



**BUY RIGHT
SIT TIGHT**

Motilal Oswal Long Term Equity Fund

A fund of Long Term Compounders

March 2021

THINK EQUITY. THINK MOTILAL OSWAL.

“A penny saved is a penny earned.”

-Benjamin Franklin

Dual Advantage – Save Tax + Build Wealth

What are the different ways of saving taxes?

ELSS offers least lock-in period with market linked returns

| | PFC | NSC | Bank Deposits | ELSS |
|----------------|----------|---------------|---------------|---------------|
| Lock-in | 15 years | 5 or 10 years | 5 years | 3 years |
| Returns | 7.1% | 6.8% | 5.3% to 6.0% | Market Linked |
| Tax on returns | Tax free | Taxable | Taxable | Taxable* |

* Long term capital gains applicable

Data as on January 1, 2021

What is a smart way to save taxes? – Benefits of ELSS

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.

Tax Saving Instrument

- Offers the benefit under 80C of Income Tax Act
- Save upto Rs. 46,800* in taxes by investing in ELSS funds

Helps in wealth creation through equity investing

- Investing through ELSS helps investor build wealth by systematic investing in equity markets
- QGLP framework aims at building a robust portfolio

Efficient tax planning through small investing

- Investors can do efficient tax planning by allocating a small amount every month through systematic investment plan or 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

Why Motilal Oswal Long Term Equity Fund (MOF LTE)?

A fund with portfolio of long term compounders

What happens after a crisis? - Leaders become Fitter & Stronger

November, 2016

July, 2017

September, 2018

September, 2019

March, 2020

Demonetization

GST Implementation

IL&FS Crisis

Corporate Tax Cuts

COVID

Significant economic events, positive or negative, favour market leaders and leads to consolidation

What does consolidation mean for an company?

