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Moats & Special Situations Portfolio

Dear Investors,

Below is the performance of the Moats & Special Situations Portfolio (M&SSP) as of 30 September 2025.

Portfolio Performance [1]	Equity Allocation	Total Portfolio Returns	Benchmark Returns
Since Inception (annualised)		14.9%	12.8%
Sept 2025 Quarter	81%	-2.9%	-3.2%
April – Sept 2025		9.7%	7.2%

Please check relative performance of other portfolio managers by clicking on this link

In the current quarter, a key negative development was the Trump administration's decision to impose a 50% tariff on Indian exports to the US. The prevailing view is that this move is primarily a negotiating tactic in the ongoing trade discussions, rather than a measure expected to remain in place for the long term. Indian exports to the US account for roughly 2% of India's GDP, with nearly one-third of these exports exempt from the tariffs. Moreover, in sectors such as gems and jewellery, where India handles nearly 90% of global diamond cutting and polishing, there are limited alternatives, which should ensure that the final tariffs would be rationalised or would have exemptions. That said, if the tariffs persist for an extended period, the effects could gradually ripple through the broader economy. Labor-intensive industries such as textiles and gems & jewellery may be forced to cut jobs, and the strain could begin to show in corporate earnings as early as the December quarter. The hope is that trade negotiations will conclude before these longer-term consequences take hold.

In addition to tariff-related concerns, the Trump administration announced an executive order raising the application fee for new H1B visas to USD 100,000. Alongside this, the proposed HIRE Act which, if enacted, would impose a tariff on outsourced IT services. This may also be part of the negotiating tactic as Indians are the biggest beneficiaries of the H1B Visa program. However, given the broad consensus among US policymakers that H1B visa abuse is a genuine concern, a rationalization of the framework appears highly likely. In the near term, H1B uncertainty could pressure the IT sector, but over the longer term it may accelerate outsourcing. The key risk for the IT sector would materialise if the HIRE Act were to pass in its current form, although at present this appears to be a low-probability outcome.

Against this negative backdrop, the rationalization of GST slabs was a positive development that helped to compensate for the tariff related negative sentiment. While GST slab rationalization was already under deliberation, the tariff impact accelerated its introduction. If we consider the overall estimated revenue

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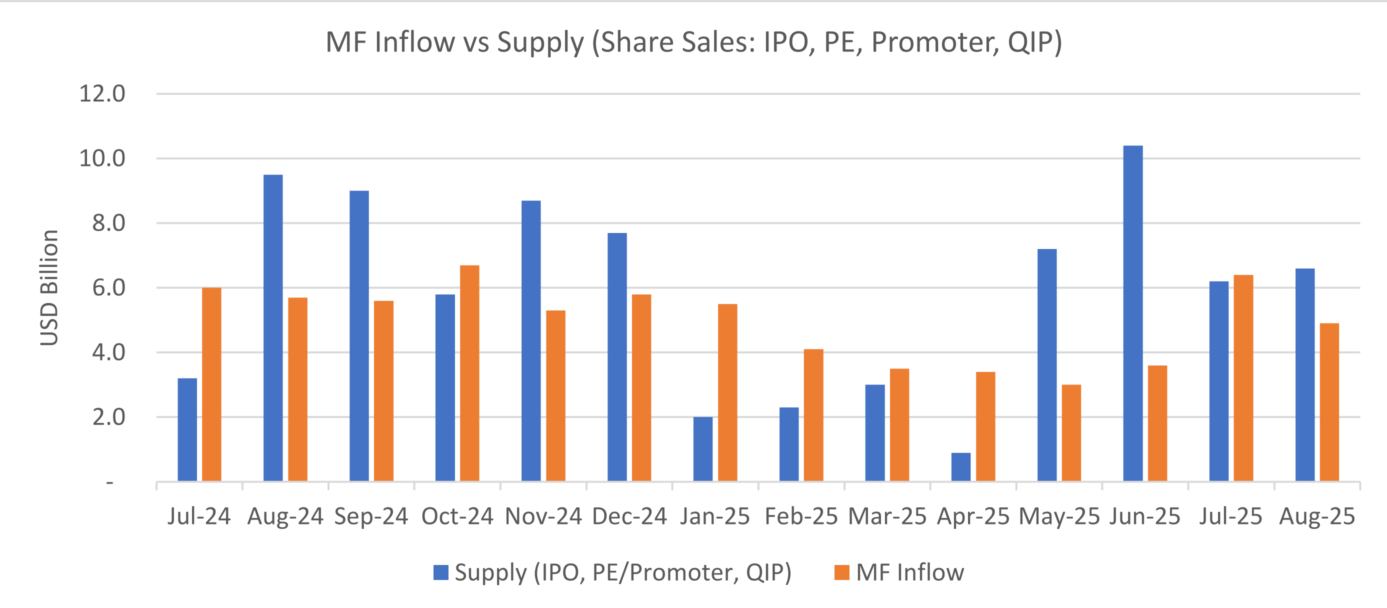
[1] The Benchmark of M&SSP Investment Approach has been revised from BSE 500 and BSE Mid Cap index to **S&P BSE 500 TRI** with effect from 01st April 2023 as per SEBI/APMI circulars. Equity allocation mentioned above is for older accounts. The above returns are consolidated for all clients, time weighted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

