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# THE WORD **EQUITY**”

ORIGINATES FROM THE  
LATIN WORD AEQUITAS



## **AEQUITAS**

Aequitas is the Roman goddess of equity and fairness, often depicted holding a pair of scales. At times, she is shown also holding a cornucopia, which symbolises abundance and wealth. At Aequitas, we strive to conduct ourselves in a fair and equitable manner.



# WHO ARE WE ?



A boutique investment fund specializing in small-cap equities



Firm AUM of ~INR 5300 Crs; (significantly outperforming markets since inception)



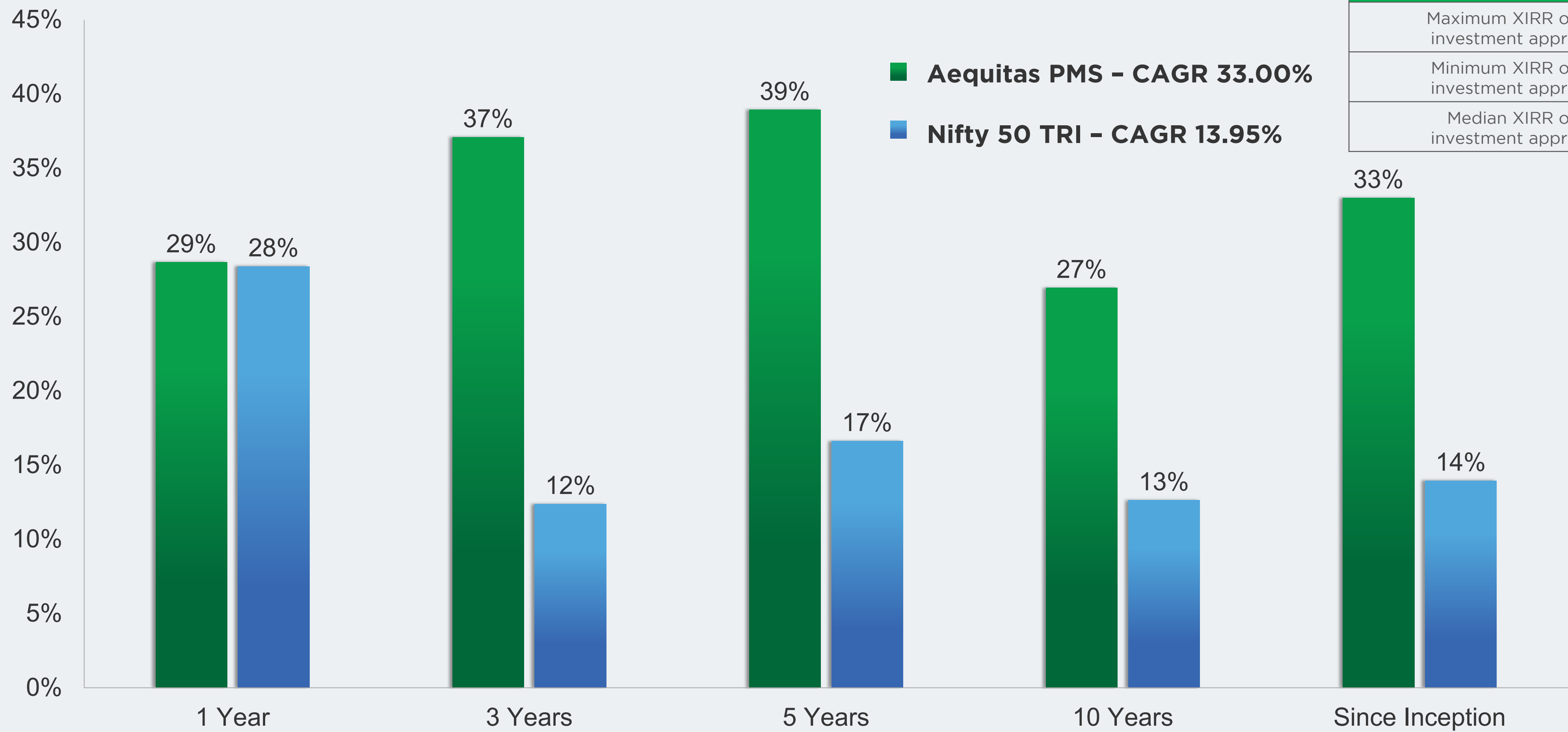
We work with UHNIs; select family offices and foreign institutions



Our Products:  
**Domestic** – PMS, AIF and FPI Fund  
**International** – Far East Fund



# OUR PMS PERFORMANCE



Internal Rate of Return	XIRR%
Maximum XIRR of the investment approach	52.40
Minimum XIRR of the investment approach	1.90
Median XIRR of the investment approach	30.38

- Returns over 1 year period are on a compounded annual basis; returns are adjusted for inflows/outflows and are after expenses as of 31<sup>st</sup> Oct 2024
- Please note that the performance of an individual portfolio may vary from that of other investors and that generated by the Investment Approach across all investors because of
  - The timing of inflows and outflows of funds
  - Differences in the portfolio composition because of restrictions and other constraints. Absolute XIRR return is computed for clients completing less than 1 year from the reporting date.
- Performance-related information provided herein is not verified by the regulator

