

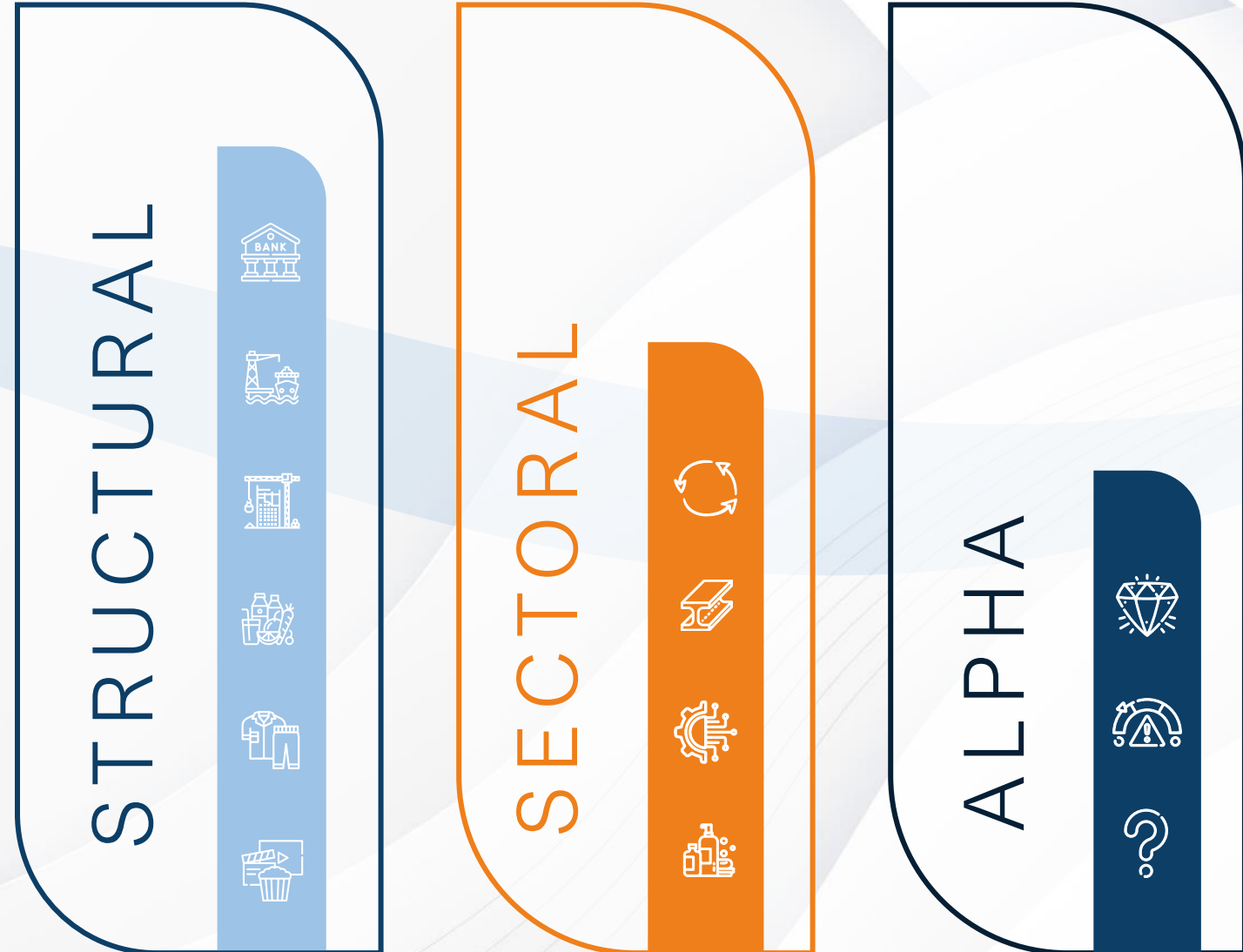


PORTFOLIO STRATEGY

We retain our investments in “*Structural*” businesses and allow them to compound unless their strengths get challenged/ retested.

We obsess about risk reward trade-off in *Sectoral* and *Alpha* category of businesses.

If risk - reward is not compelling enough in *Sectoral* and *Alpha*, we shift investments to *Structural*.



PORTFOLIO STRATEGY

STRUCTURAL

SECTORAL

ALPHA



The Consistent Performer

India being a developing country is witnessing evolution of strong business from the unstructured economy. These businesses have given consistently higher returns across cycles and have gained market share during disruption via. consolidation like in demonetization, GST etc. as big gets bigger and stronger through market share gains.

We have shortlisted such business in our investible universe and call them as “Structural” and we intend to generate returns from these businesses consistently.

~50% ALLOCATION OF PORTFOLIO FUNDS



Proportion may increase to avoid uncomfortable valuations in rest of the businesses and the difference should be treated as “quasi cash”.

PORTFOLIO STRATEGY

STRUCTURAL

SECTORAL

ALPHA

Well Run But Volatile & Cyclical

Our research suggest barring few indispensable businesses like banking, technology, food, healthcare and consumer durables, rest of the business will have deep cycles.

We believe sectors like metals, infrastructure, commodities etc. have wide implications from internal and external factors like monetary policy, fiscal policy, interest rates, global commodity cycles, currency etc. We identify them as “Sectoral” ideas.

SECTORAL



We intend to invest at bottom of the cycle in this sector without breaching our filters of scale, returns, technology, leadership and governance.

There will be instances where the line of demarcation between structural and sectoral will be blurred according to individual perceptions, but we will follow our guiding principles diligently.

~ 30% ALLOCATION OF PORTFOLIO FUNDS

PORTFOLIO STRATEGY

STRUCTURAL

SECTORAL

ALPHA

Potential Opportunities With High-risk High Returns

“Alpha” is our business secret – we intend to outperform our peers by being opportunistic in certain businesses.

The investible universe of “Alpha” is open and will be dynamic and opportunistic. We would not refrain from reversing our investments in “Alpha” category if our bets don’t work in predefined timelines.

~15% ALLOCATION OF PORTFOLIO FUNDS

ALPHA

