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**Date:** 3rd April 2025

# Emerging Corporates India Portfolio (ECIP)

Dear Investors,

Below is the performance of the Emerging Corporates India Portfolio (ECIP) as of 31st March 2025.

| Portfolio Performance | Total Portfolio Returns | Benchmark |
|---|---|---|
| CAGR since Inception *(Annualised)* | 13.8% | 14.1% |
| FY25 | 23.8% | 6.0% |
| FY24 | 17.6% | 40.2% |
| FY23 | -8.9% | -0.9% |
| FY22 | 8.6% | 22.3% |
| FY21 | 79.2% | 78.6% |
| FY20 | -13.2% | -26.5% |
| FY19 | 13.3% | 9.7% |
| FY18 *(Since Inception - April 28, 2017)* | 9.7% | 10.0% |
| | | |
| Q4FY25 | -0.7% | -4.4% |
| Q3FY25 | -2.9% | -7.8% |
| Q2FY25 | 16.8% | 7.7% |
| Q1FY25 | 9.9% | 11.7% |

- *Please check relative performance of other portfolio managers by clicking on this link*
- *The Benchmark has been revised from average of the BSE Smallcap Index, BSE Midcap Index and Nifty to S&P BSE 500 TRI with effect from 1st April 2023 as per SEBI/APMI circulars*
- *Returns are time weighted and after management and performance expenses*
- *Management and performance fees are deducted as and when due*
- *The actual returns of clients may differ from client to client due to different portfolio and timing of investment*
- *Past performance is no guarantee for future performance*
- *Benchmark calculations reflect total returns (including dividends)*
- *Returns for less than 1 year are not annualised*
- *Inception Date is 28th April 2017*

Fiscal year 2025 was a tale of two halves. The first half delivered robust gains, with our portfolio gaining 28.4% against the benchmark's 20.2%. The second half tested markets with back-to-back quarterly declines. Yet, amidst this correction, ECIP has held up well. Our FY25 return of 23.8% significantly outperformed the benchmark's 6.0%, and in Q4, we limited losses to 0.7% while the benchmark fell 4.4%. The quarterly earnings of our portfolio companies have shown steady improvement over the last year, a trend that has helped our overall performance.

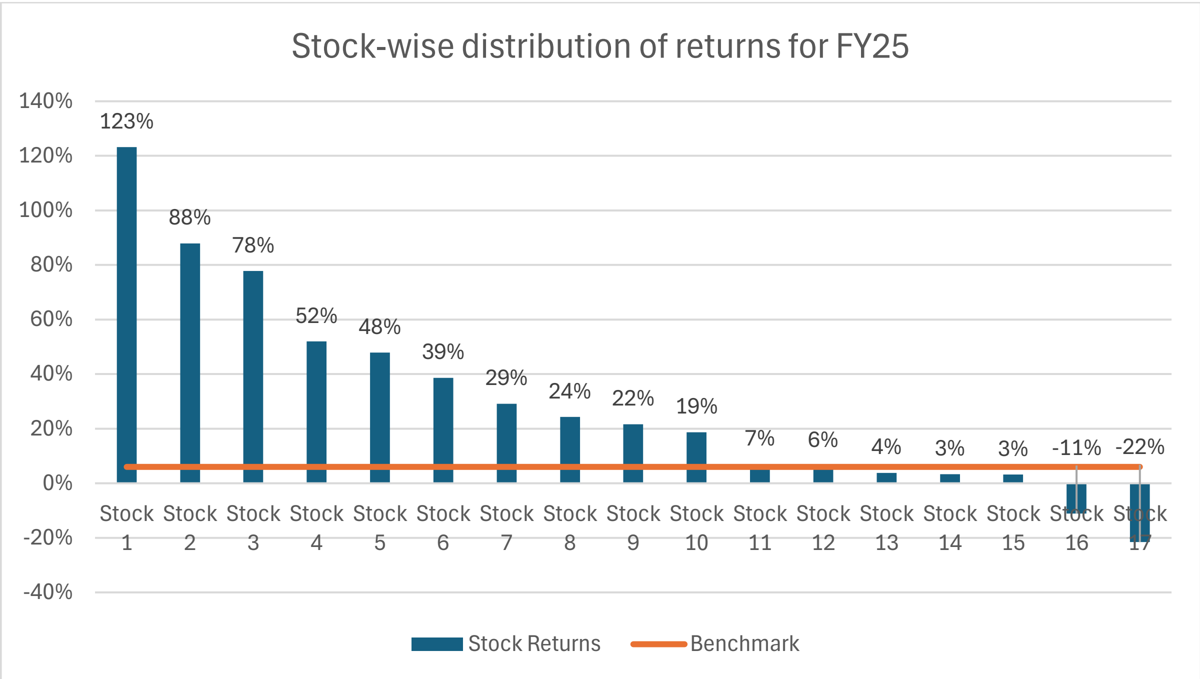
As a philosopher observed, "Life can only be understood backwards; but it must be lived forwards." Looking back, we realise that some of our companies lost their growth premiums during the broader economic recovery of FY21-24 as cyclicals started growing faster. Now, as the broader growth has slowed, this trend seems to be reversing. While this may be an oversimplification and there are other reasons such as selling winners early, some adverse selection and tough luck that shaped our performance over the past few years, we believe this shift of market favour towards cyclicals—most of which don't form part of our investable universe—has also contributed to our performance divergence.

