




ALCHEMY
CAPITAL MANAGEMENT

June 2020

- 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 18 years of consistent track record)
- The group AUM is over USD 715 million**
- 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 outperformed its benchmark[^] 14 out of 18 calendar years generating a net annualized alpha of +613 bps^{^^} (INR returns)
- The investment team is well supported by an experienced Risk management, Compliance and Operations team.

**As of 31st May 2020

[^]S&P BSE500 index

^{^^}As of 31st May 2020, Past performance is not indicative of future performance

^{^^} Returns shown are 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

Alchemy Capital's Market Insights:



Alchemy view on Market trends, analysis, and way forward; with additional inputs from industry experts about the different aspects to superlative asset management.

1. Blogs – May & June 2020

- Lending Financials - Medium-Term Challenge
[Read More](#)
- Economic Package – Impact on Markets
[Read More](#)
- Markets Rally, But Risks Remain
[Read More](#)

2. Interview – May 2020*

- Where do markets head after the push for an economy booster?
[Mr. Hiren Ved to ET Now](#)

* Hyperlinks to other websites made available here are to be accessed at the sole risk of the user; the content, accuracy, opinions expressed, and other links provided by these resources are not investigated, verified, monitored, or endorsed by Alchemy.



Our Offerings



Alchemy High Growth (AHG)



Capturing the Opportunity

Investment Objective*

- » The strategy aims at generating long term returns by investing in equities and equity related instruments across market capitalizations, with a Mid cap bias.

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.

Fund Manager : Mr. Amit Nadekar

Allocation across Market Cap may range between

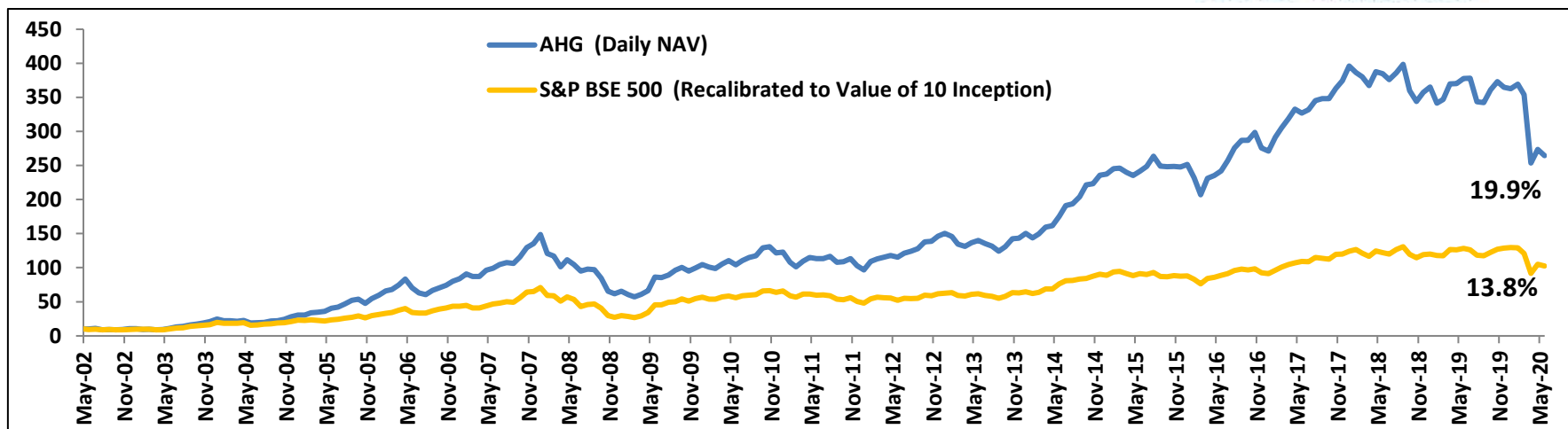
Equity By Market Cap	Weight in Portfolio	Definition	Cut off for CY 2020
Large Cap	25-100%	Market capitalization of 100 th stock in S&P BSE 500 is the cut off for large cap	Rs.27279 Cr and above
Mid Cap	0-75%	Market capitalization between 101 st and 400 th stock in S&P BSE 500 is the cut off for Mid cap	Rs.2948 Cr to Rs.27279 Cr
Small cap	0-20%	Market capitalization below 400 th in S&P BSE 500	Below Rs.2948 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 High Growth



Period	1 Year	2 Years	3 Years	5 Years	10 Years	Since Inception
% Returns High Growth [#]	-30.0%	-17.1%	-6.8%	1.8%	9.8%	19.9%
% Benchmark S&P BSE 500	-20.0%	-8.3%	-2.0%	2.4%	6.2%	13.8%

It has generated 19.9 % CAGR since its inception (08th May 2002) as compared to 13.8 % generated by S&P BSE 500.

