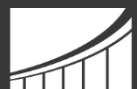


The Investment Compass:

Navigating markets with Old Bridge Mutual Fund



OLD BRIDGE
ASSET MANAGEMENT

Tailwinds for market recovery

As we enter the final stretch of the year, we see several constructive developments that provide a supportive backdrop for equity markets:

1. **Domestic liquidity remains ample.** The RBI's proactive measures and the GST realignment are helping ease conditions for businesses and consumers alike – a timely boost as we head into the festive season.
2. **Trade headwinds are transitional.** Tariffs with the US have caused short-term uncertainty, but the impact is not structural. While some sectors may struggle, most global businesses are diversifying across regions, which should provide stability in medium term
3. **Diplomatic momentum is building.** The Government has stepped up its global engagement to counter the impact of tariffs, signalling a more constructive trade environment ahead.
4. **Valuations have corrected.** Despite markets being broadly flat over the last twelve months, earnings have continued to grow in high single digits. This disconnect has reset valuations to more attractive levels, creating opportunities for disciplined investors.

Taken together, these factors set the stage for a healthier investment environment. Our portfolio companies – with strong balance sheets, capacity expansion plans, and leadership in their respective sectors – seem well positioned to benefit from this evolving landscape in our view. While the past year has tested resilience, we believe the conditions are steadily turning in favour of long-term investors.

Tracking portfolio fundamentals

While we continue to double down on the existing portfolio – it's not without reason. Our assumption has been that most of the traits of the business point in the direction that the underlying trend continues to remain firm.

Majority of the portfolio companies continue to have a planned capex programme in line with their cash flows to expand capacity by an average of 50% over the next five years. IT services and Telecom are the only two places where capex is behind us.

From a financial context – the quarter ended June companies did relatively better than their broader benchmark.

Operating Metrics (% growth, YoY)			
Name	Revenue	EBITDA	PAT
BSE500^*	6	12	30
Portfolio stock of Old Bridge Focused Fund*	10	16	12

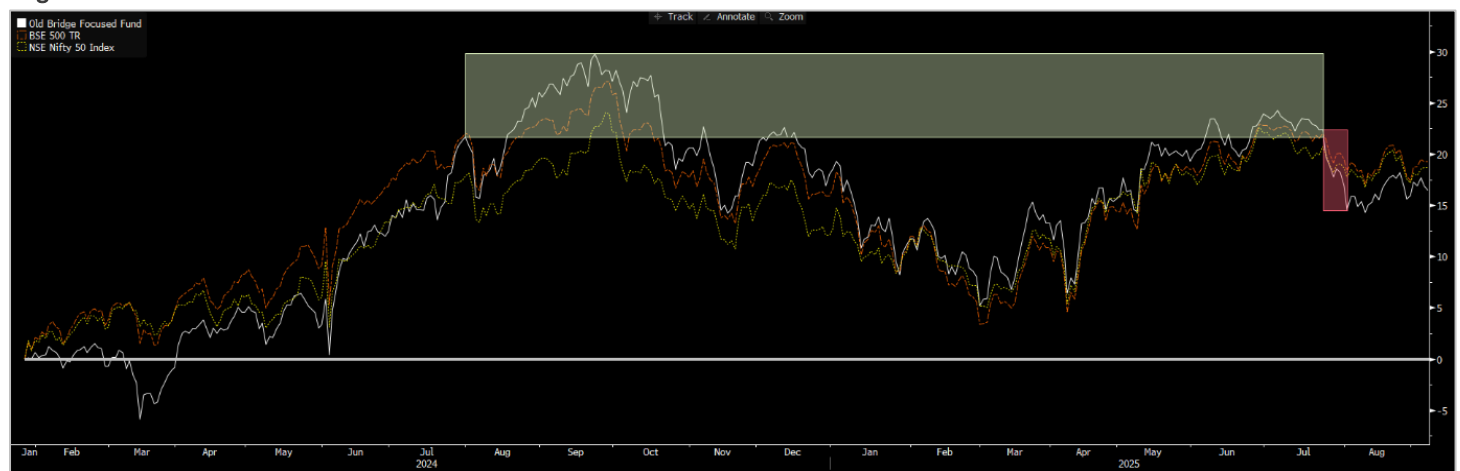
^Benchmark Index

*Excludes Financial Services

Source – Published Financial Results

But for the stock prices, it was another story.

