BUY RIGHT : SIT TIGHT

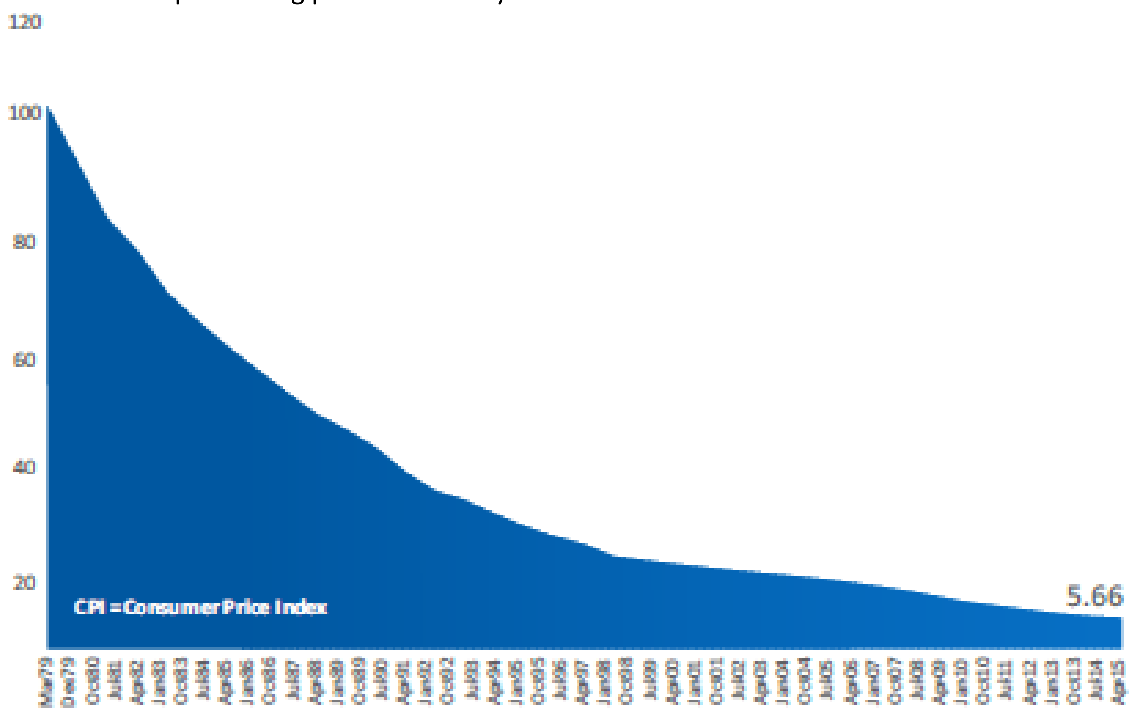
Buying quality companies and riding their growth cycle

Invest in Equity; the time is always right

Why Equity?

Beware of the 'I' word

Over FY79–14 CPI inflation has been 8.1%, eroding purchasing power of Rupee by 94%
Inflation erodes purchasing power of money

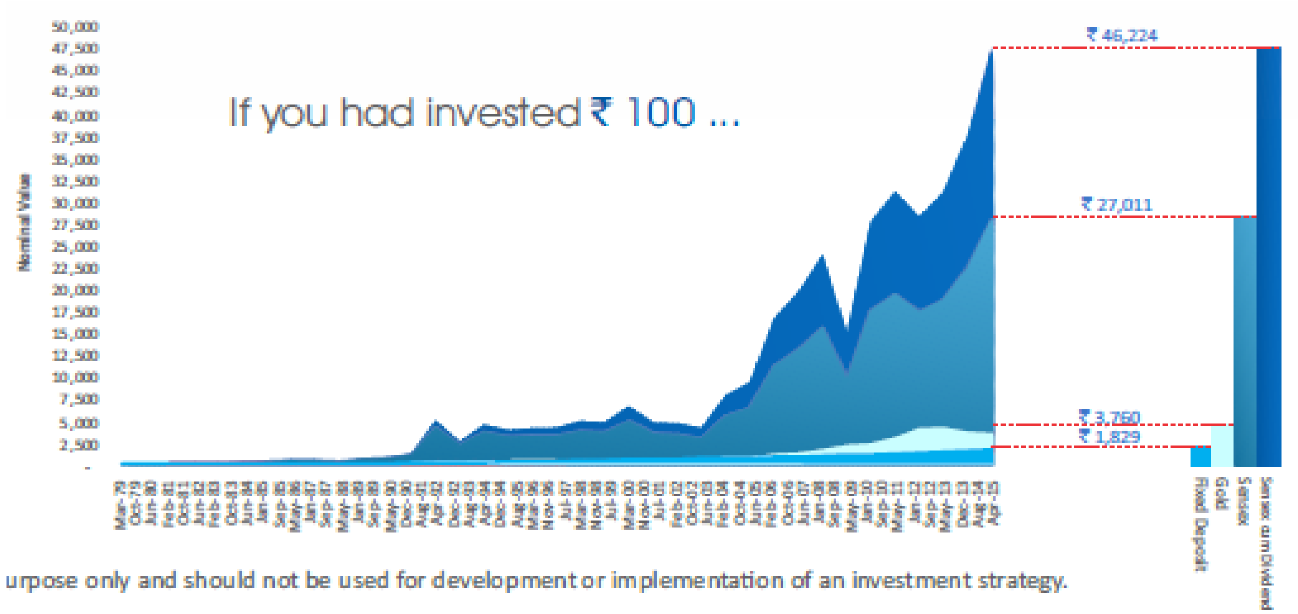


Source: Bloomberg, MOAMC Internal Analysis | Data as on April 30, 2015

The value of Rs 100 in 1979 is now Rs 5.62

Which asset class to invest in?

