

# PROTECT CAPITAL, CREATE WEALTH

## Investor Presentation - AAA Focus PMS PLAN

August 2022

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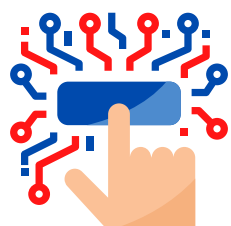
## Why AAA?

What separates us from competitors? What makes us ahead of pack?



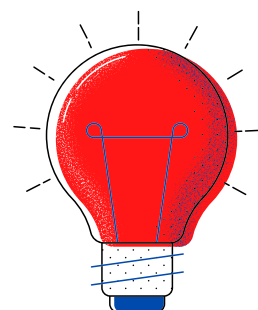
## India - Ready for Next Leap of Growth

Reforms & Digitalisation = Powerful combination



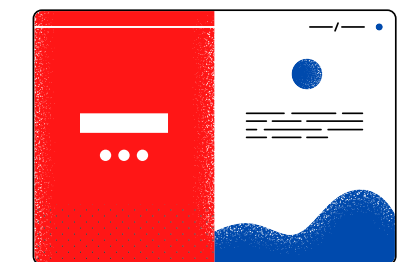
## 3M Stock Selection Approach

- Market Size
- Market Share
- Margin of Safety



## Prudent Risk Management

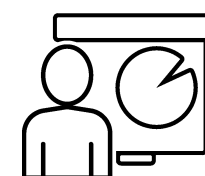
- Diversification
- Staggered Investments
- Defined Exit Strategy



## AAA PMS Themes



## Big getting Bigger



## Capex revival

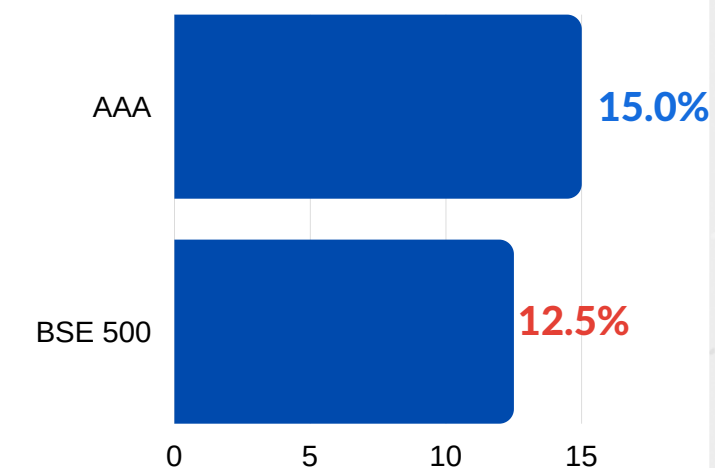


## China+I Strategy



## Performance

Superior risk adjusted returns



## World Class Investor Services

Strategic tie-ups with the best service providers





## 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.

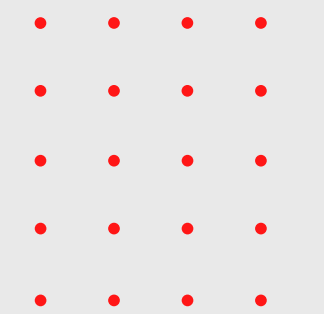
## Client centric Business Model

- 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 18.8% CAGR vs 12.3% 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**



**Govind Agrawal**

**Director**



**Sandeep Biyani**

**Head Sales &  
Business  
Development**



**Bhushan Koli**

**Head of  
Operations**





## Rajesh Kothari

### Founder & Managing Director

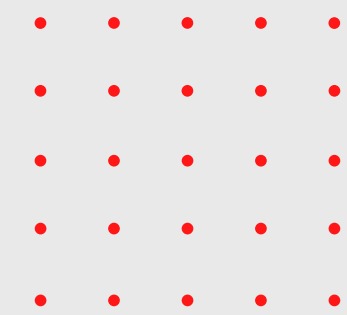
*(Grad CWA, MBA)*

- 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



## 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



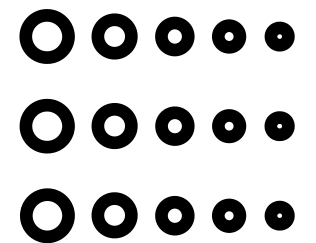
## Achievements

- 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

# 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.

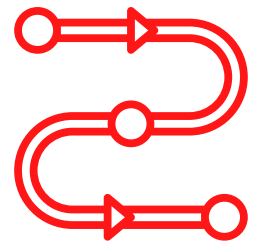


# PRUDENT RISK MANAGEMENT



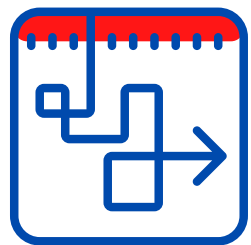
Three important risks : Governance, Technology and Business cycle - can be reduced only by Diversification. We invest across market cap, sectors, and companies to reduce company/sector specific risk.

