MONTHLY Communique

September 2018

Aashish P Somaiyaa
(CEO)

Dear Investors and my dear advisor friends;

This time around I am dedicating my writing to the questions that are top of mind today for all investors and industry participants alike. I travel a lot and I meet a lot of investors as well as investors' advisors and from my conversations with them I gather the questions that are put forth below. But before I get into detailing the questions and before I put myself into your shoes as well as share my perspective on them, I would like to clarify something.

I presume that you are not interested in managing your own money; maybe that's not your calling because you are driven by something else or you have taken it that you do not have the necessary wherewithal to manage your own money and hence you have entrusted it to managers like Motilal Oswal AMC to manage it and produce results for you. When you ***entrust*** money to someone, clearly the key word is "trust" which you need to and the manager needs to ***uphold***.

Let me first step into your shoes at the time of the decision making process - selecting a portfolio manager for my money first.

If I entrust my money to one of you and you ask me the following question: "Aashish, what would make you trust me as a manager to whom you entrust your money in the equity markets?"

I would answer this question as follows:

1) What is the long term track record and background of the firm?
2) Is this long term track record backed by some kind of process? Is the track record likely to be sustained and given a context, is this track record replicable?
3) Where do the manager and the functionaries of the investment company invest themselves? As a wise man once said, "Don't do as I say, do as I do!!!"
4) What are the prospects of the asset class or the product that I am looking to invest in?
5) Whose advice should I take before investing? The people whose inputs I am taking, what are they basing their opinions on? Hopefully it's not social media feeds or a descending sort of some excel file basis 3 months or 12 months NAVs!
6) Does their offering suit my investment goal requirements?

Since I am the one raising these questions, I would like to tell you that Motilal Oswal Group has been into equity research and stock picking in India since 30 years; its founders and the AMC that manages your money, have a total of over ₹ 2,900 crs invested in the very same investment strategy of Q-G-L-P that you are invested into. Our investment management track record of last 15 years since we first started managing money has always been hinged on the very same Q-G-L-P process and it is not today or yesterday or in the last one year that it has been formulated. The entire track record has been delivered by this very same process and it has been refined with learnings and experiences over time. For the rest, read on...

As you will notice, what happened in the last one year or is the NAV going up and up all the time or has it even gone down in the last few months is NOT a criterion in the stock markets to make or break trust!!! Ideally one must do the above fact check before investing and if not, it's never late, one must ask these questions!!! The reason is that if you "entrust" your money to a manager you

(Continued overleaf)

have to "trust" them! Never remain invested with people whom you do not trust and never direct money to a manager by taking advice of people whom you do not trust. All the same, never invest in equities if all it takes to test your conviction is a 10% decline in your NAV or a few percentage points of underperformance vis-à-vis the index; which by the way has no role to play in you achieving your goals or your desired rate of long term return. Indices are more for us to keep score and ensure we are delivering value to our investors.

Why am I sharing all this? That's because the data of investors' behaviour shows clear signs of mistrust according to me. The only relationship we seem to be sharing with our equity investment is that of a fairweather friend; we are long term investors…. only until we get a positive return every year; year on year. Why else would it happen that when returns are looking good and investments are rewarding investors continue to entrust more and more monies to their managers and the moment there is a spate of 6 to 12 down

months, the enthusiasm to invest starts receding.

I get worried when I get communication from investors and advisors asking about a 10% decline in the last few weeks or months or a few percentage points lag behind the benchmark index. When we fill application forms and cut a cheque or click the "Invest Now" button on our friendly app, we are all long term investors. In open audiences with 100s of business men sitting there when I ask them how many days will it take you to increase the profit margin of your business by 5% without cutting volumes or if I asked salaried individuals how many days or months will it take you to earn a 20% raise they tell me answers ranging anywhere from 1 year to 3 years!!! Equity investing is about investing in someone else's business so as to get a share of ownership which entitles us to a share of earnings. How can we expect that share prices and NAVs, reflecting this change in earnings value materialised through human efforts of entrepreneurs, managers and businessmen like you and me would move in a straight line month on month and year on year?

