



Portfolio Strategy Update

December '25
(For Distributors Only)

Happy Republic Day

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Welcome CY26 – Preparing for a volatile roller-coaster ride ahead!

Dear Investor,

Wishing you and your family a very happy and prosperous New Year. May CY2026 bring health, happiness, and positivity on both personal and professional fronts.

Market Recap & Outlook

As anticipated, Indian equities corrected sharply in December 2025 after a strong July-November rally, with small- and mid-caps declining the most. January 2026 began on a positive note but turned volatile in the last few days amid escalating geopolitical tensions—notably the US operation in Venezuela and President Trump's aggressive stance on various global / trade-related affairs.

The macro environment remains challenging with USD-INR exchange rate near 90 levels, tight domestic liquidity & hardening bond yields (USD-INR trades around 90, domestic liquidity is tightening, and 10-year bond yields are near 6.6%). FPIs have remained cautious with no improvement seen in flows as yet, awaiting clarity on tariffs, while robust DII inflows provide support—though their resilience will be tested.

Portfolio Performance & Positioning

Despite our mid- and small-cap tilt, our PMS strategies delivered resilient returns amid broader market weakness. We stay bullish on select bottom-up opportunities in capital goods, autos, specialty chemicals and NBFCs.

The recent broad-based correction has impacted some of our portfolio holdings which are down 10-20% from their November 2025 peaks, though some have touched new all-time highs as well, in this volatile period. Fundamentals remain solid, backed by strong Q2FY26 earnings and positive management commentary. We expect Q3FY26 results to further reinforce our conviction.

We have remained disciplined: booking partial profits in winners, exiting underperformers, and selectively deploying capital into attractive opportunities during dips – always prioritizing valuations and avoiding sectors facing headwinds.

Our View Ahead

We remain focused on structurally sound businesses with reasonable valuations, strong earnings growth, robust balance sheets, cash flows and credible management. Recent actions include reducing exposures in positions with higher valuations, paring exposure to some of the underperformers and adding high-conviction ideas with favourable risk-reward.

A Reminder: Equities are non-linear

Markets rarely move in straight lines – they deliver sharp volatility, quiet periods, and sudden rewards for patience. To capture the thrilling highs of a roller-coaster, you must endure the dips. Volatility is the long-term investor's ally, creating wealth-building opportunities amid short-term discomfort. Without risk, there is no reward – stay invested through the turbulence.

From the desk of,

Darshan Engineer

Fund Manager, PMS Portfolios

Disclaimer: Securities investments are subject to market risks and there is no assurance or guarantee that the objective of the investments will be achieved. Past performance of the portfolio manager does not indicate its future performance. Performance related information provided herein is not verified by SEBI.

Source: BSE, NSE, Bloomberg

CY2026: A Year of Reversal and Earnings Recovery

Indian benchmark equity indices closed calendar year 2025 in positive territory with 10% return; however, performance lagged most major global and Asian peers. The moderation was driven by a confluence of factors: (i) a pronounced downgrade cycle in corporate earnings, (ii) visible deceleration in banking system credit growth, (iii) elevated equity valuations, (iv) adverse US tariff dynamics vs Asian peers and (v) sustained FII outflows due to India's relatively high valuation multiples compared to other markets and limited AI-led investment options in case of Indian markets.

While 2025 was a year of consolidation and correction, early 2026 sets the stage for a healthier equity market outlook. A potential reversal in the earnings downgrade cycle, stabilisation and gradual re-acceleration in credit growth, moderation in valuations and potential clarity on global trade are likely to support improved market breadth and returns. From a business cycle perspective, the worst appears to be behind, with Indian equities positioned to regain relative strength as these cyclical headwinds unwind.

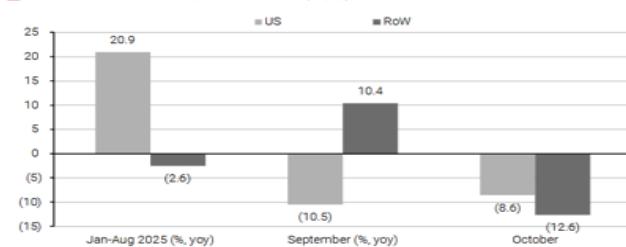
CY26 to witness a reversal in trends: While CY25 depicted strong policy support, transmission to corporate earnings was muted. The Reserve Bank of India pursued an accommodative monetary stance through interest rate cuts, systemic liquidity infusion, and liberalisation of the lending framework. In parallel, the Government of India drove a series of structural initiatives like tax reforms across GST and personal income tax, labour reforms, and targeted sector-specific reforms spanning insurance, energy and maritime infrastructure. We expect these adverse trends to reverse gradually but decisively in CY26 and highlight five key trends that investors should monitor closely, as they are likely to define the next phase of India's equity market cycle:

1. Trade deal with US to improve trade balance and drive INR appreciation: A trade agreement between India and the United States is "on the heels" and appears imminent, as US actively tries to diversify supply chains away from China, and India positions itself as a reliable manufacturing and services alternative, notwithstanding periodic noises contrary to the above which may create short-term volatilities in the market. India's sustained macro stability, large domestic market, and improving ease of doing business strengthen its bargaining position. For India, such a deal would enhance export access to the U.S. across sectors such as electronics, pharmaceuticals, engineering goods and other labour intensive sectors such as textiles and gems/jewellery. We believe the trade deal is likely to reverse FII outflows as global asset allocation to India improves and strengthens current account outlook, supporting INR stability.

Category	Apr-Aug 2025 (US\$ mn)	Sep-Oct 2025 (US\$ mn)	FY2025 (US\$ mn)
Total US exports	18,615	3,825	40,816
Tariffed	11,306	1,973	27,850
Non-tariffed	7,309	1,852	12,966
Avg monthly trade surplus	3,723	1,912	3,401

Indian exports to US and ROW declined in October

Exhibit 15: Growth trajectory of Indian exports (% ,yoy)



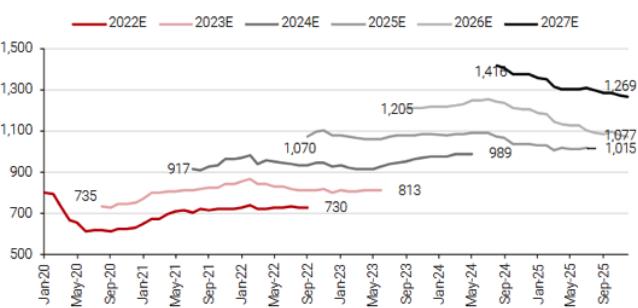
Source: Ministry of Commerce, CEIC, Kotak Institutional Equities

2 Earnings downgrade cycle to reverse, to drive double digit earnings growth:

Earnings downgrade cycle has seen moderation in past 3 months, posting a sharp correction cycle between Sep'24 to Sep'25. The recent Q2FY26 results season saw a decent recovery across sectors. In fact, months of Nov and Dec saw an upgrade in Nifty earnings estimates, driven by improving outlook in sectors such as Automotive, Metals, Banks and Information Technology. We expect Nifty earnings growth to average 15% CAGR during FY26-27 as banking profits stabilize as balance sheets are cleaned up, margins recover on benign input costs, corporate capex converts into earnings with improvement in utilisation, IT sector stops being a drag and base effects turn favourable.

