



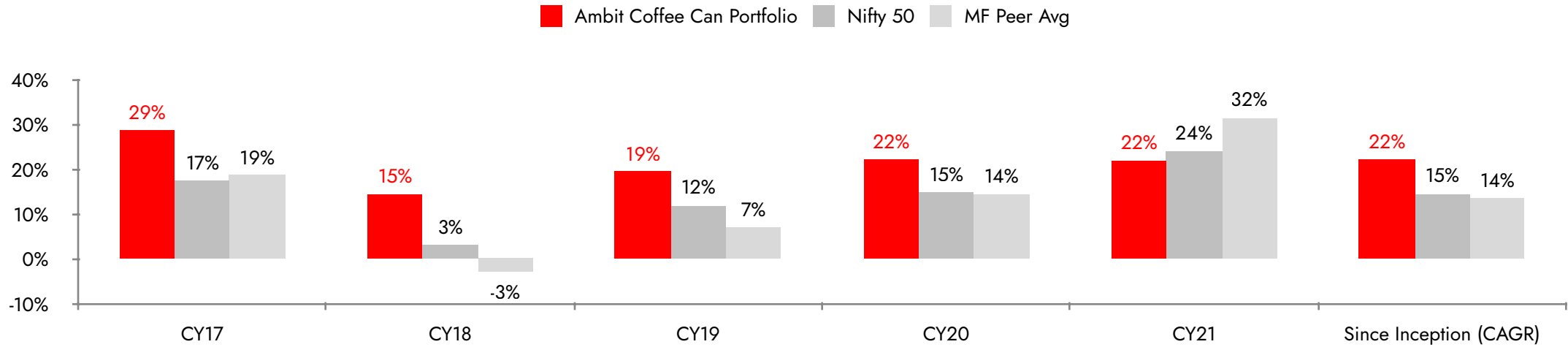
Ambit Asset Management

Ambit Coffee Can Portfolio

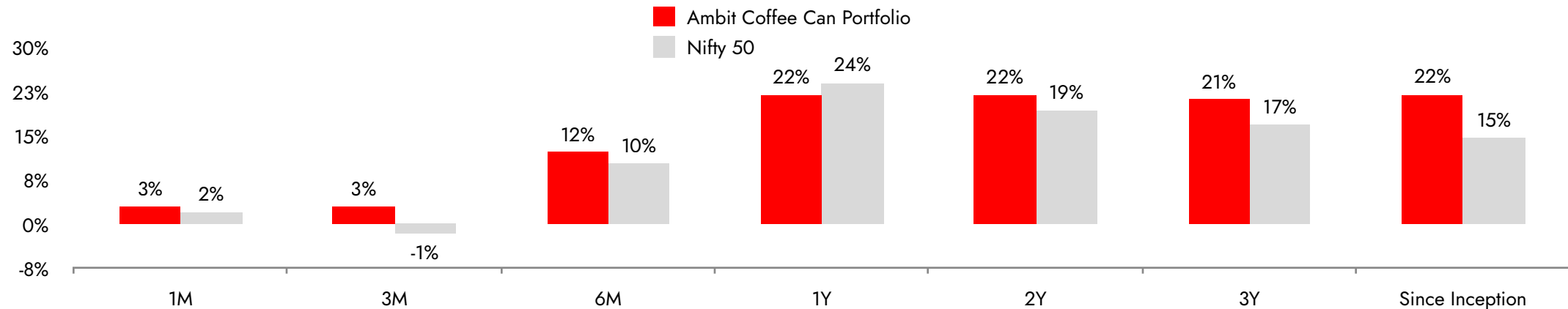
January 2022

Ambit Coffee Can Portfolio: Performance Track Record

CALENDAR YEAR RETURNS



POINT TO POINT RETURNS



Ambit Coffee Can Portfolio inception date is Mar 06, 2017; Returns as on 31st December, 2021; Returns are net of all fees and expenses; Regular growth schemes considered for MF peer group comparison;

How did we deliver this?

- Good risk adjusted returns is an **outcome** of **Good Processes** characterized by:

1 Stringent quantitative filters

- Each offering is based on deeply researched and back tested framework to generate the investment universe
- High threshold for performance over long spans of time, greatly minimize chances of poor performers or poor quality companies entering into the investment universe
- High quality of accounts and corporate governance is uncompromised

3 Focus on earnings growth + earnings quality

- Lower obsession with timing when one is investing in a superior calibre of companies
- Companies with a consistent track record and leadership traits are preferred
- Past track record + Future sector potential + Current management capabilities = Comfort on delivering quality earnings

2 Experienced team & deep-dive research

- Dedicated and experienced research team
- Research processes inspired by IE Research
- Investment Committee to approve all investment decisions
- Part of larger Ambit group lends advantages
- Focus on what is knowable and what is important

4 Risk management

- Concentrated Portfolios deliver best returns as returns do not get average out
- Lower drawdowns due to consistent performers in secular sectors
- Long term orientation with low churn realize the power of compounding

Origins of Ambit's Coffee Can Portfolio



1

Stringent quantitative filters

ROBERT G KIRBY'S PAPER

The Journal of Portfolio Management
1984



AMBIT INSTITUTIONAL EQUITIES

2014



AMBIT ASSET MANAGEMENT

2017



AMBIT COFFEE CAN PORTFOLIO

Ambit Asset Management launches Coffee Can Portfolio on PMS platform in March 2017



Our Time-tested Framework

**Coverage universe = Stocks with 10+ years of historical track record of consistency
> 10% YoY Revenue growth + > 15% ROCE**



Our competitive advantage = Deep understanding of organizational DNA



Will the firm sustain CONSISTENCY of growth in future (more than a decade)?



