UNIFI AIF

PORTFOLIO FACT SHEET

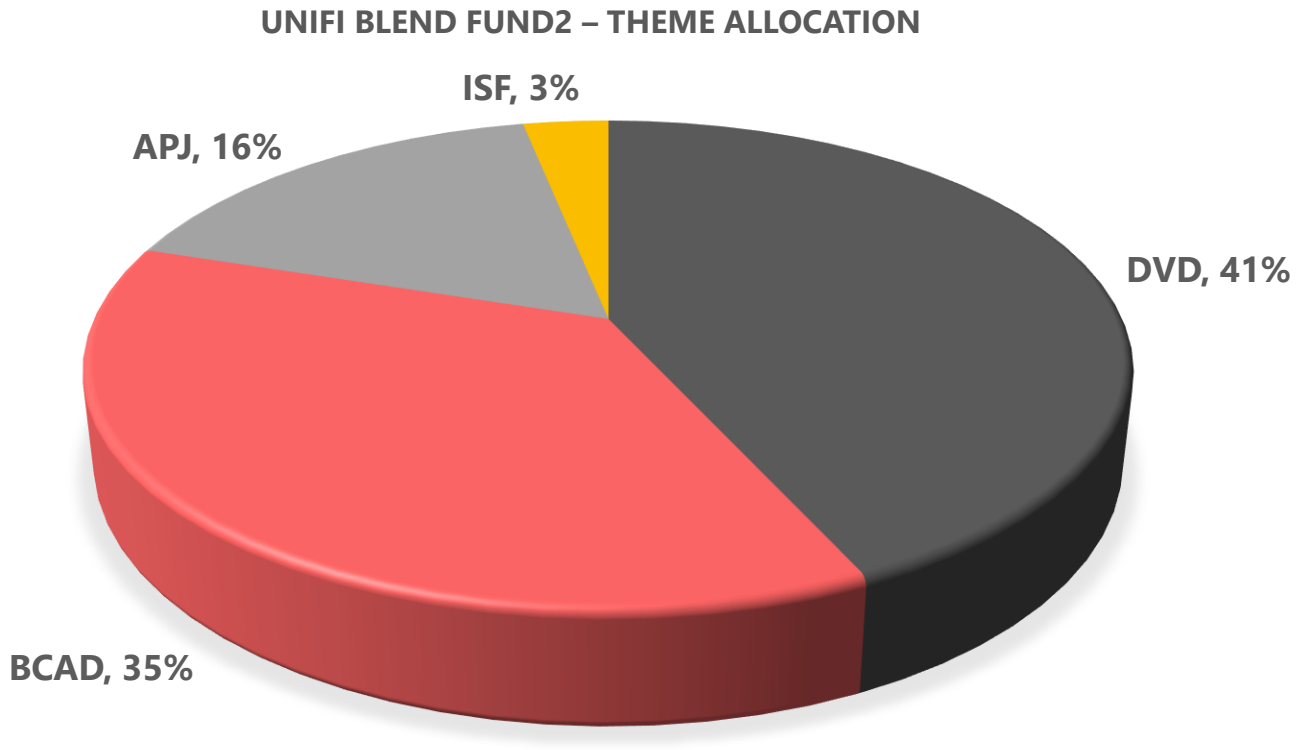
UNIFI BLEND FUND2 – Q1 FY2026

Background

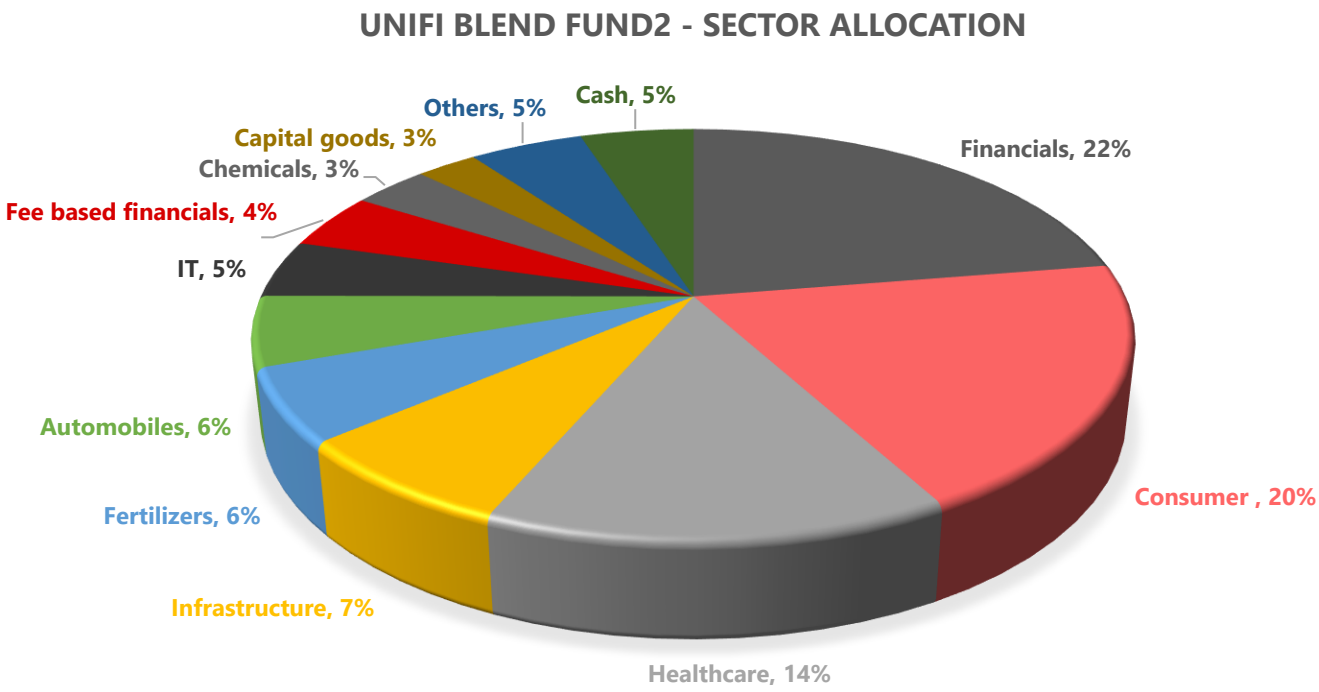
The UNIFI BLEND Fund2 continues to draw from the best opportunities across all of Unifi's investment themes. The fund has the flexibility to invest in stocks across diverse sectors, themes, and market capitalization. The fund's holdings are well diversified and poised to benefit and consolidate their position and deliver industry-leading growth. We have trimmed exposure in a few names that have performed significantly well and redeployed the cash generated in firms that offer a better risk/reward proposition.

	UNIFI BLEND Fund2
Launch Date	01st June 2021
Scheme Corpus	INR 29.41 bn
Firm AUM	INR 251.1 bn
Investment Manager	Unifi Capital Private Limited
Minimum Investment	INR 10 million
Investment Manager's Commitment	INR 320 million
Custodian	Axis Bank Limited
Auditors	M/s. Walker Chandiok & Co LLP
Lawyer	IC Universal Legal

The strategy wise composition of the UNIFI BLEND FUND2 is as below:



The sector-wise composition of the UNIFI BLEND FUND2 is as below:



The following annexure presents a brief on our top holdings:

Company	Brief background and Investment rationale
Bank of Baroda	BoB reported a PAT of Rs.4,541cr vs. Rs.4,458cr, up 2% YoY in Q1 FY26, while the loan book grew by 13.2% YoY and declined sequentially by 1.9%. The International Corporate, Retail, and Agriculture segments led the loan growth, which grew by 3.2%, 2.2%, and 1.9%, respectively, on a sequential basis. The domestic corporate loan book contracted 10% QoQ, as corporates sought