidity remains critical in the current environment.
- With persistent FII outflows, **market liquidity has weakened** — already visible in smaller-cap MF portfolios, where liquidation timelines have increased meaningfully, signaling thinning market depth.

Risks

- × Moderation of flows into equity funds or increase in SIP stoppage ratios
- × Spike in risk off events triggering redemptions esp. from SMID funds

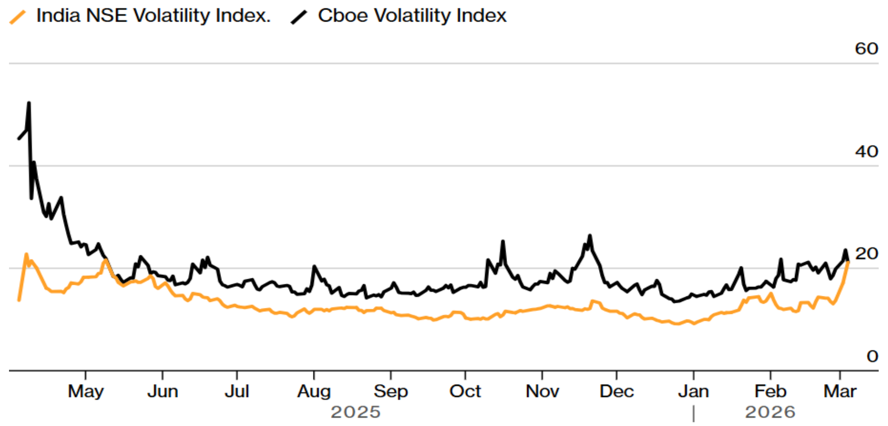
While FY27 earnings face a clear significant downside risk, the eventual resumption of the earnings revival that was gaining ground prior to the conflict and the sharply lower levels of the INR, could bring back global attention to Indian equities in the coming months

Source: Bloomberg, AMFI, Moneycontrol, ETF

Trends & Sentiment : Middle East war triggers panic amid already fragile sentiment

1 **Fear / panic in domestic equities spiked in line with global markets**

Volatility in domestic equities has risen sharply after what was widely seen as a complacent 2025.



2 **Hedging costs spike, reflecting heightened nervousness and risk aversion**

... This has led traders to seek protection more aggressively, while also likely spurring activity from proprietary and high-frequency trading desks.

Facts

- Market sentiment was already fragile following the **AI-led concerns in Feb'26**, & was further damaged in Mar'26 by the **Middle East war-led energy shock**, the consequent wave of **FII outflows**, and, to some extent, the highly unexpected issues at **HDFC Bank** — hitherto a benchmark for corporate governance in India.
- Volatility has risen to levels last seen in **2022**, after remaining **worryingly complacent** through the early part of CY26, with sub-10 readings.
- From a positioning standpoint, FIIs have increased their bearish bets, reflecting some degree of **extreme positioning** that could eventually signal a market inflection; however, from a technical standpoint, momentum is yet seen to be weak.

Assessment

- **Fear remains elevated**, as the exit path to the conflict remains elusive- and in fact, uncertainty is only rising in this regard.
- With **implied volatility materially above realized volatility (Graph 2)**, the market continues to price in **elevated uncertainty and meaningful tail risks.**

Implication

- Markets may be entering a phase where **tactical bounces are possible**, particularly given the extent of bearish FII positioning; however, **elevated hedging demand** may limit the scope for a sharp, broad-based risk-on move.
- Going forward, sentiment is likely to remain **headline-driven.** If incoming developments turn favorable, sentiment may improve ahead of fundamentals — which likely explains the **selective bottom-fishing** now visible among some fund managers.

Risks

- × False-bottom risk , especially if geopolitical conditions deteriorate again
- × **Event-risk concentration:** sentiment remains highly dependent on conflict headlines and the direction of oil, implying that any stability may prove fragile.

While market volatility at 4-year highs reflects heightened uncertainty, the VIX is however lower than past periods of capitulation.

Source: Moneycontrol, Bloomberg

Portfolio Strategy

Guidance on Portfolio Strategy – Equities – Every crisis also presents an opportunity

- Before the current crisis was upon us, the corporate earnings cycle was on the threshold of a long-expected recovery. Alongside this, Indian macros looked strong about the fiscal deficit, low inflation, soft interest rates, low corporate leverage, a strong banking system, low CAD and comfortable forex reserves.
- Some of these macro strengths should now stand the economy in good stead particularly regarding the low starting point on inflation, fiscal space, the low CAD (1.3% in 3QFY26) and reasonable forex reserves. Amidst this, however, is the persistent capital outflows that are exerting enormous pressure on the INR that are now rippling across bond yields and inflation down the line. Thus, while the elbow room available to the RBI may have narrowed, the GOI's fiscal position (that also would be impacted but hopefully will be cushioned by larger dividends from the RBI) may provide some space to support growth through what is solely an external shock.
- The GOI has begun by setting up an Economic Stabilization Fund of Rs. 57,381crs, a scheme to subvent insurance cost for exporters and setting up a scheme for Rs. 33,660 cr to incentivize setting up of fast-tracked infra-parks. The reduction in excise duties on fuel that softens the blow on consumers amounts to ~0.15% of GDP. Given the slack in the economy, these and further such measures can be expected to help protect the growth impact in the near-term. Apart from cushioning consumption (that would be impacted by higher prices and a negative wealth effect), these measures would likely be targeted at promoting exports too- after all, the INR is a at a 13-year low (on a real exchange rate basis vis-à-vis its trading partners) and the crisis would only accentuate the global trend towards supply chain diversification.
- That said, the near-term data prints are likely to turn grim - both on inflation and growth, as the economy shakes off the crisis and its impact. Markets could thus gyrate to the incoming data, especially as recent investors turn nervous with even 3-SIP investments now providing low single digit returns. Headline valuations may not reveal a clear picture as the earnings growth outlook has turned fluid for the next 1-2 quarters. The short-term damage to growth has translated into a sharp price correction for equities – in a way, compressing the earlier expectations of grinding de-rating within a short period. The base case as of now is that the Middle East crisis does not impact India's medium term growth story but has pushed back the recent revival in earnings. Viewed from this perspective, the current nervousness in the market that can prolong for 1 – 2 quarters can offer reasonably good opportunity to gradually build equity portfolios. Given the near-term uncertainty and diverse impact of the events, we suggest diversifying the portfolio across investment styles, strategies and market-caps although we prefer a large cap tilt to the construct. Typically, such broad-based market corrections throw up opportunities for bottom-up portfolio construction and active strategies outperforming passives.
- **Opportunity segments within equities**
  - Active, multicap strategies with a bias for large-caps over mid and small-caps.
  - Sector rotation strategies remain at the center of our guidance portfolios with Compounders/Anchors and Cyclicals bringing up the balance.
  - EM equities offer an attractive form of diversification coupled with good earnings growth, reasonable/low valuations and an INR hedge Alternate ideas across PE/VC/Late stage growth equities – including pre-IPO/Secondaries that offer good valuations and growth
  - Newly minted portfolios – NFOs, near NFOs
- **Select listed equity ideas to consider**
  - Spark Flexicap PMS, ICICI Pru GLF VI, Buoyant Capital Opp. PMS | Within MFs, new ideas such as Oldbridge Flexicap, Abakkus Smallcap ; existing MFs incl. PPFAS Flexicap, Nippon Multicap, ICICI Pru Business Cycle, Bandhan Large & Midcap, Kotak Mulitcap, Edelweiss Midcap, Edelweiss Smallcap

