

Amaltas Strategic Opportunities Series I — Factsheet

AMALTAS

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Fund Snapshot

Strategic Opportunities Series I is a single-theme strategy designed to capture the recovery cycle in Indian financial services, focused primarily on microfinance institutions, small finance banks and select NBFCs.

Investment Approach	Strategic Opportunities Series I	Number of Holdings	On request
Strategy	Single-theme financial services dislocation	Equity Exposure	99.2%
		Cash & Equivalents	0.8%
Strategy AUM (31 May 2026)	On request	Financial Services Exposure	89.1%
Inception Date	30 July 2025	Top 5 Holdings (% of AUM)	99.2%
Manager	Amaltas Asset Management LLP	Market-Cap Orientation	Predominantly small & mid cap
SEBI PMS Registration	INP000009126		

The strategy is, by design, highly concentrated and single-theme; 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	Strategic Opp. Series I	S&P BSE 500 TRI	Differential
1 Month	-1.33%	-0.17%	-1.16%
3 Months	+7.42%	-2.34%	+9.76%
6 Months	+5.69%	-5.39%	+11.08%
Since Inception (30 Jul 2025)	+19.92%	-1.33%	+21.25%

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. The strategy has a track record of approximately ten months; one-year and longer-period returns will become available with continued operation. Past performance is not indicative of future results.

MAY PERFORMANCE — SUMMARY

Strategic Opportunities Series I declined modestly in May, marginally behind a flat benchmark, as microfinance and small finance bank holdings consolidated after April's sharp re-rating. The single non-financial position contributed positively. Since inception the strategy has returned +19.92%, against -1.33% for the benchmark.

Portfolio Composition

HOLDINGS

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

SECTOR ALLOCATION

SECTOR	WEIGHT
Financial Services	89.1%
Metals & Carbon Products	10.1%
Cash & Equivalents	0.8%
Total	100.0%

Financial services constitutes 89.1% of AUM. The remaining allocation is held as an opportunistic exposure outside the core thesis.

MAY DRIVERS — QUALITATIVE VIEW

The May decline reflected macro headwinds rather than thesis-specific developments: no clear direction on a US–Iran ceasefire, the continued closure of the Strait of Hormuz, and heightened Rupee volatility that raised inflation concerns and the probability of higher interest rates. Foreign selling remained concentrated in financial services. The single non-financial position contributed positively, and the underlying recovery thesis is unchanged.

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. Foreign portfolio outflows moderated at the headline level but remained concentrated in financial services, which absorbed roughly 70% of May's selling.¹ Against this backdrop, microfinance and small finance bank names consolidated following their sharp April re-rating.

Why the Portfolio Detracted

The decline was driven by the macro environment rather than fundamentals. With no clear direction on a US–Iran ceasefire, the Strait of Hormuz still closed, and Rupee volatility feeding inflation concerns and a higher probability of rising interest rates, rate-sensitive financial-services names gave back part of April's re-rating, with foreign selling remaining disproportionately directed at the sector.¹ Credit-cost normalisation, wholesale funding access and borrower-stress indicators all continued to move in the direction the thesis anticipates. Consolidation following sharp re-ratings has been a recurring feature of prior sector recoveries.

Why the Opportunity Set Remains Attractive

The microfinance recovery cycle is, in our view, in its early stages. Listed MFI and SFB names continue to trade at roughly 0.9 to 1.2 times book and 8 to 10 times forward earnings. Historically, surviving lenders coming out of sector resets (the Andhra ordinance in 2012, demonetisation in 2017, COVID in 2021) have produced loan growth of 30%+ for several years off the trough, with disproportionate operating leverage and a sharp recovery in profitability.² Heightened gold-price volatility and sustained downward pressure on gold would additionally support incremental microfinance demand, as gold-collateralised household borrowing capacity contracts. The setup remains consistent with the early stages of prior recoveries.

What Would Change Our View

A material reversal in the factors underpinning the financial-services thesis would prompt a reassessment. Specifically: a relapse in microfinance credit costs; a sustained tightening of wholesale funding for NBFC-MFIs; renewed regulatory

overhang or state-level political interventions in lending; or a deterioration in borrower stress indicators. The strategy is sized and reviewed against these specific factors rather than against benchmark composition.

Portfolio Positioning ●

Financial Services — Microfinance, SFB and NBFC Recovery — 89.1% of AUM

The strategy's core thesis. Concentrated in three sub-segments: a single large NBFC position, 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 and SFB sector is in the late stage of a regulatory and credit-cost reset. Surviving lenders coming out of similar prior cycles (Andhra 2012, demonetisation 2017, COVID 2021) have grown loan books at 30%+ for several years off the trough, with operating leverage on a leaner cost base producing a disproportionate bump in profitability and stock-price recovery.

WHAT COULD GO WRONG

State-level political interventions in lending; renewed FOIR or debt-ceiling tightening; a relapse in wholesale funding access; execution delays in the migration to secured micro-MSME products; idiosyncratic credit events at any individual holding given the concentration.

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 to A-rated NBFC-MFIs are reopening, the regulatory framework is stable post Guardrails 2.0, and digital repayment penetration continues to compress operating cost.

Tactical Allocation Outside the Core Thesis — 10.1% of AUM

The strategy currently holds a single non-financial-services position representing an opportunistic exposure outside the core thesis.

CORE VIEW

Held opportunistically based on bottom-up valuation and cycle considerations. The position is sized small relative to the financial-services book and is not intended to dilute the strategy's single-theme orientation.

WHAT COULD GO WRONG

Slower-than-expected industrial demand recovery; Chinese commodity export pressure; volatility in aluminium and carbon pricing.

WHY NOW

The carbon and aluminium ancillary cycle is at compressed valuations following multi-year industry overcapacity. The position offers diversification into a separate cyclical recovery without adding correlation to the core financial-services trade.

Risk Framework and Disclosures

KEY PORTFOLIO RISKS

- **Single-theme concentration risk:** The strategy is, by design, concentrated in a single sector. Approximately 89.1% of AUM is invested in financial services. Drawdowns in the sector will have a near-direct impact on Fund performance.
- **Single-position concentration risk:** The largest holding represents approximately 40% of AUM. Idiosyncratic credit, governance or operating events at any individual holding will have a disproportionate impact on Fund returns.
- **Microfinance credit-cost risk:** The strategy is materially exposed to the trajectory of borrower stress, FOIR and debt-ceiling regulatory action, and wholesale funding access in the MFI / SFB sub-sector.
- **State-level regulatory and political risk:** Microfinance is subject to state-level political and regulatory action that can be sudden and material, as observed in prior sector reset cycles.
- **Smallcap liquidity risk:** The strategy holds predominantly small and mid-cap securities, which can experience materially wider bid-ask spreads and slower execution during periods of stress.
- **Limited track record:** The strategy has approximately ten months of operating history. Performance over a full market cycle is not yet observable.
- **Valuation risk:** A re-rating of the financial-services holdings towards normalised multiples is a core part of the thesis. Failure or delay of this re-rating is a direct source of downside risk.

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. Given the single-theme orientation, the strategy is monitored against sub-sector and individual-holding concentration limits rather than against benchmark composition. 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 Bloomberg, NSE, RBI reference data for benchmark and currency levels; NSDL Foreign Portfolio Investor flows database (May 2026).

² Amaltas Capital — "Beyond the Slowdown: India's Micro-finance Outlook" (June 2025); MFIN and CRIF High Mark sector data; SEBI / RBI public disclosures.

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

General Risk Factors and Disclosures

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