

INVESTOR WEBINAR

Investing In Uncertainty

What Winners Do Differently

Presented by:

SANDIP AGARWAL

Co-Founder & Fund Manager

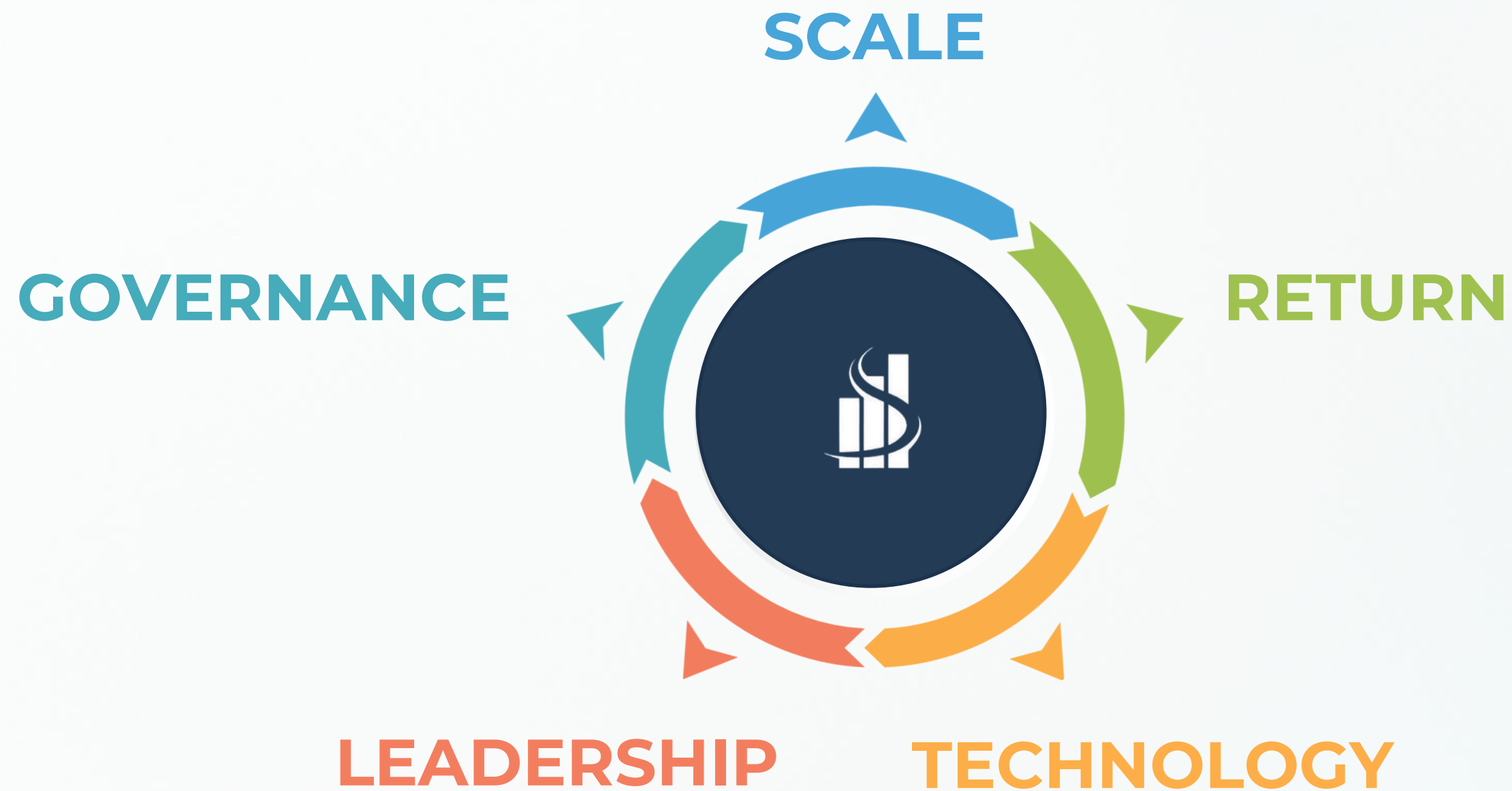
April 18th, 2025 | Friday

www.sowilo.co.in

Introduction

Sowilo Investment Managers LLP (“Sowilo”) is a boutique asset and wealth management firm catering primarily to Corporate, UHNI, HNI investors and Family offices in domestic as well as offshore markets.

OUR PHILOSOPHY



Our Achievements

Within A Year

Ranked by



Top 10 Portfolios In Each Peer Group (Data as of 31 st January 2025)											
Peer Group 5: One Year Plus Peer Group											
Company	Strategy	AUM(Cr)	1M	3M	6M	1Y	2Y	3Y	5Y	SI	Market Cap
Valcreate Investment Managers	IME Digital Disruption	9.75	-15.33%	-4.10%	4.16%	28.40%	-	-	-	39.60%	Thematic
Motilal Oswal AMC	Founders	2,268.58	-16.47%	-10.51%	-5.87%	18.68%	-	-	-	39.97%	Multicap
Sowilo Investment Managers LLP	Target Return Aggressive Fund	58.2	-11.46%	-9.41%	-5.12%	19.03%	-	-	-	30.78%	Mid & Small Cap
Sowilo Investment Managers LLP	Multicap Fund	100.18	-8.45%	-9.04%	-6.81%	12.97%	-	-	-	29.69%	Multicap
Ckredence Wealth Management Pvt Ltd	Business Cycle Fund	-	-8.71%	-6.25%	-2.18%	12.55%	-	-	-	22.24%	Multicap
Valcreate Investment Managers	IME Concentrated Microtrends	40.54	-6.07%	-7.36%	-8.94%	9.21%	-	-	-	24.41%	Large & Midcap
BAY Capital Investment Advisors Pvt Ltd	India Opportunities Portfolio	-	-5.26%	-5.36%	-4.66%	7.30%	-	-	-	20.30%	Multicap
Marathon Trends	Trend Following	444.22	-10.44%	-8.90%	-12.73%	5.20%	-	-	-	30.06%	Multicap
Alchemy Capital Management	Smart Alpha 250	-	-13.80%	-9.90%	-16.80%	7.90%	-	-	-	24.90%	Large & Midcap
Valcreate Investment Managers	Life Sciences and Specialty Opportunities Strategy	9.41	-9.34%	-12.75%	-8.38%	14.68%	-	-	-	18.21%	Thematic

Market Update

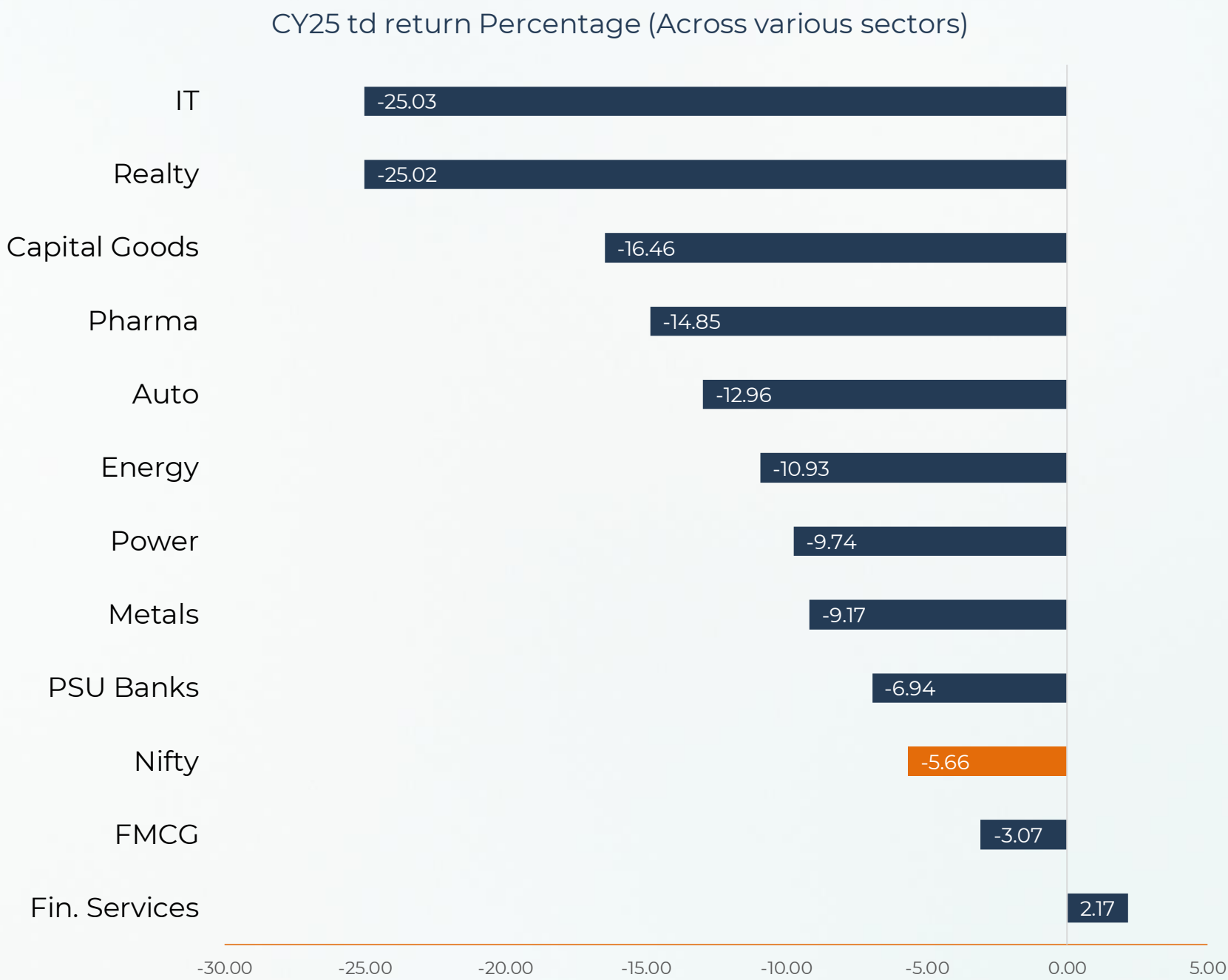
And We All Fall Down!

