TANTALLON CAPITAL

October 2026

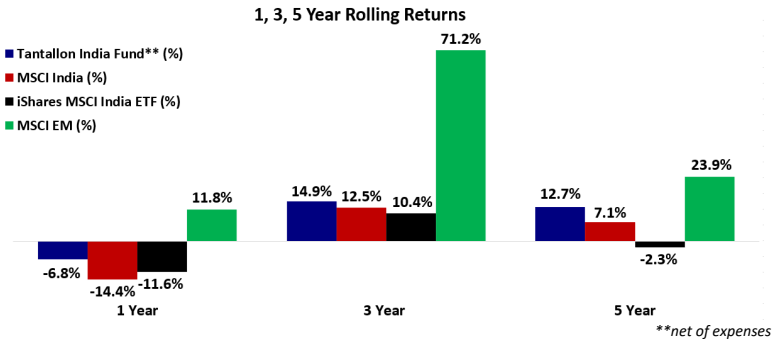
TANTALLON INDIA FUND

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.

Performance, in USD *(Inception on September 1, 2015)*

	Tantallon India Fund**	MSCI India ($)	Rel. Perf.	iShares MSCI India ETF ($)	Rel. Perf.
October 2026:	-2.2%	+1.2%	-3.4%	+2.2%	-4.4%
2026 YTD	-3.9%	-14.7%	+10.8%	-11.7%	+7.8%
2025	-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%
Inception:	+85.7%	+93.8%	-8.1%	+69.9%	+15.8%
Compound Returns	+5.68%		Volatility		+22.71%
TTM Sharpe Ratio	-0.49		3mo US T-bill		+4.07%



**net of expenses

The Tantallon India Fund closed down -2.23% in October in a relatively strong market with investors rotating, almost mechanically, 'hiding' in large cap, domestic IT services and staples that had been de-rated by concerns over earnings resilience, while penalizing small and mid-cap stocks deemed vulnerable to higher energy prices, higher risk-free rates, and potentially compromised infrastructure spending in the developed world.

- In the aftermath of the 'shock' of the US midterms, and the ensuing bloodbath in global capital markets, we remain focused on first principles: resilient, sustained growth in the domestic economy and in corporate earnings, the revival in the domestic investment cycle, a resilient domestic bid for Indian equities, and attractive valuations as backdrop for our convictions. And, yes, all the while, keeping a nervous eye on crude prices as the key determinant of risk appetite, and hence, 'flows,' and exit multiples.
- As we look to navigate uncertainty, hyper-volatility, and the relentless unwinding of leverage and crowded momentum trades, our conviction is that the next leg up for Indian equities is under-pinned by improving fundamentals, earnings visibility, and attractive valuations.
- A positive trade deal with the US, and returning foreign institutional interest would be gravy.
  - *With valuations having meaningfully compressed over the last 18 months, assuming moderating stress from higher crude oil prices, we have been looking to add to our positions in the financials, and in discretionary consumption.*

"Hiding" in the Large Caps.

- *We are 'investing in an Age of Chaos!'* These last six weeks of hyper-volatility in global risk markets have reflected the complex interplay between geo-politics, crude oil prices, interest rates, higher-than-expected sovereign and corporate funding needs, positioning, and leveraged, crowded, momentum trades being force-sold.
  - *And yes, it's been a lot:* extreme volatility across treasury and energy markets exacerbated by margin calls, fevered analysis conflating demand for compute continuing to scale *(which it most certainly is)* with (growing) challenges funding the AI infrastructure stack given nebulous return expectations, and regulatory risks and funding costs, the unilateral waiver of sanctions on Russia and emboldened Houthi strikes on the KSA, social unrest across Europe, El Niño concerns, shock election outcomes in Brazil, *and,* of course, the re-set in risk/reward after the US midterms.
- *Our conviction in high-quality growth in the mid-cap space has been put to test over the past few weeks,* and in particular, our significant weighting in the industrials and engineering companies delivering on electrification and defense priorities domestically, and overseas.
- *Amidst the extreme volatility, markets sought safe havens: liquidity, dollar earnings, and balance-sheet resilience.*
  - The Indian IT services companies offered all three: a weak rupee buffering the lack of revenue/margin visibility, September-quarter results that did not 'disappoint' scaled-back expectations, and valuations bruised by a 20%+ fall over the prior year.
  - The large-cap banks offered balance sheet resilience, de-rated multiples, and improving earnings visibility as credit growth held ~18% y-o-y run-rate.