Marry valuations with longevity



Concentrated portfolio of 10-15 stocks



Monitor earnings potential of companies in portfolio



Churn (if required) = <1 stock per year on average

Answering the obvious questions

'Timing' = Futile when earnings is consistent + strong

Total Shareholder Returns	Earnings Growth		Change in P/E	
	A	B	C	D
Scenarios				
Starting P/E (x) - trailing	55	55	55	55
Ending P/E (x) - trailing	40	30	40	30
Number of years	10	10	3	3
EPS CAGR	25%	25%	25%	25%
Price CAGR	21%	18%	12%	2%

Focus on sustainable earnings to create long term wealth

Which company's stock should I buy?



Type 1:
Consistent earnings



Type 2:
Volatile earnings (could be due to external or internal factors)

For how long should I hold this stock?



Type 1:
Forever (as long its competitive strengths sustain)



Type 2:
Time it well

Coffee Can Portfolio Philosophy

Consistent Track Record

Companies having excellent financial track record of revenue growth and earnings for over 10-20 years with identifiable DNA



Long Term Wealth Creation

Coffee Can Portfolio intends to provide 20-25% Earnings CAGR over long term holding periods with volatility of portfolio similar to Govt. bonds (holding period > 3 years)

Low/Negligible Churn

Coffee Can Portfolio is a highly concentrated portfolio with 10-15 stocks and intended churn of less than 1 stock per year on average. This allows the portfolio to benefit from "Power of Compounding"

Do not "TIME" the market

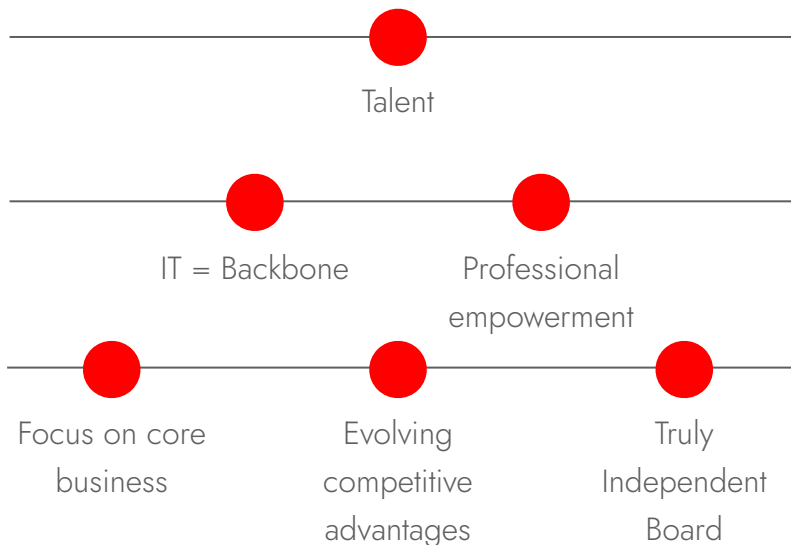
Do not attempt to time the market on the basis of speculation surrounding oil price, exchange rates, politics or other non-fundamental factors

Market Leaders in B2C Sectors

Most companies in Coffee Can Portfolio dominate their markets and possess unassailable competitive advantages in their core industries.



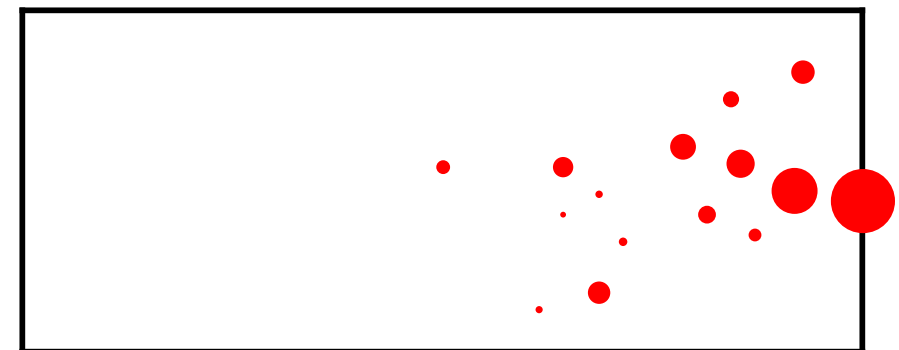
DNA to deliver consistent growth decade after decade



