

Value Strategy

Differentiated Large Cap Strategy

December 2022

Key Tenets

- **QGLP** is the core investment philosophy
- Concentrated portfolio through **Bottom-up stock picking**
- **Large Cap** Oriented Portfolio with ~64% Allocation
- Investing in good businesses, run by great Management
- **Oldest PMS** track record of ~20 years with annualized returns of **18.8% since inception (an alpha of 1.9% over Nifty 50)**

Why Large Caps? – Quality with stability and resilience

Relative stability

- Relatively stable due to large size and longer history compared to the broader markets
- Broad based ownership also ensures lesser volatility

Resilience

- Larger Balance sheet &
- Survival through different market cycles make large caps resilient

Quality of Management

- Experienced management teams
- Quality of board
- Better standards of governance/disclosures

Why Large caps? – Room for Growth

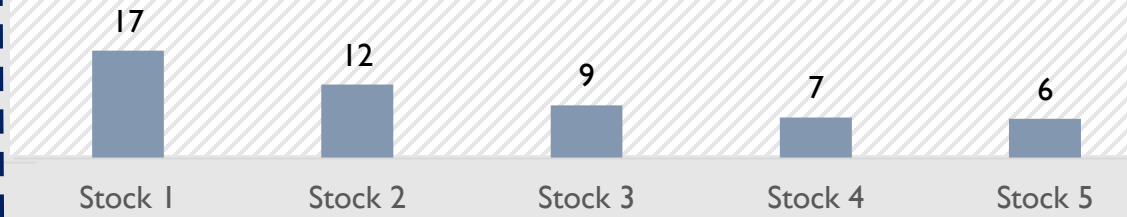
Indian Large caps have a lot of room for growth

Market cap of Top 5 International companies
Market cap in Lakh Crs (INR)



Market cap of Top 5 Indian companies
Market cap in Lakh Crs (INR)

Indian Large caps: Area for growth



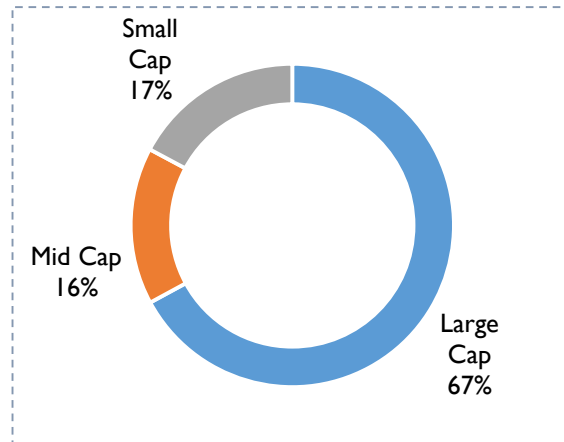
Source: Internal MOAMC Research. Data as of October 31, 2022

Disclaimer: The above graph is actual market cap of the stated companies in INR lakh crores. This data should not be used for development or implementation of an investment strategy. Past performance may or may not be sustained in future

Portfolio Snapshot

QGLP in PRACTICE

Market Cap Mix



Quality

RoE: 17% FY24E

Growth

26% PAT CAGR over FY22 – 24E

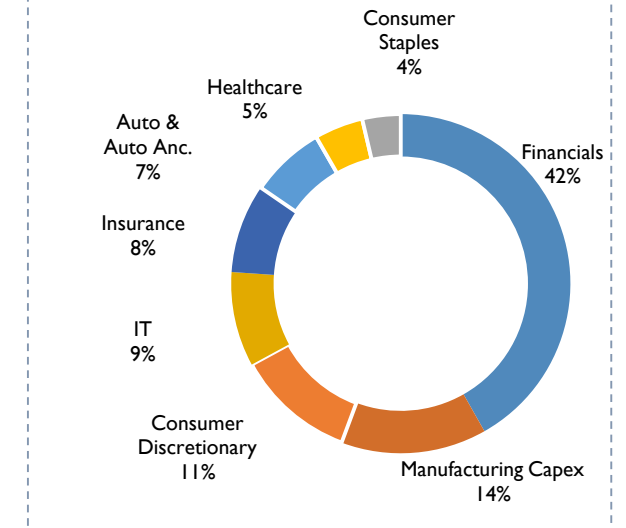
Longevity

High

Price

PE: 21x FY24; PEG: 1.3x

Portfolio Mix



Data as on 31st December 2022

Disclaimer: The Sectors mentioned above are used to explain the concept and is for illustration purpose only and should not be used for development or implementation of any investment strategy. It should not be construed as investment advice to any party. The stocks may or may not be part of our portfolio/strategy/ schemes. Past performance may or may not be sustained in future.

