

# Emkay Investment Managers Ltd (EIML)

Product Suite

December 2023



# Introducing Smart Alpha

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Using this approach, we try to mitigate typical fund manager vulnerabilities, primary among those being the "Selection bias" and the "Allocation bias".

**“Selection” bias and “Allocation” bias, if mitigated, can lead to superior risk adjusted returns consistently.**

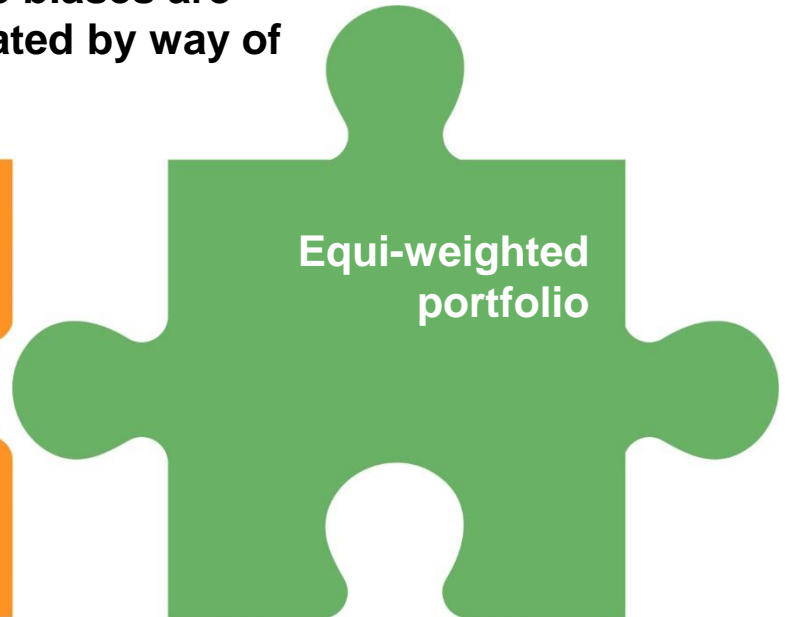
- Stock selection going wrong
  - » Picking up stocks outside the mandate to generate alpha
  - » Looking at under-researched stocks in search of the next multibagger
  - » Holding on to underperforming stocks despite evidence to the contrary
- Allocation of weights to stocks going wrong
  - » Overweight on a few performing stocks
  - » Underweight on potentially high performing stocks
  - » No discipline to book profits/ cut losses
- Risk management framework triggering post facto
  - » It gets triggered, post the occurrence of the above events



The biases are mitigated by way of



Defined universe for selection of stocks



Equi-weighted portfolio



## Emkay L.E.A.D.

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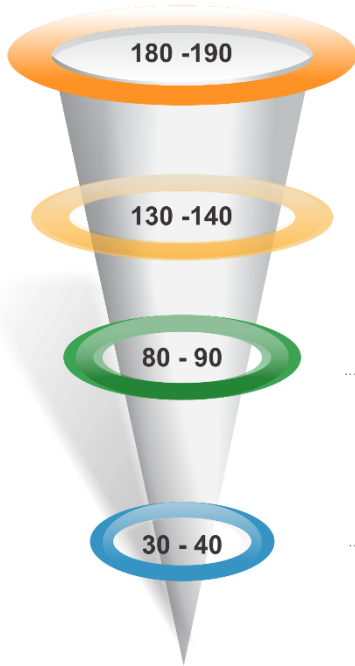
# Smart Alpha - mitigating “Selection Bias” for Emkay L.E.A.D.



Number of listed Companies = > 5,000



250 Companies



SELECTED STOCKS =15

## Defined Market Cap Filter

Market Cap filter: Focus on large and midcaps

- Top 250 companies as per Market Cap
- Net Sales > INR 500cr

## Earnings Growth Filter

Earnings growth filter: Focus on strong historic and future growth

- ROCE > COE
- Earnings growth > GDP growth rate

## Strong Leadership Framework Filter

### Investment themes

- Value Migration
- Domestic Consumption

### L.E.A.D framework

- Strong leadership in the respective sector: Market share/ Profit Share/ Cost/ Growth/ Product
- Strong Management credentials: Vision, Track Record, Growth

## Comprehensive Valuation Framework

### Valuation

- Price - Value gap through DCF with focus on Margin of Safety
- Comparative Valuations
- Market cap vs Opportunity Size
- PEG ratio

# Emkay L.E.A.D – Key Investment Themes



## Value Migration

IT, Chemicals, Unorganised to Organised, Voice to Data etc.



## Domestic Consumption

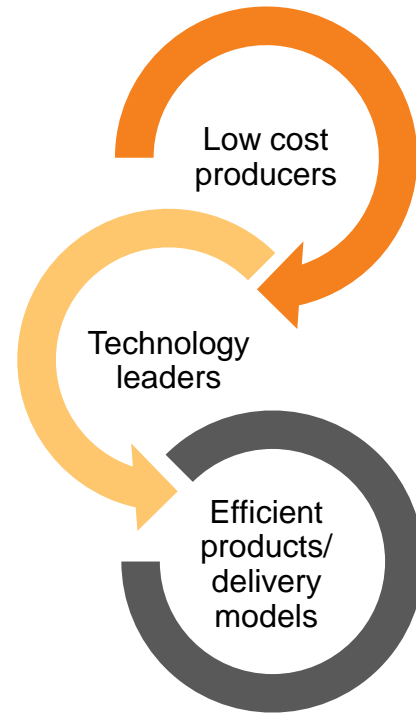
Auto, Building Materials, FMCG, Consumer Durables, etc.



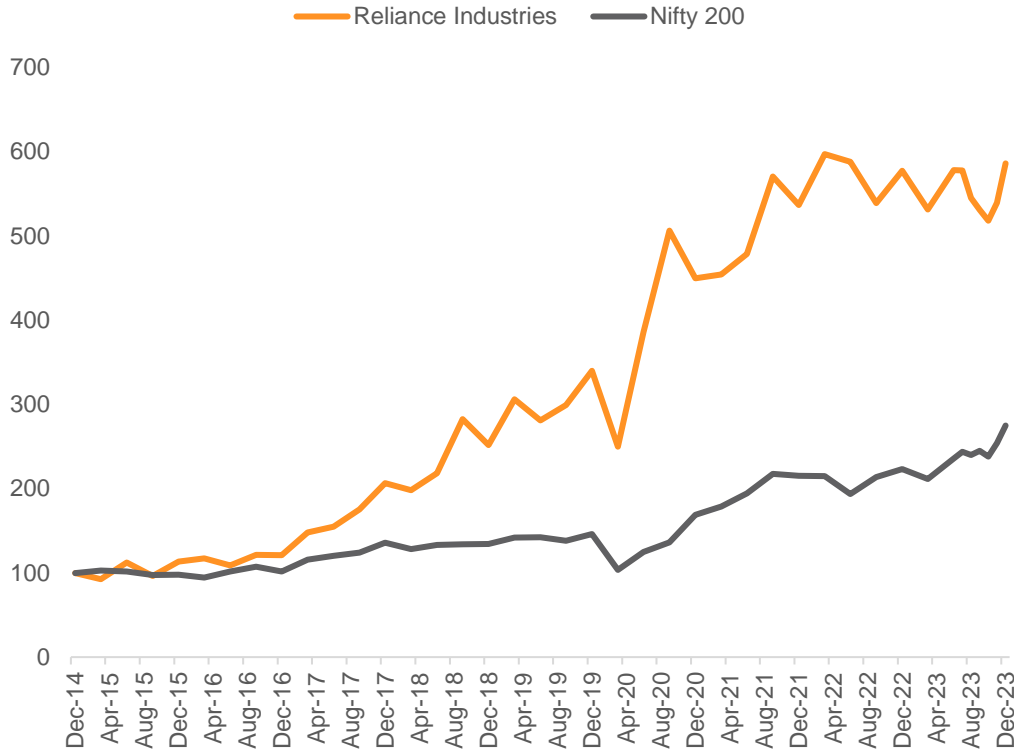
The portfolio seeks to achieve long term capital appreciation by investing in these themes

## A] Value Migration Beneficiaries

- Value Migration is “the flow of economic and shareholder value away from obsolete business models to new, more effective designs that are better able to satisfy customers’ most important priorities”
- The framework tries to identify industries where Value Migration is underway and helps pick potential winners early in the cycle.
- **Few examples: Onshore to Offshore IT services, Private banks vs PSU banks, Chemicals, Voice to Data, Organised vs Unorganised Retail etc.**



# Value Migration : Reliance Industries



Reliance Industries - FY 2023 Financial Performance	
Revenue (Rs Cr)	8,92,900
PAT (Rs Cr)	74,100
ROCE	7%
ROE	8%
Market Cap * (Rs Cr)	17,48,938
Price * (Rs)	2,584

\*As on 31<sup>st</sup> Dec 2023



# Reliance Industries

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- RIL's strength lies in its ability to build businesses of global scale and execute complex, time critical, and capital-intensive projects which will prove advantageous as it embarks on large investments in all core segments.
- Reliance has changed the dynamics of telecom industries by moving the value of revenues from voice to data through the launch of Reliance Jio. Jio Platforms has expanded its portfolio of services to become a multiplay service provider, equipment supplier, content producer and developer in new technologies (eg. Jio Glass).
- This has forced incumbents to aggressively roll out data networks and re-align their business design/networks from being traditionally tailored for voice to increasingly cater to explosive data demand as data climbs up the consumer priorities list for communication and as market value of telcom increasingly gets linked to data growth.
- Due to value migration, global investors such as Facebook, Google, Qualcomm and Intel have invested in Jio platform. It has raised approximately \$20 billion from 13 global investors by selling 32.9% stake.
- With the acquisition of Future Group, the deal adds to Reliance Retail's offline presence and they get access to wide network, logistics and warehousing business. With control over the value chain, Reliance can beat down prices to earn higher margins.