Monopoly

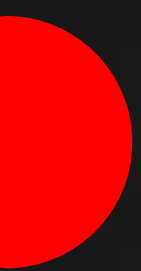
Oilgopoly

Fragmented



Challenger Segment/
Region Leader Industry Leader

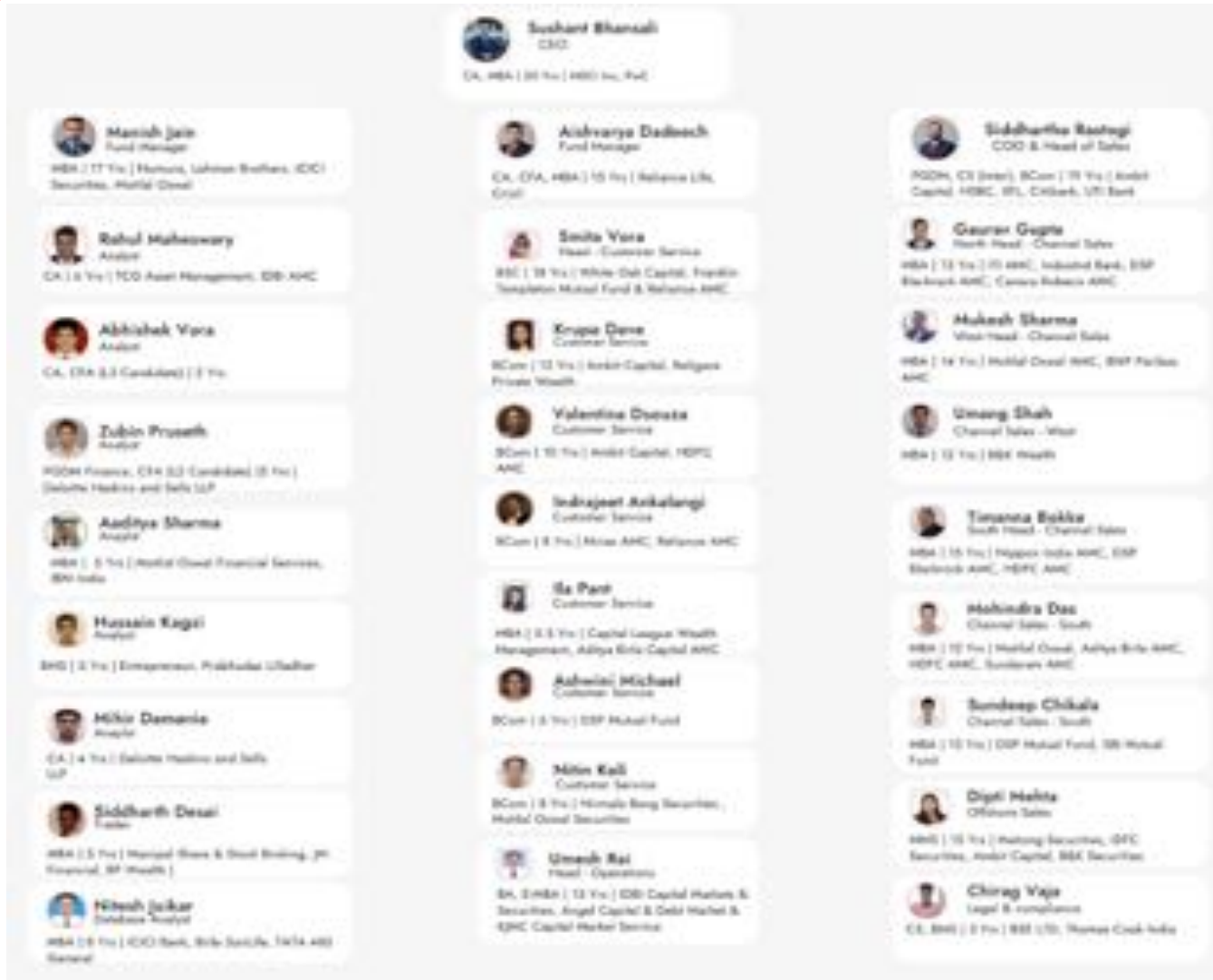
Bubbles refer to individual companies in Coffee Can Portfolio Size of the bubble indicates Market Cap size



