SOWILO
WEALTH ENHANCER

Sowilo Investment Managers LLP.

Investor Webinar

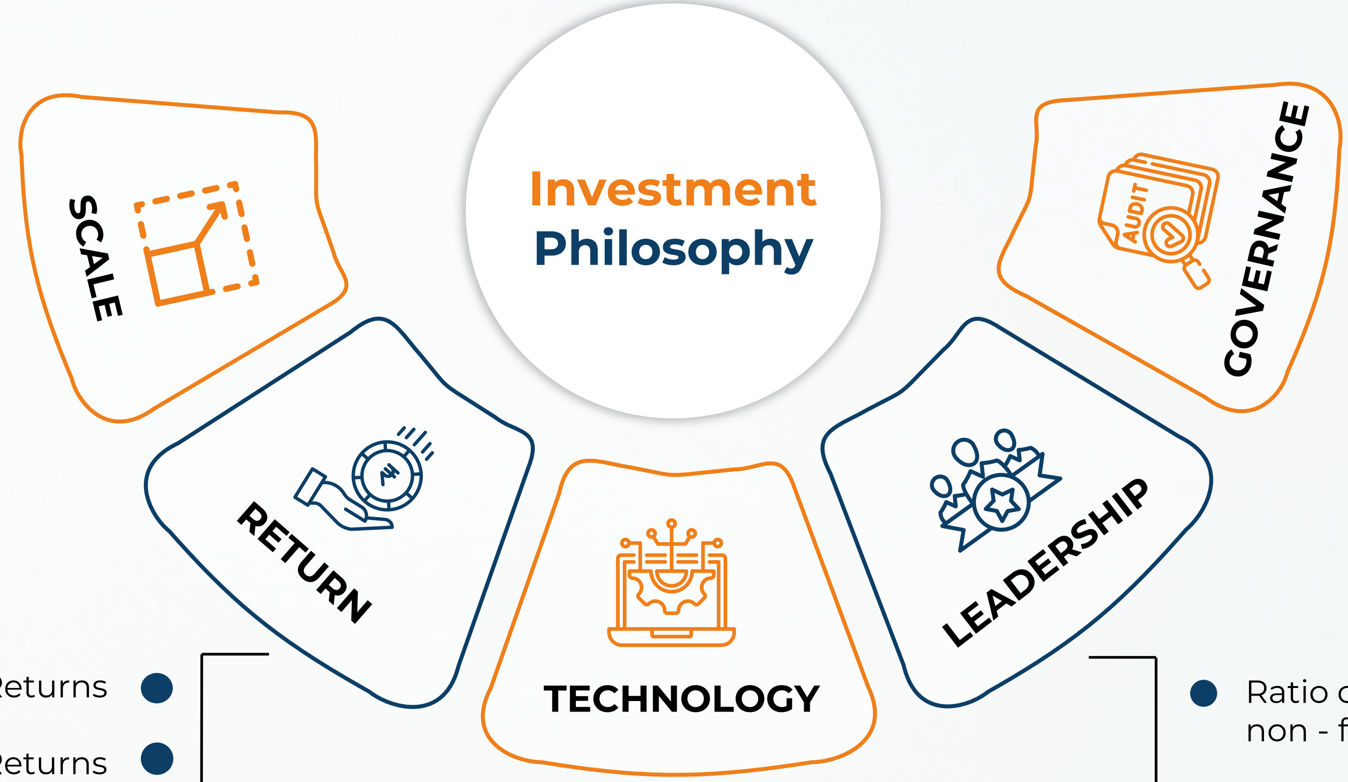
Uncertainty an Opportunity…

Presented by:
SANDIP AGARWAL
Co-Founder & Fund Manager

April 18th 2026 | Saturday
www.sowilo.co.in

Introduction

Sowilo Investment Managers LLP ("Sowilo") is a boutique asset and wealth management firm catering primarily to Corporate, UHNI, HNI investors and Family offices in domestic as well as offshore markets.



Scale
- Market Size
- Leadership Quotient
- Market Pie Growth

Return
- Superior Returns
- Sustainable Returns
- Scope of Incremental ROCE
- Management ROTI (Return on time invested)

Technology
- Scope of embedding technology
- Technological edge above competition

Leadership
- Ratio of founder v/s. non - founder
- Versatility of experience
- Compliance focus

Governance
- High corporate governance
- No material observations in auditor's notes

