



Wealth Management with an Alternatives edge

Merisis Multicap Portfolio

“Growth and Value are two sides of the same coin. The Coin is Momentum. The side facing up simply tells us which way momentum is currently flowing”

Investment Philosophy:

Investing in non-consensus ideas with a margin of safety

Power of Cycles

Period of prolonged low returns gives way to period of high super normal returns



Data driven valuation centric approach

Investment decisions influenced by entry level valuations



Focus on Asymmetry

Favor investment opportunities with asymmetric risk reward setups



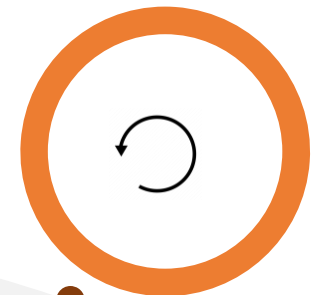
Embracing Market Volatility

Market pricing inefficiencies generates alpha



Non consensus calls

Counter Cyclical Approach



Investment Philosophy

Adaptive Investing – Agnostic Approach – Ahead of the Curve

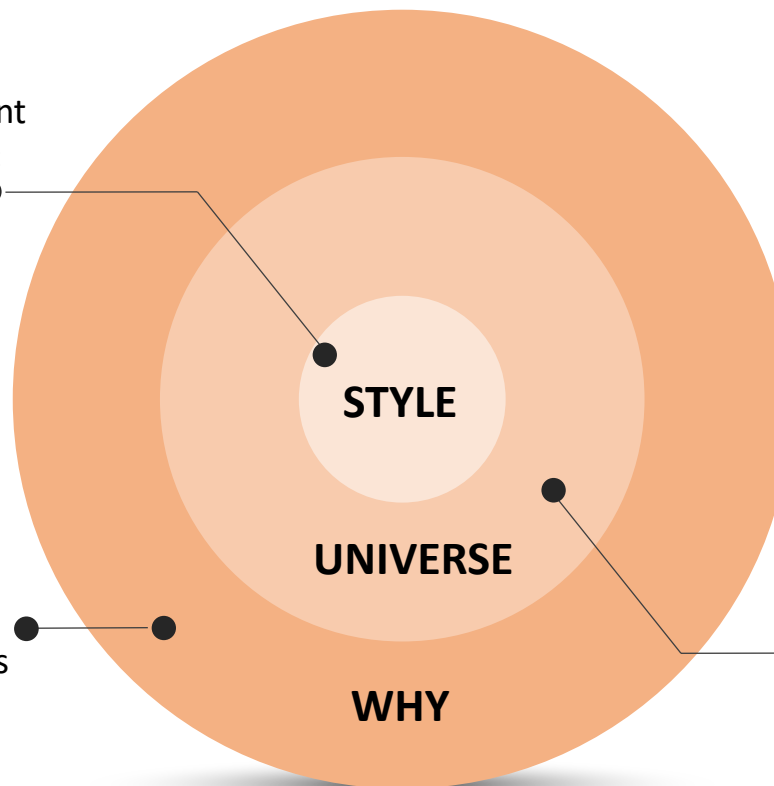
Investment Objective

STYLE

Actively Managed, Adaptive Investment Process, Non-consensus, Value centric approach

WHY

2/3rd Companies have outperformed Nifty 500 over last 3 and 5 years in this segment



UNIVERSE

Total Addressable Universe:
Top 750 Companies by Market Capitalization
Bias towards Midcap Companies

Investment Objective

Nifty Midcap 100 - Nifty 50 Ratio Chart >> consistent value creation over past +20 years



