SUNDARAM ALTERNATES
Sundaram Finance Group

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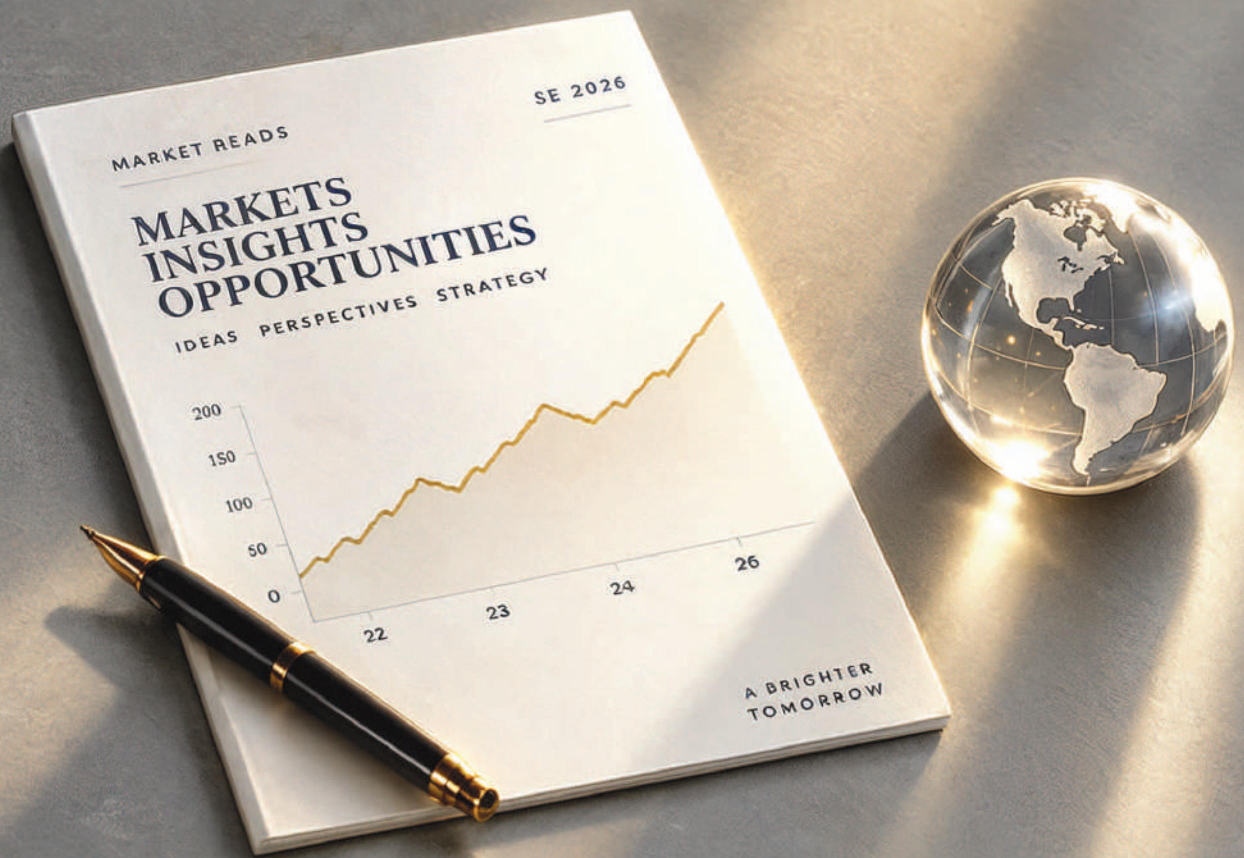
Portfolio Strategy Update

August '26



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Dear Investor,

The Index Stood Still. Earnings Didn't.

Market Recap – A quiet index, a busy quarter underneath: August was a month in which the headline barely moved but the underlying earnings moved a great deal. The Nifty closed at 24,080, down 1.2% for the month, while the Sensex fell 1.5% to 76,957. The broader BSE-500 and Nifty-500 remained flat flat. Mid- and small-caps continued to lead, with the NSE Midcap 100 up 2.1% and the NSE Smallcap 100 up 3.1%, while Capital Goods (+2.9%) and Metals (+2.4%) were the strongest sectors and FMCG (-4.1%) and Power (-3.3%) the weakest.

Earnings do the heavy lifting: Corporate India delivered its strongest quarter in more than two years. That divergence — a flat index against a standout earnings season — is the one thing we would ask investors to hold on to, rather than getting anchored to the month's noise around crude prices, AI-led disruption, the new Closing Auction Session, or gold's sharp move. If anything, it sets up a favourable base for the returns still to come.

Kotak's Nifty-50 coverage universe reported 1QFY27 net income growth of 17.7%, well ahead of the 10.4% that was expected. The broader Nifty-500 (ex-OMCs) shows profits up 23% year-on-year on sales growth of 19% — the fastest in 15 quarters — with EBITDA up 16%. 16 of 22 sectors posted double-digit profit growth, and only about 5% of companies in this set reported a loss. Volumes held up even as companies pushed through sharp price hikes to pass on raw-material inflation: auto volumes grew in the twenties for a third straight quarter, peak power demand rose 11%. Nominal GDP growth of 10.3% and real GDP growth of 7.8% for the quarter, comfortably ahead of RBI's 7% projection, tells the same story at the macro level. Encouragingly, this strength is broadening rather than narrowing. Small-caps grew profits 35% and mid-caps (ex-OMC) 30%, but large-caps (ex-OMC) also managed 20% growth — a ten-quarter high. Because earnings rose while the index didn't, valuations have de-rated downward even as the outlook has improved, which is exactly the kind of quarter that resets the base for future compounding. Nifty-50 now trades at ~ 18.5x 1-year forward earnings vs a 10-year average of 21x.

Capital flows – FIIs return, but selectively: Korea's KOSPI rallied hard on semiconductors through the year, compressing its forward multiple to ~ 7x, levels last seen in 2008 as earnings estimates rose faster than price — before that trade cooled off through July, roughly coinciding with the point at which foreign investors, having pulled over $108 billion out of Korea this year, began trickling back into India. FIIs bought a net $1.7 billion of Indian equities in the secondary market in August and DIIs a further $6.1 billion — a second straight month of foreign buying, though FIIs remain net sellers of ~ $24 billion for the calendar year, with their share of the Nifty-50 down to roughly 20.5%, a more-than-two-decade low. The money that has returned has gone chiefly into cash-generative consumption and credit names, while DIIs — having bought ~ $59 billion this year against that $24 billion of foreign selling — have taken the other side, favouring industrials and healthcare.

Gold's rally, and what it means for INR: Gold rose 9.6% during the month, and silver even more sharply, up over 15%. Indian households hold ~ $3.9 trillion of gold — about twice their bank deposits and four times their equity holdings — and gold's share of household wealth has risen from 15.4% to 24.2% over three years. Only about 5.1% of that value is pledged, though the FY26 increase in gold-loan assets alone was worth ~ 130 basis points of GDP. Because gold ownership runs much deeper into rural and lower-income households than equity ownership does, a rally like this one transmits directly into bottom-of-the-pyramid consumption. The flip side is higher gold imports weighing on the INR — the RBI's FCNR(B) deposit scheme has already pulled in $127 billion, well ahead of the $60–80 billion originally estimated, yet the rupee has appreciated only ~ 0.6% since the June measures, which suggests the inflows have mostly absorbed pressure rather than created strength.

Portfolio performance – staying with our themes: Our three core themes played out much as we would expect in a quarter like this. Financials led, with BFSI profits up 18% and NBFC lenders up 27% on systemic loan growth of nearly 18%; the FCNR-driven liquidity should help narrow a wide credit-deposit gap this quarter. Capital goods profits grew 25%, and our conviction here continues to rest on a multi-year order-book build-out and the public capex cycle, particularly renewable-energy-led transmission spending. Pharma was more mixed — large-caps were hurt by higher West Asia logistics costs, but the mid-cap pharma names in our portfolio saw accelerated growth, and we continue to add to this allocation.

August, in short, handed us a market where the index went nowhere and profits (ex-OMC) grew 23%. That is precisely how valuation resets happen over a cycle, and how the alpha over the S&P BSE 500 TRI gets earned — by staying invested through quarters exactly like this one.

Stay invested. Stay disciplined. Be patient.

From the desk of:

Darshan Engineer, Fund Manager, Equity PMS Portfolios

Disclaimer: Securities investments are subject to market risks, and there is no assurance that investment objectives will be achieved.