We have seen a decline in our Nifty EPS estimates over the past few months

Exhibit 13: Nifty-50 Index EPS estimates trend, March fiscal year-ends, 2022E-27E (Rs)



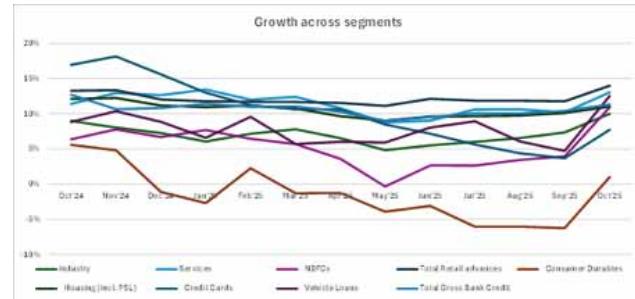
Source: Kotak Institutional Equities

3 Bottomed out credit growth to re-accelerate as credit cycle stabilises:

After a period of growth cooling down, triggered by asset quality issues in unsecured loans (Microfinance, Personal Loans, Credit Cards) & RBI's liquidity tightening and regulatory interventions especially in unsecured segment (increased Risk-Weight Assets %) in late 2024 and early 2025, the credit cycle is now stabilizing.

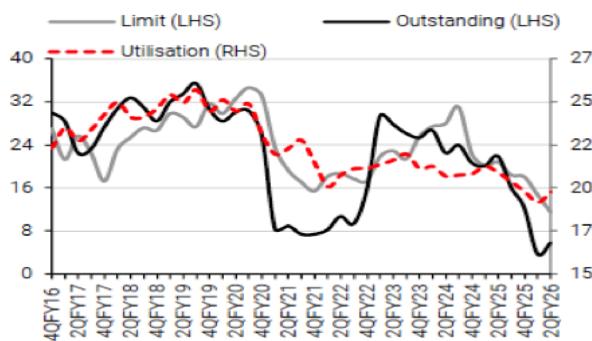
RBI cut repo rates by 125 bps in CY25, which is likely to drive an acceleration in credit growth in CY26, led by (a) **"Global money magnet" scenario:** BFSI segment is experiencing a massive capital infusion from overseas investors in 2025, with figures nearing USD 15 billion through stake buys in private banks and NBFCs like Yes Bank, RBL Bank, and Shriram Finance which will reduce cost of borrowings for large lenders, (b) **Corporate comeback** as lower interest rates and rising capacity utilization rates is likely to bring capex plans from drawing boards to reality, (c) **Cleanest balance sheet in decades:** GNPs have fallen to decadal low of 2% and credit costs are compressed, which provides comfort for banks/NBFCs to grow faster again, delivering better ROEs and (d) **Revival of retail credit**, specifically lending to interest rate sensitive segments like home loans, vehicle loans and MSMEs.

Growth is picking up across segments

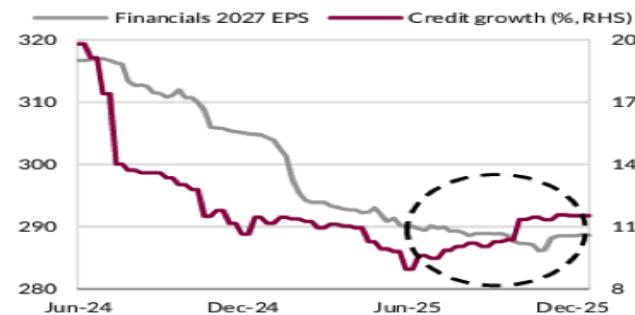


Source: Avendus Spark

Growth in credit card advances outstanding has bottomed out.



Source: Ambit



Source: Axis Equities

4 Tax reforms and Pay Commission implementation to drive consumer spending

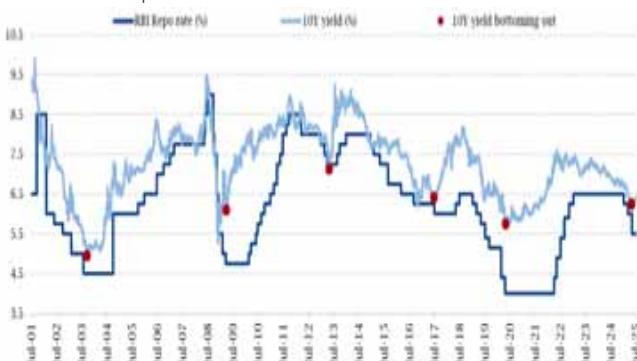
In 2026, India is likely to witness a surge in consumer demand, driven by twin engines of broad-based tax reforms (income tax, GST) and monetary policy impact (repo rate cut and liquidity infusion), with an additional sweetener of 8th Pay Commission implementation. Together, these measures are expected to inject INR 3.5-4 lakh crore into the hands of households, shifting the economy from a state of "cautious savings" to "active spending".

We estimate 20 mn tax filers to receive benefits from change in personal tax slabs

Exhibit 23: Estimate of benefits of income tax changes for individuals, March fiscal year-end, 2026

Tax slab (Rs mn)	Average tax payable (Rs)	Average benefit (Rs)	Estimated filers (mn)	Estimated tax forgone (Rs bn)
Below 0.7	—	—	58	—
0.7-0.8	—	15,000	3	45
0.8-1	—	40,000	5	214
1-1.2	—	65,000	2	132
1.2-1.6	90,000	65,000	3	224
1.6-2	160,000	70,000	2	108
2-2.4	250,000	100,000	1	75
2.4-5	690,000	110,000	2	174
Total			18	971

Source: Kotak Equities



Source: Avendus Spark

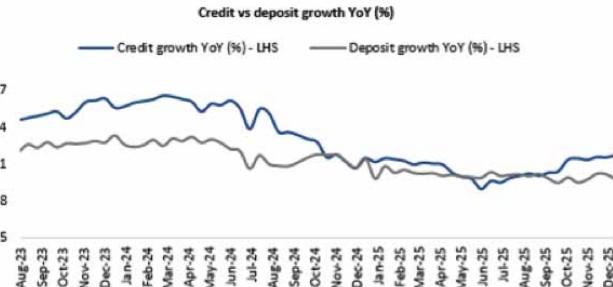
5 Midcaps to outperform large caps and major sectors driving the revival in earnings:

We expect midcap index to outperform the large cap and small cap indices due to better earnings growth, driven by several sectors which are not well represented in larger indices like pharmaceuticals, industrials, automotive and ancillaries, healthcare and consumer retail. We believe our portfolio is positioned to benefit from these trends, which is skewed towards sectors like:

- **Consumer Discretionary:** While 2025 saw consumers holding back due to high borrowing costs and stagnant real wages, the 2026 outlook is driven by a delayed impact of the 125 bps RBL rate cuts and the "GST 2.0" overhaul which has made mid-market goods more affordable. Delayed impact of these measures along with 8th Pay Commission related salary increases are expected to trigger a consumption cycle in CY26.
- **Catalyst - Auto:** Two-wheeler and tractor sales – a classic bellwether for the economy – are showing green shoots. We expect a shift from "premiumization only" (which worked in 2024-25) back to "volume-led growth" in 2026.
- **Catalyst – Retail:** Growth is shifting from saturated metros to Tier 2 and 3 cities, which are now the primary growth engines. We expect Mid-Premium Fashion (₹1,000–₹3,000 price point) to outperform luxury brands as "aspirational Bharat" resumes spending
- **Catalyst – Hospitality:** CY26 is projected to be a record year for the domestic hospitality sector. A surge in wedding dates and increased income in hand is driving occupancy rates above 70% for listed hotel chains and will accelerate RevPAR further.
- **Banking & Financials:** This sector bore the brunt of the 2024/2025 slowdown due to tightening liquidity, regulatory clamps on unsecured lending, and compressing Net Interest Margins (NIMs). However, positive trends like stabilizing credit cycle, capital infusion by overseas investors and cleaner balance sheets are likely to drive an improved growth outlook for the segment. We have a positive view on (i) NBFCs (mainly asset backed lenders like Vehicle Finance, Affordable housing, MSME/LAP) as we expect growth & margin to improve on improving demand in the segment and fixed rate loans vs. variable rate borrowings (ii) Some private banks as valuations are reasonable, trading below historical price-to-book averages, while the growth and margin outlook is better in FY27 vs. last several quarters.

