

Amaltas Keystone Fund — Factsheet

AMALTAS

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Fund Snapshot

Keystone is a concentrated, bottom-up strategy focused on mispriced earnings recovery, cyclical dislocation and governance-adjusted risk-reward.

Investment Approach	Amaltas Keystone Fund	Number of Holdings	20
Strategy	High-conviction India listed equities	Equity Exposure	99.4%
		Cash & Equivalents	0.6%
Strategy AUM (31 May 2026)	On request	Top 10 Holdings (% of AUM)	79.1%
Inception Date	17 January 2025	Top 5 Sectors (% of AUM)	93.4%
Manager	Amaltas Asset Management LLP	Market-Cap Orientation	Predominantly small & mid cap
SEBI PMS Registration	INP000009126		

Keystone is intentionally concentrated; position sizes reflect conviction, liquidity and downside-risk assessment. Holdings and exposure data sourced from the Portfolio Appraisal as of 31 May 2026.

Performance Summary

As of 31 May 2026 | TWRR, net of all expenses | Benchmark shown for regulatory and comparative purposes. The Fund is managed on an unconstrained, high-conviction basis and is not benchmark-relative.

Period	Amaltas Keystone Fund	S&P BSE 500 TRI	Differential
1 Month	+14.11%	-0.17%	+14.28%
3 Months	+31.81%	-2.34%	+34.15%
6 Months	+22.00%	-5.39%	+27.39%
1 Year	+22.41%	-0.07%	+22.48%
Since Inception (17 Jan 2025)	+15.83%	+3.78%	+12.05%

Performance is unaudited and based on Time-Weighted Rate of Return (TWRR). Periods of one year or less are absolute (not annualised). As per SEBI guidelines, returns are net of all expenses; investor returns may differ based on period of investment, fee structure and timing of capital flows. Past performance is not indicative of future results.

MAY PERFORMANCE — SUMMARY

Keystone delivered a strong absolute and relative return in May against a flat broader market, led by the power ancillary and optic-fibre holdings, with further contributions from energy and carbon-products exposures.

Portfolio Composition

TOP 10 HOLDINGS

Top 10 holdings list shared with prospective and existing clients on request, subject to applicable confidentiality terms.

SECTOR ALLOCATION

SECTOR	WEIGHT
Financial Services	28.1%
Power Ancillaries & Optic Fibre	25.1%
Specialty Chemicals & Petrochemicals	20.7%
Energy E&P	12.0%
Metals & Carbon Products	7.5%
Information Technology	5.9%
Pharmaceuticals	0.1%
Cash & Equivalents	0.6%
Total	100.0%

MAY DRIVERS — QUALITATIVE VIEW

The largest contribution came from the power ancillary and optic-fibre basket, where the largest position re-rated materially as AI-infrastructure-linked order momentum translated into earnings upgrades. Energy E&P and carbon products added to returns as realisations stayed elevated for most of the month. Financial-services holdings consolidated after April's re-rating.

Investment Commentary

May Market Context

Indian equities were broadly flat in May, with the S&P BSE 500 TRI declining 0.17% as the market consolidated April's sharp advance. Macro uncertainty persisted: the Strait of Hormuz remained closed and US-Iran ceasefire negotiations lacked clear direction, although Brent declined approximately 20% from its 2026 peak in the final week of the month.¹ The Rupee touched a record low of 96.84 to the US Dollar amid heightened volatility, adding to inflation concerns and raising the probability of higher interest rates.² Foreign portfolio outflows moderated to approximately USD 3.4 billion, with selling concentrated in financial services.³

Why the Portfolio Benefited

May's return was a function of earnings delivery at individual holdings rather than market direction. Order books across fibre, transformer and grid-equipment suppliers continued to strengthen on hyperscaler AI infrastructure spending,⁴ driving a material re-rating of the Fund's largest position. Elevated crude realisations supported the energy and carbon-products exposures through most of the month, while the financial-services book gave back part of April's gains amid sector-directed foreign selling, with no deterioration in the underlying recovery indicators.

Why the Opportunity Set Remains Attractive

Microfinance and small finance bank valuations remain near trough levels despite April's re-rating; in addition, heightened gold-price volatility and sustained downward pressure on gold would, in our assessment, support incremental microfinance demand as gold-collateralised household borrowing capacity contracts. Chemical and petrochemical holdings continue to trade at single-digit multiples of normalised cycle earnings, and order visibility across power and fibre suppliers continues to improve. Confirmation still requires sustained earnings delivery and broader market participation.

What Would Change Our View

A definitive resolution of the Hormuz situation accompanied by a sustained decline in crude below cycle support — of which the late-May correction is an early signal we are monitoring — would prompt a reassessment of the energy-linked exposures. A relapse in microfinance credit costs or wholesale funding access, a renewed wave of Chinese commodity-chemical exports, or a sustained slowdown in hyperscaler AI infrastructure spending would similarly trigger review. Positions are sized and thesis health reviewed against these specific factors rather than against benchmark composition.

Portfolio Positioning

Financial Services — 28.1% of AUM

Concentrated in NBFCs, microfinance institutions and small finance banks. Thesis set out in our June 2025 piece, "Beyond the Slowdown: India's Microfinance Outlook".

CORE VIEW

The microfinance sector is in the late stage of a regulatory and credit-cost reset. Historically, surviving lenders have grown loan books at 30%+ for several years following such resets, generating disproportionate operating leverage and earnings recovery.

