Top 200 Core Equity Portfolio

July 2022

ADITYA BIRLA CAPITAL

PROTECTING INVESTING FINANCING ADVISING

Aditya Birla Capital Limited – A Financial Powerhouse

ADITYA BIRLA CAPITAL

Aditya Birla Capital LTD

Business	Company	Holding
NBFC	ADITYA BIRLA FINANCE LTD	100%
Housing Finance	ADITYA BIRLA HOUSING FINANCE LTD	100%
Life Insurance	ADITYA BIRLA SUN LIFE INSURANCE COMPANY LTD. [1]	51%
AMC	ADITYA BIRLA SUN LIFE AMC LTD [1]	51%
Health Insurance	ADITYA BIRLA HEALTH INSURANCE CO. LTD [1]	51%
Wellness	ADITYA BIRLA WELLNESS PRIVATE LTD [1]	51%

Holding	Company	Business
Listed 75%	ADITYA BIRLA MONEY LTD	Broking
50.01%	ADITYA BIRLA INSURANCE BROKERS LTD [2]	Insurance Advisory
100%	ADITYA BIRLA PE ADVISORS PVT. LTD	Private Equity
93.7%	ADITYA BIRLA MYUNIVERSE LTD [3]	Online Money Management
100%	ADITYA BIRLA ARC LTD	ARC

VISION | To be a leader and role model in a broad based and integrated financial service business

As on Mar 31 2018

ABSLAMC: A Joint Venture between two pioneering companies

ADITYA BIRLA GROUP

- A US $48.3 bn corporation - one of the largest Indian conglomerates with operations in over 36 countries
- A dominant player in many commodity & manufacturing businesses apart from service businesses
- Major presence in Financial Services - Mutual Funds, Life Insurance, Wealth Management & Distribution, Security based lending, Infrastructure Finance, General Insurance Advisory, Broking & Private Equity

Sun Life Financial

- A leading Canadian financial services company
- AUM CAD $ 1,445 billion (as on Dec 31, 2021)
- Offering diversified range of risk and financial management products for individuals and corporate
- Large international footprint across continents – major presence in North America & Asia

Overview: Aditya Birla Sun Life Asset Management

ADITYA BIRLA CAPITAL

Asset Management

Heritage

- ✓ Founded in 1994, one of the oldest in India
- ✓ A JV between Aditya Birla Group & Sun Life Financial Inc since 2001
- ✓ Have seen the market evolve across different asset classes over the years
- ✓ Driven by client centric product Innovation

Market Dominance

- ✓ One of the top 4 AMCs in India with AUM of over 2,53,584 Cr (June 2022)
- ✓ Over 7.9 million investor accounts (June 2022)
- ✓ Strengths across different asset classes

Portfolio Management Services

Best in Class Management

- ✓ Offer portfolio management services and alternate investment solutions to HNI's and Institutions
- ✓ Aditya Birla Sun Life PMS manages / advises Rs. 9,990 Cr. of assets (JUne 2022)
- ✓ 10 member dedicated team for Equity and Fixed Income, with a cumulative experience of over 60 yrs - over 8 yrs average experience with ABSLAMC
- ✓ Disciplined processes driving investment management

Top 200 Core Equity Portfolio: Investment Objective & Strategy

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Focus on Long Term Wealth Creation

