

# MOST

## FACT SHEET

June 2014



Dear Investor,

At the outset – MANY CONGRATULATIONS on getting it right when it comes to your equity investments.

This is time to replay a very popular adage in the financial industry which goes as below:

“Bull markets are born on pessimism, grow on skepticism, mature on optimism and die on euphoria.”

As you must have seen from the developments over the last one month, three months and one year time frames, the markets have rewarded those who have invested amidst pessimism and stayed invested through skepticism.

The skepticism referred to here is others' skepticism and not about being skeptical yourself. One can infer from this quote that if you invest when others are skeptical, you are likely to be rewarded. But, if you join the vast majority of skeptics, you are not going to be rewarded. Equity investing is all about making decisions under uncertain circumstances with incomplete information. This does not mean that one avoids decisions completely, but it means that one must take calculated risks from time to time. And that is what fetches rewards. The Nifty was at approx. 6200 levels in January of 2008 and from there on for the next 6 years plus, we saw it struggle to cross that level. In the last 2-3 years one has seen a lot of fatigue amongst investors when it comes to committing investments to equity.

Motilal Oswal Mutual Fund has launched its series of three open ended NO LOAD equity funds precisely amidst this pessimistic environment. We launched MOST Focused 25 in April 2013, MOST Focused Midcap 30 in February 2014 and MOST Focused Multicap 35 in April 2014. In challenging circumstances we now stand at a total AUM of Rs 374 crs for the said schemes as on June 9, 2014 across 23,796 investors such as your goodself. We are most happy that NAVs of these schemes' Regular Growth Options as of June 9, 2014 are 12.17, 12.90 and 11.19. This is the power of investing amidst skepticism.

Moving on to the logical question – “what next?” I was recently at a conference where an investor asked this question – is all this euphoria only because a perceived reformist Mr. Modi has become India's PM? If so, aren't we at a huge risk of this so called rally fizzling out. I found that question very interesting and I am reproducing some points discussed for your benefit. A lot of people today think that this rally is an eye-wash, a lot of people are still very “skeptical” (good for you)!!!

It is true that the general elections and the ensuing mandate which shows a clear majority in favour of the BJP has played the role of a catalyst. But if one concludes that all of this is only because of one man becoming India's PM, then one is likely to be seriously mistaken. If you jog back to the middle of 2013 one could see dark clouds over the Indian market for variety of reasons. Prime amongst them was

(Continued overleaf)

## Our Investment philosophy - BUY RIGHT. SIT TIGHT

### Buy Right

**Quality :** Quality of business and management

**Growth :** Growth in earnings and sustained RoE

**Longevity :** Longevity of the competitive advantage /economic moat of the business

**Price :** Buying a good business for a fair price rather than buying a fair business for a good price.

### Sit Tight

**Buy and Hold:** We are strictly buy and hold investors and believe that picking the right business needs skill and holding onto these business to enable our investors to benefit from the entire growth cycle, needs even more skill.

**Focus:** Our portfolios are high conviction portfolios with 20 to 25 stocks being our ideal number. We believe in adequate diversification but over-diversification results in diluting returns for our investors and adding market risk.

slowing GDP growth, high interest rates and inflation, huge fiscal and current account deficits and a resultant depreciating currency. At the same time, we were talking of a policy paralysis and a government plagued by controversies over scams and corruption scandals. The international situation with USA, Europe and global economy in general was bleak as well. Coming to Mr. Modi, he wasn't even the PM candidate back then!!!

From that point onwards, one did see the UPA government spring into action. We saw corrective actions on fiscal and current account deficit – prime one being putting restrictions on import of gold and reduction in fuel subsidies. With serious intent being displayed on course correction the currency slide was arrested. Meanwhile, the US and European stock markets have recovered in a big way and FII money is again flowing into India with improvement in deficit situation and stable currency. After a long time, the Japanese economy had shown 5.9% growth in the last quarter and the jobless claims in the USA have been at 7 year low (Source: Mint). This clearly implies that the global economic recovery is in progress and the one can expect buoyancy in equity markets across globe.

Now, with so many problems being corrected, the market was still going nowhere till May 2014, because the only cause of uncertainty was the fear of a “third front” or worse still – a hung parliament which would only deepen the policy paralysis. Come 16th May 2014 and this last uncertainty also was eradicated. This has resulted in so called “animal spirits” reviving and in the near term no major concerns are being perceived. So this rally is on the back of a lot of circumstantial improvements – it only got fillip with clarity on political situation but to assume that it is based on one man would be a gross misunderstanding. Moot point – this is a fundamental rally and it is here to stay for times to come.

Also worth noting is that for the first time in over 30 years, India had voted unanimously to bring a single political party to form the central government. One can always debate the policies of any Government, but the advantage of a majority government can't be overstated – if they have the right policies at least they will be able to see them through instead of typical one step forward two step backward “compulsions of coalition politics”.

The formation of new cabinet and ministries has been positively accepted by the market participants. The first set of union budget announcement in early July would be an interesting and important event to watch out for. It is expected that the new budget may make the markets buoyant with continued FII flows and revival of domestic investor's sentiments. It may not be an inappropriate expectation to see newer peaks on S&P Sensex and CNX Nifty in times to come.










I would also like to quote another interesting fact with some figures. Out of the entire market capitalization of the top 200 companies of India as represented by BSE 200 index, promoters own 57% and FIIs own over 21% as on March 31, 2014. We Indians, either directly or through our investment in insurance and mutual funds hold just about 20%. If export oriented or international business income of these companies for a moment is assumed to be 20% of total earnings, we can say that we contribute 80% of the consumption but we participate in only 20% of the profits (Source: CapitaLine). We are the darling of foreign investors – I hope you now understand why. We are very good at contributing to India's economic growth but very bad at participating in this growth because we don't own enough equity in Indian companies!!! We are very proud of India's growth, we love to enrich others from India's growth but we do not participate enough to enrich ourselves.

About 300 years back, the East India Company came to India and forcibly took over a lot of our business. That was not fair on us but at least we have the luxury of blaming them for setting us back. But this time around who are we going to blame?

To cut the long story short, let me sum up my message by stating that the blend of the expected deliveries from the new government, sustained earnings growth of the companies and the positive global cues will lead the stock markets to newer peaks in times to come. Very convincingly we like to hum “achche din aane waley hai” (better days ahead), but the question that we need to ask ourselves is “Do I have adequate participation in this”? And if we do not participate, the “achche din” will just pass by, leaving us as mere spectators.




I am sure we don't want that to be the case. So consult your financial advisor, review your asset allocation and ensure you are not underinvested in equities. THE TIME IS NOW.

# Product Suitability

Name of the Scheme	This product is suitable for investors who are seeking*
Motilal Oswal MOST Focused 25 Fund (MOST Focused 25 Fund)	<ul style="list-style-type: none"> <li>Return by investing in upto 25 companies with long term sustainable competitive advantage and growth potential</li> <li>Investment in Equity and equity related instruments subject to overall limit of 25 companies</li> <li>High risk  (BROWN)</li> </ul>
Motilal Oswal MOST Focused Midcap 30 Fund (MOST Focused Midcap 30)	<ul style="list-style-type: none"> <li>Long-term capital growth</li> <li>Investment in equity and equity related instruments in a maximum of 30 quality mid-cap companies having long-term competitive advantages and potential for growth</li> <li>High risk  (BROWN)</li> </ul>
Motilal Oswal MOST Focused Multicap 35 Fund (MOST Focused Multicap 35)	<ul style="list-style-type: none"> <li>Long-term capital growth</li> <li>Investment in a maximum of 35 equity and equity related instruments across sectors and market capitalization levels.</li> <li>High risk  (BROWN)</li> </ul>
Motilal Oswal MOST Ultra Short Term Bond Fund	<ul style="list-style-type: none"> <li>Optimal returns consistent with moderate levels of risk</li> <li>Investment in debt securities and money market securities with average maturity less than equal to 12 months</li> <li>Medium risk  (YELLOW)</li> </ul>
Motilal Oswal MOST Shares M50 ETF (MOST Shares M50)	<ul style="list-style-type: none"> <li>Return that corresponds generally to the performance of the MOST 50 Basket (Underlying Basket), subject to tracking error</li> <li>Investment in equity securities of CNX Nifty Index</li> <li>High risk  (BROWN)</li> </ul>
Motilal Oswal MOST Shares Midcap 100 ETF (MOST Shares Midcap 100)	<ul style="list-style-type: none"> <li>Return that corresponds generally to the performance of the CNX Midcap 100 Index, subject to tracking error</li> <li>Investment in equity securities of CNX Midcap Index</li> <li>High risk  (BROWN)</li> </ul>
Motilal Oswal MOST Shares NASDAQ-100 ETF (MOST Shares NASDAQ 100)	<ul style="list-style-type: none"> <li>Return that corresponds generally to the performance of the NASDAQ 100 Index, subject to tracking error</li> <li>Investment in equity securities of NASDAQ 100 Index</li> <li>High risk  (BROWN)</li> </ul>
Motilal Oswal MOST 10 Year Gilt Fund (MOST 10 Year Gilt Fund)	<ul style="list-style-type: none"> <li>Long term capital appreciation</li> <li>Investment in securities issued by the Central Government and State Government.</li> <li>Low risk  (BLUE)</li> </ul>
Motilal Oswal MOST Shares Gold ETF (MOST Gold Shares)	<ul style="list-style-type: none"> <li>Return by investing in Gold Bullion, subject to tracking error over long term</li> <li>Investment in Gold Bullion</li> <li>High risk  (BROWN)</li> </ul>

