



# Ambit Coffee Can Portfolio

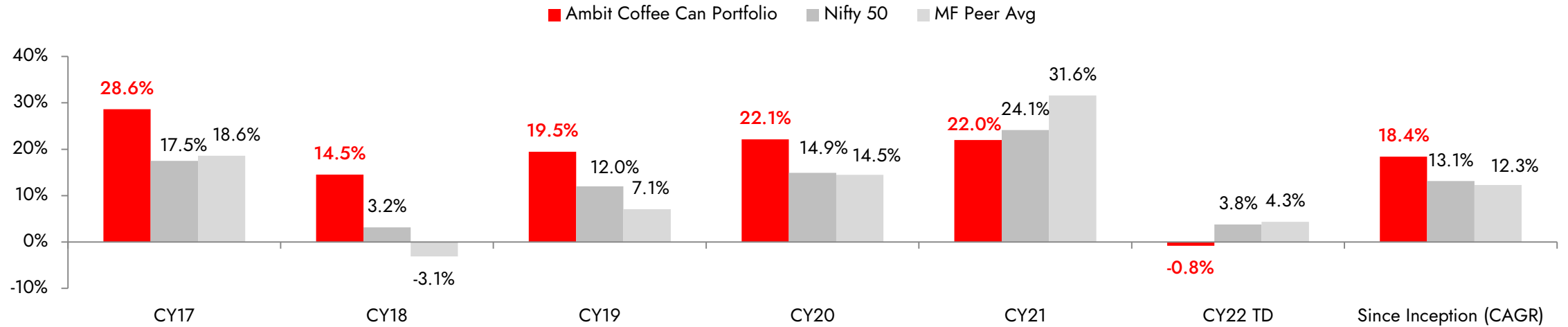
**Ambit Asset Management**

**November 2022**

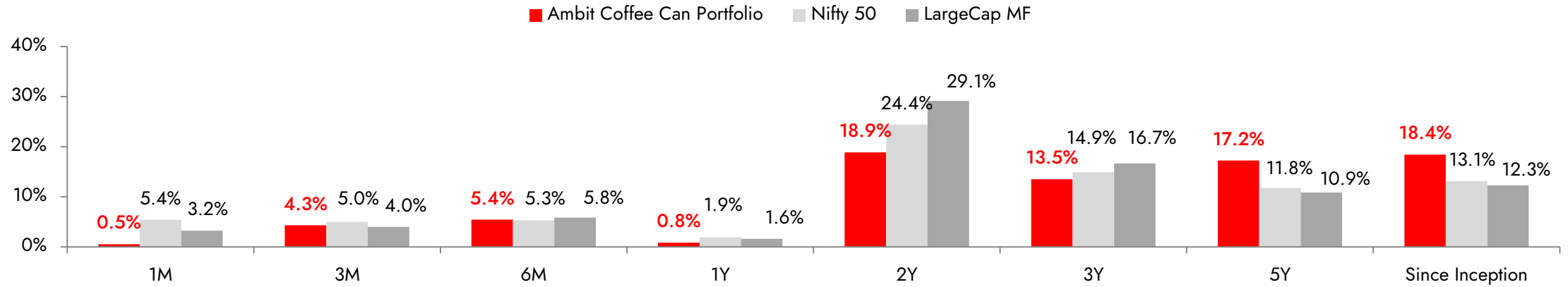


# Ambit Coffee Can Portfolio: Performance Track Record

## CALENDAR YEAR RETURNS

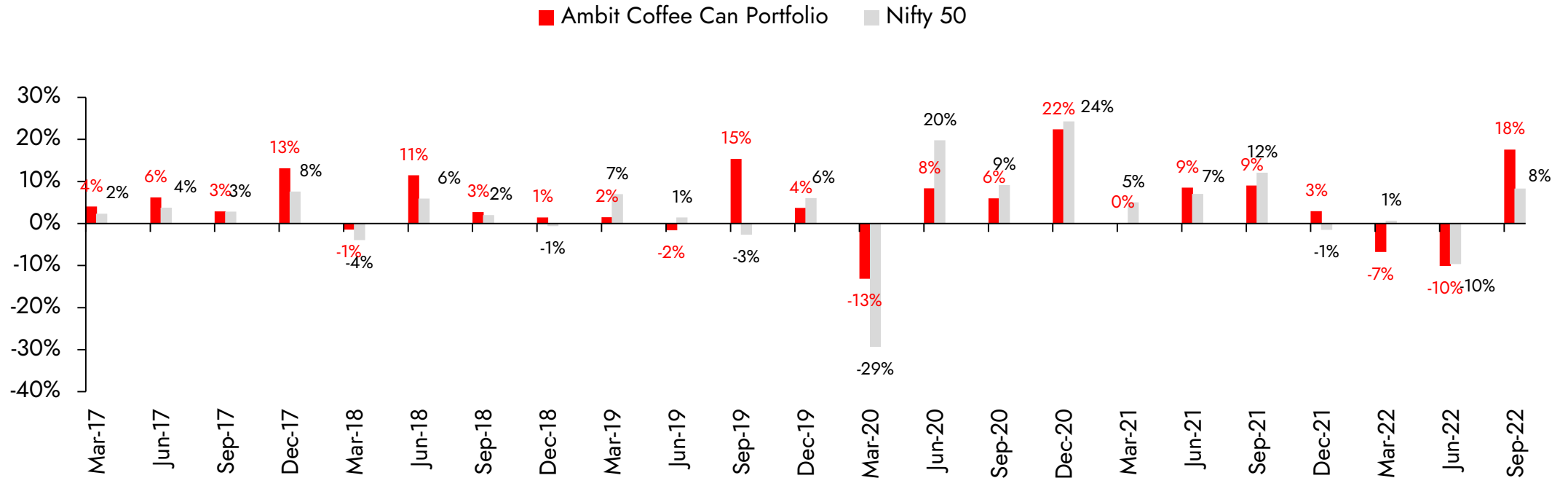


## POINT TO POINT RETURNS



Ambit Coffee Can Portfolio inception date is Mar 06, 2017; Returns as on 31<sup>st</sup> Oct, 2022; Returns are net of all fees and expenses; Regular growth schemes considered for MF peer group comparison;

# Quarterly Performance – Ambit Coffee Can Portfolio



Source: Ambit

Note: Performance is post all fees and charges; Date of inception of the Coffee Can Portfolio is 06<sup>th</sup> Mar'17. Return as of 30<sup>th</sup> Sep, 2022.

# How did we deliver this?

- Good risk adjusted returns is an **outcome** of **Good Processes** characterized by:

## 1 Stringent quantitative filters

- Each offering is based on deeply researched and back tested framework to generate the investment universe
- High threshold for performance over long spans of time, greatly minimize chances of poor performers or poor quality companies entering into the investment universe
- High quality of accounts and corporate governance is uncompromised

## 3 Focus on earnings growth + earnings quality

- Lower obsession with timing when one is investing in a superior calibre of companies
- Companies with a consistent track record and leadership traits are preferred
- Past track record + Future sector potential + Current management capabilities = Comfort on delivering quality earnings

## 2 Experienced team & deep-dive research

- Dedicated and experienced research team
- Research processes inspired by IE Research
- Investment Committee to approve all investment decisions
- Part of larger Ambit group lends advantages
- Focus on what is knowable and what is important

