

-INVEST-



InCred! PMS

**Incred Multicap
Portfolio**

December 2021

InCred Group Overview

InCred!
Borrow. With Confidence.



Consumer Loans



MSME loans

InCred!
Capital



Investment
Banking &
Structured
Finance



Debt Broking
and Capital
Markets



Equities
Research,
Broking and
Capital
Markets



Wealth
Management
Domestic &
International
Wealth



Asset
Management

Backed by leading investors



INVESTCORP



oaks



memg
manipal education and
medical group



Founder & CEO



Bhupinder Singh

Founder & CEO - InCred Group

- Over two decades of experience in financial services, with 10 years of experience in running and supervising Indian businesses.
- Former Co-Head of investment Banking & Securities, Deutsche Bank, Asia-Pac, \$3bn top line, 1750 front office staff.
- Founder of the InCred Group. InCred Retail started in Mar 2016, and InCred Capital in Sep 2018.

Group MENTOR



Anshu Jain

Former Co-CEO, Deutsche Bank

- Mr. Jain is currently President at Cantor Fitzgerald. Prior to this, Mr Jain was Co-CEO of Deutsche Bank from 2012 to 2015.
- Previously, served on the Prime Minister's Working Group in Inward Investment in India, and led Deutsche Bank's team advising the UK Treasury on financial stability.

InCred! PMS

Global Experience & Local Expertise

- Management team at InCred AMC brings together significant global experience with domain expertise in local markets
- Group leadership team offers unique combination of experience across multiple asset classes and businesses
- Strong in-house proprietary research following a rigorous and holistic approach



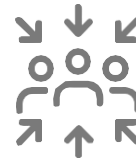
Differentiated Products

- Differentiated product offerings covering a wide spectrum including long only equity, long-short equity, quantitative asset allocation, structured debt and unlisted equity

InCred
ASSET MANAGEMENT

Benefit from Group Synergies

- **NBFC** - Support on credit and industry understanding
- **Investment Banking** - Access to corporate relationships and insights



Offshore relationships

- Strong global network and relationships will help to provide global markets perspective to enhance Indian strategies
- Use international expertise and connections to offer access to global strategies to Indian clients

Leadership Team



Punita Kumar-Sinha
Chairperson – designate[^]

- 30+ years of experience in investment management and financial markets
- Founder and CIO of Pacific Paradigm Advisors, an independent investment advisory and management firm based in the US
- Formerly ran Asia/ India focused funds at Blackstone, CIBC Oppenheimer, Batterymarch, Standish Ayer and IFC
- Holds Board positions on several listed and unlisted companies like Infosys, Lupin, Embassy
- On the Board of CFA Institute where she also Chairs the investment committee



Mrinal Singh
CEO & CIO

- Over 18 years of rich experience in Investment Management & Equity Research
- Formerly Deputy CIO - Equities of ICICI Prudential AMC- amongst the top fund management houses in India, where he was instrumental in setting up research processes, designing product strategy as well as for talent development
- He actively managed assets of INR 25,000 crores including some of the largest flagship funds for ICICI Prudential. Under his management the Value Discovery fund grew from INR 1,500 crores to INR 20,000 crores
- Has a track record of delivering industry leading returns through market cycles.
- Has been awarded and recognized at various industry forums & consistently rated highly by Morningstar

[^] Currently a Consultant to InCred Capital



Aditya Sood

Fund Manager - Equity

- Founder of Vishuddha Capital Management LLP, a boutique alternate management firm (now part of InCred AMC)
- Overall investment experience of 17 years in equity markets out of which 15 years in fund management.
- Global experience of managing emerging market equities in the United Kingdom.
- Formerly headed the investment function of ICICI Prudential PMS managing assets of over INR 4,000 crores
- He combines a philosophy of focusing on ‘Return of Capital’ along with ‘Return on Capital’ and picked a high point in the market to close his PMS at ICICI Prudential and return capital to investors with a handsome profit
- Also spearheaded small / mid cap research at ICICI Prudential

Manager Track Record

In Jan 2018, ICICI Prudential's PMS unit returned Rs. 700 crore to investors citing "extremely rich" valuations.



