

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-May-2026**

Investment Approach (Benchmark)	Inception Date	AUM (INR cr)	1M	3M	6M	1Y	Since Inception (Annualized)*
<b>PMS Large Midcap</b>	<b>11-Apr-23</b>	<b>102</b>	<b>4.58%</b>	<b>1.84%</b>	<b>-4.05%</b>	<b>3.88%</b>	<b>16.96%</b>
(Nifty 50 TRI)			-1.72%	-6.30%	-9.87%	-3.84%	10.95%
<b>PMS Small Midcap</b>	<b>11-Dec-23</b>	<b>129</b>	<b>5.96%</b>	<b>19.22%</b>	<b>8.91%</b>	<b>-3.59%</b>	<b>14.65%</b>
(Nifty 50 TRI)			-1.72%	-6.30%	-9.87%	-3.84%	5.96%
<b>AIF Alpha Fund 1**</b>	<b>24-Mar-25</b>	<b>41</b>	<b>4.09%</b>	<b>9.17%</b>	<b>2.03%</b>	<b>1.49%</b>	<b>11.81%</b>
(Nifty 50 TRI)			-1.72%	-6.30%	-9.87%	-3.84%	1.81%
<b>PMS Other AUM</b>		<b>241</b>					
<b>Total AUM</b>		<b>513</b>					

\*Returns for Large Midcap, Small Midcap and Alpha Fund 1 are annualized as they have completed 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 (Benchmark)	Inception Date	Inception NAV*	Month-end Date	Month-end NAV
<b>PMS Large Midcap</b>	<b>11-Apr-23</b>	<b>100</b>	<b>31-May-26</b>	<b>164</b>
(NIFTY 50 TRI)		100		139
<b>PMS Small Midcap</b>	<b>11-Dec-23</b>	<b>100</b>	<b>31-May-26</b>	<b>140</b>
(NIFTY 50 TRI)		100		115
<b>AIF Alpha Fund 1</b>	<b>24-Mar-25</b>	<b>100</b>	<b>31-May-26</b>	<b>114</b>
(NIFTY 50 TRI)		100		102

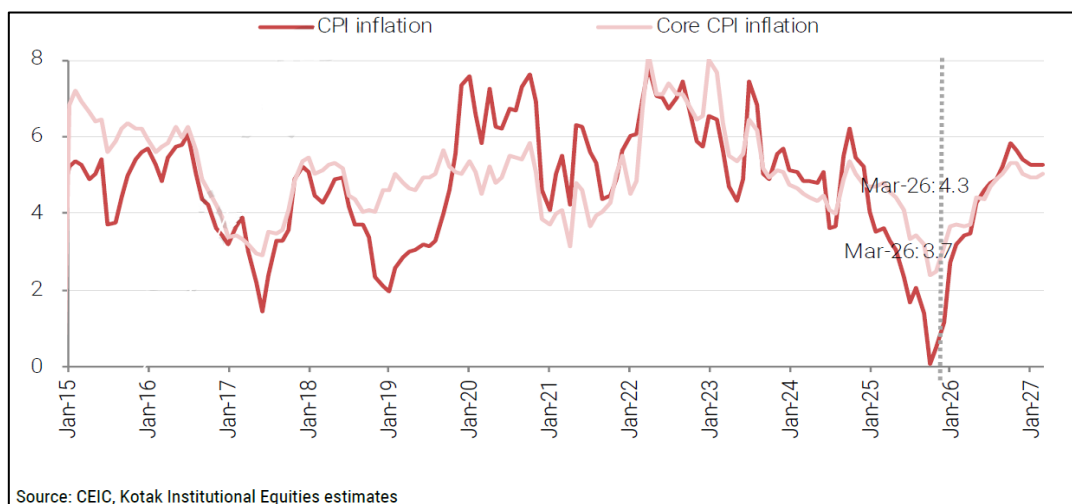
\*The benchmark index has been rebased to 100 at the start date for comparison.

