



MOTILAL OSWAL BUSINESS OPPORTUNITY PORTFOLIO STRATEGY

September 2023
(Data as on 31st August 2023.
Inception date - 18th December 2017)

Investment Approach

Strategy Name: Business Opportunity Portfolio Strategy

Investment Objective: The investment objective of the Strategy is to achieve long term capital appreciation by primarily investing in equity & equity related across market capitalization.

Description of types of securities: Listed Equity

Types of securities selected as part of the investment approach: Investing across high quality Indian equities in growth oriented themes across market capitalisation through a high conviction portfolio.

Allocation of portfolio across types of securities: The strategy has the mandate to invest in Equity and Equity-related instruments across the entire market capitalization spectrum of Large cap, Midcap and Small cap companies

Benchmark: S&P BSE 500 TRI

Indicative tenure or investment horizon: Medium to Long term

Key Features & Portfolio Attributes

BOP is a multi-cap strategy with a balanced mix of Large Cap, Mid Cap and Small Cap allocation

Index agnostic: ~76% away from benchmark BSE 500 Concentrated portfolio of 25 stocks with high earnings growth
The portfolio has been positioned based on our Wealth Creation Studies – Blended and High Conviction Strategy constructed through Economic Moat, Mid to Mega and Emergence Wealth Creation Studies

Portfolio Actions In Last 3 Months

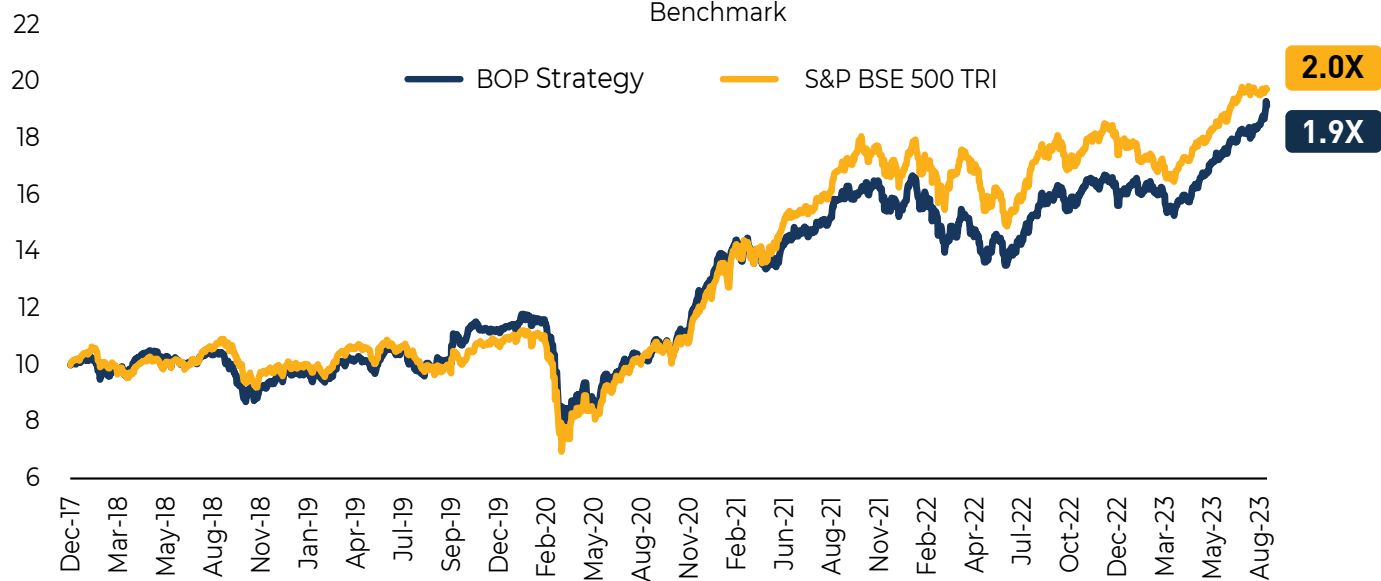
Companies Added: Eclerx Services, Ikio Lighting, LT Foods, Pricol

Companies Exited: Minda Corporation

THINK EQUITY. THINK MOTILAL OSWAL.

