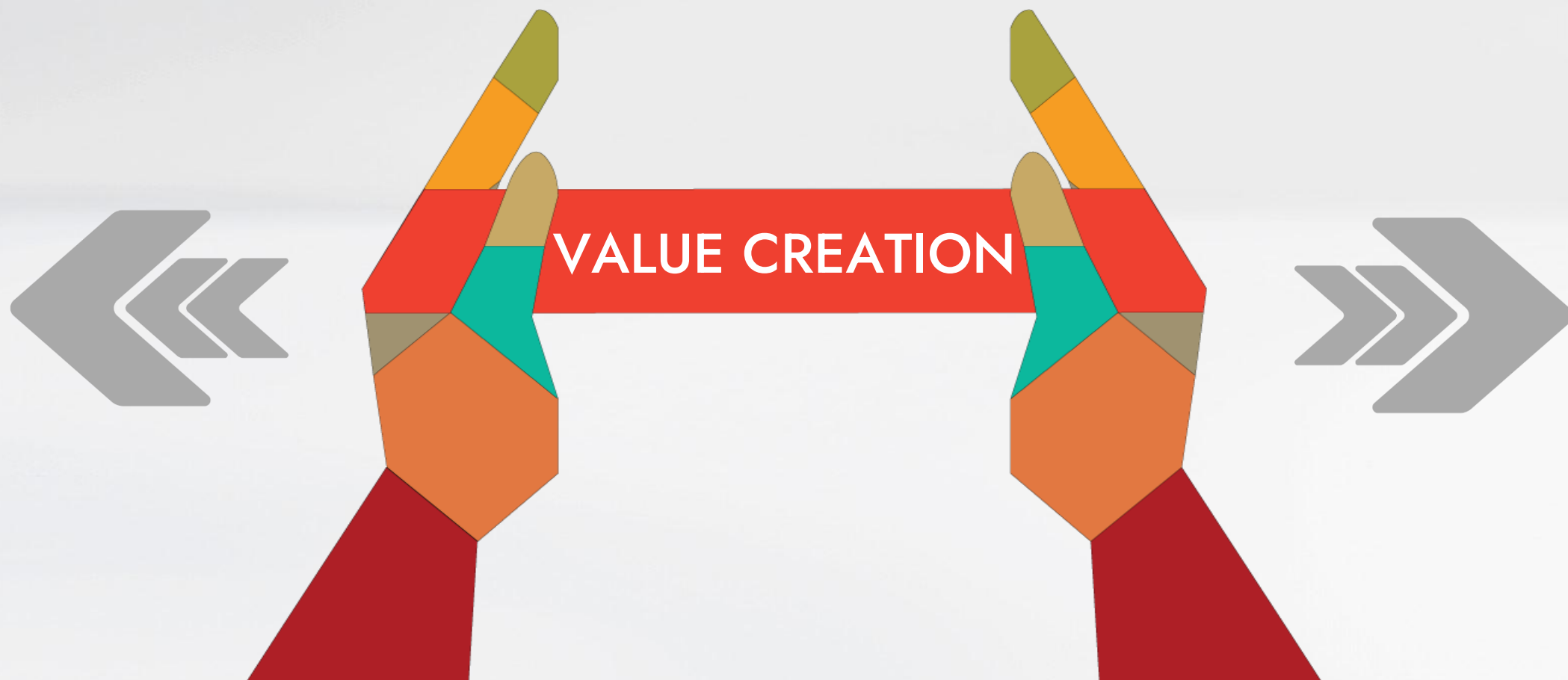


# Ambit Pricing Prowess Fund



An Open-ended, Long-only, Category III AIF with Registration number IN/AIF3/25-26/1833

## ●● AMBIT PRICING PROWESS FUND: OBJECTIVE

### 1. Long term Investors/ Absolute Return Focus

Ambit Pricing Prowess Fund is designed for niche, long-term investors seeking superior absolute returns by investing in high-quality businesses with sustainable compounding through strong pricing power.

### 2. Prudent mix of offense and defense

Our endeavour is to be well diversified across sectors and have a concentrated 'All weather portfolio' prepared for 'Black Swan Events'. While we will seek a prudent mix of offense and defense in portfolio, capital protection is our main credo.

### 3. Growth Focus / Portfolio of Forever Companies

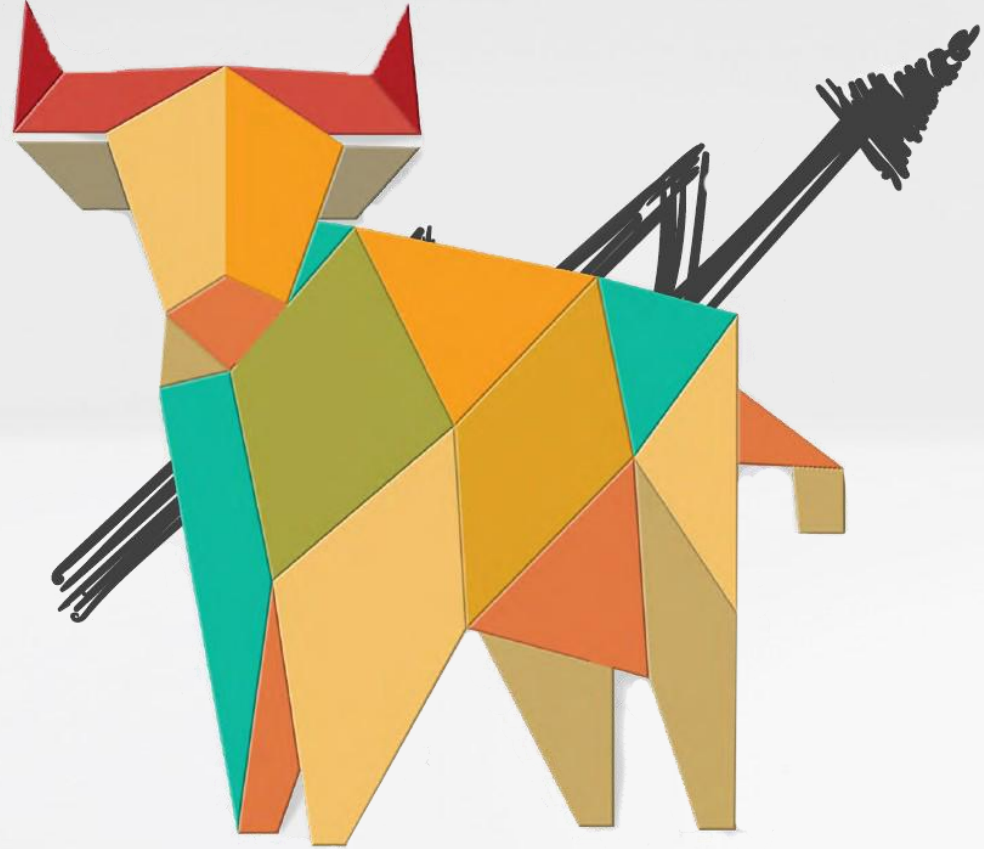
The strategy targets Growth companies with lasting Quality and 'Forever' attributes, leveraging a proprietary Pricing Power Framework to identify businesses with robust margins, and steady earnings growth.

### 4. Remove Behavioral bias and institutional imperatives

The investment strategy is designed to achieve our objectives while minimizing behavioural biases and institutional pressures.