- **Catalyst:** As asset quality stabilizes and deposit growth catches up with credit growth, income tax and GST reforms will improve household balance sheets helping growth in housing, unsecured segments and in turn triggering corporate capex/credit cycle. Margins are expected to improve from FY27 for banks & fixed rate lender NBFCs. Room for further rate cuts is ~25bps in next few months, which would be margin accretive for fixed rate lenders while top private banks would be able to manage margins as the unsecured loans and other higher yield segments pickup & some limited trigger treasury gains.

Credit growth is picking up again



CD ratio is still above mean levels seen in last 5 years



Source: Avendus Spark

- **Information Technology:** Indian IT services industry was punished for a perceived lack of direct AI-related innovator plays compared to US tech giants and the associated slowdown in core business. The narrative is now shifting from "who builds the AI model" to "who implements it". Indian IT companies are actively upgrading their workforce for the new skillsets and have started to report positive undercurrents in the AI-led businesses as well. They are also acquiring US-based firms, primarily to gain expertise in niche areas like AI, cloud computing, and digital engineering as observed in recent deals by TCS acquiring Salesforce consulting partner Coastal Cloud for USD 700 mn and Coforge's acquisition of digital engineering firm Encora for USD 2.35 bn

- **Catalyst:** As US recession fears recede and discretionary spending returns, deal Total Contract Value (TCV) is expected to convert into revenue faster. We expect IT stocks to resume their growth journey and re-rate as investors preference shifts to growth with reasonable valuations.

Pharmaceuticals: From CY26, Indian pharmaceutical companies may experience some pressure as the large Revlimid exclusivity benefit tapers off. This impact is likely to be partially mitigated by the patent expiry of Semaglutide in India, Canada, and Brazil. In addition, a substantial pipeline of innovator molecules coming off exclusivity globally should further support opportunity creation for Indian manufacturers. Domestic Pharma sector is expected to sustain strong early-teens growth, driven by a healthy combination of volume expansion, price improvement, and a steady cadence of new product launches. Apart from the core pharma formulation companies, hospitals are expected to continue their profitable growth journey through expansion of hospital beds, inorganic acquisitions, and continuous upgrade to their skillsets.

Catalyst: Companies with robust CDMO capabilities are well positioned to benefit as the US Biosecure Act encourages global pharma innovators to diversify supply chains away from China, particularly favouring Indian CDMO players. Patent expiry of semaglutide is expected to further support generic-focused CDMO players across the value chain, collectively driving strong earnings growth in CY26.

Objective: To generate capital appreciation across market cycles by investing in a concentrated set of high conviction stocks.

Key Features

- Concentrated Portfolio - Around 18-22 stocks.
- Invests across market caps – “Multi Cap”.
- Long term orientation towards portfolio building i.e. >3 years
- Invest in business with secular growth opportunities.

Compounding Stories

- Companies with growth opportunity > 15%
- Ability to generate > 15% ROIC
- Excellent cash flows from business
- Option to reinvest for growth
- Low D/E to sail through crisis situations and gain market share

Investment Horizon

Above 3 years

Benchmark

S&P BSE 500 TRI

Inception

February 2010

Fund Manager

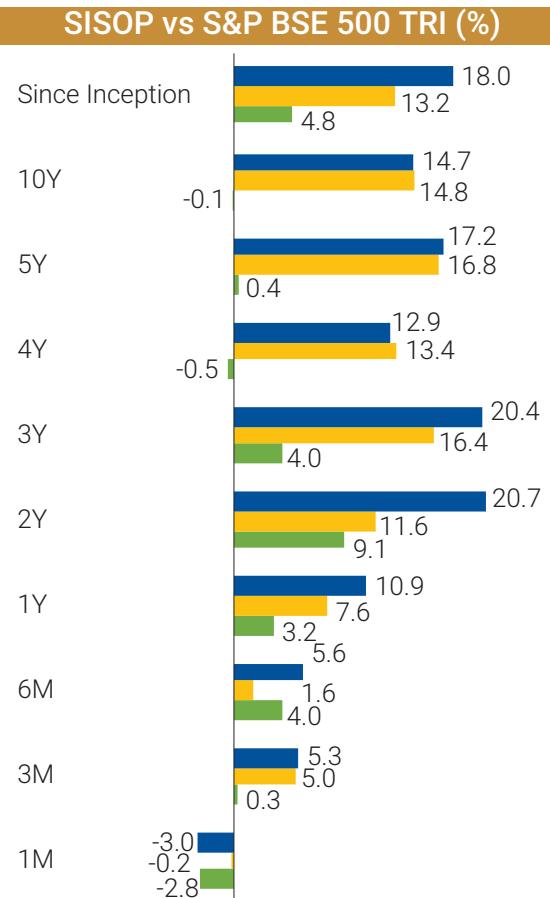
Mr. Darshan Engineer

PORTFOLIO & STOCK PERFORMANCE

Top performers in the portfolio are **GE Vernova** & **KEI**, up ~9% & ~8% respectively. **GE Vernova** delivered decent returns in December, driven by a confluence of strong corporate catalysts and improving market fundamentals. The company's global parent positively surprised investors with an upbeat outlook at its December investor update, where management substantially raised multi-year revenue and free cash flow guidance, doubled the quarterly dividend and expanded its share buyback programme moves that materially enhanced shareholder returns and reinvigorated confidence in its growth trajectory. These strategic initiatives, coupled with positive rating actions from major agencies reflecting improved profitability and competitive positioning, underpinned heightened valuation support globally. The Indian listed entity secured a marquee high-voltage direct current (HVDC) contract including a major 2.5 GW order for the Khavda-South Olpad renewable transmission corridor which further bolstered its revenue visibility and reinforced its leadership in grid expansion projects amid accelerating renewable integration. The combination of stronger demand outlooks for power infrastructure, clarity on long-term earnings growth, powered GE Vernova's stock outperformance. **KEI Industries** delivered notable outperformance, driven by a combination of robust industry fundamentals, strategic capacity expansion, and improvement in prices of copper. Structural growth in the wire and cable industry, underpinned by sustained demand from power distribution, infrastructure, real estate and renewables, continues to benefit KEI's core business, while capacity additions such as the commencement of commercial production at its greenfield facilities enhance future volume growth visibility. Additionally, higher copper prices in last few months imply better realisations and absolute profits as the company is able to pass on higher RM prices with a lag of only 15-30 days. Hence, Q3FY26 can be expected to be healthy in terms of growth and profitability.

Draggers to portfolios were **Hitachi Energy & Coforge**, down ~17% & ~13% respectively. **Hitachi Energy India** saw a short-term pullback in December, largely driven by profit-taking following a strong multi-month rally and general weakness in the small and mid-cap space. Operational performance remains strong with a strong Q2FY26 results that continued the positive trajectory of the last 5-6 quarters. We remain positive on Hitachi's mid-to-long-term outlook, driven by structural trends of grid expansion, renewable integration, and higher localisation. However, since valuations are rich, there tends to be periodic corrections in the stock. **Coforge** was down primarily due to deal-specific near-term uncertainties that weighed on investor sentiment. It announced a substantial all-stock acquisition of US-based AI-led engineering firm Encora (valued at ~\$2.35 billion) at rich valuations of ~ 4x EV/Sales. While this acquisition positions Coforge for strong long-term growth and capability enhancement, the equity-funded nature of the deal leading to potential issuance of equity shares, and associated near-term earnings dilution created uncertainty over the short-term financials and capital structure, contributing to drag on the stock. The combination of a subdued year-end market breadth, and deal-related execution/valuation concerns led to relative underperformance.

