

Protect **Capital**  
Create **Wealth**



AAA  
MID AND SMALL CAP  
PMS PLAN



Investor Presentation

December 2021



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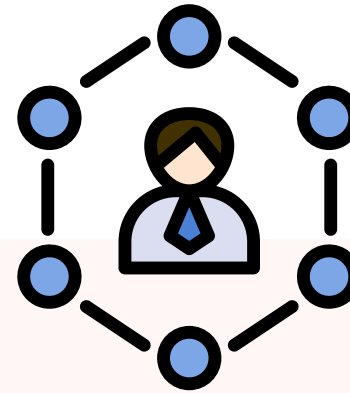
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# Why Mid & Small Cap?



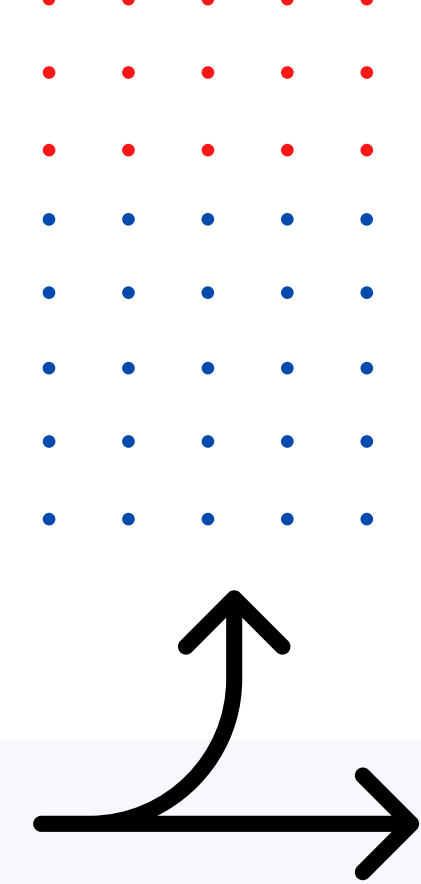
## REVIVAL OF ECONOMY

We expect economic growth to revive from 2HFY21. Small and Mid cap companies tend to outperform large cap companies during economic recovery period.



## SMALL MCAP, BIG PROFIT

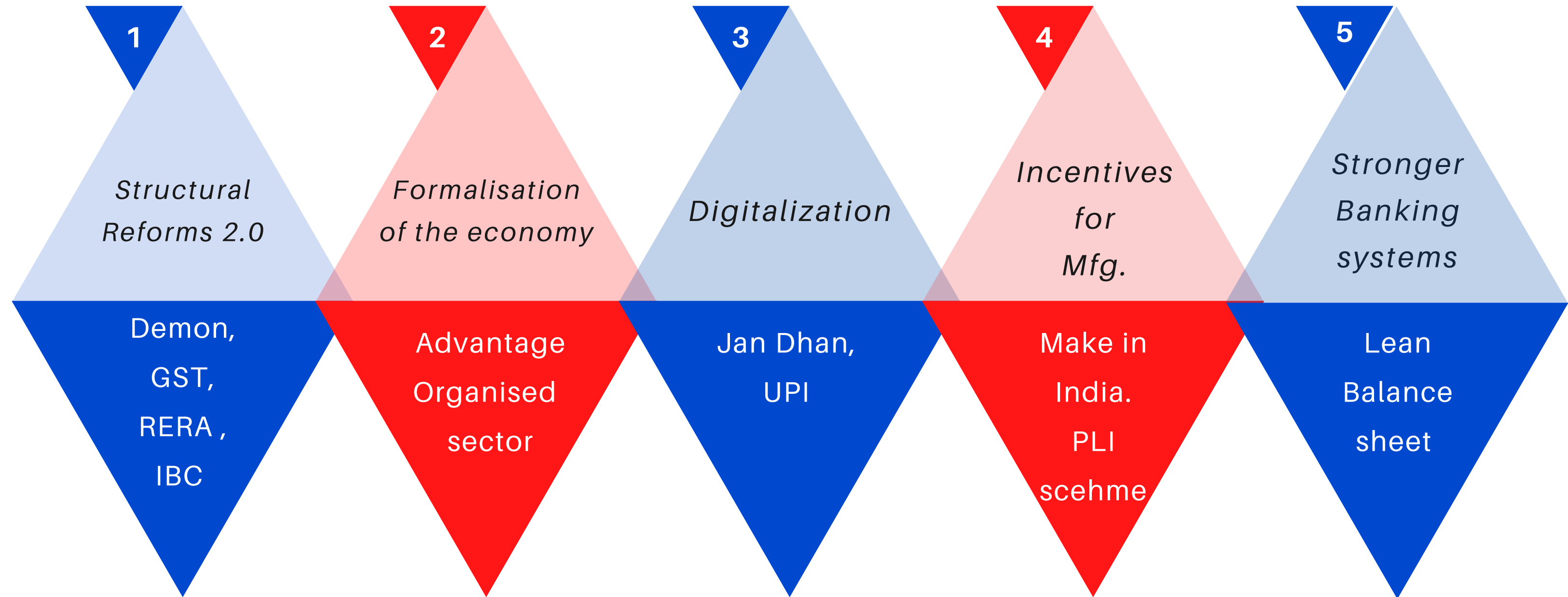
Categorisation of Mcap resulted in many large profit making companies falling in Mid and Small cap category.



## HISTORIC DIVERGENCE

Historic divergence in performance between Nifty and Small and Mid cap companies make it a good opportunity to invest in Mid and Small cap category.

