DSP ASSET MANAGERS

Firm & Strategy Overview

| People | Processes | Performance |

May 2023

This is a marketing communication. Please refer to the Prospectus and KIID for more information on general terms, risks, and fees.
Investors should only invest in the Fund once they have reviewed the Prospectus and KIID before making any final investment decisions.

The DSP Group – Long History

Successful time-tested legacy in the Indian financial markets

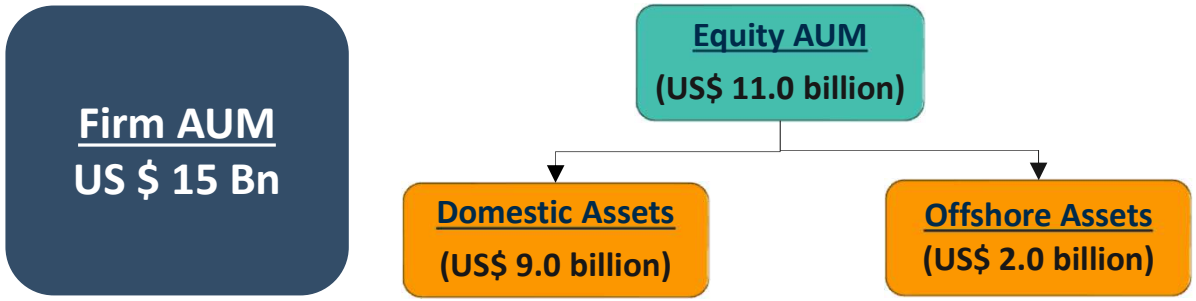
160+
Years of existence (DSP Group)
Among the oldest financial firms in India

Founders of BSE
The family behind DSP Group included a founding member of the Bombay Stock Exchange

Market Pioneers
Key figure in the professionalization of capital markets in India

25 years
In the Indian asset management industry

1. Core Business : Only Investment Management
2. Ownership that allows long term thinking : Family-owned and professionally-managed
3. Decades of good investment practices : from joint ventures with Merrill Lynch and BlackRock
4. Strong corporate access : DSP Group brought many of the top 300 companies in India to capital markets for the first time
5. Experienced Talent : 26-member Equity Investment team, having witnessed many market, economic & business cycles



5 Sovereign / Institutional mandates + 1 UCITS fund

Source: Internal, Data as on 28 April 2023; USDINR rate assumed 81.7829

DSP

Our Principles

1. Mindset: Long Term Alpha generation (~200-700) bps of alpha across strategies since inception
2. Investors First: Close funds when margin of safety is low / valuations are sky high
3. Investment Frameworks are sacred: Build transparency, clarity & alignment with Investors
4. Sustainability: Gradually building ESG frameworks in our portfolios; signatory to UNPRI
5. Minimize Risk approach: 10th Man concept via "Skeptical analyst" to minimize accidents due to accounting frauds/ bad governance
6. Owners Mindset: via Long Term employee stock ownership plan & hence long term investment decisions
7. Skin in the Game: The DSP Group family invests their wealth in DSP Funds. DSP employees too invest in DSP Funds.

Source: Internal, April 2023. Alpha is defined as the excess return over benchmark. Bps = Basis points. ESOP = Employee Stock ownership plan

Our Edge

#	Potential alpha sources	Taking advantage of	DSP's Primary Alpha Source?	Comments
1	**Research**	Non-consensus calls / early-movers	**Yes**	- Focus on RoE and Earnings Growth - Emphasize sustainable investing - Historical examples such as IPCA Labs, Symphony, SRF, Coromandel etc.
2	**Behaviour**	Inherent human biases	**Yes**	- Conviction through diversified yet focused portfolio - Long-term investment horizon - Low turnover
3	**News flow**	Information arbitrage	No	- We do not prioritize trading / short-term views
4	**Technical**	Liquidity squeezes, sudden fund flows etc.	No	- We do not prioritize technical charts analysis and subsequent trading

Source: Internal, April 2023; The sector(s)/stock(s)/issuer(s) mentioned in this note do not constitute any recommendation of the same and the Fund may or may not have any future position in these sector(s)/stock(s)/issuer. ROE = Return on Equity. **Past performance is not a reliable indicator of future results**

Equity Investment Team

Vinit Sambre (24)
Senior Vice President
Head - Equities

Rohit Singhania (23)
Senior Vice President
Co-Head – Equities

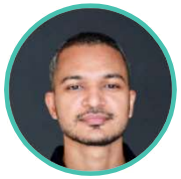
Portfolio Managers / Analysts / Sector Responsibilities

Investment Strategists

PMs

Atul Bhole (16)
SVP, PM

Gaurav Pant (18)*
SVP, PM



Abhishek Singh (15)
AVP, PM

Bhavin Gandhi (16)
AVP, PM

Jay Kothari (18)
SVP, Lead Investment Strategist & Global Head – International Business

PMs / Analysts

Suryanarayanan Manian, CFA (14)
VP, Long Short, Pre-IPO

Resham Jain, CFA (17)
VP, Small & Mid Caps, Agri inputs, Textiles, Chemicals, Retail

Chirag Dagli (20)
VP, Healthcare

Souvik Saha (5)
Manager,
Investment Strategist

Analysts

Charanjit Singh (15)
AVP, Capital Goods, Infra, Power Utilities, Consumer Durables

Dhaval Gada (13)
VP, Banking and Financial Services

Abhishek Ghosh (15)
AVP, Small & Mid Caps, Transportation

Kaushal Maroo (15)
AVP, Autos, Ancillaries, Cement

Tanuj Kyal (4)
Manager, BFSI for Long/ Short

Nilesh Aiya (12)
AVP, Forensic Research

Plays the role of a SKEPTICAL ANALYST – a first of its kind role in the domestic Indian asset management industry