# OPPORTUNITY

---



# ●● PORTFOLIO THEME AN ANTIDOTE FOR EMERGING GLOBAL MACRO CHALLENGES



## Globalization

From Tailwinds to Headwinds



## Benign Interest Rate Reversal

Benefit of Decadal /Structural Benign Inflation and Interest Rates behind us



## Disruptions Increasing

Company Lifecycles turning Shorter



## Lower Returns & Higher Volatility

Scenario of Lower Returns and Higher Volatility

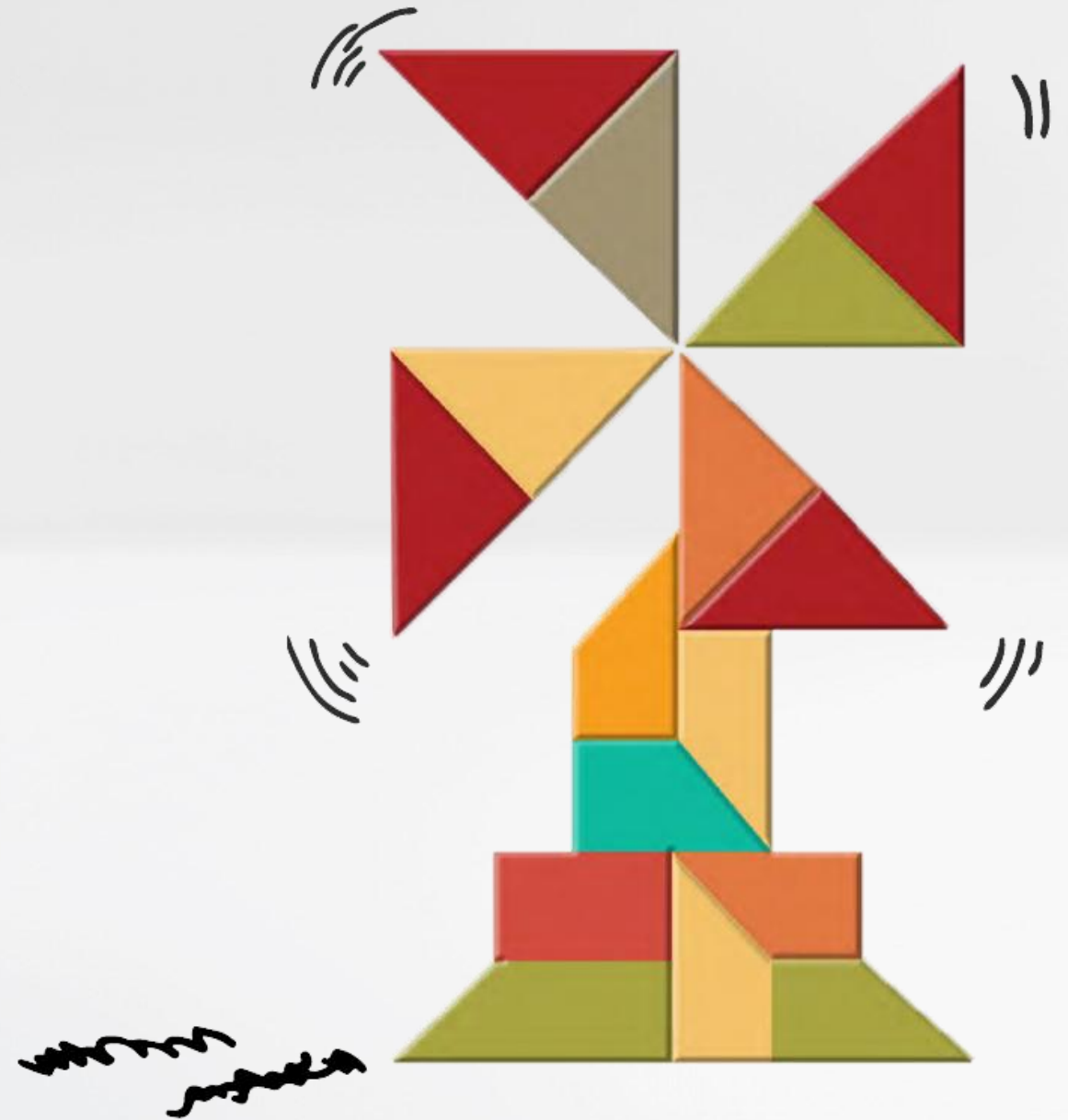


## Valuation Driver

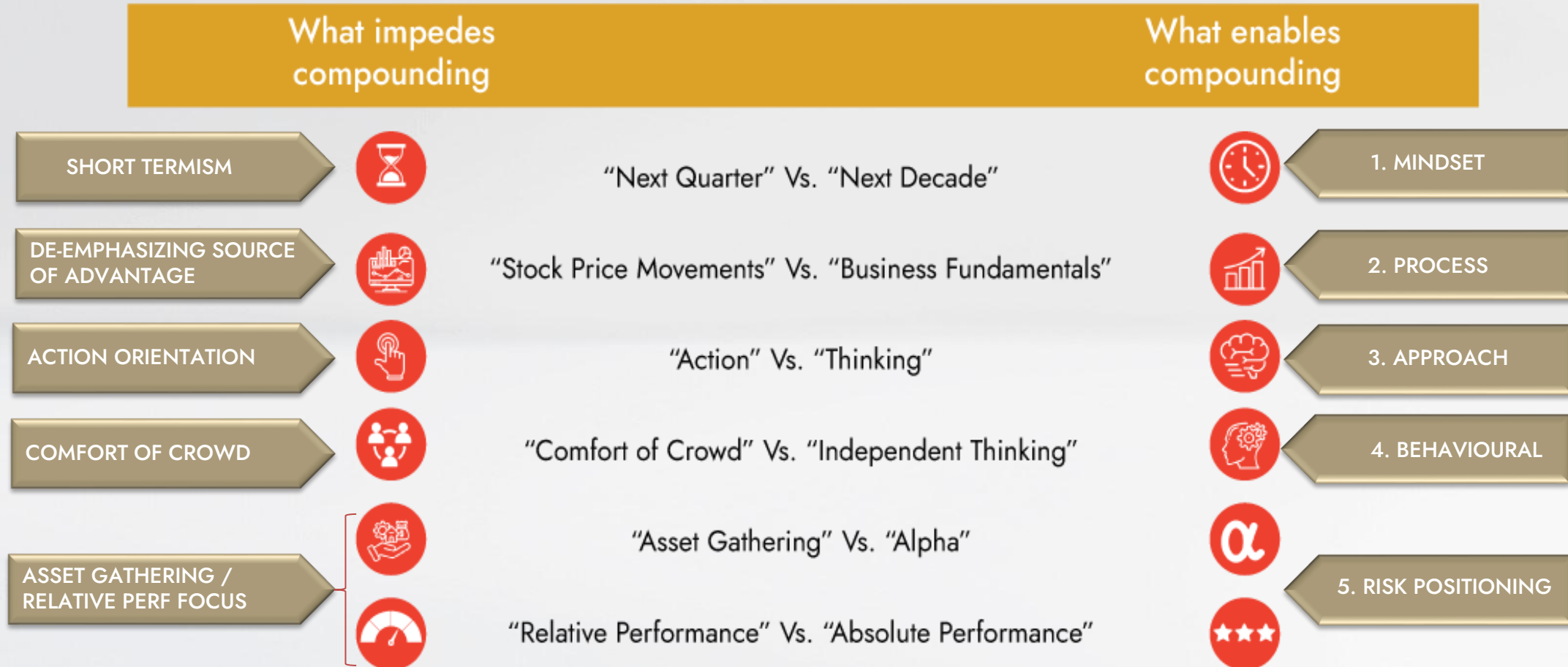
India Emerging as one of the Most Attractive Macro Investment Destinations

# HOW IS AMBIT PRICING PROWESS FUND DIFFERENT?

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# SIMPLICITY IN COMPLEXITY – ELIMINATING WHAT IMPEDES COMPOUNDING



## 1. MINDSET – SIMPLICITY IN COMPLEXITY

An infinite growth mindset involves a strong sense of purpose, a focus on long-term growth, adaptability, and prioritizing people over profits. Cultivating this mindset requires continuous learning, embracing change, and being open to new ideas and perspectives

– Simon Sinek, Infinite Growth



# MAGIC OF COMPOUNDING IS NOT POSSIBLE WITHOUT FOCUS ON QUALITY AND LONGEVITY OF GROWTH

Companies with 'Pricing Power' is one of the key element determining Longevity of Growth for a company - which is essential for sustainable long term compounding

Value of Growth

- Only if growth is within the franchise and benefits from competitive Advantage

Longevity of Growth

+

Earnings Power Value

- Franchise Value from current competitive advantage

Earning Power Value

Earning Power Value

+

+

Asset Value

- Replacement Cost
- Free Entry
- No Competitive Advantage

Asset Value

Asset Value

Asset Value

Simply eliminating the short-term mindset that impedes compounding can provide significant source of alpha. Hence, we approach investing from an infinite growth mindset and seek the magic of compounding.