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

Note: Risk is represented as

 (BLUE) investors understand that their principal will be at low risk	 (YELLOW) investors understand that their principal will be at medium risk	 (BROWN) investors understand that their principal will be at high risk
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## Risk Disclosure and Disclaimer

**Statutory Details: Constitution:** Motilal Oswal Mutual Fund has been set up as a trust under the Indian Trust Act, 1882. Trustee: Motilal Oswal Trustee Company Ltd. Investment Manager: Motilal Oswal Asset Management Company Ltd. Sponsor: Motilal Oswal Securities Ltd. **Risk Factors:** (1) All Mutual Funds and securities investments are subject to market risks and there can be no assurance that the Scheme's objectives will be achieved (2) As the price / value / interest rates of the securities in which the Scheme invests fluctuates, the Net Asset Value (NAV) of units issued under the Scheme may go up or down depending upon the factors and forces affecting the securities market (3) Past performance of the Sponsor/AMC/Mutual Fund and its affiliates does not indicate the future performance of the Scheme and may not provide a basis of comparison with other investments (4) The name of the Schemes does not in any manner indicate the quality of the Schemes, its future prospects and returns. Investors are therefore urged to study the terms of offer carefully and consult their Investment Advisor before they invest in the Scheme (5) The Sponsor is not responsible or liable for any loss or shortfall resulting from the operation of the Mutual Fund beyond the initial contribution made by it of an amount of Rs. 1 Lac towards setting up of the Mutual Fund (6) The present Schemes are not guaranteed or assured return Schemes. Mutual Fund investments are subject to market risks, read all scheme related documents carefully

**IISL Disclaimer: MOST Shares M50:** The MOST 50 Basket is not sponsored, endorsed, sold or promoted by India Index Services & Products Limited (IISL). MOST 50 Basket has been developed by MOAMC and IISL has calculated and maintained as per the specifications and requirements of MOAMC. IISL does not make any representation or warranty, express or implied regarding the advisability of investing in the products linked to MOST 50 Basket and availing the services generally or particularly or the ability of MOST 50 Basket to track general stock market performance in India. Please read the full Disclaimers in relation to the MOST 50 Basket in the Scheme Information Document. **MOST Shares Midcap 100:** MOST Shares Midcap 100 offered by Motilal Oswal Asset Management Company Limited (MOAMC) or its affiliates is not sponsored, endorsed, sold or promoted by India Index Services & Products Limited (IISL) and its affiliates. IISL and its affiliates do not make any representation or warranty, express or implied (including warranties of merchantability or fitness for particular purpose or use) to the owners of MOST Shares Midcap 100 or any member of the public regarding the advisability of investing in securities generally or in the MOST Shares Midcap 100 linked to CNX Midcap Index or particularly in the ability of CNX Midcap Index to track general stock market performance in India. Please read the full Disclaimers in relation to the CNX Midcap Index in the Scheme Information Document.

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### About the Scheme

Scheme Name	Motilal Oswal MOST Focused 25 Fund
Type of Scheme	An Open Ended Equity Scheme
Investment Objective	The investment objective of the Scheme is to achieve long term capital appreciation by investing in upto 25 companies with long term sustainable competitive advantage and growth potential. However, there can be no assurance or guarantee that the investment objective of the Scheme would be achieved.
Benchmark	CNX Nifty Index
Continuous Offer	Minimum Application Amount : ₹5,000/- and in multiples of ₹1/- thereafter.  Additional Application Amount : ₹1,000/- and in multiples of ₹1/- thereafter.
Entry / Exit Load	Nil

### Scheme Details

Date of Allotment	13 May 2013	
NAV	Growth Plan	₹11.5203
	Dividend Plan	₹11.5203
	Direct Growth Plan	₹11.7101
	Direct Dividend Plan	₹11.7101
Quarterly AAUM (Mar. 31st, 2014)	₹127.91 (₹ crores)	
Total Expense Ratio ^	Regular Plan	2.50% p.a.
	Direct Plan	1.00% p.a.
Standard Deviation#	13.23 (per month)	
Sharpe Ratio	0.42 (per month)	
Portfolio Turnover Ratio	0.55	
Beta*	0.75	
R-Squared*	0.83	

^ Since inception till date, excluding applicable taxes.

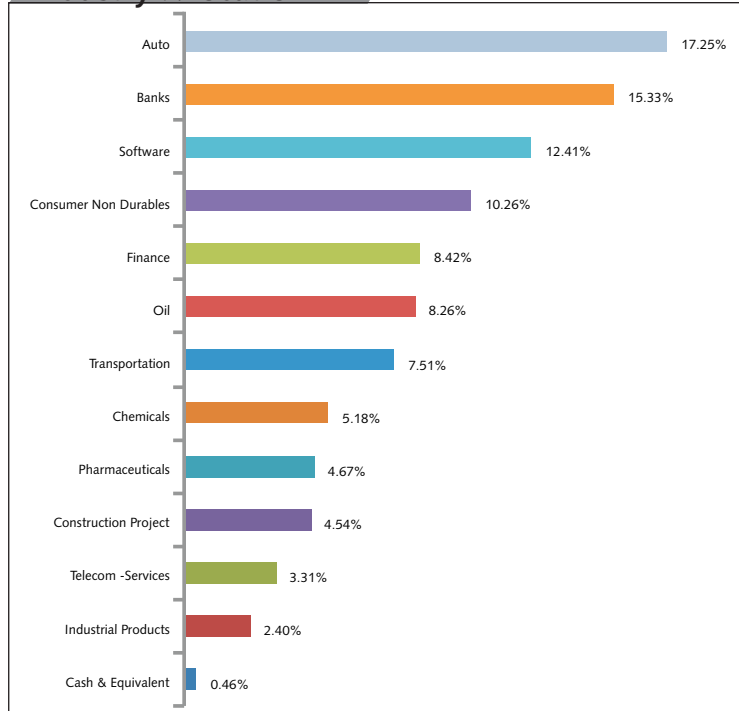
(Data as on 31st May 2014)

\*Against the benchmark CNX Nifty Index. # Risk free returns based on 365-days T-bill cut-off of 8.92% as on the last auction. (Data as on 31st May 2014)

### Fund Manager

Fund Manager	Mr. Taher Badshah	Experience	He has 19 years of experience in fund management and investment research. He has been managing this fund since inception.
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### Industry Allocation



(Data as on 31st May 2014) Industry classification as recommended by AMFI

### Holdings

Sr. No.	Scrip	Weightage in F25
1	HDFC Bank Limited	9.01%
2	Container Corporation of India Limited	7.51%
3	Tata Consultancy Services Limited	6.86%
4	Kotak Mahindra Bank Limited	6.32%
5	Housing Development Finance Corporation Limited	5.99%
6	Tech Mahindra Limited	5.55%
7	ITC Limited	5.37%
8	Tata Motors Limited	5.25%
9	Pidilite Industries Limited	5.18%
10	Colgate Palmolive (India) Limited	4.89%
11	Divi's Laboratories Limited	4.67%
12	Larsen & Toubro Limited	4.54%
13	Hero MotoCorp Limited	4.49%
14	Cairn India Limited	4.45%
15	Maruti Suzuki India Limited	4.02%
16	Oil & Natural Gas Corporation Limited	3.81%
17	Eicher Motors Limited	3.49%
18	Idea Cellular Limited	3.31%
19	CRISIL Limited	2.43%
20	Cummins India Limited	2.40%

(Data as on 31st May 2014)

Returns for Motilal Oswal MOST Focused 25 Fund are not provided because the scheme has not completed 1 year as on 31st March 2014.

Mr. Taher Badshah is also the fund manager for the scheme, Motilal Oswal MOST Focused Midcap 30 Fund. Returns for which has not been provided as the scheme has not completed 1 year.

# MOST FOCUSED MIDCAP 30 FUND

(AN OPEN ENDED EQUITY SCHEME)

## About the Scheme

Scheme Name	Motilal Oswal MOST Focused Midcap 30 Fund (MOST Focused Midcap 30)
Type of Scheme	An Open Ended Equity Scheme
Investment Objective	The investment objective of the Scheme is to achieve long term capital appreciation by investing in a maximum of 30 quality midcap companies having long-term competitive advantages and potential for growth. However, there can be no assurance or guarantee that the investment objective of the Scheme would be achieved.
Benchmark	CNX Midcap Index
Continuous Offer	Minimum Application Amount: Rs. 5,000/- and in multiples of Re. 1/- thereafter. Additional Application Amount: Rs. 1,000/- and in multiples of Re. 1/- thereafter.
Entry / Exit Load	Entry Load: Nil Exit Load: 2% if redeemed/switched-out on or before 1 year from date of allotment, Nil, if redeemed/switched-out after 1 year from the date of allotment. The entire exit load (net of service tax) charged, if any, shall be credited to the Scheme.

