



Motilal Oswal Equity Hybrid Fund

The power of Equity and Debt

July 2021

Investors' Dilemma – Where to invest?

We want to build wealth but short term movements in equity markets cause sleepless nights.



Investors' Dilemma – Where to invest?

Should we just stick to conservative asset classes?
Should we invest in equities?
Can equity investing be less risky?

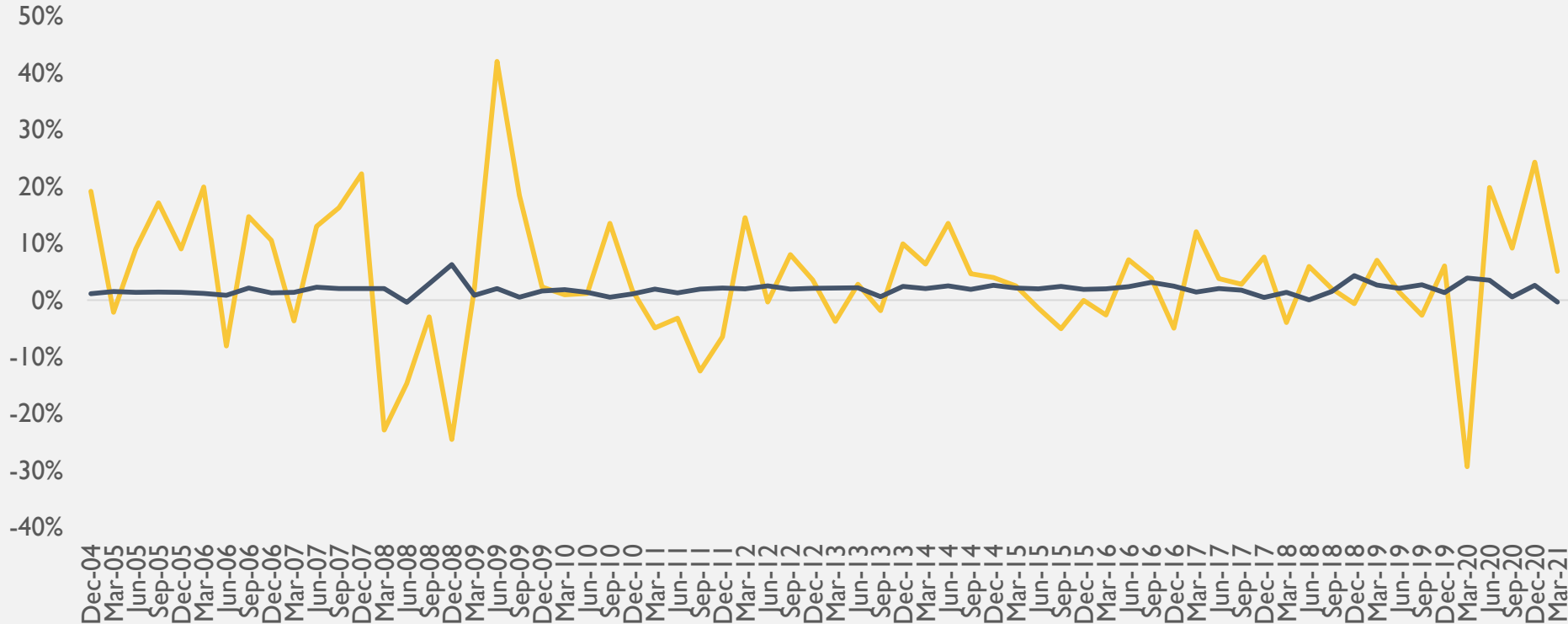


Let us analyse if it is possible



Equity markets are choppy in the short term

Equity movement V/S Fixed Income Movement



Equities are volatile in the short term. However...