Lastly before I get into the common questions that I have recently come across, let me share an example. If you are on whatspp, facebook or even on your email, you must have surely received this message which says that in 1980 if someone had bought Rs 10,000 worth of Wipro, the value of that holding would be a few 100s of crores as of today. Similar examples abound about buying Infosys or HDFC Bank in the 90s or about buying Eicher or Bajaj Finance post 2010. The question that begs answering is; are the investors who benefited from this wealth creation to be credited for their stock picking? Is it only stock picking? No! These are popular names and within the first few years of their journey they did become popular as wealth creators. If there is 10% credit to be given to stock picking I daresay 90% of the credit is for "not fixing what ain't broken". As long as underlying businesses kept growing and these investors did not get drawn into reacting to last one year's share price movement or trailing PEs and forward PEs or into forecasting elections; they were able to create wealth for themselves, their families and possibly even the next generation of inheritors.

Recently I read a report written by an analyst where he made a 10 year profit forecast of D Mart owner Avenue Supermarts. (Disclaimer: Neither me nor Motilal Oswal AMC own this stock in any of our portfolios. This is not a recommendation, this is an example quoted basis publicly available information such as this link here; with the intention of bringing out some messages on long term wealth creation: https://economictimes.indiatimes.com/markets/stocks/news/goldman-sachs-sees-over-50-upside-dmart-should-you-buy/articleshow/60837359.cms) There were many interesting discussions across media and the analyst invited fair amount of criticism and ridicule especially on social media. That makes me wonder what would the reaction have been if in 1995 an analyst came with a similar 10 year earnings growth projection of 2005 for HDFC Bank or if an analyst came out with a 10 year earnings growth projection from 2008 till 2018 for say Page Industries? Ridicule? Criticism? I am sure!!! The problem here is twofold:

1. When one makes a 10 year projection of earnings of companies, of course the company and the sector in which it is, needs to grow and of course the management quality has to be top notch for execution to play out. Lot of people may not want to believe this or stake any investment on this possibility. It's a different thing that they very same people are comfortable staking their investments on change in Government policies, Parliamentary processes, attitudes of promoters, US Fed policy on interest rates, steel prices in China and what not!
2. At the same time, however great the opportunity for the sector and the company may be, however sure one may be of the execution quality, what is the point in writing 10 year wealth creation reports even if they are screaming "multi-bagger" written all over them; for an audience whose time horizon is anyway not beyond what happened in the last 1 year or what kind of clouds loom over the next year.

No one can actually forecast at the starting point about 10 years or 15 years of a company's growth or its execution capabilities; this is laden with uncertainties along the way, but the key learning to take away from above examples is that as long as companies are executing along a path and showing reasonable progress, investors should remain invested. Ups and downs of equity markets are not necessarily impacting the functioning of the underlying businesses; the market is just sharing it's perception of what is the value of what is being delivered and is likely to be delivered. And this perception changes over and over again multiple times, sometimes at very short intervals and sometimes for totally unrelated developments.

Alongside our own ₹ 2,900 crs we are managing your money. And our ability to hold great companies and create wealth for all stakeholders depends on your ability to control impulsive reactions to "avoid fixing what ain't broke". Wealth is created not by stock picking only but having picked stocks it's created by ensuring that "if it ain't broken, don't fix it" and the definition of broken is not share prices going down. The definition of "ain't broken" relates to India's economic growth and the growth in earnings of companies that we own in our portfolios. Surely, there will be some companies which may not execute as hypothesised and there could be leads and lags, but wealth creation is all about staying with the right investments, weeding wrong ones once in a while and riding the entire growth journey of those right ones bought. It is widely documented that the returns on the investments over a period of time are not the returns that the investor actually fetches, the reason is because after all the ups and down the investment may eventually fructify but impulsive behaviours and fickle investor psychology forces them to bail out at the first hint of volatility.

Coming back to the questions:

1) Why is the bullishness of the index not reflecting in our portfolios? In the last one year the index has given double digit returns and we are either near zero or low single digits or even negative!
2) Why is the Sensex and Nifty at all-time highs while my portfolio is going nowhere? Should we move money into index funds or large cap funds?
3) Nifty is nearly at 12,000 – an all-time high – is it time to redeem?
4) What about elections?

Let me begin by addressing the question on alpha and funds lagging the index. If we want to understand the underperformance of the last few months or one year we need to step back to "where it all started"! The current bull phase especially significantly higher inflows into equities - mutual funds, PMS, AIFs etc. started in 2014 post the general election verdict. So where it all started in May 2014, the Nifty level was 7500. A year later it peaked in September 2015 somewhere around 8950. Around this time the RBI's asset quality review, Chinese devaluation and resultant crash in commodity prices and oil at $28 resulted in a complete meltdown in markets. By January 2016 we were at 6700 on the Nifty. The markets began an upward grind all over again and we arrived back at 8950 again in September 2016. But then demonetisation was announced and we found ourselves at 7700 by the end of December 2016, early 2017. This clearly shows that while there were intermittent spurts in the markets, they were repeatedly followed by earnings disappointments and sharp corrections. For the years 2015 and 2016 in this so-called "bull run" the markets went nowhere, Nifty moved in a tight range of about 1500 points. What kind of returns and outperformance did the funds generate in this time frame? Let's see below:

PMS						
Inception Date	**25th Mar 2003**		**5th Dec 2007**		**15th Feb 2010**	
Calender Year Returns	**Value Strategy**	**Nifty 50**	**NTDOP Strategy**	**Nifty 500**	**IOP Strategy**	**Nifty Smallcap 100**
31-Dec-13	2.65%	6.76%	18.04%	3.61%	1.60%	-8.28%
31-Dec-14	57.56%	31.39%	78.16%	37.82%	48.06%	54.95%
31-Dec-15	0.43%	-4.06%	16.03%	-0.72%	5.30%	7.21%
31-Dec-16	2.89%	3.67%	14.42%	3.84%	26.11%	2.26%
31-Dec-17	29.55%	28.65%	43.38%	35.91%	51.63%	57.30%
CYTD (31-Aug-2018)	2.32%	10.92%	4.84%	5.28%	-18.17%	-15.66%

Data clearly shows that for the 2 years when the underlying indices did not return anything the outperformances or alpha were 3.71%, 27.33% and 21.94% over the corresponding benchmark index as demonstrated above; irrespective of what happened in the indices or what kind of strategy we managed, large, mid or small cap. Where did this outperformance come from? And why has it dwindled in the last 1 year?

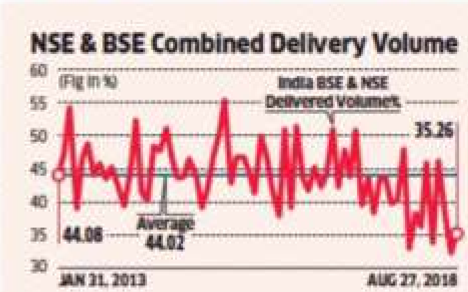
In the previous 3 years the index components of PSU Banks, large companies like Reliance Industries, Commodities and Metals, IT, Telecom, Pharma, Real Estate all were in a fundamentally weak spot and on the other hand whatever we had held basis strong fundamentals like private sectors banks, insurance companies, NBFCs, consumer discretionary and staples, autos, oil marketing companies, select capital goods rewarded us. In the last few months, **without much significant change in actual fundamental performance** there has been a relative value rotation in the markets with money moving to "perceived cheaper" segments of the markets even though changes in fundamentals of the laggards named above is still spotty. That eventually makes those stocks expensive and with the huge upmove in the index it's not like owning these is also enabling outperformance. On the other hand, whatever we own in our portfolios continues to lead on a fundamental basis and will continue rewarding us in future.

We are stock pickers; which means we make fundamental hypothesis on earnings of companies and choose some stocks over the others. Every decision we make is about selecting some and by exclusion, deselecting many others. Our performance comes from the stocks we own and if someone else selects the stocks that we deselect they are set to gain from the performance of those stocks.

But today we are in a market context where in 2017 the entire MidCap index was up 49%, the BSE Small Cap was up by 57%. They have corrected a bit since February 2018 but the large cap index i.e. Nifty is up over 55% from the 7700 level it hit post demonetisation. In this scenario, the question that begs an answer is what selection or deselections are we talking of and which choices are actually doing better than indices? Some are doing relatively better and some are relatively worse and barring an exception or two practically every managed product is behind the underlying benchmark index. The reason is that when the whole market heads up by numbers like 40-50-60%, stock selection doesn't work. Let's take an example – if you are travelling from Chandigarh to Delhi or Ahmedabad to Mumbai by Shatabdi Express and the train is running at a speed of say 130 km/h. If you are mandated to arrive in Mumbai faster than the train even though you are a passenger sitting in the train, how would you accomplish such a mandate? If it's a passenger train or any train slower than a Shatabdi, you can surely look for alternatives and come to Mumbai faster. But if you are on a Shatabdi or on a flight, the chances of you doing better reduce greatly. Similarly stock picking works when the markets are around averages or trending up or trending down or volatile or range bound. But if the whole market goes up by numbers like 40-50-60% then it is difficult for the ones tasked with "selecting" stocks; especially when it is widely known that there are a handful of stocks driving especially the Nifty movement making it even riskier to try and outperform. The good news is this doesn't happen often. In my 19 years following markets I have seen this for probably the first time where in any time frame all indices run up 40-50-60%. Hopefully a lot of what I am saying you may have come across in the newspapers, I am reproducing a few clippings which clearly talk about how the index movement has not reflected in portfolios.