Reduced competitive intensity

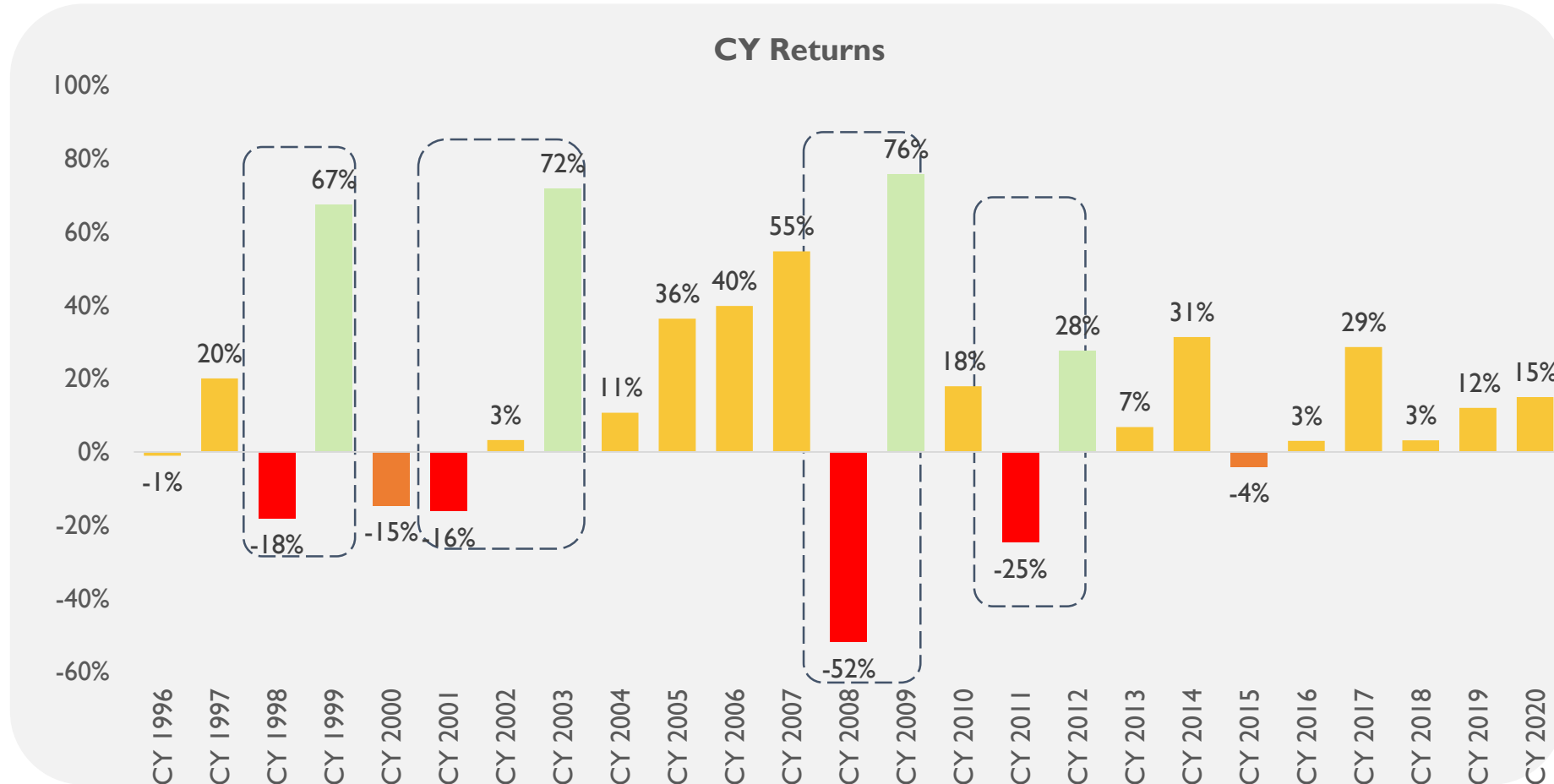
Higher market share

Increased revenue

Superior pricing power

Increased profitability

What happens after a crisis? - Crisis is followed by sharp recovery



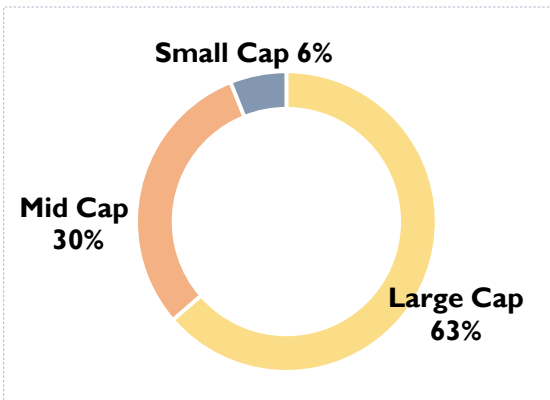
Crisis is followed by sharp period of recovery as the long term fundamentals of the economy don't change much

Data since November 30, 1995 till December 31, 2020. Total 25 observations

Source: Internal MOAMC Research. Disclaimer: The above graph is an 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.

High concentration – high conviction portfolio of 27 companies

Market Cap Mix



QGLP exemplified

Quality

FY20 ROE of 20%*, FY22E RoE of 20%

Growth

23% EPS Growth FY20-22*

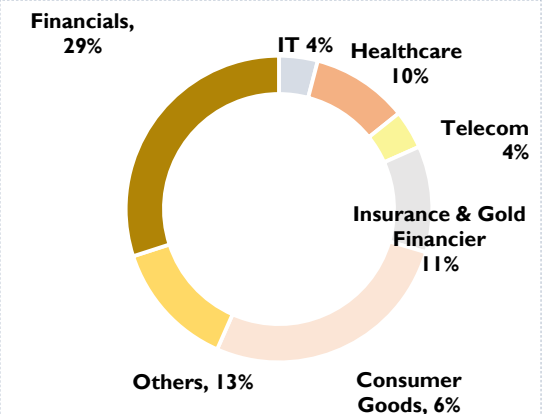
Longevity

High

Price

PE: 27x FY22, PEG 2 Years: 1.2x*

Sector Mix



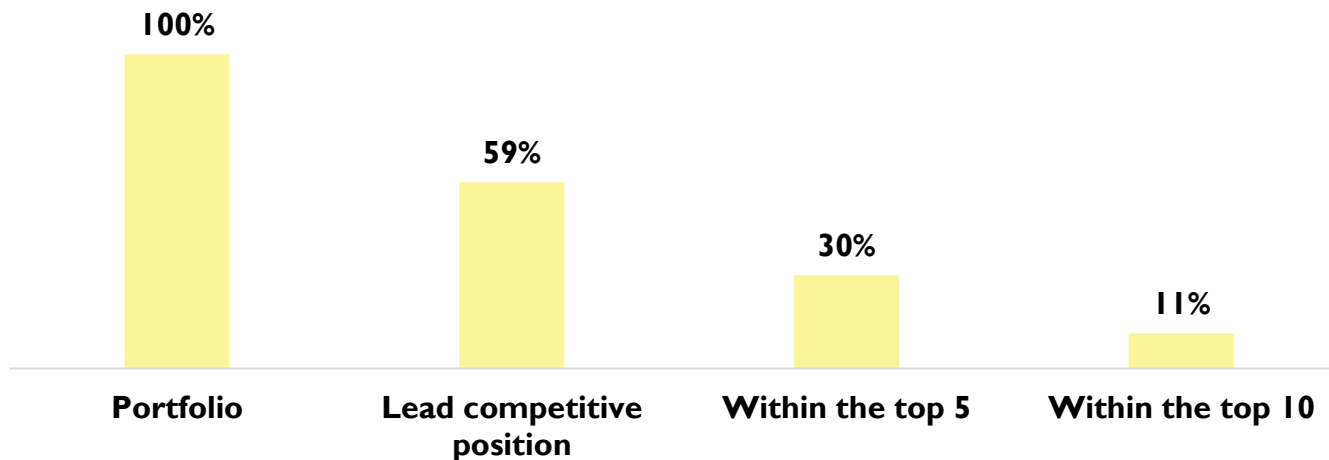
* Ex Bharti Airtel. FY22E. MOAMC Internal Research

