

SAMPURNA INVESTMENT STRATEGY

"To build a multi-cap, sector agnostic portfolio of stocks based on a proprietary quantitative model which selects stocks with strong fundamentals, showing early recovery from drawdowns, are net cash and offer opportunities for delivering better returns."



[INVESTMENT PHILOSOPHY]

- Stocks that meet the guidelines of Purnartha's robust and selective proprietary algorithm based quantitative model that endeavours to select stocks that display a balance of good returns with an acceptable level of risk
- Companies that display top-line/sales and net profit growth across cycles and are estimated to sustain the growth momentum for the upcoming year
- Net Cash companies (zero net debt) i.e. growth funded by clients & internal accruals rather than debt
- Companies with lower drawdowns and potential to recover quick
- Companies that have shown strong fundamentals over a 10 year period and have potential to witness robust growth going forward as well

Rahul Rathi - Chairman

Rahul Rathi holds a Masters degree in Administration from Carnegie Mellon university, USA and has extensive research and implementation experience of over 15 years in India and overseas. He has led and groomed the Research team over the years and has actively shaped Purnartha's investment philosophy aimed at wealth creation.

Hemant Vispute - Managing Director

A Masters in Computer Science and an MBA, he has over 20 years of experience in strategic planning, consulting and operations in India and abroad. Hemant has spearheaded Purnartha's business growth, expansion of the branch footprint across India and widening of product offerings across domestic, NRI and Institutional clients.