Retail Investors' Portfolios Often Don't Reflect the Bull Run Highs

A key reason is that a concentrated rally dents returns of investors who are underweight on the big movers



Ashutosh.Shyam@timesgroup.com

ET Intelligence Group: Although the market is scaling new peaks every other day, a persistent murmur among retail investors is that their portfolio returns do not mirror the unprecedented rise in the benchmark indices. Retail investors hold 7.1% of shares in the BSE 200 companies and their holding value dropped to $130 billion in June 2018 quarter from $140 billion in December 2017.

The anomaly can be attributed to the narrowing depth in terms of trading volume and rising concentration as reflected in the lesser number of stocks participating in the rally.

ET ANALYSIS

According to Credit Suisse, the current rally in the Nifty has been the most concentrated performance since 2015 with the top 10 contributing stocks comprising of 218% of the index performance while the bottom 10 took away 96%. The rally is turning out to be more concentrated due to investors' quality preference amidst lowest global appetite for equity risk since 2011.

The five index heavyweight stocks such as Reliance Industries, HDFC Bank, HDFC, TCS and Infosys have contributed nearly 60% to the Sensex gain of 14.2% so far in 2018.

A concentrated rally has added to the woes of mutual fund (MF) managers who were underweight on these stocks. The concentration risk of institutional investors can be gauged from the fact that despite 2,732 traded securities on the BSE, the top 40 stocks held by foreign portfolio investors (FPIs), MFs and LIC account for 74%, 63% and 83% of their respective portfolios in that order.

The combined delivery volumes on the BSE and the NSE in August dropped to 33%, the lowest in the past five years according to ETIG database. This was also below the five-year average delivery volume of 40.4%. The low delivery percentage reflects waning interest of investors who buy and hold for a long-time. It also suggests that the volumes are mainly driven by traders who merely want to make a quick buck.

Although the market is trading at a record high level, the cash turnover on the exchanges has been consistently coming down since January. The average monthly cash turnover in August was 15% lower than the January level of ₹42,608 crore.

Even the participation from the institutional investors has been quite muted. Foreign portfolio investors and domestic mutual fund participation in the total turnover in August was 14.1% and 5.9% compared with an average of 17% and 9.3%, respectively, a year ago. With no significant investment triggers in the near-term, FPIs either are deploying fresh money in existing stocks or exiting from several counters due to elevated valuations. FPIs have been net sellers worth $550 million in Indian equities so far in 2018.

Source: Economic Times dated August 29, 2018

Click on the link to view: https://epaper.timesgroup.com/Olive/ODN/TheEconomicTimes/#

WIDE DISPARITY

Nifty scales a new peak but broad market in a trough

Over 70% of stocks with a market cap of ₹1,000 crore or more have lost value since January

YOOSEF KP
Mumbai, August 20

Cos with ₹1,000 cr Mcap (783)
As on July 31: 199 up, 584 down; No. of cos in red %: 74.6

Cos with ₹1,000 cr Mcap (793)
As on August 20: 228 up, 565 down; No. of cos in red %: 71.2

Nifty Mid-cap 100
As on August 20: 36 up, 64 down; YTD fall (%): 7.3

Nifty Small-cap 100
As on August 20: 15 up, 85 down; YTD fall (%): 17.0

THE BENCHMARKS MAY be scaling new peaks but the broad market remains in a trough; more than 70% of stocks with a market capitalisation of ₹1,000 crore or more have lost value since January. More than a third of these stocks have lost more than 20%.

In fact, the rally in the Nifty has been really narrow with half the constituents posting negative returns so far in 2018 even though the index hit yet another high of 11,551.75 points on Monday. Just five companies — Reliance Industries, Tata Consultancy Services, Infosys, ITC and HDFC Bank — have between them contributed over 80% of Nifty's gains of 1,021 points in 2018.

What's worse, small-cap stocks have been badly bruised — 85% of the 100 Nifty Small Cap members are in the red. The share of the 100 Nifty Midcap members that have posted negative returns is slightly better at 64%.

Foreign portfolio investors have not even nibbled at Indian equities this year, selling $360 million worth of equities since January. In contrast local funds have shopped for a record $10 billion worth of stocks.