Investment Objective

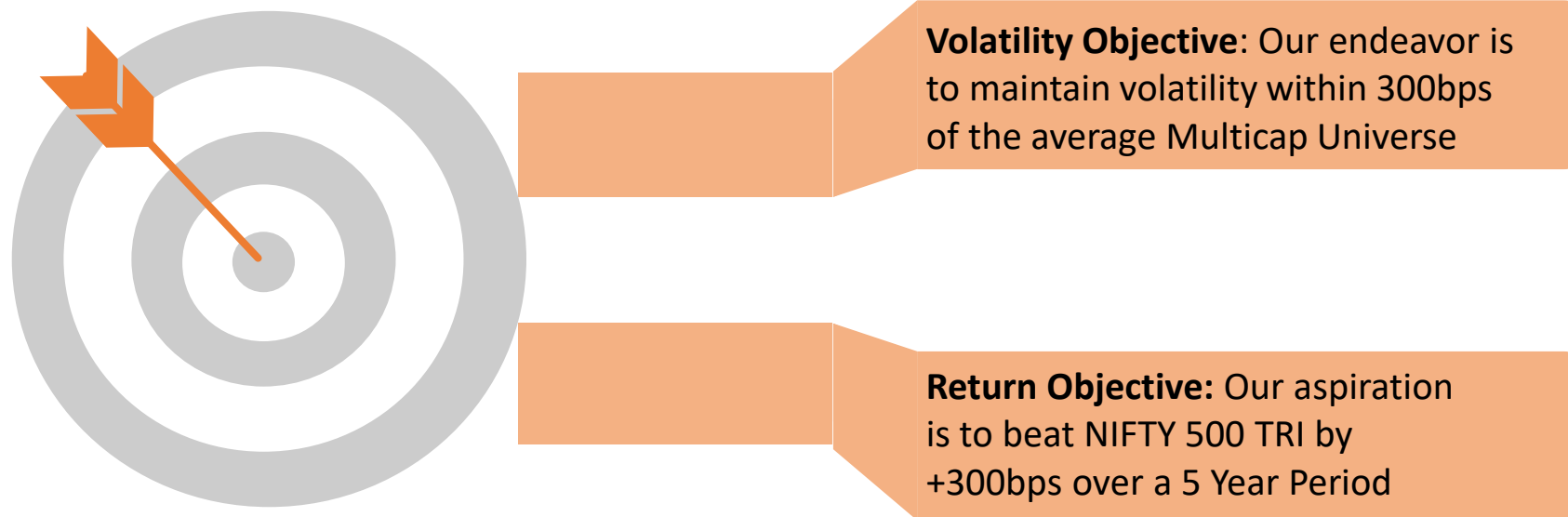
Nifty Midcap 100 – Outperformance across multiple bull & bear market cycles

SECTOR	BUST CYCLE Pre-Covid Cycle (Before Jan'20)			BOOM CYCLE Post Covid Cycle Jan'20-Mar'24	BOOM CYCLE CY06-08 2Y	BUST CYCLE CY08-11 3Y	FROM JAN 2008 PEAK (16 Year Cycle)
	3Y	5Y	10Y				
BSE Capital Goods	7.6%	2.0%	1.9%	35.0%	84.6%	-7.9%	7.2%
CNX PSU Banks	-5.6%	-9.9%	-2.9%	27.1%	41.5%	10.7%	4.7%
CNX Private Banks	20.9%	13.0%	17.5%	6.8%	72.0%	5.8%	11.4%
CNX Consumption	12.2%	8.3%	12.1%	18.2%	36.5%	1.1%	11.0%
BSE Consumer Durables	30.5%	20.9%	20.8%	19.0%	46.8%	-3.4%	13.1%
BSE FMCG	12.1%	8.1%	15.1%	13.1%	18.8%	16.8%	13.9%
CNX Realty	20.9%	8.1%	-5.2%	29.6%		-40.2%	-4.1%
BSE Power	-1.0%	-1.6%	-4.9%	34.0%		-13.2%	2.4%
BSE Metal	1.0%	-0.6%	-5.0%	26.3%	75.3%	-4.1%	2.1%
CNX Pharma	-7.9%	-6.0%	7.9%	22.4%	19.8%	17.3%	11.7%
CNXIT	14.7%	7.0%	10.4%	20.7%	11.0%	16.0%	13.0%
BSE PSU	-3.4%	-3.2%	-3.1%	25.4%	39.6%	-3.4%	3.5%
CNX Infrastructure	6.3%	1.4%	-1.0%	24.7%	75.2%	-16.9%	2.0%
CNX Auto	-3.3%	0.0%	10.0%	25.1%	16.8%	21.1%	14.5%
CNX500	12.2%	7.9%	8.6%	18.4%	47.6%	-2.6%	8.5%
CNX Midcap 100	5.9%	6.4%	8.7%	27.5%	51.2%	-1.2%	10.7%
CNX Smallcap 100	0.3%	2.1%	5.1%	25.3%	63.4%	-11.2%	6.0%

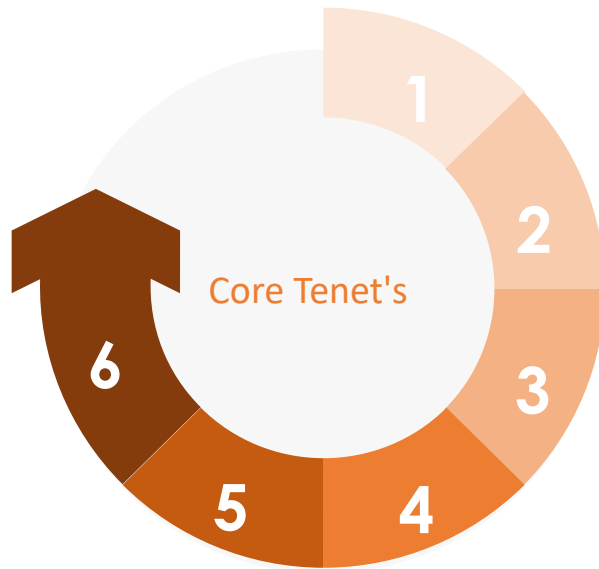
Performance data upto 31st March 2024

Investment Objective

Merisis Multi-cap Positioning



Fund Manager's Core Tenets



Mean Reversion

Markets and return cycles are mean reverting by nature

Non-Consensus

Hard non consensus investment decisions >> key to risk adjusted alpha

Long Term Returns

Long term Individual Stock Returns =< Market Returns

Margin Of Safety

“Heads I gain a lot; Tails I don't loose much”

