



Portfolio Strategy Update

October '25
(For Distributors Only)



Happy Children's Day



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This material should not be construed as solicitation for investing in countries where restrictions exist on soliciting business from potential clients residing in such countries.

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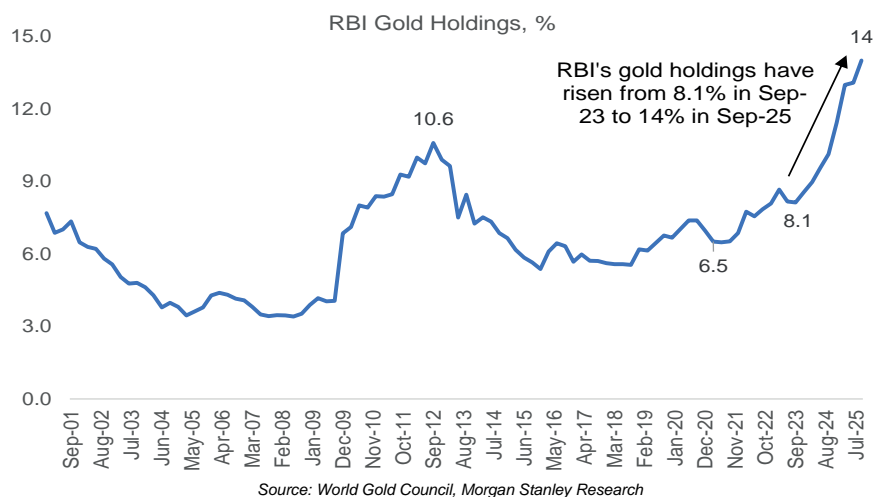
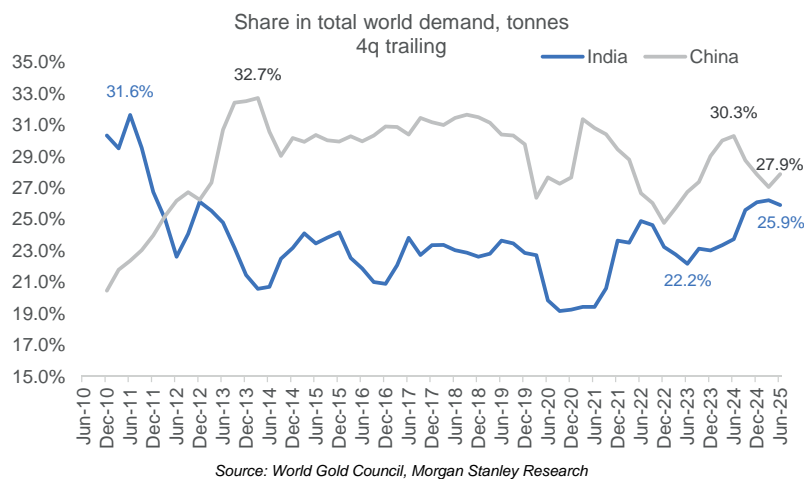
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FOMO or Fundamentals? Decoding the Current Gold Rally

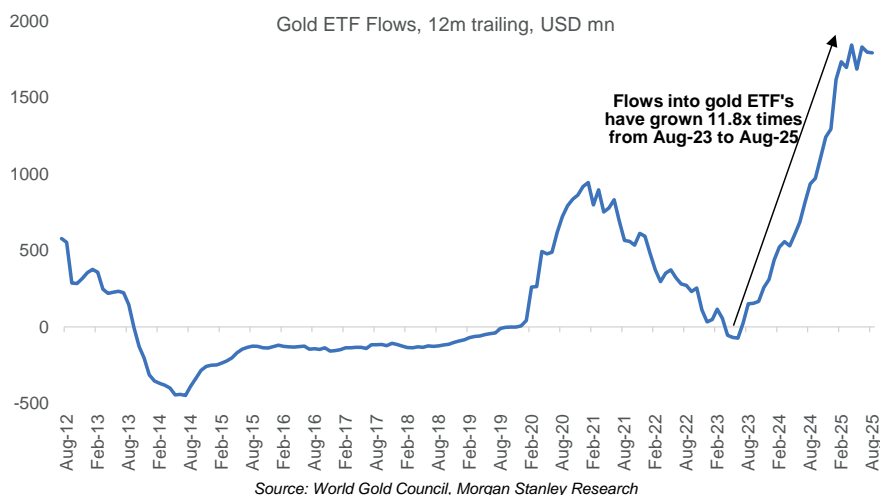
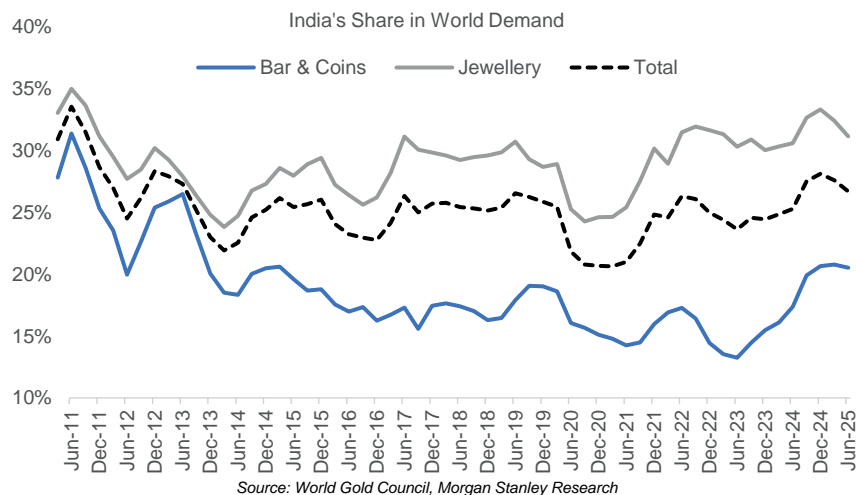
Gold occupies a central place in India's cultural and financial framework, and recent trends indicate a growing propensity among investors to dedicate a higher proportion of their savings to it. India is the world's 2nd largest consumer of gold, constituting 26% of global demand, while Indian households' gold holding stands at USD3.8 trillion (89% of GDP), outweighing their equity holdings by nearly 3x. This preference has been reinforced by gold's recent outperformance: year-to-date (YTD) returns stand at 54% in USD terms and 60% in INR terms, compared with the Nifty50's modest 7.8% gain. The sharp divergence has fueled a "fear of missing out" (FOMO) effect among investors, prompting greater portfolio allocations to precious metals. Drawing on more than five decades of historical data, we evaluate asset allocation to gold in an investor's portfolio

Lessons from the past: Gold rallies have historically been parabolic in nature, often followed by extended periods of consolidation. Entering the market after sharp spikes, without a disciplined allocation framework, has frequently resulted in suboptimal outcomes. Over the past 50 years, we have seen several such scenarios: **a) 1970s Nixon Shock and Inflation Surge:** Gold rallied by over 15x in 1970s, but those who entered in 1980s peak endured a 20-year stagnation, **b) 2000s Dotcom Bust and Eurozone crisis:** Gold hit record highs starting from dotcom bust in 1999 to Eurozone crisis in 2011, only to correct by 40% over next few years as yields rose and dollar strengthened and **c) 2020 Pandemic Rally:** Investors who piled up on gold at the peak of Covid shock faced muted returns for years that followed. These episodes underscore the importance of disciplined asset allocation and caution against momentum driven entry points.

