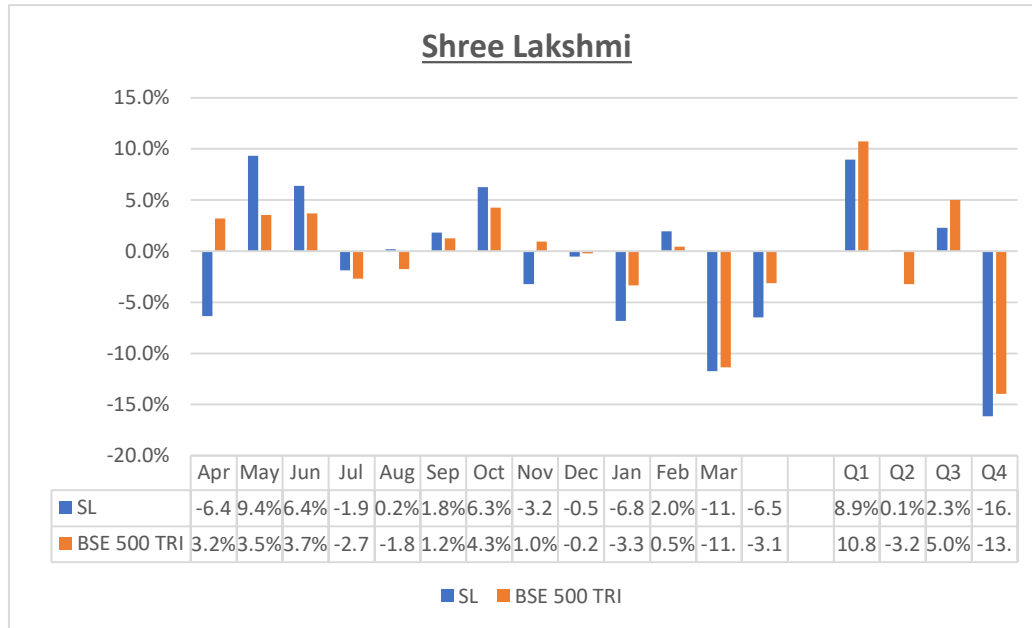
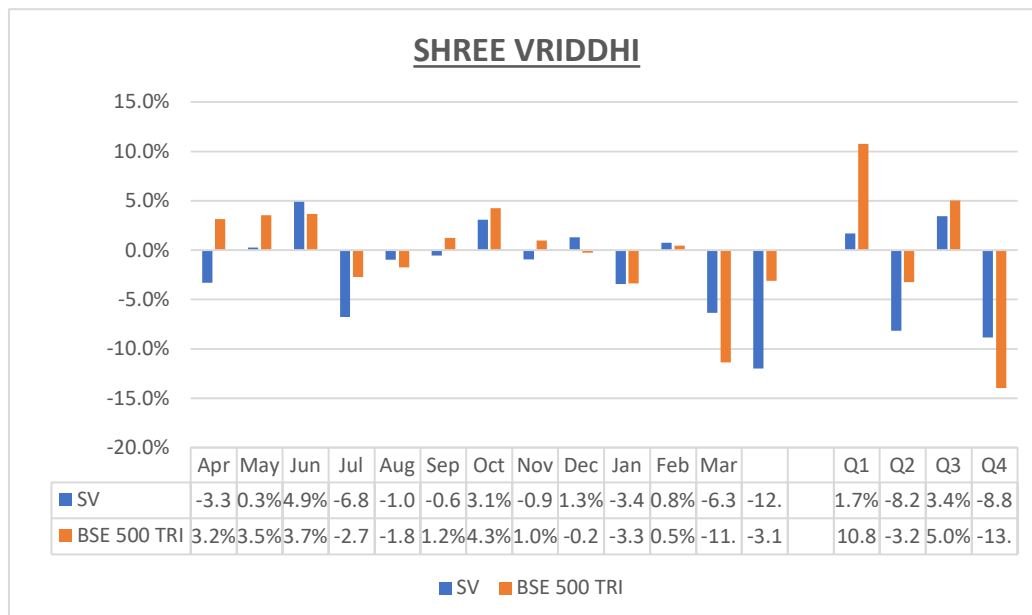


