Progressive Value Growth Fund: 2025- No Acceleration Year, Just Survival

Portfolio Performance Oct 2024-Dec 2025	Equity Allocation (%)	Cash (%)	Portfolio Returns (%)	Benchmark Returns (%) S&P BSE 500 TRI
	93.18	6.82	-10.49	1.61

Method: Time weighted- Daily valuation method is used for rate of return calculation. Portfolio valuation is done on the date of any external cash flow with daily weighted cash flows. Periodic returns are geometrically linked. Total return includes realized and unrealized gains and income. Calculations are after deduction of transaction charges. Trade date accounting is used for calculations. Accrual accounting is used for fixed income securities. Market values of fixed income securities include accrued income. Accrual accounting is used for a dividend as of ex-dividend date.
Inception date: 10/10/2024
Distributions: Dividend and interest are assumed as reinvested for the rate of return calculation
Taxes: Calculations are on pre-tax basis
Fees: Calculations are after deduction of fees

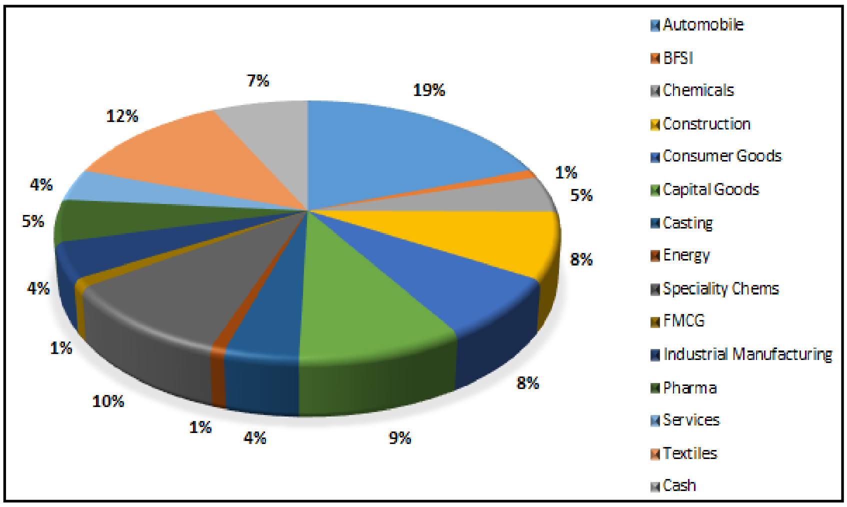
Rear View:

While the entire year did not see any such major kinetic energy from the recent reforms, many players in the industry were seen surviving with the more or less depressed conditions. While some chose to sacrifice margins to fetch volume gains others were seen tweaking the supply-chain as well as exploring newer geographies. The strategy to by-pass US via Mexico too was jinxed towards the end of year. We live in an era defined by market volatility, shifting economic priorities and rapid changes in investment behavior due to announcements made on a global level. Prolonged geopolitical tensions and volatility in international financial markets has been impacting the sentiments of investors and also pose downside risks to the growth outlook. As a result of which along with the FIIs, retail investors are currently not seen entering markets in large numbers. The quarter under review belonged more to the commodities and less to equities. The constantly developing geopolitical situations had nothing but uncertainty and volatility to offer to the markets; gold, silver and copper were tracked more than stock prices.

Growth of India continues to remain moderate where various industries were trying to claw-back the lost ground. The Indian markets were undoubtedly held by strong domestic hands while FIIs were cautious and sellers consistently. Our portfolio as a whole was seen caught in a fiscal tug of war, where most of the components belonging to the mid and small cap were seen beaten heartlessly. Some positive impact was seen in the auto and the textile sector during the festive and year-end period, where some of the deferred purchases were slowly seen converting into bookings and/or actual sales. As Benjamin Graham said, in the short run the market is a voting machine, but in the long run it is a weighing machine. In the rear view, 2025 was a year that demanded discipline and a prudent investment approach where we held ground for our thesis. We enter the new year with guarded optimism. We believe 2026 will be marked as a year of smart recovery which will essentially be led by policy initiatives, GST rationalization, structural shifts etc, which can help restore momentum as well as reshape demand. Glaring into the windshield of 2026, we anticipate the year to have better earnings momentum in select pockets and overall business cycle to gradually turn. The economic trade as a whole has already seen a tough time and most of the events seem to have been digested while asking the question what more can go wrong. While we continue to believe in Murphy's Law which says "anything that can go wrong, will go wrong", the pessimistic thought helps overcome anxiety, the optimistic side encourages vigilance, better planning, quality control, and building resilience.