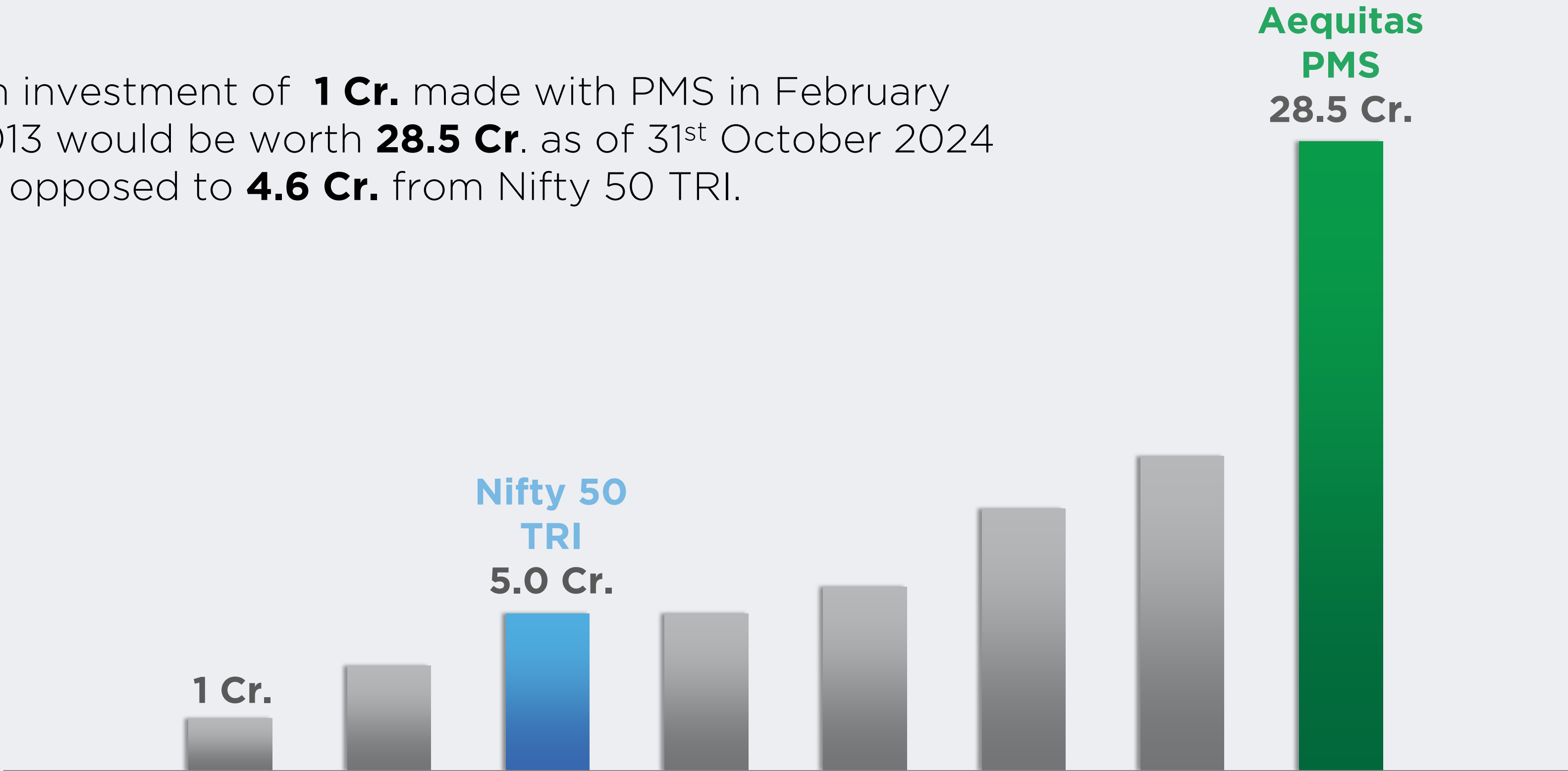
Peer comparison link: <https://www.apmiindia.org/apmi/IACompare.htm?action=iacomaprepage>





# OUR PMS PERFORMANCE

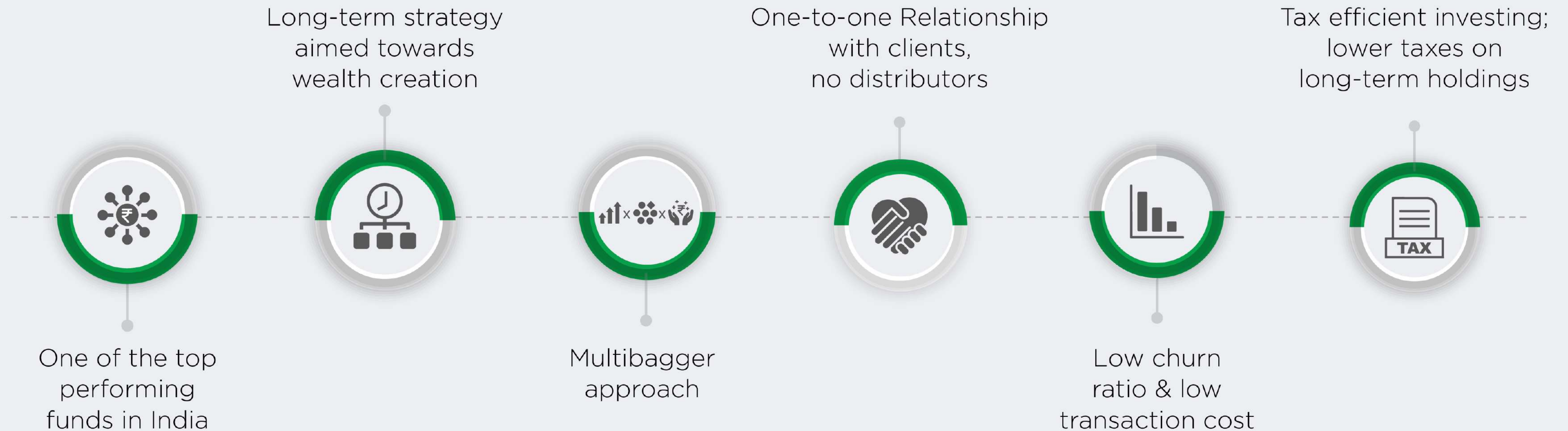
An investment of **1 Cr.** made with PMS in February 2013 would be worth **28.5 Cr.** as of 31<sup>st</sup> October 2024 as opposed to **4.6 Cr.** from Nifty 50 TRI.



