

Cohesion MK Best Ideas

Investment Report

April 2026



Cohesion
Accessing India's Growth



Quarter 1 2026 Review

During the first quarter, Cohesion MK Best Ideas delivered USD returns of -14.61%. It is of some small comfort to report that we outperformed all key Indian market indices and the peer group during the period, as shown in Table 1. At the time of writing, there has been a meaningful recovery in the performance.

Table 1 – Performance Comparison

31 st March 2026 (USD)	Performance (%)	
	March 2026	Q1 2026
Cohesion MK Best Ideas (USD)^	-10.81	-14.61
Cohesion MK Best Ideas (GBP)^	-9.09	-13.01
MSCI India ¹	-14.93	-18.09
MSCI India Mid Cap ¹	-14.29	-16.79
MSCI India Small Cap ¹	-13.77	-18.45
Nifty 50 ¹	-14.44	-18.39
Nifty Mid Cap ¹	-14.09	-16.89
Nifty Small Cap ¹	-13.33	-18.07
Peer Group Average*	-14.06	-18.45

“A day in Trump time is an eternity”

That’s not our quote. That’s directly from President Donald J. Trump.

Regular readers of our newsletter will remember that we entered 2026 with great confidence. The Indian economy was firing on all cylinders, driven by a very robust consumer and infrastructure spending environment. We were also optimistic about the outlook for the US-India trade talks, which were gradually grinding through the few remaining points of difference.

*1Data for indices ;The peer group includes 40+ India-focused equity funds ; ^Gross Asset Value (GAV) returns; data as on 31st March 2026; Past performance is not indicative of future results.

It will be clear to all readers that the world has changed over the last month due to the effects of the conflict in Iran and the wider Middle East. We won't waste time discussing the broader political and economic context of this crisis. There is no shortage of information and analysis swirling around which covers this. It is probably safe to say that around the world, inflationary expectations are up, uncertainty is up, and risk appetite is down. Anyone offering predictions that stretch beyond that analysis and what will happen over the next few days is guessing. For this reason, whilst we are following political and economic news flow very carefully, we are not allowing ourselves to get pulled into it. There have already been countless announcements by all the protagonists suggesting escalations and de-escalations, and these have been met with whipsaw movements in energy, commodity, bond, and equity markets. We have learned over the first year of President Trump's second term that any newly announced policy should be treated with caution.

Volatility creates opportunity

We have regularly commented that periods of volatility provide opportunities for well-prepared investors. When other investors are panicking, they can provide us with the chance to buy stakes in wonderful businesses at bargain prices. This is happening all over the market at the moment. Indeed, nearly 80% of the top 1,000 listed companies in India have corrected by more than 20% from their 52-week highs, with over half declining by more than 30%¹. It truly is a stock picker's paradise. In companies we have known for many years and deeply admire, we are seeing share prices we can scarcely believe.

Our response to the current crisis is to work even harder than usual. We are speaking with multiple portfolio companies and an even greater number of companies on our active consideration list, and have been working relentlessly to navigate the situation. There will eventually be clarity and certainty, and we want to be thoroughly prepared for this.

Although events in the Middle East are dominating the news, it's easy to forget that there has been good news elsewhere. February saw a major breakthrough in the US-India trade talks, with tariffs slashed from 50% to 18%² and plenty of mutual praise as major strategic trading partners. The US Supreme Court's ruling on the mechanism of President Trump's tariffs has muddied the waters somewhat, and the Middle East conflict has temporarily pushed all tariffs out of the global spotlight. Nevertheless, there is clear evidence that relations are back on track, which is a good sign for where trade terms will land. This follows other recent major trade partnerships with India including the Free Trade Agreement (FTA) finalized between India and the European Union (EU) on January 27, 2026², hailed as the "mother of all deals" due to its massive scale, covering 2 billion consumers and nearly 25% of the global GDP.

