



MOTILAL OSWAL

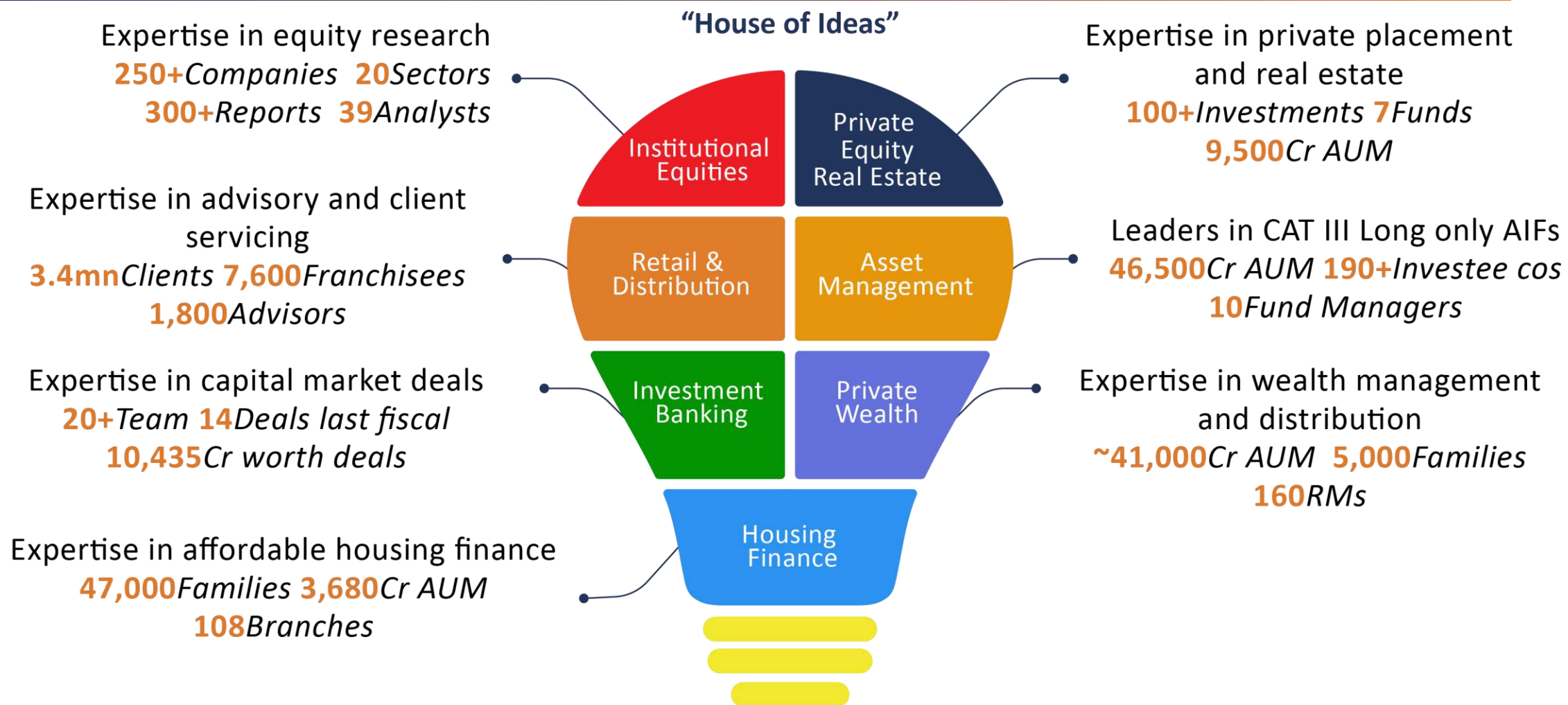
ASSET MANAGEMENT

THOUGHT LEADERS IN EQUITY

Focused, Process Driven,
Ideas Powerhouse

THINK EQUITY. THINK MOTILAL OSWAL.

