



Asset Management

GOOD & CLEAN
by Ambit

Ambit Good & Clean Midcap Fund

Ambit's Investment Philosophy

Investment offerings focusing on the **Quality**

- Companies with robust capital allocation track record and high quality of financial metrics
- High quality of their accounts and corporate governance.
- While the objective is to generate returns, the even bigger goal is to better manage drawdowns

Process-Driven Approach

- Highly qualified team of MBA's, CA's & CFA's with deep-dive equity research experience & specializations across various sectors.
- 5-member highly experienced & distinguished Investment Committee in place to review all investment decisions.
- Full-fledged support of Ambit Group with over 230+ experienced employees spread across investment banking, institutional equities, equity capital markets, private equity, private wealth, among others.

Multiple products as per the investment horizon of the investor



Good & Clean India Fund

- Investment Horizon: 3-5 years
- Primarily Mid-cap stocks
- Cross cyclical winners with high ROE, high reinvestment companies



Ambit Coffee Can PMS

- Investment Horizon: 8-10 years
- Primarily Large-cap stocks
- Great companies with proven track record of high ROE, high reinvestment companies



Ambit Emerging Giants Fund

- Investment Horizon: 5-6 years
- Primarily Small-cap stocks
- Finding the next Coffee Can companies

What drives success for corporate India?

Our research over the past five years shows that over and above firm-specific competitive advantages, three factors are essential for a company to consistently outperform:



CLEAN ACCOUNTING

The bottom 40% of the BSE500 stocks on accounting quality have underperformed the top 60% by a whopping 12% per annum since Nov 2010



CONSERVATIVE CAPITAL ALLOCATION

Indian companies are amongst the most aggressive capital allocators in the world and that aggression costs their shareholders dear.



GOOD GOVERNANCE & LACK OF POLITICAL CONNECTIVITY

Firms whose central competitive advantage is political connectivity seldom outperform in India.

Ambit's Good & Clean fund is your solution to identify these traits for sustainable wealth creation through Indian equities.



1 Consistent Track Record

- Delivers consistent **growth** while maintaining superior **return** ratios
- High **quality** entrepreneur and management team
- Operates in a niche / or high opportunity segment maintaining its competitive advantages



5 Power of compounding

- Concentrated portfolio with 15-20 stocks and intended churn of less than 2-3 stock per year on average
- This allows the portfolio to benefit from Power of Compounding



4 Clean Accounting

- Use our proprietary forensic accounting framework (to filter out firms with suspect financials)



