Wealth1
PMS & AIF INVESTMENTS

Issue
#2

Monthly AIF Newsletter

September 2025

PMS & AIF Intelligence for India's Discerning Investors

From the Desk of the CEO and Business Head

Narender Agarwal

CEO, Wealth1

August reminded us that markets move in cycles of confidence and caution. While frontline indices like the Nifty and Sensex corrected, the resilience of small caps highlights a key reality, that Indian investors are not only participants but drivers of liquidity. This shift is an important marker of the maturing investment culture in India.

At Wealth1, our mission is to give investors clarity amid this noise. Whether it is navigating volatility in Bank Nifty, assessing opportunities in mid- and small-caps, or balancing allocations between equities, bonds, and commodities; our role is to simplify decision-making while broadening access to India's most credible PMS and AIF strategies.

We are committed to handholding investors, not just in good times but especially in phases of uncertainty. Because true wealth creation is never about timing the market, but about staying invested with conviction and discipline.

Welcome to Issue 2 of our newsletter - a space where we decode market shifts and showcase opportunities that matter for long-term compounding.

Warm Regards,

Narender Agarwal

Narender Agarwal

CEO,
Wealth1

Charmi Shah

Business Head, Wealth1

August's market moves reflected a classic investor dilemma - caution in large banks, pressure in midcaps, yet optimism in small caps and precious metals. If August can be given a theme, it will be that of Contradictions, and you'll know why as you go on to read the magazine.

Alternatives are no longer optional; they are essential in today's portfolios. In this issue, you'll find snapshots of the top-performing PMS and AIF strategies, select fund features, and crisp insights on the macro environment shaping opportunities today. Together, these elements, provide investors with a balanced lens to evaluate performance, risk, and strategy.

Our integrated data platform and curated fund selection continue to empower investors to make informed choices across cycles. At Wealth1, our focus remains on making alternatives simple, transparent, and relevant.

With every edition, we aim to strengthen your investment journey, with the right data, and access to India's most credible fund managers.

Warm Regards,

Charmi Shah

Charmi Shah

Business Head,
Wealth1

Table of Contents

Article

Alternative Investment Funds in India: A Strategic Deep-Dive

Alternative Investment Funds (AIFs) are privately pooled vehicles recognised under Indian law, designed to raise capital from sophisticated investors and deploy it into asset classes beyond traditional mutual funds. Regulated under the SEBI (Alternative Investment Funds) Regulations, 2012, they may be set up as a trust, company, LLP, or body corporate. The framework ensures transparency, governance, and clear guidelines for managers and investors alike. SEBI classifies AIFs into three categories:

- **Category I:** Funds that invest in areas of national importance such as venture capital, SMEs, infrastructure, social impact projects, and special situations.
- **Category II:** Funds that don't fit into Category I or III, such as private equity and debt funds, without significant use of leverage.
- **Category III:** The most dynamic, these funds use complex trading strategies, including leverage, derivatives, long-short approaches, and arbitrage to generate returns.

The Rising Relevance of AIFs in India

Over the last decade, AIFs have transitioned from a niche investment option to a mainstream choice for wealthy investors. Assets under management (AUM) have grown sharply, with the industry now managing over ₹5 trillion, reflecting a robust rise in allocations from both domestic and overseas participants.

When compared with global markets, India still has significant headroom. In mature economies, alternatives account for a much higher share of overall financial assets, while India is only at the early stages of its journey. This growth potential, coupled with India's expanding pool of wealthy investors, is creating a strong pipeline for AIFs.

High Net Worth Individuals (HNIs) and Ultra HNIs are increasingly allocating to AIFs for three reasons: the need for diversification beyond public markets, the pursuit of superior returns in an uncertain macro backdrop, and growing trust in SEBI's robust regulatory framework.

