



# Pure Alpha

By Wave Asset

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# INTRODUCING Pure Alpha Fund

The Pure Alpha strategy is designed to be the swiss-knife of investing – combining style & geographical diversification with bottom-up stock picking to provide **absolute returns in diverse market conditions**.



## Philosophy

We seek alpha, not beta. Emphasis on **active management, geographical diversification and dynamic hedging** to provide resiliency to portfolio irrespective of market regime.



## Criteria

Focus on **top-down** macro investments with sectoral & regional positioning and **bottom-up** stock picking to find long-term compounders & transformation candidates.



## Construction

High-conviction investments across 7-15 positions spanning listed equity, ETF's and mutual funds. **Emphasis on minimizing both intra-portfolio and market correlation.**

# Investment Team



**Rohan Agarwal**

DIRECTOR

Seasoned professional with 15+ years of experience in capital markets spanning asset management, financial advisory & cross-border M&A.

**Co-founder of Moneyjar & ex-SEBI-registered Investment Advisor (RIA)**

*BA (Economics) & MS (Finance), University of Illinois at Urbana-Champaign, USA*



**Ashwin Agarwal**

DIRECTOR

Over 14 years of experience in financial services across asset management, equity research and treasury operations. Featured on Bloomberg Quint *Hot Money*.

**Ex-Fund Manager, Newberry PMS & CFA® charter-holder**

*BA (Economics/Telecom), Indiana University, Bloomington, USA*

# | Why Us?



## Experience

We possess extensive experience managing client assets in varied market conditions.



## Mission-oriented

We are a compelling alternative to larger firms; prioritizing investment returns over the mere accumulation of assets under management.



## Operating Expertise

Our previous real-world business experience provides insights on “the other side of the table” when making investments in companies.

# What sets us apart

While many investing strategies diversify across stocks and sectors, our approach extends to **diversifying across investing styles** as well. This flexibility ensures we are not tied to one style, reducing the risk of it falling out of favor in the current market regime.

## Active Management

We pursue an active investment approach to generate alpha across various timeframes and strive to deliver returns independent of the performance of headline indices.

## Geographical Diversification

We use ETF's and mutual funds that invest in international markets to provide uncorrelated returns and diversification to your portfolio.

## Dynamic Hedging

When appropriate, we dynamically hedge the portfolio using index put options to provide protection & source of monetization in troubled times.



# Core Principles

## 01

### Don't Overpay

Our approach is adaptable, free from fixed allocations or benchmark constraints but guided solely by our refusal to overpay for an asset.

## 02

### Avoid Frauds

Avoiding unscrupulous management, no matter how attractive the company looks helps us in bypassing Type I omissions - failing to act on a potential risk to protect our investment.

## 03

### Chase Pessimism

We want to invest in areas where other others are overly negative helping us buy quality assets at a discount and positions us for potential gains as and when sentiment recovers.

## 04

### Find what matters

Focusing on the 1-2 key metrics that truly matter in a company helps us simplify decision-making and allows us to better assess a company's fundamental health and growth potential.

## 05

### Don't be dogmatic

We aim to remain flexible and avoid sticking to a single view or style, particularly when new information emerges to the contrary. This helps us make more balanced, informed decisions over time.

# Our **M-C-T** Investment Framework

We've found our sweet spot – top-down tactical sector & international macro investments combined with meticulous fundamental analysis-driven bottom-up stock picking to find long-term compounders & transformative companies.

## 01 **Macro**

**Sectoral** investing is central to our active strategy. We focus on sectors/themes with strong earnings momentum or recovery potential, then target the most promising companies within those areas.

We also strategically allocate to **countries or regions** based on macro conditions, policy shifts, and/or perceived value.



## 02 **Compounders**

Companies that are aligned with **strong future earnings**, emerging trends, or technological advancements.

## 03 **Transformations**

Companies that are currently underperforming or undervalued but have the potential for recovery and **sustaining improved performance**.



