AMPERSAND CAPITAL INVESTMENT ADVISORS

https://ampersand-cap.com/

January 2025

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?

Highly rated equity research analysts with combined experience of 40+ years

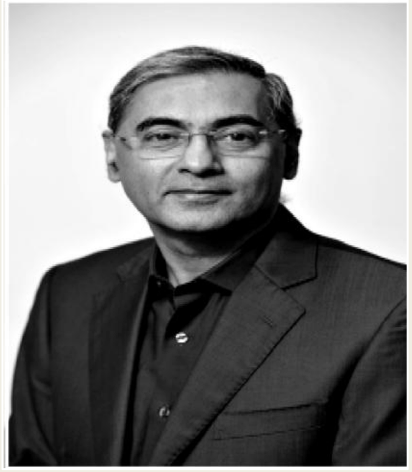
Proven track record of fund management since inception in Sep 2017; rank in top quartile amongst peers, as per CRISIL study

Ampersand is collaborative team effort representing open mindedness and unlimited scope

Sizeable sponsor contribution underscores commitment and addresses agency risk

Strong relationships and goodwill within the corporate and investment community

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 Singhania, Sponsor - AIF

Over two decades of experience in financial markets

Founder Rashi Group, which operates in diverse verticals comprising NBFC, Capital

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

Tushar Narula, Head - Business Development

Around 16+ years of experience in Financial Services focusing on Wealth Management, Investments, and Capital Markets.

Last employed: Director at HDFC Bank Wealth.

Previously at SBI Funds Management Pvt Ltd and Reliance capital

Strong Relation in Distribution and Ultra HNI Clients.

MBA in Finance & Marketing from IIPM.

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

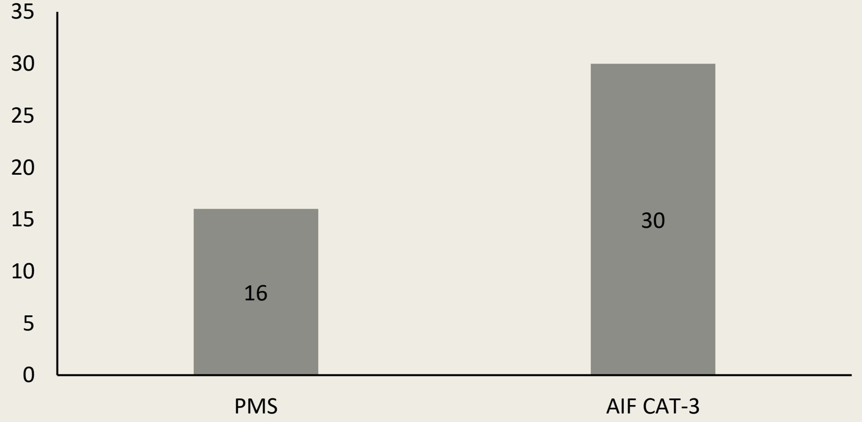
Category III	No. of Schemes	No. of AIF's	Value(Crs.)
Long Only Equity Fund	165	72	69,112
Long Short Equity Fund	38	24	12,978
Multi Asset Fund	5	5	4,043

Source: Nifty AIF Benchmarking Report-September 2023

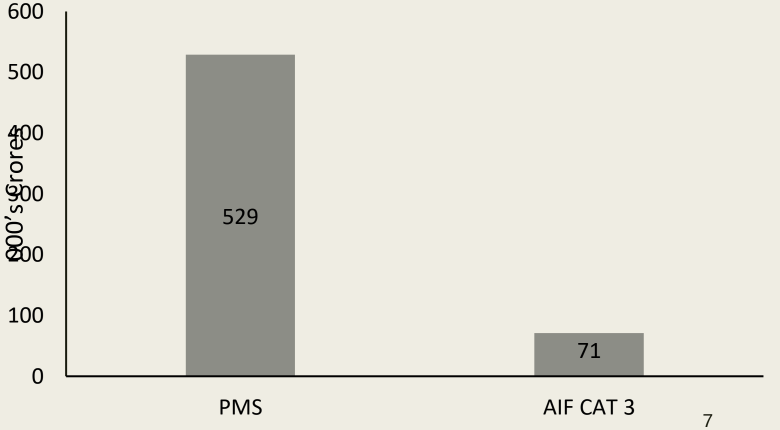
AIF vs PMS

- 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



Source: Nifty AIF Benchmarking Report-March 2023

Investment Strategy : Construct the Right portfolio

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

- Consistent Outperformance : Deliver better than Benchmark Index returns every year
- Right Stock : Scores high on 1) Management Quality, 2) Market Attractiveness, and 3) Business Strategy
- Right Time : Sweet spot of 1) Business Cycle, 2) Valuations, and 3) Holding tenure
- Right Size : 1) Maximise Gains through optimum allocation of weights, 2) Minimise Risk through diversification of holdings

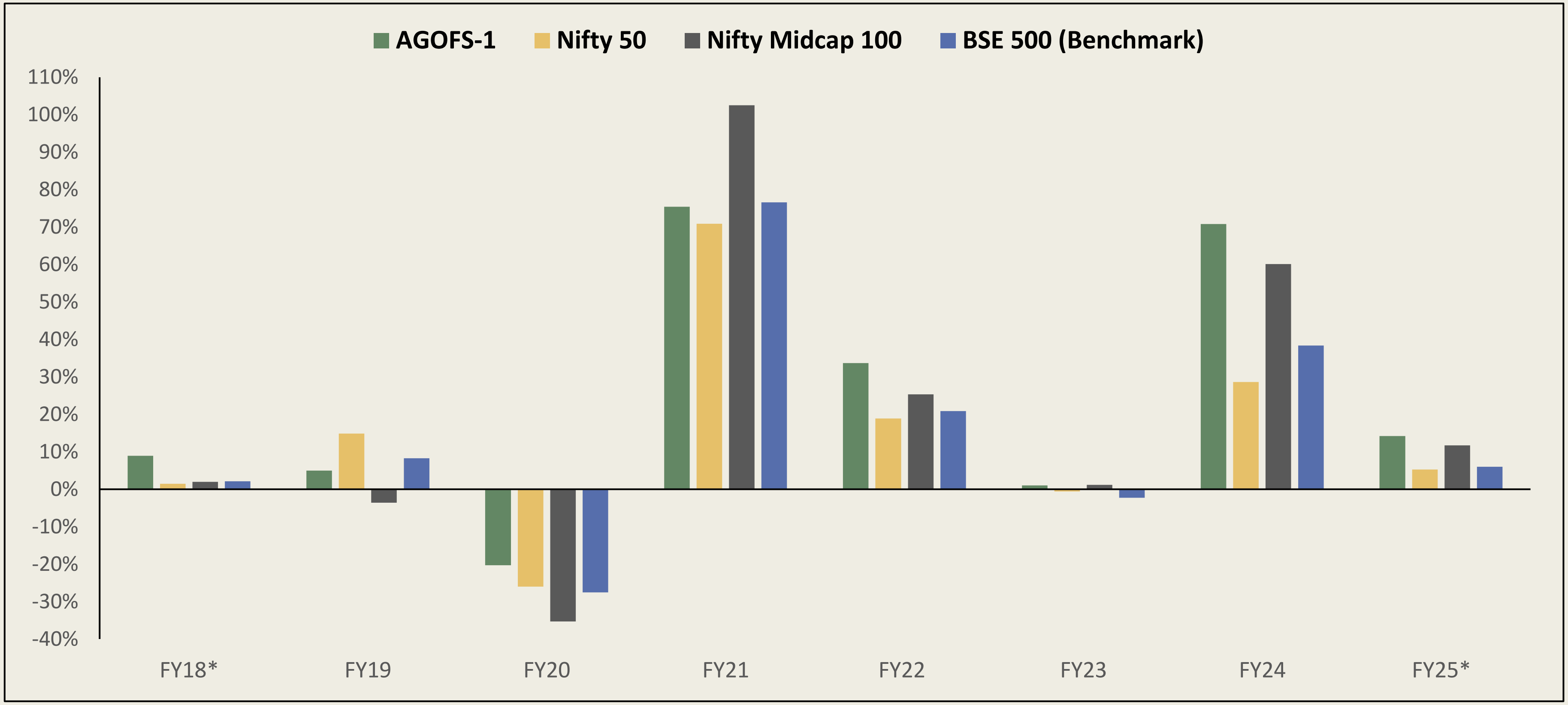
Ampersand Fund has consistently outperformed

