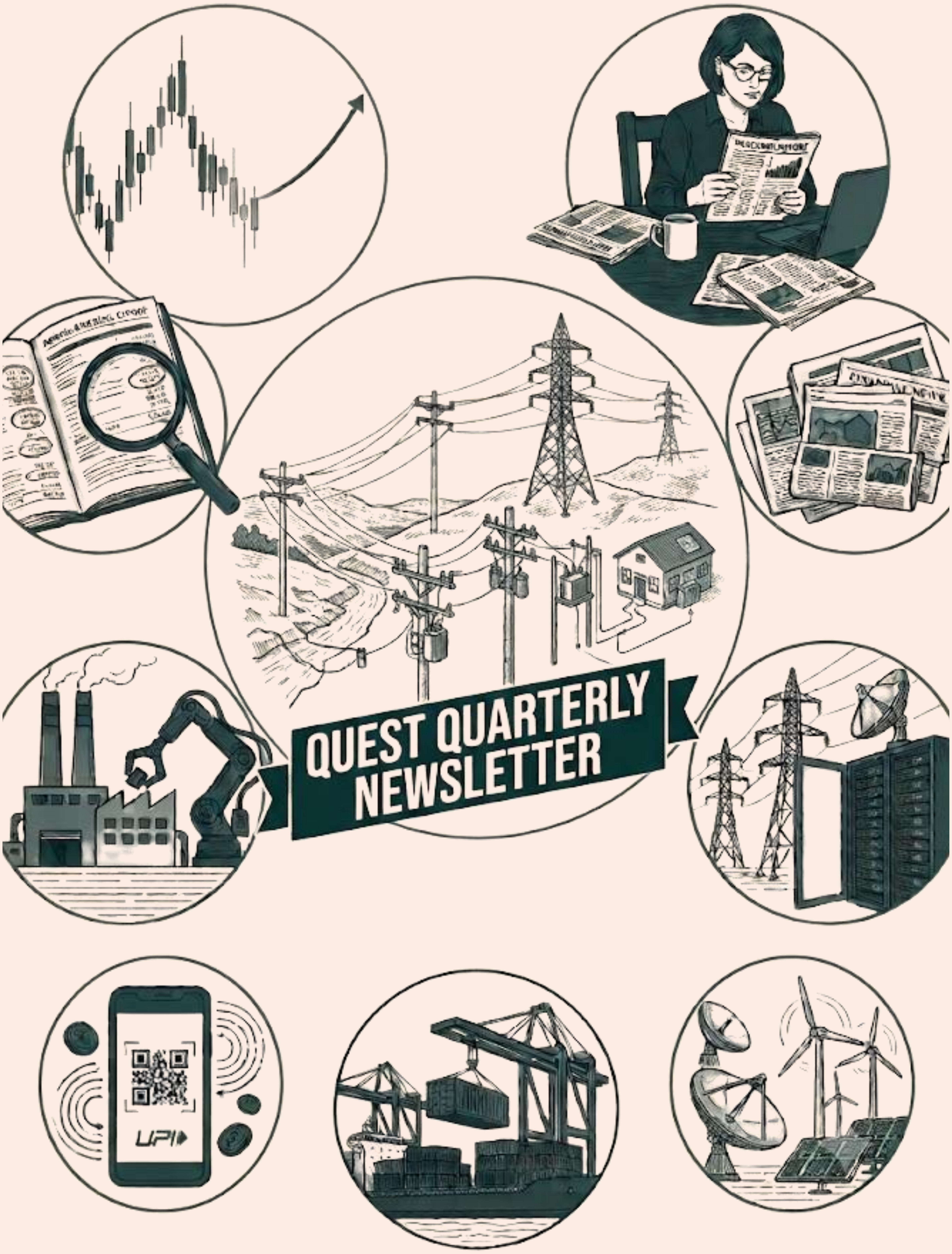
QUEST
INVESTMENT MANAGERS



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.

QUARTERLY PORTFOLIO UPDATE

The last few months have been important for the portfolio, both from a performance perspective as well as from the point of view of portfolio realignment. Post the change, we had communicated to investors that the portfolio was being reviewed objectively, with the intent to ensure that every holding reflected our current conviction, risk-reward, and view on business fundamentals.