# Stronger Economic Recovery



# Economic Recovery - Benefits Mid & Small Cap More

***BSE Smallcap Index Return***

---

840%

112%

186%

***BSE Midcap Index Return***

---

615%

135%

157%

***BSE Sensex Return***

---

408%

126%

75%

***Timeframe***

***2003-2008***

***2009-2014***

***2013-2018***

***GDP Growth***

3.9%



7.7%

3.1%



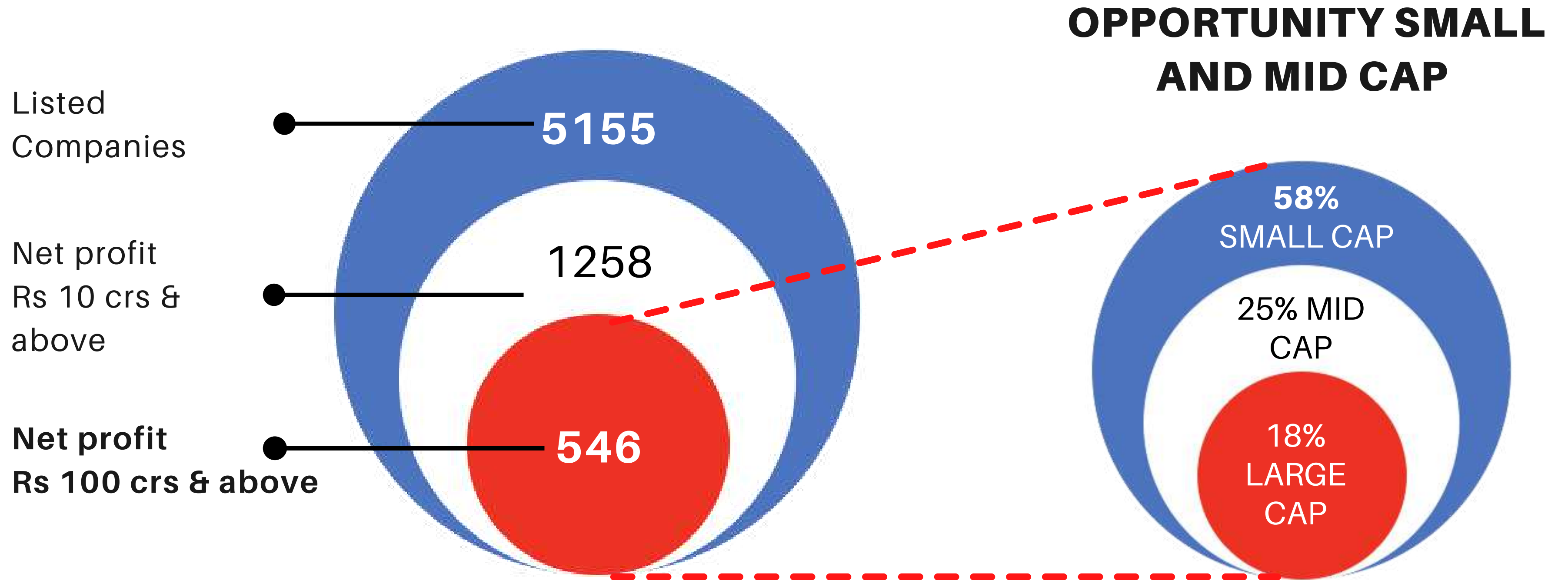
6.4%

5.5%



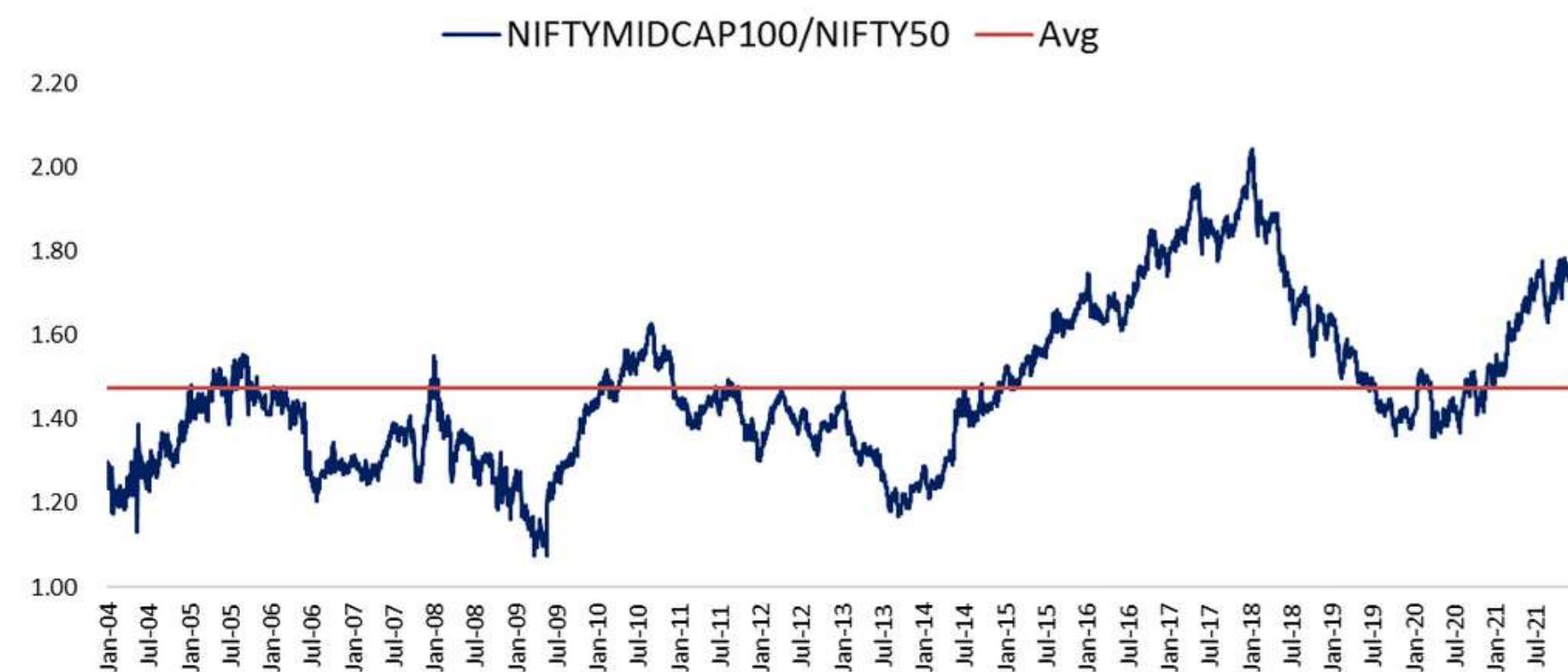
7.0%

# Large Profit But Small Market Cap





# Historic Divergence Favouring Mid & Small Cap

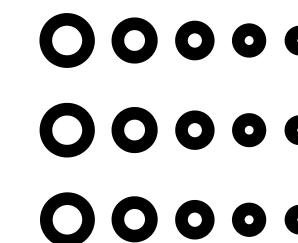


- Significant divergence between Nifty and Mid & Small Cap Indices suggests scope for upside in mid and small cap.
- Importantly, during good market period, mid & smallcap tends to outperform Nifty Index.

# INVESTMENT PHILOSOPHY - GENERATE ALPHA THROUGH 3M INVESTMENT APPROACH

## Market Size

Market size determines size of opportunity. We prefer companies which are targeting large market size to generate exponential returns.



## Market Share

We buy the companies which are leaders in their sector as they are best positioned to navigate upturn and downturn of the economy.



## Margin of Safety

Price is what you pay. Value is what you get. We buy the companies which are available at reasonable valuations.







ALFAccurate Advisors

# WHY AAA MID AND SMALL CAPS?



AWARD FOR BEST 10 YEAR PERFORMANCE  
(RANK 2) IN THE COUNTRY BY PMSAIF 2020

## Plays sectoral leaders

We invest in small cap companies with large profit size, who are leaders in their sectors



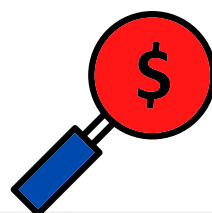
## Significant growth opportunities

Significant growth opportunities for Small and Mid cap companies can lead to superior returns.



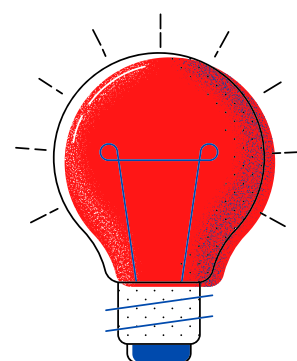
## Value Identification

We have a proven track record of investment in companies yielding multibagger returns due to correct identification of value creators.



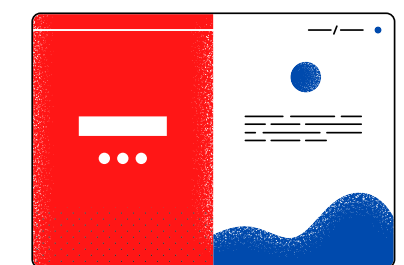
## 3M Stock Selection Approach

- Market Size
- Market Share
- Margin of Safety



## Prudent Risk Management

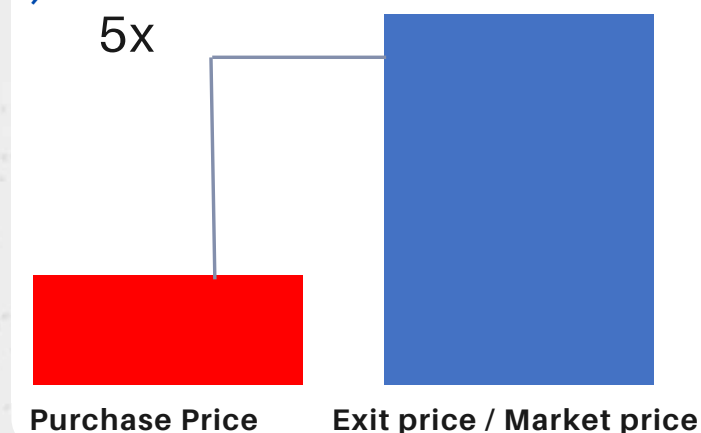
- Diversification
- Staggered Investments
- Defined Exit Strategy