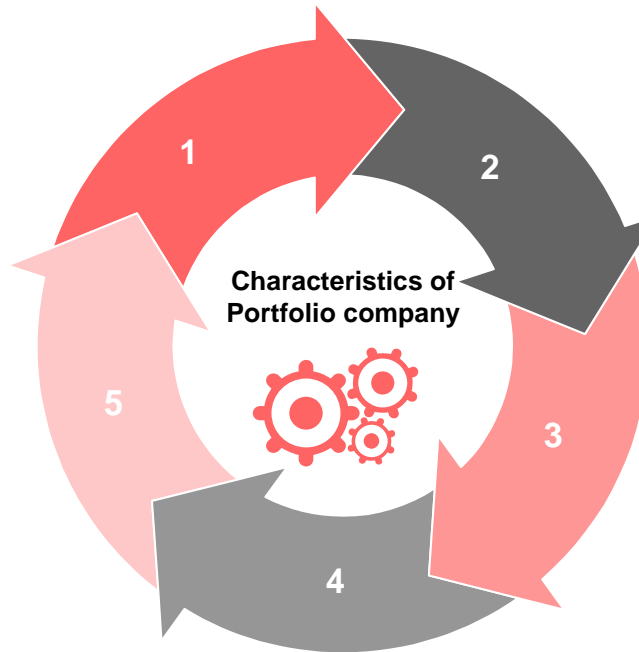
2 Strong Corporate Governance

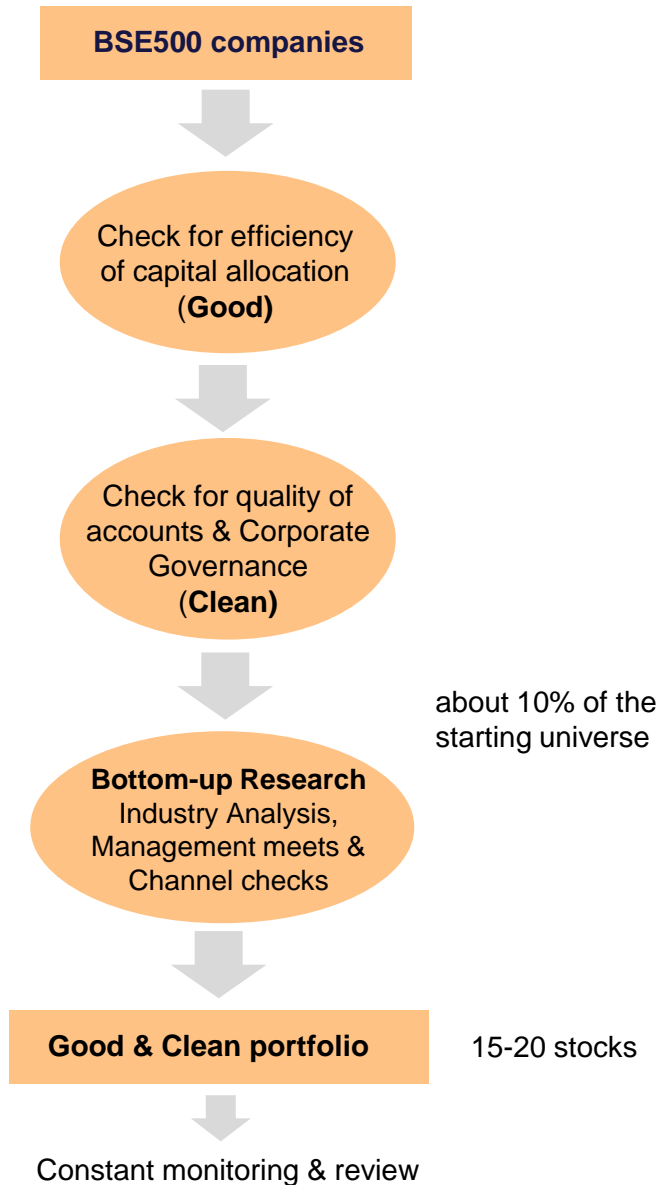
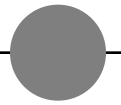
- Well diversified and respected Board
- Minority friendly
- Dividend Policy
- Timely and robust disclosures on corporate governance issues



3 Market Leaders

- Most companies in our portfolio companies dominate their market niche/ geographies
- Relentless focus on specific product/ service, allowing them to excel in their circle of competence

