

FINANCIAL

FLASH

February 2026

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From the Desk
of the PCG Head

Rajesh Kumar Jain

PCG COMMUNIQUE – FEBRUARY 2026

PCG Communique – Feb 2025 (Out of the Wood)

Indian equity markets witnessed a sharp correction in January 2026, with the Nifty and broader indices coming under sustained pressure through the month. Concerns around global liquidity tightening, rising geopolitical risks, uncertainty over US trade policies and persistent FII selling weighed heavily on investor sentiment. While FII sold 41,435CR while DII has been net buyer for 69,220CR. In this FY FII has sold almost 2 lakhs CR in Indian Markets.

While Gold & Silver has seen continuous rally in Jan, select commodity-linked and PSU-heavy sectors managed to outperform, most consumption-oriented and defensively priced sectors saw meaningful drawdowns.

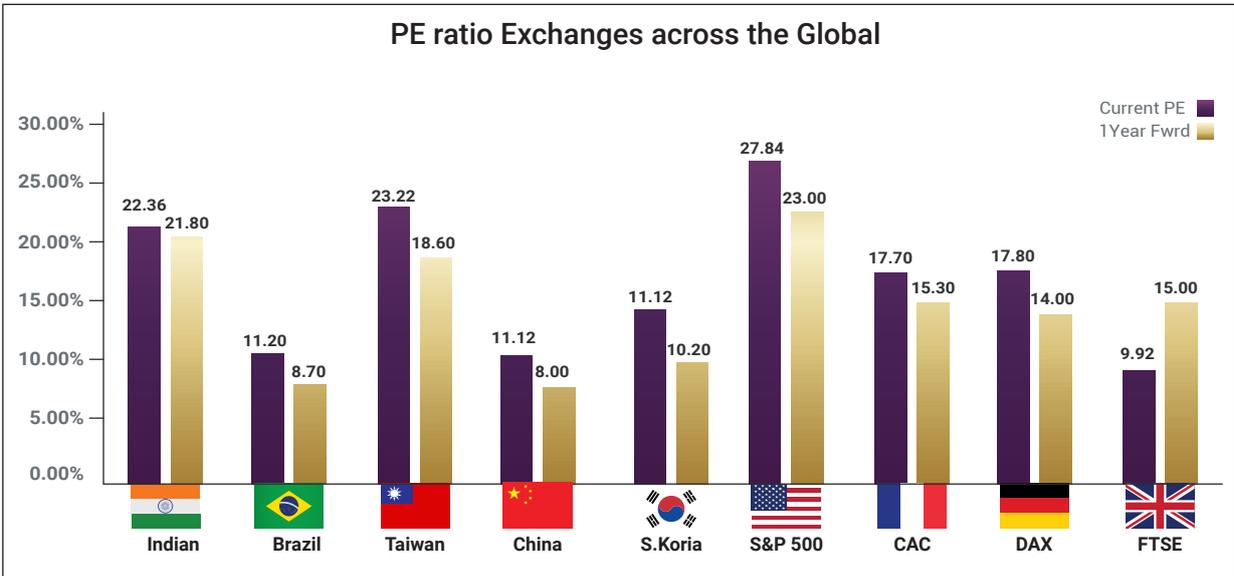
January 2026 marked a decisive shift in market tone. After months of resilience and selective rallies, Indian equity markets entered a corrective phase as global risk-off sentiment, geopolitical uncertainty and profit booking combined to drag benchmark indices lower. India is still an expensive market Vs peers.

Way forward:

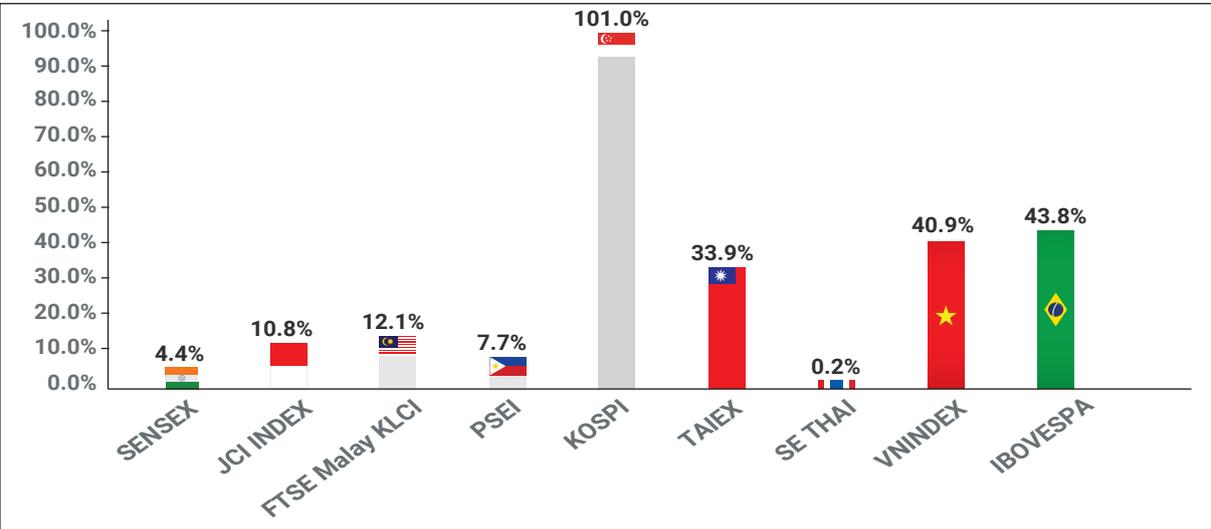
The trade deal has finally come through @ 18% for India. Although it is just sentiment boost and nothing more than that. Nifty companies are immune to this as Banks, IT, Oil & Gas, Telecom, Auto & Pharma has hardly much to do with this Tariff deal. The sector which will broadly benefited by this tariff cut is mostly, leather, textile, food etc are not the composite of Nifty companies.

I believe most of the positive & negatives are there in the current prices and mkt is going to move mostly on corporate earnings. FY27 we are looking for a 15% growth in Nifty EPS.

We are still positive on Metal (NALCO & Hindalco), Auto (M&M, TVS), Consumer Discretionary (Titan), FMCG (Tata Consumer), Telecom (Bharti), BFSI (ICICI, SBI, Bank of India, Chola Finance), Defence (BEL).



Index	Developed countries	1 year (%)
SENSEX	India	4.4%
JCI Index	Indonesia	10.8%
FTSE Malay KLCI	Malaysia	12.1%
PSEI	Phillippines	7.7%
Kospi	Singapore	101.0%
Taix	Taiwan	33.9%
SE THAI	Thailand	0.2%
VNINDEX	Vietnam	40.9%
IBOVESPA	Brazil	43.8%



Market Commentary

MMonthly Market Commentary- 2nd February 2026

The Nifty index ended the January month on a negative note as it closed at '25,320' as compared to November end '26,219. Similarly, Sensex ended the December month at 82,269 with a negative return of 3.5%.

Benchmarks end higher in passing week ahead of Union Budget 2026 Indian equity benchmarks ended higher as traders went for bargain hunting after previous week's drubbing ahead of Union Budget 2026. Sentiments got boost as India and EU concluded official-level negotiations for the proposed FTA. Traders were optimistic about India's economic resilience after Economic Survey projected India's GDP growth in the range of 6.8-7.2% for 2026-27.

Some of the major developments during the week are:

India's industrial output growth surges to 7.8% in December: India's industrial output growth, measured in terms of the Index of Industrial Production (IIP), surged to over a two-year high of 7.8 per cent in the month of December 2025 from 7.2 per cent in November 2025 and a 3.7 per cent in December 2024.

India sees 73% surge in FDI Inflow: The Global Investment Trends Monitor, released by the United Nations Conference on Trade and Development (UNCTAD) has stated that India's foreign direct investment (FDI) inflows have increased by 73%, reaching \$47 billion in 2025.

India-EU trade deal to boost investment, manufacturing: Moody's Ratings has said India-EU free trade pact will be credit positive for India, as lower tariffs and better market access are likely to attract foreign investment, boost manufacturing, and increase export competitiveness of labor-intensive sector.

India can achieve potential growth rate of 7.5% in next few years: Chief Economic Advisor V Anantha Nageswaran has said that India can achieve potential growth rate of 7.5% in the next few years. For this, he said the country needs to emphasis on strengthening manufacturing and export competitiveness.

India, Canada commit to enhance collaboration in fertilizer sector: India and Canada have committed to enhance collaboration in the fertilizer sector and strengthen the strategic partnership between the two nations for long-term food and agriculture security.

The HSBC India Manufacturing PMI rose to 56.8 in January 2026 from 55.0 in December, marking the

strongest improvement in operating conditions in three months, according to preliminary estimates. Factory output expanded at a faster pace, supported by stronger domestic and international demand, with new orders rising at the quickest rate in four months. Employment also increased modestly, reflecting renewed hiring to align resources with higher workloads, particularly at junior- and mid-level positions. Input purchases rose sharply, with firms spending more on materials including food, fuel, and steel, while suppliers' delivery times improved. Input cost inflation accelerated but remained moderate by historical standards, and output price growth kept pace with rising input costs. Overall business confidence rose to a three-month high, supported by efficiency gains, robust demand, marketing initiatives, and favorable exchange rates.

The HSBC India Services PMI increased to 59.3 in January 2026 from a final reading of 58.0 in December 2025, which marked the softest expansion in 11 months, preliminary estimates showed. The expansion in services activity was supported by faster growth in output, while new orders rose at a quicker pace amid strengthening demand conditions and aggressive marketing campaigns. Foreign orders also increased, driven mainly by demand from Asia, Australia, Europe, Latin America, and the Middle East. Meanwhile, employment was broadly stable. On the price front, input price pressures increased sharply. Output prices also rose as firms transferred higher costs to clients in an effort to protect margins.

