

The Zen of Investing




Value
STRATEGY
February 2020



- ❧ Large cap oriented portfolio with ~69% allocation
- ❧ Investing in good businesses, run by great management
- ❧ Oldest PMS track record of 16+ years with annualized return of 22.4% since inception (an alpha of 6.6% over Nifty 50)
- ❧ Concentrated portfolio of 22 stocks
- ❧ Index agnostic: ~66% away from benchmark Nifty 50

Investment Manager

- ❧ Motilal Oswal AMC is the pioneer of PMS business in India with over 16 years of track record
- ❧ One of the co-founders, Mr. Raamdeo Agrawal is one of the most honored and trusted names in the investing world
- ❧ It has a unique positioning of being “Equity only AMC” with defined “Investment Philosophy”
- ❧ Trusted by over 42,000 HNI investors and with around Rs. 17,000 Crs of assets as on 31st January 2020



Large Scale of Operations

Low marginal cost



Capital Efficiency

Leverage at competitive costs



Matured Businesses

Stability and visibility



Big Balance Sheets

Benefit of capital investments

Ability to withstand downturns

Absolute returns

Falling market periods

01 January 2004 to
30 June 2004

01 January 2008 to
27 February 2009

03 January 2011 to
30 December 2011

29 January 2018 to
28 September 2018

Large Cap

-18.9%

-56.2%

-24.8%

-0.2%

Mid Cap

-21.2%

-72.2%

-34.8%

-16.6%

Small Cap

-28.5%

-77.3%

-43.6%

-24.6%

Past performance may or may not be sustained in future.

Source: MFI Explorer. Large Caps are represented by S&P BSE Sensex. Mid Caps by S&P BSE Midcap. Small Caps by S&P BSE Smallcap.

The above illustration is to explain the performance of various categories during the periods where markets have shown downward bend. Further since the above returns are calculated for a specific period, which may or may not be greater than 1 year, the returns are shown in absolute terms.

At Motilal Oswal Asset Management Company (MOAMC), our investment philosophy is centered on '**Buy Right: Sit Tight**' principle.