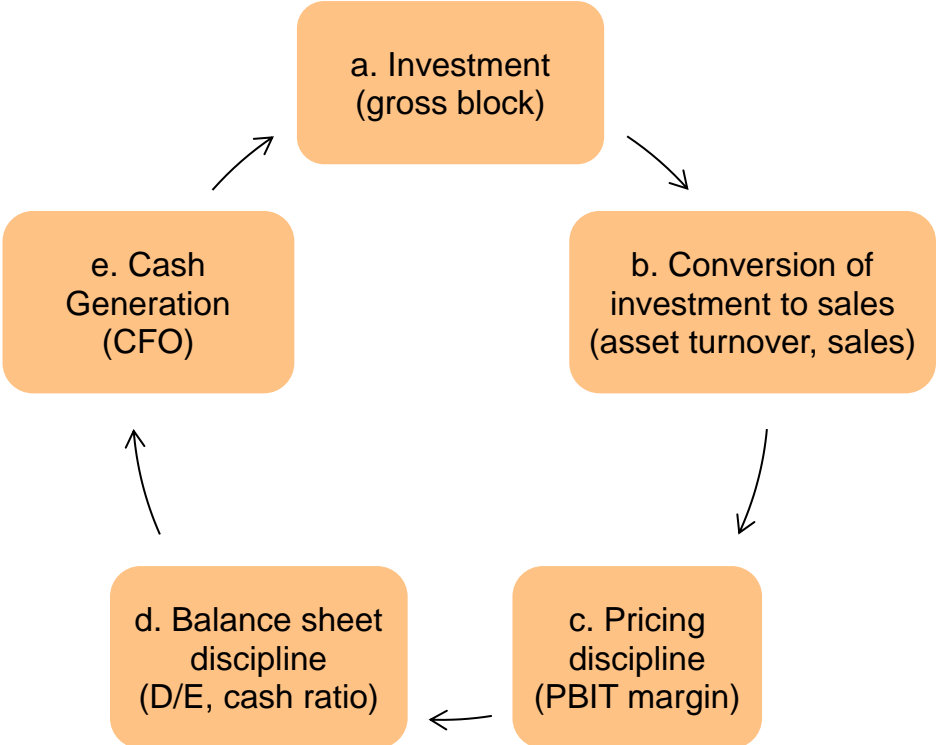




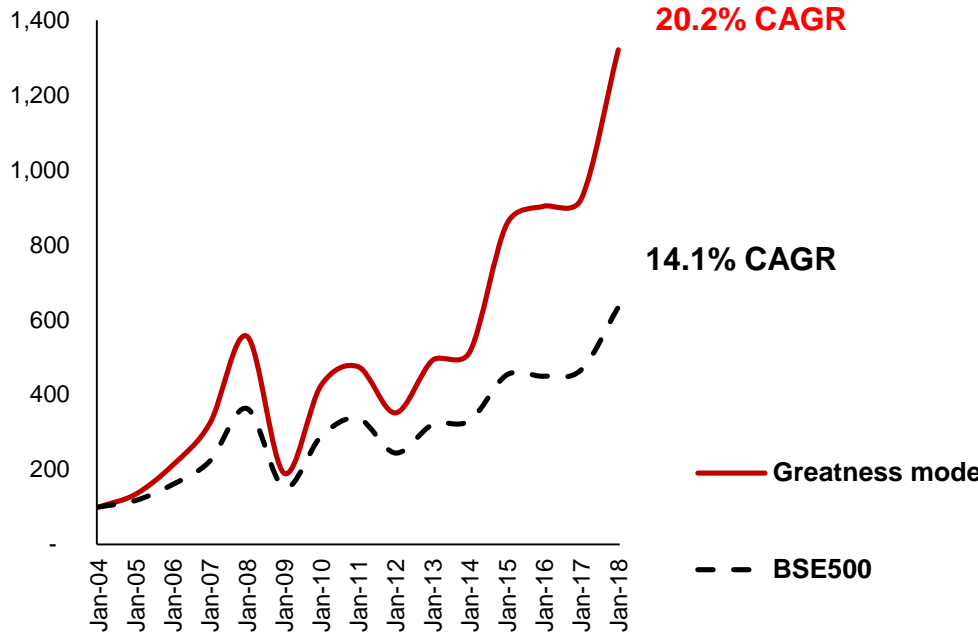
- Invest in firms which are:
 - (a) **Good** - On the basis of capital allocation track record and quality of improvement in financial metrics over the past six years, and
 - (b) **Clean** - Based on the quality of their accounts & corporate governance.
- The focus on 'good' helps **generate upside** while not compromising on 'clean' **reduces downside risk**. Essentially, while the objective is to generate returns, the even bigger goal is to better manage drawdowns because we believe doing the latter successfully is critically vital in achieving the former.
- Ambit's proprietary 'forensic accounting' framework helps weed out firms with poor quality accounts while our proprietary 'greatness' framework helps identify efficient capital allocators with a holistic approach to consistent growth.
- The result is a **concentrated portfolio** of 15-20 stocks that **draws down lesser** than the market in corrections and has **low churn** (not more than 15-20% of portfolio in any year amounting to 2-3 holdings being replaced).

Focus on 'good' helps generate upside

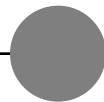
Ambit's 'greatness' framework identifies efficient capital allocators in the country



Greatness model has outperformed BSE500 by a whopping 600bps annually



Our greatness framework looks at holistic and consistent growth as the hallmarks of efficient capital allocation- a self sufficient growth engine without the need of tapping external capital frequently is key to long term wealth creation.



