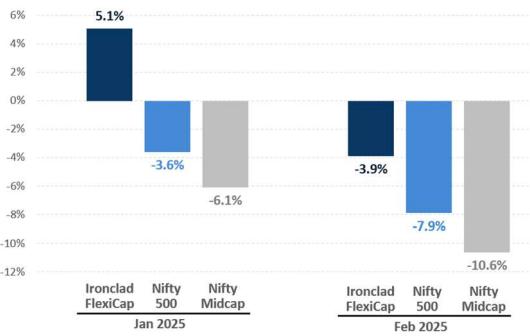


March'25 Investor Update

Dear Investors,

We hope this newsletter finds you in good health and high spirits. The start of 2025 has been a volatile period for the Indian markets, testing the resilience of portfolios across asset classes. Despite market turbulence, we at Ironclad Asset Management remain steadfast in our investment philosophy, focusing on high-quality companies with strong fundamentals, reasonable valuations, and an ability to re-deploy capital for long-term growth.

Performance Update



February 2025 saw significant market drawdowns, with the Nifty 500 declining **7.9%**. Despite this downturn, Ironclad Asset Management delivered **-3.9%**, significantly outperforming the broader market. Our ability to mitigate downside risk is a testament to our robust investment strategy and active portfolio management.

This follows our strong performance in January 2025, where we posted a **5.14% gain**, even as the Nifty 500 declined by **3.6%**. We remained in cash for most of January and started deploying only towards the end of the month. The ability to generate positive returns in difficult market conditions highlights the strength of our stock selection and risk management framework.

Market Overview: The Last Two Months and Expectations for 2025

The first two months of 2025 have presented a mixed bag for global and Indian markets. It was marked by continued foreign investor outflows, with FPIs selling \$14.9 billion in Indian equities, while domestic institutional investors (DIIs) remained net buyers. The broader markets struggled, particularly in mid and small caps, with sectoral declines in real estate (-24.2%), consumer durables (-17.6%), and Public sector enterprises (-15.4%). Nifty MidCap 100 Index is now down 21.4% and Small Cap 250 Index is down 25.9% from peak they made in Sept'24. Earnings for Q3FY25 remained tepid, adding to market nervousness. Global events, including policy shifts in the U.S. and geopolitical tensions, also contributed to volatility.

Despite global uncertainty, India's real GDP growth is estimated at **6.4%** for FY25, with inflation easing to **4.3%** in January. These structural strengths provide a cushion against external risks. It is in times like these that reminding ourselves of India's structural long term potential helps.

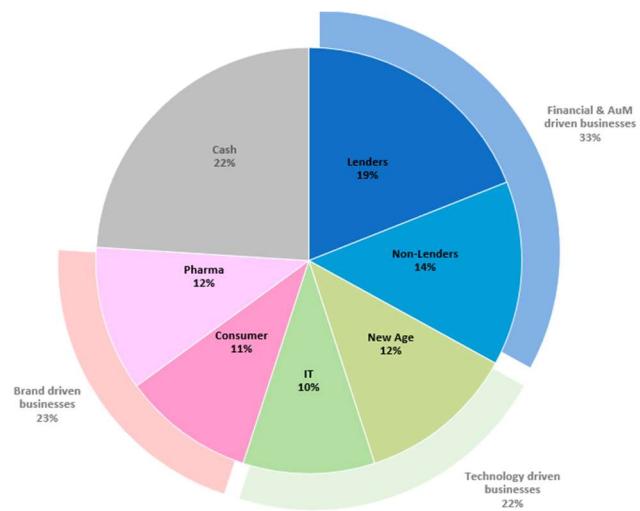
Looking ahead, we anticipate **continued market swings but with a gradual recovery**. The correction in valuations has created pockets of opportunity, particularly in financial services, technology, and consumer discretionary. We believe, for investors with 3-5 yr horizon, current correction **provides a good entry point**. While global uncertainties persist, India remains structurally well-positioned for long-term growth. Our focus remains on **staying disciplined, managing risk, and capitalizing on mispriced opportunities**. Stock selection becomes even more important than ever before as fundamentally strong companies with pricing moats can withstand turbulence better than others.