Portfolio Mix at a glance

Healthcare

Sun Pharmaceuticals
Global Health

Consumer Staples

Hindustan Unilever Godrej Consumer

Insurance

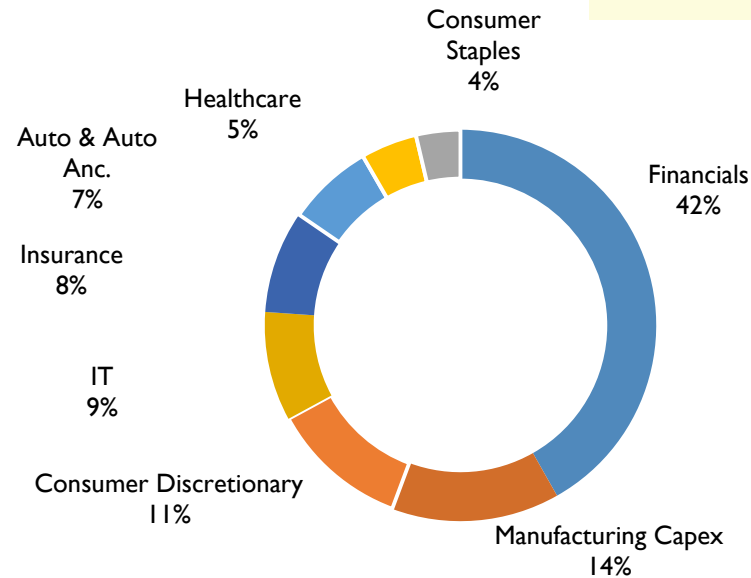
Max Financial Services
SBI Life Insurance

Auto and Auto Anc

Tube Investments
Maruti Suzuki

IT

HCL Tech
Infosys



Financials

ICICI Bank LIC Housing Finance
SBI Cards and Payments Kotak Mahindra Bank
HDFC Bank Axis Bank
Home First Finance Religare Ltd
Bajaj Finance

Manufacturing Capex

Larsen & Toubro
Thermax
GR Infra
Ambuja Cements

Consumer Discretionary

Bharti Airtel United Spirits VIP Industries
Jubilant Foodworks Go Fashion
Barbeque Nation Hospitality

Data as on December 31, 2022

Disclaimer: The above chart is used to explain the concept and is for illustration purpose only. The stocks may or may not be part of our portfolio/ strategy/ schemes. The data mentioned herein are for general and comparison purpose only and not a complete disclosure of every material fact and should not used for development or implementation of an investment strategy. Past performance may or may not be sustained in future.

Banking Sector Mix

**PORTFOLIO
WEIGHT:**

23%

Financials/Banking shall lead the pack in Nifty earnings

Sectors (Rs bn)	PAT	% of PAT Share
Technology	264	18%
Financials	621	41%
Commodities	206	14%
Oil & Gas	38	3%
Metals	168	11%
Others incl Cement	413	27%
MOIE Universe (223 Companies)	1,504	100%

Particulars	Portfolio Wt
Banking	23%
ICICI Bank	8.7%
HDFC Bank	8.0%
Kotak Bank	3.8%
Axis Bank	2.2%

Data as on December 31 2022, MOAMC Internal Research
Disclaimer: The above chart/table is used to explain the concept and is for illustration purpose only. The stocks/sectors may or may not be part of our portfolio/ strategy/ schemes. The data mentioned herein are for general and comparison purpose only and not a complete disclosure of every material fact and should not be used for development or implementation of an investment strategy. Past performance may or may not be sustained in future.

Data as on September 30 2022, MOIE

Disclaimer: The above chart/table is used to explain the concept and is for illustration purpose only. The stocks/sectors may or may not be part of our portfolio/ strategy/ schemes. The data mentioned herein are for general and comparison purpose only and not a complete disclosure of every material fact and should not be used for development or implementation of an investment strategy. Past performance may or may not be sustained in future.

