




INVESTMENT MANAGERS



ASK Indian Entrepreneur Portfolio May 2021



Delivered Results, Concept and Positioning

ASK Investment Managers Limited

Key Investment Objectives and Attributes

Key Investment Objectives

- **Capital Preservation** over a period of time
- **Capital Appreciation** over a period of time

Size of the Opportunity

- Size of pond vs size of fish
- Dominance
- Resilience
- Liquidity

Earnings Growth

- Quantum
- Consistency
- Durability
- Predating (Early vs Later)
- Compounding power

Four key investment attributes

Achieved through...

- Long term Investments in high quality companies with strong growth prospects

Quality of Business

- High quality of business (Superior RoCE)
- Strong moat. Impregnability.
- Sustainability
- Key pivot of strong wealth creation

Value

- Favorable Price-Value Gap
- Margin of Safety

In addition to the above, good management quality is a given constant

Capital Preservation

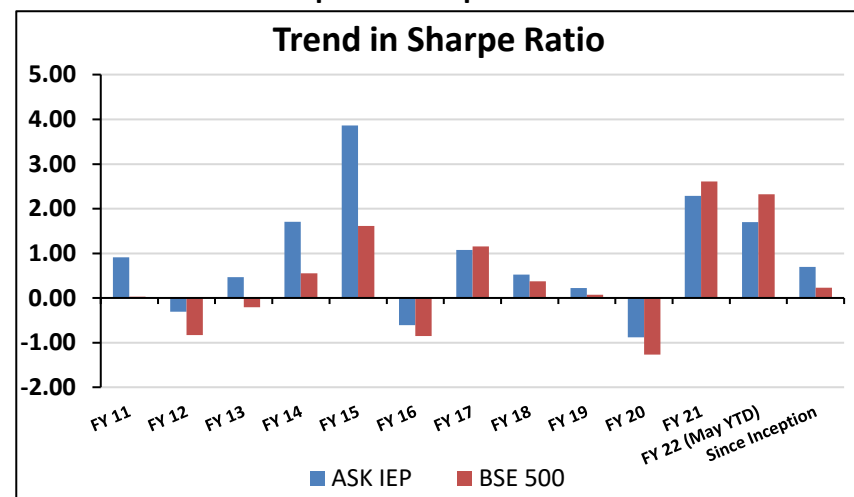
Unparalleled track record of Low Volatility

We cater to investor's desire for a relatively stable investment approach very well

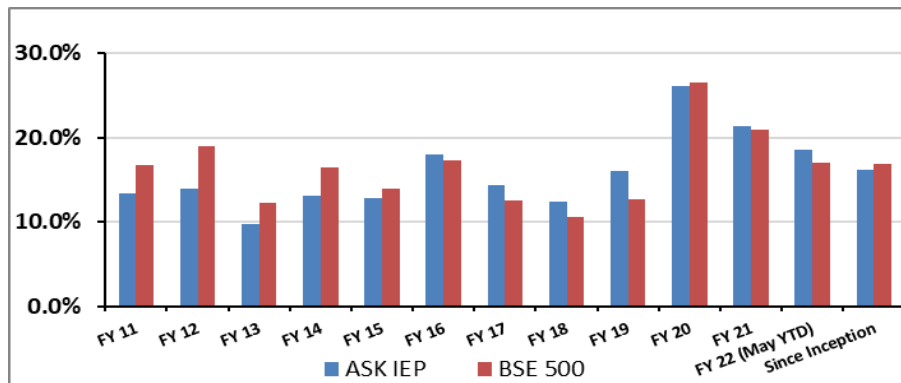
FY-wise Drawdown Analysis of ASK IEP

| | Max Drawdown | | FY Performance | |
|-------|--------------|---------|----------------|---------|
| | ASK IEP | BSE 500 | ASK IEP | BSE 500 |
| FY 11 | -18% | -20% | 22% | 7% |
| FY 12 | -14% | -25% | 3% | -9% |
| FY 13 | -4% | -10% | 13% | 5% |
| FY 14 | -7% | -16% | 34% | 17% |
| FY 15 | -2% | -7% | 73% | 33% |
| FY 16 | -15% | -20% | -5% | -8% |
| FY 17 | -17% | -12% | 25% | 24% |
| FY 18 | -5% | -11% | 15% | 12% |
| FY 19 | -19% | -16% | 11% | 8% |
| FY 20 | -31% | -38% | -18% | -28% |
| FY 21 | -10% | -11% | 67% | 77% |