Advantages of AIFs

- **Diversification:** AIFs provide access to asset classes like private equity, real estate, venture capital, and long-short strategies, which have low correlation with listed markets.
- **Specialised Strategies:** They allow participation in opportunities unavailable through traditional products; from early-stage start-ups to structured credit or hedge-fund style investments.
- **Professional Expertise:** Managers bring deep sectoral knowledge, deal-sourcing capabilities, and risk management frameworks that individual investors cannot easily replicate.
- **Risk-Adjusted Returns:** Despite higher risks, well-managed AIFs often deliver attractive long-term returns relative to conventional equity or debt portfolios.
- **Regulatory and Tax Clarity:** The SEBI framework

ensures governance and disclosure standards, while evolving tax rules, particularly in IFSCs like GIFT City make these structures increasingly attractive.

Deep Dive into Category III AIFs

Category III AIFs are designed for investors seeking hedge-fund style strategies within a regulated Indian environment. Unlike Category I and II, which are largely long-only and illiquid, Category III funds can deploy derivatives, short-selling, and leverage. This flexibility allows them to generate alpha in both rising and falling markets.

Their importance becomes even more pronounced during volatile phases, where traditional long-only portfolios may underperform. By exploiting arbitrage, market inefficiencies, and tactical opportunities, Cat III funds can deliver differentiated returns. This has led to growing traction among HNIs, family offices, and NRIs who seek sophisticated strategies under the comfort of SEBI oversight.

GIFT City Advantage

GIFT City, India's first International Financial Services Centre (IFSC), has rapidly emerged as a hub for global capital. The government and regulators have created a regime here that mirrors global fund jurisdictions, offering both operational and tax incentives. Key benefits for AIFs established in GIFT City include:

- **Tax Incentives:** Category III AIFs in IFSCs enjoy exemptions on certain categories of income, relief from alternate minimum tax, GST benefits, and even a 10-year corporate tax holiday for fund managers.
- **Global Access:** AIFs in GIFT can more freely invest in international securities, providing broader diversification to investors.
- **Ease for NRIs and Foreign Investors:** Liberalised rules and exemptions make GIFT City an attractive base for non-resident allocations into India.
- **Cost Efficiency:** Reduced transaction costs and exemptions from levies like STT and CTT further strengthen the case.

Several fund houses have already launched products from GIFT City, signalling its rise as India's gateway for international capital.

Why Now

The timing for AIFs, and especially Category III funds, couldn't be more opportune. India's economy is on a strong growth trajectory, household wealth is rising, and investors are increasingly open to allocating beyond conventional instruments. Simultaneously, global volatility, from shifting interest rate cycles to geopolitical shocks has made non-traditional, uncorrelated strategies more valuable.

On the regulatory side, SEBI has tightened standards, boosting investor confidence, while the International Financial Services Authority (IFSCA) is actively shaping GIFT City into a globally competitive hub. This dual push from regulators has created a solid foundation for long-term expansion.

Closing Perspective

For HNIs and UHNIs, AIFs are no longer a peripheral allocation; they are becoming central to portfolio construction. Category III AIFs, in particular, offer the ability to navigate volatile markets and generate alpha through strategies unavailable in traditional vehicles. As India aims for its $10-trillion economy vision, deepening its alternative investment ecosystem will be essential. GIFT City is at the heart of this ambition, providing both a tax-efficient and globally credible platform for fund managers and investors. For those looking to participate in India's growth story with sophistication and foresight, AIFs, and especially Cat III funds through GIFT City structures represent a timely and strategic allocation.

INVasset PMS Launches Category III AIF in GIFT City: A New Era for NRI Investors

INVasset PMS, an award-winning SEBI-registered quant-based Portfolio Management Service, is proud to announce the launch of its **Category III Alternative Investment Fund (AIF) in GIFT City**. This new fund marks a natural evolution of INVasset's journey — from delivering sustainable alpha through its proprietary quant strategies via PMS to now creating a globally competitive platform designed exclusively for Non-Resident Indians.

Why GIFT City?

