

Growth

Long-term Wealth Creation

Email: pms@moneylife.in Website: <https://advisor.moneylife.in/pms>

Scheme Snapshot

- Category: Equity Diversified
- Type: Open ended
- Benchmark: Nifty TRI
- Investment Horizon: 5+ years
- Fund Objective: Growth
- Fund Style: Multi-cap
- Minimum Investment: Rs50 lakhs

Investment Objective:

- To be the best in class (top 10 percentile) under the following parameters:
 - High Returns
 - Low Portfolio volatility

Investment Philosophy

- Stock returns are a function of corporate performance and stock prices; we have no control over either.
- As outside investors, we can never know enough about how companies are functioning.
- Even managements are often clueless or they lie.
- Greater knowledge about individual companies may not lead to higher returns. There can even be a diminishing return from additional knowledge.
- We use stock selection algorithm, derived from the past value creators, supplemented by critical information not in the public domain.

Expected Return Drivers

- Security Selection
- Timing of Entry
- Timing of Exit
- Allocation to Cash
- Hedging

Investment Strategy - Dos

- Filter stocks on the basis of
 - Sales and earnings growth and variability
 - Stock price volatility
 - Cash flow
 - Return on assets
 - Valuation
 - Liquidity
- If we cannot find stocks that meet our criteria, we will remain substantially in cash.
- Mix of small and large growth stocks.
- Use derivatives to hedge cash and stocks.

Investment Strategy – Don'ts

- Avoid estimates of intrinsic value because we are not capable of calculating it.
- Avoid the temptation to take contrarian positions.
- Avoid bias towards purely low-valuation stocks.
- Avoid high quality stocks if they are expensive by historical standards.
- Ignore narratives about “themes”, “stories” or “megatrends” and “moats”.
- Avoid stocks that have any governance issues or have large debt and commodity business.

Suitability

- Suitable for all those who have at least 7 years of investing ahead, until retirement, and want to grow their wealth.
- Ideal for young individuals and families.
- Recommended investment horizon: 5 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 statement of account for tax filing.
- 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

- PMS under Rs500 crores were not required to have a custodian when we launched.
- However, as per best practices, we started with a custodian and independent fund accounting.
- Custodian safeguards your assets from all systemic risks.
- 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

- 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 voluntary corporation actions e.g. right issue, buy-back etc.
- Custodian will handle all funds / securities directly with the exchange.

Next Steps

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