

17th April 2025

Dear Investors,

Warm greetings from the EQ team. As we navigate through first quarter of 2025, we wanted to share some reflections on the current investment landscape and our perspective on the path ahead.

Global Trade Order Reset – Next Leap for India!

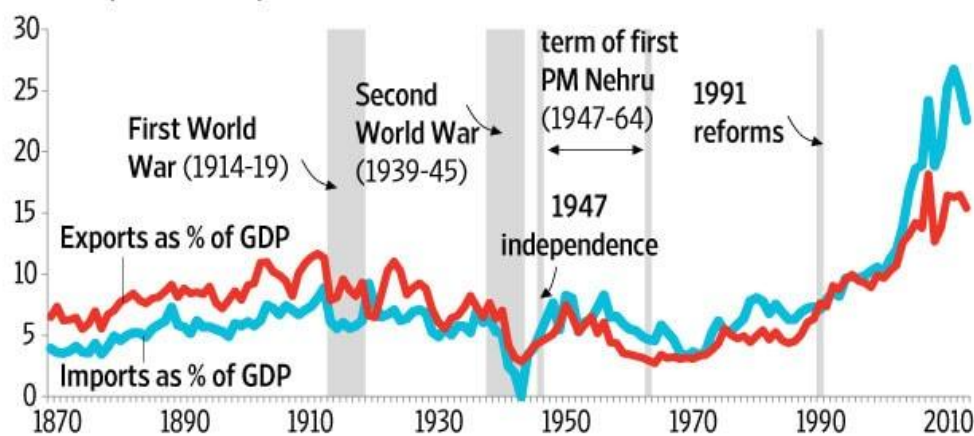
"The old order changeth, yielding place to new." — Alfred Lord Tennyson

The global economic landscape is undergoing a profound transformation. ***The emergence of tariff wars and shifting global alliances is reshaping the contours of international trade.*** What we are witnessing is not merely cyclical turbulence but a structural realignment of the world order.

India stands uniquely positioned to benefit from this global realignment. The world trade order post-World War 2 was set by the US and its allies for reasons local and global, India could never take advantage of. Indian global trade started to improve only post 1991 local reforms. However, we feel this is another moment of leap of Indian standing in the global trade and this time, global factors are in our favour though we need local reforms to match the opportunity. Companies seeking to diversify their supply chains away from traditional manufacturing hubs are increasingly looking toward India with its robust democracy, young demographic profile, and improving ease of doing business metrics.

INDIA'S INTEGRATION WITH WORLD ECONOMY HAS EXPECTEDLY INCREASED POST 1991

India's exports and imports as % of India GDP



Source: Michel Fouquin & Jules Hugot (May 2016), "Two Centuries of Bilateral Trade and Gravity Data: 1827-2014" [CEPII Working Paper] and Mint calculations

India's positioning in this new global landscape is not accidental but foundational. Our civilizational strengths in trade and commerce date back millennia and our non-aligned (or multi-aligned) geopolitical stand is how the world trade is evolving, going forward.

Broadly, we see alignment of 5 mega macro tailwinds which is going to last for decades supporting rise of Indian economy, corporates and hence equity market opportunity:

- *Young Demography*
- *Massive built-up and upgrade of physical and digital infrastructure*
- *Several disruptive technologies aligned to India's Tech ecosystem and talent*
- *Strong political and youth energy to make mark on the global stage*
- *And now; New global trade order aligned to India's strengths & liking*

Market Perspective – prices keep dancing, we focus on values.

The recent market adjustments have brought valuations to more attractive levels, creating better entry points for disciplined investors. However, timing markets remains futile – history repeatedly shows that attempting to predict short-term movements usually leads to missed opportunities.

All along we have followed few basics and nothing changes around them:

1. *All intelligent investing is Value Investing*
2. *Discovery of value is done at individual business level ignoring mostly all the macro news. We do bottom-up stock picking but keep broad tailwinds and headwinds in backdrop awareness.*
3. *Broadly, we have an attitude of long-term optimism (...this is backed by hundreds of years of human history in general and economic and markets in particular.)*
4. *Every crisis in hindsight was an opportunity and hence be opportunistic in crises. This is cornerstone having contrarian mindset.*
5. *Best friend for wealth creation in long ranges is Equities. Have unwavering faith in power of equities.*
6. *Keep things Simple. One of the most counter-intuitive idea of how to handle and navigate Complex systems (like markets) is to focus on simple things and not complicated things.*
7. *And we have faith in Indian economy, trade and entrepreneurs to create wealth.*

Our relationship with investors is guided by simple two words – Trust and Transparency

We believe in building enduring relationships based on trust rather than transactional engagements driven by constant solicitation. Our focus remains steadfastly on managing your capital with prudence and discipline, not on gathering more assets under management through aggressive marketing. You will not find us constantly sending you calls or messages soliciting funds.

Also, we continue to emphasize matching your investment horizon with financial goals. Short-term requirements – whether education expenses, housing needs, or medical contingencies – demand stability and liquidity that equity markets cannot guarantee.

Performance (TWRR)	Equity Intelligence - PMS	Nifty 50 TRI
1 Year	6.0%	6.7%
2 Years	24.3%	17.8%
3 Years	17.8%	11.7%
5 Years	38.5%	23.7%
10 Years	13.2%	12.1%
Since Inception (20+ Years)	19.8%	17.0%

Returns of one year or lesser time frames have always been worst guides to long term performance of equity markets. And this is also true for our portfolio returns in the past 20 years. ***For Investors, Mantra should be - for contingencies and short-term needs have cash, for income have bonds and for wealth creation bet on equities.***

Looking Forward with Conviction

As Benjamin Graham taught us: ***"The investor's chief problem — and even his worst enemy — is likely to be himself."*** Market volatility triggers our deepest emotional responses, leading us to make decisions based on fear rather than fundamentals. Often the best decision in times like one we are witnessing is to reduce the number of decisions and stay put with your convictions.

India's structural growth drivers remain firmly intact. Despite short-term volatility, the fundamentals supporting 6-8% annual economic growth continue to strengthen. For patient investors, the current market environment offers a favourable balance of risk and opportunity. As always, we remain focused on identifying value and avoiding potential pitfalls.

We deeply appreciate your continued trust and partnership.

Regards and Thanks

Porinju Veliyath