Diversification



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

Staggered Investment Approach

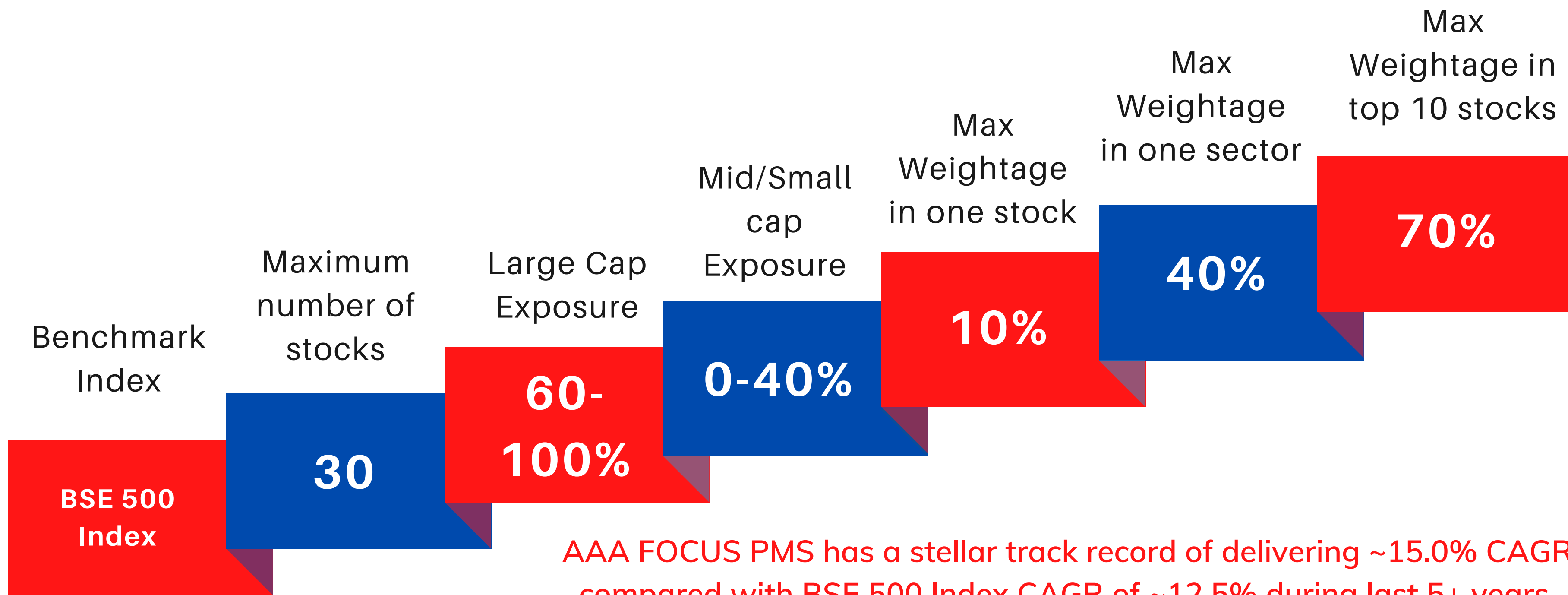


We have a disciplined Exit strategy. We sell/reduce due to rebalancing of the portfolio, change in growth assumption of our portfolio company, expensive valuations.

Defined Exit Strategy

## AAA FOCUS PLAN FEATURES

AAA FOCUS PMS plan is a portfolio of 30 companies which are Market leaders with strong corporate governance and high growth potential with investment horizon of 3-5 years.



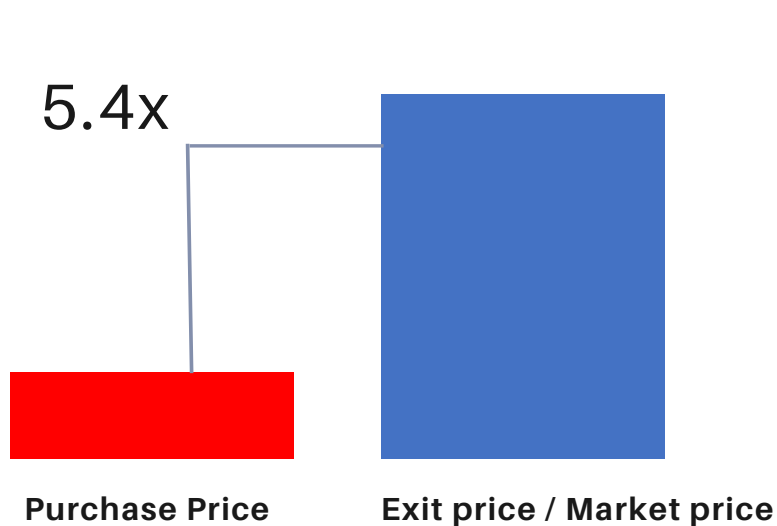
AAA FOCUS PMS has a stellar track record of delivering ~15.0% CAGR compared with BSE 500 Index CAGR of ~12.5% during last 5+ years.