# 01 Macro Investment Process

## 01 Sectoral

- ✓ Track Indian sector trends to identify sectors with sustained earnings **momentum** or those that are beaten-down and offer great **value**
- ✓ Analyze factors driving potential sector performance such as consumption patterns, competitive dynamics, policy changes, and business cycles
- ✓ We select the most optimal companies from our preferred sectors that align well with our overall portfolio strategy

## 02 International

- ✓ Using our proprietary macro signals dashboard, we scan major regions and asset classes globally to identify significant price-to-value dislocations
- ✓ By analyzing economic cycles, policy trends, and market sentiment, we pinpoint opportunities where fundamentals diverge from market pricing
- ✓ **We favor international investments with low correlation to domestic stocks that can be efficiently accessed through India-listed ETFs or mutual funds**

# | 02 Compounder Screening Criterion

## Conventional Factors

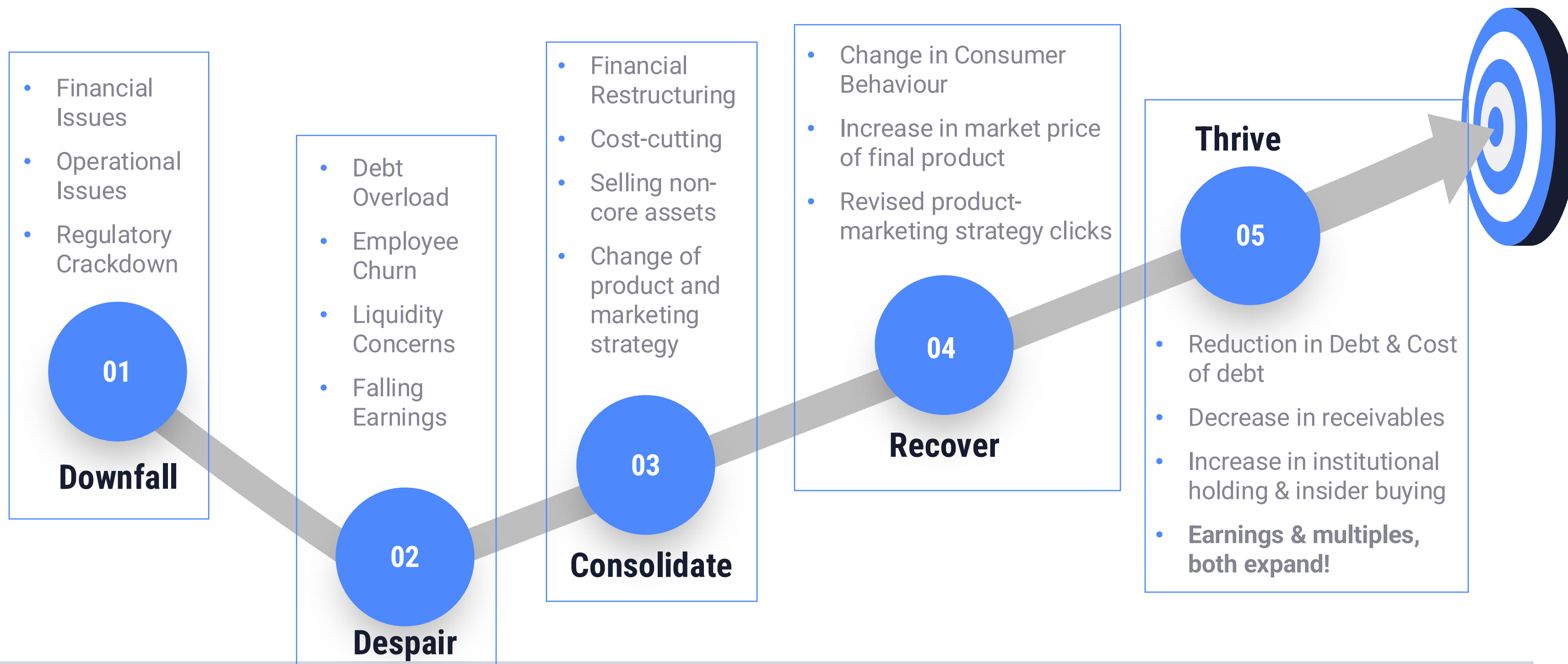
- Deep value and/or long growth runway
- Manageable debt and strong balance sheet
- Capable & trustworthy management
- High operating leverage and low maintenance capex
- High CFO/ EBITDA
- High ROCE & Sales Growth
- Low regulatory risk
- Low forward valuations

## Unconventional Factors

- At least some institutional ownership [**makes companies more accountable**]
- Reducing number of retail investors [**low crowding**]
- High promoter stake and/or next-gen in the business [**skin-in-the-game**]
- High-quality bankers and auditors