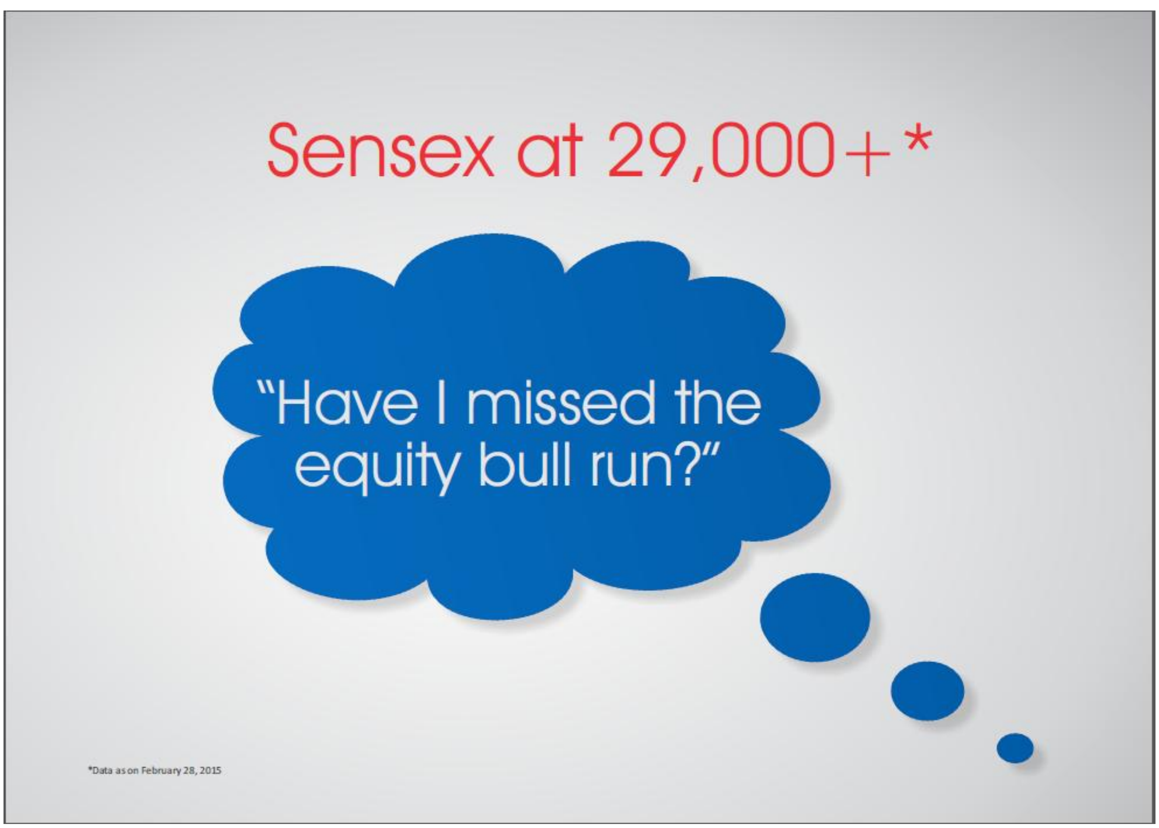
FDs/Gold or Equities? Survive or Thrive? Choice is yours



Source : Bloomberg, MOAMC Internal Analysis, Data as on April 30, 2015

Past performance may or may not be sustained in future.

The above graph is used to explain the concept and is for illustration purpose only and should not be used for development or implementation of an investment strategy.



The time is always right

Can you afford to miss out on the next big leap?

Nifty at 100000 & Sensex at 400000 by 2030: the answer lies in assumptions

Tags: Sensex | Retail investors | Rakesh Jhunjhunwala | nifty | Kiran
Indian Stock market | Indian market | indian economy | gdp | CAGR

NEW DELHI: The Indian market has rallied over 30 per cent so far in the year 2014, but the rally is just getting started, say experts who have come out with target in excess of 1,00,000 for the Nifty and 4,00,000 for the Sensex in the next 15 years or by 2030.

Big Bull Rakesh Jhunjhunwala sees the Nifty touching 1,25,000 by 20
or corporate earnings are expected to grow by 16 per cent annually. Th
close of 8,564.40 on Thursday.

Jhunjhunwala told a news channel that the Nifty has grown 10 times in
times in the next decade.

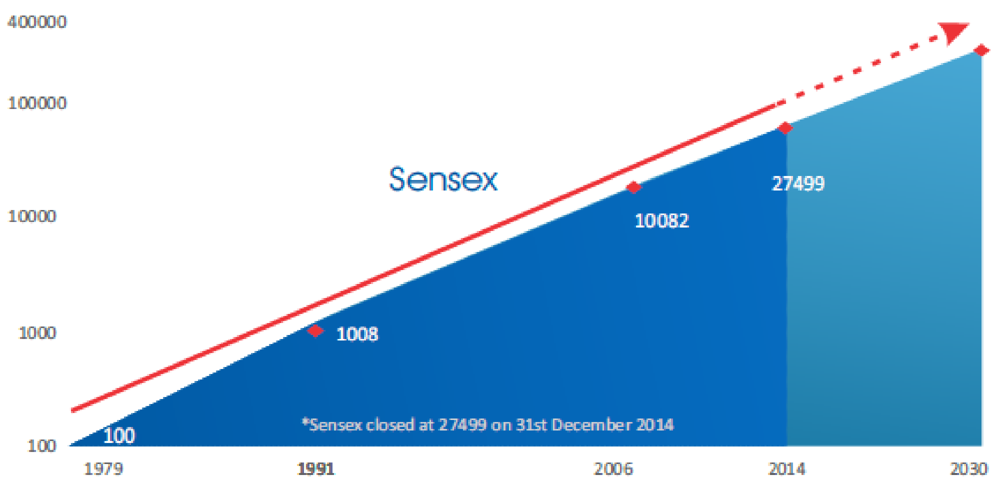
So, based on the assumption of strong economic growth, bounce back
and revival in investment cycle, the Nifty and the Sensex can reach the
task.

When asked about the targets are they working with for the next 15 ye
bull run is here to say, but said there are caveats and assumptions whi
can achieve these targets.

