

MONTHLY Communique

May 2019



Aashish P Somaiyaa
(MD & CEO)

Dear Investors and my dear advisor friends,

What windscreen wipers teach you about investing behaviour...

It's quite pertinent to note that while the stock markets are based out of Mumbai, Mumbai is also endowed or cursed as the case may be with very heavy rainfall. As a result Mumbaiites are very clued on to the wild gyrations of the stock market index and also used to sitting through hours in the traffic amidst heavy rainfall and water-logging.

Many years back, on one frustrating rainy evening journey circa 2002-03 from South Mumbai back home to the suburbs along with office colleagues the conversation veered towards the general apathy in the markets, the impact on investor sentiment and associated investor psychology.

Just a couple of years earlier there was a frenzy to buy equity funds in general and technology funds in particular. As a trainee in end 1999 early 2000 I had myself witnessed an event for launch of a technology fund where the projector did not work for a product presentation (so much for the technology) and still pretty much everyone in attendance invested basis some half-baked communication and flyers circulated. At another city close to Mumbai, the fund had not opened local collection accounts and still investors decided to purchase demand drafts and anyway go with the investment at additional cost to their pocket. Such was the conviction level that selling effort was pretty much not required. Its well-known that technology investments took 10 years to produce returns eventually – and one can use that experience as a positive example of the “waqt har zakhm ko bhar deta hai” type or one can use that experience as a negative example of the "Aaj ek dua aur maang lo, aaj ek aansoon aur pee lo, aaj ek zindagi aur jee lo, kya pata, kal ho naa ho..." types...

And here we were in 2002-03, where the general belief appeared to be like the world was coming to an end and there was no “kal” (tomorrow). How can beliefs swing so wildly? We were just discussing the behaviour and a fresh downpour caused my friend at the wheel to turn on the windscreen wipers. Staring blankly at the screen amidst a gloomy mind frame further compounded by the external gloom, an unlikely analogy struck my mind.

Since then I have been telling investors not to behave like windscreen wipers. While the downpour wets the whole windscreen, the wipers oscillate left to right and back in their own kind of quarter circular cross breed elliptical kind of path. But what's obvious is that there's never a moment where the screen is wiped dry with the vision for the driver being completely clear. When the wiper is at one end of its trajectory, the water obviously wets the other end and by the time the wiper comes back there at that end of the trajectory, the former end is wet again. Net net, water keeps pouring and the wipers keep moving from one end to other, tirelessly; at the mercy of the water and the driver.

Market participants and investors' behaviour appears quite like this wiper each time I hear some of the recent commentary. Equity has given negative returns so let's put money into debt. Active funds have underperformed so let's buy index, small and midcaps have caused losses so let's buy large caps, MultiCap 35 which was number 1 on 1 year basis is not there anymore so let's buy the new number 1.

(Continued overleaf)

THINK EQUITY
THINK MOTILAL OSWAL

MOTILAL OSWAL
Asset Management
PORTFOLIO STRATEGY

BUY RIGHT
SIT TIGHT



Don't be a wiper. Ascertain the causes of something going against you, how long has it been and is likely to work against you, understand the causes and then decide whether it's time to come back and double down or just stay at rest or not to come back, stay away and bail out.

Just like the wiper function has a cycle to it, the stock markets are also cyclical – asset classes, market caps, fund flows, investing styles like growth and value, philosophies et al. But your objective is to create wealth over the long term, not to wipe water over a windscreen, with great urgency; lest your master's vision be hampered.

Yours Sincerely,

Aashish P. Somaiyaa
(MD & CEO – Motilal Oswal AMC)

Value Strategy

Investment Objective

The Strategy aims to benefit from the long term compounding effect on investments done in good businesses, run by great business managers for superior wealth creation. Value is a large cap* oriented strategy where investments are made with long term perspective with industry leaders.

