



# VANTAGEPOINT

Our Focus Makes All The Difference

Dear Investors,

I trust you and your families are well.

## Portfolio Performance

At the end of Feb 2026, our portfolio delivered 19.9 % for the past year, outperforming the benchmark index Nifty 50 by 4.8 %. This also happens to be one of the rare time periods when the portfolio has outperformed the benchmark for all periods from 1 to 5 years as shown in Table 1.

If we evaluate the portfolio's performance attribution, it is evident that both the sectoral choices and the stock selection have played an important role in delivering this outperformance.

Our sectoral stance versus the benchmark is depicted alongside in Table 2. Please also look at the performance of the sectoral indices in Table 3.

**Table 1: Performance of Trivantage Capital Edge Portfolio vs. Nifty 50**

	Trivantage Capital Edge Portfolio	Nifty 50 TRI	Alpha
1 Year	19.9 %	15.1 %	4.8 %
2 Years	9.4 %	8.3 %	1.1 %
3 Years	20.7 %	14.6 %	6.1 %
4 Years	14.4 %	12.0 %	2.4 %
5 Years	15.1 %	12.9 %	2.2 %

Performance details are as of 28 February 2026; actual client portfolios may vary by investment date. Performance is net of expenses, TWRR, annualized for >1 year on a client consolidated basis. Performance-related information provided above is not verified by SEBI.

**Table 2: Trivantage Capital Edge Portfolio vs. Nifty 50 Sector-wise positions (top 3 & bottom 3)**

Sector	Trivantage Capital Edge Portfolio	Nifty 50 TRI	Overweight / Underweight
Capital Goods	16.7%	1.4%	15.0%
Financial Services	40.3%	37.1%	3.0%
Auto & Auto Components	9.4%	6.7%	3.0%
FMCG		6.2%	-6.0%
Information Technology	2.8%	10.8%	-8.0%
Oil, Gas & Cons Fuels		9.7%	-10.0%

Sector overweights and underweights as of 28 February 2026 reflect the model

## Portfolio Stance

Our overweight stance in Capital Goods and underweight stance in IT Services has helped us considerably.

The overweight is primarily driven by high conviction in the power transmission theme, along with selective exposure to defence. Power transmission is benefiting from a strong capex cycle linked to renewable integration and grid expansion, while defence adds structural growth supported by policy tailwinds and healthy order visibility. Together, these segments offer multi-year earnings visibility and execution-led growth.

### Power Transmission (Key Driver of Overweight)

We remain constructive on the power transmission space, which continues to benefit from India’s ongoing grid expansion and the investments required to support rising electricity demand and renewable energy integration. The opportunity is being driven by transmission network buildout, evacuation infrastructure and system strengthening across regions. In our view, this remains a multi-year theme with healthy project pipelines, improving ordering momentum and strong execution visibility for well-positioned companies.

### Defence (Overweight)

We remain positive on the defence sector, supported by rising government spending, a more uncertain geopolitical backdrop and a sustained policy push towards indigenisation. India’s focus on strengthening domestic defence capabilities is creating a larger opportunity set for local players, while import substitution and export growth are further expanding the addressable market. This is supporting stronger order visibility and a favourable long-term growth outlook for the sector.

### IT Services (Underweight)

We remain underweight IT services as the sector faces a structural shift driven by the rapid adoption of AI. Unlike previous technology transitions that unfolded over several years, AI is accelerating change across business processes, software architecture and enterprise decision-making. This is raising questions around the durability of legacy service delivery models, particularly where revenues remain linked to effort-based billing.

At the same time, enterprises are re-evaluating technology spending, with greater focus on automation, proprietary AI layers and outcome-led transformation. While this creates long-term opportunities, it also introduces near-term uncertainty around pricing, revenue intensity and execution. In our view, the sector is navigating a business model transition rather than a normal cyclical slowdown, and we therefore remain cautious on the space.

## Portfolio Construction Framework

It would be interesting for you to look at the process we follow to construct your portfolio.

Please look at the 4 quadrants below in which we allocate stocks.

Depending on the outlook on macros, sectors, themes and stocks, we decide on our allocation.

We target a minimum percentage to be allocated to the defensive anchors in Q1 and a maximum percentage to asymmetric outcomes in Q4.