Despite the spectacular rally in the benchmarks, India's market capitalisation in dollar terms has fallen by about 7% to $2.22 trillion. The Chinese market has seen a bigger erosion in its market capitalisation of nearly 25%. Among the top 10 equity markets by market capitalisation, only the US has yielded positive returns with a gain of 6.2% so far in 2018.

India remains among the most expensive markets in the world. At 38,278.75 points, the benchmark Sensex trades at a price-earnings (PE) multiple of 18.9 times to the estimated one-year forward earnings, a premium of 17.3% to the long-term average PE of 16.13 times. This compares with 8.5 times for the Kospi and 13.9 for the Jakarta Composite. Brazil's Bovespa and the Shanghai Composite are trading at a price-earnings multiple of 10.3 and 9.9, respectively, data from Bloomberg show.

THE FINANCIAL EXPRESS Tue, 21 August
epaper.financi

Source: Financial Express dated Aug 21, 2018

Click on the link to view: http://epaper.financialexpress.com/c/31417100

A very narrow market

The rally in the Nifty is due to a handful of stocks.

Nifty 50 stocks	Company	Contribution to Nifty's market cap increase (in %)
Top 3 stocks by market cap	Tata Consultancy Services, Reliance Industries, HDFC Bank	55
Next 7 stocks by market cap	Hindustan Unilever, Bajaj Finance, Infosys, Housing Development Finance Corp., Kotak Mahindra Bank, State Bank of India, Asian Paints	39
Other contributors (20 stocks)	Bajaj Finserve, Maruti Suzuki, etc.	7
Firms whose market cap fell (20 stocks)	Wipro, UltraTech Cement, Eicher Motors, ICICI Bank, etc.	NA

Change in Nifty's market cap has been calculated from 23 March 2018 (when the index touched this year's low) up to 20 July 2018

Source: Bloomberg

Source: Mint dated July 24, 2018

Click on the link to view: http://epaper.livemint.com/epaper/viewer.aspx

A lot of investors I meet, on seeing this index movement also think that now we are all time highs. Should we exit our equity investments?

Well, if we are lagging the index, we didn't go up with the index, so obviously we will not fall in line with the index. Our portfolio betas are in the range of 0.7 to 0.9. Beta is an indicator of correlation of the portfolio movement with its underlying index – a beta of 1.2 means that with every 1% rise or fall in benchmark index the portfolio would rise or fall by 1.2% respectively. No point seeing the index and forming opinions about either the performance or the decision or withdrawing ones investments or booking profits, which were never extracted in the first place.

In fact I would say that we have been lucky over the last one year. With full benefit of hindsight if someone were to conclude that last year's markets were expensive, that means one feared a significant correction. Instead what we now have is a relatively better transition – a time correction. In the last one year across portfolios that we manage the growth in earnings of underlying companies' on weighted average basis by portfolio ranges between 15% to 30% while the growth in NAVs are in the range of practically zero to low single digits. On the other hand the Nifty ex PSU Banks and few other loss making companies has an earnings growth of about 15% with a huge run up in the index levels. This means that even while we were underperforming, the index has gotten much more expensive while our portfolios have become more valuable by remaining at same price even while increasing the value of underlying earnings. To put it simply if ₹ 100 NAV declines to ₹ 75 that's a 25% correction and on the other hand if ₹ 100 NAV representing ₹ 4 of earnings per share remains at ₹ 100 while the earnings per share rises to ₹ 5, that also is a 25% correction, albeit a much better experience than it could have been in the former case. Alternatively, say that a packet of 100g of biscuits costs ₹ 100. If the prices are reduced by ₹ 10, that's a 10% discount. Instead, if the grammage is increased to 110g with the same price, that's also a 10% discount. In the first case the price falls, in the second case the value has risen despite the price remaining same. This is exactly what has happened to your portfolios with us. Given this scenario and the narrow move of the markets, we are convinced you and we are better of holding onto fundamentally sound companies without adding to our risks and getting carried away with the market behaviour.

Why don't you stagger the investment or create different portfolios for different clients? Why do you invest inflows at one go?

Returns will be produced by the stocks that we own and the % allocation to those stocks. Returns are not produced by the variations or uniqueness of underlying portfolios that are created for every successive lot of investors that come in as PMS subscribers. Further, it may be an imperative to vary portfolios of successive investors for certain strategies which are participating in stocks that are operating in a market context like PSU Banks, cyclical, commodity stocks, interest rate sensitives. There is a context in which such stocks can be held for a certain time frame and they are not suitable for secular buy and hold kind of approach. In case of MO PMS the average holding period for a stock has been in excess of 4-5 years with some being held for 10 years plus, our churn rates in portfolios are less than 15% in most years and a stock going out totally a new one coming in is a rare occurrence. Also, we do not hold any cyclical or commodities and hence if the holding period is reasonable, the role of timing reduces. Lastly, staggering investments or making different allocations for clients doesn't always work in favour of new clients. The only thing it does it gives different outcomes to different people for no concrete reasons and no certainty of outcomes of the actions being taken. Varying portfolios for clients may matter to initial few weeks or months of experience but in that quest we may end up varying the long term outcomes also.