The decision to return investor money is in line with the philosophy that return of capital is also important along with return on capital – **Aditya Sood**

Since inception the schemes have returned 322.6% as against the BSE smallcap index's gains of 230% – **Business Standard**

This decision is more or less unheard of in the Indian context though it does happen more often in developed markets – **Business Standard**

Weblink : [Economic Times](#) [Business Standard](#)



INVESTMENT PROCESS

Investment Philosophy

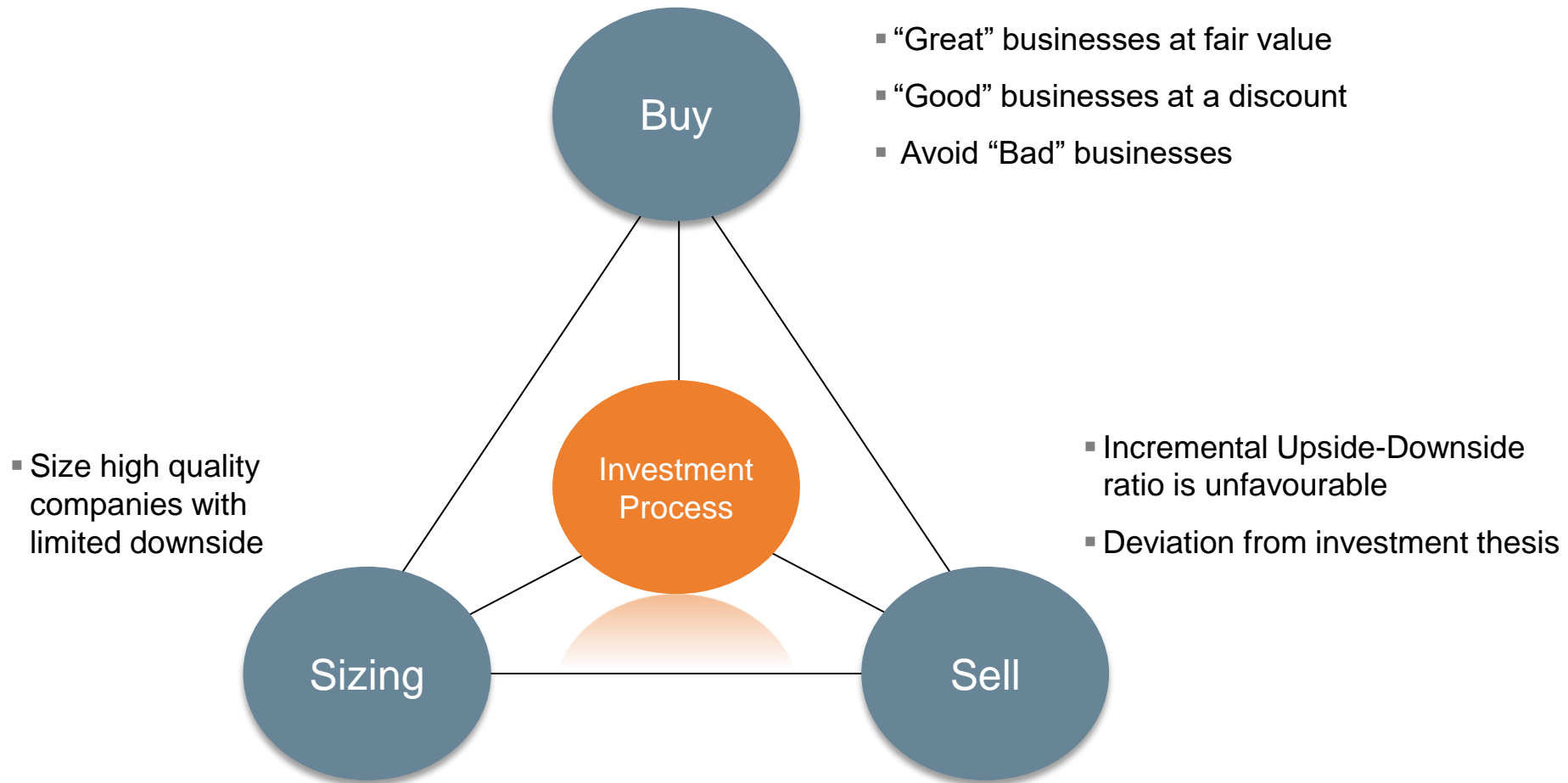
Depending on the cycle, one needs to be **overweight or underweight** on equities as a part of dynamic asset allocation