It is also very encouraging to see the continued growth of domestic demand for Indian equities. Foreign investors have been heavy sellers of Indian equities as they have entered "risk-off" mode. In the past, Indian markets would have struggled to absorb these flows, but today there is a large, healthy, and predictable regular savings market in India that can mop up selling. We have previously commented that foreign investors will, at some point, return to Indian equities. In a world where predictable growth is scarce, we believe it is inevitable that they will return sooner or later. When that happens, there is the potential for a swift and substantial squeeze.

*¹Source: Bloomberg and NSE India historical data , ² Official Press Releases from The White House , European Commission etc.; Past performance is not indicative of future results.

Bear markets are never pleasant. We have seen plenty over our long careers, and the right thing to do in each case has been to buy more. During every bear market, it is possible to draw up a longer list of reasons to remain bearish than to become bullish. The people who make the very best CAGRs are those who are willing to put their own emotions aside and indeed benefit from the emotions of others.

Table 2 – Nifty 50 Major Market Corrections (>=15%) & Subsequent Recoveries*

#	Year	Event / Crisis	Peak Date	Trough Date	Fall (%)	Fall Duration	Recovery (%)	Recovery Duration	Root Cause
1	1992	Harshad Mehta Scam	Apr 1992	Apr 1993	-56	12 months	142	18 months	Securities fraud & market manipulation
2	1994	Post-reform Correction	Sep 1994	Dec 1996	-45	27 months	98	20 months	Economic slowdown & FII outflows
3	2000	Dot-com Bust	Feb 2000	Sep 2001	-56	19 months	168	24 months	Global tech bubble collapse
4	2004	Election Shock	Jan 2004	May 2004	-30	4 months	165	12 months	Surprise UPA election victory
5	2006	Global EM Sell-off	May 2006	Jun 2006	-30	45 days	65	7 months	Global emerging market risk-off
6	2008	Global Financial Crisis	Jan 2008	Mar 2009	-60	14 months	175	16 months	Lehman collapse, global recession
7	2011	European Debt Crisis	Nov 2010	Dec 2011	-28	13 months	50	18 months	Eurozone debt crisis, domestic inflation
8	2015	China Slowdown	Mar 2015	Feb 2016	-23	11 months	35	14 months	China growth scare, INR depreciation
9	2018	NBFC Crisis	Aug 2018	Oct 2018	-16	75 days	28	10 months	IL&FS default, NBFC liquidity crisis
10	2020	COVID-19 Crash	Jan 2020	Mar 2020	-38	55 days	125	7 months	Global pandemic & national lockdowns
11	2021	Post-peak Correction	Oct 2021	Jun 2022	-19	8 months	40	10 months	Global rate tightening, inflation surge

A bullish view from the bottom-up

When faced with global macro uncertainty, we have found that the best approach is to focus on the individual portfolio companies and ask ourselves a simple question: **“Will this company be worth substantially more in the future than today?”** Where this assessment is supported by underlying fundamentals, we may place less emphasis on short-term fluctuations and market noise.

A common theme in our conversations with portfolio companies is the sense that customers and producers are understanding of each other's situations and are working through the logistics challenges together. We have written extensively about some of our favourite engineering businesses in the past. The message we are getting from them is that they have full order books and that their customers accept that there may inevitably be some delays or cost-push inflation caused by the current environment, but that this is entirely due to exogenous events. This may cause revenues or earnings to slip by a quarter or two, but in the context of a twenty-year growth story, this is a small pause and one that some of the share price declines cannot justify.

*Source: NSE India historical data. Recovery measured from trough to next significant peak or pre-crash level; Past performance is not indicative of future results.

There has been increasing discussion around a potential shift toward quality-oriented investment strategies. In fairness, some quality stocks have performed well. We have held substantial positions in pharmaceutical companies for many years, and they have served us very well, but this is largely due to judicious stock picking rather than the quality style.