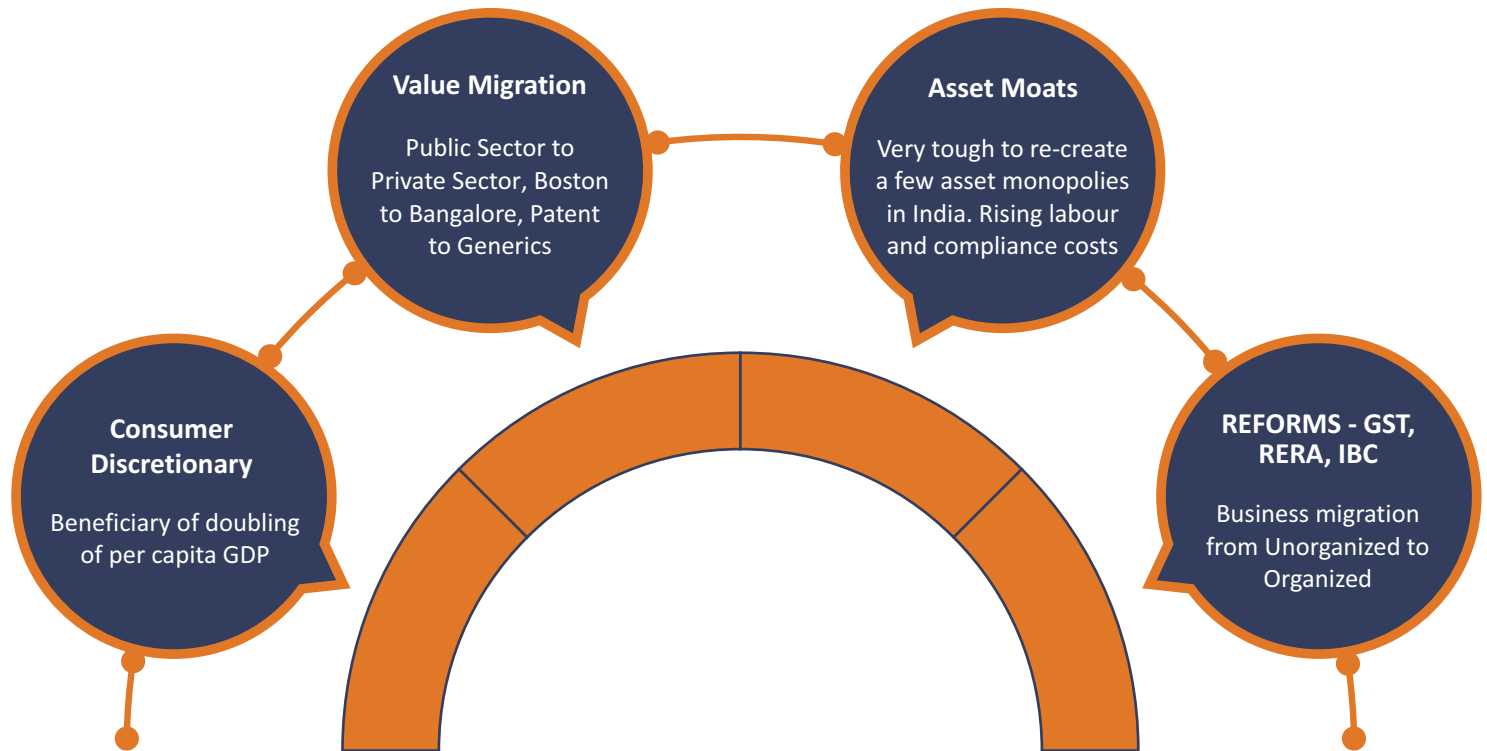
Buy Right

QGLP

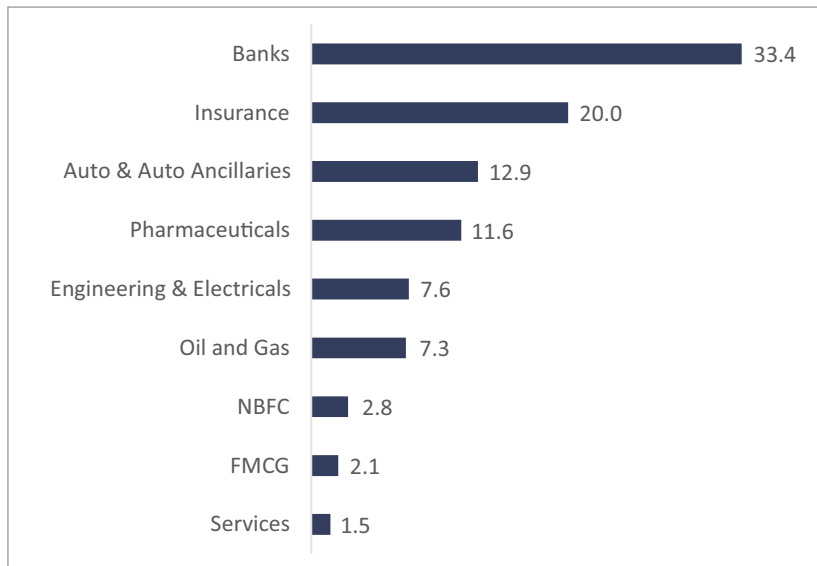
- ☞ **'Q'uality** denotes quality of the business and management
- ☞ **'G'rowth** denotes growth in earnings and sustained RoE
- ☞ **'L'ongevity** denotes longevity of the competitive advantage or economic moat of the business
- ☞ **'P'rice** denotes our approach of buying a good business for a fair 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 businesses to enable our investors to benefit from the entire growth cycle needs even more skill.
- ☞ **Focus:** Our portfolios are high conviction portfolios with 25 to 30 stocks being our ideal number. We believe in adequate diversification but over-diversification results in diluting returns for our investors and adding market risk



Sectoral Allocation

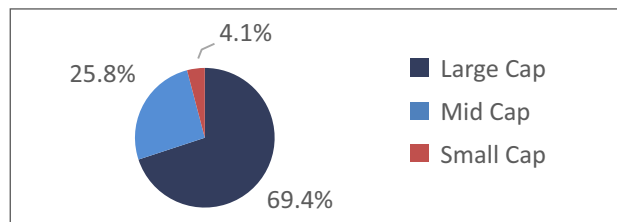


Please Note: Data as on 31st January 2020. The stocks mentioned are a part of existing Value Strategy clients and may or may not be bought for new clients. Past performance may or may not be sustained in future and should not be used as a basis for comparison with other investments. The strategy may or may not have any future holdings in these stocks and should not be construed as recommendations from MOAMC.

