

 **MOTILAL OSWAL**

ASSET MANAGEMENT

QUANT
INVESTING

MOTILAL OSWAL HEDGED EQUITY MULTIFACTOR STRATEGY AIF



Cornerstone of Investment Philosophy

Focused Strategies

Based on time tested investment framework



Quant/Factor based Strategies

AIF and PMS based on Factor Investing

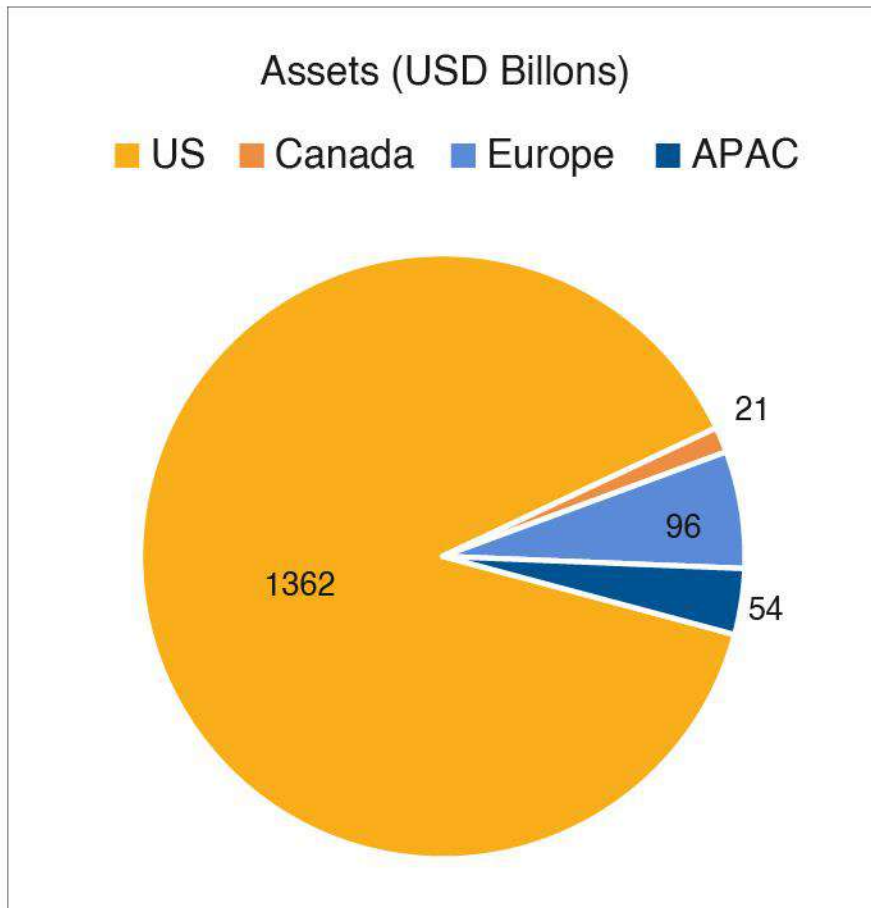


Index-based Strategies

Index Funds and ETFs based on first principal of



Factor Investing commands a global stage



Assets of \$1.56 Tn invested in Smart Beta ETFs listed globally at the end of February'24

YTD Net inflows of \$11.73 Bn in 2024 are the 8th highest on record

6 out of top 10 global hedge funds by AUM are quant-based with decades of track record. Quant in India is growing fast with very few unique propositions available.

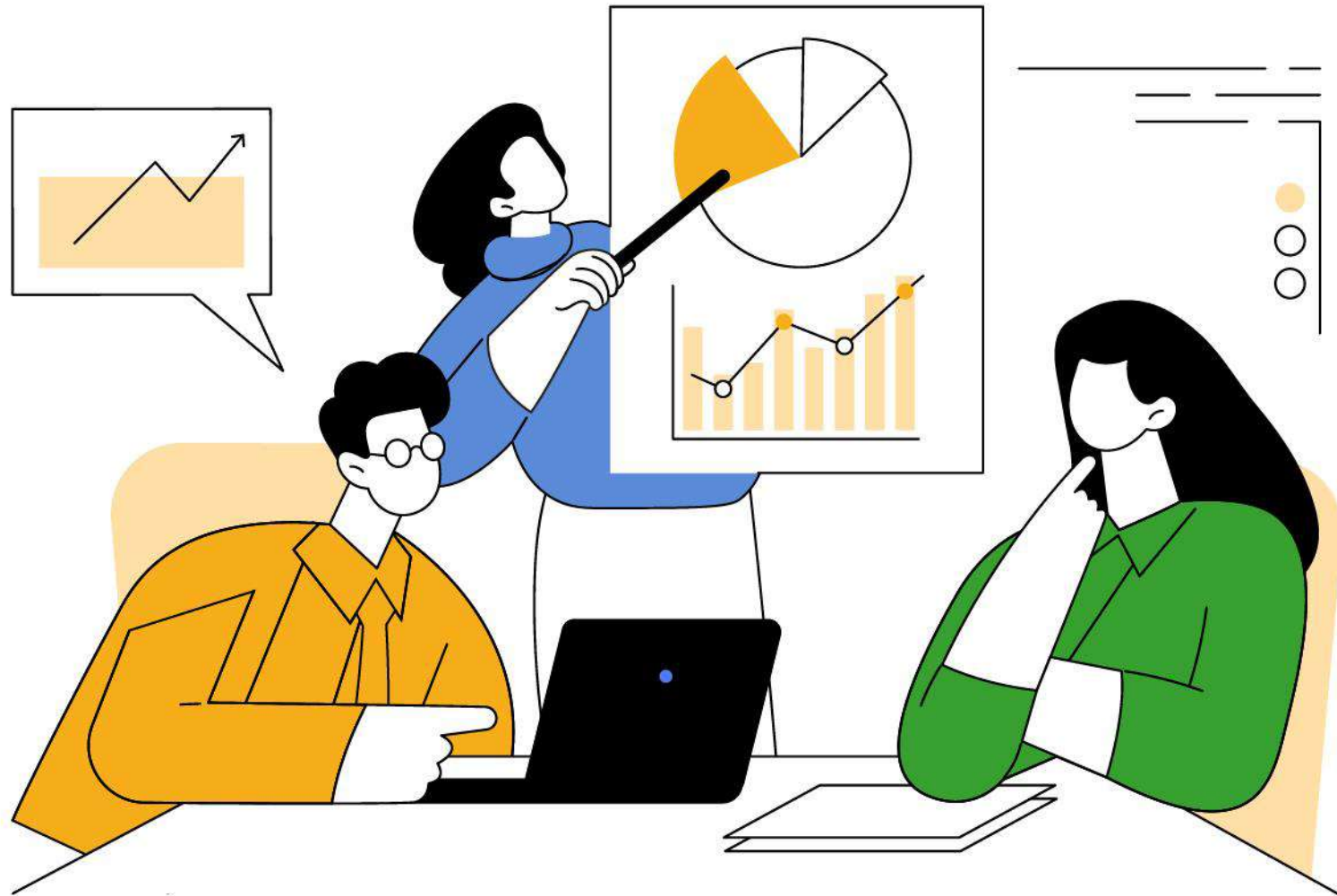
Top U.S. Hedge Funds	AUM (USD Bn)
Bridgewater Associates	\$124
Renaissance Technologies	\$106
AQR Capital Management	\$95
Two Sigma	\$67
Millennium Management	\$58
Citadel	\$52
Tiger Global Management	\$51
D.E. Shaw	\$46
Coatue Management	\$42
Davidson Kempner	\$41



MOTILAL OSWAL MULTIFACTOR

MOTILAL OSWAL LONG-SHORT







Raamdeo Agrawal
(Chairman, MOFSL)

- Raamdeo Agrawal is the Co-Founder of Motilal Oswal Financial Services Limited (MOFSL).
- As Chairman of Motilal Oswal Asset Management Company, he has been instrumental in evolving the investment management philosophy and framework.
- He has also authored the Art of Wealth Creation, that compiles insights from 26 years of his Annual 'Wealth Creation Studies'.
- Raamdeo Agrawal is an Associate of Institute of Chartered Accountants of India.



Navin Agrawal
(MD & CEO, MOFSL)

- Mr. Navin Agarwal is the Managing Director & CEO of Motilal Oswal Financial Services Limited.
- He started his career as an Analyst in 1994, went on to be Head of Research and managed Portfolios till 2000.
- He joined Motilal Oswal Group in 2000 and has been instrumental in building many of the businesses of the group including Institutional Equities, Investment Banking, Home Finance among others.
- He has been a part of the Executive Board that drove business strategy and reviews for all businesses besides capital allocation of the group.



Prateek Agrawal
(MD & CEO, MOAMC)

- Mr. Prateek Agrawal has long distinguished experience in Asset Management Business, investment banking, advisory services and sell side research.
- Prior to joining Motilal Oswal Asset Management Company Limited, he was associated with ASK Investment Managers Private Limited as Business Head and Chief Investment Officer wherein he has provided leadership to various departments.
- In his earlier role, he worked as Head of Equity with BNP Paribas Mutual Fund & BOI AXA Mutual Fund and Head of Research in SBI Capital Market.



Bijon Pani, Ph.D.

Sr. Fund Manager – Quant Investments

Bijon Pani with 12+ years' global and Indian quant investment experience, leads AIF/PMS strategies and research. Past roles include NJ AMC, IDFC AMC, Barclays Capital, and Eden Financial. Holds a Ph.D. in Finance (factor investing) from EDHEC, France, MS in Finance from London Business School, MSc in Computer Science from Oxford..



Pratik Oswal

Chief-Passive Business

Pratik Oswal leads Motilal Oswal Mutual Fund's passive funds business where he oversees assets worth 15k+ crore. He has experience in volatility trading in prop desk and overlay strategies at a silicon valley startup. He studied math and economics at Emory University and has an MBA from LBS."



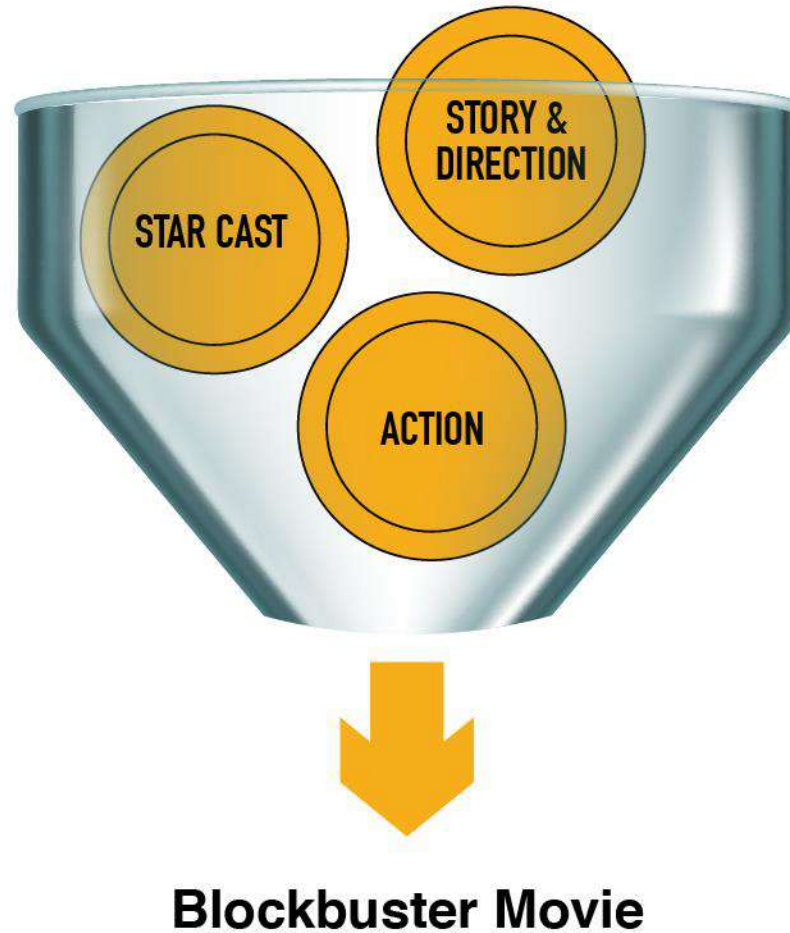
Devanshu Tayal, CFA, FRM

Co-Fund Manager

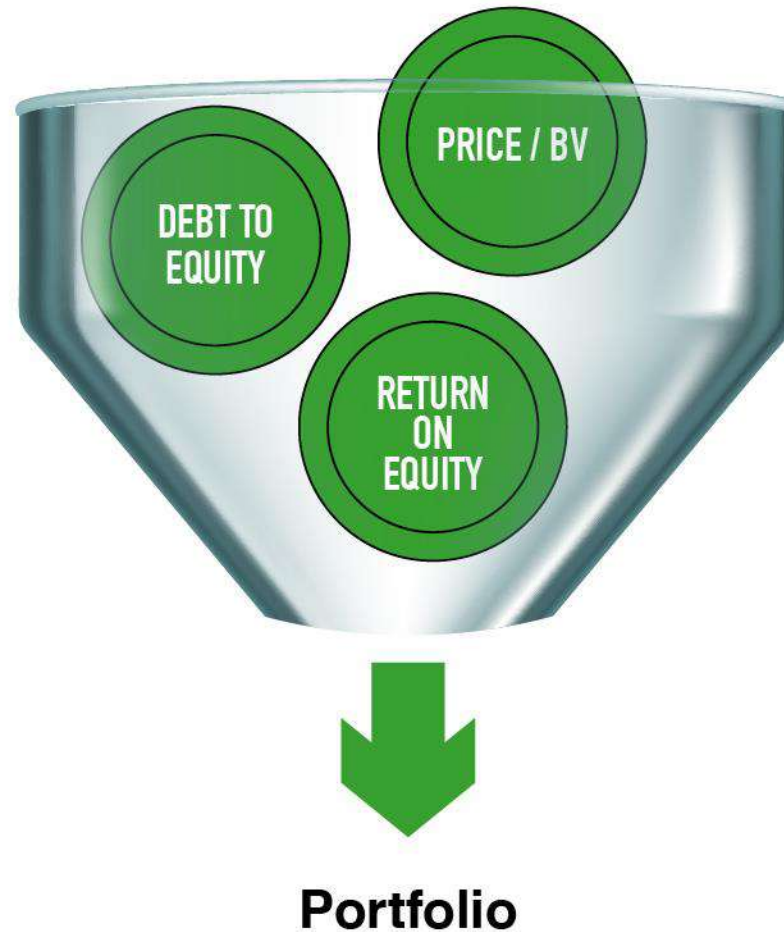
Devanshu Tayal has an experience over 5 years in data science, indexing and mutual funds. His work involves constructing key tradeable indices for multi-national banks and generating data-driven actionable insights. He has completed his engineering from Delhi University and is a CFA, FRM charter holder.