Asset Management Team



Experienced team & deep-dive research

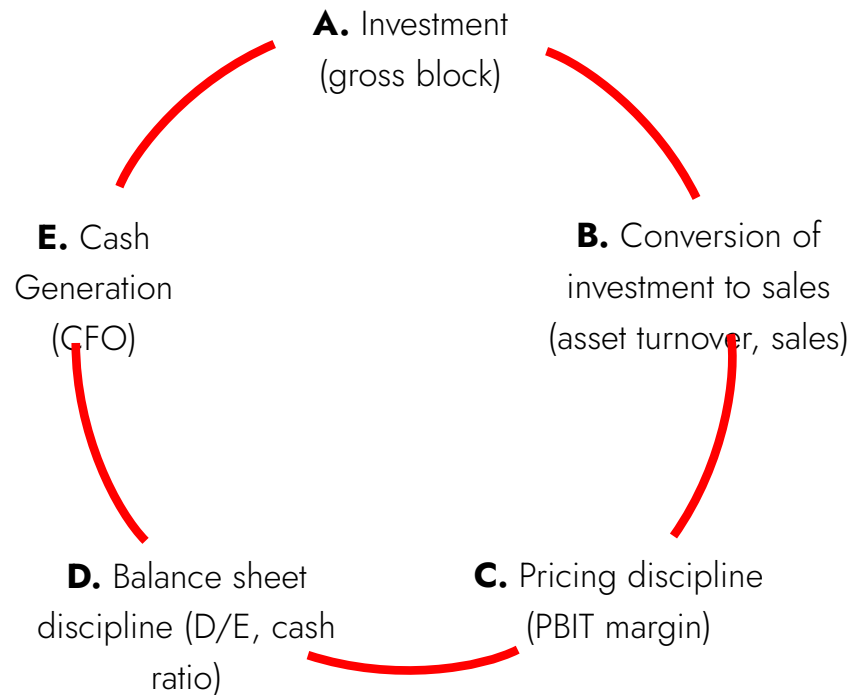


Investment Committee

- Senior Ambit Delegate
- Group Head – Risk
- Sushant Bhansali
- Manish Jain
- Aishvarya Dadheech

Ambit's proprietary Good & Clean research methodology

Ambit's 'greatness' framework identifies efficient capital allocators in the country



Our greatness framework looks at holistic and consistent growth as the hallmarks of efficient capital allocation- a self sufficient growth engine without the need of tapping external capital frequently is key to long term wealth creation.

Ambit's forensic accounting model helps steer clear firms with questionable accounts

Accounting checks

P&L Mis-statement

- Abysmally low CFO/EBITDA ratio over a long run
- High volatility in Depreciation Rates
- Boasting earning through lower debtor provisioning

B/S Mis-statement

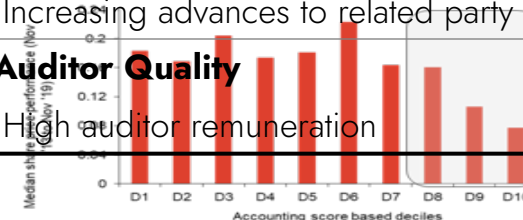
- Low Cash yield implying balance sheet misstatement
- Writing-off losses directly through balance sheet
- High contingent liability

Pilferage Checks

- High Miscellaneous expenses
- Unsubstantiated capex or delay in plant commissioning
- Historically generating negative free cash flows
- Increasing advances to related party

Auditor Quality

- High auditor remuneration

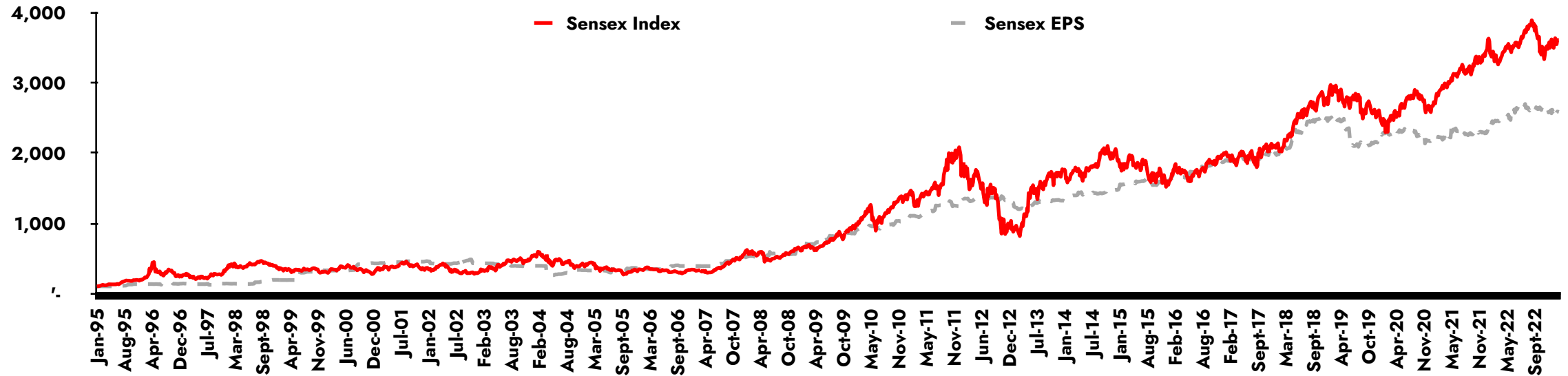


The bottom three deciles i.e. the worst quality stocks on accounting quality, have underperformed

