



412-8079
1-362-570-8859



ALCHEMY

CAPITAL MANAGEMENT

Nov 2020

- Alchemy Capital Management Pvt Ltd. (Alchemy India) is registered as a Portfolio Manager with SEBI (Reg. No: INP000000365) & started its asset management business in 2002.
- The group (including Alchemy India's Singapore subsidiary) has over 18 years of long-term track record
- The group AUM is over USD 769 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 +529 bps^{^^} (INR returns)
- The investment team is well supported by an experienced Risk management, Compliance and Operations team.

**As of 31 Oct 2020

[^] S&P BSE500 index

^{^^}Past performance is not indicative of future performance. **Performance related information provided herein is not verified by SEBI**

^{^^} Returns are net of fees, expenses & taxes (if applicable).

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 – Oct 2020

- Market Outlook: Sideways and Volatile

[Read More](#)

2. Interviews – Oct 2020*

- Daily Voice | Avoid high-beta stocks that could be vulnerable to external shocks

[Mr. Hiren Ved to MoneyControl](#)

- Earnings Upgrades Views

[Mr. Seshadri Sen to CNBC TV18](#)

- Views on equities - economy disconnect

[Mr. Hiren Ved to Bloomberg Quint](#)

3. Market Views – Oct 2020

[Watch Here](#)

* 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.



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Our Offerings

Alchemy Leaders*

Investment Objective*

- » To generate long-term returns by investing in Large-Cap equities

Philosophy & Strategy*

- » The philosophy behind this strategy is to invest in growth companies, which have achieved scale and have reached or have potential to be amongst the leaders in their field/industry segments. Typically, these companies would have experience of operating through good-bad business cycles.
- » Our extensive top-down and bottom-up approach helps build a portfolio of high conviction ideas to deliver steady returns.

Fund Manager : Mr. Amit Nadekar

Description of types of securities : Equity

Investment horizon : 3 to 5 Years

Risk associated with Investment approach^^ : High Risk

Allocation of Portfolio across types of securities :

Upto 100% in equity (cash portion may be deployed in liquid funds/ debt securities). The Portfolio allocation across market caps is also given below.

Portfolio Construct: A typical portfolio may generally consist of between 12-15 stocks. Indicative portfolio construct could be as follows:

Market Capitalisation	Portfolio Construct	Definition	Cut off for CY 2020
Large Cap	85-100%	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	0-15%	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	Nil	Market capitalization below 400 th stock 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

* Alchemy Leaders is one of the product / investment approach of Alchemy Capital's Portfolio Management Services. The investment objectives, strategy and 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.

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

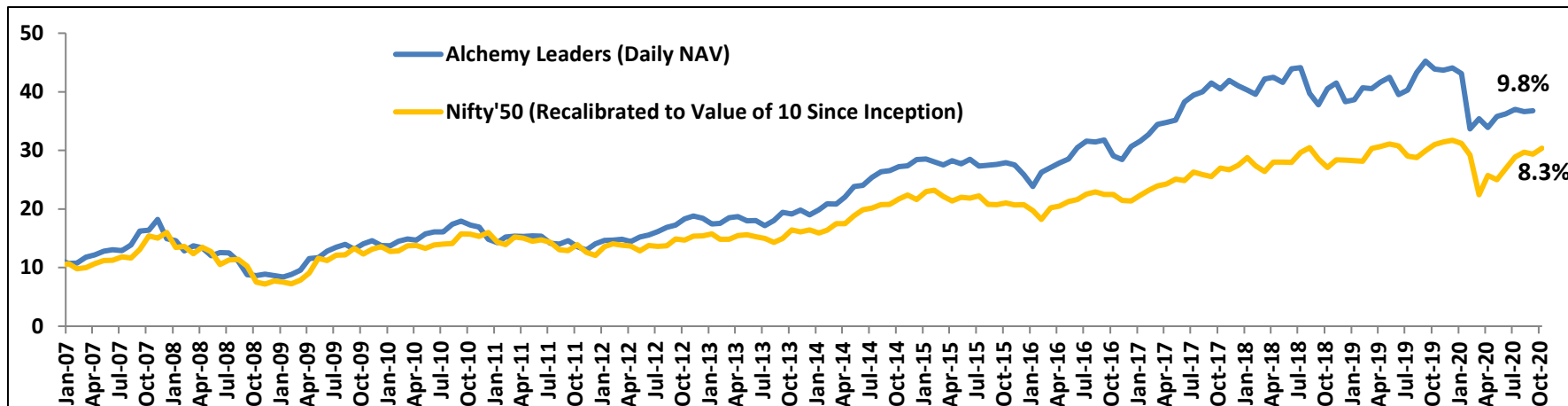
Basis of selection of types of securities as part of the investment approach