The success of a blockbuster movie can be broken down in terms of a combination of “Factors” such as –



Similarly, the returns of a portfolio can be explained in terms of a combination of “Factors” –

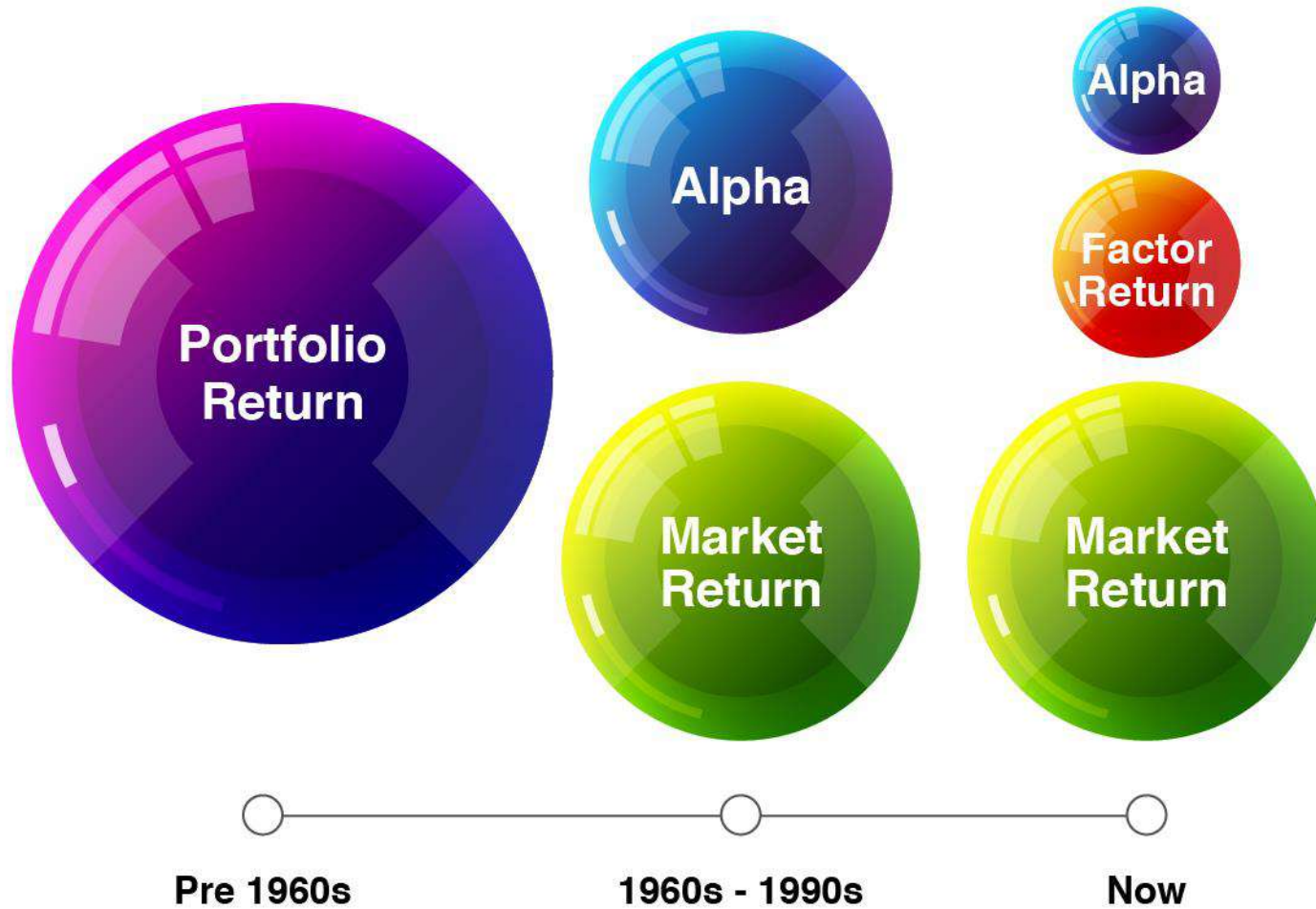


ARE YOU A FACTOR INVESTOR?

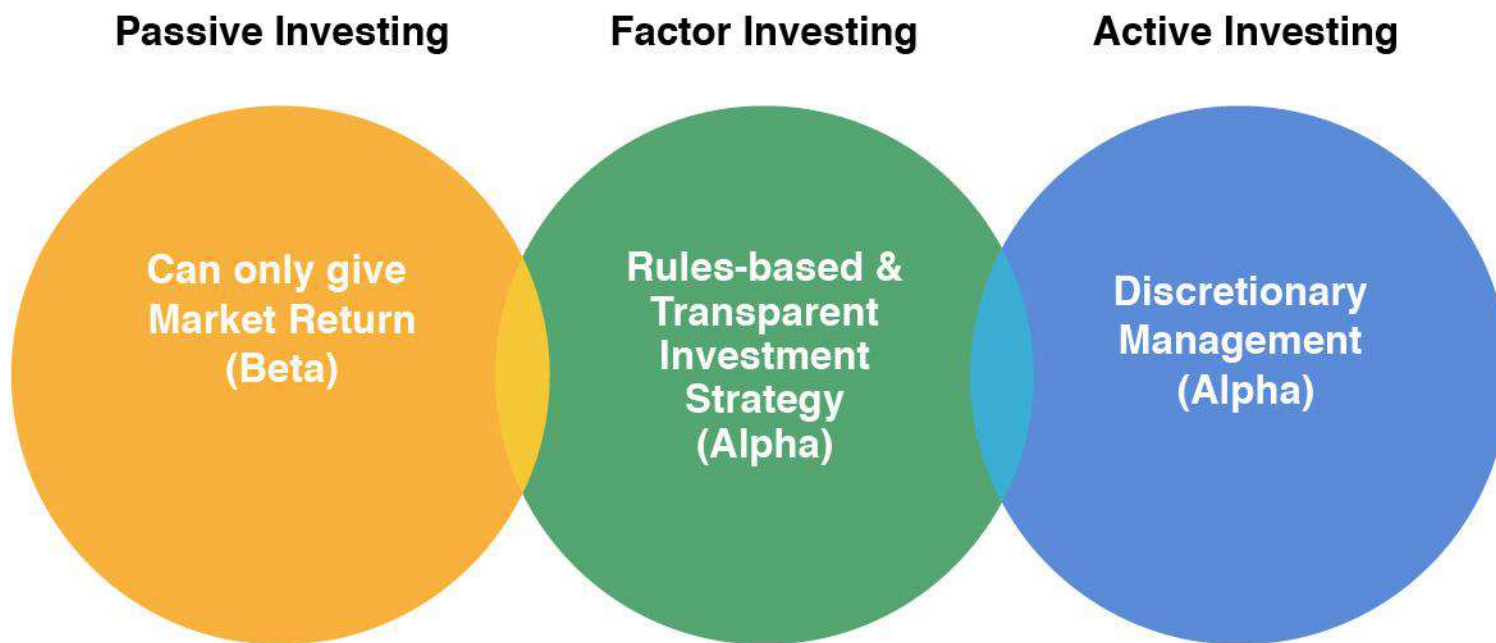
Do you look for one or more of the following when selecting which stocks to invest in?



WHY FACTORS MATTER?



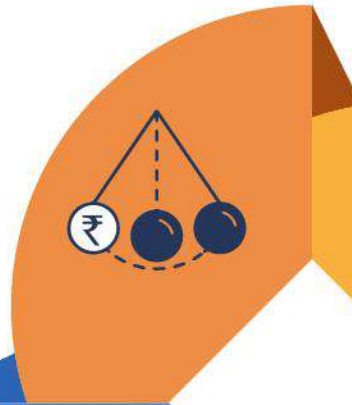
"Elevate Your Portfolio: Factor Investing Bridges Active and Passive Strategies, Offering Disciplined Alpha Generation and High-Risk Adjusted Returns.





A systematic rules based approach helps eliminate cognitive errors and behavioural biases exhibited by investors

Momentum
12 M Returns, 6 M Returns



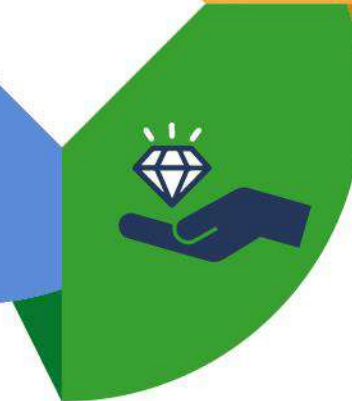
Quality
Leverage, Profitability



Volatility
Beta, Standard Deviation



Value
Price / Book, Price / Earnings,
Dividend Yield

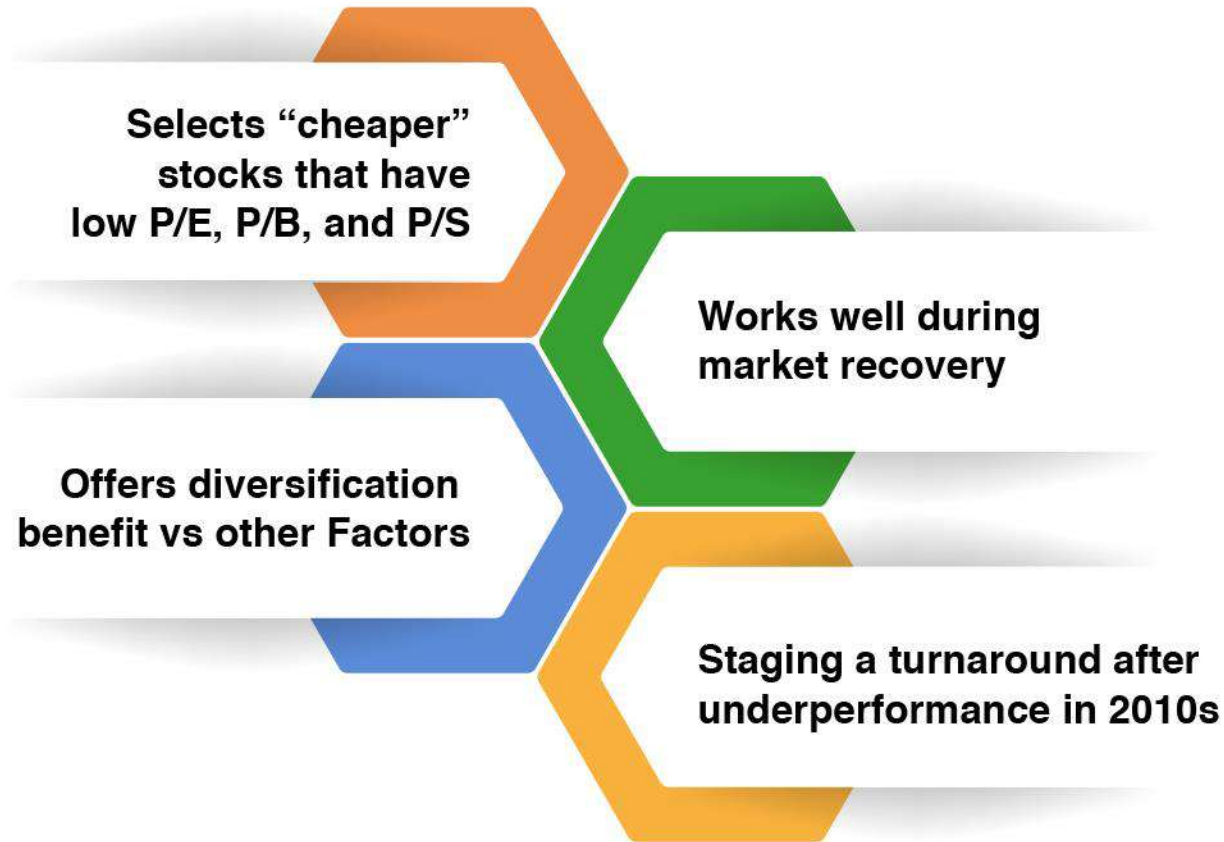


The Quality Factor captures companies with durable business models and sustainable competitive advantages



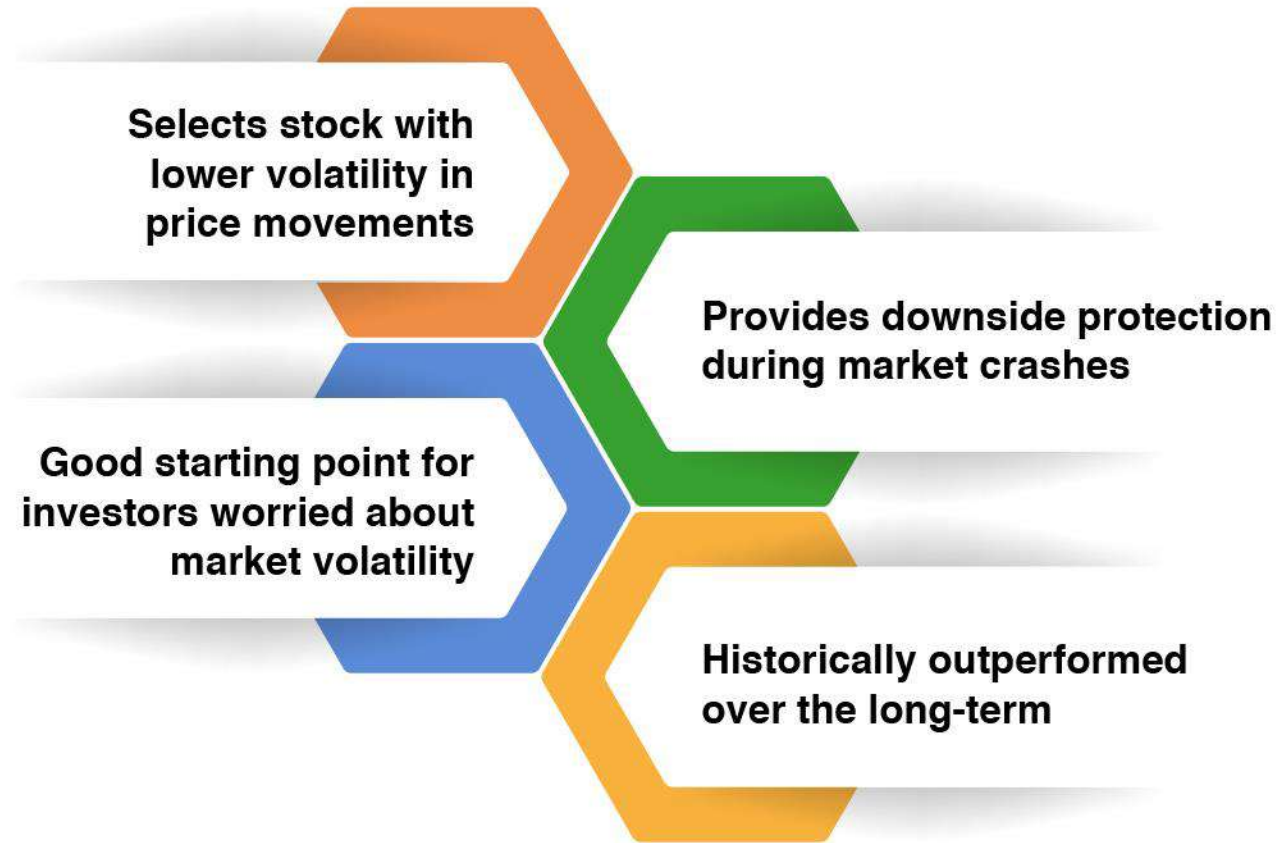
Measured using: ROE, ROA, ROCE, CFO, Debt, Accruals