**Earnings growth is the only
driver of share prices...**



Focus on earnings growth + earnings quality



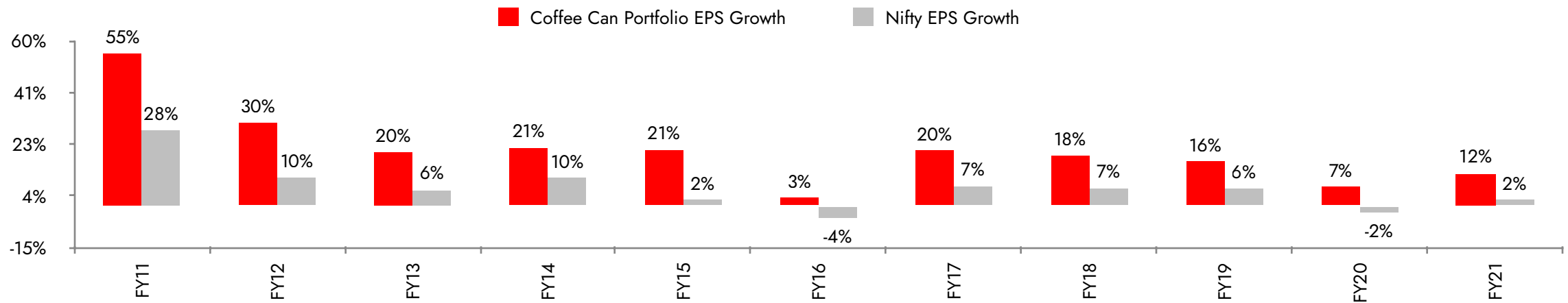
Source: BSE, Ambit Capital; Price and EPS are based to 100 on Jan 1991

Page Industries	MktCap (Rs cr)	Trailing EPS	Trailing P/E (x)
Apr-10	920	27	31
Apr-20	20,271	334	54
CAGR	36%	29%	6%

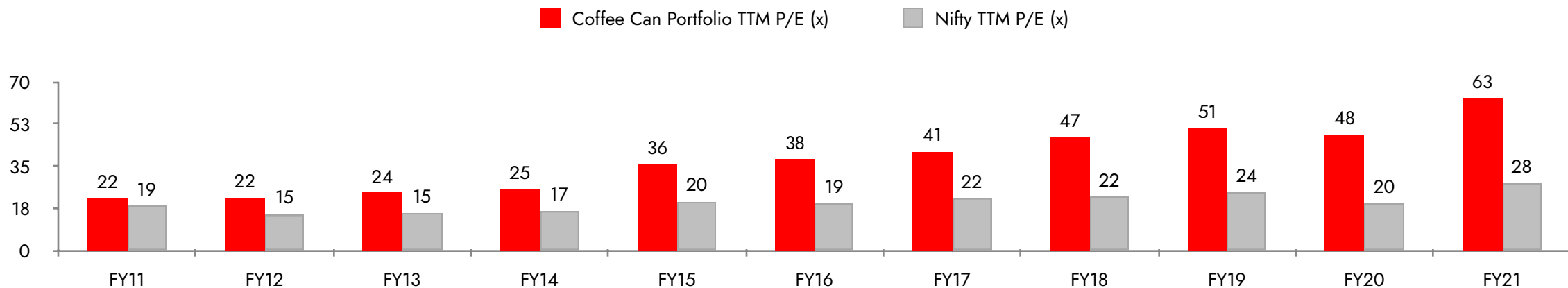
Earnings contributed to ~80% of the share price growth

Ambit Coffee Can Portfolio Earnings vs. Nifty Earnings

FY11-FY21 CAGR Coffee Can Portfolio 16% vs. Nifty 6%

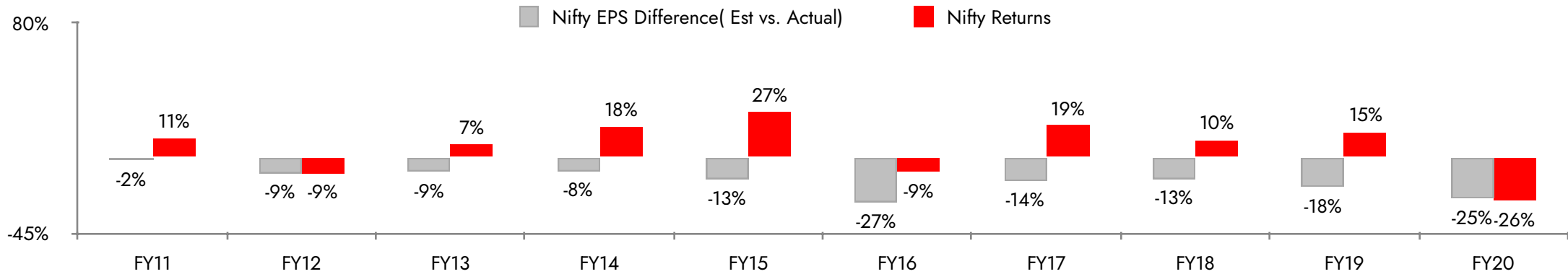


Quality always comes at a price: Higher EPS growth trajectory = Multiple Expansion

