

MONTHLY Communique

February 2019



Aashish P Somaiyaa
(MD & CEO)

Dear Investors and my dear advisor friends,

The budget announcement was expected to be a perfunctory statement except that it had to address a few constituencies considering the upcoming general elections. Having said so, the budget did announce quite a few initiatives like covering 12 cr farm families with an income transfer of Rs 6,000 per year and launching a pension scheme for an estimated 42 cr unorganised workers and laborers. I would look forward to understanding the nuances of the pension scheme and its execution and how it can increase investments in the economy especially in capital markets. Further, a full rebate on income tax for people earning upto Rs 5 lacs is a welcome move. The income transfers and the tax rebates would reward some of the deserving sections of society and might have an effect of enabling consumption especially in the FMCG, white goods and two wheeler segments. The limit for applicability of TDS on interest from fixed deposits was moved from Rs 10,000 to Rs 40,000. This will

not only result in more convenience it could also help save unwarranted tax loss for the elderly and others who don't have any income or don't file returns otherwise.

All in all, markets like continuity when elections come up and in any case support to rural and agri based segments of the economy is the economic need of the hour. Well targeted, well intentioned social initiatives which put more money into the hands of people must be appreciated especially considering this Government has a reasonably good track record on corruption free execution.

That apart the relief on certain parameters of real estate sector was welcome too. Extension of capital gains benefit to purchase of two properties instead of one, tax benefits on second self-occupied property, increase limit of TDS applicability on rent area all welcome sources of relief for a struggling real estate sector. While the GST discussion doesn't fall under the ambit of the budget announcements, there was almost a tacit confirmation of reduction in GST for the real estate sector. This will provide further relief to a sector that is one of the largest generators of formal and informal employment in the economy.

Considering the upcoming political events, not much was expected from the budget. But, seeing that there were some milestone pronouncements made anyway, what I didn't appreciate is that the entire industrial spectrum, the need for capex, industrial growth, job creation, the prohibitive levels of taxation on equities by way of STT, LTCG and dividend tax; all of these burning issues were totally ignored. They could have been addressed, especially the heavy taxation dealing with equities because the Government does have a heavy disinvestment target for this year and the next and market buoyancy is crucial.

But this year we are going to have two budget festivals, and today's announcements are in today's context so I look forward to the next one maybe in July 2019.

Yours Sincerely,



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

Note: Reproduced from article published in cnbctv18.com on 1st Feb 2019

THINK EQUITY
THINK MOTILAL OSWAL

MOTILAL OSWAL
Asset Management
PORTFOLIO STRATEGY

BUY RIGHT
SIT TIGHT

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
 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	87
Mid cap	8
Small cap	2

Top 10 Holdings

Particulars	% Allocation
HDFC Bank Ltd.	12.35
Kotak Mahindra Bank Ltd.	9.25
Bajaj Finserv Ltd.	7.07
ICICI Lombard General Insurance Company Ltd.	6.52
Bharat Petroleum Corporation Ltd.	6.45
Larsen & Toubro Ltd.	6.05
Bharat Forge Ltd.	4.78
Eicher Motors Ltd.	4.54
ICICI Bank Ltd.	4.54
Maruti Suzuki India Ltd.	4.31

Data as on 31st January 2019

Top Sectors

Sector Allocation	% Allocation*
Banking & Finance	51.53
Auto & Auto Ancillaries	15.94
Oil & Gas	9.82
Engineering & Electricals	6.05
Cash	3.75