What is driving the current rally? The present surge in precious metals prices has been led by three factors: **Aggressive Central Bank purchases:** The global gold market is valued at approximately USD 27 trillion, with central banks collectively holding about one-fifth of this stock. Net purchases, particularly by emerging market central banks, have been at multi-decade highs. India's reserves include 880 tons (15% of total reserves), while China holds 2,300 tons (8% of reserves). These acquisitions have created a durable floor for prices. **Geopolitical Risk Premium:** Persistent regional conflicts and trade frictions have reinforced gold's role as a safe-haven asset, sustaining investor demand. **US Monetary Policy and Dollar Dynamics:** Recent Federal Reserve rate cuts, aligned with market expectations, have ushered in a looser global liquidity environment. Empirical data suggests that lower yields and a weaker dollar are supportive for gold prices.



Will large gold holdings drive a wealth effect? Jewellery continues to dominate demand, accounting for nearly two-thirds of total consumption. However, the composition of demand has been shifting: over the past five years, the share of gold bars and coins has risen to 32% of total demand, up from 24% in 2020. Simultaneously, investment through digital platforms has accelerated, with gold ETFs witnessing an elevenfold increase to USD 1.8 billion. Indian households collectively hold more than 34,600 tons of gold, equivalent to 89% of GDP and over three times the value of their equity holdings. Despite this vast stockpile, we believe it is unlikely to generate a "wealth effect" that translates into higher discretionary spending on consumer goods, automobiles, fashion, or travel. The bulk of these holdings are concentrated among lower-income households (70% of gold is held by households with income less than INR5 lakhs), who view gold primarily as a form of financial insurance. Liquidations typically occur only to fund major life events such as home purchases, higher education, or weddings, rather than to support everyday consumption. As India's economy continues to formalize, we expect household savings to diversify further into equities, which currently account for just 15% of total financial savings. This trend is likely to accelerate at the expense of traditional allocations to fixed deposits and gold.



Investors should focus on prudent asset allocation over FOMO: The recent rally in gold prices has outpaced equities and triggered a wave of FOMO-driven allocations. Over the past twelve months, ETF investment accounts have surged by 50%, while gold and silver holdings of domestic mutual funds have crossed INR1 trillion. Although equities and gold typically exhibit negative correlation, their simultaneous rally suggests that broader liquidity conditions and diversification dynamics are at play, rather than a conventional “risk-off” environment. We emphasize that gold should be viewed as a strategic diversifier rather than a speculative vehicle. Its role is fundamentally different from equities: gold provides insurance and protection, while equities generate cash flows and long-term wealth creation. We would advise investors to follow these principles to ensure a disciplined portfolio construction:

- **Avoid chasing momentum:** Recent buying is a mix of speculative investments as well as central bank purchases, which can reverse abruptly
- **Evaluate gold as insurance, not speculation:** Add gold to the portfolio as a stabilizer over a longer period of time rather than a short term trade
- **Opportunity cost of gold can be very high:** Gold doesn't generate cash flows, whereas equities provide dividends. Over longer bull markets, equities have significantly outperformed gold.

Gold remains an essential component of Indian household wealth, but its role is more defensive than expansive. Rather than fueling a wealth effect, it functions as a store of value and a hedge against uncertainty. For investors, **a prudent allocation of 5 to 15% of the overall portfolio to gold can provide diversification benefits**, while equities should remain the primary driver of long-term wealth creation.

Portfolio update

Oct 2025 was another month of 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. Most of our portfolio companies are dependent on domestic demand drivers and hence not really impacted because of uncertainty from US market. The few companies that are export-oriented are in the areas of clean energy, power equipment, and chemicals that derive a certain share of their revenue from US, either directly or indirectly. However, these are niche companies that are dominant suppliers to their clients in their industry because of their technical skills and low cost of manufacturing at scale. Hence, clients find it difficult to replace them with an alternative supplier. Interestingly, these companies delivered strong returns for us in Oct 2025. Q2FY26 results season has turned out better than expected for the market and especially for a lot of our portfolio companies. We will share a detailed view on Q2FY26 results season in the next monthly outlook as a lot of the companies will declare their results in Nov 2025.



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 .
- 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

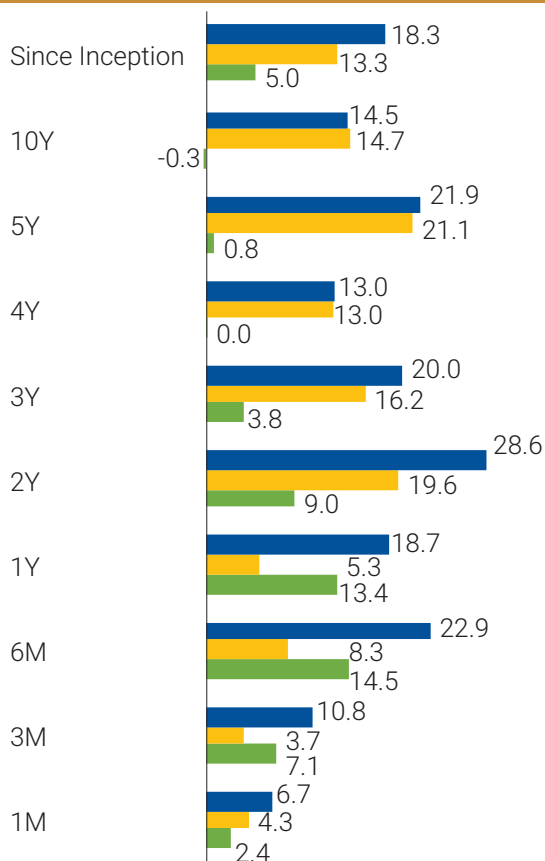
Inception

February 2010

Fund Manager

Mr. Darshan Engineer

SISOP vs S&P BSE 500 TRI (%)



■ 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/welcomeiaperformance.htm?action=PMSmenu>

