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THE WORD **EQUITY**”

ORIGINATES FROM THE
LATIN WORD AEQUITAS

A E Q U I T A S

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 ?



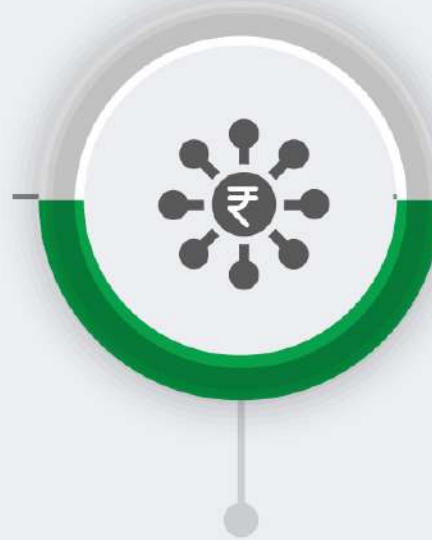
A boutique investment fund specializing in small-cap equities



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



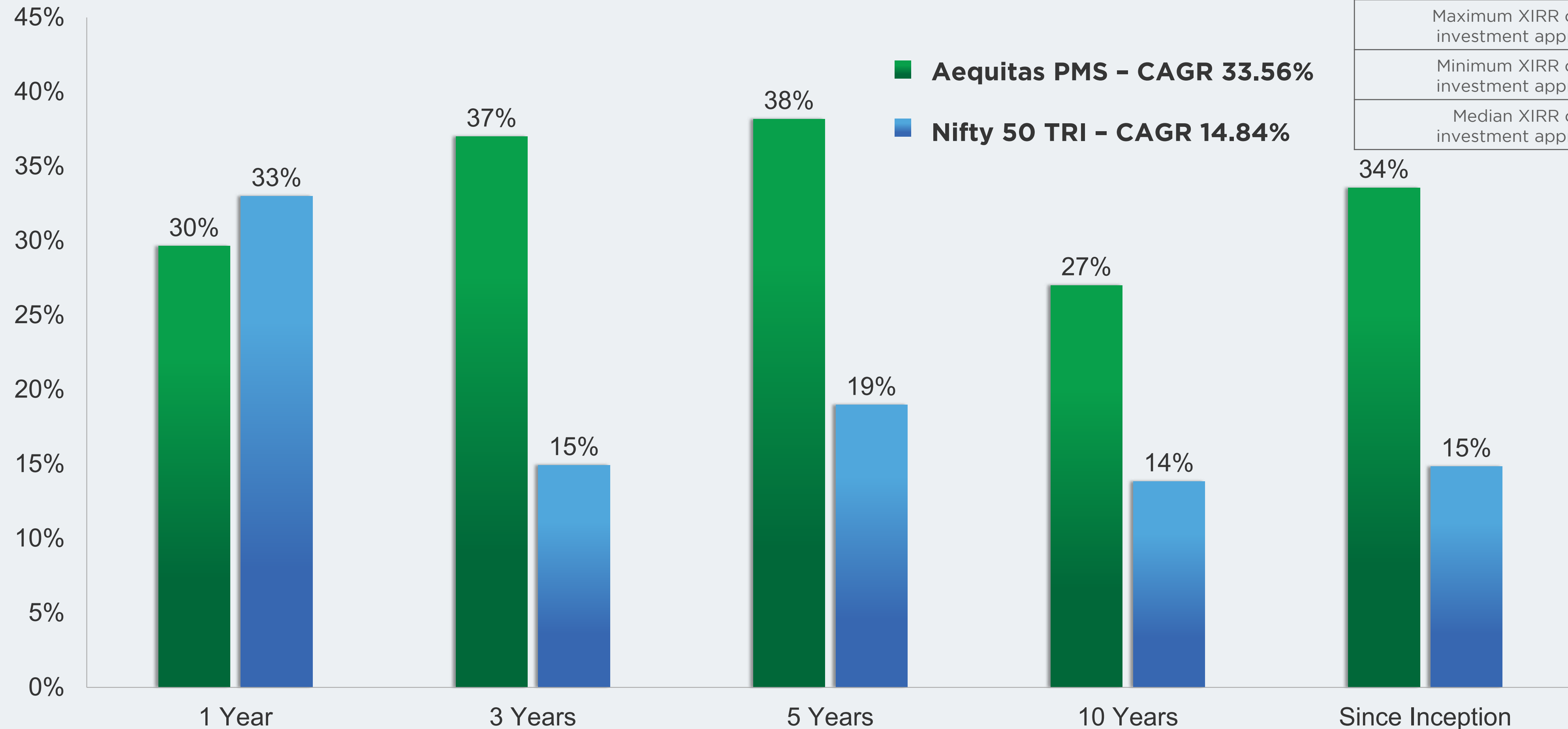
We work with UHNIs; select family offices and foreign institutions



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	56.27
Minimum XIRR of the investment approach	1.40
Median XIRR of the investment approach	31.38