Banking Portfolio

PORTFOLIO WEIGHT: 23%

ICICI Bank

- ICICI Bank is expected to deliver strong growth under new leadership of Sandeep Bakshi
- Continues to focus on improving core PPop higher focus on digital adoption; this would aid market share gains across segments
- Ex-subsidiary valuation; ICICI Bank trades at a P/B of 1x; which is at a substantial discount to intrinsic value

HDFC Bank

- Added 36 branches over 1QFY23, 250 branches in pipeline
- Plans to launch new apps and digital initiatives in Jul'22 and 2QFY23
- 42% CASA, 5.0% cost of funds; on the asset side equal mix between corporate and retail assets
- Smooth transition in CEO from Mr Aditya Puri to Mr Sashidhar Jagdishan

Kotak Mahindra Bank

- Continued to invest in technology and launch new digital initiatives
- Consistent performance over a period of time, healthy return ratios ~1.8-2% RoA & 12-13% RoE with strong management justify valuations
- Subsidiaries like Kotak Prime, life insurance, AMC & securities continue healthy performance

Axis Bank

- Axis Bank has moderated its slippages owing to recoveries; NII gained with lower provisions delivering Q3FY23 results above expectations
- Asset quality continues to improve, aided by moderation in slippages and healthy recoveries, and upgrades

Data as on December 31 2022

Disclaimer: The above chart/table is used to explain the concept and is for illustration purpose only. The stocks/sectors may or may not be part of our portfolio/ strategy/ schemes. The data mentioned herein are for general and comparison purpose only and not a complete disclosure of every material fact and should not be used for development or implementation of an investment strategy. Past performance may or may not be sustained in future.

Real Estate Proxies :A Play on revival in Housing Markets

A play on revival in housing markets through proxies in HFCs instead of owning Real Estate as the same are available at cheaper valuations

Home First Finance

- Focus on 'core housing loans' and low-risk 'salaried segment' lowers business risks and makes the company stand out amongst peers
- HomeFirst has invested in building a franchise, which is strongly positioned to capitalize on the growth opportunity in affordable housing finance.

LIC Housing

- LICHF has strong moats in both retail mortgages and on the liability side.
- Given its parentage, it will be able to borrow at lower interest rates, which should keep its margin healthy in this highly competitive landscape. We expect demand in Home loans to remain buoyant
- Q2FY23 - OTR pool has performed better than expectations and the company does not anticipate any significant slippages from this pool

Ambuja Cement

- India is an attractive high-growth potential-laden cement market- as reflected in its per-capita cement consumption which currently stand at less than half of the global average of 525kg.
- Cement business will achieve cost leadership by leveraging the group's experience in critical areas like Infrastructure and the digital platform, energy cost, and the supply chain.

Data as on November 30 2022

Disclaimer: The above chart/table is used to explain the concept and is for illustration purpose only. The stocks/sectors may or may not be part of our portfolio/ strategy/ schemes. The data mentioned herein are for general and comparison purpose only and not a complete disclosure of every material fact and should not used for development or implementation of an investment strategy. Past performance may or may not be sustained in future.

SBI Cards: A play on discretionary spending

Growth in spends is likely to gain further traction as economic activity picks up and categories like Travel and Hospitality have been witnessing revival

SBI Cards

- SBI Card has strengthened its position as the second largest card player in the country, with a market share of 19.4% in outstanding cards and ~19% in overall spends.
- SBI Card has reported a strong recovery in card acquisition and retail spends after COVID-19 disrupted the growth trajectory
- The stock is available at reasonable valuations given the company's strong fundamentals, long-term structural story in a highly underpenetrated space, and superior earnings growth.
- SBICARD launched a new variant 'Cashback SBI Card' in Sep'22 and the same has seen strong customer interest.
- Although the cost of funds are expected to up relatively, share from interest income is on an uptrend to offset the same



- **5.5% Portfolio weight with focus on discretionary consumption**
- **Have around 19% market share in terms of transactions**

Data as on December 31 2022

Disclaimer: The above chart/table is used to explain the concept and is for illustration purpose only. The stocks/sectors may or may not be part of our portfolio/ strategy/ schemes. The data mentioned herein are for general and comparison purpose only and not a complete disclosure of every material fact and should not used for development or implementation of an investment strategy. Past performance may or may not be sustained in future.

