

Trend Following

Portfolio Management Service

MARATHON  TRENDS

May 2024

SEBI Registration number: INP000005722

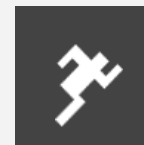
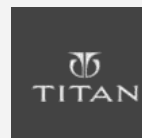
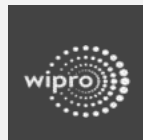
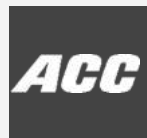
“Buy Strength and Sell Weakness”

My 32 years of learning in 1 line

32-year of Following the Trend | My Journey



Atul Suri



1991

Parag Parikh

Fundamental Analyst

1994

Masters in Finance

Sydney, Australia

1997

Birla Sun Life

Quantitative Analysis

2007

RARE Enterprises
(Rakesh Jhunjunwala)

Advisory & Fund Management

2017

Marathon Trends

Mega Trends PMS

2023

Marathon Trends

Trend Following PMS



Bought Strength & Sold Weakness



Image: Rakesh Jhunjhunwala

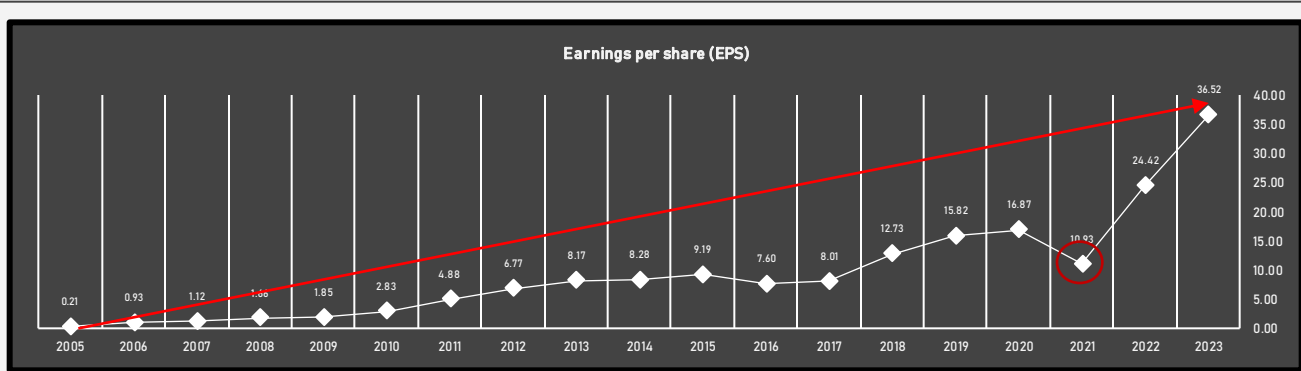
Titan 1 > 10

1. A 2 Z
2. Anant Raj
3. Bilcare
4. Dewan Housing
5. IB Real Estate
6. JP Associates
7. Pantaloon
8. Prozone
9. TV -18
10. Viceroy Hotel

Kept adding to strength and selling weakness

Ride your winners, Cut your losers

Titan – Earnings drive Prices



EPS - Positive Earnings

Negative, only twice in the last 20 years



Upward Price

Titan has never closed below 52 WEEK low




Buy Strength:
In Earnings and Prices

01




1. Strength in Earnings



Sales Growth

Consistent Growth


- 3-year CAGR % Sales growth
- 3-year CAGR % Net Profit growth
- 3-year Margin Expansion



Profitability

Accelerating Profitability

- YOY Quarterly sales growth
- YOY Operating Profit growth



Shareholder Returns

Wealth Creator

- 3-year ROE above benchmark

Consistently profitable companies, now exhibiting accelerated earnings growth



Top 10 Stock Holdings

Quality is not about having a famous name; it's about companies being able to deliver profits over long periods of time

SR.NO	Stocks	Sector	3 year CAGR % Sales growth	3 year CAGR % Net Profit growth	3 year ROE
1	ACTION CONSTRUCTION	Engineering	20.5%	35.4%	24.6%
2	JBM AUTO LIMITED	Auto Ancillaries	19.8%	17.9%	19.2%
3	VARUN BEVERAGES	FMCG Food	24.1%	46.2%	29.1%
4	SUN PHARMA	Pharma	8.9%	12.6%	12.7%
5	ABB INDIA	Electric Equipment	16.7%	48.8%	16.3%
6	SIEMENS	Electric Equipment	14.9%	22.5%	14.6%
7	PERSISTENT SYSTEMS	IT Midcap	25.8%	21.7%	25.9%
8	APAR INDUSTRIES	Electric Equipment	27.1%	49.4%	28.0%
9	KPIT TECH	IT Midcap	27.3%	35.1%	27.3%
10	ABBOTT INDIA	Pharma	7.5%	16.9%	36.7%
	Avg Top 10		19.3%	30.7%	23.4%
	BSE 500		16%	17.3%	19%

Source: Ace Equity

Superior Growth and Profitability



Portfolio Price Ranking

Our Rank	Stocks	% Weightage	1 Short Term	2 Medium Term	3 Long Term
1	ACTION CONSTRUCTION	5.89	11	2	1
2	JBM Auto Limited	4.3	9	9	7
3	VARUN BEVERAGES	4.63	2	3	5
4	SUN PHARMA	4.78	4	1	9
5	ABB INDIA	5.31	14	5	3
6	SIEMENS	5.22	7	7	4
7	PERSISTENT SYSTEMS	4.28	5	20	20
8	APAR INDUSTRIES	4.96	16	4	2
9	KPIT TECH	4.09	6	10	10
10	ABBOTT INDIA	4.07	1	15	13

Evaluate the performance of portfolio stocks by analyzing their long-term and medium-term and short-term price trends and assess the associated risk-reward ratios.

