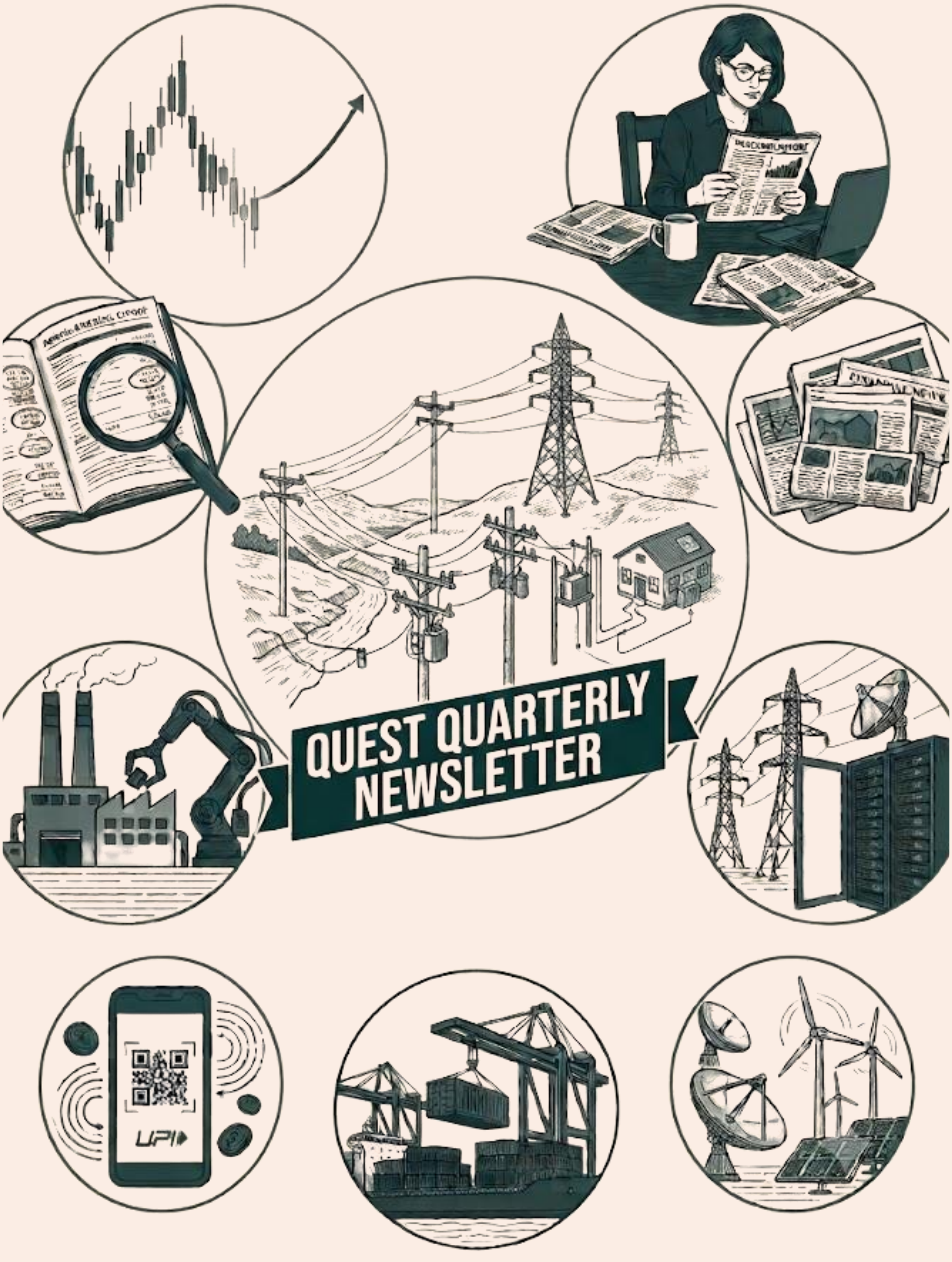
QUEST
INVESTMENT MANAGERS

39 YEARS OF RESEARCH

19 YEARS OF FUND MGMT.



JULY 2026

Agile with Growth. Patient with Value.