Guidance on Portfolio Strategy – Fixed Income & Gold

- **Rates & Liquidity Backdrop**: As against the earlier expectations of the RBI wanting to maintain a more comfortable system liquidity stance to support growth, given the pressure on the INR, this stance risks undergoing a change. As such, system liquidity may revert to gravitate towards a moderately tight situation keeping short term yields elevated. These would however present a good opportunity for investors with a 6 – 12M view to lock-in to current attractive yields.

- **Long Duration View**: The view on the longer end of the curve is becoming increasingly challenging, with the recent surge in crude oil prices materially disturbing the earlier fiscal arithmetic — both through weaker revenue growth assumptions and potentially higher subsidy costs, although the prospect of somewhat higher nominal GDP growth through inflation may offer a minor offset. In this context, while we expect the RBI to continue supporting the government borrowing programme through OMOs and also pay a larger dividend, the evolving macro backdrop — particularly on the external side — could constrain policy flexibility to some extent. Accordingly, we continue to avoid the longer end of the curve and would use any sudden rally to gradually reduce exposure here. All said, the duration of the conflict and the path of oil prices remain the key swing factors.

Portfolio Positioning

- **Accrual as the core**: Prefer locking in attractive carry as liquidity conditions improve, which should gradually support spread compression. Focus on high-quality short- to medium-term accrual strategies, with selective exposure to performing credit, including curated and tightly structured real-estate credit. The local private credit industry is structurally different from the US private credit market and thus does not suffer from the issues there — for instance, absence of leverage at the fund level, a predominant focus on cash-flow-generating businesses with adequate collateral, and no ALM mismatches given the closed-ended nature of these funds — we therefore remain positive on this space but would remain selective.

- **Real assets / hybrid yield strategies**: Constructive on income-oriented real assets (REITs / InvITs) and hybrid strategies targeting "debt-plus" returns through market-neutral or derivative-led overlays, with defined downside guardrails and tax efficiency.

- **Gold – Strategic Allocation**: Medium-term backdrop remains supportive — elevated inflation, geopolitical volatility and likely resuming central bank purchases. Recent price movements have been shaped by 1) profit booking by leveraged and individual investors and 2) some selling by select central banks (Turkey and Russia) for tiding over their near term requirements.

Quick Overview of Select Equity Ideas

Select Equity MF / PMS / AIF Ideas (1/2)

Products		Brief Rationale & 3-Month Attribution
Renaissance India Next	▪ Managed by an experienced Fund manager with a sector agnostic approach ▪ Focuses on key themes that will drive the economy - Manufacturing, Exports, Revival of Investment Cycle, Technology Adoption, Digital Ecosystem	▪ The fund underperformed the Nifty 50 TRI. This can be attributed to: ▪ Infosys Ltd, Coforge Ltd, WIPRO Ltd & Tata Consultancy Services Ltd exposure in IT-Software space ▪ Alembic Pharma Exposure in Realty space ▪ Exposure to HDFC Bank & Reliance Industries Ltd ▪ Exposure to Info Edge (India) Ltd & Swiggy in Retailing & One97 Communication in FinTech
Buoyant Opportunities	▪ Managed by 3 FMs who bring their unique set of expertise to manage the portfolio with a flexi cap mandate ▪ A core and satellite approach is followed, and the fund manager has flexibility to take cash calls in last quarter , the fund has outperformed the BSE 500 TRI.	▪ In last quarter, the fund outperformed the BSE 500 TRI. This can be attributed to : ▪ An exposure to Shriram Finance & Max Financial Services Ltd ▪ Exposure to Metals and Chemical Space through Vedanta and Navin Fluorine ▪ Exposure to BFSI space through State Bank Of India & Axis Bank Ltd ▪ Exposure to Bajaj Auto Ltd, Glenmark Pharmaceuticals Ltd, Larsen & Toubro Ltd & Ultratech Cement Ltd
ICICI Growth Leader Fund VI	▪ In a bid to adapt to changing market dynamics, the strategy invests on the following 3 fronts: ▪ Established businesses with above-average growth prospects ▪ Companies with potential to scale significantly ▪ Category leaders that have been through time or price corrections	▪ In last quarter , the fund has Outperformed the BSE 500 TRI. This can be attributed to: ▪ Exposure to Vedanta Ltd, Tata Steel Ltd & Jindal Steel Ltd in Metal space ▪ Exposure to State Bank Of India, Axis Bank Ltd & Sundaram Finance Ltd in BFSI space ▪ Exposure to Auto space Eicher Motors Ltd & TVS Motor Company Ltd ▪ Exposure to NTPC Ltd & Larsen & Toubro Ltd
Spark @75 Flexi Cap	▪ Growth at reasonable Price. ▪ Market-cap agnostic portfolio of 20 to 30 stocks ▪ Fund manager times the market by taking active cash calls ▪ Single stock allocation capped at 10%.	▪ In last quarter, the fund outperformed the Nifty 50 TRI. This can be attributed to: ▪ Exposure to banking space The Federal Bank Ltd, SBI, Canara Bank, Bank Of Maharashtra & Axis Bank ▪ Exposure to Metals National Aluminium Company Ltd ▪ Exposure to Ashok Leyland, NTPC, SBI Life Insurance Company Ltd & Larsen & Toubro Ltd
AAA Budding Beast	▪ Diversified portfolio of high quality, established, and emerging leaders with low debt and net profit greater than Rs 50 crore	▪ In last quarter , the fund has Outperformed the BSE 500 TRI. This can be attributed to: ▪ Exposure to Capital market Multi Commodity Exchange Of India Ltd ▪ Auto Ancillary pick in Shriram Pistons & Rings Ltd & TVS Motor Company Ltd ▪ Hitachi Energy India Ltd & CG Power and Industrial Solutions Ltd in Electrical Equipment space ▪ MTAR Technologies Ltd & Engineers India Ltd ▪ Shriram Finance Ltd, Karur Vysya Bank Ltd & Indian Bank in BFSI space
ICICI PIPE	▪ Small cap focused Mandate managed by Anand Shah & Team at ICICI Pru Alternate division ▪ The strategy will look for mispriced growth opportunities that can generate alpha on the back of earnings delivery and re-rating triggers	▪ In last quarter , the fund has outperformed the BSE 500 TRI. This can be attributed to: ▪ Exposure to Karur Vysya Bank Ltd in Banking space ▪ Exposure to Industrial products Graphite India Ltd & Godawari Power And Ispat Ltd ▪ Exposure to Sarda Energy & Minerals Ltd in Metals ▪ Chemical exposure to Aarti Industries Ltd ▪ Exposure to GE Vernova T&D India Ltd, Rolex Rings Ltd, Medplus Health Services Ltd & Honasa Consumer Ltd

