



**MOTILAL OSWAL**

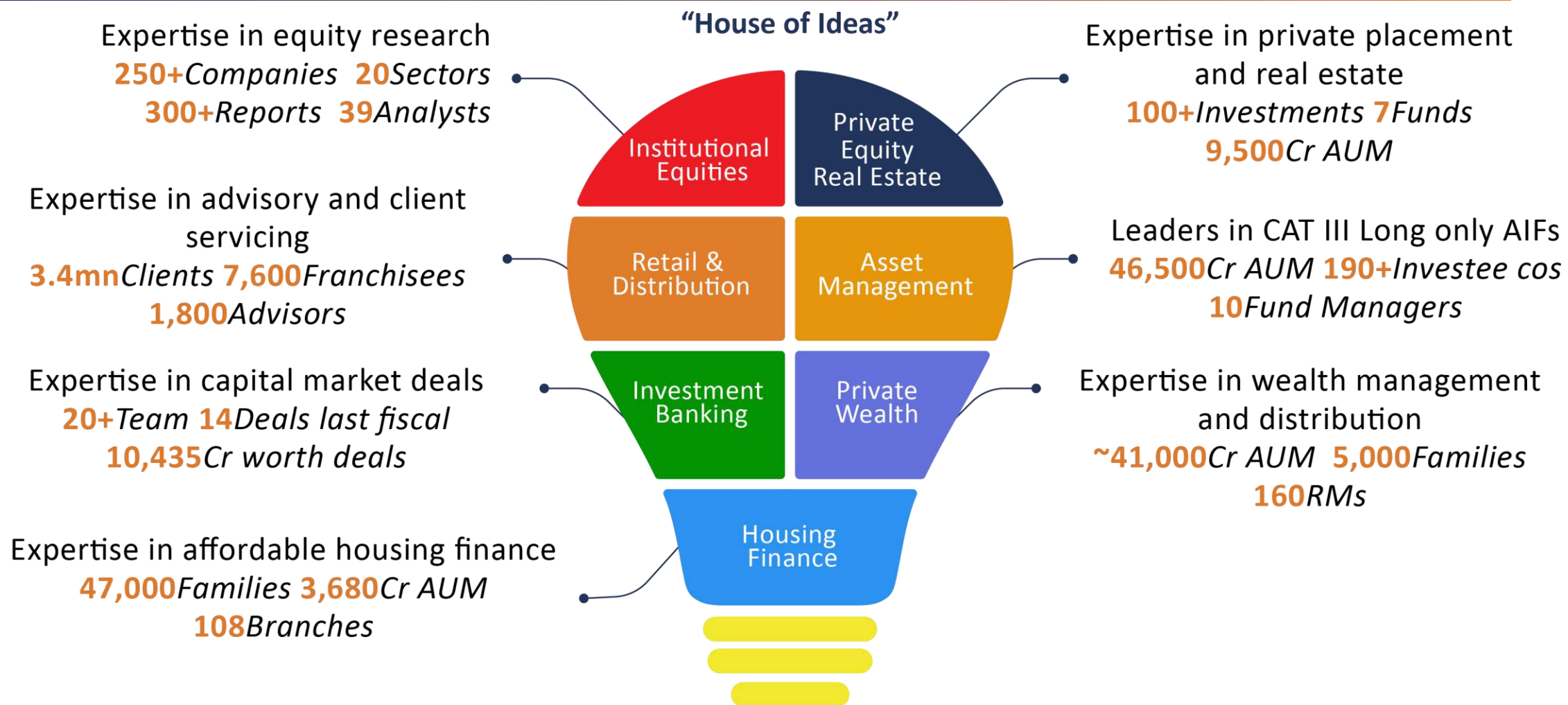
ASSET MANAGEMENT

**THOUGHT LEADERS IN EQUITY**

Focused, Process Driven,  
Ideas Powerhouse

**THINK EQUITY. THINK MOTILAL OSWAL.**

# Veritable Ecosystem in Financial Services



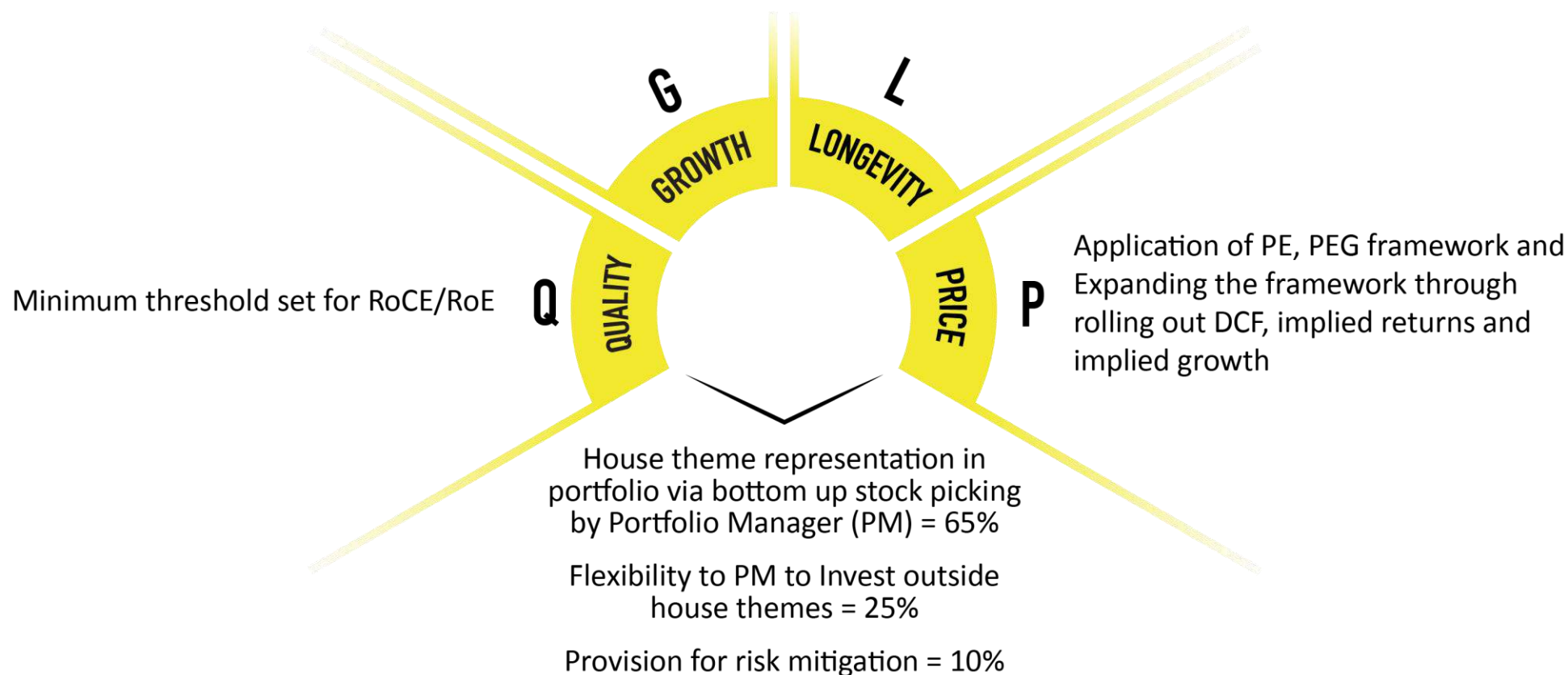
**We have established experience in arguably most segments under financial services**

Source: MOAMC Internal, Data as on 31st December 2022.

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# Disciplined Investing following “Q-G-L-P” Investment Process

Ensuring Longevity of Growth by investing in sustainable themes identified by the Investment team collectively



The above graph/data is used to explain the concept and is for illustration purpose only. The data mentioned herein are for general and comparison purpose only and not a complete disclosure of every material fact, and should not be used for development or implementation of an investment strategy. Past performance may or may not be sustained in future.



# Risk Management Framework for Consistency & Sustainability of Performance



## Stock Weightage & Stock Sizing

Minimum and maximum exposure limits set



## Sector Sizing

Limits on sector deviations relative to benchmark



## Diversification Strategy

Portfolio size capped up to 35 stocks



## Profit Taking / Stop Loss Framework

Proprietary framework for measuring triggers

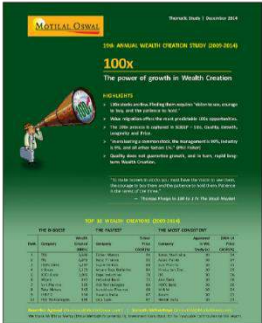


## Stringent Liquidity Framework

Ensuring efficient management for ability to take necessary action

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25+ Years of Thought Leadership – Wealth Creation Studies



Skin in the Game



What is at stake?  
~4,000+ Cr

Source: MOAMC Internal, Data as on 31st December 2022.

# IOP

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Set to seize the opportunity

