From the Fund Manager's Desk

Dear Investors,

As a fund manager and fellow investor, I remain committed to managing the portfolio with a long-term perspective and in the best interests of all unitholders. That alignment shapes every decision we make: what we buy, what we sell, and what we choose to endure.

The calendar year return of the small-cap index, post Lehman crisis has swung from –33% to +60% and currently sits in marginal positive territory, post recovering 18% from March lows. The businesses underneath did not change character that violently; however, their prices did. At present outlook on Small caps remain Neutral with a positive bias. **We look at this segment from 3 vectors, Liquidity, Earnings Growth and Valuation.**

Liquidity: Since the start of the war in West Asia, FIIs have sold ~USD26bn in the Indian markets, while domestic institutional investors (DIIs) have offset this with the purchases of ~USD41bn. Domestic flows in pure midcap and small cap funds continue to remain strong. Small cap funds AUM as % of total active AUM stands around ~11% as of April-26, while their contribution of net inflows has been around 16%-18%.

Earnings Growth: Small cap companies has delivered ~20% earnings growth over last 4 quarters cumulatively, compared to large cap 10% and 25% delivered by Midcaps.

	Cumulative profits (Rs Trn)			Last 5 Quarters Adjusted PAT Growth YoY				
	June-24 to Mar-25	June-25 to March -26	Growth	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26
Nifty 500	15.1	17.2	14%	9%	11%	15%	14%	15%
Large Caps	11.1	12.2	10%	6%	10%	9%	12%	10%
Mid Caps	2.8	3.5	25%	27%	16%	32%	16%	36%
Small Caps	1.3	1.5	21%	8%	7%	40%	26%	14%

Source: AMSEC research

Valuation: Since September-24, one year fwd P/E of Nifty 50 has corrected from ~25x to ~19x while of Small cap has corrected from 24x to 22x supported by domestic inflows and better earnings growth.

Source: MOSL research

Why we are positively biased

1

Earnings are set to compound at healthy rate. Small-cap index EPS (Earnings Per Share) has compounded at ~21% from FY19 to FY26 and is expected to grow near a **17% CAGR over FY26–FY29.**

2

Balance sheets are the healthiest in years. Small-cap ROE (Return on Equity) has risen from 8% (CY19) to 12%, (CY26) while net debt-to-EBITDA (Earnings Before Interest Tax Debt and Amortization) has fallen from 5.1x to under 0.91x during same time. Higher returns on far less leverage justify a structurally better multiple.

3

No more excesses in sentiments: Past 18 months the small cap index was flat, which provides a better base for generating positive returns over next 12-18 months. **"Successful investing often requires patience before markets reward investors".**

From a market standpoint, the Nifty Smallcap 250TR is up ~2.2% YTD in CY26 and has been in the green from past 2 months, with April delivering an 18% rebound. Small-cap funds inflows hit a record ₹6885 crore in May 2026, signalling renewed investor conviction. Key risk is while earnings outlook looks good but can deteriorate in case of a prolonged West Asia conflict. We may see downgrades in consumption driven sector due to higher-than-expected input prices.

Source: ABSLAMC internal assessment

How The Fund Has Performed

We would rather you judge us on a full cycle than on any single window. Here is the record in full, including the parts we are still working to improve:

Return (%)	3M	6M	1 Year	3 year*	5 year*	10 year*
Aditya Birla Sun Life Small Cap Fund - Regular Plan	8.6	5.6	8.7	17.4	13.8	13.1
Category Average	6.8	2.0	4.5	18.0	17.3	16.9
BSE 250 SmallCap Total Return Index	7.6	1.0	1.2	18.8	16.7	15.8

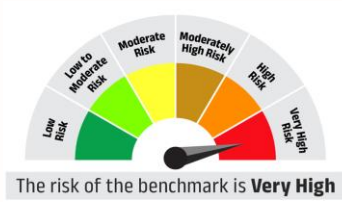
*Returns over 1 year are annualised. Source: Internal Peer set & Value research

The recent picture is encouraging: **over three, six and twelve months the fund has beaten its category average as well as benchmark, helped by where we were positioned in the market.** Our stock selection in Industrials, Automobile and Auto components, Metals and Textiles has helped the performance while allocation in stocks like Mrs Bectors, Swiggy, KEC international, ABREL has hurt. We are transparent about the longer-term numbers: 5-year and 10-year ranks need improvement, and the portfolio changes we have made over the past year are designed to address that. Thank you for your trust and your patience.

Warm regards,

Abhinav Khandelwal
Senior Fund Manager – Equity
Aditya Birla Sun Life AMC Ltd.

Product Label

Scheme Name	This product is suitable for investors who are seeking*	Risk-o-meter of Scheme	Risk-o-meter of Benchmark
Aditya Birla Sun Life Small Cap Fund (An open ended equity scheme predominantly investing in small cap stocks)	• Long term capital growth • Investments primarily in small cap companies	**Aditya Birla Sun Life Small Cap Fund**  	**BSE 250 SmallCap TRI** 

*Investors should consult their financial advisors if in doubt whether the product is suitable for them.

