



# **Securities Investment Mgmt Pvt Ltd**

Portfolio Management Service

September 2023

SiMPL Multi Cap Value Portfolio (SMCVP)

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# Investment Philosophy & Objectives

- Endeavor for absolute returns than on relative performance to benchmarks
- Create long term value for investors
- 'True to label' value investing replicating Graham and Dodd or Buffet principles
- Valuation-focussed approach for both purchase and sale of stocks
- Focus on process rather than on market environment
- Investment holding period envisaged is 3-5 years at the time of acquisition
- Build a portfolio of 20-25 stocks to provide sufficient focus as well as diversified portfolio

# Endeavour

- Our belief is nicely put by Seth Klarman in his book - *Margin of Safety*:

*“Ultimately, nothing should be more important to investors than the ability to sleep soundly at night”*

- *We aim to do just that for our Clients*

# Core Portfolio Features

Companies in our portfolio typically have the following characteristics :

- Predictable business
- Attractive business prospects
- Sustainable Competitive Advantage
- Transparent Management with decent track record
- Consistently profitable

# Portfolio Construction Approach

- Purchase only if a stock meets with the characteristics defined
- High level of discipline maintained
- Willing to sit on cash rather than forcibly deploy in the market
- Portfolios therefore normally take longer time to build (six to twelve months)
- Portfolio weights would range from 3-5%, with exceptions made where an outstanding company becomes available at attractive valuations
- Happy to be **greedy when everyone is fearful**
- Exit stocks on the corollary of being **fearful while everyone is greedy**

# Market Views

- We believe investment in listed equities as an asset class has provided, and continues to provide, the best avenue for long term wealth creation
- Equity markets are difficult to predict in the near term with multiple types of investors
- Foreign Portfolio Investors have lower hurdle rates hence the valuations may not always provide the risk reward that we look for
- Opportunities we seek are, hence, market view agnostic
- Advantage of our investors having long term goals provides ability to ignore pressures of daily net asset value (NAV) or performance
- Our research-intensive approach provides the needed conviction to buy and sell contrary to popular market opinion
- Our investment actions are driven by our focus on absolute returns in the long term and risk reward matrix rather than near term views on the markets

# Performance Track Record

Annual TWRR Returns (net of fees & expenses)			
Period	SIMPL Cons Portfolio	NSE Nifty 50	S&P BSE 500 TRI
FY10*	16.0%	13.9%	16.5%
FY11	11.0%	11.1%	8.9%
FY12	10.2%	-9.2%	-7.8%
FY13	13.2%	7.3%	6.5%
FY14	38.2%	18.0%	19.0%
FY15	82.2%	26.7%	35.0%
FY16	-7.9%	-8.9%	-6.4%
FY17	23.7%	18.5%	25.5%
FY18	15.2%	10.3%	13.2%
FY19	4.9%	14.9%	9.7%
FY20	-16.5%	-26.0%	-26.5%
FY21	59.4%	70.9%	78.6%
FY22	27.1%	18.9%	22.3%
FY23	3.2%	-0.6%	-0.9%
FY24, Q1^	12.7%	10.5%	13.2%
FY24, Q2^	7.9%	2.3%	5.5%
Cumulative Returns			
Period	SIMPL Cons Portfolio	NSE Nifty 50	S&P BSE 500 TRI
FY10*	16.0%	13.9%	16.5%
FY11	28.8%	26.5%	26.9%
FY12	41.9%	14.9%	17.0%
FY13	60.7%	23.3%	24.7%
FY14	122.0%	45.5%	48.4%
FY15	304.4%	84.3%	100.4%
FY16	272.6%	67.9%	87.5%
FY17	360.9%	99.0%	135.4%
FY18	431.0%	119.5%	166.5%
FY19	456.9%	152.2%	192.3%
FY20	364.9%	86.6%	114.9%
FY21	641.1%	218.9%	283.9%
FY22	842.1%	279.1%	369.4%
FY23	872.0%	276.9%	365.1%
FY24, Q1^	995.3%	316.6%	426.4%
FY24, Q2^	1081.9%	326.3%	455.3%
Compounded Annual Gain Since Inception			
	SIMPL Cons Portfolio	NSE Nifty 50	S&P BSE 500 TRI
CAGR	19.2%	10.8%	12.9%

