

India Investment Strategy

June 2025

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Summary

External Influences



US

- **Given the current environment of heightened uncertainty, we remain cautious in assessing the economic trajectory.**
 - **Deficits Pressure:** Moody's downgrade of the U.S. credit rating from **Aaa to Aa1** underscores a deteriorating fiscal outlook. Further treasury yield rises while DXY moderates due to President Trump's proposed tax cuts.
 - **Labor Market:** The U.S. job market remains resilient, with overall labor conditions still healthy though Post Trump's April 2 tariff announcement and the shifts in trade policy create uncertainty, making it hard for businesses to plan.
 - **Tariff uncertainty** – Tariff uncertainties remain a persistent overhang, but there's growing momentum toward finalizing negotiations, which could provide some clarity to global trade dynamics. Market participants appear to be awaiting further clarity on the potential economic impact, which has yet to be reflected in key economic indicators.
 - **Fed to be in "Wait n Watch" mode** Despite the risk to growth, Powell's commentary suggested that the Fed is prepared to wait for greater clarity and can keep rates higher in the interest of the economy.

Europe

- **We Continue to Maintain a Cautious Stance Towards Europe:**
 - **Economic Activity:** Despite contraction signals in Eurozone PMI and subdued activity in core economies like Germany, resilience in peripheral nations (e.g., Spain) and positive data surprises are helping avert a broader recession.
 - **Market Sentiment:** Stimulus measures and sentiment revive equity markets. ECB rate cuts, fiscal support, and defense spending, along with improved business confidence, are boosting market sentiment — reflected in the EuroStoxx 600 P/E ratio returning to its long-term average.

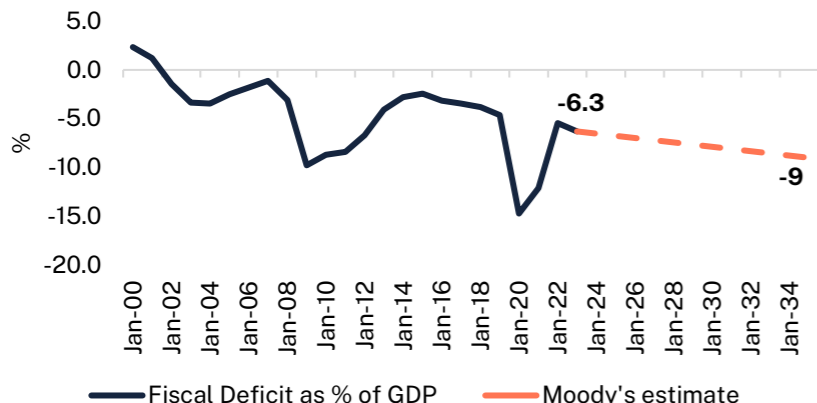
China

- **We Continue to Maintain a Neutral Stance Towards China:**
 - **Economic Activity:** Despite weaker PMI and tariff-related pressures, China's retail sales, industrial production, and exports (especially to non-US markets) continue to show strong year-on-year growth, supporting overall economic resilience.
 - **Trade talks improve sentiment:** Positive momentum in US-China trade negotiations and a stabilizing Hang Seng P/E ratio have improved market sentiment, helping offset the drag from tariffs and limited domestic stimulus.

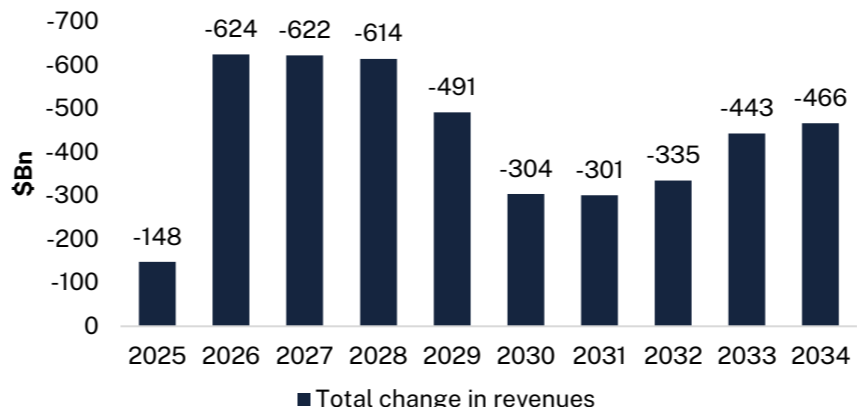
US: Deficit Pressures Push US Yields Higher, DXY Softens

Treasury yields spiked and the DXY weakened amid concerns that President Trump's proposed tax cuts will add trillions to the national debt. Moody's downgrade has intensified fears over the growing \$36 trillion debt burden.

Moody expects federal deficits to widen, reaching nearly 9% of GDP by 2035



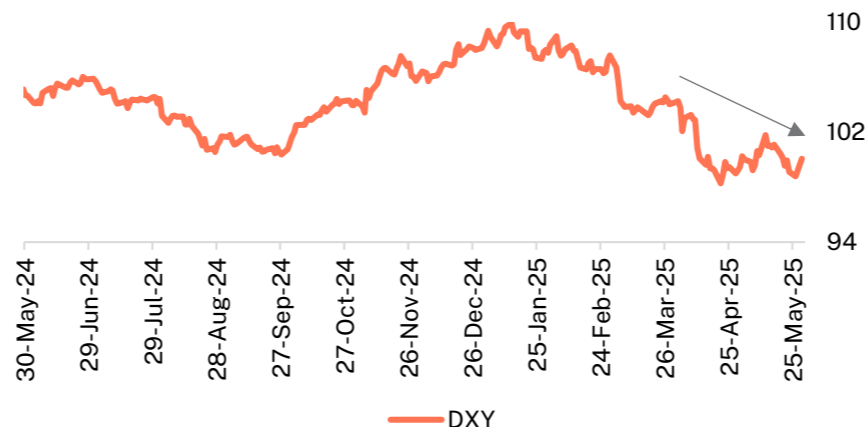
Estimates suggest House Ways and Means Committee's tax proposals would reduce revenues by \$4.3 trillion over the budget window.



Which led to US 10yr Yields rising



And DXY moderating



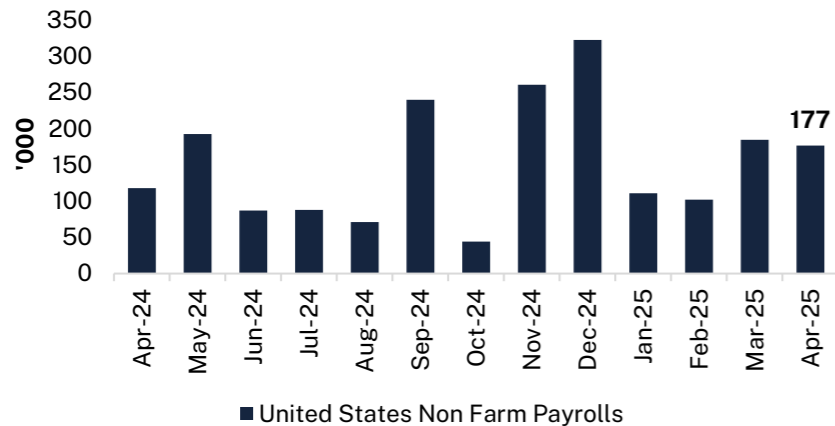
- What have we been saying?** Trump had made it abundantly clear that he plans to use tariffs to protect American businesses and simultaneously fix the government's \$36 trillion deficit.
- What still holds?** President Trump remains committed to the tariff-driven policy framework outlined in November 2024, reaffirming his stance on economic protectionism.
- What's shifted?** Moody downgrades US rating Aa1 to Aaa as fiscal outlook has worsened. Successive administrations have failed to rein in deficits, and current proposals lack material long-term solutions and persistent, large fiscal deficits may drive the government's debt and interest burden higher. We remain cautious in assessing US trajectory toward financial prudence.

Source: US Federal Reserve Economic Database, PENN Warton budget Model, Moody's press release, Bloomberg, Spark PWM

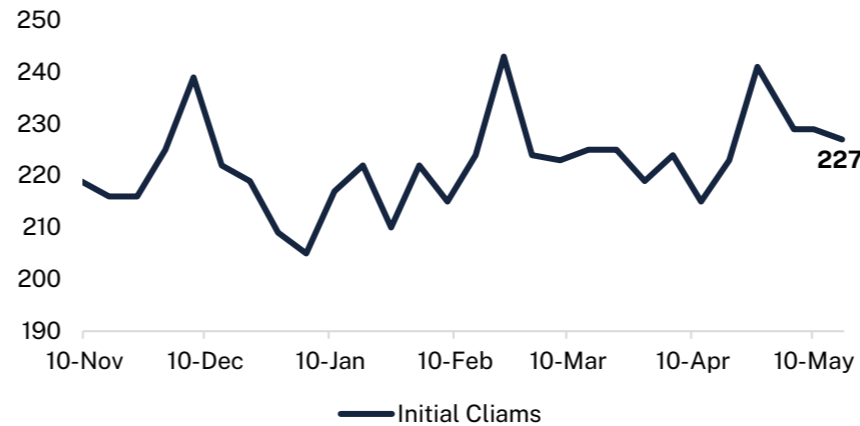
US: Labour Market Remains Resilient

April data shows sustained job creation and subdued wage pressure, reinforcing confidence in labor market

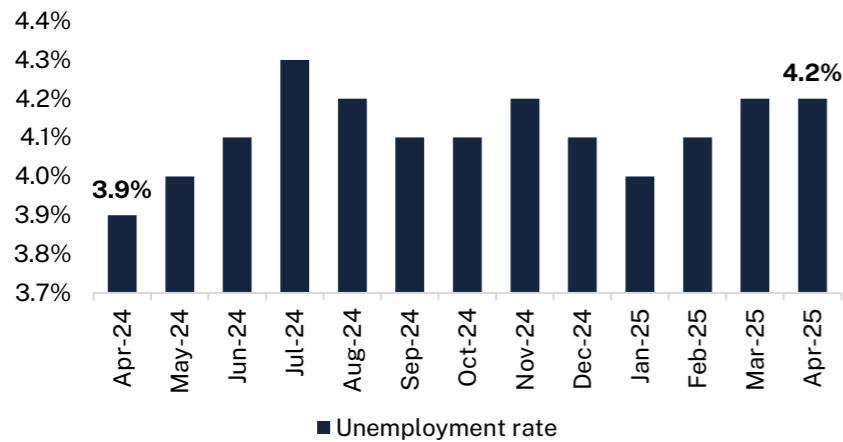
Job adds beats forecast of 130K



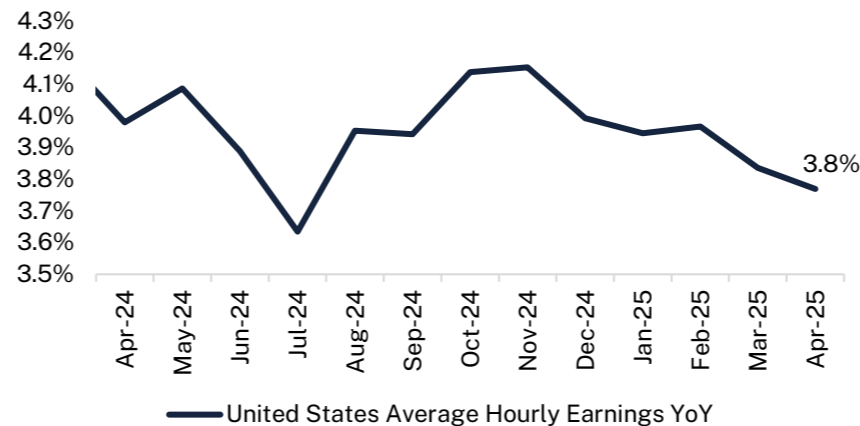
New applications for unemployment came in below expectations of 230K



Unemployment continues to remain in FED's comfort range, despite upward bias in YoY



Average earning growth continues to moderate.



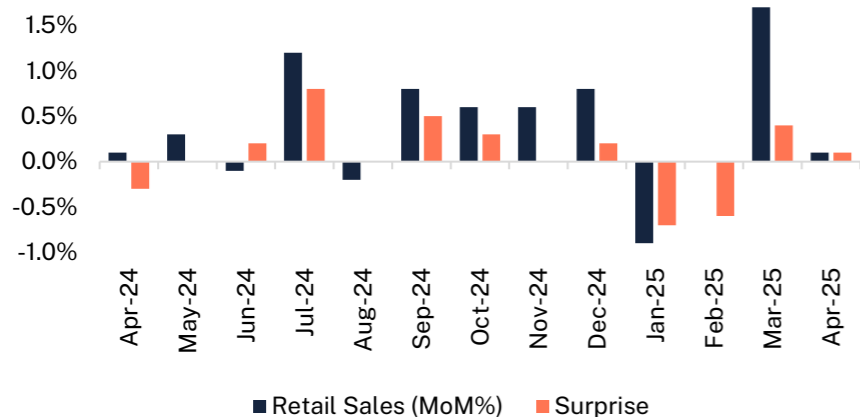
- **What have we been saying?** The US labor market has shown resilience over the past months with fewer jobless claims and healthy job adds.
- **What still holds?** The U.S. job market remains resilient, with overall labor conditions still healthy despite a slight uptick in the unemployment rate. Job creation continues to surpass expectations, and initial jobless claims remain below forecast, signaling ongoing strength in employment demand
- **What's shifted?** Post Trump's April 2 tariff announcement the shifts in trade policy creates uncertainty, making it hard for businesses to plan. Trade negotiations with China and other countries and its impact on economy is still unfolding.

Source: US Federal Reserve Economic Database, US Bureau of Labor Statistics, US Bureau of Economic Analysis, Philadelphia fed, Bloomberg, Spark PWM

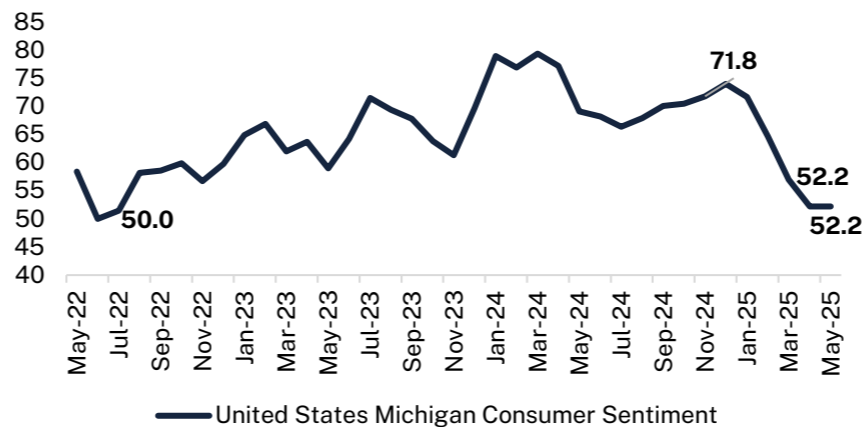
Consumer Continues to be Leveraged

Average US consumer's high credit dependency suggest it may weigh on consumption at some point.

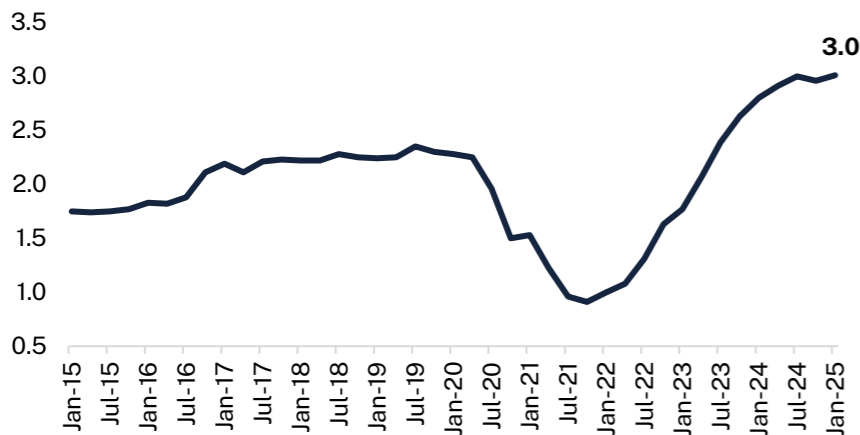
The modest gain of 0.1% suggest consumers scaled back spending



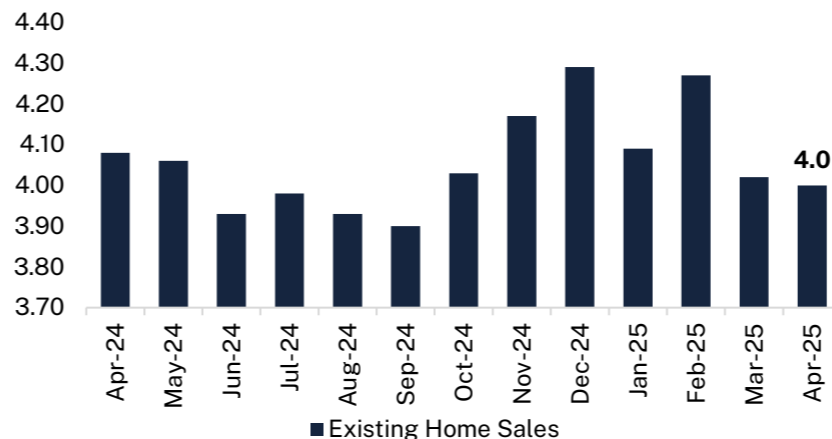
Consumer sentiment continue to moderate



Charge-Off Rate on Consumer Loans of all commercial banks is at 10 year high



Existing home sales in the US declined 0.5% Mom below forecast of 4.13M



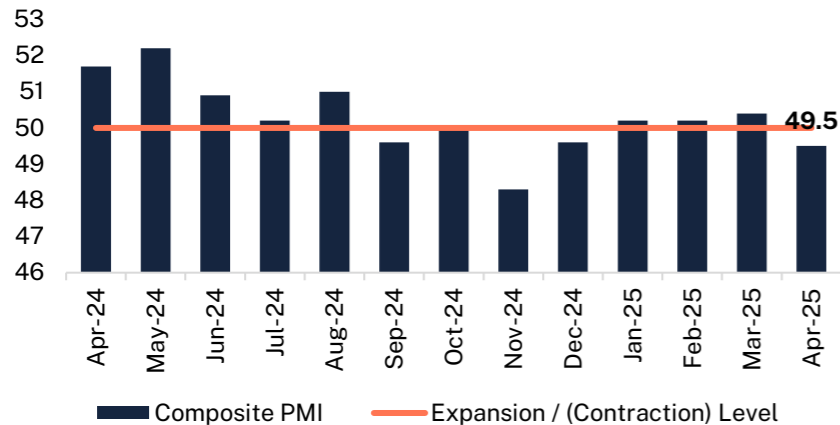
- **What have we been saying?** We have highlighted in our previous editions of IIS that the average US consumer is highly dependent on credit, which would be unsustainable in the long-term. We noted delinquency rates on consumer loans taken across all commercial banks has surpassed COVID-19 levels.
- **What still holds?** Credit usage continues to rise. Delinquency rate remains high.
- **What's shifted?** Despite some progress in tariff negotiations with China and other trading partners, U.S. consumer sentiment continues to moderate, reflecting persistent economic stress. The average American consumer remains heavily leveraged and this vulnerability is now being compounded by inflationary pressures. rising tariffs may push up import prices

Source: US Federal Reserve Economic Database, US Bureau of Labor Statistics, US Bureau of Economic Analysis, Bloomberg, Spark PWM

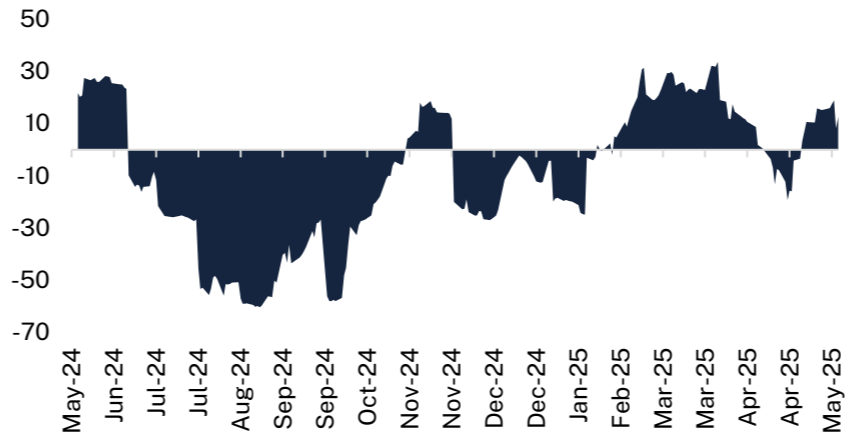
Europe: Resilient Market Sentiment Amid Core Europe Weakness

Stimulus-led sentiment and upside data surprises support equities despite underlying economic softness in core Europe.

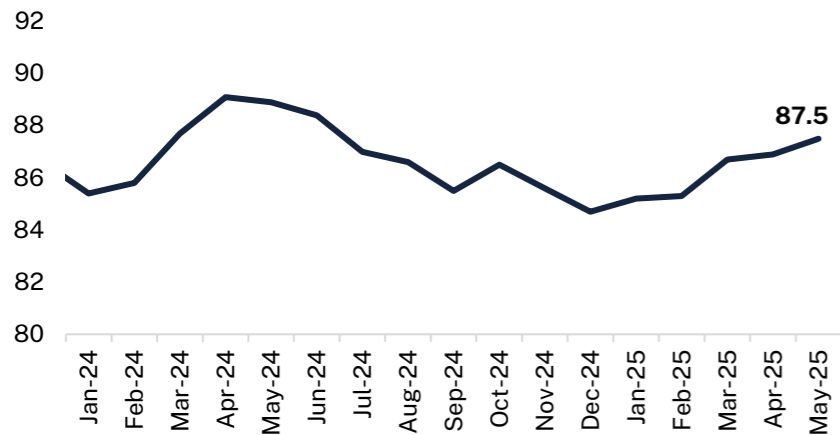
Eurozone Composite PMI dips into contraction zone...



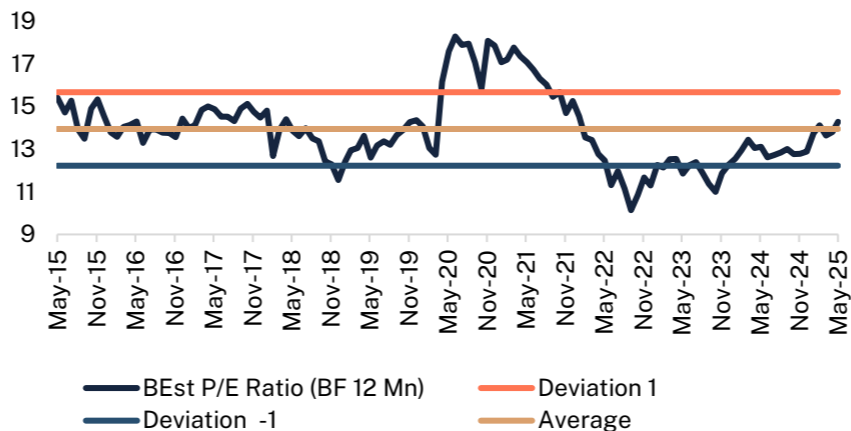
However, Europe Economic Surprise Index turns positive as eurozone business activity data better than expected



Plus, Germany Business Confidence highest in 11 months



EuroStoxx 600 12M BF P/E Ratio Catches Up to Long-Term Mean



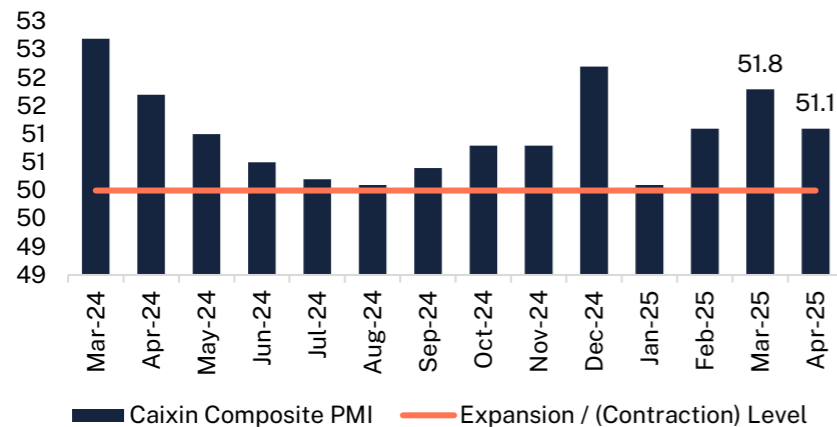
- **What have we been saying?** PMI and other economic data releases have been showing signs of weaknesses in the core economies. However, periphery economies such as Spain are exhibiting strength, and are likely preventing the continent from entering a recession.
- **What still holds?** Core economies like Germany continue to exhibit weakness and are largely the reason behind why economic activity in Europe has been damp.
- **What's shifted?** The ECB has implemented its seventh rate cut since June, bringing interest rates down to 2.25% to cushion the slowdown. At the same time, the German government has revised its GDP forecast downward, now expecting a contraction rather than the modest 0.3% growth forecasted earlier. However, strong upside surprises in recent Eurozone data, a sharp rebound in business confidence, and increased fiscal and defense spending are helping equity markets rally, with the EuroStoxx 600 P/E ratio returning to its long-term average

Source: Bloomberg, Spark PWM

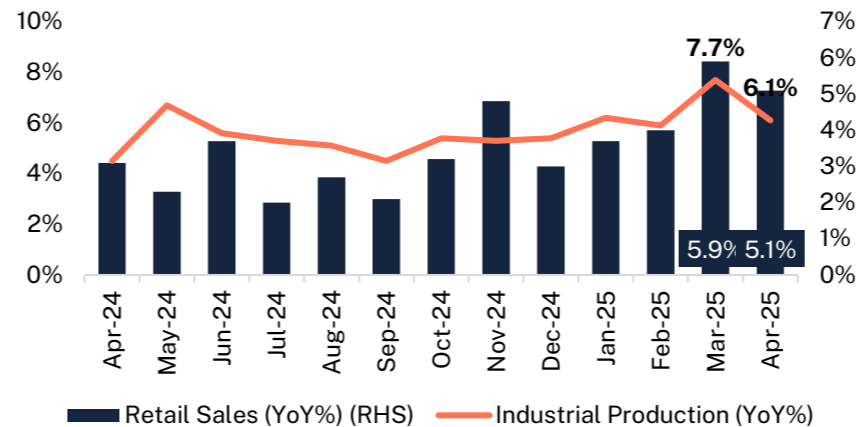
China: Markets Resilience Holds as Trade Talks Offset Tariff Drag

Tariff impact visible in April, but Geneva trade negotiations lift outlook

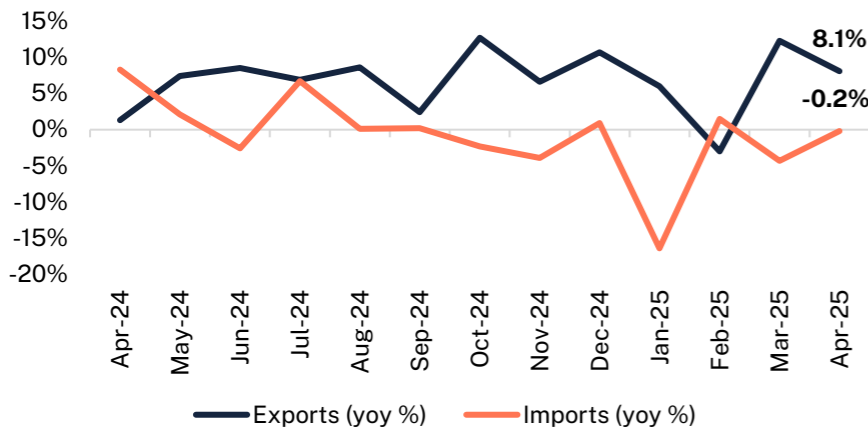
Composite PMI: Slipped slightly in April as new orders slowed to a seven-month low, dragged by weaker foreign sales



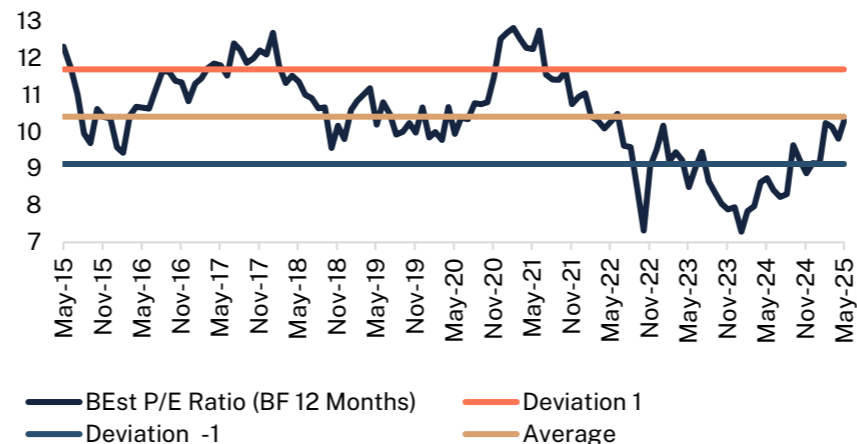
Retail Sales & Industrial Production: Continued strong YoY growth trend, but both indicators showed a MoM slowdown in April



Export growth beat expectations, though MoM performance was dragged by weaker US-bound shipments



Hang Seng 12M Forward P/E Ratio now trading near its long-term average, reflecting a stabilizing market outlook



- What have we been saying?** The PBOC's monetary easing policies that were introduced between September-October will not be sufficient in stimulating the economy without announcements of ample fiscal expenditure in the near-term.
- What still holds?** Retail sales and industrial production continue to show YoY growth, although momentum moderated in April due to tariff-related headwinds. China's trade surplus remains strong, supported by robust export growth of 8.1% YoY.
- What's shifted?** Improved trade negotiations between the US and China – marked by a preliminary agreement and rapid progress – reflect a strong mutual desire to ease tensions. Both parties appear committed to avoiding the significant economic, market, and geopolitical risks associated with prolonged, unsustainable tariffs. While full clarity on the long-term impact of the tariffs is still pending, the constructive tone and pace of dialogue point to moderately improving outlook.

