

Kriis PMS

September 2026 Investor Letter

Navigating Volatility, Compounding Through Quality

Dear Investor,

The September quarter once again reminded us that equity markets rarely move in a straight line. Rising geopolitical uncertainty, elevated crude oil prices, foreign investor selling and pockets of stretched valuations resulted in increased volatility across Indian equities.

However, volatility is not necessarily a threat to long-term wealth creation. For fundamental investors, periods of market weakness can create opportunities to acquire high-quality businesses at more attractive valuations.

At Kriis PMS, our focus remains unchanged: **identify businesses that can compound earnings and intrinsic value over several years, while maintaining discipline on valuation and capital protection.**

Our investment philosophy is built around the **4M framework – Moat, Management Quality, Margin of Safety and Multiple Expansion.**

Kriis PMS Fund Performance Review

The portfolio continued to demonstrate resilience despite a volatile market environment.

Period	Kriis PMS Portfolio	BSE 500 TRI	Outperformance
1 Month	+8.39%	-5.57%	+13.96%
3 Months	+18.30%	-3.59%	+21.89%
6 Months	+81.34%	+8.07%	+73.27%
1 Year	+45.78%	-2.33%	+48.11%
2 Years	+25.89%	-3.93%	+29.82%
3 Years	+32.28%	+9.20%	+23.08%
5 Years	+21.52%	+8.91%	+12.61%
Since Inception	+26.04%	+13.56%	+12.48%

As on date 30th sept 2026

Resilience During Volatility

One of the key characteristics of our strategy is the ability to remain resilient when market sentiment deteriorates.

Over the past month, while the **BSE 500 TRI declined 5.57%**, the Kriis PMS portfolio generated a **positive return of 8.39%**, resulting in **13.96% outperformance**.

Over one year, the portfolio generated **45.78%**, compared with **-2.33%** for the benchmark.

Long-Term Compounding

Since inception in **May 2019**, the strategy has generated a **26.04% CAGR**, compared with **13.56% CAGR for the benchmark**.

We believe this long-term track record reinforces an important principle: **wealth creation comes from owning the right businesses for long enough, rather than attempting to predict every market movement**.

Our preference remains to own a relatively concentrated portfolio of businesses where we have high conviction in:

- Sustainable competitive advantages
- Long-term earnings visibility
- Strong management quality and governance
- Prudent capital allocation
- Attractive reinvestment opportunities
- Valuations that provide an adequate margin of safety

Macro Environment: Higher Volatility, Greater Selectivity

Crude Oil and Inflation Remain Key Risks

Crude oil prices have risen sharply since February 2026 and remain elevated amid continuing geopolitical tensions in West Asia and supply disruptions.

Higher crude prices can have a meaningful impact on the Indian economy through several channels, including:

Inflation → Current Account Deficit → INR → Fiscal Balance → Corporate Margins

The impact, however, is not uniform across sectors.

