SUNDARAM ALTERNATES
Sundaram Finance Group

SUNbeam

Portfolio Strategy Update

November '25

(For Distributors Only)

Merry Christmas

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Weathering the Storm Through Small and Mid-Cap Headwinds

Dear Investor,

Thank you for your patronage.

Indian equity markets have corrected sharply over the past two weeks, with small- and mid-cap stocks seeing the brunt of the decline. As of 11 Dec 2025, the BSE Small Cap Index is down 4.3% over the past month and 9.3% year-to-date, while the BSE Mid Cap Index is down 2.6% and 1.6%, respectively. Large caps have been comparatively resilient.

This weakness comes against a challenging macro backdrop:

- The INR has depreciated by ~7% over the past year following tariff announcements, contributing to tightening domestic liquidity and higher bond yields.
- FPIs saw net outflows of ~USD 16 bn in CY25. DII flows absorbed some of the pressure but may moderate as returns soften.
- RBI's liquidity measures and rate cuts offer temporary relief, but external account pressures persist. A stable INR will likely depend on progress on the India–US trade deal, suggesting continued near-term volatility.

Our Portfolio Positioning

Despite a mid- and small-cap bias, our SISOP, Voyager, SELF, and Rising Stars PMS strategies remain in quartile 1 on a 1-year basis, delivering strong alpha over the S&P BSE 500 TRI, NSE Midcap 150, and NSE Smallcap 250. This resilience has been driven by our overweight stance in select sectors and bottom-up, research-driven positions in capital goods, auto, auto ancillaries, specialty chemicals, and NBFCs.

The recent correction has been broad-based across sectors and market capitalizations, irrespective of valuations, with many high-quality companies (including our portfolio holdings) declining 10-20% from their Oct-Nov highs. Even so, portfolio fundamentals remain strong, and our fund portfolios delivered better-than-benchmark outcomes in November 2025.

Q2FY26 earnings for our holdings were materially ahead of the broader market. On a YoY basis, while the Nifty 500 grew revenue by 7% and PAT by 15%, our portfolio grew 20% in revenue, 44% in EBITDA, and 64% in PAT, with 66-70% of our companies beating consensus estimates.

Our longer-term conviction remains intact, supported by strong earnings momentum and positive management commentary on the future. We have also exercised valuation discipline- side-stepping overheated segments of the market, trimming select winners, exiting laggards, and deploying capital selectively during corrections.

Our View Ahead

With rate cuts by both the RBI and the US Fed, easing inflation trends, improving liquidity, and continued earnings visibility, we expect markets to gradually transition to a stable, fundamentals-driven phase, which forms the basis of our portfolio construct.

In the coming quarters, we will remain invested in structurally strong businesses, rebalance positions where valuations are stretched, and selectively add opportunities that meet our risk–reward criteria. Our disciplined, long-term approach, focused on high-quality companies with strong balance sheets, robust cash flows, and credible management, remains unchanged.

From the desk of:

Darshan Engineer
Fund Manager, PMS Portfolios

Note:
Performance data based on PMS Bazaar's PMS Performance Report for November 2025.
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.

Update on the equity market

Markets have been volatile for the past few months. After a good Jun 2025, the next 3 months from July-Sep 2025 saw the market trading in a range with marked volatility tilted towards the downside. Oct 2025 reversed the downtrend with the markets going up 4-5%, followed by a more sedate 1-2% up move in Nov 2025 supported by (1) robust festive demand, (2) easing global trade tensions, (3) decent Q2FY26 earnings, (4) rate-cut hopes from the US Fed and the RBI, and (5) signs of a resolution to the Russia-Ukraine war easing crude oil prices, as it raises hopes for a potential boost in global oil supply. sell-off in the AI stocks on valuation concerns

Recent reforms undertaken by the government

In the first week of Nov, the ruling NDA government at the centre secured a strong majority in the Bihar Assembly elections, winning 202 seats out of 243. Post the state government formation, the central government has come out with a slew of reforms aimed at boosting economic growth.

In this regard, in a landmark move aimed at modernising India's labour governance, the central government implemented the 4 Labour Codes—the Code on Wages (2019), Industrial Relations Code (2020), Code on Social Security (2020), and Occupational Safety, Health and Working Conditions (OSHWC) Code (2020)—repealing and rationalising 29 existing central labour laws. The new framework simplifies decades-old, fragmented labour rules, enhances worker welfare, strengthens safety standards and aligns India's labour ecosystem with global best practices. The implementation became effective 21 Nov 2025, following years of consultation and preparatory work. It will be inflationary in the near term but ensure easier scaling up of industries in the medium term.

The central government announced new schemes with an outlay of Rs 45,060 crore to support exporters hit by US tariffs. These schemes include the Export Promotion Mission (EPM) and the Credit Guarantee Scheme for Exporters (CGSE). The EPM aims to strengthen India's export competitiveness, particularly for MSMEs, first-time exporters, and labour-intensive sectors, while the CGSE focuses on providing collateral-free credit support to exporters The initiatives are part of a broader strategy to sustain export orders, protect jobs, and support diversification into new geographies.

Finally, in the winter session of the parliament, the government has lined up several key reforms relating to Insurance, Securities market, Jan Vishwas Bill to foster a more business friendly environment, Insolvency and Bankruptcy, National Highways amendments, Atomic Energy, Higher Education, etc.

RBI cut rates further by 25 bps in Dec 2025

In Oct 2025, RBI MPC had unanimously kept the policy repo rate unchanged at 5.5%, while maintaining the stance at neutral, as the inflation numbers for Sep 2025 weren't out at that time. Post the Oct 2025 RBI policy meet, Sep 2025 CPI inflation moderated to 1.5% on the back of food price contraction, while core inflation firmed up to 4.5% due to a sharp uptrend in bullion prices. WPI inflation cooled to 0.13% in September from 0.52% in August. Globally, crude oil prices remain benign due to a possible resolution of the Russia-Ukraine war. With inflation persistently undershooting, the RBI expectedly found it harder to ignore its core mandate of inflation management and therefore delivered a 25-bps cut in its Dec 2025 policy, while retaining a neutral stance to preserve policy flexibility. Clear near-term inflation visibility has helped the RBI implement a cut, after marking a fifth downward revision to FY26 CPI inflation. The RBI's FY26 inflation forecast is now at 2.0%, even as it upgraded growth to 7.3%, a rare goldilocks scenario. Apart from cuts, a flexible forward guidance also complemented its rate easing, thus signalling RBI's openness to further easing—on both, rates and liquidity. It announced a primary liquidity infusion of ~Rs 1.5 trn (Rs 1 trn of OMOs and a USD 5 bn buy–sell swap) to mitigate pressures from balance of payments and current account deficit.

These actions will meaningfully aid rate cut transmission, which is positive for lenders, especially NBFCs. While the extant 100 bps rate cut was just being subsumed by banks, this additional 25 bps repo rate cut (though built into their margin workings) shall exert some margin pressure (some in Q3, given the one-month impact, and more in Q4FY26), mainly on large and SMID private sector banks and NBFCs with a higher share of floating rate portfolio. The RBI has delivered highly desirable and tangible dual benefits for NBFC lenders, by rate easing and primary liquidity infusion. This combination of actions will aid NBFCs in bringing down their cost of borrowings, as the cost of bank borrowing (existing and new) comes down further. The softening of bond yields would bring down the cost of newer bond issuances. The commentary is pro-growth and hinted at a vote of confidence for lenders Lenders with a higher share of fixed rate portfolio (vehicle loans, personal loans, etc) should be relatively better off.