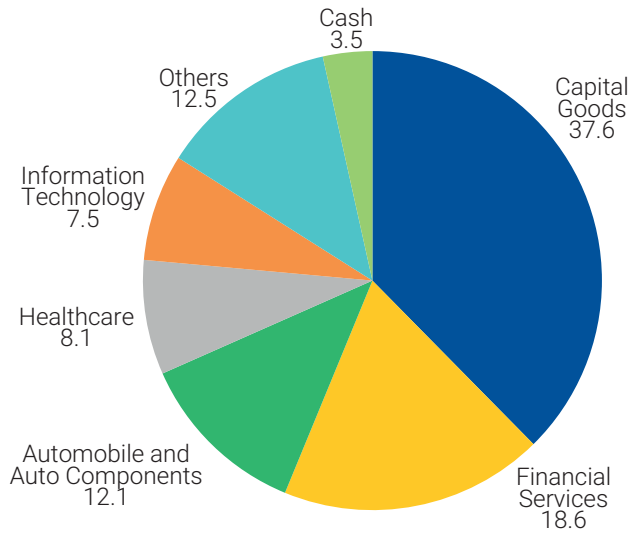
PORTFOLIO & STOCK PERFORMANCE

Top performers in the portfolio are **MTAR Technologies** & **TD Power Systems**, both up ~37% & ~31% respectively. **MTAR Technologies** continued its re-rating in October, underpinned by a series of operational milestones and strategic developments that have strengthened its long-term growth outlook. It secured 2 significant international orders – one of ~₹263.5 crore and another ~₹67.2 crore from existing overseas customers. These multi-quarter orders meaningfully enhance revenue visibility and reaffirm its credibility in high-precision engineering and execution. MTAR is well positioned for sustained growth, supported by robust demand across its key business segments. Its Clean Energy division, anchored by its largest client Bloom Energy, continues to experience strong order inflows, reflecting the growing adoption of Solid Oxide Fuel Cells (SOFC) and the rising demand for reliable, high-efficiency power equipment used in AI and data centre infrastructure. This trend is expected to drive robust ramp up in revenues over the next few quarters. MTAR's recent partnership with Adani Defence & Aerospace to jointly bid for India's first stealth fighter jet prototype, the Advanced Medium Combat Aircraft (AMCA), has positioned the company strategically within India's defence manufacturing value chain. The company has also expanded into the Oil & Gas segment through a new long-term supply agreement, which carries significant revenue potential over the medium term. Additionally, the receipt of Nadcap certifications for its Telangana facilities strengthens MTAR's credentials with global OEMs. With expanding order inflows, entry into higher-margin segments, and operating leverage from scale, MTAR's earnings trajectory appears well anchored. We remain constructive on the company's prospects, viewing it as a high-quality precision-engineering play benefiting from multi-industry demand tailwinds and strong execution discipline. **TD Power Systems** reported a strong Q2FY26 performance, with consolidated net profit rising ~45% YoY to ~ ₹60 crore, driven by robust export growth and healthy domestic demand, and consequently raised its guidance for sales and net profit for FY26. It continues to benefit from structural tailwinds across the power-conversion, generator, and traction motor segments, aided by global energy-transition spending and India's infrastructure upgrade cycle. Its diversified presence across geographies and a flexible manufacturing base, particularly its Turkey operations, has enabled it to mitigate the impact of US tariff headwinds while maintaining a competitive cost structure. Export momentum remains strong, supported by rising global demand for gas and steam power generation equipment. Growth is being propelled by higher power needs from AI data centres, increased gas engine demand in the developed world to balance renewable energy intermittency, and infrastructure rebuilding across geographies. With a solid ₹15 billion order book providing multi-year visibility, TD Power is positioned for sustained revenue expansion and steady margin delivery. Supported by strong industry demand, cost discipline, and an expanding global footprint, TD Power Systems remains well placed to deliver durable growth over the medium term.

Draggers to portfolios were **Uno Minda & Hitachi Energy**, down ~5% & ~1% respectively. **Uno Minda's** recent underperformance stems mainly from a near-term time correction, following a sharp rally of nearly 40% over the past 6 months, due to strong tailwinds for the auto sector from the GST rate cuts in Sep 2025. Uno Minda is strategically investing in new-age segments such as sensors, lighting, and rare earth magnets, with meaningful earnings contribution to be seen in the future quarters. It remains fundamentally well positioned for long-term growth in India's evolving automotive ecosystem. **Hitachi Energy India** saw a short-term pullback in October, largely driven by profit-taking following a strong multi-month rally. Operational performance remains strong with Q2FY26 results declared on 3rd Nov 2025 which continues the positive trajectory of the last 5-6 quarters. Revenues grew 18% YoY to Rs18.3 bn while EBITDA margin expanded to 16.3% mainly led by operating leverage. PAT grew 4x YoY due to better profitability and higher other income. It has maintained its base quarterly order inflow run-rate of Rs 20+ bn (ex-HVDCs) for the past 5-6 quarters in a row now. The company's order book of ₹294 billion (~4.5x TTM sales), anchored by large HVDC projects such as Bhadla-Fatehpur, Khavda-Nagpur, and Mumbai HVDC of Adani, provides multi-year growth visibility. Its HVDC leadership is marked by key wins: (a) Mumbai HDVC project from Adani in Q1FY23 (~Rs 20 bn), (b) Australia's Marinus link order from parent (~Rs 8 bn), (c) Khavda-Nagpur bi-pole, bi-directional HVDC order from PGCIL (~Rs 100 bn) and (d) recently secured Bhadla-Fatehpur HVDC order (~Rs 90 bn) from Adani. Bhadla-Fatehpur project scope is complex involving several products and systems. With full local sourcing – valves, transformers, and engineering – it is poised to improve its margins as well. Thus, we expect strong revenue and earnings CAGR over next 4-5 years. 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.

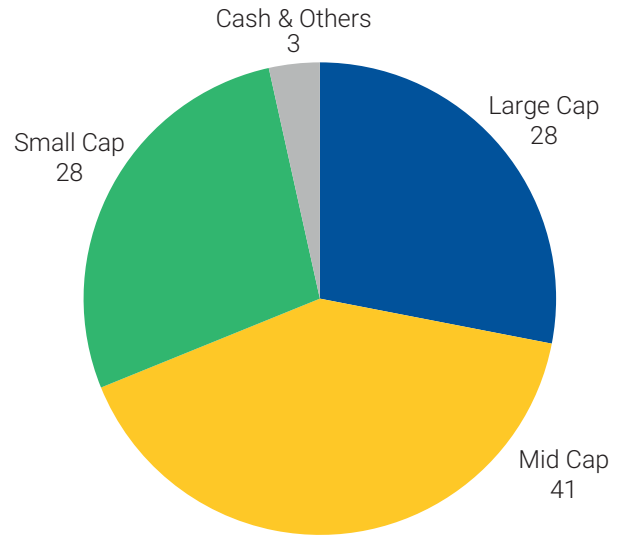
No new stock entry & exits during the month.

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



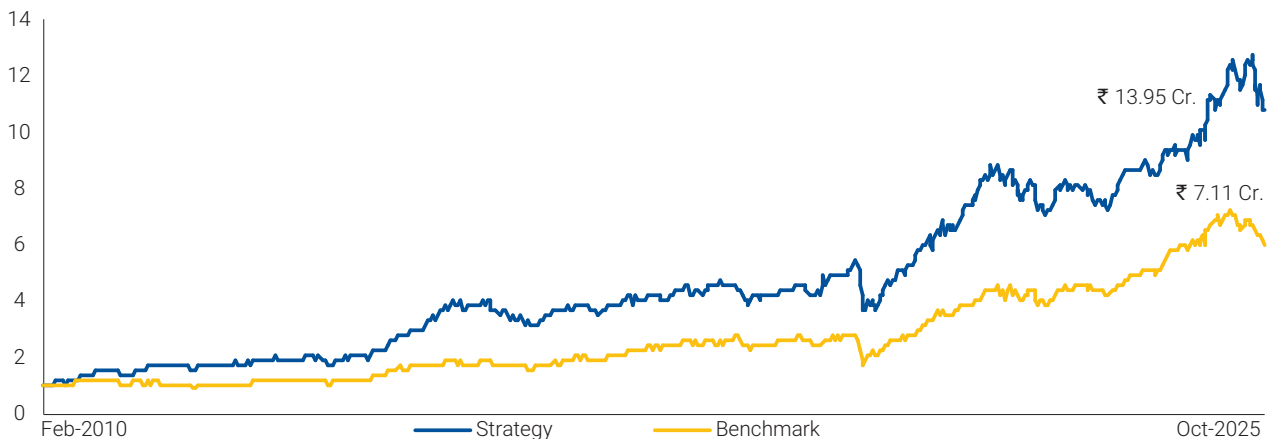
Weighted Average Market Cap

₹ 1,23,513 Cr

Key Contributors

Symbol Name	Unit Cost (₹)	Unit Price (₹)	Gain/Loss (%)
GE Vernova T&D India Limited	1,653	3,037	84
Aster DM Healthcare Ltd	377	678	80
Uno Minda Limited	716	1,235	73