Exponential growth in spends

PORTFOLIO
WEIGHT:

12%

Bharti Airtel

- Company aims to improve ARPU to INR200 from INR183
- Company is expecting rollout 5G very soon and in March'24 expect to cover 5000+ rural and towns
- Combination of fiber to the tower, FTTH and E-band are all ready to deliver 5G

United Spirits

- Margin pressure and inflation to sustain for a few quarters, though management shall continue ad spends (50% digital)
- Management highlighted that the launches in second half of CY21 doing well
- Transaction with In-brew to be closed soon

Jubilant Foodworks

- Consistently delivered profits and has also scaled up both in terms of brands and stores
- Added 58 new stores and entered 12 new cities in IQFY23; highest historically
- Shall continue to focus on innovating products, probably regional too

VIP Industries

- VIP is a play on increased travel activity by the Indian population
- The major competitors have become weak due to balance sheet issues and unorganized players have suffered due to Covid and China's geopolitical issues

Data as on November 30 2022

Disclaimer: The above chart/table is used to explain the concept and is for illustration purpose only. The stocks/sectors may or may not be part of our portfolio/ strategy/ schemes. The data mentioned herein are for general and comparison purpose only and not a complete disclosure of every material fact and should not used for development or implementation of an investment strategy. Past performance may or may not be sustained in future.

Exponential growth in spends

PORTFOLIO
WEIGHT:

11%

Go Fashion

- Company is engaged in the development, design, sourcing, marketing, and retailing of a range of women's bottom-wear products under the brand, 'Go Colors'
- Added 54 EBO stores in FY22It is confident on adding 120-130 stores each year

Barbeque Nation Hospitality

- Normal quarter/Business as usual has just begun for the company post pandemic issues
- Second quarter is usually subdued, but earnings expectations for 3rd and 4th quarters are relatively high
- BBQ is adding a delivery-only Biryani brand, with a regional launch first ,before rolling out nationwide
- As dine-in participation is on the rise, EBITDA margins are seeing improvements

Data as on December 31 2022

Disclaimer: The above chart/table is used to explain the concept and is for illustration purpose only. The stocks/sectors may or may not be part of our portfolio/ strategy/ schemes. The data mentioned herein are for general and comparison purpose only and not a complete disclosure of every material fact and should not used for development or implementation of an investment strategy. Past performance may or may not be sustained in future.

L&T Ltd.

- **A play on the cyclical recovery in the infra space driven by govt spending**
- L&T is the largest contractor in the country with a proven track-record. Despite having a large order book of Rs. 3trillion at the end of FY20, L&T had managed to clock a 9% CAGR in order book size since FY14 and maintained EBITDA margins of 10% in the core construction business.
- Further they have successfully forayed into Tech Services businesses.

Thermax

- **A pure play on manufacturing, clean air, clear energy and clean water**
- Has a significant market share in processes related to set up of manufacturing plants

GR Infra

- It is the **largest and the fastest growing player in the road construction space** (considering road revenues of peers)
- It's a FCF generating company with well managed working capital days ~70 days and RoE , Roce of 24% an 32% one of the best in the industry Company generates Cash profit of ~Rs.900 crs
- Bidding relaxation and grant reduction by NHAI during covid shall prove beneficial against competitors

Data as on December 31 2022

Disclaimer: The above chart/table is used to explain the concept and is for illustration purpose only. The stocks/sectors may or may not be part of our portfolio/ strategy/ schemes. The data mentioned herein are for general and comparison purpose only and not a complete disclosure of every material fact and should not used for development or implementation of an investment strategy. Past performance may or may not be sustained in future.

Auto Allocation – A mix of Domestic consumption plus export orientation

PORTFOLIO
WEIGHT:

7%

Tube Investments

- It can be the gateway into electric mobility, export of engineering goods and import substitution into India
- **A top class management and balance sheet** with a decisive play of manufacturing in India we continue to have high conviction on the stock
- **A 4x multi-bagger** in the portfolio .We have trimmed and booked profits on regular intervals

Maruti Suzuki

- Competitive intensity for PVs has been declining in India as global OEMs continue to struggle due to lack of focus and R&D in the small car segment
- **Strong model pipeline**
- Suzuki's agreement with Toyota for sharing EV technology is also crucial for the long term

Data as on December 31 2022

Disclaimer: The above chart/table is used to explain the concept and is for illustration purpose only. The stocks/sectors may or may not be part of our portfolio/ strategy/ schemes. The data mentioned herein are for general and comparison purpose only and not a complete disclosure of every material fact and should not used for development or implementation of an investment strategy. Past performance may or may not be sustained in future.