The chart depicts Absolute Values over time since inception; returns are adjusted for inflows/outflows and are after expenses; 31<sup>st</sup> Oct 2024



# WHY CHOOSE AEQUITAS ?





# WHAT SETS US **APART?**



- Direct relationships with clients
- Bespoke portfolios, not off-the-rack model portfolios
- Based on a multibagger approach, we pursue a single investment strategy, which has consistently outperformed the markets





# OUR FORTE





# INVESTMENT PHILOSOPHY



FOCUS AND PROFESSIONAL DISCIPLINE

MULTIBAGGER APPROACH

PROCESS FLOW

PORTFOLIO CONSTRUCTION

WHY SMALL CAPS

SELECTION CRITERION

RISKS





# FOCUS AND PROFESSIONAL DISCIPLINE

## WE AVOID

- Impulsive decisions
- Being influenced by financial news channels and platforms
- Acting on market movements
- Chasing winners or hot stocks
- Trading and short-term investments
- Derivatives

## RED FLAGS

- Low promoter holdings
- Poor corporate governance
- High institutional ownership
- Leverage
- Fad / hot sectors
- Expensive valuations
- IPOs
- QIPs / Secondary equity sales



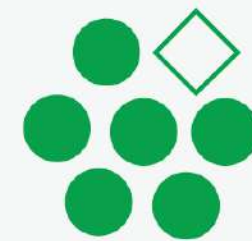


# MULTIBAGGER APPROACH



## GROWTH

The company has to be a growth company with above-average growth potential for the next 3-5 years. Markets reward a higher PE multiple for growth companies.



## CONTRARIAN

Contrarian approach does not mean doing the opposite of others, rather, it means doing things differently. Buying in popular names will not provide multibagger returns.



## VALUE

The valuation has to be reasonable. This is important because there has to be potential for re-rating. A combination of EPS growth and PE re-rating leads to multibagger returns.



# PROCESS FLOW



## SCREENERS

- Sales growth, PAT growth, capacity utilisation
- Valuation dislocation  
EV/Sales, PE ratio,  
EV/EBITDA
- Debt
- Dividend track record
- Promoter ownership
- Insider Buying
- Industry Leadership
- Credit rating
- Long term track record



## RESEARCH

- Annual report
- Quarterly results
- Industry & company news
- Management interviews
- Third party research
- Management meetings
- Press releases
- Conference calls /  
Analyst meets



## PORTFOLIO CONSTRUCTION

- around 20 stocks
- Balance across sectors
- Catalyst for stock re-rating



## ONGOING RESEARCH







# PORTFOLIO CONSTRUCTION

We invest in quality companies with a focus on small and Mid cap growth companies.

Most market participants focus on price; we focus on company fundamentals.

We aim to construct a portfolio of around 20 stocks across various sectors.

Invest with a 3-5 year horizon with a focus on low churn rate.

A value can remain a value for a long time. We actively look for catalysts that can lead to stock re-rating.



# Multibaggers Know No Size

**01** Busting Myths: Small vs Large Caps

**02** Most Small Caps are junk

**03** Capitalization is stupid Matrix

**04** Large Companies + Small Mcap = Multibaggers

## Large caps which have become small caps

Companies	Peak Price	Current Price	Erosion
RCom	792	2	-100%
Reliance Power	275	19	-93%
DLF	1194	529	-56%
Jet Airways	1324	68	-95%
Yes Bank	393	17	-96%
Suzlon	398	29	-93%
Unitech	521	2	-100%

## Small caps which have become Large caps

Companies	Price in 2002	Current Price	Multiple
Kotak	9	1742	202X
HDFC	37	1540	41X
ICICI	16	941	60X
Axis	9	1006	112X
Sun Pharma	13	1128	84X
IPCA	9	933	103X
Airtel	11	925	81X



# SELECTION CRITERION

## INDUSTRY LEADERS

Most of the companies in our portfolio are industry leaders with a strong sustainable competitive advantage

## LOW DEBT

Companies need to have very low debt levels and some of the companies are in fact net cash positive

## MANAGEMENT

A good dividend paying record, corporate governance practices & a sound long-term performance record is a must.

## VALUATIONS

The portfolio PE ratio is lesser than market PE ratios (adjusted for cyclicalities in earnings).

## CREEPING ACQUISITION / BUYBACKS

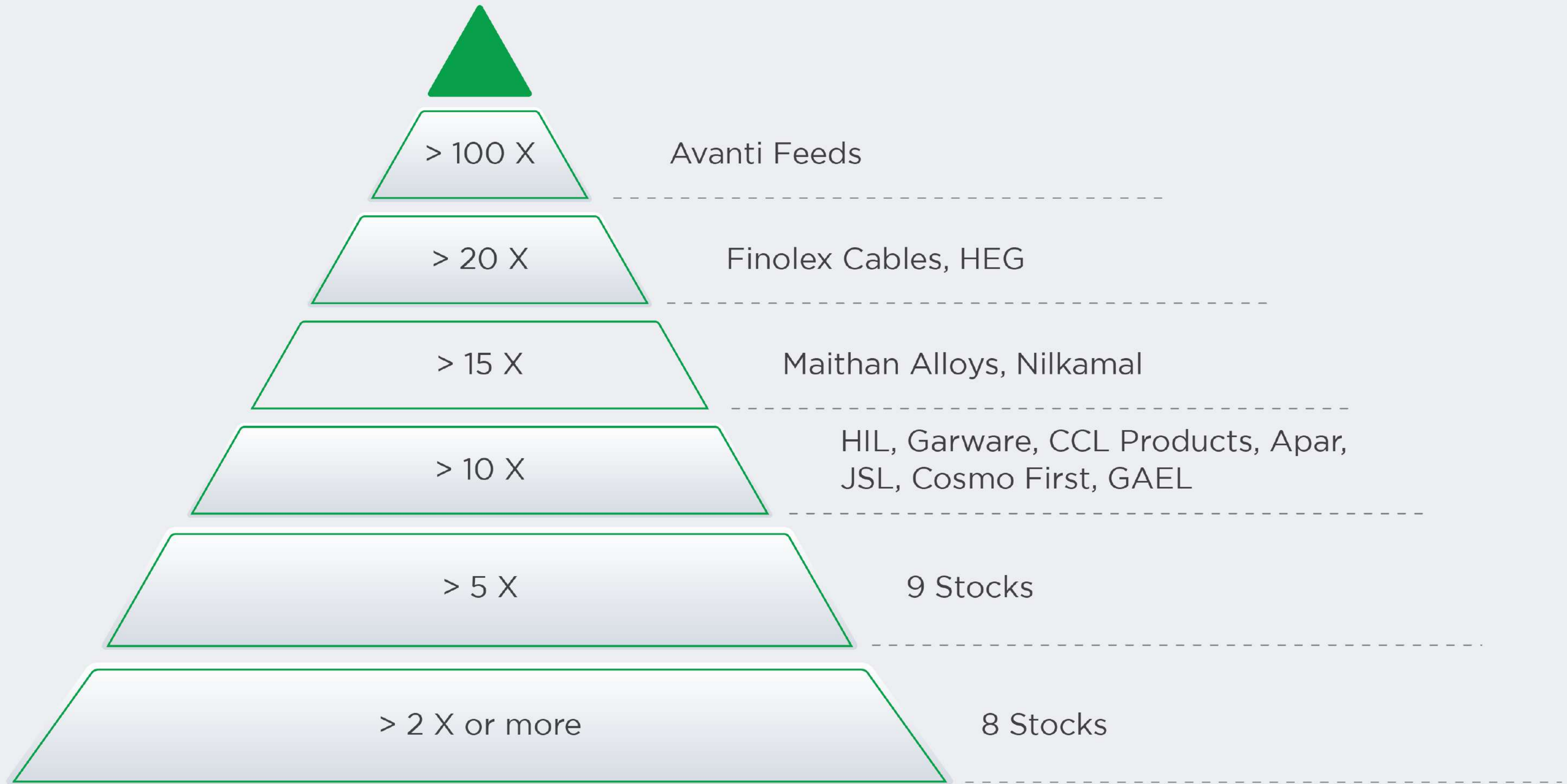
Majority of our companies have done buy-back / creeping acquisition in the 12 months prior to our initial acquisition.