Further, the reason for not timing entry into the markets is because we are opaque to your total asset allocation and % equity exposure out of the same. There are some people who may have given us 1 cr out of their 2 cr portfolio and there are many who give us Rs. 1 cr out of their Rs. 20 cr portfolio spread across debt, equity, bank deposits and real estate. If you have taken all due considerations along with your advisors before allocating say 5% of your portfolio to equity with us, and we do not allocate the same because we are waiting for markets to correct and then prices of shares we want to buy keep going up instead of going down, it is clearly tantamount to second guessing your decisions and causing you a delay in getting invested. No wonder questions of having invested immediately only come when markets go down instead of going up. If we assume that on any given day the chance the market will be up in next 1 month is 50% and down in next 1 month is 50%, at any time 50% of the new investors would have a great entry and the rest a not so great entry. But if we deliberately hold cash in some cases and avoid holding cash in some cases, we have no science behind it! There is no science because as fund managers we can claim expertise for buying right stocks by researching earnings of companies, not in predicting near term movements of share prices. Anyone who claims to do so is clearly misleading.

Lastly, there is no need to redeem or get concerned about your investments, they haven't rocketed as much as the index has with a narrow concentration, in fact as explained before our portfolios have gained in value even at same prices and eventually this value will reflect in the price. We did not get our returns because of index going up and we are not going to lose them because the index falls.

And a last word on elections, I urge you to read again what I had written to you a few weeks back. Reproducing the link herewith: https://www.motilaloswalmf.com/blogs/ceo-speak/returns-backed-by-strong-fundamentals-can-only-be-delayed-they-can-never-be-denied/88

Yours Sincerely,

Aashish P. Somaiyaa
(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.

Details

Fund Manager	:	Shrey Loonker
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	89
Mid cap	9
Small cap	1

Top 10 Holdings

Particulars	% Allocation
HDFC Bank Ltd.	10.84
Kotak Mahindra Bank Ltd.	9.34
AU Small Finance Bank Ltd.	7.16
Bajaj Finserv Ltd.	6.94
Sun Pharmaceuticals Ltd.	6.28
Bharat Petroleum Corporation Ltd.	5.99
Eicher Motors Ltd.	5.94
Bharat Forge Ltd.	5.83
Larsen & Toubro Ltd.	5.59
Bosch Ltd.	5.32

Data as on 31st August 2018

Top Sectors

Sector Allocation	% Allocation*
Banking & Finance	49.59
Auto & Auto Ancillaries	23.22
Oil & Gas	9.24
Pharmaceuticals	7.37
Engineering & Electricals	5.59
Cash	0.24

