

Dear Investors,

Our PMS and AIF performance as of last month is as follows (Exhibit 1).

Exhibit 1: TWRR Performance (after all fees and expenses) as of 31-January-2026

Investment Approach (Benchmark)	Inception Date	AUM (INR cr)	1M	3M	6M	1Y	Since Inception (Annualized)*
PMS Large Midcap	11-Apr-23	93	-2.7%	-1.9%	2.3%	13.4%	19.4%
(Nifty 50 TRI)			-3.0%	-1.5%	2.6%	9.0%	15.2%
PMS Small Midcap	11-Dec-23	108	1.2%	-18.2%	-21.0%	-13.1%	8.0%
(Nifty 50 TRI)			-3.0%	-1.5%	2.6%	9.0%	10.5%
AIF Alpha Fund 1**	24-Mar-25	35	-3.4%	-9.9%	-11.3%	NA	4.1%
(Nifty 50 TRI)			-3.0%	-1.5%	2.6%	NA	9.6%
PMS Other AUM		235					
Total AUM		471					

*Returns for Large Midcap and Small Midcap are annualized as they have completed full year. However, returns for Alpha Fund I are not annualized as it is yet to complete one full year.

** Returns for AIF Alpha Fund I are pre-tax but post all fees and expenses.

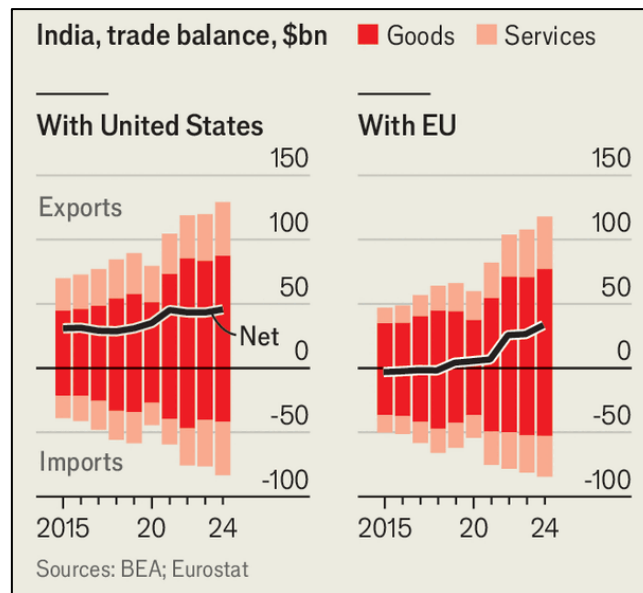
Exhibit 2: NAV Movement (after all fees and expenses)

Investment Approach	Inception Date	Inception NAV	Month-end Date	Month-end NAV
PMS Large Midcap	11-Apr-23	100	31-Jan-26	164
PMS Small Midcap	11-Dec-23	100	31-Jan-26	118
AIF Alpha Fund 1	24-Mar-25	100	31-Jan-26	104

India-US & EU Trade Deal signals cycle turnaround; Well positioned for CY26.

