

Celebrating



FOCUS ON OPPORTUNITY



November 2014

- India's Next Trillion Dollar Opportunity (NTDOP)
- Small and Mid Cap (SMID) Market Opportunity
- Why MOAMC - PMS ?
- Strategy Details

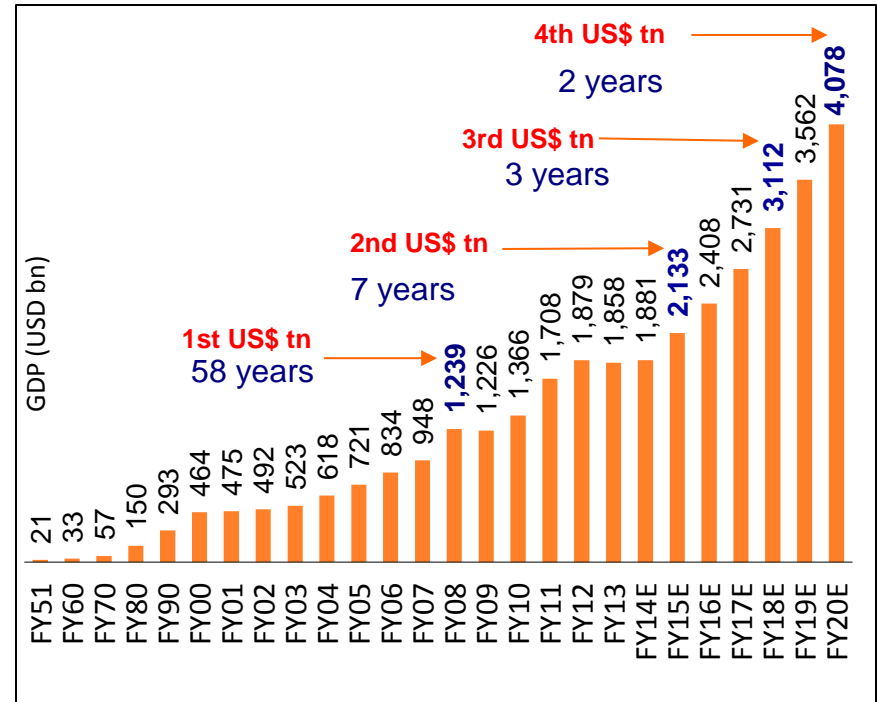
3 The Next Trillion Dollar Opportunity (NTDOP)

- Trillion Dollar GDP
- Rising Discretionary Spending

TRILLION DOLLAR GDP

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- India has joined the club of countries with a Trillion Dollar GDP in FY08
- The journey from US\$100bn GDP to US\$1trillion took 30 years but is expected to take only 7 years for US\$2 trillion
- Overall robust service sector enabled by strong GDP growth
- Service sector driven by rapid productivity improvement is expected to lead future GDP growth
- Due to sustained growth in consumer income, Manufacturing sector to be a key growth driver
- Dependency on Agriculture is expected to reduce as witnessed in developed countries
- Higher contribution of service sector in GDP would reduce the volatility in GDP growth



Source: Motilal Oswal Securities Ltd (Data as on 31/03/2014)

Contribution in GDP	FY77	FY87	FY97	FY11	FY13
Agriculture	37%	31%	26%	14%	14%
Manufacturing	25%	26%	28%	28%	28%
Services	36%	42%	46%	57%	59%

Source: Motilal Oswal Securities Ltd (Data as on 31/03/2014)