## AAA Small/Midcap Success stories

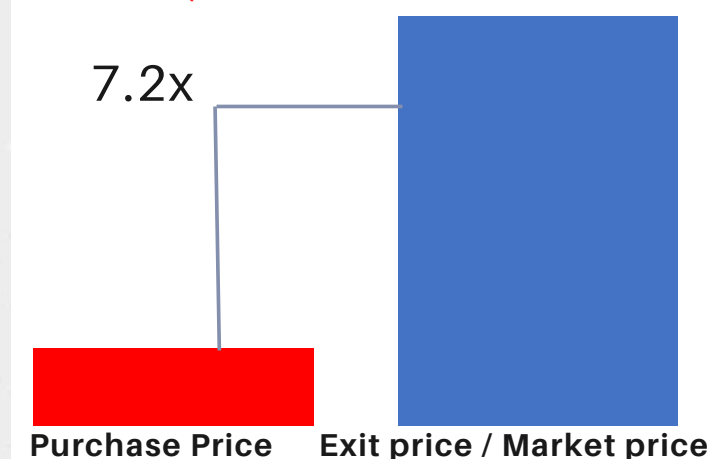
### JB Chem

5x



### Honeywell Auto

7.2x



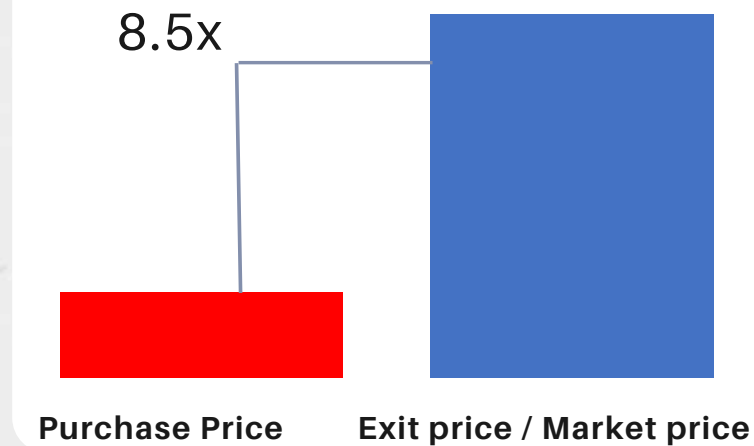
### Dixon Technologies

6.8x



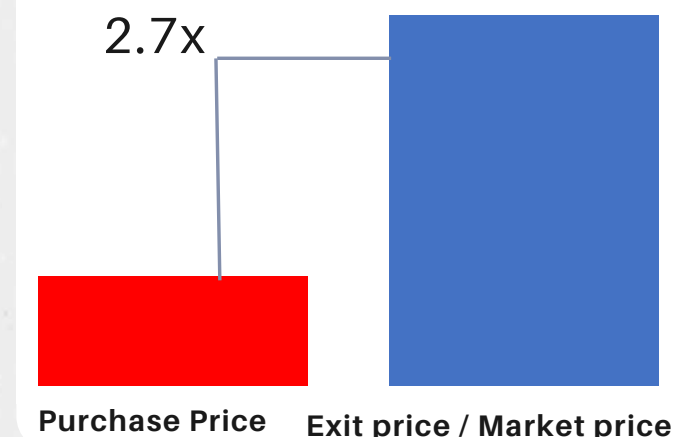
### Timken India

8.5x



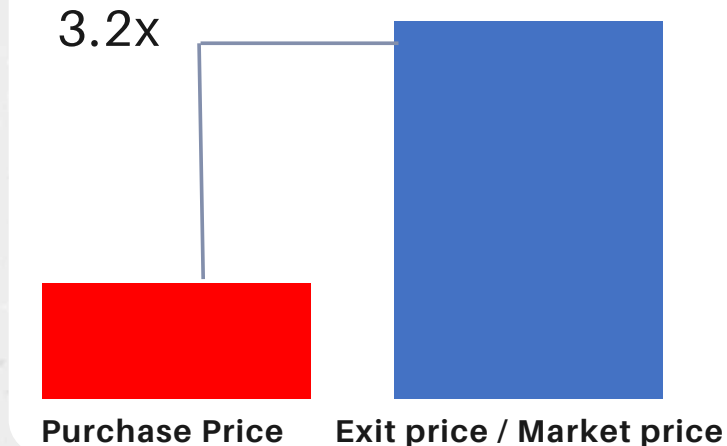
### Whirlpool India

2.7x



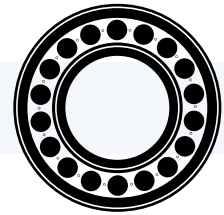
### Teamlease

3.2x



# CATEGORY LEADERS BUT MID/SMALL CAP

Bearings



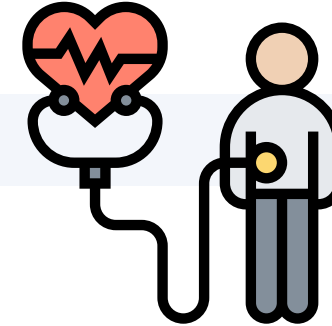
White Cement



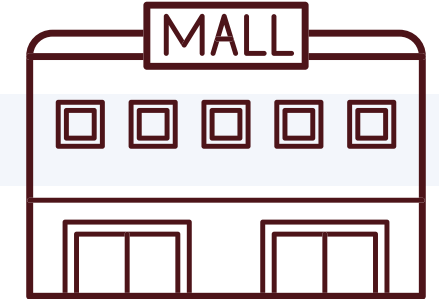
Speciality chemicals



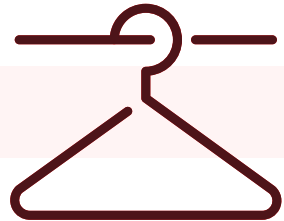
Diagnostics chain



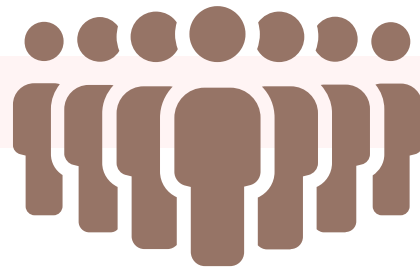
Real Estate - Shopping malls



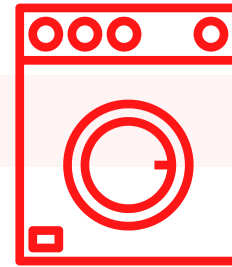
Lifestyle Business



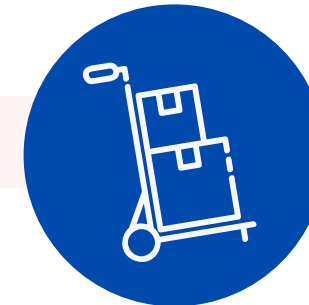
Staffing Services



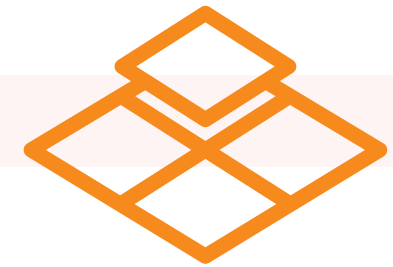
Consumer Durables



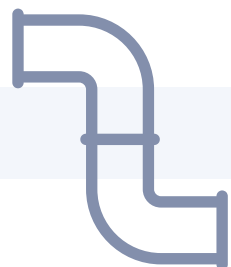
Luggage



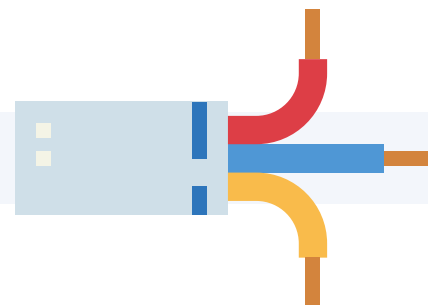
Tiles



Pipes



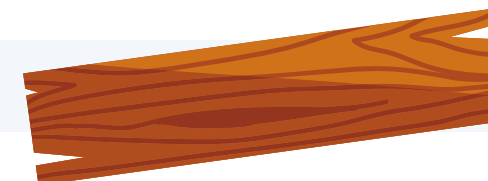
Electricals



Logistics



Plywood

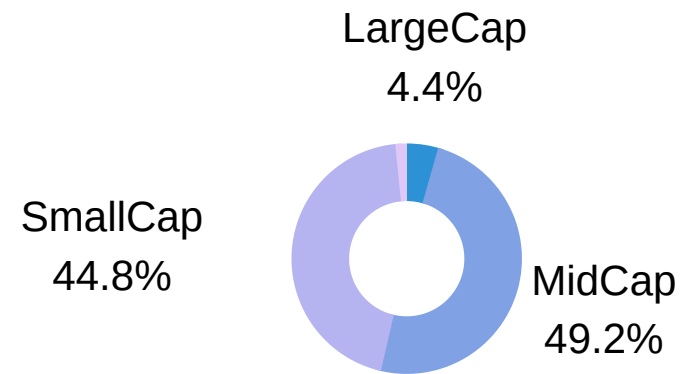


Hotels



# AAA MID AND SMALL CAP CHARACTERISTICS

## Multicap

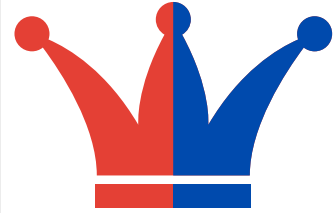
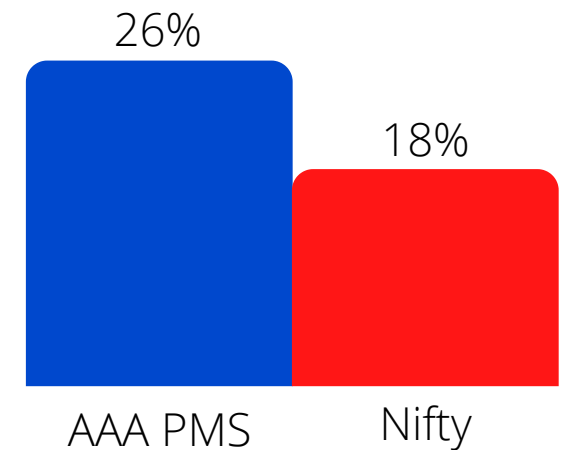


## Large Profit Size

- 90% of portfolio companies Rs.50cr+ NP (78% above Rs.100cr+)

