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# THE WORD **EQUITY**”

ORIGINATES FROM THE  
LATIN WORD AEQUITAS

## **A E Q U I T A S**

Aequitas is the Roman goddess of equity and fairness, often depicted holding a pair of scales. At times, she is shown also holding a cornucopia, which symbolises abundance and wealth. At Aequitas, we strive to conduct ourselves in a fair and equitable manner.





# WHO ARE WE ?



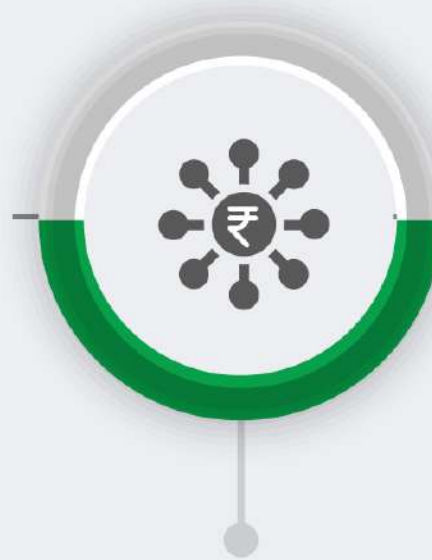
A boutique investment fund specializing in small-cap equities



Firm AUM of ~INR 5300 Crs; (significantly outperforming markets since inception)



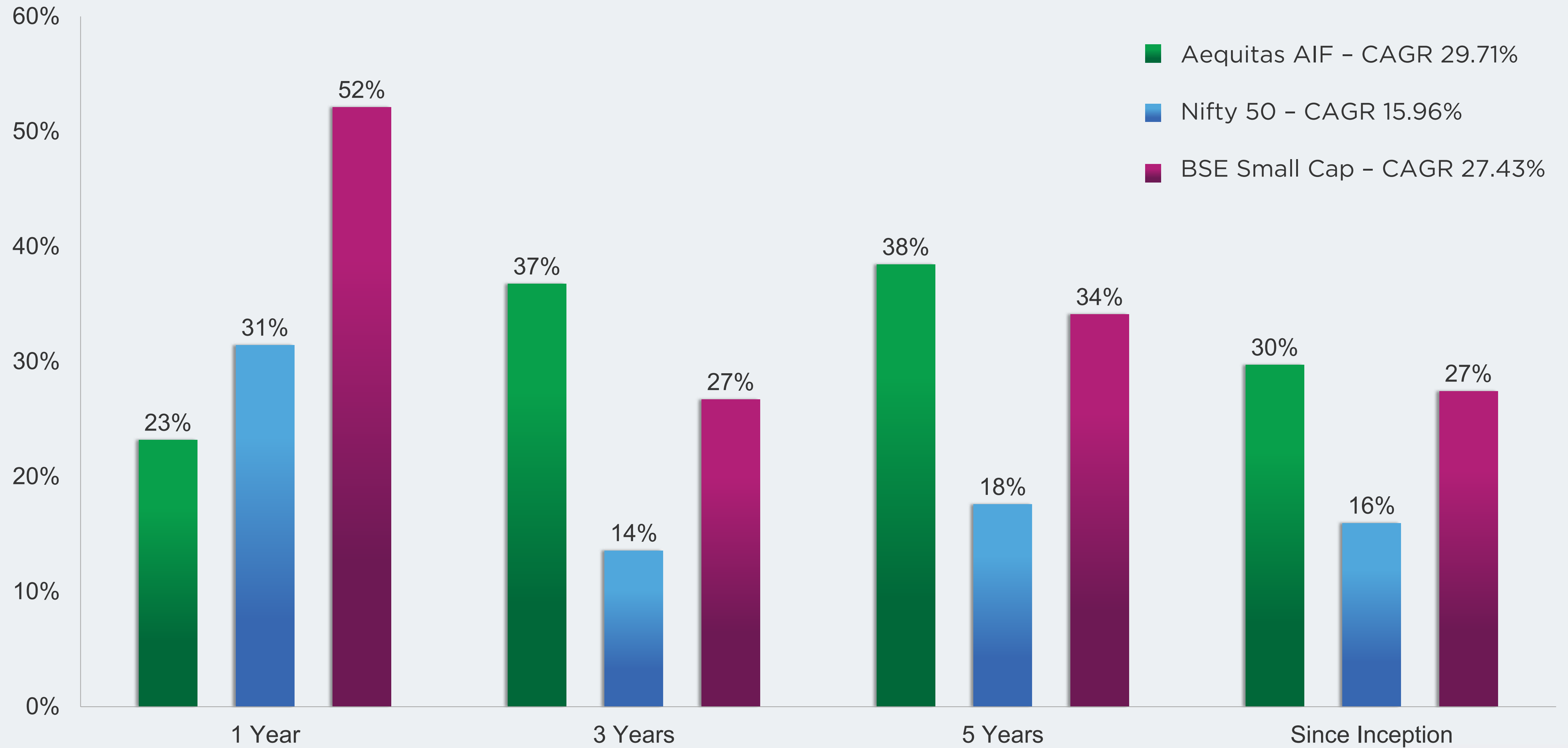
We work with UHNIs; select family offices and foreign institutions



Our Products:  
**Domestic** - PMS, AIF and FPI Fund  
**International** - Far East Fund



# OUR AIF PERFORMANCE



- Returns over 1-year period are calculated on a compounded annual basis; returns are adjusted for inflows/outflows and are after fees and expenses; as of 30<sup>th</sup> Sept 2024
- Performance-related information provided herein is not verified by the regulator