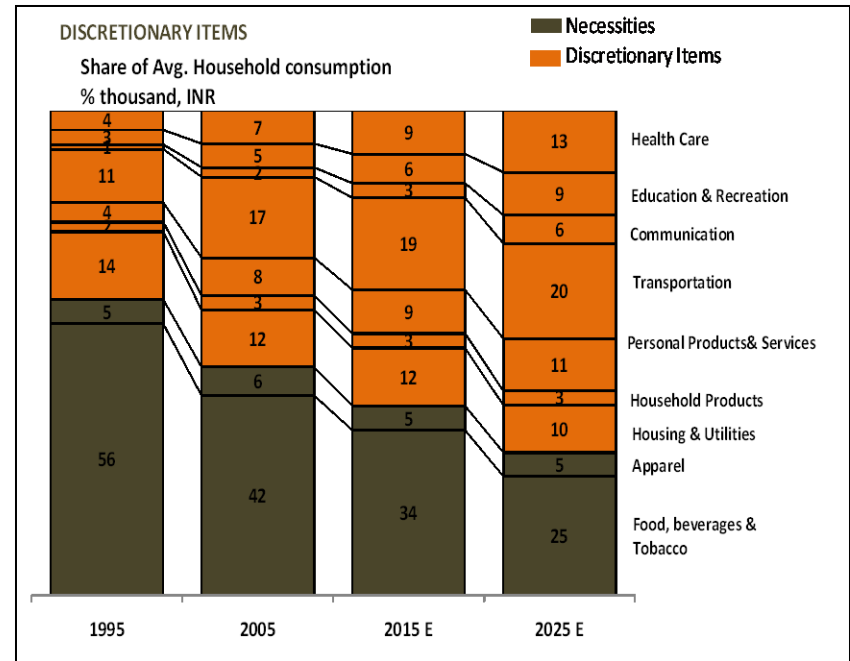
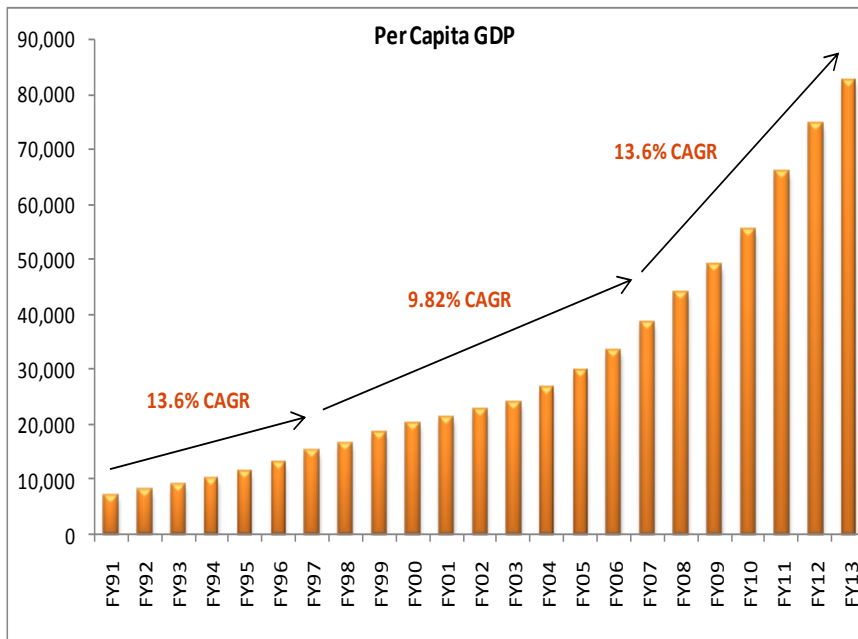
Above forward-looking graphs/statements are based on external current views and assumptions and involve known and unknown risks and uncertainties that could cause actual results. Past performance may or may not be sustained in future and should not be used as a basis for comparison with other investments.

RIISING DISCRETIONARY SPENDING

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Discretionary spending is expected to increase disproportionately going forward

Discretionary spend will rise from 52% in 2005 to 70% in 2025



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Above forward-looking graphs/statements are based on external current views and assumptions and involve known and unknown risks and uncertainties that could cause actual results.

➤ Per Capita GDP has grown to Rs. 82,339 in 2013 from Rs.38,277 in 2007

➤ Higher Per Capita GDP to increase Disposable Income

THE SMALL AND MID CAP OPPORTUNITY

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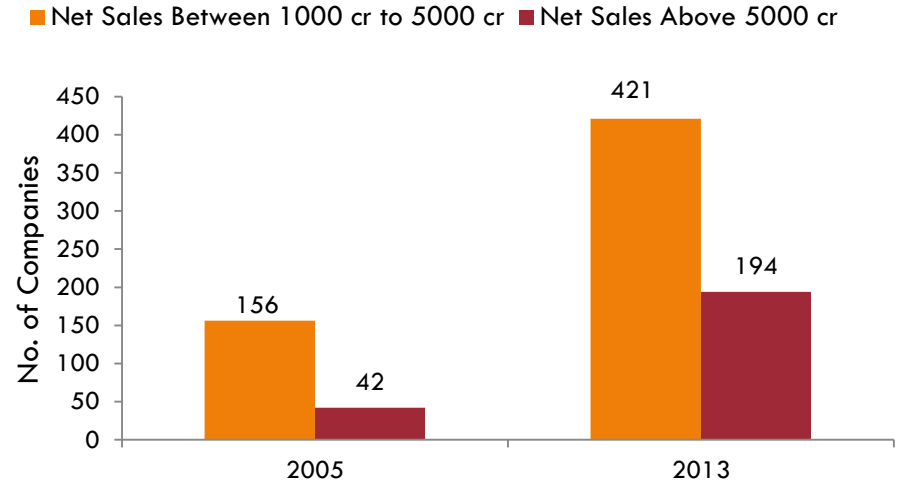
Companies with Net Sales under Rs. 5000 Crs. have increased by ~5 times from 2005 to 2013

Companies with Net Sales of Rs. 1000 Crs. to Rs. 5000 Crs. have increased by ~3 times from 2005 to 2013

Small & Mid Cap companies of 2005 have transformed into today's Large Cap companies

No. of Large Cap companies (> Rs. 10000 Crs.) have virtually tripled since 2005

Business Growth



Source: Capitaline Data as on 03/04/14

Market Capitalization	No. of Companies	
	2005	2013
MCAP <1000	2252	2944
MCAP 1000 cr - 5000 cr	196	275
MCAP 5000 cr - 10000 cr	41	71
MCAP >10000 cr	42	112
Total	2531	3402

Source: Capitaline Data as on 03/04/14

CHARACTERISTICS OF MID CAP MARKET

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- Larger Stock Universe
- Under Owned and Under-researched Companies
- Fewer Business Lines and Focused businesses
- Attractive Valuation as compared to Large caps

WHY MOTILAL OSWAL PMS ?