Timing

Best investment opportunities lie at the depths of a bad market cycle

Counter cyclical investing

Opportunity sets in problem areas
Proactive thinking

Portfolio Structure & Key Features



Core Ideas

Holding Period: Upto 60 Months

Max Allocation: 100%

Review: Annual



Tactical ideas

Holding Period: Upto 18 Months

Max Allocation: 40%

Review: Quarterly



Product Risk Category & Suitability:

Aggressive / Ability to withstand high volatility in portfolio



Ideal Investment Horizon:

5 Years



Ideal Portfolio Holdings:

Between 15-30 Stocks, ETFs, REITs, INVITs



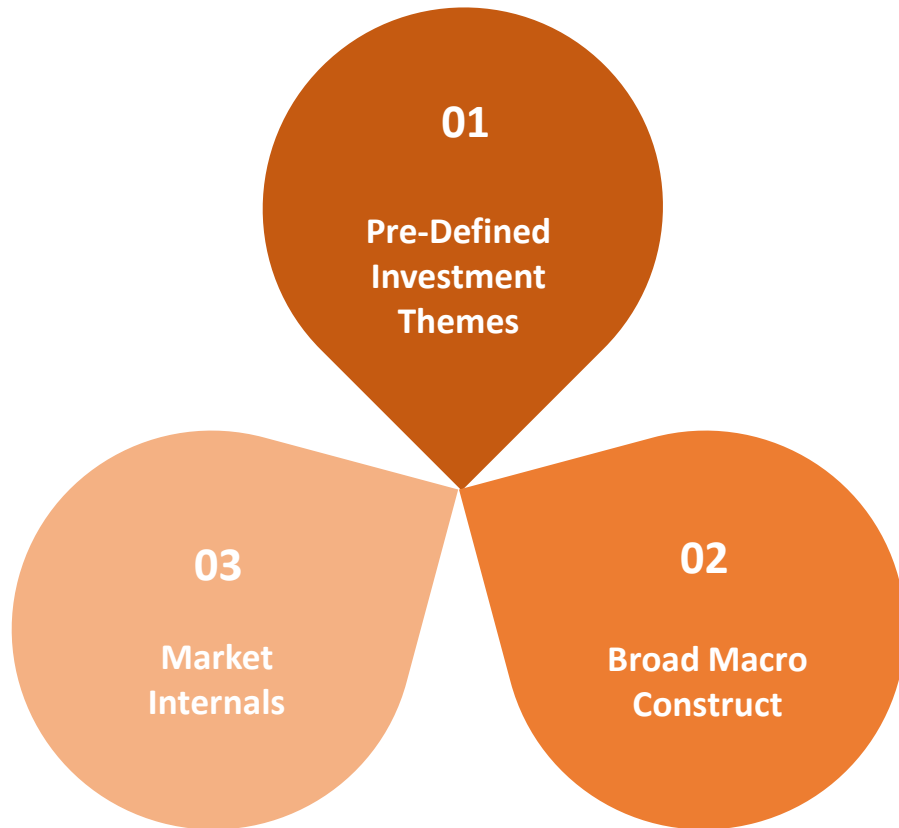
Portfolio Churn:

Actively managed, Moderate Churn

Our Investment Process

“Being open minded to possibilities is one of the most critical factors in pursuing successful long-term investing”

Idea Generation Process: Top-Down Framework



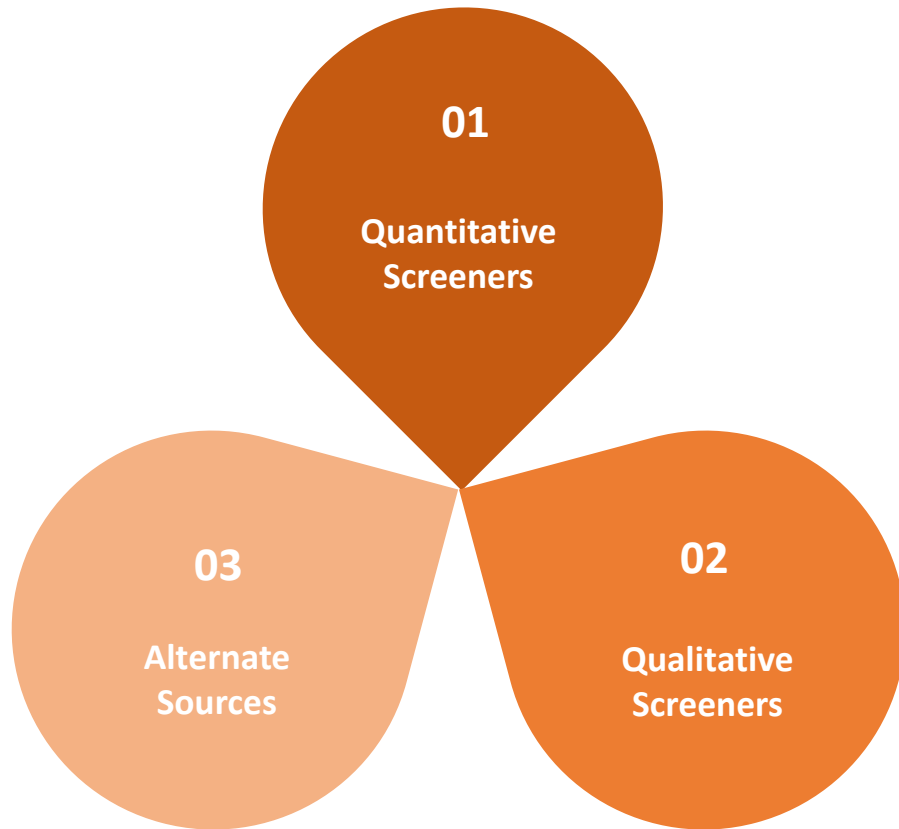
- 01**
 - Premiumization of Consumption
 - Supportive Investment Cycle
 - Manufacturing Boom