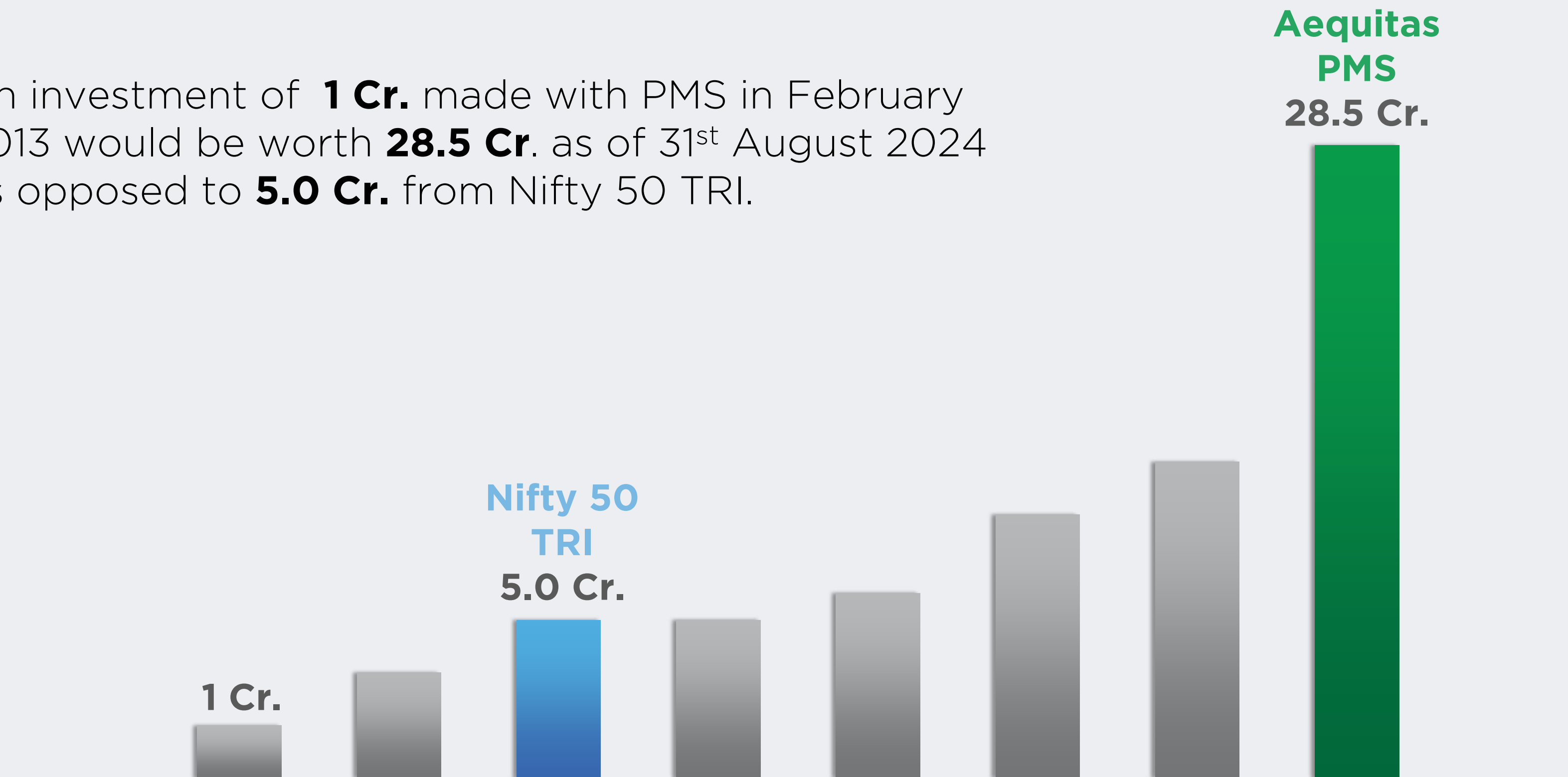
- Returns over 1 year period are on a compounded annual basis; returns are adjusted for inflows/outflows and are after expenses as of 30th Sep 2024
- Please note that the performance of an individual portfolio may vary from that of other investors and that generated by the Investment Approach across 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

