

Gallop ahead with India Opportunity Portfolio V2



November 2019

About the Strategy

- India Opportunity Portfolio (IOP) V2 is a Small and Mid cap oriented strategy
- Invest in emerging businesses having growth potential with economic moat
- Aims to identify the next leaders in respective segments to create long term wealth
- Positioned to take the benefit of the rising financial services, agriculture, information technology and pharma
- High quality concentrated portfolio of 22 stocks
- Index agnostic: ~94% away from benchmark Nifty Smallcap 100

Investment Manager

- Motilal Oswal AMC is the pioneer of PMS business in India with over 16 years of track record
- One of the co-founders, Mr. Raamdeo Agrawal is one of the most honored and trusted names in the investing world
- It has a unique positioning of being “Equity only AMC” with defined “Investment Philosophy”
- Trusted by over 42,000 HNI investors and with around Rs. 16,000 Crs of assets as on 31st October 2019

Small and Midcap – Largest Wealth Creators

For any given 5 year period, maximum wealth is created when a small cap company becomes mid/large cap and a mid cap becomes large cap

Mini, Mid, Mega crossovers - 2000-05, 2005-10, 2010-15

Note: Figures In brackets indicate number of companies

2000-05: Median return CAGR

Market return: 5%

Mega	158% (1)	55% (17)	21% (59)
To Mid	57% (58)	21% (90)	-4% (28)
Mini	19% (1,039)	-3% (93)	-40% (13)
	Mini	Mid	Mega
	From		

Total stocks 1,098 200 100

2005-10: Median return CAGR

Market return: 22%

Mega	76% (2)	46% (9)	27% (66)
To Mid	61% (25)	24% (89)	9% (32)
Mini	11% (1,465)	4% (102)	-32% (3)
	Mini	Mid	Mega
	From		

Total stocks 1,492 200 100

2010-15: Median return CAGR

Market return: 10%

Mega	68% (3)	33% (24)	11% (71)
To Mid	38% (64)	9% (88)	-13% (26)
Mini	0% (1,841)	-19% (88)	-32% (3)
	Mini	Mid	Mega
	From		

Total stocks 1,908 200 100

Bottom up Stock Picking Important in Small Cap

Under Owned: Lower Institutional Holding

Ownership Pattern amongst Index Constituents (%)

Index	Promoter Group	Institutional	Retail
Nifty 50	42	41	16
Nifty Midcap 100	55	28	17
Nifty Smallcap 100	50	24	26

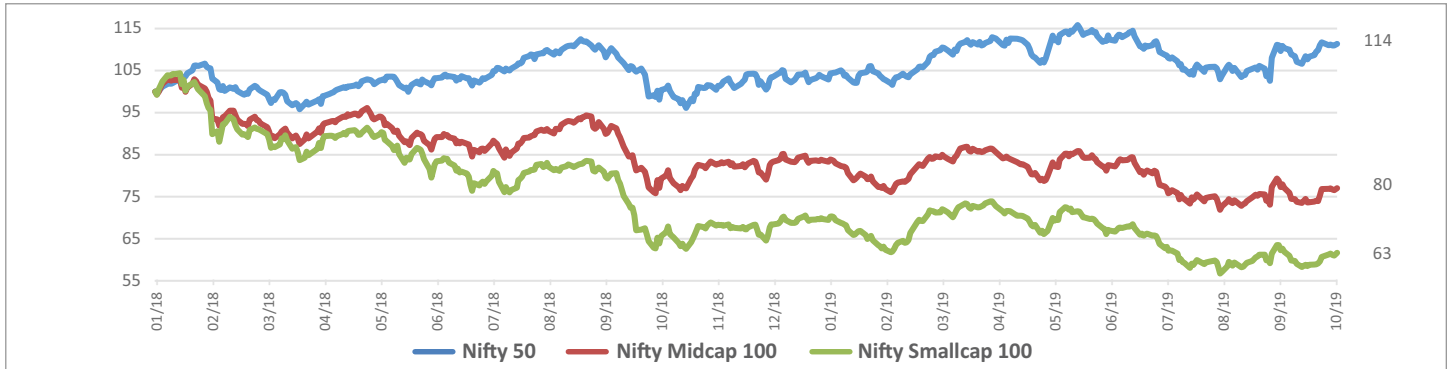
Under Researched: Limited Analyst Coverage

Index	Average Analyst Coverage
Nifty 50	39
Nifty Midcap 100	16
Nifty Smallcap 100	8