GLOBAL SNAPSHOT

Key macro indicators

The policy story has flipped from cuts to hikes. The Fed funds rate sits at 3.63%[1], but futures markets now price a 50-60% chance of a hike in September 2026. This indicates a sharp reversal from the deep rate-cut expectations that dominated the past three years, following Fed Chair Kevin Warsh's inflation-vigilant tone. The 10-year treasury yield (4.48%)[2] stayed firm even after June 2026 payrolls came in soft at just 57,000 jobs added, well below the 115,000 consensus, with unemployment ticking down to 4.2% on falling labour-force participation. In Europe, headline inflation eased[3] to 2.8% in June 2026 from 3.2% in May 2026, giving the European Central Bank (ECB) more room to sit still.

Fed funds rate	US 10Y yield	Eurozone CPI	Brent crude[4]
3.63%	**4.48%**	**2.8%**	**$73**
Hold; hike odds ~50-60% for Sep	Firm after weak June payrolls	Down from 3.2% in May	Down from $107 May peak

Market snapshot

US equities are at records - the S&P 500 closed at 7,483[5] and the Dow hit fresh highs, extending a rally now rotating away from AI/chip leadership toward cyclicals. Japan's Nikkei 225 is near record territory above 69,000[6], and Europe's Stoxx 600 just posted its fourth straight weekly gain to a 52-week high[7]. India's Nifty 50, by contrast, remains roughly 8%[8] below its 52-week high - the standout laggard among major indices, weighed down by concentrated FII selling in large-cap IT and banking names even as domestic mid- and small-caps outperform.

THEME FOR THE QUARTER: POWER T&D

India is undertaking its largest-ever transmission expansion, with over INR 9.15 lakh[9] crore committed through 2032 under the National Electricity Plan (Transmission). The investment is expected to benefit transmission EPC firms, High-Voltage Direct Current (HVDC) technology providers, and transformer and conductor manufacturers.

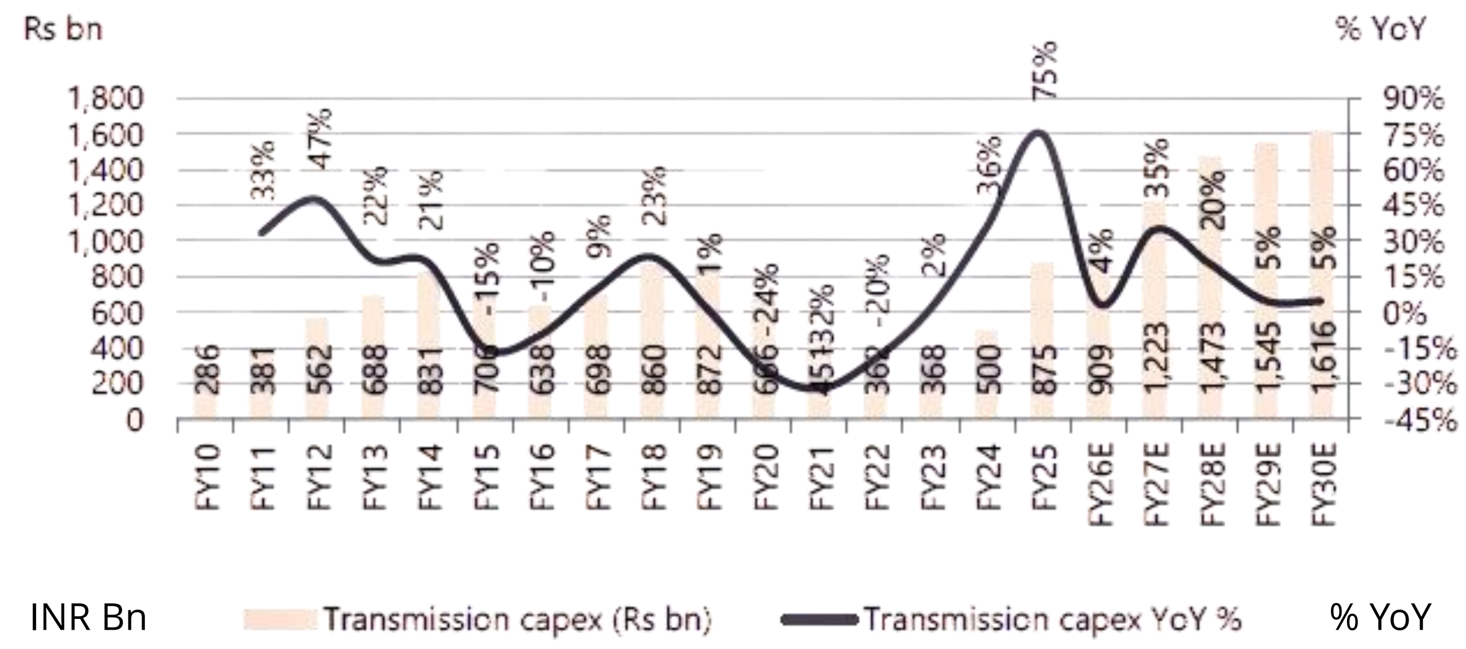
The scale of investment: Capital expenditure driving India's energy transition