Source: Bloomberg, Spark PWM

Summary

Local Story



RBI Transfer Supports Fiscal Targets, Strengthens Government Finances

- RBI Dividend: RBI announced a dividend transfer of Rs.2.69tn to GOI ahead of the budget estimate of Rs. 2.5tn.
- Fiscal Target: 11MFY25 fiscal data suggests that govt. is comfortably positioned to achieve its Fiscal Deficit target of 4.8% for FY25 and RBI dividend along with other measures such as hike in excise duty on petroleum products shall aid achieve the Fiscal Deficit target of 4.4% for FY26, despite direct tax-rate cuts.

Economic Activity: April 2025 continues to exhibit sustained growth

- (i) Composite PMI improved to 59.7 in April from 59.5 in Mar, (ii) GST Collection grew 12.7% YoY in April reaching all time high. (iii) 119 million E-Way Bills generated in April, second highest since inception, (iv) Trade deficit widened to 5-month low to -\$26.4 bn

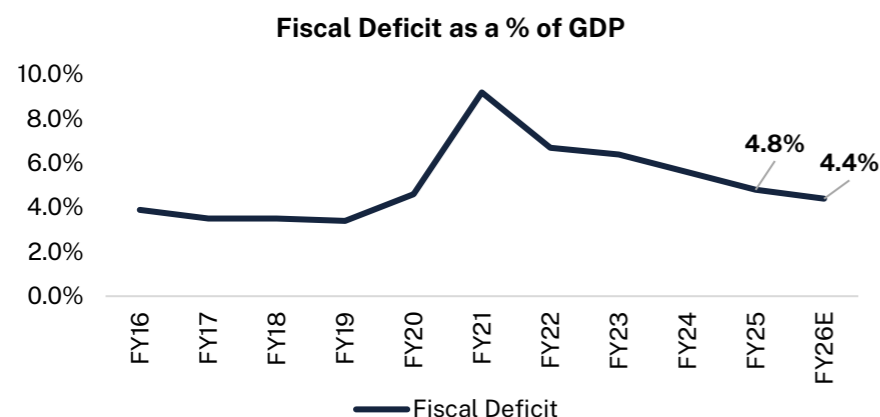
RBI Transfer Supports Fiscal Targets, Strengthens Government Finances

The RBI surplus transfer, along with other government measures, shall help keep the fiscal targets for FY25 and FY26 in check.

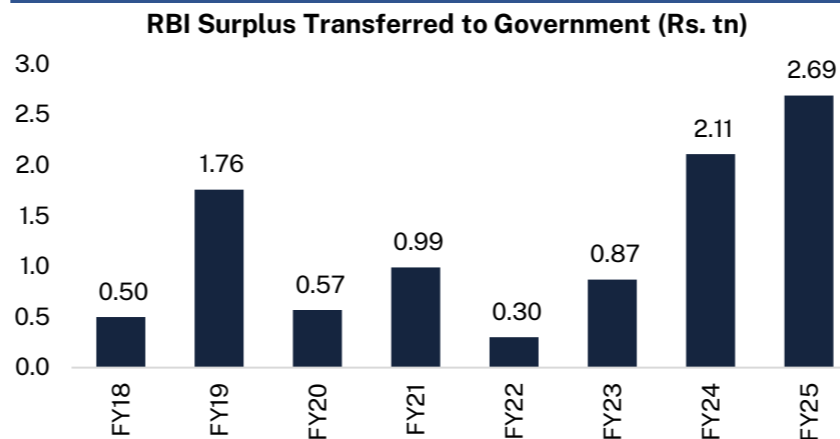
Government on track to meet its Fiscal Deficit target.

Government finances (INR Bn)	Apr-Feb'24	Apr-Feb'25	Increase	Budget Estimates (FY25)	% of Budgeted Estimates
Total Expenditure	37,473	38,932	4%	47,165	83%
Revenx	29,417	30,813	5%	36,981	83%
Capex	8,056	8,119	1%	10,184	80%
Total Revenues	22,224	25,247	14%	31,210	81%
Tax Revenue	18,495	20,156	9%	25,570	79%
Non Tax Revenue	3,603	4,933	37%	5,310	93%
Others	127	157	24%	330	48%
Fiscal Deficit	15,248	13,685	-10%	15,955	86%

Analysts expect the dividend to aid fiscal consolidation and capex, aligning with the GOI's 4.4% FY26 target.



RBI announced a dividend transfer of Rs.2.69tn to GOI ahead of the budget estimate of Rs. 2.5tn



Impacts of recent events is expected to be largely positive for the fiscal math

Particulars	Impact (Rs. tn)
Direct-tax rate cut (negative)	~1.0
Excise duty hike on petroleum products (positive)	~0.3
RBI Dividend (positive)	2.7

What have we been saying?

Government capex picked up in 2HFY25 post elections and has shown strong momentum with 11MFY25 capex surpassing 11MFY24 numbers. At the same time, revenues increasing 14% for the same period.

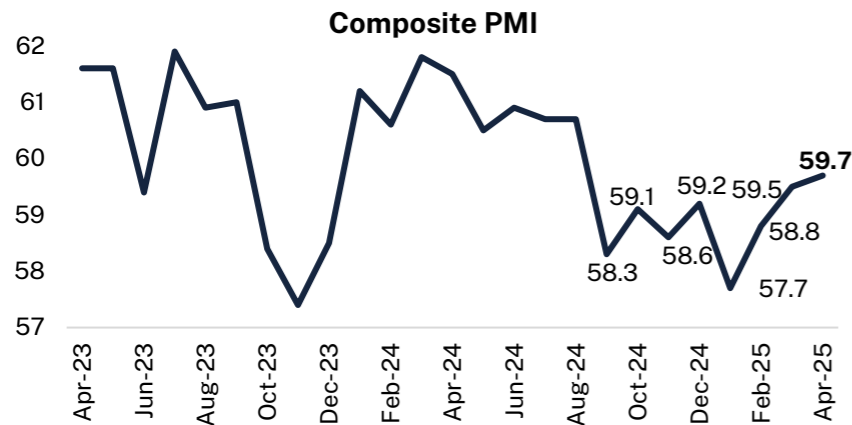
What still holds? Govt. finances continue to be good shape comfortable to achieve FY25 fiscal deficit target of 4.8%.

What's shifted? RBI announced dividend of Rs. 2.69tn to GOI for FY25 up 27% YoY which will aid govt.'s fiscal consolidation and capex target for FY26, further strengthening govt. finances and absorb any miss from direct-tax rate cuts.

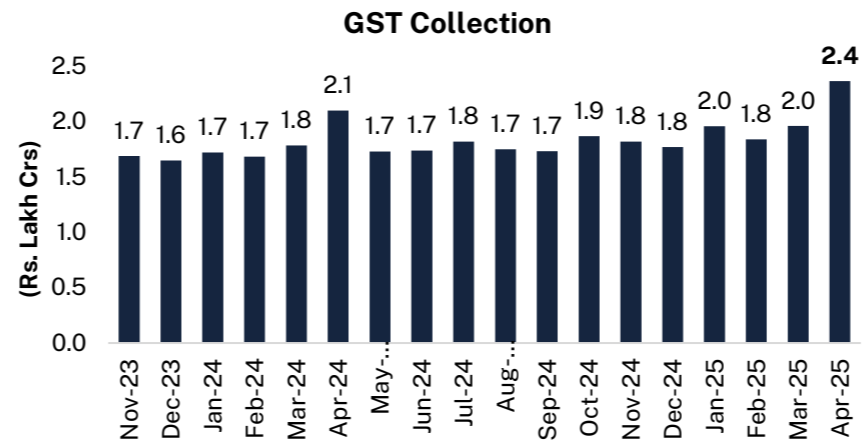
Economic Activity Strong Backed By Robust Domestic Outlook

High-frequency data signals sustained economic momentum, however fiscal deficit spikes briefly but not concerning

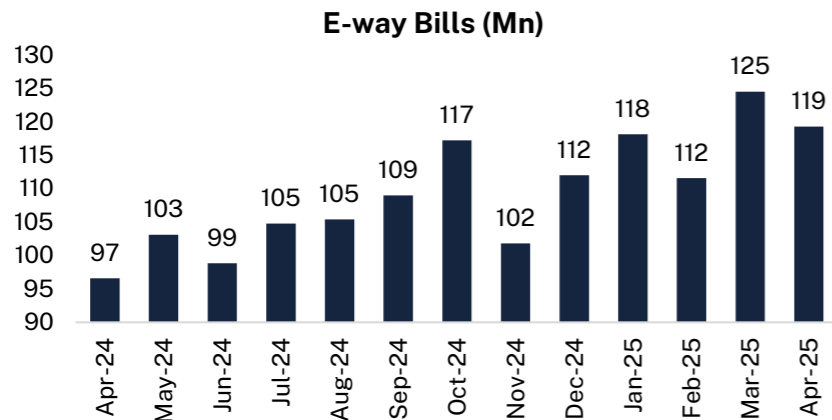
Composite PMI Reached 59.7 highest level since August



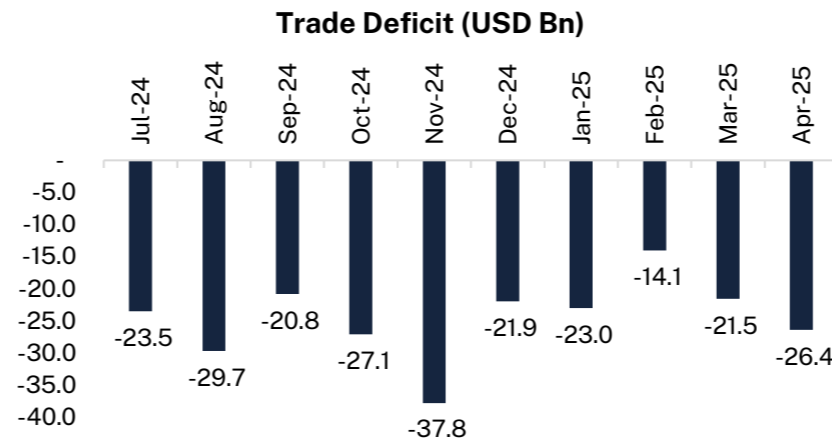
GST Collection Grew 12.7% YoY in Apr



E-way bills generation in Apr-25 surged to second all-time high



Trade deficit widens to 5-month low



- What have we been saying?**
 After a short-lived slowdown in mid CY2024 pointing to weaker manufacturing & services activity, a sustained recovery has been observed since the beginning of CY2025.
- What still holds?**
 Record-high GST collections and the second-highest E-Way Bill generation highlight sustained momentum in trade activity, while the composite PMI reaching an eight-month high signals broad-based economic expansion.
- What's shifted?**
 India's trade deficit widened to \$26.42 billion in April 2025, exceeding economists' expectations which reflects ongoing volatility in global trade. However, it is not concerning but just a temporary rise.

Source: Bloomberg, Spark PWM, RBI

Summary

Inflation and Rates



Fed at a Crossroads: Inflation Moderates but Expectations Complicate Outlook

- **Diverging Trends: Inflation Cools but Expectations Heat Up:** US CPI has eased to 2.3%, yet inflation expectations have surged to a multi-decade high (UMich 1Y ahead at 7.3%). This disconnect is complicating the Fed's policy roadmap, particularly amid tariff-related growth risks.
- **Growth Outlook Slips:** Tariff concerns have led to downward revisions in GDP forecasts, but the Fed continues to highlight upside inflation risks. With a resilient labor market, policymakers are likely to extend their wait-and-watch stance, holding off on rate cuts for now.

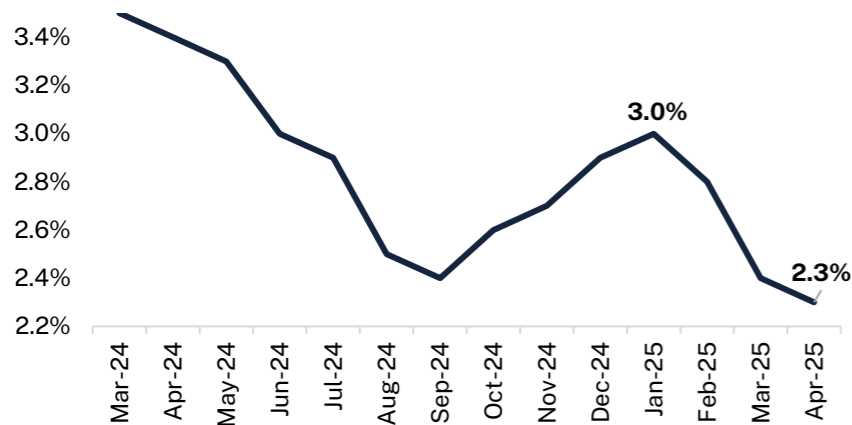
RBI Leans Dovish as Inflation Falls and Policy Room Expands

- **RBI Eases Policy Amid Benign Inflation:** CPI moderated to 3.2% in April 2025, led by easing food inflation, while core CPI remained stable. This provides the RBI room to stay accommodative, with market pricing suggesting another rate cut in the next two quarters.
- **India-US Yield Spread Narrows to 20-Year Low: Forex Implications:** The India-US 10-year yield spread has fallen to a two-decade low of 1.8%, driven by US inflation uncertainty and India's stable macro backdrop. This narrowing may reduce the interest rate differential, impacting foreign capital flows. We remain watchful, as this could influence forex stability going forward.

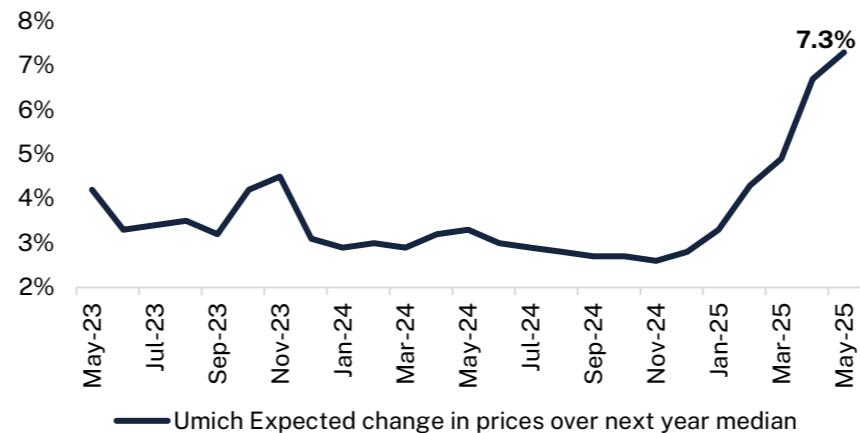
US: Inflation Moderates while Expectation Rise

Amid evolving conditions, necessary policy space is available for the Fed to be in 'wait and watch' mode amidst heightened uncertainty.

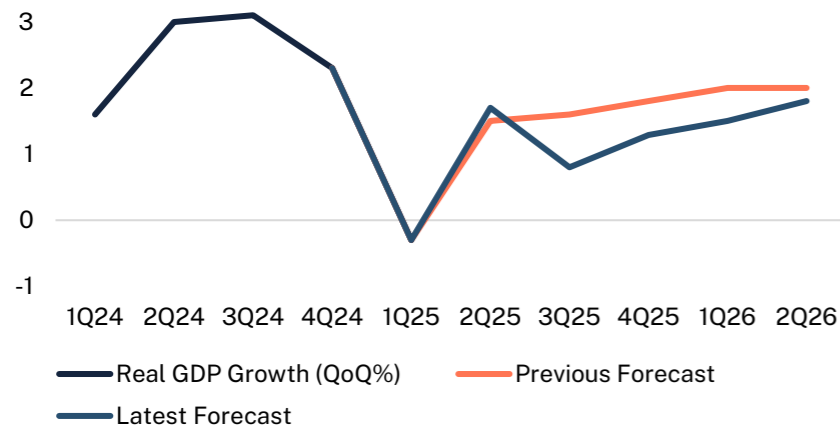
US CPI Moderated further to 2.3%



UMich 1Y Ahead Inflation Expectations touched new high since November 1981



Real GDP Growth (QoQ%) Estimates Revised Lower as Tariffs are Expected to Have a Negative Impact on the Economy



Probability of rates remaining same till July 25 has increased from 7.9% in April 25 to 76% in May 25.

Target Rate (bps)	Probability(%)			
	Now *	1 Day	1 Week	1 Month
		23-May-25	20-May-25	25-Apr-25
350-375	0.00%	0.00%	0.00%	4.80%
375-400	0.50%	1.10%	1.30%	46.30%
400-425	23.90%	23.90%	27.50%	41.10%
425-450 (Current)	75.60%	74.90%	71.20%	7.90%

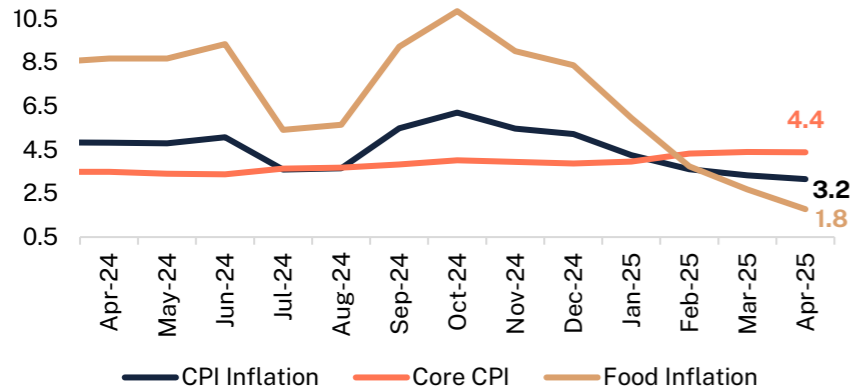
- What have we been saying?** The Fed stated that risks to inflation were 'weighted to the upside' and not 'broadly balanced'. However, risks to unemployment and GDP growth were 'broadly balanced'.
- What still holds?** The Fed continues to believe that risks to inflation are 'weighted to the upside'. The labor market continues to show resilience.
- What's shifted?** GDP growth risks are higher than what the Fed believes. Real GDP Growth (QoQ%) estimates revised lower as tariffs are expected to have a negative impact on the economy. Despite the risk to growth Powell's commentary suggested that Fed is prepared to wait for greater clarity and can keep rates higher in interest of the economy.

Source: Bloomberg, US Federal Reserve Economic Database, Spark PWM

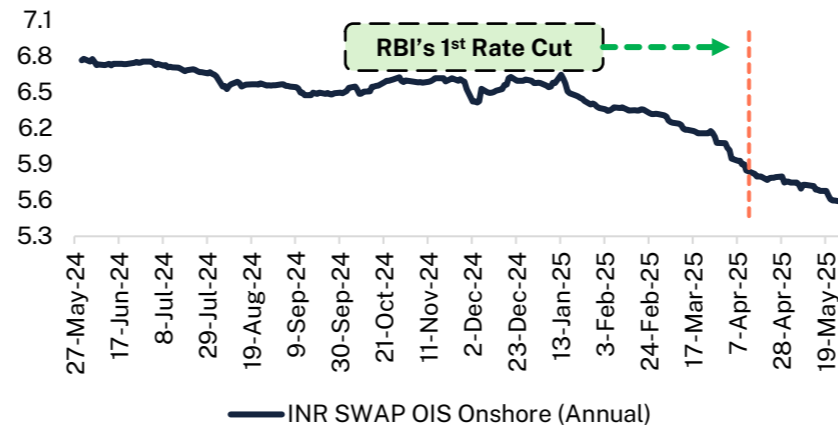
Benign Inflation Outlook Strengthens Case for RBI Rate Cuts

India-US 10-Year Yield Spread Hits 20-Year Low Amid RBI Easing and Fed Pause

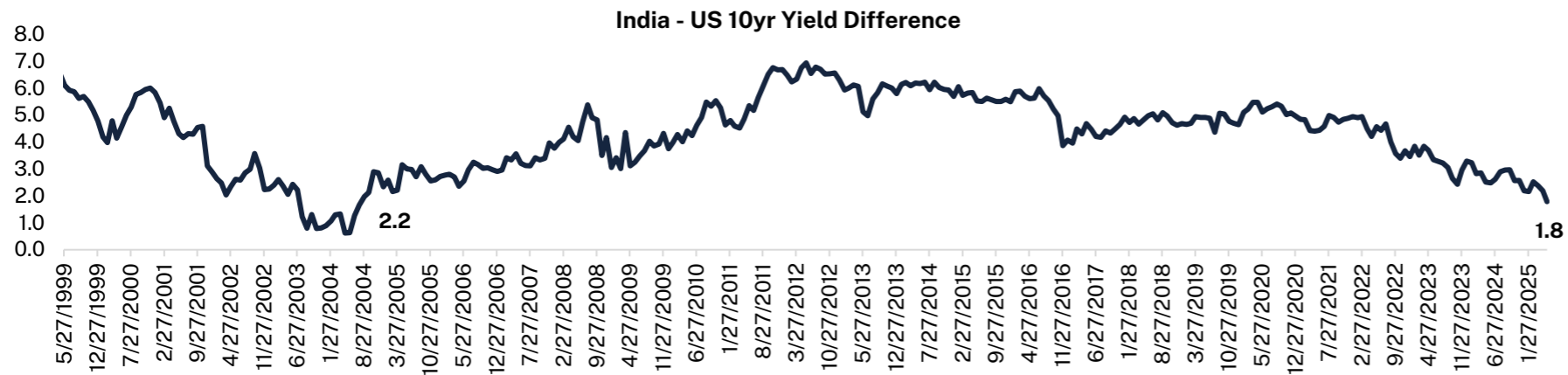
CPI inflation fell sharply to 3.2% in April 2025, driven by a significant drop in food inflation, while core CPI remained steady



Onshore INR 6M Forward Swap Rates Suggest RBI Will Deliver 1 More Rate Cut in the Next 2 Quarters



India-US 10-year yield spread has declined to a 20-year low of 1.8%, reflecting narrowing interest rate differentials



- **What have we been saying?** The moderation in inflation on both a YoY and MoM basis along with prudent fiscal position made a plausible case for RBI to cut rates.
- **What still holds?** We continue to see signs to confirm the view that inflation is currently on sustainable path of moderation.
- **What's shifted?** Amid the backdrop of sharply easing crude oil prices and contained food prices (owing to the effect of normal monsoons) RBI rate cut looks likely. Consequently, we remain watchful of the India-US 10-year yield spread.

Summary

Valuation and Earnings



Decoding Valuations

- Large Caps: Currently trading near their long term 1SD .
- SMID Caps: Still trading above their respective long-term fair valuation multiples.