A Quiet Index, A Loud Earnings Season

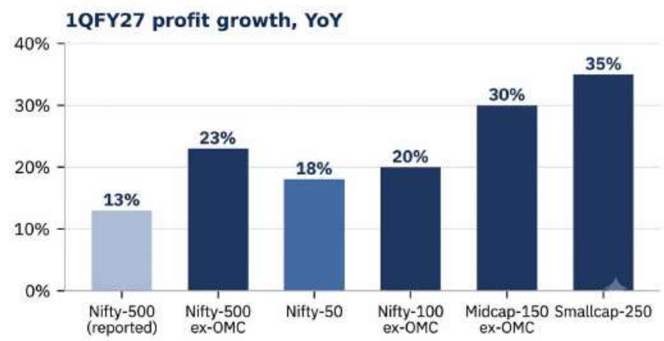
August was a month in which the market's price did very little, but the earnings did a great deal. The Nifty50 closed at 24,080, roughly a percent below where it began, and the Nifty-500 was broadly flat for the month, even as it remains marginally positive over the year. One structural change altered the texture of August trading – from 3 August, the Closing Auction Session (CAS) replaced the old thirty-minute volume-weighted average price as the method for striking the closing price, aiming for better price discovery, less scope for gaming the close, and lower tracking error for index funds. CAS is not the sole cause of the fall in derivative volumes either — April's higher STT and the RBI's June collateral rules were already compressing derivatives activity. We would resist attributing the flat index to any of this: a change in how the closing price is computed cannot move a month's return, and the market went nowhere for the reasons set out below. To make sense of the month, we set out our views here on earnings, flows, gold, the rupee and the primary market, along with our updated portfolio positioning.

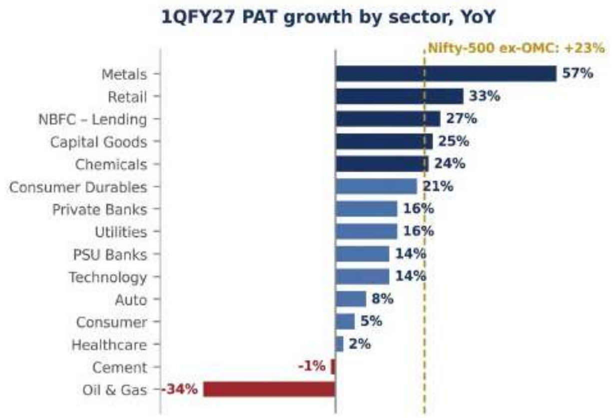
1QFY27: A Volume-Led Revival, Not a Price-Led One

The June 2026 quarter was the strongest in over two years, and the quality of it matters more than the headline. Aggregate Nifty-500 earnings grew 13% year-on-year; excluding oil marketing companies, growth was 23%. Sales excluding OMCs rose 19%, the fastest in fifteen quarters, with EBITDA up 16%. 16 of 22 key sectors posted double-digit profit growth, more than half of the Nifty-500 grew earnings above 15%, and only 5% of companies made a loss.

The single most useful fact about the quarter is that it was driven by volume rather than by pricing. Two-wheeler, passenger car, SUV and light commercial vehicle volumes all grew in the twenties — the third consecutive quarter of auto volume momentum; consumer staples and discretionary volumes were the strongest of the cycle; peak power demand rose 11%. Nominal GDP growth of 10.3% in the quarter is the macro version of the same statement. The dispersion beneath the aggregate is wide: Metals grew profits 57%, the highest in ten quarters, on favourable prices and an aluminium and zinc spike. Retail grew 33%, NBFC-lenders 27%, Capital Goods 25% and Chemicals 24%. At the other end, Oil & Gas fell 34% as OMCs swung to a loss of 181bn from a profit of 162bn a year earlier, and Healthcare managed just 2%. Metals and Financials together accounted for roughly half of the incremental year-on-year profit.

Smaller companies again did the heavy lifting: Nifty Smallcap-250 profits grew 35% and Midcap-150 (ex-OMC) 30 %, against 20% for large-caps (ex-OMC). Encouragingly, the gap is narrowing rather than widening — large-cap earnings growth has begun to catch up with the mid and small segment, which is what a broadening cycle looks like. Estimates held through the season: consensus FY27 and FY28 profit forecasts for the Nifty-500 were broadly unchanged, and more than half of sell-side estimates saw upgrades.





Source: Motilal Oswal Securities

Because earnings rose while the index did not, the market has de-rated. Two observations follow – (1) large-caps now trade meaningfully below their own long-run average, while mid and small-caps trade above theirs. (2) the gap between the trailing earnings yield and the ten-year government bond is about 210 basis points — the market has spent more days in the 200–250bps band than in any other range historically.

Growth Is the Dominant Factor — and Not Only Here

The pattern we are describing is not exclusive to Indian indices. Across every major equity market this year, returns have gone to earnings delivery rather than to PE multiples. Korea's KOSPI was one of the world's strongest markets on a semiconductor upcycle, yet its forward multiple compressed to roughly 7x — the lowest since 2008 — because consensus earnings were revised up faster than the price rose. The market rallied hard and got cheaper at the same time, as earnings outpaced the PE multiple. From July, that trade cooled off – foreign investors have pulled more than $108bn from Korea this calendar year, and the slowdown in the chip rally coincided almost exactly with the point at which foreign money began returning to India.

We think the market will pay for consistent, compounding earnings, and will refuse to pay for narrative-based growth. Institutional capital will flock to industries built on cash-generative businesses with visible reinvestment runways — not to assets that are cheap simply because they are cheap.

Foreign Money Came Back — With a Shopping List

Foreign portfolio investors bought ₹ 30,919 crore of Indian equities in August, a second consecutive month of net buying and the strongest month of the year. The improvement is broader than equities alone: foreign direct investment and FPI debt inflows recovered to $7.8bn and $5.7bn respectively in the June quarter, and equity inflows in the September quarter to date run at roughly $5.5bn. In CY26 to date, FPIs remain net sellers of about $24bn, and their holding of Indian equities has fallen to a more-than-two-decade low of 20.5% of the Nifty-50 in June, against 22.8% two years earlier.

Domestic institutions have bought $59bn this year against $24bn of foreign selling, following $90bn in 2025. Monthly SIP flows run at about ₹ 320bn, and mutual fund cash has fallen to roughly 4% of assets. The Indian market is now priced by domestic institutions and is structurally healthier for it, but that also makes domestic flows the marginal buyer — so any interruption to them would matter more than it once did.

Foreign investors are buying liquid, cash-generative, consumption- and credit-linked businesses, and selling capital-intensive, long-gestation ones. This creates an honest tension with one of our standing themes, which we would rather state than smooth over: foreign investors sold industrials and capital goods through the quarter, while domestic mutual funds bought them — industrials was their single largest sector purchase in July, at ₹ 120bn. We are on the domestic

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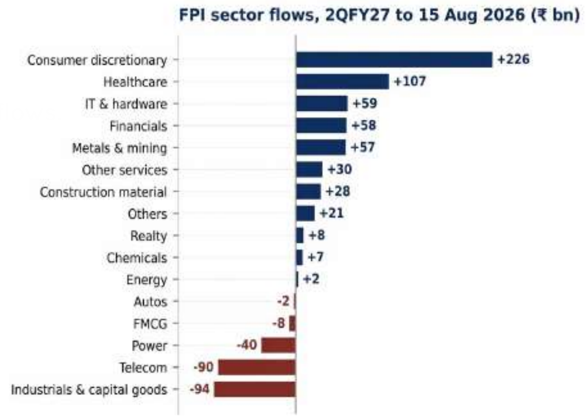
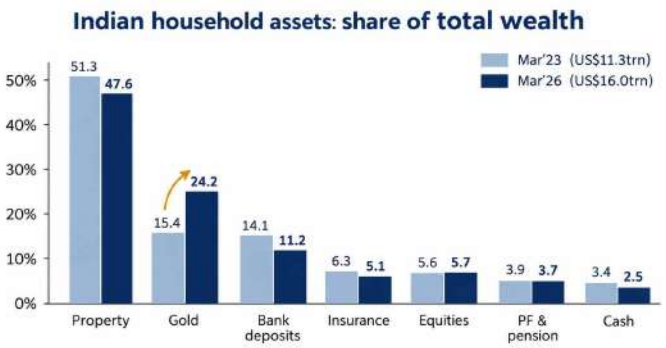


Source: Bloomberg, ICICI Securities

Gold: India's Hidden Stimulus

Gold entered August near $4,000 an ounce and traded above $4,630 by the 21st before easing back into month-end; the month closed with a gain of roughly 10% — its strongest month since January. The conventional reading of a gold rally is that it signals fear. For an Indian investor, we think there is a more useful reading: gold is no longer a dormant asset on household balance sheets — it has become a source of spending power. Indian households hold an estimated 25,000 tonnes of gold worth roughly $3.9 trillion, about 2x their bank deposits, 4x their equity holdings and 35x the gold held by the Reserve Bank. As a share of household wealth, it has gone from 15.4% to 24.2% in three years, while property, deposits and insurance have all shrunk in relative terms.