“Buy Fear and Sell Greed” is our core philosophy which we have followed through multiple cycles by imposing self constraints in terms of capital returned in great markets and capital deployed in tough markets

We have an independent way of thinking – we do not shy away from taking contrarian views and are comfortable with being lonely both at the peak and the trough of the cycle

Goal Setting is important for us and we have the discipline to stick to our goals

Decision Making Process



Parameters of the Framework

	Great business	Good business	Bad business
Quantitative			
ROIC vs WACC*	ROIC > WACC	ROIC = WACC	ROIC < WACC
Capital structure	Efficient capital structure	Average capital structure	Inefficient capital structure
Cash flow adequacy	Strong coverage	Adequate coverage	Weak coverage
Covenants	Appropriate	Average	Poor
Growth	Long runway and outperforms industry growth rates	Better than industry growth rate but can be volatile	Highly volatile, below industry growth rates
Qualitative			
Competitive advantage	Identifiable & sustainable	Identifiable but fading	Not detected
Pricing	Pricing power	Market pricing	Price taker
Character of management	Superior	Average	Poor
Alignment of interest with minority shareholders	Clear	Indistinguishable	Non existent
Dependence of external variables	Low dependence	Dependent	High dependence

*ROIC = Return on Invested Capital ; WACC = Weighted Average Cost of Capital ; The above framework is for Illustration purpose

Framework Examples

	IEX	CDSL	NATCO	MATRIMONY	JAMNA AUTO	JTEKT	LINDE	BIOCON
Quantitative								
RoIC v/s WACC	✓✓✓	✓✓✓	✓✓✓	✓✓	✓✓✓	✓✓	✓✓	✓✓
Capital Structure	✓✓✓	✓✓✓	✓✓	✓✓✓	✓✓	✓✓	✓✓	✓✓
Cash Flow Adequacy	✓✓✓	✓✓✓	✓✓	✓✓	✓✓	✓✓	✓✓✓	✓✓
Covenants	✓✓✓	✓✓✓	✓✓✓	✓✓✓	✓✓	✓✓	✓✓	✓✓
Growth	✓✓	✓✓	✓✓✓	✓✓✓	✓✓	✓✓	✓✓	✓✓✓
Qualitative								
Competitive Advantage	✓✓✓	✓✓	✓✓	✓✓	✓✓✓	✓✓✓	✓✓✓	✓✓
Pricing Power	✓✓	✓✓	✓✓	✓✓	✓✓	✓✓	✓✓	✓✓
Character of Management	✓✓	✓✓	✓✓	✓✓	✓✓	✓✓✓	✓✓	✓✓
Alignment of interest with Minority	✓✓	✓✓	✓✓	✓✓	✓✓	✓✓	✓✓	✓✓
Dependence of external variables	✓✓	✓✓	✓✓	✓✓	✓✓	✓✓	✓✓	✓✓
Score	25	24	23	23	22	22	22	21

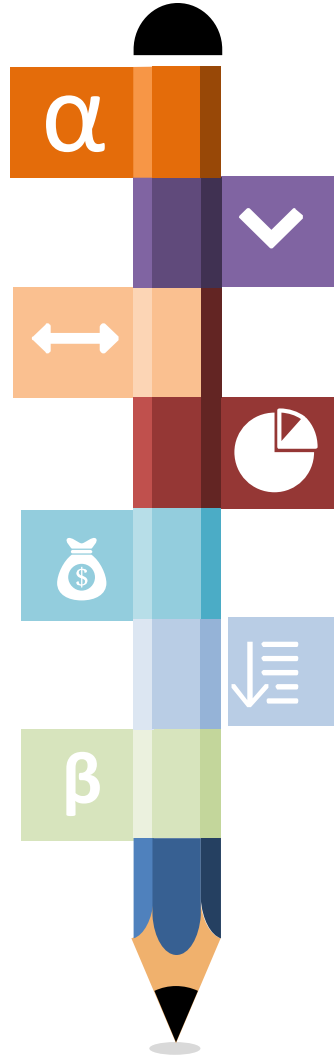
Maximum score can be 30

A score of 3 is granted if the company fulfills the Great Business parameters listed in the last slide. A score of 2 is given if the company fulfills the Good business parameters and -2 is for Bad business.

ROIC : Return on Invested Capital; WACC Weighted Average Cost of Capital. The above examples are for illustration purpose only. The companies mentioned above may or may not form part of the Investment Approach/Fund/Scheme.