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- Amongst India's one of the leading PMS Service Providers, with Assets under Management of approx Rs. 2135 Crores.
- MOAMC - PMS has one of the largest active accounts (more than 4,170) on PMS Platform.
- Our NTDOP Strategy has outperformed the benchmark across market cycles over last 6 year period.
- Our Flagship "Value Strategy" has outperformed the benchmark across market cycles over a 11 year period.
- MOAMC - PMS has active clients in 138 different cities right from Agra to Vijaywada; a testimony of strong acceptance of our PMS across the length & breadth of the country.

Data as on 31st October 2014

NEXT TRILLION DOLLAR OPPORTUNITY STRATEGY

- Strategy Objective
- “Buy Right Sit Tight” Investment Philosophy
- Strategy Construct
- Some Focus Themes
- Stock Selection Process
- Wealth Creators
- Investment Style and Timing
- Portfolio Holding
- Performance Snapshot

STRATEGY OBJECTIVE

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The Strategy aims to deliver superior returns by investing in focused themes which are part of the Next Trillion Dollar GDP growth opportunity.

It aims to predominantly invest in Small & Mid Cap stocks with a focus on Identifying Emerging Stocks/Sectors.

OUR INVESTMENT PHILOSOPHY – ‘BUY RIGHT: SIT TIGHT’

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A philosophy distilled from over 25 years of wealth creation expertise of Motilal Oswal Securities Ltd.

Buy Right

Q-G-L-P approach to buying right stocks

Quality : Quality of business and management

Growth : Growth in earnings and sustained RoE

Longevity : Longevity of the competitive advantage /economic moat of the business

Price : Buying a good business for a fair price rather than buying a fair business for a good price.

Sit Tight

Focus and Discipline

Buy and Hold: We are strictly buy and hold investors and believe that picking the right business needs skill and holding onto these business to enable our investors to benefit from the entire growth cycle, needs even more skill.

Focus: Our portfolios are high conviction portfolios with 20 to 25 stocks being our ideal number. We believe in adequate diversification but over-diversification results in diluting returns for our investors and adding market risk.

OUR INVESTMENT PHILOSOPHY – ‘BUY RIGHT: SIT TIGHT’

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Why “ BUY RIGHT: SIT TIGHT” is significant?

- Real wealth is created by riding out bulk of the growth curve of quality companies and not by trading in and out in response to buy, sell and hold recommendations.
- This philosophy enables investor and manager alike to keep focus on the businesses they are holding rather than get distracted by movements in share prices.
- An approach of buying high quality stocks and holding them for a long term wealth creation motive, results in drastic reduction of costs for the end investor.
- While BUY RIGHT is largely the role of the portfolio manager, SIT TIGHT calls for involvement from the portfolio manager as well as investor. This brings in greater accountability from the manager and at the same time calls for better involvement and understanding from investor resulting in better education for the latter.
- Long term multiplication of wealth is obtained only by holding on to the winners and deserting the losers.

STRATEGY CONSTRUCT

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Investment Universe

- Focus on Non-Nifty companies
- Market Cap distribution Concentration
 - > Rs 2500 Crores -largest market cap constituent of CNX Mid Cap* - 75-100%
 - < Rs 2500 Crores - 0-25%

Allocation Limit

- Individual Stock Allocation Limit: 10%^ for Midcaps & 5 % for Small Caps.
- Sector Allocation Limit: 35 % or as per benchmark

Stock Portfolio

- 20 to 25 stock
- Benchmark: CNX Midcap Index

*As on Feb 28, 2014, highest Market Capitalization in CNX Mid Cap is 49,288 Cr. This will be subject to change as per market movements. (source: NSE India), ^Not more than 10% for new stock introduced in the strategy.

SOME FOCUS THEMES

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Consumption

- Increasing consumer spending
- Retailing
- Consumer durables
- Passenger Vehicles
- Utility Services

Banking and Financial Services

- Beneficiary of high GDP growth and savings rate
- Banks
- Broking
- Insurance
- Financial Services

Infrastructure & Related Services

- Benefit from Government Spending
- Power
- Cement
- Capital Goods
- Construction
- Real Estate
- Engineering

The above themes can change based on the outlook of the portfolio manager.

STOCK SELECTION PROCESS

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Meeting with Company Management to Understand Business Dynamics

Visit companies & worksites to evaluate Manufacturing Process, Quality of Fixed Assets, Ascertain Entry Barriers.