Max Financials

- With **best in class metrics (20%+ VNB Margins, 20% RoEVs)** and growth track record (**20%+ EV compounding**).
- Expect Max Life shares to be listed in the next 12-18 months thus leading to a collapse of holdco structure
- Max is at **15x EVOP v/s 35x for HDFC Life**, despite business metrics and growth being quite similar.

SBI Life – expected to grow faster than HDFC Life

- SBI Life has **increased its distribution reach** with newer banc assurance partners and by selling in newer branches of SBI
- Cost efficiency and their potential to improve further – which makes its VNB margin and EV more immune to growth vagaries. Further, with proper segmental cost allocation, regulatory risk is limited
- Clear **focus on high margin individual protection business** – which makes them now the **largest individual protection life insurers**

Data as on December 31 2022

Disclaimer: The above chart/table is used to explain the concept and is for illustration purpose only. The stocks/sectors may or may not be part of our portfolio/ strategy/ schemes. The data mentioned herein are for general and comparison purpose only and not a complete disclosure of every material fact and should not be used for development or implementation of an investment strategy. Past performance may or may not be sustained in future.

HCL Tech

- HCLT has been clocking organic growth rate close or better than TCS, but is **trading at a discount**.
- We think of their **IBM products acquisition as a good investment** to build market presence in a new area and also expect the customer acquisition from this deal to enable significant cross-selling of services.

Infosys Limited

- Infosys has demonstrated that it has **successfully integrated** the acquisitions it has made in new practice areas like **Salesforce** and in new geographies like the **Nordics**
- We expect revenue and profit growth in the mid-teens over the coming 2-3 years and think this will help sustain multiples.
- In addition to the capital appreciation, we expect an **annual dividend yield (including buybacks) of 2-3% over the next 2-3 years**

Sun Pharmaceuticals

- SUNP's R&D expenses towards specialty portfolio were lower on account of slight delay in trials due to geopolitical tensions. However, SUNP is working towards ramping up the trials
- Sustained scale-up in the Specialty portfolio, robust franchise building in the Branded Generics portfolio, and healthy ANDA pipeline

Data as on December 31 2022

Disclaimer: The above chart/table is used to explain the concept and is for illustration purpose only. The stocks/sectors may or may not be part of our portfolio/ strategy/ schemes. The data mentioned herein are for general and comparison purpose only and not a complete disclosure of every material fact and should not be used for development or implementation of an investment strategy. Past performance may or may not be sustained in future.