Data as on: May 31, 2026

Issuer(s) / Stock(s) / Sector(s) mentioned above are for the purpose of disclosure of the portfolio of the Scheme(s) and should not be construed as recommendation. The fund manager(s) may or may not choose to hold the same, from time to time.

Inception - May 31, 2007	Since Inception	10 Years	5 Years	3 Years	1 Year
Aditya Birla Sun Life Small Cap Fund - Growth	12.34%	13.14%	13.83%	17.42%	8.72%
Value of Std Investment of ₹ 10,000	91,267	34,364	19,106	16,183	10,870
Benchmark - BSE 250 Small Cap Index TRI	10.42%	15.81%	16.71%	18.75%	1.19%
Value of Std Investment of ₹ 10,000	65,779	43,406	21,644	16,739	10,118
Additional Benchmark - Nifty 50 TRI	10.66%	12.54%	9.88%	9.54%	-3.85%
Value of Std Investment of ₹ 10,000	68,556	32,593	16,012	13,140	9,616

Past performance may or may not be sustained in future. The above performance is of Regular Plan - Growth Option. Kindly note that different plans have different expense structure. Load and Taxes are not considered for computation of returns. When scheme/additional benchmark returns are not available, they have not been shown. Total Schemes Co-Managed by Fund Managers is 2. Total Schemes managed by Mr. Abhinav Khandelwal is 2. Total Schemes managed by Mr. Dhaval Joshi is 7. Refer annexure on page no. 195-196 to know more on performance of schemes managed by Fund Managers. Note: The exit load (if any) rate levied at the time of redemption/switch-out of units will be the rate prevailing at the time of allotment of the corresponding units. Customers may request for a separate Exit Load Applicability Report by calling our toll free numbers 1800-270-7000 or from any of our Investor Service Centers.

Aditya Birla Sun Life Small Cap Fund - Growth	Since Inception	10 Year	5 Year	3 Year	1 Year
Total Amount Invested (Rs.)	22,70,000	12,00,000	6,00,000	3,60,000	1,20,000
Total Value as on May 31, 2026 (Rs.)	1,09,88,882	25,04,287	8,44,454	4,22,082	1,29,634
Returns	14.77%	14.10%	13.68%	10.67%	15.47%
Scheme Benchmark - BSE 250 Small Cap Index TRI	13.61%	16.58%	14.05%	7.74%	5.60%
Additional Benchmark - Nifty 50 TRI	11.71%	11.62%	7.26%	2.82%	-9.27%

Past Performance may or may not be sustained in future. The fund's inception date is May 31, 2007, and the initial SIP instalment is considered to have been made on that date. Subsequent instalments occur on the first day of every following month. #Scheme Benchmark, ##Additional Benchmark. For SIP calculations above, the data assumes the investment of ₹10000/- on 1st day of every month or the subsequent working day. Load & Taxes are not considered for computation of returns. CAGR returns are computed after accounting for the cash flow by using XIRR method (investment internal rate of return). Where Benchmark returns are not available, they have not been shown. Past performance may or may not be sustained in future. Returns, greater than 1 year period, are compounded annualized.

Fund Managed by other Fund Manager

ADITYA BIRLA CAPITAL
MUTUAL FUNDS

Name of the Fund manager: Mr. Abhinav Khandelwal

Period	1 year	3 year	5 year	Since Inception
Aditya Birla Sun Life Multi-Cap Fund Regular Plan - Growth	4.21%	15.10%	13.56%	14.51%
Nifty 500 Multicap 50:25:25 TRI (Benchmark)	1.43%	16.43%	14.47%	15.53%
Nifty 50 TRI (Additional Benchmark)	-3.85%	9.54%	9.88%	10.87%
Aditya Birla Sun Life Multi-Cap Fund Direct Plan - Growth	5.36%	16.43%	15.10%	16.09%
Nifty 500 Multicap 50:25:25 TRI (Benchmark)	1.43%	16.43%	14.47%	15.53%
Nifty 50 TRI (Additional Benchmark)	-3.85%	9.54%	9.88%	10.87%
Aditya Birla Sun Life Small Cap Fund Regular Plan - Growth	8.72%	17.42%	13.83%	12.34%
BSE 250 Small Cap Index TRI (Benchmark)	1.19%	18.75%	16.71%	10.42%
Nifty 50 TRI (Additional Benchmark)	-3.85%	9.54%	9.88%	10.66%
Aditya Birla Sun Life Small Cap Fund Direct Plan - Growth	9.80%	18.62%	15.01%	16.63%
BSE 250 Small Cap Index TRI (Benchmark)	1.19%	18.75%	16.71%	13.88%
Nifty 50 TRI (Additional Benchmark)	-3.85%	9.54%	9.88%	12.13%

Note:

a. The concerned fund manager manages 2.
b. In case the number of schemes managed by a fund manager is more than six, performance data of other schemes (top 3 and bottom 3 schemes managed by the fund manager) has been provided herein.
c. Period for which scheme's performance has been provided is computed based on last day of the month-end preceding the date of advertisement.
d. Different plans shall have a different expense structure. The performance details provided herein are of regular/direct plan.