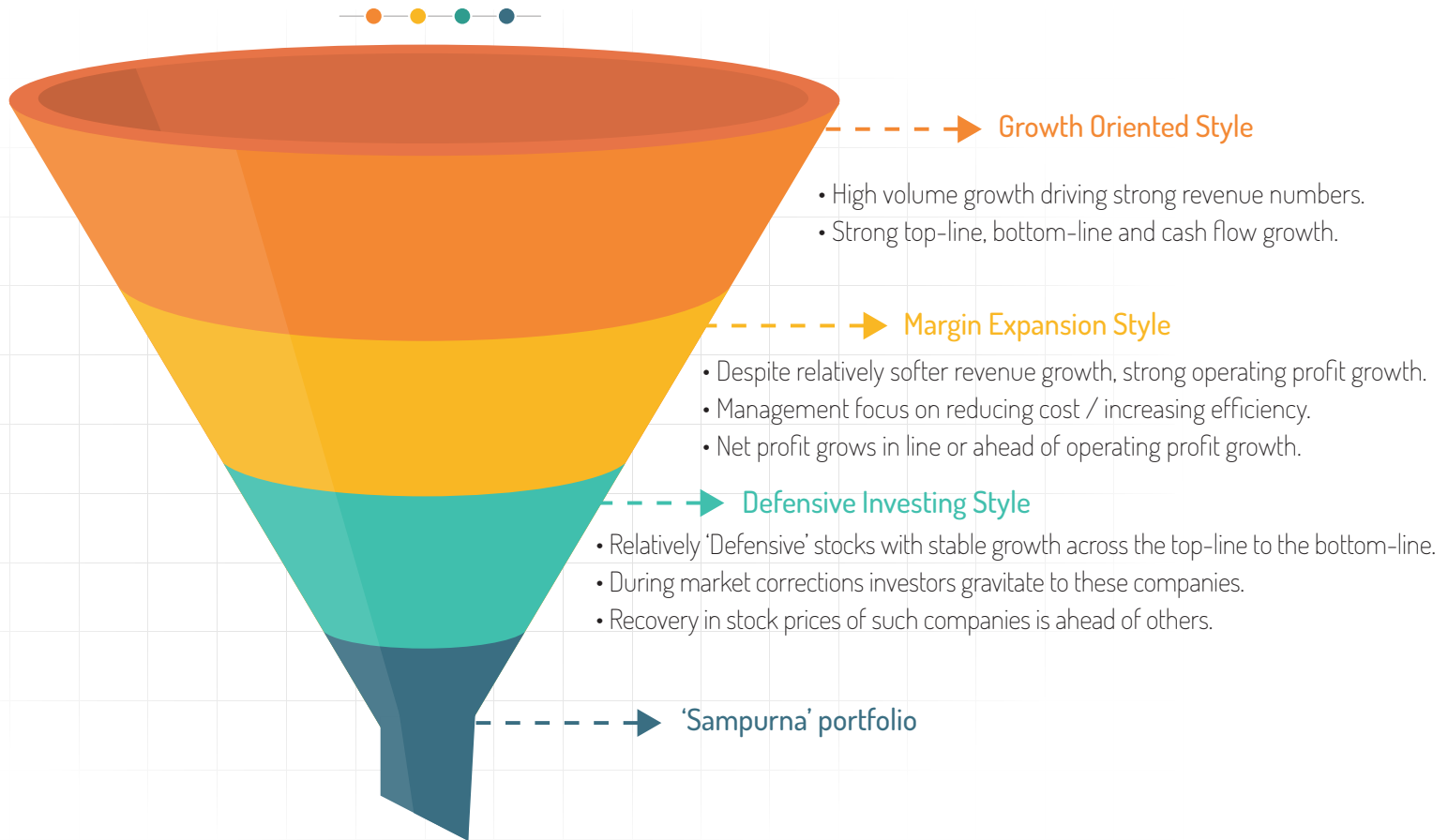
Prof Raghu Sundaram - Director

An IIM graduate with a PhD from Cornell University, Raghu Sundaram is Dean, New York University's Stern School of Business. He has worked with major Wall Street firms and possesses an incomparable background in derivatives and credit research. He is the author of two books and has been an extensive contributor to various publications.

Devendra Phadke - Principal Officer, Investment Advisory

Devendra Phadke is a Chartered Accountant with over 18 years of experience in Equity Research and analysis spanning markets in India and abroad. He has been instrumental in building the proprietary quantitative model for stock selection and has used his experience to test data with a view to select the most suitable stocks for the Purnartha Sampurna portfolio.

[PORTFOLIO DEVELOPED BY COMBINING THE BEST OF DIFFERENT INVESTING STYLES]



[THE 'SAMPURNA' RESEARCH PROCESS]

Endeavour to combine the best: Quantitative model and Fundamental research

Robust algorithm based proprietary quant model based on historical data

- Lower drawdown
- Faster recovery compared to the relevant benchmark index
- Robust stock performance/return
- Number of occasions that the stock has made new 52 week highs
- Number of days that the stock has closed above the previous day's closing price

Strong fundamental research capabilities

- TTM* revenue growth
- TTM Operating Profit growth
- TTM Net Profit growth
- TTM cash flow growth
- Net Cash Companies
- Showing signs of sustained forward looking growth in the next 12 months
- Are available at reasonable valuations

*trailing 12 months

Quantitative model + Fundamental research = 'SAMPURNA'

[THE RISK VS REWARD QUESTION]

'Sampurna' aims to mitigate RISK

How 'Sampurna' stocks aim at generating returns (alpha)

By selecting stocks :

- from a universe of 'net cash' companies
- that have shown an early recovery from drawdowns
- that have shown lower drawdowns during market lows, relative to the benchmark indices
- that are showing prospective revenue/operating profit/net profit growth in the upcoming 12 months

By picking stocks :

- that demonstrate returns growth over a 10 year period out performing the benchmark indices
- that show a TTM revenue growth
- that demonstrate TTM net profit growth
- that show robust TTM cash flow growth
- that showcase robust growth forecasts and are available at reasonable valuations

AIMING TO GET A GOOD BALANCE OF RISK AND REWARD

[DYNAMIC PORTFOLIO CONSTRUCT]

The instances shown below clearly indicate that the sectors do not always perform along the same lines as the benchmark indices like the Nifty 50 and Nifty Midcap 100 index. It is hence essential that the sectoral weightages are aligned at appropriate times to generate better returns within an acceptable level of risk.

We believe the proprietary quantitative model would be able to refine and manage the changes in the sectoral weightages on an ongoing basis to obtain a good balance between risk and reward within the portfolio.

Benchmark Indices	Period		Benchmark Index	Nifty Midcap 100	NIFTY 50
	From	To	CAGR	CAGR	CAGR
S&P BSE Fast Moving Consumer Goods index	1-Jan-09	30-Jun-17	20.54%	20.11%	14.74%
	1-Jul-17	30-Mar-20	-0.61%	-14.02%	-3.64%
S&P Consumer Durables Index	1-Jan-08	30-Sep-19	11.82%	4.84%	5.47%
	1-Oct-19	31-Mar-21	17.21%	29.81%	17.93%
NSE IT	1-Apr-09	30-Jun-16	24.13%	21.29%	14.93%
	1-Jul-16	31-Mar-20	3.74%	-4.33%	0.98%

[ILLUSTRATIVE STOCKS THAT FIT INTO THE INVESTMENT PHILOSOPHY MENTIONED ABOVE]

Illustrative Stock 1

	Mar-15	Mar-20	Mar-22
Revenue (Rs. cr.)	1,410	2,578	4,344
Operating Profit (Rs. cr.)	168	441	755
Profit after tax (Rs. cr.)	76	248	492

Source: NSE

- A strong player in the pipes, fittings and adhesives industries.
- Has shown a stable ROE of 18+% and margin expansion across the past 5 years.
- Increasing cash flow from operations.
- 5 year CAGR growth of 11%+ for revenue, 22%+ operating profit and 25%+PAT.
- Strong bounce back in business post Covid.

