Aurinko Alpha Advantage Fund

Monthly Update

March 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 March was a very destructive one for the Indian markets with full focus on the war in West Asia. As the USA & Israel conducted joint attacks on Iran to reduce their military and nuclear capabilities, a major energy crisis unfolded for the entire world. Iran controls the Strait of Hormuz, a narrow chokepoint through which approximately 20% of the world's crude and LNG flows through. As retaliation, Iran decided to attack the infrastructure of its neighboring gulf countries that host US bases and blocked the passage to almost 4-5% of prewar flows. As a result, the whole region was severely affected crude oil sharply shot up by almost 64% in March alone, with rates in physical markets going by even higher.

The conflict escalated throughout the month despite the death of the Supreme Leader of Iran & other high-ranking officials on first day of strikes. Military targets, energy infrastructure such as pipelines, refineries and tankers, and civilian infrastructure such as bridges, airports etc. nothing was spared in tit for tat attacks. Towards the end of the month, ceasefire talks have resumed but have had little to no impact so far.

As a result, Nifty ended the fiscal year with sharp drawdown of 11.3% whereas broader markets also fell by more than 11%. The currency depreciated by almost 4% to reach 94.8 levels at the close of the month. The conflict in West Asia will have an impact on earnings of both Q4 FY26 & Q1 FY27 at the very least. If the war drags on, the impact may stretch to later in the new financial year too.

Geopolitics

The month was dominated by news flow from the Middle East with updates from the war taking center stage. Tariffs and trade took a back seat as all energy importing countries scrambled to secure their supplies and imports, while the exporting gulf countries were forced to cut production or declare force majeure on long running contracts. President Trump continued with his threats and rhetoric to try & bend Iran into surrender and submission. Iran duly responded to these threats with increasingly worrying strikes in its neighborhood. The odds of a global recession on the back of rising inflation from this energy shock are now increasing steadily.

Coming Back to India

India, being dependent on imports for both oil & gas, was affected even more, especially for LPG supplies. Qatar makes up for bulk of India's gas imports and that suddenly stopped. AS a result, India was forced to negotiate access to the Strait with Iran and purchase from other sources such as Russia & USA. Except for the panic & shortage of LPG cylinders towards the beginning of the conflict, the crisis seems to have been largely managed.

Before the conflict, 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 removed a major overhang for future growth prospects. Now, the impact of the energy shock will need to be determined, especially in the first half of FY27. The commentary from managements will be extremely crucial to track. EPS growth which was expected to be in the mid-teens will likely be downgraded again for FY 27. The magnitude of downgrade will depend on the length of the conflict. Chances of a strong El-Nino have increased but also pushed further into the future, offering some relief to both monsoon prospects & the rural economy.

Stock Market Outlook

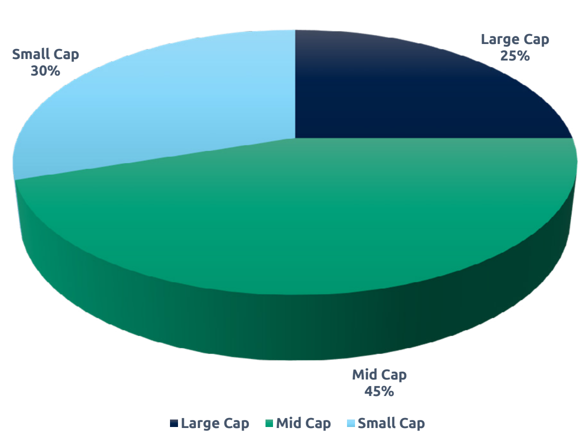
Foreign investors were heavy sellers in the month amid a falling Rupee & rising geopolitical tension. Strong domestic flows have continued to support the markets. Overall market sentiment seems to be very weak. Valuations of the Indian Markets in absolute terms and relative to other markets have moderated & now are in the fair to average range. A ceasefire/ quick resolution to the war will do wonders to boost sentiment in the short term but a strong revival in earnings & growth and stability in the rupee are likely needed for a sustained up move in Indian markets. The steps taken by the RBI on this front auger well for the markets. Historically, geopolitical tensions are good times to add exposure to risk assets such as equity. While this time is a little different due to the ensuing energy shock, we think adding slowly to the portfolio is a prudent strategy currently. Any bounce from positive developments will be fast. We hope sanity prevails and the war and destruction ends sooner than later.