Indian markets have been on a weak footing in CY25

Indian indices performance

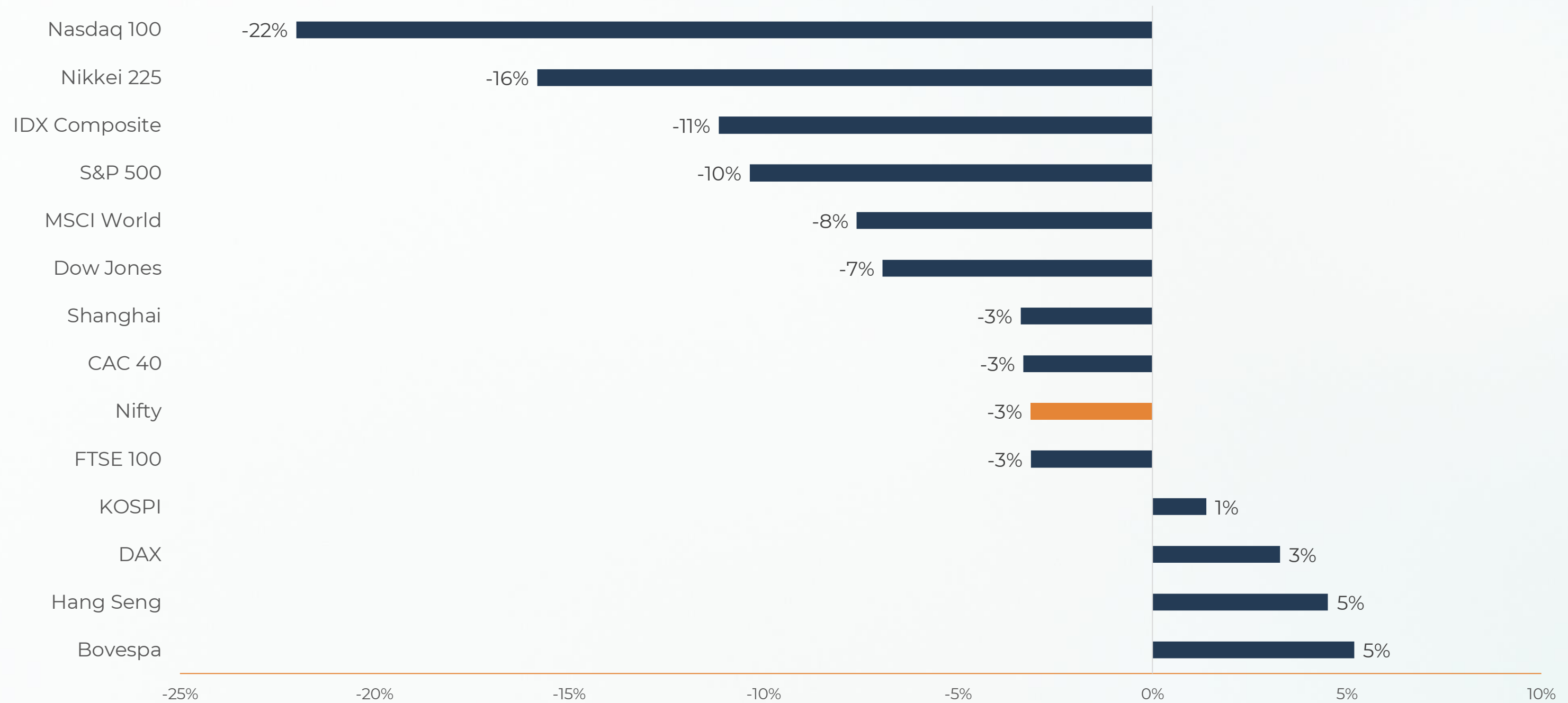


With broad based sell-off across sectors



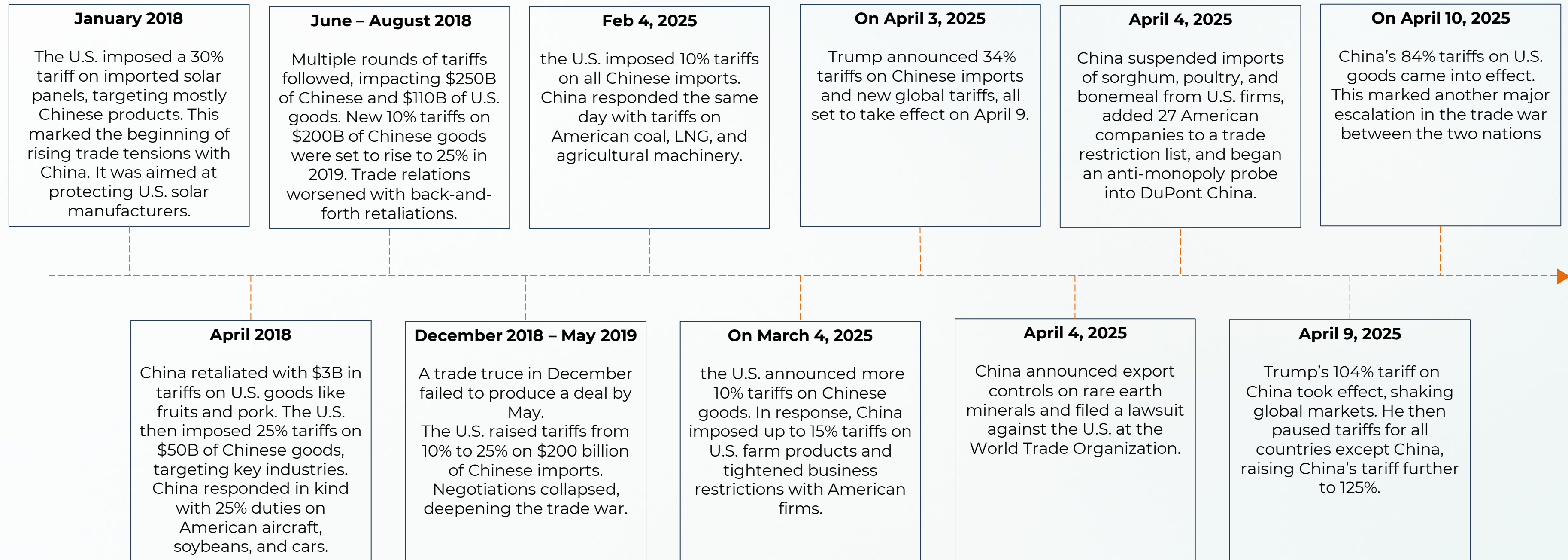
In line with global markets

Global Markets (CY25td performance)



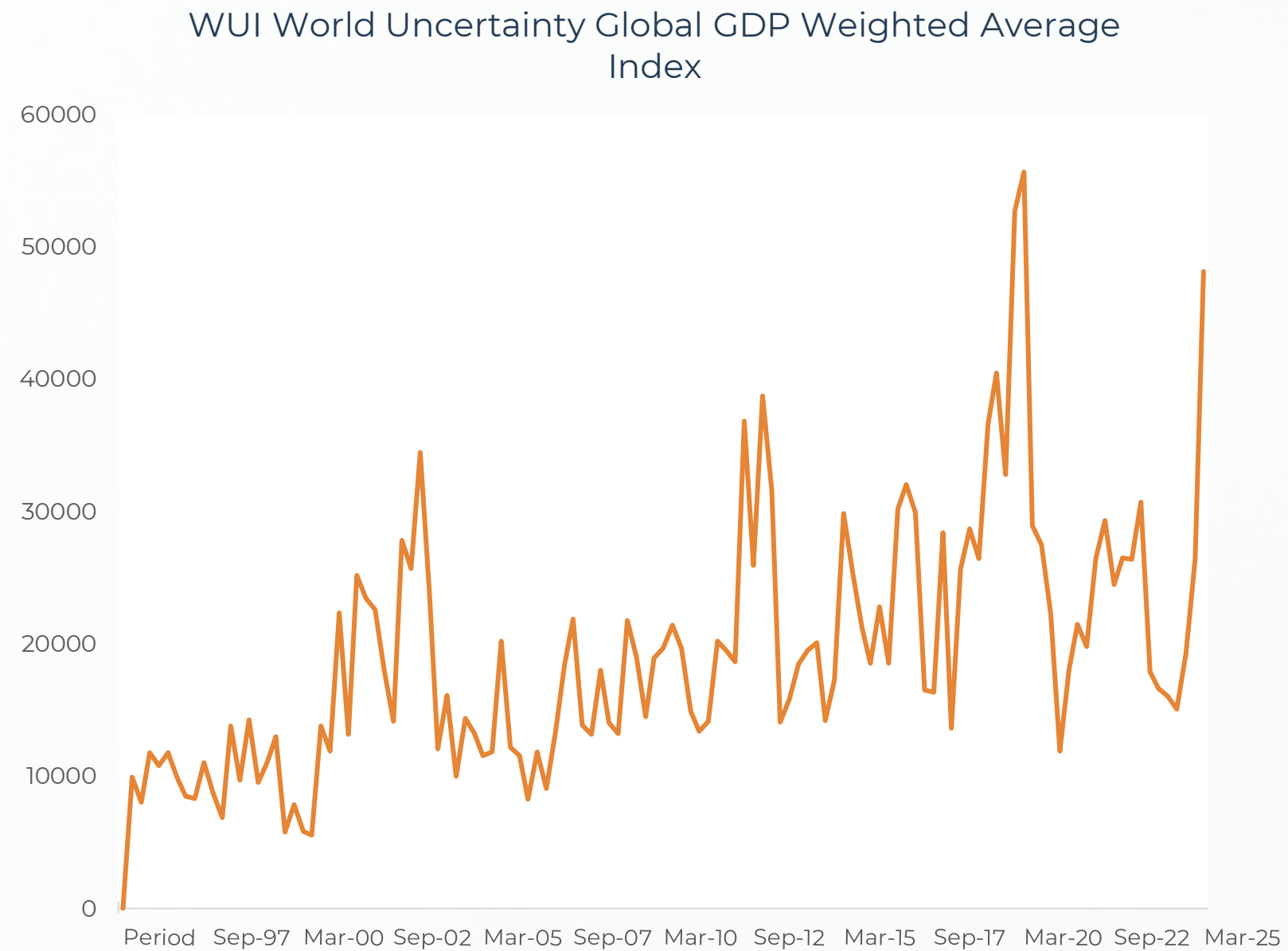
What's Spooking The Markets?

Trump's Tariffs Tantrums are back!

