INVESTOR UPDATE · JULY 2026

Monthly Market Review & Outlook

Ampersand Growth Opportunities Fund Scheme-1 (AGOFS)

FUND OBJECTIVE & STRATEGY

Ampersand Growth Opportunities Fund Scheme-1 (AGOFS) seeks to generate long term capital appreciation by investing in a portfolio of listed equity and equity related securities. AGOFS will follow a multi-cap strategy focusing on investment opportunities across the growth themes with a typical portfolio of 30-35 stocks.

IN THIS ISSUE

"The first rule of compounding is: never interrupt it unnecessarily"

- CHARLIE MUNGER

Fragile Truce Steadies Markets After Mid-Month Shock

INVESTMENT STRATEGY — STAYING POSITIVE ON EQUITIES

Renewed flare-up, fragile pause: the ceasefire that held through June broke down in early July after Iran struck vessels in the Strait of Hormuz; the US retaliated with strikes inside Iran, triggering roughly two weeks of near-nightly exchanges. Brent crude spiked past $100/bbl for the first time since May and the rupee slid past Rs.96.6/USD before a fragile pause emerged around July 25-26, Brent has since eased back to ~$85-86 and the rupee has recovered to ~Rs.95.5-95.9/USD, though no formal ceasefire is yet in place.

Inflation breaches target, Q1FY27 earnings underway: CPI accelerated to 4.38% in June (from 3.93% in May), reaching an 18-month high and the first breach of the RBI's 4% target under the new series with food inflation at 5.32%. The RBI's next MPC meets August 3-5; the repo rate has held at 5.25% since February. Q1FY27 earnings are broadly resilient so far and Nifty EPS for FY27 remains broadly tracked at Rs.1,050-1,080, implying a Nifty target of 27,000-29,000.

KEY MONITORABLE

Durability of the fragile Iran-US pause and Hormuz shipping activity, the August 3-5 RBI MPC stance amid a CPI print above the 4% target, the pace of Q1FY27 earnings (in full swing through August), monsoon recovery into August, and the trajectory of Brent crude and the rupee.

We believe that India's medium-term equity story remains one of the most compelling, even with near-term volatility from the Middle East and a stickier inflation print. Q1FY27 earnings are broadly resilient, domestic demand holds up, and valuations remain reasonable versus history as reflected in the market's sharp rebound into month-end, with the Sensex and Nifty posting their best single-day gains since mid-June on 29 July.

OUR MAJOR THEMES STAY INTACT

Consumption Premiumisation | Energy Transition | New-Age Technology

The July spike in crude reopened import-bill and CAD concerns even as prices have since eased back with the pause in hostilities; CPI at 4.38% in June and resilient core demand keep the RBI on a watchful footing ahead of the August MPC. The RBI's FCNR(B)/FPI debt-flow easing measures continue to draw dollar inflows — forex reserves have risen to $682.3 billion in July , and the RBI has mobilised close to $40 billion through these schemes, with projections reaching $80-85 billion and FII activity in debt remains constructive even as equity flows stay mixed; the government is also reportedly weighing a capital gains taxation review to support sentiment.

✓ **Our Recommendation:** stay invested, using the sharp intra-month swings as an opportunity to accumulate high-quality, large-cap businesses in sectors aligned with India's structural growth drivers.

Volatility Cuts Both Ways as Industrial Output Firms Up

EQUITY MARKET OUTLOOK

✓ POSITIVE FACTORS

- ✓ Fragile Iran-US pause since late July after a spike past $100/bbl, Brent crude has eased back to ~$83-84, and tanker traffic through the Strait of Hormuz has resumed
- ✓ Rupee recovers to ~Rs.95.6-95.9/USD after slipping past Rs.96.6 during the mid-July flare-up, aided by RBI FCNR(B)/FPI debt-flow easing and forex reserves rising to $676.2 billion
- ✓ IT-led rebound into month-end, Nifty IT surged ~16.8% as investors rotated out of expensive global AI/semiconductor names into Indian IT
- ✓ 10Y G-Sec yield held near ~6.77%, sustaining June's sharp correction, as RBI's FPI/NRI debt-flow easing offset July's crude spike
- ✓ GST collections rose to ~Rs.1.95 lakh crore in June (+13.9% YoY, fastest growth in 13 months)
- ✓ India's MSCI valuation premium below 10-year average — attractive accumulation zone for long-term investors

