



AMPERSAND CAPITAL INVESTMENT ADVISORS

<https://ampersand-cap.com/>

Apr 2024

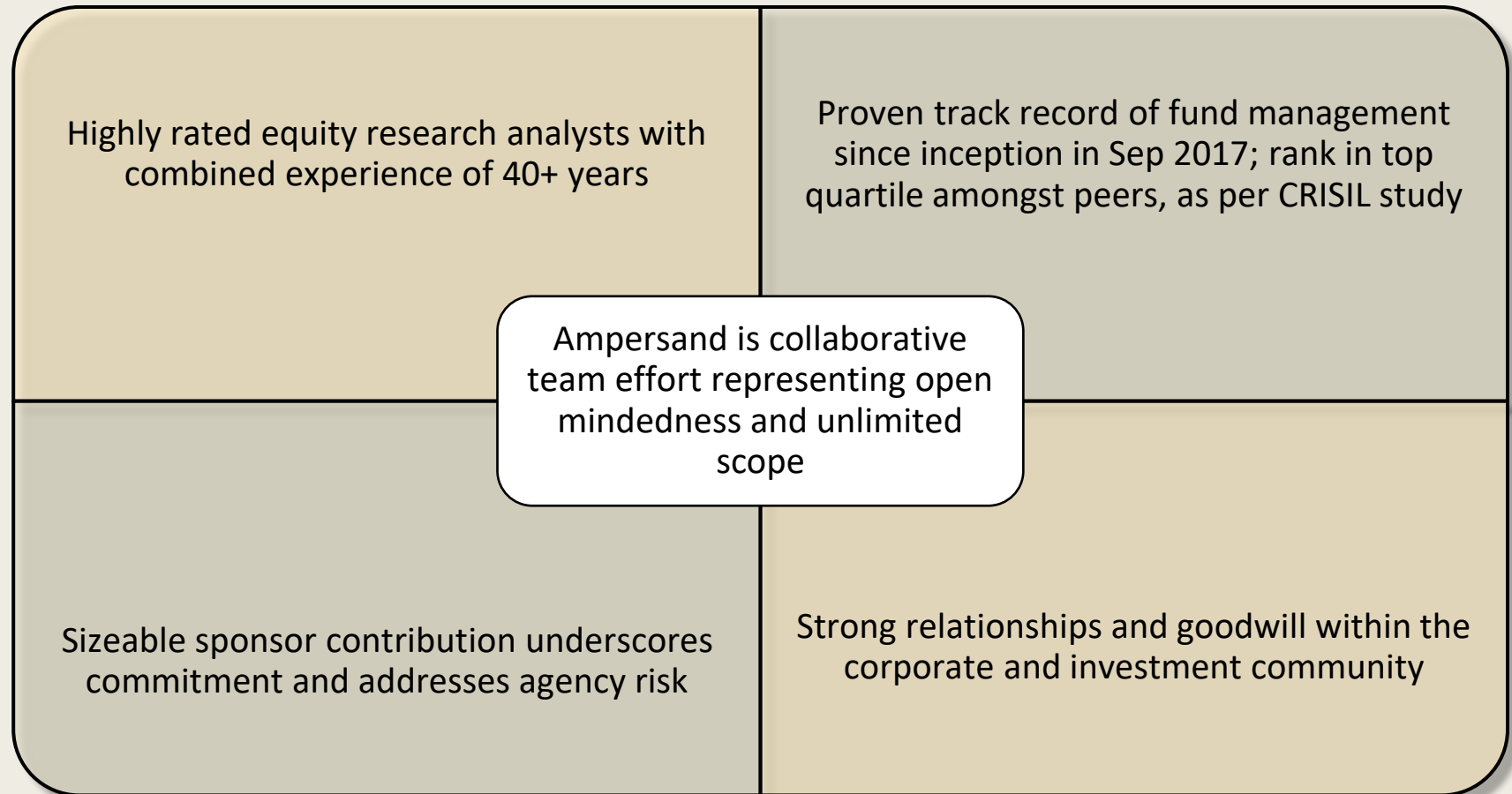


Agenda

- **Why Ampersand**
- **Who we are**
- **Investment Strategy**
- **Systems and Processes**
- **Portfolio Performance Metrics**
- **Investment Outlook**
- **Ampersand Growth Opportunities Fund - Scheme 1 (AGOFS)**



Why Ampersand?





Who we are



Arun Subrahmanyam, Founder & Managing Partner

Over 3 decades of experience in financial services industry

Domain knowledge of varied sectors, deep understanding of stock markets

Last employed in Bank of America-Merrill Lynch, as part of the institutional equities team

Top rated Auto analyst by Institutional Investor (II)

Principal founder, Partner of Ampersand Capital Investment Advisors LLP

Sanjaya Satapathy, Portfolio Manager

Over 16 years of experience in equity research across multiple sectors

Voted best mid-cap analyst (II) and best stock picker by Starmine

Last position Senior Analyst, Bank of America – Merrill Lynch 2006-16

B.E. (Electrical) from UCE Burla, and MBA from XIM, Bhubaneswar

Partner of Ampersand Capital Investment Advisors LLP





Who we are

Ashish Singhanian, Sponsor - AIF

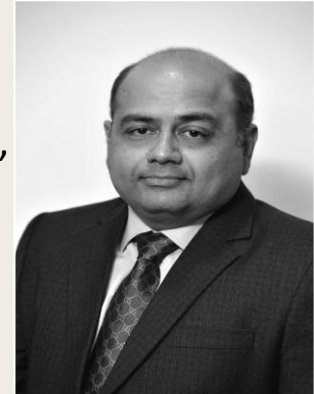
Over two decades of experience in financial markets

Founder Rashi Group, which operates in diverse verticals comprising NBFC, Markets and Real estate

Strong relationship with Corporates, Ultra HNIs and Family Offices

Principal Sponsor of Ampersand Growth Opportunities Fund (AGOFS)

Bachelor of Commerce, Sydenham College, Mumbai





Ampersand Growth Opportunities Fund Scheme (AGOFS-1)

AIF Category III Multi-cap scheme, launched in Sept 2017

Target universe of growth-oriented companies, with a scalable business model

Open-ended, Lock in of 12-months

Balanced allocation to large caps (steady returns, liquid) and mid/small caps (stronger absolute returns adjusted for liquidity, growth risks)

Tax Free in the hands of Investors

Minimum investment size of INR 1 crore; top-up can be lower and discretion of investor



AIF Industry in India

- Alternative Investment Fund (AIF Cat III) categorized under SEBI (Alternative Investment Funds) Regulations, 2012 by the Securities and Exchange Board of India.
- AIFs employ diverse and complex trading strategies. Typically, Investors would be sophisticated and high-net-worth individuals
- AIF Cat III had Funds under management of over/near Rs85,000cr in Sept2023.
- Around 100 different entities manage 208 different schemes. Of the funds managed in AIF Cat III, around 80% were through long only schemes

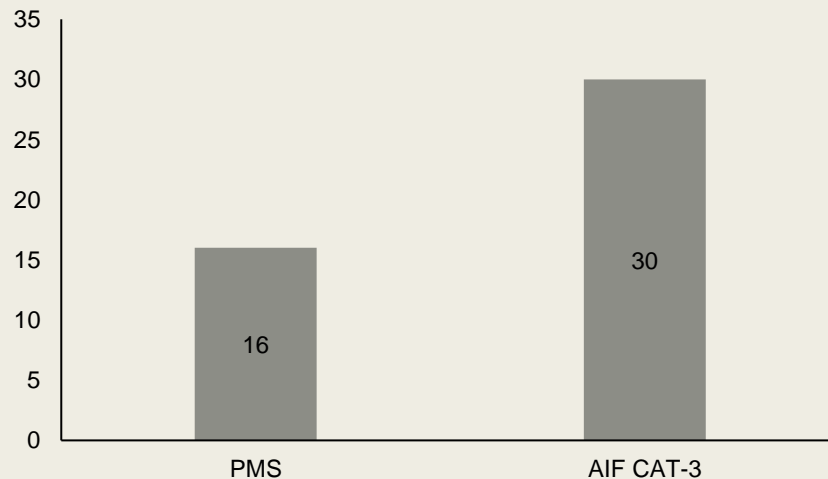
AIF CAT-III Sub Categorization			
Category III	No. of Schemes	No. of AIF's	Value(Crs.)
Long Only Equity Fund	165	72	69,112
Long Short Equity Fund	38	24	12,978
Multi Asset Fund	5	5	4,043