FY25 performance has been well distributed across the portfolio with 10 out of 17 stocks delivering returns above 18%. This is in sharp contrast to FY24, where the returns were concentrated in a few stocks and many of our core holdings flatlined or declined as they were facing specific challenges. Gradually, as these challenges abated, the stocks began to contribute. Additionally, fresh investments made during the last couple of years have also done well, driving strong performance this year.

Examples from both categories; earlier laggards that have now started contributing and new ideas that have done well are illustrated below:

- **Lenders:** Two of our lender investee's, which faced headwinds from regulatory action and the interest rate cycle, had held us back until December. As these issues began to ease, they ended the year with strong gains of 22% and 29% respectively, with almost all gains concentrated in the March quarter (both stocks were flat in the first nine months). These gains came in a notably unsettling market. We had written about the lenders in our Sep 2024 newsletter where we had mentioned that while these companies were affecting our performance negatively due to temporary pressures, the challenges were not structural and therefore the longer-term growth opportunities remain unchanged. Since these short-term challenges are abating, we believe there is a significant catchup return potential in these stocks as they converge with the longer-term trajectory of the business.

- **CDMO:** In our earlier newsletters, we had written about the opportunities in the sector and our investment in a company that had won orders for supplying intermediates for a patented prostate cancer drug that were earlier being manufactured by the innovator's group company in Europe. As the supplies for this drug ramped up, the company experienced strong growth and turned out to be our largest gainer for the year. Another company in which we invested during this quarter, had won orders from a biotech innovator for a patent cardiovascular drug, has also contributed to our returns. Overall, due to attractive business economics and structural growth tailwinds, the CDMO space continues to be of interest to us. We plan to focus on company specific opportunities as we navigate the broader valuation challenges in the sector.




Note: Stock 3 was sold during the year and Stocks 4/6/15 were bought during the year
Returns are excluding dividends and based on our holding period

**Portfolio Actions:**

**Additions:**

- We have invested in a pharma intermediate manufacturer that supplies intermediates for patented pharmaceutical products and contrast media agents. The company has long-term orders from a biotech innovator for a patent cardiovascular drug which presents significant growth potential. Additionally, the company serves the contrast media market which is used for medical imaging, such as X-rays, CT scans, MRIs, or ultrasounds. The equipment for these scans operates as a closed system, requiring specific contrast media. This dynamic leads to a concentrated market structure, with the top four multinational companies—that are also equipment suppliers—holding about 75% of the global market share. Despite contrast media formulations going generic several years back, the closed-system nature of imaging equipment creates entry barriers helping sustain profitability along the value chain. Already a supplier to the world’s largest contrast media player, the company recently won orders from two other players (also among the top 4), strengthening growth prospects and easing customer concentration risks. These specific opportunities in high margin and high ROCE businesses make the company well positioned for value accretive growth going forward.

- We have invested in a company operating prominent insurance and credit marketplace platforms in India, with market shares exceeding 90% in insurance and 50% in credit. A significant portion of business value comes from retail health and term life insurance segments where penetration remains low. Push nature of product combined with high product level complexities due to non-standardized features across insurers makes selling insurance difficult. The company through its brand building initiatives has been able to build top of the mind recall which is reflected by ~80% of its business being generated without any performance marketing. This steady organic flow of interested customers in an otherwise push based industry, supports higher conversion rates and keeps customer acquisition costs (CAC) low. A well-trained customer service team further boosts conversion and renewal rates by guiding customers through transactions. The strength of the platform gets reflected in its ~3x faster than industry growth rates. Especially in the retail health segment, it is capturing a disproportionate share of new business. Being at the forefront of driving penetration, we believe the platform remains a very relevant distribution channel for all insurance companies. With its competitive strengths and a highly profitable asset light business model in an otherwise capital intensive insurance industry, we believe the company has promising long-term growth prospects.

