

India Investment Strategy

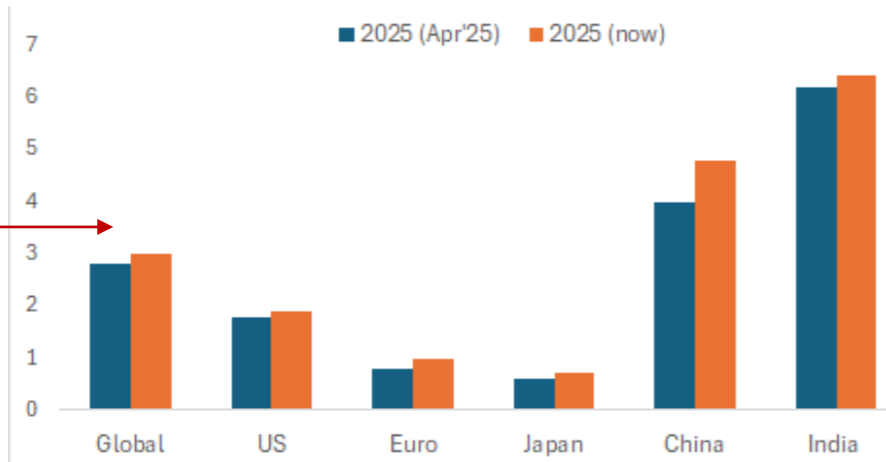
September 2025

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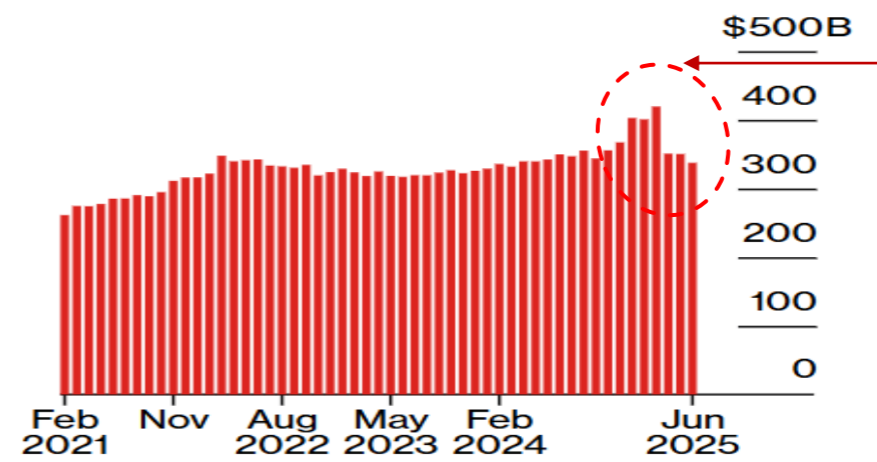
External Cues – Global Growth : So far, better than feared, but moderating

1 Improved GDP growth forecasts in CY25 – Signals tariff distortions, much less robustness



Frontloading of orders in 1H-CY25 ahead of tariffs has boosted growth

2 US imports – Frontloaded & now winding lower



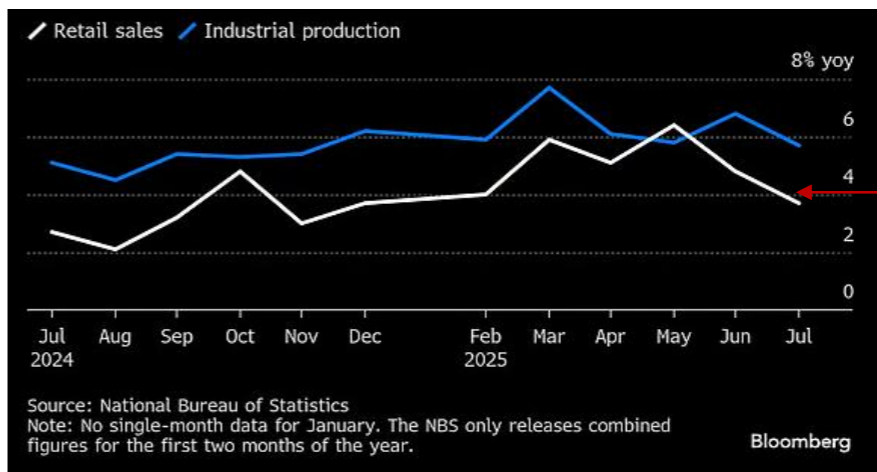
..evidenced in sharp fall in US imports since Mar'25 – esp. of consumer goods has fallen to the lowest since Sep'20

3 Global manufacturing PMI



Global Mfg. PMI slipped into contraction zone – mainly led by Taiwan, Mexico & Mainland China. Future Output expectations at the lowest since CY22

4 China's growth momentum weakens
Expansion in output, consumption & investment all slowed sharply



Pushback of US tariffs on China a positive for growth outlook ; but high frequency data (retail sales, industrial production, loan growth) are indicating a significant loss in growth momentum

Source : WB, Bloomberg

External Cues – Global Growth

Facts

- Global GDP growth estimates for CY25 revised upward to 3% vs Apr'25 forecasts, mainly owing to improved outlook in EMs including China. Recent high frequency data though indicates slower momentum across key geographies. As per street estimates, 1H US GDP growth at 1.2% with demand the weakest in 2 ½ years ; street estimates peg CY25 growth @ 1.4% (vs 2.8% in 2024). Growth in AI capex exceeded consumption demand .
- 1H25 China GDP was strong at 5.3%, aided again by frontloading of exports. HFIs indicate weakness with total loans degrowing for the first time in 20-years and fixed investments growth now the weakest in nearly 5-years. Real GDP lower than Nominal indicating reflecting continued deflation.
- US corporate earnings growth remains robust @ 11.8% yoy, with record earnings surprises. Labour market though reflects signs of weakness. Chinese corporate profits degrew 1.8% in 1HCY25.
- Eurozone growth outlook has improved at the margin – with high frequency indicators such as business confidence expectations & PMI surveys pointing at increased optimism although current data remains weak (Germany GDP shrank by 0.3% m/m in the AMJ quarter)

Assessment

- Initial growth lift led by front-loading of orders ahead of tariffs, but these have started fading lately. IMF's improved outlook shaped by lower than previously expected tariffs, weaker USD (although the estimated growth is lower than last year) and optimism on Eurozone & China
- Risks to growth in CY26 tilted to the downside owing to tariff related uncertainty. Early hint of stagflation in the US, although tariffs are yet to be passed onto consumers. Thus, while 1H growth has held up, the outlook for 2H is muted
- Data remains rather noisy across indicators – given the volatile environment diminishing visibility in the process

Implication

- The USD seems to remain weak, boding well for global capital flows. Policy stimulus likely in the US and in China too, where price competition and overcapacities are being curbed- this could lower competitive pressures and the risk of China exporting deflation.
- Negative US growth impulses could soften commodity prices while also lowering global growth prospects

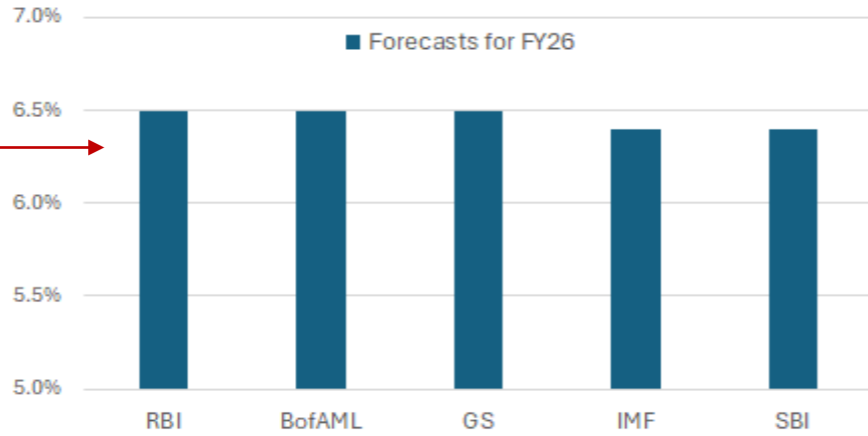
Risks (to our view)

- ✓ Effective tariffs rate being lower than earlier expected (currently est. at 18.6% as of early Aug)- this can restore growth expectations quickly.
- ↔ AI capex either blows over triggering a sharp fall in markets - alternatively evidence of higher productivity from AI spurs growth expectations - either which way, this is a space to closely track
- ✓ Abatement in geo-political risk- that can cause a risk-on recovery

Weakening USD, moderating commodity prices are tailwinds for India, while geo-political factors remain adverse

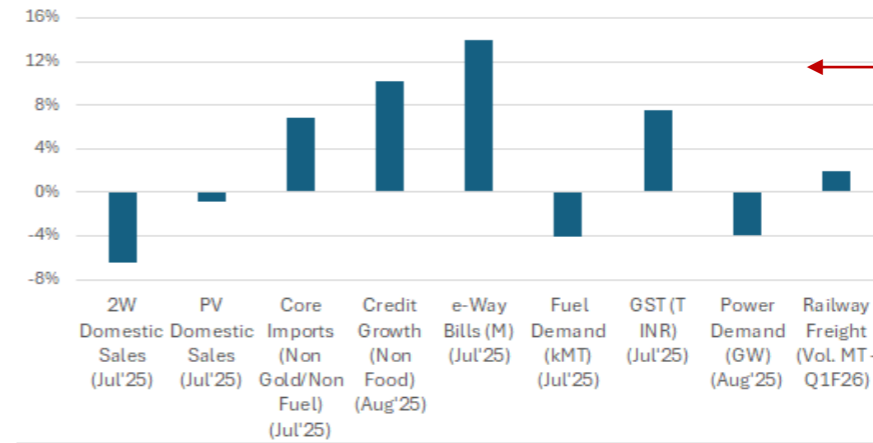
Local Cues – Growth : Trumped by Tariffs, but counter cyclical measures to help

1 India GDP growth: Steady, but middling



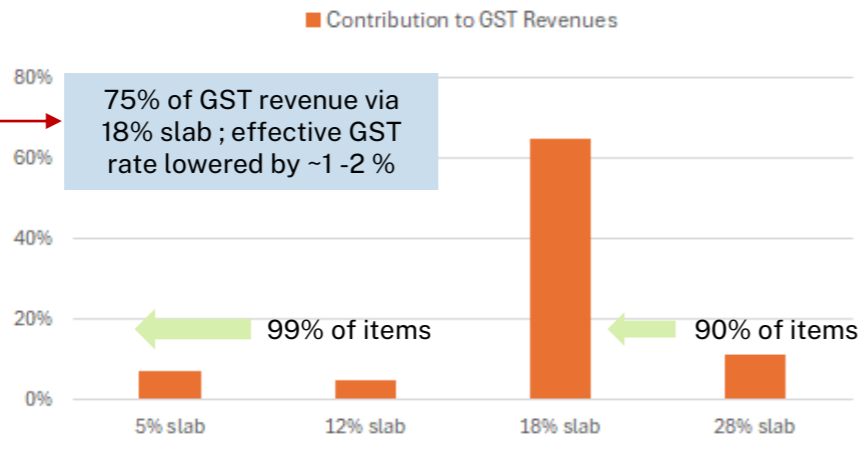
India to remain fastest growing major economy – albeit lower than our aspirations !