Magic of compounding is not possible unless one focuses on Quality and Longevity of Growth.

We believe, investing in 'Forever companies' or 'companies with pricing power' is one of the most key element determining Longevity of Growth for a company.

## 2. PROCESS - PURSUIT OF PRICING POWER PLAYS

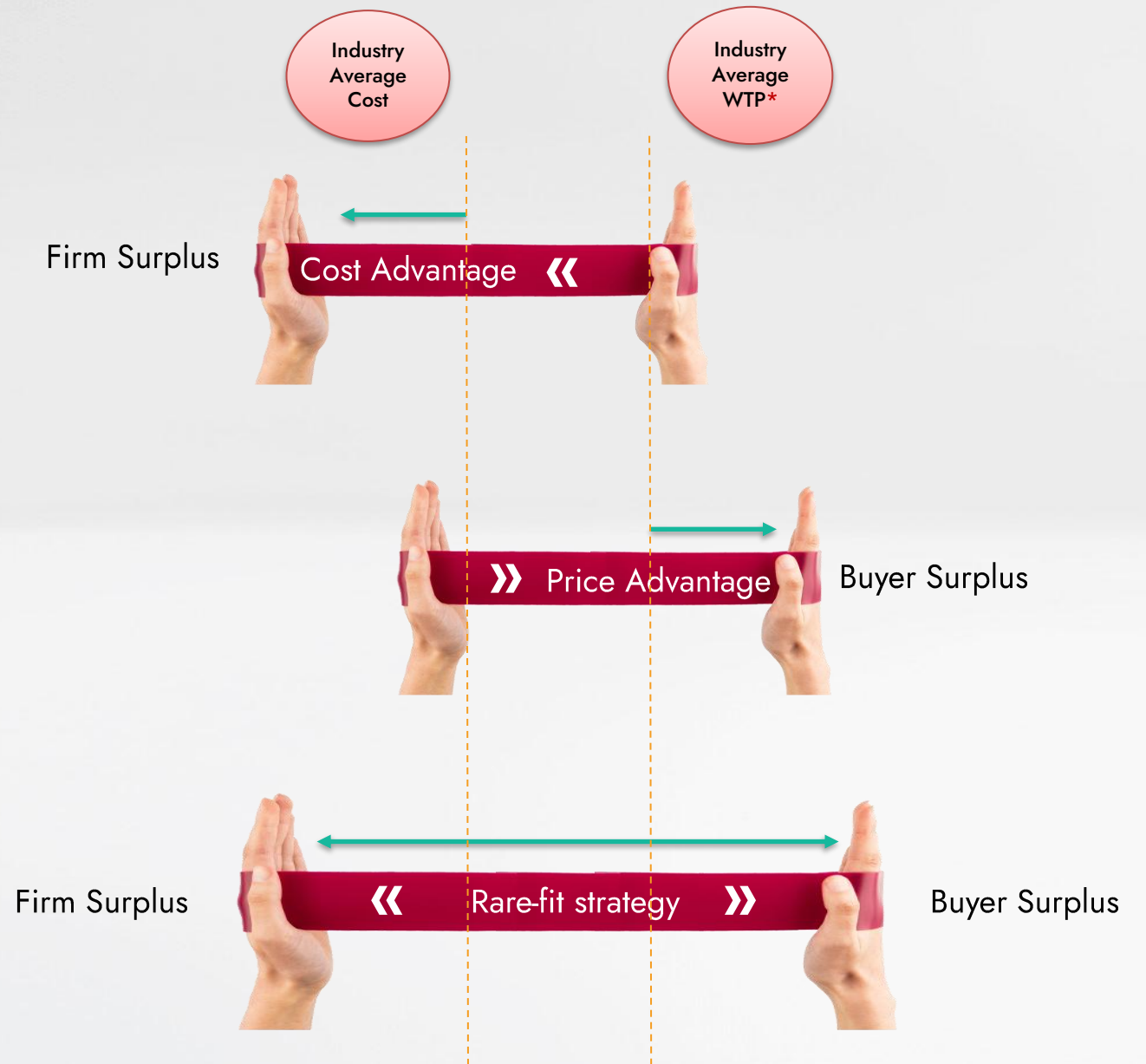
“The single most important decision in evaluating a business is pricing power. If you’ve got the power to raise pricing without losing business to a competitor, you’ve got a very good business.”

- Warren Buffett



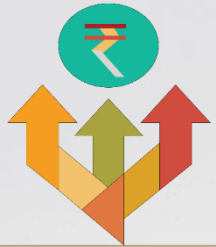
# WHAT IS PRICING POWER?

- Pricing power is one of the most frequently mentioned concepts in the business world. Pricing power, or a company's ability to raise prices and maintain profit margins amidst increasing costs or competition, is one of the most critical dimensions for evaluating the value of a business.
- Enduring competitive advantage comes from sustaining higher relative prices or lower relative costs, or both, than your rivals in an industry.
- Most companies have either a
  - 1) Differentiation Advantage (Price) or a
  - 2) Cost Advantage (Cost). It is rare to find a company which enjoys distinct advantage across both end of value stick.



\*WTP: Willingness to Pay

## WHY PURSUE PRICING POWER PLAYS?



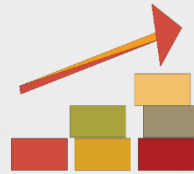
### Inflation Hedge

Pricing Power companies can raise prices to offset inflation, thereby preserving their real earnings and shielding investors from the eroding effects of rising costs.



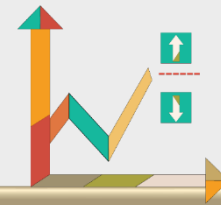
### Drives Higher Margins

Unique Value Propositions and Strong Brand Recognition allowing them to command premium prices, withstand competitive pressures.



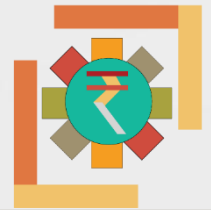
### Stable, Quality Compounders

They tend to be less glamorous and newsworthy (exceptions when at early life cycle), instead are quiet and Stable Quality 'compounders'.



### Resilience

Strategy works across multiple global markets and economic cycles, making pricing power a cornerstone of resilient, high-quality portfolios.



### Positive Impact on Valuations

The ability to have pricing power can support premium valuations, as investors are willing to pay a higher multiple for companies with predictable and sustainable growth.

## ●● PURSUIT OF PRICING POWER PLAYS

Dominant Franchises

Advantage in Key Consumer Variable with High Variance

Multiple, Increasing Moats

Management Playing the Long game

Quality First — Forward Looking Quality

Scale, Increasing Market share, Margin Stability

Pricing Prowess

## LOLLAPALOOZA



Source: POOR Charlie's Almanack : The Essential wit and Wisdom of Charles T Munger

The Lollapalooza Effect in business is about getting multiple, mutually reinforcing factors right. It's about understanding the big ideas, creating the right culture, aligning incentives, and continuously adapting while focusing on the fundamentals. By doing so, you set the stage for extraordinary success, where the whole becomes much greater than the sum of its parts. That's the magic of the Lollapalooza Effect.