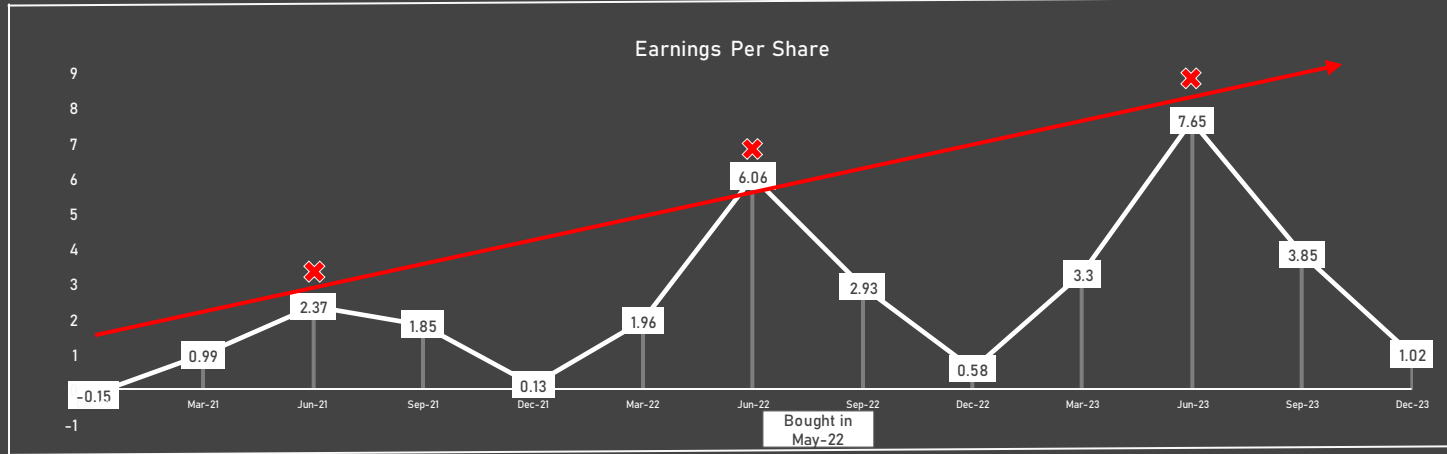
A good company, need not be a good Stock

Find the Trend: *Varun Beverages*



Acceleration in Earnings

Earnings are experiencing a rapid acceleration in their larger uptrend.



Upward Price

Stock has been hitting new highs at an accelerated pace



	2019	2020	2021	2022	3Yr TTM
3 Yr Sales Growth CAGR	22.7%	17.2%	20%	22.7%	34.98%
3 Yr Profit After Tax CAGR	122.8%	16.1%	33.3%	48%	90.43%
3 Yr Avg Return On Equity	15.3	14.7	15.9	21.3	29.6



Varun Beverages: Price Trend



Sector Trends: New Bull Market (May 2024)



OUR RANK	Industry	1 Week	4 Week	13 Week	26 Week	52 Week
1	Defence	-2.45	9.98	24.04	84.07	170.45
2	Electric Equipment	3.66	8.99	26.71	50.17	104.11
3	Metals	1.15	9.50	14.01	49.82	98.44
4	Power Generation And Supply	2.59	4.11	11.65	70.68	137.61
5	Retail	1.49	4.14	28.02	60.10	76.38
6	Electronics - Components	0.51	7.27	12.09	36.63	103.06
7	AMC & Broking	-1.16	6.24	9.70	47.61	143.70
8	Oil- Gas & Refineries	0.46	4.49	11.49	66.14	67.49
9	AUTO	2.85	5.87	15.36	39.83	80.30
10	Real Estate	-0.37	3.52	7.53	49.07	113.49
11	Telecommunications	-0.78	6.98	11.45	21.98	91.68
12	Banks - Public Sector	0.71	0.96	11.21	52.71	100.71
13	Construction & Infra	-0.81	3.19	3.00	62.76	103.35
14	Hotels	0.09	0.64	14.71	49.08	91.36
15	Transportation & Logistics	0.08	3.80	10.54	41.11	59.12
16	Engineering	0.93	5.52	9.30	28.21	56.27
17	Digital & Platform	1.09	4.26	10.59	23.88	44.89
18	NBFC	2.36	2.87	4.26	24.04	67.29
19	Pharmaceuticals	0.47	0.20	5.45	30.49	62.28
20	Auto Ancillaries	0.96	3.14	3.76	24.43	57.63
21	Textiles - Products	-0.62	3.99	3.63	19.54	43.22
22	Miscellaneous	0.30	1.25	0.61	30.01	59.79
23	NIFTY 500	0.58	1.18	5.27	23.28	37.18

