

Key takeaways from AIF PMS Conclave 1.0



Prepared by: *Prince Shivhare*

Day – 1 (12 April 2023)

<p>Welcome Addressal By -</p> <p>Mr. Vikas Agrawal (Founder, AIF & PMS Experts India)</p>	<p>Opportunities In AIF & PMS Industry</p> <p>What is AIF? Cat I, CAT II & CAT III (Use Leverage, both long or short) ----- Regulated in 2012 by SEBI, First AIR in 2012-13 in India >960 AIF approved by regulators Global equity MCAP \$90 tn, India's equity MCAP \$3.2 tn AIF \$12 tn across the globs. Projected to grow \$20tn by 2030. ----- 3 I's Investment Manager's - style Invest portfolio - quality Investment Performance - consistency. ----- PMS : Discretionary, Non-Discretionary, Advisory PMS More than 250 PMS in India (March 2023) Target HNIs, Ultra HNIs Size 2.5 lakh crores India.</p>
<p>Mr. Navin Agarwal,</p> <p>CEO - Motilal Oswal Asset Management Company</p>	<p>What it means for you when India become 3rd largest economy ?</p> <p>India's Growth rate of 6-7% in coming years.</p> <p>To reach \$2.5tn to \$6 tn</p> <p>USA 1978 to 1990 (12 Years) China 2005 to 2010 (5 Years) ----- 6Ds of Compounding Democracy, Demography, De-globalisation, Digitization, Decade of government reforms, (PLI, Labour reforms, Land Reforms, DBT, PM Gati Shakti, IBC< NARCL) Developed Capital Markets Do not bet Against India. ----- Investor Education Portal on Motilal Oswal Website. ----- Propriety framework Quality, Growth, Longevity, Price.</p>

	<p>20-30 stocks in portfolios 1995 wealth creation studies, skin in the game. China +1 Story.</p>
<p>Mr. Hitesh Zaveri, SVP and Head - Listed Equities Alternatives by Axis asset management</p>	<p>Market- disrupting businesses with technological edge. Is this sustainable?</p> <p>Entrepreneurship. Ability to disrupt the business and transform the industry.</p>
<p>Mr.Aashish P. Somaiyaa, Chief Executive Officer, WhiteOak Capital Asset Management</p>	<p>“Who will be the next winner?”</p> <p>For success you should have probabilistic thinking.</p> <p>The winners keep rotating.</p> <p>Sector leaders have changed every year.</p> <p>Style of Investing: Alpha, Momentum, Low volatility, Quality, value.</p> <p>It depends on Macros and macros cannot be forecasted.</p> <p>Sum up</p> <p>Rotation happens when macros change, Macros are difficult to forecast and even uncertain is how market will react to these forecasts.</p> <p>2017 Whiteoak Started.</p> <p>Professional Expertise can only be shown in Stock Selection and Portfolio construction.</p> <p>India has Largest pool of working age population.</p> <p>Contribute to World’s Incremental Growth.</p> <p>Will move from Lower Middle-Income Country of \$2400 to Middle Income Country of \$6000.</p> <p>Discretionary consumptions, Savings Investment, Insurance.</p>

<p>Mr. Anand Shah, Head- PMS & AIF Investments at ICICI Prudential AMC Ltd</p>	<p>Value, Growth or Contrarian. Which is the better style of Investing ?</p> <p>BMV Model to filter companies with meaningful earnings growth and sustainable competitive advantage.</p> <p>Business, Management, Valuation</p> <p>Good growth, good moat.</p> <p>There are decades when nothing happens and there are weeks where decades happen – Vladimir Ilyich.</p> <p>Overweight on manufacturing & manufacturing allied.</p> <p>Contrarian: Underappreciated Business Growth</p> <p>Moat is very important, Consolidation of Industry.</p>
<p>Mr.Rajesh Kothari, Founder & Managing Director AlfAccurate Advisors Pvt Ltd</p>	<p>Exit Strategy (Don't be Abhimanyu! Learn the art of Exit before entering in Chakravyuh)</p> <p>`Being Agile:</p> <p>Margin of Safety: Looking beyond Valuations</p> <p>Earnings growth is critical.</p> <p>Diversification is the only free lunch in finance – Harvard University Article.</p> <p>Equity Market requires -</p> <p>Active Management, Avoid Myths, Margin of Safety, Agility.</p>
<p>Mr. Sunil Singhanian, Founder, Abakkus Asset Management</p> <p>Alpha focussed company. Ex CIO of Reliance Cap.</p>	<p>How to identify companies in their early stage followed by Market Outlook?</p> <p>4 yrs of consistent track record of beating benchmark.</p> <p>Multicap and mid& small cap opportunity.</p>

India is very-very diversified.

