Electrum Portfolio Managers Private Limited*

Electrum Novogram Excel Strategy – April 2025

Objective

The Strategy focuses on investing in emerging small and mid-sized businesses with strong medium to long term growth prospects. The focus is on scalable businesses with strong moats, long runaway for growth, and have a sustainable and scalable business model. These companies will have clean balance sheet and will be companies which can potentially generate reasonable operating cashflows (small cap) and free cashflows (small cap & mid cap) as and when the business scales up.

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

Investment Philosophy

The core of our Philosophy lies in investing in companies with long term scalable and sustainable growth, businesses with strong moats, good corporate governance, strong execution and financial discipline. These companies should have products or services which can make them one of the leaders in their respective sectors.
We use a GARP (Growth at a Reasonable Price) Style to identify and invest in our portfolio companies through our Proprietary Investment Framework ELECT. We focus on Bottoms up research and are sector and benchmark agnostic. We focus on clean balance sheets for companies which have potential to generate operating cashflows (Small Cap) and free cashflows (Mid and Small Caps). We are believers in potential cashflow generation in the business rather than Profitability in the PL statement

Our Unique Elect Framework

- E-Excellent Management
- L-Longevity and Sustainable Growth
- E-Earnings Growth
- C-Capital Efficiency and Cashflows
- T-Turnaround/Mispricing/Contra Opportunities

Investment Process

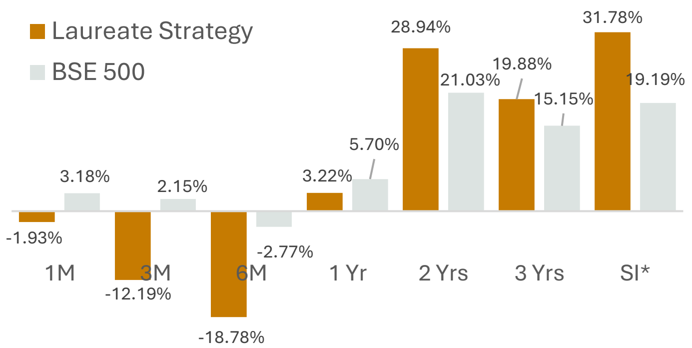
- Screening & Ideation
- Fundamental Analysis
- Management Meeting and Channel Checks
- Stock Selection

Portfolio allocation across type of securities

General allocation shall be 0-100% in Mid-caps and Small Caps. However, the Portfolio Manager shall at its discretion add appropriate weights of mid and small caps, other stocks and securities. Portfolio Manager may invest up to 30% of the portfolio in large cap companies

Returns as on April 30, 2025	1M	3M	Since Inception* (06/01/2025)
Novogram Strategy	-1.62%	-10.96%	-22.04%
BSE 500 (TRI)	3.18%	2.15%	-2.77%
Out/(under) performance	-4.80%	-13.11%	-19.27%
Nifty Smallcap 250 (TRI)	1.69%	-3.03%	-14.46%
Out/(under) performance	-3.31%	-7.93%	-7.58%

Track Record of Strategies managed by EPML



Returns as on April 30, 2025	1M	3M	6M	1 Year	2 Year*	3 Year*	SI**
Laureate Strategy	-1.93%	-12.19%	-18.78%	3.22%	28.94%	19.88%	31.78%
BSE 500 (TRI)	3.18%	2.15%	-2.77%	5.70%	21.03%	15.15%	19.19%
Out/(under) performance	-5.11%	-14.34%	-16.01%	-2.48%	7.91%	4.73%	12.59%
Nifty Smallcap 250 (TRI)	1.69%	-3.03%	-13.33%	-2.42%	28.67%	18.25%	27.86%
Out/(under) performance	-3.62%	-9.16%	-5.45%	5.64%	0.27%	1.63%	3.92%

**Annualized Return* ** Since Inception Date 23/11/2020*

Top Sectors	(%)
Consumer Cyclical	28.0%
Industrials	24.7%
Basic Material	20.8%
Healthcare	15.0%
Financial Services	7.7%

Portfolio attributes	FY26	FY27	FY28
PE	28.4	20.8	16.1
ROE	15.4%	17.4%	18.2%
PB	3.8	3.2	2.7

Portfolio Attributes*	Laureate Strategy	BSE 500 (TRI)
Sharpe	1.65	1.19
Treynor	24.19	13.55
SD %	24.45	17.87
Information Ratio	1.24	-
Beta	1.08	-

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Market Summary

"You can't predict, but you can prepare." – Howard Marks

Tariff Saga – uncertain environment continues

April month has been an eventful one. On the 2nd April, the first announced tariffs globally, were supposed to come into effect. However, Trump postponed those to 9th April. There was a hue and cry in many nations, including people marching on streets in many US cities, opposing tariffs. US markets saw heightened volatility and so did Indian markets in initial days of April, citing uncertainty. The tariff situation has put America in a difficult economic situation, mainly expectations of rising inflation, demand slowdown and precarious fiscal position. As seen in the US bond market, yields have increased due to uncertainty of economic policy and loss of trust in US administration following flip flop in tariff announcements. US bond yields saw a sudden sharp up move prompting Trump administration to take a relook at the tariff.