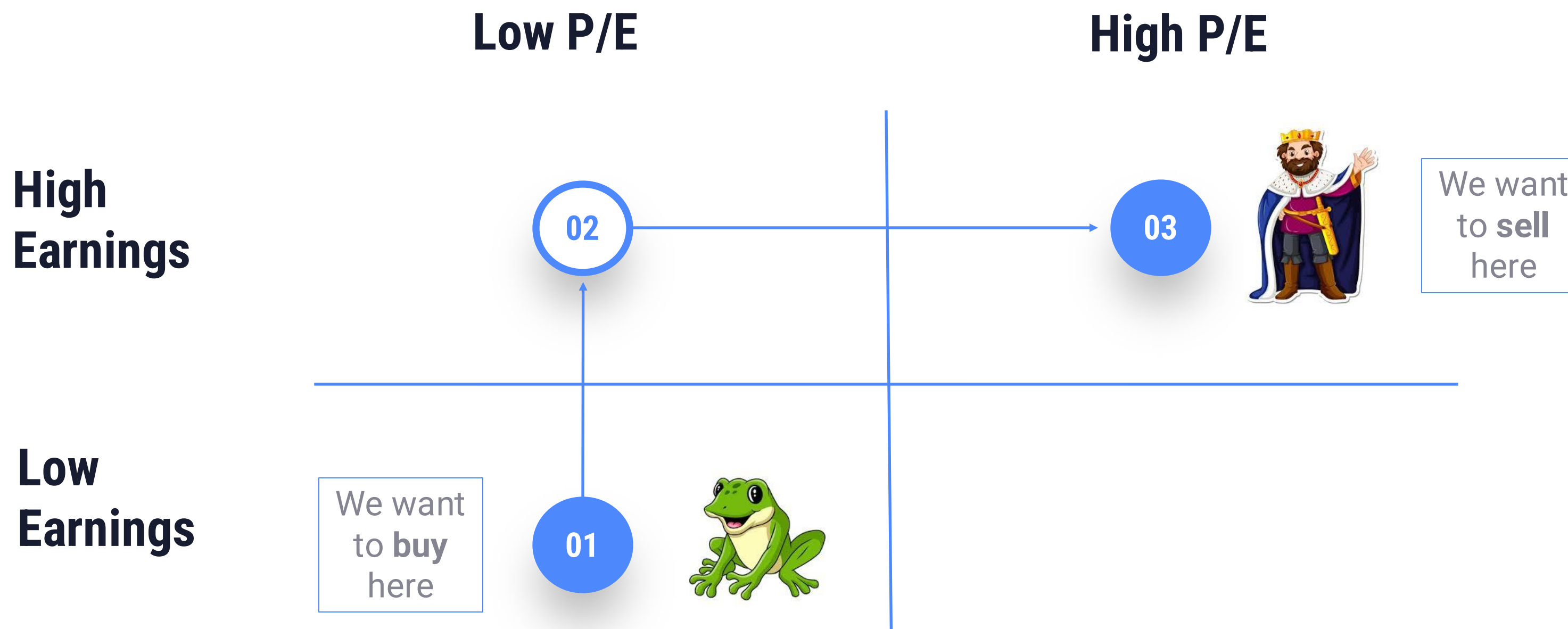
# 03 The Anatomy of a Transformation

We aim for more than mere turnarounds; we pursue transformative companies. Our goal is to be masters of our chosen niche in investing, intimately understanding the cycles of downturns and turnarounds.



# Transformation Path

We acquire potential turnaround companies when they demonstrate both, low P/E ratios and sluggish earnings (**01**). As earnings recover, market skepticism lingers (**02**). The complete value is realized when the market acknowledges that transformation is "sustainable" and rewards the company with higher multiples (**03**).



# Not all transformations are equal

We look for **sustainable** turnarounds that have the best chances of revitalizing their operations and financial health.



## What we want

- ✓ Companies with superior business models that were temporarily affected by a credit freeze
- ✓ Companies that supply an essential product that customers will easily pay for
- ✓ Strong balance sheet or part of a strong promoter group
- ✓ Companies with high operating leverage where major capex just got done



## What we don't

- x Over-leveraged companies with unsustainable debt - "zombies"
- x Crippling government or judicial regulation making turnaround unlikely
- x Companies that may turn around, but upside is limited - "struggling survivors"
- x Operate in a sector that has high competition and low barriers to entry

# Case Study - Sun Pharma

India's largest pharmaceutical company experienced a downturn and consolidation from 2015 – 2019 owing to regulatory and price pressures in the US generic pharma market. It scripted a remarkable turnaround, focusing on specialty drugs and streamlining operations.

