Top 200 Core Equity Portfolio

Handpicked, to create wealth

April 2018

ADITYA BIRLA CAPITAL

PROTECTING INVESTING FINANCING ADVISING

Aditya Birla Capital – A Financial Powerhouse

- Ranks among top 5 fund managers in India
- Assets Under Management: ~USD 38 billion
- Revenue: ~USD 1.6 billion

- PBT: ~USD 177 million
- Line of Business : 12
- Employees: 12,000+

- Customer: 8 Million+
- Channel Partners: 142,000
- Point of Presence: 1300+

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

As on June 30 2017

ABSLAMC: A Joint Venture between two pioneering companies

ADITYA BIRLA GROUP

- ✓ A US $43 bn corporation - one of the largest Indian conglomerates with operations in over 35 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 $ 944 billion *(as on June 30 2017)*
- ✓ 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 3 AMCs in India with AUM of over US$35.4 bn (Mar 2018)
- ✓ Over 6.05 million investor accounts (Mar 2018)
- ✓ 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. 17,375 cr. of assets (Mar 31,2018)
- ✓ 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

Core Equity Portfolio: Investment Objective & Strategy

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Focus on Long Term Wealth Creation

Investment 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 Scalability and Resilience

* Benchmark-agnostic

* Multi Cap Universe

* Concentrated Portfolio ~ 25-30 stocks

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 approach

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- Concentrated Portfolio
- Benchmark agnostic
- Multi-cap universe

Recurring Winners: Focus on businesses that have consistently created VALUE

✓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

GDP growth pattern tilted in favor of few industries

Sustainable growth over long term in select industries

Sustainable Wealth Creation

Unique strategy based on Superior IP/Screeners

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

Value investing approach to generate alpha

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

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India GDP
($2.06 trn)

Private Consumption
($ 1200 bn)

- Food, beverages, tobacco: $ 391bn
- Gross rent, fuel, power, water: $ 184 bn
- Transport & Communication: $ 194 bn
- Misc goods & svcs: $ 198 bn
- Clothing & Footwear: $ 83 bn
- Furniture/Furnishing: $ 40 bn
- Healthcare: $ 52 bn
- Education & Recreation: $ 58 bn

Exports
($ 261 bn)

- Engg: $ 57 bn
- Petro Products : $ 30 bn
- Gems & Jewelry.: $ 40 bn
- Textiles: $ 34 bn
- Pharmaceuticals: $ 17 bn
- Other Comm.: $ 83 bn

Gross Capital Formation
($ 602 bn)

Public Sector: $ 152 bn
Pvt Sector: $ 228 bn
Household: $ 222 bn

Decoupled, stable and sustainable returns over long term

Cyclical, levered to domestic policy and global economic recovery

Source: Internal Research, GDP data for FY2015-16

Pillar 2: Recurring Winners

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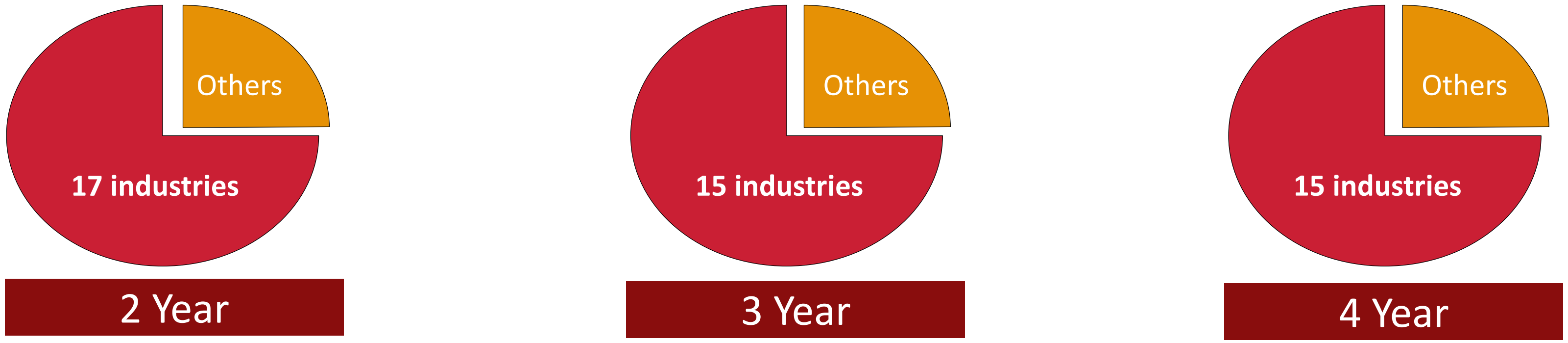
Consistent wealth creation in select industries



- ✓ 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.)