The consumer price inflation rate in India rose to 1.33% in December of 2025 from 0.71% in the earlier month, extending the normalization from the record low of 0.25% in October but below the market consensus of 1.5%. Despite the second consecutive increase, the inflation rate remained sharply below the Reserve Bank of India's tolerance limit of 2%-6%. Prices fell less for food (-2.71% vs -3.91% in November), which represent nearly half of the Indian consumer basket. In turn, inflation eased for housing (2.86% vs 2.95%) and fuel and light (1.97% vs 2.32%). From the previous month, the Indian CPI was 0.05% higher to end the year.

India's total exports (Merchandise and Services combined) for December 2025* is estimated at US\$ 74.01 Billion, registering a negative growth of (-)1.01 percent vis-à-vis December 2024. Total imports (Merchandise and Services combined) for December 2025* is estimated at US\$ 80.94 Billion, registering a positive growth of 6.17 percent vis-à-vis December 2024. India's total exports during April-December 2025* is estimated at US\$ 634.26 Billion registering a positive growth of 4.33 percent. Total imports during April-December 2025* is estimated at US\$ 730.84 Billion registering a growth of 4.95 percent.

The Goods and Services Tax (GST) collections for the month of January 2026 stood at 1,93,384 crore which is 6.2% higher than the GST revenue in the same month last year. Domestic GST revenue in January 2026 came in at Rs 1.41 lakh crore, up 4.8% from Rs 1.35 lakh crore a year earlier, while GST collected on imports rose 10.1% to Rs 52,253 crore. On a cumulative basis, gross GST collections for April–January 2025–26 reached Rs 18.43 lakh crore, up 8.3% from Rs 17.02 lakh crore in the corresponding period last year.

India's foreign exchange reserves have shown positive signs as it increased by US\$8.05 billion to \$150.3 billion in the week through January 25. Foreign currency assets increased by \$2.36 billion to \$82.7 billion for the week ending January 25.

US Market

The U.S. markets traded mostly higher during the week after the Federal Reserve announced its widely expected decision to leave rates unchanged. It decided to maintain the target range for the federal funds rate at 3.50 to 3.75 percent

Some of the major developments during the week are:

U.S. jobless claims edge down from upwardly revised level in the week ended January 24: Initial jobless claims edged down to 209,000, a decrease of 1,000 from the previous week's revised level of 210,000.

Factory orders in U.S. rebound in November: Factory orders surged by 2.7 percent in November after tumbling by a revised 1.2 percent in October.

U.S. trade deficit widens in November: The trade deficit widened to \$56.8 billion in November from a revised \$29.2 billion in October.

Durable goods orders in U.S. surge 5.3% in November: Durable goods orders shot up by 5.3 percent in November after tumbling by 2.1 percent in October.

U.S. consumer confidence index plunges in January: The Conference Board said its consumer confidence index plummeted to 84.5 in January from an upwardly revised 94.2 in December.

European Market

European markets exhibited mixed trend during the passing week, with investors mostly reacting to corporate earnings updates, and assessing trade news and geopolitical developments, in addition to digesting the Federal Reserve's monetary policy announcement.

Some of the major developments during the week are:

Eurozone economic sentiment strongest in 3 years: A monthly survey conducted by the European Commission showed that the economic confidence index advanced to 99.4 in January from 97.2 in the previous month.

Eurozone private sector credit growth eases: The European Central Bank said that adjusted loans to the private sector posted an annual growth of 3.3 percent in December compared with 3.4 percent in November.

Italy consumer confidence rises slightly: The survey data from the statistical office Istat showed that consumer sentiment rose to 96.8 in January from 96.6 in the previous month. The expected score was 97.0.

German consumer sentiment to improve in February: The forward-looking consumer climate indicator rose more-than-expected to -24.1 from -26.9 in January. The score was expected to climb to -25.5 in February.

Sweden economic confidence falls in January: The economic tendency index dropped to 103.0 in January from 103.7 in the previous month, which was the highest reading since July 2022. Nonetheless, the reading is above the normal level of 100.

Asian Market: Asian markets traded mostly in green during the passing week despite trade tensions. U.S. President Donald Trump threatened Canada with a 50% tariff on any aircraft sold in U.S., the latest salvo in his trade war with America's northern neighbour.

Some of the major developments during the week are:

Japan jobless rate unchanged at 2.6%: The unemployment rate in Japan came in at a seasonally adjusted 2.6 percent in December. That was unchanged from the November reading and in line with expectations.

Japan industrial output dips in December: Industrial production in Japan was down a seasonally adjusted 0.1 percent on month in December. That beat forecasts for a drop of 0.4 percent following the 2.7 percent decline in November.

Japan retail sales unexpectedly fall in December: Japan retail sales slumped 0.9 percent on year in December, well shy of expectations for an increase of 0.7 percent following the gain of 1.1 percent in November.

Japan's Tokyo CPI inflation eases in January: Overall consumer prices in the Tokyo region were up 1.5 percent on year, easing from 2.0 percent in December.

China industrial profits return to growth in 2025: Profits at China's industrial firms rose 0.6% to CNY 7.40 trillion in 2025, marking the first annual increase since 2021.

The S&P Global US Manufacturing PMI inched up to 51.9 in January 2026, virtually unchanged from December's 51.8 and broadly in line with market expectations of 52, according to preliminary data. Despite the slight uptick, the index continued to point to the second-weakest improvement in factory business conditions since July, as employment growth slowed to a six-month low. Output growth, however, accelerated to its strongest pace since last August, while new orders rebounded after declining in December. Supplier delivery times lengthened, though at a more moderate pace, and inventories of purchased inputs remained broadly unchanged.

The HCOB Eurozone Manufacturing PMI increased to 49.4 in January 2026, up from 48.8 in December and above market expectations of 49.1, according to a preliminary estimate. The latest reading suggests that the downturn in manufacturing business conditions

eased, as production returned to growth supported by an improvement in new orders, following the first decline in output in ten months at the end of 2025. Meanwhile, manufacturing employment continued to decline modestly, while firms reduced their purchasing activity at the slowest pace in six months. On the price front, input cost inflation accelerated to a three-year high, while selling prices continued to edge lower. Business confidence also strengthened, rising to a near four-year high.

The S&P Global Japan Manufacturing PMI stood at 51.5 in January 2026, unchanged from the preliminary reading and up from December's final figure of 50. This marked the first expansion in factory activity since last June, with the pace of improvement the strongest since August 2022, supported by the first upturn in new orders since May 2023 and to the greatest extent in nearly four years. Foreign sales rose for the first time since February 2022. Output growth was the strongest since April 2022, while employment rose at the fastest rate in 40 months. Purchasing activity increased at the fastest pace in three-and-a-half years, while vendor performance deteriorated. On the price front, input costs accelerated to their highest level in nearly a year, driven by higher raw material and labor costs amid a weak yen. Output price inflation rose at the fastest pace in over a year and a half. Finally, business sentiment weakened to a three-month low amid concerns over inflation.

Going Ahead

January 2026 proved to be a testing month for global financial markets, marked by heightened uncertainty and a clear preference for caution among investors. The global investment environment continues to be shaped by sticky inflation in parts of the developed world, delayed expectations of monetary easing, and unresolved geopolitical tensions. In such phases, capital typically migrates towards perceived safe havens, and this was evident during the month in the continued strength of precious metals, particularly gold, and a firm US dollar. Equity markets globally reflected this risk-averse stance, with emerging markets bearing a disproportionate share of the pressure. Indian equities were not immune to these global forces and underperformed during the month.

The dominant driver was sustained foreign portfolio investor selling, which has continued into 2026. This selling has been largely a function of global asset allocation decisions rather than any deterioration in India's macroeconomic or corporate fundamentals. After several years of strong relative performance, India has naturally been a source of liquidity for global investors rebalancing portfolios in a volatile environment. Encouragingly, the correction has been orderly, with no signs of stress in market functioning or liquidity. A key stabilising factor continues to be the depth and resilience of domestic capital.

Domestic institutional investors and retail participants have remained consistent providers of liquidity, reflecting a structural shift in household savings towards financial assets, particularly equities. This domestic participation has meaningfully reduced India's historical dependence on foreign capital flows and has helped cushion the impact of FPI outflows. In my view, this represents a durable and positive change in the character of Indian equity markets. India's macroeconomic position remains a source of confidence. Economic growth continues to be among the strongest globally, supported by sustained public capital expenditure, a gradual recovery in private investment, and resilient domestic consumption.

Fiscal management remains credible, balancing growth imperatives with consolidation, while external sector risks are well contained, supported by comfortable foreign exchange reserves. Compared to many peers, India enters this phase of global uncertainty from a position of relative strength. While headline index valuations may appear elevated compared to emerging market peers at first glance, they remain reasonable when assessed in the context of earnings quality, balance-sheet strength, and medium-term growth visibility.

Importantly, recent market weakness has already led to valuation moderation in several segments, improving the risk-reward equation for long-term investors. Policy developments also add to the medium-term attractiveness of Indian equities. A growth-supportive Union Budget, alongside continued emphasis on fiscal consolidation, infrastructure, manufacturing, and employment generation, should help sustain the investment cycle. In parallel, a Free Trade Agreement with the European Union signed on 27th January 2026 is strategically significant.

Such an agreement has the potential to enhance India's export competitiveness, integrate domestic industries more deeply into global value chains, and support long-term economic growth. We remain mindful that the near term could continue to be volatile. Global geopolitical uncertainties, shifts in monetary policy expectations, and ongoing reallocation of global capital can lead to further bouts of market volatility.

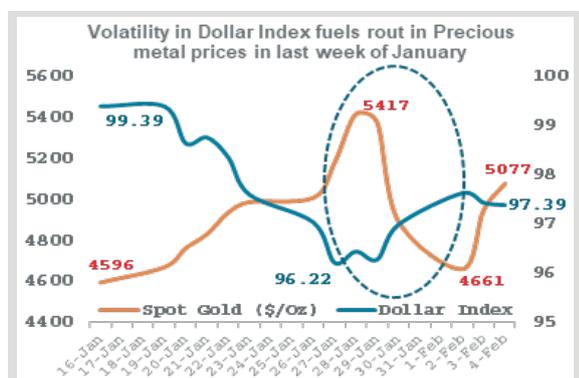
However, from a medium- to long-term perspective, Indian equities present a compelling opportunity. Strong macroeconomic fundamentals, resilient and profitable corporates, reasonable valuations relative to growth, and deepening domestic participation together create a favourable backdrop for long-term wealth creation.

