Growth– Concept Note

Investment Objective

Growth concept aims to provide medium to long-term compounding through a diversified portfolio of listed Indian equities, seeking quality growth at reasonable prices.

Investment Case

Sustained wealth creation is a process of careful investing in businesses that present growth opportunities over the long term. Today, Indian equities present a sustainable wealth creation opportunity over the next few decades with strong macro and micro fundamentals. This presents a fertile ground for superior compounding if the investments made are backed by knowledge and insight.

Growth portfolio brings all these and acts as a vehicle to invest in the opportunities created by the India growth story. This is achieved by constructing a portfolio of stocks diversified across sectors that offer a durable and profitable opportunity

While the portfolio is benchmarked against Nifty, the endeavor is to focus on long term superior compounding and capital preservation through the cycles of market.

Portfolio Characteristics

- Long-only portfolio with a focus on quality of business and management on one hand, and economic trends and opportunities on the other
- Adequate diversification across stocks, sectors and investment themes through a well-rounded portfolio of 18-20 stocks
- Over two-thirds of the portfolio invested in very large capitalization stocks and the balance in medium sized quality businesses with a margin of safety
- Emphasis on the overall trading liquidity of the portfolio to ensure maneuverability in the portfolio
- Focus on growth characteristics and capital efficiency of the businesses. This implies an inclination to “quality businesses at reasonable valuation” rather than “mediocre businesses at cheap price”
- Measured risk, seek to avoid permanent risk of capital
- Ensure a low portfolio turnover

Investment Approach

- While focusing within our circle of competence, we identify opportunities in Indian economy that are large, structural and can be profitable. We rely on fundamental approach to investing with a rigorous analysis of the company financials, growth opportunities and management bandwidth.
- For inclusion in the portfolio, the investment prospects have to pass the sieves of growth, liquidity, capital efficiency and size of profits. We are also sensitive to the current capital structure, capital allocation policies and implicit leverage risks.
- Through an internal framework, we derive the value of the stocks which acts as a guiding post for the final investment decisions. Since value is a dynamic concept, the portfolio is monitored on an ongoing basis to ensure that it gets the maximum benefit of price-value gaps existing in our tracked universe.

Investor Profile

This offering is suitable for those investors, both private and institutional, who would like:

- A personalized investment programme
- Those who wish to participate in India's growth opportunity and expect superior compounding over the next 3- 5 years horizon
- Those who seek long-term wealth creation, and
- A proactive service and bespoke advice

Benchmark Index:

S&P CNX Nifty

Risk factors:

Growth concept is an investment theme around which individual portfolios in listed Indian Equities are designed. 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 strategy. This concept 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. Past performance is not a guarantee of future returns.