Q2FY26 results season has been decent

InQ2FY26, in totality, Nifty 500 reported revenue and PAT growth of 7% YoY and 15% YoY respectively. Mid and small caps saw relatively better revenue and PAT growth of 10% YoY and 25% YoY respectively. Mid-caps continued to demonstrate faster growth than large-caps.

Revenue Growth YoY(%)					
Index	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26
Nifty 50	6%	7%	7%	6%	7%
Nifty Next 50	6%	3%	4%	5%	5%
Nifty Midcap 150	11%	10%	10%	8%	10%
NSE NIFTY Smallcap 250	10%	5%	7%	6%	10%
Nifty 500	7%	6%	7%	6%	7%

PAT Growth YoY(%)					
Index	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26
Nifty 50	8%	13%	13%	5%	7%
Nifty Next 50	-10%	9%	29%	13%	20%
Nifty Midcap 150	15%	39%	19%	19%	26%
NSE NIFTY Smallcap 250	-3%	-12%	30%	-8%	24%
Nifty 500	3%	14%	18%	8%	15%

Source – Bloomberg, Haitong Securities

In comparison, our portfolio companies delivered a much stronger growth compared to benchmarks, both YoY and QoQ.

Q2FY26 Results	Revenue	EBITDA	PAT	EBIDTA%	PAT%
Weighted average YoY Growth of portfolio	20.00%	43.80%	64.10%	1.50%	0.60%
No of companies that grew > 15% YoY	15	15	19	19	15
Out of	24	24	24	24	24
% of companies	62.50%	62.50%	79.20%	79.20%	62.50%

On weighted average basis, 65-70% of our companies came out with better-than-consensus estimates on various metrics.

Q2FY26 Results	Revenue	EBITDA	PAT	EBIDTA%	PAT%
Extent of outperformance (weighted average)	2.30%	13.80%	0.40%	1.00%	0.50%
No of companies with +ve deviations (Better than estimates)	16	19	16	17	13
Out of	24	24	24	24	24
% of companies	66.70%	79.20%	66.70%	70.80%	54.20%

Source – Bloomberg, Sundaram Alternates

As earnings growth returns from 2HFY26E onwards, with a conducive monetary policy, earnings growth for the market is set to improve meaningfully over the next few years As a result, India's valuation premium has become reasonable within emerging markets. While Nifty continues to trade at ~ 20-22x PE on 1-year forward basis, the PEG ratio has come off to 1.5-1.7x now vs more than 2x in earlier quarters Valuation upside from multiples expansion remains constrained due to elevated prices. Future share price returns will be driven mainly by earnings growth. It is in this context that our portfolio remains well placed as they delivered strong earnings growth in Q2FY26 and have a high earnings growth visibility over the next few years.

Among sectors of interest to us,

- Automobiles & Auto Components: a strong festive season coupled with GST rate cuts provided a healthy boost to Q2FY26 results. Our portfolio companies in auto sector reported healthy growth and improvement in margins. Electrification momentum remains strong with improving export traction and stable margin guidance.
- Capital Goods: Order inflows continue to surprise positively, driven by public capital expenditure and a revival in private ordering. Supply-chain normalization and pricing discipline support margin expansion. Our exposure to power sector value chain stocks continued to deliver strong revenue and profit growth.
- Chemicals: Specialty and CDMO pockets outperform as global supply tightness aids realizations; working-capital normalization and new capacity ramp-ups improve forward visibility.
- Consumer Services: Festive uptick drove steady revenue normalization. However, margins remain weak. Our portfolio companies had a mixed Q2FY26.
- Real Estate: Premium housing continues to lead with strong bookings and price appreciation in key micro-markets. Launch pipelines remain robust despite temporary cash-flow mismatches. Our exposure in this sector is limited and it had a steady quarter.
- Consumer Durables: Weather-driven softness persists in cooling products, but energy-efficient appliances, lighting, and seasonal categories showed sequential improvement. Our portfolio company, a cooling products company, saw a muted Q2FY26 but better than expectations.
- Healthcare: Hospitals reported steady occupancy and strong specialty mix whereas CDMO players benefited from global consolidation trends despite pricing pressure in select APIs. Our portfolio companies in the hospital and CDMO space came out with strong results.

How are we positioned in the current context?

Nov 2025 continued the outperformance over benchmarks across all our strategies. We continue to maintain a long-term positive view on most companies in our portfolios and hence haven't made big changes to the portfolio. Some companies in our portfolio have become richer in terms of valuations and we are gradually reducing weights in them to reduce our risks emanating from possible de-rating in future. Q2FY26 results season have turned out well for our portfolio companies and commentary from managements of various portfolio companies remains strong.

SUNDARAM
India Secular Opportunities Portfolio

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

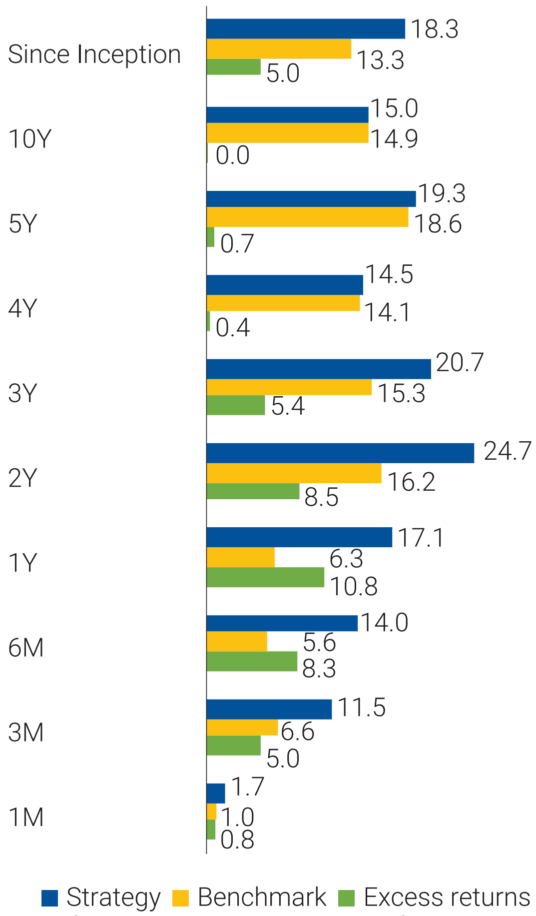
Inception

February 2010

Fund Manager

Mr. Darshan Engineer

SISOP vs S&P BSE 500 TRI (%)



PORTFOLIO & STOCK PERFORMANCE

Top performers in the portfolio are **Hitachi Energy** & **BHEL**, up ~30% & ~22% respectively**. Hitachi Energy** reported a healthy performance during Q2FY26, supported by steady execution, operating leverage and ongoing cost efficiency efforts. These factors contributed to a stronger EBITDA margin 16.3%. As volumes scale up, particularly with the ramp up of HVDC project revenues, it should see gradual improvement in cost absorption and profitability. Order visibility continues to be strong with total order book at ~₹29,400 cr., including ~₹10,000 cr. of base orders, providing multi-year execution visibility. Management expects 2-3 HVDC tenders annually, which supports a sustained medium-term pipeline for India's expanding transmission network. While HVDC projects typically carry varied margin profiles, they enhance growth visibility and reinforce Hitachi Energy's positioning in high-end grid technologies. The company is also progressing with its planned capex of ~₹2000 cr. over the next 5 years to expand domestic manufacturing capacity and strengthen its role in the global supply chain. With healthy inflows, improving scale and a supportive sector backdrop, Hitachi remains well placed to maintain an improving margin trajectory over the medium term. **BHEL** reported a strong Q2FY26 performance, with net profit rising ~3.5x YoY to around ₹368 crore and sales growth of 14% YoY to ₹7,512 crore. Fresh order inflow during Q2FY26 was ₹35,375 cr. And the overall order book stood at ₹2.2 lakh cr. It received its maiden order for the Kavach system from Indian Railways for design, development and installation of KAVACH equipment, in locomotives and at trackside locations. The ₹6,650 crore EPC order from NTPC for 800 MW Darlipali project enhances BHEL's visibility in the thermal segment, supporting capacity utilization and order inflows amid a rebound in large-scale conventional thermal power projects. Good accretion of orders and strong ordering pipeline will keep order inflows strong coupled with strong pick in execution from FY26E onwards.