— Charlie Munger

# INVESTMENT FRAMEWORK

## Quantitative Framework (30%)

- Quality: Margin Volatility; OCF  
Conversion; ROE consistency; FCF  
Efficiency; Audit Trail; Management Type;  
Quality of Capex
- Growth: Earnings Predictability;  
Consistency in Revenue/Earnings Growth;  
Future Growth Expectation
- Sustainability: Life Cycle; Lindy Effect
- Valuation: Absolute (Intrinsic P/E); Relative  
Historical; PEG

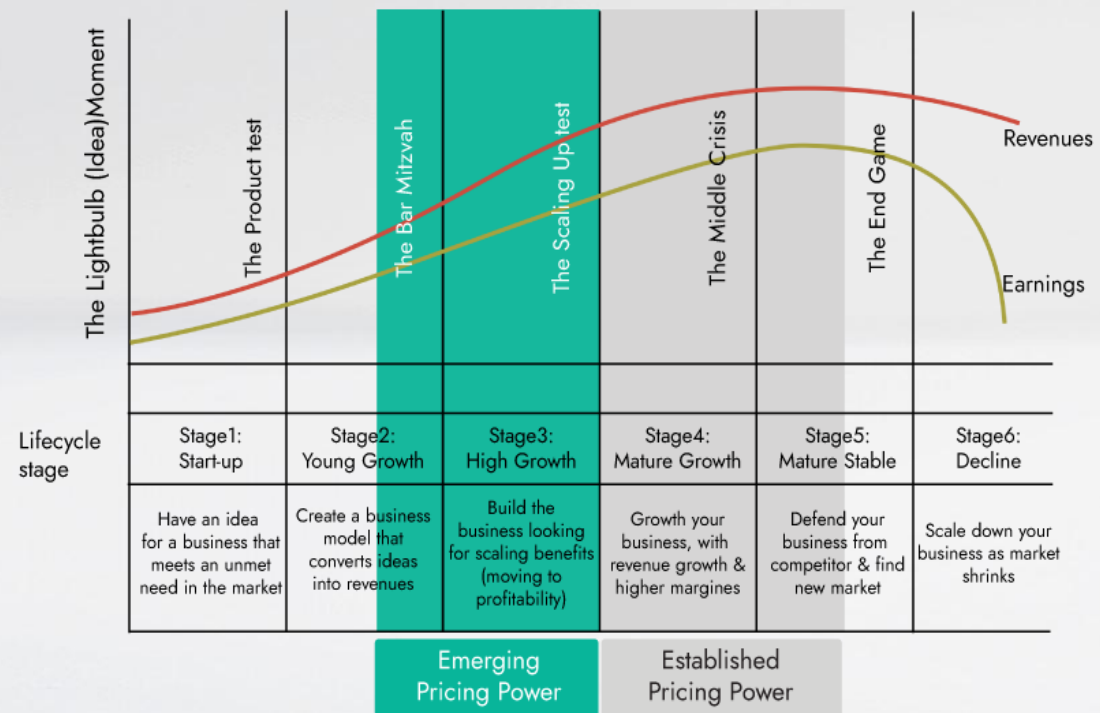
## Qualitative Framework (70%)

- Is it a leader or dominant player?
- Is scale dynamics favorable?
- Is ownership structure enabling?
- Understanding price elasticity
- Does the firm have winning strategy?
- Is the Moat expanding?
- Is value creation possible?
- Variance Analysis – does the company  
have advantage?
- Premiumization at Play

“Does the company have Pricing Power”?

# FUND POSITIONING

## 1) FOCUS ON ESTABLISHED & EMERGING PRICING POWER PLAYS



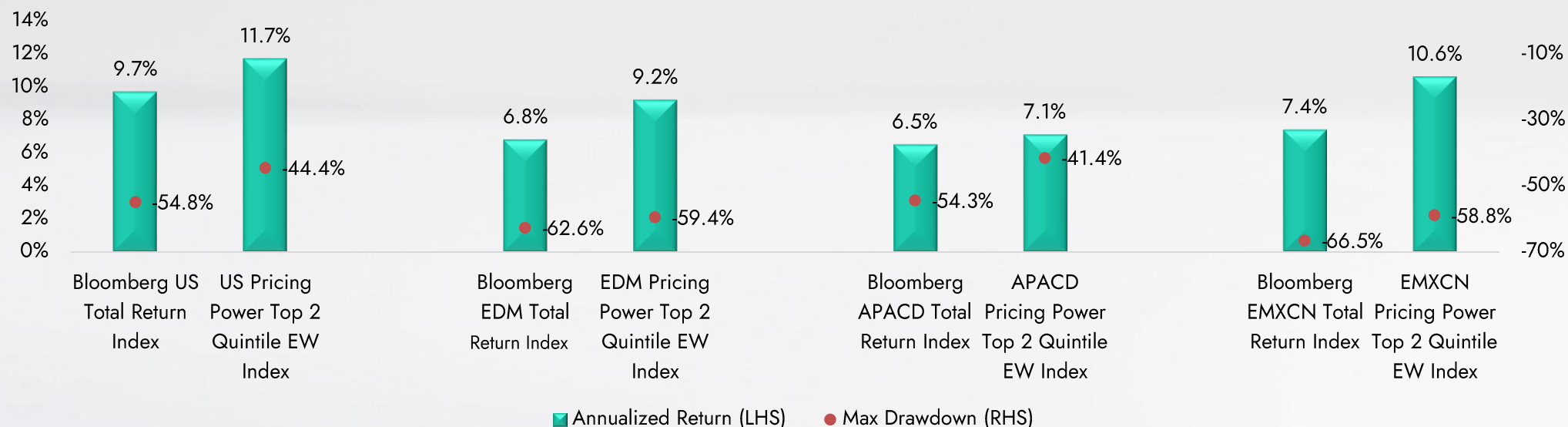
## 2) FOCUS ON FORWARD QUALITY

- While static quality is indexed to the past, we seek companies that will be successful over the next five to ten years.
- We go beyond Conventional Wisdom and apply the proprietary Pricing Power framework
- Our investment focus is on companies in the Sweet Investment Zone, which lies between late-stage two and late-stage three buckets.
- Sweet Investment Zone is where companies generally witness J-curve growth and the bulk of the valuation re-rating occurs, presenting a high probability of finding multi-baggers.

Source: Professor Aswath Damodaran (The Corporate Life Cycle: Growing up is hard to do, Growing old is even harder!), Ambit Asset Management

## PORTFOLIOS BASED ON PRICING POWER STOCKS OUTPERFORM GLOBALLY

- Since pricing power is such a pervasive concept, there are good reasons to expect that it is already 'priced in' by the market and does not offer consistent outperformance. However, companies with strong pricing power have historically earned consistently strong returns while maintaining a lower risk profile.
- Moreover, they have demonstrated similar characteristics across different geographical markets, lending credence to the long-run reliability of pricing power as an investment factor.



Performances of Pricing Power indices across the globe from 2003-06-30 to 2023-10-12. The Pricing Power index in each region selects securities in the top two quintiles with the greatest pricing power after certain liquidity and quality screens, is then equal weighted and rebalanced quarterly. US: Bloomberg US Large and Mid-Cap Index; EDM: Bloomberg Europe Developed Markets Large and Mid-Cap Index; APACD: Bloomberg Asia-Pacific Developed Markets Large and Mid-Cap index; EMXCN: Bloomberg Emerging Markets ex-China Large and Mid-Cap index.  
Source: Bloomberg, Ambit Asset Management

### 3. APPROACH - PLACER MINING VS NUGGETS OF GOLD

Our investment approach is not that of "placer mining," the process of sifting through piles of sand for specks of gold. Instead, we attempt to apply our pricing power framework to find the large, unrecognized nuggets of gold that sometimes lie in plain sight on the ground

— Warren Buffett



## APPROACH - PLACER MINING VS NUGGETS OF GOLD

- We do not view investing as a treasure hunt. The fundamental principles of investing are well known.
- Mankind has made progress by ignoring complexities and focusing on simple questions. Fundamental principles of are well known like the - DNA is the common code of life, 7 primary colors are the base for all colors, All music based on 12 tones and 2 rhythms.
- Instead of re-inventing the wheel, our approach is to leverage on the power of simple and obvious opportunities.
- Our investment approach is not that of "placer mining," the process of sifting through piles of sand for specks of gold. Instead, we attempt to apply our pricing power framework to find the large, unrecognized nuggets of gold that sometimes lie in plain sight on the ground.



