

## o3 INCA

*“The two greatest enemies of the equity fund investor are expenses and emotions.”*

- John C. Bogle

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# Our Team

Public Equities platform driven by a best-in-class team with proven track record in the markets



**Manoj Shenoy**

**CEO & Managing Director**

*30+ years of experience in the industry, including CEO at IIFL Asset Management, L&T Financial Services, EFG Bank & Anand Rathi Financial Services Limited*



**EA Sundaram**

**Executive Director & CIO - Public Markets**

*33+ years of experience in public equities & fund management, across close/open-ended funds & family offices*



**Rajesh Keswani**

**Director - Public Markets**

*24+ years of experience across asset management and banking platforms*



**Priyank Chandra**

**Vice President & Portfolio Manager - Public Markets**

*18+ years of experience in equity research*

Experience Across Leading Financial Institutions Including:



100+

*Cumulative Years of Experience*

51 years

*Average Age of the Management Team*

# Why Invest

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- ❖ Unbiased, factor-based investing
- ❖ Investment universe of BSE 500 companies, covering nearly 93% of the market capitalization
- ❖ Focus on high quality companies
- ❖ Focus on stock valuation
- ❖ Care taken to statistically even out cyclical variations
- ❖ Supportive back testing results
  - Satisfactory level of outperformance
  - Similar level of drawdown as benchmark
  - Complimentary - low overlap of the portfolio with the index

## Risks to be considered

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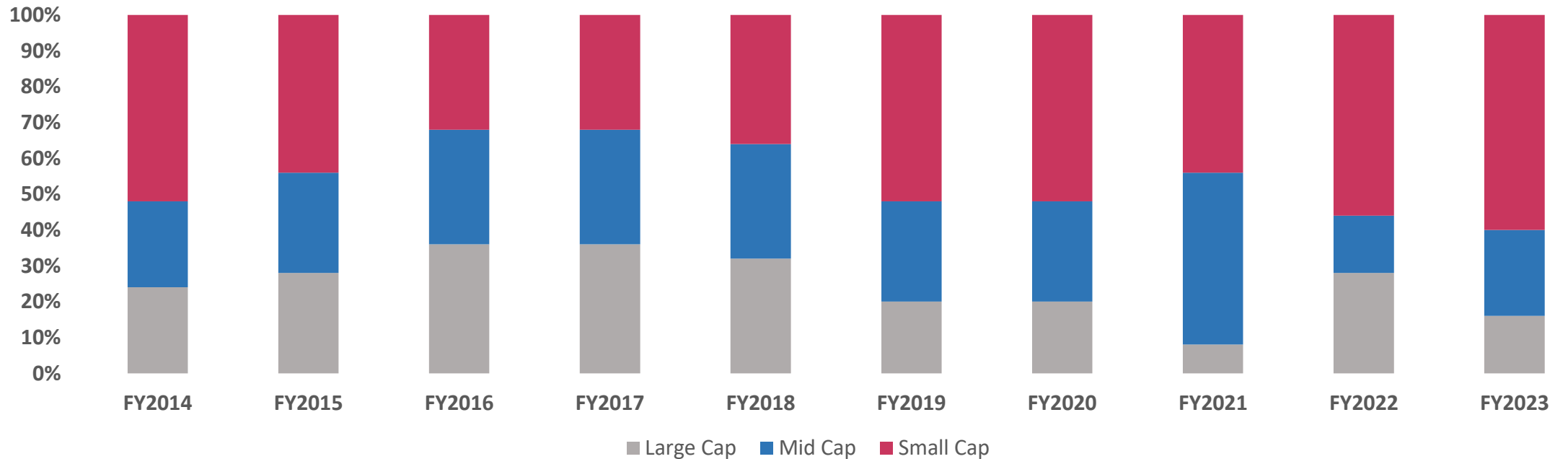
- ❖ The model is based on historical evidence. It is likely that an unconsidered future event may alter the potential performance.
- ❖ Care has been taken to back test the model over 2 decades, which have seen many market cycles. However, the future may bring forth an unanticipated black swan event, which may lead to an unfavorable outcome.
- ❖ No minimum or maximum weightages, either for sectors or companies.
- ❖ Any changes done in future to the model may alter the back testing results.