3-month attribution is as on February 28, 2026
Source: Bloomberg (for Equity MFs), Spark PWM Products

Select Equity MF / PMS / AIF Ideas (2/2)

Products		Brief Rationale & 3-Month Attribution
Invesco India Large & Mid Cap	▪ A growth-oriented and tightly constructed portfolio of approximately 40–45 stocks ▪ Distinguished by a meaningful allocation to mid and small cap names (60–65%) and an emphasis on emerging business models even within established sectors	The fund underperformed the Nifty LargeMidcap 250 TRI. This can be attributed to: ▪ An overweight stance on Consumer Discretionary, Real Estate ▪ An underweight stance on Utilities, Materials, Industrials ▪ Stock selection in Consumer Discretionary, Industrials, Materials
Parag Parikh Flexi Cap Fund	▪ A valuation-conscious and low churn approach aimed at minimizing downside risk ▪ Offers exposure to international stocks, which helps in diversifying geographical risk	The fund underperformed the Nifty 500 TRI. This can be attributed to: ▪ An overweight stance on Communication Services ▪ An underweight stance on Materials, Industrials ▪ Stock selection in Consumer Staples, Consumer Discretionary, Financials
WhiteOak Capital Flexi Cap Fund	▪ Growth style of investing followed with emphasis on bottom-up stock picking ▪ Key stock selection parameters include Superior return on incremental capital, Scalable long-term opportunities, Strong governance and Price at a substantial discount to intrinsic value	The fund underperformed the Nifty 500 TRI. This can be attributed to: ▪ An overweight stance on Real Estate ▪ An underweight stance on Materials, Utilities ▪ Stock selection in Communication Services, Consumer Discretionary, IT
Kotak Multicap	▪ Bottom-up, valuation-sensitive strategy to identify growth opportunities across market caps through a proprietary model ▪ Open to investing in select contrarian or non-consensus ideas where there is sufficient valuation buffer	The fund outperformed the Nifty500 Multicap 50:25:25 TRI. This can be attributed to: ▪ An overweight stance on Utilities ▪ An underweight stance on Real Estate ▪ Stock selection in Financials, Communication Services
Nippon India Multi Cap Fund	▪ Exposure spans multiple themes, sectors, and stocks ▪ Skewed toward large caps to minimize downside risk ▪ Minimum 50% exposure to the broader markets	The fund outperformed the Nifty500 Multicap 50:25:25 TRI. This can be attributed to: ▪ An overweight stance on Industrials ▪ An underweight stance on IT, Communication Services ▪ Stock selection in Industrials, Financials, Healthcare
ICICI Pru Business Cycle	▪ A large-cap-biased strategy that follows an active sector rotation framework, rooted in a top-down macroeconomic perspective ▪ Aims to capture cyclical inflection points across sectors	The fund outperformed the Nifty 500 TRI. This can be attributed to: ▪ An overweight stance on Industrials ▪ An underweight stance on Consumer Staples, IT ▪ Stock selection in Industrials, Utilities, Energy

3-month attribution is as on February 28, 2026
Source: Bloomberg (for Equity MFs), Spark PWM Products

Suggested PE & VC Ideas

Particulars	Parameters	Samara Capital Fund III	ValueQuest Scale Fund II
Stage	Early Stage	-	-
	Growth Stage	-	Yes
	Late Stage	-	Yes
	Buyout	Yes	-
Fund Details	Min Investment	1 Cr	2 Cr
	Tenure	10+1+1	8+1+1
	Spaces	Consumer, Financials, Healthcare, Business Services	Classic Sectors: Consumer, Pharma, Niche Manufacturing, BFSI New-Age Economy Sectors: Energy Transition, Tech Driven Businesses
	Commitment Period	~5 years	3 to 4 years
	Ideal Stake	51-100%	8-10%
	Exit (Indicative)	5^{th} Year Onwards	4^{th} and 5^{th} Year Onwards
	Avg Holding Period	5-6 Years	2 -2.5 Years (Late Stage) 3.5-4 Years (Growth Stage)
	Average Ticket Size	INR 500-1,500 Cr (Including Offshore + Co Investment)	INR 150 - 400 Cr
	No. of Investments	8 - 10	12 - 15
	Taget IRR	25%	25-30%
	Target Corpus	INR 2,000 Cr	INR 3,000+1,000 Cr

Samara Capital III

Why we like Samara Capital III?

Firm

- **Expertise** : 15 years of experience in Mid market PE space in India
- **Scale:** Invested INR 10,000 Cr till date
- **Stake:** 51 to 100% stake in a company
- **Experience:** 9 senior MDs with cumulative ~136 years of experience
- **Stability** and **continuity** of the team
- Presence of **Offshore Institutional** and **Global Family offices** in the
- Ability to **source proprietary** deals
- **Network of CEOs** who have proven track record of business transformation
- Track record of creating market leading businesses such as **Sapphire Foods, First Meridian, Marengo Asia**
- **Ability to source exits** in tough times
- **Strong inhouse** research team
- Inhouse **Operating partner** team

Manager

- Ability to execute **Rollup** plays in sectors ripe for consolidation
  - E.g. Sapphire, First Meridian & Iron Mountain
  - **Valuation conscious**
  - Not lost money in any deals made **since 2010**
  - Expertise in **Consumer, Financial, Healthcare & Business Services**
  - **Value addition** framework enables to replicate success
  - Ability to **onboard high-quality CEOs** to transform portfolio companies
  - Key traits of delas made:
    - INR 300-2000 Cr Revenue
    - Profitable with **20% ROIC**
    - Growing at **15% p.a.**
    - Preference for control
    - Exit orientation

Fund

- Cat II AIF
- Focus on Buyout deals and Roll-up Plays
- 10+1+1 year time Tenure
- Investment time frame : 4 years
- Exits will be from end of 5th year
- Drawdown Schedule: 65% in first 2 years and rest in Year 3 and 4
- Current Drawdown is 15%
- Average expected holding period is **4-6** years
- Investment Themes:
  - **Unorganized to Organized**
  - **Rising penetration on the back of awareness**
- Fees:
  - 2% management fees
  - 10 % Hurdle and 20% profit share with catchup

ValueQuest Scale Fund II

Why we like ValueQuest Scale Fund II?