Greater Emphasis on Corporate Governance, Management Track Record, Capabilities for Scale

Look out for Turnaround Stories and Emerging Sectors Product Innovations



*Prudent research procedure
With an eye on risk involved*

WEALTH CREATORS

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- Much success can be attributed to inactivity. Most investors cannot resist the temptation to constantly buy and sell.
- "We don't get paid for activity, just for being right. As to how long we'll wait, we'll wait indefinitely." - Warren Buffett
- It was never my thinking that made the big money. It was always my sitting. Men who can both be right and sit tight are uncommon- Jesse Livermore

Stock	Purchase Date	Adjusted Purchase Price	Current Market Price	% Growth
			31-Oct-14	
Page Industries Ltd.	Dec-07	456.37	8908.8	1852.1%
Bosch Ltd.	Dec-07	4863.98	14900.75	206.3%
ING Vysya Bank Ltd.	Jun-10	320.10	644.85	101.5%
Bajaj Finance Ltd.	Aug-10	625.30	2808.5	349.1%
Eicher Motors Ltd.	Aug-10	1173.60	12772.75	988.3%
Jammu & Kashmir Bank Ltd.	Aug-10	81.37	138.85	70.6%

Source: MOAMC

Please Note: The given stocks are part of portfolio of a model client of NTDOP Strategy as on 31st October 2014. The stocks forming part of the existing portfolio under NTDOP Strategy may or may not be bought for new client. Past performance may or may not be sustained in future and should not be used as a basis for comparison with other investments. Name of the PMS Strategy does not in any manner indicate its future prospects and returns. The Company mentioned above is only for the purpose of explaining the concept and should not be construed as recommendations from MOAMC.

INVESTMENT STYLE & TIMING

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Buy undervalued stock and sell overvalued stock, irrespective of Index movements.

- The below mentioned table gives the performance of the Stocks after exiting from the Strategy.

Scrip Name	Buy Date	Adjusted Buy Price	Sell Date	Adjusted Sell Price	CMP *	Scrip Returns post selling	NTDOP Returns post selling	CNX MIDCAP Returns post selling
Ahluwalia Contracts India Limited	14-Dec-07	341.12	03-Jun-11	119.47	154.75	8%	30%	12%
Bharat Electronics Limited	03-Jul-08	972.91	19-Aug-10	1,729.46	2,083.65	5%	23%	7%
Birla Corporation Limited	08-Jul-09	234.06	05-Feb-10	347.60	523.25	9%	25%	12%
Blue Star Limited	05-Aug-08	382.14	20-Sep-10	511.06	338.05	-10%	22%	6%
Jindal Steel & Power Limited	05-Mar-10	691.40	27-Apr-11	691.27	161.80	-34%	29%	10%

All returns are annualized

*Data as on 31st October 2014

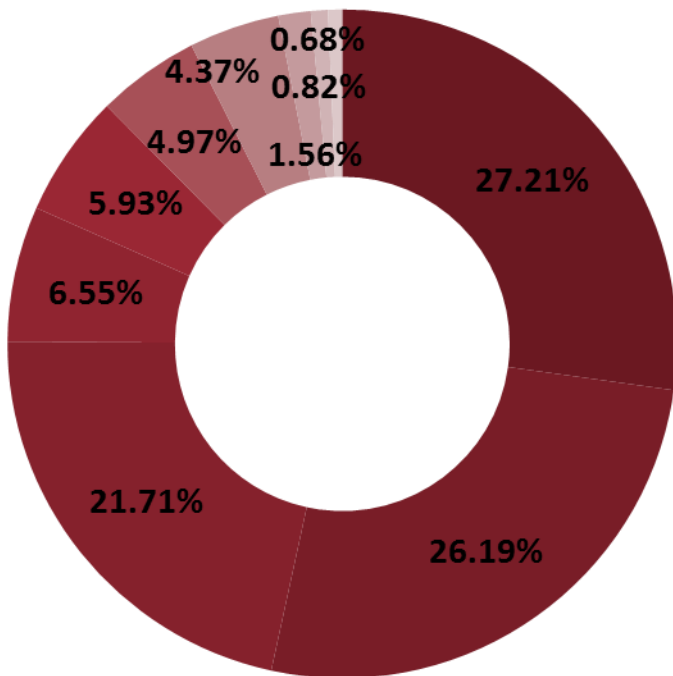
Source: MOAMC

The Stocks mentioned herein are for general and comparison purpose only and not a complete disclosure of every material fact. It should not be construed as investment advice to any party. Past performance may or may not be sustained in future.