# Portfolio Features

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- ❖ Back Testing:
  - The back testing is done for a period of 20 years, i.e., from 2002 - 2023
  - The portfolio constructed in 2002 captures the data from 1998.
  - Investment universe is BSE 500 index.
- ❖ The proprietary model helps construct a portfolio of top 25 companies.
- ❖ The portfolio would be equal-weighted (at the inception of the portfolio).
- ❖ The portfolio would be monitored on an ongoing basis, and there can be an ad-hoc change in the portfolio only in case of an exceptional situation like de-listing.
- ❖ The portfolio is reviewed every year to capture the inclusions / exclusions in the proprietary model.
- ❖ The investment window will be open from October to December every year.
- ❖ Top-up options would also be available during this period.
- ❖ All investments including top-ups would be invested over next 5 trading days.

# Portfolio Back Testing - Market cap over last 10 years



Large Cap: Market cap of the 100<sup>th</sup> company in the BSE 500 TRI(sorted by market cap in descending order)\*

Midcap: Market cap below 100<sup>th</sup> company to the market cap of the 250<sup>th</sup> company in the BSE 500 TRI(sorted by market cap in descending order)\*

Small Cap: Market cap lower than the 250<sup>th</sup> company in the BSE 500 TRI(sorted by market cap in descending order)\*

\*As on last working day of the month i.e. 29<sup>th</sup> September 2023.

# Portfolio Back Testing - Sector exposure over last 10 years

Sectors*	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Communication Services	8%	12%	4%	8%	4%	4%	12%	4%	12%	4%
Consumer Discretionary	20%	16%	16%	8%	4%	8%	0%	0%	0%	0%
Consumer Staples	12%	12%	8%	8%	4%	4%	16%	8%	4%	4%
Energy	4%	4%	8%	16%	12%	4%	8%	16%	8%	8%
Financials	4%	4%	4%	0%	4%	4%	0%	4%	0%	12%
Health Care	4%	0%	8%	4%	4%	0%	0%	16%	4%	4%
Industrials	8%	8%	24%	16%	24%	28%	24%	0%	0%	12%
Information Technology	16%	16%	24%	20%	4%	16%	8%	4%	16%	12%
Materials	16%	20%	4%	20%	32%	32%	20%	40%	52%	36%
Real Estate	8%	4%	0%	0%	4%	0%	0%	4%	0%	0%
Utilities	0%	4%	0%	0%	4%	0%	12%	4%	4%	8%

