




ALCHEMY
CAPITAL MANAGEMENT

July 2019

About Alchemy



- Alchemy Capital Management Pvt Ltd. (Alchemy India) is registered as a Portfolio Manager with SEBI and started its asset management business in 2002.
- The group (including Alchemy India's Singapore subsidiary) has over 17 years of consistent track record
- The group AUM is over USD 1.13 billion**
- The group has a very stable and experienced team of investment professionals with experience of managing funds through bull and bear cycles.
- Alchemy High Growth, the flagship strategy of Alchemy India, has out performed its benchmark^ 14 out of 17 calendar years generating a net annualized alpha of +766 bps^^ (INR returns)
- The investment team is well supported by an experienced Risk management, Compliance and Operations team.

**As of 30th June 2019

^S&P BSE500 index

^^As of 30th June 2019, Past performance is not the indicative of future performance

^^ Returns are shown as net of all fees and expenses

The Investment Philosophy



We believe that consistent and superior long term absolute returns can be made across market cycles by investing in growth companies with good management teams.

- We like businesses which address large and growing external opportunity, have a competitive advantage in effectively exploiting those opportunities and have a scalable business model with higher than average Return on Capital Employed (ROCE) over the Investment horizon.
- We believe management teams are key to business success. We look for managements which have aggression, are aligned to business outcomes while simultaneously having respect for governance and capital allocation

While growth companies form the core of our portfolio, we tactically also invest in deep value opportunities and special situations that may appear due to market cycles



Our Offerings



Capturing the Opportunity

Investment Objective**

- » The strategy aims at generating long term returns by investing in equities and equity related instruments mainly into large cap stocks

Investment Suitability

- » Suitable for an investor who is looking to participate in India growth story through equities.
- » Seeking High Risk – High Return portfolio.
- » Ideal investment horizon is 3 to 5 years.

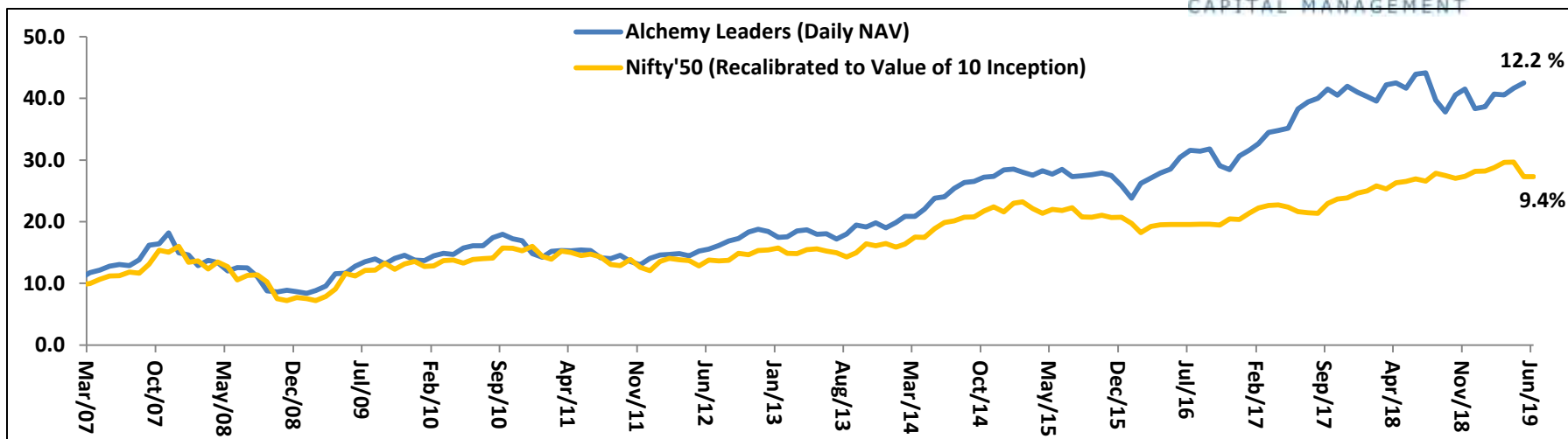
Allocation across Market Cap may range between

Equity By Market Cap	Weight in Portfolio	Definition	Cut off for CY 2019
Large Cap	85-100%	Market capitalization of 100 th stock in S&P BSE 500 is the cut off for large cap	Rs.26294 Cr and above
Mid Cap	0-15%	Market capitalization between 101 st and 400 th stock in S&P BSE 500 is the cut off for Mid cap	Rs.3109 Cr to Rs.26294 Cr

Note: Market capitalization cut off will be taken from S&P BSE 500 as on 31st Dec (i.e. end of every calendar year) for succeeding calendar year

**The investment objectives, allocation are indicative and there are no assurances that it will be achieved. Investors are advised to take independent tax, legal, risk, financial and other professional advice.