\* - Computation for period Sept 2009 to Mar 2010

^ - Unaudited



# Performance Track Record in US Dollar (\$)

Annual TWRR Returns (net of fees & expenses)										
Period	SiMPL Cons Portfolio			NSE Nifty 50			S&P BSE 500 TRI			INR / USD
	% Returns	Indexed	Indexed	% Returns	Indexed	Indexed	% Returns	Indexed	Indexed	RBI Ref Rate
	(in INR)	(in INR)	(in USD)	(in INR)	(in INR)	(in USD)	(in INR)	(in INR)	(in USD)	
		100.0	100.0		100.0	100.0		100.0	100.0	49.1
FY10*	16.0%	116.0	126.5	13.9%	113.9	124.2	16.5%	116.5	127.0	45.0
FY11	11.0%	128.8	140.4	11.1%	126.5	138.0	8.9%	126.9	138.3	45.0
FY12	10.2%	141.9	136.5	-9.2%	114.9	110.5	-7.8%	117.0	112.6	51.0
FY13	13.2%	160.7	146.0	7.3%	123.3	112.0	6.5%	124.7	113.3	54.0
FY14	38.2%	222.0	181.5	18.0%	145.5	119.0	19.0%	148.4	121.4	60.0
FY15	82.2%	404.4	314.9	26.7%	184.3	143.5	35.0%	200.4	156.1	63.0
FY16	-7.9%	372.6	277.0	-8.9%	167.9	124.8	-6.4%	187.5	139.4	66.0
FY17	23.7%	460.9	347.9	18.5%	199.0	150.2	25.5%	235.4	177.7	65.0
FY18	15.2%	531.0	400.8	10.3%	219.5	165.7	13.2%	266.5	201.2	65.0
FY19	4.9%	556.9	396.0	14.9%	252.2	179.3	9.7%	292.3	207.8	69.0
FY20	-16.5%	464.9	304.1	-26.0%	186.6	122.1	-26.5%	214.9	140.6	75.0
FY21	59.4%	741.1	491.3	70.9%	318.9	211.4	78.6%	383.9	254.5	74.0
FY22	27.1%	942.1	608.1	18.9%	379.1	244.7	22.3%	469.4	303.0	76.0
FY23	3.2%	972.2	576.8	-0.6%	376.9	223.6	-0.9%	465.1	275.9	82.7
FY24^#	21.6%	1182.3	698.3	13.0%	426.0	251.6	19.4%	555.3	328.0	83.1
<b>CAGR</b>	<b>No. of Years</b>	<b>Returns</b>	<b>Returns</b>		<b>Returns</b>	<b>Returns</b>		<b>Returns</b>	<b>Returns</b>	
		<b>in INR</b>	<b>in USD</b>		<b>in INR</b>	<b>in USD</b>		<b>in INR</b>	<b>in USD</b>	
Since Inception	14.08	19.2%	14.8%		10.8%	6.8%		12.9%	8.8%	

\* - Computation for period Sept 2009 to Mar 2010

^ - Unaudited

# - April 2023 to September 2023

# SiMPL TWRR - 10 years Rolling Return

SiMPL Rolling CAGR		FY10*	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24^#
SiMPL Returns Post Fee		16.0%	11.0%	10.2%	13.2%	38.2%	82.2%	-7.9%	23.7%	15.2%	4.9%	-16.5%	59.4%	27.1%	3.2%	21.6%
SiMPL Value	100	116.0	128.8	141.9	160.7	222.0	404.4	372.6	460.9	531.0	556.9	464.9	741.1	942.1	972.2	1182.3
S&P BSE 500 TRI Returns		16.5%	8.9%	-7.8%	6.5%	19.0%	35.0%	-6.4%	25.5%	13.2%	9.7%	-26.5%	78.6%	22.3%	-0.9%	19.4%
S&P BSE 500 TRI Value	100	116.5	126.9	117.0	124.7	148.4	200.4	187.5	235.4	266.5	292.3	214.9	383.9	469.4	465.1	555.3
1 year		16.0%	11.0%	10.2%	13.2%	38.2%	82.2%	-7.9%	23.7%	15.2%	4.9%	-16.5%	59.4%	27.1%	3.2%	21.6%
2 year		17.5%	10.6%	11.7%	25.1%	58.7%	29.6%	6.8%	19.4%	9.9%	-6.4%	15.4%	42.3%	14.5%	16.3%	
3 year		14.6%	11.5%	19.9%	41.8%	32.4%	27.6%	9.5%	14.3%	0.3%	11.8%	19.2%	27.9%	20.5%		
4 year		14.2%	17.6%	33.1%	27.3%	30.1%	24.4%	8.3%	5.7%	12.6%	15.4%	14.9%	30.6%			
5 year		19.0%	28.4%	23.7%	26.6%	27.0%	20.2%	2.8%	14.7%	15.4%	12.9%	18.2%				
6 year		28.5%	21.5%	23.7%	24.6%	23.0%	13.1%	10.6%	16.7%	13.2%	15.7%					
7 year		22.1%	21.8%	22.4%	21.6%	16.4%	18.8%	12.8%	14.7%	15.6%						
8 year		22.3%	20.9%	20.1%	16.0%	21.1%	19.8%	11.6%	16.6%							
9 year		21.5%	19.0%	15.3%	20.2%	21.7%	17.8%	13.4%								
10 year		19.6%	14.9%	19.1%	20.8%	19.7%	19.2%									