Ambit's forensic accounting model helps steer clear firms with questionable accounts

Accounting checks

P&L Mis-statement

- Abysmally low CFO/EBITDA ratio over a long run
- High volatility in Depreciation Rates
- Boasting earning through lower debtor provisioning

B/S Mis-statement

- Low Cash yield implying balance sheet misstatement
- Writing-off losses directly through balance sheet
- High contingent liability

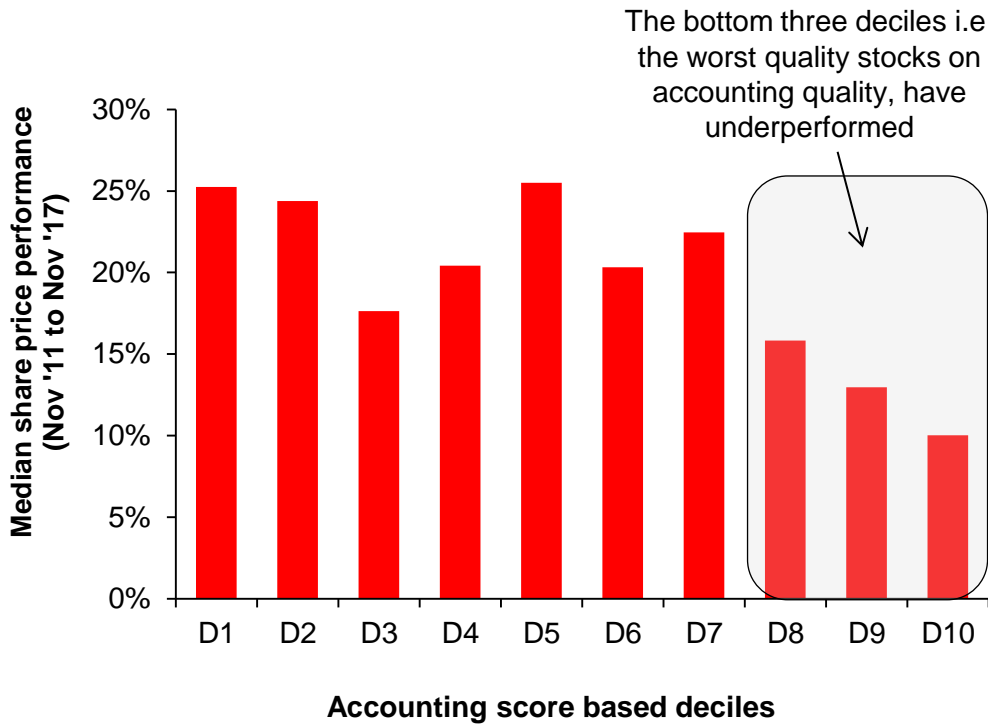
Pilferage Checks

- High Miscellaneous expenses
- Unsubstantiated capex or delay in plant commissioning
- Historically generating negative free cash flows
- Increasing advances to related party

Auditor Quality

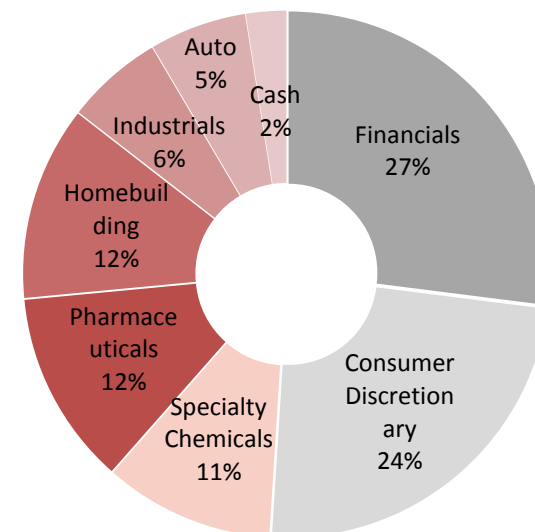
- High auditor remuneration

Strong link between accounting quality and stock performance



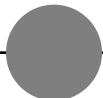
Source: Ace Equity, Capitaline, Ambit Capital research; Note: Accounting score is based on annual financials over FY11-17; stock price performance is from Nov'11 to Nov'17 on a CAGR basis. Universe for this exhibit is BSE500 (ex-BFSI)

- ❑ Stellar track records of capital allocation in terms of RoE
- ❑ Low debt with the median portfolio company cash positive
- ❑ Median market cap of the portfolio is ~Rs15,000 cr.
- ❑ Growth potential above the comparable index
- ❑ Reasonable valuations for quality stocks