WHY NOW

Listed MFI and SFB names are at COVID-trough valuations (0.9–1.2× book; 8–10× forward earnings). Early stress indicators have peaked, wholesale funding lines are reopening, and the regulatory framework is stable.

WHAT COULD GO WRONG

State-level political interventions in lending; further tightening of FOIR guardrails; a relapse in wholesale funding access; execution delays in the migration to secured micro-MSME products.

Energy and Petrochemicals — 32.7% of AUM

Combined exposure to energy E&P and specialty chemicals / petrochemicals. Reflects both supply-disruption tailwinds and the easing of multi-year Chinese capacity overhang in commodity chemicals.

CORE VIEW

Disruption to globally traded commodity supply chains historically produces non-linear profitability gains for producers with secured access to feedstock and capacity. Indian producers benefit additionally from rupee weakness and a domestic market that imports the majority of its crude.

WHY NOW

Capacity expansions completed in the last two years are coming online into a tighter global pricing environment. Several holdings trade at single-digit multiples on what we estimate to be normalised cycle earnings.

WHAT COULD GO WRONG

Resolution of the Hormuz situation and a sharp decline in oil prices; a renewed wave of Chinese exports as domestic demand weakens; demand destruction in downstream end-markets from elevated input costs.

Power Ancillaries and Optic Fibre — 25.1% of AUM

Indian suppliers to the global AI infrastructure build-out across optical, transformer, switchgear and adjacent equipment categories. The exposure is now the Fund's second-largest following May's re-rating.

CORE VIEW

Hyperscaler capital expenditure guidance has continued to rise materially through successive quarters, with a growing share directed to AI data-centre infrastructure.⁴ Downstream demand for fibre, transformers and grid equipment is structural rather than cyclical.

WHY NOW

Order-book visibility and earnings upgrades across fibre, transformer and grid-equipment suppliers remain the more important confirmation variables, and both are now starting to flow through.

WHAT COULD GO WRONG

A material slowdown in hyperscaler capex; technological displacement of fibre by alternative transmission media; pricing pressure from new domestic and Chinese capacity additions; execution delays in customer order conversion.

Niche Information Technology Services — 5.9% of AUM

Concentrated in mid-cap IT services operators positioned to benefit from enterprise AI adoption without the legacy revenue base that constrains Tier 1 incumbents. Thesis set out in our December 2025 piece, "The GenAI Paradigm Shift in IT Services".

CORE VIEW

Enterprise AI adoption is highly services-intensive, requiring data engineering, cloud migration and integration with legacy systems. For mid-cap operators without large legacy Time & Material books, the net effect is incremental revenue. The niche cohort has grown at approximately 26% CAGR over the last two years against approximately 5% for Tier 1 peers.

WHY NOW

Data and AI services lines are growing at 50%+ annually within most enterprise IT vendors, and the niche cohort has begun to capture a disproportionate share of new mandates.

WHAT COULD GO WRONG

Slower-than-expected enterprise AI deployment; pricing pressure from outcome-based commercial models; client in-sourcing through Global Capability Centres; valuation derating from current premium multiples.

Risk Framework and Disclosures

KEY PORTFOLIO RISKS

- **Concentration risk:** top holdings account for a large share of AUM, and financial services is a significant single-sector exposure.
- **Smallcap liquidity risk:** The Fund is predominantly invested in small and mid-cap securities, which can experience materially wider bid-ask spreads and slower execution during periods of stress.
- **Microfinance credit-cost risk:** The financial services exposure is sensitive to the trajectory of borrower stress, regulatory action and wholesale funding access in the MFI / SFB sub-sector.
- **Commodity-cycle risk:** Energy and petrochemical exposures are sensitive to global oil prices, refining margins, Chinese export behaviour, and the resolution of geopolitical disruptions.
- **Currency and oil sensitivity:** Sustained Rupee strength or a sharp decline in oil prices would weaken the realised pricing thesis for parts of the portfolio.
- **Valuation risk:** Holdings in the niche IT services cohort trade at premium multiples relative to Tier 1 peers; multiple compression is a source of downside risk.
- **Single-stock execution risk:** Material drawdowns at individual large holdings would impact Fund returns given the concentrated structure.

RISK MANAGEMENT FRAMEWORK

Position sizing is governed by liquidity, conviction and contribution-to-risk considerations, with single-position caps applied at the time of entry. Sector exposures are reviewed at regular intervals against internally defined limits. Drawdown reviews are triggered at pre-defined thresholds at both the holding and Fund level. Exit discipline is anchored to thesis violation rather than price action alone. Governance and accounting red flags are screened at the time of underwriting and re-screened at periodic intervals. Valuation discipline is applied through both absolute and relative valuation frameworks.

Sources for macro and market data referenced in this document:

- ¹ ICE Brent crude settlement; Reuters and CNBC coverage of Strait of Hormuz status and US–Iran ceasefire negotiations (May 2026).
- ² RBI reference rates; Bloomberg INR/USD spot.
- ³ NSDL Foreign Portfolio Investor flows database (calendar year 2026).
- ⁴ Aggregated from FY/CY2026 capital expenditure guidance disclosed in quarterly earnings releases of Amazon, Microsoft, Alphabet and Meta.

Further reading on amaltascapital.in: "Navigating Market Cycles" (Dec 2025); "The Historical Lens: Benchmarking Equities and Commodities Against Gold" (Feb 2026); "Beyond the Slowdown: India's Micro-finance Outlook" (Jun 2025); "The GenAI Paradigm Shift in IT Services" (Dec 2025).

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