ALCHEMY

CAPITAL MANAGEMENT

June 2020

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 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

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Alchemy Leaders

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.

Fund Manager : Mr. Amit Nadekar

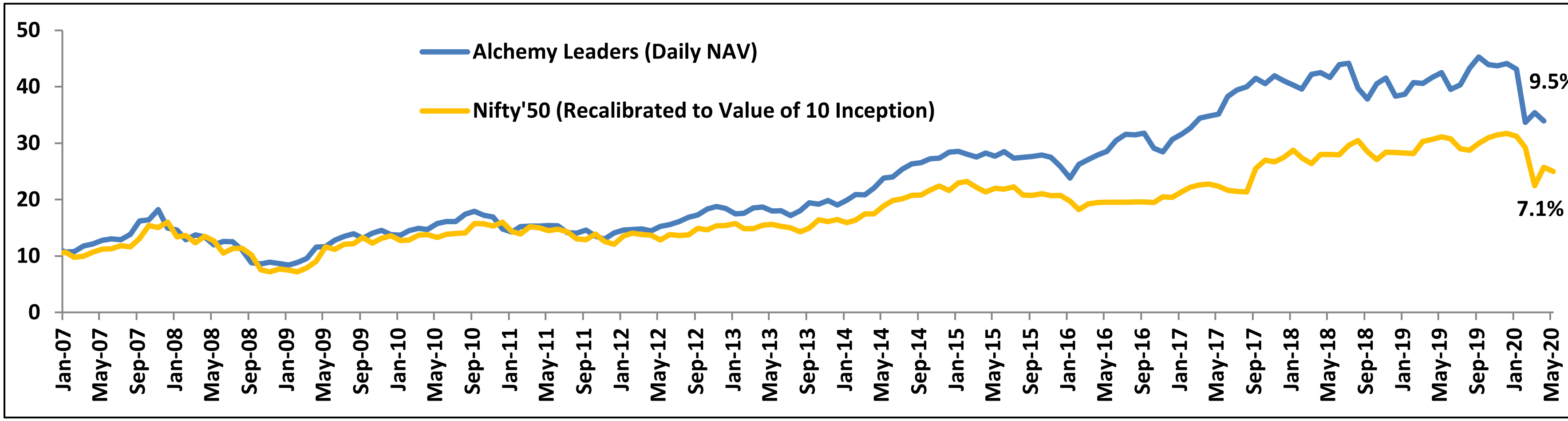
Allocation across Market Cap may range between

Equity By Market Cap	Weight in Portfolio	Definition	Cut off for CY 2020
Large Cap	85-100%	Market capitalization of 100th stock in S&P BSE 500 is the cut off for large cap	Rs.27279 Cr and above
Mid Cap	0-15%	Market capitalization between 101st and 400th stock in S&P BSE 500 is the cut off for Mid cap	Rs.2948 Cr to Rs.27279 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 Year	2 Years	3 Years	5 Years	10 Years	Since Inception
% Returns#	-18.5%	-10.6%	-0.8%	3.7%	8.7%	9.5%
%Benchmark Nifty'50	-19.6%	-5.5%	-0.1%	2.6%	6.5%	7.1%

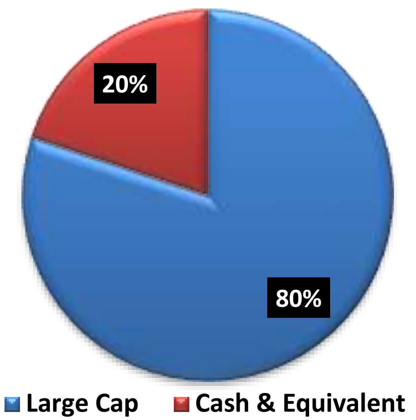
It has generated 9.5% CAGR since its inception (21st Dec 2006) as compared to 7.1% generated by Nifty'50.