The Value Factor captures stocks that are relatively ‘inexpensive’ compared to their fundamentals attributes



Measured using: P/E, P/B, EV/EBITDA

The Low Volatility Factor involves buying stocks which have higher stability in price movements



Measured using: Standard Deviation, Beta

The Momentum factor exploits the tendency of winning stocks to continue performing well in the near term



Measured using: 6M Return, 12M Return, Jensen's alpha

DIFFERENT FACTORS WORK IN DIFFERENT MARKET CYCLES

Market Cycle	Value	Quality	Low Vol	Momentum	Nifty 50 TRI
Bull	33.3%	27.0%	27.2%	38.5%	27.3%
Bear	-48.9%	-27.1%	-25.6%	-38.3%	-38.8%
Recovery	45.1%	41.0%	37.8%	38.6%	34.2%

- Momentum tends to significantly outperform in Bull market cycles
- Quality and Low Vol offer good downside protection and tend to outperform in Bear markets
- Value tends to outperform when the market is recovering from a bear phase

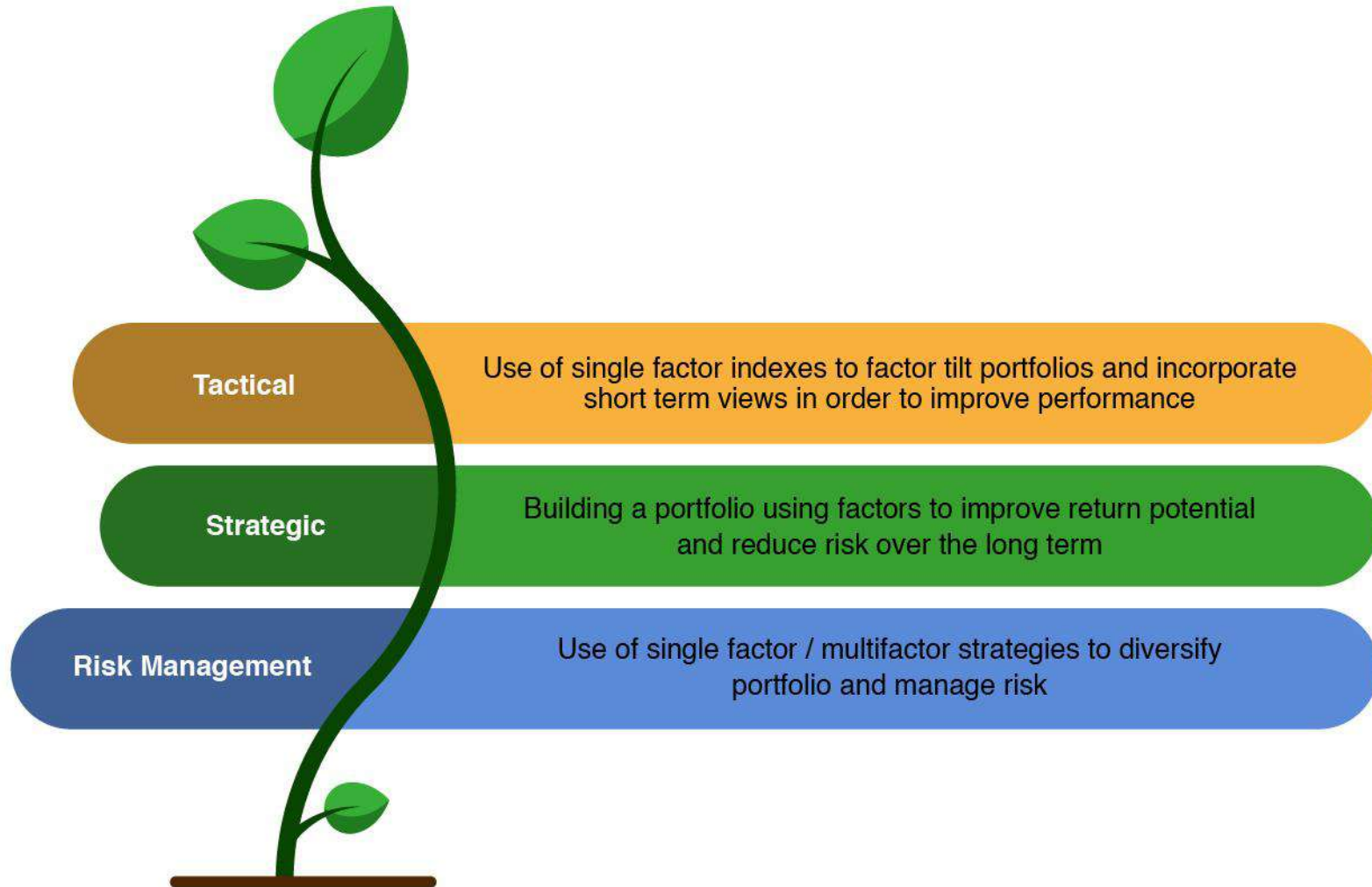
Low Vol = S&P BSE Low Volatility TRI

Quality = S&P BSE Quality TRI

Momentum = S&P BSE Momentum TRI

Value = S&P BSE Enhanced Value TRI

Source/Disclaimer: MOAMC Research Data as of 31-March-2024. The information / data herein alone is not sufficient and should not be used for implementation of an investment strategy. The table/ charts mentioned above are used to explain the concept and is for illustration purpose only. It should not be construed as an investment advice to any party.



OUR INVESTMENT PROCESS



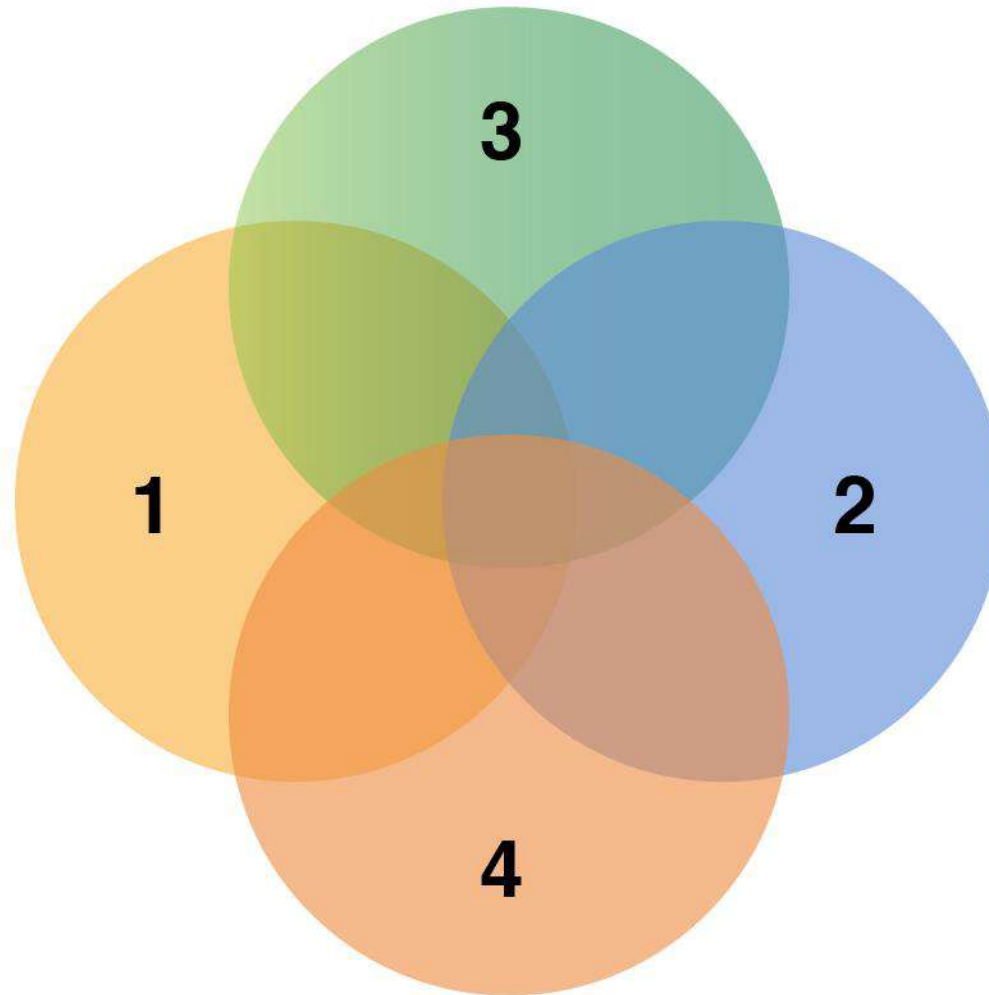
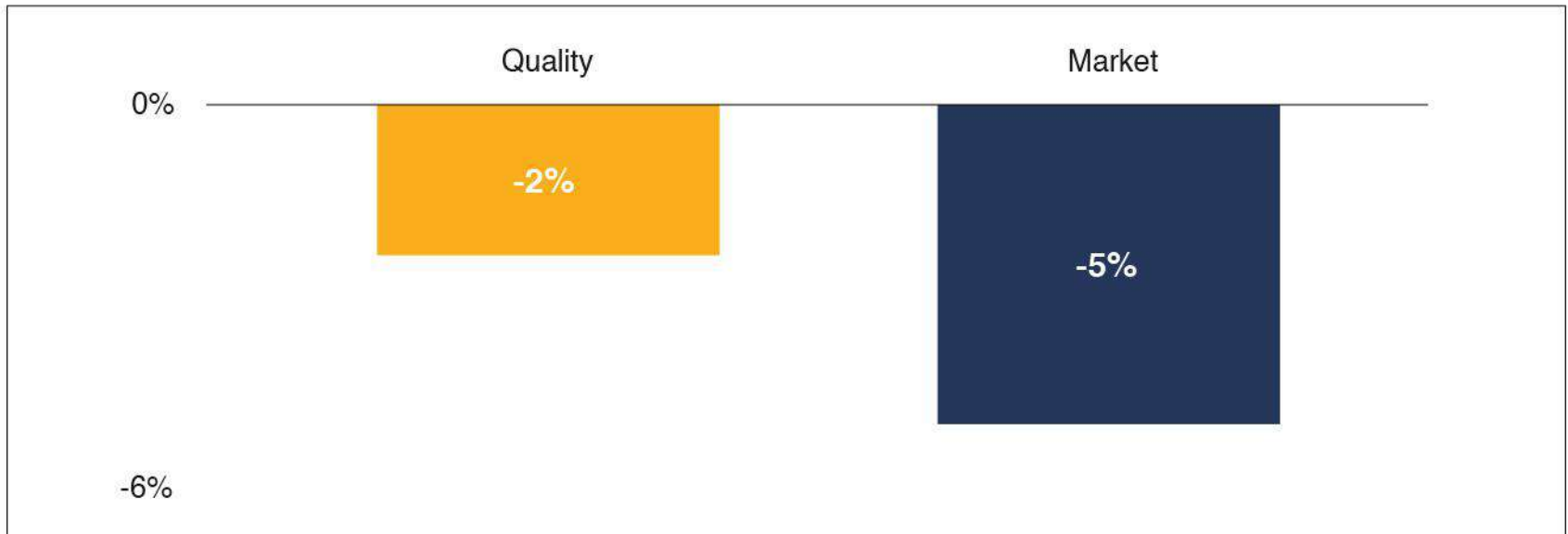




Figure: Average quarterly performance of the Quality Factor during a bear market



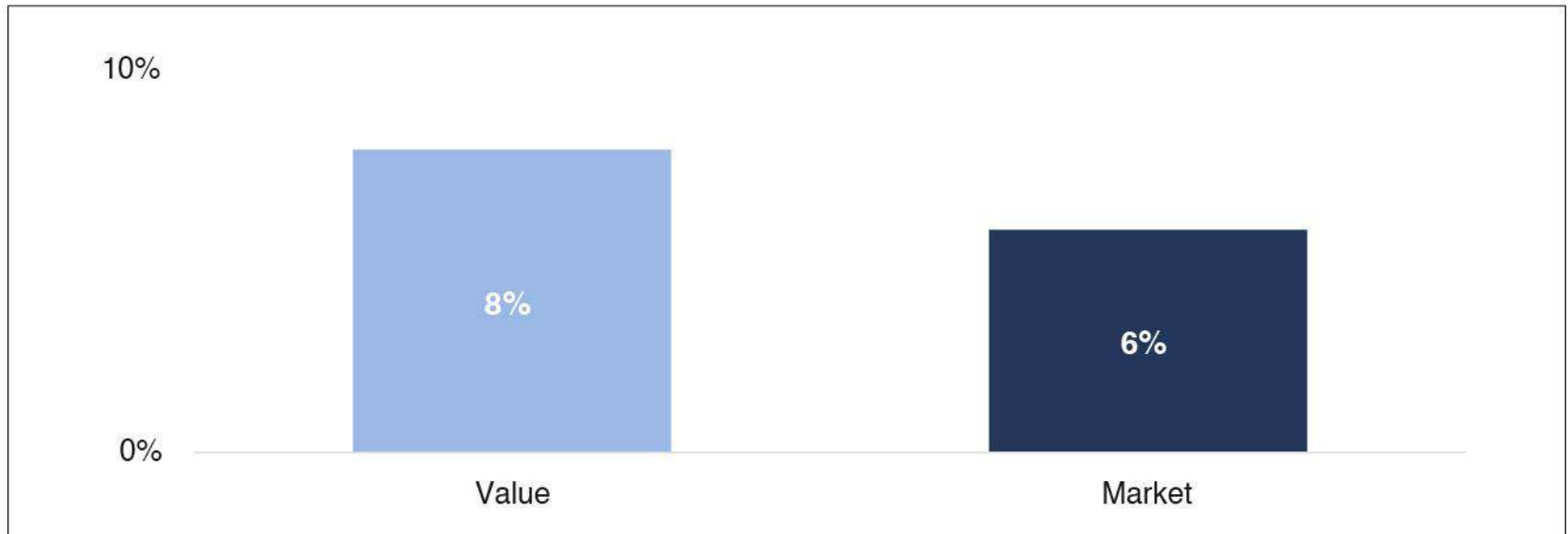
On average, the Quality factor does well in a bear market as the companies represented are ones with lower leverage and high profitability.