PORTFOLIO HOLDING

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Sector Allocations



- Auto & Auto Ancillaries
- Banking & Finance
- FMCG
- Engineering & Electricals
- Diversified
- Pharmaceuticals
- Oil and Gas
- Logistic Services
- Restaurants
- Cash

Top Holdings

Scrip Name	%Holding [^]
Eicher Motors Ltd.	19.59
Page Industries Ltd.	11.31
Bajaj Finance Ltd.	7.69
Bosch Ltd.	7.62
Voltas Ltd.	5.93

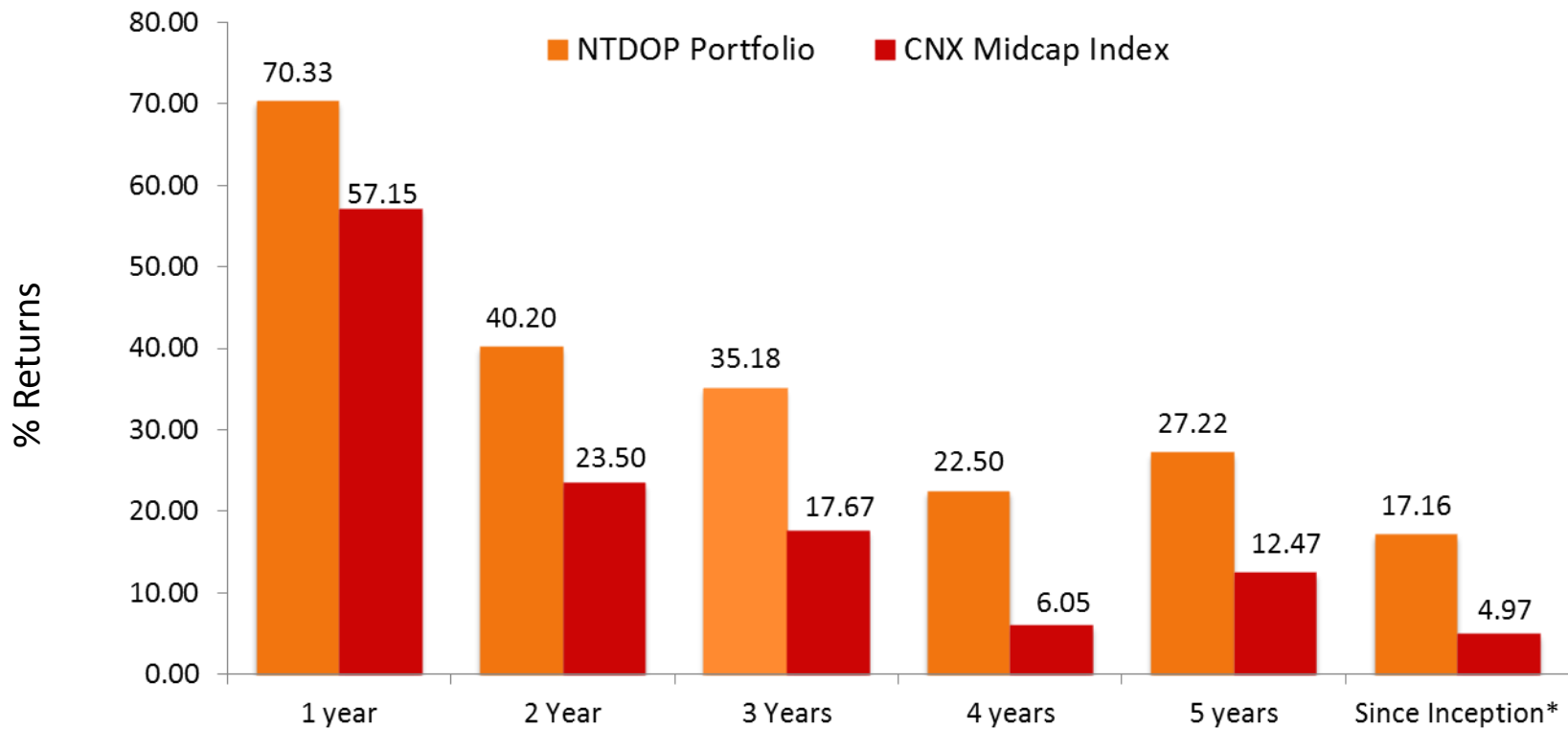
[^]Above 5%

Please Note: These stocks are a part of the existing NTDOP Strategy as on 31st October 2014. These Stocks may or may not be bought for new clients. Past performance may or may not be sustained in future and should not be used as a basis for comparison with other investments. The strategy may or may not have any present or future holdings in these stocks. The companies mentioned above are only for the purpose of explaining the concept and should not be construed as recommendations from MOAMC. [^] Based as per the closing market prices on 31st October 2014.