Investors getting opportunities every year.

We have a young population and therefore aspiration.

Entrepreneurship in India is flourishing.

Startup culture is there. The risk-taking ability has increased.

Availability of Risk Capital.

Que : What you should look at when you want to identify early stage co.

(1).Size of company, Honesty of promoter, Passion for business.

(2) Sector in which they are doing business. Capability

(3) Size of opportunity.

2 types of co.

(1) Competing with existing co. but growing faster.

(2) Start a new business, never been thought by anyone.

Like Netflix came out of nowhere.

Out of nowhere Manyavar came and created a niche for Ethnic wear.

Outlook on market: Global economy, second half will be much better than first half.

Interest rates are peaked and will see interest rates coming down in second half in US.

Que: FII coming back to India:

Very positive on that.

<p>Panel Discussion (1)</p> <p>Opportunities for NRIs in India</p>	<p>Mr. Prateek Pant, Chief Business Officer, WhiteOak Capital Asset Management Limited</p> <p>Mr. Anunaya Kumar, Head- Sales and Distribution at IIFL Asset Management</p> <p>Mr.Vikaas Sachdeva, Managing Director at Sundaram Alternate Assets Ltd</p> <p>On Identifying trends, Demat Accounts</p> <p>Vikaas:- People exposure and comfort with equities has increased.</p> <p>Sebi circular on Indexation</p> <p>Lot of money will come to CAT II.</p> <p>-----</p> <p>How do you see these HNIs grow in India, How attractive this AIF & PMS offerings to these people?</p> <p>Prateek : Alternatives are now becoming mainstream.</p> <p>HNIS: more than 1mn dollar portfolio.</p> <p>10 lakh crore industry in AIF & PMS basket.</p> <p>Power of compounding.</p> <p>-----</p> <p>((4 Points to figure: Return Expectation, Time Period</p> <p>Liquidity Requirement, Risk Appetite))</p> <p>Journey of financialization in real estate has started.</p> <p>PMS Benchmark</p>
<p>Panel Discussion (2)</p> <p>Can India be ever a manufacturing hub or Is it a pipe dream?</p>	<p>Hiren Ved, Whole Time Director, CEO and CIO, Alchemy Capital Management</p> <p>Land, Labour and Local Bureaucracy</p> <p>Land is very imp for Manufacturing.</p>

	<p>Enabling environment for that. We need skilled labour.</p> <p>Culture of highest quality product. Next gen don't want to go in manufacturing.</p> <p>Bajaj Auto export 50% of its to other markets.</p> <p>Manufacturing 4.0: Design Skills, Engineering Skills.</p> <p>In Bangladesh, the first dose of Vaccine was given to Textile Workers. You need to make manufacturing Sexy.</p> <p>Sundaram group believe in excellence.</p> <p>Ladki Sunar hai toh sab aayenge, FII bhi aayenge.</p> <p>Mr. Raamdeo Agrawal, Chairman, Motilal Oswal Financial Services Limited (MOFSL)</p> <p>Govt is determined, Bina sarkaar ke kuch hota nhi hai, Bahut badi cheez hai.</p> <p>What is really missing here in India? (He asked to a conglomerate Chief)</p> <p>It is a mindset Issue. They never set up for export mindset.</p> <p>Mindset is always to cater to domestic market.</p> <p>Whereas in services they never look at India. Take Infosys, TCS etc. Real issue is the mindset of Indian Entrepreneur.</p> <p>PLI: shows govt commitment and mindset.</p> <p>Why we can't manufacture 100 mn tonnes.</p> <p>Nothing happens overnight, you have to be committed.</p> <p>India is a land of opportunities from the last 50 years.</p>
--	--

Banks also burned their hand. They are unwilling to live big 1000s crore Industrial Loan.