The portfolio calibration exercise, typically undertaken periodically, became particularly important in the context of a transition phase. This made it important for us to look inward objectively, reassess each portfolio position, and evaluate whether the portfolio truly reflected our highest-conviction ideas.

However, it is important to highlight that the portfolio calibration exercise was not driven by near-term performance attribution alone — contributors or detractors were not the deciding factors. The realignment was based on our bottom-up assessment of business fundamentals, management execution, valuation of comfort, and the business cycles we foresee over the next few quarters to years.

We maintained / increased exposure where our conviction strengthened and where we believe structural themes are likely to play out meaningfully over the medium term. New additions were made in businesses where we see improving fundamentals, favorable industry dynamics and attractive risk-reward.

Accordingly, new positions were introduced in Avalon Technologies, S P Apparels, Chemplast Sanmar, Coforge, ADF Foods, Equitas Small Finance Bank, and M&M. At the same time, complete exits were taken from AU Small Finance Bank, 360 One WAM, and Styrenix Performance Materials Limited. Further, exposure was consciously reduced in HDFC Bank and S H Kelkar. These changes were guided by our evolving assessment of business fundamentals, industry cycles, management execution, and risk-reward.

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

What worked

- **Businesses aligned to structural and execution-led themes:** Power T&D, capital goods, industrial capex and select engineering/manufacturing names contributed well. Stocks such as Hitachi Energy, Sansera Engineering, Techno Electric, Kalpataru Projects, and Sarda Energy reflected the benefit of being positioned in companies where order books, execution visibility, and industry tailwinds remain favourable.

- **Select financials and capital market-related businesses:** BSE and ICICI Prudential AMC were among the key contributors. Our approach here has been to focus on businesses where structural growth, operating leverage and industry positioning remain strong, rather than taking a broad sector call on financials.

- **Technology and technology-adjacent businesses:** Despite the broader IT sector remaining under pressure, with the NIFTY IT Index down nearly 30%[9] in CY26. Our stock selection in this area helped, with names such as OFSS and Coforge contributing positively. This highlights the importance of bottom-up stock selection in sectors seeing macro headwinds.

- **Others:** Some of the recent additions across EMS, export-oriented manufacturing, and niche consumer-export opportunities have started showing encouraging early trends. Avalon Technologies, S P Apparels and ADF Foods are further examples of bottom-up ideas where the initial outcome has been supportive. However, our focus remains on the medium-term thesis rather than near-term stock price contribution.

What did not work

- **Select consumer discretionary and platform-related holdings** did not contribute meaningfully to the near term led by sharp increase in the competitive intensity. Our medium-term conviction remaining intact in select names which continue to report improvement in profitability metrics.

- **Materials and select chemical/commodity-related** exposures were also weak. This was partly due to industry-level pressure and partly due to stock-specific factors. Wherever the business cycle or risk-reward has not evolved as expected, we have either reduced exposure or remain willing to reallocate capital to better opportunities.

- **A few financials also underperformed,** including some banks and lending-related names. In financials, we remain very selective and continue to differentiate between businesses where earnings growth is merely cyclical and businesses where long-term return ratios, liability franchise, asset quality and execution remain strong while driving credit growth over medium term. We also continue to be positive on select fintech platforms such as PayTM, who have been able to demonstrate the ability to leverage the digital payments ecosystem that has evolved in India over the last decade we believe the opportunity is sizable.

- **Communication services also did not contribute positively,** led by weakness in select holdings. However, here again, we are evaluating the position from a medium-term business perspective rather than reacting only to short-term price movement.