Illustrative Stock 2

	Mar-15	Mar-20	Mar-22
Revenue (Rs. cr.)	2,637	4,093	5,081
Operating Profit (Rs. cr.)	401	902	911
Profit after tax (Rs. cr.)	241	666	597
Operating profit margin	15.21%	22.04%	17.93%
Net profit margin	9.14%	16.27%	11.75%

Source: NSE

- A strong manufacturing company with a global presence, focussed on the chemical and pharmaceutical industries.
- Revenue CAGR of 8% with revenue split equally between India and overseas markets.
- The company has been able to expand margin from 15% in Mar 15 to 25% in Mar21.
- Strong balance sheet and cash flow leading to recovery of stock in 94 days post Covid compared to 158 days for the markets.
- Consistent return performer pre Covid and post Covid.

Illustrative Stock 3

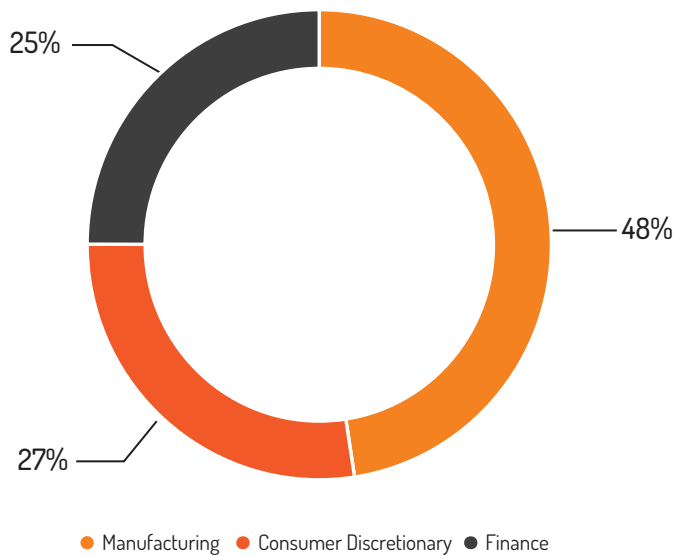
	Beta	Max drawdown	Recovery days	52 week high ^{***}
Stock 3 pre Covid*	0.65	31.00%	109	25
Nifty 50 pre Covid*	1.00	22.52%	257	20
Stock 3 post Covid**	0.7	36.69%	47	29
Nifty 50 post Covid**	1.00	38.44%	158	28

Source: NSE

- An export oriented player in the agro chemical sector.
- A stable ROE of 15+% , and steady operating and net profit margins and increasing cash flow from operations.
- 5 year CAGR growth of 17%+ in revenue, operating profit and PAT.
- *Pre-Covid from 1st Feb 2015 to 1st Feb 2020.
- **Including Covid from 1st April 2016 to 30th June 2021.
- ***Number of times the stock has touched a new 52 week high.

Sectoral allocation

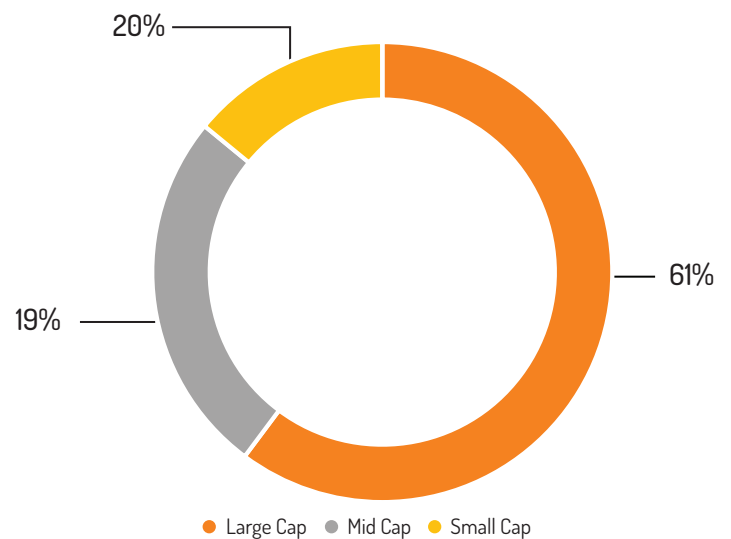
as on 31 January 2024



Disclaimer: Sector/Market cap allocation can vary as per the outlook of the Investment Adviser.

Market cap allocation

as on 31 January 2024



Source: Purnartha Research

PURNARTHA SAMPURNA

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For the complete list of office addresses and corresponding SEBI regional/local offices, please refer our website www.punartha.com

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