AMALTAS

Amaltas Strategic Opportunities Series I — Factsheet

OCTOBER 31, 2026

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	**98.6%**
		Cash & Equivalents	**1.4%**
Strategy AUM (31 October 2026)	**On request**	Financial Services Exposure	**94.6%**
Inception Date	**30 July 2025**	Top 5 Holdings (% of AUM)	**94.6%**
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 October 2026.

Performance Summary

As of 31 October 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	−14.46%	−0.87%	−13.59%
3 Months	−23.65%	−6.49%	−17.16%
6 Months	−6.80%	−2.95%	−3.85%
1 Year	+7.77%	−7.15%	+14.92%
Since Inception (30 Jul 2025)	**+10.43%**	**−3.26%**	**+13.69%**

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 fifteen months; returns for periods beyond one year will become available with continued operation. Past performance is not indicative of future results.

OCTOBER PERFORMANCE — SUMMARY

Strategic Opportunities Series I returned −14.46% in October against −0.87% for the benchmark, as its financial-services holdings fell with small- and mid-cap financials in a month led by large-cap information technology. Over twelve months the strategy stands at +7.77% against −7.15% for the benchmark, and since inception it has returned +10.43% annualised against −3.26%.

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Portfolio Composition ◉

HOLDINGS

Individual holdings are not disclosed in this factsheet or to prospective investors. Clients receive full portfolio details through their periodic portfolio statements, in accordance with the SEBI (Portfolio Managers) Regulations, 2020.

SECTOR ALLOCATION

SECTOR	WEIGHT
Financial Services	**94.6%**
Logistics	**4.0%**
Cash & Equivalents	**1.4%**
Total	**100.0%**

Financial services constitutes 94.6% of AUM. The balance is held in a single logistics position outside the core theme, described on the positioning page.

OCTOBER DRIVERS — QUALITATIVE VIEW

All the financial-services holdings declined. The microfinance holdings fell the most, the NBFC holding less and the small-finance-bank holdings least, with a wide range within that group. The logistics position also fell. The precious-metals position was exited during the month and the proceeds deployed into the financial-services holdings, taking that exposure to 94.6% of AUM from 90.7%.

Investment Commentary ◉

October Market Context

Index gains in October were narrow: the Nifty 50 rose 1.9%, led by a 17.7% rise in the Nifty IT index, while the Nifty Midcap 100 fell 3.4%, the Smallcap 100 4.1% and the S&P BSE 500 TRI 0.87%.[1] On 7 October the Reserve Bank raised the repo rate by 25 basis points to 5.50% and moved to a calibrated-tightening stance.[2] Foreign portfolio investors were net sellers for a second month, with their selling of financial services concentrated in the first half.[3] Brent rose about 14% to a four-year high on Gulf tensions, and the rupee touched a record low near 96.8 per dollar before recovering.[4] In rural India, a weak, El Niño-affected monsoon raised concerns over borrower stress in parts of the country.[5]

Why the Portfolio Detracted

The strategy fell 14.46% in a quarter in which its holdings delivered their strongest results since the sector reset began: combined net profit swung from a loss a year earlier to a profit more than twice its size.[5] Prices were driven instead by the rate increase, foreign selling of financials and fears that a weak monsoon would hurt rural borrowers. The strategy trailed the benchmark by 13.59 percentage points, the cost of a single-theme portfolio in a month when small- and mid-cap financials fell against a large-cap-led market.

Why the Opportunity Set Remains Attractive

Fundamentals and prices have rarely been this far apart for the strategy. Industry portfolio-at-risk (31–180 days) has fallen by nearly two-thirds in a year, to 1.6%,[6] and the holdings' bad-loan ratios have halved or better. Lenders report on-time collections close to normal levels and profitability returning towards pre-stress levels. Managements describe the monsoon as something to monitor rather than a turn in the cycle: exposure to the affected districts is limited, onboarding there has been tightened, and clarity is expected by December–January.[5] Historically, surviving lenders coming out of sector resets (the Andhra ordinance in 2012, demonetisation in 2017, COVID in 2021) have grown loan books at 30%+ for several years off the trough.[7] The rate and flow pressures are cyclical and none has reversed the credit recovery; with earnings this far ahead of prices, we see this as arguably the most attractive risk-reward position since the strategy's inception.

