TANTALLON CAPITAL

December 2025

TANTALLON INDIA FUND

The Tantallon India Fund is a fundamental, long-biased, India-focused, total return opportunity fund, registered in the Cayman Islands and Mauritius. The Fund invests with a 3–5 year horizon, in a concentrated portfolio (25-30 unlevered positions), market cap/sector/capital structure agnostic, but with strong conviction on the structural opportunity, scalable business models, and in management's ability to execute.

Tantallon Capital Advisors, is a Singapore-based entity, set up in 2003, holding a Capital Markets Service License in Fund Management from the Monetary Authority of Singapore.

The Tantallon India Fund closed down -2.07% in December bringing a disappointing year to a close with the Fund down -6.26% for the year, largely on the back of a 5% decline in the rupee versus the US$. The sound and the fury of the 50% Trump tariffs levied on India has taken a toll on domestic manufacturing output, certainly, and, heavily, on foreign investor sentiment with foreign institutional investors net selling US$25bn+ in Indian equities over the course of year, consigning the market to 2800bp of under-performance relative to the Emerging Market universe, its worst performance in thirty years. *We are sincerely glad to see 2025 in the rear-view mirror.*

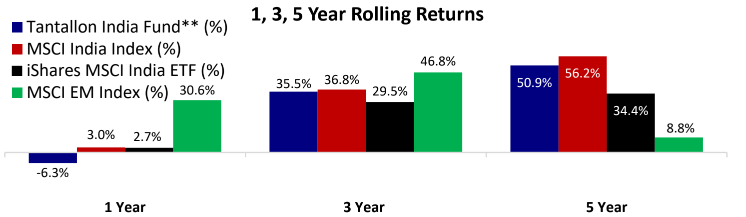
Blank piece of paper, we are most focused on:

- *The real economy.* India remains on track to deliver GDP growth compounding at ~7% CAGR over the next three years on the back of accelerating land, labor, and tax reforms, industrialization, a robust investment cycle, construction, and services. *No other large economy comes close.*
- *The Reserve Bank of India's commitment to easing counter-cyclically.* Moderating/stable oil prices (anchoring lower inflationary expectations and improving terms of trade and balance of payments) and the government's fiscal discipline would suggest that the RBI has room to ease further over the next 6-12 months and will remain growth-supportive.
- *The rupee.* Given real interest rate and growth differentials, the rupee is 'cheap,' and likely to appreciate over the next 12-18 months from current depressed levels.
- *The earnings cycle* would appear to have bottomed. We have seen 18 months of earnings disappointments from the industrials, the IT services companies, and the exporters. We are now seeing domestic consumption inflecting positively on the back of the rural recovery and the GST tax cuts, and a recovery in the financials and in industrial output/earnings on the back of easing monetary policy, and strong reform/policy impetus driving infrastructure spending, domestic manufacturing and import substitution, and the intentional development of alternative export markets to the US.
- *A US/India trade deal.* We have been painfully 'wrong' thus far in anticipating a deal. However, we expect that the US and India will arrive at a trade-deal over the next couple of months which will likely be a meaningful sentiment booster for equity markets, and a boost for domestic manufacturing.

Performance, in USD

(*Inception on September 1, 2015*)

	Tantallon India Fund**	MSCI India ($)	Over /Under Perf.	iShares MSCI India ETF ($)	Over /Under Perf.
December 2025:	-2.1%	-0.5%	-1.6%	-1.2%	-0.9%
2025 YTD	-6.3%	+3.0%	-9.3%	+2.7%	-9.0%
2024	+11.9%	+11.1%	+0.8%	+7.8%	+4.1%
2023	+29.2%	+19.6%	+9.6%	+16.9%	+12.3%
2022	-12.8%	-8.7%	-4.1%	-8.9%	-3.9%
2021	+27.7%	+25.1%	+2.6%	+14.0%	+13.7%
2020	+7.2%	+14.1%	-6.9%	+14.4%	-7.2%
Inception:	+93.3%	+127.8%	-34.5%	+92.4%	+0.9%
Compound Returns	+7.0%	Volatility	+14.9%		