- 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 21.5% CAGR, net of fees

Returns (as on January 31, 2025)	1 month	3 months	6 months	1 year	3-year CAGR	5-year CAGR	Since Inception (Sep 2017)
Ampersand Fund *	-14.3%	-14.6%	-12.4%	19.3%	25.1%	27.7%	21.5%
BSE 500 (Benchmark)	-3.5%	-5.0%	-8.6%	8.5%	12.7%	16.8%	13.3%
NIFTY 50	-0.4%	-2.7%	-5.3%	9.6%	12.0%	15.8%	14.0%
NIFTY Mid Cap 100	-6.1%	-4.2%	-8.8%	11.2%	22.0%	25.5%	17.0%

** 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

Ampersand in Top quartile of NSE-AIF Benchmark

- 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)

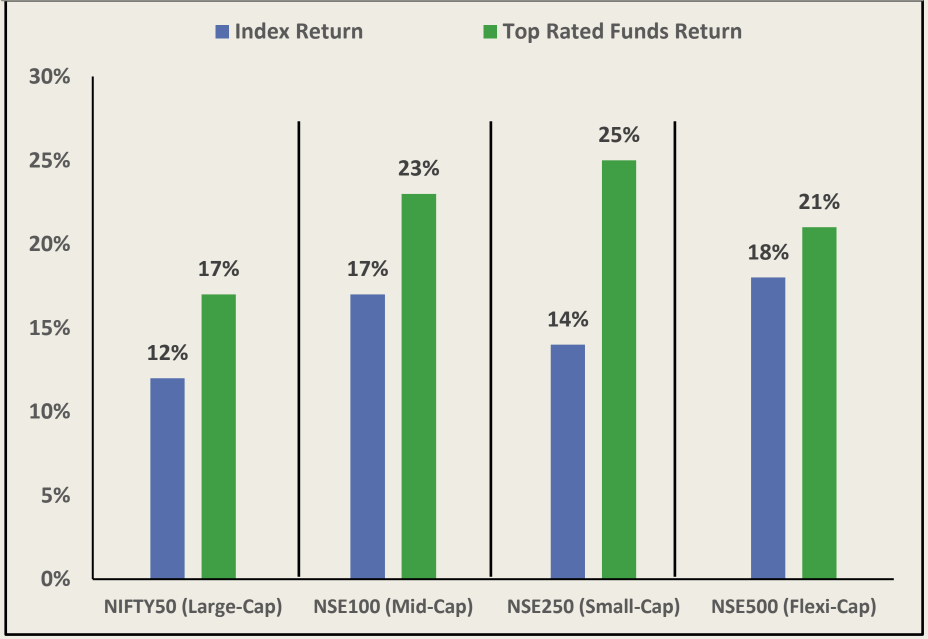
	Scheme Performance			Category III Benchmark Performance		
Period	No. of Schemes	AGOFS-1 Returns (%)	Scheme Quartile	1st Quartile (Threshold for top 25%)	Median	3rd Quartile (Threshold for top 75%)
1-year (%)	150	29.10%	Top Quartile	26.72%	17.77%	9.13%
2-year(%)	115	16.18%	Top Quartile	11.20%	6.54%	2.54%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