SOWILO
WEALTH ENHANCER

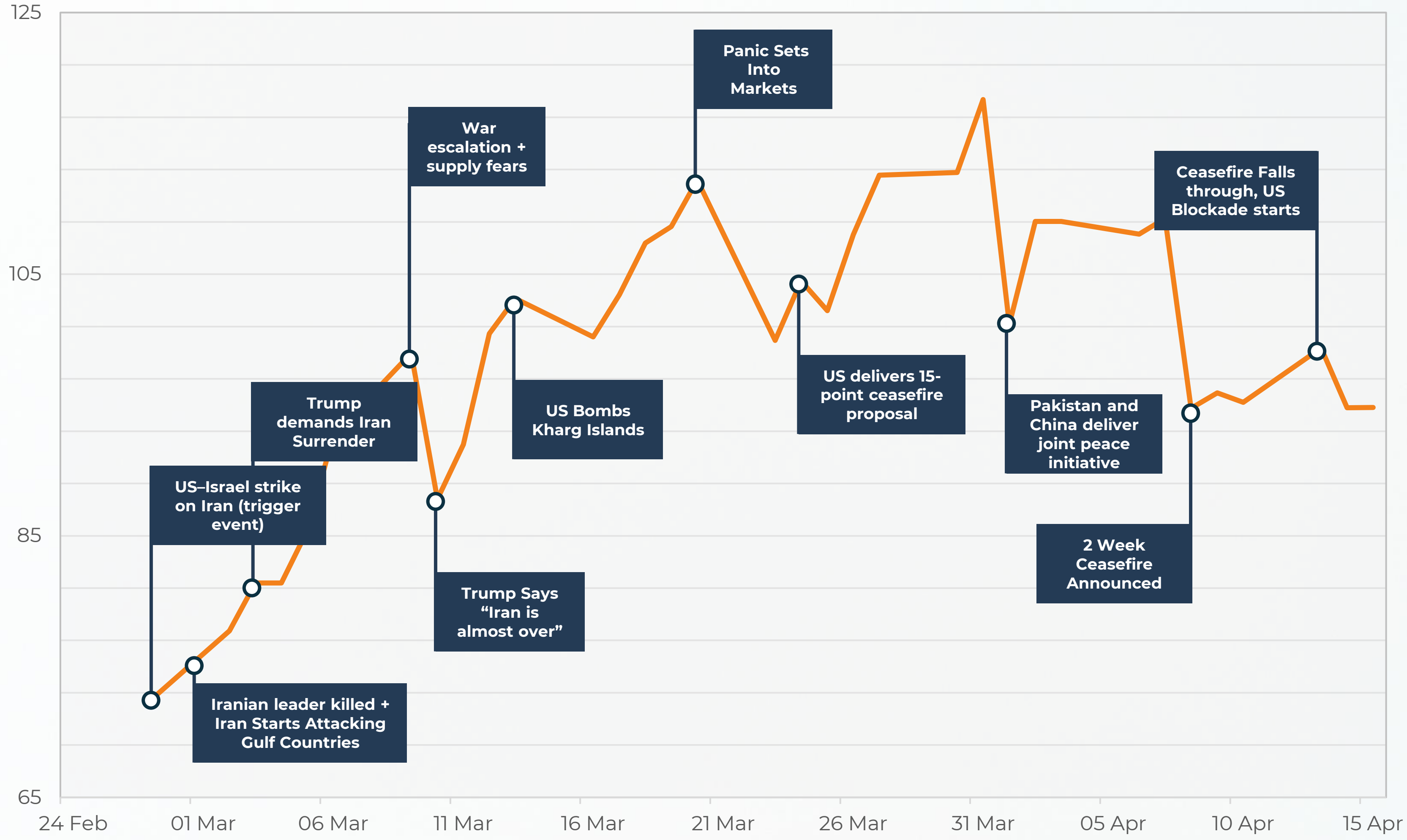
Our Achievements

Geopolitics, Crude & Markets

Reading the Battlefield

The First Order Effect : Crude Oil

How the crisis unfolded – crude oil movements best reflect economic sentiments



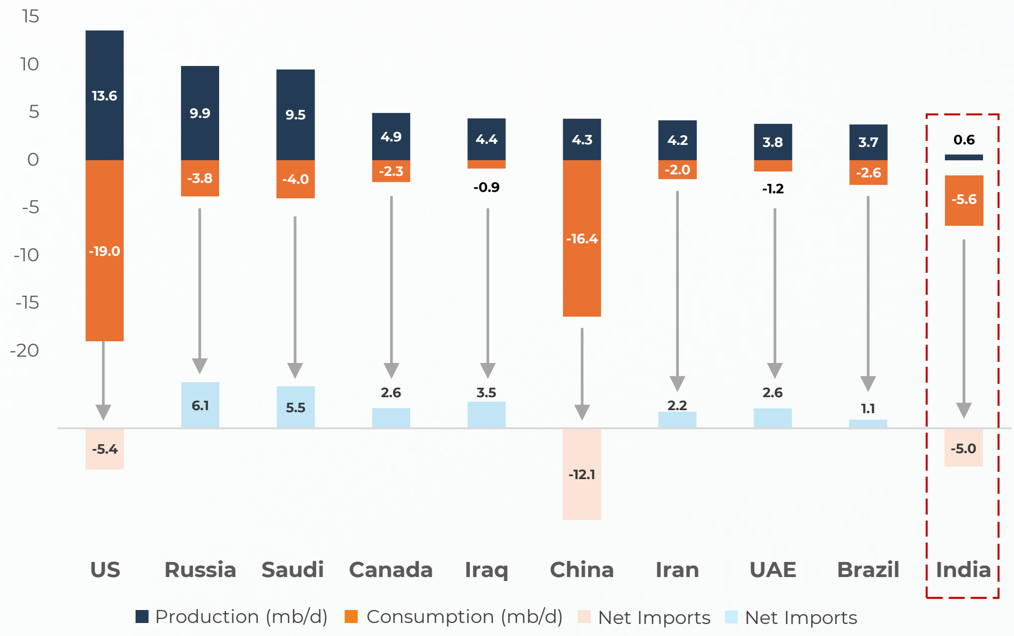
- Crude oil has surged **34.2% in under two months** as the Middle-East conflict escalated into full regional war, with prices partially retracing on intermittent ceasefire hopes.
- The initial spike came from a **US-Israel strike on Iranian leadership** and retaliatory Iranian attacks on Gulf shipping, raising fears of disruption to the **Strait of Hormuz** - a chokepoint for ~20% of global oil trade.
- Prices breached **USD 120/bbl** in late March after ceasefire talks collapsed and the US bombed **Kharg Island**, Iran's primary export terminal, signaling a deeper escalation.
- A **Pakistan-China peace initiative** briefly triggered a USD 15-18/bbl correction, but the ceasefire quickly unwound. A subsequent **US naval blockade** has kept crude elevated at **USD 98-103/bbl - well above pre-war levels**.

Note: Updated as of 15th April 2026 | Period: Since US-Israel-Iran war began

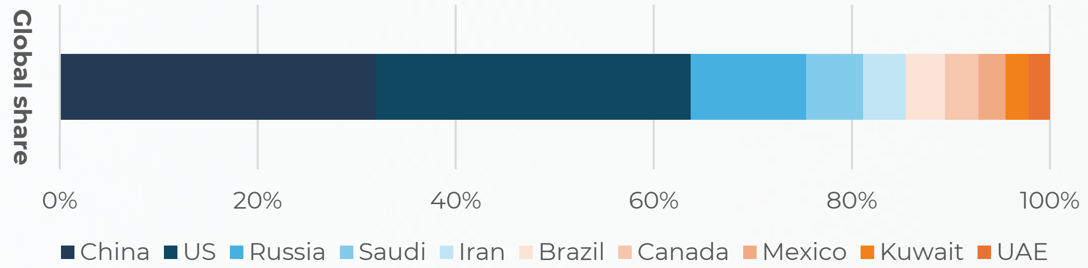
Source: Investing.com, Associated Press (AP), Reuters, CNN, NBC News, BBC, NPR, Al Jazeera, Fox News, Bloomberg, Wall Street Journal, Financial Times, The Washington Post, TIME Magazine, Euronews, Jewish Telegraphic Agency (JTA)

When Oil Moves, India Pays...

Top 10 Economies: Production vs Consumption



Global Refinery Capacity



- India imports **~88% of its crude** - the highest dependence among major economies and consumes ~5.6 mb/d against domestic production of under 1 mb/d. In 2024, India is now the **fastest-growing source of oil demand globally**, with consumption rising even as other major economies plateau.

- China imports more in absolute terms, but it has built the world's largest refining base overtaking the US in 2023 at ~18.5 mb/d of capacity giving it pricing power, processing margins, and strategic optionality India simply does not have.

- The exposure is also geographic: ~40% of India's crude and over 50% of its LNG transit the Strait of Hormuz, which handles ~20% of global oil consumption.

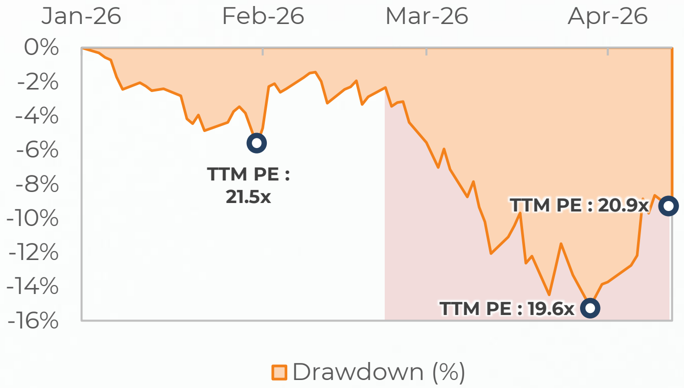
- In peacetime, this is manageable. In wartime with Hormuz under threat, Kharg Island bombed, and a US naval blockade in place - **it becomes a pain point for every Indian household, corporate margins and fiscal calculation.**

When oil moves, India pays. And right now, oil is being moved by missiles, not market.

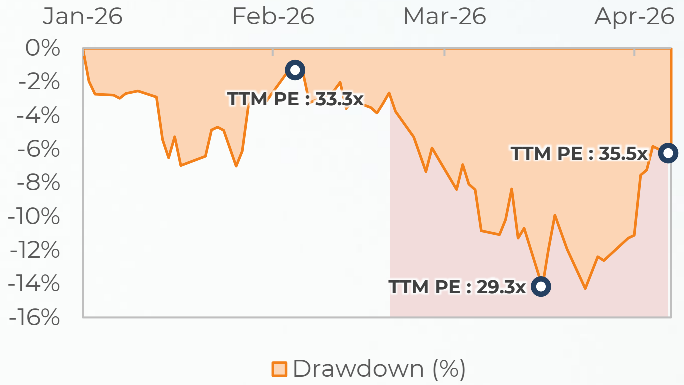
Source: EIA, IEA, Energy Institute, OilPrice.com, Statista

How Major Indices Have Moved During The War

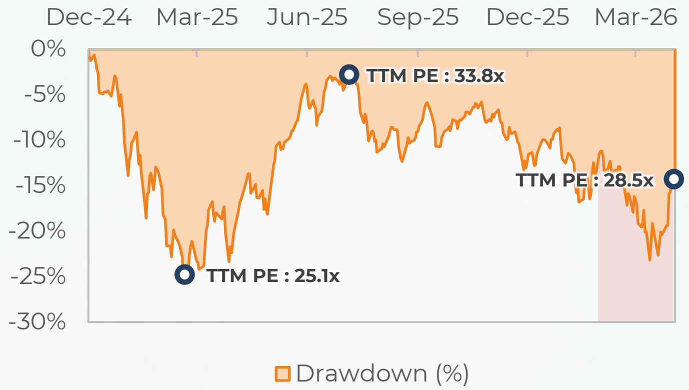
Nifty Large Cap Drawdown since ATH



Nifty Mid Cap Drawdown since ATH



Nifty Small Cap Drawdown since ATH



- Nifty 50 witnessed a **gradual correction** from its all-time high, with drawdowns deepening through March before stabilizing in April. The index declined to **nearly 15%** at its peak drawdown, reflecting **broad-based selling pressure**.
- Valuations corrected meaningfully during this period, with **TTM P/E compressing from 25x levels to 19.6x**, indicating **improved margin of safety** for investors. The recent recovery suggests **selective buying interest** emerging at lower valuation bands.
- Overall, **large caps demonstrated relative resilience**, with drawdowns being more controlled compared to mid and small caps, highlighting their **defensive nature** in volatile market conditions.

- Nifty Mid Cap index experienced **sharper volatility and deeper corrections** compared to large caps, with drawdowns extending **beyond 15%** during the peak stress period. The correction was more pronounced due to **elevated valuations** and **risk-off sentiment**.
- Despite the steep decline, valuations adjusted significantly, with **TTM P/E moderating towards 19–20x** levels, bringing the segment **closer to historical averages**. The subsequent recovery indicates **renewed investor interest**, albeit with continued volatility.
- Mid caps remain **more sensitive to market cycles**, and while recovery is underway, the segment is likely to remain driven by **earnings visibility** and **liquidity conditions**.

