

# ASK Indian Entrepreneur Portfolio

Public

May 2023

# Key Investment Objectives and Attributes

## Key investment objectives:

- Capital preservation\* over a period of time
- Capital appreciation over a period of time

- Size of pond v/s size of fish
- Dominance
- Resilience
- Liquidity

- Quantum
- Consistency
- Durability
- Predating (Early v/s Later)
- Compounding power



## Achieved through:

- Long-term investments in high-quality companies with strong growth prospects

- High quality of business (Superior RoCE)
- Strong moat. Impregnability
- Sustainability
- Key pivot of strong wealth creation

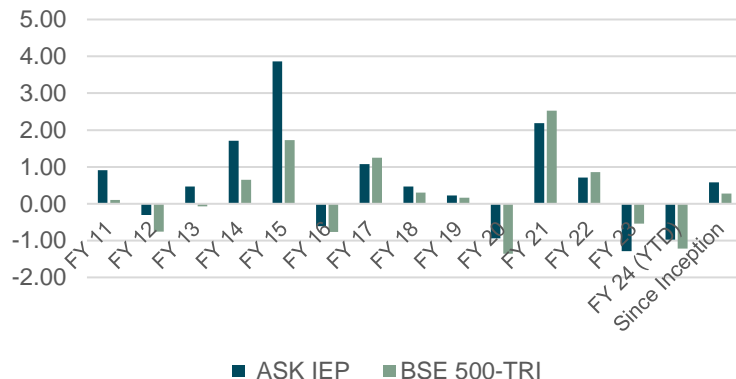
- Favorable Price-Value Gap
- Margin of safety

# Capital Preservation\*

## Consistently low volatility

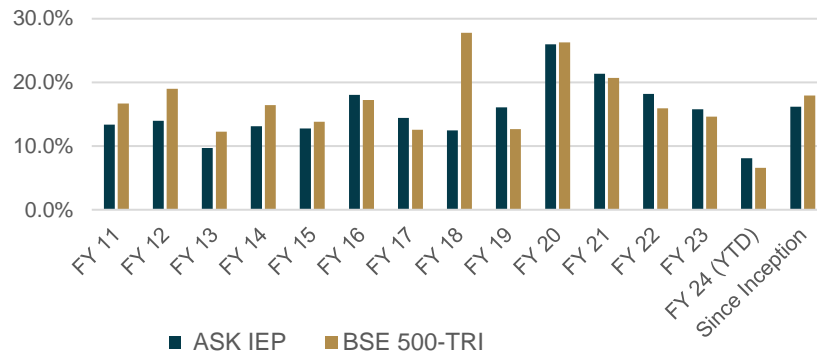
We cater to investor's desire for a relatively stable investment approach very well

### Superior Sharpe ratio



Sharpe ratio (since inception):  
0.58 v/s BSE 500-TRI : 0.28

### Delivered low volatility since inception



Standard deviation (since inception):  
16.2% v/s BSE 500-TRI: 17.9%

Sharpe ratio measured as annualized mean of daily Portfolio returns over Risk Free Rate (RFR) divided by the annualized Portfolio Standard Deviation of daily returns. RFR assumed at 8% pa. Historical Volatility is computed based on standard deviation of daily returns.