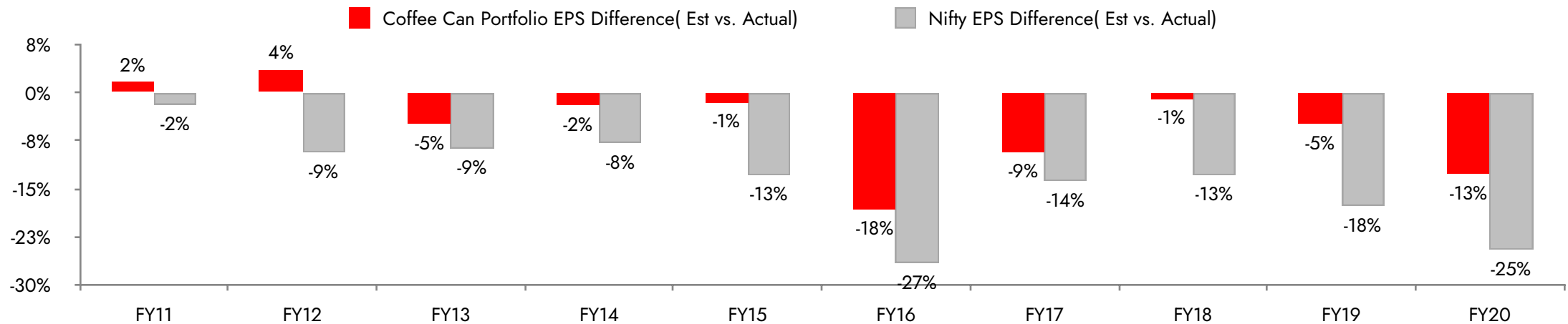


EPS Variance (Estimated vs. Actual)

Nifty Returns have been non-linear to the Nifty EPS performance (Estimated vs. Actual)



Coffee Can Portfolio have lower variance than Nifty every year





Coffee Can Model Portfolio allocation

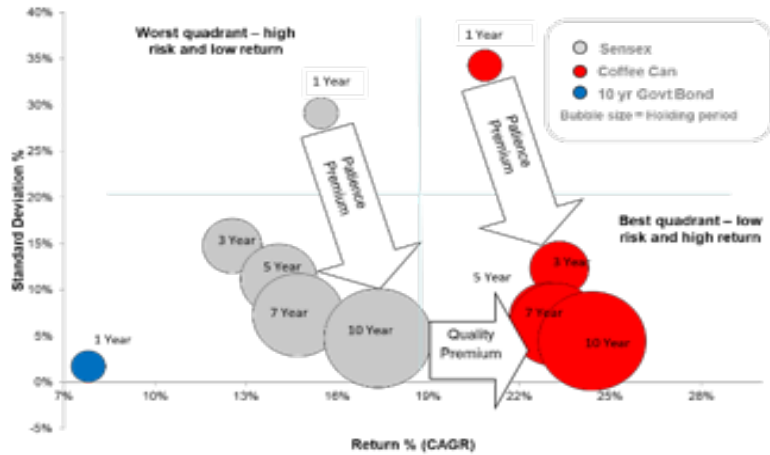


Risk Management

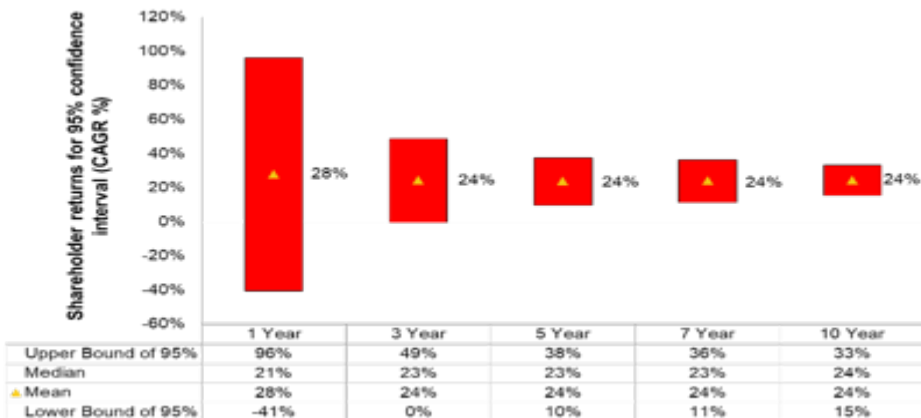
Sector Allocation	
Financials	25%
Building Material	24%
Consumer Discretionary	17%
Consumer Staples	13%
Information Technology	8%
Retail	6%
Retail Diagnostics	6%
Cash	1%
Segment Allocation	
Large Cap	76%
Mid Cap	23%
Small Cap	0%
Cash/Equivalent	1%
Risk Ratios	
Beta	0.59
Sharpe Ratio	1.05
Max Drawdown: Portfolio	-17.1%
Max Drawdown: Benchmark Index	-29.3%

