

Electrum Portfolio Managers Private Limited

Electrum Laureate Portfolio- October 2025

Objective

The investment objective is to generate appropriate risk adjusted returns over medium to long term by investing in diversified portfolio of equity shares of fundamentally strong listed businesses with bias towards investing in small and midcap companies.

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

Market Summary

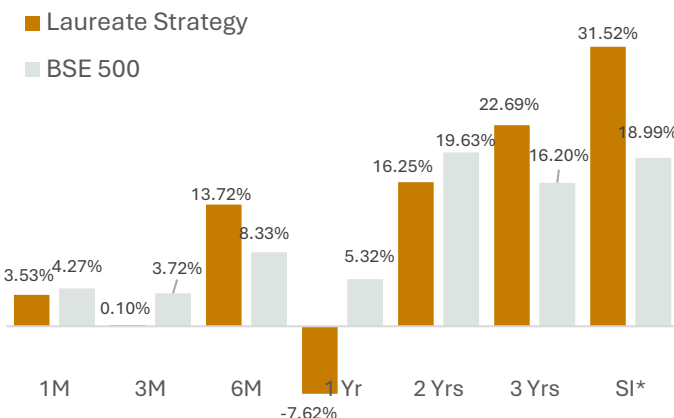
Market Overview

Over the last few days, the Nifty 50 has returned ~2% in October and is near a lifetime high. However, it has largely been flat over the last year and has underperformed many global indices. Small and midcaps have also been flat to negative in the last year. The indices have taken a breather after a strong CY2023 and part of 2024. There is renewed optimism on account of advanced talks of bilateral trade between the US and India. In view of the heightened sanctions on Russian firms, it is expected that India may reduce crude oil imports from Russia, which may lead to the finalization of a trade deal. We have already seen multiple rounds of discussions. While we believe that a better deal with the US will eventually happen, investors are waiting for the finalization before committing incremental money to equities.

Global equities were weak in recent days, led by AI-related names. Valuations in AI and technology-related names have gone up very swiftly. In India, there are fewer and much smaller plays on AI themes, and the market for them is not mature. Stock prices are surging more due to global sentiment, while the fundamental business case is still not clear. Hence, while we are studying some of these companies, we are not taking hasty decisions to invest.

Defense and railways, which did well two years back, remain long-term themes and we believe we will take positions when valuations become more reasonable. We currently have a good exposure to auto ancillaries, and all three stocks we own are hovering around their all-time highs. We also have reasonable exposure to capital goods stocks (capex theme, recycling, power and water themes) and retail, while we have hardly any exposure to IT and FMCG. We are confident of a good turnaround in the portfolio over the next few years.

Electrum Laureate Performance:



Returns as on October 31, 2025	1M	3M	6M	1 Year	2 Year*	3 Year*	SI**
Laureate Strategy	3.53%	0.10%	13.72%	-7.62%	16.25%	22.69%	31.52%
BSE 500 (TRI)	4.27%	3.72%	8.33%	5.32%	19.63%	16.20%	18.99%
Out/(under) performance	-0.74%	-3.62%	5.39%	-12.94%	-3.38%	6.49%	12.53%
Nifty Smallcap 250 (TRI)	3.74%	1.21%	13.18%	-1.90%	20.71%	23.46%	27.43%
Out/(under) performance	-0.21%	-1.11%	0.54%	-5.72%	-4.46%	-0.77%	4.09%

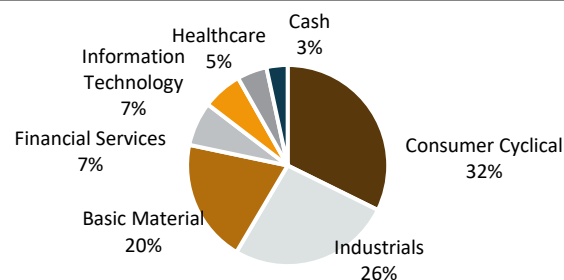
*Annualized Return

** Since Inception Date 23/11/2020

Key terms

Scheme: Electrum Laureate
Benchmark: BSE 500 TRI
Min. Investment: Rs 50 lakhs
Strategy type: Open ended

Top Sectors



Portfolio Attributes	FY26E	FY27E	FY28E
P/E (x)**	37.2	26.3	20.1
D/E (x)**	0.14	0.11	0.08
ROE (%)	15%	17%	18%

Portfolio Attributes*	Laureate Strategy	BSE 500 (TRI)
Sharpe	1.68	1.20
Treynor	24.20	13.33
SD %	23.73	17.43
Information Ratio	1.26	-
Beta	1.07	-

Economy Update

GST collections increased by 4.6% yoy in October to Rs 1.96 trillion, despite the GST rate cuts seen in September. The festive season turned out to be very strong, partly due to the rate cuts driving higher traction. India's petrol demand increased by 7% while diesel remained flat. Auto and tractor sales also witnessed strong traction, mainly led by GST cuts and some pent-up demand. Thus, many high-frequency indicators suggest that the economy may perform well going forward.

Reduced income tax and GST, lower interest rates and inflation, along with expectations of a strong monsoon, bode well for an uptick in GDP. These triggers, combined with increased capex, should drive growth in H2FY26. There are still enough pockets with reasonable valuations in the mid- and small-cap space for long-term investors. We believe markets will soon start pricing in these positive tailwinds, acting as a trigger for future return generation.

GARP vs Growth Investing

The portfolio continues to draw confidence from growth-focused companies that are leaders in their domains, backed by strong management quality and healthy balance sheets. The portfolio remains well diversified across sectors. We predominantly follow a bottom-up investing philosophy with a value bias. Our core framework is the GARP strategy (Growth at a Reasonable Price), which focuses on stocks where future growth is expected but is not yet adequately valued. These companies may not be in market momentum currently, but we look beyond near-term narratives and focus on long-term earnings strength. While valuations are reasonable, in many cases earnings growth is yet to materialize, and we believe we may be early to benefit from future growth.

On the other hand, high-growth stocks often exhibit momentum, can chase themes, and tend to trade at valuations beyond our comfort zone. These stocks already discount a significant portion of future growth and may lack the potential for positive surprise. If earnings disappoint even temporarily, such stocks can correct sharply. Furthermore, when earnings weaken, frequent portfolio churn may be required. In growth investing, valuations can stay elevated as long as the narrative holds, but once it fades, sector rotation typically follows.

Conclusion

To conclude, the GARP strategy generally reduces downside risk as stocks are bought at reasonable valuations. Not all stocks may move in tandem initially, but as earnings start delivering, we may see sharp rallies in some positions, thereby generating alpha. We continue to closely monitor all businesses we hold and adjust if there is any change in their structural thesis.

We believe that momentum-driven names and high-valuation stocks may underperform going forward, while value buying may emerge and reasonably priced companies may do well. Timing the market is challenging, so we aim to invest in businesses that can perform well over the medium to long term. India remains one of the fastest-growing major economies with a large opportunity set for equity investing. In subdued markets, investors may consider adding systematically to their portfolios to benefit from lower prices. Patient capital in India is likely to be well rewarded over time.

"Successful investing takes time, discipline, and patience." — Warren Buffett