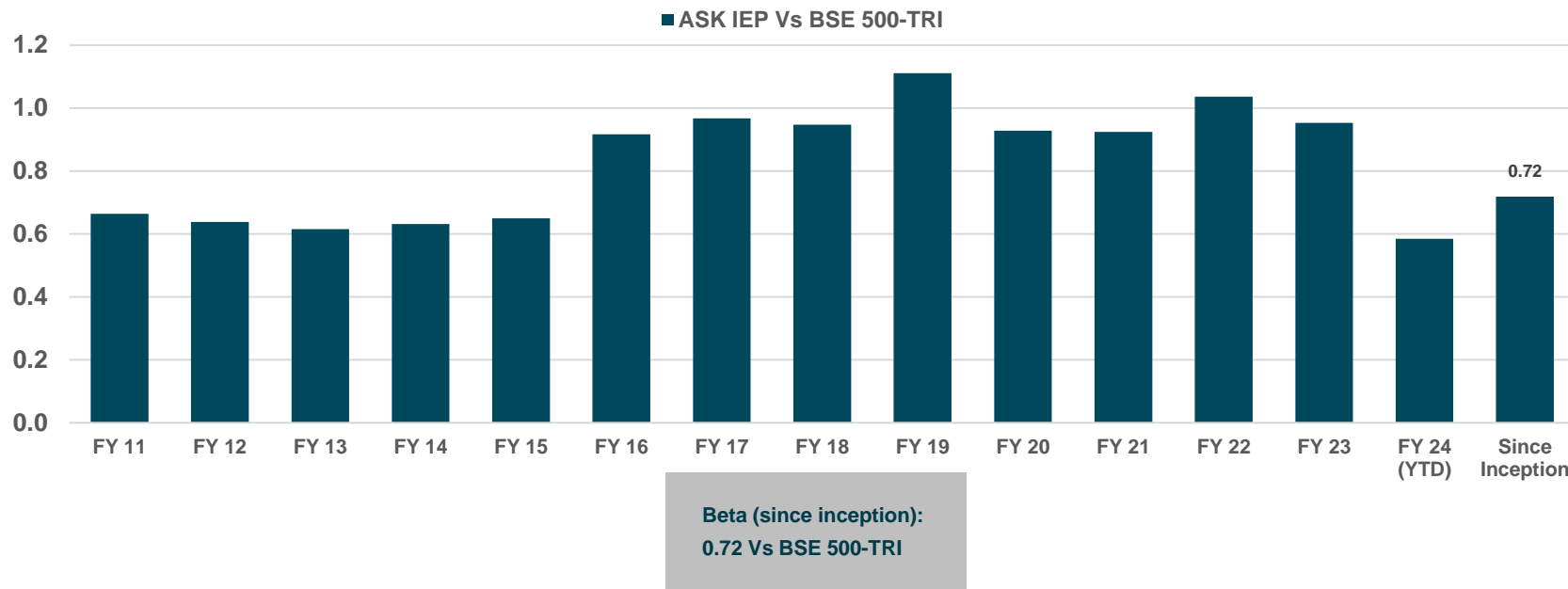
\* ASK IM endeavors to preserve the capital however equity investments are subject to market risks and may result in loss of capital

ASK Portfolio returns are composite returns of all the Portfolios aligned to the investment approach as on May 31<sup>st</sup>, 2023. Returns for individual client may differ depending on time of entry in the Portfolio. Past performance may or may not be sustained in future and should not be used as basis for comparison with other investments. Returns for 1 year or lesser time horizon are absolute returns, while more than 1 year are CAGR. Returns have been calculated using Time Weighted Rate of Return method (TWRR) as prescribed by the SEBI. As per SEBI regulatory requirement, the benchmark for this investment approach is revised from BSE 500 to BSE 500-TRI w.e.f. 1 April 2023

# Capital Preservation\*

Consistently low volatility

Portfolio Beta has largely remained below 1 (10 out of 12 years)



# Capital Preservation\*

ASK IEP has had a lower drawdown than BSE 500-TRI majority of the time

	Max Drawdown^		FY Performance^	
	ASK IEP	BSE 500-TRI	ASK IEP	BSE 500-TRI
FY 11	-18%	-20%	22%	9%
FY 12	-14%	-24%	3%	-8%
FY 13	-4%	-10%	13%	7%
FY 14	-7%	-15%	34%	19%
FY 15	-2%	-7%	73%	35%
FY 16	-15%	-19%	-5%	-6%
FY 17	-17%	-12%	25%	26%
FY 18	-5%	-11%	15%	13%
FY 19	-19%	-16%	11%	10%
FY 20	-31%	-38%	-18%	-26%
FY 21	-11%	-10%	67%	79%
FY 22	-18%	-14%	21%	22%
FY 23	-17%	-15%	-13%	-1%

^ Historical Drawdown for portfolio is measured as the performance for the period during which the index had its maximum drawdown