## 4 Risk management

- Concentrated Portfolios deliver best returns as returns do not get average out
- Lower drawdowns due to consistent performers in secular sectors
- Long term orientation with low churn realize the power of compounding

# Origins of Ambit's Coffee Can Portfolio

ROBERT G KIRBY'S PAPER

## The Journal of Portfolio Management

1984



AMBIT INSTITUTIONAL EQUITIES

2014



AMBIT ASSET MANAGEMENT

2017

### The Coffee Can portfolio

You can make more money being passively active than actively passive.

Robert G. Kirby

**D**uring recent years, there has been a gradual but steady increase in the use of index funds by institutional investors. This disturbs me, because I believe that superior investment research and management can produce consistently above-average results. Even beyond that point, however, I am also bothered by the wide, unexamined acceptance of a form of indexing that appears to be seriously flawed. Nevertheless, despite these complaints, I do not disagree out of hand with those who adopt indexed investment programs.

We all know that, in the aggregate, professional money managers do not produce a return superior to that of a broadly based, unmanaged portfolio. We ignore the data that show that a few money managers have done consistently better, and a few others have done consistently worse. This means that we should not be surprised when an investor who has been a client of a professional money manager decides that he would be better off with an index fund. To beat the market is not easy. In addition to a good investment manager, the investor needs perspective, patience, and courage — qualities that do not abound in today's intensely competitive world. For many investors, institutional and individual, an index fund may well be the best kind of common stock investment program.

