



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

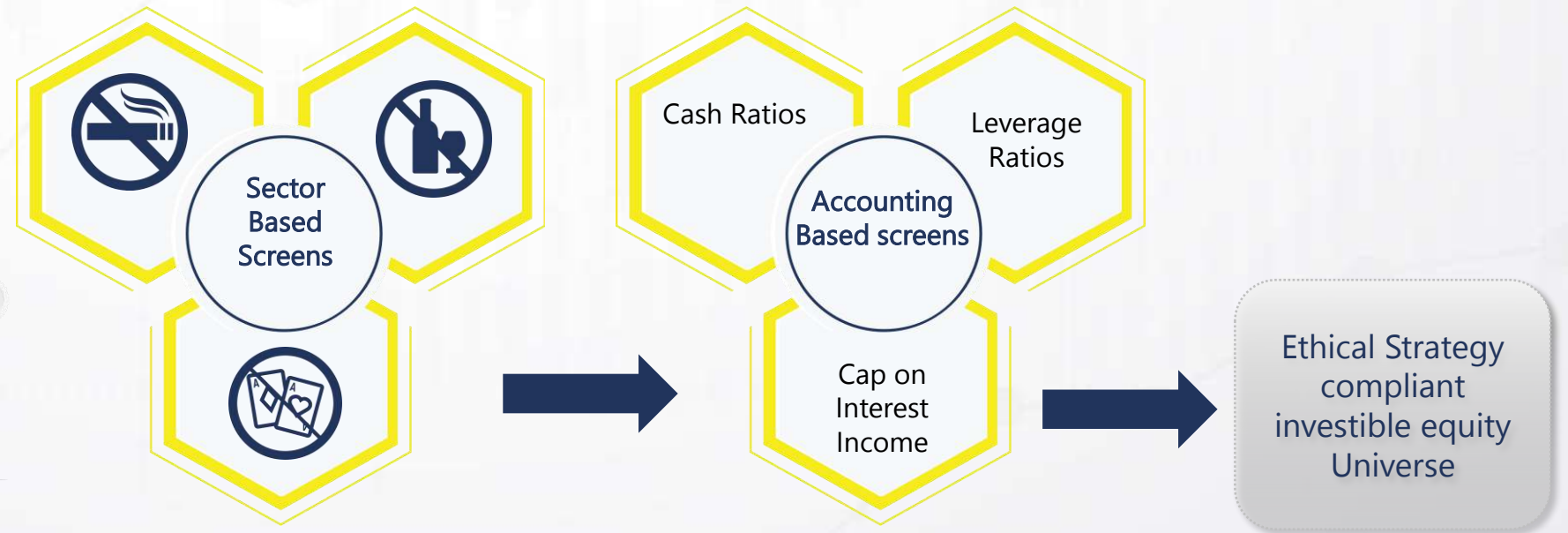
The above Table is used for illustration purpose only and should not used for development or implementation of an investment strategy

