

MNC-Portfolio

Discretionary PMS

ANANDRATHI



**PORTFOLIO
MANAGEMENT**

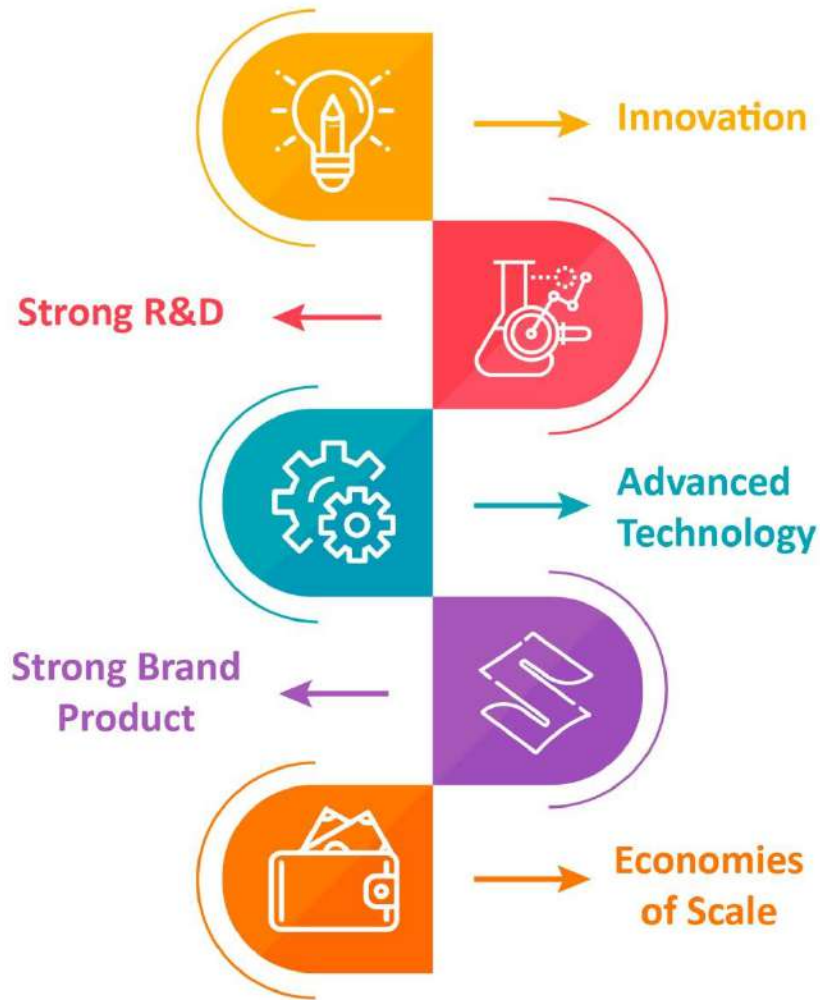
28th February, 2021

Objective

Focus on consistency of return and risk moderation by investing in Multinational Companies listed in India.



Investments into listed companies in India in which the foreign shareholding is over 50% and/or the management control is bestowed in foreign company and/or the technological and managerial know-how brought in by foreign partner/investor.



- MNC's benefit from the economy of scales by spreading R&D expenditures and advertising costs over their global sales, pooling global purchasing power over suppliers, and utilizing their technological and managerial know-how globally with minimal additional costs.
- MNC's can use their global presence to take advantage of underpriced labor services available in certain developing countries, and gain access to special R&D capabilities residing in advanced foreign countries



- MNC's are generally rated high for their corporate governance standard.
- MNC's depict high transparency and accountability with well laid out policies and regulatory framework, internal control and risk management.
- This provide good comfort for an investor who would not fall prey to any negative impact on investment due to corporate mis-management and fraud.

High Operating Ratio

Most MNC's have better operating ratios compared to its peers, Operating margins would vary depending upon the sector it operates in.



Zero Debt or Low Debt Equity

Most MNC's are zero debt company or Very low on Debt Equity hence. Changes in Interest rate cycle do not affect these companies.

Positive Free Cash Flow

Operating free cash flow is positive in most of them, they are cash rich and regular dividend paying company.



Healthy Return Ratio

Return ratio like ROE and ROCE are also high compare to peer group in most cases. Investors benefit from share premium the share price command on sustain basis.

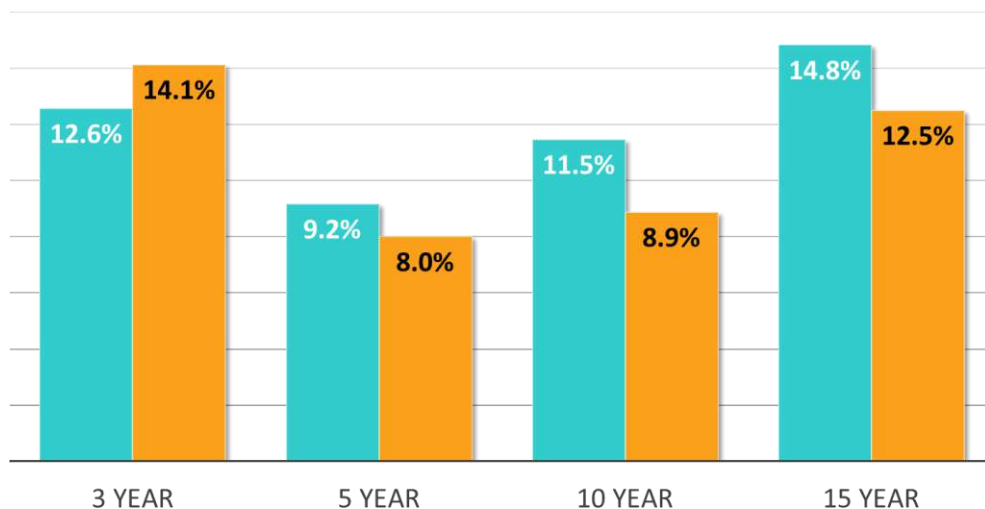
MNC companies during the holding period provides healthy dividend and capital appreciation by earnings growth and sometime carries an additional trigger for value appreciation in form of corporate actions like Open offers, Buybacks and Delisting etc. This usually add substantial appreciation to the share price enhancing investors ROI. Below are some illustrations of the same.