Performance Since Inception

One lac invested in the strategy on 18th Dec 2017 would have grown to ~₹1.92 lacs today against ~₹1.97 lacs invested in Benchmark



Strategy Contributors (3 Year Trailing)

Top 5	Contribution
ICICI Bank Ltd.	15.3%
Safari Industries Ltd.	12.2%
Phoenix Mills Ltd.	8.4%
Max Financial Services Ltd.	8.1%
Larsen & Toubro Infotech Ltd.	7.7%

Bottom 5	Contribution
Gland Pharma Ltd.	-1.1%
G R Infraprojects Ltd.	-0.7%
Britannia Industries Ltd.	-0.7%
IKIO Lighting Ltd.	-0.5%
HDFC Life Insurance Co. Ltd.	-0.4%

Risk Ratios

3 Year Data	Strategy	Benchmark
Standard Deviation	14.1%	14.5%
Beta	0.9	1.0
Sharpe Ratio	1.1	1.4

Portfolio Fundamentals & Market Cap

Market Cap	Weightage
Large Cap	50%
Mid Cap	18%
Small Cap	32%
Cash & Equivalents	0%

	QGLP Metrics
Q: ROE FY25E	17%
G: PAT Growth FY23-25E	17%
P: PE FY25E	13x

Top 10 Holdings & Sectoral Allocation

Scrip Name	(%) Holding
Max Financial Services Ltd.	10.0
ICICI Bank Ltd.	8.5
Phoenix Mills Ltd.	8.3
HDFC Bank Ltd.	7.9
Axis Bank Ltd.	6.2
Gokaldas Exports Ltd.	5.1
Infosys Technologies Ltd.	4.8
Maruti Suzuki India Ltd.	4.7
Eicher Motors Ltd.	4.5
State Bank Of India	3.4
Safari Industries (India) Ltd.	3.3
Ltimindtree Ltd.	3.1
Religare Enterprises Ltd.	3.1
Blue Star Ltd.	2.9
Cholamandalam Financial Holdings Ltd.	2.6
LT Foods Ltd.	2.5
Tech Mahindra Ltd.	2.5
Praj Industries Ltd.	2.3
IKIO Lighting Ltd.	2.3
NTPC Ltd.	2.2
Larsen & Toubro Ltd.	2.2
Pricol Ltd.	2.1
Eclerx Services Ltd.	2.1
Development Credit Bank Ltd.	1.9
GR Infraprojects Ltd.	1.4

Sector	(%) Allocation
Banks	28.0
IT - Software	10.4
Insurance	10.0
Automobiles	9.3
Consumer Durables	8.5
Realty	8.3
Finance	5.7
Textiles & Apparels	5.1
Construction	3.6
Agricultural Food & other Products	2.5
Industrial Manufacturing	2.3
Power	2.2
Auto Components	2.1
Commercial Services & Supplies	2.1
Cash and Cash Equivalents	-0.2

Fund Details

Fund Manager	Atul Mehra
Strategy Type	Open ended
Date of Inception	18 th December 2017
Benchmark	S&P BSE 500 TRI
Investment Horizon	3 Years +

- **BOP Strategy**

Entry Rationale:

Cholamandalam Investment & Finance Co. Ltd.

- Comprehensive financial services provider offering vehicle finance, home loans, loan against property, SME loans, insurance agencies, mutual fund distribution, and a variety of other financial services to customers
- CIFIC will continue to invest in expanding the team and the distribution in new businesses
- Chola enjoys a significant presence in Tier II, III, and IV towns and cities

Eclerx Services Ltd.

