



AMBIT  
**CALIBER**

# CONTENT

- AMBIT PMS Offerings – CALIBER, Alpha Growth and Build India
- CALIBER - Why Large and Mid caps?
- Investment Philosophy
- Investment Process and Sector Preference
- PMS Performance & Fundamentals
- Case Studies
- Team

# AMBIT PMS Offerings – CALIBER | Alpha Growth | Build India

## Asset Allocation in Equity

Core

Tactical

### AMBIT CALIBER PMS



#### Capital Preservation

- Large and Midcap
- Bluechip
- Low Volatility



Steady Capital Compounder

### AMBIT ALPHA Growth PMS



#### Capital Appreciation

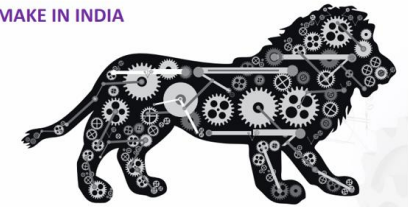
- Small and Midcap
- High Alpha
- High Volatility



Generational Wealth Creation Opportunity

### Build India PMS (Manufacturing Focused Theme)

MAKE IN INDIA



- Market Cap Agnostic
- Play on India Capex Story
- High Volatility

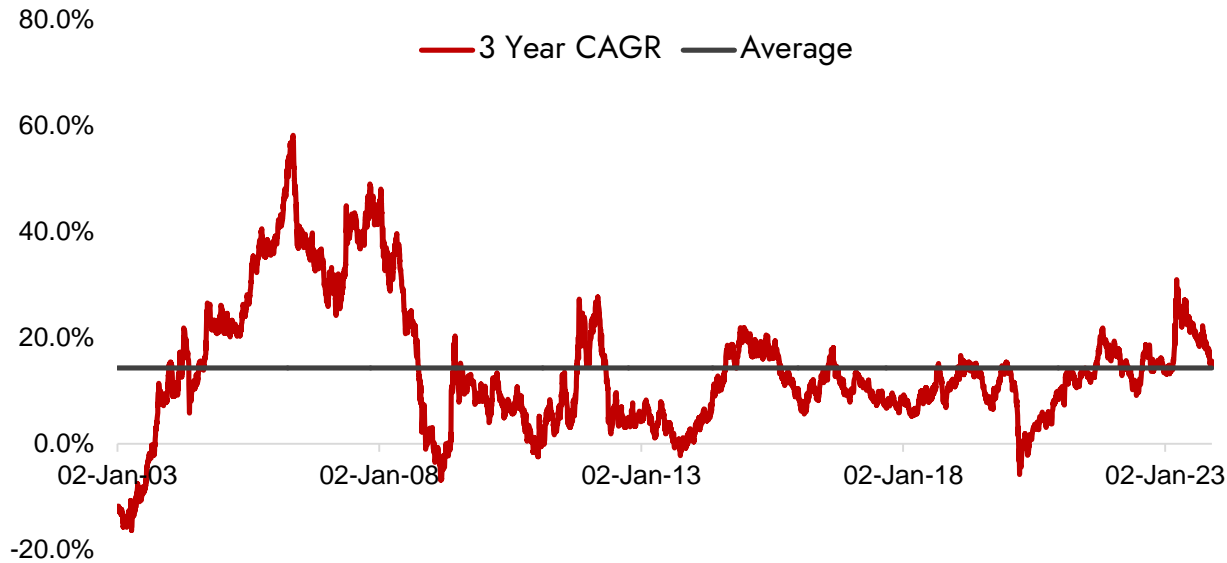


Capture Near Term Market Opportunities

## CALIBER - Why Large and Mid caps?

# Nifty50 – **Steady** Capital Appreciation in the Long term with **Low Volatility**

Nifty50 - 3 Year Rolling CAGR over 20 Years



The average 3 year CAGR over the last 20 years is **14.3%**

3 Year CAGR	Count	Probability	
Above 30%	662	12.7%	} 60% Probability of Returns over 10%
20-30%	586	11.3%	
10%-20%	1857	35.7%	
upto 10%	1742	33.5%	
Less than 0%	260	5.0%	} Only 7% Probability of Negative Returns
10% Loss	97	1.9%	
	5204	100.0%	

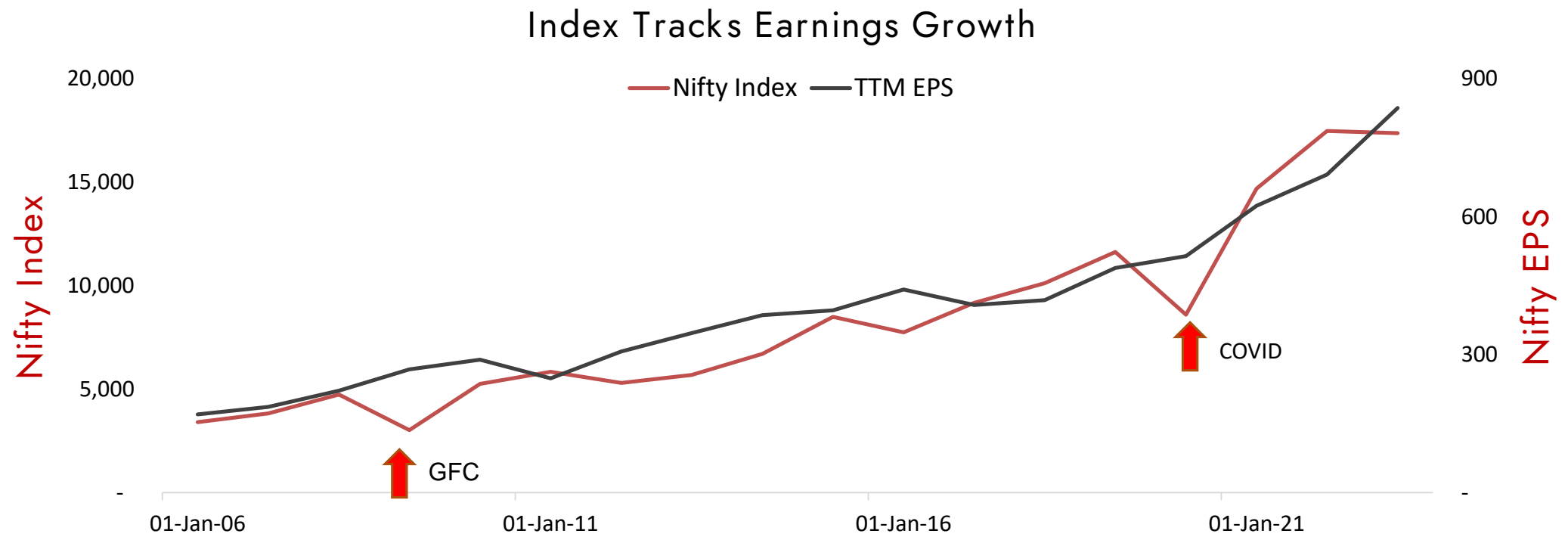
Event	Entry Date	Entry Level	Low Date	Low Level	Absolute Return	3 Year CAGR	Date of Recovery	Days to Recover
Covid Pandemic	24-Mar-17	9,108	23-Mar-20	7610	-16%	-5.8%	09-Apr-20	17
Global Financial Crisis	06-Mar-06	3,190	05-Mar-09	2577	-19%	-6.9%	02-Apr-09	28
Dotcom Bubble	11-Apr-00	1,625	11-Apr-03	950	-42%	-16.4%	01-Dec-03	234

