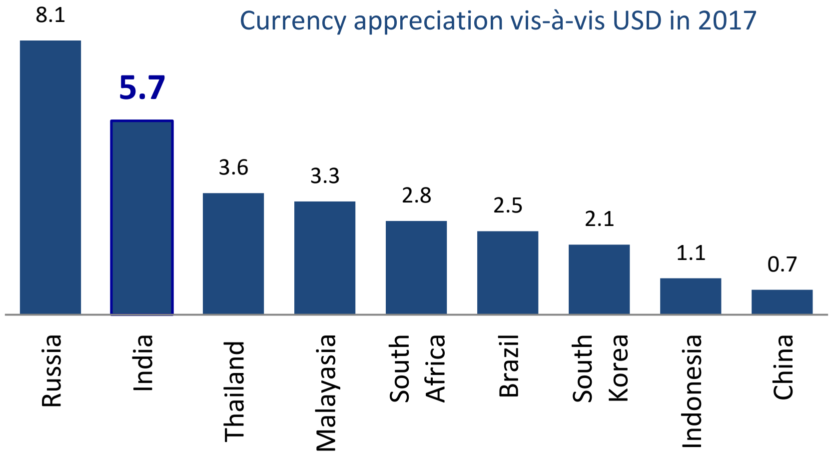
Gallop ahead with India Opportunity Portfolio

May 2019

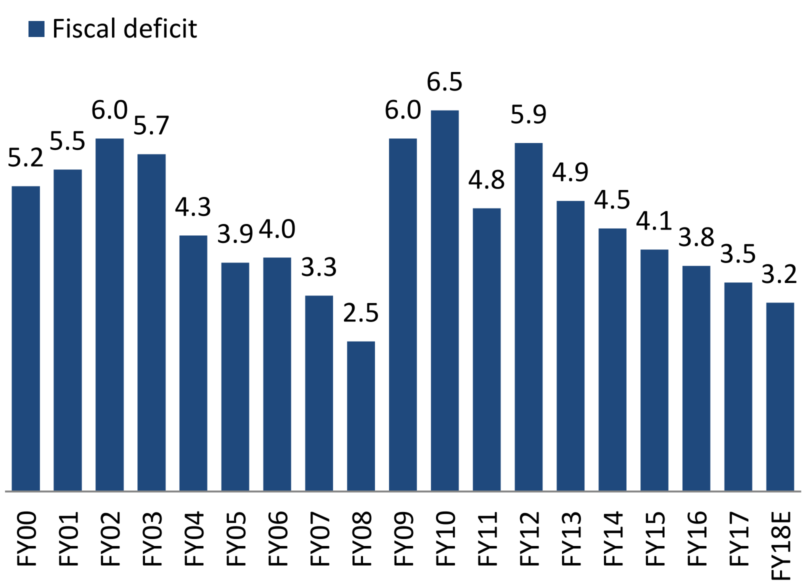
Why India

- The Government of India has taken significant initiatives to strengthen the economic credentials of the country, to make it one of the strongest economies in the world.
- Indian companies are gaining a stronger foothold internationally and expanding their international presence by investing overseas.
- The country continues to urbanise at a strong pace driven by a combination of up trending consumption, robust job creation and growing financial penetration.

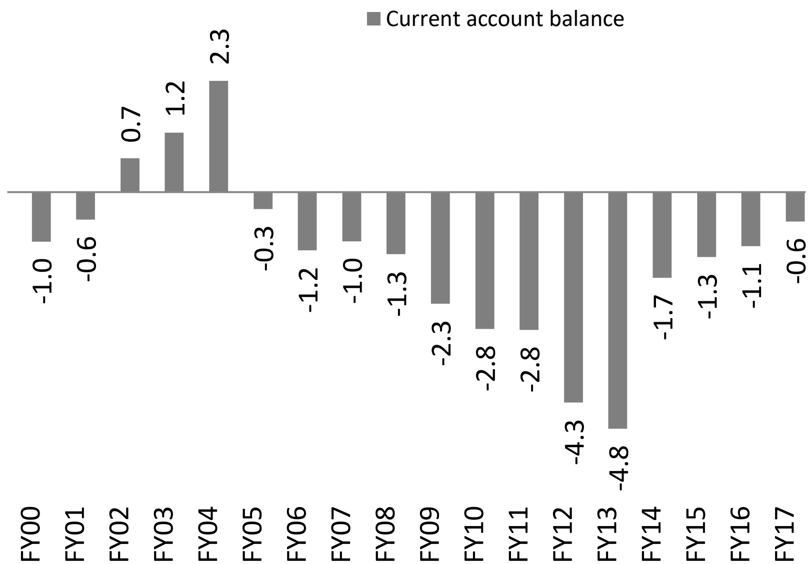
India is one of best performing EM currencies in 2017



Improving Fiscal Deficit (% of GDP)

