



## Purnartha Vision Fund

as on 28 February 2023

## PURNARTHA INVESTMENT ADVISERS PVT. LTD.

### Portfolio Performance

Strategy/Benchmark	1 Month	3 Month	6 Month	1 Y	Since Inception
<b>Purnartha Vision Fund</b>	1.32%	-5.80%	-7.21%	-4.50%	3.20%
<b>NIFTY 500*</b>	-2.79%	-8.95%	-5.26%	1.47%	7.71%

Inception date for Purnartha Vision Fund is 3rd March 2021

Latest NAV may be subject to adjustment for monthly expenses.

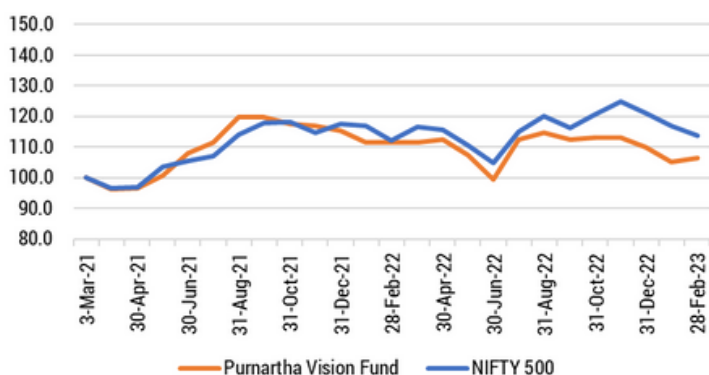
\*Performance Benchmark for the Investment Approach is NIFTY 500.

Disclaimer: Performance figures are calculated using the Time Weighted Rate of Return (TWRR) method.

Performance data is net of all fees and all expenses (including taxes). Past performance is not indicative of future returns. The performance related information provided herein is not verified by SEBI.

### RETURNS LINE CHART VS BENCHMARK

NAV - Purnartha Vision Fund vs NIFTY 500



### Investment Objective

Long term Equity investment in selected companies with high growth

### Investment Approach Facts

<b>Name</b>	Purnartha Vision Fund	
<b>Launch Date</b>	03rd March 2021	
<b>Size (₹)</b>	AUM: 184.87 Cr	Firmwide PMS AUM: 1,115.53 Cr
<b>Structure</b>	Discretionary	
<b>Minimum Investment</b>	₹ 50 Lakhs	
<b>Benchmark</b>	NIFTY 500	

### Portfolio Characteristics

<b>Wt. Av. Market Cap (₹ Cr)</b>	₹226,965
<b>No. of Holding</b>	10 to 15
<b>Standard Deviation vs Benchmark</b>	14.97 vs 13.66
<b>Sharpe Ratio vs Benchmark</b>	0.28 vs 0.61
<b>Beta</b>	0.84
<b>ROE</b>	15.59
<b>P/E</b>	35.87
<b>P/B</b>	7.77

All valuation multiples are on Trailing Twelve Months basis.

### PORTFOLIO PERFORMANCE REVIEW (CONTINUED)

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.

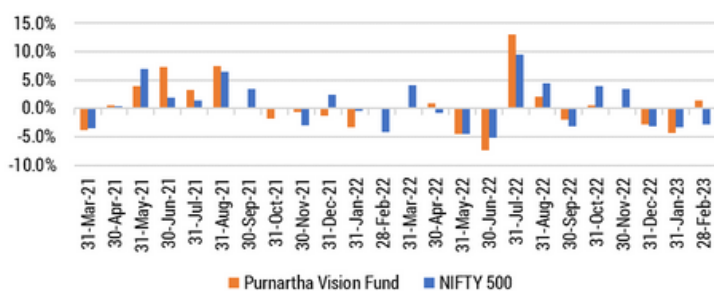
**Navin Fluorine** delivered good set of results on all key financial metrics for Q3FY23 and all the business units delivered good revenue growth. Three of the company's plants, HPP, MPP and one dedicated to Agrochemical Intermediate have commenced operations from this quarter. In the HPP segment, a 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.

### PERFORMANCE BAR

Monthly Returns (%) - Purnartha Vision Fund vs NIFTY 500



### PORTFOLIO PERFORMANCE REVIEW

In February 2023, Purnartha Vision Fund was up 1.32% while 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.