even lower yields on loans that were already tightly priced. The bank reiterated its loan growth guidance at 11-13% and deposit growth guidance at 9-11% for FY26. Margins declined by 7bps sequentially to 2.91%, which was led by a moderation in yields. The management expects margins to remain moderate in the near term, in line with the broader banking system, but to recover gradually as deposit rates are re-priced lower, thereby supporting margins. The cost-to-assets has declined marginally by 7bps sequentially to 1.78%. Gross NPA improved by ~17bps QoQ to 2.28%, while Net NPA also improved by 2bps QoQ to ~70bps. Provision coverage was sequentially stable at ~74%. Gross slippages were stable at 1.2% while Net slippages increased to 70bps vs ~40bps in Q4FY25. Higher Net slippages were driven by one large international corporate account of Rs.514cr (17bps of loans), which slipped during Q1 FY26. The bank is confident of the resolution of the account and has taken appropriate provisioning. Barring two quarters, the bank has reported net slippage of about 0-50 bps over the past 12 quarters, reflecting strong underlying credit quality. Credit cost stood at ~66bps vs 53bps in Q4 FY25. Overall, there are no signs of imminent stress, and management expects credit costs to remain at the lower end of the guided range of ~0.5-0.6% for FY26. We like the bank because of its ability to grow in line with systemic growth rates, low NPA risks, and attractive valuations. Key risks include lower-than-expected loan growth, deterioration of asset quality leading to higher-than-expected credit costs, and higher treasury losses.

