MOTILAL OSWAL
ASSET MANAGEMENT

MOTILAL OSWAL NEXT TRILLION DOLLAR OPPORTUNITY STRATEGY

December 2023
(Data as on 30th November 2023.
Inception date - 3rd August 2007)

Investment Approach

Strategy Name: Next Trillion Dollar Opportunity Strategy

Investment Objective: The Strategy aims to deliver superior returns by investing in stocks from sectors that can benefit from the Next Trillion Dollar GDP growth. It aims to invest in stocks across market capitalisation with a focus on identifying potential winners that would participate in successive phases of GDP growth.

Description of types of securities: Listed Equity
Types of securities selected as part of the investment approach: Diversified: A mix of Large, Midcap and Small cap

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

Other salient features: Focus on Sectors and Companies which promise a higher than average growth. Concentration on emerging Themes.

Key Features & Portfolio Attributes

A multi-cap strategy focused on identifying businesses benefitting from India's growing GDP. 15+ years of track record with consistent outperformance over benchmark across market cycles (11 out of 16 calendar years). High quality concentrated portfolio of 30 stocks. Buy and Hold strategy with 8 stocks held for more than 12 years (Page Industries held since inception) resulting in wealth creation for investors.

Index agnostic: ~88% away from the benchmark BSE 500. Key sector allocation is to BFSI, Consumption and IT.

Portfolio Actions In Last 3 Months

Companies Added: APL Apollo Tubes, BSE, Bharat Heavy Electricals, M&M Financial Services, Prestige Estate Projects, Suzlon Energy

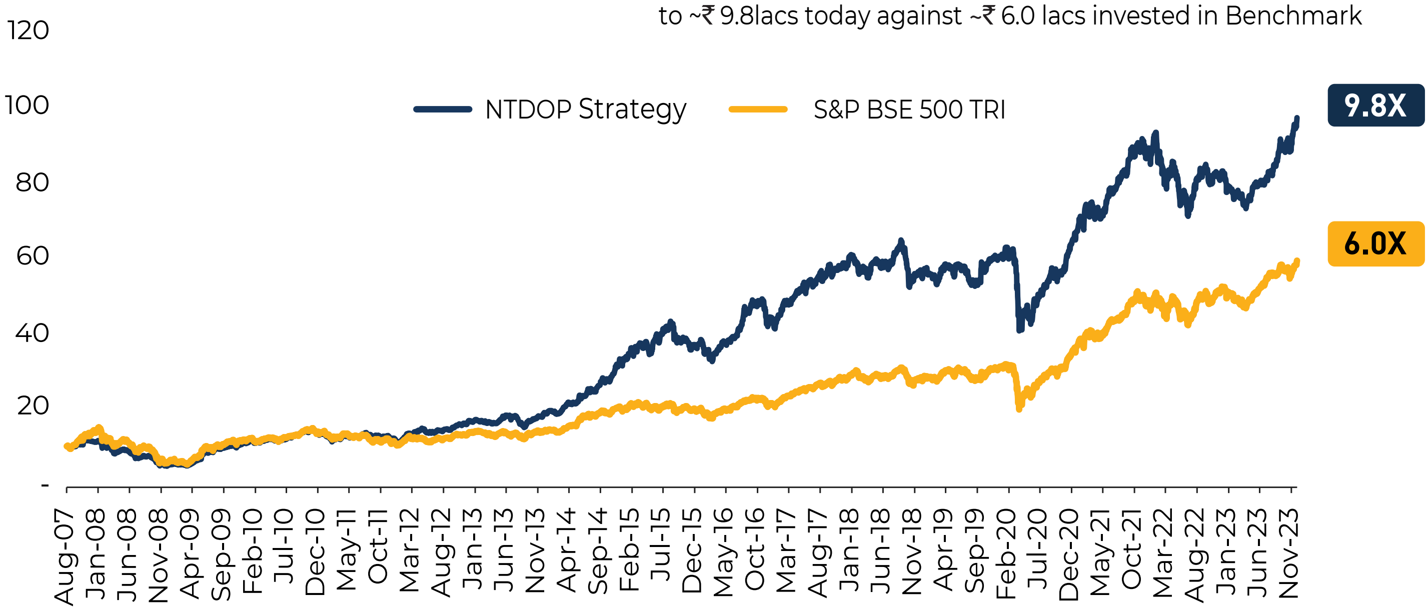
Companies Exited: Chola Investment & Finance, NTPC, ICICI Bank, Kaynes Technology, Max Financial Services,

