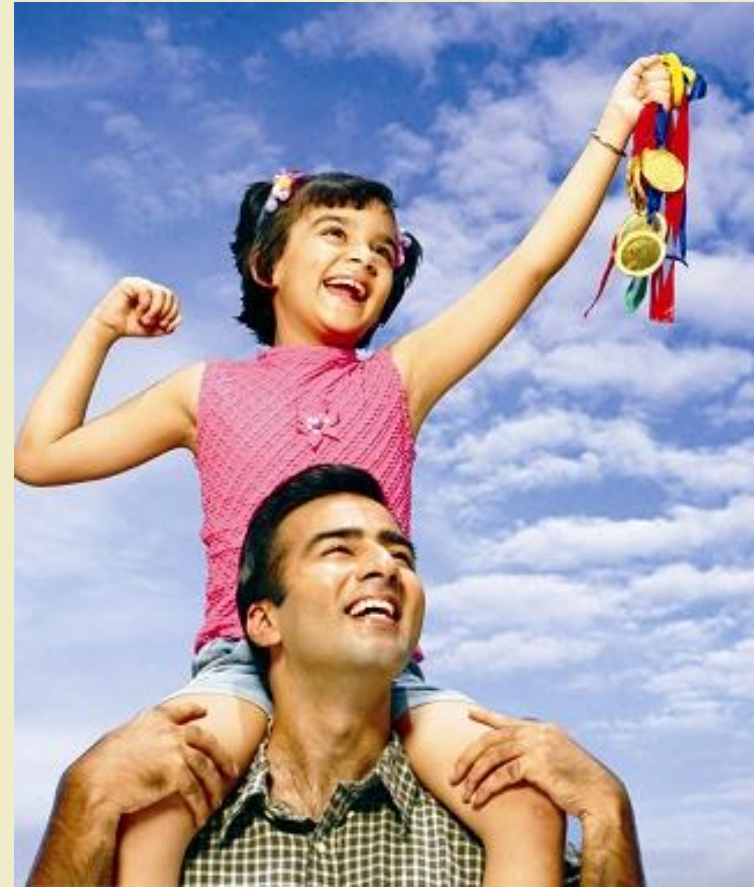


Sundaram Asset Management Portfolio Managers



SUNDARAM ASSET MANAGEMENT
Portfolio Managers

Sundaram India Secular Opportunities Portfolio (SISOP)