# OUR AIF PERFORMANCE

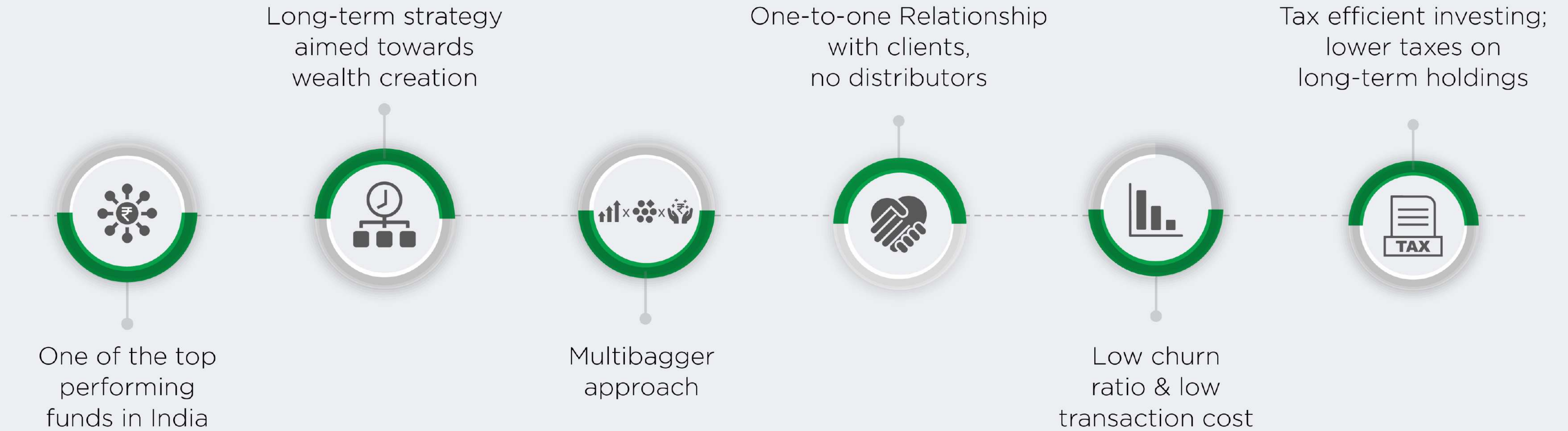
An investment of ₹ **1 Cr.** made with AIF in March 2019 would be worth ₹ **4.2 Cr.** as on 30<sup>th</sup> September 2024 as opposed to ₹ **2.3 Cr.** from Nifty.



The chart depicts Absolute values over time since inception; returns are adjusted for inflows/outflows and are after expenses; 30<sup>th</sup> Sept 2024



# WHY CHOOSE AEQUITAS ?





# WHAT SETS US APART?



- Direct relationships with clients
- Bespoke portfolios, not off-the-rack model portfolios
- Based on a multibagger approach, we pursue a single investment strategy, which has consistently outperformed the markets





# OUR FORTE





# INVESTMENT PHILOSOPHY



FOCUS AND PROFESSIONAL DISCIPLINE

MULTIBAGGER APPROACH

PROCESS FLOW

PORTFOLIO CONSTRUCTION

WHY SMALL CAPS

SELECTION CRITERION

RISKS





# FOCUS AND PROFESSIONAL DISCIPLINE

## WE AVOID

- Impulsive decisions
- Being influenced by financial news channels and platforms
- Acting on market movements
- Chasing winners or hot stocks
- Trading and short-term investments
- Derivatives

## RED FLAGS

- Low promoter holdings
- Poor corporate governance
- High institutional ownership
- Leverage
- Fad / hot sectors
- Expensive valuations
- IPOs
- QIPs / Secondary equity sales



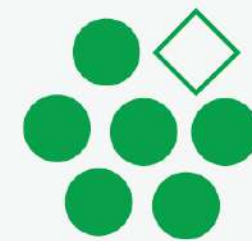


# MULTIBAGGER APPROACH



## GROWTH

The company has to be a growth company with above-average growth potential for the next 3-5 years. Markets reward a higher PE multiple for growth companies.



## CONTRARIAN

Contrarian approach does not mean doing the opposite of others, rather, it means doing things differently. Buying in popular names will not provide multibagger returns.



## VALUE

The valuation has to be reasonable. This is important because there has to be potential for re-rating. A combination of EPS growth and PE re-rating leads to multibagger returns.



# PROCESS FLOW



## SCREENERS

- Sales growth, PAT growth, capacity utilisation
- Valuation dislocation  
EV/Sales, PE ratio,  
EV/EBITDA
- Debt
- Dividend track record
- Promoter ownership
- Insider Buying
- Industry Leadership
- Credit rating
- Long term track record



## RESEARCH

- Annual report
- Quarterly results
- Industry & company news
- Management interviews
- Third party research
- Management meetings
- Press releases
- Conference calls /  
Analyst meets



## PORTFOLIO CONSTRUCTION

- around 20 stocks
- Balance across sectors
- Catalyst for stock re-rating



## ONGOING RESEARCH





# PORTFOLIO CONSTRUCTION

We invest in quality companies with a focus on small and Mid cap growth companies.

Most market participants focus on price; we focus on company fundamentals.

We aim to construct a portfolio of around 20 stocks across various sectors.

Invest with a 3-5 year horizon with a focus on low churn rate.

A value can remain a value for a long time. We actively look for catalysts that can lead to stock re-rating.



