

Indian Entrepreneur Portfolio – Concept Note

Investment Objective

- To invest in entrepreneurially driven and family owned businesses* listed on the Indian stock markets, for compounding gains over the medium to long term. (**Family Owned Firms as defined as – listed firms characterized by control, concentration of ownership (> 26%), and often key management positions among family members*)

Portfolio Characteristics and Construct

- Invest only in entrepreneurial firms which are family controlled
- Emphasis on entrepreneurial spirit and high capital efficiency
- Portfolio of 18 - 20 carefully identified, well researched businesses
- Stock weight 10%, sector weight 25%
- Focus on Growth businesses which are capital efficient
- Significant minority stakes in select midsize businesses
- Invest with at least a 3 year horizon
- Invest in seasoned players who have the potential to get ‘seeded’

Portfolio Philosophy

Invest in Entrepreneurs

- Of vision, integrity and passion
- Who have their ‘own skin in the game’
- Execution capability and track record

Invest in ‘Growth’ businesses

- Capable of at least doubling their bottom line in 3-4 years
- That are capital efficient
- That are seasoned (proven business models) players who have the potential to get ‘seeded’ (become leaders)
- Which focus on wealth creation for their shareholders

Invest in attractive mid-market companies at attractive prices

- Buy ‘growth’ businesses at ‘value’ prices
- Focus on investing with adequate margin of safety
- Often could be under-researched, under-owned or contrarian investing
- Eschew risk of small/micro caps and start ups

Risk factors:

Indian Entrepreneur Portfolio invests into equities and equities as an asset class carry a higher risk in comparison to debt. While risk cannot be totally eliminated, it can be mitigated through a well-designed investment strategy. The Portfolio seeks to mitigate risk and deliver superior returns through research-based investing. However, this objective may not be fully achieved due to various reasons such as unfavorable market movements, misjudgment by portfolio manager, adverse political or economic developments etc. Past performance is not a guarantee of future returns.



Portfolio Construction

- Concentrated portfolio of 18-20 holdings
- Active management, long term buy and hold approach
- Exposure to sunrise, innovation led and cutting edge sectors

Investor Profile

This offering is suitable for those investors, both private and institutional, who would like:

- To create long term wealth from Indian equities through superior compounding growth.

Benchmark Index:

BSE 500

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Current Portfolio Construction Summary & Portfolio Guidelines	
Investment Strategy: Active, Passive	Active with focus on long term compounding growth
Investment approach: Fundamental, Quantitative, Core	Fundamental approach
Screening approach: Bottom up, Top Down, Combination	Bottom up
Equity style: Deep Value, Value, Core, Growth at Reasonable Prices, Growth	Growth at Reasonable Prices
Portfolio Benchmark	BSE 500
Maximum position of single stock (in %)	10%
Maximum sector position (in %)	25%
Maximum country allocation (in %)	Indian listed equities only
Maximum cash position (in %)	Cash is a residual asset and not a tactical tool to manage the portfolios.
Market Capitalization bias	No market capitalization bias
Average number of portfolio holdings	18 to 20
Use of derivatives for hedging	None
Use of derivatives for active strategy	None
Tracking error (if applicable)	None
Portfolio Accounting Currency	INR

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Features of the Portfolio

Minimum Initial Investment Amount	<i>Initial Investment:</i> Rs.50 lacs <i>Top-up:</i> Rs.5 lacs and multiples thereof
Exit Load	3% for withdrawals within 1 year from the date of investment, 2% for withdrawals after 1 st year but within 2 nd year and 1% for withdrawals after the 2 nd year but within 3 rd year from the date of investment
Fee Structure	<i>Upfront Fee:</i> 1.25% (calculated on initial and additional capital invested and charged upfront on the portfolio) <i>Management Fee:</i> A fixed fee of 1.25% (p.a. calculated on the average daily portfolio value payable on a quarterly basis at the end of each calendar quarter) and a performance fee of 20% of performance over 10% compounded hurdle over 3 three years
Portfolio Manager	Dhrumil Shah

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