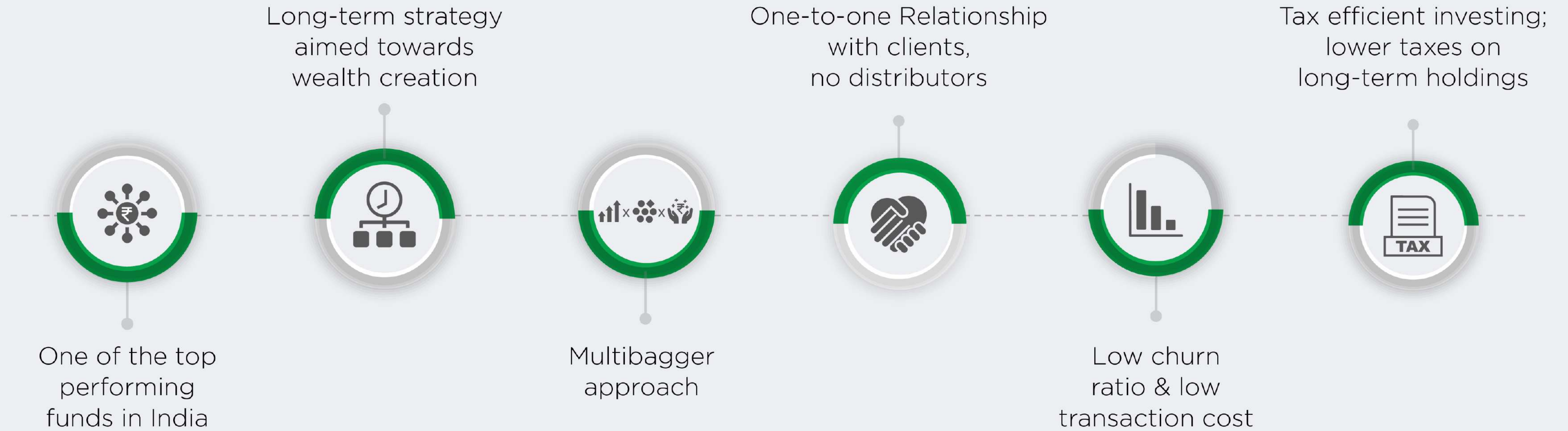
An investment of **1 Cr.** made with PMS in February 2013 would be worth **28.5 Cr.** as of 31st August 2024 as opposed to **5.0 Cr.** from Nifty 50 TRI.



The chart depicts Absolute Values over time since inception; returns are adjusted for inflows/outflows and are after expenses; 30th Sep 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

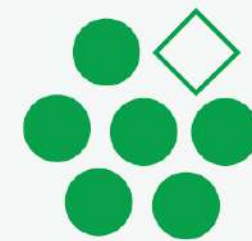


MULTIBAGGER APPROACH



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 cyclicity in earnings).

CREEPING ACQUISITION / BUYBACKS

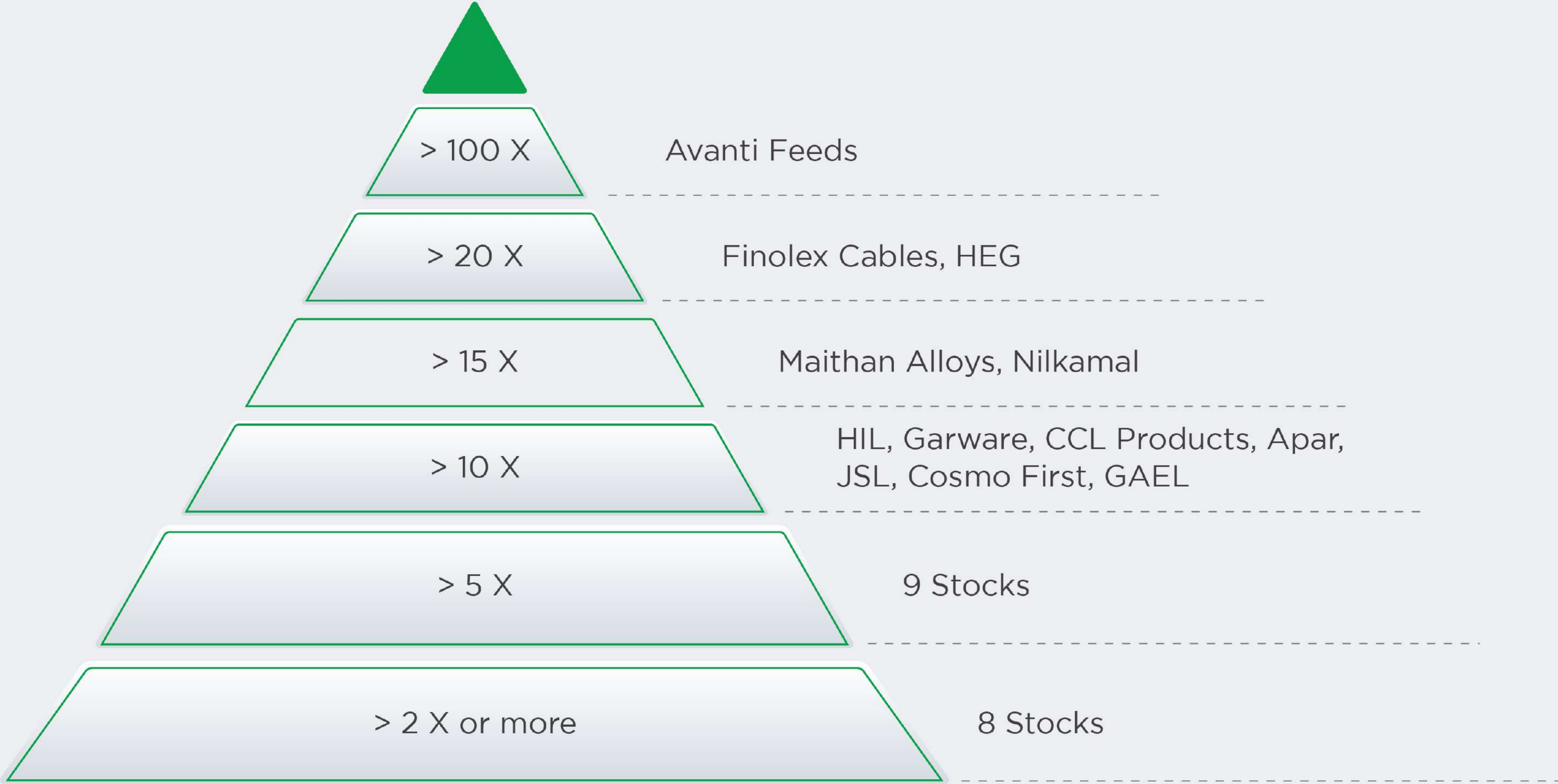
Majority of our companies have done buy-back / creeping acquisition in the 12 months prior to our initial acquisition.