**Only 3 Drawdowns** on a 3 year basis over the last 20 years, and Markets **bounced back quickly**

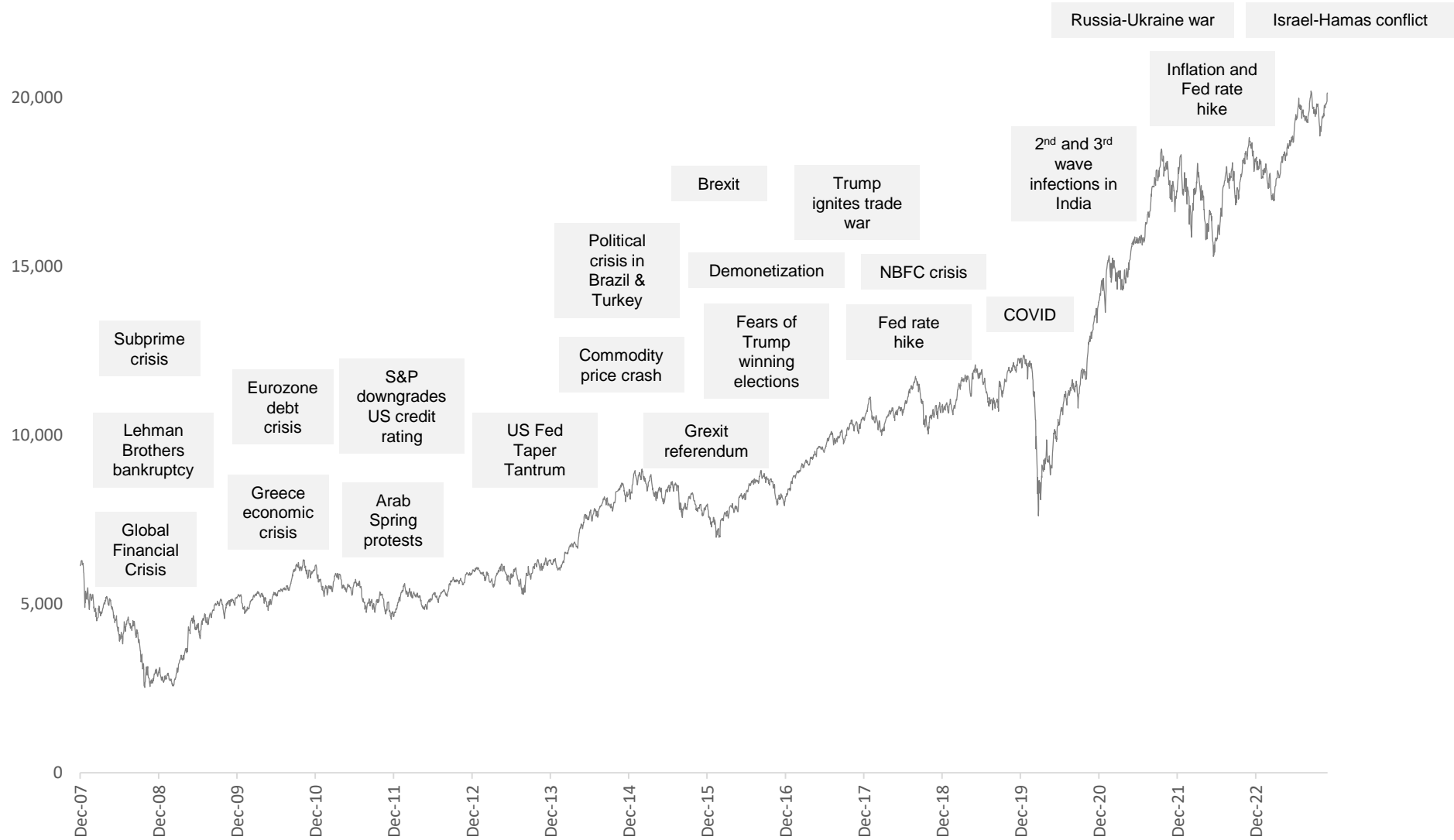
# Capital Appreciation Backed by **Consistent, Predictable Earnings Growth**

The Nifty50 Index has **closely tracked earnings growth** as seen below

Even after periods of uncertainty (GFC and Covid), the **market recovers** as long as earnings growth remains intact

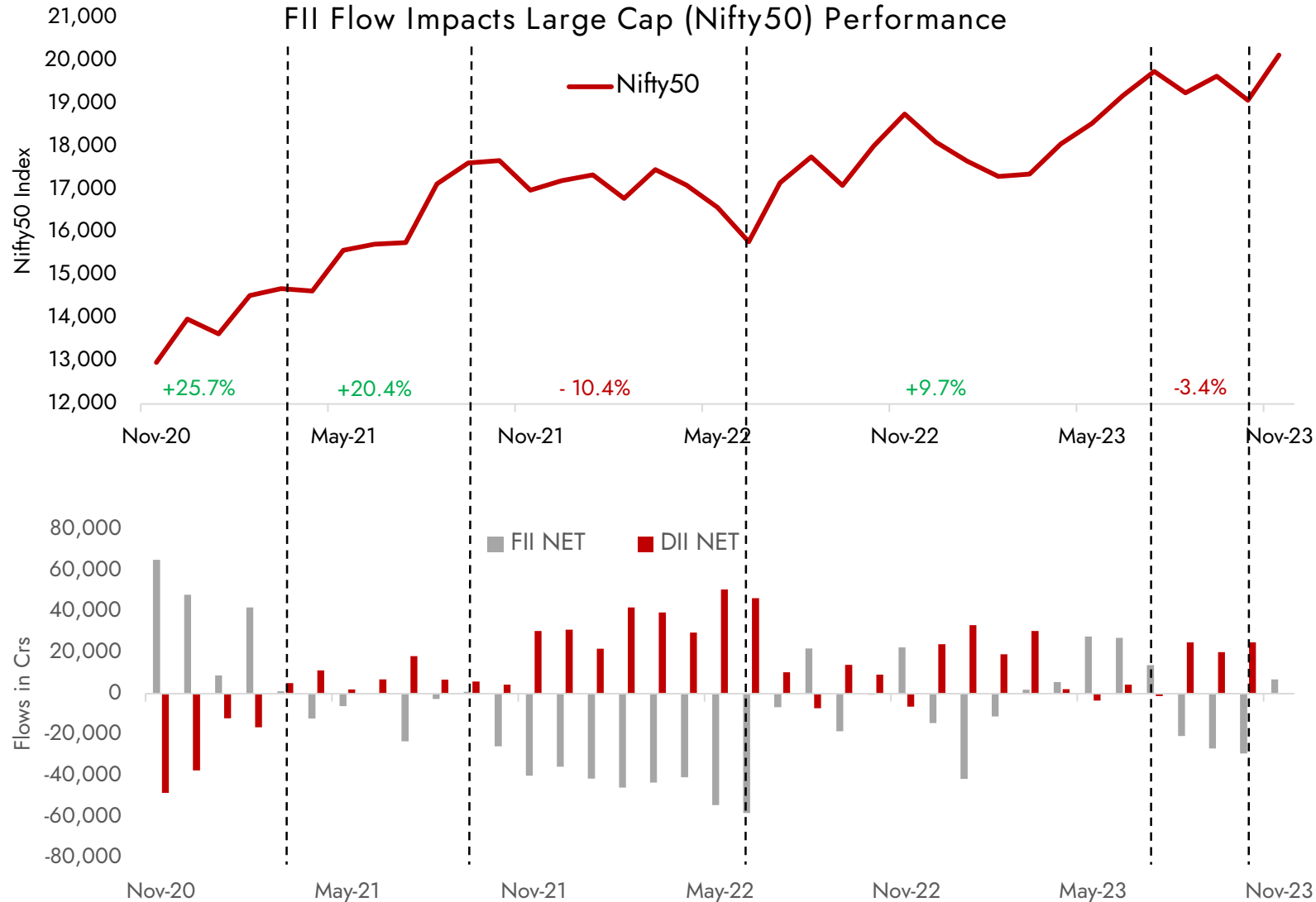


# Despite **Several Macro Shocks** Over the Past Decade, **Nifty Continues to Rise**



Calendar Returns	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Nifty 50	-52%	76%	18%	-25%	28%	7%	31%	-4%	3%	29%	3%	12%	15%	24%	4%	20%

# Another Possible Trigger for Large Caps – FII Inflows



Strong DII & SIP flows have reduced FIIs impact especially in mid & small caps

However Nifty Returns are still correlated to FII Flows to an extent (Except Apr-21 to Sep-21)

- Why FIIs Prefer Large Caps**
- Strong governance & reporting
  - Better information flow
  - Sufficient Liquidity
  - Earnings Stability

- Why FII Flows can accelerate in 2024**
- Confidence of government stability
  - Increased liquidity due to Fed softening
  - Risk-on sentiment as global macro headwinds recede



# Why **Midcaps**?

## High Growth Potential

- Gain Market share
- Enter new markets
- Challenging the market leader
- Innovate
- Better scope of raising finance through credit