Indicators: Debt-to-Equity (D/E), Return on Equity (ROE), etc.

Source/Disclaimer: niftyindices, S&P BSE, MOAMC Research. Quality – S&P BSE Quality Index. Performance as of close of 30-Sep-11 to 31-Dec-21. Performance is based on backtested data. All Performance numbers are absolute Bear market defined as <20% fall from peak to trough. Recovery defined as the recovery from trough to previous peak. Bull market defined as rising market after recovery. Crash defined as >20% fall from peak to trough. Performance results have many inherent limitations and no representation is being made that any investor will, or is likely to achieve. Past performance may or may not be sustained in future. The above graph is used to explain the concept and is for illustration purpose only and should not used for development or implementation of an investment strategy.



Figure: Average quarterly performance of the Value factor during a recovery



On average, the Value factor does well in a market recovery as it is most likely to participate in broader economic growth.

Indicators: Price-to-Earnings (P/E), Price-to-Book (P/B), etc.

Source/Disclaimer: niftyindices, S&P BSE, MOAMC Research. Value – S&P BSE Enhanced Value Index. Performance as of close of 30-Sep-11 to 31-Dec-21. Performance is based on backtested data. All Performance numbers are absolute Bear market defined as <20% fall from peak to trough. Recovery defined as the recovery from trough to previous peak. Bull market defined as rising market after recovery. Crash defined as >20% fall from peak to trough. Performance results have many inherent limitations and no representation is being made that any investor will, or is likely to achieve. Past performance may or may not be sustained in future. The above graph is used to explain the concept and is for illustration purpose only and should not used for development or implementation of an investment strategy.

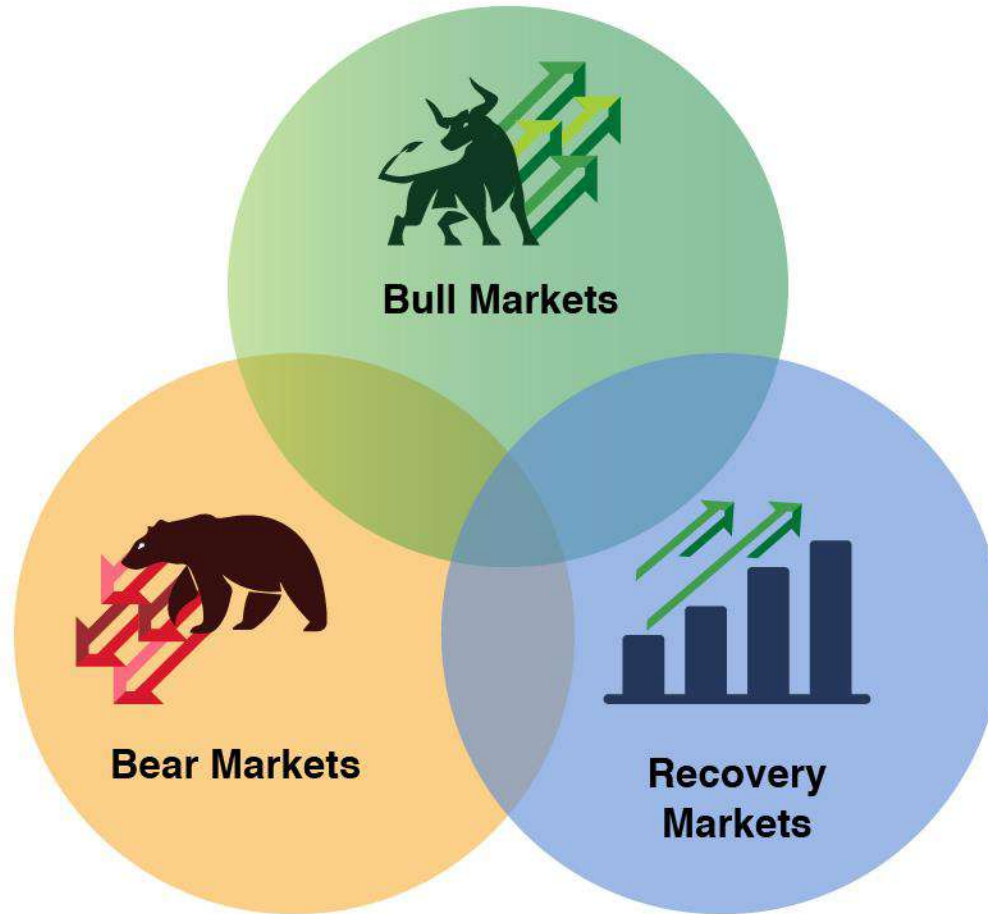
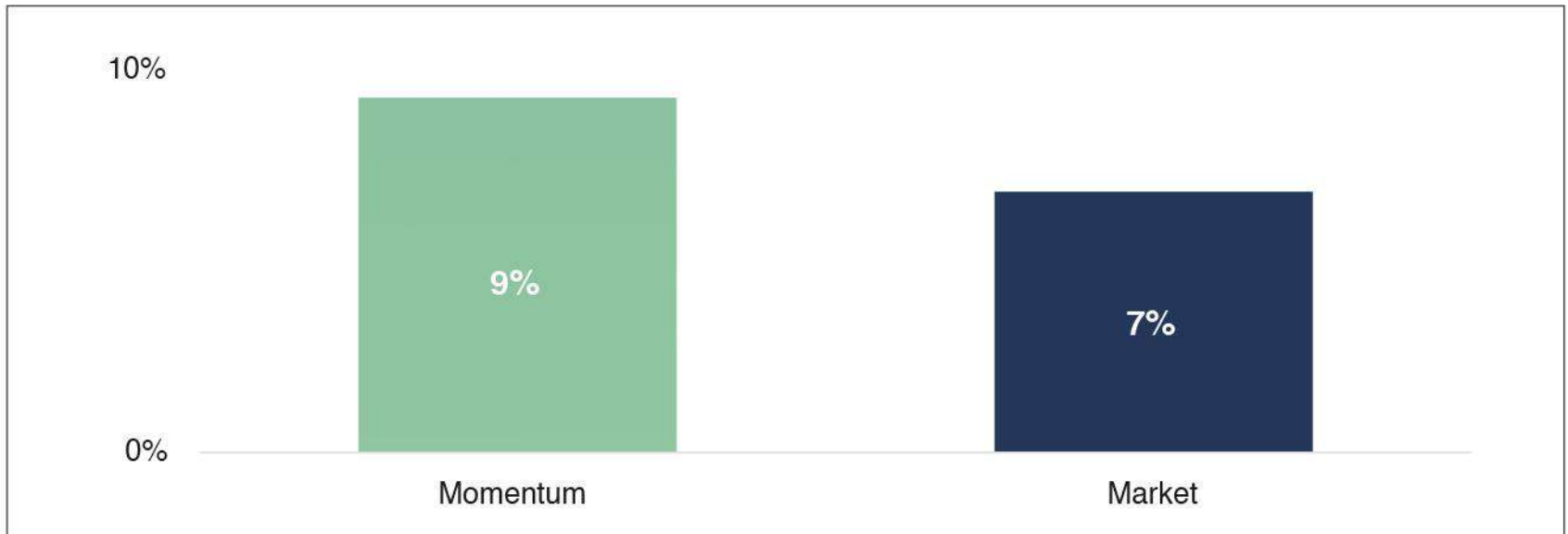


Figure: Average quarterly performance of the Momentum factor during a bull market

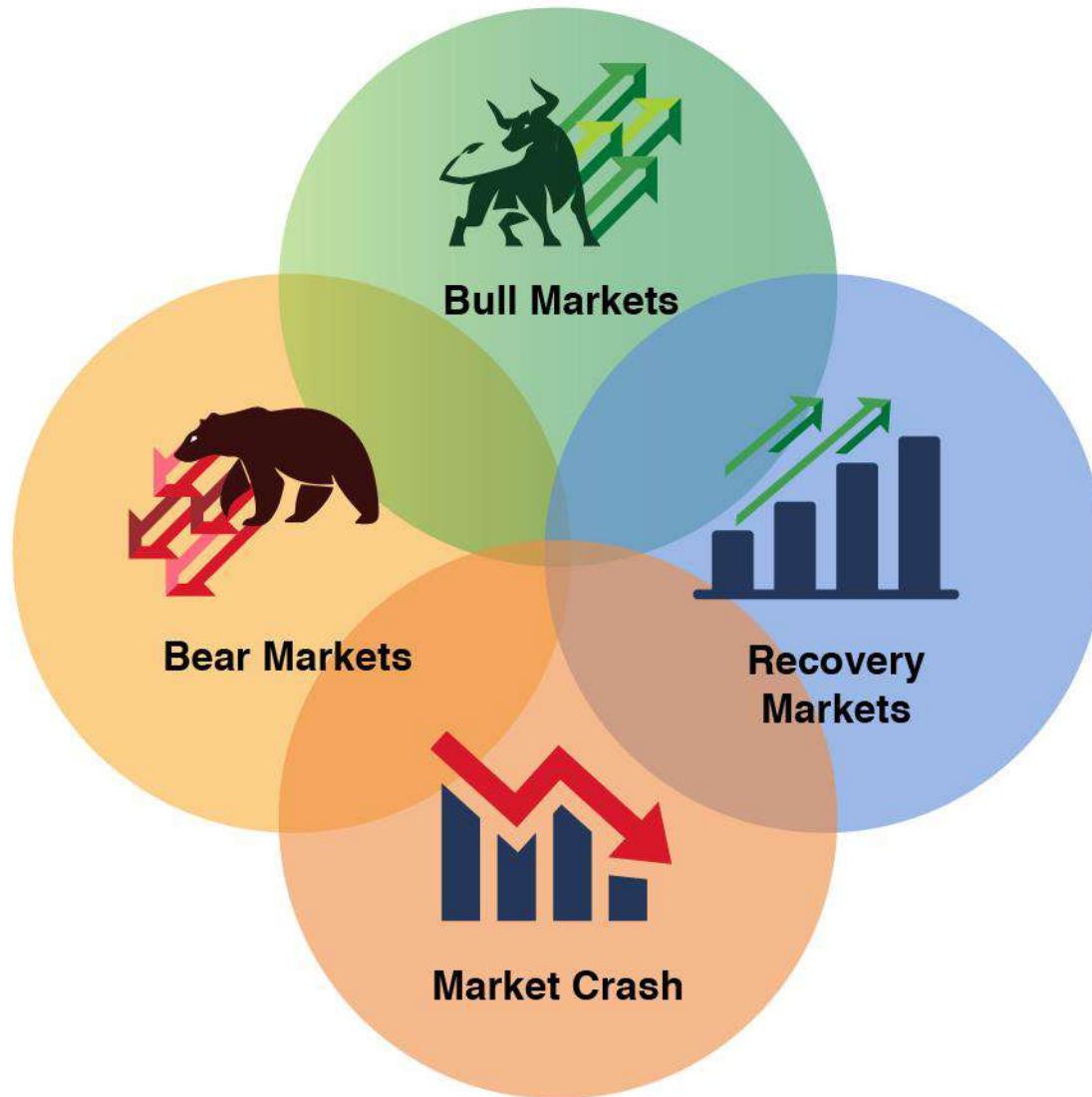


On average, the Momentum factor does well in a bull market because it benefits from underlying trends.

Indicators: 12M Performance

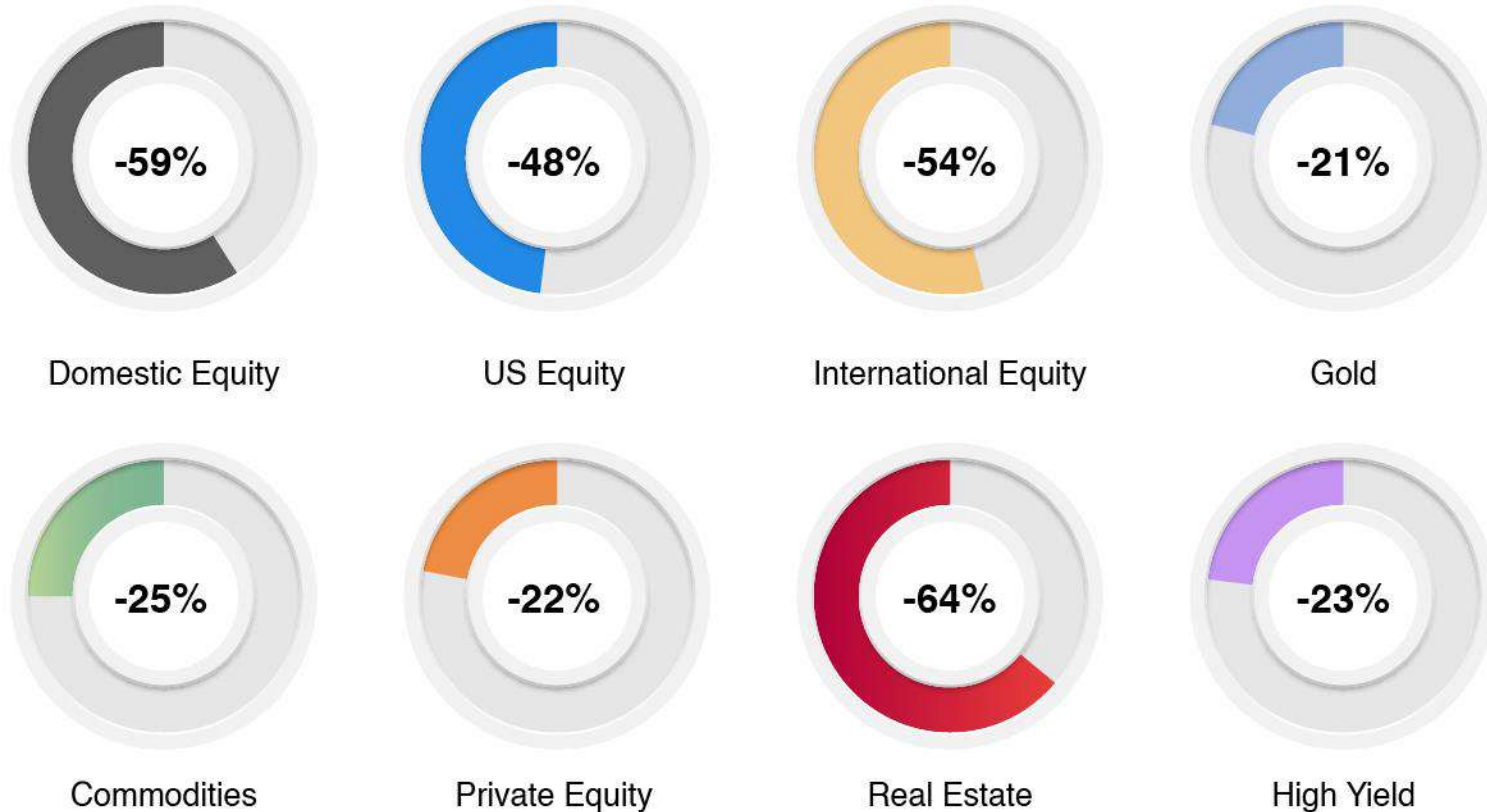
Source/Disclaimer: niftyindices, S&P BSE, MOAMC Research. Momentum – Nifty 200 Momentum 30 Index. Performance as of close of 30-Sep-11 to 31-Dec-21. Performance is based on backtested data. All Performance numbers are absolute Bear market defined as <20% fall from peak to trough. Recovery defined as the recovery from trough to previous peak. Bull market defined as rising market after recovery. Crash defined as >20% fall from peak to trough. Performance results have many inherent limitations and no representation is being made that any investor will, or is likely to achieve. Past performance may or may not be sustained in future. The above graph is used to explain the concept and is for illustration purpose only and should not used for development or implementation of an investment strategy.

