



# PURNARTHA PRATHAM STRATEGY

as on 31 August 2023

# PURNARTHA INVESTMENT ADVISERS PVT. LTD.

## PORTFOLIO PERFORMANCE

Investment Approach/Benchmark	1 Month	3 Month	6 Month	1 Y	2 Y	Since Inception
Purnartha Pratham Strategy	0.94%	10.05%	19.47%	7.53%	1.57%	10.70%
S&P BSE 500 (TRI) - Benchmark	-0.61%	7.73%	17.34%	11.34%	9.15%	22.51%

Inception date for Purnartha Pratham strategy is 17th September 2020  
Latest NAV may be subject to adjustment for monthly expenses.

\*Performance Benchmark for the Investment Approach is S&P BSE 500 TRI.

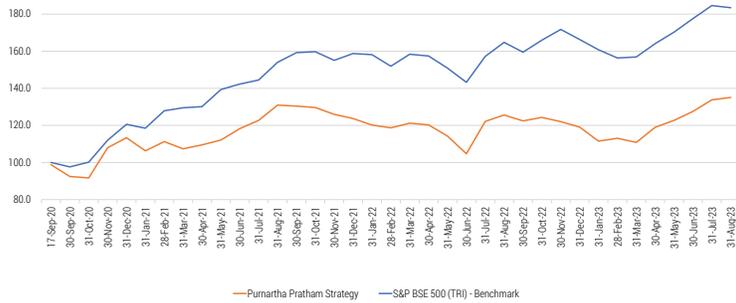
Note: Performance figures are calculated using the Time Weighted Rate of Return (TWRR) method. Performance data is net of all fees and all expenses (including taxes). Past performance is not indicative of future returns. The performance related information provided herein is not verified by SEBI.

To check the performance of other Portfolio Managers within the selected Strategy, please click here.

<https://www.apmiindia.org/apmi/welcomeiaperformance.htm?action=PMSmenu>

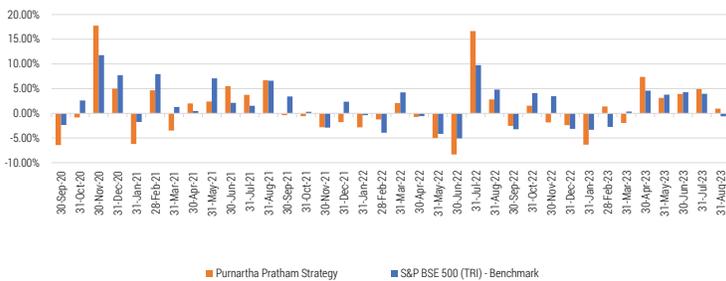
## RETURNS LINE CHART VS BENCHMARK

NAV - Purnartha Pratham Fund vs S&P BSE 500 (TRI)



## PERFORMANCE BAR

Monthly Returns (%) - Purnartha Pratham Fund vs S&P BSE 500 (TRI)



## PORTFOLIO PERFORMANCE REVIEW

In August 2023, Pratham Portfolio was up 0.0% while the benchmark BSE 500 Index was down by 0.6%. The key outperformers in the portfolio were Supreme Industries (+25.6%), Persistent Systems (+13.2%), Finolex Cables (+3.9%), and PI Industries (0.3%), while the key laggards were Avenue Supermarts (-0.9%), Bajaj Finance (-1.9%), Syngene International (-2.8%), GAIL (-3.4%), ICICI Bank (-4.0%).

**Finolex Cables** in Q1 FY24, experienced a YoY volume growth where electrical wires grew by 29%, Power cables grew by about 3%, communications cables and metal-based wires grew by 17%, and optic fibre cable grew by over 50%. The Indian government has approved to spend ₹1.4 lakh crores on broadband under the BharatNet program. This is likely to contribute to the company's topline growth.

## INVESTMENT OBJECTIVE

Concentrated Portfolio of Companies with High Growth and Long-Term Approach.