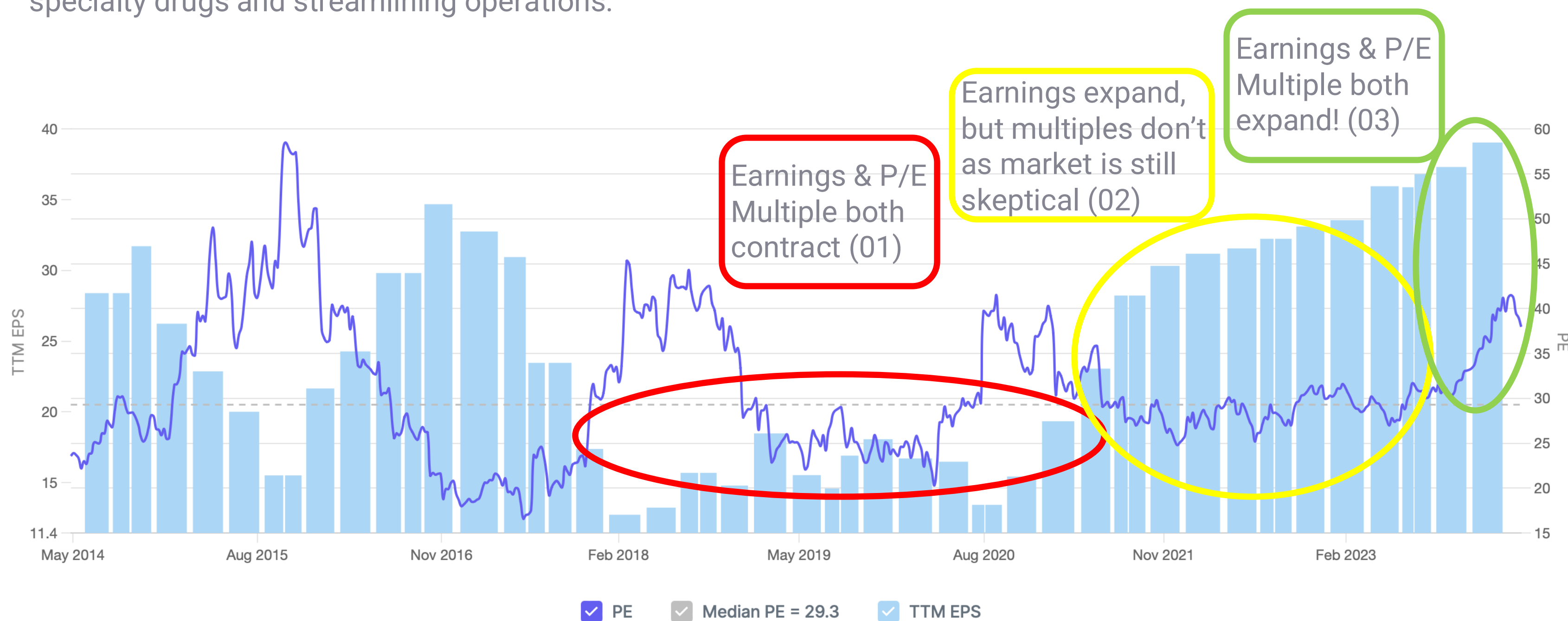


Chart Source: Screener.in



# Case Study - Cartrade Tech

One of India's most widely accessed online auto portal was available in March 2023 at Enterprise Value of 700 Cr with almost 1000 Crores of net cash & investments on the books.

## What others thought

Street assumed that the cash on the books would not be deployed properly.

Growth prospects were not priced in with the assumption that profits would be anemic indefinitely.

There would be no innovation on Cartrade's part to find new product and service lines to increase revenue and profitability.

No value given to organic traffic driven by Cartrade to their platform and the brand value they've created.

## What we believed

Cartrade is a great proxy for increased commerce conducted on digital platforms.

Well-stocked balance sheet and experienced management with proven track record of execution and smart M&A.

Cash on balance sheet would be used for acquiring synergistic businesses or be returned to shareholders.

## How it fit in our framework

We were enthused by the fact that one of the few profitable auto-tech startups to be listed in India was available at such attractive valuations.

We believe Cartrade is a great way to capitalize on the theme of digitization of transactions & discovery in the auto sector and aligns well with our thematic investment approach.

# Risk Management

"Focus on the downside and the upside will take care of itself". Risk Management is practiced at all levels of our process – idea generation, shortlisting, portfolio construction and ongoing management & compliance.

