

PURNARTHA AIF SERIES 1

As on 28 February 2023

Purnartha

RESEARCH - RESULTS - RELATIONSHIPS

PURNARTHA INVESTMENT ADVISERS PVT. LTD.

INVESTMENT OBJECTIVE

The investment objective of the Fund is to seek to generate long term capital appreciation for Investors from a portfolio consisting primarily of equity and equity related instruments with a long term investment horizon.

INVESTMENT POLICY

The Fund rigorously looks for choosing companies which are poised to reap long-term gains and inter - alia, satisfy the following qualities:

- History:** The Fund needs operating history that shows performance across regimes. The Fund sees if the businesses have generated positive cash in all regimes. Other businesses and valuation-related parameters are analyzed too.
- Business Model:** The Fund analyzes why the company does not depend upon large borrowing to grow its business (excluding BFSI (Banking, Financial Services and Insurance) sector). The Fund has come across unique business models that provide an insight into the economic moat or competitive advantage of the company.
- Volume Growth:** The Fund also articulates what are the structural drivers for the volume growth of the company for the next few years.
- Management Interaction and Channel Checks:** Good history and the reason why the company is poised to grow is the output of the business owners' thought processes and interests. The Fund identifies the person responsible for the company's future & find out if his interests are aligned for future growth. Channel checks provide insight into the culture of the company.
- Valuation:** The Fund will build a portfolio that is suitable, based on an internal valuation matrix.

FUND FACTS

Scheme name	Purnartha AIF Series 1
Launch Date	14th Jan 2022
Scheme	Close Ended Scheme
Category	Category III Alternative Investment Fund
Investment Manager	Purnartha Investment Advisers Pvt Ltd
Committed AUM	Rs. 68.05 Cr
Minimum Investment	Rs. 1 CR
Benchmark	Nifty 500



Manish Palande,
Fund Manager

Chartered accountant with 16 years of equity research experience in financial modelling, due diligence and risk evaluation of investment opportunities.

Research experience in India and overseas has groomed him into a seasoned analyst looking for stocks and themes that could be potential winning opportunities for investors.

TOP 5 HOLDINGS

ICICI Bank Ltd

Bajaj Finance Ltd

Avenue Supermarts Ltd

Syngene International Ltd

PI Industries Ltd

PORTFOLIO CHARACTERISTICS

No. of Holdings	10 to 16
Standard Deviation vs Benchmark	10.30 vs 15.55
Sharpe Ratio vs Benchmark	-0.03 vs -0.36
Wt. Av. Market Cap (Rs. CRs.)	1,69,732
Beta	0.52
ROE	11.87%
P/E	32.2
P/B	6.0

All valuation multiples are on Trailing Twelve Months basis.



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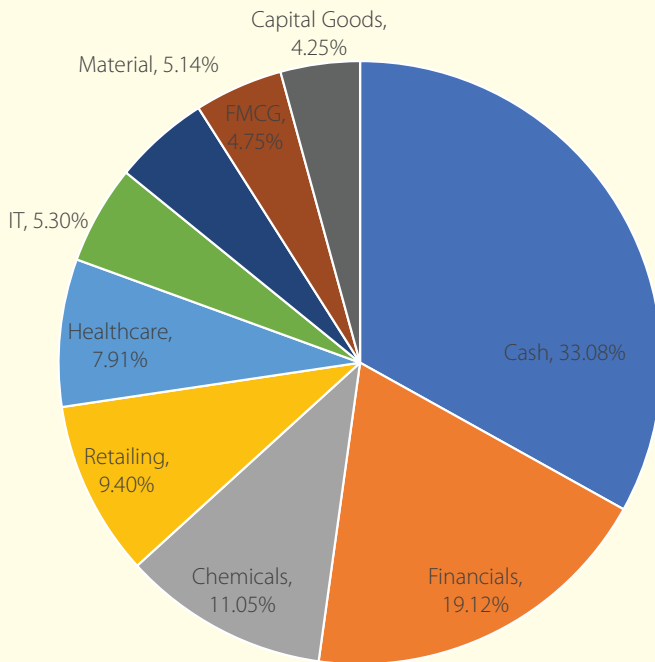
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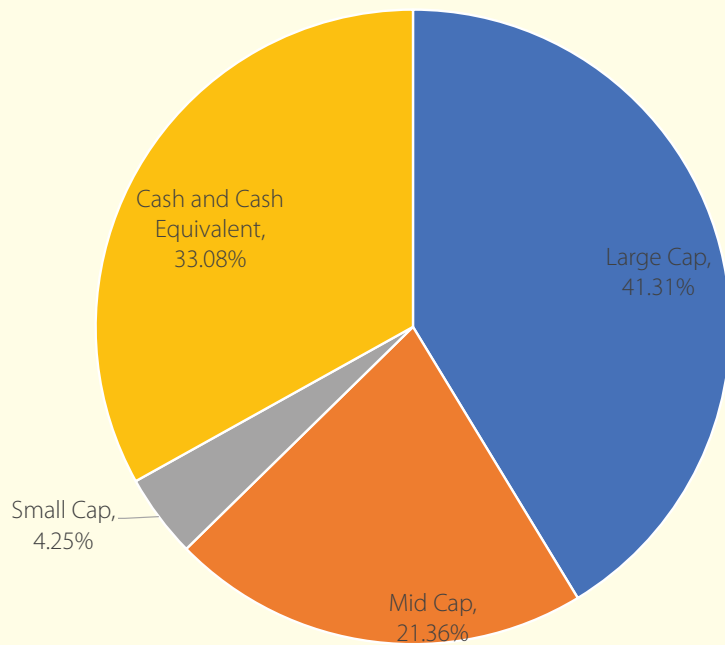
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SECTOR-WISE EXPOSURE