## Scheme Details

Date of Allotment	24 Feb 2014	
NAV	Growth Plan	₹12.3444
	Dividend Plan	₹12.3444
	Direct Growth Plan	₹12.3771
	Direct Dividend Plan	₹12.3771
Quarterly AAUM (Mar. 31st, 2014)	₹15.63 (₹ crores)	
Total Expense Ratio ^	Regular Plan	2.50% p.a.
	Direct Plan	1.00% p.a.
Standard Deviation#	6.68 (per month)	
Sharpe Ratio	0.10 (per month)	
Portfolio Turnover Ratio	0.08	
Beta*	0.96	
R-Squared*	0.96	

^ Since inception till date, excluding applicable taxes.

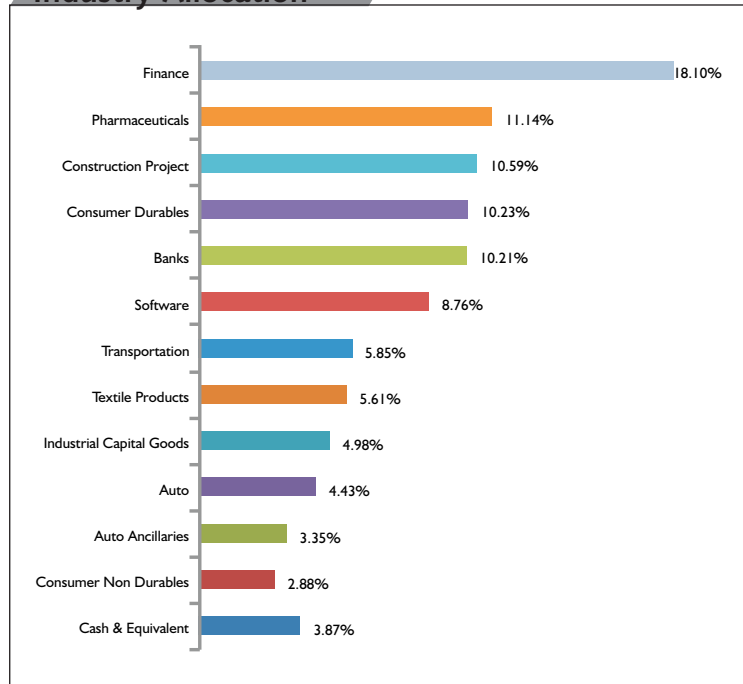
(Data as on 31st May 2014)

\*Against the benchmark CNX Midcap Index. # Risk free returns based on 365-days T-bill cut-off of 8.92% as on the last auction. (Data as on 31st May 2014)

## Fund Manager

Fund Manager	Mr. Taher Badshah	Experience	He has 19 years of experience in fund management and investment research. He has been managing this fund since inception.
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## Industry Allocation



(Data as on 31st May 2014) Industry classification as recommended by AMFI

## Holdings

Sr. No.	Scrip	Weightage in F30
1	CRISIL Limited	8.03%
2	Bata India Limited	6.14%
3	Engineers India Limited	6.01%
4	Gujarat Pipavav Port Limited	5.85%
5	IPCA Laboratories Limited	5.63%
6	Page Industries Limited	5.61%
7	Ajanta Pharma Limited	5.51%
8	Sundaram Finance Limited	5.33%
9	ING Vysya Bank Limited	5.16%
10	Mindtree Limited	5.15%
11	City Union Bank Limited	5.05%
12	Thermax Limited	4.98%
13	Repco Home Finance Limited	4.74%
14	Voltas Limited	4.58%
15	Tvs Motor Company Limited	4.43%
16	Havells India Limited	4.09%
17	MphasiS Limited	3.61%
18	WABCO India Limited	3.35%
19	Procter & Gamble Hygiene and Health Care Limited	2.88%

(Data as on 31st May 2014)

Returns for MOST Focused Midcap 30 Fund are not provided because the scheme has not completed 1 year.

Mr. Taher Badshah is also the fund manager for the scheme, Motilal Oswal MOST Focused 25 Fund. Returns for which has not been provided as the scheme has not completed 1 year as on 31st March 2014.



# MOTILAL OSWAL MUTUAL FUND

## MOST FOCUSED MULTICAP 35 FUND

(AN OPEN ENDED DIVERSIFIED EQUITY SCHEME)

### About the Scheme

Scheme Name	Motilal Oswal MOST Focused Multicap 35 Fund (MOST Focused Multicap 35)
Type of Scheme	An Open Ended Diversified Equity Scheme
Investment Objective	The investment objective of the Scheme is to achieve long term capital appreciation by primarily investing in a maximum of 35 equity & equity related instruments across sectors and marketcapitalization levels.  However, there can be no assurance or guarantee that the investment objective of the Scheme would be achieved.
Benchmark	CNX 500 Index
Continuous Offer	Minimum Application Amount: Rs. 5,000/- and in multiples of Re. 1/- thereafter.  Additional Application Amount: Rs. 1,000/- and in multiples of Re. 1/- thereafter.
Entry / Exit Load	Nil

### Scheme Details

Date of Allotment	28 Apr 2014	
NAV	Growth Plan	₹10.8747
	Dividend Plan	₹10.8747
	Direct Growth Plan	₹10.8848
	Direct Dividend Plan	₹10.8848
Quarterly AAUM (Mar. 31st, 2014)	₹127.91 (₹ crores)	
Total Expense Ratio ^	Regular Plan	2.50% p.a.
	Direct Plan	1.00% p.a.
Standard Deviation#	6.74 (per month)	
Sharpe Ratio	1.10 (per month)	
Portfolio Turnover Ratio	0.49	
Beta*	0.82	
R-Squared*	1.00	

^ Since inception till date, excluding applicable taxes.

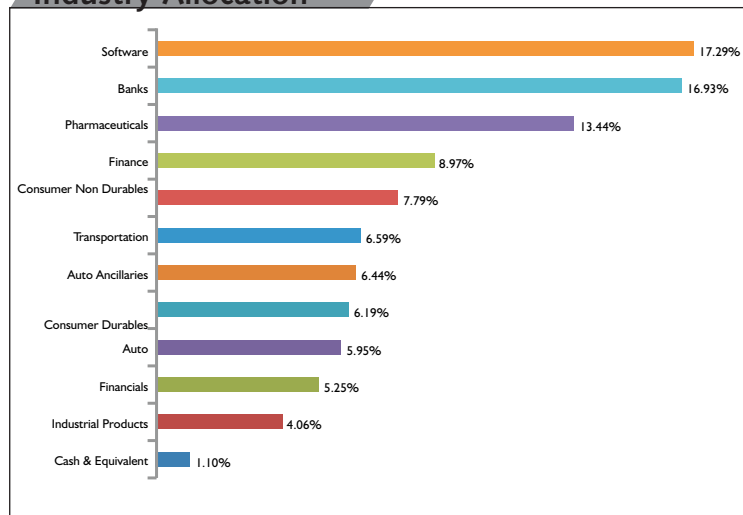
(Data as on 31st May 2014)

\*Against the benchmark CNX 500 Index. # Risk free returns based on 365-days T-bill cut-off of 8.92% as on the last auction. (Data as on 31st May 2014)

### Fund Manager

Fund Manager	Mr. Gautam Sinha Roy	Experience	He has close to 11 years of experience in the fund management and investment research. He has been managing this fund since 5th May 2014.
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### Industry Allocation



(Data as on 31st May 2014) Industry classification as recommended by AMFI

### Holdings

Sr. No.	Scrip	Weightage in F35
1	HDFC Bank Limited	9.15%
2	Sundaram Finance Limited	8.97%
3	Tech Mahindra Limited	8.74%
4	Tata Consultancy Services Limited	8.55%
5	Colgate Palmolive (India) Limited	7.79%
6	State Bank of India	7.78%
7	Ajanta Pharma Limited	6.81%
8	IPCA Laboratories Limited	6.63%
9	Gujarat Pipavav Port Limited	6.59%
10	Bosch Limited	6.44%
11	Bata India Limited	6.19%
12	Hero MotoCorp Limited	5.95%
13	Berkshire Hathaway	5.25%
14	Supreme Industries Limited	4.06%

(Data as on 31st May 2014)

NOTE : Mr. Gautam Sinha Roy has been appointed as the fund manager for this scheme w.e.f. May 05, 2014 vide addendum dated May 02, 2014.

# MOST ULTRA SHORT TERM BOND FUND

(AN OPEN ENDED DEBT SCHEME)

## About the Scheme

Scheme Name	Motilal Oswal MOST Ultra Short Term Bond Fund
Type of Scheme	An Open Ended Debt Scheme
Investment Objective	The investment objective of the Scheme is to generate optimal returns consistent with moderate levels of risk and liquidity by investing in debt securities and money market securities.  However, there can be no assurance or guarantee that the investment objective of the Scheme would be achieved.
Benchmark	CRISIL Short Term Bond Fund Index
Continuous Offer	Minimum Application Amount : ₹5,000/- and in multiples of ₹1/- thereafter.  Additional Application Amount : ₹1000/- and in multiples of ₹1/- thereafter.
Entry / Exit Load	Nil

## Scheme Details

Date of Allotment	6 September 2013	
NAV	Direct Plan- Growth	₹10.6568
	Direct Plan-Daily Dividend Option	₹10.0054
	Direct Plan-Fortnightly Dividend Option	₹10.0138
	Regular Plan- Growth	₹10.5980
	Regular Plan-Daily Dividend Option	₹10.0053
	Regular Plan-Fortnightly Dividend Option	₹10.0128
	Regular Plan-Monthly Dividend Plan	₹10.0725
	Regular Plan-Weekly Dividend Option	₹10.0136
	Regular Plan - Quarterly Dividend	₹10.2491
Quarterly AAUM (Mar. 31st, 2014)	₹56.02 (₹ crores)	
Total Expense Ratio ^	Regular Plan	1.00% p.a.
	Direct Plan	0.25% p.a.