CASH FLOW

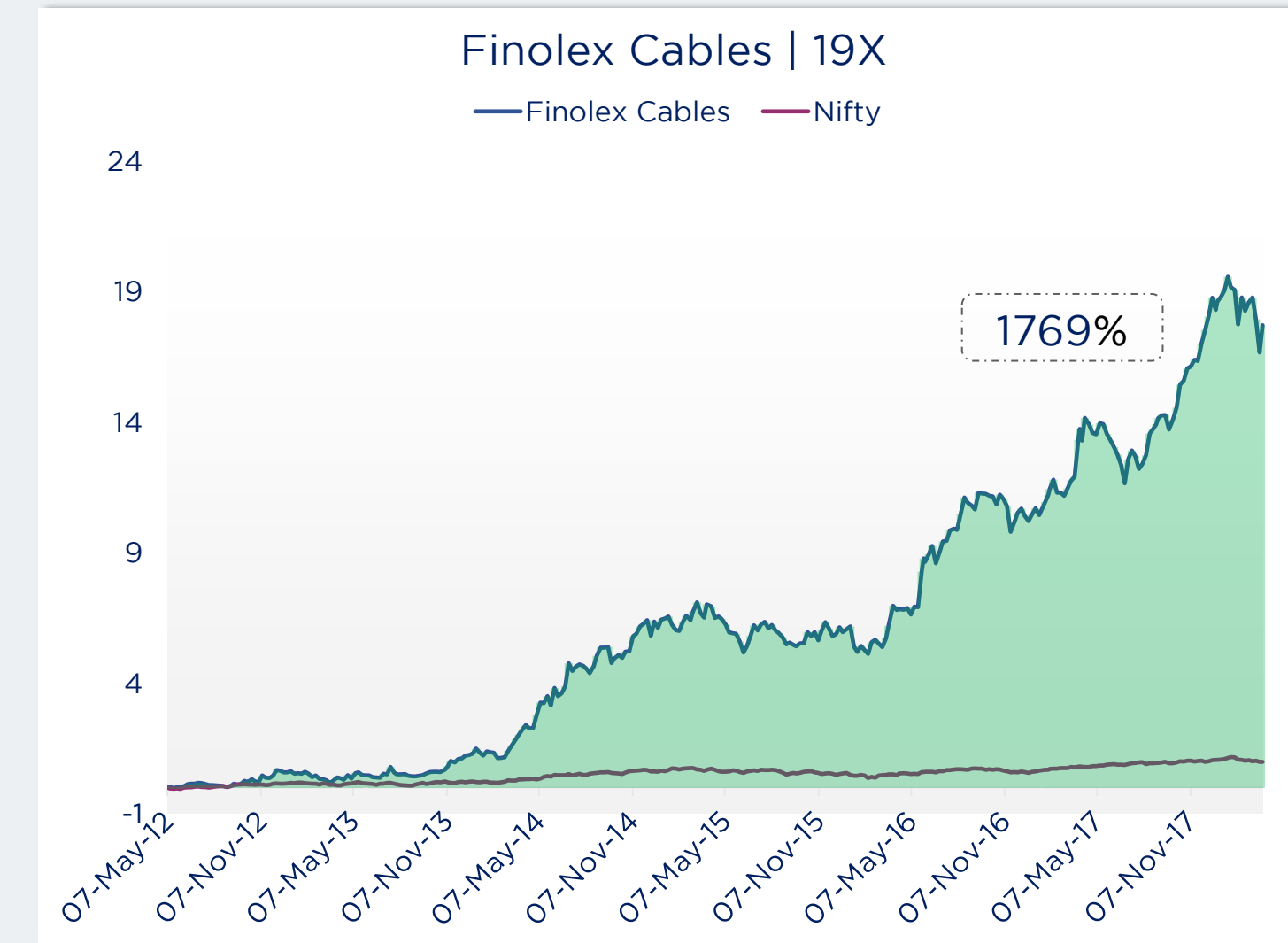
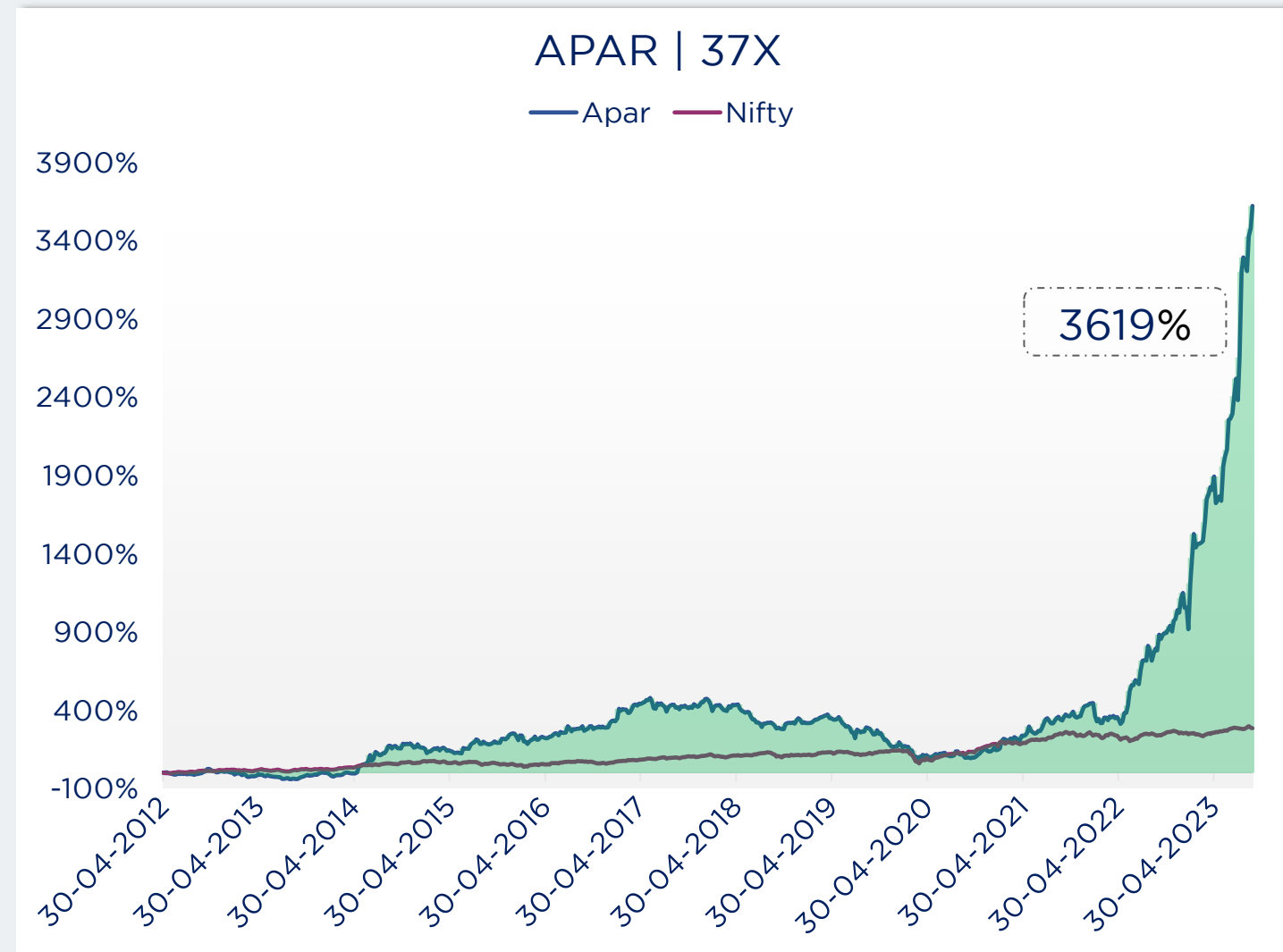
Our portfolio includes companies with strong and consistent cash flow generation.