# Emkay L.E.A.D. Strategy – Investment Themes



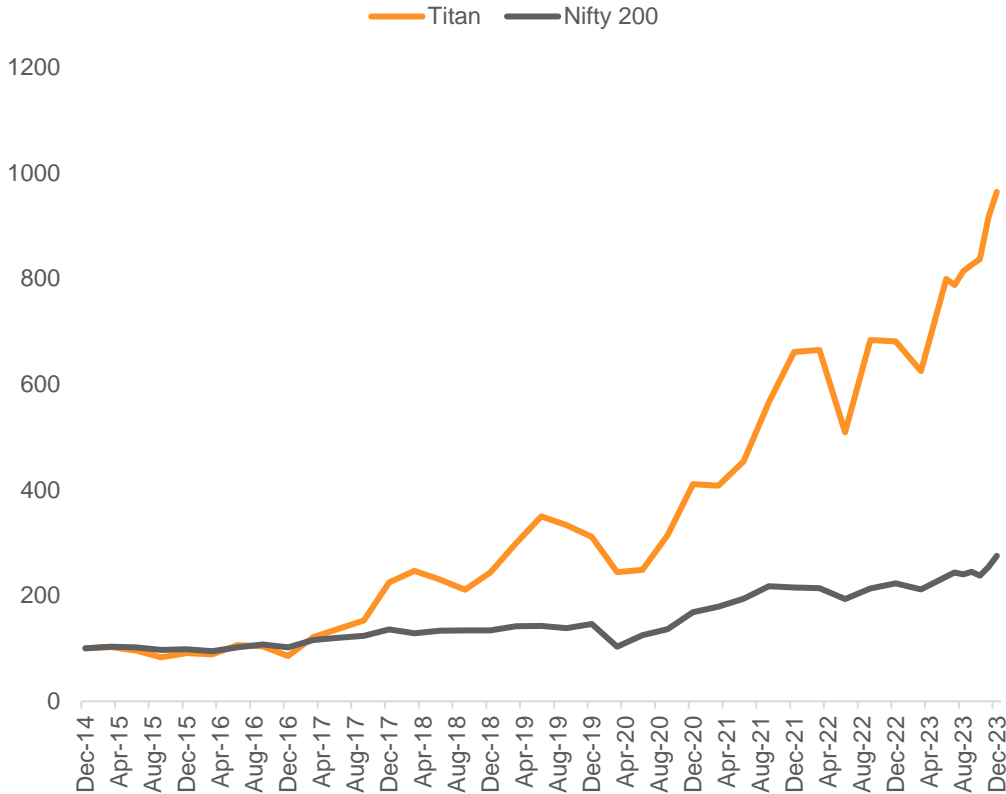
The portfolio seeks to achieve long term capital appreciation by investing in these themes

## B] Structural Domestic Consumption Plays

- India's GDP is expected to grow from \$2.5tn in FY18 to \$5.0tn by 2024.
- Domestic consumption is expected to grow from \$1.3tn to \$3.0tn by 2025 led by significant growth in discretionary consumption.
- The strategy aims to benefit from the growth in GDP and the attendant impact on domestic consumption driven sectors.
- Few examples: FMCG, Consumer Discretionary, Auto & Auto Ancillary, etc.



# Domestic Consumption : Titan Company



Titan Company - FY 2023 Financial Performance	
Revenue (Rs Cr)	40,575
PAT (Rs Cr)	3,274
ROCE	29%
ROE	31%
Market Cap * (Rs Cr)	3,26,346
Price * (Rs)	3,675



- **Eye on unorganised:** Titan is a specialty retailer with strong presence in jewellery, watches and eyewear, alongwith fashion accessories and fragrances among others. Most of the segments are characterized by the presence of significant unorganized market
- **Long run way for growth:** Titan is a strong play on the consumption theme and rides on the long term opportunity of rising per capita income, increased discretionary spending, gains from penetration and premiumization trends. Given Titan has 10% market share in jewellery shows that it has significant headroom for growth
- **Strong Fundamentals:** Titan has consistently delivered ROCE of 20%+ and has demonstrated tremendous discipline in investing the incremental cash in the business that continues to deliver top quartile ROCE.

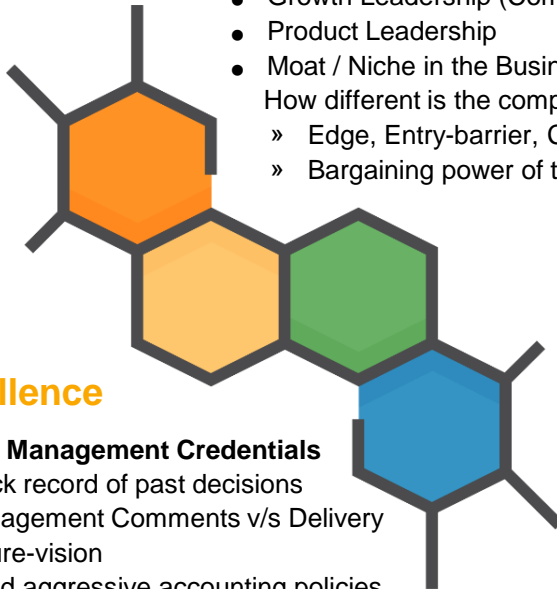


## Leadership

- Market-share Leadership
- Profit-pool Leadership (Apple vs Rest of the manufacturers)
- Cost efficient Leadership (Export Oriented sectors like IT, Textiles, Chemicals)
- Growth Leadership (Companies with best growth in the sector like Private banks vs PSU Banks)
- Product Leadership
- Moat / Niche in the Business

How different is the company?

- » Edge, Entry-barrier, Competition, Pricing-power
- » Bargaining power of the industry



## Excellence

### Strong Management Credentials

- Track record of past decisions
- Management Comments v/s Delivery
- Future-vision
- Avoid aggressive accounting policies
- Management background

## Ambition

- Strong Earnings Visibility & Quality
- How big the sector can be (3x, 4x....)
- Revenue/ PAT/ Cash-flow growth
- RoE, RoCE analysis
- High operating/ Free cash-flow generation

## Discipline

- Identifying Price-Value gap with focus on margin of safety
- Comparative valuations
- Market-cap vs Opportunity size

# Focus on Risk Management



## Focus on large and mid cap companies

- >50% exposure in companies with Market capitalization >\$ 3 bn.
- Investment only in top 250 companies by market capitalization
- Companies with minimum turnover of INR 500 cr.

## Risk Management

- Equi-weighted portfolio
- >15% price movement in a month triggers review of the stock
- Focus on Liquidity risk
- No use of leverage
- Monthly portfolio review

## Diversification across industries and companies

- < 30%\* exposure in one sector
- <10%\* exposure in one stock
- Maximum investment in 15 stocks
- <20%\* exposure in turnarounds or special situation stocks

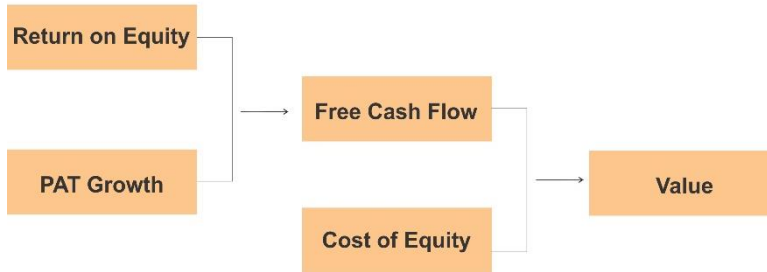
## Earnings growth and Quality Filters

- ROCE > COE
- Earnings growth > GDP growth

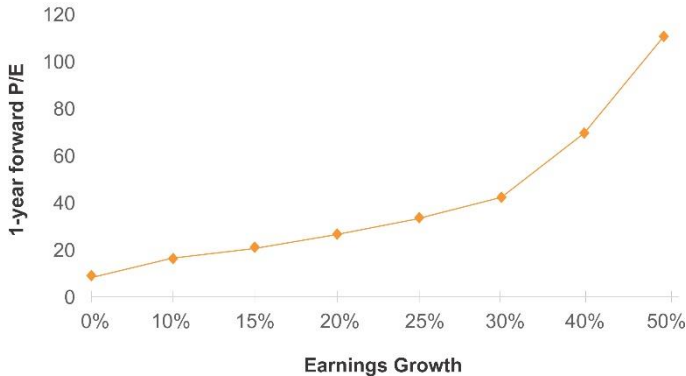
# ROCEs and Earnings Growth Drive Value



## Return on Equity and Earnings growth drive value

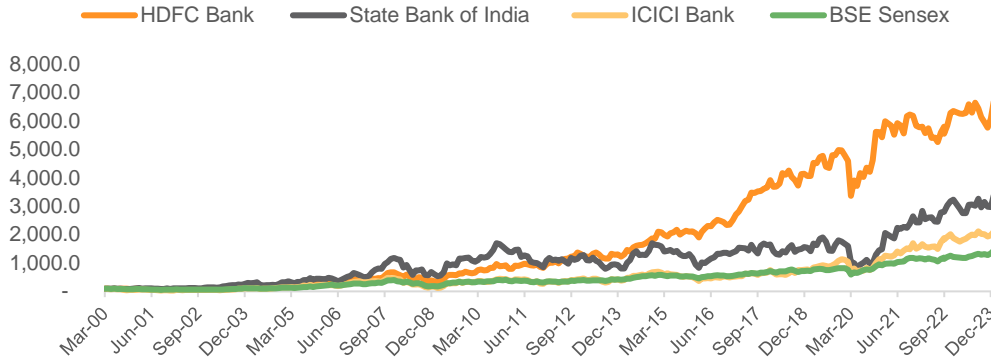


## 1-Year forward P/E for Different Growth Rates for 25% RoE

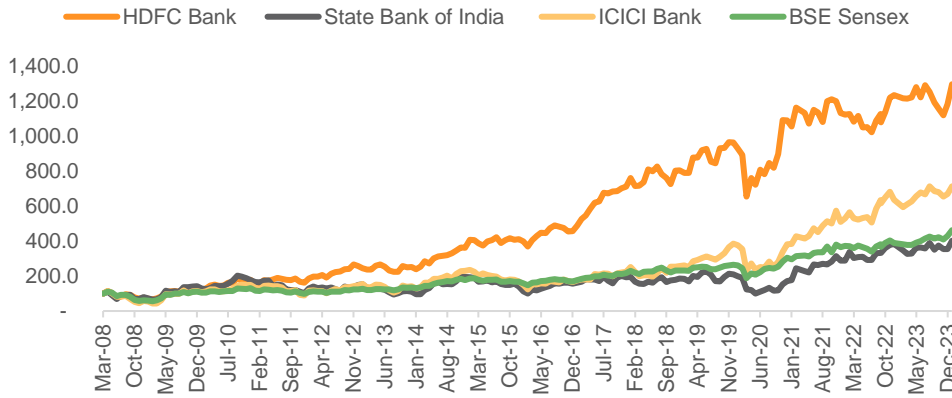


- From Charlie Munger's book "The Art of Stock Picking" (2013)
  - » "Over the long term, it's hard for a stock to earn a much better return than the business which underlies it earns."
  - » If the business earns six percent on capital over forty years and you hold it for that forty years, you're not going to make much different than a six percent return - even if you originally buy it at a huge discount.
  - » Conversely, if a business earns eighteen percent on capital over twenty or thirty years, even if you pay an expensive looking price, you'll end up with one hell of a result."
- If the company's pre-tax ROCE is below the cost of equity (which is the case for just over a third of the BSE 100 constituents in FY '19), it will be very difficult for an investor to generate a healthy return even if it is bought at cheap price or at low P/E.
- If we buy the stock of Titan Ltd (a company with a pre-tax ROCE of over 25% in FY '19), we are likely to make a very healthy return from the investment even if the P/E of the company looks optically high.