Sr.	Company	Corporate Action	Announcement date	Price before Announcement	Date	Price on closure of offer	% Gain
1	Fulford India	Delisting	25-Apr-14	682	30-Jul-15	2400	252%
2	Alfa Laval	Delisting	16-Sep-11	1965	12-Apr-12	4000	104%
3	HUL	Open Offer	29-Apr-13	497.6	04-Jul-13	600	21%
4	Glaxo Consumer	Open Offer	23/11/2012	3049	30-Jan-14	3900	28%
5	Siemens	Open Offer	28-Jan-11	727	13-Apr-11	930	28%

A study done on Nifty MNC Index which constitute 15 stocks shows favorable risk reward a portfolio of MNC company could deliver.

Annualised Return as on 31st Dec, 2019

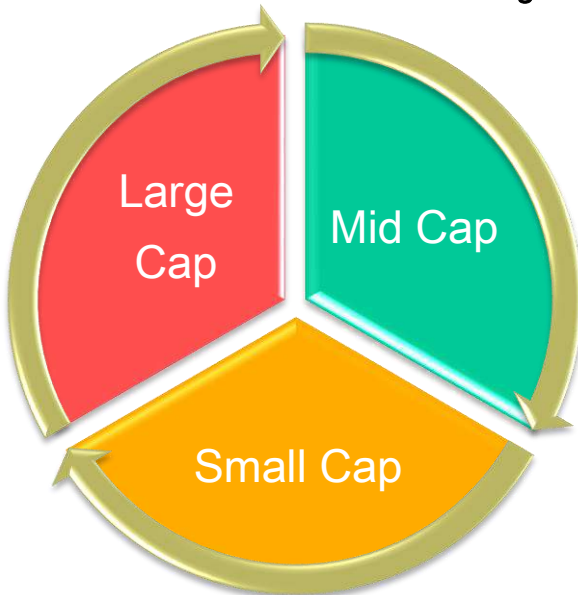
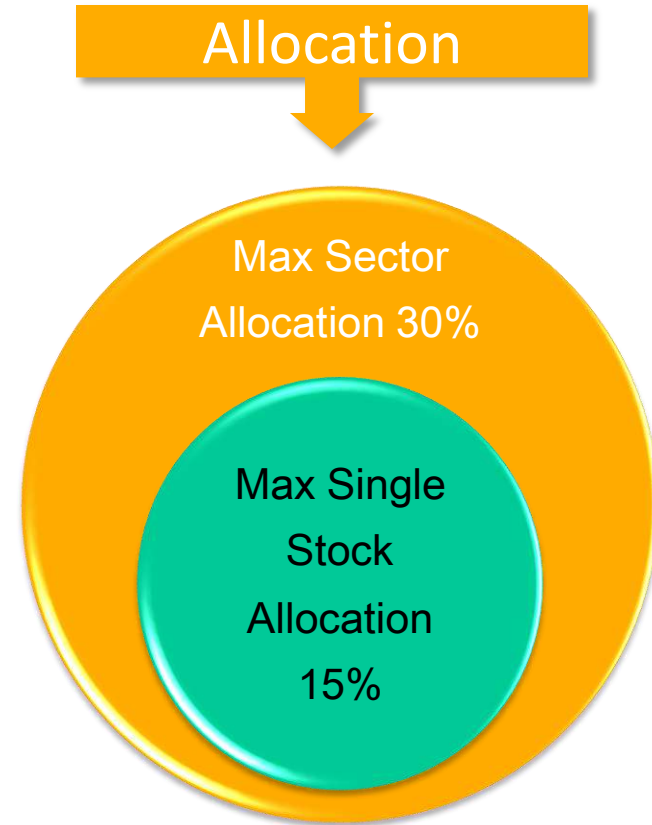
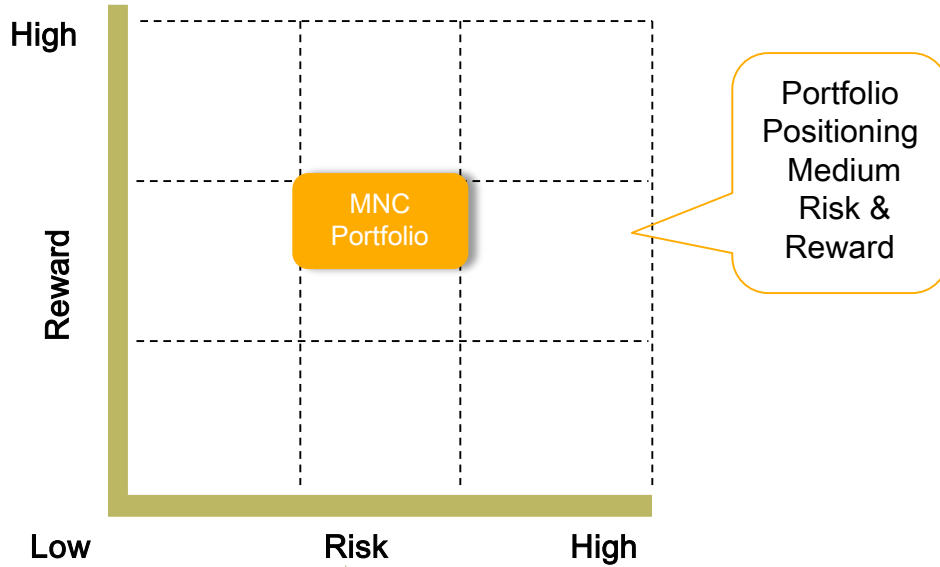
■ NIFTY MNC INDEX ■ NIFTY 50 INDEX



From 2005 to 2019	NIFTY MNC Index	NIFTY 50 Index
Annualised Return	14.83%	12.50%
Average 3 Year Rolling Return p.a.	14.2%	10.6%
Annual Volatility	20.7%	22.31%
Beta with NIFTY 50	0.8	
Correlation with NIFTY 50	0.9	

NIFTY MNC Index has good correlation with NIFTY 50 Index. However the Beta stands at 0.8 Annualized returns of NIFTY MNC Index is higher compared to NIFTY 50 Index and Volatility is lower. This shows a favorable risk reward for NIFTY MNC against NIFTY 50 Index

Note: The above study is done on Nifty MNC Index which constitute 15 stocks. The actual portfolio in PMS could deviate compared to NIFTY MNC Index. The above analysis is not an indicative of future performance.