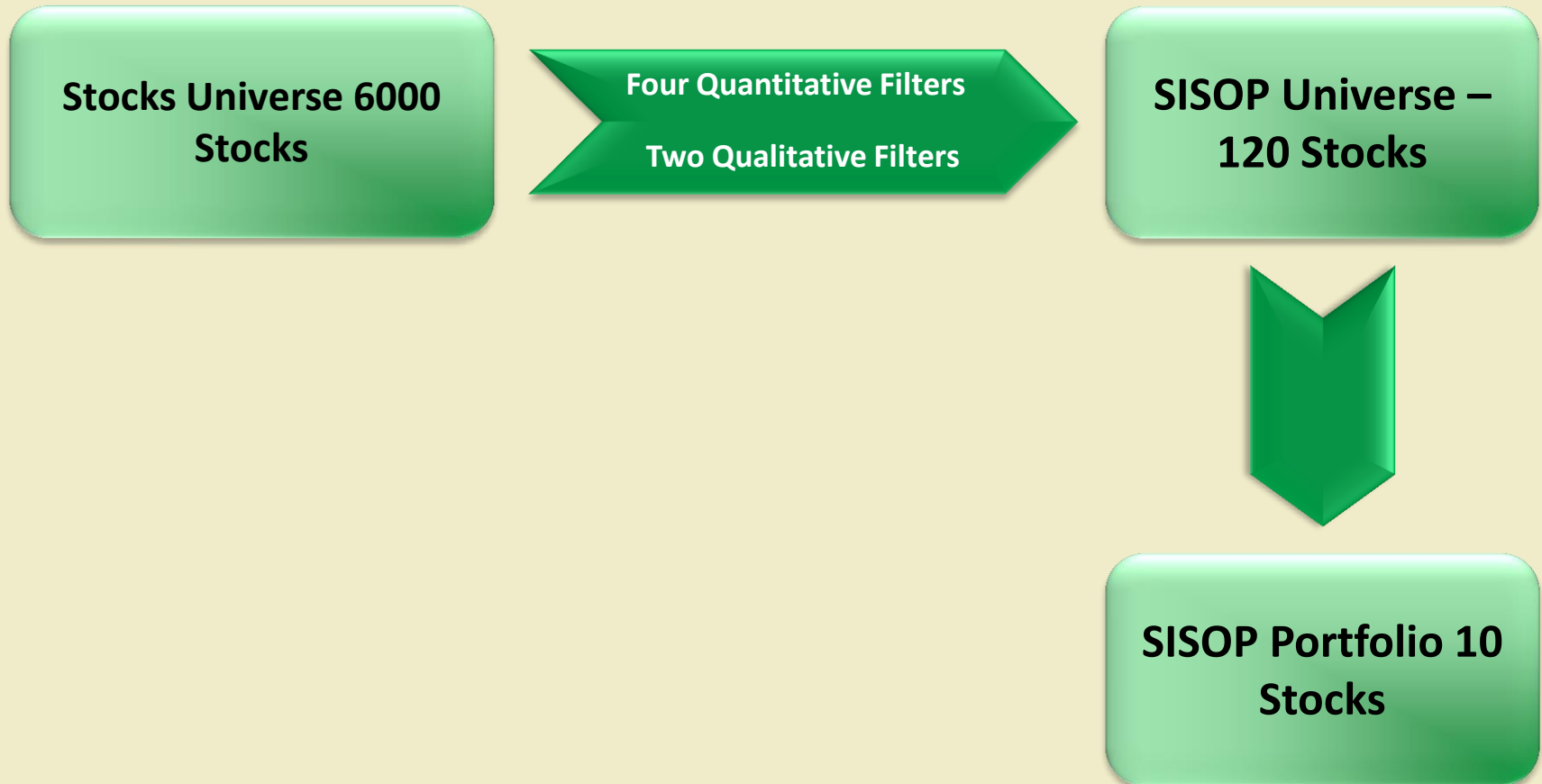


SUNDARAM ASSET MANAGEMENT
Portfolio Managers

Investment Strategy

- Buy and Hold strategy
- Low churn
- Bottom up approach

Stock Selection



High Return Ratios

QUANTITATIVE

↑ ROE

$$\frac{\text{NI}}{\text{Equity}}$$

↑ ROCE

$$\frac{\text{NI}}{\text{Capital employed}}$$



High return on equity and capital employed --->
High value addition to its minority shareholders



Return ratios are averaged over a 5 year period to smoothen out lumpiness and volatility (if any).

Process

Company with superior return ratios outperform companies with poor or lower return ratios.

Minimum Leverage

QUANTITATIVE



Debt to Equity

$$\frac{\text{Debt}}{\text{Equity}}$$



Companies that can grow without leveraging their balance sheet



In a high interest rate environment like the present one, interest outgo will pinch bottom line and therefore reduce shareholder wealth

Process

Minimal debt for purpose of working capital is acceptable. Long term debt for the purpose of expansion, Greenfield etc is avoided.

Capital light business

QUANTITATIVE



Fixed Assets Turnover

Sales
Fixed assets



Companies with very high fixed asset turnover ratios are preferred. Asset heavy businesses are discarded



Entry barriers in these cases are mostly due to the company's brands and the in which space it operates


Process

Most companies that pass this filter will generate sufficient cash flows to fund their capex without external borrowings.



High Operating Leverage

QUANTITATIVE

 Operating Leverage

$\frac{\text{EBIT}}{\text{Sales}}$



Companies that are in a better position to absorb rise in raw material prices and able to easily cut its cost by increasing volumes are preferred



During inflation, the high raw material price is passed to the customer but without affecting volumes

Process

Increasing revenue growth will translate to lower fixed cost per unit, thus enhancing the operating income

