PROFITGATE®

Version: Dec 2023

Agenda

1. Introduction
2. Making context for the current markets
3. Markets Outlook
4. Sizing the opportunity
5. Do’s and Don’ts in Markets
6. Comments and queries

About Us

We are a boutique wealth management firm with key activities as portfolio management, stock broking and mutual fund distribution. We are highly experienced and updated on portfolio construction across equity and fixed income investments. Along with a dedicated team to handle all service and compliance related procedures,

We offer a complete solution – a blend of research, advice and execution.

Our focus on advising clients is to preserve, manage and grow their wealth. Our aim is to achieve this with our best in class research and product expertise across all products.

Nakul Sarda - Co Founder

Rich exposure to sell side and buy side roles for 15+ years. Extensive investing and trading experience in Portfolio management, stock broking, proprietary fund management at ProfitGate group. Worked as an Investment Banker at ENAM Securities & Axis Capital, Mumbai. An MBA from JBIMS, Mumbai

Mohit Chaudhary - Co Founder

Extensive experience wealth management, client relationships, stock broking operations at ProfitGate group. Rich experience at senior leadership roles at Kotak Securities, HDFC Life etc for 17+ years. An MBA from Delhi University. Wealth management and client service management is the key area of expertise

Scope of Services

Holistic Financial Planning + Execution

Portfolio Management Services

Wealth Management

Proprietary Products

Treasury Solutions

Select Funds (MFs/ETFs)

Third Party Products

Key pillars: Advice, Execute, Report and Review

Making context for the current markets

What Powered this New Bull Market?

Global

Multipolar world
[China+1, Global supply chain adjustments]

Growth Island
[Large TAM market with 13% nominal growth]

Innovations / Disruptions
[**AI,** EV, Solar, Hydrogen]

Digitization/ Financialization
[B2B ERP to Cloud]

Are these still valid

Or it is in the Price?

Historical returns

Global vs Local

Local

Manufacturing
[Make in India, Defense, Infra]

India Stack
[ADHAAR, UPI, eKYC, GSTN]

Fresh credit cycle
[Capex revival + open credit enabled networks]

Supply Side Reforms
[PLI, DBT, Tax, Asset monetization, bankruptcy code]

This bull run rhymes with history and what we learn from them!

Market Outlook [Dec 23]

Recent Market Environment

- One way move in markets since Covid lows
- Market participation has multiplied – Demats, SIPs, Pension funds
- Aggressive price discovery and markets becoming selective
- Valuation dichotomy - Booming IPOs, unlisted fancy and sustained over valuations in small caps, while large caps having much sober moves
    - FIIs been fairly dormant, $25 bn bought and sold while domestic investors been steady buyers
    - Trend towards buying financial assets ~both retail and family offices
- Market framework – Regulators, participants. Role of technology

Markets – A forward looking machine

- Many triggers being anticipated in next 12-24 months
    - MSCI weights up, bond fund inclusions
    - FDI – Large TAM, China +1, business case for outsourcing
    - Policy continuity – Political stability, fiscal prudence, infra build out
    - Growth outlook –benign inflation, corporate lever up is ahead
- Execution on ground lends hope
    - EMS – A success story!
    - PSU – Management turn around
- Markets looking for fresh leadership ~ banks, power
- Money always in bottom up stock picking while risks always emerge top down
    - Geopolitical
    - Recessionary symptoms
    - Rate cycle in developed markets