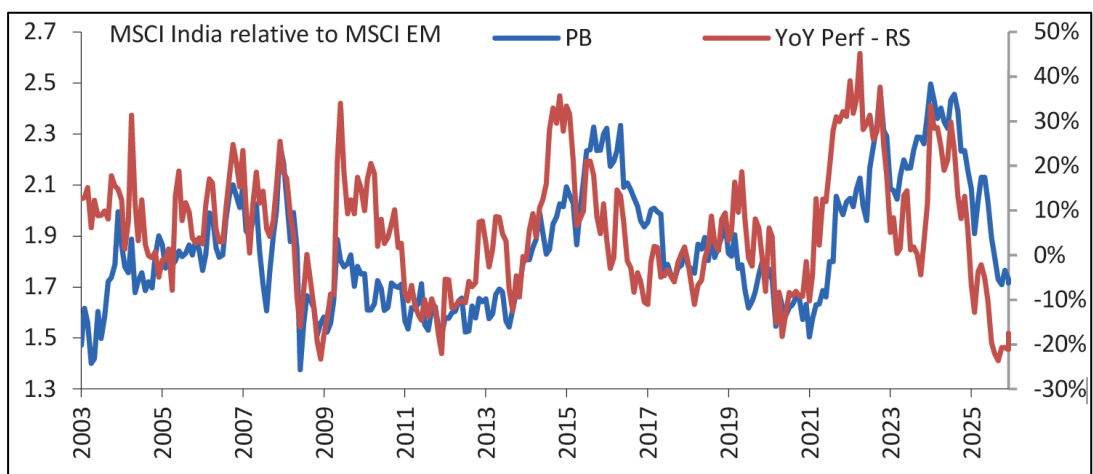
- The overhang of the India US trade deal got alleviated, with the US cutting tariffs on India to 18% from 50%. This is positive for Indian textiles and other US dependent export companies and brings them on par with other global competitors. India has also committed to purchasing USD 500bn worth of US goods. While the details are still unclear, we expect India to continue protecting the domestic agriculture and dairy sector, with US and Indian manufacturers largely operating in different segments, resulting in a mutually beneficial deal.
- More than the deal per se, it is a positive as it removes the overhang of India being on the wrong side of US and signals normalization of relations that had turned a bit sour post Operation Sindoor.
- The Indo-EU Trade Deal will further bolster India's access to EU markets and augers well for the Indian exporters (Exhibit 3).

Exhibit 3: India's trade with the US and the EU



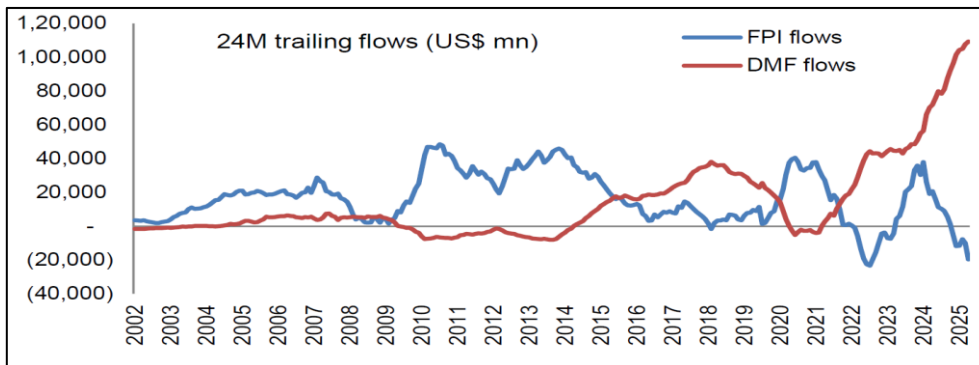
- With valuations looking relatively favourable (Exhibit 4), following sharp correction and earnings growth showing signs of improvement, Indian equities are well positioned supported by strong DII inflows (Exhibit 5).
- India's credit growth cycle will accelerate (Exhibit 6) supported by the RBI and the Government's efforts to stimulate growth through rate cuts, liquidity infusion and front-loading of capex.
- From a macro perspective, stable to weak oil prices, along with a rising share of services exports as a proportion of GDP, can structurally support a lower interest-rate environment. The combination of lower rates and stronger growth should support relatively higher valuations versus other emerging economies, despite the absence of a meaningful AI-led growth driver.
- Key downside risks include reversal of decrease in tariffs on India by the US, a slowdown in earnings growth, continued FPI outflows and worsening geopolitics.

