



MOTILAL OSWAL

ASSET MANAGEMENT

Motilal Oswal Ethical Strategy

About Ethical Investing



Investment Guidelines



Why Ethical

- Risk sharing principle protects parties and in turn society, from questionable social and financial practices
- Overall debt ratio is capped and interest bearing transactions are limited under the guidelines



ESG Investing Parallels

- Strategy draws multiple parallels with ESG Investing due to its foundation of promoting social responsibility by promoting stewardship, social responsibility, and value creation
- Additional layer of balance sheet screening and low leverage



For Investors

- Strategy well positioned to cater to community investment guidelines e.g.: Muslims & Jains
- Segments which have a negative societal opinion are naturally avoided (tobacco, alcohol, pork, gambling, inappropriate media etc.)
- Socially responsible and governance conscious investors as part of ESG Investing

The above Table is used for illustration purpose only and should not used for development or implementation of an investment strategy

Investments Under Ethical Strategy

Investible equity universe

Companies involved in activities which are not considered ethical to community investors are filtered out

Post sector screen, companies are checked for compliance to financial ratios



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Equity Investments under Ethical Strategy Guidelines – Sector Screens

- Ethical Strategy guidelines allow investments under Equity as an asset class
- However, some business activities are not permissible under Ethical Strategy guidelines for equity investments
- These industries are not considered ethical and would not be appropriate investments for observant community investors
- Latest financial statements are reviewed for any activities which aren't permissible under these guidelines



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Equity Investments under Ethical Strategy Guidelines – Accounting Screens

Financial Parameter Screening

$$\frac{\text{Total Debt}}{\text{Total Assets}} \leq 25\%$$

$$\frac{\text{Total Interest Income}}{\text{Total Assets}} \leq 3\%$$

$$\frac{\text{Receivables and Cash Balances}}{\text{Total Assets}} \leq 90\%$$

TASIS shall be our advisory partner to help us maintain an investible universe which omits any non compliant stocks

This would mean ethically compliant business & industry screening combined with financial screening shall be applied

TAQWAA ADVISORY AND SHARIAH INVESTMENT SOLUTIONS (TASIS) is the Shariah Advisory Partners of the National Stock Exchange (NSE) for its Shariah Indices
TASIS has issued a Compliance Certificate to Motilal Oswal Ethical Strategy for community investors