# Multibaggers Know No Size

**01** Busting Myths: Small vs Large Caps

**02** Most Small Caps are junk

**03** Capitalization is stupid Matrix

**04** Large Companies + Small Map = Multibaggers

## Large caps which have become small caps

Companies	Peak Price	Current Price	Erosion
RCom	792	2	-100%
Reliance Power	275	19	-93%
DLF	1194	529	-56%
Jet Airways	1324	68	-95%
Yes Bank	393	17	-96%
Suzlon	398	29	-93%
Unitech	521	2	-100%

## Small caps which have become Large caps

Companies	Price in 2002	Current Price	Multiple
Kotak	9	1742	202X
HDFC	37	1540	41X
ICICI	16	941	60X
Axis	9	1006	112X
Sun Pharma	13	1128	84X
IPCA	9	933	103X
Airtel	11	925	81X



# SELECTION CRITERION

## INDUSTRY LEADERS

Most of the companies in our portfolio are industry leaders with a strong sustainable competitive advantage

## LOW DEBT

Companies need to have very low debt levels and some of the companies are in fact net cash positive

## MANAGEMENT

A good dividend paying record, corporate governance practices & a sound long-term performance record is a must.

## VALUATIONS

The portfolio PE ratio is lesser than market PE ratios (adjusted for cyclicity in earnings).

## CREEPING ACQUISITION / BUYBACKS

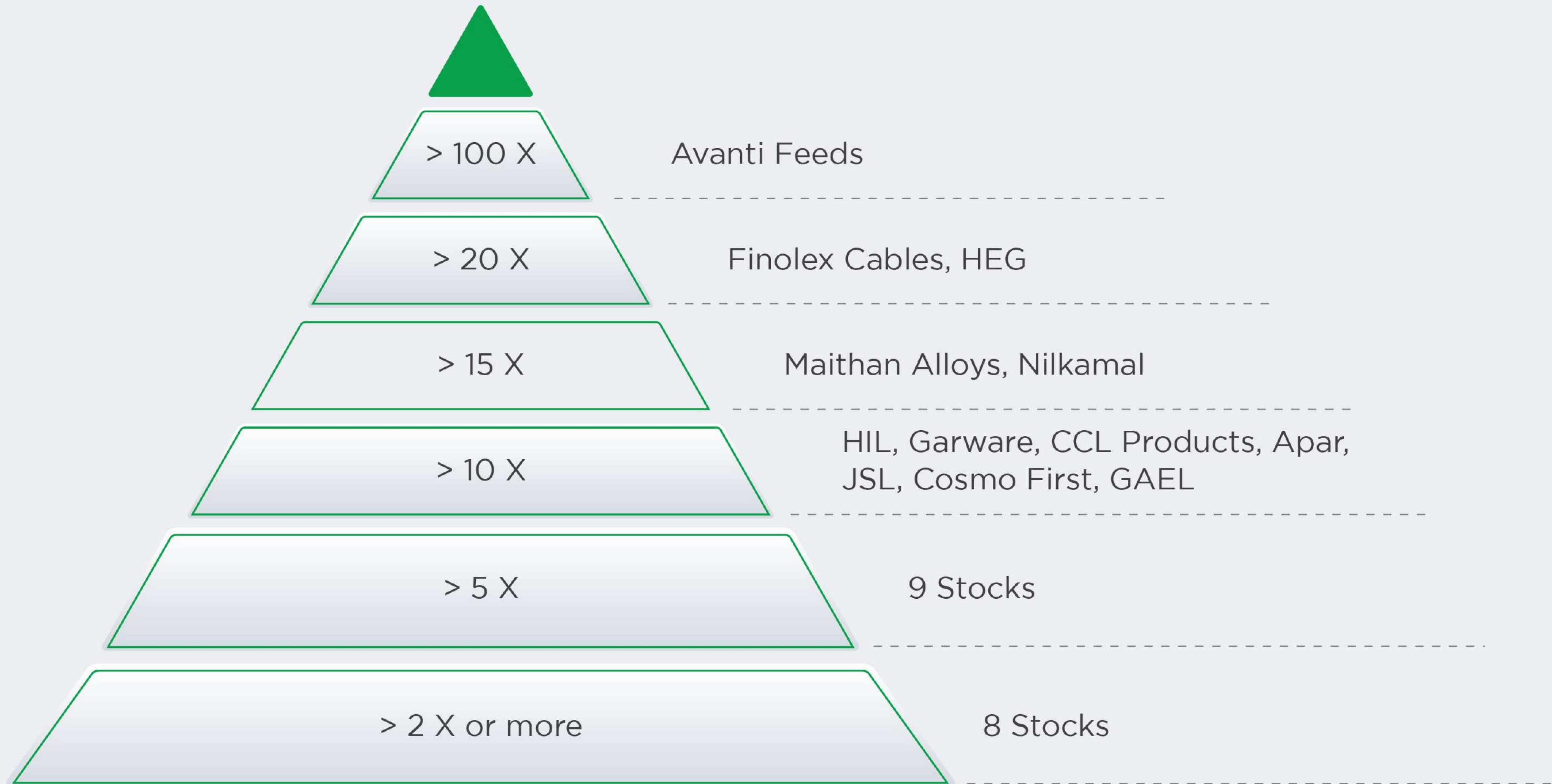
Majority of our companies have done buy-back / creeping acquisition in the 12 months prior to our initial acquisition.

## CASH FLOW

Our portfolio includes companies with strong and consistent cash flow generation.