Portfolio Positioning

Survivors in a tough cycle = Compounders of tomorrow

Competitive positioning of portfolio companies

Approx 2/3rds of the portfolio consists of leaders in their respective segment



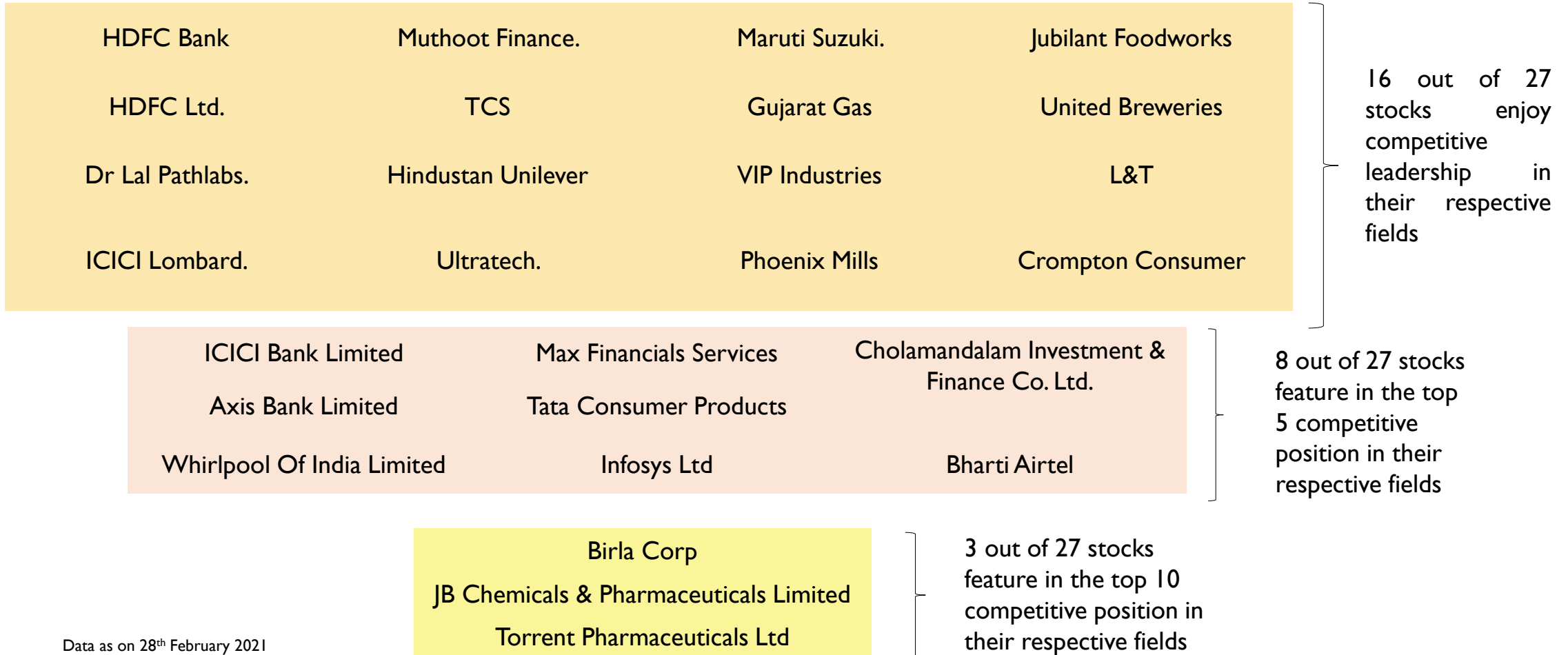
- Focused on investing in industry leaders, positioned to benefit from market consolidation
- Around 80% of portfolio allocation towards companies which are Top 3 in their segment

A portfolio well positioned to identify multi bagger stocks across market capitalization and sector.