*The selection of the stocks will be based on the criteria of strategy at the time of initial ideation and investment made as per the model portfolio of the strategy

Details

Fund Manager : Shrey Loonker
 Co-Fund Manager : Susmit Patodia
 Strategy Type : Open ended
 Date of Inception : 24th March 2003
 Benchmark : Nifty 50 Index
 Investment Horizon : 3 Years +

Market Capitalization

Market Capitalization	% Equity
Large cap	80
Mid cap	15
Small cap	-

Top 10 Holdings

Particulars	% Allocation
HDFC Bank Ltd.	12.57
Kotak Mahindra Bank Ltd.	8.30
Bajaj Finserv Ltd.	7.97
HDFC Standard Life Insurance Company Ltd.	6.68
Bharat Petroleum Corpn Ltd.	6.48
ICICI Bank Ltd.	5.73
Larsen & Toubro Ltd.	5.67
ICICI Lombard General Insurance Company Ltd.	5.49
Bharat Forge Ltd.	4.18
Maruti Suzuki India Ltd.	3.95

Data as on 30th Apr 2019

Top Sectors

Sector Allocation	% Allocation*
Banking & Finance	52.93
Auto & Auto Ancillaries	12.07
Oil & Gas	9.74
Engineering & Electricals	5.67
Pharmaceuticals	5.16
Cash	4.85

Data as on 30th Apr 2019

*Above 5% & Cash

Key Portfolio Analysis

Performance Data (Since Inception)	Value Strategy	Nifty 50
Standard Deviation (%)	20.31%	22.35%
Beta	0.82	1.00

Data as on 30th Apr 2019



The Above strategy returns are of a Model Client. Returns of individual clients may differ depending on factors such as time of entry/exit/ additional inflows in the strategy. The Above returns are calculated on NAV basis and are based on the closing market prices as on 30th Apr 2019. Past performance may or may not be sustained in future. Returns above 1 year are annualized. Please refer to the disclosure document for further information.

Next Trillion Dollar Opportunity Strategy

Investment Objective

The Strategy aims to deliver superior returns by investing in stocks from sectors that can benefit from the Next Trillion Dollar GDP growth. It aims to predominantly invest in Small and Mid Cap stocks* with a focus on identifying potential winners that would participate in successive phases of GDP growth. Focus is on businesses benefitting from growth in GDP.

*The selection of the stocks will be based on the criteria of strategy at the time of initial ideation and investment made as per the model portfolio of the strategy

Details

Fund Manager : Manish Sonthalia
 Strategy Type : Open ended
 Date of Inception : 05th December 2007
 Benchmark : Nifty 500
 Investment Horizon : 3 Years +

Market Capitalization

Market Capitalization	% Equity
Large cap	53
Mid cap	43
Small cap	4

Top 10 Holdings

Particulars	% Allocation
Kotak Mahindra Bank Ltd.	12.35
Voltas Ltd.	9.56
Page Industries Ltd.	8.57
Bajaj Finance Ltd.	5.44
City Union Bank Ltd.	4.88
L&T Technology Services Ltd.	4.86
Eicher Motors Ltd.	4.54
Tech Mahindra Ltd.	4.12
Bosch Ltd.	4.01
Max Financial Services Ltd.	3.67

Data as on 30th Apr 2019

Top Sectors

Sector Allocation	% Allocation*
Banking & Finance	32.59
FMCG	15.99
Diversified	13.16
Auto & Auto Ancillaries	11.52
Infotech	8.97
Pharmaceuticals	5.22
Oil & Gas	5.11
Cash	0.08

