Monthly Communication

Aurinko Alpha Advantage Fund

September 2025

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 uncertain times.

The month of August was a weak one for the Indian Stock Markets where we saw continuation of the breakdown in correlation between Indian and Global Markets. While many global markets went to 52 week or all-time highs Indian Markets continued to languish, and Nifty was down approx. 1.5% and the Midcap Index by 3% during the month. The recently concluded result season was quite weak in the face of subdued expectations. As a result, market depth continues to weaken despite the positive announcements during the month.

Geopolitical Concerns

The month was dominated by threats of President Donald Trump when he increased the tariffs on most Indian exports to 50% citing India's purchases of Russian oil. Experts believe that it is a way to try to pressurize Russia to end the war in Ukraine. But so far, there has been limited success on that front. Markets expect the tariff to come down to more reasonable levels because of trade talks & the strategic relationship, but the uncertainty continues. PM Modi is attending the Shanghai Co-operation Organization Summit and is expected to have in person meetings with Russian president Putin & Chinese Premier Xi Jinping, an act showing India's resilience and defiance to Donald Trump's bullying and may irk him further. Any prolonged uncertainty will certainly weigh heavily as the US is a big market for Indian exporters, and India would lose an edge over its competitors due to the tariff imposed.

Coming back to India

Coming back to Indian shores, RBI kept the repo rates unchanged but pared both growth and inflation expectations. RBI is leaning towards pro-growth and amid global uncertainties, we expect some additional measures to boost liquidity and growth. The GDP growth rate for Q1 FY26 came in higher than expected at 7.8% albeit due to a lower inflationary deflator. Moreover, PM Modi announced major reforms to the GST structure with expectations of significant reduction in taxes for basic consumption needs and to the middle class. While the details will be announced post the GST council's meeting on 3rd & 4th September, we expect it to be a major positive for the economy and markets as consumption will likely get a floor due to previously enacted Income tax cuts, lower interest cost and this latest reform of GST.

Stock Market Outlook

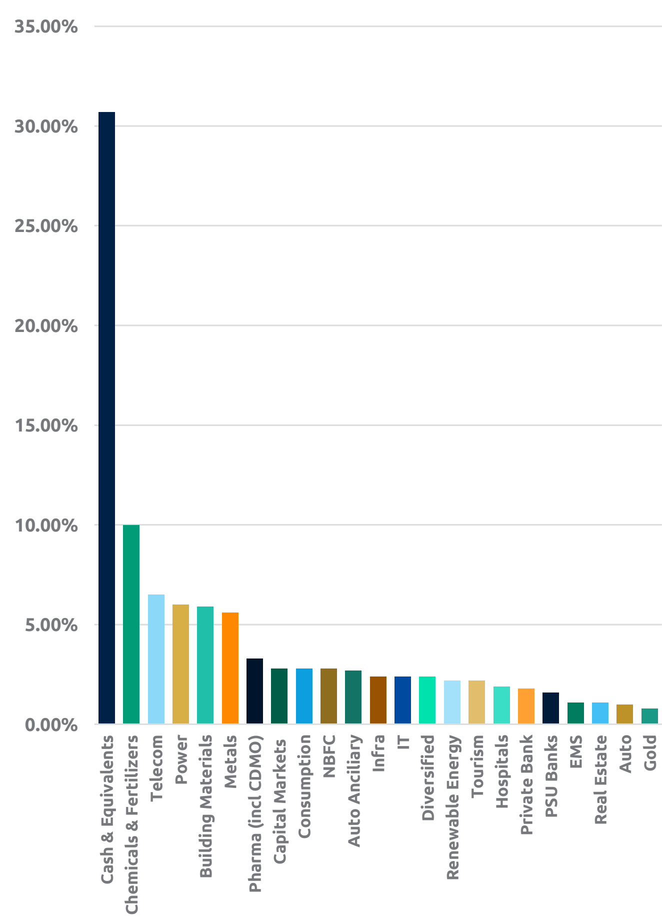
We expect volatility to continue due to both geopolitical and local reasons. Demand & consumption should get a floor due to the expected GST cuts with sectors such as autos, FMCG and discretionary consumption such as white goods, tourism to get a boost. Stocks have moved since the initial announcement but we expect further momentum in the same. India's capex story and plays might take a back seat. The government has ambitious fiscal deficit targets which may come under pressure due to lower tax revenue & the uncertainty in geopolitics. As a result, the government may be forced to cut down on domestic capex to help exporters and meet its targets. The Fed is widely expected to cut rates starting in September which should boost flows to the emerging markets, including India. It can also put further pressure on an already weak dollar which can boost commodity prices and precious metals such as gold & silver.

We expect some strength in crude mostly due to geopolitics and less spare capacity than expected. Any major bounce along with a weak currency can result in pressure on the markets. Bond yields globally continue to be high despite expectations of a cut, which is another risk for global markets.

While valuations have eased broadly, they are still slightly elevated to be able to confidently judge market moves. The upcoming result season is likely to be lean but commentary and festive season sales will be extremely crucial to track. It continues to be a stock pickers market with lot of news-based volatility persisting. We expect this volatility to continue with an upward bias with a focus on sectors such as metals, selective consumption, & wealth effect plays.

Sector Classification Updated as on 31.08.2025

Sector	Weightage
Cash & Equivalents	30.70%
Chemicals & Fertilizers	10.00%
Telecom	6.50%
Power	6.00%
Building Materials	5.90%
Metals	5.60%
Pharma (incl CDMO)	3.30%
Capital Markets	2.80%
Consumption	2.80%
NBFC	2.80%
Auto Anciliary	2.70%
Infra	2.40%
IT	2.40%
Diversified	2.40%
Renewable Energy	2.20%
Tourism	2.20%
Hospitals	1.90%
Private Bank	1.80%
PSU Banks	1.60%
EMS	1.10%
Real Estate	1.10%
Auto	1.00%
Gold	0.80%



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