#### WHY INDEX? AND WHY NOT?

Perhaps I have a suspicious and cynical mind. Each surge in the popularity of index funds seems to follow a period during which the S&P 500 has been an excellent performer. Most index funds are not set up to avoid inferior performance; their purpose is to secure superior performance — just as when an invest-

or hires a new investment manager with a great recent record. These are the wrong reasons.

Other investors adopt index funds for the right reasons. They believe that (1) the market is efficient in pricing assets so that it is virtually impossible to achieve consistently superior returns, and (2) the underperformance of professional money managers is the result of futile transaction costs. I disagree with these assumptions, but they support a position that is logical and makes sense. The question that completely perplexes me is why, with this sensible and logical approach to equity investing, these people then choose to replicate the Standard & Poor's 500, which (1) is not actively managed, and (2) does not represent the market?

#### WHEN IS PASSIVE ACTIVE?

In case you're shocked, let's examine these two statements. First, on the point of active management, maybe you can accuse me of splitting hairs, because turnover in the S&P 500 is small in comparison to that of most "active" money managers. Even modest activity, however, if it occurs year after year, produces a substantial cumulative change in the portfolio. In the past 10 years, Standard & Poor's has made several hundred changes, both eliminations and additions, in their portfolio, and these changes have created transaction costs for holders of S&P 500 index funds. Further, the changes are not the result of a formula that produces a consistent, predictable kind of alteration: They represent individual judgments of the Standard & Poor's staff, based on a combination of research and intuition, just as old-fashioned, active portfolio managers do it. Yet every people who an-

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## AMBIT COFFEE CAN PORTFOLIO

Ambit Asset Management launches Coffee Can Portfolio on PMS platform in March 2017

# Stringent quantitative filters

Coverage universe = Stocks with 10+ years of historical track record of consistency  
> 10% YoY Revenue growth + > 15% ROCE



Our competitive advantage = Deep understanding of organizational DNA



Will the firm sustain **CONSISTENCY** of growth in future (more than a decade)?



Marry valuations with longevity



Concentrated portfolio of 10-15 stocks



Monitor earnings potential of companies in portfolio



Churn (if required) = <1 stock per year on average

# Coffee Can Portfolio Philosophy

## Consistent Track Record

Companies having excellent financial track record of revenue growth and earnings for over 10-20 years with identifiable DNA



## Long Term Wealth Creation

Coffee Can Portfolio intends to provide 20-25% Earnings CAGR over long term holding periods with volatility of portfolio similar to Govt. bonds (holding period > 3 years)

## Low/Negligible Churn

Coffee Can Portfolio is a highly concentrated portfolio with 10-15 stocks and intended churn of less than 1 stock per year on average. This allows the portfolio to benefit from "Power of Compounding"