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# Capital Preservation\*

Years when life highs are attained by ASK IEP companies. Average holding period in ASK IEP is 5 Years

ASK IEP Company Name	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	Number of Years Life-Highs are attained since 2008	Number of Years in existence since 2008	% of Years where Life-Highs are attained since 2008
Aarti Industries Ltd	1	1	1	0	1	1	1	1	1	1	1	1	1	1	0	13	15	87%
APL Apollo Tubes Ltd	0	0	1	0	1	1	1	1	1	1	1	0	1	1	1	11	15	73%
Asian Paints Ltd	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	15	15	100%
Astral Polytechnik Ltd	1	0	1	1	1	1	1	1	1	1	1	1	1	1	1	14	15	93%
AU Small Finance Bank Ltd										1	1	1	1	1	1	6	6	100%
Avenue Supermarts Ltd										1	1	1	1	1	0	5	6	83%
Bajaj Finance Ltd	1	0	1	0	1	1	1	1	1	1	1	1	1	1	0	12	15	80%
Bajaj Finserv Ltd	1	0	0	0	1	0	1	1	1	1	1	1	1	1	0	10	15	67%
Bharti Airtel Ltd	1	0	0	0	0	0	0	0	0	1	0	0	1	1	1	5	15	33%
Cholamandalam Investment & Fin. Co. Ltd.	1	0	0	0	0	0	1	1	1	1	1	0	1	1	1	9	15	60%
Divi's Laboratories Ltd	1	0	0	0	1	1	1	1	1	0	1	1	1	1	0	10	15	67%
Dixon Technologies India Ltd										1	0	0	1	1	0	3	6	50%
Havells India Ltd	1	1	1	1	0	0	1	1	1	1	1	1	1	1	0	12	15	80%
IndusInd Bank Ltd	1	1	1	0	1	1	1	1	1	1	1	0	0	0	0	10	15	67%
Kotak Mahindra Bank Ltd	1	0	0	0	0	1	1	1	1	1	1	1	1	1	0	10	15	67%
Metropolis Healthcare Ltd												1	1	1	0	3	4	75%
Page Industries Ltd	1	1	1	1	1	1	1	1	0	1	1	0	0	1	1	12	15	80%
Patanjali Foods Ltd													1	0	0	1	3	33%
PI Industries Ltd	1	1	1	1	0	1	1	1	1	1	1	1	1	1	1	14	15	93%
Reliance Industries Ltd	1	0	0	0	0	0	0	0	0	1	1	1	1	1	1	7	15	47%
Sona BLW Precision Forgings Ltd														1	0	1	2	50%
Tata Consultancy Services Ltd	0	1	1	1	0	0	1	1	1	1	1	1	1	1	1	12	15	80%
Titan Co Ltd	1	0	1	1	0	0	1	1	1	1	1	1	1	1	1	12	15	80%
Torrent Pharma.	1	1	1	1	0	0	1	1	1	1	1	1	1	1	1	13	15	87%