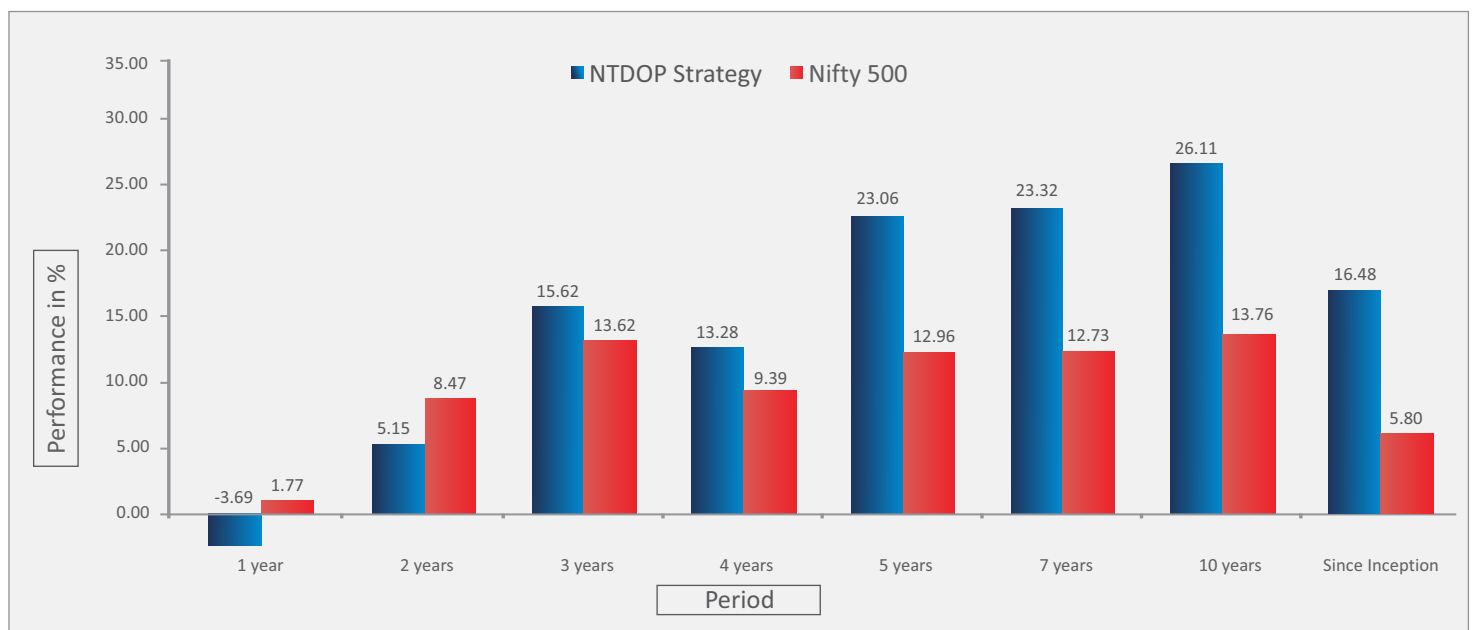
Data as on 30th Apr 2019

*Above 5% & Cash

Key Portfolio Analysis

Performance Data (Since Inception)	NTDOP	Nifty 500
Standard Deviation (%)	17.67%	21.04%
Beta	0.69	1.00

Data as on 30th Apr 2019



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India Opportunity Portfolio Strategy

Investment Objective

The Strategy aims to generate long term capital appreciation by creating a focused portfolio of high growth stocks having the potential to grow more than the nominal GDP for next 5-7 years across market capitalization and which are available at reasonable market prices. The strategy is for investors who are keen to generate wealth by participating in India's growth story over a period of time.

The selection of the stocks will be based on the criteria of strategy at the time of initial ideation and investment made as per the model portfolio of the strategy

Details

Fund Manager	: Mr. Manish Sonthalia
Associate Fund Manager	: Mr. Atul Mehra
Strategy Type	: Open ended
Date of Inception	: 11th Feb. 2010
Benchmark	: Nifty Smallcap 100
Investment Horizon	: 3 Years +

Market Capitalization

Market Capitalization	% Equity
Large cap	1
Mid cap	20
Small cap	78

Top 10 Holdings

Particulars	% Allocation
Development Credit Bank Ltd.	11.19
TTK Prestige Ltd.	7.51
AU Small Finance Bank Ltd.	7.31
Gabriel India Ltd.	6.46
Aegis Logistics Ltd.	6.41
Mahanagar Gas Ltd.	5.86
Birla Corporation Ltd.	5.73
Kajaria Ceramics Ltd.	5.55
Blue Star Ltd.	4.77
Alkem Laboratories Ltd.	4.72