Source: NSE Benchmark Report September 30, 2023

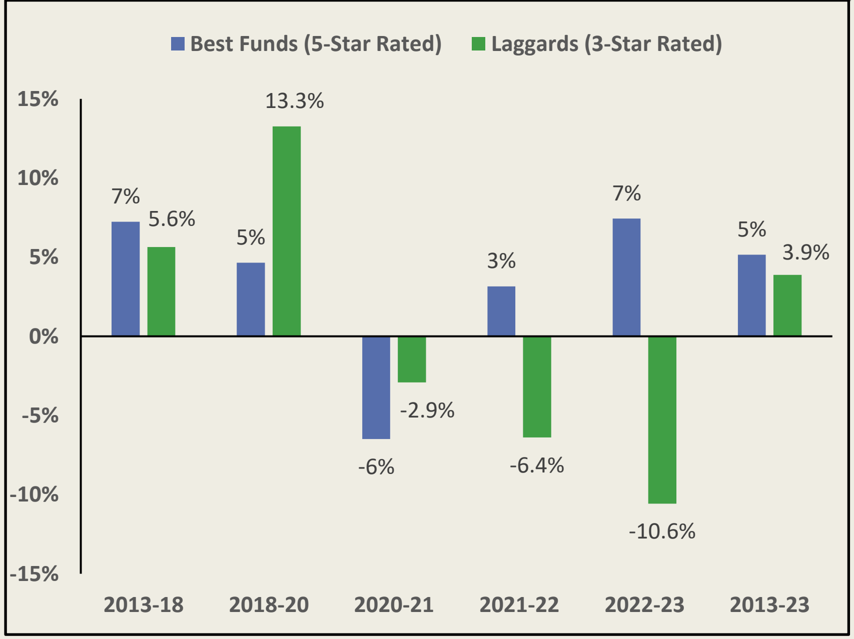
Target to sustain eminent status

- ➢ 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

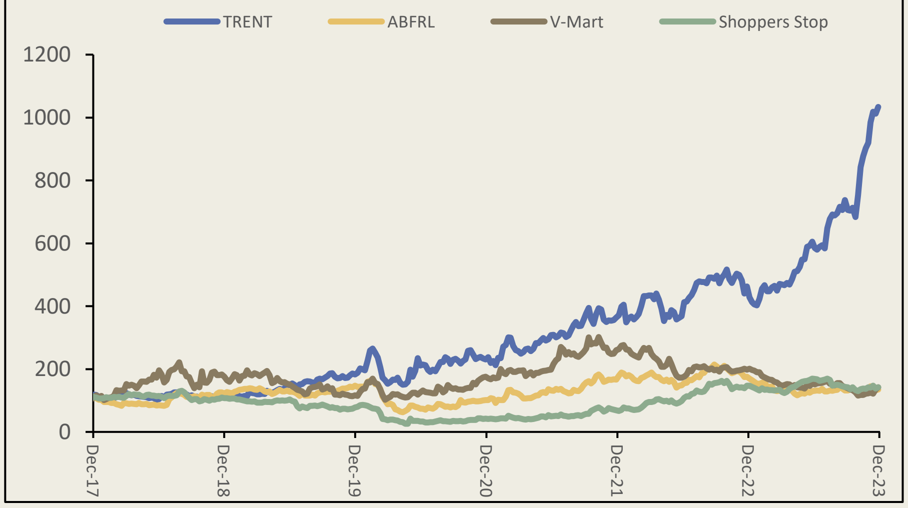


Source: Moneycontrol

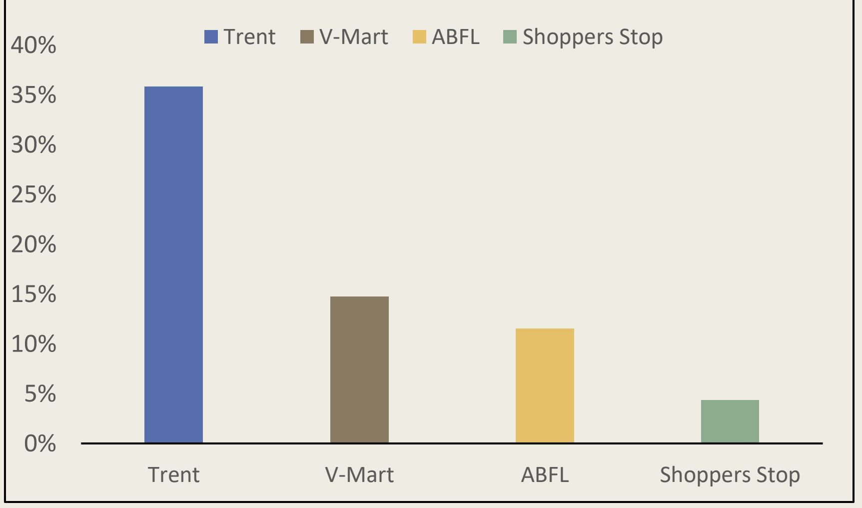
Right Stock : Winner takes it All

- 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



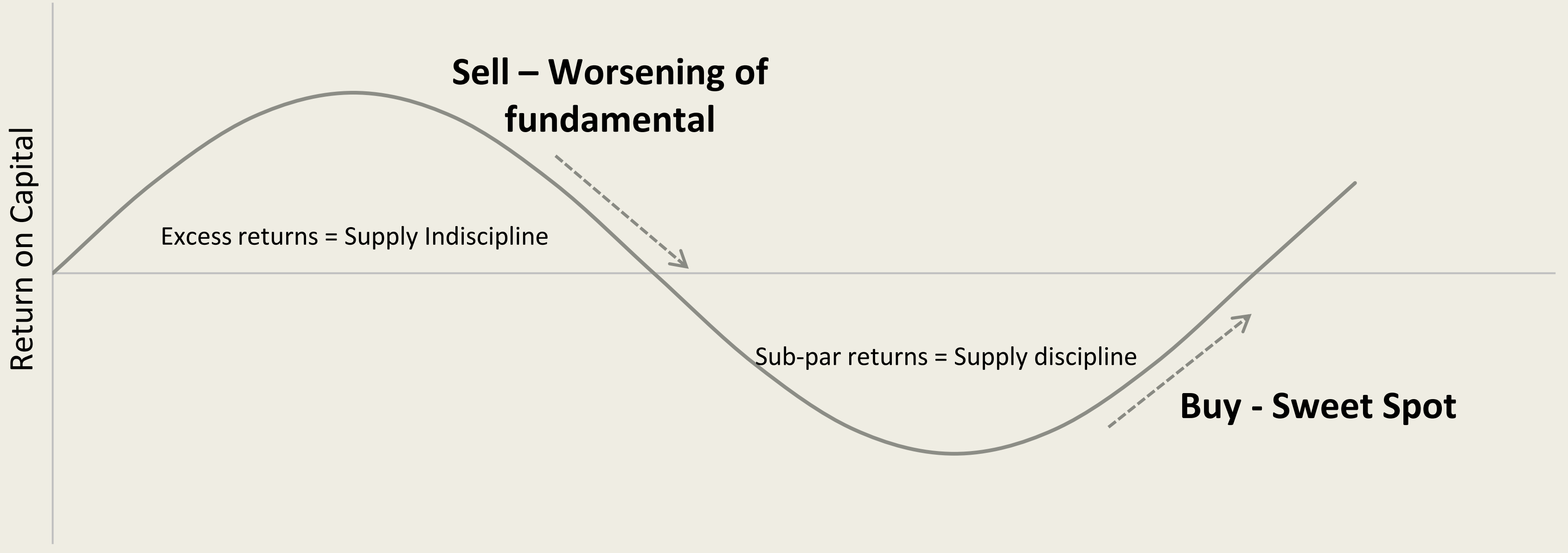
Trent: Returns reflect faster rev. growth over FY19-24



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

<table>
<tr><td colspan="2" rowspan="2"></td><td colspan="3">Industry Attractiveness</td><td colspan="2" rowspan="2"></td></tr>
<tr><td>+
Demand</td><td>+
Competitive Landscape</td><td><->
Regulation</td></tr>
<tr><td rowspan="3">Portfolio Allocation</td><td>+ Upside Potential</td><td colspan="3" rowspan="3">Stock Name (XXX)</td><td>Valuation +</td><td rowspan="3">Risk Reward Outcome</td></tr>
<tr><td>+ Holding Duration</td><td>Capital Structure +</td></tr>
<tr><td>+ Conviction Level</td><td>Event Risk <-></td></tr>
<tr><td colspan="2" rowspan="2"></td><td>New Initiatives
+</td><td>Track Record
+</td><td>Profitability
+</td><td colspan="2" rowspan="2"></td></tr>
<tr><td colspan="3">Company Outlook</td></tr>
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+ Positive