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



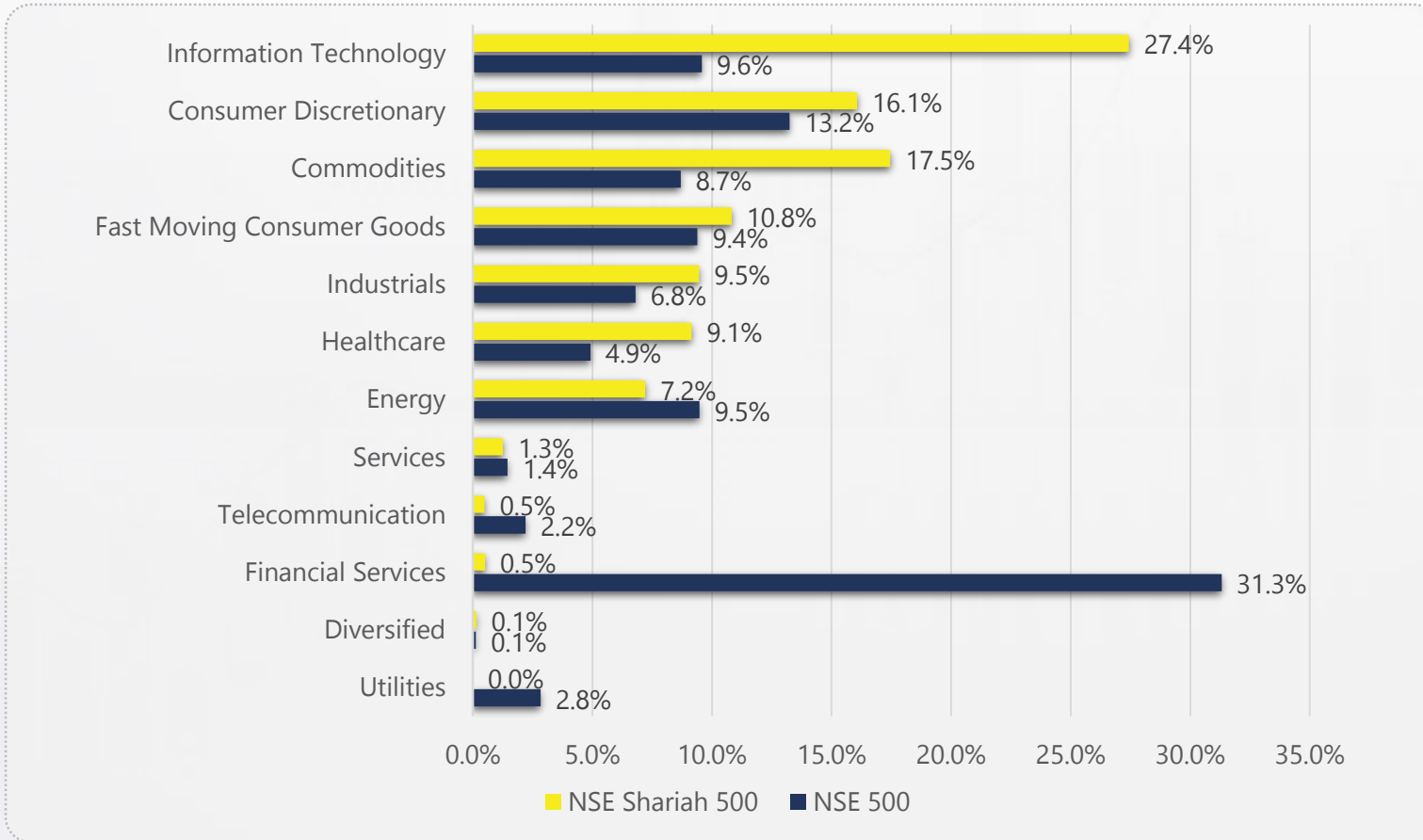
Focused Universe with lower Volatility



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



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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	27.0	126,989	25.1	125,059
3 Years	24.7	194,131	22.5	183,606
5 Years	24.7	302,118	26.7	326,883
7 Years	28.8	586,768	30.4	641,016
10 Years	34.2	1,897,869	37.4	2,405,826

Data as of 31-Dec-2023

Source : ACEMF. Past performance may or may not be sustained in future. Data as of 31-August-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	0.76	0.94	0.71	0.74	0.98	0.96
Ann Stdev	19.04	18.36	16.33	20.60	15.01	16.38	24.07	18.63

Data as of 31-Dec-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



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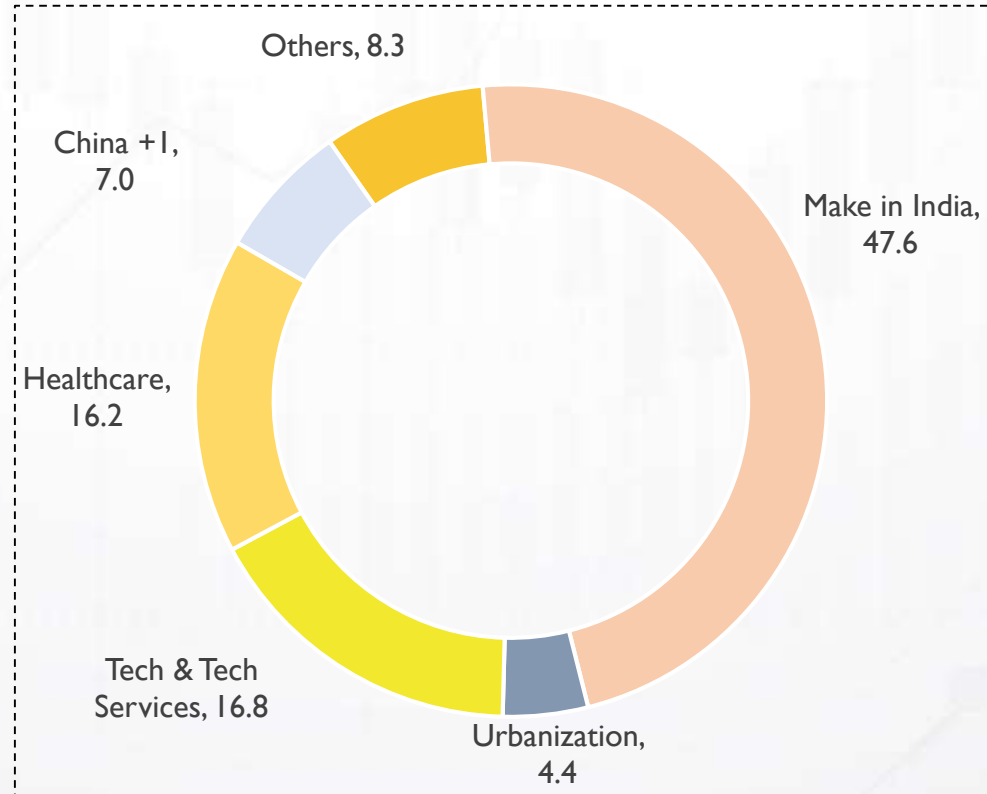
Highly concentrated portfolio plays across House Themes