OUR MULTIBAGGER PICKS



Case Studies



Industry Leadership



When did we buy?

323

Market Capitalization (In Cr)

493

3589

Revenue (In Cr)

2064

4.4

Price to Earnings Ratio

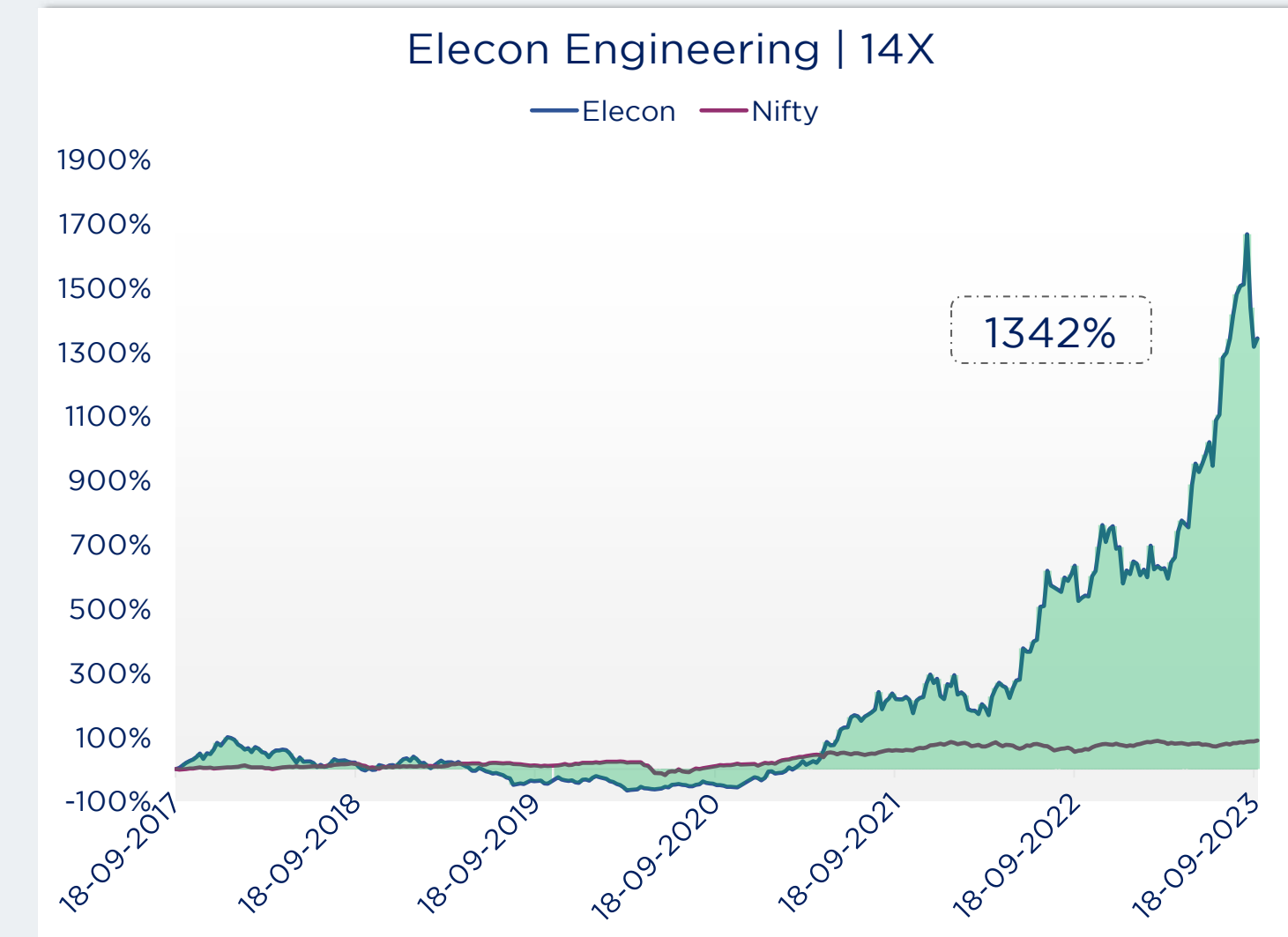
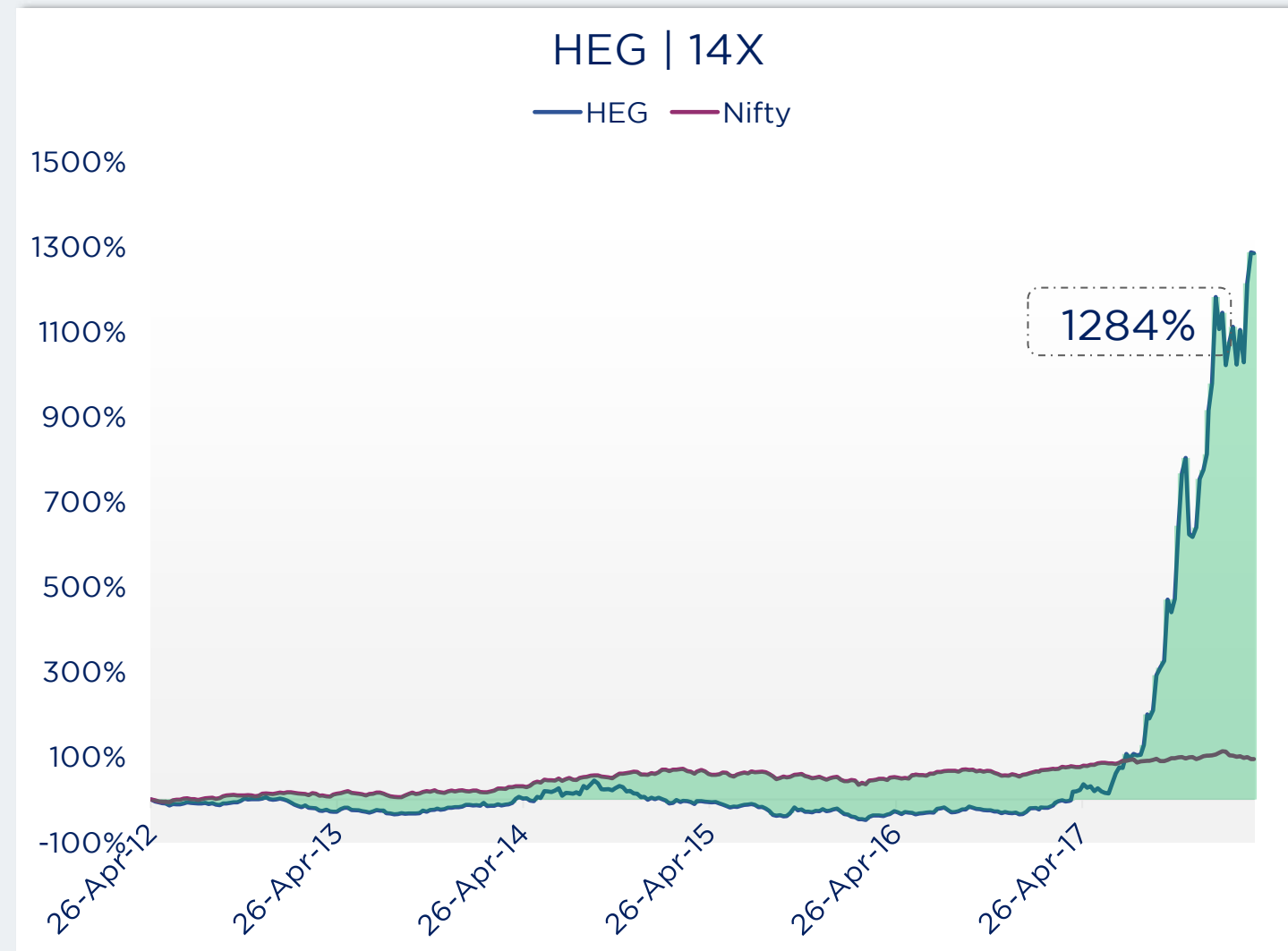
5.0