**Businesses with domestic exposure fare well in Q4 earnings amidst the geopolitical overhang**

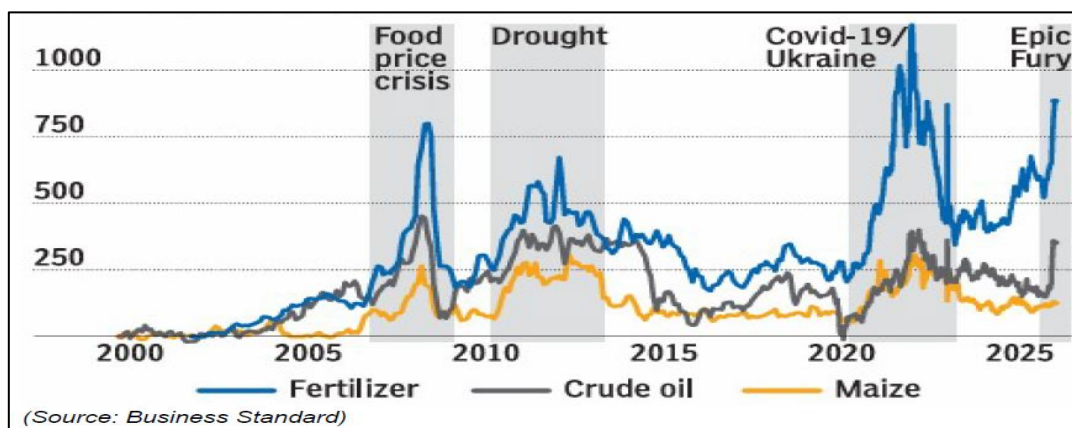
- NIFTY 50 PAT grew 6.6% this quarter and grew by ~8% in FY26. However, margins are likely to remain under pressure over the coming quarters as the Hormuz conflict continues with no clear resolution in sight. This could weigh on FY27E earnings growth and increase near-term downside risks.
- Banks and NBFCs reported good credit growth and better asset quality, although NIMs may compress due to changes in interest rates. Consumer demand picked up, with FMCG companies recovering volumes and car companies reporting high sales volumes.

- This aligns well with our domestic-led growth thesis. Rising discretionary spending augurs well for these companies, and stronger consumer demand should support both discretionary categories and retail credit growth, even if the recovery remains K-shaped.
- As we discussed in our previous newsletter, the prevailing geopolitical tensions and the volatile outlook ahead are catalysing demand across defence, energy security, domestic manufacturing, and critical raw materials. Capex in new-age sectors such as data centres and green energy should continue to grow, alongside grid modernisation, as India enters a new phase of growth over the next decade. We see this as a necessity rather than a choice.
- Near-term global headwinds are real, and companies with global exposure had a relatively tougher quarter. The IT sector is still undergoing recalibration amid the disruptions due to AI.
- Geopolitical stress and high energy prices are likely to weigh on near-term growth, accompanied by rising inflation (Exhibit 3). El Niño may further strain food supplies and create fertilizer shortages and higher agricultural input costs, which historically tend to climb when oil prices spike (Exhibit 4). This rising inflation could prompt the RBI to raise rates (Exhibit 5), and in our view the worst may still be ahead.
- Industry and manufacturing are likely to bear the brunt of the supply shock and rising input prices, and with the rupee weakening, margins could come under further pressure in the coming quarters.

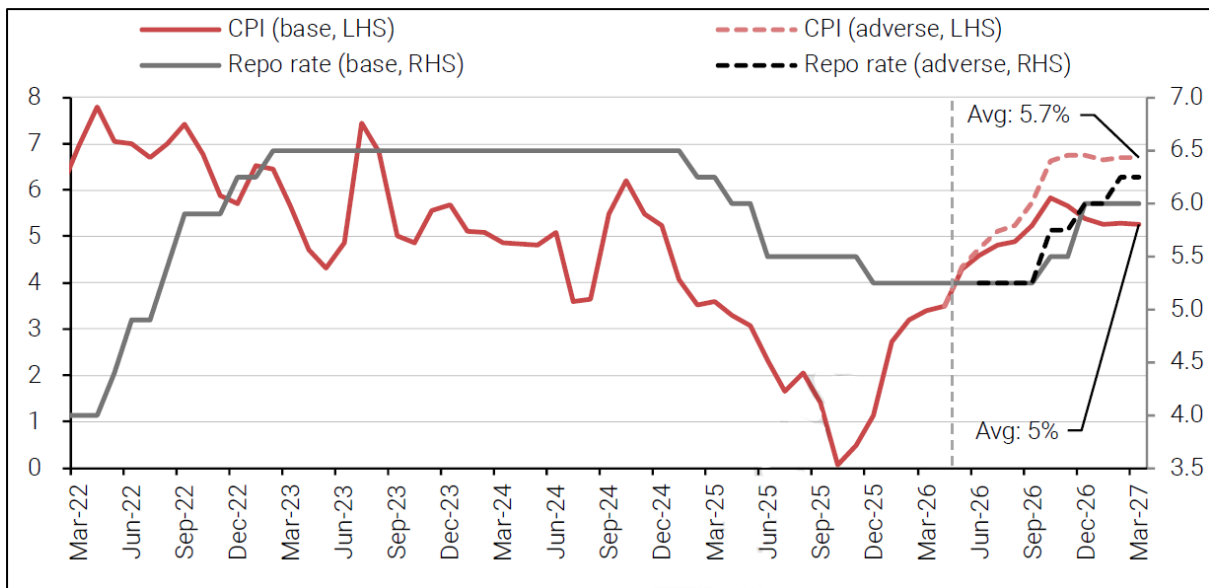
**Exhibit 3: Headline and Core Inflation going up**