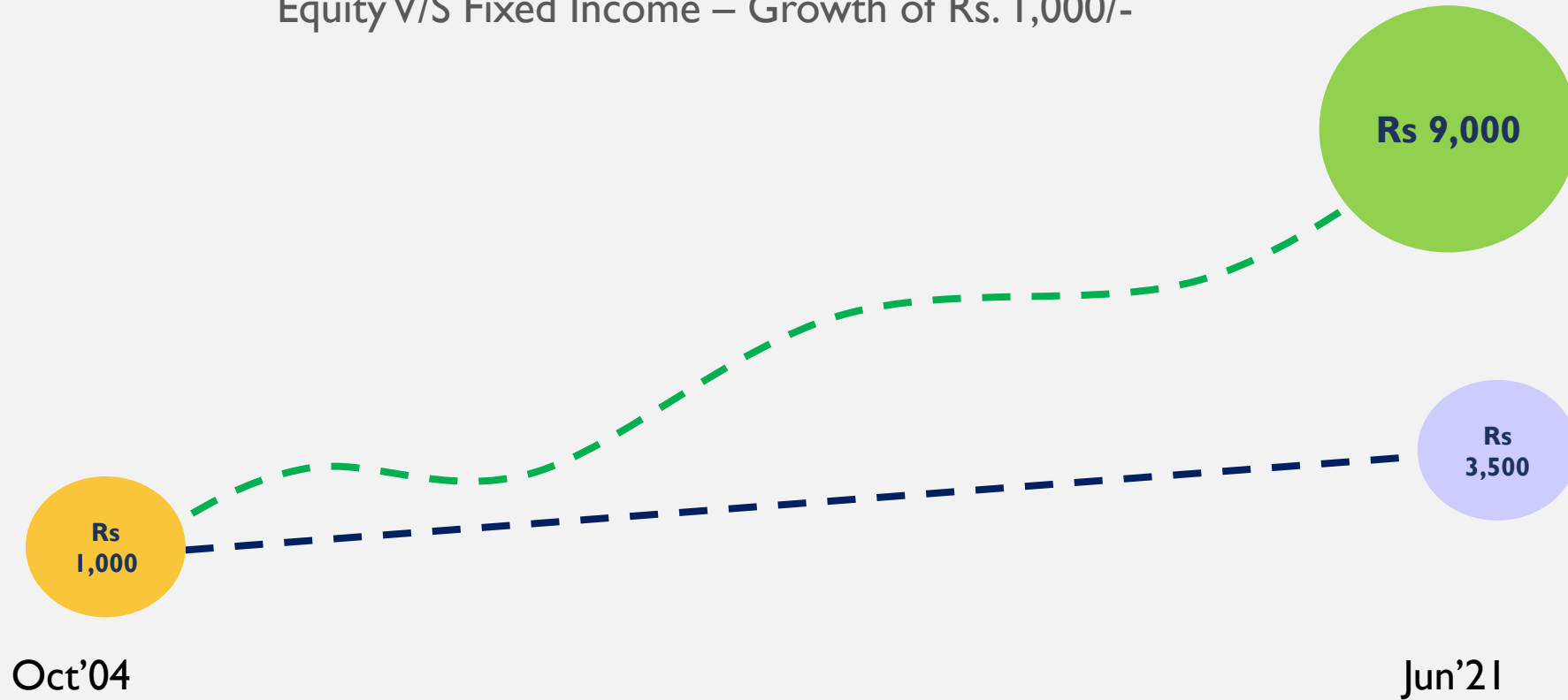


Source: Internal MOAMC Research. Quarter on quarter data as of March 31, 1996 till March 31, 2021. Equity is represented by Nifty 50 Index; Fixed Income is represented by CRISIL Short Term Bond Index

Disclaimer: The above graph is the actual performance of Nifty 50 Index. The above is for representation purpose only and should not be used for development or implementation of an investment strategy. Past performance may or may not be sustained in future.

However, equities help build wealth over a long term

Equity V/S Fixed Income – Growth of Rs. 1,000/-



Equities help build wealth.
Equities have created 2.4 x more wealth compared to Debt securities

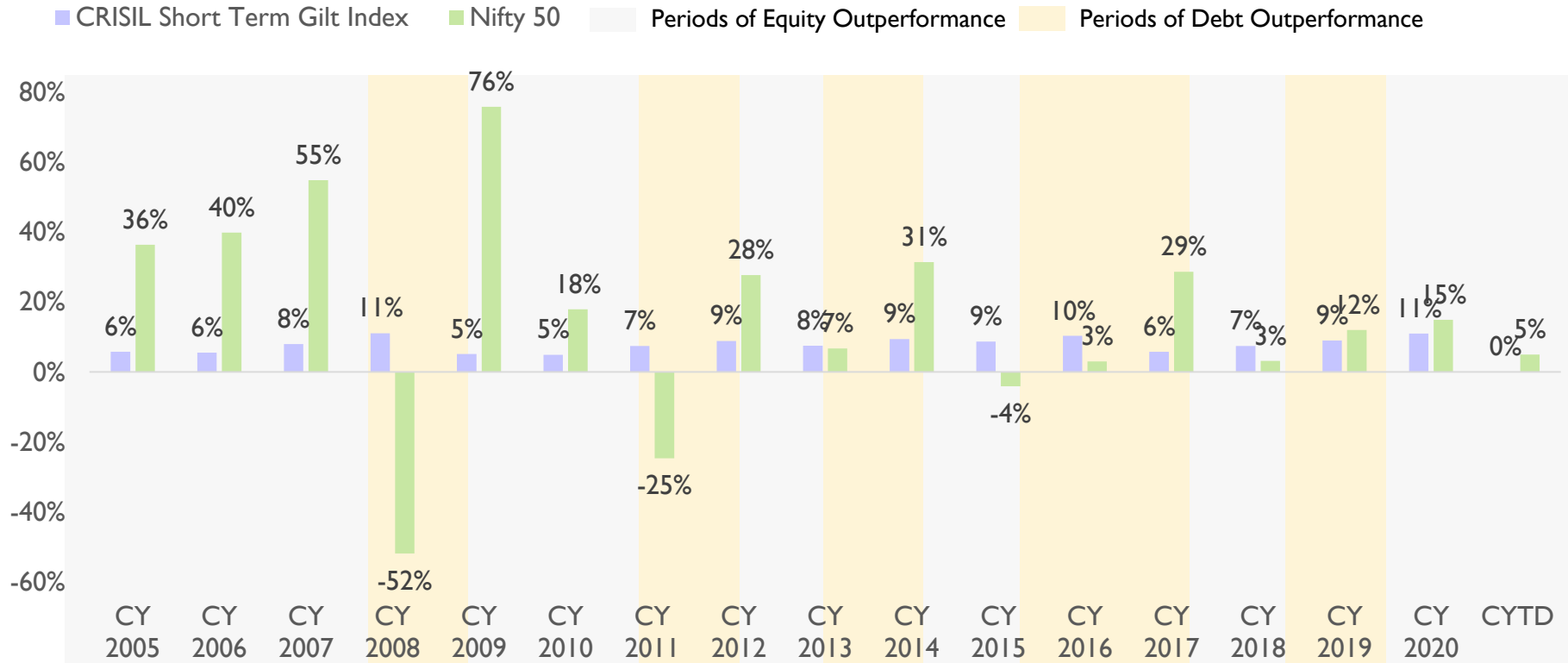


Source: Internal MOAMC Research. Quarter on quarter data as of March 31, 1996 till June 30, 2021

Disclaimer: The above graph not to exact scale. Equity is represented by Nifty 50 Index; Fixed Income is represented by CRISIL Short Term Bond Index

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Equities and debt perform during different periods



No asset class performs all the time. There are periods where equity has outperformed debt and vice versa.