## Strong Earnings Growth

26% AAA PMS  
vs  
18% Nifty (FY21)



## Sectoral Leaders

3M stock selection approach

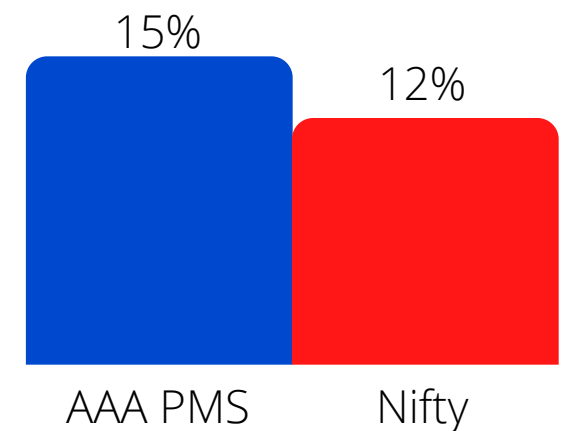


## Cash rich Balance sheet

- 64% of portfolio cos have ZERO NET DEBT
- 36% of portfolio cos D/E <1x

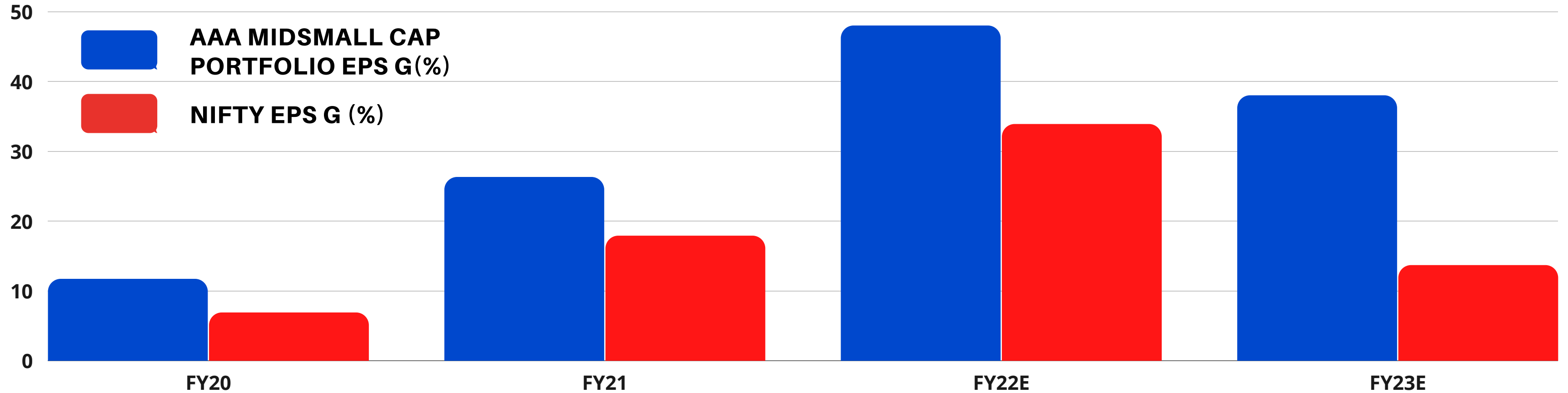
## Superior ROE

15% AAA PMS  
vs  
12% Nifty (FY21)



# Superior Earnings Growth

Earnings Matrix	Nifty FY20	AAA Mid and Small Cap FY20	Nifty FY21	AAA Mid and Small Cap FY21	Nifty FY22E	AAA Mid and Small Cap FY22E	Nifty FY23E	AAA Mid and Small Cap FY23E
EPS G(%)	6.9%	11.7%	17.9%	26.3%	33.9%	48.0%	13.7%	38.0%
ROE(%)	11.6%	15.6%	12.0%	14.2%	14.2%	18.7%	14.6%	21.3%
P/E(x)					24.2	53.0	21.2	41.0
P/BV(x)					3.4	10.4	3.1	8.2



# Investment Case Studies



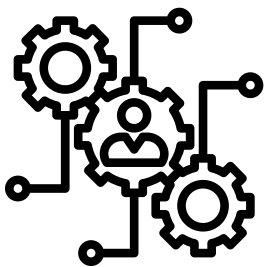
The fastest growing Auto Ancillary company - Revenue grew 9x and Profit grew 7x (FY10-20). Preferred partner by global technology firms. Pioneer in localisation. Focus on new products - emission norms, safety, premiumisation, electrofication - to drive 50% of its revenue in next three years.

Auto Ancillary  
company



5th largest profit making company in Sp. chemical universe. The world leader in IBB & ATBS - competitive in cost and pricing and integrated, enjoying the advantages of scale. Large capex to double revenue over next 3-4 years. (5x Revenue and 8x Net Profit in 10 years).