Name of the Fund manager: Mr. Dhaval Joshi

Period	1 year	3 year	5 year	Since Inception
Aditya Birla Sun Life Flexi Cap Fund Regular Plan - Growth	4.93%	16.38%	12.70%	20.67%
Nifty 500 TRI (Benchmark)	0.28%	13.92%	12.49%	15.59%
Nifty 50 TRI (Additional Benchmark)	-3.85%	9.54%	9.88%	14.03%
Aditya Birla Sun Life Flexi Cap Fund Direct Plan - Growth	5.77%	17.32%	13.64%	16.16%
Nifty 500 TRI (Benchmark)	0.28%	13.92%	12.49%	13.52%
Nifty 50 TRI (Additional Benchmark)	-3.85%	9.54%	9.88%	12.13%
Aditya Birla Sun Life Us Equity Passive FOF Regular Plan - Growth	57.68%	34.17%	NA	20.26%
Nasdaq 100 TRI (Benchmark)	59.09%	35.83%	NA	22.30%
Nifty 50 TRI (Additional Benchmark)	-3.85%	9.54%	NA	7.34%
Aditya Birla Sun Life Us Equity Passive FOF Direct Plan - Growth	58.21%	34.65%	NA	20.72%
Nasdaq 100 TRI (Benchmark)	59.09%	35.83%	NA	22.30%
Nifty 50 TRI (Additional Benchmark)	-3.85%	9.54%	NA	7.34%
Aditya Birla Sun Life Small Cap Fund Regular Plan - Growth	8.72%	17.42%	13.83%	12.34%
BSE 250 Small Cap Index TRI (Benchmark)	1.19%	18.75%	16.71%	10.42%
Nifty 50 TRI (Additional Benchmark)	-3.85%	9.54%	9.88%	10.66%
Aditya Birla Sun Life Small Cap Fund Direct Plan - Growth	9.80%	18.62%	15.01%	16.63%
BSE 250 Small Cap Index TRI (Benchmark)	1.19%	18.75%	16.71%	13.88%
Nifty 50 TRI (Additional Benchmark)	-3.85%	9.54%	9.88%	12.13%
Aditya Birla Sun Life Global Emerging Opportunities Fund Regular Plan - Growth	33.65%	21.95%	12.38%	7.30%
MSCI ACWI Index (Benchmark)	44.61%	28.06%	17.62%	14.46%
BSE Sensex TRI (Additional Benchmark)	-7.23%	7.32%	8.85%	11.71%
Aditya Birla Sun Life Global Emerging Opportunities Fund Direct Plan - Growth	34.37%	22.64%	12.97%	7.82%
MSCI ACWI Index (Benchmark)	44.61%	28.06%	17.62%	15.93%
BSE Sensex TRI (Additional Benchmark)	-7.23%	7.32%	8.85%	11.87%
Aditya Birla Sun Life Global Excellence Equity Fund of Fund Regular Plan - Growth	32.43%	22.35%	15.27%	8.31%
MSCI World Index (Benchmark)	41.52%	27.63%	18.16%	13.56%
BSE Sensex TRI (Additional Benchmark)	-7.23%	7.32%	8.85%	8.76%
Aditya Birla Sun Life Global Excellence Equity Fund of Fund Direct Plan - Growth	33.21%	23.09%	15.94%	9.45%
MSCI World Index (Benchmark)	41.52%	27.63%	18.16%	16.61%
BSE Sensex TRI (Additional Benchmark)	-7.23%	7.32%	8.85%	11.87%
Aditya Birla Sun Life International Equity Fund Regular Plan - Growth	32.70%	20.73%	12.17%	9.34%
S&P Global 1200 TRI (Benchmark)	46.13%	29.10%	19.21%	13.81%
Nifty 50 TRI (Additional Benchmark)	-3.85%	9.54%	9.88%	9.00%
Aditya Birla Sun Life International Equity Fund Direct Plan - Growth	33.35%	21.41%	12.90%	12.35%
S&P Global 1200 TRI (Benchmark)	46.13%	29.10%	19.21%	17.40%
Nifty 50 TRI (Additional Benchmark)	-3.85%	9.54%	9.88%	12.13%

Note:

a. The concerned fund manager manages 7.
b. In case the number of schemes managed by a fund manager is more than six, performance data of other schemes (top 3 and bottom 3 schemes managed by the fund manager) has been provided herein.
c. Period for which scheme's performance has been provided is computed based on last day of the month-end preceding the date of advertisement.
d. Different plans shall have a different expense structure. The performance details provided herein are of regular/direct plan.
e. First three Regular plans are Top 3 performers and last three Regular plans are Bottom 3 performers.