BAY

We are Bay

The India Investment Experts

Bay Capital India First – UCITS

June 2026

Bay Capital India First UCITS – Performance Table

Share Class F Accumulating USD	Q1	Apr	May	Jun	Q2	YTD
BCIF – UCITS (INR, Net)	-14.8%	+9.0%	+0.1%	+2.8%	+12.2%	-4.4%
Currency – USD/INR	-4.8%	-0.5%	-0.1%	+0.5%	-0.1%	-4.9%
BCIF – UCITS (USD, Net)	-18.9%	+8.4%	+0.0%	+3.4%	+12.1%	-9.1%
MSCI Total Returns	-18.1%	+9.2%	-0.6%	+1.5%	+10.1%	-9.9%
iShares India ETF	-13.3%	+5.5%	-1.7%	+1.7%	+5.4%	-8.6%
NIFTY 50	-18.6%	+6.8%	-1.8%	+1.7%	+6.7%	-13.1%
SENSEX	-19.6%	+6.3%	+2.7%	+2.6%	+6.1%	-14.6%

**All performance numbers are in USD unless specified • # iShares India ETF performance represents Market Price Returns (source: https://www.ishares.com/us)*

Contributors & Detractors – Q2 CY2026

Top 3 – Contributors	Total return for the Quarter
CARTRADE TECH LTD	+63.2%
SAREGAMA INDIA LTD	+54.3%
HONASA CONSUMER LTD	+53.5%

Top 3 – Detractors	Total return for the Quarter
HCL TECHNOLOGIES LTD	-18.5%
ASTRAL LTD	-16.5%
SWIGGY LTD	-8.0%

Source – Bloomberg, Bay Capital Research,
Portfolio as of 30th June 2026

Portfolio Changes – Q2 CY2026

Top Additions	% of Portfolio
SWIGGY LTD.	+1.8%
LE TRAVENUES TECHNOLOGY LTD.	+1.4%
PB FINTECH LTD.	+1.4%
Net additions during the quarter ended June 30, 2026.	

Top Trims	% of Portfolio
THE FEDERAL BANK LTD.	-1.2%
GUJARAT AMBUJA EXPORTS LTD.	-0.5%
Net trims during the quarter ended June 30, 2026.	

New Positions	% of Portfolio
FEDBANK FINANCIAL SERVICES LIMITED	+1.9%
PINE LABS LTD.	+1.2%
Net positions reflect position weights as of June 30, 2026.	

Exited Positions	% of Portfolio
THANGAMAYIL JEWELLERY LTD.	-1.4%
Exited positions reflect portfolio weights as of the prior trade day	

Source – Bloomberg, Bay Capital Research,
Portfolio as of 30th June 2026

Portfolio Attributes – High Growth, High ROCE, Net Cash, Active Portfolio

Portfolio Attributes	BCIF (UCITS)	Benchmark
Number of Holdings	39	165
Portfolio ROCE	27.8%	7.3%
Portfolio EPS Growth (Forward 12m)	21.2%	16.7%
Portfolio PE Ratio (Forward 12m)	23.2x	20.0x
Portfolio Gearing	Net Cash	94.8%
Average Market Cap (USD Mn) (*adjusted for free float*)	6,684	8,308
Active Share	89.6%	NA

Source – Bloomberg, MSCI India Factsheet, Bay Capital Research,
Portfolio as of 30th June 2026

Bay Capital India First UCITS – Portfolio

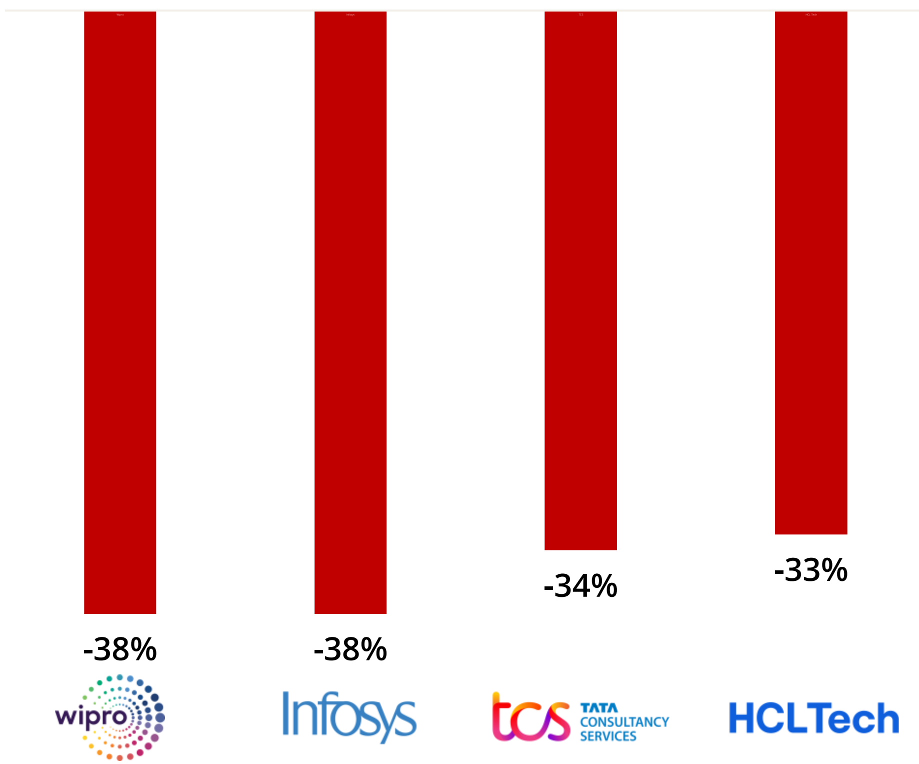
UCITS Investment Themes	Current Portfolio
Consumption	firstcry.com, AWL Agri business, Kansai Paint, Nerolac, Astral, Marico, Bikaji, Westlife Foodworld, DMart, Honasa, Nestlé, Mankind Serving Life
Financialization	Bajaj Finserv, Federal Bank, Kotak Mahindra Bank, Axis Bank, ICICI Bank, आरईसी REC असीमित ऊर्जा, अनन्त संभावनाएं Endless energy. Infinite possibilities., पी एफ सी PFC, Five Star Housing Finance Pvt. Limited, Fedbank Financial Services Limited
i-Outsourcing	Delhivery, Blue Dart DHL, CMS, HCLTech, Hindustan Foods Limited, CAMS, indegene, happiest minds AI FIRST. AGILE ALWAYS.
Digitization	pb Fintech, CarTrade.com, Paytm, ixigo, pine labs, Swiggy, sa re ga ma