Prateek Mandhana (6)
Senior Manager,
Long/short

Venkat Samala (4)
Manager,
for Long/ Short

Chaitra Nayak (7)
Senior Manager
ESG Analyst

Aniket Pande (9)
AVP, IT and FMCG

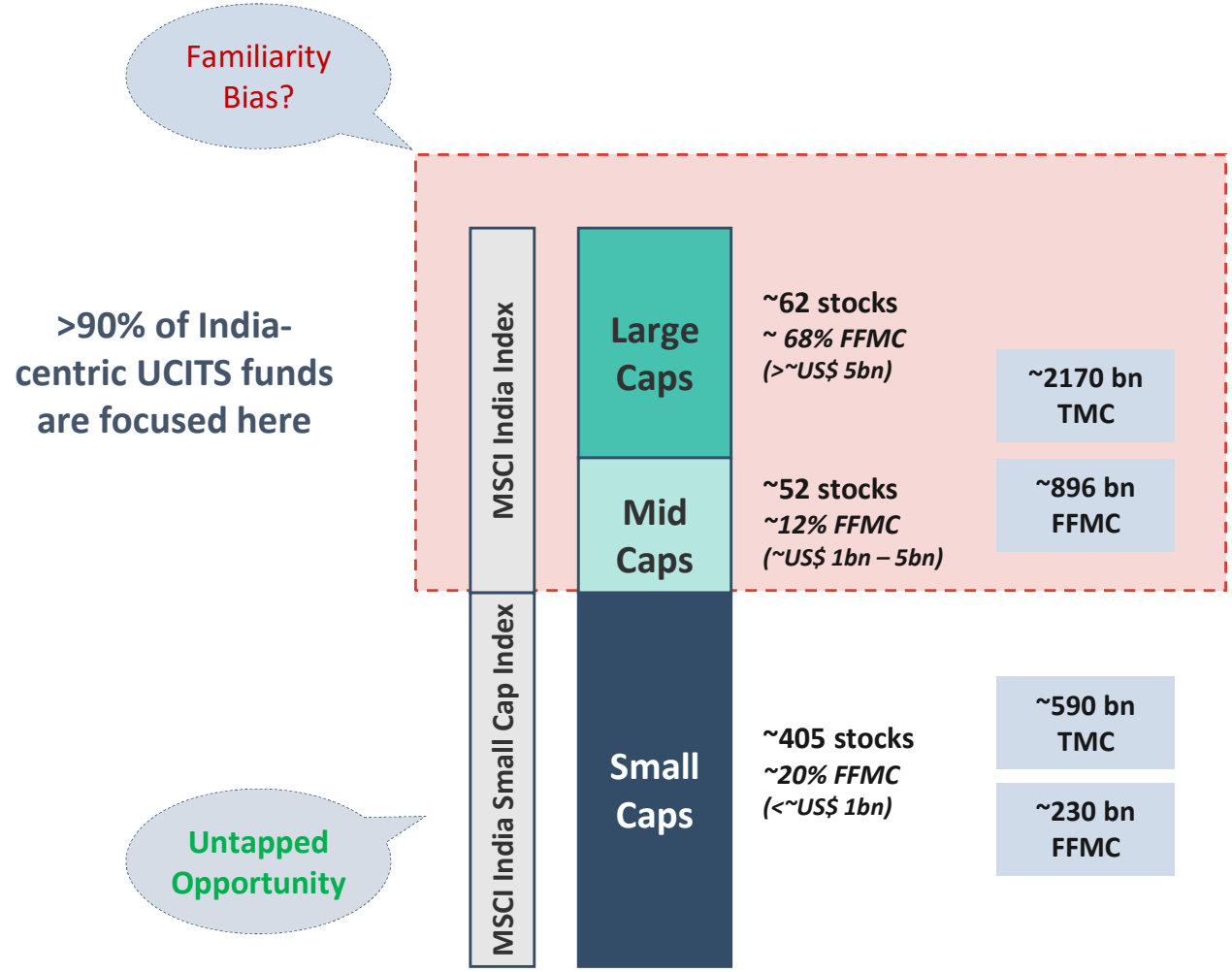
Source: DSP, as on May 2023. Years in brackets ( ) is years of experience. *Gaurav is the Portfolio Manager dedicated for the India long/short hedge fund.

DSP

SVP – Senior Vice President | VP – Vice President | AVP – Assistant Vice President