If we look deeper into the data, the Nifty has moved from the levels of 9
8600 levels as of today (4th December 2014), at an yearly compounded

"So, if we apply the same growth rate, 125000 is possible by 2030 on t
with support from strong economy growth, stable government at the Ce
technology development," says Kiran Kumar Kavikondala, Director & C

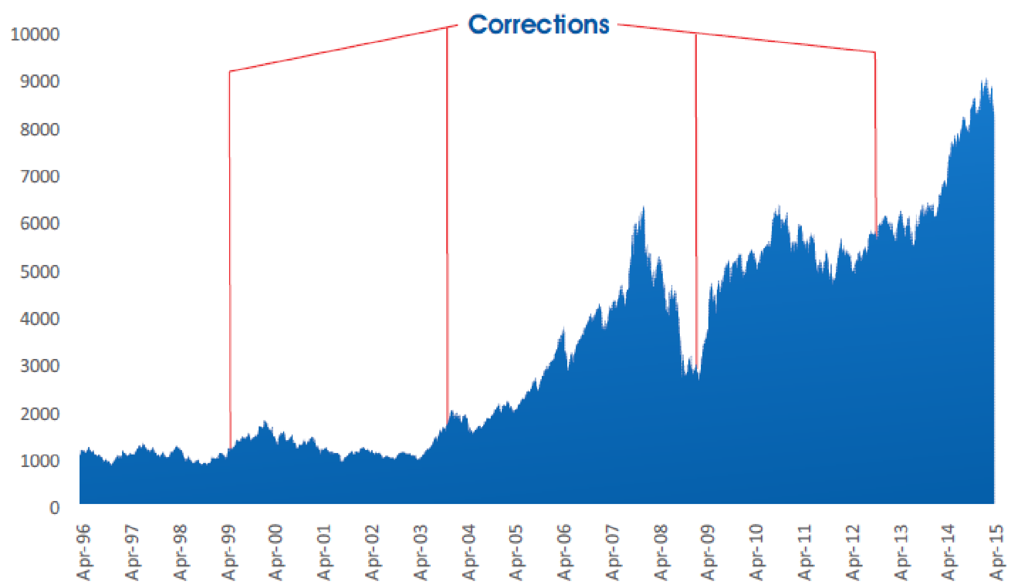
"Equities are expected to perform well over the next decade in India al
to grow above 15 per cent and EPS of Indian bourses set to move high
levels," he adds.



The above graph is used to explain the concept and is for illustration purpose only and should not be used for development or implementation of an investment strategy. Above forward-looking graphs/statements are based on external current views and assumptions and involve known and unknown risks and uncertainties that could cause actual results. Past performance may or may not be sustained in future.
This is an info graphic of the article published on economictimes.com on Dec 8, 2014

Downs are temporary; ups are permanent

NIFTY

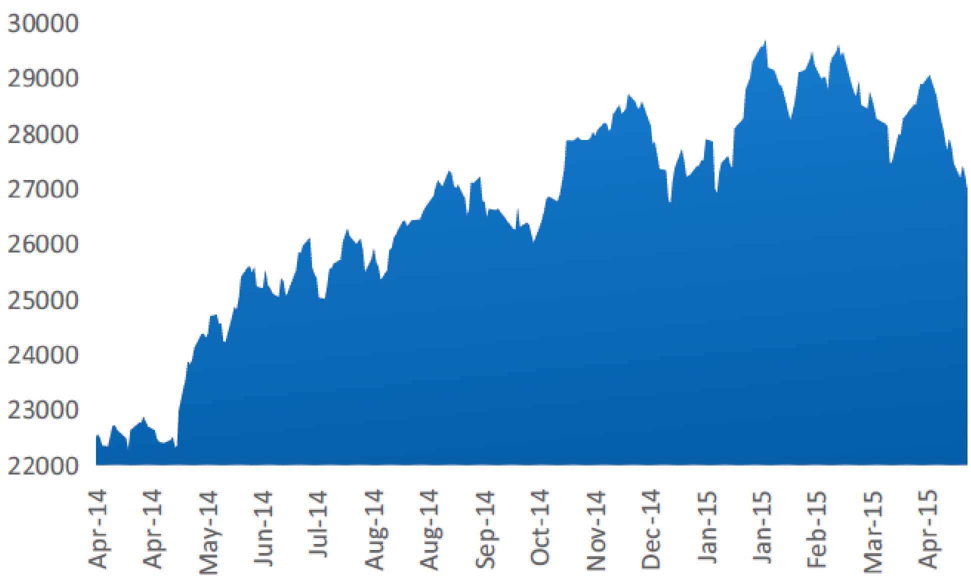


**"Don't be afraid of the next 25% downtick.
Be afraid of MISSING the next 100% uptick"**

The above graph is used to explain the concept and is for illustration purpose only and should not be used for development or implementation of an investment strategy. Past performance may or may
not be sustained in future.
Source: Bloomberg; MOAMC Internal Analysis | Data as on: April 30 2015 | NIFTY inception date: 1st April 1996