August reflections



Source – Bloomberg

The red box on the right-hand side of the chart shows our relative lag in performance against our benchmark. July 2025 was a challenging month for us, August saw some level of stabilisation, July neutralized the out performance of the previous 12 months. For the year gone by, the portfolio is down 8% vs benchmark index at 6%.

Mutual Fund investments are subject to market risks, read all scheme related documents carefully.

Since inception of our scheme, January 23, 2024, we continue to track our benchmark.

Running a focused portfolio – we do face volatility both on the upside as well as when some of the stocks correct.

Focused positioning, not a flaw

It is a case of individual businesses and not one overarching trend that contributed to the performance. Our portfolio weightages are skewed towards slightly non-traditional segments of the market with very active weights vis-a-vis the benchmark.

Pharmaceuticals for instance @ 12% of the portfolio has an indexation of close to 50% to the US. With the yo-yo on tariffs happening in the world's largest economy, despite the valuation cycle being benign and attractive, the segment continues to lag the market. We need to wait for the noise to clear up.

An electricity exchange was the second place where the stock derated with the electricity regulator redefining the settlement of contracts in the industry. Their idea was to democratise the environment and derisk concentration risks which is aligned to one exchange. All the bad news is now in the price.

The third cut came from a logistics business where margin in its existing business compressed – while 10% of revenues from Turkey continues to lose money. The June quarter, the business hit an all-time high in its profitability.

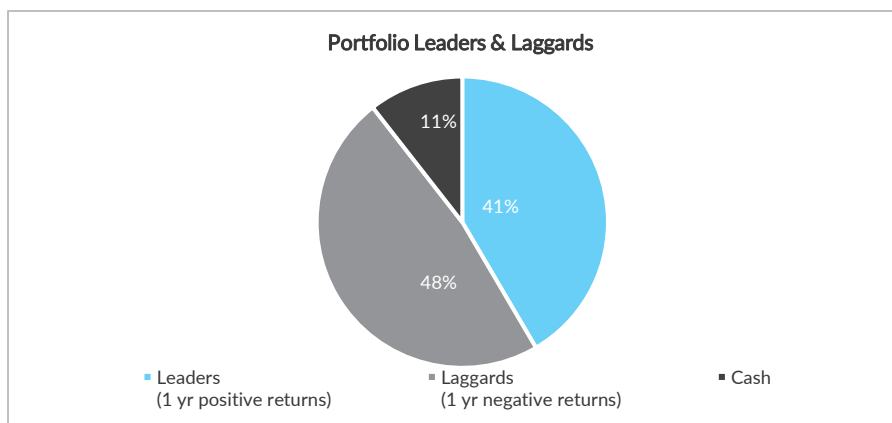
While all the above were down from their June highs by about 30%, the other part of the portfolio did not compensate for this drawdown.

We are highlighting all the above, just to showcase that it was more than one event that resulted in the drawdown. We remain watchful for any of these names losing market share in their respective categories.

From a financial context - Twelve of our businesses scaled to all-time highs in profits, cash flows while continuing their deleveraging cycle. As indicated in the previous section, portfolio operating metrics were superior to the marketplace

From highs to healthy realignments

September 2024 is when our NAV hit an all-time high. The very stocks that dragged performance over the past year were, interestingly, the strongest contributors in the year before.