GIFT City, India's first International Financial Services Centre, has been purpose-built to connect India's growth story with global capital. With world-class infrastructure, progressive regulation, and a tax-efficient ecosystem, it offers the perfect base for cross-border investment. For NRIs, it provides a trusted gateway to invest seamlessly in India's markets while enjoying the comfort of global standards.

GIFT City has evolved rapidly into a powerful magnet for global capital. As of June 2025, there are **177 fund management entities** and over **270 funds and schemes** registered in its International Financial Services Centre (IFSC), spanning all categories of AIFs and venture capital vehicles. The total fund commitments and assets under management in GIFT IFSC were about **USD 23.5 billion** at that point. What's striking is the growth in **Category III AIFs**: commitments for Cat III nearly **tripled in a single year**, reaching approximately **USD 10.15 billion** — a clear signal that sophisticated, hedge-style strategies are increasingly attractive to global and cross-border investors.

Looking ahead, projections suggest that GIFT City's IFSC will cross **USD 100 billion in fund commitments by 2030**, underpinned by its regulatory reforms, competitive advantages, strong inflows from NRIs and foreign institutions, and the rising maturity of India's alternative investments ecosystem.

Together, these numbers illustrate more than just growth; they underline how GIFT City is not merely a domestic initiative but a compelling global hub. More and more international investors, NRIs, foreign fund managers, and institutional players are seeing GIFT IFSC not as a side option but as a strategic base — benefiting from world-class regulation, infrastructure, and incentives, plus a rapidly growing ecosystem that gives both scale and credibility.

Key Benefits for NRIs

The INVasset Category III GIFT AIF has been structured with the unique needs of NRIs at its core:

- Free dollar repatriation of capital and returns, ensuring a smooth and hassle-free experience.
- GST exemptions on fund management services, lowering overall costs.
- Taxation simplified at the fund level, so investors do not face individual compliance burdens.
- Relief from transaction taxes such as STT and CTT on IFSC exchanges.
- Flexibility to invest globally, with access to both Indian and international markets.
- 10-year tax holiday for the fund manager, enabling cost efficiencies that directly benefit investors.

Together, these features make the offering one of the most investor-friendly structures available to the Indian diaspora.

Why Category III AIFs?

Category III AIFs are designed for sophistication and performance. With the flexibility to deploy long-short strategies, arbitrage, derivatives, and quant-driven models, they allow for differentiated alpha generation even in volatile markets. Globally, hedge fund–style products are a preferred vehicle for sophisticated investors. With this launch, INVasset brings such strategies to NRIs within a regulated, transparent, and India-focused framework.

Strategic Fit

INVasset has always stood for precision, discipline, and innovation. Its proprietary quant systems have consistently navigated market cycles with agility, protecting capital in downturns and compounding returns in upswings. By bringing this expertise into a GIFT City AIF, INVasset is aligning its proven philosophy with India's ambition to become a global financial powerhouse. For NRIs, it means participating in India's growth through a vehicle that combines global efficiency with local expertise.

Launch of ITUS Capital's 'All Weather Strategy' – a CAT III AIF Navigating Cycles: Why AIFs matter in India

Article

Article by Naveen Chandramohan, Founder and Fund Manager of ITUS Capital

Alternative Investment Funds (AIFs) have moved from being a niche to becoming a mainstream part of India's investment landscape. They reflect the growing sophistication of investors who want to go beyond standardized products and seek strategies that are both research-driven and flexible.

Among them, Category III AIFs are particularly relevant today. They allow fund managers to manage risk dynamically through position sizing and pursue differentiated strategies that are often not possible in traditional pooled products. The ability to compound returns while adapting to changing cycles makes them a natural fit for investors looking to build wealth in India's evolving economy.

At Itus, we have lived by this philosophy in our portfolio management strategy, balancing downside protection with compounding growth. The launch of our 'All Weather Strategy', an open-end multi-cap category III AIF, is a natural extension of this approach, designed to participate meaningfully in India's growth cycle by actively capturing opportunities across dynamic market cycles.

