MOTILAL OSWAL ASSET MANAGEMENT

MOTILAL OSWAL NEXT TRILLION DOLLAR OPPORTUNITY STRATEGY

March 2024
(Data as on 29th February 2024.
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. “Buy & Hold” strategy.

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 27 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: ~91% away from the benchmark BSE 500. Key sector allocation is to BFSI, Consumption and IT.

Portfolio Actions In Last 3 Months

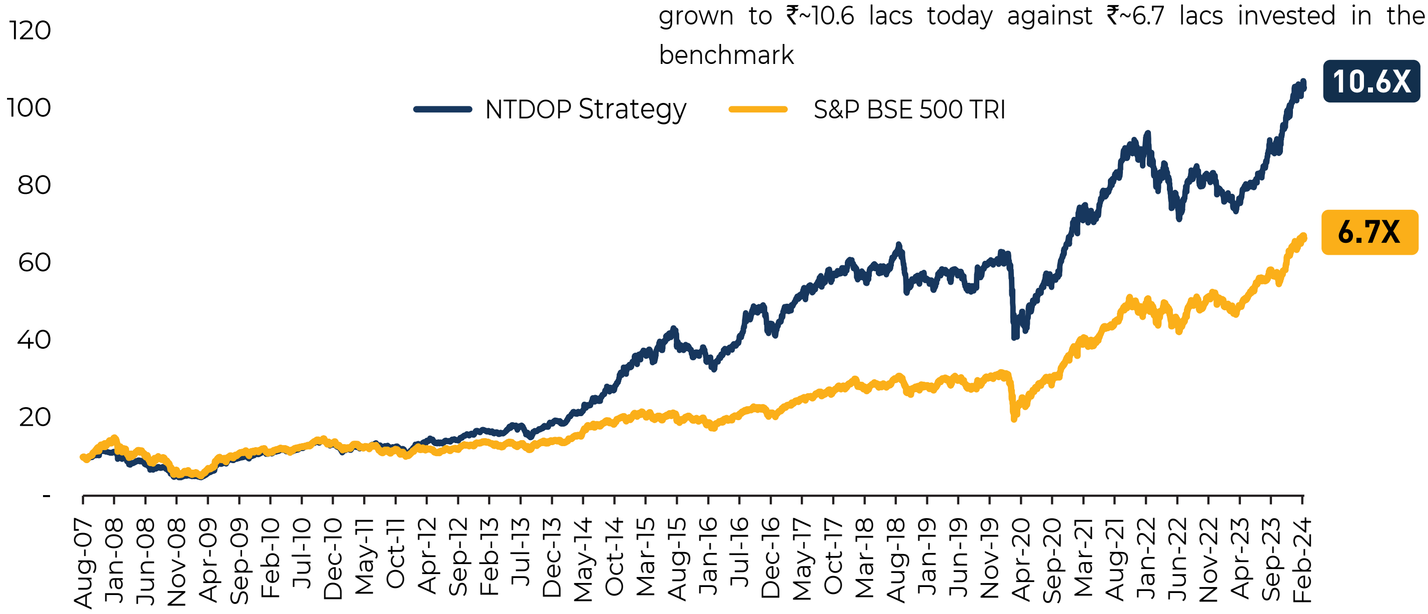
Companies Added: Bank of Baroda, Honasa Consumer, Hero Motorcorp, Inox Wind & SBI

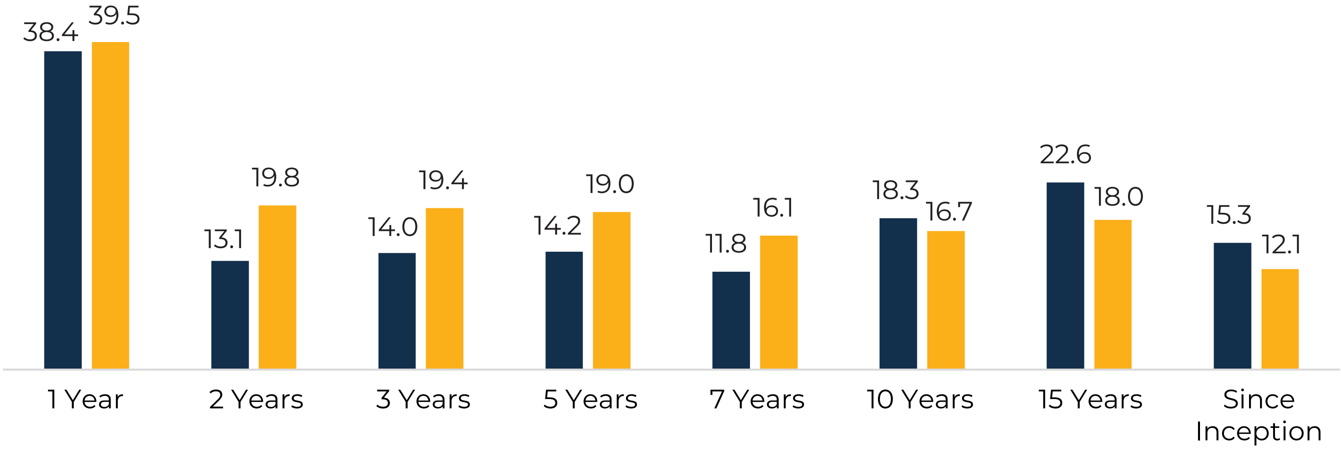
Companies Exited: Balkrishna Industries, Bank of Baroda, Bosch, Eicher Motors, HDFC Life Insurance, ITC, Star Health and Allied Insurance & Timken