- 02**
 - Prevailing market conditions
 - Broad macro economic data
 - Expected forward returns
 - Investor Sentiment Check

- 03**
 - Finding pockets of Relative Strength in the Market
 - Identifying Supportive /Restrictive Market Phases

“There is always a bull market somewhere. You just need to look hard enough”

Idea Generation Process: Bottom-Up Framework

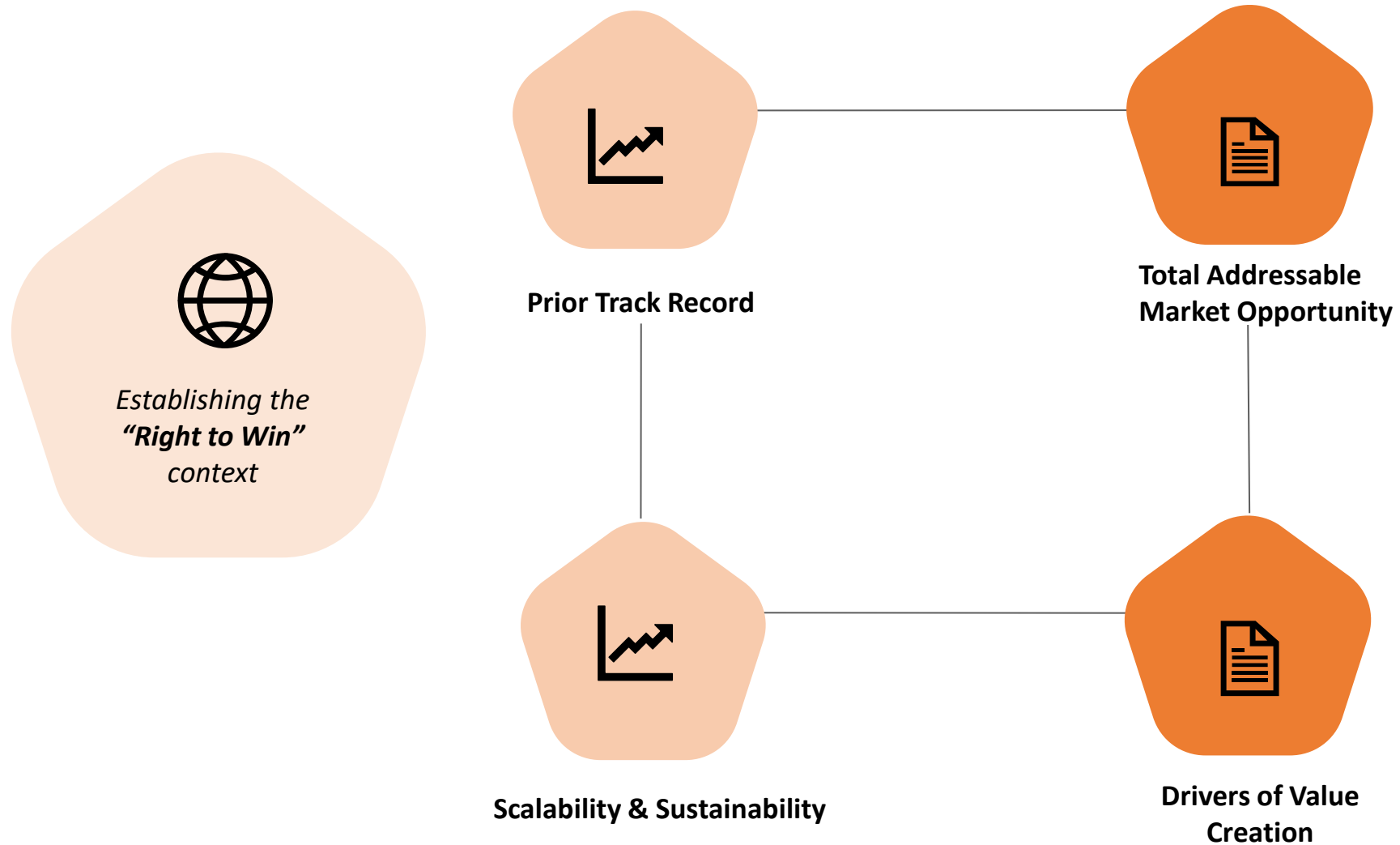


- 01**
 - Relative Strength, Trend Analysis
 - Deleveraging of Balance Sheet, Capacity Expansion
 - Improving Incremental ROCEs