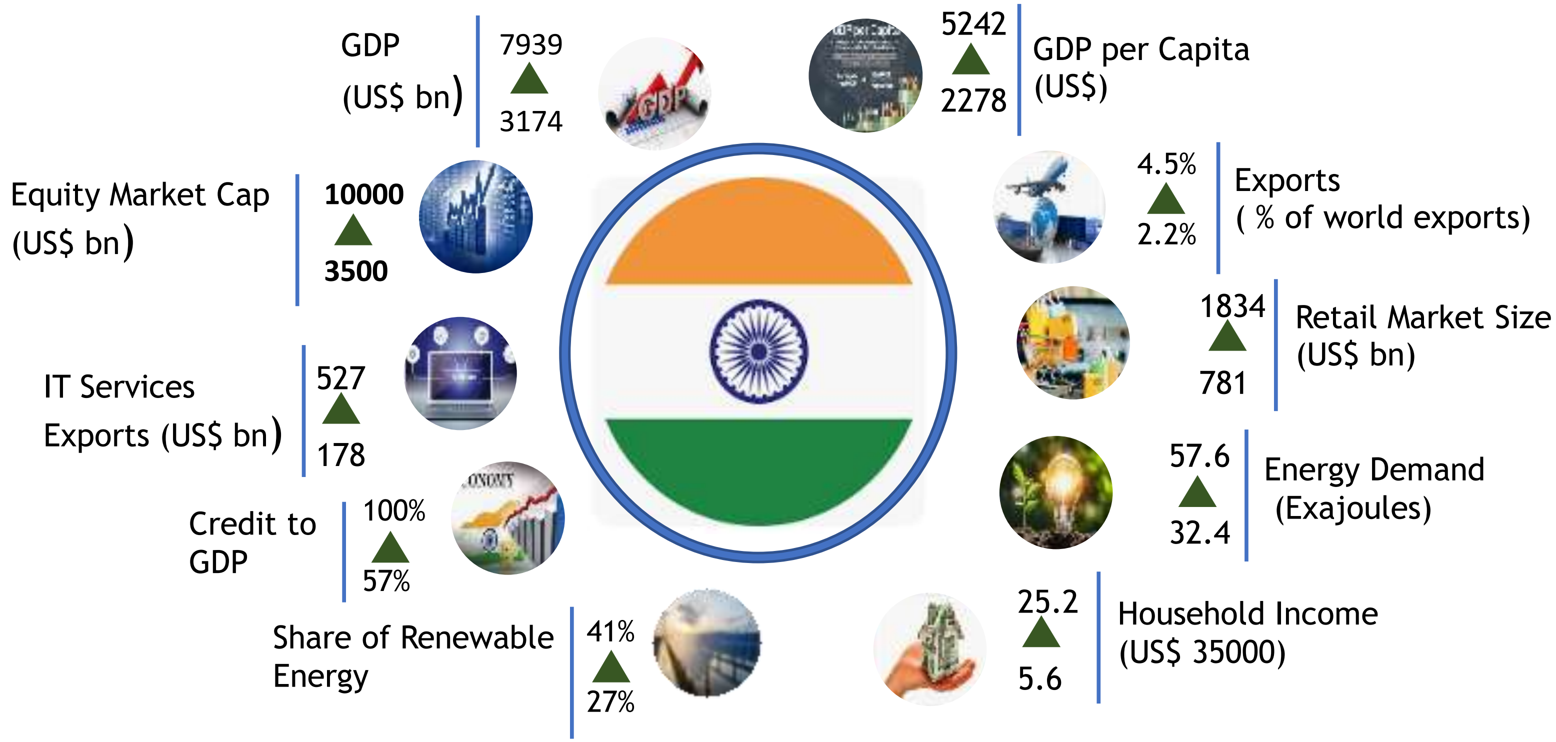
Sizing the opportunity

$10Tn Economy - What does it mean!

	FY 12		FY 22		FY 32E	
Nominal GDP	$1,826bn	5.7% CAGR	$3,174bn	9.6% CAGR	$7,903bn	
Nominal GDP per capital	$1,460	4.5% CAGR	$2,278	8.7% CAGR	$5,242bn	
		56% of GDP		59% of GDP		58% of GDP
Consumption share of GDP	$1,26bn	6.3% CAGR	$1,883bn	9.2% CAGR	$4,544bn	
Total Retail market	$461bn 45%	5.4% CAGR	$781bn 42%	8.9% CAGR	$1,834bn 40%	
Grocery Retail	$306bn 30%	5.0% CAGR	$499bn 26%	6.5% CAGR	$939bn 21%	Modern trade & e-commerce channels to gain salience
Non- Grocery Retail	$155bn 15%	6.2% CAGR	$282bn 15%	12.2% CAGR	$895bn 20%	
Non- Retail Consumption (automotive, leisure, hotels, education, health etc.)	$565bn 55%	6.9% CAGR	$1,102bn 59%	9.4% CAGR	$2,710bn 60%	Allocation of spends to shift in favor of discretionary categories (79% in F32 vs 74% in F22

*ProfitGate Research, Morgan Stanley Estimates

$10Tn Economy - What does it mean!



