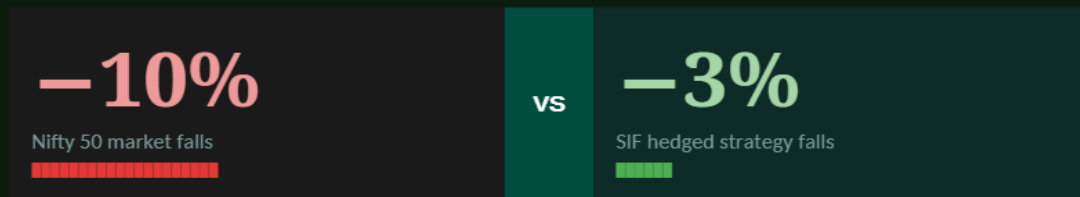


SIF - "When the market falls 10%, why might some funds fall far less?"

• THE MARKET RESILIENCE QUESTION

When the market falls 10%, why do some funds fall far less?

It is not luck. It is not magic. It is a category of investing that most people didn't have access to — until SIF arrived.



Imagine watching the news. Markets have crashed 10%. Everyone around you is worried. You open your portfolio and you see you're only down 3%. That difference isn't an accident. It's the result of a specific, deliberate investment architecture that only a handful of strategies can deliver. SIF is one of them.

"I used to dread market corrections," shared one of our clients. "Every time Nifty fell, my entire portfolio fell with it. Then we added a SIF allocation. During the next correction, when the index dropped 8%, my SIF holding dropped just 2.5%. For the first time, I didn't feel like the market owned my emotions."

That experience of a portfolio that doesn't fall as hard when markets fall is the defining quality of well-structured SIF strategies. And understanding why this happens is what separates informed investors from the rest.

1. The simple reason most funds fall with the market

A traditional mutual fund has one direction: up. It buys stocks, holds them, and rises and falls with the market. This is called being "100% long." If the Nifty falls 10%, a fund that mirrors the market also falls 10%. Your fund manager cannot protect you from a falling market they can only pick better stocks within it.



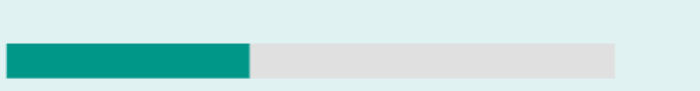
This is not a flaw. It's how regular funds are designed. They are built for growth over time. But they carry full market risk meaning when the tide goes out, all ships go down together.

2. How SIF is architecturally different

SIF- Specialised Investment Fund is allowed to do something regular mutual funds cannot: it can bet on stocks going **down**, not just up. This is called short selling. And

when combined with long positions, it creates something powerful a portfolio that is **not fully exposed to market direction.**

Understanding “Net Exposure” the key to smaller falls

Strategy	Net Market Exposure	%
Regular MF (100% long)		100%
SIF: Long 80%, Short 20%		60%
SIF: Long 70%, Short 30%		40%
Pure cash / FD	<i>No market exposure</i>	0%

Net exposure = long positions minus short positions. Lower net exposure = smaller fall when market drops.

3.The three mechanisms that protect SIF investors

Short selling profiting when stocks fall

SIF managers can identify overvalued or weak stocks and take short positions bets that they’ll fall. When the market drops and those stocks fall hard, the short positions generate profits that offset losses on the long side.

Generates returns even in falling markets

Derivatives hedging a built-in insurance policy

SIF can use options and futures to create a protective floor under the portfolio. Like buying insurance before a storm, these instruments pay out when markets fall sharply directly offsetting losses.

Limits maximum downside exposure

Dynamic net exposure reducing risk before storms



When a manager sees risk rising, they can reduce the portfolio's net long exposure effectively stepping back from the market before the fall. Regular mutual funds cannot do this as freely.

Proactive, not reactive protection

4. Real numbers three crashes, two strategies

Here is how the protection actually played out during India's three major market corrections. The difference is not small it is the difference between a painful year and a manageable one.

Market Event	Regular Fund / Nifty	SIF Hedged Strategy*	Protection Delivered
COVID Crash 2020	-38%	-12%	Saved 26% of portfolio
Rate Hike Selloff 2022	-15%	-4%	Saved 11% of portfolio
Mid-cap Correction 2023	-12%	-3%	Saved 9% of portfolio

**Illustrative figures based on representative long-short strategy performance. Actual results vary by strategy and manager.*

5. The mathematics of recovery

The green line doesn't always go higher. But notice what it **doesn't do**: it doesn't fall as hard. A fund that falls 38% needs to rise **61%** just to get back to where it started. A fund that falls 12% needs to rise only **14%** to recover. Protection isn't just about avoiding pain. It's about the mathematics of recovery.

This is why SIF is not just another product. For investors who have worked years to build a portfolio, the ability to limit a crash from -38% to -12% is not a small upgrade. It is the difference between staying on track for your goals and being set back by years.

“The real measure of a great investment strategy is not just how high it climbs – but how little ground it gives back when the world gets difficult.”

OPULENCE WEALTH — INVESTMENT PHILOSOPHY

As your wealth partner, we are carefully evaluating SIF strategies from leading AMCs assessing their hedging quality, their manager track record, and how they would fit alongside your existing portfolio. This is not a product to rush into. But it is absolutely one worth understanding deeply.

A NOTE FROM YOUR FINANCIAL EXPERT

Your portfolio has been built for the long term. Market corrections are a part of that journey. But there is no rule that says you have to absorb every fall at full force. SIF offers a thoughtful, regulated way to participate in the market’s growth while quietly, structurally, limiting the damage when things go wrong. That combination has never been available to Indian investors at this level before. Now it is.

Connect with your Opulence Wealth to explore if a SIF allocation is right for your portfolio stage.

All figures marked with * are illustrative of representative hedged strategies and not specific fund performance. Past performance does not guarantee future results. SIF strategies carry their own risks including manager risk and strategy risk. Please consult your financial expert before investing.