The Opportunity

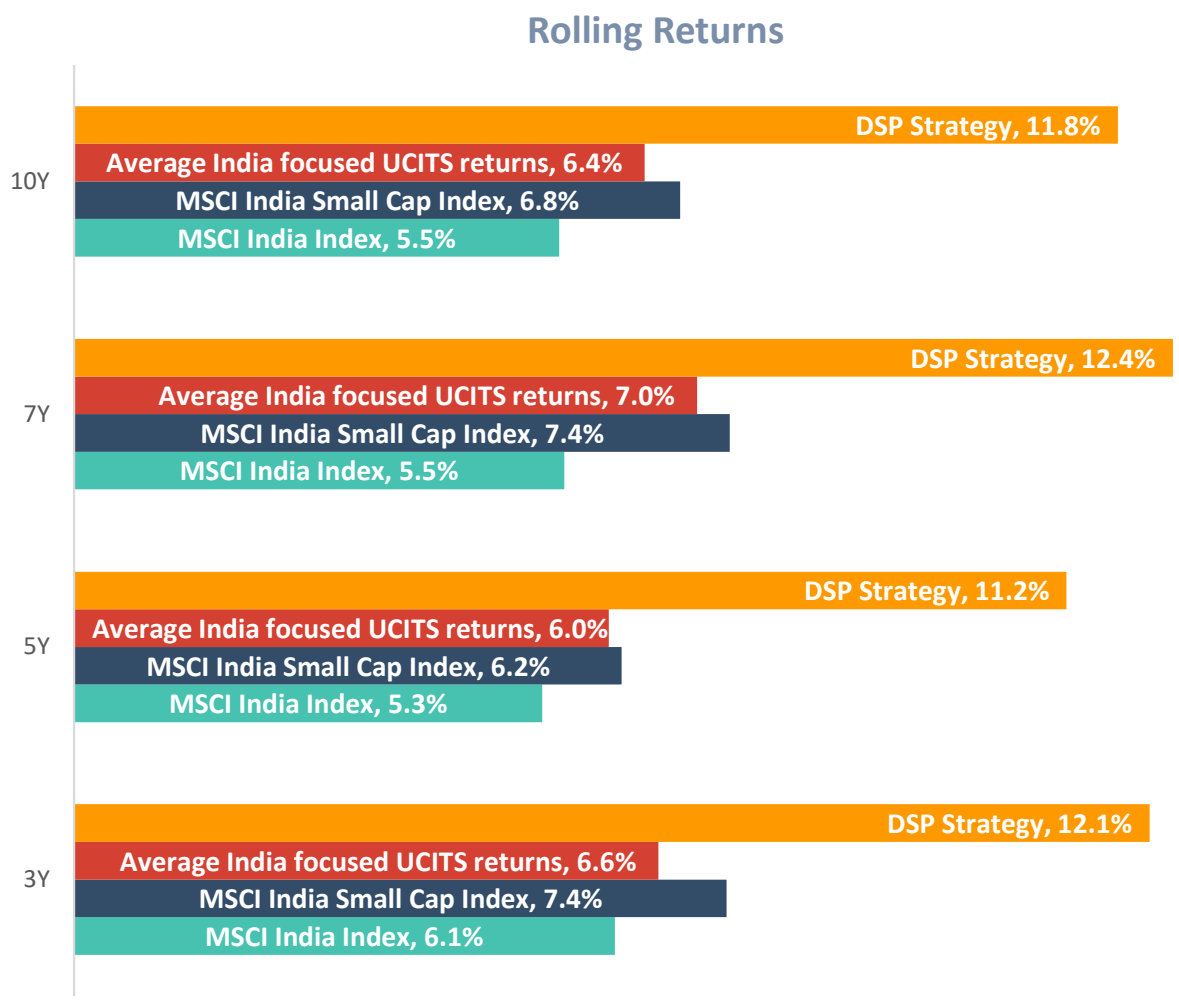
Where to invest in India? The Equity Investment Landscape

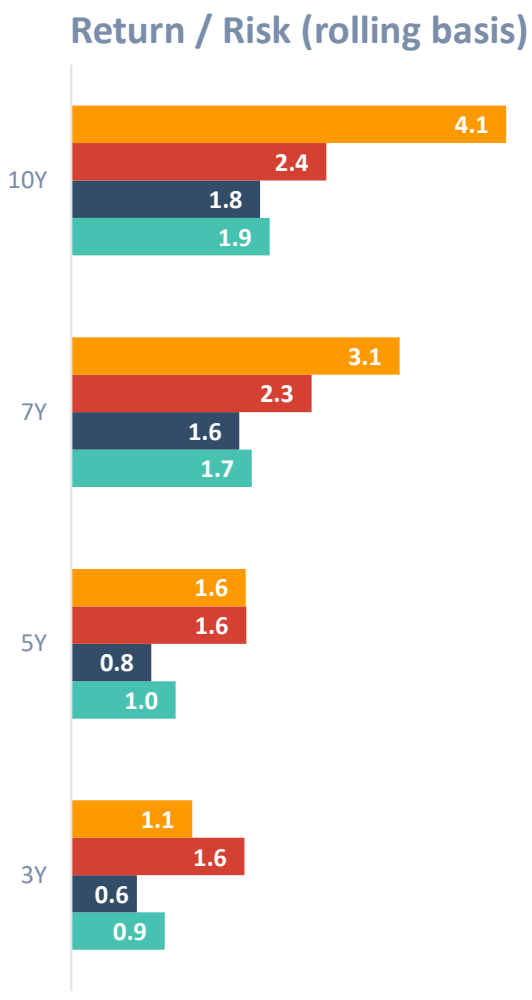


There is a significant investable market beyond the large and mid caps

Source: MSCI. Market cap data as on 28 Apr 2023. TMC = Total Market Cap, FFMC = Free Float Market-Cap. Indices are unmanaged and used for illustrative purposes only and are not intended to be indicative of any fund's performance. It is not possible to invest directly in an index**. Past performance is not a reliable indicator of future results.** All figures are in USD.

How Small caps performed? Active management generated superior return/risk





Our actively managed small and midcap oriented strategy has generated superior return/risk

Source: Bloomberg; Note: Returns data from Nov 2006 to , Apr 2023. Indices are unmanaged and used for illustrative purposes only and are not intended to be indicative of any fund's performance. It is not possible to invest directly in an index. **Past performance is not a reliable indicator of future results**. All figures are in USD. The DSP Strategy has been implemented since 14 Nov 2006 through certain products managed by DSP Investment Managers Pvt. Ltd., which are not available for investment in any jurisdiction except for India.