# AAA FOCUS INVESTMENT SUCCESS STORIES

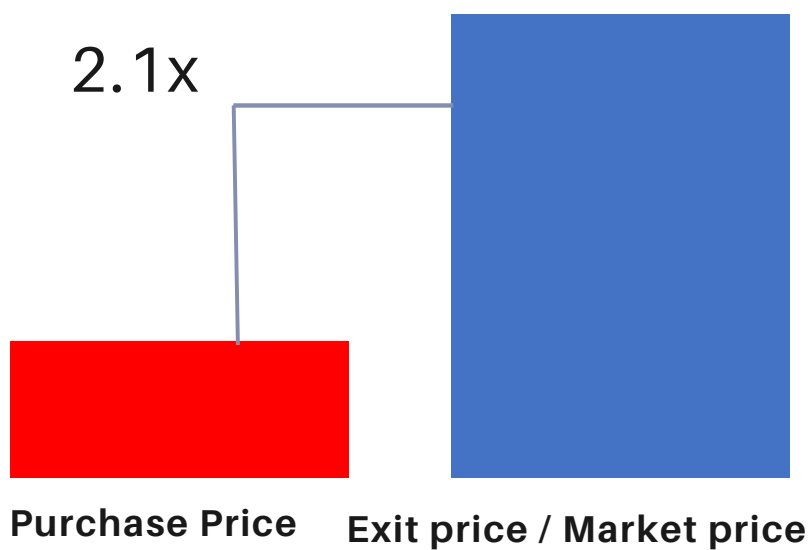
## Bajaj Finance



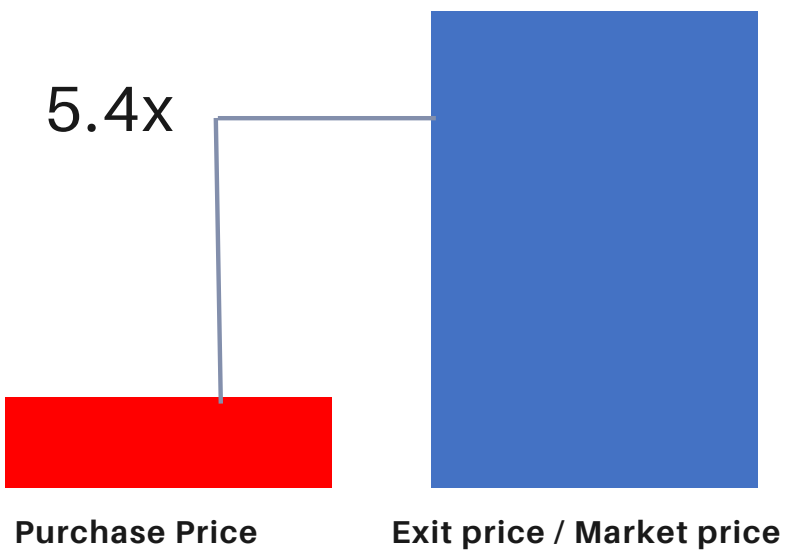
## Timken India



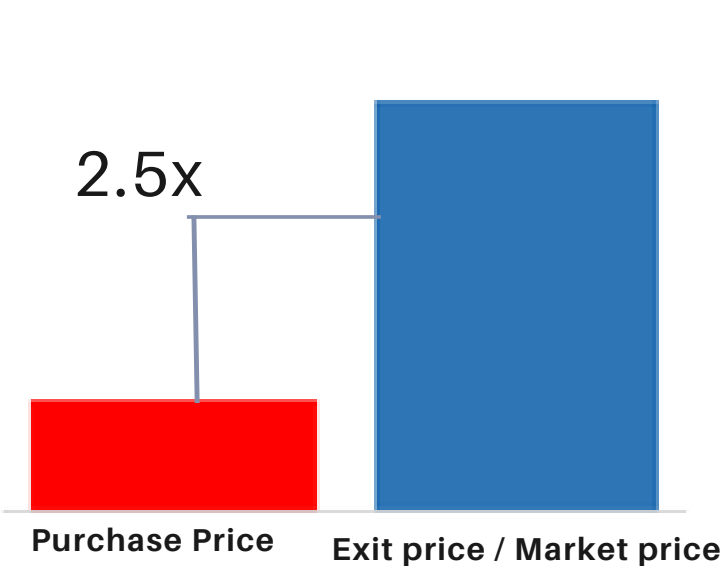
## Whirlpool India



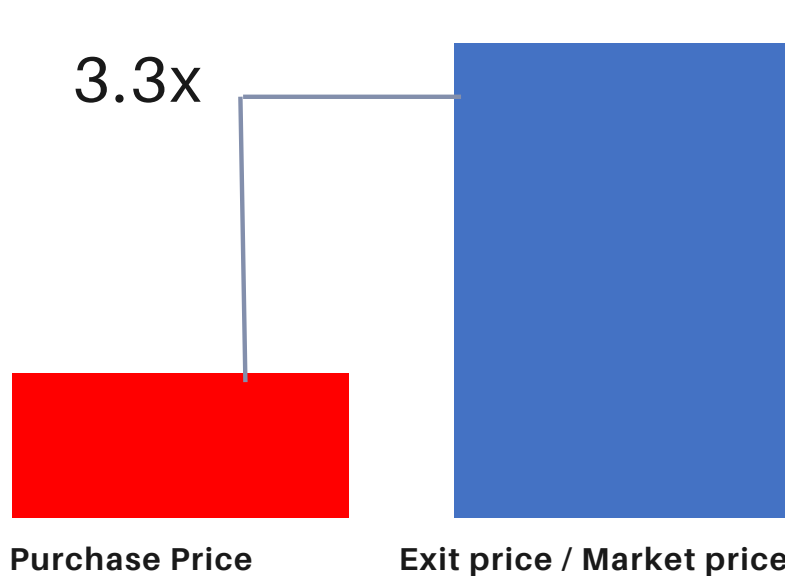
## Honeywell Auto



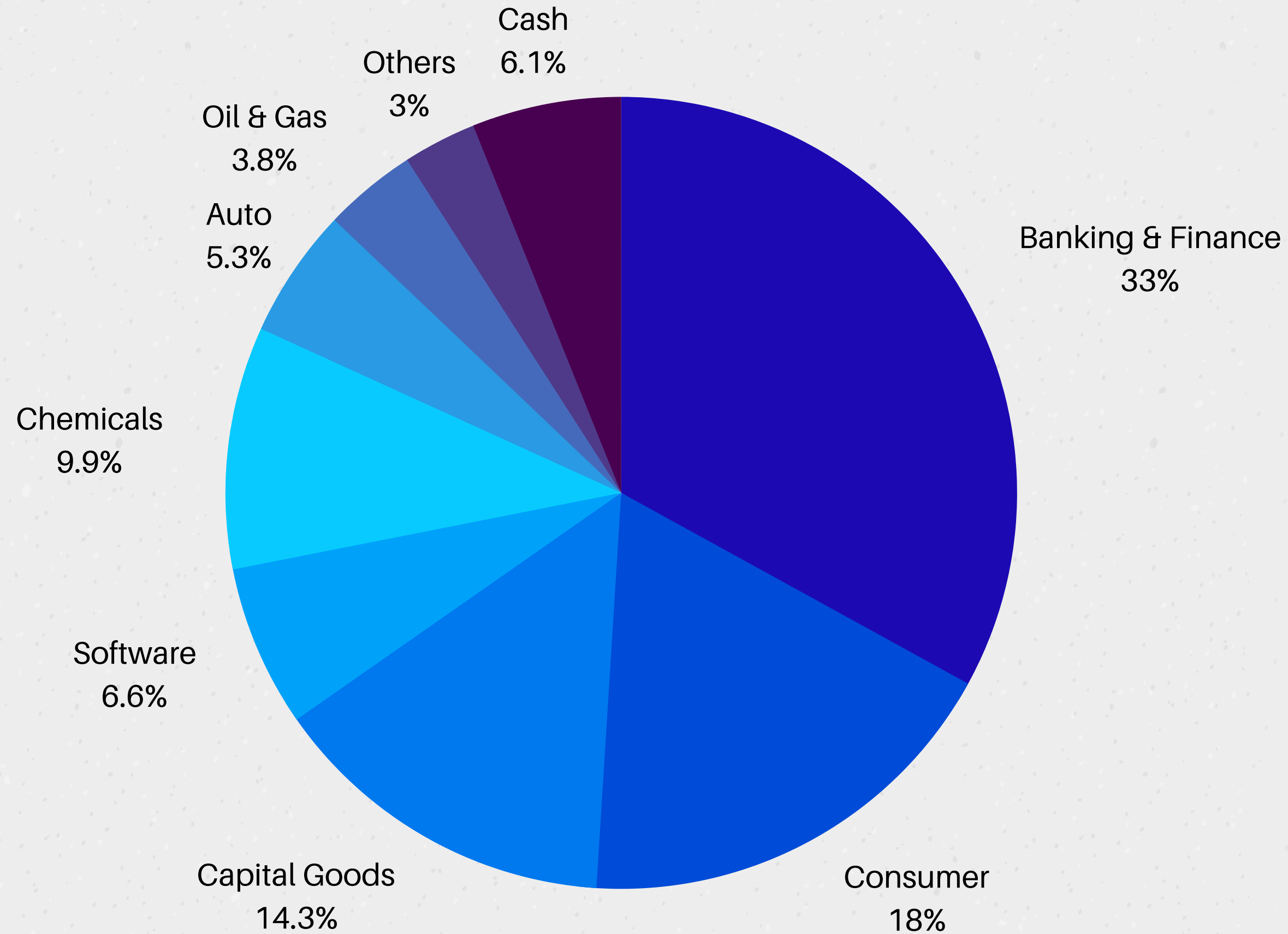
## SRF Ltd



## Shree Cement



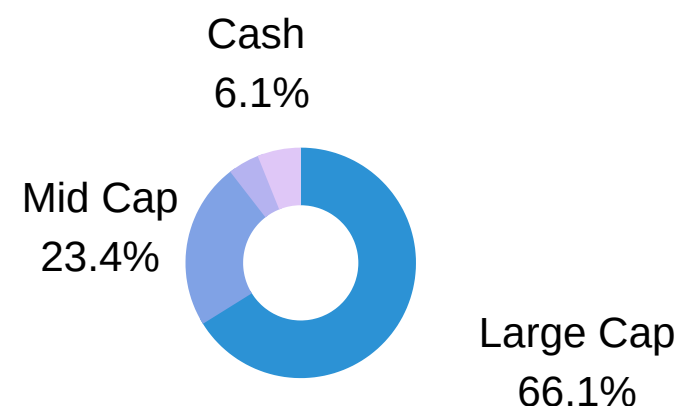
# AAA FOCUS - Sectoral Allocation



# AAA FOCUS CHARACTERISTICS



## Multicap



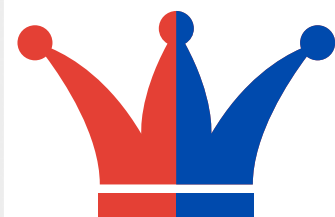
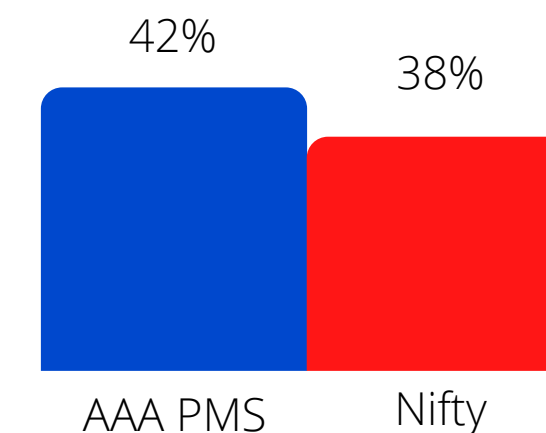
## Large Profit Size