After a period of muted investment, spending has accelerated sharply since FY21, driven by renewable energy expansion, transmission upgrades and rising electricity demand. This sustained capex cycle is expected to support strong growth across the power value chain. Since the capex cycle began in FY22–23, transmission companies have already reported stronger order books, revenue growth, and improving margins. The investment is significantly expanding the country's grid. Transmission lines will increase from 5.04 lakh circuit km to 6.48 lakh circuit km, transformation capacity will nearly double from 1,429 GVA to 2,345 GVA, and inter-regional transfer capacity will rise from 120 GW to 168 GW by 2032.[10] The plan also includes nine new HVDC corridors to support long-distance renewable power transmission.

Transmission capex is projected to rise from INR 875 billion in FY25 to over INR 1.6 trillion by FY30, reflecting a 13% CAGR.[11] The increase is driven by the need to integrate renewable energy, expand inter-state connectivity and build new HVDC corridors. A strong project pipeline is likely to benefit transmission EPC contractors, equipment manufacturers and technology providers over the coming years.

1. Federal Reserve 2. Federal Reserve Bank 3. Eurostat 4. U.S. Energy Information Administration (EIA) 5. S&P Dow Jones Indices 6. Nikkei Indexes 7. STOXX Ltd 8. NSE India 9. PIB Gov Sep'24 10. PIB Gov Mar'26 11. Motilal Oswal Research

Exhibit 1: Transmission capex to rise at 13% CAGR over FY25-30E[12]