Draggers to portfolios were **Credit Access Grameen & Trent**, down ~9% & ~10% respectively. **Credit Access Grameen** delivered a steady performance in a seasonally soft quarter. Business momentum remained intact, with 3.1% & 33% YoY growth in AUM and disbursements respectively, driven by retail finance. There are early signs of asset quality stabilisation, including improvement in PAR-0 portfolio. Management revised credit-cost guidance higher for FY26 and FY27, reflecting ECL model changes and a more conservative provisioning approach. While this may weigh on near term earnings expectations, underlying operating trends remain stable, and the company expects activity to pick up in the second half. Overall, fundamentals and demand indicators remain supportive despite the higher credit cost outlook. **Trent** reported steady revenue growth in the quarter, with standalone sales up 17% YoY. Same store sales growth (SSSG) moderated to low single digits, reflecting softer consumer sentiment and the impact of unseasonal rains. Store expansion continued, with additions across Westside and Zudio, while the Star grocery format saw a temporary decline due to renovation activity. It also introduced its new youth-focused brand, Burnt Toast. Emerging categories such as beauty, innerwear and footwear continued to scale and now contribute meaningfully (>21% of revenue) to overall sales. Online revenue grew strongly by 56% YoY and now accounts for over 6% of Westside's business. Cost discipline and operational efficiencies helped support margins amid the softer demand backdrop.

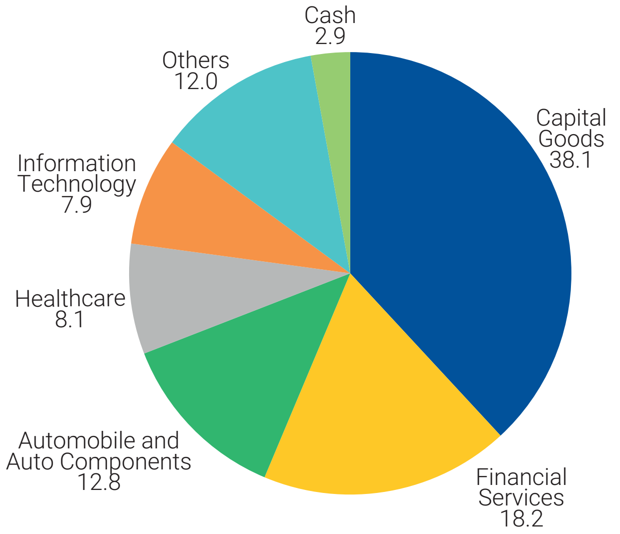
No new stock entry during the month

Stock Exit:

Senco Gold : Gold jewellery retailing companies have had to bear the brunt of high gold prices in the form of lower consumer footfalls and lesser volume offtake by buyers As a result, there has been pressure on gold retailers to compromise on making charges and reduce realisations to drive volume growth. Further, a fast rise in gold prices has also led to a speculative investment led demand for gold coins and bars As a result, their profitability has come under pressure. In this context, Senco Gold's performance has been notably weaker than peers, with a decline in same-store sales growth and a sharp rise in employee and marketing expenses. Inconsistencies in operating performance and low levels of gold hedging coupled with the sharp deceleration in growth are causes of concern on the future performance of the company, making the risk-reward profile unattractive and supporting an exit.

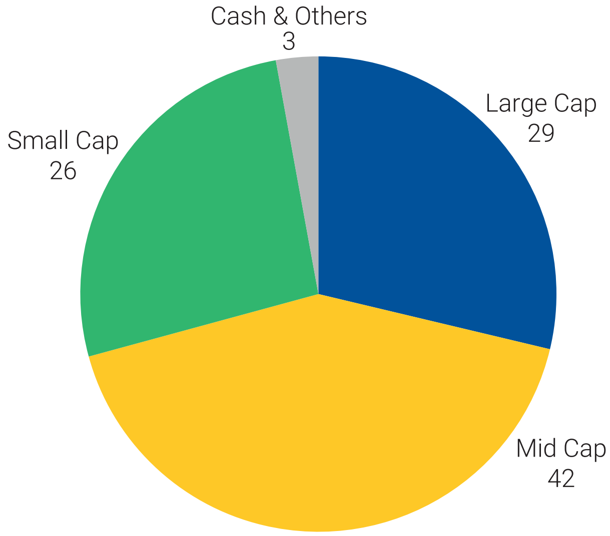
Peer performance is available under the following link of Association of Portfolio Managers in India (APMI): https://www.apmiindia.org/apmi/welcomeiaperformance.htm?action=PMSmenu

Sector Allocation (%)



Note: Numbers may not add up due to rounding

Market Capitalization (%)



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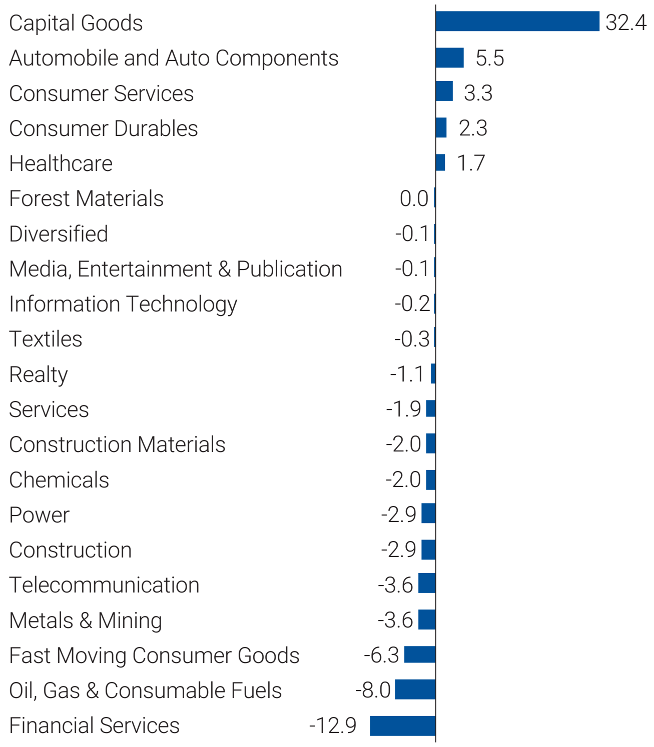
SECTOR BETS (%) – UNDERWEIGHT / OVERWEIGHT VS BENCHMARK