Portfolio is very different from the indices…

GICS Sector Classification	Average Weight (%)	
	Portfolio	Benchmark
Communication Services	1.4	4.8
Consumer Discretionary	19.6	12.1
Consumer Staples	17.9	6.0
Energy	-	8.8
Financials	30.5	29.1
Health Care	2.6	6.2
Industrials	19.7	11.1
Information Technology	3.5	7.6
Materials	1.7	8.7
Real Estate	-	1.3
Utilities	-	4.1
Cash	3.0	0.2
	100.0	100.0

Viewpoints #1: Indian IT Services – Value traps or oversold?

Correction in Top 4 IT companies from their 52-wk high



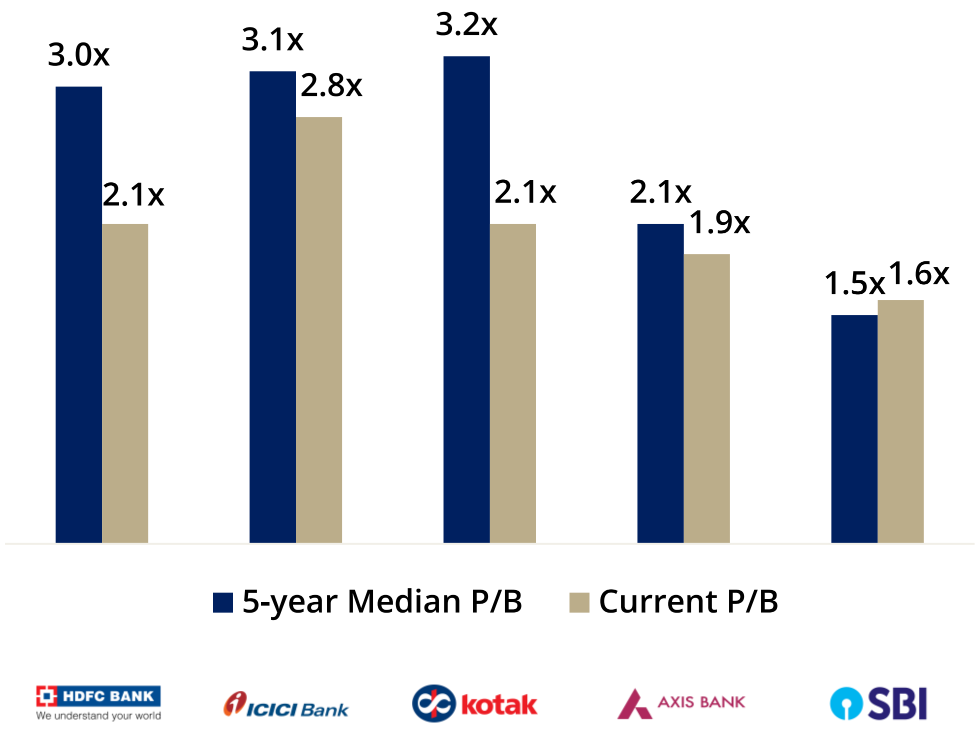
	Wipro	Infosys	TCS	HCLTech
5 Yr Median P/E	20.4x	26.1x	29.9x	24.1x
Current TTM P/E	14.2x	14.9x	14.7x	18.2x

AI Impact: Short Term ≠ Long Term

- Correction is combining two things: *a slower delivery model, not slower demand*
- Enterprise AI adoption *is slow and services dependent;* even frontier model labs route through services firms to deploy at scale
- Each past disruption – offshoring, cloud, digital – *killed one model, built a bigger one behind it.*
- Multiples are now near multi – year lows despite resilient earnings and cash flows – *risk reward has turned favourable.*