Investment Objective/ Philosophy

Recurring Winners – Industries

* With strong operating dynamics

* Core to the India growth story

* **Which have consistently thrown up winning stocks over the past 10 yrs**

* Strong fundamental research

Value investing approach with high margin of safety

Wealth Creation Approach

Own High Quality businesses with consistent growth/returns profile

* Companies with Resilience

* Benchmark-agnostic

* Predominantly Large Cap Universe

* Concentrated Portfolio ~ 25-30 stocks

* A cap of 10% on individual stock at cost

* Stock selection and industry allocation independent of benchmark weights

Value drivers

* Industry operating dynamics

* Sustainable ROEs/ROCEs

* Sustainable earnings growth

* High quality franchise, product, service

* Superior management team

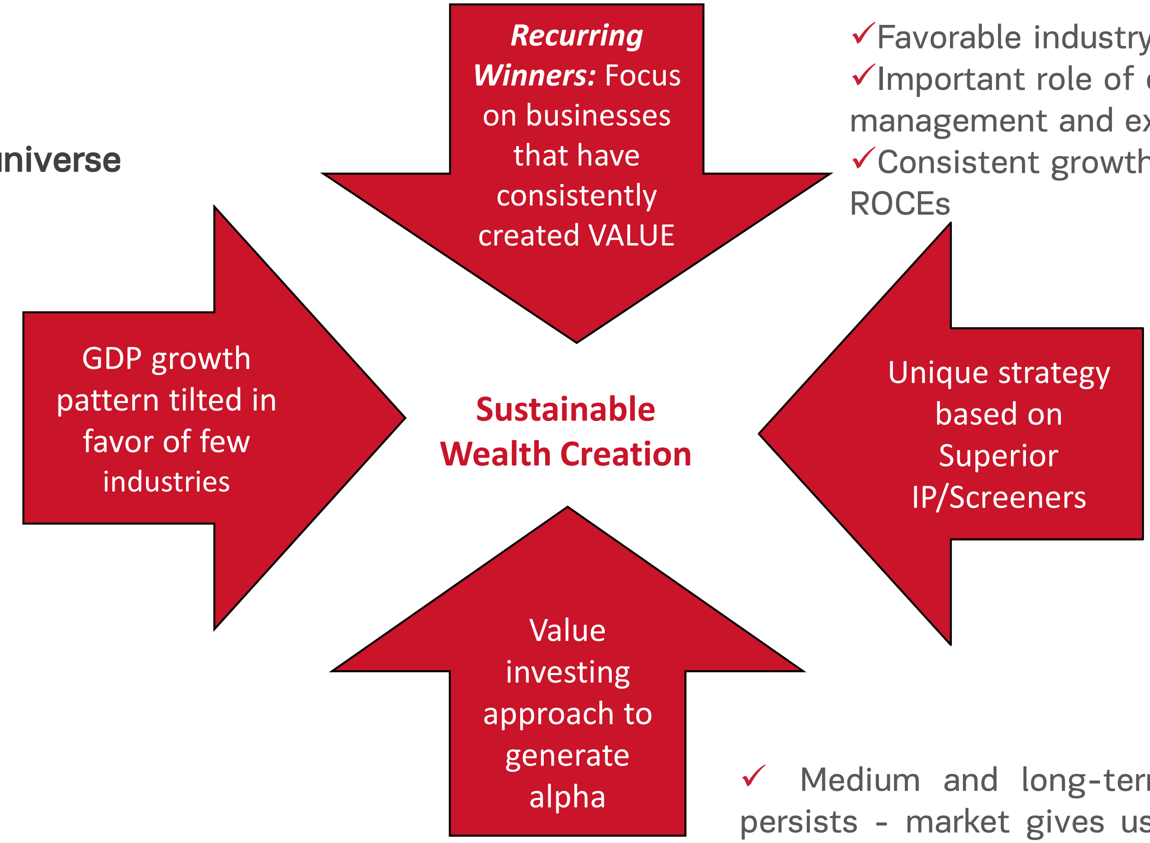
* Attractive valuations

4 Pillars of our Investment Process

ADITYA BIRLA CAPITAL

- **Concentrated Portfolio**
- **Benchmark agnostic**
- **Predominantly Large cap universe**

✓ Sustainable growth over long term in select industries



✓Favorable industry operating dynamics key to wealth creation
✓Important role of company strategy, management and execution
✓Consistent growth/returns profile, reflected in high ROEs, ROCEs

✓Extensive research studies to identify future winners
✓Comprehensive alert system to track industry wise valuations Current Studies include Recurring Winners Study, Piotrosky Scores

✓ Medium and long-term mispricing in equities persists - market gives us enough opportunities to buy quality businesses at a discount to their intrinsic value

Pillar 1: GDP growth patterns favor some sectors more

India GDP (Rs 203 trn)

Private Consumption (Rs 123 trn)

- Food, beverages, tobacco: Rs 39 trn
- Gross rent, fuel, power, water: Rs 16 trn
- Transport & Communication: Rs 23 trn
- Misc goods & svcs: Rs 19 trn
- Clothing & Footwear: Rs 7 trn
- Furniture/Furnishing: Rs 3 trn
- Healthcare: Rs 6 trn
- Education & Recreation: Rs 6 trn

Exports (Rs 37 trn)

- Export of goods : Rs 22 trn
- Export of services : Rs 15 trn

Gross Capital Formation (Rs 58 trn)

Public Sector: Rs 6 trn
Pvt Sector: Rs 21 trn
Household: Rs 23 trn

Decoupled, stable and sustainable returns over long term

Cyclical, levered to domestic policy and global economic recovery

Source: MOSPI, Nominal GDP data for FY2019-20

Pillar 2: Recurring Winners

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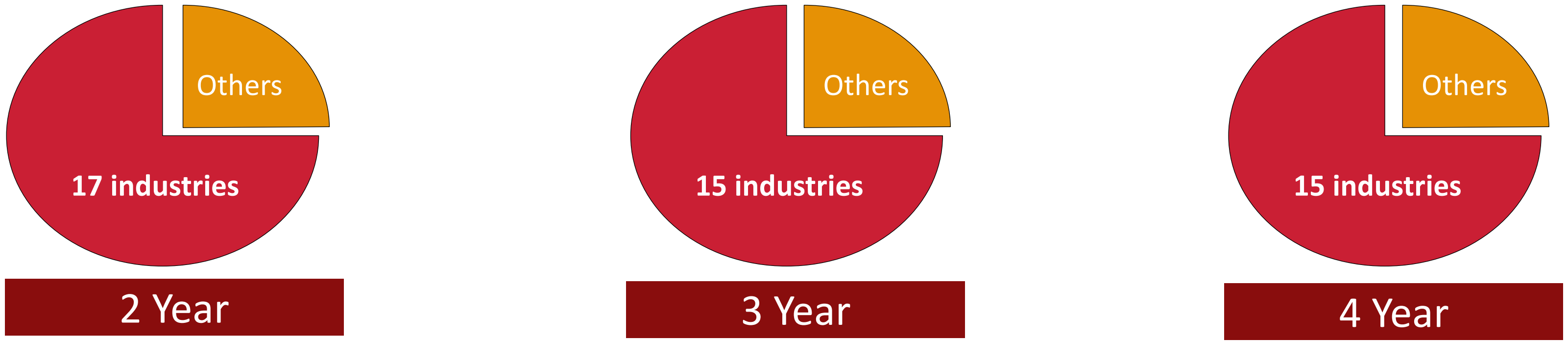
Consistent wealth creation in select industries



