PORTFOLIO FACT SHEET: Q2 FY26

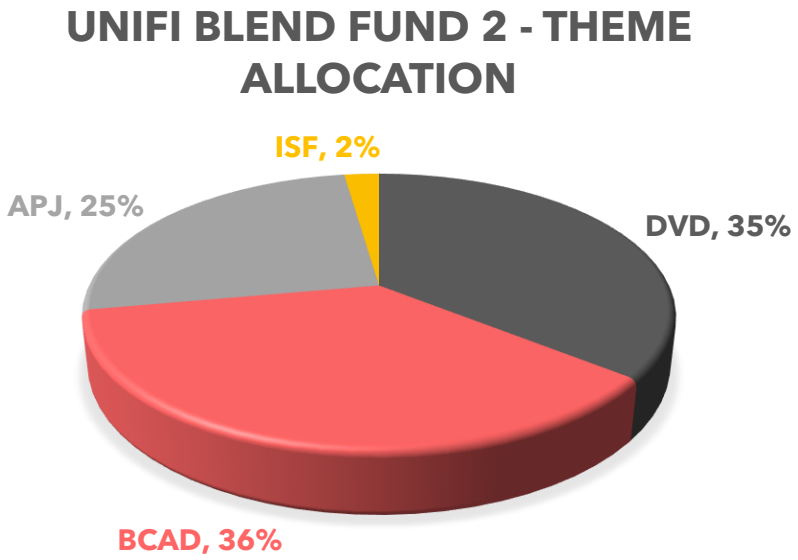
UNIFI UMBRELLA AIF – UNIFI BLEND FUND 2

Background

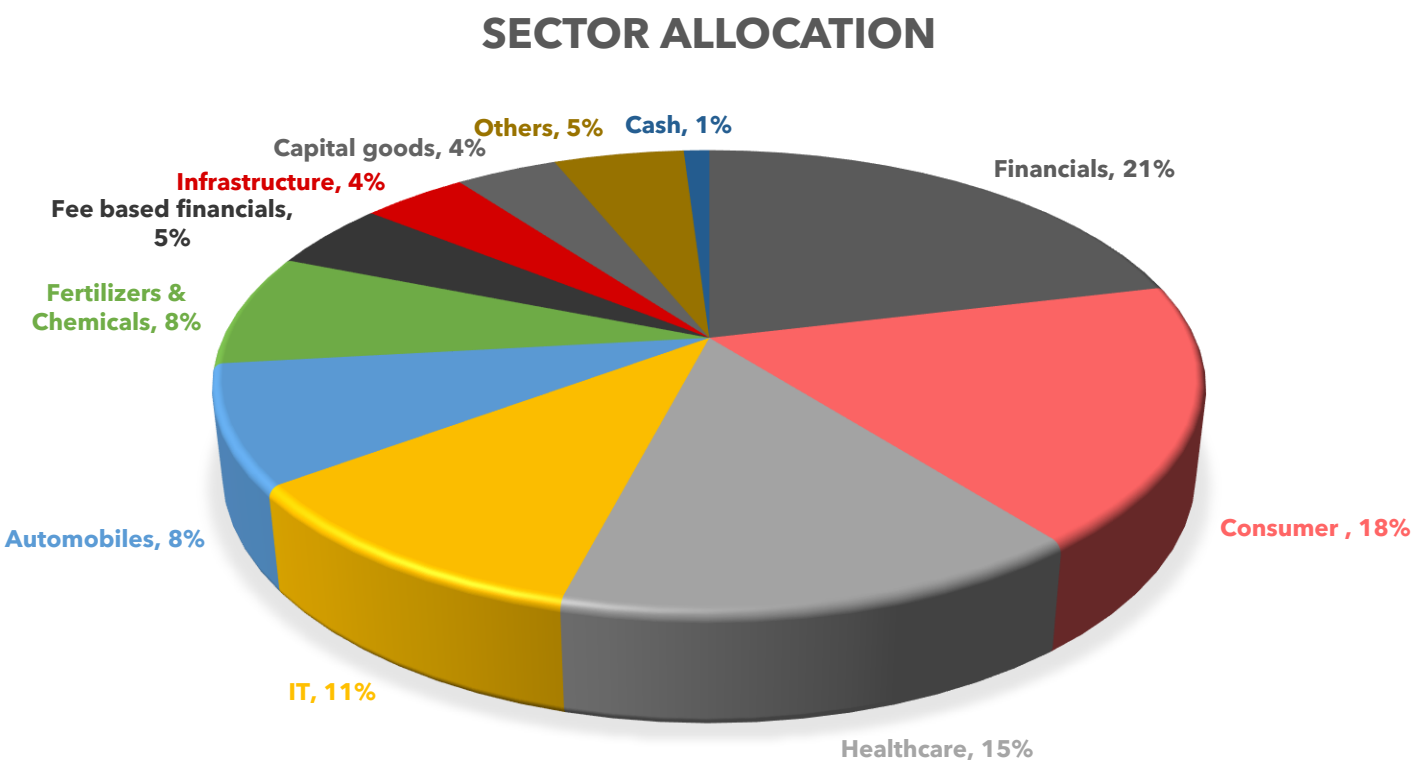
The UNIFI BLEND Fund 2 continues to draw from the best opportunities across all of Unifi's investment themes. The fund has the flexibility to invest in stocks across diverse sectors, themes, and market capitalization. The fund's holdings are well diversified and poised to benefit and consolidate their position and deliver industry-leading growth. We have trimmed exposure in a few names that have performed significantly well and redeployed the cash generated in firms that offer a better risk/reward proposition.