## Diversification

- Adds high growth potential businesses from various industries to existing steady large cap portfolio
- Exposure to emerging sectors and industries

## Market Presence

- Offers a broad spectrum of opportunities ranging from developmental stage to a stable business
- Larger addressable market relative to current size

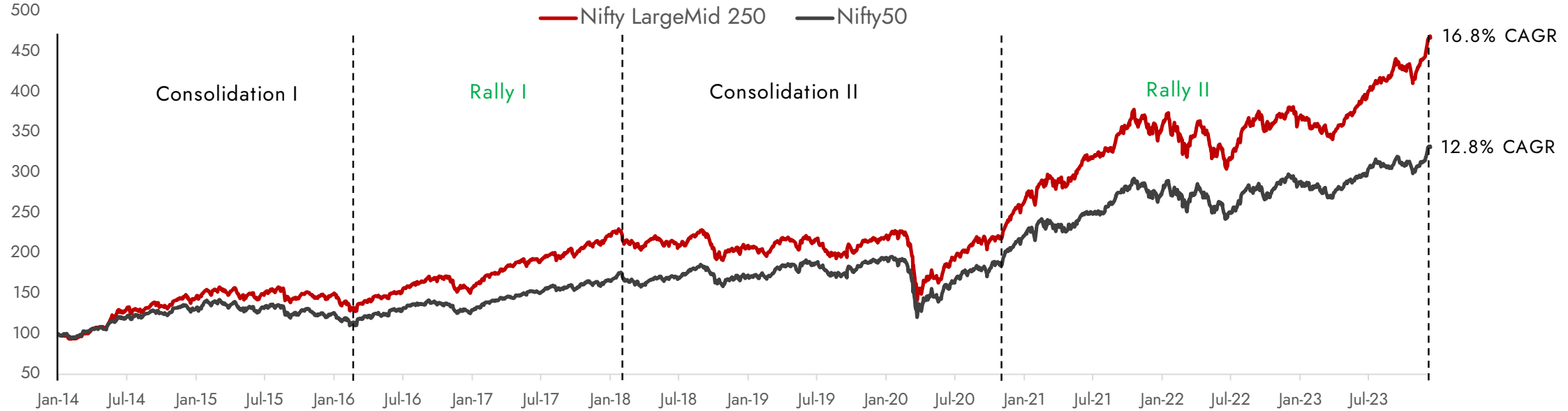
## Agility

- Able to adapt changing market conditions quickly
- Faster adoption of new technology

## Flows

- Increased interest from Retail, Institutional investors
- Better Liquidity

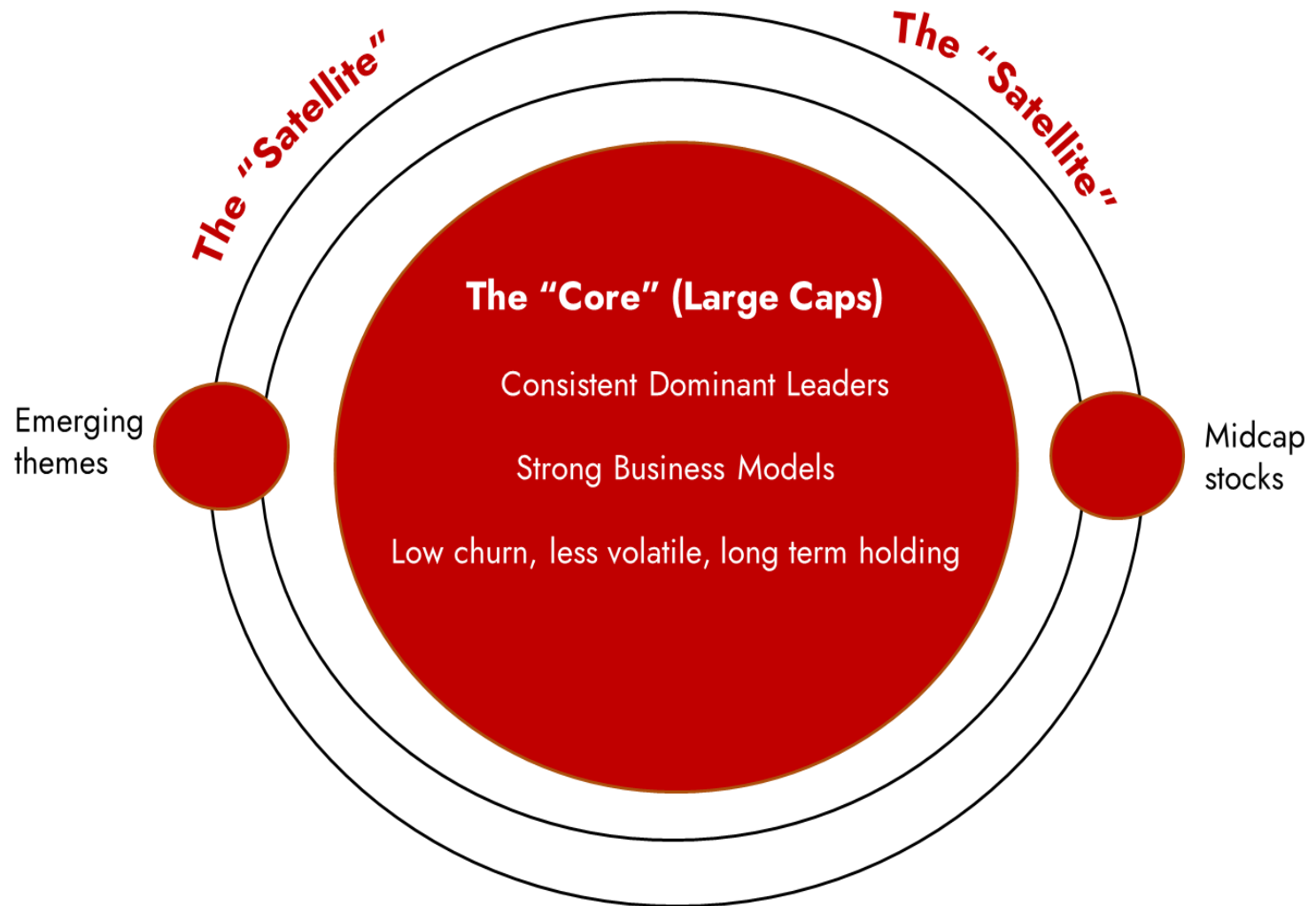
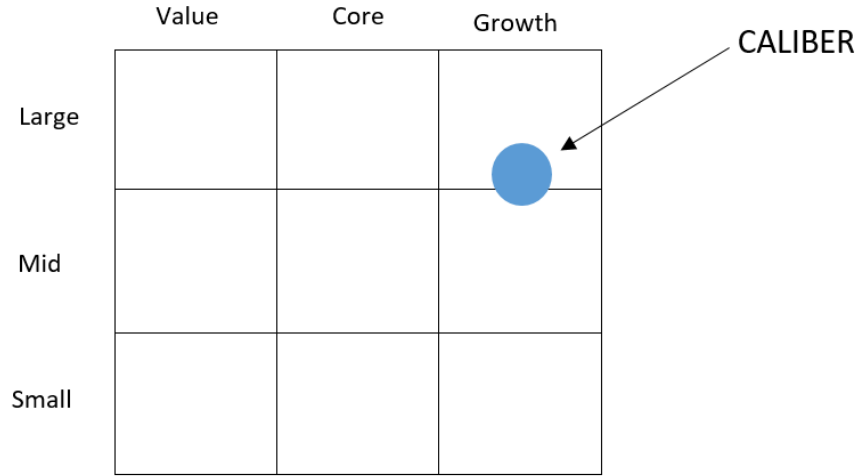
# Together, Large & Midcaps Outperform Without Increased Volatility



Period Returns (CAGR)	Consolidation I Jan-14 to Feb-16	Rally I Feb-16 to Feb-18	Consolidation II Feb-18 to Nov-20	Rally II Nov-20 to Dec-23
Nifty50	4.8%	22.0%	8.1%	17.3%
Nifty LargeMid250	12.3%	28.6%	4.9%	24.1%
Alpha	7.5%	6.6%	-3.2%	6.9%
<b>Max Drawdown</b>				
Nifty50	-22.5%	NA	-38.4%	NA
Nifty LargeMid250	-18.9%	NA	-37.8%	NA
Alpha	3.7%	NA	0.6%	NA