<-> Neutral

-- Negative

Ampersand Portfolio : High on growth

- Our portfolio is expected to deliver profit growth of 18.8% in FY25e and 29.2% in FY26e
- Key drivers of profitability are both, sales (20% CAGR) and expansion in margins

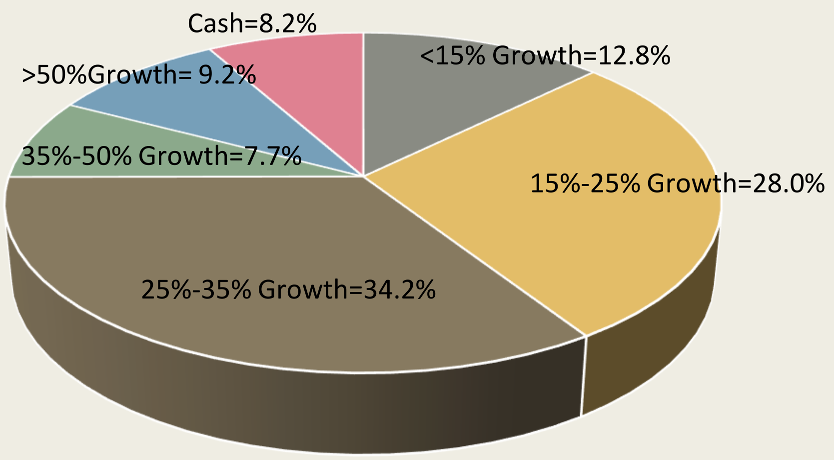
Portfolio Stock : Summary financials

AGOFS-1	FY23	FY24	FY25E	FY26E	Q2FY25
Sales Growth	15.9%	15.7%	19.3%	20.0%	15.5%
EBITDA Growth	20.5%	21.1%	24.5%	23.6%	19.4%
PAT Growth	23.4%	28.5%	19.1%	29.2%	23.3%

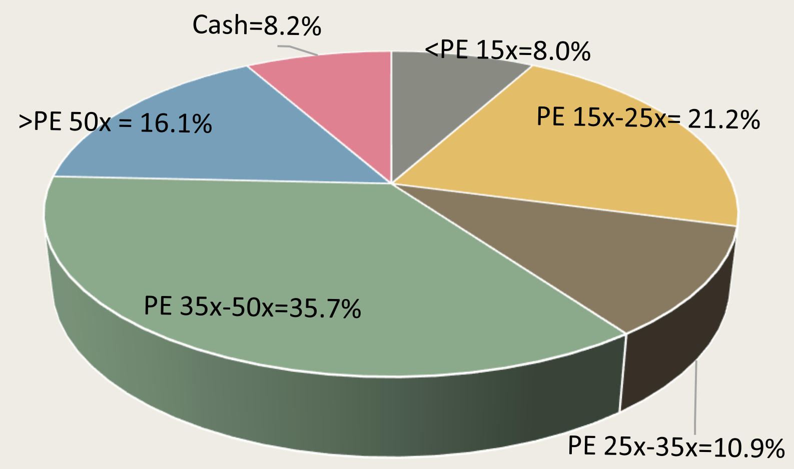
BSE500	FY23	FY24	FY25E	FY26E	Q2FY25
Sales Growth	22.0%	7.0%	8.0%	12.0%	7.9%
PAT Growth	10.0%	21.0%	8.0%	13.0%	0.7%

Ampersand Portfolio : Mostly growth, but also value

Growth mix : Over 50% stocks could deliver >35% profit growth



Valuation Mix : Around 50% of stocks trade under 35x FY26 PE



Ampersand Portfolio: Stocks and Risk metrics

Top-10 Holdings

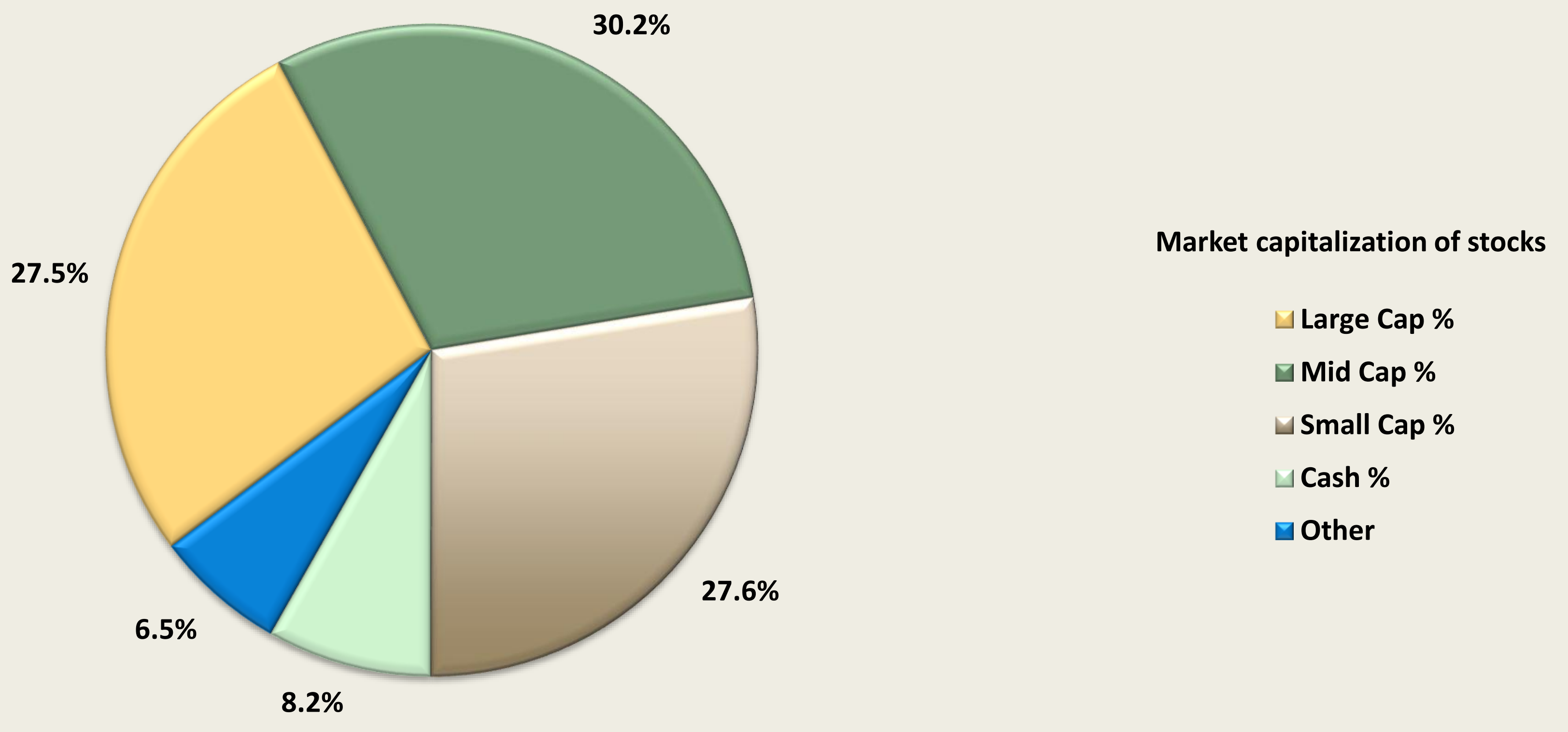
Company	% Weight	Company	% Weight
Polycab India	5.4%	MCX	3.8%
Bajaj Finance	4.7%	Varun Beverages	3.5%
ICICI Bank	4.5%	Motilal Oswal Financial	3.5%
Trent	4.2%	Cummins	3.5%
Divi's Labs	4.0%	Blue Star	3.4%
Top 5	**22.8%**	**Top 10**	**40.5%**