We are in the middle of a bull run

Sensex



Source: Bloomberg | Data as on: April 30, 2015

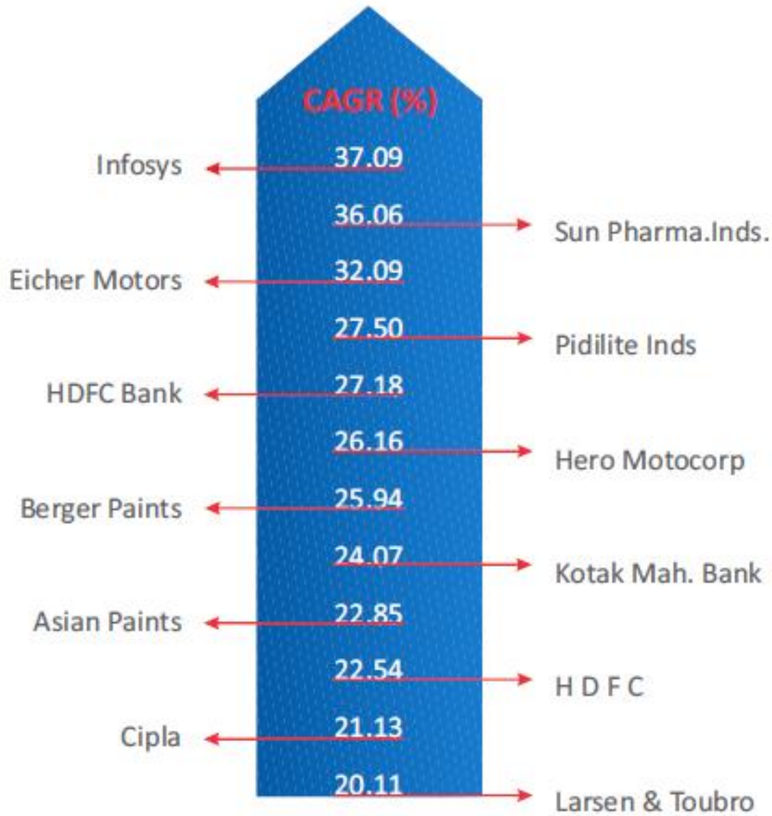
The earlier you start the higher you'll climb

The above graph is used to explain the concept and is for illustration purpose only and should not be used for development or implementation of an investment strategy.
Past performance may or may not be sustained in future.

The time is always right; it's the stock that you pick that need to be right

Buying the right stocks and holding onto them can give you returns far in excess of inflation

Here are some compounded annual rates of growth from well known companies by holding them on for 20 years or since listing



Data as on April 30, 2015 | Source : Capitaline

The Stocks mentioned above are used to explain the concept and is for illustration purpose only and should not be used for development or implementation of an 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.

The recommended way to Create Wealth from equity- 'Buy Right : Sit Tight'

'Buy Right' means buying quality companies at a reasonable price and 'Sit Tight' means staying invested in them for a longer time to realise the full growth potential of the stocks.

It is a known fact that good quality companies are in business for decades but views about these companies change every year, every quarter, every month and sometimes every day! While many of you get the first part of identifying good quality stocks, most don't stay invested for a long enough time. The temptation to book profits at 25% or 50% or even 100% returns in a 1 to 3 year period is so natural that you miss out on the chance of generating substantial wealth that typically happens over the long term; say a 10 year period.

Our Investment Philosophy

At Motilal Oswal Asset Management Company (MOAMC), our investment philosophy and investing style is centered on 'Buy Right: Sit Tight' principal.

Buy Right Stock Characteristics
QGLP

- **'Q'uality** denotes quality of the business and management
- **'G'rowth** denotes growth in earnings and sustained RoE
- **'L'ongevity** denotes longevity of the competitive advantage or economic moat of the business
- **'P'rice** denotes our approach of buying a good business for a fair price rather than buying a fair business for a good price

Sit Tight Approach
Buy and Hold: We are strictly buy and hold investors and believe that picking the right business needs skill and holding onto these businesses to enable our investors to benefit from the entire growth cycle needs even more skill.

Focus: Our portfolios are high conviction portfolios with 20 to 25 stocks being our ideal number. We believe in adequate diversification but over-diversification results in diluting returns for our investors and adding market risk

Buy Right = QGLP Stocks

Over the years MOAMC has conducted various Wealth Creation Studies. These studies and our passion for equity investing has helped us hone a unique and focused investing process that can be summarised in 4 letters - 'QGLP'.
Where; 'Q'uality denotes quality of the business and management, 'G'rowth denotes growth in earnings and sustained RoE, 'L'ongevity denotes longevity of the competitive advantage or economic moat of the business and 'P'rice denotes our approach of buying a good business for a fair price rather than buying a fair business for a good price. This approach has helped us to identify many quality stocks in our portfolios.

Quality

Quality Business

- Sustained competitive advantage measured by high return ratios
- Industry leadership position
- Favorable industry structure like monopoly or oligopoly
- Secular and stable business, preferably consumer facing
- Limited use of leverage

Quality Management Competence

- Industry leading margins
- Rational capital allocation policy
- Good dividend payout policy
- Innovative
- Integrity
  - Honest and trustworthy
  - Transparent
  -

Growth

- Growing Large addressable market
- Gaining market share
- Understanding various margin growth levers
- Preferably growth within profitable business

Longevity

- Long competitive advantage period
- Understanding growth potential for 10-15 years

Price

Reasonable price

- Discount to historical P/E trading band
- P/B Discount
- Price/earnings to growth (PEG) Ratio
- DCF (Discounted cash flow)
- Replacement Value Discount
- Popular/Unpopular idea

- Payback ratio
- Dividend yield

QGLP stocks perform across good and bad times

Company	2004-08 Bull Market	2008-14 Bear Market	2004-14 Full Cycle
Eicher Motors	11%	2286%	2557%
Page Industries	62%	1445%	2406%
Asian Paints	298%	357%	1717%
HDFC Bank	251%	181%	889%
Nestle India	137%	236%	696%
JP Associates	907%	-64%	258%
S A I L	475%	-61%	121%
GMR Infra.	255%	-71%	4%
DLF	13%	-73%	-69%