Firm

- **Expertise** : Public & Private market expertise developed over the course of firm's 15+ year history
- **Scale:** Raised INR 1,300 Cr till date in Fund I
- **Stake:** ~10% stake
- **Experience:** 9-member team of senior MDs and mid level associates with a cumulative ~90 years of experience
- Highly **experienced team** in **Private Equity** Segment
- Presence of **Family offices and Institutional** clients
- Consistent **source of deal flows**
- **Ability to source exits** through IPOs (5 companies listed in Fund I, 2 have filed for DRHP) out of **14 investments**
- **Strong pedigree of IC members** (All Fund managers in listed and Private Equity space in ValueQuest)

Manager

- Ability to source and stitch deals in mid market PE segment across both **Late Stage** and **Growth stage**
  - E.g. Waree Energies, TBO tek, RR kabel
  - **Valuation conscious**
  - Ability to execute large ticket size deals at earlier stints
  - Prior Stints: Oman India Joint Investment Fund, Khazanah National, TVS Capital, Mckinsey, Fidelity
  - Expertise in **New Age and Classic Economy sector**
  - Performance Track record of **SCALE Fund I is Gross IRR 35%** and **Net IRR of 32%**
  - S.C.A.L.E approach by identifying **Scalable** companies, that exhibit **Competitive Advantage**, **Adaptive** to changing dynamics as well as tap into new avenues with a **long runway of growth** coupled with **superior Execution** on the back of **Quality of Management team and Balance sheet**

Fund

- Cat II AIF
- **High Quality** companies across both **Late and Growth** stage
  - **Growth Stage Companies** - Established business model, product market fit and positive unit economics with a 4–5-year investment horizon.
  - **Late-stage Growth Companies** – Similar as growth stage but will be potentially larger with a preferable timeline to IPO within 24-30 months.
- Target Fund raise: INR 3000+1000 crs
- Tenure: 8+1+1 year
- Min Ticket size: INR 2 crs
- Investment time frame : 4 years
- Exits will be likely from 4th to 5th year onwards
- Drawdown Schedule: 1/3rd every year and 305 drawdown at the time of subscription
- Focus Stage: ~60% Growth Stage and ~40% Late Stage

Whiteoak GEM Ex India – GIFT CITY CAT III AIF

Why we like Whiteoak Gem Ex India

Firm

- Whiteoak AMC is a boutique asset management company with approximately USD 10 billion in assets under management across domestic mutual funds, alternate strategies, and offshore mandates
- Founded in 2017 by Mr. Prashant Khemka, former CIO and Lead Portfolio Manager at Goldman Sachs Asset Management (GSAM)
- The firm employs its proprietary Opco-Finco framework to value companies — a model based on asset-light multiples that facilitates comparisons across industries and geographies
- The firm has a large investment team comprising of 50-members. Within this, over 22 members focus on emerging markets, with 15 out of 22 members exclusively dedicated to opportunities outside India.
- Built a stable and experienced team, skilled in bottom-up research across both Indian and emerging market mandates.

Manager

- **Experience**: Hiren Dasani serves as the Chief Investment Officer (CIO) for Emerging Markets at White Oak, bringing 24 years of experience to the role
- **Expertise :** Mr. Dasani's professional background provides significant institutional credibility, particularly from his previous tenure at Goldman Sachs Asset Management (GSAM), where he held senior roles, including Co-Head of Global Emerging Markets Equity
- He oversaw portfolios totaling approximately $22 billion across various strategies, including Global EM, EM ex-China, and India equities
- The scale and diversity of his previous mandates at a leading institutional asset management firm underscore his capability to manage large pools of capital and adeptly navigate the complex geopolitical and market dynamics of emerging markets

Fund

- **Sharp, well-articulated strategy & clear approach** – Exposure to Sectoral leaders while being opportunistic in the mid and small cap segment in Emerging markets excluding India.
- Positioned to benefit from exposure to sectors in Emerging markets such as **Semiconductor Value Chain (For e.g. Taiwan), Select opportunities available through Latin America markets as well as High End discretionary consumption play opportunities bigger than ones present in India**
- Fund offer opportunities to own high quality companies that are available at reasonable valuations.
- The portfolio emphasizes markets where corporate governance, corporate structure and fundamentals are showing tangible improvement such as China private sector reform, Korea corporate governance enhancement, Taiwan tech dividend yield opportunities - rather than purely macro or index bets
- Strategy can be positioned as a **Core/All Seasons** allocation, aiming to capture both visible earnings growth and potential valuation re-rating, rather than a cyclical or tactical bet on emerging markets

Quick Overview of Select Debt Ideas

Northern Arc Money Market Alpha Fund

Fund Details

Fund AUM	564 Cr
Average Maturity	165 days
Yield	9.91%
Modified Duration	0.31 years
Exit Load	0.25% before 84 days
Minimum Lock-in	25 days
Management Fee	0.97% / 0.70%
Redemption request	To be placed by 25th of every month