Commodities Outlook

Gold start's January on a positive note; deliver's 13 – 14 % returns in Spot

Rallies driven by Geopolitics; Fed Independence risk; US Tariff Policies; Global ETF & Investment demand; Central Bank purchases to continue in 2026

January 31, 2026					
	Unit	Close	WoW %	Jan % Chg	2025 % Chg
Bullion	Unit	Jan 30, 2026			
Spot Gold	\$/oz	4,894	1.87%	13.31%	64.58%
MCX Gold	Rs/10 gm	1,49,653	4.09%	10.49%	76.48%
Spot Silver	\$/oz	85.20	17.44%	18.89%	147.95%
MCX Silver	Rs/kg	2,91,925	12.78%	23.85%	170.20%



Gold & Silver started the current year on a bullish note as the sustained uptrend seen throughout the month was largely driven by elevated geopolitical tensions across the globe, persistent policy uncertainties from US & resilient safe-haven demand. In addition, positive momentum was also reflected in the continued inflows into global gold ETFs, which further underpinned prices. Meanwhile end of the month saw heightened volatility, combined with profit booking moves as prices tumbled by almost 20 % in a span of 2 – 3 days from 29 Jan – 2 Feb timeframe, but it still managed to finish January month with gains on monthly basis. The selloff was triggered by jump in dollar Index which moved from its lows of 95.55 hit on January 28, boosted by a selloff in commodity currencies including Australian dollar and Swedish krona. This was due to a report which showed that the Trump administration was preparing to nominate Kevin Warsh for Fed chair, a move later confirmed. Traders regarded Warsh as the toughest inflation fighter among the finalists, raising expectations of monetary policy that would underpin the dollar and weaken greenback-priced bullion.

Gold to look ahead for cues from China & Dollar Index for the month of February

Geopolitical issues to create volatility; ETF demand remain's key for sustained upside

Volatility in Dollar which occurred during the last week has subsided now as markets look ahead to more cues from US labour market reports due next week as only a clear deterioration in labour market conditions could set the tone for fresh upside. With expectations building up for a decent payroll figure which combined with a hawkish stance from Fed at January meeting could keep dollar downside in check which could weigh on sentiments for Gold. However geopolitics from Iran to Ukraine could continue to dominate headlines in the coming weeks which has the potential to bring in volatility in precious metal prices. Overall Spot Gold (CMP \$5040/Oz) is expected to trade in the range of \$ 5150 – 4820/Oz in the month of February. Meanwhile on a longer timeframe of 2 – 3 months perspective, gold remains supportive at lower levels given stronger fundamentals to continue to provide support to yellow metal driving it toward's new highs in H1 2026.

Silver: Most powerful story of 2025 turns into most volatile story in January 2026

China's speculative traders makes silver soaring above 120 \$ (4.20 lakh/Kg levels on MCX fut.) before it crashes to below \$75 in a volatile run seen in Jan-Feb 2026

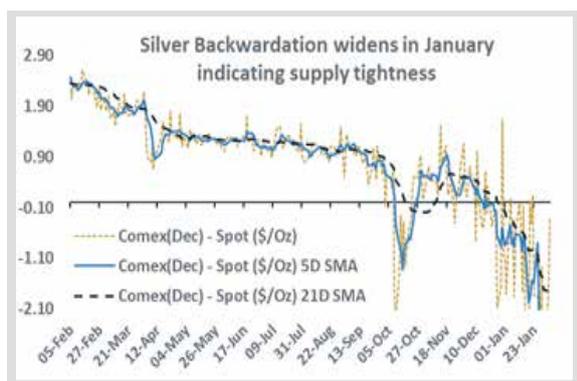


basis (Spot Gold 2025 Avg. \$3443/Oz, 2026 Silver's white-hot rally persisting in January unravels last week after traders rush to lock in profits, sending prices sharply lower.

A China-driven speculative surge & surprise Fed news jolt's the market in last week of January leading to a rebound in dollar & triggering a rapid selloff in Silver.

Rising margin requirements on global exchanges since December adds to ongoing market instability.

A significant increase in Silver and Gold prices persisted in January which was driven by geopolitical tensions & supply shortage (including China's previous export restrictions which came into effect in the start of the year), Chinese investors' speculative demand, demonstrated by the premiums local prices earned over international benchmarks, contributed to the increase in global prices where also other indications of high demand persisted. With warnings that the premium over Shanghai Futures Exchange contracts remained "unsustainable, China's sole pure-play silver fund temporarily stopped trading in the first week of February and turned away new clients. Prices for everything from gold to copper and tin appeared to defy supply/demand fundamentals because of a surge of hot money from Chinese speculators seen in January.



Outlook(CMP 75.60/Oz): Silver could continue to create dramatic & volatile moves in February on speculative unwinding while safe-haven bids persisted on geopolitical risks and economic uncertainty. Volatility could continue to remain high in short term basis. Long term outlook for Silver although remain supportive on industrial demand & long-term supply constraints short term speculation could see fast money continue to enter & exit quickly. Overall any dips of 15 – 20 % in prices from current levels towards \$ 65 – 62/Oz in spot still remains a buying opportunity considering strong investment demand to persist at lower levels. On the higher side, big gains above \$ 93/Oz could also invite big swings, and silver now could rarely see steady moves in coming weeks.

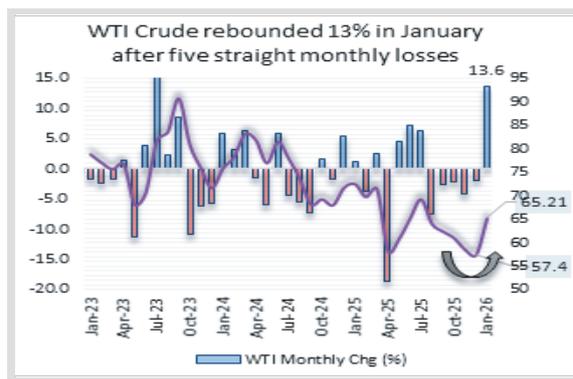
Crude Oil's Risk Premium Is Back – For Now

After ending 2025 almost 19% lower at \$ 57.40, Crude Oil entered 2026 on a volatile note with January month ending ~13% up. Over surplus narrative that grappled oil markets in the H2 2025 is temporarily side-lined as risk premium is back.

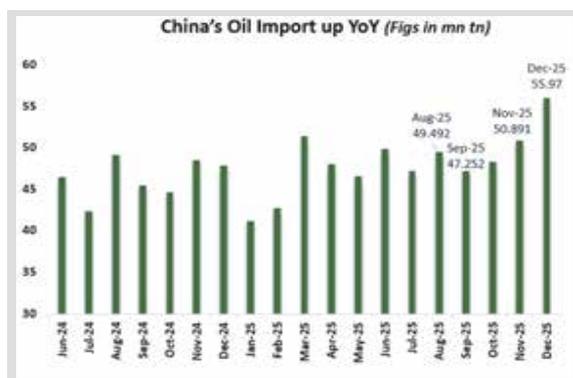
Conflict escalated after US blockade oil tankers

in Venezuela followed by attacks on this largest oil-rich nation. Thereafter, escalating U.S.–Iran tensions, U.S. naval deployments near the Persian Gulf, Iranian military drill announcements around the Strait of Hormuz added risk premium pushing WTI Oil above \$65 and MCX oil above Rs 6000 by January end despite a broadly balanced global supply picture. OPEC pausing oil output hikes in Q1 2026, improving demand signals and below average US Oil stockpiles also added to the price gains.

Nonetheless, in February, momentum has quickly faded as signs of diplomacy emerged. Reports of renewed U.S.–Iran nuclear talks, the absence of planned live-fire drills around Hormuz, and easing fears of immediate conflict triggered aggressive profit-taking, with oil back to \$61 per bbl level. As market is now caught between short-term inventory tightness and longer-term oversupply concerns, lets understand what February looks like in terms of fundamentals, Geopolitics, macro environment and ultimately the price tone.



China Imports and OPEC+ Strategy in a Rising Price Environment



China's crude import pattern is likely to shift as oil prices move higher, potentially reducing one of the key pillars of global demand support. After taking advantage of weaker prices late last year, China ramped up purchases aggressively, with arrivals hitting a record 13.18 million barrels per day (bpd) in December and remaining strong in January at an estimated 11.4 million bpd, including both seaborne and pipeline supplies.

Much of these cargoes were secured three to four weeks earlier when Brent had fallen to around \$58–59 per barrel, encouraging refiners and state buyers to stockpile crude and build both commercial and strategic reserves.

With prices now around \$67–\$68 per barrel, that buying strategy is expected to become more cautious. Higher replacement costs typically discourage discretionary stockpiling, prompting China to scale imports back toward levels that closely match refining demand rather than inventory accumulation. Data already suggest that China has been importing more crude than it processes – generating a surplus of roughly 1.13 million bpd in 2025, much of which likely flowed into storage. If refiners slow purchases and reduce stock builds, imports could fall by as much as 1 million bpd in the coming months, potentially softening global demand and reviving concerns of an oversupplied market by late March or April.

OPEC production and Spare Capacity (000 bbl/per da)				
Country/Group	Dec Production	Nov Production	Change	Capacity
Total OPEC	29,030	28,990	40	33,690
Algeria	970	970	0	1,060
Congo, Republic	270	250	20	300
Equatorial Guinea	60	40	20	80
Gabon	230	210	20	230
Iran	3,330	3,330	0	3,830
Iraq	4,370	4,290	80	4,800
Kuwait	2,560	2,560	0	2,820
Libya	1,300	1,270	30	1,320
Nigeria	1,520	1,500	20	1,600
Saudi Arabia	10,000	10,000	0	12,000
U.A.E.	3,590	3,610	-20	4,650
Venezuela	830	960	-130	1,000

Source: Bloomberg

At the same time, OPEC+ remains a balancing force. While the group has paused output hikes amid comfortable supply conditions, it retains meaningful spare capacity that could be deployed if geopolitical tensions, particularly around Iran or the Strait of Hormuz disrupt flows and push prices sharply higher. In such a scenario, OPEC+ may increase production to stabilize markets and prevent extreme spikes.