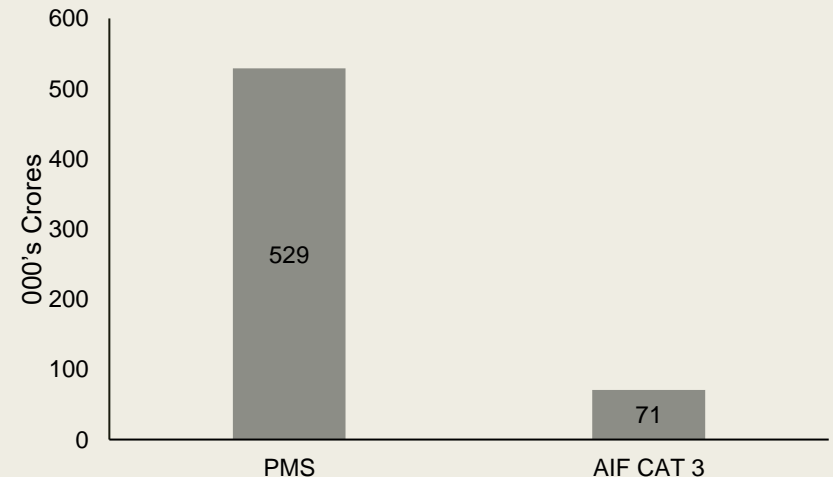
AIF vs PMS

- Over the last 5 years, AIF Cat III has registered ~30% annual growth, compared to 16% for PMS (Portfolio Management Services). AIF Cat III is 1/7th the size of PMS industry
- Faster growth of Cat 3 AIFs can be attributed to following benefits:
 - AIF-Cat III is unitized akin to MFs, so offer smoother fund management practices including allotment, tracking and execution
 - Tax free in the hands of investors, thereby removes the burden of tax calculations
 - Involves higher in-depth compliance
 - Promoters of the fund are required to deploy higher capital compared to PMS
 - Offers increased transparency and security to investors
 - Possibility of complex strategies, with a broader range of risk reward options, leading to prospect of superior performance

5 Year CAGR : PMS vs CAT III



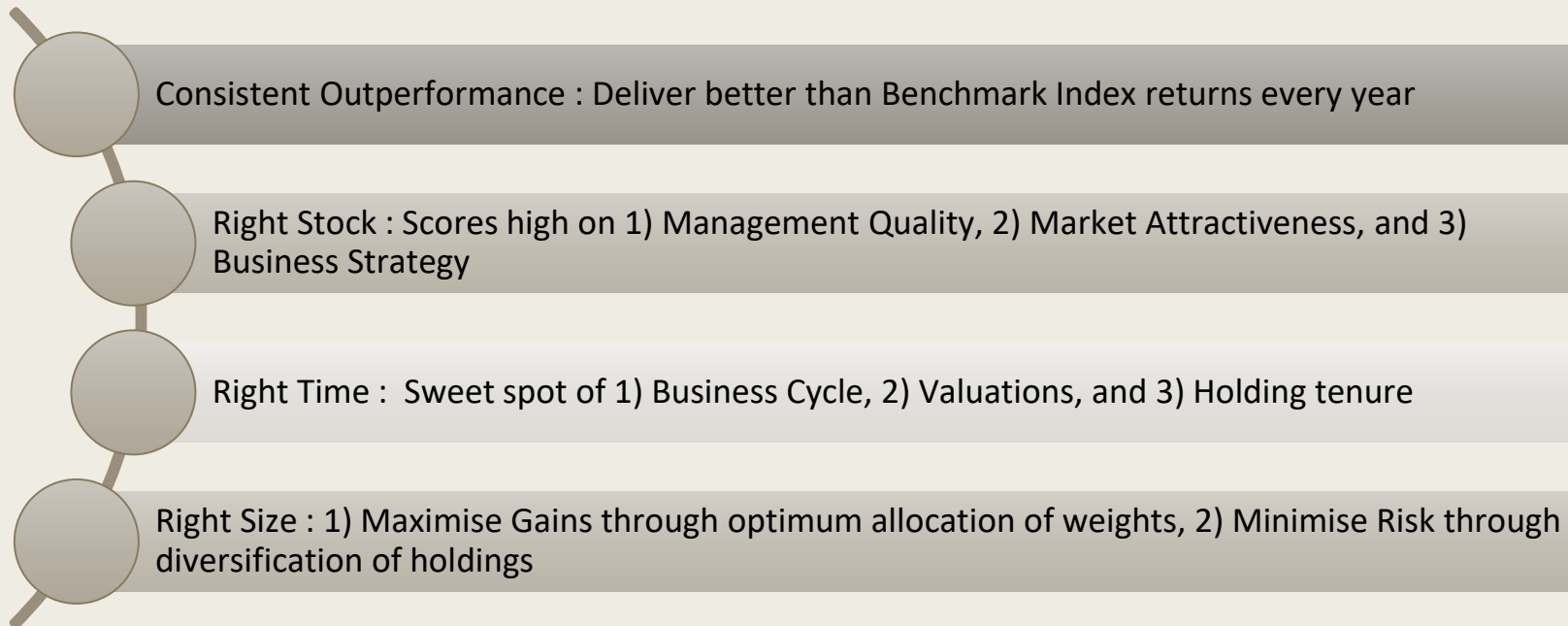
AUM : PMS vs AIF CAT III





Investment Strategy : Construct the Right portfolio

To deliver superior returns driven by, Right Stocks at the Right Time and the Right Size





Ampersand Fund in Top quartile as per NSE

- NSE is benchmarking the performance of Cat III AIFs, in line with SEBI directive
- As per latest NSE benchmark report ended Sep 2023, AGOFS - 1 is in top quartile for last 1- year, 2-years and 3-years.
- AGOFS-1 performance is well above median returns reported across Cat III AIF schemes, every year since Sep 2017 (Fund Inception)

	Scheme Performance			Category III Benchmark Performance		
Period	No. of Schemes	AGOFS-1 Returns (%)	Scheme Quartile	1st Quartile (Threshold for top 25%)	Median	3 rd Quartile (Threshold for top 75%)
1-year (%)	150	29.10%	Top Quartile	26.72%	17.77%	9.13%
2-year(%)	115	16.18%	Top Quartile	11.20%	6.54%	2.54%
3-year(%)	84	32.63%	Top Quartile	26.61%	19.71%	10.07%