May 2023

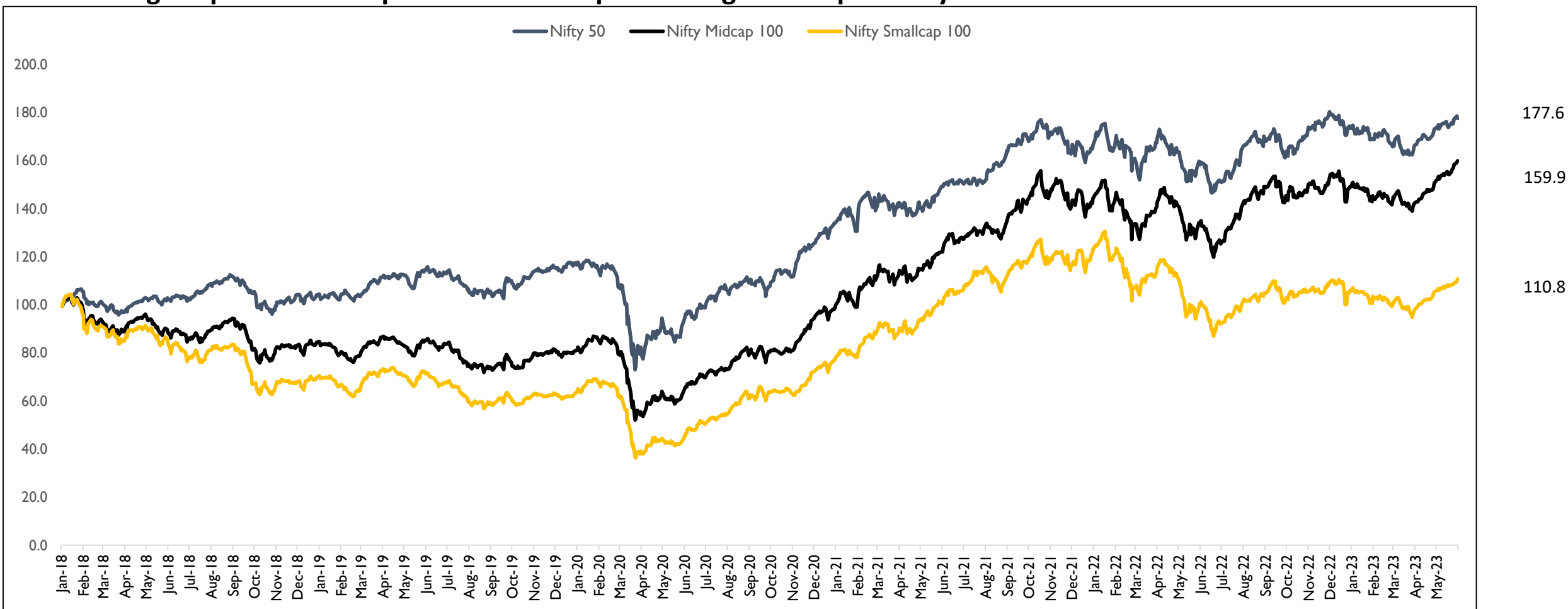
## The proposition and proposal

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- **Small cap** focussed portfolio for long term wealth creation
- QGLP Screening most relevant for Small Caps – Quality Growth. Longevity aspects
- **Balanced** Portfolio Construct between compounders and economic recovery beneficiaries
- Non linear growth potential in small caps on expected economic revival
- **Stocks are slaves of Earnings** – PEG -1.0x – Attractive Investment Proposition

# Why now? – Expect smallcaps to bounce back with economic recovery

Large caps and mid caps have been outperforming smallcaps for 4 years now ...



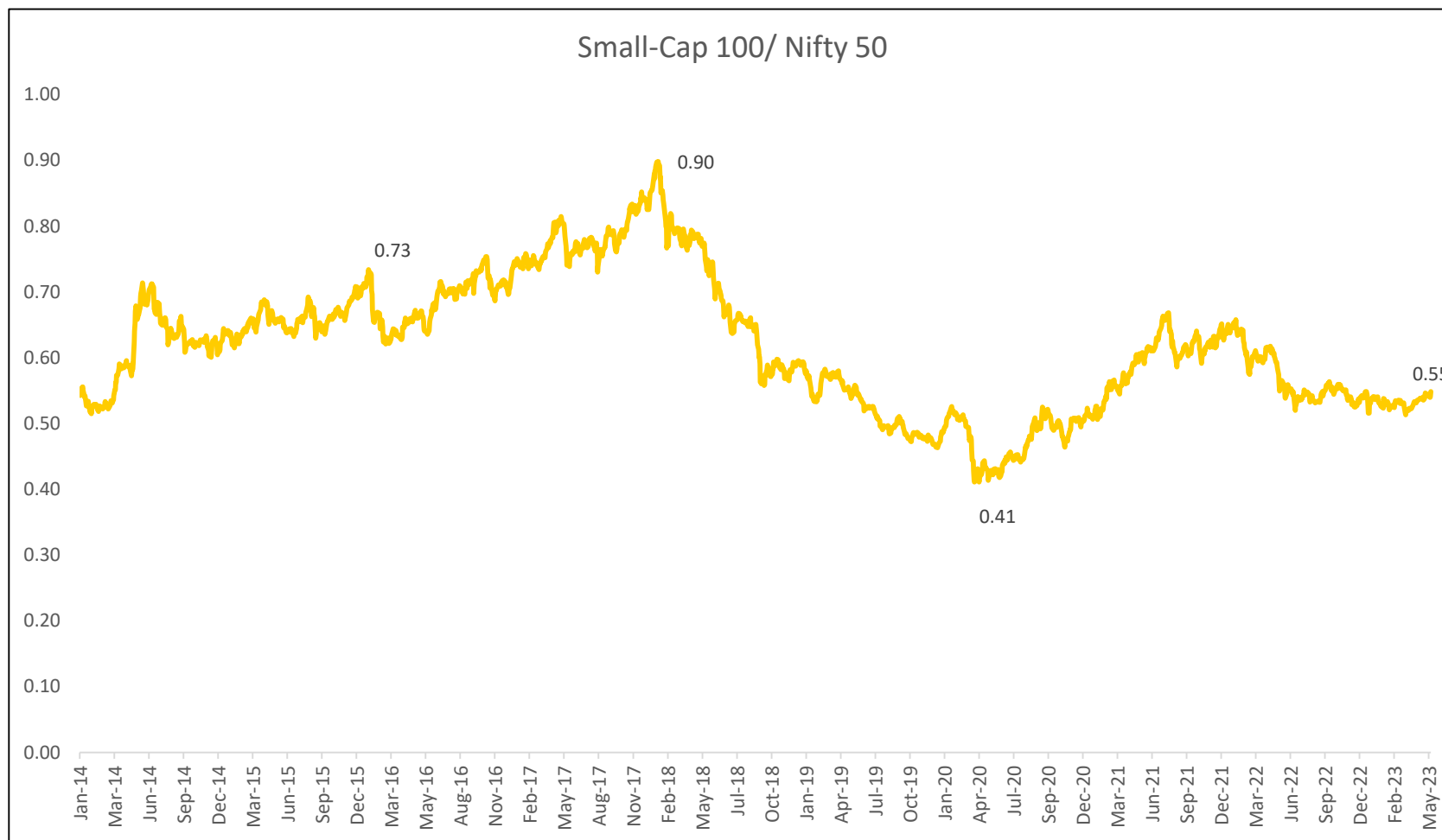
Source: MOAMC Internal Research, Data as on 31<sup>st</sup> May 2023

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## Why now? – Ample room for Growth: Nifty Small/ Nifty 50 still attractive

