Progressive Value Growth Fund: The Maiden Year

Portfolio Performance Oct 2024-March 2025	Equity Allocation (%)	Cash (%)	Portfolio Returns (%)	Benchmark Returns (%) S&P BSE 500 TRI
	82	18	-21.38	-9.41

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

Tariffs and Trauma:

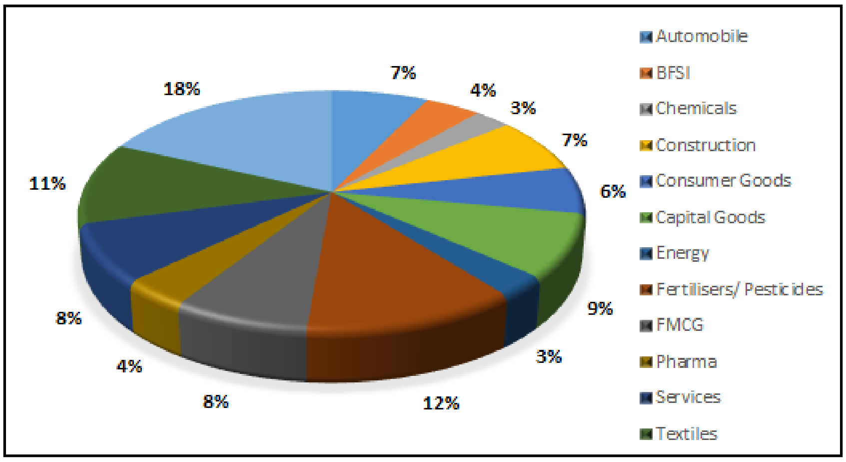
The year 2025 has witnessed continuation and escalation of global trade disruptions, primarily fueled by the renewed policy actions from President Donald Trump, including the introduction of reciprocal taxes/tariffs on all trading partners. This move has intensified global volatility and injected significant uncertainty into the financial markets. The decision appeared to target all economies indiscriminately, leading to heightened anxiety and renewed turbulence in equity markets. The policy outlined reciprocal measures for virtually every nation. Each subsequent announcement seemed designed to challenge the status quo, dismantle long-standing trade norms, and disrupt established global supply chains. Even today, markets continue to be grappled with the unpredictable and fluctuating nature of these tariff policies, which remain a key source of instability and concern for investors and businesses alike.

Impact on India:

India had been making deliberate efforts to decouple from the global noise and maintain economic stability, demonstrating notable resilience until the recent announcements around reciprocal tariffs disrupted the equilibrium. As a developing economy, India's reliance on global supply chains meant that it could not remain completely insulated from external shocks. India was already dealing with its own challenges and issues related to dumping, complex tax structures, declining exports and other broader geopolitical tensions. However, we thought this event was yet another blessing in disguise for the Indian bourses, as many richly and highly overvalued stocks had some correction warranted. However, in the midst of this adjustment, mid-and small-cap stocks where a significant portion of our portfolio is invested; began to face selling pressure and profit-booking. These segments were particularly vulnerable in the short term, as market participants sought to rebalance risk and liquidity in light of increased volatility.

Portfolio Activities: Our portfolio is primarily composed of several niche players, with focus on mid and small cap companies, where we believe the potential for growth is higher, supported by strong and credible Management teams.

Portfolio Allocation (Oct 2024 – March 2025)



We remain optimistic about businesses in the agrochemical and specialty chemical sectors. Many of these companies have recently completed their capital expenditure cycles, and we expect to see gradual growth in the coming quarters. While structural challenges such as elevated raw material costs, freight expenses, supply chain disruptions, and ongoing geopolitical uncertainties persist, we believe that well-managed specialty chemical firms are well-positioned to weather the storm. In addition, manufacturers of equipments used in the agrochemical and specialty chemical sectors are beginning to show early signs of recovery. We are seeing improvements in their order book enquiries and expect this to translate into revenue growth going forward.

We continue to favour companies that are largely debt-free, consistently pay dividends, and operate in the diversified commercial services domain. These businesses often have an annuity-like revenue model, making them resilient. Price increase which is a tough deal in such sectors typically results in strong cash flows, which in turn supports internally funded capex plans and improve earnings performance.

With more cash in hands of the common tax payers, we cannot forget to add the key players in the FMCG and banking sectors while some spends can also be dedicated to energy as well as construction.

As highlighted earlier, we also prefer niche biotechnology businesses with strong domestic market share, healthy balance sheets, and regular dividend pay-outs. However, we remain mindful of their potential customer concentration risks, as revenues may heavily depend on a small number of key clients.

Portfolio Activities (contd.):

The Indian economy's growth remains closely tied to the automotive sector, and we expect this trend to continue. Within this space, we have invested in a company engaged in the manufacturing of automotive components and equipment, particularly those catering to the commercial vehicle segment. One such company, a key sheet metal component and bus body manufacturer, supplies pressings and assemblies to a concentrated base of Indian and multinational clients.

While the broader market has seen a steep correction from October 2024-March 2025, our portfolio has comparatively declined by around ~22% in the red. This underperformance is largely due to prevailing headwinds in both domestic and global markets. However, we remain confident that as the market sentiment stabilizes and improves; our diversified portfolio will be well-positioned to benefit. We have carefully allocated capital to companies with limited downside risk and strong fundamentals.

As the market continues to be volatile and gradually becoming a trader's paradise, we are also seeing resilience in some of our recent additions. We remain cautious in our investment approach, seeking high-quality, niche businesses led by experienced Management teams, with the potential to deliver stable and strong earnings over time.

We are also bullish on the textile sector. A combination of global market shifts from China and Bangladesh to India, along with the anticipated benefits of the UK-FTA is driving renewed momentum. Several leading players in this space have undertaken significant capital investments over the challenging last 8-12 quarters and are now well-positioned to capitalize on future demand.

Looking ahead, we plan to deploy our available cash selectively into industries with clear long-term growth prospects, despite the current market adversities. We feel, many good fully integrated companies in the textile space are currently on the runway and sooner or later poised for a take-off and set to enter a new growth phase. Our investment approach is rooted in long-term structural stories that often take time to gain market recognition. These businesses typically grow in a gradual, step-by-step manner much like climbing the rungs of a ladder.

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