The strategy has created substantial wealth since its inception*. Rs 1 Cr invested on 21st Dec 2006 would have grown to Rs 3.4 Cr v/s Rs 2.5 Cr in Nifty'50.

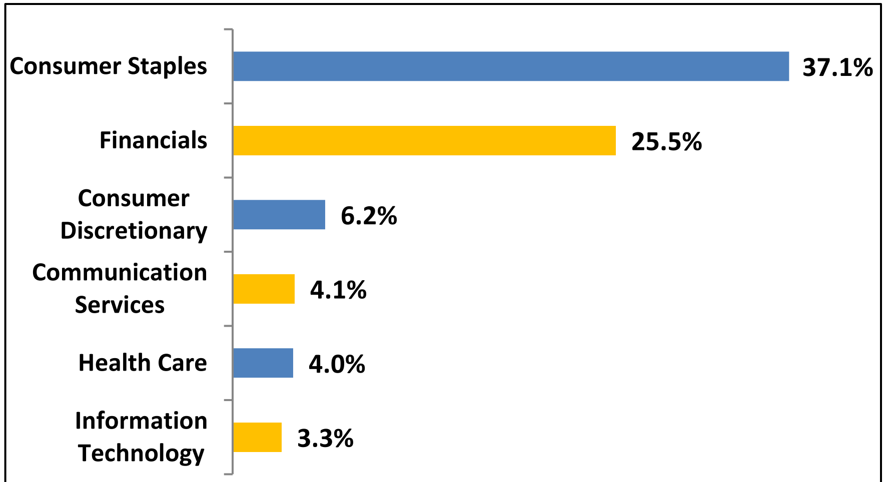
As on 31st May 2020

#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 (Since Inception)*	Benchmark (Nifty 50) (Since Inception) *
Std. Dev.	16.9%	19.1%
Sharpe	0.2	0.1
Beta	0.7	1.0



Top 10 Stocks by Weight	Weight
AVENUE SUPERMARTS	15.3%
HINDUSTAN UNILEVER	12.7%
HDFC BANK	10.5%
TITAN COMPANY	6.0%
ICICI BANK	5.8%
UNITED SPIRITS	5.3%
BHARTI AIRTEL	4.1%
DR REDDY'S LABORATORIES	3.9%
ICICI PRUDENTIAL LIFE INSURANCE	3.4%
TATA CONSULTANCY SERVICES	3.3%

As on 31st May 2020

*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

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

For Further Details Visit https://www.alchemycapital.com/people-and-culture.aspx

Alchemy Credentials

ALCHEMY CAPITAL MANAGEMENT

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 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.

Alchemy Credentials

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 Jhunjhunwala
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

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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.

For Further Details Visit https://www.alchemycapital.com/people-and-culture.aspx

Investment Process

3 I- Matrix

Idea Generation
Universal Tracker
Network Inputs
Ground Noises
Active Tracker
Investment Process
Idea Generation
Research & Analysis
Investable Pool
Portfolio Construction
Review and Monitoring
Exit Strategy
Intervention
Investment Team
Risk Management
Investment Committee
Top Down sustainable Themes

Idea Generation

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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

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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

Intervention-Investment Team

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Idea Generation → **Research and Analysis** → **Investable Pool** → **Portfolio Construction** → **Portfolio Review** → **Exit Strategy**

Idea Generation

- Primary- CIO, FM and Analysts

Research and Analysis

- Primary- FM and Analyst
- Secondary- CIO

Investable Pool

- Primary- CIO and FM
- Secondary- Analyst
- VETO Power- CIO

Portfolio Construction

- Primary- FM and CIO
- Secondary- Analyst
- VETO Power- CIO

Portfolio Review

- Primary- Analyst and FM
- Secondary- CIO

Exit Strategy

- Primary- FM and CIO
- Secondary- Analyst
- VETO Power- CIO

Intervention-Risk Management

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.

Disclaimer

General Risk factors

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

General Disclaimers

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