MARKET CYCLE 4: MARKET CRASH



ASSET DIVERSIFICATION MAY NOT WORK IN A CRASH

Figure: Peak-to-Trough Drawdowns for Asset Classes during GFC

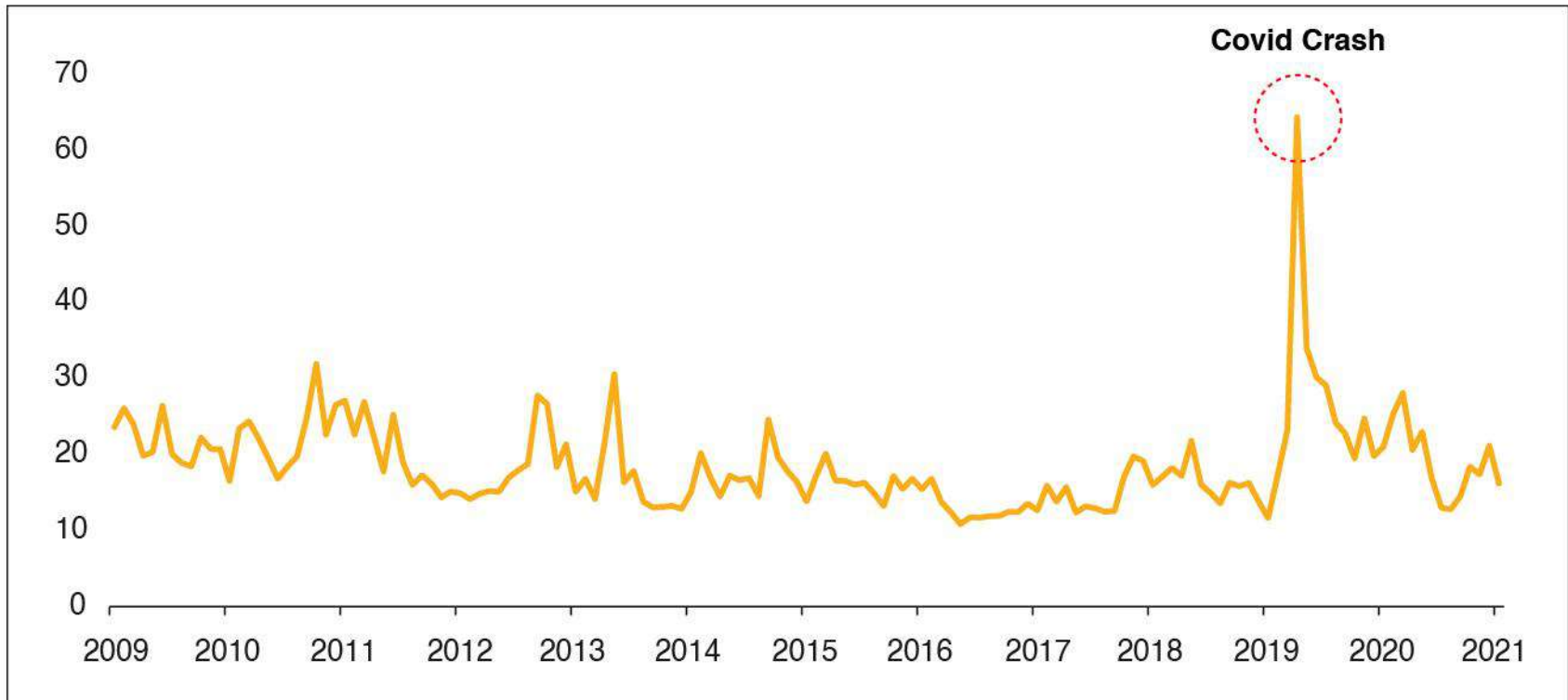


Most asset classes had significant drawdowns during the Global Financial Crisis

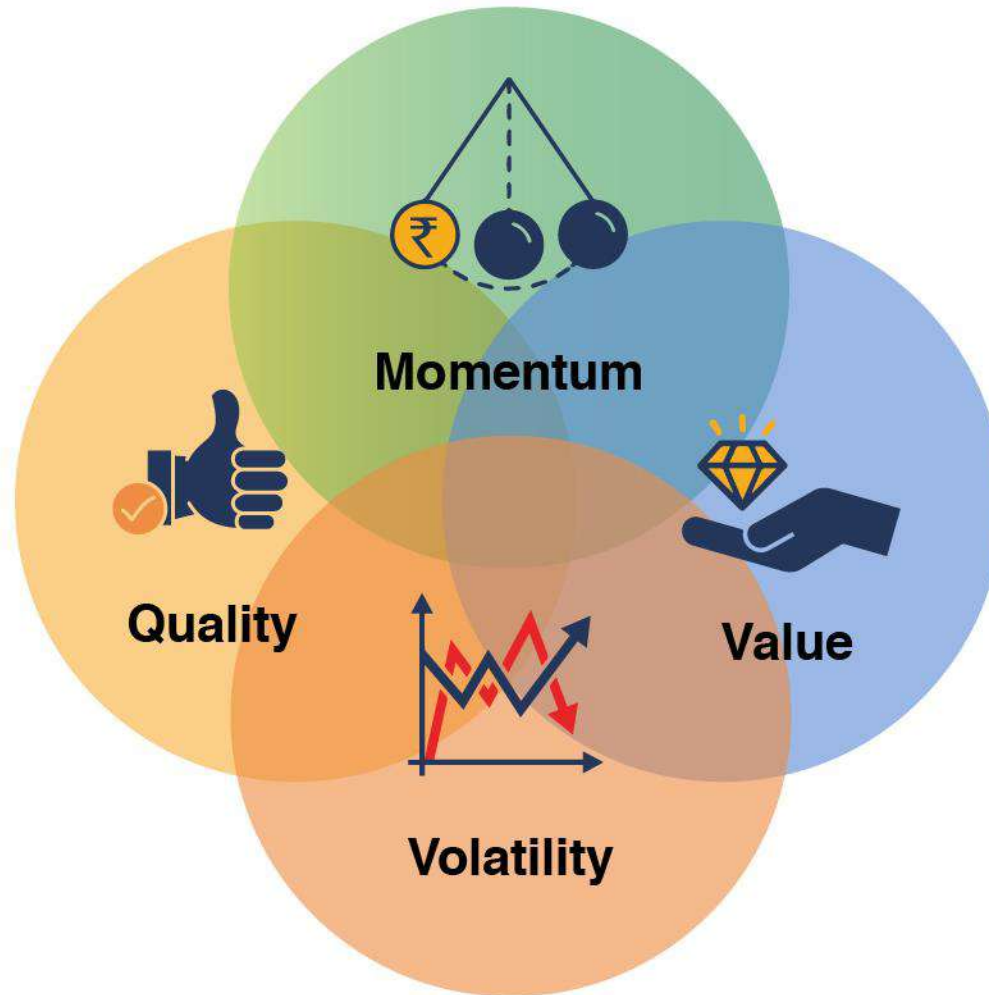
Source/Disclaimer: Attain Alternatives Blog, showing the worst peak to valley loss during the 2007/2008 financial crisis. The stocks/sectors mentioned herein are used for explaining the concept and is for illustration purpose only and shall not be construed as an investment advice to any party. The stocks/sectors mentioned herein may or may not be part of our portfolio/strategy/ schemes. Past performance may or may not be sustained in future.

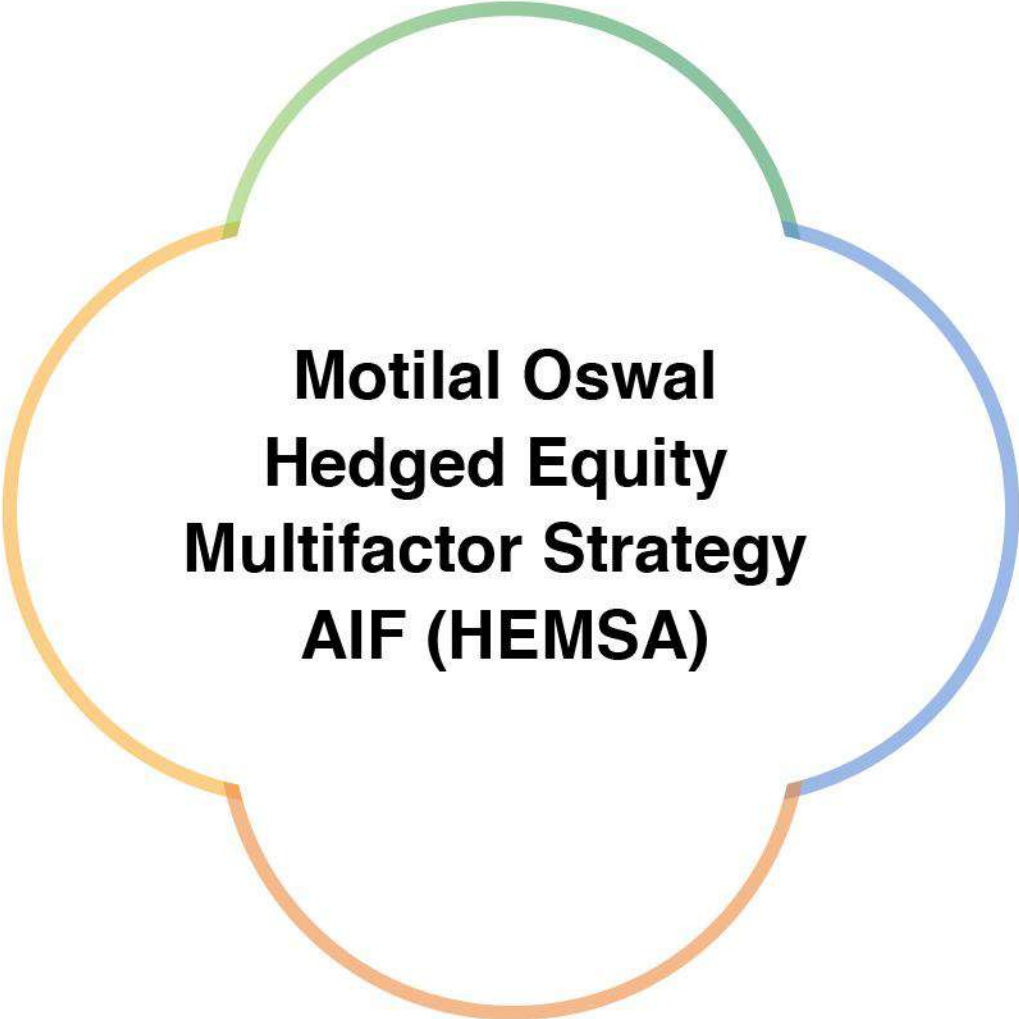
VOLATILITY ALWAYS RISES IN A MARKET CRASH

Figure: India Volatility Index



Volatility is a separate asset class, commonly represented using the Volatility Index (VIX), which appreciates significantly during uncertain but high impact events.





**Motilal Oswal
Hedged Equity
Multifactor Strategy
AIF (HEMSA)**

A Multi-Factor approach to Factor investing helps reduce Factor-specific risk without compromising on long-term performance

Factor timing can be difficult

Factor timing, just like market timing, can be incredibly difficult without the benefit of hindsight, so fixed allocation to factors works better



Diversification benefit

Excess returns of Factors show very low correlation as different Factors respond differently across market and economic cycles

Return Cyclicity

Single Factors work over the medium to long-term because they don't work all the time. Each single factor has its cyclicity where it underperforms. Combining factors helps in smoothing out the underperformance