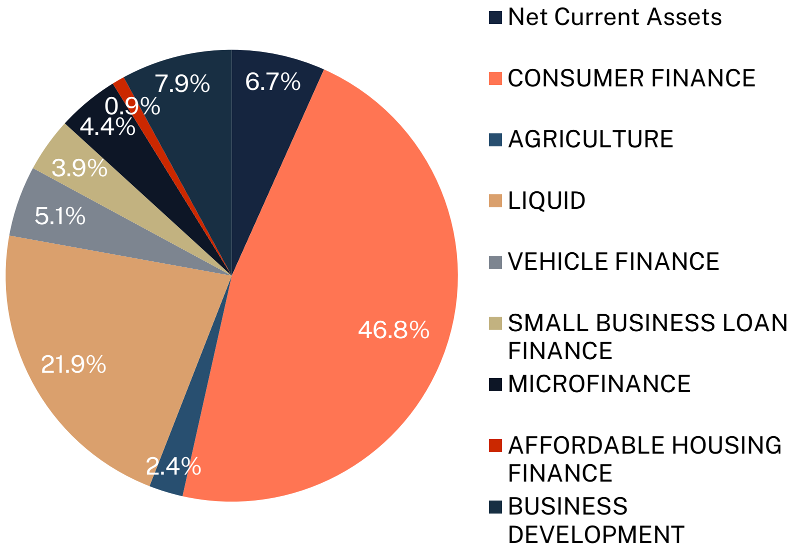
Investment Philosophy & Strategy

- The fund will invest in commercial papers, certificate of deposits, fixed deposits, sovereign securities and non-convertible debentures
- Investments to be in securities having maturity of <366 days; weighted average maturity of the portfolio of around 120 days
- Liquid Portion (Short-term rating A1+): 15%-20%
- Credit Portion (Northern Arc's investee companies): 80%-85%
- Monthly redemption option at the month end

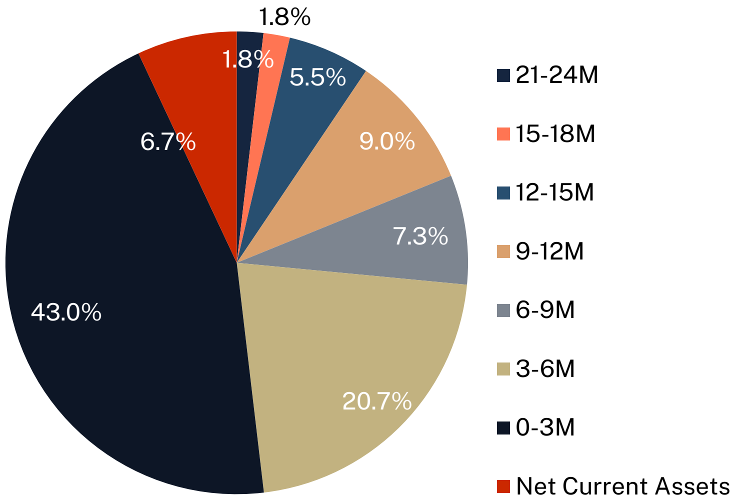
Fund Returns

	1M	3M	6M	1Y	SI
Class A5 (Investment < 5Cr)	8.92%	8.33%	8.12%	8.50%	8.92%
Class A6 (Investment > 5Cr)	9.21%	8.65%	8.45%	8.84%	9.27%
CRISIL Liquid Fund Index	6.16%	5.78%	5.78%	6.18%	5.83%

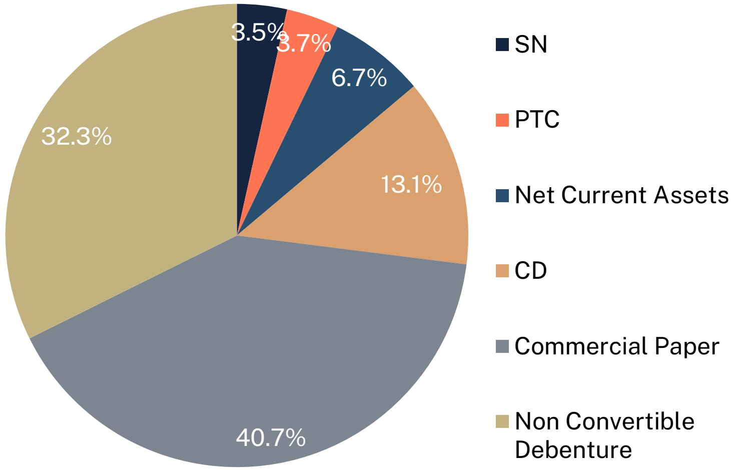
Investment Mix – By Sectors



Investment Mix – By Tenure



Investment Mix – By Asset Type



Data as of 28th February 2026

Arudha Hybrid Long-short SIF

Fund Details	
Fund managers	Brijesh Shah Debraj Lahiri Kapil Kankonkar Nilesh Saha
Strategy's Inception Date	Feb - 2026
Taxation	Long term @ 12.5% post 12 months
Exit Load	Nil
Min. application	INR 10 lacs
Subscription	Daily
Redemption	Twice Weekly – Monday & Thursday

Investment Philosophy & Strategy

Positioned as Debt-oriented strategy – seeking to deliver relatively stable, debt-like outcomes over a 1-year+ holding period, supported by a blended construct of debt accrual and market-neutral equity arbitrage
Portfolio design emphasizes capital stability, low volatility, and post-tax efficiency, rather than return maximization

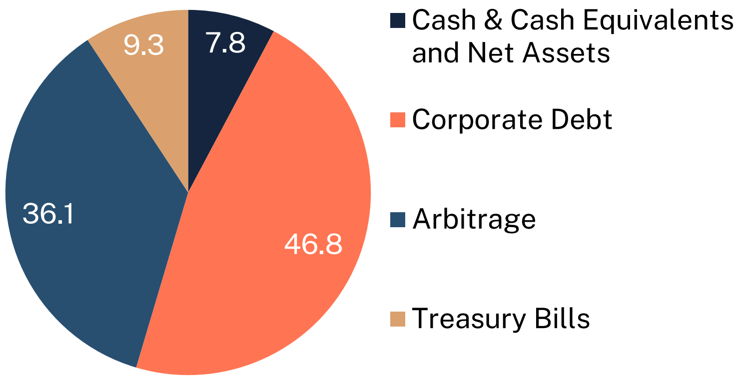
Fixed Income Strategy: Upto 65% allocation

- Forms the core stability anchor of the portfolio, invested primarily in short- to medium-term SOV/AAA instruments, with AA+/AA exposure capped at ~10% of the overall portfolio.
- Duration is actively managed within a 1-4 year band, focusing on predictable accrual, liquidity, and capital preservation.