Specility Chemical  
company

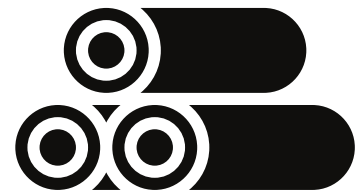


The company is subsidiary of global market leader in refractories. It is well positioned for higher growth driven by a. focus on domestic production of import substitutes, b. enhanced portfolio of products arising out of the merger of privately-owned subsidiaries into the listed entity c. exports to the parent.

Industrial consumable  
company



# Investment Case Studies



Largest player in structural steel tubes with 50% market share, vast distribution network, lowest cost producer, doubling capacity every three years through internal accruals, doubled market share in last 6 years, Focus on improvement in profitability will further drive FCF. (8x Net profit in 10 years).

## Building Material



Best-in-class asset quality metrics - stage-3 assets (including standstill accounts) at 1%, sub-50bps provisioning for 9MFY21 (75bps in Q3FY21), collection efficiency at 98.8% (December), 1+ dpd pool at 8.2% and zero restructuring. It is present in only 134 districts of the 295 districts of the states of its presence. Strong growth + Strong risk management.

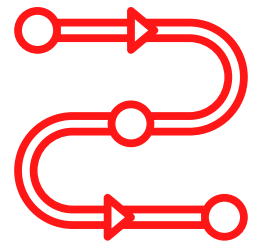
## Affordable Housing

# PRUDENT RISK MANAGEMENT



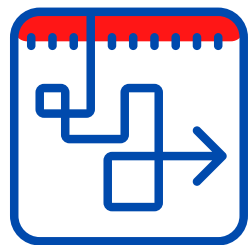
Three important risks : Governance, Technology and Business cycle - can be reduced only by Diversification. We invest across market cap, sectors, and companies to reduce company/sector specific risk.

Diversification



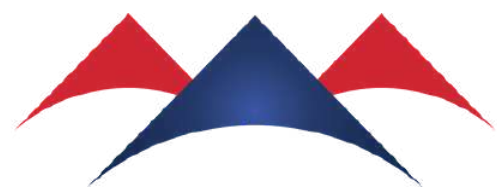
We build the portfolio over a period of time. We do not follow Model portfolio approach.

Staggered Investment Approach



We have a disciplined Exit strategy. We sell/reduce due to rebalancing of the portfolio, change in growth assumption of our portfolio company, expensive valuations. Our strong Sell strategy helps to build portfolio which are....

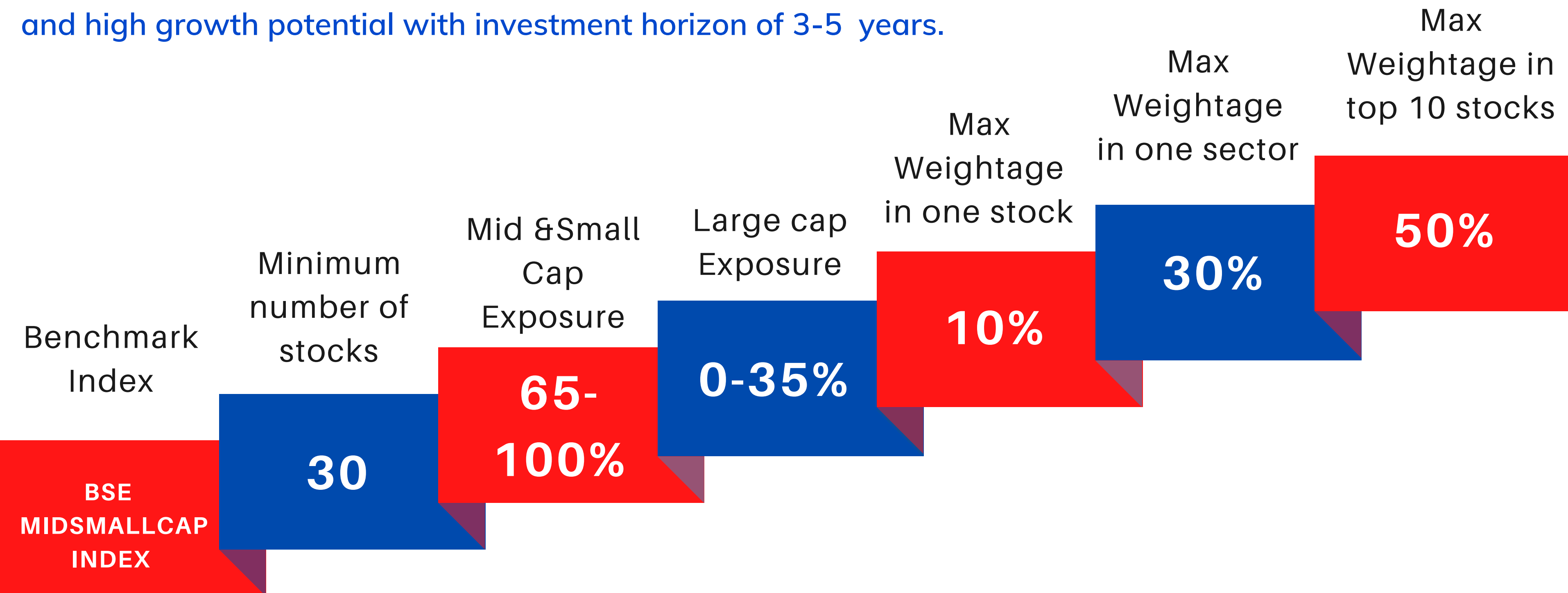
Defined Exit Strategy

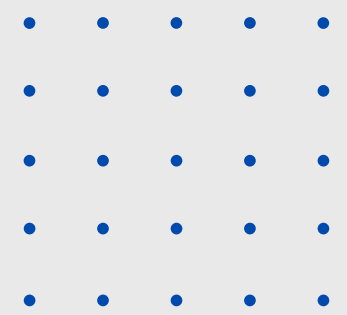


**ALFA**CCURATE **A**DVISORS

# AAA MID & SMALLCAP PLAN FEATURES

AAA Mid & Smallcap PMS plan intends to build portfolio of 30-50 companies which are Market leaders with strong corporate governance and high growth potential with investment horizon of 3-5 years.





## Founders are Fund Managers

- Rajesh Kothari, Founder of the firm is CIO of AAA PMS.
- Prior to AAA, Rajesh was Fund Manager with DSP MF & Partner with Voyager Investment Advisors (FII).
- Received CNBC TV18 - CRISIL Mutual Fund of the Year Award & Platinum Fund Manager Award for DSP EQUITY FUND.
- No risk of change in guards for the client which ensures 100% commitment and alignment of interest with investors.

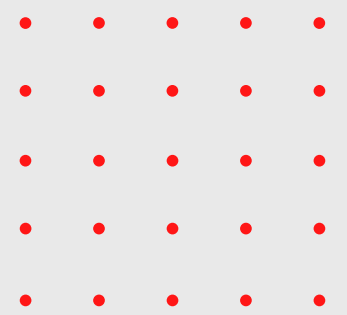
## Client centric Business Model

- AAA is only into PMS & Investment advisory and not into other businesses like broking, wealth management, etc. Hence, no conflict of interest for the clients.
- AAA clients enjoys the benefits of directly communicating with the founder, thereby ensuring enhanced understanding.
- AAA clients includes family offices, UHNIs and AAAPMS product is presently distributed by well known national distributors.

## Superior Track Record

- AAA PMS is one of the few players in the industry which has completed 10 years.
- During the last 10+ years, AAA IOP PMS delivered 19.7% CAGR vs 12.6% CAGR reported by BSE 500 Index.
- AAA IOP PMS received Best 10 year Performance Award (rank 3) in the country for delivering superior risk adjusted returns across categories by PMSAIF World (Feb21)(data analysed by IIM Ahmedabad).