## CALIBER Investment Philosophy

# CALIBER is a **Growth** Strategy with a **Large and Midcap** focus



## A Large and Mid-cap strategy

- 50-70% Large Cap
- 20-40% Mid Caps
- 0% Small Caps

# CALIBER – **Inspired** by CANSLIM Strategy and **Tailored** for the Indian Market

**The CANSLIM Strategy:** Based on an analysis of the 500 biggest stock market winners from 1953 to 1993. It was developed by William J. O’Neil and popularized by Investor’s Business Daily

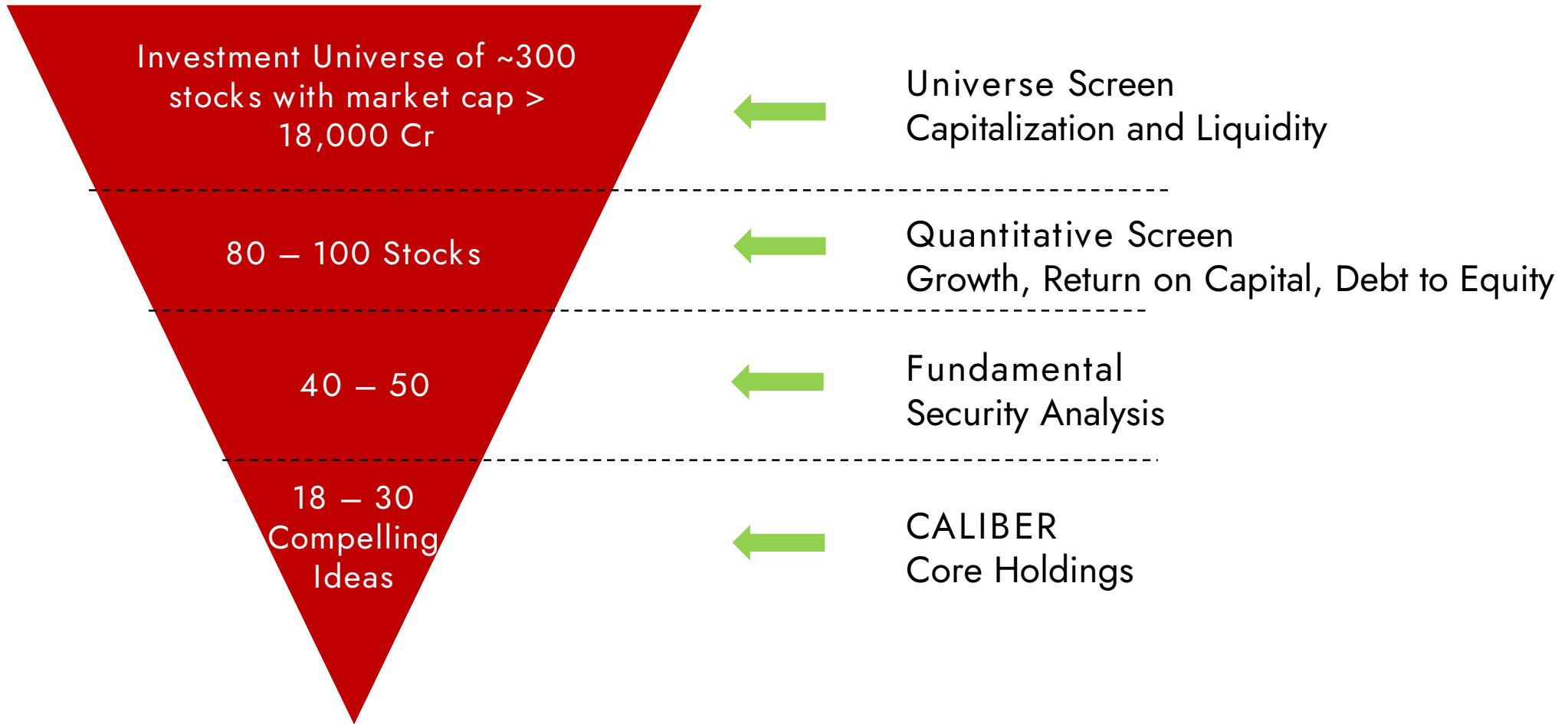
**CALIBER Thesis** is **tailored** for the Indian Market. It is an acronym for “C - Cash”, “A - Accounting”, “L - Leadership”, “I - Institutional Ownership”, “B - Barriers to Entry”, “E - Edge” and “R - Return on Capital”



## CALIBER Investment Process and Sector Preference

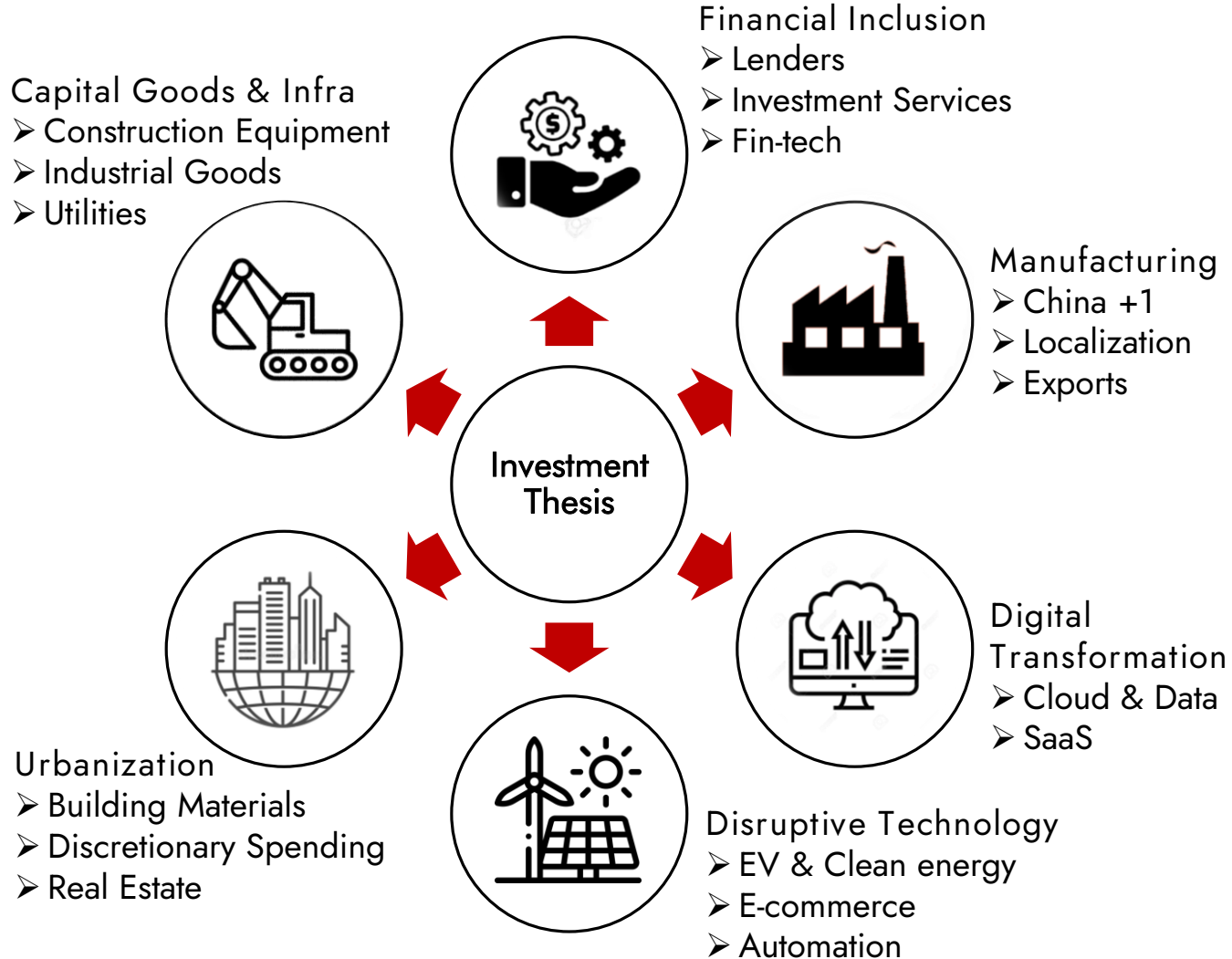
# Investment Process – Portfolio Construction