24	Healthcare	-0.25	-0.03	2.42	22.01	60.74
25	Plastics Products	2.14	3.26	6.42	8.12	34.71
26	Finance - Housing	-0.32	-0.80	-2.39	26.92	66.24
27	Domestic Appliances	-2.25	8.35	8.95	-9.32	10.69
28	Chemicals	-1.25	2.05	4.92	18.48	21.08
29	Fertilizers	-2.58	2.43	-3.13	13.29	39.01
30	Insurance	-0.11	-3.50	2.04	18.87	36.91
31	FMCG FOOD	-0.17	1.29	-0.84	9.85	23.60
32	Banks - Private Sector	0.58	-0.22	1.42	12.38	34.13
33	FMCG Personal Care	1.70	1.63	-2.64	5.97	32.86
34	Tyres	1.13	-0.43	-4.21	16.82	33.95
35	IT Midcap	-1.37	-7.46	-7.26	16.87	56.84
36	Jewellery	-1.78	-1.95	-3.11	1.66	42.38
37	Pesticides Agrochemicals	-2.26	-0.10	-0.93	2.39	0.08
38	Cement	0.27	-4.16	-6.83	11.82	25.10
39	Footware	-1.48	0.79	-4.64	-11.72	-8.76
40	Media & Entertainment	-4.04	-1.87	-9.76	-2.64	26.05
41	Paints	3.48	-1.37	-6.45	-4.09	6.83
42	IT LargeCap	-2.59	-5.46	-10.18	7.29	18.13
43	Home	-1.37	-3.77	-13.47	-5.33	16.73



Sell Weakness:
In Earnings and Prices

02

Why Selling is more important

If the components remained unchanged from 1992 the SENSEX would be Approx **27,000 (2023)** vs **73,000(2024)**

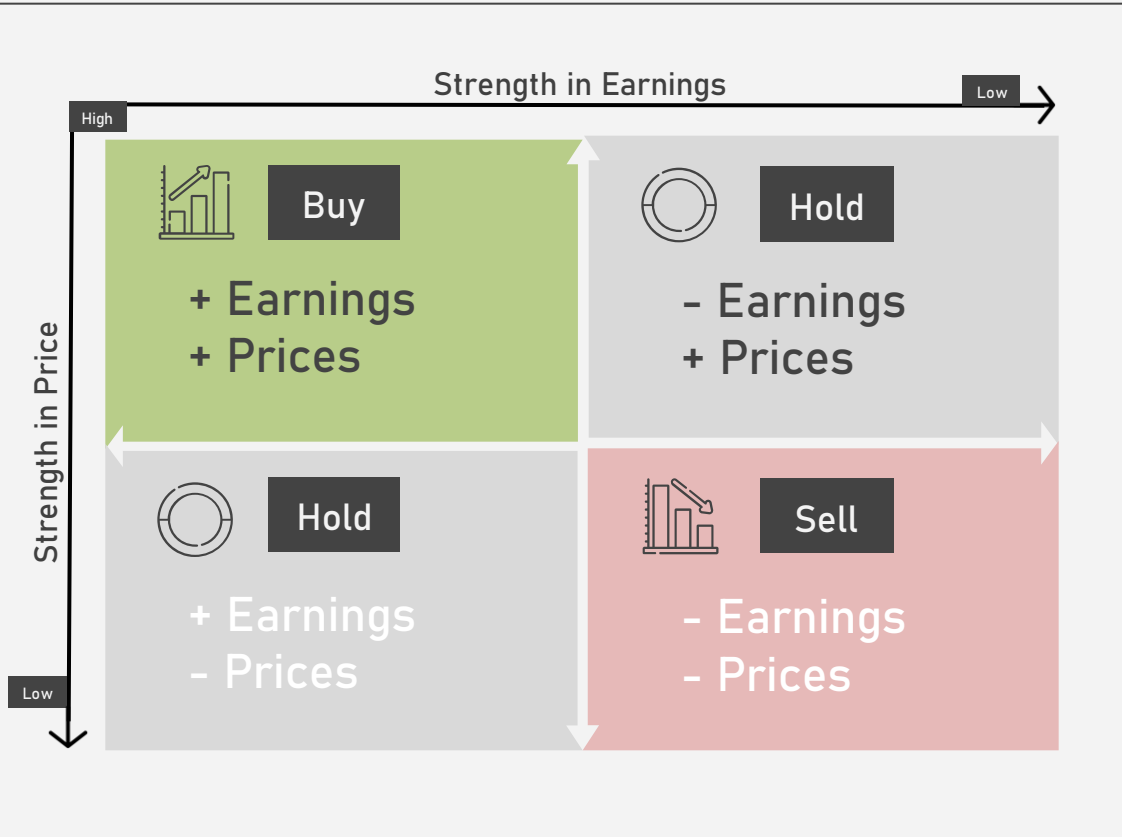
BSE SENSEX in 1992		
SENSEX-30`	Company	30 yr CAGR
1	Reliance Industries	19.1%
2	Hindustan Unilever	18.2%
3	L&T	18.2%
4	Siemens	17.1%
5	ITC Ltd	16.5%
6	Voltas	14.6%
7	Pfizer	14.6%
8	Kirloskar Cummins	13.0%
	BSE SENSEX	12.0%
9	Ambuja Cements	11.5%
10	Hindalco	11.3%
11	Glaxo Pharma	11.0%
12	Colgate Palmolive	10.7%
13	ACC Ltd	10.6%
14	Castrol	9.6%
15	CEAT	9.6%
16	Tata Motors	8.4%
17	Tata Steel	8.0%
18	Ballarpur Ind	8%
19	GSFC	2.7%
20	Mukand Ltd	2.5%
21	Century Textiles	2.4%
22	Premier Auto	0.0%
23	Bombay Dyeing	-0.5%
24	Hindustan Motors	-1.5%
25	Birla Corp	-3%
26	NOCIL	-5.9%
27	Zenith Birla	-1%
28	IPCL	Merged with RIL
29	Indian Rayon	Demerged
30	Philips	Buy back