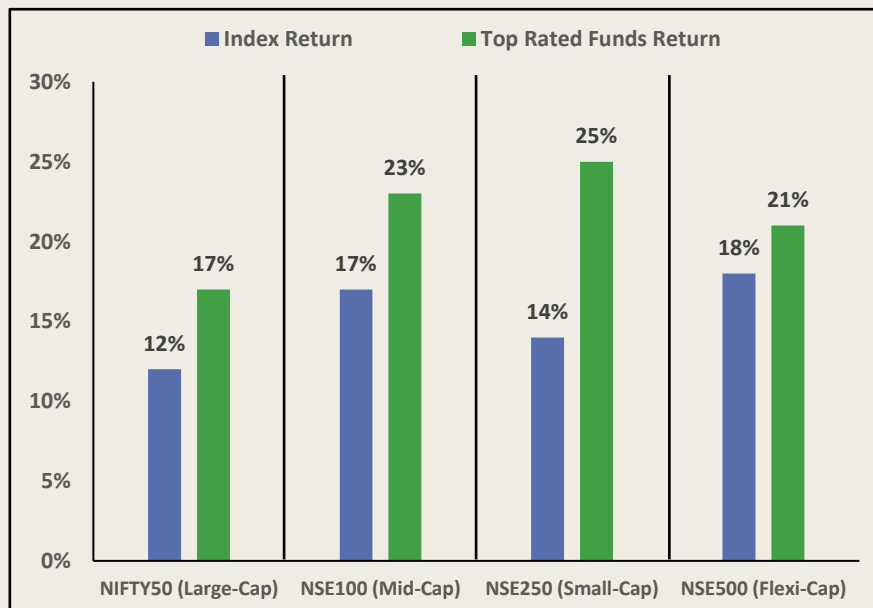
Source: NSE Benchmark Report September 30, 2023



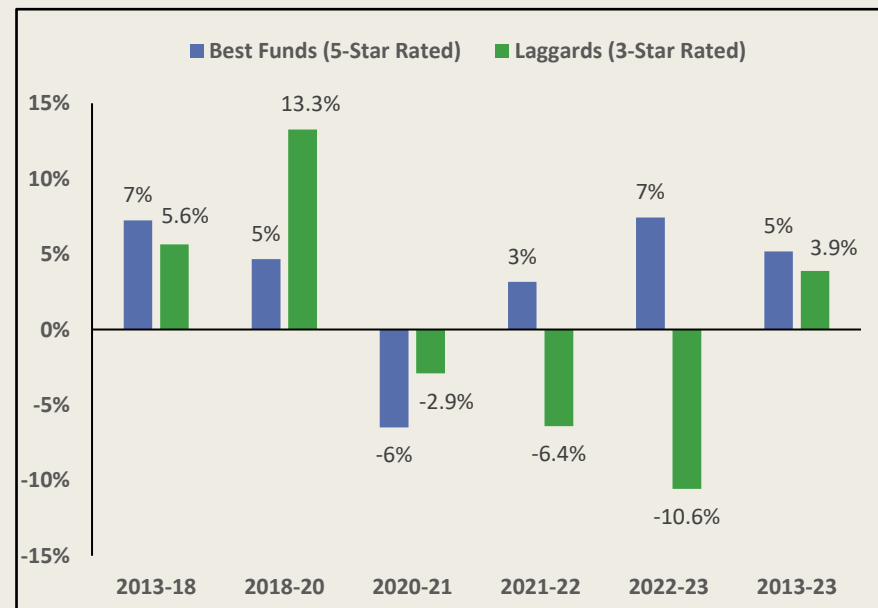
Target to sustain eminent status

- Best funds outperform benchmark by around 5% annually
- Consistent outperformance ensures top quartile position
- ...Outliers typically don't sustain, even if returns exceed benchmark by 10-15% in any year
- Our aim to retain consistency, and thereby sustain top quartile status

Best MF Schemes up ~5% vs benchmarks in last 10yrs



Consistency is key in the long term

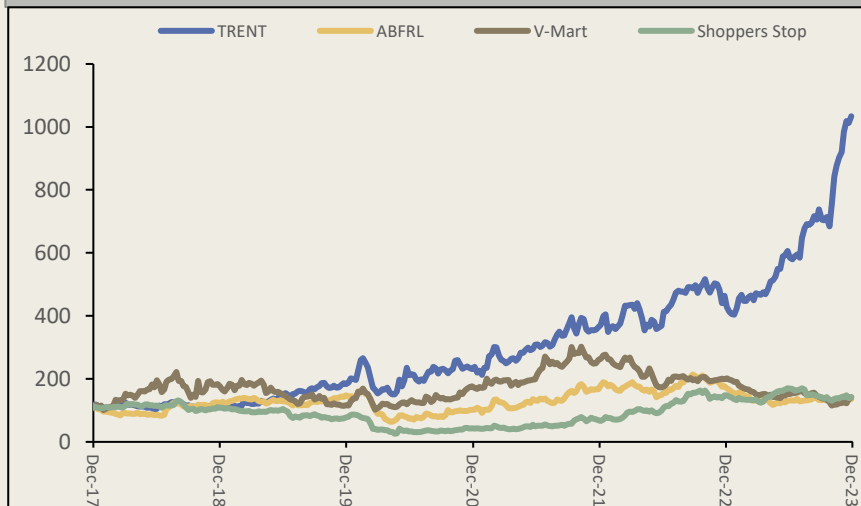




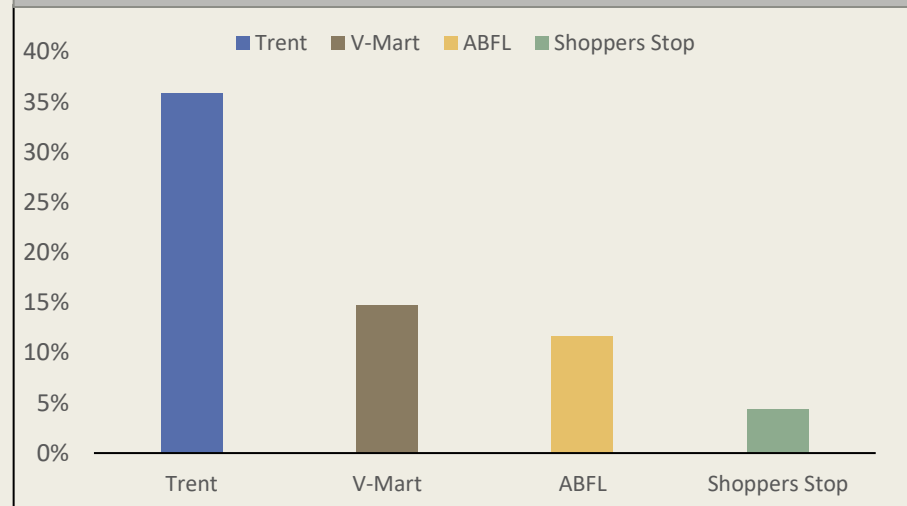
Right Stock : Winner takes it All

- Over the last decade, around 100 stocks have delivered more than 20% annual return and about 25 stocks have delivered over 35% return in the universe of top 200 stocks
- We look for the following key attributes to identify winners:
 - High quality management with track record of delivering superior growth and managing macro risks, while ensuring high standards of corporate governance and sustainability
 - Sectors with significant business potential amidst healthy competition, leading to profitable growth
 - Business strategy that leads to expansion of (1) Market share, and (2) Profit Margin/ ROCE