The timing could not be more important. India is in the midst of a structural transition toward becoming a $5 trillion economy. Such a journey is never linear. It is shaped by cycles with periods of exuberance followed by consolidation, where disciplined investing determines who compounds wealth and who does not.

Within this context, multi-cap investing plays a crucial role. Growth is the single most important driver of long-term returns, and a multi-cap strategy provides the flexibility to pursue growth while preserving liquidity. By anchoring allocations across large, mid and small companies guided not by market conventions of concentration but by growth potential and cash-flow visibility, a multi-cap portfolio captures compounding opportunities while retaining the resilience to navigate downturns.

This approach of dynamic cycle management: acknowledging shifts, leaning into growth when risks are low and scaling back when exuberance runs high will be central to wealth creation in India over the next decade.

TOP PERFORMING FUNDS - BASED ON 1M RETURNS

AMC	Fund	CATEGORY	TYPE	RETURNS (%)					
				1M	6M	1Y	3Y	5Y	SI
Generational Capital	Breakout Fund	EQUITY	Long Only	2.25	9.10	-6.18	-	-	11.88
Sundaram Alternates	Alternative Opportunities Series - ACORN**	EQUITY	Long Only	1.95	20.69	6.14	14.92	21.39	18.73
Altacura AI	Absolute Return Fund	EQUITY	Long Short	1.05	3.87	10.41	14.42	-	13.94
Dolat Capital	Absolute Return LLP	EQUITY	Long Short	0.60	2.59	7.61	13.04	-	11.53
ICICI Prudential AMC	Long Short Fund- Series 1	EQUITY	Long Short	0.54	6.12	10.02	7.20	10.11	11.06
Abakkus Asset Managers	Growth Fund	EQUITY	Long Only	0.26	19.22	-3.38	20.39	26.27	19.66
Tata AMC	Absolute Return Fund *	EQUITY	Long Short	0.20	7.05	11.10	9.07	9.17	8.54
Whitespace Alpha	Fund II- Debt Plus	DEBT	Long Short	0.08	5.04	11.03	15.08	13.58	13.71
Tata AMC	Equity Plus Absolute Return Fund *	EQUITY	Long Short	0.07	7.34	5.63	10.18	15.61	17.25
Edelweiss	Consumer Trends Fund	EQUITY	Long Short	0.01	23.89	5.59	13.68	-	14.46

TOP PERFORMING FUNDS - BASED ON 1Y RETURNS

AMC	Fund	CATEGORY	TYPE	RETURNS (%)					
				1M	6M	1Y	3Y	5Y	SI
Negen Capital Undiscovered Value Fund	Undiscovered Value Fund	EQUITY	Long Only	-0.51	11.51	19.64	-	-	37.27
Swyom Advisors Limited India Alpha Fund	India Alpha Fund	EQUITY	Long Short	-3.95	16.06	15.82	-	-	37.53
Tata AMC	Absolute Return Fund *	EQUITY	Long Short	0.20	7.05	11.10	9.07	9.17	8.54
Whitespace Alpha	Fund II- Debt Plus	DEBT	Long Short	0.08	5.04	11.03	15.08	13.58	13.71
Altacura AI	Absolute Return Fund	EQUITY	Long Short	1.05	3.87	10.41	14.42	-	13.94
Monarch AIF	Capital Compounder Fund - 2	EQUITY	Long Only	-2.10	16.70	10.10	-	-	13.80
ICICI Prudential AMC	Long Short Fund- Series 1	EQUITY	Long Short	0.54	6.12	10.02	7.20	10.11	11.06
360 ONE	High Growth Companies Fund	EQUITY	Long Only	-2.58	15.51	9.74	20.72	22.33	17.90
Carnelian Capital	Compunder-1	EQUITY	Long Only	-0.85	27.92	8.46	28.73	27.47	22.90
360 ONE	High Conviction **	EQUITY	Long Only	-2.39	13.48	8.09	19.62	20.83	15.90

