Electrum Portfolio Managers Private Limited

Electrum Laureate Portfolio - March 2026

Objective

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

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

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

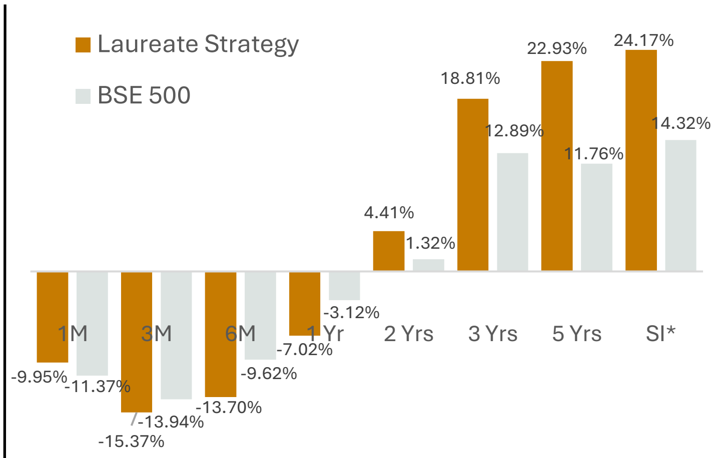
Chaotic environment continues!

India enters the new financial year amid a raging war in West Asia. The Iran-US/Israel war continues and has now extended beyond a month. The war was started on the claims by the US and Israel that Iran was building nuclear capabilities. However, that is now on the back burner, and the closing of the Strait of Hormuz by Iran has now taken centre stage. Roughly 20% of the world's oil consumed passes through the straight creating a significant supply disruption amid soaring oil prices.

India received around 40% of its oil supplies from the Strait of Hormuz as against 55% in 2020. Though the reliance on Hormuz has come down, the shutdown is impacting timely deliveries for India as well as the entire Asian region, leading to a significant rise in crude oil prices (doubled in a month) since the month-long war. Further, the Iranian drone strike on Qatar's gas infrastructure has impacted gas production there, and Qatar has declared force majeure in the facility. It was one of the largest gas suppliers to the entire Asian region.

Damages to physical infrastructure, mainly gas units in Qatar, the UAE getting involved in the war and closure of critical energy transportation routes have given a big blow to Asia, which is one of the largest consumers of oil and gas. Shortages of gas have resulted in price rises across the crude and gas chain, like chemicals, which in turn is impacting end products like consumer durables, packaging costs, chips, semiconductors, etc. Further logistics and costs of insurance have also increased, leading to a squeeze in profitability.

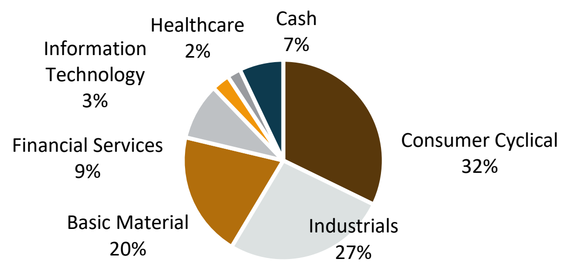
Electrum Laureate Performance:



Returns as on March 31, 2026	1M	3M	6M	1 Year	2 Year*	3 Year*	5 Year*	SI**
Laureate Strategy	-9.95%	-15.37%	-13.70%	-7.02%	4.41%	18.81%	22.93%	24.17%
BSE 500 (TRI)	-11.37%	-13.94%	-9.62%	-3.12%	1.32%	12.89%	11.76%	14.32%
Out/(under) performance	1.42%	-1.43%	-4.08%	-3.90%	3.09%	5.92%	11.17%	9.85%
Nifty Smallcap 250 (TRI)	-10.02%	-14.28%	-14.25%	-4.86%	0.43%	18.30%	16.35%	20.69%
Out/(under) performance	0.07%	-1.09%	0.55%	-2.16%	3.98%	0.51%	6.58%	3.48%

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

Top Sectors



Portfolio Attributes	FY26E	FY27E	FY28E
P/E (x)**	43	21	16
D/E (x)**	0.16	0.13	0.08
ROE (%)	13%	15%	16%

Portfolio Attributes*	Laureate Strategy	BSE 500 (TRI)
Sharpe	1.19	0.76
Treynor	17.33	8.65
SD %	24.09	17.57
Information Ratio	1.01	-
Beta	1.09	-

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India macro environment – so far so good, but headwinds seen!

