



## Electrum Laureate Portfolio - June 2023

### Objective

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

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

### Market Summary

The Indian stock market made a very strong comeback in last 3 months that led both the NIFTY 50 and BSE Sensex to climb to their all-time highs helped by stable macro outlook and benign raw material prices, improved supply chains, robust corporate balance sheets, moderating inflation and strong FII inflows. FIIs invested ₹27,250 crore (Cash) in Indian markets in June. This marks the fourth consecutive month of net buying by FIIs. FII net buying was a whopping of 60,817 Cr in Q1FY24 against net selling of 50,557 Cr in Q4FY23. While monsoon started on a slow note in the country, it has improved in the last few days which is positive. Another key event over the last few days is the mega merger approval of HDFC Ltd-HDFC Bank creating a behemoth institution and with this merger the bank has made its way in the top 10 banks worldwide by market capitalisation.

To move on, Q4 FY23 earnings have also been encouraging indicating continued demand traction. The Government's effort to make India a manufacturing hub continues. This has led to beginning of capex cycle after many years in India. Government capex has picked up and we believe private capex will also increase meaningfully going ahead. We are seeing order books of capital good companies increasing continuously. PLI Schemes, tax sops among other benefits will be positive. Efforts on defence indigenisation, increasing road network, improvement and enhancement of rail network including introduction of semi speed Vande Bharat trains, increasing power generation capacities including substantial focus on renewable energy is all paving the way for additional business to companies and development of the country.

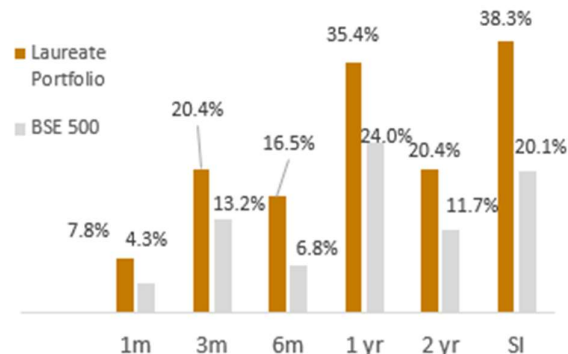
While market continues to witness new high's markets may show some profit booking in the near term. However, high frequency growth indicators such as GST collections, PMI services, credit growth, PV sales, etc. suggest that growth continues to hold up in India. Monthly GST revenues crosses Rs 1.6 lakh crore mark for the 4<sup>th</sup> time since inception. Domestic PMI was at 57.8 in June by far the best in Asia. Total PV sales in the domestic market during June increased 21% to 32,588 units from 26,880 units, YoY. India's CPI eased to a more than 2-year low of 4.25% in May against 4.70% in April. For the month of June, the PMI saw a healthy expansion on account of sustainability in factory production as the companies scaled up production and sales in response to a stronger increase in India factory orders. Inflation data of US shows 4.9% in June down from 4% in May, the lowest in two years. However, we may see some final rate hikes during the year. China's manufacturing PMI (49) contracted for 3rd month in a row in Jun'23 while the non-manufacturing activity was the weakest since Dec'22. With this sluggish performance, China's expectation of a 5% GDP growth looks quite stretched.

On the portfolio side we are invested largely towards niche or market leading companies. We are continuously reviewing the portfolio and making changes wherever necessary. We continue to look at newer ideas with strong growth opportunities, balance sheets and good managements. Staggered buying on well-researched ideas and using intermittent correction to buy good quality companies always pays off in the long run.

\*Formerly known as Arihant Asset Management, SEBI reg No. INP000007544

**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. #The benchmark of the strategy is changed from BSE 400 Midsmallcap to BSE 500 (TRI) index wef 1.4.2023 to comply with SEBI circular SEBI/HO/IMD/IMD-PoD-2/P/CIR/2022/172 dated December 16, 2022

### Electrum Laureate Performance



Returns	1m	3m	6m	1 Yr.	2 Yr.	SI* Annualised
Laureate Portfolio	7.8%	20.4%	16.5%	35.4%	20.4%	38.3%
BSE 500#	4.3%	13.2%	6.8%	24.0%	11.7%	20.1%

\*Since Inception Date – 23/11/2020

### Key terms

**Scheme:** Electrum Laureate

**Benchmark:** BSE 500

**Min. Investment:** Rs 50 lakhs

**Strategy type:** Open ended

### Top Sectors

	(%)
Specialty Chemicals	18.4%
Auto Ancillaries	14.7%
Capital Goods	13.9%
Consumer Durables	10.4%
Financials	8.2%

### Top 5 Holdings

	(%)
Craftsman Automation Ltd	6.2%
PCBL	5.7%
Ion Exchange India Limited	5.6%
Hindustan Aeronautics Ltd	5.6%
Mishra Dhatu Nigam Limited	5.4%

Portfolio attributes	FY 24	FY25
P/E (x)	22.0	16.4
D/E (x)**	0.20	0.16
ROE (%)	19.7	20.3

\*\*Excluding financials