

## Annexure I – Investment Approach

### 1. Pure Alpha

#### **Fund Manager**

Rohan Agarwal

#### **Investment Objective**

The Pure Alpha strategy seeks to deliver long-term, risk-adjusted outperformance by investing in listed securities and mutual funds. The approach involves capitalizing on mispriced investments by buying and holding them across multiple time frames.

#### **Description of Types of Securities**

Listed Equities, ETFs, bonds, equity derivatives & mutual funds across asset classes.

#### **Basis of selection of such types of securities as part of the investment approach**

The approach is based on identifying mispriced investments and then buying & holding them across various timeframes. Selection of Securities will be done to meet investor's objectives on best effort basis depending on market conditions.

#### **Allocation of portfolio across types of securities**

<b>Asset Class</b>	<b>Proportion of Net Assets – Minimum (%)</b>	<b>Proportion of Net Assets – Maximum (%)</b>
Equity	0	100
Other investible securities	0	100

Derivatives can be used for hedging purposes as and when needed unless explicitly disallowed by the client. To keep some part of client monies in liquid form, such monies are either invested in units of money market funds or liquid fund or they are retained in the bank account in form of bank balance.

#### **Benchmark to compare performance**

S&P BSE 500 TRI

#### **Basis for choice of benchmark**

Since the strategy aims to diversify equity holdings across market cap, sector, style & geography, the strategy will be benchmarked against the broad-based S&P BSE 500 TRI

#### **Indicative tenure or investment horizon**

3+ Years

## **Use of Derivatives**

Derivatives can be used for hedging and portfolio balancing purposes as and when needed. The exposure to derivatives will not deviate from prescribed rules and prospective investors can specify when they don't want to allow use of derivatives in their portfolios.

## **Strategy**

Equity

## **Risks associated with the investment approach**

The risks may affect portfolio performance even though the Portfolio Manager may take measures to mitigate the same.

**Company risk:** The performance of the investment approach will depend upon the business performance of the Portfolio Entity and its future prospects. Portfolio Manager's focus on business fundamentals through the detailed approach mentioned above will help the Portfolio Manager in mitigating these sector or company risks.

**Market Risk:** The Portfolio Manager endeavours to hedge part or all of the portfolio when warranted and invest in securities using sound analysis and research rather than trying to time the market.

**Valuation risk:** The Portfolio Manager will assess the Portfolio Entities from varied valuation methods and will consider various parameters in order to establish whether the valuations are reasonable while investing and reassessing the same from time to time.

**Liquidity Risk:** The Portfolio Manager will make a number of investments in small-cap and mid-cap companies where there may be an issue in market liquidity and hence the impact cost of buying or selling may be substantial.

**Concentration Risk:** The Portfolio Manager will endeavour to have a sufficiently diversified portfolio across stocks and sectors.

## **Other salient features, if any.**

N.A.