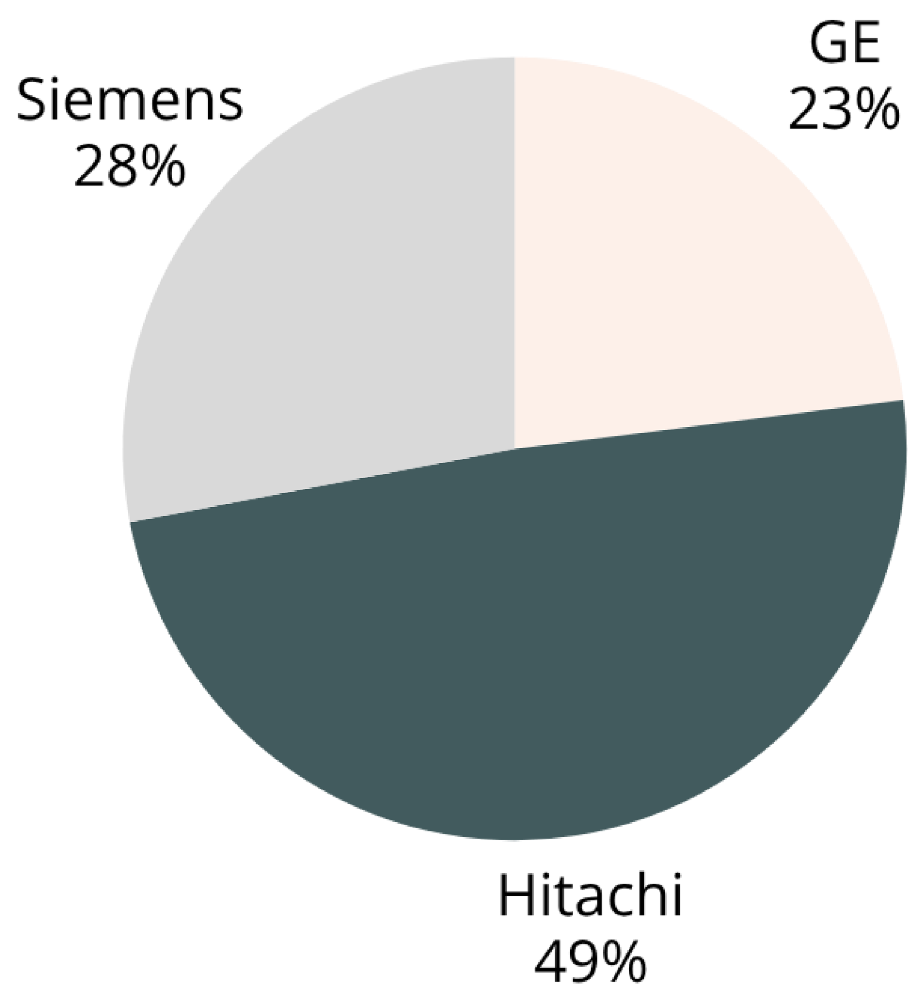


HVDC - the technology at the centre of it all

HVDC transmits electricity over long distances with lower losses, better control and a smaller footprint than conventional AC transmission, making it ideal for renewable energy. India's transmission plan reflects this advantage, with 9 HVDC corridors adding 33.25 GW of capacity by 2032, almost doubling the ~33.5 GW already in operation.[9]

Looking ahead, 22 HVDC projects with nearly 127 GW of transmission[13] capacity are at the planning or bidding stage. Because HVDC converter stations rely on specialised technology supplied by only a handful of global players, the segment offers strong long-term growth opportunities for equipment manufacturers, technology providers and transmission EPC companies.

Exhibit 2: India's current HVDC market share[12]



India's HVDC market is currently dominated by Hitachi Energy, which holds around 49% of the country's operational HVDC capacity. Siemens Energy follows with a 28% share, while GE Vernova accounts for 23%, making these three companies the only qualified HVDC technology suppliers in India. As the country's HVDC pipeline expands, these players are well positioned to capture a significant share of future orders.

India's transmission capex cycle is creating a multi-year growth opportunity for equipment manufacturers and EPC players. Hitachi Energy India, Siemens Energy India, and GE Vernova T&D India are among the biggest beneficiaries, with all three reporting strong and expanding order books backed by HVDC and grid modernisation projects. As renewable energy integration accelerates and transmission investments continue through 2032, these companies are well positioned to deliver sustained revenue growth, margin expansion and long-term earnings visibility.

Why is transmission important?

The geography problem: India's renewable energy story is now shifting from simply generating more power to delivering that power to where it is needed. Most large solar parks are located in Rajasthan and Gujarat, while major electricity demand comes from cities and industrial hubs across the country. To address this, the government plans to build transmission infrastructure capable of evacuating over 500 GW of renewable capacity by 2030 and more than 600 GW by 2032.[14]

The intermittency problem: Another challenge is that renewable energy is not available all the time. Solar generation falls after sunset, and wind output changes with weather conditions. To improve grid reliability, India plans to increase inter-regional power transfer capacity from 119 GW in 2022 to 143 GW by 2027 and 168 GW by 2032[15]. The transmission network will also support around 47 GW of battery energy[10] storage and 31 GW of pumped hydro[9] storage, reducing renewable energy curtailment and improving grid stability.

The demand problem: At the same time, India's electricity demand is expected to grow rapidly, with peak demand projected to reach 458 GW by 2032[9], compared to recent demand of around 256.1 GW in 2026.[16] This growth will be driven by manufacturing, electrification, data centres, and green hydrogen projects. As a result, transmission infrastructure is becoming one of the most important enablers of India's clean energy transition and one of the country's largest long-term investment opportunities.