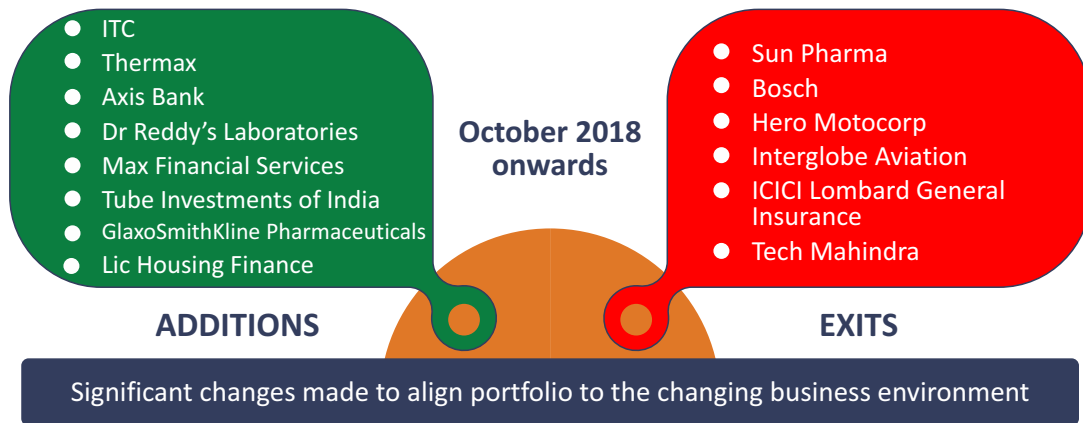
Top 10 Holdings

Script Name	% Holding
HDFC Bank	10.6
HDFC Life Insurance Company	9.5
ICICI Bank	8.9
Kotak Mahindra Bank	6.9
Max Financial Services	5.8
Larsen & Toubro	5.0
Ipca Laboratories	4.8
Bajaj Finserv	4.6
Maruti Suzuki India	4.5
Dr Reddy's Laboratories	4.3

Market Capitalization



Weighted Average Market Cap Rs. 1,88,067 Crs



How Buy Right : Sit Tight works

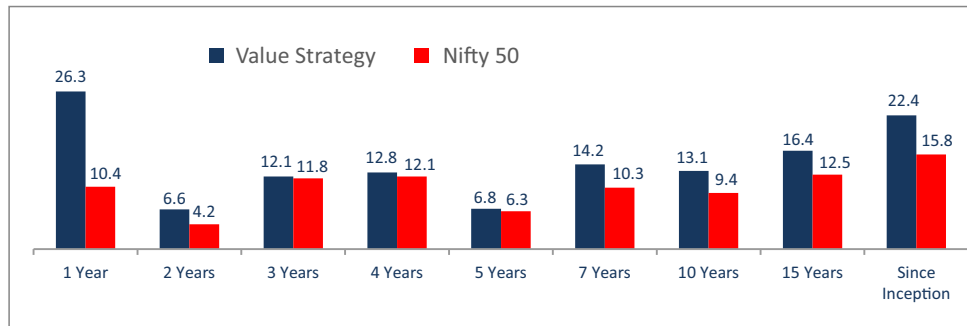
Company	Initial Purchase Date	Market Cap Rs. Crores (Purchase Date)	Market Cap Rs. Crores (31 st Jan 20)	Absolute Growth	CAGR (%)
HDFC Bank	Jul-08	40,986	6,71,845	16.4X	27%
Eicher Motors	Apr-12	5,682	55,399	9.8X	34%
ICICI Bank	Oct-17	1,78,647	3,40,094	1.9X	32%
HDFC Life Insurance	Nov-17	69,229	1,20,958	1.7X	29%
Ipca Laboratories	May-18	9,239	15,876	1.7X	36%