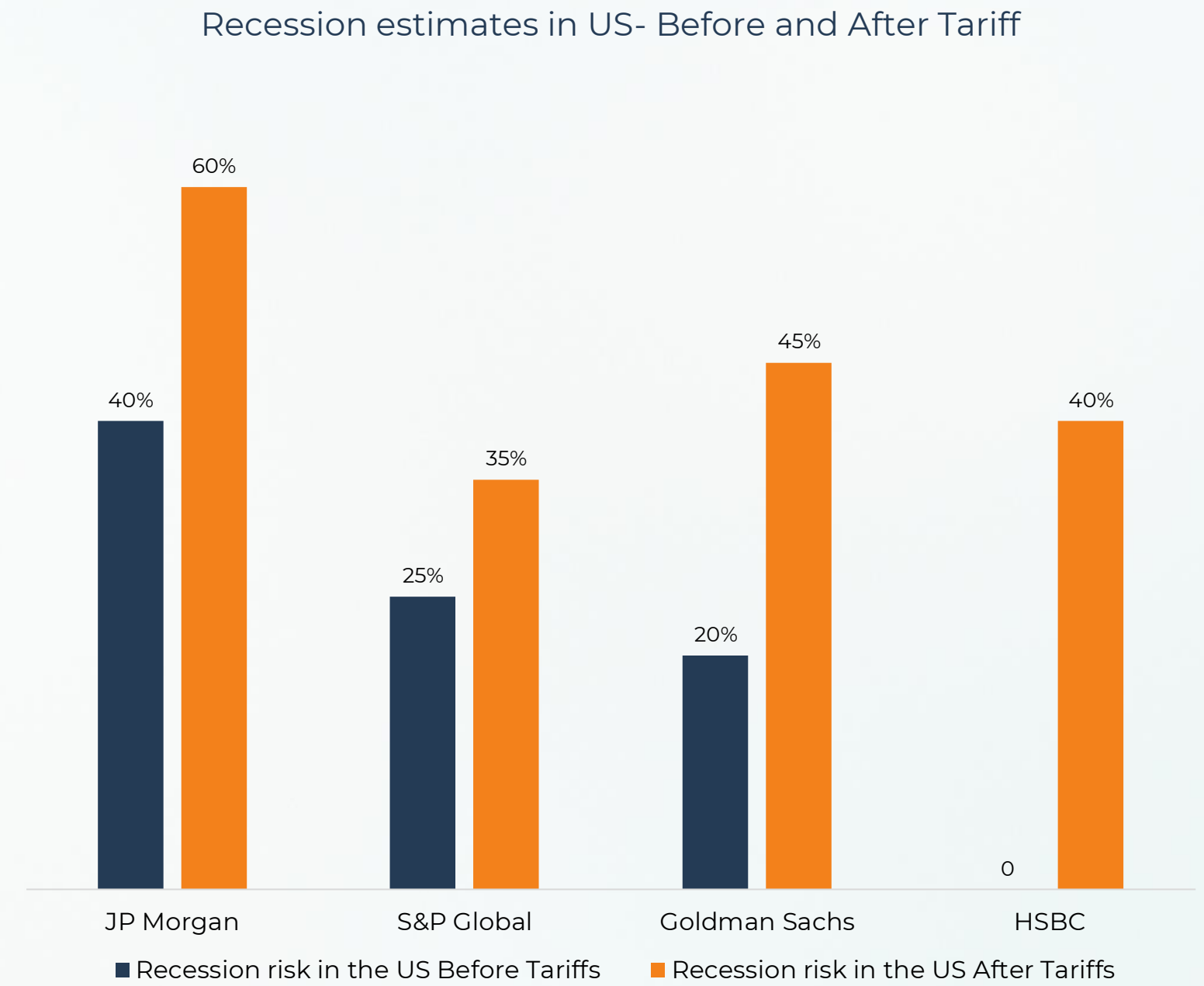


Repercussion of Trump tariff tantrums

Leading to huge spike in uncertainty



Leading to increased recession risk in the US



After recent fall, valuations

The PE of all countries have dipped below they're respective 10 year averages, Excluding India

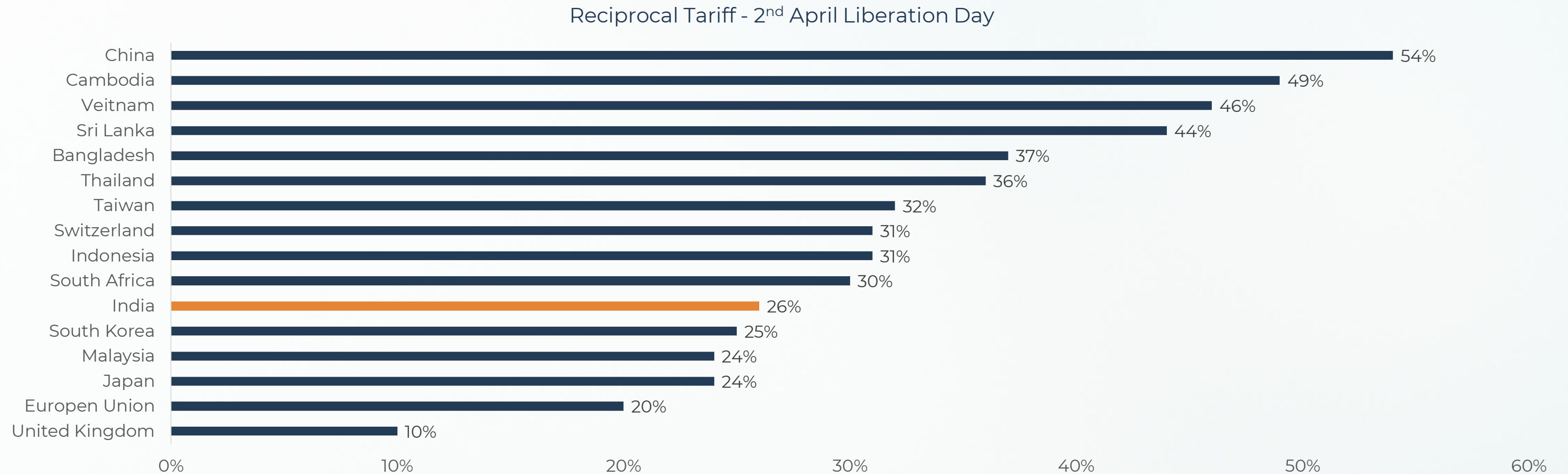
Country	1 yr Fwd PE	10 year avg	% (premium/discount)	Country
India	20.14	19.48	3%	India
USA	18.17	18.78	-3%	USA
EM Asia	11.55	12.61	-8%	EM Asia
Europe	12.98	14.23	-9%	Europe
Japan	13.23	14.79	-11%	Japan
China	9.84	11.35	-13%	China
UK	11.11	12.87	-14%	UK
Taiwan	12	14.45	-17%	Taiwan
Thailand	13.14	16.05	-18%	Thailand
Malaysia	12.3	15.2	-19%	Malaysia
South Africa	9.12	11.81	-23%	South Africa
Mexico	10.44	13.61	-23%	Mexico
Korea	7.68	10.04	-23%	Korea
Hong Kong	10.87	14.62	-26%	Hong Kong
Indonesia	10.47	14.55	-28%	Indonesia
Brazil	6.99	10.42	-33%	Brazil
Philippines	9.82	15.63	-37%	Philippines

Country	1 Yr Fwd PB	10 year avg	% (premium/Discount)	Country
USA	3.76	3.39	11	USA
India	3.15	2.91	8	India
Taiwan	2.09	2	5	Taiwan
Europe	1.8	1.75	3	Europe
UK	1.7	1.72	-1	UK
Indonesia	1.67	2.26	-26	Indonesia
Mexico	1.66	1.88	-12	Mexico
South Africa	1.62	1.79	-9	South Africa
EM Asia	1.48	1.51	-1	EM Asia
Philippines	1.44	1.83	-21	Philippines
Thailand	1.37	1.8	-24	Thailand
Malaysia	1.31	1.48	-12	Malaysia
Japan	1.21	1.25	-3	Japan
China	1.2	1.38	-13	China
Brazil	1.18	1.58	-26	Brazil
Hong Kong	0.85	1.08	-22	Hong Kong
Korea	0.8	0.96	-16	Korea

India remains the only major market trading at a premium to its 10-year average on both PE (+3%) and PB (+8%), signaling sustained investor confidence and underlying growth resilience despite global valuation corrections.

Impact Of Tariffs On India

India – Favorably placed as compared to EM peers

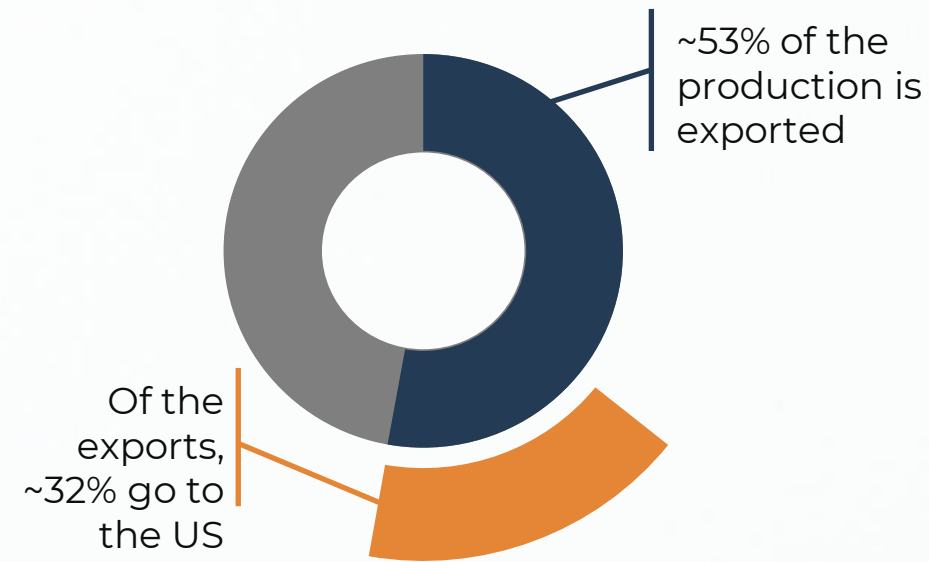


- 90-Day Halt: Reciprocal tariffs (beyond the 10% baseline) paused until 9 July 2025 for negotiation; applies to most countries except China.
- US: 10% baseline tariff on all imports; 145% on China. Facing legal pushback (e.g., California lawsuit).
- China: Retaliated with 125% tariffs; may shift to export bans and procurement curbs.
- EU: 10% baseline applies; 25% counter-tariffs suspended during the halt. Leveraging LNG and defense deals.
- UK: Hit only by 10%; focused on trade deal, maintaining secrecy around talks.
- India: 26–27% reciprocal rate paused; ongoing FTA negotiations.
- Canada: Baseline-exempt; matched 25% auto tariffs on non-CUSMA US vehicles.
- Mexico: Fully exempt from US tariffs; faces separate water-treaty-linked threats.
- Others: Japan, Australia, ASEAN under 10%; Russia/EAEU hint at selective protections.

