

**Motilal Oswal  
Midcap 30 Fund  
(MOF30)**

(Mid Cap Fund – An open-ended equity scheme predominantly investing in mid cap stocks)

**Invests in emerging wealth creators**

## Motilal Oswal Midcap 30 Fund (MOF30)

(Mid Cap Fund - An open ended equity scheme predominantly investing in mid cap stocks)

This product is suitable for investors who are seeking\*

- Long-term capital growth
- Investment in equity and equity related instruments in a maximum of 30 quality mid-cap companies having long-term competitive advantages and potential for growth



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

# Our Investment Philosophy

At Motilal Oswal Asset Management Company (MOAMC), our investment philosophy and investing style is centered on 'Buy Right: Sit Tight' principle.

## Buy Right

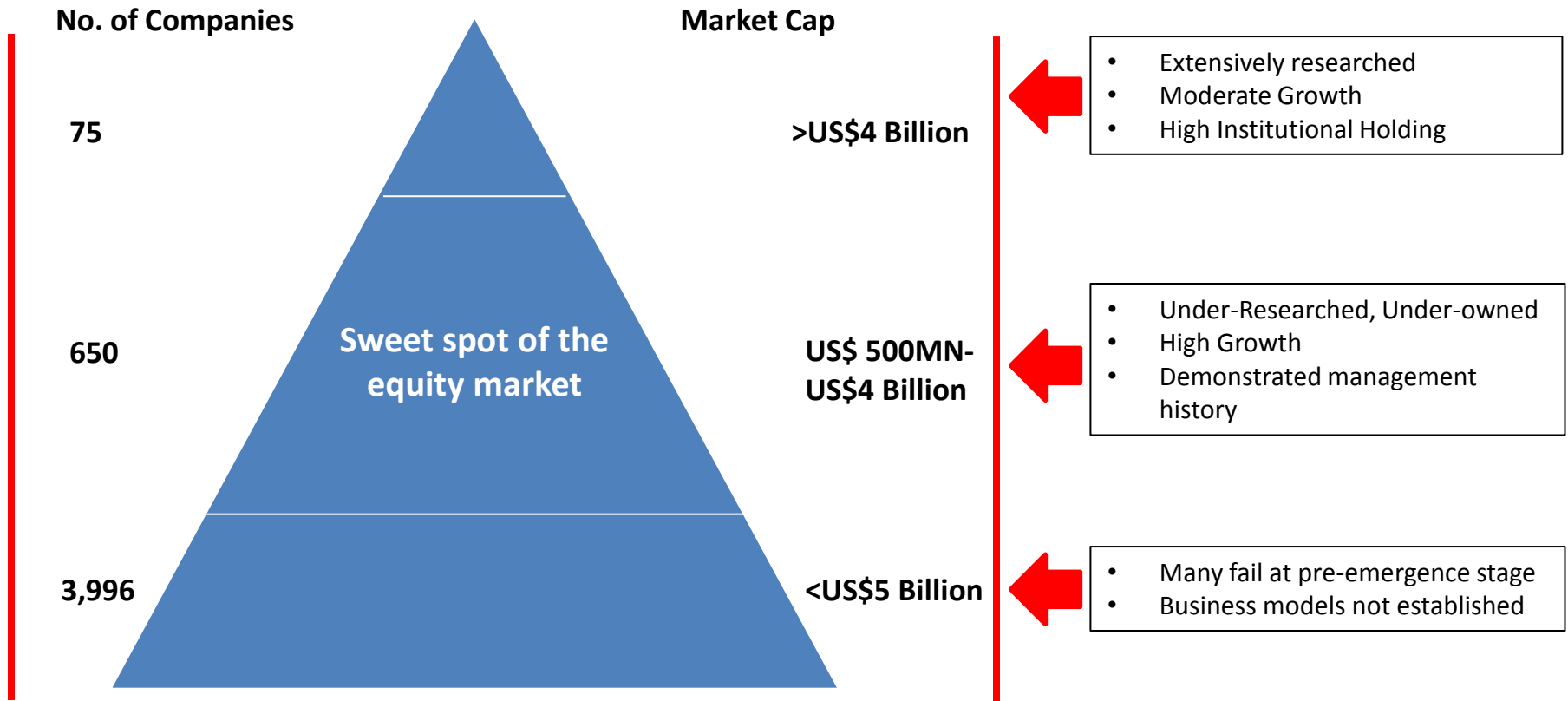
### QGLP

- 🌀 **'Q'uality** denotes quality of the business and management
- 🌀 **'G'rowth** denotes growth in earnings and sustained RoE
- 🌀 **'L'ongevity** denotes longevity of the competitive advantage or economic moat of the business
- 🌀 **'P'rice** denotes our approach of buying a good business for a fair price rather than buying a fair business for a good price

## Sit Tight

- 🌀 **Buy and Hold:** We are strictly buy and hold investors and believe that picking the right business needs skill and holding onto these businesses to enable our investors to benefit from the entire growth cycle needs even more skill.
- 🌀 **Focus:** Our portfolios are high conviction portfolios with 25 to 30 stocks being our ideal number. We believe in adequate diversification but over-diversification results in diluting returns for our investors and adding market risk