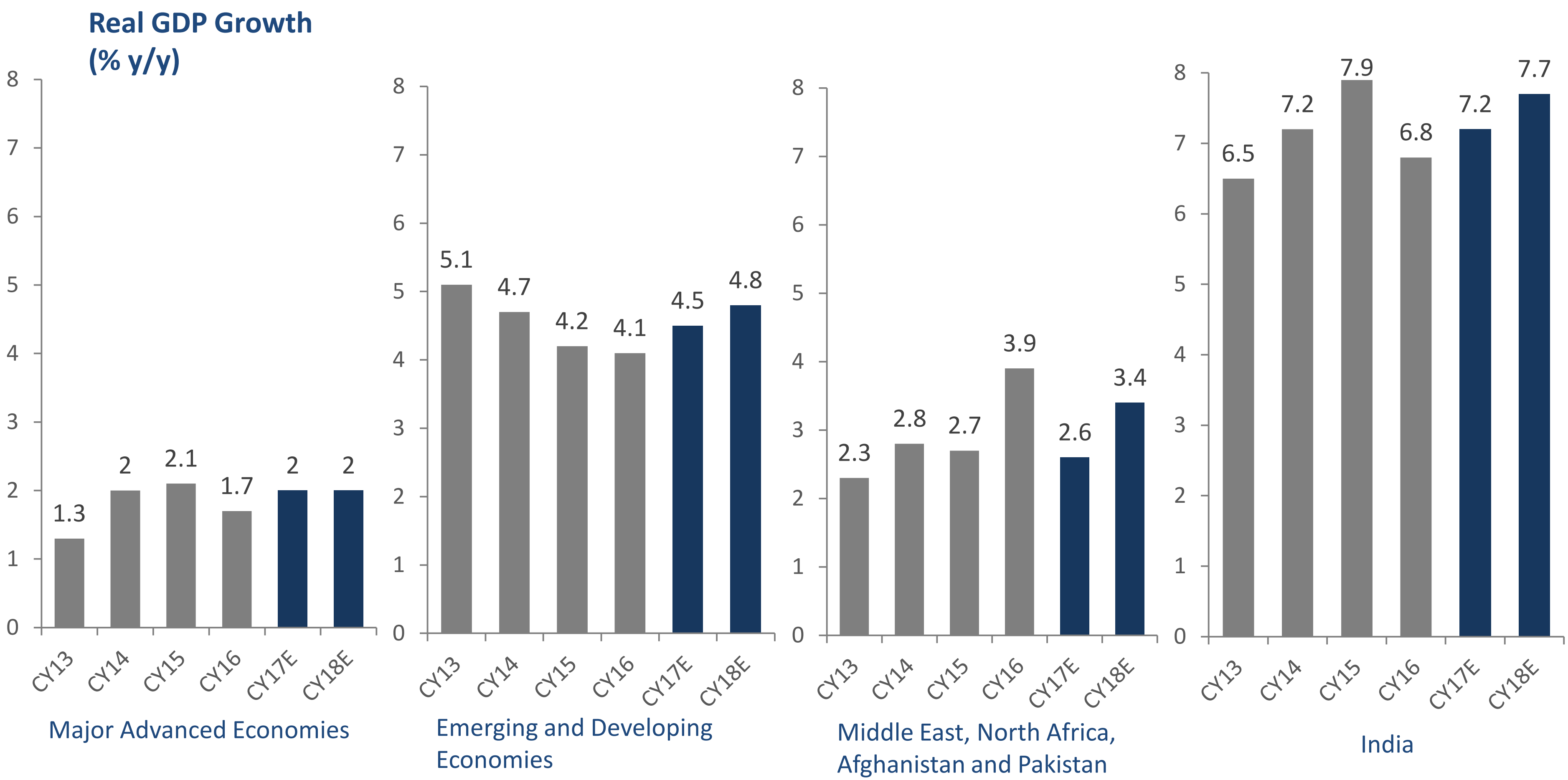


Lower CAD over the Years (% of GDP)