Data as on 28th February 2021

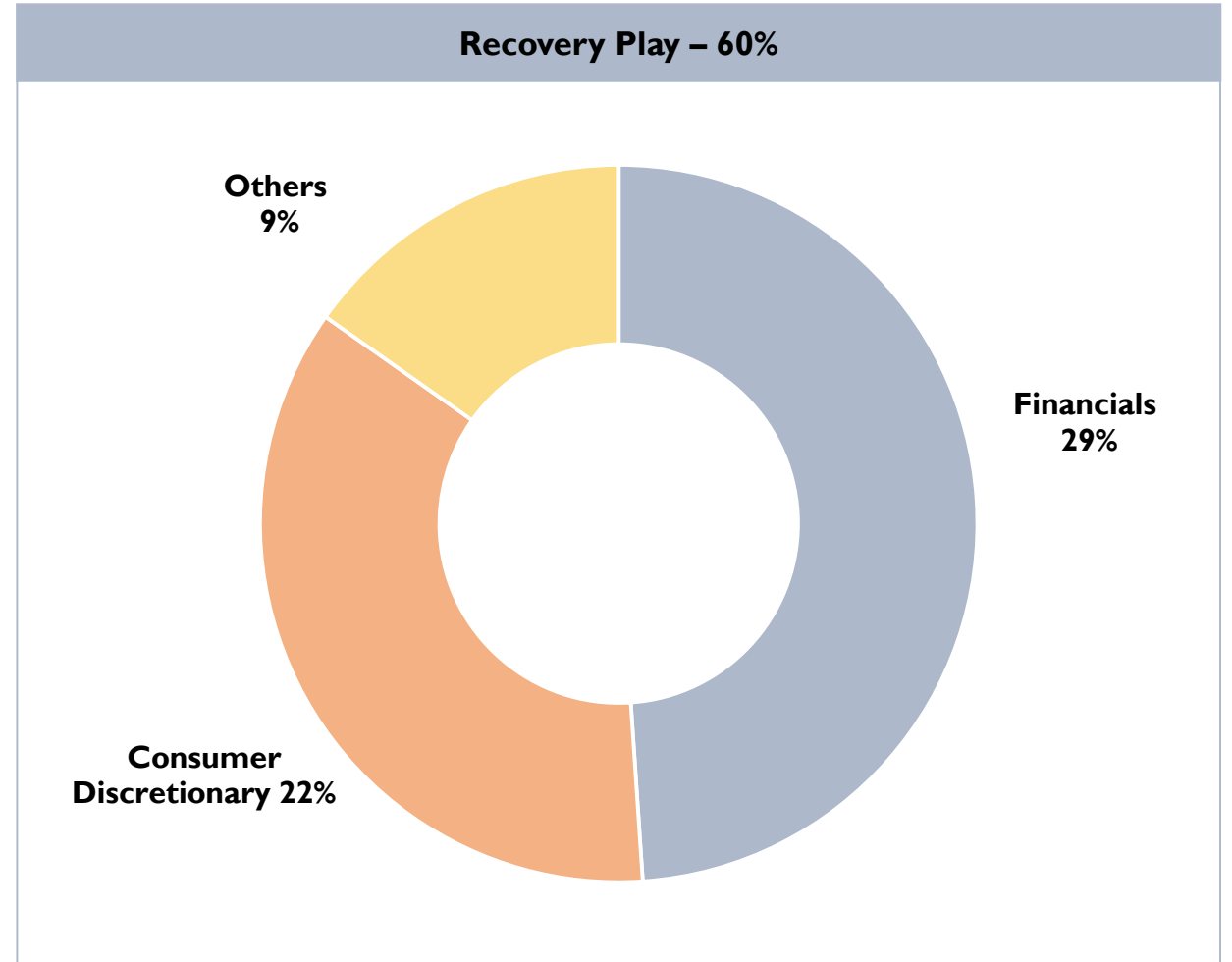
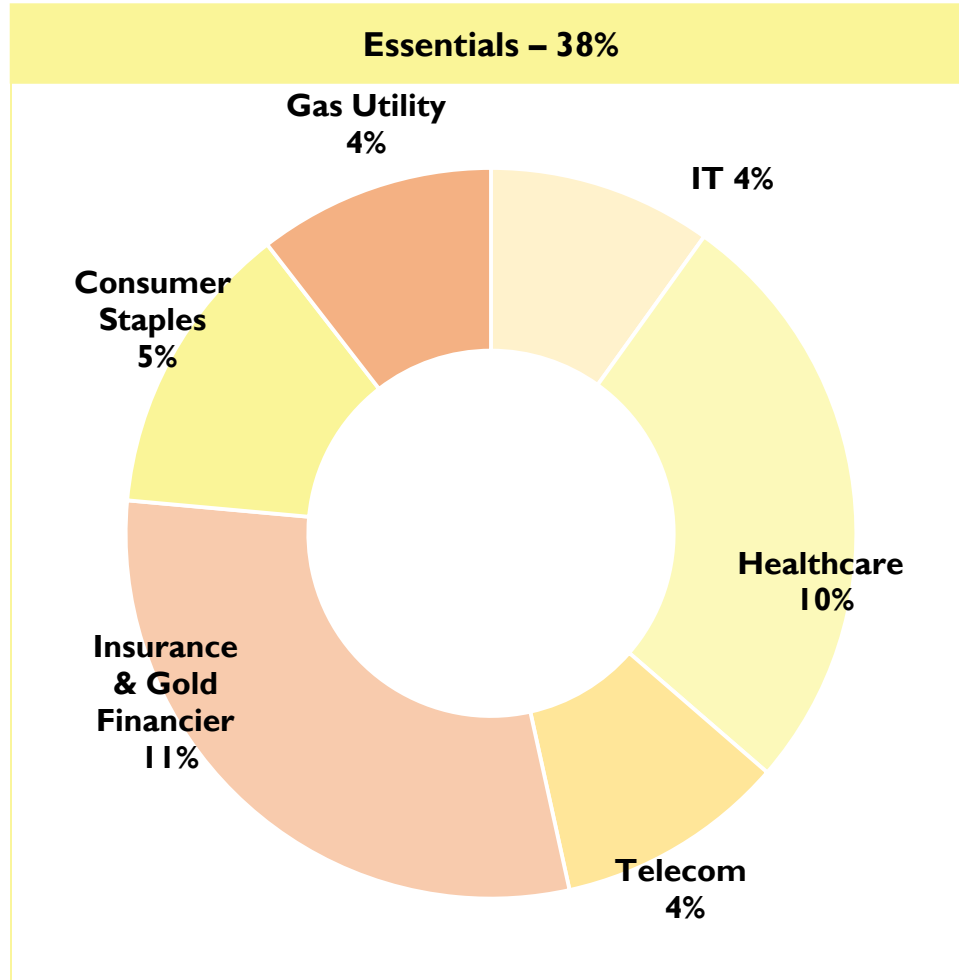
The leader 'full' portfolio – concentrated among market leaders