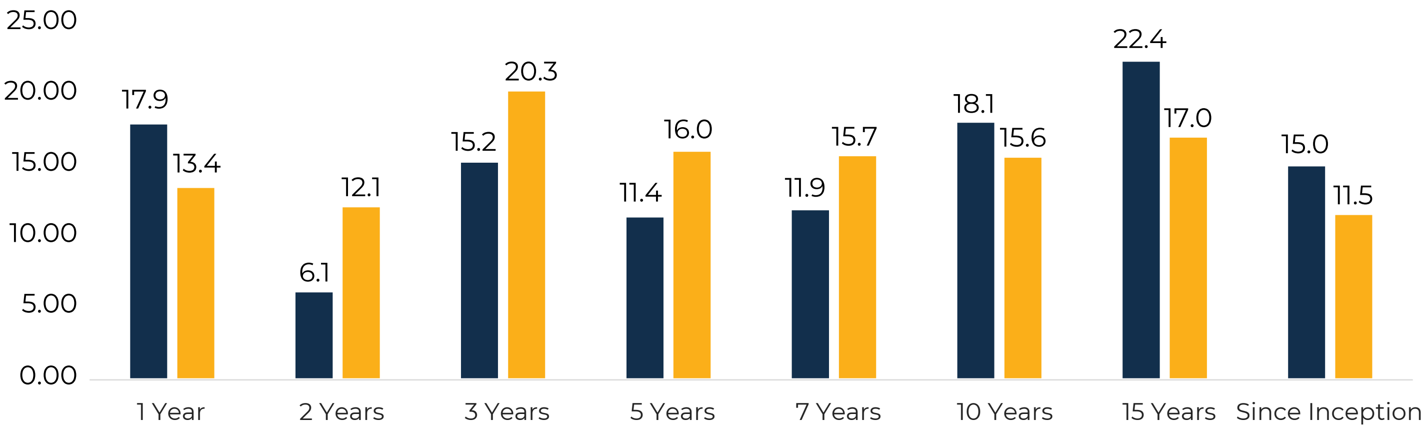
THINK EQUITY. THINK MOTILAL OSWAL.

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.

Performance Since Inception

One lac invested in the strategy on 3rd Aug 2007 would have grown to ~₹ 9.8lacs today against ~₹ 6.0 lacs invested in Benchmark





Strategy Contributors (3 Year Trailing)

Top 5	Contribution
ICICI Bank Ltd.	9.7%
L&T Technology Services Ltd.	9.4%
Voltas Ltd.	6.3%
ITC Ltd.	6.2%
BSE Ltd.	4.6%

Bottom 5	Contribution
Aegis Logistics Ltd.	-1.7%
Ipca Laboratories Ltd.	-1.3%
Clean Science and Technology Ltd.	-0.9%
Godrej Industries Ltd.	-0.6%
Piramal Enterprises Ltd.	-0.5%

Risk Ratios

3 Year Data	Strategy	Benchmark
Standard Deviation	14.2%	14.3%
Beta	0.9	1.0
Sharpe Ratio	0.7	1.2

Portfolio Fundamentals & Market Cap

Market Cap	Weightage
Large Cap	32%
Mid Cap	44%
Small Cap	23%
Cash & Equivalents	1%

	QGLP Metrics
Q: ROE FY25E	17%
G: PAT Growth FY23-25E	20%
P: PE FY25E	17x

Holdings & Sectoral Allocation

Scrip Name	(%) Holding
Bse Ltd.	5.9
Zomato Ltd.	5.7
Piramal Enterprises Ltd.	4.8
Indusind Bank Ltd.	4.2
Itc Ltd.	4.0
Idfc First Bank Ltd.	4.0
Deepak Nitrite Ltd.	3.8
One 97 Communications Ltd.	3.6
Global Health Ltd.	3.6
Eicher Motors Ltd.	3.6
Angel One Ltd.	3.5
Larsen & Toubro Ltd.	3.5
Bharat Heavy Electricals Ltd.	3.4
L&t Technology Services Ltd.	3.1
Birlasoft Ltd.	3.0
Bosch Ltd.	3.0
Bharat Electronics Ltd.	3.0
Tech Mahindra Ltd.	2.9
Indian Hotels Company Ltd.	2.7
Jsw Energy Ltd.	2.7
Apl Apollo Tubes Ltd.	2.7
Hdfc Life Insurance Company Ltd.	2.7
Kalyan Jewellers India Ltd.	2.6
Mahindra & Mahindra Financial Services Ltd.	2.5
Star Health & Allied Insurance Company Ltd.	2.4
Religare Enterprises Ltd.	2.2
Suzlon Energy Ltd.	2.1
Timken India Ltd.	2.1
Prestige Estates Projects Ltd.	2.1
Vedant Fashions Ltd.	1.9
Balkrishna Industries Ltd.	1.8