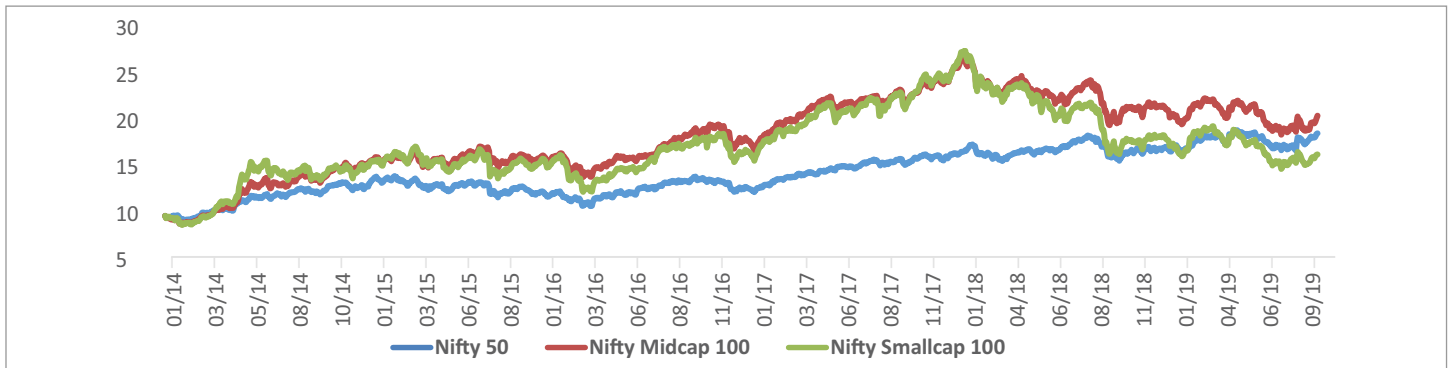
- Have the potential to scale in established, organized sectors.
- Can be market disruptors in existing sectors.
- May be small currently, but are part of a large profit pool. This gives them the bandwidth to scale.
- Operate in industries/businesses where large cap and mid cap companies have negligible presence.
- There are niche businesses in sunrise industries (an industry that is new or relatively new, showing high growth potential).

Small and Midcaps – Favorable Valuations

Nifty has outperformed Mid cap/ Small cap indices by 34%/51% since Dec'17



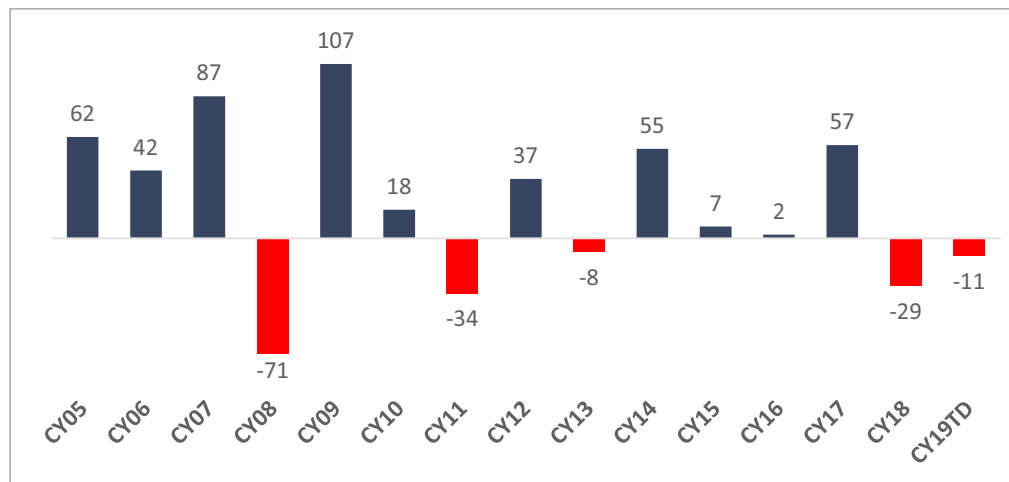
But historically, Mid cap and Small cap Indices have massively outperformed the Nifty 50



The above graph is used for illustration purpose only and should not be used for development or implementation of an investment strategy
Source: Nseindices.com. Data as on 31st October 2019. Past performance may or may not be sustained in future.