# INVESTOR LETTER – APR 2026

## How we fared in FY2026



Shree Lakshmi Monthly and Quarterly Performance Breakup

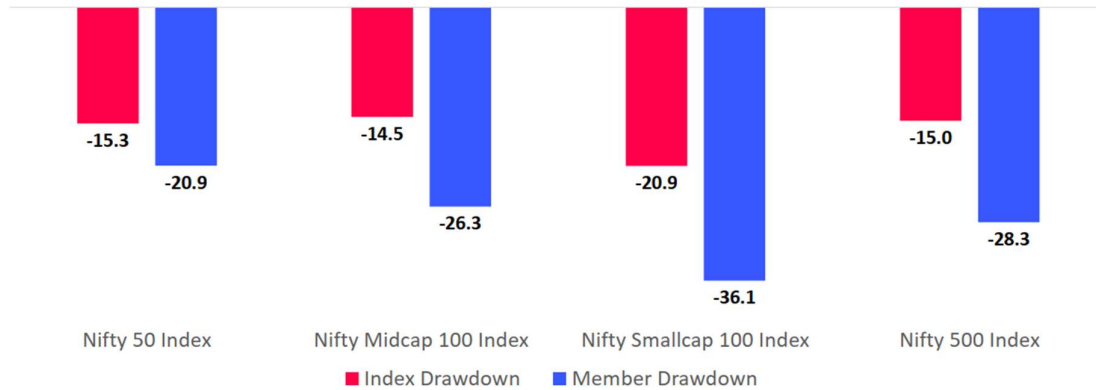


Shree Vriddhi Monthly and Quarterly Performance Breakup

Overall markets continued to remain weak throughout the year and ended the year with extreme volatility with the start of the Iran-US war.

In Shree Vriddhi fund, which has been struggling more due to following a momentum-oriented approach, we were able to reduce Q4 drawdown to about half the overall markets (BSE 500) by reducing our individual allocations and cash positions.

The index is hiding the pain in the individual stocks as can be seen in the chart below.



*Discrepancy in performance between indices and their constituents*

## Uncertainty “Trumped” the World

By the end of 2025, I thought that Donald Trump would run out of ideas to disrupt the world order. I was mistaken. Trump has a unique ability to rake up new issues in completely new and different areas. Just recollect the different things he has done in his first 1.5 years of his second term – tariffs, talk of annexing Greenland, talk of making Canada a US state, abduction of the Venezuelan President and Iran war. Now when the Iran war is nearing completion, as all indications point out, he has started talking about “paying a visit to Cuba”!

In early 2026, just as the dust from Trump's tariff tantrums was settling — with the US Supreme Court striking down his most aggressive tariff orders — a new and much more serious shock arrived. On February 28, the US and Israel launched strikes against Iran. By March 4, the Strait of Hormuz was effectively closed. Brent crude crossed \$120 a barrel. Global growth forecasts were slashed overnight.

Make no mistake. The Iran war is the single biggest macro risk the world has faced since the 2022 energy crisis. It has disrupted 20% of global seaborne oil trade, sent inflation higher, and forced central banks to pause rate-cutting cycles. And yet — and this is important — India’s structural story remains intact. In fact, some of our biggest opportunities are coming into sharper focus precisely because of this disruption.

## Global Economy: A World in the Shadow of War

The IMF’s April 2026 World Economic Outlook — titled “Global Economy in the Shadow of War” — tells the story plainly. Global growth has been cut to 3.1% for 2026, down from the

3.3% projected as recently as January. **Inflation is back at 4.4% globally. The disinflation story that took three years to build has been materially set back.**

Economy / Indicator	Jan 2026 Estimate	Apr 2026 Estimate	Change
Global GDP Growth	3.3%	3.1%	↓ -0.2pp
Global Headline CPI	3.8%	4.4%	↑ +0.6pp
Brent Crude (avg)	\$78/bbl	\$96/bbl*	↑ +23%
US GDP Growth (2026E)	2.4%	2.0%	↓ -0.4pp
Euro Area GDP (2026E)	1.5%	1.0%	↓ -0.5pp
China GDP (2026E)	4.6%	4.4%	↓ -0.2pp
India GDP (FY27E)	7.0%	6.9%	↓ -0.1pp

Source: IMF World Economic Outlook, April 2026 | \*Brent crude average as of Apr 17, 2026

The Iran war's economic footprint is massive. About 20 million barrels per day pass through the Strait of Hormuz — roughly 20% of global seaborne oil. The US naval blockade, declared after peace talks failed on April 12, has trapped Gulf oil exports, forcing alternative routing through longer, costlier passages. Energy prices are not coming down quickly.

