



Electrum Laureate Portfolio – October 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

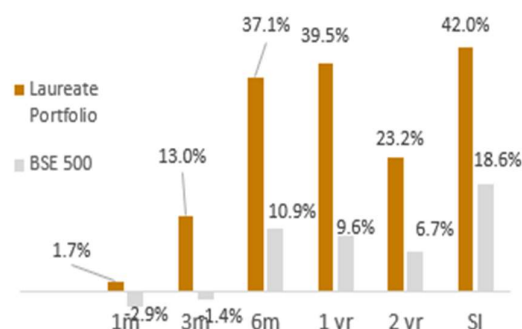
Indian markets witnessed worst week of 2023 in the month of October in terms of drawdown. Both Sensex and Nifty continued to drag amid the uncertainties caused by the Israel-Hamas conflict and the offloading of funds by foreign investors due to the rising US bond yield. FII's sold Rs 29,056 cr (net) in October. Nifty was down nearly 3% while BSE Midcap and small cap were down 3.4% and 1.7% respectively. In case of US indices, the Dow Jones was down by 1.4% and Nasdaq by 2.7%. The Israel Hamas war that started in early October 2023 has impacted the markets to some extent. Geopolitics is one of the biggest threats facing the world economy currently.

Surging interest rates in US has caused some panic in EM equity indices. The yield on the US 10-year bill touched 5% in October for the first time in 16 years after climbing rapidly in recent weeks. This is expected to slow down the surprisingly resilient US economy. Similarly, The Japanese and German benchmark (10yr G sec) bond yields have also seen a similar rise in the past three years.

Q2FY24 earning season and management commentary has been mixed so far. Favourable policies, increase in sanctions of government and private capex spends have boosted the confidence, indicating strong traction on domestic side. However, exports continue to remain weak led by slower demand environment. On a positive note, IMF raised India's FY2024 GDP forecast to 6.3% from 6.1% earlier. GST collections in October 2023 stood at Rs. 1.72 lac cr (second biggest ever collection) highlighting the underlying resilience of Indian economy amidst the global recession fears and geopolitical conflicts. Investment opportunities in India are being enquired at a rate never seen in over a decade. There is a strong trend of diversification of business mainly from China to many other countries including India. This is led by some sort of geopolitical issues, trust deficit as well as concentration of business in one location. China itself is internally facing its worst real estate crisis leading to slower demand for commodities. With continued favorable policies we expect India to strongly benefit from this trend. In the last 3 years we have seen various negative events like Covid 19 pandemic, rapidly increasing interest rates in the developed economies, slowing growth, Russia Ukraine war and the latest being Israel Hamas war. However, India has stood resilient amid strongest balance sheets of corporates and increasing growth opportunities.

We continue to pick structural and niche stories in our portfolio as guided by our investment philosophy. These structural stories can deliver higher risk adjusted returns over medium to long term. These ideas are a mix of turnarounds/special situation and growing companies with strong management at helm, strong balance sheet as well as good growth prospects. We continue to closely monitor the portfolio and make changes wherever required. Some of the themes we are playing through our portfolio are make in India, growing exports, import substitution, defence etc. We believe there are enough opportunities in the market even in the current juncture and we can find those and invest in them. In the event of increased volatility, we would pursue investors to allocate more to equities. We would again like to reiterate that equity returns are never linear and making regular investing a habit would lead to long term wealth creation. As it is often said, time in the market is more important than timing the market!

Electrum Laureate Performance



Returns	1m	3m	6m	1 Yr	2 Yr	SI* Annualised
Laureate Strategy	1.7%	13.0%	37.1%	39.5%	23.2%	42.0%
BSE 500	-2.9%	-1.4%	10.9%	9.6%	6.7%	18.6%

*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

Top Sectors	(%)
Auto & Auto Ancillaries	18.0%
Specialty Chemicals	17.5%
Capital Goods	12.4%
Consumer Durables	10.8%
Exchanges	6.2%

Portfolio attributes	FY 25	FY26
P/E (x)**	19	14
D/E (x)**	0.15	0.1
ROE (%)	22%	23%

** Excluding financials.

*Formerly known as Electrum Portfolio Managers Ltd, 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.