2 Growth trends mixed, at best (y/y)



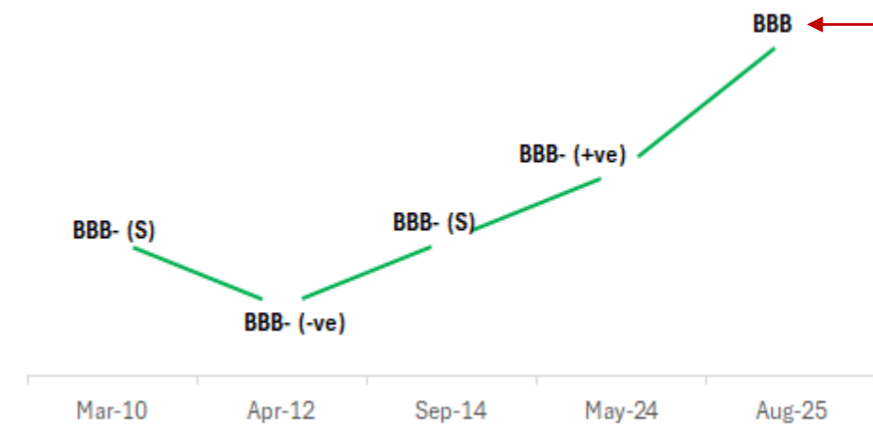
High frequency data clearly shows slowing of growth momentum across sectors – of course, few are holding up better than the rest

3 Impact of Proposed GST changes



GST rationalization to boost GDP growth over next 12M by 0.5 – 0.7% !

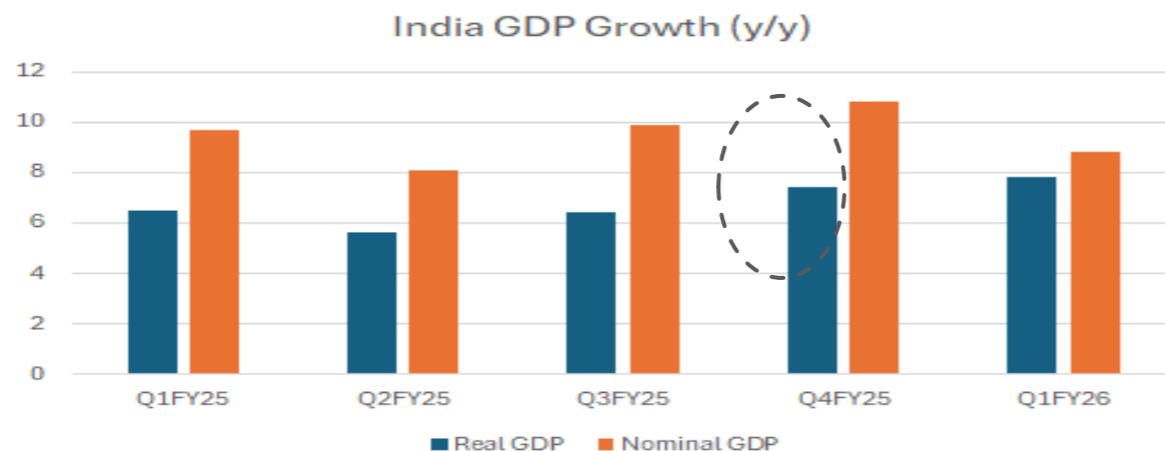
4 India's Sovereign Rating Trajectory



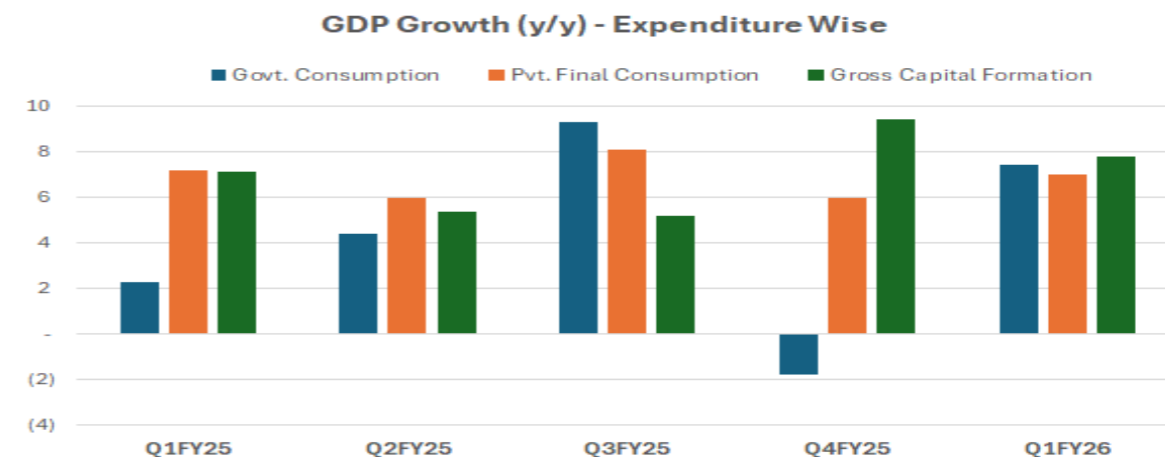
Acknowledging the major improvement in India's macro stability amidst a highly challenging global context and the fresh US tariffs, S&P upgraded India's sovereign rating to BBB – after a gap of 18 years. This upgrade was expected although the timing was a positive surprise

Local Cues – Growth : 1QFY26 GDP growth surprise led by statistical factors

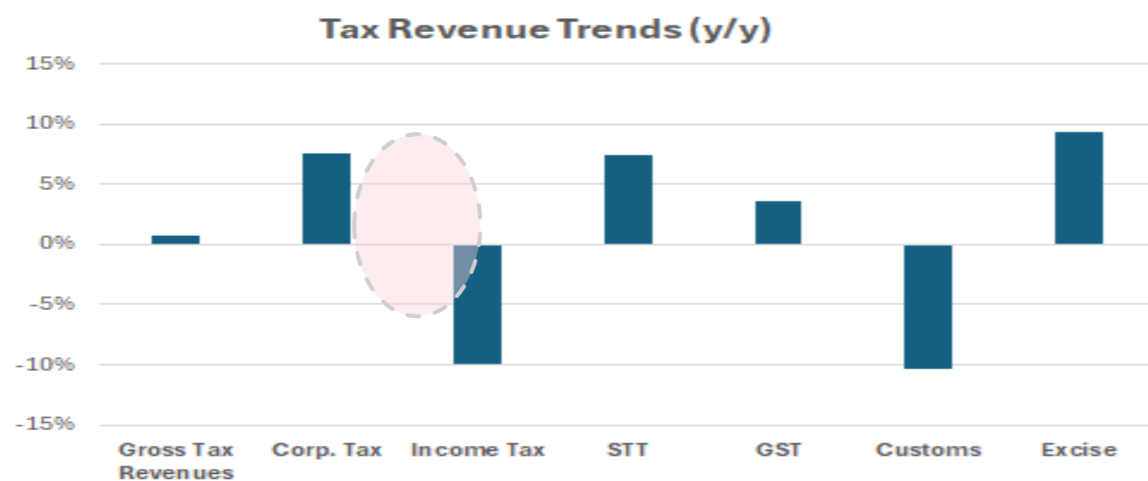
1 Nominal Growth – Well below the targeted 10.1% (Budget)



2 For now, however, growth trends seem broad based



3 Tax revenue growth is muted at best



- Q1-FY26 real GDP growth stood @ 7.8% - higher than expectations of 6.7- 6.8%
 - Beat led by meaningfully lower GDP deflator which has lifted real growth prints
 - Thus, this upside GDP growth surprise could be just a statistical boost
- Indeed, nominal GDP growth data remains weak @ 8.8% - this is in line with the moderation seen in the bulk of high frequency indicators since end Q1-FY26. This is a key concern
- That said, some sections of the market have revised their FY26 GDP growth forecasts higher to 6.5% - aligned to RBI's estimates - while few others have retained their estimates at lower levels - citing few discrepancies & possibility of revisions to Q1-FY26 growth print.
- Data also indicates meaningfully slower tax revenue growth (~0.8% y/y) - a likely fallout of slower nominal GDP growth, apart from the tax rebates announced in the Budget. This could have adverse implications for the fiscal arithmetic if nominal growth doesn't pick-up over the next 2 - 3 quarters.

Local Cues – Growth

Facts

- India's GDP growth in FY26 est. at 6.2% -6.5% amidst stable macros. HFIs* suggest a growth moderation underway.
- GST rationalization (~+0.5 to 0.7% of GDP) to partially offset the punitive US tariffs (~-0.8% of GDP)
- Govt. spending muted – on a 2Y CAGR basis (1QFY26), total spending excl. interest is just 1.8% and capex is -0.6%. This year, tax revenues too are muted - degrowing by 1.7% yoy.
- Pvt capex intentions seen dipping from INR 6.5 T in FY25 to INR 4.9 T in FY26 . Consumption in 1QFY26 (FMCG sales as per AC Nielsen) is up 14% / 6% yoy in value / volume terms largely led by rural demand & tier II,III urban. Rural growth 2X Urban growth
- BSE500 wage growth at 7% yoy in 1QFY26 – weighing on urban consumption
- Merchandise Trade deficit in July at 8M high at US 27B – led by Gold and Crude imports and despite front-loading of exports

Assessment

- Reviving growth requires fresh stimuli – monetary policy has largely played out and the Government remains fiscally conservative
- This reflects the need for a fresh set of reforms – something recognized by the Govt. too – expect major announcements in the next few months
- Near-term, counter-cyclical measures, strong agri-output, 8th pay commission, coupled with promise of more reforms to help a consumption recovery. Effective GST rates reducing by 1-2% to help domestic consumption. Fiscal incentives for exporters also in the works
- Expectations of a good festive period demand leading to inventory buildup balanced out by temporary deferment of purchases owing to the GST cut (est. 4-8% reduction in auto prices)
- CAD for the year is expected to be comfortable yet at ~1.2 % of GDP with a comfortable BOP position

Implication

- Policy focus aligned towards reviving consumption vs. further stoking the investment cycle; external focused sectors may remain weak; discretionary consumption in the rural/ low-end urban areas seem to offer promise
- Corporate earnings likely to bottom out over the next 1 – 2 quarters; earnings dispersion to probably widen across sectors
- Impact of tariffs on long-term FDI to be closely watched- negative implications of reshoring
- INR-USD at fair value currently; baseline expectation is for a gradual depreciation

Risks (to our view)

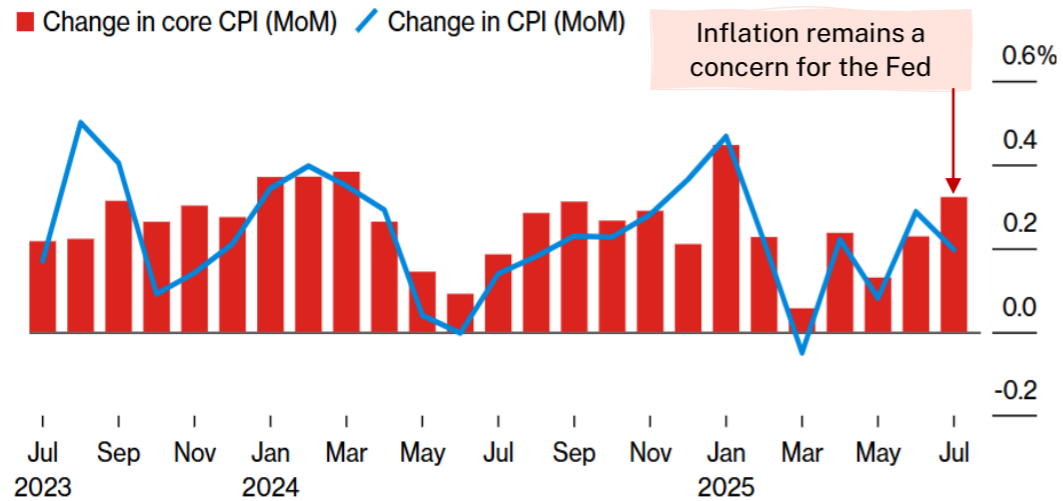
- × Delay or stuttering of next phase of reforms
- × Fiscal slippage and any impact on interest rates/yields; although the Govt. could hike excise on fuel without impacting pump prices, can monetize assets, increase PSU dividends etc.
- ✓ Withdrawal of punitive tariffs