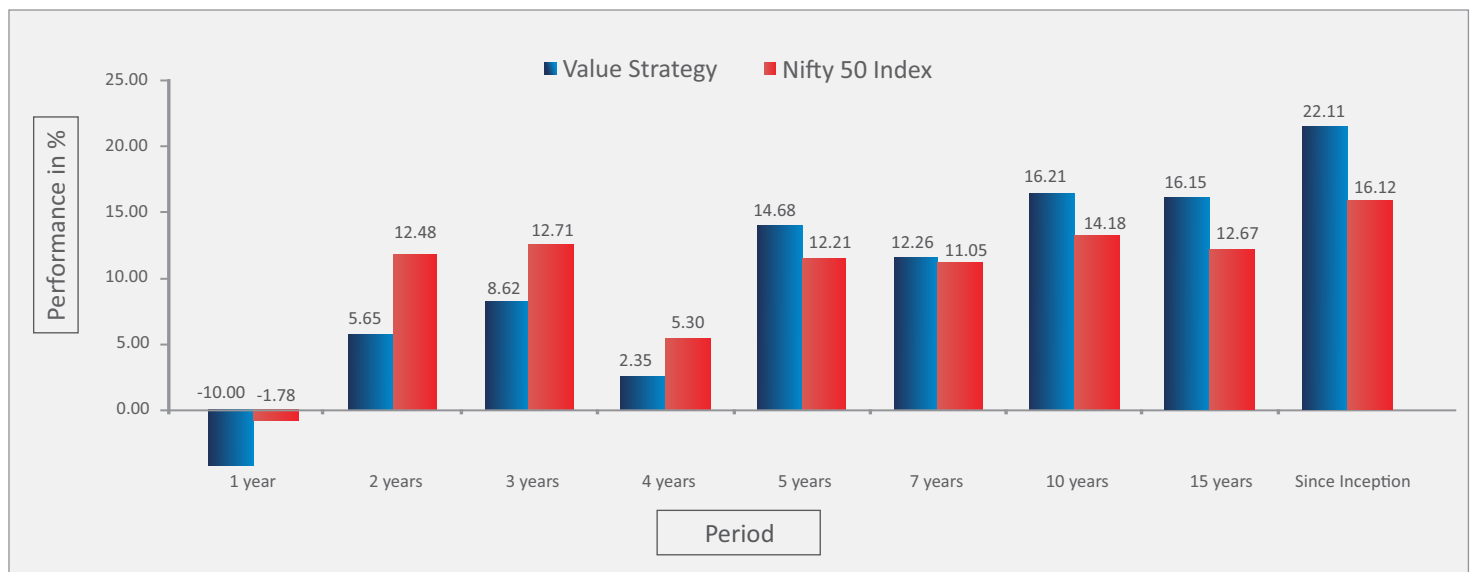
Data as on 31st January 2019

*Above 5% & Cash

Key Portfolio Analysis

Performance Data (Since Inception)	Value Strategy	Nifty 50
Standard Deviation (%)	20.42%	22.48%
Beta	0.82	1.00

Data as on 31st January 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 31st January 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	43
Mid cap	51
Small cap	5

Top 10 Holdings

Particulars	% Allocation
Kotak Mahindra Bank Ltd.	11.74
Page Industries Ltd.	9.10
Voltas Ltd.	9.01
City Union Bank Ltd.	5.69
Bajaj Finance Ltd.	5.02
L&T Technology Services Ltd.	4.65
Eicher Motors Ltd.	4.44
Bosch Ltd.	4.41
Tech Mahindra Ltd.	3.95
Godrej Industries Ltd.	3.70

Data as on 31st January 2019

Top Sectors

Sector Allocation	% Allocation*
Banking & Finance	31.26
FMCG	17.22
Diversified	12.71
Auto & Auto Ancillaries	12.10
Infotech	8.61
Pharmaceuticals	5.05
Cash	0.17