12. Jefferies Research 13. ICICI Direct 14. Enerdata 15. PIB Gov Mar'26 16. PIB Gov Apr'26

QUEST AIF SARL NEWSLETTER
JULY 2026

Fund Strategy, Objective and Theme

- To generate long term capital appreciation and **superior Risk Adjusted Returns** for clients in the long run by creating alpha through selection of a basket of high-quality listed companies across small and mid cap space.
- The AIF strategy would be small and mid cap focused as defined by their market capitalizations and would also take tactical cash calls from time to time.
- It would be a sector and theme agnostic portfolio and invest via a bottom-up approach. It would be a diversified portfolio of up to 20 - 25 stocks.
- The portfolio is suited for clients who have a **minimum of 4 - 5 years investment horizon**

Key Terms

Inception Date:	28th Apr 2023
Benchmark Index:	Nifty Midsmallcap 400
Minimum Investment:	Rs 1 Crore

Fund Manager

Mr. RAKESH VYAS

Chief Investment Officer and Portfolio Manager

Mr. Rakesh Vyas has been active in capital markets for last 20 years of which more than 14 years were with HDFC Mutual fund where he was part of Fund Management and Research Team. Over these years he has actively researched more than 150 companies across various sectors like Cement, Infrastructure, Utilities, Metals/Minerals, Chemicals, Real estate etc. Prior to joining Quest, he was managing HDFC Infrastructure Fund and HDFC Housing opportunities fund since Jan-20 till Jan-24. HDFC Infrastructure fund was awarded Platinum award in Infrastructure fund category by Navbharat BFSI Awards 2023.

He also served as Member of SEBI appointed advisory committee on Hybrid Securities (chaired by Mr KV Kamath). The committee has been responsible for providing recommendations on development and regulation of primary and secondary markets of Hybrid Securities (i.e., REIT, InvIT, etc.) in India.

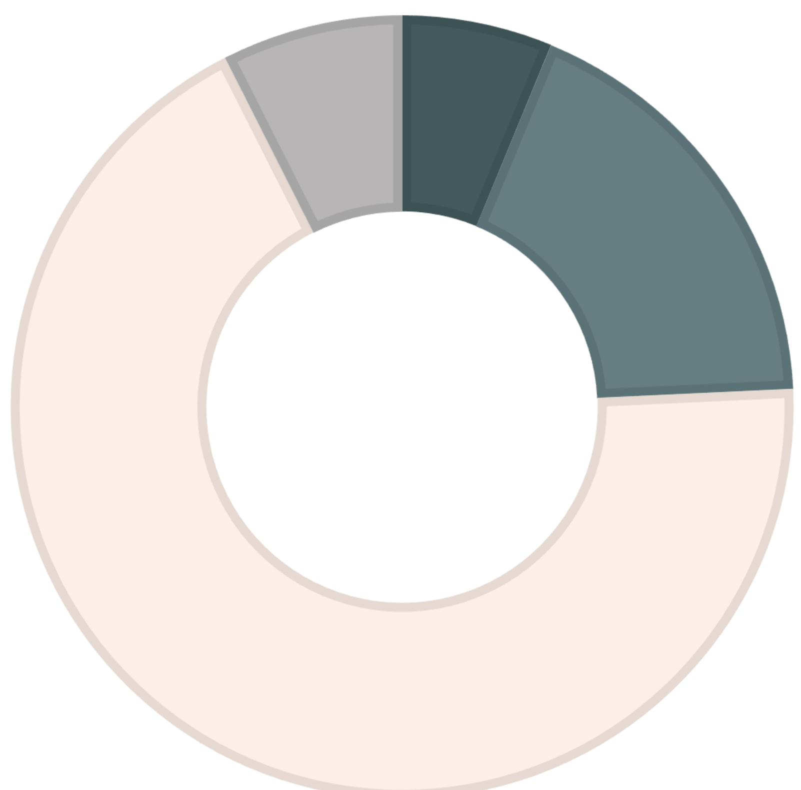
He has done Post Graduate Diploma in Management from XLRI Jamshedpur and Bachelor of Electrical Engineering from MBM Engineering college Jodhpur.