Value of Rs. 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

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 Rs. 500 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.
- India 2025 - Themes
 - Financial Inclusiveness
 - Phyigital Bluechips
 - Consumption Czars
 - Export Voyagers

Investment Horizon

Above 3 years

Primary Benchmark

S&P BSE 500 TRI

Secondary Benchmark

Nifty Midcap 150

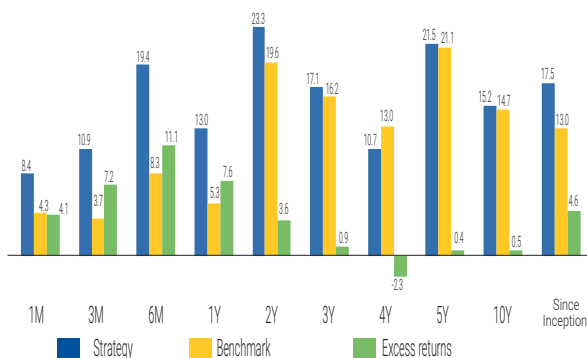
Inception

June 2010

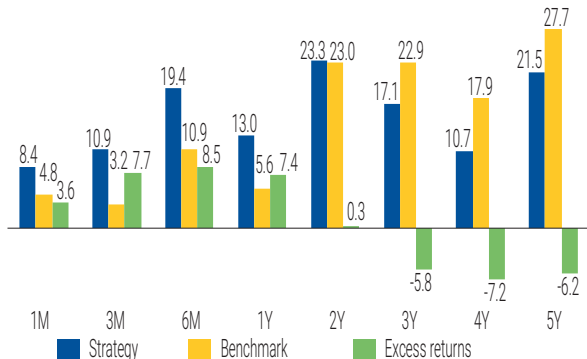
Fund Manager

Mr. Darshan Engineer

SELF vs S&P BSE 500 TRI (%)



SELF vs Nifty Midcap 150 (%)



PORTFOLIO & STOCK PERFORMANCE

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Draggers to portfolios were **Max Financial Services & Hitachi Energy**, down ~2% & ~1% respectively. **Max Financial Services** saw muted performance in October, as the life insurance industry undergoes significant regulatory and commercial transitions over the next 2 quarters. GST changes are reshaping business models, product mix, and distributor relationships. More clarity is expected in the next financial year as companies adapt to a newer operating environment. In addition, its sector peers came out with a mixed set of results thereby leading to near-term concerns on input tax credit cost absorption. In last few years, industry has seen several challenges such as weakness in retail inflows, regulatory uncertainty over taxation and commissions, and rising competition. Despite this, Max Financial Services has re-rated over the past 1 year on the back of (i) consistent growth delivery above its leading private sector peers in FY25 and YTD FY26, (ii) margin improvement with product mix normalising towards non-market linked products, (iii) closer integration with key banca partners Axis Bank and Yes Bank and opening of new doors, (iv) leadership in online protection segment and sustained outperformance of proprietary channels, and (v) better recognition, shareholder value attribution and pricing power with its strengthening Axis Bank partnership. **Hitachi Energy India** saw a short-term pullback in October, largely driven by profit-taking following a strong multi-month rally. Operational performance remains strong with Q2FY26 results declared on 3rd Nov 2025 which continues the positive trajectory of the last 5-6 quarters. Revenues grew 18% YoY to Rs18.3 bn while EBITDA margin expanded to 16.3% mainly led by operating leverage. PAT grew 4x YoY due to better profitability and higher other income. It has maintained its base quarterly order inflow run-rate of Rs 20+ bn (ex-HVDCs) for the past 5-6 quarters in a row now. The company's order book of ₹294 billion (~4.5x TTM sales), anchored by large HVDC projects such as Bhadla-Fatehpur, Khavda-Nagpur, and Mumbai HVDC of Adani, provides multi-year growth visibility. Its HVDC leadership is marked by key wins: (a) Mumbai HDVC project from Adani in Q1FY23 (~Rs 20 bn), (b) Australia's Marinus link order from parent (~Rs 8 bn), (c) Khavda-Nagpur bi-pole, bi-directional HVDC order from PGCIL (~Rs 100 bn) and (d) recently secured Bhadla-Fatehpur HVDC order (~Rs 90 bn) from Adani. Bhadla-Fatehpur project scope is complex involving several products and systems. With full local sourcing – valves, transformers, and engineering – it is poised to improve its margins as well. Thus, we expect strong revenue and earnings CAGR over next 4-5 years. 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.

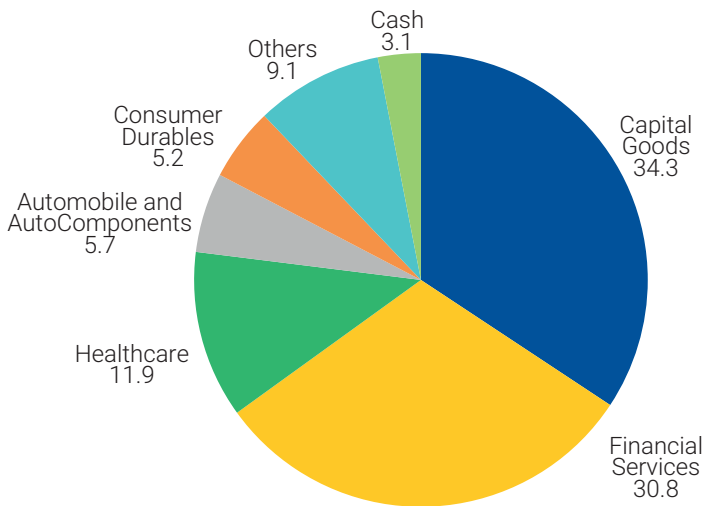
No new stock entry during the month

Stock Exit:

Quadrant Future Tek (QUADFUTURE) reported a weak Q1FY26, marked by delays in execution of its order book, namely the Kavach Train Collision Avoidance System order of ~₹800 cr. Since the order is supposed to be completed before 11 Dec 2025, any delay beyond that potentially leads to cancellation of the order which can significantly impact its future growth prospects and financial profile. As a part of our risk management process, we have exited from the position and booked losses.

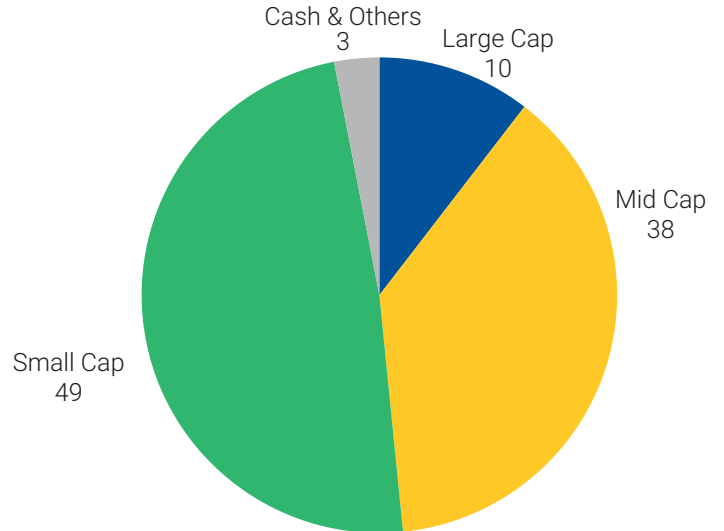
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Sector Allocation (%)



