

# Investor Presentation



**ALFAccurate Advisors**

Protect Capital, Create Wealth



## AAA EMERGING BUSINESS OPPORTUNITIES PORTFOLIO

February' 23

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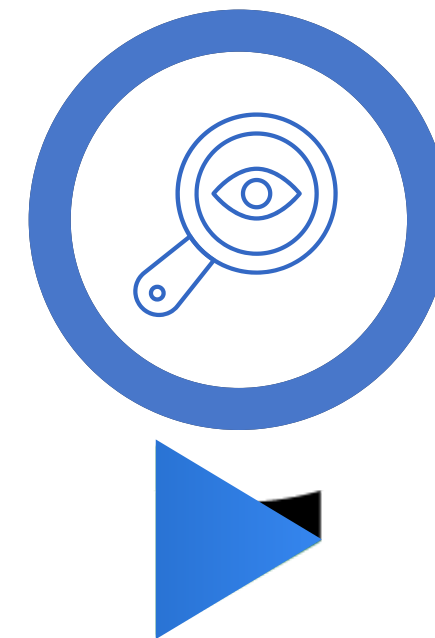
# Why AAA Investment Advisory?



**Advise In Your Interest**  
When you do better,  
we do better.



**Disciplined & Active  
Investment Management**  
Not just stock pickers but  
active portfolio managers  
centered on your long-  
term goals



**Transparency**  
Full transparency in  
investment decisions to  
ensure you sleep  
peacefully at night.



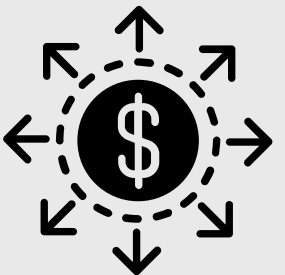
**Award Winning  
Track Record**  
We have a proven  
track record of  
investment in  
companies yielding  
multibagger returns.

# Investment Philosophy

## Protecting Capital

### DIVERSIFICATION

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.



### DISCIPLINED EXIT STRATEGY

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.



# Investment Philosophy

## Creating Wealth - 3M Approach

01

### 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.

02

03

### Margin Of Safety

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



# The Team



**Rajesh Kothari**

Founder & Managing Director

25  
years



**Govind Agrawal**

Director

25  
years



**Amar Mourya**

Fund Manager

16  
years



**Sandeep Biyani**

Head of Sales & Business  
Development

15  
years



# The Team

## About

- Rich experience of more than 26 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

CA, LLB

# The Team

### About

- ▶ 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



# The Team



## Amar Mourya

Fund Manager,  
Investment  
Advisory

MBA

### About

- Amar Mourya has over sixteen years of experience in equities in India and US markets. In these many years, he covered many sectors like IT, Telecom, FMCG, Real-Estate, Agro-Chemicals, Specialty Chemicals, Semiconductors, US Internet Companies, Defense and Diversified Mid-caps.
- Before joining AAA, he spent significant time as an Equity Research Analyst at Emkay Global, IndiaNivesh Securities, and BOE Research - USA based Equity Research Firm.
- He has been a well-established stock-picker and sell-side analyst in various investor surveys like Institutional Investor and Asiamoney.
- Amar holds an MBA degree from Lala Lajpatrai Institute of Management, Mumbai.



# AAA EBO Features



## Portfolio Overview

AAA Emerging Business Opportunities is a portfolio of 10-15 companies which are market leaders with strong corporate governance and high growth potential with investment horizon of 3-5 years.



## Portfolio Strategy

AAA Emerging Business Opportunities portfolio focus 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.