^ Year-to-date, excluding applicable taxes.

(Data as on 31st May 2014)

## Portfolio

Security	Issuer	% of holding (as on 31.05.14)
State Bank Of Hyderabad CD	State Bank Of Hyderabad	23.15
Oriental Bank of Commerce CD	Oriental Bank of Commerce	15.07
Andhra Bank CD	Andhra Bank	7.72
UCO Bank CD	UCO Bank	7.70
Allahabad Bank CD	Allahabad Bank	7.68
Canara Bank CD	Canara Bank	7.63
IDBI Bank Limited CD	IDBI Bank Limited	7.56
State Bank Of Mysore CD	State Bank Of Mysore	7.53
Reverse REPO/Cash/Others	----	2.67

(Data as on 31st May 2014)

Returns for MOST Ultra Short Term Bond Fund are not provided because the scheme has not completed 1 year.

NOTE : Mr. Abhiroop Mukherjee is also fund manager for MOST 10 Year Gilt Fund. The returns for which are on page no. 11.

## Quantitative Indicators

Average Maturity *	0.14 Years / 52 days
YTM	8.81%

(Data as on 31st May 2014)

\*For USTBF Modified Duration is equal to its Average maturity.

## Fund Manager

Fund Manager	Mr. Abhiroop Mukherjee
Experience	He has over 6 years of experience in the Financial Services Industry. He has been managing this fund since inception.

# MOTILAL OSWAL MUTUAL FUND

## MOST SHARES M50

(AN OPEN ENDED EXCHANGE TRADED FUND)

### About the Scheme

Scheme Name	Motilal Oswal MOST Shares M50 ETF (MOST Shares M50)
Type of Scheme	An open ended Exchange Traded Fund
Investment Objective	The Scheme seeks investment return that corresponds (before fees and expenses) generally to the Performance of the MOST 50 Basket (Underlying Basket), subject to tracking error. However, there can be no assurance or guarantee that the investment objective of the Scheme would be achieved.
Benchmark	MOST 50 Basket and CNX Nifty Index
Continuous Offer	On NSE: Investors can buy/sell units of the Scheme in round lot of 1 unit and in multiples thereof.  Directly with the Mutual Fund: Investors can buy/sell units of the Scheme only in creation unit size i.e. 50,000 units and in multiples thereof.

### Scheme Details

Date of Allotment	28 July 2010	
NAV - Growth Plan	₹103.3648	
Quarterly AAUM (Mar. 31st, 2014)	₹36.38 (₹ crores)	
Tracking Error*	0.31% (Annualised)	
Total Expense Ratio ^	1.25% p.a.	
Standard Deviation	22.14 (Annualised)	
Sharpe Ratio#	-0.06 (Annualised)	
Portfolio Turnover Ratio	0.76	
	MOST 50	CNX Nifty
Beta	1.00	1.15
R-Squared	1.00	0.92

\*Against the benchmark MOST 50 Basket ^ Year-to-date, excluding applicable taxes. #Risk free returns based on 365-days T-bill cut-off of 8.89% as on the last auction. (Data as on 31st May 2014)

NSE & BSE Symbol	M50	ISIN Code	INF247L01015
Bloomberg Code	MOSTM50	Entry Load	NIL
Reuters Code	M50.NS	Exit Load	NIL

### Fund Manager

Fund Manager	Mr. Anubhav Srivastava	Experience	He has 18 years of experience in the Financial Services Industry. He has been managing this fund since Jan 20, 2014.
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### MOST Shares M50 Performance

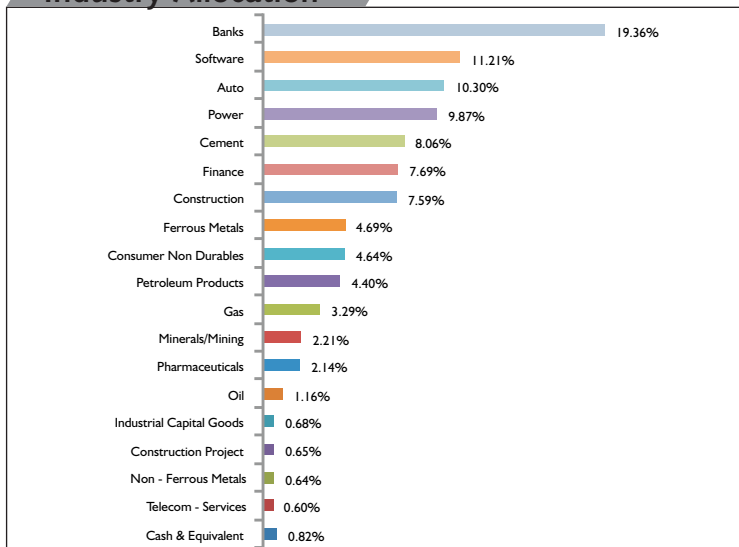
Date	Scheme	Benchmark		Current Value of Standard Investment of Rs. 10,000/-		
	MOST Shares M50 Returns ^	MOST 50 Basket Returns	CNX Nifty Returns	MOST Shares M50 Returns (INR) ^	MOST 50 Basket Returns (INR)	CNX Nifty Returns (INR)
Since Inception till March 31, 2014	5.20%	6.48%	6.07%	12,048	12,596	12,421
March 31, 2013 to March 31, 2014	25.90%	27.74%	17.98%	N. A.		
March 31, 2012 to March 31, 2013	2.30%	3.33%	7.31%			
March 31, 2011 to March 31, 2012	-10.31%	-9.79%	-9.23%			

NAV per unit : Rs 88.3485 (Dec 31, 2013); Rs 82.5254 (Dec 31, 2012); Rs 61.5442 (Dec 31, 2011); Rs 87.1199 (Dec 31, 2010); Rs 78.0343 (July 28, 2010)

Returns for one year are absolute. Returns for more than one year are compounded annualized; In case, the start/end date of the concerned period is non business date (NBD), the NAV of the previous date is considered for computation of returns. Additional benchmark for the scheme is CNX Nifty Index.

^ Past performance may or may not be sustained in the future.

### Industry Allocation



(Data as on 31st May 2014) Industry classification as recommended by AMFI

### Top 10 Holdings

Sr. No.	Scrip	Weightage in M50 ^
1	Axis Bank Limited	7.99%
2	DLF Limited	7.59%
3	Wipro Limited	5.65%
4	Mahindra & Mahindra Limited	5.50%
5	Tata Power Company Limited	5.46%
6	State Bank of India	4.54%
7	Housing Development Finance Corporation Limited	4.28%
8	Tata Steel Limited	4.14%
9	Infosys Limited	3.89%
10	Bharat Petroleum Corporation Limited	3.76%

(Data as on 31st May 2014)

^ MOST Shares M50

NOTE : Mr. Anubhav Srivastava has been appointed as the fund manager for this scheme w.e.f. January 20, 2014 vide addendum dated January 17, 2014. He is also the fund manager for MOST Shares Midcap 100, MOST Shares NASDAQ 100 and MOST Gold Shares, the performance of which is mentioned on page no. 9, 10 and 12 respectively.



## About the Scheme

Scheme Name	Motilal Oswal MOST Shares Midcap 100 ETF (MOST Shares Midcap 100)
Type of Scheme	An open ended Index Exchange Traded Fund
Investment Objective	The Scheme seeks investment return that corresponds (before fees and expenses) to the performance of CNX Midcap Index (Underlying Index), subject to tracking error. However, there can be no assurance or guarantee that the investment objective of the Scheme would be achieved.
Benchmark	CNX Midcap Index
Continuous Offer	On NSE/BSE: Investors can buy/sell units of the Scheme in round lot of 1 unit and in multiples thereof.  Directly with the Mutual Fund: Investors can buy/sell units of the Scheme only in creation unit size i.e. 2,50,000 units and in multiples thereafter.