Identifying market leaders across sectors and market capitalization



Data as on 28th February 2021

And heavily weighted on economic recovery plays

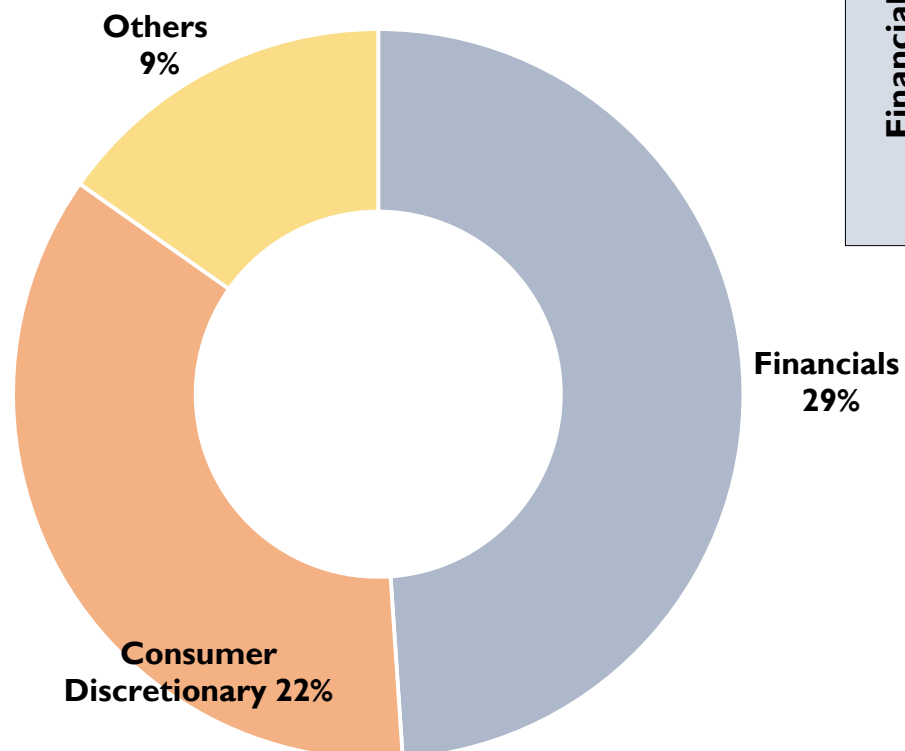


Data as on 28th February 2021

60% of the portfolio is allocated towards beneficiaries of economic recovery

| | | |
|---------------|------------|----|
| Others | L&T | 4% |
| | Ultratech | 3% |
| | Birla Corp | 2% |

| | | |
|-------------------------------|--------------------|----|
| Consumer Discretionary | Jubilant Foodworks | 5% |
| | United Breweries | 4% |
| | Phoenix Mills | 3% |
| | Whirlpool Ltd | 3% |
| | Crompton Consumer | 3% |
| | Maruti Suzuki | 2% |
| | VIP Industries | 2% |



| | | |
|-------------------|-----------------------|----|
| Financials | HDFC Bank | 9% |
| | ICICI Bank | 9% |
| | Axis Bank | 5% |
| | Cholamandalam Finance | 3% |
| | HDFC | 3% |