## THE TEAM



**Rajesh Kothari**

***Founder &  
Managing  
Director***

**25  
YEARS**



**Govind Agrawal**

***Director***

**25  
YEARS**



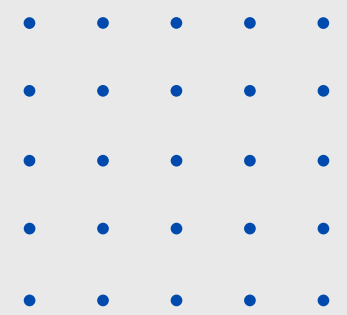
**Bhushan Koli**

***Head of  
Operations***

**25  
YEARS**







## Rajesh Kothari

### Founder & Managing Director

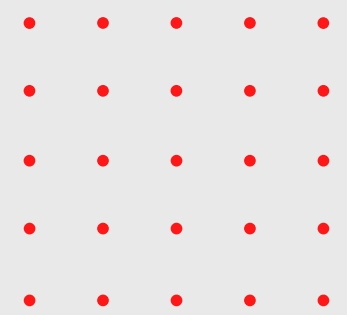
*(Grad CWA, MBA)*

- Rich experience of more than 25 years in Indian capital market with expertise in both Long Only & Long Short investment strategy
- Former Director with Voyager Investment Advisors (US\$500m) – USA based India dedicated fund
  - During his tenure, fund Outperformed the benchmark indices significantly
- Former Fund Manager with DSP Merrill Lynch Fund Managers (DSP MF) for more than four years
  - The schemes delivered annualized return of 55% (Equity Fund) & 62% (Top100 Fund) outperforming benchmark indices by more than 20% & 10% respectively
  - The equity schemes maintained its "1st Quartile Ranking" consistently during his tenure



## Achievements

- Received CMA Young Achiever Award 2014
- Rated as "Platinum Fund Manager" by Economic Times for DSP ML Equity Fund on a risk-adjusted return basis (Jul 2006)
- Received CNBC TV18 - CRISIL Mutual Fund of the Year Award 2006 for DSPML Equity Fund and Lipper India Fund Awards 2006 for best equity fund group for 3 years
- Invited at Maharashtra Economic Summit to present views on Indian Infrastructure
- Invited by Institute of Directors to present views on Governance Deficit
- Actively involved with Arham Yuva Group - philanthropic initiative



## Govind Agrawal

### Director

*(FCA - Chartered Accountant, LLB)*

- Rich experience of 26 years in Indian capital market
- Former Fund Manager with Reliance Capital Asset Management Company (USD 20bn) for over four years.
  - Reliance Emergent India Fund (USD 100m offshore fund) outperformed benchmark indices by 35% since its inception.
  - Played instrumental role in setting up Macro Economic Research desk
- Former Executive Director with UBS Securities India Pvt Ltd for 4 years as India Account Manager for large FIIs and guided the portfolio managers for right country, sectors and stocks allocation
- Former Senior VP – Equity Sales with Motilal Oswal Securities Ltd for 10 years
  - Played key role in establishing institutional equity broking business, systems and processes