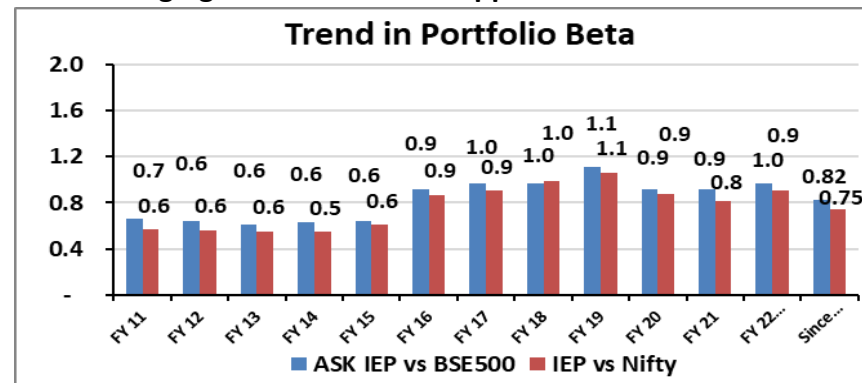
Superior Sharpe Ratio



Delivered low volatility (Standard Deviation) since inception



High growth investment approach with low beta



- Historical Drawdown for portfolio is measured as the performance for the period during which the index had its maximum drawdown
 - Sharpe ratio measured as annualized mean of daily Portfolio returns over Risk Free Rate (RFR) divided by the annualized Portfolio Standard Deviation of daily returns. RFR assumed at 8% pa.
 - Historical Volatility is computed based on standard deviation of daily returns
- ASK Portfolio returns are composite returns of all the Portfolios aligned to the investment approach as on May 31, 2021. Returns for individual client may differ depending on time of entry in the Portfolio. Past performance may or may not be sustained in future and should not be used as basis for comparison with other investments. Returns for 1 year or lesser time horizon are absolute returns, while more than 1 year are CAGR. Returns have been calculated using Time Weighted Rate of Return method (TWRR) as prescribed by the SEBI.