Trent: Stock up ~6x in 5-years, well ahead of peers



Trent: Returns reflect faster rev. growth over FY19-24

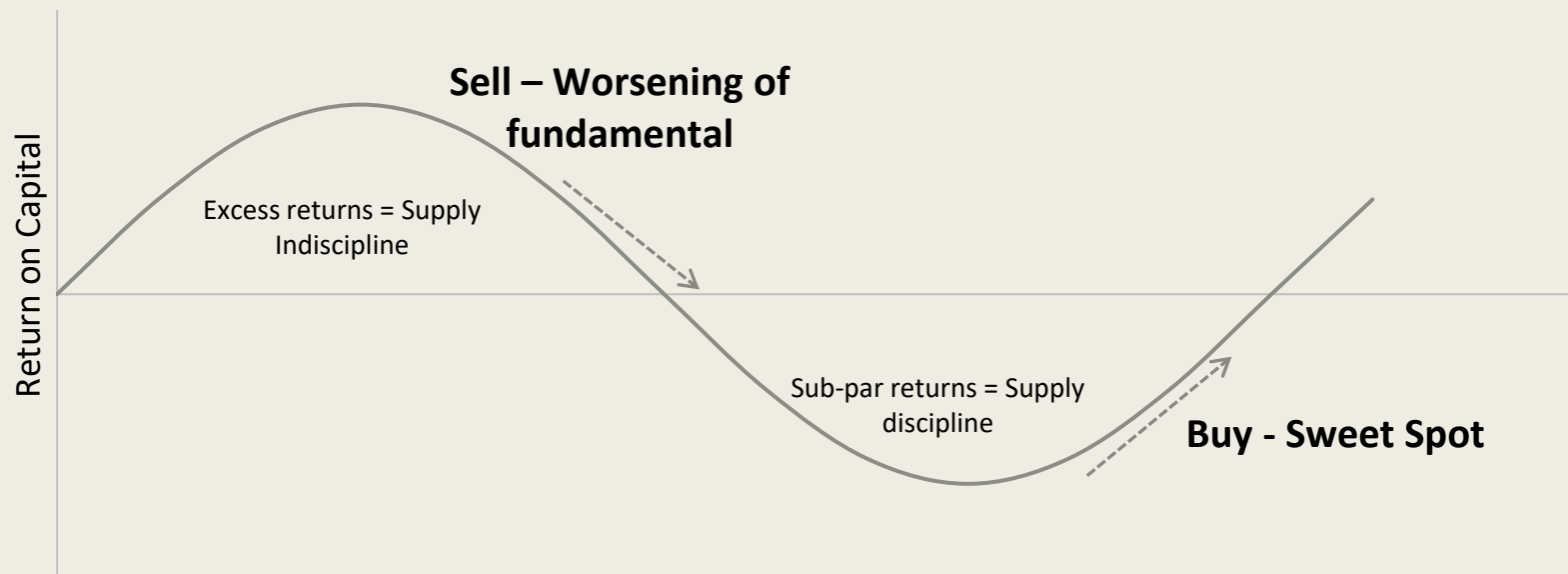




Right Time: A Scientific Art

"Nothing goes in one direction forever... Just about everything is cyclical, Howard Marks

- Sweet spot is a function of timing Entry and Exit in stocks
- Business cycles are evaluated through constant monitoring of industry dynamics such as competitive landscape, pricing scenario etc.
- Valuations are tracked to assess mispricing of stocks, and potential risk adjusted returns
- Holding period ideally should be equal to a business cycle, but tempered with market conditions





Right Size: Maximize gains with Minimal risk

- Our portfolio construct is guided by the following principles :
- Maximise gains through optimum allocation of weights
 - Allocation based on growth outlook, balanced by risks related to business volatility and stock liquidity
 - We avoid micro caps due to low liquidity and high impact cost
- Minimise risks through diversification of holdings
 - Notwithstanding preferred sectors/themes driving some skewness and concentration in portfolio ...
 - ...diversification of holdings key to address risks associated with external environment



Portfolio construct practices

We follow well defined steps to construct and manage our portfolio

Step 1

- Identify sectors on the cusp of a multi-year up cycle, preferable driven by macro themes

Step 2

- Focus on companies with improving competitive advantage and long-term potential, supported by a proven track record

Step 3

- Assess valuation re-rating potential, thereby offering favourable outcomes from a risk-reward perspective

Step 4

- Mitigate downside risks that could arise from liquidity, events, and execution



Stock Screener : Ideation to Execution

		Industry Attractiveness					
		+	+	<->			
		Demand	Competitive Landscape	Regulation			
Portfolio Allocation	+ Upside Potential	Stock Name (XXX)			Valuation	+	Risk Reward Outcome
	+ Holding Duration				Capital Structure	+	
	+ Conviction Level				Event Risk	<->	
		New Initiatives	Track Record	Profitability			
		+	+	+			
		Company Outlook					

+ Positive

<-> Neutral

-- Negative



Ampersand Fund has consistently outperformed

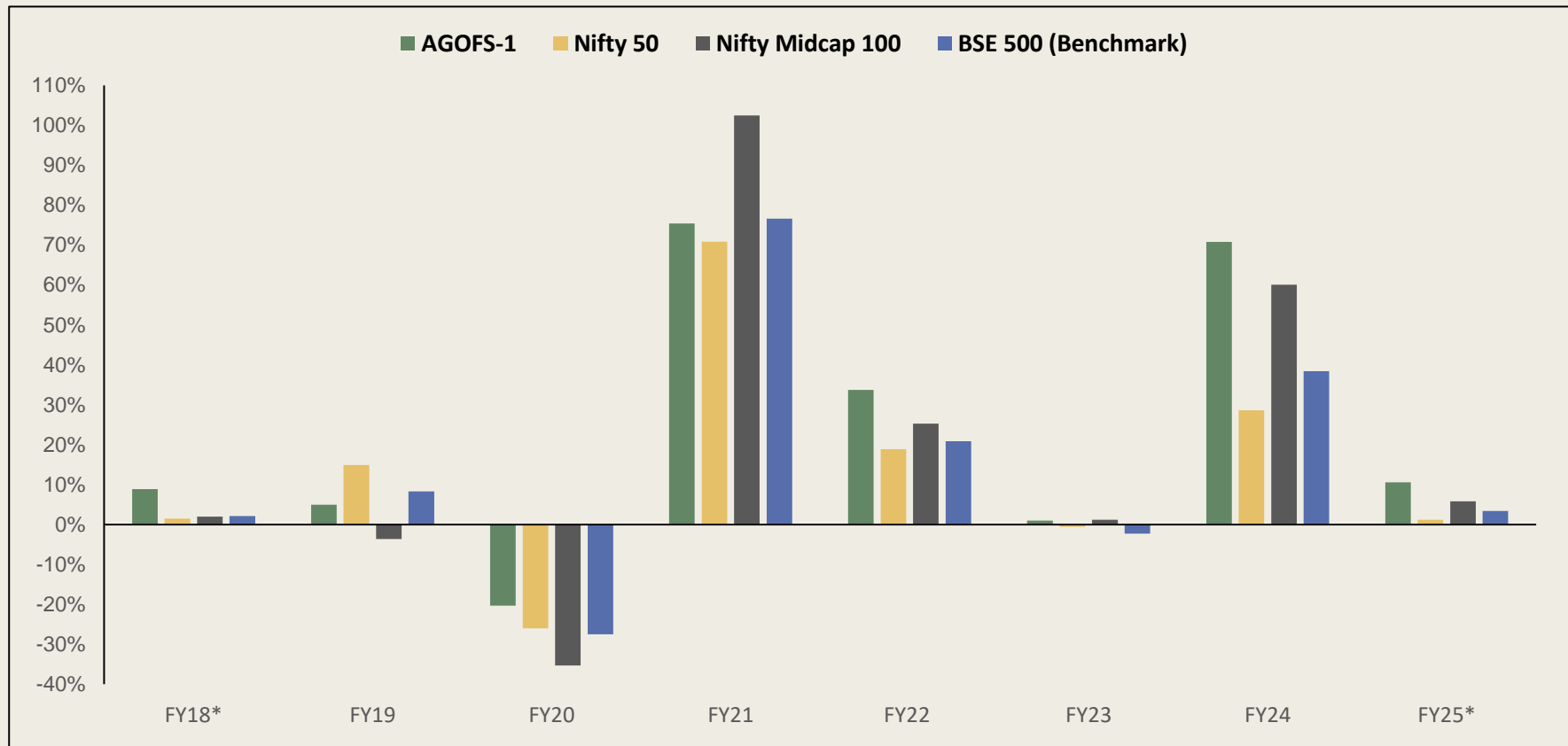
- Ampersand manages a multi-cap scheme, and needs to be recognized as such
- Our fund has outperformed over various time periods...
- ...and major market indices, including benchmark (BSE 500)
- Since inception in Sept 2017, our fund has delivered 23.7% CAGR, net of fees

