JM Financial

AlphaHedge

Alpha Generation Strategy – Quant Model Portfolio

August 2026 Portfolio

Portfolio Creation Date: **August 04, 2026**
Portfolio Rebalance Date: **September 01, 2026**

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India-focused Quant Model Portfolio

- Model Portfolio underperformed compared to its benchmark Nifty 500 Index.
- Portfolio construction remains aligned with the original investment philosophy and methodology.
- Quant team shall continue to monitor and report the performance in subsequent editions.

Constituents in Nifty 500 Index
500
Basket of long-only
50
Factors
4
Fresh Inclusions
5
Exclusions
5

Our AlphaHedge Quant Model Portfolio has generated a monthly return of -1.48% since inception, versus 0.08% for the Nifty 500 Index over the month of Jul'26, representing excess return of approximately -1.56 percentage points. Underperformance is mainly due to high volatility caused by earnings across the observation period, with the portfolio behind of benchmark in Jul'26.

Major drivers of earnings-led underperformance

Factor mismatch: The model weights factors like momentum and earnings yield over 12 months, but the market rewards short-term top-line beats or speculative momentum instead.

Revision lag: Quantitative signals rely on historical data and reporting, causing the model to miss rapid fundamental shifts or surprise revisions.

Rebalancing friction: Scheduled model rebalance dates occur after initial earnings reactions, meaning the portfolio absorbs the volatility without capturing the pre-announcement drift.

This report presents performance and attribution only; the underlying investment philosophy and construction methodology are not repeated here as they are covered in the inaugural report referenced below.

AlphaHedge Quant Model Portfolio: July 2026

Performance snapshot

Exhibit 1: AlphaHedge – Performance snapshot

Performance Return (Since Inception)	-1.48%
Benchmark Nifty 500 Index Return (Since Inception)	0.08%
Alpha Generation (Excess Return)	-1.56%

Source: JM Financial, Bloomberg

Performance attribution

Factor attribution over the period indicates that the liquidity and volatility factors were the primary contributors to relative return, together accounting for approximately -1.56 percentage points of excess return.

These attribution results should be interpreted with appropriate caution given the relatively short performance history since launch; factor and sector contributions may vary meaningfully across future periods.

Inclusion and exclusion

During Aug'26 portfolio review, there shall be five additions and five deletions from the AlphaHedge portfolio.

Exhibit 2: List of inclusions and exclusions

Exclusion	Inclusion
ACUTAAS	CESC
AXISBANK	ICICIBANK
BAJAJHFL	OIL
KIRLOSENG	PNBHOUSING
SCI	TMPV

Source: JM Financial, Bloomberg

Exclusions and inclusions from the portfolio are mainly due to poor performance across all four factors considered during portfolio construction.

Constituents for Aug'26, with their respective weights in percentage, are shown in Exhibit 3 on the next page.

Exhibit 3: AlphaHedge Quant Model Portfolio with constituents and their respective weights for Aug'26

NSE Symbol	Ticker	Weight (%)	NSE Symbol	Ticker	Weight (%)
INDUSINDBK	IIB IN Equity	3.1	BPCL	BPCL IN Equity	1.9
ICICIBANK	ICICIBC IN Equity	3.1	NMDC	NMDC IN Equity	1.9
CASTROLIND	CSTRL IN Equity	2.9	PFC	POWF IN Equity	1.9
NTPC	NTPC IN Equity	2.5	VEDL	VEDL IN Equity	1.9
LICI	LICI IN Equity	2.5	CANBK	CBK IN Equity	1.9
SBIN	SBIN IN Equity	2.5	TMPV	TMPV IN Equity	1.9
POWERGRID	PWGR IN Equity	2.5	BANKINDIA	BOI IN Equity	1.9
ACC	ACC IN Equity	2.4	UCOBANK	UCO IN Equity	1.8
COALINDIA	COAL IN Equity	2.3	CHAMBLFERT	CHMB IN Equity	1.8
LICHSGFIN	LICHF IN Equity	2.2	IRB	IRB IN Equity	1.8
IOC	IOCL IN Equity	2.2	OIL	OINL IN Equity	1.8
GAIL	GAIL IN Equity	2.2	INDIANB	INBK IN Equity	1.8
ONGC	ONGC IN Equity	2.2	UNIONBANK	UNBK IN Equity	1.8
PNB	PNB IN Equity	2.2	CESC	CESC IN Equity	1.7
NIVABUPA	NIVABUPA IN Equity	2.1	HINDPETRO	HPCL IN Equity	1.7
BANKBARODA	BOB IN Equity	2.1	KARURVYSYA	KVB IN Equity	1.7
FEDERALBNK	FB IN Equity	2.1	TRIDENT	TRID IN Equity	1.7
NHPC	NHPC IN Equity	2.1	PNBHOUSING	PNBHOUSI IN Equity	1.7
YESBANK	YES IN Equity	2.1	MAHABANK	BOMH IN Equity	1.6
PETRONET	PLNG IN Equity	2.1	NATIONALUM	NACL IN Equity	1.5
HINDALCO	HNDL IN Equity	2.1	WELCORP	WLCO IN Equity	1.5
RECLTD	RECL IN Equity	2.0	J&KBANK	JKBK IN Equity	1.4
CENTRALBK	CBOI IN Equity	2.0	GESHIP	GESCO IN Equity	1.4
GICRE	GICRE IN Equity	2.0	JINDALSAW	JSAW IN Equity	1.3
IOB	IOB IN Equity	2.0	HFCL	HMFC IN Equity	1.1

Source: Bloomberg, JM Financial

Annexure

Disclosures and factsheet

AlphaHedge Quant Model Portfolio is a model portfolio of 50 stocks maintained by the Quant & Alternative (Quant) team of JM Financial Institutional Securities Limited. The purpose of the model is to guide investors on our stock preferences and review the Quant team's recommendations on a regular basis. Stock selection within the universe for the portfolio represents the house view on top picks by the team's Quant analyst. The portfolio assigns weights across various stocks selected by the Quant team of JM Financial Institutional Securities Limited.

- **Universe:** Nifty 500 Index constituents.
- **Methodology:** Our portfolio philosophy is based on bottom-up analysis of stocks on the following factors – liquidity, volatility, earnings yield and momentum. Stock selection within the universe is based on statistical and mathematical methods.
- **Labelling:** The portfolio is labelled as "AlphaHedge Quant Model Portfolio" and includes all stocks within the Nifty 500 universe. The portfolio comprises 50 stocks.
- **Launch date:** 3rd July'26.
- **Investment horizon:** All the recommendations of stocks are for a one-month horizon.
- **Frequency of portfolio review and update:** The portfolio shall be reviewed and updated monthly. In certain cases, there may not be any changes to the portfolio for consecutive periods.
- **Risk disclosures:** The portfolio carries general system and market risks such as volatility and lack of liquidity, and does not mitigate against market conditions, unforeseen news announcements and rumours.
- **Benchmarking:** Weights by stocks in the portfolio are measured against the individual stock's volatility in the Nifty 500 universe. The weights are re-calculated after every update.

Market data source: Bloomberg, JM Financial

APPENDIX I

Investment in securities market are subject to market risks. Read all the related documents carefully before investing.

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The portfolio recommends long positions to benefit from rising prices of securities. A long-only rating for our quant model portfolio indicates that the model exclusively selects securities to buy and hold, expecting their prices to rise. The model systematically over-weights the securities within a benchmark index viz., Nifty 500 to tilt towards factors mentioned in the model.

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