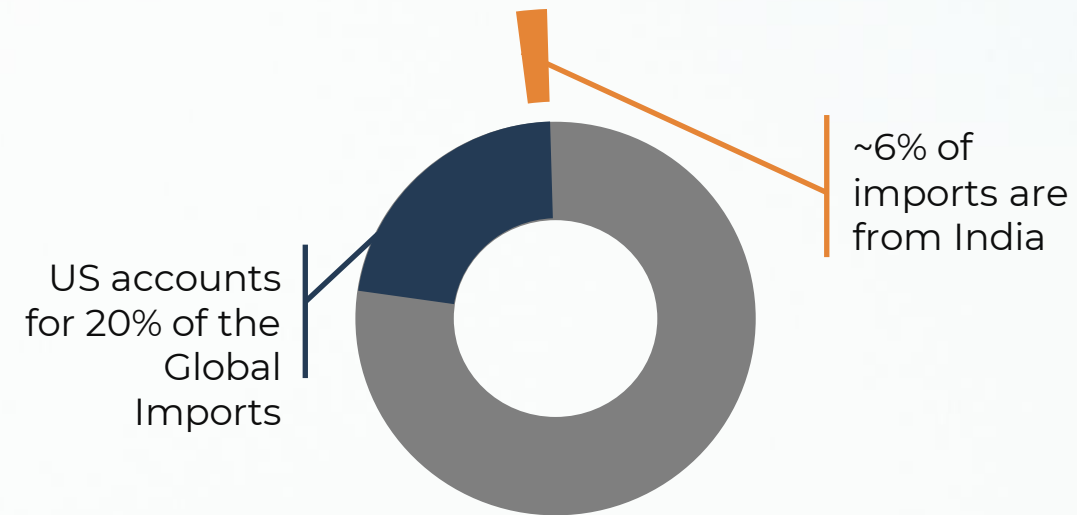
Sector-wise impact assessment

Pharmaceuticals

Indias exports to the USA



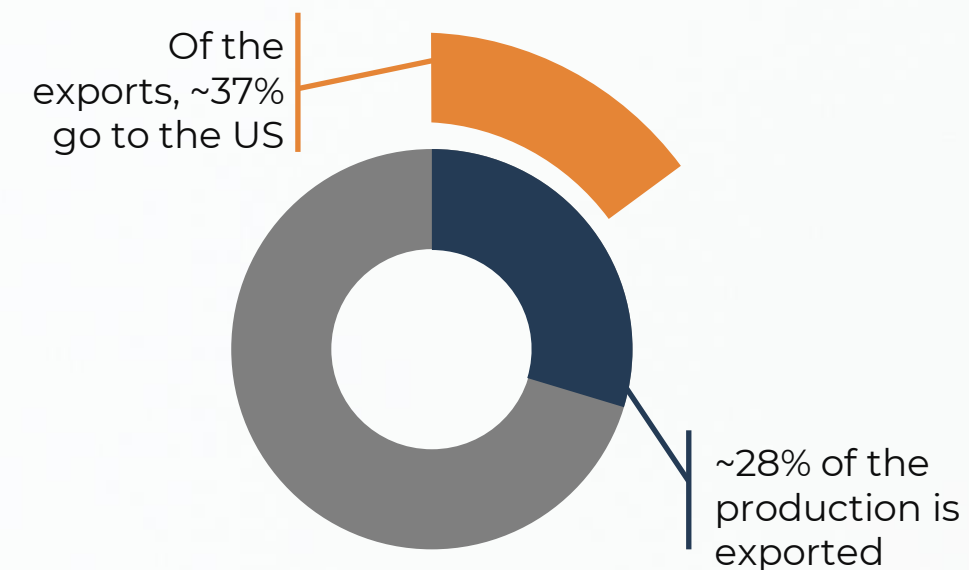
US imports from India



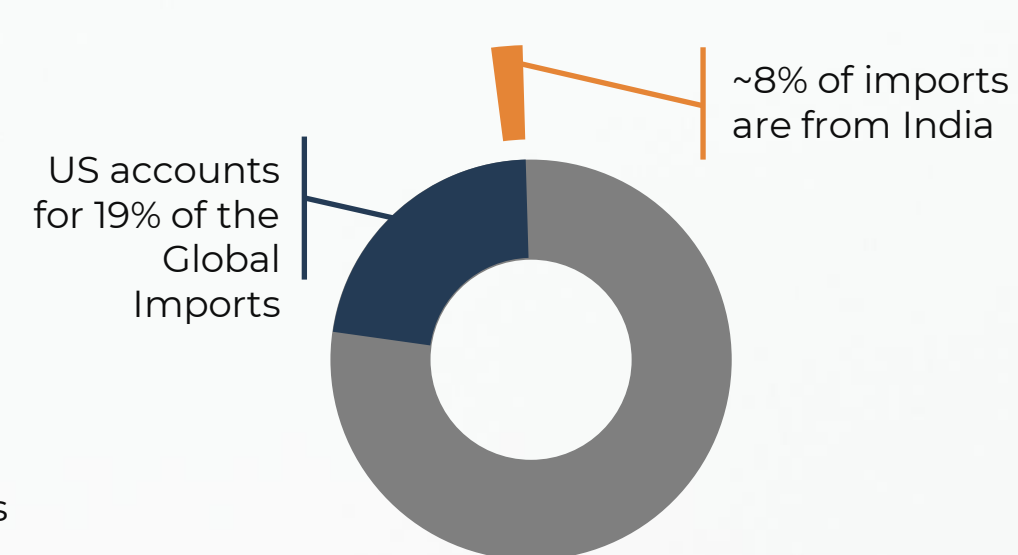
Country	Share in Global Trade	Share in US Imports	Old US Tariff	New US Tariff	Change in Tariff
India	3%	6%	1.27%	1.27%	No change
Ireland	9%	20%	1.27%	1.27%	No change
Germany	14%	11%	1.27%	1.27%	No change
Switzerland	12%	9%	1.27%	1.27%	No change
Singapore	1%	5%	1.27%	1.27%	No change
Belgium	10%	4%	1.27%	1.27%	No change

Textiles

Indias exports to the USA



US imports from India

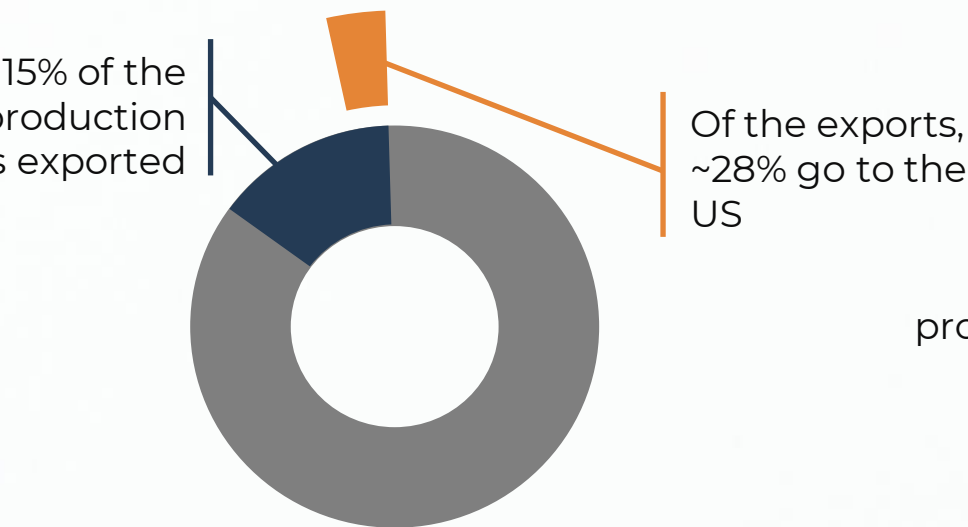


Country	Share in Global Trade	Share in US Imports	Old US Tariff	Additional Ad Valorem Duty	Tariff Including Additional Duty
India	3%	8%	11%	26%	37%
China	32%	27%	11%	54%	65%
Vietnam	5%	15%	13%	46%	59%
Indonesia	1%	4%	13%	32%	45%
Bangladesh	9%	8%	12%	37%	49%

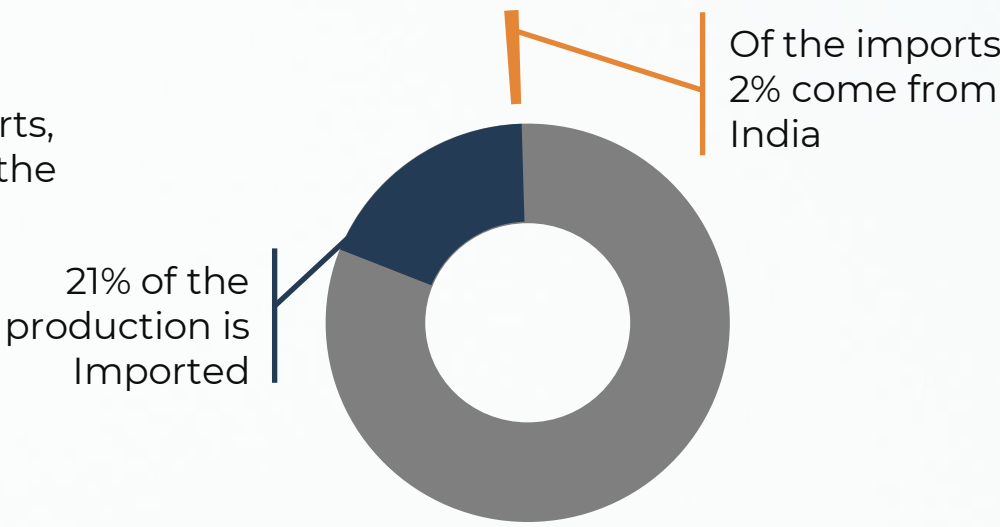
Sector-wise impact assessment

Auto Components

Indias exports to the USA (CY2024)



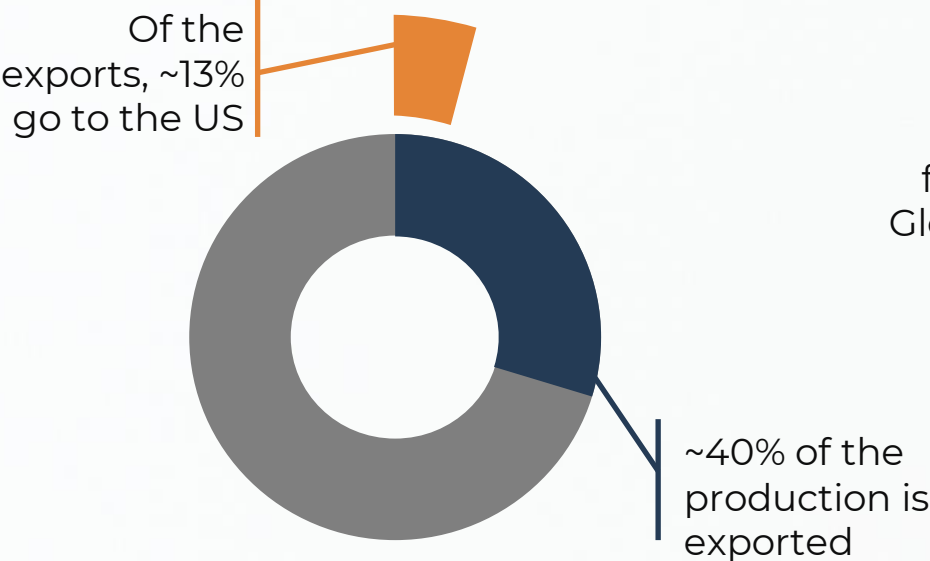
US imports from India (CY2024)



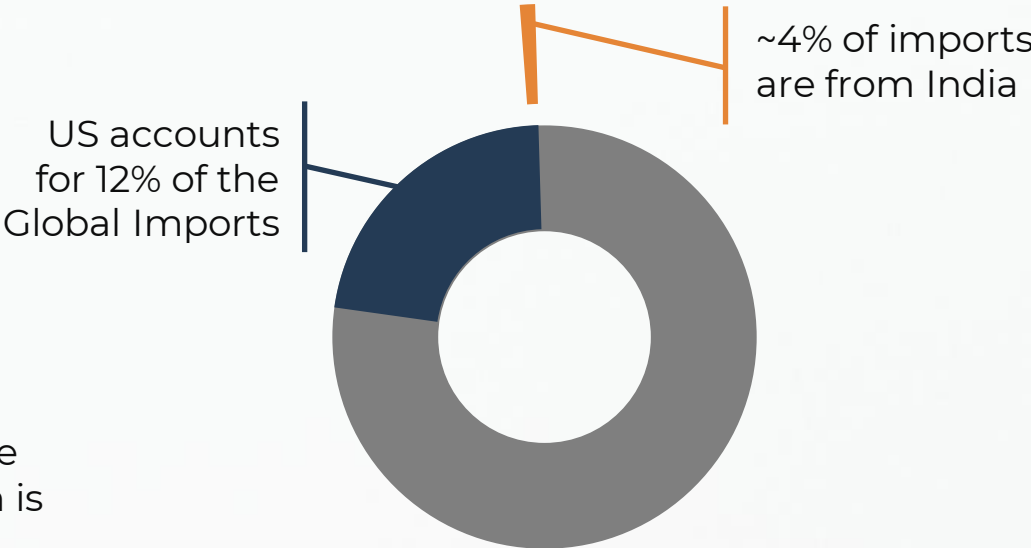
Nation	Share in Global Trade	Share in US Trade	Old US Tariff	Ad Valorem Tariff	Change in Tariff
India	3%	2%	0–2%	25%	25%
Mexico	6%	38%	0%	25% (only on value of non-US content)	Up to 25%
Canada	3–5%	10%	0%	25% (only on value of non-US content)	Up to 25%
China	5%	10%	20–25%	25%	25%
Japan	2%	9%	0 to 2.5%	25%	25%