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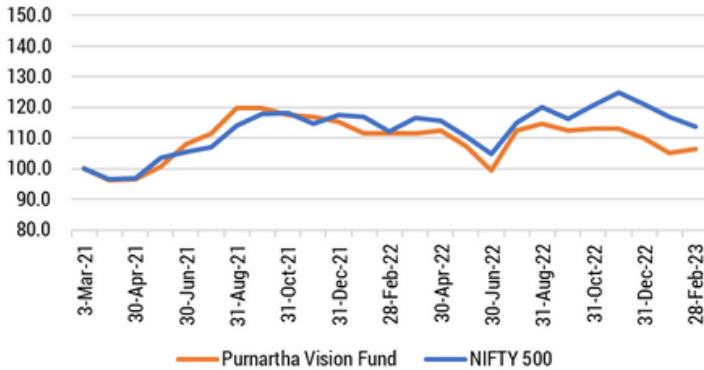
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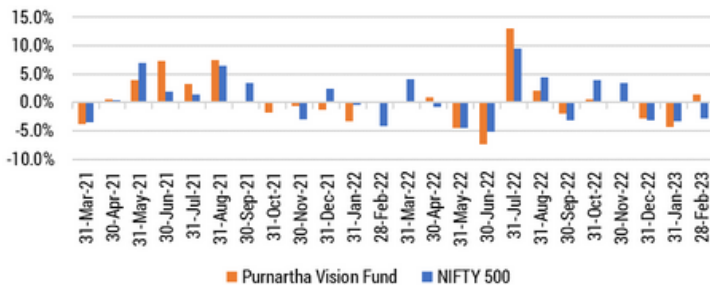
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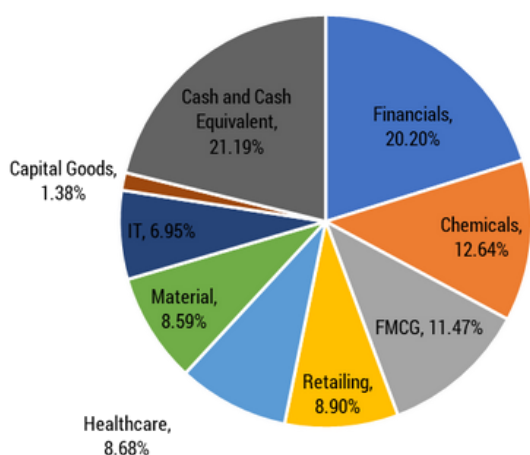
### TOP 3 HOLDINGS

ICICI Bank Ltd

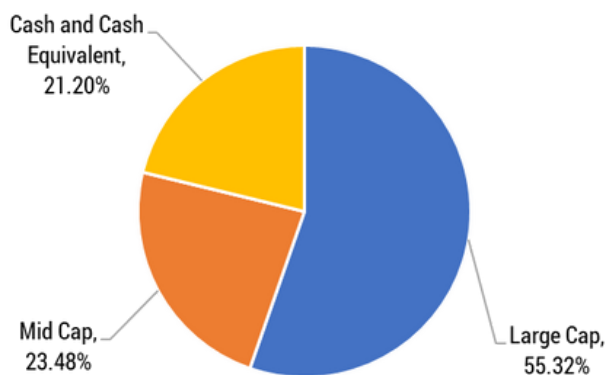
Bajaj Finance Ltd

Avenue Supermarts Ltd

### SECTOR-WISE EXPOSURE



### MARKET-CAP EXPOSURE



### 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%),

### MARKET PERFORMANCE REVIEW (CONTINUED)

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.

### INVESTMENT POLICY

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

**a) History:** We need operating history that shows performance across regimes. We see if the businesses have generated positive cash in all regimes. Other business and valuation related parameters are analyzed too.

**b) Business Model:** We analyze why the company does not depend upon large borrowing to grow its business (excluding the BFSI (Banking, Financial Services and Insurance) sector). We have come across unique business models that provide an insight into the economic moat or competitive advantage of the company.

**c) Volume Growth:** We also articulate what are the structural drivers for the volume growth of the company for the next few years.

**d) 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 process and interest. We identify the person responsible for the company's future & find out if his interests are aligned for future growth. Channel checks provide an insight into culture of the company.