	UNIFI BLEND Fund 2
Launch Date	01st June 2021
Scheme Corpus	INR 29.38 bn
Firm AUM	INR 241.9 bn
Investment Manager	Unifi Capital Private Limited
Investment Manager's Commitment	INR 100 million
Investment Manager's Additional Investment	INR 220 million
Investment Manager's Total Investment	INR 320 million
Investment Manager Minimum Investment	INR 10 million
Custodian	Axis Bank Limited
Auditors	M/s. Walker Chandiok & Co LLP
Lawyer	IC Universal Legal

The strategy wise composition of the Unifi Blend Fund 2 is as below:



The sector wise composition of the Unifi Blend fund 2 is as below:



The following annexure presents a brief on our top holdings:

Company	Brief background and Investment rationale
Bank of Baroda	BoB delivered a strong set of results with stable growth and improving margins. The bank reported a PAT of Rs4,809cr (+6% QoQ), while advances grew 6% QoQ/12.2% YoY, supported by broad-based traction across segments: Corporate +8%, MSME +6.4%, Agri +4.9%, and Retail +4.5% sequentially. Management reiterated loan growth guidance of 11–13% and deposit growth of 9–11% for FY26. NIMs improved ~5bps QoQ to 3.96%, even excluding the higher income-tax refund interest. Asset repricing is largely complete, while the benefits from deposit repricing will flow through over the next few quarters. Cost-to-assets improved 2bps QoQ to 1.76%. GNPA declined ~12bps QoQ to 2.16%, and NNPA improved ~3bps to ~0.57%, with PCR stable at ~74%. Gross slippages remained contained at 1.0%, while net slippages improved sharply to 39bps vs 70bps YoY. Except for two quarters, net slippages have remained within 0–50bps over the past 12 quarters, underscoring resilient credit quality. Credit costs moderated to ~40bps vs 66bps YoY and are expected to remain ~0.5–0.6% in FY26 due to low incremental stress and declining stock of existing stress. We remain constructive on BoB given its ability to grow largely in line with the system, structurally lower credit costs, strengthening asset quality trends, and attractive valuations with clear earnings visibility. Key risks include Slower-than-expected growth, adverse asset-quality trends leading to higher credit costs, and higher treasury losses.