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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

CAPITAL APPRECIATION

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

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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

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

- ✓ 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%**

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%**

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

- ✓ 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

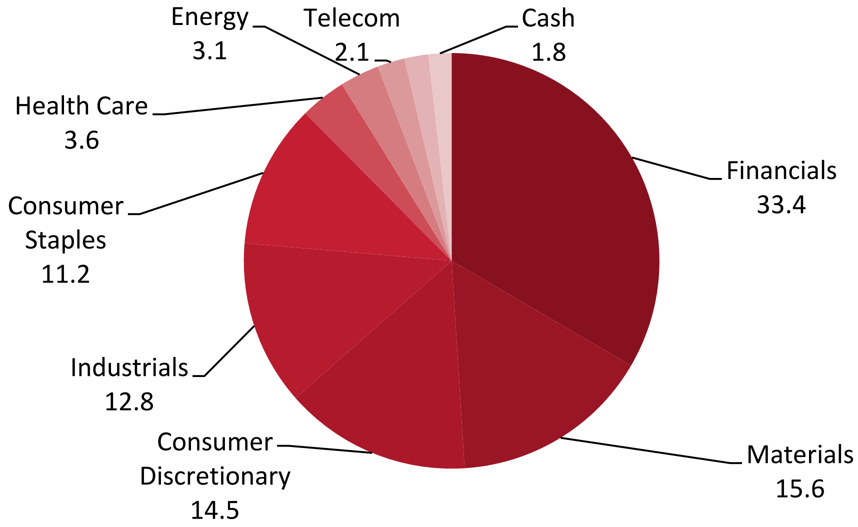
No: of companies which have reported PAT growth > 20% and ROE > 20%	No: of BSE 500 stocks	% of BSE 500 stocks
for last 10 consecutive years	0	0%
for last 5 consecutive years	5	1%
for last 2 consecutive years	35	7%

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

As on Mar 31, 2015

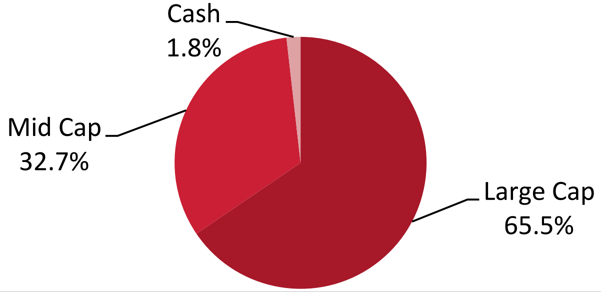
Current Model Portfolio

Sector Allocation



GICS Sector Classification	TOP 200 CEP	BSE 200 Index	Active
Materials	15.6%	9.4%	6.2%
Industrials	12.8%	7.5%	5.3%
Consumer Discretionary	14.5%	11.5%	3.0%
Cash	1.8%	0.0%	1.8%
Consumer Staples	11.2%	9.5%	1.7%
Financials	33.4%	32.6%	0.8%
Telecommunication Services	2.1%	1.6%	0.5%
Real estate	0.0%	0.3%	-0.3%
Health Care	3.6%	4.8%	-1.2%
Utilities	0.0%	3.4%	-3.4%
Energy	3.1%	9.3%	-6.2%
Information Technology	1.9%	10.1%	-8.2%

Market Cap



- Market Cap Bins: Large Cap 20954Cr+; Midcap - 2876 Cr to 20954 Cr; Small Cap < 2876 Cr
- The definitions are subject to change in the future

As on Mar 31, 2018

Top 200 Core Equity Portfolio – Current Model

Returns	1 month	3 months	6 months	1 year	2 Years	Since Inception
Top 200 CEP	-1.3%	-5.0%	0.7%	16.4%	17.1%	12.6%
BSE 200	-3.5%	-5.3%	3.5%	11.0%	16.6%	9.9%
Outperformance	2.1%	0.2%	-2.9%	5.4%	0.4%	2.7%

