INVESTOR UPDATE · AUGUST 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

"Be fearful when others are greedy and greedy only when others are fearful."

— WARREN BUFFET

FIIs Turn Net Buyers as Q1FY27 Earnings Hit a 10-Quarter High

INVESTMENT STRATEGY — GROWTH WITH QUALITY BIAS

Crude eases from July peak, rupee stabilizes near Rs.95.6/USD: After spiking to ~$93-94/bbl in July on the Iran-US ceasefire collapse, Brent has eased to ~$88-89/bbl by late August as Hormuz-region crude exports recover and Iran-Oman reach a revenue-sharing arrangement over the strait, though Washington has signalled no return to the collapsed June deal. The rupee holds near Rs.95.6-95.8/USD, cushioned by RBI intervention and FCNR(B)/FPI inflows.

Strongest earnings in years, but inflation above target: RBI held repo at 5.25% for a 4th straight meeting, though minutes turned hawkish on rate-hike odds. CPI hit a 19-month high of 4.45% in July, above the 4% target for a 2nd month. Q1FY27 earnings were the best in 10 quarters (Nifty50 revenue +19.4%, PAT +18% YoY), lifting the FY27 Nifty EPS estimate to ~Rs.1,232, implying 19x P/E.

KEY MONITORABLE

US-Iran conflict trajectory, the Q1FY27 GDP print (Aug 31), rising RBI rate-hike odds (Morgan Stanley sees a December start, 6.0% terminal rate), the September monsoon, and the still-unsigned India-US trade deal.

> We view the renewed Middle East volatility as a near-term overhang, not a change in India's medium-term equity story. Earnings have turned up decisively, GDP momentum stays resilient (Q1FY27 at 7.8%), and valuations remain reasonable post-pullback.

OUR MAJOR THEMES STAY INTACT

Consumption Premiumization | Energy Transition | New-Age Technology

Elevated oil is pressuring the import bill and CAD again, and with CPI above target for two straight months, the RBI's neutral stance is being tested — markets are increasingly pricing a shift toward tightening later in FY27. The RBI's FCNR(B)/FPI easing measures have drawn $65bn+ in inflows since June, lifting forex reserves to ~$730 billion. FIIs have turned net buyers for a second straight month — +Rs.24,384 Cr in July and +Rs.24,175 Cr in August (MTD) — though they remain net sellers of ~Rs.2.3 lakh crore for CY2026 so far.

✓ **Our Recommendation:** stay invested, using the volatility to accumulate quality businesses aligned with India's structural growth themes, while keeping some powder dry given rising rate-hike odds and currency pressure.

Growth Holds at 7.8% as Valuations Stay Below Their 10-Year Average

EQUITY MARKET OUTLOOK

✓ POSITIVE FACTORS

- ✓ Q1FY27 earnings strongest in 10 quarters — Nifty50 revenue +19.4%, PAT +18% YoY, led by financials, metals, oil & gas (ex-OMC)
- ✓ DII buying anchors the market — SIP inflows offset bouts of FII selling; PSU banks led gains post the RBI's August pause
- ✓ GST hit ~Rs.2.11 lakh crore in July (+15.4% YoY), second highest ever; April-July FY27 collections up 10.1% YoY
- ✓ India's MSCI valuation premium below 10-year average — attractive accumulation zone for long-term investors

⚠ RISKS TO WATCH

- ⚠ US-Iran tensions still unresolved — Brent has eased to ~$91-92/bbl from July's $94 peak, but the ceasefire's collapse keeps rupee and CAD risk elevated
- ⚠ CPI above target for the 2nd straight month (4.45% in July); economists see it peaking near 4.7-5% by Q4CY26, raising RBI hike odds
- ⚠ 10Y G-Sec has increased to ~6.95%, but hawkish RBI minutes and delayed Bloomberg EM Index inclusion keep yields sticky
- ⚠ Rising US Treasury yields (30Y at highest since 2007) and a Wall Street selloff add to global risk-off, pressuring FII flows into EMs