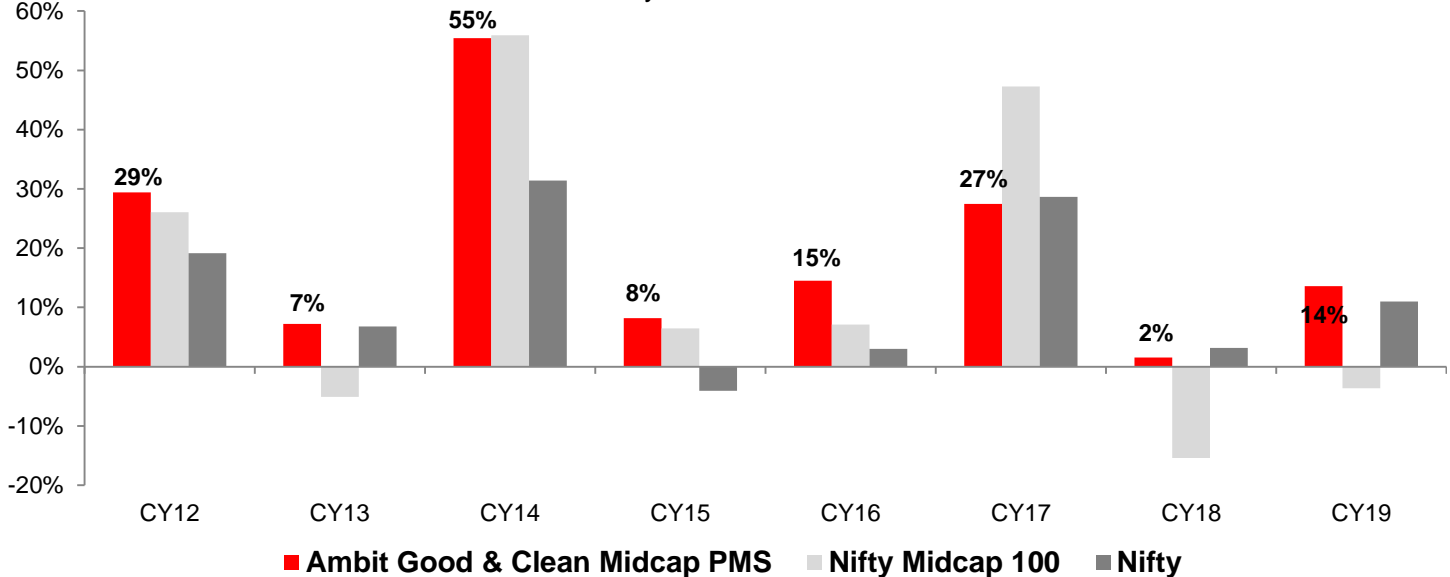
Comparison with Indices	Net Debt/Equity	P/E		Past 3Y Growth		RoE
	FY19	FY19	FY20E	Revenue	PAT	FY19
G&C Midcap	(-0.1x)	37x	28x	14%	23%	18%
Nifty Midcap Index	1.9x	20x	16x	5%	6%	7%
Nifty Index	1.2x	23x	18x	8%	5%	12%

Source: Ambit Capital Research;; All Portfolio statistics are weighted average except for Debt/equity; Blended forwards are based on Ambit estimates.



Consistent performance - in both advisory and fund constructs

Yearly Returns since 2012



In 10 years, Rs. 1cr invested with G&C portfolio would have become 3.1cr vs. 2cr with NIFTY

