Wealth1
PMS & AIF INVESTMENTS

AIF Newsletter

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REFRAMING RISK IN A COMPLEX WORLD

Strategic Allocation in India's Alternative Landscape

From the Desk of the CEO

Narender Agarwal
CEO, Wealth1

Markets in early 2026 have delivered a pointed reminder: direction is no longer the only axis that matters. The combination of sustained FPI outflows, mid and small-cap compression, a strengthening dollar, and the remarkable surge in gold and silver has created an environment where traditional portfolio logic is being tested in ways not seen in recent cycles.

What we are witnessing is not merely a correction. It is a repricing of risk across asset classes, driven by a confluence of geopolitical realignments, shifting monetary policy expectations globally, and the structural recalibration of where capital chooses to flow. India's fundamentals remain among the strongest in the world with GDP growth, fiscal discipline, low inflation, and expanding domestic consumption provide a bedrock that few emerging markets can match. But short-term capital is not always guided by long-term fundamentals.

This is precisely where alternatives, and AIFs in particular, earn their place in portfolios. The strategies that were once considered complementary are increasingly being recognised as essential. Long-short frameworks that can extract returns from dispersion, multi-asset structures that benefit when correlations break down, and private capital vehicles that are insulated from daily market noise — these are not fringe instruments. They are the architecture of portfolios built for the world as it actually is, not the world investors might prefer it to be.

As we move deeper into 2026, the question for investors is not whether to include alternatives - it is how intentionally they are being positioned. This edition is built around that question: rethinking risk, reframing allocation, and recognising that resilience must be designed, not assumed.

Warm Regards,

Narender Agarwal

CEO,
Wealth1

From the Desk of the Business Head

Charmi Shah

Business Head, Wealth1

The March 2026 edition of the AIF Newsletter arrives at a moment when the conversation around alternatives has never felt more timely. February's market dynamics, continued equity softness, elevated commodity volatility, and a broadly cautious investor sentiment have reinforced the themes we have been tracking: dispersion over direction, resilience over return-chasing, and the growing relevance of strategy-driven allocation.

This issue is structured around one central theme: rethinking risk. Our feature article examines how India's sophisticated investors are evolving their frameworks... moving away from simplistic equity-versus-debt constructs and toward a more layered understanding of risk that accounts for correlation, liquidity, and capital preservation across different market regimes.

Alongside the article, we have included our monthly CAT III AIF performance snapshots, offering a structured view of how alternative strategies have performed across 1M, 6M, 1Y, 3Y, 5Y, and Since Inception periods. These tables allow investors and advisors to assess consistency, not just performance peaks - a distinction that matters significantly in periods of elevated volatility.

At Wealth1, our role remains unchanged: bring clarity to complexity. Whether it is through our PMS & AIF Dashboard which is India's most open and filter-driven comparison tool, or through publications like this one, we are committed to ensuring that every investor has the data and perspective they need to navigate alternatives with confidence.

Warm Regards,

Charmi Shah

Charmi Shah

Business Head,
Wealth1

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What Moved the Market – February 2026

February 2026 was defined by two dominant forces pulling in opposite directions: a genuinely supportive domestic macro environment, and the rising weight of global uncertainty on investor sentiment. The month opened with back-to-back policy catalysts - the Union Budget on February 1 and the RBI's Monetary Policy Committee decision on February 6 - and closed with markets beginning to price in the geopolitical risk that would fully crystallise into the Iran war in the final days of the month.

The Union Budget set a constructive tone. Finance Minister Sitharaman raised capital expenditure for FY27 to Rs 12.2 lakh crore, maintained fiscal discipline with a deficit target of 4.3% of GDP, and reinforced the income tax relief measures that have been supporting urban consumption since late 2025. Markets had largely anticipated the broad contours, which limited the initial upside surprise. The more significant signal was the confirmation of fiscal continuity - a government willing to spend on infrastructure while keeping the fiscal consolidation trajectory intact.

The RBI's February policy decision, delivered on February 6, was a deliberate pause after the aggressive 125 basis point easing cycle of 2025. Governor Sanjay Malhotra held the repo rate steady at 5.25%, citing benign inflation - CPI at just 1.33% in December 2025 - and a robust growth outlook. The RBI raised its FY26 GDP growth forecast to 7.4%, up from the earlier 7.3%, and projected inflation at 2.1% for the year. The message was clear: the easing cycle has done its work, and the priority now is transmission - allowing the 125 basis points of prior cuts to flow through the banking system fully before any further action. The stance remained neutral, preserving optionality without committing to a direction.