***net of expenses*

FUND DETAILS

The Tantallon India Fund

AUM USD 28,000,000

Investment Manager: Tantallon Capital Advisors Pte Ltd	**Minimum Investment:** USD 1,000,000
Administrator: Trident Trust Company (Mauritius) Ltd	**Fees:** 1.5%pa Management fees 12.5% on annual returns in excess of 7.5% US$ hurdle rate compounding annually
Domicile: Mauritius	**Dealing:** Monthly
Feeder funds US Feeder and Non-US Feeder (Cayman Islands)	**Lawyers:** Harney Westwood & Riegels Shearman & Sterling LLP; Rajah & Tann Singapore LLP
Auditor: KPMG	**Contact:** Prem Manjooran Prem@tantalloncapital.com

Zooming out, the view at 30,000 feet:

- *India's multi-decade demographic tailwinds* will sustain a compelling consumer demand curve and a sustained investment cycle. *In 2025, India's 23m babies born matched the aggregate number of babies born across China, Europe, and North America.*

YEAR	RETURNS	JAN	FEB	MAR	APR	MAY	JUN	JULY	AUG	SEP	OCT	NOV	DEC
Inception	+93.26%												
2025	-6.26%	-6.40%	-6.81%	+6.94%	+2.06%	+3.92%	+1.35%	-6.12%	-0.57%	+0.64%	+2.46%	-0.82%	-2.07%
2024	+11.87%	+2.20%	+2.90%	-1.04%	+4.57%	+3.38%	+4.22%	+0.59%	+2.18%	+2.92%	-4.09%	-2.18%	-3.85%
2023	+29.23%	-0.59%	-2.28%	+2.29%	+4.77%	+1.70%	+4.54%	+4.75%	+1.22%	-1.30%	-2.30%	+6.81%	+6.91%
2022	-12.81%	+0.28%	-6.93%	+2.07%	-3.70%	-3.91%	-4.74%	+7.35%	+4.03%	-5.02%	+2.07%	-0.31%	-3.80%
2021	+27.69%	-1.87%	+9.82%	+3.69%	+2.62%	+6.31%	+0.10%	+1.92%	+3.34%	+0.46%	-0.51%	-2.60%	+2.05%
2020	+7.24%	+0.37%	-2.85%	-25.49%	+8.23%	-3.13%	+7.73%	+5.64%	+3.38%	+2.02%	-0.98%	+11.29%	+6.46%

- *The Indian market's trailing 12-month relative performance is at a thirty-year nadir* with equity valuations close to its historical trough, in spite of increasing evidence pointing to a revival in the macro and earnings growth cycle on the back of a steepening yield curve, a slew of policy reforms and reflationary measures which have been put in place, significant banking sector de-regulation, the front-loading of government capex and spending, and a massive GST tax cut skewed towards mass consumption.
- *The thawing of relations with China* augurs well for the massive investments and technology transfers required to build out higher value-added global supply chains in India, even as China's anti-involution efforts restore pricing/profitability to a number of commodity and manufacturing industries which have been hard hit by a combination of the tariffs on exports to the US and Chinese dumping of surplus capacity in global markets.
- *The rupee's weakness against the US$ (-5% for the year) actually understates just how weak the currency has been:* through 2025, the rupee depreciated -17% versus the Swiss franc, -16% versus the euro, and -9% versus the renminbi.
    - Foreign portfolio outflows and the 'absence' of a trade deal with the US have weighed on the currency despite favorable interest rate and inflation differentials, low energy prices, and a stable current account.
    - Additionally, the Reserve Bank of India would seem to have signaled a tacit acceptance of the rupee 'drift' as a 'shock-absorber' for the Indian exporters negatively impacted by tariffs, and as a 'preferable' alternative in a subdued crude oil price environment to 'tightening' to defend a specific level on the currency.
- *The structural shift in household savings towards equities remains intact,* with domestic equity mutual funds seeing ~US$60bn in inflows in 2025 from retail investors, with systematic investment plans currently tracking ~US$3bn per month.

How is the portfolio positioned?