Source: India Strategy report May 2017

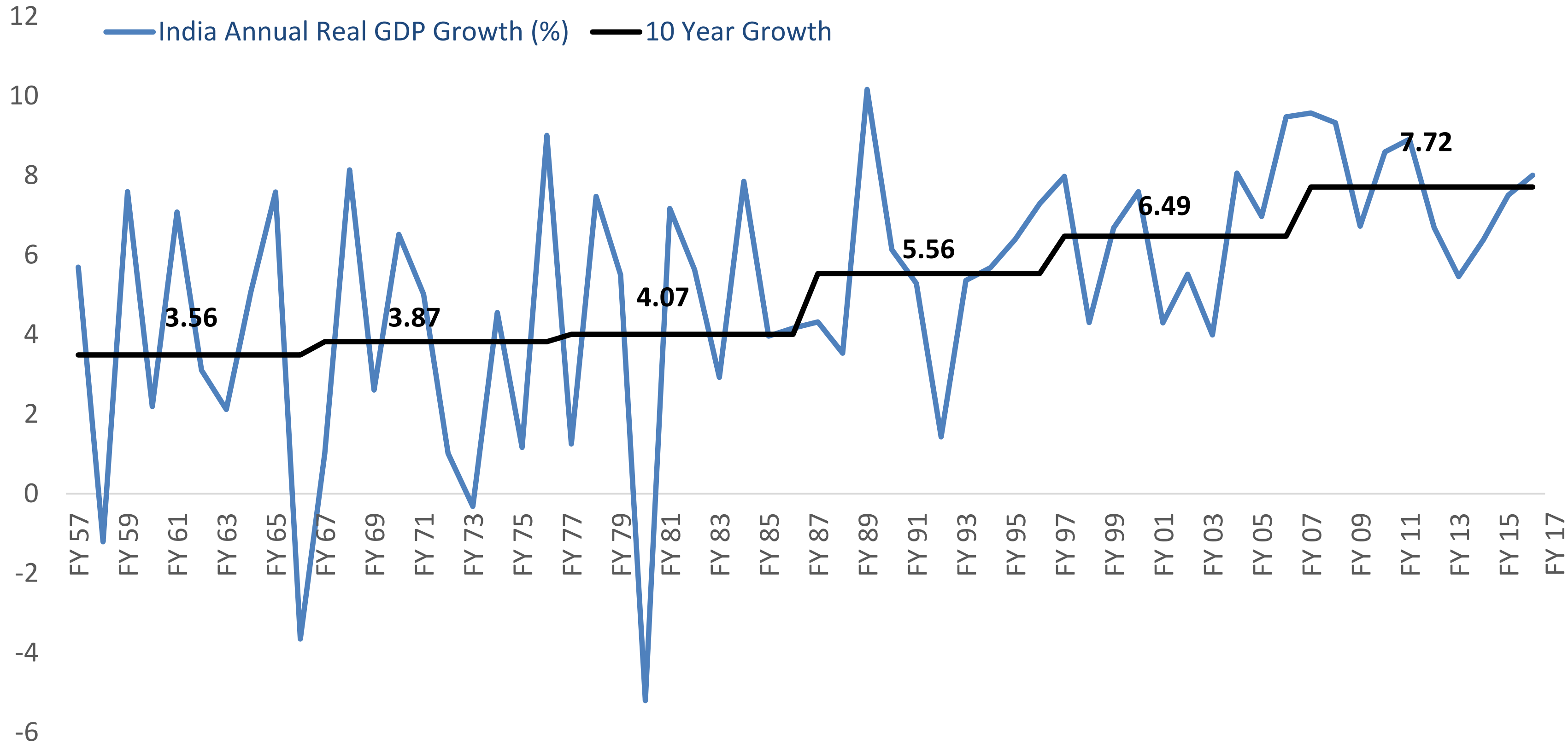
India stands out among Real GDP Growth



- Emerging Markets continue to remain attractive on Real GDP growth differentials
- India stands out on the Emerging Markets pack on the back of strong fundamentals

Source : IMF, World Economic outlook (April 2017)

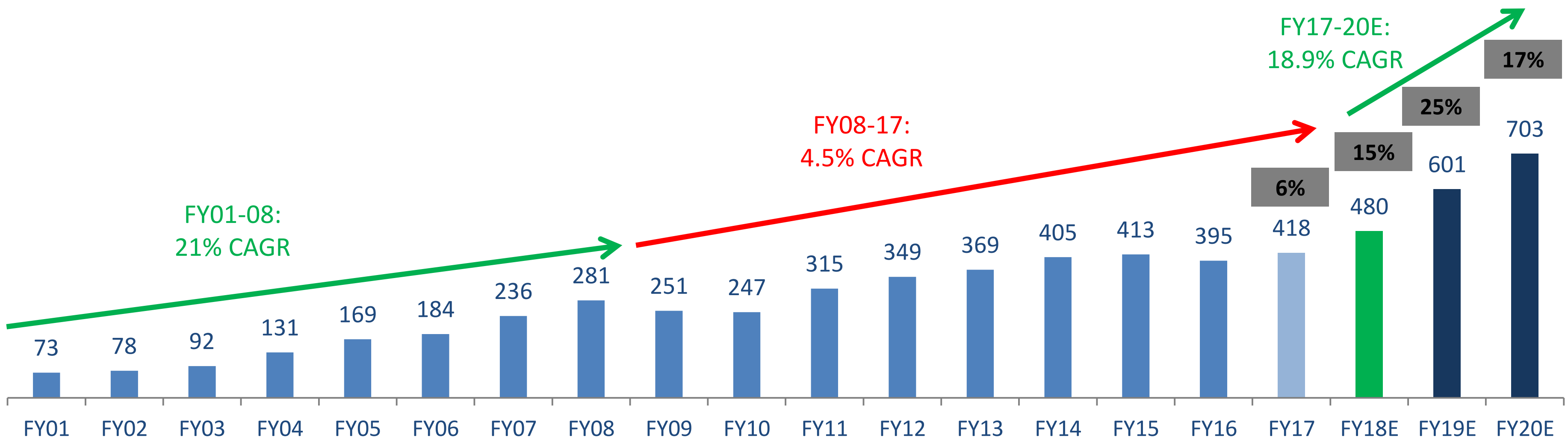
India Long Term Growth Trend



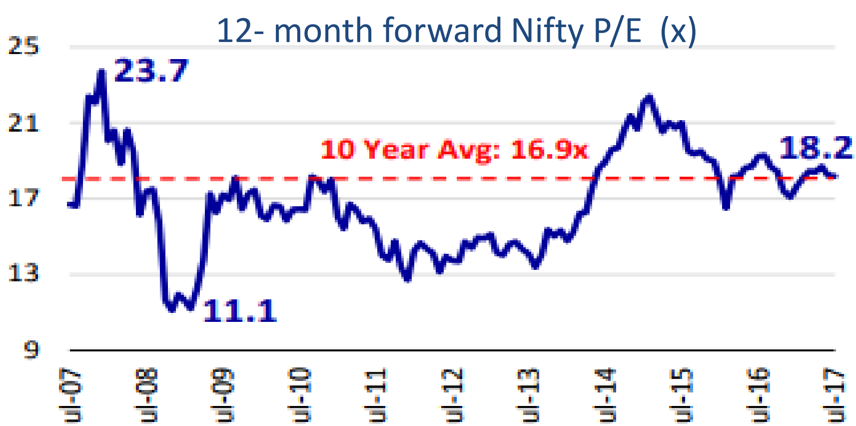
- Every 10 years, from FY1957 to FY2016,we see an upward shift in India's CAGR
- 10 Year average GDP growth has gone from 3.56 to 7.72
- We are now set to enter the next decade of a lift in growth

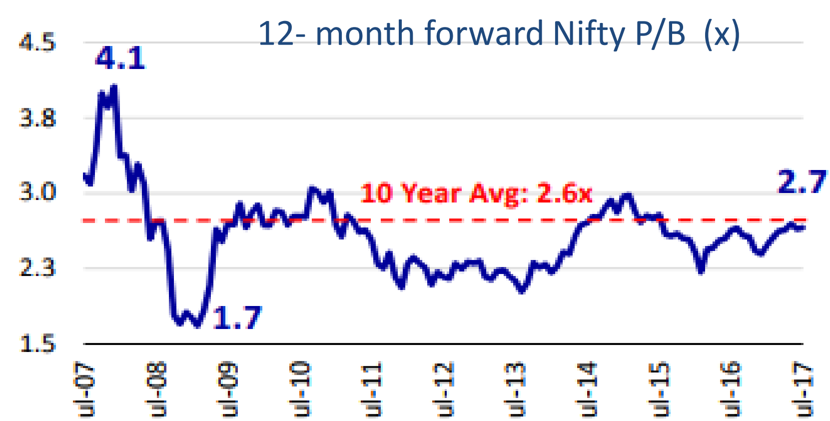
Source: Central Statistics Office (CSO) and Motilal Oswal Internal Research; Data as on April 2017

Why India – Markets may deliver double digit Earnings Growth



In the long run, the markets always follow the earning pattern. For Nifty, FY17-20E the EPS growth stands at 17% CAGR, which shows the potential upside for the markets growth for 3 year period. This compliments the current market valuations (P/E & P/B) which are at par with their historical averages.