What has changed is monetisation. Organised gold loan assets reached about $197bn by March 2026, growing at a 32% compound rate over three years and now representing roughly 7% of all bank and NBFC credit. Even so, only around 5.1% of the value of household gold is pledged, implying perhaps 15% of the hoard is monetised. The FY26 increase in gold loan assets alone corresponds to about 130 basis points of GDP, and a further 10% rise in gold prices would create some $400bn of household wealth and another $20–25bn of gold loans — a further 80–100 basis points of GDP and spending.

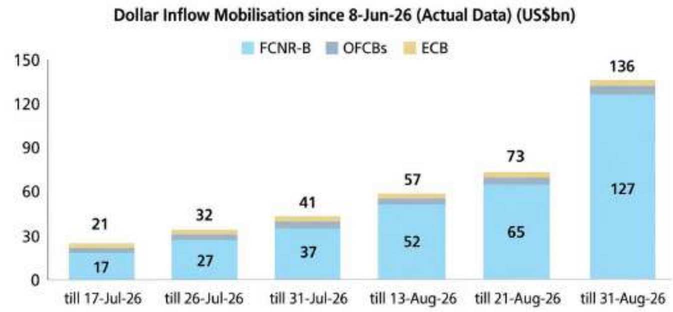


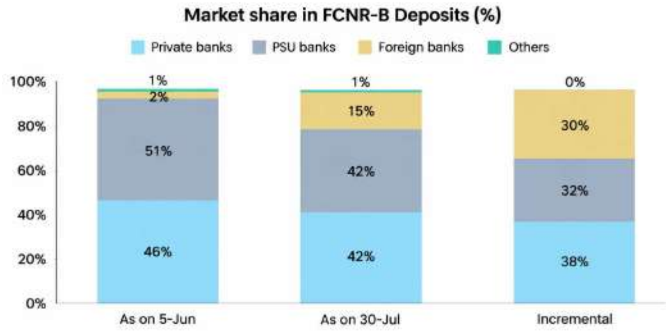
Source: RBI, AMFI, NSE, Jefferies

The Rupee: A Cushion Bought, Not a Problem Solved

In June the Reserve Bank opened a special swap window under which it absorbs the entire currency-hedging cost for banks raising fresh three-to-five-year FCNR(B) deposits. The response has been emphatic: cumulative inflows across FCNR(B) deposits, overseas foreign currency borrowings and external commercial borrowings had reached $136.4bn, of which FCNR(B) alone accounted for $127.2bn — comfortably ahead of the roughly $26bn raised through the comparable 2013 window, and well past the $60–80bn estimate at the start of the scheme. The response was strong enough that the RBI brought the deposit-mobilisation deadline forward to 31 August from 30 September.

However, this only buys more time — it does not give immunity from the risks ahead. The rupee has appreciated only around 0.6% since the measures were announced, which tells us the flows have been absorbing pressure rather than creating strength. The pressure has two sources, not one: crude ranged between roughly $80 and $100 as the US–Iran ceasefire lapsed and shipping through the Strait of Hormuz stayed disrupted, and gold imports, at 2% of GDP, are now themselves a material claim on the current account. Our working view is that the rupee stays broadly range-bound near term, with the FCNR cushion, recovering FDI and returning portfolio flows offsetting an energy- and bullion-heavy import bill. The risk is asymmetric and sits on the crude side – the deposit window has now closed, those flows become a stock rather than a flow, and if oil holds above $90, the arithmetic turns for the worse.





Source: Reserve Bank of India, Jefferies

A Record Primary Market Meets a Flat Secondary One

Nearly $10 billion of equity was priced in August, India's strongest month on record, even as the secondary market went nowhere. A market that can absorb that much supply without breaking has real depth. Heavy issuance is how promoters and investors monetise into the strength of a company's growth, and a listing that trades above the IPO price tells us about the scarcity of allocation, not the durability of the franchise. We participate in IPOs very selectively, and passed on considerably more than we took.

Capital market activity	Aug-26	Context
Total equity issuance	~$10 bn	Strongest month on record
Companies listed	24	20 trading above issue price
Block-window deals	₹ 35,673 cr	Highest since June 2025
IPOs, Jan–Aug 2026	60 / ₹ 72,165 cr	Jul–Aug = 69% of value
SEBI-approved pipeline	75 cos / ₹ 2.02 lakh cr	Before NSE and Jio Platforms

Source: Prime Database, Bloomberg, exchange filings

How Our Portfolios Are Positioned

- **Financials:** Our largest theme had a good quarter. BFSI profits grew 18%, led by NBFC-lenders at 27%, private banks at 16% and public sector banks at 14%, with systemic loan growth accelerating to around 18%. Bank margins declined sequentially, but managements broadly indicated that yields bottomed during the quarter, with loan mix and cost of funds driving margins from here. Asset quality continued to improve, and NBFC credit costs were at or ahead of guidance. Our preference is for lenders with genuine liability franchises: the credit-deposit growth divide is wide, deposit competition is coming, and the FCNR relief is temporary.
- **Capital Goods & Power Equipment** is the theme where the evidence is most mixed. Companies with export exposure continued to see an uptick in sales and margins, and sector profits grew 25% with EBITDA up 18%, order inflows healthy in transmission and distribution, data centres, metals and commercial real estate. Private capex has moderated somewhat, and sector EBITDA margins contracted sequentially as supply bottlenecks ease. Power equipment companies reported better order inflows than the rest of the pack as peak demand grew 11%, while unsigned power purchase agreements and transmission constraints held execution back. Our conviction rests on multi-year trends in AI-linked data centres and transmission grid upgrades through the public capex cycle — government capex reached 27.8% of budget estimates in the first quarter, growing 23.7% YoY. We have trimmed exposure within the theme on valuation and order-book quality where warranted and continue to watch margins closely.
- **Pharma & Chemicals** also reported a mixed set of earnings. Large-cap pharma names within the Nifty-50 reported weak EBITDA and profit growth, hit by West Asia-related logistics costs and product mix. However, the mid-sized pharma names in our portfolio — Neuland, Acutaas, and Aster DM — reported strong growth, driven by supportive trends in CDMO spends, Peptides penetration and hospital bed additions. We own the sector for the durability it offers through its low correlation with the domestic capex and credit cycles, and we continue to increase weight here in the form of new ideas as well.

Across strategies, our approach has not changed. We buy businesses with healthy earnings growth visibility and where balance sheets are in order. Over a full cycle, that is how portfolios are built and how alpha over the S&P BSE 500 TRI is earned — by accumulating in quarters like this one.

Thank you for your continued trust.

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

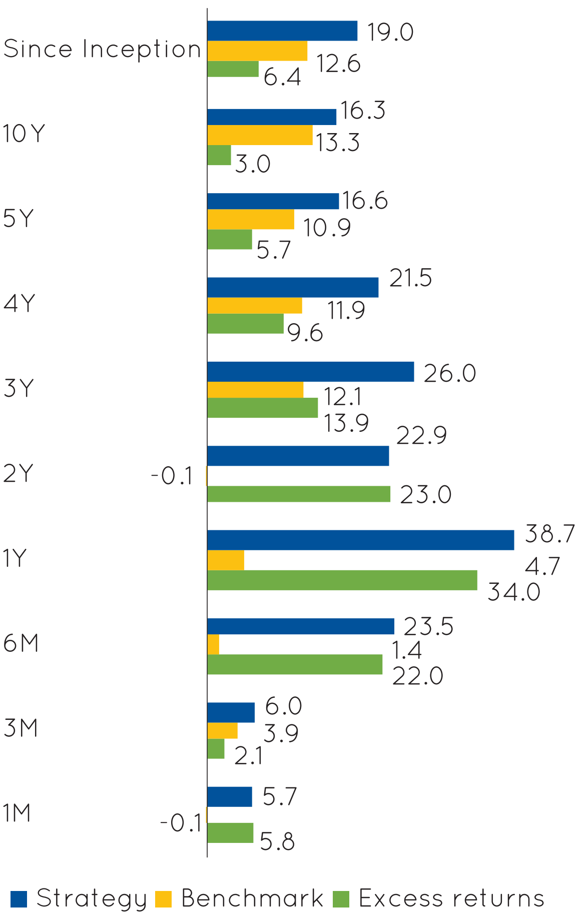
Inception

February 2010

Fund Manager

Mr. Darshan Engineer

SISOP vs S&P BSE 500 TRI (%)