# Extraordinary Leader = Wealth Creation



Base Year 2000	No of times (x)
HDFC Bank	66.8
State Bank of India	33.8
ICICI Bank	21.1
SENSEX	14.4



Base Year 2008	No of times (x)
HDFC Bank Ltd	13.0
State Bank of India	4.0
ICICI Bank Ltd	7.1
BSE Sensex	4.6

As on 31<sup>st</sup> Dec 2023

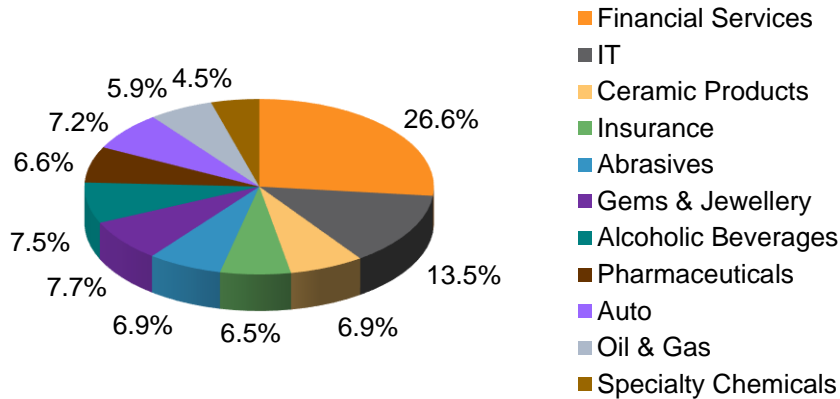
*Extra-ordinary Leader matters in good times.....even more in bad times!*



# Emkay L.E.A.D. - Portfolio Snapshot



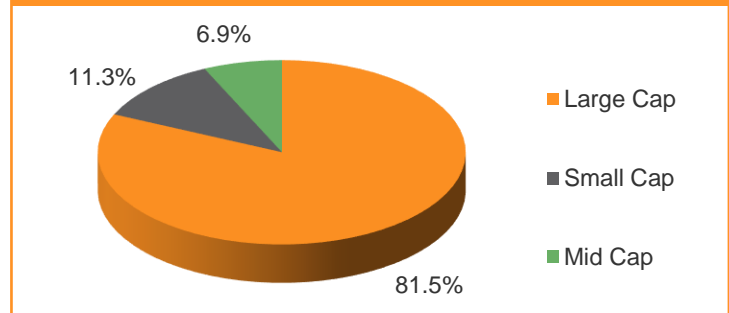
## TOP SECTORS



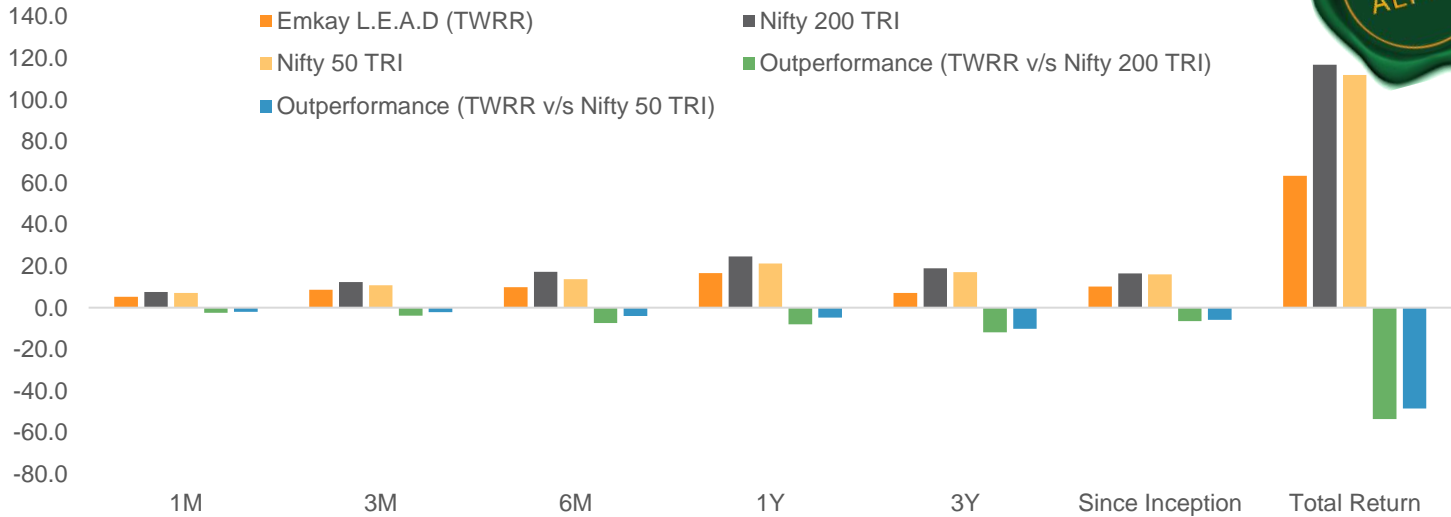
## TOP 5 HOLDINGS

HCL Technologies Ltd.	7.9%
Titan Company Ltd.	7.7%
Axis Bank Ltd.	7.5%
Eicher Motors Ltd.	7.2%
United Spirits Ltd.	7.0%

## MARKET CAP



# Emkay L.E.A.D. Strategy



	1M	3M	6M	1Y	3Y	Since Inception	Total Return
Emkay L.E.A.D (TWRR)	5.3	8.7	9.9	16.7	7.2	10.2	63.5
Nifty 200 TRI	7.6	12.4	17.3	24.7	19.0	16.6	116.9
Nifty 50 TRI	7.2	10.9	13.8	21.3	17.2	16.1	111.9
Outperformance (TWRR v/s Nifty 200 TRI)	-2.3	-3.7	-7.4	-8.0	-11.8	-6.4	-53.4
Outperformance (TWRR v/s Nifty 50 TRI)	-2.0	-2.1	-3.9	-4.6	-10.0	-5.8	-48.4

CAGR returns presented for >1 year period

Inception date: 17<sup>th</sup> December '18

\*As on 31<sup>st</sup> Dec 2023

# Emkay L.E.A.D. an ideal Wealth Creation Strategy



## Features of a L.E.A.D ( Leadership . Excellence . Ambition . Discipline) Portfolio



Equi-weighted Portfolio of 15 structural growth companies



Focus on risk adjusted returns



Steady performance over medium term



No use of leverage or High debt cos



Low portfolio turnover



Lower portfolio volatility and high liquidity



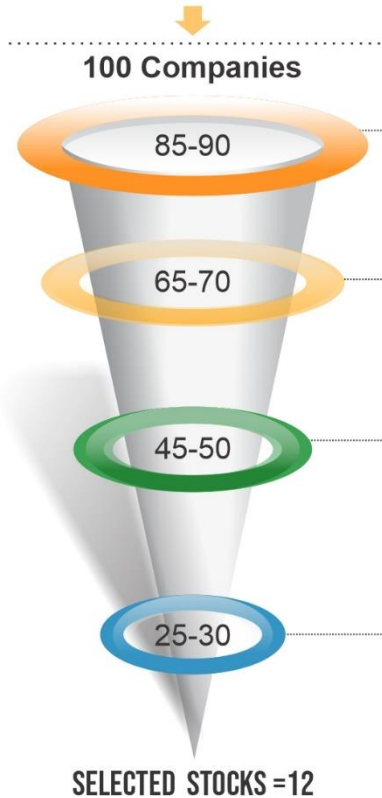
## Emkay's 12

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# Mitigating “Selection bias” through a rigorous framework



Number of listed Companies = > 5,000



## Defined Market Cap Filter

Market Cap filter: Focus on Large caps

- Top 100 companies as per Market Cap

## Earnings Growth Filter

Earnings growth filter: Focus on strong historic and future growth

- ROCE > COE
- Earnings growth > GDP growth rate

## Strong Leadership Framework Filter

Core investment framework

- Strong leadership in the respective sector: Market share/ profit share/ cost/ growth/ product
- Strong Management credentials: Vision, track record, growth

## Comprehensive Valuation Framework

Valuation

- Price - Value gap through DCF with focus on Margin of Safety
- Market cap vs Opportunity Size
- Comparative Valuations
- PEG ratio

# Emkay's 12 – Key Investment Themes



## Value Migration

IT, Chemicals, Unorganised to Organised, Voice to Data etc.



## Domestic Consumption

Auto, Building Materials, FMCG, Consumer Durables, etc.



## Domestic Infra

Cement, Capital Goods, etc.



## Emkay's 12

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A Unique Strategy in the Indian Large cap investment space !

# Typical issues faced by conventional large cap MF schemes

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- Compressing alpha
  - » The average alpha generated by large cap schemes has been 3.2% over their respective benchmarks in the last 5 years.
  - » Large cap schemes have been waylaid by ETFs with shorter timeframes
- High expense ratio
  - » Regulator defined, rigid expense ratios
- Unwieldy “diversified” portfolio
  - » Average number of stocks in the top few schemes is 40-50
  - » Leads to “closet indexing” rather than alpha generation
- Rapid flows in and out of the scheme
  - » Fund managers have to manage sufficient liquidity most times



# Emkay's 12 Strategy : a "Smart Alpha" large cap portfolio



## Key features



Focus on risk adjusted returns



Portfolio of 12 structural growth cos



Steady performance over medium-term framework



Possible alternative to Large cap MFs



Low portfolio turnover



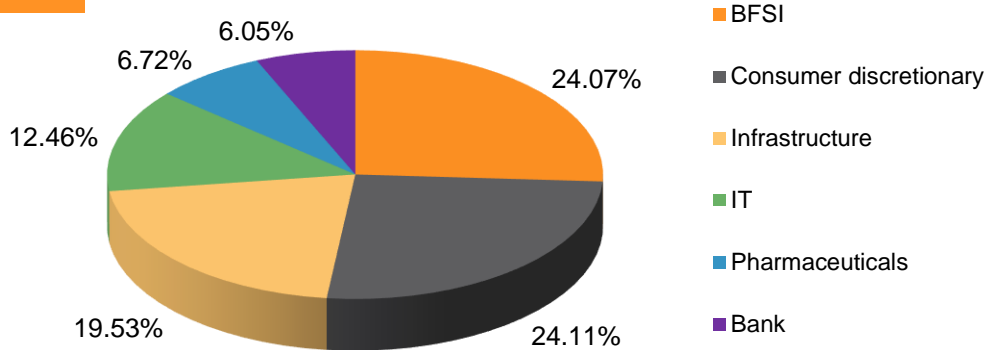
Lower portfolio volatility and high liquidity

- Emkay's 12 is an equal weighted twelve stock large cap-oriented strategy.
- A buy and hold strategy focusing on companies with wider economic moat and dominant position in the sector.
- Combination of value and growth to deliver medium to long term wealth creation.