Source: Motilal Oswal Research India Strategy February 2018

The statements made herein may include statements of future expectations and other forward-looking statements that are based on our current views and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in such statements. Past performance may or may not be sustained in future.

Markets return as much as growth in earnings

MOTILAL OSWAL ASSET MANAGEMENT | BUY RIGHT SIT TIGHT

22-years CAGR of Sensex at 11% is in line as 22-years Sensex EPS CAGR!

	Sensex	YoY	Sensex EPS	YoY
Mar-95	3261		181	
Mar-96	3367	3%	250	38%
Mar-97	3361	0%	266	6%
Mar-98	3893	16%	291	9%
Mar-99	3740	-4%	278	-4%
Mar-00	5001	34%	280	1%
Mar-01	3604	-28%	216	-23%
Mar-02	3469	-4%	236	9%
Mar-03	3049	-12%	272	15%
Mar-04	5591	83%	361	33%
Mar-05	6493	16%	446	24%
Mar-06	11280	74%	540	21%
Mar-07	13072	16%	720	33%

	Sensex	YoY	Sensex EPS	YoY
Mar-08	15644	20%	833	16%
Mar-09	9709	-38%	820	-2%
Mar-10	17528	81%	834	2%
Mar-11	19445	11%	1024	23%
Mar-12	17404	-10%	1120	9%
Mar-13	18836	8%	1180	5%
Mar-14	22386	19%	1329	13%
Mar-15	27957	25%	1354	2%
Mar-16	25341	-9%	1330	-2%
Mar-17	29621	17%	1347	1%
StdDev		31%		14%
CAGR	11%		10%	

Source: Motilal Oswal Securities, MOAMC Internal Analysis | Data as on 31st March 2017

CAGR - is an investing specific term for the geometric progression ratio that provides a constant rate of return over the time period; Std Dev - a quantity expressing by how much the members of a group differ from the mean value for the group.

The information provided herein is for illustrative purpose only and should not be construed as an investment advice.; Past performance may or may not be sustained in future and should not be used as a basis for comparison with other investments; Mar-95 is taken as base year

Food For Thought

MOTILAL OSWAL ASSET MANAGEMENT BUY RIGHT SIT TIGHT

- Over long periods of time equities do deliver in line with corporate earnings; but it's a known fact that the volatility in share prices is way higher than volatility of earnings themselves.

- This volatility in share prices results in emotional response of greed in rising markets and fear in falling markets. Mostly these responses are way more exaggerated on upside as well as downside.

- When evaluated in hindsight after the data plays out; one usually rues that responses were disproportionate to changes in corporate earnings.

Why Small and Midcap Portfolio

MOTILAL OSWAL ASSET MANAGEMENT

BUY RIGHT SIT TIGHT

Mid and Small cap… balancing the odds…

Mini, Mid, Mega crossovers – 2000-05, 2005-10, 2010-15

Note: Figures in brackets indicate number of companies

2000-05: Median return CAGR

Market return : 5%

TO	FROM: Mini	FROM: Mid	FROM: Mega
Mega	158% (1)	55% (17)	21% (59)
Mid	57% (58)	21% (90)	-4% (28)
Mini	19% (1,039)	-3% (93)	-40% (13)
Total stocks	1,098	200	100

2005-10: Median return CAGR

Market return : 22%

TO	FROM: Mini	FROM: Mid	FROM: Mega
Mega	76% (2)	46% (9)	27% (66)
Mid	61% (25)	24% (89)	9% (32)
Mini	11% (1,465)	4% (102)	-32% (3)
Total stocks	1,492	200	100

2010-15: Median return CAGR

Market return : 10%

TO	FROM: Mini	FROM: Mid	FROM: Mega
Mega	68% (3)	33% (24)	11% (71)
Mid	38% (64)	9% (88)	-13% (26)
Mini	0% (1,841)	-19% (88)	-32% (3)
Total stocks	1,908	200	100

Source: Mid to Mega - 20th Wealth Creation Study by Raamdeo Agrawal

Why Midcap Portfolio

MOTILAL OSWAL ASSET MANAGEMENT | BUY RIGHT SIT TIGHT

Mid and Small cap... balancing the odds...

Exhibit 16 **2011-16: Market cap crossovers: No. of companies and average returns**

TO (in 2016) \ FROM (in 2011)	Mini	Mid	Mega	New	Demerger	TOTAL
Mega	0	26	71	3	0	**100**
Avg Return		*31%*	*8%*			
Mid	67	88	25	19	1	**200**
Avg Return	*39%*	*9%*	*-16%*			
Mini	2,479	84	2	711	2	**3,278**
Avg Return	*1%*	*-20%*	*-32%*			
Delisted, Demerger, etc	397	2	2	2	-3	**400**
TOTAL	**2,943**	**200**	**100**	**735**	**0**	**3,978**
Avg Return	***2%***	***0%***	***1%***			

- During 2011-16, 67 companies crossed over from Mini to Mid category, generating an average return CAGR of 39%, v/s 5% for the Sensex.
- During 2011-16, 26 companies crossed over from Mid to Mega. The Mid-to-Mega portfolio delivered average return CAGR of 31% over 2011-16 v/s 5% for Sensex.