## Scheme Details

Date of Allotment	31 January 2011
NAV - Growth Plan	₹10.5204
Quarterly AAUM (Mar. 31st, 2014)	₹49.58 (₹ crores)
Tracking Error*	0.40% (Annualised)
Total Expense Ratio ^	1.00% p.a.
Standard Deviation	22.56 (Annualised)
Sharpe Ratio#	0.00 (Annualised)
Portfolio Turnover Ratio	1.61
Beta*	1.00
R-Squared*	1.00

\*Against the benchmark CNX Midcap Total Return Index ^ Year-to-date. # Risk free returns based on 365-days T-bill cut-off of 8.92% as on the last auction. (Data as on 31st May 2014)

NSE / BSE Symbol	M100	ISIN Code	INF247L01023
Bloomberg Code	MOST100	Entry Load	NIL
Reuters Code	M100.NS	Exit Load	NIL

## Fund Manager

Fund Manager	Mr. Anubhav Srivastava	Experience	He has 18 years of experience in the Financial Services Industry. He has been managing this fund since Jan 20, 2014.
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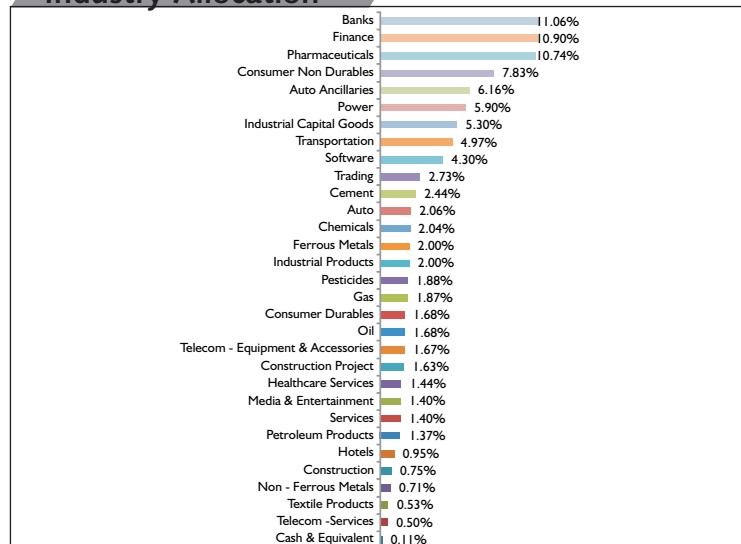
## MOST Shares Midcap 100 Performance

Date	Scheme	Benchmark		Current Value of Standard Investment of Rs. 10,000/-		
	MOST Shares M100 Returns ^	CNX Midcap Index Returns	CNX Nifty Returns	MOST Shares M100 Returns (INR) ^	CNX Midcap Index Returns (INR)	CNX Nifty Returns (INR)
Since Inception till March 31, 2014	3.88%	2.67%	6.07%	11,281	10,871	12,421
March 31, 2013 to March 31, 2014	18.10%	16.36%	17.98%	N. A.		
March 31, 2012 to March 31, 2013	-3.30%	-4.02%	7.31%			
March 31, 2011 to March 31, 2012	-2.92%	-4.09%	-9.23%			

Returns for one year are absolute. Returns for more than one year are compounded annualized; In case, the start/end date of the concerned period is non business date (NBD), the NAV of the previous date is considered for computation of returns. Additional Benchmark for equity scheme is CNX Nifty Index.

^ Past performance may or may not be sustained in the future.

## Industry Allocation



(Data as on 31st May 2014) Industry classification as recommended by AMFI

## Top 10 Holdings

Sr. No.	Scrip	Weightage in Midcap 100 ^
1	Adani Enterprises Limited	2.73%
2	Adani Ports and Special Economic Zone Limited	2.44%
3	Power Finance Corporation Limited	2.08%
4	Motherson Sumi Systems Limited	1.92%
5	Reliance Infrastructure Limited	1.90%
6	UPL Limited	1.88%
7	Aurobindo Pharma Limited	1.85%
8	Container Corporation of India Limited	1.73%
9	Oil India Limited	1.68%
10	Mahindra & Mahindra Financial Services Limited	1.68%

(Data as on 31st May 2014)

^ MOST Shares Midcap 100

NOTE : Mr. Anubhav Srivastava has been appointed as the fund manager for this scheme w.e.f. January 20, 2014 vide addendum dated January 17, 2014. He is also the fund manager for MOST Shares M50, MOST Shares NASDAQ 100 and MOST Gold Shares, the performance of which is mentioned on page no. 8, 10 and 12 respectively.

## About the Scheme

Scheme Name	Motilal Oswal MOST Shares NASDAQ-100 ETF (MOST Shares NASDAQ 100)
Type of Scheme	An open ended Index Exchange Traded Fund
Investment Objective	The Scheme seeks investment return that corresponds (before fees and expenses) generally to the performance of the NASDAQ-100 Index, subject to tracking error. However, there can be no assurance or guarantee that the investment objective of the Scheme would be achieved.
Benchmark	NASDAQ-100 Index
Continuous Offer	On NSE & BSE: Investors can buy/sell units of the Scheme in round lot of 1 unit and in multiples thereof.  Directly with the Mutual Fund: Investors can buy/sell units of the Scheme only in creation unit size i.e. 100,000 units and in multiples thereafter.

## Scheme Details

Date of Allotment	29 March 2011
NAV - Growth Plan	₹220.4771
Quarterly AAUM (Mar. 31st, 2014)	₹92.28 (₹ crores)
Tracking Error*	0.39% (Annualised)
Total Expense Ratio ^	1.00% p.a.
Standard Deviation	13.31 (Annualised)
Sharpe Ratio#	1.36 (Annualised)
Portfolio Turnover Ratio	0.22
Beta*	1.00
R-Squared*	1.00

\*Against the benchmark with NASDAQ 100 Total Return Index ^ Year-to-date. # Risk free returns based on 365-days T-bill cut-off of 8.92% as on the last auction. (Data as on 31st May 2014)

NSE & BSE Symbol	N100	ISIN Code	INF247L01031
Bloomberg Code	MOSTNDX	Entry Load	NIL
Reuters Code	N100.NS or N100.BO	Exit Load	NIL

## Fund Manager

Fund Manager	Mr. Anubhav Srivastava	Experience	He has 18 years of experience in the Financial Services Industry. He has been managing this fund since Jan 20, 2014.
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## MOST Shares NASDAQ 100 Performance

Date	Scheme	Benchmark		Current Value of Standard Investment of Rs. 10,000/-		
	MOST Shares N100 Returns ^	NASDAQ-100 Index (In INR)	CNX Nifty Returns	MOST Shares N100 Returns (INR) ^	NASDAQ-100 Index Returns (INR)	CNX Nifty Returns (INR)
Since Inception till March 31, 2014	27.36%	27.44%	6.07%	20,701	20,739	12,421
March 31, 2013 to March 31, 2014	40.31%	40.14%	17.98%	N. A.		
March 31, 2012 to March 31, 2013	7.62%	7.68%	7.31%			
March 31, 2011 to March 31, 2012	35.21%	36.01%	-9.23%			

Returns for one year are absolute. Returns for more than one year are compounded annualized; In case, the start/end date of the concerned period is non business date (NBD), the NAV of the previous date is considered for computation of returns. Additional Benchmark for equity scheme is CNX Nifty Index.

^ Past performance may or may not be sustained in the future.

## Industry Allocation

Software & Services	24.92%
Technology Hardware & Equipment	21.16%
Pharmaceuticals, Biotechnology	9.20%
Media	7.66%
Retailing	7.62%
Semiconductors & Semiconductor	7.31%
Internet Software & Services	3.21%
Food Products	2.42%
Health Care Equipment & Services	2.34%
Consumer Services	1.84%
Food & Staples Retailing	1.56%
Biotechnology	1.51%
Semiconductors	1.21%
Capital Goods	0.88%
Wireless Telecommunication Services	0.64%
AutoMobile	0.61%
Consumer Durables & Apparel	0.59%
Computers & Peripherals	0.50%
Life Sciences Tools & Services	0.48%
Food Beverages & Tobacco	0.45%
Transportation	0.44%
Telecommunication Services	0.44%
Hotels Restaurants & Leisure	0.43%
Semiconductors & Semiconductor	0.37%
Internet & Catalog Retail	0.30%
Materials	0.28%
Beverages	0.28%
Professional Services	0.24%
Commercial & Professional Services	0.23%
Specialty Retail	0.22%
Health Care Providers & Service	0.22%
Cash & Equivalent	0.44%

(Data as on 31st May 2014) Industry Classification is as per Global Industry Classification Standard (GICS).

## Top 10 Holdings

Sr. No.	Scrip	Weightage in N100 ^
1	Apple	13.46%
2	Microsoft Corporation	8.11%
3	Google	3.82%
4	Google -Class C	3.75%
5	Amazon.com	3.43%
6	QUALCOMM	3.24%
7	Intel Corporation	3.24%
8	Cisco Systems	3.03%
9	Facebook	2.98%
10	Gilead Sciences	2.98%

(Data as on 31st May 2014)

^ MOST Shares NASDAQ 100

NOTE : Mr. Anubhav Srivastava has been appointed as the fund manager for this scheme w.e.f. January 20, 2014 vide addendum dated January 17, 2014. He is also the fund manager for MOST Shares M50, MOST Shares Midcap 100 and MOST Gold Shares, the performance of which is mentioned on page no. 8, 9 and 12 respectively.

# MOST 10 YEAR GILT FUND

(AN OPEN ENDED GILT SCHEME)

## About the Scheme

Scheme Name	Motilal Oswal MOST 10 Year Gilt Fund (MOST 10 Year Gilt Fund)
Type of Scheme	An Open Ended Gilt Scheme
Investment Objective	The primary investment objective of the scheme is to generate credit risk - free return by investing in a portfolio of securities issued by the Central Government & State Government. However there can be no assurance or guarantee that the investment objective of the Scheme would be achieved.
Benchmark	CRISIL 10 Year Gilt Index
Continuous Offer	Minimum Application Amount : ₹10,000/- and in multiples of ₹1/- thereafter. Additional Application Amount : ₹1000/- and in multiples of ₹1/- thereafter.
Load	Entry - Nil; Exit - 0.25% if redeemed within 30 days.*

## Portfolio

Security	Issuer	% of holding
8.83% GOI 2023	Government of India	92.76
Reverse REPO/Cash/Others	---	7.24

(Data as on 31st May 2014)

## Quantitative Indicators

Average Maturity	8.82 Years
Modified Duration	5.89 Years
YTM	8.59%

(Data as on 31st May 2014)

## Fund Manager

Fund Manager	Mr. Abhiroop Mukherjee
Experience	He has over 6 year experience in the Financial Services Industry. He has been managing this fund since inception.

