Aurinko Alpha Advantage Fund

Monthly Update

May 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.

May was a volatile month for the markets with swings in both currency and stocks. Indian Markets continued to underperform global markets driven by slowdown concerns due to commodity price spikes & supply shocks as well as a forecast of below normal monsoons. Nifty continued to underperform the broader markets with Nifty falling 1.9% whereas the small cap and mid cap indices both were positive at 0.7% and 2.6%. Our portfolio performed right in the middle of both indices at approximately 2%. The rupee initially weakened to almost 97 against the USD, before staging a smart comeback on the back of liquidity measures by the RBI and sentiment support by the Central government. Crude remained very volatile for the entire month with wild moves coming on the back of changing headlines regarding the war in West Asia. Crude prices have shown a propensity to fall sharply on news of a deal while spikes have been moderate lately. This shows that once the situation normalizes, the move in prices will likely be swift.

The recently concluded earnings season was good overall and better than expectations, although the commentary was generally cautious in the absence of clarity regarding the War & economy. The outperformers were handsomely rewarded whereas the laggards were equally brutally punished. Overall, the market continues to be a very stock specific market.

Geopolitics

May was dominated by headlines around the ceasefire and a potential deal for peace between the USA, Israel and Iran. There was a lot of back and forth with each side contradicting the other's claims. The war between Russia and Ukraine also intensified after a brief ceasefire, although markets don't seem to react much. There was an eagerly anticipated summit between President Trump & Premier Xi in China, but that ended up being a non-event for the most part. It was interesting to note that China hosted Russian President Putin right after the meeting with President Trump, in a likely show of power & defiance. The US Fed has a new chair in Mr. Kevin Warsh, and how he steers the most powerful central bank during this crisis will be closely watched. Global markets continued to perform on the back of continued euphoria in semiconductor, memory & AI related opportunities. Valuation concerns continue to worry markets, but there is no stopping these sectors for now. Global bond yields continue to rise with the US 10-year yield at over a year high, depicting an inflationary outlook by market participants.

Coming Back to India

The month started with a historic win by the BJP in West Bengal and the announcement of fuel price hikes post the election results. The GST figures for April were the highest ever at more than 2.4 Lakh crores. The recently concluded earnings season was better than expected especially for sectors such as power, renewables, niche pharma, metals, healthcare and defense. Supply of energy such as petrol & LPG continues to be an issue, especially in tier 3 & hinterlands. As a result, a public request for austerity was made by PM Modi to save the fiscal deficit and free-falling rupee. This has resulted in a cautious commentary from most managements due to the risks surrounding supply & pricing of raw materials, labor supply shortage and any demand weakness that may come because of the slowdown. The slowdown is further compounded due to expectation of lower monsoon owing to the strong El Nino developing this year. Many capex projects are getting postponed or slowed down owing to lack of clarity.

Stock Market Outlook

Overall, Indian markets continue to be on the edge due to the aforementioned factors. A durable revival currently hinges on the return of positive sentiment on the back of conclusive policy support or an immediate resolution to the War in West Asia & quick return to prewar normalcy. The long pending India US trade framework can be an additional sentiment booster.
The incessant selling by FII's is giving no respite to both the stock prices and the currency, without a significant policy intervention to make India more attractive. A sense of fatigue is creeping in among the domestic investors due to the lack of persistent returns over last 18 months despite continued strong inflows. Pockets such as AI & data center related trades, metals/ mining, healthcare continue to look good, but strictly on bottom-up basis. The next few months & earning season will be extremely crucial as the markets get clarity from multiple fronts.