GDP (US$ bn)	7939	▲	3174
Equity Market Cap (US$ bn)	**10000**	▲	**3500**
IT Services Exports (US$ bn)	527	▲	178
Credit to GDP	100%	▲	57%
Share of Renewable Energy	41%	▲	27%
GDP per Capita (US$)	5242	▲	2278
Exports (% of world exports)	4.5%	▲	2.2%
Retail Market Size (US$ bn)	1834	▲	781
Energy Demand (Exajoules)	57.6	▲	32.4
Household Income (US$ 35000)	25.2	▲	5.6

Government Policy

Multipolar World thesis

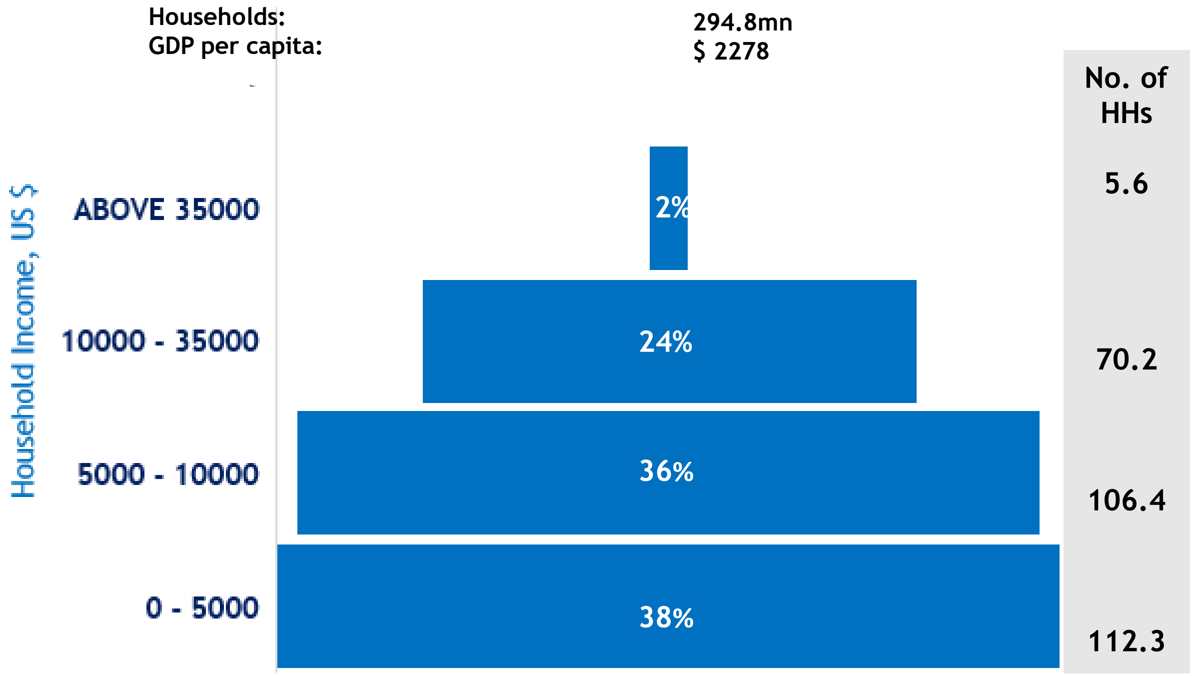
Paris Accord

Aadhar

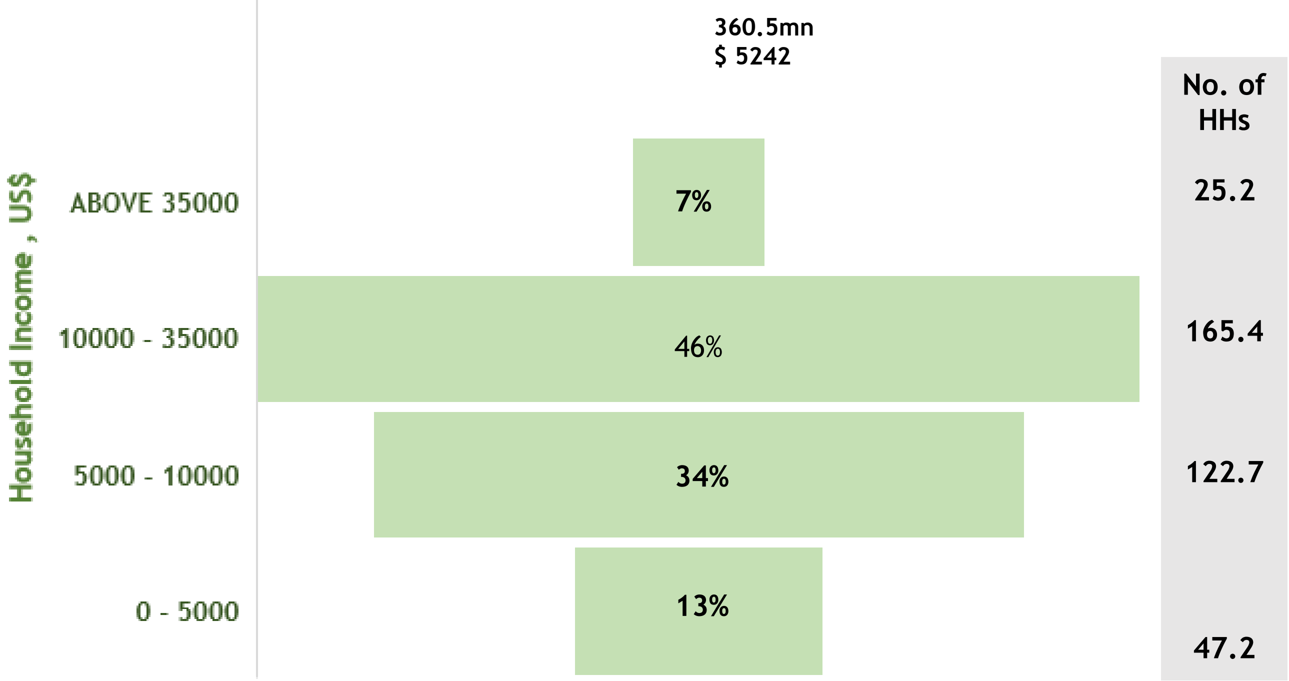
***ProfitGate Research, Morgan Stanley Estimates**

Demography and Income pyramid

2021 Households by income distribution



2031 Households by income distribution



*ProfitGate Research, Morgan Stanley Estimates

Hockey stick patterns across many categories!

Do’s and Don'ts

Our Investment Approach

1. Summary

- Long Only + Diversified portfolio
- Quant Matrix → Exhaustive Fundamental Screeners + checklist → High growth + Capital efficiency + Clean & Good
- Qualitative Study→ Detail research → Entry & Exit
- Fundamental deep dive – look for rate of change!
- Exit + Cash Call to create dynamic exposure

2. Research

- Exhaustive Screening
- Data driven → No perception biases or hype
- Basic Rule → Growth + margins, RoE RoCE Cash flows, Balance sheet strength, Minority treatment
- Special situations – demergers, spin offs, turn around, debt reconstructions
- Channel checks – Vendors, Distributors, third party, brokers etc

4. Ongoing Research - Review

- Ongoing research: news & updates
- Quarterly results, conf calls and meetings
- Exit considerations: Weakening fundamentals, Exuberant valuations, better alternatives, Rationalize exposure

3. Portfolio Construction

- Portfolio Construction – Sectors, special situations
- Staking at more opportunities – diversification leads to reduced risk
- Diversified: 4-7% allocation per stock
- Holding till the fundamental + momentum sustains, Ride the winners → 3 to 36+ Months

Enhance your Market Behavior

Do's

- Read, Read and Read
- Define circle of competence - What makes a good business
- Entry valuations
- Know the correct tools - Databases, News, Updates
- Realistic expectations
- Magic of compounding – discipline is the key, Asset allocation
- Risk management – cutting losses

Don'ts

- SEBI disclosure: 90% traders lost money
- Very serious business – know your edge
- 0 DTE – a worldwide phenomena
- Full time business
- Scaling up too fast
- Chasing momentum – IPOs, flavor of the season
- "Tip mili hai" – Lack of conviction

No gospel truths – Just some experience !!

THANK YOU!!

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