# Emkay's 12 - Portfolio Snapshot



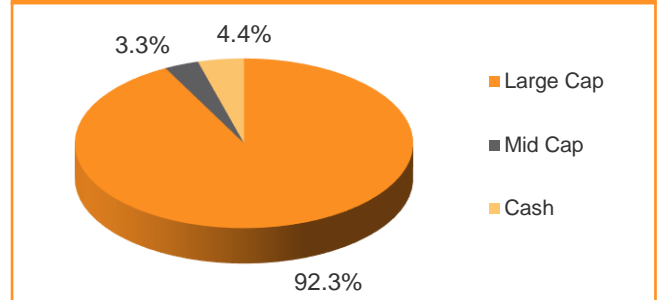
## Top Sectors



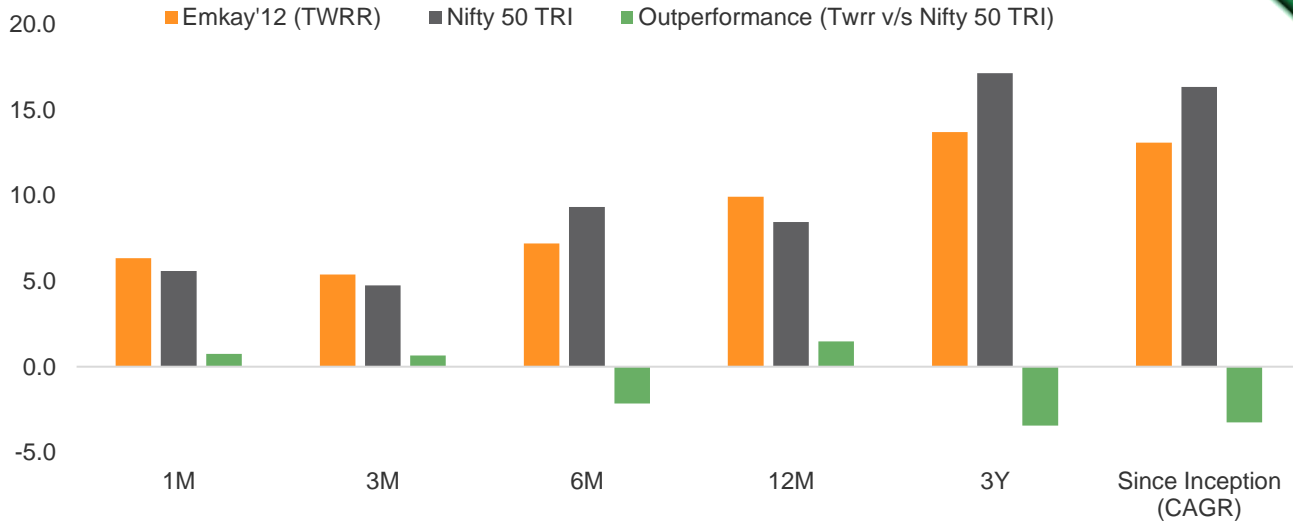
## Top 5 Holdings

Larsen & Toubro Limited	10.6%
Titan Company Limited	9.1%
Ultratech Cement Limited	8.9%
Eicher Motors Limited	8.2%
ICICI Bank Limited	7.3%

## Market Cap



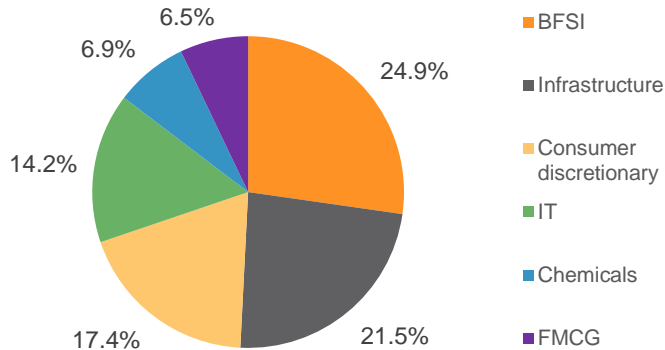
# Emkay's 12 Strategy - Performance Update



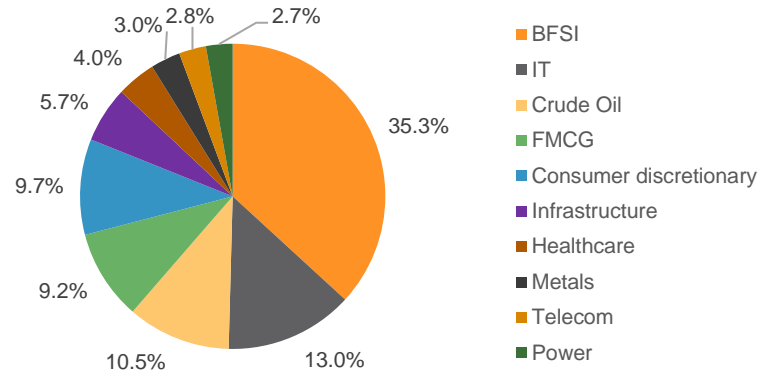
	1M	3M	6M	12M	3Y	Since Inception (CAGR)	Total Returns
Emkay'12 (TWRR)	6.4	5.4	7.2	9.9	13.7	13.1	70.5
Nifty 50 TRI	5.6	4.8	9.3	8.5	17.2	16.4	92.8
Outperformance (TWRR v/s Nifty 50 TRI)	0.8	0.6	-2.1	1.5	-3.4	-3.3	-22.3

# Our model portfolio reflects the same thought process

Emkay'12 sector exposure\*



Benchmark sector weightage



## Emkay'12 Portfolio

Divi's Laboratories Ltd.

Housing Development Finance Corporation Ltd. - (Amalgamated)

Reliance Industries Ltd.

Eicher Motors Ltd.

ICICI Bank Ltd.

Tata Consultancy Services Ltd.

HDFC Bank Ltd.

Kotak Mahindra Bank Ltd.

Titan Company Ltd.

Larsen & Toubro Ltd.

Pidilite Industries Ltd.

Ultratech Cement Ltd.



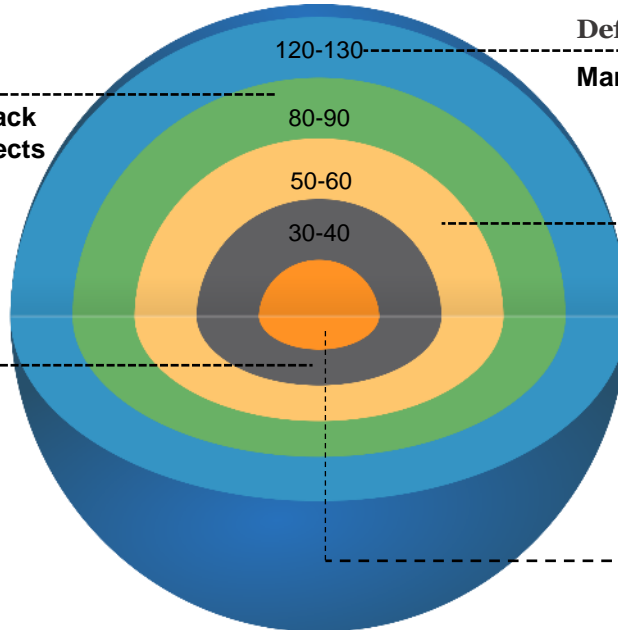
## Emkay GEMS

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# Mitigating “Selection bias” through a rigorous framework



Number of listed Companies  $\geq 5,000$



## Earnings Growth Filter

**Earnings Focus : Strong past track record and future growth prospects**

- RoCE/ RoE  $>$  CoE
- Debt / Equity  $<$  1

## Comprehensive Valuation Framework

### Valuation Focus

- Market cap vs Opportunity Size
- PEG ratio

## Defined Market Cap Filter

Market Cap Focus NIFTY Midcap 150

## Strong Leadership Framework Filter

### Core investment framework

- Strong leadership in the respective sector
- Strong Management credentials

Selected Stocks = 20

# Emkay GEMS – Key Investment Themes



## Value Migration

IT, Chemicals, Unorganised to Organised, Voice to Data etc.



## Domestic Consumption

Auto, Building Materials, FMCG, Consumer Durables, etc.



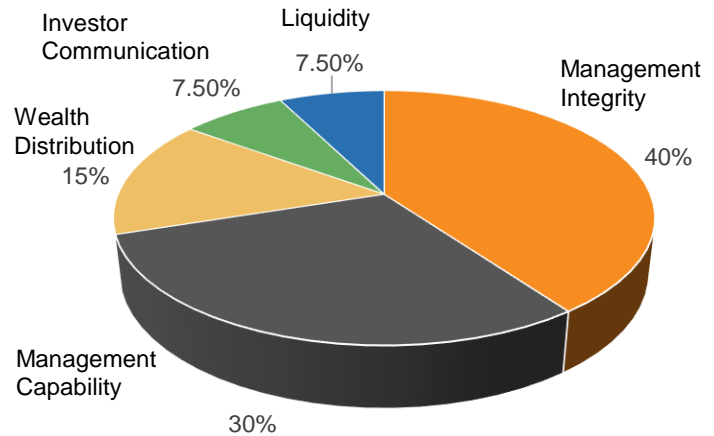
## Efficiency Outliers

Industry beacons leading efficiency parameters.

# E-Qual Risk (Proprietary Model)



Management Integrity	40%
Management Capability	30%
Wealth Distribution	15%
Investor Communication	7.50%
Liquidity	7.50%



- First of it's kind model in the country which calibrates the “Governance” aspect of a company
- Helps us establish a more nuanced risk reward matrix.