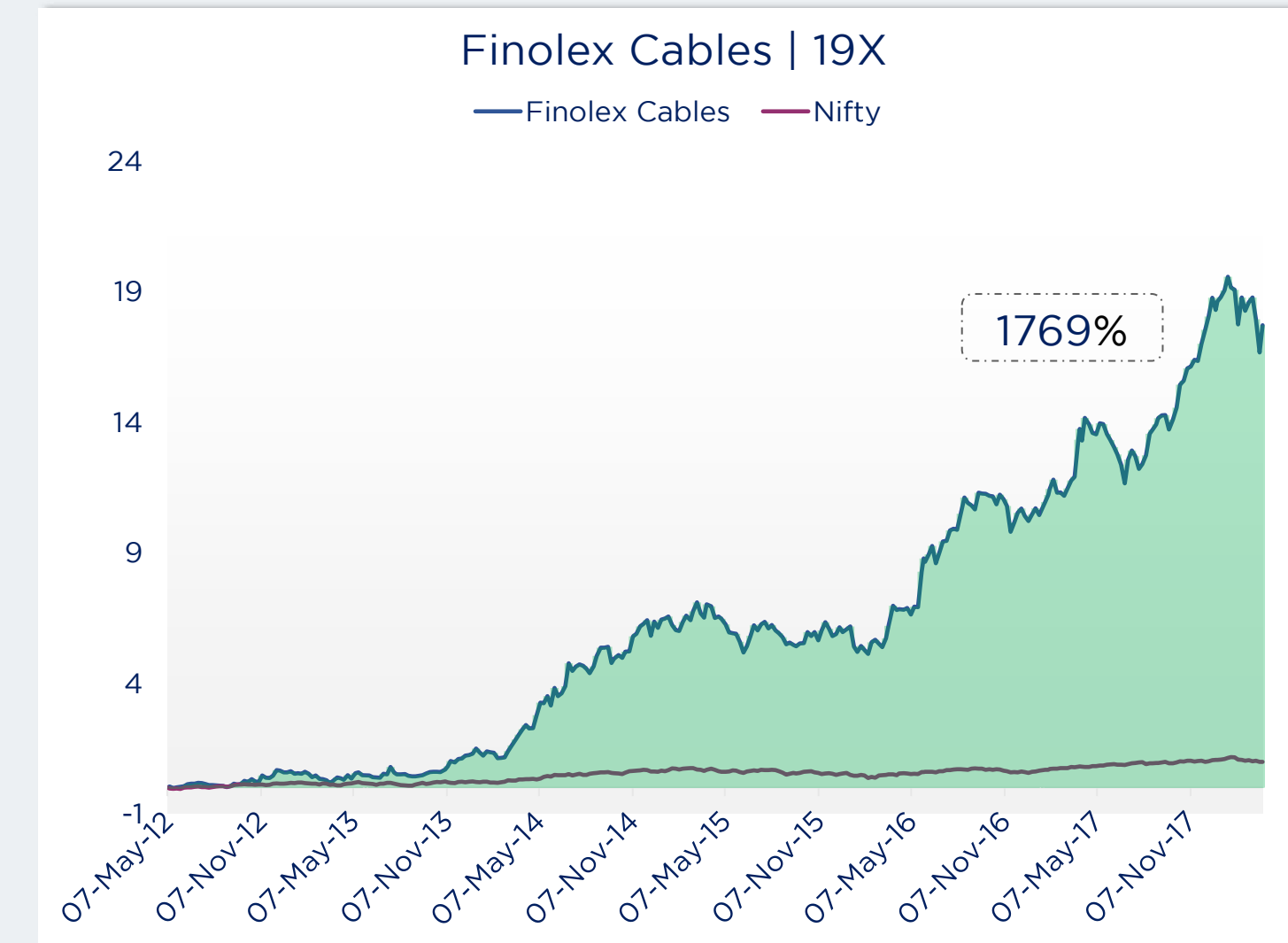
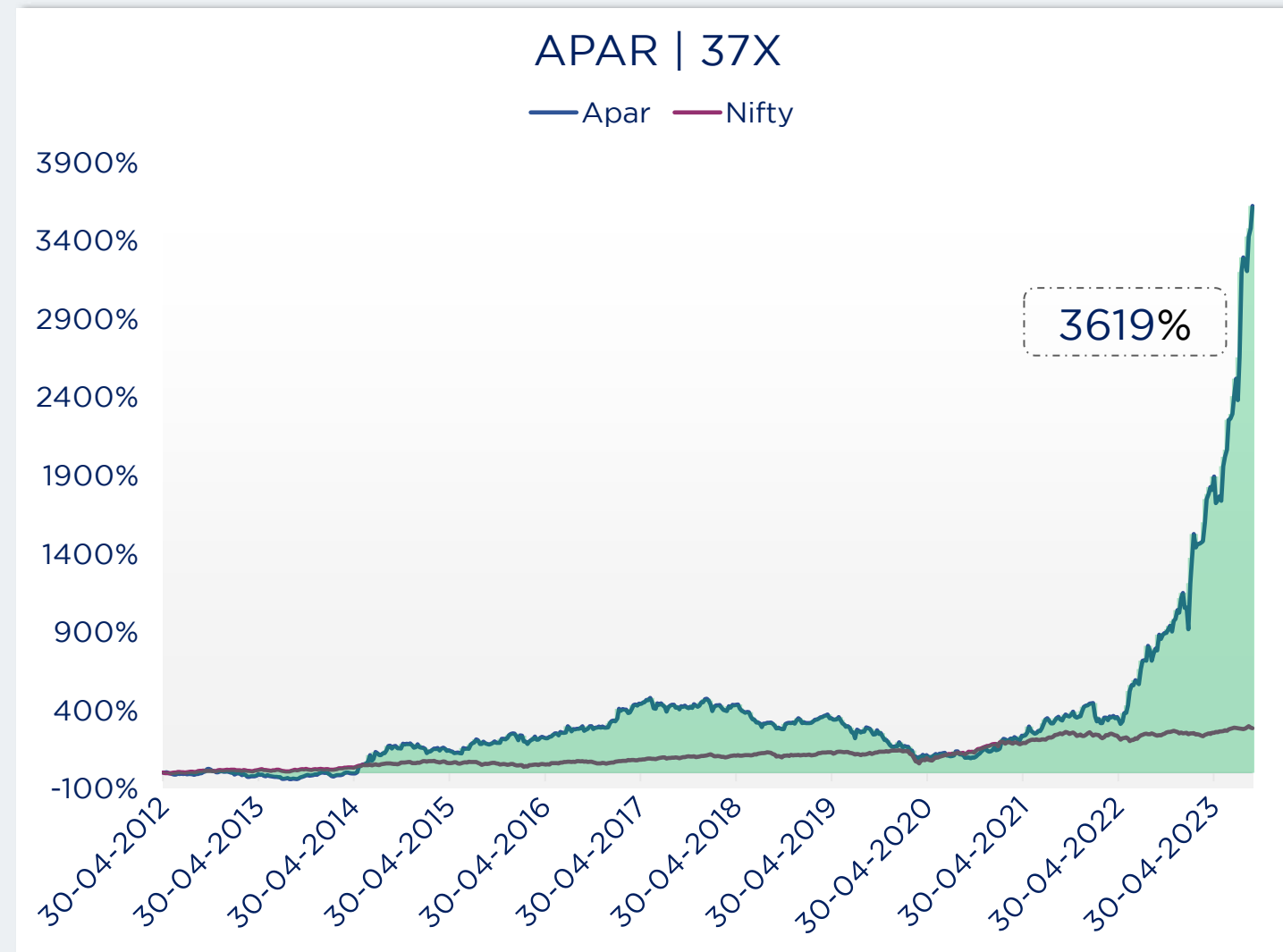