Exhibit 4: Valuations and trailing performance favour Indian equities



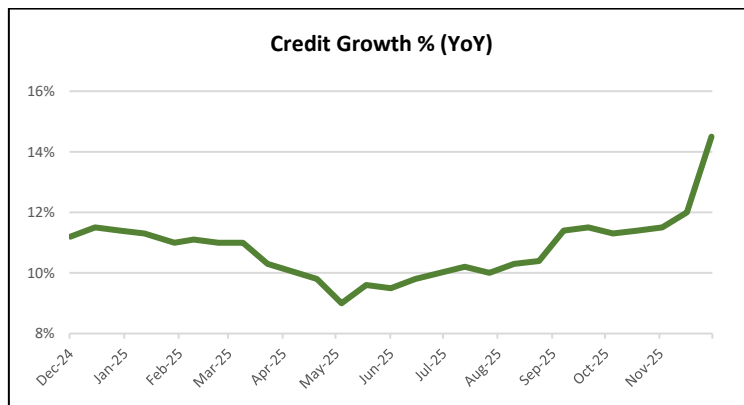
Source: Economic Policy Uncertainty Index, RBI, RIMES, MSCI, Morgan Stanley Research

Exhibit 5: FPI flows vs Domestic Mutual Funds



Source: AMFI, BSE, NSDL, CDSL, SEBI, Morgan Stanley Research

Exhibit 6: Credit Growth Accelerating supported by Pro-Growth reforms

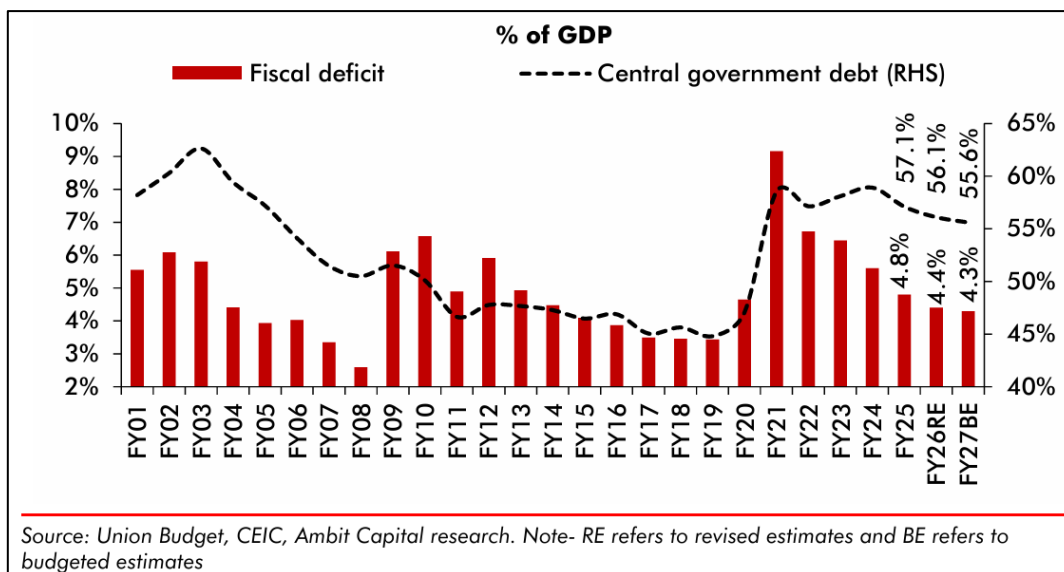


Source: RBI

The budget is in line with expectations, with a focus on fiscal consolidation.

- No major positive surprise in the budget keeping in mind the fiscal deficit (Exhibit 7). Increase of STT in F&O is a non-factor, but optically it is worse as the market is already weak.
- Tax break till 2047 for foreign companies using data center services in India is a positive and augurs well for local data centre service providers.
- Continued focus on manufacturing is a plus with support for semiconductors (ISM 2.0), rare earth magnets and industrial clusters.
- Change in the buyback treatment consideration: buyback chargeable to capital gains instead of dividend income is a welcome step that corrects a past error.
- Focus on execution and material impact of schemes remains a key watchpoint.

Exhibit 7: Government maintains its fiscal consolidation path



Earnings Stabilizing, Turnaround in Sight, Can FPI Return?