Sector	(%) Allocation
Capital Goods	13.2
Consumer Services	10.4
Finance	9.5
Capital Markets	9.5
Information Technology	9.0
Automobile and Auto Components	8.3
Banks	8.2
Insurance	5.0
Fast Moving Consumer Goods	4.0
Chemicals	3.8
Financial Technology (Fintech)	3.6
Healthcare	3.6
Construction	3.5
Power	2.7
Consumer Durables	2.6
Realty	2.1
Cash & Equivalents	0.9

Fund Details

Fund Manager	Vaibhav Agrawal
Strategy Type	Open ended
Date of Inception	3rd August 2007
Benchmark	S&P BSE 500 TRI
Investment Horizon	3 Years +

Stock Rationale (month ending 30 November 2023)

- **NTDOP Strategy**

Entry Rationale:

Bharat Heavy Electricals Ltd.

- BHEL has posted strong order inflow of INR 335bn in H1FY24 (>2x YoY) on the back of large order wins. However, we believe, this is the beginning of pickup in order inflow as India is likely to order more than 55GW of coal based thermal capacity in the medium term, and given the duopoly nature of the market, BHEL is its natural beneficiary. Most projects under execution are legacy projects, and once the new projects start execution, we expect margins to improve going forward.

- BHEL is also trying to diversify its orderbook and has recently, in consortium with Titagarh Wagons, won Vande Bharat order worth INR 235bn to supply 80 trainsets and service them for 35 years thereafter. BHEL's share in the order is estimated at INR 150bn. We expect more Vande Bharat orders to come in the next 2-3 years where BHEL again stands to benefit from its experience.

- BHEL has also developed significant moat in defence orders and is the sole supplier of SRGM Naval guns. In FY23, it won an order to supply 20 SRGM guns worth INR 38bn and expects a similar-size order in FY24 as well. It is working on defence indigenisation projects and hopes to participate in air defence guns, tanks and propulsion systems going forward.

- We believe with domestic thrust towards manufacturing and the company's efforts towards improving its balance sheet, BHEL's business can stage a strong turnaround given its strong technical track record. It is taking cost-control measures and working on reducing receivables, with an increased focus on cashflow.

Suzlon Energy Ltd.

We have done scuttlebutt (power ministry, consultants) + data triangulation (publicly available auctioning data of renewable projects) on wind power. We are convinced that over F24/25/26, order inflows for wind power for India will be to the tune of 5.5MW/8MW/9MW implying 1.7/2.6/3.0 GW of order inflows for Suzlon. This contrasts to 2GW of order inflow the street is building in for the company. Consequently, our base case consol EPS for F26 will be Rs1.5/sh v/s range of Rs0.7-1.0/sh of the street, implying EPS upgrades of 50-100%.

Key triggers:

- Market share expansion for Suzlon (currently ~30%), as Siemens Gamesa (currently ~34%) is struggling in Europe because of product recalls for their 4-5MW turbine range. Given that Gamesa's profitability is under pressure, they are likely to focus on getting their problems sorted out before getting aggressive on bidding again, atleast for next 12-18months till they are completely out of this mess.

- We are taking margins for WTG business in line with what the mgmt. is guiding for (10-11% for F26). But it can be much higher than that as high growth drives high operating leverage.

- Green hydrogen requires RTC energy (and hence Wind power) to improve the utilisation of electrolysers. Wind power capex due to green hydrogen capex are not yet into these projections. Once this starts this can be a big lever.

- Exports – already have 2.8GW installed base in North America

Stock Rationale (month ending 30 November 2023)

Prestige Estate Projects Ltd.

Prestige Estates has announced several projects enunciating a robust launch pipeline and significant cover in the residential space – this displays visibility for growth while relieving leverage concerns. With an aggressive business development strategy, the company is steadily progressing toward its pre-sales target of INR250b. Demand momentum is buoyant in the south region which retains confidence in company's launch pipeline. Yield from the commercial portfolio could be another value addition over the course of next 5-6 years. Management is also committed to deliver its ongoing and upcoming commercial, retail, and hospitality projects within five years

Exit Rationale:

NTPC

Booked profits and switched to BHEL & Suzlon

Max Financial Services

We expect FY24E to be a challenging year, owing to (1) soft NPAR sales in the high ticket-sized bucket, (2) the AXSB channel not yet showing encouraging signs of growth, (3) the gradual shift of customers to a new tax regime and (4) continued weak growth momentum in retail protection. We flag any further dip in MAXL's wallet share in the AXSB banca channel (Q4FY23: 70%) as a business concern. As a result of these concerns, the stock has been exited from the portfolio

Disclaimers and Risk Factors

NTDOP Strategy Inception Date: 3rd Aug 2007; Data as on 30th November 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

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