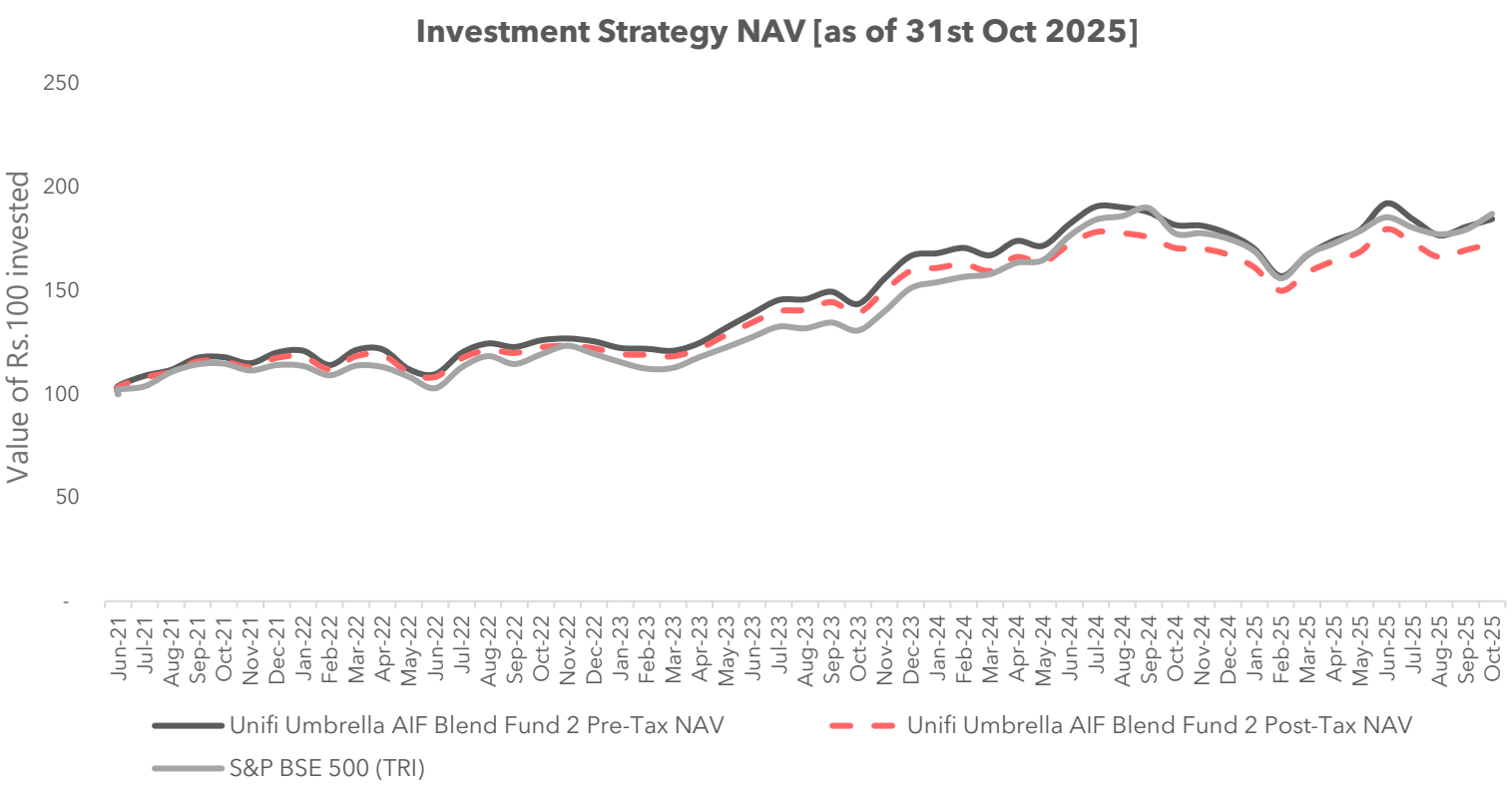
Redington	Redington is a global distributor of Information, Communication, and Technology [ICT] products across 40 countries. It covers the entire gamut of IT products and smartphones, offering services and solutions across managed, cloud, and logistics services. The company partners with over 450 brand associations and services more than 75,000 channel partners. Redington reported revenues of Rs. 29,076cr, an increase of 17% YoY. This growth was driven by all major regions, with India experiencing a 23% YoY increase, the UAE business growing by 23% YoY, and KSA growing by 22% YoY. Gross margins were stable at 5% YoY. The company experienced lower provisions QoQ, as it had adequately provided for the stressed receivables in the previous quarter and endeavours to recover from the written-off accounts in the coming quarter. As a result, EBITDA was up 28% YoY and 47% QoQ to Rs. 589cr. Overall, the company reported a PAT of Rs. 388 cr, up from Rs. 293 cr last year, translating to 32% YoY growth. From a capital allocation perspective, the company's return ratio is healthy at 20% RoE, and it continues to pay out 35-40% of its PAT as dividends, resulting in a dividend yield of 2.5-3%. We like Redington, given that it is amongst the top 2 ICT distributors in its markets. The company's dominant position and financial strength provide it with a significant competitive advantage in a business with high entry barriers. Redington has established a strong services business in third-party logistics and the high-margin cloud business. Redington's broad portfolio and relationships with vendors across various segments enable balanced growth and reduce vendor concentration. Redington has consistently demonstrated robust risk management practices across multiple cycles, effectively managing credit, inventory, and currency risks. A significant shift in consumer and enterprise behaviour has driven higher demand for advanced computing, leading to shorter product life cycles and the adoption of premiumization. This tailwind benefits Redington. Key risks include a higher interest rate regime environment, delayed margin recovery, and slowdowns/delays in the high-margin enterprise business.
Narayana Hrudayalaya	Narayana reported a revenue growth of 17% YoY, to Rs.1,644cr, and 30% YoY PAT growth at Rs.258cr. The India business has reported 9% YoY revenue growth to Rs.1,233cr. Lower footfalls from Bangladesh have impacted revenue growth, as revenue from international patients to India declined by 33% YoY. The entire revenue growth in India is primarily driven by higher ARPOBs. The India business EBITDA Margin improved by 200bps YoY to 21% in this quarter. The improvement in EBITDA Margin is mainly due to better case/bed mix and a reduction in clinic losses. We expect this trend to continue in the medium term, and thereafter, growth will be supported by the commissioning of new beds. The Cayman hospital business has been steady, with revenue of USD 42Mn (42% YoY growth), as the new hospital continues to scale up. The insurance business reported revenue of USD 9 Mn in this quarter, and insurance losses have fallen to < USD 1 Mn. At the Cayman consolidated level, the company reported EBITDA growth of 62% YoY to USD 16.5Mn. The Cayman Hospital scale-up will continue for a few more quarters, and this provides a better outlook for the medium term. Given the better profitability in India and further scale-up in Cayman operations, the company should deliver 20-25% PAT growth in the medium term. Post which, the addition of new beds in India will support the growth. During this quarter, the company has also announced the acquisition of 'Practice Group' in the U.K., thereby marking its entry into the U.K. The company has done quite well in Cayman, and management believes that it can execute similarly in the U.K. Key Risks: Delay in Capex, delay in UK turnaround and government interference in pricing.
ITC	ITC reported a 2% YoY decline in revenue to Rs. 19,502 cr. The EBIT and PAT grew by 2% YoY and 4% YoY, respectively, as the raw material inflation impacted the business. At the segment level, tobacco continues to deliver strong volume growth of 5% YoY, whereas EBIT growth has lagged revenue growth due to steep inflation in leaf tobacco prices. However, this year's supply has been higher, and leaf tobacco prices have started to correct. This should help ITC from H2. On the FMCG side, revenue growth was 7% YoY, despite GST-led disruptions in the quarter. The EBIT