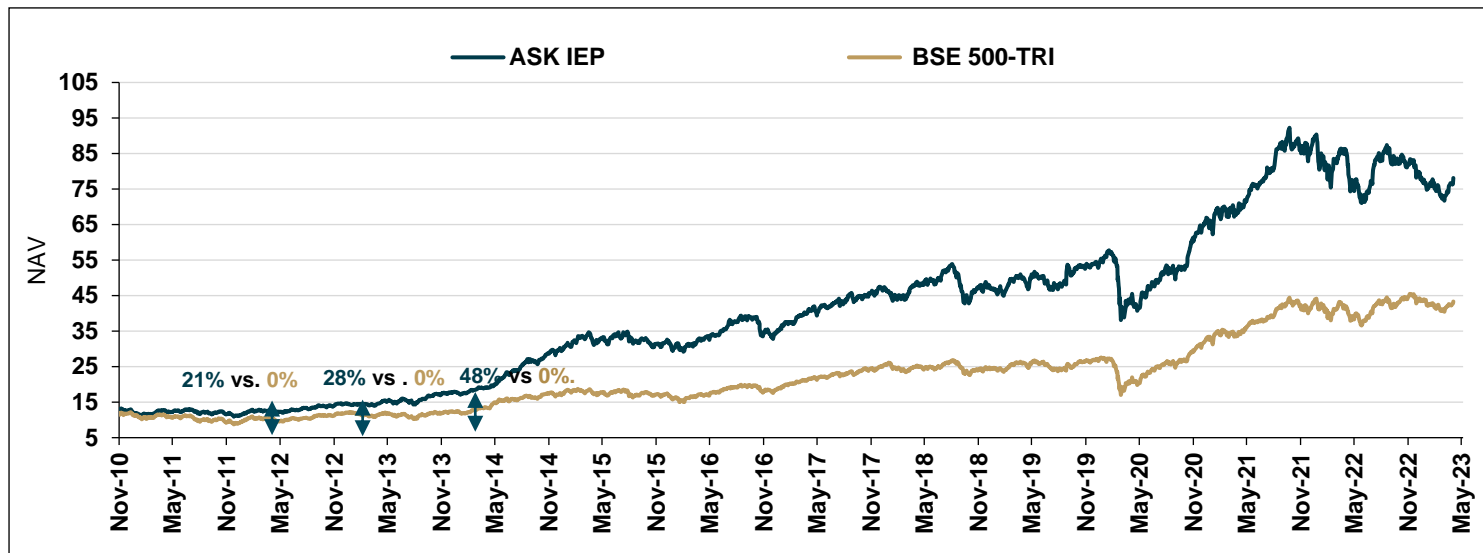


Source: Bloomberg. Data considered from CY 2008 as the base till CY 2022.

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# Capital Appreciation

Low volatility in the investment approach actually aids portfolio appreciation



- Rs 1 Crore invested at inception has grown to Rs 8.38 Crore Vs Rs 4.50 Cr in BSE 500 TRI
- The Investment Approach has been able to generate returns continuously even while markets were flat between Oct 11, Jun 12 and Aug 13.



Note: Performance figures are net of all fees and expenses. ASK Portfolio returns are composite returns of all the Portfolios aligned to the investment approach as on May 31<sup>st</sup>, 2023. Returns for individual client may differ depending on time of entry in the Portfolio. Past performance may or may not be sustained in future and should not be used as basis for comparison with other investments. Returns for 1 year or lesser time horizon are absolute returns, while more than 1 year are CAGR. Returns have been calculated using Time Weighted Rate of Return method (TWRR) as prescribed by the SEBI. As per SEBI regulatory requirement, the benchmark for this investment approach is revised from BSE 500 to BSE 500-TRI w.e.f. 1 April 2023

# Consistently Outperforming Benchmarks Since Inception

## Point to point returns

	1 month	3 months	6 months	1 year	3 years	5 years	7 years	10 years	Since Inception
ASK IEP	7.4%	12.8%	1.3%	8.3%	24.6%	11.0%	13.9%	18.4%	17.3%
BSE 500-TRI	3.8%	8.9%	-0.8%	12.9%	27.9%	12.6%	14.3%	14.4%	11.9%

## Financial year-wise returns – ASK IEP has outperformed BSE 500-TRI in 9 out of 13 financial years

	FY 11	FY 12	FY 13	FY 14	FY 15	FY 16	FY 17	FY 18	FY 19	FY20	FY21	FY22	FY23	FY24 (YTD)
ASK IEP	21.7%	2.8%	12.8%	34.5%	73.0%	-4.5%	24.9%	14.5%	10.8%	-17.8%	68.6%	20.9%	-12.6%	15.0%
BSE 500-TRI	8.9%	-7.8%	6.5%	19.0%	35.0%	-6.4%	25.5%	13.2%	9.7%	-26.5%	78.6%	22.3%	-0.9%	8.5%

