

# Motilal Oswal

# Long Term Equity

# Fund

31<sup>st</sup> August, 2022

## Dual Advantage of Saving Tax and Building Wealth

*“A penny saved is a penny earned”*

**-Benjamin Franklin**

# What are the different ways of Saving Taxes?

ELSS offers least lock-in period with market linked returns

	PPF	NSC	Bank Deposits	ELSS
Lock-in	15 years	5 or 10 years	5 years	<b>3 years</b>
Returns	7.1%	6.8%	4% to 6%	<b>Market Linked</b>
Tax on returns	Tax free	Taxable	Taxable	<b>Taxable*</b>

\* Long term capital gains applicable

Data as on September 30, 2021

# What is an Equity Linked Savings Scheme?

Equity Linked Saving Scheme, also known as **ELSS** is a type of mutual fund scheme investing in equity market. Investments under these schemes, give investors the benefit of **tax saving of up to 1.5 Lac** under section 80C of the Income Tax Act.

Save upto **₹46,800\*** in taxes by investing ELSS funds

Helps in **wealth creation** through equity investing

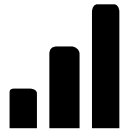
**Efficient tax planning** through small investing using SIP

- Considering 4% educational cess on tax. Including cess, the tax saving per annum would amount to 31.2% of Rs. 1.5 Lakh or Rs. 46,800
- Disclaimer: For individual nature of tax implications, investors are requested to consult their tax advisors before investing

# Benefits of a 3 Year Lock-in Period



Investment horizon aligned with market cycle



Wealth creation – Power of Compounding working it's magic

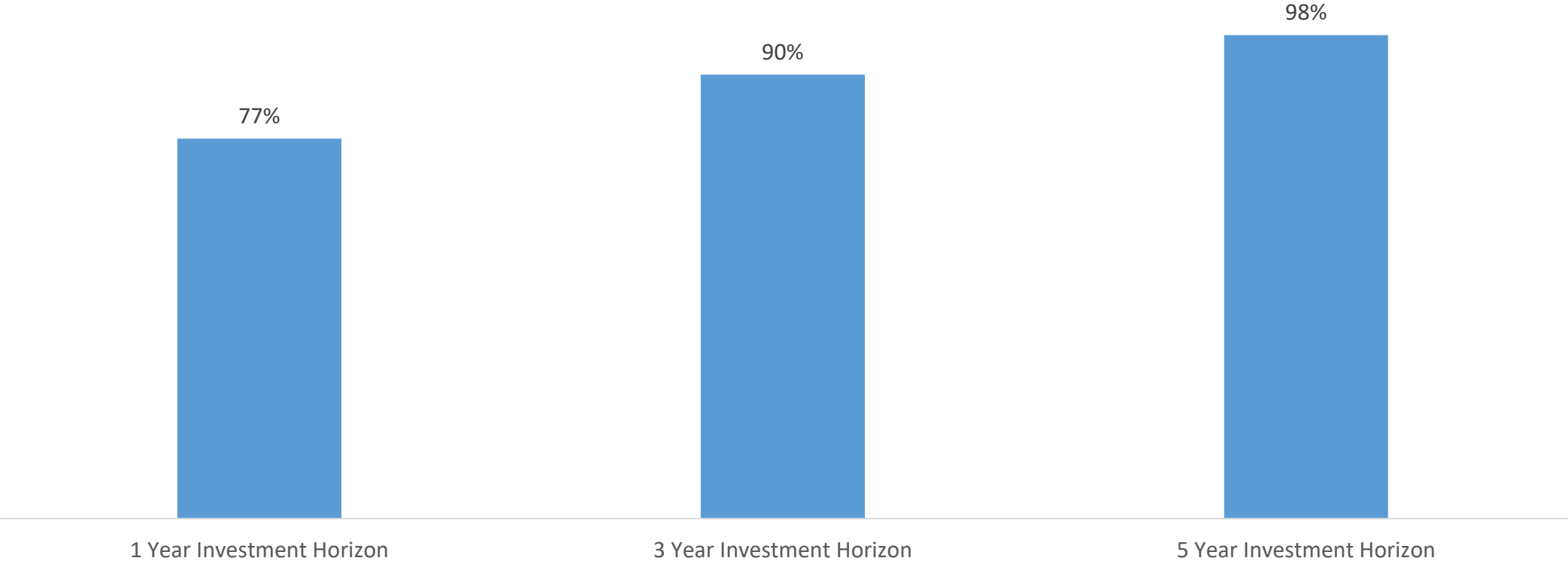


Riding through short term volatility and not exiting equity markets at the bottom

# Benefits of Long Term Investing

Higher probability of generating positive returns.