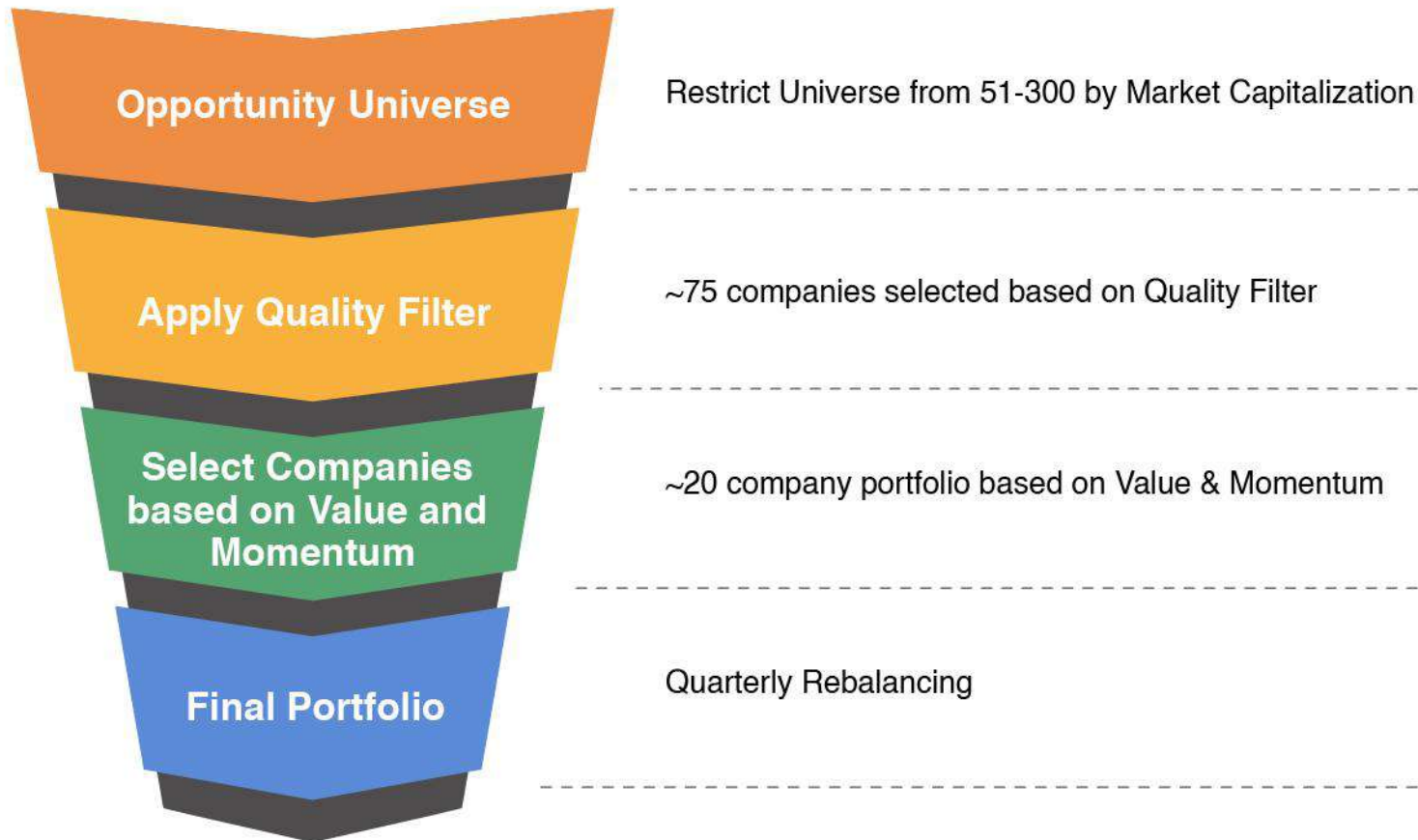
OUR FUND SPECIFICATIONS

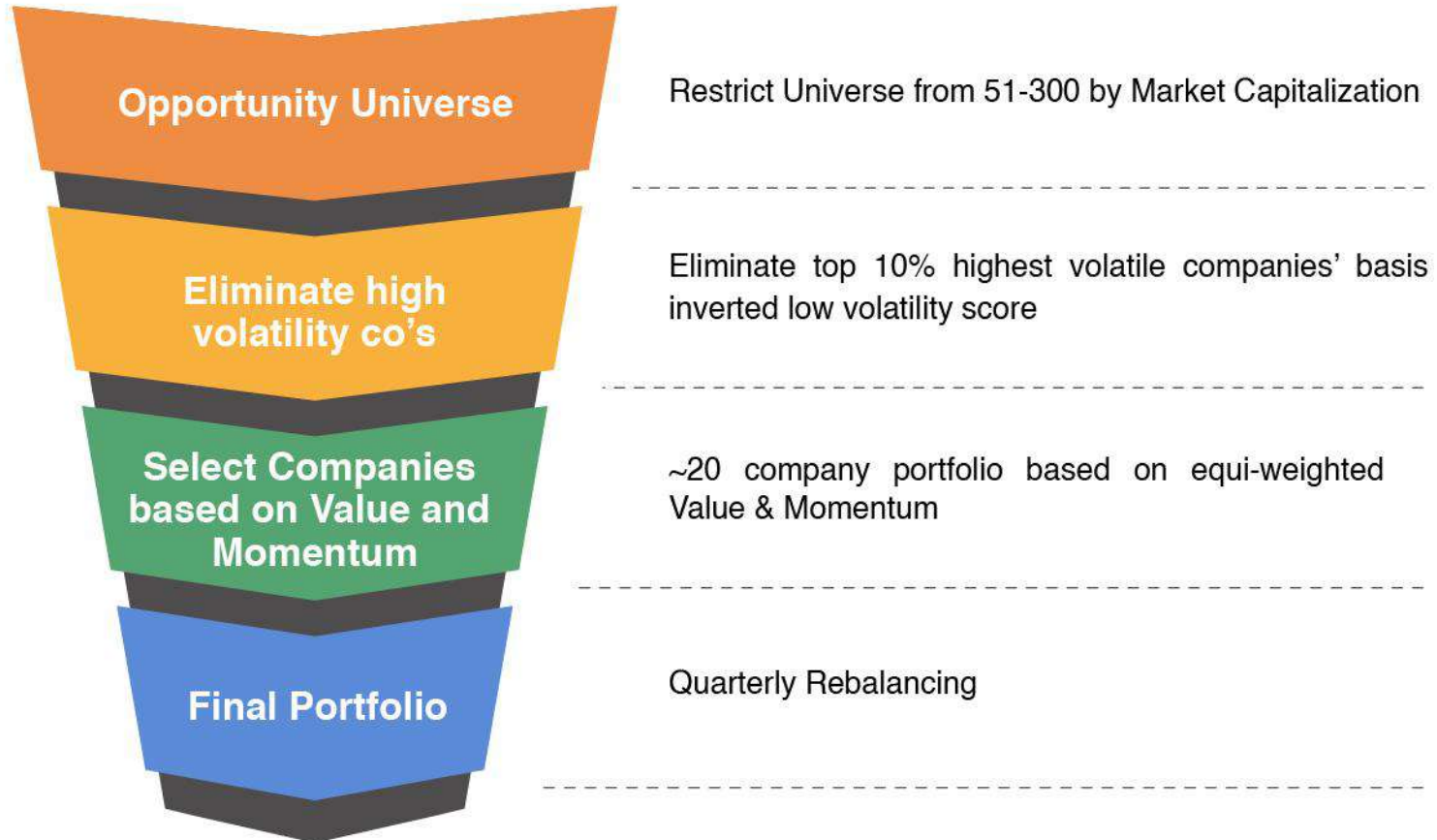


Source/Disclaimer: MOAMC Research,NSE. The performance for Motilal Oswal long short is backtested since 2005. Performance results have many inherent limitations and no representation is being made that any investor will, or is likely to achieve. Past performance may or may not be sustained in future. The above graph is used to explain the concept and is for illustration purpose only and should not used for development or implementation of an investment strategy.

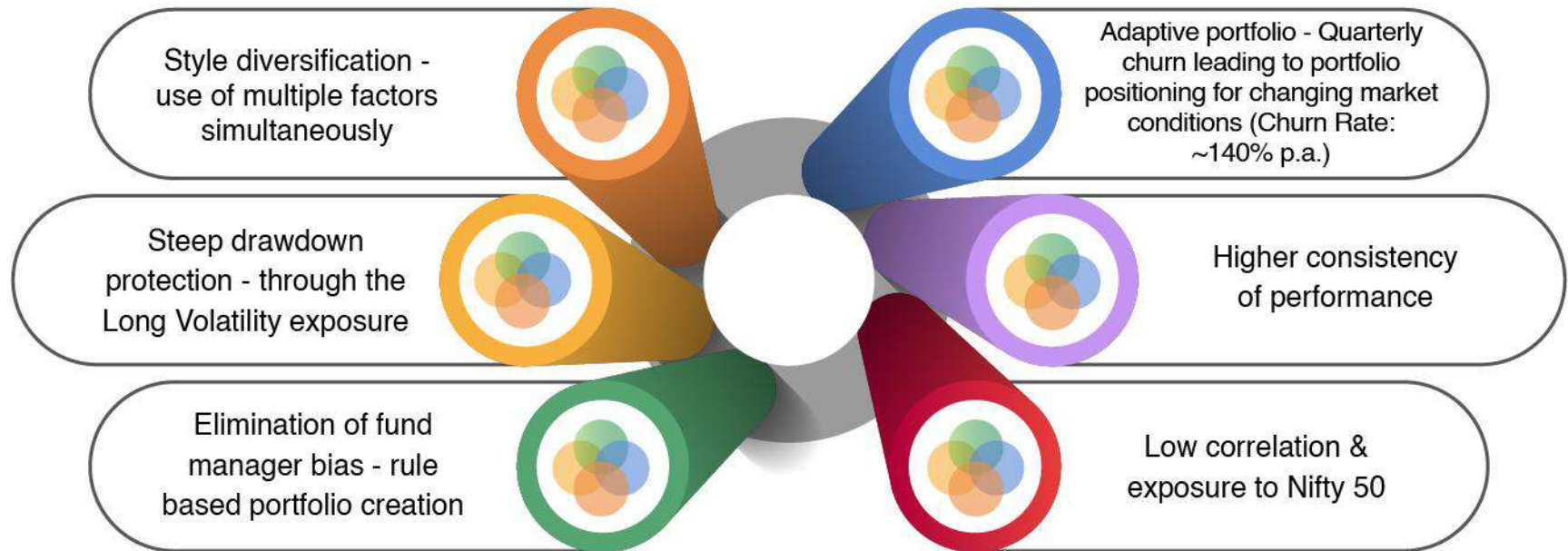
The portfolio allocates to two distinct models with 75% to Sleeve 1 and 25% to Sleeve 2.



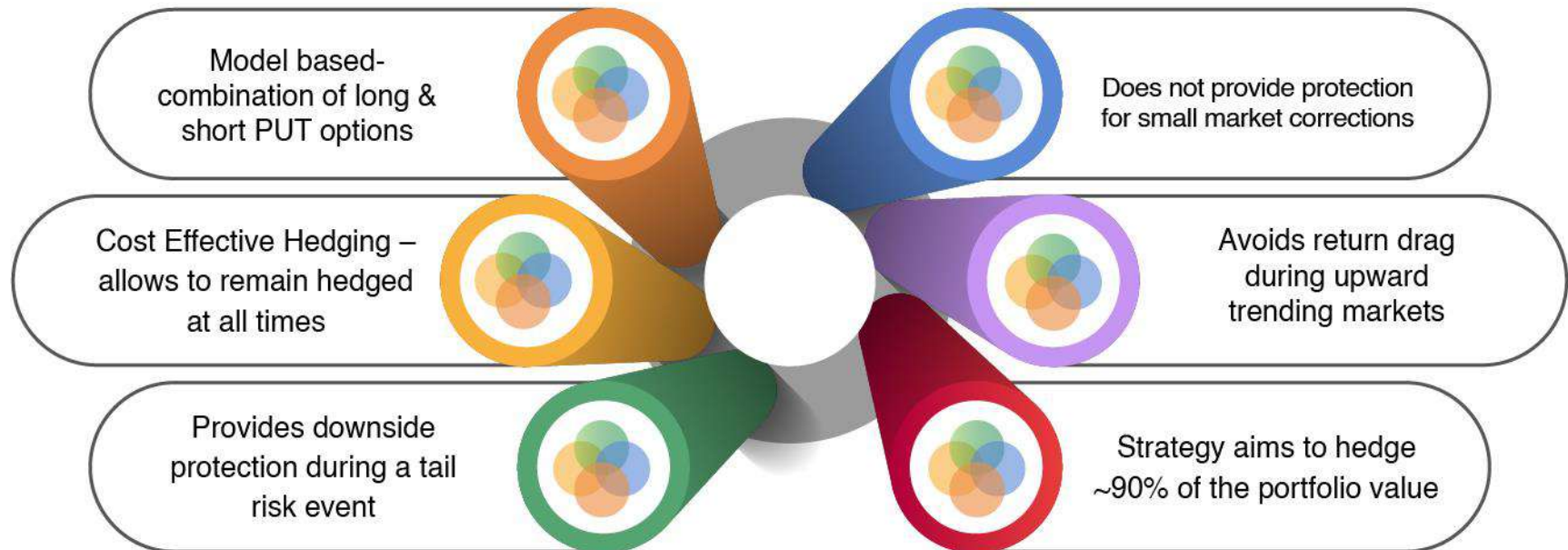




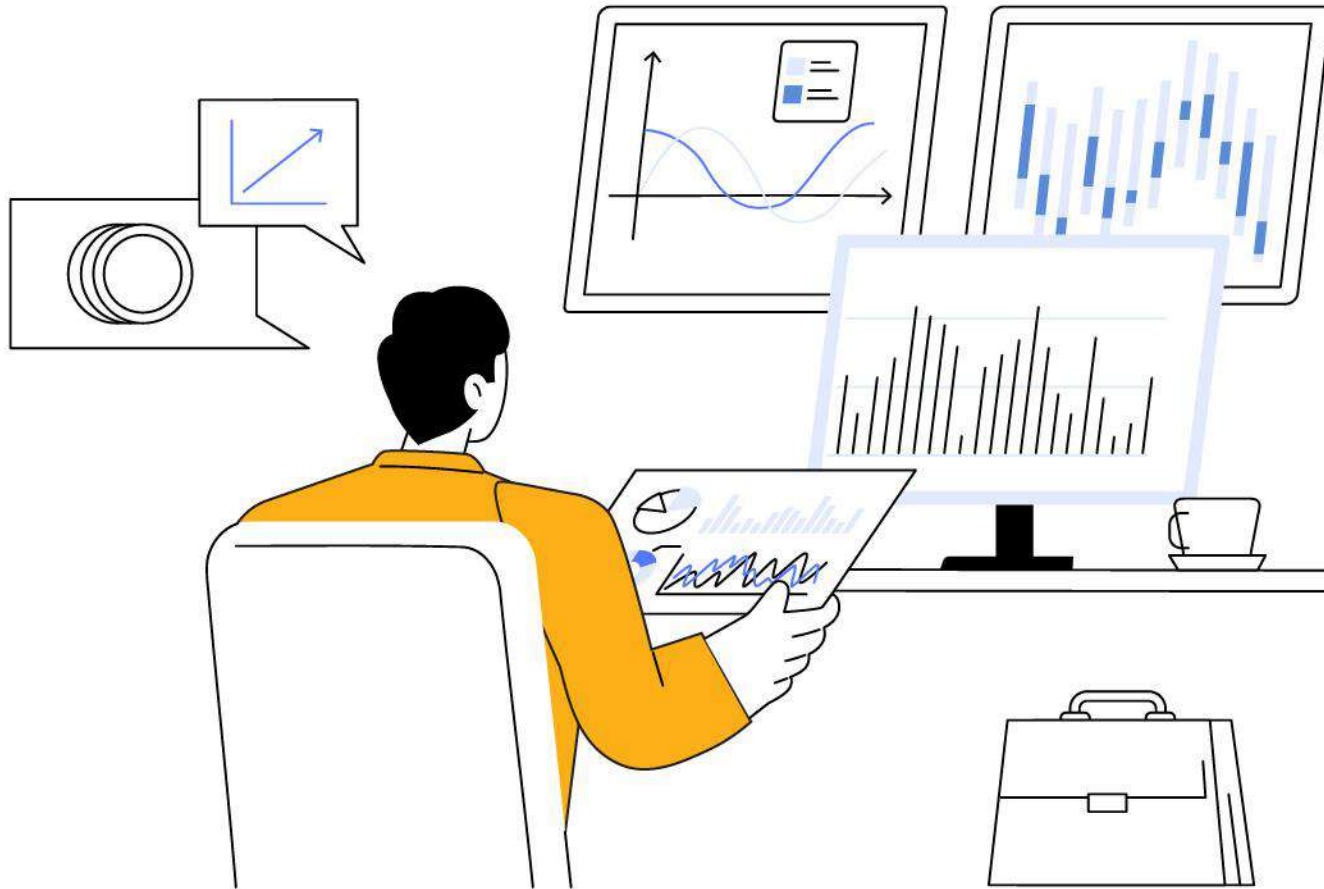
UNIQUE CHARACTERISTICS OF THE MULTI-FACTOR PORTFOLIO