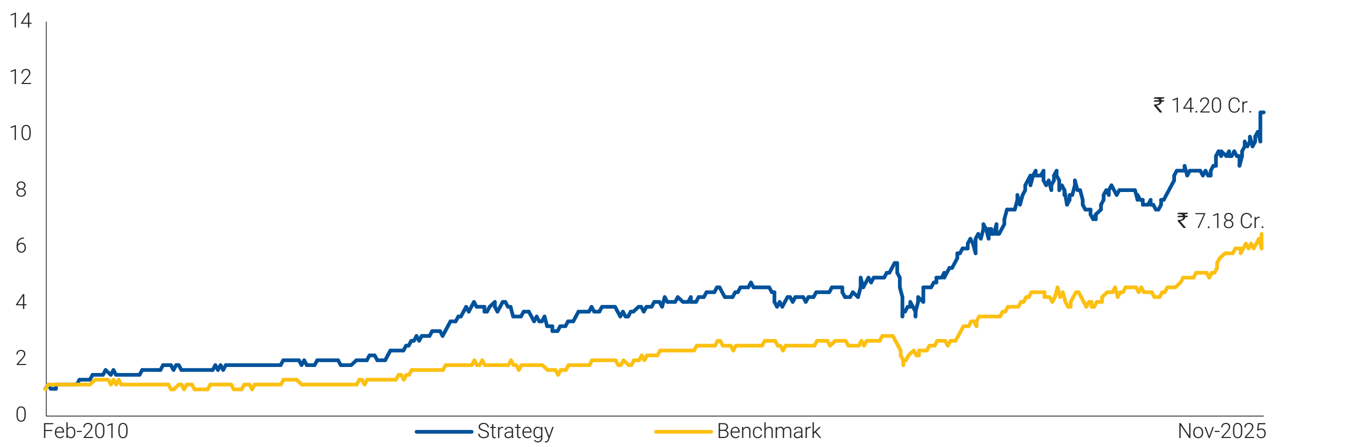


Weighted Average Market Cap	₹ 1,31,677 Cr

Key Contributors

Symbol Name	Unit Cost (₹)	Unit Price (₹)	Gain/Loss (%)
UNO Minda Limited	716	1,307	83
Aster Dm Healthcare Ltd	377	665	77
Ge Vernova T&D India Limited	1,653	2,881	74

Value of ₹ 1 Crore Invested at Launch



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SUNDARAM Emerging Leadership Fund

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
    i. **E**merging leaders – clean and high quality promoters / management.
    ii. **A**sset light & High ROCE businesses are preferred.
    iii. **S**calable companies: mid cap to large cap, small cap to mid cap transitioning companies.
    iv. **E**xcellent 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

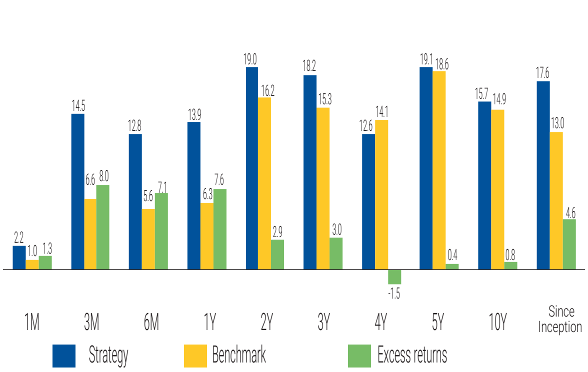
Inception

June 2010

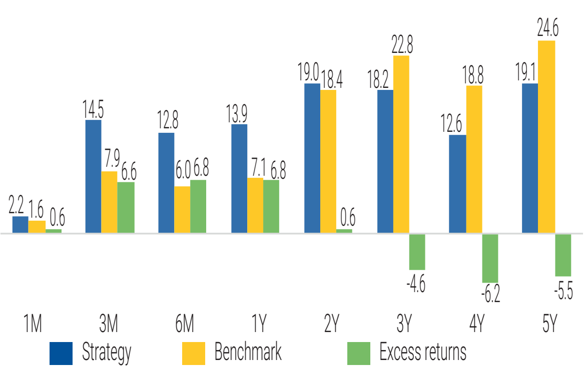
Fund Manager

Mr. Darshan Engineer

SELF vs S&P BSE 500 TRI (%)



SELF vs Nifty Midcap 150 (%)



PORTFOLIO & STOCK PERFORMANCE

Top performers in the portfolio are **Hitachi Energy & TD Power Systems**, up ~30% & ~20% respectively**. Hitachi Energy** reported a healthy performance during Q2FY26, supported by steady execution, operating leverage and ongoing cost efficiency efforts. These factors contributed to a stronger EBITDA margin 16.3%. As volumes scale up, particularly with the ramp up of HVDC project revenues, it should see gradual improvement in cost absorption and profitability. Order visibility continues to be strong with total order book at ~₹29,400 cr., including ~₹10,000 cr. of base orders, providing multi-year execution visibility. Management expects 2-3 HVDC tenders annually, which supports a sustained medium-term pipeline for India's expanding transmission network. While HVDC projects typically carry varied margin profiles, they enhance growth visibility and reinforce Hitachi Energy's positioning in high-end grid technologies. The company is also progressing with its planned capex of ~₹2000 cr. over the next 5 years to expand domestic manufacturing capacity and strengthen its role in the global supply chain. With healthy inflows, improving scale and a supportive sector backdrop, Hitachi remains well placed to maintain an improving margin trajectory over the medium term. **TD Power Systems** delivered a strong Q2FY26, with consolidated net profit up ~45% YoY to nearly ₹60 crore, supported by solid export traction and firm domestic demand. The company continues to benefit from favourable industry trends across power conversion equipment, generators and traction motors, underpinned by global energy transition investments and India's infrastructure cycle. Its diversified geographic presence and flexible manufacturing platform, especially in Turkey, have helped offset US tariff pressures while preserving cost competitiveness. Export demand remains robust, driven by increased requirements for gas and steam power equipment, rising power needs from AI data centres, higher gas-engine usage in the UK to balance renewable variability and reconstruction activity in Eastern Europe. With an order book of about ₹1500 cr. offering multi-year visibility, it is positioned for consistent revenue growth and stable margins. Supported by strong sector demand, disciplined cost management and a widening global footprint, TD Power Systems appears well placed to sustain its growth momentum over the medium term.

Draggers to portfolios were **Credit Access Grameen & Blue Star**, both down ~9%. **Credit Access Grameen** delivered a steady performance in a seasonally soft quarter. Business momentum remained intact, with 3.1% & 33% YoY growth in AUM and disbursements respectively, driven by retail finance. There are early signs of asset quality stabilisation, including improvement in PAR-0 portfolio. Management revised credit-cost guidance higher for FY26 and FY27, reflecting ECL model changes and a more conservative provisioning approach. While this may weigh on near term earnings expectations, underlying operating trends remain stable, and the company expects activity to pick up in the second half. Overall, fundamentals and demand indicators remain supportive despite the higher credit cost outlook. **Blue Star's** Q2FY26 results were marred by continued softness in the Room AC market, as prolonged rains and the September GST reduction prompted consumers and channels to defer purchases. Despite these external headwinds, it performed better than peers with its Unitary Products division revenue de-growing only 9.5% YoY to ₹693.81 crore, while margins declined to 6.2% vs 7.0% last year, much better than consensus estimates. Commercial Refrigeration business was subdued as well, although management anticipates some recovery in the second half. The Professional Electronics and Industrial Systems segment fell 20.1% YoY to ₹64.35 crore, but margins improved on cost controls. Consolidated revenue rose 6.4% to ₹2,422.37 crore, EBITDA margin improved to 7.6%, and net profit increased 2.8% to ₹98.78 crore. Management guided a weak FY26 for the RAC industry with flat to negative volume and value growth, as channel inventory remains elevated against the backdrop of an early winter translating to weak consumer demand despite GST rate cut. However, FY27 should see a recovery on the back of a weak FY26 with Blue Star expected to continue its market share gains of the past few years.