1. *Tracking Universe* – Tracking universe primarily comprises of companies which are classified as Large Cap by market capitalisation, the definition of which is reset every calendar year end and is equivalent to market cap of 100th stock in BSE500.
2. *Investible Universe* - From this tracking universe, an investible universe of companies is created based on assessment of past and future fundamental variables like revenue and EBIDTA growth, cashflow conversion efficiency and core ROE of the business amongst several other relevant variables which may be unique to a business. In addition to objective fundamental parameters and assessment of qualitative management capabilities, governance standards and competitive ability of the business is also carried out. A comprehensive valuation exercise is also carried out based on one and/or combination of valuation parameters like P/E, P/B, EV/EBIDTA, DCF etc to arrive at an acceptable valuation range for investing in the security.
3. *Portfolio Construction* – the Portfolio Manager managing the strategy is then free to construct the Clients Portfolio from within the investible universe at his discretion.

Benchmark : Nifty 50

Basis for choice of benchmark : Nifty 50 index is a broad-based stock market index for the Indian equity market and tracks the behavior of a portfolio of blue-chip companies, the largest and most liquid Indian securities. It represents the weighted average of 50 Indian company stocks in almost 17 sectors. Hence, we believe Nifty 50 is the appropriate benchmark which would reflect the realistic comparison with the portfolio performance

Investment Credentials- Alchemy Leaders



Period	1 Year	2 Years	3 Years	5 Years	10 Years	Since Inception
% Returns Alchemy Leaders [#]	-18.7%	-1.4%	-4.0%	5.9%	7.4%	9.8%
% Returns Nifty'50	-2.0%	5.9%	4.0%	7.6%	6.8%	8.3%

It has generated 9.8% CAGR since its inception* as compared to 8.3% generated by Nifty'50.

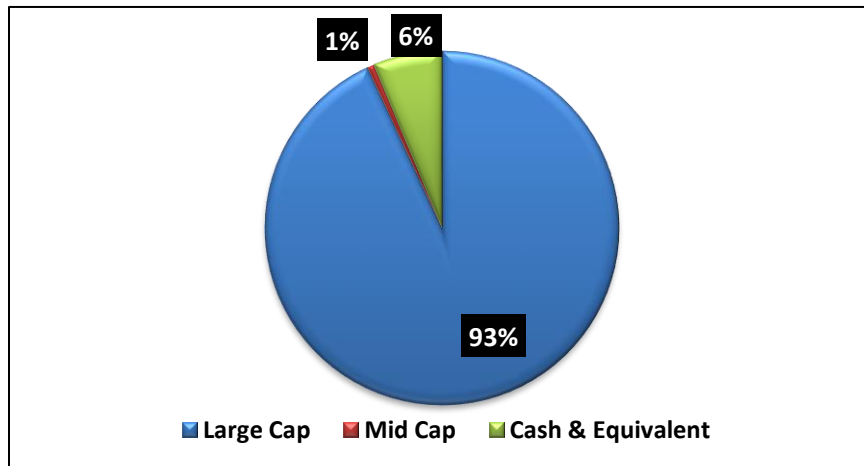
The strategy has created substantial wealth since its inception*. Rs 1 Cr invested since inception would have grown to Rs 3.7 Cr v/s Rs 3.0 Cr in Nifty'50.

All data is as of Oct 31, 2020; * Inception Date – 21st Dec 2006.