Only 6 stocks survived

BSE SENSEX 2023	
SENSEX	Company
1	Asian Paints
2	Axis Bank
3	Bajaj Finance
4	Bajaj Finserv
5	Bharti Airtel
6	HCL Technologies
7	HDFC Bank
8	HUL
9	ICICI Bank
10	IndusInd Bank
11	Infosys
12	ITC
13	JSW Steel
14	Kotak Mahindra Bank
15	L&T
16	M&M
17	Maruti Suzuki
18	Nestle
19	NTPC
20	Power Grid
21	Reliance Industries
22	SBI
23	Sun Pharma
24	Tata Steel
25	Tata Motors
26	TCS
27	Tech Mahindra
28	Titan
29	Ultratech Cement
30	Wipro

The Sell Decision



Trend Reversal

Buy: when there is growth in earnings and profitability

Sell: where there is a sustained decline both in earnings and profitability

Outperformance rests on the right exit decision

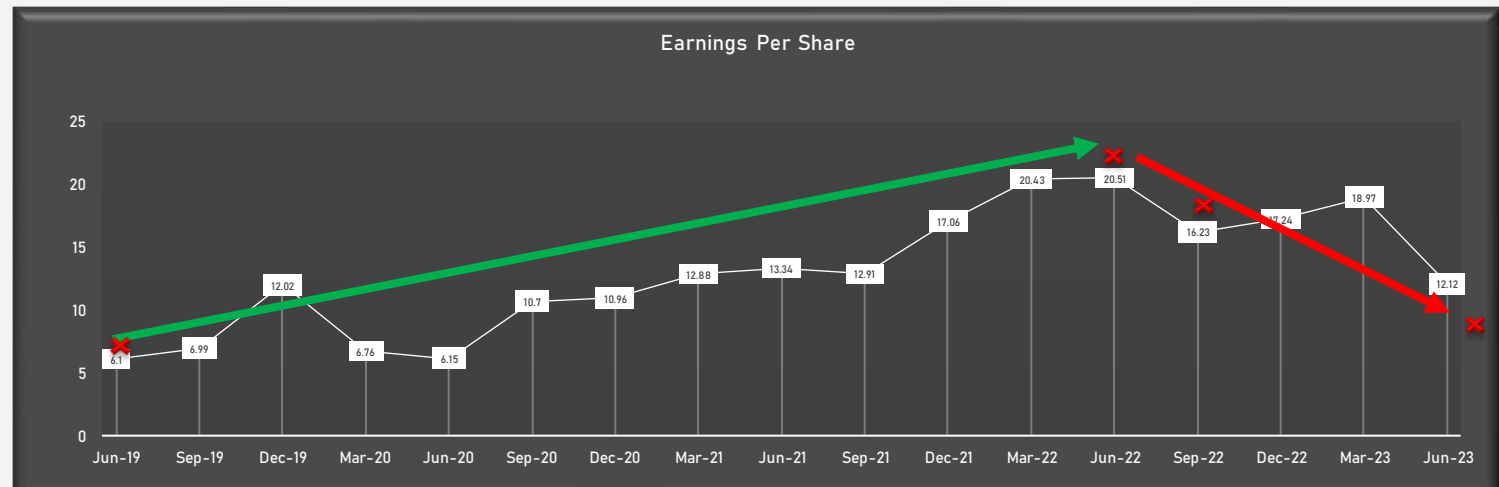
Exit the Trend: Navin Fluorine



Trend Reversal

Accelerated Growth in earnings between June 2019 and June 2022

Post June 2022, a noticeable decline in profitability



Stock Price

Accelerated - Saw continuous new highs

However, continued declines in profitability led to prices making lower lows and hitting a 52-week low- TIME TO EXIT.





Despite Knowing Why Investors cant Exit?

FOMO (Fear Of Missing Out)



1. Fear Of Selling Winners (Anticipation):

Fear of selling too early and missing further gains.
The conflict of "leaving money on the table".



2. Fear Of Selling At A Loss (Regret):

Hope of a rebound after selling often causes hesitation.
The pain of "confirming a loss"

Overcoming FOMO



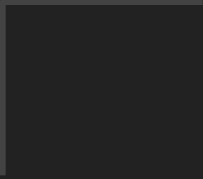
Investing is a Process

INSTEAD OF UNIVERSAL PROFITABILITY,
WE FOCUS ON CAPITAL ALLOCATION
EXCELLENCE.