\* - As per GICS classification



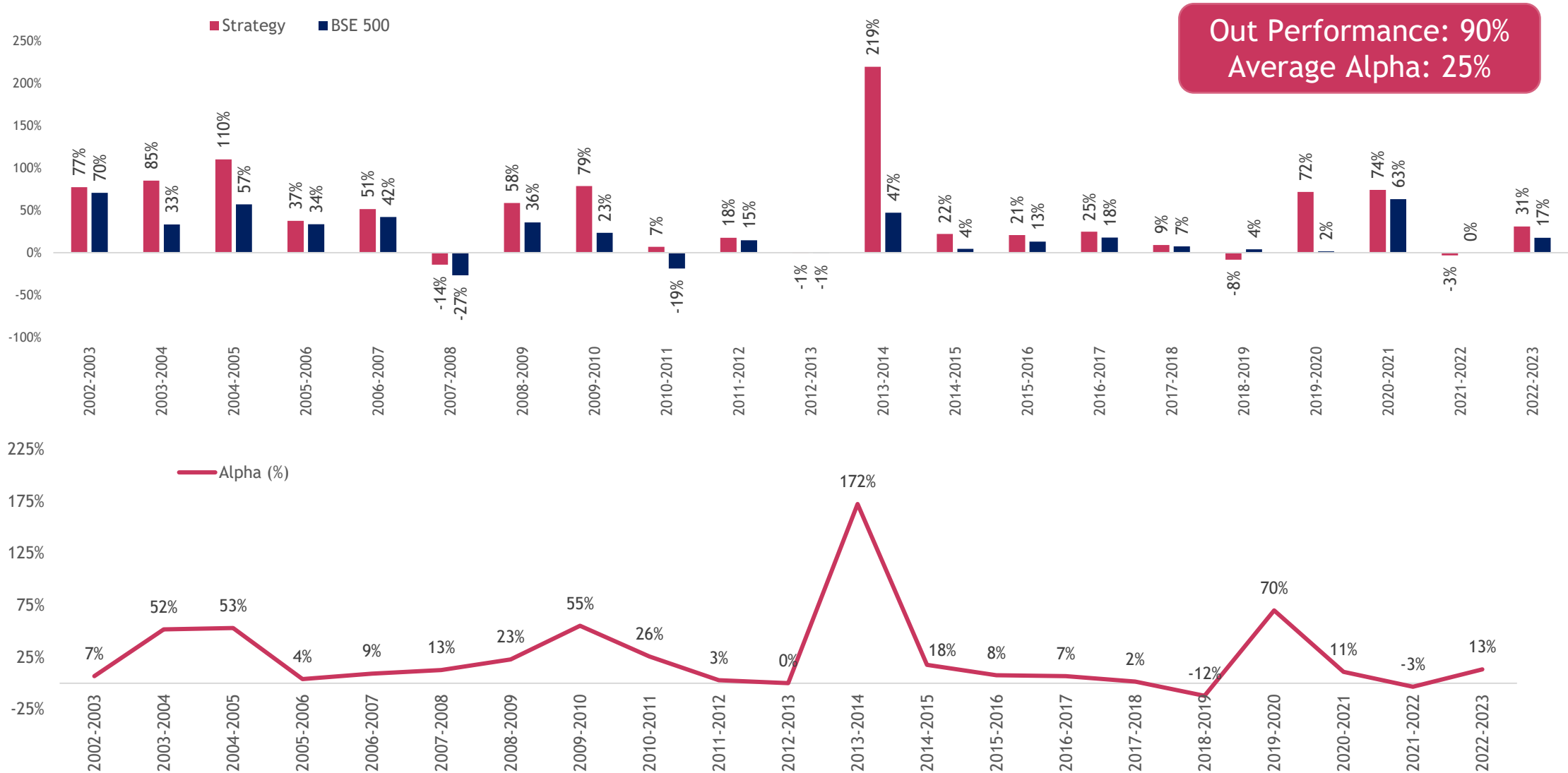
# Portfolio Back Testing - Performance

Holding Period	% of Outperforming Time Periods	Average Alpha (%)	Range of Alpha (%)	
			Min.	Max.
1 Year	90	25	-12	172
3 Year	95	22	-2	47
5 Year	100	21	4	37

The above calculations do not account for transaction cost, tax cost and impact cost (if any). Past performance may or may not sustain in future and should not be used as a basis for comparison with other investments. There is no guarantee of returns/income generation in the investment approach. Further, there is no assurance of any capital protection/capital guarantee to the investors in the investment approach.