Investment styles and themes come in and out of favour, and anyone with experience in stock markets will be aware that such rotations can create opportunities in sectors that may be relatively out of favour with investors. It would be fair to say that quality growth companies had become very overvalued around the world a few years ago. We found ourselves looking at such companies and saying, “Yes, it’s a great company, but is it that great?” Today, many quality growth stocks have returned to valuations we haven’t seen in quite a while. At present, we are selectively building our positions and will discuss the names in a future newsletter; however, it could potentially become a significant theme in the portfolio. We need prices to remain depressed for long enough for us to fill our orders as such valuations are relatively scarce and not frequently available in the market.

Prime Focus

Prime Focus should not be thought of as simply the leading Visual Effects (VFX) business in India. It is widely regarded as one of THE leading businesses globally and enjoys as strong a position in Hollywood as it does in Bollywood. Through its DNEG visual effects studio, it has already worked on many internationally acclaimed films, including *Interstellar*, *Tenet*, and the *Dune* franchise. Prime Focus has won 8 Oscars (7 in last 11 years). For context, that’s more than either Weta FX (best known for *Avatar*) or Sony’s Imageworks (best known for the *Spiderman* franchise). They also have 7 BAFTAs to their name. They have a potential global blockbuster, *Ramayana*, all set for release this year, and that could well be the next *Avatar*.

Prime Focus’s Brahma AI business was described recently by the Group’s founder and CEO, Namit Malhotra, as “the real game changer”. Addressing a market forecast to reach US\$130bn by 2030, Brahma AI is a next-generation enterprise artificial intelligence and content technology platform developed within the Prime Focus and DNEG Group ecosystem. The platform is designed to transform how organisations create, manage, and distribute digital content at scale. The excitement around Brahma AI is that it serves a wide range of industries, including media and entertainment, sports, retail, education, healthcare, and enterprise communications. It allows companies to generate video, image, audio, and synthetic content efficiently, helping reduce production costs while accelerating storytelling and global distribution. As a testimony for Brahma AI product and its strength, Google Cloud has announced a partnership with Brahma AI for a joint go to market for enterprise customers globally. To sum up, a core philosophy behind Brahma AI is that human creativity remains central, with artificial intelligence acting as an amplifier. As just one example of its power to transform efficiency, imagine a news anchor who can report from home, yet appear in the relevant location through its digital human, with their voice instantly translated into every language. In a world where many AI returns are hype and hope, Brahma AI is already earning large, growing, recurring revenue.

Prime Focus Studios chooses to partner with proven top-tier studios as co-producers and therefore earns a production share of the movie, with preferential rights to reduce risk. There is an exciting library of recent and upcoming movies here, including The Garfield Movie (with Sony) and Angry Birds 3 (with Paramount and SEGA).

Prime Focus has multiple rerating triggers even after a doubling in the stock price over the last 6 months. Perhaps the most obvious is the potential growth capital for Brahma AI. This is a classic case of a services company who has created AI application product using its expertise and know how.

RBL Bank

We have made a lot of money in both public and private sector banks since the launch of Cohesion MK Best Ideas. At times, there can be **large valuation disparities between similar businesses that differences in fundamentals cannot explain**. Other investors, in our view, are often too concerned with the good or bad past performance of businesses rather than focusing on the real changes taking place.

We see a particularly compelling opportunity in RBL Bank, especially following Emirates NBD's strategic investment. Emirates NBD's involvement marks an important inflexion point for the franchise. Beyond injecting significant growth capital to support balance sheet expansion, ENBD brings deep operational expertise and a demonstrated ability to improve asset quality, strengthen risk controls, and enhance profitability at partner institutions.

We believe this partnership materially improves confidence in RBL's medium-term trajectory. With capital constraints easing, the **bank is positioned to accelerate loan growth while simultaneously improving margins and return ratios**. As operating leverage builds and credit costs normalise, earnings could scale meaningfully over the next four years.