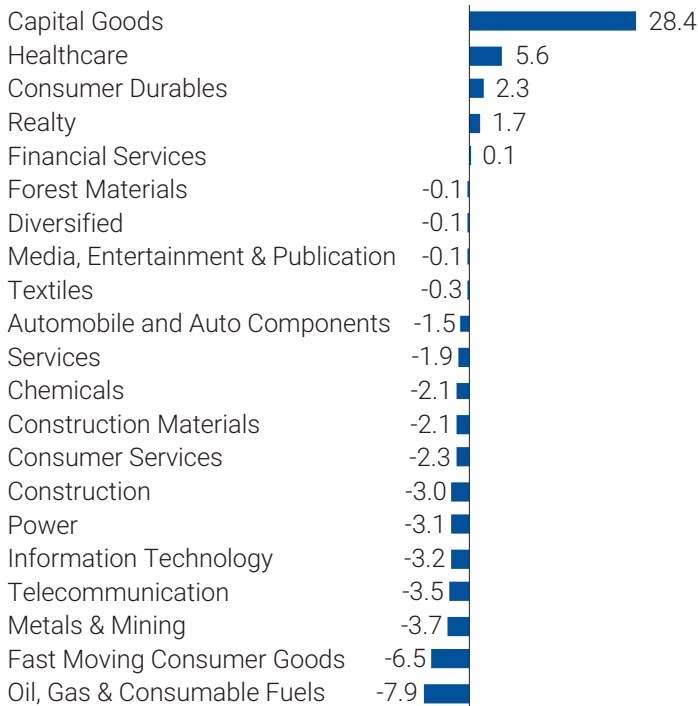
Note: Numbers may not add up due to rounding

Market Capitalization (%)



Note: Numbers may not add up due to rounding

SECTOR BETS (%) – UNDERWEIGHT / OVERWEIGHT VS BENCHMARK



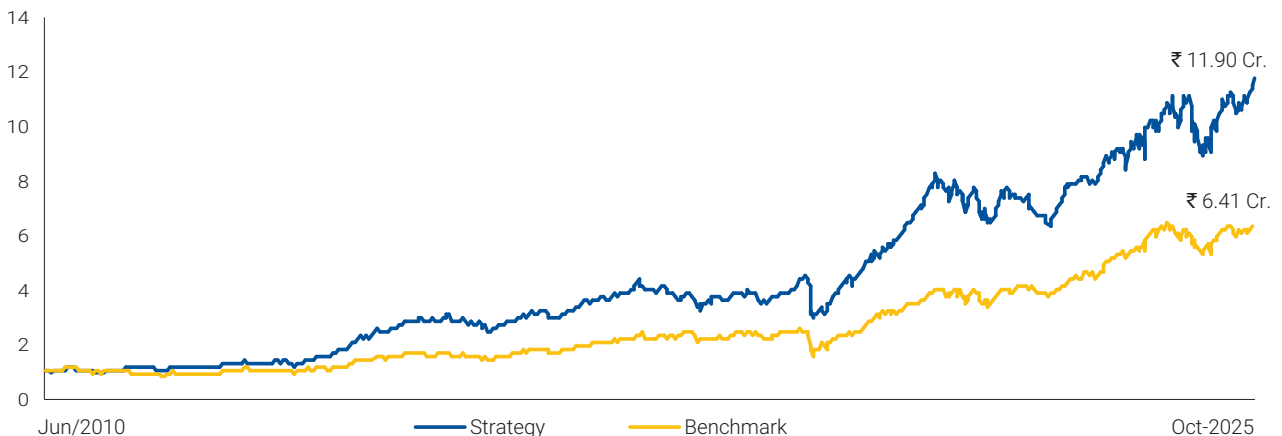
Weighted Average Market Cap

₹ 55,495 Cr.

Key Contributors

Symbol Name	Unit Cost (₹)	Unit Price (₹)	Gain/Loss (%)
TD Power Systems Ltd	297	775	161
Hitachi Energy India Limited	9,907	17,778	79
Acutaas Chemicals Limited	1,092	1,728	58

Value of Rs. 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>

Objective: To seek long-term capital appreciation by investing in stocks across the cap curve

Key Features

- Flexible cap curve allocation
- Two Buckets of Stocks
 1. Structural Stories
 2. Cyclical & turnaround opportunities
- 4x4 Wealth Multiplier Themes
 1. Financial Inclusiveness
 2. Consumption Czars
 3. Phygital Bluechips
 4. Export Voyagers

Investment Horizon

Above 3 years

Benchmark

S&P BSE 500 TRI

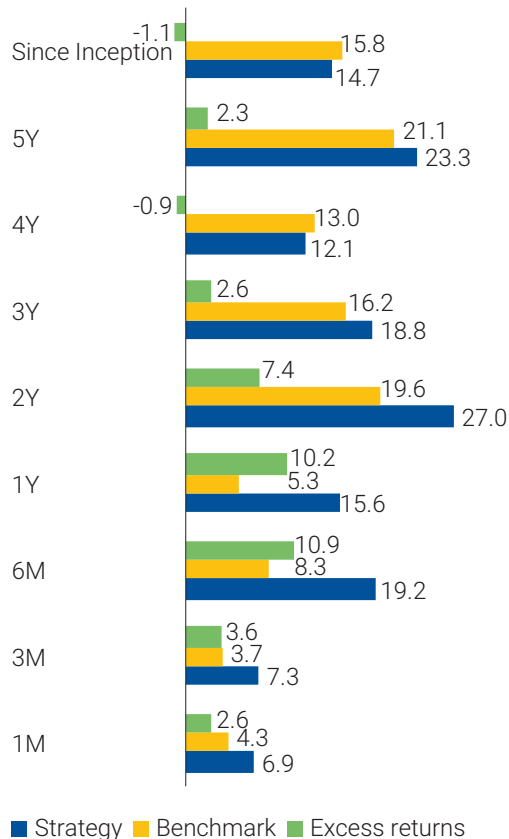
Inception

November 2016

Fund Manager

Mr. Darshan Engineer

Voyager vs S&P BSE 500 TRI (%)