THINK EQUITY. THINK MOTILAL OSWAL.

Performance Since Inception

One lac invested in the strategy on 3rd Aug 2007 would have grown to ₹~10.6 lacs today against ₹~6.7 lacs invested in the benchmark





Strategy Contributors (3 Year Trailing)

Top 5	Contribution
ICICI Bank Ltd.	7.5%
Zomato Ltd.	7.1%
L&T Technology Services Ltd.	7.1%
ITC Ltd.	5.5%
BSE Ltd.	4.1%

Bottom 5	Contribution
One 97 Communications Ltd.	-2.88%
Aegis Logistics Ltd.	-2.25%
Godrej Industries Ltd.	-1.00%
Clean Science and Technology Ltd.	-0.89%
Container Corpn. Of India Ltd.	-0.61%

Risk Ratios

3 Year Data	Strategy	Benchmark
Standard Deviation	13.6%	13.6%
Beta	0.8	1.0
Sharpe Ratio	0.7	1.0

Portfolio Fundamentals & Market Cap

Market Cap	Weightage
Large Cap	23.6%
Mid Cap	48.4%
Small Cap	24.3%
Cash & Equivalents	3.7%

	QGLP Metrics
Q : ROE FY26E	15.0%
G: PAT Growth TTM-FY26E	28.5%
P : PE FY26E	19.7x

Holdings & Sectoral Allocation

Scrip Name	(%) Holding
Zomato	6.3
BSE	5.2
JSW Energy	5.2
Bharat Heavy Electricals	4.8
Global Health	4.8
Piramal Enterprises	4.4
Inox Wind	4.0
IndusInd Bank	3.9
Bharat Electronics	3.9
One 97 Communications	3.8
Larsen & Toubro	3.6
Deepak Nitrite	3.5
Indian Hotels Co.	3.5
IDFC First Bank	3.5
Birlasoft	3.5
Prestige Estates Projects	3.3
Hero MotoCorp	3.2
L&T Technology Services	3.2
State Bank of India	3.2
Angel One	3.0
Kalyan Jewellers India	3.0
Tech Mahindra	2.8
Mahindra & Mahindra Financial Services	2.4
APL Apollo Tubes	2.3
Suzlon Energy	2.2
Religare Enterprises	2.1
Honasa Consumer	1.7

Sector	(%) Allocation
Financial Services	31.6
Capital Goods	17.2
Consumer Services	9.8
Information Technology	9.4
Power	5.2
Healthcare	4.8
Construction	3.6
Chemicals	3.5
Realty	3.3
Automobile and Auto Components	3.2
Consumer Durables	3.0
Fast Moving Consumer Goods	1.7
Cash & Equivalents	3.7

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 29th February 2024)

Entry Rationale:

State Bank of India

- Advance growth expected in-line with industry: Loan growth remained healthy at 14.4% YoY, driven by retail & SME segment. Healthy pipeline of corporate sanctions and continued focus on retail segment (including unsecured loans) is seen to keep credit growth broadly in-line with the industry. Expects advance growth at 13-15% CAGR in FY25-26E.
- Asset quality to remain benign: Asset quality continued to remain resilient with slippages below 1% and PCR at ~75%. Expect slippages to remain steady keeping credit cost at ~50 bps in FY25-26E supporting earnings trajectory ahead.
- SBI has demonstrated its strength in the last few quarters both on core operating performance and asset quality. Management remains confident on growth, maintenance of margins and improvement in RoA ahead. With normalization in staff cost, expect RoA to remain at ~1% in FY25-26E. Gains on treasury and recovery from existing stressed book could act as positive surprise.

Exit Rationale:

Vedant Fashions

- While the company has a healthy growth runway through the expansion of Manyavar's footprint and the introduction of Mohey (women's celebration wear) and Twamev (premium celebration wear) in the upcoming quarters, weak consumption remains a concern. As a result, we believe that the stock is fairly priced and hence decided to exit the stock.