	Margins for FMCG continue to improve. The Agri and paperboard business continues to be under pressure. The reported PAT grew by 4% YoY to Rs. 5,186cr. Raw material inflation has impacted the last few quarters, and we expect it to normalise in the coming quarters. The volume growth continues to be healthy, and an improvement in margins would result in 10-12% PAT growth. Key risks: government taxation on cigarettes, demand slowdown and raw material inflation.
M&M	M&M's topline grew by 21% YoY at Rs. 33,422 Cr in Q2 FY 26, with Autos growing at 18% and tractors at 31% YoY in what was a challenging quarter. The rise in the auto segment was driven by strong SUV sales, which increased by 10% in Q2 FY26 despite a transitory slowdown in dispatches owing to the GST rationalisation. Similarly, tractor sales grew 31% YoY, driven by the festive season falling in Q2 this year vs. Q3 last year. This increase was fuelled by a favourable monsoon that supported agriculture. As a result, M&M consolidated a 25.7% revenue market share in passenger vehicle (PV) sales (+3.7% YoY) and a 44.1% share in tractors for the 1H. EBITDA and Core PAT reported growth of 23% and 18% on a YoY basis to Rs. 4,862 Cr and 2,790 Cr, respectively. With the rationalisation of GST, M&M has refreshed its entire affordable segment, providing a strong base for earnings growth. On EVs, the company is slated to launch a vehicle in November and two more in CY26, providing a strong runway for sustained EV scale-up. Key risks include monsoon-related disruptions, EV adoption, and CAFE III compliance.
Coromandel Int	Coromandel reported a 30% YoY growth in revenue for Q2 2026 at Rs. 9,654cr. The manufactured segment has reported flat volume growth in the fertilizer business. India experienced an above-normal monsoon at 108% of the long-period average; however, excess, unseasonal rains in August and September negatively impacted standing crops and the application of crop inputs. Reported gross profit was up 23% due to increased subsidies and better cost efficiency led by backward integration measures. EBITDA was up 18% YoY to Rs. 1,147cr, and PAT was up 21% YoY to Rs. 805cr. The low NBS rates in H1 2025 did not align with the increased raw material prices and negatively impacted the operational performance of all phosphatic manufacturers, albeit marginally. The subsidy rates have improved in H1 26. There's on an average 10% upward revision in nutrient-based subsidy (NBS) rates for H2 FY26, considering rising global raw material prices. In the crop protection business, the revenue growth was 42% YoY to Rs. 1,069cr, driven by the partial consolidation of NACL Industries for the quarter. Excluding NACL, the crop protection business reported 10% YoY growth, with an EBIT margin expansion of ~500bps. The domestic B2C business was impacted by erratic rainfall towards the end of the quarter, leading to lower spraying and offtake. Exports increased ~7% YoY, led by strong demand for Mancozeb in LATAM. The company has acquired NACL Industries in the current year, and the management has identified procurement inefficiencies at NACL as a key area for improvement. Efforts will be made to enhance procurement practices with the first objective of restoring EBITDA margins to historical levels of 9-10%. The company's ongoing phosphoric acid and sulfuric acid project at Kakinada (0.2mn tn) is progressing as planned, with commissioning expected by Q4 2026. Additionally, an NPK capacity expansion of 0.75 million tons at Kakinada has been initiated, with commercial production targeted for H2 2027. Structurally, the company is well-placed to battle cost inflation with reasonable capital allocation and governance. The company is well-positioned for the next growth cycle with a debt-free balance sheet. Coromandel is India's largest privately held non-urea (Phosphatic) fertilizer company with a diversified revenue mix of regulated and unregulated products. It has a 25%+ market share in India's NPK/complex fertilizer consumption. In Crop Protection, Coromandel has taken a slow and measured step to overhaul its portfolio from older generics to a mix of combination and in-licensed products from global innovators. Over the next few years, the company endeavours to reduce the share of subsidised businesses by investing in crop protection and other allied segments.