Source: Capitaline | Data as on March 31st, 2014

Asian Paints delivered 298% in the bull market and 357% in the bear market

GMR Infra delivered 255% in the bull market and -71% during the bear market

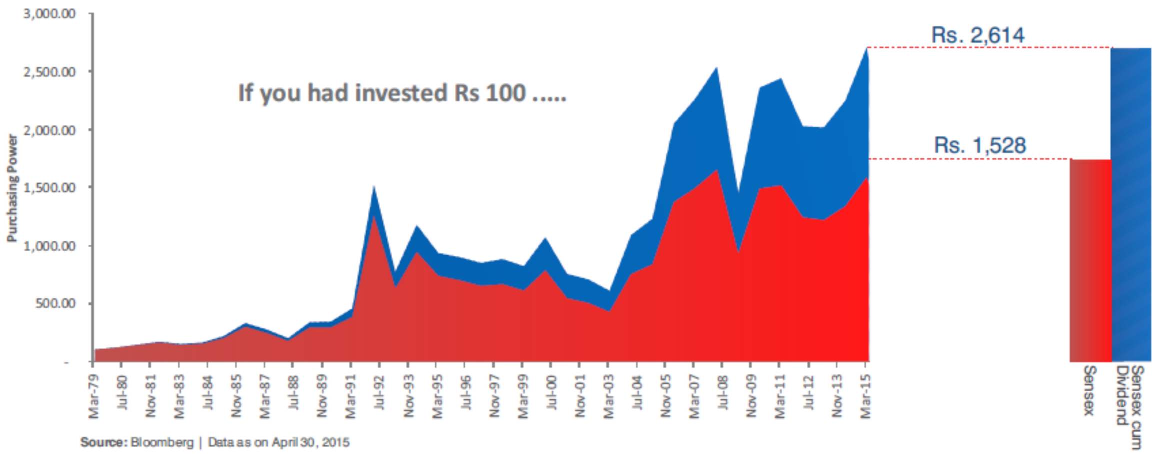
Good quality stocks perform even in bear market

The Stocks mentioned above are used to explain the concept and is for illustration purpose only and should not be used for development or implementation of an 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.

Sit Tight – Buy and Hold

Benefit of Buy and Hold:

If you had invested Rs. 100 in Sensex in 1979, your investment would have multiplied to Rs. 2,681 with dividend and to Rs. 1,569 without dividend.
(After adjusting inflation)

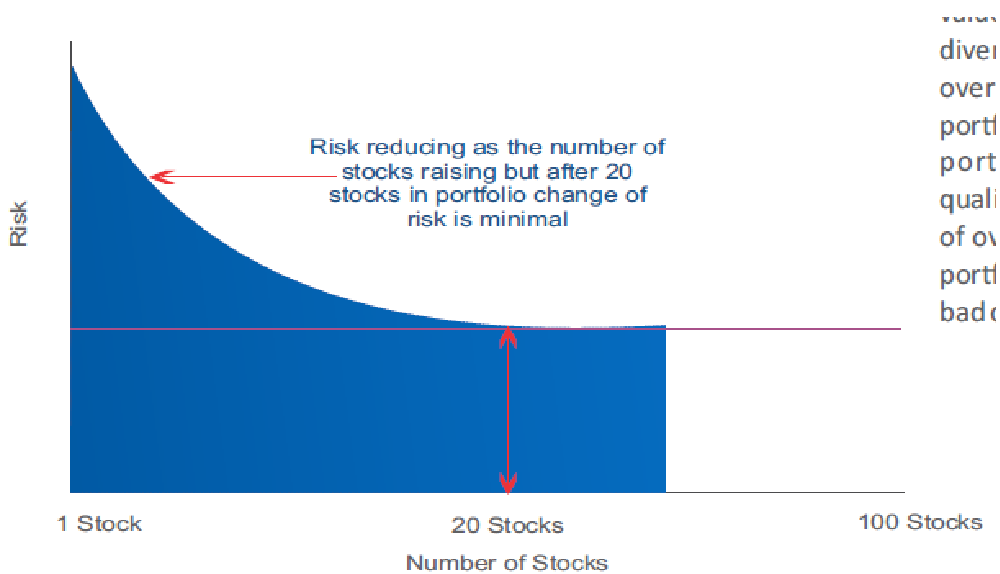


The above graph is used to explain the concept and is for illustration purpose only and should not be used for development or implementation of an investment strategy.
Past performance may or may not be sustained in future.

Sit Tight – Focus

The Power of Focus

Diversification beyond your control becomes unmanageable and adds no value to your portfolio. Over diversification can impact the overall performance of your portfolio. As in case of most portfolios, the top 5 good quality stocks contribute 80% of overall performance of your portfolio while the rest 20% by bad quality stocks.



100x The power of growth in Wealth Creation through BRST

What is 100x?

- "100x" refers to stock prices rising 100-fold over time
- The exact number "100" is not so important
- What is important is –
    - 100x opens the mind to the power of long-term compounding in equity investing

These are 47 enduring 100x stocks over 1994-2014

Company	Price Mult. (x)	Financial Year of purchase	Low Date
Infosys	2,902	1994	17-Jun-93
Lupin	1,170	2002	12-Apr-01
Wipro	875	1994	12-Apr-93
Motherson Sumi	775	1999	15-Oct-98
Shree Cement	644	1998	16-Feb-98
Kotak Mahindra	608	2000	14-May-99
Emami	544	1996	16-Oct-95
Vakrangee	525	2000	8-Jun-99
Eicher Motors	452	2000	5-Apr-99
Aurobindo Pharma	452	1997	20-Nov-96
Blue Dart Express	417	1999	6-Jul-98
Havells India	372	2000	28-Apr-99
Amara Raja	368	1995	4-Apr-94
Sun Pharma	347	1997	26-Nov-96
P I Inds	343	2005	15-Jun-04
Balkrishna Inds	310	1994	4-May-93
Glenmark Pharma	299	2000	10-Feb-00
Hindustan Zinc	298	1997	15-Nov-96
CMC	277	1997	14-Jan-972
KPIT Tech	247	2002	4-Sep-01
Symphony	245	2009	3-Nov-08
TTK Prestige	233	2005	21-Jun-04
Titan Company	232	2002	10-Oct-01
Cipla	222	1994	27-Apr-93