- Leading provider of Knowledge Process Outsourcing (KPO), analytics and automation services to global companies
- Eclerx has continued to gain wallet share from its clients; recently added another client to the \$3-5mn revenue bucket
- Lower roll-offs, improving deal wins and revival in growth are expected to drive revenues

IKIO Lighting Ltd.

- Integrated player providing original design manufacture (ODM) services in the LED lighting segment
- Lighting EMS industry (~22% of lighting industry) is expected to grow at a rate of 27% CAGR over FY22-26 supported by PLI for white goods and reduction of dependence of imports
- Overall high-end home & decorative lighting industry is likely to grow at CAGR of ~14% over FY22-26E led by rising importance of decorative lights to create a visual appeal to the house, stores, malls, hotels, etc.

Praj Industries Ltd.

- Praj Industries is the pure equity play on India Ethanol Revolution and now marching its footprints globally.
- The company has also a very strong focus on Engineering business providing solutions across CPES, ZLD & ETP segments which caters to growing industry
- Indian Oil Corporation Limited (Indian Oil) and Praj Industries Limited (Praj) signed a term sheet to advance plans to strengthen biofuels production capacities in India

Tech Mahindra Ltd.

- It is focused on leveraging next-generation technologies including 5G, Blockchain, Quantum Computing, Cybersecurity, Artificial Intelligence, and more, to enable end-to-end digital transformation for global customers.
- Tech Mahindra Ltd. is one of the top 5 IT companies in India which provides IT and ER&D services for telecommunication equipment manufacturers, telecom service providers, software vendors, and systems integrators.
- Management sees sustained and broad-based acceleration in the deal pipeline. It expects the deal win momentum to continue.

Exit Rationale:

Gujarat Gas Ltd.

- The recent trends in propane to gas prices have turned unfavourable for gas, with sharply expanding discounts of LPG to Brent causing a sharp decline in propane prices in the Morbi region, while industrial segment gas prices have followed the suit – this has created twin pressures on Gujarat Gas to try to protect its margins while also keeping prices competitive enough not to haemorrhage volume growth.

Minda Corporation Ltd.

- Exited for better opportunities

Tata Consultancy Services Ltd.

- BFSI and Retail verticals reported sluggish growth which may indicate softening of demand
- The growth rate may slow down in FY24 due to uncertainties in the world's largest economies

Ultratech Cement Ltd.

- A weak macro-economic environment leading to lower cement demand and pressure on cement prices would negatively affect profitability

Disclaimers and Risk Factors

BOP Strategy Inception Date: 18th Dec 2017; Data as on 31st August 2023; Data Source: MOAMC Internal Research; Source: Capitaline and Internal Analysis; 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. The Portfolio Manager manages allocations in all client portfolios by way of a model portfolio which is in line with investment objectives of the portfolio strategy/ investment approach. Unless there are specific exclusion instructions by individual clients, all clients' portfolios are aligned to a model portfolio; which means replication and alignment of all clients' portfolios in terms of scrip and allocation. New clients entering the strategy/ investment approach as of a particular date are also aligned to the model portfolio. It must be noted that there are certain circumstances in which clients' portfolio may deviate or differ from the model portfolios to a material extent. This may happen due to factors like liquidity and free floating consideration in some stocks, organization level exposure norms and related risk management, potential exit of a stock from the model portfolio thereby precluding it from buying in new client portfolios. The reasons quoted here are indicative but not exhaustive and the portfolio manager reserves the right to deviate from model portfolio for groups of clients depending on timing of their entry, market conditions and model portfolio construct at the time of their entry. Risk factors associated with the investment approach are Equity risk, Systematic risk, Concentration risk, Model portfolio risk, Mismatch risk and Execution risk. To know more about the risk factors, please refer disclosure document at motilaloswalmf.com. Investment in securities is subject to market and other risks, and there is no assurance or guarantee that the objectives of any of the strategies of the Portfolio Management Services will be achieved. Please read Disclosure document carefully before investing.

Our PMS services are available in direct mode, to know more, write to us at pmsquery@motilaloswal.com