China +1	Archean Chemical Industries
	Deepak Nitrite

Healthcare	Global Health
	KIMS
	Apollo Hospitals

Tech & Tech Services	Information Technology
	Birlasoft
	HCL Technologies
	Tech Mahindra

Others	Ultratech Cement
	APL Apollo Tubes

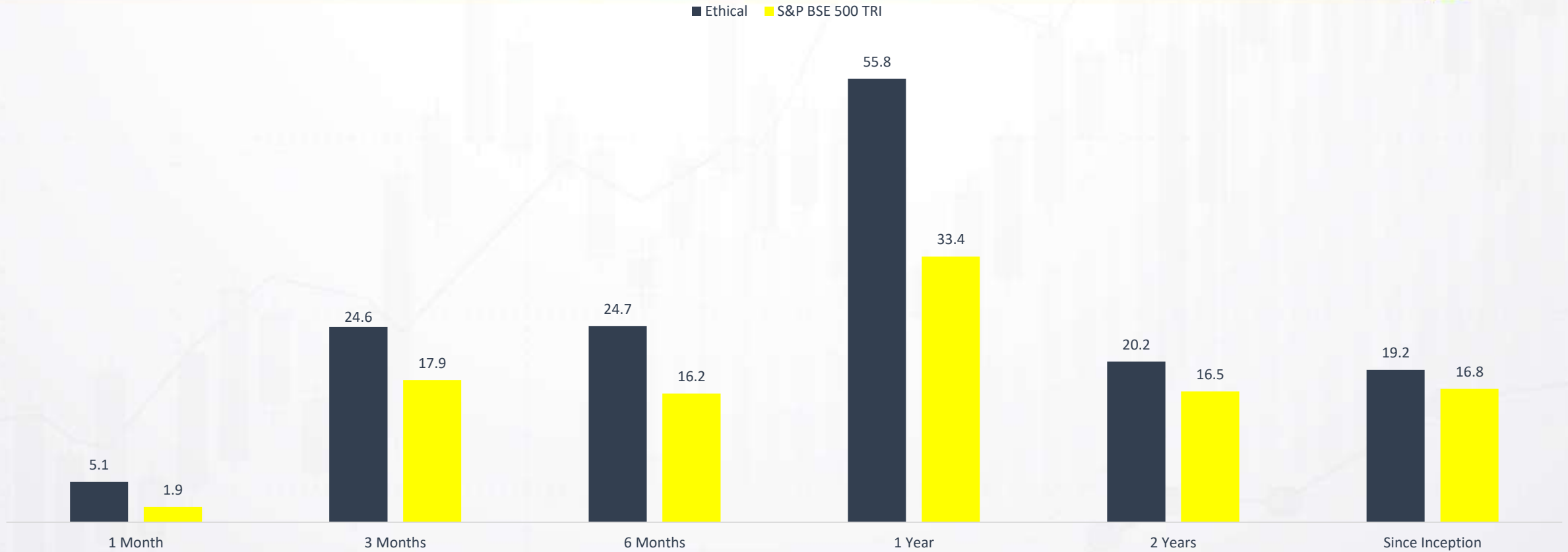


Urbanization	Century Plyboards
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Make in India	Industrials
	KEI Industries
	CG Power & Industrial Solution
	Siemens
	Timken India
	Apar Industries
	Cummins India
	Auto & Auto Anc
	Kirloskar Oil Engines
	Pricol
	Jamna Auto
	Defense
Bharat Electronics Limited	

Data as on 31-Jan,2024. Refer to Disclaimers

Performance Update



Ethical Strategy Inception Date: 8th Jun 2021; Data as on 31st January, 2024; 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. For the relative performance of a particular Investment Approach to other Portfolio Managers within the selected strategy, please refer APMI website ([click here](#)). Under PMS Provider Name, please select Motilal Oswal Asset Management Company and select your Investment Approach Name for viewing the stated disclosure. The data for the previous month is usually available on the APMI portal on or after the 7th business day of the current month. 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.