Portfolio Construction

Benchmark agnostic – high active share



Active management

Low turnover – Buy and Hold

Multi-cap strategy

Meaningful size in top 5-7 stocks

Stock limit of 20%,
Sector limit of 30%

25-30 stocks

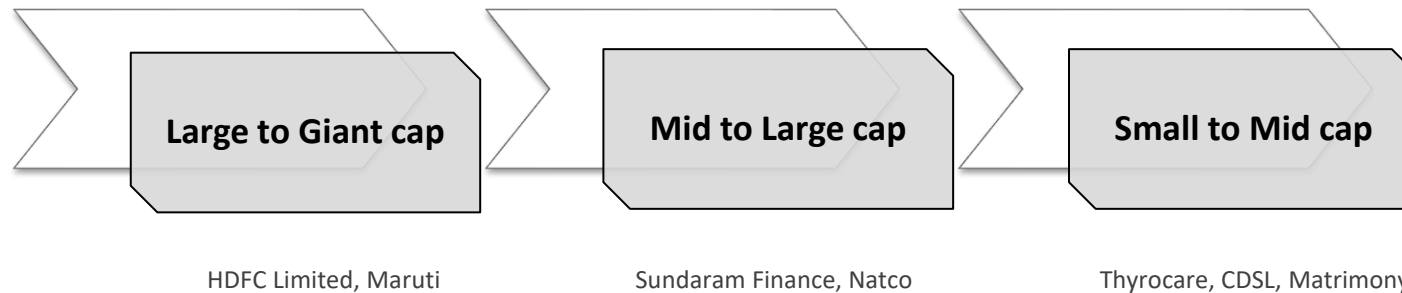


PORTFOLIO CONSTRUCT

InCred PMS

Multicap Portfolio Benefits

Opportunities across market cap size as companies move from one segment to the other



Multi-cap strategy with the aim to capitalize on valuation gap between small, mid, and large cap segments.

Mid- and small-caps can significantly outperform the market provided you get timing, stock selection and holding period right.

Aim to invest in companies, which have the potential and are at the inflection point of graduating from small-cap to mid-cap, mid-cap to large-cap, and large-cap to giant-cap respectively.

The above examples are for illustration purpose only. The companies mentioned above may or may not form part of the Fund.

Investment Themes

MNC

MNCs have a sustainable competitive advantage on account of superior technical know-how (access to patented technologies), strong management teams (global talent pool), access to capital from the parent and a clean balance sheet.

Consumer

Companies with strong brand franchises with a dominant position in beverages, packaging, coffee, tobacco, food, hair oil, and trading at a reasonable valuation to broader FMCG sector.

Healthcare

In addition to improving RoEs of generic business, complex API skills, brand building capability and regulatory expertise (either in-house or through partnerships) is the need of the hour.

Scalability, low-cost structure and efficient capital allocation will be critical for growth.

Financials

Companies that have a well-matched Asset-Liability profile, lower dependence on market borrowing, and that is gaining market share during the downturn. Companies with a strong balance sheet and investor trust are likely to get funding at a relatively cheaper cost.

Well-managed NBFCs who have strong parentage and got the previous cycle right in terms of managing risk and resisting the temptation to grow post the credit boom.

Depositories are a direct proxy of growth in capital markets led by an increase in trading volumes and retail participation, strong IPO pipeline, and single Demat account for all financial products

Auto

Companies with a dominant market and profit pool share, market leaders in their respective segments and have been able to gain market share in the downcycle and can show faster recovery when the cycle turns.

Technology

The multi-trillion-dollar global buildout of 5G wireless networks is one of the largest infrastructure projects ever and is the most important technology race of the next decade.

In addition to potential price hikes and continuing upgrades to 4G, we expect further margin improvement from the stabilization of network costs, with the bulk of 4G rollout behind us. Efficiencies realized in other areas in recent quarters will sustain into next year.