Viewpoints #2: Banking Sector

Valuations of Top Banks



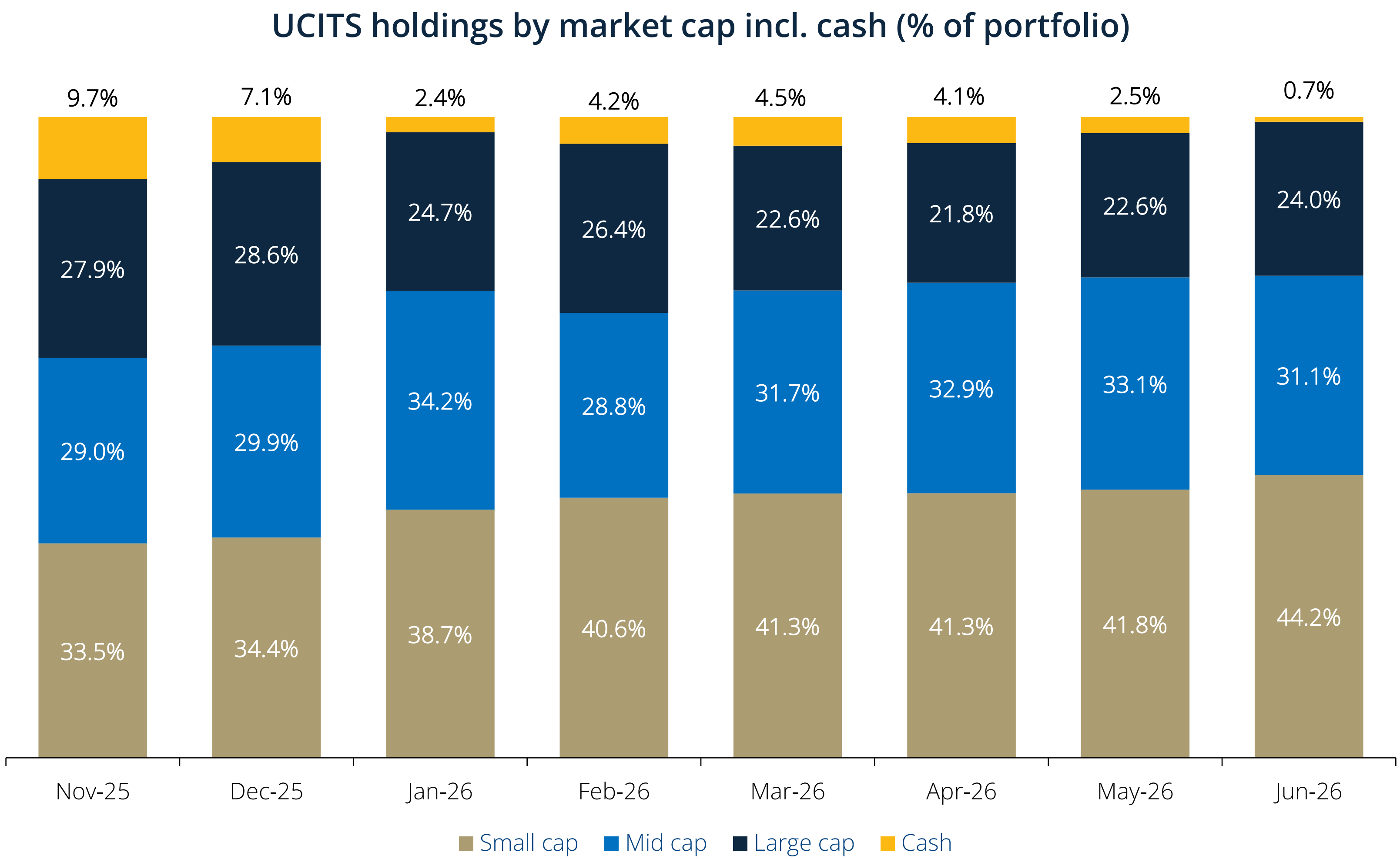
5-year PAT CAGR

19%	24%	14%	30%	30%

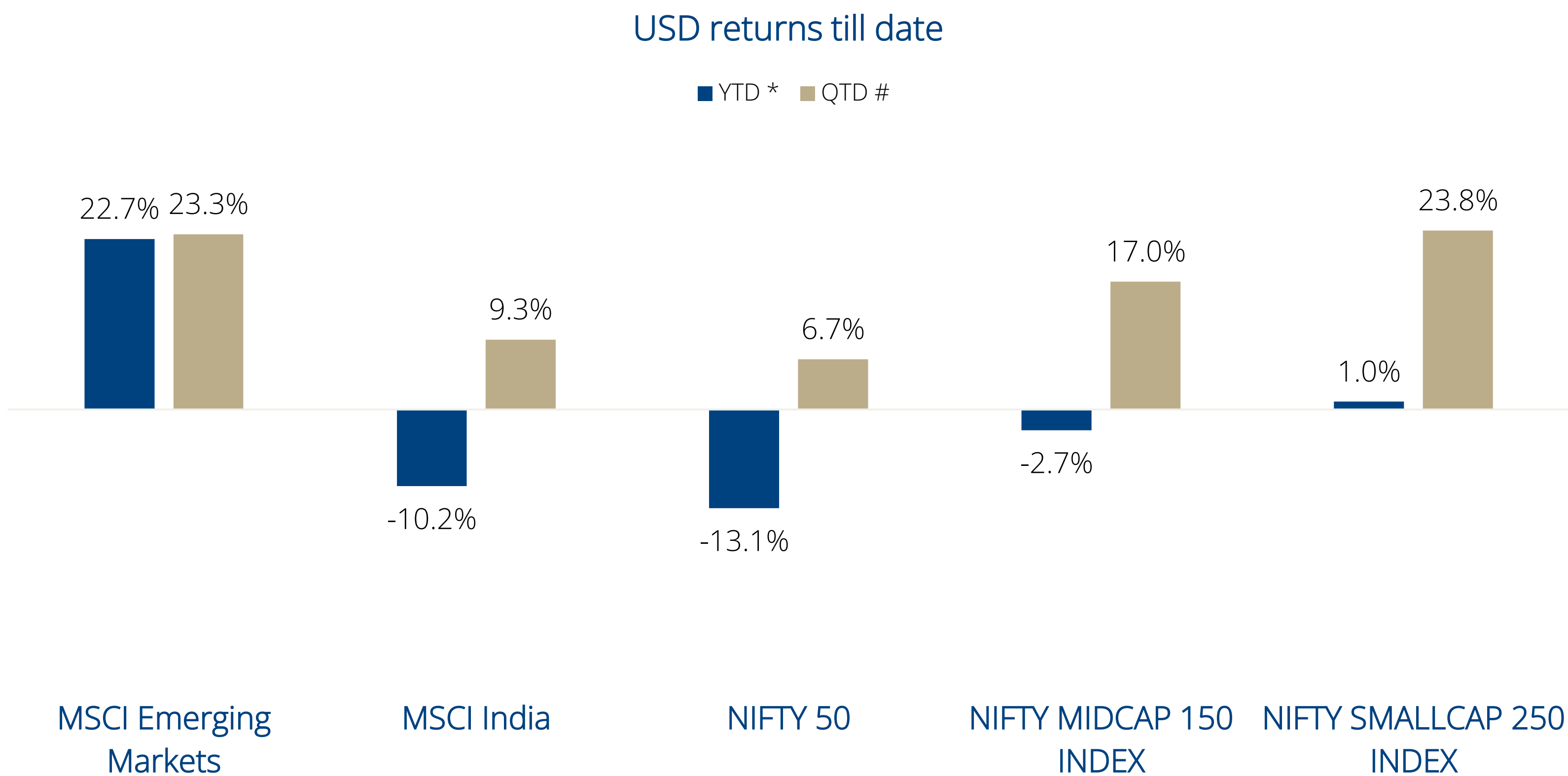
<u>We are bottom-up driven in BFSI</u>

- Fund holds 3 of the top 4 private sector banks, plus one midcap bank and two NBFCs – *<u>financials are not an underweight in the portfolio</u>*
- Stayed out of HDFC bank due to a period of *<u>leadership transition and governance review</u>*
- The names we own – *<u>where earnings compounding has been strong or valuations offer significant upside</u>*
- Constructive on the sector; *<u>positioning stays stock-specific, not benchmark driven</u>*