## CASH FLOW

Our portfolio includes companies with strong and consistent cash flow generation.

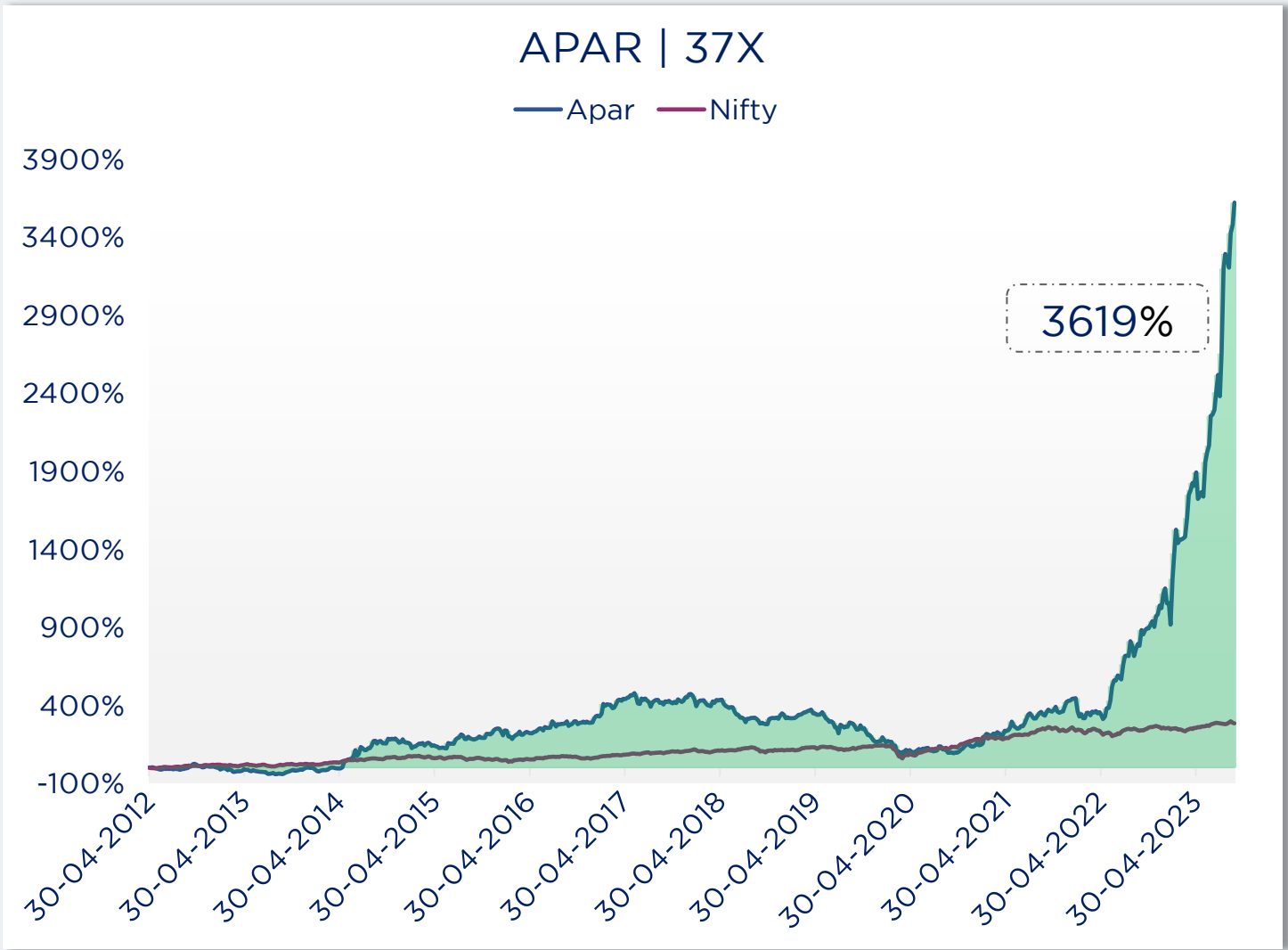


# OUR MULTIBAGGER PICKS





# Case Studies



Industry Leadership

*When did we buy?*

323

Market Capitalization (In Cr)