% of observations showing positive returns since Jan'00 till Apr'22



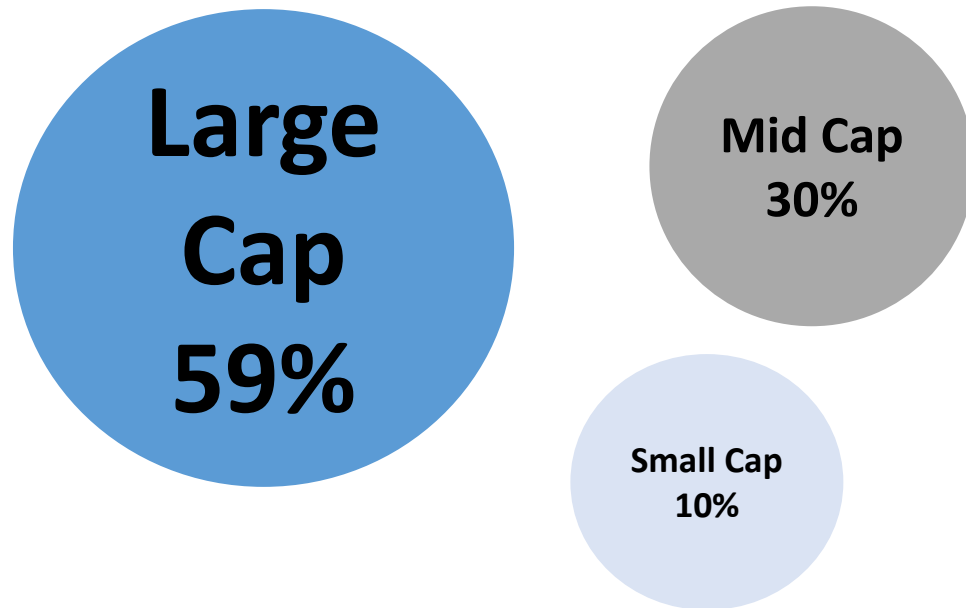
Source: Internal MOAMC Research. Data as on Apr'22 end. Nifty 500 TRI daily frequency rolling returns  
Disclaimer: This data should not be used for development or implementation of an investment strategy. Past performance may or may not be sustained in future.



# Introducing: Motilal Oswal Long Term Equity Fund

A near 60:40 split between large cap and mid and small cap stocks.

Quality Portfolio available at Reasonable Valuations



Quality	FY24E RoE of 14%
Growth	17% EPS Growth Expected over FY22-24
Longevity	High
Price	PE: 19x FY24E, PEG 2 Years: 1.5x

Data as on 31<sup>st</sup> August 2022  
Source: MOAMC Internal Research

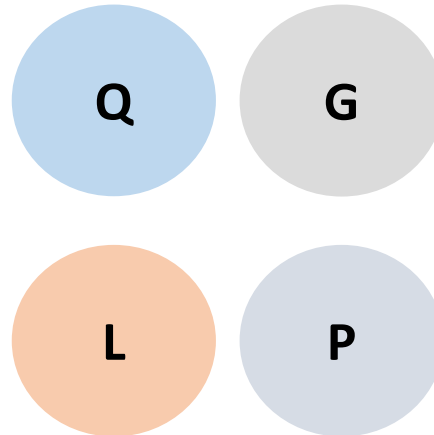
# Broad Framework – QGLP Philosophy

## Quality of business x Quality of management

- Stable business, preferably consumer facing
- Huge business opportunity
- Sustainable competitive advantage
- Competent management team
- Healthy financials & ratios

## Longevity – of both Q & G

- Long-term relevance of business
- Extending competitive advantage period
- Sustenance of growth momentum