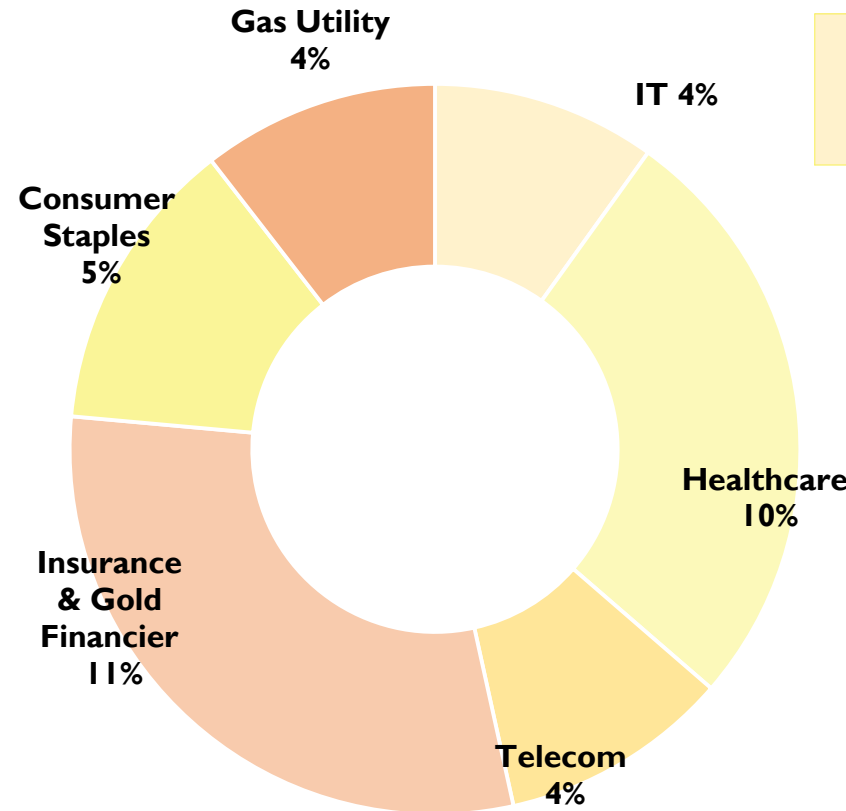
Data as on 31st January 2021

While 38% of the portfolio remains invested in essentials

| | | |
|-------------|-------------|----|
| Gas Utility | Gujarat Gas | 4% |
|-------------|-------------|----|

| | | |
|------------------|----------------------------|----|
| Consumer Staples | Hindustan Unilever Limited | 3% |
| | Tata Consumer Products | 2% |

| | | |
|----------------------------|-----------------|----|
| Insurance and Gold Finance | Max Financial | 7% |
| | Muthoot Finance | 3% |
| | ICICI Lombard | 2% |



| | | |
|----|-------------|----|
| IT | TCS Ltd | 2% |
| | Infosys Ltd | 2% |

| | | |
|------------|--|----|
| Healthcare | Torrent Pharmaceuticals Ltd | 5% |
| | Dr. Lal Pathlabs | 3% |
| | JB Chemicals & Pharmaceuticals Limited | 2% |

| | | |
|---------|---------------|----|
| Telecom | Bharti Airtel | 4% |
|---------|---------------|----|

Data as on 28th February 2021

Key Themes

Theme I: 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.

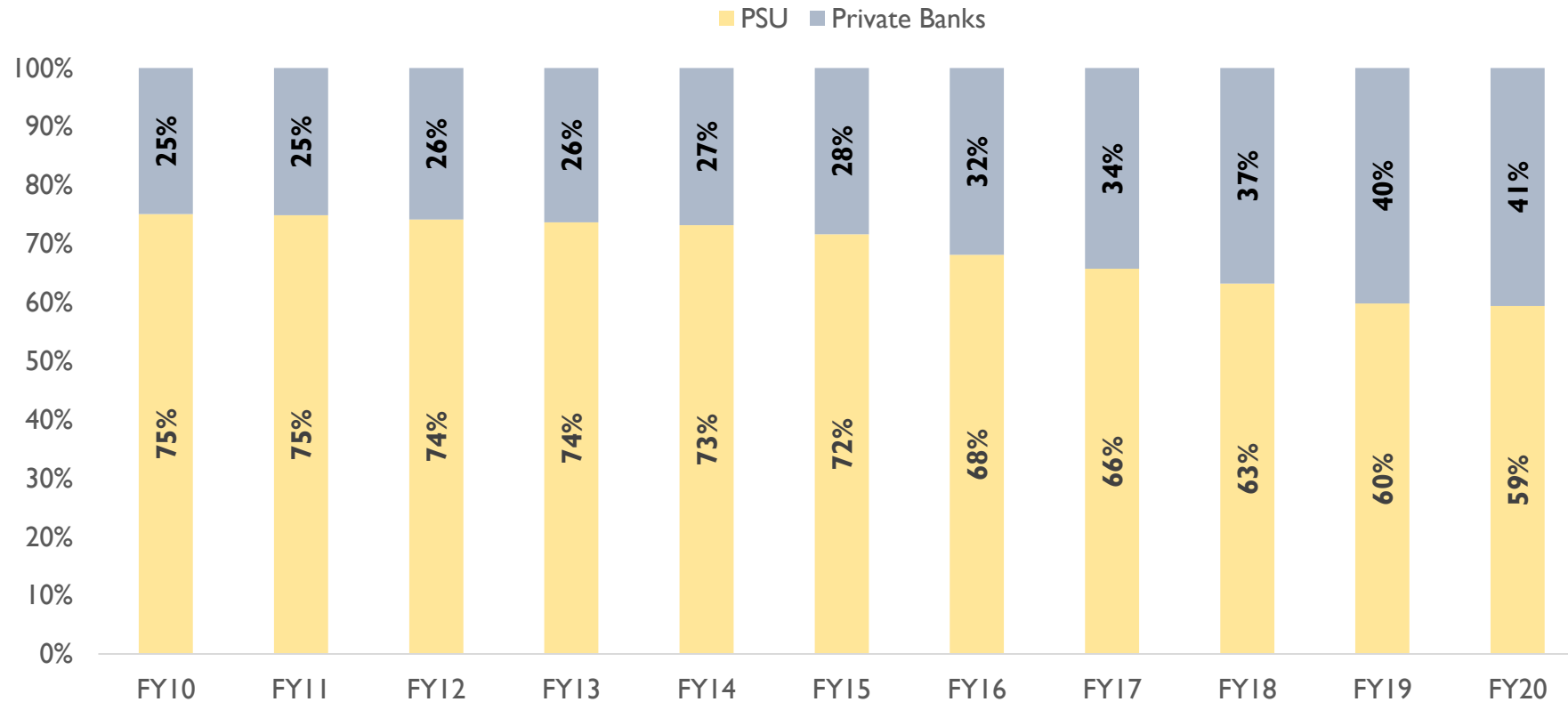
PSU to PVT value migration to continue

- 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.