Disclaimer: Returns are as of 31st August 2025. The Data is indicative and drawn from Distributor Websites and individual factsheets of fund(s). Data is net of expense & pre-tax unless indicated by marks (* and **) implied as mentioned:
*Gross of expenses and taxes
** Net of expenses and taxes

TOP PERFORMING FUNDS - BASED ON 3Y RETURNS

AMC	Fund	CATEGORY	TYPE	RETURNS (%)					
				1M	6M	1Y	3Y	5Y	SI
Carnelian Capital	Compunder-1	EQUITY	Long Only	-0.85	27.92	8.46	28.73	27.47	22.90
Ampersand Capital	Growth Opportunity Fund Scheme - I **	EQUITY	Long Only	-2.75	18.29	-9.11	26.17	29.89	20.81
Smartowner Capital	Growth Fund	DEBT	High Yield Real Estate	-3.57	15.46	-6.63	24.68	-	20.26
Carnelian Capital	Structural Shift Fund	EQUITY	Long Only	-2.51	15.95	-3.89	24.64	-	25.45
ICICI Prudential AMC	Growth Leaders Fund	EQUITY	Long Only	-0.66	11.39	0.65	23.78	-	20.25
Abakkus Asset Managers	Emerging Opportunities Fund	EQUITY	Long Only	-2.97	11.72	-5.05	23.41	32.73	29.97
Guardian Capital Parners	Opportunities Scheme Fund	EQUITY	Long Only	-1.63	14.97	-0.18	20.86	26.52	30.55
360 ONE	High Growth Companies Fund	EQUITY	Long Only	-2.58	15.51	9.74	20.72	22.33	17.90
Girik Capital	Multi Cap Growth Equity Fund- 2	EQUITY	Long Only	-1.31	9.35	-10.01	20.58	-	14.54
Nuvama	EDGE Fund	EQUITY	Long Short	-0.63	13.08	-1.22	20.42	-	20.59

TOP PERFORMING FUNDS - BASED ON 5Y RETURNS

AMC	Fund	CATEGORY	TYPE	RETURNS (%)					
				1M	6M	1Y	3Y	5Y	SI
Abakkus Asset Managers	Emerging Opportunities Fund	EQUITY	Long Only	-2.97	11.72	-5.05	23.41	32.73	29.97
Ampersand Capital	Growth Opportunity Fund Scheme - I **	EQUITY	Long Only	-2.75	18.29	-9.11	26.17	29.89	20.81
Carnelian Capital	Compunder-1	EQUITY	Long Only	-0.85	27.92	8.46	28.73	27.47	22.90
Whitespace Alpha	Fund I- Equity Plus	EQUITY	Long Short	-1.53	12.52	0.19	20.34	27.11	24.45
Guardian Capital Parners	Opportunities Scheme Fund	EQUITY	Long Only	-1.63	14.97	-0.18	20.86	26.52	30.55
Abakkus Asset Managers	Growth Fund	EQUITY	Long Only	0.26	19.22	-3.38	20.39	26.27	19.66
Alchemy	Leaders of Tomorrow	EQUITY	Long Only	-3.53	12.59	-10.05	15.82	26.11	15.24
360 ONE	High Growth Companies Fund	EQUITY	Long Only	-2.58	15.51	9.74	20.72	22.33	17.90
Sundaram Alternates	Alternative Opportunities Series - ACORN**	EQUITY	Long Only	1.95	20.69	6.14	14.92	21.39	18.73
360 ONE	High Conviction **	EQUITY	Long Only	-2.39	13.48	8.09	19.62	20.83	15.90

Disclaimer: Returns are as of 31st August 2025. The Data is indicative and drawn from Distributor Websites and individual factsheets of fund(s). Data is net of expense & pre-tax unless indicated by marks (* and **) implied as mentioned:
*Gross of expenses and taxes
** Net of expenses and taxes