Ethical Strategy Investing – An Opportunity



Low debt ratio – limit on interest-bearing transactions



Investments with high uncertainty such as derivatives are avoided



Multiple parallels with ESG investing



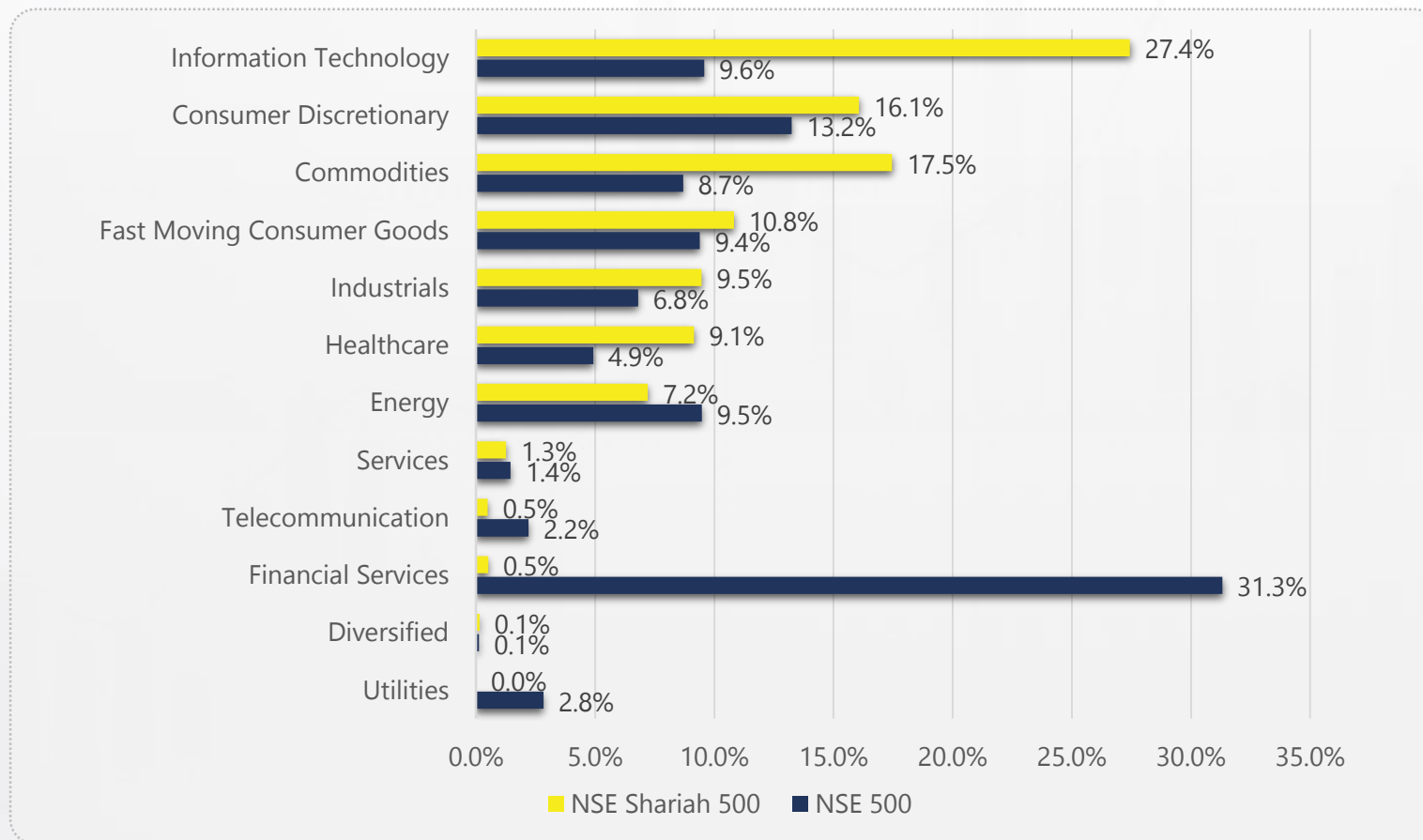
Focused Universe with lower Volatility



Exponential Growth in Ethical Strategy Compliant institutions

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Differentiated Investment Universe – Nifty Shariah 500 v/s Nifty 500



- Nifty Shariah 500 has major allocation in Information Technology and Consumer Goods as compared to Financials for Nifty 500
- The Nifty Shariah Index comprises of about 239 stocks out of Nifty 500 Index Stocks.

Source: MOAMC internal analysis, Nifty Indices; Data as of 30-Apr-2023

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Ethics Pays - Competent Returns for Every Investor



NSE 500 Shariah & NSE 500

Competent Performer despite restricted investment universe

| Period | Nifty 500 TRI | | Nifty 500 Shariah TRI | |
|----------|---------------|--------------------|-----------------------|--------------------|
| | Returns | Value of Rs 1 Lakh | Returns | Value of Rs 1 Lakh |
| 1 Year | 23.9 | 1,23,896 | 17.0 | 1,16,954 |
| 3 Years | 26.1 | 2,00,304 | 24.6 | 1,93,671 |
| 5 Years | 13.6 | 1,89,494 | 14.5 | 1,96,395 |
| 7 Years | 14.3 | 2,54,977 | 15.1 | 2,67,458 |
| 10 Years | 15.1 | 4,07,255 | 16.4 | 4,54,902 |

Source : ACEMF. Past performance may or may not be sustained in future. Data as of 30-June-2023. Nifty 500 TRI is shown in place of the benchmark S&P BSE500 TRI for a like to like comparison with Nifty 500 Shariah TRI

Being ethical pays on risk front also

Comparison with relevant indices on risk parameters

| Risk Measure | Nifty 50 TRI | Nifty 500 TRI | Nifty 500 Shariah TRI | Nifty 200 Momentum 30 Index TRI | Nifty Low Volatility 50 TRI | Nifty 200 Quality 30 Index TRI | NIFTY 500 Value 50 TRI | NIFTY 100 Enhanced ESG TRI |
|--------------|--------------|---------------|-----------------------|---------------------------------|-----------------------------|--------------------------------|------------------------|----------------------------|
| Beta | 1.00 | 0.95 | 0.77 | 0.95 | 0.72 | 0.75 | 0.99 | 0.96 |
| Ann Stdev | 19.37 | 18.73 | 16.77 | 20.79 | 15.41 | 16.69 | 24.77 | 18.98 |