**From 'Clean-up' (2016 – 2019) to 'Capex' (2019 – 2024) to 'Consumption' (2025 -)
Govt. has pivoted its approach to suit the evolving macro economic context**

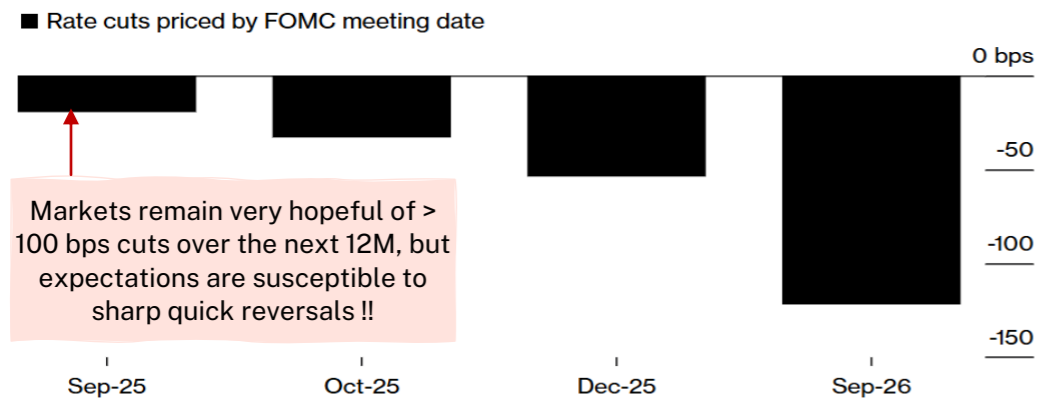
*High Frequency Indicators

Inflation & Interest Rates – Global : Rate cut bets ride on slowing growth

1 US Core CPI accelerated in July Excluding food and energy, prices rose at fastest clip since January



2 Fed rate-cut bets after Powell's Jackson hole comments Traders add to rate-cut expectations for September and beyond as Powell leans dovish



Facts

- US headline CPI has been stable, but the critical core CPI and PPI have risen sharply – stoking concerns of resurgence in inflation
- Global selling price (PMI surveys) rose to highest in 2-yr led by rising selling prices of Goods & Services in the US

Assessment

- Price trends in the US suggest gradually seeping through increased tariffs into the economy, apart from a weaker USD (1-yr ahead inflation expectations of consumers closer to ~5%)
- ECB rates seen to be largely stable. China considering primarily fiscal stimuli to revive growth amidst structural deflation

Implication

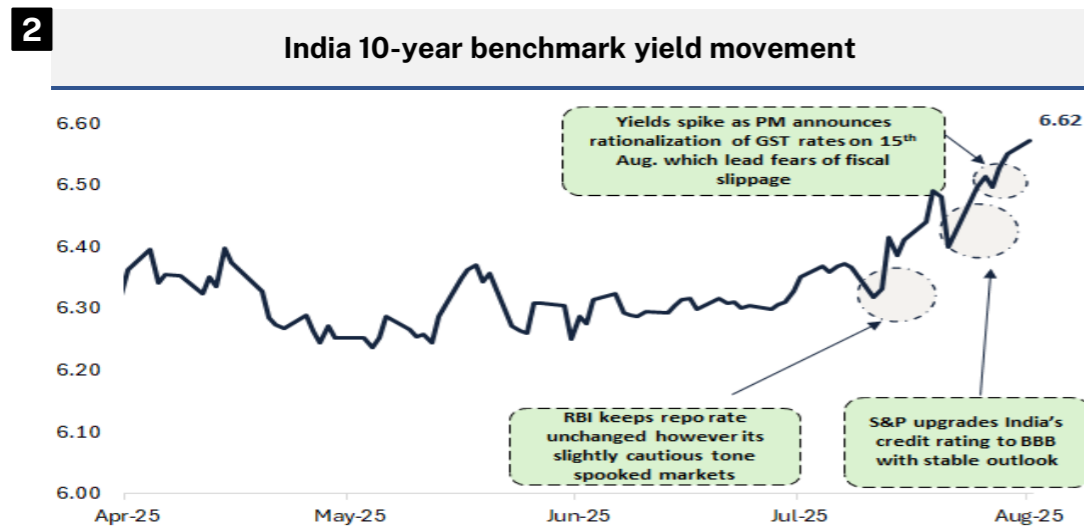
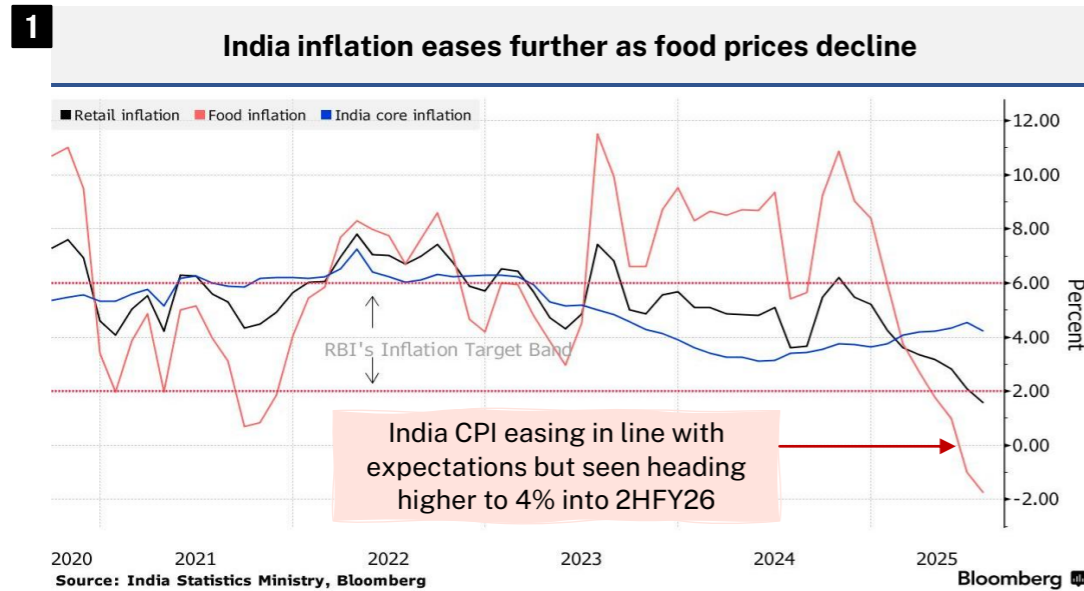
- Limited scope for Fed rate cuts, although labour market considerations may tilt the balance favorably
- For now, markets expect 2 rate cuts over the rest of CY25 and 2 more in CY26

Risks (to our view)

- Sharp or extended pick-up in US inflation even as growth falters (as indicated by weaker jobs data), leaving US Fed with limited policy space & triggering a disruptive rise in yields

Poor combination of higher import costs, moderating growth & a tricky political context complicates US monetary policy outlook

Inflation & Interest Rates – Local : RBI to be data dependent



Source : Bloomberg

Facts

- CPI inflation target for FY26 lowered to 3.1% ; 1QFY27 CPI seen @ 4.9%
- Impact of GST rationalization on 1) fiscal deficit (Centre + State) @ 0.2% of GDP in FY26 2) Inflation – Lower by 30 – 50 bps
- Bond yields have risen by ~20 bps fearing the fiscal impact & weak revenue trends

Assessment

- Besides rationalization, concerns on slowing tax collections (tax revenue @-1.7% y/y) could pose potential fiscal risks – esp. given the need to revive consumption.
- RBI may look for transmission of past rate reductions and incoming growth prints to explore further accommodation. While lower US rates would offer support, higher inflation in FY27 shall place a floor.
- Realized nominal growth rate in FY26 (~9 – 9.5%) could undershoot Budget estimates (~10.1%) to also have adverse implications for fiscal arithmetic
- One last rate cut could be on the cards if growth data were to disappoint

Implication

- The recent pullback in bond yields could hurt borrowing cost and preclude transmission – thus impacting a fragile investment and consumption recovery
- Long bond yields may remain volatile with a likely upside bias

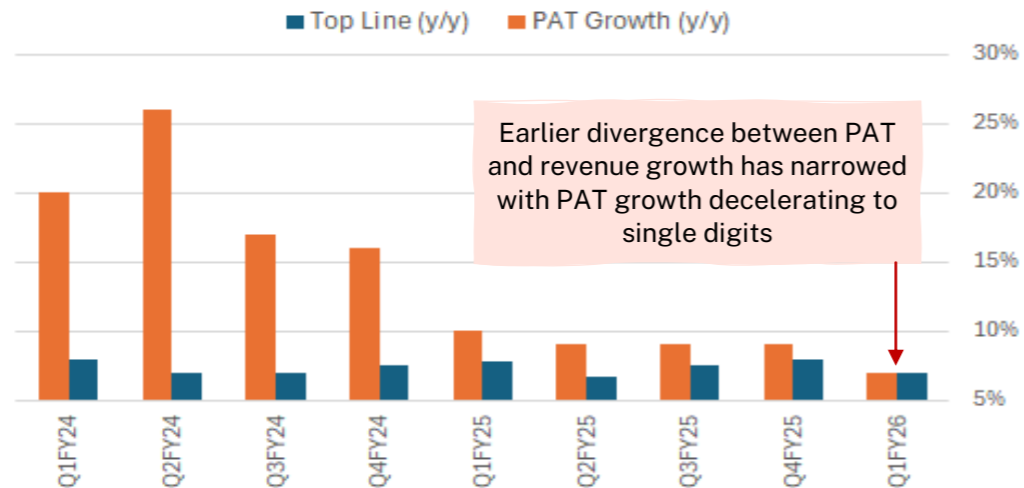
Risks (to our view)

- ↔ Sharper rate cuts triggered by worse than expected growth path & a conducive US rate cycle. In this scenario the Govt. likely remains fiscally conservative, shifting the baton to RBI to stimulate growth

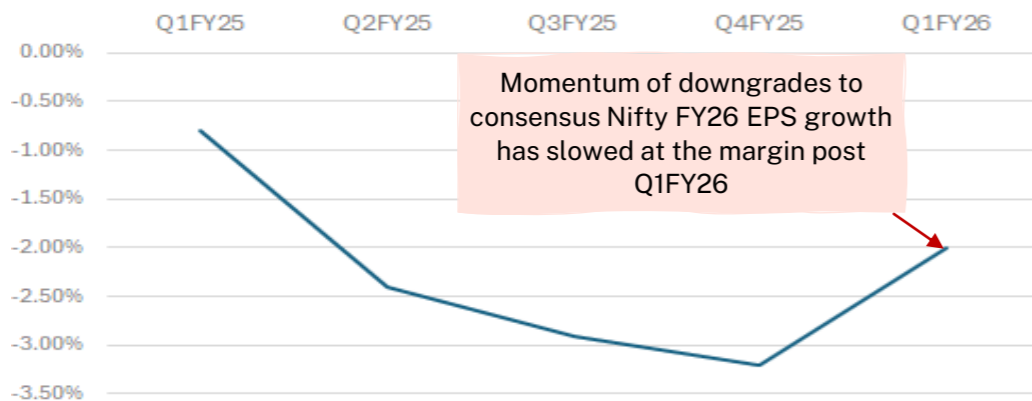
Base Case : Most positives (rate cuts, fiscal consolidation, liquidity support) behind us | One final cut possible in Q3 FY26

Valuation & Earnings : Sombre Q1 | Hopeful of 2H recovery

1 BSE 500 (ex OMCs) – Earnings Trajectory



2 Nifty FY26 EPS consensus forecasts over last 12M



Facts

- 1Q corporate revenue/profit growth at 5%/10% yoy (BSE500). Nifty Midcap150 profits up 17% yoy, while Nifty100 and Nifty Smallcap 250 earnings up by 8% and 6% yoy respectively.
- Post Q1, earnings on large caps have seen a mild cut (~1%), on smallcaps by ~4%, while midcaps stay stable / mild upgrades
- Consensus FY26 Nifty EPS growth pegged @ 9% vs 5% in FY25 & 15% for FY27