PERFORMANCE SNAPSHOT

➔ In last 3 years NTDOP has delivered 35.18% returns vs. CNX Midcap Index returns of 17.67% delivering an alpha of 17.51%

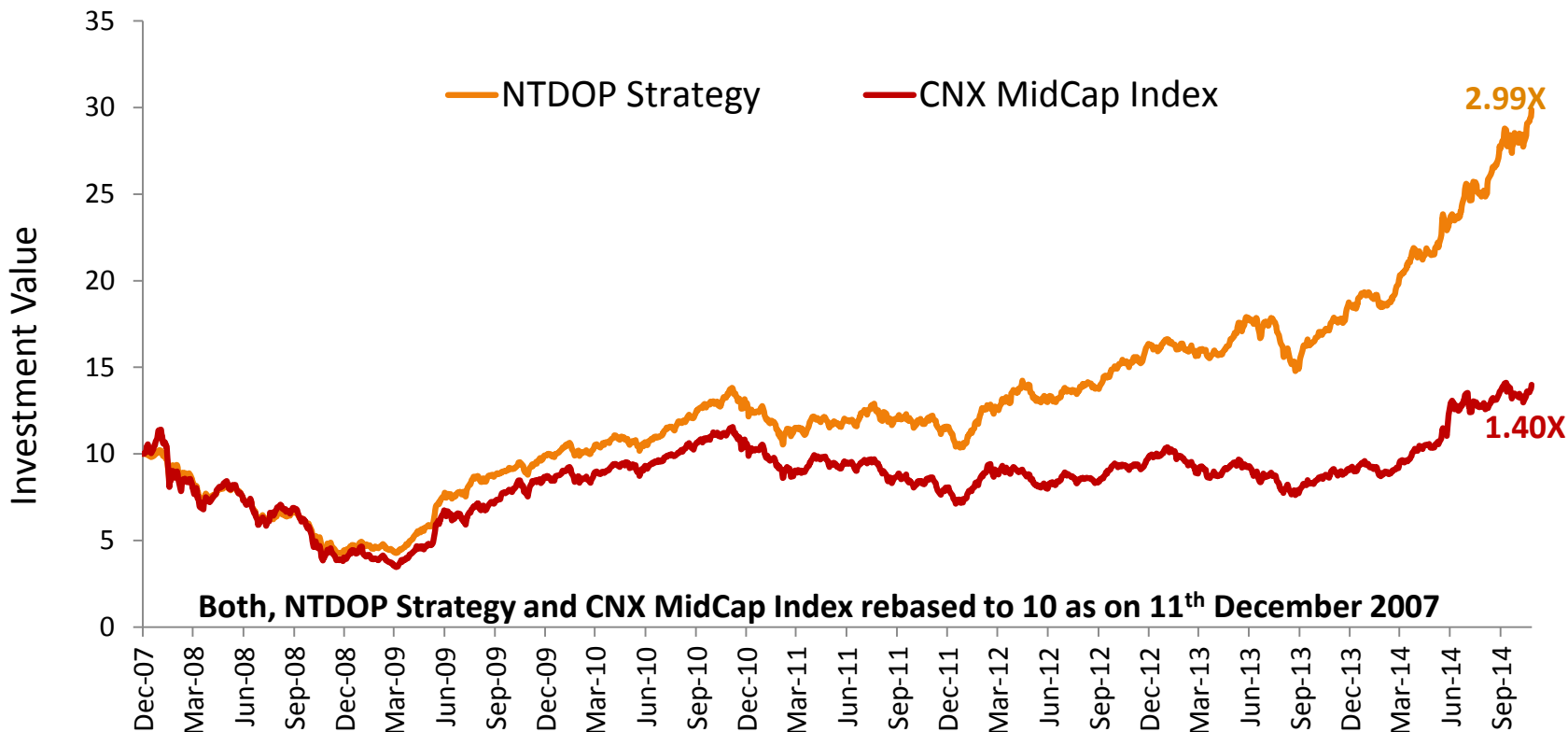
➔ Since Inception NTDOP has delivered an annualized alpha of 12.19%



*Strategy Inception Date: 11/12/2007. Please Note: The Above strategy returns are of a Model Client as on 31st October 2014. Returns of individual clients may differ depending on time of entry in the Strategy. Past performance may or may not be sustained in future and should not be used as a basis for comparison with other investments. Returns below 1 year are absolute and above 1 year are annualized. Strategy returns shown above are post fees & expenses.

PERFORMANCE SINCE INCEPTION

The chart below illustrates Rs. 1 crore invested in NTDOP Strategy in December 2007 is worth Rs. 2.99 crores as on 31st October 2014. For the same period Rs. 1 crore invested in CNX Midcap Index is now worth Rs. 1.40 crores.