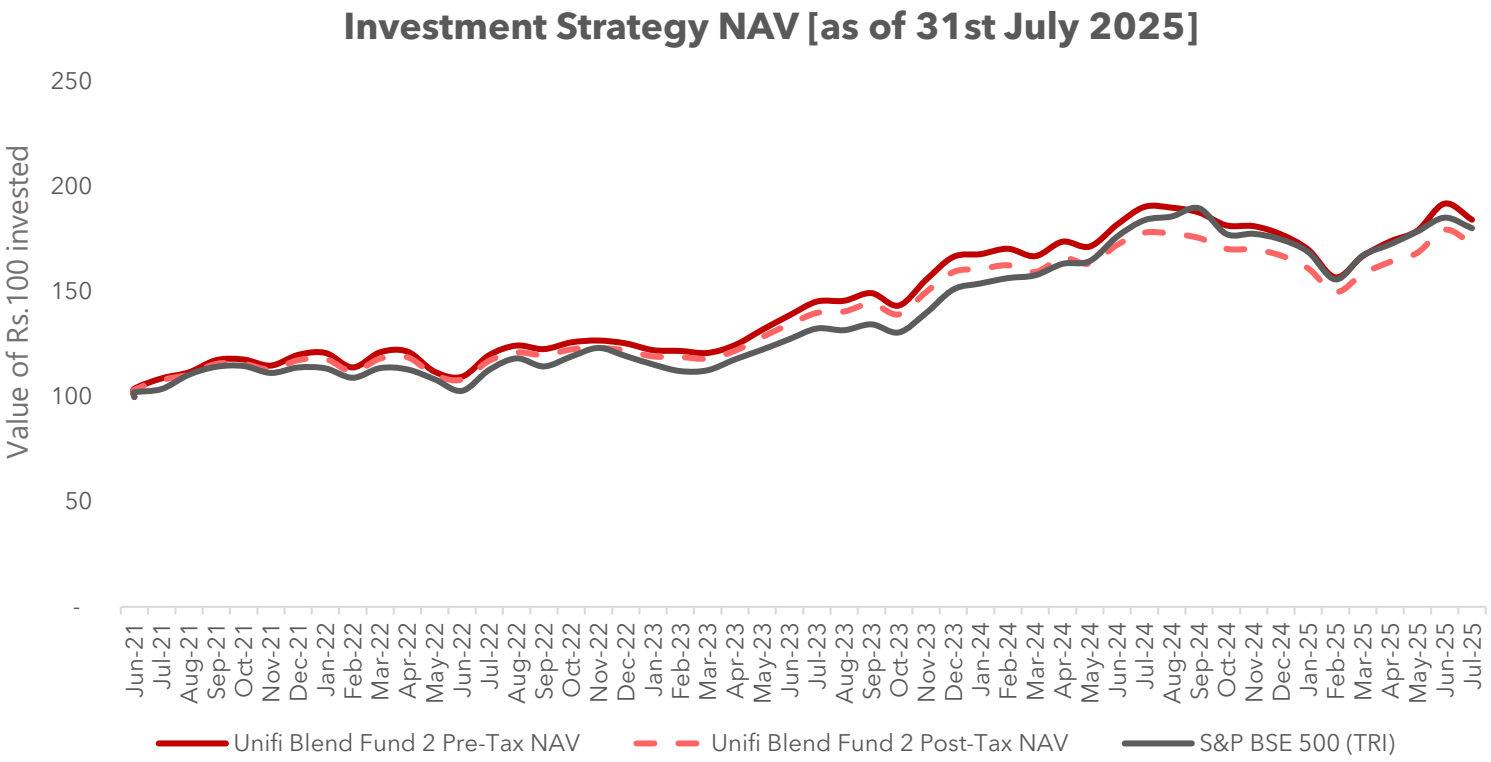
Redington	Redington is a global distributor of Information, Communication, and Technology [ICT] products across 40 countries. It covers the entire gamut of IT products and smartphones, offering services and solutions across managed, cloud, and logistics services. The company partners with over 300 brand associations and services more than 43,000 channel partners. Redington reported revenues of Rs. 25,950cr, an increase of 22% YoY. This growth was driven by all major regions, with India experiencing a 24% YoY increase, the UAE business growing by 35% YoY, and KSA growing by 32% YoY. Gross margins declined ~50 bps YoY, driven by an unfavorable business mix with a higher share of large deals and continued stress in Turkey. The company took a provision of Rs.101cr for receivables this quarter, largely pertaining to Turkey. As a result, the company reported a PAT of Rs.275cr compared to Rs.246cr last year. [12% YoY growth]. From a capital allocation perspective, the company's return ratio is healthy at 20% RoE, and it continues to pay out 35-40% of its PAT as dividends, resulting in a dividend yield of 2.5-3%. We like Redington, given that it is amongst the top 2 ICT distributors in its markets. The company's dominant position and financial strength provide it with a significant competitive advantage in a business with high entry barriers. Redington has established a strong services business in third-party logistics and the high-margin cloud business. Redington's broad portfolio and relationships with vendors across various segments enable balanced growth and reduce vendor concentration. Redington has consistently demonstrated robust risk management practices across multiple cycles, effectively managing credit, inventory, and currency risks. A significant shift in consumer and enterprise behavior has led to a higher demand for advanced computing, resulting in shorter product life cycles and the adoption of premiumization. This tailwind benefits Redington. Key risks include a higher interest rate regime environment, delayed margin recovery, and slowdowns/delays in the high-margin enterprise business.
Narayana Hrudayalaya	Narayana reported a revenue growth of 15% YoY, to Rs.1,507cr, and a flat PAT YoY at Rs. 197cr. India business remained steady this quarter, with revenue growth and EBITDA growth of 8% YoY. However, the lower patient footfalls from Bangladesh have negatively affected revenue growth, leading to a 50% YoY decline in revenue from international patients seeking treatment in India. The international revenue has now stabilised quarterly at Rs.40cr per quarter run-rate. The company's initiatives towards improving case/bed mix have resulted in ARPOB reaching 48,000 in this quarter, which is the highest the company has ever achieved. Cayman business reported 29% YoY revenue growth to Rs.376cr. The revenue growth was impacted by rupee appreciation and seasonality in the footfalls. The hospital business continues to maintain a healthy 45% EBITDA Margin, but losses in the insurance business impacted the overall margins. The company has started its insurance business in Cayman, and this is ramping up at a faster rate, reporting a Rs.9cr EBITDA loss in this quarter. This business will reach breakeven in a couple of quarters and will support the Cayman growth. The last few quarters have been a period of consolidation for Narayana, following the commissioning of the new hospital in Cayman and the emergence of business opportunities in India and the Cayman Islands. The initiatives that the company is taking now will help deliver a strong 20%+ PAT CAGR in the medium term. Over the next few years, Narayana plans to add 1,400 beds, with a projected capital expenditure of Rs. 3,000cr. The Capital expenditure growth, combined with new initiatives, will support the next stage of earnings growth for the company. Key Risks: Delay in Capex, government interference in pricing.
ITC	ITC reported revenue growth of 20.9% YoY to Rs. 21,495cr. The tobacco business reported one of the highest volume growths (6.5% YoY) in recent quarters. Though the underlying volume remained resilient, the margins were impacted by high-cost inventory. Hence, EBIT grew only by 4.5% YoY to Rs.5,499cr. With the new leaf tobacco crop, declining prices are expected to support margin improvement in the coming quarters.