9. Nifty IT Index

QUEST MULTI PMS NEWSLETTER
JULY 2026

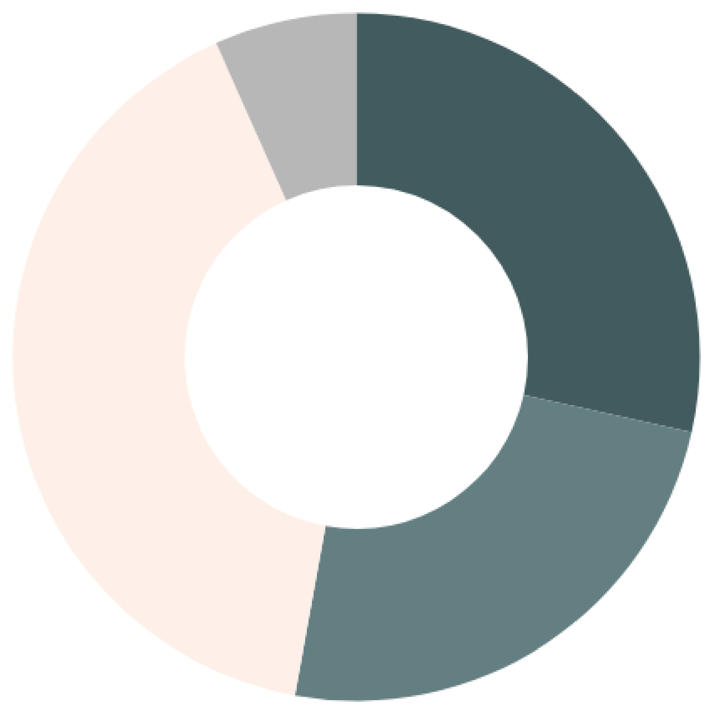
Performance summary*

Trailing Returns (%)	1 Month	3 Months	6 Months	1 Year	2 Years	3 Years	5 Years	Since Inception
Quest Multi	3.78	22.94	4.61	1.00	4.12	17.81	13.86	15.57
BSE 500 India TR INR	1.73	12.10	-3.53	-1.96	1.52	12.53	12.21	13.00

Top 10 Holdings

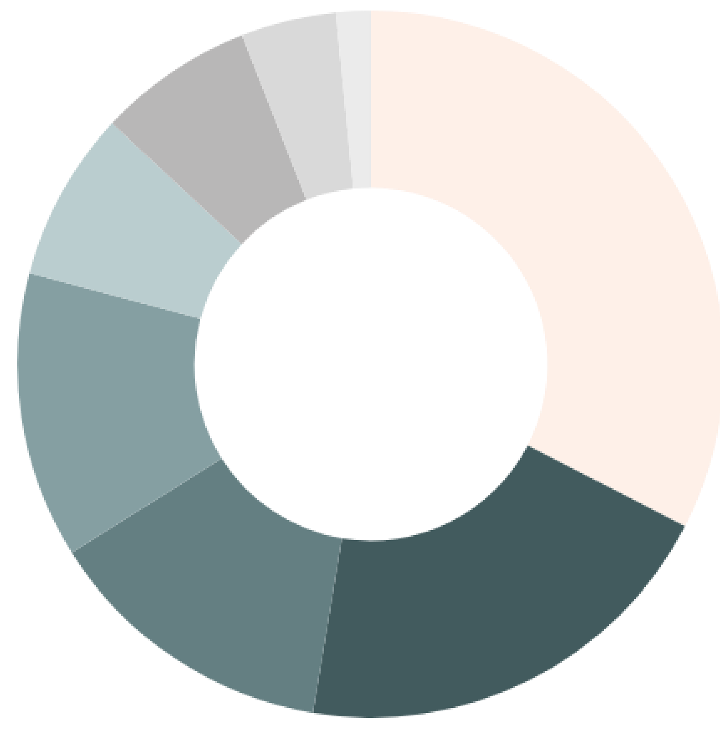
Scrip Name	%
Sansera Engineering Ltd	5.90
Eternal Ltd	5.22
Hitachi Energy India Ltd	4.84
Kalpataru Projects Int Ltd	4.66
Vishal Mega Mart Ltd	4.40
Viyash Scientific Ltd	4.06
Bharti Airtel Ltd	3.83
Coforge Ltd	3.77
Avalon Technologies Ltd	3.63
Nippon Ind ETF Nifty PSU Bank BeES	3.41

Market Capitalisation



Asset Class	%
Large Cap	28.51
Mid Cap	24.35
Small Cap	40.45
Cash & Cash Equivalent	6.69
Total	100.00

Sector Allocation



Sector	%
Consumer Discretionary	32.59
Financials	20.04
Industrials	13.42
Information Technology	13.12
Materials	7.76
Healthcare	7.12
Communication Services	4.36
Consumer Staples	1.59
Total	100.00

Current positioning and the road ahead

The portfolio remains positioned around a combination of structural growth and bottom-up opportunities. Key areas of focus include power T&D and industrial capex, select manufacturing and engineering businesses, EMS, consumer discretionary opportunities, select financials & fintechs, technology-enabled businesses, and companies benefiting from formalisation and operating leverage.