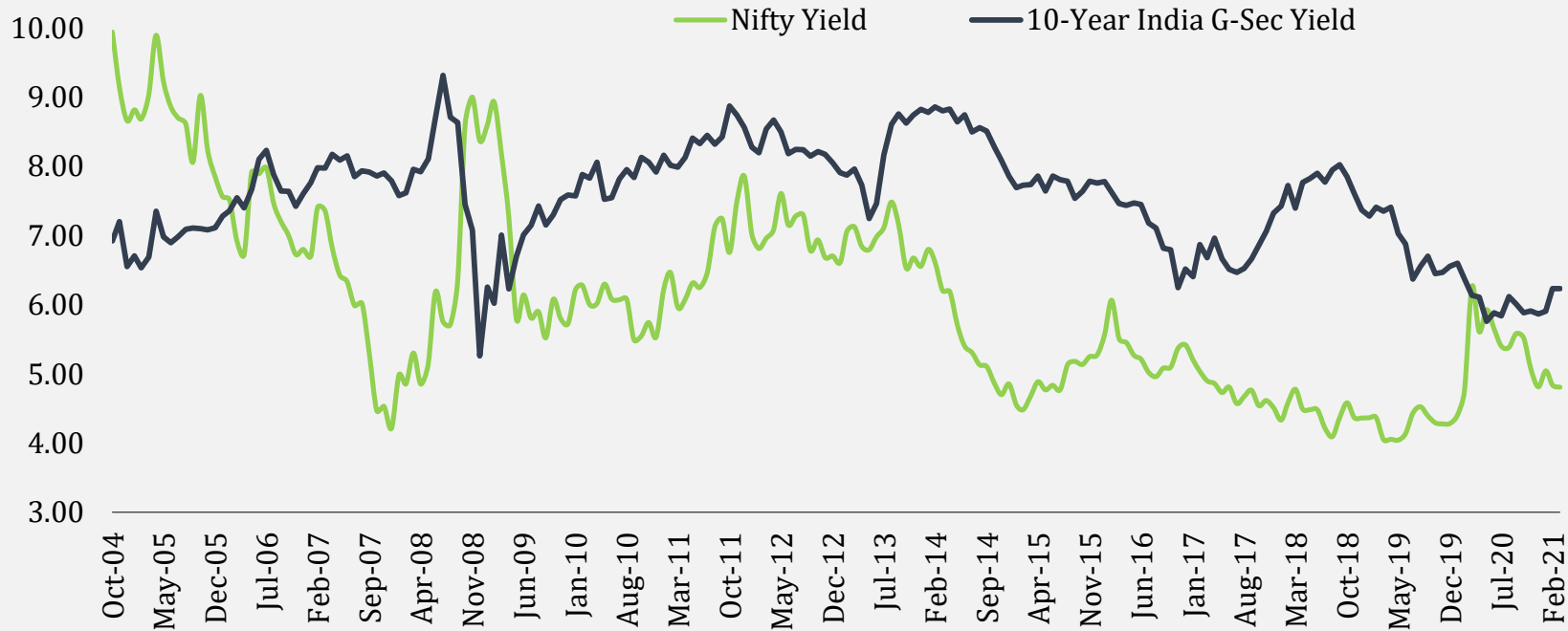


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Equities yields and debt yields are inversely related



Equity Yields outperform when debt yields are subdued and vice versa

Inverse relationship between equity & bond yields



Source: NSEIndia.com and Internal MOAMC Research. Quarter on quarter data from October 2004 till Feb 2021

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THINK EQUITY
THINK MOTILAL OSWAL

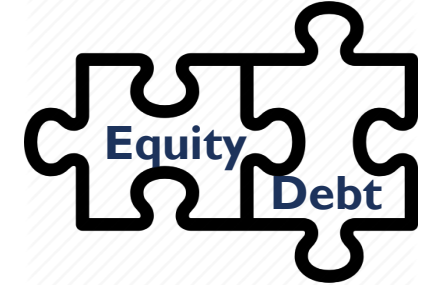
MOTILAL OSWAL
ASSET MANAGEMENT

BUY RIGHT
SIT TIGHT

Different factors affecting equity and fixed income

	Equity	Debt
Factors Affecting Price	<ul style="list-style-type: none"> • Economy • Company fundamentals • Cash flows 	<ul style="list-style-type: none"> • Prevailing interest rates • Credit ratings • Duration
Positive Factors	<ul style="list-style-type: none"> • Favourable macro economic factors • Growth in company • Favourable sectoral changes 	<ul style="list-style-type: none"> • Falling Interest Rates • Credit Upgrades
Negative Factors	<ul style="list-style-type: none"> • Economic slowdown • Low demand 	<ul style="list-style-type: none"> • Rising interest rates • Fiscal Deficit
Role in Portfolio	<ul style="list-style-type: none"> • Bulding wealth • Providing inflation beating returns in the long term 	<ul style="list-style-type: none"> • Protecting during downturns • Providing stability

A mix of Equity and Debt: Best of both worlds!