foregone by the government through the Income tax cut in the February 2025 budget of around One Lakh crore and the GST rationalization of September 2025 of around forty thousand crores, it adds up close to 1.4 Lakh crore. Along with this, RBI has reduced repo rates by 100 basis points in 2025 so far and cut Cash Reserve ratio by 1% point. Collectively, these actions could provide a meaningful stimulus to consumption, with the impact likely to become visible during the ongoing festive season and in the subsequent quarters.

Against this broader economic backdrop, equity markets have seen a correction in the current quarter following a sharp rally in the June quarter. Domestic fund flows remain strong, which has kept valuations elevated. As we have highlighted over the past year, elevated valuations have attracted steady supply of equity through IPOs, private equity exits, promoter stake sales, and QIPs. This supply has been absorbing the domestic inflow in Mutual Funds. The chart below illustrates the trend in domestic equity mutual fund inflows (excluding arbitrage) alongside equity supply from IPOs, PE and promoter exits, and QIPs.



As a result, the rally fuelled by domestic flows has stalled, with the BSE 500 TRI down -5.5% and Nifty TRI down -3.5% over the past year. Without a significant increase in domestic inflows or notable positive surprises in corporate earnings, the current supply-demand dynamics are likely to limit near-term market gains, potentially bringing valuations closer to historical averages through time correction.

In this context, we believe our portfolio is well positioned. Exposure to companies with material US export dependence is limited (<5%), insulating us from the direct impact of tariffs. With no exposure to IT Services (as of now), the uncertainty around H1B visas and the HIRE Act also does not directly affect the portfolio. On the positive side, our auto and auto ancillary holdings should benefit from GST rationalization. Our banking exposures may see temporary margin pressure, as lending yields adjust faster than term deposit costs following RBI's rate cuts. However, this is a timing mismatch and should normalize over time.

In conclusion, if US tariff negotiations settle at a more reasonable level (10–20%), it could reduce the negative sentiment and allow the benefits of domestic stimulus to be fully realized in the economy. This would act as a tailwind for corporate earnings as we move into FY27. In the interim, however, we expect markets to remain in a consolidation phase, with valuations gradually normalizing. Our portfolio continues to be skewed towards domestic economy which should cushion against any negative outcomes from US Tariffs and would benefit from the boost due to GST rationalization.

Asset Allocation

Our equity weight stands at 81%. For new accounts our equity weight is around 57%. We exited our position in Blue Jet Healthcare as we believe the medium-term earnings growth potential has largely played out, while current valuations were factoring in a much steeper growth trajectory than what we view as realistically achievable in the near term.

Portfolio Activity

Business Model Allocation	Dec-24	Mar-25	Jun-25	Sep-25
Moat	10%	7%	6%	10%
Limited Moat	53%	61%	67%	65%
Moat + Limited Moats	***63%***	***68%***	***73%***	***75%***
Special Situations	37%	32%	27%	25%
Regulated Utility	-	-	-	-
Grand Total	**100%**	**100%**	**100%**	**100%**

Sector Allocation	Dec-24	Mar-25	Jun-25	Sep-25
Financials	40%	40%	40%	39%
Financial Services	22%	17%	20%	22%
Auto & Auto Ancillary	13%	11%	16%	16%
Commercial Services	12%	12%	11%	10%
Consumer	6%	4%	5%	8%
Materials	4%	3%	4%	4%
Healthcare	-	11%	4%	-
Technology	3%	2%	-	-
Grand Total	**100%**	**100%**	**100%**	**100%**

Regards,
Rohan Samant

CIO

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

Disclaimer

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The information is meant for general reading purpose, understanding of intended recipient and is not meant to serve as a professional guide and/or the same should not at any point of time be construed to be an invitation for subscribing to Moats & Special Situations Portfolio – Investment Approach. The client may or may not be holding the Stocks mentioned in the newsletter in its/his/her PMS portfolio as the portfolio will vary from client to client depending upon the investment strategy followed by the Portfolio Manager for each client based on the Investment approach selected by the Client.

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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 2025 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 Moats and Special Situations portfolio was created on 27th January 2011. Performance has been compared with benchmark S&P BSE 500 TRI. The Gross Return 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 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).

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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