MRG
CAPITAL

01 April 2025

Dear Sir/Madam,

No this isn't an April Fool's prank. We did actually outperform almost every mutual fund and fund house in FY 24-25 while taking nearly 1/3rd the market risk. Just as we did not get excited when markets touched stratospheric heights, we are unnerved by the recent corrections. Not only were we expecting it, but we are glad it has happened, as it will allow us to deploy our surplus funds and start nibbling our preferred stocks at more reasonable valuation levels. The fall has been slow, grinding, and frustrating and in the process sucked in more retail investor money in the form of SIPs/downside averaging. The Gen Z crowd who were enamored by the market moves post-Covid, are the ones who were hurt the most as they believed the market fall would be short and it would soon resume its uptrend. The market recovery in March most likely is a trap and will be tested by the upcoming corporate results and the impact of tariffs on the broader Indian economy.

Comparably, MRG portfolios have significantly outperformed the broader indices and the top-rated Flexicap Mutual funds with better absolute and risk-adjusted returns in the last year. With increased volatility, particularly in the 2nd half of the year, FY25 is a Litmus test for any fund manager's abilities in managing risks and generating returns. Please see the Appendix for further details.

This outperformance was possible due to our extensive research-based stock selection and our gradual approach to building portfolios. We take 6-12 months to completely invest our clients’ funds, and this flexibility allows us not to give into any FOMO or market narratives and helps us maximize client returns by aptly timing our market entry in our preferred securities.

Markets in FY25 have panned out as per our expectations (mid single-digit returns). The only thing that surprised us was the relentless FII selling. The excesses built over the last four years are normalizing but have not reached a point where markets can turn quickly. We expect the uncertainties caused by the slowing Indian economy and US tariffs to continue in FY26 as well and expect normalized market returns.

However, this pessimism provides better investing opportunities for an informed investor. We are holding significant cash levels in our newer client accounts to grab these opportunities. We request you to verify your cash levels in the performance files sent to you and consider topping up as it is the time to pick stocks in the Indian markets for a 2-3 year horizon.

Falling markets always cause anxiety to book profits completely and enter again at lower levels, but this seldom pans out this way. Timing the markets; calling out the tops and bottoms precisely is impossible. The best thing to do is to rebalance the portfolios by churning out weaker ones to the stronger names with better valuations. As custodians of your money, we are doing just that.

Please reach out to us to learn more about your portfolios and our strategies going ahead. If you would like to set up a one-on-one call with me, I will be delighted to talk after fixing a mutually convenient time.

Thank you for your trust and looking forward to serving you to the best of our abilities.

Manu Rishi Guptha

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Appendix

FY25 (Apr'24 - 28 Mar'25)	Return	Beta	Std Dev	Sharpe *
MRG PMS	16.0%	0.98	14.62	1.10
Nifty	5.3%	1.00	13.46	0.45
Nifty Midcap	7.7%			
Nifty 500	5.4%			

* Sharpe ratio indicates Risk-adjusted returns. A higher Sharpe ratio means the portfolio is more stable, less risky, and so gives consistent returns over time

MRG portfolios have outperformed Nifty, Nifty Midcap and Nifty 500 indices with a significant margin in FY25. On a risk-adjusted basis (Sharpe ratio), the returns are more than double that of the Nifty index. MRG portfolios have also outperformed all the top-rated Mutual funds in the comparable Flexi cap category in the past 1 year.

	Value Research Fund Rating	Net Assets (₹ Cr)	RETURNS (%)					Expense Ratio (%)
			3-Month	6-Month	1-Year	3-Year	5-Year	
EQUITY: FLEXI CAP								
HDFC Focused 30 Fund	★★★★★	15,515.87	-0.56	-6.62	16.53	23.50	33.02	1.68
HDFC Flexi Cap Fund	★★★★★	64,124.15	-1.04	-6.97	15.84	22.63	32.78	1.43
JM Flexicap Fund	★★★★★	4,899.24	-12.78	-17.34	8.16	21.55	27.51	1.82
ICICI Prudential Focused Equity Fund	★★★★	9,532.60	-2.44	-10.29	13.35	20.18	30.23	1.76
ICICI Prudential Retirement Fund - Pure Equity Plan	★★★★	981.86	-6.79	-12.16	7.32	18.70	30.69	2.18
HDFC Retirement Savings Fund Equity Plan	★★★★★	5,571.31	-4.74	-11.36	8.29	18.60	30.23	1.80
Bank of India Flexi Cap Fund - Regular Plan	★★★★	1,786.77	-11.81	-14.58	5.86	18.27	–	1.99
Mahindra Manulife Focused Fund - Regular Plan	★★★★	1,818.65	-2.81	-12.28	7.37	18.15	–	2.02
Franklin India Flexi Cap Fund	★★★★	16,139.31	-5.82	-11.27	9.88	17.67	29.48	1.74
Parag Parikh Flexi Cap Fund - Regular Plan	★★★★★	88,004.52	-1.50	-3.92	15.00	17.41	30.96	1.33
HSBC Flexi Cap Fund	★★★★	4,182.76	-10.36	-14.13	8.38	16.82	25.66	1.96
Franklin India Focused Equity Fund	★★★★	10,907.40	-6.09	-13.97	5.90	15.92	27.99	1.80
360 ONE Focused Equity Fund - Regular Plan	★★★★	6,351.89	-2.95	-12.29	8.69	15.49	26.56	1.76
SBI Retirement Benefit Fund - Aggressive Plan	★★★★	2,493.60	-4.56	-12.89	6.20	13.80	–	1.96
Union Flexi Cap Fund	★★★★	1,994.95	-7.55	-11.66	4.59	13.20	24.72	2.10