	The FMCG business has started witnessing sequential growth. The revenue growth for FMCG has been at 5.5% YoY to Rs. 5,800cr. The EBIT Margin also improved sequentially from 6.3% in Q4FY25 to 6.9% in this quarter. Commodity prices have been declining (especially Palm oil and wheat), which is expected to drive sequential improvement in gross margins. Agribusiness continues to do well, with 39% YoY revenue growth to Rs.9,724cr and 26% YoY EBIT Growth to Rs.435cr. This segment continues to benefit from leaf tobacco and value-added agri exports (coffee, spices, etc). The Paper segment continued to be impacted by low-priced imports flooding the market, leading to a 41% YoY decline in EBIT of the segment. Accordingly, the consolidated EBIT declined by 4.1% YoY to Rs.6,394cr. The reported PAT grew by 5% YoY to Rs. 5,342cr. The steady 4-6% volume growth in the tobacco segment is a positive development, and the gross margins are likely to improve from H2. While the FMCG segment remains subdued, we anticipate a gradual sequential margin improvement, and the company is expected to deliver a 10% PAT growth rate over the next couple of years. Key risks: government taxation on cigarettes, demand slowdown, and raw material inflation
NCC	The company secured order inflows of Rs.3,658cr in Q1FY26, taking the order book to Rs.70,000cr as of June-end, providing revenue visibility of over three years. The company reported a revenue decline of 6.3% YoY to Rs. 5,189cr in the quarter. Since a large portion of the FY25 order inflows was booked in the last quarter (February–March), with execution scheduled to commence towards the end of Q2/Q3, revenue growth is expected to accelerate from H2. The EBITDA Margin remained stable at 9%. The PAT in the quarter decreased by 8% YoY to Rs. 204cr, and this is primarily due to weakness in the execution. FY25 has been a challenging year for the company, as election-related disruptions have impacted execution and overall performance. However, since February, the company has secured many large orders across multiple states and various central government agencies. As these orders translate to P&L execution, the profitability is expected to improve significantly from H2. The company also continues to benefit from state capital projects in Andhra Pradesh. The working capital is now gradually improving, which should aid in the execution ramp-up. Key risks: Slowdown in the order inflows and execution
Coromandel International	Coromandel reported a 49% growth in revenue for Q1 FY26 at Rs.7,042cr. The manufactured segment has reported volume growth of 12% YoY in the fertilizer business. The southwest monsoon had an early onset in May, resulting in above-normal rains during the first half of the Kharif season, reaching 105% of the long-period average rainfall as of now. Reported gross profit increased by 45% due to higher subsidies and improved cost efficiency, driven by backward integration measures. EBITDA was up 55% YoY to Rs. 782cr on a low base, and PAT was up 62% YoY to Rs. 502cr. The low NBS rates in H1 2025 did not align with the increased raw material prices and hurt the operational performance of all phosphatic manufacturers, albeit marginally. The subsidy rates have improved in H1 26. The company also anticipates an upward revision in nutrient-based subsidy (NBS) rates for H2 FY26, considering rising global raw material prices. In the crop protection business, the revenue growth was 31% YoY to Rs. 725cr, driven by volume growth in domestic formulations and new products doing well. During Q1 FY26, the company launched 10 new products, including three insecticides, three herbicides, three bioproducts, and one plant growth regulator (PGR). EBIT margins improved from 11% to 15% YoY. The company has acquired NACL Industries in the current year, and the management has identified procurement inefficiencies at NACL as a key area for improvement. Efforts will be made to enhance procurement practices with the first objective of restoring EBITDA margins to historical levels of 9-10%. The company's ongoing phosphoric acid and sulfuric acid project at Kakinada (0.2mn tn) is progressing as planned, with commissioning expected by Q4 2026. Additionally, an NPK capacity expansion of 0.75 million tons at Kakinada has been initiated, with commercial production targeted for the second half of 2027.