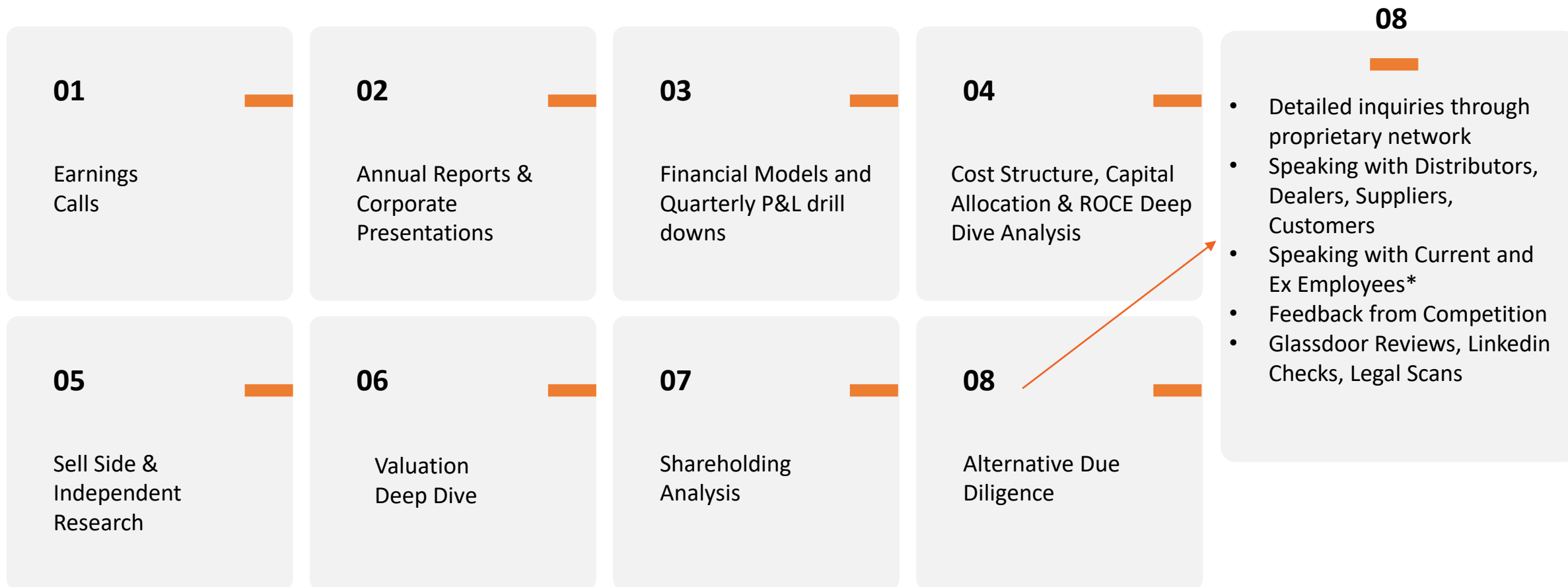
- 02**
 - Management Quality
 - Levers for margin expansion
 - Significant unlocking events, e.g., sale of non-core assets, demerger, acquisition etc.

- 03**
 - Peer professional investor group network
 - Scuttlebutt

Idea Evaluation Process



Due Diligence Process & Portfolio Monitoring



**We ideally do not like to meet top management / promoters prior to investment decisions*

Risk Management:

- ✓ Investment Strategy Team led by the Fund Manager is responsible for idea generation, due diligence and investment rationales
- ✓ Periodical portfolio review and oversight by Investment Committee (IC) team comprising of seasoned industry professionals
- ✓ Event driven Investment Committee review based on clearly defined portfolio related events
- ✓ Pre-defined ceiling for initial individual security level exposure (capped at 20% beyond which IC approval required)
- ✓ Pre-defined ceiling for initial group or sector level exposure (capped at 30% beyond which IC approval required)
- ✓ Adequate level of diversification with minimum 10 holdings (excluding cash)
- ✓ Minimum 30% allocation towards Ultra Large Caps, Large Caps and Large Mid Caps segment

What Opportunities Excite Us?