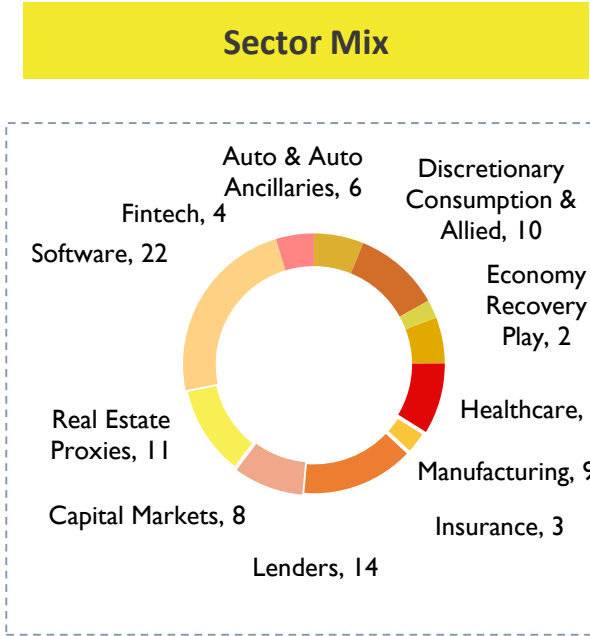
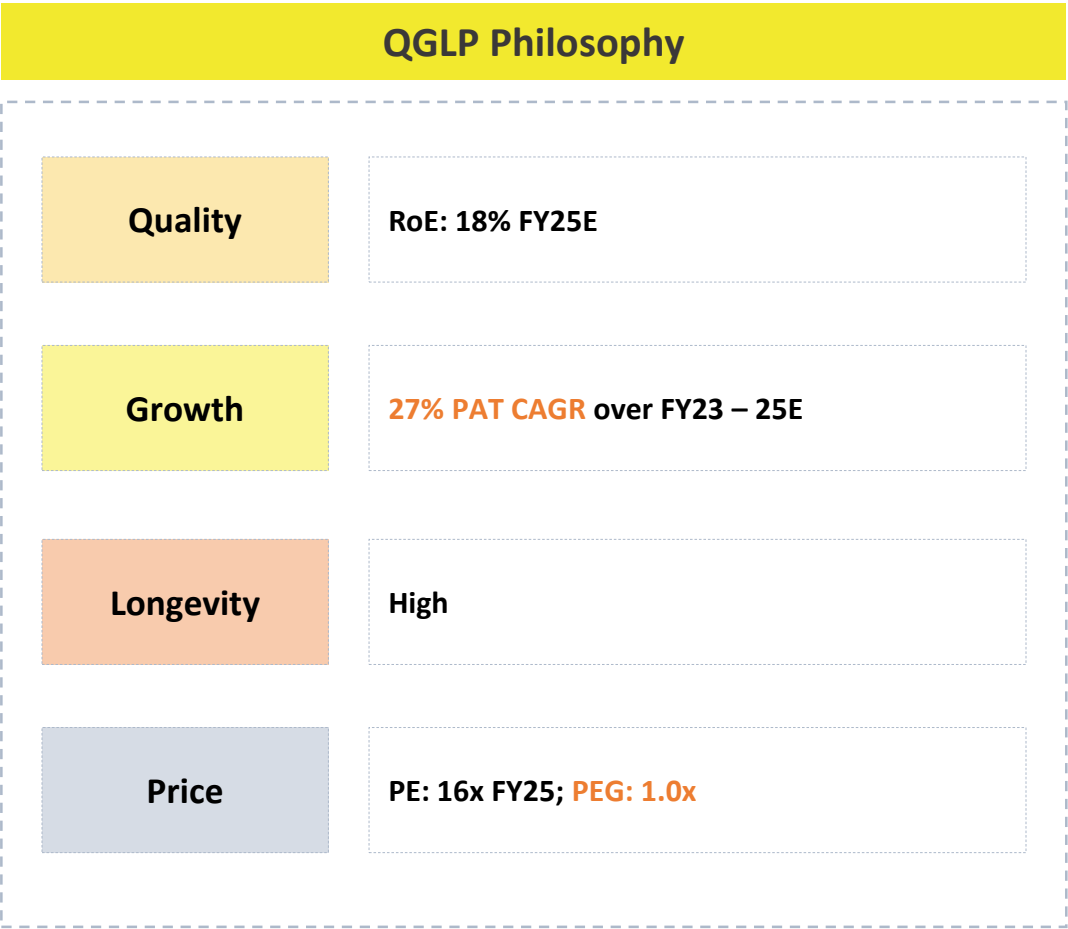
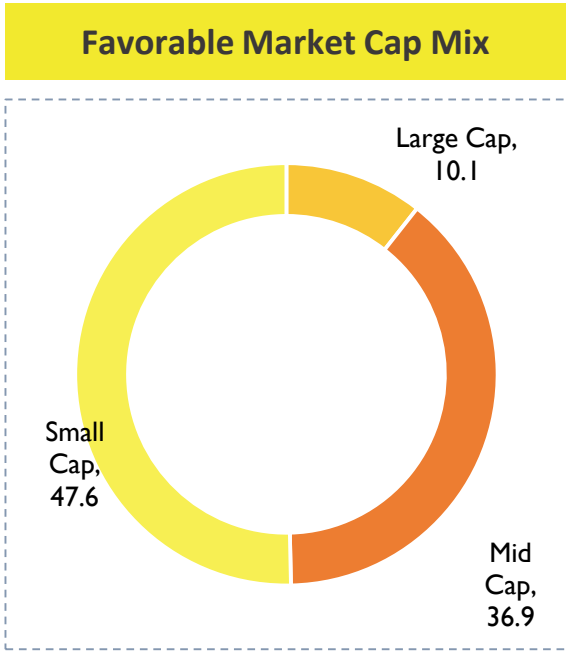


