December 2025

Dear Investors,

Season's greetings and warm wishes on the New Year to you and your loved ones from the team at Aurinko Alpha Advantage Fund.

We take this opportunity to thank you for your continued support & investment in Aurinko Alpha Advantage Fund. Thank you for entrusting us with your hard-earned savings and allowing us the privilege to be part of your financial growth journey. This is our monthly newsletter, and we hope it will provide you with insights on our philosophy and market outlook in these uncertain times.

The month of December was a volatile one for the markets with frontline and large cap stocks doing better than broader markets again. The markets sold off sharply in the first half of the month before staging a very smart comeback towards the second half to post modest losses for the month. The Nifty was down approx. 0.3% whereas the broader market indices were down between 0.75 & 1%. The currency was volatile but seems to have stabilized around the 90 mark.

The markets overall ended a very volatile year with modest returns for large caps whereas a time & price correction was witnessed in the broader markets. The upcoming earning season and Union Budget will be extremely crucial to track revival of demand and consumption in the economy. The markets continued to be a stock pickers market.

Geopolitics

Trade tensions & negotiations between the US and its trading partners continued to dominate geopolitics. The deal for peace in Ukraine seems elusive despite signs of progress and positive comments from relevant stakeholders. The trade deal between India & US also remains elusive, with despite fresh round of negotiations and meetings. Tensions are flaring up in Venezuela & nearby in Bangladesh. The Fed ended its Qualitative Tightening (QT) program and promptly started a round of easing along with rate cuts in December. This has further provided some cushioning to global liquidity and markets. 2026 is expected to be another volatile year with the jury out there on AI trade and valuations of constituents, and higher chances of a slowdown led by softness in the US economy. Central bank policy is mostly expected to be dovish with focus on the appointment & policies of the next chair at the Federal Reserve after consistent criticism of the current chair by US President Donald Trump.

Coming Back to India

The GDP numbers for the full year 2025 were resilient at around 8% real growth despite multiple headwinds such as tariffs, geopolitical issues and tensions with neighbors. This combined with a very benign inflation rate has led to a Goldilocks moment for the economy. The RBI reduced repo rates by 25 bps and there is an expectation of one more cut in 2026 due to the ultra-low inflation. Liquidity measures undertaken by the RBI have been a key positive to maintain liquidity surplus. The INR has weakened but stabilized lately that should help in export competitiveness.

The upcoming earnings update for December quarter should be crucial to track as we would witness the full impact of GST & income tax cuts and interest reductions in a festive period. It is expected that consumption should be back strongly. The trend of earnings downgrades has bottomed out for now with an early teens Nifty EPS growth expected in 2026 as opposed to ~6% achieved so far in 2025. However, major earning upgrades remain elusive in the absence of sustained consumption revival. Talks continued between India and US for a phase 1 deal, with sentiment and export growth depending on a swift resolution.

In terms of economic outlook, continued spending by the government, lower interest rates & inflation, tax breaks from the previous budget as well as the GST rate cuts should help to boost consumption and revive the economy in CY2026. Any resolution on the tariffs side will be an added positive. As such growth and earnings growth both should be better going forward.

Stock Market Outlook

Foreign investors continued to be sellers in December. This combined with supply from IPO's, promoter and PE investor stake sales have kept the Indian markets (especially broader markets) relatively subdued, despite strong domestic flows. This trend is mostly expected to continue in 2026. The GST cuts announced were significant and have gone a long way in improving consumer sentiment during the festive season & have shown in auto sales and GST numbers. The upcoming earning season and more importantly the guidance for post festive season demand by will be extremely crucial to track. Moreover, the budget expected on 1st Feb will set the tone for government spending and capex.

Valuations of the Indian Markets in absolute terms and relative to other markets have also moderated. Overall, the economy & markets seem set for a strong finish to the current financial year, barring any external shock. Any positive move on the tariffs front will be a positive while any negative development continues to pose a near term risk. As a result, we expect the news-based volatility to persist, but the outlook appears constructive for the rest of the financial year and 2026.