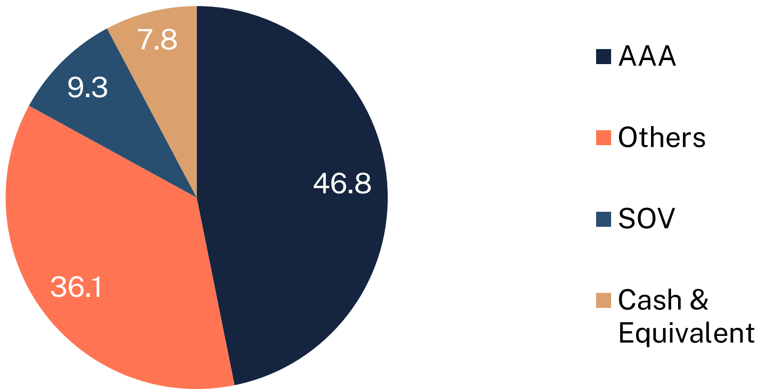
Arbitrage Strategy: Minimum 35% allocation

- Maintained as a fully hedged, market-neutral equity exposure, with allocations dynamically adjusted based on arbitrage spreads and liquidity conditions.
- Seeks to generate non-directional, tax-efficient returns without taking directional equity risk, supporting overall portfolio stability.

Asset Allocation



Rating Allocation



Source: ACE MF.
Portfolio details as on 28th February 2026
Past track record are not an indicator of future performance

Spark Capital
Private Wealth Management

Altiva Hybrid Long-short SIF

Fund Details	
Fund managers	Bhavesh Jain Bhavesh Lahoti Dhaval Dalal Pranavi Kulkarni Amit Vora
Strategy's Inception Date	20-Oct-2025
AUM (INR Cr)	2,801
Taxation	Long term @ 12.5% post 12 months
Exit Load	0.5% within 3 months, Nil after that
Min. application	INR 10 lacs
Subscription	Daily
Redemption	Twice Weekly – Monday & Wednesday

Investment Philosophy & Strategy

Positioned as Debt-oriented strategy – seeking to deliver low volatile, debt plus returns (post tax) across market cycles | Strategy is constructed to prioritize capital preservation, income stability, and tax efficiency, while selectively enhancing returns through market-neutral equity and income oriented derivative strategies

Core Strategy:
Target annual return: 7-7.5%

Cash-future arbitrage & Covered call: (20-40%)
Arbitrage strategies aiming to capture low-risk returns.

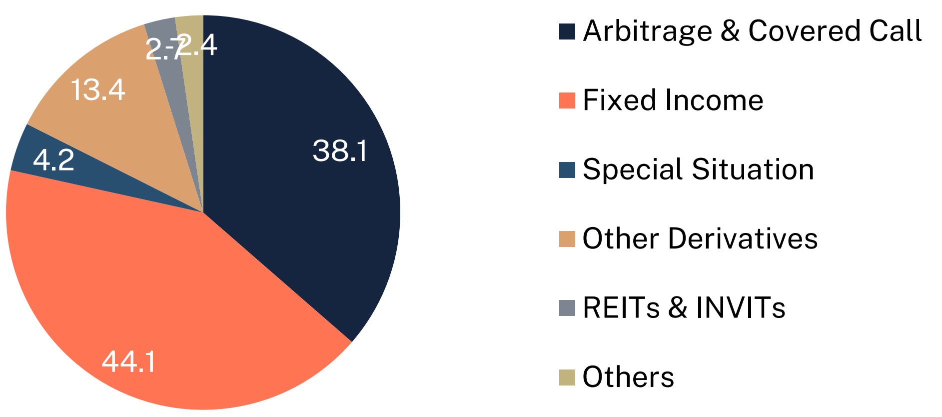
Fixed Income: (40-60%)
Invest in quality debt instruments aiming to generate accrual and potential price appreciation

Enhanced Drivers:
Enhance the core portfolio returns by 2.5-3%

Special Situations: (0-10%)
IPO, Open Offer, Buyback, Merger/Demerger, QIP, Index inclusion/Exclusion etc.

Derivative Strategies: (10-20%)
Long-Short equities, Straddle, Strangle, Put-call Parity etc.

Asset Allocation



Portfolio Quants (Core Debt)

YTM (%)	7.76
Average maturity (years)	2.26
Modified duration (years)	1.96

Source: ACE MF.
Portfolio details as on 28th February 2026
Past track record are not an indicator of future performance

Spark Capital
Private Wealth Management

Short-term Opportunity : Target Maturity and Index Fund Ideas

Focus on **high-quality AAA / PSU** securities, low duration risk, and offer comfortable liquidity (T+1 redemptions, no exit loads) while following clearly defined passive mandates. While there could be interim MTM volatility, Target Maturity Funds typically deliver returns in line with the net YTM at the time of the maturity of the fund.

Type	Fund	AUM	Category	Next Reset	Post Reset tenure	Gross YTM	Average Maturity (Months)
3 to 6 Months Index	ICICI Pru CRISIL-IBX Financial Services 3-6 Months Debt Index Fund	461	3-6 M	Apr'2026	6 Month paper	7.16	2.76
	Aditya Birla SL CRISIL-IBX Financial Services 3 to 6 Months Debt Index	3,013	3-6 M	Apr'2026	6 Month paper	7.10	3.12
	HDFC CRISIL-IBX Financial Services 3-6 Months Debt Index Fund	1,612	3-6 M	Apr'2026	6 Month paper	7.03	2.72
Target Maturity Fund	Nippon India Nifty AAA PSU Bond Plus SDL - Sep 2026 Maturity 50:50 Index	382	7M	Maturity	NA	6.25	3.84
	SBI CPSE Bond Plus SDL Sep 2026 50:50 Index Fund	7,676	7M	Maturity	NA	6.32	3.96
9 to 12 Months Index	Aditya Birla SL CRISIL-IBX Financial Services 9-12 Months Debt Index Fund	1,751	9-12M	Mar'2026	12 month paper	6.89	4.56
	HDFC CRISIL - IBX 9-12 Financial Services Index Fund	NFO	9-12M	NFO	12 month paper	NFO	NFO
	Kotak CRISIL-IBX Financial Services 9 to 12 Months Debt Index Fund	1,014	9-12M	Mar'2026	12 month paper	6.79	4.44
Target Maturity Fund	Kotak CRISIL-IBX AAA Bond Financial Services Index - Dec 2026 Fund	206	10M	Maturity	NA	7.34	7.68
	Nippon India Nifty AAA CPSE Bond Plus SDL - Apr 2027 Maturity 60:40 Index	3,002	12M			6.64	10.08
	Axis CRISIL-IBX AAA Bond NBFC - Jun 2027 Index Fund	1,696	14M			7.25	14.40
	Kotak CRISIL-IBX AAA Financial Services Index - Sep 2027 Fund	597	18M			7.15	17.04
	Kotak Nifty AAA Bond Financial Services Mar 2028 Index Fund	268	24M			7.21	22.32
	Kotak Nifty SDL Plus AAA PSU Bond Jul 2028 60:40 Index Fund	546	27M			6.64	25.08