	Key risks to the investment could be a significant reduction in RM prices, leading to a correction in inventory valuation, unexpected regulatory developments, and the erratic monsoon.
Oracle Financial Services Software	IT product firms often experience lumpy earnings due to the nature of their business. Large software deals, implementation projects, and licensing agreements can create significant revenue surges in certain quarters, followed by periods of relatively lower earnings. Therefore, evaluating these companies annually is crucial, smoothing out quarterly volatility to better understand their long-term performance. With the ongoing digital transformation within the banking and financial sectors, OFSS is poised to capitalise on the increasing demand for specialised software and services. Consequently, the medium- to long-term outlook for OFSS appears promising, driven by sustained growth in the financial technology sector. Oracle's revenue grew by 7% YoY to Rs.1,789cr in Q2 FY26 vs. Rs. 1,674cr, YoY. EBITDA margins compressed by 3% YoY to 42% due to operating deleverage & elevated costs, leading to a modest 1% YoY EBITDA growth at Rs. 755cr. The company reported PAT de-growth of 5% YoY to Rs. 546 cr, driven by lower other income. Deal wins were a positive contrast to the muted financials. OFSS signed twelve new customers in Q2 FY26, wins including five from the core banking platform and seven from payment solutions. This provides the company with strong demand visibility, driven by ongoing customer interest in transitioning to Oracle's cloud services. The company has maintained high levels of capital efficiency, reflected in 25%+ RoE on the back of an almost 100% dividend payout to shareholders. Key Risks: Slowdown in IT spending by enterprise clients.
NCC	Given the unprecedented rainfall and the delay in Jal Jeevan payments, revenue was impacted in this quarter. Consolidated revenue declined 12% YoY to Rs. 4,543 cr. The significant decline in revenue negatively impacted margins due to negative operating leverage. Accordingly, the consolidated PAT declined by 4% YoY to Rs. 167cr. The order inflows further improved in this quarter (Rs.5,869cr), and the company has received Rs. 17,066cr of orders in this financial year (as of October). The outstanding order book remains strong at Rs.75,000 cr+, providing revenue visibility of more than 3.5 years. However, 40% of this order book has been won only in the last 8 months, and the execution there is yet to pick up. This might happen in a couple of quarters, and then the order book will translate to profits. We expect execution to improve from Q4 as the monsoon impact eases and construction activity in the country improves. Given the strong order book, the company's execution is expected to improve in the coming quarters, and we expect earnings growth to improve in FY27 and FY28. Key risks: Slowdown in the order inflows and execution.
Karur Vysya Bank	KVB reported a PAT of Rs 574cr vs Rs 522crs in Q1 FY26, supported by a one-off recovery from a technically written-off account. Advances grew 3.6% QoQ / 15.8% YoY, led by Retail +6.6%, Agri +4.2%, and MSME +2.8% sequentially, while corporate growth remained selective at +0.5% QoQ. Management guided for loan growth of 200bps above the system and continues to prioritise RAM-led (Retail, Agriculture & MSME) growth, with RAM mix improving to ~86.1% (+40bps QoQ). Margins moderated ~9bps QoQ to 3.77% due to a ~24bps decline in asset yields, partly offset by a ~17bps reduction in deposit costs. Deposit repricing and a higher share of repo-linked loans (54%) support a gradual NIM recovery over the coming quarters. CASA ratio improved 20bps QoQ to 27.7%, while CD ratio strengthened to 83.4%. Gross NPAs increased 10bps QoQ to 0.76%, while Net NPAs were stable at 0.19%, with PCR rising to 75%. Two large corporate accounts (~Rs218cr; 62% of slippages) slipped during the quarter, both operational and expected to be recovered, prompting ~Rs185cr (85% coverage) of conservative provisioning, supported by the Rs295cr one-off recovery. Excluding this event,