	Equity	Debt	Hybrid
Instruments	Stocks of listed companies	Bonds, Debentures, Money market instruments & G-Secs	Equity + Debt
Volatility	High in short term	Low to moderate	Moderate to High
Long Term Returns	Beats Inflation	Equivalent to Inflation or slightly higher	Beats Inflation

Equity and fixed income : Better returns at low risk

Period	Returns (%)		Volatility (%)		Returns/Volatility Ratio (Higher the better)	
	Nifty 50 TRI	Crisil Hybrid 35+65 - Aggressive Index	Nifty 50 TRI	Crisil Hybrid 35+65 - Aggressive Index	Nifty 50 TRI	Crisil Hybrid 35+65 - Aggressive Index
1 Year	54.6	37.9	16.7	10.6	3.26	3.57
3 Year	15.0	14.3	19.6	12.3	0.77	1.16
5 Year	15.1	13.6	18.2	11.5	0.83	1.18
10 Year	12.1	11.9	17.4	11.2	0.70	1.07

Source: Internal MOAMC Research. Data as on Jun 30, 2021

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A mix of Equity and Debt: Best of both worlds!

Equity V/S Fixed Income – Growth of Rs. 1,000/-



Captures ~80% of equity returns



Source: Internal MOAMC Research. Quarter on quarter data as of March 31, 1996 till Jun 30, 2021

Disclaimer: Equity Portion is represented by Nifty 50 Index and Fixed Income is represented by CRISIL Short Term Bond Index. The above graph is not to an exact scale. It is for representation purpose only and 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 Equity Hybrid Fund

The right mix of equity and debt

THINK EQUITY
THINK MOTILAL OSWAL

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What is Motilal Oswal Hybrid Fund?



It is an investment portfolio with an ideal mix of Equities and Fixed Income instruments, thus it aims to offer both, growth and stability

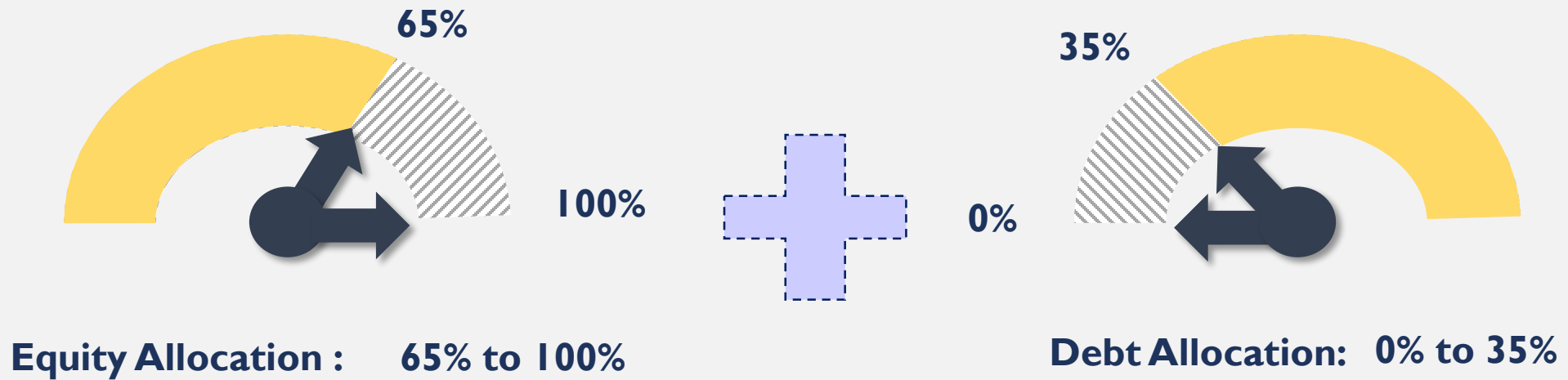


- **Equity**
Powers wealth creation
- **Fixed Income**
Protects from volatility and adds stability



Aims to benefit from both, equities and fixed income across market cycles

Asset Allocation



- Motilal Oswal Equity Hybrid Fund invests in a mix of equity and debt securities
- It belongs to the aggressive hybrid category, investing more than 65% in equities

What is Motilal Oswal Equity Hybrid Fund?

H	Hybrid Scheme investing in equity and debt
Y	Yet reap the benefits of equity taxation
B	Best quality equity portfolio following the QGLP framework
R	Right mix which makes the fund less volatile compared to broader equity market indices at the same giving decent returns
I	Ideal for investors who want to invest in equity markets but have lower risk tolerance
D	Debt Portfolio: No high duration or credit portfolio