Multicap Style of investment, Fund manager may change the allocation according to market condition

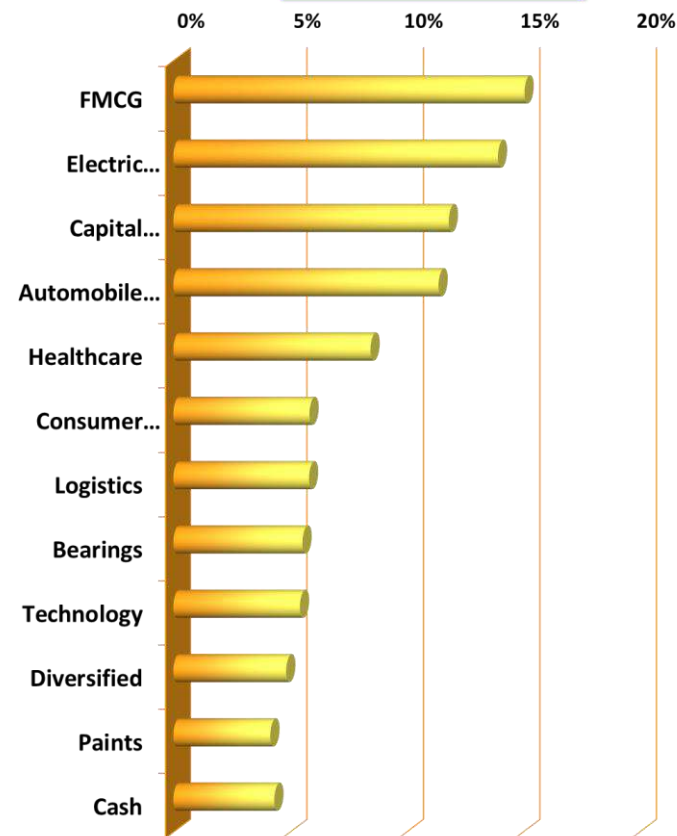
Top Holdings and Allocation

MNC PMS

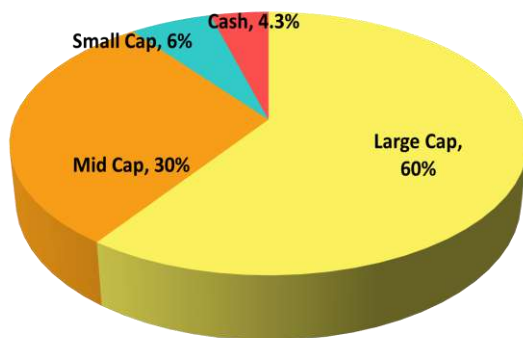
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Sr No	Top 10 Holdings	% Holdings
1	Honeywell Automation India Ltd.	8.2%
2	Maruti Suzuki India Ltd.	6.4%
3	KSB Ltd.	6.1%
4	Whirlpool Of India Ltd.	5.8%
5	Siemens Ltd.	5.8%
6	Grindwell Norton Ltd.	5.7%
7	SKF India Ltd.	5.5%
8	Mphasis Ltd.	5.4%
9	Coforge Ltd.	4.9%
10	Pfizer Ltd.	4.5%

Sector Allocation



Market Cap Allocation



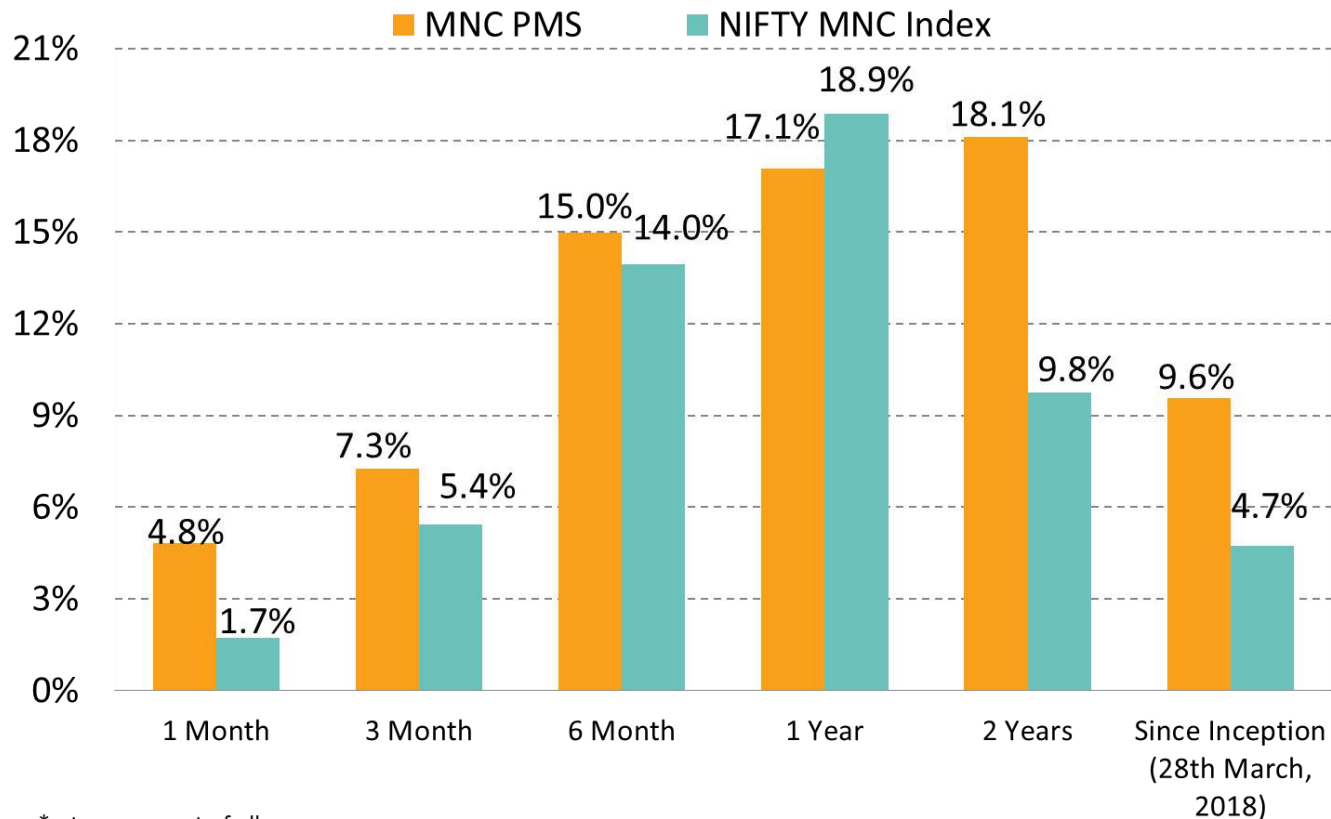
Avg Market Cap (cr)