Portfolio Details

Top 10 Holdings

Cholamandalam Financial Holdings	6.7%
HCL Technologies	4.8%
Tech Mahindra	4.3%
Natco Pharma	4.3%
Max Financial Services	4.1%
Axis Bank	4.0%
Indoco Remedies	4.0%
United Spirits	3.9%
IDFC Ltd	3.8%
Matrimony.Com	3.7%

Portfolio Performance

	Fund	BSE 500	Alpha
1 month	-2.9%	2.3%	0.6%
3 months	-2.4%	-0.5%	-1.9%
6 months	3.5%	10.9%	-7.2%
Since Inception	14.1%	18.9%	-4.8%

Market Capitalization

	Fund	BSE 500
Large cap	34%	74%
Mid cap	18%	17%
Small cap	47%	9%

Data as on 31st December 2021, Inception date : 18th February 2021 (Date of onboarding of first client of the Strategy). Performance calculated using Time Weighted Rate of Return (TWRR) method for the aggregate portfolio. All the returns calculated above are after fees and expenses. Past performance may or may not be sustained in future and is no guarantee of future results. The stock(s) mentioned in this document do not constitute any recommendation of the same and the Fund may or may not have any future position in these stock(s) There is no assurance of any returns/capital protection/capital guarantee to the investors in this Fund. Market Cap is according to AMFI Classification which happens half yearly. Classification as on Dec 2021