\* - Computation for period Sept 2009 to Mar 2010

^ - Unaudited

# - April 2023 to September 2023

# Business growth at SiMPL

Year	Number of Clients	Funds Managed (Rs. Crore)
<b>FY10</b>	13	21
<b>FY11</b>	26	25
<b>FY12</b>	33	40
<b>FY13</b>	33	44
<b>FY14</b>	42	76
<b>FY15</b>	57	162
<b>FY16</b>	70	159
<b>FY17</b>	83	210
<b>FY18</b>	111	268
<b>FY19</b>	173	361
<b>FY20</b>	218	349
<b>FY21</b>	219	579
<b>FY22</b>	247	747
<b>FY23</b>	272	796
<b>FY24, Q1^</b>	276	906
<b>FY24, Q2^</b>	283	983

^ - Unaudited

## Investors that we seek are those who :

- Have a long term investment horizon
- Focus on sustained value creation
- Follow Risk-Reward Matrix
- Are less influenced by momentum or near term market outlook
- Are looking to build core holdings in the portfolio

# SiMPL Fund Management & Research Team

## ***Rajashekar Iyer – Promoter Director***

- Chartered Accountant by qualification
- Over 25 years of experience in the field of equity research, advisory & investment management
- Ex Kotak Securities Ltd. as Head of Research and later as Head of its Institutional Broking business

## ***Ravi Purohit – Principal Officer & Chief Investment Officer***

- Engineering and Management graduate
- Centre for Monitoring the Indian Economy between 2003 and 2006
- Part of core team at SiMPL since 2008

# SiMPL Fund Management & Research Team

## ***Nikhil Upadhyay – Fund Manager***

- MBA (Finance) from IIM-Kozhikode
- SiMPL investment team since 2013
- Equirus Securities (Institutional Broking)
- ICICI Bank

## ***Viraj Kacharia – Senior Analyst***

- MSc Finance & Accounting from London School of Economics
- SiMPL investment team since 2013
- Cayuga Capital Partners (a macro hedge fund)
- Credit research division of JP Morgan

# SiMPL Fund Management & Research Team

## ***Aditya Khandelwal – Analyst***

- Chartered Accountant
- Part of SiMPL investment team since October 2021
- Internship Deloitte Haskins and Sells LLP

# SiMPL Compliance, Operations & Service Team

## ***Hema B. Rajashekar – Director***

- Holds an MMS degree from S.P. Jain Institute of Management Studies, Mumbai
- Over 20 years of experience in the areas of merchant banking, business journalism and macro industry research
- Former Head-Industry Analysis Service at the Centre for Monitoring Indian Economy (CMIE)

## ***Fahima Malik – Chief Operating Officer & Compliance Officer***

- Chartered Accountant by qualification
- Nomura, J P Morgan and Citi between 2008 and 2017
- Part of SiMPL Team since May 2018



# SiMPL Compliance, Operations & Service Team

## ***Pushpa Ram – Senior Executive Operations & Customer Care***

- Master of Commerce from Mumbai University
- Over 3 years of work experience in Audit & PMS Operations
- Part of SiMPL Team since July 2019

## ***Rickson Lasrado – Senior Executive Operations & Dealing Team***

- Bachelor of Accounting & Finance from Mumbai University
- Over 2 years of work experience as a Process Associate at Accenture
- Part of SiMPL Team since January 2020