Coffee Can Portfolio exhibits superior risk adjusted returns

Historical Coffee Can Portfolio vs Sensex vs Govt. Bond

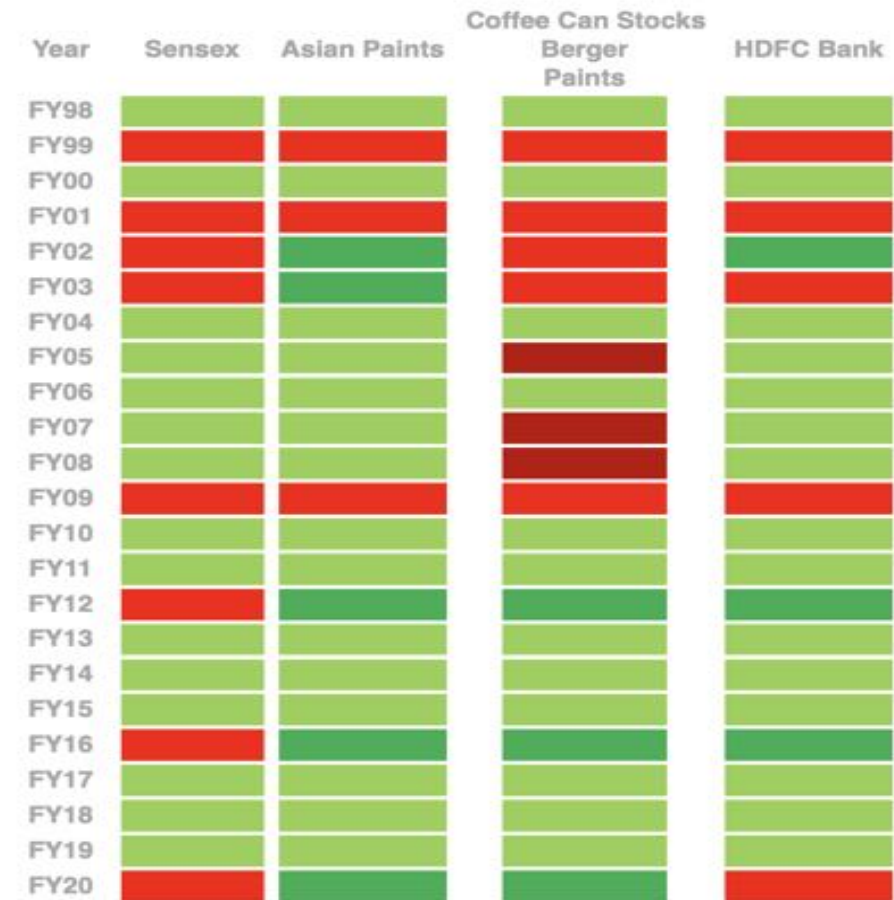


Historically Coffee Can Portfolio has provided capital protection for 3 yrs or longer holding period



Coffee Can Stocks' resilience vs Sensex

Dark Green reflects positive stock return in a year when Index was negative
 Dark Red reflects negative stock return when Index return was positive



Deep dive research presented through our Disruption series...



- Besides thinking about the immediate next steps for your portfolio and **in keeping with our long term investment thesis** we like to stay adept with long term disruptions your companies can face in the future.

- We **regularly come out with our thoughts**

Key terms

Fund Type	SEBI Registered PMS
Fund Tenure	Open Ended
Structure	Discretionary PMS
Minimum investment	INR 50 lacs
Stock selection	Investible universe is stocks that perform well on the framework noted earlier. A further subjective assessment then leads to a more concentrated stock portfolio
Number of stocks	10 – 15
	33% per sector, 15% per stock
	Large cap biased with Nifty 50 as the benchmark
Time horizon and turnover	The investment horizon is 3-5 years and longer; turnover therefore low
Cash calls	Not to take aggressive cash calls; this is keeping in mind the longer term investment horizon of the fund and is suitable from a taxation standpoint
Custodian & Fund Accountant	ICICI Bank Limited.
Brokers	Ambit Capital, MotilalOswal, Kotak Securities
Depository Participant	Ambit Capital (Central Depository Services Limited)

Ambit Asset Management Overview



AMBIT COFFEE CAN PORTFOLIO

An absolute return product that aims to deliver steady returns with minimal risk to create wealth over the long-term

- Large-cap oriented portfolio
- Ideal investment horizon of 8-10 years
- Concentrated portfolio with low churn
- Great companies with a proven track record of consistent growth and high RoE

AMBIT GOOD & CLEAN PORTFOLIO

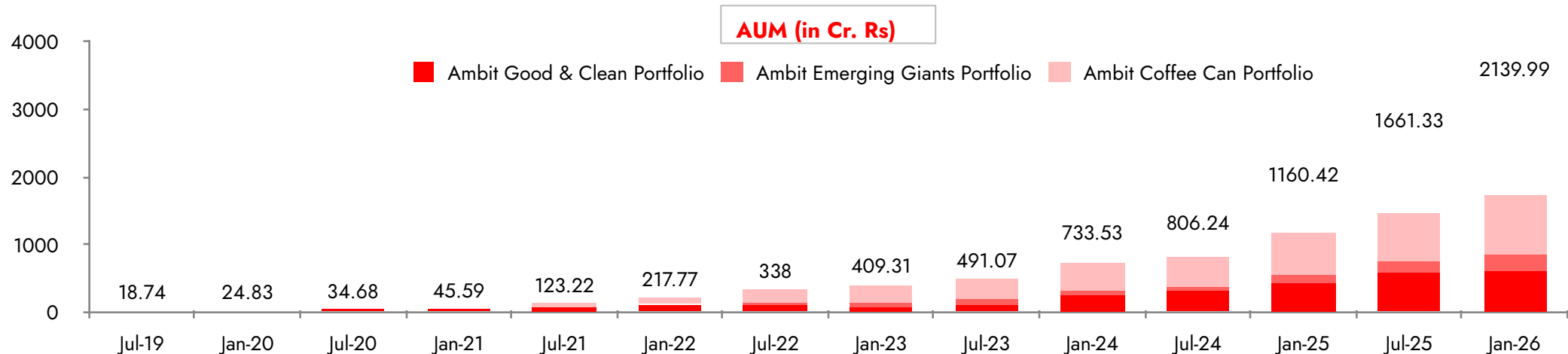
A portfolio of companies that have a proven track record of efficient capital allocation and high growth