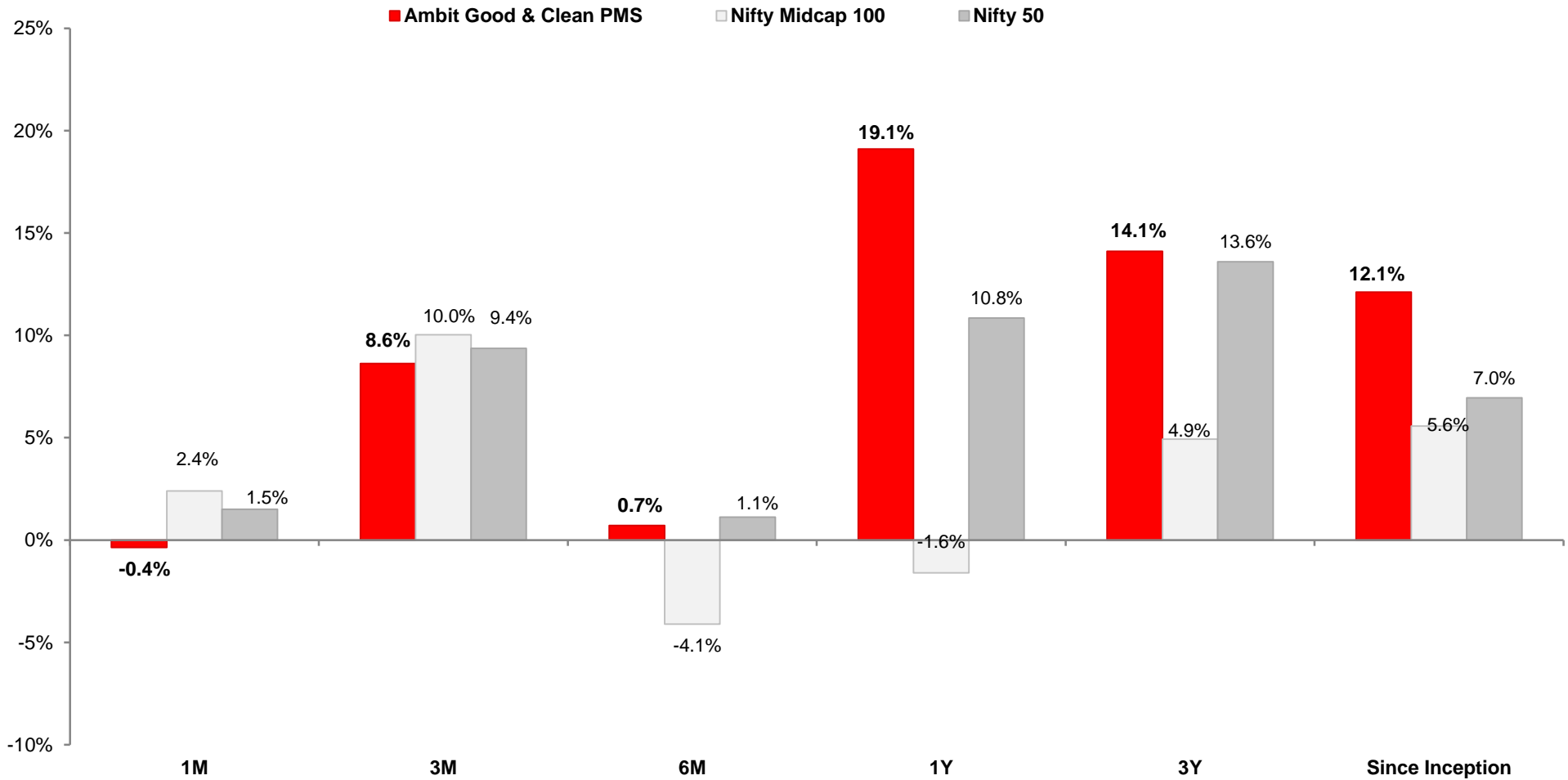
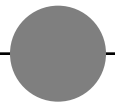
Superior risk adjusted returns and drawdown track record

Performance (since inception)	Net Returns (CAGR)	Standard Deviation	Sharpe Ratio	Maximum Drawdown
G&C Midcap	12.1%	14.4%	0.35	-13.5%
Nifty Midcap 100	5.6%	17.7%	-0.08	-25.9%

Source: Ambit

Note: Performance is post all fees and charges; Date of inception of the Good & Clean model portfolios is 19 Jan' 12, while that of the domestic fund is 12 Mar'15. Hence performance till 12Mar'15 is that of the model portfolio, and from 12Mar15 is that of the live fund. Return as of Nov 30, 2019.

Live track record – Ambit Good & Clean MidCap Fund



Portfolio inception date is March 12, 2015; Returns as of Nov 30, 2019; Returns above one year is annualized; **Performance is post all fees and charges**

Asset Management Team



SUSHANT BHANSALI
CEO – Asset Management

- Sushant Bhansali is the CEO of Asset Management business and a member of Ambit's Executive Committee. He has been with the firm for more than 11 years with a total industry experience of 18 years.
- Prior to this, he was heading the Principal Investment business where he cut his teeth investing in listed equities from Ambit's Balance Sheet. During the six year period the team delivered superlative returns investing primarily in small and mid cap listed Indian companies surpassing benchmark returns by a mile. The team followed a highly concentrated portfolio strategy investing in high conviction ideas on an opportunistic basis.
- Sushant began his career at Ambit with the Group CEOs office where he spent close to five years working on various transactions advising clients on M&A and capital raise. He also participated in development of various new business verticals, hiring teams, joint ventures, leadership initiatives and maiden private equity capital raise for the firm.
- Before joining Ambit he worked with global firms such as MSCI Inc and PricewaterhouseCoopers for close to six years.
- Sushant is a rank holder qualified Chartered Accountant and a PGD in Business Management from Indian School of Business(ISB).



