Ampersand Growth Opportunities Fund Scheme – 1

Monthly Market Review & Outlook — June 2026

Fund Objective and 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.

Investment Strategy — Staying Positive on Equities - "Dips are discounts, not detours."

Ampersand Capital | Outlook

- ✓ **De-escalation rally:** With the Iran-US ceasefire holding and the Strait of Hormuz returning to near-normal traffic, the acute geopolitical risk premium that dominated May has unwound sharply — Brent crude has fallen roughly 20-23% from its war-time peak to ~$74-77, and the rupee has recovered to ~Rs.94.5/USD from a low of Rs.96.8.
- ✓ **Inflation ticking up, but still contained:** The RBI held the repo rate at 5.25% with a neutral stance. Headline CPI climbed to 3.93% in May (from 3.48% in April), inching toward the 4% target as food inflation firmed to 4.78%. With the RBI nudging up its FY27 inflation projection and El Niño clouding the monsoon outlook, food prices remain the key swing factor for the next policy review.
- ✓ **Key monitorable:** Durability of the Iran-US ceasefire and Hormuz traffic, Monsoon progress (Jul-Aug), August RBI MPC stance amid rising CPI, US Fed rate-hike probability, and Q1FY27 earnings season (Jul-Aug).

We at Ampersand Capital believe this de-escalation reinforces India's medium-term equity story as one of the most compelling. The earnings cycle is turning up, domestic demand is resilient, and valuations remain reasonable versus history with the Nifty 50 trading at an attractive valuation of 19x FY27 EPS. **Our major themes — Consumption Premiumization, Energy Transition, New-Age Technology and Import Substitution — stay intact.**

Lower oil prices are easing the import bill and CAD pressure, even as a sequential pickup in CPI (3.93% in May) and resilient core demand keep the RBI on a watchful, neutral footing. The RBI has eased norms for foreign portfolio investment in government securities and FCNR(B) deposits to attract dollar inflows, and FII activity in debt has turned constructive even as equity flows remain mixed; the government is also reportedly weighing a capital gains taxation review to support sentiment.

We recommend staying invested, using volatility as an opportunity to accumulate high-quality, large-cap businesses in sectors aligned with India's structural growth drivers.

Macro Backdrop

INDIA GDP (FY26)	CPI INFLATION (MAY '26)	RBI REPO RATE	BRENT CRUDE (JUN)
7.6%	**3.93%**	**5.25%**	**~$75**
RBI revised estimate	5th straight rise; nearing 4% target	Held stable for 3rd meeting in a row	Down ~22% on ceasefire

- Industrial output stayed resilient: IIP grew 5.1% YoY in May 2026 (vs 4.9% in April) under the new base series, led by manufacturing (+5.5%) and electricity (+9.9%), even as mining contracted 1.6% on West Asia-linked gas-supply disruption.
- Trade momentum improved: May 2026 exports (merchandise & services) rose to $82.0 billion (+10.2% YoY), with services exports up 13.4% YoY to $36.8 billion, helping cushion the import bill even as crude stayed elevated for part of the month.
- Forex reserves stood at $672.6 billion as of June 19, 2026 — a healthy buffer the RBI has cited as sufficient to absorb external shocks from the West Asia conflict, even after a recent weekly pullback driven mainly by gold revaluation.
- Fiscal slippage risk has crept up: ICRA now pegs the FY27 fiscal deficit near 4.7% of GDP (vs. the budgeted 4.3%) on West Asia-related expenditure and revenue pressures, though higher customs duty collections on gold and silver are expected to partly offset the gap.
- Monsoon has disappointed so far: India received just 53.1mm of rainfall between June 4-22 against a normal of 97.6mm — a 46% deficit, on track to be the driest June in 146 years — though the southwest monsoon has now reached Mumbai and is reviving across western and central India.

Equity Market Outlook

POSITIVE FACTORS	RISKS TO WATCH
• Iran-US ceasefire holding — Strait of Hormuz traffic normalizing, Brent crude down ~20-23% from war peak to ~$74-77 • Rupee recovers to ~Rs.94.5/USD from a May low of Rs.96.8, aided by RBI FCNR(B)/FPI debt-flow easing; India-US trade deal progress continues. • Banking-led rally — Nifty Bank up ~7% in June on RBI liquidity/FCNR(B) easing and FPI debt inflows; sustained SIP flows (~Rs.30,000-31,000 Cr/month) continue to anchor DII buying • 10Y G-Sec yield eased to a 3-month low of ~6.77% (from 7.00% in May) as RBI's FPI/NRI debt-flow easing and softer crude drew foreign inflows into bonds • GST collections steady at ~Rs.1.94 lakh crore in May (adjusted growth ~9% YoY); RBI's record FY26 surplus transfer (~Rs.2.9 lakh crore) continues to support fiscal headroom for capex • India's MSCI valuation premium below 10-year average — attractive accumulation zone for long-term investors	• Ceasefire is recent and untested: any flare-up in the Iran-US/Israel situation could reverse the sharp crude/rupee relief rally seen in June • CPI rising toward target: May inflation at 3.93% (food at 4.78%); a monsoon shortfall could push food inflation further and complicate the RBI's August stance • S&P Global Ratings has flagged energy stress, a sub-par monsoon and slowing global growth as a drag on FY27 GDP, trimming its estimate to 6.6% • US Fed turning more hawkish — futures markets assign a meaningful probability to a further rate hike, which could renew dollar strength and cap the rupee's recovery • Small-cap valuations stretched at 28x FY27 EPS vs 17x long-term average — risk of de-rating • BFSI sector NIMs under pressure — earnings laggard this quarter