- ***We are more constructive than markets on the pace of structural reforms and the fiscal/monetary easing catalyzing a strong recovery in both headline growth as well as in corporate earnings.***
    - Amidst the volatility and the market draw-down, we have built high-conviction positions in the beneficiaries of easing systemic liquidity, in recovering discretionary consumption, in the core industrials focused on energy security, electrification, and defense, and in accelerating infrastructure spending.
- We continue to have no exposure to the IT Services sector (given embedded risks to the business model from customers accelerating the adoption of AI tools and services while simultaneously building significant captive capacity of their own in India) and to consumer staples (given intensifying competition for the 'bottom-of-the-pyramid').
- We are re-evaluating our (limited) exposure to commodities broadly (to energy, and to industrial and precious metals) with the recent US actions in Venezuela and the Chinese imposing controls on the shipment of 800 industrial minerals and components (not just rare earths!) to Japan, bringing into sharp focus the heightened risks of 'resource nationalism' and global supply-chain vulnerabilities as *(not if)* geo-political tensions escalate.

The company we would like to highlight this month is ***Adani Ports & Special Economic Zone (APSEZ),*** India's largest integrated ports and logistics operator. With a pan-India footprint across 13 ports in 7 states, APSEZ currently handles close to one-third of India's cargo volumes, and is scaling from being simply a port operator, to building an end-to-end logistics eco-system including road and rail freight networks, warehousing facilities, and multimodal logistics parks, positioning APSEZ as the counterparty of choice for for domestic and global manufacturers looking to build-out supply chains in India.

We expect APSEZ to compound revenues at a 20%+ CAGR over the next three years, ahead of the Street's mid-teens expectations.

- We have conviction in APSEZ delivering domestic volumes compounding at 15%+ over the next three years on the back of management's focus on doubling domestic capacity.
- The international business (the ports in Colombo, Haifa, and Tanzania) are now meaningful contributors, with strong optionality on trade volumes building along the India–Middle East–Africa trade corridors.
- We have yet to actually model the upside from the diversification beyond the "port gate" into a comprehensive logistics eco-system which is designed to intentionally capture a rising share of wallet with their customers committed to building out an India-centric supply chain.

We expect APSEZ to compound earnings at a 25%+ run-rate over the next three years, significantly ahead of consensus expectations tracking mid-teens earnings growth.

- We anticipate that improving utilization rates across the domestic network will drive 100bps+ of annual margin accretion over the next three years.
- As the overseas assets scale, we expect significant operating leverage and higher blended margins to boost earnings.
- With the investment phase largely completed, we do expect the logistics business to scale profitably, delivering strong revenue/cost synergies and on operating efficiencies.

Conclusion:

- We are more constructive than the markets on a recovery in the macro and earnings growth cycle given the the front-loading of monetary and fiscal policy easing, the commitment to the next generation of land, labor, and tax reforms, the explicit policy support for infrastructure investments and manufacturing, and recovering consumer spending.
- We have been investing into the pull-back in valuations, in resilient domestic businesses, structural beneficiaries of easing systemic liquidity, recovering rural and discretionary consumption, and in energy security, defense, and electrification.

From our families to yours: All the very best for a Happy, Healthy, Peaceful, and Prosperous New Year!

Please do let us know if you would like a follow-up conversation, or a catch-up in the next few days.

Portfolio Overview

Top 5 Positions
HDFC Bank Ltd - ADR
Bharti Airtel Ltd
Hitachi Energy India Ltd
TVS Motor Co Ltd
Bharat Electronics Ltd

Fund's Sectoral Break-down:	As % NAV
Financials:	33%
Industrials:	23%
Consumer Discretionary:	15%
Energy:	6%
Communications:	5%
Health Care:	3%
Materials:	3%
Real Estate:	3%
IT:	0%
Consumer Staples:	0%
Utilities:	0%
Cash:	9%

Sector Contribution to Monthly Performance	
Financials:	+0.50%
Industrials:	-1.87%
Consumer Discretionary:	+0.01%
Energy:	+0.00%
Communications:	-0.02%
Health Care:	-0.19%
Materials:	-0.54%
Real Estate:	+0.14%
IT:	+0.00%
Consumer Staples:	-0.11%
Utilities:	+0.00%