	Structurally, the company is well-positioned to combat cost inflation through prudent capital allocation and effective governance. The company is well-positioned for the next growth cycle with a debt-free balance sheet. Coromandel is India's largest privately held non-urea (Phosphatic) fertilizer company with a diversified revenue mix of regulated and unregulated products. It has a market share of over 25% in India's NPK/complex fertilizer consumption. In Crop Protection, Coromandel has taken a slow and measured step to overhaul its portfolio from older generics to a mix of combination and in-licensed products from global innovators. Over the next few years, the company endeavors to reduce the share of subsidized businesses by investing in crop protection and other related segments. Key risks to the investment could be a significant reduction in RM prices, leading to a correction in inventory valuation, unexpected regulatory developments, and the erratic monsoon.
Mahindra & Mahindra	M&M's topline grew by 26% YoY at Rs.34,803cr in Q1 FY 26, with 32% and 13% YoY growth in autos and tractors, respectively. The rise in the auto segment was driven by strong SUV volumes, which increased by 18% YoY in Q1 FY26, reflecting lower cannibalisation from new launches. Similarly, the company grew tractor volumes at 10% YoY, fuelled by a favourable monsoon that supported rural demand. As a result, M&M consolidated a 27.3% revenue market share in passenger vehicle (PV) sales (+5.7% YoY) and a 45.2% share in tractors for the quarter. EBITDA and Core PAT reported growth of 21% and 26% YoY to Rs.4,884cr and Rs.2,968cr, respectively. We remain optimistic about M&M's PV sales, supported by capacity additions for the Thar ROXX and XUV3XO, which will be fully consolidated for the year. We also anticipate continued strength in tractor sales driven by a sustained agricultural cycle. On EVs, the company has indicated a ramp-up in volumes going ahead as the work to streamline the customer experience has been completed. M&M EV holds a 40.9% revenue market share in electric passenger vehicles. We anticipate a gradual increase in electric vehicle volumes to ensure a smooth customer experience and support the scaling of the EV ecosystem to meet the demand for M&M's vehicles. Key risks include EV adoption and CAFE III compliance, reliance on monsoon conditions for tractors, a potential slowdown in PV sales, and regulatory uncertainty.
Oracle Financial Services Software	IT product firms often experience lumpy earnings due to the nature of their business. Large software deals, implementation projects, and licensing agreements can create significant revenue surges in certain quarters, followed by periods of relatively lower earnings. Therefore, evaluating these companies from an annual perspective is crucial, smoothing out the quarterly volatility to better understand their long-term performance. With the ongoing digital transformation within the banking and financial sectors, OFSS is poised to capitalize on the increasing demand for specialized software and services. Consequently, the medium- to long-term outlook for OFSS appears promising, driven by sustained growth in the financial technology sector. Oracle's revenue grew by 6% YoY to Rs.1,852cr in Q1 FY26 vs. Rs. 1,741cr, YoY. EBITDA margins compressed 3% YoY to 46% leading to a flat EBITDA YoY at Rs.846cr. The company reported a PAT growth of 4% YoY to Rs.642cr on the back of higher other income compared to the previous year. The slowdown was mainly due to the delay in converting deals into revenue. The deal flow remained strong in Q1 FY26, driven by large deals in India, Asia Pacific, and the EU. This provides the company with strong demand visibility, driven by ongoing customer interest in transitioning to Oracle's cloud services. The company has maintained high levels of capital efficiency, reflected in 25%+ RoE on the back of an almost 100% dividend payout to shareholders. Key Risks: Slowdown in IT spending by enterprise clients.
Karur Vysya Bank	Karur Vysya Bank (KVB) reported a Profit After Tax (PAT) of Rs.521cr for Q1FY26, compared to Rs.513cr in Q4FY25. The loan book grew by 5.9% QoQ and 15.6% YoY. Commercial, Corporate, and Agriculture grew by ~4-6% sequentially, while Retail grew by 7.9% sequentially.