## Scheme Details

Date of Allotment	12 December 2011	
NAV	Growth Plan	₹11.0821
	Dividend Plan	₹10.2856
	Direct Growth Plan	₹11.0958
	Direct Dividend Plan	₹10.3666
Quarterly AAUM (Mar. 31st, 2014)	₹56.04 (₹ crores)	
Total Expense Ratio ^	Regular Plan	0.99% p.a.
	Direct Plan	0.91% p.a.

(Data as on 31st May 2014)

^ Year-to-date.

## Dividend History

Record Date Dividend Option	Dividend per Unit (Rs.)	Cum Dividend NAV	Ex Dividend NAV*
May 17, 2012	0.1930	10.2397	10.0873
January 8, 2013	0.5850	10.8017	10.2259

Past performance may or may not be sustained in the future; Dividend distribution is subject to availability & adequacy of distributable surplus. After the payment of dividend, the per unit NAV falls to the extent of the dividend payout and distribution taxes, if any. Performance of dividend plan/option would be net of applicable statutory levy, if any. \*NAV on the 1st transaction day after Record Date, which includes the mark to market impact also.

## Performance

Period	Scheme	Benchmark
	MOST 10 Year Gilt Fund Returns ^	CRISIL 10 Year Gilt Index
March 31 2013 to March 31 2014	-2.63%	-2.26%

Returns for one year are absolute, ^ Past performance may or may not be sustained in the future

\*The exit load structure has been changed from 0.50% to 0.25% w.e.f. March 14, 2013 vide addendum dated March 13, 2013.

NOTE : Mr. Abhiroop Mukherjee is also fund manager for Motilal Oswal MOST Ultra Short Term Bond Fund. Past Performance of the said scheme has not been provided as the scheme has not completed 1 year.

**About the Scheme**

Scheme Name	Motilal Oswal MOST Shares Gold ETF
Type of Scheme	An Open Ended Exchange Traded Fund
Investment Objective	The Investment objective of the scheme is to provide return by investing in Gold Bullion. The performance of the fund will be benchmarked to the Spot Gold Price. However, the performance of the scheme may differ from that of the index due to tracking error. There can be no assurance or guarantee of the investment objective of the scheme would be achieved.
Benchmark	Spot Domestic Gold Price
Continuous Offer	On NSE & BSE: Investor can buy/sell units in round lot of 1 unit and in multiples thereof. Directly with the Mutual Fund : Investor can buy / sell units of the scheme in creation of Unit Size.

**Scheme Details**

Date of Allotment	22 March 2012
NAV - Growth Plan	₹2642.3552
Quarterly AAUM (Mar. 31st, 2014)	₹55.35 (₹ crores)
Total Expense Ratio ^	1.50% p.a.
Tracking Error	0.28% (Annualised)

(Data as on 31st May 2014)

^ Year-to-date.

NSE & BSE Symbol	MGOLD	Entry Load	NIL
Bloomberg Code	MOSTGLD	Exit Load	NIL
ISIN Code	INF247L01072		

**Portfolio**

Security Type	% of holding
Gold	98.79%
Cash & Other Receivables	1.21%
Net Assets	100.00%

(Data as on 31st May 2014)

**Fund Manager**

Fund Manager	Mr. Anubhav Srivastava
Experience	He has 18 years of experience in the Financial Services Industry. He has been managing this fund since June 26, 2013.

**Performance**

Period	Scheme	Benchmark
	MOST Gold Shares ETF Returns (%) ^	Spot Domestic Gold Price Returns (%) ^
March 31, 2013 to March 31, 2014	-8.43%	-7.05%
March 31, 2012 to March 31, 2013	3.28%	4.89%

Returns for one year are absolute. Returns for more than one year are compounded annualized; incase, the start/end date of the concerned period is non business date (NBD), the NAV of the previous date is considered for computation of returns.

^ Past performance may or may not be sustained in the future.

NOTE : Mr. Anubhav Srivastava is also the fund manager for MOST Shares M50, MOST Shares Midcap 100 and MOST Shares NASDAQ 100, the performance of which is mentioned on page no. 8, 9 and 10 respectively.

# Insights

## MOTILAL OSWAL MOST FOCUSED MIDCAP 30 FUND

(An open ended equity scheme)

### Ajanta Pharma

- Ajanta Pharma (APL) is a well known fully integrated pharmaceutical company. Over the years it has created strong product brands in various geographical markets.
- The Company derives 65% of revenue (FY13) from exports from semi regulated markets mainly: Africa, Asia and Latin America.
- During FY07-13, APL's export business has grown at 25% CAGR to INR 6 bn in FY13.
- APL has an in house R&D centre named Advent, which is focused on bringing newer niche drugs into the domestic and international market.
- It invests 5.0% - 6.5% of Sales in R&D which has helped the company to introduce with 20 newer products in domestic market every year.
- After establishing itself in ophthalmology, dermatology and cardiac segments, APL is now focusing on a growing specialty therapeutic segments like ENT, gastroenterology and orthopedic which will help the company to hold its growth momentum in the domestic market with a 25% expected CAGR in revenue over FY11-15E.
- In the last five years business model has transformed from drugs supply to govt. institutions (low margin) to prescription based business (high margin and sustainable). The initiatives for investment in its R&D for establishing brands in domestic market could augur well on sustainability of margins

#### Stock Returns (in percentage)

CYTD : 13.41

FYTD : 8.22

MTD : 8.27

### Bata India

- Strong brand plus aggressive store expansion is expected to drive market share for Bata India (BIL). The Company derives ~85% of revenue through retail networks, 14.2% from non-retail channels (dealers/institutional/industrial sales) and balance 0.8% through exports.
- Over the last six years, retail segment posted 20% CAGR, exports 5.6% and the wholesale business growing at 2.2% over CY06-12.
- Premium products may drive sales per store. To improve margins, BIL phased out INR69/pair rubber Hawaiians' (a low margin) and shifted to Sunshine range (INR199-399) with better margins.
- It increased focus on high value products within the leather segment such as Hush Puppies (growing at 40%). Leather contribution is set to increase from 72% of sales in CY12 to 76% going forward, thereby improving margins.
- Increased contribution may come from women and child segment which can drive the growth. To increase the contribution from women and child footwear segments, BIL increased the display area for both segments across all stores, complimented by launching newer trendy designs under brands like Marie Claire, Hush Puppies, North Star etc. This improved the contribution of high margin women's segment from 25% in CY08 to ~35% in Cy12.
- Gross margin expansion on the cards. Massive restructuring places Bata India on a strong footing.

#### Stock Returns (in percentage)

CYTD : 8.43

FYTD : 2.42

MTD : 8.37



## City Union Bank

- City Union Bank (CUB) has emerged as one of the most robust regional bank franchises.
- The south-based private sector bank provides niche banking services primarily to micro, small and medium enterprises and wholesale and retail businesses.
- The bank has a proven track record of delivering Net Interest Margins (NIMs) of over 3-3.4%. It also has a lower delinquency rate and over a decade of superior return ratios (RoE of 22% and RoA of 1.6%).
- The bank has continued to demonstrate higher return ratios (RoA of ~1.6% and RoE of ~22%), sustainable NIMs of over 3%, and stable asset quality in a difficult economic scenario. The bank has sufficient CAR of 13.6% (Tier-I of 13%) to fund growth without any equity dilution.
- Given its small asset base, stable asset quality, high yielding loan book coupled with sufficient capital and healthy operating matrix, the bank is well positioned to grow its business in the medium-term.
- Despite having a weak liability profile and high cost of funds, CUB has been able to maintain its margins in the range of 3.0%-3.5% on a sustainable basis. Its key strength lies in focusing on high yielding loans to SMEs and traders and gold loans, with a small underlying ticket size.