## FINDING PRICING POWER: NUGGETS OF GOLD

| Nuggets of Pricing Power | Non-Glamorous Steady Compounders          | Hidden Pricing Power Plays           | Established Pricing Power Play          | Fallen Angels                        | High Longevity Consumer Brands               | Misunderstood Business                                                                 |
|--------------------------|-------------------------------------------|--------------------------------------|-----------------------------------------|--------------------------------------|----------------------------------------------|----------------------------------------------------------------------------------------|
| How we see it            | Flywheel of predictability and discipline | Boring but beautiful                 | King of their category                  | When quality stumbles momentarily    | Pay up for proven runway                     | Optionality hidden in plain sight                                                      |
| Key traits               | High ROCE, Resilient models               | High revenue growth, reinvestment    | Brand strength, Margin resilience       | Structural moats, Temporary setbacks | High cash generation, mature markets         | Nascent economics, evolving moats                                                      |
| Examples                 | CRISIL, Bluestar, Ultratech               | KFIN Tech, HDFC AMC                  | Eicher Motors, Abbott India             | Bharti Airtel, ICICI Bank            | Titan, Nestle                                | Eternal Ltd., PB Fintech, Carborundum Universal Ltd. and Tube Investment of India Ltd. |
| Rationale                | Steady pricing power, scale               | Differentiation and brand aspiration | Raising prices without losing customers | Regaining lost competitive edge      | Defensive pricing power in stable categories | Platform leverage and data                                                             |

## 4. FOCUS ON RISK

"There are old investors, and there are bold investors, but there are no old bold investors."

- Howard Marks



## FOCUS ON CAPITAL PRESERVATION

- Our key focus is on capital protection – our first attempt is to understand the downside risk.
- We are willing to forego potential returns in poor governance stocks and deep cyclical and fad stocks to limit our downside risk.
- While constructing our portfolio, we believe in being suitably defensive as we need to be prepared for a 'Black Swan Event' at all times.

What risk tolerance spectrum an investor chooses depends on the investor's goal:

- If one is aiming for Longevity (magic of compounding) leaning will be more towards defensiveness and conservativeness.
- Similarly, if aim is for rapid speed (glory like a shooting star) then leaning will be more towards high risk tolerance and aggressiveness.



Glory of a Shooting Star

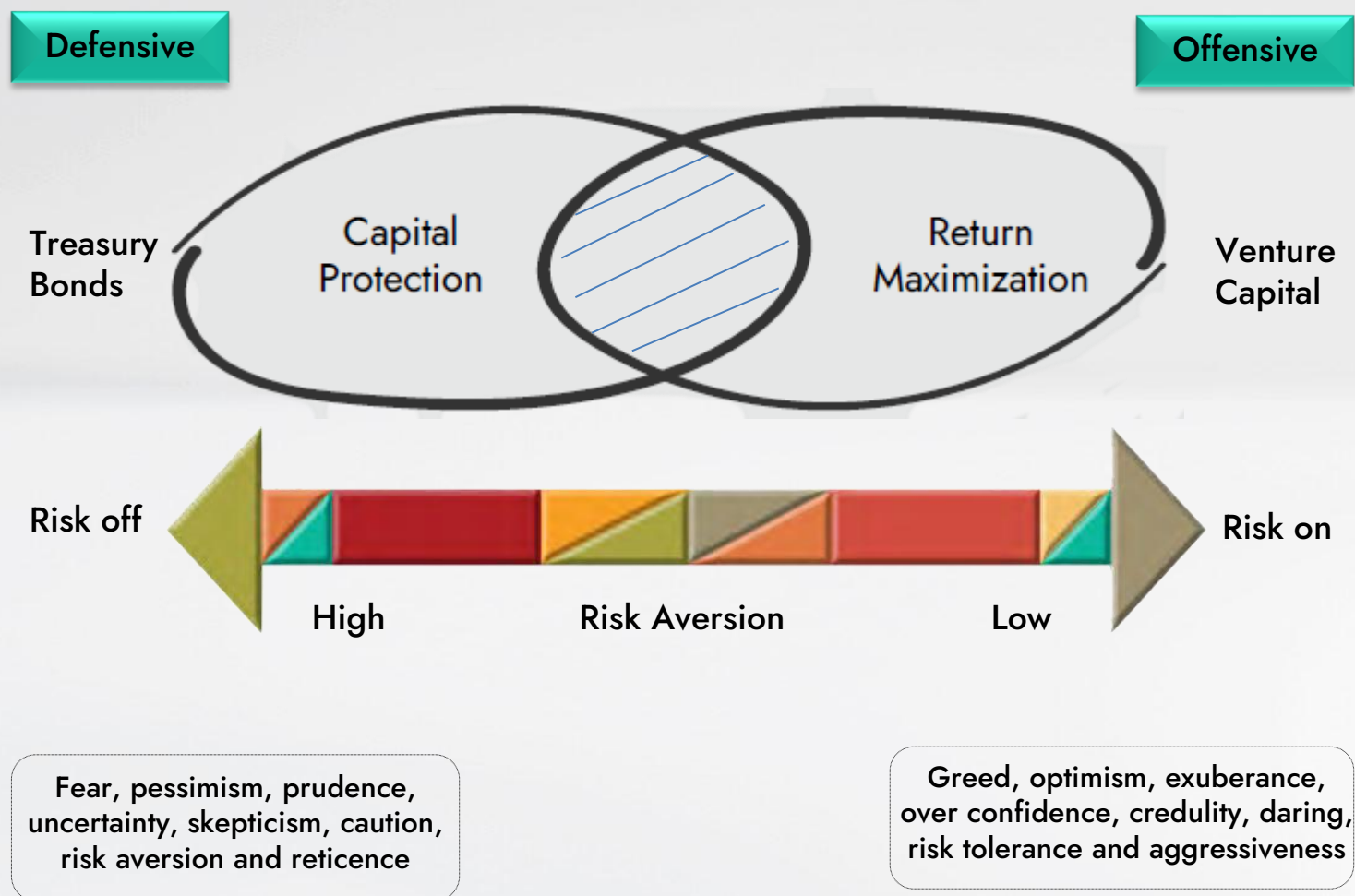


Magic of Compounding



"You can run a Sprint or you can run a marathon, but you cannot sprint a Marathon" – Ryan Holmes

# RISK POSITIONING



## ●● AVOID PLAYING NON ERGODIC GAMES

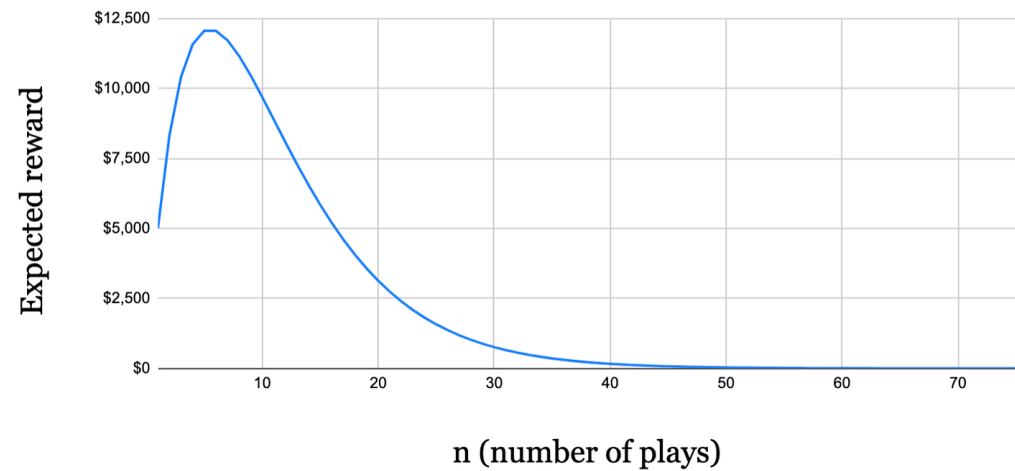
**SURVIVAL MATTERS MORE THAN PERFORMANCE FOR LONG TERM PERFORMANCE**

Example - Russian Roulette



Russian Roulette Odds of winning keeps declining the more you play

Russian Roulette expected returns after  $n$  plays with prize \$6000 per win



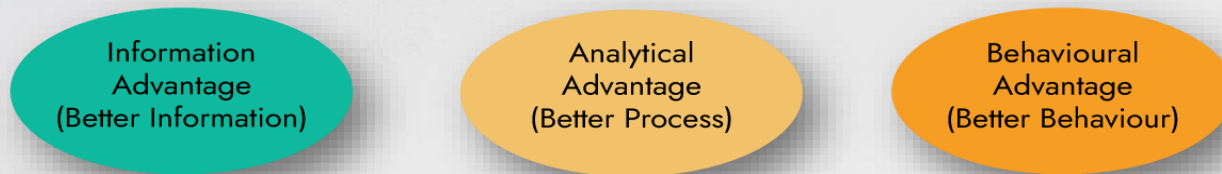
## 5. BEHAVIOURAL – CONVICTION CANNOT BE BORROWED