Source: Focused Investing – 21st Wealth Creation Study by Raamdeo Agrawal

Why Motilal Oswal PMS?

- Motilal Oswal Group possesses legacy in equities for over 3 decades.
- Motilal Oswal AMC is chaired by Mr. Raamdeo Agrawal, one of the most honored and trusted names in the investing world.
- One of the pioneers of PMS business with over 16 years of PMS track record.
- Trusted by 42,217 HNI investors and with Rs. 15,840 Crs of AUM as on 30th April 2019
- Presence across the length and breadth of India.

Basic Traits of our Investing Style

- We invest in companies with operating leverage than financial leverage.
- We do not believe in “timing the market”, rather we believe in “spending time in market”.
- We do not over diversify.
- The businesses we invest in, must have growth potential with economic moat.
- We practise long-term Buy and Hold investing style.

Our investment philosophy – 'Buy Right : Sit Tight'

At Motilal Oswal Asset Management Company (MOAMC), our investment philosophy is centered on 'Buy Right: Sit Tight' principle.

Buy Right

- **'Q'uality** denotes quality of the business and management
- **'G'rowth** denotes growth in earnings and sustained RoE
- **'L'ongevity** denotes longevity of the competitive advantage or economic moat of the business
- **'P'rice** denotes our approach of buying a good business for a fair price rather than buying a fair business for a good price

Sit Tight

- **Buy and Hold:** We are strictly buy and hold investors and believe that picking the right business needs skill and holding onto these businesses to enable our investors to benefit from the entire growth cycle needs even more skill.
- **Focus:** Our portfolios are high conviction portfolios with 25 to 30 stocks being our ideal number. We believe in adequate diversification but over-diversification results in diluting returns for our investors and adding market risk

Why 'Buy Right : Sit Tight' is significant?

Real wealth is created by riding out bulk of the growth curve of quality companies and not by trading in and out in response to buy, sell and hold recommendations.

This philosophy enables investor and manager alike to keep focus on the businesses they are holding rather than get distracted by movements in share prices.

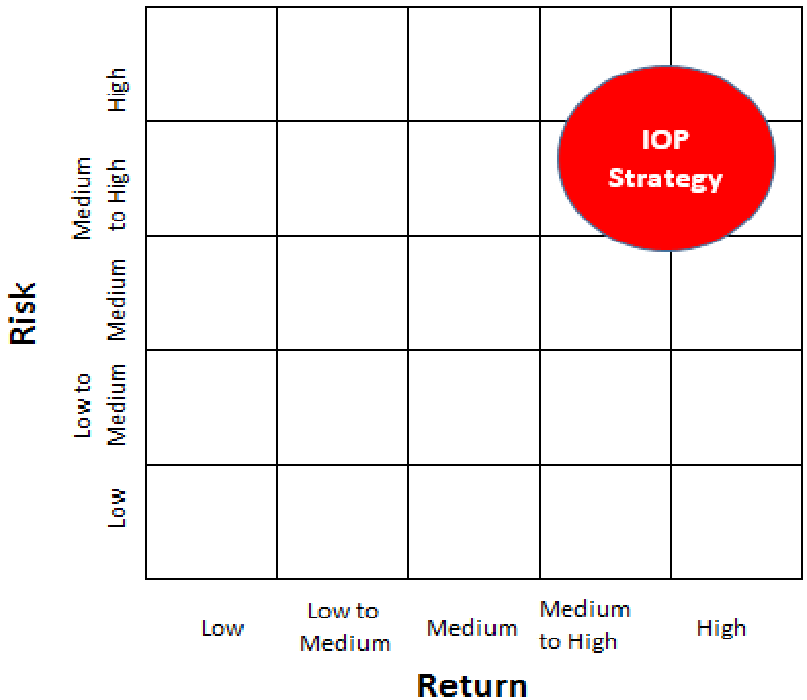
An approach of buying high quality stocks and holding them for a long term wealth creation motive, results in drastic reduction of costs for the end investor.

While **BUY RIGHT** is largely the role of the portfolio manager, **SIT TIGHT** calls for involvement from the portfolio manager as well as investor. This brings in greater accountability from the manager and at the same time calls for better involvement and understanding from investor resulting in better education for the latter.

Long term multiplication of wealth is obtained only by holding on to the winners and deserting the losers.

Strategy objective, Risk-Return matrix & construct

The Strategy aims to generate long term capital appreciation by creating a focused portfolio of high growth stocks having the potential to grow more than the nominal GDP for next 5-7 years across and which are available at reasonable market prices.



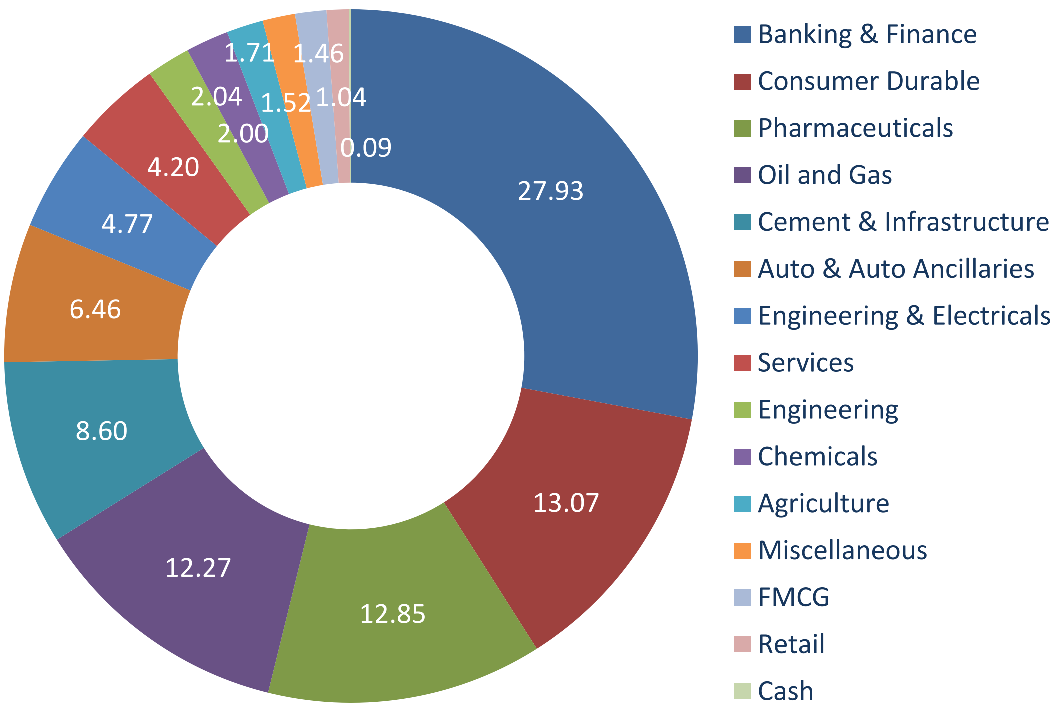
- **Investment Horizon**
  - Long Term (3 Years +)
- **For Whom**
  - Investors who like to invest with a Long-term wealth creation view