Distilling from a broad investable universe to 18 – 30 compelling high Caliber stocks



# Identified Investment Themes

## Preferred Themes



## Avoided Themes

- Commoditized business without pricing power where margins are under pressure
- Businesses which are dependent or susceptible to regulatory interventions
- Mature companies where revenue growth is broadly expected to be in-line with GDP (perceived as "High Quality")
- Companies that depend on external funding & constant capital raising to survive ("Start ups")
- Companies with low innovation and obsolete products (often "Value Traps")



## Scrip Risk

- Scrip level Risk
- Monitor Corporate Action
- Review Scrip level risk incase of sharp moves
- Tracking liquidity

- Client wise portfolio review
- Monitoring key market events
- Tracking portfolio performance vs. Benchmarks

## Portfolio Risk

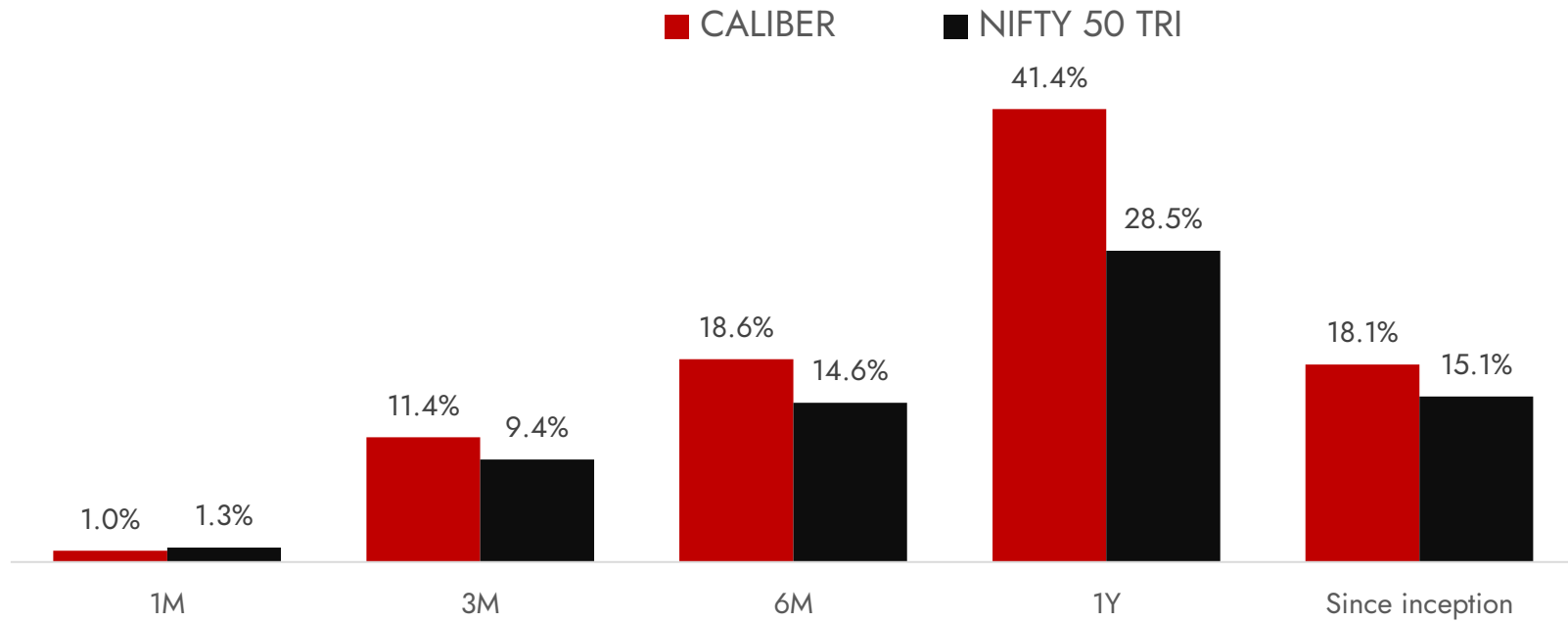
## Operation/Compliance

- Independent performance monitoring
- Dedicated team for Compliance and Internal controls
- Dedicated Operations team

## CALIBER Performance & Fundamentals

# CALIBER Performance

Period	1M	3M	6M	1Y	Since inception	MoIC*
CALIBER	1.0%	11.4%	18.6%	41.4%	18.1%	1.7x
NIFTY 50 TRI	1.3%	9.4%	14.6%	28.5%	15.1%	1.5x



Data as on Feb 29, 2024 | Inception Date: Feb 4, 2021 | Returns over 1Y are annualized | \* Multiple on Invested Capital

Returns are composite returns of all the portfolios aligned to the investment approach. Client wise portfolio returns may vary as compared to strategy aggregate returns.

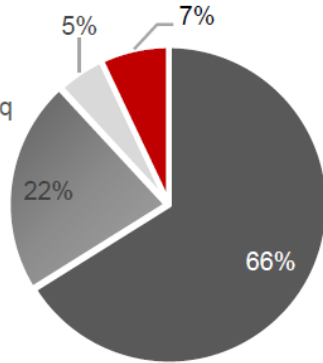
Returns are absolute and calculated on a TWRR basis as prescribed by SEBI. The performance related information is not verified by SEBI.

Past performance may or may not be sustained in future.

# Market Cap and Sector classification

As per the SEBI AMFI\* classification

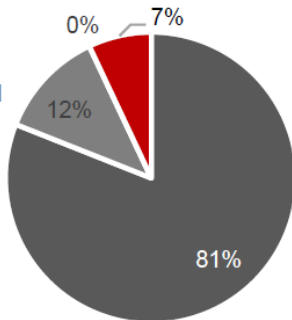
- Large Cap
- Mid Cap
- Small Cap
- Cash & Cash Eq



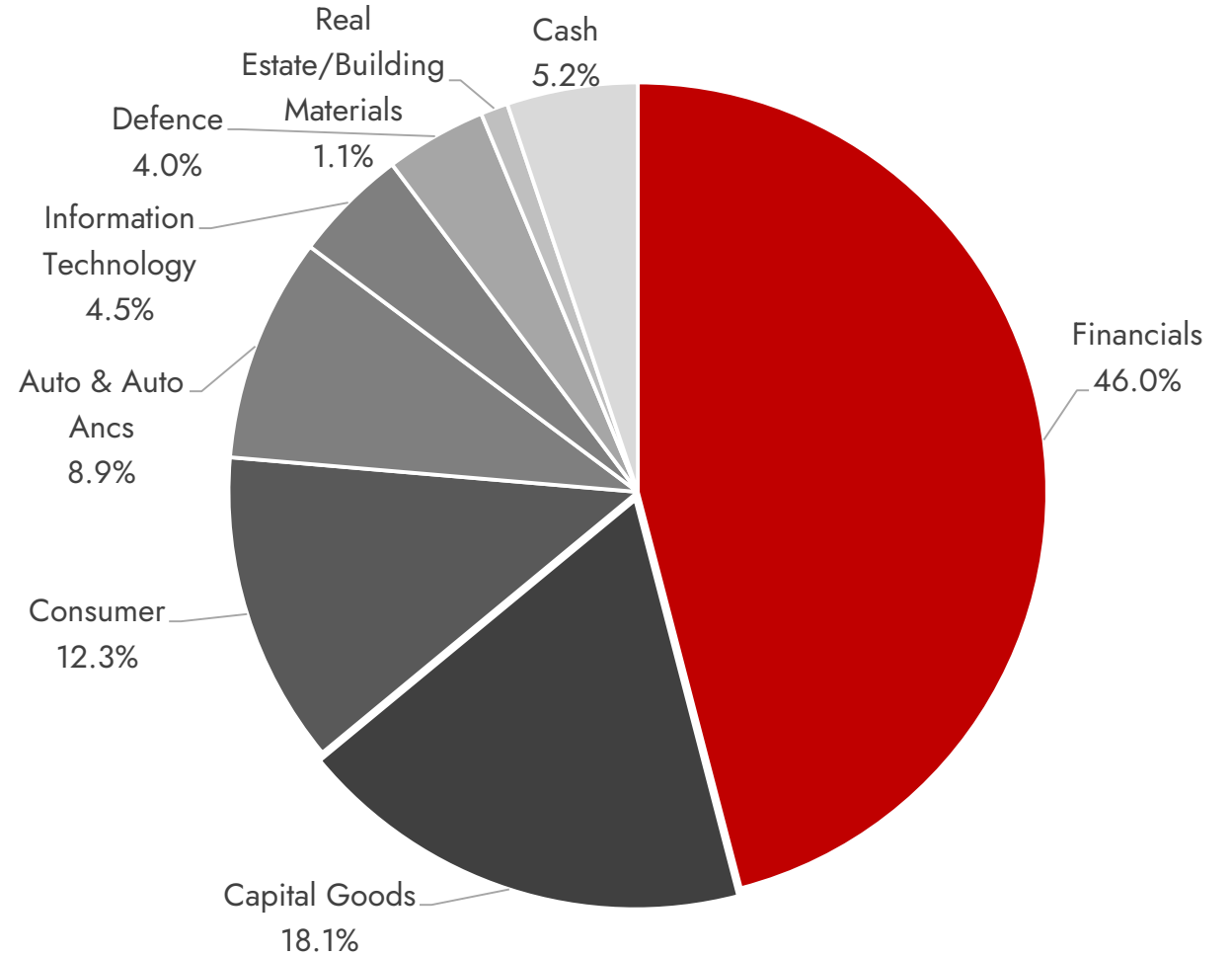
\*Large Cap<sup>1</sup>: 1<sup>st</sup> 100 company; Mid Cap<sup>1</sup>: 101<sup>st</sup> to 250<sup>th</sup> company, and Small Cap<sup>1</sup>: 251<sup>st</sup> company onwards  
<sup>1</sup>In terms of full market capitalization as of Feb. 29 2024.

