



Electrum Laureate Portfolio - March 2023

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.

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

Market Summary

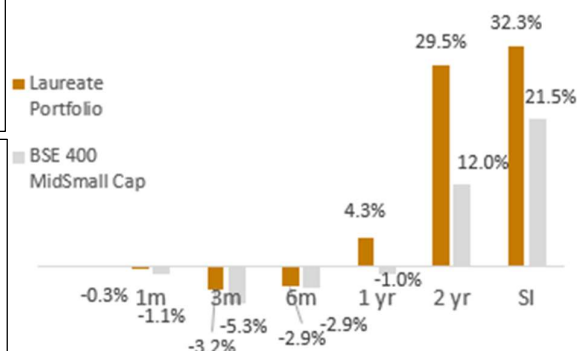
BSE400 MidSmall Cap index was down 1.1% in March 2023 while BSE Sensex down nearly 1.4%. Indian equities continued to underperform global equities due to fear of international banking crisis, tax hike in debt mutual fund, unseasonal rain, rising El Nino risk, and sudden surge in Covid-19 cases.

The collapse of the regional US Silicon Valley Bank (SVB) on 10th March triggered stress in financial markets and volatility spiked. Further, this stress also spread to European banks with most recently the Credit Suisse Group coming under pressure leading to an acquisition by the UBS. Increase in interest rates has caused distress in financial markets as well as slowdown globally. The ECB stood its course raising all policy rates by 50bps along with Fed hiking by 25bp in March, continuing its inflation fight. Fed commentary was dovish as FED is considering rate hike pause due to the ongoing banking system stress. Consensus expects Fund rate towards the end of CY23 at 4.1%, lower than FOMC estimate by 100 bps (44% probability of rate hike in May'23 with expectation of rate cut from July policy onwards). Indian equity markets saw some decline, especially Mid & small caps throughout march followed by some recovery in the end of the month. We have already seen a very long consolidation of 15 to 18 months in small and mid-caps where these stocks have already corrected 30-50%. In the current scenario considering banking crisis and global slowdown amid sharp fall in stocks, we feel that the downside risk is low and current fall is indicating opportunity to buy more.

The high frequency growth indicators such as GST collections, PMI services, credit growth, PV sales, industrial production etc. suggest that growth continues to hold up in India. We continue to see healthy credit growth in the system led by strong balance sheets at banks end as well as growth led by capex and infrastructure. The capex cycle is progressing well amid global challenges. Rural recovery could boost the growth ahead; however, the El-Nino effect may cool down this excitement in short run. We believe India will be the fastest growing economy for next few decades, and Indian markets will catch up while attracting strong flows. We are seeing rebound in FII inflows where March 2023 has seen nearly 1639 cr Inflows by FII (Cash) in Indian equities, vs 11,000 Cr and 41,000 Cr outflow in Feb and Jan 2023.

On the portfolio side we are largely invested largely towards niche or market leading companies having some pricing power and are also focussed on domestic growth to a large extent. We believe that recent correction provides a good entry point given benign valuation, dovish Fed, strong domestic capex triggers (PLI scheme, central and state capex), benign raw material prices and improved supply chain. We are continuously reviewing the portfolio and booking profits wherever valuations are high, or market offers better stock opportunity. Equity markets are never linear and bullish and bearish cycles are part and parcel of market. Volatility will throw opportunities to accumulate strong businesses at reasonable valuations and without such opportunity's wealth creation is not easy. Thus, timing the market is a useless exercise and we continue to look at newer ideas with strong growth opportunities, balance sheets and good managements on a continuous basis. We believe India is a growing stock which will give strong returns over medium to long term and thus we remain positive from investment point of view.

Electrum Laureate Performance



Returns	1m	3m	6m	1 Yr.	2 Yr.	SI* Annualised
Laureate Portfolio	-0.3%	-3.2%	-2.9%	4.3%	29.5%	32.3%
BSE 400 MidSmall Cap	-1.1%	-5.3%	-2.9%	-1.0%	12.0%	21.5%

*Since Inception Date - 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	(%)
Capital Goods	20.6%
Specialty Chemicals	18.1%
Consumer Durables	11.4%
Auto Ancillaries	10.1%
Financials	9.1%

Top 5 Holdings

Company	(%)
Ion Exchange India Ltd	8.2%
Craftsman Automation Ltd	6.4%
La Opala RG Limited	5.9%
TTK Healthcare	5.2%
Multi Commodity Exchange	4.9%

Portfolio attributes	FY 23	FY24
P/E (x)	21	18
D/E (x)**	0.22	0.18
ROE (%)	19.7%	19.8%

**Excluding financials

*Formerly known as Aриhant 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.