Investment Credentials- Alchemy Leaders



Period	1 yr	2 yrs	3 yrs	5 yrs	10 yrs	Since Inception
% Returns [#]	2.1%	9.9%	14.2%	12.3%	13.8%	12.2%
%Benchmark Nifty'50	10.0%	11.3%	12.5%	9.1%	10.6%	9.4%

It has generated 12.2% CAGR since its inception (21st Dec 2006) as compared to 9.4% generated by Nifty'50.

The strategy has created substantial wealth since its inception*. Rs 1 Cr invested on 21st Dec 2006 would have grown to Rs 4.3 Cr v/s Rs 3.1 Cr in Nifty'50.

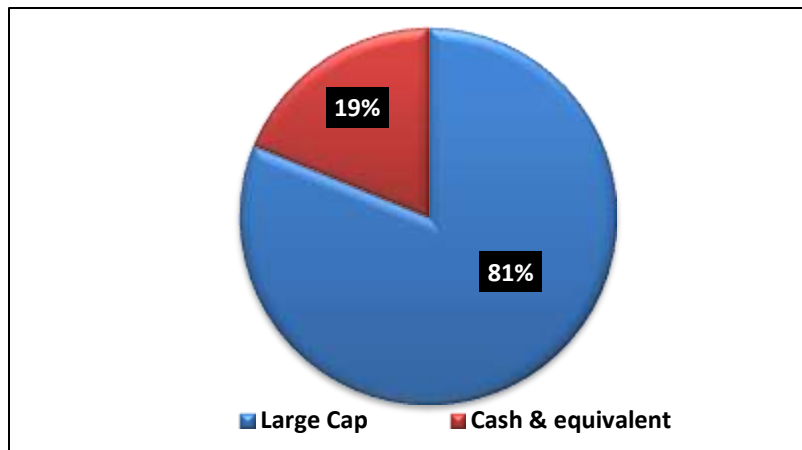
As on 30th June 2019

[#]Returns are shown as net of all fees and expenses. [#]Returns 1yr: Absolute, greater than 1yr: Compounded Annualized

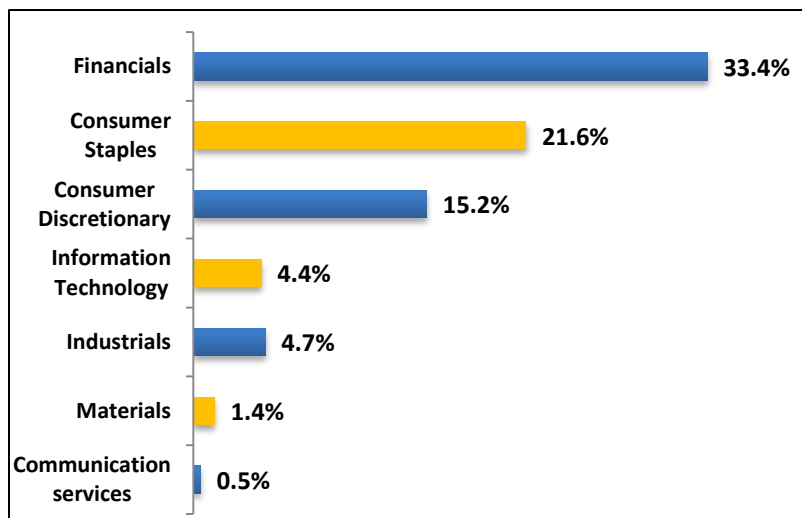
[#]Past Performance is not the indicative of future performances

*From inception of the Product – Leaders – 21st Dec 2006. Note that the two old products, Alchemy Leaders and Alchemy Leaders - Select Stock has been merged into one product i.e. Alchemy Leaders effective May 1, 2018.