- ✓ Our **"Recurring Winners"** study across **61** industries suggest that in Indian context, **75%** of the consistently performing companies in the last decade belonged to **only 15** industries
- ✓ The study evaluates the consistent winners in light of its Industry dynamics such as Competitive Intensity and Long term Growth Prospects
- ✓ Companies with superior management and strong business models require support of favorable industry operating dynamics to consistently generate superior value and returns
- ✓ In our investment strategy, focus is more on industries with lower competitive intensity that are more direct beneficiaries of consumer spending, who enjoy stable growth, and are less vulnerable
- ✓ **Top 5 RWP Industries** include Commercial Banks, Pharmaceuticals, IT Services, Capital Goods, & FMCG

Pillar 2: Recurring Winners (contd.)

Industry dynamics is key to capturing value

- ✓ Research over the long term proves that shareholder wealth creation is mainly determined by strong operating dynamics such as competition levels, ease of entry by new players, bargaining power of buyers/suppliers etc.
- ✓ Value Creation & Retention happens in fewer industries over longer horizon
- ✓ The effect of these dynamics is visible in sustainable ROE and ROIC

Commercial Banks	• Entry barriers in the form of licenses • Very limited customer bargaining power
Pharmaceuticals	• Large and growing addressable market • Entry barriers in form of size, capital needs, regulations, research capabilities
IT Services	• Entry barriers in Fortune 500 space • Limited supplier power in terms of salary costs – arbitrage
Capital Goods	• Large & growing addressable market • Strong and large balance sheets acting as performance anchors
FMCG	• Brand franchise and distribution scale driven entry barriers • Ingrained sustainability, healthy margins & return ratios

Pillar 3: Effective Screeners backed by fundamental research

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Our unique Intellectual Property Models add immense value

- ✓ **Extensive fundamental research** undertaken to identify future winners that create superior and sustained value
- ✓ **Comprehensive alert systems** created and maintained to track industry wise valuations of each company
- ✓ Practice value investing by building models that enable identifying **growth** industries and businesses at **attractive valuations** – in line with our investment strategy

Fundamentals
- Piotroski Score (P-Score)
- ROE/ ROCE and Debt to Equity Filters
- Earnings revisions

Valuations
- Valuation Screener
- Residual Income Model
- Discount to Intrinsic value> 30%

Piotroski – Score

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Effective screener to identify future winners

P-Score is an effective screener as it measures:

1. The overall strength of the firm's financial position
– Identifies Quality, Superior Leadership companies

2. The improvement (delta) in the financial position of the firm
– Identifies Turnaround, Compounding Companies

It is one aggregate signal that captures three areas of the firm's financial condition:

- **Profitability :** +ve Net profit, +ve Operating Cash Flows, Cash flow>Net Profit, Change in ROA
- **Financial leverage/Liquidity:** Change in Leverage, Change in Liquidity, and Equity Financing
- **Operating efficiency :** Change in Operating Margins, Change in Turnover Ratio

It is a 9 point indicator: score of 7,8 or 9 is high P-score, and 0,1,2,3,4 is low P-score

Source: Paper by Piotroski, Joseph D. (January 2002)."Value Investing: The Use of Historical Financial Statement Information to Separate Winners from Losers"

P-Score: Captures Fundamentals

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P_SCORE = F_ROA + F_DROA + F_CFO + F_ ACCRUAL + F_DTURN + F_DMARGIN + F_DLEVER + F_DLIQUID + EQ_OFFER

No.	Ratios	Definition	Positive signal if
QUALITY			
PROFITABILITY			
1	Return on Assets (ROA)	Net Income/Total Assets	ROA>0
2	Cash flow from Operations (CFO)	Cash flow from Operations/Total Assets	CFO>0
3	Accrual	CFO - Net Income (NI)	CFO-NI>0
FINANCIAL LEVERAGE			
4	Equity Offering (EQ_OFFER)	Issue of common equity by the company	EQ_OFFER=0
CHANGE IN QUALITY			
PROFITABILITY			
5	Change in ROA	ROA(Year t) - ROA (Year t-1)	ΔROA > 0
OPERATING EFFICIENCY			
6	Change in EBITDA Margins	EBITDA/Sales (Year t) - EBITDA Sales (Year t-1)	Δ EBITDA Margin > 0
7	Change in Asset Turnover Ratio	Sales/Assets (Year t) - Sales/Assets (Year t-1)	Δ Asset Turnover > 0
FINANCIAL LEVERAGE			
8	Change in Net Debt to Assets (Leverage)	Net Debt/Assets (Year t) - Net Debt/Assets (Year t-1)	Δ Leverage < 0
9	Change in Current Ratio	Current Assets/Current Liabilities (Year t) – Current Assets/Current Liabilities (Year (t-1)	Δ Current Ratio > 0