PORTFOLIO & STOCK PERFORMANCE

Top performers in the portfolio are **MTAR Technologies & Five Star Business Finance**, both up ~37% & ~21% respectively. **MTAR Technologies** continued its re-rating in October, underpinned by a series of operational milestones and strategic developments that have strengthened its long-term growth outlook. It secured 2 significant international orders – one of ~₹263.5 crore and another ~₹67.2 crore from existing overseas customers. These multi-quarter orders meaningfully enhance revenue visibility and reaffirm its credibility in high-precision engineering and execution. MTAR is well positioned for sustained growth, supported by robust demand across its key business segments. Its Clean Energy division, anchored by its largest client Bloom Energy, continues to experience strong order inflows, reflecting the growing adoption of Solid Oxide Fuel Cells (SOFC) and the rising demand for reliable, high-efficiency power equipment used in AI and data centre infrastructure. This trend is expected to drive robust ramp up in revenues over the next few quarters. MTAR's recent partnership with Adani Defence & Aerospace to jointly bid for India's first stealth fighter jet prototype, the Advanced Medium Combat Aircraft (AMCA), has positioned the company strategically within India's defence manufacturing value chain. The company has also expanded into the Oil & Gas segment through a new long-term supply agreement, which carries significant revenue potential over the medium term. Additionally, the receipt of Nadcap certifications for its Telangana facilities strengthens MTAR's credentials with global OEMs. With expanding order inflows, entry into higher-margin segments, and operating leverage from scale, MTAR's earnings trajectory appears well anchored. We remain constructive on the company's prospects, viewing it as a high-quality precision-engineering play benefiting from multi-industry demand tailwinds and strong execution discipline. **Five-Star Business Finance** delivered a steady operating performance in Q2 FY26, with standalone NII of ₹626 cr., up 17% yoy, and net profit rising 6% to ₹286 cr. AUM increased by ~18% YoY to ₹12,847 cr., reflecting sustained demand from its core micro- and small-business borrower base. Asset quality remained stable, with collection efficiency in the mid-90s and limited movement in Stage 3 assets; underscoring the prudence of its credit underwriting model. Unlike many peers in the small-ticket lending space, Five-Star continues to maintain a secured, cash-flow-backed lending portfolio, mitigating volatility during credit cycles. Its disciplined approach to risk assessment, focus on Tier 2 to Tier 4 borrowers, and efficient operating model have collectively contributed to resilient profitability and a healthy return on equity. Investor sentiment in October was buoyed by management's guidance of continued loan growth driven by geographic expansion in South and Western India. Additionally, incremental digitisation of loan origination and collections is expected to enhance scalability while containing costs. With a robust capital adequacy ratio and improving operating leverage, Five-Star remains well positioned to benefit from the sustained formalisation of credit demand among small enterprises.

Draggers to portfolios were **Quadrant Future Tek & Exide Industries**, down ~20% & ~2% respectively. **Quadrant Future Tek's** recent underperformance reflects weak revenue traction & margin pressure. It had reported a weak Q1FY26, marked by delays in execution of its order book, namely the Kavach Train Collision Avoidance System order of ~Rs 800 cr. It reported muted top line growth and declining operating margins, while stretched working capital cycles and rising debtor days have weighed on cash flows. Lack of fresh order announcements or strategic updates in October further dampened sentiment. Since the order is supposed to be completed before 11 Dec 2025, any delay beyond that potentially leads to cancellation of the order which can significantly impact its future growth prospects and financial profile. As a part of our risk management process, we have exited from the position and booked losses. **Exide Industries** underperformed weighed by investor caution following a tax authority survey at its facilities and muted near term earnings traction. The core lead-acid battery business continues to face sluggish demand, rising input costs, and competitive pressures, limiting margin expansion. The initiative on lithium-ion and EV batteries is a long-term catalyst but not expected to contribute meaningfully in the near-term. Exide's partnership with SVOLT Energy for lithium-ion cell manufacturing and its strong brand and distribution network position it well for India's energy-storage and EV growth cycle. While Exide is likely to emerge as a key player in India's energy transition theme, lack of near-term triggers make us watchful of its execution in core business.

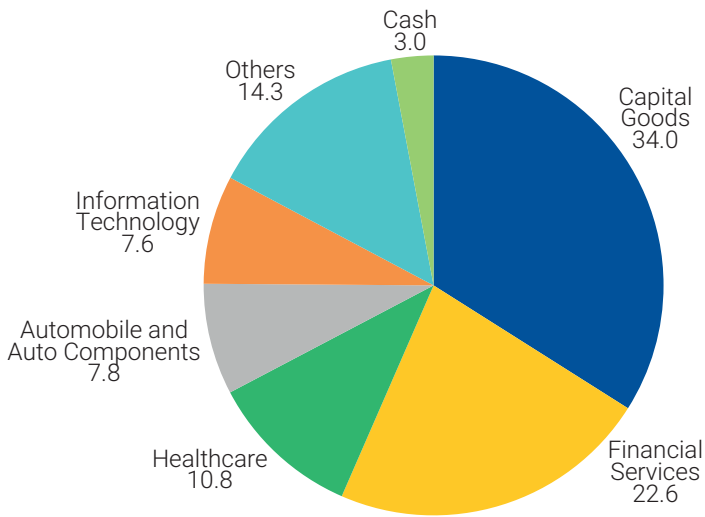
Stock Entry:

Acutaas Chemicals is experiencing robust growth in its CDMO business, driven by strong demand for the Darolutamide API. The end product, Nubeqa, continues to perform well in developed markets, reinforcing confidence in sustained CDMO growth. Additionally, the company has seen margin improvement in its generic pharma intermediate segment, leading to earnings upgrades in 2Q. Going forward, growth will be supported by new molecule development, continued momentum in Nubeqa, and commissioning of electrolyte additive plants, with further upside potential from semiconductor chemicals.

Stock Exit:

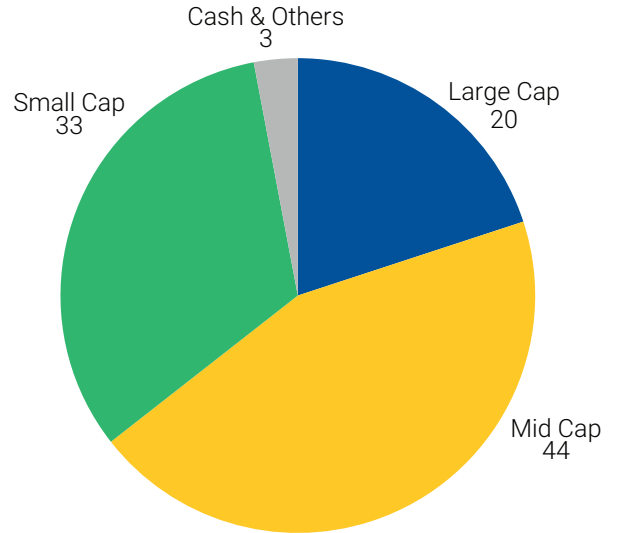
Quadrant Future Tek (QUADFUTURE) reported a weak Q1FY26, marked by delays in execution of its order book, namely the Kavach Train Collision Avoidance System order of ~Rs 800 cr. Since the order is supposed to be completed before 11 Dec 2025, any delay beyond that potentially leads to cancellation of the order which can significantly impact its future growth prospects and financial profile. As a part of our risk management process, we have exited from the position and booked losses.

Sector Allocation (%)



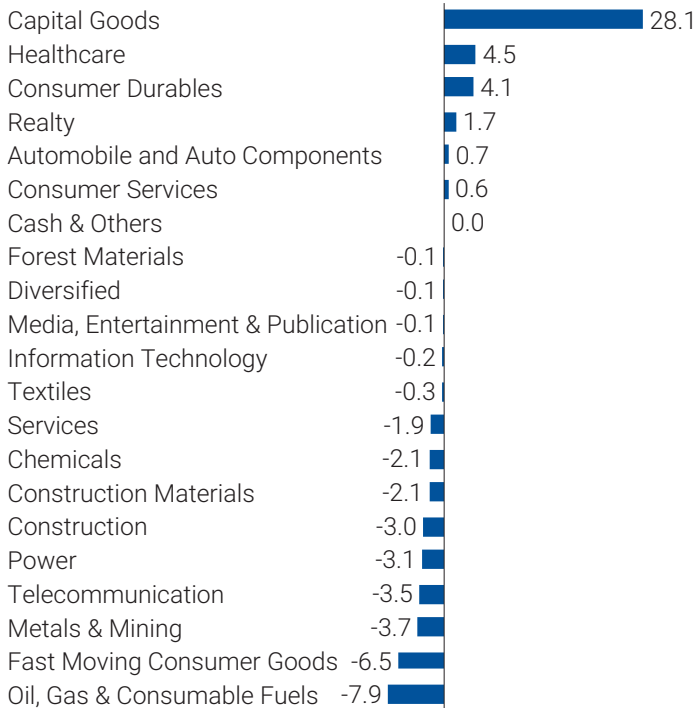
Note: Numbers may not add up due to rounding

Market Capitalization (%)



Note: Numbers may not add up due to rounding

SECTOR BETS (%) – UNDERWEIGHT / OVERWEIGHT VS BENCHMARK



Weighted Average Market Cap

₹ 1,04,248 Cr.