Chemicals

Indias exports to the USA



US imports from India



Country	Share in Global Trade	Share in US Imports	Old US Tariff	Additional Ad Valorem Duty	Tariff Including Additional Duty
India	2%	4%	3.70%	26%	29.70%
China	9%	11%	3.70%	54%	57.70%
Vietnam	0.30%	0.10%	3.70%	46%	49.70%
Indonesia	0.50%	0.30%	3.70%	32%	35.70%
Thailand	1%	0.40%	3.70%	36%	39.70%
South Korea	3%	3%	4.10%	26%	30.10%
Japan	3%	2%	3.70%	24%	27.70%

Sector-wise impact assessment

Indirect Impact - IT

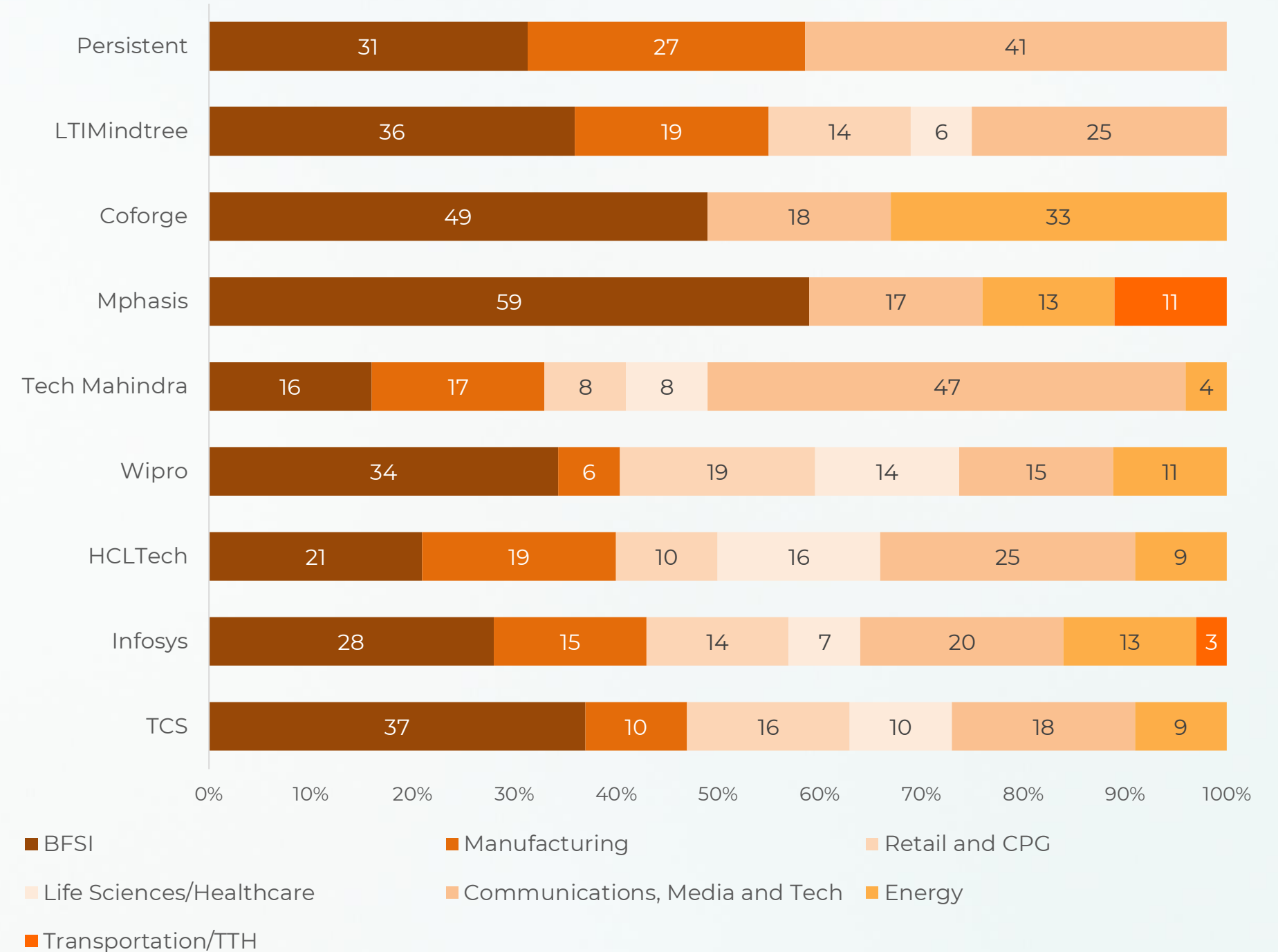
Limited Direct Impact

- Indian IT exports software services, cloud, consulting, and BPO – not physical goods.
- Tariffs do not apply to services, so no direct cost burden for players like TCS, Infosys, Wipro, HCL.
- Operations in the U.S. remain unaffected by the tariff policy in the near term.

Indirect Risks & Sector-Wide Effects

- Client Budget Cuts
 - U.S. sectors (auto, electronics, manufacturing) may reduce IT spending.
 - Could lead to contract renegotiations, deal delays, and service downsizing.
- FDI and Business Sentiment
 - Recession risks reduces client confidence.
 - Indian IT firms may need to diversify to Europe & ASEAN markets.
- Slowdown in Discretionary Tech Spending
 - Discretionary tech spending by U.S. clients may be delayed or downsized due to tariff-induced cost pressures, affecting new deal flow and project volumes for Indian IT firms.

Indian IT firms exposure to verticals



Sowilo Portfolio Stocks

Tariff Assessment

Portfolio Assessment

Top 10 Stocks Affected By Trump Tariff Tantrums

Company Name	USA Exports %	RoW Exports %	Total Export %	Impact Assessment
Zydus Lifesciences Ltd	44%	13%	57%	Pharma is exempt from tariffs for the moment, but co. Has significant exposure to US & Europe. However low-cost structure and presence in HP API to help in cost pass through
Biocon	44%	45%	89%	Exempt from tariffs for now. At 45-50% company has high US EBITDA contribution exposure. Unlike generics, where US has a very high dependency on India, US is not as dependent on India for biosimilars. Hence, for biosimilars, it will not be easy to pass on higher tariffs to US patients
PI Industries Ltd	42%	36%	78%	Pyroxasulfone end-prices may need to be raised, impacting farmer demand; margins may come under pressure. Pyroxasulfone is currently exempted from tariffs
LT Foods	39%	30%	69%	Material exposure to the US market but also a strong local operating presence, which hedges direct tariff risk
Meghmani Organochem Limited	37%	44%	81%	Higher tariffs on chinese goods to marginally benefit.
Onward Technologies Ltd.	31%	20%	51%	Lower discretionary spending in the US shall impact deal wins

Portfolio Assessment

Top 10 Stocks Affected By Trump Tariff Tantrums

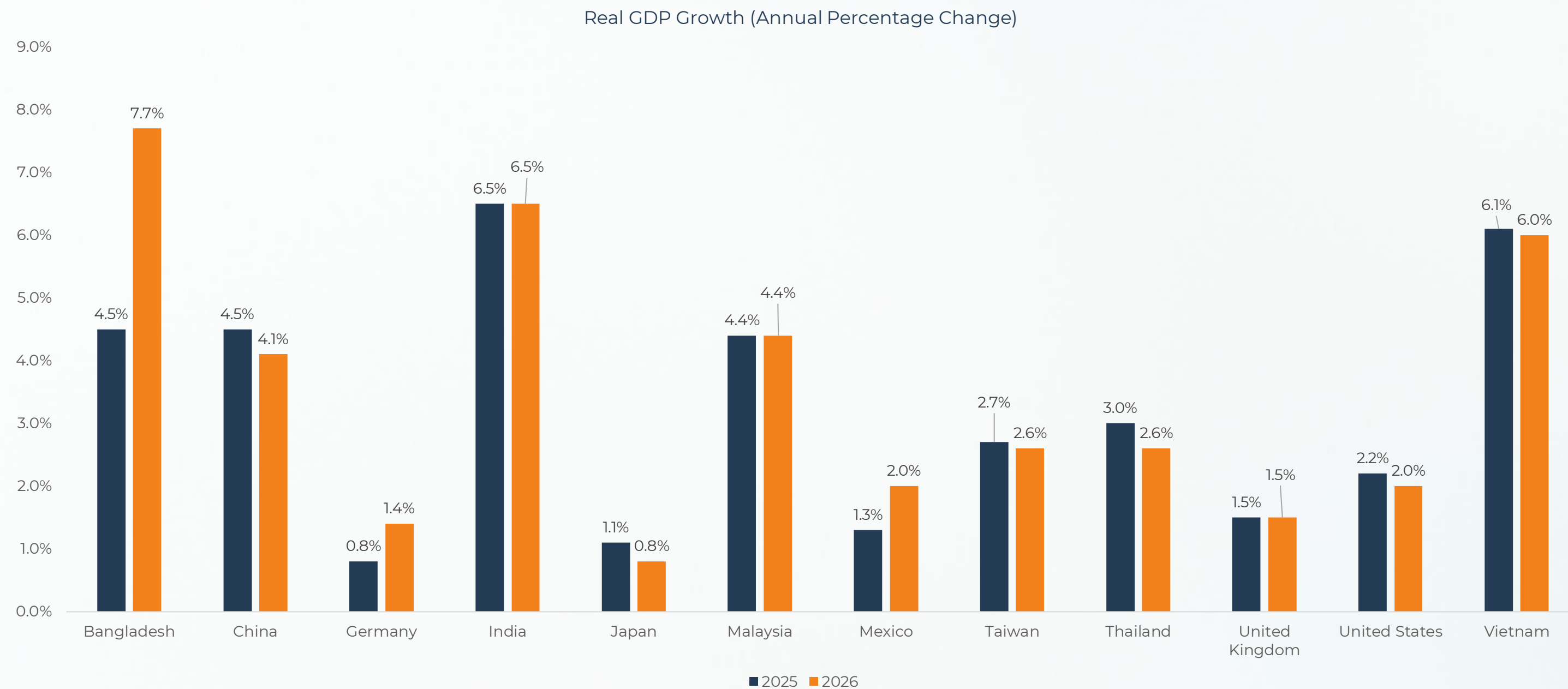
Company Name	USA Exports %	RoW Exports %	Total Export %	Impact Assessment
Kirloskar Oil Engines Ltd	11%	0%	11%	Could face headwinds due to higher uncertainty in capital outlay
Laurus Labs Ltd	10%	51%	61%	Exempt from tariffs at the moment. In likely case of future tariffs for innovator-focused crdmos, the tariffs to be at least partially passed on to their clients
Aarti Industries Ltd	10%	42%	52%	Most exports are backed by long term contracts so we could see limited impact on existing business but pricing pressure on new business
Usha Martin	7%	28%	35%	No significant impact as it is a value-added product, operates in a niche category and only indian player. In terms of commodity price fluctuations has the ability to pass on prices and still has a price advantage over peers