The strategy has created substantial wealth since its inception*. Rs 1 Cr invested on 08th May 2002 would have grown to Rs 26.5 Cr v/s Rs 10.3 Cr in S&P BSE 500.

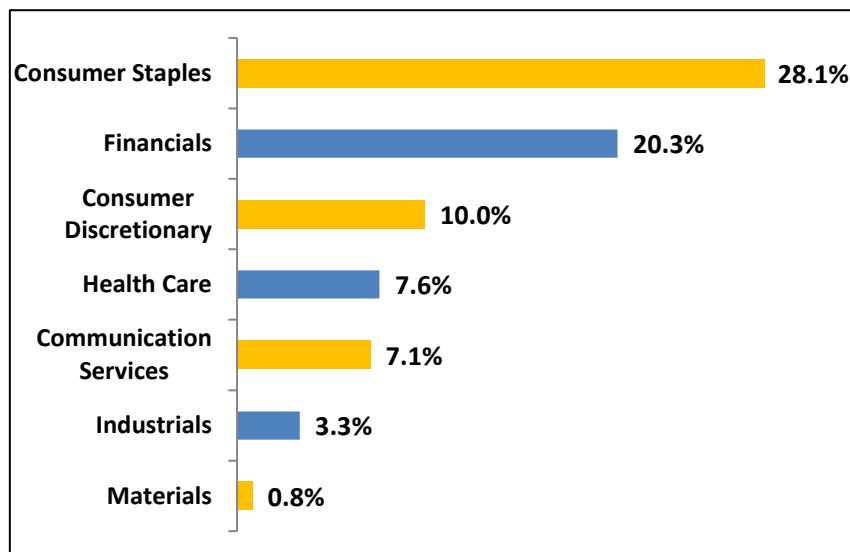
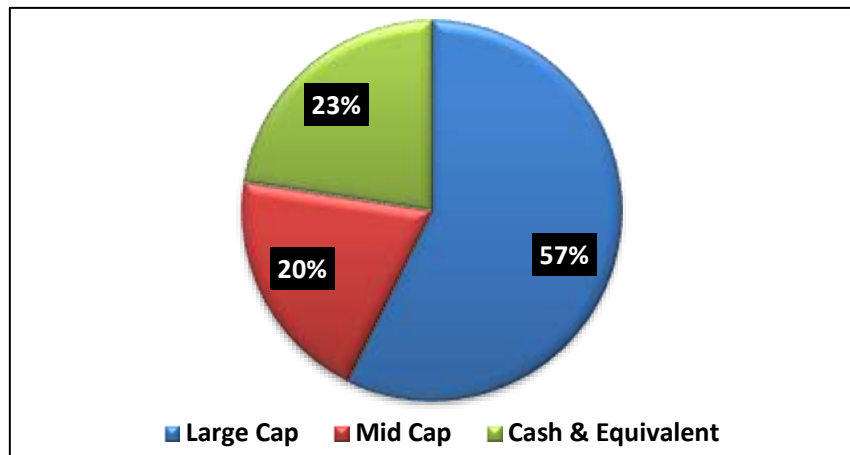
As on 31st May2020

*From inception of the Product – High Growth - 8th May 2002

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

[#]Past Performance is not indicative of future performance

Alchemy High Growth – Portfolio Composition & Analytics



Parameter	Alchemy High Growth	Benchmark (S&P BSE 500)
	(Since Inception)*	(Since Inception) *
Std. Dev.	19.1%	22.7%
Sharpe	0.7	0.3
Beta	0.8	1.0

Top 10 Stocks by Weight	Weight
AVENUE SUPERMARTS	8.1%
HDFC BANK	6.6%
HINDUSTAN UNILEVER	6.1%
VARUN BEVERAGES	5.2%
UNITED SPIRITS	5.2%
TITAN COMPANY	4.1%
ICICI BANK	4.0%
INFO EDGE (INDIA)	3.6%
BHARTI AIRTEL	3.5%
TATA CONSUMER PRODUCTS	3.4%

As on 31st May 2020

*From inception of the Product – High Growth - 8th May 2002

Investment Manager - Investment Team

Hiren Ved

CIO

Experience: 25 years

Year of Joining Alchemy: 1999



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



Amit Nadekar

Portfolio Manager

Experience : 16years

Year of Joining Alchemy: 2005



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.
- » 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 firm's 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

- » 18 years of Investment management track record.
- » INR 1 crore invested in May 2002 in Alchemy High Growth could have grown to over 26.5 crores today*
- » Alchemy High Growth , the flagship strategy of Alchemy India, has been managed through bull and bear cycles and outperformed its benchmark 14 out of 18 calendar years.

Vintage & Size

- » One of the few Portfolio Managers in India to have been in existence since 2002.
- » Manages/advices over USD 715 million of assets onshore and offshore as on 31st May 2020.