Despite this improving outlook, RBL continues to trade at roughly 1x Price-to-Book¹, a valuation that appears disconnected from its earnings potential and strengthening strategic backing. We therefore view RBL as a classic "**cork underwater**" opportunity – where improving fundamentals and renewed investor confidence could drive substantial upside. At the same time, downside risk remains supported by capital strength and external sponsorship.

Nazara Technologies

It may come as a surprise, amidst the doom and gloom hanging over all global equity markets, to hear that an Indian company has just undertaken a second, very large fund raise. What's more, it did so at a premium. This illustrates the importance of taking a bottom-up view. There are some really positive stories out there if you are looking in the right place.

¹Source: Bloomberg ; Past performance is not indicative of future results.

In January 2025, the company approved raising around ₹500 crore (about US\$54m) from Axana Estates LLP, the entity led by Arpit Khandelwal, founder of Plutus Wealth Management. This was one of the largest-ever single-tranche individual investments of its kind in India. Also, he chose to classify himself as a Promotor rather than Public or FII/DII signalling very clearly his willingness to become actively involved in the future strategy of the company.

This was followed last month by the company issuing convertible warrants at ₹260 each. Crucially, this funding round was supported by both institutional investors and the Promoters, including Plutus. There can be no clearer sign of the management's outlook than when they are using substantial amounts of their own money to buy an instrument that will expire worthless unless the share price rises from here.

Nazara is a serial acquirer with a strong track record of identifying and integrating companies that deliver a lot of value. The company's CEO, Mr Nittish Mittersain, is laser-focused on value creation rather than growth for its own sake. He is unafraid of issuing shares to fund an acquisition, but they must be highly accretive to shareholders. Much of the capital will be used to support strategic acquisitions, particularly Nazara's recently announced investments in Bluetile Games and BestPlay Systems. These acquisitions are central to the company's ambition to build a globally scalable gaming ecosystem, especially in AI-enabled game development, distribution, and user engagement. These businesses have been acquired at a mid-single-digit EV/EBITDA multiple despite adding substantially to Nazara's revenue, EBITDA, and growth rate.

Conclusion

At some point, the political environment will return to a new-normal. The consequences of the current conflict are too serious for too many wealthy nations, and there will be intense lobbying behind the scenes to find a solution that satisfies the demands of Iran, Israel and the US. This is unlikely to be a perfect solution, but it doesn't need to be perfect for markets to breathe a huge sigh of relief. Cohesion MK Best Ideas was born during the nadir of the COVID-19 pandemic. The widespread availability of vaccinations was still many months away, and the economic impact on businesses would last even longer. When we launched, analyst forecasts were practically worthless because company management had so little visibility into their revenues and costs. Over the next three years, we made a great deal of money by identifying wonderful businesses and mapping the direction their earnings could take during a recovery. It was not necessary to exactly predict whether earnings would recover in Q2 or Q3, only that the market had become unjustifiably bearish about wonderful businesses with enduring franchises that would bounce back.

The parallels today are clear. India has been hit over the last 18 months by a trade war, a currency fall and now a supply-side shock, none of which is of its own making. We strongly believe that these factors are transitory in nature and that as they clear, the incredibly strong Indian domestic growth story will shine through again. Whilst no one can predict whether the perfect time to invest is now or in a few months' time, we remain bullish on a 1-2-year view.