- Q3 FY26 results till now are on expected lines as the earnings have stabilized and the projected earnings growth over the next two years looks better.
- However, the increase in commodity prices (Exhibit 8) could lead to subdued demand in consumer appliances due to increase in raw material cost.
- Despite strong FPI outflows, price-agnostic domestic retail investors through mutual funds have, to some extent, supported market price levels limiting downside risks.
- However, having relatively higher valuations compared to other EM markets and the lack of large AI-focused tech companies, in contrast to other markets, remain key drivers behind the reallocation of capital from India.
- AI companies’ cash burn will be hard to sustain in the coming years. As returns from AI investments diminish and bubble risks rise(Exhibit 9), Indian companies’ improving earnings outlook and trade deal with the US & EU could gradually bring back FPIs inflows to India.

Exhibit 8: Sharp rally in Metals amid the global uncertainty

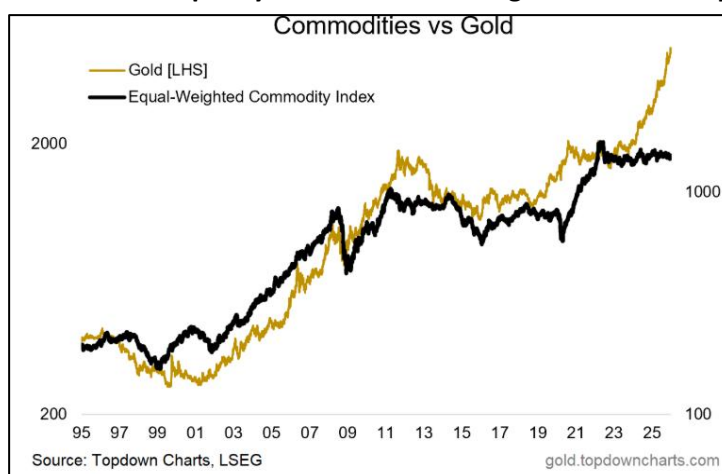
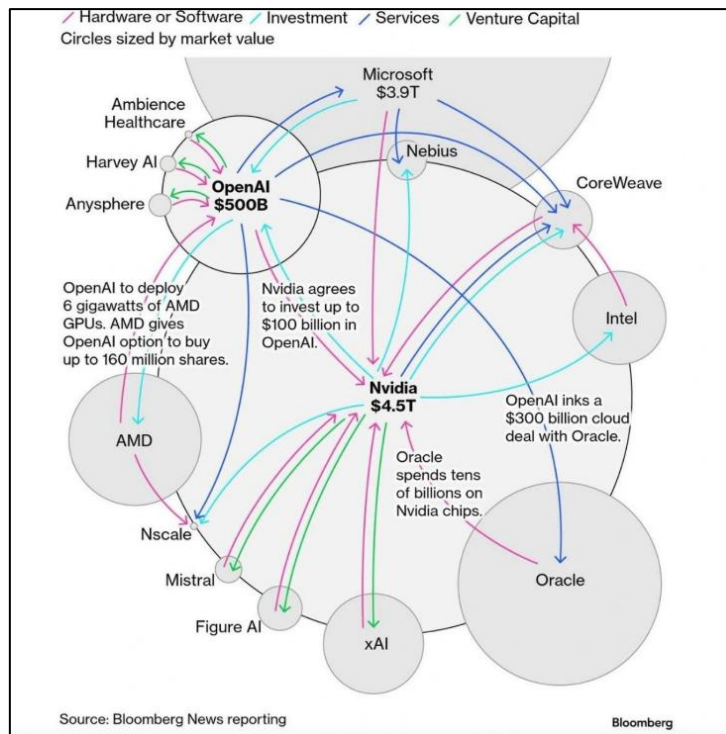


