

Electrum Portfolio Managers Private Limited

Electrum Laureate Portfolio - February 2026

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

Eventful February – Tariff reversal but Iran burning

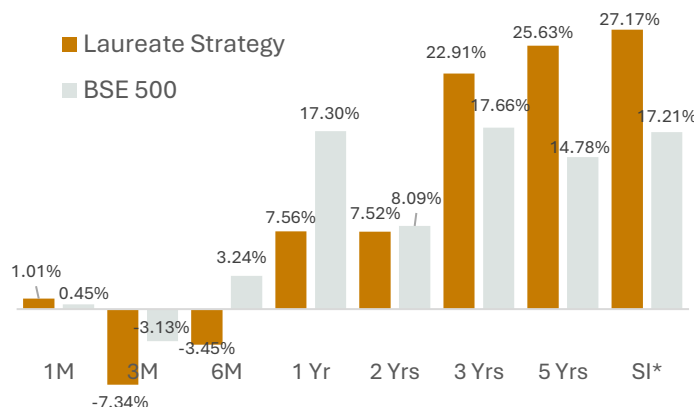
February was an eventful and volatile month with various events panning out one after another. The month started with the Union budget in India where markets reacted negatively mainly due to no incentive on individual taxation, increase in STT and slightly lower than expected capex spending.

Few days later India finally sealed trade deal with USA at 18% tariff rate much lower than the prevailing 50%. However, after the announcement of US India trade deal, US Supreme Court ruled against the tariffs imposed by Trump globally under the IEEPA Act terming the tariffs as illegal. Trump immediately announced 10% tariffs under section 122 under emergency power for 150 days with threats to further increase it to 15%. This may lead to uncertainty as to what happens to the 18% deal as well as what happens after 150 days.

Over the last few weeks, we have seen increased narratives on US Iran war and as the situation escalated and both countries failed to reach a deal, war ultimately broke out. On 28th Feb 2026 Isreal and US launched 'Operation Epic Fury' a coordinated attack on Iran mainly on some of the nuclear sites, government buildings and missile launchpads. Iran has confirmed death of its supreme leader Khamenei and some other Government officials. Iran too retaliated by launching missiles and drones on Israel while also spreading the attacks on various middle East countries with US bases resulting in some collateral damage in civilian areas. Panic spread and many tourists were stranded at various airports as flights were grounded.

The war has now entered its 6th day with no resolution in sight. Generally, if we see in history 10-day mark is important parameter to keep a watch on whether scale of war reduces or not. Equity markets panic in such circumstances but history shows that if war ends, within weeks markets generally recover. While we remain concerned of a prolonged war scenario and UAE getting involved, we hope the war ends and peace talks are initiated soon.

Electrum Laureate Performance:



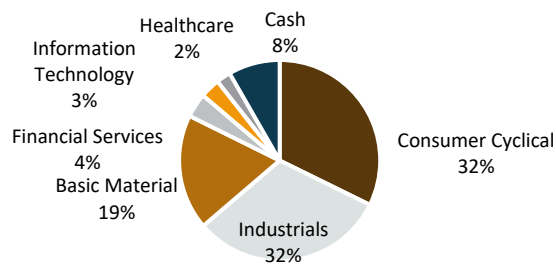
Returns as on February 28,2026	1M	3M	6M	1 Year	2 Year*	3 Year*	5 Year*	SI**
Laureate Strategy	1.01%	-7.34%	-3.45%	7.56%	7.52%	22.91%	25.63%	27.17%
BSE 500 (TRI)	0.45%	-3.13%	3.24%	17.30%	8.09%	17.66%	14.78%	17.21%
Out/(under) performance	0.56%	-4.21%	-6.69%	-9.74%	-0.57%	5.25%	10.85%	9.96%
Nifty Smallcap 250 (TRI)	0.81%	-5.00%	-3.57%	15.36%	3.61%	21.91%	19.04%	23.51%
Out/(under) performance	0.20%	-2.34%	0.12%	-7.80%	3.91%	1.00%	6.59%	3.66%

*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)**	40	24	18
D/E (x)**	0.16	0.13	0.09
ROE (%)	13%	16%	16%

Portfolio Attributes*	Laureate Strategy	BSE 500 (TRI)
Sharpe	1.40	1.05
Treynor	20.14	11.55
SD %	23.71	17.20
Information Ratio	1.02	-
Beta	1.08	-

US Israel - Iran impact mainly on crude oil

The foremost impact of the war is on oil supplies with insurers backing off from insuring ships passing through straight of Hormuz, the transportation volume is down by almost 70-80%. This has led to crude oil reach \$ 78-79 which is the prime casualty. India and several other Asian countries are dependent on oil and gas supplies from west Asia. India receives nearly 20% of total crude from this region. Several industries will be impacted by the shortage of oil and rise in prices.