However, if tensions ease and Chinese demand moderates as expected, the combination of softer imports and ample supply could cap oil's upside, keeping prices volatile but broadly range bound.

Outlook

Crude oil is likely to remain volatile and largely headline-driven in the near term as markets balance geopolitical risks against comfortable supply fundamentals. While tensions around Iran and the Strait of Hormuz continue to embed a risk premium and could lift prices toward the \$70–75 per barrel zone if disruptions emerge, easing diplomacy, softer Chinese imports as stockpiling slows, a stronger dollar, and OPEC+ spare capacity may limit sustained upside. With demand growth appearing moderate and supply buffers intact, rallies are expected to face selling

pressure, keeping WTI (CMP: \$63 per bbl), broadly rangebound with support near \$60–58 and resistance around \$69, unless fresh supply shocks trigger a decisive breakout.

January 2026 Copper Market Recap & Outlook

Copper extended its powerful Q4 2025 rally into January 2026, with prices initially trading in a wide range of \$12,500–\$13,400 per tonne. Toward month-end, heightened geopolitical uncertainty and a softer US dollar propelled copper to fresh record highs. On 29 January 2026, LME copper surged to an all-time peak of \$14,531 per tonne, before easing back to around \$13,800 per tonne amid profit-taking and a broader correction across the metals complex.

Prices remained elevated throughout the month, reflecting persistent tightness in the global copper market. LME three-month copper hovered near \$12,900 per tonne on 9 January and softened only marginally to around \$12,800 per tonne by 16 and 22 January, indicating limited downside despite day-to-day volatility.



Structural consumption continues to strengthen, while visible indicators point to persistent tightness across the copper value chain. LME warehouse stocks near 140,000 tonnes among the lowest levels in recent years highlight constrained availability, and depressed TC/RCs in China signal ongoing concentrate shortages. On the supply front, growth remains limited: global mine output is expected to rise by less than 2% in 2026 versus refined copper demand growth of around 3%, reinforcing a structural deficit and helping anchor prices at elevated levels over the medium term.

The sharp, late-month rally was fueled by significant speculative buying during Asian trading hours, with a surge in SHFE volumes to a two-year high of roughly 123,000 contracts acting as a key catalyst. Last week's gains were further supported by a weaker US dollar and ongoing geopolitical tensions.

However, not all signals were bullish. Physical demand in China remains soft, with the Yangshan copper premium at around \$20 per tonne, the lowest since July 2024, suggesting

limited spot buying interest. Reflecting these mixed dynamics, Goldman Sachs cautioned about the risk of a Q2 price pullback, citing elevated price levels and potential headwinds from US trade policy, even as underlying supply-demand imbalances remain tight.

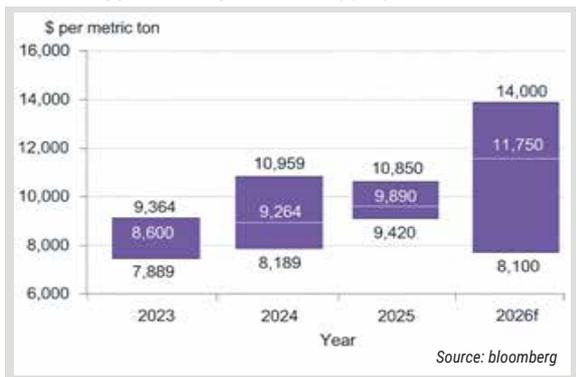
Outlook

Copper prices have risen due to a mix of long-term supply concerns and short-term speculative buying. Mine supply growth remains weak, ore quality is declining, and investment in new projects is limited. At the same time, demand from infrastructure and clean-energy projects continues to support the long-term outlook.

In the near term, prices look somewhat stretched. Although global manufacturing data and demand indicators are improving, the physical market appears more balanced than tight. This suggests prices are more likely to move sideways or correct slightly rather than fall sharply. A softer US dollar (DXY below 100) and supportive macro conditions should help limit downside risk.

From current levels near \$13,300, sustaining prices above \$13,500–13,700 per tonne on MCX (1,345–1,365/kg) may be difficult. On the downside, support is expected around \$12,200–11,700 per tonne (1,220–1,165/kg) over the next two to three months. Trading activity may slow around mid-month during China’s Lunar New Year holidays, which could keep prices range-bound.

Copper actual prices and aggregate forecast

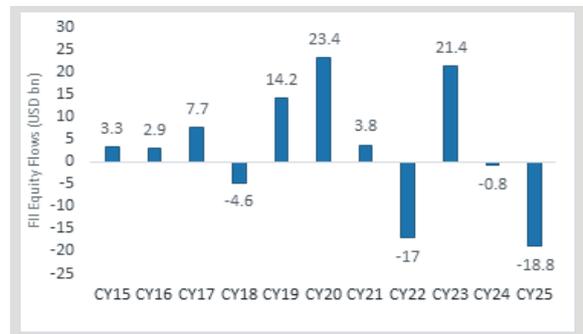


Indian rupee unwinds losses as US-India trade deal fuels optimism over inflows



Indian rupee started the year on a weaker note falling to fresh all-time lows around 92 towards the end of the month, weighed down by sustained foreign outflows and hedging by importers. Pressure on the rupee built steadily throughout the month, with foreign investors continuing to pare equity exposure while importers and corporate firms stepped up hedging in anticipation of further depreciation. Regular intervention by the Reserve Bank of India during the outgoing month helped slow losses but it failed to reverse the underlying trend. Indian equities remained under pressure amid sustained foreign selling, also making it difficult for the RBI to rein in the rupee’s decline. The Nifty 50 index slumped almost 7% during the outgoing month, while foreign outflows from Indian equities in January hit about \$3.5 billion.

FII Outflows for equities in CY 2025 the highest Ever; (Jan Outflow continues: USD. 4.6 Bn)



After the announcement of the India-US trade deal during the late hours of February 2, foreign investors (FIIs/FPIs) reacted positively net buying Rs 5,236 crore worth of Indian equities, the highest single day inflow in 2026 and the highest in three months. At the same time, domestic institutional investors (DIIs) net bought shares worth Rs 1014 crore, according to provisional exchange data which reinforced optimism & trust over the macroeconomic outlook for the economy. Prior to same, the highest single day inflows from FIIs were seen on October 28 where FII's net bough nearlt Rs 10,000 crore in equities

The Indian rupee is forecast to remain in a narrow range with mild positive bias in the current month, having clawed back only a fraction of the losses it has racked up against the dollar since early 2025, This is evident from the latest poll of Reuters, which include concerns over equity market overvaluation, a lack of India’s participation in the global AI trade rally, and the earnings stress domestically. Concerns about still-lofty valuations after years of stock market outperformance as well as weak earnings are likely to keep foreign investors cautious in short term.

With the tensions from trade deal being alleviated, exporters are expected to keep increasing their hedging ratios, a move that could offer support to the currency on the downside. Market participants had noted that the earlier slide in the rupee and expectations of further weakness had encouraged exporters to cut back on hedging and retain dollar earnings overseas for longer periods. Overall rupee is expected to trade in the range of 89.40 – 91.20 in the current month.

Technical Analysis

02nd Jan 2026

LEVELS TO WATCHOUT FOR: 26,500 – 26,700 / 26,100 – 25,900

In January 2026, the Indian stock market saw a sharp correction after the Nifty 50 touched an early-month high of 26,373 (Jan 5) on earnings optimism. Selling pressure emerged due to FII outflows, rising crude oil prices, a weakening rupee, global uncertainties, and pre-Budget caution. The Nifty ended the month at 25,320.65, down nearly 3.1% (~809 points) – its weakest January performance since 2016. The Sensex declined about 3.5% to close near 82,270, with broad-based weakness in IT, metals, and banking stocks. The correction led to a temporary erosion of nearly 7–8 lakh crore in market capitalisation and set the stage for higher volatility going into early February ahead of the Union Budget (Feb 1), even as domestic institutions provided some support.

After the Union Budget, market sentiment turned negative and Nifty came under sharp pressure amid heightened uncertainty, further aggravated by concerns around Trump's tariff stance and India-US trade relations. This led to panic-driven selling and a corrective phase, but the index found a strong base near the 24,500 zone, from where it staged a powerful recovery. The turning point came with the confirmation of the India-US trade deal, which triggered a sharp gap-up opening and pushed Nifty to a recent high of 26,341, validating that the market had absorbed the earlier correction. With this swift rebound already priced in, Nifty is now entering a consolidation phase, where index movement may remain limited while

individual stocks and sectors are expected to outperform. The key resistance zone is placed between 26,000–26,400, while immediate support lies near 25,200 (gap area) followed by the critical 24,800–24,500 demand zone. As long as the index holds above these supports, the broader structure remains constructive and this phase is likely to evolve into a base-building process ahead of the next meaningful directional move.

Bank Nifty witnessed a sharp rebound from the 58,000 base and extended its rally to make a fresh high near 61,700 on the back of positive sentiment driven by the India-US trade deal confirmation. However, as highlighted earlier, the long-term rising trendline resistance remains a tough hurdle for bulls, and the index has once again slipped back towards the 60,000 zone, indicating hesitation at higher levels. A sustained breakout and fresh momentum will only emerge on a decisive move above 62,000, which would signal a new leg of uptrend. Until then, the index is likely to remain in a consolidation phase with a neutral-to-positive bias for banking stocks. On the downside, immediate support is placed near 59,000, which coincides with the recent gap area and acts as a crucial short-term demand zone. As long as Bank Nifty holds above this support, the broader structure remains constructive, but traders should remain selective and wait for confirmation above resistance before positioning aggressively.





