

Date: 13<sup>th</sup> Jan 2026

## Moats & Special Situations Portfolio

Dear Investors,

Below is the performance of the Moats & Special Situations Portfolio (M&SSP) as of 31 December 2025.

Portfolio Performance <sup>1</sup>	Equity Allocation	Total Portfolio Returns	Benchmark Returns
Since Inception (annualised)		14.94%	12.96%
Dec 2025 Quarter	84%	4.45%	5.02%
April – Dec 2025		14.59%	12.57%

Please check relative performance of other portfolio managers by clicking on this [link](#)

As we look back at 2025, one of the most significant developments influencing global financial markets was the imposition of tariffs by the United States on its trading partners. India was initially considered to be the frontrunner to close the tariff negotiations. But the tariffs eventually increased to 50% and the resolution still seems elusive. To counter the impact of tariffs on the Indian economy, the government has given a boost through GST rationalization. Other complementary actions taken through the year - income tax reductions, interest rate cuts by the Reserve Bank of India, and enhanced systemic liquidity, are collectively expected to boost economic momentum. Preliminary indicators, such as sustained growth in automobile sales and improving FMCG volume trends, suggest that these measures are yielding positive outcomes, with momentum persisting beyond the festive season.

Against this backdrop, Indian equity markets concluded the calendar year on a positive note, with the BSE 500 and NIFTY registering gains of 7.6% and ~11.9%, respectively. However, these headline figures hide a big dispersion in the broader markets.

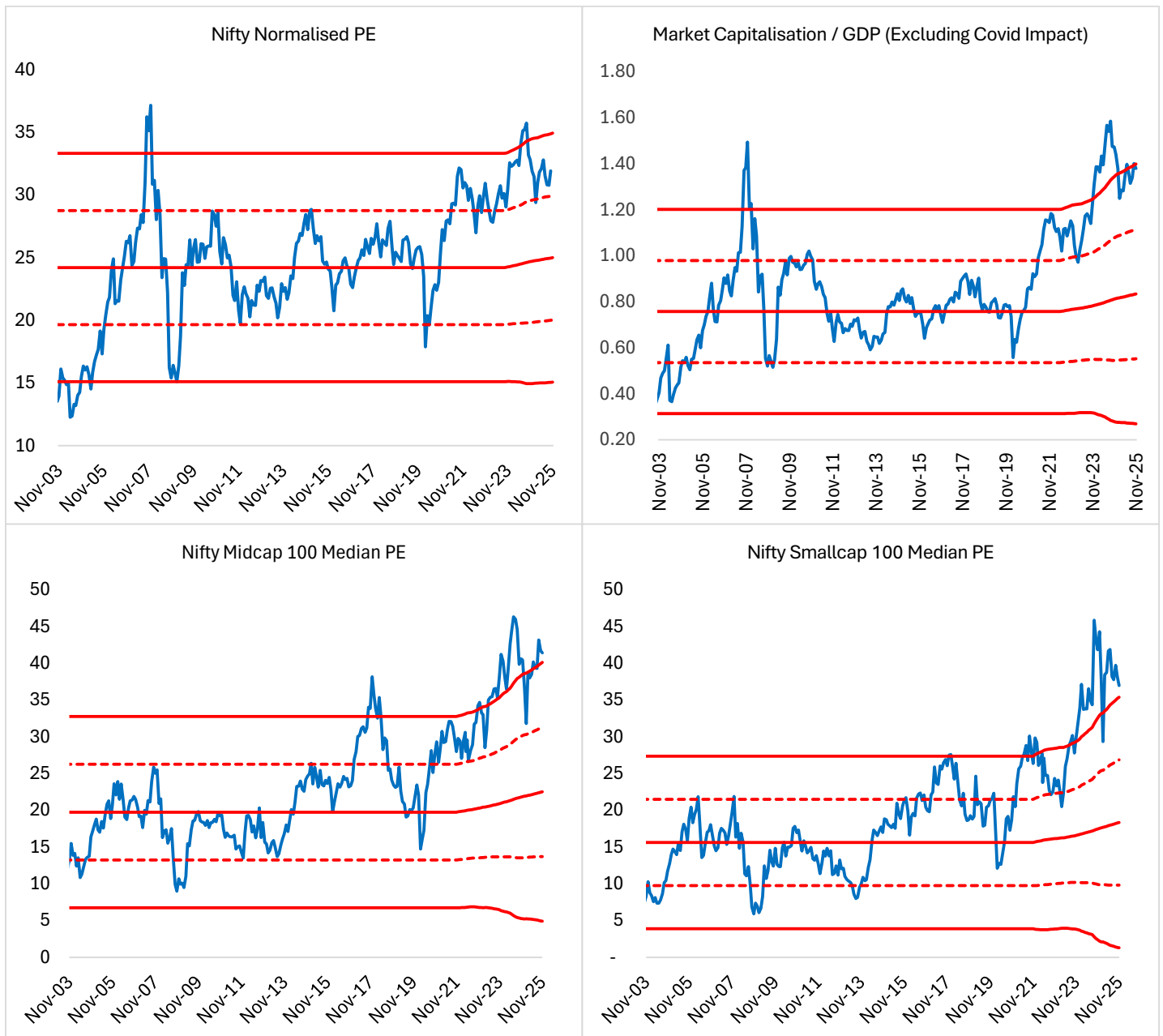
The adjacent table highlights a sharp divergence between headline index performance and the median return of index constituents for the calendar year. While the BSE 500 appreciated by 7.6%, the median performance of index constituents was -3.7%. This dislocation is even more pronounced in the Small Cap segment, where the median constituent witnessed a decline of 17.8%. The underperformance, specifically in the small & midcap space, could be attributed to a directional adjustment where valuation excesses were partially unwound. As discussed in the September quarter newsletter, the post covid rally which has been supported by strong domestic fund flow has been met by significant increase in supply of paper through promoter and private equity divestments, Qualified Institutional Placements