## INVESTMENT APPROACH FACTS

Name	Purnartha Pratham Strategy	
Launch Date	17 <sup>th</sup> September 2020	
Size (₹)	AUM: 1,121.96 CR	Firmwide PMSAUM: 1,416.35 CR
Structure	Discretionary	
Minimum Investment	₹ 50 Lakhs	
Benchmark	S&P BSE 500 (TRI) - Benchmark	
Strategy	Equity	

## PORTFOLIO CHARACTERISTICS

Wt. Av. Market Cap (₹ CR)	₹ 1,49,253
No. of Holdings	6 to 8
Standard Deviation vs Benchmark	19.23 vs 14.47
Sharpe Ratio vs Benchmark	0.62 vs 1.46
Beta	1.11
ROE	14.94
P/E	46.02
P/B	7.62

All valuation multiples are on Trailing Twelve Months basis.

## PORTFOLIO PERFORMANCE REVIEW (CONTINUED)

**PI Industries** in Q1 FY24, reported a Revenue, EBITDA, and Net Profit growth of 23.8%, 35.4%, and 45.9%, respectively on a YoY basis. Management expects the domestic volumes to improve in Q2 FY24. The company expects growth in the horticulture segment which contributes around 30% to the company's domestic revenues. It also aims to double pharma revenues in the next 3-4 years.



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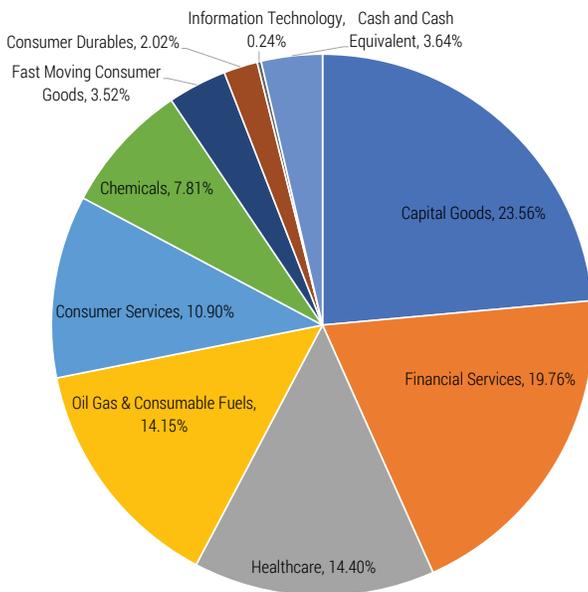
## TOP 3 HOLDINGS

**Bajaj Finance Ltd**

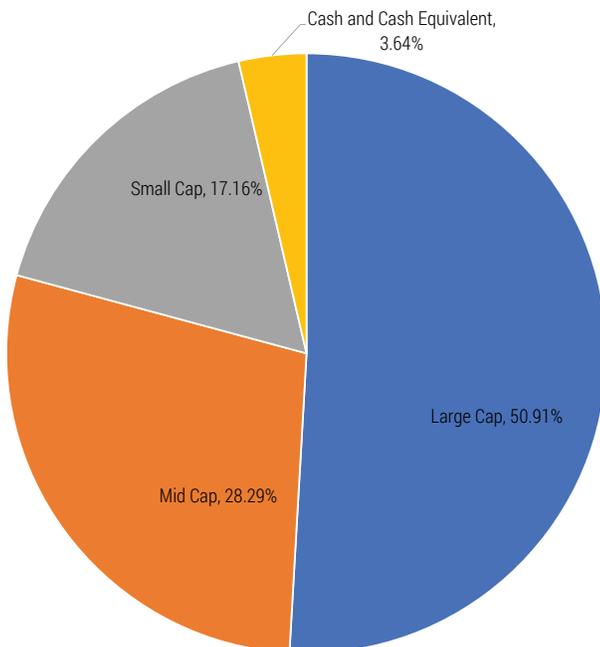
**GAIL India Ltd**

**Syngene International Ltd**

## SECTOR-WISE EXPOSURE



## MARKET-CAP EXPOSURE



## MARKET PERFORMANCE REVIEW

In August 2023, Nifty 50 Index was down by 2.5%, Nifty 500 Index was down by 0.8%, Nifty Midcap 100 was up by 3.7%, and Nifty Smallcap 100 was up by 4.6%. Among sectors, Media (+11.2%), Consumer Durables (+4.7%), IT (+4.1%), and Pharma (+0.7%) outperformed whereas Infrastructure (-2.8%), FMCG (-2.9%), Bank (-3.6%), Financial Services (-3.7%), Energy (-4.2%), and Oil & Gas (-5.1%) underperformed broader markets during the month.