- 100% of portfolio companies Rs.100cr+ NP (76% above Rs.500cr+)

## Strong Earnings Growth

42% AAA PMS  
vs  
38% Nifty (FY22)



## Sectoral Leaders

3M stock selection approach

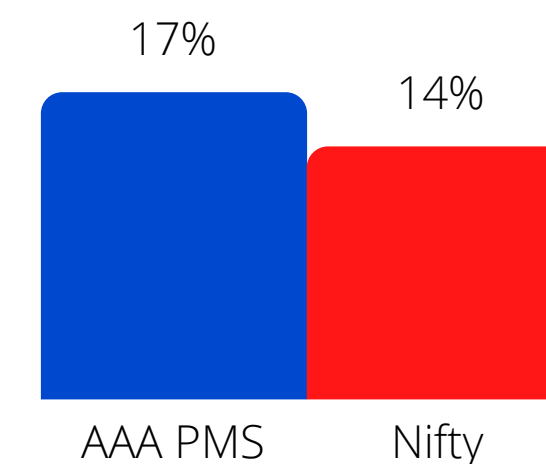
## Cash rich Balance sheet



- 82% of portfolio cos have ZERO NET DEBT
- 13% of portfolio cos D/E <1x

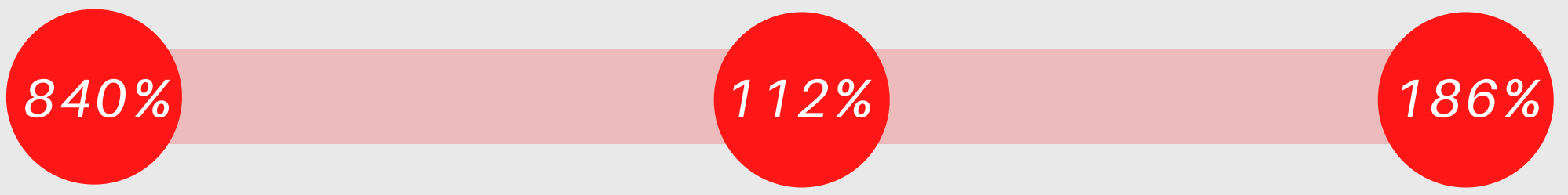
## Superior ROE

17% AAA PMS  
vs  
14% Nifty (FY22)

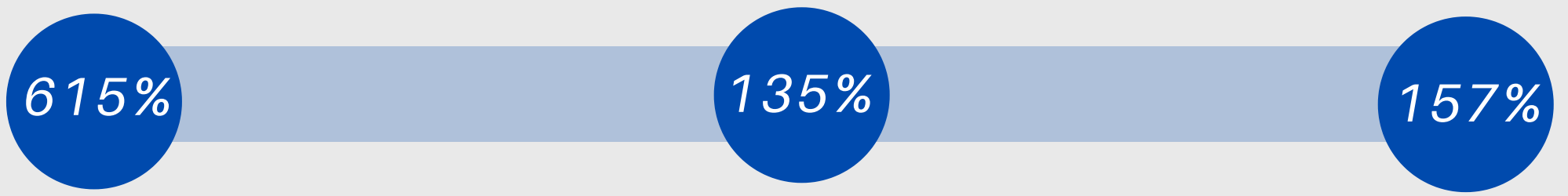


# Economic Recovery - results in stronger market returns

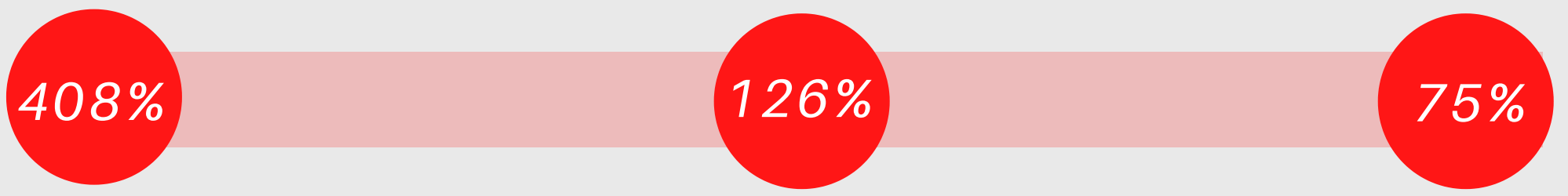
***BSE Smallcap Index Return***



***BSE Midcap Index Return***



***BSE Sensex Return***



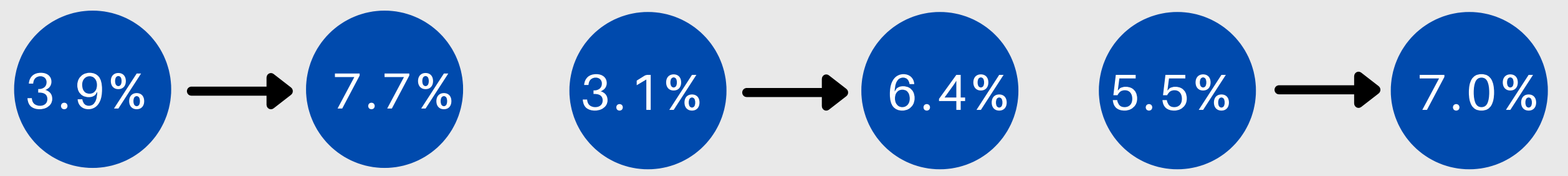
***Timeframe***

***2003-2008***

***2009-2014***

***2013-2018***

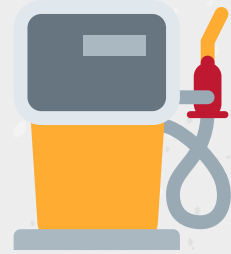
***GDP Growth***



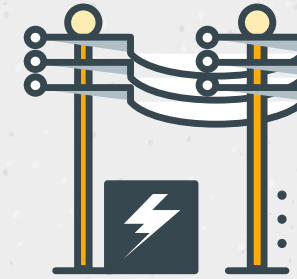
# Indian Eco - Fast frequency data indicators