No new stock entry & exits during the month.

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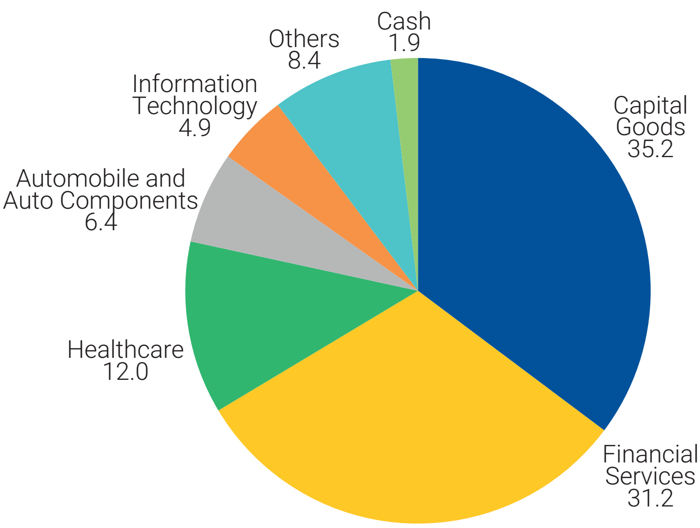
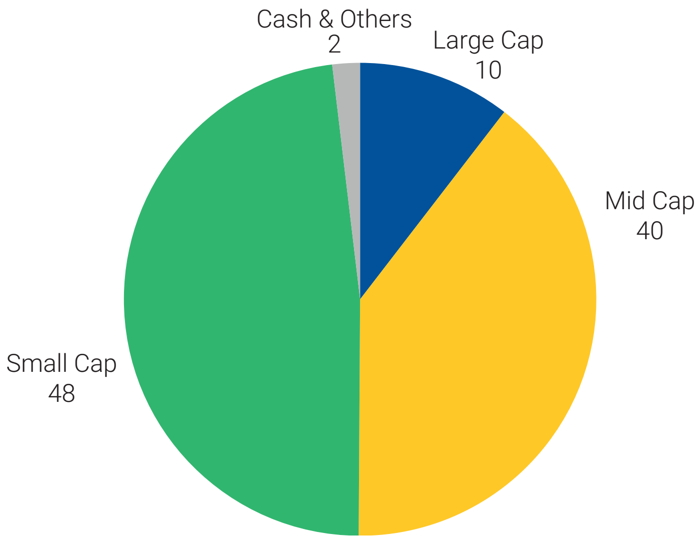
Sector Allocation (%)



Note: Numbers may not add up due to rounding

Market Capitalization (%)



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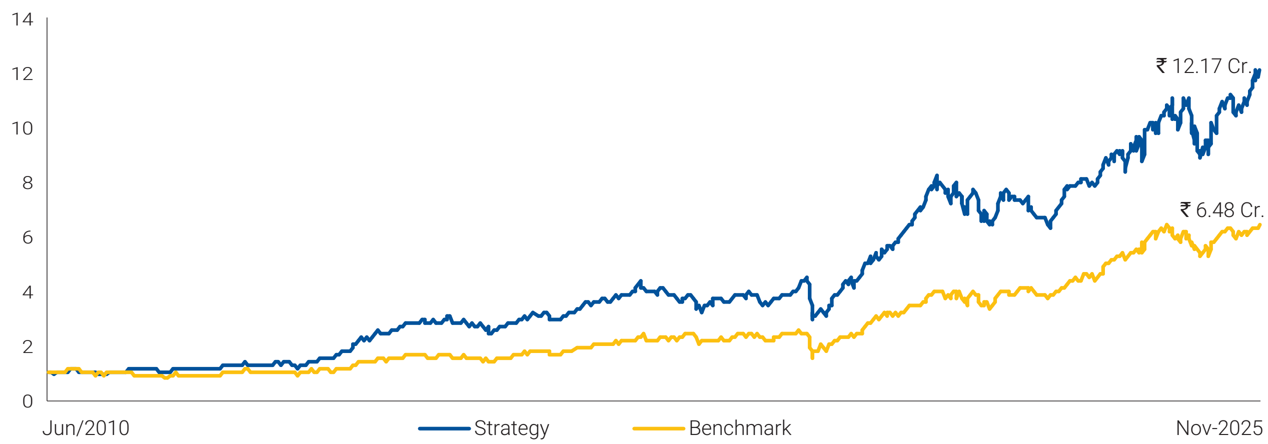
SECTOR BETS (%) – UNDERWEIGHT / OVERWEIGHT VS BENCHMARK

Weighted Average Market Cap	₹ 57,904 Cr.

Key Contributors

Symbol Name	Unit Cost (₹)	Unit Price (₹)	Gain/Loss (%)
TD Power Systems Ltd	297	777	161
Hitachi Energy India Limited	9,907	22,056	123
Acutaas Chemicals Limited	1,092	1,838	68

Value of ₹ 1 Crore Invested at Launch



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SUNDARAM Voyager

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

  Wealth Multiplier Themes
  1. Financialisation of the economy
  2. Consumption Czars
  3. Phygital Bluechips
  4. Export Voyagers
  5. Manufacturing Maestro

Investment Horizon

Above 3 years

Benchmark

S&P BSE 500 TRI

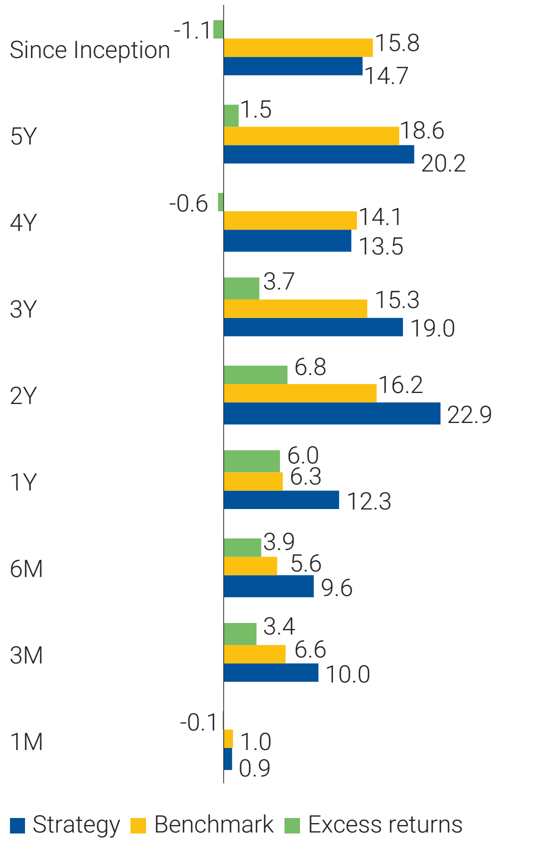
Inception

November 2016

Fund Manager

Mr. Darshan Engineer

Voyager vs S&P BSE 500 TRI (%)