Optimistic on Large Caps; Small & Mid caps Remain a Stock Picker's Market

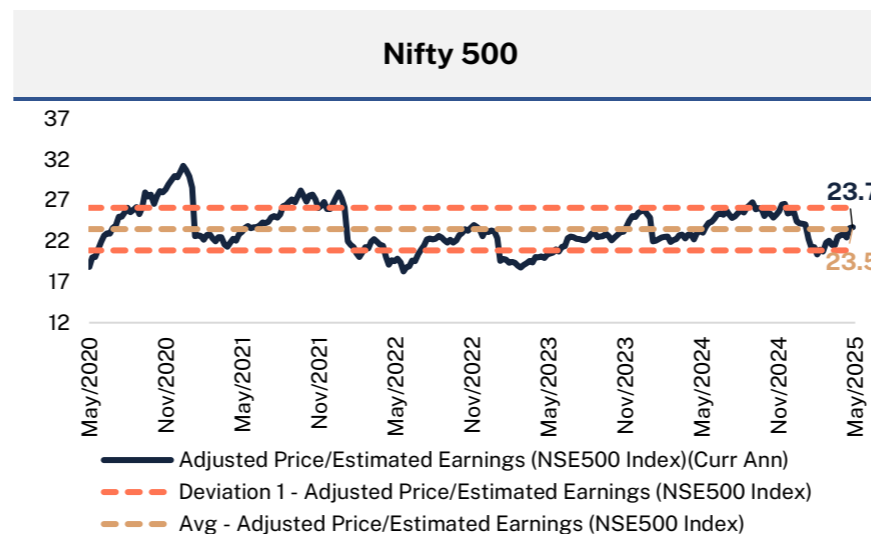
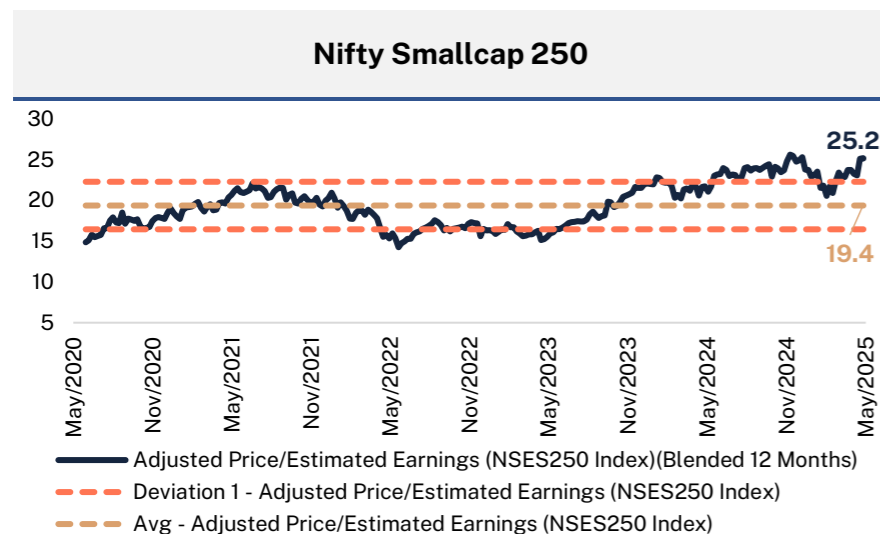
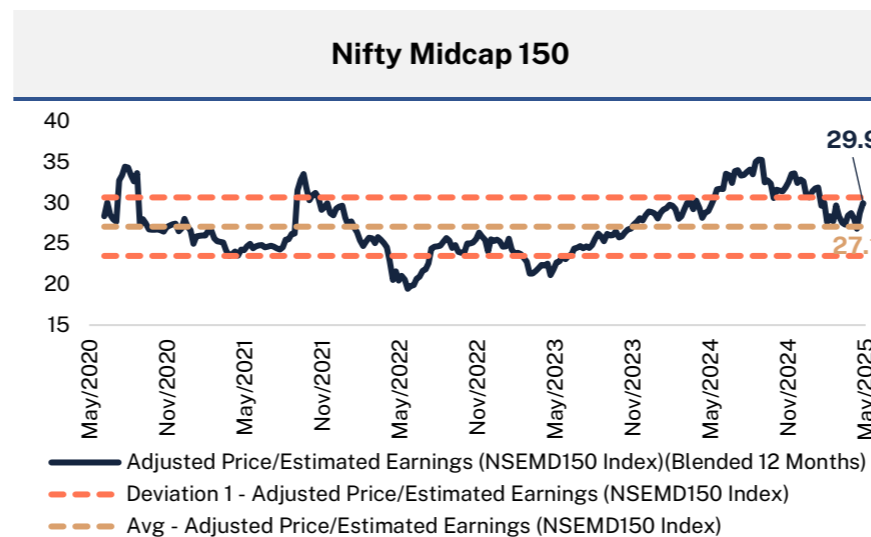
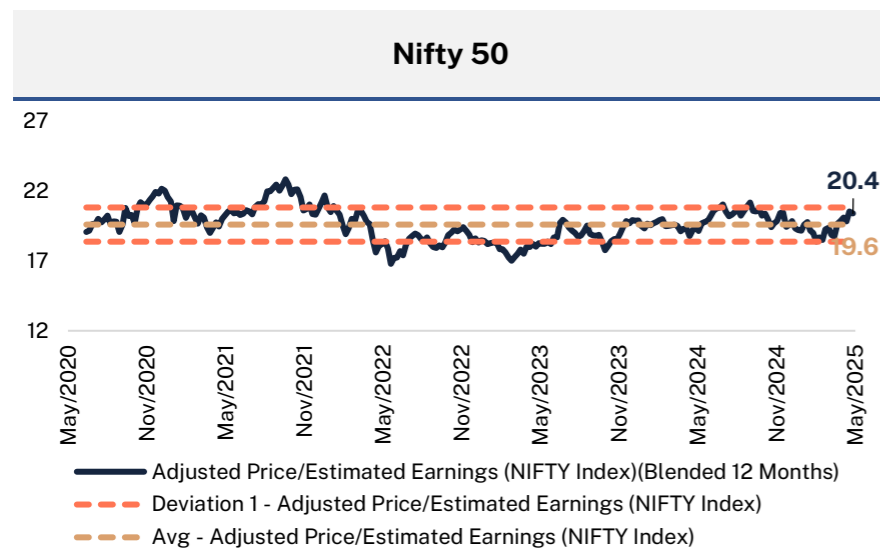
- Large caps (Nifty) are showing stronger and more stable sales and EBITDA growth, especially in Q3 and Q4 FY25, indicating a clear shift in momentum from the broader market to large-cap stocks.
- Small and mid-caps are losing steam, with slowing sales growth and normalizing EBITDA

4QFY25 Nifty 50 Companies Earnings So Far...

- Sales Growth: Telecom, transportation & logistics, and pharma sectors posted the highest sales growth, while IT, auto, and metals lagged.
- Profit Drivers: Telecom and transportation & logistics saw standout PAT growth. Metals & mining delivered strong profits despite declining sales, while auto and consumer goods faced margin pressures, leading to profit declines.

Decoding Valuations

Large-caps continue to provide valuation comfort while SMID valuation remain slightly concerning



Large Caps:

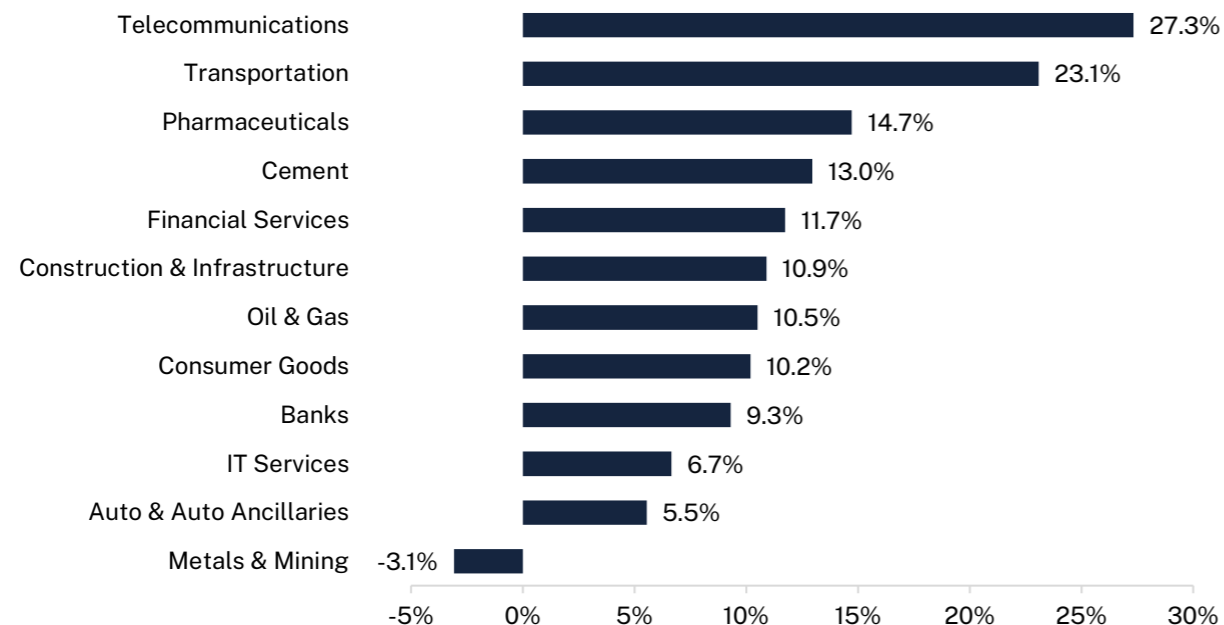
- Recent rally in Nifty was due to boost in FII Buying
- Valuations have approached one +1SD above the mean.
- We remain optimistic in large caps as valuation re-rating is largely earnings driven and not alarming.

SMID Caps:

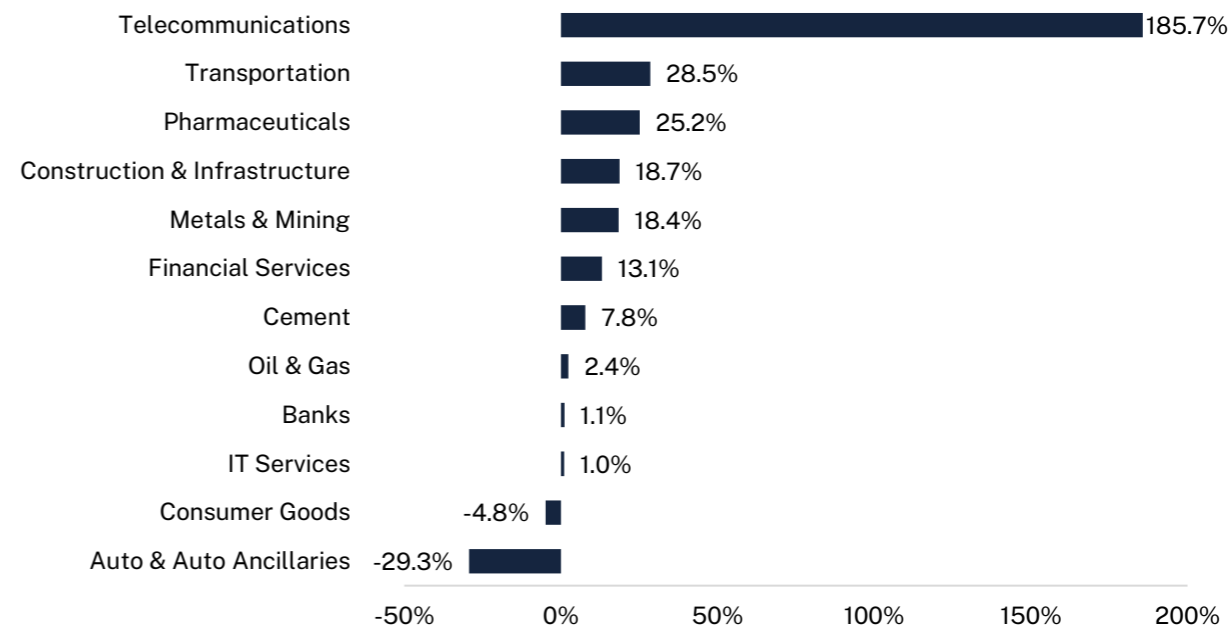
- Still trading above their respective long-term fair valuation multiples.
- Concerning valuation exists in some pockets of SMID cap companies and we continue to believe that it remains as a stock pickers market

Q4FY25 Earnings : Sectoral Nifty 50

Nifty 50 Sales Growth



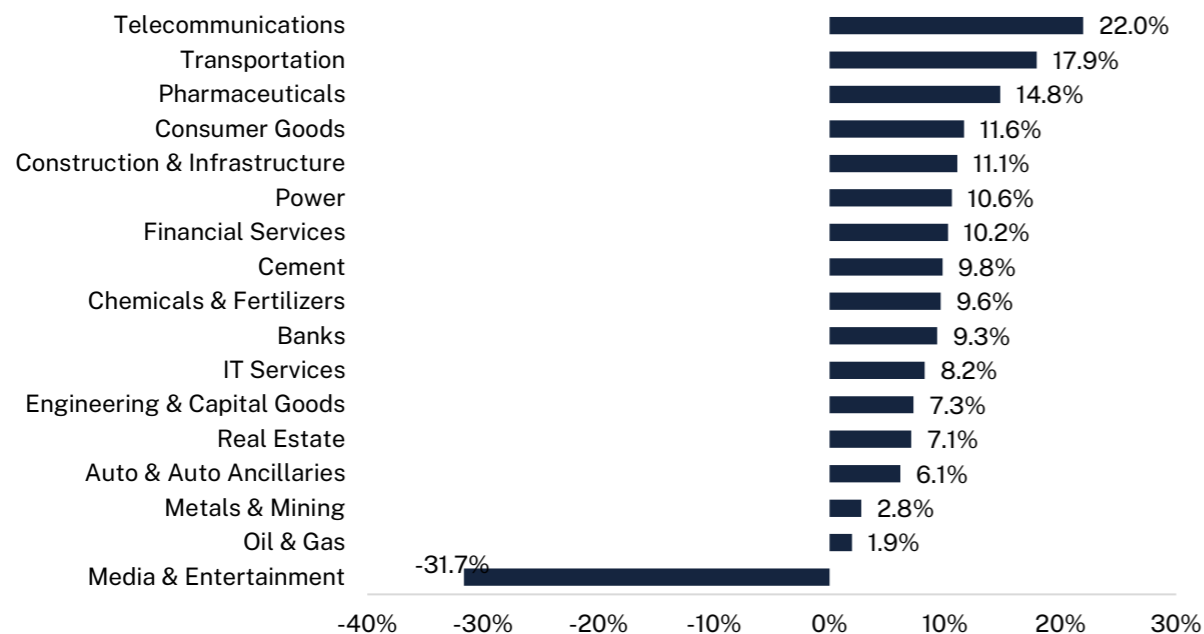
Nifty 50 Adj. PAT Growth



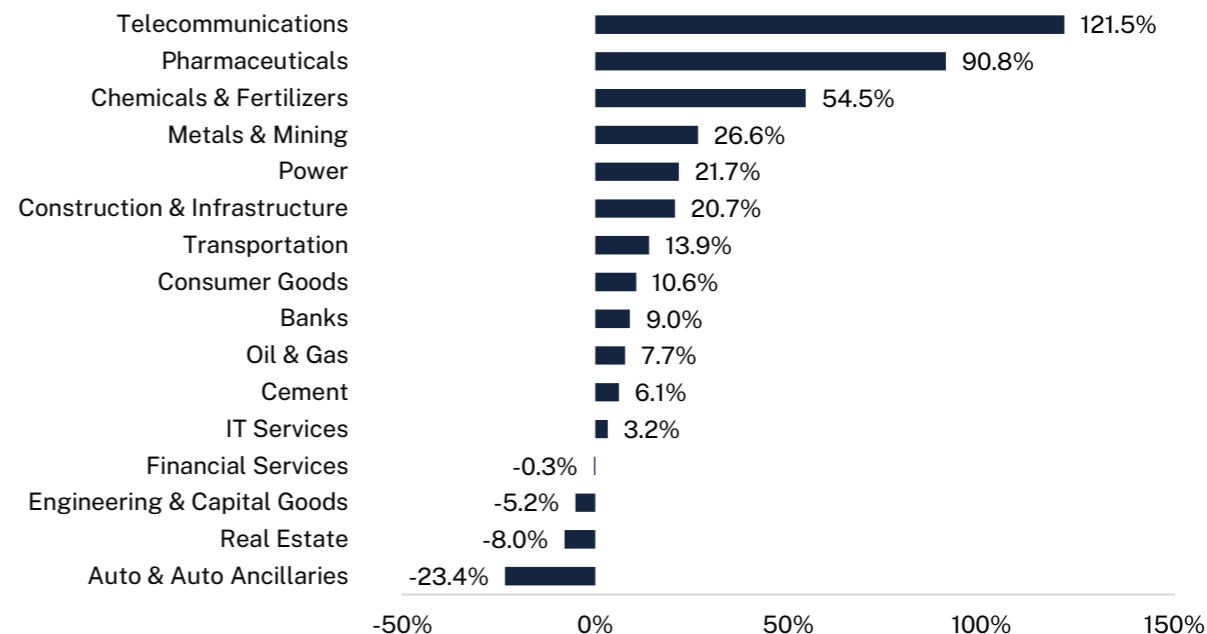
- **Sales Growth:** Telecommunications, transportation, and pharmaceuticals lead with the highest sales growth. Moderate sales growth is seen in cement, financial services, construction, oil & gas, banks and consumer goods, while metals & mining, IT and auto sectors show relatively low sales growth.
- **Adj. PAT growth:** Telecommunications stands out with exceptionally high profit growth, far exceeding its sales growth, reflecting improved margins or operational efficiency. Transportation and pharmaceuticals also show strong profit gains. In contrast, auto and consumer goods sectors face profit declines despite low to moderate sales growth, highlighting margin pressures or cost challenges. Metals and mining clocked impressive earnings growth despite de-growth in topline due to strong margins as an outcome of elevated realizations. Other sectors steady profit growth aligned with topline growth.

Q4FY25 Earnings : Sectoral Nifty 500

Nifty 500 Sales Growth



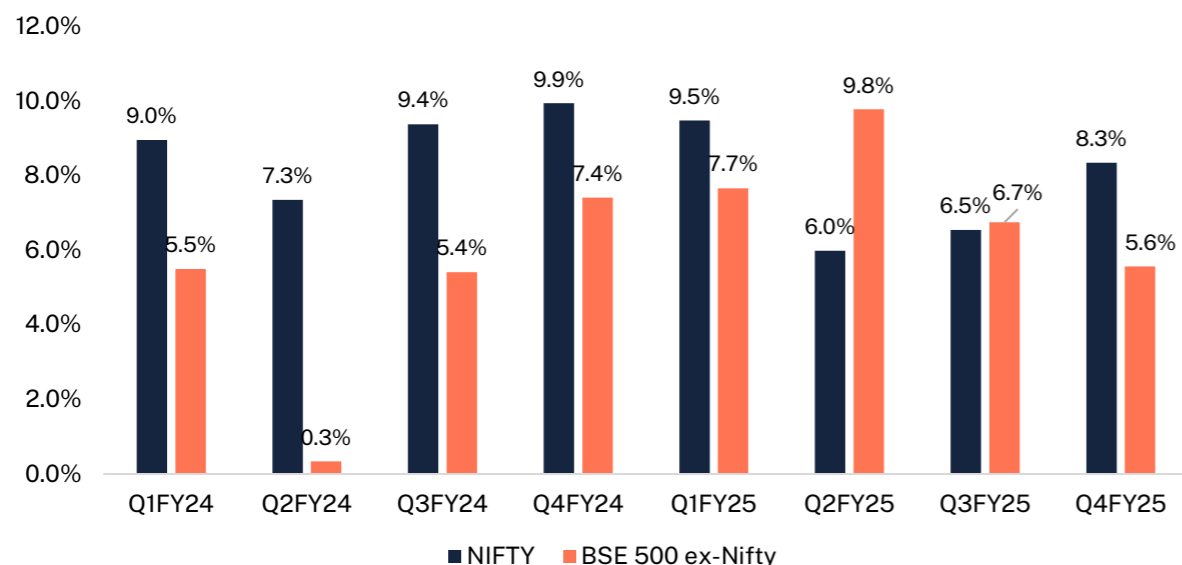
Nifty 500 Adj. PAT Growth



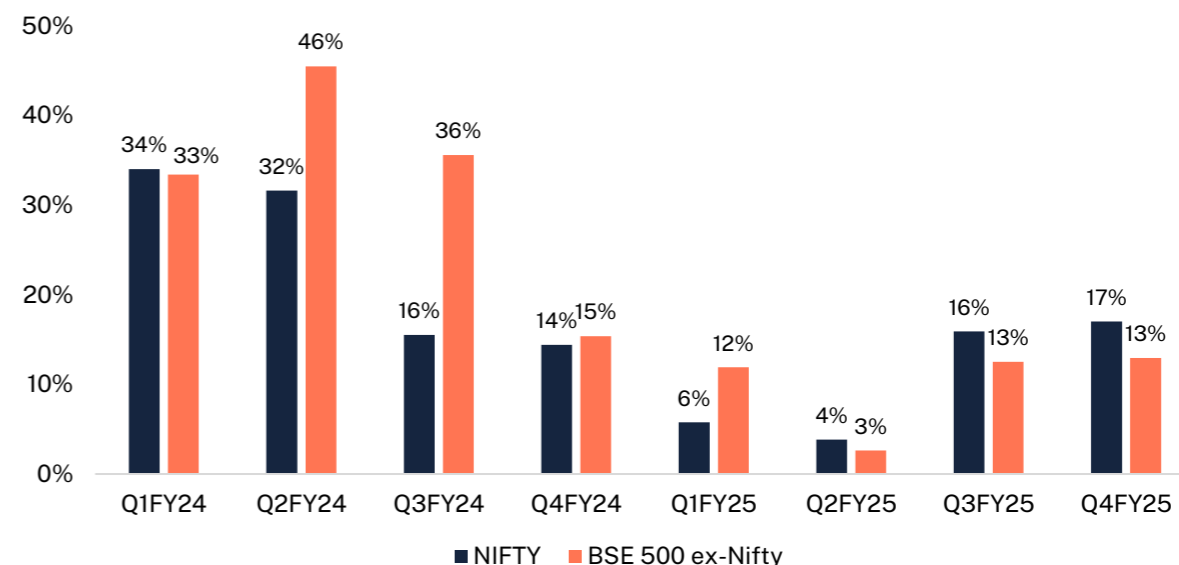
- **Sales Growth:** Telecommunications (22.0%), transportation (17.9%), and pharmaceuticals (14.8%) lead in sales growth. Consumer goods, infrastructure, power, financial services, banks, chemicals, IT, cap goods, real estate and auto show moderate gains (6–12%), while metals & mining (2.8%), oil & gas (1.9%), and media & entertainment (-31.7%) lag.
- **Adj. PAT growth:** Telecommunications (121.5%) and pharmaceuticals (90.8%) show exceptional profit growth, with chemicals & fertilizers (54.5%), metals (26.6%), power (21.7%) and infrastructure (20.7%) also strong. Moderate growth is seen in transport, consumer, oil & gas, banks and cement (6-14%) while IT, financial services, real estate, auto and cap goods show weak or negative growth.

Optimistic on Large Caps; Small & Mid caps Remain a Stock Picker's Market

Sales Growth Trend



EBITDA Growth Trend



- **Sales Growth:** Nifty sales growth has outpaced growth of BSE 500 Companies range between 6% and 9.9% over the past eight quarters. The recent uptick to 8.3% in Q4FY25 suggests a recovery after a slight dip in Q3FY25. In contrast, the BSE 500 ex-Nifty shows more volatility and generally weaker growth. Its sales growth peaked at 9.8% in Q2FY25 but then declined steadily to 5.6% in Q4FY25, signaling slowing momentum among mid and smaller-cap companies outside the NIFTY index.
- **EBITDA Growth:** While both indices show strong EBITDA growth in Q4FY25 and Q3FY25, Nifty has gained a relative edge recently (17% vs. 13% in Q4FY25 and 16% vs. 13% in Q3FY25), reversing the trend seen in FY24 when the broader market's earnings significantly outperformed. Notably, Nifty's outperformance in Q3 & Q4 of FY25 suggests resilience among large caps, whereas broader market growth has normalized significantly.
- **This indicates a shift from broad-based earnings momentum to a more concentrated, large-cap-led growth environment.**

Q4FY25 Earnings Outlook (1/2)

Sector	Outlook
Banks & NBFCs	<ul style="list-style-type: none"> Q4FY25 performance exceeded expectations, driven by strong loan growth, improving asset quality, resilient NIMs, and controlled credit costs and slippages. RBI's liquidity support is beginning to reflect in the system. Focus ahead will remain on prudent underwriting, credit growth supported by RBI liquidity measures with potential NIM pressure in FY26 as rate cut expectations rise.
IT	<ul style="list-style-type: none"> Revenue growth in Q4 was mostly in-line to below estimates, amid global trade uncertainties and sector-specific challenges. Some firms report strong deal pipelines, while others remain cautious. Cost optimization and strategic investments will drive growth, but discretionary spending may stay subdued through FY26 due to heightened macro uncertainty.
Healthcare	<ul style="list-style-type: none"> The sector is transitioning, led by innovation in specialty drugs, biologics, and CDMO growth. Near-term margins may be impacted by higher R&D and launch costs. Long-term prospects remain strong, with improved profitability expected from FY27, driven by global market opportunities and strong balance sheets, despite US pricing and regulatory risks.
Oil & Gas	<ul style="list-style-type: none"> Q4 is expected to beat estimates in refining and marketing, supported by crude prices below ~\$75/bbl. However, LPG under-recoveries persist, with no clear government resolution, posing a risk to the outlook.
Metals	<ul style="list-style-type: none"> Steel fundamentals diverged in FY25, with China's high exports putting pressure on global prices, while India and Europe benefited from protective trade measures. Aluminium demand is expected to grow steadily, supported by strong growth in India, though global uncertainty and trade tensions may affect momentum. Copper may face short-term challenges due to supply issues, but rising demand, especially in China, supports a positive outlook.