DSP

Alpha elements? low ownership, sparse research and high diversification

1 Large & Mid Cap Alpha waning; Small Cap presents alpha opportunities

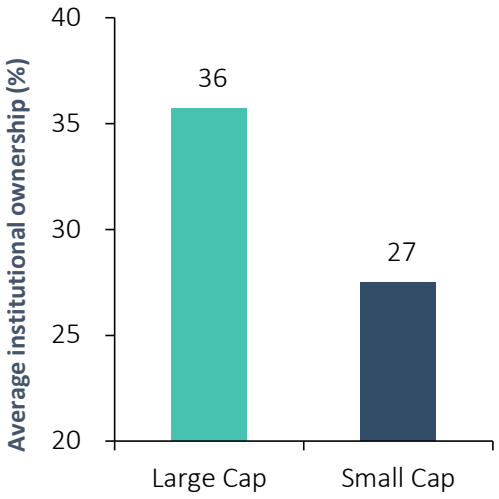
3.7%

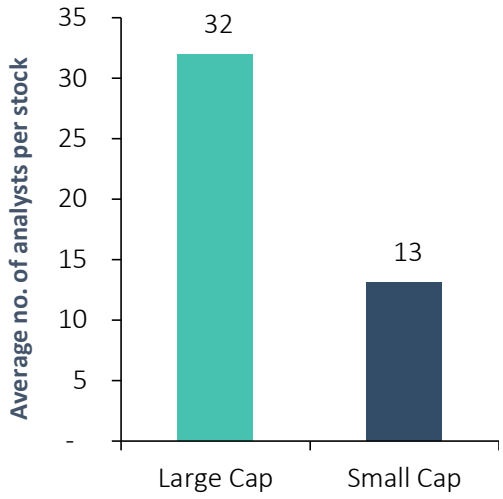
alpha

CAGR since inception

of the DSP Strategy over the MSCI Small Cap Index

2 Small-Cap stocks tend to be under-owned and under-researched





3 MSCI India Small Cap is more diversified, offering variety in stock picks

Diversification	MSCI India Index	MSCI India Small Cap Index
GICS Industry	41	51
No. of stocks	101	260
Top 10 concentration	46.7%	13.2%

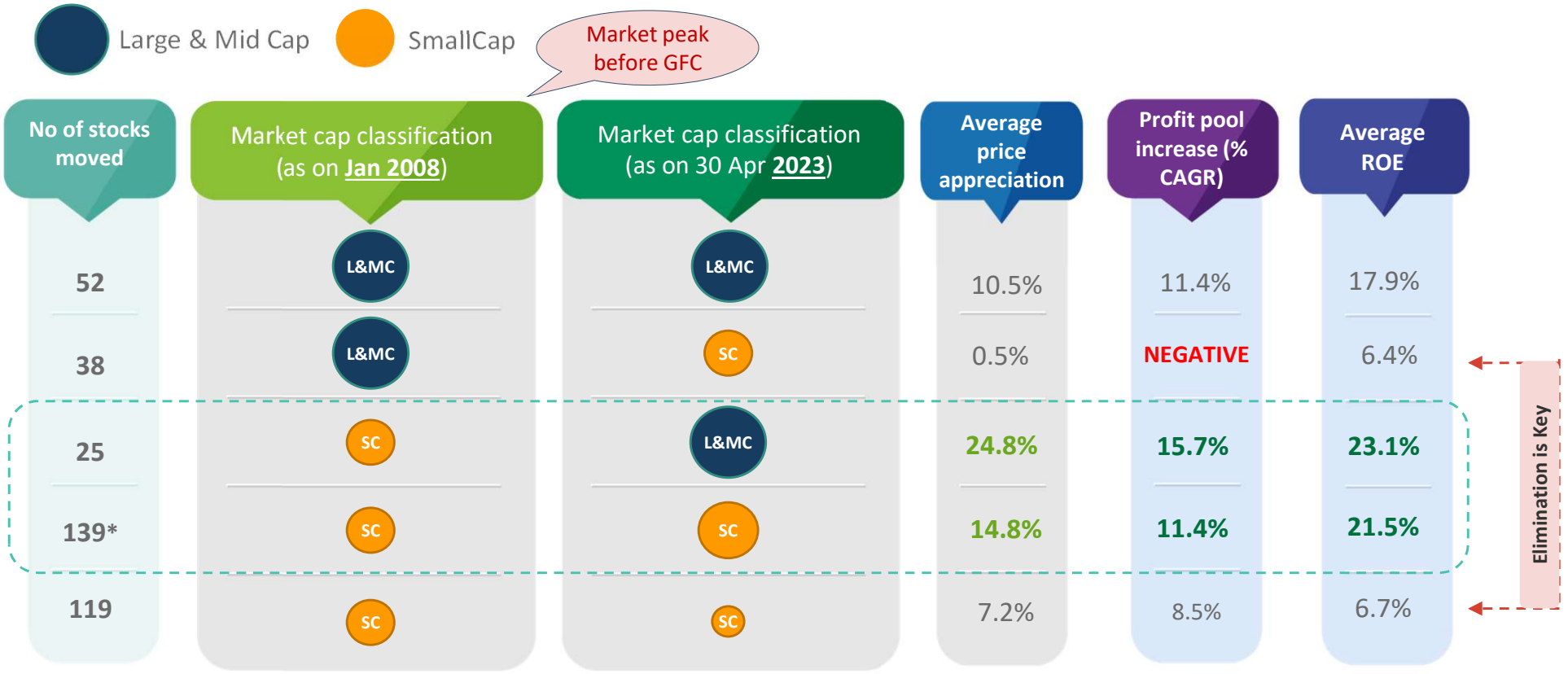
4 Lower correlation of MSCI India Small Cap vs MSCI India

Correlation Matrix	MSCI AC World Index	MSCI EM Index
MSCI India Index	50%	67%
MSCI India Small Cap Index	43%	59%
DSP Strategy	**34%**	**43%**

Source: Bloomberg, ACE Equity, Internal. Note: Large cap is represented by MSCI India Index and Small Cap is represented by MSCI Small Cap Index. Data as on Aug 2022. For Panel 2 - Institutional holding is as per latest available qtly data (Mar'21/Jun'21) and Analyst coverage is as of 11th July'21; For Panel 3 - holdings data is as of 11th July'21. Correlation data since inception of the fund. Indices are unmanaged and used for illustrative purposes only and are not intended to be indicative of any fund's performance. It is not possible to invest directly in an index. **Past performance is not a reliable indicator of future results.** The DSP Strategy has been implemented since 14 Nov 2006 through certain products managed by DSP Investment Managers Pvt. Ltd., which are not available for investment in any jurisdiction except for India. CAGR = Compounded annual growth rate. Alpha is defined as the excess return over benchmark.