## True Diversification – Stock, Sector, Style & Geography

Our strategy maintains a sufficiently-diversified portfolio spanning not only various companies & sectors but also investing styles & geographies to mitigate risks and capture opportunities across diverse markets and timeframes.

We enforce stock and sector limits to prevent any single investment from disproportionately impacting portfolio performance.

## Rigorous Research

We employ a discerning selection process for stocks in our portfolio, conducting thorough research to ensure each investment meets our criteria for quality & potential.

## Portfolio Hedging

We use various downside protection mechanisms like put option overlay and/or precious metal exposure to ensure our portfolio is anti-fragile during troubled times.

# | Ensuring Safety

The safety of your assets and addressing your related concerns is our primary responsibility. All else comes second.



## SEBI-regulated

We are licensed and regulated by the securities market regulator in India, who also provides grievance redressal mechanisms for all investors dealing with licensed entities.



## Regular Audits

Undergoing routine internal and external audits by independent parties, we diligently comply with all regulatory requirements.



## Marquee Custodians & Partners

We only engage with highly reputable brokers, custodians, and banks to ensure safekeeping of your assets.



## Ownership of Assets

Your investments are securely held in your name, ensuring their safety.

# Why invest through a PMS?

## It's stress-free

Continuous professional management of your assets

## Customized

Tailor-made portfolio and access to fund manager & his insights

## It's safe

PMS is a SEBI-regulated vehicle & assets are held in your name only by blue-chip custodian banks



## There's skin in the game

Performance-linked compensation

## No size-penalty

No performance degradation due to large fund size, often encountered by some mutual funds

# Strategy Details

Important information about the **Pure Alpha** strategy by Wave Asset PMS



## Strategy Name

Pure Alpha



## Fund Manager

Rohan Agarwal



## Structure

Open-ended discretionary  
PMS, no lock-in



## Minimum Investment

INR 50 Lakh



## Custodian & Banking



## Management Fee

Nil



## Performance Fee

15% of Profits, with high  
watermark protection



## Exit Load

1% if redeemed within 1  
year, none thereafter

# Portfolio Performance

We aim to be an absolute return fund, outperforming especially during market turbulence. We believe that our total diversification – market cap, investing style & geography will help create smoother return profiles and outperformance in multiple market regimes.

Wave Asset – **Pure Alpha** Strategy - Performance (in INR):

	1 Month	3 Month	6 Month	1 Year	2 Year	3 Year	4 Year	5 Year	Since Inception*
Pure Alpha	1.26%	0.33%	7.37%	-	-	-	-	-	10.45%
BSE 500 TRI	-1.5%	-7.79%	-0.74%	-	-	-	-	-	14.49%

Data as of December 31, 2024.

*\* Since Inception Date of 20/03/24. All returns are net of expenses & fees and is based on TWRR (Time weighted – daily valuation). >1-year returns are annualized; other time-period returns are absolute. Periodic returns are geometrically linked. Investor returns may differ, based on their period of investment, fee structure and point of capital flows. Past performance may or may not sustain in the future.*