# SiMPL Compliance, Operations & Service Team

## ***Hrishikesh Hode – Executive Operations & Dealing Team***

- Bachelor of Commerce from Mumbai University
- Nearly 3 years of work experience in Audit & PMS Operations
- Part of SiMPL Team since September 2021

## ***Jyoti Valmiki – Executive Customer Care & Operations***

- Bachelor of Commerce from Mumbai University
- 4 years of work experience as an Equity Dealer & Relationship Manager
- Part of SiMPL Team since April 2022

# Fee Structure

- Minimum Ticket size **INR 50 Lacs**
- Investors may choose **ANY ONE** from the below mentioned fee options :

## **A. Fixed Management Fee**

## **B. Fixed Management Fee and Performance Fee**

- In addition to above mentioned Fee options, Other expenses will be charged as per Actuals (Custody/Bank/Brokerage etc)
- GST or such other tax as applicable shall also be levied at the applicable rates in force on all charges and fees

# Fee Structure

contd.

- The details of **A. Fixed Management Fee** are as follows :
- Charged quarterly on the daily weighted average portfolio value
- Fee Slabs based on Net Asset Value of the portfolio

NAV Slab	Annual Fixed Fees % (charged quarterly as shown in the adjoining column)	Quarterly Fixed Fees %
Up to INR 20 Crore	2.00%	0.50%
Above INR 20 Crore to INR 50 Crore	1.75%	0.4375%
Above INR 50 crore to INR 100 Crore	1.60%	0.40%
Above INR 100 Crore	1.50%	0.375%

# Fee Structure

contd.

- The details of **B. Fixed Management Fee and Performance Fee** are as follows :
- **Fixed fees – 1% p.a.** (*charged quarterly at the rate of 0.25% on the daily weighted average portfolio value*)
- **Performance Fees - 20% over the hurdle rate of 10%**
  - *Performance fees is charged only when returns in a portfolio exceed 10% in any year,*
  - *The hurdle rate **compounds** (shortfall on hurdle rate in one year is carried forward to the next year and the performance fee becomes applicable only when the shortfall has been made up for)*
- **High water-mark principle is applied**

**Thank You**

# Ethics and Values

- Client's interest is always first.
- No Soft Dollar Arrangements. All transactions in the clients account therefore have only one purpose: earn absolute returns
- Charge fees for Alpha Generation. Except for the moderate administration fee, our clients pay us only if we perform.
- Our model is such that unless we earn any significant return for our clients, we don't make any for ourselves.

## Disclaimers and a few other matters

- No 'lock-in' is proposed or enforced of funds placed with us in the PMS Schemes but clients are encouraged to view their account as long term investments and it is suggested that only long term, surplus funds be invested in the scheme. Our investment style is best suited for individuals or families who wish to protect long term capital while investing in equities.
- Equities as a class may under perform other investments in the form of real estate, bond funds, gold etc and we do not hold out any assurance of outperformance against any other investment class
- On account of our emphasis on long term investments acquired at discount to fair value client monies may be retained in interest generating assets such as Liquid BEES or Bank Fixed Deposits until suitable opportunities arise. This inter alia could lead to underperformance of the overall portfolio against performance of the overall stock market as indicated by various indices such as the BSE Sensitive Index, NSE 50 Stock Index, BSE Small cap Index etc
- We look for value and may find it in illiquid stocks of small companies. A portion of your portfolio will be invested in such stocks which carries with it attendant liquidity risk apart from company specific risk.
- No hedging strategies are adopted to protect against currency depreciation or market fluctuations in either direction



## Disclaimers and a few other matters

- Clients are mailed a Monthly Statement of Transactions, Holdings and Valuation.
- Past performance statistics are available in this presentation and also in the Disclosure Document filed with the SEBI. Past performance is no indication of target returns and should not be relied upon as indicative of achievable returns or target returns for the future. The past performance statistics are based on audited financial statements but the same have not been verified by SEBI.
- Investments are often made and held directly by promoters and other key employees in the same stocks in which the portfolio manager invests for clients. Such investments may be made by promoters, directors or by entities controlled by them. In all such cases a pre-clearance procedure is in place and priority is accorded to clients' investments both in the purchase and sale of securities in accordance with internal policies adopted for this purpose. Clients are entitled to receive a copy of the Internal Guidelines on this matter for perusal.
- Performance fees are not charged for certain categories of customers like promoters, major shareholders, employees, etc

## **Securities Investment Management Pvt Ltd**

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