# Mitigating “Allocation Bias” by using Equi-Weighted Portfolios

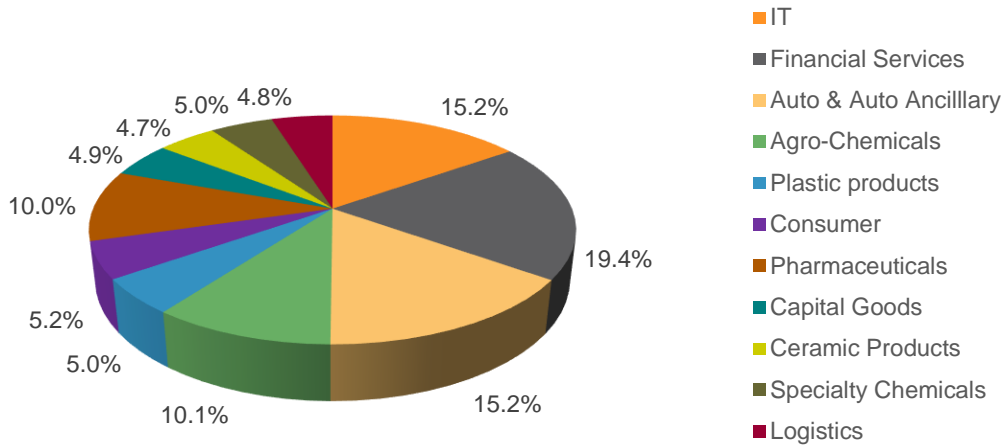


- **The onus of delivering performance is equal on each stock in the portfolio**
  - A small sized gem gets equal weight in spite of presence of a large company in the portfolio
  - Discipline of regular rebalancing of the portfolio (every six months)
  
- **Reducing potential volatility in performance**
  - Performance contingent on a few heavy weight stocks could be sub-optimal
  - Reducing the probability of going underweight on potentially high performing stocks
  - Regular rebalancing will lead to disciplined profit booking and adding more at lower valuations

# Emkay GEMS - Portfolio Snapshot

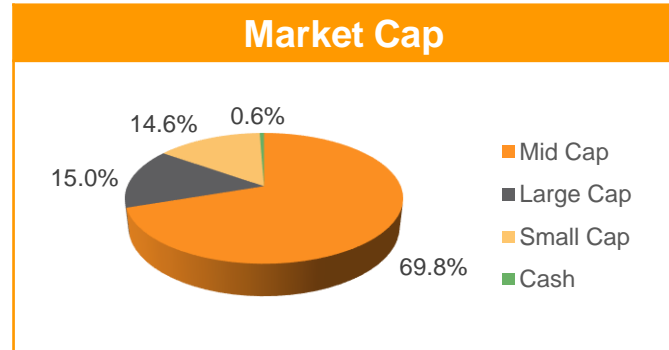


## Top Sectors



### Top 5 Holdings

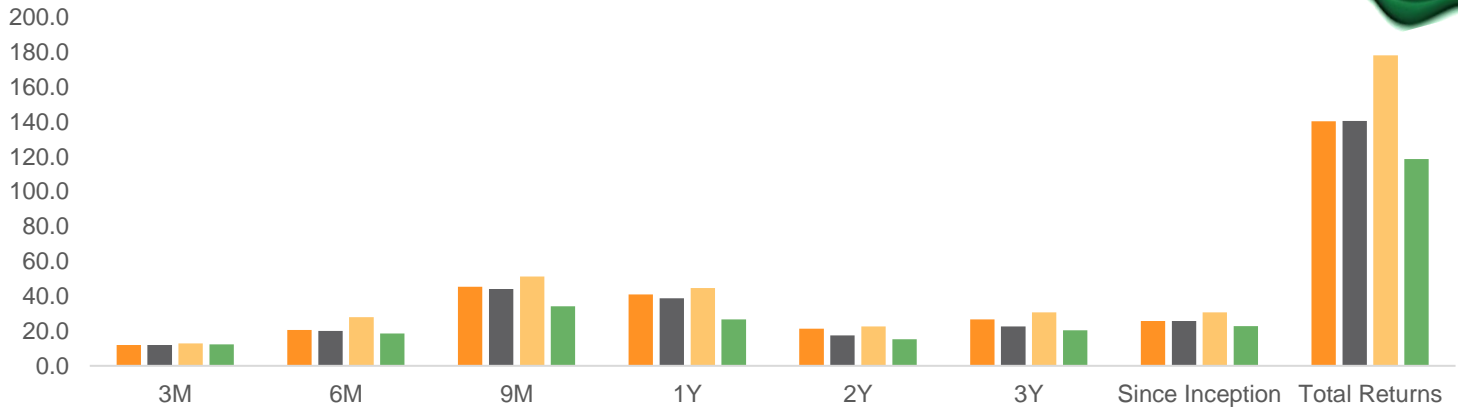
Ajanta Pharma Limited	5.2%
Endurance Techno Limited	5.2%
Varun Beverages Limited	5.2%
Coromandel International Limited	5.1%
Persistent Systems Limited	5.1%



# Emkay GEMS - Performance

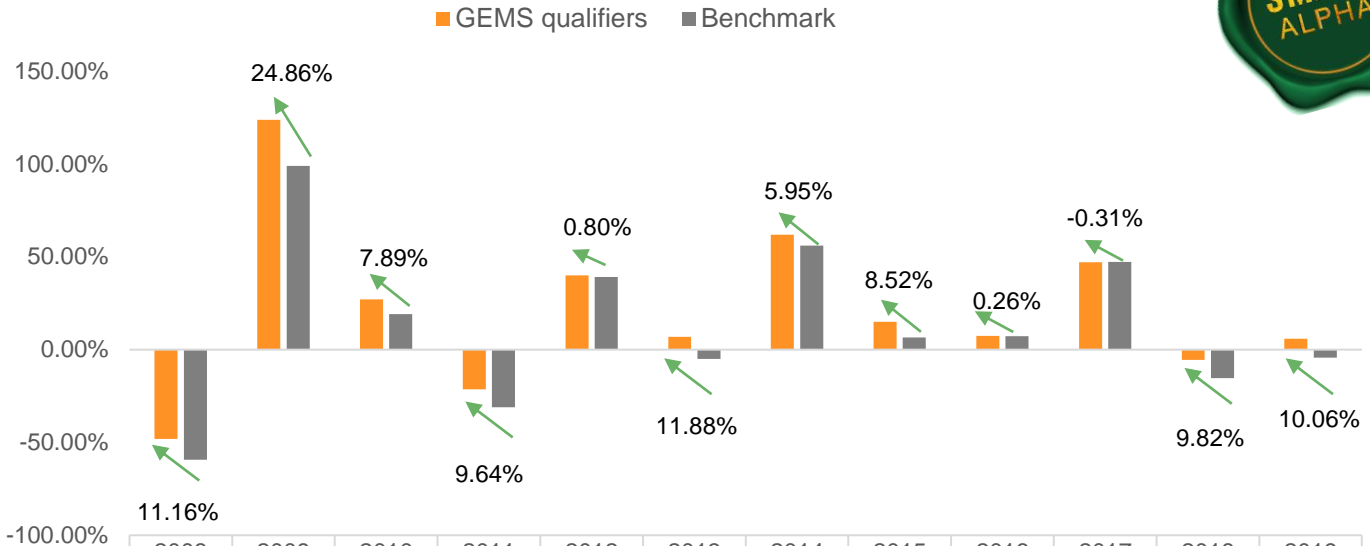


Model TWRR Nifty Midcap 150 TRI BSE 500 TRI



	3M	6M	9M	1Y	2Y	3Y	Since Inception	Total Returns
Model	11.9	20.5	45.4	41.0	21.3	26.6	25.7	140.4
TWRR	12.0	20.0	44.1	38.7	17.5	22.5	25.8	140.7
Nifty Midcap 150 TRI	12.9	27.9	51.2	44.6	22.6	30.6	30.6	178.3
BSE 500 TRI	12.4	18.5	34.1	26.5	15.1	20.4	22.7	118.7
Outperformance (Model v/s Nifty Midcap 150 TRI)	-1.0	-7.4	-5.9	-3.6	-1.3	-4.0	-4.9	-37.9
Outperformance (TWRR v/s Nifty Midcap 150 TRI)	-0.9	-7.9	-7.1	-5.9	-5.1	-8.0	-4.9	-37.6
Outperformance (Model v/s BSE 500 TRI)	-0.4	2.0	11.2	14.4	6.1	6.2	3.1	21.7
Outperformance (TWRR v/s BSE 500 TRI)	-0.4	1.5	10.0	12.1	2.4	2.1	3.1	22.0

# Back-tested returns of Emkay GEMS investment philosophy



	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
■ GEMS qualifiers	-48.23%	123.83%	27.05%	-21.36%	39.96%	6.78%	61.86%	14.98%	7.39%	46.94%	-5.60%	5.74%
■ Benchmark*	-59.39%	98.97%	19.16%	-31.00%	39.16%	-5.10%	55.91%	6.46%	7.13%	47.26%	-15.42%	-4.32%

<b>CAGR</b>	<b>16.51%</b>	<b>10.88%</b>	<b>5.64%</b>
	<b>GEMS qualifiers</b>	<b>Benchmark*</b>	<b>Outperformance</b>

Inference : Despite inherent volatility, the portfolio has outperformed the benchmark each year, aggregating in an alpha of 5.64% over the last 11 years

\*Nifty Midcap 150 index was formed in 2018. Data for purpose of the study, therefore, is Nifty Midcap 100

Period : January – December (YTD)

# Emkay GEMS Strategy : a “Smart Alpha” Mid Cap portfolio



## Key features



Focus on risk adjusted returns



Portfolio of 20 structural growth cos



Steady performance over medium term



No wide diversification



Low portfolio turnover



Lower portfolio volatility and high liquidity



- Emkay GEMS is an equal weighted twenty stock mid cap oriented strategy.
- A buy and hold strategy focusing on companies with wider economic moat and dominant position in the sector.
- Combination of value and growth to deliver medium to long term wealth creation.