- This ratio is a good indicator for investing in smallcaps
- It peaked out at ~0.9. Current level suggests room for growth

Source: MOAMC Internal Research, Data as on 31<sup>st</sup> May 2023

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# Low PEG: Earnings Growth and Valuations in a Sweet Spot



Data as on 31<sup>st</sup> May 2023

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# Low PEG: WCS23 'Valuations Insight' – Evidence Suggests it's the Best Time to Buy

PEG is short for P/E to Growth ratio : TTM P/E divided by 3 yrs forward earnings growth

PEG- What Works & What Doesn't		
PEG	Average 3Yr Alpha	Instances from 1998-2015
0-1	19%	33%
3+	-10%	11%
< 0*	-19%	34%
* A PEG lesser than zero implies PAT de-growth in the next 3 years		

In the 23<sup>rd</sup> Annual Wealth Creation Study, we used the PEG Ratio with 3-years' forward earnings to study return outcomes.

The findings revealed that

- **Buying stocks at PEG around 1x is supremely profitable**

Data and inferences based on the results published in the Wealth Creation Study no 23 titled Valuation Insights

## Low PEG: WCS23 'Valuations Insight' – Evidence Suggests it's the Best Time to Buy

Period 2013-18					
	1 yr	2 yr	3 yr	4 yr	5 yr
Sensex Return	19%	22%	10%	12%	12%
PEG < 1x Return	36%	61%	38%	45%	39%
<b>Alpha</b>	<b>17%</b>	<b>39%</b>	<b>28%</b>	<b>33%</b>	<b>27%</b>

- Efficacy of PEG ratio is remarkable irrespective of the number of years of growth insight that investors may have.
- Thus, PEG of less than 1x works for growth forecasts of 1, 2, 3, 4 or 5 years!
- **PEG of 1x delivered handsome alpha in 14 out of 15 observations (barring GFC led fall in 08)**

Data and inferences based on the results published in the Wealth Creation Study no 23 titled Valuation Insights

## Strategy has a stellar track record of identifying Multi-baggers

Past Multibaggers	Initial Buy	Portfolio Status	Return	Multiple
Alkem Labs	Dec-15	Exited (Jan-22)	156%	2.6x
TTK Prestige	Jul-16	Exited (Mar-22)	80%	1.8x
Dr.Lal Path Labs	Aug-16	Exited (Nov-20)	119%	2.2x
Mahanagar Gas	Aug-16	Exited (Nov-21)	82%	1.8x

Source: MOAMC Internal Research Disclaimer: The Stocks mentioned above are used to explain the concept and is for illustration purpose only and should not be used for development or implementation of any investment strategy. It should not be construed as investment advice to any party. The stocks may or may not be part of our portfolio/strategy/ schemes. Past performance may or may not be sustained in future