Portfolio – Market-Cap Exposure



While Indian markets continue to underperform, things have improved…



Source – Bloomberg, Bay Capital Research
**Returns calculated from 01-01-2026 to 30-06-2026*
 # Returns calculated from 01-04-2026 to 30-06-2026

However, there are still pockets of undervaluation in the markets…

Stock prices as of 10th July 2026	# of Stocks	% of Stocks Down
Fall from 52 week highs		
More than 20%	702	45.9%
More than 25%	531	34.8%
More than 30%	382	25.0%
More than 33%	306	20.0%
More than 40%	167	10.9%
More than 45%	108	7.1%
More than 50%	62	4.1%
Total Companies	1,528	

Analysis of all stocks with market cap more than INR 1,000 Crs (USD 106 Mn)

Source – Ace Equity, Bay Capital Research

We continue to do what we have been doing for the last 10+ years…

Our Investment Tenets

We remain anchored to our process centered around few key tenets:

- *Invest in High quality franchises*
- *Run by competent management teams*
- *Purchased at reasonable valuations*
- *Remain invested for a long-time frame*
- *Portfolio Management to stay resilient*

CY26 YTD

185 Meetings	~130 New Businesses	2 buys 2 sells	88% Inactive days

- Ignoring 90% of the market and focussing only on a very narrow pool of high ROCE, high-growth businesses
- Owning high-quality franchises for a long term (8-10 years)
- Managing UCITS as a collection of franchises
- Taking portfolio calls based on earning/return opportunities from individual businesses

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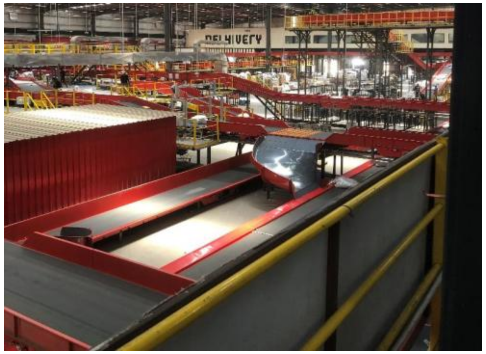
- Not taking top-down macro calls
- Not taking any tactical sector – overweight/underweight calls
- Not taking any currency/cash calls
- Not taking any decisions based on benchmark/indices

Source – Bay Capital Research



Macro Noise ≠ Ground Reality

- Sustained field work in H1FY26: Multiple conferences, on-ground trips, *180+ meetings across portfolio and beyond*
- Macro variables (crude, rupee geopolitics) *impact is real but temporary cost-stack item*
- Scale leaders are seeing their *relative advantage widen in a tougher environment*
- AI is showing up as a *moat-deepening tool* in every conversation across businesses; not as a source of disruption
- Net: Order books, credit quality and capacity decisions all are improving while multiples compress – *a gap we are reading as an opportunity*

India is extremely attractive from both absolute and relative standpoint…

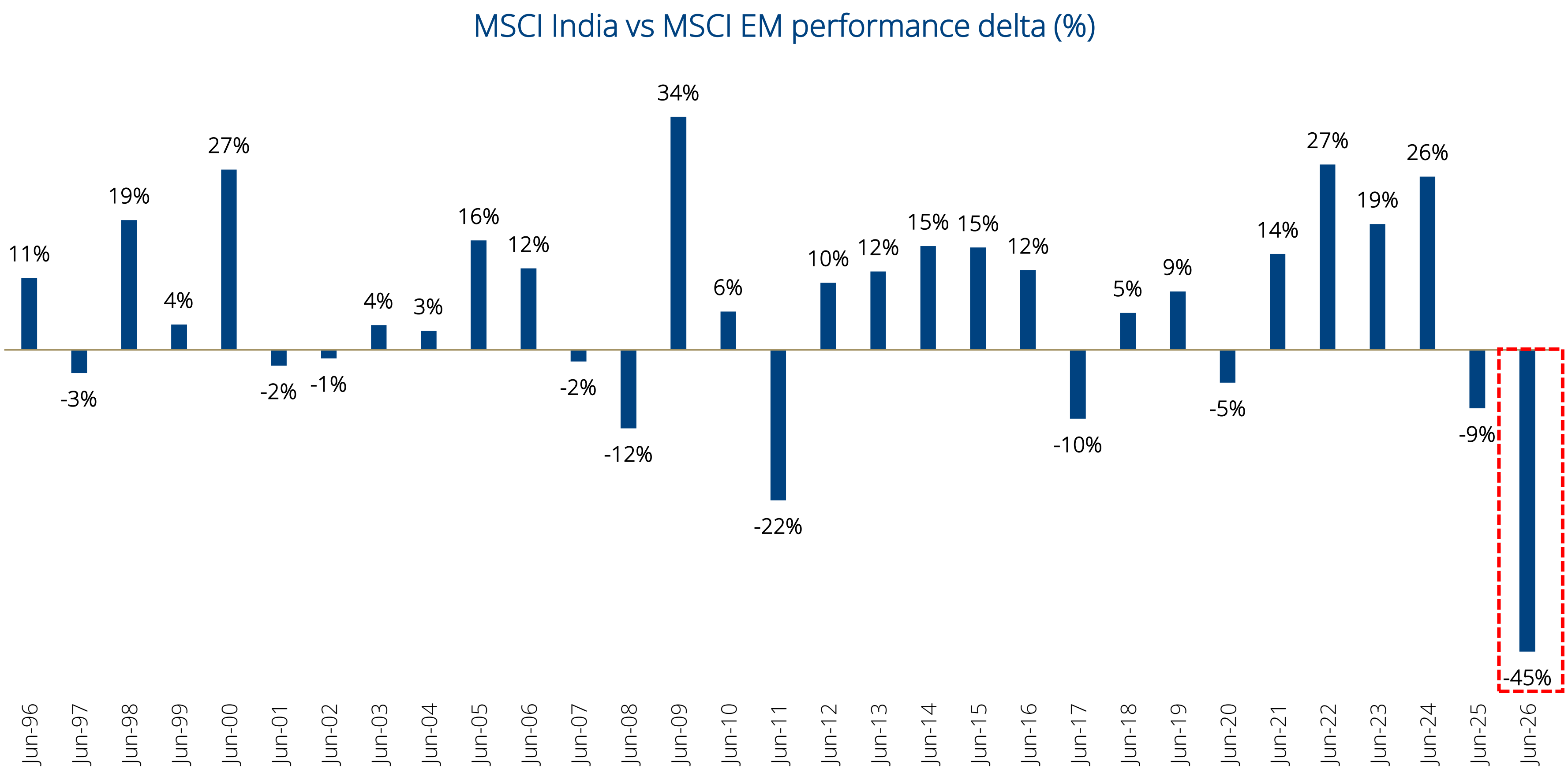
Period of Underperformance (MSCI India v/s MSCI Emerging Markets)	Degree of Underperformance	Phase of Outperformance* (MSCI India v/s MSCI Emerging markets)	Extent of outperformance (Cumulative returns)	Extent of outperformance (CAGR returns)
Dec 2000 – May 2002	-30.2%	May 2002 – Dec 2007	+445.3%	+34.9%
Dec 2007 – Jun 2008	-23.6%	Jun 2008 – Dec 2010	+35.8%	+12.8%
Dec 2010 – Aug 2013	-23.4%	Aug 2013 – Jan 2018	+49.0%	+9.3%
Jan 2018 – Mar 2020	-5.0%	Mar 2020 – Sep 2024	+140.6%	+21.2%
2025 - ongoing	-67.8%	??	??	??