⚠ RISKS TO WATCH

- ⚠ The July pause is unconfirmed and no formal ceasefire exists: a fresh flare-up could quickly reverse the late-July crude/rupee relief
- ⚠ CPI has now breached target: June inflation at 4.38% (food at 5.32%), an 18-month high; a monsoon shortfall could push inflation further
- ⚠ Energy security remains a stress area. A sub-par monsoon and slowing global growth has led to slight downward revision in FY27 GDP forecasts.
- ⚠ US Fed held rates (3.50-3.75%) on 29 July but with three dissents favouring a hike — markets still price meaningful odds of a hike later in 2026
- ⚠ Small-cap valuations stretched at 28x P/E vs 17x long-term average — risk of de-rating
- ⚠ BFSI sector NIMs under pressure, however, NBFCs are performing well.

MACRO BACKDROP

7.6%	4.38%	5.25%	~$85-86
India GDP (FY26), RBI revised estimate	CPI Inflation (Jun), 18-mo high	RBI Repo Rate, held since Feb	Brent Crude, spiked past $100, easing on truce

- ✓ Industrial output extended its recovery: IIP grew 7.3% YoY in June (vs 5.1% in April), the fastest pace in five months, led by electricity and manufacturing.
- ✓ Trade deficit widened to $15.32B as imports (+26.9% YoY, energy-led) outpaced exports (+9.5% YoY).
- ✓ Forex reserves rose for a third straight week to $676.24B, recovering from the mid-July Iran-US flare-up dip.
- ✓ FY26 fiscal deficit closed at 4.4% of GDP, in line with budget; FY27 is a watch item on West Asia-related expenditure pressures.
- ✓ Monsoon partly recovered from the driest June in 146 years — the all-India shortfall narrowed to ~15%, though south India remains a laggard.

India Leads Global Markets in July as FII Outflows Fade - IT & Autos Standout

PERFORMANCE OF KEY INDICES — LEVEL, MTD & YTD

INDEX	LEVEL	MTD	YTD
BSE Sensex	78,095	2.11%	-9.16%
Nifty 50	24,384	2.17%	-6.68%
Nifty Midcap 100	62,915	1.81%	4.02%
Nifty Small cap 100	19,340	2.53%	9.18%
Nifty Next 50	73,651	2.82%	6.18%
Nifty Bank	57,265	-0.48%	-3.89%
Nifty IT	30,709	16.77%	-18.94%
Nifty Pharma	26,535	4.77%	16.77%
Nifty Auto	28,744	8.55%	1.97%
Nifty Metal	12,719	1.60%	13.89%
Nifty FMCG	49,121	0.67%	-11.45%
Nifty Infrastructure	9,409	0.18%	-2.15%
Nifty Energy	38,730	-2.54%	9.64%

INDIA VS. GLOBAL INDICES

INDEX	CTRY	LEVEL	MTD	YTD
Nifty 50	IN	24,384	2.17%	-6.68%
S&P 500	US	7,438	-0.10%	5.10%
KOSPI	KR	6,595	-23.20%	48.50%
TAIEX	TW	43,120	1.80%	48.90%
CSI 300	CN	4,588	-3.40%	-0.30%
STOXX 600	EU	649	1.50%	9.50%

FII Selling Down 93% in 4 Months

Foreign outflows have sharply decelerated since March.

MONTH	NET FII/FPI FLOW
March	-₹1,22,000 Cr
April	-₹70,000 Cr
May	-₹55,000 Cr
June	-₹49,000 Cr
July	-₹9,000 Cr

DEBT MARKET OUTLOOK

6.77%
10Y G-Sec Yield, near 3-mo low

7.55%
30Y Bond Yield, easing

6.45%
2Y Yield, curve upward sloping

Rs.17.2T
FY27 Gross Borrowing, +17% YoY

3M	6M	2Y	5Y	10Y	30Y
5.30%	5.45%	6.45%	6.65%	6.77%	7.55%

India's 10Y G-Sec yield has held steady near ~6.77%, sustaining June's sharp correction, even as the mid-July crude spike briefly tested sentiment; RBI's FCNR(B)/FPI debt-flow easing measures continue to draw foreign inflows into government bonds. With CPI now above the 4% target and the Iran-US pause still fragile, consensus has shifted from an extended pause toward a "watch and wait" stance ahead of the August 3-5 MPC.