About Ironclad PMS and our Investment Strategy

We, at Ironclad Asset Management, are a SEBI Registered Portfolio Management Service (PMS). Our flagship product is a FlexiCap strategy as we believe FlexiCap approach allows us to invest across industries and dynamically adjust exposure to large, mid, and small-cap businesses.

Within our FlexiCap portfolio, we invest across Financial Services, Enduring Brands with high Return on Capital Employed (ROCE), the Innovation Economy, and Special Situations. Our philosophy is rooted in long-term value creation, with a "semi-permanent business owner" mindset rather than a stock trader. Our investment approach draws inspiration from legendary investors such as Warren Buffett, Chuck Akre, and Seth Klarman. We integrate a "value + growth" mindset with a private equity-style diligence process to mitigate risks and prevent permanent capital loss.

Our focus remains on investing in **15-20 high-quality businesses** within 3 key themes :



- Financial & AuM driven businesses** – These include lenders (Banks / NBFC's) and non-lenders (AMC's, Insurance) which have consistently delivered strong earnings growth over long term. They generally grow at a 1.5-2x multiple of India's nominal GDP growth and are structurally well placed to deliver 20-24% earnings CAGR over medium to long term. Further, with rate cuts already underway, these companies are expected to benefit from these cuts in near term.
- Technology driven businesses** – Code is the new currency! Tech businesses are ~50% of US and ~35% of China's market cap and India is going through this transition now. We intend to participate in this transition actively.
- Brand driven businesses** – A powerful brand—whether in consumer goods or pharma—enables companies to achieve exceptionally high gross margins (50-90%). These margins provide operating stability, support reinvestment, and minimize debt. Building such businesses is incredibly hard, and disrupting them is even harder. While consumer purchasing channels evolve (e.g., Blinkit replacing kirana stores), brand loyalty generally remains consistent across different platforms (e.g., Colgate toothpaste, Pampers diapers).

Our **flexible investment approach**, coupled with **active monitoring and timely rebalancing**, ensures that we are well-positioned to navigate uncertain markets while maximizing potential upside.

Why take a Portfolio Management Service (PMS) ?

A Portfolio Manager Service (PMS), like a mutual fund, is a savings and investment platform to create long term wealth. In recent years, Portfolio Management Services (PMS) have consistently outperformed mutual funds due to their **higher flexibility, focused stock selection, and performance-driven fee structure**.

As a fund grows in size, achieving outsized returns becomes increasingly difficult—and mutual funds in India have now reached substantial scale. For instance, if a mutual fund scheme with an AUM of ₹50,000 crore aims to allocate 4% to a particular stock, it would need to invest approximately ₹2,000 crore. If the business has a market cap of ₹10,000 crore, this would translate to owning 20% of it. As a result, large Flexi-Cap mutual fund schemes typically limit allocations to 2-4%, unless dealing with a mega-cap. In contrast, a PMS can allocate 4% more easily, as it represents just a fraction of an individual's portfolio rather than a large pooled fund.

The Power of Compounding

We firmly believe in the power of compounding. Our portfolio strategy is designed to create **long-term wealth**, leveraging India's structural growth tailwinds. Historical data shows that investments compounding at **18-20% annually** can grow capital **50-100 times over a generation**. Staying invested in quality businesses allows us to ride this growth wave effectively.

Looking Ahead

We continue to monitor macroeconomic trends, sector rotations, and global market dynamics to adapt our strategy accordingly. While short-term volatility may persist, our conviction in India's economic trajectory and our carefully curated portfolio positions us well for sustained growth.

We appreciate your trust in Ironclad Asset Management and remain committed to delivering superior risk-adjusted returns. As always, we encourage investors to take a long-term perspective and stay the course to maximize wealth generation.

For any queries, please feel free to reach out to us.

Warm Regards,

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Disclaimer: Investments in securities are subject to market risks. Past performance is not indicative of future returns. Please consult our disclosure document before making investment decisions.