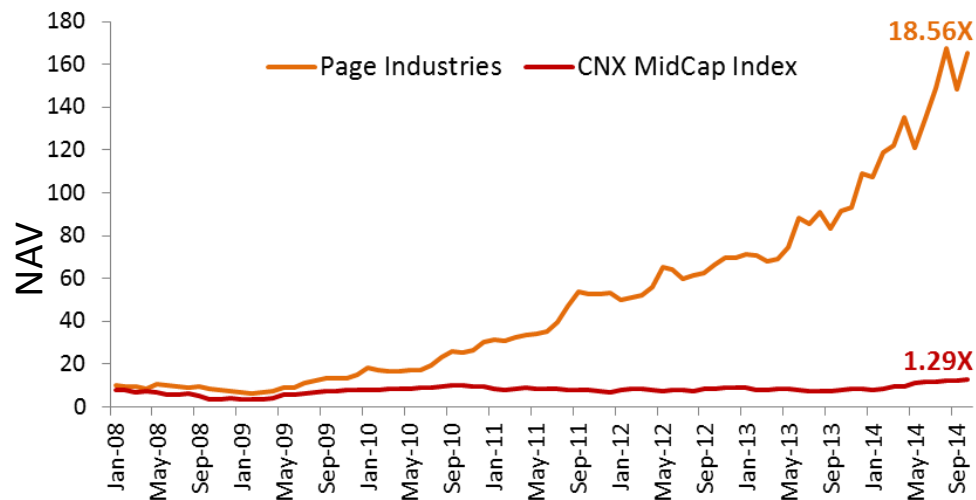
Strategy Inception Date: 11/12/2007.

Please Note: The Above strategy returns are of a Model Client as on 31st October 2014. Returns of individual clients may differ depending on time of entry in the Strategy. Past performance may or may not be sustained in future and should not be used as a basis for comparison with other investments. Returns below 1 year are absolute and above 1 year are annualized. Strategy returns shown above are post fees & expenses.

KEY HOLDINGS- PAGE INDUSTRIES

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- Exclusive franchisee of Jockey International in India. Strong play on the rapidly growing branded innerwear industry. To benefit from shifting consumer preferences driven by rising income levels and urbanization.
- Robust entry barriers with strong brand recall, well-oiled distribution and integrated manufacturing.
- Expected to grow at 25-30%. High dividend payouts and strong profitability to sustain premium valuations.
- In 2011 added Speedo swimwear and accessories as a brand to market and manufacture in India



Source: Bloomberg/MOAMC

Data as on 31/10/2014

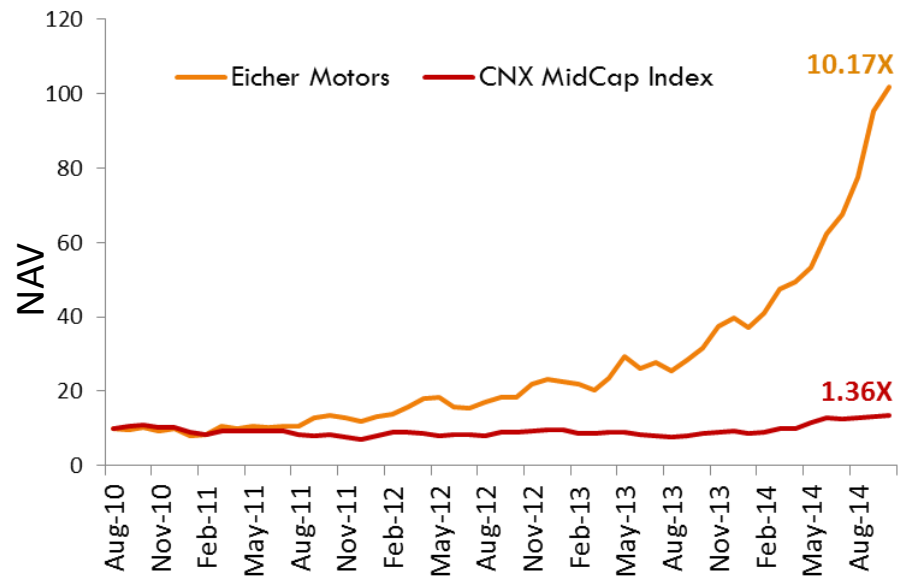
Both, Page Industries and CNX MidCap Indexed to 10.

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KEY HOLDINGS - EICHER MOTORS

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- Eicher Motors Ltd (EML) is present in commercial vehicles, two wheelers and related components. It's a leader in Cruise bikes in India and No.2 player in Medium Commercial Vehicles(CV).
- Royal Enfield - Touted as the Indian Harley Davidson, It is the biggest beneficiary of this emerging leisure biking trend in India.
- Volvo Eicher alliance (VECV) can be a game changer for Eicher in the form of outsourcing opportunity in engines an expanding Eicher's footprint in heavy-duty CVs.
- VECV has exclusive rights for all Volvo's (current and future) CV related projects/ products in India.