Large Cap	121055
Midcap	14490
Small Cap	2188

Data as on 28th Feb, 2021

The current model client portfolio comprise of 18 stocks. Portfolio is well diversified across market capitalization and sector. We have shown top 10 stocks based on current portfolio. Most of the stocks are given more or less equal and sizable weightage in portfolio

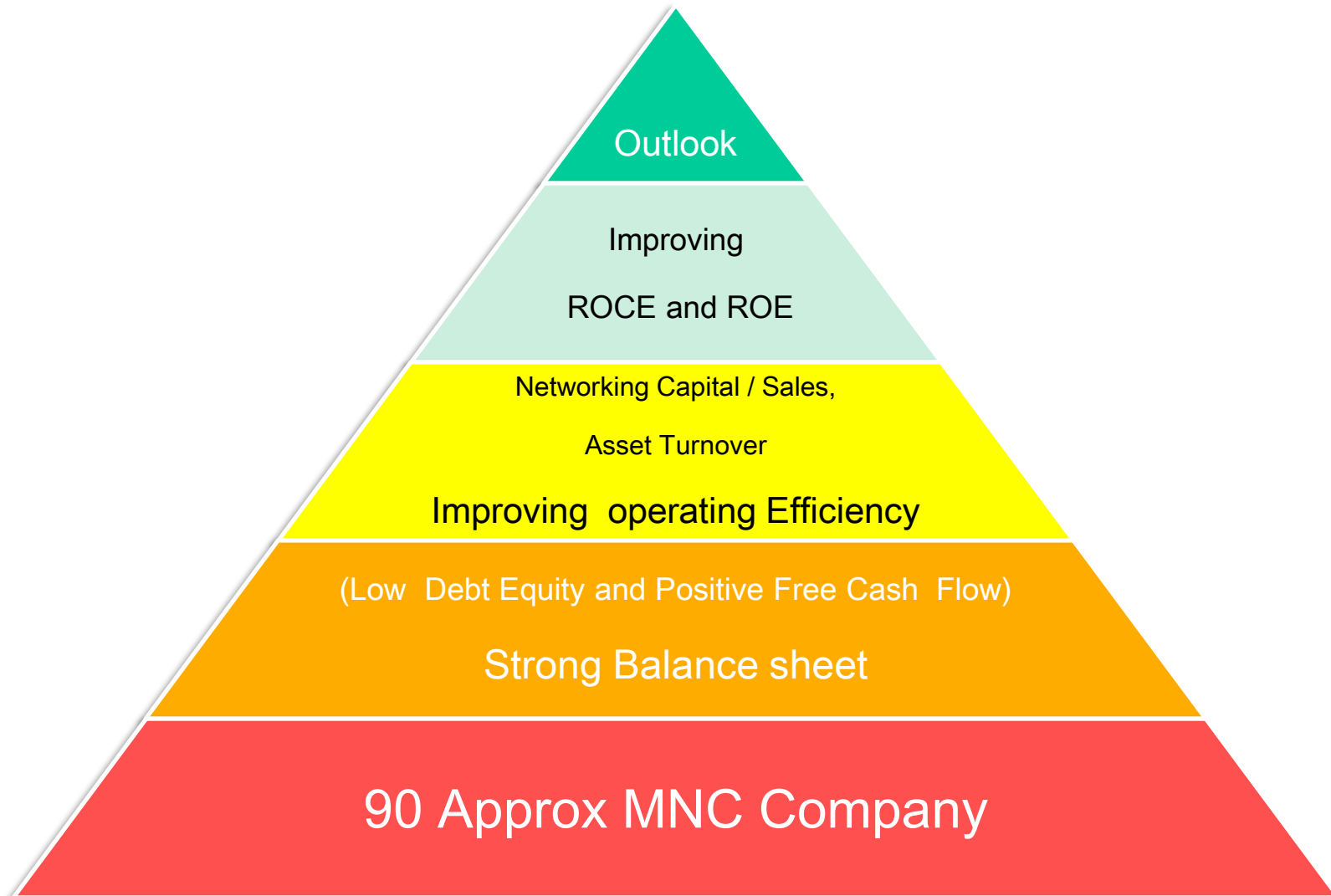
Performance as on 28th Feb, 2021



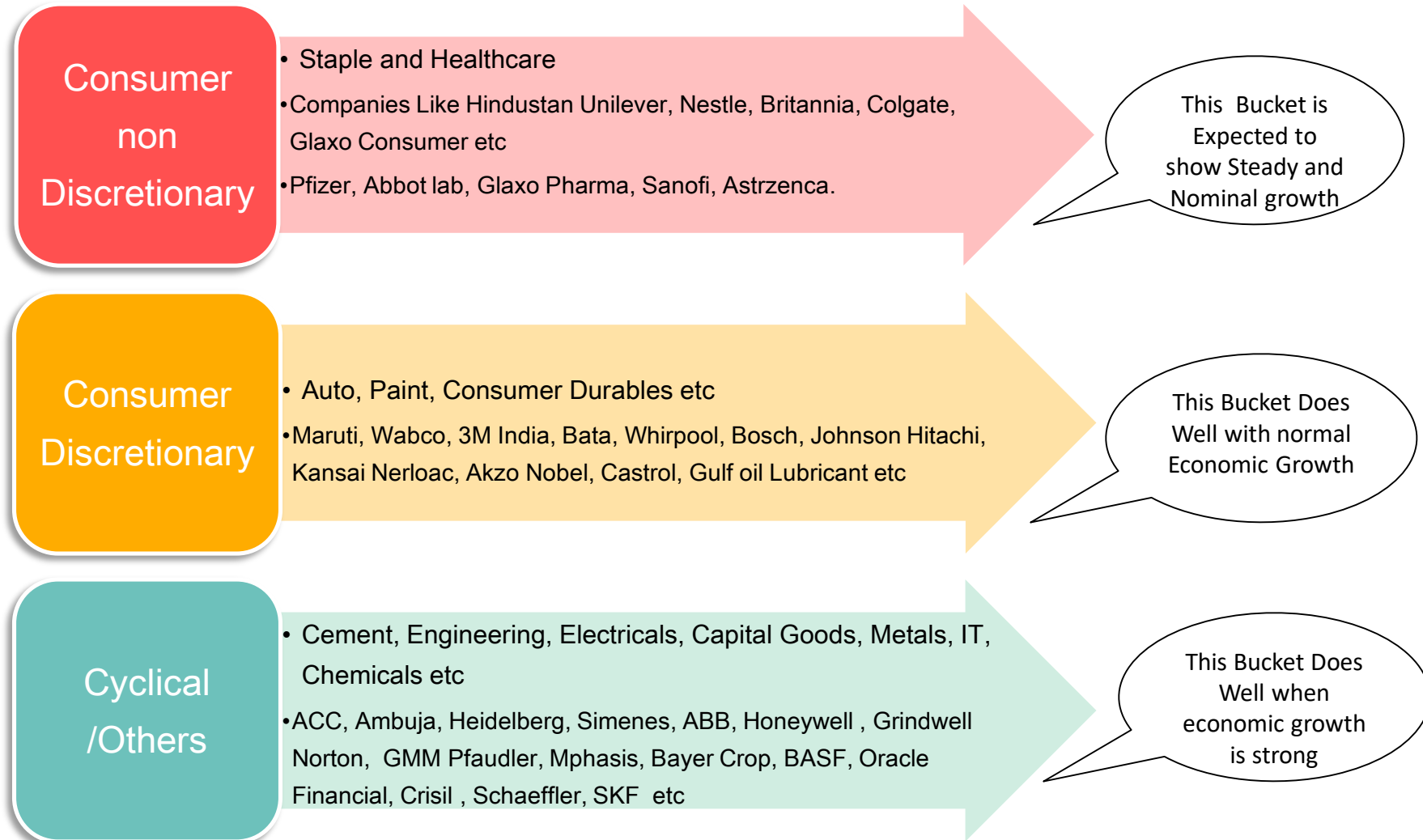
Note: - Returns above one year are annualized. Returns are net of fees and expenses.