CAPITAL PRESERVATION (rows 1–4)

CAPITAL APPRECIATION (rows 5–9)

Source: Paper by Piotroski, Joseph D. (January 2002)."Value Investing: The Use of Historical Financial Statement Information to Separate Winners from Losers”

P-score template

Company name	Alembic Pharma

	FY12A	FY13E	FY14E	FY15E
QUALITY				
Net Income (Rs mn)	1,301	1,487	1,869	2,333
1. Return on Assets (ROA)	15.4%	14.1%	15.3%	16.5%
2. Cash flow from Operations (CFO)	2,241	2,641	2,559	2,690
3. Accrual (CFO-Net Income)	940	1,154	690	357
4. Equity Offering	0	0	0	0
CHANGE IN QUALITY				
5. Change in ROA	*5.3%*	*-1.3%*	*1.2%*	*1.2%*
EBITDA Margins	15.1%	15.3%	15.5%	15.8%
6. Change in EBITDA Margins	*1.7%*	*0.2%*	*0.2%*	*0.3%*
Asset turnover Ratio (x)	1.54	1.45	1.47	1.48
7. Change in Asset Turnover Ratio	*0.12*	*-0.09*	*0.02*	*0.01*
Net Debt	1,873	785	-374	-1,476
Net Debt to Assets (x)	0.20	0.07	-0.03	-0.10
8. Change in Net Debt to Assets	*-0.12*	*-0.13*	*-0.10*	*-0.07*
Current Ratio (x)	1.3	1.4	1.5	1.7
9. Change in Current Ratio	*-0.07*	*0.07*	*0.15*	*0.17*
Earnings growth (%)	52%	14%	26%	25%
Price to Earnings (June 2012)	7.5x	6.6x	5.2x	4.2x

PIOTROSKI SCORE	Score	ROA	D ROA	CFO	ACCRUAL	D TURN	D MARGIN	D LEVER	D LIQUID	EQ. OFFER
FY2012	8	1	1	1	1	1	1	1	0	1
FY2013E	7	1	0	1	1	0	1	1	1	1
FY2014E	9	1	1	1	1	1	1	1	1	1
FY2015E	9	1	1	1	1	1	1	1	1	1

An illustration to compute P-score. Actual numbers may differ

P-Score : *High P-score portfolio outperforms*

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- ✓ Across cycles, equal weighted portfolio of High P-score stocks deliver average returns higher than that of Mid P-Score and Low P-score stocks
- ✓ An investment strategy that buys High P-score stocks and shorts Low P-score stocks within the universe generates significantly high positive returns across most cycles

P-Score	Average Returns (%)		
	1-yr	2-yr	3-yr
0	xx	xx	xx
1	-32%	-52%	-39%
2	-13%	-25%	-31%
3	-2%	-14%	-15%
4	10%	9%	12%
5	22%	39%	55%
6	29%	49%	82%
7	44%	75%	115%
8	64%	120%	175%
9	53%	107%	172%
Low P-score	**5%**	**1%**	**3%**
Mid P-score	**25%**	**44%**	**68%**
High P-score	**50%**	**88%**	**133%**
Universe	**25%**	**42%**	**67%**
NSE 500 Index	**27%**	**52%**	**86%**

An illustration to compute P-score. Actual numbers may differ

Universe: All **Non-Financial** Common stocks listed in India which have crossed the INR 800cr market cap threshold at least once in the period of study.

Period of study – 30th June, 2002 to 31st December, 2013

P-Score: It works across market caps

✓ Across different market capitalization stocks, equal weighted portfolio of High P-score stocks deliver average returns higher than that of Mid P-Score and Low P-score stocks

Market Cap (crore)	Average 2 year returns (%)				
	Low P-score (L)	Mid P-score (M)	High P-score (H)	Average (A)	(H) – (A)
>20K	-10%	20%	58%	22%	36%
10K - 20K	-2%	26%	62%	28%	34%
6.75K - 10K	-1%	30%	62%	30%	32%
4.5K - 6.75K	-1%	30%	70%	31%	39%
3K - 4.5K	-6%	32%	74%	31%	43%
2K - 3K	-8%	37%	76%	33%	43%
1.3K - 2K	-7%	37%	76%	33%	43%
900 – 1300	-6%	39%	77%	35%	42%
600 – 900	-4%	40%	78%	36%	42%
400 – 600	-3%	41%	81%	38%	43%
<400					
Total	**1%**	**44%**	**88%**	**42%**	**46%**

An illustration to compute P-score. Actual numbers may differ

Universe: All **Non-Financial** Common stocks listed in India which have crossed the INR 800cr market cap threshold at least once in the period of study.