	underlying credit trends remain strong: SMA-1 declined to ~18bps, SMA-2 to 9bps, and the standard restructured book improved to 0.51% with ~40% PCR. Management expects gross slippages <1% and no further corporate stress in 2H. Credit cost elevated at 1.2% but should normalise materially lower in FY26–27, enabling RoA >1.6%. We remain constructive on KVB given superior RAM-led growth with pricing power, sustained NIM resilience and improving CASA traction, strong asset-quality buffers and conservative provisioning, earnings compounding visibility with RoA >1.6% and RoE >16% Key risks include slower RAM growth, higher-than-expected unsecured stress, and persistent margin pressure from deposit competition.
T D Power	TD Power continued its strong performance, delivering 48% YoY revenue growth to Rs. 452cr and 48% YoY EBITDA growth to Rs. 83cr in Q2FY26, driven by operating leverage. Order inflows stood out at Rs.500 Cr, up 45% YoY, with domestic turbines growing steadily, international demand supported by data centres and grid stabilisation, and the motors business scaling well towards its Rs.150 Cr revenue target. Management has now upgraded guidance, with visibility into order inflows to sustain levels more than Rs.500 Cr, the highest for the company. The commissioning of the new Rs.400cr plant has begun in phases, ensuring the capacity required to execute the upcoming order pipeline. Key risks include any impact on business from US tariffs.
HDFC AMC	HDFC AMC delivered a strong quarter, led by robust growth in QAAUM (Quarterly AUM). PAT stood at Rs 718cr vs Rs 577cr in Q2FY25, supported by a lower effective tax rate due to a Rs 47cr reversal of a tax provision. Quarterly average AUM (QAAUM) increased 7% QoQ / 16% YoY, driven by continued strength in equities, where QAAUM grew 9.3% QoQ / 17% YoY. Equity AUM mix improved to 42.9% (+90bps QoQ), supporting 6% QoQ growth in operating revenue. SIP flows remained strong, up 12% QoQ / 22% YoY to Rs45bn, with market share rising to 15.3%. Two successful NFOs (Rs 35bn combined) further strengthened equity franchise momentum. Gross yields were broadly stable across Equity at 58–59bps, Debt at 27–28bps and Liquid at 12–13bps, aided by prior rationalization of distributor payouts. The direct equity mix increased to ~29%, supported by fintech platforms, RIAs, and family offices. Market share with HDFC Bank remains stable, while the decline in the bank channel's AUM share is purely due to direct channels growing faster. Operating expenses rose 17% QoQ / 24% YoY, led by business promotion, NFO and CSR spends, alongside higher ESOP expenses (Rs 21cr vs Rs 5.8cr QoQ). Management expects 12–15% YoY expense growth on a normalized basis. Despite near-term investments, operating leverage remains healthy with improving scale across equity and SIP-led flows. EBITDA margins stood at 77.7% vs 79.8% in Q1FY26. We remain positive on HDFC AMC on the back of a High-margin, cash-generative franchise with strong brand-led distribution, SIP-led equity inflows driving durable AUM compounding, Structural expansion into alternatives and international products, and operating leverage intact despite near-term investment step-ups. Key risks include weaker capital-market trends, slower equity flows, and regulatory changes impacting TERs/distribution economics.
Kotak Mahindra Bank	The bank reported PAT of Rs3,253cr vs Rs 3,282crs in Q1FY26, with core performance impacted by lower NIMs. Advances grew 4.0% QoQ / 15.8% YoY, led by strong traction in Mortgages (+5.7% QoQ), Business Banking (+5.7% QoQ) and Tractor (+3.2% QoQ), while CV/CE lagged at +1.6% QoQ. Unsecured loan mix declined by ~50bps sequentially to 9.2% due to a 1.7% QoQ reduction across MFI, PL, and Credit Cards. Management remains focused on sensibly scaling PL and Cards to achieve ~15% unsecured mix over the medium term. The bank reiterated advance growth of 1.5–2.0x nominal GDP, with SME/Corporate activity improving and consumption demand normalising post-September. Margins declined ~11bps QoQ to 4.54% driven by repo rate cuts and lower unsecured mix. However, NIMs are expected to recover gradually as deposit repricing completes by Q4FY26–Q1FY27, aided by the CRR reduction benefit from Q3FY26. Kotak continues