As per our own Cap Based classification<sup>^</sup>

- Large Cap
- Mid Cap
- Small Cap
- Cash & Cash Eq



<sup>^</sup>Large Cap<sup>1</sup>: > INR 25,000 crs; Mid Cap<sup>1</sup>: Between INR 10,000 crs and INR 25,000 crs, and Small Cap<sup>1</sup>: < INR 10,000 crs  
<sup>1</sup>In terms of full market capitalization as of Feb. 29 2024.



# CALIBER **Fundamentals**

Particulars	Sales growth %	Earnings Growth %
Q3FY24 (YoY)	21.8	37.1
TTM (as on Q3FY24)	23.5	40.2
Last 3 Years (FY20-23)	16.7	43.4

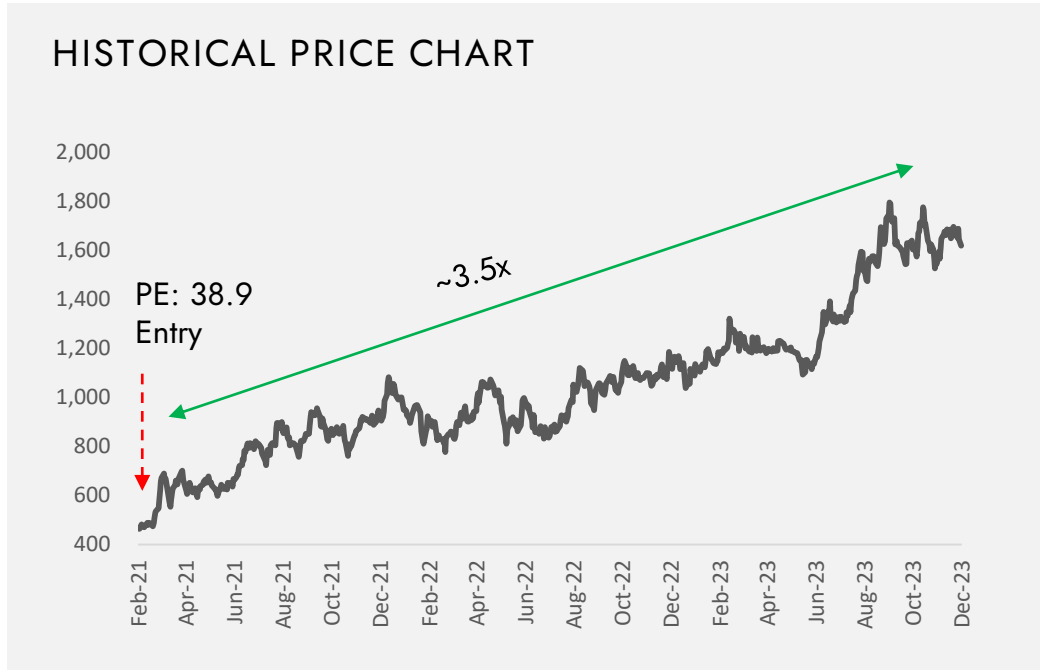
Particulars	
PEG Ratio (x) (1Y)	0.9
PEG Ratio (x) (3Y)	0.8
RoE (%)	17.8
Debt / Equity (x)	0.5

- The current Caliber PE stands at 35.5x (TTM)
- The portfolio continues to deliver **all round operating performance** with strong sales growth of 21.8% and PAT growth of 37.1% on a YoY basis in Q3FY24
- The ROE profile is at a robust 17.8% with minimal leverage at 0.5x
- Long term operating performance for the portfolio companies is also **impressive** (3Y Sales CAGR at 16.7% and 3Y PAT at 43.4%)
- In terms of valuation, the portfolio is trading at an attractive valuation (0.9x 1Y PEG)

## Case Studies

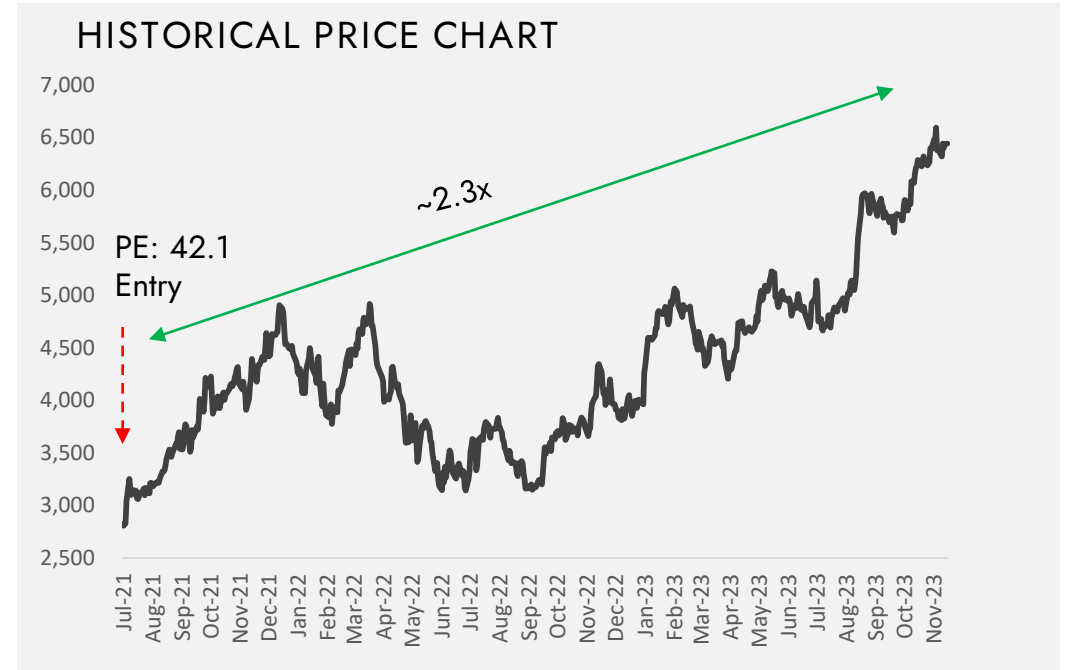
# Case Studies (1/2)

## APL Apollo



- ✓ Largest manufacturer of Structural Steel Tubes in India (50% market share) and fifth largest globally
- ✓ Domestic Structural Steel Tubes industry on the cusp backed by Warehousing, modular housing, modernization of rural and semi-urban regions, urban Infrastructure and Real Estate
- ✓ Robust distribution network, Steady capacity additions, Increasing share of value added product mix to improve profitability
- ✓ Robust financials: 3Y Sales growth at 28%, 3Y PAT growth at 39%, ROE at 23.5%, Debt to Equity at 0.36x