MACRO BACKDROP

7.8%
India GDP (FY26 Final) — vs 6.8% YoY, 7.8% Q1FY27

4.45%
CPI Inflation (Jul '26) — 19-mo high, above target 2nd month

5.25%
RBI Repo Rate — held Aug 5, 4th meeting in a row

~$91-92
Brent Crude (Aug) — eased from July's $94 peak

- ✓ Industrial output accelerated: IIP grew 6.7% YoY in July 2026 (vs 6.3% for Q1FY27 overall), led by manufacturing (+7.3%) and electricity (+8.7%); the general IIP index reached 124.8, its strongest reading in the current base series.
- ✓ Fiscal picture watchful: FY27 gross borrowing is running ~17% above FY26, and rising crude prices could revive fiscal-slippage concerns, though strong GST collections are helping offset the pressure so far.
- ✓ Trade momentum improved: India's merchandise exports touched a record $129.32 billion and Total Exports to $232.73 billion in Q1FY27, and July GST-linked import data point to sustained trade activity even as elevated crude keeps the import bill under watch.
- ✓ Monsoon has recovered from a weak June: the cumulative seasonal deficit narrowed to around 11-12% by early August after a very dry June and a stronger July, with IMD forecasting near-normal (~97% of LPA) rainfall for August and a broadly normal second half of the season.

WHERE FIIS ARE POSITIONING, BY SECTOR

FII/FPI sector flows — Jul '26 (full month), CY YTD '26 (Jan-Jul) and Aug 1-15 '26

SECTOR	AUG 1-15 '26	JUL '26	CY YTD '26
Consumer Services	+Rs.3,398 Cr	+Rs.10,201 Cr	-Rs.10,161 Cr
Healthcare	+Rs.2,910 Cr	+Rs.7,755 Cr	-Rs.13,183 Cr
Consumer Durables	+Rs.1,472 Cr	+Rs.7,342 Cr	+Rs.3,195 Cr
Capital Goods	-Rs.1,556 Cr	-Rs.6,275 Cr	+Rs.14,879 Cr
Telecommunication	-Rs.3,322 Cr	-Rs.5,725 Cr	-Rs.23,148 Cr
Automobile	+Rs.4,405 Cr	-Rs.4,564 Cr	-Rs.35,449 Cr
Financial Services	+Rs.6,535 Cr	-Rs.694 Cr	-Rs.1,12,649 Cr
IT	+Rs.2,530 Cr	+Rs.3,358 Cr	-Rs.30,889 Cr
Power	-Rs.1,164 Cr	-Rs.2,863 Cr	-Rs.22,159 Cr

Broader Market Outperforms as the 10Y Yield Hits an 8-Week High

PERFORMANCE OF KEY INDICES — LEVEL, MTD & YTD

INDEX	LEVEL	MTD	YTD
BSE Sensex	76,957	-1.58%	-9.81%
Nifty 50	24,080	-1.24%	-7.84%
Nifty Midcap 100	64,225	+2.08%	+6.18%
Nifty Small cap 100	19,932	+3.06%	+12.52%
Nifty Next 50	73,760	+0.15%	+6.34%
Nifty Bank	58,025	+1.33%	-2.61%
Nifty IT	31,191	+1.57%	-17.67%
Nifty Pharma	27,186	+2.46%	+19.64%
Nifty Auto	28,842	+0.34%	+2.31%
Nifty Metal	13,194	+3.73%	+18.14%
Nifty FMCG	46,026	-6.30%	-17.03%
Nifty Infrastructure	9,179	-2.44%	-4.54%
Nifty Energy	37,949	-2.01%	+7.43%

VALUATIONS

INDEX	TRAILING P/E	FWD P/E
BSE Sensex	20.5x	19x
Nifty 50	20.3x	19x
Nifty Midcap 100	30.9x	25x
Nifty Small cap 100	31.7x	24x