Assessment

- The very muted top line growth over the last 9 quarters has now percolated to the bottom-line – any revival in earnings growth requires demand growth as margin levers have mostly played out
- Anecdotal evidence suggests ‘Consolidation’ and a tendency for ‘Strong getting Stronger’
- Earlier profit growth drivers (Banks, Industrials, Power, RE) seeing moderation, former laggards (Cement & Chemicals) picking up. Telecom, Pharma continue to grow, IT remains soft - but has stabilized.
- 2Q earnings to be impacted by the GST led pushback in demand | Overall, as of now bracing for another muted year – with hopeful eyes on the festive season for an earnings revival |
- Nifty valuations in line with 10-yr averages but SMIDs stay elevated

Implication

- Earnings dispersion increasing across sectors and companies causing the market to pay premium for growth visibility
- Sector rotation and bottom up stock selection can be key drivers of portfolio performance |
- In a market bereft of absolute value and broad based growth, the preference seems to be veering towards visible growth with relative value

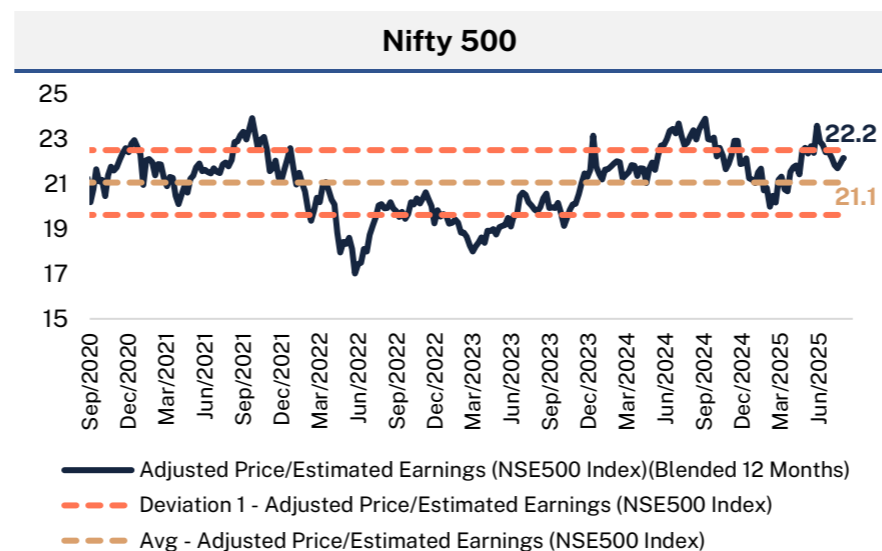
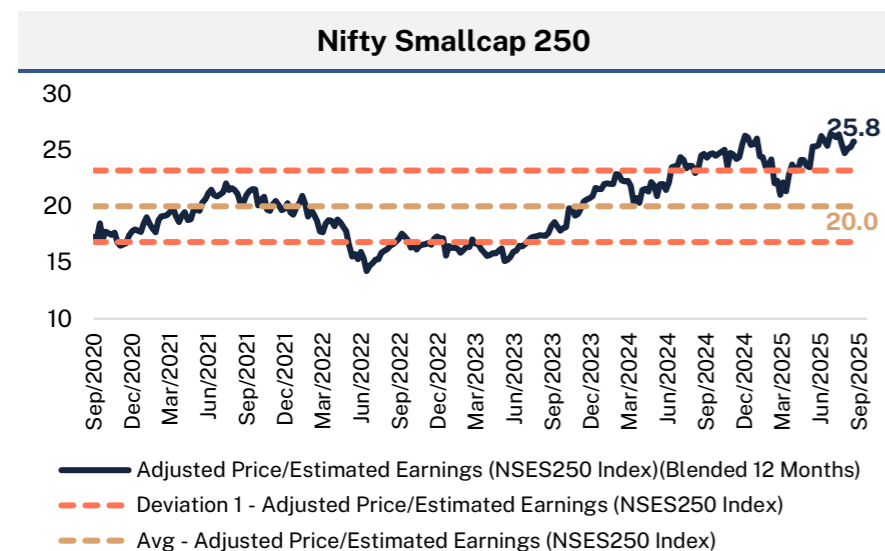
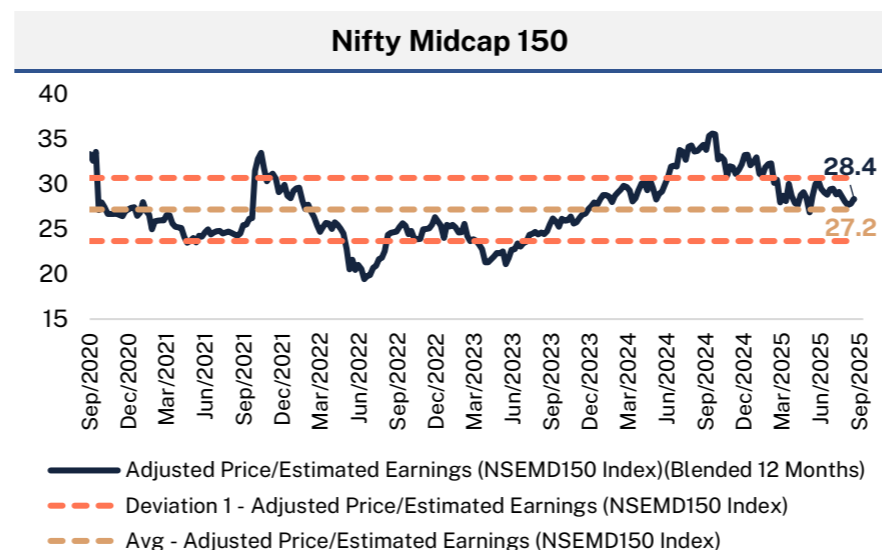
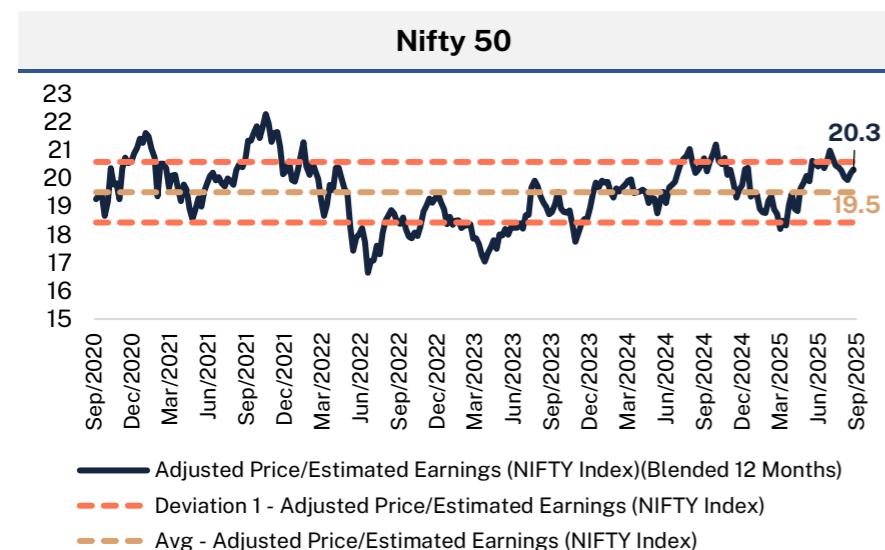
Risks (to our view)

- ✗ Hopeful for a stimulus led rebound taking shape but fear of ‘pushing a string’ on growth.
- ✗ FY27 earnings at risk
- ✓ Reversal of US tariffs to pre-Aug’25

Pace of earnings downgrades has likely slowed ; hopes pinned on festive season

Valuation & Earnings : Decoding Valuations

Large-cap stocks (Nifty) broadly in line with long term averages ; Mid-cap valuations, though slightly stretched, remain relatively less concerning; Small-cap stocks are trading at elevated valuations, warranting caution, .



Large Caps:

- Valuations are slightly below +1SD above the mean.

SMID Caps:

- Small caps are still trading above their +1 SD respective long-term fair valuation multiples while midcap are trading just above their long-term fair valuation. We continue to believe that it remains as a stock pickers market.

Valuation & Earnings : Q1FY26 Earnings Review (1/2)

Sector	Outlook
BFSI	<ul style="list-style-type: none"> In Q1FY26, banks reported a seasonally weak quarter marked by muted growth, higher slippages in agriculture and MFI loans, margin compression, and lagging deposit traction, though recovery is expected from H2FY26. Asset quality pressures remain in MFI and agriculture, while retail stays resilient. Life insurers continued to show resilience with steady VNB margins supported by protection and savings products, though ULIPs faced headwinds. Strong distribution and industry compounding position leaders well to sustain high-teen ROEV.
IT	<ul style="list-style-type: none"> In Q1FY26, IT services reported soft performance as global uncertainty led to project deferrals, slower decision-making, and weak discretionary spending. Tier-1 players saw revenue contraction (except Infosys with modest growth), while midcaps outperformed with stronger QoQ growth. Deal closures faced delays due to increased client caution on tariffs, though the pipeline remains cost-optimization led, with BFSI supported by AI adoption, even as manufacturing, retail, and healthcare saw continued headwinds. .
Oil & Gas	<ul style="list-style-type: none"> Q1 results validated that government allowing OMCs (BPCL, HPCL and IOCL) to earn integrated margin above pre-Covid level, after removing the temporary effect of inventory and LPG losses. Upstream PSUs face delays in production ramp-up due to infra bottlenecks and weaker crude realization. Weak Q1 operating performance of upstream was primarily due to lower crude oil realization
Automobiles	<ul style="list-style-type: none"> In Q1FY26, 2W and PV/PC segments showed divergent volume trends across companies, with muted realizations and margin contraction, though exports in 2W stayed strong. MHCV/LCV volumes were subdued with flat realizations and margins. Tyres saw moderate OEM and replacement demand but weak exports, leading to margin pressure. Bearings reported sequential margin contraction despite moderate industrial growth, with focus on localization and new products for future growth. Batteries faced higher input costs, though solar and replacement demand in 2W/4W remained healthy, while OEM demand was weak.
Consumer	<ul style="list-style-type: none"> In 1QFY26, consumer demand showed early signs of recovery, supported by softer inflation and tax breaks. Discretionary categories like value apparel, jewellery, and ethnic wear outpaced staples, while rural demand stayed strong and urban consumption showed sequential improvement. Looking ahead, macro tailwinds such as tax benefits, softer inflation, pay commission hikes, GST changes, and fiscal easing should aid demand, especially in mass categories.
Metals	<ul style="list-style-type: none"> In 1QFY26, steel spreads came under pressure from weak demand due to early monsoons and cheaper Chinese exports, which weighed on prices. However, lower coking coal costs and efficiency measures supported YoY EBITDA growth. For non-ferrous players, softer commodity prices were offset by lower input costs, improved coal availability, cost-reduction initiatives (including renewable energy), and higher volumes, leading to YoY EBITDA improvement.