## Portfolio Marketcap

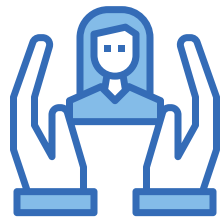
Mid & Small cap



## Minimum Investment Amount

Rs. 5,00,000

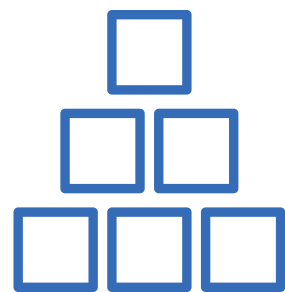
# EBO Investments



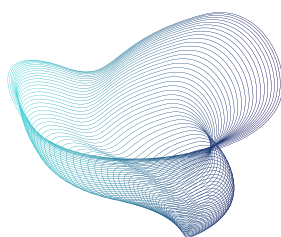
Capitalise on changing consumer behaviour



Capitalise on new technology trends



Capitalise on formalisation of economy



Capitalise on Niche Business Segments

## AAA Emerging Business Opportunities Portfolio

A curated portfolio of 10-15 companies which are likely to be big beneficiaries of emerging opportunities.

# What We Look In The Company



## 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 focused approach with efficient capital allocation.



## MARKET 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.



## GROWTH POTENTIAL

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



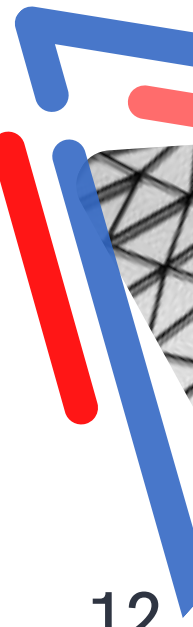
# Capitalise On Changing Consumer Behaviour

Indian retail is undergoing a rapid digital transformation propelled by - online buying/selling, store and inventory management, digital marketing etc. The e-commerce market size is expected to increase 4x from from USD26bn in FY21 to USD110bn in FY25.

**FROM OFFLINE DISCOVERY**



**TO ONLINE ANYTIME + ANYWHERE**





# Capitalise On Changing Consumer Behaviour

**95%**

of the consumers have made at least one change to their lifestyle that they expect to be permanent.

**343%**

Increase in the the proportion of online purchases for products such as food, home decor, luxury goods