	to invest in franchise depth but remains disciplined on growth and pricing. Cost-to-assets improved 11bps QoQ to 2.65%, while opex grew just 0.6% YoY, the lowest among major private banks. Automation-led efficiencies remain structural, with IT spend at ~14% of opex vs ~10% for peers. We believe that margin recovery, alongside operating leverage, can drive a 10–15bps structural improvement in RoA over the medium term. GNPA rose 9bps QoQ to 1.39%, NNPA up 2bps to 0.32%, with PCR stable at 77%. Slippages and credit costs improved sequentially, with Gross slippages at ~1.45% vs 1.7% in Q1 and Net slippages at 0.85% vs 1.18% in Q1. Credit cost came at 84bps vs 1.1% in 1QFY26. SMA-2 steady at 8bps, indicating no build-up of early stress. Management expects gradual credit-cost moderation, which aligns with our assumption of ~80bps in FY26 and ~60bps in FY27. We remain positive on Kotak on the back of accelerating growth momentum with a lower market-share base, Margin recovery triggers (deposit repricing + liquidity + cycle tailwinds), Asset-quality resilience with moderating credit costs, and structural RoA improvement potential from cost efficiencies. Key risks include slower NIM recovery, a delayed revival in unsecured growth, and prolonged stress in the Retail CV portfolio.



Key Portfolio Metrics

It is important to note that each investment in the fund has been made on its own merit, and the portfolio characteristics are merely a by-product of the process. In sync with Unifi's philosophy, the aggregate portfolio has low leverage, demonstrates potential for strong earnings growth, and has reasonable valuations.

Valuation Parameters* (As on 26th Nov 2025)	FY2026E	FY2027E
P/E Ratio	24.9x	20.9x
Earnings Growth	14.6%	18.2%
Debt Equity Ratio	0.1	0.1
ROE %	20.2%	20.7%
PE/ Growth Ratio	1.4	

**Adjusted for one-off to make figures representative.*

We are continually monitoring the environment for any opportunities that have the potential to materially improve the portfolio composition. We will be writing to you again after the 3rd quarter results.

In closing, we encourage you to write to us or your relationship manager for a detailed review of the portfolio and understanding of our proposition in greater granularity.

Annexures:

Financial Details of Top Portfolio Companies

Unifi BLEND Fund 2	Market Cap (Rs. cr)	PBT (Rs.cr)		YoY(%)	PAT (Rs. Cr)		P/E	ROE	Portfolio Weight
Company	26th Nov 2025	Q2 FY25	Q2 FY26		FY26	FY27e	FY27e	FY26e	26th Nov 2025
BOB	148,643	7,141	6,343	-11%	19,233	21,757	6.8	13%	8.4%
Redington	22,558	382	460	20%	1,558	1,855	12.2	18%	7.9%
Narayana Hrudayalaya	39,610	199	258	30%	948	1,190	33.3	24%	7.6%
ITC	501,208	4,979	5,186	4%	22,057	24,269	20.7	29%	7.0%
M&M	439,771	4,931	6,069	23%	11,767	13,142	33.5	21%	5.9%
Coromandel Int	68,061	905	1,059	17%	2,234	2,612	26.1	19%	5.0%
OFSS	70,340	829	797	-4%	2,716	3,079	22.8	37%	4.2%
NCC	10,872	250	209	-16%	656	854	12.7	10%	4.1%
KVB	23,828	636	743	17%	2,186	2,505	9.5	17%	4.0%
T D Power	11,882	56	82	46%	249	318	37.4	23%	4.0%
HDFC AMC	57,170	859	876	2%	2,999	3,432	16.7	37%	3.3%
Kotak Mahindra Bank	411,652	4,356	4,439	2%	14,112	17,161	24.0	12%	3.1%
Fedfina	5,431	86	107	24%	332	420	12.9	14%	3.0%
South Indian Bank	10,103	440	472	7%	1,281	1,455	6.9	12%	2.9%
CMS Info	5,750	123	96	-22%	355	417	13.8	16%	2.6%
Tube Investments	55,725	225	248	10%	829	937	20.0	14%	2.5%
Bajaj Auto	252,640	2,925	3,295	13%	9,415	10,546	24.0	31%	2.5%
Bayer Crop	20,707	190	200	5%	682	811	25.5	26%	2.4%
Alivus Life	10,840	128	174	36%	547	615	17.6	18%	2.3%
Marksans	8,544	125	133	6%	374	478	17.9	15%	2.2%
Medanta	33,569	181	200	10%	607	727	46.2	16%	1.7%
Britannia	141,696	715	884	24%	2,512	2,915	48.6	59%	1.4%
Indigo	223,322	-907	-2,484	-	9,242	9,830	22.7	42%	1.0%
CG Consumer	16,999	171	102	-40%	505	662	25.7	18%	1.0%
CAMS	19,289	153	148	-3%	473	544	35.5	42%	0.8%
Aditya Birla AMC	21,032	335	316	-6%	1,012	1,118	18.8	27%	0.6%
Aarti Pharma	6,157	63	42	-33%	266	352	17.5	16%	0.6%
Transpek	730	12	17	42%	55	79	9.2	15%	0.4%
Thyrocare	7,922	37	63	70%	179	208	38.1	36%	0.3%
Paradeep Phosphates	12,842	337	469	39%	1,056	1,119	11.5	20%	0.1%