GLOBAL 10Y YIELD COMPARISON

COUNTRY	10Y YIELD	MTD Δ	YTD Δ
India	6.77%	-0.02%	-0.15%
USA	4.68%	0.35%	0.45%
South Korea	3.70%	-0.05%	0.30%
Taiwan	1.50%	0.02%	-0.05%
China	1.70%	-0.03%	-0.15%
Europe (Germany)	3.00%	0.05%	0.20%

The Real Quarter Is in the Midcaps

Q1FY27 — BSE500 EX-BFSI, EX-OIL & GAS · 113 OF 500 COMPANIES REPORTED

+18.4%
Revenue growth, YoY
ex-BFSI, ex-Oil & Gas

+18.3%
EBITDA growth, YoY
ex-BFSI, ex-Oil & Gas

+18.3%
Adjusted PAT growth, YoY
ex-BFSI, ex-Oil & Gas

22.3%
EBITDA margin · −2bps YoY (flat)
ex-BFSI, ex-Oil & Gas

SECTOR HEATMAP — Q1FY27 YOY & QOQ

SECTOR	REV YOY	REV QOQ	EBI YOY	EBI QOQ	PAT YOY	PAT QOQ	MOMENTUM
Oil & Gas	+36.0%	+12.0%	+16.5%	+5.0%	+16.6%	+21.6%	Accelerating
IT Services	+21.6%	+4.4%	+17.2%	+0.4%	+15.0%	+0.3%	Accelerating
Metals & Mining	+13.1%	-4.7%	+20.6%	+3.2%	+39.4%	+8.8%	Accelerating
Power	+14.0%	+15.0%	+28.7%	+65.7%	+24.7%	-6.7%	Fading
Auto & Auto Ancillaries	+39.7%	+11.6%	+41.0%	+18.4%	+43.1%	-5.2%	Fading
Consumer Goods	+11.1%	+1.4%	+9.6%	-4.7%	+4.9%	-8.5%	Fading
Cement	+11.4%	-6.9%	+2.4%	-13.7%	+2.9%	-15.0%	Fading
Others	+29.5%	+1.4%	+30.9%	+17.6%	+38.7%	+27.8%	Accelerating
Engineering & Capital Goods	+24.4%	-27.6%	+59.7%	-45.6%	+62.0%	-49.0%	Fading
Transportation	+18.1%	+8.3%	-34.4%	+275.8%	-98.8%	LTP	*n.m.*
Chemicals & Fertilizers	+20.3%	+21.4%	+19.1%	+331.4%	+9.8%	+81.4%	Accelerating
Pharmaceuticals	+4.4%	+6.4%	-28.6%	+26.2%	-35.8%	+30.6%	Recovering
Telecommunications	+7.1%	+2.4%	+2.5%	-1.9%	-2.7%	-5.7%	Deteriorating
Real Estate	+36.6%	-6.0%	+45.6%	+15.5%	+61.9%	-25.5%	Fading
Media & Entertainment	+11.9%	+4.8%	+33.3%	+18.0%	LTP	+176.7%	*n.m.*
Construction & Infrastructure	+18.1%	-5.1%	+15.9%	-3.3%	-9.9%	-27.5%	Deteriorating

INDEX COMPARISON — EX-BFSI, EX-OIL & GAS

INDEX	Q1FY27	Q4FY26	Q1FY26	DIRECTION
SALES GROWTH				
Nifty 50	**+16.5%**	+15.2%	+6.7%	Accelerating
Nifty Midcap 100	**+16.0%**	+18.5%	+11.9%	Decelerating
EBITDA GROWTH				
Nifty 50	**+10.0%**	+0.3%	+6.2%	Accelerating
Nifty Midcap 100	**+29.1%**	+18.6%	+12.3%	Accelerating
ADJ. PAT GROWTH				
Nifty 50	**+7.1%**	+2.6%	+7.6%	Accelerating
Nifty Midcap 100	**+40.7%**	+40.5%	+8.4%	Accelerating

Large caps +7.1% PAT. Midcaps +40.7% on 16.0% revenue — margin expansion, not volume.

CONSENSUS REVISIONS DURING Q1FY27 — BSE 500

FY27 EPS	FY28 EPS	TARGET PRICE	RATINGS
190↑ / 221↓	**211↑ / 200↓**	**274↑ / 146↓**	**151↑ / 92↓**

Near-term estimates are still being trimmed even as target prices are marked up.

Excludes Banks and Financial Services (56 companies). EBITDA and margin are not meaningful constructs for them — this is not a comment on performance; BFSI added Rs 383bn of EBITDA year-on-year.

Excludes HPCL and BPCL, which removed Rs 372bn of EBITDA and Rs 270bn of adjusted PAT year-on-year on refining and inventory losses.