# Emkay Capital Builder

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# Construct for Businesses that Generate Wealth

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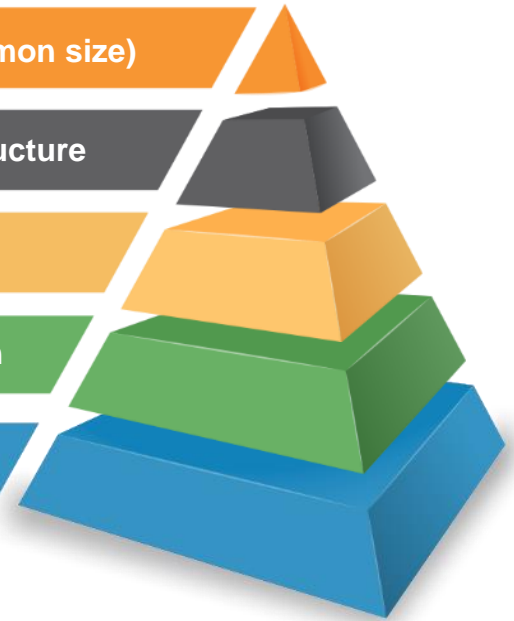
**1** TRACK RECORD - Cash flows, Balance Sheet, P&L (common size)

**2** BUSINESS SCALABILITY - Opportunity size, Industry structure

**3** INHERENT PROFITABILITY - ROCE / ROE

**4** MANAGEMENT QUALITY - Integrity, Strategy & Execution

**5** VALUATION - Purchase Price Discipline



# Construct for Businesses that Generate Wealth

1

TRACK RECORD - Cash flows, Balance Sheet, P&L (common size)

- While the accounting portion of revenue/ profits/ expenses can be manipulated, Cash flows do not lie
- Balance Sheets need to be studied properly as they can be more revealing than P&L statements.
  - » What Balance Sheets reveal is interesting, but what they conceal (and needs to be studied carefully) is even more interesting !
- Strong Balance Sheets showcase management's ability to build businesses over time





# Construct for Businesses that Generate Wealth

2

## BUSINESS SCALABILITY - Opportunity size, Industry structure

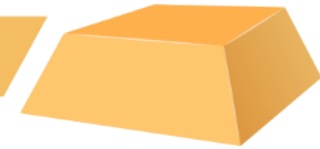


- Large business opportunities exist in India
  - » Competent managements will take all the necessary steps to grow
- Industry dynamics:
  - » Growth opportunities available both domestically & globally
  - » For example, Pharma sector - Generics, Domestic Formulations & CDMO
- Industry structure:
  - » More fragmentation leads to high competition & low pricing power
  - » Consolidation leads to top players being better placed in the industry, higher market share & better pricing power (for e.g. Auto OEMs, Telecom)



# Construct for Businesses that Generate Wealth

## 3 INHERENT PROFITABILITY - ROCE / ROE

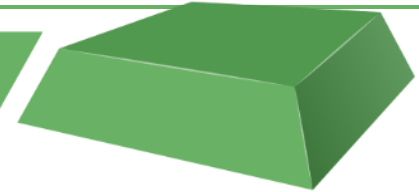


- Growth opportunities capitalized ultimately cascade into profits
- ROEs & ROCEs are handy tools to evaluate businesses, their inherent profitability & the growth potential
- Fuel for growth comes primarily from internal accruals



# Construct for Businesses that Generate Wealth

## 4 MANAGEMENT QUALITY - Integrity, Strategy & Execution



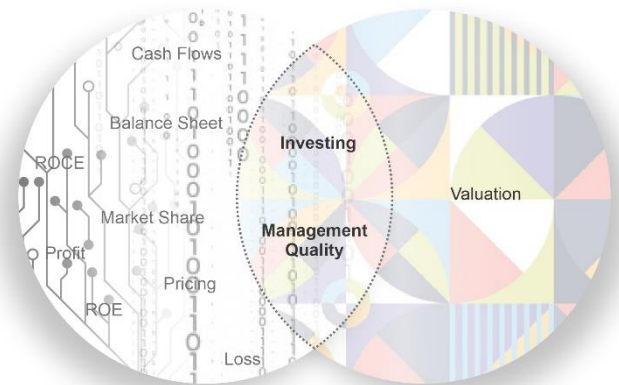
- “Management quality is 90%, industry growth is 9% & everything else is 1%”
- High quality managements have the following five characteristics:
  - » Integrity
  - » Execution Capability & Strategic vision for growth
  - » Rewarding shareholders consistently
  - » Communicating with investors through thick & thin
  - » Liquidity
- An investment framework which captures the above objectively will ensure only world class businesses make the cut



# Construct for Businesses that Generate Wealth

## 5 VALUATION - Purchase Price Discipline

- Investing is both a science & an art.
- While the first three points are more science based, management quality is a combination of science & art; & valuation is largely an art.
- A company qualifying the above four parameters must also qualify the valuation parameter, else the ensuing returns might be poor.



## Investment trends and sectors likely to generate wealth

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# Investment Trends - Pharma

## Conventional wisdom: CDMO v/s US Generics

**Issues:** Pharma companies focussing on US generics markets started having price pressures in recent past due to consolidation among buyers

### We focussed on:

- CRAMS / CDMO - **Divi's Lab / Suven Pharma / Laurus Labs**
- Large API manufacturers - companies having domain expertise in chemical synthesis in their respective segments - **Divi's Lab / Laurus Labs / Shilpa Medicare**
- Speciality Drugs (patented / innovation) - **Sun Pharma / Suven Life Science**

Track Record



Business Scalability



Inherent Profitability



Management Quality



Valuation



# Investment Trends - Real Estate

## Conventional wisdom: Land Bank Gatherers/Housing property

Issues: Opaqueness, Regulation, high prices etc.

### We focused on:

- Rental Income plays – Annuity income developers – **NESCO**
- Large PE Investors Blackrock / GIC invested each of them more than \$2bn in commercial real estate – Rental Yields
- REITs being the new investment trend for India – although fairly large globally
- Interest rates / Capitalisation rates going down – Value of Rental Income keeps going higher

Track Record



Business Scalability



Inherent Profitability



Management Quality



Valuation



# Investment Trends - Infrastructure

## Strong Balance sheet v/s High Debt Companies

Infra is a very large unavoidable opportunity, however most of the companies have not created wealth as they missed the basic construct for wealth creation.

Yet, Potential Wealth Creators are companies with Financial Discipline

We focused on:

- Avoiding companies with high debt
- Companies that generate cash flows, prefer FCF but at least OCF

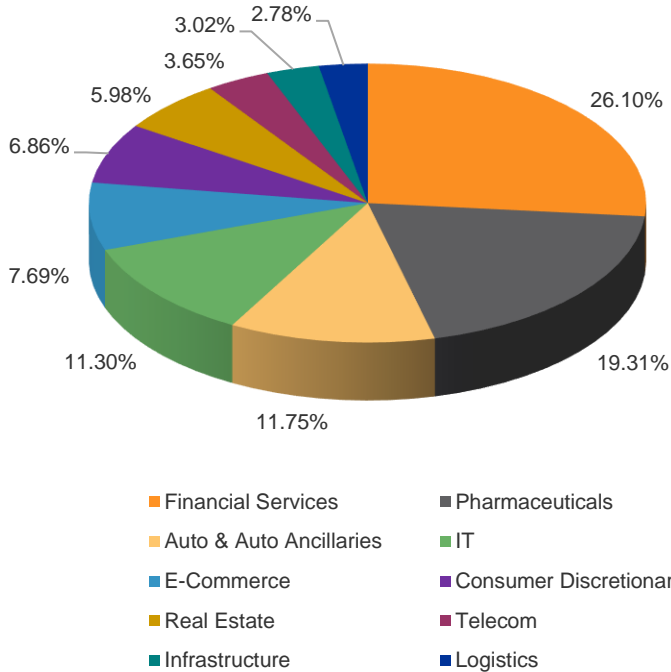
## GPPL

Probably one of the few debt free + FCF + 100% dividend pay-out Infra company in the country, owned & managed by an MNC giant (APM Maersk)





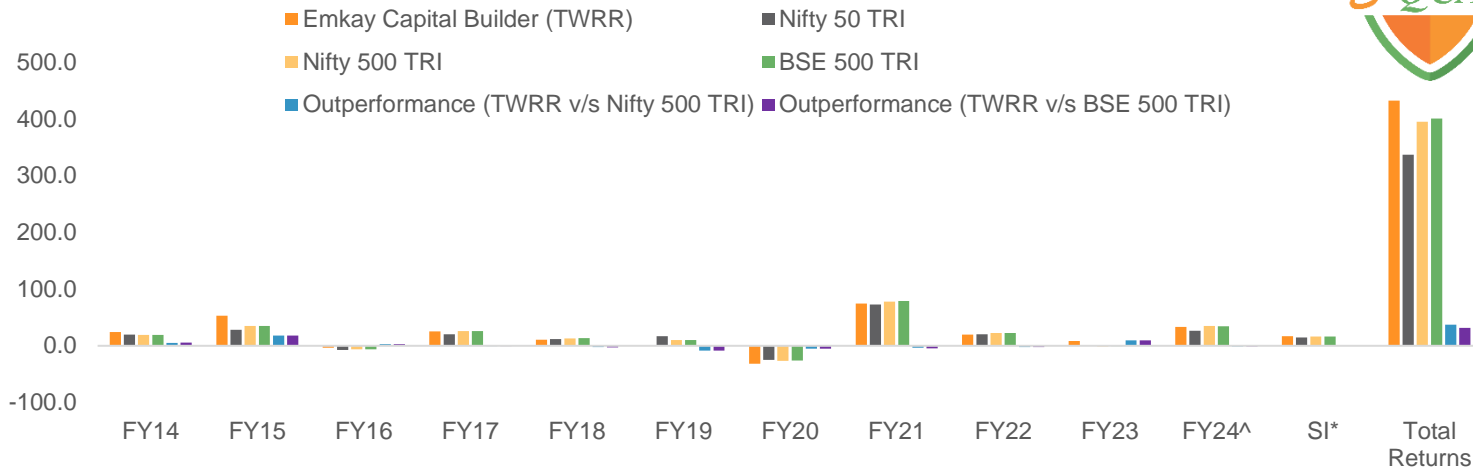
# Emkay Capital Builder Strategy



TOP 10 HOLDINGS*	
ICICI Bank Ltd.	13.9%
Divi's Laboratories Ltd.	10.5%
Zomato Ltd.	7.7%
Sun Pharmaceutical Industries Ltd.	7.1%
HCL Technologies Ltd.	6.7%
HDFC Bank Ltd.	6.2%
Sundram Fasteners Ltd.	6.0%
Nesco Ltd.	6.0%
Mahindra Holidays & Resorts India Ltd.	4.4%
Bharti Airtel Ltd.	3.6%