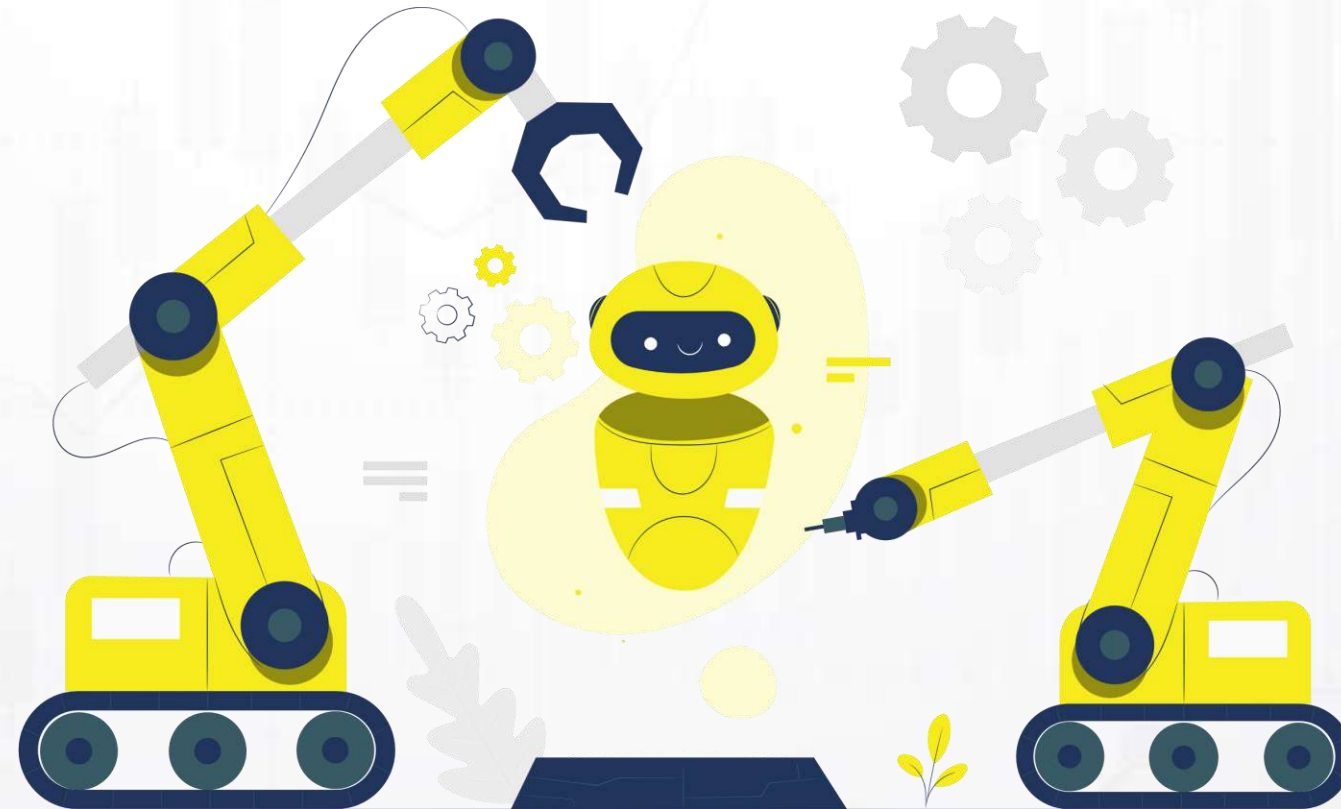


Vaibhav Agrawal

- 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.



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 20 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



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



What is at stake?
~5,000+ Cr

HI-QUALITY HI-GROWTH BENEFIT FROM BOTH

Motilal Oswal's investing process builds Hi-Quality & Hi-Growth portfolios.

Our **process.** Your **success.**

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The term 'Hi-Quality and Hi- Growth Portfolios' refer to Motilal Oswal AMC's defined fund management processes based on internal qualitative and quantitative research parameters & not be construed as investment advice to any party.



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

The 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 sectors may or may not be part of our portfolio/strategy/ schemes. Past performance may or may not be sustained in future.
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:

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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.

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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!

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