MARKET-CAP EXPOSURE



PORTFOLIO PERFORMANCE

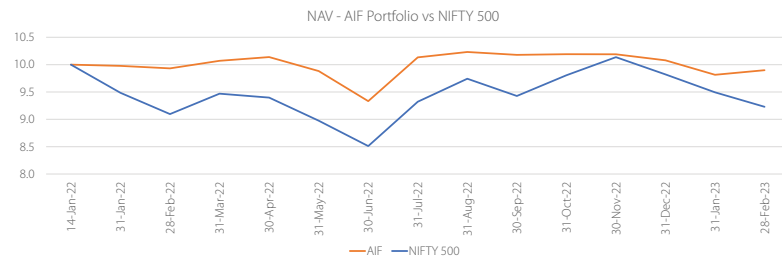
Strategy/ Benchmark	1 Month	3 Month	6 Month	1 Y	Since Inception
Purnartha AIF Series 1	0.87%	-2.85%	-3.25%	-0.33%	-0.90%
*NIFTY500	-2.79%	-8.95%	-5.26%	1.47%	-6.82%

Inception date for Purnartha AIF Series 1 is 14th January 2022.

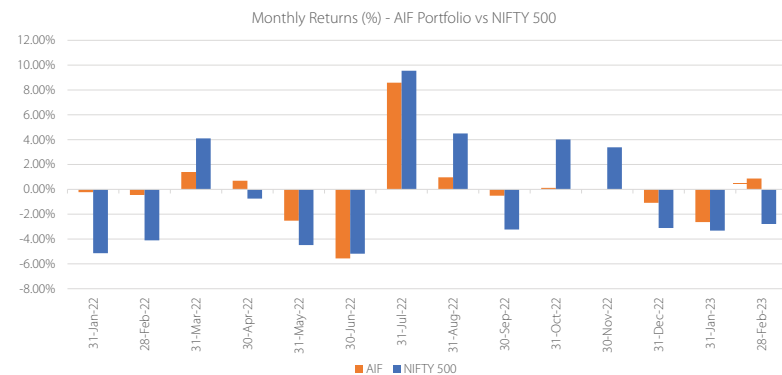
Latest NAV may be subject to adjustment for monthly expenses.

*Performance Benchmark for the Investment Approach is Nifty 500.

RETURNS LINE CHART VS BENCHMARK



PERFORMANCE BAR





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MARKET PERFORMANCE REVIEW

In February 2023, Nifty 50 Index was down 2.0%, Nifty 500 Index was down 2.8%, Nifty Midcap 100 was down 1.8%, and Nifty Smallcap 100 was down 3.6%. Among sectors, FMCG (+1.1%), IT (-0.3%), Financial Services (-0.6%), Consumer Durables (-0.7%) and Bank (-0.9%) outperformed whereas Metal (-18.5%), Media (-10.2%), Energy (-8.6%), Pharma (-5.0%), Realty (-4.5%), and Auto (-4.4%) underperformed broader markets during the month.

The outlook on global growth has improved in recent months, despite the persistence of geopolitical hostilities and the impact of monetary policy tightening by central banks across the world. Inflation is exhibiting some softening from elevated levels, prompting central banks to moderate the size and pace of rate actions. Federal Reserve minutes released on February 22, 2023, indicated there are signs, inflation is coming down but not enough to counter the need for more interest rate increases. The annual inflation rate in the US slowed for the 7th straight month to 6.4% in January 2023, lowest since October 2021. While the last Fed policy meeting concluded with a smaller rate hike of 25 bps, officials stressed that their concern over inflation remained high and emphasized the need to stay vigilant. The European Union's statistics agency, Eurostat, stated inflation in Europe for January 2023 was 8.6%, down from 9.2% in December 2022.