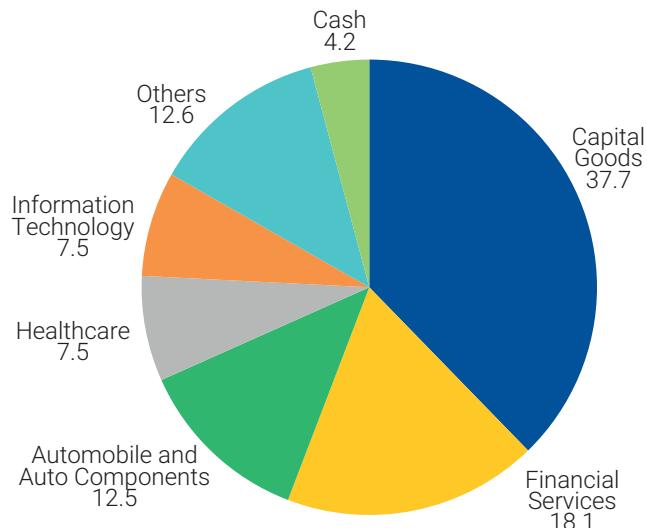
No new stock entry and exit during the month



■ Strategy ■ Benchmark ■ Excess returns

Peer performance is available under the following link of Association of Portfolio Managers in India (APMI):
<https://www.apmiindia.org/apmi/welcomeiperformance.htm?action=PMSmenu>

Sector Allocation (%)

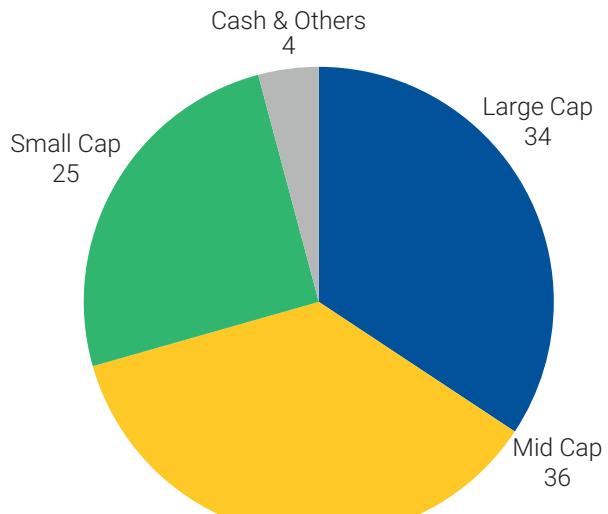


Note: Numbers may not add up due to rounding

SECTOR BETS (%) – UNDERWEIGHT / OVERWEIGHT VS BENCHMARK



Market Capitalization (%)



Note: Numbers may not add up due to rounding

Weighted Average Market Cap

₹ 1,30,733 Cr

Key Contributors

Symbol Name	Unit Cost (₹)	Unit Price (₹)	Gain/Loss (%)
GE Vernova T&D India Limited	1,733	3,133	81
Uno Minda Limited	716	1,286	80
Aster DM Healthcare Ltd	377	617	64

Value of ₹ 1 Crore Invested at Launch



Peer performance is available under the following link of Association of Portfolio Managers in India (APMI):
<https://www.apmiindia.org/apmi/welcomeiperformance.htm?action=PMSmenu>

Objective: To seek long-term capital appreciation with investments predominantly in mid and small cap companies.

Key Features

- Bet on Sundaram's strength in the mid & small cap space; a **differentiated** yet **concentrated** portfolio positioned attractively along the cap curve.
- Multi-sector portfolio.
- Stocks with market cap less than ₹ 800 billion.
- 'EASE'** portfolio
 - Emerging leaders – clean and high quality promoters / management.
 - Asset light & High ROCE businesses are preferred.
 - Scalable companies: mid cap to large cap, small cap to mid cap transitioning companies.
 - Excellent cash conversion from operations.
- Identify stocks that are in early stages of their business cycle and could emerge as tomorrow's large caps.
- Wealth Multiplier Themes
 - Financialisation of the economy
 - Phygital Bluechips
 - Consumption Czars
 - Export Voyagers
 - Manufacturing Maestro

Investment Horizon

Above 3 years

Primary Benchmark

S&P BSE 500 TRI

Secondary Benchmark

Nifty Midcap 150

Inception

June 2010

Fund Manager

Mr. Darshan Engineer

PORTFOLIO & STOCK PERFORMANCE

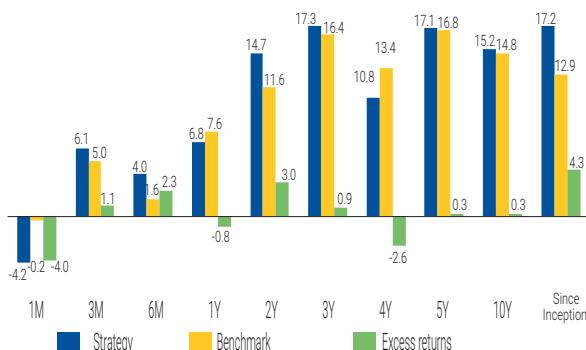
Top performers in the portfolio are **KEI & Pricol**, up ~8% & ~6% respectively.

KEI Industries delivered notable outperformance, driven by a combination of robust industry fundamentals, strategic capacity expansion, and renewed investor interest. Structural growth in the wire and cable industry, underpinned by sustained demand from power distribution, infrastructure, real estate and renewables, continues to benefit KEI's core business, while capacity additions such as the commencement of commercial production at its greenfield facilities enhance future volume visibility. Additionally, positive brokerage coverage and its inclusion in top stock recommendation lists for the last week of December reinforced sentiment. **Pricol** had a strong Q2FY26 which coupled with a general positive environment around auto sector post GST rate cut, led to a decent rally in the share price. Its Q2FY26 results saw consolidated revenue up 50% YoY (aided by P3L's consolidation) and EBITDA margin up by 60 bps QoQ to 11.7%. It targets continued outperformance vs the underlying industry, on premiumization-led content growth (digitization in cluster, order wins), product launches, and portfolio expansion (aided by strategic alliances/M&As). It has set an aggressive revenue target based on 15% revenue CAGR in core business and a steep growth in the acquired and smaller business segments, coupled with margin improvement. We remain positive on Pricol on continued improvements in its competitive positioning in fast-premiumizing products like Display Information Systems, apart from optionality (expansion into more components on order wins).

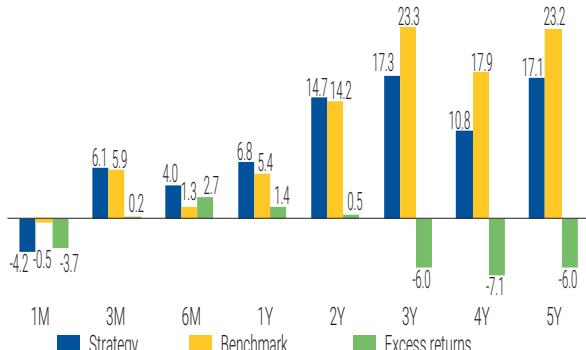
Draggers to portfolios were **Hitachi Energy & TD Power System** down ~17% & 10% respectively. **Hitachi Energy India** saw a short-term pullback in December, largely driven by profit-taking following a strong multi-month rally and general weakness in the small and mid-cap space. Operational performance remains strong with a strong Q2FY26 results that continued the positive trajectory of the last 5-6 quarters. We remain positive on Hitachi's mid-to-long-term outlook, driven by structural trends of grid expansion, renewable integration, and higher localisation. However, since valuations are rich, there tends to be periodic corrections in the stock. **TD Power System** underperformed in December, reflecting a near-term correction after an extended rally largely driven by profit-taking and general weakness in the small and mid-cap space. It reported strong operational results in Q2FY26 with robust revenue and profit growth supported by healthy order inflows and export demand. Fundamentals remain strong and it remains on track to do well over the next few years.

No new stock entry & exits during the month.