# OUR MULTIBAGGER PICKS





# Case Studies



Industry Leadership



*When did we buy?*

323

Market Capitalization (In Cr)

493

3589

Revenue (In Cr)

2064

4.4

Price to Earnings Ratio

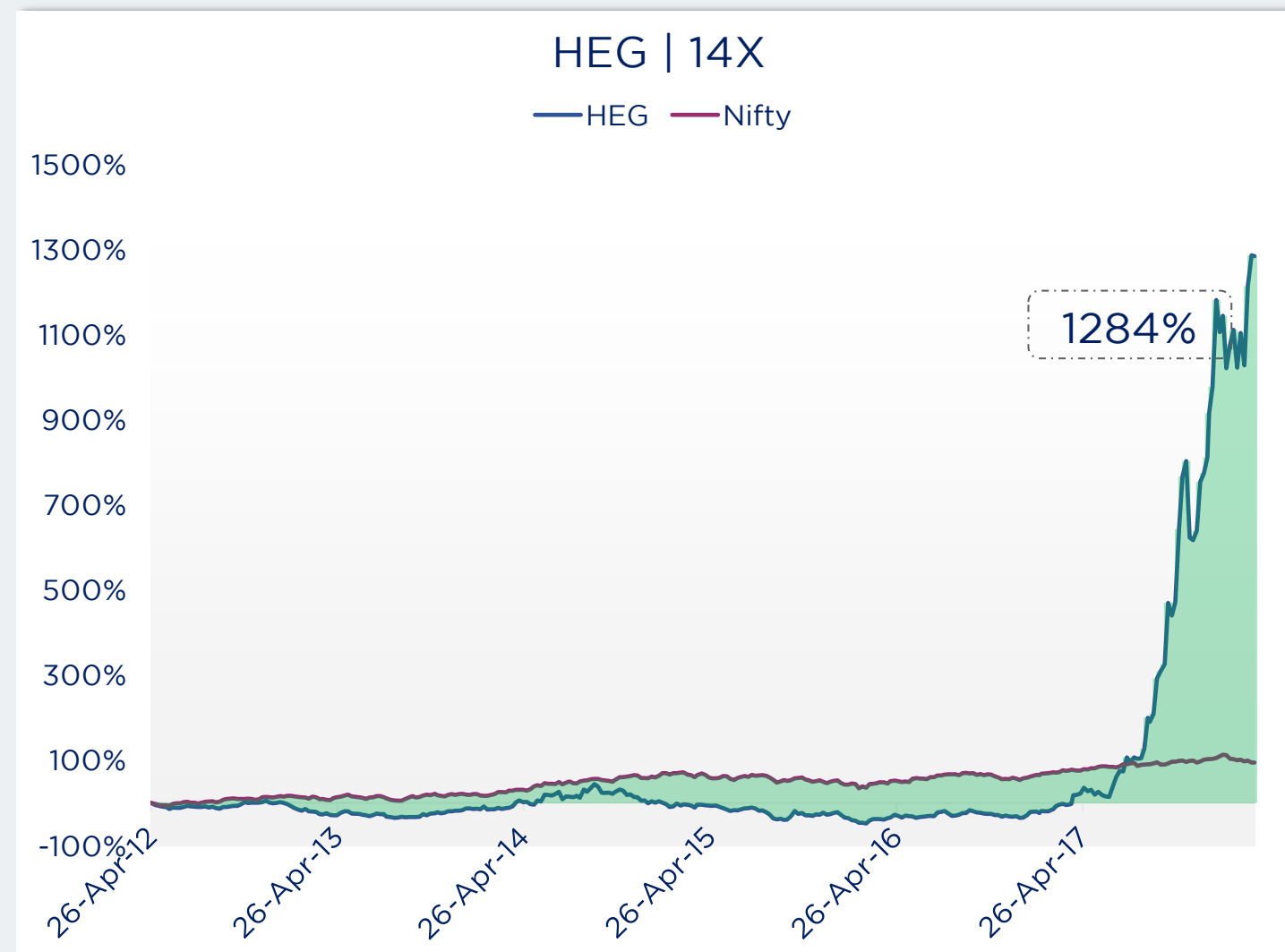
