



SCALING PEAKS WITH  
EXPERIENCE AND RESILIENCE



**SUNDARAM ALTERNATES**  
UNEARTHING OPPORTUNITIES

## Sundaram Alternative Opportunities Fund – ATLAS II

**Investment Objective:** The portfolio will be a multi cap portfolio with investments in large, mid and small-cap stocks with the objective of seeking long term capital appreciation.

### PORTFOLIO CONSTRUCTION

- ATLAS II offers an opportunity to participate in opportunities in multiple sectors and across the cap curve.
- Leveraging our experience to play across market cycles.
- **Two buckets of stocks**
  - **Structural Stories:** Provide stability to the portfolio's returns from a long-term perspective.
  - **Cyclical Opportunities:** Provide windows to create additional alpha for the investors.
- **4x4 Wealth Multiplier Themes**
  - **Financial Inclusiveness:** Organised Lending to a large underserved section of a population is a big opportunity
  - **Phygital Bluechips:** Technology adapters for a stronger business unit
  - **Consumption Czars:** Positive wealth effect, Household savings rate & rising Per Capita Income - all point to robust consumption growth ahead
  - **Export Voyagers:** Exports in robust growth mode – IT services, chemicals, pharma drugs & electronics at the forefront

### FEATURES OF THE PORTFOLIO

<b>Fund Name</b>	Sundaram Alternative Opportunities Fund – ATLAS II
<b>Fund Structure</b>	Close-Ended Category III AIF
<b>Drawdown</b>	Initial drawdown: 30% Subsequent drawdowns: at the discretion of the investment manager
<b>Type of investors</b>	Indian Residents except US/Canada citizens; NRIs – Through NRO / NRE bank accounts

### DISCIPLINED STOCK SELECTION PROCESS



#### QUALITY OF BUSINESS

- **Scalability:** How big is the opportunity?
- **Self Sustaining business models:** 3Q Financial framework
- **Strong differentiating factor in business:**
  - a. What is the key competitive advantage to sustain the growth over long term?
  - b. Is it cost competitiveness, a superior brand leading to higher pricing power or pure execution?

#### QUALITY OF FINANCIALS

- Ability to **double earnings** in 4-5 years.
- **Growth** = Reinvested Cash x RoIC.
- Businesses with **minimum ROIC** of 15%.
- Higher cash generation leads to **higher reinvestment:** OCF/EBITDA\* > 50%.
- Debt to Equity: < 0.5x – **low debt** helps navigate business tough times.

\*OCF-Operating Cash Flow and EBITDA-Earnings Before Interest, Depreciation & Taxation

#### QUALITY OF MANAGEMENT

##### Focus on

- Past execution track record.
- Vision of management.
- Focus on high sustainable growth.
- Past record of identifying and investing in profitable opportunities.
- Good corporate governance track record.



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## FUND TERMS

<b>Fund Name</b>	SUNDARAM ALTERNATIVE OPPORTUNITIES FUND – ATLAS II																												
<b>Fund Structure &amp; Size</b>	Close-Ended under AIF Category III; Up to INR 400 crore, green shoe option of up to INR 1500 crore																												
<b>Tenure</b>	6 years from the date of first closing; extendable by 1 year post approval from investors																												
<b>Investment Objective</b>	<p>The primary objective of the Fund will be to carry on the activity of a Category III AIF, as permissible under the Regulations so as to generate absolute total returns. The portfolio will be a multi cap portfolio with investments in large, small and mid-cap stocks with the objective of seeking long term capital appreciation. The Fund would have a diversified target portfolio of stocks which would typically range between 15 (fifteen) to 25 (twenty-five) stocks. The number of investee companies in the portfolio is indicative and would be determined by the Investment Manager based on the opportunities, available funds for investment and market conditions.</p> <p>The Fund's investments will focus predominantly on structural growth stories and a portion of allocation to cyclical turnaround stories so as to achieve the objective of the Fund.</p> <p>The Fund will invest across market caps and will be sector agnostic.</p>																												
<b>Share Class and fees</b>	<table border="1"> <thead> <tr> <th>Class</th> <th>Minimum investment</th> <th>Management fee p.a.</th> <th>Hurdle rate</th> <th>Performance fee with high watermark*</th> </tr> </thead> <tbody> <tr> <td>A1</td> <td>Rs. 1 crore</td> <td>2.50%</td> <td>Not applicable</td> <td>Not applicable</td> </tr> <tr> <td>A2</td> <td>Rs. 1 crore</td> <td>2.25%</td> <td>10% IRR (pre-tax) p.a.</td> <td>15%</td> </tr> <tr> <td>B1</td> <td>Rs. 5 crores</td> <td>2.25%</td> <td>Not applicable</td> <td>Not applicable</td> </tr> <tr> <td>B2</td> <td>Rs. 5 crores</td> <td>2.00%</td> <td>10% (pre-tax) p.a.</td> <td>10%</td> </tr> </tbody> </table>	Class	Minimum investment	Management fee p.a.	Hurdle rate	Performance fee with high watermark*	A1	Rs. 1 crore	2.50%	Not applicable	Not applicable	A2	Rs. 1 crore	2.25%	10% IRR (pre-tax) p.a.	15%	B1	Rs. 5 crores	2.25%	Not applicable	Not applicable	B2	Rs. 5 crores	2.00%	10% (pre-tax) p.a.	10%	<p><b>Administrative Expenses:</b> Up to 0.25% p.a.</p> <p><b>Organisational Expenses / Set up fees:</b> Up to 2.00% (as applicable)</p> <p>All expenses indicated are excluding applicable taxes</p> <p>Management fees and Administrative expenses will be calculated on the daily average AUM and charged monthly in arrears</p>		
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<b>Exit Window</b>	<p><b>Hard lock-in: Nil</b></p> <p><b>Quarterly exit window:</b> Redemption will be allowed starting from the immediate quarter of the final closure or final drawdown whichever is later. Notice to be provided at least 20 business days prior to the relevant exit window.</p>																												
<b>Drawdown</b>	Initial Drawdown: 30% Subsequent Drawdowns: at the discretion of the fund manager																												
<b>Exit Load (Adjustment to NAV on exit)</b>	<p>&lt;12 months from the date of final closing/final drawdown whichever is later; 5% of NAV + applicable taxes</p> <p>&gt;12 months &lt;24 months from the date of final closing/final drawdown whichever is later; 4% of NAV + applicable taxes</p> <p>&gt;24 months &lt;36 months from the date of final closing/final drawdown whichever is later; 3% of NAV + applicable taxes</p> <p>&gt;36 months &lt;48 months from the date of final closing/final drawdown whichever is later; 1% of NAV + applicable taxes</p> <p>&gt;48 months from the date of final closing/final drawdown whichever is later; NIL</p>																												
<b>NAV Frequency</b>	Monthly																												
<b>Trustee/ Sponsor</b>	Sundaram Trustee Company / Sundaram Finance																												

\*Carried interest over hurdle rate without catch up will be charged at the end of 6 years or at the time of redemption for Class A2 & Class B2

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