SELF vs S&P BSE 500 TRI (%)

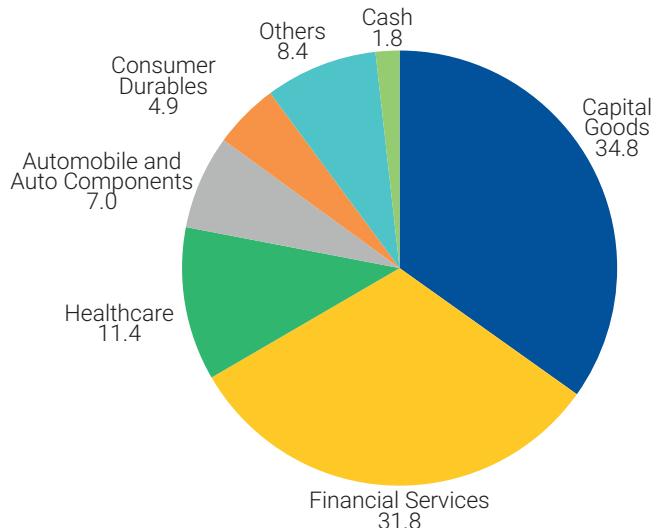


SELF vs Nifty Midcap 150 (%)



Peer performance is available under the following link of Association of Portfolio Managers in India (APMI):
<https://www.apmiindia.org/apmi/welcomeiperformance.htm?action=PMSmenu>

Sector Allocation (%)

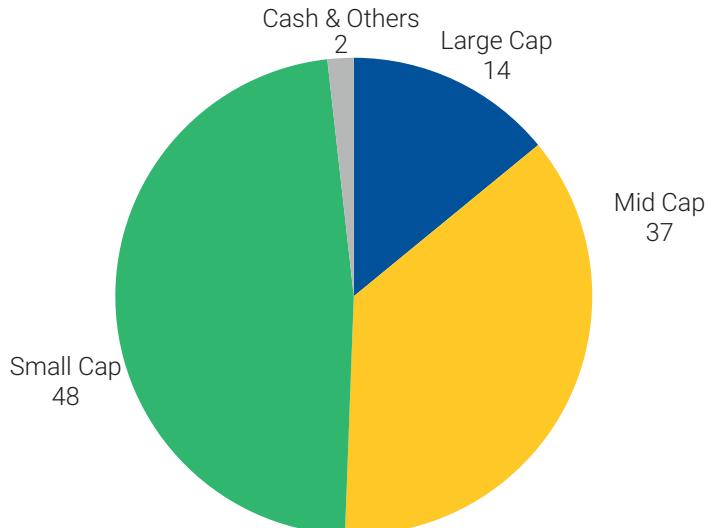


Note: Numbers may not add up due to rounding

SECTOR BETS (%) – UNDERWEIGHT / OVERWEIGHT VS BENCHMARK



Market Capitalization (%)



Note: Numbers may not add up due to rounding

Weighted Average Market Cap

₹ 55,910 Cr.

Key Contributors

Symbol Name	Unit Cost (₹)	Unit Price (₹)	Gain/Loss (%)
TD Power Systems Ltd	297	702	136
Hitachi Energy India Limited	9,907	18,310	85
Pricol Limited	384	661	72

Value of ₹ 1 Crore Invested at Launch



Peer performance is available under the following link of Association of Portfolio Managers in India (APMI):
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Objective: To seek long-term capital appreciation by investing in stocks across the cap curve

Key Features

- Flexible cap curve allocation
- Diversified target portfolio with 20-25 stocks
- Two Buckets of Stocks
 1. Structural Stories
 2. Cyclical & turnaround opportunities
 3. Wealth Multiplier Themes
 4. Financialisation of the economy
 5. Consumption Czars
 6. Phygital Bluechips
 7. Export Voyagers
 8. Manufacturing Maestro

Investment Horizon

Above 3 years

Benchmark

S&P BSE 500 TRI

Inception

November 2016

Fund Manager

Mr. Darshan Engineer

Voyager vs S&P BSE 500 TRI (%)



PORTFOLIO & STOCK PERFORMANCE

Top performers in the portfolio are **GE Vernova & KEI**, up ~9% & ~8% respectively. **GE Vernova** delivered decent returns in December, driven by a confluence of strong corporate catalysts and improving market fundamentals. The company's global parent positively surprised investors with an upbeat outlook at its December investor update, where management substantially raised multi-year revenue and free cash flow guidance, doubled the quarterly dividend and expanded its share buyback programme moves that materially enhanced shareholder returns and reinvigorated confidence in its growth trajectory. These strategic initiatives, coupled with positive rating actions from major agencies reflecting improved profitability and competitive positioning, underpinned heightened valuation support globally. The Indian listed entity secured a marquee high-voltage direct current (HVDC) contract including a major 2.5 GW order for the Khavda-South Olpad renewable transmission corridor which further bolstered its revenue visibility and reinforced its leadership in grid expansion projects amid accelerating renewable integration. The combination of stronger demand outlooks for power infrastructure, clarity on long-term earnings growth, powered GE Vernova's stock outperformance. **KEI Industries** delivered notable outperformance, driven by a combination of robust industry fundamentals, strategic capacity expansion, and renewed investor interest. Structural growth in the wire and cable industry, underpinned by sustained demand from power distribution, infrastructure, real estate and renewables, continues to benefit KEI's core business, while capacity additions such as the commencement of commercial production at its greenfield facilities enhance future volume visibility. Additionally, positive brokerage coverage and its inclusion in top stock recommendation lists for the last week of December reinforced sentiment.

Draggers to the portfolio were **Hitachi Energy** and **Neuland Labs**, down ~17% and ~12% respectively. **Hitachi Energy** saw a short-term pullback in December due to profit booking after a strong multi-month rally and broader weakness in small and mid-caps. Operational performance remains strong, with Q2FY26 continuing the positive momentum of the past 5–6 quarters. We remain constructive on the medium-to-long-term outlook, driven by structural tailwinds from grid expansion, renewable integration and higher localisation, though rich valuations can lead to periodic corrections. **Neuland Labs** corrected following a weak November 2025 export print (US\$ 8.4 mn; -32% YoY), with YTDFY26 exports at US\$ 72 mn (-16% YoY). However, the CDMO business is inherently lumpy, with H2 typically stronger than H1. Management continues to target 18–20% CAGR over the medium term, driven by improving utilisation, growth in the existing portfolio and addition of new CMS molecules. Margin outlook remains healthy with EBITDA expected in the 25–30% range. The company is scaling capabilities in complex and peptide APIs, including a commercial peptide facility (₹2.5 bn capex), expanding R&D and advancing a strong pipeline with 16 Phase II/III projects. We remain positive on Neuland's long-term prospects.

New Stock Entry :

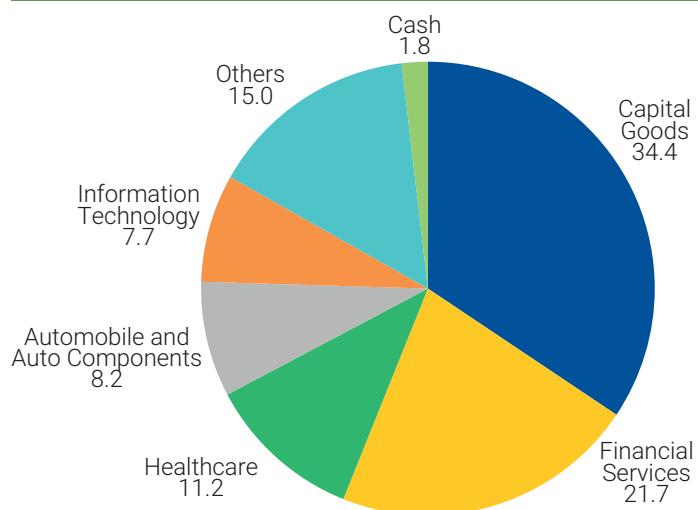
Titan: Titan offers exposure to India's rising affluent class, with jewellery demand expected to grow at 2x GDP, driving highteen growth over the next five years. Its strong moat—Tanishq brand and Tata parentage—delivers superior margins, ROCE, and sustainable reinvestment compared to peers. Backed by proven management and governance, Titan's premium valuation is justified by consistent earnings compounding akin to top FMCG companies.