PORTFOLIO & STOCK PERFORMANCE

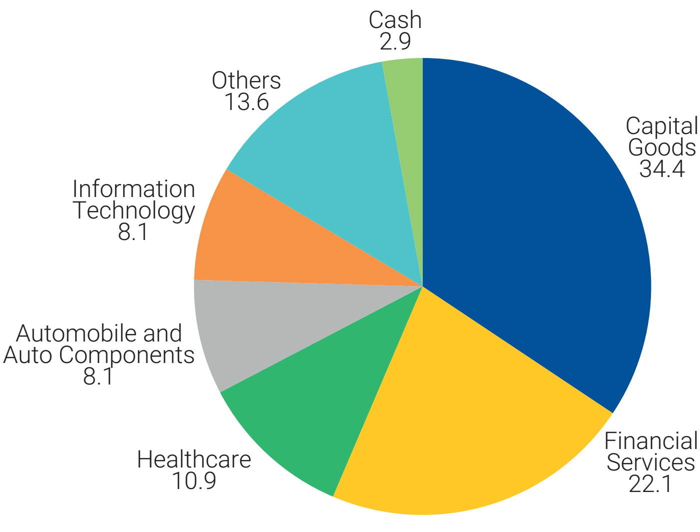
Top performers in the portfolio are **Hitachi Energy India & BHEL**, up ~30% & ~22% respectively**. Hitachi Energy** reported a healthy performance during Q2FY26, supported by steady execution, operating leverage and ongoing cost efficiency efforts. These factors contributed to a stronger EBITDA margin 16.3%. As volumes scale up, particularly with the ramp up of HVDC project revenues, it should see gradual improvement in cost absorption and profitability. Order visibility continues to be strong with total order book at ~₹29,400 cr., including ~₹10,000 cr. of base orders, providing multi-year execution visibility. Management expects 2-3 HVDC tenders annually, which supports a sustained medium-term pipeline for India's expanding transmission network. While HVDC projects typically carry varied margin profiles, they enhance growth visibility and reinforce Hitachi Energy's positioning in high-end grid technologies. The company is also progressing with its planned capex of ~₹2000 cr. over the next 5 years to expand domestic manufacturing capacity and strengthen its role in the global supply chain. With healthy inflows, improving scale and a supportive sector backdrop, Hitachi remains well placed to maintain an improving margin trajectory over the medium term. **BHEL** reported a strong Q2FY26 performance, with net profit rising ~3.5x YoY to around ₹368 crore and sales growth of 14% YoY to ₹7,512 crore. Fresh order inflow during Q2FY26 was ₹35,375 cr. And the overall order book stood at ₹2.2 lakh cr. It received its maiden order for the Kavach system from Indian Railways for design, development and installation of KAVACH equipment, in locomotives and at trackside locations. The ₹6,650 crore EPC order from NTPC for 800 MW Darlipali project enhances BHEL's visibility in the thermal segment, supporting capacity utilization and order inflows amid a rebound in large-scale conventional thermal power projects. Good accretion of orders and strong ordering pipeline will keep order inflows strong coupled with strong pick in execution from FY26E onwards.

Draggers to portfolios were **Credit Access Grameen & Dynamic Cables**, down ~9% & ~20% respectively. **Credit Access Grameen** delivered a steady performance in a seasonally soft quarter. Business momentum remained intact, with 3.1% & 33% YoY growth in AUM and disbursements respectively, driven by retail finance. There are early signs of asset quality stabilisation, including improvement in PAR-0 portfolio. Management revised credit-cost guidance higher for FY26 and FY27, reflecting ECL model changes and a more conservative provisioning approach. While this may weigh on near term earnings expectations, underlying operating trends remain stable, and the company expects activity to pick up in the second half. Overall, fundamentals and demand indicators remain supportive despite the higher credit cost outlook. **Dynamic Cables** has corrected in line with the broader market despite reporting healthy Q2FY26, due to broader concerns around small caps which have corrected significantly from their highs. Investors appear cautious about the transmission sector of which cables and conductors segment forms a part of. Cables industry faces intense competition, limited pricing power and sensitivity to copper and aluminium price swings that can compress margins. As a smaller-cap player, the company is also more vulnerable to fluctuations in order flow, working-capital cycles and project timing, leading to higher share-price volatility. While fundamentals remain intact and valuations are attractive, weaker risk appetite in mid and small cap industrial names and profit-taking after a strong prior rally have contributed to the stock's decline.

No new stock entry & exits during the month.

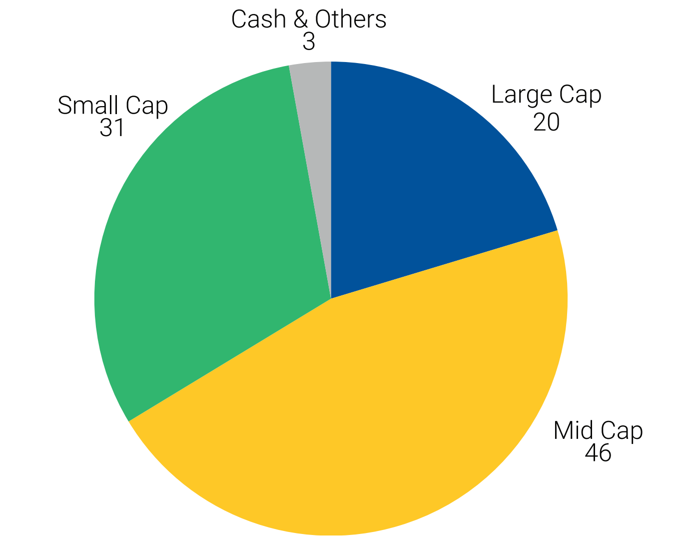
Peer performance is available under the following link of Association of Portfolio Managers in India (APMI): https://www.apmiindia.org/apmi/welcomeiaperformance.htm?action=PMSmenu

Sector Allocation (%)



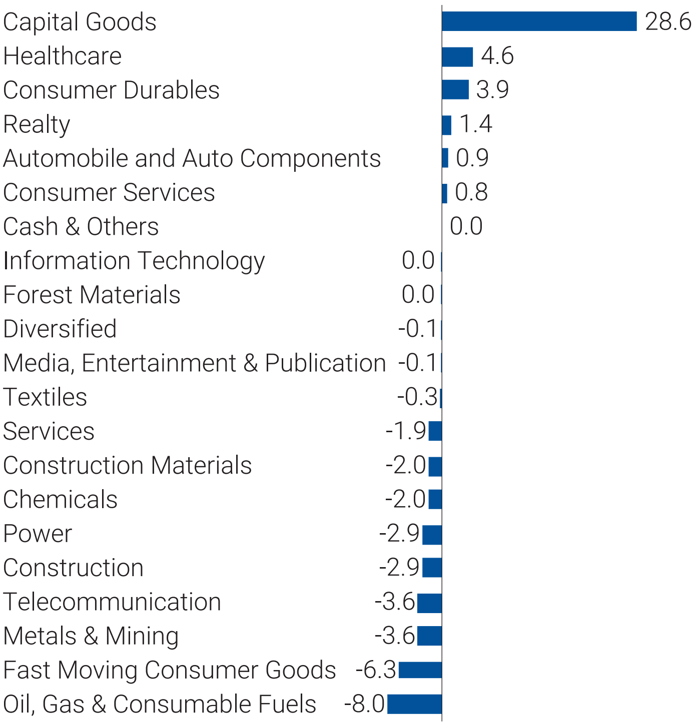
Note: Numbers may not add up due to rounding

Market Capitalization (%)



Note: Numbers may not add up due to rounding

SECTOR BETS (%) – UNDERWEIGHT / OVERWEIGHT VS BENCHMARK



Weighted Average Market Cap	₹ 1,10,251 Cr.