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 31st May 2020

Past performance data is not indicative of future performance

Founders

Rakesh Jhunjunwala

Co-Founder

Experience: Over 30 years



Ashwin Kedia

Co-Founder

Experience: Over two decades



Lashit Sanghvi

Co-Founder, CEO

Experience: Over two decades



Hiren Ved

Co-Founder, CIO

Experience: Over two decades



Directors

Lashit Sanghvi

Co-Founder, CEO

Experience: Over two decades



Hiren Ved

Co-Founder, CIO

Experience: Over two decades



Neeraj Roy

Neeraj leads a vibrant team that is a part of the Hungama group, one of Asia's largest Digital Media Entertainment conglomerates.



Manu Parpia

Founder, Managing Director & CEO of Geometric Ltd. and Chairman of 3DPLM Software Solutions Ltd.



Rajiv Agarwal

Mr. Rajiv Agarwal works for RaRe Enterprises where he is responsible for the firm's PE investments.



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

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

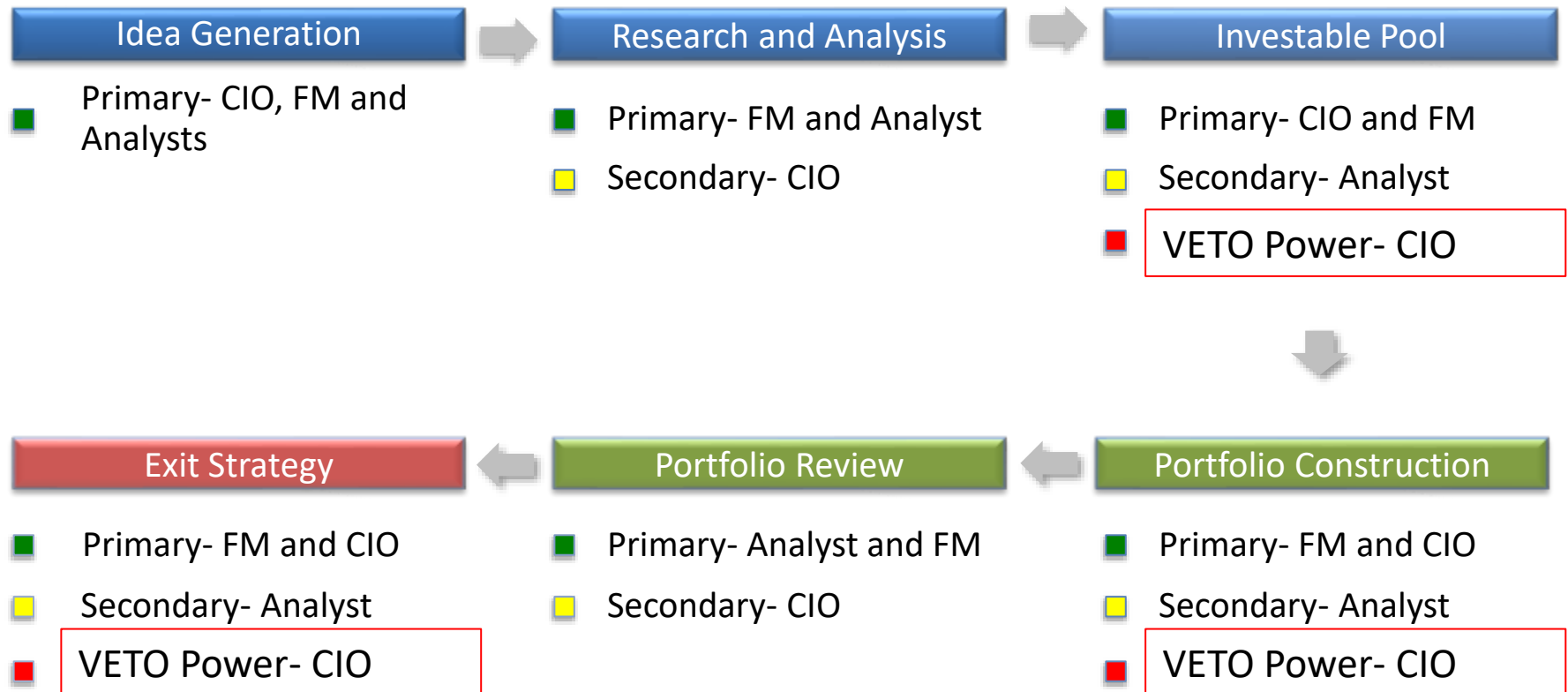
- Fund manager selects stocks basis fund mandates
- Fund manager does final selection
- CIO manages the process and has an overriding power over fund manager

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 Disclosure Document/ Client Agreement carefully before investing.

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