When there is success, everyone is with you. Failure is taken as an Integrity issue in India.

In US you need to bring your capital and entrepreneurship, you will get anything.

Entrepreneurship is one thing and managing people is other.

Entrepreneurs are greedy for Success as well as for MCAP.

Manufacturing ka MCAP badwao,
manufacturing apne aap badhegi.

**Mr. Jiten Doshi, Co-founder & CIO
Enam Asset Management Company
Private Limited**

Its our time, Tax rates are favourable, govt is conducive,

Every business house has burned its fingers by investing out of India. Their investment are at half, after 15-17 years. Balance Sheets are light.

Everyone is ready for CAPEX but waiting for 2024 when Modiji come back.

Day 2 (13 April 2023)

<p>Mr. Saurabh Mukherjea, Founder & CIO, Marcellus Investment Managers</p>	<p>The Rise of Quant Investing in India</p> <p>India today is where America was a century ago. India has been transformed</p> <p>Physical Infra (2011-2022), Taxation Reforms (2018-19), Banking reforms (2015-16) IBC, India Stack (2009-2022)</p> <p>Aadhar, UPI, ONDC (ecommerce interface)</p> <p>20 Large co accounting for India 90% profit.</p> <p>Why they built a quant team 2 yrs ago?</p> <p>Above Avg ROCE and reinvestment rate</p> <p>MeritorQ</p> <p>1. Clean Accounting. 2. Low Leverage 3. Consistently Profitable. 4. Relative to free cash flow what is share price.</p> <p>120 people at Marcellus.</p>
<p>Mr. Gurmeet Chadha, CIO & Managing Partner, Complete Circle Wealth Solutions LLP</p>	<p>Indian Digital Infrastructure</p> <p>1 lakh crore+ in Jan Dhan Accounts.</p> <p>Shop owner, vendor, auto driver now can avail small loan from small finance Banks at 13-14%, while they earlier used to take at 3-4% a month.</p> <p>This creation of digital track record of data helps in lending.</p> <p>His investment style is to think what is going to change big in 4-5 years.</p> <p>Service Exports</p> <p>Global Supply chain has Manpower problem.</p> <p>Chemical and APIs, Pharma (China's Market Share is 80%)</p> <p>KPIT tech is 100% of Auto Software.</p>

	<p>CASE: Connected, Autonomous, Safer, Electric</p> <p>Mr. Chadha was throwing data without any slides – Amazing.</p>
<p>Mr. Neil Bahal, Founder and Director of Negen Capital</p>	<p>“Value investing and special situations”- Does mergers and acquisitions create value?</p> <p>Value Investing: Buy good businesses at a low price.</p> <p>Special situations: De-merger and other corporate events.</p> <p>Funds have to follow its mandate. Due to some corporate events there have to force sell.</p> <p>Opportunities arise due to this excess supply in the market.</p>
<p>Meeta Sheety, Fund Manager, Tata Mutual Fund</p>	<p>Is there a difference between new age company vs new edge company?</p> <p>House philosophy- Growth at reasonable price (GARP)</p> <p>3 factors to focus on</p> <ol style="list-style-type: none"> 1. Inflexion point. 2. Strong growth runway. 3. Path to profitability. <p>New Edge: Is there any kind of moat.</p>
<p>Rebooting India - what are the Innovation & Special Opportunities?</p> <p><u>Speaker Name:</u></p> <p>Mr. Sameer Narayan, Head – Alternate Investment Equity ABSLAMC</p>	<p>Every crisis has potential for opportunity and value creation.</p> <p>Recommended Book -Nandan Nilekani Book “Rebooting India”.</p> <p>You can’t stop an idea whose time has come. – Victor Hugo.</p>