Which companies generate wealth? High ROE and Earnings growth companies

- We analysed data from Indian Large cap, Mid cap and Small cap companies over the past decade to understand their return potential
- Historically in the Indian markets, a combination of healthy ROE and high earnings growth has resulted in superior price performance



There is a sizable pool of high-quality companies that have the potential to provide superior returns

Source: Elara Capital, [MOSL Wealth Creation Studies in India]; * companies with an average 10Y RoE > = 16%, used so as to categorize companies within Small Caps; Constituents of Nifty 500 Index as on 30 Apr 2023 are back tested from the peak of 2008. All returns in INR terms. To understand the table better, we take an example of the third row. We considered all the stocks in the Nifty 500 index, and classified them as Small Cap, Mid Cap and Large Cap based on MSCI definition – please see Appendix. Over the period Jan 2008 market peak to November 2021, we found that 26 companies grew from being Small Caps to Large & Mid Caps, with an average price appreciation of 24.8%, Profit pool increase of 15.7% and an average RoE of 23.1%. **Past performance is not a reliable indicator of future results**

Investment Philosophy

Portfolio Manager: Vinit Sambre

Vinit Sambre heads the equity team at DSP and has been with the firm since 2005.

"Patience, embracing volatility and owning capital efficient businesses run by capable managers for long periods of time is my source of wealth creation"

Experience

- 24 years of investment experience across 4 major market cycles
- In-depth knowledge of Indian equities, specifically in the small and mid-cap space
- Successfully delivered on a variety of mandates including concentrated thematic portfolios

Style

- Buy & Hold
- Low Turnover
- Demonstrated capability to identify and back high quality managements / promoters through cycles

Recognition

- Recipient of several awards during his tenure

Source: Internal, as of April 2022

DSP

Investment Idea Generation

UNIVERSE OF IDEAS

Sources of ideas are many:

- Interactions with 550+ companies a year (including companies outside our coverage)
- 15+ conferences a year
- Industry experts, supply chain checks
- Sell-side interactions
- Any other source (journals, magazines etc.)

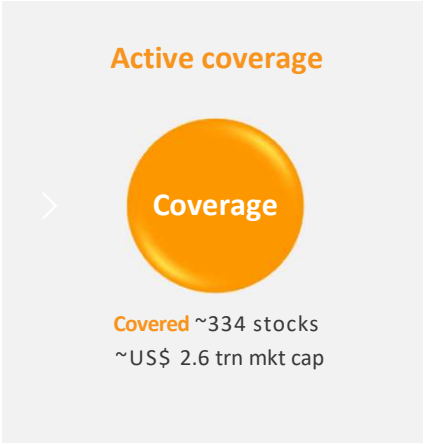
INTERNAL COMMUNICATION

- Daily morning calls
- Weekly all-day team meeting every Wednesday
- Internal screens

Source: Internal, as of April 2023

Investment Philosophy – Focus is sustainable long term wealth creation

- Fundamental bottom-up analysis, preferring companies exhibiting:
  a) Scalability of business
  b) Identifiable and sustainable moats
  c) Consistent high Return on Equity over the cost of capital
  d) Incremental capital allocation in equivalent or better ROE businesses
  e) Stakeholder awareness and responsible governance



- Long-term investment horizon, turnover ratio ~25% (weight management through cycles).
- Sell Discipline - Profitable positions where valuations rise to unjustifiable levels, or positions where investment thesis not unfolding as envisioned.

What we are wary of

- Capital misallocation
- Poor Governance
- Long-term business disruption
- Adverse regulatory changes

Our edge: Temperament, Research capability and eliminating behavioral biases

Source: Internal, as of April 2023

DSP

Pillars of stock selection

Business

Simple & predictable
Jubilant Foods – Leading QSR player
Ramco Cement – Most profitable south based cement player.
Supreme Industries – Largest polymer processor

Large & high growth potential sectors
Financials, Consumer, Agriculture

Competitive advantage
Supreme Industries – Diversified plastic manufacturer, scale advantage, large geographical distribution and higher value added products.
IPCA - Lowest cost manufacturing
Ramco Cement – Lowest cost and most efficient cement producer
Voltas – Brand & Distribution

Positive Cash Flows & High ROE
5 Year avg ROE of some of our investee companies
Supreme Industries (~24%, till FY21)
Jubilant Foods(~20%, till FY21)

Businesses at the cusp of a turnaround
Identified companies like Atul Ltd and SRF Ltd early in their cycle which showed:
Consistent profit growth
Massive turnaround in ROE
P/E re rating

Management

Credible & Capable managements
SRF which moved from being a small cap to a mega cap in the last 7 years.
Profit Growth – 33%
Price Appreciation – 46%
Average ROE – 16%

Passion & Ownership of promoters
Basic check for all portfolio companies

Past track record
Basic check for all portfolio companies

Prudent capital allocation
Coromandel International - Superior capital allocation strategy

Valuation

Valuation to be looked at in conjunction with strength of business and quality of management

- Bought Symphony at 14 P/E in Dec 2012.
- Company showed earnings growth of over 35% from Q1 FY 14 to Q3 FY 15
- Held the stock as valuations rose from 14x to 90x
- Trimmed position in 2015 as valuations and growth were not in conjunction and fundamentals were marginally declining

Source: Internal, Jarvis, April 2023; The sector(s)/stock(s)/issuer(s)mentioned herein does not constitute any research report/recommendation and our strategy may or may not have any future position in these sector(s)/stock(s)/issuer(s).

Investment Framework

P/E based on ROE

Tax Rate > 20%
Payout Ratio > 15%

3 Yr. Avg. ROE >16%

5 Yr. Avg. EBITDA Growth > 13%

5 Yr. Avg. PAT Growth >13%

Margin Increase: EBITDA Growth > Sales Growth

Earnings per share (EPS) Growth variation <100%

Net Debt/EBITDA < 3x

Positive free cash flow yield

Receivables, Inventory & Payable days variation < 30 days

~75% of our portfolio meets these criteria.