For equity markets, the pause was broadly in line with expectations and did not materially disrupt sentiment. Rate-sensitive sectors - private financials, NBFCs, real estate - had already absorbed the bulk of the easing cycle into their valuations. What the pause did signal, constructively, was that the RBI's confidence in the growth trajectory was sufficient to resist pressure for additional stimulus.

Against this constructive backdrop, Indian equities delivered a mixed but broadly consolidating performance through most of February. The Nifty 50 ended the month marginally lower at -0.56%, while the Sensex declined 1.19%. The headline indices, however, masked significant dispersion beneath the surface. Bank Nifty gained 1.54%, benefiting from the combination of rate transmission, improving credit growth, and strong private sector balance sheets. Nifty MidCap 100 rose 1.17% and the SmallCap 100 added 0.30%, continuing the broadening trend that had characterised January's partial recovery.

The more striking story of February was in commodities. Crude oil rose 14.51% through the month - the largest monthly gain in over a year - as markets began pricing in escalating tensions in the Middle East well before the Operation Epic Fury strikes of February 28. Gold extended its sustained upward move, rising 7.83%, while silver surged 9.90%. These moves were not purely geopolitical - gold's bid reflected a structural shift in safe-haven flows, with central bank purchases and concerns about US fiscal sustainability both playing a role. But the acceleration in the final days of February was clearly geopolitical in character.

Globally, the picture was one of selective resilience.
The 10-year G-Sec yield declined modestly by 0.07%, consistent with the RBI's liquidity management operations and the bond market digesting the rate pause with relative calm. The bond market's measured response reflected confidence that the rate cycle, while paused, has not reversed.

Key Market Changes for February 2026

Indian Equities		Global Equities		Bond Market		Commodities	
Nifty 50	-0.56%	S&P 500	-0.87%	10Y G-Sec	-0.07%	Gold	+7.83%
Sensex	-1.19%	Dow Jones	+0.17%			Silver	+9.90%
Bank Nifty	+1.54%	Nasdaq	-2.32%			Crude Oil	+14.51%
Nifty MidCap 100	+1.17%	Nikkei	+2.36%				
Nifty SmallCap 100	+0.30%						

*For Gold & Silver, we have taken US/OZ; and for Oil - WTI USOIL.

Article

Rethinking Risk in 2026:
How Sophisticated Investors Are Reframing Allocation

For much of the past decade, portfolio risk in India was understood through a relatively straightforward lens: equity versus debt, growth versus safety, long-term versus short-term. These binary constructs served their purpose in a world where domestic markets were broadly directional, global liquidity was abundant, and volatility, when it appeared, was typically transient.

2026 is a different environment. The market events of recent months; persistent foreign outflows, sharp mid and small-cap corrections, a rupee that has come under pressure, and a surge in gold and silver that reflects a deeper nervousness about the direction of global capital, have exposed the limitations of traditional risk frameworks.

> *Investors who defined risk simply as "how much can I lose in equities" are finding that the more relevant question is: "how does my portfolio behave when correlations break down and multiple asset classes move against conventional assumptions simultaneously?"*

The Old Risk Framework and Its Limits

Conventional portfolio construction in India has leaned heavily on mutual funds and direct equities for growth, with fixed income providing stability and capital preservation. For decades, this worked reasonably well. Equity markets, driven by domestic SIP flows and a steadily growing economy, trended upward over long holding periods. Debt offered predictable income with low volatility.

But this framework has three structural blind spots that 2026 has brought into sharp relief.

First, it assumes that equity and debt move in reliably uncorrelated ways - an assumption that breaks down during periods of global liquidity withdrawal, when both asset classes can face simultaneous pressure. Second, it underweights the role of currency and commodity risk as independent return drivers.

Third, and perhaps most critically, it does not account for the asymmetry of drawdowns: a 30% fall requires a 43% recovery just to break even, and the time cost of recovery is a real and often underestimated drag on long-term wealth creation.