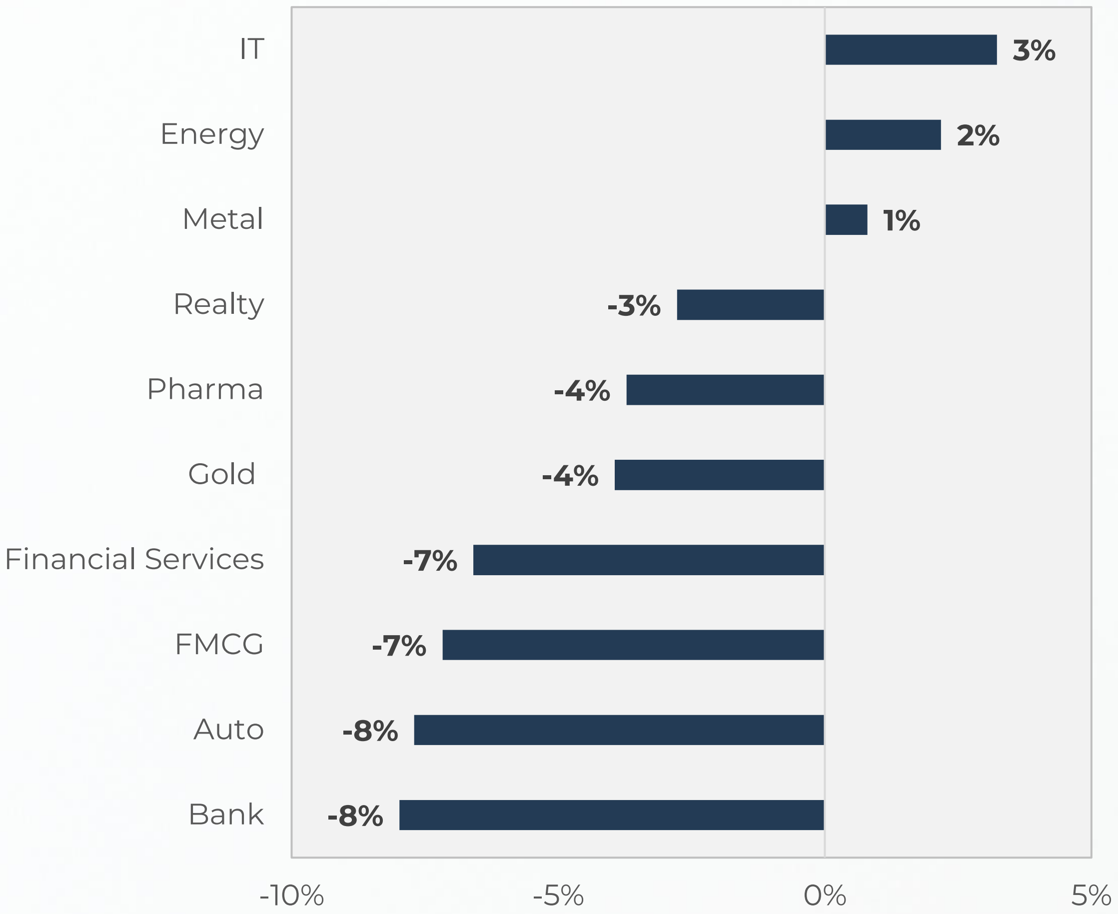
- The Nifty Small Cap index had recovered from its early-2025 tariff correction, re-rating to **33.8x TTM P/E** by September 2025. The **Israel-Iran war** triggered a fresh **~20% drawdown**, compressing valuations to **28.5x** driven not by global risk-off but by a direct macro shock: **surging crude**, **Hormuz disruption**, and a **weakening rupee**, hitting small caps harder given their **outsized sensitivity to input costs and domestic demand**.
- Drawdowns have since stabilized with **early signs of recovery** emerging. The path forward will hinge on **earnings growth visibility** and macro conditions, with **valuations playing a critical role** in sustaining the uptrend.

Source: NSE

Note: Updated as of 15th April 2026 | Period: Since ATH for each respective Index

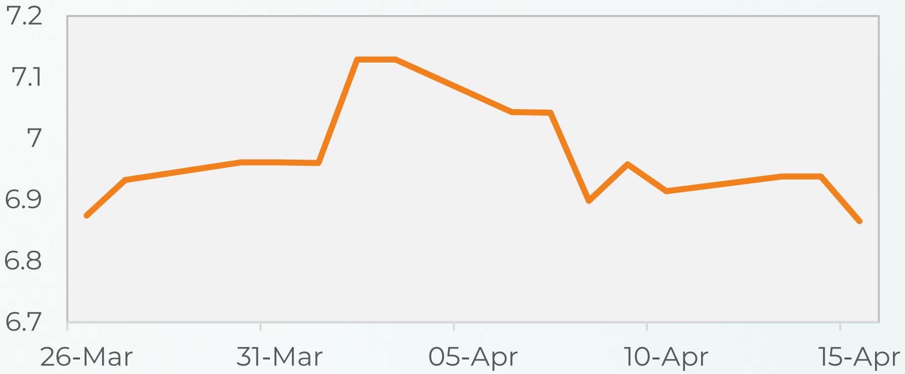
Various Markets & Asset Classes Movement Since Crisis Began