Portfolio Metrics

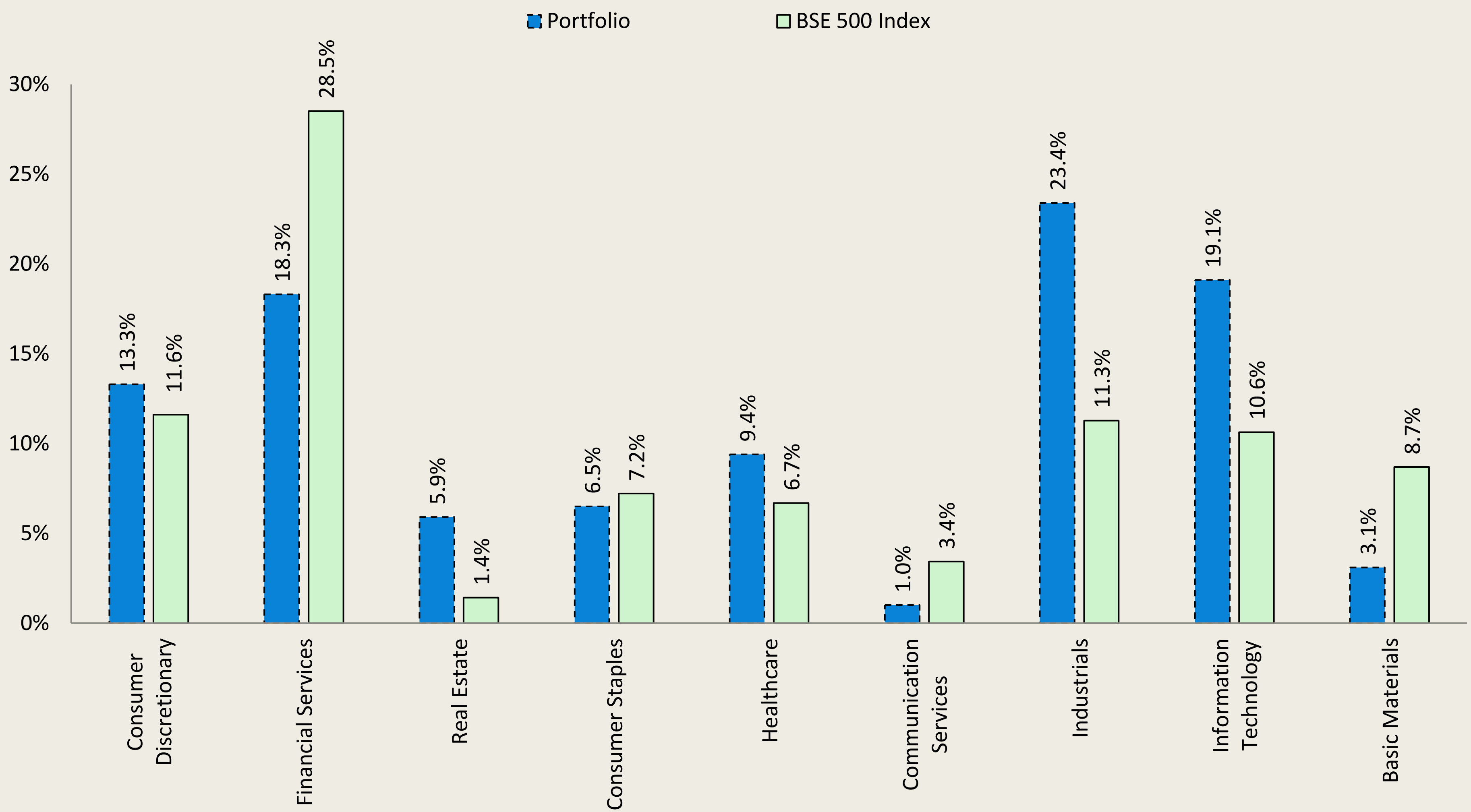
Valuation		Risk	
PE	32.3	Standard Deviation *	18.69
PEG ratio	1.11x	Beta	0.90
PB	8.6	Sharpe Ratio	1.13
ROCE *	26.6	Capture Ratio	1.4x

*PE, PB & ROCE calculated based on FY26 estimated values. *ROCE for portfolio is calculated ex-financials.*
**Annualised standard deviation of returns has been calculated.*

Portfolio balanced for Liquidity & Risk adjusted return



Sectoral Weights: Portfolio vs Benchmark Index



Investment Outlook : Banking on Macro recovery

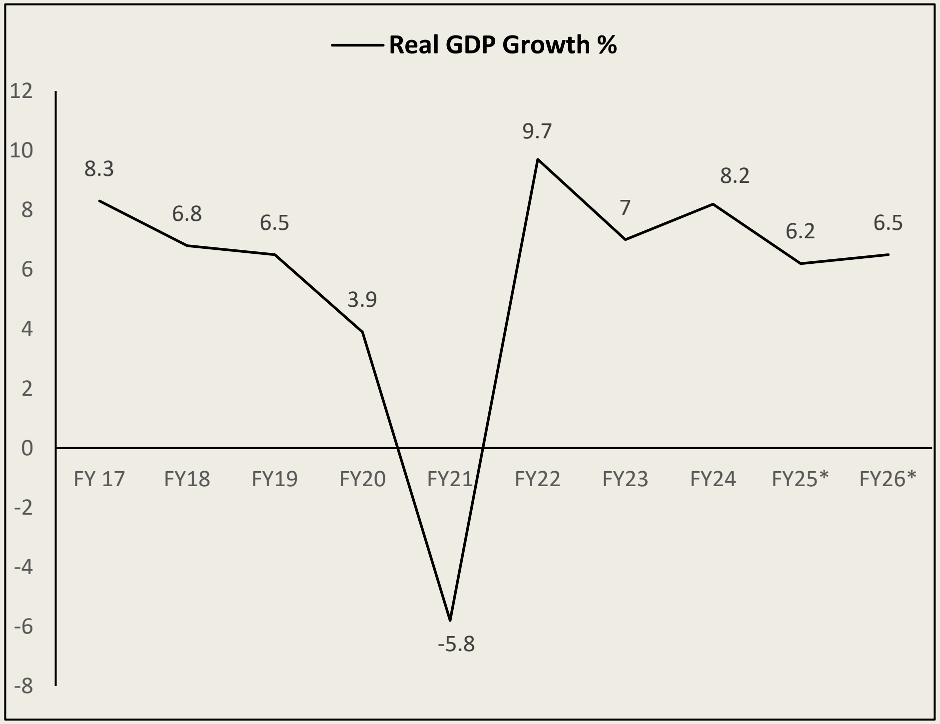
- Combination of personal tax cuts and interest rate cuts likely to revive economy and boost market sentiment soon
- Valuations derated by 15-20% from peak and down to median levels now
- Large cap index NIFTY trades at around 20x FY26e, and likely to register 12% profit growth annually over FY25-27E compared to around 5% growth in FY25. Small and Midcaps now at about 25x PE FY26 with profit growth outlook of 15%-18%
- Earnings recovery, and reasonable valuation following recent correction is a compelling reason for market recovery from here on
- **Key Risks**: USA govt threat to derail global economic recovery through tariff hikes