## Calendar year-wise returns - ASK IEP has outperformed BSE 500-TRI in 11 out of 13 calendar years

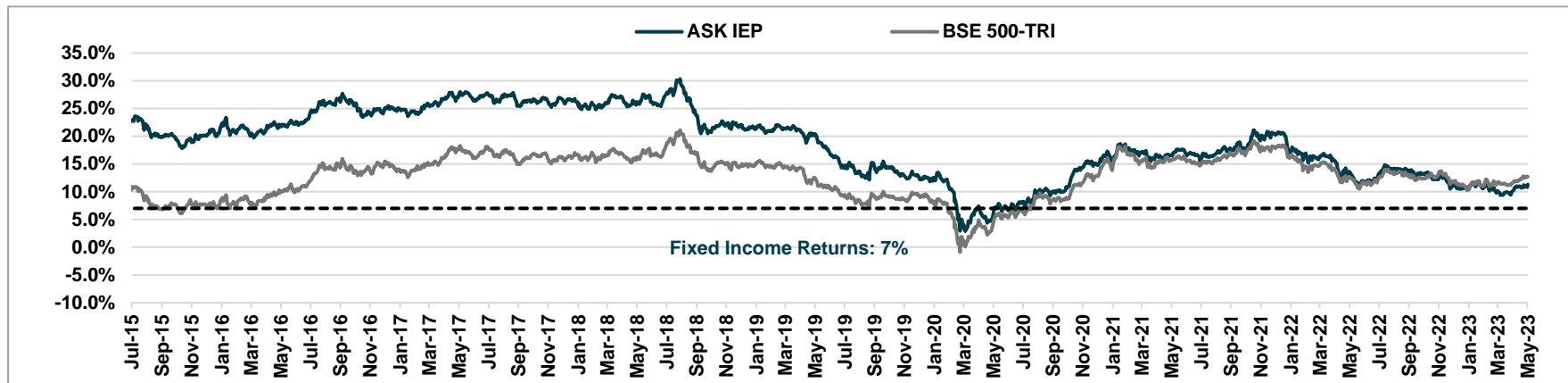
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	YTD 2023
ASK IEP	29.0%	-13.2%	29.8%	22.0%	69.6%	7.6%	6.2%	37.2%	1.8%	12.4%	20.5%	33.7%	-8.5%	5.6%
BSE 500-TRI	17.9%	-26.4%	33.4%	4.9%	38.9%	0.4%	5.2%	37.6%	-1.8%	9.0%	18.4%	31.6%	4.8%	2.4%



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# ASK IEP 5 Year Rolling Returns Analysis



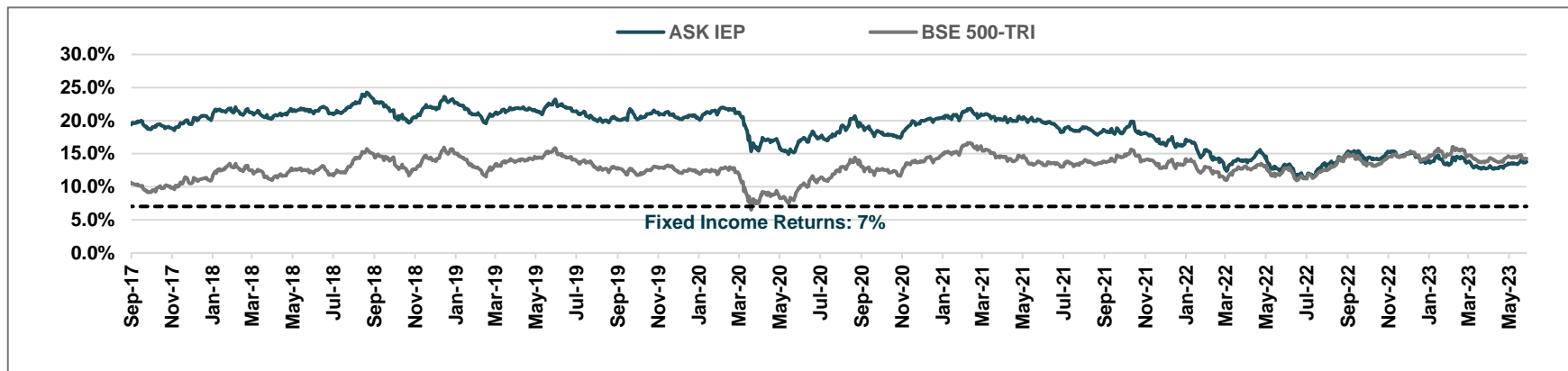
	ASK IEP	BSE 500-TRI
Minimum	2.9%	-0.9%
Maximum	30.3%	21.1%
Average	19.1%	12.7%