Portfolio Activities: Committed to our investment theory for a portfolio which is composed of mid and small-cap entities in the more or less niche businesses, owing to the market turmoil we have delivered a return of (-10.49%). We believe this is a rough phase which will also wither away in the next 5-6 months. Amidst this volatility some of our investments are acting as outliers and continue to show limited downside (as of now) and or represent good fundamentals. Needless to mention some clarity or stability in the market will help fortify our diversified portfolio.

Portfolio Allocation (Till Dec 2025)



As we continue to struggle between the tariffs tug of war and a year of geo-political earthquakes, we have diligently deployed some available capital in a company which is involved in making critical parts (gears) for industrial products used in a number of sectors including steel, textiles, power, chemical, rubber, paper, mining, cement, sugar etc. Although it is a very conservative Management, the focus continues on the domestic market with barely 6-7% exposure to the exports market. Past performance cannot guarantee future results; however, the debt free company has been growing at a CAGR of 20%+ over the last 5 years. During the quarter under review, we witnessed some corporate actions including stock splits and bonus issues in some of our holdings, where the intention of the Management was to improve the float of the stocks in somewhat illiquid counters.

Portfolio Activities (contd.):

We continue to hold players involved in good quality and consistent production capabilities in the field of manufacturing intermediates for crop protection for some of its exports-oriented customers. Our exposure to the automotive and or auto-ancillary sector continues to sustain, as we strongly advocate the thesis of growth of the Indian economy being closely linked to the growth of this sector. As mentioned in our previous notes as well, the metal sector has shown good growth. Some of the players in the segments related to moulding/casting were already facing issues related to higher tariffs and exports, with no choice but to change the strategies from value growth to volume growth and will now face additional issues related to increased RM costs and the pass-through of the same.

The textile sector was anticipating some positive outcomes for the end of the year, however, the wait for some positive developments shall have to wait for some more time. The positive move for the sector will include the FTAs coming from ANZ regions. We hold some integrated textile players which are tweaking operations, sharing the tariff burden, exploring new frontiers while grappling with fluctuating RM prices while twiddling between weak certainties and with strong expectations.

We continue to stick to our thesis of anticipated uptick in the speciality chem/agrochem segments where ~6-8% uptick in the prices can be expected. This can help better cash generation and eventually lead to potential brownfield or debottleneck or fresh greenfield capex which will ultimately benefit the market leaders in the glass lined equipment and or mixing equipment providers which too have passed through a rough phase so far. Supportive RBI policies, liquidity support, good retail credit growth etc can benefit the top players in the private as well as the public banking sector.

In the long term, earnings recovery and/or revival will be the ultimate driver for market stability. The paybacks of GST rationalization, rate cuts and policy support which are adsorbed as triggers yet to unfold and reveal the true performance. Despite the continuous geo-political turbulence (both short term as well as long term) which we are continuously facing, we continue to stay focused on India's domestic growth story.

Markets will continue to remain unstable and move like a cardiogram due to global geopolitics and other elements; however, this instability should not affect well-organized investors. We are keenly waiting for the dust to settle and hoping for a win-win situation which can deliver better returns in the new year. We continue to wait till the Tariff Tantrums end. We continue to advocate the fact that investors should focus on building a strong portfolio rather than trying to perfectly predict market movements. Poor Charlie's Almanack: The Wit and Wisdom of Charles T. Munger has precisely quoted Jesse Livermore, as he said "The big money is not in the buying and selling...but in the waiting".

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