Indian Markets

The Way Forward

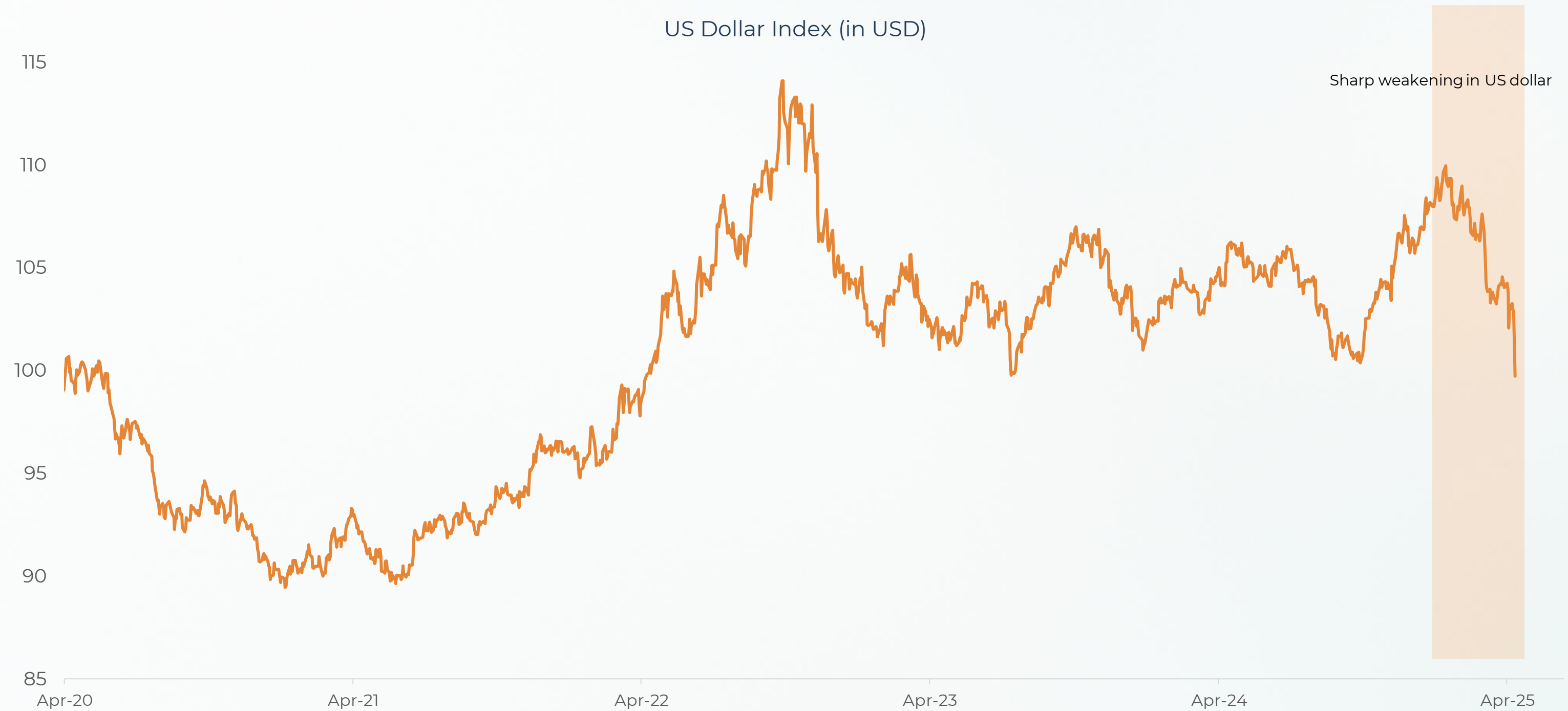
India Leads Global Growth Pack

India stands out with consistent GDP growth forecasts above 6.5%, outpacing major economies including China, the US, and Germany



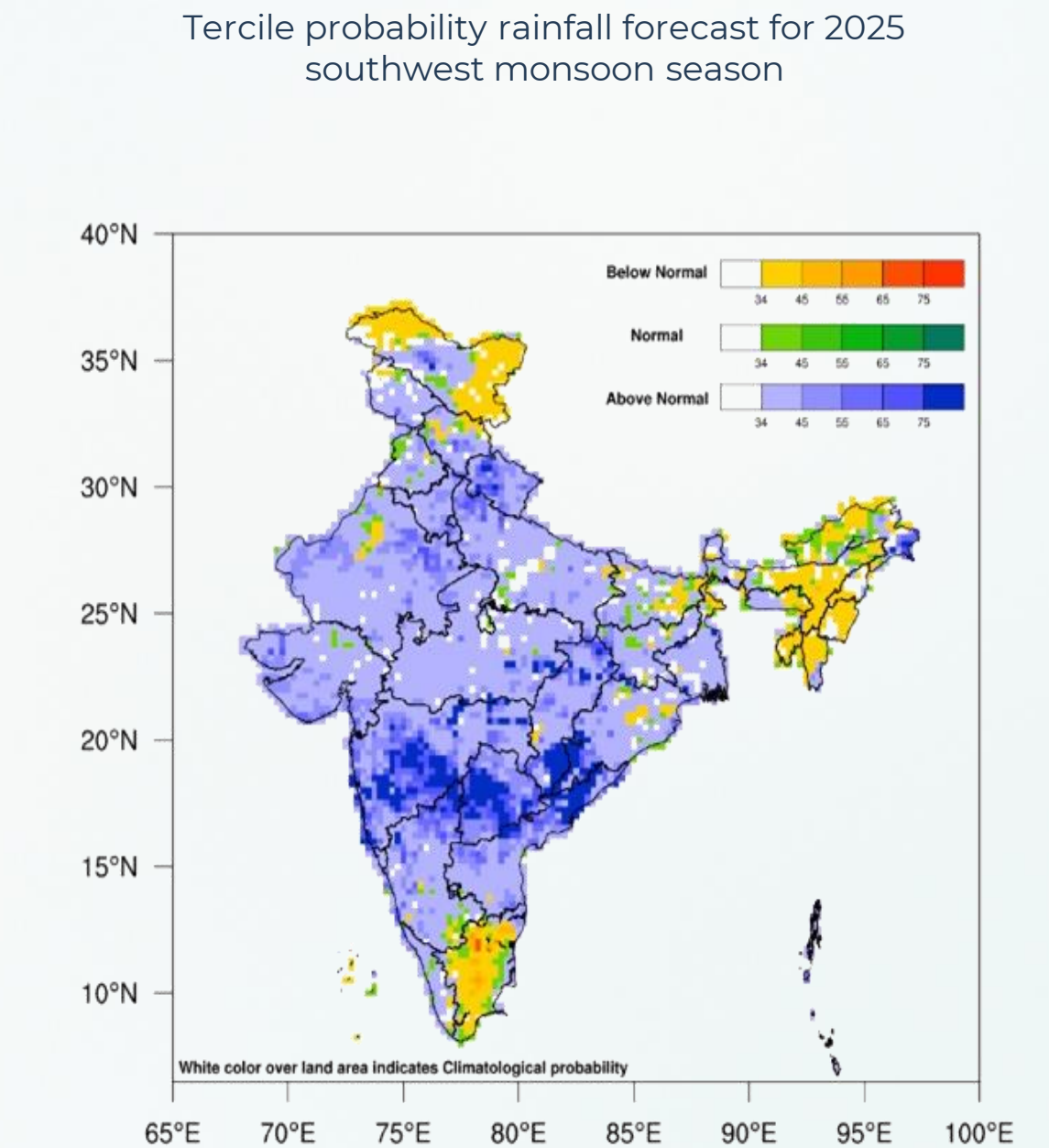
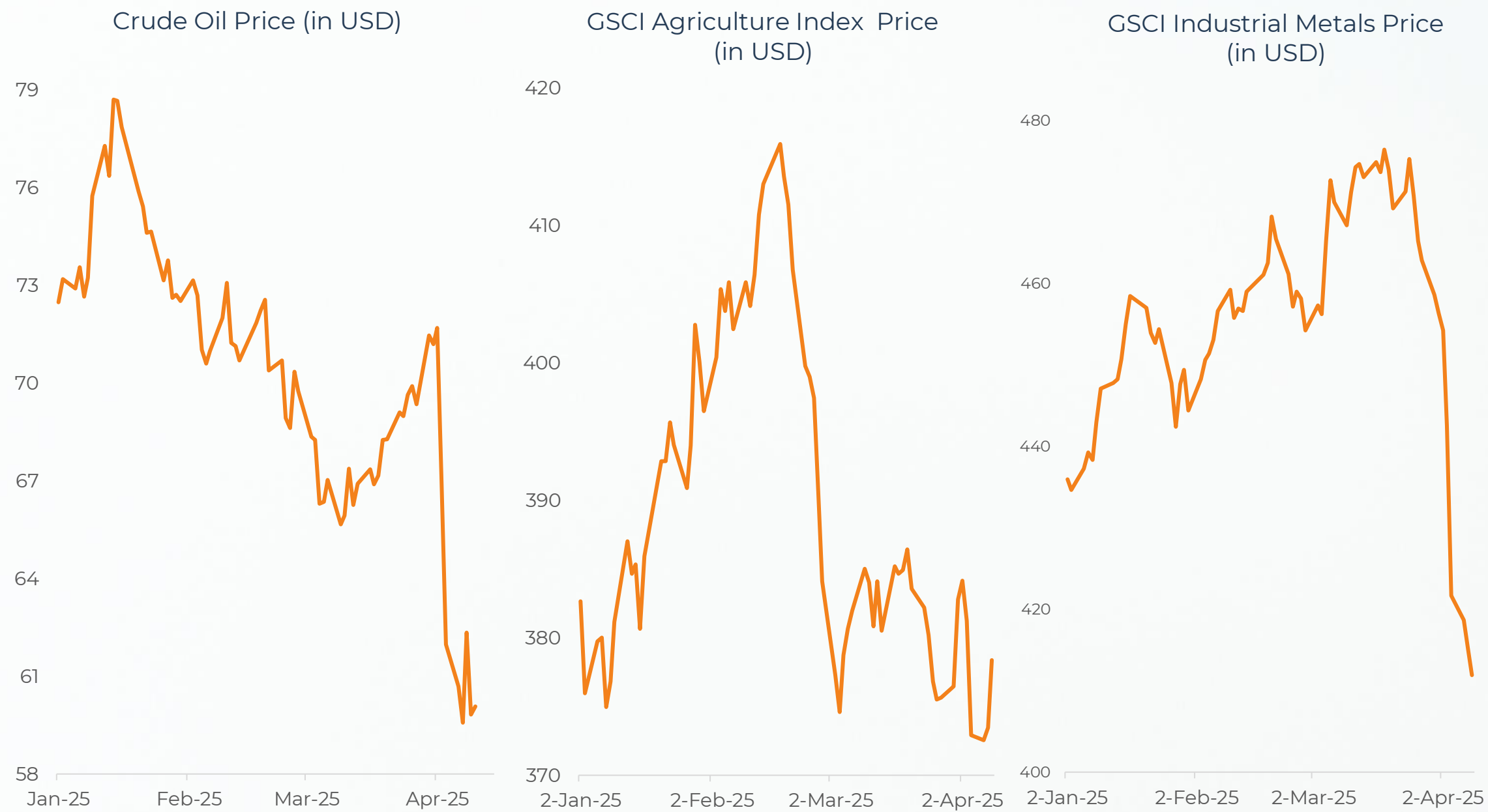
US Dollar is on a weakening bias