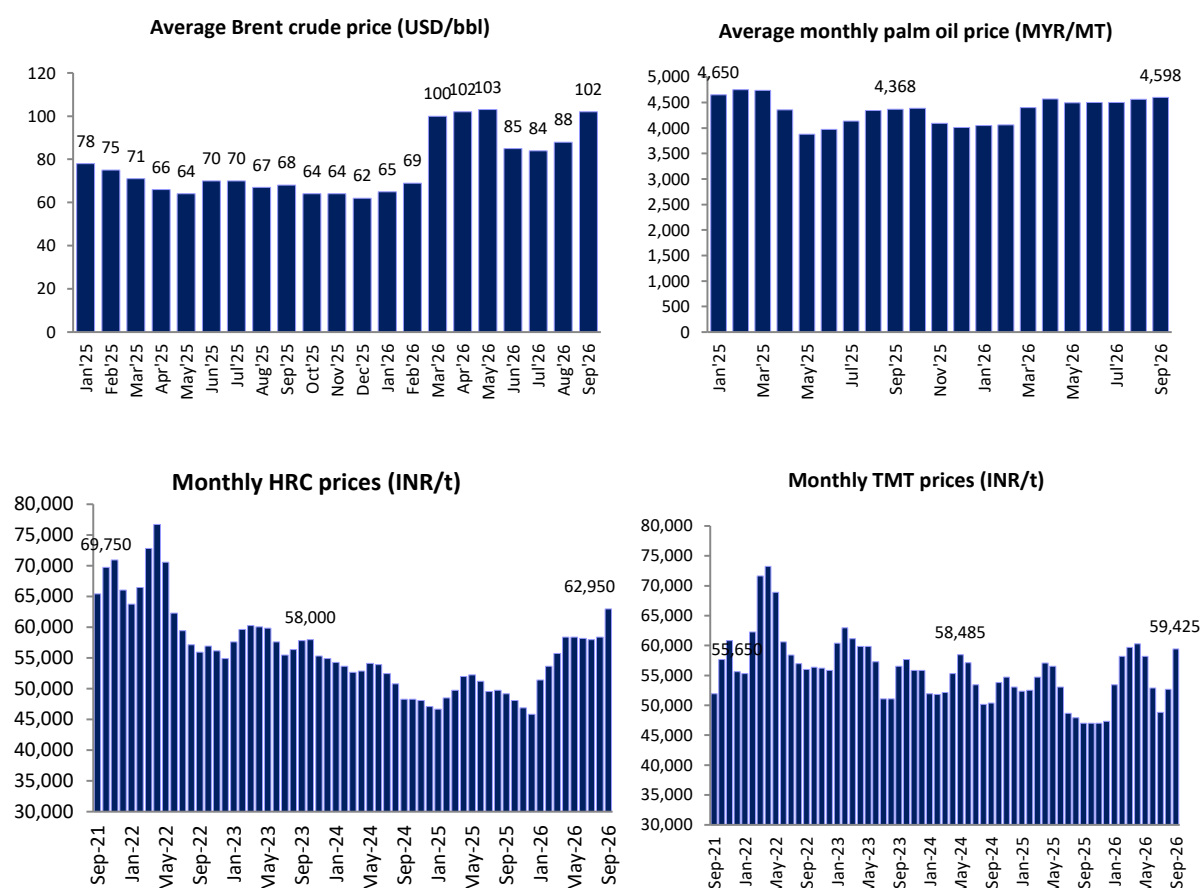
Higher commodity prices can benefit upstream commodity producers, while companies that consume steel, aluminium, energy or other commodities as inputs could face margin pressure unless they have sufficient pricing power.

We therefore continue to focus on businesses with **strong competitive positioning, pricing power and balance-sheet strength**.

Steel Prices at Multi-Year Highs

HRC and TMT prices have moved towards multi-year highs. This could support the profitability of selected metal producers, but could simultaneously create margin pressure for downstream businesses where raw-material costs represent a significant portion of revenue.

This divergence reinforces our preference for companies where **business economics remain attractive across different stages of the commodity cycle**, rather than businesses dependent purely on favourable commodity prices.



Monetary Policy: A More Challenging Global Environment

Inflationary pressures arising from higher energy prices have increased uncertainty around the global interest-rate cycle.

Major central banks have become more cautious as they balance persistent inflation against slowing economic growth.

In India, the upcoming **7 October 2026 RBI MPC meeting** will be closely watched by markets, particularly in the context of higher crude prices, currency movements and inflation expectations.

For equity investors, higher-for-longer interest rates can result in:

- Higher cost of capital
- Lower valuation multiples
- Pressure on leveraged businesses
- Slower discretionary consumption
- Greater preference for companies with strong cash generation

Our response is not to make short-term macro forecasts, but to remain focused on businesses with **strong balance sheets, high return ratios, sustainable cash flows and visible earnings growth**.