**e) Valuation:** We will build a portfolio that is suitable, based on internal valuation matrix. Since we are market cap agnostic and sector agnostic, we typically create "Multi-Cap Portfolio"



**Investors are requested to read the information below, required to be published as per SEBI guidelines.**

#### **DESCRIPTION OF TYPES OF SECURITIES FOR INVESTMENT APPROACH**

The Portfolio Manager shall invest predominantly in the equity and equity related securities specified in the Investment Approach description. However, at the time of investment in equity, a single company exposure, at the time of Investment would not exceed 10% the total Assets Under Management (AUM).

Client's funds may be invested in any of the equity instruments, debt and money market instruments and other securities, as specified by SEBI from time to time and allowed under the Regulations which will, inter-alia, include but not limited to:

##### **Equity & Equity Related Instruments including:**

- Equity and equity related instruments including convertible bonds, convertible debentures, warrants, convertible preference shares, etc.
- Debt instruments linked to equities or other asset class.
- Subscription to Initial Public Offers (IPO), Pre-IPO Placements, Follow on Public Offer (FPO), Offer for Sale (OFS), Rights Offers and other Corporate Action Subscription;
- To be listed equity instruments, unlisted equity instruments.

##### **Debt & Money Market Instruments:**

- Certificate of Deposits (CDs)
- Commercial Paper (CPs)
- Tri-party Repo or in an alternative investment as may be provided by
- RBI
- Government Securities / Treasury Bills
- Non-Convertible Debentures as well as bonds or securities issued by companies / institutions promoted / owned by the Central or State Governments and statutory bodies.
- Floating rate debt instruments
- Securitized Debt including Asset Backed Securities (ABS) or Mortgage-Backed Securities (MBS) and Pass-Through Certificate (PTC)
- Bills Rediscounting
- Cash Management Bills issued by Government of India
- Debt derivative instruments including Interest Rate Swaps and Forward Rate Agreement
- Bonds

##### **Units of schemes of mutual fund registered with SEBI including Liquid, Money Market Schemes of Mutual Funds.**

##### **Deposits with Scheduled Commercial Banks**

##### **Gold ETF / Gold Bonds / Mutual funds investing in gold**

Presently, the discretionary portfolio manager shall invest funds of his clients in the securities listed or traded on a recognized stock exchange, money market instruments, units of Mutual Funds and other securities as specified by Board from time to time, on behalf of their clients.

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#### **BASIS OF SELECTION OF SUCH TYPES OF SECURITIES AS PART OF THE INVESTMENT APPROACH**

Our basis of selection of equity securities being part of our Investment Policy is to look for choosing companies, which are poised to reap long-term gains and inter-alia, satisfy the following qualities:

**History:** We would look at operating history that shows performance including positive cash flows across business cycles.

**Business Model:** We would analyse why the company does not depend upon large borrowing to grow its business (excluding BFSI sector).

**Volume Growth:** We would also articulate 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 process and interest. We would identify the person responsible for the company's future & find out if his interests are aligned for future growth.

**Valuation:** We will build a portfolio that is suitable, based on internal valuation matrix.

#### **ALLOCATION OF PORTFOLIO ACROSS TYPES OF SECURITIES**

For the Investment Approach, allocation of Portfolio would be predominantly Equity and Equity Related Securities, so however that, till the funds are fully deployed or as a part of specific investment strategy, we would invest in Debt and Money Market instruments, including corresponding Units of Mutual Funds particularly Liquid Mutual Funds. Our Investment Approaches would be broad based Portfolio of selected Equities of Companies based on Investment Policy is summarized as below:

- Companies that are likely to show volume growth typically across all cycles.
- Companies having owners' skin in the game.
- Companies that have strong balance sheet

Since we are market cap agnostic and sector agnostic, we typically create "Multi-Cap Portfolio".

##### **Single company exposure not to exceed 10% of AUM at the time of investment**

At the time of investment in equity, a single company exposure would not exceed 10% of the total portfolio value at that time. i.e., Assets Under Management (AUM).

Post investment in the equity instruments of the company, Portfolio Manager has complete discretion to rebalance / exit the stock based on the current exposure. (i.e., no cap on the current value exposure).

Restriction of a single company exposure of 10% would apply at the company level and not at the Industry Sector level in which the company operates. Portfolio Manager would have complete discretion to invest in companies operating a particular sector.





