AAA Emerging Business Opportunities

Thinking Beyond Ordinary

2021 is the year of transition. Individuals, businesses, and society are moving forward to shape their future rather than just grinding through the present. With this, we have introduced 'AAA Emerging Business Opportunities', a portfolio focused on long-term growth potential by capitalizing on business opportunities driven by evolving consumer behavior, changing technology trends, formalization of the economy, and a rising focus on niche business segments. Let's take a closer look at these growth drivers:

Evolving Consumer Behavior

The world is slowly pivoting from managing the COVID-19 crisis to reopening of economies after recovery. During such unprecedented times, consumer behavior has been profoundly impacted by the period of contagion and self-isolation. The new normal is now spanning across all areas of life, from how we work to how we shop to how we entertain ourselves. According to a survey, 95% of the consumers have made at least one change to their lifestyle that they expect to be permanent. Hence, a number of businesses will capitalize on the opportunity to shape the new normal for consumers.

Riding the Digital Wave

From being an offshore market for information technology service companies to become one of the fastest digitizing economies globally, India is leapfrogging to be recognized as a global force. This has enabled the economy to raise its profile amongst the technologically advanced countries, not just in market size and potential but also in the pace of its digit transformation over the last three to four years. The government’s dedication towards digitizing key aspects of the economy is resulting in a robust digital ecosystem. Take, for instance, digital lending, it increased 12 times in the last seven years to USD120 bn. 30% of India's transactions are in digital mode compared to less than 3% in 2012. Many companies are at the forefront in riding the digital wave and will create massive wealth for shareholders.

Formalization of the Economy

By bringing companies under the regulatory regime of government and subject to manufacturing and income tax laws, the Indian economy is creating capabilities for growth and new solutions along with limitless opportunities, both at home and abroad. Measures
such as the Aadhaar digital ID program, GST, RERA, etc. will accelerate the pace of formalization of the economy and further benefit the sectors' leaders.

**Focus on Niche Business Segments**

Niche companies/segments specialize in a product or service and control a small but very profitable niche. In today's world, businesses that understand the power of specialization are thriving. Companies whose dominance in their niche segment appears to be sustainable will be able to retain their competitiveness and margins. Usually, niche players are into value-added products and services, and they respond to competition with innovation and higher-quality products. We believe that small companies operating and dominating in niche areas can become blue chips of tomorrow.

**To Conclude**

This transformative era belongs to those who can reshape their performance and reinvent themselves to drive growth. The pace of change has never been faster, and standing still is not an option. AAA Emerging Opportunities Strategy aims to build a portfolio of companies that show long-term structural growth potential with emphasis on industry leaders or emerging leaders with durable competitiveness.

**What we look into the company?**

1. **Great Management:** We seek companies that are led by a competent management team, that are best-of-breed within their sector, and have some defensible characteristics—i.e., patents, infrastructure, cost competitiveness, brand, etc. They have a focused approach for efficient capital allocation.

2. **Innovation:** We invest in well-established companies that are breaking new ground, whether it’s through exploring untapped markets or creating entirely new products and experiences that address consumer needs in new ways.

3. **Growth:** We invest in companies that will capitalise from our identified emerging business opportunities, and hence, they are expected to grow faster than the underlying economy. Faster earnings growth is key to our investments.

**Why AAA?**

1. Advise that is always in your interest.

2. Disciplined and Active Investment Management.

3. Award-Winning Investment Team with over 70 years of experience in Equity Markets.

4. Transparency about the investing decisions to make sure that you are comfortable with the investment approach.