Trent: Trent taps India's apparel market with 100% private labels, scaling Westside and Zudio rapidly to capture the organised retail shift. Its strong moat in fast fashion, efficient logistics, and Tata brand backing drive superior growth, ROCE, and healthy margins. With proven management and consistent financial outperformance, and current valuations an investment is justified by sustained earnings compounding and expansion potential.

Exits: **Johnson Controls-Hitachi:** The Indian air-conditioner market remains intensely competitive, with global and domestic players operating at structurally low EBITDA margins of ~6–8%. Recent demand softness due to an elongated monsoon, GST-related deferments and high channel inventory ahead of an early winter is likely to result in weak H2FY26 trends, with low to negative volume growth and pressure on realizations and margins. At the company level, JCHAI has lost its earlier premium positioning due to past attempts to lower price points and quality, leading to market share erosion. Post the Bosch acquisition, the growth strategy remains unclear and recovery is expected to be gradual, potentially involving near-term margin compromise. Given the long-drawn nature of the turnaround and rich valuations even on FY27–28 earnings, we exited the position via the open offer at cost.

Peer performance is available under the following link of Association of Portfolio Managers in India (APMI):
<https://www.apmiindia.org/apmi/welcomeaperformance.htm?action=PMSmenu>

Sector Allocation (%)

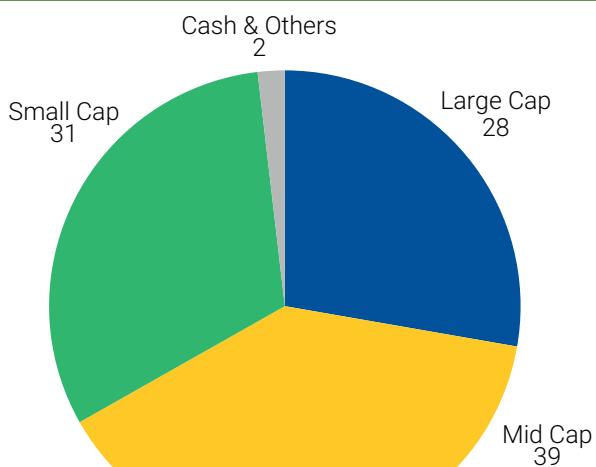


Note: Numbers may not add up due to rounding

SECTOR BETS (%) – UNDERWEIGHT / OVERWEIGHT VS BENCHMARK



Market Capitalization (%)



Note: Numbers may not add up due to rounding

Weighted Average Market Cap

₹ 1,11,064 Cr.

Key Contributors

Symbol Name	Unit Cost (₹)	Unit Price (₹)	Gain/Loss (%)
GE Vernova T&D India Limited	1,587	3,133	97
Aster Dm Healthcare Ltd	376	617	64
Mtar Technologies Limited	1,579	2,417	53

Value of ₹ 1 Crore Invested at Launch



Peer performance is available under the following link of Association of Portfolio Managers in India (APMI):
<https://www.apmiindia.org/apmi/welcomeiperformance.htm?action=PMSmenu>

Objective: To seek long term capital appreciation by investing in companies that can be termed as smallcaps.

Target Investors: Ideal for long-term investors seeking returns through investments predominantly in small-cap stocks and are comfortable with short-term volatility.

Investment Horizon

Above 5 years

Primary Benchmark

S&P BSE 500 TRI

Secondary Benchmark

Nifty Smallcap 250

Inception

November 2009

Fund Manager

Mr. Darshan Engineer

PORTFOLIO & STOCK PERFORMANCE

Top performers in the portfolio are **KEI & Karur Vysya**, up ~8% & ~6% respectively. **KEI Industries** delivered notable outperformance, driven by a combination of robust industry fundamentals, strategic capacity expansion, and improvement in prices of copper. Structural growth in the wire and cable industry, underpinned by sustained demand from power distribution, infrastructure, real estate and renewables, continues to benefit KEI's core business, while capacity additions such as the commencement of commercial production at its greenfield facilities enhance future volume growth visibility. Additionally, higher copper prices in last few months imply better realisations and absolute profits as the company is able to pass on higher RM prices with a lag of only 15-30 days. Hence, Q3FY26 can be expected to be healthy in terms of growth and profitability. **Karur Vysya** delivered a strong performance in December, driven by sustained improvement in its core fundamentals and a positive reassessment by the market about its medium-term growth outlook. The stock benefited from continued momentum in business growth, supported by healthy advances growth led by retail, MSME and agriculture segments, along with steady deposit accretion and an improving CASA mix, as highlighted in the bank's recent regulatory disclosures and investor communications. Asset quality trends remained encouraging, with gross and net NPAs continuing to decline on a sequential basis, reflecting disciplined underwriting standards and effective recovery efforts, as reported in its latest quarterly results. Additionally, stable net interest margins, improving operating efficiency, and controlled credit costs reinforced confidence in the sustainability of earnings. Market sentiment was further supported by commentary from management and coverage by leading financial media and exchanges, pointing to the bank's stronger balance sheet, comfortable capital adequacy, and focus on profitable growth.

Draggers to portfolios were **TD Power & Neuland Labs**, down ~10% & ~12% respectively. **TD Power System** underperformed in December, reflecting a near-term correction after an extended rally largely driven by profit-taking and general weakness in the small and mid-cap space. It reported strong operational results in Q2FY26 with robust revenue and profit growth supported by healthy order inflows and export demand. Fundamentals remain strong and it remains on track to do well over the next few years. **Neuland Labs** corrected during December post a weak export data print for the month of Nov 2025. Neuland exports were US\$ 8.4 mn, up 197% MoM but down 32% YoY. On YTDFY26 basis, it was at US\$ 72 mn, down 16% YoY. However, by nature, CDMO export business is lumpy with H2 generally stronger than H1 of a financial year. Over the long term, management continues to target 18–20% CAGR over the medium term (on FY24 base). This growth shall be driven by improving capacity utilisation and growth in its existing product portfolio. While the current product portfolio is poised to grow substantially, it also anticipates the addition of one new molecule in the CMS business as well. Neuland is also confident of maintaining its margin trajectory, with EBITDA margins expected to stay in the 25–30% range. It also aims to differentiate itself by focusing on complex molecules; focusing on peptide APIs and is building a commercial-scale peptide manufacturing facility at capex of INR 2.5 bn. It is also investing substantially in R&D centre to further scale up its research capabilities on new high-growth modalities. It has a strong product pipeline with 16 projects in Phase II/III. Thus, we remain positive on the long-term prospects of Neuland.

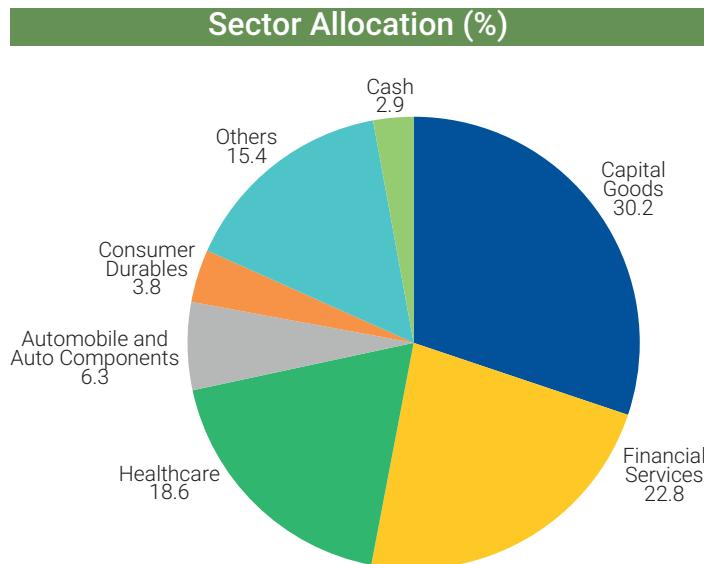
New Stock Entry:

Gravita India Limited: Gravita India has a diversified presence across key recycling verticals—lead, plastics, aluminium, and e-waste—which combined with strong regulatory tailwinds and proven execution capabilities, makes it a compelling play on India's shift toward a formal, sustainable waste-management ecosystem. It is well positioned to capitalize on this transition through its extensive global sourcing network across five continents, wide manufacturing footprint in India, in-house toolroom enhancing efficiency and cost control, continuous product diversification into higher-value segments, and steady investments in R&D to scale emerging recycling opportunities. Together, these strengths support sustainable growth while enabling GRAV to play a pivotal role in the circular economy.