**Exhibit 4: Fertilizers, food inflate when oil price spikes**



**Exhibit 5: RBI's rate hike quantum may be around 50-100 bps, depending on the extent of inflation**

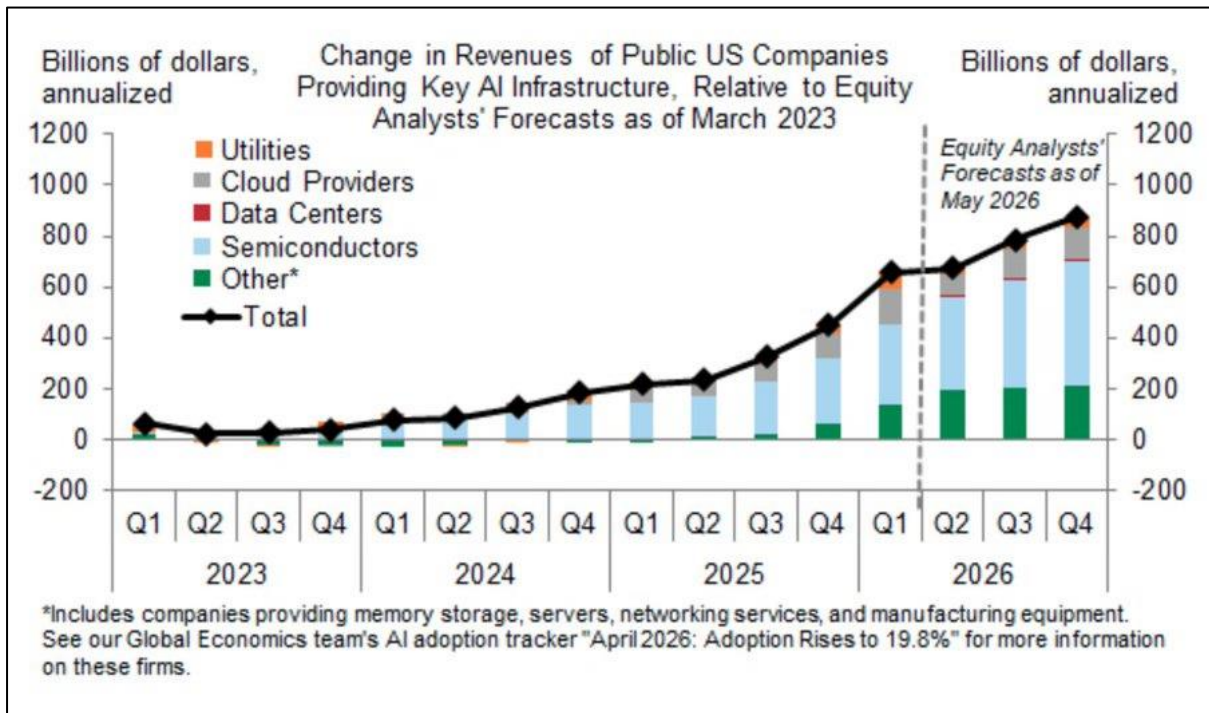


Source: MOSPI, Kotak Research

**Is the AI-fuelled rally sustainable? Could FIIs make a comeback to India?**

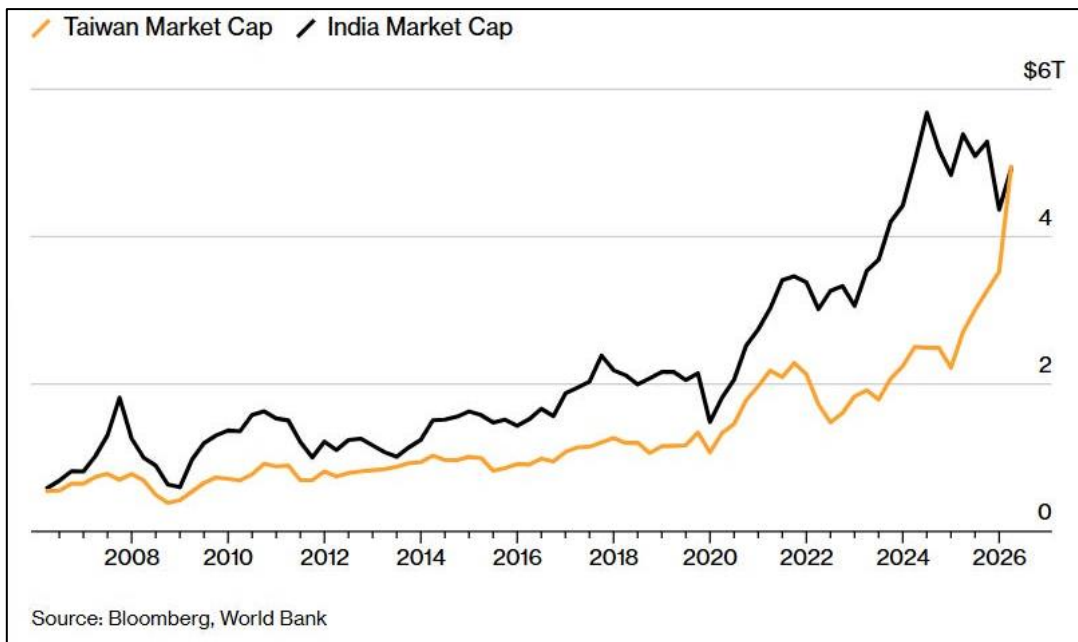
- In one of its recent reports, Goldman Sachs expects around \$800 bn in AI capex this year (Exhibit 6).
- Taiwan has surpassed India's total market capitalisation, driven by AI and semiconductors, and the KOSPI is closing in on India's market cap as well (Exhibit 7).