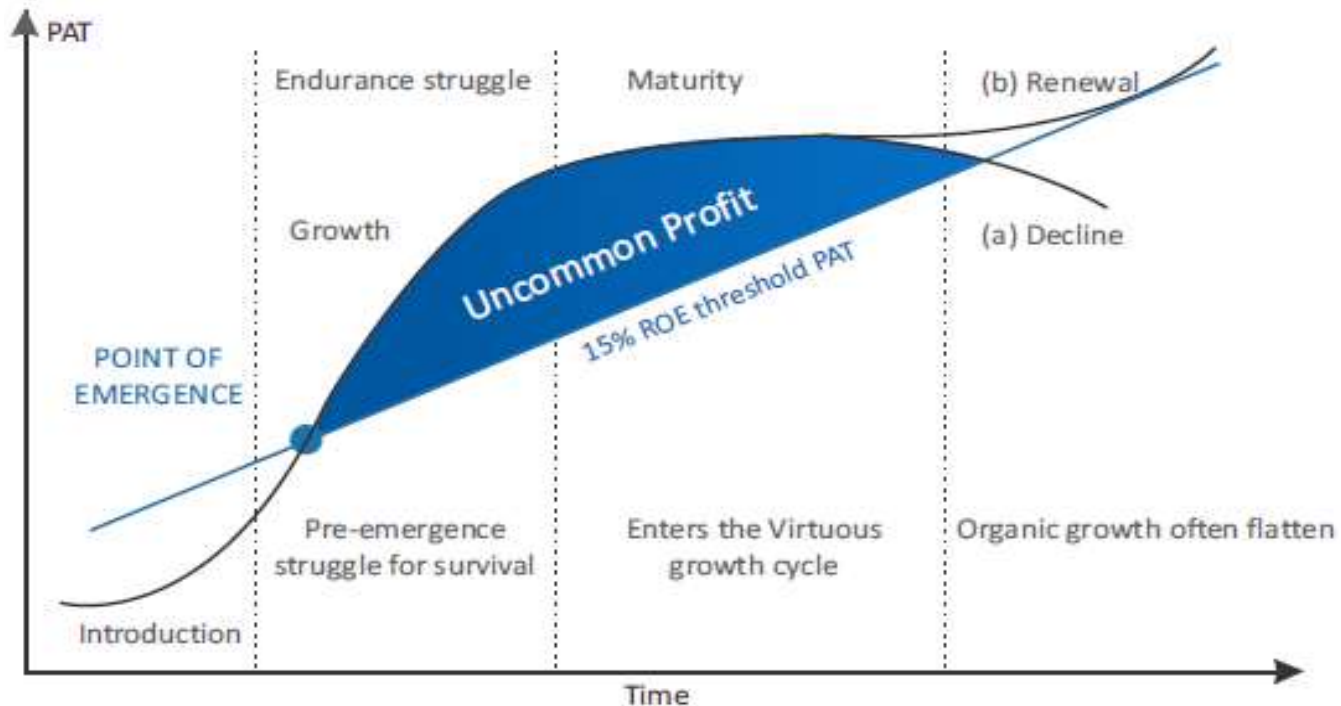
# Motilal Oswal Midcap 30 targets an unique and relatively untapped opportunity



- The sweet spot of the Indian markets is replete with investment ideas in the midcap space
- Midcaps offer excellent balance between strong growth and a demonstrable history of management success

# Motilal Oswal Midcap 30 aims to capture 'Emergence to Endurance' winners

## Mapping Emergence and Endurance to a company's typical lifecycle



Source: 18th Motilal Oswal Wealth Creation Study (WCS)

- **Motilal Oswal 18th Wealth Creation Study (WCS) maps the journey of Emergence\* to Endurance**
- **The study highlights how large investment gains were made by identifying players entering their virtuous growth cycle, a majority of such companies being midcaps**

\* Emergence: A company is said to have emerged when it crosses the threshold ROE of 15% for the first time in its history

# Successful 'Emergence to Endurance' leads to disproportionate wealth creation

Market Capitalization on inclusion in Nifty Midcap 100 Index			Market Capitalization as part of Nifty 50 as on March 31, 2016	PAT CAGR (FY06-16)(%)
Axis Bank	July'05 6.0 bn	176 x	1058 bn	33
Kotak Bank	July'05 50 bn	25 x	1249 bn	15
Lupin	July'05 30 bn	22 x	667 bn	29
Asian Paints	July'05 42 bn	20 x	833 bn	24
IndusInd Bank	July'05 21 bn	27 x	576 bn	51

- Companies which have successfully transitioned from Midcap to Large cap have created disproportionate wealth (average MCap. CAGR of 37%, over FY05-16 for above companies)
- Outstanding earnings growth tends to be a key feature in this journey of wealth creation (average PAT CAGR of 26%, over FY05-16 for above companies)

Source : Capitaline & Internal Analysis, Mar 31, 2016.

The Stocks mentioned herein are for general and comparison purpose only and not a complete disclosure of every material fact. It should not be construed as investment advice to any party. Past performance may or may not be sustained in future

# 'Emergence to Endurance winners are products of large or expanding Industry Profit Pools

India Inc's Profit Pool breakdown by sector				
10 Highest profit generating sectors		% Share	10 Lowest profit generating sectors	
Sector	2014 PAT (INR billion)		Sector	2014 PAT (INR billion)
Financials	1,117	28	Airlines	-52
Oil & Gas	785	20	Alcoholic Beverages	-41
Technology & Software	454	11	Sugar	-27
Metals & Mining	435	11	Telecom Equipment	-14
Automobiles	263	7	Trading	-9
Utilities-Power	217	5	Ship Building	-7
Consumer-Non-Durables	209	5	Computer Education	-5
HealthCare	155	4	Hotels & Restaurants	-5
Cement	45	1	Technology-Hardware	-3
Auto Ancillaries	45	1	Glass & Glass Products	-2
<b>Total of Above</b>	<b>3,726</b>	<b>94</b>	<b>Total of Above</b>	<b>-166</b>
<b>Total Corporate PAT</b>	<b>3,947</b>	<b>100</b>	<b>Total Corporate PAT</b>	<b>3,947</b>

- **If an industry has a high profit pool, a company with the right value Proposition/strategy can claim a rising share of this pool and emerge a Value Creator over time.**

Source: 19th Motilal Oswal Wealth Creation Study (WCS) Data for FY2015.