Source: ACE Equity, BSE

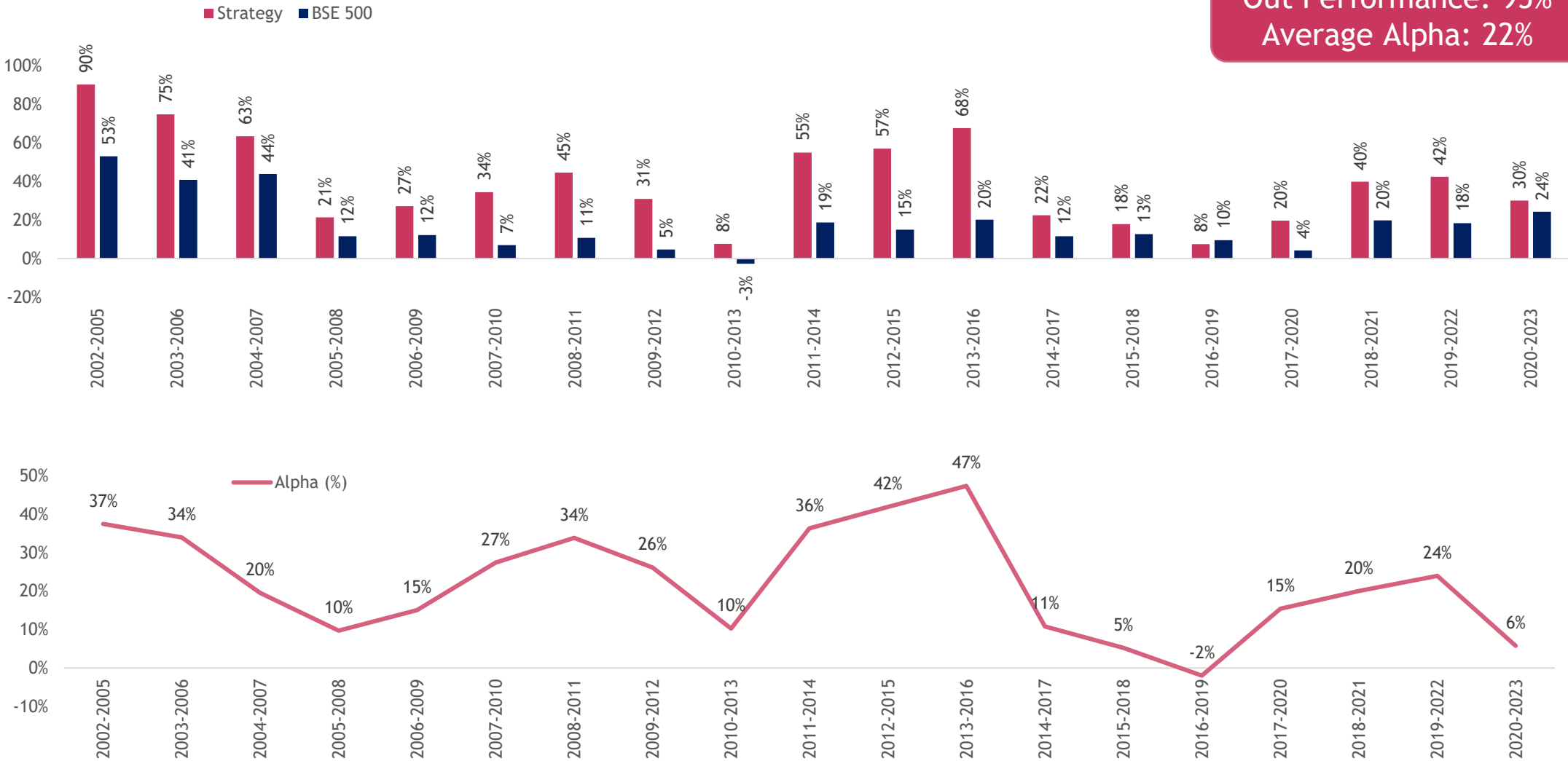
# Portfolio Back Testing - 1 Year Returns (1/3)



Source: ACE Equity, BSE. Past performance may or may not sustain in future and should not be used as a basis for comparison with other investments. There is no guarantee of returns/income generation in the investment approach. Further, there is no assurance of any capital protection/capital guarantee to the investors in the investment approach.