Data as of 31-May-2023

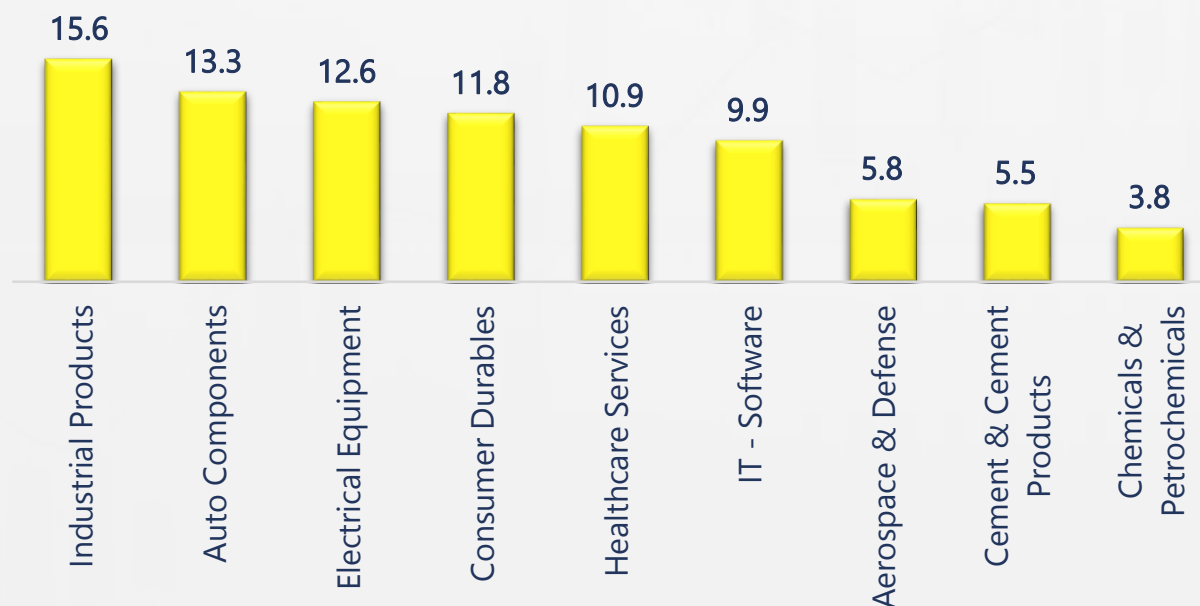
Source : NiftyIndices. Data is based on last 5 year time period. Past performance may or may not be sustained in future.