PERFORMANCE SUMMARY POST TAXES
(As on 30th June 2026)

Particulars	1 M	3 M	6 M	1 YR	2 YR	3 YR	Since Inception
Quest Smart Alpha – Rising Leaders Class A1	3.71%	26.09%	1.19%	-9.69%	-3.54%	6.33%	7.81%
Nifty Midsmallcap 400	2.03%	19.45%	3.54%	2.08%	3.53%	19.12%	22.77%

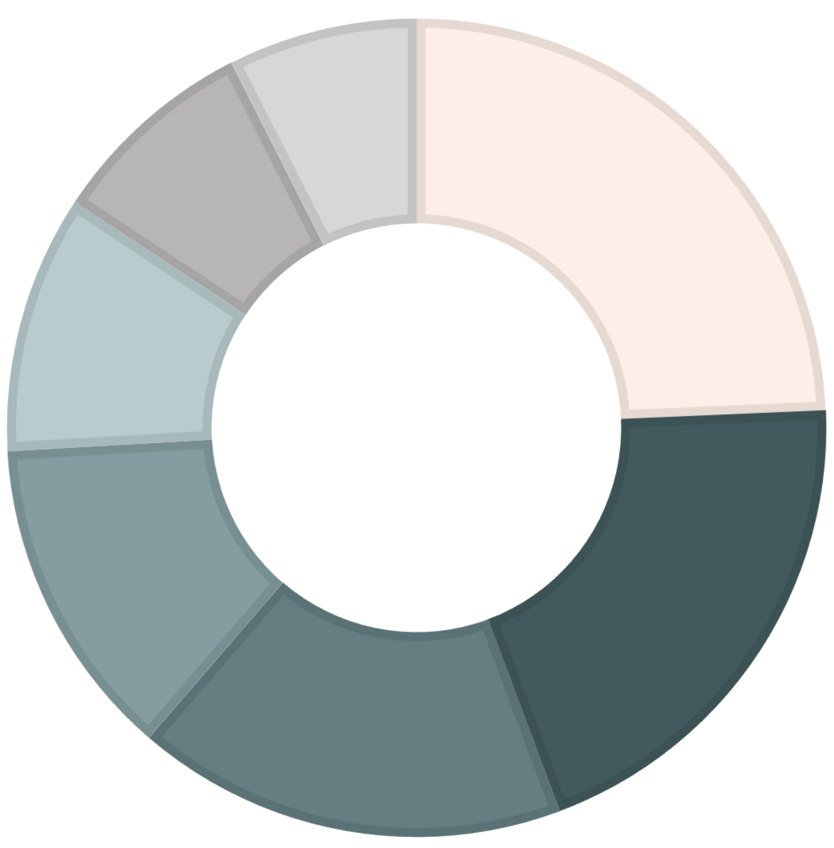
Note: The above returns are unaudited and computed on TWRR basis post all fees & expenses and post taxes paid on all realized gains. Returns less than 1 year are on absolute basis. Client returns could vary depending on their dates of investment and subsequent drawdowns

MARKET CAPITALISATION
(As on 30th June 2026)



Asset Class	(%)
Large Cap	6.23
Mid Cap	18.03
Small Cap	68.27
Cash & Cash Equivalent	7.47
Total	100.00

THEMATIC ALLOCATION
(As on 30th June 2026)



Sector	(%)
India Manufacturing	24.32
Financial Inclusion	19.99
Pharma & Healthcare	17.01
India Consumption	12.77
Capital Goods & Infra	10.21
IT & ITes	8.23
Cash & Cash Equivalent	7.47
Total	100.00

CONTACT: QUEST INVESTMENT MANAGERS PVT LTD, 188/3 GURUKRUPA BUILDING, FIRST FLOOR, JAIN SOCIETY, SION(WEST), MUMBAI– 400022
EMAIL: pms@questinvest.com PHONE: 022-69166700 Visit us at: www.questinvest.com