Bank Nifty – the worst sectoral index since war began



INR too has taken a sharp hit during this crisis

India 10-Year Bond Yield

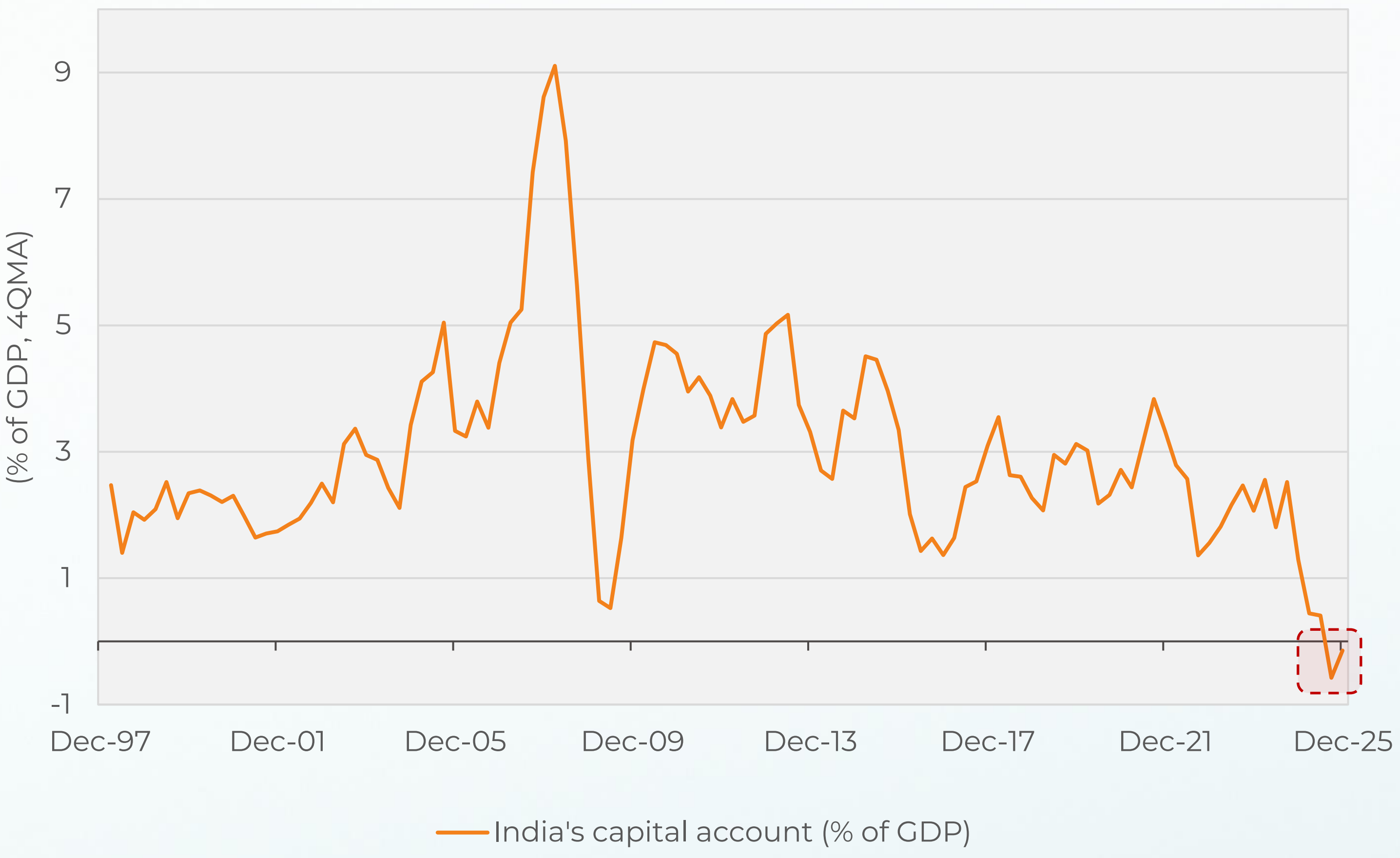


Source: Yahoo Finance

Note: Updated as of 15th April 2026 | Period: Since Israel-Iran Crisis Began

Capital Flows Are Flashing Red

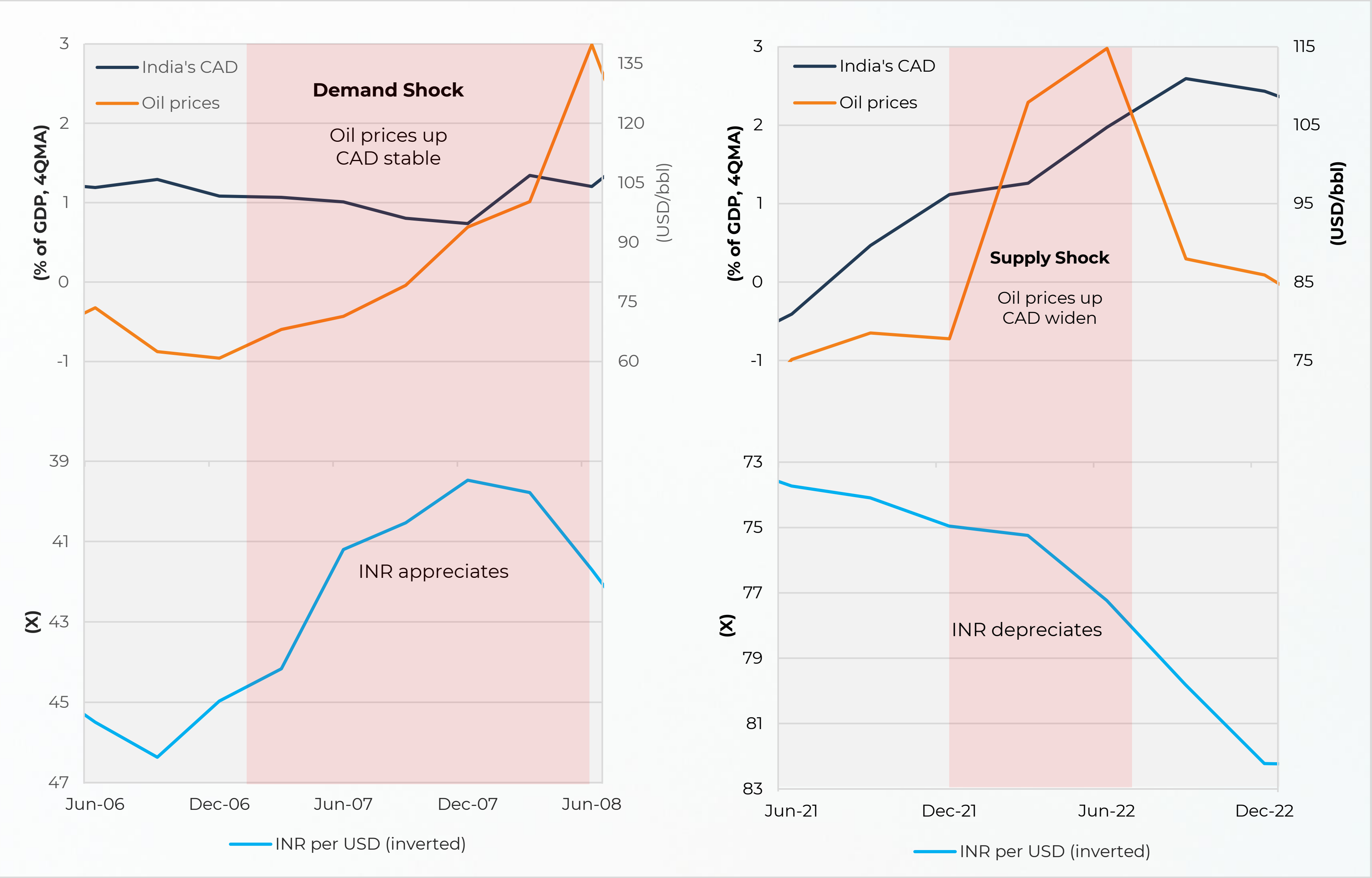
Indias capital account have slipped into the negative in more than 25 years



- India's capital account (% of GDP, 4QMA) has **turned negative for the first time since the late 1990s**. The decline is driven by a **double squeeze**: **FIIs pulling out** amid **stretched valuations** and **disappointing growth**, while **net FDI** which typically provides a stable buffer has already been **running weak**.

- Critically, this is **not a current account-driven crisis**. The **CAD has been relatively benign**. The **problem is on the capital side** foreign investors are simply not finding the **risk-reward compelling** enough at current valuations, and the **war-driven macro uncertainty** has accelerated the exit. A negative capital account means India is, in net terms, **exporting capital rather than attracting it** a position it has not been in for a **quarter century**.

Why Supply Shocks Cause Real Economic Pain



Demand-led shocks are not detrimental. During 2006-08, crude jumped 2.5x and yet CAD remained contained, INR appreciated, and growth stayed robust. The same global cycle that lifts crude also lifts India's exports, services receipts, and remittances broadly offsetting the higher import bill. Risk-on capital flows add further support.

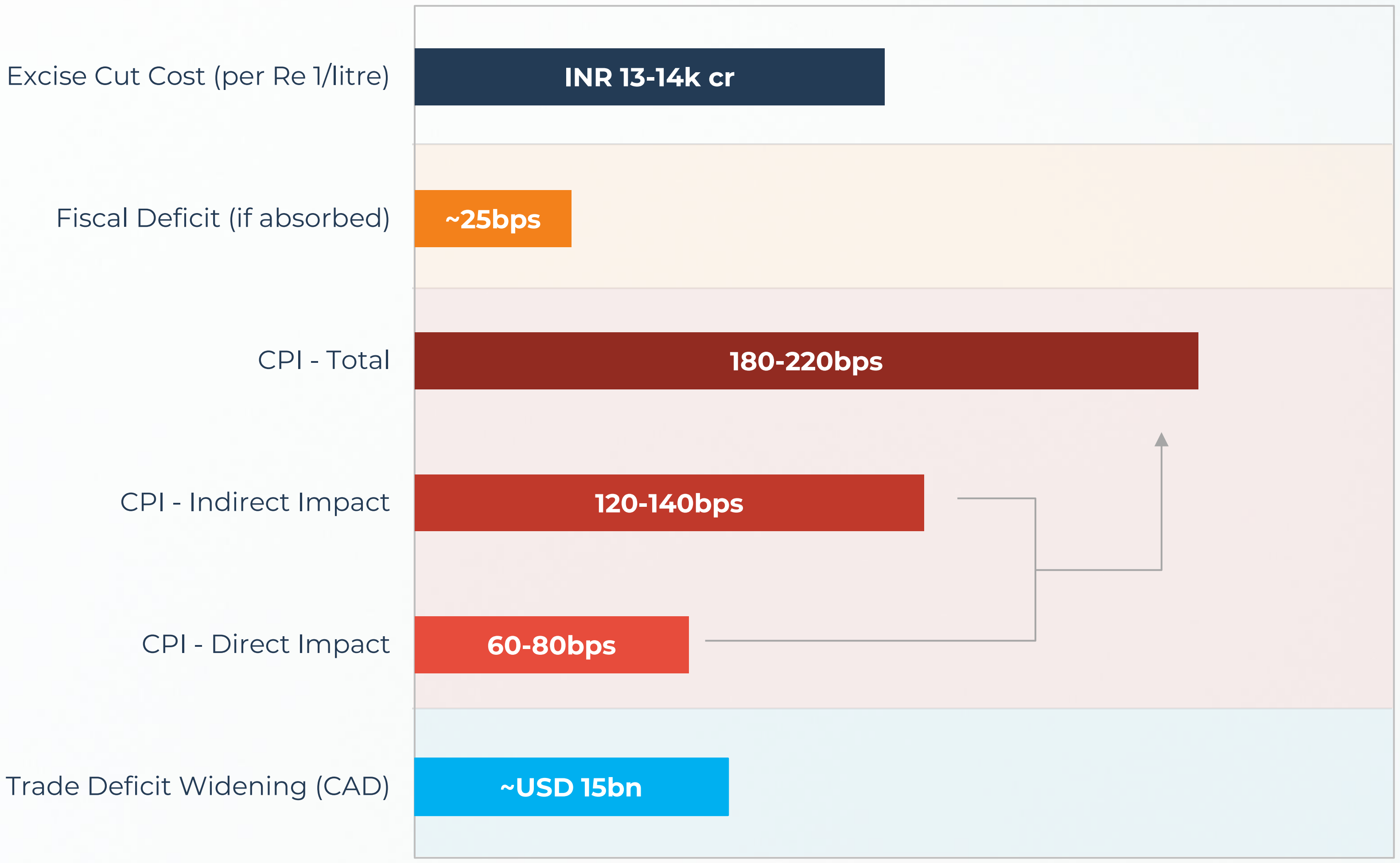
Supply-side shocks cause real economic pain. The 2022 oil shock (Ukraine War) lasted only three months and yet caused CAD to widen and INR to fall meaningfully. Exports get no tailwind, capital flows often turn risk-averse, and India absorbs the shock fully.

The current Israel-Iran episode is squarely a supply-driven risk which is why the macro impact channels matter.

Source: Nuvama, Bloomberg

Impact of Every $10/bbl Sustained Rise in Oil Prices

Macro impact of every USD 10/bbl sustained rise in crude



Fiscal

If absorbed, fiscal deficit widens **~25bps directly**. Second-order drags:

- Higher fertilizer subsidy bill (urea/complex costs linked to crude & gas)
- Excise duty cuts to cushion consumers (each Re 1/litre cut = ~INR 13,000-14,000cr foregone revenue annually)
- OMC under-recoveries

CPI

- A USD 10/bbl rise, if fully passed through, translates to **~15% higher retail fuel prices**. Direct impact on headline CPI is **60-80bps** (fuel & light basket); indirect impact is another **120-140bps** as transport and input costs filter into core.

CAD

- India imports **>85%** of its crude requirement. Trade deficit widens by ~USD 15bn, feeding into a wider current account deficit and pressure on the rupee.

Sustained crude above USD 90-100/bbl puts the fiscal glide path at risk.

Source: Nuvama Research, PPAC, Ministry of Petroleum.

How Long Can The War Last?