**Table 4: Our Portfolio Construction Framework**

	VALUATION SUPPORT / DOWNSIDE PROTECTION	LONG RUNWAY FOR GROWTH
HIGH QUALITY & HIGH PREDICTABILITY	<p><b>Q1</b></p> <p><b>DEFENSIVE ANCHORS</b> STABILITY AND DOWNSIDE PROTECTION</p> <p>High-quality, predictable businesses that provide resilience and anchor the portfolio across cycles.</p>	<p><b>Q2</b></p> <p><b>COMPOUNDERS WITH UPSIDE</b> QUALITY WITH UNPRICED GROWTH DRIVERS</p> <p>High-quality businesses where future growth and re-rating potential are not yet fully reflected in valuations.</p>
MODERATE QUALITY / LOWER PREDICTABILITY	<p><b>Q3</b></p> <p><b>RECOVERY / CYCLICAL PLAYS</b> CYCLICAL RECOVERY</p> <p>Businesses with lower predictability, where recovery, cyclical improvement, or normalization can drive returns.</p>	<p><b>Q4</b></p> <p><b>OPTIONALITY / ASYMMETRIC BETS</b> SELECT IDEAS WITH SKEWED UPSIDE</p> <p>Lower-predictability opportunities where the upside can be meaningfully higher than the downside.</p>

## Trivantage Capital Edge Portfolio – Multi-Baggers since inception

The Edge portfolio has generated many multi-baggers since its inception nearly 6 years ago (Table 5).

Most of these are large cap stocks which demonstrates that the outperformance is delivered by taking much less risk and thereby increasing the quality of performance.

Also, these stocks represent a wide range of sectors such as Retail, Defence, Auto, Infrastructure, Hospitality, Technology, Telecom, Capital Goods & Financial Services.

**Table 5: Our Portfolio Construction Framework**

#	Company Name	Theme / Sector
1	Trent	Rising demand for fashion retail
2	BEL	Indigenisation of defence
3	TVS Motors	Aspirational upgrade in mobility choices
4	Larsen & Toubro	Demand for quality infrastructure
5	Titan	Aspirational upgrade to branded jewellery
6	Mahindra & Mahindra	Aspirational upgrade in mobility choices
7	Indian Hotels	Aspirational upgrade in travel choices
8	Persistent Systems	Rising demand for digital engineering services
9	Bharti Airtel	Rising demand for data connectivity
10	TD Power	Rising demand for power infrastructure
11	Cholamandalam Invst & Fin	Rising credit penetration in semi-urban India

Multi-bagger references are based on first-portfolio investment dates and may differ for individual clients.

## Market Outlook

The ongoing conflict in Middle East has caused a significant impact on stocks globally and in particular on Indian stocks.

This has triggered an increase in FII outflows which were already quite significant. Table 6 highlights this surge in selling by FIIs which has taken the amount to ~USD 13 bn already in just 3 months of this year set to surpass the peak outflows of ~USD 19 bn in any one year in the past 5 years.

These outflows are creating a circular problem of a sharp depreciation in INR against the developed market currencies which is causing further anxiety for global investors. The next few months look quite tough for Indian macros.

A key variable is the outcome of the ongoing conflict in ME. As things stand at the time of writing this note no resolution appears in sight.

Having said so, many political leaders around the world are making efforts to mediate a resolution. This is a key moving factor for the markets – a resolution of which is essential to bring some stability back. We remain cautious in our stance but remain optimistic of a resolution in the coming weeks.

Meanwhile, the Q4 FY26 earnings season is set to begin soon. Indian market valuations have moderated to ~18x 12-month forward earnings which still remains at a significant premium over most other emerging market peers.

**Table 6: Net FII Flows into Indian Equities (USD bn) CY2022 - CYTD2026**



Source: NSDL. Figures represent net FII flows based on publicly available data and are shown in USD terms. CYTD 2026 reflects data up to 24 March 2026.

Other than the resolution in the ongoing conflict, an important monitorable is the evidence of growth in revenues and earnings for many businesses in the forthcoming company results. In the current environment, both earnings surprises and disappointments will elicit a disproportionate investor response.

I hope my next letter to you will be in a much better market environment.

With best wishes.

**Nikhil Johri**

Founder & Chief Investment Officer

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