Source: Bloomberg, Spark PWM

Q4FY25 Earnings Outlook (2/2)

Sector	Outlook
Automobiles	<ul style="list-style-type: none"> The sector is transforming through electrification, capacity expansion, and shifting consumer preferences toward SUVs, MPVs, and EVs, while hatchback demand declines. OEMs are investing in plants, renewables, and innovation. Margin gains are expected as product portfolios mature and efficiencies improve. The sector is poised for steady long-term growth despite short-term affordability pressures.
Cement / Building Materials	<ul style="list-style-type: none"> Strong growth is expected over 3–4 years with 7–8% demand CAGR, driven by rural housing recovery and urban infrastructure. Pricing and EBITDA/ton are improving, aided by cost-saving measures and consolidation synergies. Companies are making major capex investments in capacity and renewables. Despite short-term softness from heatwaves, fundamentals are strong and the long-term outlook remains positive.
Chemicals	<ul style="list-style-type: none"> Agrochemicals face weak global demand and high Chinese exports, though some players may see modest growth and stable-to-improving margins. Fertilizers show better per-ton profitability. Specialty and bulk chemicals show mixed performance — some benefiting from volume recovery or realizations, others seeing declines. Segments like palm oil derivatives and fluoropolymers are stable with varied margins. Overall, the sector shows selective recovery amid persistent margin pressures.
Realty	<ul style="list-style-type: none"> Moderate new launches limit overall sales, but premium and luxury segments remain strong with low inventory and price stability. Most players met/exceeded FY25 pre-sales targets. Collections are healthy though slightly moderated. Commercial real estate earnings are stable. Key outlook driver will be demand from GCCs, IT hiring, and related trends.
Consumer	<ul style="list-style-type: none"> Q4FY25 saw decent growth despite high competition and food inflation. Rural and Tier 2–4 markets were stable; urban and GT channels lagged. Modern trade and e-commerce outperformed GT, indicating a channel shift. Companies expect demand recovery in Q2/H2FY26, while Q1FY26 may stay weak due to unseasonal rains and sluggish trends. Rain may hurt summer products but support tea and coffee; paint demand may also be hit by labor shortages.

Source: Bloomberg, Spark PWM

Summary

Allocation of Capital



FPIs Make a Comeback & DIIs Continue Buying; SIPs & MF Flows Still Strong

- FPIs net bought INR 16826 Cr worth of equities and DIIs net bought worth 30.5k Rs Cr in May -25.
- Gross SIP inflows rose 31% YoY to INR 26,632 Cr in Apr 2025.

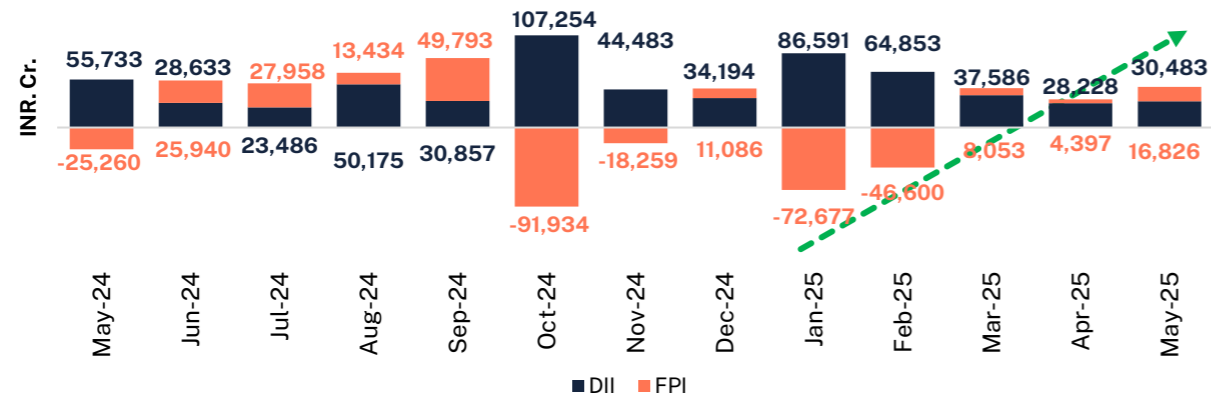
DXY Weakened Amidst Tariff Uncertainty & US Growth Fears: Could Flows Find Their Way to EMs?

- DXY declined by 0.24% in the Month of April. A weaker US Dollar has traditionally been positive for FII flows to Indian assets as it indicates that the currency's carry has worsened and makes foreign domiciled assets more attractive. As such there has been a visible rotation from US assets to other AEs and EMs.

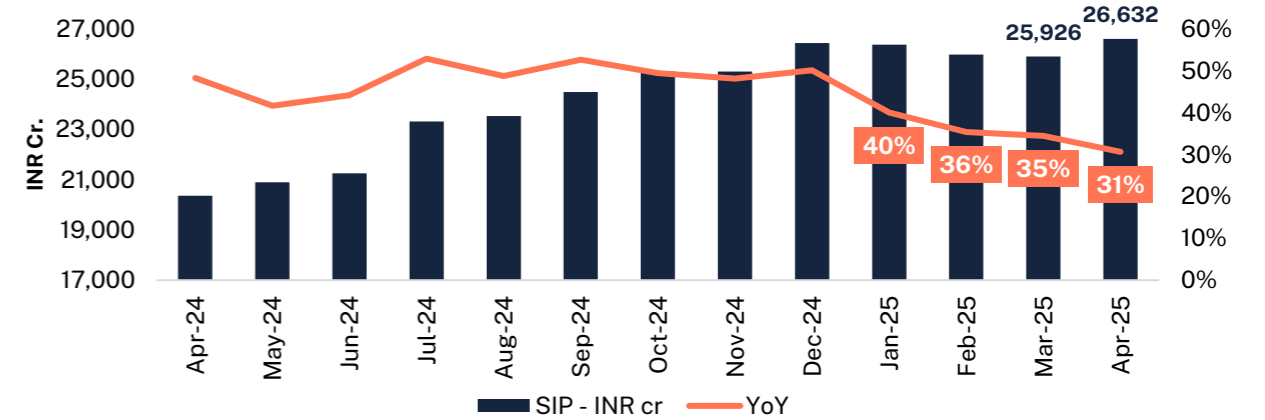
FPIs make a strong comeback & DIIs Continue Buying; SIPs & MF Flows Still Strong

Renewed FPI interest joins steady DII support, while robust SIP and mutual fund inflows reflect sustained retail participation

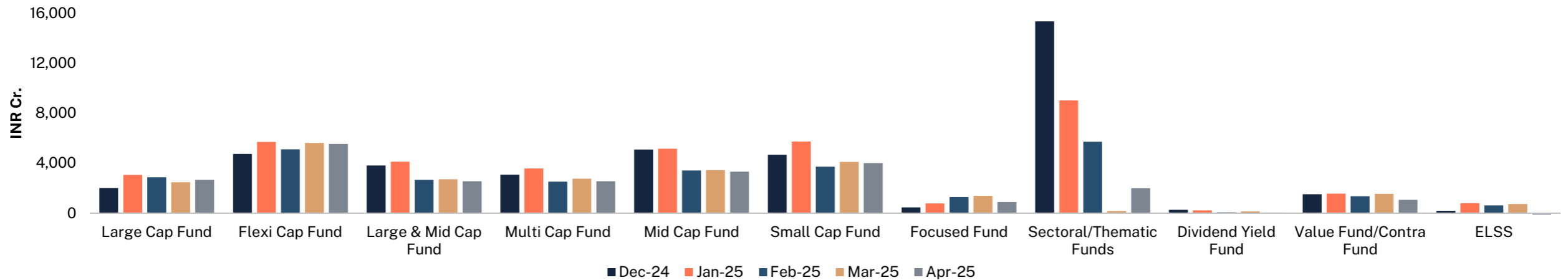
FPI inflows gained significant momentum in May



Gross SIP Inflows Rose 31% YoY to INR 26,632 Cr in Apr 2025



Equity Mutual Fund Flows - Apr 2025 (Rs. Crore)



Source: Bloomberg, Association of Mutual Funds in India, NSDL, SEBI, Spark PWM

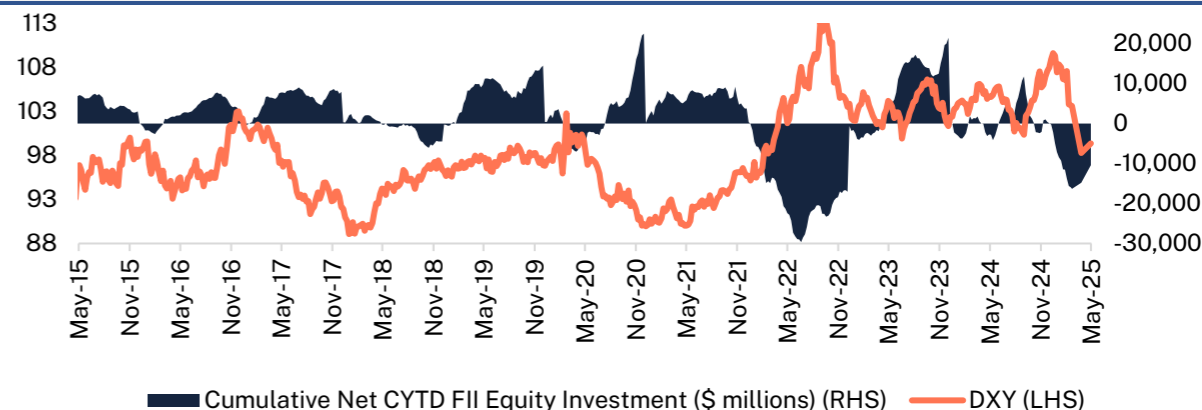
Weakening DXY and US growth fears led flows to Indian and other EMs

A weaker US Dollar has traditionally been positive for FII flows to Indian assets as it indicates that the currency's carry has worsened and makes foreign domiciled assets more attractive. As such there has been a visible rotation from US assets to other AEs and EMs.

Daily Net Foreign Investment (\$ millions) in Indian Debt cooled off after a sharp rise.



FII Investments in Indian Equities Are Inversely Proportional to USD Strength so the Current Decline in DXY Could Make FIIs Return



Breakdown of Fortnightly FII Flows to Indian Equities by Sectors (Rs Crore) in 2025

Sector / Date	15-Mar-25	31-Mar-25	15-Apr-25	30-Apr-25	15-May-25	Trailing 12M
Automobile and Auto Components	-3,640	776	-2,562	-645	188	-38,577
Capital Goods	-1,912	1,613	-3,047	2,939	261	7,148
Chemicals	-129	620	-309	1,184	97	6,786
Construction	-2,329	483	-2,465	-427	-22	-31,273
Consumer Durables	-1,566	48	-1,026	965	-73	-3,927
Consumer Services	-1,900	-1,158	-239	1,963	140	-6,089
Fast Moving Consumer Goods	-5,106	-487	587	2,330	-124	-26,528
Financial Services	-3,311	17,585	-7,958	19,367	338	-18,336
Healthcare	-2,049	2,138	-1,384	580	-80	18,547
Information Technology	-6,934	-1,517	-13,828	-1,385	34	-9,832
Metals & Mining	1,179	722	-2,829	-579	12	-4,378
Oil, Gas & Consumable Fuels	-970	-2,449	-2,759	2,294	273	-60,179
Power	-1,867	1,627	-175	978	-60	-20,013
Telecommunication	-340	3,413	2,137	2,511	121	24,764
Total	-30,874	23,414	-35,857	32,075	1,105	-1,61,887

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

Summary

Trends and Sentiments



Swiss National Bank is ready to consider negative interest rates...

- The SNB is considering a return to zero or negative interest rates due to rising global uncertainty and market volatility.
- The Swiss franc's 9% appreciation has hurt exports and inflation, prompting talk of forex intervention and a likely rate cut on June 19.
- Swiss bond yields turned negative for up to five-year maturities, with the 10-year yield at ~0.35% as of May 27.

India – UK Free Trade Agreement

- Finalized on May 6, 2025, the India–UK FTA aims to double bilateral trade to \$120 billion by 2030 through major tariff cuts and expanded market access.
- It includes provisions for services, professional mobility, and social security coordination to avoid dual contributions.
- The agreement is expected to boost investment, job creation, and long-term economic cooperation while protecting sensitive sectors.

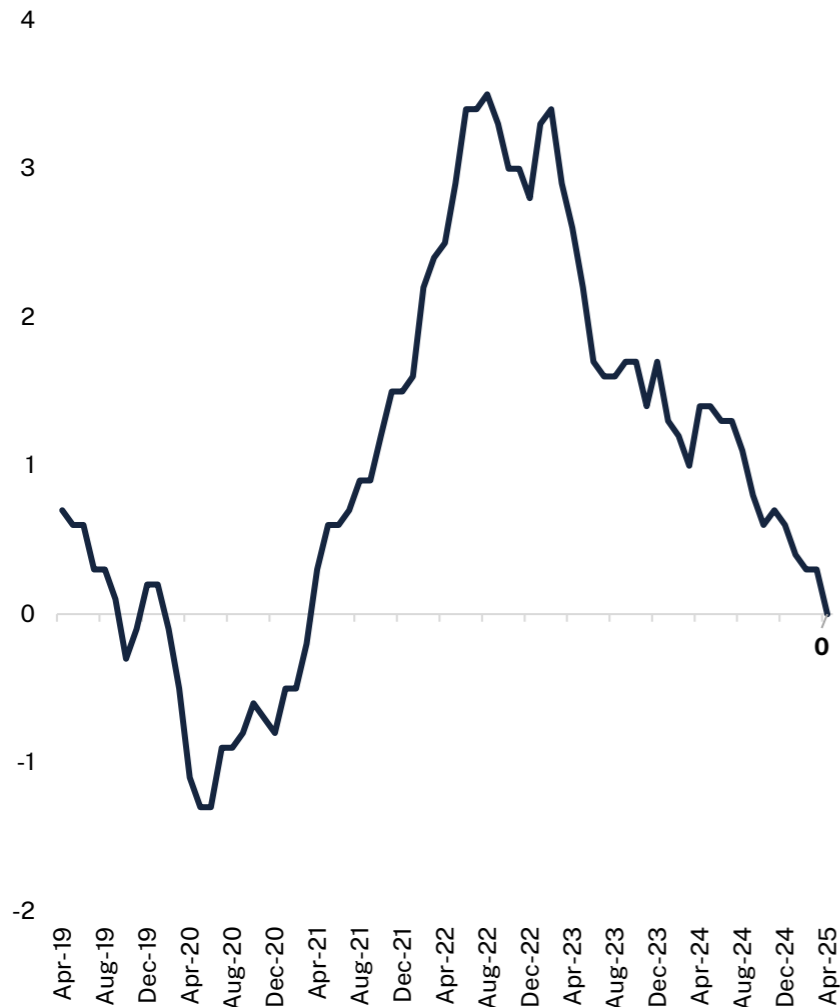
Japan 20 Year Bond Sale

- BoJ's reduced buying since mid-2024 has led to weak demand in JGB auctions, pushing 30- and 40-year yields to record highs.
- Mounting inflation and fiscal uncertainty have dampened long-term investor interest, amid rising defense spending and tax cut pressures.

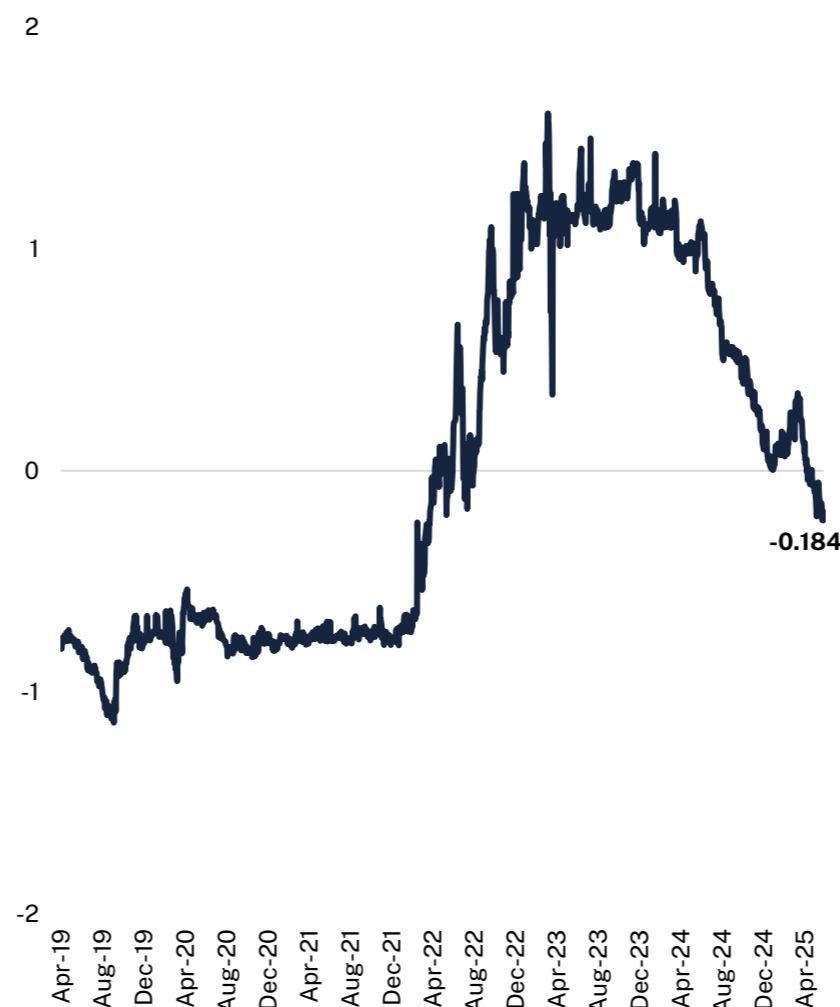
Swiss National Bank is ready to consider negative interest rates...

SNB Chairman Martin Schlegel emphasized that no policy options are off the table, including a return to zero or even negative interest rates, as the bank confronts heightened global uncertainty and market volatility, partly triggered by a recent trade war initiated by Washington.

The Switzerland inflation rate has touched zero as on 30 April 2025



Swiss 2-Year Bond Yields (%) turned negative from early April



- The SNB is considering a return to zero or negative interest rates due to rising global uncertainty and market volatility.
- The Swiss franc's 9% appreciation against the dollar has hurt exporters and suppressed inflation, prompting the SNB to signal possible forex interventions.
- With inflation at 0% and a strong currency, economists expect a rate cut to 0% at the June 19 meeting as the SNB stays focused on price stability.
- In early April, the Swiss 2-year government bond yields turned negative for the first time in years, driven by safe-haven demand and expectations of monetary easing.
- Yields are now below zero for bonds up to five years, while longer maturities remain slightly positive. The 10-year yield stood at ~0.35% on May 27.

India – UK Free Trade Agreement

Finalized on May 6, 2025, marks a significant milestone in bilateral relations, aiming to double trade between the two nations to \$120 billion by 2030. The agreement encompasses substantial tariff reductions, enhanced market access, and provisions for services and professional mobility.

Sector	Pre-FTA Tariff	Post-FTA Tariff	Key Impact
Exports from India			
Textiles & Apparel	Upto 12%	0%	The home textiles and apparels' exports are expected to double in 5–6 years due to the new FTA.
Gems & Jewellery	Upto 4%	0%	India's gems and jewellery exports to the UK are projected to rise to \$2.5 billion in two years, driven by the FTA's tariff relaxations, up from \$941 million in 2024.
Agriculture & Processed Foods	Upto 70%	0% on 99.7% of tariff lines	Boost to exports like rice, seafood, spices, tea, ready to eat foods, etc.
Chemicals	Upto 8%	0%	Driven by improved price competitiveness under the FTA, Indian exports of organic chemicals to the UK are expected to rise from \$420 million to \$966 million by 2027 – a 130% surge.
IT & Professional Services	Non-tariff barriers	Reduced barriers	India–UK FTA and social security pact will save Indian IT workers ~20% of salary, benefiting 60,000+ employees and saving ₹4,000+ crore for Indian companies and employees.
Imports into India			
Alcoholic Beverages	150%	75% (40% over 10 years)	Import duties on British whisky and gin will be reduced from 150% to 75%, further decreasing to 40% over ten years, making these products more affordable in India.
Medical Devices	Upto 15%	Reduced (specifics to be disclosed)	Easier access to UK healthcare technology, however for medical devices covered under PLI scheme, the duty would be reduced from 6 th year onwards.
Cosmetics	Upto 20%	Reduced (specifics to be disclosed)	Enhanced affordability and accessibility for UK based cosmetics.

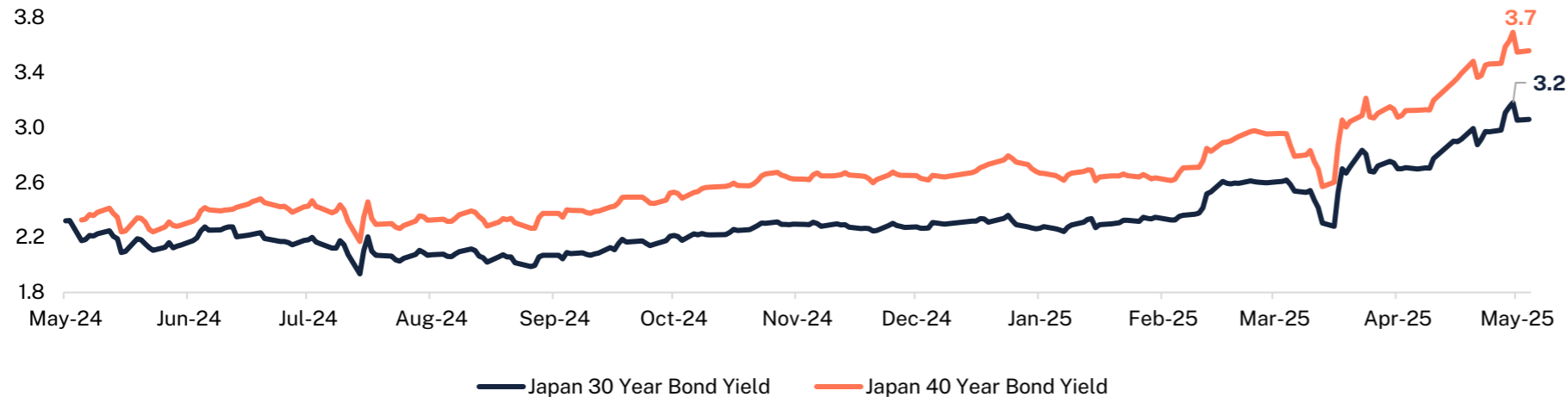
- The India–UK Free Trade Agreement aims to significantly boost bilateral trade by reducing or eliminating tariffs on a wide range of goods and services.
- It enhances market access, simplifies customs procedures, and strengthens economic cooperation between the two nations.
- The agreement also includes provisions for smoother movement of professionals and social security coordination to avoid dual contributions.
- It is expected to increase investments and create new job opportunities. Sensitive sectors have been safeguarded through phased implementations and exclusions.
- Overall, the FTA marks a strategic partnership focused on long-term economic growth and resilience.

Source: Bloomberg, News articles, Spark PWM

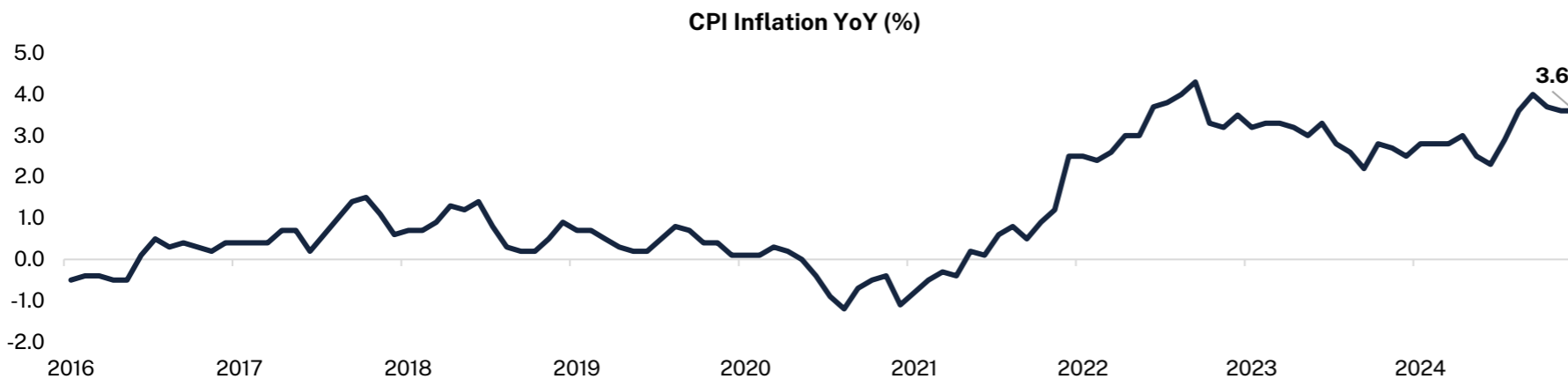
Japan 20 Year Bond Sale

Prime Minister Shigeru Ishiba rejected calls for tax cuts, warning that Japan's fiscal situation is worse than Greece's and highlighting the risks of relying on government bonds amid rising borrowing costs.

Japan's Bond Blowout: 20-Year JGB's Auction Crumbles, Yields Soar to Record Highs



BoJ's 2% Target Breached Yet Again — Is a Shift Coming?



Why did it happen?

Bond Yields at record high

- Since mid-2024, the BoJ — one of the primary buyers in the JGB market — has been pulling back, resulting in insufficient absorption of JGB supply and consequently pushing yields higher. The recent 20-year JGB auction saw weak demand, marking the worst result since 2012 soaring 30-year and 40-year yields at record highs.
- Mounting inflation and fiscal uncertainty have shaken long-term investor appetite.
- Calls for higher defense spending and lower taxes leave little room for debt reduction.
- Despite higher nominal yields, real returns remain negative due to persistent inflation above 2%



01 EXTERNAL INFLUENCE

- **US- Cautious Amid Fiscal and Trade Uncertainty:** Fiscal pressures, tariff-related uncertainty are clouding the economic trajectory. The Fed remains in “wait and watch” mode, with market participants seeking clarity on trade impacts not yet visible in key indicators.
- **Europe – Cautious Optimism:** While core economies face contraction risks, peripheral resilience, ECB rate cuts, and fiscal stimulus are supporting market sentiment and stabilizing equity valuations.
- **China – Neutral with Signs of Resilience:** Despite soft PMI and tariff headwinds, robust retail sales and exports (especially beyond the U.S.) and improving trade talks are bolstering market sentiment and economic stability.

02 LOCAL STORY

- **RBI Dividend Boosts Fiscal Strength:** The RBI’s Rs. 2.69tn dividend surpasses budget expectations, supporting the FY25 fiscal deficit target of 4.8% and aiding FY26’s 4.4% goal despite upcoming tax cuts, alongside measures like excise duty hikes.
- **Economic Momentum Remains Strong:** April 2025 data reflects robust activity with a rising Composite PMI (59.7), record-high GST collections (+12.7% YoY), strong E-Way Bill generation, and a narrowing trade deficit, indicating continued economic resilience.

03 INFLATION & RATES

- **US – Fed in Wait and Watch mode:** While US inflation has cooled to 2.3%, surging inflation expectations and tariff-driven growth concerns are complicating the Fed’s path, prompting a continued pause on rate cuts.
- **India - RBI Turns Dovish Amid Inflation Easing:** With CPI at 3.2% and stable core inflation, the RBI has room to remain accommodative; a narrowing India-US yield spread to a 20-year low (1.8%) may impact forex dynamics.