Holdings as on 30th June 2026

Company Name	Weightage (%)
VIYASH SCIENTIFIC LIMITED	9.85%
SANSERA ENGINEERING LIMITED	9.65%
PIRAMAL PHARMA LIMITED	7.16%
UNION BANK OF INDIA	6.23%
KIRLOSKAR FERROUS INDUSTRIES LTD.	5.24%
AAVAS FINANCIERS LIMITED	5.10%
ORACLE FINANCIAL SERVICES SOFTWARE LIMITED	5.00%
SWIGGY LIMITED	4.94%
AVALON TECHNOLOGIES LIMITED	4.88%
ONE 97 COMMUNICATIONS LIMITED	4.86%
KOLTE-PATIL DEVELOPERS LTD	4.70%
SUDARSHAN CHEMICAL INDUSTRIES LIMITED	4.55%
SAMHI HOTELS LIMITED	4.51%
CITY UNION BANK LIMITED	3.80%
ORKLA INDIA LIMITED	3.32%
COFORGE LIMITED	3.23%
GMM PFAUDLER LTD	3.10%
M & B ENGINEERING LIMITED	2.40%
CASH & EQUIVALENT	7.47%

Summary financials of investee companies

Company Name	Revenue CAGR FY26-28(E)	PAT CAGR FY26-28 (E)	FY 27 PE (E)
VIYASH SCIENTIFIC LIMITED	12.61%	65.44%	27.86
SANSERA ENGINEERING LIMITED	24.66%	36.14%	41.55
PIRAMAL PHARMA LIMITED	11.55%	L2P	159.62
UNION BANK OF INDIA	10.26%	2.74%	6.56
KIRLOSKAR FERROUS INDUSTRIES LTD.	15.16%	25.53%	15.01
AAVAS FINANCIERS LIMITED	16.71%	19.78%	15.45
ORACLE FINANCIAL SERVICES SOFTWARE LIMITED	10.04%	10.12%	29.64
Swiggy Limited	42.71%	NEG	NEG
AVALON TECHNOLOGIES LIMITED	29.99%	42.61%	64.23
ONE 97 COMMUNICATIONS LIMITED	25.55%	L2P	68.56
KOLTE-PATIL DEVELOPERS LTD	39.93%	L2P	NEG
SUDARSHAN CHEMICAL INDUSTRIES LIMITED	5.71%	191.71%	29.31
SAMHI HOTELS LIMITED	11.61%	-24.99%	23.46
CITY UNION BANK LIMITED	13.22%	8.58%	16.02
Orkla India Limited	12.56%	13.01%	25.70
COFORGE LIMITED	33.30%	37.71%	26.90
GMM PFAUDLER LTD	11.40%	103.97%	25.31
M & B Engineering Limited	19.30%	32.51%	14.47

INVESTMENT RATIONALE AND SWOT

COFORGE LTD

Primer

- Coforge is a digital services and solutions provider that leverages emerging technologies and deep domain expertise to deliver real-world business impact for clients. Its focus on selected industries, a detailed understanding of the underlying processes of those industries, and partnerships with leading platforms including Microsoft, AWS, Google, Salesforce, Pegasystems, ServiceNow, and Appian enable it to offer a distinct perspective.
- Coforge is firmly positioned as a domain-driven, engineering led IT services provider, with deep alignment and expertise, cultivated over decades of industry experience in the evolving priorities of its core industries - Travel & Hospitality, BFS, Insurance, Healthcare & Life Sciences, Retail, and the Public Sector.
- As of FY26, Coforge derived 56.9% of its revenue from America, 28.9% from the EMEA market, and the balance 14.2% of revenue from the Rest of the World.

Investment Thesis

- **Transformational Encora Acquisition Accelerating Scale:** Coforge announced the acquisition of Encora, a US-headquartered AI-led product engineering, cloud and data services provider, for consideration of USD 2.35bn. Encora is a solid asset, which provides three key benefits to Coforge, i.e., (1) differentiated product engineering competency and delivery capabilities, (2) a strong base to grow the hi-tech vertical, and (3) eleven USD 10mn and plenty of USD 5mn accounts to mine. Revenue synergies are considerable. The tightening of operations can yield some cost synergies. Management has guided the acquisition to be EPS accretive.
- **Good Execution All-around; Set-up for FY2027E Looks Promising:** Coforge reported strong deal TCV, a robust pipeline and a strong order backlog. Fresh order intake of USD 648mn grew 9.3% QoQ. Order backlog increased 16.4% YoY to USD 1.752bn. The outlook for most key/top accounts is healthy. The outlook for most verticals is healthy as well. Coforge is making progress in scaling accounts, visible in a healthy increase in the number of USD 20 – 50mn clients, and an addition of USD 100mn client.
- **Focus on Scaling Bets:** Coforge has taken on big bets such as Servicenow, AI-led engineering, data, US (West and Midwest), UK public sector, healthcare and ANZ, where it will drive disproportionate focus and investments to ensure success on all the key bets. Coforge believes in hyper-specialized industry expertise and selective partnerships with key vendors at scale. The focus on scale is visible in Coforge's approach toward deals and account management – (1) higher focus on large and mega deals, and (2) focus on onboarding new accounts that have the potential to become USD 20mn+ run-rate in 2-3 years.