Returns (as on Apr 30, 2024)	1 month	3 months	6 months	1 year	3-year CAGR	5-year CAGR	Since Inception (Sep 2017)
Ampersand Fund *	10.6%	15.5%	45.0%	81.6%	35.7%	29.1%	23.7%
BSE 500 (Benchmark)	3.4%	5.9%	24.6%	36.9%	19.0%	16.7%	14.1%
NIFTY 50	1.2%	4.0%	18.4%	25.1%	15.6%	14.0%	13.2%
NIFTY Mid Cap 100	5.8%	4.7%	30.8%	60.0%	28.1%	23.7%	16.7%

* Fund returns (post fees and taxes paid till date)



Ampersand vs Benchmark : Always ahead

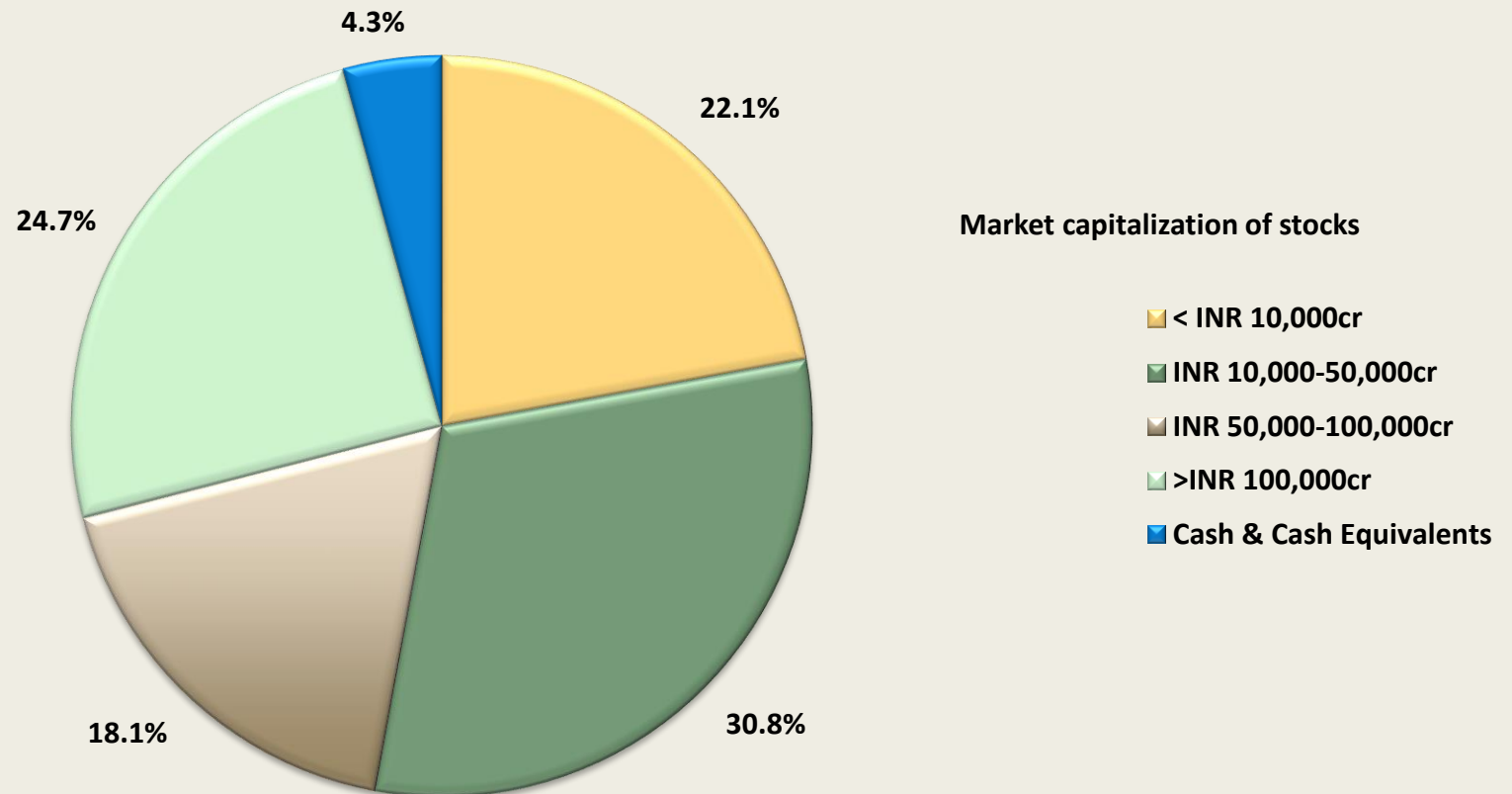


* Returns (FY18: September 22, 2017 – March 31, 2018; FY25 YTD)

Ampersand started AGOFS-1 (AIF Cat-III) in September 2017
All AGOFS-1 returns are post fees & taxes paid till date