Alchemy Leaders– Portfolio Composition & Analytics



Parameter	Alchemy Leaders	Benchmark (Nifty 50)
	(Since Inception)*	(Since Inception) *
Std. Dev.	14.4%	18.5%
Sharpe	0.4	0.1
Beta	0.7	1.0



Scripts	Weight
HDFC BANK	10.7%
AVENUE SUPERMARTS	10.1%
HINDUSTAN UNILEVER	8.9%
BAJAJ FINSERV	8.5%
TITAN COMPANY	7.1%
MAHINDRA & MAHINDRA	7.0%
BAJAJ FINANCE	5.5%
BANDHAN BANK	5.1%
CONTAINER CORPORATION OF INDIA	4.6%
TATA CONSULTANCY SERVICES	4.4%

As on 30th June 2019

*From inception of the Product – Leaders – 21st Dec 2006. Note that the two old products, Alchemy Leaders and Alchemy Leaders - Select Stock has been merged into one product i.e. Alchemy Leaders effective May 1, 2018.

Investment Manager - Investment Team

Hiren Ved

CIO

Experience: 25 years

Year of Joining Alchemy: 1999



Amit Nadekar

Portfolio Manager

Experience : 16years

Year of Joining Alchemy: 2005



Sumit Chaturvedi

Portfolio Manager

Experience : 13 years

Year of Joining Alchemy: 2017



Alka Sinha

Analyst

Experience : 4 years

Year of Joining Alchemy: 2018



Vikas Kumar

Portfolio Manager

Experience : 19 years

Year of Joining Alchemy: 2016



Seshadri Sen

Head of Research

Experience: 25 years

Year of joining Alchemy: 2018



Darshan Engineer

Analyst

Experience: 8 years

Year of joining Alchemy: 2011



Founders and Investment Team

- » Bring over 100 years of cumulative Indian equity market experience.
- » Have excellent market standing built on integrity.
- » Have extensive network of intelligence and information at disposal.
- » Co-founder, Hiren Ved, as Chief Investment Officer brings investment philosophy consistency.
- » Have a stable and experienced team of investment professionals who have stayed and imbibed the firms investment philosophy.

Disciplined Investment Process

- » Pioneers in Bottom Up stock picking.
- » Ability to pick trends early.
- » Focus on Primary Research.
- » Long term approach to investing in listed companies with continuous review.
- » Consistent performance track record since inception in 2002.
- » Bespoke approach to individual client's portfolio.

Track Record

- » 17 years of Investment management track record.
- » INR 1 crore invested in May 2002 in Alchemy High Growth could have grown to over 37.8 crores today*
- » Alchemy High Growth , the flagship strategy of Alchemy India, has been managed through bull and bear cycles and out performed its benchmark 14 out of 17 calendar years.

Vintage & Size

- » One of the few Portfolio Managers in India to have been in existence since 2002.
- » Manages/advices over USD 1.13 billion of assets onshore and offshore as on 30th June 2019.

Strong Emphasis on Compliance and Risk Management

- » With an ethical Code of Conduct in place.
- » With transparency in business, client service and reporting.

Quality of Clients

- » Sophisticated Institutional investors, Sovereign funds.
- » Ultra HNIs (Limited universe of over 1000 exclusive families and includes eminent individuals across businesses families and professionals)

*As on 30th June 2019

Past performance data is not indicative of future performance

Rakesh Jhunjunwala- Co-Founder :

Rakesh Jhunjunwala: An experienced, longstanding investor in the Indian capital markets. Mr. Jhunjunwala has made all his wealth by investing and trading in the Indian markets for over 30 years. While he is not involved in the day-to-day functioning of the firm, his mentorship and guidance has helped the group develop its consistent ethos and performance.

Lashit Sanghvi- Co-Founder and Whole-Time Director :

Lashit Sanghvi, Director & CEO: Mr. Sanghvi has over two decades of experience and has been featured in CNBC's "Wizards of Dalal Street", as one of India's successful investors. Besides public equities, his area of expertise also involves development of systems critical for running a high-performance investment management business.

Ashwin Kedia - Co-Founder:

Ashwin Kedia: He possesses over 25 years of comprehensive equity market experience. His key strengths are stock picking and developing corporate relationships. Ashwin has also featured on CNBC's "Wizards of Dalal Street- Gen Next", a series on the most successful young investors in India.