Return Brackets	No. of Observations	% Distribution
<7%	59	2.9%
7%- 10%	91	4.4%
10-15%	457	22.1%
15-20%	398	19.3%
>20%	1061	51.4%
Total	2066	100.0%



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# ASK IEP 7 Year Rolling Returns Analysis



	ASK IEP	BSE 500-TRI
Minimum	11.2%	6.5%
Maximum	24.3%	16.7%
Average	18.8%	12.8%

Return Brackets	No. of Observations	% Distribution
<7%	0	0.0%
7%- 10%	0	0.0%
10-15%	289	18.4%
15-20%	500	31.8%
>20%	784	49.8%
Total	1573	100.0%

10% plus  
CAGR  
100% of  
the time



Note: Performance figures are net of all fees and expenses. ASK Portfolio returns are composite returns of all the Portfolios aligned to the investment approach as on May 31<sup>st</sup>, 2023. Returns for individual client may differ depending on time of entry in the Portfolio. Past performance may or may not be sustained in future and should not be used as basis for comparison with other investments. Returns for 1 year or lesser time horizon are absolute returns, while more than 1 year are CAGR. Returns have been calculated using Time Weighted Rate of Return method (TWRR) as prescribed by the SEBI. As per SEBI regulatory requirement, the benchmark for this investment approach is revised from BSE 500 to BSE 500-TRI w.e.f. 1 April 2023

# Stock Contribution to Portfolio Return

Top Contributors - Last 3 Months*		
Stock	Avg. Weight*	Contribution to Portfolio Return (%)
CHOLAMANDALAM INVESTMENT	6.1	2.1
AU SMALL FINANCE BANK LTD	6.0	1.7
ASTRAL LTD	4.3	1.1
BAJAJ FINANCE LTD	6.6	1.0
TORRENT PHARMACEUTICALS LTD	4.3	0.7

Top Contributors - Last 1 Year*		
Stock	Avg. Weight *	Contribution to Portfolio Return (%)
CHOLAMANDALAM INVESTMENT	5.5	2.7
ASTRAL LTD	4.3	1.5
AU SMALL FINANCE BANK LTD	5.6	1.3
PI INDUSTRIES LTD	5.2	1.3
APL APOLLO TUBES LTD	6.6	1.2

Top Detractors - Last 3 Months*		
Stock	Avg. Weight*	Contribution to Portfolio Return (%)
APL APOLLO TUBES LTD	6.6	-0.4
AARTI INDUSTRIES LIMITED	2.0	-0.1
METROPOLIS HEALTHCARE LTD	1.5	0.0
TATA CONSULTANCY SVCS LTD	5.1	-0.01
DIXON TECHNOLOGIES INDIA LTD	1.3	0.04

Top Detractors – Last 1 Year*		
Stock	Avg. Weight *	Contribution to Portfolio Return (%)
AARTI INDUSTRIES LIMITED	2.9	-0.6
DIXON TECHNOLOGIES INDIA LTD	2.1	-0.6
PAGE INDUSTRIES LTD	4.2	-0.6
METROPOLIS HEALTHCARE LTD	1.7	-0.4
PATANJALI FOODS LTD	4.2	-0.4

# Sector Contribution to Portfolio Return

Top Contributors - Last 3 Months*		
Sector	Avg. Weight*	Contribution to Portfolio Return (%)
Financials	28.5	6.1
Consumption	26.5	3.0
Healthcare	9.4	1.5
T & T	15.6	1.1

Top Detractors - Last 3 Months*		
Sector	Avg. Weight*	Contribution to Portfolio Return (%)
Infrastructure and Engineering	7.9	-0.4
Chemicals	7.3	0.6
Automobile	3.0	0.6
T & T	15.6	1.1