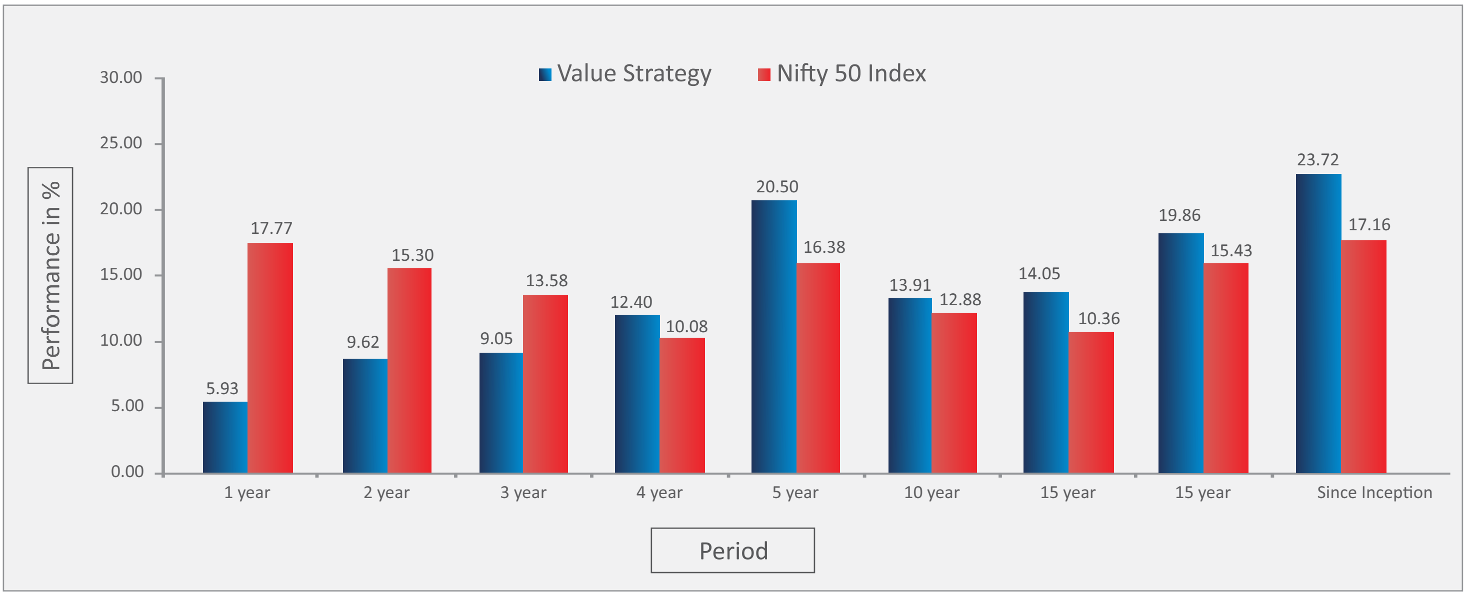
Data as on 31st August 2018

*Above 5% & Cash

Key Portfolio Analysis

Performance Data (Since Inception)	Value Strategy	Nifty 50
Standard Deviation (%)	20.49%	22.63%
Beta	0.82	1.00

Data as on 31st August 2018



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 31st August 2018. 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	: 11th December 2007
Benchmark	: Nifty 500
Investment Horizon	: 3 Years +

Market Capitalization

Market Capitalization	% Equity
Large cap	43
Mid cap	51
Small cap	5

Top 10 Holdings

Particulars	% Allocation
Bajaj Finance Ltd.	12.08
Page Industries Ltd.	11.37
Kotak Mahindra Bank Ltd.	11.14
Voltas Ltd.	8.68
Eicher Motors Ltd.	5.56
City Union Bank Ltd.	5.11
L&T Technology Services Ltd.	4.39
Bosch Ltd.	4.36
Godrej Industries Ltd.	4.03
Max Financial Services Ltd.	3.50

Data as on 31st August 2018

Top Sectors

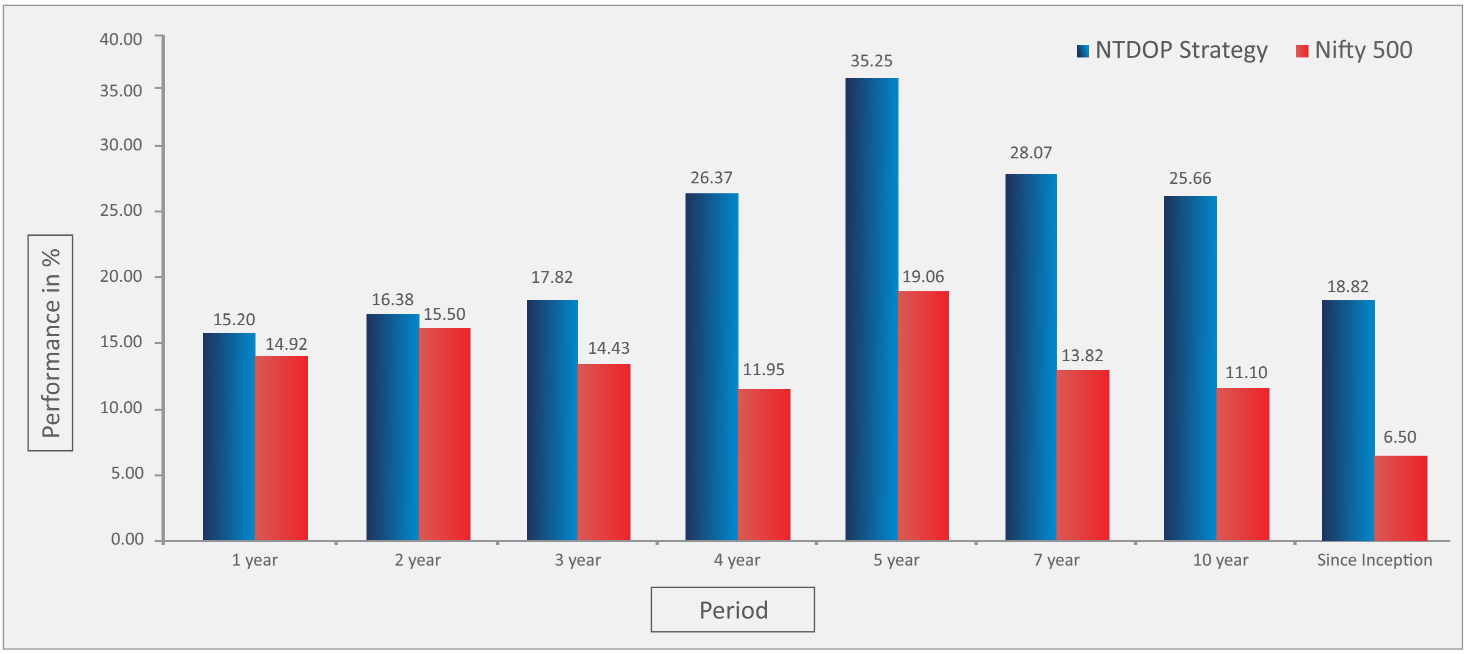
Sector Allocation	% Allocation*
Banking & Finance	34.50
FMCG	18.99
Auto & Auto Ancillaries	13.27
Diversified	12.71
Pharmaceuticals	4.53
Cash	0.16