Note - Note – Yields for MFs updated as of 28th February 2026
Source: AMFI, Ace MF
Past performance does not guarantee future returns

Indel Money Limited (“Indel”)

Details of the Issuance	
Issuer Name	Indel Money Limited (“Indel”)
Type of Instrument	Senior, Secured, Rated, Listed Non-Convertible Debentures
Rating	Infomerics Valuation and Rating Pvt. Ltd (IVR) A- / Stable
Face Value/Debenture	INR 1,00,000
Printed Coupon	10.50% papm
Investor Yield	11.00% XIRR
Principal Payout	Bullet, at Maturity
Interest Payout	Monthly
Maturity	23rd Jan 2028
Trade date	TBC
Covenants	i) The Issuer shall always maintain a CRAR (Capital to Risk-Weighted Assets Ratio) of at least 20% and Tier 1 CRAR should be at 15% during the tenure of the Debentures. ii) The Issuer shall maintain Net NPA ratio not exceeding 4% during the tenure of the debenture. iii) The Issuer shall ensure that the Debt-to-Equity ratio does not exceed 5 times during the tenure of the debenture. iv) The gold loan portfolio shall consistently constitute at least 80% of the total loan book *(All above covenant shall be tested on quarterly basis)*
Security Cover	The issue shall be secured by way of a first-ranking, exclusive, and continuing charge over hypothecated receivables (Gold Loan Receivable and Cash and Bank balance) , with a minimum Security Cover of 1.10x (110%) of the aggregate outstanding principal and accrued interest/obligations.

Ecozen Solutions Private Limited

Details of the Issuance	
Issuer Name	Ecozen Solutions Private Limited
Type of Instrument	Secured, Unlisted, Unrated, Redeemable and Non-Convertible Debentures ('NCDs')
Rating	Unrated
Face Value/Debenture	INR 10,00,000
Printed Coupon	11.50% - Payable Monthly
Investor Yield (Yield to Put)	12.15% XIRR
Principal Payout	Principal shall be repayable upon exercise of Put option on the put option exercise date. (6^{th} Jan 2027) or on Maturity i.e 27 months from Deemed Date of Allotment - 30% Principal to be repaid in the 25th month, 30% in the 26th month and the balance 40% to be re-paid in the 27th month
Interest Payout	Monthly
Put Option Exercise Date	6^{th} Jan 2027 (12 months from deemed allotment)
Maturity Date	6^{th} April 2028 (27 Months from Deemed Allotment)
Trade date	TBC
Covenants	1. Total Debt / Tangible Net Worth <2x 2. Total Asset / Total Debt >1.2x 3. Total Debt / EBITDA <3x 4. Minimum equity infusion – at least USD 15 million before March 31, 2026
Security Cover	Facility shall be secured by: ▪ Second ranking charge on all existing and future fixed and current assets of the Issuer. ▪ Corporate Guarantee from Ecofrost Technologies Private Limited. ▪ Post-dated cheques for the interest and principal repayment ▪ Cover provided in the form of hypothecation of moveable fixed assets and current assets at least 1x of the outstanding amount during the continuation of facility

Sundaram Performing Credit Opportunities Fund (PCOF) Series I – rated AA+ SO by CARE

Product Overview

Category	**Category II AIF**
Target Corpus	INR 1500 Cr + 500 Cr greenshoe
Min Investments	INR 1 Cr
Management Fees	Up to 1.85% p.a.
Targeted Yield (Gross)	15% - 16% IRR (Pre-taxes and Pre-expenses)
Distribution	Quarterly distribution of 2.0-2.5%
Tenure	5 years + 2 years
Operating Expense	At actuals, up to 0.25% p.a.
Sponsors	Sundaram Finance
Sponsor Commitment	Up to 15%* of aggregate capital commitment

Highlights of the Fund

- The fund aims to invest in high yielding debentures (including equity warrants) to MSME / SME / Fintech / Manufacturing / Services companies backed by a combination of business cash flows, promoter assets, guarantees, share pledges and other security structures
- Portfolio of ~12 – 15 investments over fund life
- Quarterly distribution of cash coupon, capital distributions after 4th year
- Sector/Geography:
- Focus on 'core sectors' with group synergies
- 'Growth' focus on MSME/SME, bridge funding to larger companies
- Pan India Focus on urban and major cities
- Single investment concentration limit: 10-15%**. Single Industry Concentration limit: 25%**
- Balance between short-term quick churn & HTM to maximize portfolio returns

Past Fund :Sundaram AMC

No. Of Funds:
5 (1 has matured, 4 are deployed)

AUM Garnered:
~INR 3,150 Cr

Portfolio
IRR (Gross): ~15.2% (Matured Funds)

Portfolio
IRR (Gross): ~17% (Deployed Funds)

Fund Manager Details

Vaatsal Tandon
Fund Manager, PCOF-I Fund

Work Experience
12+ years

Previous Stints
JM Financial, ARKA Fincap Ltd

*Subject to Sundaram Finance Board Approvals
**Additional concentration limit of 5% in one-off situations with higher thresholds of approval

Credit AIF : Spark Equitized Credit Solutions Fund III (SpECS III)

Product Overview

Fund	**SpECS III**
Category	Category II AIF
Target Corpus	INR 750 Crs + Greenshoe option INR 250 Crs
Min Investments	INR 1 Cr; in multiple drawdowns
Management Fees	1.5% on drawn down capital
Targeted Yield (Gross)	15.0%+ (Pre-taxes and Pre-expenses)
Hurdle rate	10.0% IRR (INR terms)
Carried Interest	15.0% over hurdle rate; no catch-up
Tenure	5+1+1 years
Set-up cost	Capped at 0.5% of committed capital
Nature of Investments	Structured Debt in the form of NCDs, FCDs, CCPS
Sponsors	Spark Asia Impact Pvt. Ltd.