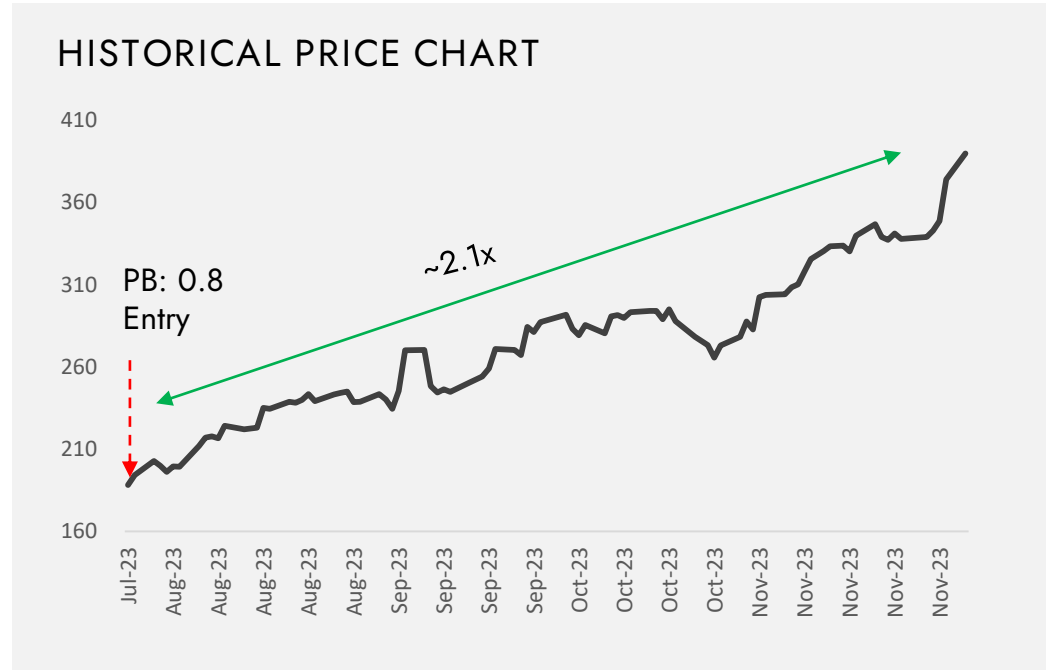
## Persistent Systems



- ✓ Beneficiary of the acceleration in digital transformation trend, tech migration and cloud penetration. Digital as a % of revenues going up
- ✓ Better revenue growth visibility on account of record large deal wins and strong order book
- ✓ Beneficiary of vendor consolidation and skills based acquisition
- ✓ Robust financials: 3Y Sales growth at 33%, 3Y PAT growth at 41%, ROE at 25.3%, Debt to Equity at 0.13x

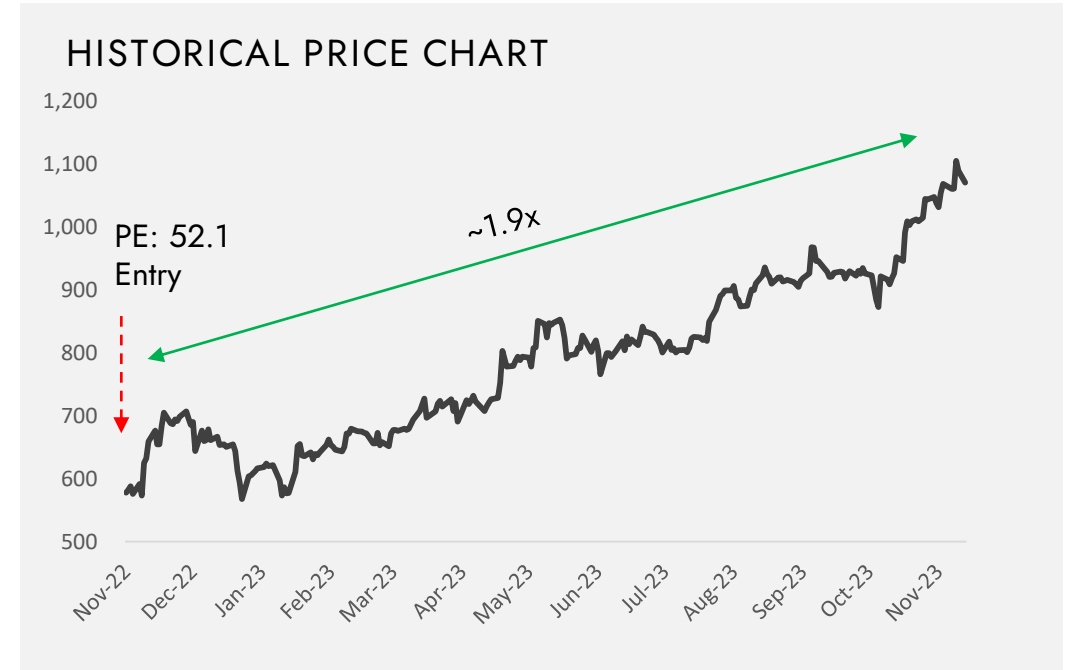
# Case Studies (2/2)

## REC



- ✓ Power financiers are at the cusp of inflection to capitalize on the underlying sector-specific tailwinds
- ✓ Strong domestic power demand growth, renewable energy transition theme, and government policy initiatives have been driving business traction in recent times
- ✓ REC is a nodal agency for the implementation of various Gol schemes aimed at developing the country's power sector
- ✓ Non-power share in overall is also expected to double
- ✓ Robust financials: ROE at 20.4%, Asset quality improvement (NNPA at 0.96%), consistent AUM growth (Q2FY23 at ~20%)

## Varun Beverages



- ✓ Market leader with near monopoly in PepsiCo India's business: Varun Bev is PepsiCo's second-largest bottler outside the US and handles over 80% of the cola giant's India business
- ✓ Diversified geographical presence and state of the art distribution network
- ✓ Increasing share of Non Carbonated Beverages/bottled water volumes to lower concentration risk
- ✓ Robust financials: 3Y Sales growth at 23%, 3Y PAT growth at 49%, ROE at 33.5%, Debt to Equity at 0.57x



## Team

# Asset Allocation and Investment Committee **Team**



**AMRITA FARMAHAN**  
CEO

Amrita is responsible for propelling the growth of the wealth business. She drives the purpose, values and strategic goals of the firm. She has built a talented and diverse team that is united in its thinking and approach to be value accretive. She has over two decades of experience across banking and wealth management, where she led businesses in Citibank, Avendus Capital and Reliance Private Client.



**MAHESH KUPPANNAGARI**  
Head Products & Advisory

Mahesh is responsible for product ideation, investment advisory, research, strategy, and asset allocation. He has more than a decade of diverse experience in the financial services industry in product and advisory roles in firms such as Edelweiss, Reliance Private Client and Avendus Capital.



**SUNIL SHARMA**  
Chief Investment Strategist

Sunil is responsible for overseeing investment strategy, asset allocation, and equity portfolio management. He has close to three decades of experience across Wall Street and India in firms such as Morgan Stanley, Lehman Brothers, Deloitte, and Sanctum Wealth.



**MALAY SHAH**  
Head, Fixed Income, Corporate & Institutional Group

Malay is responsible for overseeing fixed income portfolio management, advisory, and asset allocation. He has over two decades of experience in fund management, trading, and credit analysis roles in firms such as Indiabulls AMC, Peerless MF, and Derivium Capital.



**UMESH GUPTA**  
Head - PMS & Portfolio Manager

Umesh is responsible for overseeing equity portfolio management. He has over two decades of experience in portfolio management, equity research and business analysis across organisations like Avendus Capital, Reliance Private Client and Dalal & Broacha Stock Broking.