Source: Bloomberg, Spark PWM

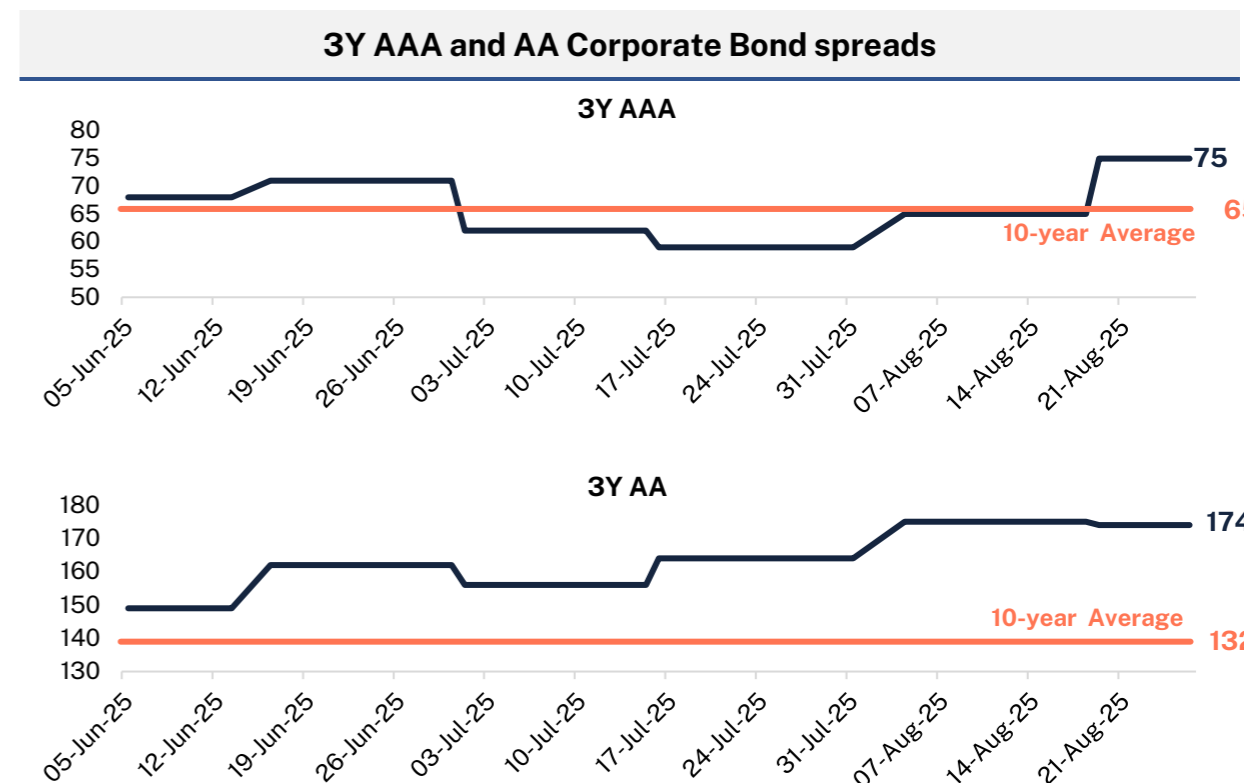
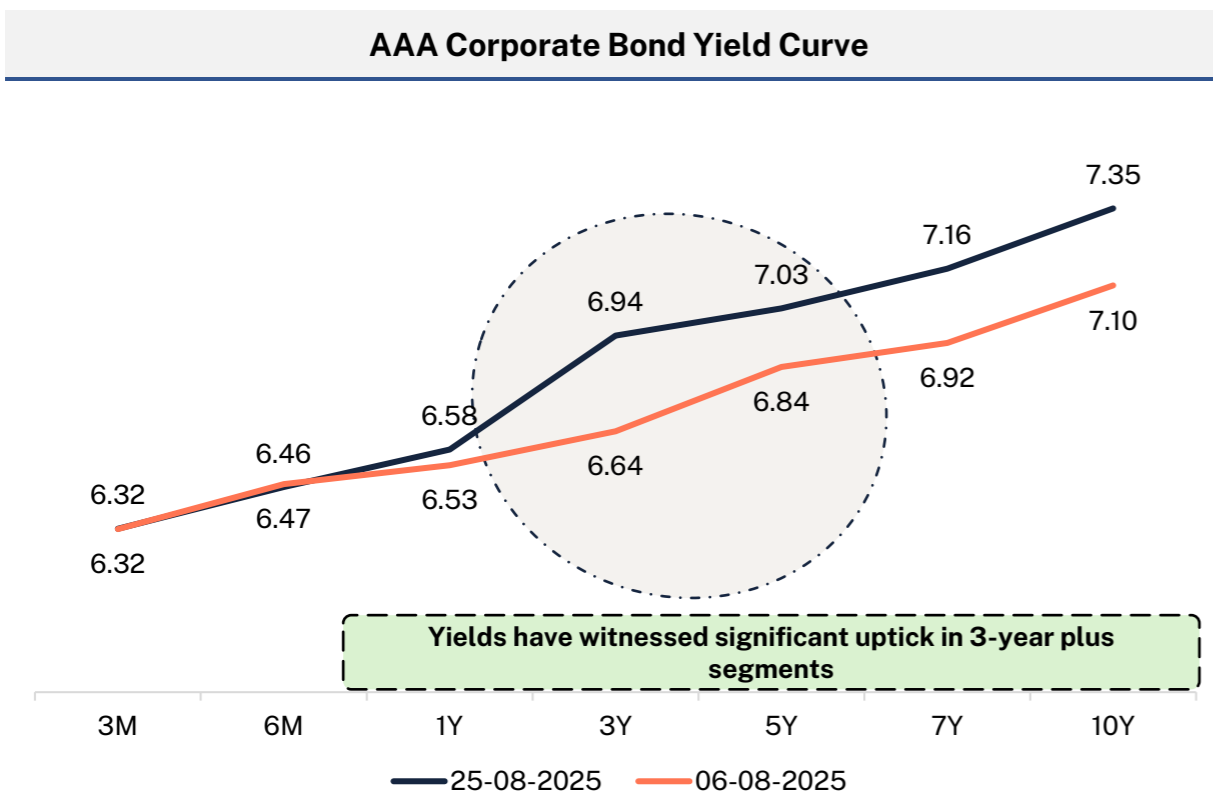
Valuation & Earnings : Q1FY26 Earnings Review (2/2)

Sector	Outlook
Telecom	<ul style="list-style-type: none"> The telecom sector reported stable performance with continued subscriber growth and steady execution trends. 5G adoption accelerated significantly, driving strong momentum in both mobile and Wi-Fi services. ARPU growth across operators was supported by richer customer mix, data monetization, and increasing uptake of bundled and postpaid services.
Pharma/ Healthcare	<ul style="list-style-type: none"> In Q1FY26, US generics delivered steady-to-strong growth for pharma companies aided by easing price pressures, new launches, and currency tailwinds, though tariff and pricing concerns still persists. The Indian Pharmaceutical Market grew ~8% YoY, driven by chronic and sub-chronic therapies with volume-led expansion, but acute weakness and muted pricing may cap upside versus investor expectations. CDMO companies posted strong results on back of China + 1 supply chain shift though valuations remain elevated. Hospitals reported strong patient volumes, ARPOB gains, and resilient margins, albeit with risks from upcoming bed additions; diagnostics maintained double-digit growth on preventive testing, Tier-II/III expansion, and early digital/AI adoption supporting efficiency and margins.
Cement / Building Materials	<ul style="list-style-type: none"> The cement industry saw volume growth slow to ~4% YoY (-10% QoQ) due to monsoon-led demand weakness, though realizations rose ~5% YoY/QoQ, driving ~38% YoY EBITDA/tonne growth. Plastic pipes faced muted demand, lower realizations, and inventory losses from PVC volatility, leading to margin contraction. Tiles struggled with soft domestic and export demand but showed resilience in Tier II/III cities and also saw margin improvement from better mix and input savings. Wood panels delivered strong growth in plywood (BIS-driven shift to organized players) and steady MDF performance, with margins supported by higher utilization and softer timber prices.
Chemicals	<ul style="list-style-type: none"> Chemical companies posted YoY improvement with Speciality Chemicals and Agro Chemicals performing better, while Commodity chemicals saw mixed trends; Speciality Chemicals was impacted by weaker sequential exports, whereas others gained from domestic demand, stable pricing, and improved exports. Europe showed early recovery signs with rising production and order books, but US trade tariffs and geopolitical issues impacted exports and sentiment. Despite ongoing earnings downgrades and stock corrections post-results, managements reiterated expectations of a gradual sector recovery, with momentum likely to strengthen in H2 FY26.
Realty	<ul style="list-style-type: none"> Real estate developers reported strong YoY presales growth (low double-digits to over 3x), led by resilient housing demand and premium launches, with any moderation linked to launch timing rather than weak demand. Business development remained robust, highlighting consolidation toward branded players and ensuring healthy supply visibility, with several developers already ahead of FY26 guidance. The sector outlook stays constructive, supported by affordability, urbanization, premiumization, and disciplined supply, positioning it for another year of strong growth.

Source: Bloomberg, Spark PWM

Valuations : Corporate bond spreads stay wide

Spread in the 3Y AAA and AA segment offers favorable risk reward



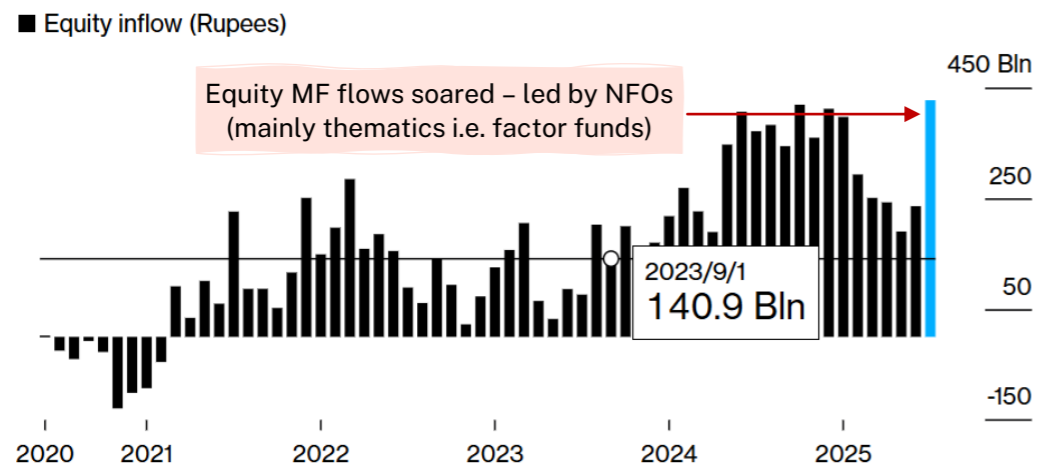
- AAA corporate bond yields in 3 – 5 yrs segment rose by 25 – 30 bps vs. slightly higher than the rise in g-sec yields.
- Corporate bond spreads have thus narrowed by a tad - that said, credit spreads in the 3Y AAA/AA segment remain higher than 10-yr averages & thus, continue to remain attractive

By far, the B/S of Corporate India remains robust, with low – manageable credit costs – notwithstanding the somewhat muted P&L in recent quarters. Therefore, we continue to suggest focusing on corporate bonds in the 3-5 year segment selectively with a potential of earning reasonably high carry, but with somewhat limited capital gain potential.