Veritable Ecosystem in Financial Services



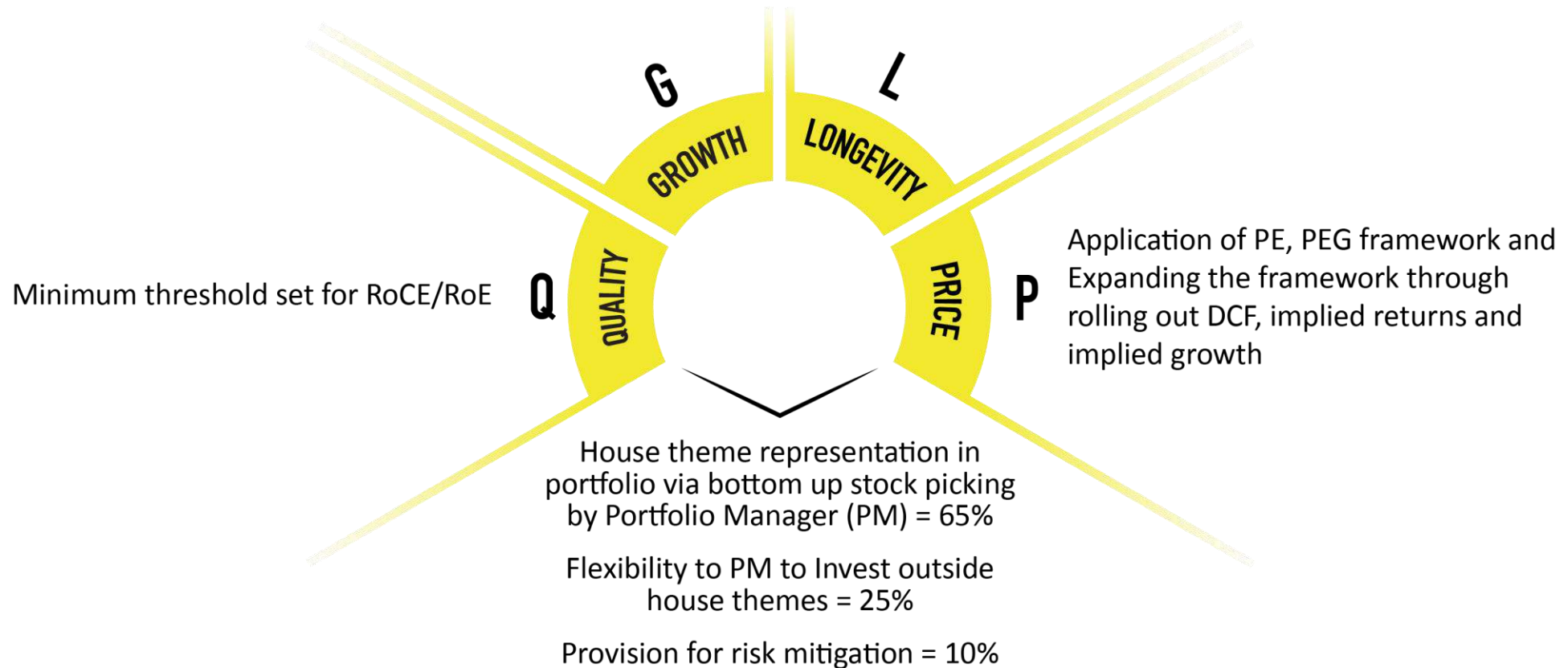
We have established experience in arguably most segments under financial services

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



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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

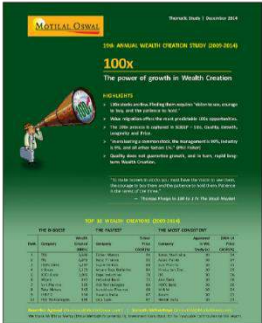


Stringent Liquidity Framework

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

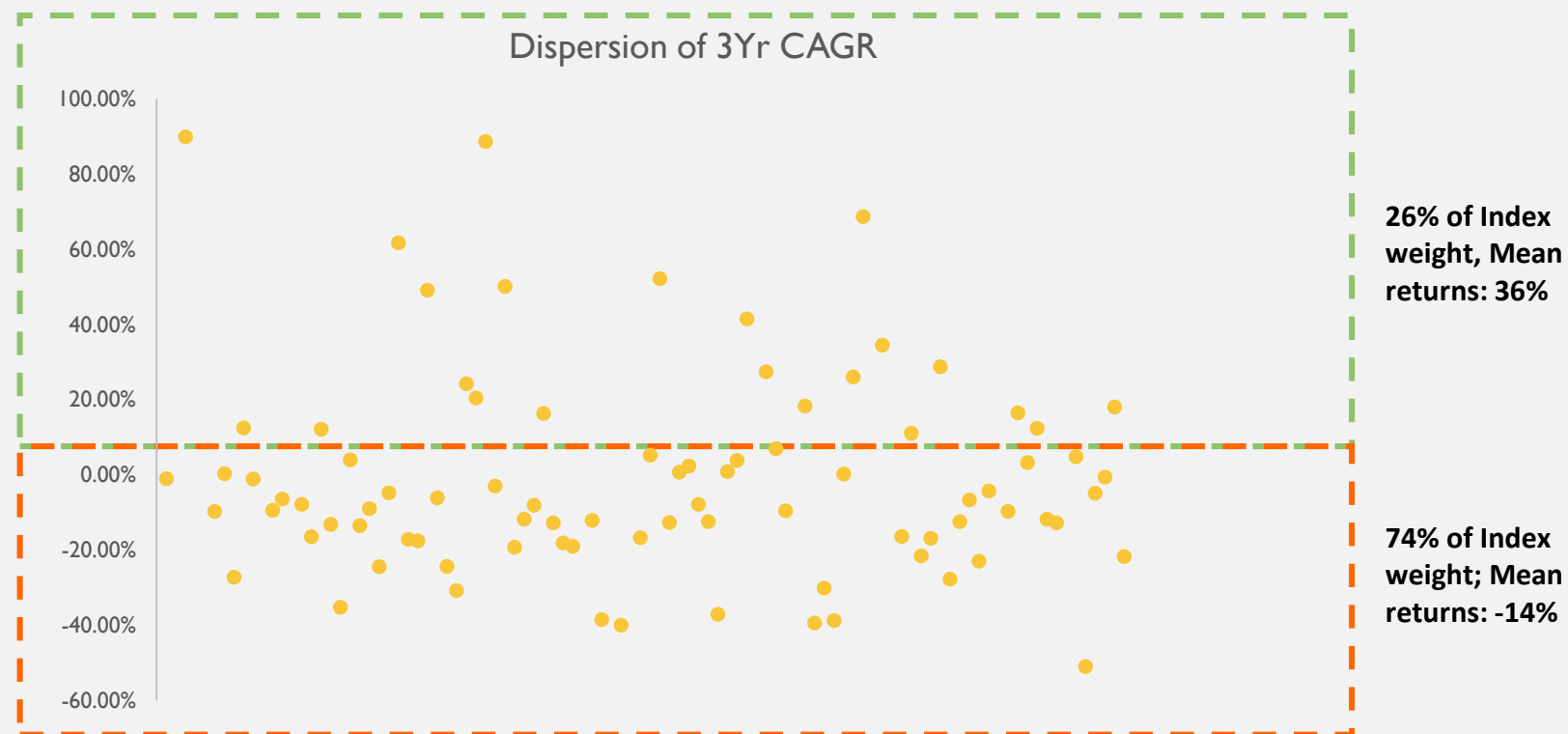
Source: MOAMC Internal, Data as on 31st December 2022.