## Growth in earnings

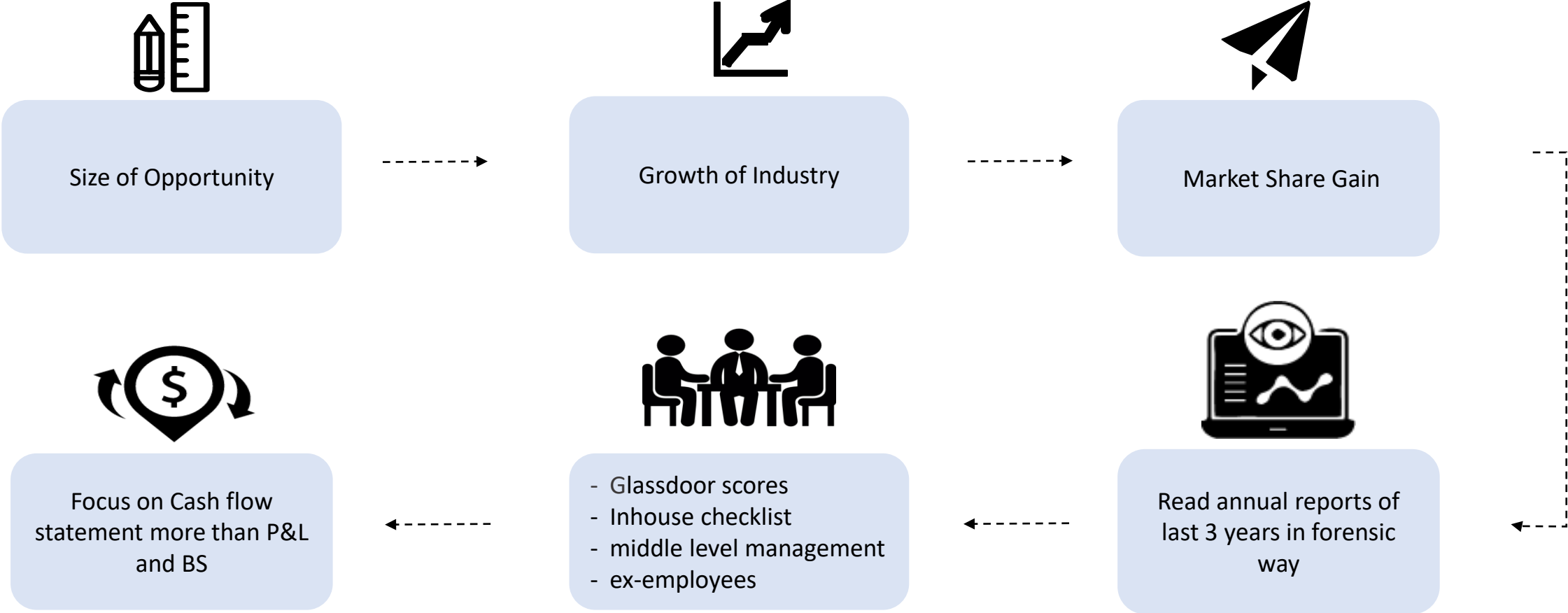
- Volume growth
- Price growth
- Mix change
- Operating leverage
- Financial leverage

## Price

- Reasonable valuation, relative to quality & growth prospects
- High margin of safety



# Additional Framework within the QGLP Philosophy



Source: MOAMC Internal Research

# High Concentrated Portfolio Plays across 3 Themes

1

**Consolidation in the lending space**

Top 5 banks command 46% market share in India, versus 80% as seen in countries globally

2

**Supply side consolidation**

Distinctive and durable market leaders likely to benefit despite short term headwinds