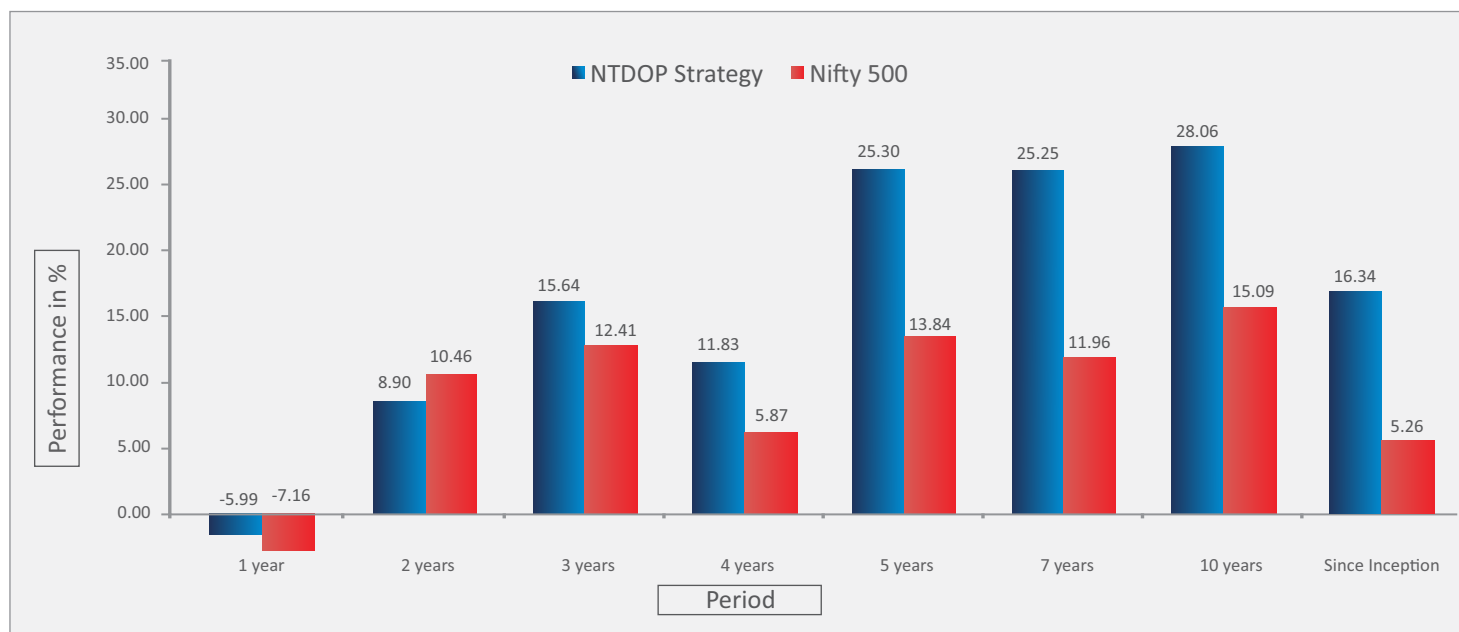
Data as on 31st January 2019

*Above 5% & Cash

Key Portfolio Analysis

Performance Data (Since Inception)	NTDOP	Nifty 500
Standard Deviation (%)	17.78%	21.21%
Beta	0.69	1.00

Data as on 31st January 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	–
Mid cap	23
Small cap	77

Top 10 Holdings

Particulars	% Allocation
Development Credit Bank Ltd.	10.23
TTK Prestige Ltd.	7.45
AU Small Finance Bank Ltd.	7.02
Gabriel India Ltd.	6.80
Aegis Logistics Ltd.	6.61
Mahanagar Gas Ltd.	6.17
Birla Corporation Ltd.	5.87
Alkem Laboratories Ltd.	5.48
Kajaria Ceramics Ltd.	5.32
Dr Lal Pathlabs Ltd.	4.97

Data as on 31st January 2019

Top Sectors

Sector Allocation	% Allocation*
Banking & Finance	25.91
Pharmaceuticals	14.21
Oil & Gas	12.77
Consumer Durable	12.77
Cement & Infrastructure	8.73
Auto & Auto Ancillaries	6.80
Cash	0.01