In the USA, the 12-month inflation rate for headline Personal consumption Expenditure(PCE) in July was 3.3%, up from 3.0% in June. In July 2023, India's Consumer Price Index (CPI) inflation surged to 7.4% primarily driven by elevated food and vegetable prices. To control food inflation, the Indian government has taken several measures, including prohibiting the export of sugar, imposing a 40% duty on onion exports, and banning the export of non-basmati rice. During its August Monetary Policy Committee (MPC) meeting, the RBI opted to maintain the repo rate at 6.5%. Additionally, the RBI adjusted its Q2 FY24 inflation forecast to 6.2% from 5.2% and revised the FY24 forecast to 5.4% from 5.1%. To address surplus liquidity in the system, the RBI introduced an incremental cash reserve ratio (I-CRR) of 10% on the growth in banks' net demand and time liabilities between May 19 and July 28, 2023, with a review scheduled for September 8, 2023. Meanwhile, the existing cash reserve ratio (CRR) remained unchanged at 4.5%.

On a brighter note, the International Monetary Fund (IMF) raised India's growth forecast for 2023 to 6.1%, reflecting a 0.2% increase from April. Furthermore, India's gross domestic product (GDP) exhibited robust growth, expanding by 7.8% in Q1 FY24, compared to 6.1% in Q4 FY23.

The government's Goods and Services Tax (GST) collections in July reached ₹1.59 lakh crore, marking an 11% increase YoY. Monthly GST revenue has remained over ₹1.4 lakh crore for the last 17 months. The Indian rupee closed at 82.70 against the US dollar on August 31, 2023. As per the NSDL data, Foreign Institutional Investors (FIIs) have continued buying during August 2023, to the tune of ₹12,262 crore in the equity cash segment (incl. primary markets) compared to buying shares worth ₹46,617 crore during July 2023.

## INVESTMENT POLICY

**We rigorously look for choosing companies, which are poised to reap long-term gains and inter-alia, satisfy the following qualities:**

- History:** We need operating history that shows performance across regimes. We see if the businesses have generated positive cash in all regimes. Other business and valuation related parameters are analyzed too.
- Business Model:** We analyze why the company does not depend upon large borrowing to grow its business (excluding the BFSI (Banking, Financial Services and Insurance) sector). We have come across unique business models that provide an insight into the economic moat or competitive advantage of the company.
- Volume Growth:** We also articulate what are the structural drivers for the volume growth of the company for the next few years.
- Management Interaction and Channel Checks:** Good history and the reason why the company is poised to grow is the output of the business owners thought process and interest. We identify the person responsible for the company's future & find out if his interests are aligned for future growth. Channel checks provide an insight into culture of the company.
- Valuation:** We will build a portfolio that is suitable, based on internal valuation matrix.

Since we are market cap agnostic and sector agnostic, we typically create "Multi-Cap Portfolio".



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**Investors are requested to read the information below, required to be published as per SEBI guidelines.**

## DESCRIPTION OF TYPES OF SECURITIES FOR INVESTMENT APPROACH

The Portfolio Manager shall invest predominantly in the Equity and Equity Related securities specified in the Investment Approach description.

However, the Client's funds may be invested in any of the equity instruments, debt and money market instruments and other securities, as specified by SEBI from time to time and allowed under the Regulations which will, inter-alia, include but not limited to:

### Equity & Equity Related Instruments including:

- Equity and equity related instruments including convertible bonds, convertible debentures, warrants, convertible preference shares, etc.;
- Debt instruments linked to equities or other asset class;
- Subscription to Initial Public Offers (IPO), Pre-IPO Placements, Follow-on Public Offer (FPO), Offer for Sale (OFS), Rights Offers and other Corporate Action Subscription;
- To be listed equity instruments, unlisted equity instruments.