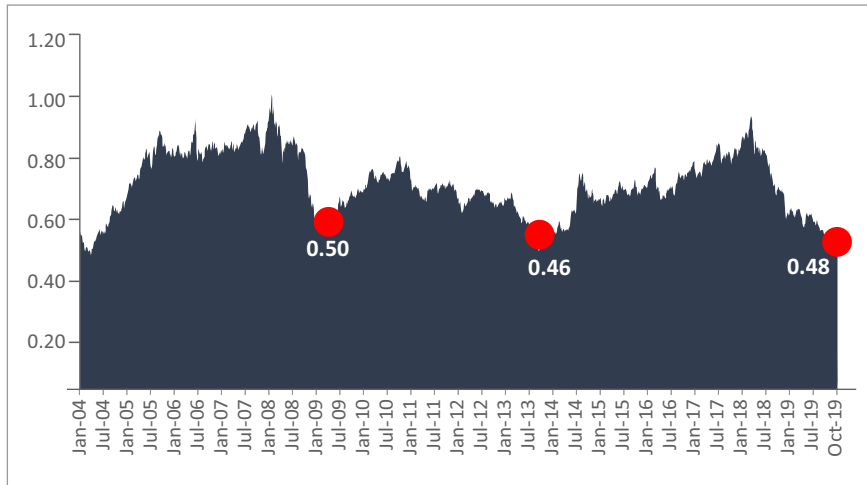
Small Caps - Sharp Revivals

Calendar year returns for Nifty Smallcap 100 Index



- Small caps tend to perform in extremes and revive sharply after bouts of negative returns
- After the correction in small caps in the last 2 years, we can expect a significant revival in performance

Small Caps – Favorable Valuations



- Ratio chart shows Nifty Smallcap 100 divided by Nifty 50
- The ratio bottoms at ~0.5x and tops at 1x. Currently the ratio is at the bottom end of the range

Investment Philosophy

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

Buy Right

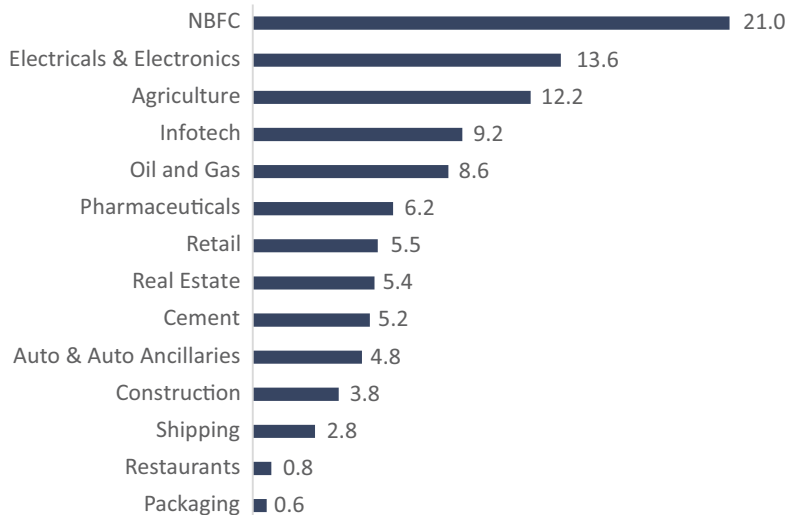
- **'Q'uality** denotes quality of the business and management
- **'G'rowth** denotes growth in earnings and sustained RoE
- **'L'ongevity** denotes longevity of the competitive advantage or economic moat of the business
- **'P'rice** denotes our approach of buying a good business for a fair price rather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

Portfolio Allocation

Sectoral Allocation

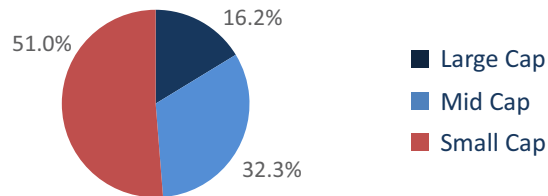


Please Note: Data as on 31st October 2019. The stocks mentioned are a part of existing IOP V2 Strategy clients and may or may not be bought for new clients. Past performance may or may not be sustained in future and should not be used as a basis for comparison with other investments. The strategy may or may not have any future holdings in these stocks and should not be construed as recommendations from MOAMC.