### Stock Returns (in percentage)

CYTD : 32.59

FYTD : 28.83

MTD : 16.40

## CRISIL

- Ratings one of the most attractive businesses due to:
  - i) >70% of Rating Revenues is Annuity Income – to witness secular growth,
  - ii) Low risk levered play on investment cycle revival. Regulatory moves are positive with the Basel 3 norms expected to boost Bond market,
  - iii) Price hike of 20-25% taken in Aug'13 to ensure robust growth in Cy14,
  - iv) CRISIL is dominant market leader in the most promising segments (Corp Bonds/ SME),
- Coalition could be a game changer in the Global Research and Analytics (GRA) vertical: 1) Unique and sticky products and services with a scalable business model, 2) IP driven entity; Accounted for ~27% of CRISIL's GRA revenues in CY13, 3) Allow CRISIL to move up the value chain
- Proven Growth Strategy: CRISIL has an enviable track record of inorganic growth in GRA vertical. How the acquired companies have done post acquisition reflects CRISIL's strengths.
- A Core Portfolio Holding: High Quality - Growth Stock with best in class MNC management and high capital protection.
- While Ratings account for ~37% of revenues it accounts for ~45% of EBIT and we expect this to sustain ~50%. In this business CRISIL has negligible capital employed or re-investment requirement. Payout ratio of >75% and bulk of business is annuity income – hence intrinsic P/E for this segment could be >45x

### Stock Returns (in percentage)

CYTD : 19.08

FYTD : 16.31

MTD : 8.36

## Engineers India

- Engineers India (EIL) enjoys leading position in the domestic Hydrocarbon consultancy space, asset light business model, strong balance sheet with negative working capital and company's strong profitability likely to result in value accretion.
- EIL has aligned its business into two segments
  - i) Consultancy and Engineering segment and
  - ii) Lump sum turnkey project segment (LSTP).
- Over the past few decades, company has developed a strong track record of catering to various Indian and global energy players. It has provided a range of project management consultancy services.
- EIL order book currently stands close to Rs 38 bn comprising of 65% of consultancy orders.
- From historical perspective we infer that the order booking in Indian hydrocarbon space has been unevenly spread with majority of orders getting booked in the second half of respective five year plans.
- We highlight that the company has an attractive balance sheet with net cash amounting to nearly Rs 56 per share. Lower capex and negative working capital would boost free cash flow generation in future. We estimate FCF at Rs 6.7b in FY15E vis-à-vis Rs 5.7b in FY13.
- Revival of HPCL Ratnagiri refinery alone could open a INR15-20bn consulting opportunity for EIL

### Stock Returns (in percentage)

CYTD : 66.93

FYTD : 23.08

MTD : 21.90

## Gujarat Pipavav

- Gujarat Pipavav (GPPL) provides an attractive proxy to invest in a strategic asset play/ with strong management and reasonable valuations. The western port belt spread across Mumbai / Gujarat accounts for ~65-70% of EXIM container traffic in India. GPPL is one of the big beneficiaries from some of the ongoing mega infrastructure initiatives such as Dedicated Freight Corridor (DFC)/ Delhi Mumbai Industrial Corridor (DMIC).
- One of the key strengths of GPPL is the strong backing from its parent and its ability to leverage on the established relationships of its parent APM Muller with the top 8-10 global liners.
- Pipavav port has received the environment ministry's nod for its port expansion plans and has recently finalized its capex plans, which provides increased clarity on medium term growth.
- GPPL, due to its advanced railway infrastructure is able to offer fast evacuation to its customers – which lowers cost and increases turnaround thereby acting as a key differentiator.
- GPPL stands to enjoy significant operating leverage as its current utilization is ~72%

### Stock Returns (in percentage)

CYTD : 97.57

FYTD : 48.44

MTD : 53.12

### Havells India

- Havells India Limited, together with its subsidiaries, engages in manufacturing and selling consumer and industrial electrical and power distribution equipment, and home appliances in India and internationally.
- It owns several brands across these products, namely Crabtree, Sylvania, Concord, Luminance, Linolite, and SLI Lighting. Havells has 12 manufacturing plants in India
- Further, Havells India business continues to remain capex light, leading to high free cash flow generation – the capex has declined to Rs~920mn in FY14 from ~Rs1.2bn in FY13.
- Standalone ROE has expanded to 24% in FY14 from 21.4% in FY13. This increase is not only due to healthy operational performance but also very minority shareholder friendly dividend distribution policy.
- Sylvania's cash flow position remains stable. Forex fluctuations and changes in the actuarial evaluation of pension liability have adversely affected PAT in FY14. However, FY14 recurring EBITDA of Eur23mn (flat YoY) compares very favorably with interest cost of Eur5.2mn and net debt of Eur58mn (down from Eur68mn in FY13).

#### Stock Returns (in percentage)

CYTD : 22.35

FYTD : 6.16

MTD : 4.19

### ING Vysya

- ING Vysya (INGV) has adopted a multi-pronged approach to address these issues through:
  - a. Innovative and a broader product suite on the liability side;
  - b. Designing branch/employee KRAs (key result areas) which focus on improving savings balances (revamping organizational structure on retail side to build a core customer base);
  - c. Increasing the brand awareness through enhanced marketing efforts.
- As a result of these efforts, it is expected that over FY13-FY16E, the CASA ratio will likely improve by 215bp, Net Interest Margins (NIMs) will inch up by 30bp, and operating efficiency will improve with C/I ratio likely declining by 360bp to 52.5%.
- INGV saw improvement in various operating parameters between FY09-FY13 which led to a sharp uptick in ROA by 55bp to 1.2%. However, there may be room for further improvement in the following areas:
  - i. Elevated cost/income ratio at 56.2% in FY13,
  - ii. Lackluster traction in savings deposits with SA ratio moderating to 13.8% in 1QFY14 from 18% in FY11, and
  - iii. Branch and employee productivity versus other private sector banks.
- Despite registering a good pick-up in profitability between 2009 and 2013, we still expect improvement in its efficiency levels and savings deposit ratio.

#### Stock Returns (in percentage)

CYTD : 3.48

FYTD : 1.30

MTD : 11.11

### IPCA Labs

- IPCA is a structural growth story, with all business segments contributing to growth.
- It is expected to grow at 25% CAGR in international formulation revenues over FY14-16, led by branded formulations and the US business. For domestic formulations, growth is likely to recover to 16%, while the institutional business is likely to record 15% sales CAGR over FY14-16.
- IPCA believes its India branded business can grow at 15% over the next few years.
- IPCA has not been able to generate strong free cash flows over the last few years despite its profits growing 3x over FY09-13.
- It has a focus on backward integration/strengthening R&D capabilities which is likely to continue. IPCA believes there is huge scope to reduce costs in APIs through technological enhancements, though there is limited scope to reduce costs in formulations.
- Though the contribution of formulations would increase, IPCA's underlying strength of backward integration will only be enhanced in this process

#### Stock Returns (in percentage)

CYTD : 9.25

FYTD : -4.63

MTD : -5.67

### Mindtree

- MindTree (MTCL) is a global information technology solutions company and a strategic partner to many Fortune 500 enterprises, providing services in areas like Application Development, Application Maintenance, Consulting, Testing and Infrastructure Services, across industries like BFSI, Travel and Retail.
- It enables customers to achieve competitive advantage through flexible and next generation global delivery models, agile methodologies and expert frameworks.
- MTCL bagged four large deals during the quarter in its sweet spot of USD20-50m for 3-5 year duration; combined TCV of deal was USD133m which takes deals of last four quarters to USD500m+. The funnel of large deals is up 50% over last two quarters and the win ratios have improved to 1:4.8 from 1:6 deals previously.
- With strengthening demand in the US and large deals traction in traditional services in Europe, early indicators are that growth in FY15 should be better than FY14.
- MTCL is expected to have FY15 better than FY14 and targets to beat the NASSCOM guidance. Increased confidence comes on the back of sustained momentum in IT services and now Hitech showing initial indicators of successful implementation of change in strategy to broad based application of services around digital technologies and data services.
- IT services are expected to grow at similar to FY14 while Hitech may double up its FY14 growth to a double digit growth rate

#### Stock Returns (in percentage)

CYTD : -2.55

FYTD : 11.04

MTD : 6.40

## Mphasis

- Mphasis is focused on growing Non HP business (63% revenues) by 1.5x industry levels. Company has strengthened leadership team and invested in S&M to fuel growth.
- Key recent hires include senior leader (ex HCL) to head large deal, senior leader from WIPRO IMS to head IMS business, senior person from Accenture to head International BPO. Its deal pipeline has improved with four large deals (USD50mn+) under discussion.
- Management hopeful of a few closure and ramp up from 3QFY15 onward. Share of HP likely to decline to 31% by FY16E in our view.
- We expect margins to improve due to improving share of fixed price deals and focused on growing specialized services. Management has indicated that share of fixed price is much higher in Non HP than HP.
- Also gross margins in few segments such as international BPO and testing have much higher gross margins than what it experience currently.
- Management has indicated that in addition to dividend payouts, it could utilize its cash balance for M&A activities. Mphasis ended the Dec'13 with cash balance of US\$422m.
- Cost optimization, resource scheduling, skills allotment etc. is likely to result in a 100-200bps margin expansion by the end of 1HFY15e. At present, the Boston Consulting Group is advising the company on adopting a lean delivery model.
- It expects to adopt a lean delivery model in all its projects over the next one-to-two quarters.

### Stock Returns (in percentage)

CYTD : 0.47

FYTD : 9.42

MTD : 6.83

## Page Industries

- Page Industries (Page) is the exclusive franchisee of Jockey International in India, Dubai, Sri Lanka, and Nepal. It is also the licensee of Speedo International Ltd. for the manufacture, marketing and distribution of the Speedo brand in India.
- First mover advantage in growing branded premium innerwear industry & category has expanded, led by consumer up trading. 'Jockey' is benefiting from shifting consumer preferences driven by rising income levels and urbanization
- The market has grown faster than the broader clothing market, led by premiumisation trends that should continue
- Over the years, new brands cropped up but are insignificant. Closest competitor to Jockey has less than 50cr sales in India
- Page has delivered Sales, PAT growth of 47% & 51% respectively for last 5 years with 52.56% ROE & 49.55% Dividend payout for FY13
- Page became the exclusive licensee of Speedo International Limited whose products include swimwear, water shorts, apparel equipment and footwear. Speedo is the number one brand and product choice for swimmers around the world
- Volume growth will be 14-15%, 8-9% growth from existing distribution set up & 5-6% lead by new distribution expansion. As of now company has 450 distributors and 23000 retail outlets
- Revenue and earnings likely to post 29% and 28% CAGR over the next 2 years. Primarily volume-led (18% CAGR). Dividend payouts is at 42% over the same period.