Hiren Ved-Co-Founder and Whole-Time Director:

Hiren Ved, Director and CIO: Mr. Ved started his career by working with KR Choksey & Co, a sell side firm known for its value investment approach, and eventually graduated to become the firm's Head of Research. He brings over two decades of experience in bottom-up stock picking, managing portfolios and managing a high-performance investment team capable of delivering consistent, superior alpha.

Lashit Sanghvi- Co-Founder & Whole-Time Director:

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Neeraj Roy- Non Executive Director:

Mr. Neeraj Roy is a Commerce Graduate and has a Masters degree in Management. Neeraj founded and leads a vibrant team that is a part of the Hungama group in India, one of Asia's largest Digital Media Entertainment conglomerates. He is also the Chairman Emeritus of the Asia Board of the Mobile Entertainment Forum (MEF). He has been associated with MEF for more than 5 years now.

Manu Parpia- Non Executive Director:

Mr. Manu Parpia is the Founder, Managing Director & CEO of Geometric Ltd. and Chairman of 3DPLM Software Solutions Ltd. He has served as the Chief Executive of the Electronic Business Equipment Division of Godrej & Boyce from the mid-eighties till 1999. During this period, he had also founded Godrej Pacific, a joint venture between Tech Pacific and Godrej & Boyce, and served as its Managing Director from 1995 to 1999. Mr. Parpia holds a Bachelor's degree in Chemical Engineering from McGill University, Canada; an MBA from Harvard Graduate School of Business Administration, USA; and a Diploma in Finance & Accounting from England. His areas of specialization include international marketing and business development, business strategy and commercialization of technology.

Mr. Rajiv Agarwal - Non Executive Director:

Mr. Rajiv Agarwal works for RaRe Enterprises, the investment firm of Mr. Rakesh Jhunjhunwala, where he is responsible for investing, managing and monitoring the firm's Private Equity investments. Rajiv has experience and deep understanding of B2B and B2C businesses spanning Consumer, Education, Mobile Entertainment, Media, Financial Services and Oil Drilling which form a part of RaRe's PE portfolio. Rajiv made a career shift from Management Consulting to PE investing and joined Rare Enterprises in 2006, drawn by the growth opportunities that India presents. He has invested in quite a few companies across different industries and made successful exits as well. He serves on the boards of several listed and unlisted companies. Rajiv is a graduate in Chemical Engineering from the Institute of Technology, Benares Hindu University.

Mr. Hiren Ved- Chief Investment Officer (CIO) :

Mr. Ved joined Alchemy in 1999, spearheading the firm's asset management business. With over two decades of experience in equity markets, he has carved a niche in "Bottom-up" research and stock picking with extensive coverage of companies across various sectors. A certified cost accountant, he has over 25 years experience in the Indian equity markets. He has been a Co-Founder and Chief Investment Officer at Alchemy since its inception.

Mr. Amit Nadekar -Portfolio Manager :

A Chartered Accountant by profession, Mr. Amit Nadekar has worked across equity research, corporate strategy, taxation and audit over the last one and a half decades. He started his career on the sell side, tracking the US banking & financial sector; later moving on to the corporate side as a part of the Corporate Strategy team at Raymond. He has been a part of the Alchemy investment team since 2005.

Mr. Seshadri Sen-Head of Research:

A CFA Charterholder, Mr. Seshadri Sen has been covering Indian markets since 1992. Prior to joining Alchemy in 2018, he had served as the lead analyst at JP Morgan, covering banks and financials. Mr. Sen has over 25 years of experience behind him and some of his key assignments in the past included Macquarie Capital, SocGen, ICICI Prudential AMC and a previous stint with Alchemy. An alumnus of Presidency College in Kolkata, Mr. Sen also holds an MBA degree from XLRI Jamshedpur.

Sumit Chaturvedi- Portfolio Manager:

Sumit Chaturvedi has over 13 years of experience in quantitative analytics and financial pre-trade and post-trade consultancy. He has worked with Quant Capital and Edelweiss Securities in the past and, prior to joining Alchemy, worked as a consultant for asset management firms and hedge funds to help them develop strategies for long-term investments and short-term trading. He was also responsible for helping these firms and hedge funds streamline their pre-trade and post-trade operations.