*"The worst-case scenario is not off the table. If oil stays near \$100 for an extended period, global growth could slow to 2.5% or even 2.0%. That would be a genuine recession risk for parts of the world." — IMF, April 2026*

## Indian Markets: Holding Steady Under Pressure

The Nifty 50 has had a difficult start to 2026. From a January high of 26,373, the index has corrected to around 24,231 as of April 17 — a decline of roughly 8%. This is not a surprise given the headwinds: **crude oil above \$90, FII outflows of ₹40,289 crore so far in April alone, and a weakening rupee.**

But here's what I want you to notice. Domestic institutional investors (DIIs) have continued their buying spree. Every month that FIIs have sold, DIIs have absorbed a large chunk of that selling. This is a structural shift that wasn't there five years ago. **The SIP book is now north of ₹25,000 crore a month. Indian retail investors — you and I — are no longer spectators in our own market.**

India Macro Indicator	Current Value	Prior Reading	Trend
Repo Rate (RBI)	5.25%	5.25% (Feb 2026)	— On hold
India CPI Inflation (FY27E)	4.6%	4.3% (FY26)	↑ Edging up
India GDP Growth (FY27E)	6.9%	7.6% (FY26)	↓ Moderate slowdown
Nifty 50 (Apr 17, 2026)	~24,231	26,373 (Jan 5, 2026)	↓ -8% YTD
Rupee vs USD	~87.5	84.2 (Jan 2026)	↓ Weakened
FII Flows (Apr, net)	-₹40,289 Cr	+₹12,000 Cr (Jan 2026)	↓ Heavy selling
India 10-yr Bond Yield	~6.8%	6.75% (Jan 2026)	↑ Marginally higher

Sources: RBI, NSE, Bloomberg | Data as of April 17, 2026

## Key Risks: Eyes Open

I am bullish on the India markets over the next two-three years. But we need to be cognisant of the key risks:

- **Iran War Escalation**

If the conflict deepens or the Hormuz blockade persists through Q3 2026, crude could stay above \$100 and global growth slows further. India, as a major oil importer (~85% import dependent), is directly exposed.

- **FII Outflows Continuing**

Rising US yields (due to sticky inflation) and a strong dollar make Indian markets relatively less attractive to foreign capital. April's INR 40,000 cr outflow is serious.

- **Rupee Depreciation**

A weaker rupee raises import costs, adds to inflation, and squeezes margins of import-heavy businesses. Pharma raw material importers and oil-dependent companies face headwinds.

- **Global Recession Risk**

IMF warns global growth could fall to 2.0-2.5% in an adverse scenario. A global recession would hurt India's IT export earnings, dampen FDI appetite, and reduce commodity tailwinds for export-oriented sectors.

- **Valuation Not Cheap**

While stocks have corrected meaningfully, stocks are not mouth-wateringly cheap. Earnings delivery will be critical. Misses could lead to sharp corrections

- **US Political Uncertainty (Trump 2.0)**

The US Supreme Court struck down Trump's tariff orders — a relief. But Trump's unpredictability remains. New trade or immigration policy shifts could disrupt Indian IT services and exports.

## Where the Opportunities Are

Here is the thing about periods of stress in markets. The best entry points rarely feel comfortable. In my 25 years of investing, every significant wealth-creation window opened during a period of uncertainty and fear. This feels like one of those moments. Valuations have moderated. Earnings growth is still decent. The long-term story is intact.

Let me walk you through where I see the most compelling opportunities right now.

### 1. Defence & Aerospace — The Order Book Is Real

HAL's order backlog is approximately INR 1.89 lakh crore. BEL's stands at INR 75,000 crore. These are real orders, not aspirational projections. And these are just examples. The EU, Middle East countries will have to rearm themselves to become self-reliant.

The Ukraine war and now the Iran war has only accelerated defence upgradation and modernisation agenda.

### 2. Pharma — India as the World's Pharmacy

India's pharmaceutical exports are on track to cross \$30 billion in FY27. With China under geopolitical pressure and the US and Europe looking to diversify supply chains, India's generics manufacturers are sitting in a sweet spot. The US FDA approval pipeline for Indian companies is robust.

