Electrum Portfolio Managers Private Limited*

Electrum S.C.A.L.E Strategy – August 2025

Objective

Electrum SCALE strategy aims to invest in companies largely in mid-cap space. It will have sector agnostic exposure with bottom-up stock picking. These are the companies which have gone past the smaller size and ready to achieve scale with better growth rates than larger established companies. They are companies that can become large-cap in long term. These businesses have established themselves in market and will gain economies of scale on a structural basis.

S.C.A.L.E stands for:

Selective Allocation to Scalable Businesses
Cash Flow-Centric Analysis
Agility in Portfolio Construction
Long-Term Vision, Short-Term Discipline
Execution with Risk Control

Market Summary

India US Tariff tantrum and uncertainty on bilateral trade continues

August 2025 was a busy month with many key events. The most important one though was levy of 50% tariff on India. 25% was the general tariff while another 25% was levied as penalty for buying Russia crude oil. General expectation was a tariff rate 20% or lesser and additional 25% penalty was not expected at all. Buying Russian crude was a completely new angle to this tariff saga. This is a big setback especially for Indian exporters and without a lower tariff business environment for exporters to US seems fairly unpredictable. Expectations were of a strong export growth trajectory over coming years with a relatively better rate than competing nations like China, Vietnam etc but that situation seems to be unpredictable for now. Reports suggest impact on GDP in the range of 0.5%-0.7%.

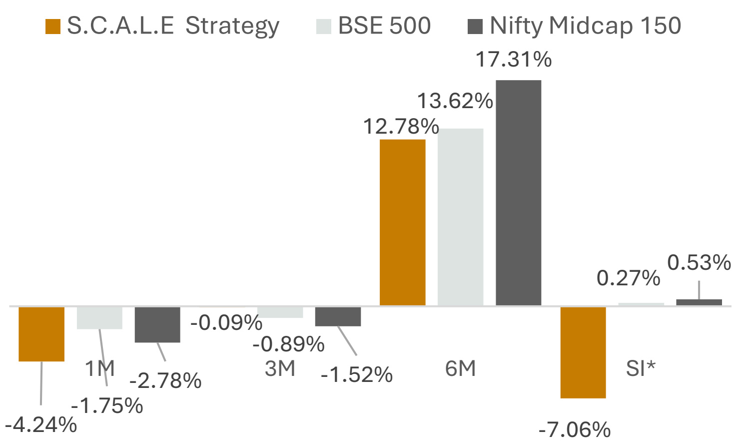
Over last many years various leaders of India and US have spent many years in developing trust and healthy relationship. All those efforts now seem to have gone in vain after the current developments. Donald Trump has publicly called Indian economy as dead, and also penalised India for buying Russian crude. For the context, China is the largest buyer of Russian crude however Trump has gone soft on China. US itself imports products like uranium, plutonium, fertilisers etc from Russia while EU imports gas from Russia and refined oil products from India partially made from Russia crude oil. Thus, it seems US is pressurising India to reduce duties and allow imports of various agricultural and dairy goods. Since this may be detrimental to Indian farmers, India has still not allowed the same. As per reports, EU, Japan and few other countries have opened up their economies much more to the US and hence managed to get favourable deal, however India has now bowed down to the pressure so far.

In a recent update, The appeals court for the Federal Circuit in US has upheld the decision of the US Trade Court from Manhattan held in May 2025 that the levy of tariffs on Liberation Day were unlawful. The Supreme court will now hear the case and the ruling is expected to come in summer of 2026.

Key terms

Scheme: Electrum S.C.A.L.E
Benchmark: BSE 500 TRI
Min. Investment: Rs 50 lakhs
Strategy type: Open ended
Exit Load : 2% in case of partial / complete withdrawal before 1 year of account opening

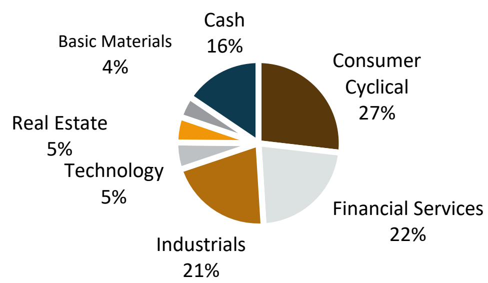
Electrum S.C.A.L.E Performance:



Returns as on August 31, 2025	1M	3M	6M	Since Inception* (27/11/2024)
S.C.A.L.E Strategy	-4.24%	-0.09%	12.78%	-7.06%
BSE 500 (TRI)	-1.75%	-0.89%	13.62%	0.27%
Out/(under) performance	-2.49%	0.80%	-0.84%	-7.33%
Nifty Midcap 150 (TRI)	-2.78%	-1.52%	17.31%	0.53%
Out/(under) performance	-1.46%	1.43%	-4.53%	7.59%

** Since Inception Date 27/11/2024*

Top Sectors



Portfolio Attributes	FY25	FY26E	FY27E
PE	31.27	30.74	21.43
ROE	13%	13%	14%
PB	8.7	4.5	3.6

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Global landscape

A significant shift in the geopolitical landscape is underway and predicting the endgame is impossible. Countries are disappointed and have starting to lose trust in US. Determining true partners of India at current juncture is tough as there are many variables at play. Recent developments at SCO summit in China and any more events like these need to be monitored.

Global supply chains are also going to change. In last few years India has managed to get some share of global manufacturing in various sectors. It remains to be seen what role India can play over next 5-10 years with global shifts happening.

India markets and portfolio updates

Indian markets have experienced pain in last few weeks led by higher than expected tariffs and uncertainty in finalisation of trade talks. Markets in general have been expecting trade talks to happen sooner and trade agreements to get signed. However, Investors anxiety has soared as resolution of tariffs is taking time. We have seen FPI selling intensify in last few months mainly led by higher tariff on Inda and opportunities elsewhere globally. However FPI's have been pouring in record amount of money in Indian IPO market in last few months.

On the portfolio side, we continue to back companies with reasonably strong growth, strong management and healthy balance sheet. We reduced our small positions we had on export oriented names and increased exposure to domestic businesses. We have further diversified the portfolio and have created a tail with smaller positions as market continue to be uncertain and volatile. As we keep getting more clarity we can keep investing.

Domestic economy updates

Tariff at 50% is expected to impact GDP as per reports, however GST reforms and capex along with UK FTA may reduce the effect. Q1FY26 GDP surprised on the upside. Rupee crossed 88 to USD which may have impact on imports. GST collections in Aug were 6.5% higher yoy to Rs 1.86 trillion despite tariff related challenges and slower seasonal demand.

Government has recently come up with GST reforms which lowers GST rates on many household and essential items as well as certain discretionary consumer products like smaller cars, 2 wheelers, tractors, AC etc. This is a strong reform and is expected to increase consumption demand. While it is expected that this will cost ~ Rs 1 lac cr some part of it will be offset by the consumption spending growth and will be helpful in spurring demand. Capex spends may take back seat however consumption may increase going ahead.

Conclusion

India has been resilient even after 50% tariff. FPI outflows have largely been absorbed by domestic investors. This was unthinkable few years back. Investors are getting matured and investing with the long term view. They are betting on India which has one of the best fundamentals and growth outlook globally. Government is taking many measures to keep the growth ticking however it is not enough and we expect more will be done.

We believe that market has been resilient despite many negative news flows. There are expectations of a trade deal between US India in coming months. Any reduction in tariffs may lead to uptick in stock prices. It has been seen historically whenever uncertain events are at play, markets are subdued and fundamentally strong companies also do not perform in the market. However as the negative events are done, there is a strong rally subsequently. Hence we need to be positioned for the same. In such times it is beneficial to keep investing more and take advantage of lower prices. One needs to be patient and have a minimum 3-5 year view in the markets. Predicting markets is impossible and rather than spending time on timing the market we spend time on understanding which businesses can perform well over medium to long term. Big returns are made by time spent in the market rather than timing the market.

Did you know!

- Agentic AI are autonomous AI systems working in dynamic environments with minimal human intervention. Applications of Agentic AI includes healthcare, supply chain management, research etc. The use of agentic AI is expanding considerably.
- Agentic AI operates independently, makes decisions, uses their full capabilities to fulfil specific objectives. They employ reasoning to plan, adapt, solve complex, multi step problems.
- Generative AI creates content from patterns it has learned, while agentic AI acts autonomously to achieve specific goals without much monitoring
- *The agentic AI market size is expected to grow at a compound annual growth rate (CAGR) of 35%. By 2029, the market size is expected to reach $126.9 billion. For comparison, that's roughly the size of the current global market for chocolate*