Our Investee Companies will ideally have:

- 1 Focus on Scale**
Global or National Leaders in their segment
- 2 Fast Climbers**
Emerging challengers / disruptors
- 3 Value Migration**
Premiumization or value addition in areas of consumption, services, manufacturing or exports

We focus on broadly the below 5 buckets of investible opportunities:

- 1 Special Situations**
- 2 Fallen Angels**
Unloved / Out of Favour Sectors with Narrowing Investor Participation
- 3 Navigating Speed Bumps**
Good Quality Businesses in temporary pain period
- 4 GARP Investing**
- 5 Cyclical Investing**

Portfolio Strategy for FY2024-25:

1

- Favorable and Strong Macro outlook
- High earnings growth visibility countered by rich valuations
- Persistent high global inflationary conditions
- Challenging geopolitics

2

The popular 4-2-4 Soccer Strategy: Balance between aggressive and defensive businesses anchored by our bullish view on Gold & Silver

3

Look at Micro, Small and Midcaps very selectively – bias towards Large Midcaps, large Caps and Precious Metals

4

Look for businesses supported by:

- Govt push towards Infrastructure, import substitution
- Resumption of private capex
- Changing consumption trends influenced by climate change & higher per capita Incomes

5

Bottom-up stock picking – hunt for companies with high earnings growth visibility over next few years

6

Key Investment themes: Precious Metals, Metals & Mining, Engineering & Cap goods, Premium Consumption, Telecom, Healthcare, Financials, Technology

7

Key Risks:

- Hard Landing Scenario
- Geopolitical Flareups
- Extremely high entry valuations vis a vis historical Bands

Differentiated Portfolio Positioning



Overweight on Precious Metals:

~15% exposure to Gold and Silver ETFs in Merisis Multicap Portfolio

Some of the key reasons to be bullish on precious metals:

1. Subdued long term returns – Both Gold and Silver 10 Year returns have been subdued (<5% CAGR)
2. Historically precious metals do well during periods of high persistent inflation + geopolitical uncertainty.
3. Central Bank have turned large buyers of gold (crossing 1,000 tons for the 3rd year in a row).
4. Recent actions by the US to appropriate US Treasury holdings of Russia as a part of international sanctions being levied on Russia resulted in rapid shift in preferences by major central banks such as China to opt for larger exposure to Gold vs US Treasuries.
5. Record purchases by Chinese households after suffering losses in both equity markets as property cycle bust.
6. Silver is running a deficit for the 4th year in a row buoyed by surging industrial demand for the metal which is finding applications such as Solar, EVs and Semiconductors which account for more than 50% of the industrial demand today

Quantitative Observation: Since early 2024 we have been observing Gold and Silver (Both INR and USD) prices and their relationship with respect to equities, viz., Nifty 50 and S&P500 and saw a potential long term bullish base formation coming into play. (Refer to attached Chart)

Return Expectations: We expect the precious metals pack to deliver outsized returns (>20%) over our tactical holding period of coming 12-18 months.

What Opportunities Currently Excite Us?

United Spirits CMP 1180, Mcap: US\$10bn (April 2024)

01

State of play:

- Play on growing premiumization of Consumption.

02

Strong macro tailwinds:

- India Per Capita – FY20 <\$2000. FY30: >\$5000
- +100mn strong “Affluent Indian Population” (Per Capita Income >\$10,000) by 2030
- +150mn new alcohol consumers to get added by 2030

GARP Investing
India’s leading
Premium Spirits
Maker – available at
only \$10bn valuation

03

3 Stages of Reorganization in Company’s history:

Stage 1: Take over from troubled promoter in 2014 >> Sales ~9000 Crs. OPMs -4%. ROCE -3%.

Stage 2: In 2024 >> Sales 11,000 Crs. OPMs +17%. ROCE 20-22%

Stage 3 (Projected): 2030+ >> Sales ~20,000 Crs. OPMs +20%. ROCE +22%

04

- Mkt Cap of entire listed Indian alcohol Industry today: \$20bn vs ~\$4trn GDP Size

What Opportunities Excite Us?

Wockhardt

CMP 550, Mcap: US\$1bn (April 2024)

01

State of play:

- Play on looming global antimicrobial crisis endemic
- Underinvestment in Antibiotics space globally

02

Exciting Global Novel Antibiotics pipeline

- Potentially worth atleast \$500mn in annual recurring sales beyond 2028
- Comprehensive Biosimilars Pipeline with a focus on Diabetes management

Fallen Angels Investing

One of India's oldest
Pharmaceutical
Companies with a
highly promising
novel antibiotics
pipeline – available
at only \$1bn
valuation

03

Base business of ~2,500 Crs with sharply improving profitability metrics (Core EBITDA Margin at ~12%, still 50-60% below industry peers – significant scope for further expansion)

04

Barriers to entry:

- Strong R&D focus of Company – Has Invested > 500mn in Research & Development over the past 10 Years
- 25 years completed in Antibiotics Research

What Opportunities Excite Us?

