

# MOTILAL OSWAL FOCUSED MIDCAP STRATEGY

September 2023  
(Data as on 31<sup>st</sup> August 2023.  
Inception date - 24<sup>th</sup> December 2019)

## Investment Approach

**Strategy Name:** Focused Midcap Strategy

**Investment Objective:** The Strategy aims to deliver superior returns by investing in stocks of India's emerging businesses. It aims to predominantly invest in midcap stocks that can benefit from growth in earnings and re-rating of businesses. It aims to invest bottom up by identifying high quality companies, having superior growth and sustainable competitive advantage.

**Description of types of securities:** Listed Equity

**Types of securities selected as part of the investment approach:** Majority of weights for investments to be drawn from stocks in 101<sup>st</sup> to 400<sup>th</sup> companies in terms of full market capitalization. Minority weights for investment might also be drawn from stocks beyond number 400 and from top 100 companies in terms of full market capitalization. As far as possible Companies should be drawn from a mix of sectors representing changing nature of society and economics in India.

**Allocation of portfolio across types of securities:** The strategy seeks to primarily invest in midcap segment having 101<sup>st</sup> to 400<sup>th</sup> companies in terms of full market capitalization. However, the strategy has the flexibility to invest in companies across the entire market capitalization spectrum

**Benchmark:** S&P BSE 500 TRI

**Investment horizon:** Medium to Long term

## Portfolio Actions In Last 3 Months

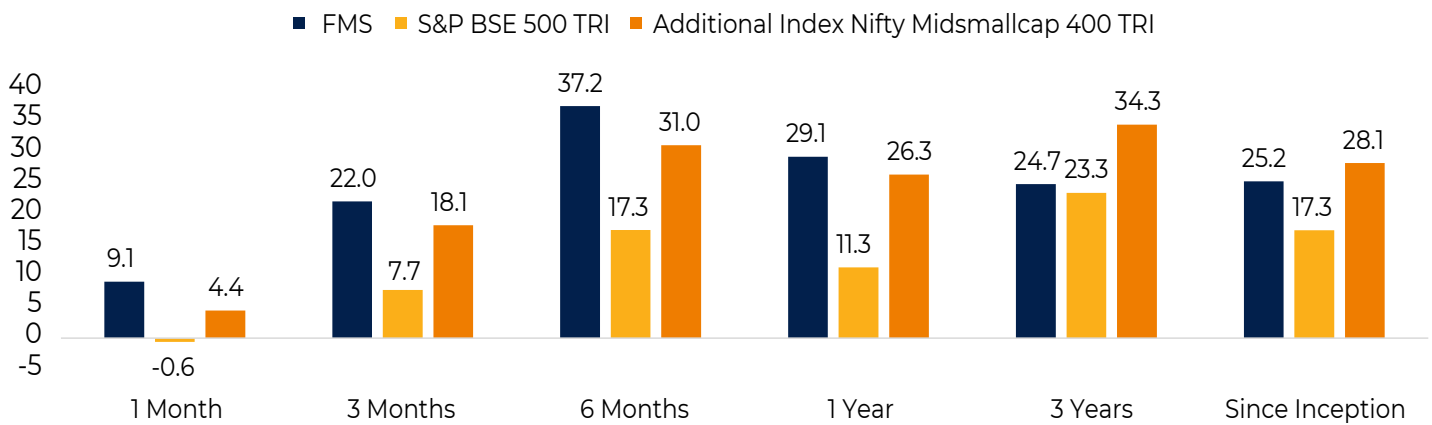
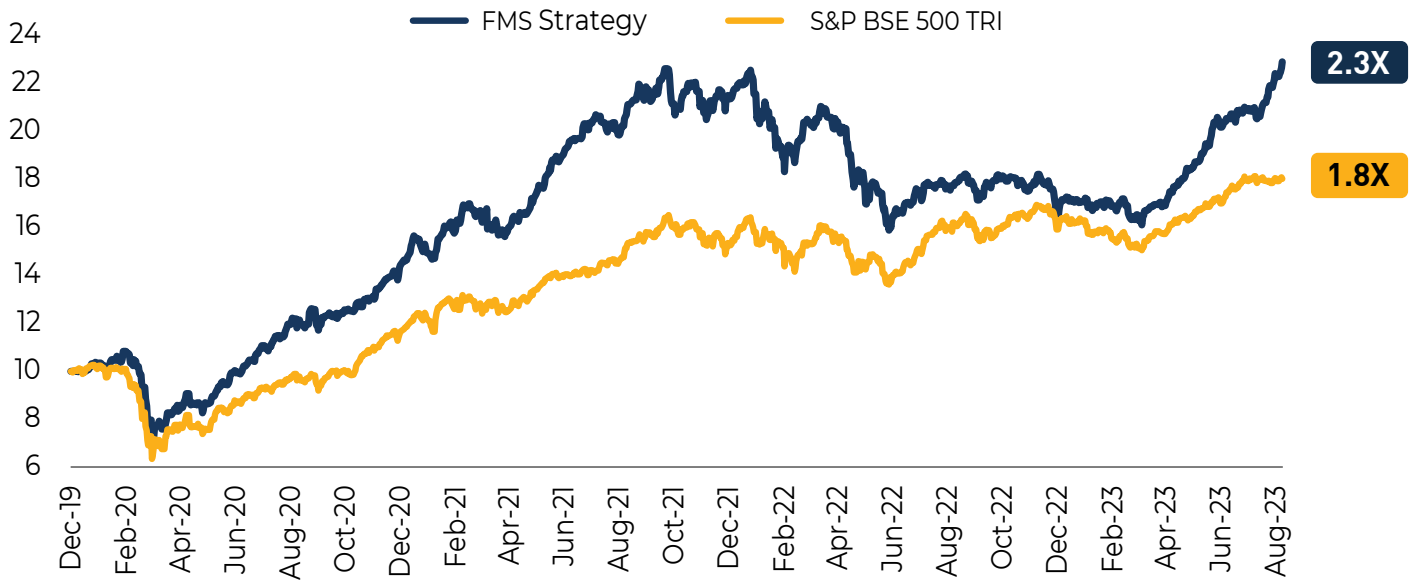
**Companies Added:** ITC, Cyient, Kalyan Jewellers, Piramal Enterprises