	Retail loan growth was primarily led by Jewel loans, which grew by 23% QoQ / 60% YoY. The mix of Retail, Agri, and MSME (RAM) segment was stable sequentially at ~85.7%. The bank will continue to focus on the RAM segment for incremental growth. The bank intends to grow its advances by 2% points above the system growth in FY26. Margins declined by 19bps sequentially to 3.86% led by a ~21bps decline in yield on advances and a ~3bps higher cost of deposits, on a sequential basis. The bank has guided a near-term moderation in NIMs due to the recent repo rate cut, with an expected improvement thereafter as deposits are re-priced at lower rates. Cost-to-income ratio improved sequentially to 47.2% vs 47.8% in 4QFY25. The bank intends to maintain this ratio within the 48-50% range. Asset quality continued to improve, with reductions in Gross Non-Performing Assets (GNPA) and Net Non-Performing Assets (NNPA). GNPA declined by 10bps QoQ to 0.76%, and NNPA was stable at 0.2%. The Provision Coverage Ratio (PCR) dropped to 71% vs 74% in 4QFY25. SMA 1 increased by 4bps sequentially to ~26bps while SMA 2 increased by ~26bps sequentially to 34bps. Key risks include lower-than-expected loan growth, deterioration in asset quality leading to higher-than-expected credit costs, and higher treasury losses
HDFC AMC	HDFC AMC reported PAT of Rs.748cr vs Rs.639cr in Q4FY25 (+17% QoQ) and Rs.541cr (+24% YoY) in Q1FY25. The Equity AUM, which constitutes 42% of the overall AUM, grew by 8.8% sequentially. Overall, AUM grew by 6.4% sequentially. The company continues to hold a higher market share in equity flows, which currently exceeds its Equity AUM market share of ~10.6%. The company's SIP flows grew 10% QoQ / 25% YoY to Rs.4,010cr in Jun'25, with market share in SIPs rising to 14.7% from 14.1% in Mar'25. Gross yields improved by 0.4bps sequentially to ~47bps on account of a higher equity mix. As a result, revenue grew by 7.4% sequentially to Rs.968cr. EBITDA margins were largely stable at ~80%. Other income increased materially during the quarter from Rs.124cr to Rs.233cr sequentially due to MTM gains in both equity and the fixed income treasury book. We have a positive outlook for HDFC AMC, viewing it as a beneficiary of the growing trend of financializing savings in India, which is reflected in consistent improvement in industry SIP flows. The strong performance of HDFC AMC's equity schemes has significantly improved its SIP market share, resulting in substantial inflows. We expect HDFC AMC to continue witnessing stable inflows due to the strong performance of its equity schemes and its extensive distribution network. Key risks include potential slowdowns in net inflows and attrition among employees or clients.
CMS Info Systems	India's cash logistics sector is poised for robust growth, driven by several key factors. Despite the rise of digital payments, cash remains a vital component of the Indian economy, particularly in rural and semi-urban areas. The increasing penetration of ATMs, the expansion of retail networks, and the continued reliance on cash for everyday transactions contribute to a sustained demand for efficient and secure cash management services. furthermore, government initiatives promoting financial inclusion and the outsourcing of ATM management from public sector banks will further strengthen the need for reliable cash logistics infrastructure. Within this landscape, CMS Infosystems stands out as a leader, boasting a market share of ~40% in the ATM space, backed by its extensive route network, operational edge, and strong balance sheet. In Q1 FY26, CMS Infosystems reported a revenue growth of 5% YoY to Rs.627cr. The Cash Management segment grew 8% YoY, and Managed Services rose 10% YoY, while the Cards business declined 23% YoY. The Managed Services segment witnessed slower growth as order execution was impacted by disruptions in ATM installations by banks, which in turn stemmed