Equity Portion: QGLP Framework

Quality of business x Quality of management

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

Price

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



Growth in earnings

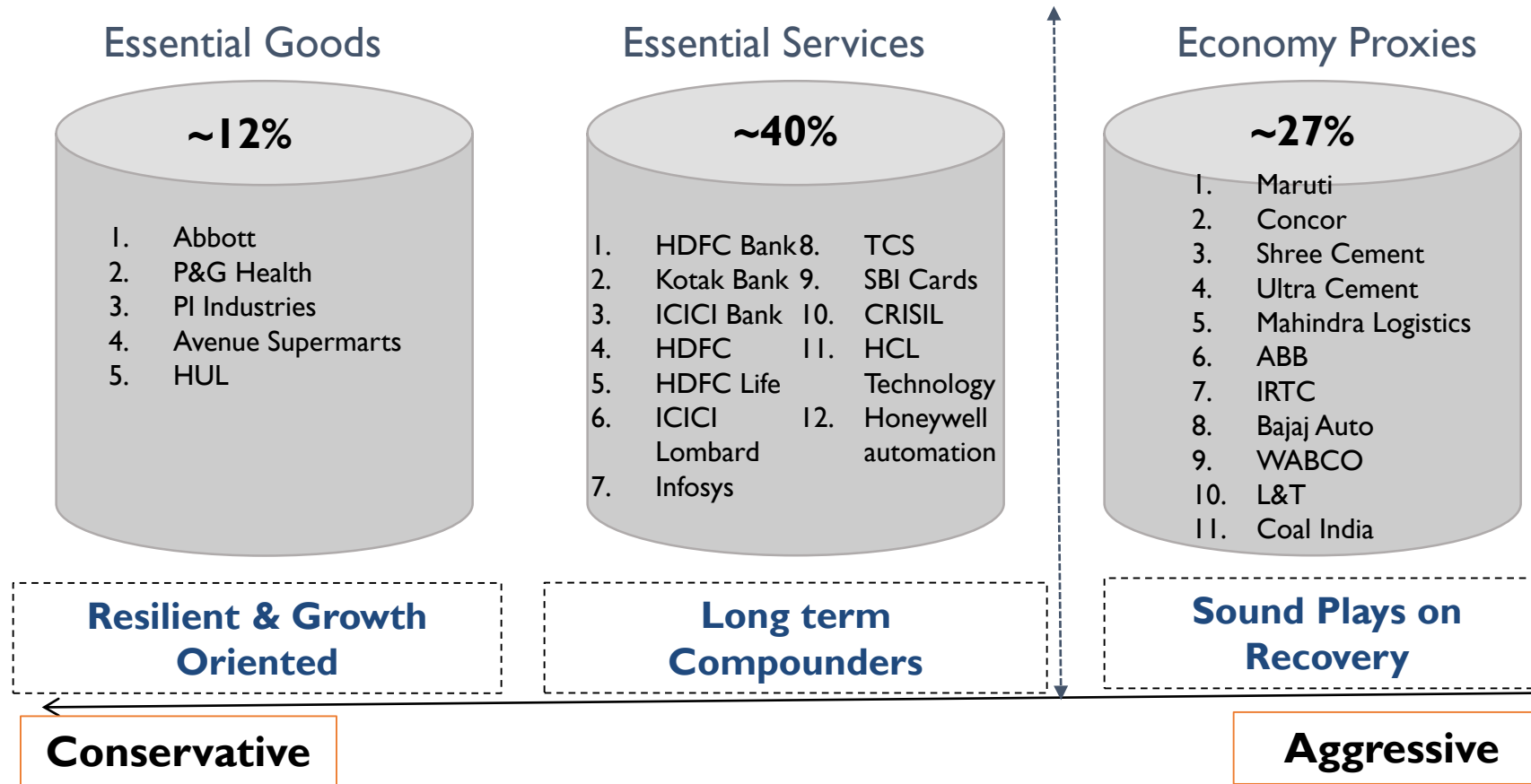
- Volume growth
- Price growth
- Mix change
- Operating & Financial leverage

Longevity – of both Q & G

- Long-term relevance of business
- Extending competitive advantage period
- Initiatives to sustain growth for 10-15 years

