Aurinko Alpha Advantage Fund
Monthly Update

February 2026

Dear Investors,

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 increasingly uncertain times.

The month of February was a very volatile one for the Indian markets with lots of events transpiring. The month began with the budget which was a sentimentally weak one for the markets due to the increase in STT in derivatives segment. Overall, the budget was a one of consolidation with the government having limited space (due to lower-than-expected revenue from taxes and asset sales) to make major announcements. The budget was immediately followed by the announcement of agreement of trade framework with the USA in which tariffs on Indian exports to the US was lowered to 18% from 50%, whereas India removed tariffs on American exports altogether. Markets cheered this long-awaited development before stabilizing at slightly lower levels. India further signed pacts with France & Israel, providing further impetus to the manufacturing sector. The RBI kept the interest rates unchanged, as per market expectations while upgrading GDP and growth estimates for the coming financial year.

Later in the month, the US Supreme Court ruled President Trump's unilateral tariffs as illegal and paved way for scrapping of the reciprocal tariffs slapped last year. President Trump has responded by putting a blanket 10% tariff on all countries, while supposedly pursuing alternative ways to re-impose the tariffs. Before markets could properly price in this development, the increasing tensions between US, Israel and Iran culminated into a full-blown attack by the US on Iran. The unstated objective of the attack is to overthrow the ruling regime in Iran & unconfirmed reports suggest that the Supreme Leader has been killed in the strikes. This adds to the ongoing conflict in Russia Ukraine which completed 4 years and will be a major risk off event for the markets, majorly affecting trade and energy markets.

As a result, Nifty ended the month with minor losses of 0.56% while broader markets ended modestly higher at 0.38%. The currency appreciated by 1.1% to close around the 91 mark. The earning season was better than expected with markets starting to price in better earnings growth in FY27. However, it risks being upended by the conflict in the Middle East due to rising energy and logistics costs. The markets will be hoping for a quick resolution to the war, but given the turbulent history between the warring countries, a long-drawn conflict looks more realistic.

Geopolitics
The month was packed with geopolitical events on the trade side before the US-Iran war broke out at the end of the month. Before that, almost all major markets & commodities took a bit of breather after an intense January. Software & IT services all around the world were under huge pressure after Anthropic released plugins for legal, finance and many other roles for its Gen-AI model Claude. Markets fear the terminal growth rate for the software companies leading to major selling and de-rating. The volatility and impact of the US Supreme Court's decision to strike down Trump's reciprocal tariffs was overshadowed by the war in the Middle East, with various reports suggesting the assassination of Iranian Supreme Leader Khamenei. Chaos in the region & global energy markets is almost a certainty if the same is confirmed.

Coming Back to India
The GST numbers & IIP data continued to be strong confirming a slow and gradual pickup in the economy despite multiple headwinds such as tariffs & slow growth. The recently announced trade deals with the US, EU, Israel & France will further push the recovery with structural benefits to labor intensive sectors such as textiles, manufacturing & automobiles. Moreover, it removes a major overhang for future growth prospects. The recently concluded earnings season was quite an encouraging one with strong performance from Auto & Auto ancillaries, cement, PSU banks, infra & pharma companies in particular. There are signs of pick-up in private capex which should auger well for both job creation and subsequent growth in coming quarters. The commentary from managements has improved with further improvement expected as 2026 progresses. EPS growth seems to have bottomed out & approximately 13% Nifty EPS growth expected in 2026, provided the war in the Middle East ends rather quickly. Currently, it is expected the war may continue for 3-4 weeks, but any additional extension may prove detrimental to both earnings' growth and market return expectations. There are chances of a strong El-Nino phenomenon which is characterized by harsher summers and lesser rains. This would threaten the nascent recovery in rural demand and is another risk factor that needs to be monitored closely.

Stock Market Outlook
Foreign investors & promoters both significantly reduced their selling in February on the back of US India trade deal and the INR stabilizing. However, the Iran War risks resumption of sales as part of an overall risk-off sentiment. Strong domestic flows have continued to support the markets. Overall market sentiment seemed to be recovering before the war erupted. Valuations of the Indian Markets in absolute terms and relative to other markets have moderated but not yet to levels considered cheap. Strong revival in earnings & growth is likely needed for a sustained up move in Indian markets. The key now depends on how long the war lasts, although history has shown repeatedly that such external events are good buying opportunities.