Peer performance is available under the following link of Association of Portfolio Managers in India (APMI):
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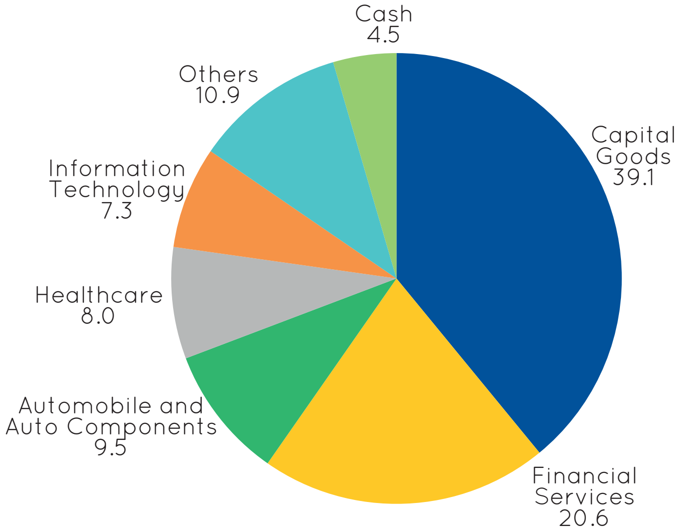
PORTFOLIO & STOCK PERFORMANCE

Top performers in the portfolio are **TD Power Systems Ltd & MTAR**, up ~35.6% & ~20% respectively. **TD Power** saw strong operational momentum, driven by robust order execution across its core AC generator and electric motor business. Its latest quarterly performance reflected sharp top-line growth and healthy margin resilience, backed by accelerating global demand. High export order inflows and upgrade in guidance for the next few years continue to strengthen earnings visibility, supported by rising adoption in industrial power generation, renewable infrastructure, and data center energy requirements. In addition, it also signed a new long-term agreement to supply 100+ MW to Siemens Energy. Supported by operating leverage and a virtually debt-free balance sheet, the company remains well-positioned for sustained medium-term growth. **MTAR** continued its strong momentum supported by a robust Q1FY27 performance and a record order book. Strong execution across clean energy and civil nuclear businesses, along with a sizeable reactor refurbishment order, reinforces revenue visibility. Rising nuclear opportunities, capacity expansion and improving operating leverage provide a strong foundation for sustained growth and earnings momentum.

Draggers to portfolios were **Credit-Access Grameen Ltd & Aster DM Quality Care Ltd**, down ~11.3% & ~7.7% respectively. **Credit-Access Grameen** emerged as a dragger amid profit-taking despite a strong Q1FY27. It delivered robust earnings growth, supported by healthy NII expansion, improved operating efficiency and lower credit costs. However, investor sentiment remained cautious around microfinance asset quality, monsoon-related risks and renewed risks from the middle east war which may lead to higher inflation and its impact on its client base. The stock's correction during the month was largely valuation-driven, while improving portfolio quality and resilient profitability provide support to the longer-term earnings outlook. **Aster DM** corrected after reaching a fresh 52-week high earlier in the month, as profit-booking and concerns around near-term earnings weighed on sentiment. During the quarter, the company completed the merger and got renamed as Aster DM Quality Care from its erstwhile name Aster DM Healthcare Ltd. While Q1 FY27 pro-forma revenue and operating EBITDA grew strongly, reported profitability was impacted by merger-related exceptional expenses. The stock subsequently declined from its August peak, despite healthy patient volumes, improving occupancy and stronger realisations from complex procedures. With the merger creating a larger integrated hospital platform and meaningful synergy potential, the long-term growth outlook remains constructive.

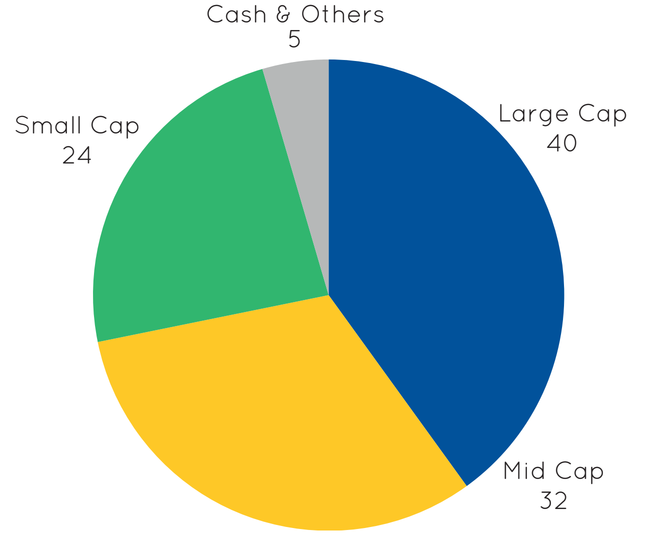
No entry- exit during the month.

Sector Allocation (%)



Note: Numbers may not add up due to rounding

Market Capitalization (%)



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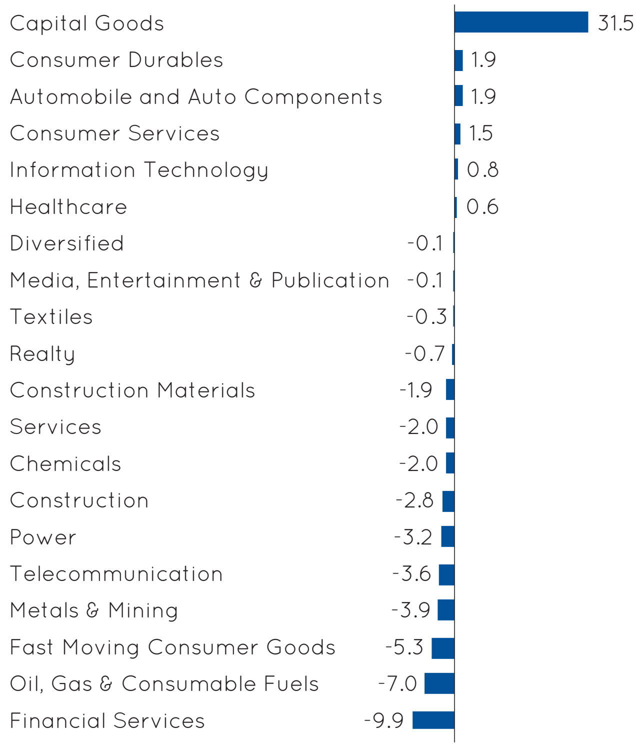
SECTOR BETS (%) – UNDERWEIGHT / OVERWEIGHT VS BENCHMARK

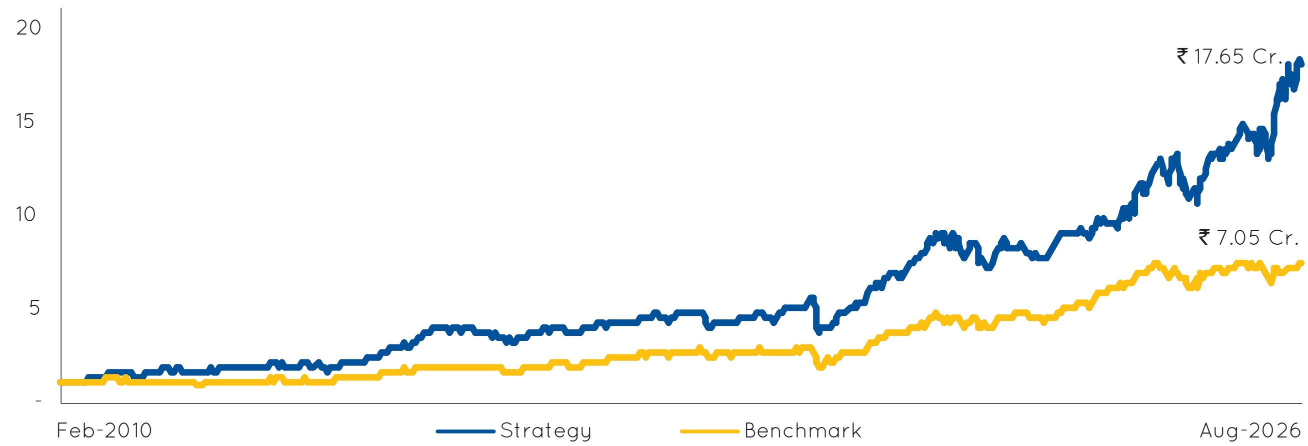


Weighted Average Market Cap ₹ 1,47,370 Cr

Key Contributors

Symbol Name	Unit Cost (₹)	Unit Price (₹)	Gain/Loss (%)
Mtar Technologies Limited	1,600	7,044	340
TD Power Systems Ltd	243	777	220
Hitachi Energy India Limited	12,652	33,760	167