IOP v2

Set to seize the opportunity

May 2023

Smallcaps offer a large opportunity for Alpha generation



Top 20 stocks account for 31% of Index weight but contributes 230% of the total price returns

Nifty Smallcap 100 Returns for 3 years: -8.4%

Dispersion averages out the overall returns of the portfolio

Wide dispersion of returns in small caps provides scope for bottom-up stock picking

Source: MOAMC internal research. Disclaimer: Data from Sep 30, 2017 till Sep 30, 2020. The above is for representation purpose only and should not be used for development or implementation of an investment strategy. Past performance may or may not be sustained in future.

Smallcaps offer a large opportunity for Alpha generation

- Small Caps are covered by fewer analysts, this gives fund manager an edge in spotting good businesses early
- Ownership pattern is not broad based as information is limited –this category is best played through a focused portfolio

Under Researched : Limited Analyst Coverage

Average Analyst Coverage	
Top 100	16
101-400	17

Under Owned : Lower Institutional Holding

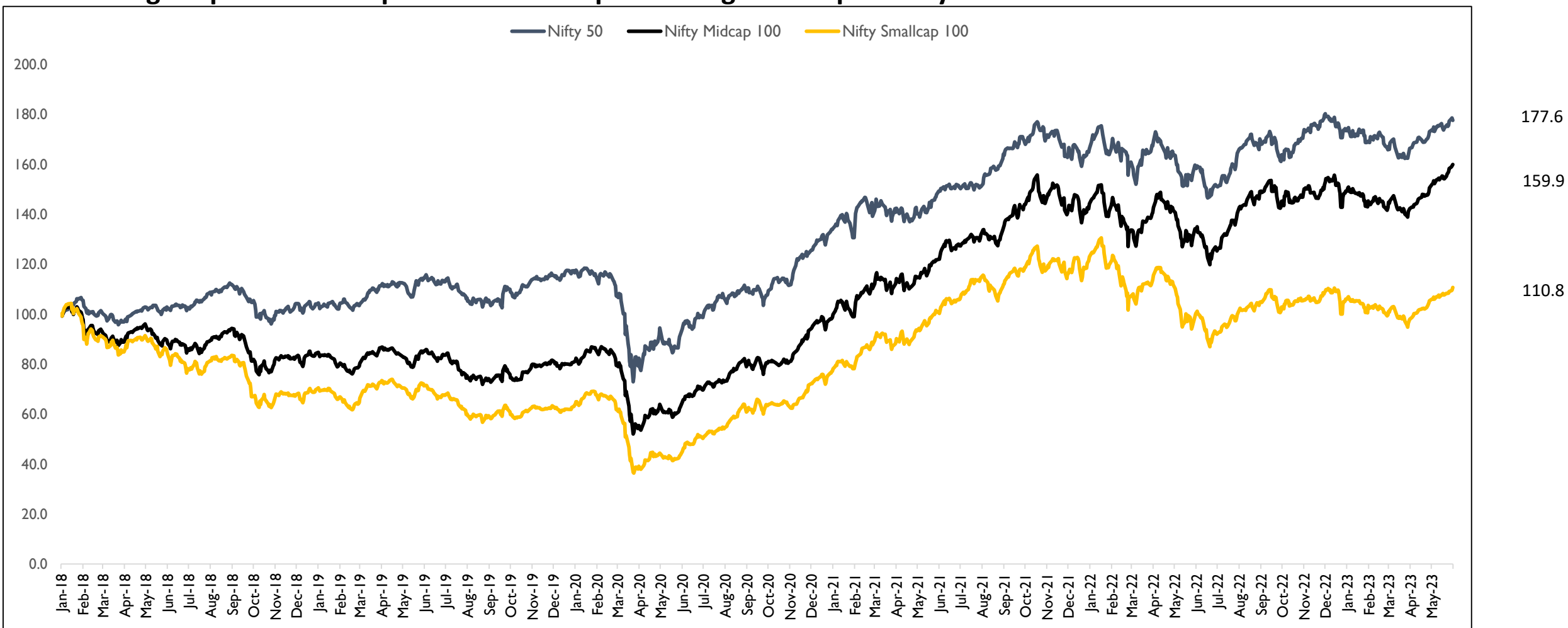
Ownership Pattern amongst Index Constituents (%)			
	Promoter	Institutional	Retail
Top 100	55	26	18
101-400	63	19	19