Strategy Performance: Data as at 31st March 2026

		Discrete Performance** (%)					
		Q1	Q2	Q3	Q4	YTD	Since Launch: Aug 2020*
USD	2026	-14.61	-	-	-	-14.61	176.10
	2025	-9.29	9.43	-7.14	1.38	-6.55	223.35
	2024	14.49	18.08	8.14	2.56	49.95	246.02
	2023	-7.06	19.14	12.60	14.78	43.12	130.75
	2022	-2.22	-13.25	13.45	2.18	-1.68	61.23
	2021	11.31	11.01	13.13	1.58	42.00	63.98
	2020	-	-	-0.19	15.70	15.48*	15.48
		Q1	Q2	Q3	Q4	YTD	Since Launch: Aug 2020*
GBP	2026	-13.01	-	-	-	-13.01	173.13
	2025	-12.26	3.12	-5.17	1.16	-13.20	213.99
	2024	15.47	17.89	2.24	9.60	52.53	261.75
	2023	-8.98	15.71	17.25	9.99	35.83	137.17
	2022	0.71	-6.41	23.69	-5.54	10.12	74.60
	2021	10.40	10.63	16.12	1.15	43.45	58.56
	2020	-	-	1.08	9.35	10.54*	10.54

*Cash deployed cautiously during COVID-19 outbreak and 90% deployment reached by end of February 2021

	Equity	Cash
1st 6 months	45%	55%
1st 12 months	68%	32%
Since Inception	85%	15%

*August 1st 2020

**net of taxes and fees, gross of performance fees

Portfolio – 31st March 2026

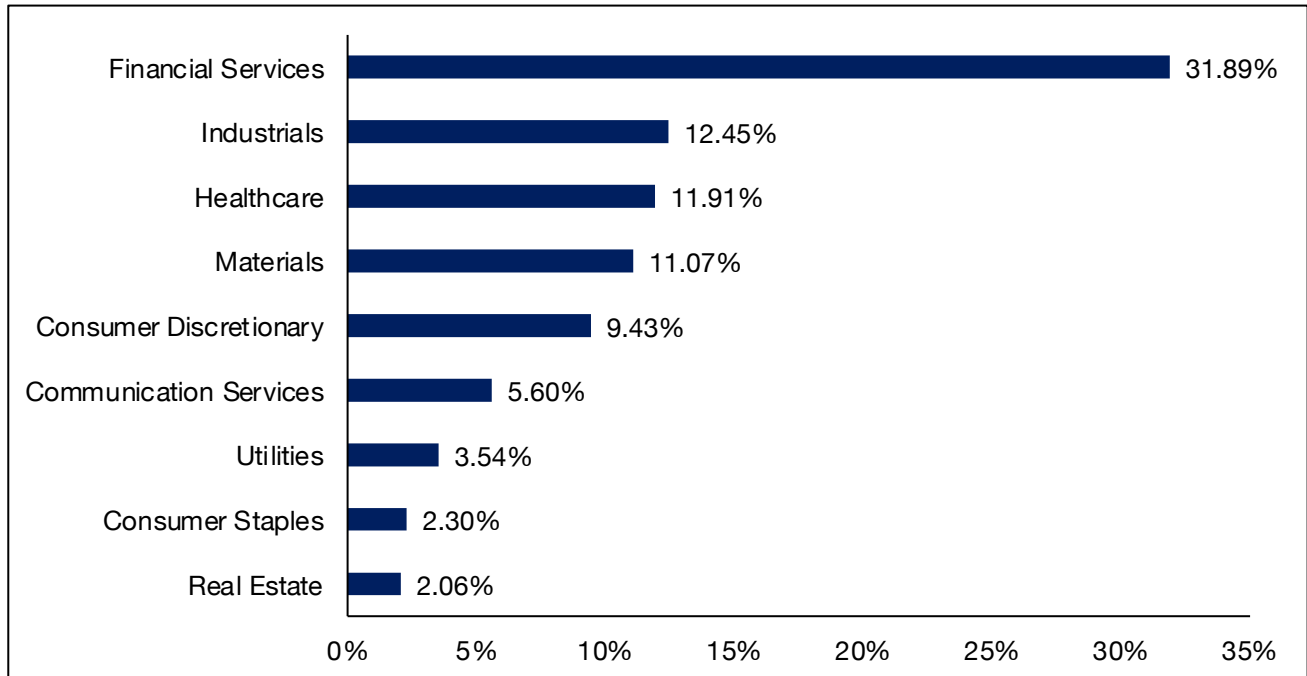
Top 5 Holdings

Security Name	% Holding of Portfolio
RBL Bank Limited	8.68%
Manappuram Finance Limited	7.90%
ICICI Bank Limited	6.76%
Prime Focus Limited	5.60%
Lloyds Metals and Energy Limited	5.19%

Past performance is not indicative of future results.