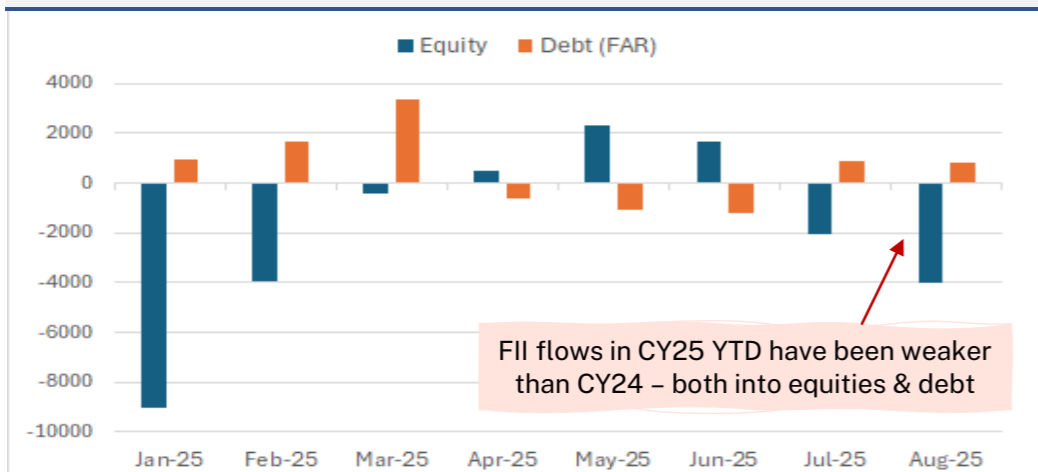
Source: Bloomberg, Spark PWM
Data as on 25th August 2025

Allocation of Capital : Domestic liquidity buoyant, FIIs remain wary

1 Indian Stock funds saw record inflows in July



2 FIIs stay away as tariffs, earnings & valuations weigh (Flows in USD M)



Source : Bloomberg, NSDL

Facts

- Flows into equity funds surge 80% m/m led by NFOs (Innovation Funds, Multi-factor funds), Flexicap & SMID funds Strong SIP folio growth
- FIIs remained sellers with CYTD @ -USD13.5B (vs CY24 : +USD 124M) – latest sell off trend seen across EMs with capital rotating back to US . FIIs remain net sellers for the 5th consecutive year in 2025
- US remains a magnet for global capital – pulling in an all time high USD 1.25T across asset classes (last 12M as of Jun'25) notwithstanding the steepest fall in USD, since 1973 in 1HCY25

Assessment

- India is the least preferred market in Asia currently for FPIs
- PFs/EPFO seen to be hiking their equity allocations as debt yields below their return thresholds
- Net inflows ex-SIPs highest in Jul'25 – 'buy-the-dip' likely playing out
- No impact of flattish – mildly -ve 1-yr returns on retail flows as yet – Aug'25 MF inflow data indicates continued buoyancy.

Implication

- Most managers have actively reduced cash in their portfolios from Apr'25 peaks during the weakness in markets over last 5 – 6 weeks (Anecdotal evidence suggests cash levels lowered even further in Aug'25) - however, MF Managers are very demanding on valuations w.r.t IPOs & block deals
- Given continued strong domestic participation, chances of a sharp price correction seems to be low – individual stock price movements are sharp as investors toggle across stocks and sectors

Risks (to our view)

- ✓ Positive surprises can trigger melt-ups given light FII positioning

Debt has outperformed equities in the last 12M. Retail MF flows – a key pillar for equity markets* has historically been closely correlated with 12 – 15M performances – therefore, this remains a key monitorable

(*DII holding in Nifty 500 @ 19.4% > FIIs's @ 18.8% - (Jun'25))

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

FII flows remained mixed, with sustained inflows into Consumption, Chemicals, Services, and Telecommunication, while Financial Services, Information Technology, and FMCG experienced persistent outflows.

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

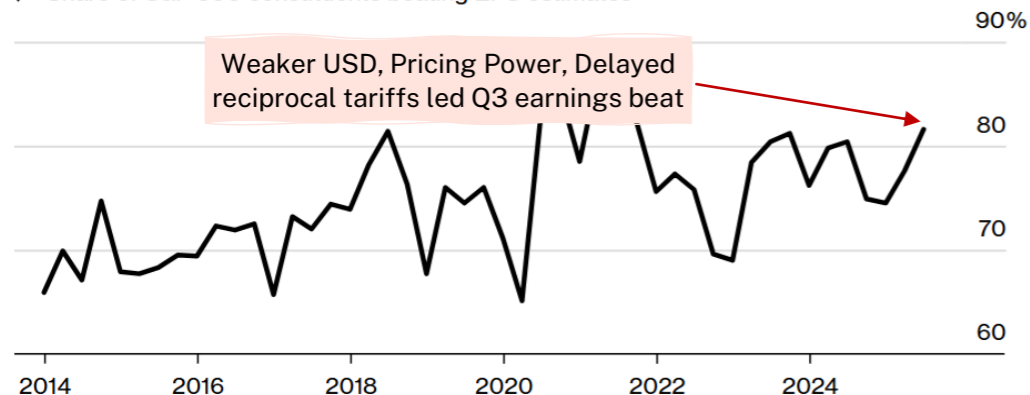
SECTOR / DATE	15-Jun-25	30-Jun-25	15-Jul-25	31-Jul-25	15-Aug-25
Automobile and Auto Components	(296)	5,014	(1,134)	(2,425)	(814)
Capital Goods	1,188	(3,022)	899	(624)	1,118
Chemicals	1,405	987	168	961	410
Construction	(225)	237	(137)	(1,316)	1,378
Construction Materials	(584)	842	136	193	1,690
Consumer Durables	(1,893)	(600)	(1,292)	(1,322)	(1,133)
Consumer Services	(1,461)	2,809	949	1,992	(948)
Fast Moving Consumer Goods	(3,626)	(371)	(1,428)	2,986	(1,150)
Financial Services	3,235	4,615	1,458	(7,841)	(13,758)
Healthcare	39	(485)	(757)	700	(2,095)
Information Technology	(1,713)	2,879	(5,479)	(14,422)	(6,380)
Metals & Mining	(458)	(1,059)	1,709	1,717	606
Oil, Gas & Consumable Fuels	921	4,938	854	(4,204)	(4,091)
Power	(3,153)	(3,198)	165	(161)	(2,359)
Realty	538	1,000	(752)	(3,657)	(1,402)
Services	403	(57)	2,734	654	2,880
Telecommunication	(887)	3,620	283	1,190	7,446
Others	(13,570)	3,438	2,481	12,255	2,034
Total	(20,137)	21,587	857	(13,324)	(16,568)

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

Trends & Sentiment : Relative valuations weigh, but IPO pipeline robust

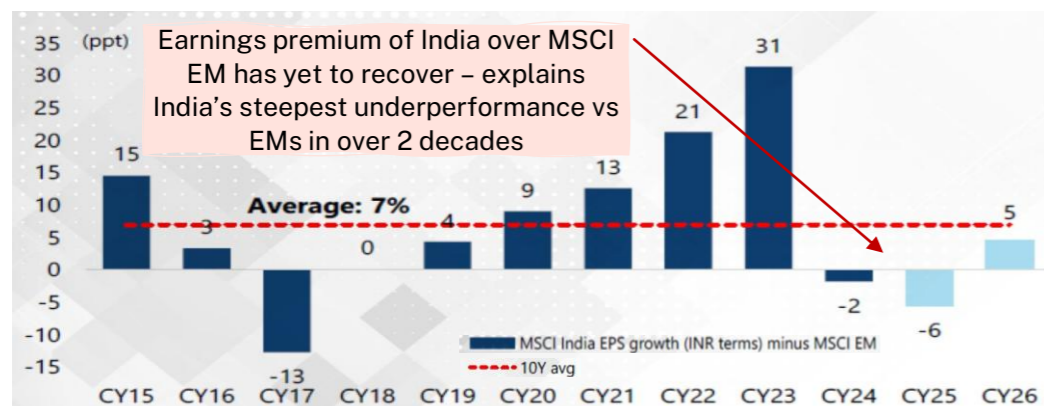
1 S&P 500 firms enjoy best season in about four years Shares of firms beating earnings estimates is highest since 3Q 2021

Share of S&P 500 constituents beating EPS estimates



Source: Bloomberg Intelligence

2 India's excess earnings growth over EMs has vanished



Source: Moneycontrol / Jefferies

Facts

- India's earnings growth premium over EMs has vanished (See Fig 2) - India's EPS cut in the last few weeks was the steepest across Asia
- Strong US earnings growth eclipsing sentiment towards EMs including India
- IPO pipeline for balance CY25 estimated at USD 18B - very early signs of some pullback in the last few days
- Traded volumes down 30% y/y ; fresh demat additions slowing although margin trade book remains close to all time high

Assessment

- India's relative attractiveness has ebbed due to muted earnings outcomes & outlook alongside elevated valuations - geo-politics / tariffs accentuating these concerns
- Currently, India is a significant UW in global portfolios (BoFAML survey)
- Strong domestic liquidity reflects positive domestic sentiment - however, continued promoter selling suggests caution

Implication

- Rotation into higher growth-better valued markets to continue until India's earnings growth visibility does not improve
- Heavy IPO pipeline to drain secondary market liquidity

Risks (to our view)

- Regulatory actions on derivatives market reflecting Govt's concern on mounting losses for retail investors and behavioral implications (akin to action on gaming companies !)
- US tariff changes - binary outcomes, difficult to predict

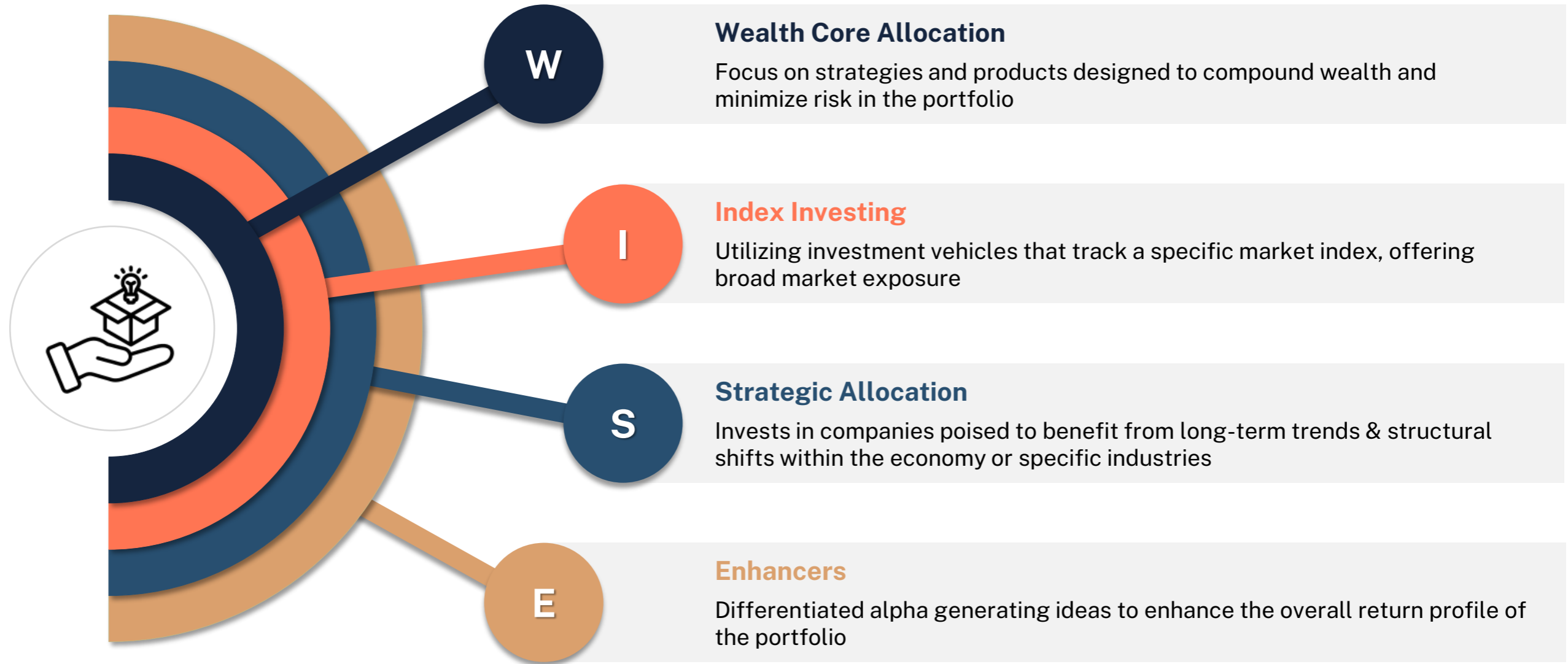
Domestic sentiment remains positive. Global investor sentiment negative - light positioning implies shallow downside