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

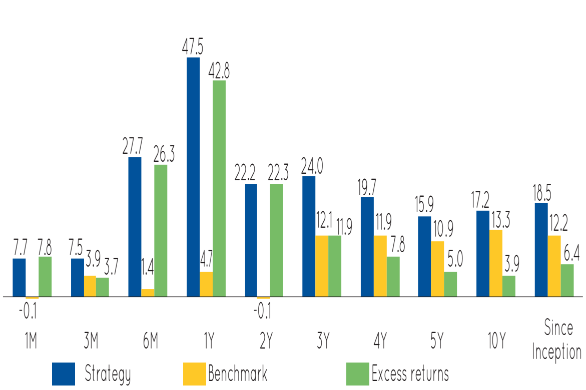
Inception

June 2010

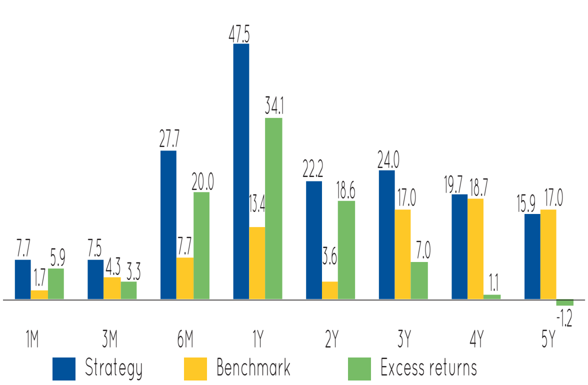
Fund Manager

Mr. Darshan Engineer

SELF vs S&P BSE 500 TRI (%)



SELF vs Nifty Midcap 150 (%)



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Entry :

Concord Biotech is one of the few global players with a complete, backward-integrated fermentation-based immunosuppressant API portfolio (Tacrolimus ~35-40% share, Cyclosporine ~30-40%), a segment where technical complexity and capital intensity have structurally limited competition. It is also expanding its anti-infective/oncology pipeline and winning new innovator contracts. It has significant optionality with some of its units having a lot of headroom to grow without capex. It has a healthy balance sheet marked by strong return ratios and earnings should grow at healthy rates from here on. The stock is available at a significant discount to its historical valuations and peers despite superior margins profitability.

No exit during the month.

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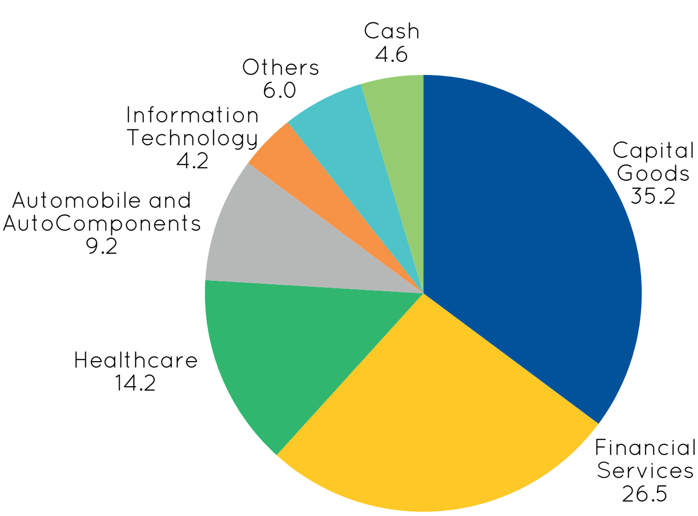
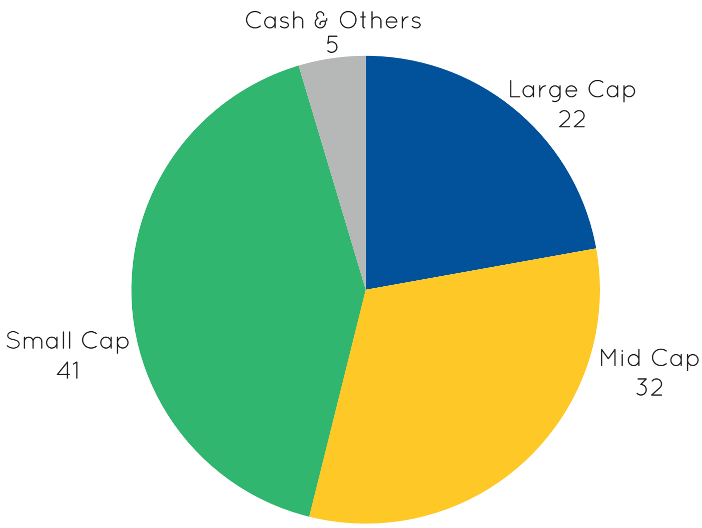
Sector Allocation (%)



Note: Numbers may not add up due to rounding

Market Capitalization (%)



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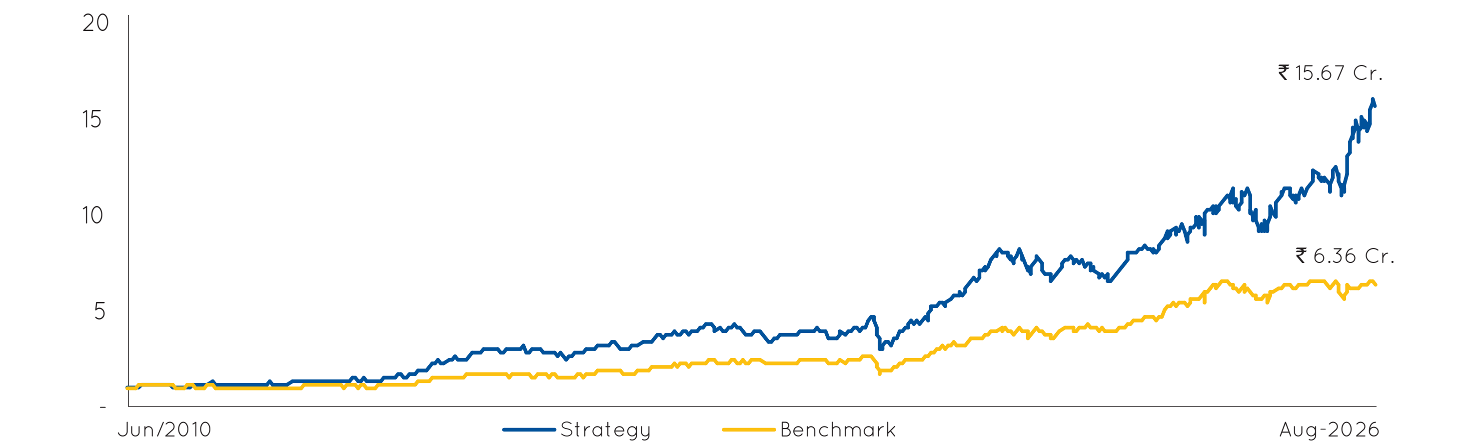
SECTOR BETS (%) – UNDERWEIGHT / OVERWEIGHT VS BENCHMARK

Weighted Average Market Cap ₹ 72,060 Cr.

Key Contributors

Symbol Name	Unit Cost (₹)	Unit Price (₹)	Gain/Loss (%)
TD Power Systems Ltd	163	777	378
MTAR Technologies Limited	1,754	7,044	302
Hitachi Energy India Limited	9,727	33,760	247

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
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

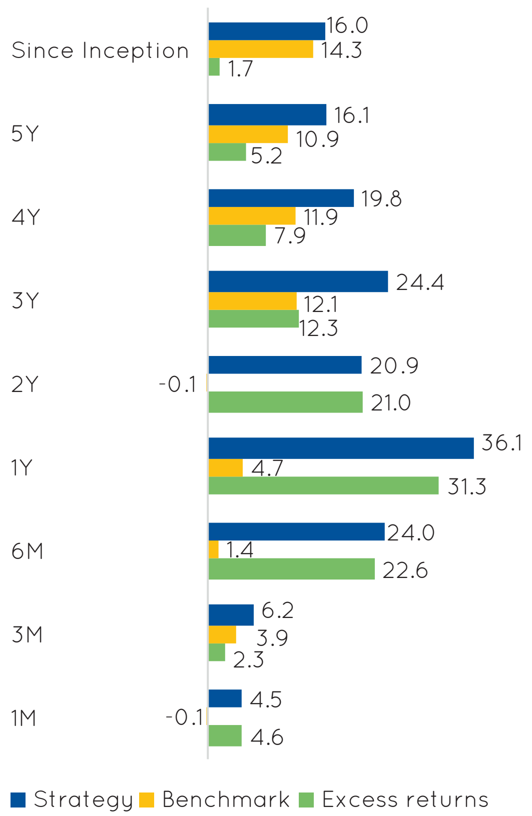
Inception

November 2016

Fund Manager

Mr. Darshan Engineer

Voyager vs S&P BSE 500 TRI (%)