“Choosing individual stocks without any idea of what you’re looking for is like running through a dynamite factory with a burning match. You may live, but you’re still an idiot.”

— Joel Greenblatt, *The Little Book That Beats the Market*



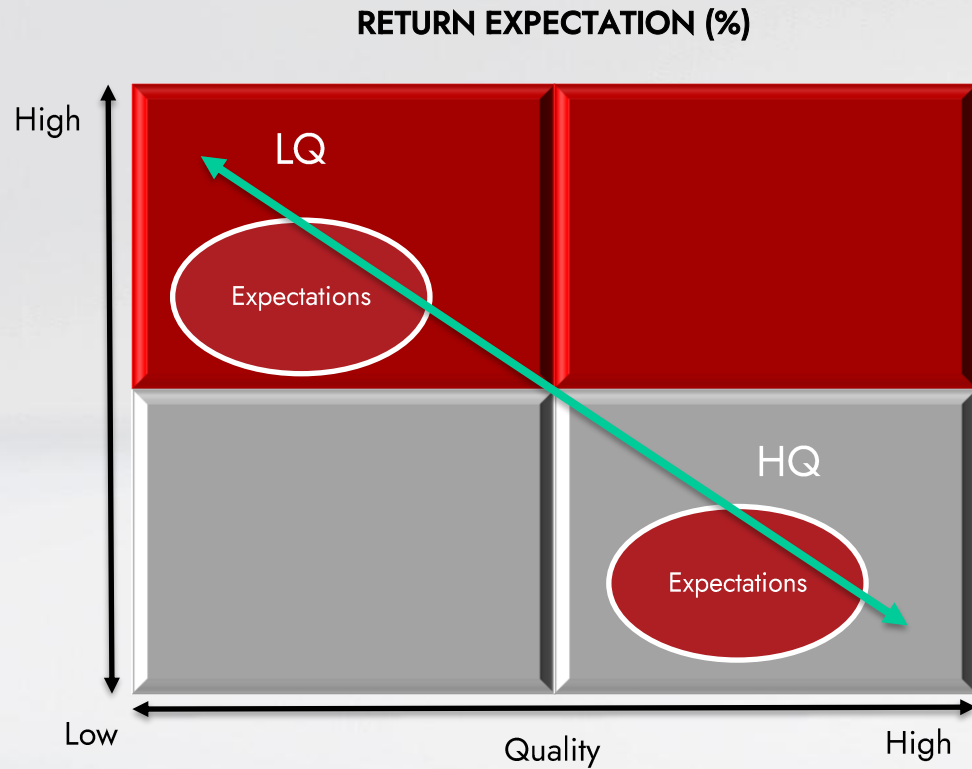
# SOURCES OF ADVANTAGE – FOCUS ON ANALYTICAL AND BEHAVIOURAL ADVANTAGE



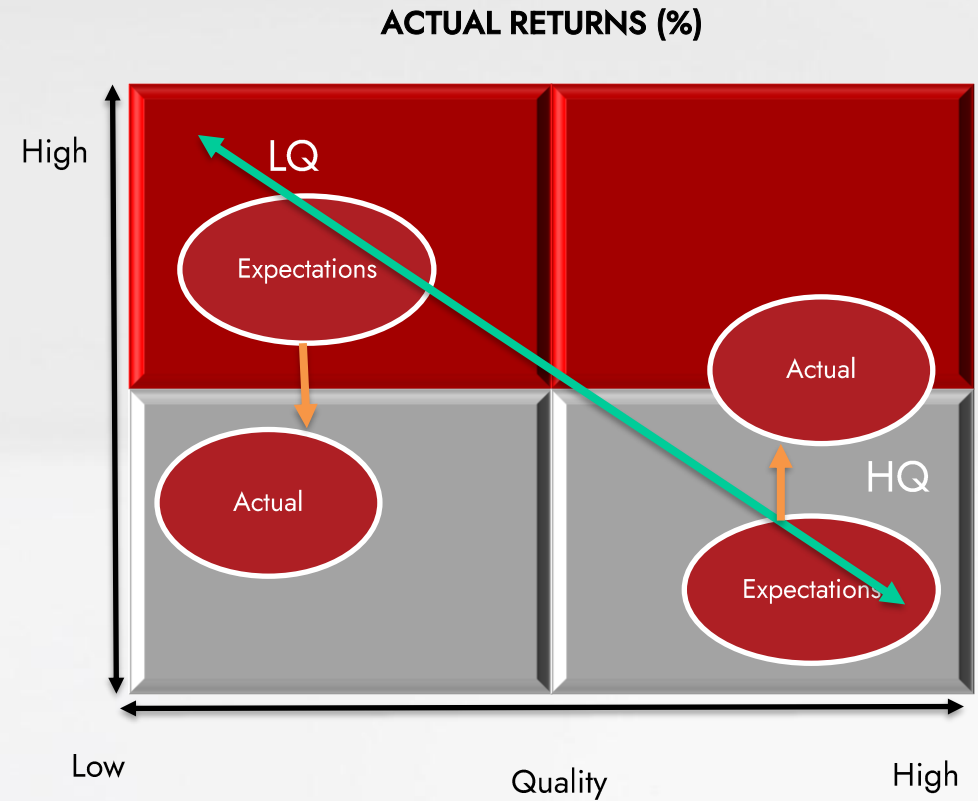
|             | Traditional Managers                                                                                                                                                                                                                         | Quant Managers                                                                                                                                                                                                                                  | Behavioural Managers                                                                                                                                                                                                                                                                                                       |
|-------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Key Aspects | <ul style="list-style-type: none"> <li>• Non Street due diligence through relationships built over years</li> <li>• Ground Research for first hand understanding</li> <li>• Avoiding short term street (sell side research) noise</li> </ul> | <ul style="list-style-type: none"> <li>• Proprietary Qualitative Frameworks</li> <li>• Rule Based Proprietary Assessment Framework</li> </ul>                                                                                                   | <ul style="list-style-type: none"> <li>• Infinite Investment Mindset which leverages on short termism of the markets</li> <li>• Various Biases</li> </ul>                                                                                                                                                                  |
| Views       | <ul style="list-style-type: none"> <li>• Difficult to sustain information edge in this digital world in a compliant manner</li> </ul>                                                                                                        | <ul style="list-style-type: none"> <li>• Good analysts can be lost/ Better models for processing can be copied</li> <li>• However, qualitative frameworks is a form of art and differs from one practitioner to other - hence unique</li> </ul> | <ul style="list-style-type: none"> <li>• Infinite Investment Mindset which leverages on short termism of the markets</li> <li>• Strategies based on behavioural biases have an advantage as human behaviour changes very slowly. Also to attempt to copy a Fit strategy one need to copy across the value chain</li> </ul> |