Source: MOAMC internal analysis

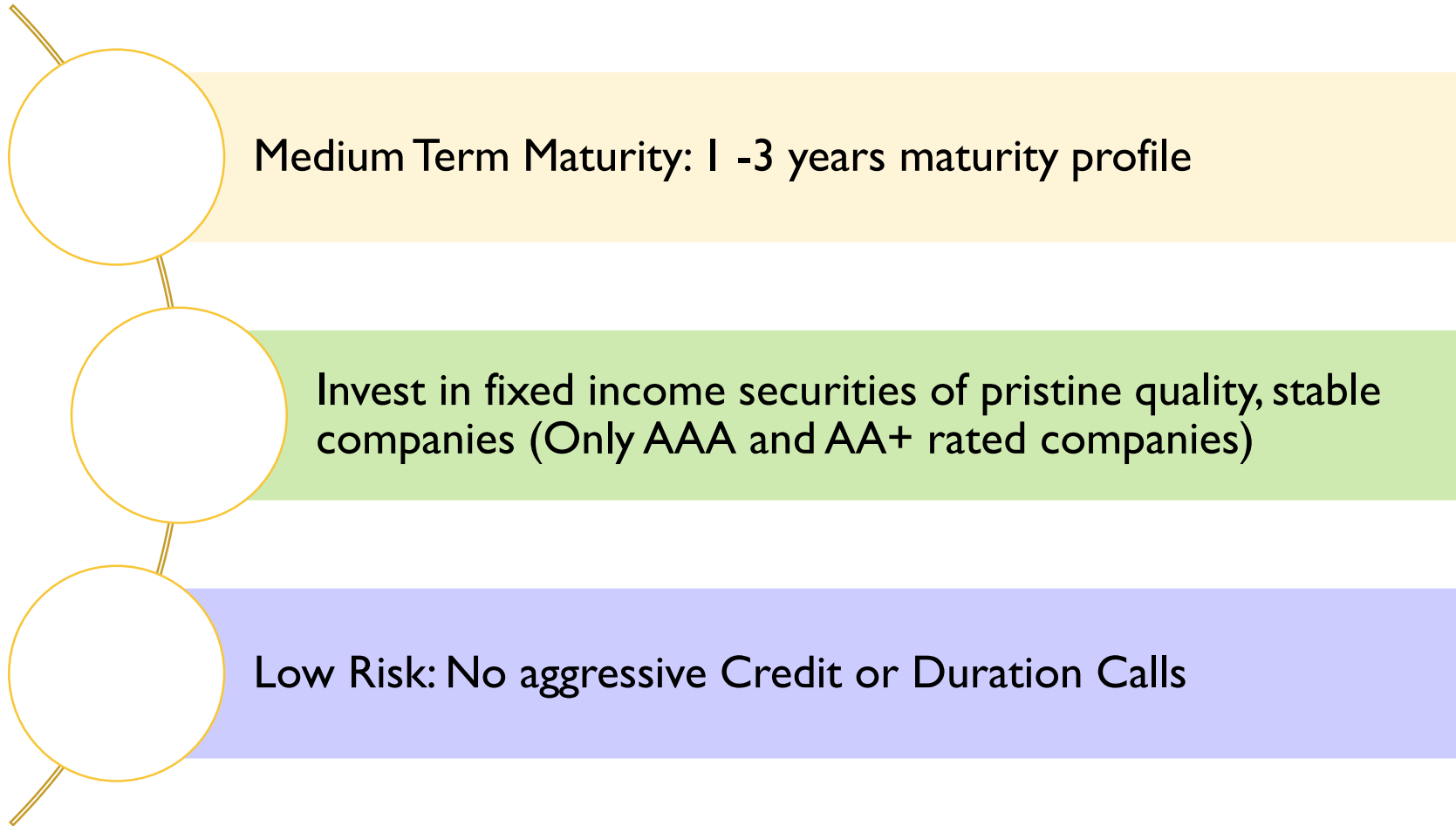
Equity Portion: Portfolio Themes



Data as on Jun 30, 2021

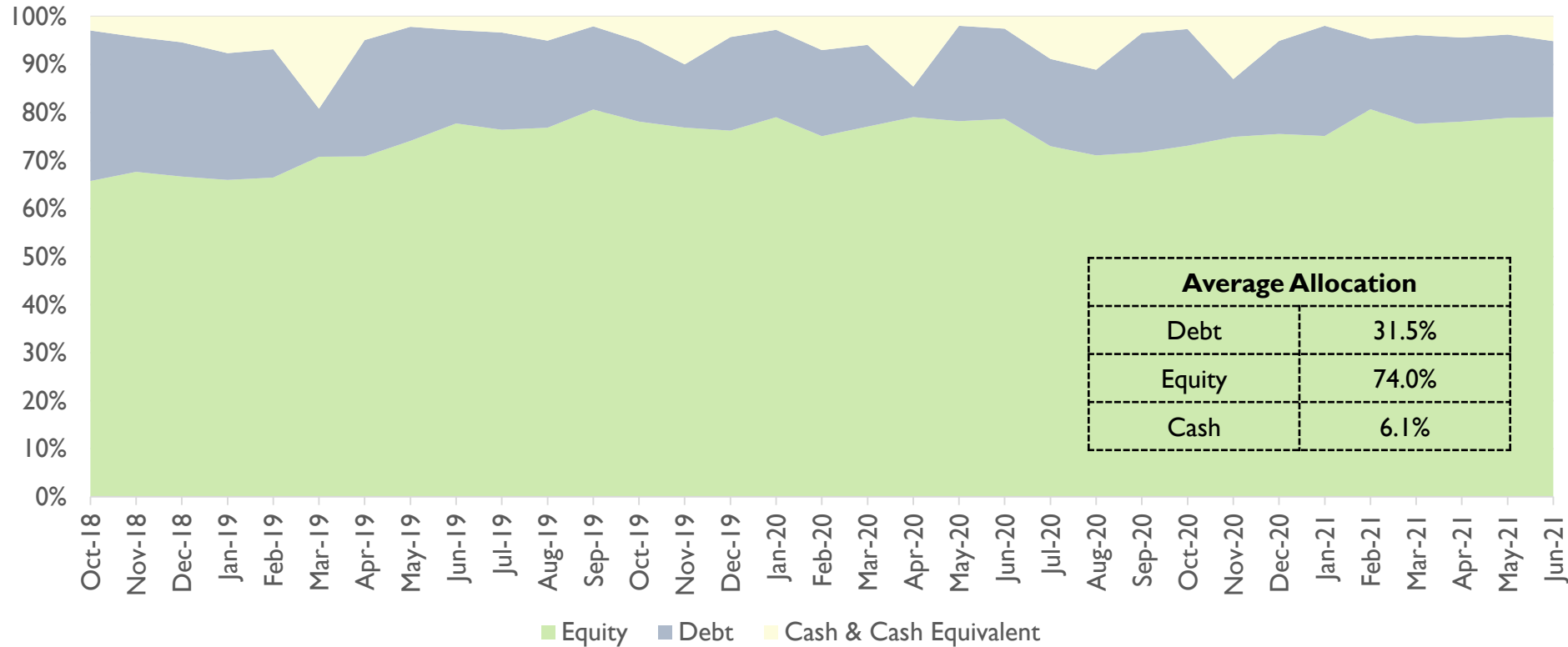
The above buckets of essentials is shown only to explain the concept. The Stocks/Sectors mentioned above are used to explain the concept and is for illustration purpose only and should not be used for development or implementation of any investment strategy. It should not be construed as investment advice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