**Companies Exited:** Archean Chemical Industries, Religare Enterprises, Route Mobile, Tata Consumer Products, Finolex Cables, LTIMindtree, Prince Pipes & Fittings

# THINK EQUITY. THINK MOTILAL OSWAL.

## Performance Since Inception

One lac invested in the strategy on 24<sup>th</sup> Dec 2019 would have grown to ~₹ 2.3 lacs today against ~₹ 1.8 lacs invested in Benchmark



## Strategy Contributors (3 Year Trailing)

| Top 5                        | Contribution |
|------------------------------|--------------|
| APL Apollo Tubes Ltd.        | 20.6%        |
| Polycab India Ltd.           | 11.3%        |
| Persistent Systems Ltd.      | 9.6%         |
| L&T Technology Services Ltd. | 8.7%         |
| Dixon Technologies Ltd.      | 7.6%         |

| Bottom 5                    | Contribution |
|-----------------------------|--------------|
| Zomato Ltd.                 | -2.4%        |
| Rupa & Company Ltd.         | -2.1%        |
| Fino Payments Bank Ltd.     | -2.1%        |
| Mas Financial Services Ltd. | -1.9%        |
| Globus Spirits Ltd.         | -1.3%        |

## Risk Ratios

| 3 Year Data        | Strategy | Benchmark |
|--------------------|----------|-----------|
| Standard Deviation | 18.5%    | 14.5%     |
| Beta               | 1.0      | 1.0       |
| Sharpe Ratio       | 1.1      | 1.4       |

## Portfolio Fundamentals & Market Cap

| Market Cap         | Weightage |
|--------------------|-----------|
| Large Cap          | 15%       |
| Mid Cap            | 34%       |
| Small Cap          | 46%       |
| Cash & Equivalents | 5%        |

|                        | QGLP Metrics |
|------------------------|--------------|
| Q: ROE FY25E           | 18%          |
| G: PAT Growth FY23-25E | 30%          |
| P: PE FY25E            | 16x          |

## Top 10 Holdings & Sectoral Allocation

| Scrip Name                                 | (%) Holding |
|--|-------------|
| IDFC First Bank Ltd.                       | 8.9         |
| TVS Motor Ltd.                             | 7.4         |
| One 97 Communications Ltd.                 | 6.6         |
| APL Apollo Tubes Ltd.                      | 5.2         |
| Amber Enterprises India Ltd.               | 5.2         |
| Global Health Ltd.                         | 4.8         |
| Polycab India Ltd.                         | 4.7         |
| ITC Ltd.                                   | 4.6         |
| Kalyan Jewellers India Ltd.                | 4.5         |
| Garden Reach Shipbuilders & Engineers Ltd. | 4.1         |
| KEI Industries Ltd.                        | 4.1         |
| DCX Systems Ltd.                           | 4.1         |
| Persistent Systems Ltd.                    | 3.8         |
| Bse Ltd.                                   | 3.3         |
| Angel One Ltd.                             | 3.2         |
| Piramal Enterprises Ltd.                   | 2.8         |
| Astec Lifesciences Ltd.                    | 2.8         |
| Trent Ltd.                                 | 2.8         |
| Emudhra Ltd.                               | 2.7         |
| Mastek Ltd.                                | 2.6         |
| Cyient Ltd.                                | 2.6         |
| Indian Bank                                | 2.3         |
| Globus Spirits Ltd.                        | 2.2         |

| Sector                         | (%) Allocation |
|--------------------------------|----------------|
| Industrial Products            | 13.9           |
| Banks                          | 11.2           |
| Consumer Durables              | 9.7            |
| Aerospace & Defense            | 8.2            |
| Automobiles                    | 7.4            |
| Financial Technology (Fintech) | 6.6            |
| Capital Markets                | 6.4            |
| IT - Software                  | 6.4            |
| IT - Services                  | 5.3            |
| Healthcare Services            | 4.8            |
| Diversified FMCG               | 4.6            |
| Finance                        | 2.8            |
| Fertilizers & Agrochemicals    | 2.8            |
| Retailing                      | 2.8            |
| Beverages                      | 2.2            |
| Cash and Cash Equivalents      | 5.0            |

## Fund Details

|                    |                                |
|--------------------|--------------------------------|
| Fund Manager       | Rakesh Tarway                  |
| Strategy Type      | Open ended                     |
| Date of Inception  | 24 <sup>th</sup> December 2019 |
| Benchmark          | S&P BSE 500 TRI                |
| Investment Horizon | 3 Years +                      |

## Disclaimers and Risk Factors

FMS Strategy Inception Date: 24th Dec 2019; 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, Execution risk, Low liquidity and Less dividends. To know more about the risk factors, please refer disclosure document at [motilaloswalmf.com](http://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](mailto:pmsquery@motilaloswal.com)