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What Would Change Our View

A relapse in credit costs, or a monsoon impact deeper or broader than lenders currently report; further rate increases that raise wholesale funding costs or slow the loan-book recovery; competition-driven cuts in lending rates that compress margins faster than credit costs fall; or renewed regulatory or state-level intervention in lending. An extended de-rating without any deterioration in the underlying data would prompt a review of position sizing rather than of the thesis. The strategy is sized and reviewed against these specific factors rather than against benchmark composition.

Portfolio Positioning ◉

Financial Services — Microfinance, SFB and NBFC Recovery — 94.6% 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.

WHY NOW

September-quarter results confirmed the turn, with profitability improving sharply and bad-loan ratios falling by half or more.[5] The regulatory framework is stable post Guardrails 2.0. October's fall widened the discount to prior-recovery multiples, and the proceeds of the precious-metals exit were deployed into the exposure.

WHAT COULD GO WRONG

State-level political interventions in lending; renewed FOIR or debt-ceiling tightening; further increases in domestic interest rates that lift wholesale funding costs or restrict access; weather-related stress in rural borrower segments; execution delays in the migration to secured micro-MSME products; idiosyncratic credit events at any individual holding given the concentration.

Logistics — 4.0% of AUM

A global less-than-container-load (LCL) freight consolidator, the strategy's one position outside financial services, initiated in August and held on conviction, not as a placeholder for cash.

CORE VIEW

LCL consolidation is an asset-light, network business in which scale drives both fill rates and pricing power, and the holding is among the largest global operators. The market values it at a small fraction of annual revenue, a multiple that prices a permanently loss-making business rather than one emerging from a freight down-cycle.

WHY NOW

Monthly operating updates show LCL volumes still held back by Gulf shipping disruption and the deliberate pruning of loss-making lanes.[8] The share price fell with the small-cap market in October; the September-quarter results, due in mid-November, are the next test of the operating case.

WHAT COULD GO WRONG

Global trade volumes remain hostage to tariff policy and to Gulf shipping disruption; freight-rate normalisation compresses consolidation margins; balance-sheet leverage against thin operating profit leaves little room for execution error.

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Risk Framework and Disclosures ◉

KEY PORTFOLIO RISKS

- **Single-theme concentration risk:** The strategy is, by design, concentrated in a single sector. Approximately 94.6% of AUM is invested in financial services. Drawdowns in the sector will have a near-direct impact on Fund performance.
- **Single-position concentration risk:** A small number of holdings account for most 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, including weather-related stress in rural segments, 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.
- **Interest-rate and funding risk:** Lenders in the portfolio depend on wholesale and deposit funding; further increases in domestic interest rates would raise funding costs and could slow the loan-growth recovery.
- **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 fifteen months of operating history. Performance over a full market cycle is not yet observable.
- **Non-financial position risk:** Approximately 4.0% of AUM is held in a logistics position, which is exposed to global freight volumes and tariff policy rather than to the Indian financial-services cycle.
- **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] NSE and BSE index data (October 2026); S&P BSE 500 TRI as reported in the SEBI monthly report (period ended 31 October 2026); Flattrade Kosh, "October 2026 Market Wrap"; Moody's/TradingView News (October 2026).

[2] Reserve Bank of India, Monetary Policy Statement (7 October 2026).

[3] NSDL Foreign Portfolio Investor data (October 2026); Business Standard, "FPIs were net buyers in 2nd half of Oct, pumped ₹13K cr into equities" (5 November 2026).

[4] ICE Brent crude settlement prices (October 2026); RBI reference rate (October 2026); Flattrade Kosh, "October 2026 Market Wrap".

[5] Quarterly results, investor presentations and earnings-call transcripts of portfolio companies for the quarter ended 30 September 2026, as filed with the stock exchanges (October–November 2026), compiled by Amaltas from Screener.in. Combined figures are simple sums across holdings and are not weighted by position size.

[6] CRIF High Mark, MicroLend (September 2026 edition), as reported by BusinessToday (5 November 2026): portfolio-at-risk 31–180 days of 1.6% versus 4.6% a year earlier; industry gross loan portfolio ₹3.28 lakh crore, 5% lower year-on-year.

[7] Amaltas Capital — "Beyond the Slowdown: India's Micro-finance Outlook" (June 2025); MFIN sector data; SEBI / RBI public disclosures.

[8] Company monthly operational updates, as filed with the stock exchanges (August–October 2026).

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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