Technical Pick – BUY IFCI



Alligator Breakout & Retest Confirmation: IFCI has closed decisively above the Williams Alligator indicator and successfully retested it, confirming a continuation of the emerging uptrend and strengthening bullish structure.

- **DMI Positive Crossover:** The +DI is positioned above -DI, indicating buyers are in control and directional momentum is favouring the upside.
- **MACD Above Zero Line:** MACD sustaining above the zero line signals positive trend momentum, supporting the probability of further upside movement.
- * **Trading Strategy:** Traders may consider buying IFCI in the 56– 50 zone, with a stop loss at 46 on a closing basis. Upside targets are placed at 63.5 and 67 over the next 1–3 months, supported by improving indicators and strong price structure

Research Analyst Disclaimer - To read complete disclaimer click below
 Link:<https://insurance.rathi.com/nl/upload/links/RADisclaimer.pdf>

Fixed Income Services

Monetary Policy Update

The Reserve Bank of India in its 58th meeting of the Monetary Policy Committee (MPC) scheduled from December 3 to 5, 2025, after a detailed assessment of the evolving macroeconomic and financial developments and the outlook, voted unanimously to:

1. Reduce the policy repo rate by 25bps to 5.25%.
2. Consequently, standing deposit facility (SDF) rate shall remain adjusted to 5.00%.
3. Additionally, marginal standing facility (MSF) rate and the Bank Rate adjusted to 5.50%.

The MPC also decided to continue with the neutral stance.

For the first time since India adopted flexible inflation targeting, average headline inflation fell below the lower tolerance band of 2%, declining to 1.7% in Q2 2025-26 and further to just 0.3% in October 2025. Real GDP growth strengthened to 8.2% in Q2, supported by robust festive-season spending and GST rate rationalisation. With inflation at 2.2% and growth at 8.0% in H1 2025-26, the economy is experiencing a rare Goldilocks phase.

Growth

Real GDP grew by 8.2% in Q2 2025-26, the highest in six quarters. In H1, economic activity was supported by income tax and GST rationalisation, softer crude oil prices, front-loaded government capex, and accommodative monetary and financial conditions aided by low inflation. Rural demand remains strong, and urban demand is steadily recovering. Investment activity is healthy, with private investment gaining momentum.

Merchandise exports fell sharply in October due to weak external demand, alongside a moderation in services exports. On the supply

side, agriculture is benefiting from a healthy kharif harvest, higher reservoir levels, and improved rabi sowing. Manufacturing activity continues to strengthen, and the services sector is maintaining a steady pace.

	GDP Growth		CPI Inflation		
	MPC's Recent Projection (%)	MPC's Last Projection (%)	MPC's Recent Projection (%)	MPC's Last Projection (%)	
FY 26	7.30%	6.80%	FY 26	2.00%	2.60%
FY 26 Q1	7.00%	6.40%	FY 26 Q1	0.60%	1.80%
FY 26 Q4	6.50%	6.20%	FY 26 Q4	2.90%	4.00%
FY 27 Q1	6.70%	6.40%	FY 27 Q1	1.90%	4.50%
FY 27 Q2	6.80%		FY 27 Q2	4.00%	

Summary of projection on growth & inflation by the MPC

Inflation

Headline CPI inflation fell to an all-time low in October 2025, driven by an unexpected correction in food prices, contrary to the typical September–October pattern. Core inflation (excluding food and fuel) remained subdued despite sustained price pressures from precious metals. Excluding gold, core inflation eased to 2.6% in October. Overall, the decline in inflation has become more generalised. Food supply prospects have improved on the back of higher kharif production, healthy rabi sowing, adequate reservoir levels and conducive soil moisture.

Liquidity and Financial Market Conditions

System liquidity stood at an average surplus of 1.5 lakh crore for the period since the MPC last met in October 2025.

Given evolving liquidity conditions and the outlook, the Reserve Bank has decided to conduct OMO purchases of government securities worth 1,00,000 crore and a 3-year USD/INR buy–sell swap of USD 5 billion this month to inject durable liquidity into the system.

The 3 Year & 5 Year Yield Curve below shows how yields have moved since the last review in Oct 2025:



Source: CRISIL Fixed Income Database

- The 3-year G-sec curve saw an easing of ~10 bps and 5-year G-sec curve saw a hardening of ~3 bps. Additionally, the 3-year and 5-year AAA curve saw an easing of ~19 bps and ~16 bps respectively.
- In 3-year space, the rest of the credit curve saw an easing in the range of ~16 bps to ~21 bps. Similarly, the 5-year credit curve experienced an easing in the range of ~14 bps to ~19 bps.
- The AAA spread over G-sec contracted by ~9 bps in the 3-year space and ~19 bps in the 5-year space.

Outlook: With the 25 bps reduction announced today, the repo rate now stands at 5.25%, nearing its pre-COVID level. Economic growth projections remain robust. The combination of recent fiscal measures and continued monetary accommodation by the RBI is expected to support a stable interest rate environment conducive to sustained economic expansion.

Looking ahead, domestic factors such as favourable agricultural prospects, the ongoing impact of GST rationalisation, benign inflation, strong corporate and financial sector balance sheets, and supportive monetary and financial conditions are likely to continue underpinning economic activity. Further progress on structural reforms would add to growth momentum. External uncertainties, however, pose downside risks to the outlook, even as the swift conclusion of ongoing trade and investment negotiations presents upside potential. Inflation is expected to ease further compared with the October projections, primarily due to the sharp decline in food prices.

On liquidity, the Reserve Bank is expected to maintain higher levels of durable liquidity and ensure adequate banking system liquidity, facilitating smooth transmission of policy rates to lending and deposit rates.

The above mentioned offer(s) are indicative and subject to changes in market conditions.

'Please note that investments in these bonds should not be construed as an advice or recommendation however we can facilitate the execution of the same. The bonds are tradeable on the Exchange platform, however we do not provide any assurance or guarantee on the liquidity of bonds. The investment decision shall at all times exclusively remain with the investor. The organisation shall not responsible or liable for any loss or shortfall incurred by the investors.'

Secondary Market Bond Offers

Perpetual Quotes				
Security	Maturity/Call	IP	Rating	Yield
7.55% CANARA BANK PERP	Call: 02-Dec-30	Annual on 2-Dec	AA+ BY ICRA & CARE	7.37%
7.98% State Bank of India Perp	Call: 28-Feb-35	Annual on 28-Feb	AA+ by CRISIL & CARE	7.18%

PSU Quotes				
Security	Maturity/Call	IP	Rating	Yield
8.20% NABARD 2028	09-Mar-2028	Semi-Annual	AAA by CRISIL & IND	7.09%
7.15% PFC 2036	22-Jan-36	Annual on 22-Jan	AAA by CARE, ICRA & CARE	7.00%
7.79% SIDBI 2027	14-May-27	Annual on 22-Dec	AAA By CARE & CRISIL	6.90%

Corporate Bonds				
Security	Maturity/Call	IP	Rating	Yield
6.75% Piramal Capital & Housing Finance Ltd. 2031	Staggered Maturity (28-Sept-31)	Semi - Annual	AA by ICRA & CARE	8.95%
8.03% ADITYA BIRLA APITAL LIMITED 2035	04-May-35	Annual	AAA BY CRISIL & ICRA	7.82%
9.25% HINDUJA LEYLAND FINANCE LIMITED 2030	03-Oct-30	Annual	AA+ by CARE & CRSIL	9.20%
8.20% MUTHOOT FINANCE LIMITED 2030	30-Apr-30	Annual	AA+ BY CRISIL & ICRA	7.78%
9.60% SAMMAAN CAPITAL LIMITED 2035	14-Aug-35	Annual	AA By ICRA,AA By CRISIL	9.68%
9.42% KIIFB 2033	Staggered Maturity (30-Dec-2033)	30 th MAR, 30 th JUN, 30 th SEP, 30 th DEC	AA (CE) BY IND RATINGS & ACUITE	9.35%
9.30% APMDC 2033	Staggered Maturity ((09-May-2033)	09 th FEB, 08 th MAY, 08 th AUG 07 th NOV	AA(CE)E BY IND RATINGS & ACUITE	8.70%

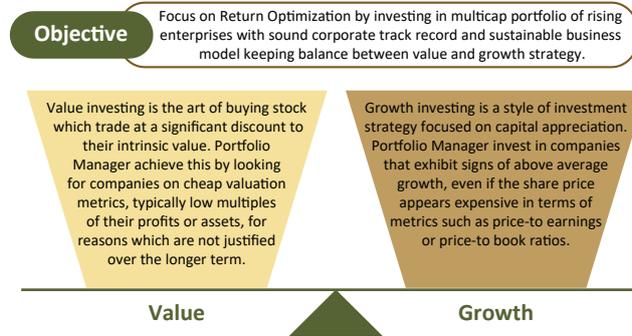
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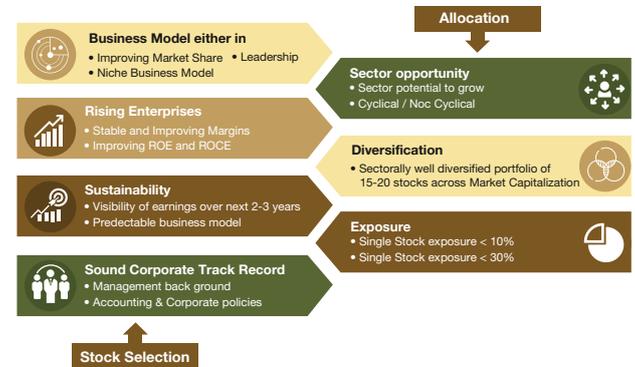
Anand Rathi PMS