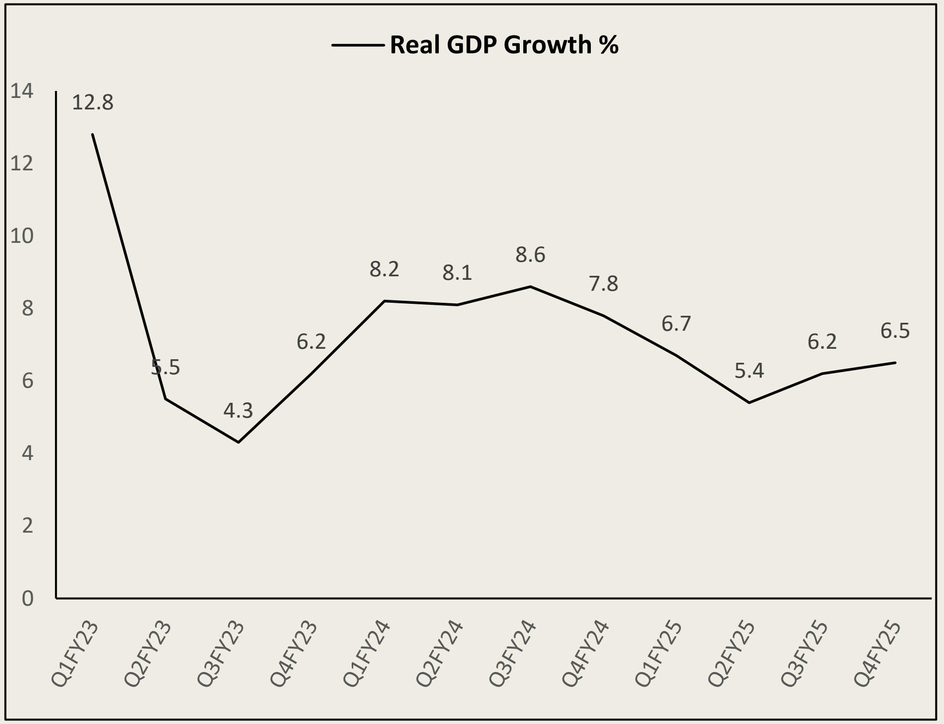
Our preferred themes

- **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 consumers and manufacturers 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