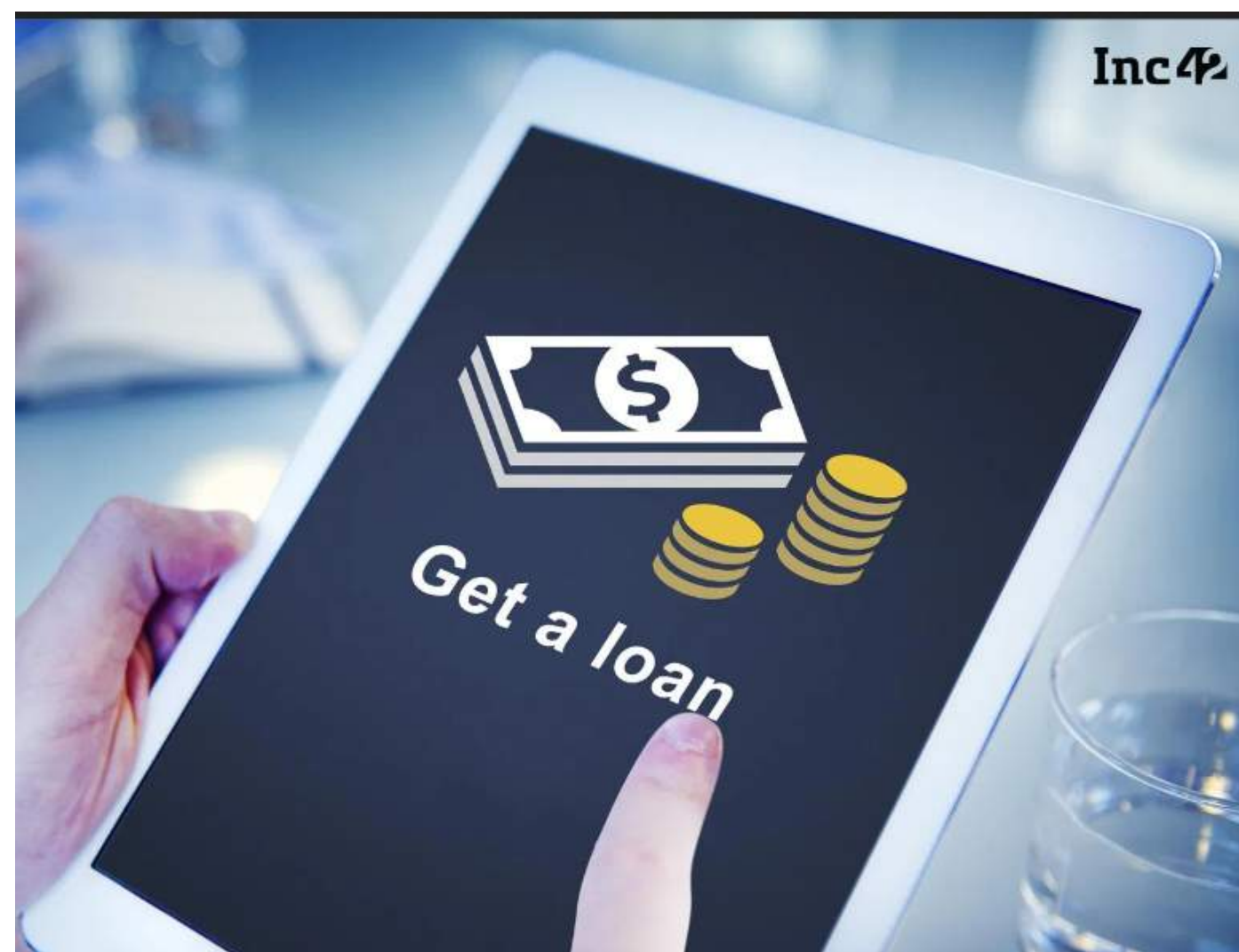
**79%**

Would like to work from a "Third place" - a location other than their home or workplace.

# Capitalise On Technology Trends

**1100%**

Amount by which digital lending increased in the last 7 years.



Source: PWC report

**39%**

of total transactions in India are digital as compared to less than 3% in 2012.



Source: The Hindu business line Article

# Formalisation of the Economy





# Capitalising Niche Business Segments



## Product Specialization

Niche companies/segments specialise in a product or service and control a small but very profitable niche.



## Value Added Segments

Niche players are into value added products and services and they respond to competition with innovation and higher quality products.



## Small To Big

We believe that small companies operating and dominating in niche areas can become bluechips of tomorrow.

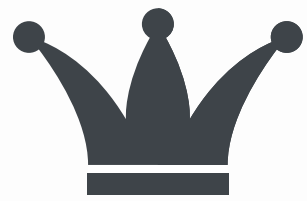
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Few examples:  
Contract research,  
staffing services,  
express logistics,  
speciality chemicals,  
Specialised  
engineering services,  
etc.



# AAA's Way to Build Resilient Portfolios

Market  
Leadership



Large  
Profit Size



Low  
Leverage



Strong  
Earnings  
Growth



Attractive  
Valuations

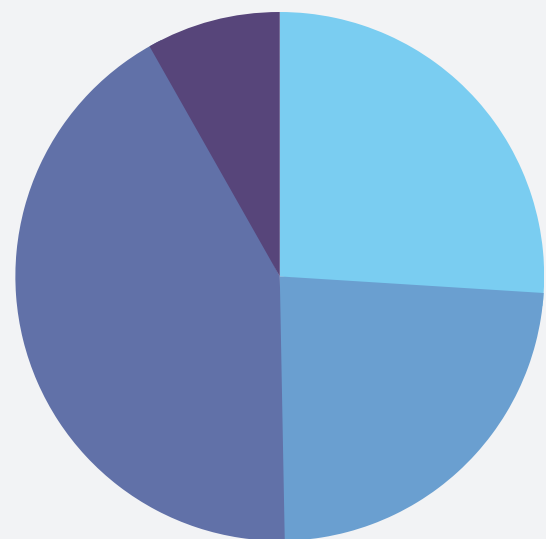


**AAA EBO  
Portfolio**

# Sectoral and Stocks Allocation



## Multicap



■ Large Cap	: 26%
■ Mid Cap	: 24%
■ Small Cap	: 42%
■ Cash	: 8%



## Sectoral Allocation

Consumer	: 36%
Engineering	: 32%
Banking & Finance	: 12%
Auto Ancillary	: 8%
Chemical	: 4%