What a Modern Risk Framework Looks Like

India's most sophisticated allocators... family offices, UHNIs, and institutional investors, have been quietly evolving their frameworks over the past three to four years. The shift is not away from equities, but toward a more layered understanding of how different strategies contribute to and mitigate risk within a portfolio.

A modern risk framework for an Indian investor in 2026 distinguishes between several dimensions that traditional models collapse into one. Return volatility and drawdown risk are different things. Liquidity risk and market risk require separate management. Correlation risk, the risk that your diversifiers stop diversifying exactly when you need them most, is one of the most dangerous and underappreciated risks in conventional portfolios.

Alternative Investment Funds, particularly within Category III, address several of these dimensions simultaneously. Long-short equity strategies can generate returns while limiting directional exposure, making them far less correlated with broad market moves than long-only mutual funds or PMS. Absolute return vehicles target consistent, low-volatility outcomes regardless of market direction. Quantitative and systematic strategies bring discipline and emotion-free execution to risk management - a significant advantage during periods of heightened uncertainty and investor anxiety.

Why Commodities Are Part of the Risk Conversation

One of the defining features of the current environment is the behaviour of gold and silver. Their sharp appreciation in early 2026 is not simply a trade; it is a signal.

When precious metals surge as equities fall and currencies weaken, markets are communicating a repricing of geopolitical and macro risk that goes beyond normal cyclical noise.

For Indian investors, this creates both an opportunity and a responsibility. The opportunity lies in structures that can access these return streams — multi-asset AIFs that can dynamically allocate to bullion, commodity-linked strategies, and absolute return funds with flexible mandates. The responsibility lies in recognising that if gold and silver are rising as a hedge against uncertainty, the portfolios that do not have exposure to such structures are, by definition, more concentrated in the sources of that uncertainty.

The Role of Private Capital in Risk Management

Category II AIFs offer a different but complementary dimension of risk reframing. Private equity and growth capital investments are structurally insulated from daily mark-to-market volatility. They do not reprice on the basis of foreign flows, sentiment-driven selling, or currency moves. Their risk profile is fundamentally different, tied to business performance, promoter quality, and exit visibility over defined holding periods.

For investors with appropriate time horizons and liquidity structures, this insulation is not just a feature; it is a meaningful risk management tool.

A portfolio that combines listed market exposure with private capital allocation has a naturally lower correlation structure and is better equipped to withstand the kind of volatility that early 2026 has brought.

Wealth1's View

Risk in 2026 is not something to be avoided. It is something to be understood, mapped, and managed with precision.

The investors who will navigate the current environment most successfully are not those who have retreated to cash or conventional safety, but those who have built portfolios with genuine diversification, strategic exposure to alternative return streams, and a clear-eyed view of where risk is actually concentrated.

Alternative Investment Funds, across both Category II and Category III, are among the most powerful tools available to achieve this. At Wealth1, we believe that access to the right information, the right fund comparisons, and the right contextual perspective is what separates reactive portfolio management from intentional wealth creation.

The case for alternatives was always structural. In 2026, it has become urgent.

TOP PERFORMING FUNDS - BASED ON 1M RETURNS

AMC	Fund	CATEGORY	TYPE	RETURNS (%)					
				1M	6M	1Y	3Y	5Y	SI
Nuvama Asset Management Limited	Flexicap Equity Fund *	EQUITY	Long Short	7.32%	11.78%	32.49%	NA	NA	11.77%
Sundaram Alternate Assets Ltd	Opportunities Series - Atlas ^	EQUITY	Long Only	6.36%	9.35%	26.52%	23.06%	NA	17.76%
Sundaram Alternate Assets Ltd	Opportunities Series - ACORN ^	EQUITY	Long Only	6.26%	15.52%	39.43%	25.31%	18.74%	20.04%
Monarch Networth Capital	MNCL Capital Compounder Fund -2 ^	EQUITY	Long Only	6.10%	-2.90%	13.30%	NA	NA	8.20%
DSP Asset Managers Private Limited	DSP Bharat Nirman Fund *#	EQUITY	Long Only	4.81%	7.32%	26.41%	NA	NA	2.15%
Monarch Networth Capital	MNCL Capital Compounder Fund - I ^	EQUITY	Long Only	4.70%	-4.80%	6.70%	NA	NA	11.50%
Nepean Capital LLP	Long Term Opportunities Fund II ^	EQUITY	Long Only	4.49%	1.92%	14.11%	11.93%	NA	9.41%
White Oak Capital Management Consultants LLP	Healthcare Opportunities Fund **	EQUITY	Long Only	4.32%	-5.55%	NA	NA	NA	0.31%
Valuequest Investment Advisors Pvt Ltd	ValueQuest India Inflexion Fund *#	EQUITY	Long Only	4.22%	-3.78%	NA	NA	NA	14.32%
Alchemy Capital Management	Emerging Leaders of Tomorrow - 2 ^	EQUITY	Long Only	4.08%	4.55%	25.85%	NA	NA	22.84%

