



## Electrum Laureate Portfolio – September 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

Markets rejoiced after stock market touched new all-time highs in September. Post covid 19 we have seen sharp rise in Indian stock markets amid continued flows. This has happened inspite of rise in yields in US and EU. Rising bond yields have spooked the equity market time and again as investors tend to shift away from risky assets. The sharp spike in US bond yields negatively impacts the capital flows to emerging markets. Markets may see some pressure ahead of the increase in yields on a short-term basis. Inclusion of Indian government bonds in the widely tracked emerging market bond index of JP Morgan was a very positive event for India. With exclusion of Russia and troubles in China, the options for global debt investors have narrowed down. This inclusion will likely result in an inflow of ~\$24 billion.

India hosted the 18th round of the G20 summit after taking over its presidency in December 2022. Amidst all geopolitical conflicts, the New Delhi Declaration was adopted with 100% consensus owing to India's diplomacy and rising stature. Key deals included partnership for global infrastructure and investment like the mega India-Middle East-Europe shipping and railway connectivity corridor, launch of 'Global Biofuel Alliance', to fasten the pace of UK FTA talks, more access of information to MSMEs to promote their integration in international trade.

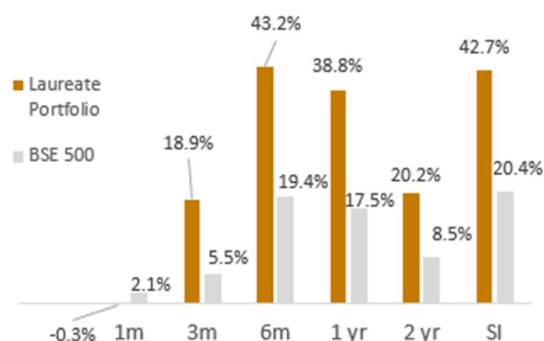
Favorable policies, Government capex in areas like defence, railways, infrastructure has boosted the economic growth. GST collections in September 2023 stood at Rs. 1.62 lac cr, suggesting sustenance of strong economic activity. We have seen strong growth led by capex growth domestically. World Bank forecasted India's GDP to grow 6.3% for FY23-24 despite global headwinds. FII data (cash) showed a net outflow of Rs.26,692 cr in September. Apr – Sept 2023 has seen total FII inflow of Rs 27,427 cr while inflow of 45,512cr was seen by DII. Global allocations to China have been reduced while India allocations increased. 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. With continued favorable policies we expect India to strongly benefit from this trend.

We continue to pick structural stories in our portfolio 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 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. In the current environment we see fund deployment to be slower to accommodate higher valuations in certain pockets. However, we believe there are enough opportunities in the market, and we are able to 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.

\*Formerly known as Arihant Asset Management, SEBI reg No. INP00007544

**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.

### Electrum Laureate Performance



Returns	1m	3m	6m	1 Yr	2 Yr	SI* Annualised
Laureate Strategy	-0.3%	18.9%	43.2%	38.8%	20.2%	42.7%
BSE 500	2.1%	5.5%	19.4%	17.5%	8.5%	20.4%

\*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

Sector	(%)
Auto & Auto Ancillaries	17.7%
Specialty Chemicals	17.5%
Capital Goods	11.6%
Consumer Durables	11.3%
Textile	6.6%

Portfolio attributes	FY 25	FY26
P/E (x)	19	14
D/E (x)**	0.2	0.1
ROE (%)	21%	22%

\*\* Excluding financials