Guidance on Portfolio Strategy – Equities

- **Shift in medium term growth dynamics** – Mean reversion from ‘Super Normal to Normal’ growth be it on economic growth or corporate earnings – with implications on return expectations (needs to be calibrated lower) and sectoral / thematic leadership. Any thrust on kicking off a new wave of reforms can restore the higher growth trajectory
- The current market context thus offers an opportune time to revisit existing portfolios for repositioning along the following lines

1. Given the overall muted growth, the focus has likely **shifted from broad-based earnings growth to pockets of visible growth and relative value** – this emphasizes the need for nimble, sector rotation & bottom-up strategies. **Stock picker’s market vs a macro driven market**
2. Despite this, valuation floors have reset higher given the significant and rising savings pool flowing into Indian equities. Therefore, **trade-offs from sharp cash calls by investors may not be favorable** – allocation response to swift market reactions are best handled by Fund Managers. Investors may be best served by adopting a **nuanced approach of UW/OW exposures around a strategic asset allocation** framework
3. Within this therefore, the equity portfolios can be currently constructed around the following – prefer :
 - Flexi-Multicaps over pure Large Caps as it gives an opportunity to capitalize especially on good quality, higher growth midcaps and select smallcaps. Stay cautious on dedicated smallcaps – given that valuations are not supportive, growth appears shaky (last 2Q is evidence) & with higher vulnerability to weak environment
 - Growth-oriented strategies where visibility is better despite higher –than–desired valuations
 - Mix of fully deployed strategies and Managers open to taking cash calls
 - Staying away from narrowly focused / dedicated single theme strategies
 - For fresh allocations, a staggered approach over 3 - 6M to navigate corporate results, event risks & expected policy stimuli
4. Global equities offer an interesting diversification opportunity given the relatively superior growth – valuation trade-offs ; although our effort here is to look for diversified ideas without an overarching single country focus.
5. Alternate ideas across PE/VC/Late Stage – i) The nervousness in listed equities will likely improve the attractiveness of private market valuations ii) Offers niche, unique themes not widely represented in conventional portfolios

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



Suggested Equity Ideas

Products	Brief Rationale & 3-Month Attribution	
ICICI Pru Large Cap Fund	<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"> The fund outperformed the Nifty 100 TRI. This can be attributed to: <ul style="list-style-type: none"> An overweight stance on Industrials An underweight stance on IT, Consumer Staples, Utilities Stock selection in Financials, Industrials, Real Estate
Bandhan Nifty100 Low Volatility 30 Index Fund	<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"> The fund outperformed the Nifty 100 TRI. This can be attributed to: <ul style="list-style-type: none"> A higher skew towards Consumer Discretionary A lower skew towards Energy, Utilities Performance of Consumer Discretionary, Consumer Staples, Healthcare 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"> The fund underperformed the Nifty Large & Midcap 250 TRI. This can be attributed to: <ul style="list-style-type: none"> An overweight stance on Consumer Staples An underweight stance on Industrials, Healthcare, Financials Stock selection in Financials, Consumer Discretionary
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 last quarter , the fund has outperformed the BSE 500 TRI. The key contributors were GE Vernova, Hitachi Energy and Motilal Oswal
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 last quarter, the fund outperformed the Nifty 50 TRI. Key contributors were Abott India, EID Parry, Abott India and Mahindra & Mahindra
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 last quarter , the fund has outperformed the BSE 500 TRI. The key contributors were HDFC AMC, Usha Martin, Eternal , Sobha Ltd and VRL Logistics 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 last quarter , the fund has outperformed the BSE 500 TRI. The key contributors were Aditya Birla Capital, Birla Corporation, DCM Shriram, IIFL Finance and Shriram Pistons 	<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 last quarter , the fund has outperformed the BSE 500 TRI. The key contributors were Glenmark Pharmaceuticals, Sai Silks, One97 Communications and Camlin Fine Sciences 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 last quarter , the fund has outperformed the Nifty 50 TRI. The key contributors were HDFC AMC, Alembic Pharma and L&T

3-month attribution is as on July 31, 2025
 Source: Bloomberg (for Equity MFs), Spark PWM Products

Suggested Equity Ideas

Products	Brief Rationale & 3-Month Attribution	
Nippon India Multi Cap Fund	<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"> The fund outperformed the Nifty 500 TRI. This can be attributed to: <ul style="list-style-type: none"> An overweight stance on Industrials, Consumer Discretionary An underweight stance on Consumer Staples, Energy, IT Stock selection in Financials, Industrials, Healthcare
Parag Parikh Flexi Cap Fund	<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"> The fund outperformed the Nifty 500 TRI. This can be attributed to: <ul style="list-style-type: none"> An overweight stance on Consumer Discretionary, IT An underweight stance on Consumer Staples Stock selection in Communication Services, IT, Consumer Discretionary
WhiteOak Capital Flexi Cap Fund	<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"> The fund outperformed the Nifty 500 TRI. This can be attributed to: <ul style="list-style-type: none"> An underweight stance on Utilities, Consumer Staples, Energy Stock selection in IT, Consumer Discretionary, Materials, Real Estate
Old Bridge Focused Fund	<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"> The fund underperformed the Nifty 500 TRI. This can be attributed to: <ul style="list-style-type: none"> An overweight stance on IT, Consumer Staples An underweight stance on Industrials Stock selection in Financials, Healthcare, Consumer Discretionary
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 last quarter, Bespoke and HCI outperformed 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 last quarter, the fund has outperformed the BSE 500 TRI. The key contributors were Man Industries, Craftsman Automation, Syrma SGS Tech and Mold Tek packaging
Carnelian Shift PMS/Franklin India Opportunities Fund	<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 last quarter, the fund has outperformed the BSE 500 TRI. The key contributors were Dhanuka Agritech, Flair Writing, Timken India and R Systems 	<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) The fund outperformed the Nifty 500 TRI. This can be attributed to: <ul style="list-style-type: none"> An overweight stance on Consumer Discretionary, Healthcare An underweight stance on Utilities Stock selection in IT, Consumer Discretionary, Healthcare

3-month attribution is as on July 31, 2025
Source: Bloomberg (for Equity MFs), Spark PWM Products

Suggested PE & VC Ideas

Particulars	Parameters	Samara Capital Fund III	ValueQuest Scale Fund II	Navam Capital Fund I	Spark Near IPO Fund
Stage	Early Stage	-	-	Seed, Series A and Series B	-
	Growth Stage	-	Yes	-	-
	Late Stage	-	Yes	-	Yes
	Buyout	Yes	-	-	-
Fund Details	Min Investment	1 Cr	2 Cr	1 Cr	1 Cr
	Tenure	10+1+1	8+1+1	10+1+1	5+1+1
	Spaces	Consumer, Financials, Healthcare, Business Services	Classic Sectors: Consumer, Pharma, Niche Manufacturing, BFSI New-Age Economy Sectors: Energy Transition, Tech Driven Businesses	Deep Tech – Agri Tech, Space Tech, AI, Drone tech, Biotech, Robotics and Data Science	Sector Agnostic
	Commitment Period	~5 years	3 to 4 years	3 Years from first close (Extendable By 1 Year)	2 Years
	Ideal Stake	51-100%	8-10%	3 to 5% with rest reserved for follow on rounds	Up To 10%
	Exit (Indicative)	5 th Year Onwards	4 th and 5 th Year Onwards	6 th Year Onwards	3 rd Year Onwards
	Avg Holding Period	5-6 Years	2 -2.5 Years (Late Stage) 3.5-4 Years (Growth Stage)	6-7 Years	2-3 Years
	Average Ticket Size	INR 500-1,500 Cr (Including Offshore + Co Investment)	INR 150 - 400 Cr	INR 12-15 Cr	INR 30-70 Cr
	No. of Investments	8 - 10	12 - 15	12 - 15	7 - 9
	Target IRR	25%	25-30%	30-35%	25%
Target Corpus	INR 2,000 Cr	INR 3,000+1,000 Cr	INR 250+150 Cr	INR 250+250 Cr	

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 relationships 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 40% 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.

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
- Current Drawdown is 15%
- Average expected holding period is **4-6** years
- Investment Themes:
 - **Unorganized to Organized**
 - **Rising penetration on the back of awareness**
- Fees:
 - 2% management fees
 - 10 % Hurdle and 20% profit share with catchup

ValueQuest Scale Fund II

Why we like ValueQuest Scale Fund II?

Firm

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

Manager

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

Fund

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

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

Strategy : Debt & Gold

Carry Opportunity

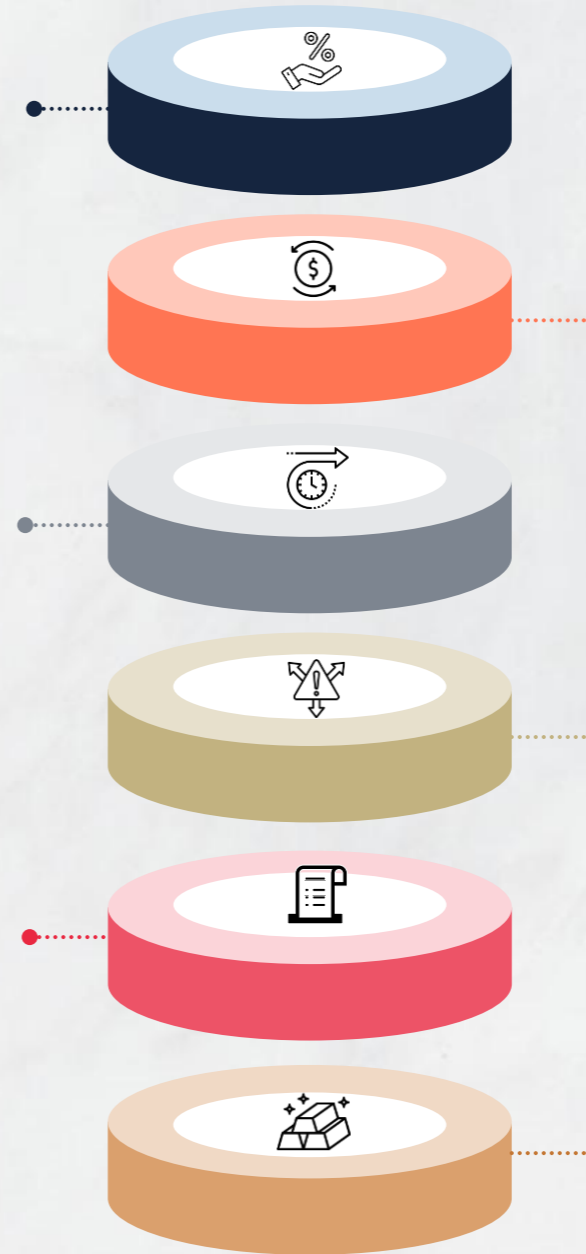
- Corporate Bonds offer attractive carry opportunity plus limited capital gains on the back of better transmission of rates

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 in the corporate bond segment with possibility of limited capital gains

Positive on InVITS & REITs

- Historically, InVITs & REITs have had an inverse correlation with interest rates majority of the time.



Domestic factors favourable for yields

- Bond yields should continue to take cues from demand and supply environment for Govt securities., controlled fiscal deficit, neutral monetary stance on the back of moderating GDP growth
- FPI flows remained positive in August at \$~1.5bn. 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 and AA rated space trade higher than 10 year average.
- A “Carry” trade in the 3Y maturity using quality credit papers appears attractive.

Gold

- Apart from being an inflation hedge & offering a downside cushion against, financial market volatility, escalating geo-political tensions, the strategic relevance of gold in the portfolio has only increased given the evolving macro context of a weakening USD, sticky inflation but expected lower interest rates in the US.

