

October 7, 2026

Dear investor,

This is our tenth quarterly note, covering the quarter ended 30 September 2026. The fund is now a little over two years and four months old. The fund returned 5.8% pre-tax in the September quarter against a Nifty 500 TRI that fell 3.7%. Since inception the pre-tax return is 11.7% a year against 2.4% for the Nifty 500 TRI and 0.7% for the Nifty 50 TRI.

Class A1 (May 2024 series), to 30 September 2026:

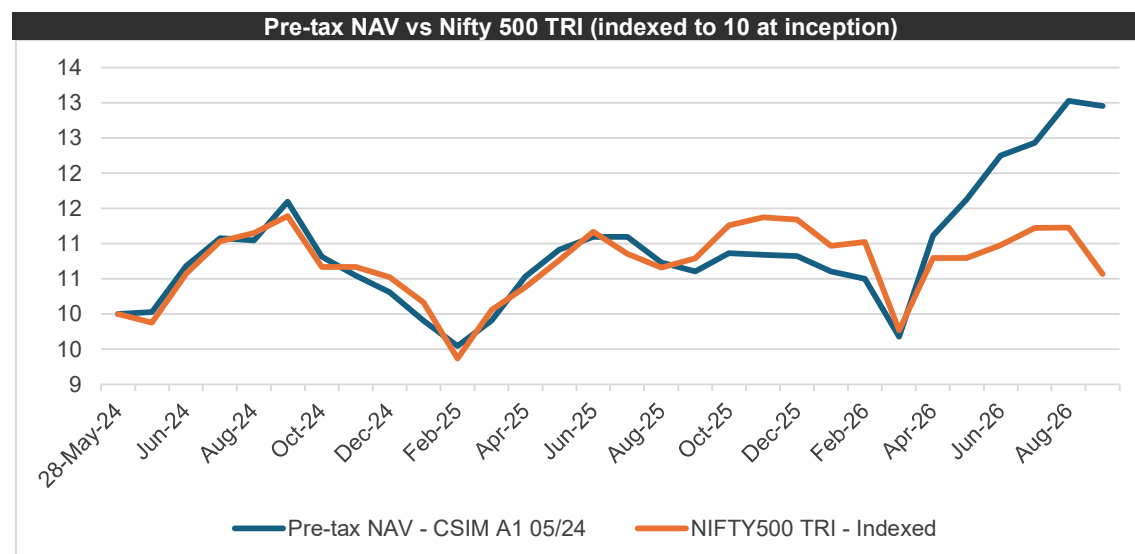
	Sep quarter	1 year	2 yr CAGR	Since inception CAGR
Class A1, pre-tax	+5.8%	+22.2%	+5.7%	+11.7%
Class A1, post-tax	+4.9%	+18.6%	+4.2%	+8.7%
Nifty 500 TRI	-3.7%	-2.0%	-3.7%	+2.4%
Nifty 50 TRI	-4.9%	-7.1%	-5.3%	+0.7%

We quote Class A1 because it carries our highest management fee and has the most investors; other classes of the May 2024 series would show marginally higher returns.

By period, pre-tax, against the Nifty 500 TRI:

Period	Fund	Nifty 500 TRI	Excess
FY2024-25 (from 28 May 2024)	-0.9%	+0.6%	-1.5 pp
FY2025-26	-2.3%	-2.9%	+0.6 pp
FY2026-27 H1	+33.9%	+8.2%	+25.7 pp
CY2025	+5.0%	+7.8%	-2.8 pp
CY2026 to 30 September	+19.7%	-6.8%	+26.5 pp

As we have repeatedly cautioned, our portfolio is volatile by nature and that has been visible through the limited life of the fund so far.



