



Life Portfolio – Concept Note

Investment Objective

- The primary objective of Life Portfolio is to deliver steady long term compounding returns from a portfolio of high quality companies that have demonstrated superior capital efficiency, are run by highly reputed managements, are least capital intensive and have proven business models.

Investment Case

Sustained wealth creation is a process of careful investing in businesses that present growth opportunities over the long term. Indian equities present such a profitable opportunity over the next few decades with strong macro and micro fundamentals. This presents a fertile ground for superior compounding if the investments made are backed by knowledge and insight.

As India gets younger and incomes rise on the back of attractive demographics and socio-economic characteristics, consumption which accounts for 57% of India's GDP is expected to remain robust. As a growing and prospering population unleashes vast consumption, sectors like FMCG, Pharma, Banking and Auto are expected to be the beneficiaries over a period of next few years.

Life Portfolio brings all these and acts as a vehicle to invest in the opportunities created by the India growth and consumption story. This is a portfolio of companies which have demonstrated superior capital efficiency, are run by highly reputed managements, are least capital intensive and have proven business models. It is modeled as an all-weather portfolio to be invested in at all point of time akin to collecting blue-chip stocks irrespective of market conditions. We sincerely believe that this portfolio should form the core holding for each and every investor.

While the Portfolio is benchmarked against BSE 200, the endeavor is to focus on long term superior compounding and capital preservation through the cycles of market.

Portfolio Characteristics and Construct

- Invest in companies with strong underlying business models with steady growth, consistent operating history and strong free cash flows, low capital intensity and high return ratios leading to higher payout potential
- Focus on superior pedigree of management that have conservative approach to capital raising
- Emphasis on exceptionally high quality companies with high ROE and ROCE
- Focus on reasonable size of business and market capitalization

Risk factors:

Life 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 ASKIM Portfolios seek 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.



- Provides both preservation of capital and steady and compounding growth
- About 20 carefully chosen names
- Focus on growth businesses that are priced reasonably

Investment Approach

While focusing within our circle of competence, we identify opportunities in Indian economy that are large, structural and can be profitable. We rely on fundamental approach to investing with a rigorous analysis of the company financials, growth opportunities and management bandwidth. For inclusion in the portfolio, the investment prospects have to pass the criteria of strong underlying business models with steady growth, consistent operating history and strong operating cash flows, low capital intensity and high return ratios leading to higher payout. Further, the businesses will have to pass the following criteria:

- Exceptionally high quality business with superior management pedigree
- Enough cash flows to sustain and nurture business growth
- Exceptionally high ROCE
- Minimum or no dilution of capital
- Minimum 12 – 15% annual earnings growth on a compounded annual basis
- Earnings and business model of such businesses would typically be self replicating, comprehensible, sustainable, consistent and predictable.

Investor Profile

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

- Investors who seek steady compounding benefit in Indian equities with lower volatility.
- Investors who want to be rewarded with capital gains as well as steady dividend flow over the long term.

Benchmark Index:

BSE 200

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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 200
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	In Life Portfolio, there will a minimum exposure of 70% into the benchmark BSE 200 stocks and the balance in high quality mid cap positions. While BSE 200 stock positions are expected to provide steady and consistent market returns, the remaining in mid caps are expected to generate the alpha.
Average number of portfolio holdings	20 to 22
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 - Lumpsum	Initial Investment: Rs.1 crore Top-up: Rs.5 lacs and multiples thereof
Minimum Initial Investment Amount - SIP	Initial Installment: Rs.50 lacs Subsequent Installments: Rs.5 lacs with a minimum of 12 monthly installments
Exit Load	2% for withdrawals within 1 year from the date of investment and 1% for withdrawals after the 1st year but within 2nd year from the date of investment for all options
Fee Structure(Lump sum)	Upfront Fee: 1% (calculated on initial and additional capital invested and charged upfront on the portfolio) Management Fee: 2.5% (p.a. calculated on the average daily portfolio value payable on a quarterly basis at the end of each calendar quarter)
Fee Structure (SIP)	Upfront Fee: 1% for initial investment and nil for subsequent SIP installments Management Fee: 2.50% (p.a. calculated on the average daily portfolio value payable on a quarterly basis at the end of each calendar quarter) SIP Discontinuance Fee: In case if the investor does not honor two consecutive SIP installments, the SIP will be discontinued and an upfront fee of 1% will be charged on all previous installments and initial investment amount
Portfolio Manager	Anuj Sharma

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