# Portfolio Back Testing - 3 Year Returns (2/3)

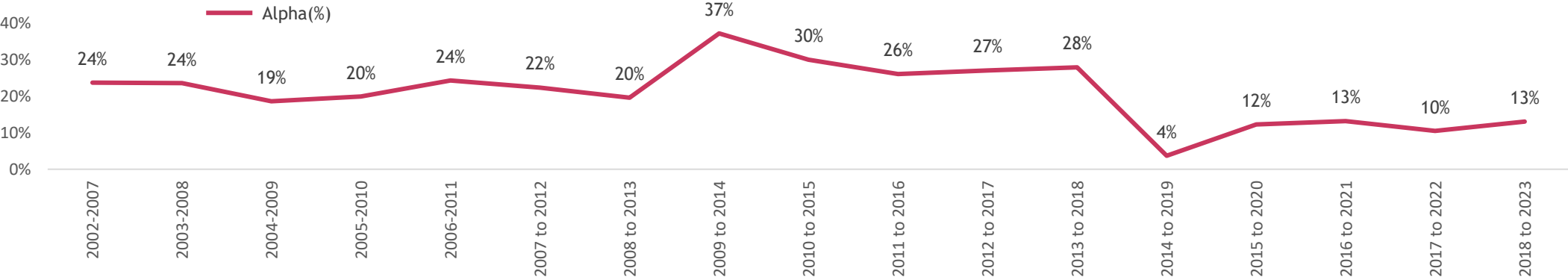
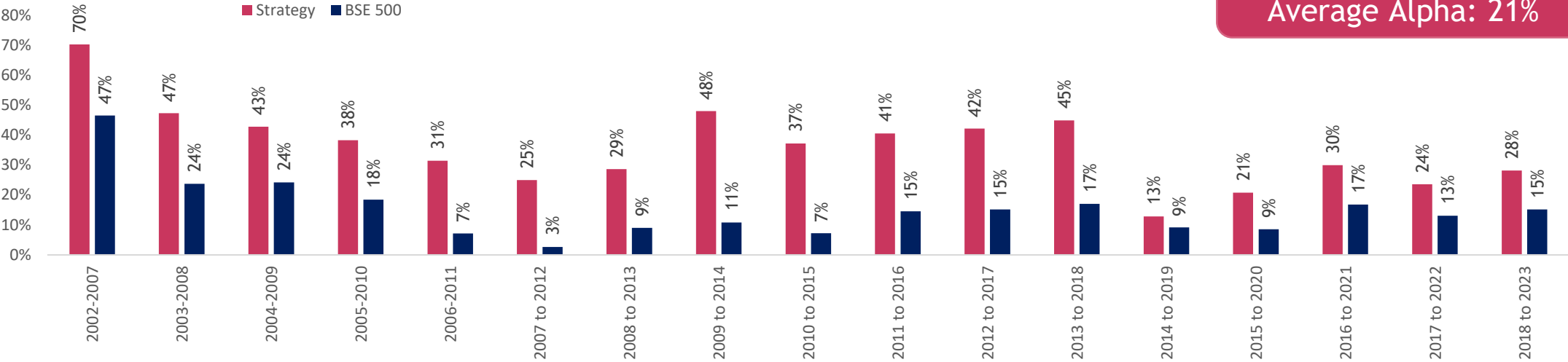
Out Performance: 95%  
Average Alpha: 22%



Source: ACE Equity, BSE. Past performance may or may not sustain in future and should not be used as a basis for comparison with other investments. There is no guarantee of returns/income generation in the investment approach. Further, there is no assurance of any capital protection/capital guarantee to the investors in the investment approach.