5.0

0.1

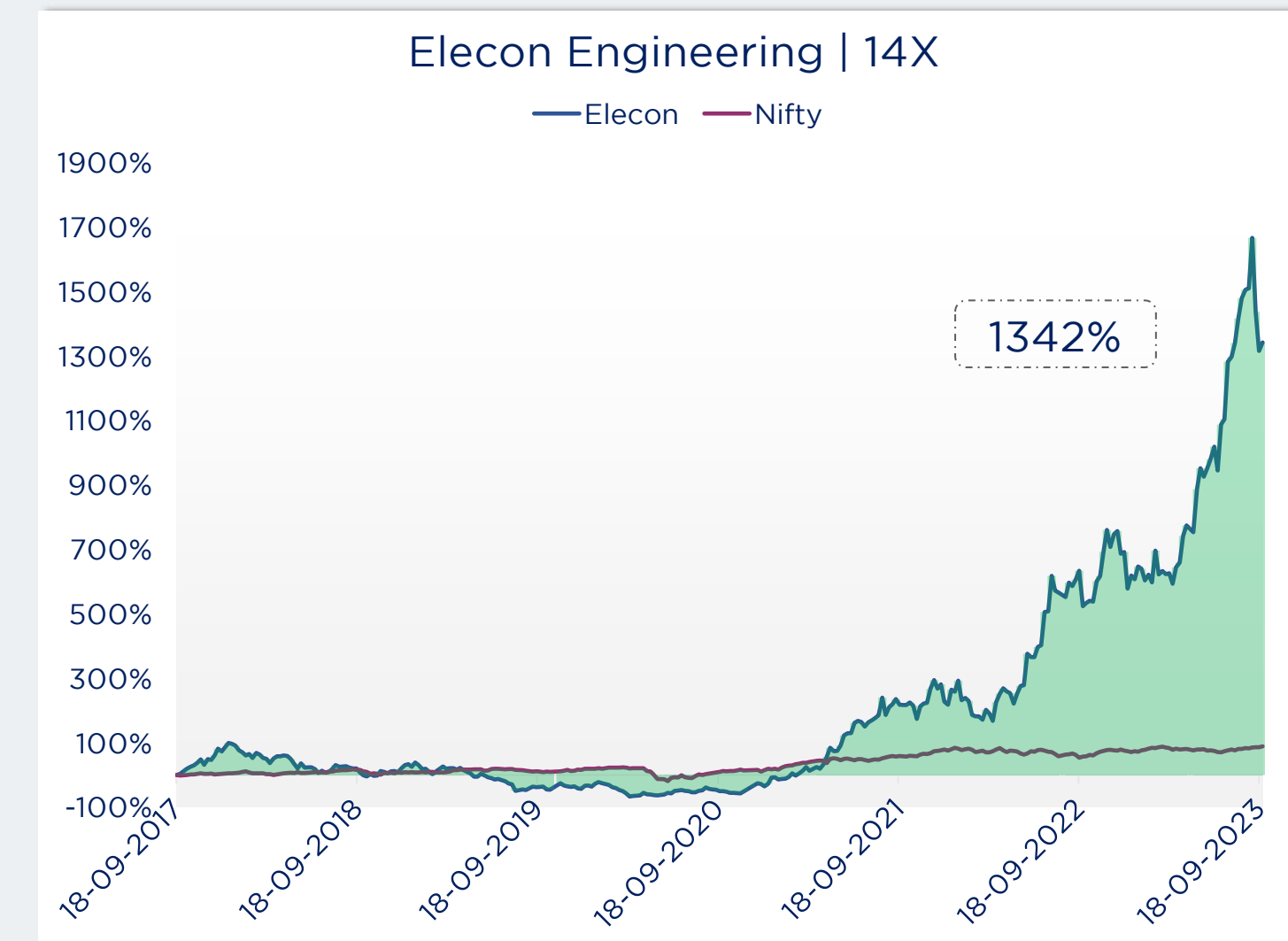
Price to Sales

0.2

# Case Studies



Industry Leadership



*When did we buy?*

888

Market Capitalization (In Cr)

589

1417

Revenue (In Cr)