GST Collections  
(Jul-22)  
**₹1.49LCr (28% yoy)**



Diesel Consumption  
(Jul-22)  
**8% yoy**



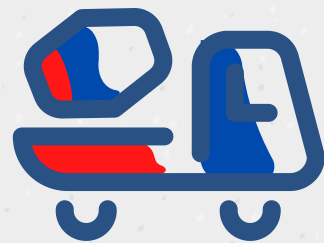
Thermal PLF  
(Jul-22)  
**59.3%**



PMI Index  
(Jul-22)  
**56.6**



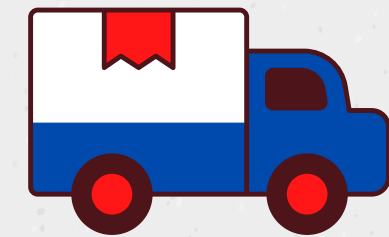
Passenger Vehicle  
(Jul-22)  
**3.48 Lakh + units**



Cement Production  
(Jul-22)  
**~28.9 MMT**



Steel Production  
(Jul-22)  
**~9.54 MMT**



E-Way Bills (nos)  
(Jul-22)  
**7.56crs**

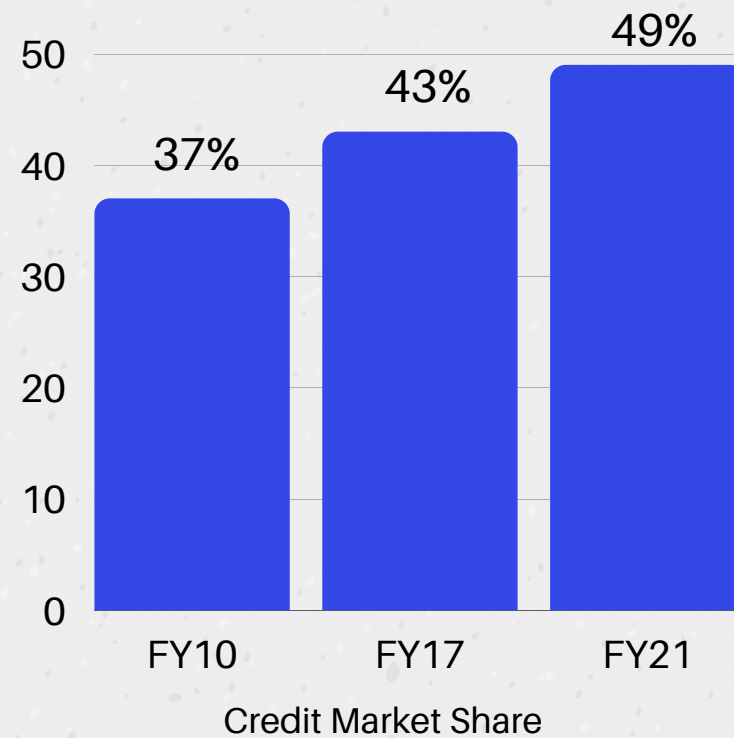


# AAA PMS Theme 1: Big getting Bigger

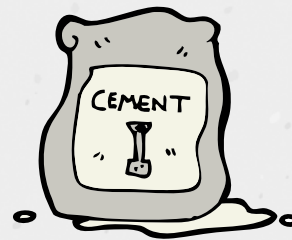


## Bank Credit

Top 6 players SBI, HDFC Bank, Kotak, ICICI, Axis, Indusind

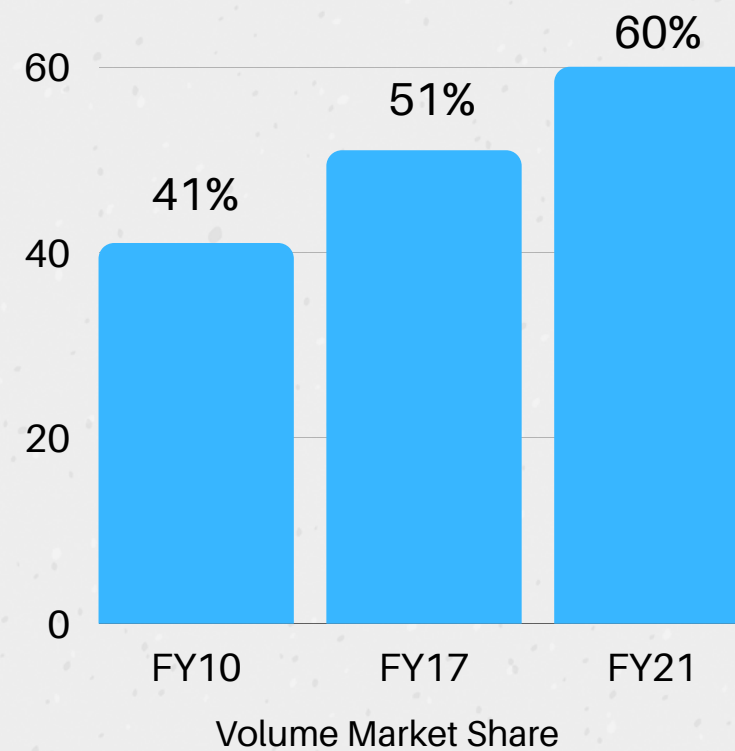


Top 6 banks had an incremental Market share of 67% from FY17 to FY21

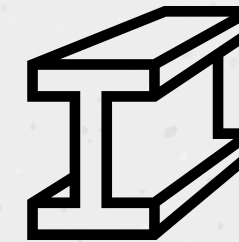


## Cement

Holcim, Ultratech, Shree, Dalmia, Ramco