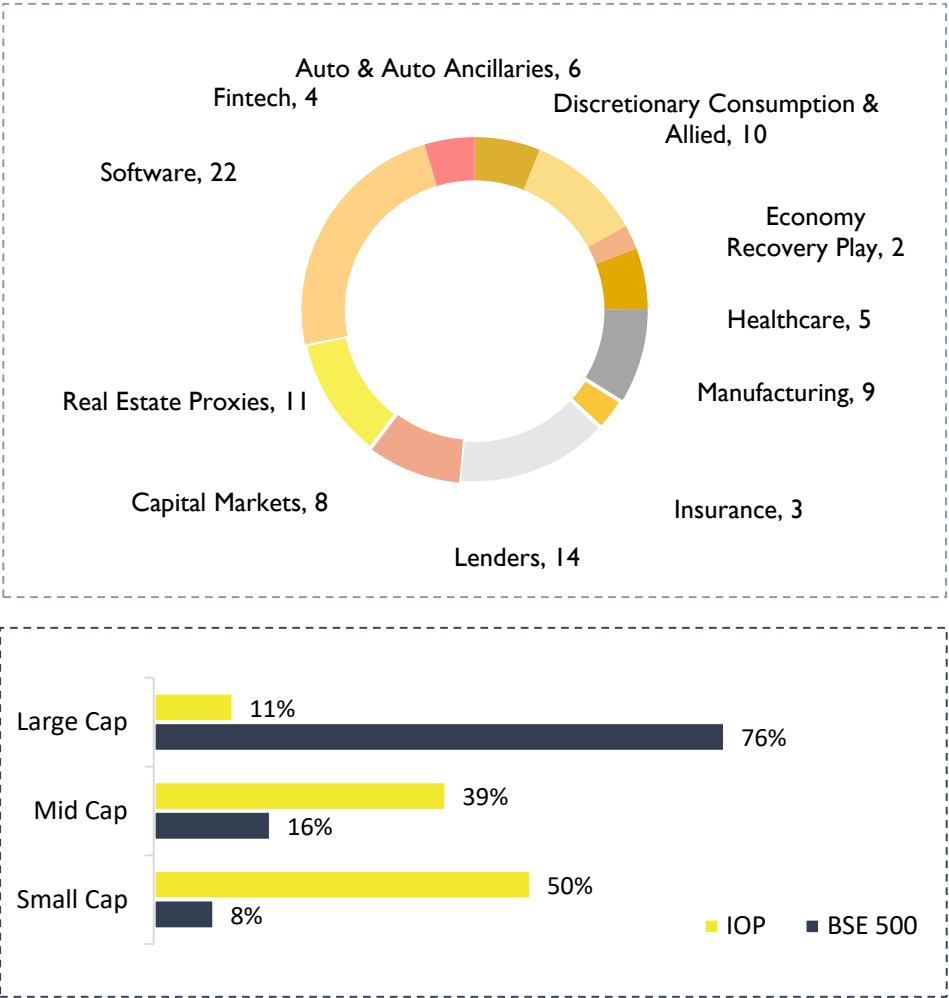


# Portfolio Positioning and High Conviction Bets

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# Portfolio at a Glance

Fintech	One 97 Communications
Software	Persistent Systems
	Mastek Ltd.
	eMudhra
	KPIT Tech
	LTIMINDTREE
	Route Mobile
Real Estate Proxies	KEI Industries
	APL Apollo Tubes
	Finolex Cables
	Price Pipes and Fittings
Capital Markets	CDSL
	Angel One
Lenders	Bank of Baroda
	Indian Bank
	IDFC First Bank

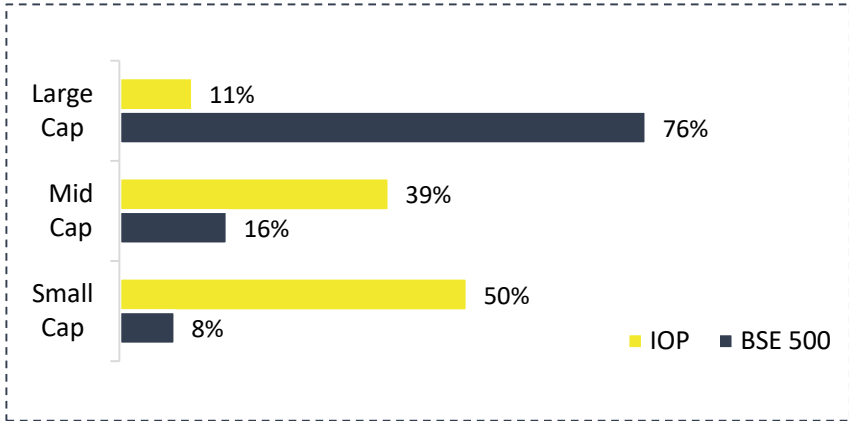


Auto Ancillaries	TVS Motors
Discretionary Consumption & Allied	Trent
	Globus Spirits
	Amber Enterprises
Economy Recovery Plays	Blue Dart
Healthcare	Global Health
Manufacturing	DCX Systems
	Archean Chemicaks
	Garden Reach and Shipbuilders
Insurance	Religare

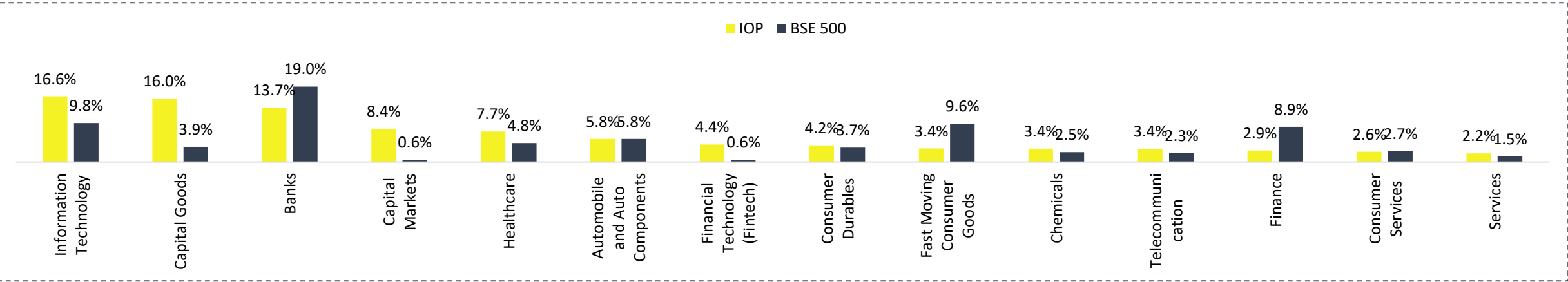
Data as on May 31, 2023  
Disclaimer: The above chart is used to explain the concept and is for illustration purpose only. The stocks may or may not be part of our portfolio/ strategy/ schemes. The data mentioned herein are for general and comparison purpose only and not a complete disclosure of every material fact and should not used for development or implementation of an investment strategy. Past performance may or may not be sustained in future.

# Motilal Oswal IOP Strategy

Top 10 Holdings	Weight (%)
IDFC FIRST BANK	7.0
KPIT TECHNOLOGIES	6.1
Tvs Motor	5.8
Global Health	5.4
PERSISTENT SYSTEMS	4.6
ONE 97 COMMUNICATIONS	4.4
ANGEL ONE	4.3
AMBER ENTERPRISES INDIA	4.2
CENTRAL DEPOSITORY SERVICES (INDIA)	4.1
APL APOLLO TUBES	4.0