**Exits:**

- We have not had any exits during the quarter.

In fiscal year 2025, we made three new additions to the portfolio and exited one position. While our idea pipeline has strengthened during the year, portfolio activity remained modest for the first nine months with two of the three additions occurring in the final quarter. As we step into FY26, markets face uncertainty owing to changing tariff policies, slowing domestic growth and elevated valuations (despite the recent correction). Amidst the uncertainty, we remain focused on our investment philosophy which centers on identifying high-quality businesses with strong growth potential. We aim to invest in these companies at “fair” valuations given their 3-5 year prospects and then step back to let the fundamental strength of the company translate into investment returns. We believe this approach should serve us well over time. With the current correction, we hope to find more opportunities to redeploy capital into fresh ideas that meet our criteria going forward.

Thank you for your trust.

Wishing everyone a rewarding FY26.

Rahul Picha CA, CFA
Portfolio Manager

***Statutory Details: Portfolio Manager – Multi-Act Equity Consultancy Private Limited (*Registration No. INP000002965)**

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**Note**:
1. All cash holdings and investments in liquid funds, is considered for calculating the performance.
2. All performance data are reported net of all fees and all expenses (including taxes).
3. The above performance numbers are not verified by the SEBI.

**Disclosure as per Global Investment Performance Standards (GIPS®) –**

Multi-Act Equity Consultancy Pvt. Ltd. claims compliance with the Global Investment Performance Standards (GIPS®). You can refer to the GIPS Compliant performance presentation here. Multi-Act Equity Consultancy Pvt. Ltd. has been independently verified by M/s. M. P. Chitale & Co., Chartered Accountants for the periods April 1, 2011 through March 31, 2019. The verification is available upon request. MAECL has claimed GIPS compliance for the Financial Year 2024 and such performance numbers shall be made available upon request.

Verification assesses whether (1) the firm has complied with all the composite construction requirements of the GIPS standards on a firm-wide basis and (2) the firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS standards. Verification does not ensure the accuracy of any specific composite presentation.

The Composite representing the Emerging Corporates India Portfolio was created on 28th April 2017. Performance has been compared with S&P BSE 500 TRI. The Gross Return (wherever mentioned) is before all expenses (except Brokerage). Net Return is after all actual expenses. A complete list of composite descriptions, policies for valuing portfolios and calculating performance fees are available on request.

Multi-Act Equity Consultancy Pvt. Ltd. is an independent SEBI registered Portfolio Manager. The firm maintains a complete list and description of composites, which is available upon request. This ECIP Composite includes all discretionary fee-paying portfolios that are being managed with the objective of generating capital appreciation by investing in companies that in the opinion of the Portfolio Manager are “Advantage Period Companies” which are enjoying a “competitive advantage period” that is likely to last for at-least 5 years and are available at a valuation that offers margin of safety relative to the growth opportunity landscape. The portfolio manager has also the discretion of not being fully invested if he is not able to find ideas that meet the above criteria along with valuation criteria, thus, indirectly taking an asset allocation call between Equity and Cash (& Cash Equivalents).

The information provided in this document should not be construed as a recommendation to purchase or sell any particular security. There is no assurance that any securities discussed herein will remain in the composite or that the securities sold will not be repurchased. The securities discussed do not represent the composite’s entire portfolio. Actual holdings will vary depending on the size of the account, cash flows, and restrictions. It should not be assumed that any of the securities transactions or holdings discussed will prove to be profitable, or that the investment recommendations or decisions we make in the future will be profitable or will equal the investment performance of the securities discussed herein.

**Risk Factors**

**General risk factors**

a. Securities investments are subject to market risks and there is no assurance or guarantee that the objective of the investments will be achieved.
b. Past performance of the Portfolio Manager or its affiliates does not indicate its future performance.
c. Investors are not being offered any guaranteed or assured returns i.e., either of principal or appreciation on the Portfolio.
d. As with any investment in securities, value of the Client’s Portfolio can go up or down depending on the factors and forces affecting the capital market.
e. The Portfolio Manager is neither responsible nor liable for any losses resulting from the operations of the Portfolios.
f. The investments made are subject to external risks such as war, natural calamities, and policy changes of local / international markets which affect stock markets.
g. The Portfolio Manager has renewed SEBI PMS registration effective December 05, 2023 and has commenced its portfolio management activities with effect from January 2011. However, the Portfolio Manager has more than 10 years of experience in managing its own funds invested in the domestic market.

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