SIDDHARTHA RASTOGI
Managing Director – Asset Management

- Siddhartha Rastogi, is Managing Director with AMBIT Asset Management. He has 2 decades of Financial Services experience and last ~10 years with Ambit. Siddhartha was the founding member of IIFL Wealth & prior to that was Branch Head of HSBC Peddar Road Branch, biggest Wealth Branch in the Country. Siddhartha has also worked with Citibank & UTI bank in Wealth Management & merchant banking roles.
- He is an Honors Graduate in Commerce from Delhi University, Company Secretary (Intermediate) and Post Graduate in Finance & strategy from Narsee Monjee Management Institute, Mumbai.

Ambit Asset Management



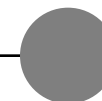
AISHVARYA DADHEECH, CFA
Fund Manger – Asset Management

- With over 12 years of experience in Indian equities, Aishvarya has been managing Ambit Group's proprietary book for the last 2 years. He has a rich experience of fund management under Good & Clean Framework
- Prior to that he was with Reliance Life Insurance as Equity Fund manager managing their investments for almost 7 years. Being in Insurance his outlook was always long term and embedded with quality. There he had consistently outperformed the benchmark index and achieved internal targets. Prior to that he was with Crisil as a Equity and Credit Research Analyst for over 3 years
- He is a qualified Chartered Accountant (India, 2009) and MBA Finance. Aishvarya is also a CFA charter holder from CFA Institute, USA. He holds a bachelor degree in Accounting (Honors) from St. Xavier's College, Kolkata



MANISH JAIN
Fund Manager - Asset Management

- Manish over 15 years of experience in deep dive equity research
- He has worked with Nomura for 10 years as lead analyst covering FMCG, electrical durable & retail Sectors. He was amongst the best performing analyst in the research team with consistently strong votes from ADIA, Capital World (Ranked No 1 for four years in running), Capital International (for strong corporate access), FIL, FMR, Wellington, William Blair, Mirae, UBS, Morgan Stanley, TIAA CREF, Putnam, GSAM, Allianz, Alliance Bernstein, Lion Global, ICICI MF, ICICI Life, SBI MF, Birla MF, DSP, Franklin Templeton, amongst others
- He holds an MBA in Finance



Construct & Structure

Fund Type	SEBI Registered PMS
Fund Tenure	Open Ended
Structure	Discretionary PMS
Minimum investment	INR 25 lacs
Stock selection	Investible universe is stocks that perform well on the two frameworks noted earlier. A further subjective assessment then leads to a more concentrated stock portfolio
Number of stocks	<20
	25% per sector, 10% per stock
	All cap with 'Nifty Midcap 100' as the benchmark
Time horizon and turnover	The investment horizon is 1-3 years and longer; turnover therefore should not exceed 30-35% in a year
Cash calls	Not to take aggressive cash calls; this is keeping in mind the longer term investment horizon of the fund and is suitable from a taxation standpoint

Overview

- Founded in 1997 as a boutique M&A Advisory firm, added various offerings over two decades to become a full service India focused Investment Bank
- Deep coverage of large and mid-cap Indian Corporates and key India focused Global Corporates
- Strong corporate governance with clear demarcation between ownership, governance and management. Owned largely by employees
- Stable experienced team of 450+ employees
- Statutory Auditors: Deloitte Haskins & Sells
- Global presence with offices in Mumbai, Delhi, Bangalore, London, New York and Singapore

Global Partnerships



Strategic business alliance for mergers and acquisitions advisory services in Indo-Japan corridor



Strategic partnership with QInvest offers a broad range of expertise to deliver high value service, seamlessly covering client needs across Middle East, Turkey, South and South East Asia, and Africa