Indiabulls Housing Finance CMP 165, Mcap: US\$1.2bn (April 2024)

01

State of play:

- Change of management, Balance sheet revamp, Renewed growth strategy
- An ancillary play on the post Covid strong recovery in the real estate cycle in India

02

Huge margin of safety stems from:

- Company is targeting accelerated recoveries of ~7,000-10,000 Crs over the next 2 years which will result in significant reversals of provisioning in the P&L account, aiding earnings growth
- Company is currently running a positive ALM book with collections outpacing payments from the current 70,000 Cr book

Cyclical Investing

A promising
“turnaround”
Housing Finance
NBFC currently
available at a
valuation of \$1.2bn
(~0.7x P/B)

03

3 Stages in Company’s history:

- **Stage 1: Pre 2018** >> Aggressive Balance sheet expansion, poor quality under writing, weak market borrowing profile >> Balance Sheet Size: 1.3 Lac Crores in 2018 >> 4,000 Crs Annual Profits >> Peak Market Cap of 46,000 Crs (\$ 5.6bn) >> Valued at ~6x TTM P/B
- **Stage 2: 2018-2024** >> Massive clean up of Balance Sheet >> BS Size contraction from 1.3 Lacs Crores to 70,000 Crs today >> Annual profits down to 1,100 Crs >> Market Cap of 12,500 Crs >> Valued at ~0.7x TTM P/B
- **Stage 3: Reorganization complete** – Equity Fund raise of 3,700 Crs through Rights issue –Finally kick-starting loan growth phase from FY25 onwards - targeting to reach ROE levels of 15%+ in next 3 years, driving PAT by 3x over this period

Past Success Stories (Since August 2020)



Sr. No.	Script	Sector	MCAP (Crs)	Entry Px	Entry Date	Exit Px	Exit Date	Gain / (Loss)
1.	Sanghvi Movers	Infrastructure	4,600	120	June 2021	1065	Holding	887%
2.	Powermech Projects	Infrastructure	7,700	1140	August 2022	4880	Holding	428%
3.	IRFC	Railways	187,000	22	Oct 2022	140	Holding	636%
4.	Hitachi Energy	Cap Goods	27,600	1320	June 2021	6500	Holding	492%
5.	KSB Ltd	Cap Goods	13,000	940	May 2021	2100	Nov 2022	223%
6.	Radico Khaitan	Consumer	20,000	375	Aug 2020	1150	Nov 2021	306%
7.	Apar Industries	Manufacturing	24,100	850	June 2022	2320	March 2023	272%
8.	Safari Industries	Consumer	8,800	430	March 2022	1852	Holding	430%

**Above is a sample of stock ideas that were identified and included as a part of multiple model portfolios managed at previous engagement with a SEBI Registered Investment Advisory firm*

Case Study – Past Success Stories

Sanghvi Movers: Entry in June 2021 at ~INR 120, CMP: 1,100 (As on 30th April 2024)

Value Proposition:

1. **Scale:** India's largest standalone crane rental company with an established track record of managing balance sheet through multiple cycles available at a Market valuation of < \$100mn
2. **Entry Level Valuations:** Appealing entry level valuations of FY21 P/BV of 0.9x and at 1/4th of the replacement value of its asset base.
3. **Right to win:** Established 3 decades track record, Large established network of company owned depots to service pan India customer base, large bank of experienced crane operators
4. **Strong Balance Sheet:** Lowest net debt in last 10 years at the bottom of the cycle (INR 185 Crs) giving the Company ample scope to expand in the next upcycle

Pain Points:

1. Elongated down cycle in private capex + grinding halt of fresh capex in wind energy due to change in bidding regulations
2. Rental yields and utilization rates at trough levels – Negative operating leverage in play
3. Concerns around oversupply of cranes from competition

Investment Thesis:

1. Change in bidding regulations and emerging clarity on wind energy
2. Deleveraging balance sheets, rising capacity utilization rates and resumption of fresh capex by target customer base of Company, viz., Steel, Power, Refining, Fertilizer etc.

Decomposition of Returns:

EPS went from -5 in FY21 to 43.4 in FY24. P/BV Multiples expanded from 0.9x to +5x P/B driving a 109% CAGR return since investment (Measured Upto April 30th 2024)



Case Study – Past Success Stories

Radico Khaitan: Entry in August 2020 at ~INR 375, Exit: ~INR 1,150 (November 2021)

Value Proposition:

1. **Scale:** India's third largest listed Alcoholic beverages company with a market share of 6-7% available at a Market valuation of < \$500mn
2. **Entry Level Valuations:** Appealing entry level valuations of FY20 TTM EV/EBITDA of ~15x
3. **Play on Premiumization:** From being just a run of the mill distillery player to ~50% of revenues coming from premium IMFL products such as 8PM Premium Black (<1mn Cases) Rampur Whiskey and Jaisalmer Gin - Premium IMFL formed +50% of total revenues after change in business strategy formulated by Management post 2016

Pain Points:

1. Investor perception continued to be skeptical of management quality
2. Unwarranted concerns around legacy balance sheet and volume destruction on account of COVID