Top 10 Holdings

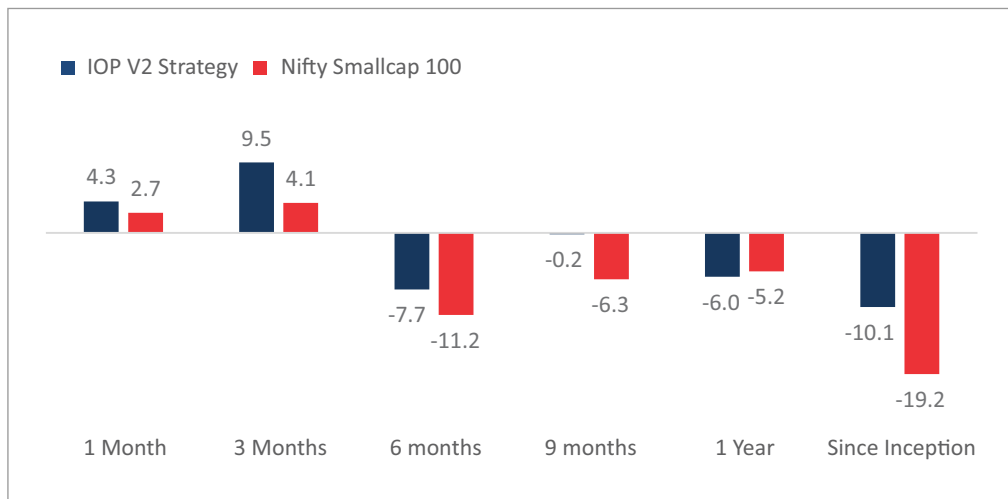
Scrip Name	% Holding
Cholamandalam Investment & Finance Company	9.6
Reliance Industries	8.6
Larsen & Toubro Infotech	7.6
Godrej Agrovet	7.4
KEI Industries	5.5
Bata India	5.5
Sobha	5.4
JK Lakshmi Cement	5.2
Bajaj Electricals	5.2
Ipca Laboratories	5.1

Market Capitalization



Weighted Average Market Cap : Rs. 89,970 Crs

Performance Snapshot



IOP V2 Strategy has delivered a CAGR of -10.1% vs. Nifty Smallcap 100 returns of -19.2%, an outperformance of 9.1% (CAGR) since inception (5th February 2018)

*Strategy Inception Date: 5th February 2018.

Please Note: The Above strategy returns are of a Model Client as on 31st October 2019. Returns of individual clients may differ depending on time of entry in the Strategy. Past performance may or may not be sustained in future and should not be used as a basis for comparison with other investments. Returns below 1 year are absolute and above 1 year are annualized. Strategy returns shown above are post fees & expenses.

MOAMC – Some Success Stories

Multibaggers across PMS strategies...

Stocks	Initial Purchase Date	Market Cap Rs. Crores (Purchase Date)	Market Cap Rs. Crores (31st Oct 19)	Absolute Growth	CAGR (%)
India Opportunity Portfolio Strategy					
DCB Bank	August 2016	3,038	5,588	1.8X	21%
Mahanagar Gas	August 2016	5,061	10,073	2.0X	24%
Next Trillion Dollar Opportunity Portfolio Strategy					
Page Industries	December 2007	466	28,712	61.6X	41%
Bajaj Finance	August 2010	2,836	2,33,555	82.4X	61%
Eicher Motors	August 2010	3,464	61,506	17.8X	36%
HPCL	June 2014	14,339	49,562	3.5X	26%
Value Strategy					
HDFC Bank	June-2008	40,986	6,73,458	16.4X	28%
Eicher Motors	April-2012	5,682	61,506	10.8X	37%
Kotak Mahindra Bank	July-2015	1,28,554	300,749	2.3X	22%

*As on 31st October 2019

The given stocks are part of portfolio of a model client of respective PMS Strategies. The Stocks mentioned above are used to explain the concept and are for illustration purpose only and should not be used for development or implementation of an investment strategy. The stocks forming part of the existing portfolio of PMS Strategies may or may not be bought for new clients of PMS Strategies. It shall not be considered as an advice, an offer to sell/purchase or as an invitation or solicitation to do so for any securities. Past performance may or may not be sustained in future. Motilal Oswal AMC does not provide any guarantee/ assurance any minimum or maximum returns

Fund Management Team



Manish Sonthalia - Fund Manager, PMS and AIF

- Manish has been managing the Strategy since inception and also serves as the Director of the Motilal Oswal India Fund, Mauritius.
- He has over 25 years of experience in equity research and fund management, with over 14 years with Motilal Oswal PMS.
- He has been the guiding pillar in the PMS investment process and has been managing various PMS strategies and AIFs at MOAMC.
- Manish holds various post graduate degrees including an MBA in Finance, FCA, Company Secretaryship (CS) and Cost & Works Accountancy (CWA).



Atul Mehra - Associate Fund Manager

- Atul is an associate fund manager for mid and small cap strategies.
- He has over 11 years of experience in equity research and fund management specializing in mid and small cap space, with over 5 years with Motilal Oswal Group.
- Before joining Motilal Oswal, he was associated with Edelweiss Capital.
- Atul is a Chartered Financial Analyst (CFA) from CFA Institute, USA and a Masters in Commerce.

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Portfolio Manager: Motilal Oswal Asset Management Company Ltd. (MOAMC) | **SEBI Registration No. :** INP 000000670

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