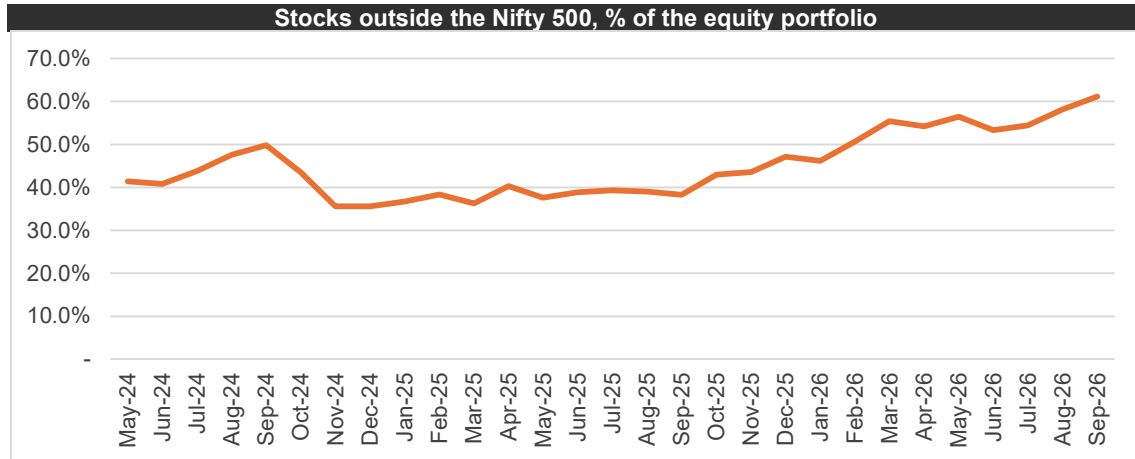
How we invest

In our June 2026 newsletter, we elaborated our core beliefs

- **Alignment of interests & skin in the game.** The founders continue to build their public equity exposure aligned with the fund. A large proportion of the fund AUM is from investors (including the founders) for whom our fund is a significant portion of their public equity exposure. The fund's strategy and our approach to risk follows from this.
- **Fund Strategy:** Long-term capital appreciation, above cost of capital and index returns, along with capital preservation. We are very mindful not to take risks that can cause a large permanent drawdown of capital or risks that we don't understand.
- **Concentrated portfolio of high-conviction stocks.** We have held a limited number of stocks through the last two years, with the top 10 consistently in the 65-75% range of AUM.
- **Absolute return, bottom up, no benchmarking.** The portfolio has looked nothing like the Nifty or Nifty 500 through the last two years. We do not invest in any stock merely to beat/mirror any index, nor to chase a theme. This is the source of both our CY25 underperformance and our CY26 outperformance – it is not a bug, it is how the strategy is designed to work.
- **Focus on what we understand.** Our sectoral concentration and bottom up ideas reflect conviction in areas we know, and have helped us add meaningfully when we felt the market volatility presented us with the right opportunities. We have continued to have no exposure to sectors where we have limited understanding, even when they have led the market nor when they have corrected sharply.
- **Long-term investing.** Several of our largest holdings have been with us since inception, which allowed us to sit through the CY25 underperformance without capitulating on positions where the underlying thesis was intact.
- **Value consciousness and margin of safety at entry.** Many of our initial investments, and relatively low weightage in high conviction ideas reflected this approach, rather than chasing excessive valuations particularly in 2024. We used market volatility through 2025 and especially the recent correction in 2026 to churn and deploy capital in stocks at extremely attractive valuations.
- **Non-linear returns.** The last two years have illustrated this vividly – meaningful underperformance in CY25 followed by meaningful outperformance from the March 2026 quarter onwards. Neither is a signal in isolation; both are consistent with what we have always said investors should expect.

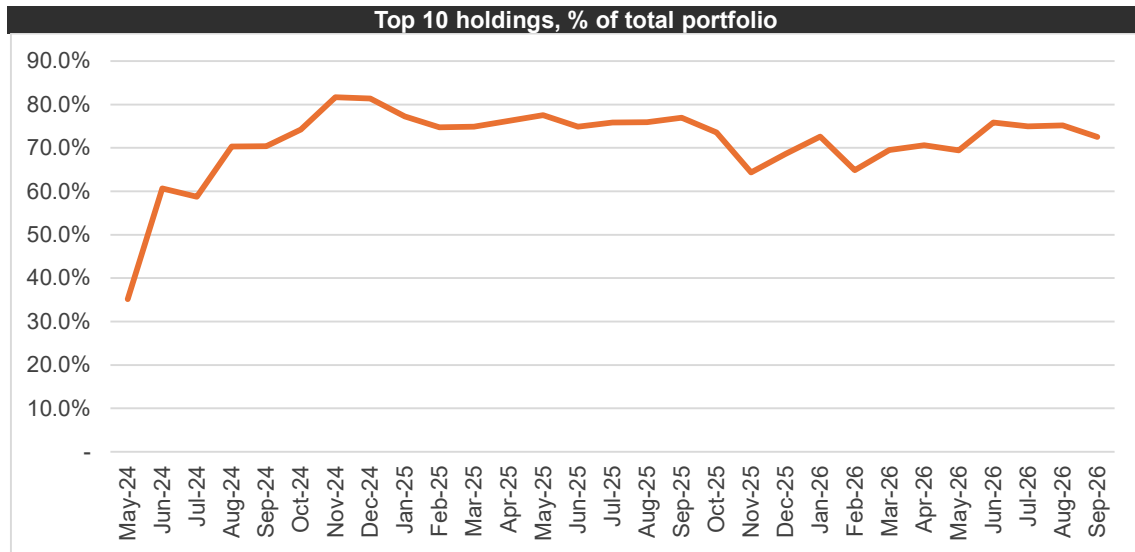
This letter delves deeper and audits our performance against those stated beliefs. Some of it supports the philosophy. Some of it does not, and we have set that out as plainly as the rest. Two years is far too short a record to draw conclusions from, and the figures in this letter should be read as a description of what has happened and as a note to ourselves on what we can do better.