Key Contributors

Symbol Name	Unit Cost (₹)	Unit Price (₹)	Gain/Loss (%)
GE Vernova T&D India Limited	1,522	3,037	100
Aster DM Healthcare Ltd	376	678	80
Mtar Technologies Limited	1,579	2,548	61

Value of Rs. 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>



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

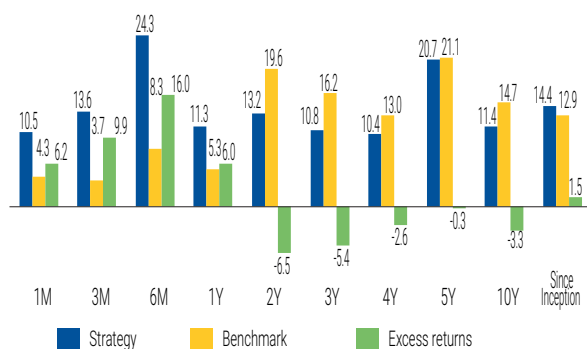
Inception

November 2009

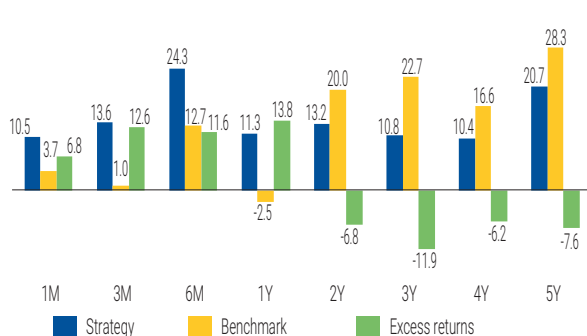
Fund Manager

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 & MTAR Technologies**, both up ~31% & ~37% respectively. **TD Power Systems** reported a strong Q2FY26 performance, with consolidated net profit rising ~45% YoY to ~ ₹60 crore, driven by robust export growth and healthy domestic demand, and consequently raised its guidance for sales and net profit for FY26. It continues to benefit from structural tailwinds across the power-conversion, generator, and traction motor segments, aided by global energy-transition spending and India's infrastructure upgrade cycle. Its diversified presence across geographies and a flexible manufacturing base, particularly its Turkey operations, has enabled it to mitigate the impact of US tariff headwinds while maintaining a competitive cost structure. Export momentum remains strong, supported by rising global demand for gas and steam power generation equipment. Growth is being propelled by higher power needs from AI data centres, increased gas engine demand in the developed world to balance renewable energy intermittency, and infrastructure rebuilding across geographies. With a solid ₹15 billion order book providing multi-year visibility, TD Power is positioned for sustained revenue expansion and steady margin delivery. Supported by strong industry demand, cost discipline, and an expanding global footprint, TD Power Systems remains well placed to deliver durable growth over the medium term. **MTAR Technologies** continued its re-rating in October, underpinned by a series of operational milestones and strategic developments that have strengthened its long-term growth outlook. It secured 2 significant international orders – one of ~₹263.5 crore and another ~₹67.2 crore from existing overseas customers. These multi-quarter orders meaningfully enhance revenue visibility and reaffirm its credibility in high-precision engineering and execution. MTAR is well positioned for sustained growth, supported by robust demand across its key business segments. Its Clean Energy division, anchored by its largest client Bloom Energy, continues to experience strong order inflows, reflecting the growing adoption of Solid Oxide Fuel Cells (SOFC) and the rising demand for reliable, high-efficiency power equipment used in AI and data centre infrastructure. This trend is expected to drive robust ramp up in revenues over the next few quarters. MTAR's recent partnership with Adani Defence & Aerospace to jointly bid for India's first stealth fighter jet prototype, the Advanced Medium Combat Aircraft (AMCA), has positioned the company strategically within India's defence manufacturing value chain. The company has also expanded into the Oil & Gas segment through a new long-term supply agreement, which carries significant revenue potential over the medium term. Additionally, the receipt of Nadcap certifications for its Telangana facilities strengthens MTAR's credentials with global OEMs. With expanding order inflows, entry into higher-margin segments, and operating leverage from scale, MTAR's earnings trajectory appears well anchored. We remain constructive on the company's prospects, viewing it as a high-quality precision-engineering play benefiting from multi-industry demand tailwinds and strong execution discipline.

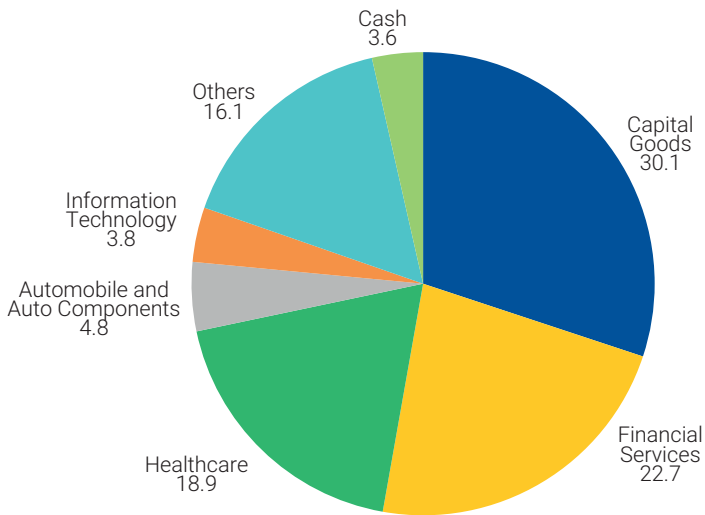
Draggers to portfolios were **Power Mech Projects & Senco gold**, down ~8% & ~5% respectively. **Power Mech Projects** saw some correction in October despite strong fundamentals. It has secured over ₹2,500 crore in new contracts, expanding its order book beyond ₹18,000 crore, yet investor sentiment was tempered by short-term concerns around execution timelines due to elongated monsoon season – typical for any EPC businesses. Broader market rotation and cautious positioning in infrastructure names also limited momentum. However, with diversification into railways, mining, and clean energy EPC, healthy order inflows, and improving cash flows, Power Mech remains well placed to benefit from India's industrial and power capex upcycle. **Senco Gold** experienced some softness in October, driven by modest Q2FY26 business update. Revenue grew ~7% YoY, constrained by high gold prices, a strong base from last year, and softer festive season demand in certain regions. Q2FY26 results of sector peers indicate a revival in growth in Q3FY26. While its long-term outlook remains positive, supported by store expansion, brand strength in Eastern India, and steady demand for organised jewellery retail, we remain watchful of the company's operational and financial performance and its gold hedging policies.