1 Year Performance	Index	Median
BSE 500	7.6%	-3.7%
BSE Midcap	1.1%	-6.2%
BSE Smallcap	-6.6%	-17.8%

<sup>1</sup> The Benchmark of M&SSP Investment Approach has been revised from BSE 500 and BSE Mid Cap index to **S&P BSE 500 TRI** with effect from 01<sup>st</sup> April 2023 as per SEBI/APMI circulars. Equity allocation mentioned above is for older accounts. The above returns are consolidated for all clients, time weighted and post management and performance expenses. 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. Inception Date is 27<sup>th</sup> January 2011.

(QIPs), and IPOs along with constant selling by FIIs, which has led to partial normalisation in valuation. It is precisely during such periods of valuation normalization that a bottom-up stock selection strategy differentiates itself. In this context, MSSP delivered a 13.2% return in the 2025 calendar year which is favourable compared to headline index performance as well as median performance discussed earlier.

Despite the subdued equity market performance in the last year, broader market valuations remain elevated relative to historical averages (refer charts below). If valuations continue to revert to the mean, equity performance for the wider market may stay subdued going forward.



That said, we anticipate entering a phase of improved **business** momentum as the full economic benefits of recent government policy initiatives are reflected in the broader economy. The potential resolution of the ongoing tariff uncertainty could be another catalyst, which could provide a renewed boost to the export-oriented segments of the economy.

Considering this improving macroeconomic backdrop, we would like to be constructive. However, elevated valuation in the broader market leaves us with very few opportunities. While we are evaluating companies currently facing temporary business headwinds, valuations don't offer an adequate "margin of safety". If valuation normalisation continues, our equity allocation could inch up.

## Asset Allocation

Our equity weight stands at 84%. For new accounts our equity weight is around 60%. Some of our portfolio stocks have done well (especially in the Auto & Auto Ancillary space) and are reaching expensive valuations. Thus, as per our investment process we have been trimming our exposure.

### Portfolio Activity

Business Model Allocation	Mar-25	Jun-25	Sep-25	Dec-25
Moat	7%	6%	10%	17%
Limited Moat	61%	67%	65%	57%
<b>Moat + Limited Moats</b>	<b>68%</b>	<b>73%</b>	<b>75%</b>	<b>74%</b>
Special Situations	32%	27%	25%	25%
Regulated Utility	-	-	-	-
<b>Grand Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

Sector Allocation	Mar-25	Jun-25	Sep-25	Dec-25
Financials	40%	40%	39%	40%
Financial Services	17%	20%	22%	19%
Commercial Services	12%	11%	10%	11%
Auto & Auto Ancillary	11%	16%	16%	9%
Consumer	4%	5%	8%	9%
Materials	3%	4%	4%	4%
Healthcare	11%	4%	-	4%
Media	-	-	-	4%
Technology	2%	-	-	-
<b>Grand Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

Regards,  
Rohan Samant      Akshat Hariya

**CIO      Assistant 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.

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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 MSSP 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 of high-quality Moat or Limited Moat businesses at fair value or discount to fair value OR in Non-Moat businesses at deep discount to fair value as special situations. 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).

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## **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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