Strategy construct

- **No. of Stocks**
  - Around 20 stocks for a portfolio
- **Scrip Allocation**
  - Not more than 10% in a single stock when at the time of initiation
- **Sector Allocation Limit**
  - 35% in a sector
- **Strategy Aim**
  - It aims to deliver superior returns by participating in India Investment and consumption Growth Story
- **Strategy Focus**
  - Focus is on identifying well run companies that are existing/potential leaders in the field of operations

Model Holding

Sector Allocations



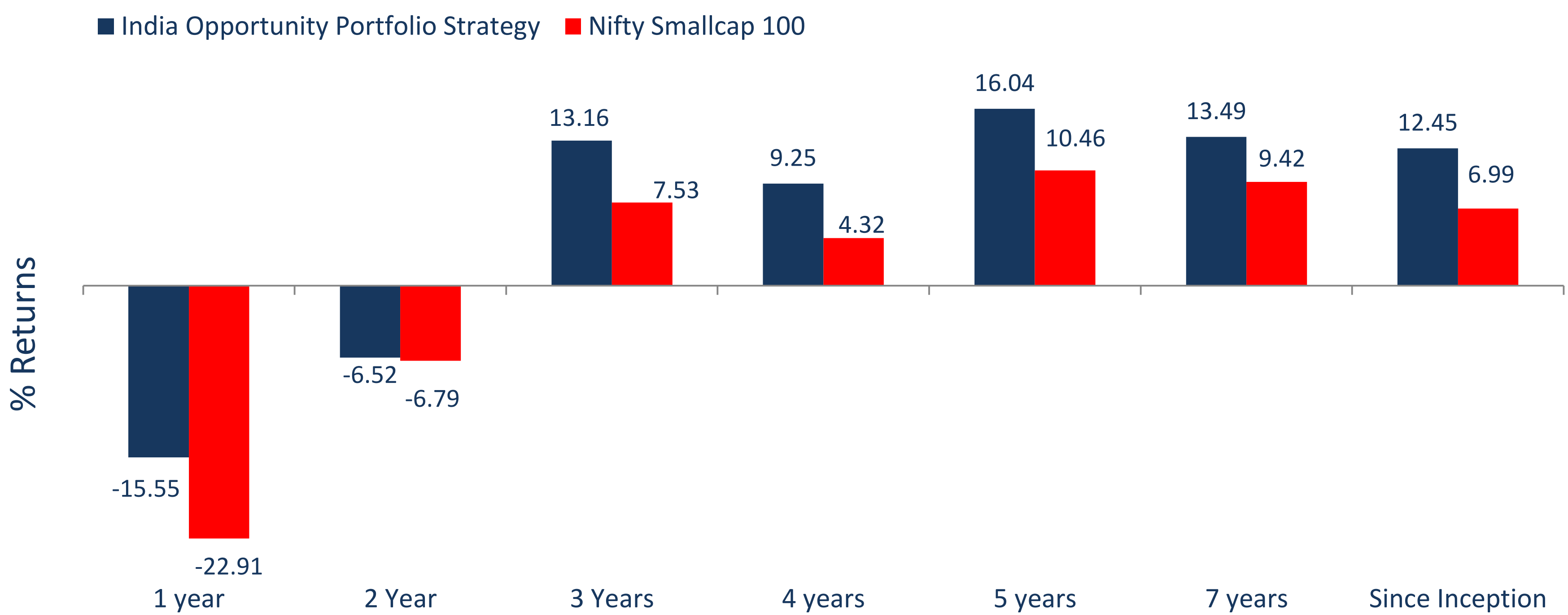
Top 10 Holdings

Scrip Names	% Holdings
DCB Bank Ltd.	11.19
TTK Prestige Ltd.	7.51
AU Small Finance Bank Ltd.	7.31
Gabriel India Ltd.	6.46
Aegis Logistics Ltd.	6.41
Mahanagar Gas Ltd.	5.86
Birla Corporation Ltd.	5.73
Kajaria Ceramics Ltd.	5.55
Blue Star Ltd.	4.77
Alkem Laboratories Ltd.	4.72

Please Note: These stocks are a part of the existing India Opportunity Portfolio Strategy as on 30th April 2019. These stocks may or may not be bought for new clients. Past performance may or may not be sustained in future and should not be used as a basis for comparison with other investments. The strategy may or may not have any future holdings in these stocks. The companies mentioned above are only for the purpose of explaining the concept and should not be construed as recommendations from MOAMC.

