MAS Wealth

Portfolio Management Schemes from
Moneylife Advisory Services

Email: pms@moneylife.in Website: https://pms.moneylife.in

Investment Objective

To be the best in class (top 10 percentile) under each of the following parameters:

- Returns
- Drawdown
- Portfolio volatility

What Not to Expect from Us

- We are not focused on beating the market. Short-term performance is mostly random.
- Since SEBI mandates that all PMSs must have a benchmark, we have one. But comparing us to the benchmark will not be very useful.
- We may suffer long periods of underperformance, especially in a roaring bull market, when speculative stories will do very well.

Investment Philosophy

- Investment returns are a function of corporate earnings and market prices but no one has any control over either
- As for corporate earnings, as outside investors, we can never know enough
- Most investment research and strategy is focused on “themes”, “stories”, “megatrends” and “moats”. But these may not be correlated to future returns
- While investors are told to be positive, we also believe that scepticism is a virtue

Investment Approach

- We apply the classical “scientific method” to investing: observation, hypothesis, measurement, feedback and modification of hypotheses
- Our approach is to go straight to the factors that directly determine returns at all times
- This involves using an algorithm for screening and identification
- We believe data does not lie. Anything else is subjective, distracting and even misleading

Investment Strategy

- Analyse value creators of different periods and identify common features
- Identify similar quality stocks today
- Check whether valuation is low
- Check for governance and management quality
- Apply entry and exit timing
- Hedge the portfolio against sharp declines
- If we cannot find stocks that meet our criteria, remain substantially in cash

Skin In The Game

- A substantial or the entire stock portfolio of MAS directors and shareholders would be in our PMS schemes.

Offerings

<u>Growth:</u>

•Investments in a mix of small and large high growth stocks

•Ideal for those who have at least 10 years of investing ahead, typically between 30-55.

•<u>Prime:</u>

•Investments in high quality stocks, with a focus on preserving capital

•Ideal for families, businesses and professionals looking to invest surplus cash or those keen on wealth preservation along with appreciation

Suggested Investment Horizon for both : 5-7 Years +

Operations & Reporting

Operations

- Investments managed on individual basis
- Third party custodian for funds and securities

Reporting

- Monthly performance statement
- Transaction, holding & corporate action reports
- Annual CA certified statement of account
- Valuation: Closing NSE prices of the previous day
- Web access for portfolio tracking

Fees

- Management fee: 1% asset under management
- Performance fee: 20% above the hurdle rate of 10%
- High-water Mark (HWM) principle: Applicable. For a clear understanding of HWM, please see https://pms.moneylife.in/HighWaterMark.html

Custody Model

- We have appointed Kotak Bank as the custodian and for independent fund accounting
- The custodian safeguards your assets from all systemic risks
- The custodian directly controls the funds / securities, under a fiduciary capacity only. Brokers, DPs, Banks, Advisors, Fund Managers – none of them can access your assets

Custody Model (Contd.)

- Custodian will ensure reconciliations of accounts across DP / Bank / Brokerage Payable to brokers / Advisory fee payable
- Custodian will track, report, realise, reconcile corporate actions such as dividends on your assets.
- Custodian will support on any corporation actions e.g. rights issue, buy-back etc.
- Custodian will handle all funds / securities directly with the exchange

Next Steps

1. Head to the website and express your interest
2. We will send you the the account opening pack
3. Go through the documents in detail and sign at all marked places
4. Send us the signed documents back along with signed copies of PAN, address proof and passport size photographs
5. We will open the account within a week or so.
6. Send us funds or transfer the stocks
7. We start managing your portfolio