Source – Bay Capital Research, Bloomberg
(Data up to 30-06-2026)

We are hanging around the right place!

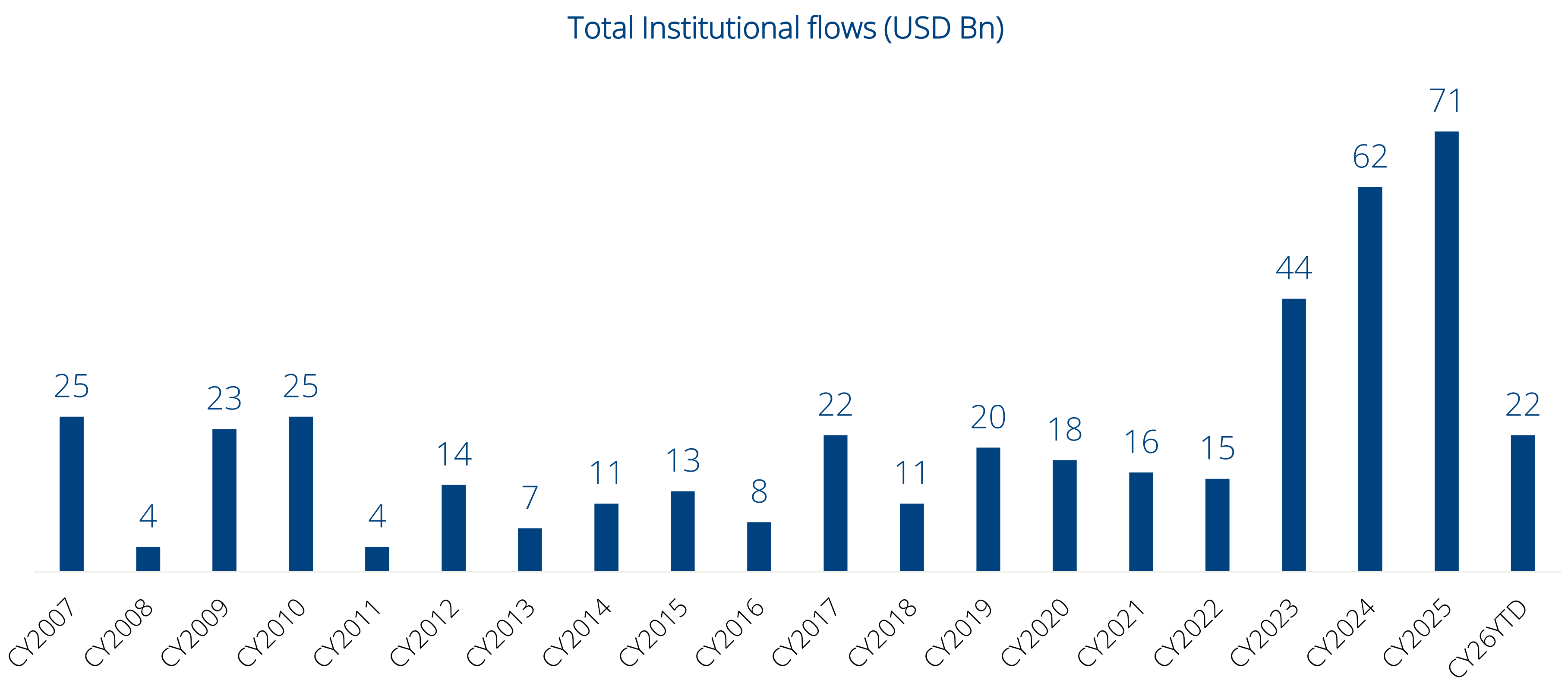
APPENDIX #1 – State of the Indian Markets