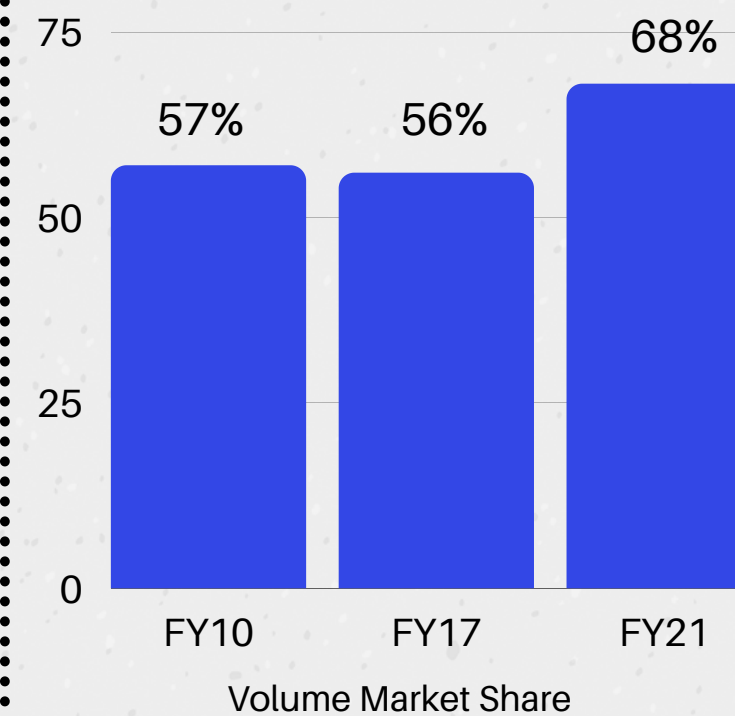


100% of incremental sales volume in last 4 years were from Top 5 players



## Steel

Tata Steel, JSW, JSPL, Essar, SAIL, RINL

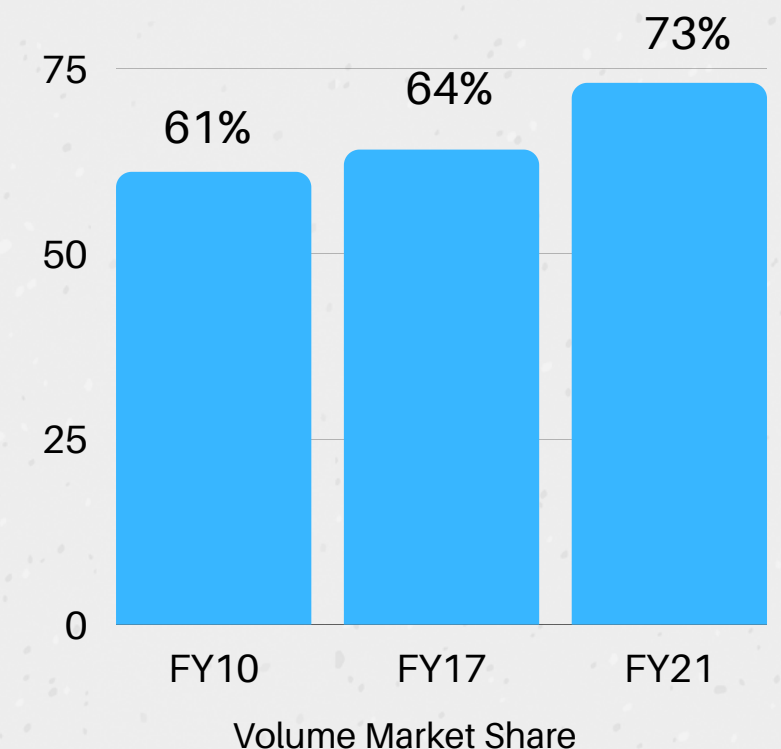


Top 6 players contributed ~95% of the industry volume growth in last 4 years.



## Car Industry

Maruti and Hyundai



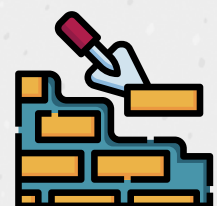
Maruti and Hyundai gained market share of 12% in last 4 years.

**Market leaders getting bigger by capturing higher incremental market share.**

Source: Spark Capital, AAA Research

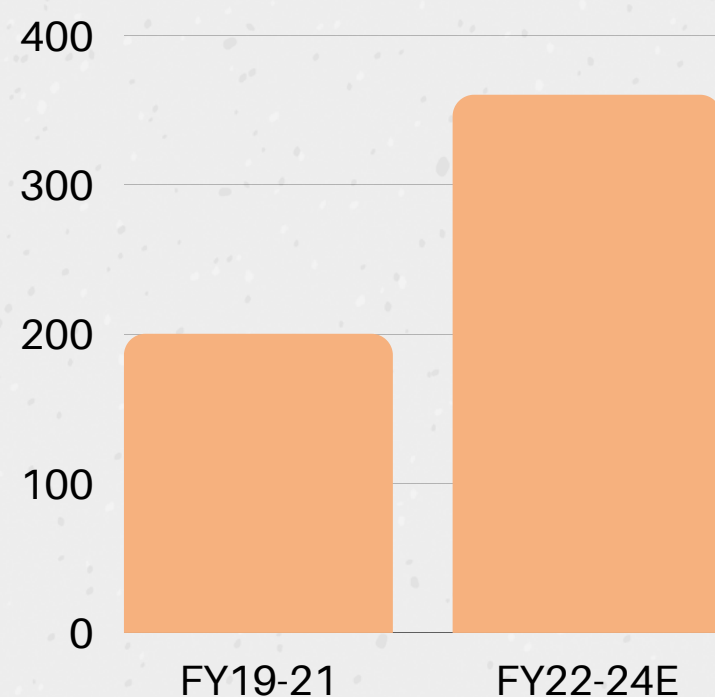
# AAA PMS Theme 2: Capex Revival

INR 7559bn capex in FY22-24E vs INR 3227bn over the previous 3yr - 134% jump !!



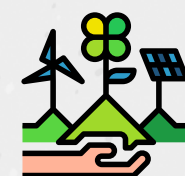
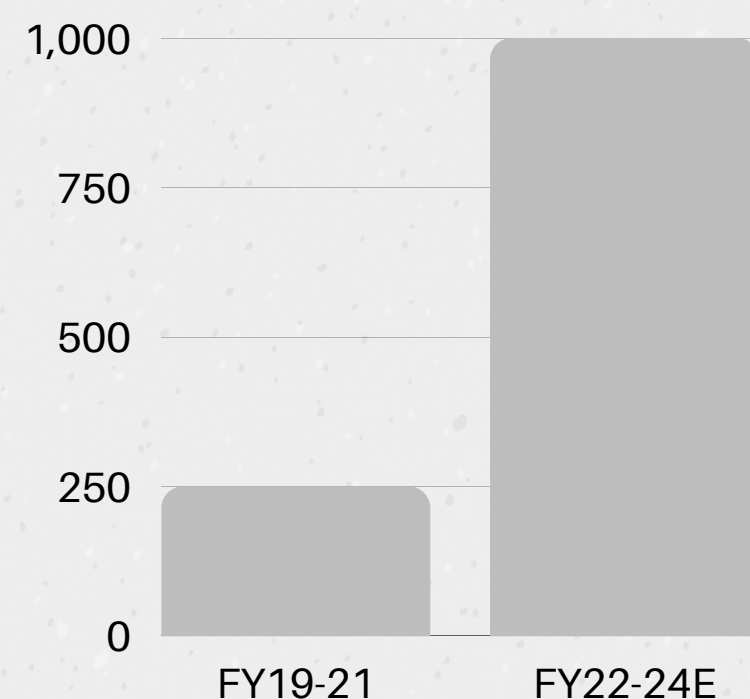
CEMENT  
INDUSTRY