The balance ~25% includes companies that we believe are on the cusp of turnarounds and may not satisfy one or more of these criteria today

Quantifying metrics to evaluate the 3 pillars

Source: Internal. The DSP Strategy has been implemented since 14 Nov 2006 through certain products managed by DSP Investment Managers Pvt. Ltd., which are not available for investment in any jurisdiction except for India. The data mentioned in this presentation do not constitute any research report/recommendation of the same and the metrics being followed by the DSP Strategy may change in future, Internal, Nov 2021. EBITDA = Earnings before interest ,taxes, depreciation. ROE = Return on Equity

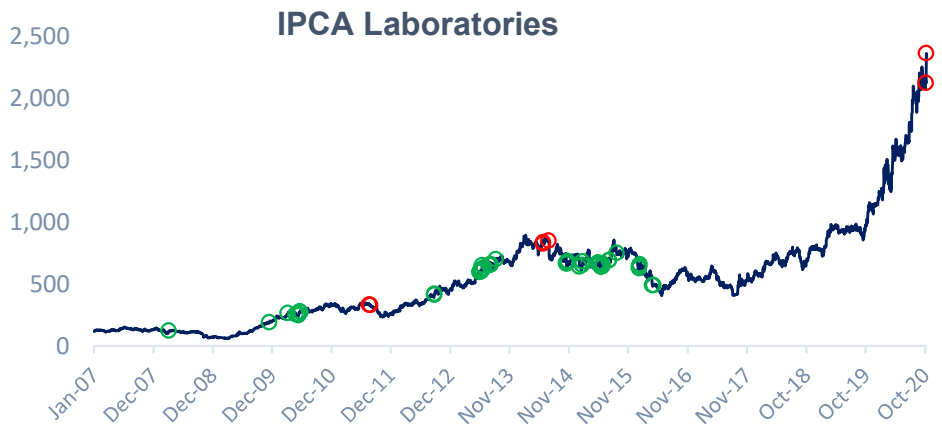
Learnings through time

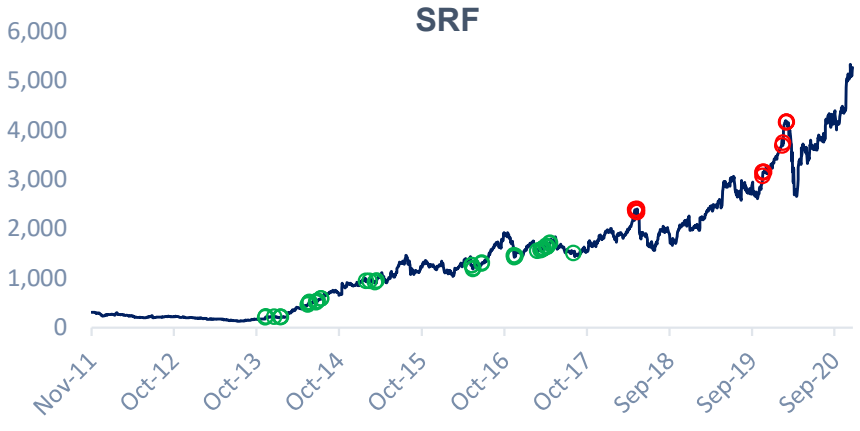
1. Deep analysis of historical business cycles (over 10-15 years), not merely management's future guidance- ***Atul Ltd***
2. Bottom up company research is more useful than predicting macro. ***Cholamandalam Finance***
3. Temperament – Ignoring noise and not reacting to every news
4. Contra-cyclical plays – use temporary disruption / downcycles to buy good companies. ***Infosys / Eicher***
5. Significant dispersion within each sectors, active stock picking is important. Eliminating losers is the key. ***Bajaj Finance / IB***
6. Don't forget learnings from past mistakes, general tendency is to forget them in a bull market. ***Stopped fresh inflows into flagship small cap fund in the interest of investors***
7. We are working with long term mindset and seek investor with long term capital of over 5 yrs. ***Buy & Hold philosophy***

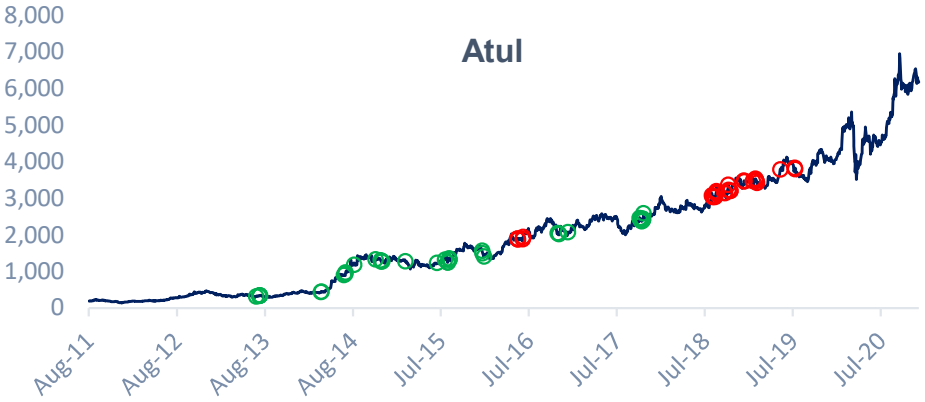
Source: Internal, as of April 2023. The sector(s)/stock(s)/issuer(s)mentioned herein does not constitute any research report/recommendation and our strategy may or may not have any future position in these sector(s)/stock(s)/issuer(s).

Patience

- Simple scalable business
- Large opportunity
- Strong Cash flow, ROCE
- Avoiding noise and not processing each & every information







Source: Internal, The above chart indicates the price point at which we transacted the stock. Green suggests purchase and red suggest sell. The sector(s)/stock(s)/issuer(s) mentioned in this presentation do not constitute any research report/recommendation of the same and the Representative Portfolio may or may not have any future position in these sector(s)/stock(s)/issuer(s). **Past performance is not a reliable indicator of future results.**

Patience – Temporary disruption is an opportunity

- Use temporary disruption to double down
- Not easy when the stock goes through correction
- Deep understanding of business cycle, fundamentals and management attributes gives us the confidence
- Low impact cost during such period

Supreme Industries

Gujarat Gas

Dhanuka Agritech

The above chart indicates the price point at which we transacted the stock. Green suggests purchase and red suggest sell.