Company	Price Mult. (x)	Financial Year of purchase	Low Date
Hero MotoCorp	216	1994	12-Apr-93
GRUH Finance	203	2002	12-Apr-01
MphasiS	199	1995	2-May-94
Sesa Sterlite	196	2001	24-Oct-00
Godrej Inds	164	2002	30-Jul-01
Jindal Steel	158	2002	18-Sep-01
HDFC Bank	156	1996	25-Jan-96
Supreme Inds	155	2002	17-Sep-01
Ipca Labs	150	2002	18-Sep-01
NMDC	145	2003	20-May-02
Gujarat Fluorochem	145	1994	27-Apr-93
Ajanta Pharma	142	2004	1-Apr-03
Dr Reddy's Labs	140	1994	27-Apr-93
Coromandel Inter	139	1997	19-Nov-96
Berger Paints	137	1997	6-Dec-96
Shriram Transport	135	2002	10-Apr-01
CRISIL	127	1996	31-May-95
United Breweries	125	2003	28-Mar-03
Axis Bank	119	2000	26-Apr-99
Crompton Greaves	118	1998	15-Dec-97
Pidilite Inds	109	1994	25-Jan-94
Alstom T&D India	107	2002	16-Oct-01
Asian Paints	106	1994	30-Jun-93

Source: 19th Wealth Creation Study

Note: The multiples are based on stocks being purchased at the lowest prices for the respective year, and held on to 31st March 2014.
The Stocks mentioned above are used to explain the concept and is for illustration and comparison purpose only and should not be used for development or implementation of an 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.

100x – Powerful mantra for big Wealth Creation

- To make money in stocks you must have –
    - The vision to see them

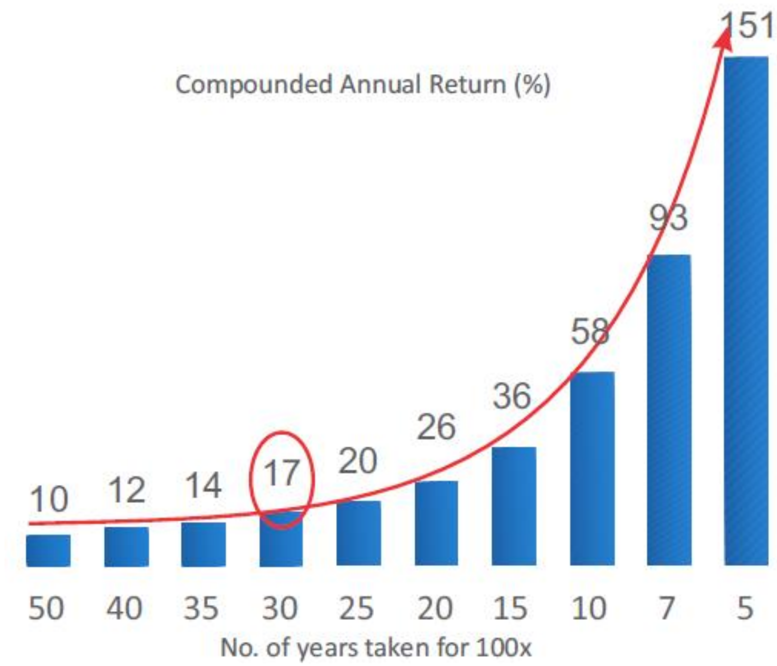
    - The courage to buy them and
    - The patience to hold them.
- Patience is the rarest of the three.

100x and Compounding

Understanding the Time-Rate combination for 100x

Long-period return of BSE Sensex is 17%

ie Sensex rises 100x in the last 30 years



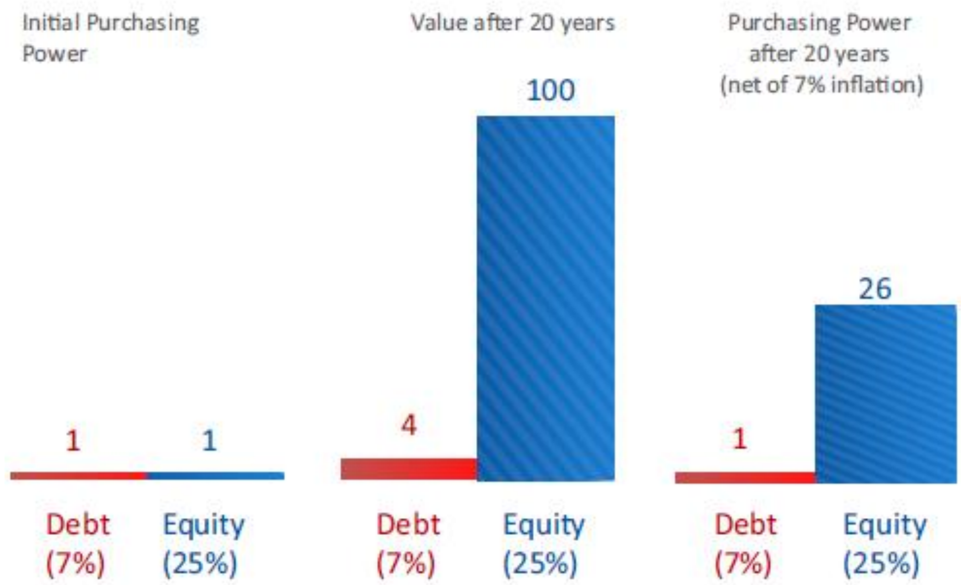
The above graph is used for illustration purpose only and should not be used for development or implementation of an investment strategy. Past performance may or may not be sustained in future.

Source: 19th Wealth Creation Study

Why 100x?