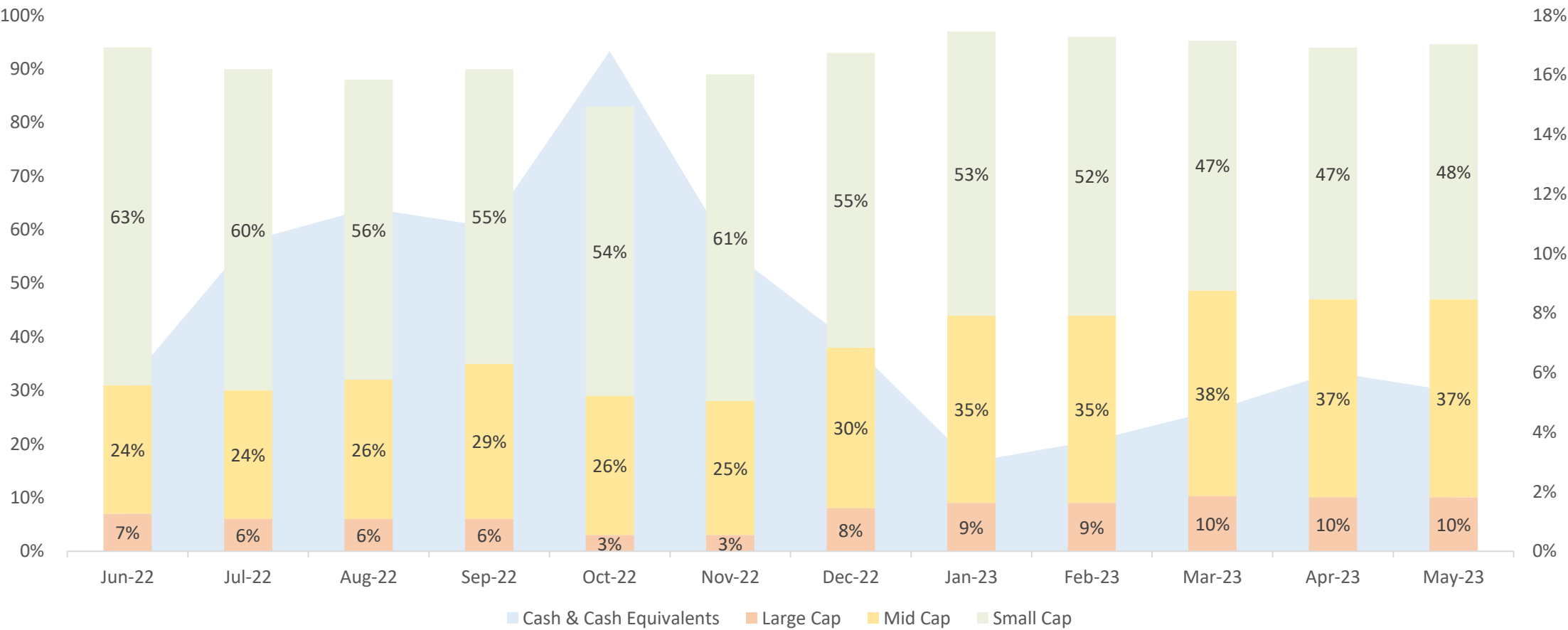
QGLP Metrics	IOP	BSE500
Q : ROE FY25E	18%	15%
G: PAT Growth FY23-25E	27%	16%
P : PEG	1.0	1.5



Data as on May 31 2023

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# Historical Market Cap Breakup with cash allocation



Data as on May 31,2023

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## Q4FY23 Earnings Update: 58% YoY increase in earnings growth

S.No.	Script Names	4Q FY23	TTM
		EPS YoY	EPS YoY
1	IDFC First Bank	128%	1766%
2	KPIT Technologies	41%	39%
3	TVS Motor Company	21%	76%
4	Global Health	446%	62%
5	APL Apollo Tubes	12%	4%
6	Persistent Systems	28%	37%
7	One97 Communications	L to L	L to L
8	Archean Chemical Industries	40%	90%
9	Angel One	29%	41%
10	Amber Enterprises India	82%	44%
<b>Portfolio Aggregate ex Religare</b>		<b>58%</b>	<b>55%</b>

Data as on Mar'23

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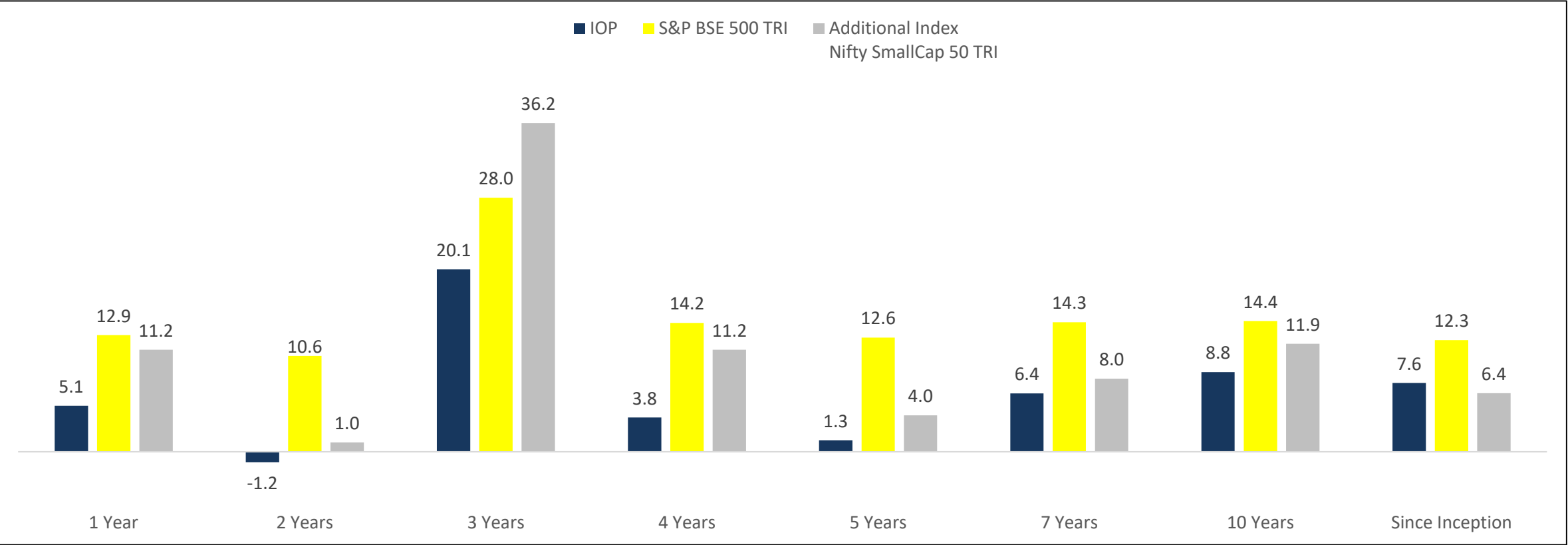
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# Portfolio Performance