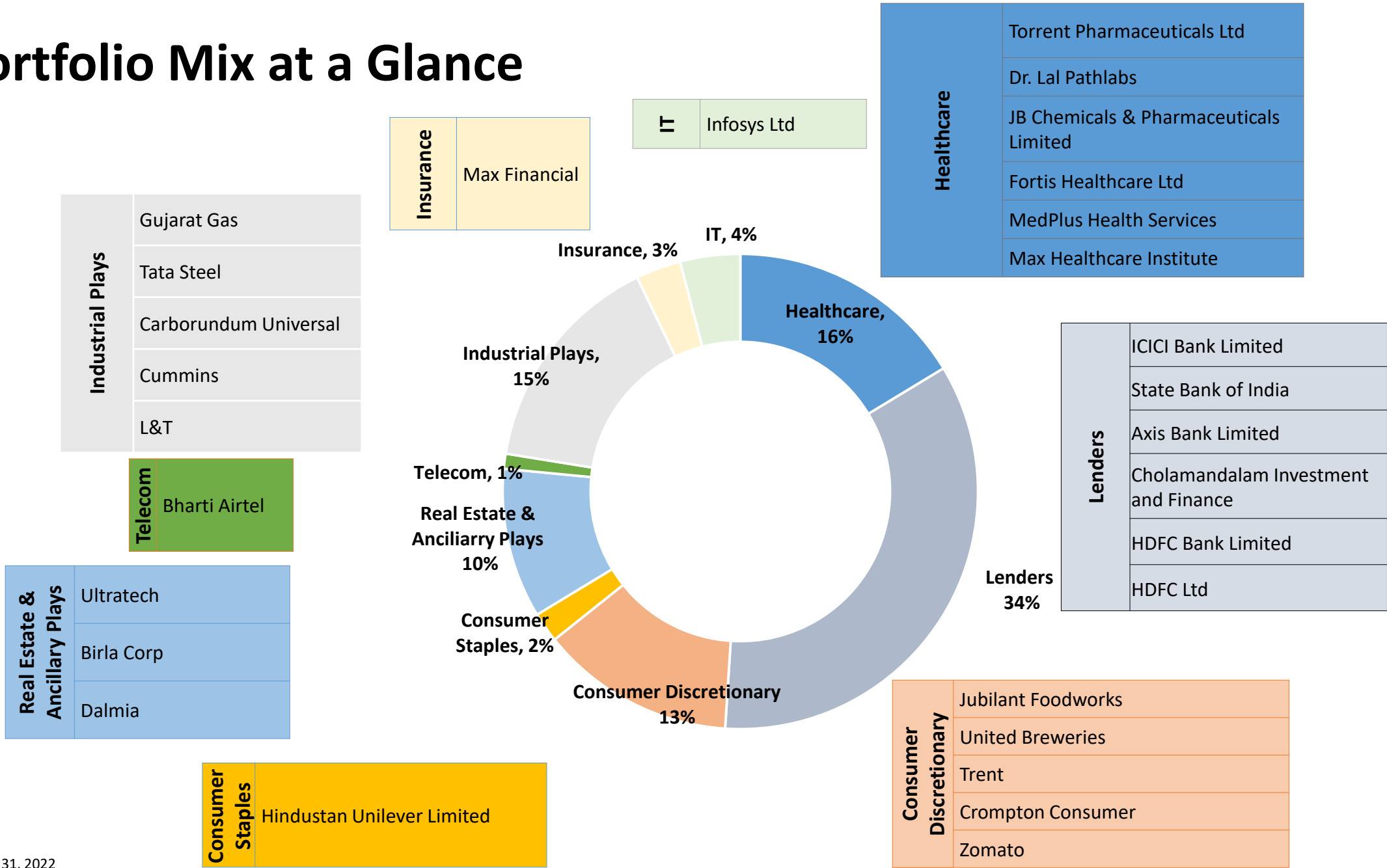
3

**Consumer Discretionary**

Long runway for growth

The sectors mentioned above are used to explain the concept and is for illustration purpose only and should not be used for development or implementation of any investment strategy. It should not be construed as investment advice to any party. The sectors may or may not be part of our portfolio/strategy/ schemes. Past performance may or may not be sustained in future