1044

15.6

Price to Earnings Ratio

NA

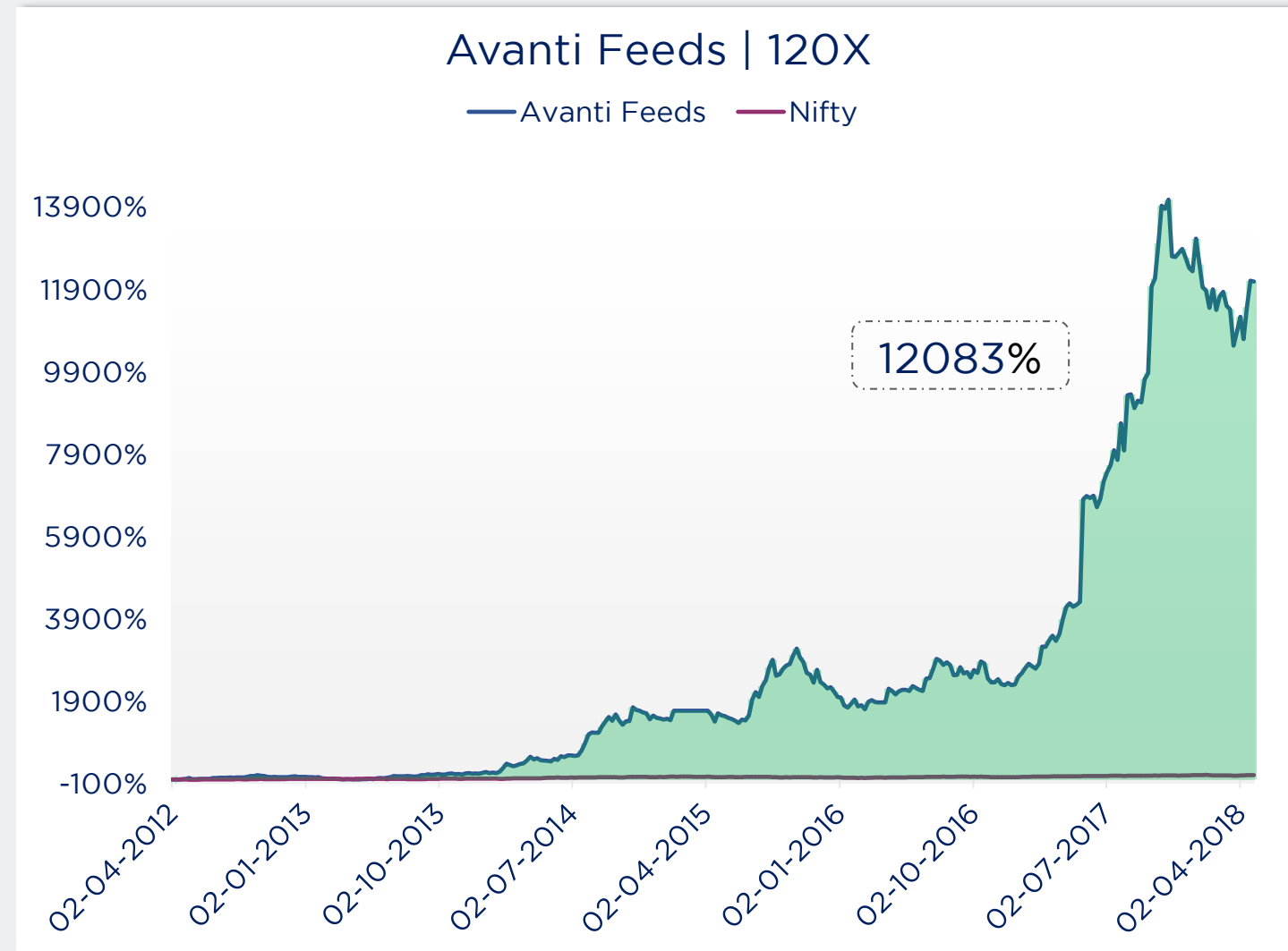
0.6

Price to Sales

0.6



# Case Studies



Industry Leadership

*When did we buy?*

96

Market Capitalization (In Cr)