TOP PERFORMING FUNDS - BASED ON 1Y RETURNS

AMC	Fund	CATEGORY	TYPE	RETURNS (%)					
				1M	6M	1Y	3Y	5Y	SI
Sundaram Alternate Assets Ltd	Opportunities Series - ACORN ^	EQUITY	Long Only	6.26%	15.52%	39.43%	25.31%	18.74%	20.04%
Carnelian Asset Management and Advisors Pvt Ltd	Capital Compounder Fund - 1 *#	EQUITY	Long Only	1.91%	6.53%	36.27%	31.88%	23.09%	22.19%
SageOne Investment Managers LLP	SageOne Flagship Growth OE fund ^	EQUITY	Long Only	0.40%	8.50%	32.70%	NA	NA	5.30%
Nuvama Asset Management Limited	Flexicap Equity Fund *	EQUITY	Long Short	7.32%	11.78%	32.49%	NA	NA	11.77%
Buoyant Capital Pvt Ltd	Opportunities Strategy I *	EQUITY	Long Only	2.59%	9.98%	30.96%	24.01%	NA	21.50%
ICICI Prudential AMC Ltd	Equity Opportunities Fund ^	EQUITY	Long Only	3.88%	9.36%	29.39%	NA	NA	24.96%
Sundaram Alternate Assets Ltd	Opportunities Series - Atlas ^	EQUITY	Long Only	6.36%	9.35%	26.52%	23.06%	NA	17.76%
DSP Asset Managers Private Limited	DSP Bharat Nirman Fund *#	EQUITY	Long Only	4.81%	7.32%	26.41%	NA	NA	2.15%
Abakkus Asset Manager Private Limited	Diversified Alpha Fund - 2 ^	EQUITY	Long Only	2.81%	10.75%	26.39%	NA	NA	17.27%
ICICI Prudential AMC Ltd	Alpha Opportunities Fund ^	EQUITY	Long Only	2.61%	7.94%	26.23%	NA	NA	20.47%

Disclaimer: Returns are as of 28th February 2026. Returns up to 1Y are absolute and beyond 1Y are CAGR. 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 implied as mentioned:

*Gross of expenses and taxes
*^ Post Expenses, Pre-Tax & Performing Fees
^ Post Expenses, Pre-taxes
** Net of expenses and taxes
^^ Post Expenses and taxes, Pre-Performing Fees

TOP PERFORMING FUNDS - BASED ON 3Y RETURNS

AMC	Fund	CATEGORY	TYPE	RETURNS (%)					
				1M	6M	1Y	3Y	5Y	SI
Shepherd's Hill Financial Advisors LLP	Shepherd's Hill Private Investment Fund ^^	EQUITY	Long Only	-0.09%	0.91%	13.03%	32.86%	27.26%	19.63%
Carnelian Asset Management and Advisors Pvt Ltd	Capital Compounder Fund - 1 *#	EQUITY	Long Only	1.91%	6.53%	36.27%	31.88%	23.09%	22.19%
Prudent Equity Pvt Ltd	ACE Fund *	EQUITY	Long Only	1.10%	1.00%	7.60%	28.76%	NA	25.80%
Sameeksha Capital Pvt Ltd	India Equity Fund *	EQUITY	Long Only	-0.60%	-3.20%	13.10%	27.60%	NA	22.10%
First Water Capital Advisors LLP	First Water Capital Fund *#	EQUITY	Long Only	1.39%	-5.48%	8.28%	26.91%	23.72%	28.49%
ICICI Prudential AMC Ltd	Emerging Leaders Fund ^	EQUITY	Long Only	2.96%	4.94%	24.68%	26.10%	NA	22.26%
Ampersand Capital Trust	Growth Opportunities Fund Scheme - I **	EQUITY	Long Only	2.80%	-4.30%	13.20%	25.90%	22.80%	18.90%
Sundaram Alternate Assets Ltd	Opportunities Series - ACORN ^	EQUITY	Long Only	6.26%	15.52%	39.43%	25.31%	18.74%	20.04%
ICICI Prudential AMC Ltd	Growth Leaders Fund - 1 ^	EQUITY	Long Only	1.19%	6.69%	18.83%	25.10%	NA	19.51%
I Wealth Management LLP	I Wealth Fund **	EQUITY	Long Only	-1.19%	1.60%	9.93%	24.35%	18.01%	18.09%