We remain positive on India's medium-term growth opportunity, but we are also conscious that markets have become more discerning. In this environment, stock selection, valuation discipline and willingness to act when facts change will remain critical.

Our effort will be to remain invested in businesses where earnings growth can compound over time, while also staying nimble where business cycles, valuations or risk-reward change. The recent improvement in performance is a step in the right direction and reflects the early outcome of the portfolio work done over the last few months.

*As of Date: 30-06-2026 Data Point: Return Calculation Benchmark: BSE 500 India TR INR

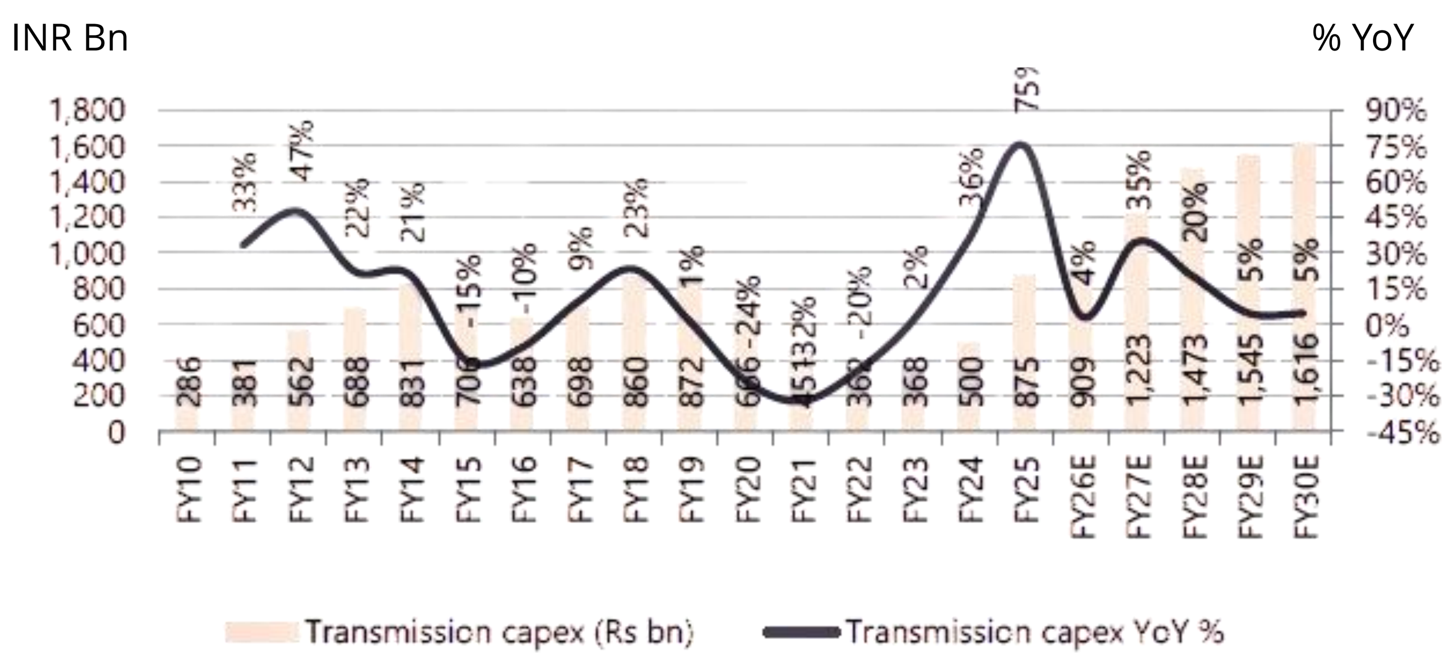
THEME FOR THE QUARTER: POWER T&D

India is undertaking its largest-ever transmission expansion, with over INR 9.15 lakh[10] 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.[13] The plan also includes nine new HVDC corridors to support long-distance renewable power transmission.

Exhibit 1: Transmission capex to rise at 13% CAGR over FY25-30E[15]



Transmission capex is projected to rise from INR 875 billion in FY25 to over INR 1.6 trillion by FY30, reflecting a 13% CAGR.[16] 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.