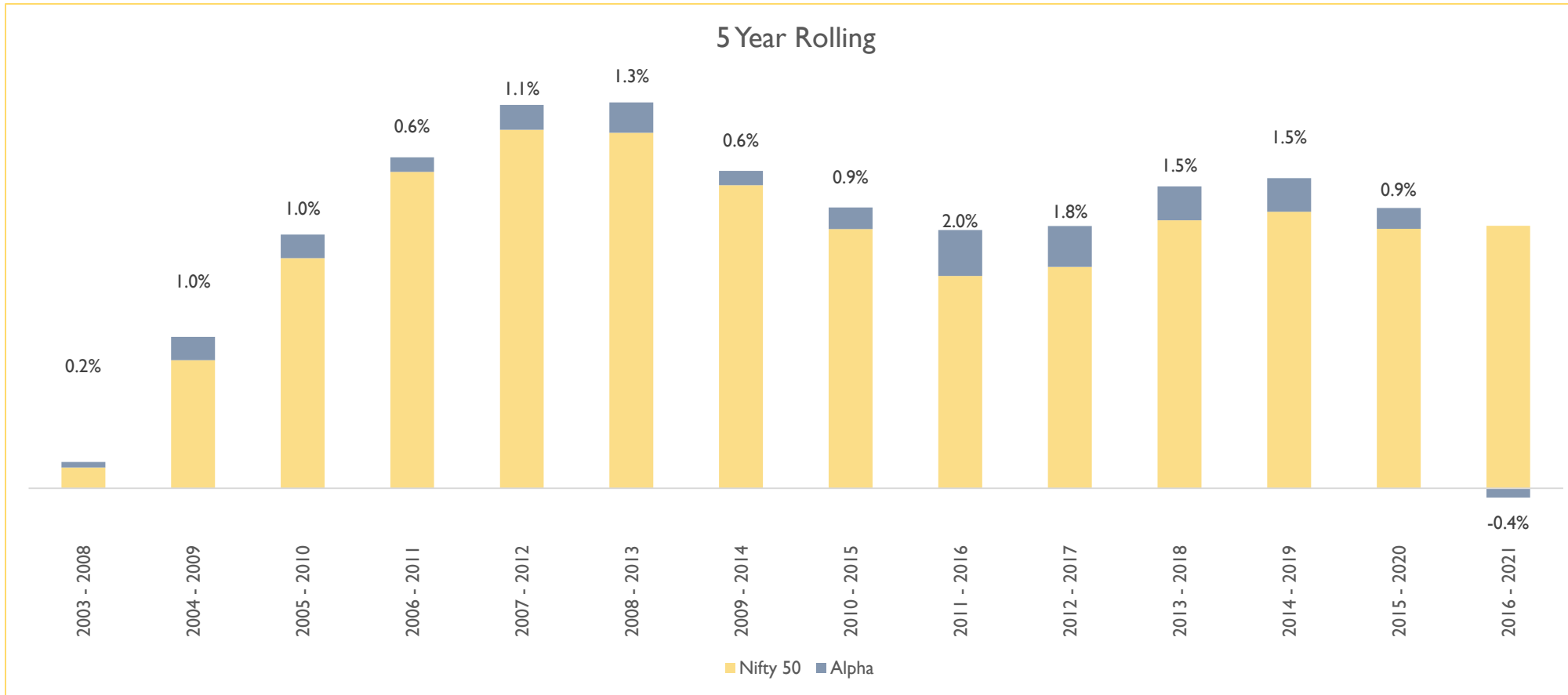
Multi-baggers in past 5 years

Security	Initial Buy	Portfolio Status	Multiple
Tube Investment of India Ltd.	Sep-19	Part of Portfolio	7.6x
Ipca Lab Ltd.	May-18	Jun-21	3.0x
ICICI Bank	Oct-17	Part of Portfolio	2.9x
MAX Financial Services Ltd.	Jul-19	Part of Portfolio	1.7x
HDFC Life Insurance Company Ltd	Nov-17	Nov-21	2.1x
ICICI Lombard GI Company	Oct-17	Nov-19	2.0x

Data as on December 31 2022

Disclaimer: The above chart/table is used to explain the concept and is for illustration purpose only. The stocks/sectors may or may not be part of our portfolio/ strategy/ schemes. The data mentioned herein are for general and comparison purpose only and not a complete disclosure of every material fact and should not be used for development or implementation of an investment strategy. Past performance may or may not be sustained in future.

Past Performance: Unbroken positive 5-yr rolling returns till Mar-20

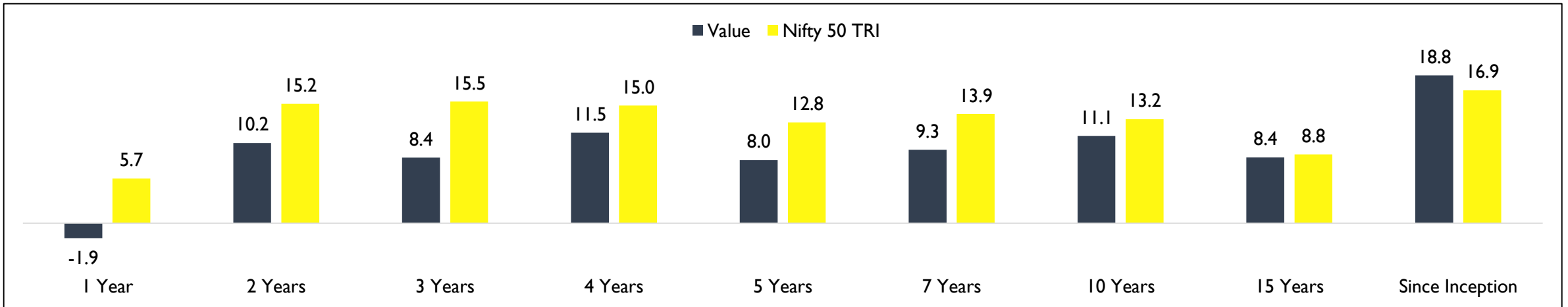
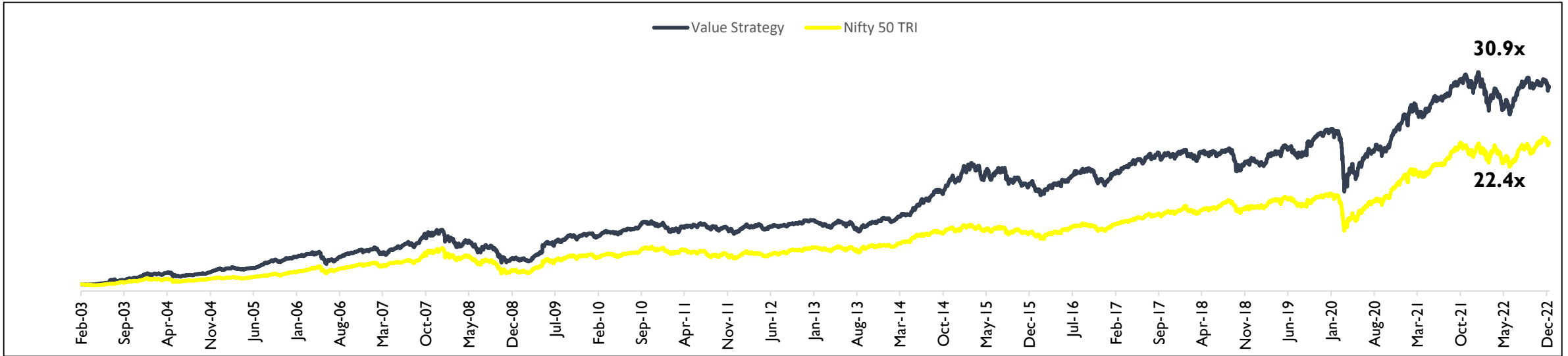