UNIQUE CHARACTERISTICS OF THE HEDGING STRATEGY

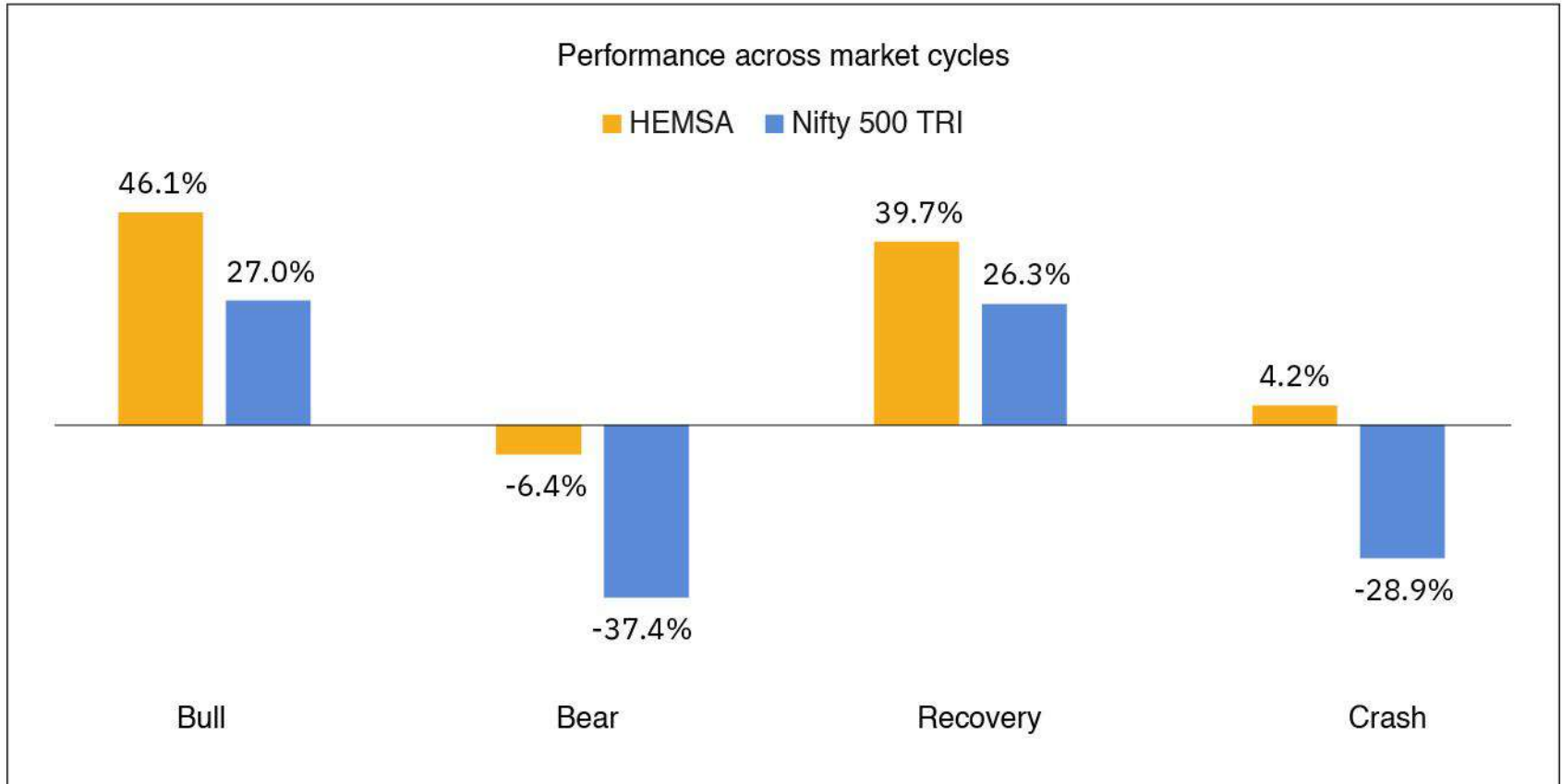


PERFORMANCE CHARACTERISTICS



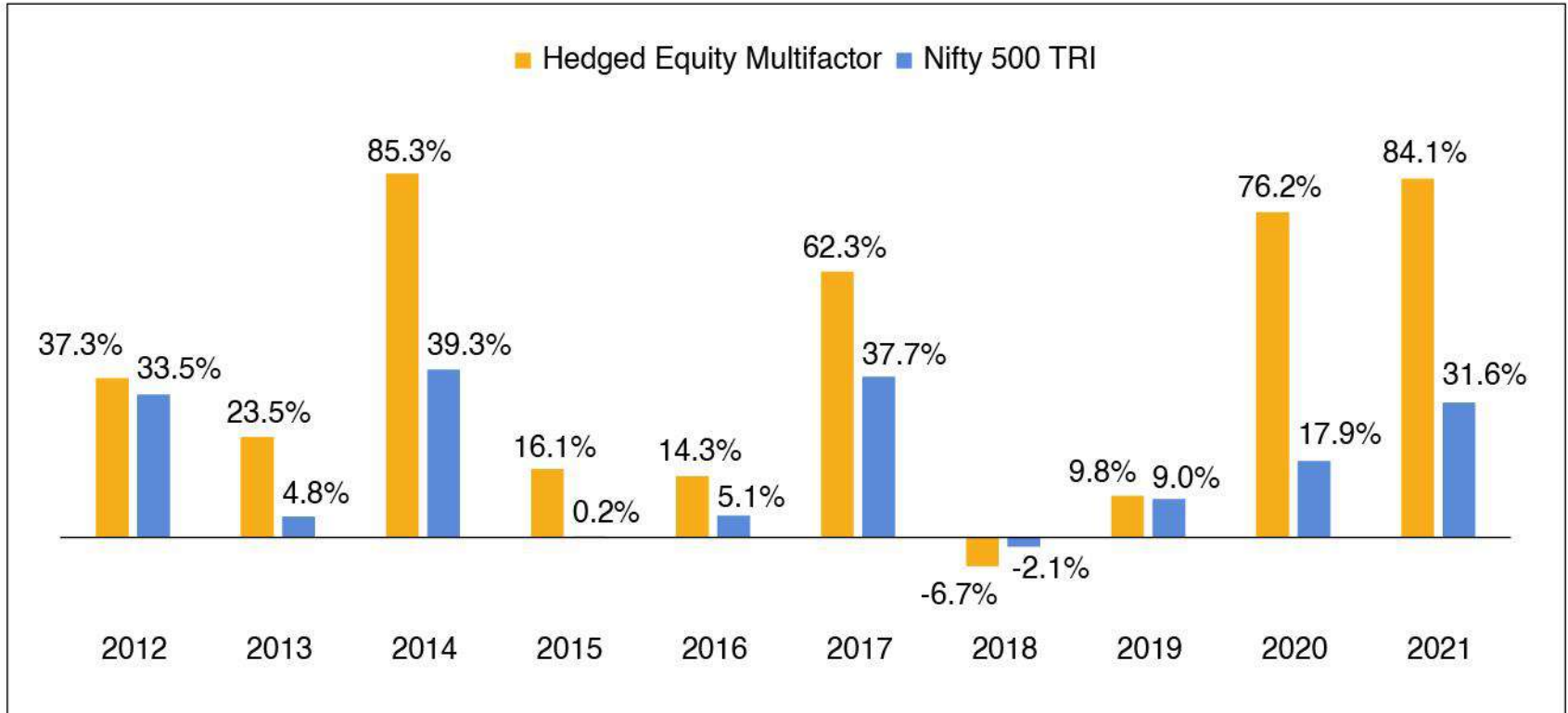
Source/Disclaimer: MOAMC Research,NSE. Performance results have many inherent limitations and no representation is being made that any investor will, or is likely to achieve. Past performance may or may not be sustained in future. The above graph is used to explain the concept and is for illustration purpose only and should not used for development or implementation of an investment strategy.

Combination of Multifactor investing and Hedging enables relatively better performance across all market cycles



Source/Disclaimer: NSE, MOAMC Research. Performance is as of close of 31-Dec-11 to 31-Dec-21 (10 years). Performance is based on backtested data. Bear market defined as <20% fall from peak to trough. Recovery defined as the recovery from trough to previous peak. Bull market defined as rising market after recovery. Crash is defined as the covid crash quarter i.e. 31 Dec 2019 to 31 Mar 2020. Performance results have many inherent limitations and no representation is being made that any investor will, or is likely to achieve. Past performance may or may not be sustained in future. The above graph is used to explain the concept and is for illustration purpose only and should not be used for development or implementation of an investment strategy.

CALENDAR YEAR PERFORMANCE OF HEMSA



HEMSA has delivered returns on a consistent basis.

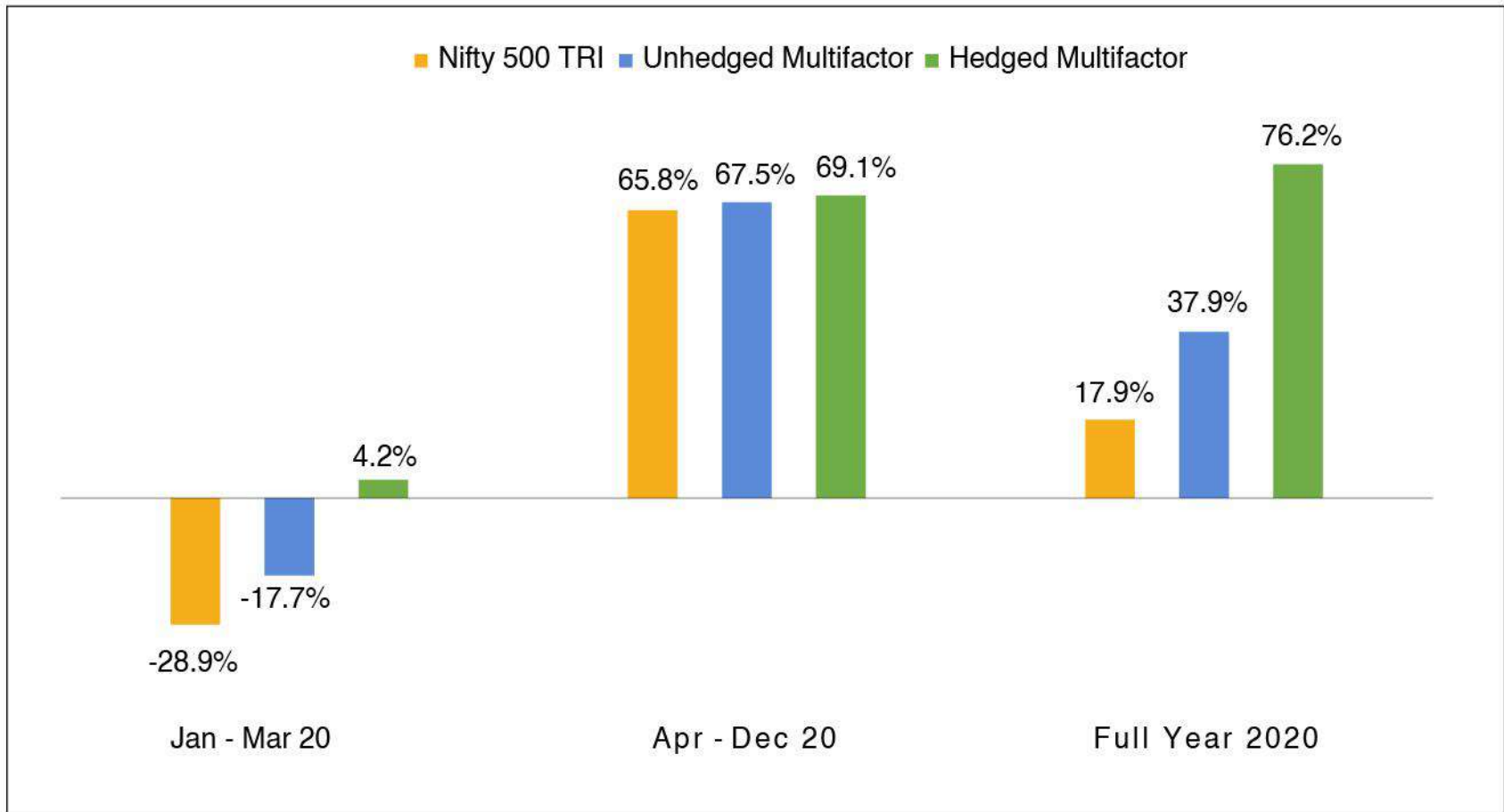
Source/Disclaimer: www.niftyindices.com; All performance data in INR. Performance Data from CY 2012 to CY 2021. Performance is based on backtested data. Hypothetical performance results have many inherent limitations and no representation is being made that any investor will, or is likely to achieve, performance similar to that shown. The above graph is used to explain the concept and is for illustration purpose only and should not be used for development or implementation of an investment strategy. Past performance may or may not be sustained in future.

Parameter	Hedged Equity Multifactor	NIFTY 500 TRI
Average	28.1%	12.1%
Median	26.5%	12.2%
Min	8.4%	-9.4%
Max	54.2%	25.1%
Distribution of Returns		
Negative	0.0%	5.4%
0% to 10%	1.1%	23.8%
10% to 20%	26.5%	64.8%
> 20%	72.4%	6.0%

Over last 10 years and for any 3 year rolling period, HEMSA has delivered positive returns and has outperformed the benchmark consistently

Source/Disclaimer: www.niftyindices.com; All performance data in INR. Performance Data from 31 Dec 2011 to 31 Dec 2021; Performance is based on backtested data. Returns over horizons longer than 1 year are annualized. Hypothetical performance results have many inherent limitations and no representation is being made that any investor will, or is likely to achieve, performance similar to that shown. The above graph is used to explain the concept and is for illustration purpose only and should not be used for development or implementation of an investment strategy. Past performance may or may not be sustained in future.