Neogen Chemicals Limited

Details of the Issuance

Issuer Name	Neogen Chemicals Limited (“NCL”)
Type of Instrument	Secured, Listed, Rated Non-Convertible Debentures (NCDs)
Rating	CRISIL A (Outlook : Negative)
Coupon	10.50% pa.pm.
Face Value/Debenture	1,00,000 per NCD
Investor Yield to Call/Put	11.5% YTP
Principal Payout	Principal shall be repayable upon exercise of Call / Put option or Maturity.
Call / Put Option Exercise Date	12 th Aug 2027 (24 months from deemed allotment)
Maturity Date	12 th Feb 2028 (30 Months from Deemed Allotment)
Trade Date	TBD
Step Up/Step Down Coupon Rate	<ul style="list-style-type: none"> ▪ Downgrade: If the credit rating of the debenture or the company falls, the interest rate increases by 0.50% per notch downgrade. ▪ Upgrade: If the rating is upgraded, the interest rate decreases by 0.50% per notch but cannot go below the original rate. ▪ Once the rating is restored to “CRISIL A”, the interest rate returns to the original level.
Covenants	<ul style="list-style-type: none"> ▪ Promoters must retain minimum 45% shareholding and remain on the Board. ▪ The Current Ratio (Current Assets ÷ Current Liabilities) must be maintained at above 1.33x. ▪ The Borrower must report quarterly sales of at least ₹150 crore. ▪ The EBITDA margin must be at least 14%, tested quarterly. ▪ The Company must remain profitable on a quarterly basis.
Security Cover	<ul style="list-style-type: none"> ▪ Unconditional and irrevocable personal guarantee provided by the Promoter – Mr. Harin Kanani. ▪ Fixed Deposit equivalent to 7.5% of the facility amount, with lien in Favor of the Debenture Trustee ▪ Demand Promissory Note and Post-Dated Cheques furnished by the Issuer ▪ Security cover of 1.25x shall be maintained on the facility at all points in time. ▪ Subservient charge on the Issuer’s current and fixed assets

Nuvama All Weather Equity Linked MLD

Issuer	Nuvama Wealth Finance Ltd.
Credit Rating	Rated PP-MLD ICRA (AA)/ Stable
Secured	Yes, with a minimum 1x charge against identified financial assets
Listing	Listed on a leading stock exchange
Underlying	Nifty 50 Index
Principal Protection	Principal amount is protected at maturity, to the extent of Face Value
Face Value	Rs. 1,00,000/-per debenture
Tenor in Months	~36/42M
Max Coupon	45.5% basis face value
Entry Level	Average of official closing levels of Nifty 50 Index as on primary issuance/trade date(i.e. 24th July 2025) and F&O expiry of August-25, September-25, October-25
Exit Level	Average of official closing levels of Nifty 50 Index as on F&O expiry of April-28, May-28, June-28, July-28
Return Profile	<p>If Nifty returns between 5.01% -12.99%; 5.6875x of Nifty returns in excess of 5% abs (e.g. if Nifty returns are 10% abs, AWE returns = $(10\% - 5\%) * 5.6875 = 28.4375\%$)</p> <p>If Nifty returns $\geq 13\%$; 45.5% absolute return basis Face Value</p> <p>If Nifty returns $\leq 5\%$; face value</p>

*NWFL is rated AA-/Positive by CRISIL and AA/Stable by CARE; rating mentioned on the termsheet would be either of

Privately Listed InvIT: National Highways Infra Trust InvIT “NHIT InvIT”

Product Overview	
Product	National Highways Infra Trust InvIT “NHIT InvIT”
Category	Privately Listed InvIT
Sponsor:	National Highways Authority of India (NHA)
Industry	Toll Road Assets
Revenue Model	Toll Collection from Road Assets
Portfolio Assets	26 Operational Road Assets covering 41 Toll Plazas
Length	2,345 Kms (~12,000 Kms) across 13 Indian States
Concession Period	20.5 Years (Wt. Avg.)
Distribution Yield	5.7% for FY25
Past Returns	~14.5% CAGR Since Inception* Including NAV Gains and Distributions
Target Investor Profile	Stable and rising yields with potential for capital appreciation

Highlights of NHIT InvIT
<ul style="list-style-type: none"> India’s only road-focused InvIT that is backed by the Government of India. Its main goal is to own, operate, and manage toll road assets, offering stable and rising returns to investors while supporting the government’s push for infrastructure monetization. Has raised 46,350 Crores since inception across four structured rounds to acquire operational toll roads. Continues to expand its portfolio, with Round 4 completed in April 2025 — backed by key investors and adding 11 operational toll road assets. Since inception, NHIT has distributed a total of ₹2,018 crore, amounting to ₹21.4/unit to its unitholders. Upside potential from factors such as a decline in interest rates, accelerated portfolio growth through new acquisitions, and increased leverage at the trust level — all of which can contribute to higher distributable income.

Key Investors	
Canada Pension Plan Investment Board	25%
Ontario Teachers’ Pension Plan Board	25%
Government of India (via NHAI)	15%
Other Key Institutions (SBI, Nippon, EPFO)	8%
Retail & Others	27%
Target Returns	
Target Returns IRR: 15-16% over 3 years	
HTM Yield: 12-13%	
InvIT Management Details	
<p>Mr. Mr. Rakshit Jain Managing Director & CEO</p> <p>Work Experience 30+ years of diverse infrastructure experience across roads, power, transport, utilities, and strategic asset management.</p> <p>Previous Stints Autostrade Indian Infra, GVK Group, Nxt-Infra Trust.</p>	

Data as on 31st March 2025

*Returns are indicative. Past performance does not guarantee future returns

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

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

Highlights of the Fund
<ul style="list-style-type: none"> The fund aims to invest in high yielding debentures (including equity warrants) to MSME / SME / Fintech / Manufacturing / Services companies backed by a combination of business cash flows, promoter assets, guarantees, share pledges and other security structures Portfolio of ~12 – 15 investments over fund life Quarterly distribution of cash coupon, capital distributions after 4th year Sector/Geography: <ul style="list-style-type: none"> Focus on 'core sectors' with group synergies 'Growth' focus on MSME/SME, bridge funding to larger companies Pan India Focus on urban and major cities Single investment concentration limit: 10-15%**. Single Industry Concentration limit: 25%** Balance between short-term quick churn & HTM to maximize portfolio returns

Past Fund :Sundaram AMC
<p>No. Of Funds: 5 (1 has matured, 4 are deployed)</p> <p>AUM Garnered: ~INR 3,150 Cr</p> <p>Portfolio IRR (Gross): ~15.2% (Matured Funds)</p> <p>Portfolio IRR (Gross): ~17% (Deployed Funds)</p>
Fund Manager Details
<p>Vaatsal Tandon Fund Manager, PCOF-I Fund</p> <p>Work Experience 12+ years</p> <p>Previous Stints JM Financial, ARKA Fincap Ltd</p>


*Subject to Sundaram Finance Board Approvals

**Additional concentration limit of 5% in one-off situations with higher thresholds of approval

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

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

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

SpECS II Details (Previous Fund)
First Close: Nov 2022
AUM Garnered: ~INR 594.5 Crs
100% amount drawn to date
18 Investments made including redeployment
Amount distributed: INR 166.1 Crs
Portfolio IRR: 14.8% (Gross)
Fund Manager Details
Kapil Ramamurthy  Co-founder, Spark Capital
Work Experience 25+ years
Previous Stints HDFC Bank & Standard Chartered Bank

Source: Spark Alternative Assets Advisors India Pvt Ltd

Axis Income Plus Arbitrage Active FoF

Fund Details

Fund manager	Devang Shah, Hardik Shah
Strategy's Inception Date*	Mar-2025
AUM (in Cr)	1,289
Taxation	12.5% post holding of 24 months

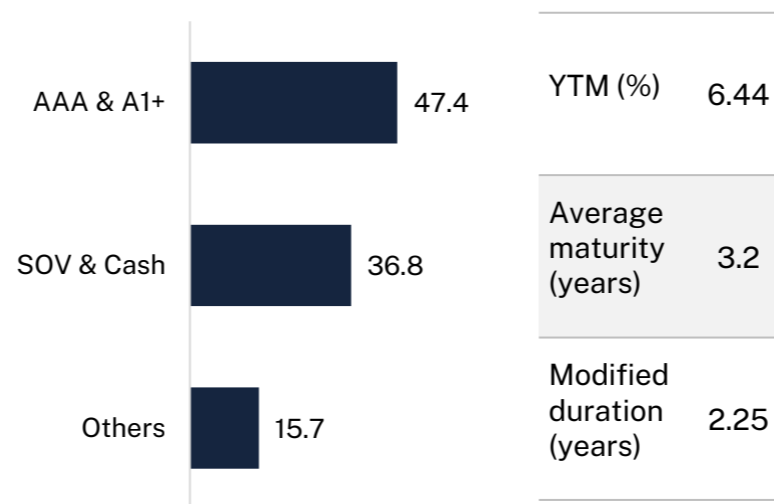
Track Record

Performance (%)	3M	6M	1Y	3Y	5Y
Axis Income Plus Arbitrage Active FoF	6.50	6.25	-	-	-
Category Average	6.17	6.68	8.12		
CRISIL Composite Bond Index	4.36	9.29	8.79	8.16	6.01

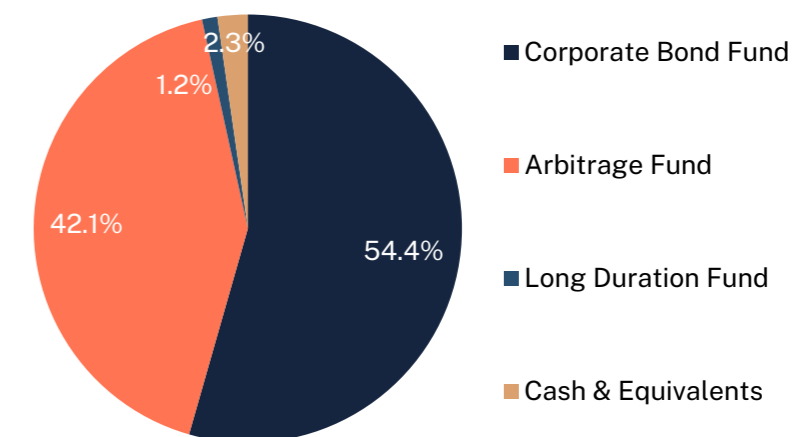
Investment Philosophy & Strategy

- The strategy of the fund is to follow a **multi-fund house approach**, reducing investment style and fund manager biases.
- It maintains a **high-quality bias**, focusing on AAA-rated securities, and employs a **dynamic allocation strategy** by adjusting duration, credit, and cash exposures through underlying funds based on the market environment and macroeconomic outlook.
- The fund maintains a core portfolio duration of 3–6 years but actively adjusts it based on macroeconomic conditions.

Rating Allocation



Asset Allocation



Current Portfolio

Underlying Funds	Holding(%)
Axis Corp Bond Fund(G)-Direct Plan	26.03
Axis Arbitrage Fund(G)-Direct Plan	20.85
Kotak Arbitrage Fund(G)-Direct Plan	15.07
Nippon India Corp Bond Fund(G)-Direct Plan	14.85
Aditya Birla SL Corp Bond Fund(G)-Direct Plan	13.54
Aditya Birla SL Arbitrage Fund(G)-Direct Plan	6.21
Net Current Asset	1.62
Axis Long Duration Fund(G)-Direct Plan	1.16
Clearing Corporation Of India Ltd.	0.66
Total	100

* Change in Strategy since Mar-2025

Source: ACE MF.

Returns and Yields as on 15th August 2025; Portfolio details as on 31st July 2025

Past track record are not an indicator of future performance

Disclaimer

Spark PWM Private Limited (*formerly known as Spark Family Office and Investment Advisors (India) Private Limited*) (“Spark PWM”) is registered with SEBI as a Portfolio Manager, Stock Broker, Research Analyst, and Mutual Fund Distributor with Association of Mutual Funds of India.

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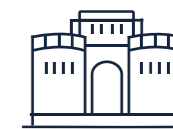
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Sangamvadi,
Pune – 411 001



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Satellite,
Ahmedabad – 380 015



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Kolkata – 700 016



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K V Nagar,
Kochi – 682 036



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Kuravankonam,
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