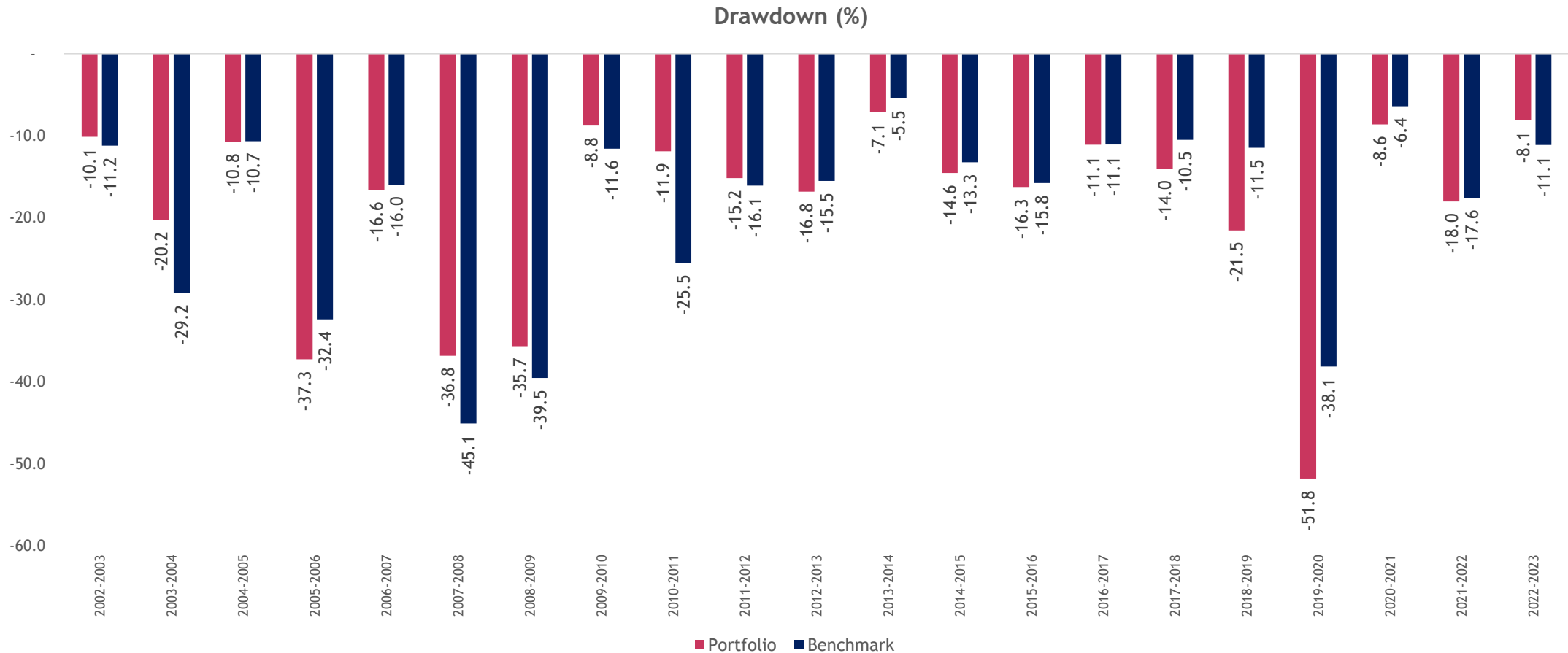
# Portfolio Back Testing - 5 Year Returns (3/3)

Out Performance: 100%  
Average Alpha: 21%



Source: ACE Equity, BSE. Past performance may or may not sustain in future and should not be used as a basis for comparison with other investments. There is no guarantee of returns/income generation in the investment approach. Further, there is no assurance of any capital protection/capital guarantee to the investors in the investment approach.

# Portfolio Back Testing for Drawdown - Portfolio vs Benchmark



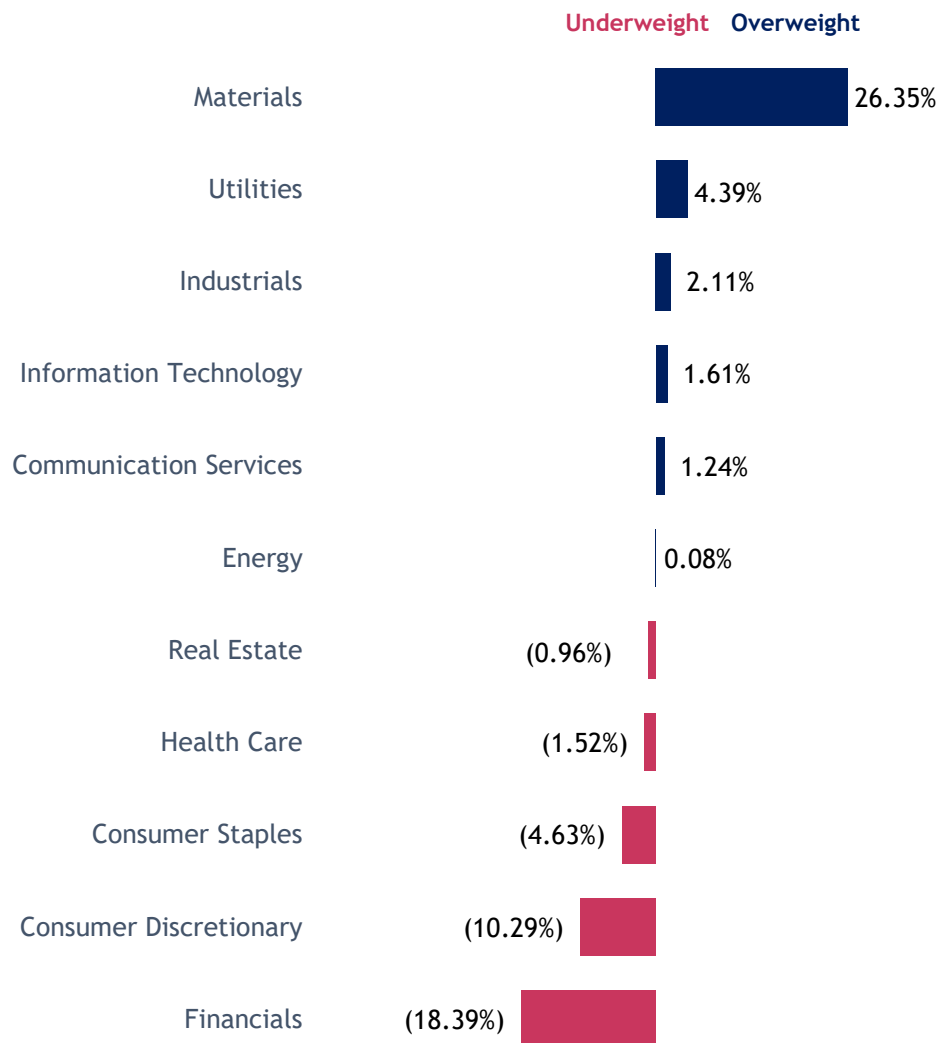
Average Drawdown in 21 years  
 Portfolio: -18.64%  
 Benchmark: -18.75%