R Systems International: R Systems International is a niche digital product engineering firm. For years, under the previous management and promoters, it had built a solid foundation of deep technical expertise and long-standing client relationships. Now, under new strategic ownership and revitalized leadership, it is poised to translate this foundation into an accelerated growth trajectory. Post the May 2023 acquisition by Blackstone PE, it has entered a new phase of strategic expansion and value creation. This transition will be led by a new, proven leadership with a mandate to scale the business, provide access to a vast portfolio of potential clients, and catalyze a M&A strategy to acquire critical capabilities. Thus, it is uniquely positioned to capture significant upside in 3 of the most promising sectors of the technology market: Digital Product Engineering, enterprise-wide adoption of AI-led transformation, and the ongoing boom in Global Capability Centre (GCC) advisory and setup services.

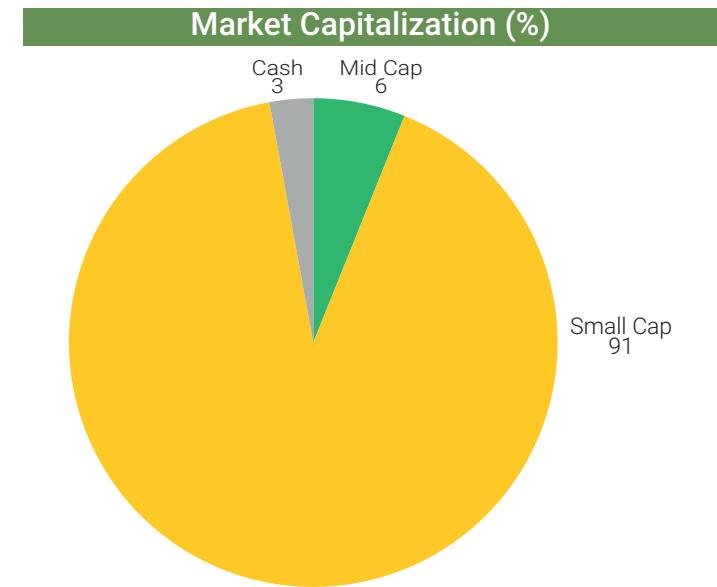
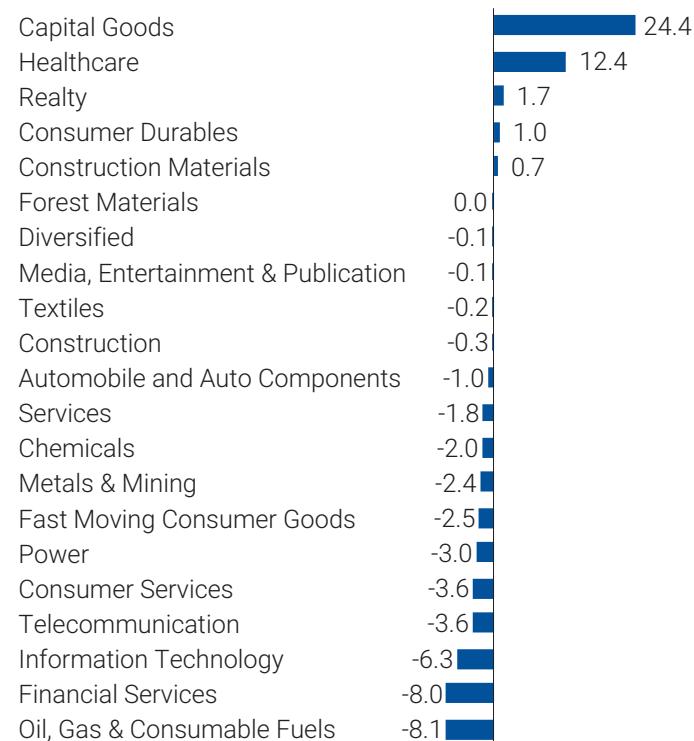
No stock exit during the month.

Peer performance is available under the following link of Association of Portfolio Managers in India (APMI):
<https://www.apmiindia.org/apmi/welcomeiperformance.htm?action=PMSmenu>



Note: Numbers may not add up due to rounding

SECTOR BETS (%) – UNDERWEIGHT / OVERWEIGHT VS BENCHMARK



Note: Numbers may not add up due to rounding

Weighted Average Market Cap

₹ 12,742 Cr

Key Contributors			
Symbol Name	Unit Cost (₹)	Unit Price (₹)	Gain/Loss (%)
TD Power Systems Ltd	323	702	117
Acutaas Chemicals Limited	882	1,705	93
Karur Vysya Bank	140	264	89

Value of ₹ 1 Crore Invested at Launch



Peer performance is available under the following link of Association of Portfolio Managers in India (APMI):
<https://www.apmiindia.org/apmi/welcomeiperformance.htm?action=PMSmenu>

CALENDAR YEAR PERFORMANCE (%)

SISOP

	Strategy	Benchmark	Excess return
2010	58.3	24.9	33.4
2011	1.5	-26.4	27.9
2012	25.4	33.4	-8.0
2013	6.0	4.9	1.1
2014	66.1	38.9	27.2
2015	-2.0	0.4	-2.4
2016	4.2	5.2	-1.0
2017	24.0	37.6	-13.6
2018	-4.3	-1.8	-2.4
2019	15.4	9.0	6.5
2020	25.2	18.4	6.8
2021	36.2	31.6	4.6
2022	-6.9	4.8	-11.6
2023	19.6	26.5	-6.9
2024	31.4	15.8	15.6
2025 YTD	10.9	7.6	3.2

Source: Inhouse computation

Calendar Year Performance Since Inception February 2010

S.E.L.F.

	Strategy	Benchmark	Excess return
2010	9.2	13.9	-4.7
2011	-2.9	-26.4	23.6
2012	28.7	33.4	-4.7
2013	18.3	4.9	13.4
2014	69.9	38.9	31.0
2015	3.4	0.4	3.0
2016	6.1	5.2	1.0
2017	41.8	37.6	4.2
2018	-11.6	-1.8	-9.8
2019	6.5	9.0	-2.4
2020	31.4	18.4	13.0
2021	46.3	31.6	14.7
2022	-6.8	4.8	-11.6
2023	22.8	26.5	-3.7
2024	23.2	15.8	7.3
2025 YTD	6.8	7.6	-0.8

Source: Inhouse computation

Calendar Year Performance Since Inception June 2010

Voyager

	Strategy	Benchmark	Excess return
2016	-0.9	-1.4	0.5
2017	26.1	37.6	-11.5
2018	-8.4	-1.8	-6.6
2019	15.2	9.0	6.3
2020	10.3	18.4	-8.1
2021	44.4	31.6	12.8
2022	-5.6	4.8	-10.3
2023	18.4	26.5	-8.1
2024	34.0	15.8	18.2
2025 YTD	5.8	7.6	-1.8

Source: Inhouse computation

Calendar Year Performance since November 2016

Rising Stars

	Strategy	Benchmark	Excess return
2009	-0.4	2.6	-3.1
2010	3.6	17.9	-14.3
2011	-14.7	-26.4	11.8
2012	41.6	33.4	8.2
2013	28.6	4.9	23.7
2014	75.8	38.9	36.9
2015	7.5	0.4	7.1
2016	3.9	5.2	-1.2
2017	48.6	37.6	11.0
2018	-26.9	-1.8	-25.1
2019	-1.3	9.0	-10.3
2020	13.6	18.4	-4.8
2021	54.7	31.6	23.1
2022	-0.2	4.8	-5.0
2023	19.5	26.5	-7.1
2024	7.9	15.8	-7.9
2025 YTD	6.2	7.6	-1.5

Source: Inhouse computation

Calendar Year Performance Since Inception November 2009

TOP HOLDINGS

SISOP

Mahindra & Mahindra Ltd	Large Cap
Cholamandalam Invest & Fin Co. Ltd.	Large Cap
Titan Industries Limited	Large Cap
Ge Vernova T&D India Limited	Mid Cap
KEI Industries Limited	Mid Cap
Hitachi Energy India Limited	Mid Cap
Mtar Technologies Limited	Small Cap
TD Power Systems Ltd	Small Cap
Creditaccess Grameen Limited Eq	Small Cap

S.E.L.F.