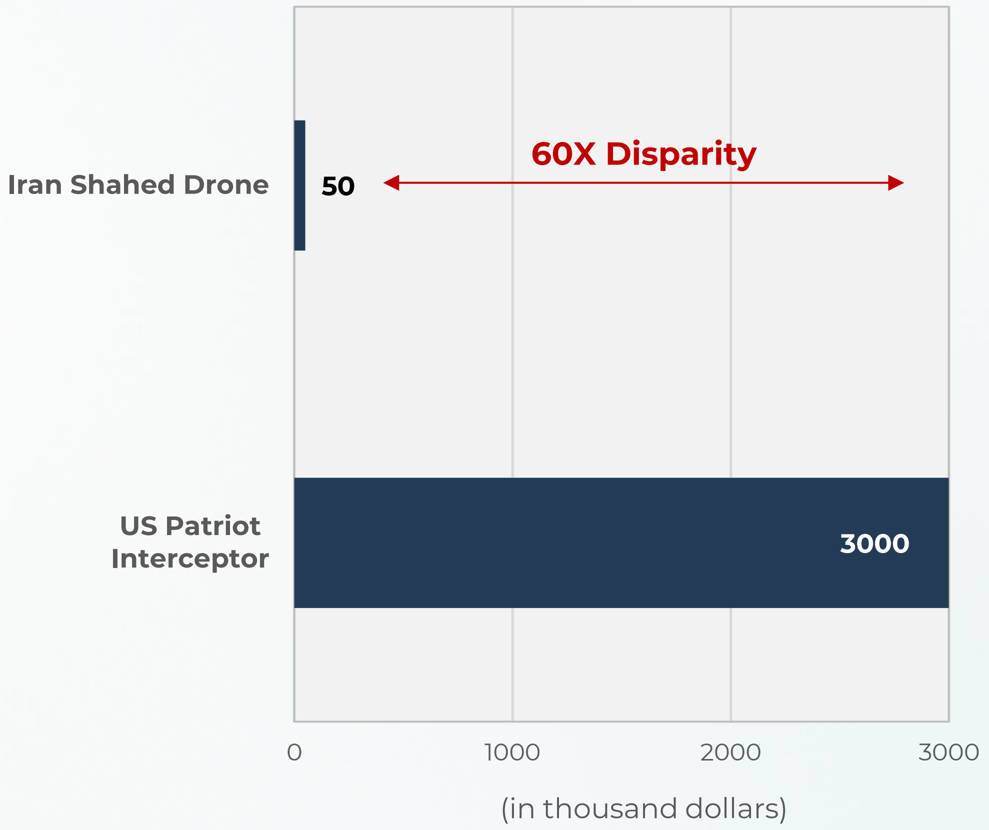
Defender's Dilemma : When Interception Costs More Than the Threat

- The first 100 hours of this war have reportedly cost US about **USD3.7bn**, highlighting that the financial costs of a prolonged war could be **prohibitive for the US**.
- Air-defence interceptors, like the US Patriot system, cost **tens to hundreds of times more** than the drones or missiles they destroy, creating a massive cost-to-value disparity for the defender.
- During the Houthi attack in the Red Sea, US Navy ships used **Standard Missile-2 interceptors (~USD2mn each)** to destroy drones costing only **a few thousand dollars**.
- The cost-exchange ratio is staggering. A $13.5mn Patriot PAC-3 intercepting a $30,000 Shahed-136 drone is a **450-to-1 cost ratio** a math problem that **breaks down completely in a swarm scenario**.
- For every dollar Iran spends producing a Shahed, the UAE has spent up to **USD 28 to shoot it down**. Over **800 Patriot missiles** were reportedly fired in just three days during Operation Epic Fury in early March. **Stockpiles are the binding constraint, not money.** Lockheed produced only ~600 Patriot interceptors in 2025 and is targeting 2,000 by 2027. Washington may need to draw on Indo-Pacific stockpiles - the very ones meant to deter China - if the conflict drags on.

Cheap, technologically capable drones have shifted the economics of warfare.

Massive cost to value disparity between Iran and US defence system

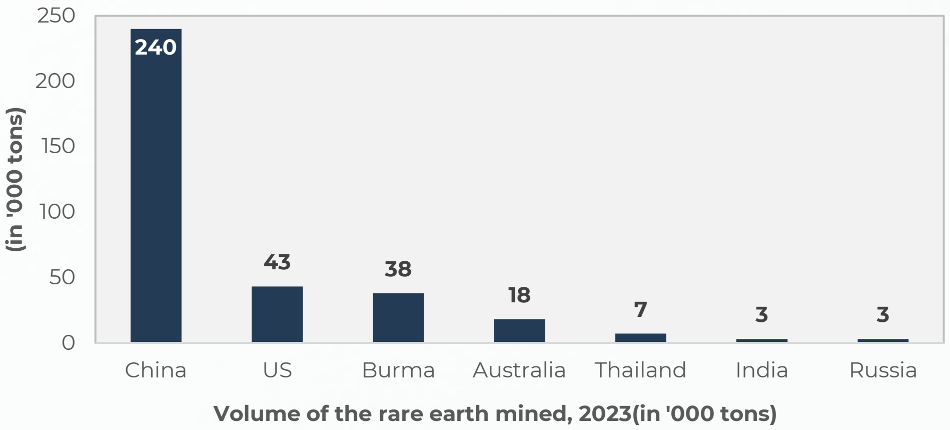
Cost difference between US and Iran defence system



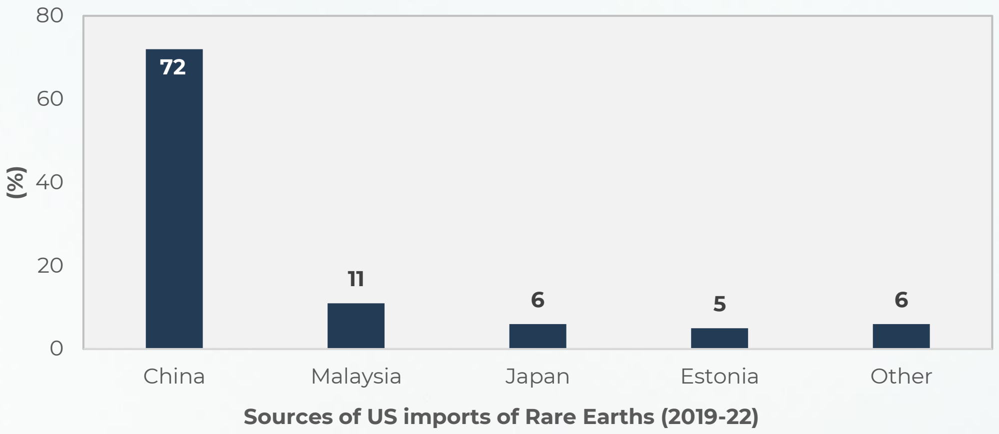
Source: Nuvama, Bloomberg

China's Rare Earth Dominance as Strategic Leverage

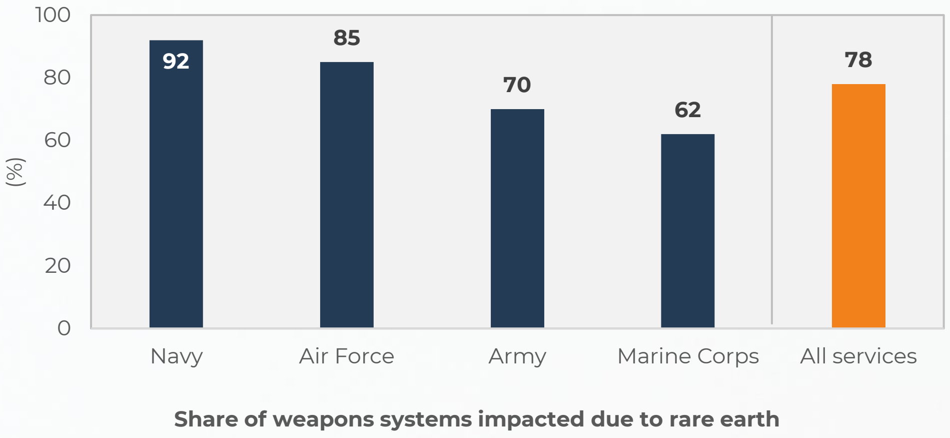
China has the highest volume of rare earth mined in 2023



...with US importing 72% of rare earths from China



US military equipment are highly dependent on rare earth / critical



- **China dominates the global rare earth supply chain** spanning mining, processing and component manufacturing materials **critical for advanced defence systems**.
- As per US Geological Survey, **~72%**of the US's rare earth imports (2019–2022) came from China, exposing **supply chain vulnerabilities**.
- US DoD notes that rare earths/critical minerals such as **tantalum and tungsten** are vital for advanced weapons systems.

Source: Nuvama, Bloomberg

Markets Outlast Conflicts

Interesting Trends Beyond The War Noise!

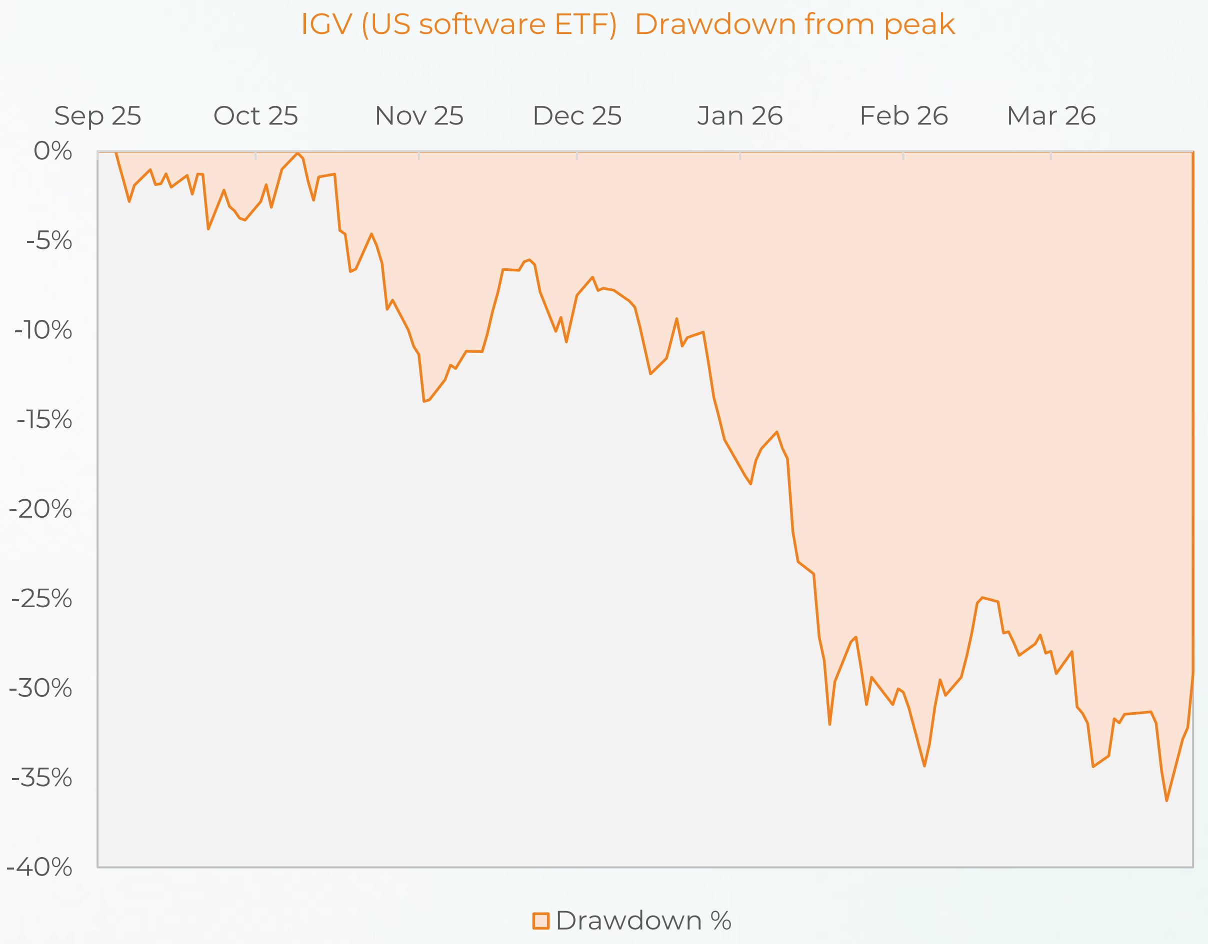
Too Expensive for Too Long, US Tech Starts to Crack