The biggest positive news for EMs



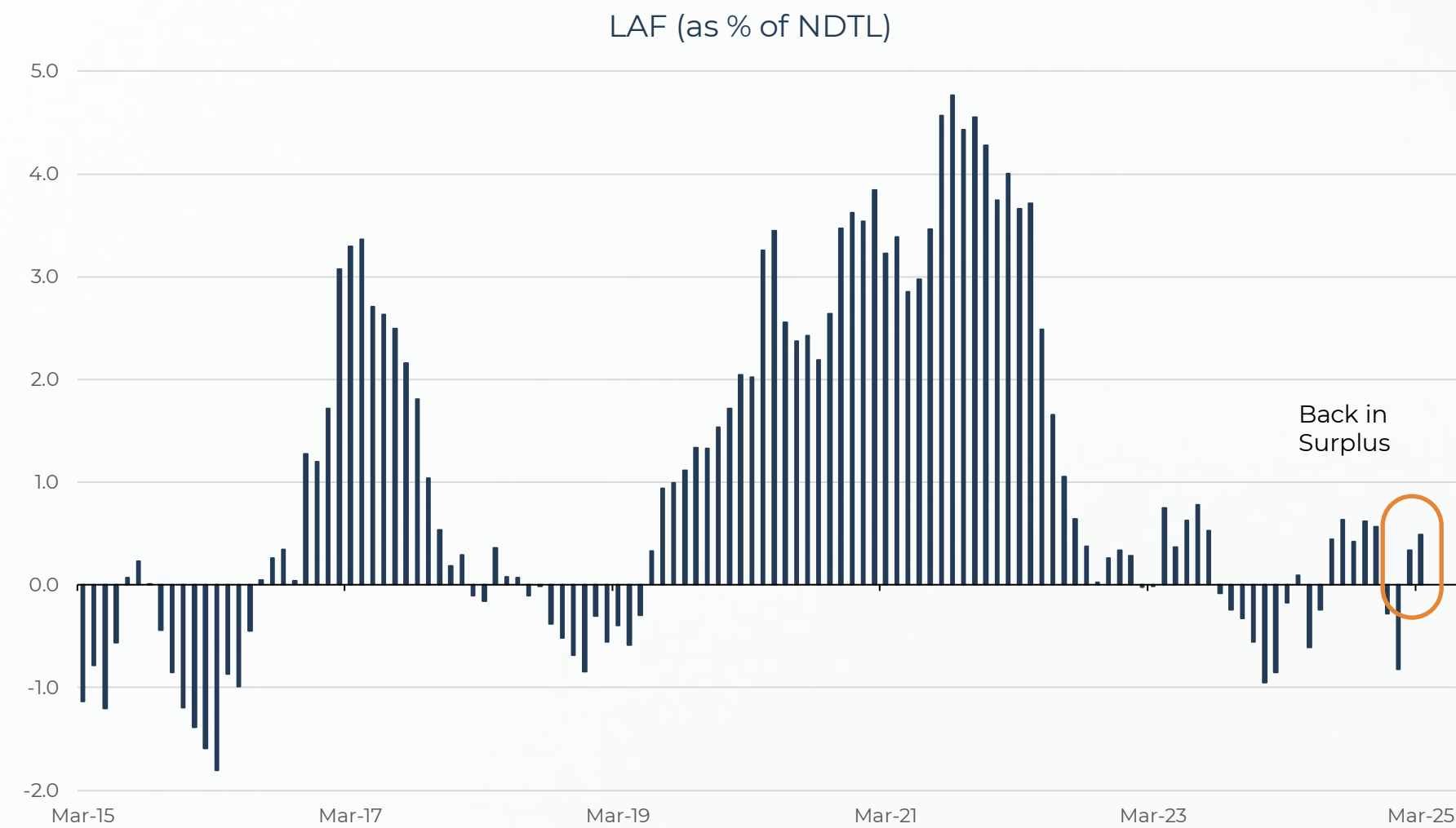
Inflation is expected to remain benign

Muted inflation outlook given fall in commodities and expectation of good monsoon