Introducing Motilal Oswal Ethical Strategy

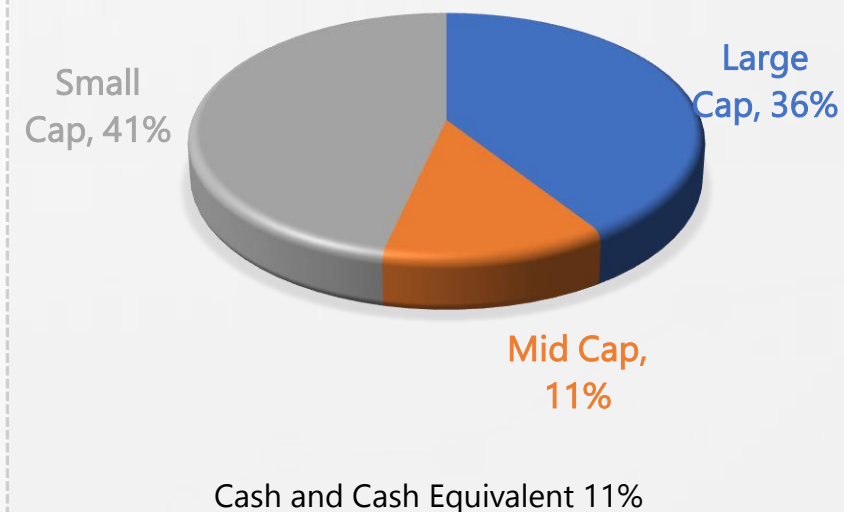


Portfolio Construct

Industry Allocation



Market Capitalization



Data as of 30-June-2023

The Stocks/Sectors 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

Highly concentrated portfolio plays across four themes

1

Economic Recovery

Auto & Auto Ancillaries

Cement

Jamna Auto, Minda Corp, Tube Investments

Ultra Tech Cement

2

Consumer Discretionary

Real Estate Proxy

Century Plyboards, Cera Sanitaryware, Finolex Cables

3

Structural Shifts

Healthcare

IT

KIMS, Global Health

HCL Tech, LTIMindtree

4

Favorable Tailwinds

Chemicals

Industrial Capital Goods

SRF

CG Power, Siemens, KEI Industries, BEL, Cummins

Data as of 30-June-2023

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Fund Manager

“

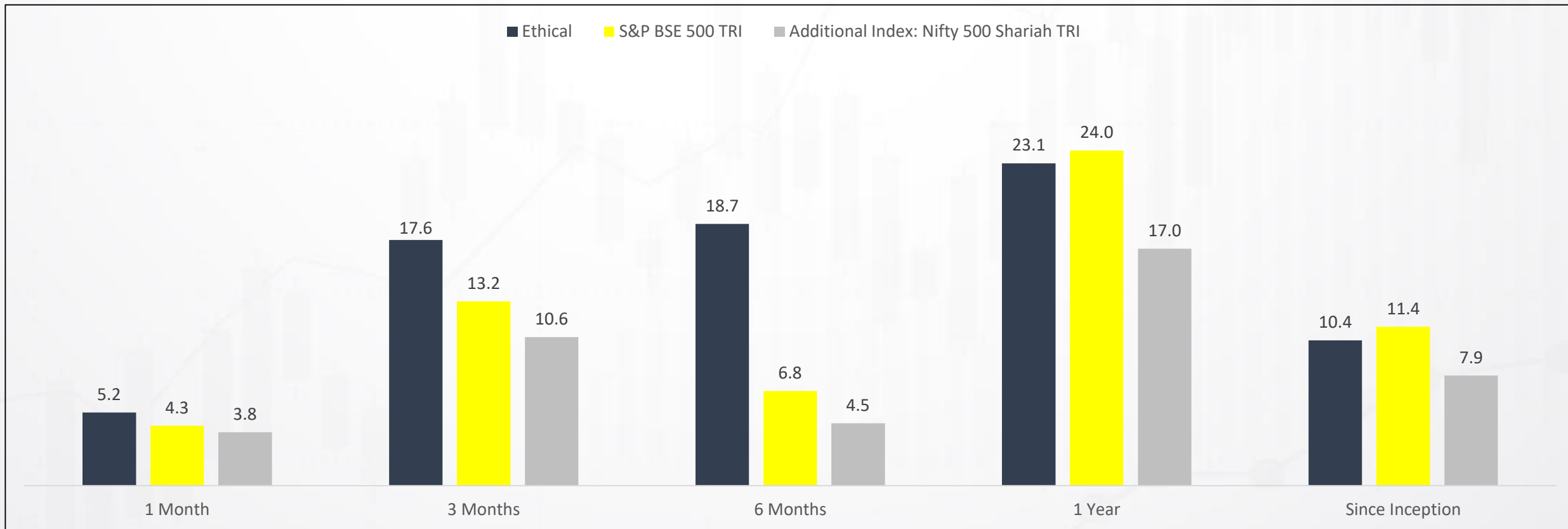


Vaibhav Agrawal

- Vaibhav Agrawal is currently managing ~10,000 crs AUM at Motilal Oswal Asset Management across alternate products
- He has also managed a proprietary PMS and has over a decade of experience in stock picking and generating index-beating returns.
- He has worked as a ratings analyst at CRISIL and investment analyst at Motilal Oswal Asset Management.
- He holds a Bachelors in Computer Science from the University of Pennsylvania and an MBA from London Business School.