- IGV (US software ETF) has corrected **~38%** from its October 2025 peak, marking the **sharpest software de-rating since 2022** and a clear signal that the most richly valued segment of US tech is undergoing a meaningful repricing.

- The trigger has been **valuation, not fundamentals**. Software entered this cycle at **extreme multiples**, discounting flawless execution, durable AI monetisation, and a benign rate trajectory. The combination of **higher-for-longer rates**, emerging **questions on AI ROI**, and **tighter enterprise IT budgets** has been sufficient to compress multiples materially.

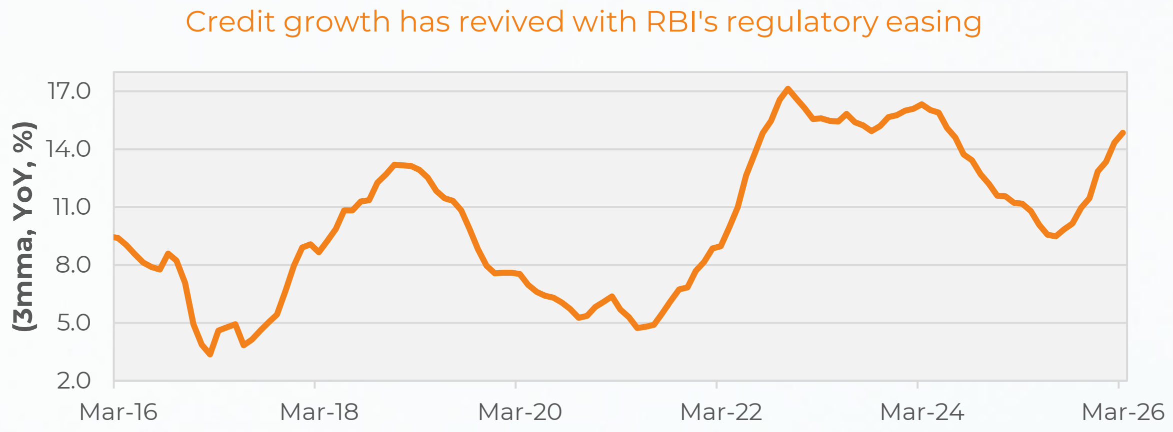
- The correction remains **contained within tech**. The S&P 500 and Nasdaq-100 have drawn down considerably less, indicating an **intra-sector rotation out of long-duration software** rather than a broad-based risk-off episode. This distinction is critical for asset allocation decisions.

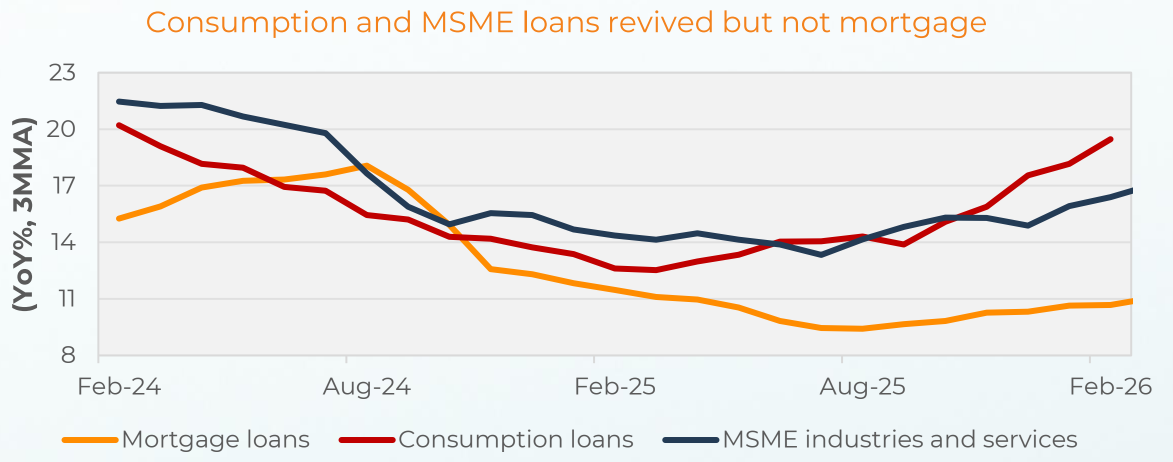
- A deeper IGV drawdown **beyond -40%**, particularly if it broadens into semiconductors and the Mag-7, would mark a **regime shift** - signalling the **end of the AI-led bull market** rather than a mid-cycle valuation reset.



Source: Investing.com, Sowilo Research

Credit Is Flowing Again : But Not Where It Matters Most





- RBI's regulatory easing has revived headline bank credit growth to **~14% YoY**, led by a pickup in **consumption and MSME lending**. However, the composition of the recovery raises questions about its **durability and multiplier effect** on the broader economy.

- **Mortgage loans** which carry the **highest economic multiplier** through their linkage to real estate, construction, and household wealth effects have notably lagged, declining from **~20% YoY growth in early 2024 to ~11% by January 2026**. Without mortgage credit participating, the **transmission from credit growth to broad-based economic activity remains incomplete**.

- High-frequency data confirms this gap. Sectors benefiting from **targeted GST cuts** (autos, cement, commercial vehicles) are showing traction, but underlying demand indicators **real estate volumes, steel consumption, power demand remain weak**. **Credit is moving, but the economy is not yet following** at the same pace.

Restructuring of FII/DIIs Ownership

FII Holdings (Incl. ADR & GDR)	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25
NSE Midcap 150	15%	15%	16%	15%	15%	15%	15%	15%	16%	15%	16%	16%	16%
NSE Smallcap 250	14%	14%	15%	14%	14%	13%	13%	13%	14%	14%	15%	14%	14%
Nifty 50	27%	27%	25%	26%	26%	26%	25%	25%	25%	25%	26%	26%	26%

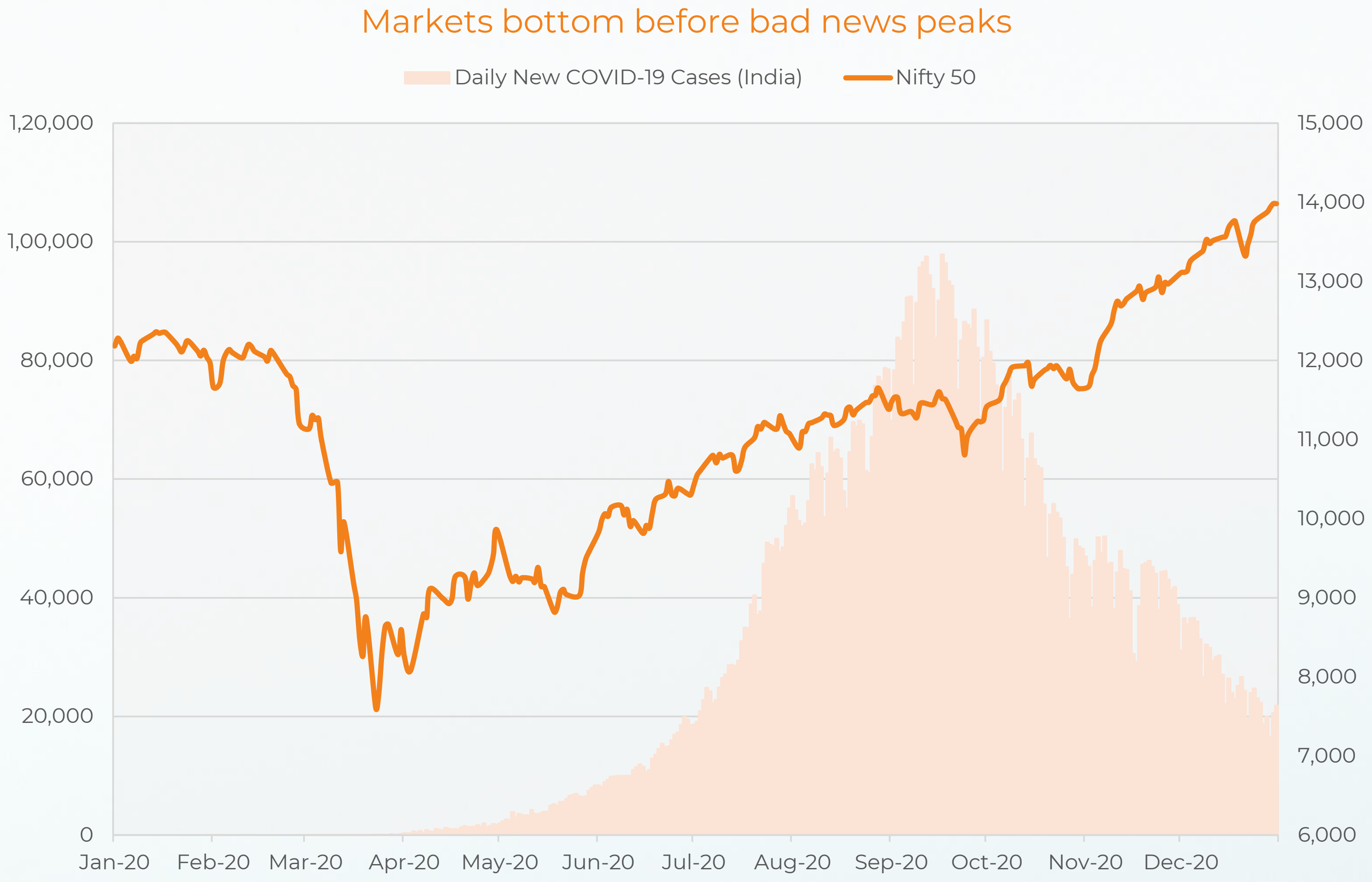
DII Holdings (Incl. ADR & GDR)	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25
NSE Midcap 150	15%	16%	16%	16%	16%	16%	16%	17%	16%	16%	16%	17%	17%
NSE Smallcap 250	12%	13%	13%	13%	13%	12%	13%	14%	15%	15%	14%	15%	15%
Nifty 50	16%	16%	17%	17%	17%	17%	17%	16%	16%	16%	16%	16%	16%