04 VALUATION & EARNING

- **Valuation Landscape:** Large caps are trading near their long-term averages, while small and mid-caps remain overvalued, making them more selective bets.
- **Earnings Trends Mixed:** Telecom, logistics, and pharma led sales growth; metals showed resilient profits despite weak sales, while autos and consumer goods faced margin and profit pressures.

05 ALLOCATION OF CAPITAL

- **Robust Market Inflows:** FPIs and DIIs were strong net buyers in May 2025, with SIP inflows surging 31% YoY in April, underscoring sustained domestic investment momentum.
- **Weaker Dollar continue to Boost EM Appeal:** A softening DXY amid US tariff and growth concerns is driving capital rotation towards emerging markets, supporting FPI flows into Indian equities.

06 TRENDS & SENTIMENTS

- **SNB Signals Possible Rate Cut:** The Swiss National Bank may return to zero or negative rates as the franc’s 9% surge strains exports and inflation, with a rate cut likely on June 19 and bond yields turning negative up to 5 years.
- **India-UK FTA Finalized:** The May 2025 India-UK trade deal targets \$120B in trade by 2030, offering tariff cuts, services access, and labor mobility benefits, while safeguarding sensitive sectors.
- **Japan Bond Yields Surge:** Reduced BoJ support and fiscal concerns have weakened demand for long-term JGBs, pushing 30- and 40-year yields to record highs amid rising inflation and defense spending.

Spark PWM Portfolio Exposure



India Equities Earnings Outlook

- We estimate that NIFTY 50 will deliver **earnings growth of 11.2%** over CY24-26E.
- On the risk adjusted return based on the 'ELIVATE' framework, we continue to maintain our equal weight stance on equities. We will try to mitigate the correction risk by increasing allocation to large-cap and participating through lower beta products and fund managers.
- On a sectoral basis, we are OW on Banks, Auto, and Pharma.

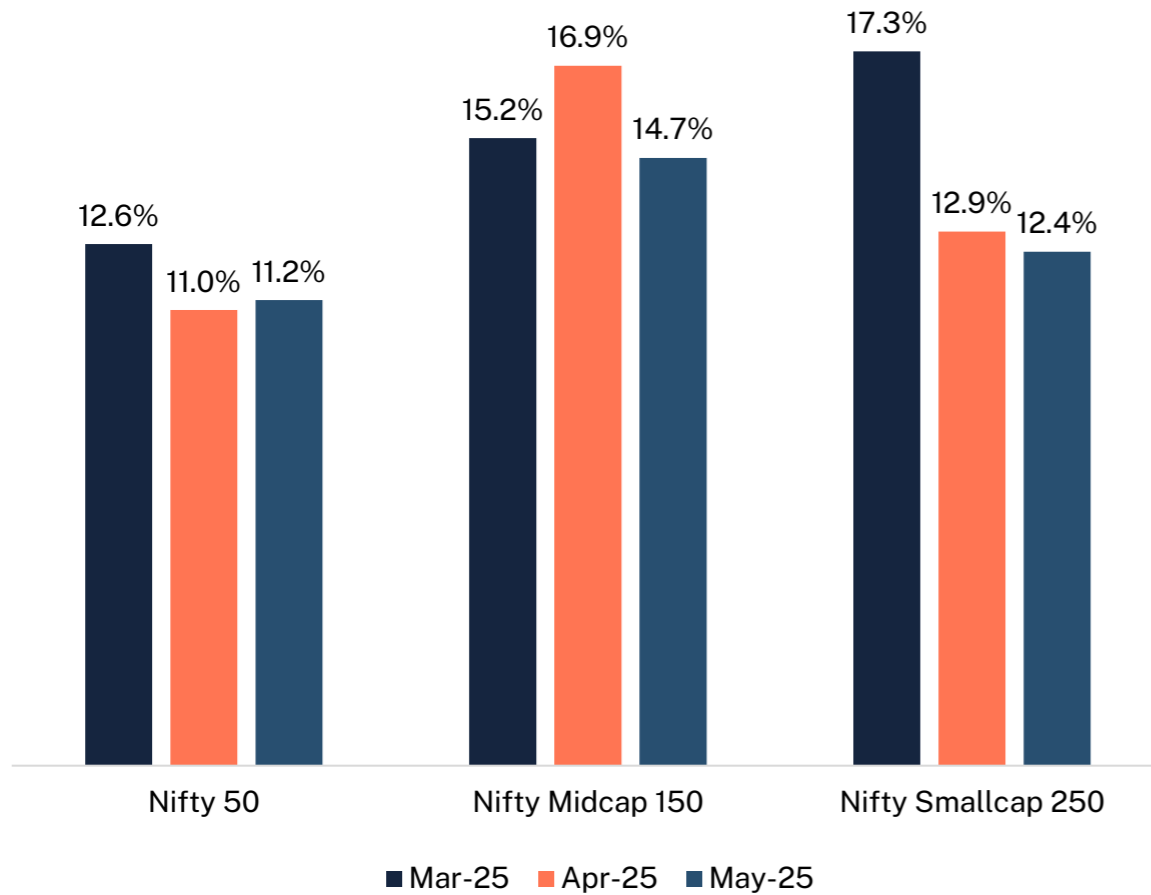


India Fixed Income Outlook

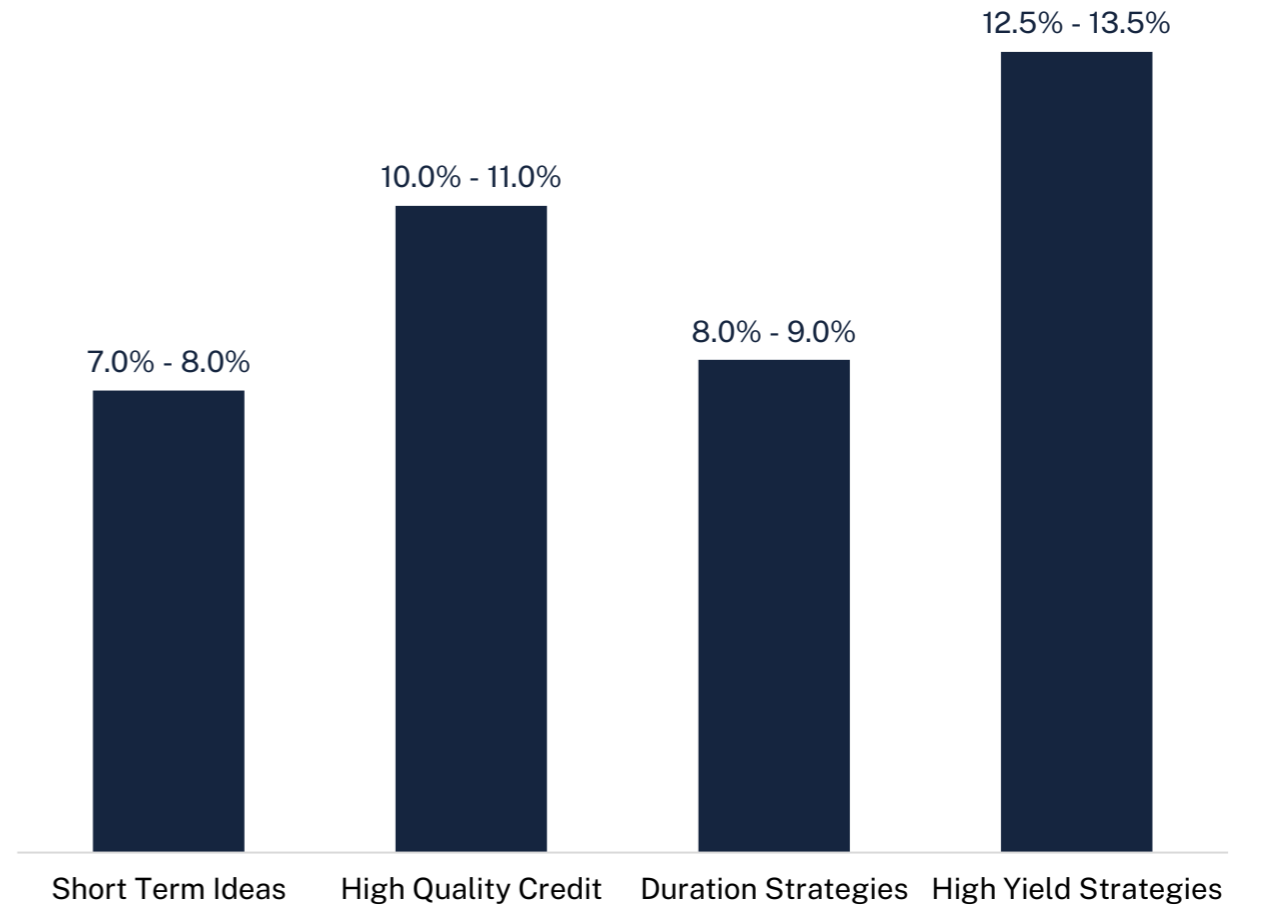
- RBI cut repo rate by 25 bps for 2nd consecutive time to 6% and changed its stance from neutral to “accommodative”, supported unanimously by all MPC members.
- Banking System Liquidity turned surplus after 3 months on the back of aggressive fund infusion by RBI. Markets are expecting a further rate cut of 25 bps in June 2025.
- Widened credit spreads at the shorter end of the yield curve offers attractive carry opportunities in the corporate bond segment along with potential capital gains
- We suggest focusing on Carry and adding Duration selectively as and when yields spike using the longer tenor G-Secs or Mutual Funds.

Expected Return & Asset Allocation

Index Expected Earnings (CY24-26E %)



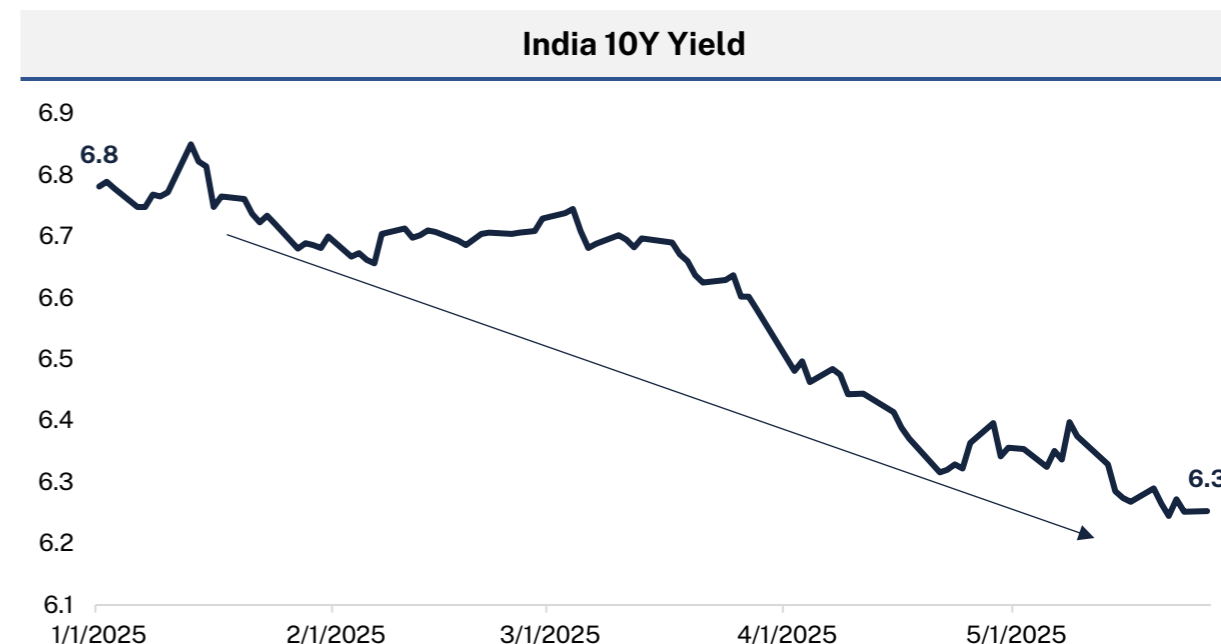
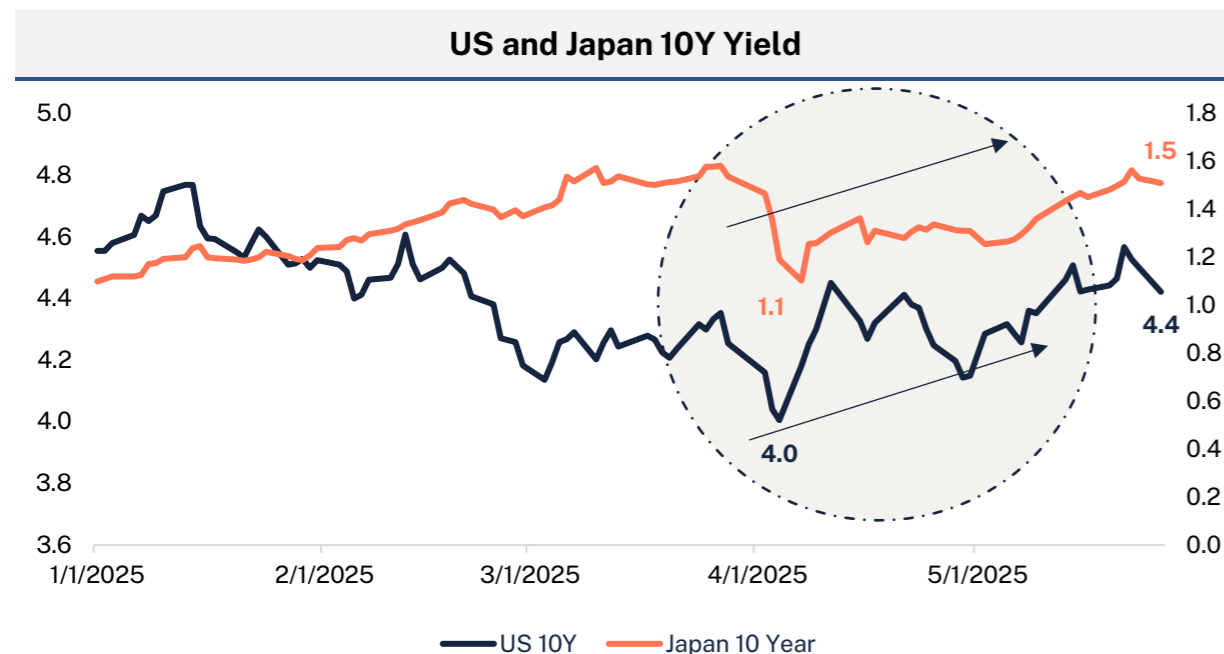
Debt Yield Expectations



Source: Bloomberg, Spark PWM

Indian Bond Yields decline despite heightened global volatility

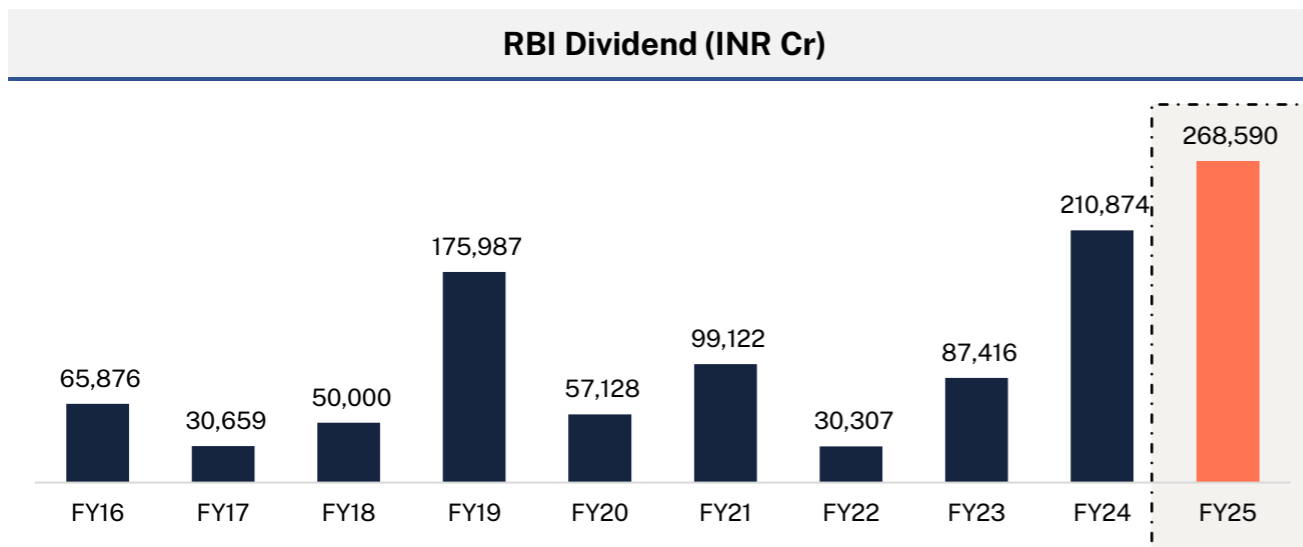
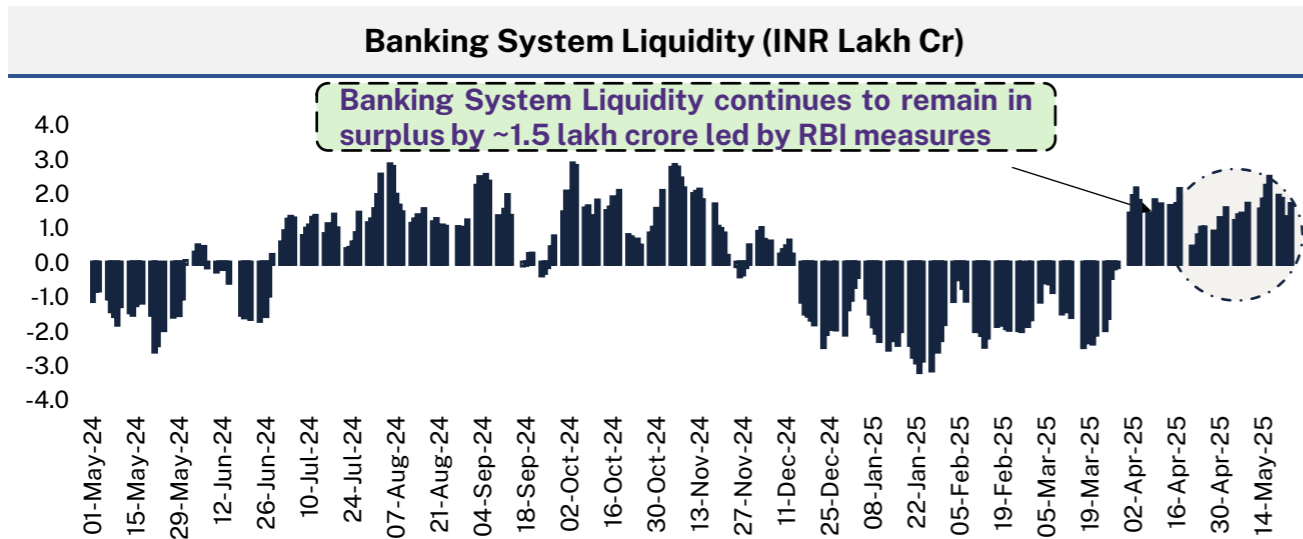
Despite global volatility, India's debt market has remained stable, supported by strong macroeconomic fundamentals



- Japan's weak fiscal position, high Inflation, concerns over pre-election fiscal stimulus and weak demand for a 20-year government bond auction collectively pushed yields to decade-high levels.
- Moody's downgrade of US from Aa1 to Aaaa has stoked concerns about the country's \$36 trillion debt pile, with US President Donald Trump pushing for tax cuts could worsen the debt load further. This has led to the US bond yields rising with the US 30-year treasury bond hitting 5%
- As Japanese investors are one of the largest holders of US treasuries, rising bond yields in Japan may have a negative impact on the US bonds
- Despite the global volatility, India's debt market has remained stable, supported by strong macroeconomic fundamentals with 10-year G-sec yields declining to ~6.25% levels. Headline inflation also declined to 3.16% in Mar'25 further providing headroom for further rate cuts

Record RBI Dividend to boost Core Liquidity Surplus

RBI's dividend transfer to the government would enhance the core liquidity surplus from Rs. 3 trillion approximately to over Rs. 6 trillion.



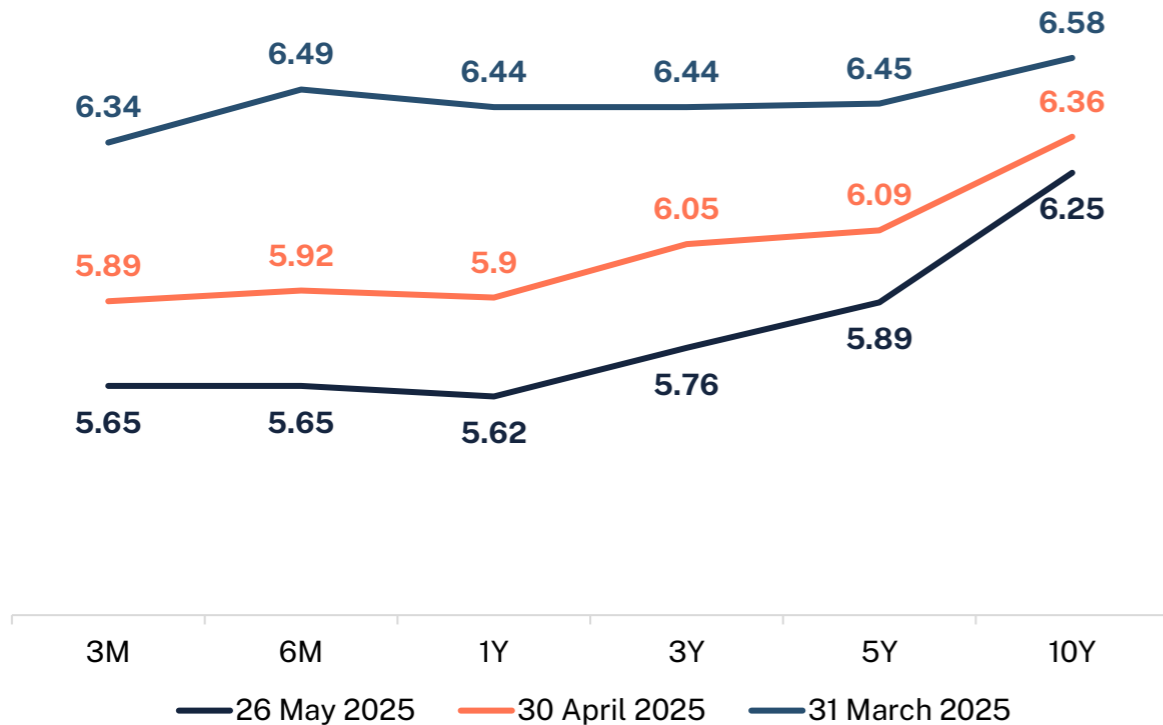
- RBI announced a record dividend of Rs. 2.69 trillion to the government for FY 2024-25, which is an increase of 27% YoY
- The dividend was below the market expectations due to the increase in the Contingency Risk Buffer (CRB) to 7.5% of the balance sheet (6.5% earlier) which required an extra INR 750bn as provisions. The new Economic Capital Framework (ECF) has set the CRB range at 4.5%-7.5% of the balance sheet, in order to smoothen the dividend distribution going forward.
- However, the dividend payout alone exceeded the FY26 Union Budget estimate of ₹2.56 trillion from both the RBI and public sector banks combined, strengthening the government's fiscal position and providing room for increased spending or faster fiscal consolidation
- RBI's dividend would enhance the core liquidity surplus (banking system liquidity + government cash balance) from Rs. 3 trillion approximately to over Rs. 6 trillion and will enable better transmission of rates
- Excess liquidity should be favorable for the short to medium term corporate bonds where yield spreads are still very attractive considering abundant liquidity and favorable macro environment.