Impress Portfolio

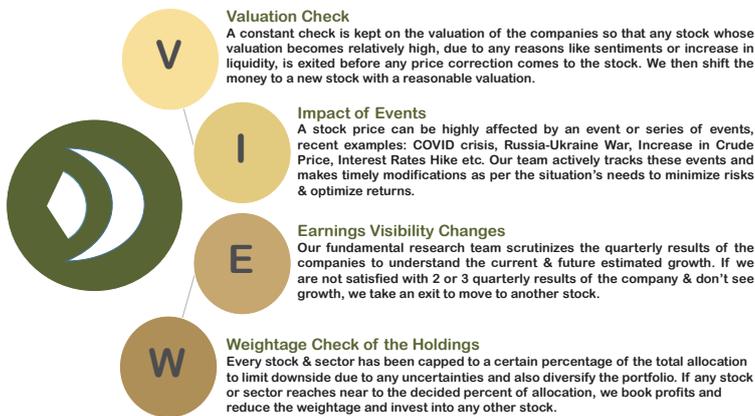
Objective & Investment Philosophy



Investment Process



Re-VIEW Strategy



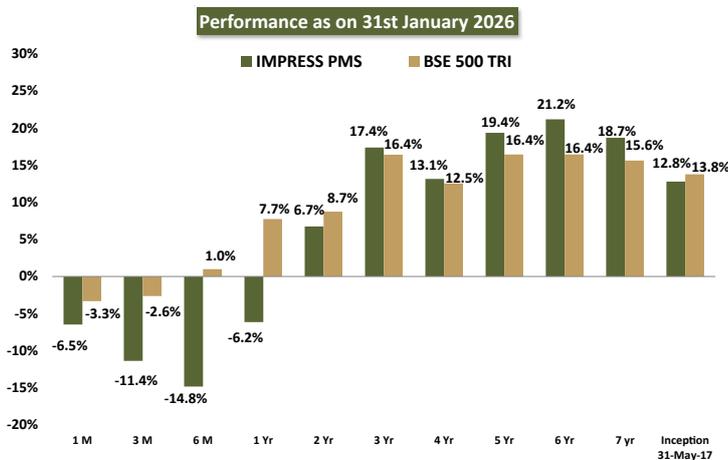
Top Holdings & Market Cap Allocation

Sr No	Top 10 Holdings	% Holdings
1	Bharat Electronics Ltd	7.7%
2	APL Apollo Tubes Limited	6.5%
3	Cemindia Projects Limited	6.2%
4	Radico Khaitan Ltd	6.1%
5	KEI Industries Ltd	6.0%
6	Schneider Electric Infrastructure Limited	5.6%
7	Coforge Limited	5.4%
8	Cholamandalam Finance	5.4%
9	Schneider Electric Infrastructure Limited	5.4%
10	PG Electroplast Limited	5.3%



Data as on 31st January 2026

Portfolio Performance

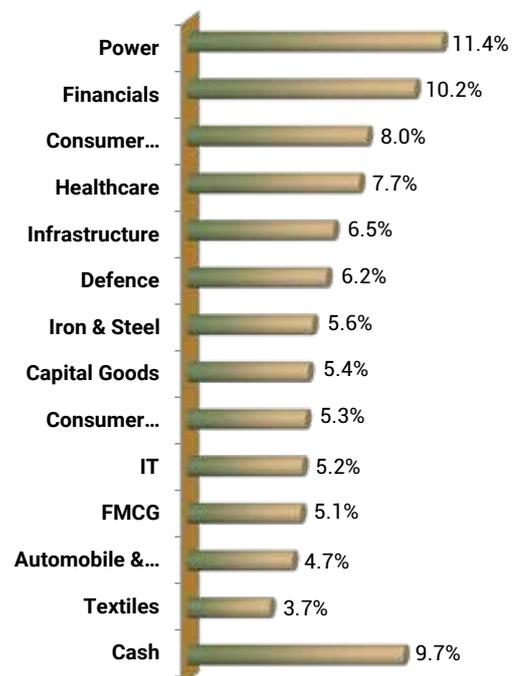


Note: - Returns above one year are annualized. Returns net of fees and expenses.

Disclaimer: Past Performance is not necessarily indicative of likely future performance. Performance mentioned above are not verified by SEBI.

We have shown the performance as Aggregate performance of all clients on TWRR basis.

Sector Allocation



Structure Product Idea

Sensex Accelerator

Product Name	Sensex Accelerator 102.5%
Issuer	Anand Rathi Global Finance Ltd.
Underlying	Sensex Index
Principal Protected	Principal is not protected
Tenor(days)	1930 Days
Entry Level	Closing levels of Sensex Index as on primary trade date + 0.6% contingent then rounded to next 10
Exit Level	Average of closing levels of Sensex Index as on last F&O expiry of 38th, 41st, 44th, 47th, 50th, 53rd & 56th months
Contingent Coupon (CC)	102.5% (IRR: ~14.27%)
Return Profile	<p>If Sensex returns are:</p> <p>Greater than or equal to 37% = 102.5% coupon</p> <p>Between 35% & 36% = (Sensex Return – 25%) * 100% PR + (Sensex Return – 36%) * 9050% PR</p> <p>Between 25% & 36% = (Sensex Return – 25%) * 100% PR</p> <p>Between -20% & 25% = Principal Protection</p> <p>Between -30% & -20% = Sensex Return * 1.6x Decay</p> <p>Between -90% & -30% = Decay decreases to 0.6x</p> <p>Less than or equal to -90% = Sensex Return</p>

*On the last observation date of Phase I, the product can be rolled over for an additional 1940 days.

Note: Investment Value per debenture: 1,25,000/- (It may be issued at a premium)

The product has a lock-in for first 365 days.

SENSEX ACCELERATOR- 102.5%: PAYOFF (Structured Products Idea)

Exit Sensex Level	Sensex Return	Product Return	Product IRR ³
1,68,075	102.50%	102.50%	14.27%
1,24,500	50.00%	102.50%	14.27%
1,13,710	37.00%	102.50%	14.27%
1,12,880	36.00%	11.00%	1.99%
1,11,220	34.00%	9.00%	1.64%
1,04,580	26.00%	1.00%	0.19%
1,03,750	25.00%	0.00%	0.00%
91,300	10.00%	0.00%	0.00%
83,000	0.00%	0.00%	0.00%
78,850	-5.00%	0.00%	0.00%
74,700	-10.00%	0.00%	0.00%
66,400	-20.00%	0.00%	0.00%
66,392	-20.01%	-32.0%	-7.11%
62,250	-25.00%	-40.0%	-9.30%
58,100	-30.00%	-48.0%	-11.75%
45,650	-45.00%	-57.0%	-14.89%
8,300	-90.00%	-84.0%	-29.55%
8,292	-90.01%	-90.0%	-35.61%
0	-100.00%	-100.0%	-100.00%

1 Product payoff scenarios showcased are for illustrative purposes only. The returns are pre-tax.

2 Assumed entry level is closing of underlying index on primary trade date plus 0.6% contingent and then rounded off to next 100.

3 Product IRR is only for illustrative purpose and is dependent on the trade date and the underlying index level as on the date.

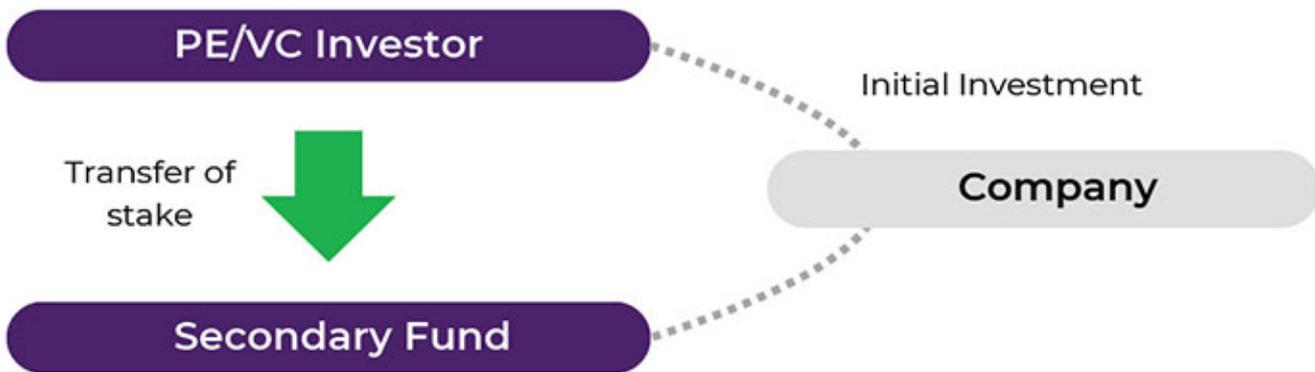
NEO Secondaries Fund (NSF)

SEBI Registered Category II AIF

FUND AIMS TO DELIVER ESTIMATED IRR OF ~ 24-27% P.A.