## Do not "TIME" the market

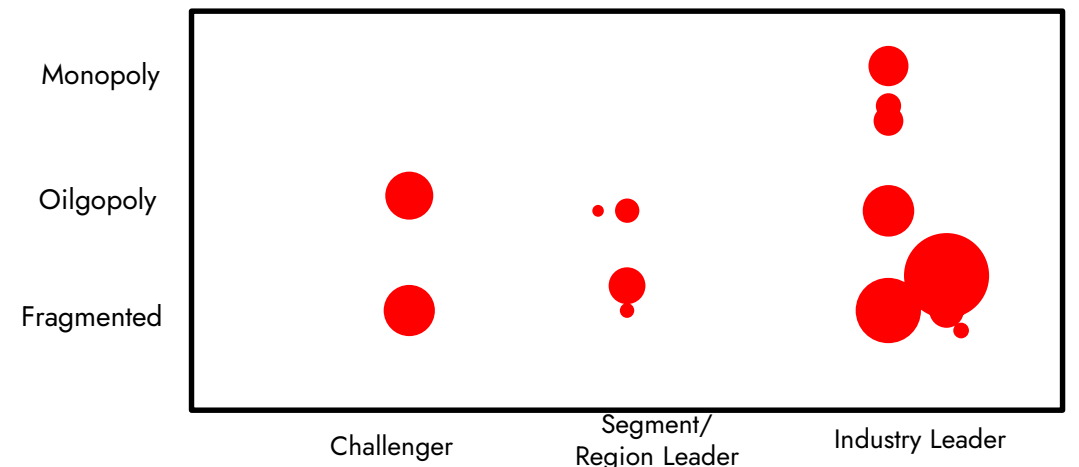
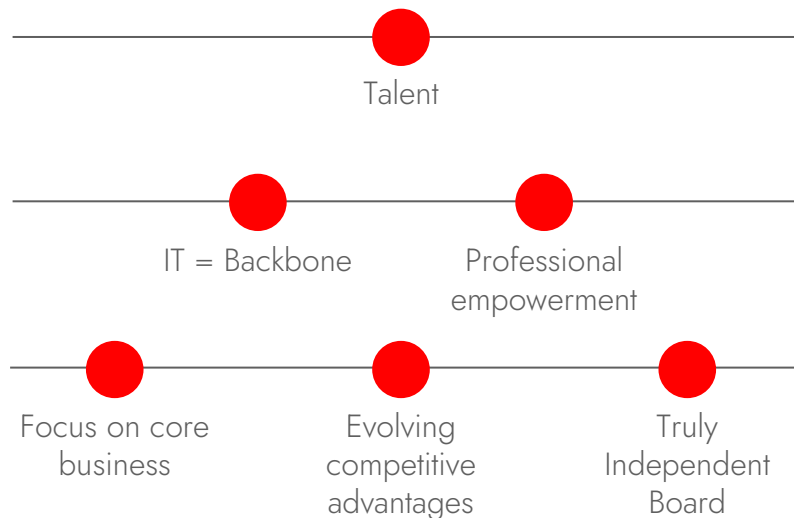
Do not attempt to time the market on the basis of speculation surrounding oil price, exchange rates, politics or other non-fundamental factors

## Market Leaders in B2C Sectors

Most companies in Coffee Can Portfolio dominate their markets and possess unassailable competitive advantages in their core industries.



## DNA to deliver consistent growth decade after decade



Bubbles refer to individual companies in Coffee Can Portfolio Size of the bubble indicates Market Cap size

# Ambit Asset Management Team



**MANISH JAIN**  
**FUND MANAGER**

Manish Jain has over 18 years of experience in Investment and Equity Research.



**AISHVARYA DADHEECH**  
**FUND MANAGER**

Aishvarya has over 15 years of experience in Investment and Equity Research.



**TRILOK AGARWAL**  
**FUND MANAGER**

Trilok has over 16 years of experience in Investment Research.



**SUSHANT BHANSALI**  
**CEO**

Over 20 years of experience. Before Asset Management, he led Ambit's Principal Investment business, where he cut his teeth investing in listed equities from Ambit's Balance Sheet.



**SIDDHARTHA RASTOGI**  
**COO & HEAD OF SALES**

Siddhartha has been with Ambit for over 13 Years. Before joining Ambit, Siddhartha was one of the cofounded members for IIFL Private wealth and set up the mutual fund and structured product distribution business at IIFL. He has also worked with Citibank, HSBC Bank and UTI Bank where he played a key role in setting up Wealth management and merchant banking roles.