Fixed Income Portion: Pristine Quality with less risk



Historic Asset Allocation

Active Asset Allocation



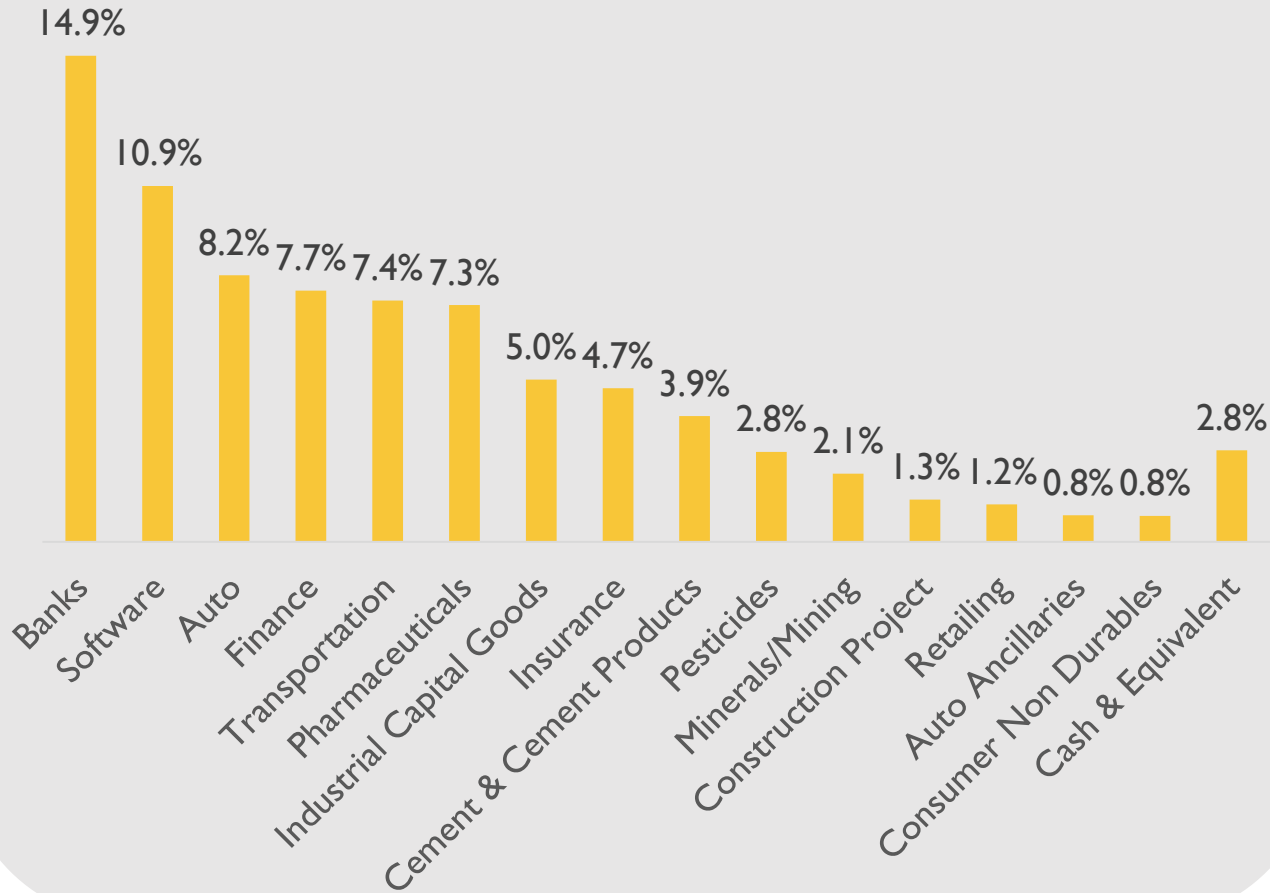
- **Equity portion is more than 65% at all times**
- **Investors get the benefits of equity taxation**

Data as on June 30, 2021

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What are the fund holdings?

Industry Allocation



Asset Allocation

Instruments	Weightage (%)
Equity & Equity Related	79.0%
Bonds & NCDs	15.8%
Money Market Instrument (CD,CBLO & Treasury Bill)	4.7%
Cash & Cash Equivalents	0.5%
Total	100.0%

Data as on June 30, 2021

Industry classification as recommended by AMFI

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What are the fund holdings?

Top 10 Gross Equity Holdings

Script	Weightage (%)
Bajaj Auto Limited	6.5%
HDFC Bank Limited	5.7%
Housing Development Finance Corporation Limited	5.2%
ICICI Bank Limited	4.8%
Tata Consultancy Services Limited	4.7%
Container Corporation of India Limited	4.7%
Infosys Limited	4.6%
Kotak Mahindra Bank Limited	4.5%
Abbott India Limited	3.9%
Procter & Gamble Health Limited	3.4%
Total	47.9%

Debt Quantitative Indicators

Average Maturity	0.73 Yrs
YTM	4.07%
Macaulay Duration	0.69 yrs
Modified Duration	0.61 Yrs

Data as on June 30, 2021

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How has the fund performed?

Point to Point Returns (%)	1 Year		Since Inception	
	CAGR (%)	Rs. 10000	CAGR (%)	Rs. 10000
Motilal Oswal Equity Hybrid Fund (MOHEF)	32.5	13,253	13.8	14,368
CRISIL Hybrid 35+65 - Aggressive Index	37.9	13,786	13.3	14,184
Nifty 50 TRI	54.6	15,458	13.1	14,105

SIP Performance (%)	1 Year			Since Inception		
	DEF	Benchmark	Additional Benchmark	DEF	Benchmark	Additional Benchmark
Investment Amount	120,000			330,000		
Market Value	137,078	140,406	147,862	426,143	436,904	456,523
Returns (CAGR)%	27.6	33.2	46.0	19.0	21.0	24.5

Data as on June 30, 2021

Date of inception: 14 September 2018. 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. The NAV per unit shown in the table is as on the start date of the said period. Past performance may or may not be sustained in the future.