Source: Bloomberg, Spark PWM.
Data as of 26th May 2025

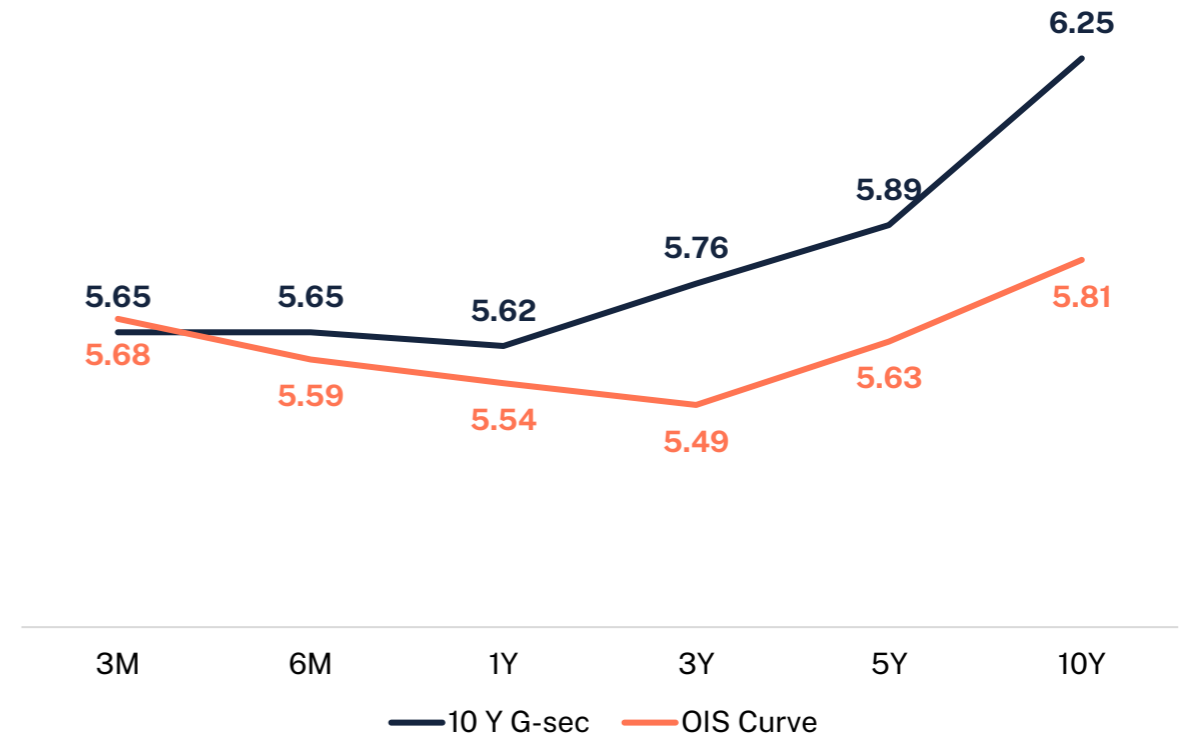
India Yield curve shifts downwards

India G-Sec Yield Curve has shifted downward owing to rate cut and large OMOs conducted by the RBI

Sov Yield curve movements over time



OIS curve across maturities

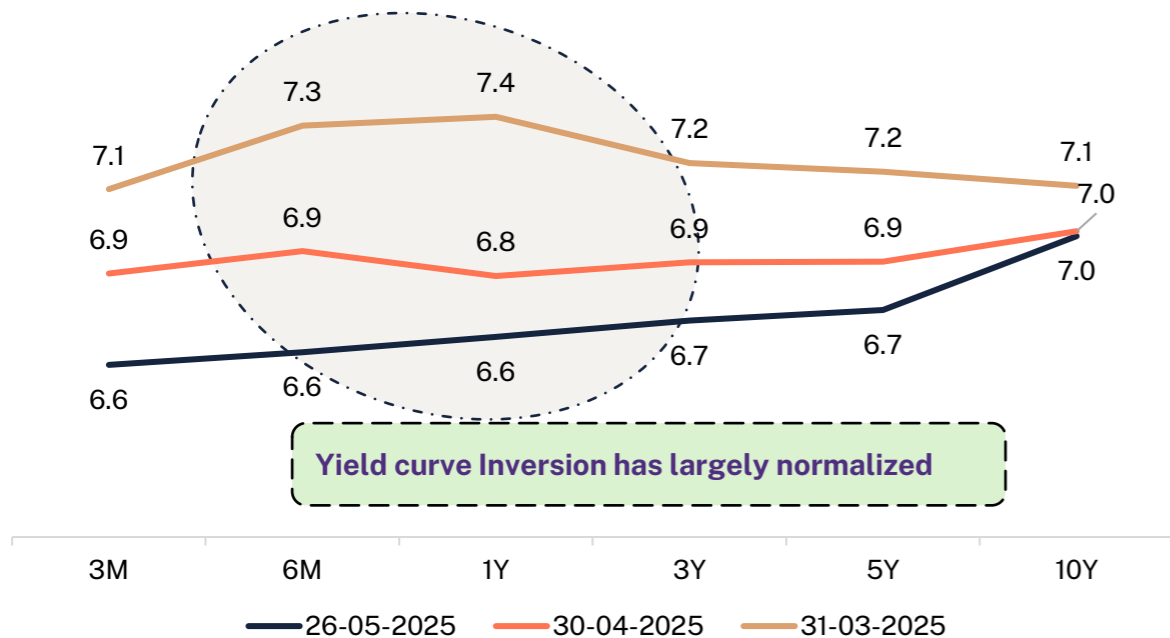


- India 10Y G-Sec yield declined by ~10 bps in May. On CYTD basis, it has fallen by ~51 bps, supported by RBI's rate cut and OMO purchases
- OIS Curve suggests markets are expecting another 25 bps of rate cut in 2025 which can lead to further fall in yields

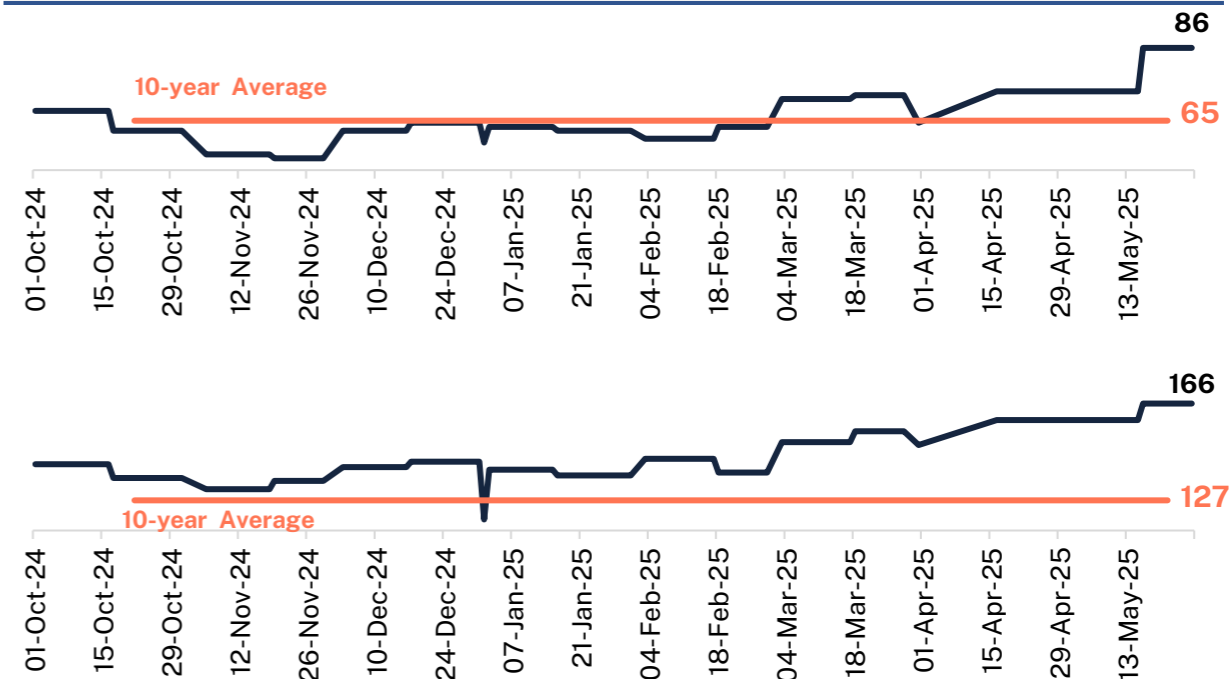
Opportunities in Corporate bonds amid Yield compression

Corporate bond spreads remain elevated offering room for further softening.

AAA Corporate Bond Yield Curve



3Y AAA and AA Corporate Bond spreads



- The inversion in the corporate bond curve has now normalized to a great extent on the back of liquidity infusion by RBI
- However, Credit spreads widened at the shorter-end of the yield curve due to fall in overnight and T-bill yields after repo rate cut in April 2025 and shift in system liquidity to surplus.
- The 3Y AAA and AA spread is currently at 86 and 166bps which is above its 10-year average of 65 and 127bps respectively

Even though we have seen yield compression in the 2-3 years segment which has led to capital gains in the last one month, it continues to offer attractive carry opportunities with potential of capital gains as on the back of better transmission of rates

Summary

India Fixed Income



Carry Opportunity

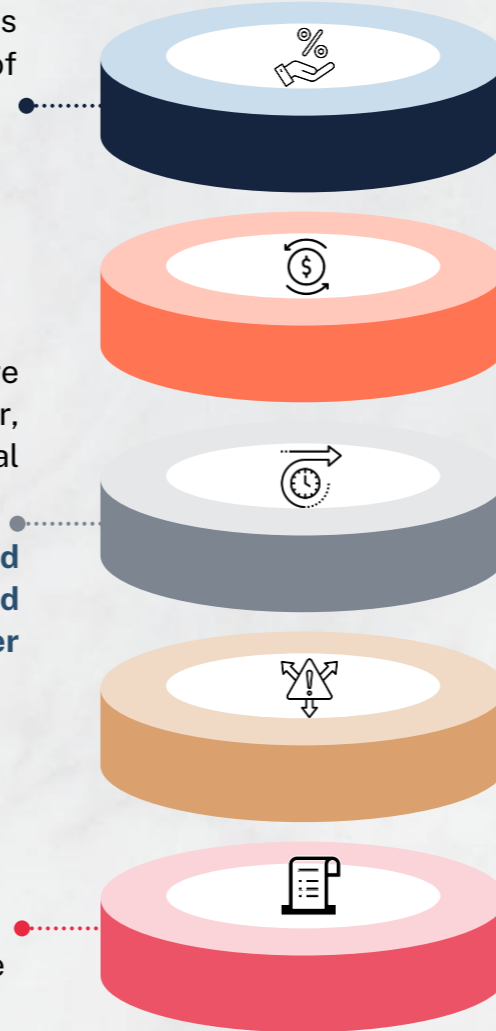
- Corporate Bonds offer attractive carry opportunity plus additional capital gains on the back of better transmission of rates

Neutral on Duration

- While Central banks across the globe are expected to cut rates further this year, Trade tensions and geo-political developments can keep yields volatile
- **We suggest focusing on Carry and adding Duration selectively as and when yields spike using the longer tenor G-Secs or Mutual Funds.**

Positive on REITs

- Historically, REITs have had an inverse correlation with interest rate hikes majority of the time.



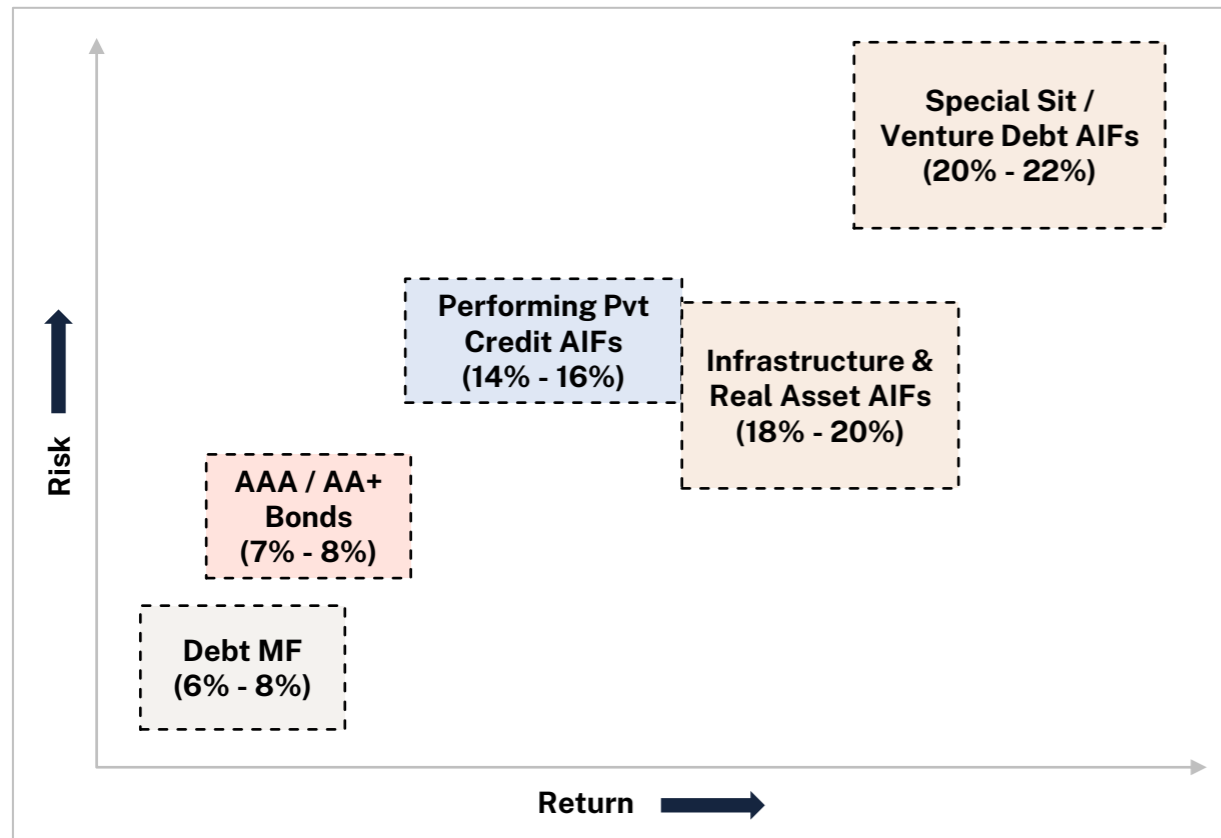
Domestic factors favourable for yields

- Bond yields should continue to take cues from stable demand and supply environment for Govt securities., controlled fiscal deficit, neutral monetary stance on the back of moderating GDP growth
- FPI flows were negative in May due to narrowing spreads between India and US. Fears of new trade tariffs and Geopolitical tension contributed to heightened market volatility globally, however domestic macros continued to remain strong. Indian bonds inclusion in JP Morgan EM bond index, Bloomberg index and FTSE Russel EM Govt Bond Index should continue to attract foreign flows

Risk-reward in Credit Space

- Spreads in the 3 year AAA & AA rated space trade higher than 10 year average.
- **A “Carry” trade in the 3Y maturity using quality credit papers appears attractive.**

Why Real Asset?

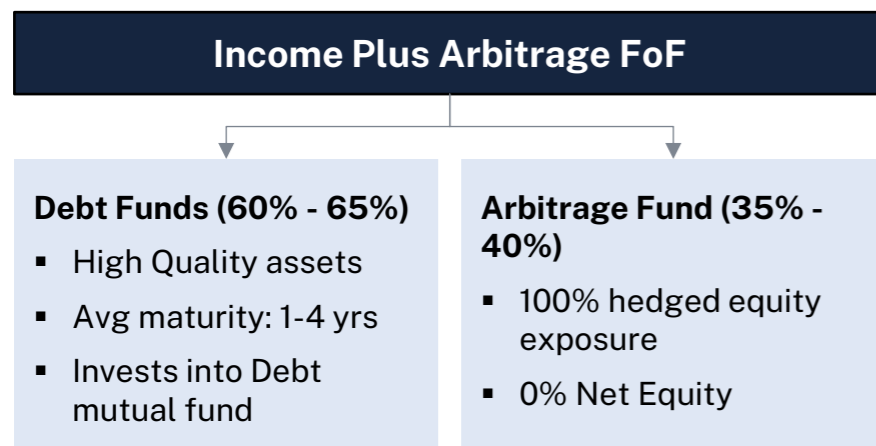


- Real assets offer higher returns than traditional debt with lower risk than Venture Debt AIFs.
- Backed by stable cash flows and inflation protection, they provide a balanced mix of income and growth — ideal for diversified, risk-adjusted investing.

- **Diversified Income + Growth Play**
Real assets like InvITs, REITs, and Infra Funds offer both stable yield and capital appreciation, catering to different risk-return profiles in one portfolio.
- **Predictable, Long-Term Cash Flows**
Backed by operating assets with contracted revenues (e.g., tolls, leases, PPAs) that generate steady, inflation-protected cash flows.
- **Access Without Operational Complexity**
Through pooled structures like Funds, investors access diversified infra/real estate assets without the burden of direct ownership or operational risk.
- **Higher Risk-Adjusted Returns**
Private InvITs, Infrastructure and Real Asset Funds target 18-20% IRRs, superior to most debt products, with real asset backing limiting downside.
- **Portfolio Resilience and Low Correlation**
Real assets exhibit low correlation to equity and bond markets, improving portfolio resilience and risk-adjusted performance during downturns.
- **Regulatory Support & Mega Capex Tailwinds**
National Infrastructure Pipeline (INR 143T), rising InvIT/REIT acceptance, and India's economic shift toward urbanization fuel long-term growth.
- **Institutional-Grade Asset Management**
Top fund managers bring governance, active monitoring, and operational leverage — unlocking alpha in yield-focused or growth-oriented strategies.

FOF: Income Plus Arbitrage FoF

Exposure to Debt Mutual Fund with lower taxation; holding period > 24 months



- FoF with debt allocation less than 65% attracts LTCG @ 12.5% post holding period of 24 months.
- Fund offers a tax-advantaged alternative to traditional debt mutual funds by combining debt mutual funds with arbitrage funds. This makes it an attractive option for investors seeking tax-efficient debt investments.
- The investments in arbitrage fund is expected to provide relatively steady returns, even during periods of interest rate volatility.
- FoF allows fund manager to navigate market conditions with investors taxed only during redemption.
- Ideal for conservative investors seeking pure debt exposure over a 2-year or longer time frame, without any equity market risk

Post tax Return Comparison		
Particulars	Income Plus Arbitrage FOF	Debt Fund
Invested Amount (Rs)	1,00,000	1,00,000
Return Assumption	7.00%	7.00%
Holding Period	24 Months	24 Months
Value at end of tenure	1,14,490	1,14,490
Pre-Tax Gains (Rs)	14,490	14,490
Applicable Tax Rate (%)	14.95%	39.00%
Tax Payable (Rs)	2,166	5,651
Post-Tax Gains (Rs)	12,324	8,839
Post-Tax Returns (%)	5.98%	4.33%

Alpha of 1.65% in this scenario only due to tax efficiency under FoF platform

Fixed Income Landscape

Preferred Categories based on investment horizon



- Low Duration Funds
- Money Market Funds
- Arbitrage Funds
- CPs and NCDs
- Absolute Return AIFs



- Tax Free Bonds, Corp. Bonds
- Curated NCDs & MLDs
- Corporate Bond MF
- Income Plus Arbitrage FoF
- Multi-asset Funds
- Equity Savings Funds
- REITs & INVITs



- Private Credit Funds
- Real Asset Funds (invest in operating assets)

Our Recommendation: Tenure Upto 1 Year

Category	Strategy	Highlights	Expected Return
Low Duration Funds: ICICI / HDFC / ABSL	<ul style="list-style-type: none"> Investors can consider this category for short term parking as the yields are higher vs Liquid funds Slight uptick in returns due to ~10% allocation to AA & Eq rated instruments 	<ul style="list-style-type: none"> Redemption in T+1 days (same as Liquid MF) Higher yields than Liquid funds 	~7.10%
Money Market Funds: Bandhan / ICICI / HDFC	<ul style="list-style-type: none"> Opportunity in money market instruments as the carrying yields appear attractive. Investors can consider this category for short term parking as the yields are higher vs Liquid funds 	<ul style="list-style-type: none"> Redemption in T+1 days (same as Liquid MF) Higher yields than Liquid funds 	~6.80%
Arbitrage Funds: Bandhan / Nippon	<ul style="list-style-type: none"> Min 65% allocation to arbitrage strategies and ~35% allocation to cash, Money Market instruments, and Short Maturity Debt. Arbitrage funds give debt-like returns but are taxed as equity mutual funds 	<ul style="list-style-type: none"> Higher Post Tax returns vs Debt MFs and Fixed Deposits Volatility often works in favour for this category Ideal for time horizon of 6 months – 1 year 	6.3%
Commercial Papers: A1+ rated	<ul style="list-style-type: none"> CPs from rated issuers for tenure ranging from 3 months to 1 Year CP rates have increased by 10-13 bps recently, reflecting the impact of tightening liquidity in the market 	<ul style="list-style-type: none"> Higher yields than comparable Debt MFs and FDs Helps in matching Cash outflows with CP maturities 	6.40% (3M) 6.50% (6M) 6.60% (9M)
Absolute Return Fund: AA - MSAR	<ul style="list-style-type: none"> ~60% allocation to Low-risk strategies like Arbitrage and Fixed Income; ~40% allocation to medium risk strategies like Absolute return strategies (Options, Special situations) 	<ul style="list-style-type: none"> Monthly liquidity strategy, being consistent & aiming monthly positive returns with an ~6years track record Fund structured as LLP, sharing profits post deducting tax at LLP level, leading to better post tax returns 	10.5% - 11%

Note - Yields updated as of 15th May 2025.
 Past performance does not guarantee future returns

Our Recommendation: Tenure 1 - 3 Years

Category	Strategy	Highlights	Expected Return
Tax Free Bonds	<ul style="list-style-type: none"> The rate-cut transmission in tax-free bonds is lagging, offering a narrow window of opportunity to lock in attractive post-tax yields before prices rise and yields fall further 	<ul style="list-style-type: none"> Interest income is fully exempt Higher post-tax yield compared to FDs, debt mutual funds, and corporate bonds Offers regular annual or semi-annual interest payouts 	5.25% - 5.35%
Curated NCDs & MLD: Krazybee, Whizdm	<ul style="list-style-type: none"> Curated basket of NCDs from rated issuers at attractive yields Rated, listed, Principal Protected, All Weather Equity MLD 	<ul style="list-style-type: none"> Higher yields than comparable Debt MFs and FDs Helps in planning Cash outflows with maturities Regular cash flow through interest payouts 	11.35% - 12.5%
Corporate Bond Funds: Bandhan / ICICI / HDFC	<ul style="list-style-type: none"> The fund invests minimum 80% in corporate bonds only in AA+ and above rated corporate Offer attractive carry opportunity plus additional capital gains as yield curve normalizes 	<ul style="list-style-type: none"> Maintain optimum balance of yield, safety and liquidity Redemption in T+1 days Funds with Mod Dur within 2-4 years offers a sweet spot with carry at attractive levels 	6.8% - 6.9%
Income Plus Arbitrage FoF: Bandhan / DSP	<ul style="list-style-type: none"> FoF with ~65% allocation to Debt Funds and ~35% allocation to Arbitrage Fund Attracts LTCG @ 12.5% post holding period of 24 months 	<ul style="list-style-type: none"> Tax efficient way of taking Debt exposure Allows fund manager to navigate market conditions with investors taxed only during redemption. 	7% - 8%

Note - Yields updated as of 15th May 2025.
Past performance does not guarantee future returns

Our Recommendation: Tenure 1 - 3 Years

Category	Strategy	Highlights	Expected Return
Hybrid Funds: Multi asset funds	<ul style="list-style-type: none"> Allocation to multiple asset classes like Equity, Debt, Gold, Silver, Developed market equity, Emerging markets, REITs & INVITs etc 	<ul style="list-style-type: none"> Tax efficient way of investing across asset classes Adds low or negatively correlated assets, reducing overall portfolio risk, Limits market drawdowns 	10.0% - 12.0%
Hybrid Funds: Equity Savings Funds	<ul style="list-style-type: none"> Funds provide a flavour of Equity (roughly invests one-third of its portion each in equity, arbitrage and debt) Variety of funds with different net equity ranges; fund can be selected based on investors risk and time horizon 	<ul style="list-style-type: none"> Beating inflation on consistent basis and provides arbitrage plus returns Ideal for time horizon of 1-3 years 	7.0% - 10.5%
REITs: Mindspace / Embassy	<ul style="list-style-type: none"> Pooled investment vehicle that invests in commercial properties, such as offices, malls, and special economic zones. Distributes 90% of the cash flows in form of interest, dividends and capital repayment 	<ul style="list-style-type: none"> Adds diversification to portfolio without hassle of owning and managing the commercial property Provides steady income through regular distributions and has growth potential in form of capital appreciation High liquidity since listed on stock exchange 	6% Pre-tax dividend yield + 5% upside to NAV*
INVITs: Indigrid	<ul style="list-style-type: none"> Pooled investment vehicle that invests in infrastructure projects like roads, highways, bridges, or power plants. Distributes 90% of the cash flows in form of interest, dividends and capital repayment 	<ul style="list-style-type: none"> Adds diversification to portfolio without hassle of owning and managing the asset Provides steady income through regular distributions and has growth potential in form of capital appreciation High liquidity since listed on stock exchange 	10% - 11%

Note - Yields updated as of 15th May 2025.

Past performance does not guarantee future returns

**As per Avendus Spark report at CMP as of 30th June 2024, Mindspace REIT offers 1-year forward pre-tax dividend yield of 6% and 5% upside of NAV.

Our Recommendation: Tenure > 3 Years

Category	Strategy	Highlights	Expected Return
Private Credit Funds: Neo / SpECS / Sundaram	<ul style="list-style-type: none"> Banks focus On High Grade Credits, while MFs focus on Listed Securities; creating a unique opportunity for Private Credit AIFs Close ended fund with regular cashflows targeting higher risk-adjusted returns by investing in a diversified pool of debt securities of financial institutions 	<ul style="list-style-type: none"> Regular income distributions Reduced cash drag with shorter deployment period Well curated and diversified portfolio across issuers and sectors 	12.2% - 13.0%
Real Asset Funds: ICICI Pru OYO	<ul style="list-style-type: none"> Invest in entities owning/operating substantially leased rent-yielding commercial properties (offices, retail, logistics, life-sciences, warehouses, data centers, etc.) for regular rental cash flows and potential appreciation from yield compression and rent increases 	<ul style="list-style-type: none"> Opportunity to invest in companies that buy mid-sized high quality commercial real estate due to lower availability of capital in this segment Opportunity to lock in yields at higher end of interest rate cycle 	13.0%
Real Asset Funds: EAAA – Infra & Real Asset Fund	<ul style="list-style-type: none"> Upto 80% allocation to infrastructure sectors including renewable power generation, power transmission and roads & highways segments. Upto 35% allocation to Privately listed INVITs with high governance and potential for growth, which provides steady yields along with capital gains opportunity. 	<ul style="list-style-type: none"> Diversified exposure across renewable power generation, power transmission and roads & highways segments. Focused on operating assets, low development & construction risk 	16% - 18%

Note – Yields are post expense.
Past performance does not guarantee future returns

Real Asset AIF: EAAA Infrastructure & Real Asset Fund

Product Overview	
Fund	EAAA Infrastructure & Real Asset Fund
Category	Category II AIF
Structure	Close Ended
Target Corpus	~INR 1000 Cr + 1000 Cr
Min Investments	INR 1 Cr
Management Fees	0.75% to 1.75% per annum fixed
Targeted Yield (Gross)	~18- 20% + (Pre-taxes and Pre-expenses)
Hurdle rate	10.0%
Carried Interest	11% to 17.5% with catchup
Tenure	8 years from first close
Return Profile	Coupon Distribution + Capital Appreciation
Investment Manager	EAAA India Alternatives Limited

Highlights of EAAA Infrastructure & Real Asset
<ul style="list-style-type: none"> Upto 80% allocation to infrastructure sectors including renewable power generation, power transmission and roads & highways segments. Upto 35% allocation to Privately listed INVITs with high governance and potential for growth, which provides steady yields along with capital gains opportunity. The fund is expected to generate regular cash flows every year in the range of 7-8 % paid semiannually with total return of ~18 to 20%. Average ticket size of assets INR 100-200 Cr size Average holding period of underlying investments is 3.5 – 4.5 years

Infrastructure Yield Plus Fund I Details (Previous Fund)
Launch Date: 2018
AUM Garnered: ~INR 3,280 Crs
INR 3,173 Crs deployed
18 Investments made
Target Returns IRR: 18-20% (Gross)
MTM IRR (Dec'2024): 17.90% (Gross)
Fund Manager Details
Subahoo Chordia Fund Manager
Work Experience <i>21+ years infrastructure investing, Private fund management, corporate finance, M&A, capital markets and advisory</i>
Previous Stints <i>Axis Bank Limited, IDBI Limited</i>

Fixed Income Landscape

Type of Instruments		G-Sec	Tax Free Bond	Direct Bonds		Multi-Asset Mutual Fund	Other Private Credit Funds			Real Asset Funds
				AAA rated NCDs	AA- to A- rated NCDs	Indicative 10%-14%	Target IRR < 14%	Target IRR 14% - 16%	Target IRR > 16%	Target IRR > 16%
						White Oak, Edelweiss Multi-Asset Allocation Fund	Axis / UTI / ICICI Pru / AK Credit Funds	SpECS III, Neo Income Plus, Sundaram PCOF, Northern Arc Finserv,	ASK Sr A / Incred II / True North	ICICI Pru OYO II, EAAA Infra and Real Asset Fund
Post Expense Pre Tax Yield / YTM		6.23% - 6.25%	5.20%	7.00%	9.00% - 11.00%	8.5% - 12.5%	11.5%	11.9%	13.6%	14.8%
Post Tax	Individual	3.80% - 3.81%	5.20%	4.27%	5.49% - 6.71%	7.44%-10.94%	7.03%	7.30%	8.30%	12.50%
	Corporate	4.66% - 4.68%	5.20%	5.24%	6.73% to 8.23%	7.44%-10.94%	8.65%	8.95%	10.2%	12.5%
Positioning		Exposure to duration through Gsec can lead to cap gains	Rate-cut transmission yet to happen, making current yields attractive	High Quality Credit; Liquid; For Treasury and FO	Rated, Listed, Senior secured, Curated High yield NCDs with Quarterly or Monthly interest payout options	Access to different asset class with low or negative correlation thereby reducing volatility	Performing Credit funds with regular coupon paying and back-ended structures			Operating cash flow generating assets with Nil execution risk
Ideal Holding Period		24 - 36 M	HTM	12 M - 36 M	18 - 24 M	>24 M	36 - 60 M			60 - 72 M

Tax rate considered for Individual with Income > 5 Crore and For Corporate with highest tax slab, as per Finance Bill 2024
Yields are indicative in nature and are subject to change.