CLASSIFICATION OF MARKET CAP

Segment	Basis	%
Large Cap	> Rs. 91,000cr	32.5%
Mid Cap	> Rs. 30,500cr < Rs. 91,000cr	21.0%
Small Cap	< Rs. 30,500cr	45.5%
Cash		1.0%
Total		**100.0%**

LIQUIDITY ANALYSIS

Segment	% of portfolio
1 day	18.3%
Between 1 & 3 days	31.9%
Between 3 & 7 days	28.0%
Greater than 7 days	20.9%
Total	**99.0%**

CRISIL CAT III AIF BENCHMARKS DATA [as of 30th Sep 2024]

Index	1 Year (%)
Blend Fund 2 (Scheme of Unifi Umbrella AIF)	29.69%
CRISIL AIF Index – Long Only Equity Funds (open ended) (INR)	21.25%

Values as on September 30, 2024
Schemes that have completed at least one year since their first close as on September 30, 2024, have been considered for the benchmark. In all, 73 schemes have been considered for the above analysis. Returns refer to post-expense, pre-carry, pre-tax values.
Returns for more than one year are annualised

Risk Management

While the environment is buoyant for India in the longer term, in the shorter to medium term, the aftereffects of unforeseen economic linkages from a recessionary West may be a risk. While India remains a largely domestic consumption-oriented economy, a rapid worsening of the economies in the West may affect their balance of trade with the World [including India] in the immediate to medium term. India's Current Account Deficit and foreign exchange reserves may be under pressure if energy prices remain elevated and rise. The recent softening of energy and commodity prices will assist India's macroeconomic case, but there remains the prospect of second or third-order impact from global macroeconomic and geo-political shocks.

Risk	Level	Mitigants
Concentration Risk	Fund	At the portfolio level, such risks are minimized by limiting the aggregate exposure of the portfolio to such investments to less than 10% of the value at the time of investment.
Foreign Exchange Risk	Fund	Fund has invested in only Indian Listed companies and hence the fund's investments do not face any foreign exchange risk at the Fund level.
Leverage Risk	Investee Company/Fund	Fund has not taken any leverage at the Fund level. Except for financial companies, most of the investee companies in the strategies carry nil to moderate debt on their balance sheets with a track record of having managed leverage well in the past. Their leverage is monitored regularly.
Realization Risk	Investee Company/Fund	High Impact cost, due to thin trading at the time of buying or selling is endemic to small & mid-caps. We plan our investment decisions, the size of the investment and trading strategies to minimize the realization risk.
Strategy Risk	Investee Company	Investments are evaluated from a bottom-up and top-down perspective. The fund investments align with the segments of the economy that are emerging and companies that have characteristics which make them the dominant participants in their industry. The investments are assessed through a detailed financial model that captures historical performance and forward estimates based on publicly disclosed documents. The investment team rigorously undertakes quarterly diligence for any change in the investment thesis.
Reputation Risk	Investee Company	Company selection starts with rigorous fundamental analysis and a historical performance review supported by a detailed financial model constructed internally. We have an internally designed governance framework vetted over many years. This governance framework helps us in evaluating companies that meet our internal guidelines. We evaluate the investee companies both at an absolute and relative level. Periodic maintenance diligence of management/ financials has been done for Investee companies.
Extra Financial Risk	Investee Company/Fund	We avoid investing in companies with a known history of corporate governance issues. If such an issue arises in an existing investment, we stop additional purchases and start optimally exiting the investment. Our governance framework helps us in identifying any lapses in corporate governance. We actively monitor all publicly disclosed documents regarding ESG [Environmental, social, and corporate governance]. Any reported misconduct is evaluated by the investment committee for further action.
Geopolitical risks	Investee Company	Geopolitical tensions globally can disrupt the supply chain in the region. This might have a non-linear impact on business.

Raw material inflation	Investee Company	India continues to be dependent on the supply of feedstock whose pricing is global in nature. Key categories would be crude, metals, minerals, and natural commodities. Sharp movement in their underlying prices will have a short-term financial impact on the companies. The situation in China [political] has the potential to disrupt the supply chain of a few of our investee companies.
Key Man Risk	Investee Company	Small and mid-caps are frequently managed by a key promoter/person on whom the business is completely reliant and without whom the business would be materially inferior. We generally avoid such names and in cases where we make any exceptions, the aggregate exposure of the portfolio to such investments is limited to less than 10% by value.