Source: Bloomberg Average analyst coverage is the average number of analysts covering each of the index constituents as on September 30th 2019. Ownership pattern as disclosed by index constituent companies to the NSE as on QE June 2019

Disclaimer: The statements made herein may include statements of future expectations and other forward-looking statements that are based on our current views and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in such statements. The above information should not be used for development or implementation of an investment strategy. It should not be construed as investment advice to any party

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

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

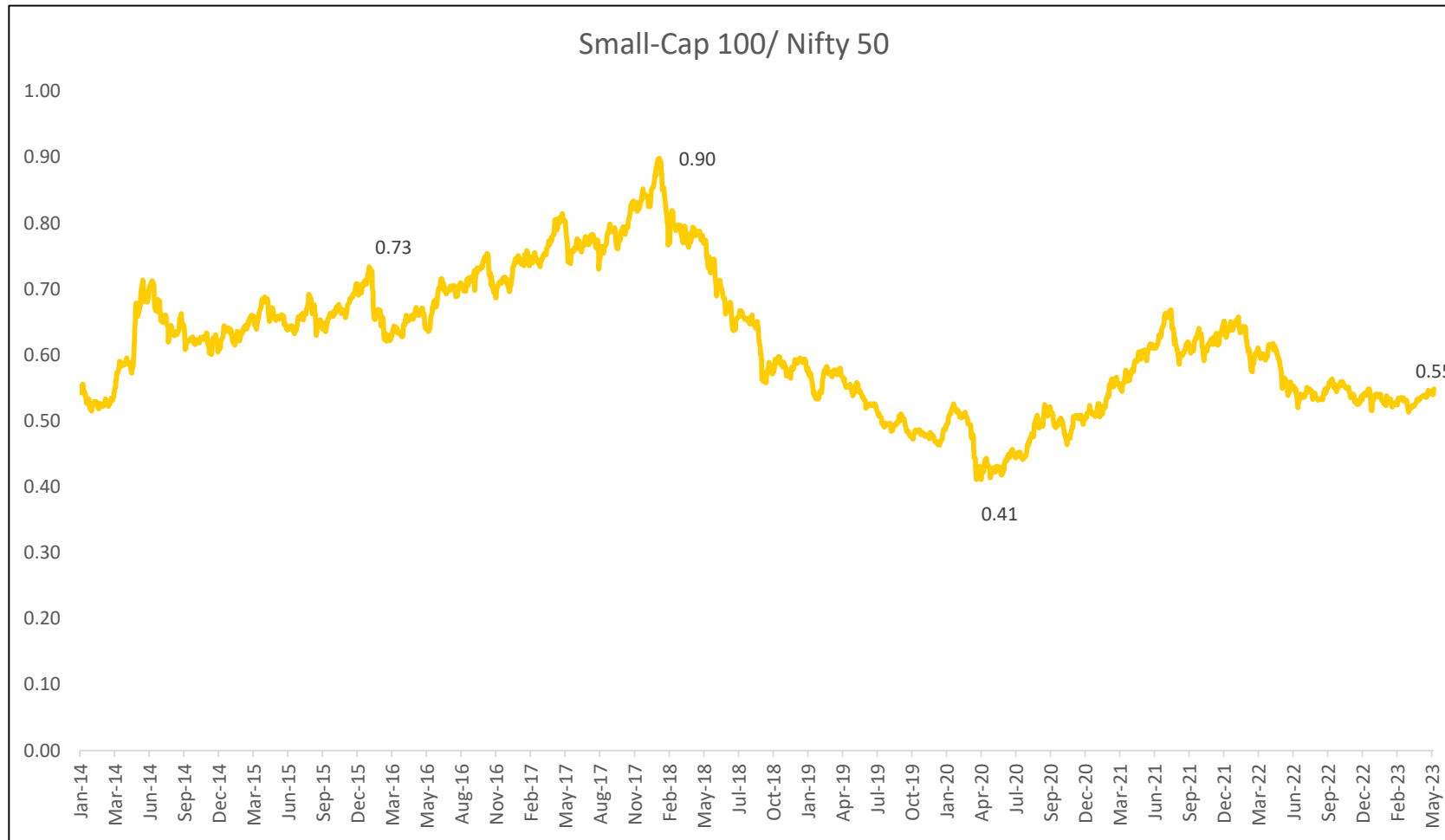


Source: MOAMC Internal Research, Data as on 31st May 2023

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



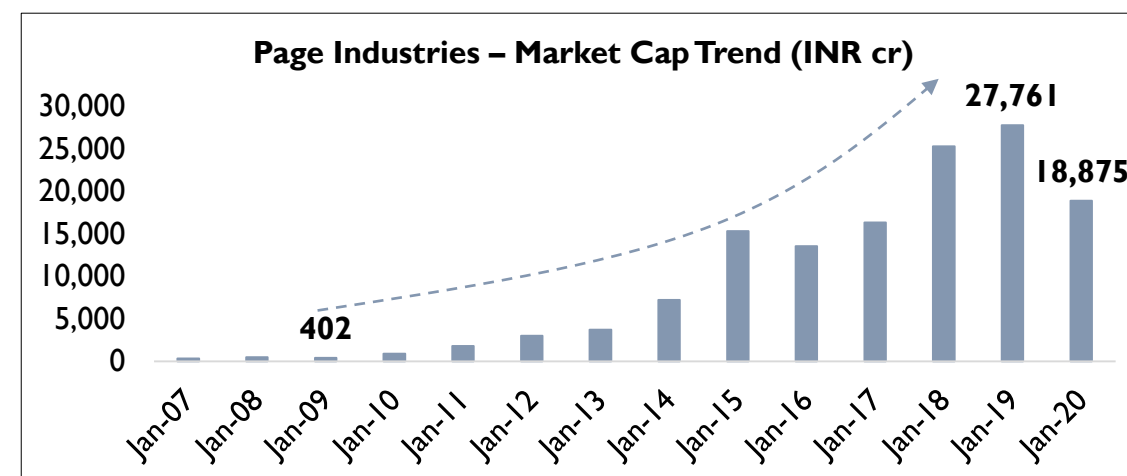