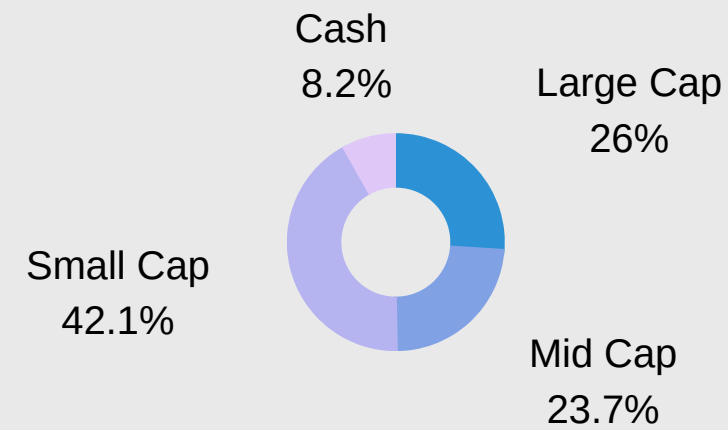


## Top 5 Holdings

- 1) Siemens
- 2) Trent
- 3) Safari Industries
- 4) KSB
- 5) Craftsman

# AAA EBO Plan Characteristics

## Market cap

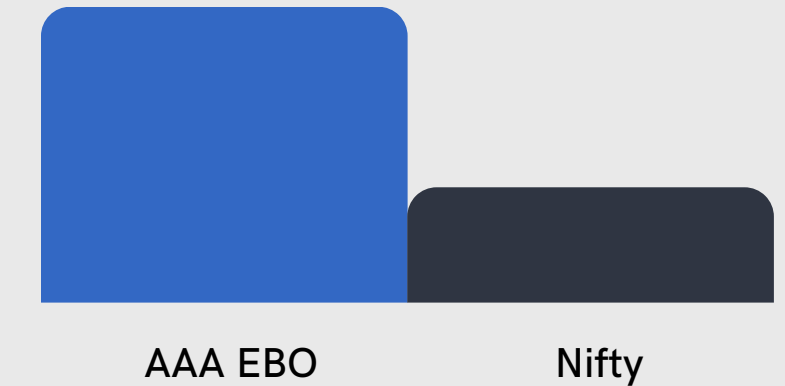


## Large Profit Size



57.4% of portfolio companies Rs.100cr+ NP  
(32.1% above Rs.500cr+)

## Strong Earnings Growth



## Sectoral Leaders



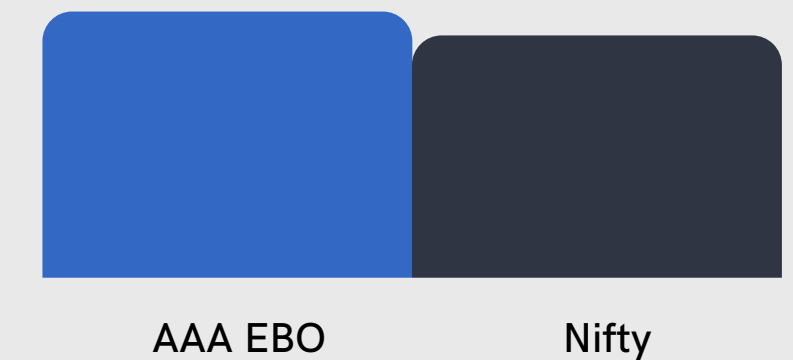
3M stock selection approach

## Cash-rich Balance Sheet



- 91.9% of portfolio cos have zero net debt
- 9.6% of portfolio cos have a D/E <1x