Cohort	No of Holdings	Portfolio Composition (%)	Median 1yr return of each category	
			Aug 24 to Aug 25 (%)	Aug 23 to Aug 24 (%)
Leaders	9	41	19	53
Laggards	13	48	-27	66
Cash	NA	11	NA	NA

Source – Internal Research

We don't believe anything has fundamentally changed in these businesses. The recent correction is more a function of time and a reversion to mean valuations than any structural weakness.

In fact, we view this phase as a healthy reset – one that sets up the portfolio for stronger participation once market momentum returns.

Just to add to all the above – in most of the above names, we continue to add to the portfolio.

Mutual Fund investments are subject to market risks, read all scheme related documents carefully.

What about Tariffs?

Of all the macros – one thing we failed to foresee was India's ability to get on the right side of the USA trade. With a 50% tariff – there will be a few medium-term repercussions in several industries. Except for an auto ancillary within our portfolio, not much other seems to be impacted directly.

The focus for most managers has now moved to the domestic market and consumption. This in our assumption could go either side. With a GST cut and the other liquidity measures by the central bank, this festive season should see an uptick in volumes. And sentimentally a reprieve for the capital markets. Pricing might however take a while to come back.

We have a fair representation in the portfolio that cater to the above shift, should it happen.

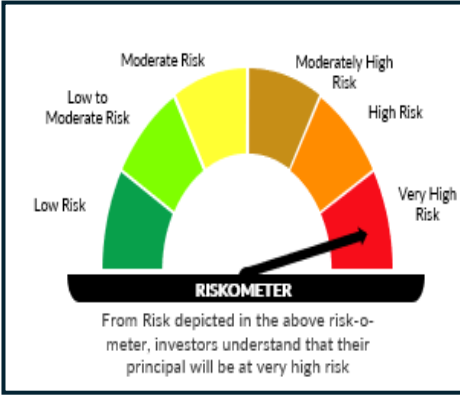
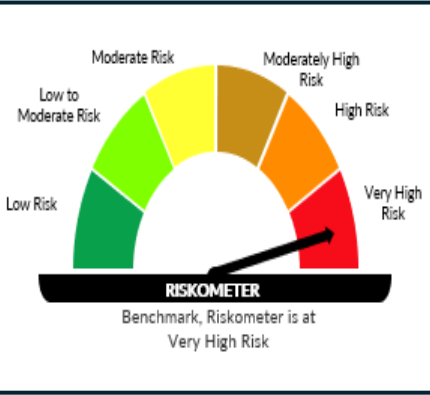
Our current watch list and portfolio composition is around companies that are investing for growth, or which have a large addressable market. This should play through in the medium term. In the shorter term, as with the table above, the bad news is in the price. A few stocks just might go through some aftershocks, but if the environment remains stable the momentum of the portfolio should revert from where it left of in September of 2024.

The Old Adage - Buy when low

From a portfolio standpoint, there are no significant changes. As investment managers, we will continue to expand our portfolio companies and encourage investors to view any market dip as a chance to refine their portfolio allocations. With recent corrections and our portfolio's positioning, we see this as an opportune time for investors to initiate staggered allocations and build positions with discipline.

RISK O METER

Old Bridge Focused Fund (An Open-ended Equity Scheme investing in maximum 30 stocks) (multi cap)

This product is suitable for investors who are seeking*:	#Risk-o-meter	
	Scheme	Benchmark (BSE 500 TRI)
<ul style="list-style-type: none"> Capital Appreciation over long-term. Investing in concentrated portfolio of equity and equity related instruments of up to 30 companies 	 <p>From Risk depicted in the above risk-o-meter, investors understand that their principal will be at very high risk</p>	 <p>Benchmark, Riskometer is at Very High Risk</p>

*Investors should consult their financial advisers if in doubt about whether the product is suitable for them.

For latest risk o meter, investors may refer to the Monthly Portfolios disclosed on the website of the Fund viz. www.oldbridgemf.com

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