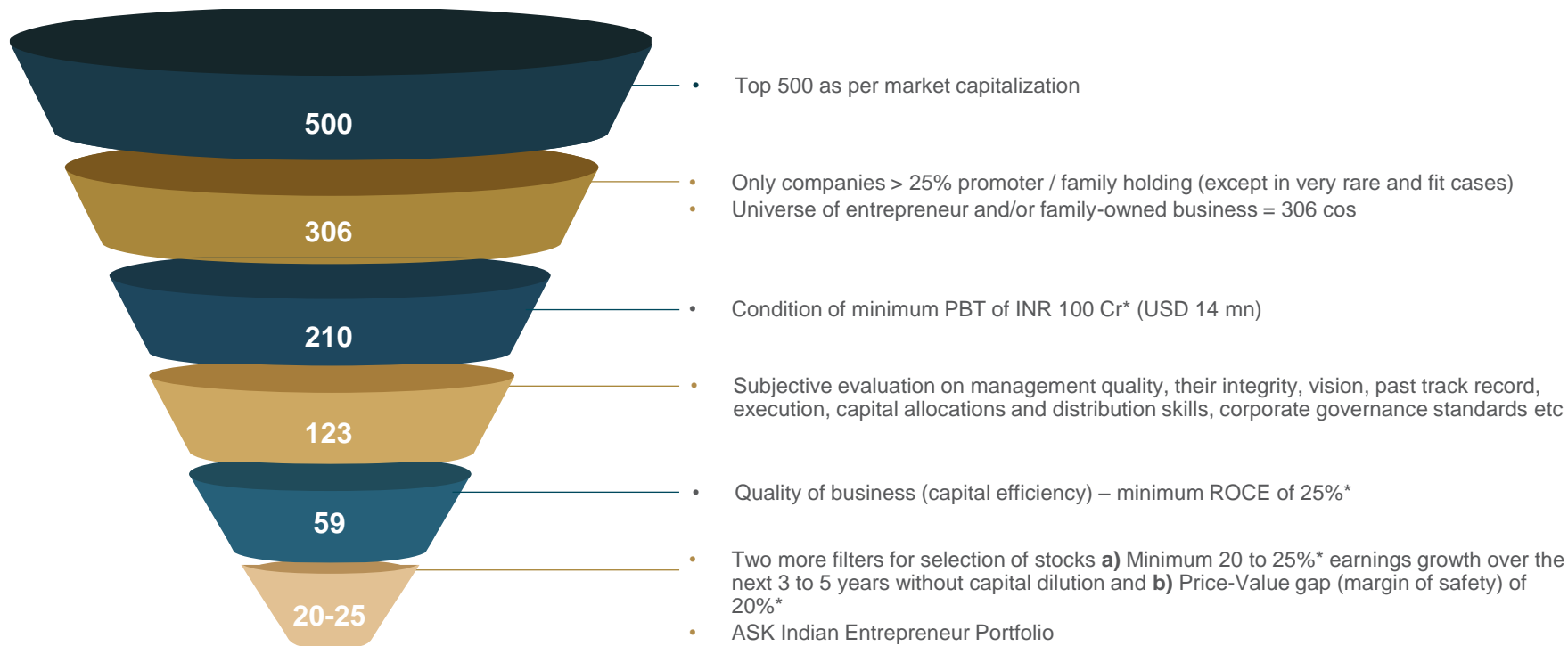
Top Contributors - Last 1 Year*		
Sector	Avg. Weight*	Contribution to Portfolio Return (%)
Financials	27.7	6.2
Consumption	27.7	1.8
Chemicals	8.1	0.7
Infrastructure and Engineering	9.6	0.5

Top Detractors – Last 1 Year*		
Sector	Avg. Weight*	Contribution to Portfolio Return (%)
Automobile	3.1	-0.02
T & T	12.9	0.0
Healthcare	9.8	0.4
Infrastructure and Engineering	9.6	0.5