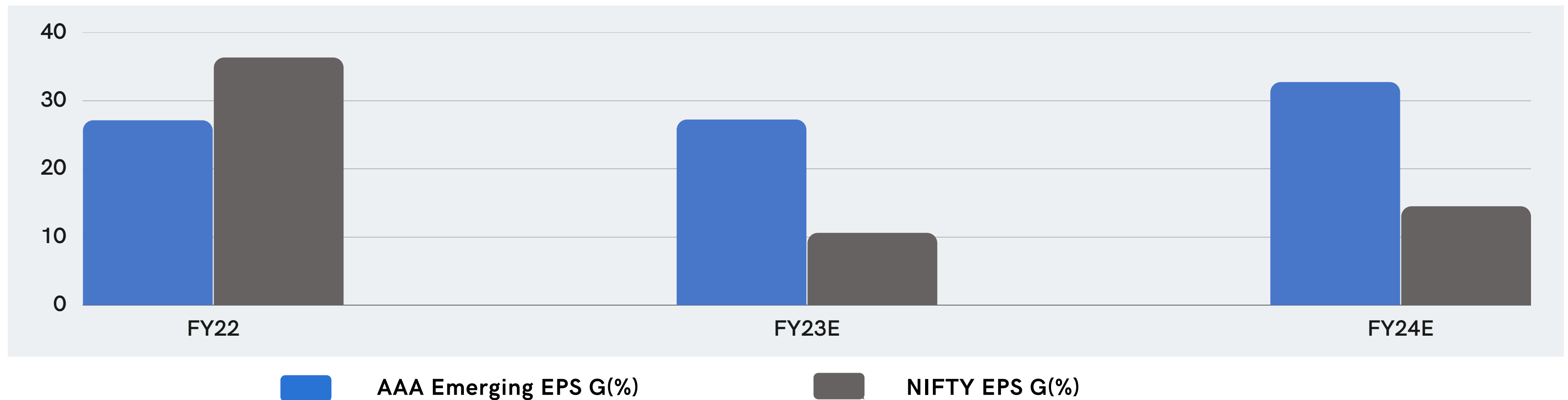
## Healthy ROE



Source: Kotak Sec, Bloomberg, AAA Research

# Superior Earnings Growth

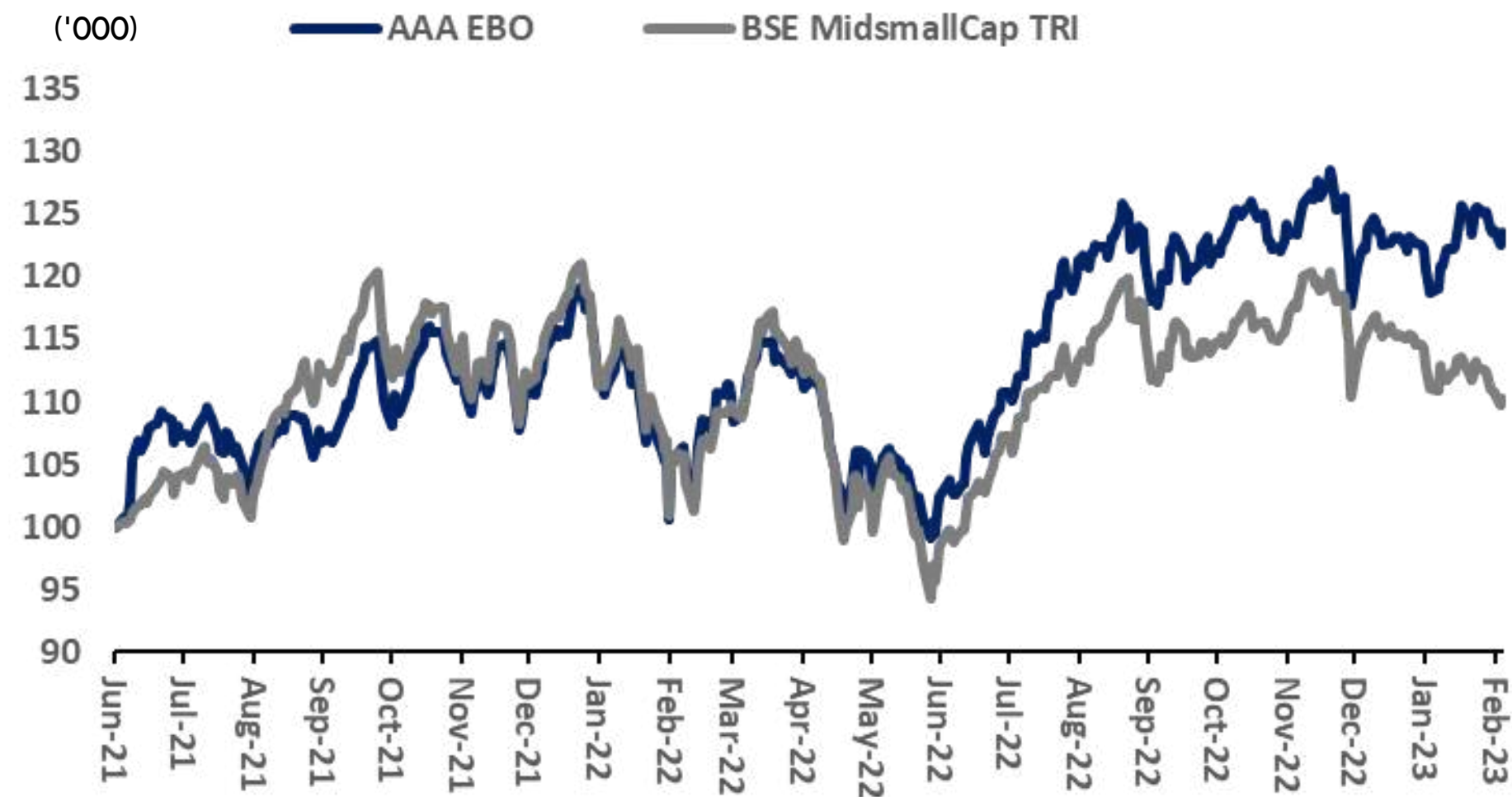
Earnings Matrix	Nifty FY22	AAA EBO FY22	Nifty FY23E	AAA EBO FY23E	Nifty FY24E	AAA EBO FY24E
EPS G(%)	36.3%	27.1%	10.6%	27.2%	14.5%	32.7%
ROE(%)	14.2%	10.3%	14.2%	15.6%	14.7%	16.7%





# AAA EBO Performance

## GROWTH OF Rs. 100,000



## PERFORMANCE (Since Inception Absolute returns)

AAA EBO 23.6%

BSE MidSmall Cap Index 10.2%

(Performance from 25 Jun 2021 to 28 Feb 2023)

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 EBO Risk Analysis

Since inception*	AAA EBO	BSE MidSmall cap TRI
Sharpe	0.98	0.17
Std. dev	17.0	18.5
Beta	0.79	1.00

\*25 June 2021 – 28 February 2023) (Performance is after all expenses and 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.

# Key Holdings

## PLAY ON CHANGING TECHNOLOGY TRENDS

Leading precision engineering solutions company with diverse revenue streams such as clean energy, nuclear, space & defence. It is poised for robust growth over the next 3 years led by technology changes, favourable government policies, capacity augmentation by the private sector (space) and entry into new segments.



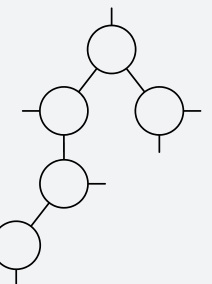
## PLAY ON CHANGING CONSUMER BEHAVIOUR

Leading player in the Indian branded retail industry having multiple store formats. Ability to control entire value chain gives a competitive edge. With India's rising working women population, customer preference is shifting towards branded and trendy designs from large organised players.



## NICHE CHEMICAL 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 last 10 years).



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