We have designed our investment strategy in a manner, which we feel will allow us to successfully attain our investment objectives, while **avoiding the common behavioral biases and institutional imperatives.**

# OVERCONFIDENCE BEHAVIOURAL BIAS



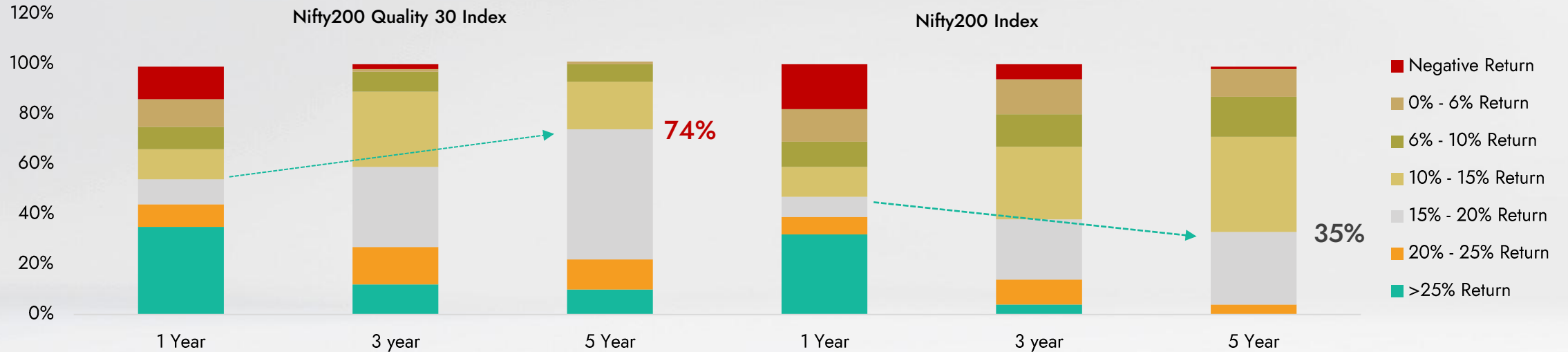
High Quality – HQ  
Low Quality – LQ



High Quality – HQ  
Low Quality – LQ

# MAGIC OF COMPOUNDING THROUGH QUALITY

## Rolling Returns Range

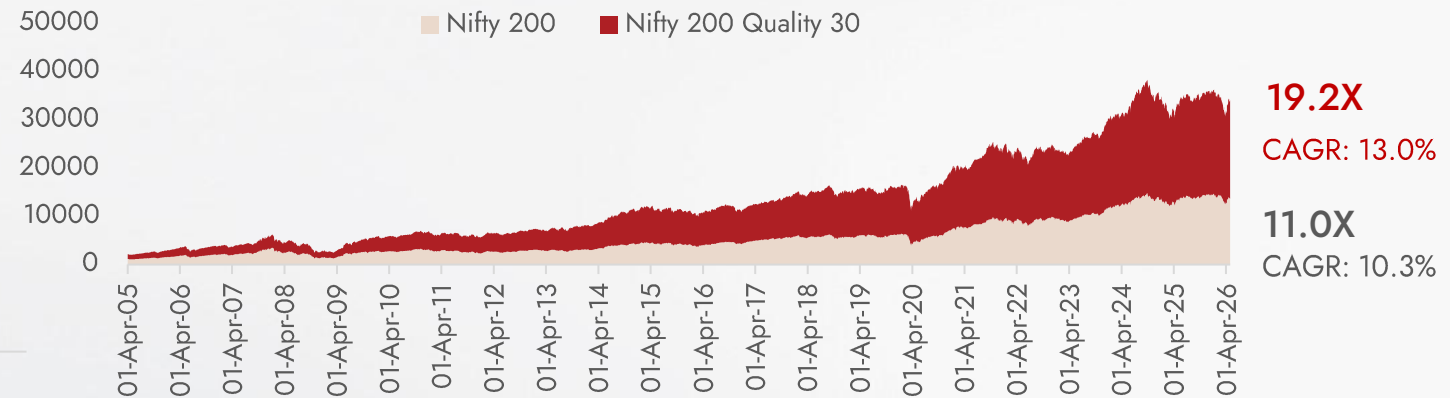


Number of observations: 1 Year: 4711; 3 Year: 4125; 5 Year: 3728, period 1<sup>st</sup> April 2005 to 30<sup>th</sup> April 2025

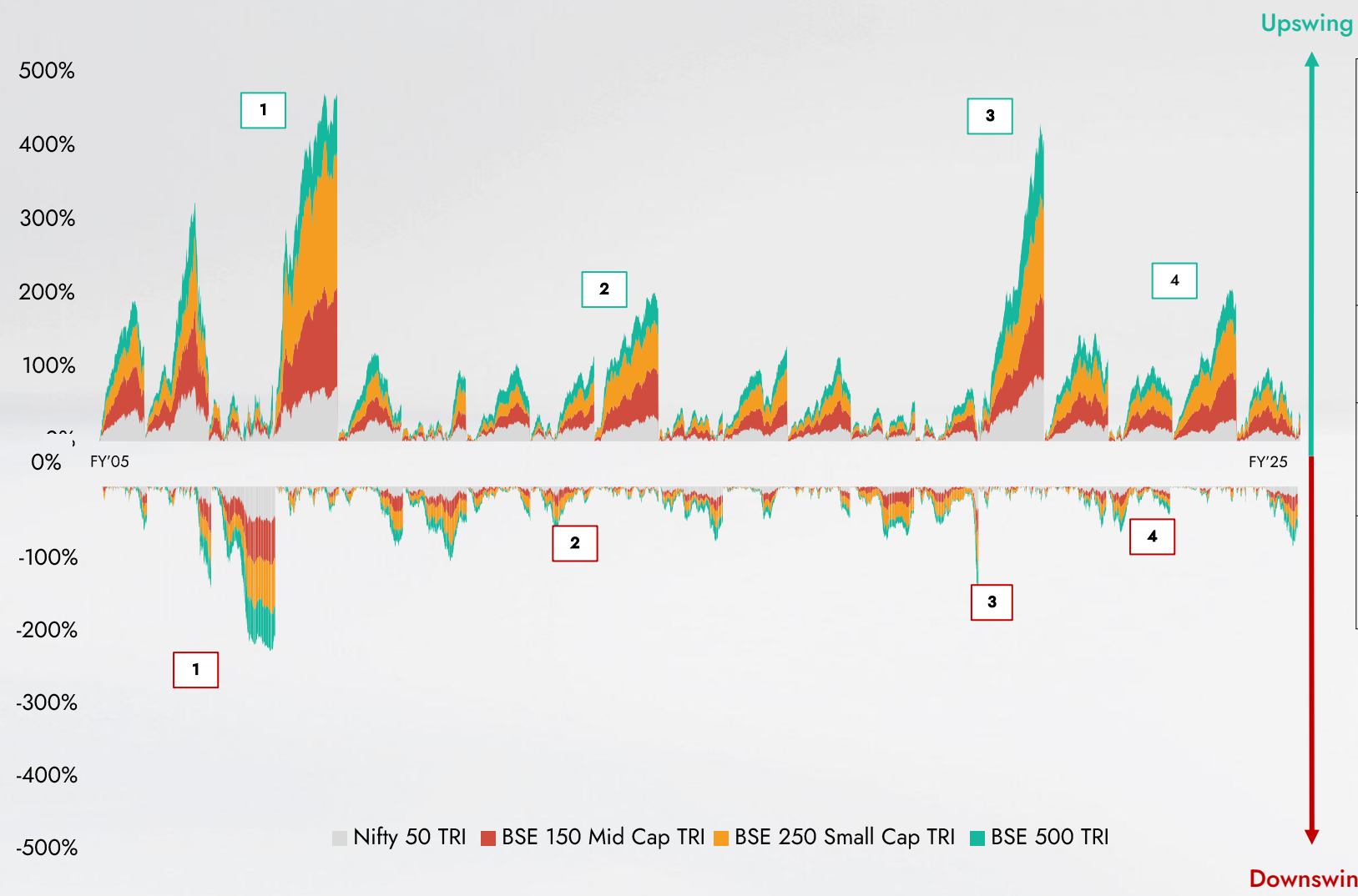
## Average Rolling Returns



## Nifty200 Quality 30 Outperforms Nifty200



# ●● NEED FOR DIVERSIFICATION



| Event                               | Downswing<br>(Excess Returns<br>of LCs over<br>SMID) | Upswing<br>(Excess Returns of<br>SMID over LCs) |
|-------------------------------------|------------------------------------------------------|-------------------------------------------------|
| 1. Global<br>Financial Crisis       | 26%                                                  | 105%                                            |
| 2. 2013 Taper<br>Tantrum Crisis     | 12%                                                  | 22.5%                                           |
| 3. COVID 19                         | 9%                                                   | 35%                                             |
| 4. 2022<br>Geopolitical<br>tensions | 6.5%                                                 | 43.5%                                           |