### Debt & Money Market Instruments:

- Certificate of Deposits (CDs)
- Commercial Paper (CPs)
- Tri-party Repo or in an alternative investment as may be provided by RBI
- Government Securities / Treasury Bills
- Non-Convertible Debentures as well as bonds or securities issued by companies / institutions promoted / owned by the Central or State Governments and statutory bodies
- Floating rate debt instruments
- Securitised Debt including Asset Backed Securities (ABS) or Mortgage Backed Securities (MBS) and Pass Through Certificate (PTC)
- Bills Rediscounting
- Cash Management Bills issued by Government of India
- Debt derivative instruments including Interest Rate Swaps and Forward Rate Agreement
- Bonds

**Units of schemes of mutual fund registered with SEBI including Liquid, Money Market Schemes of Mutual Funds.**

**Deposits with Scheduled Commercial Banks.**

**Gold ETF / Gold Bonds / Mutual funds investing in gold**

Presently, the discretionary portfolio manager shall invest funds of his clients in the securities listed or traded on a recognized stock exchange, money market instruments, units of Mutual Funds and other securities as specified by Board from time to time, on behalf of their clients.

The securities enumerated above would be subject to permissions/restrictions, if any, relating to the nature and the limits as specified by the Regulations from time to time.

## BASIS OF SELECTION OF SUCH TYPES OF SECURITIES AS PART OF THE INVESTMENT APPROACH

Our basis of selection of equity securities being part of our Investment Policy is to look for choosing companies, which are poised to reap long-term gains and inter-alia, satisfy the following qualities:

**History:** We would look at operating history that shows performance including positive cash flows across business cycles.

**Business Model:** We analyse why the company does not depend upon large borrowing to grow its business (excluding the BFSI sector).

**Volume Growth:** We also articulate what are the structural drivers for the volume growth of the company for the next few years.

**Management Interaction and Channel Checks:** Good history and the reason why the company is poised to grow is the output of the business owners thought process and interest. We identify the person responsible for the company's future & find out if his interests are aligned for future growth.

**Valuation:** We will build a portfolio that is suitable, based on internal valuation matrix.

## ALLOCATION OF PORTFOLIO ACROSS TYPES OF SECURITIES

For the Investment Approach, allocation of Portfolio would be predominantly Equity and Equity Related Securities, so however that, till the funds are fully deployed or as a part of specific investment strategy, we would invest in Debt and Money Market instruments, including corresponding Units of Mutual Funds particularly Liquid Mutual Funds. Our Investment Approaches would be broad based Portfolio of selected Equities of Companies based on Investment Policy is summarized as below:

- Companies that are likely to show volume growth typically across all cycles
  - Companies having owners' skin in the game
  - Companies that have strong balance sheet
- Since we are market cap agnostic and sector agnostic, we typically create "Multi-Cap Portfolio".

**Single Company exposure would be above 10% of the AUM at the time of Investment, for Minimum Two Companies in the Portfolio and other features**

This Investment Approach would construct a concentrated portfolio, since we have high conviction.

At the time of investment in equity, Single company level exposure would be above 10% of the total portfolio value at that time. i.e. Assets Under Management (AUM), so however that, that minimum 2 companies in the portfolio would have such exposure of above 10% of AUM.

Single Company Level exposure at 2 Companies would be at minimum level, meaning thereby, more than 2 companies and maximum upto all companies level exposure could be above 10% of the total portfolio value, AUM at that time.

Post investment in the equity instruments of the company, Portfolio Manager has complete discretion to rebalance / exit the stock based on the current exposure. (i.e. no cap on the current value exposure).

Restriction of a single company exposure would not apply at the company level and also would not apply at the Industry Sector level in which the company operates.

Portfolio Manager would have complete discretion to invest in companies operating a particular sector.



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### PERFORMANCE BENCHMARK AND BASIS OF SELECTION

Performance Benchmark for the Investment Approach would be S&P BSE 500 TRI. The S&P BSE 500 TRI index is designed to be a broad representation of the Indian market. Consisting of the top 500 companies listed at BSE Ltd., the index covers all major industries in the Indian economy.