On rolling 1 year basis, MSCI India continues to underperform MSCI EM…



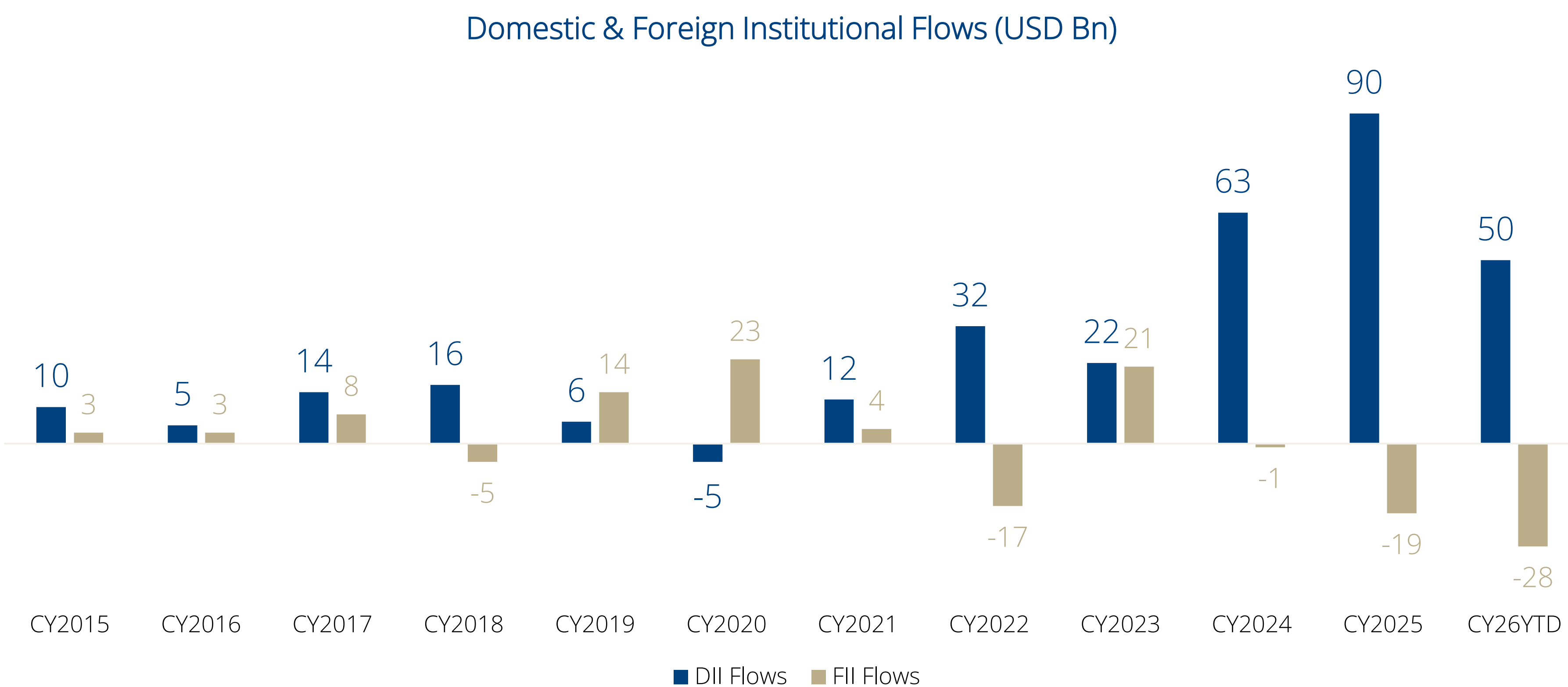
Source – Bloomberg, Bay Capital Research

Indian equity markets continues to achieve record inflows!



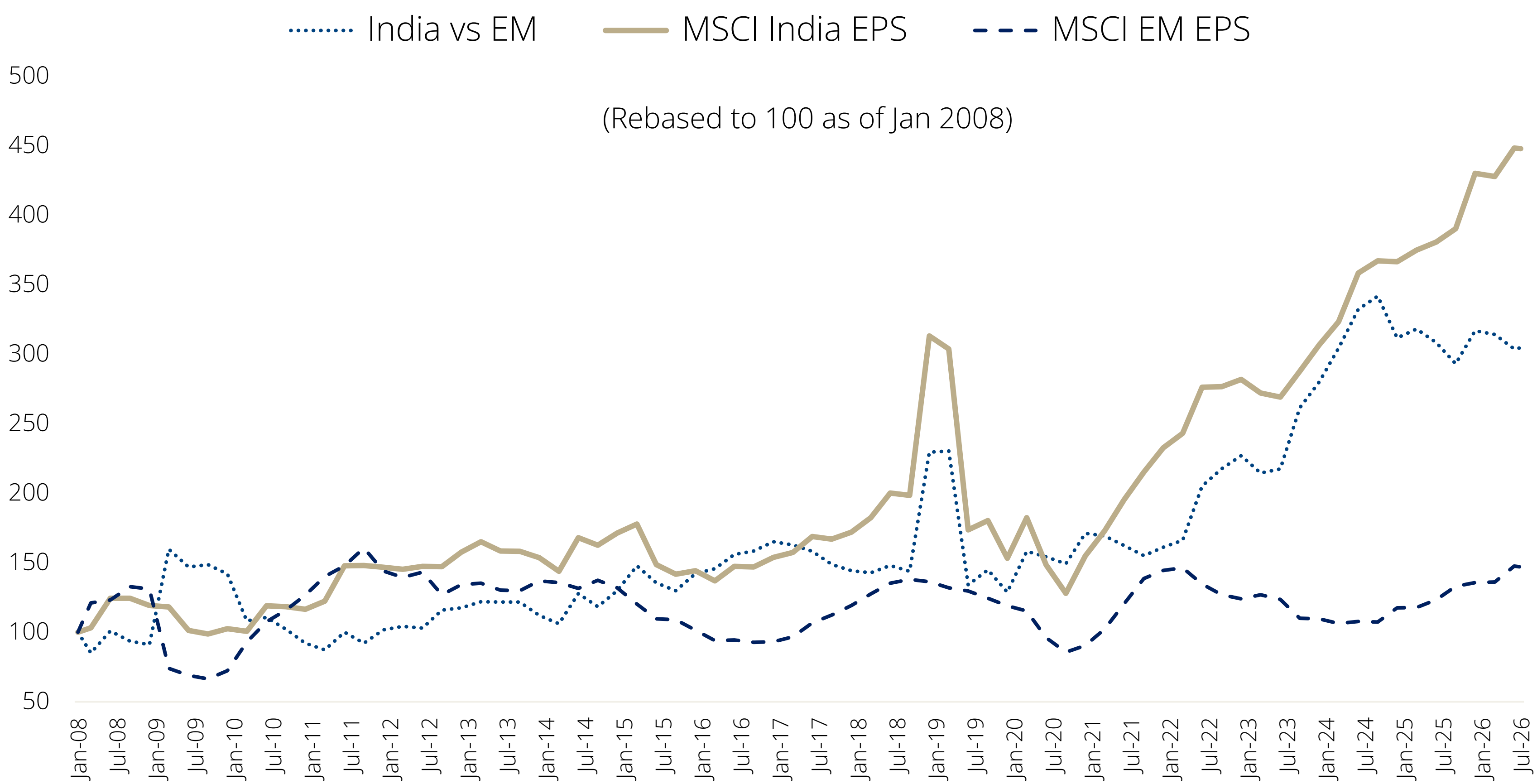
Source – Bay Capital Research, Bloomberg, SEBI