Cholamandalam Invest.& Fin. Co. Ltd.	Large Cap
Hitachi Energy India Limited	Mid Cap
KEI Industries Limited	Mid Cap
Bharat Heavy Electricals Ltd	Mid Cap
TD Power Systems Ltd	Small Cap
MTAR Technologies Limited	Small Cap
Pricol Limited	Small Cap

Voyager

Cholamandalam Invest.& Fin. Co. Ltd.	Large Cap
Mahindra & Mahindra Ltd	Large Cap
Polycab India Limited	Large Cap
GE Vernova T&D India Limited	Mid Cap
KEI Industries Limited	Mid Cap
Hitachi Energy India Limited	Mid Cap
Neuland Laboratories Ltd	Small Cap
Creditaccess Grameen Limited Eq	Small Cap
MTAR Technologies Limited	Small Cap

Rising Stars

KEI Industries Limited	Mid Cap
TD Power Systems Ltd	Small Cap
MTAR Technologies Limited	Small Cap
Acutaas Chemicals Limited	Small Cap

Performance Measures – Since Inception

SISOP

Instruments	Strategy	Benchmark
Arithmetic Mean	17.8	13.7
Annualised Standard Deviation	15.9	15.9
Beta	0.8	-
Sharpe Ratio	0.7	0.5
Correlation	0.8	-
Alpha	5.5	-
Tracking Error	9.7	-
Up capture Ratio	101.5	-
Down capture Ratio	77.6	-

S.E.L.F.

Instruments	Strategy	Benchmark
Arithmetic Mean	17.0	13.4
Annualised Standard Deviation	15.3	15.9
Beta	0.8	-
Sharpe Ratio	0.7	0.4
Correlation	0.8	-
Alpha	5.1	-
Tracking Error	9.4	-
Up capture Ratio	103.6	-
Down capture Ratio	83.3	-

Voyager

Instruments	Strategy	Benchmark
Arithmetic Mean	14.6	15.8
Annualised Standard Deviation	16.5	16.0
Beta	0.9	-
Sharpe Ratio	0.5	0.6
Correlation	0.9	-
Alpha	-0.4	-
Tracking Error	7.8	-
Up capture Ratio	105.8	-
Down capture Ratio	120.0	-

Rising Stars

Instruments	Strategy	Benchmark
Arithmetic Mean	14.2	13.3
Annualised Standard Deviation	15.5	15.9
Beta	0.7	-
Sharpe Ratio	0.5	0.4
Correlation	0.7	-
Alpha	3.0	-
Tracking Error	11.8	-
Up capture Ratio	92.8	-
Down capture Ratio	82.1	-

CUSTOMER SERVICES

Reporting Statements and Servicing: Monthly performance Statements Transactions, Holding & Corporate action reports, Annual CA certified Statement of the account & Online access



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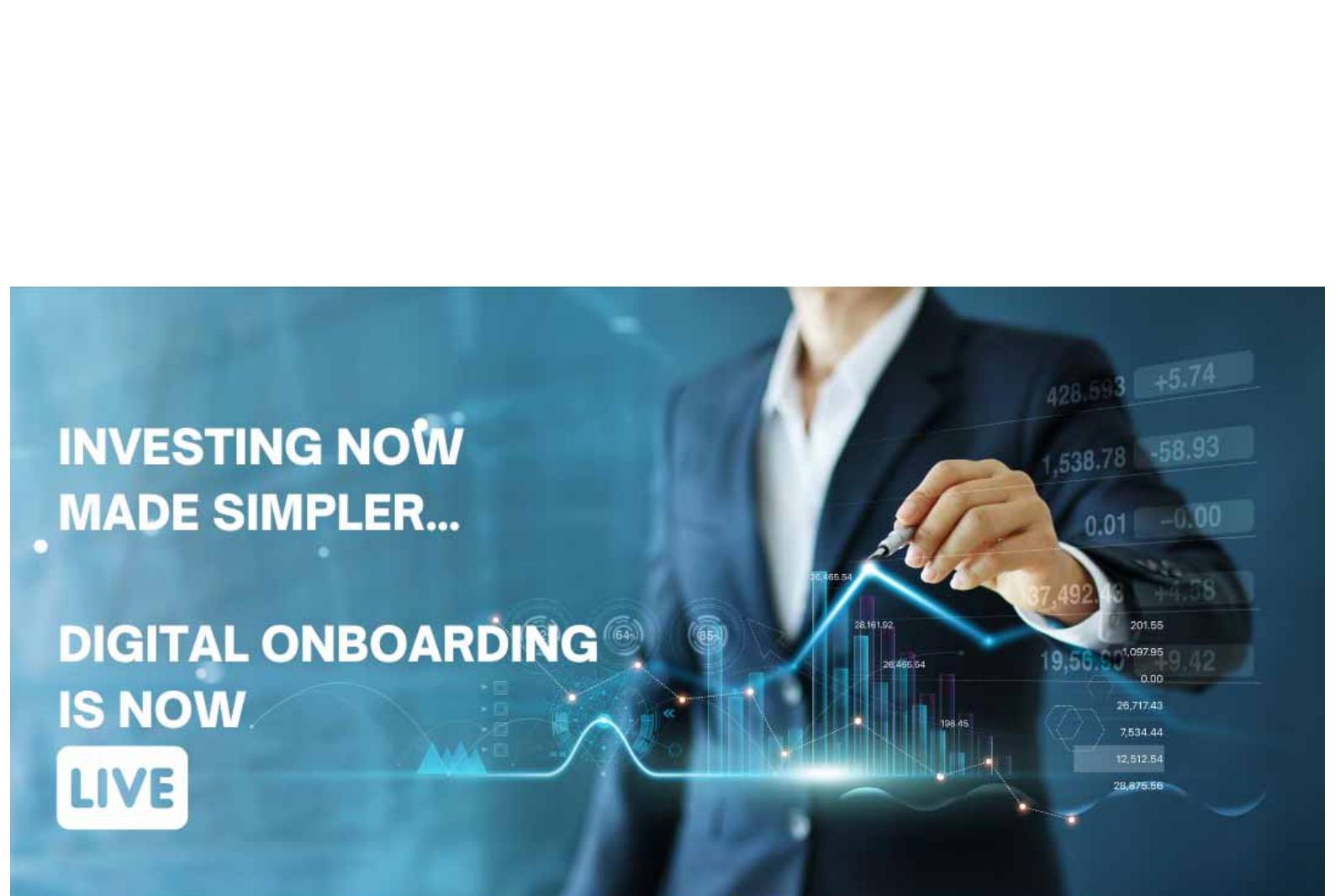
DISCLAIMER

Performance numbers for a period less than 1 year are absolute returns.

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A Category II AIF | Graded CARE AIF 1

A Sustainable Green Built Fund



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Securities investments are subject to market risks and there is no assurance or guarantee that the objective of the investments will be achieved.



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