We construct a benchmark independent, bottom up portfolio. Whether a stock is in the broad benchmark or not has no influence over whether it finds place in our portfolio. As of Sept 26, 16 of the 22 holdings are off-benchmark names and accounted for 61% of the equity holdings. This increased meaningfully post Dec 25 repositioning. To be clear, we aren't averse to holding index names and have held majority in index names in several periods in the past.

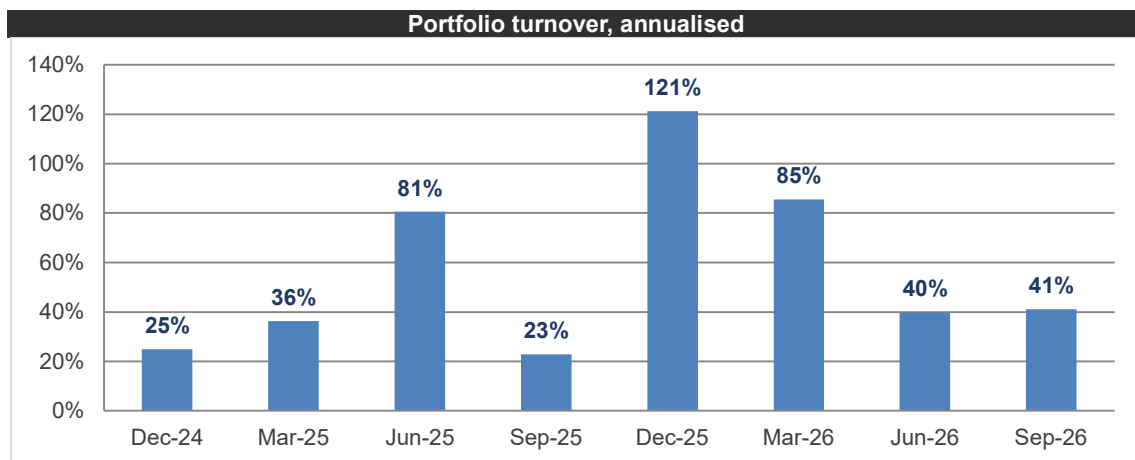


We have protected capital in falling markets. While we construct a benchmark independent portfolio for long term absolute returns, short term market linked volatility is inevitable and we measured how our portfolio handled that volatility. Over 29 months the fund has captured 99% of the index in months when it rose and 56% in months when it fell. It is where essentially all of our outperformance has come from: in months when the index rose we have added almost nothing, and in months when it fell we have added 1.6 percentage points on average. We have outperformed the market in 13 out of the 29 months in all – 5 out of 17 months in which index rose and 8 out of 12 months when index fell.