## FUND MANAGEMENT

TOTAL TEAM MEMBERS  
**11**

CUMULATIVE EXPERIENCE  
**76 YEARS**

## SALES

TOTAL TEAM MEMBERS  
**12**

CUMULATIVE EXPERIENCE  
**127 YEARS**

## SERVICE & OPERATIONS

TOTAL TEAM MEMBERS  
**20**

CUMULATIVE EXPERIENCE  
**49 YEARS**

## OUR OFFICES

**DELHI**

**MUMBAI**

**CHANDIGARH**

**JAIPUR**

**BANGALORE**

**HYDERABAD**

**BHOPAL**

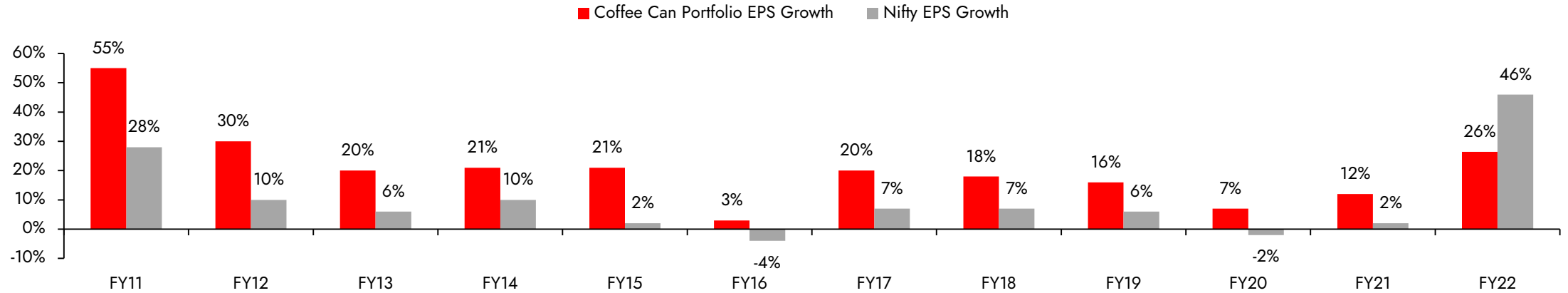


**Earnings growth is the only  
driver of share prices...**

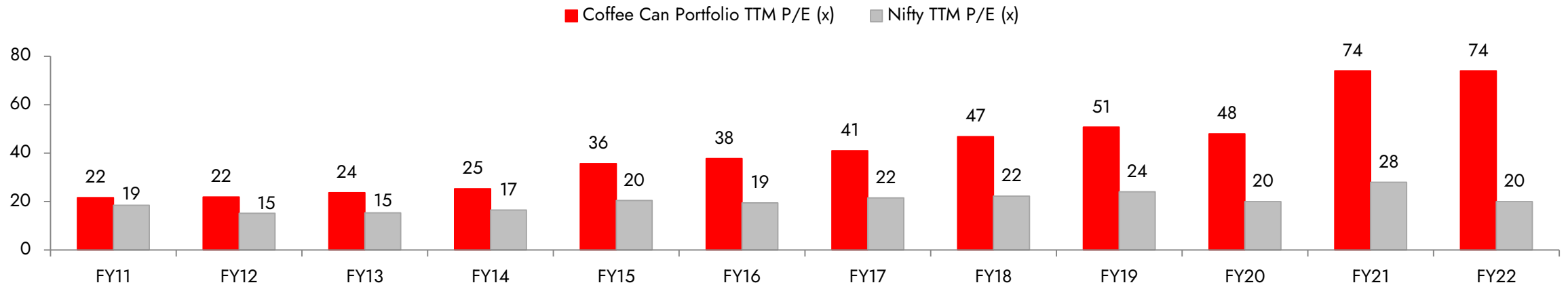


# Ambit Coffee Can Portfolio Earnings vs. Nifty Earnings

## Coffee Can Portfolio



## Quality always comes at a price: Higher EPS growth trajectory = Multiple Expansion



# Coffee Can philosophy delivers

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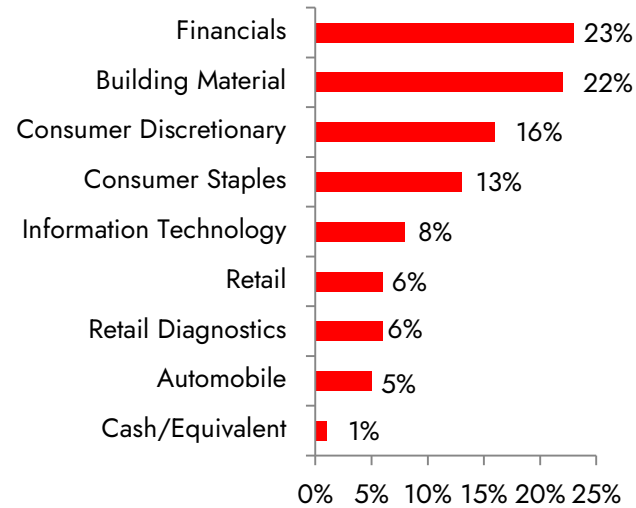
## Risk Management

### MODEL PORTFOLIO MARKETCAP ALLOCATION

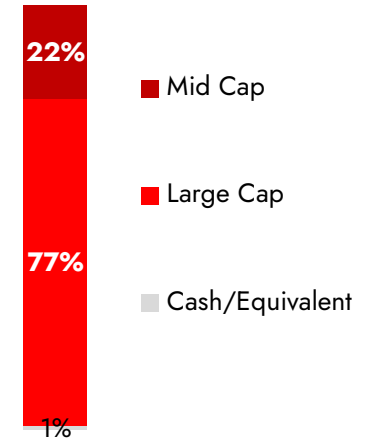
Comparison with Indices		CCP	Nifty Index
P/E (x)	FY22	82.5	19.9
	FY23E	61.3	17.3
Past 3Y Growth (CAGR %)	PAT	16.6	NA
Net Debt / Equity	FY22	-0.29	NA
RoE (%)	FY22	23.2	14.7
	FY23E	24.3	16.1