Source: Bloomberg/MOAMC

Data as on 31/10/2014

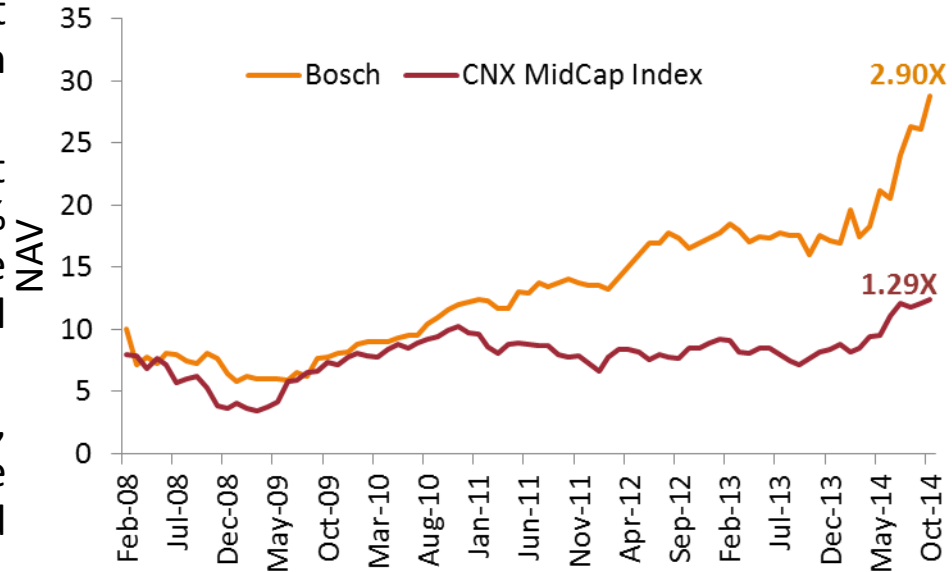
Both, Eicher Motors and CNX MidCap Indexed to 10.

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KEY HOLDINGS - BOSCH LTD

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- Motor Industries Company (BOSCH), the flagship company of the Bosch group in India, is the country's largest manufacturer of diesel fuel injection equipment.
- BOSCH is a preferred supplier to most OEMs, currently enjoying around 65% market share in spark plugs and more than 85% market share in diesel fuel injection pumps.
- With a Rise in petrol prices in India, Penetration of diesel engines in the passenger car segment has increased in the last couple of years.
- Further, greater visibility on newer growth opportunities is emerging for the company, following its investments in new and innovative technologies such as CRS and gasoline systems.



Source: Bloomberg/MOAMC

Data as on 31/10/2014

Both, Bosch and CNX MidCap Indexed to 10.

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CHAIRMAN

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- **Mr. Raamdeo Agrawal** is a Co-founder and Joint Managing Director of Motilal Oswal Financial Services Ltd.
- Mr. Agrawal is also a Director on the Board of Motilal Oswal Asset Management Co. Ltd.
- He is the key driving force behind strong research capability as well as a renowned Value investor, and has also been instrumental in setting up the investment management philosophy of the firm.
- He has an extensive experience of more than 25 years in Financial Service Sector.
- Mr. Agrawal is an Associate of Institute of Chartered Accountant of India.
- One of India's foremost Value Investors and author of the 'Wealth Creation Study since its inception in 1996.
- In 1986, he wrote the book Corporate Numbers Game, along with co-author Mr. Ram K Piparia.



FUND MANAGER

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- **Mr. Manish Sonthalia** is Senior Vice President and Head -Equity PMS
- He has more than 17 Years Experience in Equity Research, Fund Management & Equity Sales.
- Qualifications – FCA, ICWAI, CS, MBA
- Past Experience : He has been Vice President – Equity Research at Motilal Oswal Securities Ltd.
- Fund Manager with PMS since 2006



FUND STRUCTURE

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Mode of payment	By Fund Transfer/Cheque and/or Stock Transfer
Investment Horizon	Medium to Long Term (3 Years +)
Benchmark	CNX Mid Cap Index
Account Activation	Next business day of Clearance of funds
Portfolio Valuation	Closing NSE market prices of the previous day
Operations	<ul style="list-style-type: none">• Investments managed on individual basis• Third party Custodian for funds and securities
Reporting	<ul style="list-style-type: none">• Monthly Performance Statement• Transaction, Holding & Corporate Action Reports• Annual CA certified statement of the Account
Servicing	<ul style="list-style-type: none">• Dedicated Relationship Manager• Web access for portfolio tracking

RISK ANALYSIS – BY MORNING STAR

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The NTDOP strategy has outperformed the benchmark with a lower level of volatility and has managed to deliver strong returns while offering defensive characteristics, reducing losses during periods of market downturn but participating in the upside.

5 Years Data	Portfolio	Benchmark*
Beta	0.70	1.00
R2	72.15	100.00
Up Capture Ratio	99.32	100.00
Down Capture Ratio	50.32	100.00
Sharpe Ratio	1.05	0.32
Standard Deviation	17.54	21.18

Source : Motilal Oswal AMC/Morningstar Direct, Data as on 30/09/2014, returns annualized using model strategy * CNX Midcap Index

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Service Providers

Custodian	IL&FS Securities Services Ltd
Auditor	M/s Morzaria & Associates
Depository	Central Depository Services Ltd

Portfolio Manager Details

Portfolio Manager	Motilal Oswal Asset Management Company Ltd. (MOAMC),
SEBI Registration No. as Portfolio Manager	INP 000000670

Registered Office:	Portfolio Management Services Department 10 th Floor, Motilal Oswal Tower, Rahimtullah Sayani Road, Opposite Parel ST Depot, Prabhadevi, Mumbai - 400025
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