# Portfolio Manager – Profile and Track Record



## UMESH GUPTA

Head, PMS & Portfolio Manager

### Experience

- Over 22 years of experience, out of which 17 years are in the Indian Stock Market
- Co-Head of Equities at Ambit Global Private Client, 2021–2022
- Head of Equities at Avendus Capital, 2018–2020
- Portfolio Manager at Reliance Private Client, 2013–2018
- AVP Research and Asst. Portfolio Manager at Reliance Private Client, 2010–2013
- Equity Research Analyst at Dalal & Broacha Stock Broking and Sharekhan, 2005–2010
- Credit Officer & Business Analyst at Cholamandalam Finance and Consortium Finance, 1999–2005

### Performance

- Top-ranked portfolio manager from 2013–18 with Alpha Growth delivering 36.0% CAGR (5.0x absolute multiple) for the period (Apr 13– Jun 18)

### Education

- B.Com, MBA – IMT, Ghaziabad



## ABHISHEK SHAH

Director, Co-Fund Manager

### Experience

- Over 14 years experience managing equity portfolios for individuals, family offices, corporate treasuries, and institutions
- Advised on diversified portfolios, special situations, tax planning, and risk management
- Senior VP at IIFL Wealth, Led a 6 member team managing over Rs. 2,000 Cr. of equity assets, 2009–2022
- Consultant at Deloitte Consulting in Dallas, Texas. Involved in business transformation projects and deploying enterprise applications, 2006–2009

### Education

- B.S. – University of Texas at Austin, CFA Level 3 Completed

# Investment Team



## **UMESH GUPTA**

*Head - PMS & Portfolio Manager*

Umesh is responsible for overseeing equity portfolio management. He has over two decades of experience in portfolio management, equity research and business analysis across organisations like Avendus Capital, Reliance Private Client and Dalal & Broacha Stock Broking.



## **ASHUTOSH GARUD, CFA**

*Director, Associate Portfolio Manager*

Ashutosh is responsible for overseeing equity portfolio management. He has close to two decades of experience in portfolio management and equity research across organisations like Ocean Dial Asset Management (FII arm of Avendus Capital), Reliance Private Client, Dalal & Broacha Stock Broking, Motilal Oswal and Prime Securities. He has managed World Investment Opportunities Fund (WIOF) India Fund at Reliance Private Client. He is a CFA Charterholder and MBA in Finance.



## **ABHISHEK SHAH**

*Director, Associate Portfolio Manager*

Abhishek works with Sunil as the NDPMS Portfolio Manager. He has over 12 years of experience in equity advisory and portfolio management at IIFL Wealth Management. Prior to IIFL, he worked at Deloitte Consulting in Dallas TX.



## **ADITYA AGRAWAL**

*Research Analyst, Portfolio Management*

Aditya is part of the equity research team and is responsible for analysing companies across the sectors. He has over nine years of experience across buy side equity research, investment management, treasury and quality assurance across firms such as Indgrowth Capital (Category III AIF) and ICICI Bank.

## TERMS

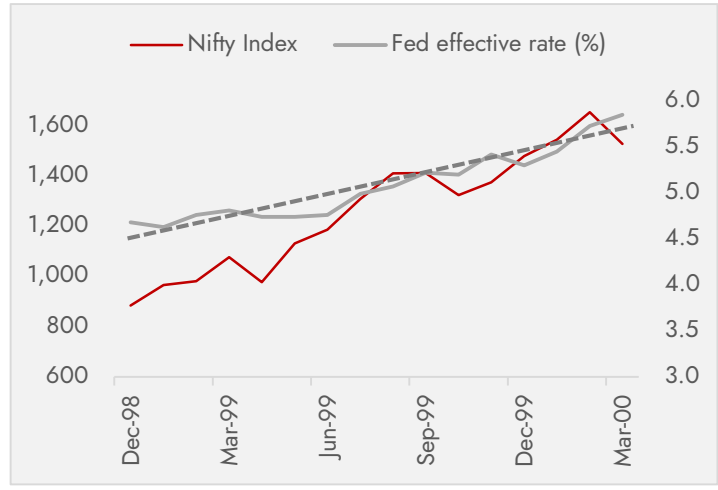
# CALIBER - TERMS

<b>Fund Manager</b>	Umesh Gupta
<b>Nature</b>	Discretionary Portfolio Management Services
<b>Minimum Corpus</b>	INR 50 Lacs
<b>Benchmark</b>	Nifty 50 TRI Index, Nifty 500 TRI Index
<b>Fees</b>	Management fee of 1.25% p.a. (Charged daily, payable monthly) Performance fee of 10% in excess of Hurdle Rate of 15% (Charged annually or on exit)
<b>Other Expenses</b>	On actual basis
<b>Premature Termination Load / Fees</b>	Nil, No Loads / Exit Fee
<b>Underlying Instruments</b>	Direct Equity, Liquid / Overnight Mutual Funds, Liquid ETFs

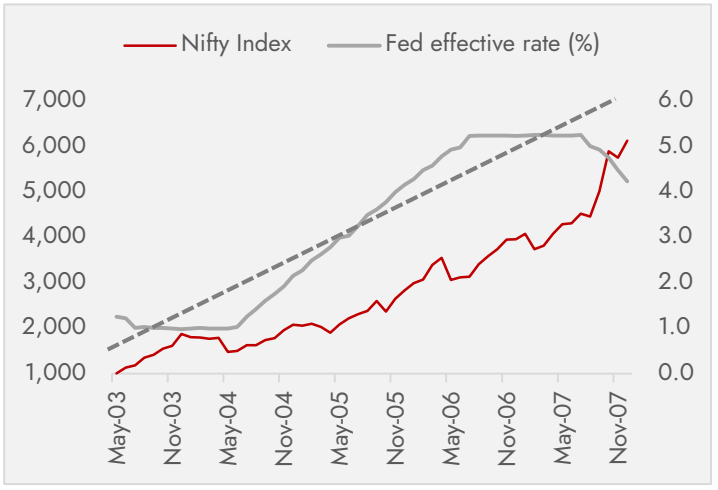
## Annexure

# Fed Rates and Nifty Index – Limited Correlation

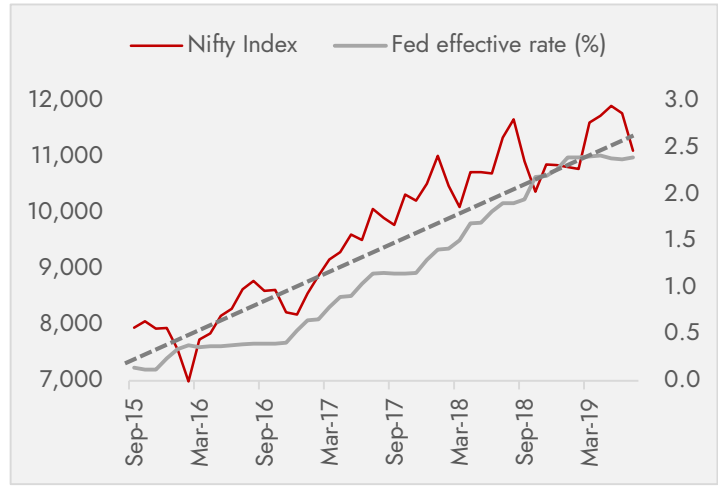
1999 - 2000



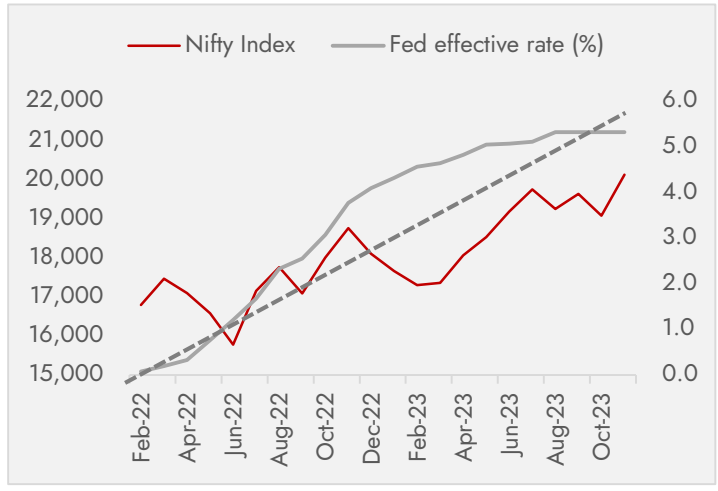
2003 – 2007



2015 – 2019



2022 – YTD 2023





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