TOP PERFORMING FUNDS - BASED ON 5Y RETURNS

AMC	Fund	CATEGORY	TYPE	RETURNS (%)					
				1M	6M	1Y	3Y	5Y	SI
Aequitas Investment Consultancy Pvt Ltd	Equity Scheme I **	EQUITY	Long Only	-0.20%	0.57%	2.63%	23.61%	33.19%	21.88%
Shepherd's Hill Financial Advisors LLP	Shepherd's Hill Private Investment Fund ^^	EQUITY	Long Only	-0.09%	0.91%	13.03%	32.86%	27.26%	19.63%
First Water Capital Advisors LLP	First Water Capital Fund *#	EQUITY	Long Only	1.39%	-5.48%	8.28%	26.91%	23.72%	28.49%
Carnelian Asset Management and Advisors Pvt Ltd	Capital Compounder Fund - 1 *#	EQUITY	Long Only	1.91%	6.53%	36.27%	31.88%	23.09%	22.19%
Ampersand Capital Trust	Growth Opportunities Fund Scheme - I **	EQUITY	Long Only	2.80%	-4.30%	13.20%	25.90%	22.80%	18.90%
Abakkus Asset Manager Private Limited	Emerging Opportunities Fund - 1 ^	EQUITY	Long Only	-0.53%	-1.29%	10.28%	21.06%	22.32%	27.24%
Whitespace Alpha	Whitespace Fund I - Equity Plus *	EQUITY	Long Short	-0.57%	5.86%	19.11%	20.22%	20.99%	23.44%
Sundaram Alternate Assets Ltd	Opportunities Series - ACORN ^	EQUITY	Long Only	6.26%	15.52%	39.43%	25.31%	18.74%	20.04%
I Wealth Management LLP	I Wealth Fund **	EQUITY	Long Only	-1.19%	1.60%	9.93%	24.35%	18.01%	18.09%
Abakkus Asset Manager Private Limited	Growth Fund - 1 ^	EQUITY	Long Only	1.54%	5.29%	25.52%	21.24%	17.96%	19.07%

