EAS Invest o3

o3capital

Finding inspiration in the most unlikely of places

Dear Investor,

Sometimes, an offbeat phrase or sentence that we find in the most unlikely of places becomes a source of inspiration. Years ago, something similar happened to me while watching the old classic movie "Bawarchi" starring Rajesh Khanna and directed by the great Hrishikesh Mukherjee. In one of the best scenes from this movie, the character played by Khanna enunciates this quote from Rabindranath Tagore - **"it is so simple to be happy, but it is so difficult to be simple".**

He then goes on to explain the thought behind it – in life, most of us are waiting for the "big" happy occasions, but end up missing out on enjoying the hundreds and thousands of "little" happy occasions that dot our lives on a daily basis. While "big" happy occasions may be 10 or 20 in number during our lifetime, it is really sad if we miss the thousands of "little" happy occasions that occur daily in our lives.

For many years, I have been struck by the profound beauty and simplicity behind that quote.

It is so simple to have a successful investment program

You don't have to take my word for it. The great Benjamin Graham has said it eloquently – "To achieve satisfactory investment results is easier than most people realize; to achieve superior results is harder than it looks."

Which brings us to the obvious question - What is meant by "successful investing"? In the delightful book called "The Geometry of Wealth", Brian Portnoy describes it as "funded contentment". In other words, if we are able to fund what provides contentment in our lives, we have a successful investment program. Of course, this has to be within reasonable limits. And trying to "maximise returns" at all points of time does not qualify.

Too many of us forget that successful investing is about avoiding major mistakes, rather than trying to be brilliant. The anxiety to generate the "highest returns" is often the primary cause of taking crazy risks, and this has led to the downfall of so many portfolios.

So, Rule No. 1 – Avoid the major mistakes

Rule No. 2 – We certainly need to be good investors, but there is no need to be the best.

If the primary assumption behind the capital market is that it rewards efficiency in the use of capital (and punishes inefficiency in the use of capital), then logically, our choices should be restricted to (a) companies that efficiently use their capital and (b) using our own capital efficiently by not overpaying for what we buy. These two points are sufficient to get a decent return from the stock market.

What makes it so difficult to be simple?

The only thing that makes it so difficult to adopt a simple approach to investing is the desire to earn the "highest" return at all point of time. I am amazed at the number of people who simply cannot tolerate it when someone else makes more money in the stock market, even temporarily. The desire to be "no.1" even in markets that are dangerously poised, is the cause of the problem.

In a stock market environment that is expensive, the No.1 investment product will, in all probability, be the one that is heavily overweight on the stocks or sectors that are already hyped up. All too often, investors come to realize that the "no.1" product does not stay at that position for ever.

The optimum way to handle our investments	It is our opinion that the best way to handle our investments is to have a collection of products that are different from each other in terms of their approach to portfolio construction. Apart from the decision on asset allocation, even in the category of equity, it is better to have the investments spread over 3 or 4 products that have measurably different portfolios (provided of course, that they adopt a logical method to construct their portfolios). This way, all of our products need not rise and fall together. They will move in different trajectories, and that is a good thing.

Wishing you all a simple and good investment program.

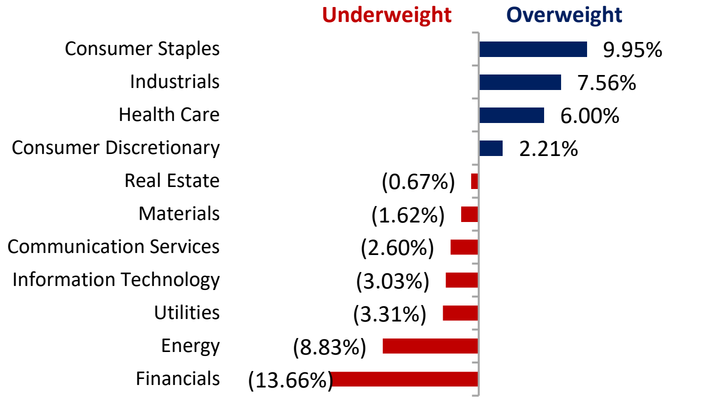
Warm regards,

Yours sincerely,

(E A Sundaram)
Chief Investment Officer and Portfolio Manager

Top 10 Holding of o3 Core Value Investment Approach - Regular Option as on 31st March 2021		
Name	**GICS Sector**	**Weight**
ITC	Consumer Staples	6.95%
Oracle Financial Services Software	Information Tech	5.63%
Asian Paints Ltd	Materials	5.12%
Container Corporation of India	Industrials	5.02%
Colgate-Palmolive (India)	Consumer Staples	4.94%
Blue Dart Express	Industrials	4.16%
Cummins India Ltd	Industrials	4.16%
HDFC Bank	Financials	4.10%
Sanofi India	Health Care	4.02%
Bosch	Consumer Discre	3.63%
		47.73%

Overweight / Underweight of Regular Model Portfolio Compared to Nifty 500 as on 31st March 2021



Investment Objective: The investment objective is to achieves capital appreciation through investment in a diversified portfolio of strong businesses, purchased at reasonable valuation.

Regular Model Portfolio Details as on 31st March 2021	
Weighted Average ROCE	29.37%
Portfolio PE (1 year forward PE, Based on FY22)	28.33
Portfolio Dividend Yield	1.87%
Average Age of companies	63 Years

Regular Model Portfolio Composition as on 31st March 2021	
Large Cap	40.0%
Midcap	37.5%
Small Cap	14.5%
Cash	8.0%

- Large Cap: Market cap of the 100th company in the Nifty 500 (sorted by market cap in descending order) as on 31st March 2021
- Midcap: Market cap below 100th company to the market cap of the 250th company in the Nifty 500 (sorted by market cap in descending order) as on 31st March 2021
- Small Cap: Market cap lower than the 250th company in the Nifty 500 (sorted by market cap in descending order) as on 31st March 2021

Regular Model Portfolio Composition as on 31st March 2021	
Model Portfolio Overlap with Nifty 500	13.35%
Model Portfolio Overlap with Nifty 50	15.64%

Consolidated Portfolio Performance of o3 Core Value Investment Approach Concentrated Option		
Period	**31st March 2021**	
	Portfolio	**Nifty 500**
1 Months	2.16	1.09
3 Months	10.94	6.91
6 Months	32.45	31.81
1 Year	61.10	75.99
Since Inception (15/04/2019)	11.87	12.44

Consolidated Portfolio Performance of o3 Core Value Investment Approach Regular Option		
Period	**31st March 2021**	
	Portfolio	**Nifty 500**
1 Months	2.20	1.09
3 Months	9.14	6.91
6 Months	25.27	31.81
1 Year	59.14	75.99
Since Inception (14/05/2019)	12.54	17.01

- Benchmark is Nifty 500, the portfolio is spread across different market capitalization, hence Nifty 500 is chosen as benchmark
- Since inception date stated is considered to be the date on which the first client investment was made under the investment approach

Disclaimer: Performance depicted is based on all the client portfolios existing as on such date, using Time Weighted Rate of Return (TWRR) of each client and then computing *arithmetic* average for the overall strategy. Past performance is no guarantee of future returns. The above portfolio performance is after charging of expenses (Custody Fee & Audit Fee adjustment is pending, the performance may change to it for some basis points). *The performance related information provided here is not verified by SEBI nor has SEBI certified the accuracy or adequacy of the contents of this Document.*