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# Midcaps: High on Growth and Speed of Wealth Creation

Over the years, majority of the fastest wealth creators, in 'Motilal Oswal Wealth Creation Study (WCS)' have been Midcaps Motilal Oswal Wealth Creation Study (over 2012-2014) Fastest Wealth Creators

2014		2013		2012	
Company	5 Year Price CAGR%	Company	5 Year Price CAGR%	Company	5 Year Price CAGR%
Eicher Motors	94	TTK Prestige	95	TTK Prestige	89
Bajaj Finance	93	Eicher Motors	59	LIC Housing Finance	57
Supreme Inds	88	Page Industries	51	Coromandel Intl	54
Amara Raja Batteries	84	Wockhardt	50	Eicher Motors	52
Page Industries	78	Grasim Industries	50	IndusInd Bank	50
IndusInd Bank	73	GRUH Finance	47	MMTC	48
HCL Technologies	69	GSK Consumer	47	Jindal Steel	47
Aurobindo Pharma	68	Supreme Industries	45	Bata India	41
Havells India	67	Lupin	45	Titan Inds.	40
Ipca Labs	67	Godrej Industries	44	GSK Consumer	39

Midcaps have typically grown higher than large caps over 5 and 7-year

	5-Yr CAGR(%)		7-Yr CAGR(%)	
	Nifty 50	Nifty Midcap 100	Nifty 50	Nifty Midcap 100
Revenue	15.0	19.0	15.8	20.9
EBITDA	11.4	20.4	14.1	20.0
EPS	6.4	8.6	10.1	16.1
Dividend	12.0	11.2	10.3	13.8

Source : Bloomberg & Internal Analysis, 19th Motilal Oswal Wealth Creation Study, Data as on Feb 28, 2015 Calendar Years

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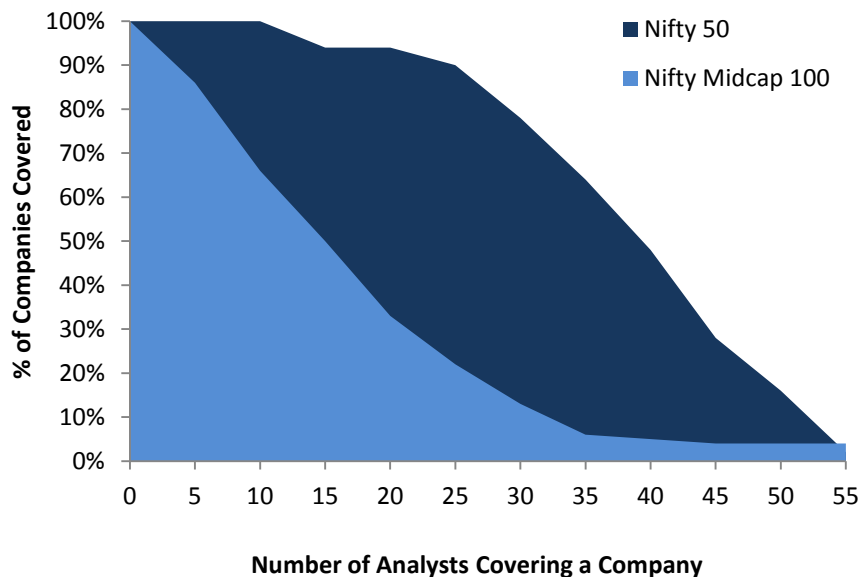


# Midcaps: Under-Researched & Under-Owned

**Under Researched:**  
Fewer analysts cover midcap companies

**Under Owned:**  
FII and MF ownership levels in midcaps are significantly lower than those in large caps

**Research Coverage**



Ownership (%)	Nifty 50	Nifty Midcap 100
Promoters	43%	54%
FII & FDI	24%	17%
FI & Banks	1%	1%
Insurance & MF	13%	11%
Public	7%	9%
Others	11%	8%
<b>Total</b>	<b>100%</b>	<b>100%</b>

Source: Bloomberg & MOAMC Internal Analysis, Data as on June 30<sup>th</sup>, 2019

Source: Capitaline and MOAMC internal analysis, Data as on June 30<sup>th</sup>, 2019

# Midcaps: Geared to the Indian Economy

Midcaps

Only 16% revenues of all companies and 10% of revenues of non-financial sector companies are international or influenced by international factors

Large Caps

39% revenues of all companies and 31% of revenues of non-financial sector companies are international or influenced by international factors