Investment Thesis:

1. Expansion of incremental ROCEs between 2015-20 (ROCE Shift from 10% in 2016 to 17-18% by 2020-21)
2. Strong deleveraging track record as net debt levels fell from ~INR 950 Crs in 2016 to INR 160 Crs in 2021
3. Premiumization playing out with Operating margins expanding from 12-13% in 2015-16 to 16-17% by 2020-21

Decomposition of Returns:

Rerating of EV/EBITDA multiples from 15x to +35x P/B drove a 145% CAGR return between August 2020 to November 2021 as investors took note of management execution



Scheme Details



Portfolio Name	Merisis Multicap
Platform / Structure	PMS
Benchmark	Nifty 500 TRI / BSE 500 TRI
Strategy	Multicap
Portfolio Manager / Principal Officer	Akshay Badjate
Minimum Initial Investment Amount	Rs. 10,000,000 (Rupees One Crore)
Minimum Add-on Investment Amount	In Multiples of Rs. 25 Lacs
Management Fees	<p>Option 1: Only Fixed Fee of 2.50% p.a.</p> <p>Option 2: Fixed Fee of 2.00% p.a. + Performance Fee* of 10% calculated without hurdle rate</p> <p>Option 3: Fixed Fee of 2.00% p.a. + Performance Fee* of 20% with a hurdle rate of 10%</p> <p>*High Water Mark principle applies</p>
Exit Fee	
Before completion of 1 Year	3%
After 1 year but before completion of 2 years	2%
After 2 years but before completion of 3 years	1%
After completion of 3 years	No Exit Load Applicable
Other Fees	In addition to management fees, there are recurring expenses including custody fee, brokerage charges, audit fees to be payable at actuals. All fees and expenses will be subject to applicable taxes.
Risk Category	Aggressive
Ideal Investment Horizon	5 Years
Custodians	HDFC Bank, Nuvama Securities
Brokers	Zerodha, Nuvama Securities
Auditor	Megha Khyal & Associates

Fund Manager Profile



Akshay Badjate brings with him 18 years + of rich experience in the field of Indian Capital Markets with a focus on public markets investing.

Akshay has previously worked in leadership roles with a focus on product & investment research at early stage fintech companies. He has also worked with a host of reputed global investment banks such as JP MorganChase, Lehman Brothers / Nomura and Kotak Institutional Equities.

During his stint at Alphaniti (Now TORUS-Alphaniti) between 2019-2023, Akshay identified multiple individual multi-bagger stocks as well as themes, several of which consistently figured in the top 10 in the Smallcase universe performance rankings.

Akshay is a Chartered Accountant by qualification and is extremely passionate about equities. While being highly data driven, Akshay adopts a long-term orientation towards both business and market cycles. His favorite book is "Capital Returns" which has deeply influenced his investment thought process.



Merisis Group at a Glance

Merisis Group at a Glance

Merisis is an Integrated Financial Advisor guiding new-age businesses and their founders on growth capital, M&A, and wealth management



MERISIS Growth Simplified **VALUEBRIDGE CAPITAL**

INVESTMENT BANKING

- 14 years of Success
- \$3Bn total transaction Value
- 30+ Bankers, 6 Sectors coverage
- \$500Mn Cross-border Transaction Value
- 250+ VCs and Strategic Partners worked with

MERISIS VENTURE PARTNERS

VENTURE CAPITAL / AIF

- 150 Cr Cat 1AIF
- 5 Portfolio Companies
- 2.2x markup in a portfolio co.
- 12+ VCs co-invested with

MERISIS WEALTH

WEALTH MANAGEMENT

- Wealth Management foray of Merisis Advisors focused on Entrepreneur & Corporate, Professionals & NRIs
- Own PMS and AIF Products
- Strong team with proven track record



Leading Unicorns, VCs, Corporates & Founders Trust Us



DEALS DONE FOR UNICORNS



FUNDS RAISED FROM LEADING VCS IN INDIA

STRONG ECOSYSTEM RELATIONSHIPS

VC PORTFOLIO DEALS WORKED ON

“Thorough professionals, out-of-the-box thinkers, and very committed.”
Dev Bhattacharya, Aditya Birla Group

“Merisis brought professionalism & and closure. I continue to work with them.”
Tej Kapoor, IVYCap Venture Advisors (now at ICICI Ventures)

Seasoned Team with 100+ years of Cumulative Experience



At Merisis Wealth, we have a strong leadership team with deep domain expertise and 75+ years of cumulative industry experience.



Fazal Ahad, CFA
Managing Director - Merisis Group



Ruchir Kapoor
Managing Director - Wealth Management



Naresh Bulchandani, CFA, CAIA
Head of Products & Advisory



Akshay Badjate
Fund Manager, Merisis Multicap

Foreign & Indian Banks



Wealth Management



Brokerages, VC Firms

J.P.Morgan



Speak to our Specialists today!



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Disclaimer

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