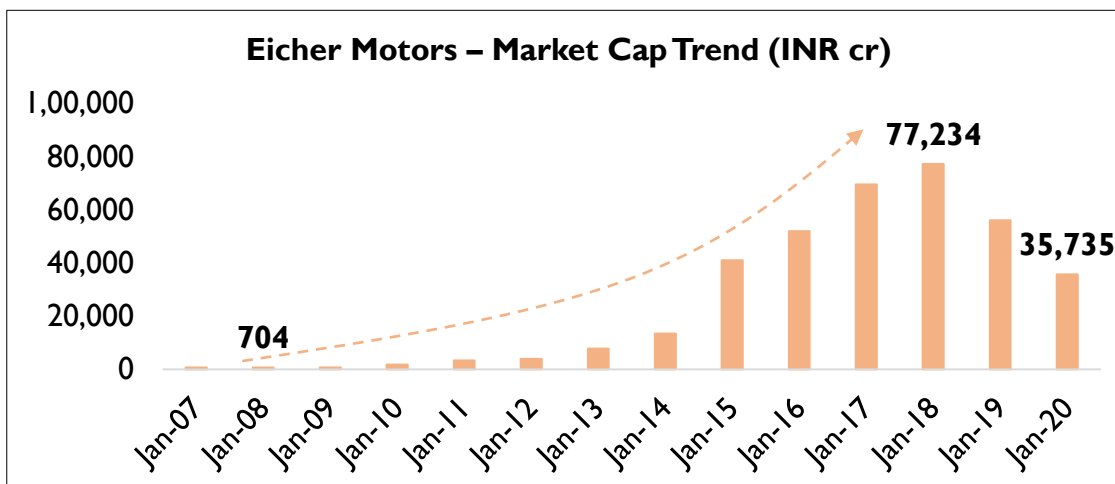
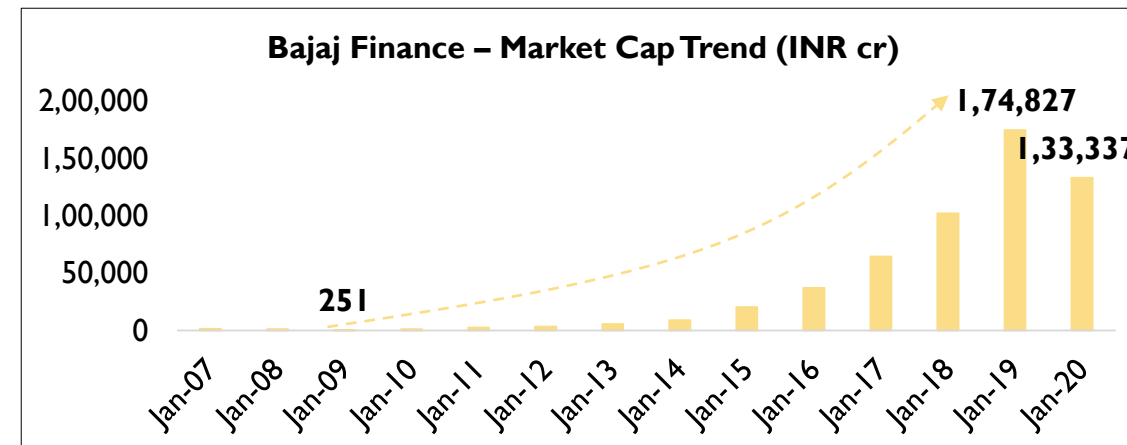
- This ratio is a good indicator for investing in smallcaps
- It peaked out at ~0.9. Current level suggests room for growth

Source: MOAMC Internal Research, Data as on 31st May 2023

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Smallcaps can grow 100x in 10 years

- Many businesses in India offer huge growth potential
- Small caps, given their size, have a long runway for growth
- The full benefit of this is reaped by those investors who hold for the long term
- The key – high quality of management

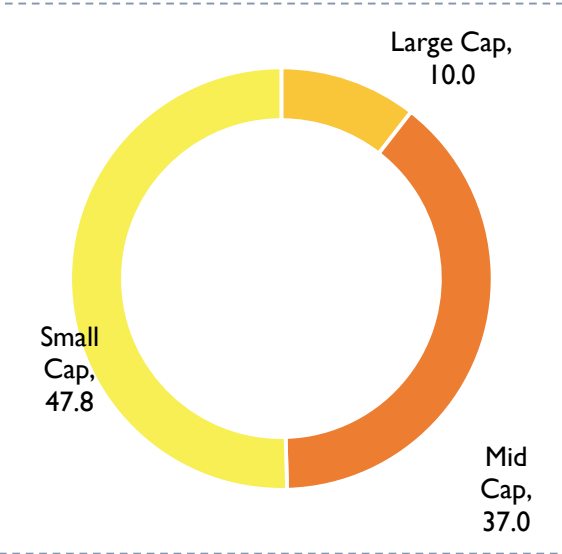


Source: MOAMC Internal Research, Data as on 31.1.2020

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 an investment strategy. It should not be construed as investment advice to any party. For detailed Company-specific Risk Factors, please refer to the end of this document.