All Portfolio statistics are on Median basis

### MODEL PORTFOLIO SECTOR ALLOCATION



### MARKETCAP



### SUPERIOR RISK ADJUSTED RETURNS AND DRAWDOWN TRACK RECORD

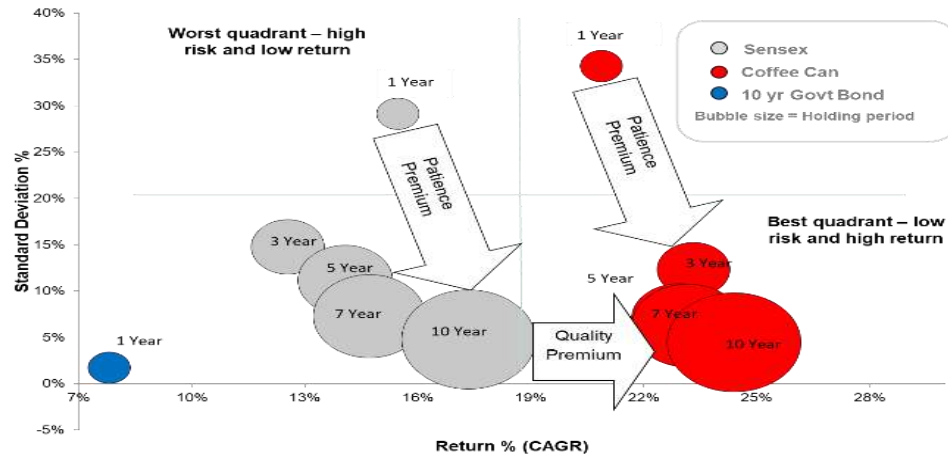
Performance (since inception)	Net Returns (CAGR)	Standard Deviation	Sharpe Ratio	Beta	Maximum Drawdown
Ambit Coffee Can Portfolio	18.4%	16.1%	0.7	0.6	-17.1%
Nifty 50	13.1%	18.4%	0.3	1	-29.3%

Source: Ambit

Note: Performance is post all fees and charges; Date of inception of the Coffee Can Portfolio is 06<sup>th</sup> Mar'17. Return as of 31<sup>st</sup> Oct, 2022.