0.1

Price to Sales

0.2

Case Studies



Industry Leadership



When did we buy?

888

Market Capitalization (In Cr)

589

1417

Revenue (In Cr)

1044

15.6

Price to Earnings Ratio

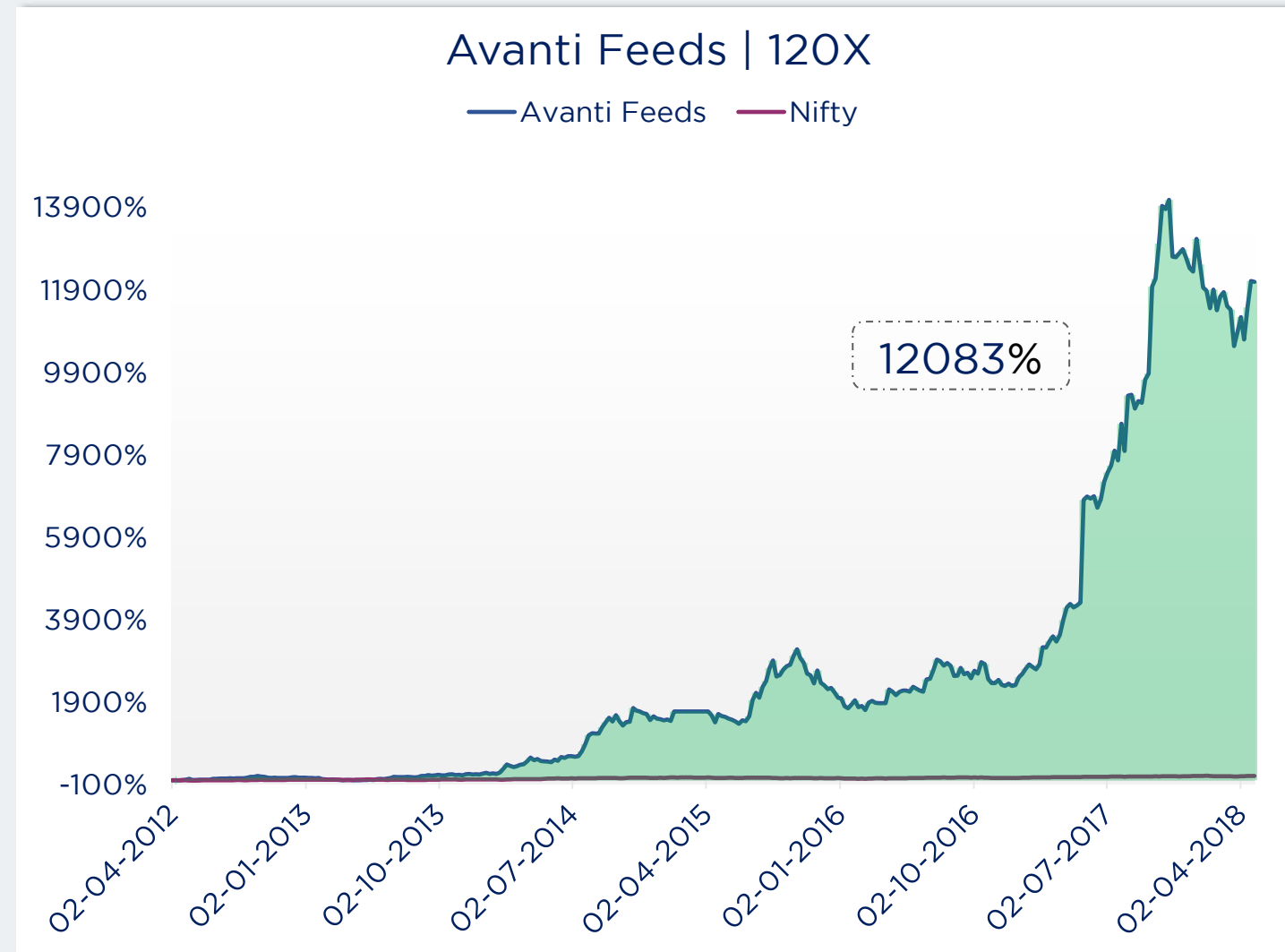
NA

0.6

Price to Sales

0.6

Case Studies



Industry Leadership

When did we buy?