Vikas Kumar- Portfolio Manager:

With over 19 years of equity market experience, Mr. Kumar has expansive experience that includes equity analysis, private client fund management and strategy building on a sell-side institutional desk. He specializes in creating data-based quantitative algorithms & mathematically objective implementation strategies. His unique research paper on investment methodology, A Quantitative System for Reflexive Financial Markets, earned him a U.S. copyright. He pursued a BA in Math from Delhi University, qualified for Indian Institute of Technology Joint Entrance Examination (IIT-JEE), was a state-level National Talent Search Examination (NTSE) merit scholar and one of the national CBSE toppers. Prior to Alchemy, he worked with Dalal & Broacha Stock Broking and collaborated at Reliance Capital. He was also nominated as one of the best Quant Analysts in Asia by Institutional Investor magazine in 2009.

Darshan Engineer- Research Analyst:

Darshan has about eight years of experience in credit and equity research. Darshan completed his computer engineering degree from Sardar Patel College of Engineering, Mumbai, in 2005. After that, he worked as a software engineer at Tata Consultancy Services for two years. Thereafter, he completed his MBA (Finance) from Jamnalal Bajaj Institute of Management Studies, Mumbai, in 2009. From there, he joined CRISIL, India's largest credit rating agency, where he rated bank loans of Indian mid-corporates and led a team of three analysts. In July 2011, he joined Alchemy Capital Management, where he first worked with the offshore debt team to analyze foreign currency convertible bonds and bonds issued by Indian corporates, Government entities, etc. He also provided credit analysis to the equity team, and has since joined the equity investment team.

Alka Sinha- Research Analyst:

Alka has around 4 years of experience in consulting and valuation for real estate, infrastructure and hospitality sector. Prior to joining Alchemy in November 2018, Alka has worked in the advisory division of KPMG India and Knight Frank India. During her tenure, Alka has extensively worked with clients including banks, NBFCs, corporates and government agencies. Her key skill-sets include Market research, Financial due diligence, and Financial Modelling. Alka holds an MBA degree from IIM Indore, and is also a CFA L2 candidate.

Investment Process

3 I- Matrix



Universal Tracker

- Universe of top 500 companies by market cap
- Extensive company visits; we meet over 100 -150 companies annually
- Best performers basis financial metrics
- Best performers basis price
- Change in external/macro environment

Network Inputs

- Interdependent company/sector feedback
- Attending sector theme specific conferences
- Broker conferences and visits
- Interacting with peer group

Ground Noises

- Interaction with our client base
- Interaction with business ecosystem i.e. outlets/dealers etc

Active Tracker

- Company filings
- Quarterly results
- Analysts calls
- Site/management visits
- Updating and revisiting models

Investment Process

Idea Generation

- Universal Tracker
- Active Tracker
- Network Inputs
- Ground Noise

Research and Analysis

- Quick research, if we like the company
- Detailed Model
- Meeting the management
- Final Model

Investable Pool

- Pool of 80 to 100 companies
- New ideas and old ideas
- Active-proactive model updates and company meetings
- Passive-Quarterly model updates and meeting