Financialisation of Savings is starting to reflect in the market structure…



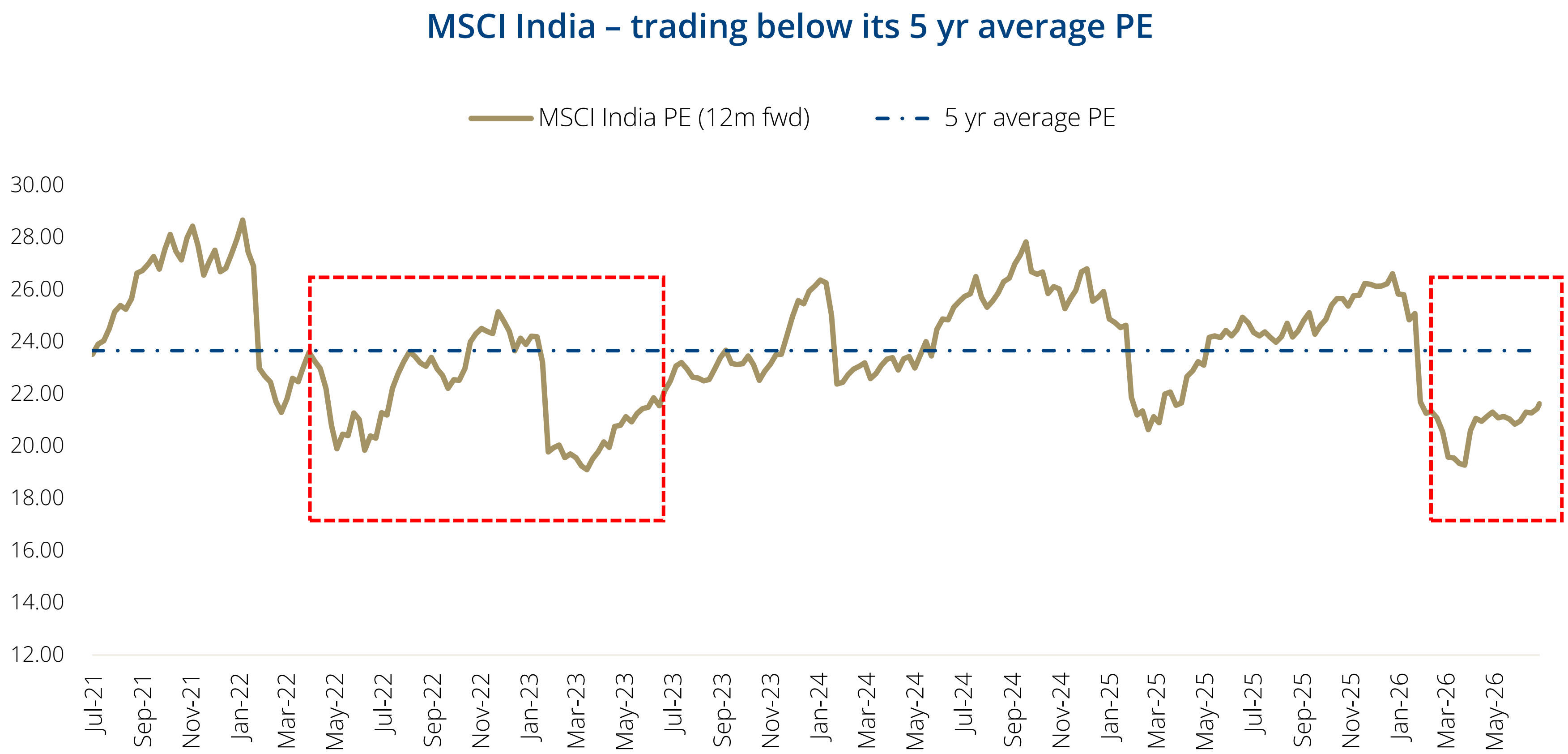
Source – Bay Capital Research, Bloomberg, SEBI

India's earnings have seen significant outperformance to MSCI EM...



Source – Bloomberg, Avendus Spark Capital, Bay Capital Research

Valuations are getting attractive



Source – Bloomberg, Avendus Spark Capital, Bay Capital Research

APPENDIX #2 – Thesis on Portfolio Additions

Portfolio activity during the quarter

Action	Company	Business	Rationale
NEW BUY	Fedbank Financial Services	India’s emerging retail lending franchise focused on gold loans and MSMEs	FedFina is well positioned to deliver 18 to 20% long term compounding, supported by RoA expansion and a favourable gold loan opportunity, while valuations of 1.8x/1.45x FY27E/FY28E P/B offer an attractive risk-reward.
NEW BUY	Pine Labs	India's leading merchant commerce and digital payments platform	The current valuation offers an attractive entry point, with scale benefits and operating leverage expected to drive strong earnings growth over the medium term.
COMPLETE EXIT	Thangamayil Jewellery	India's leading regional jewellery retailer	At current valuations, the risk-reward is unfavourable, with limited upside and meaningful downside if gold prices stabilize or earnings normalize.

Pine Labs: India's leading merchant commerce & digital payments platform

- Journey from POS to platform : Started as a petrol-pump POS provider in 1998, Pine Labs has evolved into one of India's most deeply embedded merchant-commerce platforms spanning in-store and online payments, consumer affordability (EMI/BNPL), and prepaid card issuance and processing.
- Sticky, diversified, and scale-driven business model: Pine Labs operates across multiple products and geographies. The in-store infrastructure serves as the foundational layer on top of which higher-margin, value-added services like affordability, VAS, loyalty, analytics are cross-sold, compounding strongly with scale. The company holds ~80-85% market share in offline EMI orchestration, with a large portion of its DCP base still to be activated for these services.
- Improving financial profile : FY26 was a standout year - revenue grew 19%, Adj. EBITDA increased 57% with margins expanding ~500bps to 20.7%, PAT turned positive (~Rs. 113 Cr), and operating cash flow improved to Rs. 395 Cr. With the cost base largely baked in and AI driving productivity gains, operating leverage should continue to drive meaningful margin expansion going forward.
- Guidance : Revenue growth of 21 to 23.5%, incremental EBITDA flow-through of 55%+, with Rs. 2,730 Cr cash on the balance sheet and no requirement for fresh capital.