Market Share in the Indian Banking System



- **Share of Private Banks has increased from 25% to 41% in the last decade**
- **FY30 private banks market share = 55% ???**

Theme 2: Supply side Consolidation: Survivors in a tough cycle = eventual winners

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

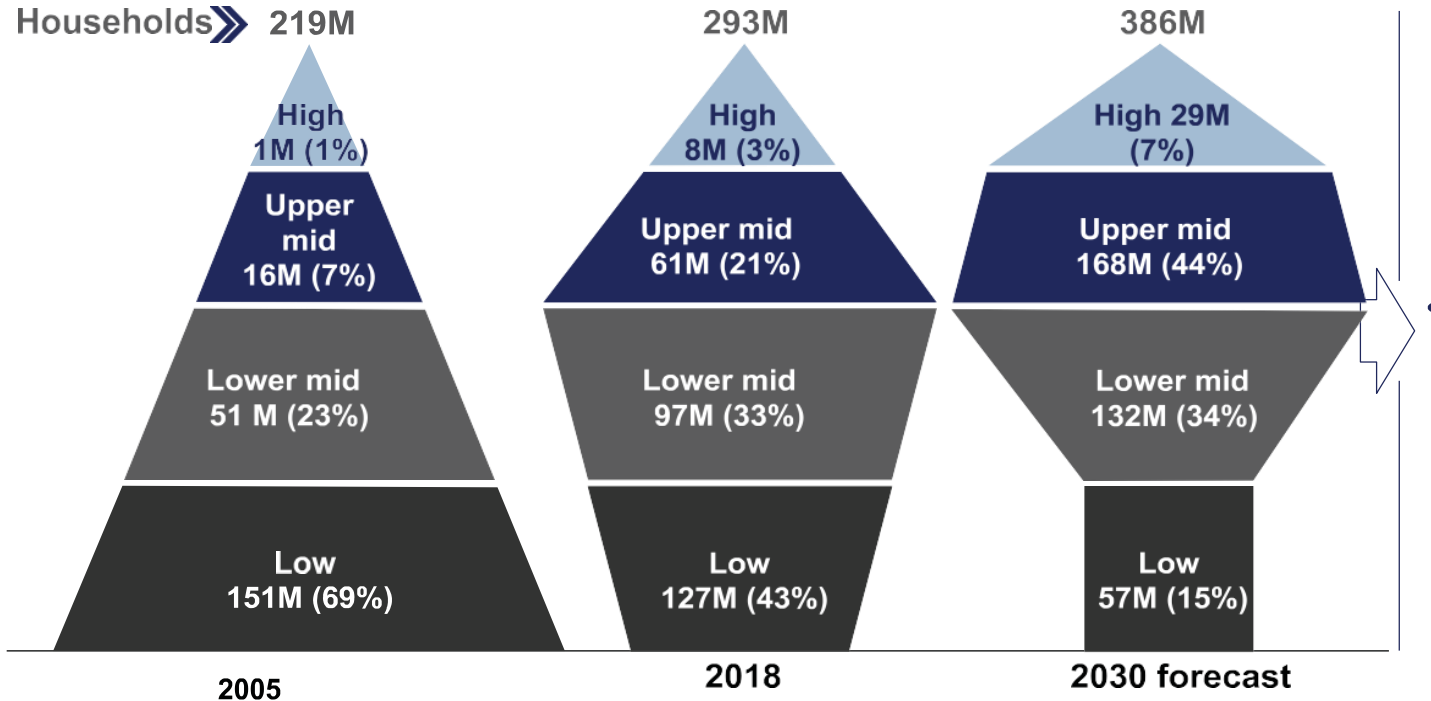
- Accelerated formalization of the economy to benefit market leaders
- High stress economic environments necessitate that the strongest will be able to not just survive, but thrive.