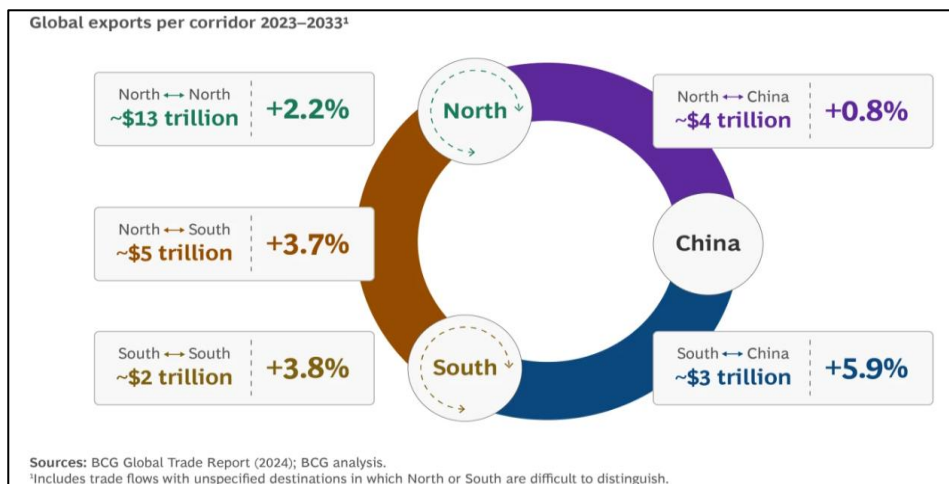
Exhibit 9: AI Circular Deals



Bracing for a Brave New World

- We are living through a rupture. The so-called “Old World Order” is not coming back (Exhibit 10), a point even Canadian PM Mark Carney highlighted in his Davos speech.
- Long story short, investors must be ready to embrace this shift and align their portfolios with how the future is going to shape up, rather than anchoring themselves to the past.

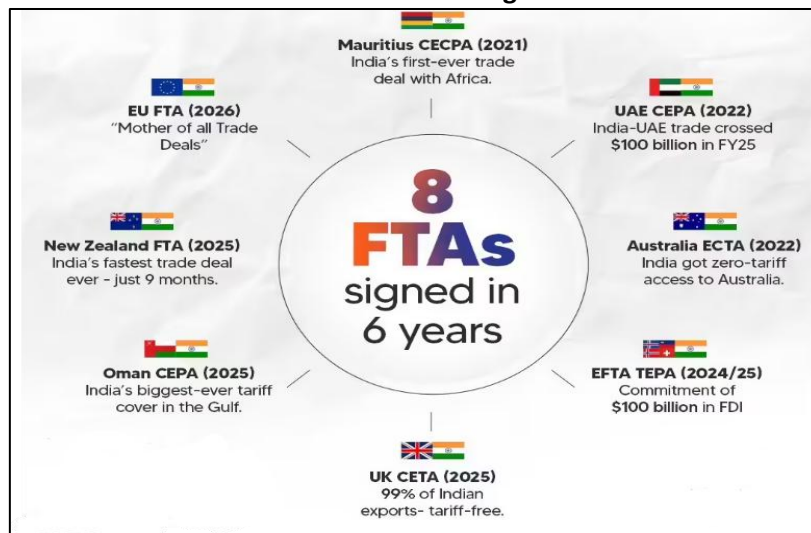
Exhibit 10: World Trade is shifting towards to the Global South



- Today, the world stands at a crossroads, with countries across the globe beginning to doubt the United States’ role as the leader of the “free” world.
- The world is drifting back to a pre-World War style of diplomacy, where might is right and pragmatism and transactional relationships are valued over the pretence of acting on morality and international law, which were rarely enforced on Western powers anyway.

- In such an environment, countries will be forced to build leverage and independence and derisk away from the US.
- India must rapidly industrialize and pursue self-sufficiency to navigate this uncertain geopolitical landscape. There are no easy alternatives. Indian Govt has already signed 8 FTAs since 2021 to derisk away from the US and make our economy resilient (Exhibit 11).

Exhibit 11: 8 FTAs have been signed since 2021



Source: Indian Govt Source, Graphics by Economics Times.

- The coming decade will be a defining one, marked by chaos and a paradigm shift of the World Order as India cements and asserts her place in this world, rightfully, in the coming decades.

Conclusion

We continue to remain very constructive. The stimulus that Government has given to the economy and signing of various trade deals should augur well for economic growth equity returns going forward.

We will be happy to have a quick call with you to discuss your portfolio. Also, we really appreciate the references you have shared thus far and would request you to continue to remain generous in sharing more references.

**Warm regards,
MoneyGrow Team**

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