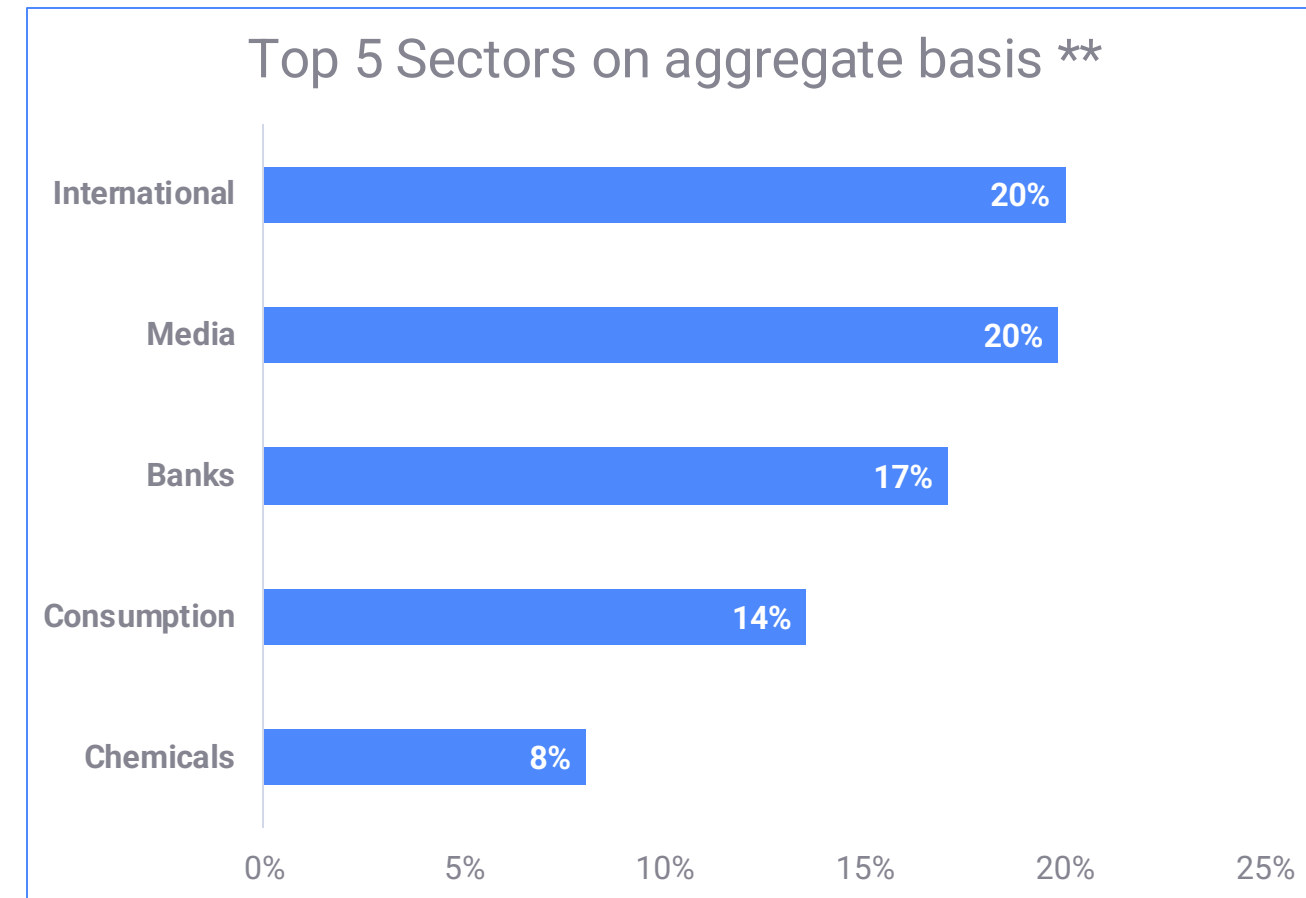


# Portfolio Factsheet

## Top 12 Holdings on aggregate basis \*

TV Today Ltd	Cartrade Tech Ltd
Axis Greater China Equity FOF	Elh Limited (Oberoi Hotels)
Kotak Mahindra Bank Ltd	Laurus Labs Ltd
Nuvoco Vistas Corporation Ltd	Jagran Prakashan Ltd
ICICI Pru Silver ETF	UPL
HSBC Brazil Fund	Bandhan Bank Ltd

## Top 5 Sectors on aggregate basis \*\*



Data as of 31/12/2024

\* The current portfolio holdings may or may not be a part of the future portfolio holdings and may or may not be part of all client portfolios. Securities mentioned are for illustration only and not recommendations to buy or sell.

\*\* The sectors are classified as per internal classification.

# | Our Contacts



## Offline

Vaswani Chambers, 1st Floor,  
264-265, Dr Annie Besant Rd,  
Worli, Mumbai – 400030

Tel: +91- 8591599274

## Online

Email: [contact@waveasset.in](mailto:contact@waveasset.in)  
Web: [www.waveasset.in](http://www.waveasset.in)

The client has an option to onboard with Wave Asset PMS directly by reaching out to us on above contacts.

# Disclaimers

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The portfolio managers' decision (taken in good faith) in deployment of the Clients' account is absolute and final and cannot be called in question or be open to review at time during the currency of the agreement or any time thereafter except on the ground of malefice, fraud, conflict of interest or gross negligence.

The performance related information provided herein is not verified by SEBI.



# Disclosures

Particular	Description
Strategy/Approach	Wave Pure Alpha
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.
Types of Securities	Listed Equities, ETFs, bonds, equity derivatives & mutual funds across asset classes.
Basis of Selection	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	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	S&P BSE 500 TRI
Tenure	Recommended 3+ Years, however no lock-in

**Thank You**