INTRODUCTION TO SECONDARIES

Secondary funds, commonly referred to as Secondaries, **purchase existing interests or assets** from private equity or venture capital fund investors



SECONDARIES IS A LARGE MARKET OPPORTUNITY

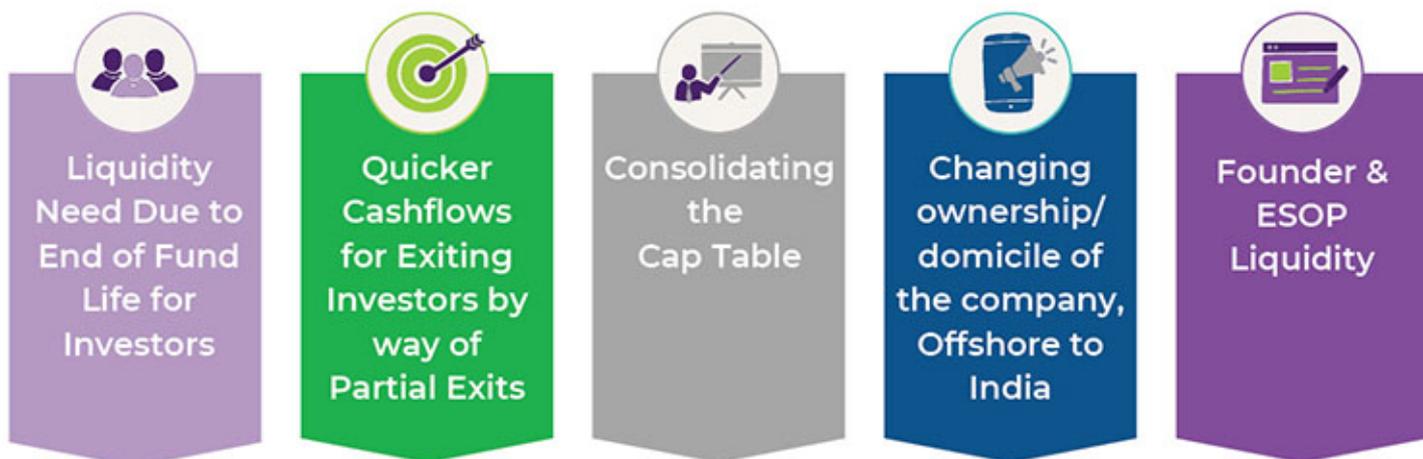


- Globally, Secondaries have delivered an **average \$ IRR of 23%**
- PE secondaries have performed **consistently**, with **limited drawdowns**



- Over the past decade, India attracted **~₹30 lakh crore** in PE/VC investments out of which only **~₹7 lakh crore saw an exit** with exit value equal to **~₹14 lakh crore** at an average **MOIC of ~2.0x**
- Secondary exits have surged recently, creating an **annual opportunity of ~₹1.7 lakh crore**
- Therefore, Indian PE Market is fueled with **Large Supply** of Existing Opportunities

REASONS WHY SECONDARIES EXIST



NSF INVESTMENT PHILOSOPHY

- Invest in **industry leading companies** / sub-segment leaders
- Path to liquidity / **exit in 24-48 months**
- Scaled-up companies with **Revenue CAGR** of **~20%** in past three years
- Deals that offer **10-15% discount** to fair market value
- EBITDA positive** companies
- High **quality founder** & established ecosystem of **governance**

Therefore, the fund creates a WIN-WIN SITUATION FOR ALL STAKEHOLDERS



NSF CURRENT PORTFOLIO OF MARKET LEADERS

1. India's Largest Adult Diaper Manufacturer

- The company is a leader in adult diaper market with **40% market share**
- **TAM of INR 20,000 Crore** and only 5% penetration, adult diaper offers **massive growth potential** further accelerated by Ecom and QC wave
- NSF Deal Size: **~INR 165 Crore**

2. Leading Beauty & Personal Care Player in India

- Scaled up **omnichannel** platform with mix of own & third-party brands
- **INR 1.5 Lakh Crore TAM** and focus on creating products for Indian Climate
- **45%+ gross margin** with 50% from high-margin private brands
- NSF Deal Size: **~INR 122 Crore**

3. Leading AI & Analytics solution provider in India

- Fastest growing AI-driven platform currently **servicing 50+ Fortune 500 companies** having \$10 Bn+ Revenue, \$20 Bn+ MCap, or 30 Mn+ End-users
- Targeting IPO in 2026; DRHP to be filed shortly – **early exit visibility**
- NSF Deal Size: **~INR 131 Crore**

4. India's Leading Digital Identity Platform

- Offering digital solutions across the customer lifecycle including **onboarding, identity verification, risk profiling & to eliminate fraud**
- **80%+ gross margin** and catering to clients like HDFC, Amazon, Amex, Visa
- NSF Deal Size: **~INR 40 Crore**

5. End-to-End Platform for Device Lifecycle Management

- A **Tech Platform** offering the world's largest **white-labelled extended warranty program** for top global consumer electronics OEMs
- Marquee clients like **Samsung & Apple** enabling **global expansion**
- NSF Deal Size: **~INR 70 Crore**

EXTENSIVE DEAL SOURCING CAPABILITY

270 Secondary Mandate & Industry Analysis

66 deals dropped

204 Asset & Promoter Analysis

138 deals dropped

66 Valuation & Peer Analysis

26 deals dropped

40 Return Analysis & Path to Exit

7 deals dropped

5 Portfolio Companies

- Total Value of Deals Sourced **INR 50,000 Cr**
- **Healthy pipeline** of **25+ deals worth INR 3500+ Cr** at advanced stage that is currently being evaluated

MOST EXPERIENCED & CAPABLE TEAM

who have successfully operated, scaled and exited businesses



NITIN JAIN

**Chairman & MD,
Neo Group**

Former CEO, PAG -Edelweiss Wealth

Industry Experience: 23 years

IIT Kharagpur, IIM Calcutta

Global Indian of the Year 2021 & Exemplary
Leader of the Year 2025 - Asia One



**HEMANT
DAGA**

**Co-founder & CEO,
Neo AMC**

Former CEO, Edelweiss Asset Management

Industry Experience: 22 years

St. Xavier's, IIM Bangalore

Global Indian of the Year 2025 - Aisa One



**PUNEET
JAIN**

**Co-founder &
CIO, NEO AMC**

Former Goldman Sachs, Kotak Inst. Equities

Industry Experience: 22 years

IIT Kanpur, IIM Ahmedabad

Private Debt Turnaround Titan 2019- PDI



**NITIN
AGARWAL**

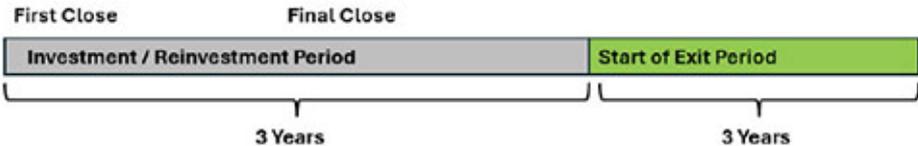
**MD & Head,
Private Equity**

Headed India Investments for TPG
NewQuest; Co-headed CLSA India PE

Industry Experience: 24 years

IIT Delhi, IIM Bangalore

KEY FUND TERMS

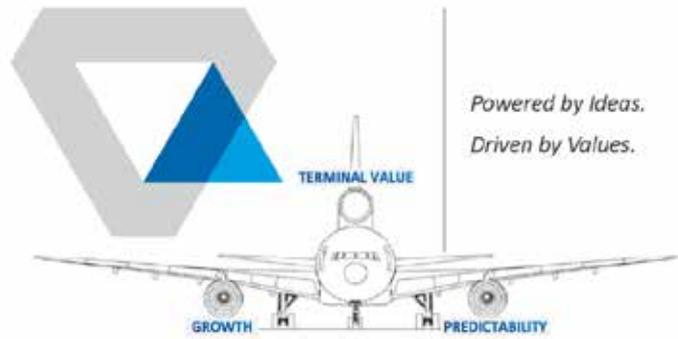
Target Size	~ INR 2000 Crores																				
Structure	Close Ended																				
Target Portfolio	~12 to 15 investments (Deal size ~INR 50 – 250 crores)																				
Focus Sectors	<div style="display: flex; justify-content: space-around; align-items: center;"> <div style="background-color: #4a4a8a; color: white; padding: 5px 10px; border-radius: 10px;">Consumer</div> <div style="background-color: #4a4a8a; color: white; padding: 5px 10px; border-radius: 10px;">IT / ITeS</div> <div style="background-color: #4a4a8a; color: white; padding: 5px 10px; border-radius: 10px;">Healthcare</div> </div> <div style="display: flex; justify-content: space-around; align-items: center; margin-top: 5px;"> <div style="background-color: #4a4a8a; color: white; padding: 5px 10px; border-radius: 10px;">BFSI</div> <div style="background-color: #4a4a8a; color: white; padding: 5px 10px; border-radius: 10px;">Industrial & Services</div> </div>																				
Tenure	<p>6 Years* (Average economic life ~ 4.5 years)</p>  <p>*Extendible 1+1 year</p>																				
Gross Target IRR	~ 24-27% p.a.																				
Hurdle Rate	12%																				
Management Fees & Carried Interest with catch-up	<table border="1" style="width: 100%; border-collapse: collapse; text-align: center;"> <thead> <tr> <th>Class</th> <th>Commitment</th> <th>Management fees p.a.</th> <th>Carried Interest</th> </tr> </thead> <tbody> <tr> <td>A1</td> <td>1-1.99 Crs</td> <td>2.00%</td> <td>15.00%</td> </tr> <tr> <td>A2</td> <td>2-9.99 Crs</td> <td>1.75%</td> <td>15.00%</td> </tr> <tr> <td>A3</td> <td>10-24.99 Crs</td> <td>1.50%</td> <td>12.50%</td> </tr> <tr> <td>A4</td> <td>Above 25 Crs</td> <td>1.25%</td> <td>10.00%</td> </tr> </tbody> </table> <p>Management fee is on committed capital during investment period and invested capital after the investment period</p>	Class	Commitment	Management fees p.a.	Carried Interest	A1	1-1.99 Crs	2.00%	15.00%	A2	2-9.99 Crs	1.75%	15.00%	A3	10-24.99 Crs	1.50%	12.50%	A4	Above 25 Crs	1.25%	10.00%
Class	Commitment	Management fees p.a.	Carried Interest																		
A1	1-1.99 Crs	2.00%	15.00%																		
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A3	10-24.99 Crs	1.50%	12.50%																		
A4	Above 25 Crs	1.25%	10.00%																		
Fund Expenses	Charged at Actuals, capped at 0.25% p.a.																				
Investment Manager	Neo Asset Management Private Limited																				
Trustee	Orbis Trusteeship Services Private Limited																				
Custodian	Orbis Financial Corporation Limited																				
RTA	KFIN Technologies Limited																				
Tax Advisor	Ernst & Young LLP																				

ValueQuest Tristar Fund

CAT II - Alternative Investment Fund

February 2025

ValueQuest Tristar Fund is a scheme of a SEBI AP CAT II Trust (application filed with SEBI on 25.12.2024) - ValueQuest Tristar Fund, Open-Ended Investment Managers LLP is the Investment Manager and ValueQuest Investment Advisors Private Limited is the sponsor of ValueQuest Tristar Fund