Low PEG: Earnings Growth and Valuations in a Sweet Spot

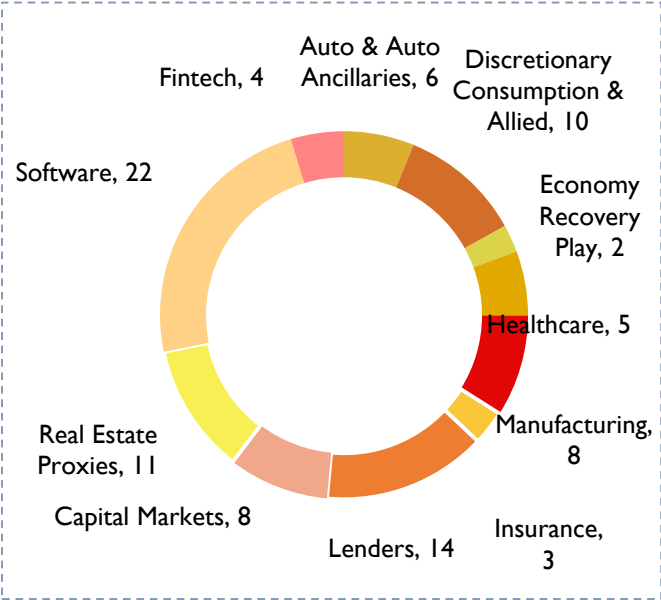
Favorable Market Cap Mix



QGLP Philosophy

Quality	RoE: 18% FY25E
Growth	27% PAT CAGR over FY23 – 25E
Longevity	High
Price	PE: 16x FY25; PEG: 1.0x

Sector Mix



Data as on 31st 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 23rd 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%
Alpha	17%	39%	28%	33%	27%

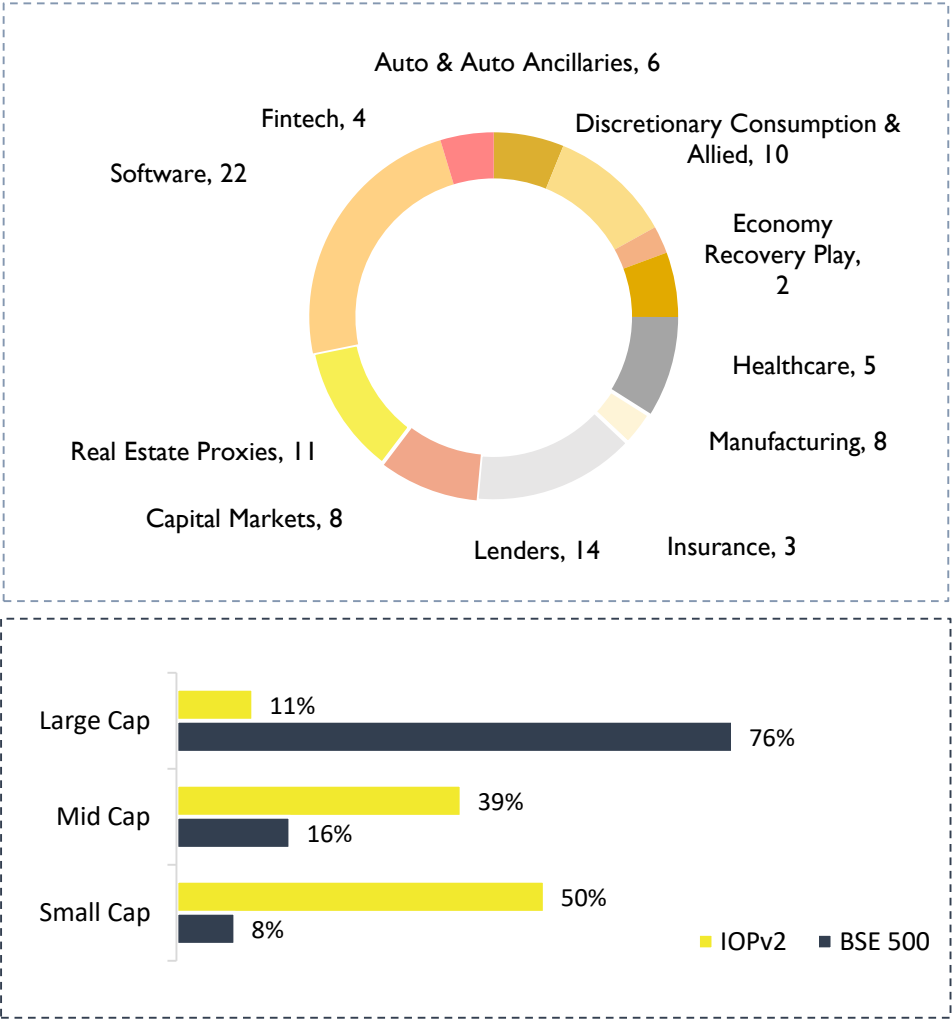
- Efficacy of PEG ratio is remarkable irrespective of the number of years of growth insight that investors may have.
- Thus, PEG of less than 1x works for growth forecasts of 1, 2, 3, 4 or 5 years!
- **PEG of 1x delivered handsome alpha in 14 out of 15 observations (barring GFC led fall in 08)**