- Single period of underperformance on 5 year rolling basis

Source : MOAMC Internal Analysis ; Data as on December 31 2021

Disclaimer: The above chart is used to explain the concept and is for illustration purpose only. The stocks/sectors may or may not be part of our portfolio/ strategy/ schemes. The data mentioned herein are for general and comparison purpose only and not a complete disclosure of every material fact and should not used for development or implementation of an investment strategy. Past performance may or may not be sustained in future.

One lac invested in strategy on 18th Feb 2003 would have grown to ~Rs.31 lacs today



Value Strategy Inception Date: 18th Feb 2003; Data as on 31st December 2022; Data Source: MOAMC Internal Research;; Please Note: Returns up to 1 year are absolute & over 1 year are Compounded Annualized. Returns calculated using Time Weighted Rate of Return (TWRR) at an aggregate strategy level. The performance related information is not verified by SEBI. All portfolio related holdings and sector data provided above is for model portfolio. Returns & Portfolio of client may vary vis-à-vis as compared to Investment Approach aggregate level returns due to various factors viz. timing of investment/ additional investment, timing of withdrawals, specific client mandates, variation of expenses charged & dividend income. Past performance may or may not be sustained in future and should not be used as a basis for comparison with other investments.

2QFY23 Earnings Update : 30% YoY increase in earnings growth

S.No	Script Names	IQ FY23	TTM
		EPS YoY	EPS YoY
1	ICICI Bank Limited	32%	39%
2	HDFC Bank Limited	22%	24%
3	Larsen & Toubro Limited	22%	10%
4	Max Financial Services Limited	30%	-4%
5	SBI Cards and Payment Services Limited	52%	104%
6	Infosys Limited	12%	16%
7	Maruti Suzuki India Limited	113%	6%
8	HCL Technologies Limited	9%	25%
9	Tube Investments of India Limited	25%	59%
10	Bajaj Finance Limited	87%	99%
Portfolio Aggregate ex Reliagre		30%	39%

Portfolio as of 30 Nov 2022

Source: MOAMC Research, **Disclaimer:** The above table is used to explain the concept and is for illustration purpose only. The stocks may or may not be part of our portfolio/ strategy/ schemes. The data mentioned herein are for general and comparison purpose only and not a complete disclosure of every material fact and should not used for development or implementation of an investment strategy. Past performance may or may not be sustained in future.



Raamdeo Agrawal
Chairman, MOFSL

- Raamdeo Agrawal is the Co-Founder of Motilal Oswal Financial Services Limited (MOFSL).
- As Chairman of Motilal Oswal Asset Management Company, he has been instrumental in evolving the investment management philosophy and framework.
- He is on the National Committee on Capital Markets of the Confederation of Indian Industry (CII), and is the recipient of "Rashtriya Samman Patra" awarded by the Government of India.
- He has also featured on 'Wizards of Dalal Street' on CNBC. Research and stock-picking are his passions which are reflected in the book "Corporate Numbers Game" that he co-authored in 1986 along with Ram K Piparia.
- He has also authored the Art of Wealth Creation, that compiles insights from 26 years of his Annual 'Wealth Creation Studies'.
- Raamdeo Agrawal is an Associate of Institute of Chartered Accountants of India.