Period of study – 30th June, 2002 to 31st December, 2013

Extensive Fundamental research

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Bottom-up Fundamental Research adds conviction

- ✓ Extensive fundamental research undertaken on the Filtered candidates to identify potential portfolio companies
- ✓ Ensure that the team meets the management before forming a view on the company
- ✓ Track sector developments, meet industry participants across value chains to discern changing trends
- ✓ Focus on understanding company strategy, management and execution

Fundamentals

- Industry analysis
- Financial analysis
- Company meetings
- Plant/Factory Visits
- Dealer/ Channel checks
- Management evaluation

Pillar 4: Value investing approach to generate alpha

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- ✓ Medium and long-term **mispricing** in equities persists - market gives us enough opportunities to buy quality growth stocks at a **discount to their intrinsic value**
- ✓ Proprietary screeners enable discovery of these stocks and companies that will create value – which are still significantly under-valued
- ✓ Emphasis is on entry price, and we invest in a company only if we have a visibility of a **minimum threshold return** and thorough assessment of **limited down-side**
- ✓ Long term mispricing is discovered through analysis of fundamental parameters and ratios

Investment Process

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Track the Investment Universe on a monthly basis

Apply Quantitative Screeners & IP

- Recurring Winner
- Piotroski Score
- ROE & D/E Filters

Reject 80% of the companies which do not filter through the screeners.

Extensive Fundamental Research

- Management meetings
- Dealer/ Channel Checks
- Plant/Factory Visits

Around half of remaining companies pass this filter

Value investing & Portfolio optimisation

- Valuation Screener
- Potential upside of 100% in 3-4 years

Select 25-30 quality companies with high growth and potential upside.

Pro Active management - Integral to the Core Equity Strategy

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Preference for active portfolio management vs. 5 to 10 year buy and hold strategy

- ✓ Timely review of stocks with respect to the business fundamentals like competitive advantage, growth prospects and capital allocation is integral in a VUCA (volatility, uncertainty, complexity and ambiguity) environment
- ✓ Difficult for best of companies to display strong and consistent growth and returns over a longer time frame

No: of companies which have reported PAT growth > 20% and ROE > 20%	No: of BSE 500 stocks	% of BSE 500 stocks
for last 10 consecutive years	0	0%
for last 5 consecutive years	5	1%
for last 2 consecutive years	35	7%

Sweet Spot for Investing is 2 to 3 years – Investment horizon for portfolio stocks

As on Mar 31, 2015

Current Model Portfolio

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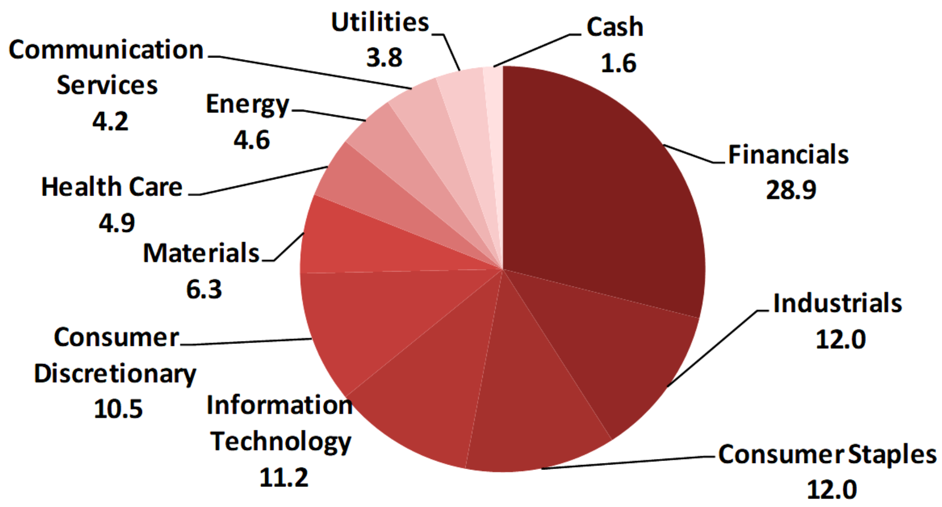
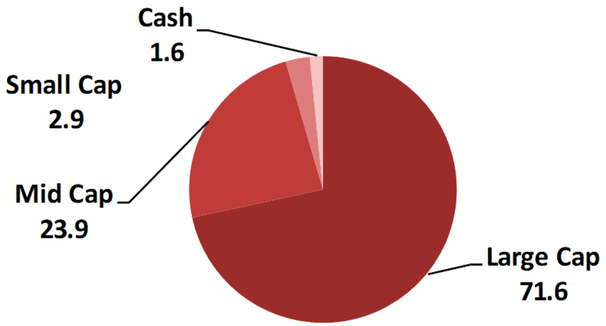
Sector Allocation



GICS Sector Classification	TOP 200 CEP	BSE 200 Index	Active
Consumer Staples	12.0	8.6	3.5
Industrials	12.0	6.0	6.1
Consumer Discretionary	10.5	8.4	2.1
Materials	6.3	8.3	-2.0
Utilities	3.8	5.1	-1.3
Health Care	4.9	4.9	0.0
Real Estate	0.0	0.6	-0.6
Communication Services	4.2	2.7	1.5
Information Technology	11.2	13.3	-2.1
Financials	28.9	30.4	-1.5
Energy	4.6	11.8	-7.2

Market Cap



Market Cap Categorization as per Average Market Capitalization of listed companies during the six months ended June 2022. Source : AMFI