Portfolio construction

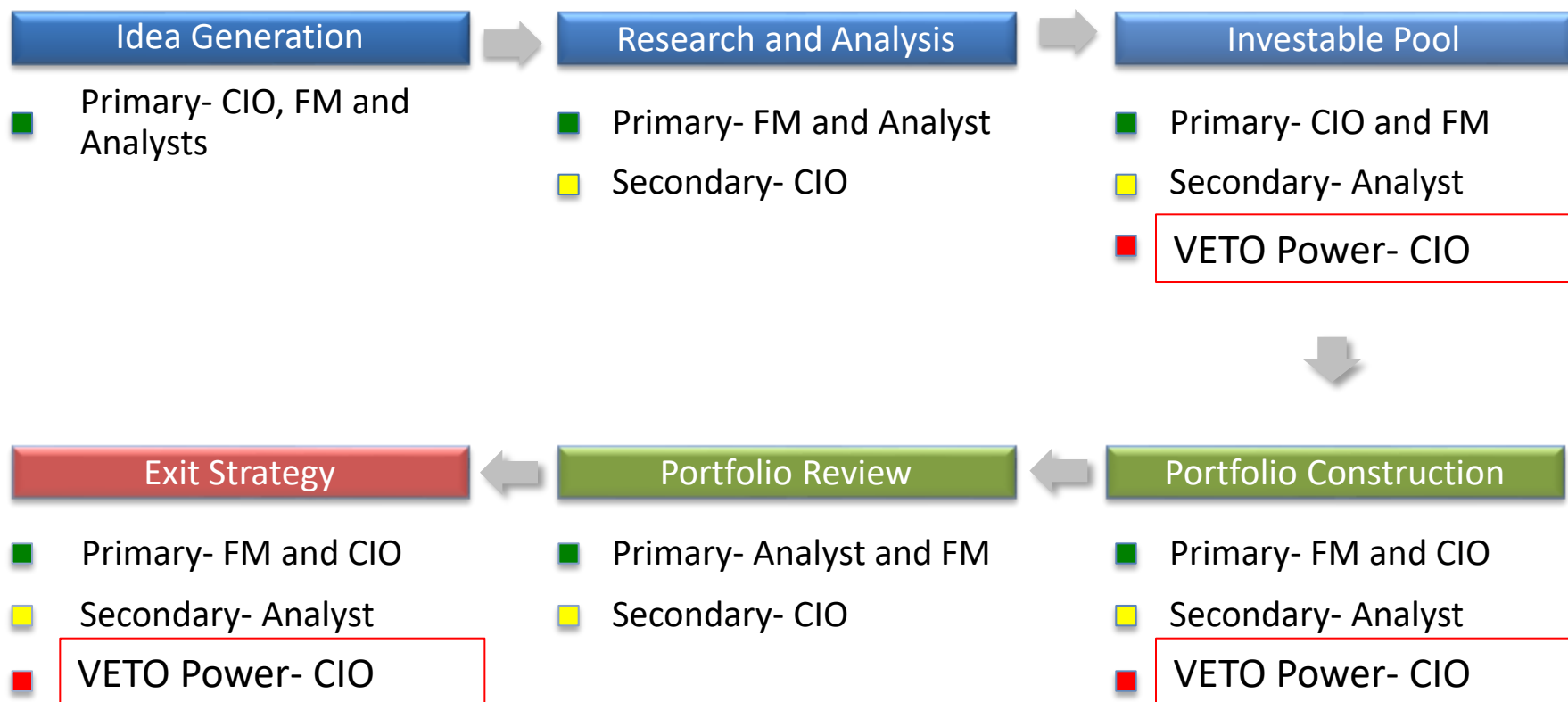
- Fund manager selects stocks basis fund mandates
- Fund manager does final selection
- CIO manages the process and has an overriding power over fund manager

Review and Monitoring

- Quarterly and annual update of the investment thesis
- Investee company meetings- at least bi-annual
- External broker and analyst networking
- Model updates every quarter

Exit

- Revolving review
- Trim over weights
- Risk return not in favor
- Better opportunities
- Hypothesis not playing out as initially planned



Firm Level

- Performance patterns analysis
- Dedicated pre and post trade checks, ongoing internal reviews
- Statutory and legal risk managed by the compliance and legal function which is monitored by the Group Compliance Head.
- Business Risk managed by the Group CEO.

Portfolio Level

- Daily monitoring by in-house operations team basis the fund mandate
- Fund Manager evaluates performance of each strategy vis a vis the benchmark on a monthly basis
- CIO reviews the performance of each strategy with the respective fund manager every month.
- Contribution analysis conducted each month by investment team. Portfolio action on absolute and relative performance analysis and portfolio positioning are discussed every month

Security Level

- Sectoral limit based on mandate
- Individual stock limit based on mandate
- We also monitor the ownership in companies at Fund/Strategy level
- Investment positions - flags raised by operations team if a position is close to the maximum permissible limit weight-ages



CIO,CEO and COO
Fund Managers
Business Heads



Forming and reviewing macro view,
Performance Tracking,
Contribution Analysis,
Outlier Management and decisions
Exception Reporting and Priority Actions

Major topics discussed in the Investment Committee meet

- » Macro view: the investment team presents their view on the changes global macro variables and what can be expected in future.
- » Fund performance: Performance of all funds is analyzed. Each fund manager has to present his portfolio positioning and the impact of change in macro and micro variables that have affected or may affect the portfolio in the future. In case of consistently under performing positions, triggers of events are defined. If these triggers are not achieved, then the position is revised by the investment committee.
- » Risk monitoring: An in-depth contribution analysis is presented to understand under-performers and out-performance and plan of action for the same.

General Risk factors

All investment products attract various kinds of risks. Please read the relevant Fund Document/ Client Agreement carefully before investing.

General Disclaimers

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