



Electrum Laureate Portfolio - August 2022

Objective

Our scheme is focussed on compounding returns over medium to long term by investing in small and midcap companies. Our Strategy is designed to look for value mispricing opportunities in high quality business franchise managed by a strong and agile management team with good corporate governance record.

Investment strategy

- Active Management
- Concentrated portfolio
- Bottom-up stock picking
- High equity risk profile
- Mid and Small-Cap Oriented Strategy

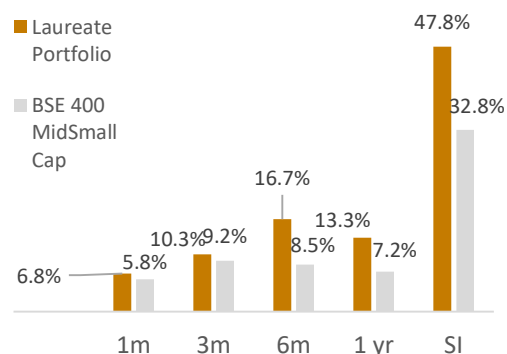
Market Summary

Nifty returned 3.5% in August 2022 while BSE Midsmallcap returned 5.8%. India is currently tagged as TINA (there is no alternative). India's market cap has crossed \$3 tr as it appears best placed in terms of growth. So far in August, FII's have pumped around \$7.5bn into 9 regional emerging markets and India has taken lion's share of this at \$5.7 bn. Indian markets have been surprisingly quite resilient in the backdrop of a monetary tightening cycle by Central Banks in the western World. While Fed aims to return to inflation target of around 2%, policy tightening is a given under any circumstance. This will lead to some slowdown in US. EU is also under similar condition with high inflation and increasing interest rates by their Central Banks. The latest economic data on US remains mixed with labour market remaining strong. This has led to a strong dollar with yields moving up. Fed is fine with inflicting some pain in the economy to achieve price stability. This will have some impact on risk assets like equities. Markets are pricing in 50-75 bps rate increase in Sept 2022 policy in US and around 50 bps again next year. We are in a 'quantitative tightening' scenario from the most heard 'quantitative easing' over the last couple of years.

India seems to be relatively expensive in terms of valuations in the near term. Nifty trades at around 21x fy23 eps. However, growth going ahead looks strong and hence Nifty may remain expensive. From here we believe equity markets may be volatile and in consolidation phase for remainder of the current calendar year. However, this period will also definitely give many opportunities to an investor to build a quality portfolio from medium to long term perspective.

Now coming to the reasons for India's resilience, we believe India is on the cusp of a significant jump in the capex cycle led by various policy initiatives and stable Government at the Helm. Further evidence of the resilience and animal spirits is the strong GST collections at 1.49 Lac cr second highest level ever. August 2022 GST collections have been Rs. 1.44 lac cr, more than Rs. 1.4 lac cr for 6th consecutive month led by better compliance and economic recovery. A growing automobile market, Make in India, Atmanirbhar Bharat and PLI schemes gaining traction as well as China plus one playing out are more reasons for this traction. Further, bank credit growth in Apr June 2022 quarter grew 14% registering highest quarterly growth since Dec 2016. This was followed by a 10.8% growth in March quarter thus registering 2 consecutive months of double-digit growth. Double digit growth hints at revival in capex as well as consumption. Banks balance sheet is in great shape with enough liquidity as well as much better asset quality. Our portfolio is well placed to capture the above opportunities. We are continuously reviewing the portfolio and keeping a watch on any incremental opportunities withing our investment philosophy and framework.

Electrum Laureate Performance



Returns	1m	3m	6m	1 Yr.	Since Inception (SI)*
Laureate Portfolio	6.8%	10.3%	16.7%	13.3%	47.8%
BSE 400 MidSmall Cap	5.8%	9.2%	8.5%	7.2%	32.8%

*Date of inception – 23/11/2020

Key terms

Scheme: Electrum Laureate
Benchmark: BSE 400 MidSmall cap Index
Min. Investment: Rs 50 lakhs
Strategy type: Open ended

Top Sectors

Sector	(%)
Specialty Chemicals	24.6%
Auto Ancillaries	16.2%
Consumer Durables	13.2%
Capital Goods	12.9%
Financials	9.3%

Top 5 Holdings

Company	(%)
RajRatan Global Wire	6.5%
Apcotex Industries Limited	6.2%
La Opala	6.0%
PCBL	5.5%
Craftsman Automation	5.3%

Portfolio attributes	FY 23	FY24
P/E (x)	20x	18x
D/E (x)**	0.22x	0.19x
ROE (%)	19.4%	19.5%

**Excluding ICICI Bank

*Formerly known as Arihant Asset Management, SEBI reg No. INP000006660

Disclaimer: Returns are calculated based on Time weighted rate of return and are after expenses. Returns more than 1 year are annualized. Individual client performances may differ based on entry and exit in the portfolio. Past performance should not be construed as a guarantee of future performance. Equity investments are subject to market risks. The performance related information is not verified by SEBI.