As on June 30, 2022

Top 200 Core Equity Portfolio – Performance

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Returns (%)	Absolute				CAGR			
	1 month	3 month	6 month	1 year	2 year	3 year	5 Year	Since Inception (27/07/2015)
Top 200 CEP	-5.3%	-9.5%	-9.5%	1.6%	21.5%	13.0%	11.8%	10.6%
BSE 200	-5.1%	-9.7%	-9.6%	-0.2%	25.1%	11.4%	10.4%	9.8%
Outperformance	-0.2%	0.1%	0.1%	1.8%	-3.5%	1.6%	1.4%	0.8%

Calendar Year Returns

Returns	2015	2016	2017	2018	2019	2020	2021	YTD 2022
Top 200 CEP	-2.5%	2.7%	34.1%	-1.2%	12.2%	14.0%	32.8%	-9.5%
BSE 200	-3.4%	4.0%	33.3%	-0.5%	9.1%	16.3%	27.6%	-9.6%
Outperformance	0.9%	-1.2%	0.8%	-0.7%	3.1%	-2.3%	5.2%	0.1%

Disclaimer :
Past performance of any product does not indicate its future performance. The returns of investment approaches are calculated using TWRR method and considers all inflows and outflows and market value of entire portfolio for computation of performance . It is calculated net of all expenses and fees. Investment approach level performance reported above is not verified by SEBI.

Current Model Portfolio

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Portfolio vs. Benchmark *(Higher Growth/ROEs with low leverage)*

PE (x)	FY22A	FY23E	FY24E	Prem/Disc to benchmark (FY24E)
Top 200 CEP	28.5	24.9	21.3	22.5%
BSE 200	23.6	21.3	17.4	
NIFTY	24.5	21.1	17.2	

ROE (%)	FY22A	FY23E	FY24E	Prem/Disc to benchmark (FY24E)
Top 200 CEP	16.1%	16.6%	17.4%	6.3%
BSE 200	14.9%	15.2%	16.4%	
NIFTY	14.6%	15.6%	16.6%	

EPS growth (%)	FY22A	FY23E	FY24E	Prem/Disc to benchmark (FY24E)
Top 200 CEP	25.0%	18.6%	17.0%	-4.8%
BSE 200	24.9%	14.0%	17.8%	
NIFTY	20.4%	15.9%	17.6%	

Net Debt to Equity* (%)	FY 22	Prem/Disc to benchmark
Top 200 CEP	-35.0%	-378%
BSE 200	12.6%	
NIFTY	9.1%	

Top 10 Holdings & Weights

Top 10 Portfolio Holdings	% to Net Assets
HDFC Bank Ltd	6.5
Infosys Ltd	6.1
ICICI Bank Ltd	5.8
ABB India Ltd	5.2
Wipro Ltd	5.1
Reliance Industries Ltd	4.6
Trent Ltd	4.5
Bajaj Finance Ltd	4.5
Avenue Supermarts Ltd	4.3
Bharti Airtel Ltd	4.2

* Financials excluded in calculation of D/E
Source: All ratios are based on Bloomberg consensus estimates.
Note: Premium/Discount to benchmark BSE 200 is listed for the period FY23E.

As on June 30, 2022

PMS Success Stories

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Company	First Purchase Date	Buy Price	Sell Price or Current Price	Holding Period Return (%)
Bajaj Finance Ltd	23-07-2015	514	5,400	951%
Avenue Supermarts Ltd	01-06-2017	774	3,396	339%
Trent Ltd	24-07-2018	338	1,074	218%
Abbott India Ltd	03-04-2018	5,618	17,406	210%
Infosys Ltd	06-03-2018	573	1,461	155%
Britannia Industries Ltd	28-06-2016	1,372	3,362	145%
HDFC Bank Ltd	23-07-2015	554	1,348	143%
Nestle India Ltd	24-11-2017	7,502	17,493	133%
Wipro Ltd	27-04-2020	182	416	129%
Bajaj Finance Ltd	23-07-2015	514	1,163	126%
TVS Motor Company Ltd	23-07-2015	263	575	118%
ICICI Bank Ltd	03-09-2018	334	707	112%
Reliance Industries Ltd	14-05-2019	1,249	2,594	108%
Maruti Suzuki India Ltd	23-07-2015	4,236	8,470	100%
ABB India Ltd	11-12-2020	1,176	2,296	95%
CRISIL Ltd	01-04-2021	1,789	3,288	84%
Atul Ltd	01-03-2017	2,225	3,942	77%
Power Grid Corporation of India Ltd	30-04-2020	122	212	74%
Shree Cement Ltd	07-12-2017	17,306	28,896	67%
Grasim Industries Ltd	30-01-2017	794	1,322	66%
Hindustan Petroleum Corporation Ltd	03-11-2015	174	269	55%
Tata Power Company Ltd	26-07-2018	71	108	53%
Dr Reddys Laboratories Ltd	13-03-2020	2,885	4,400	53%
Bharti Airtel Ltd	19-01-2018	449	684	52%
Zee Entertainment Enterprises Ltd	23-07-2015	395	587	48%

Disclaimer: Past performance of stocks depicted above does not indicate their future performance / The success stories pertain to PMS instead of an individual portfolio