**+160 Billion**



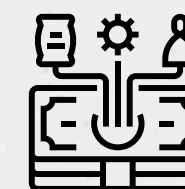
STEEL  
INDUSTRY

**+750 Billion**



NON THERMAL  
POWER  
INDUSTRY

**+900 Billion**



TOTAL CAPEX  
ACROSS  
SECTORS

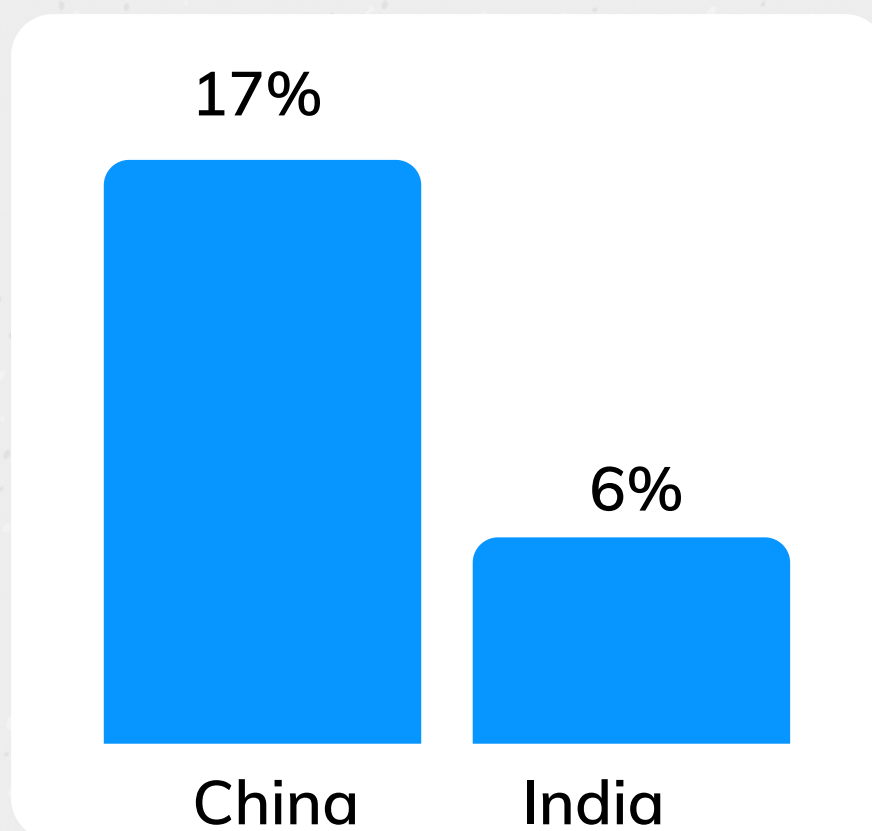
**+4,300 Billion**



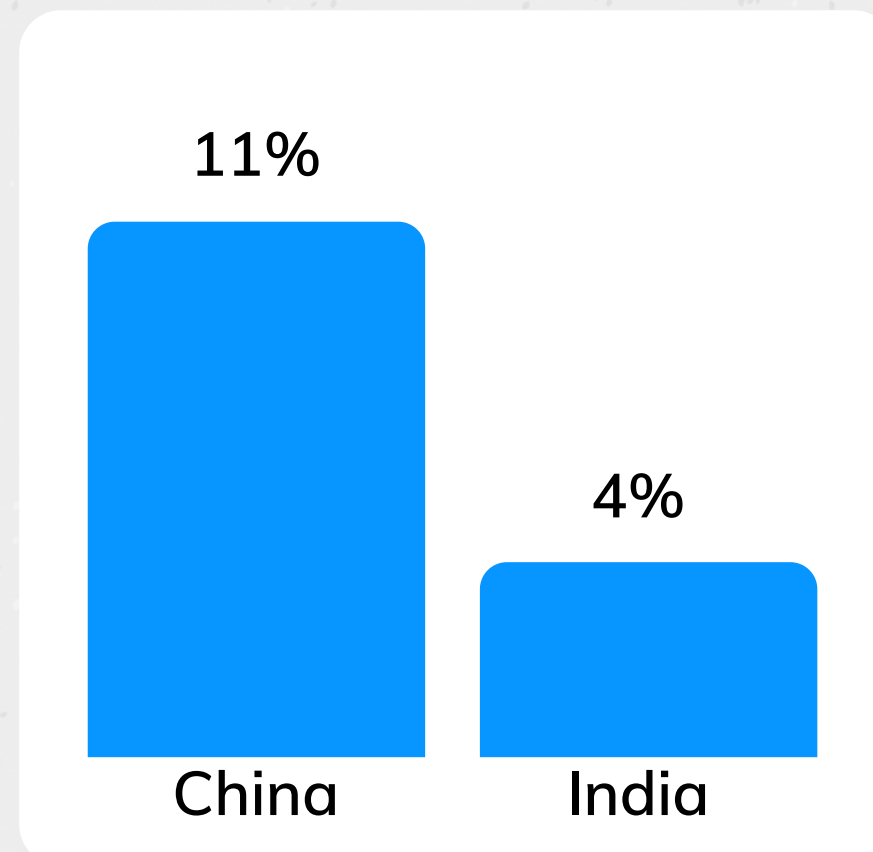
Source: Spark Capital, AAA Research.

# AAA PMS Theme 3: China + 1

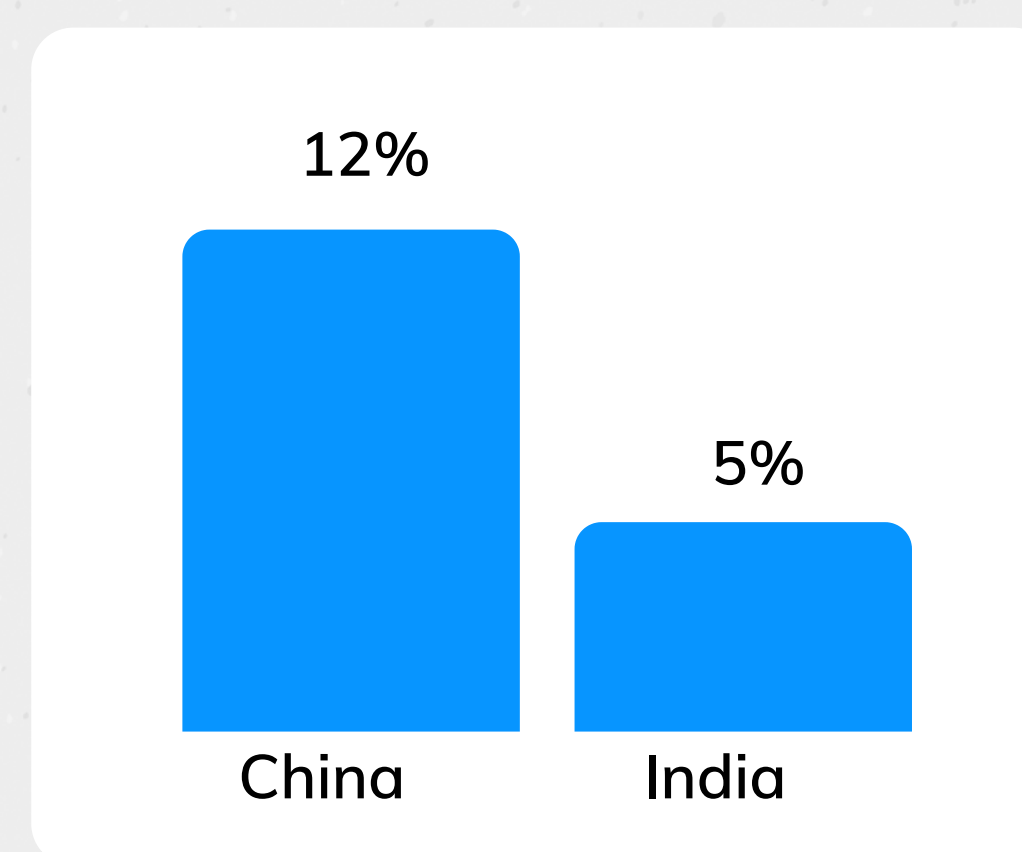
Agrochemicals Global Mkt Share



Pharma API Global Mkt Share



Dyes & Pigments Global Mkt Share



Following factors are forcing global companies to look for alternate sourcing options:

- 1) China's crack down on environment scofflaws
- 2) Abrupt closure of many chemical zones
- 3) China's deteriorating relations with US & Europe

# AAA FOCUS Plan Performance Insights

Performance (%)	FY23 YTD	FY22	FY21	FY20	FY19	FY18	FY17	FY16	FY15\$	*Since Inception
<b>AAA Focus Plan</b>	<b>8.1</b>	<b>20.5</b>	<b>66.6</b>	<b>(19.4)</b>	<b>(0.6)</b>	<b>21.5</b>	<b>25.7</b>	<b>0.2</b>	<b>11.5</b>	<b>196.8</b>
BSE 500 Index	4.1	22.3	78.6	(26.5)	9.7	13.2	25.5	(6.4)	2.4	149.6
BSE Midcap Index	6.1	20.7	93.0	(30.8)	(2.1)	14.3	34.3	1.8	3.5	170.7
BSE Smallcap Index	2.0	37.7	116.5	(35.1)	(10.9)	18.5	37.8	(2.1)	-3.8	170.7
CNX Nifty	2.7	20.3	72.5	(25.0)	16.4	11.8	20.2	(7.8)	1.0	132.4

\$(17 November 2014– 31 August 2022) (Performance is after all expenses and fees from April 2018 till last quarter. Prior to 2018 the Performance is after all expenses and Fixed management fees till last quarter). 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 FOCUS Plan Performance Insights

Compounded Annual Returns (%)	1 YEAR	2 YEARS	3 YEARS	5 YEARS	*Since Inception
<b>AAA Focus Plan</b>	<b>8.9</b>	<b>28.5</b>	<b>22.9</b>	<b>13.2</b>	<b>15.0</b>
BSE 500 Index	7.0	29.8	21.3	13.6	12.5
BSE Midcap Index	7.9	33.2	25.0	11.5	13.6
BSE Smallcap Index	7.3	42.5	33.0	13.4	13.6
CNX Nifty	5.1	26.5	18.6	13.8	11.4

\*(17 November 2014– 31 August 2022) (Performance is after all expenses and fees from April 2018 till last quarter. Prior to 2018 the Performance is after all expenses and Fixed management fees till last quarter). Index performance is calculated as per Total Return Indices as per SEBI Guidelines).

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# STRATEGIC PARTNERSHIPS



## DEPOSITORY PARTICIPANTS

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## CUSTODIAN & FUND ACCOUNTANT

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## DIRECT ONBOARDING ROUTE

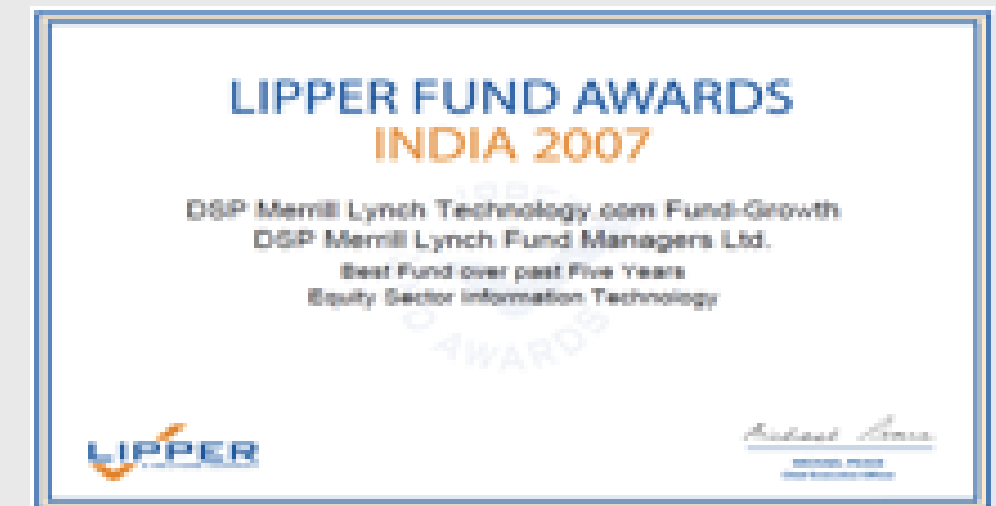
All clients have an option to invest in the AAAPMS directly, without intermediation of persons engaged in distribution services.



# AWARDS & RECOGNITIONS



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

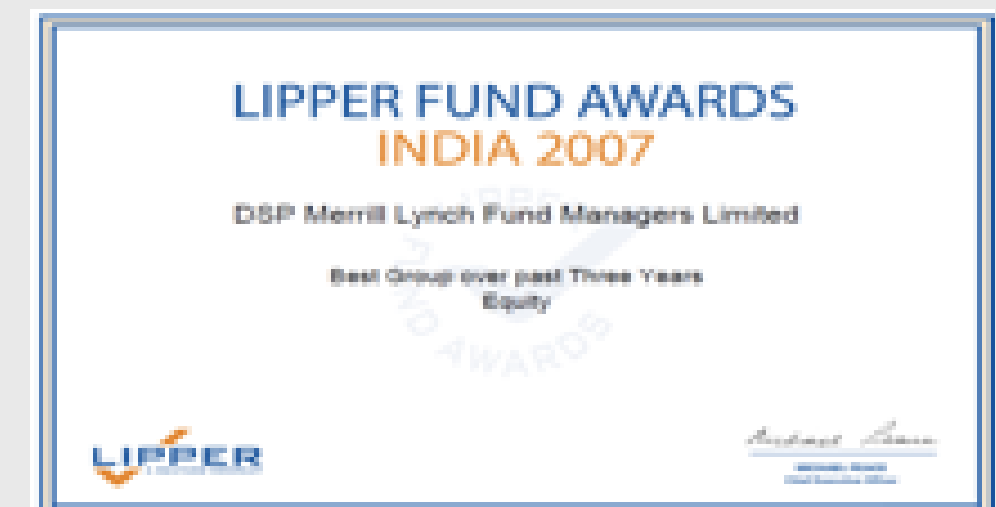


WHAT MAKES THEM TICK?						
Equity Diversified Fund Name		Absolute Returns In %			AUM#	Fund Manager
		3 M	1 Yr	3 Yrs		
SBI Magnum Sector Funds Umbrella-Contra	Platinum	-10.1	64.3	476.6	1,120	Sanjay Sinha
Tata Pure Equity	Platinum	-11.2	49.3	298.3	240	M Venugopal
SBI Magnum Global	Platinum	-12.3	62.1	509.3	595	Sanjay Sinha
DSP Merrill Lynch Equity Fund	Platinum	-11.9	52.6	302.8	520	Rajesh Kothari
PrulICI 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	64.7	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 MF.



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