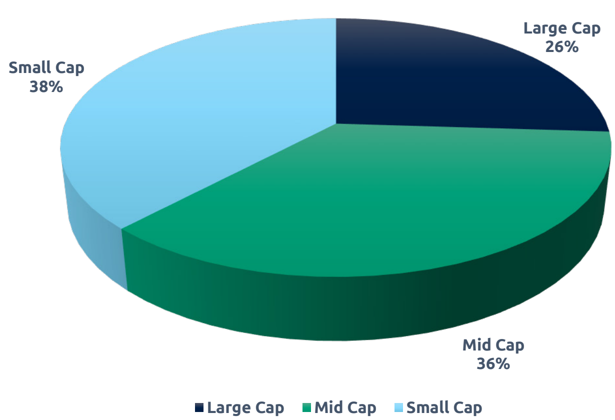
PORTFOLIO HIGHLIGHTS

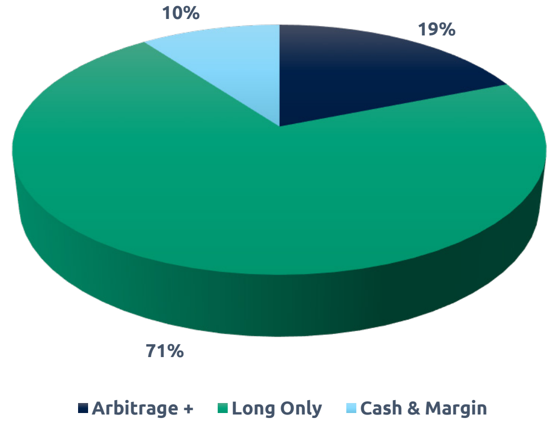
Number of stocks	58

Correlation with NIFTY	49%

Market Cap Breakup	
Large	**26%**
Mid	**36%**
Small	**38%**

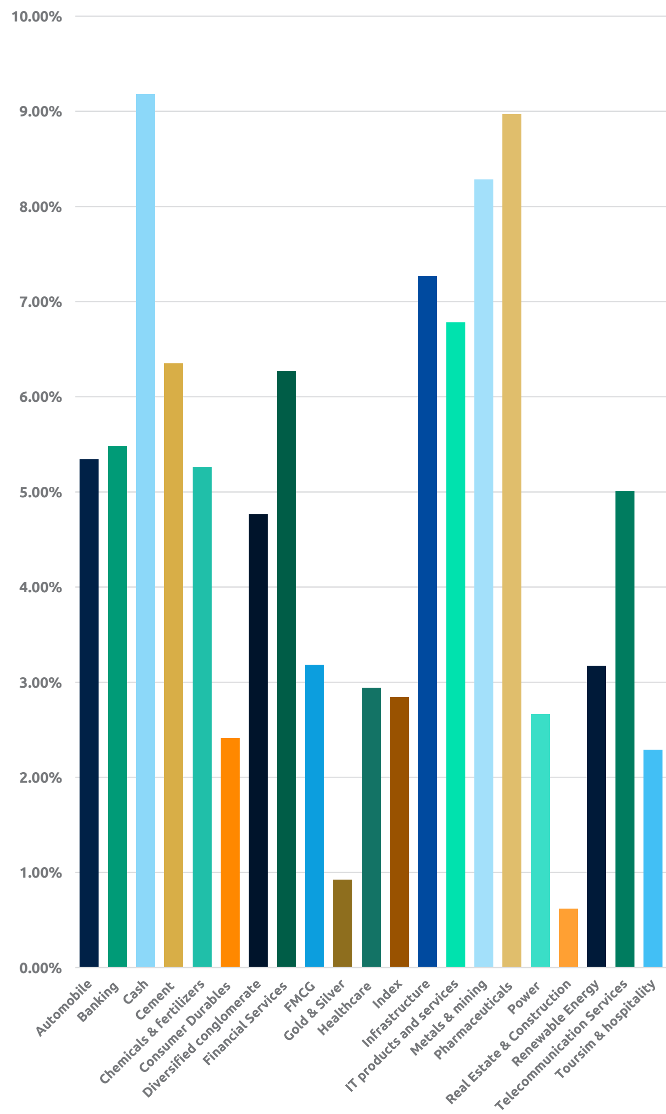
Strategy wise allocation	
Arbitrage +	**19%**
Long Only	**71%**
Cash & Margin	**10%**





SECTOR CLASSIFICATION (Updated as on December 31, 2025)

Sector	Weightage
Automobile	**5.34%**
Banking	**5.48%**
Cash	**9.18%**
Cement	**6.35%**
Chemicals & fertilizers	**5.26%**
Consumer Durables	**2.41%**
Diversified conglomerate	**4.76%**
Financial Services	**6.27%**
FMCG	**3.18%**
Gold & Silver	**0.92%**
Healthcare	**2.94%**
Index	**2.84%**
Infrastructure	**7.27%**
IT products and services	**6.78%**
Metals & mining	**8.28%**
Pharmaceuticals	**8.97%**
Power	**2.66%**
Real Estate & Construction	**0.62%**
Renewable Energy	**3.17%**
Telecommunication Services	**5.01%**
Tourism & hospitality	**2.29%**



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