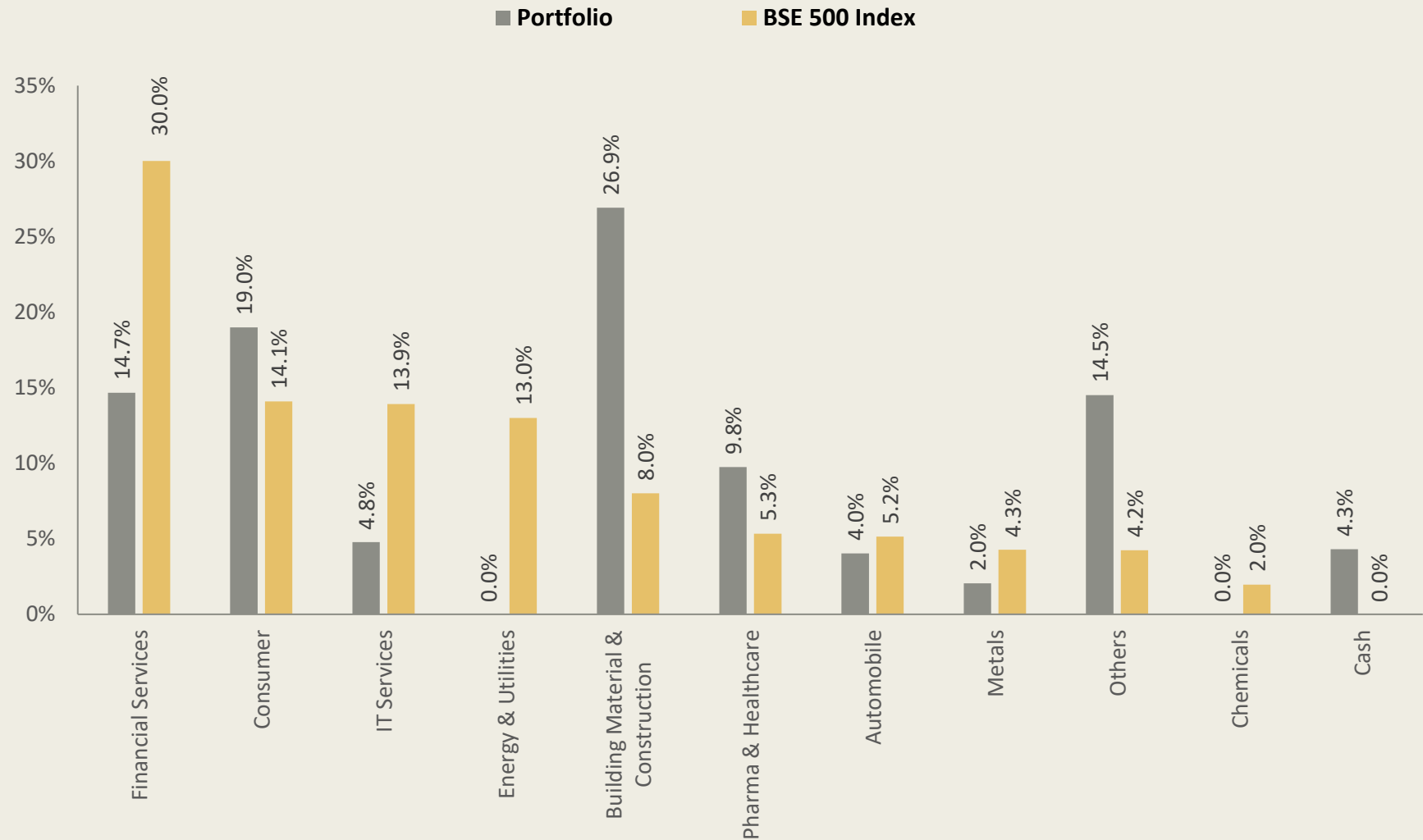


Portfolio balanced for Liquidity & Risk adjusted return





Sectoral Weights: Portfolio vs Benchmark Index





Investment Outlook : Stocks matter more than indices

- Pause in interest hike and a possible decline in CY24, will continue to support bull market
- Valuations bordering on the higher end, and nearly 20% higher than median valuation, yet not unreasonable given the growth prospects
- Large cap index NIFTY trades at around 22x FY25e, and likely to register 12% profit growth annually over FY24-26E. Mid-cap indices trade at PE of 26x FY25E, and likely to register 25% profit growth annually over the same period
- So overall market upside could be limited to single digit returns over the next year. Select stocks, seeing high earnings growth should continue to deliver significantly higher returns, as in 2023
- Small and Mid caps present better opportunities from a growth perspective, adjusted for risk
- **Key Risks:** Hard landing of economy, due to inadequate response by central banks to slowdown



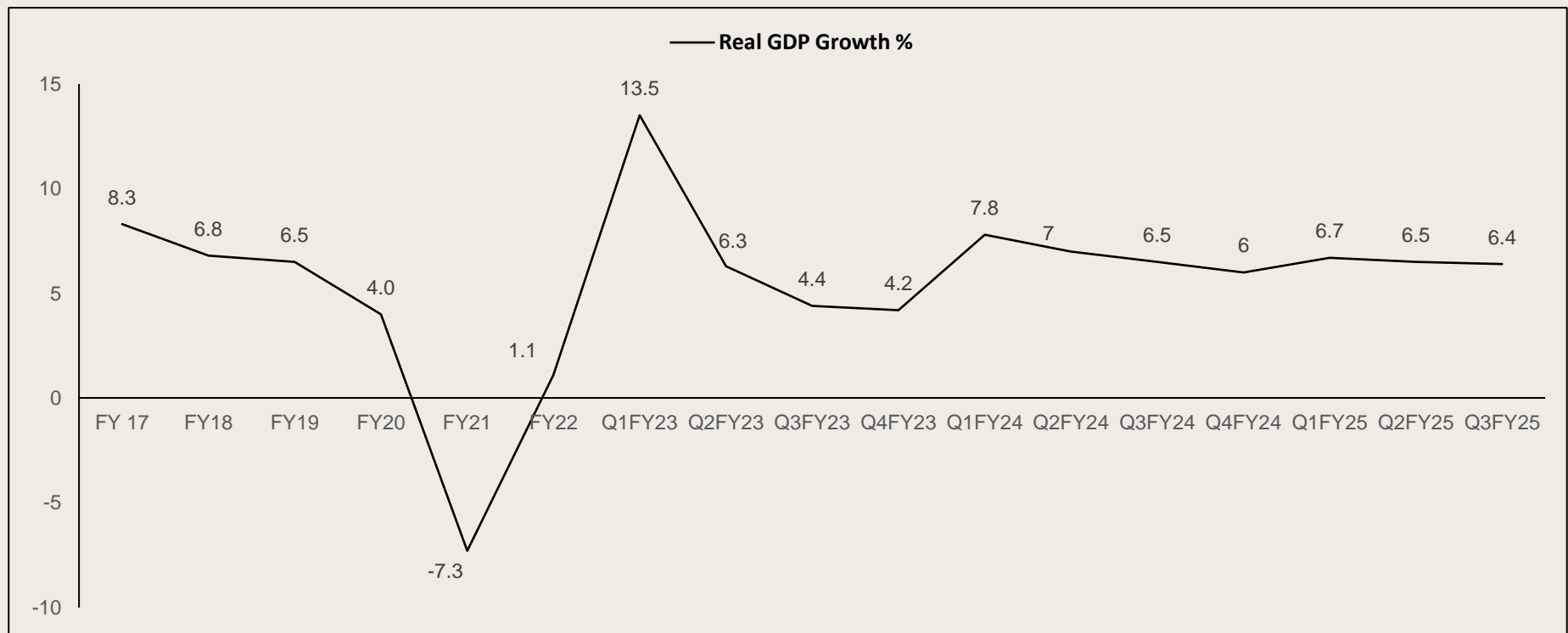
Our preferred themes

- **Premiumisation:** Every \$1trn add-on to Indian economy will lead to faster rise in wealthy individuals. This will drive premiumization of products ranging from cars to hotels, and ergo a strong durable investment theme.
- **Energy Transition:** India is trying to become self-reliant in energy, and work towards reduction of carbon footprint. Key beneficiaries are likely to be Manufacturers and Financiers of renewable energy equipment.
- **New Age Technologies:** US is gaining from new age technologies including AI, quantum computing and mRNA. India's Engineering research and design companies in (ER&D), as well as Contract research, Development and Manufacturing (CDMO) too stand to gain given its large pool of cheaper engineering talent compared to competing countries.



Indian Economy Resilient (GDP %)

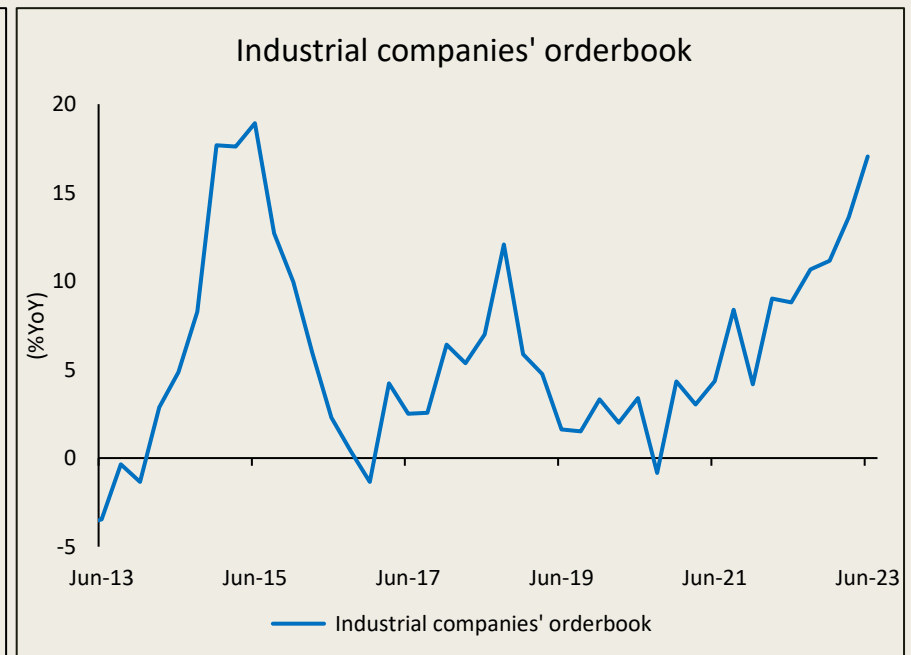
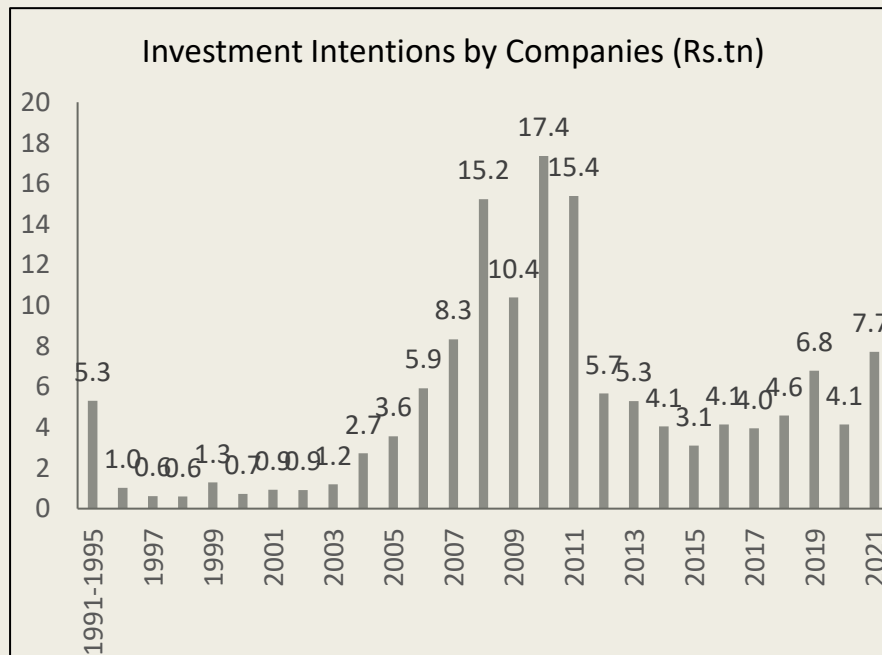
- India's GDP set to sustain 6% plus growth, and outpace most leading economies
- Robust banking system and prudent fiscal policies, driving stronger growth
- Weakness in external sector remains key deterrent