Headline figures and the index comparison use an ex-BFSI, ex-entire-Oil & Gas basis; the sector heatmap below is ex-BFSI, ex-OMC only (so Oil & Gas can be shown as its own line) — the two bases are close on EBITDA/PAT (~40bps apart) but diverge on revenue since Reliance is excluded only from the former.

Nifty Smallcap is not covered by the source data and is deliberately omitted rather than proxied.

Construction & Infrastructure, Media & Entertainment, Transportation and Telecommunications carry 1–2 reported companies each — single-name reads, not sector reads.

Source: Capitaline, Bloomberg. Earnings season in progress as of 31 July 2026.

Tailwinds Build as High-Frequency Data Holds Firm

KEY POSITIVE DEVELOPMENTS FOR CAPITAL MARKETS

DOMESTIC CATALYSTS

- ✓ India-US trade deal framework likely to reduce tariff headwinds for exporters (IT, pharma, textiles)
- ✓ Monsoon recovering after the driest June in 146 years — seasonal deficit narrowed to ~15% (from 40% peak), boosting hopes for rural demand and food inflation moderation
- ✓ GST collections rose to Rs.2.11 lakh crore in July (+15.4% YoY) — fastest growth in 14 months
- ✓ RBI record surplus transfer (~Rs.2.5L crore) enhances fiscal space for government capex spending
- ✓ JPMorgan GBI-EM flows into G-Secs remain constructive despite global risk aversion
- ✓ PLI scheme execution accelerating in electronics, semiconductors, and EV components
- ✓ SIP inflows sustaining at ~Rs.31,000-32,000 crore/month, anchoring DIIs as consistent buyers

GLOBAL TAILWINDS

- ✓ Fragile Iran-US pause since 25-26 July — tanker traffic through the Strait of Hormuz has partly resumed, though tail risk has not been fully removed
- ✓ US Fed held rates at 3.50-3.75% on 29 July — a headwind for EM currencies, but offset for India by sharply lower oil and improving capital flows
- ✓ AI spending super cycle benefiting Indian IT — rotation out of expensive global AI/semiconductor names drove Nifty IT up ~16.8%, led by Infosys, TCS and Wipro
- ✓ OPEC+ supply and the late-July pause have pulled Brent back to ~$83-84 after a spike past $100
- ✓ China + 1 strategy: India gaining as preferred manufacturing alternative to China
- ✓ India's CAD manageable at ~1.8% of GDP (FY27E) — not a structural concern
- ✓ Domestic equity valuations below 10-year average premium — re-rating potential significant

HIGH FREQUENCY INDICATORS

INDICATOR	READING	NOTE
GST Collections (Jun '26)	**Rs.1.95 L Cr**	+13.9% YoY; fastest in 13 months
Composite PMI (Jul '26 Flash)	**54.3**	Slowest since Mar 2022; still expansion
Services PMI (Jul '26 Flash)	**53.1**	53-month low, down from 57.4
Naukri JobSpeak	**+8% YoY**	AI/ML +41%; Hospitality +26%
E-Way Bill Generation	**Healthy**	Double-digit growth YoY
Auto Retail Sales	**Broad-based**	All categories positive (GST boost)
Mfg. Input Cost Inflation	**Elevated**	Highest since Jul '22; energy-driven
Port Cargo (Major Ports)	**+5.6% YoY**	Trade volume recovery
RBI Business Exp. Index	**126.2**	6-quarter high; hiring positive

Fund Information & Important Disclosures

FUND TERMS

Minimum investment: INR 10 million

Subscriptions: Monthly

Redemptions: Monthly, subject to 12 month lock-in

Registered for sale: With SEBI

SERVICE PROVIDERS

Investment Manager: Ampersand Capital Investment Advisors LLP

Legal & Fund Consultant: Khaitan & Co.

Administrator: Kotak Mahindra Bank Ltd.

Registrar & Transfer Agent: CAMS Limited

Statutory Auditor & Tax Consultant: Deloitte Haskins & Sells LLP

Structure: Category III AIF, Ampersand Capital Trust

INVESTMENT APPROACH

AGOFS runs a focused multi-cap portfolio of 30-35 listed businesses, built bottom-up from primary research and held through cycles. Position sizing favours conviction over breadth, and cash is deployed into volatility rather than away from it.

- ✓ Consumption Premiumisation
- ✓ China+1 / Import Substitution
- ✓ Energy Transition
- ✓ New-Age Technology

CONTACT

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