The performance of the Portfolio may not be strictly comparable with the performance of the benchmark indices, due to inherent differences in the construction of the portfolios within Investment Approaches. The Portfolio Manager may from time to time, review the benchmark selection process and make suitable changes as to use of the benchmark or related to composition of the benchmark, whenever it deems necessary.

### INDICATIVE TENURE OR INVESTMENT HORIZON

Our basis of selection of equity securities being part of our Investment Policy is to invest for long-term gains, indicative tenure for such Scrip level investment would be more than 3 years. However, if there is material change in the fundamentals, circumstances, ownership, external and internal environment etc, or any other relevant factor in which company operates, we may take exit call from such investment before 3 years as well.

### RISKS ASSOCIATED WITH THE INVESTMENT APPROACH

Being a Concentrated portfolio, the portfolio correction can be much higher with increased volatility, when such a selected security with much higher exposure underperforms.

Short Term turbulences are not considered in the investment approach and approach does not have stop loss or price targets or specific rules on price correction as trigger to book profit/loss in any of the securities.

Being a concentrated portfolio, it runs a risk of higher correction in portfolio value when specific selected security underperforms due to inability of the security to meet the Investment Philosophy due to changes in sectoral trends, consumer behaviour, inability of the management to deliver quarterly numbers in line with expectations.

The portfolio runs a risk due to portfolio manager adhering to philosophy while selection of security does not perform in line with the philosophy prospectively.

The selected securities meeting philosophy might be expensive in terms of multiple and in an event of derating of multiple of the security the returns can be delayed in time, which can negatively impact the return of the portfolio.

### OTHER SALIENT FEATURES

Our Investment Approach would be concentrated portfolio of Equity Securities of Companies/ cash positions having determined percentages for each such company in the portfolio.

Each such exposures would be reviewed periodically by the Investment Team.

As a part of Investment execution methodology for the given Investment Approach, Portfolio of the Investor would be rebalanced based on exit call, if any, of the selected Equity in the Portfolio and is at the sole discretion of the portfolio manager and might not be consistent across portfolios.

Scrip level weights would be different as Portfolio would be constructed considering buy/hold strategy at the time of entry/exit of the Investors Corpus, Scrip level weights would therefore, could be different for different investors as per time of entry/withdrawal of the investor to Purnartha Family

## Purnartha Investment Advisers Pvt Ltd

CIN No: U72200PN2011PTC 138994

32/33 Rachna, Dr Ketkar Road, Off Karve Road, Erandwane, Pune - 411 004 | servicedesk@purnartha.com | www.purnartha.com

Portfolio Manager | PMS SEBI Regn. No: INP000007021 | Validity: Perpetual

Investors have the option to be on-boarded directly for our Portfolio Management Services, without intermediation of persons engaged in distribution services.

Disclaimers: Investment in the securities market are subject to market risks. Read all the related documents carefully before investing. Registration granted by SEBI, and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors. There is no assurance or guarantee that the objectives of the investments / PMS products / clients will be achieved. Prospective investors are advised to review the Disclosure Document, Client Agreement, and other related documents carefully and in its entirety and consult their legal, tax and financial advisors to determine possible legal, tax and financial or any other consequences of investing under the Portfolio Management Services of Purnartha Investment Advisers Pvt. Ltd. ("Portfolio Manager"), before making an investment decision. The Disclosure Document is available on www.purnartha.com. Past performance of the Portfolio Manager does not indicate the future performance of the Portfolio or performance of any other future portfolio(s) of the Portfolio Manager. Nothing contained in this document is verified or approved by Securities and Exchange Board of India (SEBI). The stock(s)/Sector(s) mentioned in this material do not constitute any recommendation of the same and the portfolios may or may not have any future positions in these Stock(s)/Sector(s). In preparation of this document, the portfolio manager has relied upon certain data/inputs from some external parties. The Portfolio Manager does not assure the accuracy or adequacy of such data/ information. Nothing contained in this document shall be construed as an investment advise and the Portfolio Manager shall not be responsible or liable for any loss or damage arising from the use of this material by anybody in any manner.