	from the default of a competitor. EBITDA grew 3% YoY to Rs.158cr, due to upfront capex and costs incurred ahead of revenue realization, coupled with softer transaction volumes at Brown Label ATMs. Hence, PAT rose by 3% YoY to Rs. 94 cr. Looking ahead, the outlook remains positive. The execution cycle is expected to gather pace in H2 FY26 as projects transition from capital expenditure (capex) to billing (typically a 6–12-month cycle). At the same time, the RFP pipeline indicates strong potential for sustained double-digit growth. Although near-term pressure stemming from disruptions caused by a competitor's default may persist, the medium-term outlook is robust, supported by CMS Info's operational edge across existing routes, healthy order book execution, and its ability to consolidate market share from smaller and less efficient players Key Risks include a potential decrease in currency in circulation or a perceived decline in the cash economy.
Bayer CropScience	Bayer CropScience reported a revenue growth of 17% YoY at Rs.1,915cr in Q1 FY26. The topline growth was driven by higher volumes of Corn seeds and Roundup (Glyphosate), supported by the early onset of the monsoon. The company launched a new product, BICOTA® (Insecticide for managing Stem Borers in paddy cultivation). The company reported EBITDA and PAT growth of 11% and 10% YoY to Rs.348cr and 279cr, respectively. Gross margins continue to be weak, down 1% YoY in Q1 FY26 due to higher input costs of the crop protection segment and high cost of production in the seeds segment. Employee cost was steady, but Opex was up 25% YoY, mainly due to higher marketing costs ahead of the season. In FY25, Bayer faced both structural and cyclical challenges, including layoffs, rationalization of middle management, and cost optimization measures. This resulted in a Rs.78cr receivable provision and Rs.30cr in employee severance, alongside supply-side disruptions in the seeds business caused by floods. Looking ahead, most of these headwinds appear to be behind us, with input cost pressures remaining the key challenge. Bayer CropScience Ltd, an Indian subsidiary of Bayer AG, is a company that specialises in the marketing and distribution of a diverse range of crop protection products, including fungicides, insecticides, herbicides, and seed treatment solutions. The company derives 94% of its revenue from the domestic market, with 3% coming from Germany, 2% from Bangladesh, and 1% from the Rest of the World. The company has been operating in India for 125 years and has established a strong leadership position in the agrochemical segment, as well as a reputation for trust among the farming community. The listed entity is a marketing and distribution company, and thus it operates under an asset-light model. Key risks to the investment include any impact on seed production due to seasonality, unexpected regulatory developments, and the erratic monsoon.



Key Portfolio Metrics

It is important to note that each investment in the fund has been made on its own merit, and the portfolio characteristics are merely a by-product of the process. In sync with Unifi's philosophy, the aggregate portfolio has low leverage, demonstrates potential for strong earnings growth, and has reasonable valuations.

Valuation Parameters* (As on 26th Aug 2025)	FY2025	FY2026E
P/E Ratio	28.5x	24.3x
Earnings Growth	8.6%	14.7%
Debt Equity Ratio	0.1	0.1
ROE %	21.3%	20.8%
PE/ Growth Ratio	1.4	

**Adjusted for one-off to make figures representative.*

We are continually monitoring the environment for any opportunities that have the potential to materially improve the portfolio composition. We will be writing to you again after the 2nd quarter results.

In closing, we encourage you to write to us or your relationship manager for a detailed review of the portfolio and understanding of our proposition in greater granularity.

Annexures:

Financial Details of Top Portfolio Companies

UNIFI BLEND FUND2	Market Cap (Rs. cr)	PBT (Rs.cr)		YoY(%)	PAT (Rs. Cr)		P/E	ROE	Portfolio Weight
Company	26th Aug 2025	Q1 FY25	Q1 FY26		FY25	FY26e	FY26e	FY26e	26th Aug 2025
Bank of Baroda	124,540	6,151	6,270	2%	19,581	18,978	6.6	13%	9.4%
Redington	19,028	292	305	4%	1,340	1,517	12.5	18%	7.6%
Narayana Hrudayalaya	37,448	230	232	1%	790	949	39.5	23%	7.3%
ITC	500,440	6,815	7,059	4%	20,037	22,289	22.4	30%	7.1%
NCC	13,728	300	268	-11%	820	972	14.1	13%	5.7%
Coromandel International	70,382	437	677	55%	1,760	2,173	32.4	18%	5.7%
Mahindra & Mahindra	406,765	3,406	4,471	31%	10,092	11,583	28.1	20%	5.6%
Oracle Financial Services Software	76,061	873	905	4%	2,339	2,731	27.8	34%	4.6%
Karur Vysya Bank	21,227	613	687	12%	1,942	2,055	10.3	16%	3.6%
HDFC AMC	126,041	752	986	31%	2,461	2,999	42.0	35%	3.7%
CMS Info Systems	7,312	121	126	4%	373	408	18.0	17%	3.4%
Bayer CropScience	24,723	316	335	6%	480	736	33.6	24%	2.9%
Fedfina	5,253	94	100	6%	225	351	15.0	13%	2.9%
TD Power	8,131	46	67	46%	174	205	39.7	23%	2.7%
CG Consumer	20,749	203	166	-18%	563	596	34.9	17%	2.5%
Kotak Bank	394,323	8,195	4,356	-47%	13,634	13,970	28.2	11%	2.5%
Medanta	37,527	144	190	32%	519	607	61.8	14%	2.2%
South Indian Bank	7,779	395	433	10%	1,303	1,276	6.1	12%	2.5%
Alivus Life Sciences	11,904	151	164	9%	487	542	22.0	18%	2.4%
Britannia	133,554	681	701	3%	2,127	2,532	52.8	51%	2.2%
Marksans	8,055	120	77	-36%	383	364	22.1	13%	2.0%
Jindal Saw	13,083	584	364	-38%	1,833	1,486	8.8	13%	1.5%
Axis Bank	332,010	8,067	7,568	-6%	26,374	25,161	13.2	13%	1.4%
Indigo	236,197	2,804	2,311	-18%	7,253	9,242	25.5	66%	1.1%
CAMS	18,999	142	145	2%	466	473	40.2	40%	0.8%
NIIT	4,593	81	73	-10%	250	294	15.6	25%	0.5%
Transpek	818	12	21	75%	55	60	13.7	13%	0.4%
Aarti Pharma	7,511	63	67	6%	272	306	24.5	15%	0.2%
Paradeep Phosphates	18,331	13	342	100%	696	1,056	17.4	21%	0.2%