3589

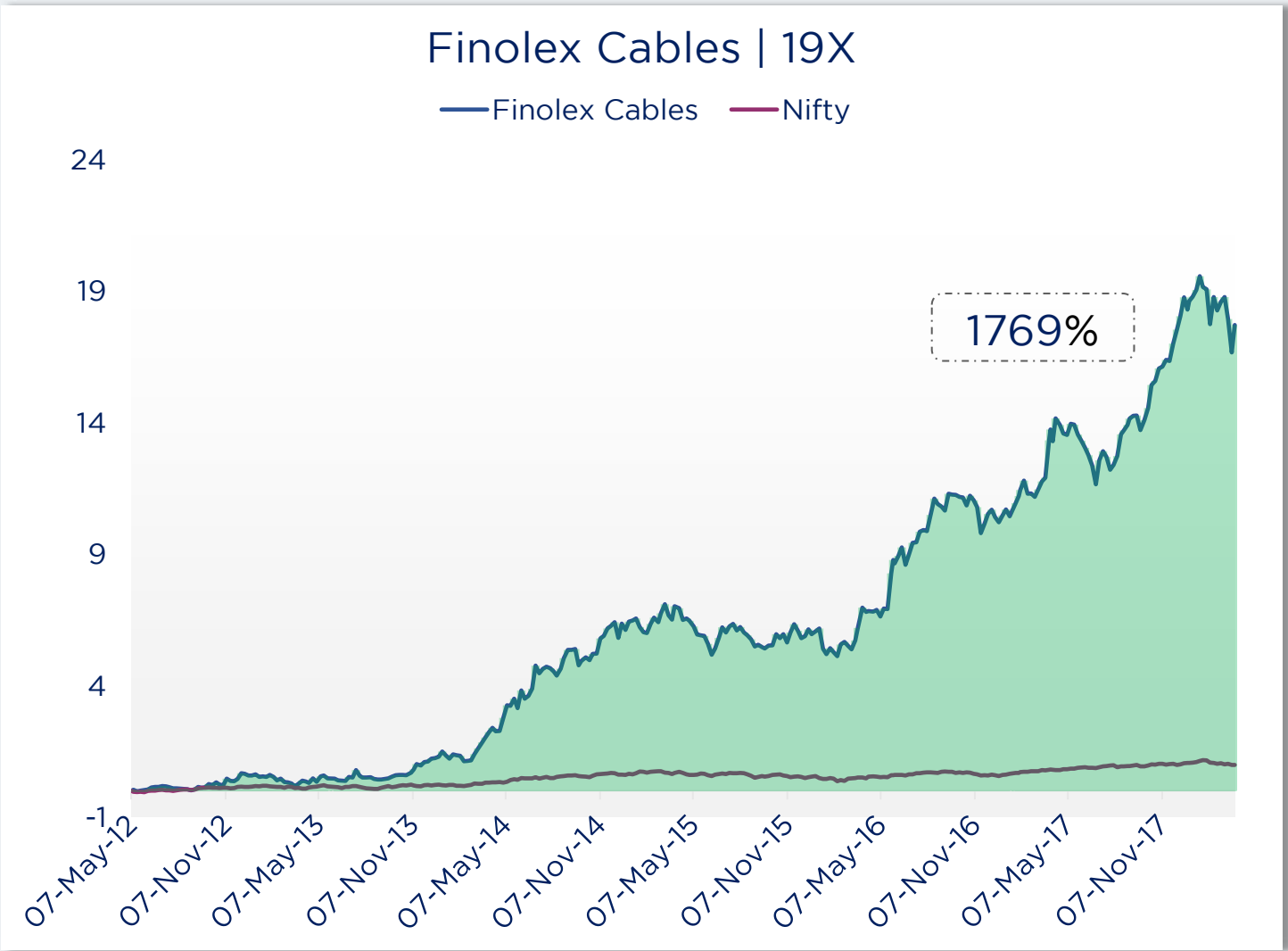
Revenue (In Cr)