PORTFOLIO & STOCK PERFORMANCE

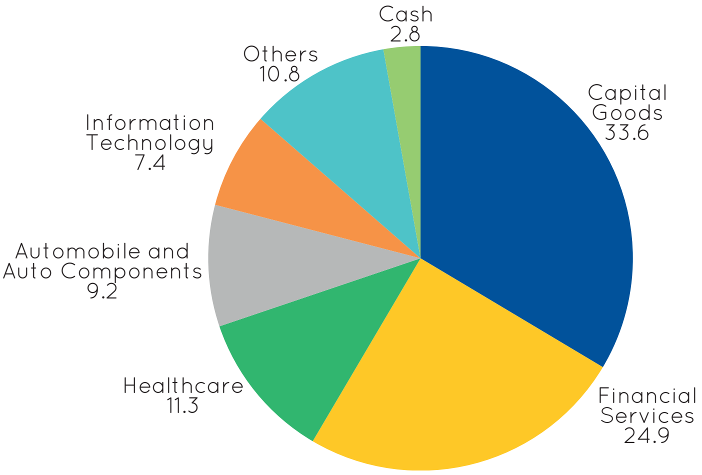
Top performers in the portfolio are **MTAR & Neuland Laboratories**, up ~20% & ~21.4% respectively. . **MTAR** continued its strong momentum supported by a robust Q1FY27 performance and a record order book. Strong execution across clean energy and civil nuclear businesses, along with a sizeable reactor refurbishment order, reinforces revenue visibility. Rising nuclear opportunities, capacity expansion and improving operating leverage provide a strong foundation for sustained growth and earnings momentum. **Neuland Laboratories** delivered robust performance and improving business momentum in its Q1 FY27 results. Revenue and profitability witnessed sharp YoY growth, led by healthy execution across CMS and GDS businesses. The company's capacity expansion and strategic CDMO partnership with Gland Pharma further strengthen its growth outlook, supported by increasing customer engagement and a deeper project pipeline.

Draggers to portfolios were **Credit-Access Grameen Ltd & Aster DM Quality Care Ltd**, down ~11.3% & ~7.7% respectively. **Credit-Access Grameen** emerged as a dragger amid profit-taking despite a strong Q1FY27. It delivered robust earnings growth, supported by healthy NII expansion, improved operating efficiency and lower credit costs. However, investor sentiment remained cautious around microfinance asset quality, monsoon-related risks and renewed risks from the middle east war which may lead to higher inflation and its impact on its client base. The stock's correction during the month was largely valuation-driven, while improving portfolio quality and resilient profitability provide support to the longer-term earnings outlook. **Aster DM** corrected after reaching a fresh 52-week high earlier in the month, as profit-booking and concerns around near-term earnings weighed on sentiment. During the quarter, the company completed the merger and got renamed as Aster DM Quality Care from its erstwhile name Aster DM Healthcare Ltd. While Q1 FY27 pro-forma revenue and operating EBITDA grew strongly, reported profitability was impacted by merger-related exceptional expenses. The stock subsequently declined from its August peak, despite healthy patient volumes, improving occupancy and stronger realisations from complex procedures. With the merger creating a larger integrated hospital platform and meaningful synergy potential, the long-term growth outlook remains constructive.

No entry- exit during the month.

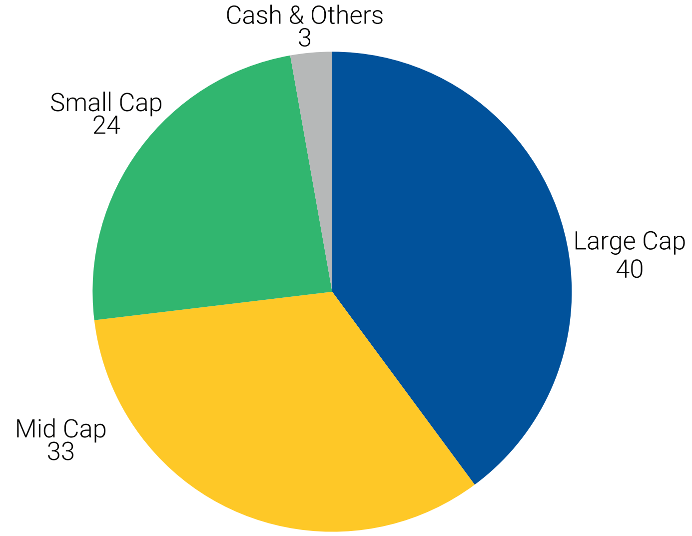
Peer performance is available under the following link of Association of Portfolio Managers in India (APMI):
https://www.apmiindia.org/apmi/welcomeiaperformance.htm?action=PMSmenu

Sector Allocation (%)



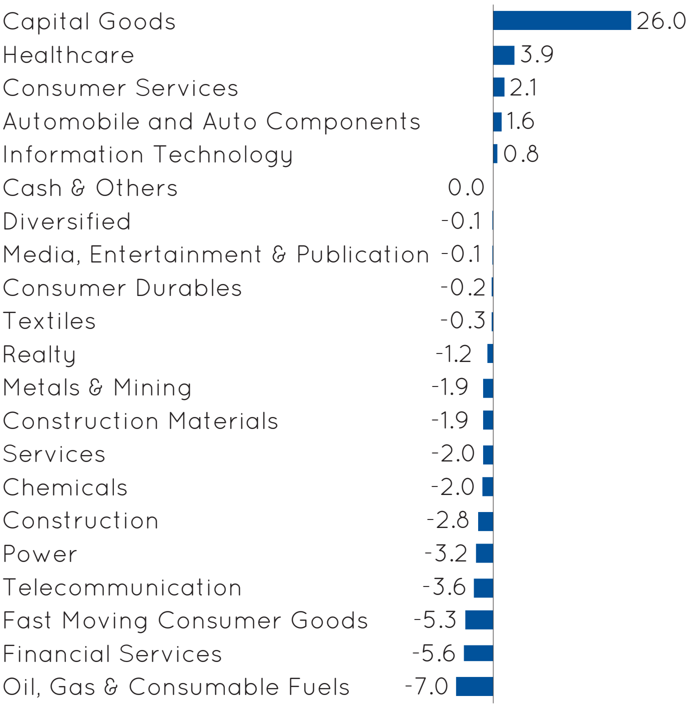
Note: Numbers may not add up due to rounding

Market Capitalization (%)



Note: Numbers may not add up due to rounding

SECTOR BETS (%) – UNDERWEIGHT / OVERWEIGHT VS BENCHMARK

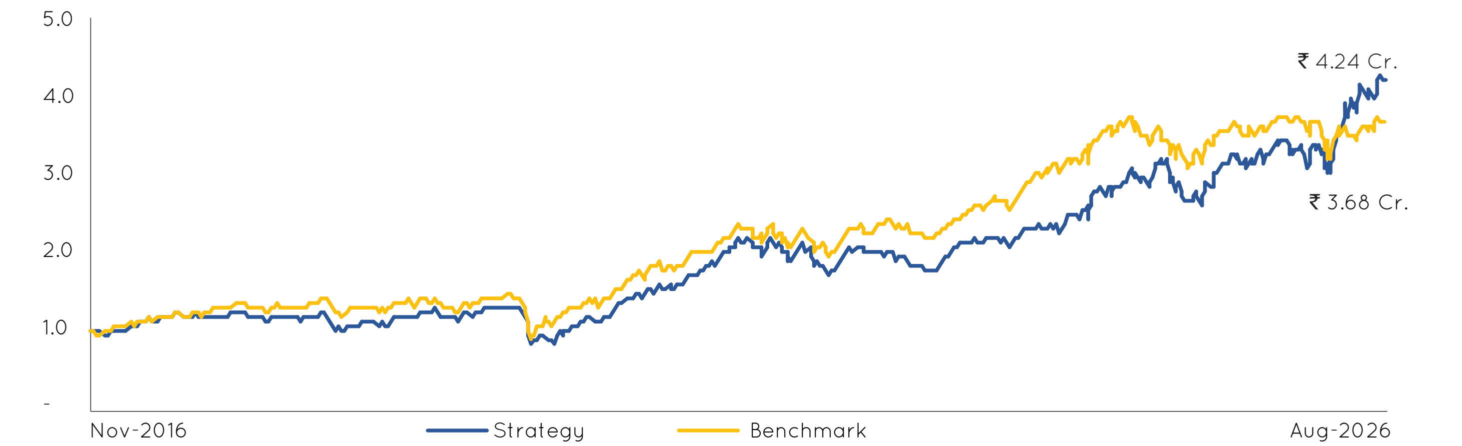


Weighted Average Market Cap	₹ 1,61,715 Cr.