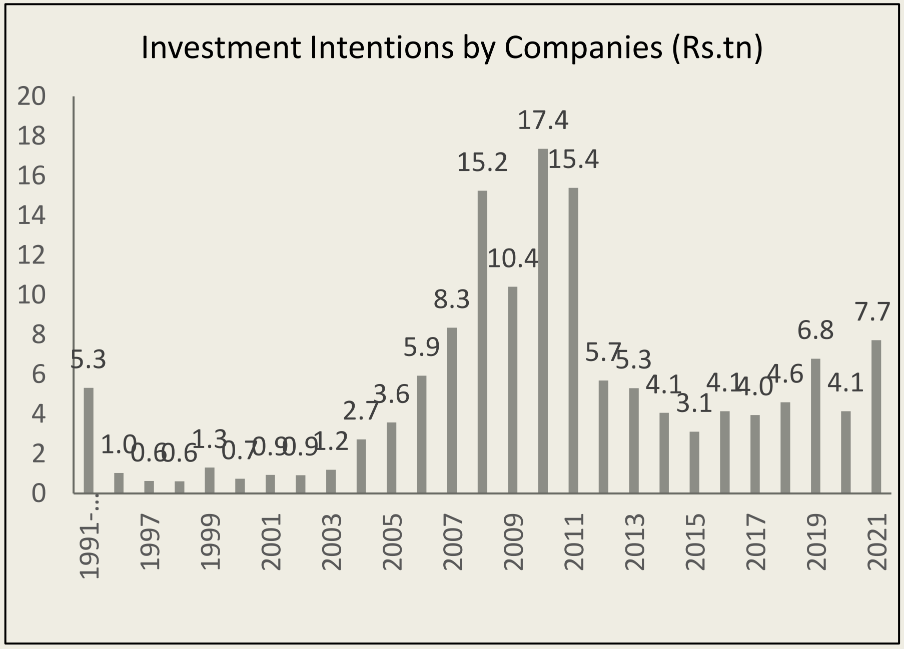


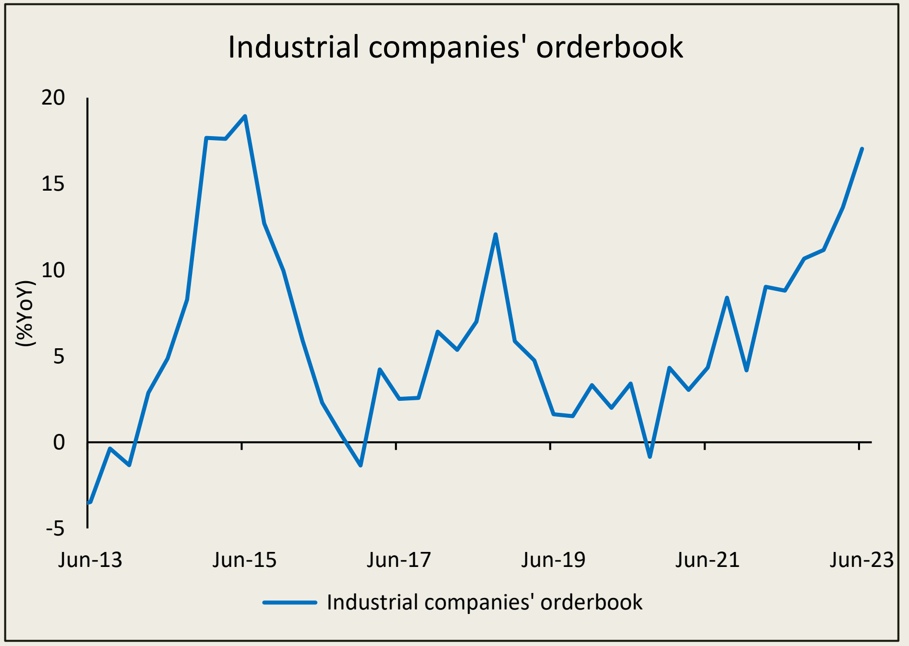


Source: RBI & ICRA

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

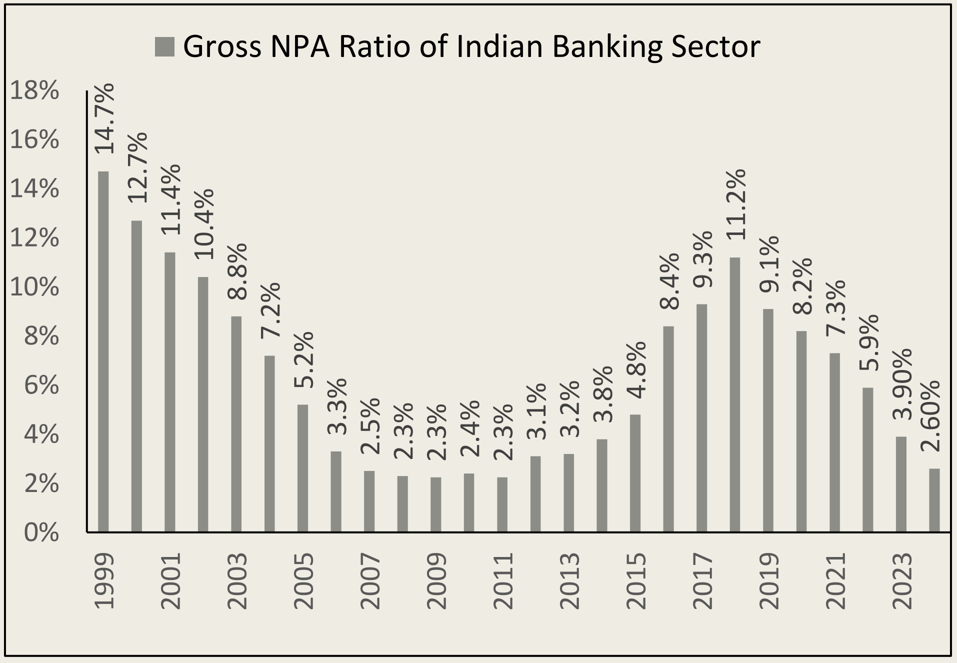


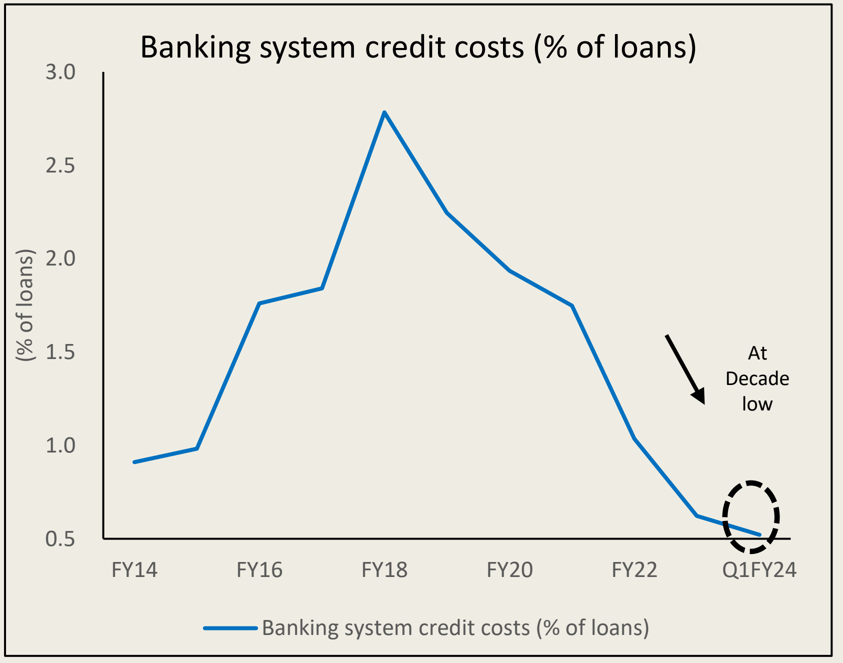


Source: Spark Capital

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



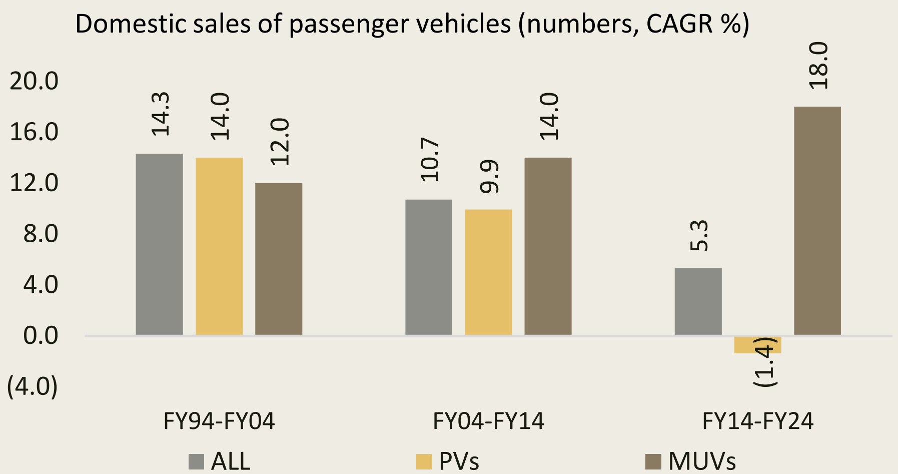


Source: RBI

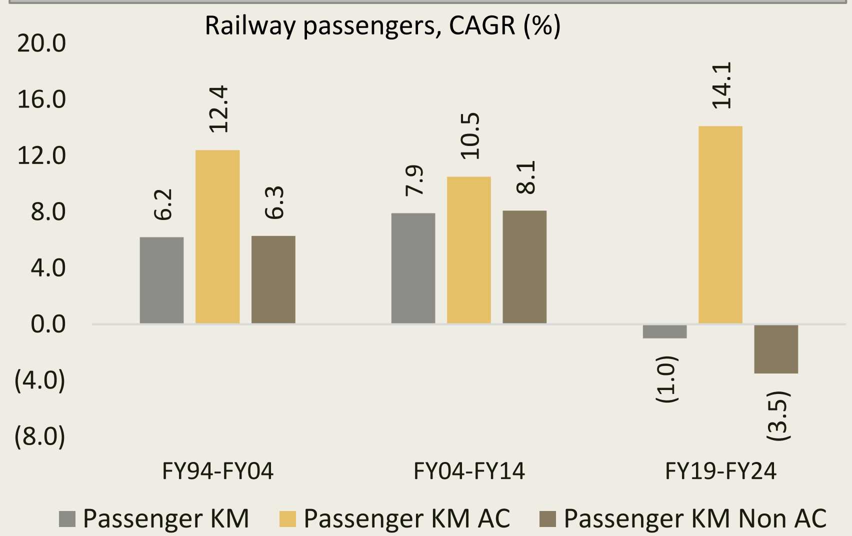
Premiumisation : High quality growth theme