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### PERFORMANCE BENCHMARK AND BASIS OF SELECTION

Performance Benchmark for all the Investment Approaches would be NIFTY 500. It represents the top 500 companies based on full market capitalisation from the eligible universe.

Basis of Selection of Benchmark.

- The NIFTY 500 Index represents more than 80% of the free float market capitalization of the stocks listed on NSE.
- The total traded value, of all Index constituents is above 80% of the traded value of all stocks on NSE.

As our Investment Approaches would invest in Equity Securities, which will follow policy of Market Cap agnostic and Sector agnostic, such portfolio would be Multicap and would represent entire Market through NIFTY-500.

The performance of the Portfolio may not be strictly comparable with the performance of the benchmark indices, due to inherent differences in the construction of the portfolios within Investment Approaches. The Portfolio Manager may from time to time, review the benchmark selection process and make suitable changes as to use of the benchmark or related to composition of the benchmark, whenever it deems necessary.

### INDICATIVE TENURE OR INVESTMENT HORIZON

Our basis of selection of equity securities being part of our Investment Policy is to invest for long-term gains, indicative tenure for such Scrip level investment would be more than 3 years. However, if there is material change in the fundamentals, circumstances, ownership, external and internal environment etc, or any other relevant factor in which company operates, we may take exit call from such investment before 3 years as well.

### RISKS ASSOCIATED WITH THE INVESTMENT APPROACH

Short Term turbulences are not considered in the investment approach and approach does not have stop loss or target price or specific rules on price correction as trigger to book profit / loss in any of the securities.

The portfolio runs a risk due to portfolio manager adhering to philosophy while selection of security does not perform in line with the philosophy prospectively.

The selected securities meeting philosophy might be expensive in terms of multiple and in an event of derating of multiple of the security the returns can be delayed in time, which can negatively impact the return of the portfolio.

### OTHER SALIENT FEATURES

Our Investment Approach would be portfolio of Equity Securities of Companies/ cash positions having determined percentages for each such company in the portfolio.

Each such exposures would be reviewed periodically by the Investment Team.

As a part of Investment execution methodology for the given Investment Approach, Portfolio of the Investor would be rebalanced based on exit call, if any, of the selected Equity in the Portfolio and is at the sole discretion of the portfolio manager and might not be consistent across portfolios.

Scrip level weights would be different as Portfolio would be constructed considering buy/hold strategy at the time of entry/exit of the Investors Corpus, Scrip level weights would therefore, could be different for different investors as per time of entry/withdrawal of the investor to Purnartha Family.

## Purnartha Investment Advisers Pvt Ltd

CIN No: U72200PN2011PTC 138994

32/33 Rachna, Dr Ketkar Road, Off Karve Road, Erandwane, Pune - 411 004 | servicedesk@purnartha.com | www.purnartha.com

Portfolio Manager | PMS SEBI Regn. No: INP000007021 | Validity: Perpetual

Investors have the option to be on-boarded directly for our Portfolio Management Services, without intermediation of persons engaged in distribution services.

Disclaimers: Investments in securities markets are subject to market risks and there is no assurance or guarantee that the objectives of the investments / PMS products / clients will be achieved. Prospective investors are advised to review the Disclosure Document, Client Agreement, and other related documents carefully and in its entirety and consult their legal, tax and financial advisors to determine possible legal, tax and financial or any other consequences of investing under the Portfolio Management Services of Purnartha Investment Advisers Pvt. Ltd. ("Portfolio Manager"), before making an investment decision. The Disclosure Document is available on [www.purnartha.com](http://www.purnartha.com). Past performance of the Portfolio Manager does not indicate the future performance of the Portfolio or performance of any other future portfolio(s) of the Portfolio Manager. Nothing contained in this document is verified or approved by Securities and Exchange Board of India (SEBI). The stock(s)/Sector(s) mentioned in this material do not constitute any recommendation of the same and the portfolios may or may not have any future positions in these Stock(s)/Sector(s). In preparation of this document, the portfolio manager has relied upon certain data/inputs from some external parties. The Portfolio Manager does not assure the accuracy or adequacy of such data/ information. Nothing contained in this document shall be construed as an investment advise and the Portfolio Manager shall not be responsible or liable for any loss or damage arising from the use of this material by anybody in any manner.