Key Contributors

Symbol Name	Unit Cost (₹)	Unit Price (₹)	Gain/Loss (%)
MTAR Technologies Limited	1,442	7,044	388
Hitachi Energy India Limited	12,393	33,760	172
GE Vernova T&D India Limited	2,079	4,445	114

Value of ₹ 1 Crore Invested at Launch



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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

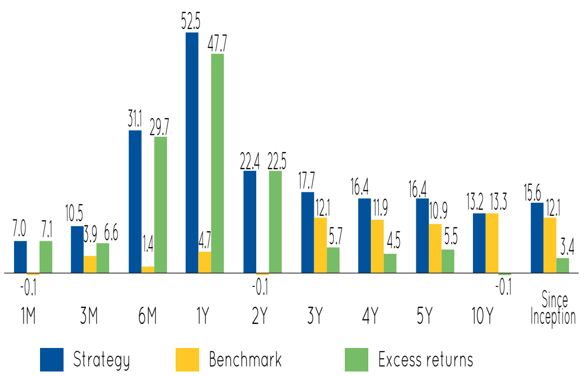
Inception

November 2009

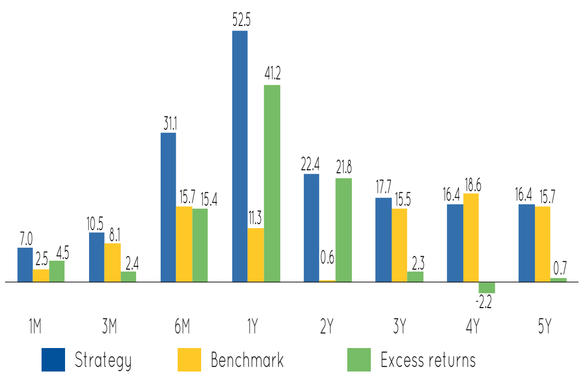
Fund Manager

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 Ltd & Dynamic Cables Ltd**, up ~35.6% & ~38.9% respectively. **TD Power** saw strong operational momentum, driven by robust order execution across its core AC generator and electric motor business. Its latest quarterly performance reflected sharp top-line growth and healthy margin resilience, backed by accelerating global demand. High export order inflows and upgrade in guidance for the next few years continue to strengthen earnings visibility, supported by rising adoption in industrial power generation, renewable infrastructure, and data center energy requirements. In addition, it also signed a new long-term agreement to supply 100+ MW to Siemens Energy. Supported by operating leverage and a virtually debt-free balance sheet, the company remains well-positioned for sustained medium-term growth. **Dynamic Cables** had a strong month supported by robust Q1 FY27 execution and improving industry demand. Revenue and profitability recorded healthy YoY growth, with margin expansion reflecting better operating leverage and product mix. A strong order book provides revenue visibility, while capacity expansion and entry into the US market strengthen its long-term growth prospects.

Draggers to portfolios were **Credit-Access Grameen Ltd & Aster DM Quality Care Ltd**, down ~11.3% & ~7.7% respectively. **Credit-Access Grameen** emerged as a dragger amid profit-taking despite a strong Q1FY27. It delivered robust earnings growth, supported by healthy NII expansion, improved operating efficiency and lower credit costs. However, investor sentiment remained cautious around microfinance asset quality, monsoon-related risks and renewed risks from the middle east war which may lead to higher inflation and its impact on its client base. The stock's correction during the month was largely valuation-driven, while improving portfolio quality and resilient profitability provide support to the longer-term earnings outlook. **Aster DM** corrected after reaching a fresh 52-week high earlier in the month, as profit-booking and concerns around near-term earnings weighed on sentiment. During the quarter, the company completed the merger and got renamed as Aster DM Quality Care from its erstwhile name Aster DM Healthcare Ltd. While Q1 FY27 pro-forma revenue and operating EBITDA grew strongly, reported profitability was impacted by merger-related exceptional expenses. The stock subsequently declined from its August peak, despite healthy patient volumes, improving occupancy and stronger realisations from complex procedures. With the merger creating a larger integrated hospital platform and meaningful synergy potential, the long-term growth outlook remains constructive.

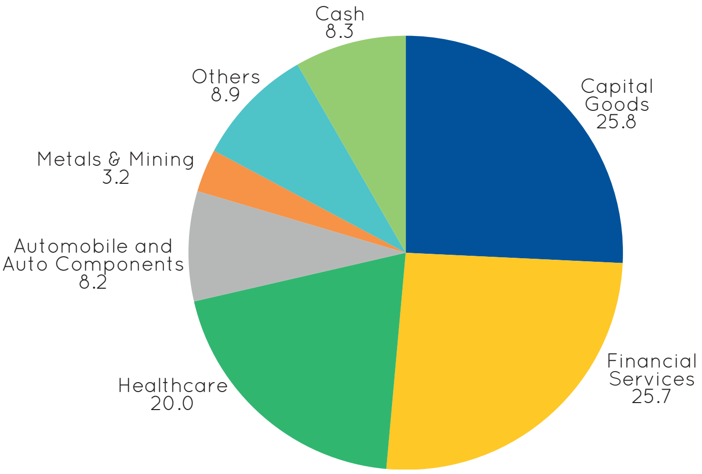
No New Entry during the month.

Exit:

Dodla Diary Limited's investment thesis has taken a long time to play out. Growth has slowed to low double digits (FY26 revenue +11% YoY), and margins are getting squeezed as procurement costs aren't being fully passed through, with the value-added product mix shift (curd, paneer) only partly cushioning that. Pricing power is weakening too, with more organized players entering the same space. On top of that, the Maharashtra and Uganda expansions add execution risk without giving us a clear trigger to re-rate from here.

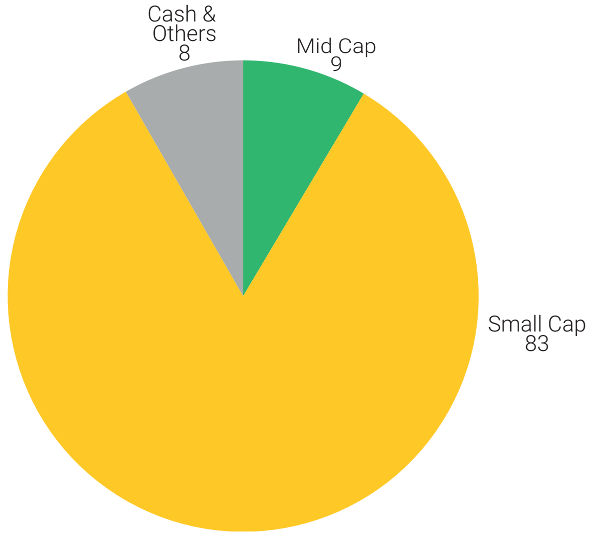
Peer performance is available under the following link of Association of Portfolio Managers in India (APMI):
https://www.apmiindia.org/apmi/welcomeiaperformance.htm?action=PMSmenu

Sector Allocation (%)



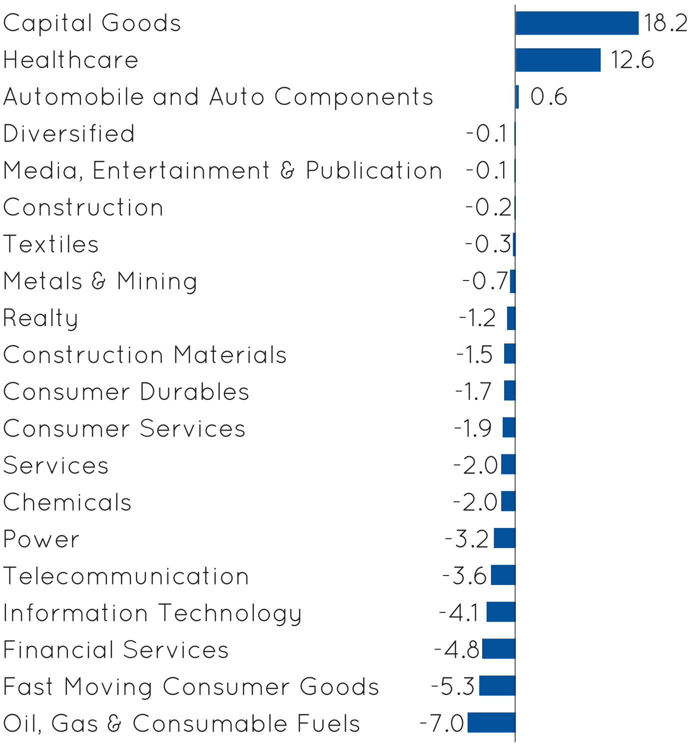
Note: Numbers may not add up due to rounding

Market Capitalization (%)