Key Contributors

Symbol Name	Unit Cost (₹)	Unit Price (₹)	Gain/Loss (%)
GE Vernova T&D India Limited	1,522	2,881	89
Aster Dm Healthcare Ltd	376	,665	77
Hitachi Energy India Limited	12,609	22,056	75

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/welcomeiaperformance.htm?action=PMSmenu

SUNDARAM
Rising Stars

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

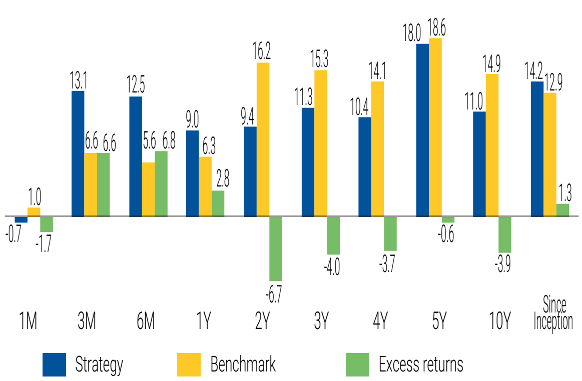
Primary Benchmark
S&P BSE 500 TRI

Secondary Benchmark
Nifty Smallcap 250

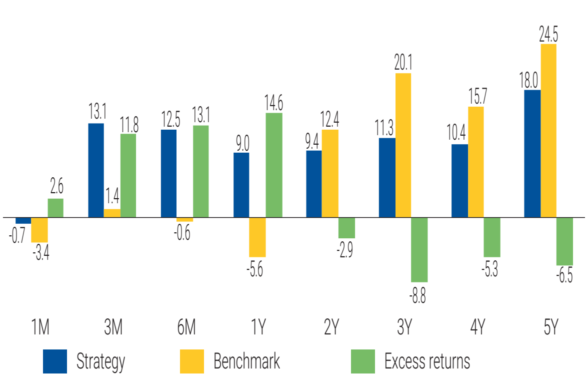
Inception
November 2009

Fund Manager
Mr. Darshan Engineer

Rising Stars Vs S&P BSE 500 TRI (%)



Rising Star vs Nifty Smallcap 250 (%)



PORTFOLIO & STOCK PERFORMANCE

Top performers in the portfolio are **TD Power Systems & Pricol**, up ~20% & ~16% respectively**. TD Power Systems** delivered a strong Q2FY26, with consolidated net profit up ~45% YoY to nearly ₹60 crore, supported by solid export traction and firm domestic demand. The company continues to benefit from favourable industry trends across power conversion equipment, generators and traction motors, underpinned by global energy transition investments and India's infrastructure cycle. Its diversified geographic presence and flexible manufacturing platform, especially in Turkey, have helped offset US tariff pressures while preserving cost competitiveness. Export demand remains robust, driven by increased requirements for gas and steam power equipment, rising power needs from AI data centres, higher gas-engine usage in the UK to balance renewable variability and reconstruction activity in Eastern Europe. With an order book of about ₹1500 cr. offering multi-year visibility, it is positioned for consistent revenue growth and stable margins. Supported by strong sector demand, disciplined cost management and a widening global footprint, TD Power Systems appears well placed to sustain its growth momentum over the medium term. **Pricol** delivered a strong Q2FY26 performance, with revenue rising ~52% YoY to ~₹988 crore and EBITDA increasing ~42% to ~₹124 crore with EBITDA margin improving to 12.5%. Net profit grew ~42% to ~₹64 crore. The board also declared a 200% interim dividend of ₹2 per share, reflecting confidence in the company's financial position. Pricol's core revenue continued to outpace 2W industry's production, on premiumization-led content growth (digitization in cluster, order wins), product launches, and portfolio expansion (aided by strategic alliances and M&As). Pricol's Rs 80 bn pa revenue target is based on 15% revenue CAGR in DIS and a steep growth in its actuators and fluid control management systems (30-35% CAGR over next 3 years). P3L (plastic division) is expected to grow at 11-15% over the next 1-1.5 years, with around 10% EBITDA margin (9.5% in Q2FY26 vs 5.2% at the time of acquisition) during the recalibration phase; post expansion of capacities, P3L would see major growth on order wins. We favor Pricol on continued improvements in its competitive positioning in fast-premiumizing products like DIS, apart from optionalities (expansion into more components on order wins; example: disc brake mass production from Q1FY27). During the quarter, Pricol also received several industry awards from major OEMs and national bodies, highlighting continued improvement in execution and product capability across automotive instrument clusters, sensors and driver-information systems.

Draggers to portfolios were **Dynamic Cables & Credit Access Grameen**, down ~20% & ~9% respectively. **Dynamic Cables** has corrected in line with the broader market despite reporting healthy Q2FY26, due to broader concerns around small caps which have corrected significantly from their highs. Investors appear cautious about the transmission sector of which cables and conductors segment forms a part of. Cables industry faces intense competition, limited pricing power and sensitivity to copper and aluminium price swings that can compress margins. As a smaller-cap player, the company is also more vulnerable to fluctuations in order flow, working-capital cycles and project timing, leading to higher share-price volatility. While fundamentals remain intact and valuations are attractive, weaker risk appetite in mid and small cap industrial names and profit-taking after a strong prior rally have contributed to the stock's decline. **Credit Access Grameen** delivered a steady performance in a seasonally soft quarter. Business momentum remained intact, with 3.1% & 33% YoY growth in AUM and disbursements respectively, driven by retail finance. There are early signs of asset quality stabilisation, including improvement in PAR-0 portfolio. Management revised credit-cost guidance higher for FY26 and FY27, reflecting ECL model changes and a more conservative provisioning approach. While this may weigh on near term earnings expectations, underlying operating trends remain stable, and the company expects activity to pick up in the second half. Overall, fundamentals and demand indicators remain supportive despite the higher credit cost outlook.

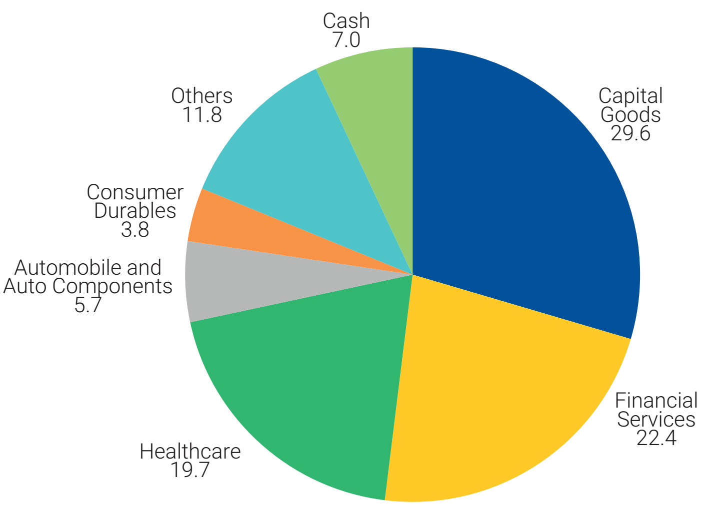
No new stock entry during the month

Stock Exit:

Zensar Technologies' Q2FY26 results were muted compared to other IT services companies. The management commentary was also less enthusiastic about future growth prospects compared to peers who indicated some improvement in business pipeline. Valuations also not cheap for the growth profile guided by management. Hence, investment thesis isn't not working out.