While the International Monetary Fund (IMF) has been projecting a difficult year for the global economy with growth slowing down from 3.4% in 2022 to 2.9% in 2023, India remains a bright spot. IMF Managing Director, Kristalina Georgieva stated "For FY 2023/24 we project 6.1% growth for the Indian economy, a bit of slow down like the rest of the world economy, but way above the global average. India would be contributing to about 15% of global growth in 2023." Meanwhile, GDP growth for the quarter Q3FY23 slowed down to 4.4%. The Consumer Price Index (CPI) in India accelerated to 6.5% in January 2023, the highest in three months, compared to 5.7% in December 2022. At the MPC meeting held between February 6-8, 2023, the RBI raised policy repo rate under the liquidity adjustment facility (LAF) by 25 bps to 6.5%. There is some consensus growing around a milder slowdown than earlier feared, although geographical disparities complicate the prognosis." The MPC also decided to remain focused on withdrawal of accommodation to ensure that inflation remains within the target going forward, while supporting growth. Brent crude oil prices declined over the past month to about \$83.12 on February 28, 2023. GST collections for February 2023 stood at ₹1,49,577 crores, up 12% YoY. The Indian rupee closed at 82.64 against the US dollar on February 28, 2023. As per the NSDL data, Foreign Institutional Investors (FIIs) have turned net sellers during February 2023, to the tune of ₹5,294 crores in the Equity cash segment (incl. primary markets) compared to selling shares worth ₹28,852 crores during January 2023.

PORTFOLIO PERFORMANCE REVIEW

In January 2023, Purnartha AIF Series 1 was up 0.87%, while the benchmark NSE 500 Index was down 2.8%. The key outperformers in the portfolio were Shree Cement (+10.1%), Navin Fluorine (+4.6%), Bajaj Finance (+3.8%), Asian Paints (+3.8%), PI Industries (+3.4%), Syngene (+3.3%), ICICI Bank (+2.8%), Persistent Systems (+2.3%), Marico (-1.2%), TCS (-1.4%) and Avenue Supermarts (-2.4%) while the key laggards were Dabur (-4.5%).

Dabur India delivered steady results in a difficult cost and operating environment. The company remained intensely focused on operational excellence and delivering consumer-centric innovation to expand the total addressable market. It expects the quantum of inflation to moderate. However, commodity-specific nuances will continue to linger, especially in the Food & Beverage basket which is seeing a pickup in inflation. Urban markets are also expected to improve, driven by softening of inflation, buoyancy of new age channels and improved consumer sentiment on the back of reduction in taxes for the Indian middle class. **Marico's** domestic business witnessed emerging signs of a gradual demand revival, while the international business stood its ground amidst macro headwinds in some markets. Management expects to maintain an improving growth trend in the domestic business in the near term. Among the sales channels, General Trade declined in mid-single digits with rural still behind urban. Management expects gross margin to remain steady with an upward bias going ahead unless sharp volatility in key input costs resumes. Considering, the quarterly gyrations of all cost line items, EBITDA margin is expected to be in the band of 18-19% for FY23. **Navin Fluorine** delivered good set of results on all key financial metrics for Q3FY23 and all the business units delivered good revenue growth. Three of the company's plants, HPP, MPP and one dedicated to Agrochemical Intermediate have commenced operations from this quarter. In the HPP segment, a new plant in Dahej reached close to its designed capacity and a new project in Surat is expected to begin production in Q2FY24. cGMP-3 capacity expansion is on track and the management believes that the CDMO business is on a strong footing and primed for further capacity expansion. Management expects some softness in H2CY23 due to recession impact. **PI Industries** performance was in line with expectation. Revenue growth was driven by robust growth in CSM business which was led by volume growth. EBITDA margin improved on account of favourable product mix and operating leverage. Management maintained revenue growth guidance of 20% plus on a sustainable basis and expects margins to remain in the range of 23-24% going forward. It aims to commercialize 4-5 molecules every year and has guided for capex of ₹800 crores to ₹850 crores in FY24. **Shree Cements** witnessed healthy demand during the quarter with increasing capacity utilisation. Volume growth was due to rise in construction activities across all regions. Management expects to close FY23 with sales volumes to the tune of 32 million tonnes. The company guided of adding 42MW solar power plants in near term. It expects to spend ₹700-800 crores in Q4FY23 taking the total capex in FY23 to about ₹2,900 crores. The company has retained its goal of having 80 MTPA capacity by FY30.



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PURNARTHA AIF SERIES 1 KEY POINTERS

Operating Expenses	Administrative fees-cap of 0.15% of daily net assets, Brokerage 0.10% of transaction value
Term of the fund	7 years from the date of closing. Extendable by 2 years with the prior consent of 2/3rd majority
Commitment Period	24 months. Extendable by 6 months
Initial offer period - Final closing date	13th Jan 2024. Extendable by 6 months
Performance Fee	Not Applicable
Exit Load	1% on exit before 12 months from the last drawdown. Nil, afterwards
Gating restriction on withdrawal of beneficial interest	Not applicable
Leverage	Not applicable
Defaulting Investor	Penal interest of 10% Waived off at the discretion of Investment Manager

PURNARTHA AIF SERIES 1 KEY POINTERS

Management Fee: Management fee % across various asset class, considering special asset class scenario	To be charged on daily net assets post tax provision
Class A1/B1: Rs. 1-5 crores	2.25%
Class A2/B2: Rs. 5-15 crores	1.75%
Class A3/B3: Rs. 15-25 crores	1.50%
Class A4/B4: Above Rs. 25 crores	1.35%
Class A5/B5: Strategic Investors & affiliates of the Sponsor/Investment Manager	1.25%

Taxes extra.

Purnartha Investment Advisers Pvt Ltd

CIN No: U72200PN2011PTC 138994

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