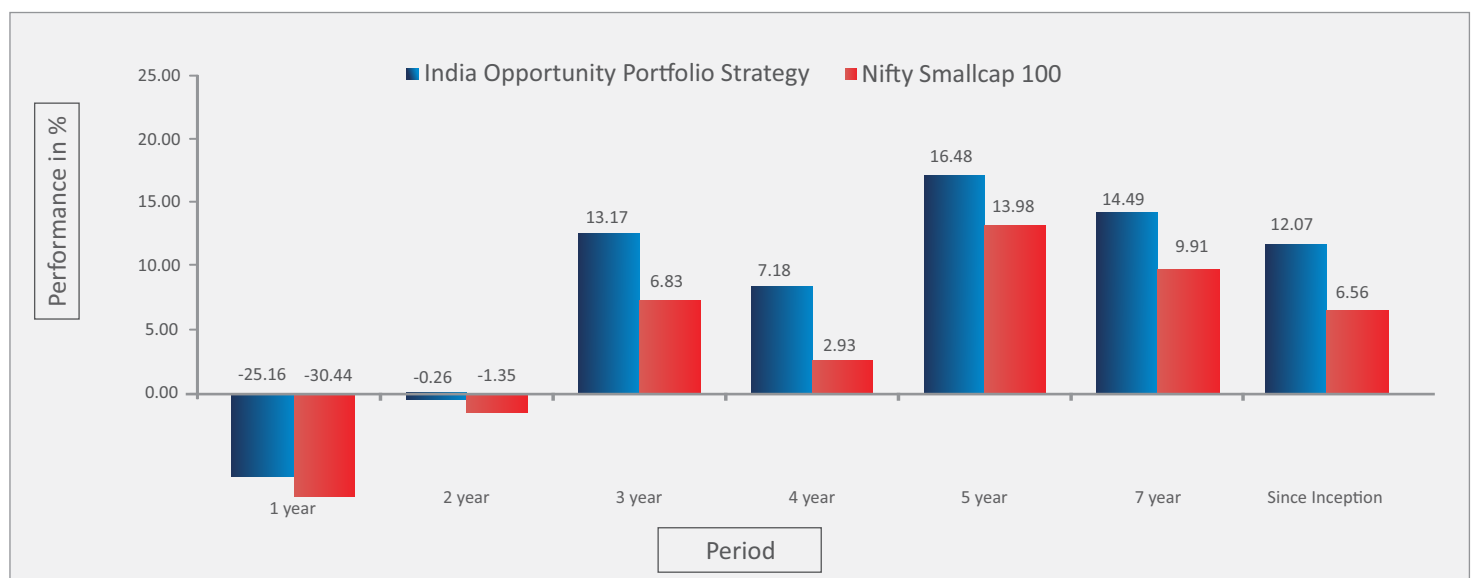
Data as on 31st January 2019

*Above 5% & Cash

Key Portfolio Analysis

Performance Data (Since Inception)	IOPS	Nifty Smallcap 100
Standard Deviation (%)	15.39%	19.72%
Beta	0.57	1.00

Data as on 31st January 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	–
Mid cap	42
Small cap	58

Top 10 Holdings

Particulars	% Allocation
Ipca Laboratories Ltd.	8.12
Larsen & Toubro Infotech Ltd.	7.67
Cholamandalam Investment & Finance Company Ltd.	7.49
HEG Ltd.	7.30
Coffee Day Enterprises Ltd.	7.10
Godrej Agrovet Ltd.	7.05
Bajaj Electricals Ltd.	6.17
Sobha Ltd.	6.15
Bata India Ltd.	5.85
JK Lakshmi Cement Ltd.	5.24

Data as on 31st January 2019

Top Sectors

Sector Allocation	% Allocation*
Electricals & Electronics	16.81
Banking & Finance	15.03
Agriculture	10.84
Pharmaceuticals	9.48
Miscellaneous	7.67
Restaurants	7.10
Real Estate	6.15
Retail	5.85
Cement	5.24
Auto & Auto Ancillaries	5.11
Cash	0.07

Data as on 31st January 2019

*Above 5% & Cash

Key Portfolio Analysis

Performance Data (Since Inception)	IOP V2	Nifty Smallcap 100
Standard Deviation (%)	18.82%	20.41%
Beta	0.76	1.00

Data as on 31st January 2019

Performance

Period	IOP V2	Nifty Smallcap 100
1 Months	-8.32	-4.90
3 Months	-5.78	1.16
6 Months	-18.53	-17.85
9 Months	-25.99	-26.90
Since Inception (5th Feb 2018)	-16.64	-26.23

Data as on 31st January 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	52
Mid cap	23
Small cap	24

Top 10 Holdings

Particulars	% Allocation
Hindustan Unilever Ltd.	9.65
HDFC Bank Ltd.	7.20
Bata India Ltd.	6.45
Bajaj Finance Ltd.	6.40
ICICI Lombard General Insurance Company Ltd.	5.55
Britannia Industries Ltd.	5.40
Exide Industries Ltd.	5.37
Godrej Agrovet Ltd.	5.28
Kotak Mahindra Bank Ltd.	4.94
Container Corporation Of India Ltd.	4.87

Data as on 31st January 2019

Top Sectors

Sector Allocation	% Allocation*
Banking & Finance	30.40
FMCG	19.75
Retail	13.24
Agriculture	7.59
Engineering & Electricals	6.80
Construction	5.88
Auto & Auto Ancillaries	5.37
Cash	0.15

Data as on 31st January 2019

*Above 5% & Cash

Key Portfolio Analysis

Performance Data (Since Inception)	BOP	Nifty 500
Standard Deviation (%)	14.22%	13.19%
Beta	0.91	1.00

Data as on 31st January 2019

Performance

Period	BOP	Nifty 500
1 Months	-2.95	-1.81
3 Months	5.59	2.86
6 Months	-8.26	-6.70
9 Months	-8.83	-5.19
1 Year	-3.45	-7.16
Since Inception (5th Feb 2018)	-5.69	-6.09

Data as on 31st January 2019

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