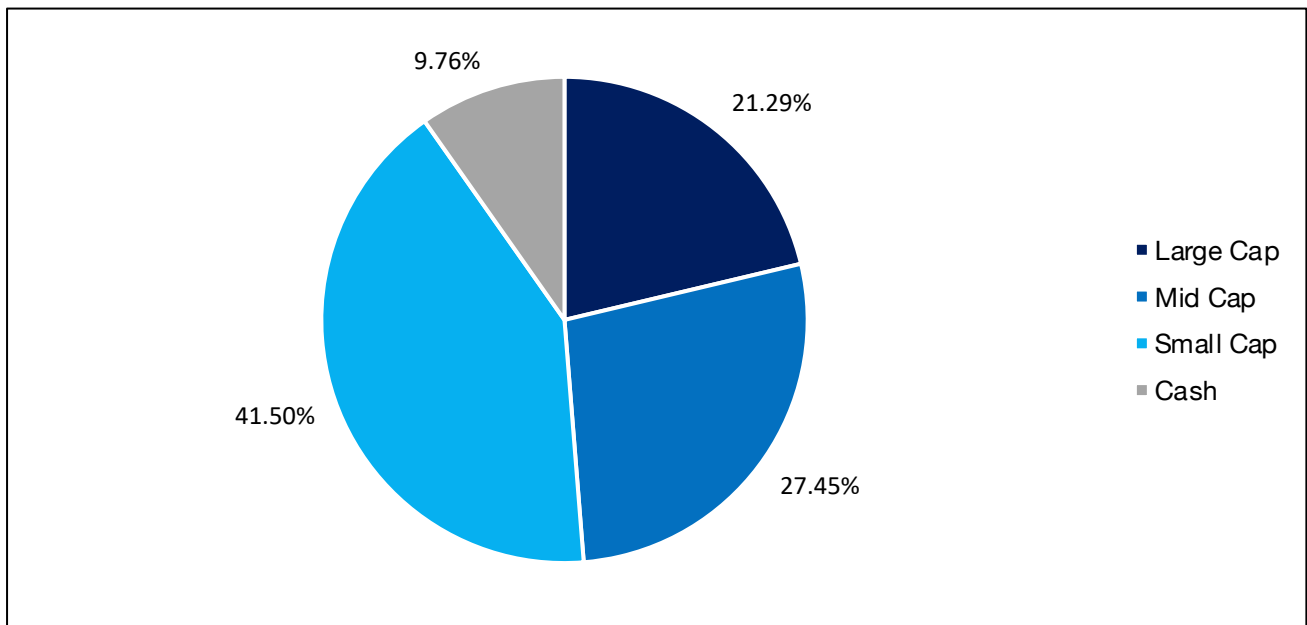
Portfolio – 31st March 2026

Sector Exposure



Portfolio allocations may not add to 100% due to rounding and cash holding

Market Cap Exposure




Market cap breakdown – Large Cap: Companies with a Market Cap above US\$6 billion, **Mid Cap:** Companies with a Market Cap between US\$1.25 to US\$6 billion, **Small Cap:** Companies below US\$1.25 billion

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Cohesion has appointed Invexa Capital LLP (“Invexa”), led by Mr. Madhusudan Kela, as the Investment Adviser. In its role as an Investment Adviser, Invexa Capital provides non-binding investment advice and recommendations to Cohesion, while Cohesion retains full discretion, responsibility, and authority for all investment decisions, portfolio construction, and risk management in relation to the Sub-Trust.

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