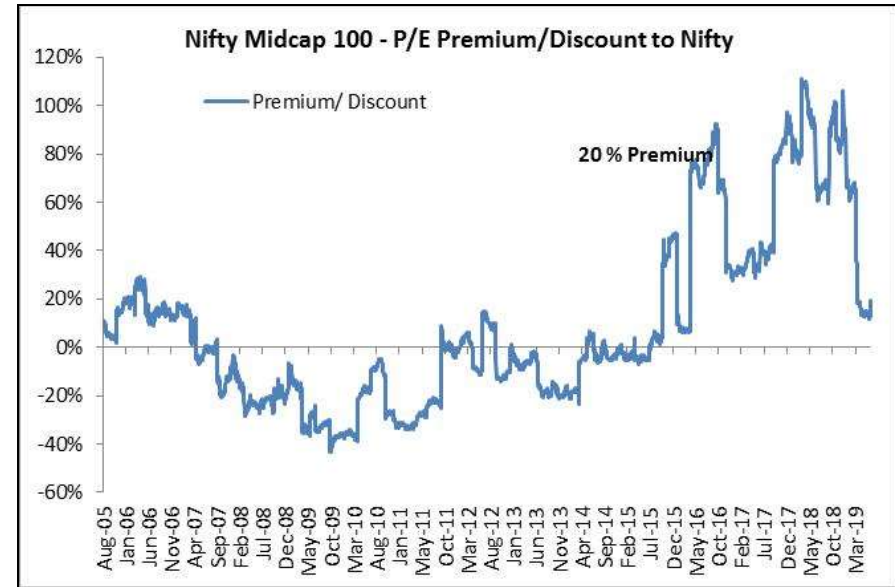
Nifty 50		
Company Name	Weightage in Index (%)	International Exposure
Infosys	6.37	86%
TCS	4.60	94%
HCL Technologies	1.17	81%
Sun Pharma.Inds.	1.00	75%
Tech Mahindra	0.92	78%
Wipro	0.89	75%
Dr Reddy's Labs	0.68	71%
Hindalco Inds.	0.62	79%
Infosys	6.37	86%

Nifty Midcap 100		
Company Name	Weightage in Index (%)	International Exposure
Tata Global Beverages	1.66	54%
Voltas	1.26	23%
Mindtree	1.15	90%
Crisil	0.85	68%
Apollo Tyres	0.84	32%
Mphasis	0.76	87%
Tata Communications	0.54	69%
Wockhardt	0.53	72%
Tata Global Beverages	1.66	54%

Source : NSE Indices Limited, Bloomberg & MOAMC Internal Analysis, Data as on June 30, 2019.

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# Midcaps trade at attractive valuations on a risk-adjusted basis



Particulars	Nifty 50	Nifty Midcap 100 Index
Value (31 December 2008)	2,959	3,736
Value (30 June 2019)	11,118	15,921
Annualized Returns	14.08%	15.95%
Annualized Standard Deviation	18.02%	18.60%
Sharpe Ratio	0.45	0.54
Beta with market	1.00	0.86

**In reality, midcaps have delivered better risk-adjusted returns v/s large caps**

Source : NSE Indices Limited, MOAMC, MIBOR Rate 5.97 %

Source : Bloomberg & Internal Analysis, Data as on July 31, 2019, Note: Past performance may or may not be sustained in future

Motilal Oswal  
Midcap 30 Fund  
(MOF30)

# Motilal Oswal Midcap 30 – Key Features

## Quality, Growth, Longevity and Price (QGLP)

- Will invest in companies with:
- Enduring economic moats that ensure quality and longevity
- High growth potential
- Buying a good business at a fair price.

## 'Buy and Hold' Strategy

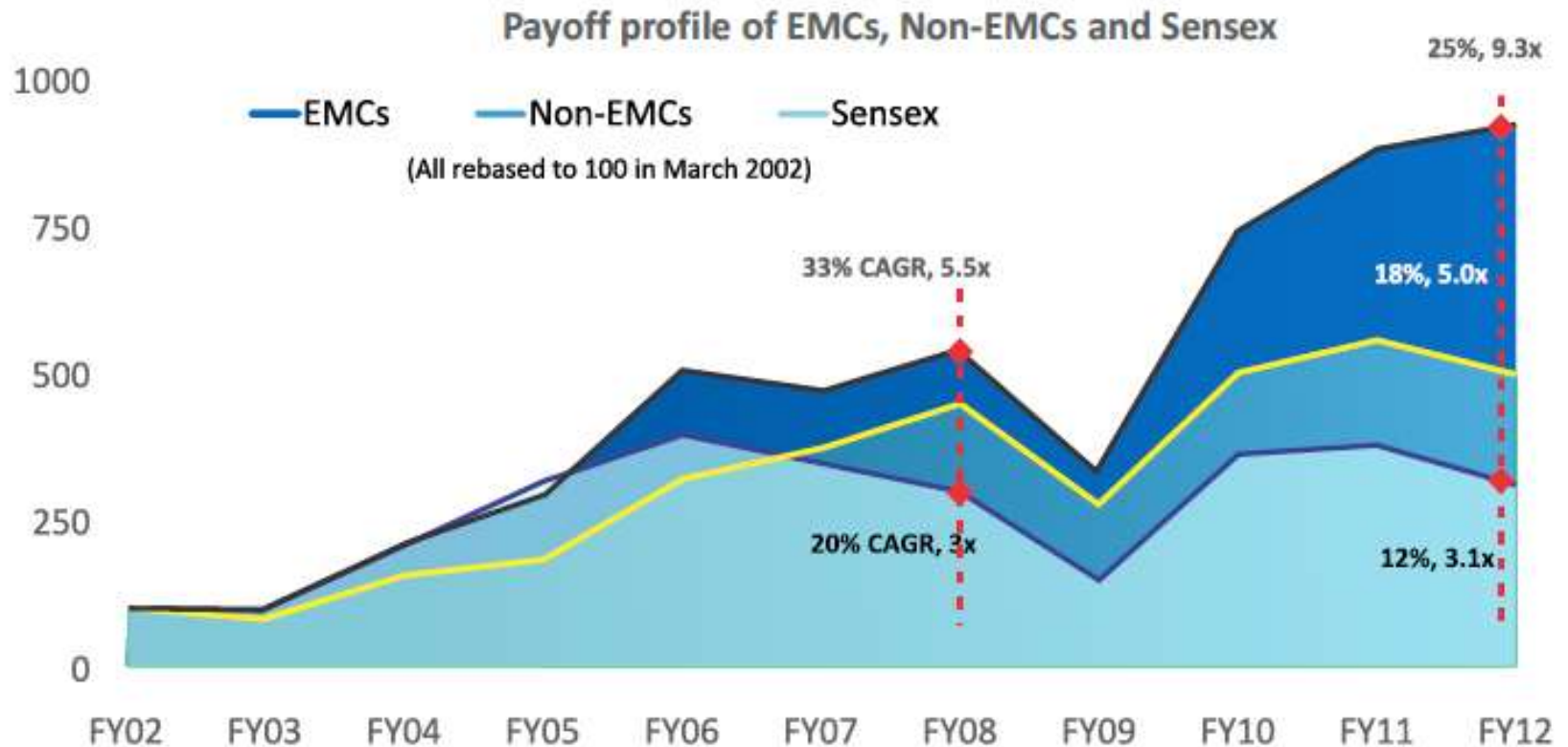
- Long term growth over economic cycles
- Enables compounding of growth
- Low Churn: Cost Efficient
- Portfolio churn driven by fundamentals over valuations