# ASK Indian Entrepreneur Portfolio: The Investment Approach

- Identify **large** and **growing** business opportunities.
- Identify businesses with the competitive advantage that are **significantly sized** (min Rs.100cr of PBT)\*: Enables growth from both **market share gains** and **growth of the opportunity size** and can sustain for multiple years.
- The **quality of the business** should be good to be able to fund strong growth through internal cash generation
  - > We seek over 20% compounded growth from each business that we buy and target over 25%\* growth from the portfolio.
  - > To fund this growth, the business ROCE should be over 25%\* so that growth can be funded and there are surpluses for dividend.
- The management should have the drive and skin in the game to deliver **compounded growth** period after period (uncompromised corporate governance is a must)
  - > Hence, invest in businesses with an identifiable business house at the helm with a minimum 25% stake.\*\*
- We seek to identify such businesses **at a reasonable discount to value** and stay invested for a length of time and make money as EPS compounds.

# Investment Approach Research Methodology and Filtration



# Long-Term Performance of ASK IEP Companies

ASK IEP companies performance over last 5 years (CAGR) as on FY22				
Company Name	Sales	PBT	ROCE*	PAT
Aarti Industries Ltd	14%	11%	12%	14%
APL Apollo Tubes	27%	23%	31%	40%
Asian Paints Ltd	14%	10%	8%	41%
Astral Poly Technik Ltd	18%	23%	27%	37%
AU Small Finance Bank Ltd	37%	32%	18%	23%
Avenue Supermarts Ltd	21%	21%	24%	18%
Bajaj Finance Ltd	31%	36%	24%	18%
Bharti Airtel Ltd	4%	10%	LTP	19%
Cholamandalam Investment and Finance Co Ltd	18%	21%	19%	22%
Divi's Laboratories Ltd	17%	22%	21%	46%
Dixon Technologies	34%	33%	30%	27%
Havells India Ltd	18%	16%	14%	35%
IndusInd Bank Ltd	21%	23%	2%	7%
Kotak Mahindra Bank Ltd	17%	25%	24%	12%
Metropolis Healthcare Ltd	18%	17%	12%	37%
Page Industries Ltd	13%	14%	12%	103%
Patanjali Food Ltd	18%	16%	16%	26%
PI Industries Ltd	18%	19%	15%	15%
Reliance Industries Ltd	8%	8%	10%	34%
Tata Consultancy Services	17%	24%	22%	27%
<b>Average of ASK IEP Companies</b>	<b>18%</b>	<b>19%</b>	<b>17%</b>	<b>33%</b>

# Risk Factors and Disclaimer

## **Risk arising from the investment objective, investment approach and asset allocation:**

Equities as an asset class carry a higher risk in comparison to debt. While risk cannot be totally eliminated, it can be mitigated through a well-designed Investment Approach. ASK Investment Managers Portfolios seek to mitigate risk and deliver superior returns through research-based investing. However, this objective may not be fully achieved due to various reasons such as unfavorable market movements, misjudgment by portfolio manager, adverse political or economic developments etc. The PMS is run with an objective to achieve reasonable returns consistently. Given this background the investor investing in the PMS faces the following risks

### **(i) Political, economic and / or related risks**

The Asset Value of the portfolio and the liquidity of the shares may be affected by changes in government policy, taxation, interest rates, social and religious instability and political, economic or other developments in or affecting India.

### **(ii) Industry risk**

The value of shares of companies in a particular industry may be affected due to factors affecting the industry like changes in government policy on duties, FDI or a foreign country, which is a big market for the industry, may impose restrictions on import etc.

### **(iii) The Indian Securities Market**

The Indian stock markets in the past experienced substantial price volatility and no assurance can be given that such volatility will not occur in future. Actual market trend may be in variance with anticipated trends hence, the decisions of the Portfolio Manager may not be always profitable.

### **(iv) Liquidity Risk**

Some stocks that the investor might be invested in might not be highly liquid. Though it will be the PMS service providers endeavour to restrict investments in less liquid stocks to a lower limit, there is an exposure of liquidity risk to the investor.

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Thank You