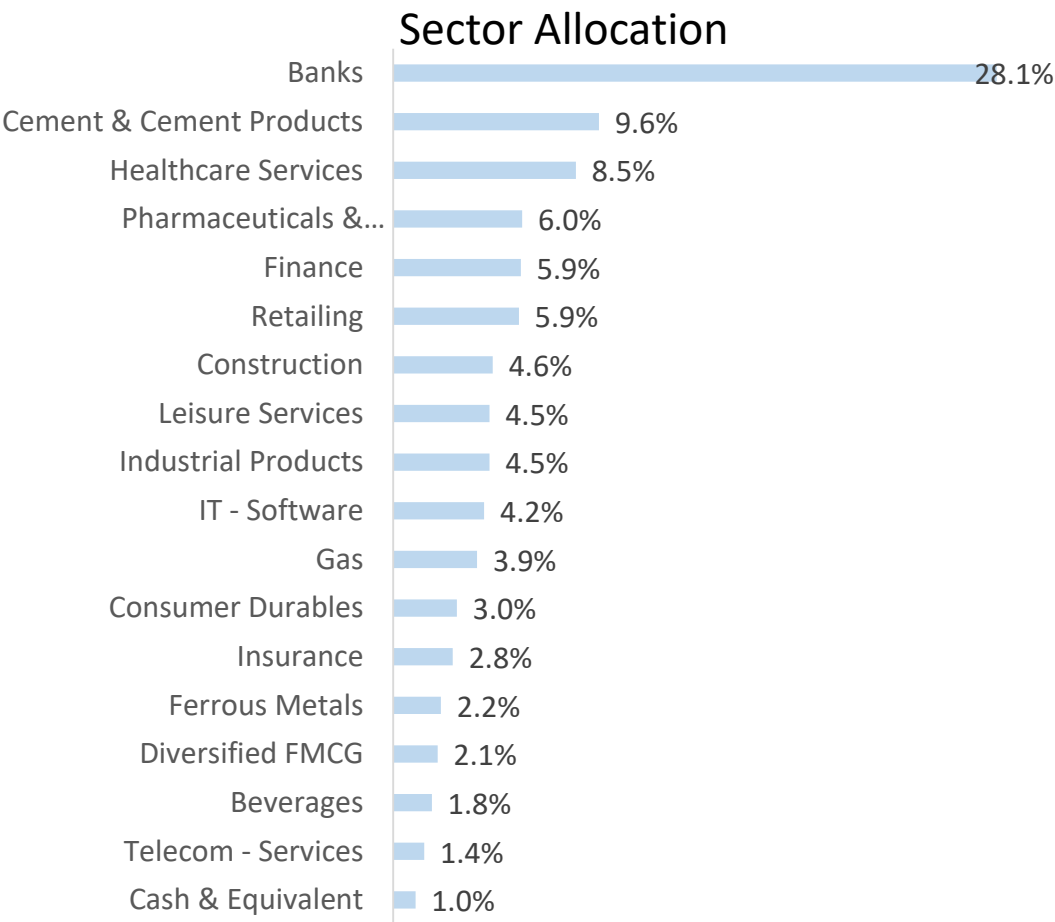
# Portfolio Mix at a Glance



Data as on August 31, 2022  
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# High Conviction Portfolio

A high concentration portfolio consisting of 29 stocks.



Top 10 Equity Holdings	
Script	Weightage (%)
ICICI Bank Limited	10.2%
Axis Bank Limited	8.7%
State Bank of India	6.1%
UltraTech Cement Limited	5.3%
Larsen & Toubro Limited	4.6%
Jubilant Foodworks Limited	4.5%
Infosys Limited	4.2%
Cholamandalam Investment and Finance Company Ltd	4.0%
Gujarat Gas Limited	3.9%
Fortis Healthcare Limited	3.5%
Total	54.9%

Data as on August 31 2022. Sector classification as per AMFI defined sectors.  
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# Scheme Performance

Point to Point Returns (%)	1 Year		3 years		5 Years		Since Inception	
	CAGR (%)	Rs. 10000	CAGR (%)	Rs. 10000	CAGR (%)	Rs. 10000	CAGR (%)	Rs. 10000
Motilal Oswal Long Term Equity Fund	-2.2	9,777	16.8	15,950	9.3	15,576	13.7	26,522
Nifty 500 TRI (BM)	6.7	10,668	20.8	17,652	13.3	18,682	12.0	23,640
Nifty 50 TRI (Add. BM)	5.2	10,514	18.6	16,701	13.8	19,071	11.2	22,438

SIP Performance (%)	1 Year			3 years			5 Years			Since Inception		
	Scheme	BM	Add. BM	Scheme	BM	Add. BM	Scheme	BM	Add. BM	Scheme	BM	Add. BM
Investment Amount	1,20,000			3,60,000			6,00,000			9,10,000		
Market Value	1,23,127	1,26,402	1,25,552	4,71,394	5,06,437	4,89,948	8,41,791	9,22,949	9,04,435	15,23,914	16,41,430	16,12,181
Returns (CAGR)%	4.89	10.09	8.74	18.36	23.53	21.13	13.53	17.27	16.45	13.31	15.21	14.75

Data as on August 30, 2022. BM = Benchmark i.e. Nifty 500 TRI Index; Add. BM = additional BM i.e. Nifty 50 TRI Index;  
 Date of inception: 21-Jan-15. 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. Performance is for Regular Plan Growth option. Different plans have different expense structure. Mr. Aditya Khemani is the Fund Manager for equity component since 6-Sep-2019 and Mr. Abhiroop Mukherjee is the Fund Manager for debt component since inception.  
 For Performance of other schemes managed by the fund managers, kindly refer to factsheet: <https://www.motilaloswalmf.com/downloads/mutual-fund/Factsheet>

# **Annexure**

# Theme 1: Consolidation in the Lending Space

Top 5 banks command 46% market share in India, versus 80% as seen in countries globally.

## Top 5 banks in India to consolidate market share

- The five bank concentration ratio in India stands at ~46% level; vs ~80% being the median for 30 large economies globally.
- We believe the top banks in India; especially the top 3-4 private banks are very well positioned today to consolidate market share.

## Strong liability franchises

- A very strong liability franchise; and good underwriting discipline are the key tenets of sustainable compounding in a lending business.
- The banks we own in the fund are the ones which clearly lead on these metrics.

## PSU to PVT value migration to continue

- PSU banks have structural shortcomings of a promoter whose interests are not aligned with minority shareholders, weak underwriting capabilities, being capital starved, etc.
- Hence, expect value migration from PSU to PVT to continue.