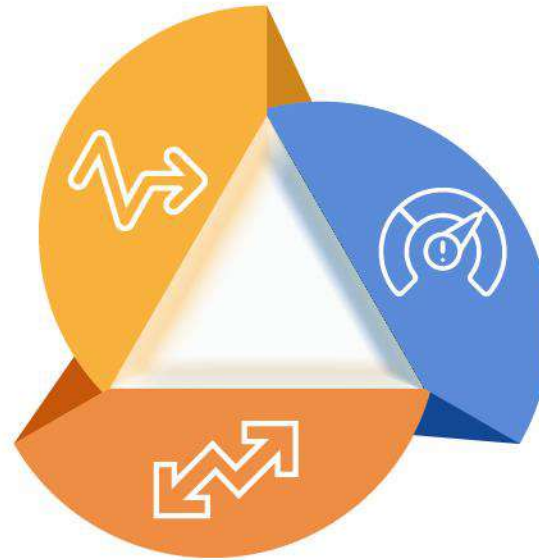
Tail Hedging not only has the potential to protect the portfolio from severe losses but also provides capital to invest in market lows. (e.g. Covid crash)



Source/Disclaimer: www.niftyindices.com; All performance data in INR. Performance Data from 31-Dec-2019 to 31-Dec-2020. Performance is based on backtested data. Hypothetical performance results have many inherent limitations and no representation is being made that any investor will, or is likely to achieve, performance similar to that shown. The above graph is used to explain the concept and is for illustration purpose only and should not used for development or implementation of an investment strategy. Past performance may or may not be sustained in future.

Infrequent

Since 2006, there have been just 2 tail events.



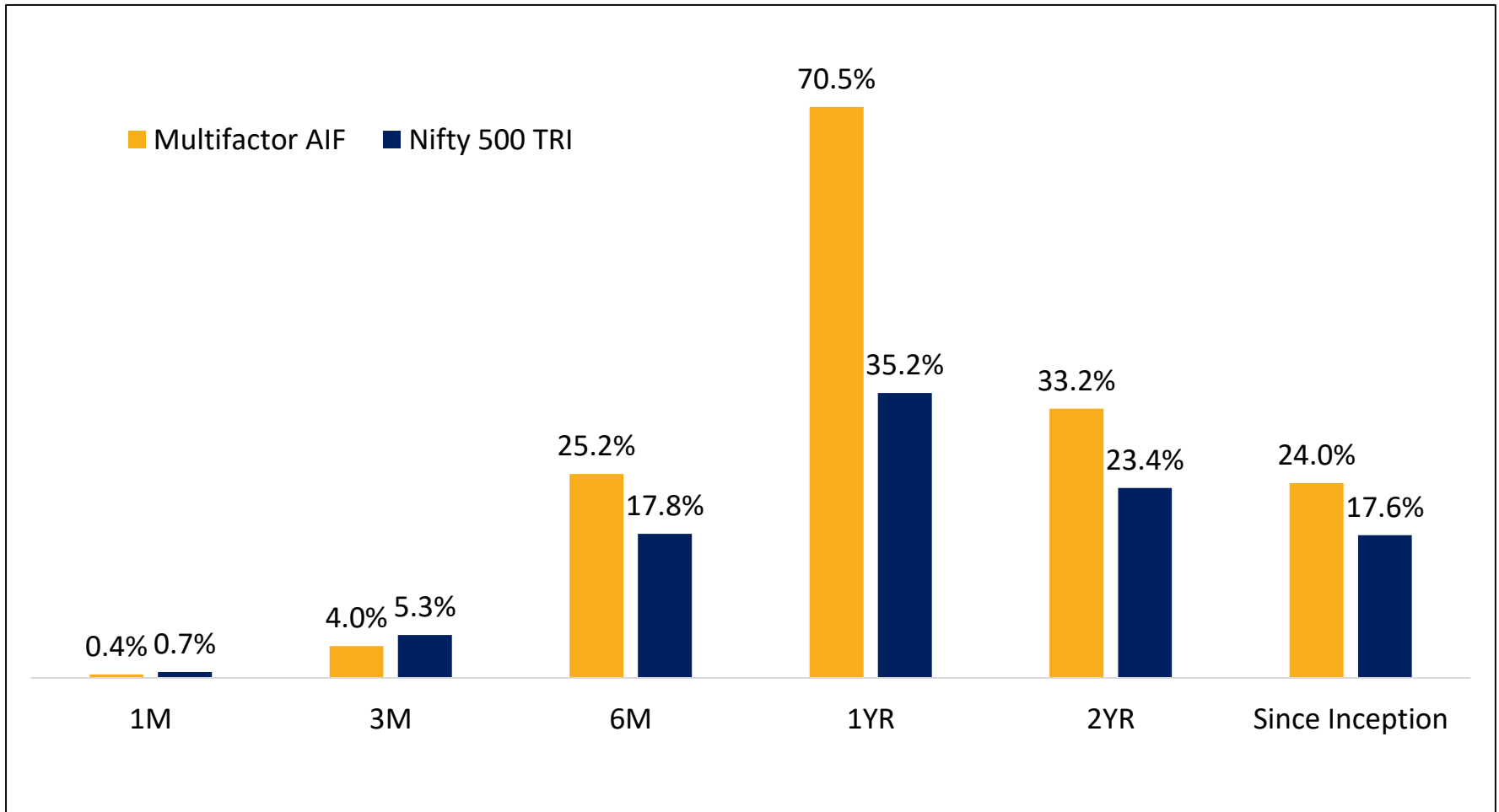
Severe

These tail events have contributed to ~55% of all losses.

Unpredictable

Tail events are extremely difficult to time.

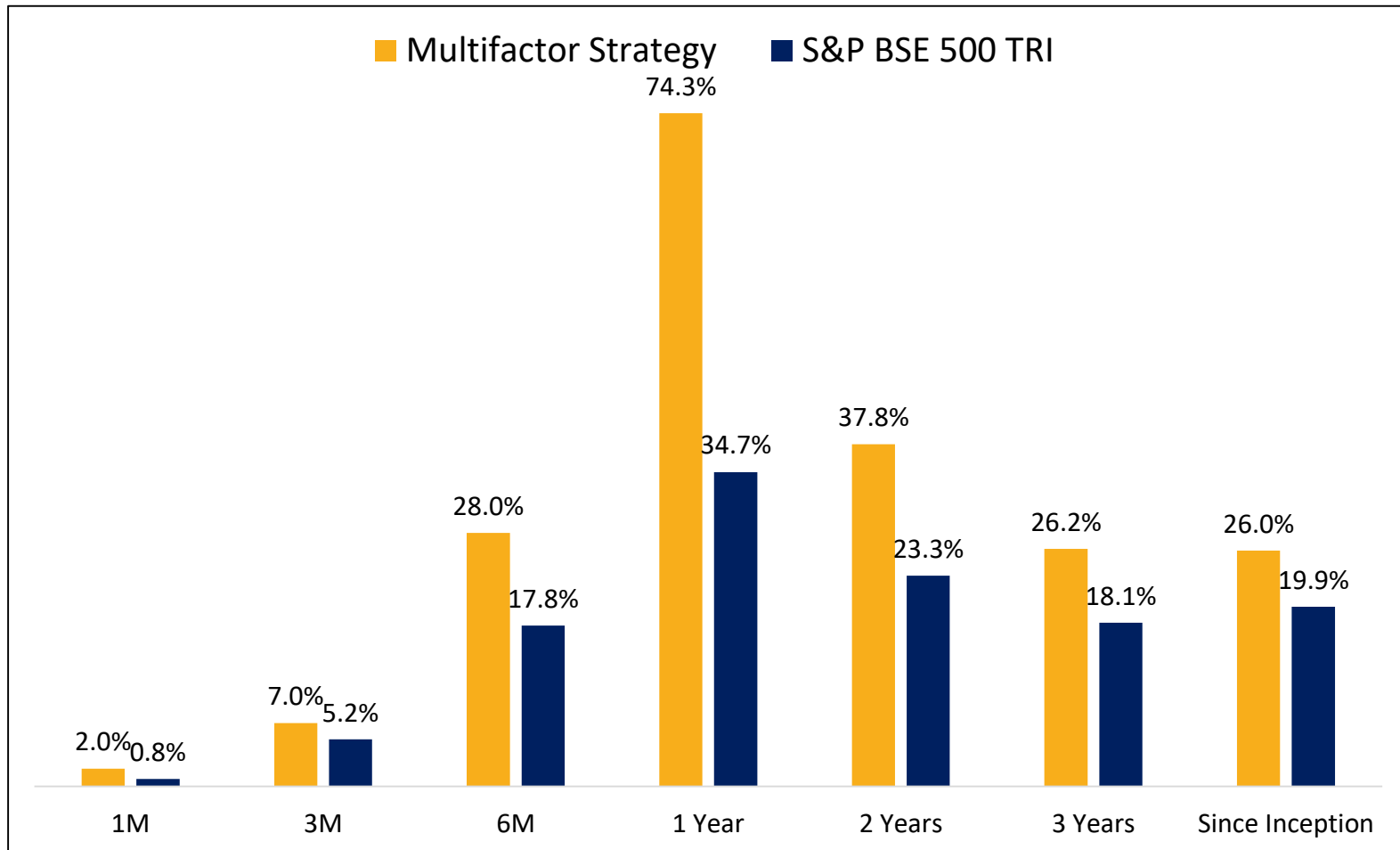
Hedging against tail-events is more **'cost-effective'** than hedging against all drawdowns. Due to unpredictability of tail-events, **timing the hedges is difficult**. Need to be **hedged always**.



Source: MOAMC Internal Research, NSE. Data as on May 24. Inception Date – 14 Feb 2022

Fund returns are post-fees (2.5% + GST) and pre-tax(B1 Class). Benchmark returns are not adjusted for any fees. Performance results have many limitations and no representation is being made that any investor will, or is likely to achieve. Past performance may not be sustained in the future. The above graph is used to explain the concept and is for illustration purpose only. This should not be used for development or implementation of an investment strategy

LIVE PERFORMANCE – MOTILAL OSWAL MULTIFACTOR PMS



Source: MOAMC Internal Research, NSE. Data as on May 24. Inception Date: 6 May 21

Returns are post fees and pre tax. Performance over a year has been annualized. Performance results have many limitations and no representation is being made that any investor will, or is likely to achieve. Past performance may not be sustained in the future. The above graph is used to explain the concept and is for illustration purpose only. This should not be used for development or implementation of an investment strategy

SYMBOLNAME	% Assets
OIL INDIA LIMITED	5.6
RURAL ELECTRIFICATION CORPORATION	5.6
POWER FINANCE CORPORATION LTD.	5.5
NMDC LTD	4.6
CONTAINER CORPORATION OF INDIA	4.4
PETRONET LNG LIMITED	4.1
HERO MOTOCORP LIMITED	4.0
PFIZER LTD	4.0
CIPLA LTD	3.7
ZYDUS LIFESCIENCES LIMITED	3.6

Source: MOAMC Internal Research, NSE. Data as on May 24.

The above graph/table is used to explain the concept and is for illustration purpose only. This should not be used for development or implementation of an investment strategy

Industry	Allocation %
HEALTHCARE	26.3
FINANCE	20.3
OIL, GAS & CONSUMABLE FUELS	16.5
AUTOMOBILE AND AUTO COMPONENTS	7.4
METALS & MINING	4.8

Market Cap	Allocation %
Large Cap	21.6
Mid Cap	62.0
Small Cap	16.3

Source: MOAMC Internal Research, NSE. Data as on May 24.

The above graph/table is used to explain the concept and is for illustration purpose only. This should not be used for development or implementation of an investment strategy

Class	Category	Type	Min Com. (Cr)	Fixed M Fees	Carry	Hurdle - (pre-tax)
B1	Open Ended	Fixed	1<5	2.50%	NA	NA
B2	Open Ended	Fixed	5<15	2.00%	NA	NA
B3	Open Ended	Fixed	>=15	1.50%	NA	NA
C1	Open Ended	Fixed+Variable	1<5	1.50%	15%	10%
C2	Open Ended	Fixed+Variable	5<15	1.25%	15%	10%
C3	Open Ended	Fixed+Variable	>=15	1.00%	15%	10%

Name of the scheme	Motilal Oswal Hedged Equity Multifactor Strategy AIF
Type	Category III, Open-Ended Scheme
Benchmark	Nifty 500 TR Index
Exit Load – From allotment date	2% Upto 1 year. Nil Thereafter - For All Classes

The content is issued on the basis of internal data, publicly available information and other sources believed to be reliable. The information contained in this document is for general purposes only and not a complete disclosure of every material fact and terms and conditions. The information / data herein alone is not sufficient and shouldn't be used for the development or implementation of an investment strategy. It should not be construed as investment advice to any party. All opinions, figures, charts/graphs, estimates and data included in this presentation are as on date and are subject to change without notice. The statements contained herein may include statements of future expectations and other forward-looking statements that are based on our current views and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in such statements. Readers shall be fully responsible / liable for any decision taken on the basis of this presentation. The stocks/sectors mentioned may or may not be part of our portfolio/strategy/ schemes. Past performance may or may not be sustained in future.

Investments in Securities are subject to market and other risks and there is no assurance or guarantee that the objectives of any of the Schemes will be achieved. The scheme may not be suited to all categories of investors. The material is based upon information that we consider reliable, but we do not represent that it is accurate or complete, and it should not be relied upon as such. Opinions, if any, expressed are our opinions as of the date of appearing on this material only. While we endeavour to update on a reasonable basis the information discussed in this material, there may be regulatory, compliance, or other reasons that prevent us from doing so. Recipients shall understand that the aforementioned statements cannot disclose all the risks and characteristics. The recipient is requested to take into consideration all the risk factors including their financial condition, suitability to risk return, etc. and take professional advice before investing. As with any investment in securities, the Value of the portfolio under management may go up or down depending on the various factors and forces affecting the capital market.

This document is not for public distribution and has been furnished solely for information and must not be reproduced or redistributed to any other person. Persons into whose possession this document may come are required to observe these restrictions. Investors are requested to note that as a manager to the products of various business segments offered by Motilal Oswal Asset Management Company (MOAMC) or its associates may have financial interest in the stocks/schemes mentioned herein.

Investment in Securities is subject to market and other risks and there is no assurance or guarantee that the objectives of any of the Schemes of Alternative Investment Funds will be achieved. Please read the Private Placement Memorandum of the Scheme carefully before investing.

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 the Disclosure document carefully.

THANK YOU



THINK EQUITY. THINK MOTILAL OSWAL.