Performance of Key Indices — Level, MTD (June-2026) & YTD (FY27, Apr-Jun-2026)

Index	Level (CY 26-27)	MTD Return	YTD Return
BSE Sensex	**76,479**	2.28%	-10.26%
Nifty 50	**23,866**	1.35%	-8.66%
Nifty Midcap 100	**61,798**	0.12%	2.17%
Nifty Small cap 100	**18,863**	3.99%	6.49%
Nifty Next 50	**71,629**	0.78%	3.27%
Nifty Bank	**57,543**	6.09%	-3.42%
Nifty IT	**26,299**	-9.56%	-30.58%
Nifty Pharma	**25,326**	4.03%	11.45%
Nifty Auto	**26,480**	0.54%	-6.07%
Nifty Metal	**12,519**	-6.86%	12.10%
Nifty FMCG	**48,794**	-1.19%	-12.04%
Nifty Infrastructure	**9,392**	0.42%	-2.33%
Nifty Energy	**39,741**	-2.78%	12.50%

Q1FY27 Earnings Preview & FY27 Outlook

BSE 500 FY27E EPS GROWTH	NIFTY 50 FY27 P/E	NIFTY MIDCAP FY27 P/E	NIFTY SMALLCAP FY27 P/E
+12-13% YoY	**18x**	**24.8x**	**24.9x**
Vs. 11% YoY in FY26	Vs. 5yr avg of 22.4x	Vs. 5yr avg of 30x	vs 5yr avg of 27.2x

SECTOR SETUP INTO Q1FY27/FY27		
LEADERS	**IN-LINE/MIXED**	**LAGGARDS**
Capital Goods, Power & T&D	**FMCG & Consumer**	**IT Services**
Pharma	**Hospitality**	**BFSI**
Auto & Ancillaries	**Cement**	**Engineering & EMS**
Defence	**Metals**	**Cement**

- **Q1FY27 results begin ~mid-July (IT leads off). Key swing factors: monsoon & rural demand, bank NIM trajectory, the IT / AI cost reset, and crude related temporary margin headwinds.**

Debt Market Outlook

10Y G-SEC YIELD	30Y BOND YIELD	2Y YIELD	FY27 GROSS BORROWING
6.80%	**7.55%**	**6.45%**	**Rs.17.2T**
3-month low	Easing	Curve upward sloping	+17% vs FY26

3M	6M	2Y	5Y	10Y	30Y
5.30%	**5.45%**	**6.45%**	**6.65%**	**6.80%**	**7.55%**

- India's 10Y G-Sec yield has eased to ~6.80% — a three-month low — as the RBI's FCNR(B)/FPI debt-flow easing measures and the sharp drop in crude drew renewed foreign inflows into government bonds, reversing May's near-two-year-high levels.
- Supply-demand imbalance in the bond market; the RBI is expected to continue acting as a marginal buyer in secondary market operations to manage yield levels.
- With the Iran-US ceasefire holding and CPI still inside the RBI's tolerance band, market consensus has shifted from rate-hike risk toward an extended pause; the August MPC meeting will hinge on monsoon progress and the durability of the fuel-price pass-through.
- Strategy: With yields off their highs and the ceasefire reducing tail risk, selectively extend duration via high-quality AAA accrual and dynamic bond funds, while keeping a floating-rate sleeve as a hedge against any renewed geopolitical flare-up.

Key Positive Developments for Capital Markets

DOMESTIC CATALYSTS	GLOBAL TAILWINDS
• RBI June policy adds FCNR(B) swap window to draw foreign flows; 10-yr G-sec yield eased below 6.9% • Capex cycle is firming with corporate capex rising and states' FY26 capex up ~9% YoY • DII flows resilient, SIP-anchored: +US$49.7bn CYTD vs FII –US$29.5bn; domestic selling easing in June • Nifty de-rated to ~19x (from ~24x peak) — scope for 14–15% earnings-led returns even without re-rating • Q4FY26 current account swung to a surplus, on strong services exports & remittances • PLI scheme execution accelerating in electronics, semiconductors, and EV components • SIP inflows sustaining at ~Rs.30,000-31,000 crore/month, anchoring DIIs as consistent buyers	• Iran-US ceasefire holding into late June — tanker traffic through the Strait of Hormuz has resumed at near pre-war pace, removing the acute tail risk that dominated May • US Fed turning more hawkish on sticky inflation — a headwind for EM currencies, but offset for India by sharply lower oil and improving capital flows • OPEC+ supply increases and resumed Persian Gulf exports have already driven the anticipated crude relief — Brent down to ~$74-77 from ~$96 • US FTA talks with India are advancing, EU/UK already done — ~US$53bn/yr of added export benefits to India • India's CAD manageable at ~1.8% of GDP (FY27E) — not a structural concern • Domestic equity market valuations below 10-year average premium — re-rating potential significant

High Frequency Indicators

GST COLLECTIONS (MAY '26) **Rs.1.94 L Cr** +3.2% YoY; ~9% adj. growth	MANUFACTURING PMI (JUN '26) **54.5** 3-month low; still expansion	SERVICES PMI (JUN '26) **57.3** Eased from 6-mo high of 58.9
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

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Fund Information

Minimum investment	Subscriptions	Redemptions	Registered for Sale
INR 10 million	Monthly	Monthly, subject to 12 month lock-in	Registered with SEBI

Legal and Fund Consultant
Khaitan & Co.

Administrator
Kotak Mahindra Bank Ltd.

Registrar & Transfer Agent (RTA)
CAMS Limited

Statutory Auditor & Tax Consultant
Deloitte Haskins & Sells LLP

Investment Manager
Ampersand Capital Investment Advisors LLP

Investment Manager

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