Strengthening Capex cycle recovery

- Uptick in capex cycle evident from surge in Investment decisions as well as Order book
- Engineering, Capital goods and Construction sectors have lagged for a decade, and could do well in the coming years
- Import substitution in segments such as Defence and Electronics, along with global thrust on China+1 and energy security, are leading Capex

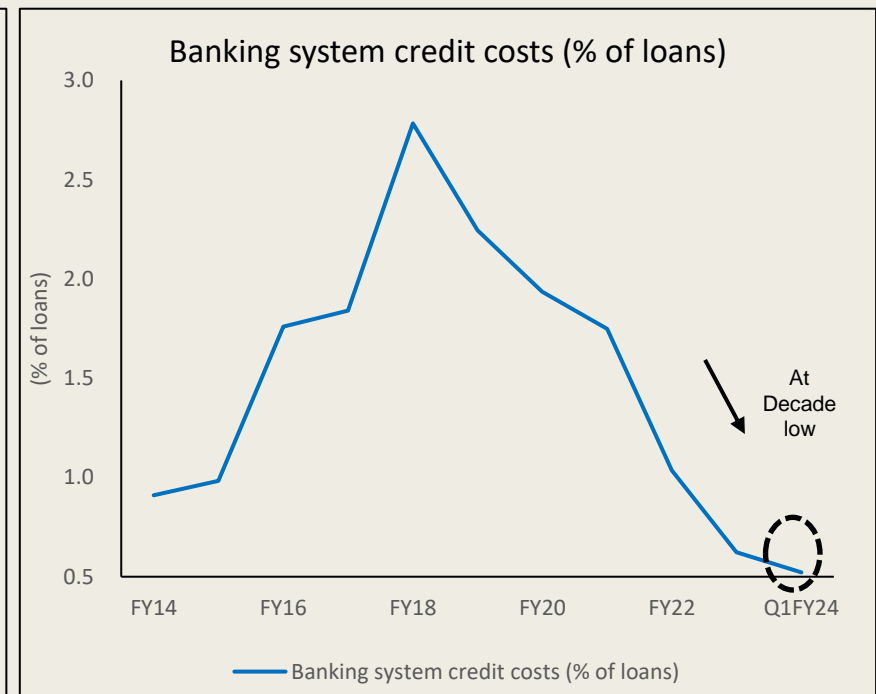
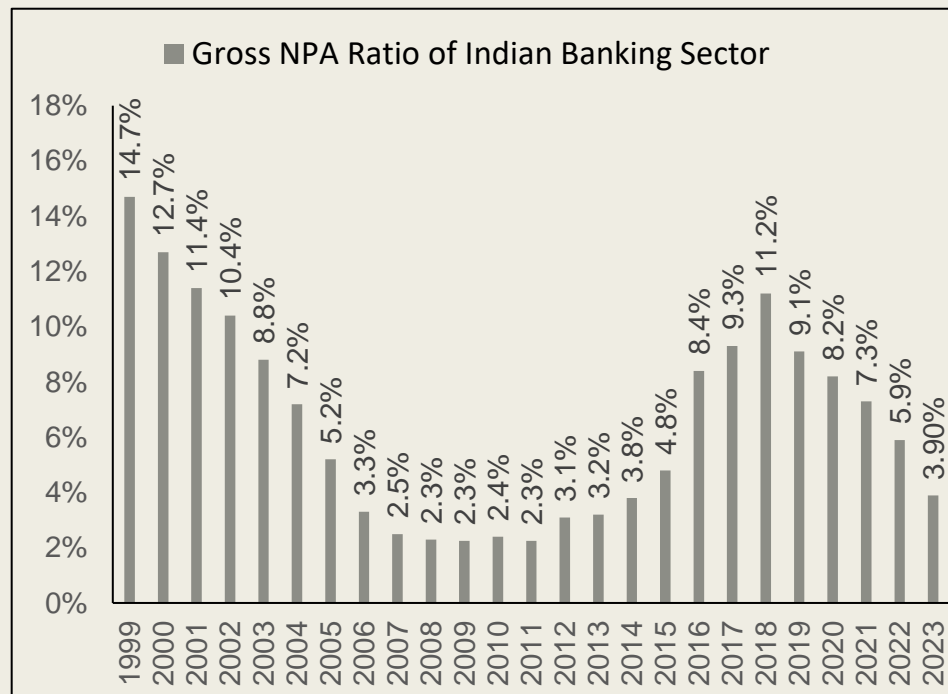


Source: Spark Capital



Credit quality improvement, key macro-enabler

- Indian Banks have seen sharp reduction in bad debt, thanks to new regulations such as IBC
- Low credit cost and adequate capital is helping domestic banks to effectively finance India's growth, and de-link from external risks
- India's interest rate premium relative to US etc. have declined substantially, thereby boosting comparative advantage