4.4

Price to Earnings Ratio

0.1

Price to Sales



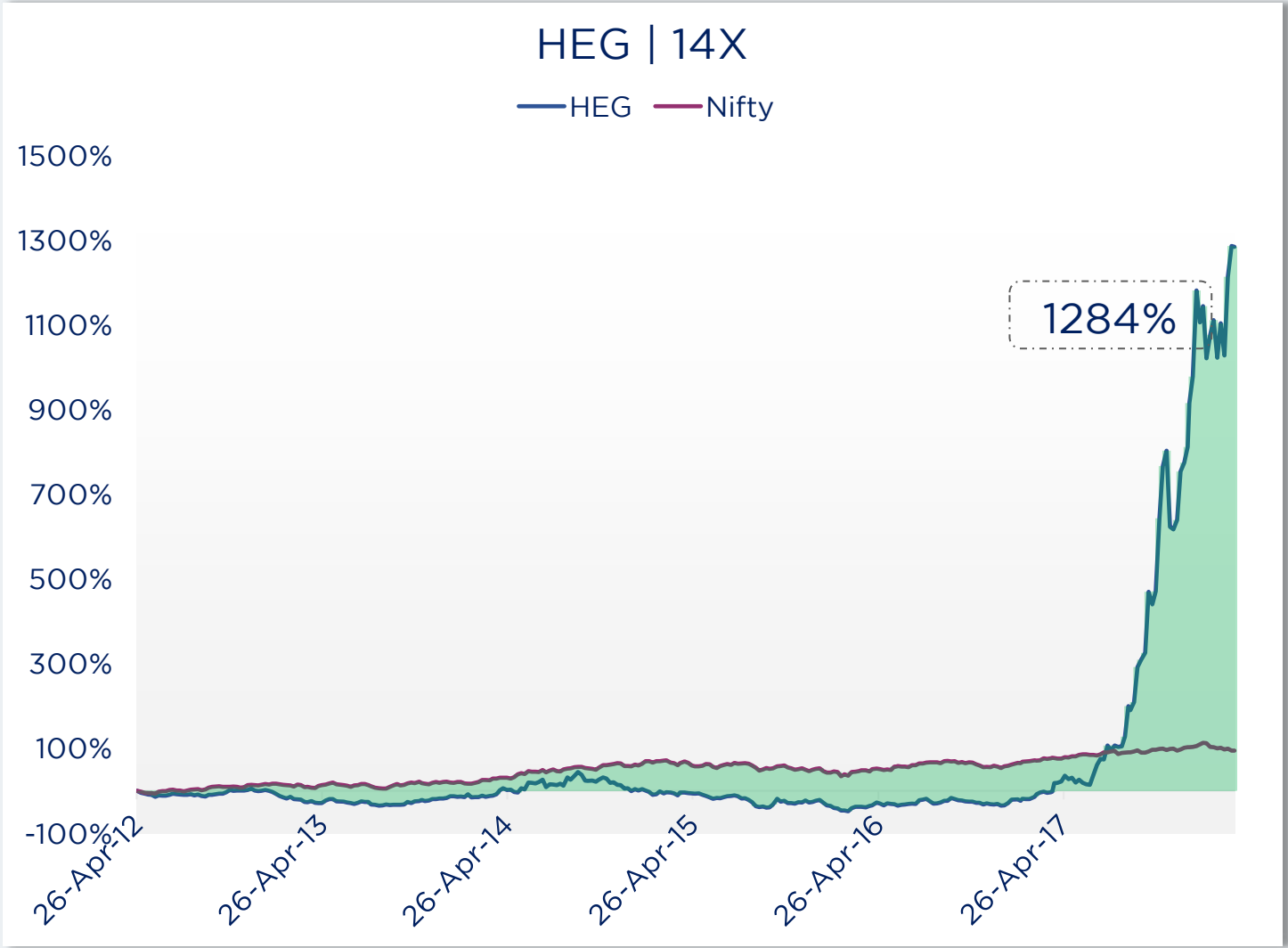
493

2064

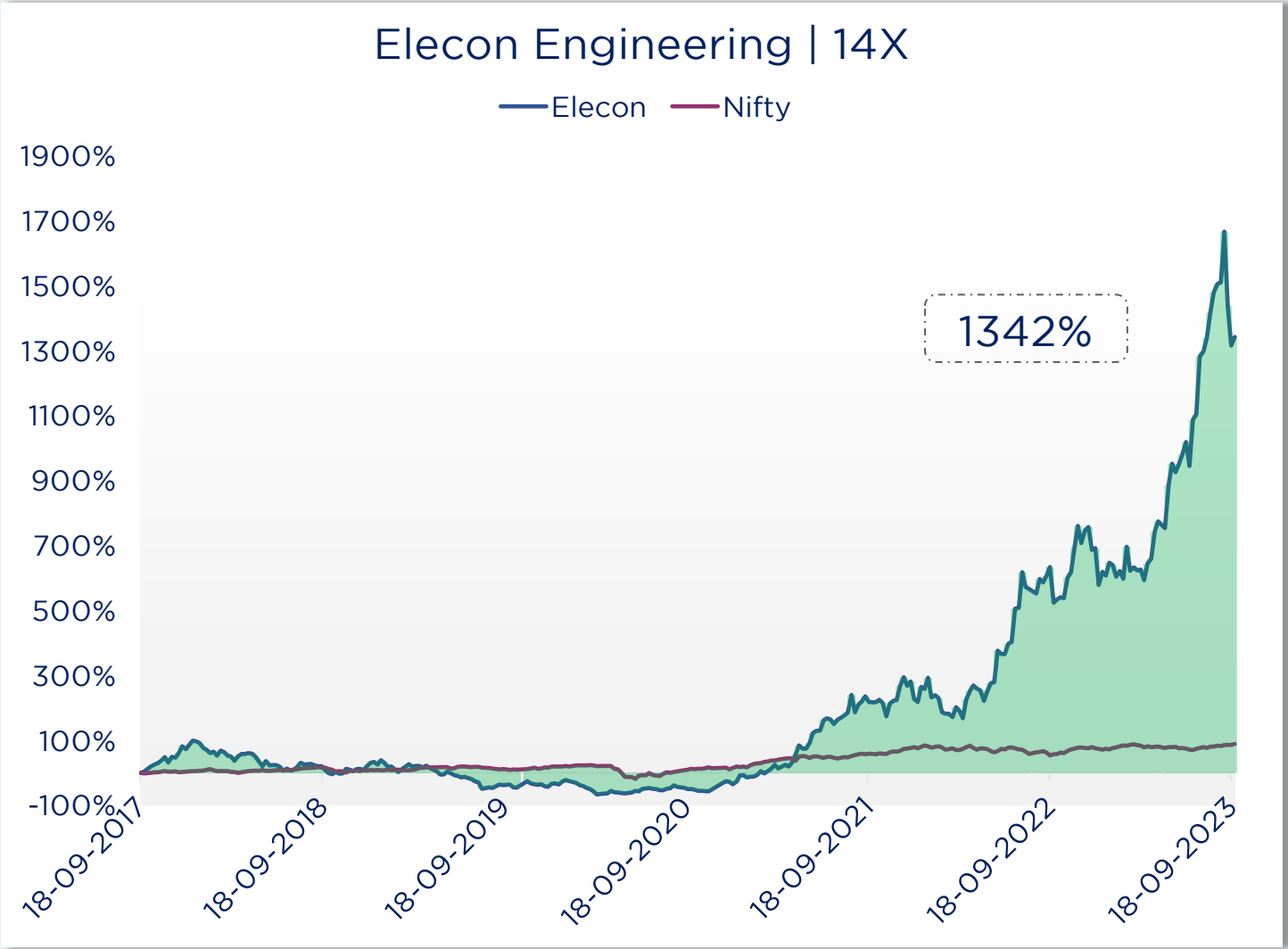
5.0

0.2

# Case Studies



Industry Leadership



888

1417

15.6

0.6

Market Capitalization (In Cr)

Revenue (In Cr)