Disclaimer: Past Performance is not necessarily indicative of likely future performance. Performance mentioned above are not verified by SEBI. We have shown the performance as Aggregate performance of all clients on TWRR basis.

Portfolio Strategy

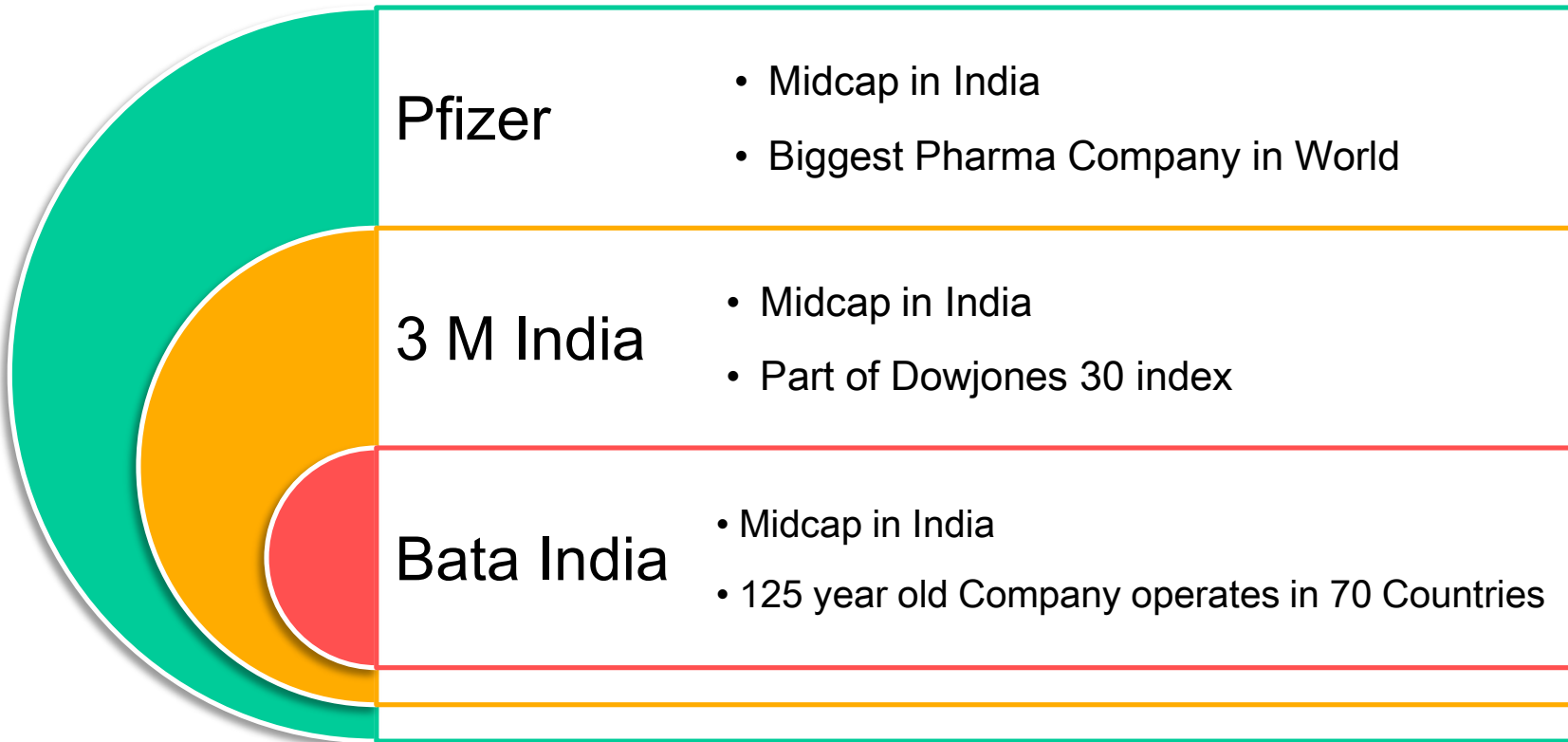


Out of 4500 listed Company, there are only 90 odd MNC Companies which are own by Foreign Promoter with more than 1000 cr Market Cap which make the stock universe limited for further evaluation.