**Exhibit 6: Goldman Sachs: we now see \$800 billion in AI capex this year**



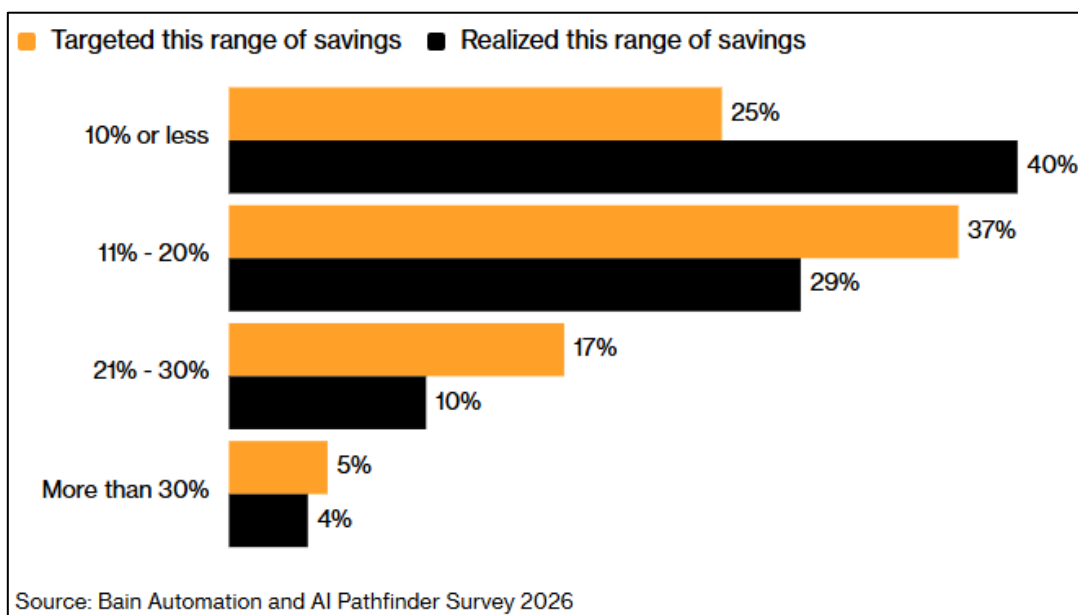
Source : Goldman Sachs

Exhibit 7: Taiwan overtakes India's Market Cap



- On closer inspection, however, this is largely driven by a handful of stocks. TSMC alone carries a weight of around 40% in the Taiwan index, while Samsung Electronics and SK Hynix together make up close to 50% of the KOSPI.
- Uber's COO has said that AI costs are becoming "harder to justify," and according to Axios, an AI consultant noted that one of their clients spent half a billion dollars in a single month. Cost savings are broadly falling short of projections as per the survey conducted by Bain as shown in Exhibit 8.

Exhibit 8: Most companies that measured AI savings overestimated them



- Anthropic recently raised \$65 bn at a post-money valuation of \$965 bn, with its infrastructure partners Micron, Samsung, and SK Hynix (interestingly) also joining the round. Anthropic expects annual recurring revenue (ARR) of around \$47 bn.
- Despite this massive growth in revenue, both Anthropic and OpenAI remain unprofitable, as their compute spending continues to be very high.
- The billion-dollar question is whether AI companies can grow fast enough to turn profitable and offset their enormous compute and model costs, and whether it is sustainable for big tech to keep funding them.
- We feel that at some point there will be a recalibration in AI capex, once the cost-benefit analysis plays out. We may also see some scaling back, with players like Claude and OpenAI raising subscription prices to put their operations on a more sustainable footing.
- As growth in AI capex slows and with Indian equities at reasonable valuations, some FPI money could flow back. There are still plenty of moving parts, and if the geopolitical situation eases, FIIs are likely to return sooner. For now, though, we expect near-term headwinds to persist.
- Indian equities remain a stock-picker's market, where a bottom-up, domestically focused approach could drive outperformance. We believe this may be a good time to rebalance and accumulate.

## Conclusion

**We believe this is the right moment to Top-up your investments in our PMS/AIF products with a medium- to long-term horizon.**

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**