Businesses such as travel and tourism, sanitaryware and ceramics, chemicals, export-oriented sectors will be immediately hit. Import exports will take a hit due to supply chain issues as well as rising cost of shipping and insurance.

India Macro

On the macro front, India continued with its superior fundamentals. Q3FY26 GDP growth was reported at 7.8% under the new series with base year 2022-23. Experts project FY 26 GDP growth to remain strong at 7.4-7.6%. Macros remain strong like automobile sales, GST collections and other high frequency indicators. Currently we are passing through an uncertain scenario, and hence negative sentiment continues in equity. Q3FY 26 results have been strong mainly on small midcap side and hence going ahead we continue to remain constructive on equities over medium to long term.

Indian macro can be negatively impacted till the war continues with higher crude oil prices translating to increased CAD and inflation (reports suggest every \$10 crude movement impact CAD by 0.4%) We may see higher costs structures for businesses and impact on trade in Middle eastern region. We may further witness short term corrections, FII outflows and rupee depreciation, however as peace talks commence, we see markets and other macro factors normalizing.

Markets and portfolio update

Broader markets have seen sharp corrections in last 12-14 months with around 50% of companies correcting by more than 30% in smallcap space and 40% in NSE 500. Many narrative driven sectors have also seen sharp corrections, prominent ones being renewable energy companies, CDMO etc. IPO debutants have also seen their stocks correct massively.

Index	Drawdown from their 52-week High		
	Drawdown >30%	Drawdown >40%	Drawdown >50%
Nifty Midcap 150	32%	14%	1%
Nifty Smallcap 250	48%	27%	12%
Nifty 500	39%	20%	7%
NSE IPO INDEX	50%	34%	12%

On the portfolio front with the mayhem in the broader markets we believe we have relatively performed better.

Our stock selection continues to hinge on 4 pillars namely management quality, business and earnings growth, balance sheet quality and reasonable valuations. Some of the businesses in the portfolio are in capacity expansion mode while some are in turnaround phase as the industry recovers from a temporary downturn. The benefits of expansion, new products, turnarounds will be visible in next 2-3 years and we see reasonably strong growth in earnings over next 3 years. On the results front, in Q3 FY 26 our portfolio companies on weighted average basis delivered strong results with revenue growing by 23% and pat growing by 31% (excluding a turnaround company with which the number stands at 166%). Similarly on 9 months FY 26 basis revenue growth stood at 20% and PAT close to 40%. We see the revenue and PAT growing at nearly 20% and 34% respectively on a 3-year CAGR basis.

Around 50-60% of portfolio stocks are within top 4-5 in their domain, are financially strong and have been in business for long term. These businesses have seen cycles and emerged stronger after each cycle. Our portfolio is well diversified with lower exposure to exports and Middle East. These factors help in controlling the risk in downturns while help delivering alpha in upturns. We continue to remain agile and make changes to the portfolio wherever situation warrants.

Conclusion

To conclude we remain positive on equities over long term. Current situation warrants caution however we remain selective in buying. History shows that 6-12 months post war equity returns are generally strong. India continued to bear the brunt of uncertainty revolving around Trump tariffs, geopolitical factors and impact on oil with Israel Iran war. We believe that we have digested a lot of bad news over last 12-15 months, however positives like FTAs with various countries, resilient exports, macro stability and continued GDP growth are not yet reflected in equity markets. Timing the market in such scenarios is extremely difficult and our focus should always remain on medium to long term growth of businesses of our portfolio companies. We think this is a good period to add to the equities portfolio as one can strongly benefit once calm returns.

***'Far more money has been lost by investors trying to anticipate corrections than lost in the corrections themselves.'* – Peter Lynch**