Star Health & Allied Insurance

- Exited for better available opportunities.

Timken

- Company reported weak margins due to unfavourable product mix. The exports were also down 10% for the 9 months of reported numbers. We expect the headwinds to continue in the coming quarters and hence exited the stock.

Bank of Baroda

- Switched allocation to State Bank of India.

ITC

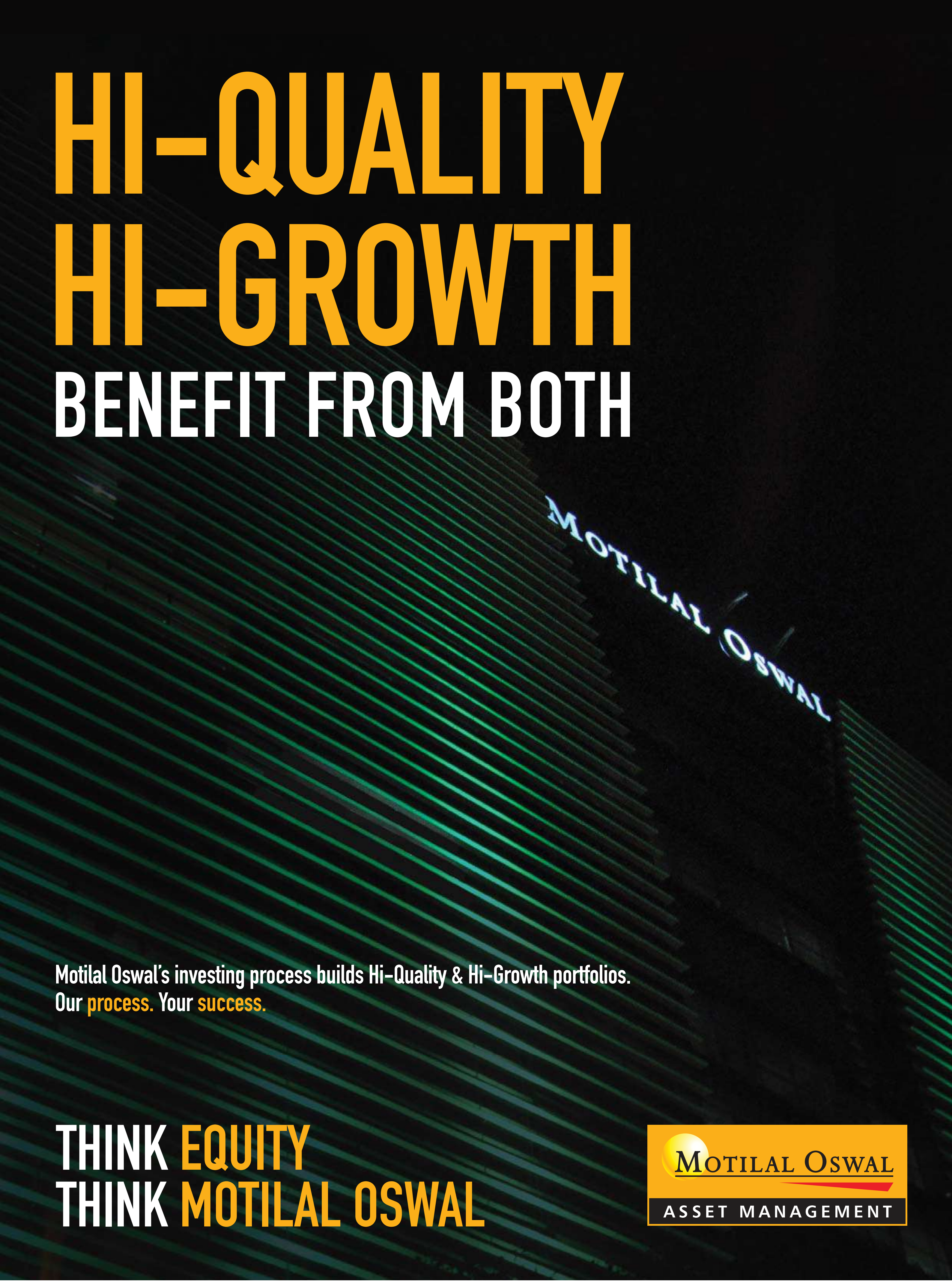
- ITC reported a weak operating print due to a soft cigarette performance along with sustained weakness seen in the agri and paper portfolio. The recent stock run-up (~30% in LTM) and limited earnings surprise scope given a higher base further restrict rerating potential. As a result, the stock was exited from the portfolio.

Disclaimers and Risk Factors

NTDOP Strategy Inception Date: NTDOP Strategy Inception Date: 3rd Aug 2007; Data as on 29th February 2024; 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.

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.

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



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.