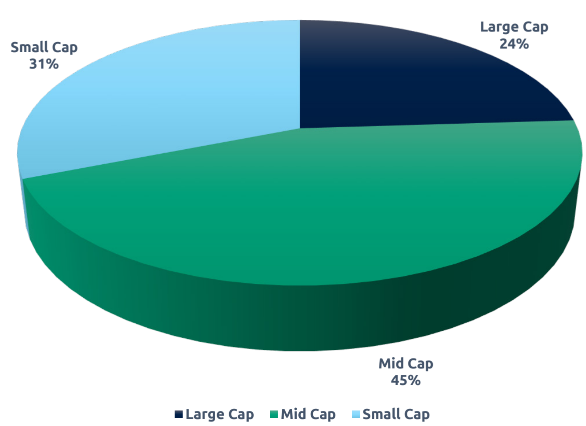
PORTFOLIO HIGHLIGHTS

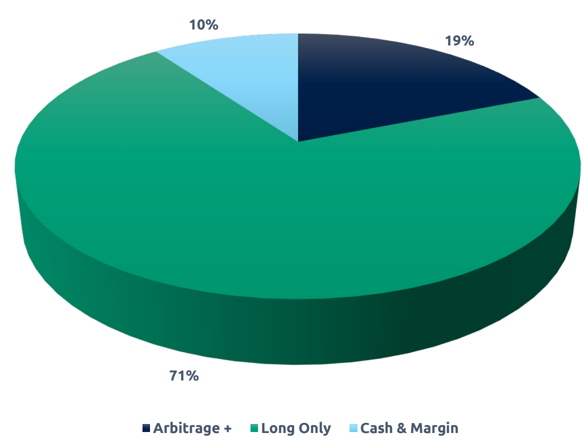
Number of stocks	54

Correlation with NIFTY	61%

Market Cap Breakup	
Large	**24%**
Mid	**45%**
Small	**31%**

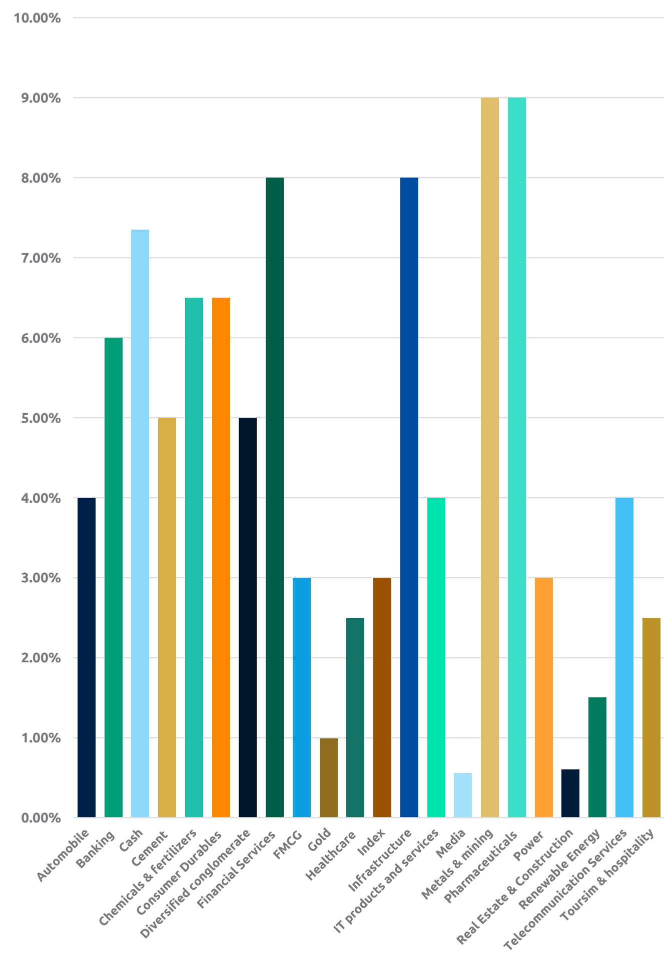
Strategy wise allocation	
Arbitrage +	**19%**
Long Only	**71%**
Cash & Margin	**10%**





SECTOR CLASSIFICATION (Updated as on 31.01.2026)

Sector	Weightage
Automobile	**4.00%**
Banking	**6.00%**
Cash	**7.35%**
Cement	**5.00%**
Chemicals & fertilizers	**6.50%**
Consumer Durables	**6.50%**
Diversified conglomerate	**5.00%**
Financial Services	**8.00%**
FMCG	**3.00%**
Gold	**0.99%**
Healthcare	**2.50%**
Index	**3.00%**
Infrastructure	**8.00%**
IT products and services	**4.00%**
Media	**0.56%**
Metals & mining	**9.00%**
Pharmaceuticals	**9.00%**
Power	**3.00%**
Real Estate & Construction	**0.60%**
Renewable Energy	**1.50%**
Telecommunication Services	**4.00%**
Tourism & hospitality	**2.50%**



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