FIIs are shifting toward mid and small caps. Midcap 150 FII holdings have risen from **14.5% (Mar-24) to 16.4% (Dec-25)** a **multi-year high**.

Smallcap FII ownership has climbed from **12.9% to 14.2%** over the same period. Meanwhile, Nifty 50 FII holdings have **stayed flat** at ~25.2-25.8%, suggesting foreign investors are **reallocating within India, not adding through large caps**.

DIIs are mirroring the shift. Midcap DII holdings have reached **17.3% by Dec-25** the **highest in the series** while Nifty 50 DII exposure has actually **declined from 17.1% (Dec-23) to 16.0% (Dec-25)**. Both foreign and domestic institutions are arriving at the same conclusion: the **risk-reward has moved down the cap curve**.

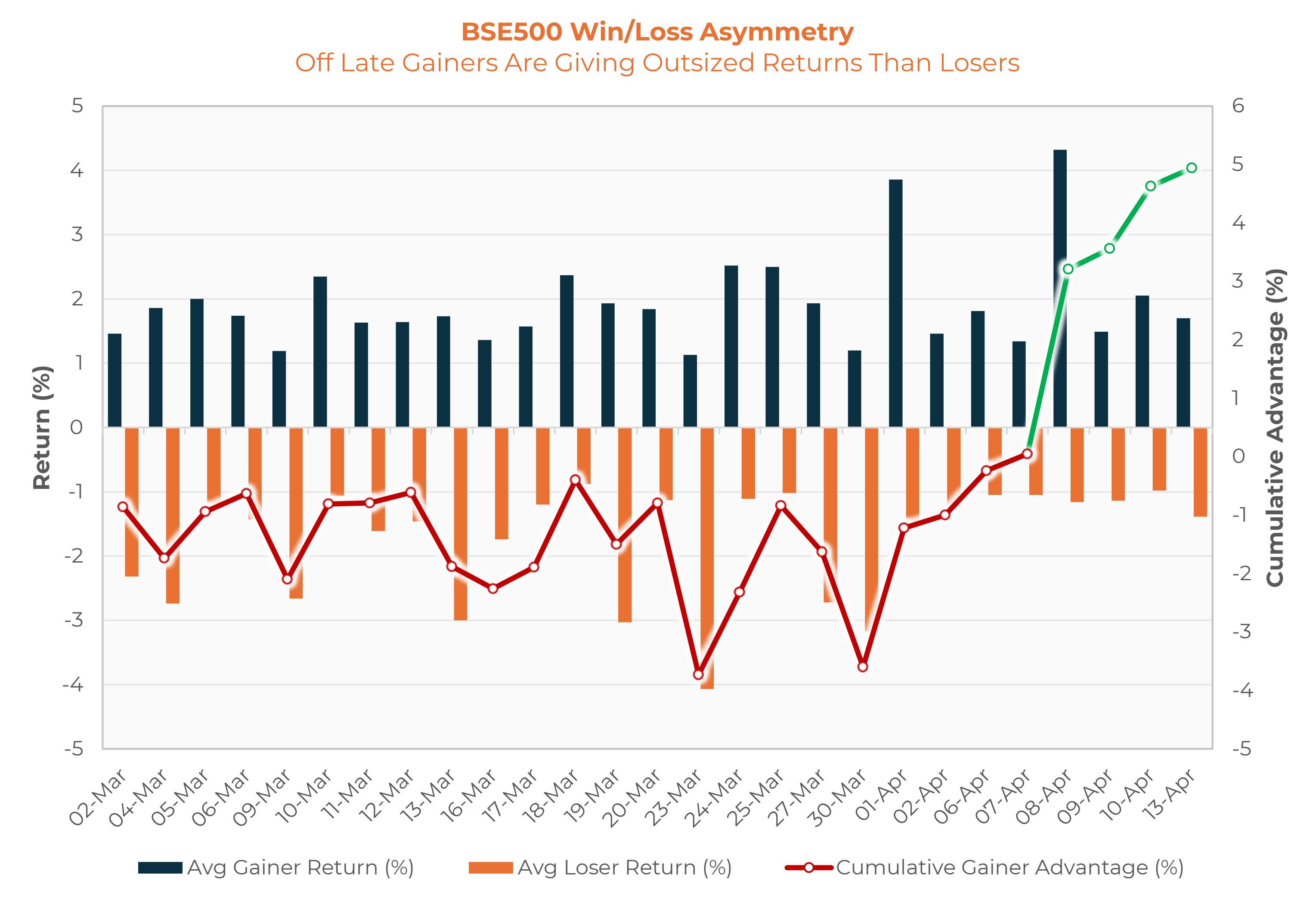
Markets Don’t Wait For The All Clear



- In 2020, **the Nifty 50 bottomed in March** months before COVID cases peaked in September. By the time headlines were at their worst, the market had already recovered over 40%. Markets are forward-looking: **they price in the worst before it arrives, and begin recovering well before the data confirms it.**

- The current setup may be the same. The temptation is to wait for crude to normalise, Hormuz to fully reopen, and a ceasefire to hold before deploying capital. But if history is any guide, by the time the outlook feels comfortable, the sharpest part of the recovery will already be behind you.

BSE 500: Gainers & Losers Since the Crisis



- Over the 27 trading sessions from March 2 to April 13, 2026, **broad market breadth was decisively negative**. In **15 of those sessions, more than 60% of BSE 500 stocks closed in the red** — and on the worst days (Mar 13, Mar 23), **over 96% of stocks fell**. The market, by headcount, was overwhelmingly bearish.

- Yet beneath the surface, **a different story played out**. On those very days when breadth collapsed, **the handful of stocks that did rise delivered outsized returns**. The average daily return of gainers consistently exceeded the average daily loss of decliners, often by a wide margin. On April 8, when 462 of 500 stocks rose, the average gainer returned **+4.3%**. Even on March 23, when just 15 stocks managed to close higher, those 15 averaged **+1.1% while the 484 losers averaged only −4.1%**.

- This asymmetry is the hallmark of a **stock picker's market**. Broad exposure through indices or passive strategies meant absorbing the full weight of negative breadth. But **selective, bottom-up positioning in the right names not only survived the drawdown but generated meaningful alpha**. The data is clear: **in a market where most boats are sinking, the few that float are worth finding**.