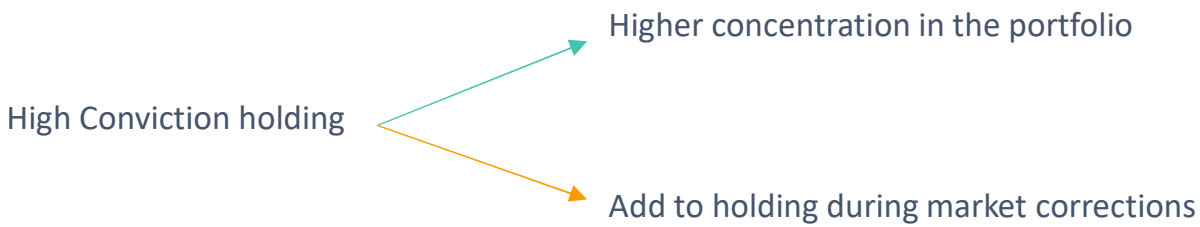
Source: Internal, The sector(s)/stock(s)/issuer(s) mentioned in this presentation do not constitute any research report/recommendation of the same and the Representative Portfolio may or may not have any future position in these sector(s)/stock(s)/issuer(s). Source: Internal, Bloomberg

Buy & Hold philosophy

- Align holding periods of investee companies with their entire business cycles
- Portfolio sizing depends upon our assessment of how the company ranks on our philosophy.

TOP 5 GAINERS- LAST 5 YEARS *	RETURN MULTIPLIER	TOP 5 GAINERS*	RETURN MULTIPLIER	HOLDING PERIOD (YEARS)	PERIOD HELD
SRF Limited	7.21x	SRF Limited	117.64x	14.91 Years	Mar'07 to Jan'22
Atul Limited	4.30x	Eicher Motors Limited	41.58x	5.1 Years	Mar'09 to Mar'14
IPCA Laboratories	3.94x	Bajaj Finance Limited	16.89x	5.6 Years	Sep'08 to Mar'14
Coromandel International	2.71x	Bayer Cropscience	10.68x	11.5 Years	Sep'08 to Feb'20
Supreme Industries	2.37x	GRUH Finance Limited	8.40x	4.8 Years	Mar'08 to Dec'12

Representative Indian mid cap equities portfolio data. Source: FactSet. The sector(s)/stock(s)/issuer(s) mentioned in this document do not constitute any recommendation of the same. The representative portfolio may or may not have any future position in these sector(s)/stock(s)/issuer(s).



Strong business + quality management = ignore noise, hold, add opportunistically

Source: Internal, as of April 2023. The sector(s)/stock(s)/issuer(s)mentioned herein does not constitute any research report/recommendation and our strategy may or may not have any future position in these sector(s)/stock(s)/issuer(s).

Sell Discipline

Profitable positions where valuations rise to unjustifiable levels

Trim / book profits

Symphony – In 2015, when the valuation scaled to unprecedented levels and concerns around growth arose due to early monsoons, we trimmed our position marginally to reflect the growth concerns

Positions where investment thesis not unfolding as envisioned

Cut losses / Sell

Significant deterioration in fundamentals
Corporate governance issues
Fraud or misrepresentation of facts

Navkar Corp – Adverse regulatory changes coincided with high-capacity addition which hurt the return ratios.

TOP 4 LOSERS *	PRICE DECLINE	HOLDING PERIOD (YEARS)	PERIOD HELD	AVG WGT DURING HOLDING PERIOD	Learnings
Pennar Engineered Building Systems	-79%	3.2	Sep'15 to Dec'18	0.7%	Capex heavy businesses require clear visibility of growth
Titagarh Wagons Ltd	-77%	2.3	Mar'11 to Jul'13	1.2%	Capex heavy businesses require clear visibility of growth
Navkar Corp Ltd	-72%	2.6	Mar'16 to Dec'18	0.7%	Be watchful about adverse regulatory changes and capital misallocation
Indo Count Industries	-66%	2.2	Oct'16 to Dec'18	0.8%	Fortified our core beliefs of not purely relying on management guidance

* Representative Indian mid cap equities portfolio data

Source: FactSet. The sector(s)/stock(s)/issuer(s) mentioned in this document do not constitute any recommendation of the same. The representative portfolio may or may not have any future position in these sector(s)/stock(s)/issuer(s).

Mistakes - a source of learning.

DSP

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Strategy Characteristics, Performance and Risks

Differentiated from the typical Indian benchmark (MSCI India)

Not our portfolio!

Stocks	Total Market Cap in USD bn	Weight in MSCI India Index
Reliance Industries	200.4	10.16%
HDFC	62.3	6.61%
ICICI Bank	78.4	6.53%
Infosys	63.6	5.81%
TCS	144.1	4.06%
HUL	70.6	2.79%
Axis Bank	32.4	2.70%
Bharti Airtel	56.5	2.45%
BAJAJ FINANCE LTD	46.5	2.36%
Larsen & Toubro	40.7	2.25%

MSCI India Index (top 10)	10Y Avg ROE	10Y PAT CAGR
	16.4	12.4%

This is our portfolio!

Stocks	Total Market Cap in USD bn	Weight in DSP Strategy Portfolio
Phoenix Mills	3.2	3.93%
Alkem Laboratories	5.1	3.89%
Supreme Industries	4.2	3.53%
Atul Limited	2.5	3.40%
Coromandel International	3.4	3.31%
Polycab	5.9	3.26%
Federal Bank	3.5	3.19%
Bharat Forge	4.6	3.17%
Cyient	1.6	3.03%
IPCA Laboratories	2.2	2.80%

DSP Strategy (top 10)	10Y Avg ROE	10Y PAT CAGR
	16.3	13.8%

Source: MSCI, Elara Resarch. Total Market-Cap, data as of 30 Apr 2023. Indices are unmanaged and used for illustrative purposes only and are not intended to be indicative of any fund's performance. It is not possible to invest directly in an index. **Past performance is not a reliable indicator of future results**. The DSP Strategy has been implemented since 14 Nov 2006 through certain products managed by DSP Investment Managers Pvt. Ltd., which are not available for investment in any jurisdiction except for India. * Trailing ROE and EPS have been provided. For MSCI India Index, excludes ROE for Hindustan Unilever ROE of 95.8% which is an outlier value. Also, top 10 weights have been rebalanced to 100 for the purposes of the portfolio ROE and EPS calculations.