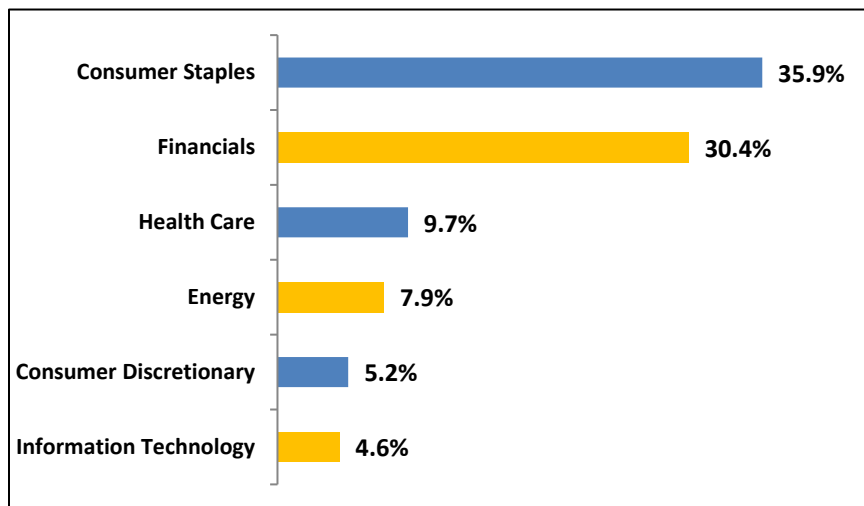
[#]Returns are net of fees, expenses & taxes (if applicable). [#]Returns less than 365 days: Absolute, greater than 365 days: CAGR (Computed using TWRR method).

[#]Past Performance is not indicative of future performance. **# Performance related information provided herein is not verified by SEBI.** The above performance figures are aggregate of all discretionary clients; the investor's actual portfolio may differ.

Alchemy Leaders– Portfolio Composition & Analytics



Parameter	Alchemy Leaders	Benchmark (Nifty 50)
	(Since Inception)*	(Since Inception) *
Std. Dev.	16.8%	19.0%
Sharpe	0.2	0.1
Beta	0.7	1.0



Top 10 Stocks by Weight	Weight
AVENUE SUPERMARTS LTD	13.9%
HDFC BANK LTD	12.2%
RELIANCE INDUSTRIES LTD	7.9%
DR REDDY'S LABORATORIES LTD	7.1%
HINDUSTAN UNILEVER LTD	6.8%
ICICI BANK LTD	6.7%
NESTLE INDIA LTD	6.3%
TITAN COMPANY LTD	4.9%
UNITED SPIRITS LTD	4.2%
INFOSYS LTD	4.1%

All data is as of Oct 31, 2020. Source : Bloomberg

*Inception Date– 21st Dec 2006. Note that 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
CEO & CIO
Experience: 29 years
Year of Joining Alchemy: 1999



Vikas Kumar
Portfolio Manager
Experience : 20 years
Year of Joining Alchemy: 2016



Amit Nadekar
Portfolio Manager
Experience : 16years
Year of Joining Alchemy: 2005



Seshadri Sen
Head of Research
Experience: 26 years
Year of joining Alchemy: 2018



Sakshi Goenka
Analyst
Experience: 5 years
Year of joining Alchemy: 2020



Ankit Gupta
Analyst
Experience: 10 years
Year of joining Alchemy: 2020



Thomas Priju
Analyst
Experience: 24 years
Year of joining Alchemy: 2020



Aditya Joshi
Analyst
Experience: 6 years
Year of joining Alchemy: 2020



Mythili Balakrishnan
Analyst
Experience: 17 years
Year of joining Alchemy: 2020



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 Executive Officer and 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.
- » Long term 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 INR 28.9 crores*
- » 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 769 million of assets onshore and offshore as on 31 Oct 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 Oct 31, 2020

^^Past performance data is not indicative of future performance. **Performance related information provided herein is not verified by SEBI**

Founders

Rakesh Jhunjunwala

Co-Founder (Non-Executive)
Experience: Over 30 years



Ashwin Kedia

Co-Founder (Non-Executive)
Experience: Over two decades



Lashit Sanghvi

Co-Founder (Non-Executive)
Experience: Over two decades



Hiren Ved

Co-Founder, CEO & CIO
Experience: Over two decades



Hiren Ved

Director, CEO & CIO, has over two decades of experience managing portfolios, and high-performance investment team.