## Focused, High Conviction Portfolio Construct

- Maximum 30 Stocks
- Bottom-up stock picking
- Optimal Diversification

# Why Quality?

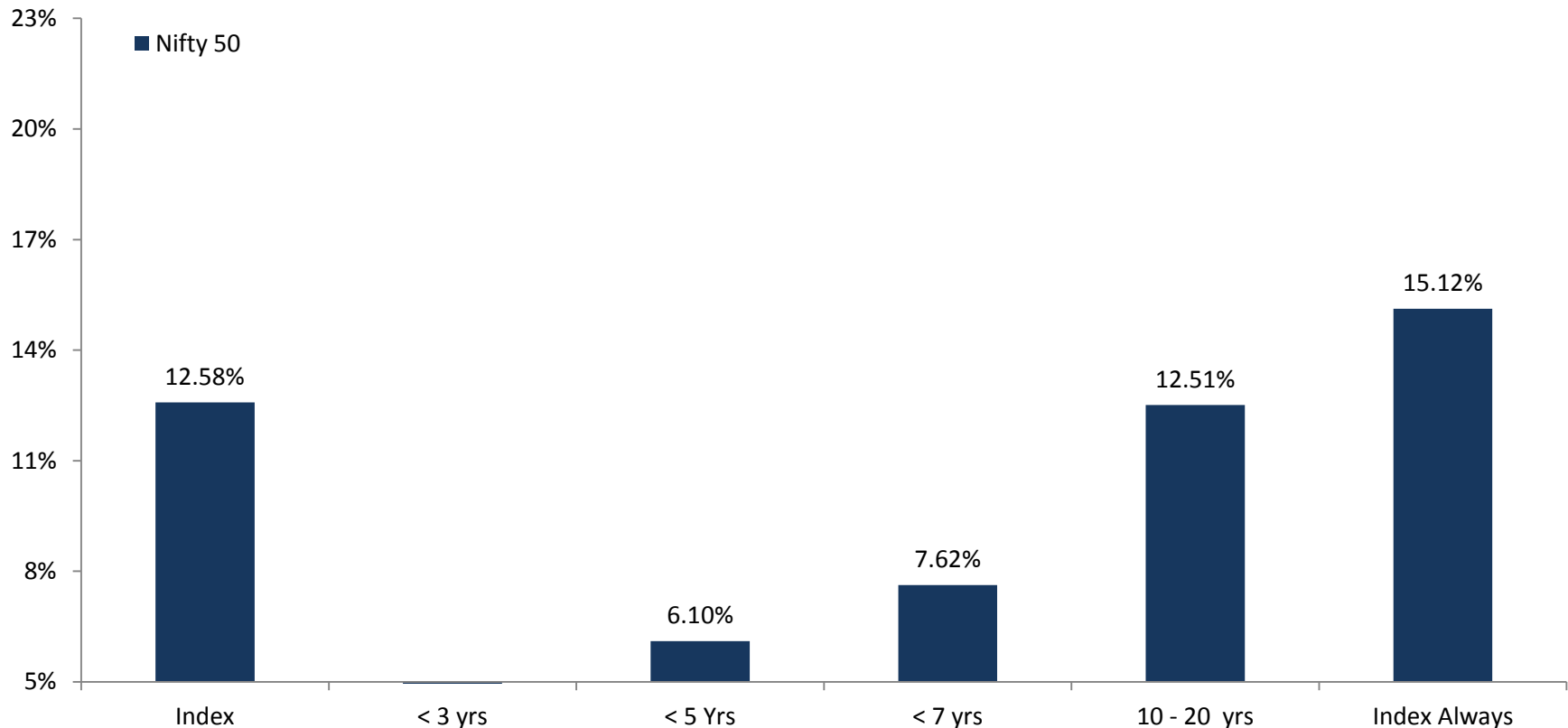
Quality companies are those which have enduring economic moats (EMC's)\*