Number of Scrips	Holding Period
2	> 10 Years
1	> 5 Years but < 10 Years
8	> 2 Years but < 5 Years
11	< 2 Years

The average holding period for stocks held under Value Strategy is over 3 years and 1 months

Please Note: The given stocks are part of portfolio of a model client of Value Strategy as on 31st January 2020. The stocks forming part of the existing portfolio under Value Strategy may or may not be bought for new client. The stocks mentioned above are only for the purpose of explaining the concept and should not be construed as recommendations from MOAMC. Past performance may or may not be sustained in future and should not be used as a basis for comparison with other investments. Name of the PMS Strategy does not in any manner indicate its future prospects and returns.

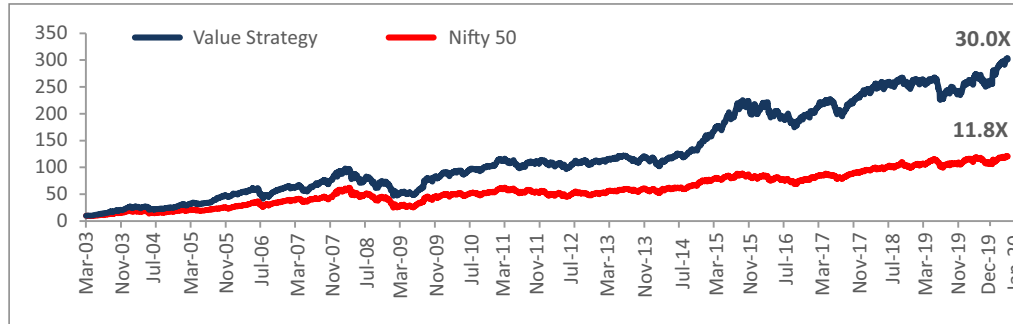
- Since inception, Value Strategy has delivered a CAGR of 22.4% vs. Nifty 50 returns of 15.8%, an outperformance of 6.6% (CAGR)



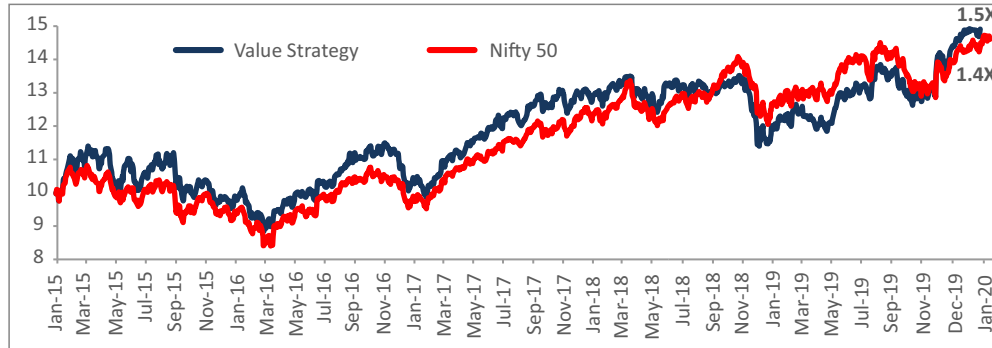
Value Strategy has delivered a CAGR of 22.4% vs. Nifty 50 returns of 15.8%, an outperformance of 6.6% (CAGR) since inception (25th March 2003)

*Strategy Inception Date: 25th March 2003.

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Rs. 1 crore invested in Value Strategy at inception is worth Rs. 30.0 cr as on 31st January 2020. For the same period Rs. 1 cr invested in Nifty 50 Index is now worth Rs. 11.8 cr.