## Attractive valuations

- Financial stocks were badly hit during the sell-off caused by COVID
- Unlike other sectors, stock prices for banks are yet to see a bounce-back
- Believe this is a temporary mispricing for larger, well run private banks with good liability franchises and underwriting capabilities.

# Theme 2: Supply Side Consolidation

Distinctive and durable market leaders likely to benefit despite short term headwinds.

## India's growth potential remains intact

- India despite facing multiple challenges over the years; has a track record of ~14% nominal GDP growth over the last 4 decades.
- We believe the basic building blocks to this long term growth remain intact; the pandemic should be a passing event.

## Economic environment to accelerate consolidation

- Every downturn tests the survival of the fittest.
- Weak players in an industry suffer the most (especially the unorganized; and players with weak balance sheets).
- Consequently, in the recovery that ensues; the strong get stronger.

## Focus on market leaders

- Accelerated formalization of the economy to benefit market leaders
- High stress economic environments necessitate that the strongest will be able to not just survive, but thrive.

## Look beyond the short term

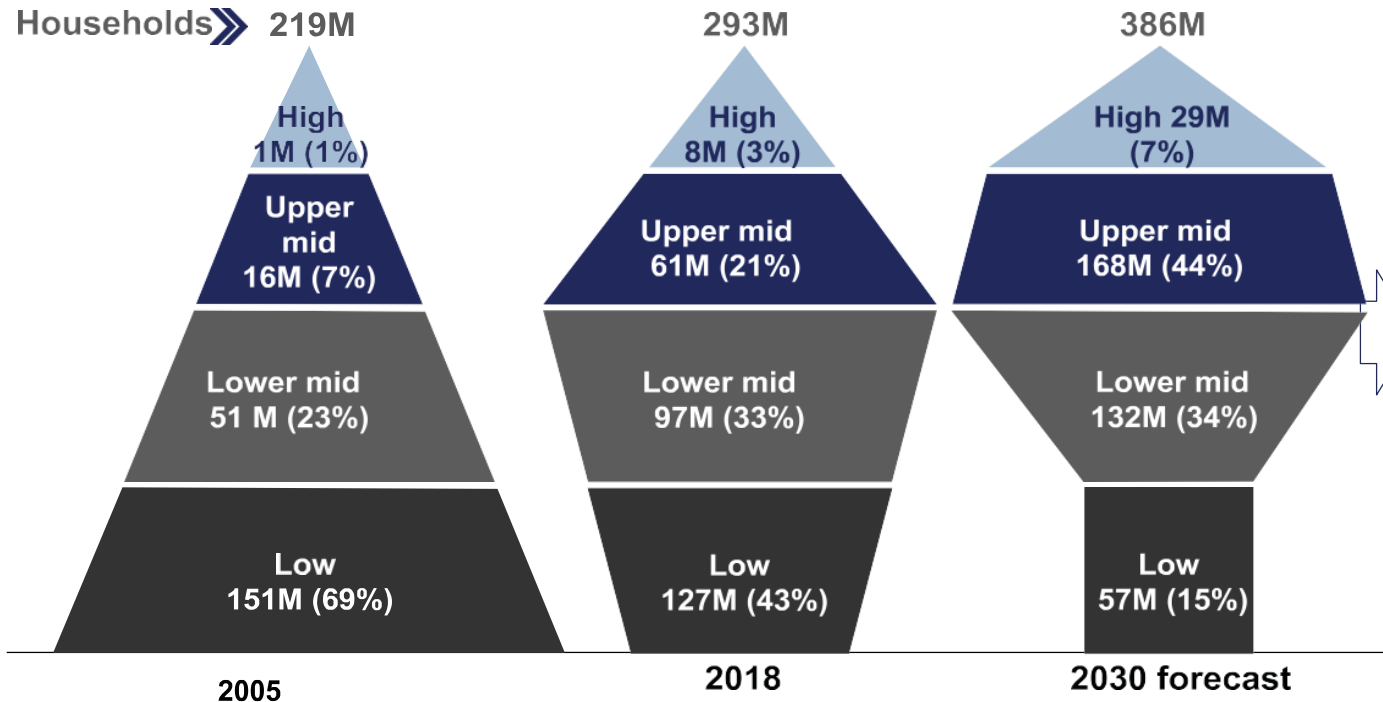
- Template for multi-baggers; vision to see, courage to buy and patience to hold
- Patience is the rarest of the three attributes. We believe; today as we're still in the middle of the pandemic; our patience is being tested.
- However, as the dust settles; we believe we will be well rewarded for our patience.



# Theme 3: Consumer Discretionary

Long runway for growth.