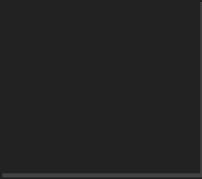
03

Trend
Following -
PMS





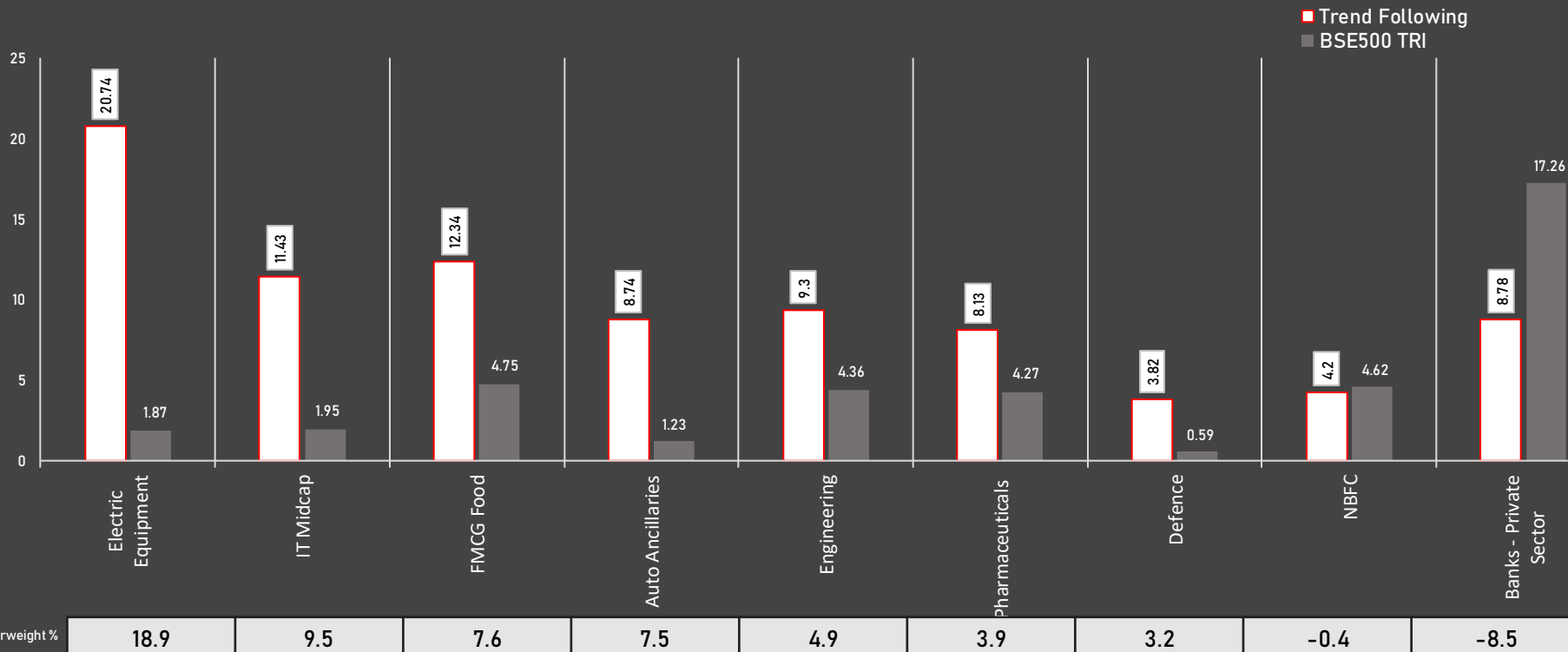
“ Buy stocks with growing earnings and prices;
Sell when both earnings and prices start declining.”





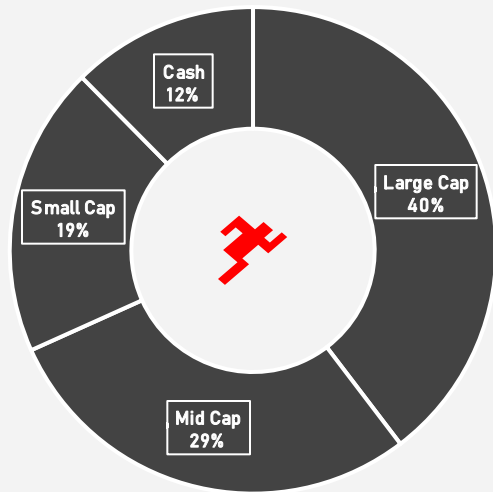
Truly Flexi cap: Agnostic to Sectors

Allocation (May 2024)



Truly Flexi cap: Agnostic to market cap

Allocation (April 2024)