# Coffee Can Portfolio exhibits superior risk adjusted returns

## Historical Coffee Can Portfolio vs Sensex vs Govt. Bond

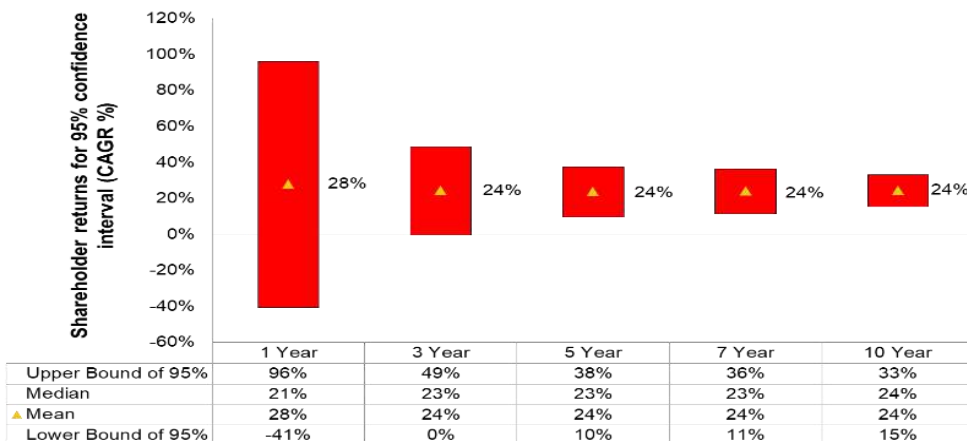


## Coffee Can Stocks' resilience vs. Sensex

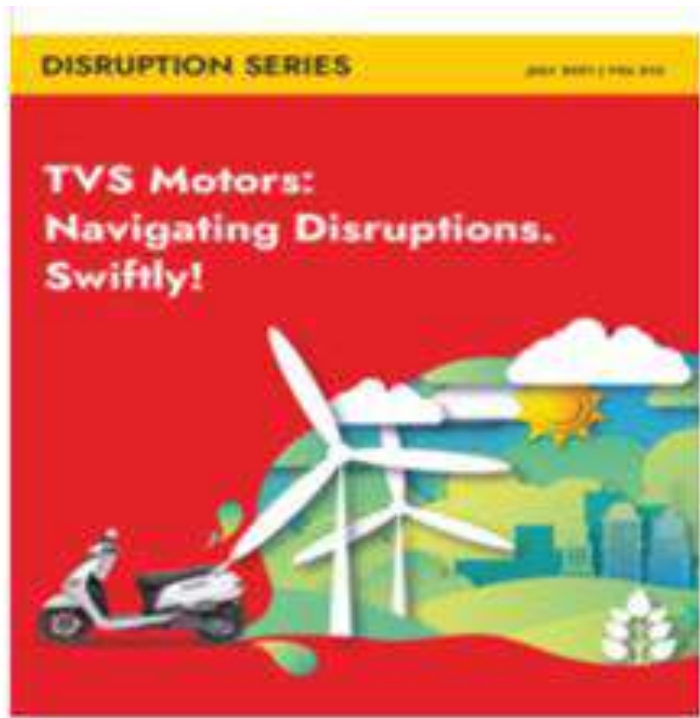
Dark Green reflects positive stock return in a year when Index was negative  
 Dark Red reflects negative stock return when Index return was positive

Year	Sensex	Asian Paints	Pidilite Industries	HDFC Bank
FY98	Green	Green	Green	Green
FY99	Red	Red	Green	Red
FY00	Green	Green	Green	Green
FY01	Red	Red	Red	Red
FY02	Red	Green	Green	Green
FY03	Red	Green	Green	Red
FY04	Green	Green	Green	Green
FY05	Green	Green	Green	Green
FY06	Green	Green	Green	Green
FY07	Green	Green	Green	Green
FY08	Green	Green	Green	Green
FY09	Red	Red	Red	Red
FY10	Green	Green	Green	Green
FY11	Green	Green	Green	Green
FY12	Red	Green	Green	Green
FY13	Green	Green	Green	Green
FY14	Green	Green	Green	Green
FY15	Green	Green	Green	Green
FY16	Red	Green	Red	Green
FY17	Green	Green	Green	Green
FY18	Green	Green	Green	Green
FY19	Green	Green	Green	Green
FY20	Red	Green	Green	Red
FY21	Green	Green	Green	Green
FY22	Green	Green	Green	Red

## Historically Coffee Can Portfolio has provided capital protection for 3 yrs or longer holding period



# Deep dive research presented through our Disruption series...



 asianpaints Oct 2019	 Nov 2019	 Jan 2020	 May 2020	 Jun 2020	 July 2020
 PAGE INDUSTRIES Oct 2020	 CanFinHomes Ltd Nov 2020	 Dec 2020	 Jan 2021	 Mar 2021	 Apr 2021
 July 2021	 Oct 2021	 Jan 2022	 Feb 2022	 Jun 2022	 Aug 2022

- Besides thinking about the immediate next steps for your portfolio and **in keeping with our long term investment thesis** we like to stay adept with long term disruptions your companies can face in the future.
- We **regularly come out with our thoughts on disruptions** in our portfolio companies/ sectors.

# Key terms

Fund Type	SEBI Registered PMS
Fund Tenure	Open Ended
Structure	Discretionary PMS
Minimum investment	INR 50 lacs
Stock selection	Investible universe is stocks that perform well on the framework noted earlier. A further subjective assessment then leads to a more concentrated stock portfolio
Number of stocks	10 – 15
	33% per sector, 15% per stock
	Large cap biased with Nifty 50 as the benchmark
Time horizon and turnover	The investment horizon is 3-5 years and longer; turnover therefore low
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
Custodian & Fund Accountant	ICICI Bank Limited.
Brokers	Ambit Capital, Motilal Oswal, Kotak Securities, HDFC Securities, Spark Capital
Depository Participant	Ambit Capital (Central Depository Services Limited)