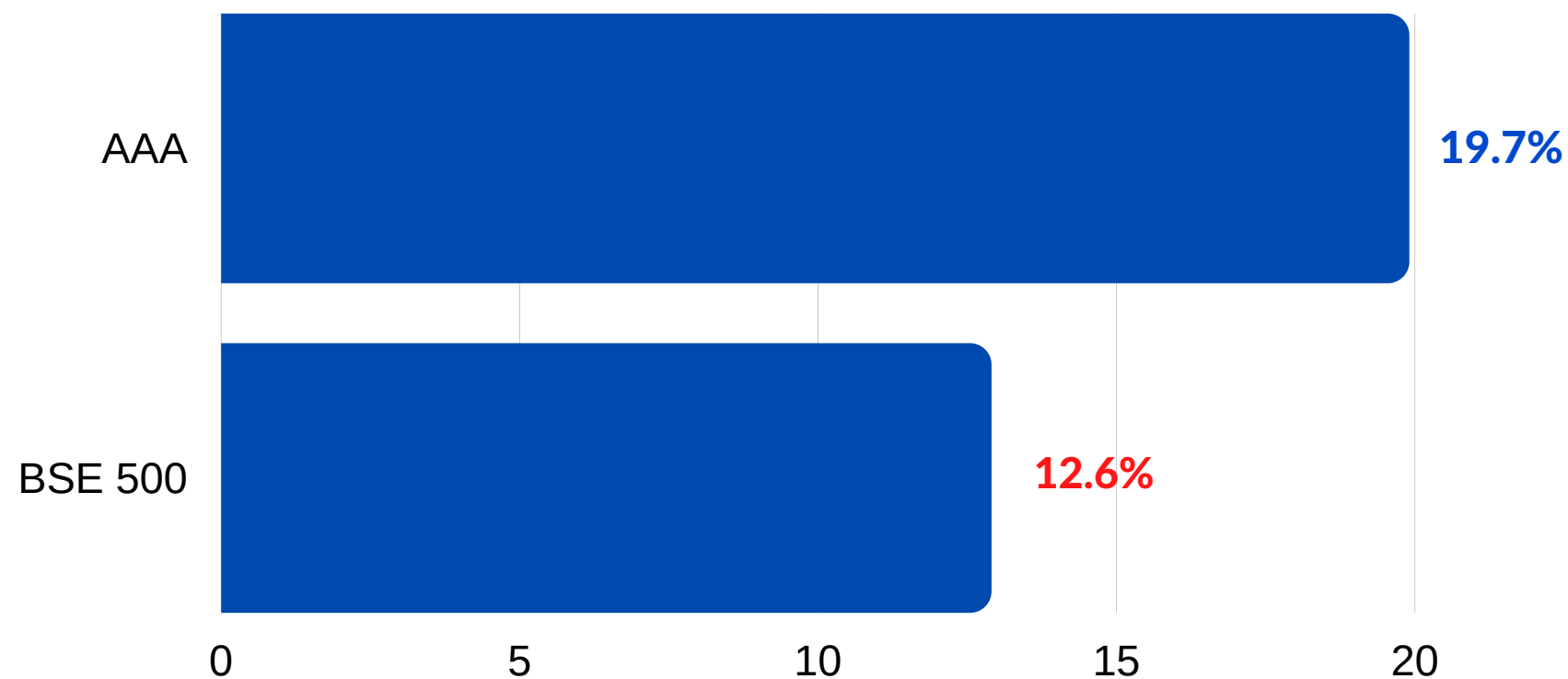


## Achievements

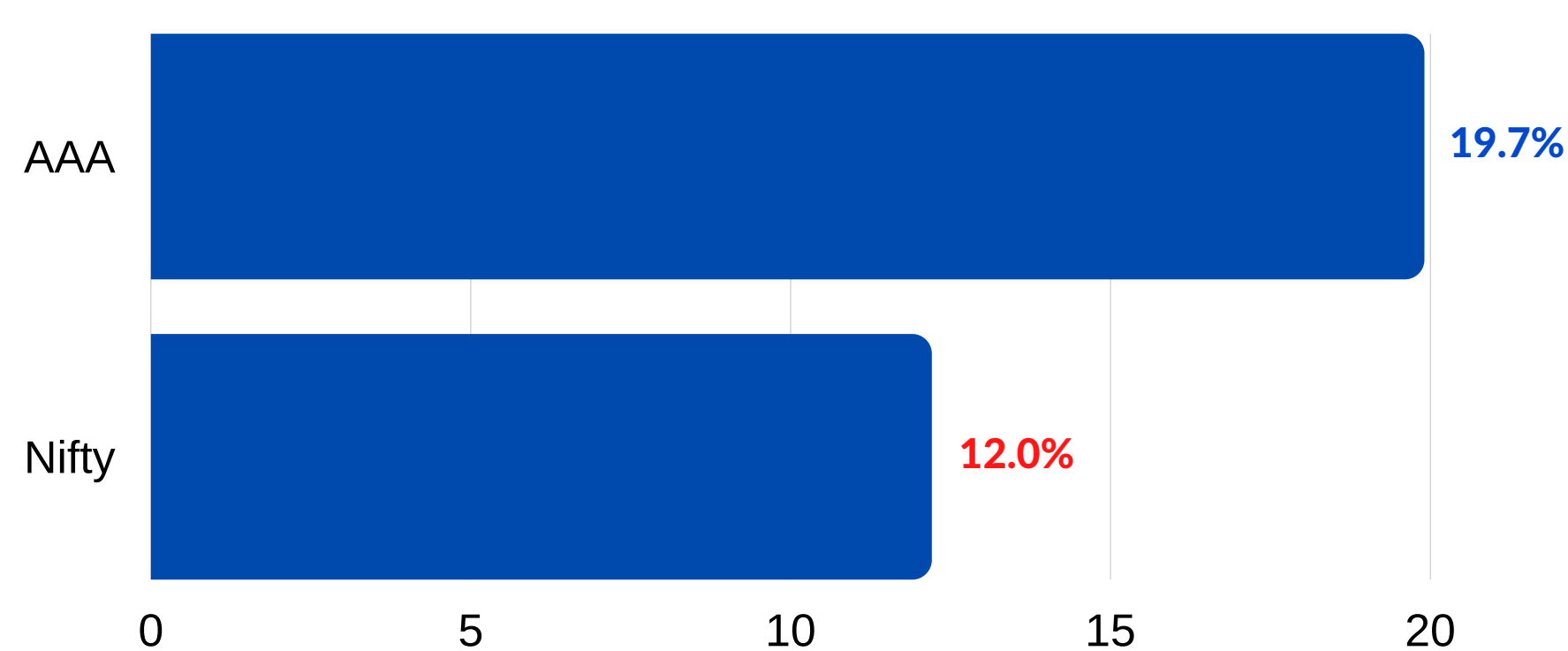
- Represented Reliance AMC on international platforms and panel discussion on Emerging Markets and Indian Equity Market
- Addressed investors' meet and the private banking teams of large banks in Middle East, Asia, London, Europe and in India
- At UBS, was voted as the "Best Equity Sales Person-Mega Funds category, Asia Money 2006"
- Won several awards at Motilal Oswal for consistently contributing to Institutional Equity Sales