383

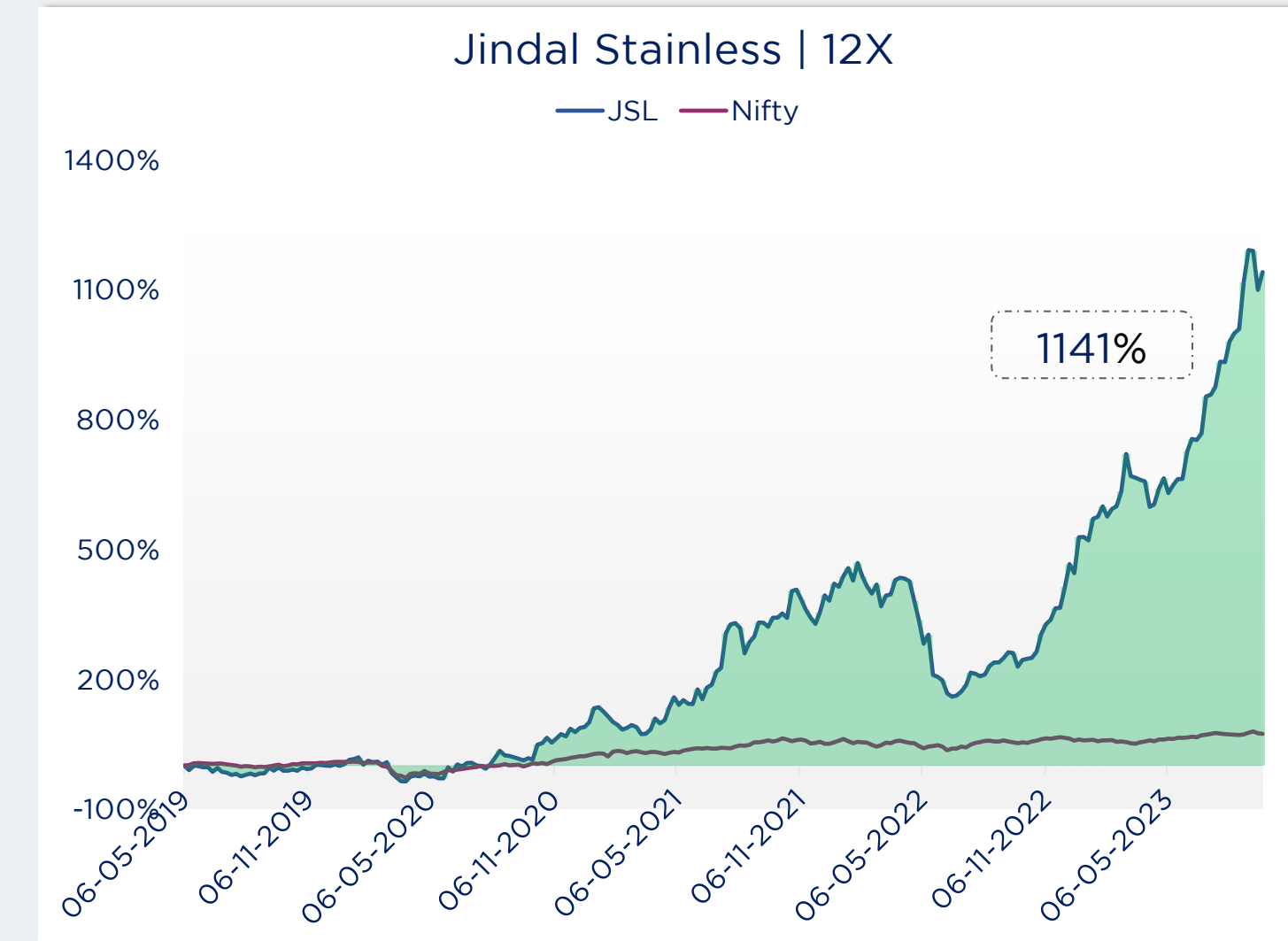
Revenue (In Cr)

3.4

Price to Earnings Ratio

0.2

Price to Sales



1901

13557

13.1

0.1



# RISK

Risk is not a number, rather, it is a concept or notion.  
Risk equates to what Ben Graham called a “permanent loss of capital”.



## VALUATION RISK

Risk of buying stocks dear without adequate margin of safety. Reasonable valuation is the corner stone of all our investment decisions.



## EARNINGS RISK

Risk that current earnings could decline due to technological changes, economic changes or deterioration in management.



## BALANCE SHEET RISK

The risk of an overleveraged balance sheet which is ignored during good times in favour of the cyclic high and unsustainable earnings.







# KEY PERSONNEL



**SIDDHARTHA BHAIYA**

Managing Director & Fund Manager

- Founded Aequitas in 2012
- A qualified Chartered Accountant
- Has consistently outperformed the markets.
- Delivered industry-beating CAGR returns
- Headed PMS division at Reliance Mutual Fund
- Expert at finding multibaggers with his contrarian approach



**NEERAV SHAH**

Director - Operations

- Co-Founder at Aequitas
- 18+ year's experience in market operations
- A qualified Chartered Accountant
- Previously with Reliance Capital Asset Management and Birla Sun Life
- Handled operations, funds accounting and dealing functions



**PRITHIPAL SINGH**

Director and Head (Business Development)

- Amongst the renowned in the Mutual Fund industry
- 15+ years of experience in the finance sector
- Has led Marketing & Sales teams at leading firms
- Disciplined personality, Military school background





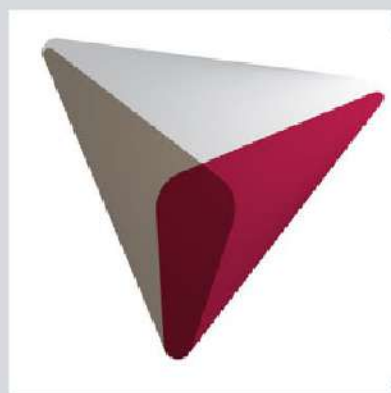
# BEST-IN-CLASS PRACTICES

WORKING WITH LEADING SERVICE PROVIDERS TO ENSURE  
THE BEST-IN-CLASS SERVICES TO CLIENTS



A SEBI registered  
alternative investment fund

Tie-up with Deloitte for  
tax and audit.



Trustee for the fund

Tie-up with CAMS  
for digital onboarding



Tie-up with top  
institutional brokers  
for broking services

Tie-up with Axis Bank for  
providing custodian and  
fund accounting services.

## REPORTING

- Monthly NAV Appraisal Statement
- Quarterly Factsheet





# INVESTMENT FEATURES AND FEE STRUCTURE

## AIF

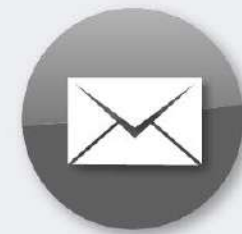
<b>MINIMUM INVESTMENTS</b>	₹ 3 Crs.
<b>SUITABLE TIME FRAME</b>	3 - 5 years
<b>MODE OF INFLOW</b>	Cash
<b>FEES</b>	2% p.a. of daily average AUM charged monthly
<b>PERFORMANCE SHARING</b>	10% profit sharing with high-water marking charged annually at the end of the financial year



# CONTACT DETAILS



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BKC, Bandra - East, Mumbai - 400 051



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