Calendar Year Returns

Returns	2015	2016	2017	YTD 2018
Top 200 CEP	5.2%	3.0%	35.7%	-5.0%
BSE 200	-0.6%	4.0%	33.3%	-5.3%
Outperformance	5.9%	-0.9%	2.4%	0.2%

YTD returns as of Mar 31 2018

Current Model Portfolio

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Portfolio vs. Benchmark –
Higher Growth/ROEs with lower valuations

PE (x)	FY17	FY18E	FY19E	Prem/Disc to benchmark
Top 200 CEP	34.2	28.0	22.9	14.7%
BSE 200	28.2	23.7	20.0	
NIFTY	25.7	22.4	20.3	

ROE (%)	FY17	FY18E	FY19E	Prem/Disc to benchmark
Top 200 CEP	20.2%	20.4%	21.6%	57.4%
BSE 200	12.1%	12.3%	13.7%	
NIFTY	13.4%	13.6%	14.4%	

EPS growth (%)	FY17	FY18E	FY19E	Prem/Disc to benchmark
Top 200 CEP	27.2%	22.0%	22.2%	20.3%
BSE 200	10.3%	12.2%	18.5%	
NIFTY	5.5%	12.0%	10.7%	

Net Debt to Equity (%)	FY 17	Prem/Disc to benchmark
Top 200 CEP	-1.6%	-
BSE 200	69.4%	
NIFTY	23.7%	

*Financials excluded in calculation of D/E

Source: All ratios are based on Bloomberg consensus estimates.

Note: Premium/Discount to benchmark NSE 500 is listed for the period FY19E.

Top 10 Holdings & Weights

Top 10 Portfolio Holdings	% to Net Assets
HDFC Bank	6.7
Bajaj Finance	6.6
Yes Bank	5.6
Maruti Suzuki India	4.9
Indusind Bank	4.6
Avenue Supermarts	4.5
Shree Cement	4.3
Cholamandalam Investment	3.9
Eicher Motors	3.8
Whirlpool of India	3.7

As of Mar 31 2018

Few Success Stories of Core Equity Portfolio

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Company	First Purchase Date	Buy price	Sell Price or Current price	Holding period return (%)
Alembic Pharmaceuticals	04-Jul-12	57	611	967%
National Building Construction Corporation	12-Mar-14	20	208	938%
Aurobindo Pharma	18-Sep-13	89	599	575%
Indo Count Industries	23-Sep-14	36	208	482%
Dewan Housing Finance	18-Oct-12	98	535	448%
Finolex Cables	5-Mar-14	86	431	402%
Zee Entertainment Enterprises	30-Mar-12	127	586	362%
HCL Technologies	28-Nov-11	195	846	333%
TVS Motor Company	04-Oct-13	42	143	241%
Yes Bank	4-Jul-13	94	312	232%
Canfin Homes	9-Apr-15	150	471	215%
Century Plyboard India	18-Sep-14	120	351	192%
VA Tech Wabag	05-Feb-14	280	785	181%
Maruti Suzuki India	31-Mar-16	3716	9124	146%
CCL Products India	19-Aug-14	88	211	140%
Himatsingka Seide	24-Jul-15	148	330	124%
J.Kumar Infraprojects	21-May-14	132	295	122%
Balkrishna Industries	20-Dec-13	315	691	119%
Jyothy Laboratories	12-Aug-13	170	356	110%
Minda Corporation	27-Nov-15	93	185	100%

Company	First Purchase Date	Buy price	Sell Price or Current price	Holding period return (%)
KPIT Cummins Infosystems	30-Apr-12	86	166	94%
Axis Bank	25-Jul-11	267	512	91%
Simplex Infrastructures	27-Mar-14	114	216	89%
ICICI Bank	27-Apr-12	172	316	83%
Cera Sanitary	14-Jul-15	1877	3370	80%
Adani Enterprises	19-Sep-13	30	53	78%
Britannia Industries	07-Mar-13	519	915	76%
KPR Mill	29-Jul-15	364	640	76%
Capital First	08-Mar-16	375	650	73%
Eicher Motors	29-Sep-15	17441	29699	70%
Bharat Financial Inclusion	23-Oct-15	423	719	70%
Gulf Oil Lubricants India	16-Dec-14	546	904	66%
Ratnamani Metals & Tubes	10-Jul-14	440	726	65%
D. B. Corp	03-Sep-12	189	305	61%
I NG Vysya Bank	21-Mar-12	359	575	60%
Firstsource Solutions	10-Oct-13	18	29	57%
Bank of Baroda	28-Jan-14	113	177	56%
Cholamandalam Investment	5-Apr-17	976	1524	56%
UPL	06-Feb-13	128	193	51%
KEC International	07-Mar-14	60	86	43%