- Mid-cap oriented portfolio
- Ideal investment horizon of 3-5 years
- Growth at reasonable valuation

AMBIT EMERGING GIANTS PORTFOLIO

A portfolio of companies that aims to create wealth over long periods of time by investing in the leaders of tomorrow

- Small-cap oriented portfolio
- Ideal investment horizon of 5-6 years
- Aims to identify market leaders early
- Focused on finding the next Coffee Can companies



Ambit Overview



Pre-eminent full-service India focused Investment Bank

- Innovative solutions that reduce complexity
- Deep understanding of prevalent regulatory framework
- Broad range of tailor-made solutions for Business Owners, Corporates, Institutional Investors, Family Offices and High Net Worth Individuals (HNWIs)



Experienced and Professional pan-India Team

- Team of 800+
- Offices in India, Singapore and USA



Successful Partnerships

- Strategic partnership with QInvest, Qatar
- Strategic business alliance with Daiwa, Japan for M&A



Proven Track Record

- Consistently ranked amongst the top 10 M&A advisory firms. Advised 175+ transactions with announced deal value of USD 20 bn+
- Increasingly a top 3 broker for top investors locally and globally. **Consistently ranked in the top 3 Best Local Broker category** in the **ASiAMONEY Brokers Polls.**
- In-depth and fundamental Research (Economy/strategy/sectoral)

CORPORATE FINANCE

- Mergers & Acquisitions (M&A) and Divestitures
- Equity Capital Markets (ECM)

CREDIT (AMBIT FINVEST)

- Structured Finance
- SME Finance

INSTITUTIONAL EQUITIES

- Differentiated and path breaking Research
- Equities Trading

ASSET MANAGEMENT

- Portfolio Management
- Offshore Advisory

GLOBAL PRIVATE CLIENT

- Investment Advisory
- Asset Allocation
- Tax and Estate Planning

Ambit Executive Committee



ASHOK WADHWA

Group CEO

Experience: 36 years

Ambit: 22 years

Formerly Managing Partner – Arthur Andersen



SANJAY SAKHUJA

Executive Chairman

Ambit Finvest

Experience: 36 years

Ambit: >17 years

Formerly with Lazard, Arthur Andersen, Citibank



GAUTAM GUPTA

Group COO

Experience: 27 years

Ambit: >19 years

Formerly with SBI Capital Markets



VIKAS KHATTAR

Managing Director and Head of Equity Capital Markets & Financial Sponsors Group

Experience: 22 years

Ambit: >2 year

Formerly with Jefferies, DSP Merrill Lynch, Citigroup, Morgan Stanley and HSBC



AUSANG SHUKLA

Managing Director and Head of

Corporate Finance

Experience: 17 years

Ambit: >4 years

Formerly with Macquarie Capital, Lehman Brothers, Nomura and PricewaterhouseCoopers



SUSHANT BHANSALI

CEO

Asset Management

Experience: 18 years

Ambit: >12 years

Formerly with MSCI and PwC



SANJAY AGARWAL

CEO

Ambit Finvest

Experience: 23 years

Ambit: ~2 years

Formerly with Finmax, Yes Bank, Centurion Bank of Punjab and SBI Commercial & International Bank Ltd



VIKRANT NARANG

Dy CEO

Ambit Finvest

Experience: 18 years

Ambit: >3 years

Formerly with KKR, Barclays, ABN Amro and PwC



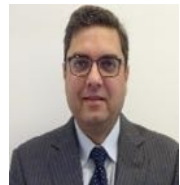
DHIRAJ AGARWAL

Co-Head of Institutional Equities and Head of Equity Sales

Experience: 27 years

Ambit: >1 year

Formerly with Standard Chartered Securities, Sharekhan/SSKI, CLSA, Boyer Allan



SANJIT CHOWDHRY

Managing Director

Risk, Strategy, Corporate Communications

Experience: 25+ years

Ambit: 6 months

Formerly with BanyanTree Bank Ltd., RBL Bank, Barclays, Standard Chartered, ANZ Grindlays



AMRITA FARMAHAN

CEO

Global Private Client

Experience: 20 years

Ambit: >9 months

Formerly with Avendus, Reliance Private Client, Citibank (Citigold Private Client)



NITIN BHASIN

Co-Head of Institutional Equities and Head of Equity Research

Experience: 17 years

Ambit: >9 years

Formerly with SRF Limited, Emkay, Kotak Institutional Equities and Execution Noble



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Thank you