Performance snapshot

Since inception, India Opportunity Portfolio Strategy has delivered a CAGR of 12.45% returns vs. Nifty Smallcap 100 Index returns of 6.99% delivering an alpha of 5.46%

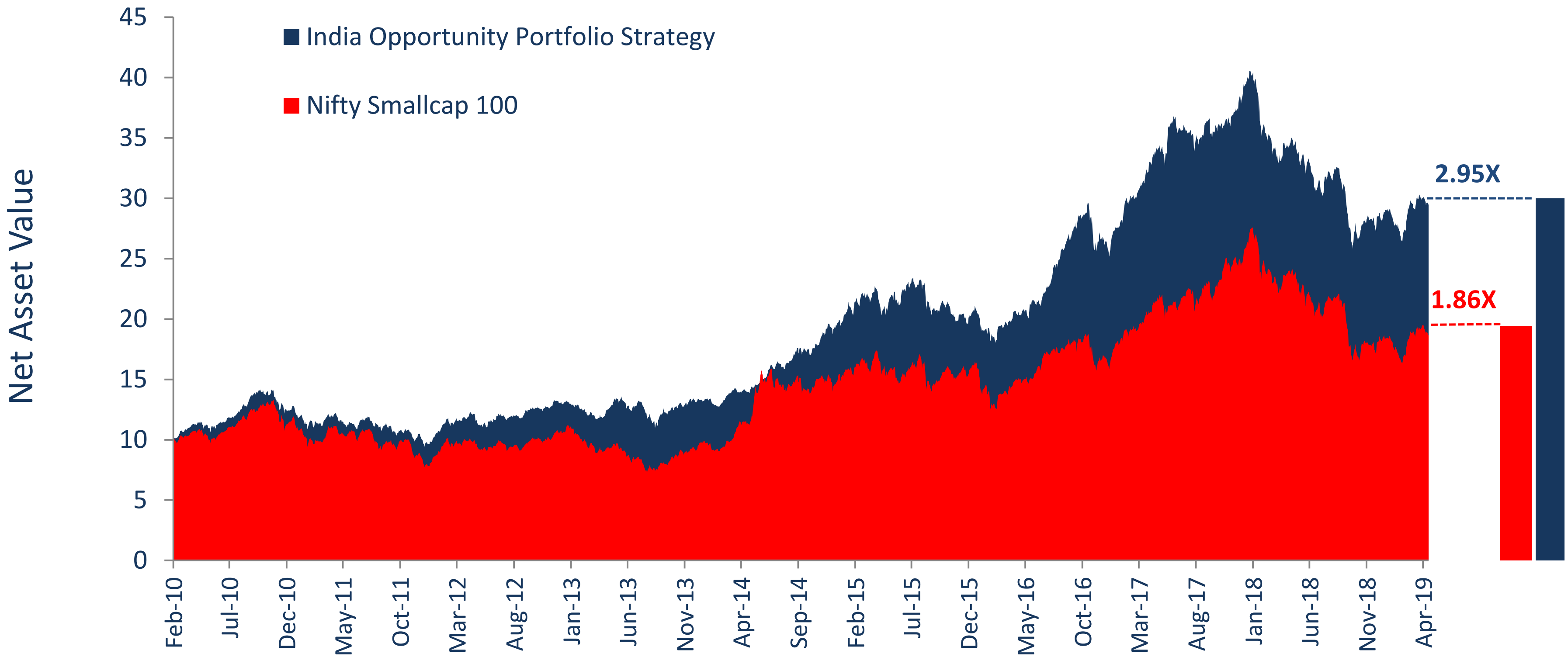


*Strategy Inception Date: 15/2/2010.

Please Note: The Above strategy returns are of a Model Client as on 30th April 2019. Returns of individual clients may differ depending on time of entry in the Strategy. Past performance may or may not be sustained in future and should not be used as a basis for comparison with other investments. Returns below 1 year are absolute and above 1 year are annualized. Strategy returns shown above are post fees & expenses.

Performance since inception

The chart below illustrates Rs. 1 crore invested in India Opportunity Portfolio Strategy in February 2010 is worth Rs. 2.95 cr as on 30th April 2019. For the same period Rs. 1 cr invested in Nifty Smallcap 100 Index is now worth Rs. 1.86 cr.



Strategy Inception Date: 11/2/2010

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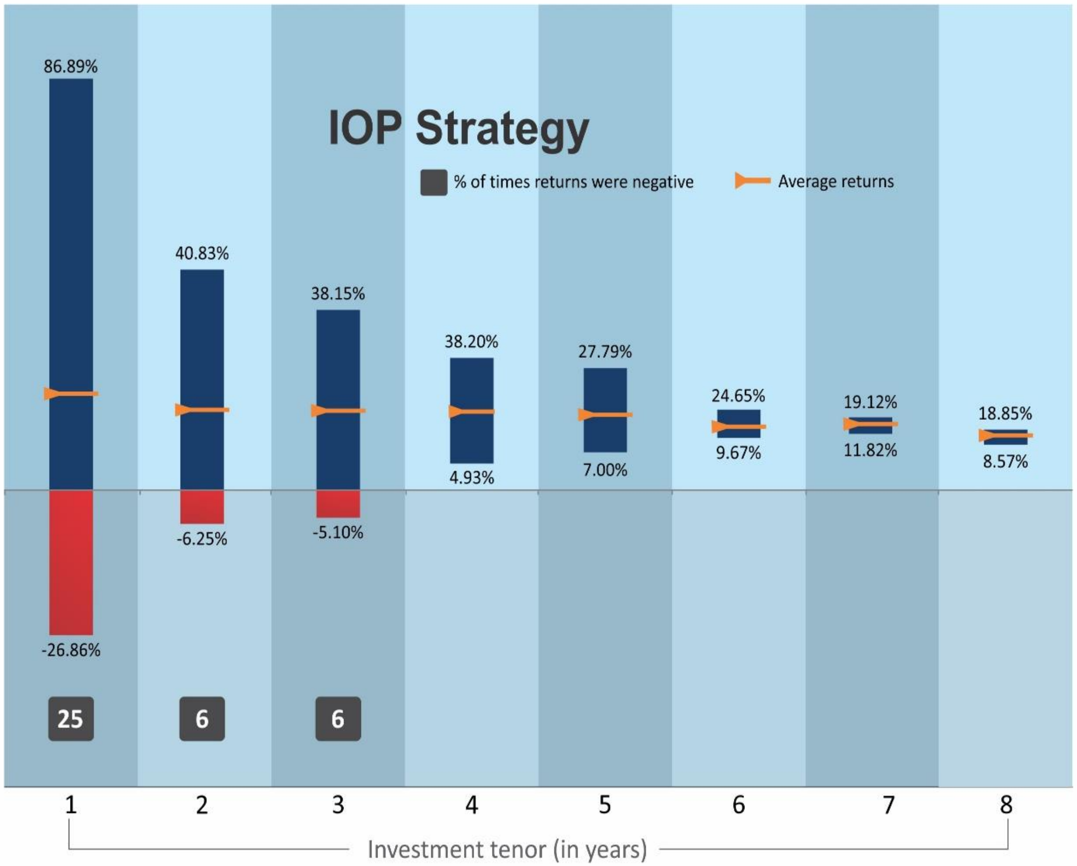
Rolling Return Performance