Data as on 30th Apr 2019

Top Sectors

Sector Allocation	% Allocation*
Banking & Finance	27.93
Consumer Durable	13.07
Pharmaceuticals	12.85
Oil & Gas	12.27
Cement & Infrastructure	8.60
Auto & Auto Ancillaries	6.46
Cash	0.09

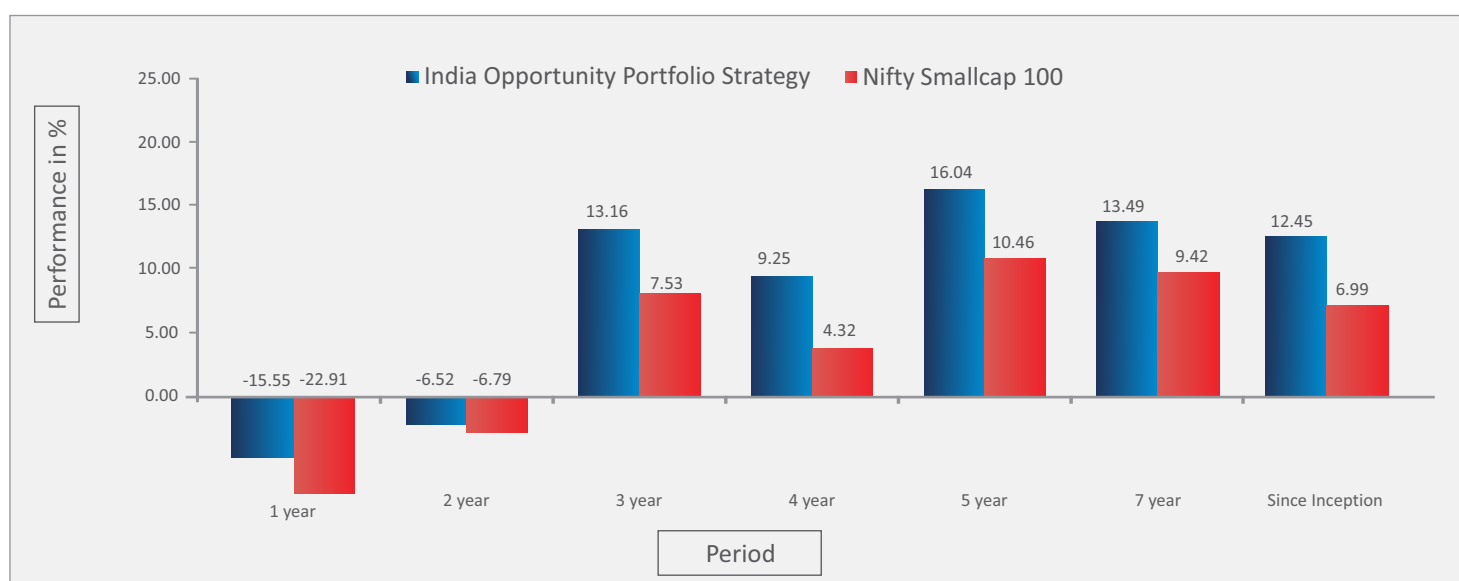
Data as on 30th Apr 2019

*Above 5% & Cash

Key Portfolio Analysis

Performance Data (Since Inception)	IOPS	Nifty Smallcap 100
Standard Deviation (%)	15.34%	19.67%
Beta	0.58	1.00

Data as on 30th Apr 2019



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India Opportunity Portfolio V2 Strategy

Investment Objective

The Strategy aims to deliver superior returns by investing in stocks from sectors that can benefit from India's emerging businesses. It aims to predominantly invest in Small and Midcap stocks* with a focus on identifying potential winners. Focus on Sectors and Companies which promise a higher than average growth.