CLASSIFICATION OF MARKET CAP

Segment	Basis	%
Large Cap	> Rs. 91,000cr	33.3%
Mid Cap	> Rs. 30,500cr < Rs. 91,000cr	19.8%
Small Cap	< Rs. 30,500cr	41.9%
Cash		5.0%
Total		**100.0%**

LIQUIDITY ANALYSIS

Segment	% of portfolio
1 day	19.0%
Between 1 & 3 days	13.0%
Between 3 & 7 days	27.8%
Greater than 7 days	35.3%
Total	**95.0%**

CRISIL CAT III AIF BENCHMARKS DATA [as of 30th Sep 2024]

Index	1 Year (%)
UNIFI BLEND FUND 2 (Scheme of Unifi Umbrella AIF)	29.69%
CRISIL AIF Index – Long Only Equity Funds (open ended) (INR)	21.25%

Values as on September 30, 2024
Schemes that have completed at least one year since their first close as on September 30, 2024, have been considered for the benchmark. In all, 73 schemes have been considered for the above analysis. Returns refer to post-expense, pre-carry, pre-tax values. Returns for more than one year are annualised

Risk Management

While the environment is buoyant for India in the longer term, in the shorter to medium term, the aftereffects of unforeseen economic linkages from a recessionary West may be a risk. While India remains a largely domestic consumption-oriented economy, a rapid worsening of the economies in the West may affect their balance of trade with the World [including India] in the immediate to medium term. India's Current Account Deficit and foreign exchange reserves may be under pressure if energy prices remain elevated and rise. The recent softening of energy and commodity prices will assist India's macroeconomic case, but there remains the prospect of second or third-order impact from global macroeconomic and geo-political shocks.

Risk	Level	Mitigants
Concentration Risk	Fund	At the portfolio level, such risks are minimized by limiting the aggregate exposure of the portfolio to such investments to less than 10% of the value at the time of investment.
Foreign Exchange Risk	Fund	Fund has invested in only Indian Listed companies and hence the fund's investments do not face any foreign exchange risk at the Fund level.
Leverage Risk	Investee Company/Fund	Fund has not taken any leverage at the Fund level. Except for financial companies, most of the investee companies in the strategies carry nil to moderate debt on their balance sheets with a track record of having managed leverage well in the past. Their leverage is monitored regularly.
Realization Risk	Investee Company/Fund	High Impact cost, due to thin trading at the time of buying or selling is endemic to small & mid-caps. We plan our investment decisions, the size of the investment and trading strategies to minimize the realization risk.
Strategy Risk	Investee Company	Investments are evaluated from a bottom-up and top-down perspective. The fund investments align with the segments of the economy that are emerging and companies that have characteristics which make them the dominant participants in their industry. The investments are assessed through a detailed financial model that captures historical performance and forward estimates based on publicly disclosed documents. The investment team rigorously undertakes quarterly diligence for any change in the investment thesis.
Reputation Risk	Investee Company	Company selection starts with rigorous fundamental analysis and a historical performance review supported by a detailed financial model constructed internally. We have an internally designed governance framework vetted over many years. This governance framework helps us in evaluating companies that meet our internal guidelines. We evaluate the investee companies both at an absolute and relative level. Periodic maintenance diligence of management/ financials has been done for Investee companies.
Extra Financial Risk	Investee Company/Fund	We avoid investing in companies with a known history of corporate governance issues. If such an issue arises in an existing investment, we stop additional purchases and start optimally exiting the investment. Our governance framework helps us in identifying any lapses in corporate governance. We actively monitor all publicly disclosed documents regarding ESG [Environmental, social, and corporate governance]. Any reported misconduct is evaluated by the investment committee for further action.

Geopolitical risks	Investee Company	Geopolitical tensions globally can disrupt the supply chain in the region. This might have a non-linear impact on business.
Raw material inflation	Investee Company	India continues to be dependent on the supply of feedstock whose pricing is global in nature. Key categories would be crude, metals, minerals, and natural commodities. Sharp movement in their underlying prices will have a short-term financial impact on the companies. The situation in China [political] has the potential to disrupt the supply chain of a few of our investee companies.
Key Man Risk	Investee Company	Small and mid-caps are frequently managed by a key promoter/person on whom the business is completely reliant and without whom the business would be materially inferior. We generally avoid such names and in cases where we make any exceptions, the aggregate exposure of the portfolio to such investments is limited to less than 10% by value.