Business Verticals

ASSET MANAGEMENT

- Portfolio Management Services

CORPORATE FINANCE

- Mergers & Acquisitions (M&A) and Divestures
- Alternative Capital Raising
- Equity Capital Markets (ECM)

INSTITUTIONAL EQUITIES

- Differentiated research/Bespoke strategies
- Derivatives and Technical analysis
- Block Trading

PRINCIPAL INVESTMENT

- Investing in high potential value discovery stories
- Small-Cap and Mid-Cap Public Companies

PRIVATE WEALTH

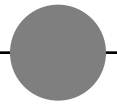
- Proprietary Investment Products
- Open Architecture Model
- Asset Allocation, Tax and Estate Planning

SME FINANCE

- Small Business Loans
- Loans against Properties

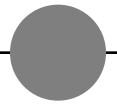
STRUCTURED FINANCE

- Lending Solutions
- Loan Syndication



- Ambit Investment Advisors Private Limited (“Ambit”) is a registered Portfolio Manager with Securities and Exchange Board of India vide registration number INP000005059.
- This *presentation* is strictly for information and illustrative purposes only and should not be considered to be an offer, or solicitation of an offer, to buy or sell any securities or to enter into any Portfolio Management agreements. This *presentation / newsletter / report* is prepared by Ambit strictly for the specified audience and is not intended for distribution to public and is not to be disseminated or circulated to any other party outside of the intended purpose. This *presentation* may contain confidential or proprietary information and no part of this *presentation* may be reproduced in any form without its prior written consent to Ambit. If you receive a copy of this *presentation* and you are not the intended recipient, you should destroy this immediately. Any dissemination, copying or circulation of this communication in any form is strictly prohibited.
- Neither Ambit nor any of their respective affiliates or representatives make any express or implied representation or warranty as to the adequacy or accuracy of the statistical data or factual statement concerning India or its economy or make any representation as to the accuracy, completeness, reasonableness or sufficiency of any of the information contained in the *presentation* herein, or in the case of projections, as to their attainability or the accuracy or completeness of the assumptions from which they are derived, and it is expected each prospective investor will pursue its own independent due diligence. In preparing this *presentation*, Ambit has relied upon and assumed, without independent verification, the accuracy and completeness of information available from public sources. Accordingly, neither Ambit nor any of its affiliates, shareholders, directors, employees, agents or advisors shall be liable for any loss or damage (direct or indirect) suffered as a result of reliance upon any statements contained in, or any omission from this *presentation* and any such liability is expressly disclaimed.

Contd..



- You are expected to take into consideration all the risk factors including financial conditions, Risk-Return profile, tax consequences, etc. You understand that the past performance or name of the portfolio or any similar product do not in any manner indicate surety of performance of such product or portfolio. You further understand that all such products are subject to various Market Risks, Settlement Risks, Economical Risks, Political Risks, Business Risks, Financial Risks etc. You are expected to thoroughly go through the terms of the arrangements / agreements and understand in detail the Risk-Return profile of any security or product of Ambit or any other service provider before making any investment. You should also take professional / legal /tax advice before making any decision of investing or disinvesting. Ambit or Ambit associates may have financial or other business interests that may adversely affect the objectivity of the views contained in this *presentation*.
- Ambit does not guarantee the future performance or any level of performance relating to any products of Ambit or any other third party service provider. Investment in any product including mutual fund or in the product of third party service provider does not provide any assurance or guarantee that the objectives of the product are specifically achieved. Ambit shall not be liable to client for any losses that you may suffer on account of any investment or disinvestment decision based on the communication or information or recommendation received from Ambit on any product. Further Ambit shall not be liable for any loss which may have arisen by wrong or misleading instructions given by you whether orally or in writing.
- The product 'Ambit Good & Clean Portfolio' has been migrated from Ambit Capital Private Limited to Ambit Investments Advisors Private Limited. Hence some of the information in this presentation may belong to the period when this product was managed by Ambit Capital Private Limited.

MUMBAI

Ambit House
449, Senapati Bapat Marg
Lower Parel
Mumbai - 400 013
Phone: +91 22 3982 1819

DELHI

310-313 Ashoka Estate
Barakhamba Road
New Delhi – 110003
Phone: +91 11 2332 9675

BANGALORE

"Empire Infantry", Unit No. 3
29 Infantry Road, 1st Floor
Bangalore - 560 001
Phone: +91 80 3055 4400