Fund management team

Shrey Loonker



- Shrey has been managing our PMS Strategy since August 2017.
- He has 14 years of overall experience in equity research and fund management.
- Before joining Motilal Oswal AMC, he was associated for 11 years with Nippon India MF and last as Fund Manager – Banking Fund. He has also worked with Ernst & Young.
- Shrey is a qualified Chartered Accountant (CA) and a Chartered Financial Analyst (CFA) from CFA Institute, USA.

Disclaimer

Disclaimer: This presentation has been prepared and issued on the basis of internal data, publicly available information and other sources believed to be reliable. The information contained in this document is for general purposes only and not a complete disclosure of every material fact and terms and conditions. The information / data herein alone is not sufficient and shouldn't be used for the development or implementation of an investment strategy. It should not be construed as investment advice to any party. All opinions, figures, charts/graphs, estimates and data included in this presentation are as on date and are subject to change without notice. While utmost care has been exercised while preparing this document, Motilal Oswal Asset Management Company Limited does not warrant the completeness or accuracy of the information and disclaims all liabilities, losses and damages arising out of the use of this information. The statements contained herein may include statements of future expectations and other forward-looking statements that are based on our current views and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in such statements. Readers shall be fully responsible /liable for any decision taken on the basis of this presentation. No part of this document may be duplicated in whole or in part in any form and/or redistributed without prior written consent of the Motilal Oswal Asset Management Company Limited. Readers should before investing in the Scheme make their own investigation and seek appropriate professional advice. • Investments in Securities are subject to market and other risks and there is no assurance or guarantee that the objectives of any of the strategies of the Portfolio Management Services will be achieved. • Clients under Portfolio Management Services are not being offered any guaranteed/assured returns. • Past performance of the Portfolio Manager does not indicate the future performance of any of the strategies. • The name of the Strategies do not in any manner indicate their prospects or return. • The investments may not be suited to all categories of investors. • The material is based upon information that we consider reliable, but we do not represent that it is accurate or complete, and it should not be relied upon as such. • Neither Motilal Oswal Asset Management Company Ltd. (MOAMC), nor any person connected with it, accepts any liability arising from the use of this material. The recipient of this material should rely on their investigations and take their own professional advice. • Opinions, if any, expressed are our opinions as of the date of appearing on this material only. While we endeavor to update on a reasonable basis the information discussed in this material, there may be regulatory, compliance, or other reasons that prevent us from doing so. • The Portfolio Manager is not responsible for any loss or shortfall resulting from the operation of the strategy. • Recipient shall understand that the aforementioned statements cannot disclose all the risks and characteristics. The recipient is requested to take into consideration all the risk factors including their financial condition, suitability to risk return, etc. and take professional advice before investing. As with any investment in securities, the Value of the portfolio under management may go up or down depending on the various factors and forces affecting the capital market. Disclosure Document shall be obtained and read carefully before executing the PMS agreement. • Prospective investors and others are cautioned that any forward - looking statements are not predictions and may be subject to change without notice. • For tax consequences, each investor is advised to consult his / her own professional tax advisor. • This document is not for public distribution and has been furnished solely for information and must not be reproduced or redistributed to any other person. Persons into whose possession this document may come are required to observe these restrictions. No part of this material may be duplicated in any form and/or redistributed without 'MOAMCs prior written consent. • Distribution Restrictions – This material should not be circulated in countries where restrictions exist on soliciting business from potential clients residing in such countries. Recipients of this material should inform themselves about and observe any such restrictions. Recipients shall be solely liable for any liability incurred by them in this regard and will indemnify MOAMC for any liability it may incur in this respect.

Custodian: Deutsche Bank A.G. | Auditor: Aneja & Associates | Depository: Central Depository Services Ltd Portfolio Manager: Motilal Oswal Asset Management Company Ltd. (MOAMC) | SEBI Registration No. : INP 000000670 THINK EQUITY THINK MOTILAL OSWAL For any PMS queries please call us on +91 81086 22222 / 022-4054 8002 (press 2 for PMS) or write to pmsquery@motiloswal.com or visit www.motiloswalmf.com

Thank you