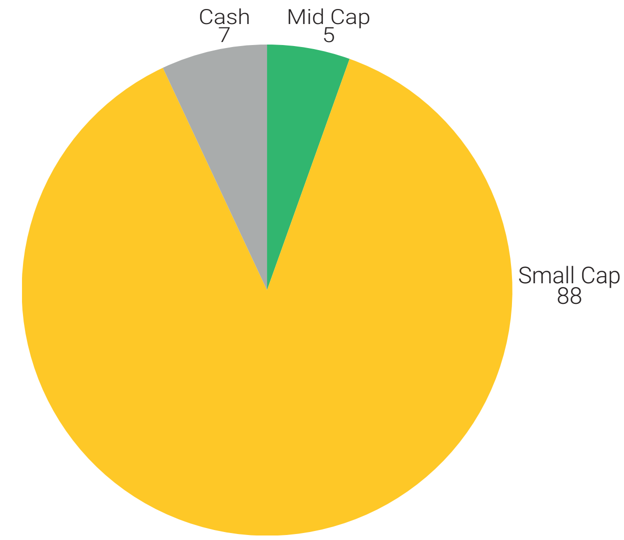
Peer performance is available under the following link of Association of Portfolio Managers in India (APMI):
https://www.apmiindia.org/apmi/welcomeiaperformance.htm?action=PMSmenu

Sector Allocation (%)



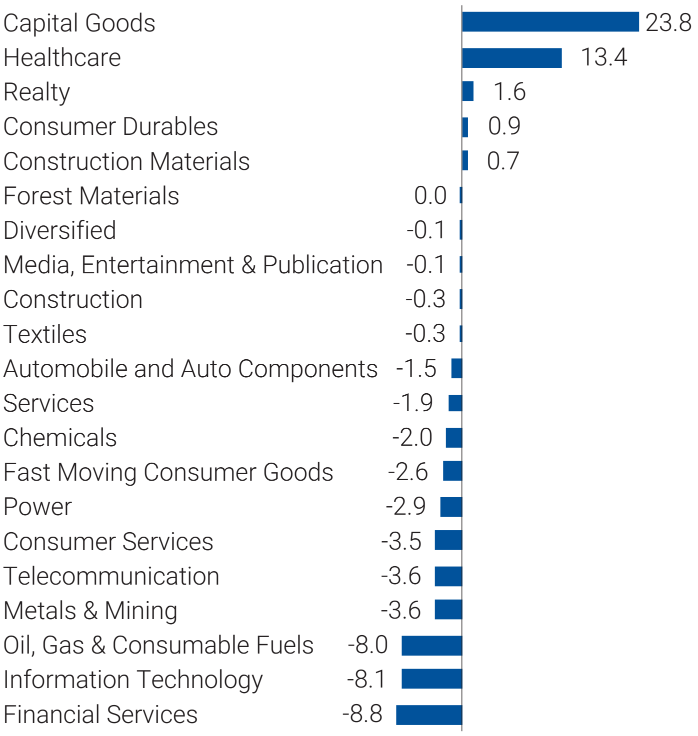
Note: Numbers may not add up due to rounding

Market Capitalization (%)



Note: Numbers may not add up due to rounding

SECTOR BETS (%) – UNDERWEIGHT / OVERWEIGHT VS BENCHMARK



Weighted Average Market Cap | **₹ 15,725 Cr**

Key Contributors

Symbol Name	Unit Cost (₹)	Unit Price (₹)	Gain/Loss (%)
TD Power Systems Ltd	323	777	140
Acutaas Chemicals Limited	882	1,838	108
Karur Vysya Bank	140	248	78

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/welcomeiaperformance.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	14.3	7.9	6.4

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	11.5	7.9	3.6

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	9.0	7.9	1.2

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	10.1	7.9	2.2

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
Hitachi Energy India Limited	Mid Cap
Coforge Limited Ltd	Mid Cap
TD Power Systems Ltd	Small Cap
Neuland Laboratories Ltd	Small Cap
MTAR Technologies Ltd	Small Cap

S.E.L.F.

Cholamandalam Invest.& Fin. Co. Ltd.	Large Cap
Hitachi Energy India Limited	Mid Cap
Coforge Limited Ltd	Mid Cap
KEI Industries Limited	Mid Cap
TD Power Systems Ltd	Small Cap
MTAR Technologies Limited	Small Cap
Neuland Laboratories Ltd	Small Cap

Voyager

Cholamandalam Invest.& Fin. Co. Ltd.	Large Cap
Mahindra & Mahindra Ltd	Large Cap
Indian Hotels Company Limited	Large Cap
GE Vernova T&D India Limited	Mid Cap
Hitachi Energy India Limited	Mid Cap
Bharat Heavy Electricals Ltd	Mid Cap
Neuland Laboratories Ltd	Small Cap
Creditaccess Grameen Limited Eq	Small Cap
Aster Dm Healthcare Ltd Ltd	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	18.1	13.8
Annualised Standard Deviation	15.9	15.9
Beta	0.8	-
Sharpe Ratio	0.7	0.5
Correlation	0.8	-
Alpha	5.7	-
Tracking Error	9.7	-
Up capture Ratio	101.5	-
Down capture Ratio	76.5	-

S.E.L.F.

Instruments	Strategy	Benchmark
Arithmetic Mean	17.4	13.5
Annualised Standard Deviation	15.3	15.9
Beta	0.8	-
Sharpe Ratio	0.7	0.4
Correlation	0.8	-
Alpha	5.4	-
Tracking Error	9.4	-
Up capture Ratio	103.6	-
Down capture Ratio	81.6	-

Voyager

Instruments	Strategy	Benchmark
Arithmetic Mean	15.1	16.0
Annualised Standard Deviation	16.5	16.1
Beta	0.9	-
Sharpe Ratio	0.5	0.6
Correlation	0.9	-
Alpha	-0.1	-
Tracking Error	7.7	-
Up capture Ratio	105.8	-
Down capture Ratio	118.0	-

Rising Stars

Instruments	Strategy	Benchmark
Arithmetic Mean	14.5	13.4
Annualised Standard Deviation	15.5	16.0
Beta	0.7	-
Sharpe Ratio	0.5	0.4
Correlation	0.7	-
Alpha	3.2	-
Tracking Error	11.8	-
Up capture Ratio	92.8	-
Down capture Ratio	80.8	-

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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Credit is in our DNA

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A Close Ended Category II AIF

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A Sustainable **Green Built** Fund

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Please read the fund documents carefully before investing.
Securities investments are subject to market risks and there is no assurance or guarantee that the objective of the investments will be achieved.

SUNDARAM ALTERNATES
Sundaram Finance Group

Ma₹ket Thalaivas

EPISODE 12

THE GOLD RUSH

SANDEEP TULSIYAN

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SUNDARAM ALTERNATES

Sundaram Finance Group

Sundaram Alternate Assets Limited

CIN: U65990TN2018PLC120641 | **Registered Office:** 21, Patullos Road, Chennai 600 002

Corporate Office: Alamelu Terrace, 3rd floor, 163, Anna Salai, Mount Raod, Chennai 600 002.

Phone no: +91 7305529179 / +91 7305744425

Mumbai Office: Unit No. 002, Ground floor, B (West) Wing, Satellite Gazebo, Andheri Ghatkopar Link Road, Chakala, Andheri East, Mumbai – 400093.

Email: support@sundaramalternates.com | www.sundaramalternates.com