Years when Life Highs are attained by ASK IEP Companies

| ASK IEP Company Name | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | Number of Years Life-Highs are attained since 2008 | Number of Years in existence since 2008 | % of Years where Life-Highs are attained since 2008 |
|---------------------------|------|------|------|------|------|------|------|------|------|------|------|------|------|--|---|---|
| Aarti Industries Ltd | 1 | 1 | 1 | 0 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 12 | 13 | 92% |
| APL Apollo Tubes Ltd | 0 | 0 | 0 | 0 | 0 | 1 | 1 | 1 | 1 | 1 | 1 | 0 | 1 | 7 | 13 | 54% |
| Asian Paints Ltd | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 13 | 13 | 100% |
| Astral Polytechnik Ltd | 1 | 0 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 12 | 13 | 92% |
| AU Small Fin Bank Ltd | | | | | | | | | | 1 | 1 | 1 | 1 | 4 | 4 | 100% |
| Bajaj Finance Ltd | 1 | 0 | 1 | 0 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 11 | 13 | 85% |
| Bajaj Finserv Ltd | 1 | 0 | 0 | 1 | 0 | 0 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 9 | 13 | 69% |
| Britannia Industries Ltd | | | | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 0 | 1 | 9 | 10 | 90% |
| Cholamandalam Invest | 1 | 0 | 0 | 0 | 0 | 0 | 1 | 1 | 1 | 1 | 1 | 0 | 1 | 7 | 13 | 54% |
| Dabur India Ltd | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 0 | 1 | 12 | 13 | 92% |
| Divi's Laboratories Ltd | 1 | 0 | 0 | 0 | 1 | 1 | 1 | 1 | 1 | 0 | 1 | 1 | 1 | 9 | 13 | 69% |
| Dixon Technologies | | | | | | | | | | 1 | 0 | 0 | 1 | 2 | 4 | 50% |
| Eicher Motors Ltd | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 0 | 0 | 0 | 10 | 13 | 77% |
| Havells India Ltd | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 0 | 1 | 1 | 1 | 1 | 1 | 12 | 13 | 92% |
| Kotak Mahindra Bank Ltd | 1 | 0 | 0 | 0 | 0 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 9 | 13 | 69% |
| Page Industries Ltd | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 0 | 1 | 1 | 0 | 0 | 10 | 13 | 77% |
| PI Industries Ltd | 1 | 1 | 1 | 1 | 0 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 12 | 13 | 92% |
| Pidilite Industries Ltd | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 13 | 13 | 100% |
| Reliance Industries Ltd | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1 | 1 | 1 | 1 | 5 | 13 | 38% |
| Shree Cement Ltd | 1 | 1 | 1 | 0 | 1 | 1 | 1 | 1 | 1 | 1 | 0 | 1 | 1 | 11 | 13 | 85% |
| Tata Consult Services Ltd | 1 | 1 | 1 | 0 | 0 | 0 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 10 | 13 | 77% |
| Titan Co Ltd | 1 | 0 | 1 | 1 | 1 | 0 | 1 | 1 | 0 | 1 | 1 | 1 | 1 | 10 | 13 | 77% |
| Torrent Pharma | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 0 | 1 | 1 | 1 | 12 | 13 | 92% |