**Disclaimer:**

*The views expressed herein are meant for general reading purposes only and are not meant to serve as a professional guide for the readers or on any course of action to be followed by the reader. Certain factual and statistical (both historical and projected) industry and market data and other information was obtained by MoneyGrow Asset Private Limited from independent, third-party sources that deem to be reliable, some of which have been cited above. However, MoneyGrow Asset Private Limited has not independently verified any of such data or other information, or the reasonableness of the assumptions upon which such data and other information was based, and there can be no assurance as to the accuracy of such data and other information. Further, many of the statements and assertions contained in these materials reflect the belief of MoneyGrow Asset Private Limited, which belief may be based in whole or in part on such data and other information.*

*MoneyGrow Asset Private Limited or any of its respective directors, employees, affiliates, or representatives do not assume any responsibility for, or warrant the accuracy, completeness, adequacy, and reliability of such information. Whilst no action has been solicited based upon the information provided herein, due care has been taken to ensure that the facts are accurate, and the opinions given are fair and reasonable. This information is not intended to be an offer or solicitation for the purchase or sale of any financial product or instrument. Recipients of this information should rely on information/data arising out of their due diligence. Investments in securities are subject to market risks. Readers are advised to seek independent professional advice, verify the contents, and arrive at an informed investment decision before making any investment. MoneyGrow Asset Private Limited or any of its directors, employees, affiliates, or representatives shall not be liable for any direct, indirect, special, incidental, consequential, punitive, or exemplary damages, including lost profits arising in any way from the information contained in this material.*

*MoneyGrow Asset Private Limited or any of its directors, employees including the fund managers, affiliates, representatives including people involved in the preparation or issuance of this material may from time to time have long or short positions in, and buy or sell the securities thereof, of the company/companies/specific economic sectors mentioned herein.*