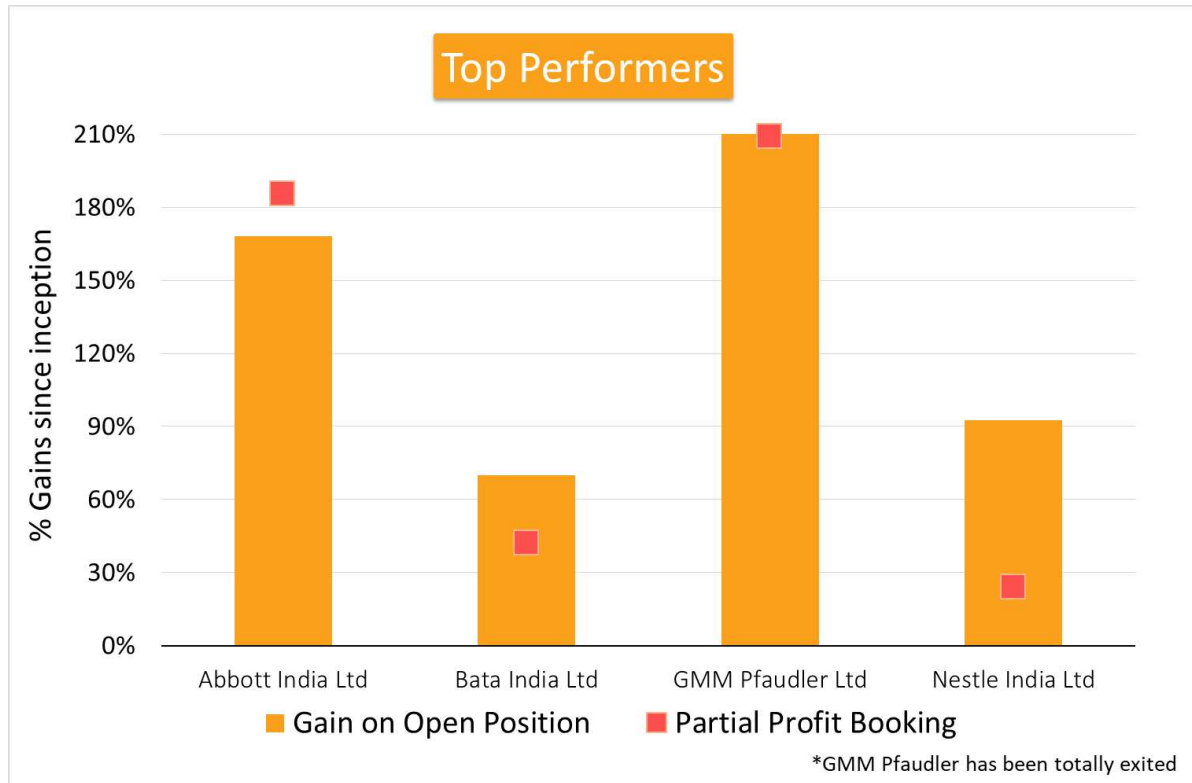


The three bucket strategy with shifting allocation as per the market outlook help to further optimize the returns, However Consumables remains the core part of the portfolio.

- ❖ MNC PMS is a Multicap Portfolio with all market capitalization. (large, Mid, Small)
- ❖ There are many companies which by Indian Market Cap Definition are called as Midcap Companies where as by Global Definition these are Large cap.
- ❖ One gets benefit of growth like Midcap Companies in India where as Quality of Large Cap. Few Eg given below



Pfizer	<ul style="list-style-type: none">• Midcap in India• Biggest Pharma Company in World
3 M India	<ul style="list-style-type: none">• Midcap in India• Part of Dowjones 30 index
Bata India	<ul style="list-style-type: none">• Midcap in India• 125 year old Company operates in 70 Countries



Average Annual Turnover 22.61%

Partial Profit booking and Stocks completely exited in profit is shown in adjacent table.

To optimise performance there are couple of partial and complete exits in losses done depending upon market dynamics.

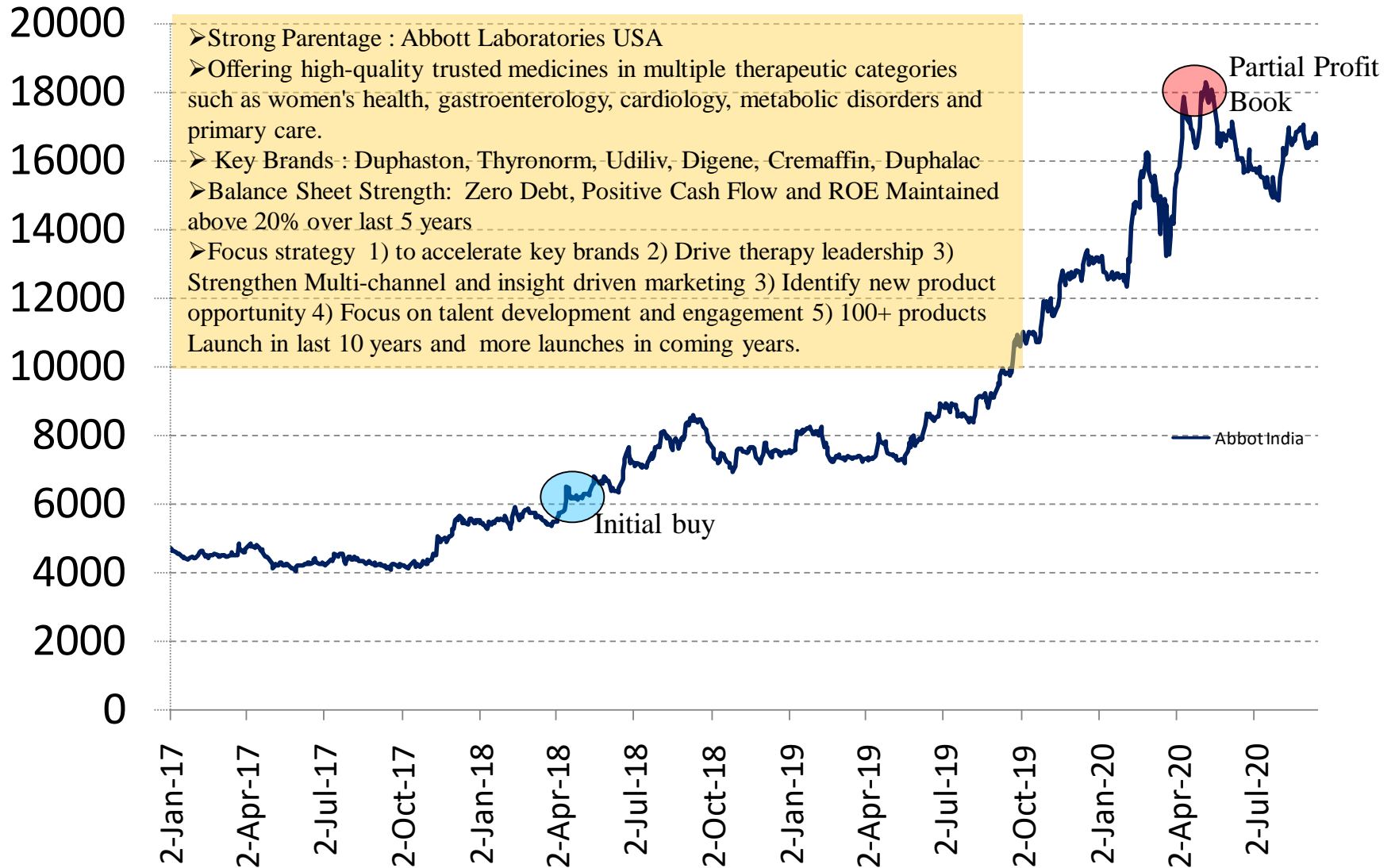
Eg: Reducing allocation in Auto and Ancillary in 2018-19 where sector was going through challenges