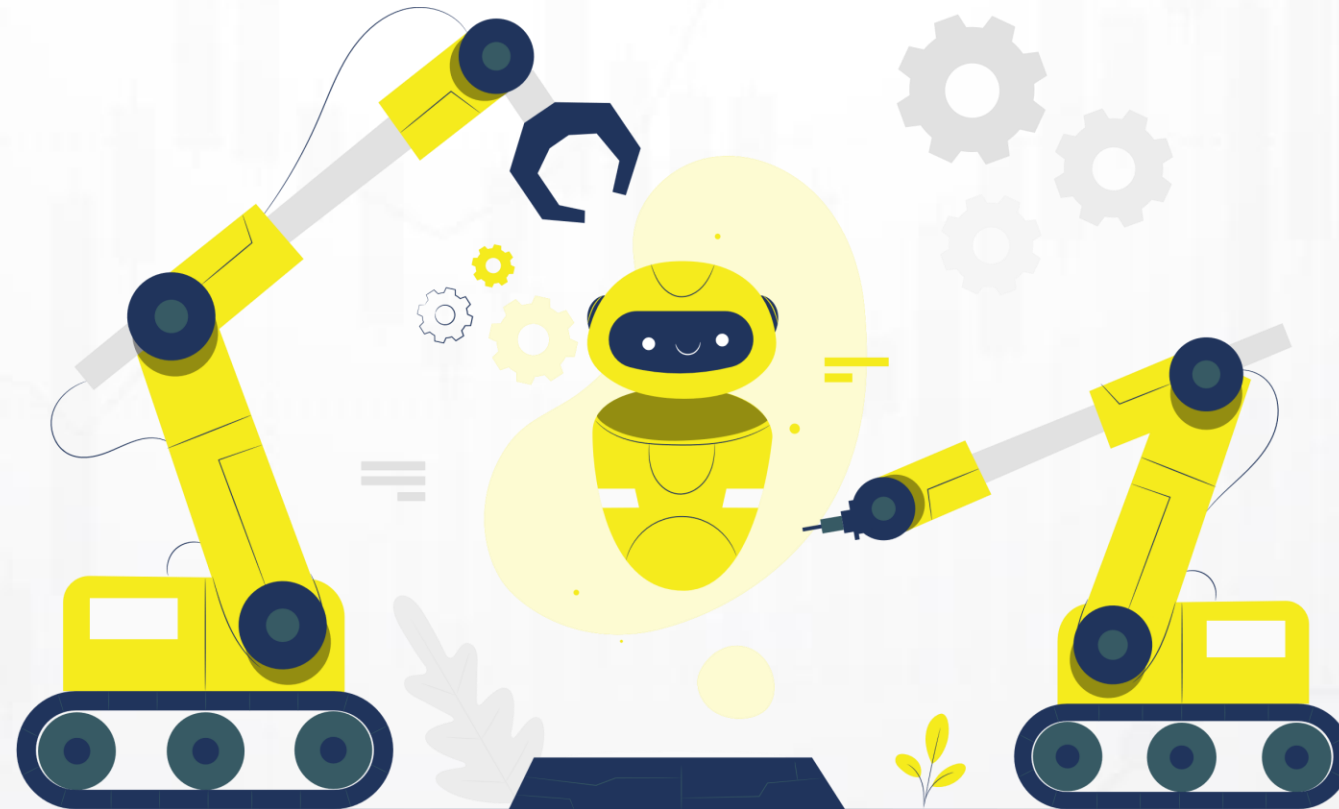
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Performance Update



Ethical Strategy Inception Date: 8th Jun 2021; Data as on 30th June 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.

Why Motilal Oswal Asset Management?



The 4 P's

Philosophy



India's only fund house with a documented investment philosophy carefully honed by 25 consecutive years of Wealth Creation Studies

Professionals



12-member strong Research Team & a 25 member Investment Team with a wealth of investing experience

The 4 P's Philosophy Process Professionals Performance

Process



Continuously evolving through insights and a knowledge based culture – 25 frameworks developed that provide an investment edge

Performance



17-year legacy of identifying Multi-baggers (Vision to See + Courage to Buy + Patience to Hold) across mandates

Source: Internal

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Rich History of 18 Years in Public Money Management

Current equity AUM of
50,000+ crores of which
15,000+ crores AUM in
PMS



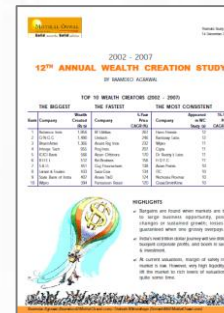
Source: Internal Research. This is our view and should not be taken as an advice. For individual nature of tax implications, investors are requested to consult their tax advisors before investing

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Motilal Oswal Asset Management – Thought > Philosophy > Action

25+ Years of Thought Leadership –
Wealth Creation Studies



Documented and Distilled Investment
Philosophy

Q

L

Investment Philosophy

G

P

Skin In The Game - WE invest heavily in
our funds along with investors

THE LARGEST INVESTORS
IN MOTILAL OSWAL
MUTUAL FUNDS
ARE ITS PROMOTERS.