INDIA VS. GLOBAL

INDEX	CTRY	LEVEL	MTD	YTD
Nifty 50	IN	24,080	-1.24%	-7.84%
S&P 500	US	7,779	+3.9%	+13.6%
KOSPI	KR	6,832	+3.9%	+62.1%
TAIEX	TW	46,128	+15.5%	+59.3%
CSI 300	CN	4,625	-1.5%	-0.7%
STOXX 600	EU	651	+0.9%	+9.9%

DEBT MARKET OUTLOOK

6.95%
10Y G-Sec Yield — Moving Up

7.53%
30Y Bond Yield — Easing

6.09%
2Y Yield — Curve upward sloping

Rs.17.2T
FY27 Gross Borrowing, +17% vs FY26

3M	6M	2Y	5Y	10Y	30Y
5.26%	5.54%	6.08%	6.54%	6.95%	7.53%

India's 10Y G-Sec yield touched an eight-week high of ~6.95% in early August on hawkish RBI MPC minutes, crude-driven inflation concerns, and the postponement of India's Bloomberg EM Index inclusion; Brent retreated from $94 to ~$91-92/bbl, though yields remain above the pre-conflict range. Supply-demand imbalance persists; the sharp rise in Brent crude to ~$94/bbl in July directly pushed up long-term yields and yields have only partly retraced even as crude has since eased, with money-market rates (3M CD, 12M CD) still elevated. With CPI now above the RBI's 4% target for a second straight month and MPC minutes turning hawkish, market consensus has shifted from an extended pause toward a possible rate hike.

Strategy: With yields having backed up and inflation/rate-hike risk rising, favors shorter-duration and floating-rate accrual funds over aggressive duration extension; use any sharp yield spikes selectively to add high-quality AAA paper, while keeping dry powder for further repricing if the RBI turns hawkish at the October MPC.

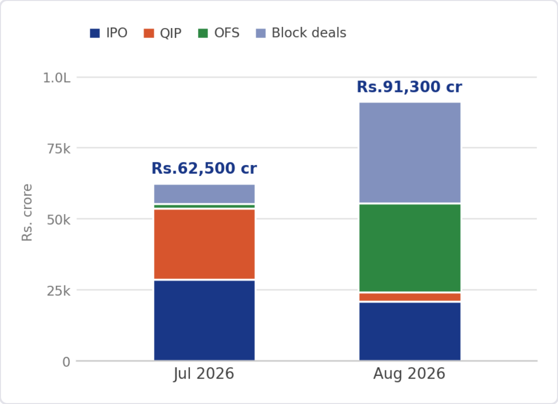
GLOBAL 10Y YIELD COMPARISON

COUNTRY	10Y YIELD	MTD Δ	YTD Δ
India	6.95%	+14bps	+24bps
USA	4.73%	+23bps	+8bps
South Korea	3.90%	+8bps	+45bps
Taiwan	1.52%	+2bps	-6bps
China	1.71%	-3bps	-12bps
Europe (Germany)	3.30%	+25bps	+55bps

Rs.91,000 Crore of Paper Absorbed in a Flat Market

PRIMARY MARKET SUPPLY — A RECORD MONTH

~Rs.91,000cr	21	Rs.31,515cr	Rs.35,673cr
Total August supply (~$10bn) — largest month on record	IPOs in August — busiest month of 2026 by deal count	LIC offer for sale — the largest OFS in Indian history	Block deals — a 14-month high in the block window



Equity issuance by route. July was QIP-led; August was sell-down-led. Sources: Prime Database, exchange block-deal data, Bloomberg.

August was India's heaviest issuance month ever. Around Rs.91,000cr of equity was placed across IPOs, QIPs, offers for sale and block deals. The LIC stake sale led it at Rs.31,515cr, the largest OFS ever done here. July and August together took Rs.1.11 lakh crore off the market, the most since October-November 2024.

Most of it was exit, not capital formation. Offers for sale and blocks alone were 73% of the August total — money to selling shareholders, not to company balance sheets. QIPs, the purest growth capital, fell to Rs.3,250cr from Rs.25,114cr in July.