- The data shows rolling returns of the IOP Strategy over various time frames.
- It is worth noting that on 1 year rolling basis, the returns are in a very wide range. The best return made by the Strategy is 87% and the worst return is -27%.
- As we increase the time horizon, the outcomes narrow significantly from the average.
- For instance, if we consider the 5 year time frame, historically the best return (CAGR) is 28%, least return is 7% and average return is 18%.
- It may also be noteworthy that the negative returns above 4 years rolling periods are above zero

Minimum to maximum returns for a respective time period (in %)



Total number of time periods: 1year: 2,688; 2years: 2,323; 3years: 1,958; 4years: 1,593; 5years: 1,227; 6years: 862; 7years: 528; 8years: 322

Source: MOAMC Research | Data as on 31st March, 2019

Please Note: The Above strategy returns are of a Model Client as on 31st March 2019. Returns of individual clients may differ depending on time of entry in the strategy. Past performance may or may not be sustained in future and should not be used as a basis for comparison with other investments. Strategy returns shown above are post fees & expenses. Returns above 1 year are annualized.

Risk Analysis

The India Opportunity Portfolio Strategy has outperformed the benchmark with a lower level of volatility and has managed to deliver strong returns while offering defensive characteristics, reducing losses during periods of market downturn but participating in the upside.

5 Years Data	Portfolio	Benchmark*
Beta	0.54	1.00
R^2	51.79	100.00
Up Capture Ratio	72.78	100.00
Down Capture Ratio	52.21	100.00
Sharpe Ratio	0.86	0.59
Standard Deviation	18.36	24.39

Source: Motilal Oswal AMC, Data as on 31/03/2019, returns annualized using model strategy
***Nifty Smallcap 100**

Chairman

Mr. Raamdeo Agrawal

Chairman

- Raamdeo Agrawal is the Co-Founder and Joint Managing Director of Motilal Oswal Financial Services Limited (MOFSL).
- As Chairman of Motilal Oswal Asset Management Company, he has been instrumental in evolving the investment management philosophy and framework.
- He is on the National Committee on Capital Markets of the Confederation of Indian Industry (CII), and is the recipient of "Rashtriya Samman Patra" awarded by the Government of India.
- He has also featured on 'Wizards of Dalal Street' on CNBC. Research and stock-picking are his passions which are reflected in the book "Corporate Numbers Game" that he co-authored in 1986 along with Ram K Piparia.
- He has also authored the Art of Wealth Creation, that compiles insights from 22 years of his Annual 'Wealth Creation Studies'.
- Raamdeo Agrawal is an Associate of Institute of Chartered Accountants of India.

Fund Management Team

Manish Sonthalia – Head Equity PMS, MOAMC (Fund Manager)

- Mr. Manish Sonthalia heads the Equity Portfolio Management Services at Motilal Oswal Asset Management Company Ltd. He also, serves as the Chief Investment Officer and the Director of the Motilal Oswal India Fund.
- He has over 25 years of experience across equity fund management and research covering Indian markets and has been with Motilal Oswal for over 13 years.
- He holds a Bachelor Degree in Commerce (Hons), ICWAI, CS, MBA-Finance, FCA
- He has authored a paper 'A Rising Consumer Class' on Indian markets, published by the Global World Economic Forum in year 2010.
- He is frequently interviewed by leading Media channels in India as well as globally. He has contributed various articles on Finance and Capital Markets in various Journals.

Atul Mehra – Associate Fund Manager

- Mr Atul Mehra has over 10 years of experience as an investment professional
- He has been with Motilal Oswal for more than 5 years and prior to that he was with Edelweiss Capital for 5 years
- He did his graduation in BAF (Bachelor of commerce in accounting and finance) from HR College, Mumbai and post-graduation in commerce through MCOM (Masters in Commerce, Accountancy) from Mumbai University
- He is a CFA Charterholder from CFA Institute, Charlottesville, Virginia, USA.

Strategy Construct

Mode of payment	By Fund Transfer/Cheque and/or Stock Transfer
Investment Horizon	Long Term (3 Years +)
Benchmark	Nifty Smallcap 100
Account Activation	Next business day of Clearance of funds
Portfolio Valuation	Closing NSE market prices of the previous day
Operations	- Investments managed on individual basis - Third party Custodian for funds and securities
Reporting	- Monthly Performance Statement - Transaction, Holding & Corporate Action Reports - Annual CA certified statement of the Account
Servicing	- Dedicated Relationship Manager - Web access for portfolio tracking

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