100x enables accumulation of massive purchasing power

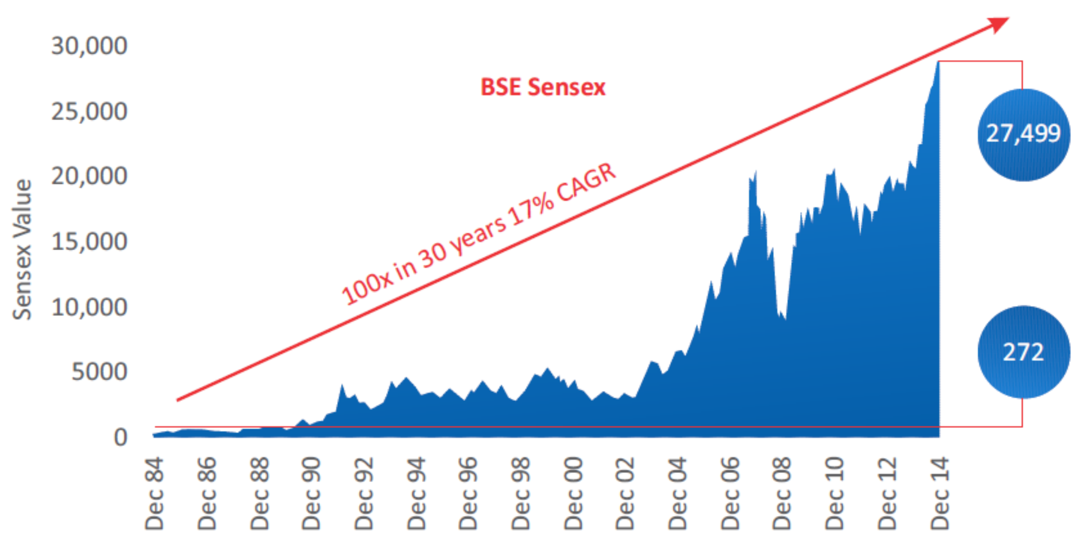
In fixed income investing, the average annual post-tax return works out to about 7%. If the same is reinvested, over 20 years, the security may be worth about 4x its original value. Now, if inflation also turns out to be 7%, then at the end of 20 years, there is zero increase in purchasing power. In contrast, an equity stock may rise 100x, say, in 20 years (in select cases, it takes much less time). Now, at 7% inflation, this 100x is tantamount to purchasing power of 26x (i.e. 100÷3.9).



The above graph is used to explain the concept and is for illustration purpose only and should not be used for development or implementation of an investment strategy.
Past performance may or may not be sustained in future.

100x – The Indian Experience

Indian benchmark indices rise 100x in 30 years



Source: Bloomberg | Data as on 31st December 2014
The above graph is used to explain the concept and is for illustration purpose only and should not be used for development or implementation of an investment strategy. Past performance may or may not be sustained in future.

100x – The Indian Experience

Two kinds of 100x stocks in last 20 years (1994-2014):

- TRANSITORY
  - Mainly fads and cyclicals which fizzled out after rising 100x
  - Satyam computer, SSI, Unitech, Jai Corp, Mercator, etc
- ENDURING
  - Meaningful size and scale of operations
  - Saw stock prices rise 100x or more during the period
  - And most importantly, maintained their 100x status even as of march 2014 (financial year-end)

The Stocks mentioned above are used to explain the concept and is for illustration purpose only and should not be used for development or implementation of an 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.

All MOAMC products follow 'Buy Right : Sit Tight' philosophy

Benefits of our Equity Mutual Fund Schemes

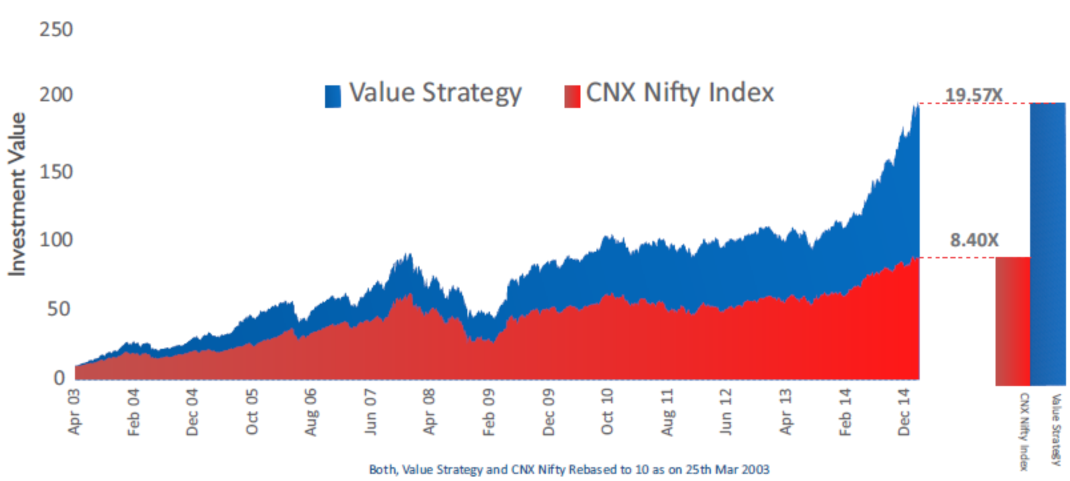
- **No Exit Load**
  - Fund houses are seen to deduct 1-3% as exit load
  - Exit load applied on the exit value, which means, the higher your returns the more will be the exit load
  - Hence we don't charge exit load in any of our equity mutual fund schemes
- **Low Churn**
  - Higher portfolio churn can increase the fund expenses disproportionately affecting the returns of the fund directly
  - Frequent churn may not let you reap the full growth potential of the stocks leading to poor returns
  - Hence we research extensively before we buy any stock and hold onto them for years to reap the full growth potential
- **High Conviction**
  - Too many stocks become unmanageable for the fund managers
  - Over-diversified portfolio takes away the potential of quality stocks
  - Risk comes from not knowing the stocks hence diversification beyond ones control can increase the risk
  - Hence we believe in adequate diversification with less number of stocks in our portfolio