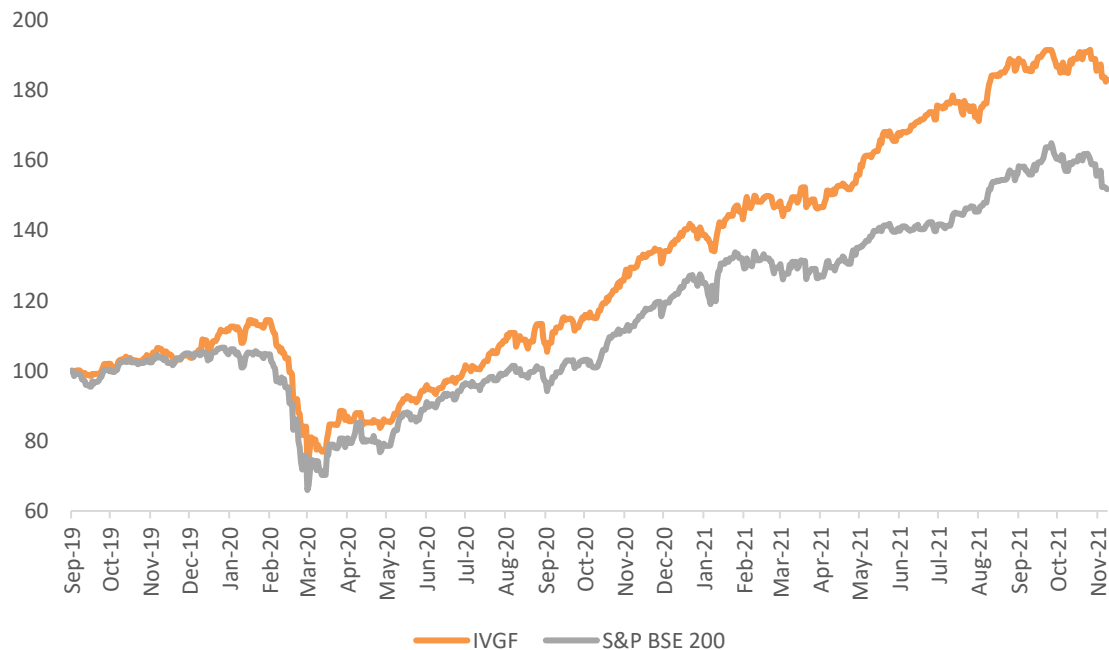


FUND MANAGER TRACK RECORD

InCred PMS

InCred AIF Track Record

Performance at India Value and Growth Fund I, A Category III AIF

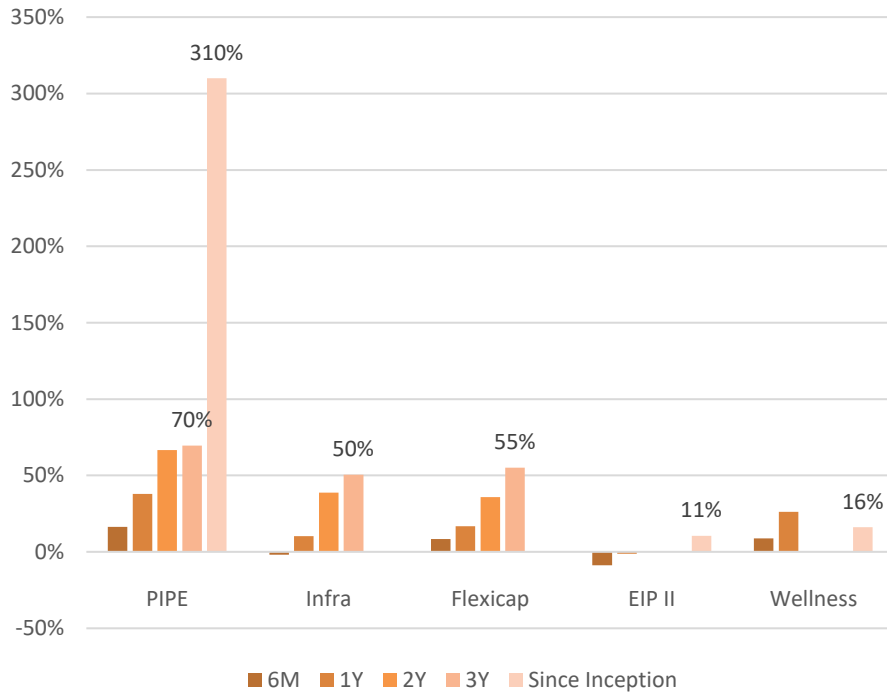


Period	IVGF	S&P BSE 200	Alpha
1 month	2.5%	2.0%	0.5%
3 months	0.9%	-1.1%	1.9%
6 months	11.6%	10.5%	1.1%
1 year	37.9%	27.6%	10.3%
2 years	31.3%	20.9%	10.3%
Since Inception	31.9%	21.2%	10.7%

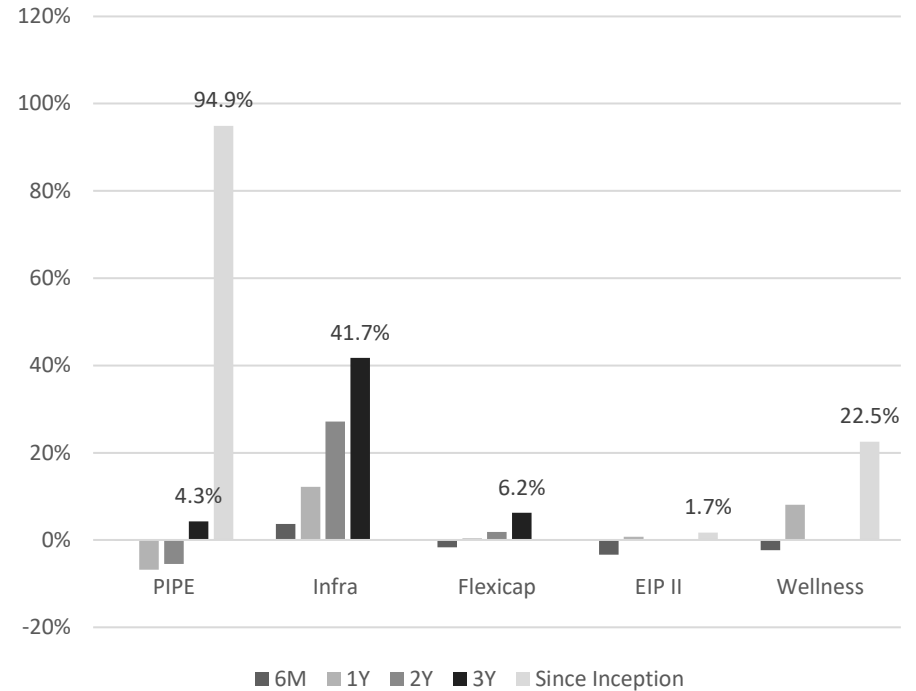
IVGF - India Value and Growth Fund I (Class A Series); Fund inception date - 23rd September 2109 ; Fund Performance as on 31st December 2021.
Return above 1 year are annualised net of fees and expenses. Past Performance may or may not be sustained in the future.

Fund Manager Track Record

Performance at ICICI Prudential PMS (Mar'15-Sep'18)



Portfolio absolute return



Benchmark outperformance (α)

Source: Morningstar, updated as on October 2018. Past Performance may or may not be sustained in the future

Note: EIP II and Wellness schemes were less than 2 years old in Oct 18. Infra and Flexicap were launched in Dec'03 and Dec'00, respectively, and since-inception return is not relevant.

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