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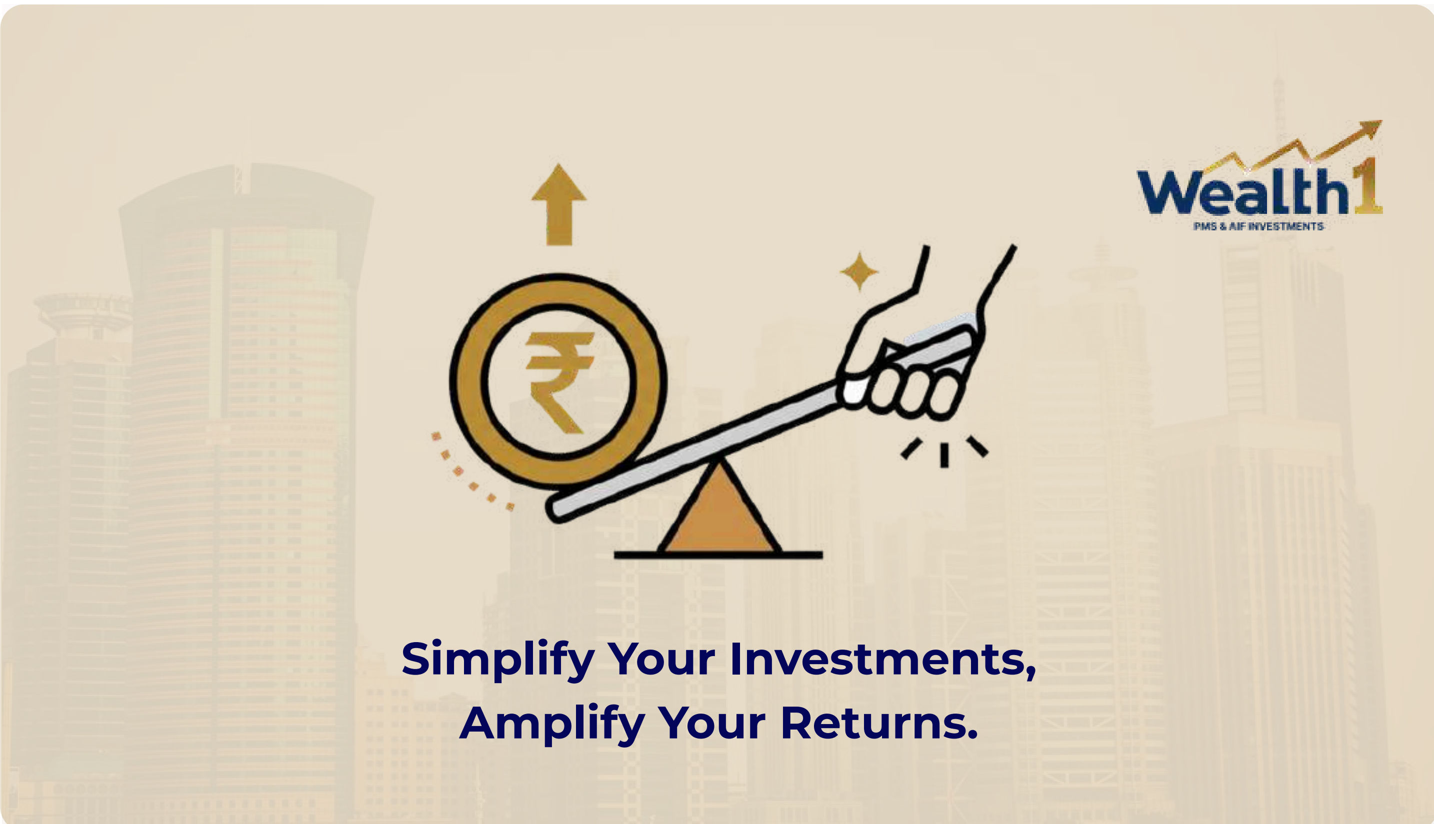
CAT III AIFs - Performance Snapshot

As of February 2026

TOP PERFORMING FUNDS - BASED ON SI RETURNS

AMC	Fund	CATEGORY	TYPE	RETURNS (%)					
				1M	6M	1Y	3Y	5Y	SI
A9 Finsight Pvt. Ltd.	FinAvenue Growth Fund *	EQUITY	Long Only	-2.75%	-12.00%	10.06%	NA	NA	50.78%
Singularity AMC LLP	Singularity Equity Fund I *	EQUITY	Long Only	NA	-4.65%	24.12%	NA	NA	38.34%
Aarth AIF	Aarth Growth Fund ^^	EQUITY	Long Only	-0.15%	-9.65%	13.33%	NA	NA	34.18%
Swyom Advisors Ltd.	India Alpha Fund ^	EQUITY	Long Short	0.25%	-9.44%	8.47%	NA	NA	31.88%
Prudent Equity Pvt Ltd	ACE Fund *	EQUITY	Long Only	1.10%	1.00%	7.60%	28.76%	NA	25.80%
Rational Equity Trust	Flagship Fund I ^^	EQUITY	Long Only	1.15%	-5.01%	6.74%	NA	NA	28.69%
Guardian Capital Partners	Opportunities Scheme *	EQUITY	Long Only	0.07%	4.24%	19.85%	19.73%	15.98%	28.62%
First Water Capital Advisors LLP	First Water Capital Fund *#	EQUITY	Long Only	1.39%	-5.48%	8.28%	26.91%	23.72%	28.49%
Abakkus Asset Manager Private Limited	Emerging Opportunities Fund - 1 ^	EQUITY	Long Only	-0.53%	-1.29%	10.28%	21.06%	22.32%	27.24%
Prudent Equity Pvt Ltd	ACE Fund *	EQUITY	Long Only	1.10%	1.00%	7.60%	28.76%	NA	25.80%



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