The portfolio had less drawdowns in  
 8 out of 21 observations

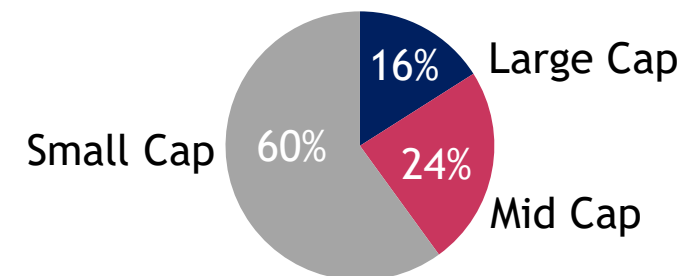
Source: ACE Equity, BSE & Bloomberg. Past performance may or may not sustain in future and should not be used as a basis for comparison with other investments. There is no guarantee of returns/income generation in the investment approach. Further, there is no assurance of any capital protection/capital guarantee to the investors in the investment approach.

# Model Portfolio - Snapshot

## Portfolio Sector Weight w.r.t. the BSE 500 TRI



## Market Cap Allocation



Description	Portfolio	BSE 500 TRI
Average ROCE (%)	37.99	19.44
Average Market Cap (INR Bn)	667.08	580.93
EPS CAGR (%) for FY23 - FY25	11.82	17.38
PER (x) on FY25E EPS	12.00	23.91
Debt / Equity (x)	0.25	0.56
Beta of Portfolio	1.01	
Standard Deviation (Annualized)	13.61	10.03
Correlation	0.74	
Maximum Drawdown	-8.11	(11.12)

Ratio are for the 1-year period as of 30-9-2023

Source: ACE Equity, BSE, Bloomberg

# Term Sheet

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## 1. Portfolio Managers

o3 Securities Private Ltd.

## 3. Auditor

M P Chitale & Co.

## 5. Benchmark

BSE 500 TRI

## 7. Stocks in the Portfolio

25 Stocks (No market cap bias)

## 9. Management Fee

## 2. Investment Vehicle

SEBI Registered Portfolio Management License (PMS)

## 4. Custodian

HDFC Bank/Kotak Bank

## 6. Suggested Investment Horizon

Minimum of 3 -5 years

## 8. Exit Load

If redeemed within 12 months of investment - 0.5%

1% fixed fee of the AUM **OR**  
0% fixed fee with 20% profit sharing on positive alpha over benchmark\*

*#All clients have an option to invest in the above products / investment approaches directly, without intermediation of persons engaged in distribution services.*

*\*The Fee is charged on the daily average AUM; debited on a quarterly basis, profit sharing fee is charged annually or on exit. Fees exclusive of GST & third-party charges like Audit fee & Custodian Fee.*

# Contact Details



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*o3 Wealth & Asset Management*

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