Data as on 31st August 2018 *Above 5% & Cash

Key Portfolio Analysis

Performance Data (Since Inception)	NTDOP	Nifty 500
Standard Deviation (%)	17.77%	21.40%
Beta	0.69	1.00

Data as on 31st August 2018



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 31st August 2018. 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.

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.

Top 10 Holdings

Particulars	% Allocation
Development Credit Bank Ltd.	9.38
Au Small Finance Bank Ltd.	8.62
Birla Corporation Ltd.	7.84
Aegis Logistics Ltd.	6.55
TTK Prestige Ltd.	5.93
Gabriel India Ltd.	5.62
Quess Corp Ltd.	5.31
Alkem Laboratories Ltd.	5.26
Mahanagar Gas Ltd.	4.95
Dishman Carbogen Amcis Ltd.	4.58

Data as on 31st August 2018

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 +

Top Sectors

Sector Allocation	% Allocation*
Banking & Finance	28.75
Pharmaceuticals	13.95
Oil & Gas	11.50
Cement & Infrastructure	10.76
Consumer Durable	9.89
Auto & Auto Ancillaries	5.62
Services	5.31
Cash	–

Data as on 31st August 2018 *Above 5% & Cash

Market Capitalization

Market Capitalization	% Equity
Large cap	–
Mid cap	25
Small cap	75

Key Portfolio Analysis

Performance Data (Since Inception)	IOPS	Nifty Smallcap 100
Standard Deviation (%)	15.26%	19.57%
Beta	0.57	1.00

Data as on 31st August 2018

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 31st August 2018. 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.

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	_
Mid cap	47
Small cap	52

Top 10 Holdings

Particulars	% Allocation
Heg Ltd.	10.62
Gruh Finance Ltd.	8.05
Cholamandalam Investment And Finance Company Ltd.	7.86
Godrej Agrovet Ltd.	6.79
Ipca Lab Ltd.	6.69
Bajaj Electricals Ltd.	6.26
Coffee Day Enterprises Ltd.	6.05
Sundaram Fasteners Ltd.	5.25
Sobha Ltd.	4.91
JK Lakshmi Cement Ltd.	4.76

Data as on 31st August 2018

Top Sectors

Sector Allocation	% Allocation*
Banking & Finance	24.34
Electricals & Electronics	20.06
Agriculture	10.46
Pharmaceuticals	8.00
Restaurants	6.05
Auto & Auto Ancillaries	5.25
Cash	0.92

Data as on 31st August 2018 *Above 5% & Cash

Key Portfolio Analysis

Performance Data (Since Inception)	IOP V2	Nifty Smallcap 100
Standard Deviation (%)	17.38%	18.89%
Beta	0.77	1.00

Data as on 31st August 2018

Performance

Period	IOP V2	Nifty Smallcap 100
1 Months	-0.86	2.72
3 Months	-3.11	-2.05
6 Months	-4.19	-8.23
Since Inception (5th Feb 2018)	1.45	-7.75

Data as on 31st August 2018

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 31st August 2018. 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.

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