Source: 17th Motilal Oswal Wealth Creation Study (WCS) Data upto FY2012

# Why “Buy and Hold”

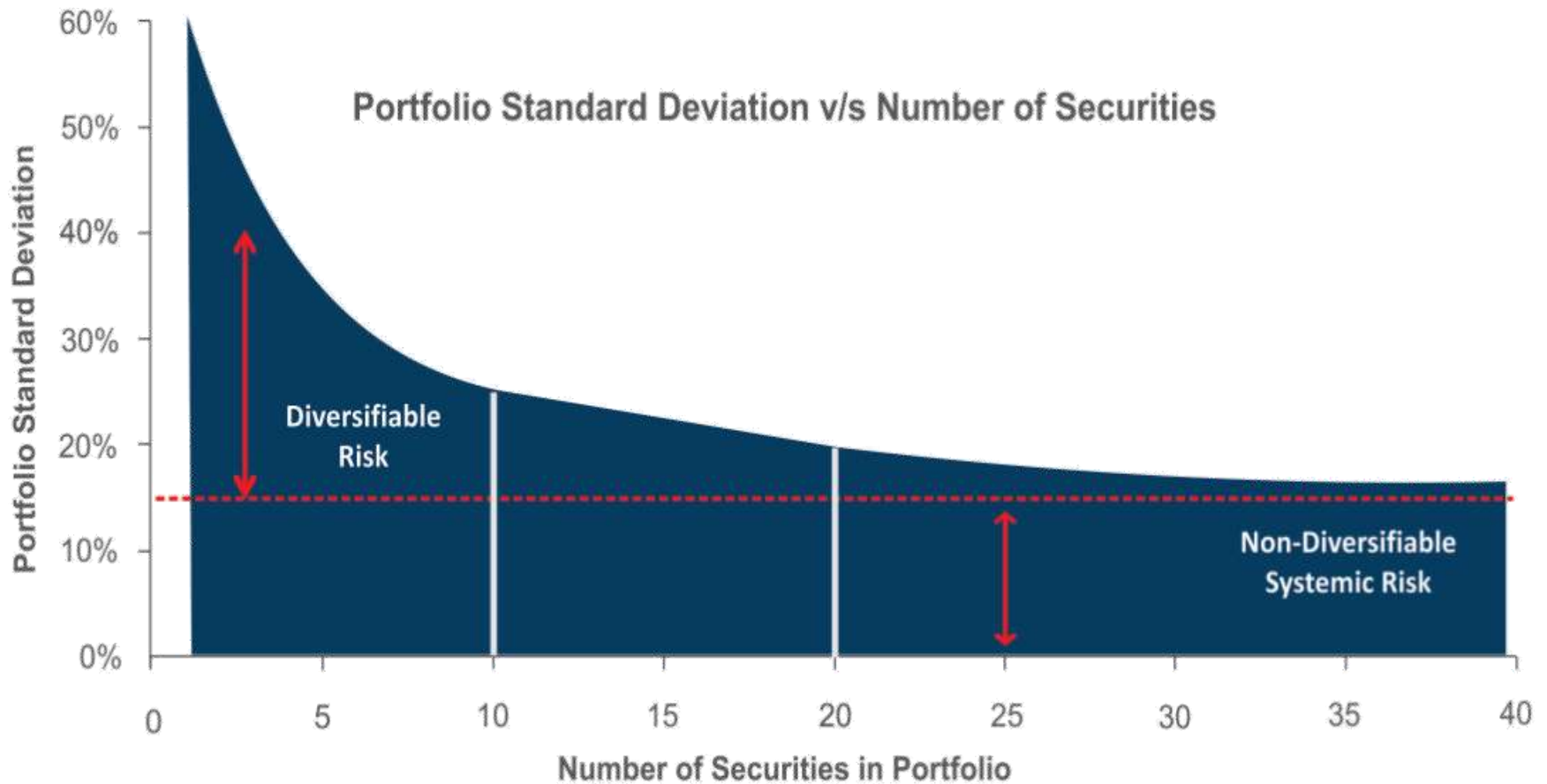
## Improved Quality companies held for longer duration



Source : MOAMC internal analysis, Data as on February 28, 2019; Period - January 1, 2001 to February 28, 2019

Note: The information herein is used for comparison purpose and is illustrative and is not sufficient and shouldn't be used for the development or implementation of an investment strategy. It should not be construed as investment advice to any party. Past performance may or may not be sustained in future.

