

# ALQUITY INDIA

## Q1 2026 REVIEW

March 2026

### Performance vs Index

	Q1	1 yr	3 yr	5 yr	10 yr	Since inception (30/04/14)
Fund	<b>-23.3%</b>	<b>-18.7%</b>	<b>1.8%</b>	<b>15.3%</b>	<b>101.2%</b>	<b>130.3%</b>
ETF	-15.1%	-10.7%	17.7%	18.4%	91.4%	99.5%
Index	-18.1%	-13.4%	20.5%	24.8%	112.0%	123.1%
Quartile	4 <sup>th</sup>	4 <sup>th</sup>	4 <sup>th</sup>	3 <sup>rd</sup>	2 <sup>nd</sup>	2 <sup>nd</sup>

Source: Alquity, Bloomberg, Lipper, as of 31<sup>st</sup> March 2026. USD I net of fees vs the relevant Indian index and the \*iShares India ETF. We are using I (GBP converted into USD). We have used the live track record for the USD M class since 30<sup>th</sup> April 2014 (not adjusted for performance fees, just OCF) and the USD Y class since 29<sup>th</sup> June 2017 and added back 1% per annum up until the launch of its GBP I class (12<sup>th</sup> November 2019). Past performance should not be taken as an indication or guarantee of future performance, and no representation or warranty, expressed or implied is made regarding future performance. Currency exchange rate movements can lead to an increase or decrease in the value of the fund's investments.

The Fund underperformed during Q1 due to two main reasons: market concerns (in our view, largely unjustified), regarding the impact of AI on the global digital economy, and fears about how the war in the Gulf might affect Indian consumer discretionary spending, particularly within the travel and leisure sector. Consumer and domestic growth-related sectors thus performed poorly, notably real estate. The utility sector (where we have zero exposure, as the stocks do not meet our ESG threshold), registered the strongest performance during the quarter followed by healthcare.

Please also note that **our returns reflect provisioning for capital gains tax**, which is not included in the index. Therefore, we also show performance data for the ETF\* which does include the CGT provision and is therefore an apples to apples comparison.

### Key Events

The **US-Iran conflict has heightened macroeconomic concerns** across most Emerging Markets; however, India is entering this period of volatility from a position of relative strength. Every \$10/bbl increase in **oil prices** is forecast to widen the current account deficit by 40bp. In FY25, the deficit stood at just 0.6% of GDP.

Indian consumer price **inflation remained well controlled at 3.4%** year-on-year in March. A \$10/bbl increase in oil prices is expected to add approximately 50bp to CPI, assuming full pass-through (again, a manageable impact).

The conflict has overshadowed other significant developments that are important for India's medium-term growth trajectory. In January, India signed a **comprehensive free trade agreement with the EU**. In February, it announced **meaningful tariff reductions with the US**, improving sentiment and triggering a (albeit short-lived) resumption of foreign portfolio inflows.

Additionally, in January, **Prime Minister Modi's coalition secured a majority** in the Greater Mumbai municipal elections for the first time in almost 30 years, underscoring his ongoing popularity.

Sources: Bloomberg, Spark, as of March 2026

## Top 5 Performance contributors Q1 2026 (bps)

### Positive

APL Apollo	+21
Aditya Vision	+18
Astral	+17
Polycab	+12
ITC (not owned)	+11

Source: Alquity, Bloomberg as of 31<sup>st</sup> March 2026. Figures calculated vs the India iShares ETF

### Negative

Lodha Developers	-76
Lemon Tree Hotels	-64
MakeMyTrip	-54
Vmart	-45
Samhi Hotels	-43

## Engagement highlights

We travelled to Kanpur to visit the Phool team (one of the recipients of our Transforming Lives programme) and conducted a consumer panel with a group of the beneficiaries.

We engaged with both Astral Poly Technik and Maruti Suzuki on incorporating ESG-related measures within the KPIs for senior management



Liam Kelly (COO) and Mike Sell (Head of GEM), with Phool's staff

## Major Portfolio Moves

### New positions

# meesho

E-commerce

### Exit



Consumer Staples



Water Management Solutions

The companies mentioned above are provided for information purposes only, are subject to change, and is not a recommendation to buy or sell them.