What is at stake?
~4,000+ Cr

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Purification of Interest Income



Purging of Impure Income attributable to a client investment portfolio is an essential aspect of maintaining Shariah Compliance of the portfolio



The client needs to donate to any charitable organization or individuals of their choice the purging amount determined, provided they are themselves not in any way benefitted by such selection of organization or individuals



TASIS provides advisory on the exact amount of such income to be donated for purification basis their methodology – Clients would have to give permission of sharing transaction statement and account statement



Investors can choose to donate a standard 1-2% or can contact TASIS for such advisory services at a relatively lower fees

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Private and Confidential

Shariah Certificate



TAQWAA ADVISORY AND SHARIAH INVESTMENT SOLUTIONS (P) LTD.
Registered Office : 5, Natalwala Building, 110, S.V.S. Road, Mahim, Mumbai - 400 016
Tel : +91-22-24454610 | Email: info@tasis.in | Website : www.tasis.in
CIN No.: U74140MH2007PTC174170

Date: 24th May 2022

Certificate No.: 152

Initial Shariah Compliance Certificate

Shariah Compliance Certificate for **Motilal Oswal Ethical Strategy**
(Portfolio Management Services) of Motilal Oswal Asset
Management Company Ltd.

Pursuant to the agreement dated 22nd March 2022, between **Motilal Oswal Asset Management Company Ltd (MOAMC)** and **Taqwaa Advisory and Shariah Investment Solutions Pvt. Ltd. (TASIS)**, relating to ongoing Shariah monitoring and certification of the Motilal Oswal Ethical Strategy (Portfolio Management Services) hereinafter referred as "**said scheme**" to be launched by MOAMC, TASIS has scrutinized all the documents submitted with the Securities and Exchange Board of India (SEBI) and those to be executed between MOAMC and its clients and the marketing material to be used to introduce the salient features of the scheme to its clients.

MOAMC has agreed to the changes suggested to be incorporated in the abovementioned documents by TASIS and has incorporated the following points in the relevant documents which will be the base guideline for Portfolio Management Services for Shariah conscious clients of the said scheme:

1

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CIN No.: U74140MH2007PTC174170

- All investment guidelines, investment objectives, investment approach and investment restrictions applicable to the said scheme shall abide by Shariah norms as advised by TASIS, the Shariah Advisor to MOAMC, in connection with the said scheme.
- All trades and transactions for the portfolio by the Fund Manager will be in Shariah compliant manner.
- MOAMC upon receiving confirmation from clients wishing to do the purging through TASIS of impure income accrued on account of their investments in Motilal Oswal Ethical Strategy, will provide TASIS details of transactions entered on behalf of each such client investing in the said scheme, to enable TASIS to calculate and intimate MOAMC's client regarding the amount of "impure income" (Interest) to be donated by the client as charity. MOAMC shall be responsible for informing all clients of the need for them to purge the "impure income" but it will not be their liability to ensure that any or all clients actually discharge their ultimate responsibility in the above regard.
- Pursuant to above referred Agreement between MOAMC and TASIS, TASIS shall be carrying out an inspection of documents and audit pertaining to operation of the Scheme, every six months, to ensure the scheme continues to be Shariah compliant in actual operations and certify the scheme accordingly.

2

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In view of the guidelines noted above, the Motilal Oswal Ethical Strategy will be Shariah Compliant and adherent to TASIS Shariah norms. Subject to the above, we hereby certify the scheme as Shariah Compliant till the first Shariah Audit.

And Allah knows best

For **Taqwaa Advisory and Shariah Investment Solutions Pvt. Ltd.**


Mufti Khalid Saifullah Rahmani
Shariah Advisor



3

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Thank You!