Summary

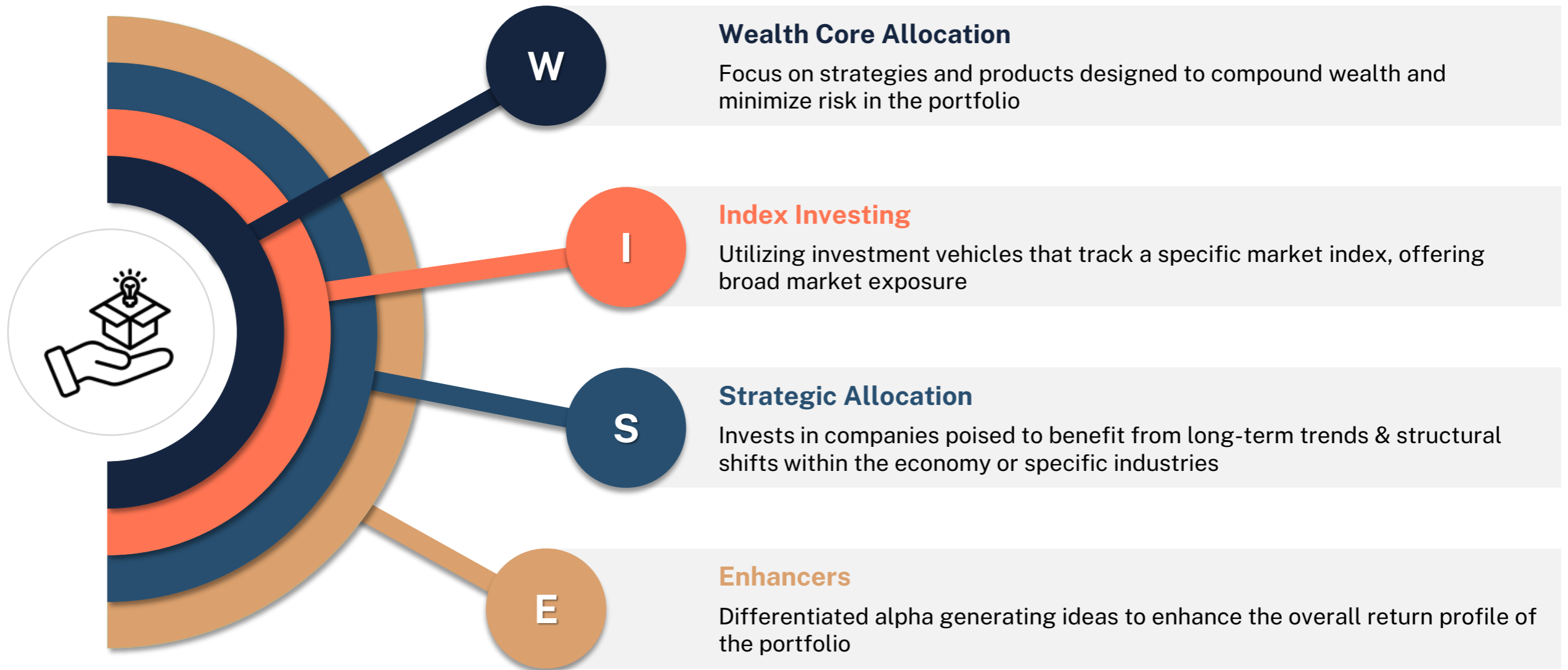
India Equity



Our view:

- **Market Outlook:** Markets saw a sharp correction following the tariff announcement, but rebounded quickly on the 90-day pause, with India emerging as one of the better-positioned economies among EMs. We believe the next phase will be shaped by FTAs and global trade negotiations. As the earnings season unfolds, market direction in the near term will be driven by corporate results and FY26 management commentary. Given global trade uncertainties but India's relative strength, we remain cautiously optimistic – favoring large caps and select opportunities in mid and small caps.
- **Key Sectors:** Financials and Auto are two sectors where we observe pockets with low valuations and strong growth, given positive trends in ROEs and robust balance sheets. Moreover, consumption appears to be a key theme in the coming quarters, given recent policy actions.
- **Policy Actions:**
 - Capex set to increase in continue but and fiscal deficit remains under control.
 - RBI adopting accomodative strategy that will help address tight liquidity. Moreover, easing of lending regulations, such as reducing the risk weight on loans to NBFCs, will free up significant lending capacity.
- **Liquidity and Flows:** Liquidity will play a crucial role in the near-term market movements. Mutual fund flows continue but need to monitor as domestic flows are a key driver. Market's flow of new securities are inversely correlated to market; unfavorable market conditions may reduce new issuances.

W.I.S.E. Equity Product Offering Framework



W.I.S.E. – Preferred Equity Portfolio Allocation

W = Wealth Core Allocation, I = Index Investing, S = Strategic Allocation, E = Enhancer

WISE Framework	Category	Products	Product Type	Allocation	Returns (%)				
					1M	3M	6M	1Y	
Wealth Core (10% to 20%)	Large cap	ICICI Pru Bluechip	MF	10%	3.6	4.0	0.4	9.0	
Index Investing (5% to 10%)	Smart Beta	Bandhan Nifty100 Low Volatility 30	MF	10%	3.5	0.9	-1.4	8.7	
Strategic Allocation (45% to 75%)	Large & Midcap	ICICI Pru Large & Midcap	MF	10%	3.3	3.1	0.4	11.0	
		Alchemy Smart Alpha 250	D PMS		4.2	-0.2	-10.1	-1.2	
	Flexi Cap/Multicap	Spark@75 Core and Satellite	D PMS	10%	2.9	2.6	-4.4	-0.4	
		ICICI Contra		25%	1.7	2.8	-3.8	2.9	
		Abakkus All cap	D PMS		2.6	1.5	-6.6	-0.2	
		Buoyant			2.5	3.5	1.2	11.3	
		Renaissance India Next			3.0	1.0	-7.4	9.1	
		Nippon India Multi Cap	MF		2.5	2.0	-5.5	4.8	
		Parag Parikh Flexi Cap	MF		1.8	-0.2	1.3	12.8	
		WhiteOak Capital Flexi Cap	MF		3.0	2.1	-2.1	10.7	
		Old Bridge Focused Equity	MF		2.0	3.2	-4.7	9.4	
		GEMS			10%	4.2	-2.8	-11.1	-4.2
		Bespoke	ND PMS			1.3	-3.1	-25.4	-12.6
		HCI				2.8	-0.5	-8.3	-3.6
Enhancer (10% to 25%)	Mid & Small Cap	AAA Budding Beast	D PMS		5%	1.7	-3.3	-10.3	8.9
		Theme Focused	Carnelian Shift PMS	D PMS	5%	-2.4	-8.3	-11.6	6.3
		Franklin India Opportunities		4.2		0.3	-4.2	8.9	
	PE VC Ideas	ValueQuest SCALE II/Samara Fund III/Spark Midas Fund I/Navam Capital Fund I/TVS Capital Fund IV	Cat II AIF	10%	-	-	-	-	
	Unlisted	NSE & Other Unlisted	Non-Blind Pool Alternates	5%	-	-	-	-	
Benchmark		NIFTY 500 – TRI	-	-	3.3	2.2	-2.6	5.9	
		NIFTY 50 – TRI	-	-	3.5	3.6	0.8	9.0	
		NIFTY Midcap 150 – TRI	-	-	4.0	0.2	-4.6	5.7	
		NIFTY Smallcap 250 – TRI	-	-	1.7	-3.0	-13.3	-2.4	

Performance as on April 30, 2025

W.I.S.E Recommended Equity Products – Calendar Year Performance

Fund	Category	CY 2021	CY 2022	CY 2023	CY 2024	CY 2025 YTD
ICICI Pru Bluechip	Large Cap Fund	29.2	6.9	27.4	16.9	2.7
Bandhan Nifty100 Low Volatility 30 Index	Large Cap Fund	-	-	29.6	10.8	1.4
ICICI Pru Large & Mid Cap	Large & Mid Cap	41.8	11.7	29.9	20.4	3.9
Alchemy Smart Alpha 250	Flexi Cap Fund	-	-	22.5	31.6	-14.0
Spark India@75 Core and Satellite Strategy	Flexi Cap Fund	32.0	16.3	42.0	9.8	-0.9
ICICI Contra	Flexi Cap Fund	36.1	20.0	34.8	18.6	-1.5
Abakkus All Cap	Flexi Cap Fund	71.5	-1.4	36.2	13.5	-4.6
Buoyant Opportunities Scheme	Flexi Cap Fund	69.4	3.2	40.4	18.8	0.8
Renaissance India Next	Flexi Cap Fund	67.4	22.4	28.5	32.4	-5.3
Nippon India Multi Cap	Multi Cap Fund	48.9	14.1	38.1	25.8	-4.5
Parag Parikh Flexi Cap	Flexi Cap Fund	45.5	-7.2	36.6	23.9	-0.5
WhiteOak Capital Flexi Cap	Flexi Cap Fund	-	-	31.2	23.7	-3.8
Old Bridge Focused Equity	Focused Fund	-	-	-	17.0**	-2.4
Spark GEMS	NDPMS	-	-	11.2**	16.1	-7.6
Bespoke	NDPMS	-	-	6.6**	28.3	-12.0
HCI	NDPMS	-	1.1**	18.3	14.2	-6.1
AAA Budding Beasts Portfolio	Mid and Small Cap	50.5	4.7	47.1	31.4	-10.5
Carnelian Shift	Flexi Cap Fund	79.3	-4.2	65.6	38.0	-14.5
Franklin India Opportunities	Thematic Fund	29.7	-1.9	53.6	37.3	-5.8
NIFTY 500 – TRI	Benchmark	31.6	4.2	26.9	16.2	-1.3
NIFTY 50 – TRI	Benchmark	25.6	5.7	21.3	10.1	3.2
NIFTY Midcap 150 – TRI	Benchmark	48.2	3.9	44.6	24.5	-5.9
NIFTY Smallcap 250 – TRI	Benchmark	63.3	-2.6	49.1	27.2	-13.4

**Some funds were launched in the middle of a calendar year. Examples in this regard include the Old Bridge Focused Equity Fund (January 24, 2024), Spark GEMS PMS (September 1, 2023), HCI (September 19, 2022), and Bespoke (September 6, 2023). Accordingly, calendar year returns for the respective years have been calculated since the inception dates.

2025 YTD returns are as on April 30, 2025

All returns are in absolute terms

Source: Ace MF, Spark PWM Products

W.I.S.E. – Preferred Equity Portfolio Allocation (1/2)

Products	Brief Rationale & 1-Month Attribution	
ICICI Pru Bluechip	<ul style="list-style-type: none"> A combination of growth & quality and value styles of investing Has been one of the most consistent performers within the large cap funds space 	<ul style="list-style-type: none"> In Apr 2025, the fund outperformed the Nifty 100 TRI. This can be attributed to: <ul style="list-style-type: none"> An overweight stance on Energy, Communication Services An underweight stance on IT, Utilities Stock selection in Financials, Materials, Communication Services
Bandhan Nifty100 Low Volatility 30	<ul style="list-style-type: none"> Factor-based exposure within the large cap space Builds a portfolio 30 stocks which exhibit the lowest volatility over the last 12 months Rebalanced on a quarterly basis 	<ul style="list-style-type: none"> In Apr 2025, the fund outperformed the Nifty 100 TRI. This can be attributed to: <ul style="list-style-type: none"> A higher skew towards Healthcare, Consumer Staples A lower skew towards Industrials, Utilities Performance of Materials, Financials, Energy stocks
ICICI Pru Large & Midcap Fund	<ul style="list-style-type: none"> A countercyclical investing style with a bias towards large caps The fund manager takes positions in stocks where there is valuation comfort and business improvement is expected 	<ul style="list-style-type: none"> In Apr 2025, the fund underperformed the Nifty Large & Midcap 250 TRI. This can be attributed to: <ul style="list-style-type: none"> An overweight stance on Materials An underweight stance on Financials, Energy Stock selection in Materials, Consumption, Communication Services
Alchemy Smart Alpha 250	<ul style="list-style-type: none"> Quant Driven Approach that aims to dynamically managing weights to factors such as Quality, Growth and Momentum in the top 250 stocks The fund is rebalanced daily and selects the top 25 stocks as per the ranking of the model, with minimal fund manager intervention 	<ul style="list-style-type: none"> In April 2025, the fund has outperformed the BSE 500 TRI. The key contributors were Dixon Technologies, Kaynes Technologies, MCEX and Hitachi Energy.
Spark@75 Core and Satellite	<ul style="list-style-type: none"> Flexi cap mandate managed by a fund manager with over 3 decades of experience across Indian and global markets The fund manager dynamically rotates across sectors and market cap, while taking a valuation conscious approach towards portfolio construction 	<ul style="list-style-type: none"> In April 2025, the fund underperformed the Nifty 50 TRI. Key detractors were TCS, Larsen & Toubro and Abott India
ICICI Contra /Abakkus All cap/ Buoyant/ Renaissance India Next	<ul style="list-style-type: none"> ICICI Contra <ul style="list-style-type: none"> Flexi cap mandate to cherry pick the high conviction ideas via contrarian approach. In April 2025, the fund underperformed the BSE 500 TRI. The key detractors were Tata Steel, Usha Martin and Sarda Energy Abakkus All cap <ul style="list-style-type: none"> Flexi cap portfolio managed by Mr. Sunil Singhania with bias towards large and mid caps; employs a bottom-up approach towards portfolio construction In April 2025, the fund underperformed the BSE 500 TRI. Key detractors were DCM Shriram, KEC International and Shriram Pistons Ltd 	<ul style="list-style-type: none"> Buoyant <ul style="list-style-type: none"> 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 April 2025, the fund underperformed the BSE 500 TRI. Key detractors Ramkrishna Forgings, Glenmark Pharma and Sai Silks Renaissance <ul style="list-style-type: none"> 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 In April 2025, the fund underperformed the Nifty 50 TRI. Key detractors were Alembic Pharma, Syngene International and Tata Motors.

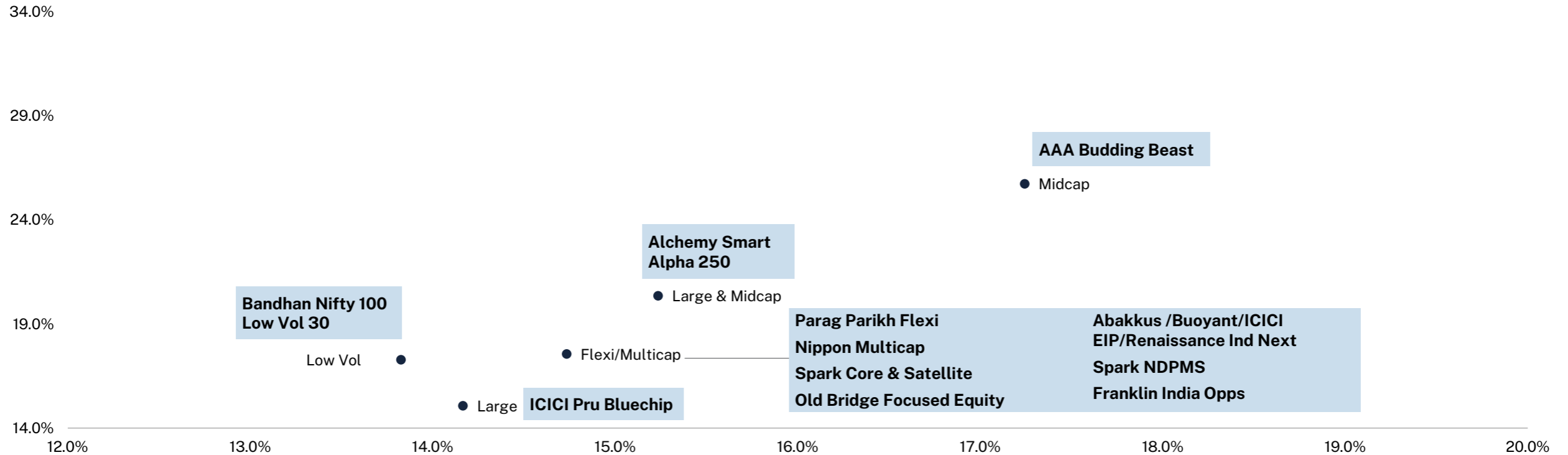
W.I.S.E. – Preferred Equity Portfolio Allocation (2/2)

Products	Brief Rationale & 1-Month Attribution	
Nippon India Multi Cap	<ul style="list-style-type: none"> Exposure spans multiple themes, sectors, and stocks Skewed toward large caps to minimize downside risk Minimum 50% exposure to the broader markets 	<ul style="list-style-type: none"> In Apr 2025, the fund underperformed the Nifty 500 TRI. This can be attributed to: <ul style="list-style-type: none"> An overweight stance on Industrials An underweight stance on Energy, Communication Services Stock selection in Consumer Discretionary, Healthcare, Industrials
Parag Parikh Flexi Cap	<ul style="list-style-type: none"> A valuation-conscious and low churn approach aimed at minimizing downside risk Offers exposure to international stocks, which helps in diversifying geographical risk 	<ul style="list-style-type: none"> In Apr 2025, the fund underperformed the Nifty 500 TRI. This can be attributed to: <ul style="list-style-type: none"> An overweight stance on Utilities An underweight stance on Real Estate, Consumer Staples Stock selection in Financials, Communication Services, Energy
WhiteOak Capital Flexi Cap	<ul style="list-style-type: none"> 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 	<ul style="list-style-type: none"> In Apr 2025, the fund underperformed the Nifty 500 TRI. This can be attributed to: <ul style="list-style-type: none"> An overweight stance on IT An underweight stance on FMCG, Energy Stock selection in Financials, Real Estate, Consumer Discretionary
Old Bridge Focused Equity	<ul style="list-style-type: none"> Investment approach lays emphasis on value as a style and is skewed towards broader markets The fund manager may select contrarian and turnaround plays as well The portfolio construct predominantly comprises market leaders and export-focused players 	<ul style="list-style-type: none"> In Apr 2025, the fund outperformed the Nifty 500 TRI. This can be attributed to: <ul style="list-style-type: none"> An overweight stance on Communication Services, Consumer Staples An underweight stance on Industrials, Utilities Stock selection in Consumption, IT, Real Estate
Spark GEMS/ Bespoke/HCI	<ul style="list-style-type: none"> Bespoke solution for UHNI clients who would require higher touch of engagement with Fund Manager(s) 	<ul style="list-style-type: none"> In April 2025, GEMS outperformed the BSE 500 index while Bespoke and HCI underperformed the index.
AAA Budding Beast	<ul style="list-style-type: none"> Diversified portfolio of high quality, established, and emerging leaders with low debt and net profit greater than Rs 50 crore 	<ul style="list-style-type: none"> In April 2025, the fund underperformed the BSE 500 TRI. The key detractors were Sumitomo Chemical, Timken India, Sansera Engineering, Eureka Forbes and Sheela Foam
Carnelian Shift PMS/Franklin India Opportunities	<ul style="list-style-type: none"> Carnelian <ul style="list-style-type: none"> Theme exposure to Manufacturing and IT with a flexi cap mandate while having a mid and small cap bias across 25- 30 stocks In April 2025, the fund underperformed the BSE 500 TRI. The key detractors were ASK Automotive, Shaily Engineering, Anup Engineering and Timken India 	<ul style="list-style-type: none"> Franklin India Opportunities <ul style="list-style-type: none"> Exposure spans themes across market capitalization, such as Rising Affluence, Digitalization, Make in India, Sustainable Living (Energy) In Apr 2025, the fund outperformed the Nifty 500 TRI. This can be attributed to: <ul style="list-style-type: none"> An overweight stance on Consumer Discretionary, Communication Services An underweight stance on Industrials Stock selection in IT, Materials, Consumer Discretionary
Spark Near IPO	<ul style="list-style-type: none"> Exposure to Near IPO ideas in the mid market segment and where there is a visibility of an exit through lpo in next 1-3 years at a valuation of ~INR 4000 Crs (0.5 Bn USD) 	

W.I.S.E. Product Suite – Risk Return Matrix

W = Wealth Core Allocation, I = Index Investing, S = Strategic Allocation, E = Enhancer

Risk - return Matrix - Avg 1 Year Rolling Ret and Standard Deviation



- Returns are based on average of monthly 1 Year rolling returns of indices as on March 31, 2025
- The risk(standard deviation) is plotted in x-axis which is the annualized monthly standard deviation over last 3 years
- Ideal Product should have lower risk while generating higher return to enhance risk adjusted return profile of the portfolio
- The funds highlighted in blue boxes above correspond to the blue dots of the respective category. Funds are mapped based on their risk-return profile

We have taken the following Indices Monthly return data since 1 Jan 2014, to arrive at the average annualized return and standard deviation to construct the risk-return matrix:
 Large: Nifty 100 TRI; Mid: Nifty Midcap 150 TRI; Small: Nifty Small cap 250 TRI; Multi/Flexi: Nifty 500 TRI; Large & Mid: Nifty Large Midcap 250 TRI; Low Vol: Nifty100 Low Volatility 30 TRI; Momentum: Nifty200 Momentum 30 TRI
 Buyout, PE s and Venture Capital s have no benchmark we have positioned as per the industry risk reward historically based on the return profile and probability of writeoffs
 Data as on 30th April 2025

Manager Outlook Takeaways: Equity PMS

AMC (Manager)	Market Outlook	Positioning & Deployment
Abakkus (Sunil Singhania)	<ul style="list-style-type: none"> Indian equities primarily bore the brunt of slowing growth; Trump's announcement was an additional trigger India maybe impacted by US tariff to a lower degree vs most other nations Tax cut-led higher disposable income could aid recovery in domestic demand Government capex has shown signs of buoyancy since Jan 2025 Rate cuts by the RBI could contribute to private sector capex revival 	<ul style="list-style-type: none"> Top bets for the fund manager is Banks, NBFC, Telecom and Infrastructure
Spark Asia Impact (P. Krishnan)	<ul style="list-style-type: none"> The market appears to have factored in most of the headwinds linked to Trump's announcement and the possibility of a global economic slowdown The dollar has been weakening against most major currencies, prompting capital to flow out of the U.S., with a portion of these flows finding their way into India over the past six months. Oil and commodity prices are declining, which bodes well for India. 	<ul style="list-style-type: none"> Reduced small cap Positive on Banks, Healthcare & Insurance Cautious on IT and consumption
Carnelian (Vikas Khemani)	<ul style="list-style-type: none"> Trump's announcements seem to be a negotiating tactic to facilitate better access and visibility for US companies, especially in China. Trajectory of US interest rates is likely to impact FII flows into India. India is expected to remain a leading investment destination for the next 10-20 years, with foreign equity inflows potentially reaching \$1.5 trillion as global allocations to India increase. 	<ul style="list-style-type: none"> Positive outlook on Manufacturing, Pharmaceuticals, and Industrials.
Renaissance (Pankaj Murarka)	<ul style="list-style-type: none"> Valuations in Indian equities are on the higher side compared to global peers There are select areas where earnings growth could surpass broader market expectations. While the broader market may look fully priced, bottom-up stock picking in high-growth pockets holds key to generating returns in a maturing cycle. 	<ul style="list-style-type: none"> Positive on Private sector banks Neutral on IT Services Increased exposure in Consumption
AAA (Rajesh Kothari)	<ul style="list-style-type: none"> Concerns over potential U.S. tariff actions have eased for now, with recent developments hinting at a more restrained approach Declining crude oil price, moderating inflation, interest rate cuts, and improving liquidity augur well for India at this juncture 	<ul style="list-style-type: none"> Positive on Capital goods, Healthcare & Finance Reduced exposure in Auto and Consumer

Views of Major Equity Mutual Fund Houses

Positives

- Domestic market & economy well poised
- RBI easing rates & infusing liquidity to bolster growth
- Easing inflation
- Low brent crude price
- Fiscal prudence prioritized
- US tariff impact expected to be limited
- Falling US Dollar
- Healthy corporate profitability
- Budget focus on consumption revival
- FPIs eyeing India closely due to healthy growth potential
- India's competitive edge in IT, Pharma, Agrochemicals
- Services industry holding steady

Negatives

- Volatile global growth, business sentiment, & inflation outlook
- Uncertain corporate capex outlook
- Export-focused businesses facing headwinds
- Core sectors in India slowing down

Views

Earnings

- Broadly in line with (muted) expectations
- For Nifty 200 companies, April 2025 was the 8th consecutive month of downward earnings revision
- Low base of last year could bode well in FY26, albeit optically
- Earnings growth unlikely to support multiple expansion in the near term
- Potential headwinds to top-line growth