2mn / ~10L
terminals / merchants (17–18% of India POS)

-40%
stock since Nov-25 listing

6.5x
FY26 revenue (Paytm ~8.5x)

+19% / +57%
FY26 revenue / Adj EBITDA growth

55-60%
incremental contribution → EBITDA

Source – Bay Capital Research, Company Reports

Pine Labs: Two moats – affordability orchestration + prepaid rails

- **Affordability remains the key growth driver** :

Contributes ~26% of revenue with the highest take rate, enabling EMI at checkout across 450+ brands, 40+ lenders and ~1.6 lakh merchants, with ~80 to 85% share in offline card EMI.

→ Terminal activation at 30% (vs 21% last year) provides a strong growth lever without additional capex.

→ UPI EMI already contributes ~10% of affordability volumes, with the platform remaining rail agnostic.
→ New growth areas include two-wheeler financing and strong adoption in non-electronics segments.

- **IAP continues to scale steadily** :

India's largest prepaid and gift-card infrastructure platform, processing most gift cards in the country. Powers gift cards on Amazon, Flipkart, Myntra, Croma, Tanishq - 250+ brands, 2,000+ corporates and has cumulatively issued over 3.6bn prepaid instruments.

Significant headroom for growth with India at 0.2 cards per capita versus 4.1 in the US.

Also expanding internationally in geographies like Singapore, Malaysia, Indonesia, Middle East, Australia, and most recently the US.

80-85%
offline card-EMI market share

30%
terminal activation (21% a year ago)

0.2 vs 4.1
prepaid cards per capita, India vs US

Source – Bay Capital Research, Company Reports

Pine Labs: Financials, Valuation & Risks

Particulars (Mn)	FY26	FY27E	FY28E	FY29E	CAGR %
Sales	27,095	32,628	38,533	45,262	18.7%
Adj. EBITDA	5,600	7,913	10,271	12,892	32.0%
margin %	20.7%	24.3%	26.7%	28.5%	
Reported PAT	1,151	3,471	5,311	7,431	86.2%

Key Risks :

- Selling by pre-IPO PE investors.
- Top-10 clients contribute ~30% of revenue.
- Affordability tracks discretionary consumption; opex trajectory and unexpected regulatory surprises

Source – Bay Capital Research, Company Reports

Fedfina: Leading retail lending franchise focused on gold loans and MSMEs

- **Large underpenetrated opportunity** : Indian households hold ~27,000 tonnes of gold (~ Rs. 405 lakh Cr), with organised lenders having penetrated <2% of the market. The gold loan market is expected to grow from ~ Rs. 7 to 8 lakh Cr to ~ Rs. 14 lakh Cr by FY29E (~15% CAGR).

<2%
of household gold monetised – long runway

- **Strong competitive positioning** : Lowest portfolio LTV in the sector at 60.9% (vs 65 to 75% for peers), resulting in gold GNPA of just 0.3% versus ~1.5% for Muthoot and Manappuram, supported by an AA+ funding advantage and Federal Bank Parentage.

0.3%
gold GNPA (peers ~1.5%)

- **Early in the productivity ramp** : Current AUM per branch stands at Rs. 13.5 Cr versus ~ Rs. 28 Cr for Muthoot. Expansion continues at 130 to 140 branches annually, while mature branches are already operating at Rs. 18 to 20 Cr AUM.

Rs. 20,153 Cr
AUM, Mar-26 (+27% YoY)

- **Twin engine** : Gold loans contribute 51% of AUM with ~4 to 4.5% RoA, while mortgage/LAP contributes 49%, providing earnings stability independent of gold loan cycles.

60.9%
portfolio LTV – best in sector

Source – Bay Capital Research, Company Reports

Fedfina: Delivery track record and the RoA bridge

FY26 guidance	Guided	Delivered
AUM	> Rs. 20,000 Cr	Rs. 20,153
Gold AUM	> Rs. 10,000 Cr	Rs. 10,352
PAT run-rate	> Rs. 100 Cr	Rs. 100.5
Credit cost	< 1%	0.7%
Exit RoA	> 2.5%	2.6%
Exit RoE	> 13%	14%

RoA bridge	Impact
FY26 base	2.45%
Gold branch maturation & mix shift	+25-30 bps
Opex leverage	+20-25 bps
Credit cost + fees + funding	+15-30 bps
Management-guided FY27	~2.65-2.75%
Our FY28 target	3.0-3.2%

- FY26 execution ahead of plan : Fully exited the Business Loan portfolio, in-housed collections (200 to 400 agents), increased gold loan mix from 37% to 51% ahead of schedule, and reduced opex from 5.9% to 5.5%, with further improvement expected in FY27.
- New Risk is funding cost : Cost of funds increased after February due to higher FCY hedging costs linked to Gulf-related volatility, but management expects this to normalise by Q2 FY27.

Source – Bay Capital Research, Company Reports

Fedfina: Why Now, Valuation & Risks

- **Gold price risk appears manageable** : Even during the 2012 to 2016 gold price correction, Muthoot's RoA never fell below 2.6% and it reported no principal loss. Fedfina's 60.9% portfolio LTV provides a meaningful cushion, with principal risk only after a ~39% decline in gold prices.

- **Attractive Valuation** : Trading at 1.8x FY27E and 1.45x FY28E P/B, with management targeting AUM growth from Rs. 175 Bn to Rs. 1 Tn over 7-8 years while sustaining 3 to 3.5% RoA.

- **Skin in the game** : MD & CEO Parvez Mulla holds 37.25 lakh shares (Rs. 95.6 ESOP strike), with the latest ESOP grant in Jan-26 at Rs. 155.35.

- **Risks** : Sharp correction in gold prices, regulatory tightening, execution on FY27 opex guidance, LAP credit costs, and key-man dependence.

1.45x
FY28E P/B

18-20%
long-term compounding potential

~ -40%
gold fall needed before principal risk

3.0-3.2%
our FY28E RoA target

Source – Bay Capital Research, Company Reports

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