Eg 2: Covid 19. Reducing allocation in Industrial and cyclical

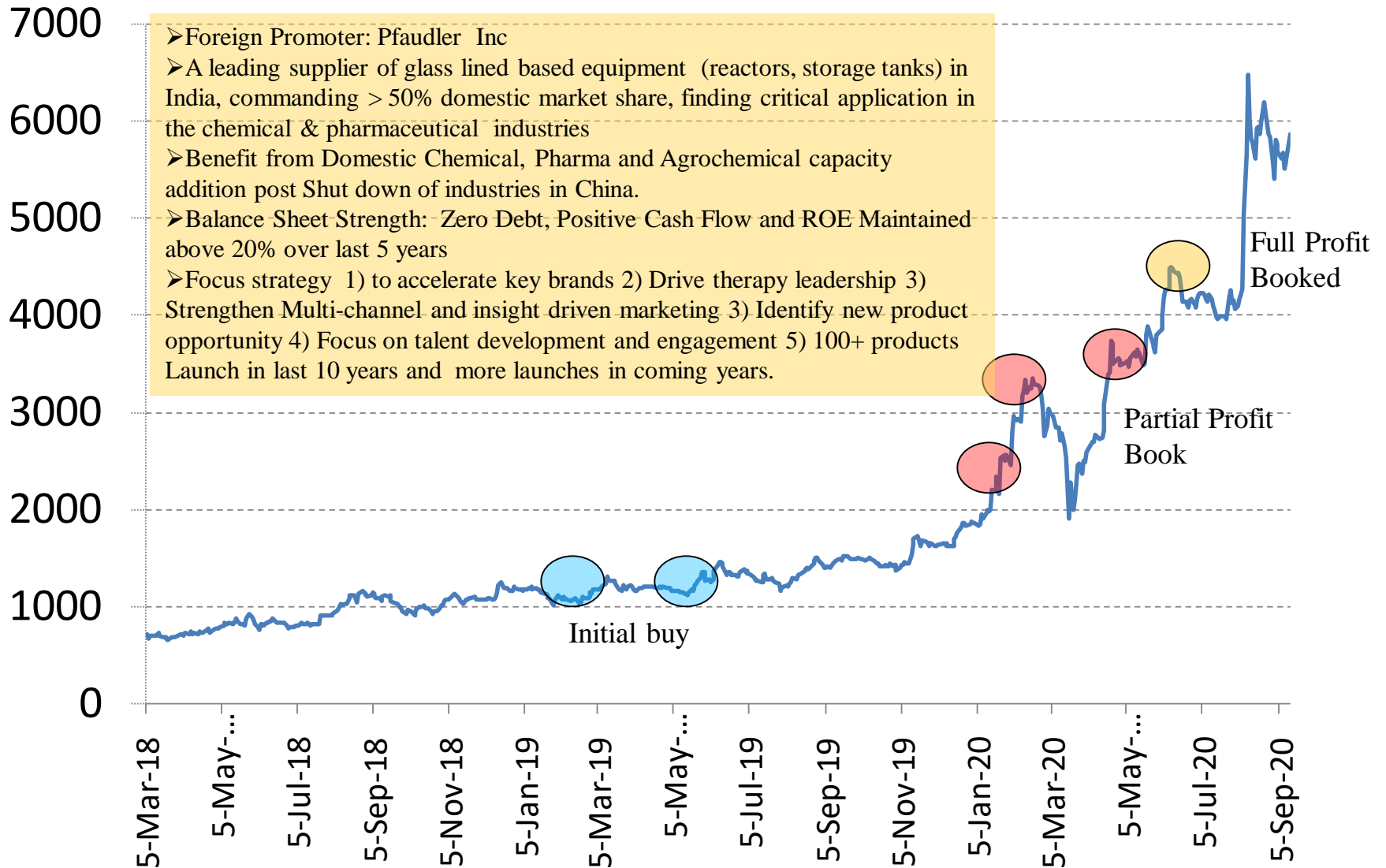
Though we have kept single stock weight max 15%, Partial Profit booking is done whenever overall weight of single stock in portfolio reaches close to 9-10% of portfolio.

Max 15% weight is kept in case of any special opportunity is going to get unfold in short term.