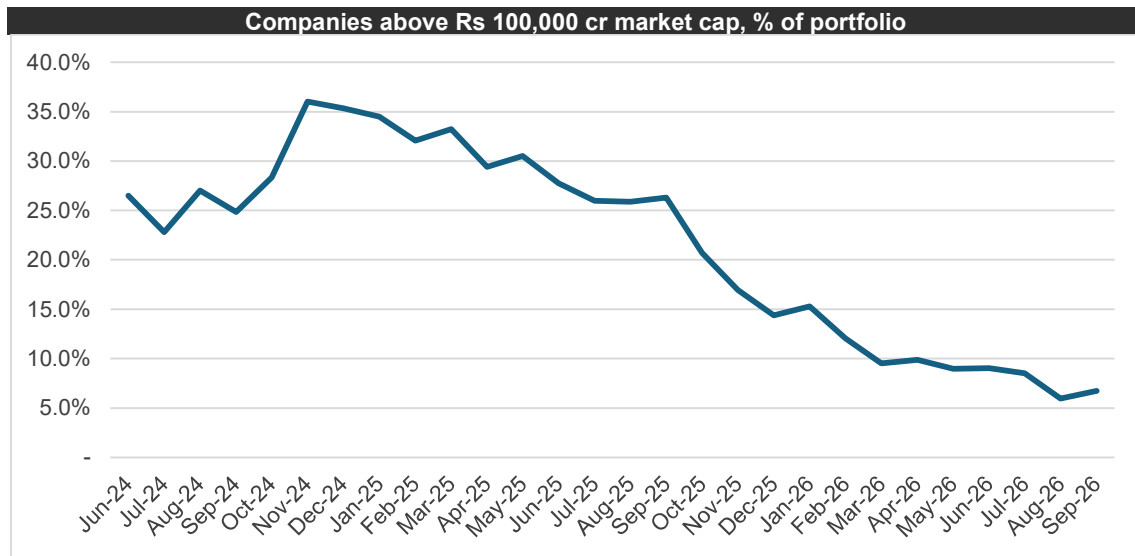
We run a focused portfolio. We held 22 stocks at the quarter end. Over the fund's life the count has ranged from 7 to 23, and from 16 to 23 since the portfolio became fully invested in March 2025. The relevant yardstick is not an unconstrained one as regulation limits a Category III AIF to 10% of the portfolio in any single investee company, measured on market value. We are forced to sell stocks that cross the 10% threshold within a month of breach, a regulation we have consistently followed. Our largest position has run between 8.0% and 11.0% through the fund's life: we size new positions below the cap and let the winners run into it, which is the discipline we actually practise within the limit available to us.



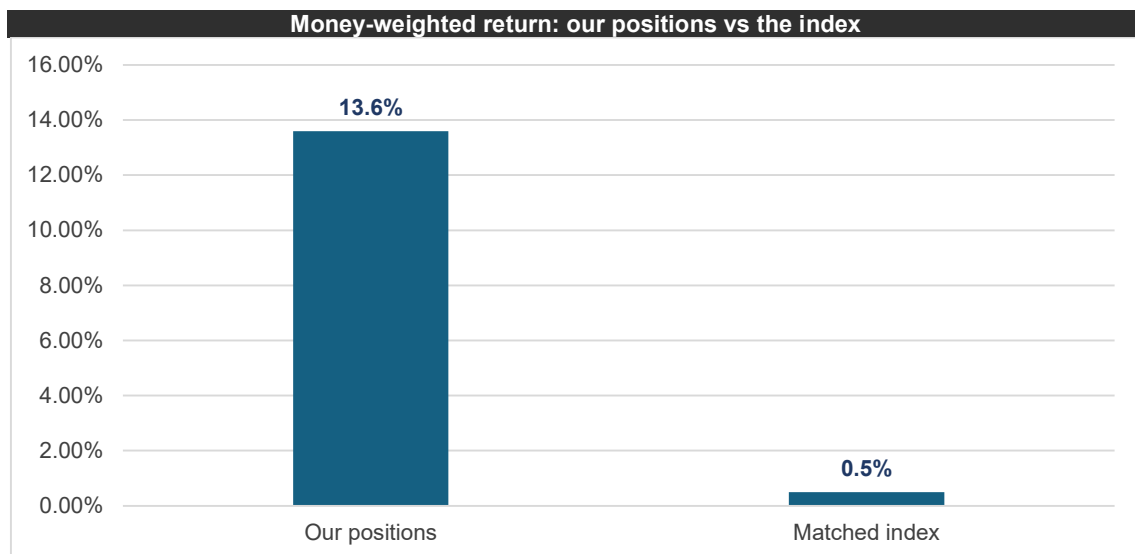
We hold for the long term but churn when necessary. Half of what we own today we bought in the first few months of the fund. We have also turned the portfolio over at an average of 53% a year.



As we had explained in previous newsletters and as can be seen in the chart above, we churned aggressively in December 25 quarter, selling large caps and invested in smaller companies that we like. What we sold has since returned -7.7%; what we bought has returned +22.5%, against an index that fell 6.8%. That churn contributed significantly to the recovery you have seen in 2026.