Source: Bloomberg
Data considered from CY 2008 as the base till CY 2020

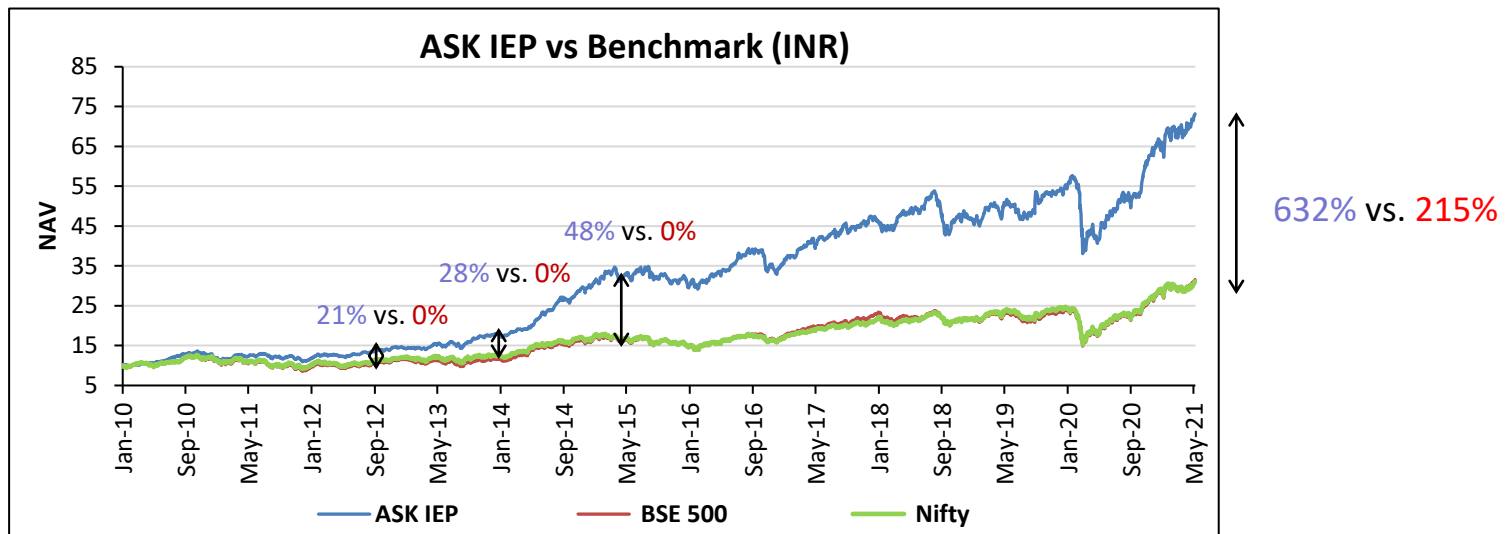
Capital Appreciation

Low volatility in the investment approach actually aids portfolio appreciation

Consistently beating benchmarks since inception

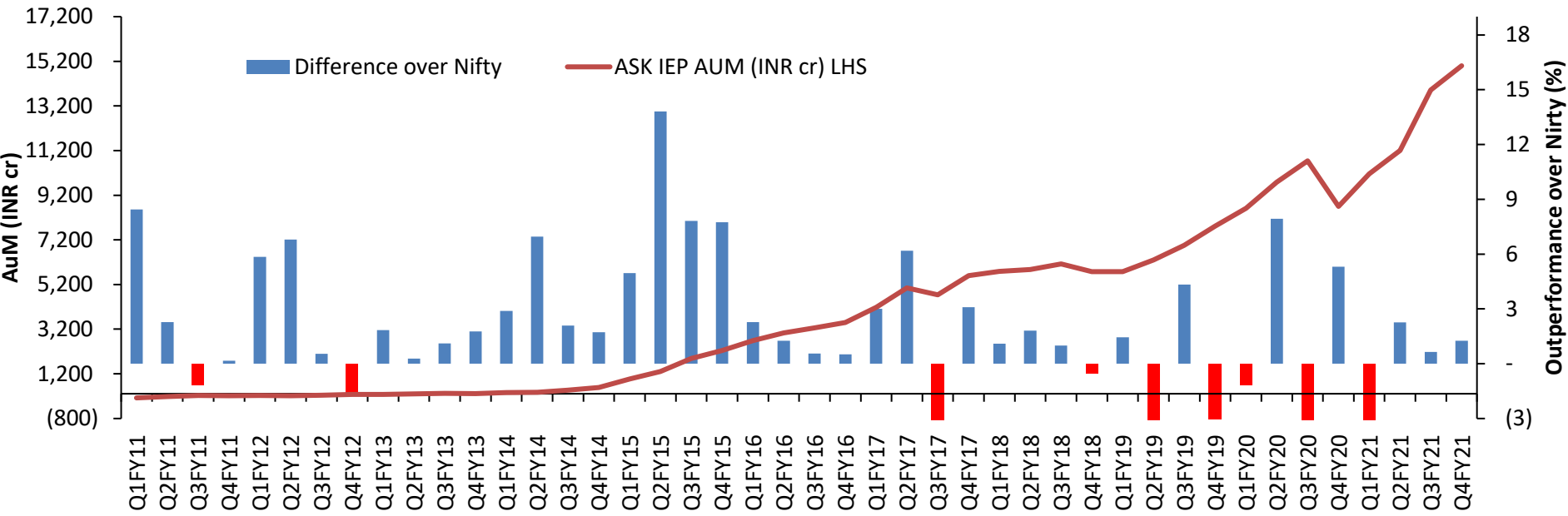
| (INR) | FY 11 | FY 12 | FY 13 | FY 14 | FY 15 | FY 16 | FY 17 | FY 18 | FY19 | FY20 | FY21 | FY22 (May YTD) |
|---------|-------|-------|-------|-------|-------|-------|-------|-------|-------|--------|-------|----------------|
| ASK IEP | 21.7% | 2.8% | 12.8% | 34.5% | 73.0% | -4.5% | 24.9% | 14.5% | 10.8% | -17.8% | 68.6% | 6.1% |
| BSE 500 | 7.5% | -9.1% | 4.8% | 17.1% | 33.2% | -7.8% | 24.0% | 11.8% | 8.3% | -27.5% | 76.6% | 7.4% |
| Nifty | 11.1% | -9.2% | 7.3% | 18.0% | 26.7% | -8.9% | 18.5% | 10.2% | 14.9% | -26.0% | 70.9% | 6.1% |