# Focus on seeking optimal diversification

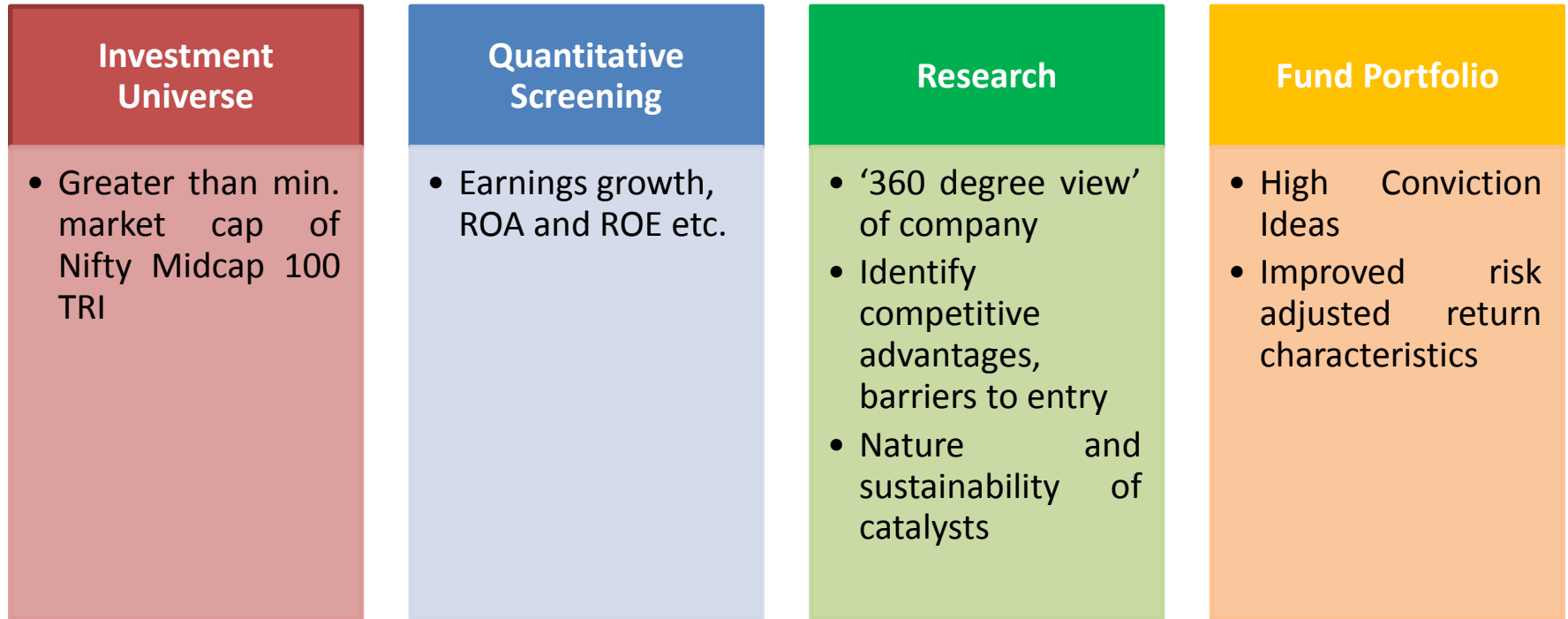


Source: An Introduction to Risk and Return Concepts and Evidence by Franco Modigliani and Gerald A. Pogue



# Investment Process - Stock Screening

Top down analysis market views, thematic drivers, winner categories and categories winners




Eg.



# Investment Process (contd...) – Stock Evaluation



A business  
we  
understand



Favorable  
long term  
economics



Able and  
trustworthy  
management



Margin of  
Safety

# Portfolio Construct

## Investment Horizon:

- Medium to Long Term

## For Whom:

- Investors who like to invest with a Long-term wealth creation view and believe that wealth is created by 'BUY RIGHT SIT TIGHT i.e. buying quality companies and riding their growth cycle .

## Number of Stock:

- Maximum 30 Stocks

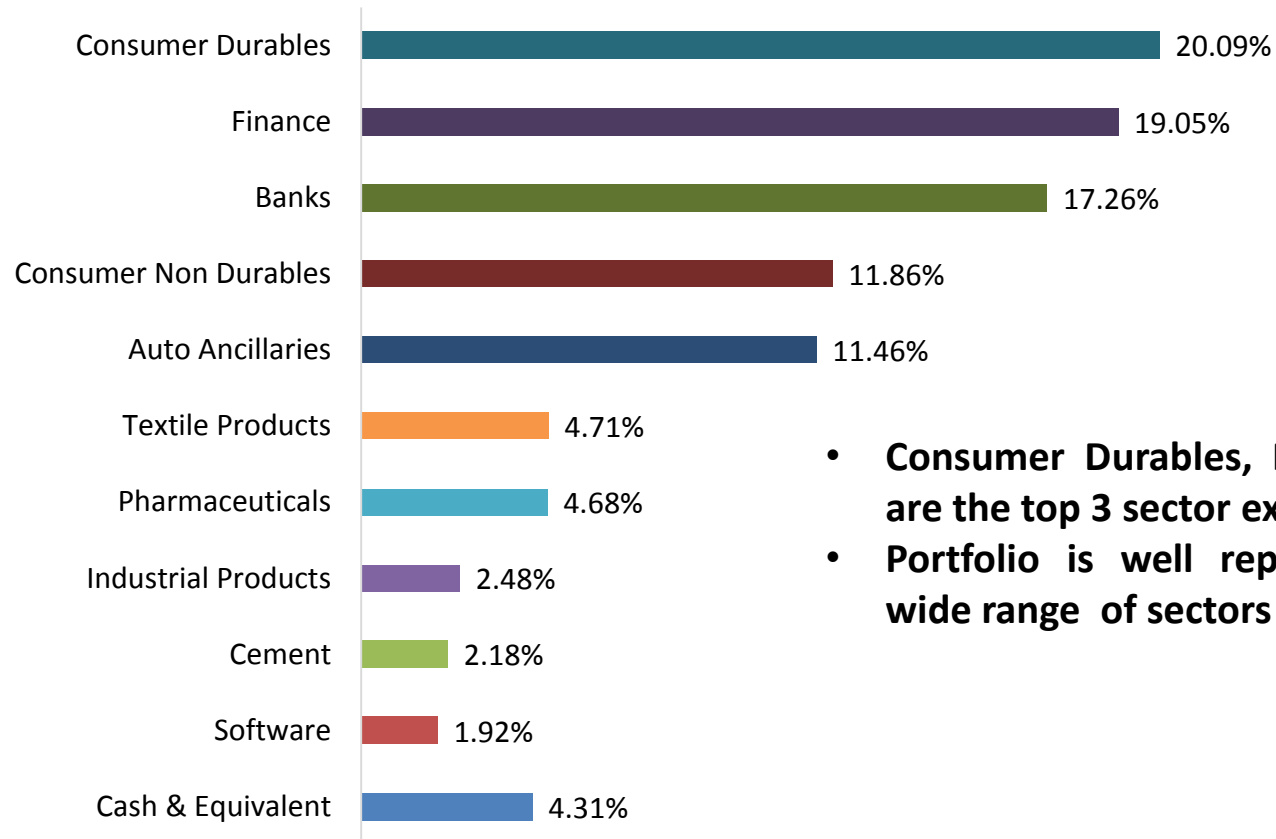
## Allocations:

- **Minimum 65%:** between Top 101st and 250th listed companies by full market capitalization
  - **Maximum 35%:** equity and equity related instruments other than above
  - **Maximum 10%:** Debt, Money Market Instruments, G-Sec, Bonds, Cash and cash equivalents, etc.
  - **Maximum 10%:** Units issued by REITs and InvITs
- \* subject to maximum of 30 companies

# Fund Details

<b>Type of Scheme</b>	Mid Cap Fund - An open ended equity scheme predominantly investing in mid cap stocks	
<b>Scheme Category</b>	Mid Cap Fund	
<b>Investment Objective:</b>	The primary investment objective of the Scheme is to generate returns by investing in a portfolio of midcap equity and equity related instruments, money market instruments, cash and cash equivalents. The Fund may also enter into securities lending or such other transactions, in accordance with the regulations, as may be allowed to Mutual Funds from time to time.	
<b>Benchmark:</b>	Nifty Midcap 100 TRI	
<b>Entry/Exit Load:</b>	Entry : Nil Exit : 1% - If redeemed on or before 15 days from the date of allotment. Nil - If redeemed after 15 days from the date of allotment. A switch-out or a withdrawal shall also be subjected to the Exit Load like any Redemption. No Exit Load applies for switch between MOF25, MOF30, MOF35, MOFEH & MOFDYNAMIC. 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	
<b>Plans:</b>	Regular Plan and Direct Plan	
<b>Options (Under each plan):</b>	Dividend (Payout and Reinvestment) and Growth	
<b>Minimum Application Amount:</b>	Rs. 500/- and in multiples of Re. 1/- thereafter	
<b>Additional Application Amount:</b>	Rs. 500/- and in multiples of Re. 1/- thereafter.	
<b>Systematic Investment Plan (SIP):</b>	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/- thereafter (Minimum Installment – 1)
	The Dates of Auto Debit Facility shall be on the 1 <sup>st</sup> , 7 <sup>th</sup> , 14 <sup>th</sup> , 21 <sup>st</sup> or 28 <sup>th</sup> of every month.	
<b>Minimum Redemption Amount:</b>	Rs. 500/- and in multiples of Re. 1/- thereafter or account balance, whichever is lower.	

# Sector Allocation



- **Consumer Durables, Finance and Banks are the top 3 sector exposures**
- **Portfolio is well represented across a wide range of sectors**

Data as on 31<sup>st</sup> July 2019

## TOP 10 Holdings

Scrip	Weightage (%)
Bajaj Finance Limited	9.63%
Asian Paints Limited	9.01%
City Union Bank Limited	8.03%
Voltas Limited	6.91%
AU Small Finance Bank Limited	6.53%
Crompton Greaves Consumer Electricals Limited	5.96%
HDFC Asset Management Company Limited	5.57%
Page Industries Limited	4.71%
Bata India Limited	3.87%
Cholamandalam Investment and Finance Company Limited	3.85%

- **TOP 5 Stocks % to NAV= 40.12%**
- **Top 10 Stocks % to NAV= 64.08%**



Mr. Akash Singhania  
Fund Manager

## For Equity Component:

**Mr. Akash Singhania:** He has overall 13 years of experience and more than 11 years of experience in Fund management. He is the Fund Manager of the Scheme, Motilal Oswal Multicap 35 Fund, Motilal Oswal Midcap 30 Fund, Motilal Oswal Dynamic Equity Fund, Motilal Oswal Long Term Equity Fund and Associate Fund Manager of Motilal Oswal Equity Hybrid Fund

Prior to joining MOAMC, he was associated with DHFL Pramerica AMC as Deputy CIO Equities, Deutsche AMC - DWS Mutual Fund as Head of Equities & ICICI Prudential AMC as Senior Analyst - PMS. In addition, he also held important roles in organizations like Ernst& Young, KPMG and PWC in his formative years.

Mr. Singhania has completed his PGDM (MBA) Finance & Marketing from IIM Lucknow, Chartered Accountancy in Accounting & Auditing from ICAI in 2001 & he is a qualified Company Secretary - Corporate Laws & Taxation from ICSI -2001.



**Mr. Niket Shah**

Associate Fund Manager

## **For Equity Component:**

**Mr. Niket Shah:** He has 9 years of overall experience. He has done his Master's in Business Administration (MBA) in Finance from Welingkar Institute of Management studies. He is the Associate Fund Manager of the Scheme, Motilal Oswal Midcap 30 Fund. Prior to joining MOAMC, he was associated with Motilal Oswal Securities Limited as Head of Midcaps Research from February 2013 to March 2018, Edelweiss Securities Ltd. as Research Analyst - Midcaps from March 2010 to January 2013 and Religare Capital Markets Ltd. as Associate Research Analyst - Midcaps from June 2008 to March 2010.

## **For Debt Component:**

**Mr. Abhiroop Mukherjee** - He is a B.com (H), MBA with over 10 years of experience in trading Fixed Income Securities viz. G-sec, T-bills, Corporate Bonds CP, CD, etc. He has earlier worked with PNB GILTS LTD. as a WDM Dealer for the period 2007-2011.

**Funds Managed:** Motilal Oswal Ultra Short Term Fund. He is also the Fund manager for the debt component of Motilal Oswal Midcap 30 Fund, Motilal Oswal Focused 25 Fund, Motilal Oswal Multicap 35 Fund, Motilal Oswal Dynamic Fund, Motilal Oswal Long Term Equity Fund, Motilal Oswal Liquid Fund, Motilal Oswal Hybrid Fund and Motilal Oswal Nasdaq 100 FOF



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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 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.**

**THINK EQUITY**  
**THINK MOTILAL OSWAL**



**BUY RIGHT**  
**SIT TIGHT**