Manu Parpia (Non-Executive)

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



Neeraj Roy (Non-Executive)

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



Rajiv Agarwal (Non-Executive)

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

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

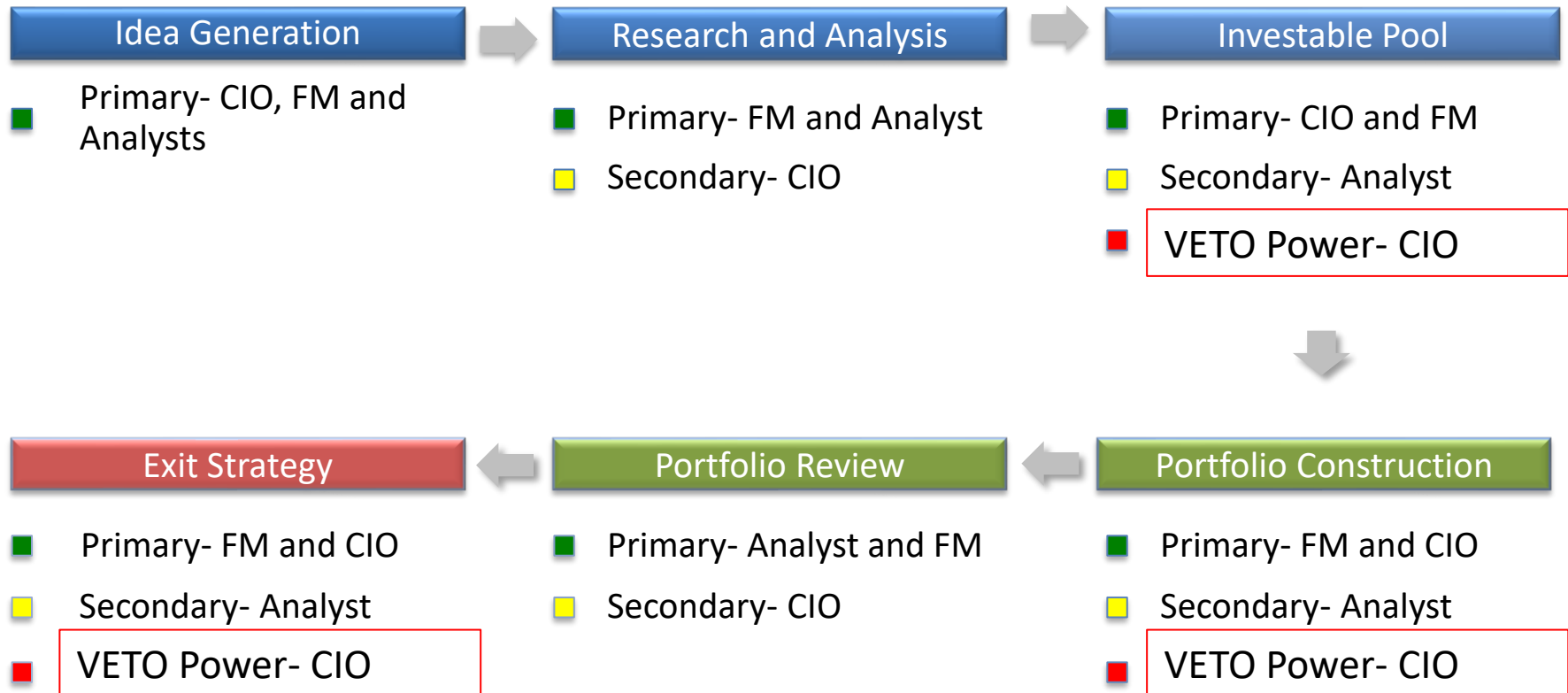
- Fund manager selects stocks basis fund mandates
- Fund manager does final selection
- CIO manages the process and has an overriding power over fund manager

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.

Regulatory Disclosures

- All clients have an option to invest in the above products / investment approach directly, without intermediation of persons engaged in distribution services.
- **Performance related information provided herein above are not verified by SEBI.**

General Risk factors

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

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