Being bottom up investors, stock selection needs to work and it does . We measured every position we have ever held by the money-weighted return on its own cash flows, against a matched portfolio that buys and sells the index on the same dates and in the same proportions. We do this to hold the timing of our purchases constant so that what remains is the quality of stock selection, which is what we are paid for. The IRR of our investments beat the index IRR by about 13.1 percentage points



Portfolio composition

We held 22 stocks at 30 September 2026. All percentages below are of the total portfolio including cash.

Market capitalisation	30 Sep 2025	31 Mar 2026	30 Sep 2026
Up to INR 10,000 cr	36.9%	50.9%	54.6%
INR 10,000-25,000 cr	19.0%	17.5%	12.0%
INR 25,000-100,000 cr	15.5%	18.6%	30.6%
Above INR 100,000 cr	26.3%	9.5%	6.7%
Cash and net receivables	1.5%	3.2%	-4.2%

Small and mid-caps are now 97% of the portfolio. Companies above INR 100,000 cr have fallen from 26% a year ago to under 7%. This is the most significant structural change in the fund since inception, and it was deliberate.

Sector allocation at 30 September 2026

Sector	% of portfolio
Banks & NBFCs	33.4%
Industrial goods	15.1%
Auto & components	12.7%
Commercial services	12.4%
Entertainment	9.3%
Retail & distribution	7.0%
Insurance	5.9%
Construction materials	4.6%
Others	3.8%
Cash and net receivables	-4.1%

Concentration. The top 5 holdings are 41.9% of the portfolio and the top 10 are 72.5%. SEBI caps any single investee company at 10% of the portfolio on a market-value basis, which sets the outer limit on how concentrated we are able to be. Over the fund's life, measured against the total portfolio, the top 10 has ranged from 35% when we were still deploying to 81% in late 2024, and has sat between 64% and 77% since we became fully invested. The largest single holding has never exceeded 11.0%.

A note on the cash line. Cash shows as -4.2% at the quarter end. The fund has no borrowings and no leverage. The percentages in this section are expressed against post-tax AUM, which is stated net of the provision we carry for tax, and that provision covers tax on gains we have not yet realised as well as those we have. Because the provision is deducted from the denominator while the holdings it relates to are not, our equity can read above 100% and cash correspondingly below zero. It is an artefact of the basis on which AUM is stated, not money owed to anyone outside the fund. Nor does it create a liquidity problem: when we do realise those gains, the tax falls due out of the sale proceeds and is a small fraction of them.

Our view

We remain constructive and more selective than we were earlier. The wholesale mispricing of early 2026 has largely closed, especially in many of the small and mid-cap stocks already part of our portfolio. We continue to find individual businesses at prices that offer a margin of safety and we are being deliberate about the pace at which we commit incremental capital.

As always, we take both outperformance and underperformance with the same equanimity, and we would ask you to do the same with a two-year record. What matters is that the businesses we own compound value and that we buy them with a margin of safety. On both counts we are satisfied.

Please write to us at csimindiaaif@csim.co.in with any questions.

With warm regards,

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Disclosures

1. Concentration Risk: The portfolio is somewhat diversified across sectors and key economic variables, but has some concentration to the Banking/Financial sector.
2. Foreign Investment Risk: The Fund has no investments in foreign entities.
3. Leverage Risk: The Fund has no leverage. Lending businesses of the portfolio have capital above regulatory norms.
4. Realization Risk: All the investments are in listed entities.
5. Strategy Risk: The Fund portfolio is in line with the stated strategy of CSIM India Opportunities Fund -1. Our strategy has remained unchanged since our inception.
6. Reputation Risk: All the investments are in listed entities, our endeavour is to invest in sustainable and reasonably valued businesses.
7. ESG Risk: We adhere to standard ESG practices at Fund level. We believe, the portfolio companies also follow good ESG practices.
8. Fees: The fees ascribed to the Manager/Sponsor is as mentioned in the PPM.
9. Perry Road Investment Advisory LLP (Sponsor of the Fund) has contributed corpus of INR 10,00,00,000 (Indian Rupees Ten Crores), to maintain continuing interest in the Fund in accordance with the Regulations.
10. Annual report on implementation of stewardship activities has been placed on the website.
11. We have casted votes for Aequs Limited and KSH International Ltd during the quarter Jun to Sep 2026.

Disclaimer

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