- 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

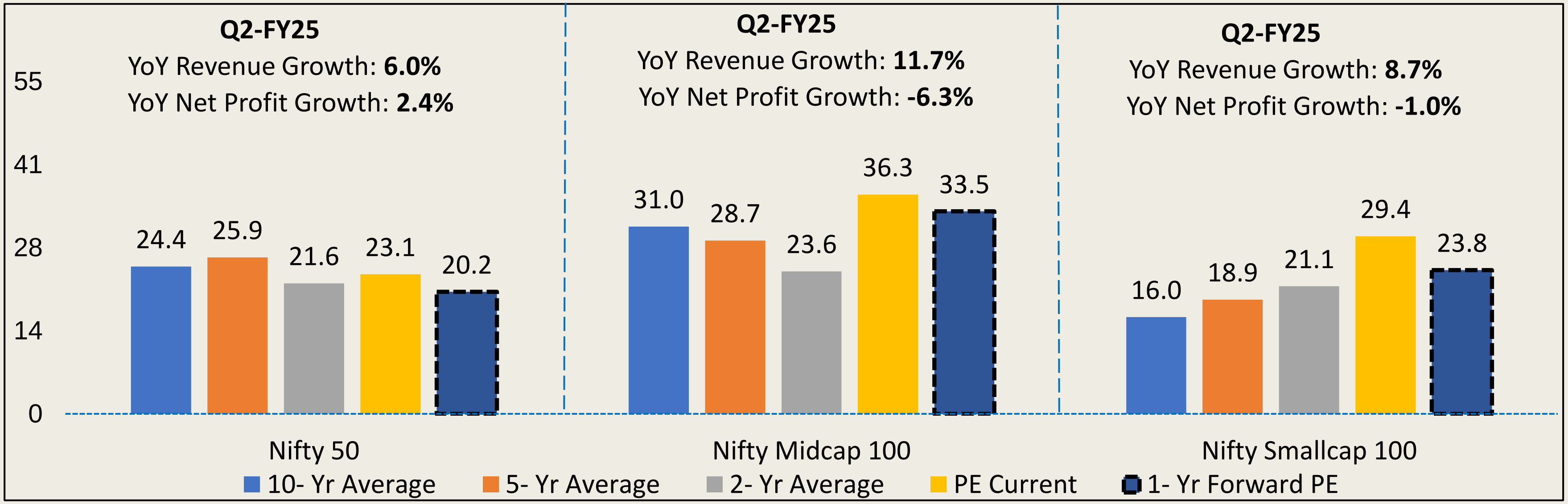


Source: GoI, Systematix Research

Invest in growth

- Over the next 3 years, earnings will major driver of stock performance, as further re-rating prospects seem limited
- Market cap agnostic in choosing stocks, as high growth stories with reasonable valuations are available only in select pockets

Chart 3: Small caps best on growth, while large caps offer value



Source: Trendlyne

Portfolio Stock – Case study: 1

Trent: Growth leader in highly attractive retail industry

- Trent is the best managed company within the retail industry. Over the last decade, revenue has registered 18% CAGR, and profits 56% CAGR, both highest in the sector. Key growth drivers have been, (1) shift in customer preference to large format shops, which offer superior customer experience, (2) rise in customer lifestyle and preference for trendy garments.

- Trent as a structural growth story, and is a stock to own. Most of our initial purchases were in November 2020, mostly as a play on post-Covid re-opening. We expect Trent to not only sustain superior growth in the future, but continue to surprise on the upside, as the company's grocery business model is also geared for faster expansion.

- Key Risks: Excessive competition. Sluggish consumer demand could prompt competitors to offer sharper discounts, which could hurt market share and profits.

Portfolio Stock – Case study: 2

Amara Raja: EVs to accelerate growth

- Amara Raja E&M (ARE&M) is at inflection point of accelerated growth, led by foray into lithium-ion batteries. Growth opportunity is immense owing to structural factors like, (1) shift in car demand from gas to electric, (2) sharp rise in demand for energy storage system, due to transition of energy generation to solar, and (3) robust growth in installation of data centers, which needs back-up power batteries.

- ARE&M's recent technology tie-up with one of the top-10 global lithium-ion battery manufacturer Gotion, should aid in delivering best in class products. The company aims to increase its production capacity by 4x over next 5 years, to capture battery demand. Despite relatively superior track record and growth prospects, stock trades at discount to peers.

- Key risk: Slower than expected adoption of EVs, due to sub-par roll out of battery charging infrastructure

Portfolio Stock – Case study: 3

Kirloskar Pneumatic: Gas energy transition to drive success

- Kirloskar Pneumatic (KKPC) is India's 4th largest air compressor manufacturer, with significant market share in (1) Refrigeration systems (60% MS), and (2) Compressed natural gas (CNG) systems (65% MS). The company is poised to witness substantial business growth over the next three years. This will be driven by rapid expansion of CNG stations and widening of KKPC's product range.

- Over the next 3 years, KKPC is targeting near doubling of revenues along with significant margin expansion. Key drivers will be increased volumes, improved realization, and enhancement in margins. Profitability could potentially be 2.5x of current levels. Stock is attractively valued compared to peers, and has the potential to be re-rated.

Portfolio Stock – Case study: 4

Oracle Financial Software Services: Best in the cloud tech

- Oracle Financial Software Services (OFSS), a subsidiary of Oracle USA is a global leader in banking software products. The company's products are widely used for core application in banks.
- After a decade of sub 5% growth, OFSS is starting to witness double digit growth this year. This is driven rising adoption of cloud technology by banks. Opportunity is huge, and OFSS could sustain strong growth levels hereon. Despite its run in CY24, stock still trades at discount to comparable MNCs and domestic IT services companies. Sustained earnings growth of >20% annually is likely to drive significant upside.

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
kotak	Fund Administrator (Custodian, Fund Accounting & Banker)
KHAITAN & CO Advocates since 1911	Legal & Fund Consultant
Deloitte.	Statutory & Tax Auditor Tax & Regulatory Advisor
AMICORP	Trustee
	Investment Manager
Our Mission... Your Growth CAMS	Registrar & Transfer Agent

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