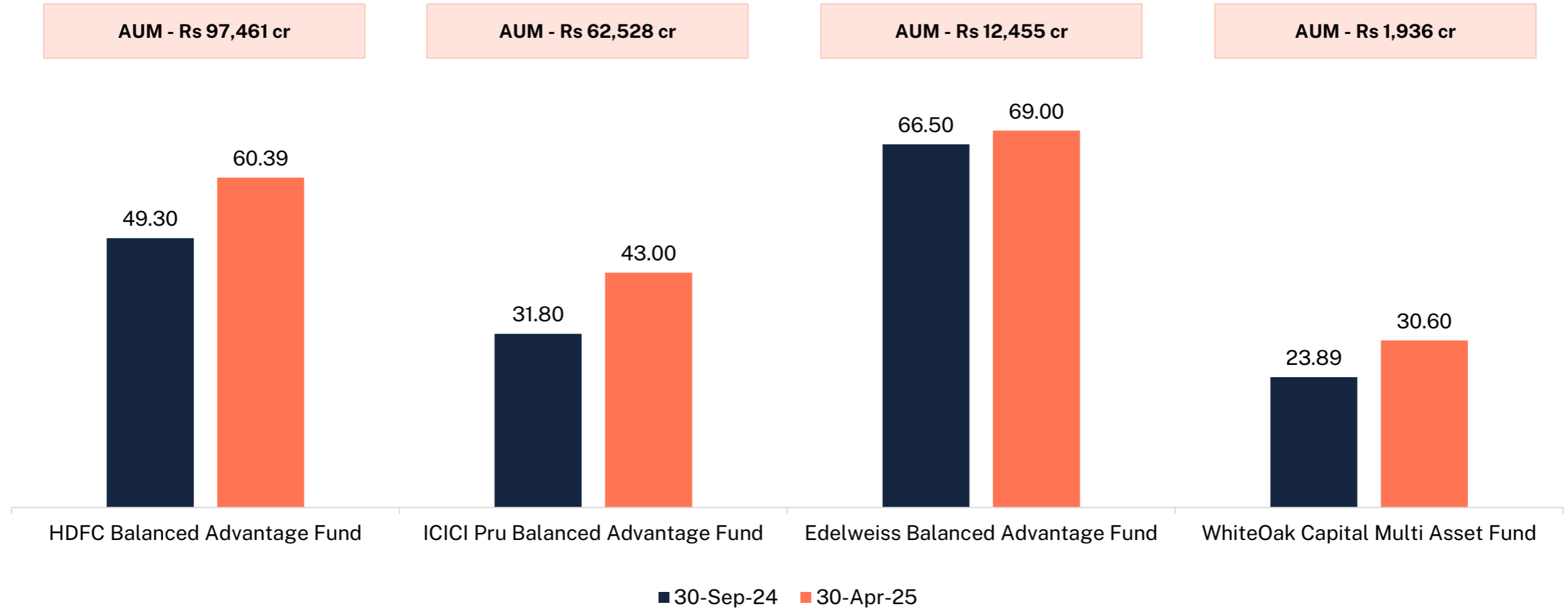
Market

- Valuations of most sectors elevated vs long-term averages
- Consolidation likely in the foreseeable future
- Action to be stock-specific
- Quality and fundamentals likely to assume importance
- Large caps offer better value vs mid & small caps
- Mid & small caps can be looked at for staggered investments
- India trading at a premium to most Asian markets
- Neutral stance on equities

Net Equity Levels of Preferred Hybrid MFs

Leading Hybrid funds in the industry have increased their net equity exposure over the last 7 months

Net equity levels have risen since Sep 2024



AUM is as on April 30, 2025
Source: Spark PWM Products

PMS/AIF Key Ideas for the Month

	Overview	Details	Market Cap Allocation	Entry / Exit in the Month	Top 5 Sectors	Top 5 Stocks																						
Spark C&S*	<p>Suitable For Conservative investors seeking a large cap bias portfolio and consistent long-term return generation</p> <p>Strategy 12-20 stocks portfolio, sector agnostic portfolio with a market cap agnostic mandate, manager will rebalance the "Satellite" portion if the weight exceed the intended allocation</p> <p>Positioning</p> <ul style="list-style-type: none"> Bullish on Banks, Healthcare and Insurance 	<p>AUM - 373</p> <p>Stocks - 20 Sectors - 10</p> <p>Up / Down Capture -3Y 114 / 76</p>	<table border="1"> <tr><th>Market Cap</th><th>Allocation</th></tr> <tr><td>Largecap</td><td>40.0%</td></tr> <tr><td>Midcap</td><td>31.5%</td></tr> <tr><td>Smallcap</td><td>14.0%</td></tr> <tr><td>Cash</td><td>14.5%</td></tr> </table>	Market Cap	Allocation	Largecap	40.0%	Midcap	31.5%	Smallcap	14.0%	Cash	14.5%	<p>Entry / Exit in the Month</p> <ul style="list-style-type: none"> Ashok Leyland Canara Bank NTPC Axis Bank <ul style="list-style-type: none"> HCL Tech Jindal Stainless Bajaj finance 	<table border="1"> <tr><th>Sector</th><th>Allocation</th></tr> <tr><td>BFSI</td><td>52.0%</td></tr> <tr><td>Pharma/Healthcare</td><td>13.0%</td></tr> <tr><td>Consumer Staples/Discretionary</td><td>6.0%</td></tr> <tr><td>Construction/Engineering/Consumer Goods</td><td>4.0%</td></tr> <tr><td>Others</td><td>8.0%</td></tr> </table>	Sector	Allocation	BFSI	52.0%	Pharma/Healthcare	13.0%	Consumer Staples/Discretionary	6.0%	Construction/Engineering/Consumer Goods	4.0%	Others	8.0%	<ul style="list-style-type: none"> HDFC Bank Kotak Mahindra Bank Abbott India Federal Bank SBI Life Insurance Ltd
Market Cap	Allocation																											
Largecap	40.0%																											
Midcap	31.5%																											
Smallcap	14.0%																											
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Construction/Engineering/Consumer Goods	4.0%																											
Others	8.0%																											
AAA BB	<p>Suitable For Balanced to Aggressive investors seeking broader market exposure through quality and established leaders</p> <p>Strategy Mid and small cap focused portfolio, where portfolio is constructed to deliver risk adjusted return by navigating volatile market through diversified portfolio construction and disciplined exit approach</p> <p>Positioning</p> <ul style="list-style-type: none"> Banking & Finance, Capital goods and Pharma 	<p>AUM - 469</p> <p>Stocks - 57 Sectors - 20</p> <p>Up / Down Capture -3Y 116 / 80</p>	<table border="1"> <tr><th>Market Cap</th><th>Allocation</th></tr> <tr><td>Largecap</td><td>10.0%</td></tr> <tr><td>Midcap</td><td>22.0%</td></tr> <tr><td>Smallcap</td><td>65.0%</td></tr> <tr><td>Cash</td><td>3.0%</td></tr> </table>	Market Cap	Allocation	Largecap	10.0%	Midcap	22.0%	Smallcap	65.0%	Cash	3.0%	<ul style="list-style-type: none"> AU Small Finance Bank Ltd Max Financial Services Ltd <ul style="list-style-type: none"> Amber Enterprises India Ltd. Latent View Analytics Ltd. 	<table border="1"> <tr><th>Sector</th><th>Allocation</th></tr> <tr><td>Banking & Finance</td><td>17.3%</td></tr> <tr><td>Engineering</td><td>16.4%</td></tr> <tr><td>Pharma</td><td>13.8%</td></tr> <tr><td>Consumer</td><td>11.3%</td></tr> <tr><td>Auto & Auto Ancillary</td><td>10.7%</td></tr> </table>	Sector	Allocation	Banking & Finance	17.3%	Engineering	16.4%	Pharma	13.8%	Consumer	11.3%	Auto & Auto Ancillary	10.7%	<ul style="list-style-type: none"> Cholamandalam Investment & Finance CG Power and Industrial Solutions Hitachi Energy India Multi Commodity Exchange Of India Sumitomo Chemical India
Market Cap	Allocation																											
Largecap	10.0%																											
Midcap	22.0%																											
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Pharma	13.8%																											
Consumer	11.3%																											
Auto & Auto Ancillary	10.7%																											
Alchemy Smart Alpha	<p>Suitable For Balanced to Aggressive investors seeking long-term alpha generation in large and midcap space</p> <p>Strategy A quant-focused approach to build a portfolio of ~25 stocks in the large and midcap space. Rebalancing is undertaken daily by dynamically changing factor weightage as per the prevailing macro environment</p> <p>Positioning</p> <ul style="list-style-type: none"> Increased exposure to Healthcare, Consumer Discretionary and IT 	<p>AUM - 569</p> <p>Stocks - 25 Sectors - 10</p> <p>Up / Down Capture -SI^ 135 / 124</p>	<table border="1"> <tr><th>Market Cap</th><th>Allocation</th></tr> <tr><td>Largecap</td><td>25.0%</td></tr> <tr><td>Midcap</td><td>60.0%</td></tr> <tr><td>Smallcap</td><td>14.0%</td></tr> <tr><td>Cash</td><td>1.0%</td></tr> </table>	Market Cap	Allocation	Largecap	25.0%	Midcap	60.0%	Smallcap	14.0%	Cash	1.0%	<ul style="list-style-type: none"> Indian Hotels Eicher Motors BAF <ul style="list-style-type: none"> Eternal IPCA Labs HCL Tech 	<table border="1"> <tr><th>Sector</th><th>Allocation</th></tr> <tr><td>Financials</td><td>26.7%</td></tr> <tr><td>Industrials</td><td>21.3%</td></tr> <tr><td>Consumer Discretionary</td><td>21.2%</td></tr> <tr><td>Healthcare</td><td>14.3%</td></tr> <tr><td>IT</td><td>9.5%</td></tr> </table>	Sector	Allocation	Financials	26.7%	Industrials	21.3%	Consumer Discretionary	21.2%	Healthcare	14.3%	IT	9.5%	<ul style="list-style-type: none"> Dixon Technologies India Ltd Trent Ltd Interglobe Aviation Ltd BSE Ltd PB Fintech Ltd
Market Cap	Allocation																											
Largecap	25.0%																											
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Sector	Allocation																											
Financials	26.7%																											
Industrials	21.3%																											
Consumer Discretionary	21.2%																											
Healthcare	14.3%																											
IT	9.5%																											

Data - April 30, 2025

*Old client Portfolio is used for Entry and Exit analysis in Spark C&S analysis, New client portfolio entry and exit may differ

^Up/down capture for Alchemy smart alpha 250 is since inception

PMS/AIF Ideas Dashboard

	Overview	Details	Market Cap Allocation	Entry / Exit in the Month	Top 5 Sectors	Top 5 Stocks																						
Buoyant	<p>Suitable For Balanced investors seeking a large cap bias portfolio and consistent long-term return generation</p> <p>Strategy It uses core & satellite strategy, where core consists of stable, cash-generating industry leaders, while the satellite includes cyclical companies or those poised for turnaround.</p> <p>Positioning</p> <ul style="list-style-type: none"> ▪ Bullish on Healthcare, Finance and Cements 	<p>AUM - 4550</p> <p>Stocks - 38 Sectors - 17</p> <p>Up / Down Capture -3Y 102 / 73</p>	<table border="1"> <tr> <th>Market Cap</th> <th>Allocation</th> </tr> <tr> <td>Largecap</td> <td>40.6%</td> </tr> <tr> <td>Midcap</td> <td>22.0%</td> </tr> <tr> <td>Smallcap</td> <td>22.0%</td> </tr> <tr> <td>Cash</td> <td>15.4%</td> </tr> </table>	Market Cap	Allocation	Largecap	40.6%	Midcap	22.0%	Smallcap	22.0%	Cash	15.4%	<p>Entry / Exit in the Month</p> <ul style="list-style-type: none"> ▪ Navin Fluorine International Ltd ▪ Axis Bank Limited ▪ Bajaj Finance Limited ▪ Aarti Industries Ltd ▪ Abb India Ltd ▪ Bank Of Baroda 	<table border="1"> <tr> <th>Sector</th> <th>Allocation</th> </tr> <tr> <td>Banking</td> <td>16.2%</td> </tr> <tr> <td>Insurance</td> <td>8.0%</td> </tr> <tr> <td>Building Materials</td> <td>7.5%</td> </tr> <tr> <td>NBFC</td> <td>7.0%</td> </tr> <tr> <td>Info Tech</td> <td>6.5%</td> </tr> </table>	Sector	Allocation	Banking	16.2%	Insurance	8.0%	Building Materials	7.5%	NBFC	7.0%	Info Tech	6.5%	<ul style="list-style-type: none"> ▪ State Bank Of India ▪ ICICI Bank ▪ HDFC Bank ▪ Indus Towers ▪ Max Financial Services
Market Cap	Allocation																											
Largecap	40.6%																											
Midcap	22.0%																											
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Building Materials	7.5%																											
NBFC	7.0%																											
Info Tech	6.5%																											
Renaissance India	<p>Suitable For Balanced investors seeking a large cap bias portfolio and consistent long-term return generation</p> <p>Strategy Concentrated SQGARP Portfolio focuses on Sustainable Quality Growth at a Reasonable Price. It combines top-down theme selection with a bottom-up approach to stock picking.</p> <p>Positioning</p> <ul style="list-style-type: none"> ▪ Bullish on Finance and IT 	<p>AUM - 475</p> <p>Stocks - 28 Sectors - 14</p> <p>Up / Down Capture -3Y 136 / 87</p>	<table border="1"> <tr> <th>Market Cap</th> <th>Allocation</th> </tr> <tr> <td>Largecap</td> <td>56.7%</td> </tr> <tr> <td>Midcap</td> <td>20.0%</td> </tr> <tr> <td>Smallcap</td> <td>23.5%</td> </tr> <tr> <td>Cash</td> <td>0.0%</td> </tr> </table>	Market Cap	Allocation	Largecap	56.7%	Midcap	20.0%	Smallcap	23.5%	Cash	0.0%	<p>Entry / Exit in the Month</p> <ul style="list-style-type: none"> ▪ Nil ▪ Nil 	<table border="1"> <tr> <th>Sector</th> <th>Allocation</th> </tr> <tr> <td>BFSI</td> <td>39.6%</td> </tr> <tr> <td>Pharma & Chemicals</td> <td>11.6%</td> </tr> <tr> <td>Information Technology</td> <td>11.3%</td> </tr> <tr> <td>Consumer Discretionary</td> <td>9.5%</td> </tr> <tr> <td>Auto & Logistics</td> <td>6.3%</td> </tr> </table>	Sector	Allocation	BFSI	39.6%	Pharma & Chemicals	11.6%	Information Technology	11.3%	Consumer Discretionary	9.5%	Auto & Logistics	6.3%	<ul style="list-style-type: none"> ▪ HDFC Bank ▪ Tech Mahindra ▪ Reliance Industries ▪ PNB Housing Finance ▪ HDFC Asset Management
Market Cap	Allocation																											
Largecap	56.7%																											
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Auto & Logistics	6.3%																											

MF Key Ideas for the Month

	Overview	Details	Market Cap Allocation	Entry / Exit in the Month	Top 5 Sectors	Top 5 Stocks
WhiteOak Capital Flexi Cap Fund	<p>Suitable For Balanced and aggressive investors seeking to participate across the market cap spectrum</p> <p>Strategy The fund follows a growth style of investing. Stock picking is bottom-up in nature. Key stock selection parameters include superior return on incremental capital, scalable long-term opportunity, strong governance, well-managed businesses, and price at a substantial discount to intrinsic value.</p> <p>Positioning</p> <ul style="list-style-type: none"> Overweight on Financials, Capital Goods, Retailing Underweight on Crude Oil, Power, Auto 	<p>AUM – 4,683.59</p> <p>Stocks - 113 Sectors - 29</p> <p>Up / Down Capture – NA*</p>		<ul style="list-style-type: none"> Axis Bank Tube Investments Medi Assist Healthcare Services Bharti Hexacom 		<ul style="list-style-type: none"> ICICI Bank HDFC Bank Kotak Mahindra Bank Eternal Bharti Airtel
ICICI Pru Bluechip Fund	<p>Suitable For Conservative and Balanced investors seeking to compound wealth steadily through large caps</p> <p>Strategy The fund includes exposure to growth and value stocks. Growth portion of the portfolio lays emphasis on sector leadership, profitability, and compounding potential. For the value portion, stocks are shortlisted based on temporary headwinds, undemanding multiples, and scope for mean reversion.</p> <p>Positioning</p> <ul style="list-style-type: none"> Overweight on Construction Materials, Auto Underweight on FMCG, IT, Financials 	<p>AUM – 68,033.75</p> <p>Stocks - 65 Sectors - 26</p> <p>Up / Down Capture - 101.0 / 73.3</p>		<ul style="list-style-type: none"> Siemens Energy India ABB India Oil India Samvardhana Motherson Int'l Muthoot Finance GAIL (India) 		<ul style="list-style-type: none"> HDFC Bank ICICI Bank Reliance Industries Larsen & Toubro Bharti Airtel
Parag Parikh Flexi Cap Fund	<p>Recommended For Conservative and Balanced investors seeking to participate across the market cap spectrum, while simultaneously being cautious about risk factors</p> <p>Strategy & Positioning The exposure predominantly pertains to mega and large caps. In addition, the fund offers exposure to select US-based tech stocks, thereby ensuring geographical diversification. Active cash calls may be taken when there are not enough investment opportunities.</p> <p>Positioning</p> <ul style="list-style-type: none"> Overweight on Mining, Power, Financials Underweight on Crude Oil, IT, Capital Goods 	<p>AUM – 98,541.28</p> <p>Stocks - 81 Sectors - 31</p> <p>Up / Down Capture - 80.4 / 41.0</p>		<ul style="list-style-type: none"> Tech Mahindra ITC Hotels State Bank of India Havells India 		<ul style="list-style-type: none"> HDFC Bank Bajaj Holdings & Investment Power Grid Corporation Of India Coal India ICICI Bank

Data as on April 30, 2025

Capture ratios: Represent average of 1-month values (calculated monthly) for the last 3 years

*WhiteOak Capital Flexi Cap Fund has not been in existence for 3 years, and therefore, capture ratios have not been mentioned

Source: Ace MF, Spark PWM Products

W.I.S.E. Framework – PE & VC Landscape

Particulars	Parameters	Samara Capital Fund III	TVS Capital Fund	Spark Near IPO Fund	ValueQuest Scale Fund II	Navam Capital Fund I
Stage	Early Stage	No	Series B onwards	-	-	Seed, Series A and Series B
	Growth Stage	-	Yes	-	Yes (4-5 years away from Exit)	-
	Late Stage	-	Yes	Yes (2-3 years away from IPO)	Yes (2 -2.5 years zway from IPO)	-
	Buyout	Yes	-	-	-	-
Fund Details	Min Investment	1 Cr	1 Cr	1 Cr	2 Cr	1 Cr
	Tenure	10+1+1	12+1+1	5+1+1	8+1+1	10+1+1
	Spaces	Consumer, Financials, Healthcare, Business Services	Financial Services, Technology	Sector Agnostic	Classic Sectors: Consumer, Pharma, Niche Manufacturing, BFSI New-Age Economy Sectors: Energy Transition, Tech Driven Businesses	Deep Tech – Agri Tech, Space tech, Climate Tech, Aero Space, Biotech, Advanced Materials, Virtualization and Data science
	Commitment Period	4 Years	4 Years	2 Years	3 Years	3 Years (Extendable By 1 Year)
	Ideal Stake	51% to 100%	8% to 10%	Up To 10%	Up to 10% in Late Stage and 10% stake in growth stage deals with board seat	1.5% to 19%
	Exit (Indicative)	5 th Year Onwards	6 th Year Onwards	3 rd Year Onwards	4 th and 5 th Year Onwards	6 th Year Onwards
	Avg Holding Period	4-6 Years	4-6 Years	1-3 Years	2- 3 years Late stage and 4 -5 Years for Growth Stage	6-7 Years
	Average Ticket Size	INR 500-1,500 Cr (Including Offshore + Core Investment)	INR 200-400 Cr	INR 25-75 Cr	INR 150 - 400 Cr	INR 3-5 Cr (Initial Cheque)
	No. of Investments	8 - 10	12 - 15	7 - 9	12 - 15	12 - 15
	Taget IRR	25%	25-30%	25%	25-30%	30-35%
Target Corpus	INR 2,000 Cr	INR 3,000+2,000 Cr	INR 250+250 Cr	INR 3,000+1,000 Cr	INR 250+150 Cr	

W.I.S.E - Product in Focus: 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 deals 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
- 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

W.I.S.E - Product in Focus: TVS Capital

Why we like TVS Capital?

Firm

- **Founder:** Gopal Srinivasan, a third-generation entrepreneur from the TVS Group.
- ~17 years experience and track record as a growth investor in the private equity space; raised ~Rs 6000 crore till date
- Successfully managed 3 funds with a focus on top-quartile performance, delivering consistent returns (Fund 2 & 3).
- **Strong Exit Track Record:** Exited 2 funds fully and 4 out of 12 exits made in Fund 3 already
- **Some Key Investments:** Go Digit, Yubi, Leap, Phone pe, Insurance Dekho, Five Star
- **ABC Assessment process**
 - **A(AAA):** The best founder (Ambition, Ability to Execute, Attract and retain people)
 - **B (BBB):** Building Better Business
 - **C(CCC):** Consistent Capital Compounding

Manager

- Experienced leadership led by Mr. Gopal Srinivasan with a mix of investing and operating experience
- 7-member in an experienced investment team
- Dedicated Research team to conduct in-depth value chain analysis in focus sectors, as the fund manager believes in deriving alpha from depth and expertise in focus sectors/themes
- 27 successful exits out of 35 deals made across 3 funds
- Funds 2 & 3 are top quartile performers in their respective vintage

Fund

- **Focus**
 - Leveraging the expertise built in earlier years to focus in-depth across the Financial services space
 - Technology space (Tech services and Tech for financial service and business services)
- **Stage**
 - Across Stages : Early- growth to Late- Stage, Series B+ investing
 - 1st cheque to businesses focused on NBFCs, Insurance and IT services
- **Raising:.**
 - Size: 3000+2000 Crs
 - Currently raised ~₹3,000 Cr, all from domestic capital.
- **Investment Strategy:** 12-15 companies in Finance and Tech space with a cheque size of INR 200-400 Crores
- **Positioning:** Amongst India's largest Rupee capital focusing on next generation of entrepreneurs building resilient and multidecadal model to drive India's growth

W.I.S.E - Product in Focus: Spark Near IPO Fund

Why we like Spark Midas Investment Fund I

Firm

- **Expertise** : Practitioner heritage of >2 decades in deal making and sourcing
- **Established ecosystem across** Corporates, VC investors and wealth clients
- **Scale**: Consummated ~INR 64,000 Cr worth of Investment banking deals till date
- **Experience**: 9 senior MDs with diverse experience bring in a cumulative ~230 years of experience
- **Stability and continuity** of the team with 6 out of 9 have been associated with spark for more than a decade
- Ability to **source proprietary** deals
- **Ability** to partner with family offices ,CVCs, and HNIs for co-investments
- Track record of curating successful transactions, exits and create shareholder value for leading businesses such as **Craftsman Automation, Suryodyay, Veritas Finance, Unicommerce, Jana SFB, Shadowfax, Shiprocket and Sutherland**

Manager

- Successful deal making heritage
 - Expertise in sourcing, structuring and facilitating exits
 - **Valuation conscious**
 - Numerous transactions executed in late stage which has gone on to be listed, are at near listing stage or have seen successful strategic sale.
 - Expertise in **Consumer, Tech and BFSI space**
 - **Value addition** framework enables to replicate success
 - Track record of advising on value creation pathways for entrepreneurs and investors alike
 - Strong post transaction performance of companies dealt with indicating a robust deal selection process
 - Evaluation matrices, deal making and due diligence DNA

Fund

- **Target Opportunities**:
 - INR 25-75 Cr ticket size having potential to list around INR 4000 cr Mcap or above
 - Estimated time to IPO is 1-3 years for underlying companies
- **Ownership**:
 - <10% stake; Not to be deemed as promoter at IPO
 - <25% of fund corpus in a single investment
 - Existing presence of Institutional investor in cap table
- **Investment criteria**:
 - Reasonable scale with 3 years vintage
 - Profitable
 - Target Returns >25% IRR (Pre -Tax)
- **Drawdown Schedule**: 100% in 2 years from first draw down
- Average expected holding period is **1-3** years

W.I.S.E - Product in Focus: 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

W.I.S.E - Product in Focus: Navam Capital Fund I

Why we like Navam Capital Fund I?

Firm

- **Expertise** : Backs original thinker who are shaping India IP led future
- **AUM**: Raising first fund of INR 250 Cr + INR 150 Cr
- **Stake**: ~1.5% to 19% stake
- **Experience**: **2** Investment Partners and **5** member Advisory team
- Highly **experienced team** to identify high potential IP led tech ideas in the **early-stage space and deep tech space**
- Backing of marquess LPs such as **Godrej Family office, Enam Family office, TCIL**
- Proprietary deal flow from academia, R&D institutions, and industry networks.
- **Ability to** leverage network and relations hip across Academia, Incubators, and Industry thought leaders
- Access to later stage capital through relationship built

Fund Manager/Advisory Members

- Rajeev Mantri has demonstrated ability to source and stitch deals in **Early stage and Deep tech space** (9 pre fund and 7 investment in Fund I)
 - E.g. Ather Energy, Alyssum, Vyom Therapeutic, Agnikul Cosmos, Fasal
 - Understand Technical nuances i.e. difference between Drone Assembly and IP led Drone technology
 - Blend of **Investing** and **Operating** experience
 - Prior Stints: Lux capital, US based Deep tech VC
 - **Investment Partner**: Dr. Anjan Ray, ex CSIR Director, Phd in Chemistry, led R&D in sustainable fuel powered aircraft in India
 - **Strong Advisory Board** led by **Dr. R.A. Mashelkar** (Padma Vibhushan), Ex DG CSIR; **Dr. Shiladitya Sengupta** –inhouse Biotech expert; **Amay Mashelkar** Head of JioGenNext (Reliance’s accelerator to early-stage tech start ups); **Malav Dani** (Co-Promoter Asian Paints) and **Tarun Mehta** (Co-founder &CEO Ather Energy)

Fund

- Cat II AIF
- **Differentiated Early-stage VC** fund built to capitalize on opportunities led by India’s transformation into **Knowledge driven Innovation led** economy
- Target Fund raise: INR 250+150 Crs
- Tenure: 10+1+1 year
- Min Ticket size: INR 1 Crs
- Investment time frame : By Jan’27 (extendable by 1 yr)
- Exits is likely to start be from 6th year onwards
- Drawdown Schedule: Current 33% and rest expected by Jan’27
- Focus Stage: Seed, Series A and opportunistic Series B bets
- **Capital arbitrage** combining cost efficient structure with quality tech talent pool available in India
- **IP-led differentiation** with strong technical moats and scalable global use cases.

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