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

Portfolio Positioning and High Conviction Bets

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
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Q4FY23 Earnings Update: 57% 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%
Portfolio Aggregate ex Religare		57%	54%

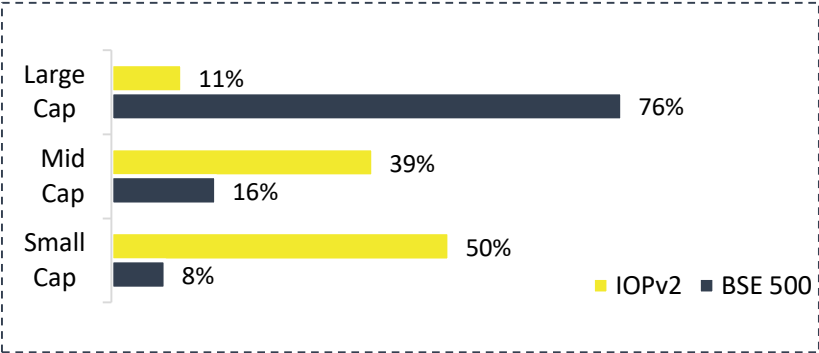
Data as on Mar'23

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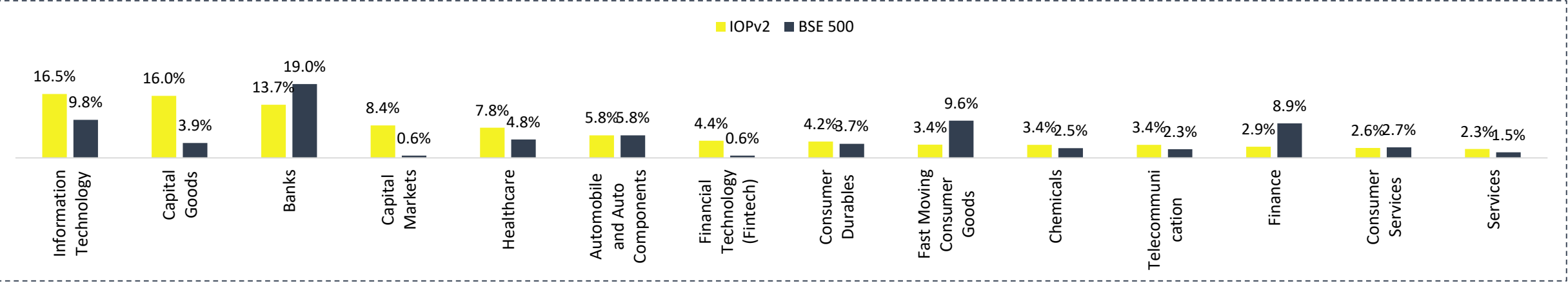
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Motilal Oswal IOPv2 Strategy

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



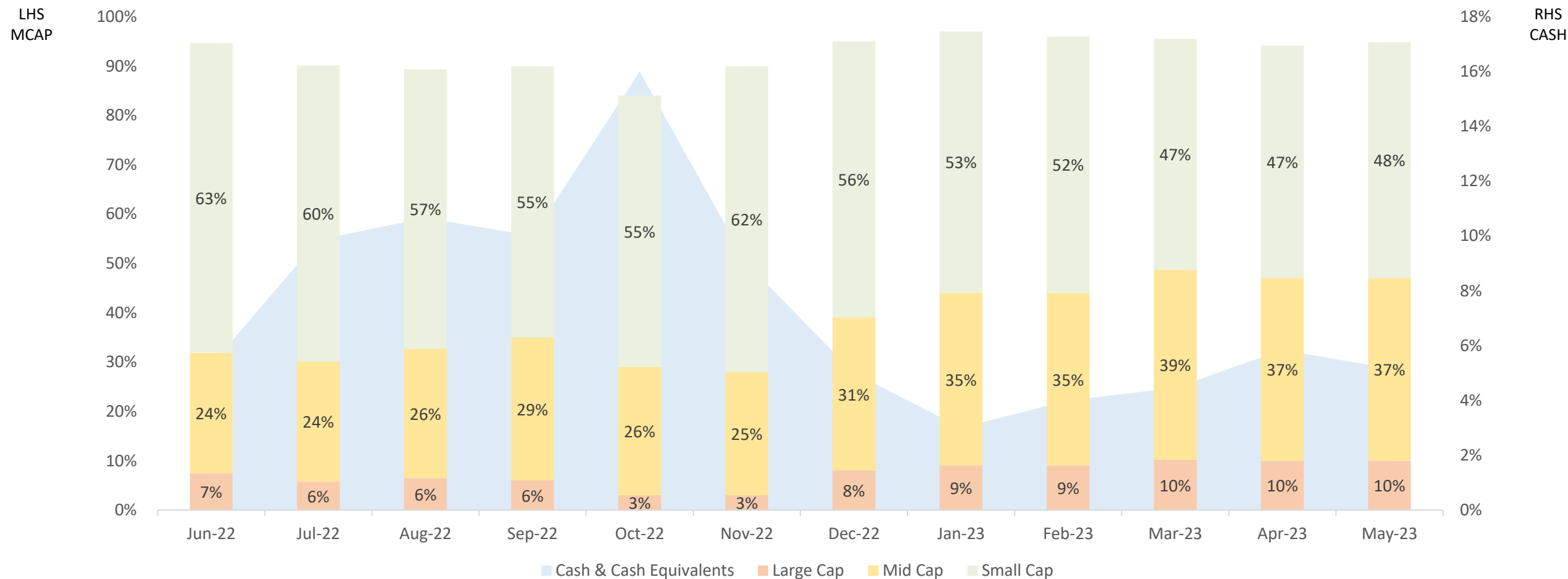
QGLP Metrics	IOPv2	BSE500
Q : ROE FY25E	18%	15%
G: PAT Growth FY23-25E	27%	16%
P : PEG	1.0	1.5