As on June 30, 2022

Top 200 CEP – Portfolio Construct

Portfolio Name	Top 200 Core Equity Portfolio
Structure	Discretionary PMS
Nature	Open ended
Market cap	Large cap
Investment Approach	The portfolio invests or proposes to invest in listed equity & equity related instruments with the aim of generating long term capital appreciation & income in the form of dividends. It can also invest in money market instruments & units of mutual fund. Features of the companies can include – High quality with consistency in growth, high ROE, low leverage & high potential for growth. It is predominantly a Large cap oriented portfolio. Stock selection is done through a combination of ‘Bottom up’ approach i.e. analyzing the fundamental attributes of the company & competition & ‘Top down’ approach i.e. analyzing the macro economic factors & industry growth characteristics.
No of stocks	25-30
Investment Manager	Aditya Birla Sun Life AMC Limited (ABSLAMC)
Benchmark	BSE 200
Portfolio Manager(s)	Salvin Shah
Tenure	Minimum 3 years
Minimum Investment	Rs. 50 lakhs
Management fee	2.5% per annum (Exclusive of Taxes)
Performance fee	Nil
Operating expenses	Please refer to Appendix A- Client Fee Schedule

Leadership Team

A Balasubramanian, MD & CEO

- A Balasubramanian has over 29 years' experience in the Mutual Fund Industry and has been with ABSLAMC since inception. Previously worked with GIC Mutual Fund. Currently, he is on the Board of Governors of SEBI established National Institute of Securities Markets (NISM).
- He has done Diploma in Financial Management, AMP from IIM, Bangalore, MBA from GlobalNxt University, Malaysia, Advanced Management Programme from Harvard University.

Anil Shyam, Head- Alternate Business & ETF

- Anil Shyam is Head of Alternate Business at Aditya Birla Sun Life AMC Limited. He has over two decades of experience and has been associated with the organisation since October 2007.
- He has previously worked at AK Capital Services Limited, Cholamandalam AMC Limited, JM Financial Asset Management Private Limited and at ICICI Prudential AMC Limited.
- He holds a Bachelor's Degree in commerce and Master's Degree in Finance & Control from Himachal Pradesh University, Shimla.

Dhaval Mehta, Portfolio Manager (Equity)

- Has 9+ years of experience in equity research and portfolio management. Dhaval's main domain expertise is in Consumer Staples & Discretionary, Retail, Building Material, Cement and Media sector.
- Prior to joining ABSLAMC, Dhaval worked with ASK Investment Managers as Portfolio Manager. At ASK, he used to manage assets over $200mn and have delivered stellar performance across investment cycles. Prior to ASK, he has worked with Emkay Global Financial Services, Ventura Securities and Infosys.
- Dhaval is an MBA from Narsee Monjee Institute of Management Studies Mumbai and have done its Bachelor of Engineering from D.J Sanghvi College of Engineering Mumbai.

Salvin Shah – Portfolio Manager (Equities)

- Has 9+ years in Portfolio Management and Equity Research, Salvin has extensive experience in managing Indian Equities. His endeavor is to maximize returns for the investors while keeping an eye on portfolio risk. He has been successful at identifying themes and stocks at a very early stage which has resulted in multi-bagger returns for the investors.
- Prior to joining ABSLAMC, he worked with Sanctum Wealth Management as Co-fund Manager in their PMS business. Before Sanctum, Salvin was a part of equity research team at Edelweiss Securities and Athena Investment Management.
- He is a member of Institute of Chartered Accountants of India (ICAI) and a commerce graduate from Mumbai University.

Risk Factors & Disclaimers

Risk Factors associated with investments in Equity & Equity related securities:

- Risk arising from the investment objective, investment strategy, asset allocation and quant model risk:
- Market risk, political and geopolitical risk and risk arising from changing business dynamics, which may affect portfolio returns. At times, portfolios of individual clients may be concentrated in certain companies/industries. The performance of the portfolios would depend on the performance of such companies / industries / sectors of the economy.
- The portfolio proposes to invest in equity and equity related securities. Equity and Equity related securities by nature are volatile and prone to price fluctuations on a daily basis due to both macro and micro factors.
- The value of the portfolio will fluctuate as the daily prices of the individual securities in which they invest fluctuate and may be worth more or less than its original cost, at a given point in time.
- In respect of investments in equity and equity-related instruments, there may be risks associated with trading volumes, settlement periods and transfer procedures that may restrict liquidity of investments in equity and equity related securities.
- The value of the portfolio may be affected generally by factors affecting securities markets, such as price and volume volatility in the capital markets, interest rates, currency exchange rates, changes in policies of the Government, taxation laws or policies of any appropriate authority and other political and economic developments and closure of stock exchanges which may have an adverse bearing on individual securities, a specific sector or all sectors including equity and debt markets.
- Within the regulatory limits applicable at any point in time, the Portfolio Manager may choose to invest in unlisted securities that offer attractive yields. Securities, which are not quoted on the stock exchanges, are inherently illiquid in nature and carry a larger amount of liquidity risk, in comparison to securities that are listed on the exchanges or offer other exit options to the investor, including a put option. This may however increase the risk of the portfolio. The liquidity and valuation of the portfolio's investments due to their holdings of unlisted securities may be affected if they have to be sold prior to their target date of disinvestments
- Investment made in unlisted equity or equity-related securities may only be realizable upon listing of these securities. Settlement problems could cause the portfolio to miss certain investment opportunities.
- Investors may note that Portfolio Manager's investment decisions may not always be profitable, as actual market movements may be at variance with anticipated trends.
- Though the constituent stocks of most indices are typically liquid, liquidity differs across stocks. Due to the heterogeneity in liquidity in the capital market segment, trades on this segment may not get implemented instantly.
- The portfolio may have higher concentration towards a particular stock or sector, at a given point in time. Any change in government policy or any other adverse development with respect to such a stock or the sector, may adversely affect the value of the portfolio.
- The Portfolio Manager does not intend to invest in foreign securities.
- The Portfolio Manager does not intend to engage in short selling or stock lending.
- The portfolio also proposes to invest in derivative instruments. However, the portfolio manager does not intend to write options. The Portfolio manager intends to use exchange traded derivatives as a hedging tool & does not intend to take any naked positions. Nevertheless, trading in derivatives market has risks and issues concerning the use of derivatives that investor should understand. Derivative products are specialized instruments that require investment techniques and risk analysis different from those associated with stocks and bonds.