FUND DETAILS

The Tantallon India Fund

AUM USD 24,000,000

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: Maples & Calder
Shearman & Sterling LLP; Rajah & Tann Singapore LLP

Auditor: KPMG

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YEAR	RETURNS	JAN	FEB	MAR	APR	MAY	JUN	JULY	AUG	SEP	OCT	NOV	DEC
Inception	+85.66%												
2026	-3.93%	-5.28%	+8.27%	-12.90%	+13.26%	+1.98%	+1.09%	-1.36%	+1.16%	-4.24%	-2.23%		
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%

- *We are not oblivious to the potential 'regime change' the last few weeks portend:* volatile risk-free rates and energy prices globally, the risk of credit 'accidents' (given the scale/urgency of the borrowing to fund long-dated infrastructure projects and social benefits obligations globally), and a potential (forced) rotation out of the 'all-in on AI' trades of the last two years
    - We continue to scrub our portfolio, re-underwriting our conviction on revenues, margin uplift, and earnings growth, balance sheet resilience, and capital discipline.

A view at 30,000 feet on the US midterms and the implications for India.

- **Bottom line.** *We expect "noisy" oversight and fiscal brinkmanship; not a quieter, more predictable White House.*
    - The midterms delivered a Democratic sweep: ~254 House seats, at least 54 Senate seats, and a majority of governorships, including 'flips' in Texas, Ohio, Nevada, Georgia and Iowa.
    - We expect heated rhetoric, but, ultimately, pragmatism and compromise, as opposed to 'scorched earth' or aspirational legislation.
    - Gridlocks have historically been 'good' for markets, limiting 'policy shocks,' and unfettered government spending. But gridlocks also yield headline risk and capital markets volatility, and especially so given this White House's ability to use Executive Orders to dictate action on tariffs, export controls, the US-Mexico-Canada review, the war, and foreign policy.
- **Economic Implications.** Congressional pressure to end the Iran war should translate to lower crude prices, easing imported inflation and the stress on the current account and the rupee, allowing the RBI to moderate its tightening impulse, and remain growth supportive.
- **The interminable trade talks.** Tariff-setting/negotiating 'authority' stays with POTUS. Indian exports into the US currently incur a 10% duty; the February 2026 interim framework remains unsigned; the October 16, 2026, waiver of Russian-oil tariffs can be withdrawn at will. The White House might well, now, seek some speedy foreign "Wins." We expect Delhi to respond positively while avoiding WTO-inconsistent concessions. *Watch this space.*
- **Geo-politics and regional security agreements.** The US-India ten-year defence framework and the Quad have bipartisan support and will endure. The near-term risks are: (i) a transactional US–China "re-set" (Xi and Trump are to meet in Shenzhen later this month) that 'sidelines' India, (ii) much sharper Congressional scrutiny of Russian energy purchases, and (iii) uncertainty over the extension of the US sanctions waiver for the Chabahar Port (which expired in April 2026), on Iran's southeastern coast along the Gulf of Oman, a pivotal strategic hub connecting India directly to Iran, Afghanistan, Central Asia, and Eurasia, bypassing over-land transit through Pakistan, and its Chinese funded Gwadar Port.
- **First-Pass Investment Implications.**
    - A 'call' on crude is binary, especially given the potential headwinds from higher US risk-free rates. The corollary: an RBI "hold" at its December meetings would lift the valuations on domestic cyclicals and mid-caps.
    - Clarity (and hopefully, a reduction) on the current 10% tariff rate would be unambiguously positive for Indian exporters, re-enforcing the China+1 dynamic leveraging India's low-cost engineering talent and nascent manufacturing eco-system.
    - Increased drug-pricing scrutiny should 'favor' Indian generic manufacturers.
    - Given real skill-shortages and visa-restrictions in the US, we would anticipate more 'friend-shoring' to India, and in particular, via the global capability centers being set up by multi-nationals, as well as light-engineering and component manufacturing supporting the infrastructure build-out and grid upgrades across the US.

