

May 2026

WHEN MARKETS GET NOISY, PATIENCE BECOMES YOUR STRONGEST MOVE.

Dear Clients,

April has been a reminder that markets don't always reward constant action. In moments like these, that familiar line from Cadbury 5 Star "Eat 5 Star, do nothing" feels surprisingly relevant. But this isn't about inaction; it's about having the confidence to stay steady. With a well-structured hybrid model anchored in thoughtful asset allocation and focus on quality selections, we're positioned to navigate uncertainty without reacting to every market noise.

There were early signs that tensions between the United States and Iran may cool off over the coming weeks that offer some relief. However, even in a best-case scenario where conflict subsides quickly, the after-effects won't disappear overnight. Energy infrastructure across West Asia has taken a hit, and rebuilding it is a slow process. This means oil markets may continue to be sensitive, and prices could stay elevated or volatile for some time. And since oil touches almost every part of the economy, from transport to manufacturing, its ripple effects are being felt in inflation and growth expectations globally.



Back home, the picture is mixed. Inflation has started to inch higher again, largely influenced by these global factors, while the repo rate has been kept unchanged for now. This signals a wait-and-watch approach from policymakers, balancing the need to support growth while being cautious about rising prices. At the same time, equity markets, have remained volatile. It's a reminder that markets don't just react to events; they react to uncertainty around those events.

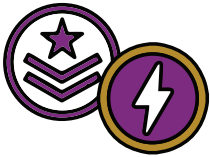


As we move into May, markets are likely to stay sensitive to geopolitical developments, oil price movements, and Q4 corporate earnings announcements. These earnings will be particularly important, as they will give us a clearer picture of how companies are navigating cost pressures and demand conditions in this uncertain environment. Instead of reacting to every headline, it may be more useful to watch how these broader trends evolve.

For hybrid portfolio investors, this balance between action and patience is already built into the strategy. Equity provides growth potential, while debt offers stability and income. When equity markets become volatile, the debt component helps cushion the impact. And when markets stabilize, equities are well-positioned to participate in the recovery. This is exactly the kind of environment where hybrid investing shows its strength—not by avoiding volatility entirely, but by managing it more smoothly.



AGAINST THE TIDE: STOCKS THAT DEFIED THE VOLATILITY



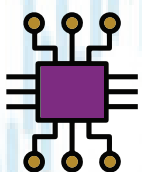
This month has been remarkably good for the Portfolio regardless of the Macro uncertainty. What's particularly noteworthy is the diversity of themes at play. The **defence theme** got catalyst from approval of procurement orders. The **Power theme** was driven by record peak demand. **VBL** showed that quality FMCG with strong fundamentals and a seasonal tailwind can recover sharply. **Azad Engineering and Syrma** rewarded investors who bet on India's manufacturing capability.

Azad Engineering shares surged after the inauguration of a new advanced manufacturing facility in Hyderabad dedicated to energy giant Baker Hughes, along with an extended strategic supply agreement until 2030. additionally, the company signed an 8-year long-term contract with Mitsubishi Heavy Industries (MHI) Japan to supply complex hot-section nozzle vane segments for gas turbine engines giving investors strong long-term revenue visibility.



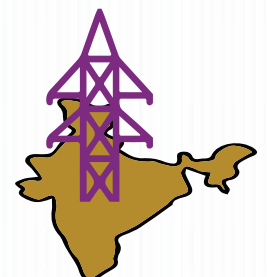
A stronger-than-expected March quarter, with consolidated revenue growing 18.1% YoY to ₹6,570 crore and volume rising 16.3% paved way for recovery in **Varun Beverages**. An anticipated El Niño-driven heatwave and the integration of recently acquired brands like Twizza are expected to boost Q2 CY2026 growth.

Motilal Oswal Nifty India Defence ETF rose sharply on announcement of defence procurement which could boost the order book and long-term revenue visibility of defence companies. The rising geopolitical tensions are also expected to accelerate order execution.



Syrma SGS Technology shares soared after the completion of its joint venture with Italy-based Elemaster S.p.A Technologie Elettroniche, which combines Elemaster's advanced engineering expertise and global customer access with Syrma's manufacturing scale in India. India's EMS sector is benefiting from strong export-led structural tailwinds.

India's peak power demand hit an all-time high of 256.11 GW in late April due to an intensifying heatwave, driving power stocks broadly higher. A hotter-than-normal summer and Long-term structural drivers include increasing data centre capacity, rising penetration of consumer durables, and EV expansion acted as the catalyst for power companies benefitting **Groww BSE Power ETF**.



Note: The stocks mentioned above are part of a broader stock universe of approximately 50 stocks that we actively track. Individual portfolio holdings may vary based on factors such as market conditions, portfolio strategy, and timing of entry. These stocks are highlighted for reference and may not be present in all client portfolios.

THE WAY FORWARD




As the portfolio evolves alongside changing market conditions, these actions reflect a deliberate and forward-looking reallocation, balancing near-term opportunities with long-term conviction while staying anchored to the Hybrid Portfolio's core philosophy. The exposure to structural growth themes, the portfolio is thoughtfully positioned for resilience today and relevance in the years ahead.

**Warm regards,
Team Hedge**

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