# AAA IOP Plan Performance since inception Nov 2009

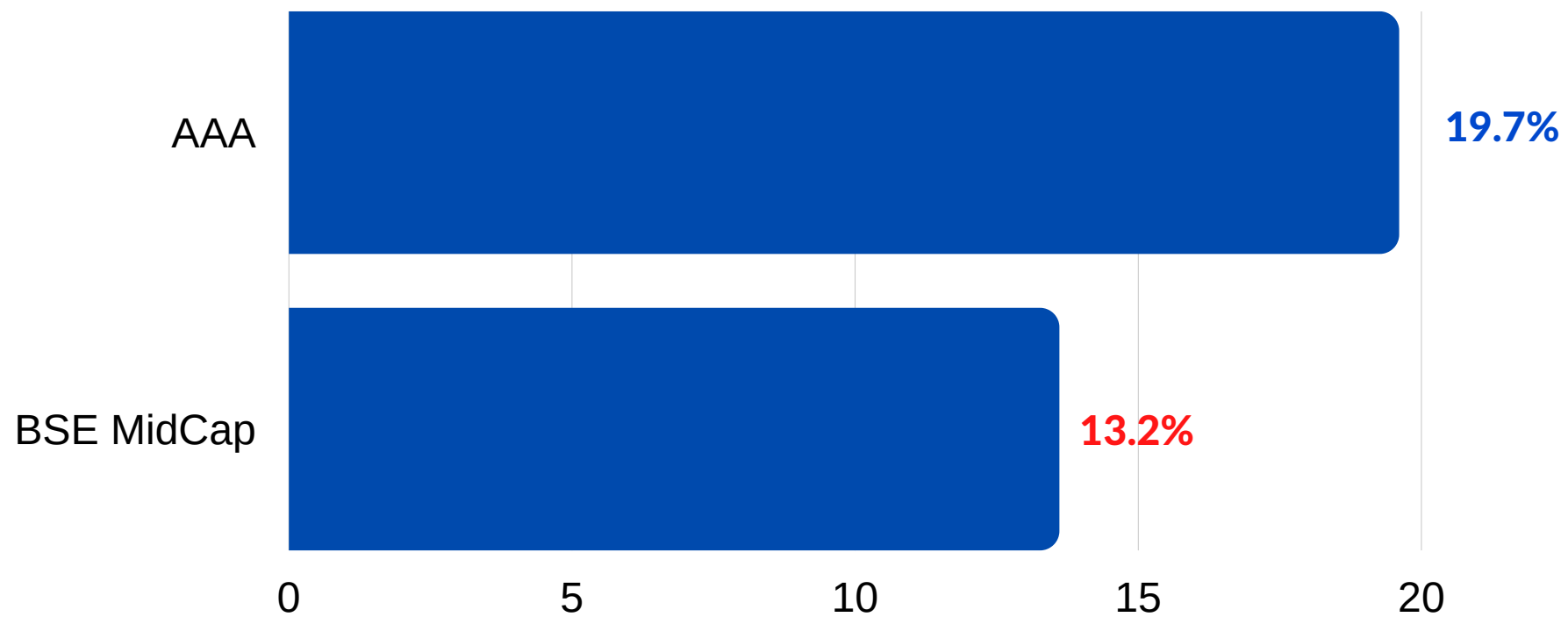
## AAA VS BSE 500



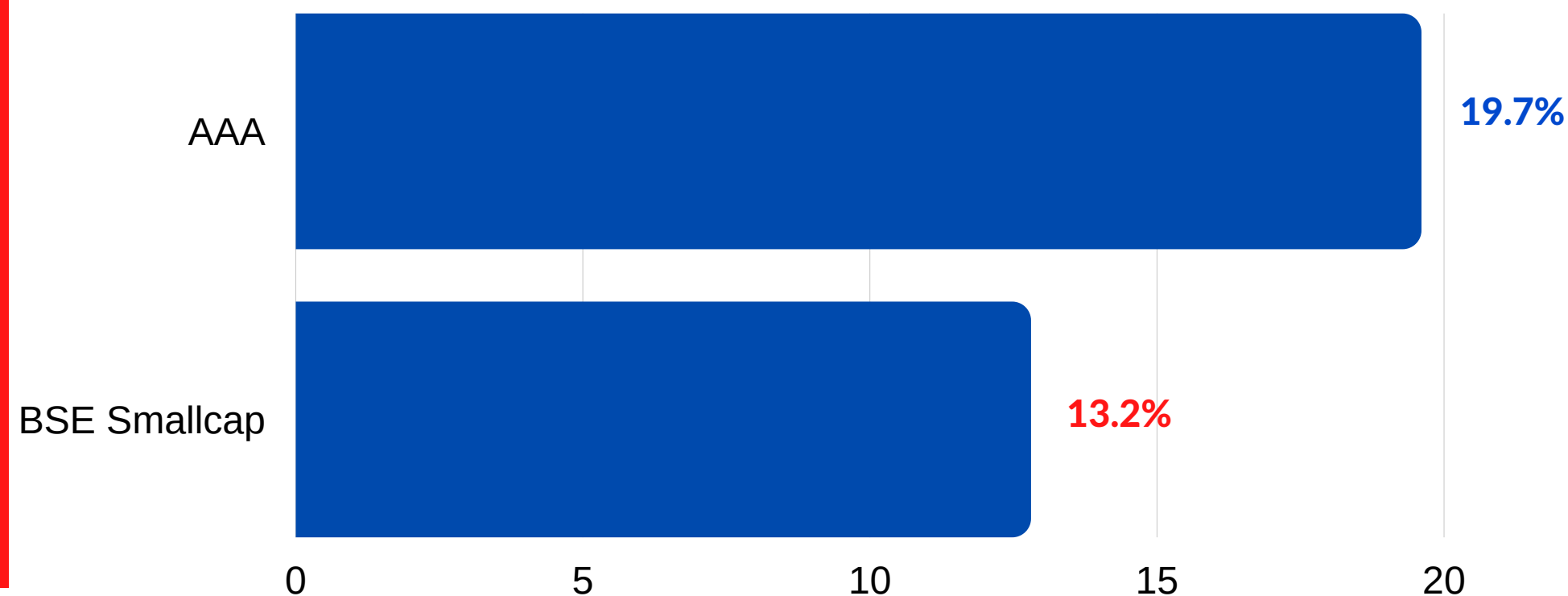
## AAA VS NIFTY



## AAA VS BSE MIDCAP



## AAA VS SMALL CAP



# AAA Mid and Small Cap Plan Performance Insights

Particulars (%)	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	FYTD22	*SI
AAA Mid-Small Cap	1.0	4.2	1.8	2.8	7.4	4.1	5.6	2.6	5.4	1.0	0.6	5.0	40.3	50.5
BSE Mid-Small Cap	0.1	11.4	1.9	2.9	8.1	5.4	4.6	1.9	5.2	-0.1	-1.0	3.5	34.3	52.6
Cash Levels	65.2	38.4	26.8	18.7	9.0	5.1	1.0	7.0	5.2	14.4	9.3	1.6		

Note: AAA PMS follows Staggered investment approach hence cash levels were higher during the initial period of Jan-Mar21.

\*(1st January 2021 – 31 December 2021). Index performance is calculated as per Total Return Indices as per SEBI Guidelines).

FYTD22 - 31 March 2021 - 31 December 2021

Note: Returns of individual clients may differ depending on time of entry in the Strategy. Past performance may or may not be sustained in future and should not be used as a basis for comparison with other investments. Performance related information provided herein is not verified by SEBI.

## AAA IOP Plan Performance Insights

Performance (%)	FY22 YTD	FY21	FY20	FY19	FY18	FY17	FY16	FY15	FY14	FY13	FY12	FY11	*Since Inception
AAA IOP Plan	25.4	75.1	(23.6)	(4.4)	24.1	27.8	1.9	71.8	29.1	12.7	5.0	19.1	775.6
BSE 500 Index	22.6	78.6	(26.4)	9.7	13.2	25.5	(6.4)	35.0	19.0	6.5	(7.8)	8.9	320.5
BSE Midcap Index	24.6	93.0	(30.8)	(2.1)	14.3	34.3	1.8	51.3	17.7	(1.7)	(6.4)	2.4	348.8
BSE Smallcap Index	43.5	116.5	(35.1)	(10.9)	18.5	37.8	(2.1)	55.7	24.0	(11.1)	(17.6)	(2.4)	345.1
CNX Nifty	19.3	72.5	(25.0)	16.4	11.8	20.2	(7.8)	28.2	19.5	8.7	(8.2)	12.4	293.3

\*(23 November 2009 – 31 December 2021) (Performance is after all expenses and fees from April 2018. Prior to 2018 the Performance is after all expenses and Fixed management fees. Index performance is calculated as per Total Return Indices as per SEBI Guidelines)

Note: Returns of individual clients may differ depending on time of entry in the Strategy. Past performance may or may not be sustained in future and should not be used as a basis for comparison with other investments. Performance related information provided herein is not verified by SEBI.

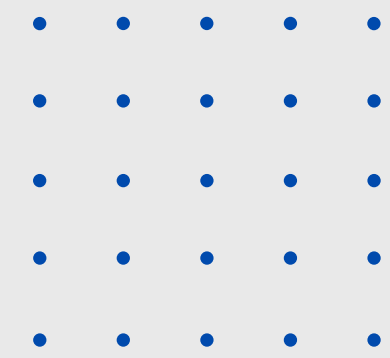


## AAA IOP Plan Performance Insights

Compounded Annual Returns (%)	1 YEAR	2 YEARS	3 YEARS	5 YEARS	10 YEARS	*Since Inception
AAA IOP Plan	35.9	29.4	20.4	18.0	22.7	19.7
BSE 500 Index	31.6	24.8	19.3	18.1	16.8	12.6
BSE Midcap Index	40.7	30.6	18.7	17.0	18.6	13.2
BSE Smallcap Index	64.1	48.0	27.3	20.6	19.4	13.2
CNX Nifty	25.6	20.8	18.3	17.7	15.6	12.0

\*(23 November 2009 – 31 December 2021) (Performance is after all expenses and fees from April 2018. Prior to 2018 the Performance is after all expenses and Fixed management fees. Index performance is calculated as per Total Return Indices as per SEBI Guidelines)

Note: Returns of individual clients may differ depending on time of entry in the Strategy. Past performance may or may not be sustained in future and should not be used as a basis for comparison with other investments. Performance related information provided herein is not verified by SEBI.



## DEPOSITORY PARTICIPANTS

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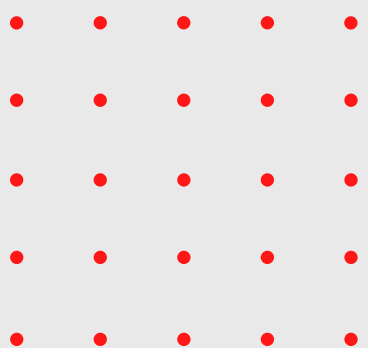
## CUSTODIAN & FUND ACCOUNTANT

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## DIRECT ONBOARDING ROUTE

All clients have an option to invest in the AAAPMS directly, without intermediation of persons engaged in distribution services.



# AWARDS & RECOGNITIONS



AAAIOP PMS received  
**Award for Best 10 Years Performance** across categories on Risk adjusted Returns Basis by PMS AIF - 2020



## WHAT MAKES THEM TICK?

Equity Diversified Fund Name		Absolute Returns In %			AUM#	Fund Manager
		3 M	1 Yr	3 Yrs		
SBI Magnum Sector Funds Umbrella-Contra	Platinum	-10.1	64.3	476.6	1,120	Sanjay Sinha
Tata Pure Equity	Platinum	-11.2	49.3	298.3	240	M Venugopal
SBI Magnum Global	Platinum	-12.3	62.1	509.3	595	Sanjay Sinha
DSP Merrill Lynch Equity Fund	Platinum	-11.9	52.6	302.8	520	Rajesh Kothari
Prudential Power	Platinum	-10.7	55.9	267.7	1,277	Anil Sarin
Tata Equity Opportunities Fund-B	Platinum	-15.4	48.3	314.0	366	M Venugopal
SBI Multiplier Plus 1993	Gold	-14.3	54.7	382.3	649	Sanjay Sinha
Sundaram Growth	Gold	-10.8	51.3	263.0	124	N Prasad
HSBC Equity	Gold	-10.2	49.0	311.5	900	Viresh Mehta
SBI Magnum Equity	Gold	-8.4	53.0	262.4	193	Sanjay Sinha

# Assets Under Management In Rs Crore As On June 30, '06



Dr. Jitendra Singh, Union Minister of State (I/C), Prime Minister Office, giving Certificate of Merit - **CMA Young Achiever Award** - 2014

Rajesh was recognized as the platinum fund manager by Economic Times during his time at DSP.

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