

June 2026

WHEN THE WORLD GETS LOUDER, YOUR PORTFOLIO SHOULD STAY CALM.

Dear Clients,

May was anything but quiet. Between oil price swings, an emerging El Niño, a packed earnings season, and India's provisional GDP data, the month felt like trying to read several books at once. Yet markets, to their credit, didn't overreact. They moved with a degree of discernment, penalising sectors exposed to energy costs while rewarding domestic consumption and well-capitalised financials. If April was about absorbing shocks, May was about recalibrating what comes next. That distinction matters.

The West Asia conflict continued to set the global tone. The prolonged disruption in the Strait of Hormuz has tightened oil supply considerably, pushing Brent crude to swing sharply between \$90 and \$115 per barrel, spending most of the month above the \$100 mark. This is not just an energy story. When oil stays elevated for an extended period, it seeps into supply chains, logistics, and consumer prices. Global inflation is now projected at 4.4% for 2026, higher than earlier estimates, and central banks, including the U.S. Federal Reserve, remain in a holding pattern, unwilling to ease policy while inflation stays sticky from the energy side. A resolution to the geopolitical situation remains the single most consequential catalyst for global markets right now.



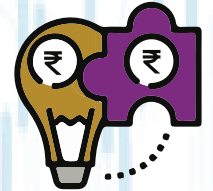
Back home, the picture is nuanced. The RBI has held rates steady, acknowledging rising inflation risks without overreacting to what are largely supply-side pressures. CPI inflation for FY27 is now projected at 4.6%, driven by higher oil prices, a softer rupee, and rising logistics costs. The IMD's monsoon forecast at 90% of the long-period average points to a below-normal season, adding some uncertainty around food inflation and rural demand. That said, urban consumption remains firm, and government spending continues to provide a meaningful offset. GST collections crossing ₹2 trillion reinforce that underlying demand hasn't faltered.



The Q4 earnings season offered a broadly encouraging read despite the challenging backdrop. Nifty declined approximately 1.9% in May, closing near 23,548, with volatility driven more by global concerns than domestic fundamentals. Sector rotation was visible - defence, infrastructure, and power outperformed, while IT and oil marketing companies lagged. FII flows stayed negative, reflecting global risk aversion, but consistent DII inflows, particularly through SIPs, provided a reliable cushion and prevented sharper corrections. Consensus now expects Nifty earnings to grow around 16% in FY27, nearly double FY26 levels, an important anchor for medium-term valuations.

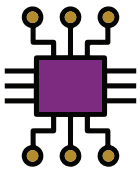
As we move into June, three variables are likely to shape the market narrative more than most: the progress of the monsoon, the trajectory of India's economic growth, and the direction of the rupee. These are not merely data points but key indicators that influence inflation expectations, policy decisions, rural demand, corporate profitability, and capital flows. Monitoring how these factors evolve will provide greater insight into the market's direction than reacting to short-term headlines and daily volatility.

For hybrid portfolio investors, May's market behaviour was, in many ways, a validation of the approach. Equity volatility was cushioned by the stability of the debt component, and quality selection within equities helped capture resilience where it existed. This is the quiet strength of a well-structured hybrid strategy - not eliminating volatility but ensuring it doesn't derail the broader journey.



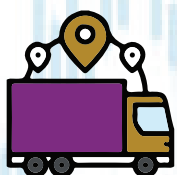
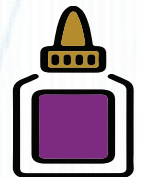
REFLECTIONS ON THE MONTH GONE BY

May saw **Syrma SGS Technologies** and **Pidilite Industries** lead portfolio performance, reflecting positive business momentum and investor confidence. On the other hand, **Blue Dart** and **State Bank of India** faced near-term headwinds, resulting in comparatively muted stock performance.



Record profitability and strong revenue growth highlighted another impressive quarter for **Syrma SGS Technology**. The performance was driven by increasing scale in its EMS operations, supported by rising domestic electronics manufacturing, favourable policy support, and import substitution opportunities. The Q4 FY 26 results reinforced confidence in the company's ability to capitalize on India's expanding electronics manufacturing ecosystem.

Strong earnings execution and continued demand across key product categories supported **Pidilite's** performance during the month. Despite rising crude oil prices and the resulting increase in raw material costs, Pidilite delivered healthy growth in revenue and profitability, aided by steady volume expansion, improving operating leverage, and sustained strength in its consumer and industrial businesses. The results reinforced confidence in the company's ability to consistently compound earnings despite a challenging macro environment.




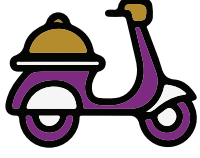
Sentiment towards the logistics sector weakened during the month as rising crude oil prices raised concerns around transportation costs and profitability. Despite these macro headwinds, **Blue Dart** continued to demonstrate resilience, delivering 7% revenue growth in FY 26 while maintaining stable margins. The stock's underperformance was largely driven by sector-wide concerns rather than company-specific fundamentals.

State Bank of India reported a resilient Q4 performance, supported by healthy asset quality and a strong balance sheet. While earnings were modestly below market expectations and margin trends remained under scrutiny amid a declining interest rate environment, the bank continues to be well positioned to benefit from its scale, strong deposit franchise, and improving credit demand. The recent stock weakness appears largely sentiment-driven, while the underlying fundamentals remain robust.



During the month, we added **Muthoot Finance** and **Eternal Limited** to the universe while exiting **GOLDBEES**, **Swiggy Limited**, and **Inventurus Knowledge Solutions (IKS)**. These changes reflect our ongoing effort to allocate capital towards businesses with stronger long-term growth visibility, improving competitive positioning, and favourable risk-reward characteristics.

Our investment in **Muthoot Finance** provides exposure to the gold financing theme through a market-leading franchise with strong underlying fundamentals. The company delivered an exceptional FY26 performance, with gold loan AUM increasing by ₹51,128 crore, representing 50% growth, while profit after tax grew by 95%. Given the attractive combination of business growth and gold-linked exposure, we reallocated capital from **GOLDBEES** to Muthoot Finance. 

 We also initiated a position in **Eternal Limited** by reallocating capital from **Swiggy Limited**. As competition within the quick commerce industry intensifies, we believe Eternal is structurally better positioned owing to its stronger execution capabilities, superior market positioning, and demonstrated profitability. This provides greater confidence in its ability to create long-term shareholder value in an increasingly competitive landscape.

As artificial intelligence continues to redefine the IT and technology services landscape, we proactively exited **Inventurus Knowledge Solutions (IKS)** and reallocated capital toward opportunities with stronger growth drivers and well-defined risk-reward profiles. 

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 we enter June 2026, the portfolio remains aligned with our objective of owning businesses that combine strong fundamentals with long-term growth potential. The recent changes reflect a disciplined reallocation of capital towards emerging opportunities while remaining anchored to the Hybrid Portfolio's core philosophy. With exposure to structural growth themes and resilient business models, the portfolio is positioned to navigate near-term uncertainties while participating in India's long-term growth journey.

Warm regards,
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