Mr. Siddharth Bothra has been appointed as the Fund Manager with effect from May 19, 2021 in place of Mr. Akash Singhania. Revised the statement Accordingly. Mr. Abhiroop Mukherjee is the Fund Manager for debt component since inception.

Kindly refer to the factsheet for performance of other schemes managed by the fund managers: <https://www.motilaloswalmf.com/downloads/mutual-fund/Factsheet>

Fund Manager - Equity



For Equity Component: Mr. Siddharth Bothra

- **Rich Experience:** Mr Siddharth Bothra has an experience of more than 13 years in the field of research and investments
- **Experience across sectors:** Prior to joining Motilal Oswal AMC he had an extensive stint with Motilal Oswal Securities Ltd. as a senior analyst in the institutional equities division covering various sectors
- **Awards won:** During his stint with Motilal Oswal Securities Ltd. Mr. Bothra won various recognitions such as the ZEE Business TV - India's Best Analyst Awards 2009 Infrastructure, ET Reuters Starmine Awards No.1 Earnings Estimator 2009 Real Estate & No. 2 Stock Picker 2010 Real Estate
- **Excellent academic background:** Honors degree of MBA (Post Graduate Program) from ISB (Indian School of Business, Hyderabad), MBA International Student Exchange NYU Stern School of Business (New York) and B.Com (Honors)
- **Funds managed:** Motilal Oswal Focused 25 Fund, Motilal Oswal Equity Hybrid Fund, Motilal Oswal Multi Asset Fund, Motilal Oswal Dynamic Fund and Motilal Oswal Flexi Cap Fund

Fund Manager - Debt



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 5 year G-sec Fund, Motilal Oswal Ultra Short Term Fund and Motilal Oswal Liquid Fund. Fund Manager for Debt Component - Motilal Oswal Focused 25 Fund, Motilal Oswal Midcap 30 Fund, Motilal Oswal Multicap 35 Fund, Motilal Oswal Long Term Equity Fund, Motilal Oswal Dynamic Fund, Motilal Oswal Nasdaq 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 – Aggressive and Motilal Oswal Asset Allocation Passive Fund of Fund - Conservative

Fund Facts

Type of the Scheme	An open ended hybrid scheme investing predominantly in equity and equity related instruments																	
Category of the Scheme	Aggressive Hybrid Fund																	
Investment Objective	The investment objective is to generate equity linked returns by investing in a combined portfolio of equity and equity related instruments, debt, money market instruments and units issued by Real Estate Investment Trust (REITs) and Infrastructure Investment Trust (InvITs).																	
Benchmark	CRISIL Hybrid 35 + 65 – Aggressive TRI																	
Entry / Exit Load	Entry : Nil Exit Load: 1% - If redeemed on or before 1 year from the date of allotment. Nil - If redeemed after 1 year from the date of allotment. There would be no exit load for redemption of units on or before completion of 1 year from the date of allotment upto 12% of units allotted. Redemption of units would be done on First in First out Basis. A switch-out or a withdrawal shall also be subjected to the Exit Load like any Redemption. No Exit Load applies for switch between the schemes Motilal Oswal Focused 25 Fund, Motilal Oswal Midcap 30 Fund, Motilal Oswal Flexicap Fund, Motilal Oswal Hybrid Fund, Motilal Oswal Dynamic Fund and Motilal Oswal Multi Asset Fund No Load for switch between Options within the Scheme. Further, it is clarified that there will be no exit load charged on a switch-out from Regular to Direct plan within the same scheme																	
Asset Allocation	<table border="1"> <thead> <tr> <th rowspan="2">Instrument</th> <th colspan="2">Indicative Asset Allocation (% of Total Assets)</th> <th>Risk Profile</th> </tr> <tr> <th>Minimum</th> <th>Maximum</th> <th>High/ Medium/ Low</th> </tr> </thead> <tbody> <tr> <td>Equity and equity related instruments</td> <td>65</td> <td>100</td> <td>High</td> </tr> <tr> <td>Debt Instruments, Money Market Instruments, G-Sec, Cash and Cash at Call, etc.</td> <td>0</td> <td>35</td> <td>Low to Medium</td> </tr> </tbody> </table>			Instrument	Indicative Asset Allocation (% of Total Assets)		Risk Profile	Minimum	Maximum	High/ Medium/ Low	Equity and equity related instruments	65	100	High	Debt Instruments, Money Market Instruments, G-Sec, Cash and Cash at Call, etc.	0	35	Low to Medium
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Fund Facts

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. 1/- thereafter	
Additional Application Amount:	Rs. 500/- and in multiples of Re. 1/- thereafter	
Systematic Investment Plan (SIP)	Weekly SIP	Rs. 500 and in multiples of Re.1/- thereafter (Minimum installment – 12)
	Fortnightly SIP	
	Monthly SIP	
	Quarterly SIP	Rs. 1,500 and in multiples of Re.1/- thereafter (Minimum Installment – 4)
	Annual SIP	Rs. 6,000 and in multiples of Re. 1/- thereaer (Minimum Installment – 1)
	The Dates of Auto Debit Facility shall be on the 1st , 7 th , 14 th ,21st or 28 th of every month.	
Minimum Redemption Amount	Rs. 500/- and in multiples of Re. 1/- thereafter or account balance, whichever is lower	

Disclaimer

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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 Limited. 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.

For any Mutual Fund queries, please call us on +91 81086 22222 /+91 22 40548002 (Press 1) or write to mfservice@molalosal.com

Product Labelling

This product is suitable for investors who are seeking*

- Long-term capital appreciation
- Investment in equity, derivatives and debt instruments



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

Thank You!

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ASSET MANAGEMENT

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