SWOT Analysis

Strengths	Weaknesses	Opportunities	Threats
Coforge has built strong capabilities in BFS, Insurance, and Travel & Transportation, which together contribute majority of revenue. This deep vertical specialization allows the company to deliver domain-led solutions rather than generic IT services, strengthening client stickiness	Compared to industry leaders and global IT players, Coforge operates at a smaller scale, which may limit pricing power and global delivery capabilities.	Enterprises are increasingly investing in cloud migration, automation, cybersecurity, and data analytics, creating significant opportunities for IT services companies with strong digital capabilities	Macroeconomic uncertainties can lead enterprises to delay or reduce discretionary technology spending
The company has consistently secured large multi-year deals, providing strong revenue visibility. Its focus on long-term contracts with global enterprises helps create predictable cash flows	A portion of revenue is derived from a few large clients, making the company vulnerable if any major client reduces outsourcing spending	Selective acquisitions could help the company expand capabilities in high-growth technology areas and strengthen its geographic presence	Constant innovation in cloud computing, AI, and automation requires continuous investment in talent and technology to remain competitive

Risk Management

(Disclosures Under Regulation 22 (g) of SEBI (Alternative Investment Funds) Regulations, 2012)

Parameters	Level	Mitigants
Concentration Risk	Fund	▪ Fund shall not invest more than 10% of the NAV in any single Investee Company.
Foreign Exchange Risk	Fund	▪ Fund has invested only in Indian securities hence the fund's investments do not face any Foreign Exchange Risk.
Leverage Risk	Fund	▪ The fund hasn’t taken any borrowings or invested in derivatives till 31st Dec 2025 nor does it plan to do so in the future.
Leverage Risk	Investee Company	▪ Strong Balance Sheet is one of the key investment parameters and hence most investments are likely to be in companies where the Debt Equity ratio is very comfortable.
Realization Risk	Company/Fund	▪ We will be investing only into listed equities which shall mitigate realization risk to a large extent. Till the funds are invested, they may be parked in overnight / liquid funds.
Reputation Risk	Company	▪ The fund prefers to invest in high quality businesses run by capable management teams that have a clear focus on growth and cash flows. ▪ The strategy attempts to invest in companies with improving business fundamentals. Periodic evaluation of management decision/strategy and company financials is being undertaken.
Extra Financial Risk	Company/Fund	▪ The fund aspires to manage satisfactory liquidity at all times for better management of any financial emergency. ▪ All expenses and financial obligations are well managed and provided for. ▪ For any investment in smaller companies, liquidity may be a risk. The Fund manager endeavours to take these risks by relying extensively on primary research. For such stocks, risk- reward trade-off between liquidity and long-term prospects is considered before investing and is also reviewed periodically post investments. ▪ Portfolio construction will be post considering the overall macro environment, valuations and risk reward equation at that point in time and reviewing each of the investment.
Regulatory Risk	Fund	▪ There have been no instances of any inquiries/ legal actions by legal or regulatory bodies against the Fund, Sponsor, Investment Manager or Trustees to the Fund.
Strategy Risk	Company/Fund	▪ The investment philosophy and strategy has been discussed in detail earlier. The fund will perform reasonable due diligence/research and seeks to make Fund Investments in Investee Companies that have the potential to earn superior returns vis-a-vis the broader markets.

CONTACT: QUEST INVESTMENT MANAGERS PVT LTD, 188/3 GURUKRUPA BUILDING, FIRST FLOOR, JAIN SOCIETY, SION(WEST), MUMBAI– 400022
EMAIL: pms@questinvest.com PHONE: 022-69166700 Visit us at: www.questinvest.com