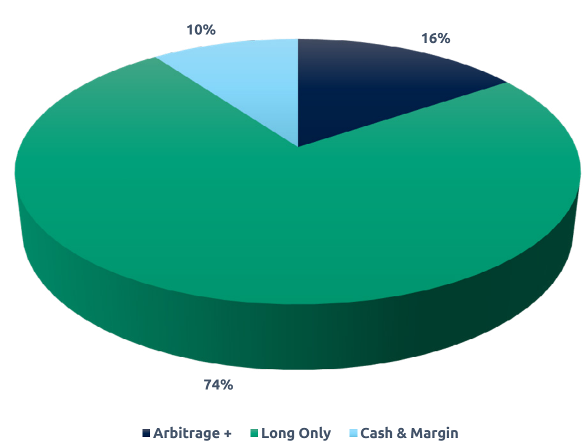
PORTFOLIO HIGHLIGHTS

Number of stocks	**49**
Correlation with NIFTY	**61%**

Market Cap Breakup	
Large	**25%**
Mid	**45%**
Small	**30%**

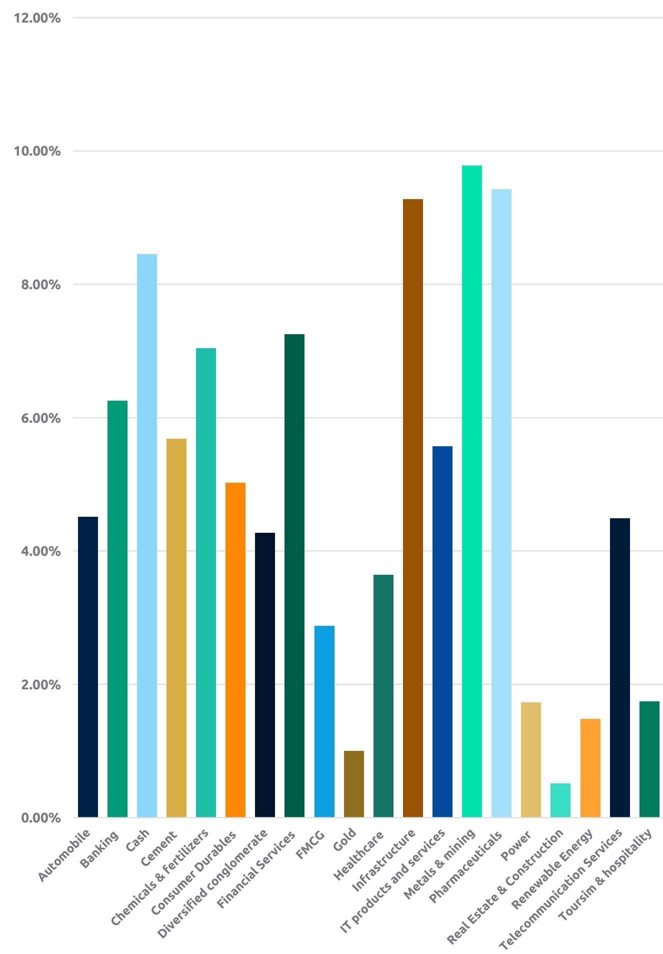
Strategy wise allocation	
Arbitrage +	**16%**
Long Only	**74%**
Cash & Margin	**10%**





SECTOR CLASSIFICATION (Updated as on 31.03.2026)

Sector	Weightage
Automobile	**4.51%**
Banking	**6.25%**
Cash	**8.45%**
Cement	**5.68%**
Chemicals & fertilizers	**7.04%**
Consumer Durables	**5.02%**
Diversified conglomerate	**4.27%**
Financial Services	**7.25%**
FMCG	**2.88%**
Gold	**1.00%**
Healthcare	**3.64%**
Infrastructure	**9.28%**
IT products and services	**5.57%**
Metals & mining	**9.78%**
Pharmaceuticals	**9.43%**
Power	**1.73%**
Real Estate & Construction	**0.51%**
Renewable Energy	**1.48%**
Telecommunication Services	**4.49%**
Toursim & hospitality	**1.74%**



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