Corporate Governance

Identifying managements that have

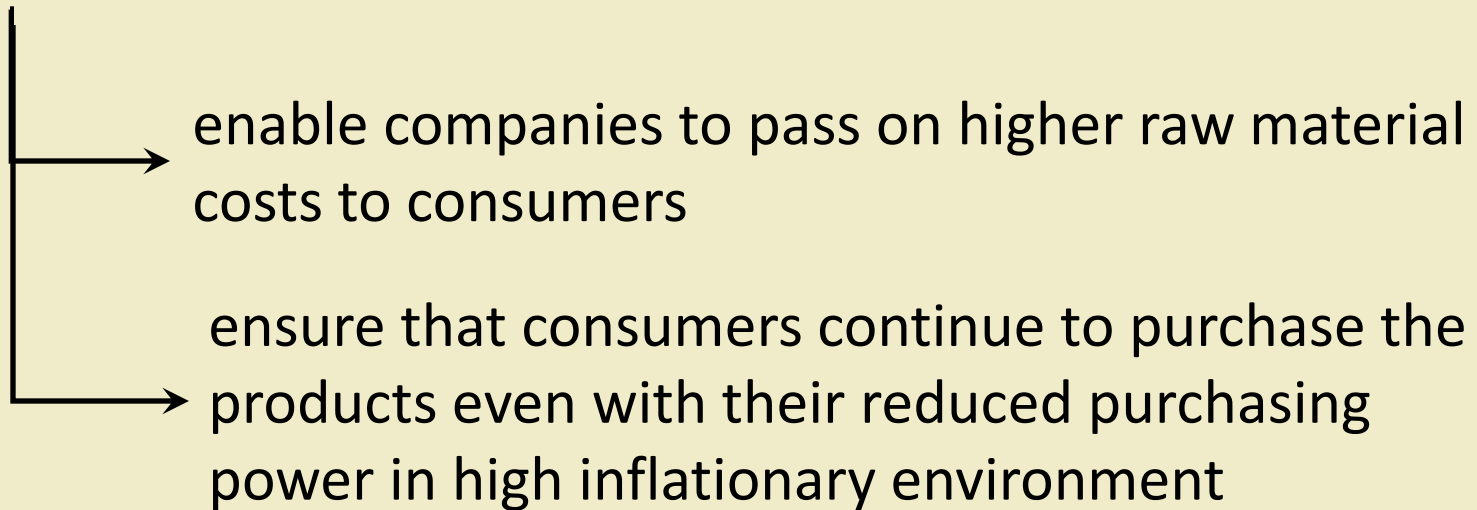
QUALITATIVE

- kept in mind and have acted in the interest of minority shareholders
- not frequented capital markets (for raising funds)
- been rational in their decisions

Strong brands and strong market position

QUALITATIVE

Brand pull will



Risk profile

Moderate to high risk

Strategy Construct

Equity – 95-100%

Cash – 0-5%

STRATEGY DYNAMICS

Investment Horizon

3 to 4 years

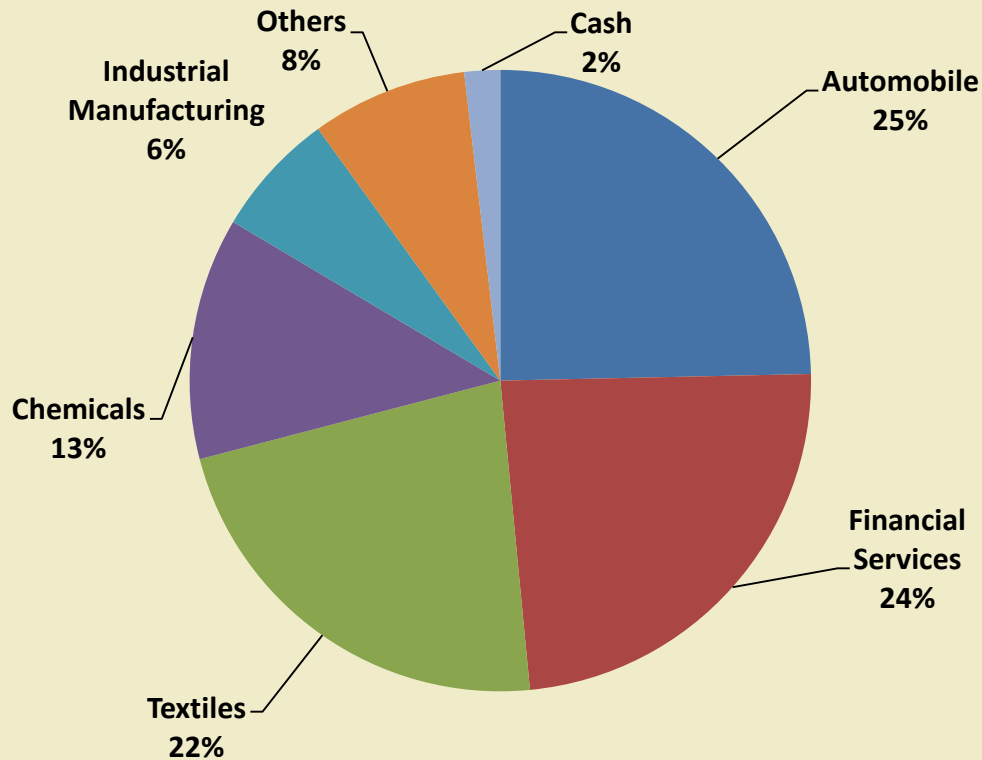
Number of stocks

10



Top sectors & holdings

Top Sectors



Top 3 Stocks

Page Industries

Bosch

Pidilite

Returns

	1M	3M	6M	1Y	2Y	3Y	Since Inception
SISOP (%)	7.97	23.01	34.5	77.54	39.25	38.79	36.86
CNX 500 (%)	-2.09	5.58	9.71	37.82	19.5	23.46	10.92
Excess Return (% Points)	10.06	17.43	24.79	39.72	19.75	15.33	25.94

- ❖ Compounded annualised returns for period greater than one year
- ❖ As on 31st December 2014

Calendar Year Returns (%)

Scheme Name	YTD 2014	CY2013	CY2012	CY2011
SISOP	77.54	9.2	38	8.5

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