Risk Factors & Disclaimers

- Derivative products are leveraged instruments and can provide disproportionate gains as well as disproportionate losses to the investor. Even a small price movement in the underlying security could have a large impact on their value. Execution of such strategies depends upon the ability of the Portfolio Manager to identify such opportunities. Identification and execution of such strategies to be persuaded by the Portfolio Manager involve uncertainty and decision of the Portfolio Manager may not always be profitable. No assurance can be given that the Portfolio Manager shall be able to identify or execute such strategies.
- The risks associated with the use of derivatives are different from or possibly greater than, the risk associated with investing directly in securities and other traditional investments. As and when the product trades in the derivatives market there are risk factors and issues concerning the use of derivatives that investors should understand. Derivative products are specialized instruments that require investment techniques and risk analysis different from those associated with stocks and bonds. The use of a derivative requires an understanding not only of the underlying instrument but also of the derivative itself.
- Derivatives require the maintenance of adequate controls to monitor the transactions entered into, the ability to assess the risk that a derivative adds to the portfolio and the ability to forecast price or interest rate movements correctly. There is a possibility that loss may be sustained by the portfolio as a result of the failure of another party (usually referred as the "counter party") to comply with the terms of the derivatives contract. Other risks in using derivatives include the risk of mispricing or improper valuation of derivatives and the inability of derivatives to correlate perfectly with underlying assets, rates and indices. Thus, derivatives are highly leveraged instruments. Even a small price movement in the underlying security could have a large impact on their value.
- The use of a derivative requires an understanding not only of the underlying instrument but also of the derivative itself. Derivatives require the maintenance of adequate controls to monitor transactions entered into, the ability to assess the risk that a derivative adds to the portfolio and the ability to forecast price or interest rate movements correctly. There is a possibility that loss may be sustained by the portfolio as a result of the failure of another party (usually referred as the "counter party") to comply with the terms of the derivatives contract. Derivative trades involve execution risks, whereby the rates seen on the screen may not be the rate at which ultimate execution takes place. The options buyer's risk is limited to the premium paid, while the risk of an options writer is unlimited. However, the gains of an options writer are limited to the premiums earned. The writer of a put option bears the risk of loss if the value of the underlying asset declines below the exercise price. The writer of a call option bears a risk of loss if the value of the underlying asset increases above the exercise price. Investments in index futures face the same risk as the investments in a portfolio of shares representing an index. The extent of loss is the same as in the underlying stocks. Risk of loss in trading futures contracts can be substantial, because of the low margin deposits required, the extremely high degree of leverage involved in futures pricing and potential high volatility of the futures markets.
- The derivatives market in India is nascent and does not have the volumes that may be seen in other developed markets, which may result in volatility in the values. The Portfolio Manager may, from time to time, invest any un-deployed funds in Liquid Portfolio of PMS or in money market instruments. Though the portfolio of liquid funds comprises of short-term deposits, government securities and money market instruments, they cannot be considered as totally risk free. This is because liquidity patterns and short term interest rates of the government change, sometimes on a daily basis, thereby making the fund susceptible. Liquid Portfolio returns are not guaranteed and it entirely depends on market movements.
- Disclaimer: The views expressed above are the views of the Fund Managers of Top 200 CEP. They should not be construed as investment advice.
- Investments in securities are subject to market risks and there can be no assurance or guarantee that the objectives of the Product will be achieved. **Past performance may or may not be sustained in future.**
- **Regulatory Disclosure: All investors have the option to invest directly with ABSLAMC-Portfolio Manager**

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https://mutualfund.adityabirlacapital.com/investor-solution-portfolio-management-service
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mail us at care.pms@adityabirlacapital.com
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CIN no. U65991MH1994PLC080811; Website: https://mutualfund.adityabirlacapital.com/
One India Bulls Centre, Tower 1, 17th Floor, Jupiter Mill Compound, 841, Senapati Bapat Marg, Elphinstone Road, Mumbai - 400 013.
Tel: 4356 8000. Fax: 4356 8110 / 8111