Note: Numbers may not add up due to rounding

SECTOR BETS (%) – UNDERWEIGHT / OVERWEIGHT VS BENCHMARK

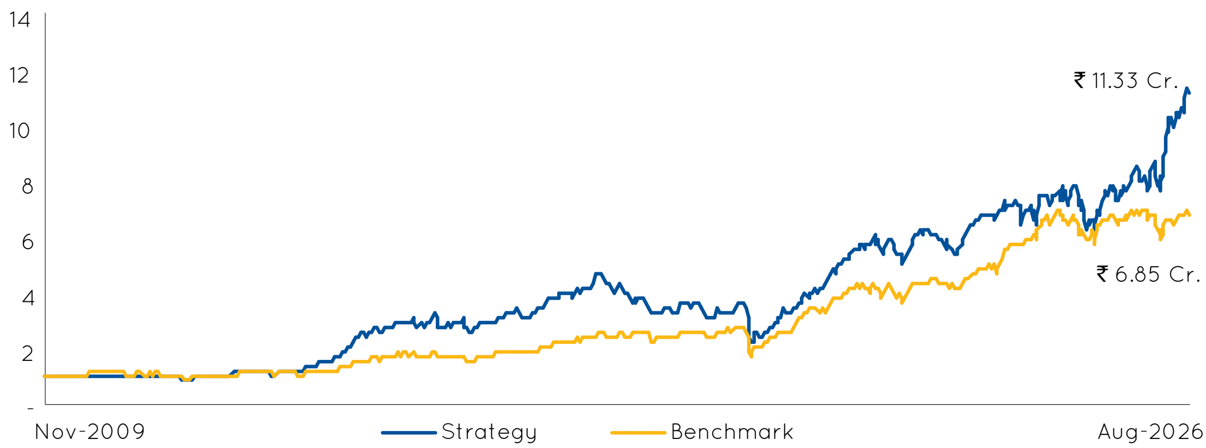


Weighted Average Market Cap ₹ 21,229 Cr

Key Contributors

Symbol Name	Unit Cost (₹)	Unit Price (₹)	Gain/Loss (%)
MTAR Technologies Limited	1,615	7,044	336
TD Power Systems Ltd	208	777	274
Acutaas Chemicals Limited	885	3,161	257

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	10.9	7.6	3.2
2026 YTD	28.2	-1.5	29.7

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	6.8	7.6	-0.8
2026 YTD	34.5	-1.5	36.0

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	5.8	7.6	-1.8
2026 YTD	27.4	-1.5	28.9

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	6.2	7.6	-1.5
2026 YTD	39.7	-1.5	41.2

Source: Inhouse computation

Calendar Year Performance Since Inception November 2009

TOP HOLDINGS

SISOP

Polycab India Limited	Large Cap
Titan Industries Limited	Large Cap
Cholamandalam Invest. & Fin. Co. Ltd.	Large Cap
GE Vernova T&D India Limited	Mid Cap
KEI Industries Limited	Mid Cap
Coforge Limited	Mid Cap
MTAR Technologies Limited	Small Cap
TD Power Systems Ltd	Small Cap
Neuland Laboratories Ltd	Small Cap

S.E.L.F.

Bharat Heavy Electricals Ltd	Large Cap
Hitachi Energy India Limited	Large Cap
Cholamandalam Invest. & Fin. Co. Ltd.	Large Cap
KEI Industries Limited	Mid Cap
Coforge Limited	Mid Cap
Motilal Oswal Financial Services Ltd	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
Bharat Heavy Electricals Ltd	Large Cap
Polycab India Limited	Large Cap
GE Vernova T&D India Limited	Mid Cap
KEI Industries Limited	Mid Cap
Coforge Limited	Mid Cap
MTAR Technologies Limited	Small Cap
Neuland Laboratories Ltd	Small Cap
Creditaccess Grameen Limited	Small Cap

Rising Stars

Aster DM Healthcare Ltd	Mid Cap
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	18.7	13.1
Annualised Standard Deviation	16.2	15.9
Beta	0.8	-
Sharpe Ratio	0.7	0.4
Correlation	0.8	-
Alpha	6.7	-
Tracking Error	9.8	-
Up capture Ratio	104.3	-
Down capture Ratio	74.0	-

S.E.L.F.

Instruments	Strategy	Benchmark
Arithmetic Mean	18.2	12.8
Annualised Standard Deviation	15.6	15.9
Beta	0.8	-
Sharpe Ratio	0.7	0.4
Correlation	0.8	-
Alpha	6.6	-
Tracking Error	9.5	-
Up capture Ratio	106.2	-
Down capture Ratio	77.3	-

Voyager

Instruments	Strategy	Benchmark
Arithmetic Mean	16.3	14.7
Annualised Standard Deviation	16.9	16.0
Beta	0.9	-
Sharpe Ratio	0.6	0.5
Correlation	0.9	-
Alpha	2.1	-
Tracking Error	8.0	-
Up capture Ratio	110.0	-
Down capture Ratio	109.2	-

Rising Stars

Instruments	Strategy	Benchmark
Arithmetic Mean	15.7	12.7
Annualised Standard Deviation	15.8	15.9
Beta	0.7	-
Sharpe Ratio	0.6	0.4
Correlation	0.7	-
Alpha	4.7	-
Tracking Error	11.9	-
Up capture Ratio	96.3	-
Down capture Ratio	76.1	-

1 Sectoral concentration

Across all strategies, as on August 2026, we are overweight on Capital goods, especially the power sector value chain, where there is strong earnings visibility for the next 3-5 years.

Thereafter, we have an overweight stance on NBFCs where we believe there is an improvement in asset quality and earnings growth profiles in the coming years.

In addition, we are positive on auto and auto ancillaries. However, our exposure is limited right now to a few companies which have done well for us. On healthcare, we have limited exposure to a few companies.

We face risk from high concentration on a few sectors like capital goods and NBFCs.

In case of Capital Goods, valuations have run up and hence there is increased risk in terms of downside amid emerging sector headwinds such as regulations or increased competition from Chinese firms in future. Similarly, we have high exposure to NBFCs. If a new round of adverse asset quality issues emerge, there can be significant downside risk to our positions in this sector.

Our exposure to auto and healthcare is limited right now. However, they can see risks from increased competition and higher raw material prices of steel, copper, chemicals, etc. hence, they face a risk of higher RM cost which they may not be able to pass on to their customers.

2.Market cap risk

We currently are tilted more towards mid-cap and small-caps. During volatile times seen in last 2 months, small and mid-caps tend to correct more than large-caps. Hence, our portfolios are accordingly at higher risk of drawdowns compared to benchmarks which is more large-cap oriented.

3.Macro risks

INR has been under continuous pressure since the initial tariff announcement in Apr 2025 and has depreciated against the USD from 84 to 90+ now over the past 1 year. This INR weakness is now getting reflected in domestic liquidity. Already, bond yields have strengthened from 6.2% in May 2025 to 6.6% now. Aggravated by worries around fiscal deficit, this has led to a prolonged bear market in bonds which is now percolating to the equity markets as well.

FPIs have been net sellers for a while now and seen cumulative net outflows of USD 16+ bn in YTD CY25. While DIIs have held up and seen cumulative net inflows of USD 136 bn in YTD CY25. A big part of this flow is the one-way rise in SIPs which are reaching ~ USD 3.5-4 bn every month. However, as these SIPs don't see returns for 12 months and more, they also turn circumspect. Local investors spooked by liquidity stress are also in a risk-off mode.

The RBI's efforts to bring stability through liquidity enhancing measures and rate cuts are temporary solutions, as CAD and BoP pressures remain intact. India-US trade deal remains critical to the INR stability. Till that deal is not signed, the markets are likely to remain muted and volatile in the short-term.

Steps to mitigate risks

A majority of our portfolio companies' results were strong with above-consensus earnings and a positive outlook on future earnings growth in Q2FY26. Hence, we remain positive on our longer-term portfolio performance and not exiting from them, which is what our strategies are designed to do in the medium-to-long-term. In addition, even early Q3FY26 trends indicate that the portfolio holding companies continue to report strong financials.

We have been cautious when it comes to deploying incremental capital. For old clients, we have gradually exited from some positions where the investment thesis was not playing out. At the same time, we trimmed weights in some of our winning positions as a part of risk management. However, since we continue to hold a positive long-term view on them, we have not completely exited from those positions. For new clients, we have been slow in deploying capital and using such corrections to increase weights in our positions.

During the last few months, we have also deliberately avoided certain sectors that promised high growth but where valuations were too expensive.

We continue to maintain the following tenets while managing portfolios for our clients –

- Maintain our long-term positioning, as a majority of our portfolio companies continue to deliver strong earnings and supportive management commentary.
- Gradually reduce weights in select names where valuations have become elevated, to manage potential de-rating risk.
- Move out of positions whose investment thesis are not working out.
- Add new stocks to the portfolio, which meet our risk-reward criteria and offer similar medium-term earnings-led growth profile.
- Thus, we expect steady churn in our portfolios to keep the performance stable. Over time, aim is to create a resilient portfolio which is diversified in terms of sectors and market caps.
- We believe that bottom-up stock selection is the way forward. Hence, it would be appropriate to create a portfolio in a bottom-up manner identifying stocks with good risk-reward metrics and margin of safety in terms of valuations, across sectors. That said, tactically, there are emerging opportunities in small and mid-cap space, now that they have corrected meaningfully from their highs.

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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General Disclaimer: Performance and data is as August 31, 2026. Returns are on time weighted rate of return basis. All returns are in percentage. Performance disclosure is at aggregate portfolio level and the portfolio information (i.e. market cap, sector allocations, etc.) is at model client's level. 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.

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Sundaram Alternate Assets Limited

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