Note : Performance figures are net of all fees and expenses. ASK Portfolio returns are composite returns of all the Portfolios aligned to the investment approach as on May 31, 2021. Returns for individual client may differ depending on time of entry in the Portfolio. Past performance may or may not be sustained in future and should not be used as basis for comparison with other investments. Returns for 1 year or lesser time horizon are absolute returns, while more than 1 year are CAGR. Returns have been calculated using Time Weighted Rate of Return method (TWRR) as prescribed by the SEBI.



The Investment Approach has been able to generate returns continuously even while markets were flat between Oct 11, Jun 12 and Aug 13.

Quarterly Outperformance



ASK IEP has outperformed the Nifty for **35 out of 44 quarters** since inception

ASK Indian Entrepreneur Portfolio: The Investment Approach

1. Identify **large** and **growing** business opportunities.
2. Identify businesses with competitive advantage that are **significant sized** (min Rs.100cr of PBT) : Enables growth from both **market share gains** and **growth of the opportunity size** and can sustain for multiple years.
3. The **quality of the business** should be good to be able to fund strong growth through internal cash generation
 - We seek over 20% compounded growth from each business that we buy and target over 25% growth from the portfolio
 - To fund this growth, the business ROCE should be over 25% so that growth can be funded and there are surpluses for dividend
4. The **management should have the drive** and have skin in the game to deliver **compounded growth** period after period (uncompromised corporate governance is a must)
 - Hence, invest into businesses with an identifiable business house at helm with minimum 25% stake*
5. We seek to identify such businesses **at reasonable discount to value** and stay invested for a length of time and make money as EPS compounds

*Note: Promoter / Family stake of at least 25% is desired in portfolio companies, except in rare and fit cases.

Investment Approach Research Methodology and Filtration

500

- ▶ Top 500 as per market capitalization

306

- ▶ Only companies > 25% promoter / family holding (except in very rare and fit cases)
- ▶ Universe of Entrepreneur and/or Family-Owned Business = 306 cos

210

- ▶ Condition of minimum PBT of INR 100 cr (USD 16 mn)

123

- ▶ Subjective evaluation on management quality, their integrity, vision, past track record, execution, capital allocations and distribution skills, corporate governance standards etc.

59

- ▶ Quality of Business (Capital Efficiency) – Minimum ROCE of 25%*

20

- ▶ Two more filters for selection of stocks a) Minimum 20 to 25%* earnings growth over the next 3 to 5 years without capital dilution and b) Price-Value gap (margin of safety) of 20%
- ▶ ASK Indian Entrepreneur Portfolio

Note: Maximum of 20% of the portfolio may be an exception to the above.