↓

In highly volatile markets, capital preserved during downturns exerts a disproportionately greater influence on overall portfolio performance than incremental gains achieved in up-markets

Source: NIFTY Indices, Ambit Asset Management. Calculations for upswing and downswing of Market Indices have been done on a daily basis within each Financial Year up to FY'25

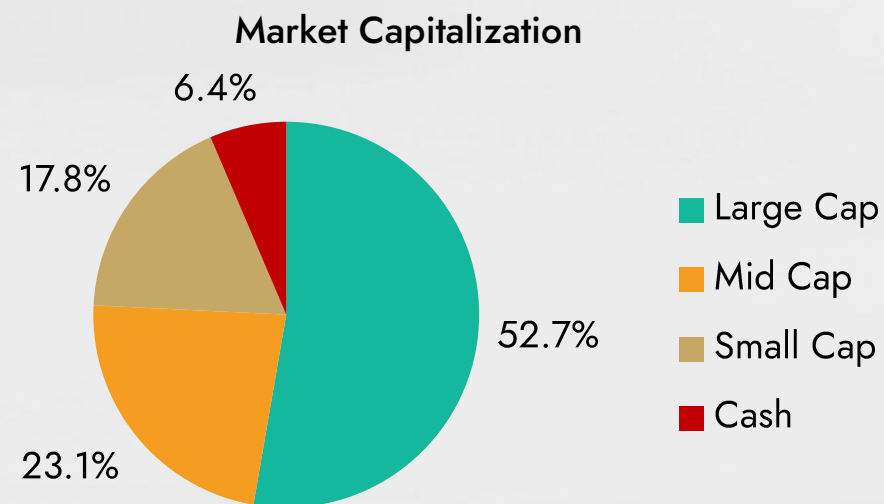
# FUND STATISTICS & STRUCTURE

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## EXPOSURE & FUND STATISTICS

| TOP 5 HOLDINGS            | WEIGHT |
|---------------------------|--------|
| Bharti Airtel Ltd.        | 6.1%   |
| Eternal Ltd.              | 5.8%   |
| LG Electronics India Ltd. | 4.9%   |
| Eicher Motors Ltd.        | 4.9%   |
| The Phoenix Mills Ltd.    | 4.9%   |

| TOP 5 SECTORAL EXPOSURE | WEIGHT |
|-------------------------|--------|
| Financials              | 22.0%  |
| Consumer Discretionary  | 17.3%  |
| Automobile              | 10.1%  |
| Building Material       | 7.3%   |
| Industrials             | 7.3%   |



| PORTFOLIO STATISTICS          |       |
|-------------------------------|-------|
| Weighted Average RoE (FY2025) | 24.2% |
| Number of Stocks              | 32    |
| Top 5 Holdings                | 26.5% |
| Top 10 Holdings               | 46.8% |

Date as on 30<sup>th</sup> Apr 2026

## ● AMBIT PRICING PROWESS FUND

- Fund Structure: Open-ended, long-only, Category III AIF, to invest in listed and unlisted equities (up to 25%).
- Fund Strategy: Fund will run a flexi-cap strategy with a Quality bias through strong Pricing Power
- Subscription: Weekly, every Wednesday; Redemption: Monthly (last Wednesday of each calendar month)
- Hybrid Fee Structure: Fixed + Variable over 10% hurdle, high watermark applicable

| Classes  | Min Capital Commitment | Fixed + Variable |
|----------|------------------------|------------------|
| Class A1 | INR 1 Cr               | 1.50% + 20%      |
| Class A2 | INR 2 Cr               | 1.25% + 20%      |
| Class A3 | INR 5 Cr               | 1.00% + 20%      |
| Class A4 | INR 25 Cr              | 0.50% + 20%      |

### ● Fixed Management Fee Structure

| Classes  | Min Capital Commitment | Fixed |
|----------|------------------------|-------|
| Class E1 | INR 1 Cr               | 2.50% |
| Class E2 | INR 2 Cr               | 2.10% |
| Class E3 | INR 5 Cr               | 1.75% |
| Class E4 | INR 25 Cr              | 0.95% |

- Fixed Management Fee: Accrued on the basis of the daily NAV and shall be chargeable on a monthly basis (at the end of each month) in respect to Classes of Units as may be designated.
- Exit Load: 2% within 12 months from the date of allotment; 1% post the expiry of 12 months and within 24 months from the date of allotment; and Nil post expiry of 24 months from the date of allotment.

# AMBIT ASSET MANAGEMENT

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## LEADERSHIP TEAM



**SUSHANT BHANSALI**  
CEO



**SIDDHARTHA RASTOGI**  
COO & HEAD OF SALES



**SHALINI GUPTA**  
DIRECTOR - FAMILY OFFICES & INSTITUTIONS



**TRILOK AGARWAL**  
FUND MANAGER - EQUITY



**BHARGAV BUDDHADEV**  
FUND MANAGER - EQUITY

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## OUR PRESENCE



MUMBAI



NEW DELHI



BENGALURU



CHANDIGARH



JAIPUR



BHOPAL

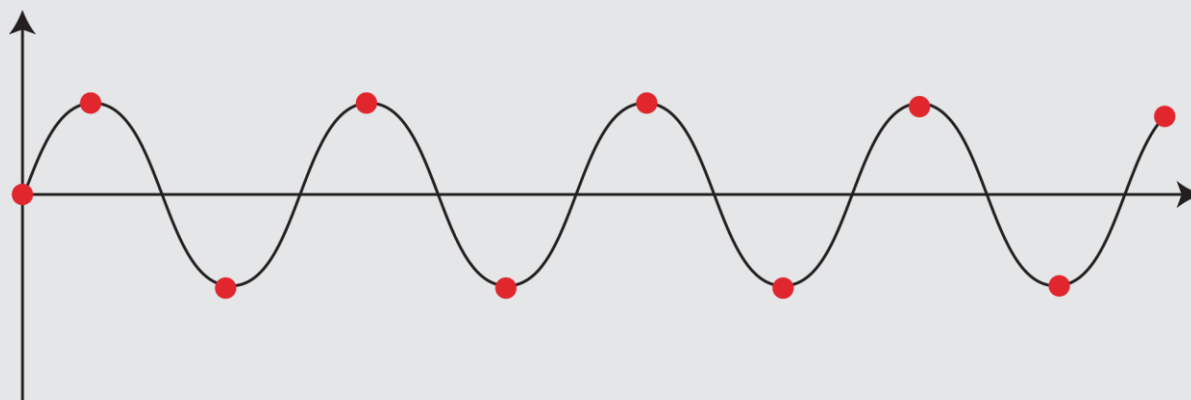


GIFT CITY

THANK YOU



## INVEST SUCCESSFULLY ACROSS MARKET CYCLES WITH AMBIT ASSET MANAGEMENT



Successful investing takes acumen

The acumen to have a solution for every need

The acumen to navigate volatile conditions

The acumen to always stay true to character

At Ambit Asset Management, it is this acumen that helps you invest successfully, with products that stay true to character across market cycles