### 3. Manufacturing & PLI — China+1 Is Finally Here

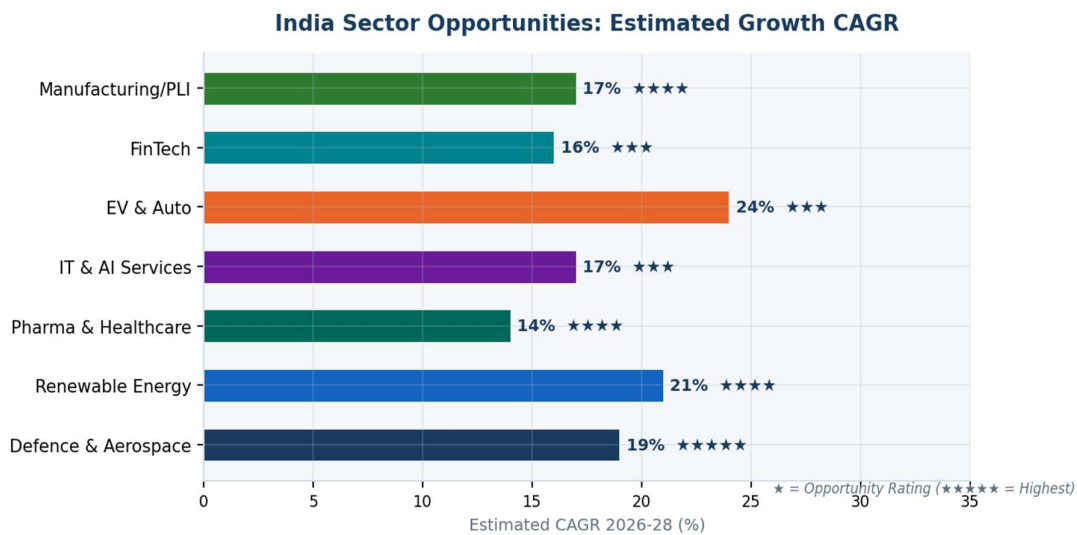
Three years ago, the China+1 thesis was mostly theoretical. Today it is operational. Apple now makes ~18% of its global iPhones in India. Semiconductor investments are happening. PLI scheme beneficiaries in electronics, specialty chemicals, and auto components are showing meaningful revenue ramp-ups. The supply chain shift is not a cycle — it is a structural decadal trend.

### 4. Renewable Energy — India's 500 GW Moment

India’s target of 500 GW of renewable energy capacity by 2030 is the largest clean energy build-out in the developing world. With crude above \$90, the urgency to reduce oil import dependence has never been higher. This is a direct policy and commercial tailwind for nuclear, solar, wind, and the entire equipment and EPC value chain.

**5. Financial Services — The Underpenetrated Opportunity**

India’s credit-to-GDP ratio is around 57% — compared to China’s 180% and the US’s 230%. There is a long runway ahead. Quality banks and NBFCs with strong underwriting, retail deposit franchises, and rural reach are positioned to compound over the next decade. The current rate environment is challenging short-term, but the structural growth story is undiminished.



India Sector Opportunities: Estimated CAGR 2026-28 | Sources: Motilal Oswal, KPMG, Nasscom, Industry Estimates

**What should we do now?**

I wrote this in last quarter’s investor letter – *“Now, more than ever, is a time to be patient and maybe even deploy additional capital if available in SIP mode. That’s what I am doing personally.”*

The view remains the same. The market is emerging, slowly but surely, from an 18-month bear market. The last few bull-bear cycles have been about the 18-24 month range.

Valuations have moderated.



Nifty 500 PE

The Iran war has added a layer of uncertainty, but it has not changed India's structural position. Here is what I am doing, and what I recommend:

- **Keep SIPs running.** Continue your SIPs in both SL and SV without interruption. Market volatility is not a stop signal — it is a discounting opportunity. SIPs work best when markets are uncomfortable.
- **Deploy capital in stages.** If you have dry powder, deploy it. Do not try to call the bottom. We are investing in tranches and adding to high-conviction names.
- **Ignore the noise.** Do not panic. Ignore the WhatsApp, social media chatter. Don't look at your portfolio every day. It serves no useful purpose.

The long arc of the Indian market has always bent towards growth. 6.9% GDP growth in the middle of a global war and oil shock is not a weak number — it is a remarkable one. Our domestic consumption base and policy thrust on manufacturing give us a foundation that most emerging markets would envy.

Once the dust settles — and it will — the portfolios built during this period of uncertainty will look very wise in hindsight. **Be patient. Be selective. Stay invested.**

Abhishek  
Co-Founder and Fund Manager  
Shree Rama Managers PMS

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- *differences in the portfolio composition because of restrictions and other constraints.*
- *Past performance should not be taken as an indication or guarantee of future performance.*