Stock Exit:

Quadrant Future Tek (QUADFUTURE) reported a weak Q1FY26, marked by delays in execution of its order book, namely the Kavach Train Collision Avoidance System order of ~ Rs 800 cr. Since the order is supposed to be completed before 11 Dec 2025, any delay beyond that potentially leads to cancellation of the order which can significantly impact its future growth prospects and financial profile. As a part of our risk management process, we have exited from the position and booked losses.

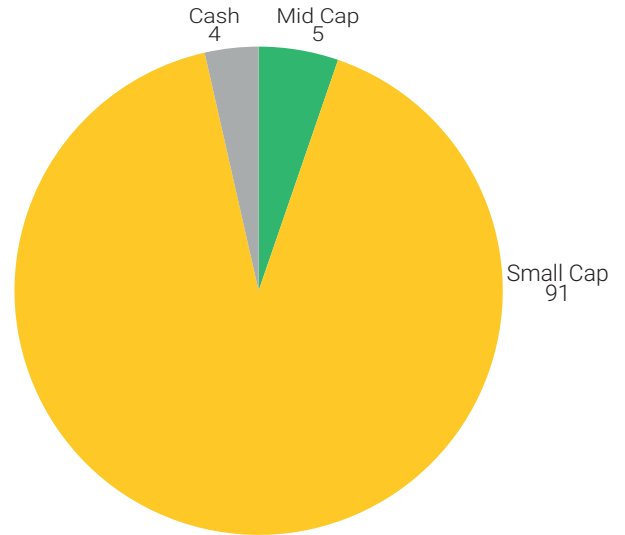
Peer performance is available under the following link of Association of Portfolio Managers in India (APMI):
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Sector Allocation (%)



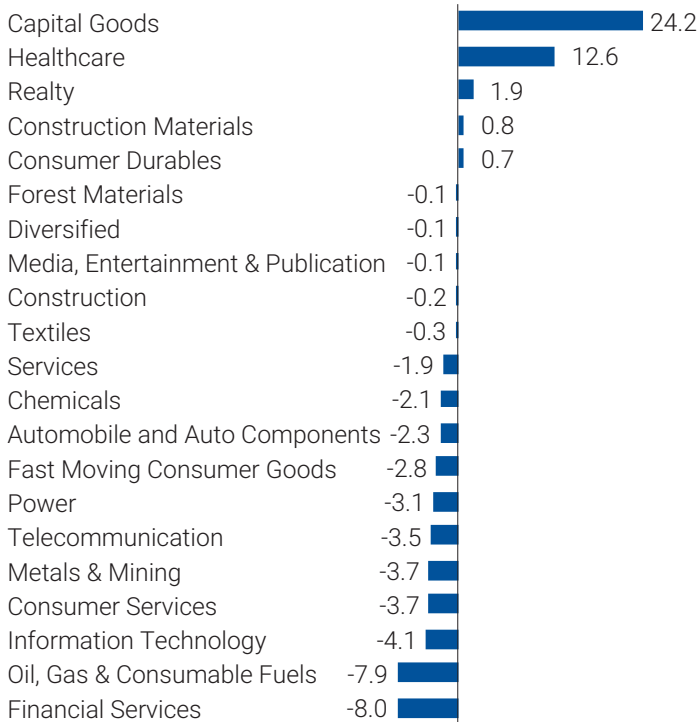
Note: Numbers may not add up due to rounding

Market Capitalization (%)



Note: Numbers may not add up due to rounding

SECTOR BETS (%) – UNDERWEIGHT / OVERWEIGHT VS BENCHMARK



Weighted Average Market Cap

₹ 15,805 Cr

Key Contributors

Symbol Name	Unit Cost (₹)	Unit Price (₹)	Gain/Loss (%)
TD Power Systems Ltd	323	775	140
Acutaas Chemicals Limited	882	1,728	96
Karur Vysya Bank	140	243	74

Value of Rs. 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	12.4	6.9	5.5

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	9.1	6.9	2.2

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	8.1	6.9	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	10.9	6.9	4.0

Source: Inhouse computation

Calendar Year Performance Since Inception November 2009

TOP HOLDINGS

SISOP

Mahindra & Mahindra Ltd	Large Cap
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Cholamandalam Invest & Fin Co. Ltd.	Large Cap
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Titan Industries Limited	Large Cap
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GE Vernova T&D India Limited	Mid Cap
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Polycab India Limited	Mid Cap
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Hitachi Energy India Limited	Mid Cap
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Creditaccess Grameen Ltd	Small Cap
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TD Power Systems Ltd	Small Cap
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MTAR Technologies Ltd	Small Cap
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Voyager

Cholamandalam Invest.& Fin. Co. Ltd.	Large Cap
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Mahindra & Mahindra Ltd	Large Cap
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Indian Hotels Company Limited	Large Cap
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GE Vernova T&D India Limited	Mid Cap
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Hitachi Energy India Limited	Mid Cap
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KEI Industries Limited	Mid Cap
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Neuland Laboratories Ltd	Small Cap
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Creditaccess Grameen Limited	Small Cap
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Aster DM Healthcare Ltd	Small Cap
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S.E.L.F.

Cholamandalam Invest & Fin Co. Ltd.	Large Cap
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Hitachi Energy India Limited	Mid Cap
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KEI Industries Limited	Mid Cap
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Coforge Limited Ltd	Mid Cap
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TD Power Systems Ltd	Small Cap
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Five-Star Business Finance Limited	Small Cap
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Mtar Technologies Limited	Small Cap
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Rising Stars

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

Performance Measures – Since Inception

SISOP

Instruments	Strategy	Benchmark
Arithmetic Mean	18.1	13.8
Annualised Standard Deviation	15.9	16.0
Beta	0.8	-
Sharpe Ratio	0.7	0.5
Correlation	0.8	-
Alpha	5.7	-
Tracking Error	9.7	-
Up capture Ratio	101.3	-
Down capture Ratio	76.5	-

S.E.L.F.

Instruments	Strategy	Benchmark
Arithmetic Mean	17.3	13.5
Annualised Standard Deviation	15.3	16.0
Beta	0.8	-
Sharpe Ratio	0.7	0.4
Correlation	0.8	-
Alpha	5.4	-
Tracking Error	9.4	-
Up capture Ratio	103.3	-
Down capture Ratio	81.6	-

Voyager

Instruments	Strategy	Benchmark
Arithmetic Mean	15.1	16.0
Annualised Standard Deviation	16.6	16.2
Beta	0.9	-
Sharpe Ratio	0.5	0.6
Correlation	0.9	-
Alpha	-0.1	-
Tracking Error	7.7	-
Up capture Ratio	105.9	-
Down capture Ratio	118.0	-

Rising Stars

Instruments	Strategy	Benchmark
Arithmetic Mean	14.6	13.4
Annualised Standard Deviation	15.5	16.0
Beta	0.7	-
Sharpe Ratio	0.5	0.4
Correlation	0.7	-
Alpha	3.3	-
Tracking Error	11.8	-
Up capture Ratio	93.2	-
Down capture Ratio	80.8	-

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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SUNDARAM ALTERNATES
— Sundaram Finance Group —

Credit is in our DNA



Performing Credit Opportunities Fund (PCOF) - Series I

A Close Ended Category II AIF

Rated AA+ (SO) by CARE

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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 —

Sundaram Alternates- Real Estate Performing Credit Income Generator Fund - Series 5

A Category II AIF | Graded CARE AIF 1

A Sustainable Green Built Fund



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SUNDARAM ALTERNATES

— Sundaram Finance Group —

Sundaram Alternate Assets Limited

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