# Our presence



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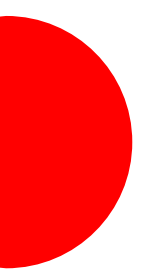
**BHOPAL**

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# Ambit Asset Management Overview







## AMBIT COFFEE CAN PORTFOLIO

Since March 2017

Aims to deliver steady returns with minimal risk to create wealth over long term

Large-cap oriented portfolio

Great companies with a long proven track record of consistent growth and high ROE

## AMBIT GOOD & CLEAN PORTFOLIO

Since March 2015

Focuses to deliver superior risk adjusted returns by identifying the large caps of tomorrow

Mid-cap oriented portfolio

Proven track record of efficient capital allocation and sustainable growth

## AMBIT TenX PORTFOLIO

Since December 2021

Targets to compound wealth by investing in businesses with potential to multiply earnings by ten times

Flexi cap portfolio with mid & small cap orientation

Companies leveraging technology and innovation in under-penetrated categories

## AMBIT EMERGING GIANTS PORTFOLIO

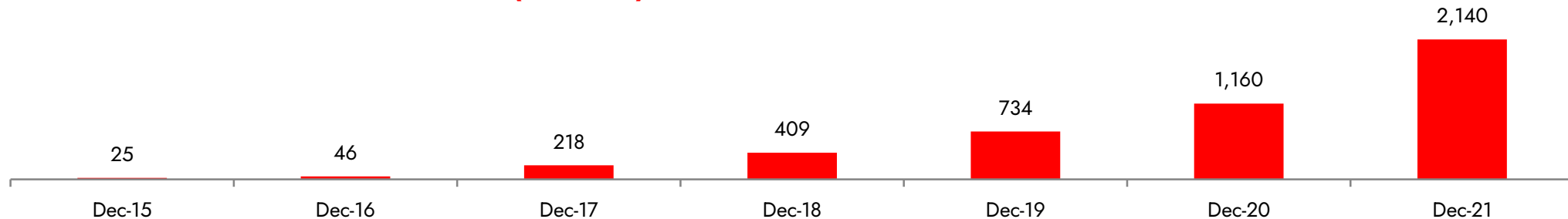
Since December 2017

Seeks to create wealth over a long period of time by investing early in undiscovered businesses

Small-cap oriented portfolio

Low leveraged, well governed, high growth niche segments

### AUM (INR Crs.)



# Ambit Overview

## The Ambit Group: key highlights



### Pre-eminent full-service India focused Investment Bank

- Innovative solutions that reduce complexity
- Deep understanding of prevalent regulatory framework
- Broad range of tailor-made solutions for Business Owners, Corporates, Institutional Investors, Family Offices and High Net Worth Individuals (HNWIs)



### Successful Partnerships

- Strategic partnership with QInvest, Qatar
- Strategic business alliance with Daiwa, Japan for M&A



### Experienced and Professional pan-India Team

- Team of 800+



### Proven Track Record

- Closed over 100+ M&A/PE and 50+ ECM transactions in the last decade
- Consistently ranked amongst the top 10 M&A advisory firms
- Manages wealth of 2500+ HNI families

# Risk Disclosure and Disclaimer

- The performance of the Portfolio Manager has not been approved or recommended by SEBI nor SEBI certifies the accuracy or adequacy of the performance related information contained therein.
- Ambit Investment Advisors Private Limited (“Ambit”), is a registered Portfolio Manager with Securities and Exchange Board of India vide registration number INP000005059.
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- 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 in future. You further understand that all such products are subject to various market risks, settlement risks, economical risks, political risks, business risks, and financial risks etc. and there is no assurance or guarantee that the objectives of any of the strategies of such product or portfolio will be achieved. 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. The investment relating to any products of Ambit may not be suited to all categories of investors. Ambit or Ambit associates may have financial or other business interests that may adversely affect the objectivity of the views contained in this presentation / newsletter / report.
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- The product ‘Ambit Coffee Can 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.
- You may contact your Relationship Manager for any queries.
- The performance data for coffee can product between 6th march 2017 - 19th June 2017 represents model portfolio returns. First client was onboarded on 20th June 2017. The performance data for G&C product between 1st June 2016 to 1st April 2018 also includes returns for funds managed for an advisory offshore client. Returns are calculated using TWRR method as prescribed under revised SEBI (Portfolio Managers) Regulations, 2020



# Thank you