Aerospace



Defence



Precision Engineering



Manufacturing



Energy Transition

ValueQuest Snapshot

ValueQuest Firm

- One of the Leading Investment Firms with Corpus > USD 2.5Bn
- Focus: Long-only India-dedicated strategies delivering consistent alpha
- Investor Base: Foreign Institutions, Domestic Family Offices and HNIs
- Track Record: 20% IWR since 2010
- Team Size: 100-member; ~32-member investment team

ValueQuest S.C.A.L.E. Fund

- Fund I Corpus : ₹1,350 Cr (USD \$160mn); maiden private equity fund
- Strategy : Growth & late-stage deals balancing returns and liquidity
- Investor Base : Domestic Corporates, Family Offices and HNIs
- Investments : 13 investee companies (68% Deployed), 5 successful IPOs
- Co-Investment : Offered Opportunities in 3 portfolio companies
- Team : 12 member dedicated investment team

ValueQuest Corpus across multiple strategies



ValueQuest S.C.A.L.E. Fund



Our Differentiators



Deep Research Capability

Stable Fund-Management Team

Top Quartile Fund Performance Over Time

Amongst the Top Indian Alternate Investment Firms

No. of clients* ~2,949

Offices across 6 Cities

Years of existence 15

*2024 (partial quarter), 2024 (partial quarter), and interim track record period and Q1 statement. Data as on 11/11/24

*Not the recommended route since inception (2nd time). Performance related information provided in this document is not verified by SEBI. Performance of each investor portfolio may vary from that of other investors and that generated by the investment approach across all portfolio because of (i) the timing of inflows and outflows of funds, and (ii) difference in the portfolio composition because of investments and other considerations. Terms & conditions apply as of date.

Investee Companies - Fund I

	Sr. No.	Company Name	Sectors	Investment Period	Primary / Secondary	Amount Invested (₹ Crs.)	Current Value (₹ Crs.)	MOIC	Listing / Liquidity Event
Late-Stage Growth companies	1	Waaree Energies Ltd.	Energy Transition	July 2023	Primary	50.00	259.51	5.19 ^A	✓
				October 2024		41.66	79.12	1.90 ^A	
	2	RR Kabel Ltd.	Industrials & Manufacturing	August 2023	Secondary	50.00	72.71	1.47 ^A	✓
	3	Zaggle Prepaid Ocean Services Ltd.	Fintech	August 2023	Primary + Secondary	37.60	119.05	3.17 ^A	✓
	4	TBD Trek Ltd.	TravelTech	May 2024	Secondary	53.79	101.40	1.88 ^A	✓
	5	Unitech Aerospace & Manufacturing Pvt. Ltd.	Precision Engineering	July 2024	Primary	100.00	201.87	2.02 ^A	✓
Growth Capital companies	6	Solarworld Energy Solutions Ltd.	Energy Transition	September 2024	Secondary	40.02	62.50	1.56	DRHP Filed ¹
				November 2024	Primary	85.00	85.00	1.00	
	7	Wow Momo Foods Pvt. Ltd.	Consumer – QSR	June & Sept 2023	Primary	75.00	72.14	0.96 [*]	-
	8	Veeda Clinical Research Pvt. Ltd.	Healthcare	May 2023	Primary	50.00	57.28	1.15 [*]	-
	9	PSL Retail Ltd. - (Purple Style Labs)	Consumer – Retail	March 2023	Secondary	25.00	45.00	1.80 [*]	-
	10	Edunetwork Pvt. Ltd. (Bencromojo)	Consumer Tech	March & April 2024	Primary + Secondary	68.17	80.38	1.18 [*]	-
	11	August Jewelry Pvt. Ltd.	Consumer	April 2023	Primary	16.00	-	- [*]	-
	12	Sabina Hospital & Research Centre Pvt. Ltd.	Healthcare	June 2024	Secondary	60.99	69.99	1.00 [*]	-
	13	Jupiter International Ltd.	Energy Transition	July 2024	Primary	125.00	125.00	1.00 [*]	-
		Gross IRR ~51%		Net IRR ~48%		887	1,431	1.61x	

*MOIC calculations based on FMV of the company as per valuation report of independent third-party valuation agencies, to our knowledge, conducted by C&A as on 30th September 2024.
^AMOIC calculations based on the FMV of the company based closing stock price on National Stock Exchange (NSE) of India as on 31st December 2024.
¹ Company is already listed on the Stock Exchange and is a liquidable asset.
¹ DRHP Filed - Draft Red Herring Prospectus Filed with the Securities and Exchange Board of India (SEBI)

Proposed Tristar Fund Features

Fund Name	ValueQuest Tristar Fund
Fund Category	CAT II AIF (Closed Ended)
Fund Size	₹600 crore + ₹400 crore Greenshoe Option (~USD 120 mn including Greenshoe)
Fund Tenure	8 years (+1 year +1 year) from First Close*
Sectors and Themes	<ul style="list-style-type: none"> Aerospace Defence Precision Engineering Energy Transition Manufacturing
Target Ownership	Significant Minority Stake
Investment Ticket	₹ 50 Crs. - ₹ 125 Crs. (USD 6 mn – 15 mn) Some deals with larger cheque sizes may include co-investment opportunities.
Sponsor and Team Commitment	₹ 75 Crs. (USD 9 mn)**

Note: Application filed with SEBI on 27.11.2024
*Fund tenure is 8 years (+1 year +1 year) from first close, first close targeted within 2 years from first close
** Proposed commitment



Drivers

- Aerospace:** Demand-supply mismatch + Skilled low cost labour + OEM avoid China for IP reasons + High switching costs
- Defence:** Strategic position of India + Push to deep indigenization + Budgetary constraints + Upgrade and electronics push
- Precision Engineering:** GoI initiative + China + 1 + Indian cost structure + Demand-supply mismatch + High switching costs
- Manufacturing:** GoI initiative + China + 1 + Indian cost structure + Economy of scale
- Energy Transition:** Demand-supply mismatch + Skilled low cost labour + GoI initiative + China + 1



Strategy

- Identify companies with a right to win:** Technology, execution, scale
- Partner with the right promoter:** Visionary in scope, Astute in operations
- Cherish the right opportunity:** Right to participate in further rounds as needed
- Revisit the hypothesis:** Stress test the hypothesis in a timely manner to avoid blind spots

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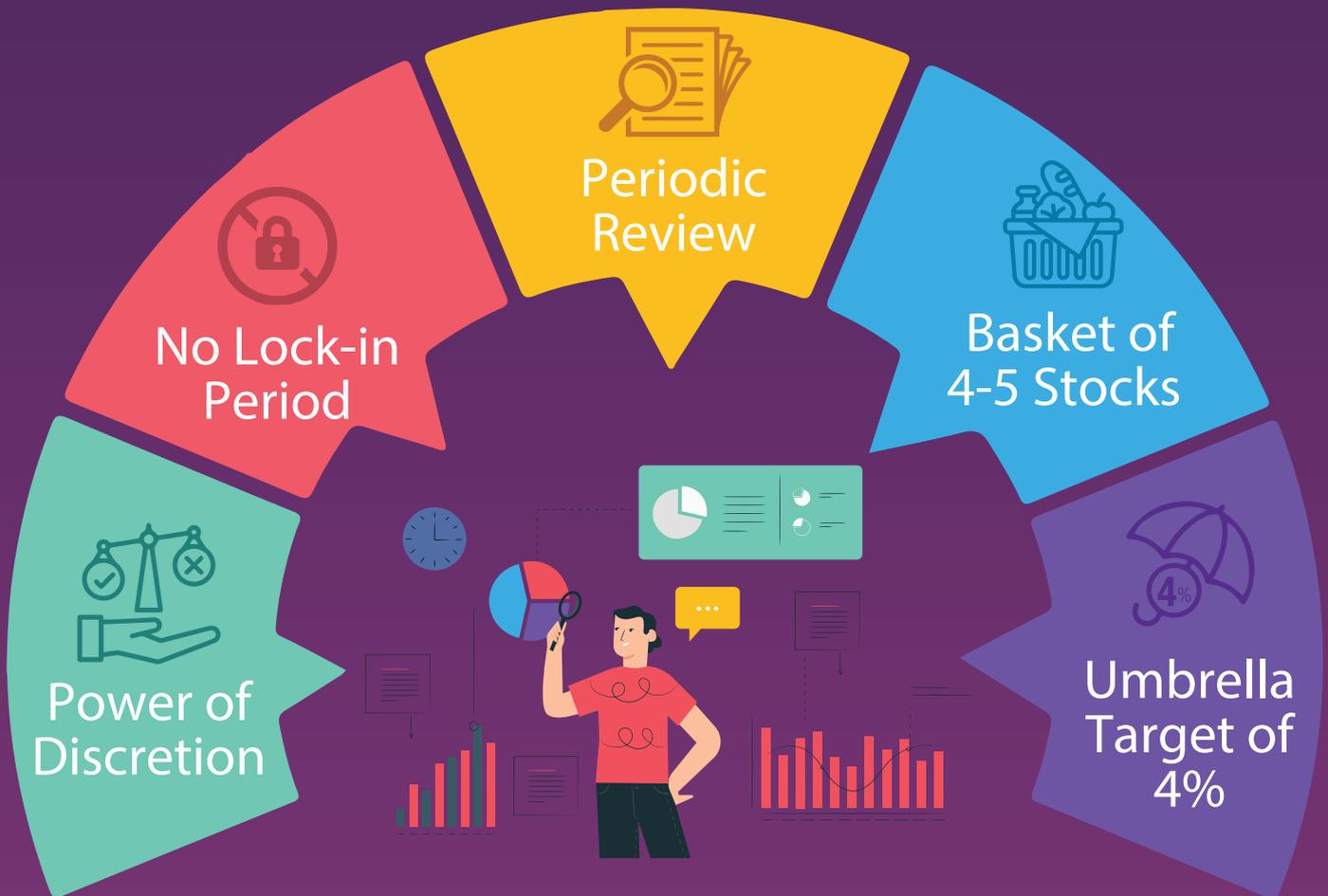
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