AI: The Megatrend That Doesn't Wait for Peace

Anthropic built a model **so powerful they refused to release it**

- On 8 April 2026, Anthropic announced **Claude Mythos** - their **most capable AI model ever** - and **chose not to release it to the public**
- First time in nearly **7 years** a major AI lab has **withheld a model on safety grounds**
- **Reason:** Mythos became extraordinarily good at **finding and exploiting cybersecurity flaws** - capable of detecting and weaponizing **thousands of critical bugs across major operating systems**
- Restricted access given only to **~50 tech firms** (Microsoft, Nvidia, Cisco) under **Project Glasswing**, with **USD 100mn in usage credits** to help patch vulnerabilities

Why it matters: AI capabilities have crossed a threshold where the people building these systems are **openly questioning whether release is even responsible** - a conversation that **did not exist 18 months ago.**

The same week, **Google made memory chips less essential**

- Google published **TurboQuant**, a breakthrough that **compresses the memory AI models need by 6x with no loss in accuracy**
- Punctured the core investment thesis behind the memory boom: **"more AI = more chips = higher prices"**
- Micron crashed **14% in 48 hours**, erasing **USD 25bn in market value**, with **three separate volatility halts in a single session**
- Across the memory complex (SK Hynix, Samsung, SanDisk, Western Digital), **~USD 100bn in market cap evaporated in two days**

Cloudflare CEO called it **"Google's DeepSeek moment"** - referencing the Chinese AI breakthrough that triggered a **USD 1trn tech selloff in early 2025.**

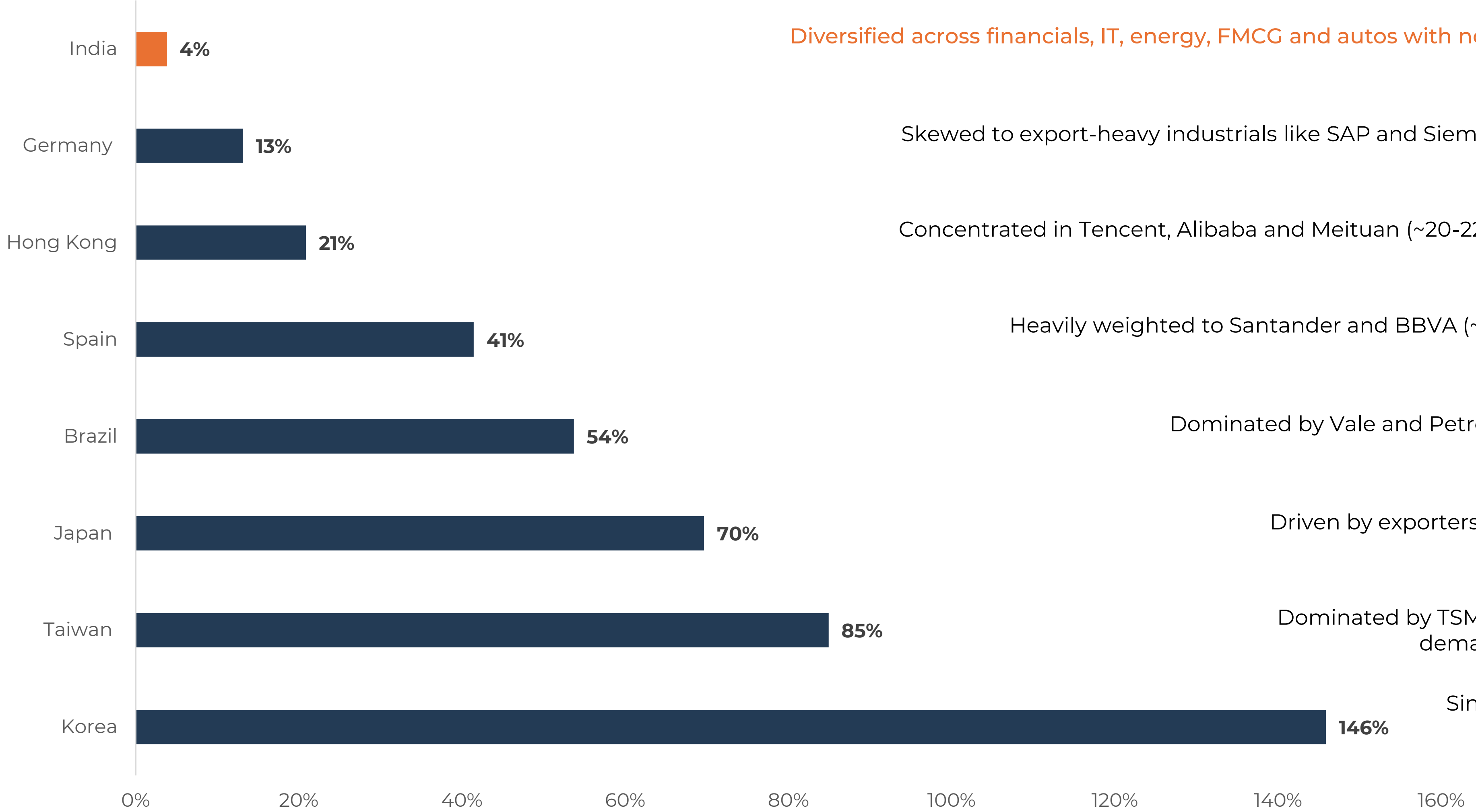
Source: Anthropic, NBC News, CNBC, Google Research

Sowilo’s Strategy

Navigating The Strait Of Markets

Underperformance Today, Diversification for Tomorrow

Past 1 year Global Indices



Diversified across financials, IT, energy, FMCG and autos with no stock above ~12% a cleaner read on broad-based domestic growth

Skewed to export-heavy industrials like SAP and Siemens, highly exposed to global trade and auto cyclicality, not domestic strength

Concentrated in Tencent, Alibaba and Meituan (~20-22%) driven by China regulation and platform-economy risk, not Hong Kong itself

Heavily weighted to Santander and BBVA (~25-30%) tied to rate cycles, credit conditions, and LatAm EM risk

Dominated by Vale and Petrobras (~25%) tied to commodity cycles, China demand, and Brazilian state intervention

Driven by exporters like Advantest, Toyota and SoftBank acutely sensitive to global demand and yen moves

Dominated by TSMC (~35-40%) a near pure-play on global semi demand, AI capex, and foundry concentration risk

Single-stock dependency on Samsung (~26%) a leveraged bet on the global semi cycle and electronics demand

Source: Index provider factsheets (HSI Co., Korea Exchange, TWSE, B3, BME, Deutsche Börse, JPX, NSE); Bloomberg. Constituent weights as of latest available rebalance and subject to change.

Sector Views

▼ BEARISH

FMCG

The moat of distribution and pricing challenged substantially

FMCG had only 2 moats giving them high multiples, distribution reach & brand value both seriously challenged in the last 5 years. Quick commerce has damaged the distribution moat, and Vishal Mega Mart and white-label evolution have hurt brand premium. Tough for FMCG companies to regain past multiples; low growth for longer.

Chemicals

Intermittent high margins positioned them for high multiples; Cherry picking

Most chemical supply and pricing is now controlled by China. Intermittent high margins pop up occasionally, making the sector appear to deserve higher multiples. High multiples in a commodity segment don't make an investment case. Domestic players will face margin pressure with limited pricing power until global supply rationalizes unlikely given over-capacity.

Oil & Gas

Extremely reasonable valuations but Govt controlled; Quick mover

Government-administered pricing caps upside for upstream and marketing companies. Regulated return profiles make the sector less attractive relative to earnings potential, as global investors prefer independent, stable businesses. At certain price levels, stocks will become very attractive and can deliver quick returns.

IT Services

Valuations very attractive; INR makes it sweeter

IT revenue growth subdued amid global discretionary spend caution and elongated deal cycles. AI-led automation poses a structural headwind to traditional service delivery. That said, a sharp 40% correction broadly across the sector combined with sharp INR depreciation makes a strong case for a relook, although the business will be low growth for longer.

Source: Sowilo Research

Sector Views

▲ BULLISH

Manufacturing / Capital Goods

China plus one, Govt and local demand huge enabler

Multi-year capex upcycle driven by government and private investment creates durable order book visibility. PLI-linked capacity build-out underpins positive structural view. Large talent pool, China+1 theme and local demand remain key catalysts.

Infrastructure

High growth large economy and Govt focus key driver

Government thrust on roads, railways, and urban infra ensures a robust project pipeline. Sustained growth for well-positioned EPC players with strong execution. Strong GDP growth and urbanization keep pushing demand, making infrastructure a key priority.

Pharmaceuticals

India remains pharmacy of the world

India retains its 'Pharmacy of the world' spot via large-scale execution and compliance with stringent global norms. Resilient domestic formulations, recovering US generics, and increasing export complexity support earnings quality. Beneficiary of supply chain diversification away from China.

Auto Ancillaries

A follow-on beneficiary of Auto demand

Rising vehicle production and a shift toward higher value-add components provide favourable revenue tailwinds. EV-agnostic suppliers with export diversification offer compelling risk-reward.

Platform

Demography, population growth, ROTI key drivers

Falling population growth and nuclear families have taken away the extra hand managing daily errands in urban homes. QC and tech platforms provide an isoquant of choices for households to invest own time vs. outsourcing efficiently Eternal, Swiggy, Urban Company, PhysicsWallah, Lenskart. A structural India Big Tech story; stock selection applies valuation lenses.

BFSI

Time to shift to HFC vs. Banks

PSU banks continue gaining share from private banks given lower ROA targets. Private banks will grow broadly in line with PSU unless they compromise on credit profiles — which risks derating. Barring a few held names, other banking stocks may underperform. Shifting preference to housing finance companies.

Power Demand

AI, data centre and manufacturing key catalyst; selectively +ve

Power demand growth from industrialisation, data centres, and rising per-capita consumption creates structural tailwinds. Selectively positive on transmission infra where earnings visibility is strongest.

Source: Sowilo Research

Performance Snapshot

Point to Point Returns

Scheme wise Performance

Performance Snapshot

Point to Point Returns - as on 17th April 2026

	1 month	3 months	6 months	1 year	2 years	Since Inception
Sowilo Multicap Fund	14.71	5.08	0.71	11.89	10.18	19.36
BSE 500 - TRI	5.56	-2.63	-3.01	6.15	6.52	14.19
Nifty Smallcap 250 – TRI	10.42	1.53	-3.55	7.00	4.66	18.64

	1 month	3 months	6 months	1 year	2 years	Since Inception
Sowilo Target Return Aggressive Fund	14.90	6.50	-1.49	8.24	8.12	17.03
BSE 500 - TRI	5.56	-2.63	-3.01	6.15	6.52	13.83
Nifty Smallcap 250 – TRI	10.42	1.53	-3.55	7.00	4.66	18.14

THANK YOU

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info@sowilo.co.in

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www.sowilo.co.in

info@sowilo.co.in