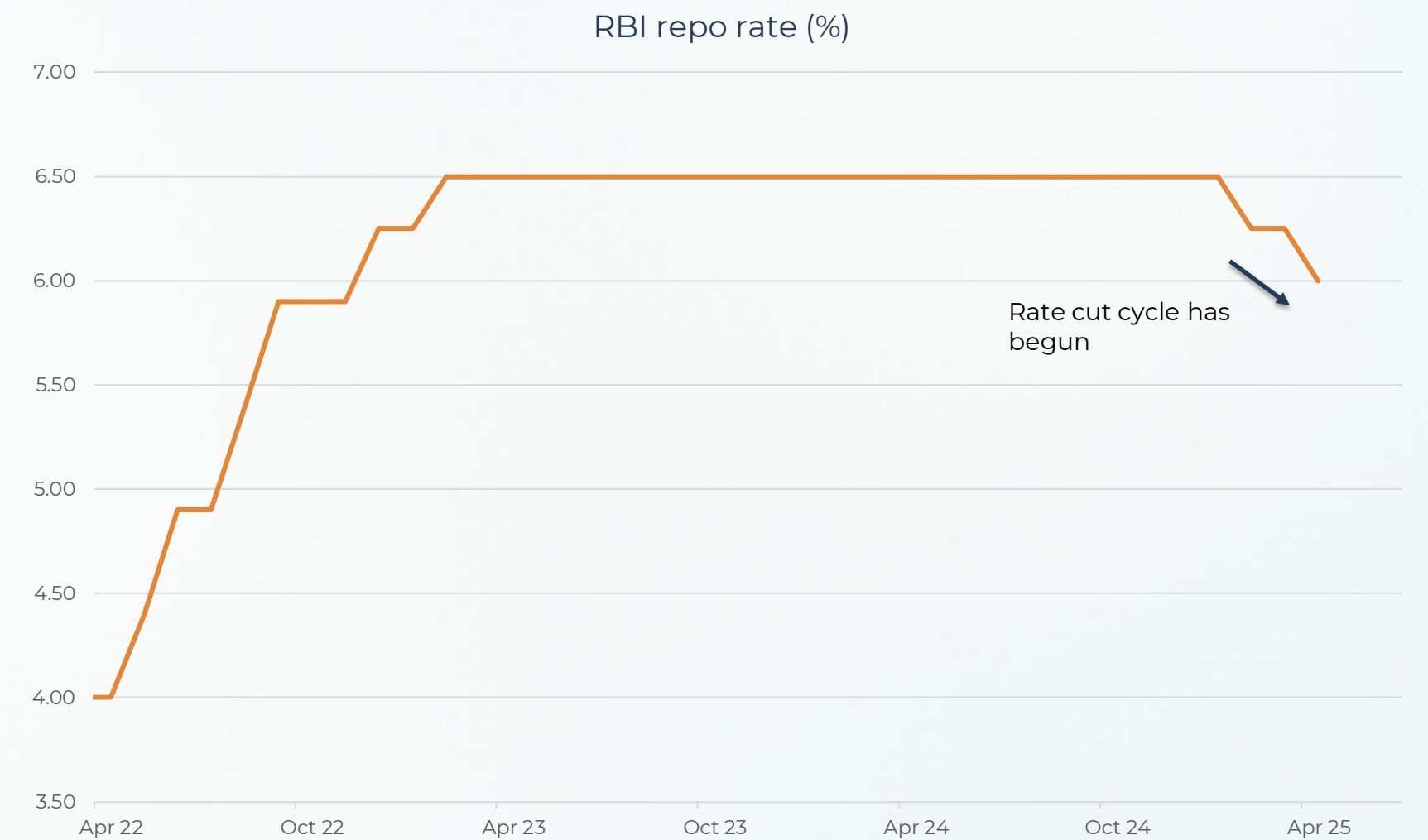


Thereby letting RBI be more accommodative

RBI is stepping-in to avoid liquidity deficit



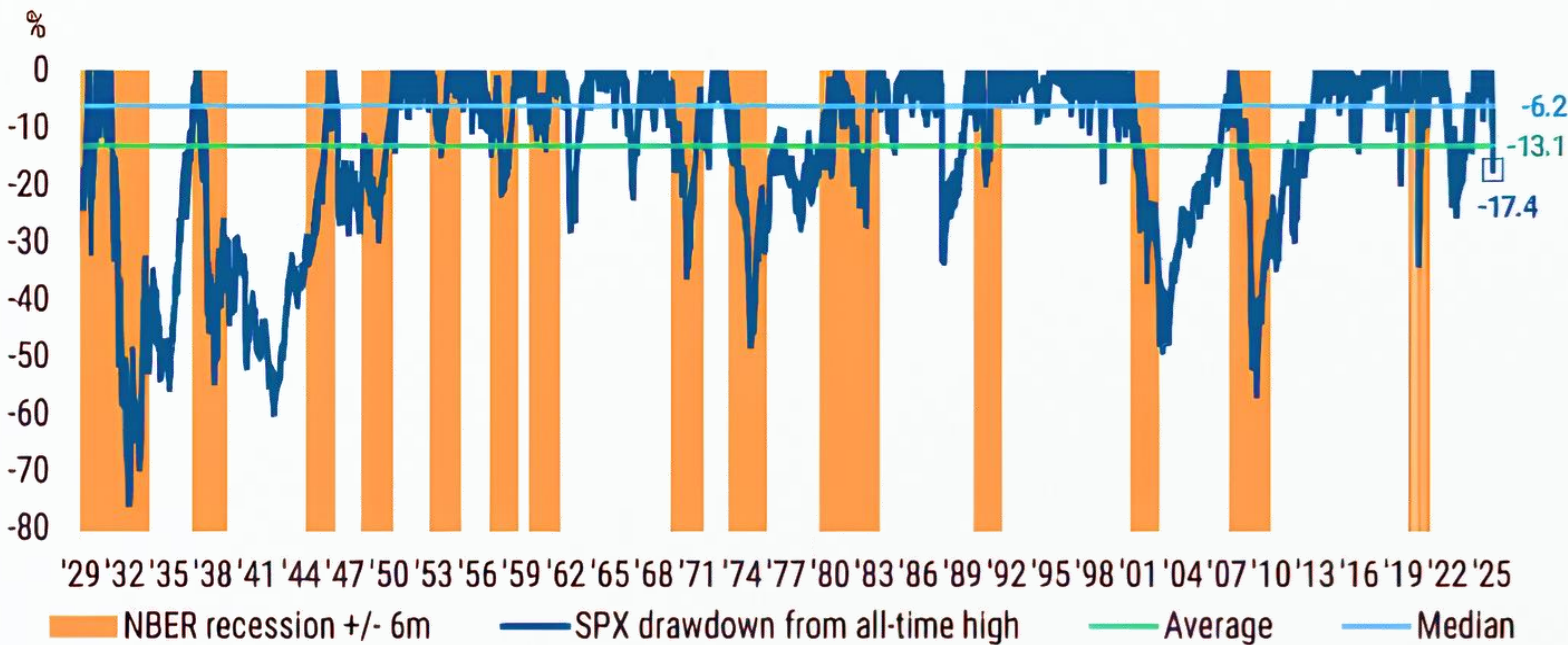
RBI has embarked on rate easing cycle



Key Risks

US recession fears

Recession in the US often leads to drawdowns in the S&P 500

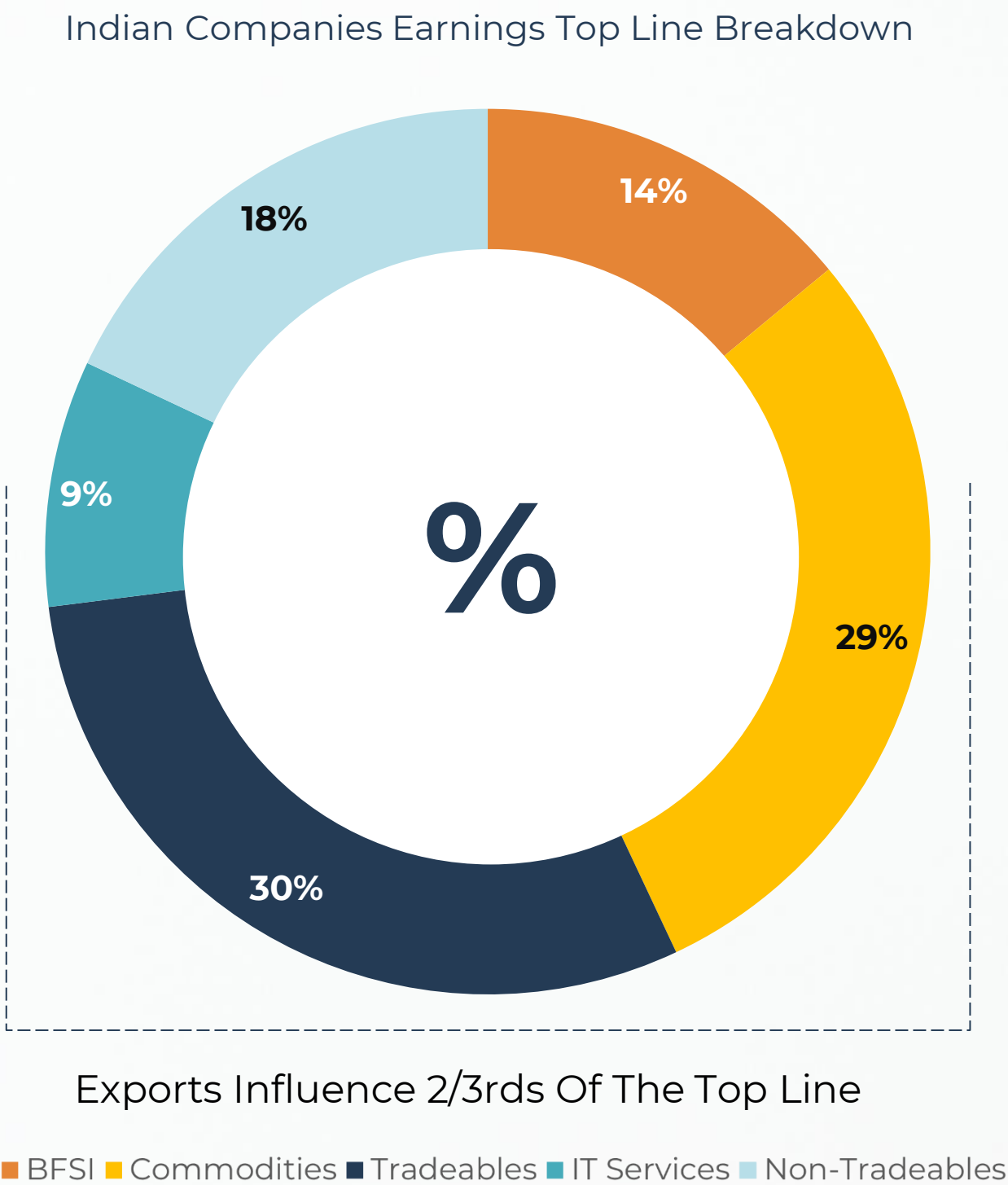


US Bear Market – Leads To Global Sell-off Historically

Start	End	S&P 500 Return	MSCI APAC Return	MSCI Japan Return	Hang Seng Return	Europe 600 Return	FTSE 100 Return	Nifty 50 Return
24-03-2000	09-10-2002	-49%	-49%	-46%	-50%	-53%	-44%	-39%
27-11-2002	11-03-2003	-15%	-13%	-13%	-11%	-24%	-17%	-2%
09-10-2007	09-03-2009	-57%	-62%	-59%	-60%	-59%	-46%	-52%
23-04-2010	02-07-2010	-16%	-9%	-15%	-6%	-11%	-15%	-1%
29-04-2011	03-10-2011	-19%	-27%	-14%	-29%	-21%	-16%	-16%
21-05-2015	25-08-2015	-12%	-23%	-14%	-22%	-13%	-13%	-6%
03-11-2015	11-02-2016	-13%	-15%	-18%	-18%	-20%	-13%	-13%
26-01-2018	08-02-2018	-10%	-8%	-6%	-8%	-7%	-6%	-5%
20-09-2018	24-12-2018	-20%	-9%	-16%	-7%	-12%	-9%	-4%
19-02-2020	18-03-2020	-29%	-24%	-24%	-19%	-36%	-32%	-30%
03-01-2022	12-10-2022	-25%	-31%	-8%	-28%	-21%	-8%	-3%
31-07-2023	27-10-2023	-10%	-12%	-3%	-13%	-9%	-5%	-4%
19-02-2025	04-04-2025	-17%	-4%	-11%	0%	-10%	-8%	0%
Average		-20%	-20%	-17%	-19%	-19%	-16%	-13%
Median		-17%	-16%	-14%	-17%	-15%	-13%	-5%

Earnings downgrade risk

Indian companies' earnings heavily influenced by global cues



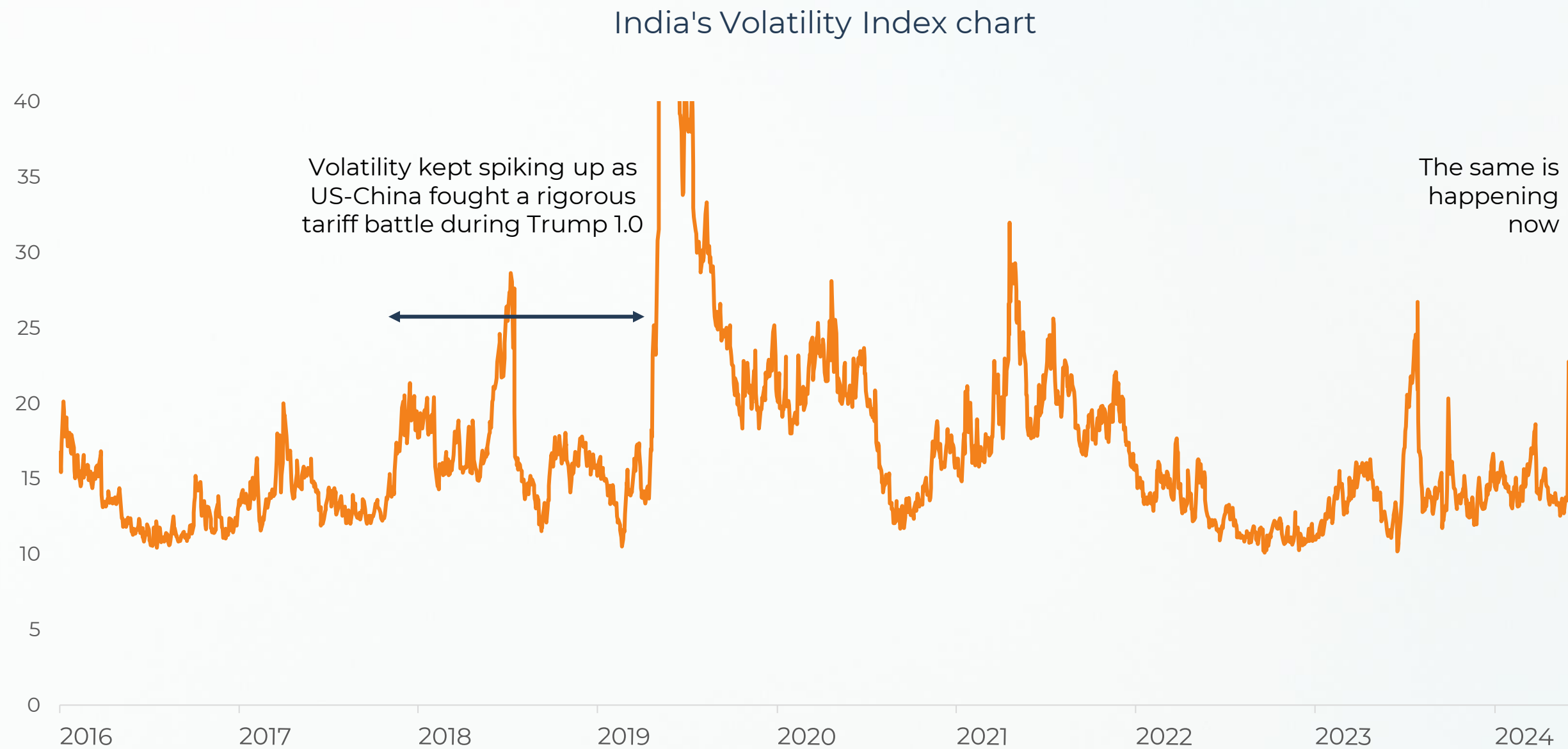
Current Nifty Index level (as of April 11, 2025)	22,954
FY26 Bloomberg Consensus Nifty EPS estimate	1155
FY26 Sowilo conservative Nifty EPS estimate	1100
Implied FY26 PE at CMP	20.86x
Long term average of Nifty 1Y fwd PE	18x
Nifty level @ 18x EPS of 1100	19,800
Downside from current levels	-14%

Sowilo

Current Market Strategy

Focus on bottom-up research ideas

Volatility is here to stay – focus on Bottom-up research ideas



- India most favorably placed market globally
- India to benefit from weakening US dollar and fall in crude oil and other commodities

Focus on bottom-up research ideas

Bullish on BFSI

- The BFSI sector is showing signs of cyclical recovery, although near-term earnings are under pressure. Key drags include lagged deposit repricing from RBI rate cuts and higher credit provisioning expected in H1FY26.

Bullish on domestic EPC/Infra

- Entering a better CAPEX cycle in FY26; with a recovery in clearances and growing order books, ensuring strong domestic order visibility while low export exposure limits tariff-related risks.

Bullish on Consumption

- India's consumption outlook is strong for FY25, driven by higher disposable incomes from tax relief and DA hikes, rural cash transfers, easing inflation, rising confidence, and expanding digital and e-commerce penetration across both urban and rural segments.

Key Positive Indicators

- Regulatory easing improving credit appetite and sector risk premiums.
- RBI liquidity support stabilizing bank and NBFC funding.
- Lenders tightening credit filters, focusing on asset quality.
- Bureau data shows moderation in fresh loan originations.
- Prefer BFSI players with stable EPS, less sensitive to credit cost swings.
- Favor those with visible, steady loan/insurance growth despite weak demand.
- Strong PPOP-to-ROA ratios suggest resilience amid margin pressure.

Key Positive Indicators

- Govt capex at ₹11.21 tn in FY26 (up 10.1% YoY)
- ₹1.5 tn 50-year interest-free loans to states for targeted capex
- NHAI to award 6,036 km highways in FY24; robust road pipeline
- Gati Shakti & NMP fast-tracking clearances and execution
- Export exposure shields for domestic EPC from global tariff risks
- Risk towards second order effects of tariffs therefore focus is on reasonable valuations with limited downside risk

Key Positive Indicators

- FY25 budget raised tax-free income to ₹12.8 lakh, lifting disposable income.
- 2% DA hike effective Jan'25 boosts government incomes
- ~4% expected real wage growth in FY25
- 57% YoY surge in UPI transaction volumes in 2024
- 105% of LPA monsoon forecast for 2025 supports rural income
- CPI eased to 3.34% in Mar'25; FY25 avg expected at 4.5%
- Consumer confidence index rose to 125.2 in Mar'24 (5-year high)

THANK YOU

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