## Evolution of the household-income profile in India



### High Income & Upper Middle Segment

- 1 in 4 households today
- 1 in 2 households by 2030

Note: Low income: <\$4,000, Lower-mid: \$4,000-8,500, Upper-mid: \$8,500-40,000, High income: >\$40,000 basis income per household in real terms;

Source: CCI City Income database, BCG Analysis

# Fund Managers



## For Equity Component: Mr. Aditya Khemani:

- **Rich Experience:** Mr. Aditya has overall 14 years of experience in the Indian equity markets; last 10 years in the role of a portfolio Manager.
- **Academic Background:** Prior to joining Motilal Oswal Asset Management Company Ltd., He was associated with HSBC AMC for nearly 12 years. Further, he has worked in esteemed organizations like SBI Mutual Fund, ICICI Prudential AMC and Morgan Stanley Advantage Services.
- **Academic Background:** MBA finance, IIM Lucknow and B.Com (Honors) from St. Xavier's college, Kolkata



## For Debt Component: Mr. Abhiroop Mukherjee :

- **Rich Experience:** Over 11 years of experience in the Debt and Money Market Instruments Securities trading and fund management. His past stint includes, AVP at PNG Gilts as a WDM dealer
- **Academic Background:** B.Com (Honours) and PGDM (Finance)
- **Funds managed:** Fund Manager - Motilal Oswal Ultra Short Term Fund, Motilal Oswal Liquid Fund, Motilal Oswal 5 Year G-sec Fund of Fund and Motilal Oswal 5 Year G-Sec ETFFund Manager for Debt Component Motilal Oswal Focused 25 Fund, Motilal Oswal Midcap Fund, Motilal Oswal Flexi Cap Fund, Motilal Oswal Long Term Equity Fund, Motilal Oswal Dynamic Fund, Motilal Oswal Nasdaq 100 Fund of Fund, Motilal Oswal S&P 500 Fund, Motilal Oswal Large and Midcap Fund, Motilal Oswal Multi Asset Fund, Motilal Oswal Equity Hybrid Fund, Motilal Oswal Asset Allocation Passive Fund of Fund – Conservative and Motilal Oswal Asset Allocation Passive Fund of Fund – Aggressive, Motilal Oswal MSCI EAFE Top 100 Select Index Fund, Motilal Oswal Nasdaq Q50 ETF, Motilal Oswal S&P BSE Low Volatility ETF, Motilal Oswal S&P BSE Low Volatility Index Fund, Motilal Oswal Nifty 200 Momentum 30 ETF, Motilal Oswal Nifty 200 Momentum 30 Index Fund, Motilal Oswal S&P BSE Healthcare ETF, Motilal Oswal S&P BSE Quality ETF, Motilal Oswal S&P BSE Quality Index Fund, Motilal Oswal S&P BSE Enhanced Value Index Fund, Motilal Oswal S&P BSE Enhanced Value ETF and Motilal Oswal S&P BSE Financials ex Bank 30 Index fund

For Performance of other schemes managed by the fund manager, kindly refer to factsheet link: <https://www.motilaloswalmf.com/downloads/mutual-fund/Factsheet>

# Fund Facts

Type of the Scheme	An open ended equity linked savings scheme with the statutory lock in of 3 years and tax benefit.		
Category of the Scheme	ELSS		
Investment Objective	The investment objective of the Scheme is to generate long-term capital appreciation from a diversified portfolio of predominantly equity and equity related instruments. However, there can be no assurance or guarantee that the investment objective of the Scheme would be achieved.		
Benchmark	NIFTY 500 TRI		
Entry / Exit Load	Nil		
Plans	Regular Plan and Direct Plan		
Options (Under each plan)	Dividend (Payout and Reinvestment) and Growth		
Minimum Application Amount	Rs. 500/- and in multiples of Re. 500/- thereafter		
Additional Application Amount	Rs. 500/- and in multiples of Re. 500/- thereafter		
	Weekly SIP	Any day of the week from Monday to Friday	Rs. 500 and in multiples of Re.500/- thereafter (Minimum Installment – 12)
	Fortnightly SIP	1 st -14th, 7th - 21st and 14 th - 28th	
	Monthly SIP	Any day of the month except 29th, 30th or 31st	
	Quarterly SIP	Any day each quarter (Jan, Apr, Jul, Oct) 29th, 30th or 31 <sup>st</sup>	Rs. 1,500 and in multiples of Re.500/- thereafter (Minimum Installment – 4)
	Annual SIP	Any day or date of his/her preference	Rs. 6,000 and in multiples of Re. 500/- thereafter (Minimum Installment – 1)
Minimum Redemption Amount	Rs. 500/- and in multiples of Re. 1/- thereafter or account balance, whichever is lower.		