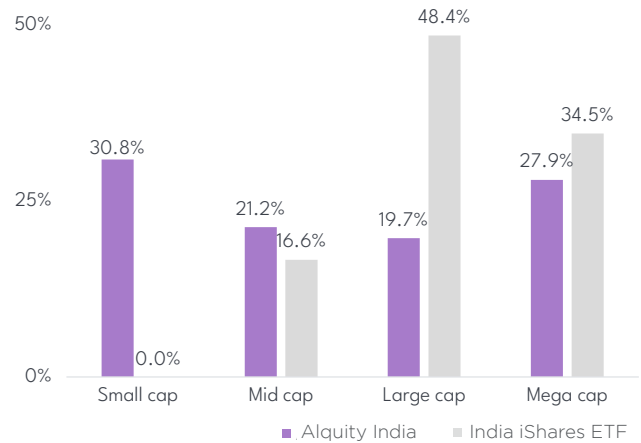
## Strategy and Positioning

We continue to focus on **beneficiaries of domestic structural growth**, which account for the vast majority (circa 90%) of the portfolio.

We believe that **small and mid capitalisation stocks offer attractive, unrecognised growth opportunities**. The current portfolio split is shown to the right.

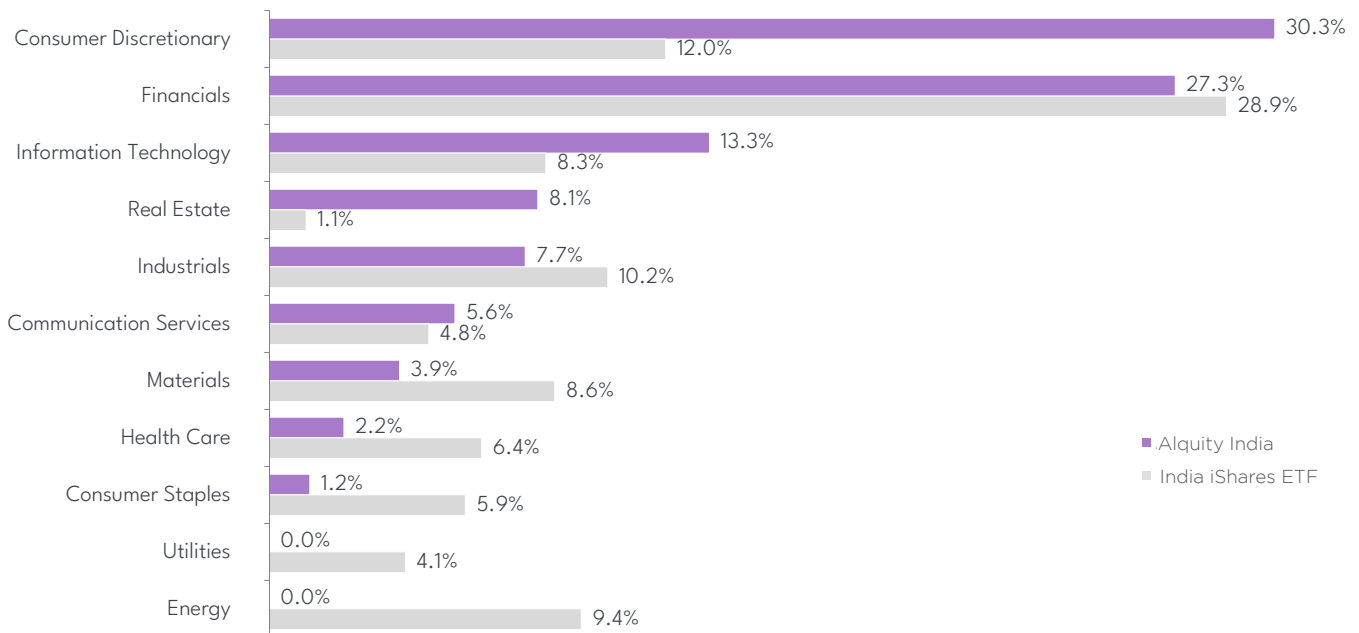
**We remain positive on the outlook for India**, given the favourable economic and political outlook.

### Market capitalisation split



Source: Alquity, Bloomberg, as of 31<sup>st</sup> March 2026.  
The ETF is the India iShares ETF

## Sector weights



Source: Alquity, Bloomberg, as of 31<sup>st</sup> March 2026

## Largest active weights

Positive	
Lemon Tree Hotels	3.8%
Blackbuck	3.3%
Lodha Developers	3.2%
Skipper	3.0%
Ixigo	2.6%

Negative	
Reliance Industries	-6.7%
Axis Bank	-2.2%
Larsen & Toubro	-1.9%
Bajaj Finance	-1.8%
State Bank of India	-1.5%

Source: Alquity, Bloomberg, as of 31<sup>st</sup> March 2026.  
The ETF used is the India iShares ETF

**FOR MORE INFORMATION ON ALQUITY, PLEASE, VISIT:**

**[www.alquity.com](http://www.alquity.com)**

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The Fund's investment approach is long-term, investors must expect to be committed to the Fund for an extended period of time (3-5 years) in order for it to have an optimal chance of achieving its investment objectives.

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