Our Mutual Fund Equity Schemes

- **MOSt Focused 25 Fund**
    - Concentrated portfolio of upto 25 large cap companies
    - Invests in enduring wealth creators
    - Minimum investment as low as Rs. 1000 through SIP and Rs. 5000 through lumpsum
- **MOSt Focused Midcap 30 Fund**
    - Concentrated portfolio of upto 30 midcap companies
    - Invests in emerging wealth creators
    - Minimum investment as low as Rs. 1000 through SIP and Rs. 5000 through lumpsum
- **MOSt Focused Multicap 35 Fund**
    - Concentrated portfolio of upto 35 quality companies
    - Invests in enduring and emerging wealth creators
    - Minimum investment as low as Rs. 1000 through SIP and Rs. 5000 through lumpsum
- **MOSt Focused Long Term Fund**
    - Concentrated portfolio of select companies
    - Invests in enduring and emerging wealth creators
    - Minimum investment as low as Rs. 500
    - Growth of equities with the added advantage of tax savings under section 80C of the Income Tax Act, 1961

Value Strategy

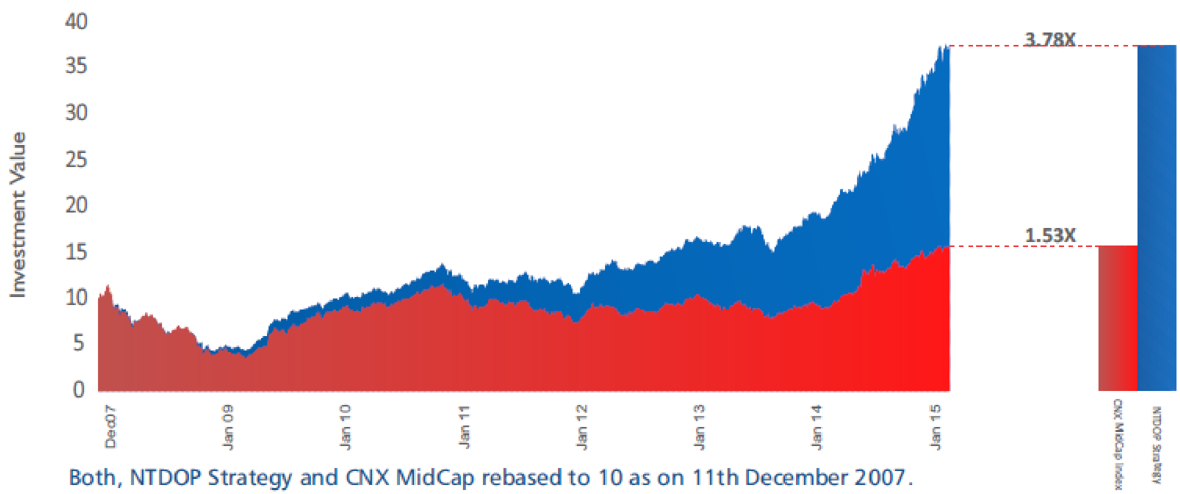
- Concentrated large cap portfolio with only 10- 15 stocks
- One of the longest running product with over 10 years track record
- One of largest corpus in the industry in a single PMS product with over Rs. 1435.85cr*
- #Delivered annualized return of 28.07% since inception as against 19.36% by CNX Nifty



#Strategy Inception Date: 24/03/2003. Please Note: The Above strategy returns are of a Model Client as on March 30, 2015. Returns of individual clients may differ depending on time of entry in the strategy.
Past performance may or may not be sustained in future and should not be used as a basis for comparison with other investments. Strategy returns shown above are post fees & expenses.
*As on March 30, 2015

NTDOP Strategy

- Concentrated midcap portfolio with only 10-18 stocks
- Focused on the 'Next Trillion Dollar Growth (of India's GDP) Opportunity'
- The corpus under this PMS product is over Rs. 1234.42 cr*
- Superior track record of 7 years with consistent outperformance over benchmark for 1/2/3/4/5/6/7 years respectively 22%/23%/22%/21%/18%/16%/14%



Both, NTDOP Strategy and CNX MidCap rebased to 10 as on 11th December 2007.

Strategy Inception Date: 11/12/2007. Please Note: The Above strategy returns are of a Model Client as on March 30, 2015. Returns of individual clients may differ depending on time of entry in the strategy.
Past performance may or may not be sustained in future and should not be used as a basis for comparison with other investments. Strategy returns shown above are post fees & expenses.
*As on March 30, 2015

Product Disclaimer

Name of the scheme	This product is suitable for investors who are seeking*
Motilal Oswal MOSt Focused 25 Fund (MOSt Focused 25): An Open Ended Equity Scheme	• Return by investing in upto 25 companies with long term sustainable competitive advantage and growth potential • Investment in Equity and equity related instruments subject to overall limit of 25 companies • High risk (BROWN)
Motilal Oswal MOSt Focused Midcap 30 Fund (MOSt Focused Midcap 30): An Open Ended Equity Scheme	• Long-term capital growth • Investment in equity and equity related instruments in a maximum of 30 quality mid-cap companies having long-term competitive advantages and potential for growth • High risk (BROWN)
Motilal Oswal MOSt Focused Multicap 35 Fund (MOSt Focused Multicap 35): An Open Ended Diversified Equity Scheme	• Long-term capital growth • Investment in a maximum of 35 equity and equity related instruments across sectors and market-capitalization levels • High risk (BROWN)
Motilal Oswal MOSt Focused Long Term Fund (MOSt Focused Long Term): An open ended equity linked saving scheme with a 3 year lock-in	• Long-term capital growth • Investment predominantly in equity and equity related instruments • High risk (BROWN)

*Investors should consult their financial advisers if in doubt about whether the product is suitable for them.

Note: Risk is represented as:

(BLUE) investors understand that their principal will be at low risk	**(YELLOW)** investors understand that their principal will be at medium risk	**(BROWN)** investors understand that their principal will be at high risk

Disclaimer

This presentation has been 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. 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, estimates and data included in this article are as on date mentioned in the article. The article 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 Stocks mentioned in the article are used for the purpose of explaining the concept and should not be construed as investment advice. 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.

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. Past performance may or may not be sustained in future and does not indicate the future performance of any of the strategies.

Mutual Fund investments are subject to market risks, read all scheme related documents carefully