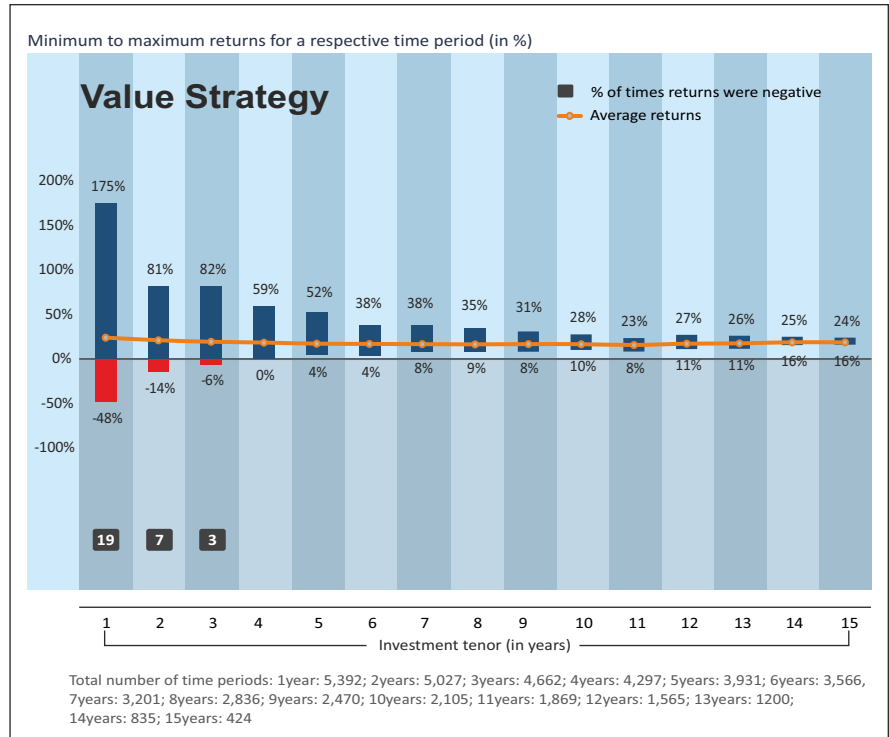


Rs. 1 crore invested in Value Strategy on 1st January 2015 is worth Rs. 1.52 cr as on 31st January 2020. For the same period Rs. 1 cr invested in Nifty 50 Index is now worth Rs. 1.44 cr.

*Strategy Inception Date: 25th March 2003.

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- ☞ The data shows rolling returns of the Value Strategy over various time frames.
- ☞ It is worth noting that on 1 year rolling basis, the returns are in a very wide range. The best return made by the Strategy is 175% and the worst return is -48%.
- ☞ As we increase the time horizon, the outcomes narrow significantly from the average.
- ☞ For instance, if we consider the 5 year time frame, historically the best return (CAGR) is 52%, least return is 4.3% and average return is 17%.
- ☞ It may also be noteworthy that the negative returns above 3 years rolling periods are zero.



Please Note: The Above strategy returns are of a Model Client as on 31st December 2019. Returns of individual clients may differ depending on time of entry in the strategy. Past performance may or may not be sustained in future and should not be used as a basis for comparison with other investments. Strategy returns shown above are post fees & expenses. Returns above 1 year are annualized. Motilal Oswal AMC does not provide any guarantee/ assurance any minimum or maximum returns.

Shrey Loonker - Fund Manager, PMS



- ☞ Shrey has been managing the Value Strategy since August 2017.
- ☞ He has 14 years of overall experience in equity research and fund management.
- ☞ Before joining Motilal Oswal AMC, he was associated for 11 years with Nippon India MF and last as Fund Manager – Banking Fund. He has also worked with Ernst & Young.
- ☞ Shrey is a qualified Chartered Accountant (CA) and a Chartered Financial Analyst (CFA) from CFA Institute, USA.

Susmit Patodia - Fund Manager, PMS



- ☞ Susmit has been co-managing the Value Strategy since February 2019.
- ☞ He has an overall experience of 13 years in equity markets, with close to 10 years with Motilal Oswal Group.
- ☞ His previous stints were with Accenture where he worked as a Management Consultant across industries. He has also worked with Franklin Templeton AMC.
- ☞ Susmit has a Post Graduate Diploma in Management from IIM Bangalore (MBA).

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