<p>Should Alternatives be considered an alternate asset class?</p> <p><u>Speaker Name:</u></p> <p>Mr. Nilesh Shah, Managing Director (MD) at Kotak AMC</p> <p>Mr. A. Balasubramanian, Managing Director and Chief Executive Officer, Aditya Birla Sun Life AMC Limited</p> <p>Mr. Vikaas Sachdeva, Managing Director at Sundaram Alternate Assets Ltd</p>	<p>Mr. Nilesh Shah, Managing Director (MD) at Kotak AMC</p> <p>Whether it's a new wine in old bottle.</p> <p>Time has come to define AIF investor from 1cr to qualitative investor understanding the product.</p> <p>As long as the cat catches mice, its colour doesn't matter.</p> <p>Mr. A. Balasubramanian, Managing Director and Chief Executive Officer, Aditya Birla Sun Life AMC Limited</p> <p>Mutual Fund over time become a commodity. MF primary source of channelizing savings.</p>
<p>How important is the allocation of AIF & PMS in overall portfolio?</p> <p><u>Speaker Name:</u></p> <p>Mr. Mrinal Singh, CEO & CIO, InCred AMC</p> <p>Mr. Kshitiz Mahajan, CEO & Managing Partner, Complete Circle Wealth</p>	<p>Mr. Mrinal Singh, CEO & CIO, InCred AMC</p> <p>AIF/PMS focus on alpha generation. These are more customized portfolios.</p> <p>Mr. Kshitiz Mahajan, CEO & Managing Partner, Complete Circle Wealth</p> <p>If Portfolio size > 2 Cr, then PMS exposure is beneficial. PMS gives professional management, can be customized and require time to deliver.</p> <p>Imp to note: Compounding works over a period of time.</p>
<p>Debt Mutual funds Vs opportunities in Fixed Income AIF (after tax blow)</p> <p><u>Speaker Name:</u></p> <p>Saurabh Jhalaria, CIO - Alternative Credit strategies InCred Alternative Investments</p>	<p>Banks and NBFCs provide 75% of credit.</p> <p>Most NBFCs are focused on Retail lending. Banks lend to better rated corporates. Low rated corporates find it difficult to raise debt.</p> <p>They have an Emerging Corporate Credit Fund which lent to Corporate that do not have good ratings that Banks want.</p> <p>17.6% IRR at the higher end.</p>
<p>Navigating Global Investing in a Multipolar World</p>	<p>De-Globalisation: Adoption of near shore supply chain strategy.</p>

<p><u>Speaker Name:</u></p> <p>Asheesh Chandra, Founder & CEO OF Kristal.AI</p> <p>Ex-JP Morgan</p>	<p>There is no dominance of any country. There are bilateral arrangement between countries.</p> <p>What Kristal.AI offers: Listed Assets, Unlisted Assets, hedge Funds, Alternatives</p> <p>There is more than \$6tn wealth in NRI segment waiting to be deployed. Atleast 20% of it should come and be invested in India.</p> <p>Real growth engines in Asia are India, Indonesia & Vietnam.</p> <p>After one or two decades, good growth will come from Africa.</p>
<p><u>Panel Discussion</u></p> <p>What are the various Risks in the Equity Market? Where are we headed as an economy.</p> <p><u>Speaker Name:</u></p> <ul style="list-style-type: none"> • Mr.Shankar Sharma, Founder GQuant Investech, a global Fintech and Asset Management company • Mr. Anup Maheshwari, Co-Founder & CIO of IIFL Asset Management • Akhil Chaturvedi, Director & Chief Business Officer at Motilal Oswal AMC (Moderated the session) 	<p>Mr.Shankar Sharma, Founder GQuant Investech, a global Fintech and Asset Management company</p> <p>Perspective on FY 24 economic outlook.</p> <p>I pay no attention to any forecast by IMF, RBI, MoF and others. These forecasts are always tainted by biases.</p> <p>Sell side are in a business of overestimation.</p> <p>Larger companies won't be able to deliver big numbers. You have to start buying co that will become big in next 5 years.</p> <p>There are amazing opportunities in Bottom-up section.</p> <p>Ignore the big macro noise.</p> <p>We are in a business of buying risk.</p> <p>Mr. Anup Maheshwari, Co-Founder & CIO of IIFL Asset Management</p> <p>Corporate earnings are that matter in the long run.</p> <p>Commodities, Oil & Gas, Banking, Telecom contributed to growth. Valuations been expensive from a long-long time.</p>