Price to Earnings Ratio

Price to Sales

589

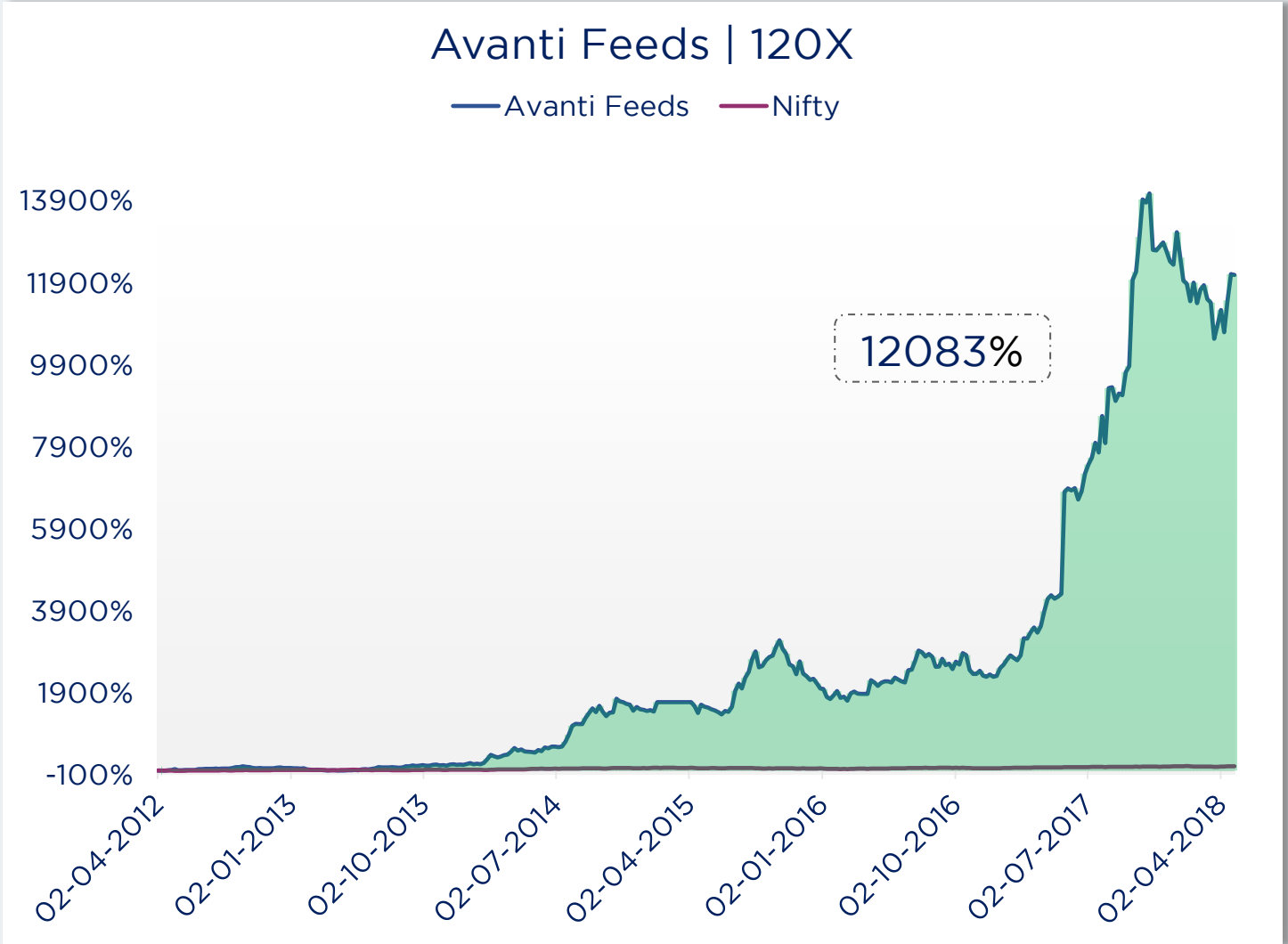
1044

NA

0.6

*When did we buy?*

# Case Studies



Industry Leadership

*When did we buy?*

96

Market Capitalization (In Cr)

383

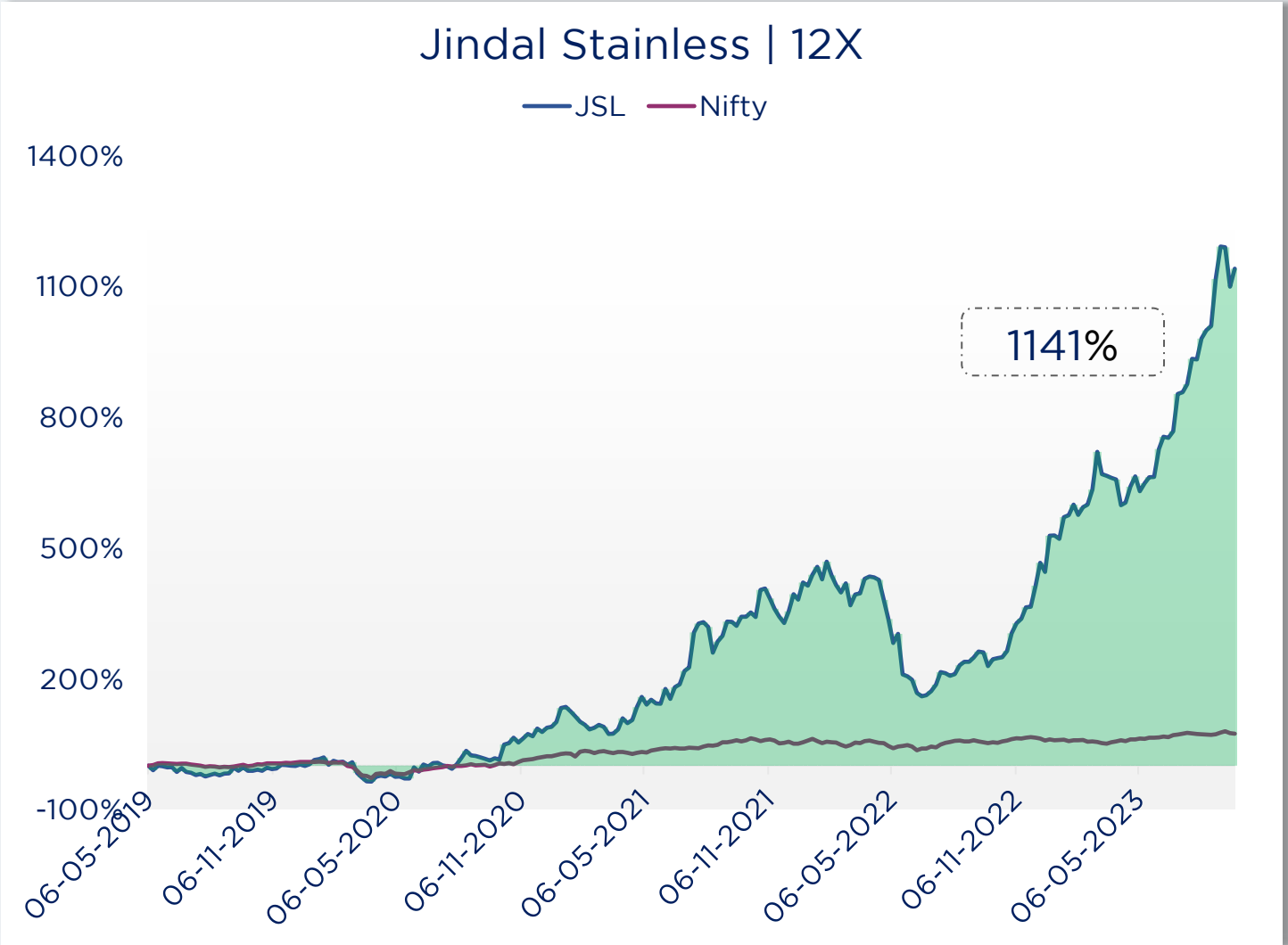
Revenue (In Cr)