*at the time of 1st purchase of the stock

Long Term Performance of ASK IEP Companies



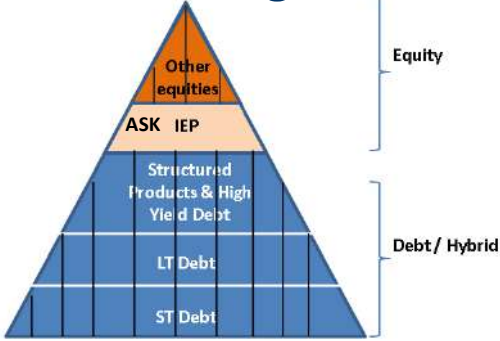
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| ASK IEP companies performance over last 5 years (CAGR) as on FY20 | | | | | |
|---|------------|------------|------------|------------|------------|
| Company Name | Sales | OP | PBT | ROCE* | PAT |
| Aarti Industries Ltd | 8% | 16% | 21% | 22% | 21% |
| APL Apollo Tubes | 20% | 22% | 24% | 18% | 30% |
| Asian Paints Ltd | 7% | 13% | 11% | 42% | 14% |
| Astral Poly Technik Ltd | 13% | 21% | 23% | 22% | 27% |
| AU Small Finance Bank Ltd | 44% | 34% | 32% | 30% | 34% |
| Bajaj Finance Ltd | 40% | 46% | 41% | 14% | 44% |
| Britannia Industries Ltd | 8% | 16% | 18% | 59% | 19% |
| Cholamandalam Investment and Finance Co Ltd | 19% | 20% | 19% | 21% | 19% |
| Dabur India Ltd | 2% | 6% | 7% | 53% | 7% |
| Divi's Laboratories Ltd | 12% | 9% | 10% | 32% | 9% |
| Dixon Technologies | 30% | 48% | 55% | 37% | 59% |
| Eicher Motors Ltd | 25% | 25% | 26% | 100% | 29% |
| Havells India Ltd | 11% | 8% | 7% | 24% | 9% |
| Kotak Mahindra Bank Ltd | 25% | 27% | 22% | 13% | 26% |
| Page Industries Ltd | 14% | 10% | 10% | 61% | 12% |
| PI Industries Ltd | 12% | 14% | 11% | 26% | 13% |
| Pidilite Industries Ltd | 9% | 15% | 17% | 57% | 17% |
| Reliance Industries Ltd | 10% | 19% | 13% | 20% | 13% |
| Shree Cement Ltd | 13% | 22% | 35% | 26% | 32% |
| Tata Consultancy Services | 11% | 9% | 8% | 94% | 8% |
| Titan Co Ltd | 12% | 17% | 15% | 27% | 13% |
| Torrent Pharmaceuticals Ltd | 11% | 16% | 3% | 17% | 2% |
| Average of IEP Companies | 16% | 20% | 20% | 37% | 21% |
| Nifty | 7% | 3% | | | 7% |

*Data considered only for FY20. For Banking & Financial companies, we have not considered ROCE, but have considered ROE for the above analysis

ASK Indian Entrepreneur Portfolio: Have ASK IEP as core of equity portfolio

The Positioning



| Key Attributes | How ASK IEP Qualifies |
|--|---|
| High degree of predictability & replicability of returns | Buy good quality, non-dilutive, strongly growing businesses. Beta of 0.82 vs BSE500 and 0.75 vs Nifty since inception. |
| Consistency of performance | Philosophy based Process driven investing. Almost equiweighted portfolio minimizing single stock risk. Historically low churn ratios of sub 0.4. Positive returns across most of the portfolio holdings, indicating the strength of the philosophy and process. |
| Better returns than other asset classes | 19% compounding since inception Vs 11% for BSE 500 as on <i>May 31, 2021</i> . |

Risk Factors and Disclaimer

Risk arising from the investment objective, investment approach and asset allocation.

Equities as an asset class carry a higher risk in comparison to debt. While risk cannot be totally eliminated, it can be mitigated through a well-designed Investment Approach. ASK Investment Managers Portfolios seek to mitigate risk and deliver superior returns through research-based investing. However, this objective may not be fully achieved due to various reasons such as unfavorable market movements, misjudgment by portfolio manager, adverse political or economic developments etc. The PMS is run with an objective to achieve reasonable returns consistently. Given this background the investor investing in the PMS faces the following risks

(i) Political, economic and / or related risks

The Asset Value of the portfolio and the liquidity of the shares may be affected by changes in government policy, taxation, interest rates, social and religious instability and political, economic or other developments in or affecting India.

(ii) Industry risk

The value of shares of companies in a particular industry may be affected due to factors affecting the industry like changes in government policy on duties, FDI or a foreign country, which is a big market for the industry, may impose restrictions on import etc.

(iii) The Indian Securities Market

The Indian stock markets in the past experienced substantial price volatility and no assurance can be given that such volatility will not occur in future. Actual market trend may be in variance with anticipated trends hence, the decisions of the Portfolio Manager may not be always profitable.

(iv) Liquidity Risk

Some stocks that the investor might be invested in might not be highly liquid. Though it will be the PMS service providers endeavour to restrict investments in less liquid stocks to a lower limit, there is an exposure of liquidity risk to the investor.

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Thank You