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.[11]

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[12]. The transmission network will also support around 47 GW of battery energy[13] storage and 31 GW of pumped hydro[10] 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[10], compared to recent demand of around 256.1 GW in 2026.[14] 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.

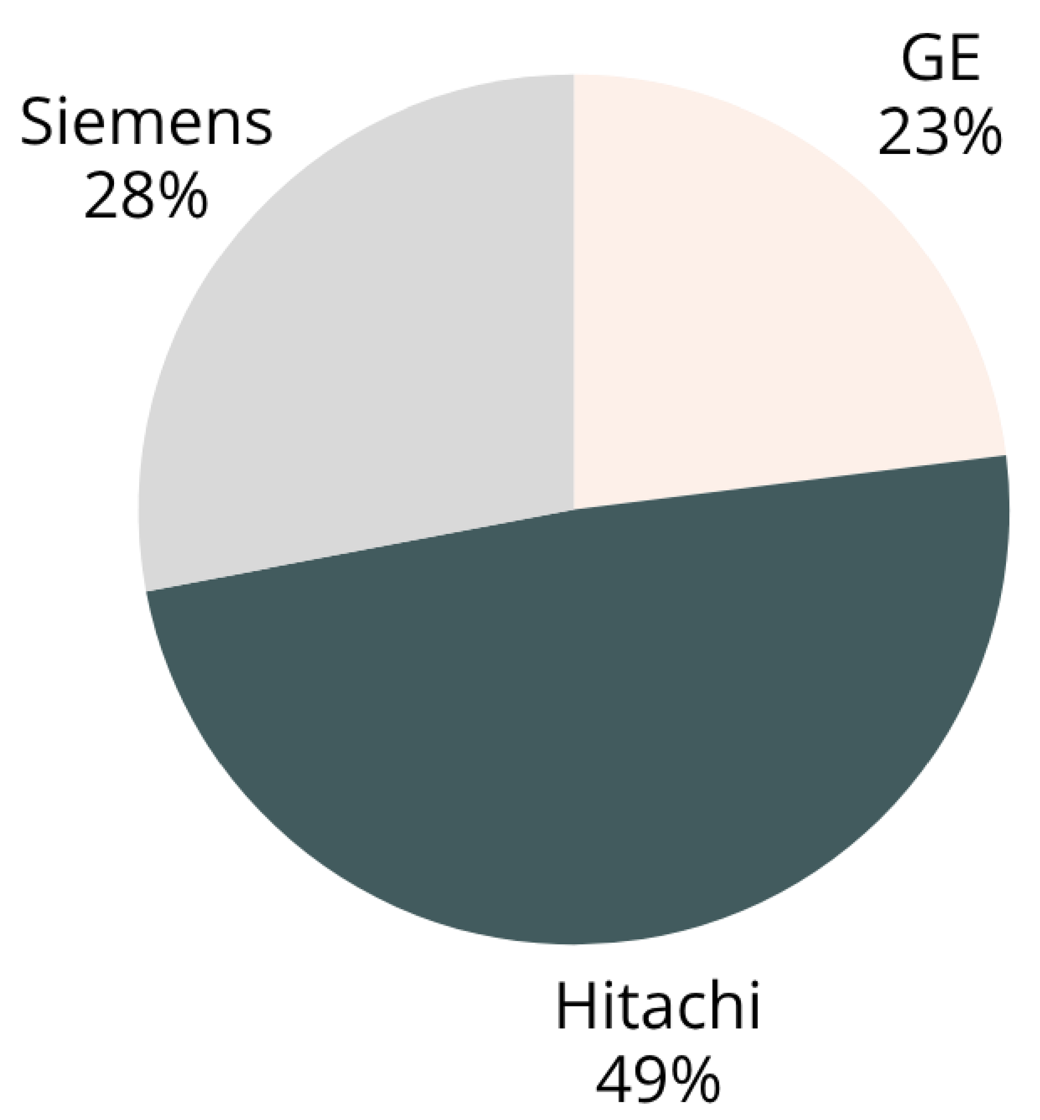
10. PIB Gov Sep'24 11. Enerdata 12. PIB Gov 1 13. PIB Gov Mar'26 14. PIB Gov Apr'26 15. Jefferies Research 16. Motilal Oswal Research

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.[10]

Looking ahead, 22 HVDC projects with nearly 127 GW of transmission[17] 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[15]



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.

17. ICICI Direct