3.4

Price to Earnings Ratio

0.2

Price to Sales



1901

Market Capitalization (In Cr)

13557

Revenue (In Cr)

13.1

Price to Earnings Ratio

0.1

Price to Sales





# RISK

Risk is not a number, rather, it is a concept or notion.  
Risk equates to what Ben Graham called a “permanent loss of capital”.



## VALUATION RISK

Risk of buying stocks dear without adequate margin of safety. Reasonable valuation is the corner stone of all our investment decisions.



## EARNINGS RISK

Risk that current earnings could decline due to technological changes, economic changes or deterioration in management.



## BALANCE SHEET RISK

The risk of an overleveraged balance sheet which is ignored during good times in favour of the cyclic high and unsustainable earnings.







# KEY PERSONNEL



**SIDDHARTHA BHAIYA**

Managing Director & Fund Manager

- Founded Aequitas in 2012
- A qualified Chartered Accountant
- Has consistently outperformed the markets.
- Delivered industry-beating CAGR returns
- Headed PMS division at Reliance Mutual Fund
- Expert at finding multibaggers with his contrarian approach



**NEERAV SHAH**

Director - Operations

- Co-Founder at Aequitas
- 18+ year's experience in market operations
- A qualified Chartered Accountant
- Previously with Reliance Capital Asset Management and Birla Sun Life
- Handled operations, funds accounting and dealing functions



**PRITHIPAL SINGH**

Director and Head (Business Development)

- Amongst the renowned in the Mutual Fund industry
- 15+ years of experience in the finance sector
- Has led Marketing & Sales teams at leading firms
- Disciplined personality, Military school background



# RESEARCH TEAM



**PRATIKSHA DAFTARI**  
Co - Fund Manager

With an experience of 9.5 years, Pratiksha Daftari specialises in the analysis of investee companies including industry trends, finding new investment opportunities, understanding of macro-economic scenario and its bearing on markets at large. A qualified Chartered Accountant, her MBA qualification from Indian School of Business, combined with her proactive thought process, patience and passion elevates the quality of her work as an Assistant Vice President of Research at Aequitas.



**SUBHAM AGARWAL**  
Co - Fund Manager

After a successful kickstart to career post Chartered Accountancy course as an Investment Banker, Subham Agarwal wanted to pursue his career in Equity Investment in listed space. Having worked at Edelweiss and Investec for over 4 years, he joined investment team of Aequitas with deep understanding of varied sectors and valuations. With his entrepreneurial stint as Founder of Prep CA, he is valued in the team for his fresh and rounded perspective about business challenges and processes.



**NIHARIKA JAIN**  
Co-Fund Manager

With 8+ years of experience at a big-4 audit firm and large listed manufacturing company, Niharika Jain is a Fellow Chartered Accountant & has cleared all 3 levels CFA (US). She is skilled at in-depth sector and company research and her strengths include quick adaptability, diversified experience, micro-analytical skills, and data crunching. Being inspired by her father at a young age, she loves to paint, read, and travel to new destinations on her days off.

# RESEARCH TEAM



**RIYA MEHTA**  
Research Analyst

A Chartered Accountant by profession, who is also a chartered holder under CFA (USA) and has mastered Actuarial Science (3 levels) at the age of 25 years. Riya Mehta is an experienced Research Analyst on our team. Having worked at institutions like Anand Rathi and IIFL Securities in the past, she is well-versed with macro and company specific research when it comes to building an investment thesis. Hardworking and persistent, she loves to travel, dance, and dabble in Mandala art in the after-hours.



**ADITYA RATHI**  
Research Associate

Aditya has cleared 2 levels of CFA and is a Chartered Accountant with a keen interest in capital markets. He is a focused young analyst and has the knack of picking up things within a very short frame of time. Along with being an excellent working professional, Aditya is a sports enthusiast and loves playing football during his free time.



**JAHNAVI DODAI**  
Research Associate

Our latest addition to the research team, Jahnavi is a Chartered Accountant and has a good understanding of the nuances of running a business. She is always open to learning new things which makes her a great addition to the research team. Her proficient writing skills have meant she has played a key role in various research reports published by Aequitas.





# INVESTMENT FEATURES AND FEE STRUCTURE

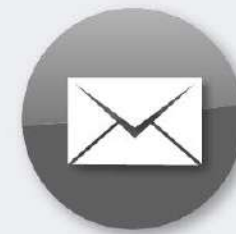
	PMS
MINIMUM INVESTMENTS	₹ 25 Crs. US \$3mn (NRIs)
SUITABLE TIME FRAME	3 - 5 years
MODE OF INFLOW	Cash or stock transfer
FEES	2% p.a. of daily average AUM charged monthly
PERFORMANCE SHARING	10% profit sharing with high-water marking charged annually at the end of the financial year



# CONTACT DETAILS



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