96

Market Capitalization (In Cr)

383

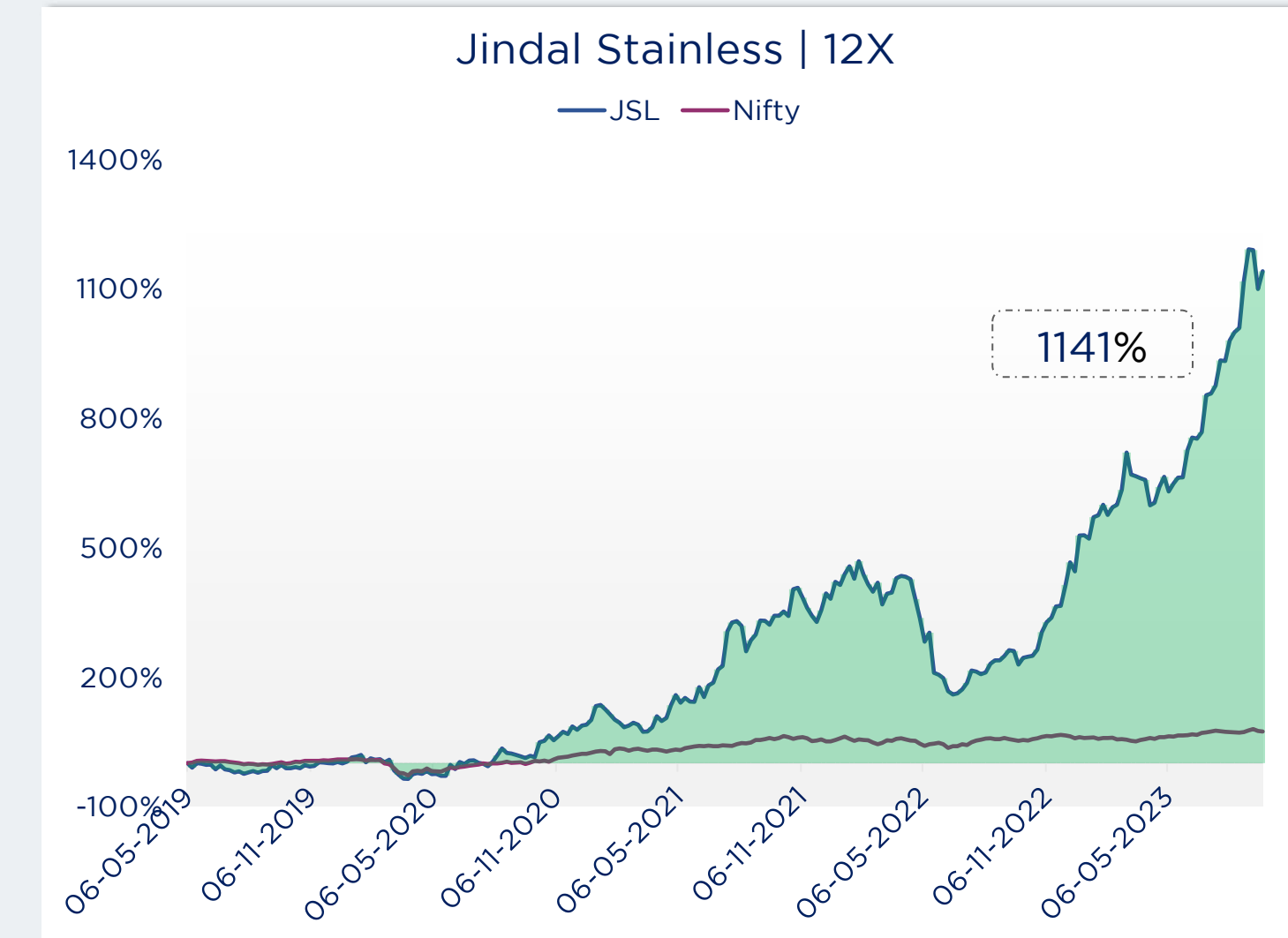
Revenue (In Cr)

3.4

Price to Earnings Ratio

0.2

Price to Sales



1901

13557

13.1

0.1



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



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

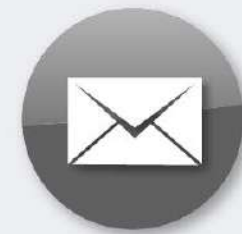
10% profit sharing with high-water marking charged annually at the end of the financial year



CONTACT DETAILS



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