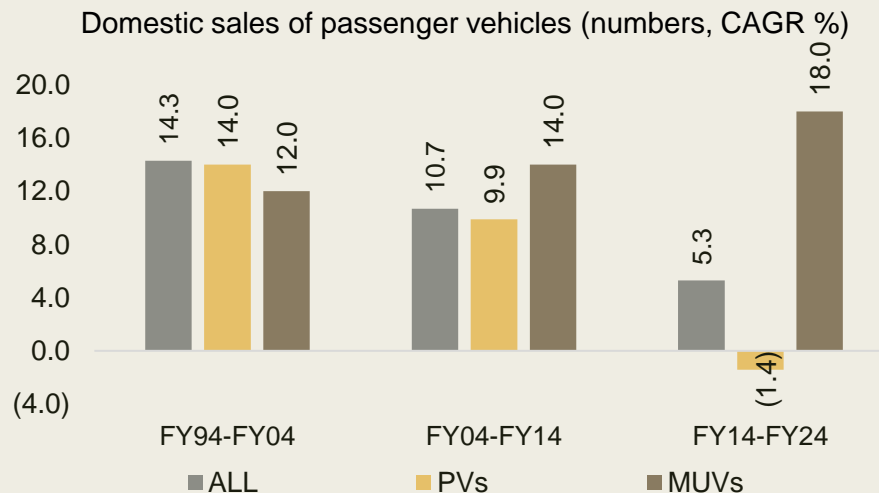




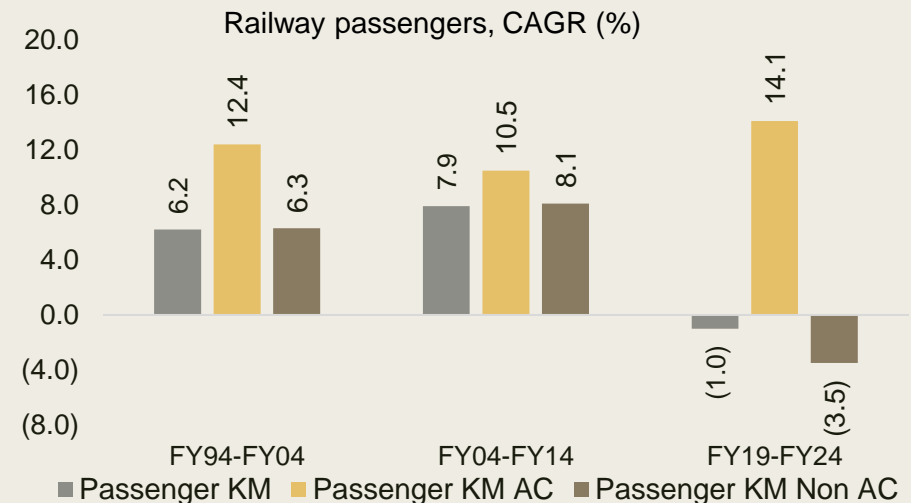
Premiumisation : High quality growth theme

- Every \$1trn add-on to Indian economy will lead to faster rise in wealthy individuals
- Passenger traffic (both Rail/Road), Jewelry and Hotels, double digit growth is restricted to premium segments
- Presence of high quality companies in premium consumption category make it a great investment category despite rich valuations

Automobile growth restricted to SUVs in last decade



Railway passengers shifting to AC coaches

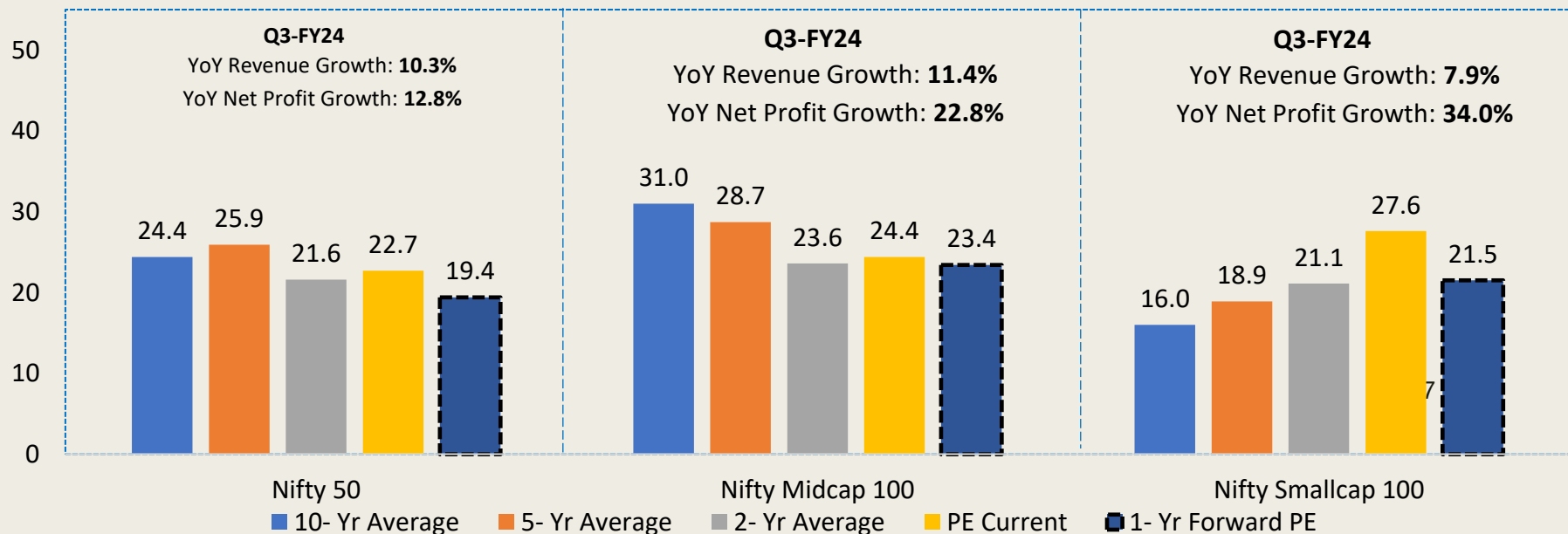




Invest in growth

- Over next 3 years, earnings will drive majority of stock performance as scope of further valuation rerating is limited
- Market cap agnostic in choosing stocks, as high growth stories with reasonable valuations are available only in select pockets
- Themes which we incrementally prefer are, (1) Energy transition, (2) Premiumisation, (3) Technology and Research

Small caps best on growth, while large cap offer value





What our investors say...

➤ **Sanjay Puria, Group CFO, WNS**

I have known Arun for a reasonable period of time, and value his domain knowledge in equities. Ampersand has consistently delivered superior returns, and has been the best performing investment in my entire portfolio. The team is easily accessible and regularly shares thoughts whenever required. I am looking to stay invested in Ampersand.

➤ **Achal Jatia – Chairman, Hardcastle Petrofer Pvt.Ltd**

I am impressed by the Ampersand team's deep knowledge of India market and economy. The fund's investment philosophy, diligence process and long-term approach is quite robust. These are the reasons why I back Ampersand to continue to deliver superior returns.

➤ **Anoop Gupta – Jt.MD, KRBL**

We have fairly long period of association with the founders of Ampersand, and have trusted them to deliver robust performance given their rich experience and passion for equity market. Ampersand team has more than delivered compared to our expectations.

➤ **Yogesh Agarwal – MD, Ajanta Pharma**

In Ampersand, I have found a partner that resonates with my principles of investing. A steadfast commitment to deep fundamental research, emphasizing long-term value over short-term gains and balanced approach towards risk reflects in the robust returns they have delivered. In a marketplace filled with options, Ampersand stands out for its integrity, performance, and the professionalism of its team. I am proud to be associated with Ampersand and look forward to continuing our successful journey together



What our investors say...

➤ ***Vinod Singhania – MD, Ravi Dyeware Company***

Ampersand fund has been one of our best investments. The team has invariably been proactive, and hardworking, a much-needed characteristic in this turbulent macro environment.

➤ ***Vibhor Talreja, MD Everstone Capital (Private Equity)***

I knew Sanjaya of Ampersand for over 10 years now, and were quite impressed by their equity research capability as well as honesty and integrity. Hence, I chose to back them as early investor and have increased my exposure further post-delivery of superior fund performance.

➤ ***Jhambarmal Choudhary -NRI Investor, Dubai***

We have been one of the early investors in Ampersand, owing to our long-term association with the founders. The team has delivered beyond our expectations, and have successfully displayed their stock picking abilities in a dynamic world.



Intermediaries of the Fund

Intermediaries	Role
	Fund Administrator (Custodian, Fund Accounting & Banker)
	Legal & Fund Consultant
	Statutory & Tax Auditor Tax & Regulatory Advisor
	Trustee
	Investment Manager
	Registrar & Transfer Agent



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