### Stock Returns (in percentage)

CYTD : 25.04

FYTD : 1.56

MTD : 11.03



### P&G Hygiene and Healthcare

- P&G Hygiene and Healthcare's (P&GHH) strong volume growth in the feminine hygiene segment is a multi-year story because of extremely low product penetration, higher product affordability post price cuts, rising distribution reach, category development efforts and advantages over peers.
- Strong volume growth in the feminine hygiene segment (62% of FY14E sales) is being driven by a combination of:
  - Extremely low category penetration (~15%), with rural penetration in single-digits,
  - Earlier price cuts boosting product affordability,
  - Rising distribution reach, and
  - P&GHH passing on the benefit of excise duty cut by central government from 9% to 1% as well as VAT reduction by state governments to its consumers.
- P&GHH reaches ~2mn outlets in India, a fraction of its parent's reach of ~6.2mn outlets. While the reach has expanded significantly since the price cuts a few years ago, there is still considerable growth potential, given the increased product affordability.
- P&GHH also has a huge headstart with its unparalleled category development efforts in schools and villages.

#### Stock Returns (in percentage)

CYTD : 26.23

FYTD : 19.39

MTD : 11.99

### Repco Home Finance

- Repco Home Finance's (RHF) core strengths are its expertise in assessing a risky customer class, maintaining consistent and institutionalized credit delivery process, and ability to operate with a lean cost structure.
- RHF is well positioned to drive growth through deeper penetration, servicing under-served customers, strong regional brand recall and higher risk-taking capability. It operates chiefly in tier-2 and tier-3 centres (2/3rd of branches in these areas as of Q3FY14) and in peripheries of tier 1 centre.
- A relatively niche geographic presence, underserved target segment, and penetration may allow RHF to deliver 28% CAGR in loans through FY16. So long as RHF maintains the quality of execution, we believe it will be able to generate robust loan growth.
- Most players have traditionally focused on salaried segment comprising of ~15% of workforce for housing loans. Self employed category accounts for almost ~55% of workforce, which is largely untapped. Though risk in this vertical is higher – players are able to price in the risk through higher pricing and earn attractive risk-reward returns.

#### Stock Returns (in percentage)

CYTD : 17.17

FYTD : 22.18

MTD : 9.43

### Sundaram Finance

- Sundaram Finance is a leading asset finance company with more than five decades of experience in Commercial Vehicles and Private Vehicle's car financing.
- It also has interests in housing finance, asset management, general insurance, IT-ITes and financial product distribution.
- Sundaram Finance is attractively placed as the market has yet to price in the value of two of its ventures: General Insurance, which has turned around, and Housing Finance, where performance has remained strong.
- Its housing finance business has been consistently growing at ~30% and over 30% ROE, making it amongst the very few businesses in the housing finance space that have been generating more than 2.5 percent ROA.
- Its general Insurance arm, Royal Sundaram has turnaround from marginal profit in FY12 to Rs 547m in FY13. If this trend continues, it will be a strong positive for Sundaram Finance.
- Value unlocking potential from its housing finance vertical

#### Stock Returns (in percentage)

CYTD : 43.63

FYTD : 34.63

MTD : 23.69

### Thermax

- Thermax (TMX) has incubated the business model to focus on BOOT plants in steam supply in segments like biomass, Waste Heat Recovery, Distillery Spent Wash, Triple Effect Absorption Chillers, etc. Till date, the business has been largely focused on biomass projects and a pick up is expected in Fy15.
- TMX is benefiting from few structural trends:
  - i. Continued energy shortages and increased energy pricing (electricity prices up 15-20% over last 18 months) driving demand for energy efficiency products;
  - ii. Hunt for alternative energy and TMX derives ~30% of revenues from Green products (including WHR, VAC, biomass, spent wash boilers for distilleries, Municipal Waste to Energy), etc
  - iii. Government regulations are becoming more stringent driven by increased environmental concerns driving demand of products in specific categories like WHR, water/sewage treatment segment etc
  - iv. Currency depreciation is currently also leading to increased possibilities of exports (at 21% of revenues), etc.
- TMX has emerged as a global player in several of these segments with a dominating market position with 25-30% market share in most product categories (except water where it has ~15% market share).
- We expect acceleration in TMX's revenue growth in FY16E (up 20% YoY); we understand that TMX is possibly an 'early' stage beneficiary of the possible uptick in the investment climate, particularly in the heating / WHR segment (25-28% of consolidated revenues).

#### Stock Returns (in percentage)

CYTD : 26.00

FYTD : 21.78

MTD : 20.52

### TVS Motors

- TVS Motors (TVSL) is well positioned to benefit from the scooterization wave in India. Over the next 12-18 months, it plans to launch multiple products across segments to reinforce and fill gaps in its product portfolio.
- Unlike the past, TVSL has a strong product pipeline and plans to launch a product every quarter, including two new executive motorcycles and a diesel three-wheeler.
- We expect EPS to grow at a CAGR of 34% and Free Cash Flow (FCF) may grow at a CAGR of 25% over FY14-16, with RoE improving from 19.9% to 25.5%. We expect TVSL to be a net cash company by FY16, driven by strong FCF.
- Sustained strength of the Scooter industry and TVSL's market share gains, coupled with initial signs of recovery in the South, increase our confidence in TVSL's ability to deliver strong volume-led earnings growth.
- With Jupiter launch, TVSL has the complete range of scooters, with products in every sub-segment (women, unisex, men). Demand for Jupiter remains strong, with a waiting period across major markets.

#### Stock Returns (in percentage)

**CYTD : 77.37**

**FYTD : 34.89**

**MTD : 36.37**

### Voltas

- Voltas, a Tata group company, is a leading player in India's Heating, Ventilation and Air Conditioning (HVAC) market, having a ~28% market share in electro-mechanical projects.
- Strong volume growth due to increased demand in tier 2/3 towns, distribution network expansion, introduction of new products, pre-buy by dealers on new energy efficiency norms (from 1 Jan14) and higher institutional sales. Product mix shift to split ACs also helped margins.
- The market has grown faster than the broader clothing market, led by premiumisation trends that should continue
- Key triggers for the overseas business are:
  - i. Likely closure of issues in overseas projects,
  - ii. Improving ordering outlook from Middle East (ordering expected in 2HFY15) and
  - iii. New project wins starting to contribute to business materially (from 2QFY15).
- The management expects business prospects to improve in the Middle East i.e. in Qatar, Saudi Arabia and most recently in Dubai driven by Expo 2020. Ordering outlook improves; may start benefiting Voltas in FY2015.

#### Stock Returns (in percentage)

**CYTD : 58.35**

**FYTD : 17.79**

**MTD : 19.41**

## Wabco

- Wabco provides an unique opportunity to buy a Tier 1 system developer with almost a monopoly hold and significant growth triggers in the medium term (revival in CV cycle + ABS implementation)
- It controls almost ~85% market share in the domestic market. Given its parent's global leadership, R&D strength, relationships with leading global OEM's, we expect Wabco to continue sustain its competitive advantage.
- Wabco currently exports to US, Europe, South America through its parent and is fast emerging as a key manufacturing hub for its global parent, with exports registering a CAGR of 65%, over FY10-14, accounting for ~40% of revenues in FY14E.
- We assume that Wabco's OEM sales may grow by 13% in FY15 and ~21% in Fy16.
- India is currently couple of decades behind in terms of adoption of latest safety systems. Currently there is indication that Government may make ABS mandatory for MHCV sector by Oct'14. Implementation of the same should be a key positive for WIL and open up a large opportunity over the next two years.
- On per vehicle content is increased from ~INR12,800 to ~INR13,200 FY13. This is likely to go up further. The big opportunity to open up once ABS gets implemented.

### Stock Returns (in percentage)

CYTD : 27.19

FYTD : 27.23

MTD : 16.47

Data Source for Stock Returns: [www.nseindia.com](http://www.nseindia.com); Source for write ups : MOAMC Internal Research

CYTD: Calendar Year to Date (1st Jan 2014 to 31st May 2014) • FYTD: Financial Year to Date (1st Apr 2014 to 31st May 2014) • MTD: Month to Date (1st May 2014 to 31st May 2014)

**Disclaimer:** The statement contained herein may include statement of future expectations and other forward looking statements that are based on external views and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or event to differ materially from those expressed or implied in such statement. The above information/news/data are already available in public. Motilal Oswal Asset Management Company Ltd. (MOAMC) does not take the responsibility for the authenticity of the above information/news/data. The above mentioned Stocks are part of Motilal Oswal MOST Focused Midcap 30 Fund. The Stocks mentioned above are only for the purpose of information and should not be construed as recommendation from MOAMC. The Fund Manager retains the flexibility to increase or decrease the exposure of a stock or to exit a stock.

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

Note: Risk is represented as:

 (BLUE) investors understand that their principal will be at low risk	 (YELLOW) investors understand that their principal will be at medium risk	 (BROWN) investors understand that their principal will be at high risk
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**Mutual Fund investments are subject to market risks, read all scheme related documents carefully**