TOP PERFORMING FUNDS - BASED ON SI RETURNS

AMC	Fund	CATEGORY	TYPE	RETURNS (%)					
				1M	6M	1Y	3Y	5Y	SI
Rational Equity	Flagship Fund-1	EQUITY	Long Only	-3.55	12.36	-7.43	-	-	40.58
Swyom Advisors Limited	India Alpha Fund	EQUITY	Long Short	-3.95	16.06	15.82	-	-	37.53
Negen Capital	Undiscovered Value Fund	EQUITY	Long Only	-0.51	11.51	19.64	-	-	37.27
Prudent Equity	ACE Fund	EQUITY	Long Only	-5.41	6.42	-13.86	-	-	30.74
Guardian Capital Parners	Opportunities Scheme Fund	EQUITY	Long Only	-1.63	14.97	-0.18	20.86	26.52	30.55
Abakkus Asset Managers	Emerging Opportunities Fund	EQUITY	Long Only	-2.97	11.72	-5.05	23.41	32.73	29.97
Accuracap	Vectra Fund **	EQUITY	Long Only	-2.90	13.20	-	-	-	28.00
Aequitas	Equity Scheme- 1	EQUITY	Long Only	-1.85	18.65	-	-	-	26.35
Carnelian Capital	Structural Shift Fund	EQUITY	Long Only	-2.51	15.95	-3.89	24.64	-	25.45
Whitespace Alpha	Fund I- Equity Plus	EQUITY	Long Short	-1.53	12.52	0.19	20.34	27.11	24.45

Key market changes for August 2025

Indian Equities

Nifty 50	-1.38%
Sensex	-1.69%
Bank Nifty	-4.12%
Nifty Midcap 100	-2.91%
Nifty Smallcap 100	+4.12%

Global Equities

S&P 500	+1.91%
Dow Jones	+3.20%
Nasdaq	+0.85%
Nikkei	+3.22%

Bond Market

Gold	+4.77%
Silver	+8.17%
10Y G-Sec	+3.32%

Commodities*

Gold	+4.77%
Silver	+8.17%
Crude Oil	-2.69%

*For Gold & Silver, we have taken US$/OZ, and for oil - WTI

Disclaimer: Returns are as of 31st August 2025. The Data is indicative and drawn from Distributor Websites and individual factsheets of fund(s). Data is net of expense & pre-tax unless indicated by marks (* and **) implied as mentioned:
*Gross of expenses and taxes
** Net of expenses and taxes

DISCLAIMER

This magazine has been prepared solely for informational and educational purposes and should not be construed as investment advice, solicitation, or an offer to buy or sell any financial products, including Portfolio Management Services (PMS) or Alternative Investment Funds (AIF).

The information, analysis, and views expressed herein are based on publicly available data, reports from AMCs, industry sources such as APMI, and other believed-to-be
reliable references. Wealth1 makes no representation or warranty, express or implied, as to the accuracy, completeness, or reliability of the information contained in this publication.

Past performance of PMS and AIF strategies may or may not be sustained in the future and should not be considered indicative of future returns. All investments in PMS and AIF products are subject to market risks, including possible loss of capital. Investors are advised to carefully read all scheme-related documents, disclosure statements, and consult their financial advisor before making any investment decisions.

Wealth1 is registered with APMI (Association of Portfolio Managers in India). Wealth1, its employees, and affiliates shall not be held responsible for any direct or indirect loss arising from the use of the information in this magazine.

For complete terms, conditions, and disclosures, please refer to the disclaimer section on our website:
www.wealth1.com

Contact Information

911, One Lodha Place, Lower Parel, Mumbai, Maharashtra 400013

Plot No. 14-15, First Floor, Canal Road, South City, Ludhiana, Punjab 142027

+91 98767 50172

info@wealth1.com

www.wealth1.com

Scan to know more about Wealth1