Thus, on 10th of April Trump announced a 90 day pause on the sweeping tariffs on all countries except China. The trade war that started between US and China in a mild way during the first term of Trump continued with a similar mindset in his present term. All countries would be liable to pay a flat 10% tariffs for exporting goods in US, while China was liable for much higher duties. This 90 day pause came as a big relief to exporters globally. However, the final print on tariff post 90 day period is still uncertain.

This uncertainty has left many businesses and consumers worried. There have been mixed effects on businesses, where some have increased imports into US before the new rules on tariffs, come into effect post the 90-day period, while some are waiting for a more certain environment and are only maintaining low inventories. Business expansions are also on hold due to frequent changes in the tariff policy. In short, it's a chaotic situation with US Administration losing its credibility in terms of consistency in policy decisions.

Altering supply chains

There is a consensus now that China will have a relatively higher tariff structure as compared to other countries. US and China have continued their trade war. Each country is putting a higher tariff on one another. In one of the instances, China has ordered its airline companies not take deliveries and to place orders with Boeing and has further restricted exports of several rare earth metals, primarily targeting the US.

US and Europe both are dependent on China in terms of supply chain. Covid 19 was the first event in many years that started a shift of supply chains, albeit slowly away from China to other manufacturing locations. Most of the business heads realised the dire need for diversification in terms of supply chain. Tariff war is the second event that will further accelerate the shift of supply chain from China towards other capable countries. US China trade war has opened strong possibilities for many countries including India.

Thus, with a strong need towards diversification and perceived disadvantage of a higher tariff structure in China, India stands to benefit in the overall scheme of things. India's efforts to bring manufacturing in the country started from 2020 with PLI schemes. We have seen strong success of PLI in mobile phone manufacturing and exports. Mobiles have been a standout success compared to other products which are also slowly catching up. India further needs to enact favourable and quick policies and take advantage of the current situation. India can substitute certain products from China and gain significant export market share over the next decade.

Over the next decade we expect a global supply chain realignment across key sectors like electronics , toys, pharma, chemicals and textiles. India is swifty moving to identify and woo US corporates to relocate their manufacturing from China to India and increase export opportunities to US and Europe. Negotiations between US and India for a trade agreement are going on swiftly and has made significant progress in BTA (Bilateral Trade Agreement). It is expected that both countries will conclude the first tranche of the BTA by the fall (Sept to Oct 2025).

Further in a recent development, long awaited India UK FTA has been signed on 6th May 2025. It will provide a strong trade environment between India and UK and help several sectors in India like textiles, auto and auto ancillaries, gems and jewellery, food processing etc.

Indian economy and other updates

From 9th April we have seen strong buying by FII's. India is now perceived as a strong hiding place amid chaos globally. GST collections have hit a record high of Rs 2.37 lac cr in April, a growth of 12.6%. Auto numbers are showing resilience while IMD predicts above normal monsoon this year. Manufacturing PMI for Apr'25 increased marginally to 58.2, from 58.1 in the previous month while Services PMI also inched up to 58.7 in Apr'25. Further Rupee has appreciated by 3%-3.5% from recent highs while Dollar index is down from 110 levels to closer to 99 now.

A very unfortunate incident that happened in Pahalgam, Kahmir on 22nd April killed where 26 civilians were killed by armed militants. In retaliation so far, Indian Government has suspended Indus treaty and is on a drive to remove Pakistan nationals from India.

Markets and portfolio updates

As Trump announced 90 day pause in tariffs markets have steadily risen from the bottom. However, on an immediate basis markets are worried about a full-fledged war between India and Pakistan in retaliation to the Pahalgam attack. Although there are such indications there is uncertainty on the same. Further, there are too many moving parts globally at present which is challenging every investor across the world. Russia Ukraine war, Israel war, US China tariff war, volatile regime of tariff announcements by Trump administration, uncertainty about future of tariff, perceived slowdown in US and a possible stagflation situation, dumping of goods by China in other regions and so on. These do present a tough time for investors.

At our portfolio level we have reduced exposure to some of the export-oriented sectors and have taken bets on local stocks which will not be impacted by tariff uncertainty. These are businesses with strong growth outlook. Some of the areas where we added weights were stocks in sectors like retail, hospitals, and defence. We continue to closely monitor the portfolio and make any changes required. Our focus remains on small and midcap companies, and we expect strong momentum as markets recovers. These companies offer strong growth and can become large companies in long term. Being rightly positioned in such companies in stressful times will help us achieve strong returns when markets turn around. These challenging times also present opportunities to buy businesses where earnings growth look relatively stable and growth over the medium to long term looks good. Timing the market can be challenging in such times. However, keeping a long term approach and investing further in stressful times will lead to better outcomes over the long term.