

ASK Investment Managers Pvt. Ltd

# Strategic

**Concept Note**



# Strategic- Concept Note

## Investment Objective

The Strategic concept offers a proposition of constructing a focused and a concentrated mix of well-researched large cap and mid cap companies with potential to deliver long term superior returns with a reasonable margin of safety.

## Portfolio Characteristics

- Concentrated portfolio comprising of 12-15 stocks
- Aims to deliver superior absolute returns over medium to longer term
- Low portfolio turnover
- 'Long-Only' portfolio with a focus on quality of business and management on one hand and economic trends and opportunities on the other
- Emphasis on the overall trading liquidity of the portfolio to ensure flexibility in the portfolio
- Focus on growth characteristics and capital efficiency of the businesses. This implies an inclination to “quality businesses at reasonable valuation” rather than “mediocre businesses at cheap price”.

## Investment Approach

- Endeavour to protect capital and generation of positive long term returns.
- Buying into quality and competitive businesses that are generally less capital intensive yet offer high capital productivity.
- Looking for opportunities which arise from – turnaround cases, business restructuring, new product lines, asset plays, undiscovered growth etc. Uncover a few strong ideas that are potential wealth multipliers' over a foreseeable period of time
- Focus on identifying 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.

### **Risk factors:**

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.

- For inclusion in the portfolio, the businesses have to pass the sieves of growth, liquidity, capital efficiency and size of profits.

## Investor Profile

The offering is suitable for a select club of seasoned investors

- A personalized investment programme.
- To participate in India's growth opportunity and expect a consistent, risk controlled, compounded returns over a 3 to 5 year horizon.
- Long term wealth creation.

## Benchmark Index

BSE 200

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# *Current Portfolio Construction Summary & Portfolio Guidelines*

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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          | Essentially fundamental with a good mix of quantitative analysis and qualitative assessment   |
| Screening approach: Bottom up, Top Down, Combination          | Bottom up   |
| Equity style: Deep Value, Value, Core, GARP, Growth           | Deep Value  |
| Portfolio Benchmark   | BSE 200   |
| Maximum position of single stock (in %)                       | 14%   |
| 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 (small, mid, large, all cap)       | Strategic will primarily have a mid-cap bias which would account for 60%-70% of the positions with few select large cap which are available at deep discount to the intrinsic value when purchased. |

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|  |   |
|--|---|
| Key Characteristics                    | <p>1.Focus on businesses quoting at deep discount to the value, either due to mispricing of the security or due to sector being out of favour or the growth being under-estimated or due to tactical errors by the management that can be corrected.</p> <p>2.Seek about 50% discount to the intrinsic worth of a business using proprietary research and valuation.</p> <p>3.Steer clear of companies with larger leverage, large capex not fully consummated and/or large working capital commitments.</p> <p>4.Secure the advantage of early cycle or new idea investment or a business that is good today but has the `greatness` potential</p> |
| Use of derivatives for hedging         | None  |
| Use of derivatives for active strategy | None  |
| Fund Accounting Currency               | USD   |

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