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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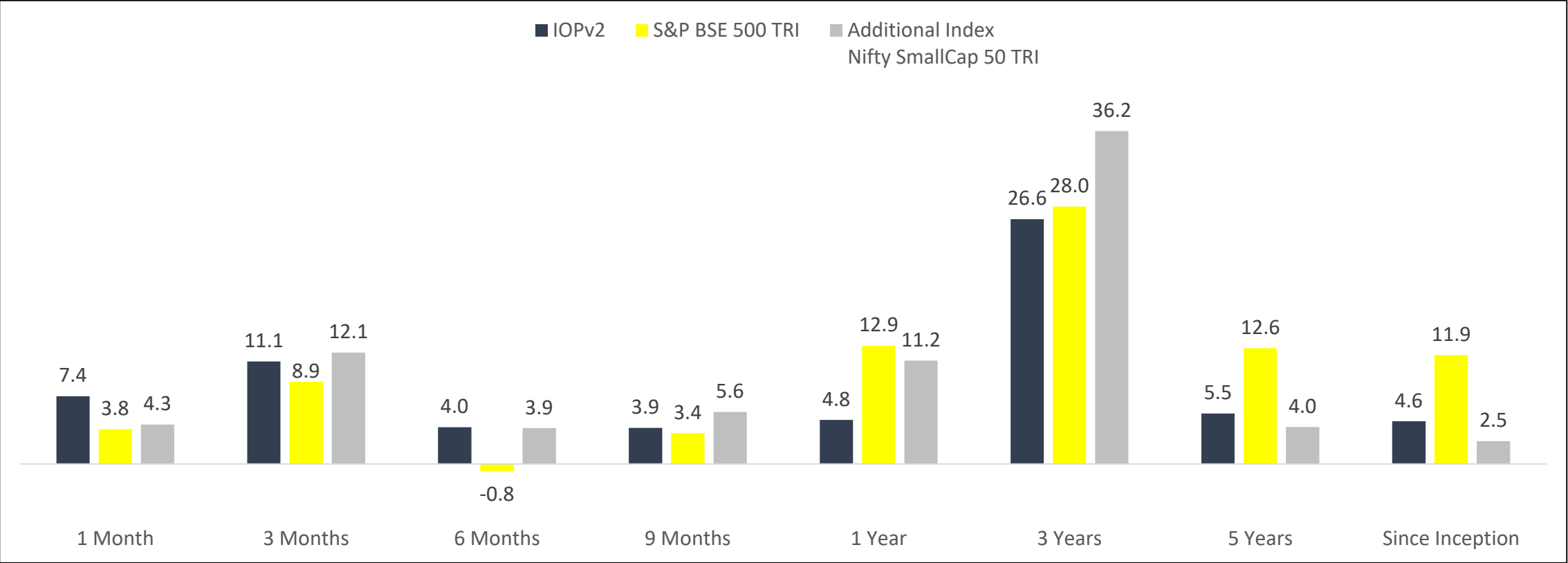
Quality and Growth: Expect 27% Portfolio Earnings Growth in FY23 – FY25

For Internal Use Only

		Q	G	P/E		
Particulars	Weight	ROE	PAT CAGR	PEG	P/E	
	%	FY25	FY23-25	2-Year	FY23	FY25
IDFC First Bank	7%	14%	35%	0.6	20	11
KPIT Technologies	6%	26%	28%	3.0	83	51
TVS Motor Company	6%	27%	34%	1.4	47	26
Global Health	5%	16%	19%	2.5	49	34
Persistent Systems	5%	29%	16%	2.3	37	27
One 97 Communications	4%	NM	NM	NM	NM	NM
Angel One	4%	36%	13%	1.0	13	10
Amber Enterprises India	4%	15%	50%	0.9	46	21
Central Depository Services	4%	23%	17%	2.3	38	28
APL Apollo Tubes	4%	28%	26%	2.0	52	32
Portfolio Consensus		18%	27%	0.9	26	16
Benchmark – BSE500		15%	16%	1.5	24	18

Portfolio Performance

Portfolio Performance



IOP V2 Strategy Inception Date: 5th Feb 2018; Data as on 31st May 2023; Data 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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The portfolio manager invests with an eye on the future

Investors who invest in the good times and hold back in the bad times can never make above average returns.

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 Held:** 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.

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THANK YOU



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