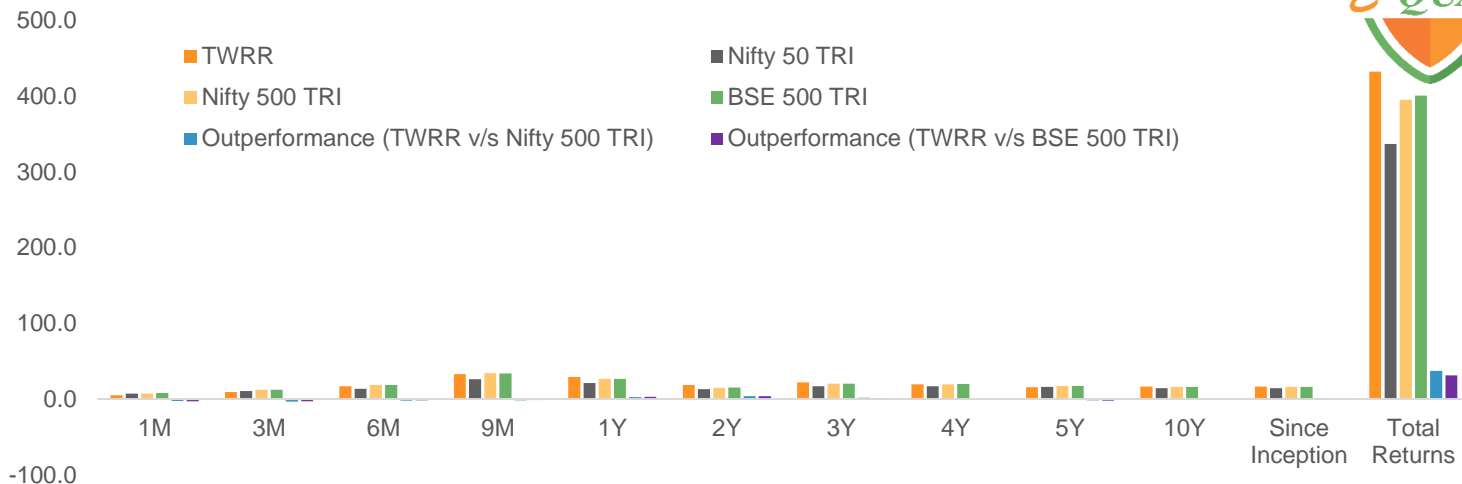
\*As on 31<sup>st</sup> Dec 2023

# Emkay Capital Builder Strategy - Financial Year Wise Performance Update



	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24 <sup>^</sup>	SI*	Total Returns
Emkay Capital Builder (TWRR)	24.1	52.7	-3.8	25.1	10.3	0.9	-31.7	74.0	19.8	8.2	32.9	16.8	432.4
Nifty 50 TRI	19.5	28.2	-7.8	20.2	11.8	16.4	-25.0	72.5	20.3	0.6	26.4	14.7	336.9
Nifty 500 TRI	19.2	34.9	-6.5	25.5	12.9	9.7	-26.6	77.6	22.3	-1.2	34.5	16.0	395.2
BSE 500 TRI	18.9	35.0	-6.4	25.5	13.2	9.7	-26.5	78.6	22.3	-0.9	34.1	16.2	400.8
Outperformance (TWRR v/s Nifty 500 TRI)	4.9	17.8	2.7	-0.5	-2.5	-8.9	-5.1	-3.5	-2.5	9.5	-1.6	0.8	37.2
Outperformance (TWRR v/s BSE 500 TRI)	5.2	17.7	2.6	-0.5	-2.9	-8.8	-5.2	-4.6	-2.5	9.1	-1.2	0.7	31.6

# Performance of Emkay Capital Builder Strategy



	1M	3M	6M	9M	1Y	2Y	3Y	4Y	5Y	10Y	Since Inception	Total Returns
TWRR	5.0	9.4	16.8	32.9	29.4	18.9	22.0	19.7	15.7	16.6	16.8	432.4
Nifty 50 TRI	7.2	10.9	13.8	26.4	21.3	13.2	17.2	16.9	16.2	14.6	14.7	336.9
Nifty 500 TRI	7.3	12.5	18.8	34.5	26.9	15.0	20.3	19.7	17.5	16.0	16.0	395.2
BSE 500 TRI	8.0	12.4	18.5	34.1	26.5	15.1	20.4	19.9	17.6	16.1	16.2	400.8
Outperformance (TWRR v/s Nifty 500 TRI)	-2.3	-3.2	-2.0	-1.6	2.5	3.8	1.7	0.0	-1.8	0.5	0.8	37.2
Outperformance (TWRR v/s BSE 500 TRI)	-3.0	-3.0	-1.7	-1.2	2.9	3.7	1.6	-0.2	-1.9	0.4	0.7	31.6

# PMS AIF WORLD (CAT 3 - Alternative Funds Performance Data)



## CAT-3 Alternative Funds Performance Data as of 30<sup>th</sup> Sep

LONG ONLY AIFs											
Strategy	Inception Date	AUM (Cr)	1M	3M	6M	1Y	2Y	3Y	5Y	SI	Type
Accuracap AlphaGen Next ^	Dec-18	113	1.30%	10.40%	30.80%	8.00%	-	-	-	12.50%	Open Ended
Accuracap Vectra Fund ^	Dec-18	38	0.59%	12.99%	31.25%	9.10%	-	-	-	6.30%	Open Ended
Abakkus Emerging Opportunities Fund	Jun-19	950	8.10%	27.50%	67.70%	31.90%	-	-	-	25.20%	Closed Ended
Abakkus Growth Fund	Jul-18	1350	4.70%	18.90%	57.00%	11.30%	-	-	-	7.50%	Closed Ended
Alchemy Leaders of Tomorrow	Jan-18	266	5.00%	16.00%	42.60%	5.20%	2.40%	-	-	-1.20%	Open Ended
Ampersand Growth Opportunities - I ^	Sep-17	149	4.60%	17.30%	40.10%	9.70%	9.50%	8.10%	-	8.41%	Open Ended
Carnelian Compounder Fund – 1	May-19	195	1.90%	7.50%	28.85%	6.53%	-	-	-	9.66%	Closed Ended
Dalal & Broacha India Opportunities ^	Dec-19	-	1.99%	2.18%	23.34%	-	-	-	-	-3.12%	Open Ended
Emkay Investment Emerging Stars Fund ^	Jan-18	-	8.00%	34.50%	64.50%	8.90%	-	-	-	-0.50%	Closed Ended
IIFL High Conviction ^	Nov-19	256	-1.87%	10.71%	27.59%	-	-	-	-	-	Open Ended
Girik Advisors Girik Multi Cap Growth Fund	Nov-18	76	6.37%	18.50%	31.15%	24.46%	-	-	-	15.59%	Closed Ended
Nippon India Equity Opportunity Series- 5	Jan-20	-	2.30%	14.70%	37.50%	-	-	-	-	11.90%	Closed Ended
ProAlpha QG Dynamic Equity Fund	Jan-14	-	2.72%	14.52%	34.50%	11.21%	-	7.23%	10.08%	20.81%	Open Ended
TCG Advisory SMF Distribution Fund	Jul-17	-	1.83%	17.25%	40.87%	4.16%	-1.75%	-4.84%	-	-2.56%	Open Ended
Varanium Focused Equity *	Aug-20	-	1.20%	13.80%	34.20%	6.10%	12.20%	-	-	8.20%	Open Ended
White Oak India Equity Fund	Apr-19	2718	2.68%	14.85%	36.87%	14.54%	12.79%	-	-	7.67%	Closed Ended

**Emkay Investment Managers' Emkay Emerging Stars Fund**, a category III Alternative Investment Fund (AIF) has generated returns of 34.50% and 64.50% in the 3rd and 6th months respectively, positioning it to the top of the table. The investment universe of this 5-year closed-ended fund comprises stocks from the top 300 to 1,000 companies ranked by market capitalisation. The stocks have been filtered using our proprietary model E-Qual Risk, a stock-picking model that allowed us to mitigate risks related to the governance aspect of management quality.



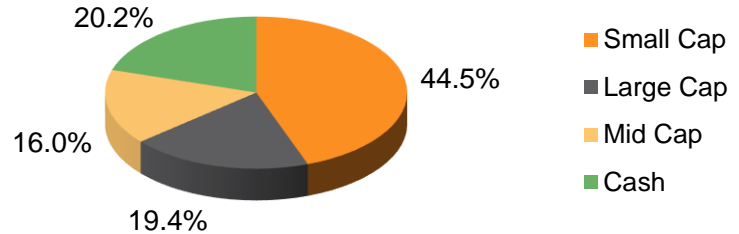
# Emkay Pearls

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# Emkay Pearls Strategy



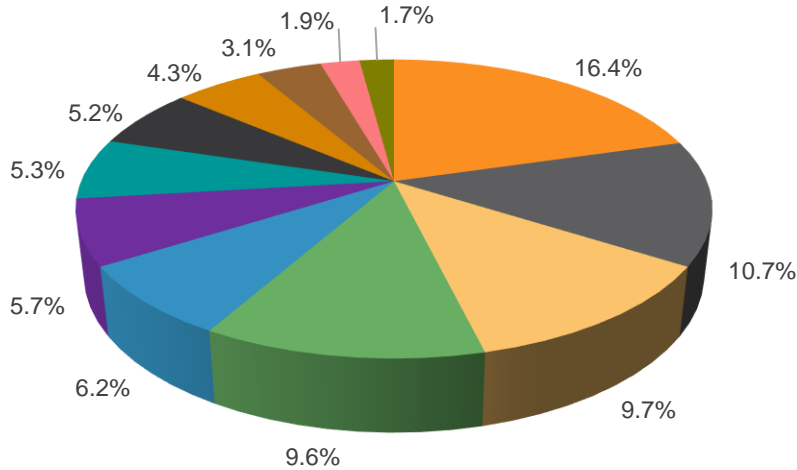
Particulars	Emkay Pearls
Company Size	Mid & Small cap
No of Stocks	15-20
Benchmark Index	BSE 500 TRI
Weighted E-equal Score	77.4
Average Market Cap (Rs. Cr)	24,388



\*As on 31<sup>st</sup> Dec 2023

Risk-Reward Matrix based on the E-Qual module						
		Large Cap I	Large Cap II	Mid Cap	Small Cap I	Small Cap II
E-QUAL SCORE	85%+	BASE I - Quality Discount	BASE II – Quality Discount	BASE III – Quality Discount	BASE IV – Quality Discount	BASE V – Quality Discount
	Base 70%-85%	BASE I	BASE II	BASE III	BASE IV	BASE V
	50% - 70%	BASE I + Quality Risk Premium	BASE II + Quality Risk Premium	BASE III + Quality Risk Premium	BASE IV + Quality Risk Premium	BASE V + Quality Risk Premium
	Below 50%	<b>DO NOT INVEST</b>	<b>DO NOT INVEST</b>	<b>DO NOT INVEST</b>	<b>DO NOT INVEST</b>	<b>DO NOT INVEST</b>
		<b>BASE I =</b> Risk Free Rate + Equity Risk Premium	<b>BASE II =</b> Base I + Smaller Size Premium	<b>BASE III =</b> Base II + Smaller Size Premium	<b>BASE IV =</b> Base III + Smaller Size Premium	<b>BASE V =</b> Base IV + Smaller Size Premium