*The selection of the stocks will be based on the criteria of strategy at the time of initial ideation and investment made as per the model portfolio of the strategy

Details

Fund Manager	: Mr. Manish Sonthalia
Associate Fund Manager	: Mr. Atul Mehra
Strategy Type	: Open ended
Date of Inception	: 5th Feb. 2018
Benchmark	: Nifty Smallcap 100
Investment Horizon	: 3 Years +

Market Capitalization

Market Capitalization	% Equity
Large cap	7
Mid cap	40
Small cap	52

Top 10 Holdings

Particulars	% Allocation
Ipca Laboratories Ltd.	9.31
Cholamandalam Investment & Finance Company Ltd.	7.97
Bajaj Electricals Ltd.	7.13
Bata India Ltd.	7.04
Larsen & Toubro Infotech Ltd.	6.93
Godrej Agrovet Ltd.	6.83
Coffee Day Enterprises Ltd.	6.40
JK Lakshmi Cement Ltd.	6.05
Sobha Ltd.	5.79
Sundram Fasteners Ltd.	4.95

Data as on 30th Apr 2019

Top Sectors

Sector Allocation	% Allocation*
Banking & Finance	15.67
Electricals & Electronics	14.94
Pharmaceuticals	10.53
Agriculture	10.39
Infotech	8.35
Retail	7.04
Restaurants	6.40
Cement	6.05
Real Estate	5.79
Cash	0.50

Data as on 30th Apr 2019

*Above 5% & Cash

Key Portfolio Analysis

Performance Data (Since Inception)	IOP V2	Nifty Smallcap 100
Standard Deviation (%)	18.23%	19.93%
Beta	0.76	1.00

Data as on 30th Apr 2019

Performance

Period	IOP V2	Nifty Smallcap 100
1 Months	-3.64	-3.07
3 Months	8.10	5.46
6 Months	1.85	6.68
1 Year	-20.00	-22.91
Since Inception (5 th Feb 2018)	-8.11	-18.46

Data as on 30th Apr 2019

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Business Opportunities Strategy

Investment Objective

The investment objective of the Strategy is to achieve long term capital appreciation by primarily investing in equity & equity related across market capitalization. It aims to predominantly invest in emerging themes with focus on themes like affordable housing, agricultural growth, GST and value migration from PSU banks to Private Sector Banks.

The selection of the stocks will be based on the criteria of strategy at the time of initial ideation and investment made as per the model portfolio of the strategy

Details

Fund Manager	: Mr. Manish Sonthalia
Strategy Type	: Open ended
Date of Inception	: 16th Jan. 2018
Benchmark	: Nifty 500
Investment Horizon	: 3 Years +

Market Capitalization

Market Capitalization	% Equity
Large cap	56
Mid cap	27
Small cap	17

Top 10 Holdings

Particulars	% Allocation
Hindustan Unilever Ltd.	8.99
Bata India Ltd.	7.93
Bajaj Finance Ltd.	7.28
HDFC Bank Ltd.	7.06
ICICI Lombard General Insurance Company Ltd.	6.52
Godrej Agrovet Ltd.	5.23
Titan Company Ltd.	5.17
Kotak Mahindra Bank Ltd.	5.16
Exide Industries Ltd.	4.80
Britannia Industries Ltd.	4.63

Data as on 30th Apr 2019

Top Sectors

Sector Allocation	% Allocation*
Banking & Finance	32.70
FMCG	18.79
Retail	14.78
Agriculture	7.45
Engineering & Electricals	5.91
Construction	5.60
Cash	0.06

Data as on 30th Apr 2019

*Above 5% & Cash

Key Portfolio Analysis

Performance Data (Since Inception)	BOP	Nifty 500
Standard Deviation (%)	13.46%	12.71%
Beta	0.89	1.00

Data as on 30th Apr 2019

Performance

Period	BOP	Nifty 500
1 Months	-1.35	0.01
3 Months	5.73	7.34
6 Months	11.64	10.41
1 Year	-3.60	1.77
Since Inception (16 th Jan 2018)	-0.40	0.42

Data as on 30th Apr 2019

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