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# Portfolio Performance



IOP Strategy Inception Date: 15<sup>th</sup> Feb 2010; Data as on 31<sup>st</sup> May 2023; Data Source: MOAMC Internal Research; Please Note: Returns up to 1 year are absolute & over 1 year are Compounded Annualized. Returns calculated using Time Weighted Rate of Return (TWRR) at an aggregate strategy level. The performance related information is not verified by SEBI. All portfolio related holdings and sector data provided above is for model portfolio. Returns & Portfolio of client may vary vis-à-vis as compared to Investment Approach aggregate level returns due to various factors viz. timing of investment/ additional investment, timing of withdrawals, specific client mandates, variation of expenses charged & dividend income. Past performance may or may not be sustained in future and should not be used as a basis for comparison with other investments.



# Central Depository Services (India) Limited

Capital markets intermediary in a duopoly play

**PORTFOLIO  
WEIGHT:**

**4.1%**

## Strong Macro variables to support the Growth

Improving macro variables (demographics, per capita income), push towards financial inclusion, and shift in savings towards financial assets bodes well for capital market intermediaries

## Duopoly market with significant market share

The asset-light model, duopoly play on the secular increase in stockholder accounts coupled with potential market share gains is a major positive for this thinly covered stock

## Well poised for growth as a proxy play

As a proxy play on Indian capital markets, CDSL has several new revenue opportunities like (a) dematerialisation of unlisted public companies (d) transaction charges from new pledge/unpledged rules (c) commodity repository (d) Insurance repository business aids CDSL's topline growth

## Company to demand higher multiples

Empirical studies suggest that limited-entry sectors tend to trade at higher multiples as investors gauge greater confidence in revenue/earnings, and more importantly, multiples tend to expand when new entities are listed

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**Small Cap stocks are a volatile and unpredictable lot...**

**...but may provide the greatest opportunities for upside**

**To earn super-normal returns with small cap stocks:**

- **Be patient**
- **Never exit looking at rear-view performance**
- **Double up at extremes if possible**



# Pioneers and Veterans of Equity Investing



**Raamdeo Agrawal**  
(Chairman, MOFSL)

- ◆ Raamdeo Agrawal is the Co-Founder of Motilal Oswal Financial Services Limited (MOFSL).
- ◆ As Chairman of Motilal Oswal Asset Management Company, he has been instrumental in evolving the investment management philosophy and framework.
- ◆ He has also authored the Art of Wealth Creation, that compiles insights from 26 years of his Annual 'Wealth Creation Studies'.
- ◆ Raamdeo Agrawal is an Associate of Institute of Chartered Accountants of India.



**Navin Agrawal**  
(MD&CEO, MOAMC)

- ◆ Mr. Navin Agarwal is the Managing Director & CEO of Motilal Oswal Asset Management Company Limited, subsidiary of MOFSL.
- ◆ He started his career as an Analyst in 1994, went on to be Head of Research and managed Portfolios till 2000.
- ◆ He joined Motilal Oswal Group in 2000 and has been instrumental in building many of the businesses of the group including Institutional Equities, Investment Banking, Home Finance among others.
- ◆ He has been a part of the Executive Board that drove business strategy and reviews for all businesses besides capital allocation of the group.



**Prateek Agrawal**  
(Executive Director, MOAMC)

- ◆ Mr. Prateek Agrawal has long distinguished experience in Asset Management Business, investment banking, advisory services and sell side research.
- ◆ Prior to joining Motilal Oswal Asset Management Company Limited, he was associated with ASK Investment Managers Private Limited as Business Head and Chief Investment Officer wherein he has provided leadership to various departments.
- ◆ In his earlier role, he worked as Head of Equity with BNP Paribas Mutual Fund & BOI AXA Mutual Fund and Head of Research in SBI Capital Market.

# Portfolio Manager



Fund Manager

## Manish Sonthalia

- 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).



Co Fund Manager

- **Rich Experience:** He has an overall experience of 18 years in equity markets, with a focus on identifying emerging businesses in small & midcap segment.
- **Positions Hold:** He has earlier worked as Head of Research at Motilal Oswal Securities and Reliance Securities.
- **Excellent Academic Background:** Rakesh has a Masters in Management Studies (MMS) degree from Jamnalal Bajaj Institute of Management Studies (JBIMS), Mumbai.
- **Funds Managed:** Rakesh has been managing a Small Cap AIF since August 2018.

# Disclaimer

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# THANK YOU



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