Earnings Have Turned. Valuations Have Not.

- India's September-quarter results were the strongest in three years. Broad aggregates show profits up +26% y-o-y. Stripping out the one-offs from higher energy-and-refining-related profitability, aggregate earnings growth for the BSE-500, with ~70% of earnings in, is tracking at +22% y-o-y, with 80% of large-caps meeting or exceeding estimates.
- After 6 quarters of 'cuts,' the market is now upgrading estimates, and in particular for financials, metals, energy, power, industrials, consumer discretionary stocks.
- Over the preceding 12 months, as of the October close, the market is down -12% in US$, with valuations having compressed to ~16x on current estimates for March 2028.

The Indian private banks offer us compelling risk/reward. After two years in which RBI easing compressed margins, triggering a substantial de-rating of the banking sector to reflect moderating growth, the RBI's October pivot to "calibrated tightening" is an earnings tailwind for banks whose assets reprice faster than their liabilities, bolstering the strong credit growth outlook for the sector. We anticipate sector profit growth, +5% for the fiscal year ended March 2026, to recover to low teens, with private banks compounding 15%+ annually over the next three yeas.

- We expect that the well-capitalized, private banks with strong deposit franchises, will capture most of the upside. ~60% of loans at ICICI, HDFC Bank, Axis Bank and Kotak Bank re-price within one to three months, while deposit costs only adjust with a lag.
- The record US$133bn of FCNR-B deposit inflows engineered by the RBI earlier this year, has eased funding stress-points across the sector, with the private sector banks capturing the lion's share of the inflows, building a base to grow aggressively off.
- System-wide net NPLs of 0.4% are at two-decade lows, and the significant 'cushion' from excess provisioning that the private sector banks have made over the last 18 months will well-insulate them from any turn in the credit loss cycle from higher energy prices and El Niño-related rural loan stress.
- Valuations are compelling: the sector trades ~1.3x one-year forward book value, at the Covid-era low, while the large private banks trade around 1.8x one-year forward, for a mid-teens ROE, and earnings compounding at 15%+ over the next three years.

Conclusion: A strong earnings recovery, the re-set in valuations, record-low foreign investor positioning, and, amidst the volatility globally, 'un-rewarded' earnings beats, would make a compelling case case for Indian equities being on the cusp of a turn-around.

- Crude Oil is the wild card. In the near term, we expect the volatility in crude prices and risk-free rates to continue to weigh on sentiment, and in particular, on multiples for the small and mid-cap stocks.
- The next leg up for Indian equities will be driven by earnings, not liquidity.
- A positive trade deal with the US, and foreign institutional interest returning to the market would be gravy.

We are invested in the idiosyncratic opportunities under-written by domestic reforms and capex, domestic credit demand, domestic industrialization, and domestic discretionary consumption.

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
Azad Engineer
Bharti Airtel
Bajaj Finance Ltd
Solar Industries
Kotak Mahindra Bank Ltd

Fund's Sectoral Break-down:	As % NAV
Industrials:	22%
Financials:	15%
Materials:	10%
Health Care:	7%
Energy:	6%
Communications:	4%
Real Estate:	3%
IT:	3%
Consumer Discretionary	3%
Utilities:	2%
Consumer Staples:	0%
Cash:	25%

Sector Contribution to Monthly Performance	
Financials	+0.68%
Communications	+0.42%
Health Care	+0.13%
Utilities	+0.08%
IT	+0.06%
Real Estate	+0.06%
Consumer Discretionary	-0.01%
Consumer Staples	-0.16%
Energy	-0.64%
Materials	-0.82%
Industrials	-2.03%

The fund may only be offered in Switzerland to qualified investors within the meaning of Art. 10 para. 3 and 3ter CISA. In Switzerland, the representative and the paying agent is Intesa Sanpaolo Wealth Management SA, Rue du Rhône 4, CH-1204 Geneva. The relevant documents of the fund as well as the annual report may be obtained free of charge from the representative.

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