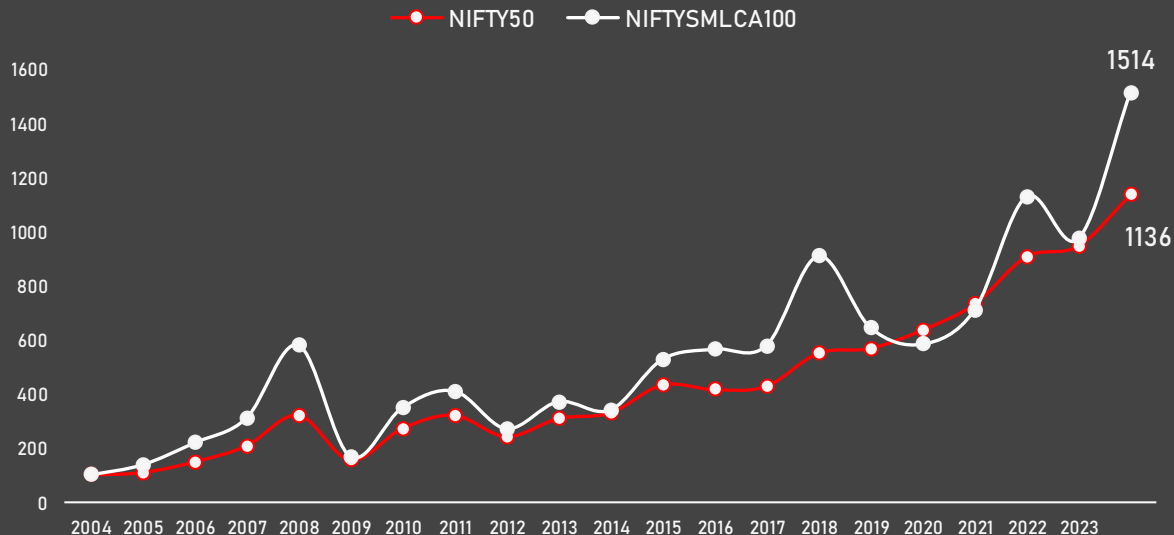


Market Cap
(Allocation on April 2024)

Strategic Agility:
Adapting Market Cap to Opportunities

CAGR Returns:

- Small Cap 100 : 14.6%
- NIFTY 50 : 12.9%



Team



Atul Suri
PORFOLIO MANAGER



Vineet Singh (MBA)
RESEARCH HEAD
20 years experience (RARE Enterprise)



Sourav Banerjee (CMT, MBA)
RESEARCH ANALYST
5 Years experience



Devendra Agarwal (MTech, IIT-B)
RESEARCH ANALYST
5 Years experience



Vidhi Gulabani (BSC)
CLIENT SERVICING
16 years experience

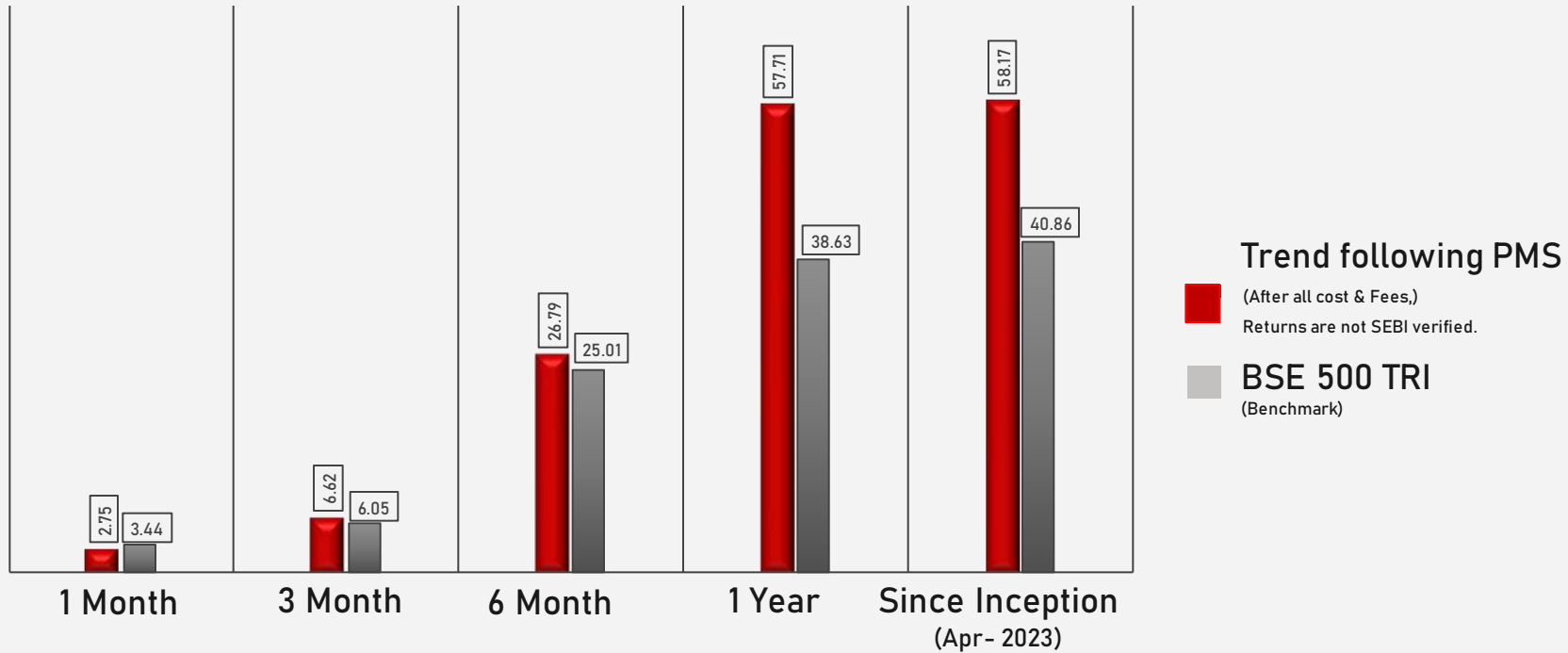


Aakhi Chakraborty (M.COM)
BACK OFFICE
6 years experience

Partners:

- Kotak Broking
- Kotak Custody
- Kotak Depository
- Kotak Fund Accounting
- Banking with Kotak Bank

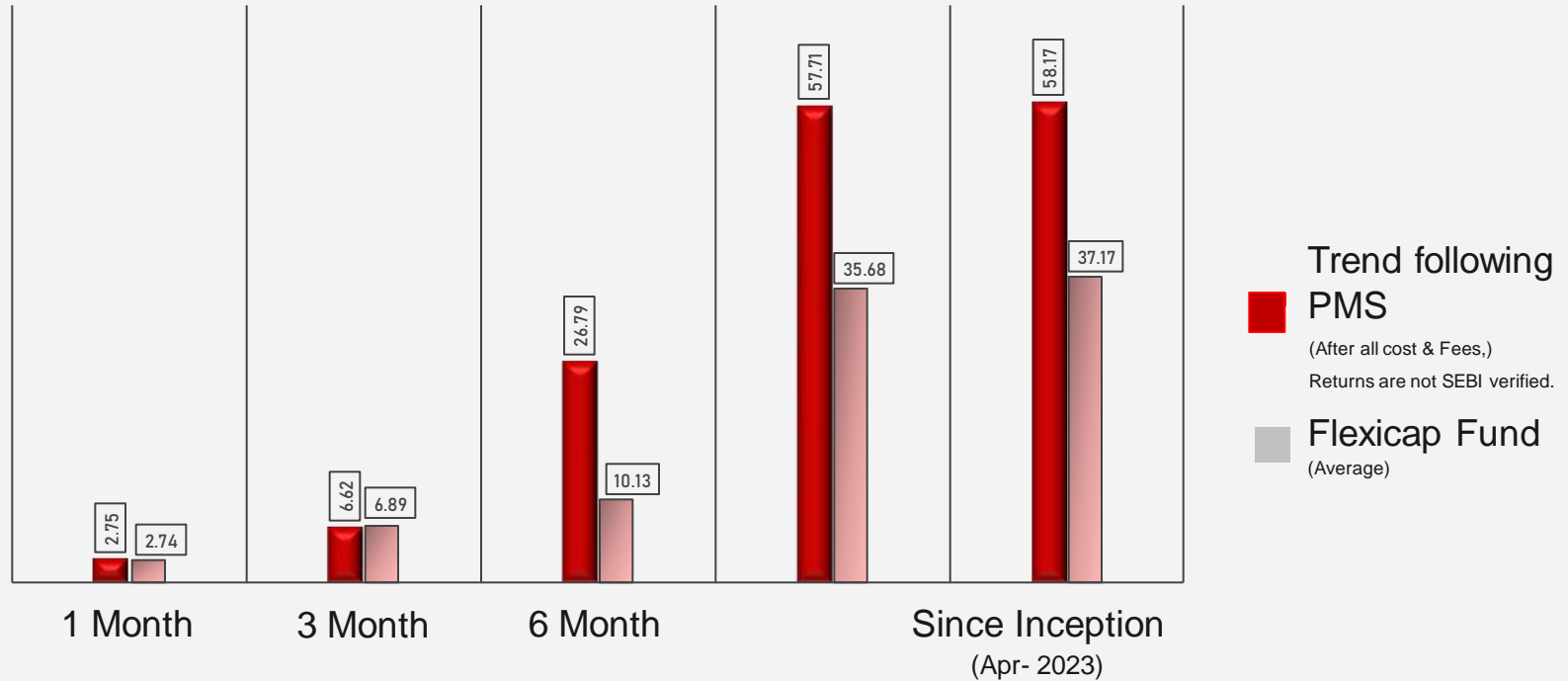
Trend Following PMS vs BSE 500– Client Returns



*Returns as on 30st April, 2024

New Beginnings, with Immense Potential

Trend Following PMS vs *Flexi cap Funds* – Client Returns



*Returns as on 30th April, 2024
Source: Rupeevest

Particulars	FY 2023-2024
Flexi Cap Benchmark Returns (BSE 500 TRI)	40.16 %
Flexi Cap Category Average Returns	40.38 %
Total AUM of Flexi Cap Funds (Cr)	3,44,214
AUM of Flexi Cap Outperforming Benchmark (Cr)	1,12,382 (33%)
AUM of Flexi Cap Underperforming Benchmark (Cr)	2,31,832 (67%)

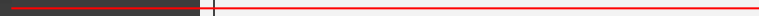


FLEXI CAP Mutual Fund, Performance (2023-24)