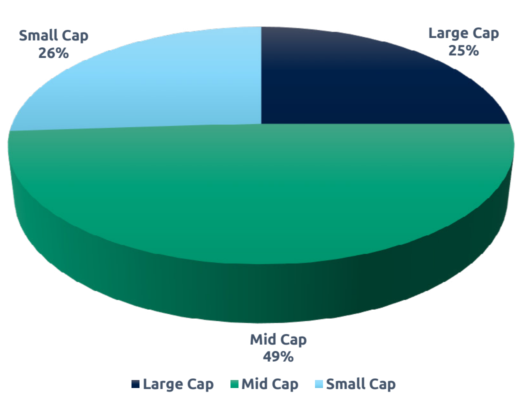
PORTFOLIO HIGHLIGHTS

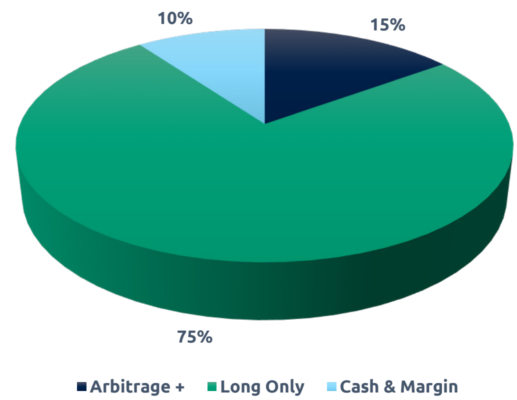
Number of stocks	**46**

Correlation with NIFTY	**71%**

Market Cap Breakup	
Large	**25%**
Mid	**49%**
Small	**26%**

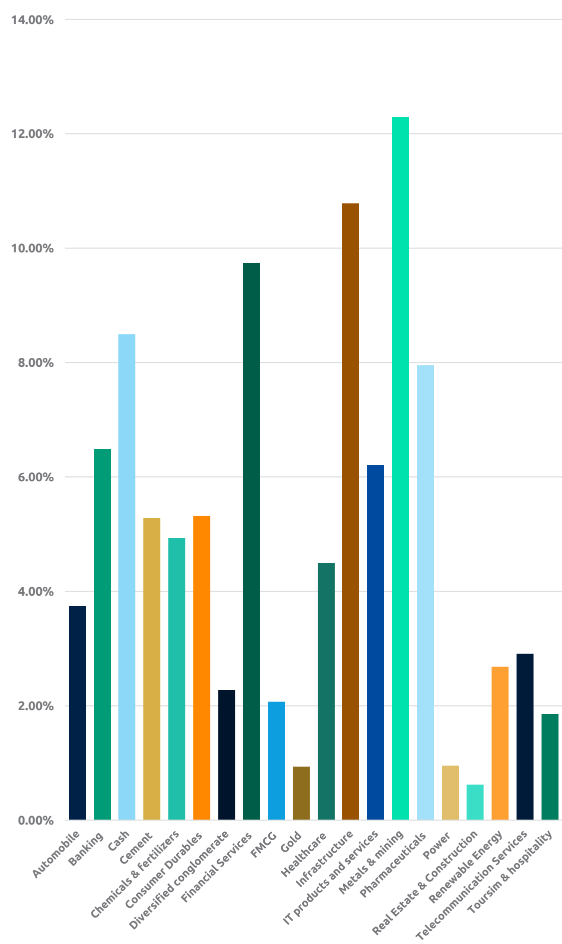
Strategy wise allocation	
Arbitrage +	**15%**
Long Only	**75%**
Cash & Margin	**10%**





SECTOR CLASSIFICATION (Updated as on May 31, 2026)

Sector	Weightage
Automobile	**3.74%**
Banking	**6.49%**
Cash	**8.49%**
Cement	**5.28%**
Chemicals & fertilizers	**4.93%**
Consumer Durables	**5.32%**
Diversified conglomerate	**2.27%**
Financial Services	**9.74%**
FMCG	**2.07%**
Gold	**0.93%**
Healthcare	**4.49%**
Infrastructure	**10.78%**
IT products and services	**6.21%**
Metals & mining	**12.29%**
Pharmaceuticals	**7.95%**
Power	**0.95%**
Real Estate & Construction	**0.62%**
Renewable Energy	**2.68%**
Telecommunication Services	**2.91%**
Toursim & hospitality	**1.85%**



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