# Disclaimer

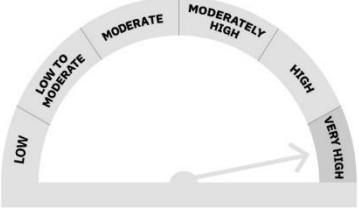
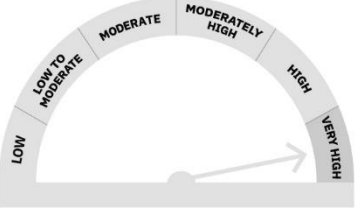
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**Scheme Specific Risk Factors:** In line with its investment objective, the scheme will be required to maintain a minimum exposure of 35% each to both the large cap and the mid cap market segments at all times regardless of the prevailing market conditions/outlook for these market cap segments. The Scheme is subject to the principal risks described below. Some or all of these risks may adversely affect Scheme's NAV, yield, return and/or its ability to meet its objectives.

**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. (CIN: U67120MH2008PLC188186) Sponsor: Motilal Oswal Financial Services Ltd.

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

# Product Labelling

Name of the scheme	Scheme Riskometer	Benchmark Riskometer Nifty 500 TRI
Motilal Oswal Long Term Equity Fund (An open ended equity linked saving scheme with a statutory lock in of 3 years and tax benefit)		
<b>This product is suitable for investors who are seeking*</b> <ul style="list-style-type: none"> <li>Long-term capital growth</li> <li>Investment predominantly in equity and equity related instruments</li> </ul>	Investors understand that their principal will be at Very High risk	

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

For Risk-o-meter and PRC of Other Schemes Managed, please refer to the Factsheet: <https://www.motilaloswalmf.com/download/factsheets>

# Motilal Oswal Mutual Funds

## Performance of other schemes managed by Aditya Khemani

Name of Fund Manager: Aditya Khemani									
Period	Inception Date	1 year		3 year		5 year		Since Inception	
		Scheme Return (%)	Benchmark Return (%)	Scheme Return (%)	Benchmark Return (%)	Scheme Return (%)	Benchmark Return (%)	Scheme Return (%)	Benchmark Return (%)
Motilal Oswal Large and Midcap Fund	17-10-2019	-1.4	8.8	-	-	-	-	18.7	23.3

### Note:

- Aditya Khemani manages 2 schemes of Motilal Oswal Mutual Fund.
- In case the number of schemes managed by a fund manager is more than six, performance data of top 3 and bottom 3 schemes managed by fund manager has been provided herein.
- Period for which scheme's performance has been provided is computed basis last day of the month-end preceding the date of advertisement.
- Different plans shall have a different expense structure. The performance details provided herein are of Regular plan.

Source/Disclaimer : MOAMC, Data as of 30-August-22. Past performance may or may not be sustained in the future. Performance is for Regular Plan Growth Option. Different plans have different expense structure.

# Motilal Oswal Mutual Funds

## Performance of other schemes managed by Abhiroop Mukherjee

Name of Fund Manager: Abhiroop Mukherjee									
Period	Inception Date	1 year		3 year		5 year		Since Inception	
		Scheme Return (%)	Benchmark Return (%)	Scheme Return (%)	Benchmark Return (%)	Scheme Return (%)	Benchmark Return (%)	Scheme Return (%)	Benchmark Return (%)
Motilal Oswal Midcap Fund	24-02-2014	25.6	11.8	27.6	28.7	14.4	14.9	20.6	21.4
Motilal Oswal Liquid Fund	20-12-2018	3.5	4.1	3.5	4.2	-	-	3.9	4.7
Motilal Oswal Asset Allocation Passive Fund of Fund - Aggressive	12-03-2021	3.4	4.8	-	-	-	-	10.3	12.1
Motilal Oswal S&P 500 Index Fund	28-04-2020	-3.2	-1.6	-	-	-	-	16.7	19.3
Motilal Oswal Flexi Cap Fund	28-04-2014	-5.4	6.7	10.3	20.8	5.2	13.3	15.7	14.9
Motilal Oswal Nasdaq 100 Fund of Fund	29-11-2018	-16.2	-13.6	19.7	22.1	-	-	20.5	21.5

### Note:

- Abhiroop Mukherjee manages 28 schemes of Motilal Oswal Mutual Fund.
- In case the number of schemes managed by a fund manager is more than six, performance data of top 3 and bottom 3 schemes managed by fund manager has been provided herein.
- Period for which scheme's performance has been provided is computed basis last day of the month-end preceding the date of advertisement.
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**Thank you**