> Rs.91,000cr of supply landed against roughly Rs.31,000cr of monthly SIP flow and Rs.24,175cr of FII buying, and the market took it without breaking. Six of CY26's top ten debuts came in August. The BSE IPO index is up 17% this year against a Nifty down 7.8%. This reminds us of IPO Euphoria, which doesn't end well.

AUGUST DEBUTANTS — LISTING GAIN OVER ISSUE PRICE

Tempsens Instruments	Behari Lal Engg	Milky Mist	Molbio Diagnostics	Manipal Health
+93.6%	+76.2%	+29.6%	+21.4%	+13.0%
Rs.300 → Rs.580.70 · 184x	listed 19 Aug	Rs.140 issue · 59x	Rs.807 → Rs.980 · 70x	Rs.9,277cr issue · 4.9x

Listing-day gain over issue price. 17 mainboard IPOs listed in August and six of them rank in CY26's top ten debuts. Tempsens is the best mainboard listing of the year; the CY26 average across 53 issues is 10.9%. Molbio is quoted on opening price, the rest on listing-day close.

> **The calendar ahead:** 75 companies hold SEBI approval for Rs.2.02 lakh crore of issuance, and SEBI cleared the Jio Platforms IPO on 28 August. Jio (Rs.40,000cr) and NSE (Rs.30,000cr) alone account for Rs.70,000cr — enough to draw down several months of domestic flow in a single quarter.

✓ **Our Recommendation — primary vs secondary:** we prefer the secondary market for incremental capital. The Nifty trades near 19x forward with India's MSCI premium below its 10-year average, so quality compounders are available at a discount after a 7.8% drawdown this year. Primary offers no such discount: a crowded calendar prices to the strongest bid in the room, and two-thirds of CY25 listings that opened green were underwater within twelve months. We will participate in primary selectively — where the business maps to our themes, the offer-for-sale ratio is low, and the anchor book is locked in for the right reasons. The rest goes to the listed market, where we can size on our own timetable rather than the issuer's.

Sources: Prime Database, NSE and BSE block/bulk deal data, DIPAM, Bloomberg, AMFI. Data as at 31 August 2026.

Forex Reserves Hit a 6-Month High as GST & Hiring Data Hold Firm

KEY POSITIVE DEVELOPMENTS FOR CAPITAL MARKETS

DOMESTIC CATALYSTS

- ✓ India-US trade deal still under negotiation; the 18% tariff agreed in February holds, helping IT/pharma/textile exporters vs regional peers
- ✓ Forex reserves at ~$730 billion (6-month high) on $65bn+ FPI inflows since June, strengthening the RBI's rupee defense
- ✓ JPMorgan GBI-EM flows into G-Secs stay structurally positive, despite delayed Bloomberg EM Index inclusion
- ✓ PLI execution continues in electronics, semiconductors and EV components, supporting the IIP uptick

GLOBAL TAILWINDS

- ✓ US Treasury yields ease intermittently on Fed rate-cut hopes, offering periodic EM currency relief, partly offsetting the crude-driven drag on India's import bill
- ✓ AI spending super-cycle supports IT services demand, though stocks lagged in Jul-Aug on Nasdaq-linked weakness
- ✓ China+1 and PLI momentum keep India attractive as a manufacturing alternative despite near-term crude-driven volatility
- ✓ CAD manageable at ~1% of GDP (FY27E) despite elevated oil — a prolonged higher Brent levels (SBI Research)

HIGH FREQUENCY INDICATORS

INDICATOR	READING	NOTE
GST Collections (Jul '26)	**Rs.2.11 L Cr**	+15.4% YoY; fastest in 14 months
Manufacturing PMI (Aug '26)	**52.9**	5-year low in output/orders growth
Services PMI (Aug '26)	**54.5**	Re-accelerated after 53-month low in Jul
Naukri JobSpeak	**+8% YoY**	AI/ML +41%; Hospitality +26%
E-Way Bill Generation	**Healthy**	Double-digit +14.5% 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)	**Apr-Jul +11.95% YoY**	Trade volume recovery
RBI Business Exp. Index	**111.1**	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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