Highlights of SpECS Fund III

Product Positioning	Private Structured Credit for Mid-market enterprises
Ticket Size	**INR 15-120 Cr**
Investee Segment	Mid-market corporates of Revenues between **INR 50-2,000 Cr**
Sectors	Predominantly in Manufacturing, Consumer, Business & Technology services, Pharma & Healthcare, BFSI#
Concentration	**< 25% of fund's corpus** in single group
Collateral	**Primary** - operating cash flows and escrows **Secondary** - Hard assets, Pledge of shares
Take-outs	Upfront fees + coupon + back-ended premium/ warrants
Investing Instruments* **	NCD, OCD, CCD, CCPS, OCPS
Tenor	**24-48** months

SpECS II Details (Previous Fund)

First Close: **Nov 2022**

AUM Garnered: **~INR 594.5 Crs**

100% amount drawn to date

18 Investments made including redeployment

Amount distributed: **INR 166.1 Crs**

Portfolio **IRR: 14.8% (Gross)**

Fund Manager Details

Kapil Ramamurthy
Co-founder, Spark Capital

Work Experience
25+ *years*

Previous Stints
HDFC Bank & Standard Chartered Bank

Source: Spark Alternative Assets Advisors India Pvt Ltd

Real Estate Credit AIF : Sundaram Alternates Real Estate Credit Fund V

Product Overview

Category	**Category II AIF**
Target Corpus	INR 2500 Crs
Min Investments	INR 1 Cr
Management Fees	Up to 2% p.a.
Targeted Yield (Gross)	18% - 20% IRR (Pre-taxes and Pre-expenses)
Carried Interest	20%, no catch-up
Hurdle Rate	12%
Distribution	14-16% p.a on quarterly basis
Tenure	5 years + 2 years
Operating Expense	At actuals, up to 0.25% p.a.
Sponsors	Sundaram Finance
Sponsor Commitment	Up to 15%* of aggregate capital commitment

Highlights of the Fund

- Sundaram Alternates Real Estate Credit Fund V, is a 5-year, Cat II AIF providing structured credit to brownfield residential projects led by credible mid-market and select Grade A developers.
- Portfolio to comprise of structured debt lent against RERA approved, post launch, mid-income residential RE projects with proven sales momentum
- Key geographies include south cities plus selectively Mumbai & Pune
- 15-20 deals with amortizing structures and an average deal size of INR 40 – 120 Cr
- Every deal to be secured by at least 2 independent, cash flow generating assets
- Single Investment limit of 10-15% and 25% limit on single geography
- Quarterly distribution of cash coupon, capital distributions after 4th year
- Sponsor commitment of upto 15%

Past RE Fund :Sundaram AMC

No. Of Funds:
4 (2 has matured, 2 are deployed)

AUM Garnered:
~INR 2,600 Cr

Gros IRR - Matured Funds
Fund 1: ~15.20%
Fund II: ~17.01%

Gros IRR - Deployed Funds
Fund III: ~17.60%
Fund IV: ~18.30%

100% principal paid back with zero defaults

Fund Manager Details

Manoj Mahadevan

Arjun Sankar

Combined Work Experience of *2 plus decades*

Source: Sundaram Alternates
**Subject to Sundaram Finance Board Approvals*

Real Asset AIF : ICICI Pru Office Yield Optimiser Fund II

Product Overview

Fund	**ICICI Pru OYO Fund II**
Category	Category II AIF
Target Corpus	INR 2000 Cr + 500 Cr green shoe
Min Investments	INR 2 Cr
Management Fees	Upto 2% p.a.
Targeted Yield (Gross)	15% - 18% (Pre-taxes and Pre-expenses)
Tenure	6+1+1 years
Operating Expense	At actuals, 0.1% - 1% of AUM
Nature of Investments	Listed and Unlisted Equity and Debt instruments
Sponsors	ICICI Trusteeship Services Limited

Highlights of ICICI Pru OYO Fund II

- The Fund will invest in equity, equity-linked, and debt instruments in companies that own, construct, or operate commercial properties in major Indian cities, aiming to earn rental income and benefit from yield compression and rising rents.
- The target properties include offices, retail assets, logistic parks, life-sciences facilities, warehouses, and data centers.
- Investment in companies which owns or will own :
  - Pre-leased commercial real estate with potential for capital appreciation
  - Not more than 30% of the fund to be invested in companies which owns or will own built-to-suit / completed - vacant properties
- Significant skin in the game – Sponsor contribution of 10% of the fund size
- Average ticket size of INR 100 - 300 Cr size
- Average investment tenor of 36 – 60 months

OYO Fund I Details (Previous Fund)

First Close: **Oct 2022**

AUM Garnered: **~INR 1,716 Mn**

Fully deployed

4 Investments made

Avg Ticket Size: **INR 400 Crs**

Portfolio **IRR: 13% (Gross)**

Fund Manager Details

Vishal Gupta
Principal - Investments, ICICI Pru AMC

Work Experience
19+ years

Previous Stints
Kotak Mahindra Prime & ICICI Bank

Source: ICICI Pru Alternates

Real Asset AIF : Neo Infra Income Opportunities Fund II

Product Overview

Fund	**Neo Infra Income Opp Fund II**
Category	Category II AIF
Target Corpus	INR 5000 Cr
Min Investments	INR 1 Cr
Management Fees	A1: 1-2.99 Crs – 2.00% A2: 3-9.99 Crs – 1.75%
Targeted Yield (Gross)	18% - 20% (Pre-taxes and Pre-expenses)
Tenure	7 years from first close
Performance fee (without catch-up)	A1: 1-2.99 Crs –20% A2: 3-9.99 Crs –15%
Distribution % and frequency	10-12% pa. post complete deployment / Quarterly – Semi-annual
Sponsor Commitment	INR 5 Crores

Highlights of Neo Infra Income Opp Fund II

- Investment Strategy: Focus on operational infrastructure assets, primarily HAM road projects with contracted government cash flows, supplemented by selective exposure to privately listed InvITs, solar/BESS assets and secured last-mile project funding, with value creation through active asset management and strategic exits.
- Return Objective: Target ~18–20% gross IRR, comprising ~10–12% p.a. periodic distributions (post deployment) and ~7–8% back-ended capital gains from asset monetization.
- Assets will be directly owned and actively managed, enabling operational improvements, refinancing opportunities and value enhancement, with exits typically through InvIT monetization or strategic sales.
- Proven Strategy & Pipeline: Builds on the experience of the previous fund, with a strong pipeline of operating HAM roads and renewable assets, supported by deep industry relationships and an experienced infra team.

Neo Infra Income Opp Fund I Details (Previous Fund)

First Close: **Sep 2023**

Final Close: **May 2025**

AUM Garnered: **~INR 2,827 Crs**

5 Investments made, 2 Committed

18-20% pa Target Return (Gross)

10-12% pa Distributions post deployment

Portfolio **IRR: 21% (Gross)**

Fund Manager Details

Abishek Goel

Head – Infrastructure & Real Assets, Neo AMC

Work Experience

***23+** years*

Previous Stints

Global Infrastructures Partners, HSBC, actis

Source: Neo AMC

Disclaimer

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