Disclaimer: Past performance depicted above does not indicate its future performance.

As on Apr 5, 2018

PMS Investment Leadership Team

A Balasubramanian, Chief Executive Officer

- Bala has over 26 years experience in the Capital Markets and has been with ABSLAMC since inception. He has played a key role in the business moving to the number four position in the industry. He began his tenure as a Chief Dealer / Trader and then was the Head of the Fixed Income group and Country Head for Sales and Distribution, before taking on the role of Chief Investment Officer and then CEO.
- He is a member of the Mutual Fund Advisory Council set up by Indian Regulator, SEBI (Securities and Exchange Board of India). Apart from this prestigious role, he is also Chairman, Association of Mutual Funds of India (AMFI). He is a member of FICCI's Capital Market Committee and a member of CII Western Regional Council 2015-2016. He was also the Chairman of CII - Mutual Fund Summit 2011-2014.

Vishal Gajwani, Head - Alternate Investments (Equity)

- With over 11 years of experience in equity research and portfolio management, Vishal has extensive experience of researching companies across sectors and market capitalizations. Prior to this assignment he was a part of Reliance Portfolio Management Services (a part of Reliance Capital Asset Management), where he was designated as an Assistant Fund Manager and was responsible for managing equity portfolios
- He is a Gold Medalist Chartered Accountant (ICAI, India) and holds a Masters degree in Commerce from M. S. University of Baroda. Vishal received 4 Gold Medals, including the Chancellor's Gold Medal, for topping the Master of Commerce Exams. Vishal is also a CFA charter holder from the CFA Institute (The Global Association of Investment Professionals), USA

Natasha Lulla, Portfolio Manager

- Over 10 years of experience in equity research and fund management. Prior to joining Aditya Birla Sun Life PMS, she was working with Goldman Sachs as an equity analyst covering India Materials sector. In her earlier stint at Goldman, she was doing Portfolio Strategy for ASEAN regions and also covered Singapore Real Estate.
- She holds a Masters in Business Administration (Finance Major) from Management Development Institute, Gurgaon and was the Gold Medallist for each of the two years. She was also awarded a Gold Medal for achieving 1st rank in the Finance stream. She has done her graduation in Economics from Lady Shri Ram College, New Delhi and graduated amongst the top 1% in Delhi University

Risk Factors and Disclaimers

Investments in securities are subject to market risks & there can be no assurance or guarantee that the objectives of the product will be achieved. The past performance of the Portfolio Manager in any product is not indicative of the future performance in the same product or in any other product either existing or that may be offered. There is no assurance that past performances in earlier product will be repeated. Actual results may differ materially from those suggested by the forward looking statements due to Key Risks (as mentioned earlier in the presentation) or uncertainties associated with our expectations with respect to, but not limited to, exposure to market risks, general economic and political conditions in India and other countries globally, which have an impact on our services and / or investments, the monetary and interest policies of India, inflation, deflation, unanticipated turbulence in interest rates, foreign exchange rates, equity prices or other rates or prices etc. 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.

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

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.

Risk Factors associated with investments in Derivatives:

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.

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.

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. Derivatives are highly leveraged instruments. 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 the strategies to be pursued by the portfolio manager involve uncertainty and decision of portfolio manager may not always be profitable. No assurance can be given that the portfolio manager will be able to identify or execute such strategies.

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 portfolio manager does not intend to write options.

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.

Risk Factors associated with investments in Liquid Funds:

The Portfolio Manager may, from time to time, invest any un-deployed funds in liquid schemes of Mutual Funds 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 fund returns are not guaranteed and it entirely depends on market movements.

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