March key indicators like GST collections, car sales, record UPI transactions, and retail demand all point to a robust month. March net GST collections rose 8.2% yoy to Rs 19.35 tr, the strongest in the last 6 months since the rollout of the GST 2.0 regime. Domestic passenger vehicle sales increased 16% yoy in March. Further, UPI transactions recorded a 10% growth to reach Rs 29.5 tr. Credit growth remained strong at around 13.5% yoy in March. Indian corporate balance sheets remain healthy with one of the lowest debt levels. Similarly, banks remained strong with one of the lowest credit costs, showing better ability to lend.

On the other hand, the war has substantially impacted oil and gas availability, along with a significant rise in prices too. Since the beginning of the month-long war, crude oil prices have doubled to $100-110. The government is eyeing new sources of oil and gas while increasing domestic production. Further plans are also there to set up new storage terminals for future energy storage.

Airlines, hotels and tourism companies, polymer industries, fertiliser, ceramics, glass industries and export businesses are all under pressure. Many industries have curtailed production due to the unavailability of raw materials and higher energy and transportation costs. Heightened volatility in various commodities is adding to the stress. Equities have been significantly impacted due to a weakening rupee, increased G-sec yields and continuous outflows from FII's. Risks of Inflation, higher energy prices, slower growth and increasing CAD may result in further currency depreciation if the war is prolonged and hence may not be great for equities in the short run, while it may be an opportunity for the longer run.

Going ahead, India must prepare itself for a more conflict-oriented world. India will have to prepare itself strongly in areas like self-sufficiency of energy, a strong manufacturing base, defence, as well as further focus on areas like renewable energy, semiconductor and export-oriented sectors.

Portfolio updates

Even in tough times, we continue to follow our process and philosophy – key pillars being growth, management and governance, a healthy balance sheet and reasonable valuation. We continue to own diversified sectors with companies that are in a leadership position and continue to shuffle the companies wherever required. We are currently holding some gunpowder in the form of 7-8% cash as the geopolitical environment remains extremely volatile. We have a higher mix of manufacturing businesses in the portfolio across various sub-sectors, while we have low to Nil weight in IT, FMCG, new age sectors, broking, energy, etc. We feel the next 1-2 quarters may be impacted in terms of higher cost of raw materials and energy prices, while expecting the war to start getting over in the next few days. We assume a normalised H2 FY27 and expect the next 2-3 years to be strong in terms of earnings growth in a normalised environment.

To conclude

At 18x (PE), Nifty is currently trading similar to its 10-year average, while the smallcap index trades at ~21x, closer to its 10-year average. Current valuations are approaching levels where risk-reward appears attractive with a reasonably good margin of safety.

Uncertainty, lack of predictability and volatility are all integral parts of investing and every few years, investors should be ready to encounter them. During periods of uncertainty, equities generally perform poorly. Only having a strong process in place can help tide these events. Predicting uncertain environments is a probabilistic game at best and may be correct sometimes but wrong at other times. Thus, timing the market is not easy, and as a process, looking at individual companies and their prospects over the longer run becomes more important. This helps in the long run; however, in the short run, negative macro factors may affect the portfolio.

Uncertainty can evolve from various negative events, If we see history, various negative events have been seen domestically and globally - few of them being Great Depression, Dot com bubble, Global financial crisis, Covid 19, NPA crisis of Indian banks, demonetization, Russia Ukraine war, tariff tantrums, multiple wars between India- Pakistan and now Iran vs US and Israel. The list is never-ending.

While the causes of market correction will be different each time (the next crisis will be unknown), the effects will be the same – panic selling and timing the end of the crisis. Generally, most selling will happen near the end of the event. History repeats human behaviour. Wealth is generally created in bear markets, but we realise it only in bull markets. Falling stock prices don't destroy wealth, but emotions may; losing the best opportunity to invest leads to regret. Thus, negative events do give strong opportunities to invest and create long-term wealth. We urge investors to take a long-term view from here, and we believe these levels can create good wealth over the next few years.