# Emkay Pearls Strategy

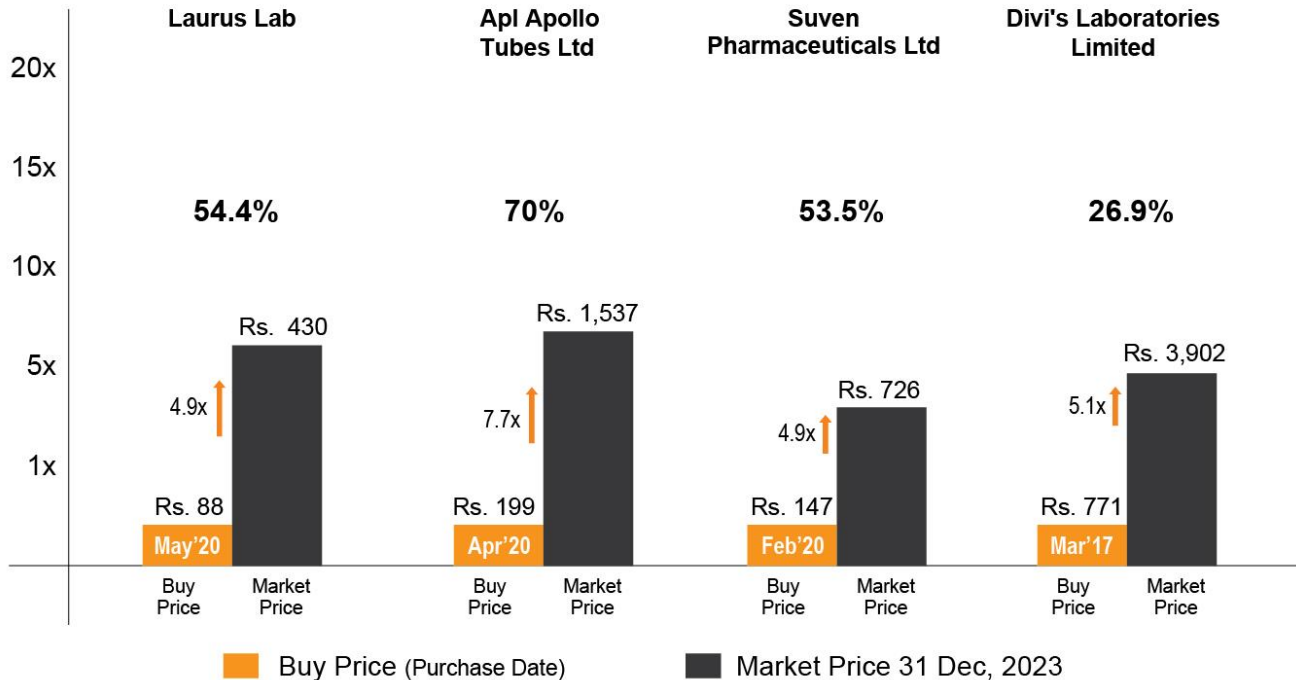


- Pharmaceuticals
- E-Commerce
- Auto & Auto-ancillary
- Discretionary Consumer
- Financial Services
- Real Estate
- Consumer Services
- Consumer
- Glass & Glass Products
- Logistics
- Infrastructure
- Retail

## TOP 5 HOLDINGS\*

Zomato Ltd.	10.7%
Sundram Fasteners Ltd.	9.7%
Divis Laboratories Ltd.	8.7%
Federal Bank Ltd.	6.2%
Nesco Ltd.	5.7%

# Stock-Picking Track Record

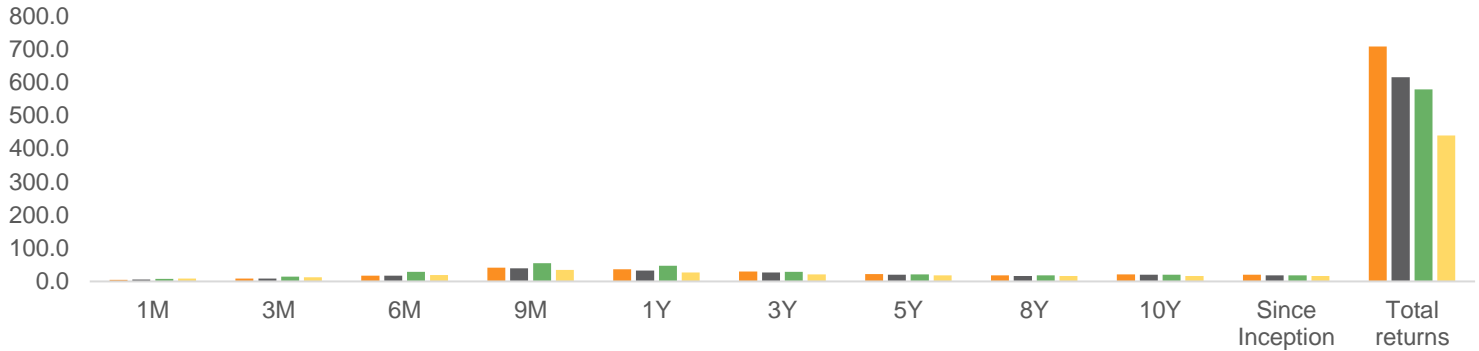




# Performance as on 31<sup>st</sup> Dec 2023



■ Model Portfolio  
 ■ Emkay Pearls TWRR  
 ■ BSE Midcap TRI  
 ■ BSE 500 TRI



Emkay Pearls	1M	3M	6M	9M	1Y	3Y	5Y	8Y	10Y	Since Inception	Total returns
										11.7 years	
<b>Model Portfolio</b>	4.6	8.3	17.1	41.1	35.9	29.2	21.7	17.7	20.9	19.6	707.9
<b>TWRR</b>	5.0	8.6	17.1	39.4	32.4	26.9	20.2	16.2	20.0	18.3	615.0
<b>BSE Midcap TRI</b>	7.5	14.1	28.8	54.4	47.2	28.6	20.4	17.4	20.0	17.8	578.5
<b>BSE 500 TRI</b>	8.0	12.4	18.5	34.1	26.5	20.4	17.6	15.6	16.1	15.5	439.9
<b>Outperformance (model v/s BSE Midcap TRI)</b>	-3.0	-5.8	-11.7	-13.3	-11.3	0.6	1.3	0.3	1.0	1.8	129.4
<b>Outperformance (TWRR v/s BSE Midcap TRI)</b>	-2.6	-5.6	-11.7	-15.0	-14.9	-1.7	-0.2	-1.3	0.1	0.5	36.5
<b>Outperformance (model v/s BSE 500 TRI)</b>	-3.5	-4.0	-1.5	6.9	9.3	8.8	4.1	2.0	4.8	4.1	267.9
<b>Outperformance (TWRR v/s BSE 500 TRI)</b>	-3.1	-3.8	-1.4	5.2	5.8	6.5	2.6	0.5	3.9	2.8	175.0

# Our Team

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## **Manish Sonthalia** Chief Investment Officer

Manish comes with over three decades of rich experience in the financial services industry and joins the Emkay group from Motilal Oswal Asset Management Company Ltd. where he served as an Executive Director and CIO for PMS, Alternates, and Offshore Investments, and managed assets worth approximately Rs 6,500 crore at the last count. He is a qualified Chartered Accountant, Company Secretary, Cost and Works Accountant, and an MBA.



## **Sachin Shah** Fund Manager

Sachin is a seasoned fund manager with over two decades of experience in the Indian equity markets. By virtue of his extensive research, Sachin realised early-on the need for a framework in which companies with evasively tricky standing needed to be filtered out very objectively, leading to the development of E-Qual Model, EIML's proprietary module which helps us to evaluate and compare listed companies on various aspects of governance. Sachin shares his knowledge and insights through various media interactions across print and digital platforms.



## **Kashyap Javeri** Co-fund Manager

Kashyap Javeri is a fund manager with more than a decade of experience in company and sector research. He brings exceptional insights into stocks and economy. Prior to joining Emkay Investment Managers, he was a rated BFSI analyst in Emkay Institutional Equities for eight years and also worked with Sharekhan Ltd as midcap analyst. Kashyap brings with him immense in-depth knowledge on not only variety of manufacturing and services sectors but also on banking and economics.

## Emkay Global Financial Services Ltd.

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Emkay Global Financial Services Ltd. is a leader in the financial services sector, actively creating wealth for our clients for nearly two decades. Founded in 1995 with a clear goal of offering sound, research-backed financial advice, we have successfully served a wide variety of highly distinguished clientele around the world; including foreign institutional investors (FIIs), domestic mutual funds, hedge funds, banks, insurance companies, private equity firms, corporate houses, small and medium-sized enterprises and high net worth individuals (HNIs).

Our key service offerings consist of institutional equities, portfolio management services, private wealth management, investment banking. We also offer commodities, currency derivatives, insurance and retail broking services. Our deep expertise in specialized areas like Futures & Options trading sets us apart from competition.

# Promoters

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**Krishna Kumar Karwa**, Managing Director

A rank holder from the Institute of Chartered Accountants of India (ICAI), Krishna is the promoter and Managing Director of the Company. He has rich and varied experience of more than three decades in all aspects of the Equity Capital Markets and oversees the Research, Equity Asset Management and Corporate Advisory divisions at Emkay.

**Prakash Kacholia**, Managing Director

A qualified Chartered Accountant of the 1987 batch, Prakash is the Promoter and Managing Director of the Company. He has a rich experience of more than three decades in the Capital Market and oversees the Derivatives business and Retail division at Emkay. He has been on the board of the SEBI Committee on Derivatives. He has also served as a Director on the boards of Bombay Stock Exchange Limited, BOI Shareholding Limited and Central Depository Services (India) Limited.



# Recent Awards & Recognitions

## ASIAMONEY

Asiamoney Brokers Poll is the largest Asia-focused equity services provider poll.

### Individual Rankings 2023

Best Economist	Madhavi Arora	1	Best Analyst For Energy	Sabri Hazarika	1
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### Team Rankings 2021

Best Energy Team	2	Best Analyst For Energy	1
Best Media Team	2	Best Analysts for Media	2
Best Consumer Discretionary Team	6	Best Analyst For Telecommunication Services	4
Best Team for Automobiles & Components	7	Best Analyst For Automobiles & Components	5
		Best Analyst For Consumer Discretionary	6

### Individual Rankings 2021

## Institutional Investor

Institutional Investor Award recognizes people and firms in the financial services industry for excellence.

- Best Sales Team: Rank 5 in India by Institutional Investor Survey, 2017



**Emkay Wealth Management** recognised as

**One of the Top 10 Wealth Management Advisors – 2020** by CEO Insights magazine, an annual recognition for being center stage for industry leaders to portray their business acumen & insights and for high quality, secure and reliable wealth management services.



Best Technology Team (Wealth Management) at the 2<sup>nd</sup> Annual NBFC and FinTech Excellence Awards 2023 by Quantic Business Media



Best Research in the Commodity Segment for 2022, by MCX



Emkay Investment Managers Ltd. awarded as 'Most Innovative Company of the Year' (BFSI), 2022 at National Feather Awards



Emkay Emerging Stars Fund awarded for 'Best post-COVID AIF returns' across all categories (6 Months Absolute Returns) by PMS AIF WORLD



Best performing member in commodity Segment - West, for 2019, by NSE

# Contact Us

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