India and China: Changing MSCI EM Dynamics

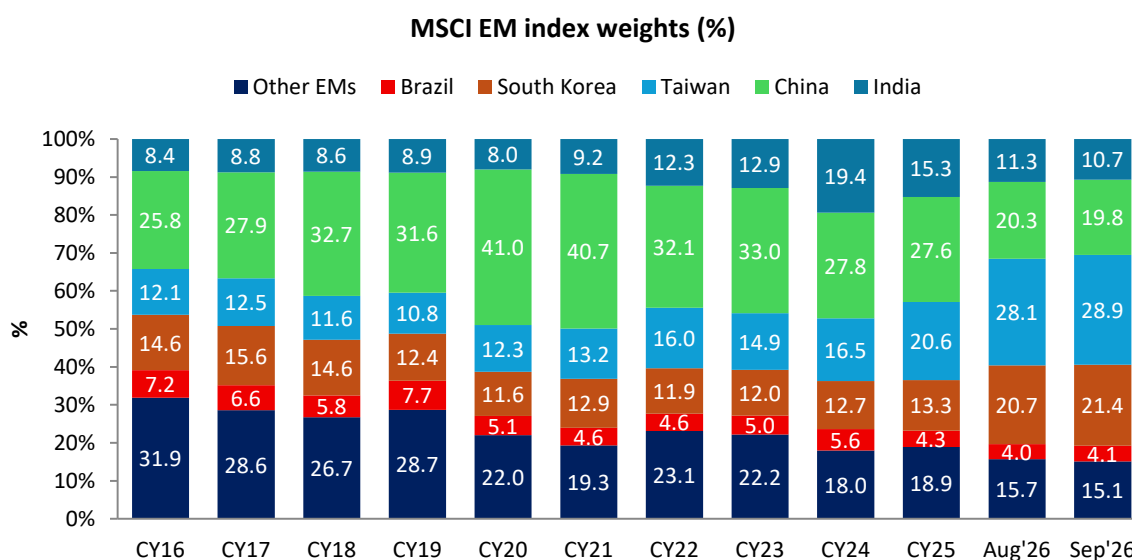
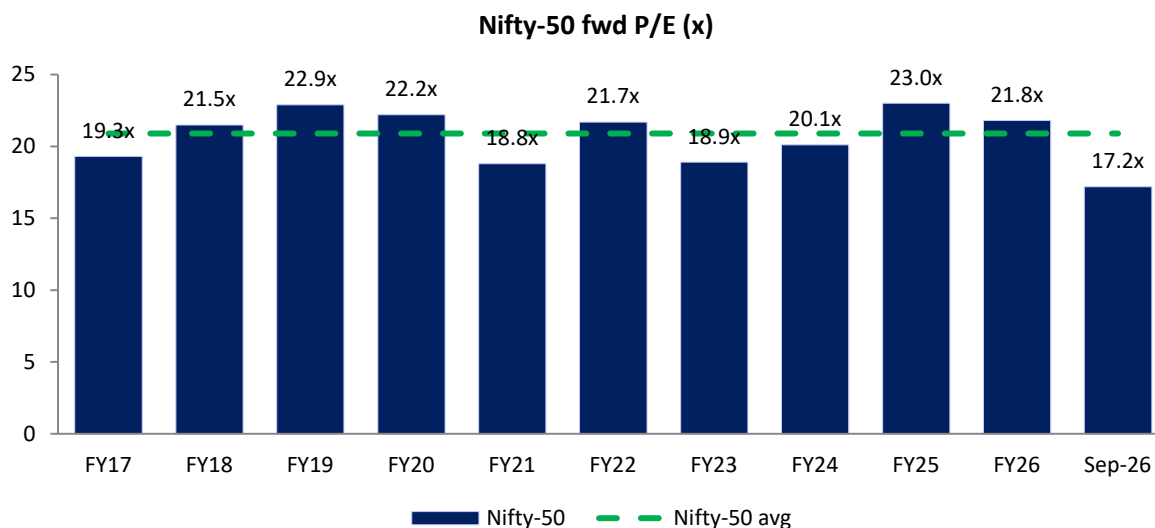
The recent correction in emerging markets has also altered the relative weights of major countries within the **MSCI Emerging Markets Index**.

India's weight has declined to a multi-year low, while China's weight has also fallen to its lowest level in more than a decade.

For us, the more important takeaway is not the index movement itself, but the change in the **opportunity set**.

After the recent correction, valuations in several segments of the Indian market have become more reasonable. India's one-year forward Nifty P/E has declined to approximately **17x**, below its long-term average, while valuations across parts of the Mid- and Small-cap universe have also moderated.

This creates an environment where **stock selection can become increasingly important**.



Our Investment Approach: Quality Before Momentum

Market corrections often create two types of opportunities.

The first is a business whose fundamentals have deteriorated and whose valuation is falling for a good reason.

The second is a fundamentally strong business where the **share price has corrected faster than the underlying earnings power of the company.**

Our job is to distinguish between the two.

At Kriis, our research process therefore goes beyond quarterly financial statements. We spend significant time understanding businesses through **management interactions, channel checks, plant visits and on-ground research.**

Looking Ahead

We remain constructive on India's long-term structural growth story.

India continues to benefit from several multi-year themes including:

Emerging Manufacturing | Defence & Aerospace | EV & Auto Ancillaries | Electronics & Semiconductors | Healthcare & CDMO | Specialty Chemicals | Industrial Technology | Energy Transition | Digital Infrastructure | Financialisation

However, we remain selective.

The recent market correction reminds us that **a good business is not always a good investment at any price**. Our objective is therefore to combine business quality with valuation discipline.

We will continue to use periods of volatility to reassess our portfolio companies, challenge our investment theses and selectively deploy capital where the **risk-reward equation has become more attractive**.

Our philosophy remains simple:

We do not aim to predict the market. We aim to identify exceptional businesses early, understand them deeply and own them through their long-term compounding journey.

Thank you for your continued trust in Kriis PMS.

Kriis PMS

Identifying Emerging Businesses Before They Become Mainstream

Thanks with Regards,

CA Rakesh Doshi

Principal Officer & Fund Manager

KRIIS – The Portfolio Management Company