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

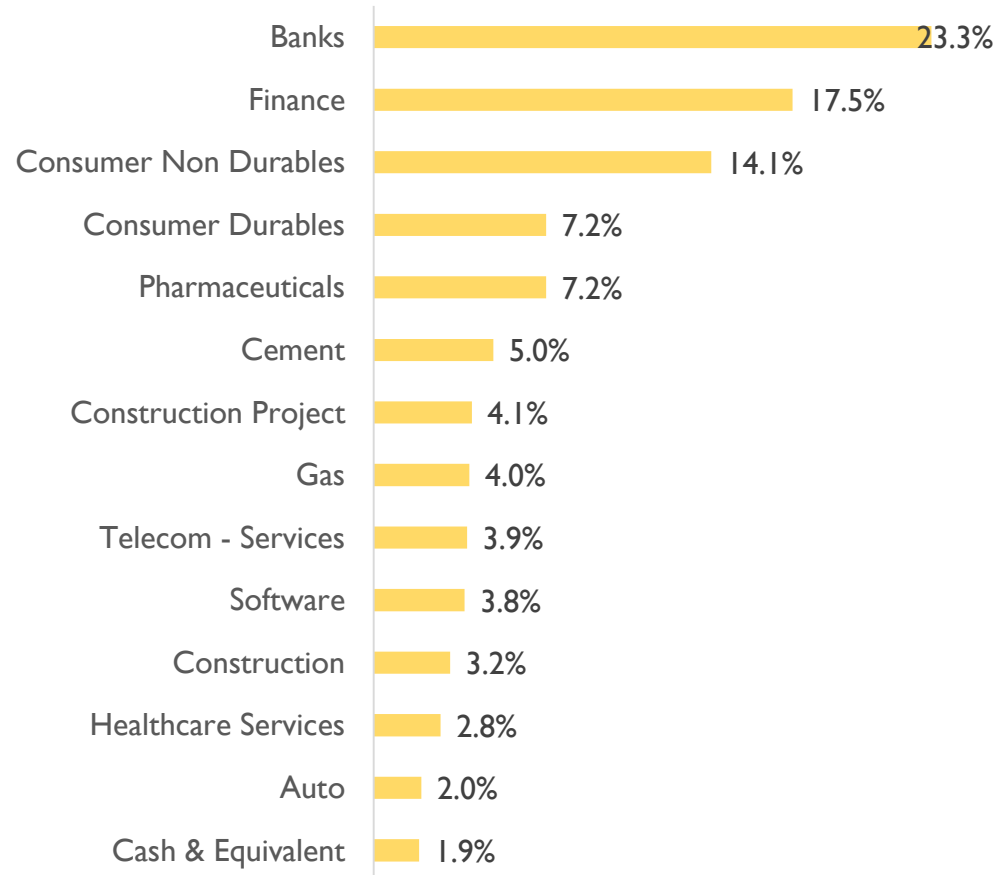
- 1 in 4 households today
- 1 in 2 households by 2030

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

What are the fund holdings?

Sector Mix



Top 10 Equity Holdings

| Script | Weightage (%) |
|---------------------------------|---------------|
| ICICI Bank Limited | 9.4% |
| HDFC Bank Limited | 8.9% |
| Max Financial Services Limited | 7.0% |
| Jubilant Foodworks Limited | 5.2% |
| Axis Bank Limited | 4.9% |
| Torrent Pharmaceuticals Limited | 4.8% |
| Larsen & Toubro Limited | 4.1% |
| Gujarat Gas Limited | 4.0% |
| Bharti Airtel Limited | 3.9% |
| United Breweries Limited | 3.9% |
| Total | 56.2% |

Data as on February 28, 2021. Sector classification as per AMFI defined sectors.

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

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 (LTE) | 14.6% | 11,462 | 6.8% | 12,176 | 17.4% | 22,321 | 13.7% | 21,871 |
| Nifty 500 TRI (BM) | 28.0% | 12,801 | 10.6% | 13,520 | 17.2% | 22,120 | 10.5% | 18,427 |
| Nifty 50 TRI (Add. BM) | 25.9% | 12,591 | 12.6% | 14,260 | 17.1% | 22,054 | 10.1% | 17,964 |

| SIP Performance (%) | 1 Year | | | 3 years | | | 5 Years | | | Since Inception | | |
|---------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|-----------------|-----------|-----------|
| | LTE | BM | Add. BM | LTE | BM | Add. BM | LTE | BM | Add. BM | LTE | BM | Add. BM |
| Investment Amount | 120,000 | | | 360,000 | | | 600,000 | | | 730,000 | | |
| Market Value | 158,259 | 161,867 | 158,761 | 461,117 | 481,312 | 478,297 | 838,158 | 877,640 | 887,303 | 1,099,628 | 1,124,682 | 1,133,214 |
| Returns (CAGR)% | 65.4% | 72.1% | 66.3% | 16.9% | 19.9% | 19.5% | 13.4% | 15.3% | 15.7% | 13.4% | 14.1% | 14.3% |

Data as on February 28, 2021. BM = Benchmark i.e. Nifty 500 TRI Index; Add. BM = additional BM i.e. Nifty 50 TRI Index;

Date of inception: 21-Jan-15. 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. 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>

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 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 and Motilal Oswal Equity Hybrid 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 -14 th , 7 th - 21 st and 14 th - 28 th | |
| | Monthly SIP | Any day of the month except 29 th , 30 th or 31 st | |
| | Quarterly SIP | Any day each quarter (Jan, Apr, Jul, Oct) 29 th , 30 th or 31 st | 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 | This product is suitable for investors who are seeking* | Riskometer |
|---|--|--|
| Motilal Oswal Long Term Equity Fund (MOFLTE)(An open ended equity linked saving scheme with a statutory lock in of 3 years and tax benefit) | <ul style="list-style-type: none">• Long-term capital growth• Investment predominantly in equity and equity related instruments |  <p data-bbox="1600 649 2018 692">Investors understand that their principal will be at Very High risk</p> |

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

Thank you

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