Trend Following PMS

Style	Trend Following		
Number Of Stocks	Approx. 20		
Market Cap Bias	Multi-Cap		
Benchmark Index	BSE 500 TRI		
Entry & Exit Loads	No Lock in, No Exit load		
Fee Structure	Fixed Fee	1%	2%
	Hurdle Rate	10%	No sharing
	Sharing %	20% above hurdle	NIL
At the rate of 20% of the profits earned (postall costs above the hurdle)			
On a high-water mark			





**Capturing
Tomorrows
opportunities**

S&P 500



S&P 500 Index, 1W, TVC

USD

High 5264.85

14:25:00

5000.00

4600.00

4200.00

3800.00

3600.00

3400.00

3000.00

2800.00

2640.00

2340.00

Low 2191.86



Low

2191.86

Euro Stoxx 50



Euro Stoxx 50 Index, 1W, FX

USD

High 5142.95

15:11:20

4600.00

4200.00

4000.00

3800.00

3600.00

3400.00

3050.00

2890.00

2730.00

2485.00

2365.00

Low 2271.59



Nikkei 225

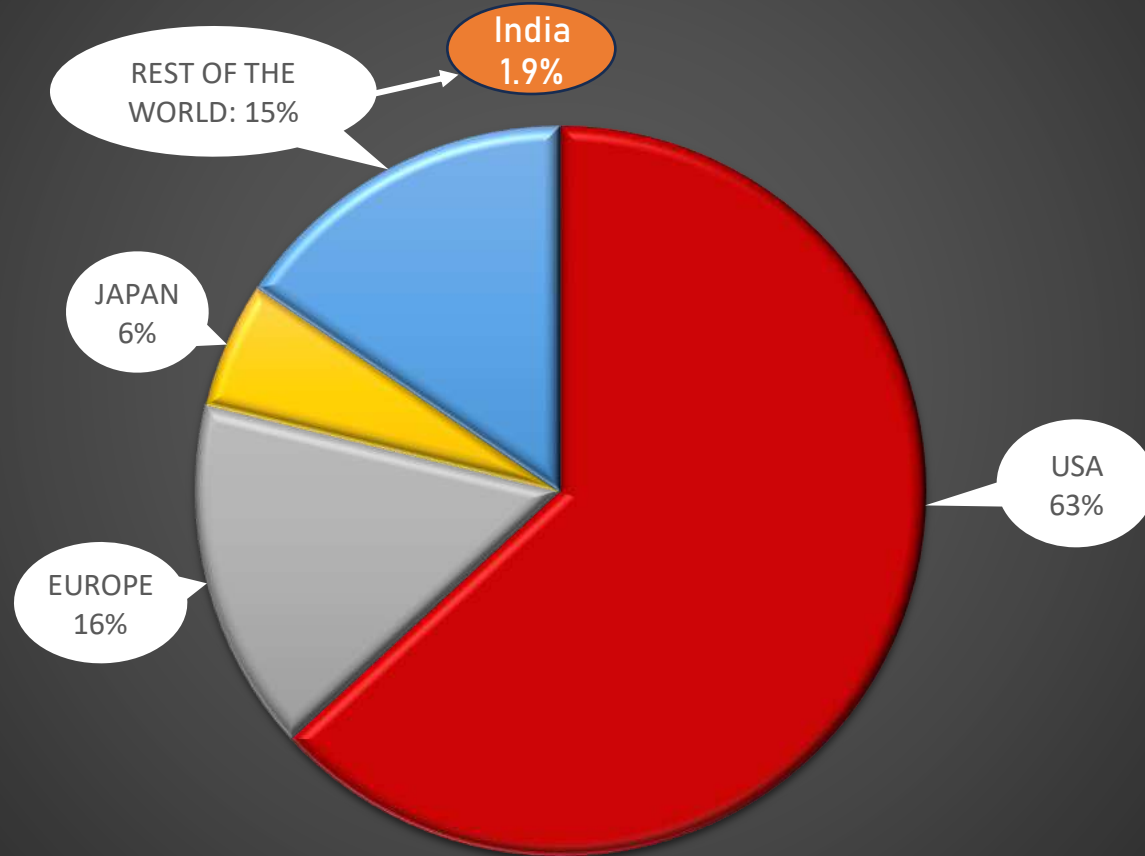
Life Time high



Nikkei 225 Index, 1M, TVC



Global Equity Market Cap



NIFTY 50



Nifty 50 Index, 1W, NSE

INR



“ After two years of recessionary fears, persistently high inflation, and unprecedented monetary tightening, the global macro-outlook looks relatively better now with improving growth, disinflation, and monetary easing in sight.

Across industries globally, multiple mega trends are shaping the priorities of businesses: AI, new energy, supply chain.”

N Chandrasekaran
(Chairman, Tata Sons)



US 10 Bond yields (5 yrs)



US Government Bonds 10 YR Yield, 1W, TVC



%

5.021%

15:00:23

4.000%

3.200%

2.600%

2.000%

1.600%

1.300%

1.000%

0.800%

0.650%

0.500%

0.420%

0.350%

0.333%

0.295%

Low



ay

2020

Jun

2021

Jun

2022

Jun


2023

Jun


2024

Jun

Thank you

 Buy Strength and Sell Weakness

 Investing in Growth stocks, with momentum

 If you want different results, you have to do things differently



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