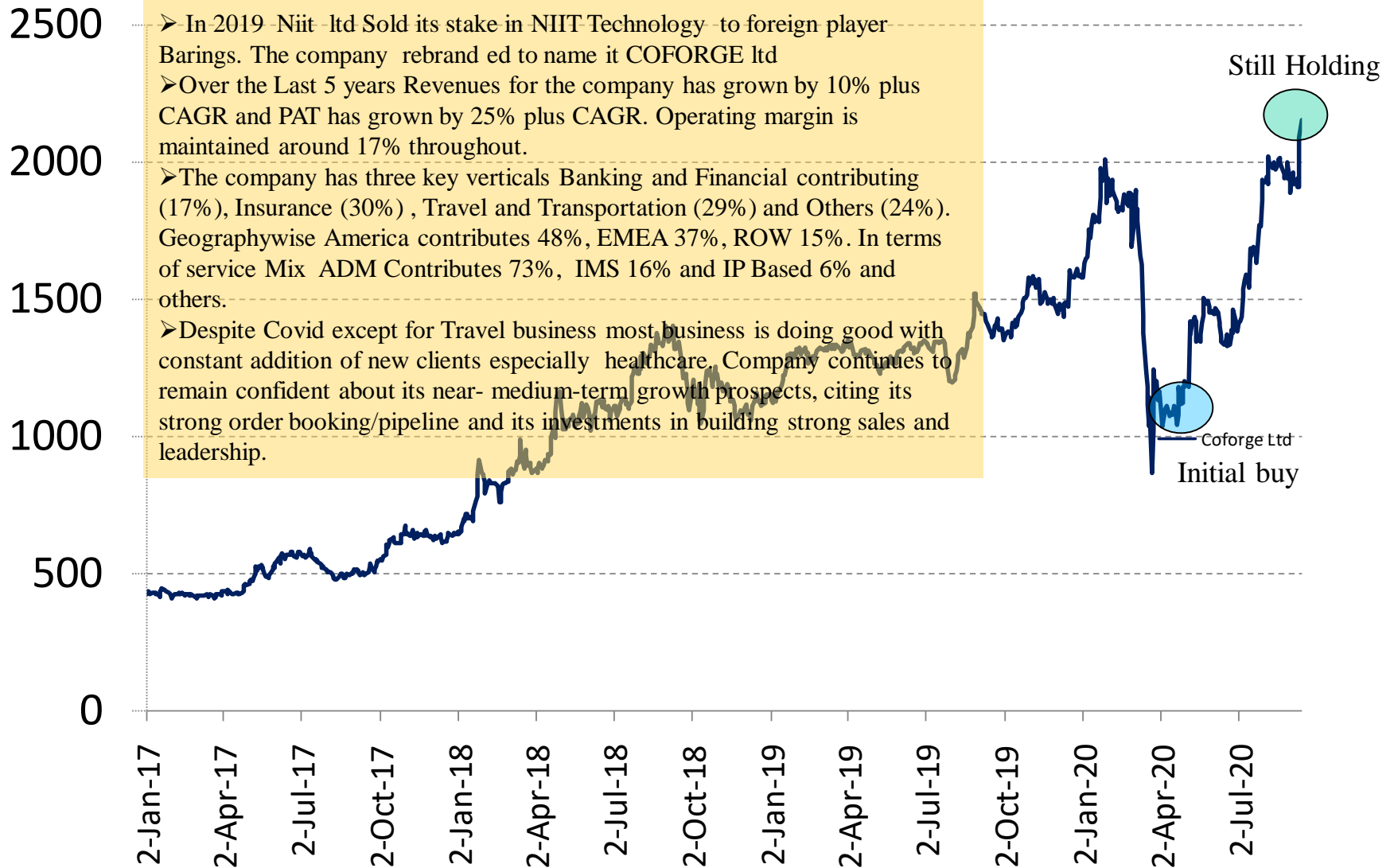
Abbot India



GMM Pfaudler



Coforge Ltd





Anand Rathi

Founder & Chairman

One of the leading financial and investment experts in India and South-east Asia, Mr. Anand Rathi on acquiring a Chartered Accountancy qualification had a long, successful and illustrious career of over 40 years as a core member of the legendary late Mr. Aditya Birla's business group. He was actively involved in all strategic initiatives, being instrumental in shaping the group's cement business, and spearheaded its foray into diverse businesses in manufacturing and services.

In 1999 as the President of BSE, he was the driving force behind the expansion of BOLT, the BSE Online Trading System. He also set up the Trade Guarantee Fund and played a vital role in setting up the Central Depository Services (CDS).

A respected member of the ICAI, he is popular among chartered accountants and finance professionals as also public life in general because of his active philanthropy and Corporate Social Responsibility (CSR) initiatives. These include training and career opportunities to bright young professionals.



Pradeep Gupta

Co Founder &
Vice Chairman

Mr. Gupta brings with him long experience of setting up and running a variety of business enterprises. His first exposure was in the family-owned textiles business, however his passion for financial markets led to his starting Navratan Capital & Securities Pvt. Ltd, later merged with Anand Rathi Financial Services.

At AnandRathi, he has played a pivotal role in laying the foundation of the Institutional Broking and Investment Services arms of the group. His ground-breaking spirit has helped the firm to rapidly expanding its footprint and emerge as a leading capital market player in the country.

He has been instrumental in leading the group to bag prestigious accolades and often appears in the media, sharing his views and insights on macro-economic aspects.

He is also an active member of the Rotary Club of Bombay.



Mayur Shah - Fund Manager

- More than 15 years of rich experience in Investment advisory, Product Development and Portfolio Management
- Working with Anand Rathi since 2007 across Portfolio Management and Private Client Group Equity Advisory
- Started Career with “Kotak Securities Ltd” in 2005 as an Investment Advisor subsequently got into developing Equity products and running the same
- Qualified MBA (Finance) from Mumbai University and Certified Financial Planner



Vinod Vaya

- More than 15 years of rich experience in Investment advisory, Portfolio Management and research
- Worked in past with Standard Chartered Securities, Religare Securities, Enam Securities.
- PGDBM from Mumbai

MNC Portfolio

Minimum investment

Rs. 50 lakhs

Portfolio:

15-20 STOCKS, diversified across sectors.

Themes offered

Diversified portfolio of Multinational Companies listed in India with controlling stake with foreign holder

Risk – reward & tenure

Moderate risk reward. Investment tenure preferably 3 years+

Type of instruments

Equity & Equity Related Instruments, Fixed Income Instruments, Cash & Cash Equivalent

Benchmark

NIFTY MNC and NIFTY 50

Benefits

- Dedicated Web Login for client to monitor portfolio.
- A relationship manager to cater to investment needs
- Constant monitoring of the portfolio
- Audited statement at year end for tax filing purpose.

Support

- Back office customer service desk to address client queries.

Fees & Charges

- AMC fees : 2.5% p.a (Charged Pro-rata at end of each quarter)
Brokerage : 0.25% on Equity delivery transaction
Exit Load : 3% -1st Year, 2% - 2nd Year, 1% - 3rd Year.
Other Charges: GST, Other charges levied by Exchange, Custodial charges levied by custodian and any other statutory charges.

Specific Disclaimer

All Investment are subject to Market Risk.
Please read the risk factors before investing in the same.
Past Performance is not necessarily indicative of likely future performance

Registration Details

PMS registered under : Anand Rathi Advisors Ltd.
PMS Registration Number : INP00000282.
Custodian : IL&FS Securities Services Ltd.

Product Support

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Investors are also advised to refer to the risk factors associated with Portfolio Management Services and read the Disclosure Document carefully and consult their Financial Advisor before taking decisions of investment.

For detailed risk factor, please refer to Disclosure Document before investing.