Hybrid PMS Newsletter

July 2026

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When the Noise Settles, the Opportunity Becomes Clearer

Dear Clients,

If investing were about reacting to headlines, portfolios would need a makeover every Monday morning. But markets don't reward the loudest news they reward the trends that quietly reshape the investment landscape. Over the past week, as geopolitical tensions in West Asia showed signs of easing, crude oil prices softened and the Indian Rupee regained stability. On their own, these developments may appear incremental, but collectively they point to a more supportive macroeconomic environment for Indian markets.

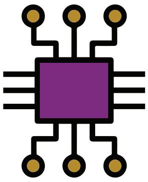
Back home, the Reserve Bank of India maintained its steady approach by keeping interest rates unchanged, signalling confidence in the economy while remaining watchful of inflation. Although the RBI modestly revised its inflation and growth projections, India's macroeconomic fundamentals continue to remain resilient. Measures such as the extension of the **FCNR** deposit window have supported foreign currency inflows and helped anchor the Indian Rupee, even as global uncertainties persist. Closer to home, the evolving monsoon and the potential impact of **El Niño** remain key variables to watch, given their influence on agricultural output and food inflation. As these factors unfold, investor attention is likely to shift towards the Q1 FY27 earnings season, where corporate performance and management commentary will offer the clearest insight into the strength of India's economic recovery.

For investors, this is an important reminder that markets rarely move in a straight line. Every few months, a new headline captures attention, making it tempting to react. Yet, history has consistently shown that long-term wealth is created not by responding to every piece of news, but by staying invested through periods of uncertainty. Volatility is a part of investing it is not a signal to abandon a well-thought-out investment plan.

That is why asset allocation continues to be the strongest foundation of our investment approach. A well-diversified portfolio is designed to absorb short-term market fluctuations while remaining positioned for long-term growth. Rather than chasing every market move, we remain focused on identifying quality businesses and managing risk with discipline. In investing, patience is often the most rewarding strategy, and our commitment is to help your portfolio benefit from that discipline over time.

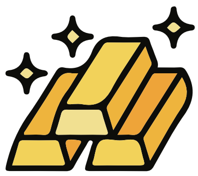
From the Portfolio Desk

The month witnessed a healthy mix of portfolio resilience and disciplined portfolio positioning. **Syrma SGS Technology and Pidilite Industries** emerged as the strongest contributors, supported by improving business fundamentals and sustained investor confidence. On the other hand, **Muthoot Finance and Waaree Energies** witnessed short-term weakness as investors reacted to sector-specific developments and near-term market sentiment. During the month, we also added **ITBEES** to the portfolio, further strengthening our exposure to India's long-term digital transformation story.



Syrma SGS Technology continued its strong momentum, benefiting from the structural growth in India's electronics manufacturing ecosystem. The company's expanding scale, healthy execution and increasing opportunities arising from import substitution continue to reinforce our confidence in its long-term growth trajectory. As global companies diversify their manufacturing footprint, Syrma remains well positioned to capitalize on this multi-year opportunity.

Pidilite Industries once again demonstrated the strength of a high-quality business. Its ability to consistently deliver stable earnings, supported by strong consumer demand, a trusted brand franchise and disciplined execution, enabled the company to remain one of the portfolio's key contributors. Businesses with durable competitive advantages often continue to create value across market cycles, and Pidilite remains a good example of this philosophy.



Muthoot Finance witnessed near-term weakness during the month, largely in line with the decline in gold prices from the peak. Given the company's strong linkage to the gold financing business, movements in gold prices can occasionally influence investor sentiment and result in short-term stock volatility. However, our long-term investment thesis remains intact.
Muthoot Finance continues to be the market leader in the gold loan segment, supported by a strong franchise, healthy asset quality and consistent execution. We view the recent weakness as a reflection of short-term market dynamics rather than any deterioration in the company's underlying fundamentals.

During the month, we initiated a position in **ITBEES**, providing the portfolio with broader exposure to India's leading technology companies. Following the recent correction in the technology sector, valuations have become significantly more reasonable, offering an attractive entry point into a sector that continues to benefit from long-term structural trends such as digital transformation, cloud adoption and artificial intelligence. We believe the current valuation comfort presents an opportunity to participate in the sector's long-term growth while maintaining a disciplined investment approach.

While individual stocks may outperform or underperform over shorter periods, our investment decisions continue to be guided by long-term fundamentals rather than short-term market movements. We remain committed to building a portfolio of high-quality businesses, maintaining prudent diversification and staying disciplined through changing market conditions—an approach that we believe creates sustainable wealth over time.

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.

Looking Beyond the Headlines

While the market's list of concerns may continue to evolve, our investment approach does not. The weeks ahead will bring fresh data, corporate earnings and new headlines, each capable of influencing short-term market movements. Rather than reacting to every development, we remain focused on what ultimately creates long term wealth owning quality businesses at sensible valuations.

The recent addition of ITBEES reflects our willingness to capitalize on attractive valuation opportunities, while our existing holdings continue to provide exposure to businesses with strong competitive positions across sectors. We believe this balanced approach allows the portfolio to navigate periods of uncertainty while remaining well positioned to benefit from India's long-term economic growth.

Warm regards,

Team Hedge

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