DSP

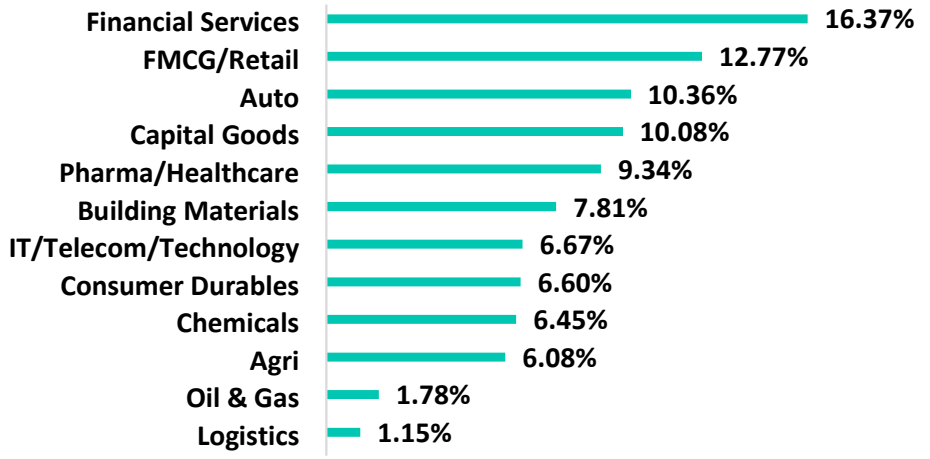
DSP Strategy Characteristics

Number of Stocks	51
Cap-wise split *(DSP Strategy)*	Small Cap – 65.38%, Mid Cap – 23.48%, Large Cap – 5.93%, Cash – 5.21%
Portfolio Turnover (last 12m) *(DSP Strategy)*	22%
Strategy AUM	~US$ 1,650mn.
Weighted Average Market Cap	~USD 5bn.
Active Share	~93% vs. MSCI India index, ~81% vs Benchmark

Metrics (US$)	5 Years	Since Inception
Return(CAGR)		
Fund	3.77%	9.93%
Benchmark (MSCI India SmallCap)	4.03%	6.49%
Volatility %		
Fund	22.46%	29.32%
Benchmark (MSCI India SmallCap)	27.23%	34.11%
Risk Free Rate (3m US Libor)	1.74%	1.39%
Sharpe Ratio		
Fund	0.09	0.29
Benchmark (MSCI India SmallCap)	0.08	0.15
Beta	0.78	0.83
Tracking Error	7.96%	8.51%

Portfolio Metrics*	FY23	FY24E	FY25E
EPS Growth (%)	7%	25.1%	19.7%
P/BV	5.7	4.9	4.2
ROE	16%	17%	18%
PE	34.1	27.60	22.89

Sector Exposures



Source: Internal, all returns are net of fees, as of April 2023; Indices are unmanaged and used for illustrative purposes only and are not intended to be indicative of any fund's performance. It is not possible to invest directly in an index**. Past performance does not predict future returns.** The DSP Strategy has been implemented since 14 Nov 2006 through certain products managed by DSP Investment Managers Pvt. Ltd., which are not available for investment in any jurisdiction except for India. Market-cap split based on MSCI classifications. *The portfolio metrics displayed are estimates of the anticipated development of the portfolio holdings when measured against certain metrics. Some computations may also have extreme values removed from the calculations. These estimates are not intended to be an estimate or representation of future performance of the fund. AUM = Asset Under Management

DSP Strategy – Valuation

No. of Companies	Particulars	Weights (%)	P/E - FY25E	P/BV - FY25E	ROE-FY25E	Growth-FY25E
14	Less than 15x P/E	25%	10.6	1.7	16.3%	13.2%
21	Between 15x and 25x P/E	43%	19.6	3.6	18.1%	22.0%
16	Above 25x P/E	27%	37.5	7.1	18.7%	20.2%
Aggregate			**22.4**	**4.1**	**17.8%**	**19.2%**

Source: Bloomberg, April 2023

Source: Internal. P/E –Price Earnings Ratio, P/BV – Price Book Value Ratio. ROE – Return on Equity. **Past performance may or may not sustain in future.**

Large Part of Portfolio consist of category leaders

These companies are category leaders in the respective segments / sub-segments.

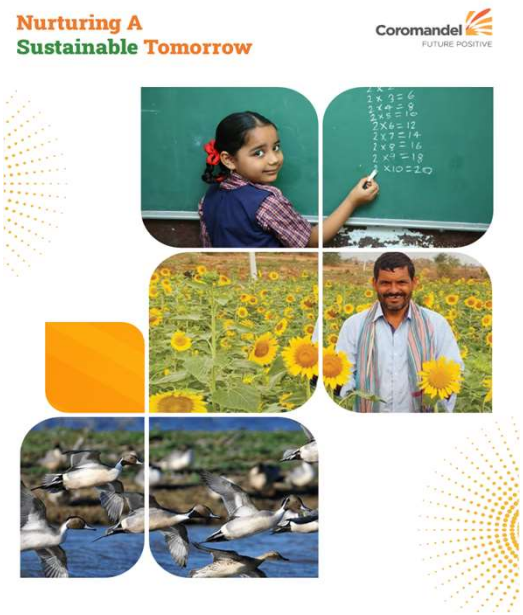
Company	Segment / Sub-segment
Atul	Largest in several speciality chemicals
Chola investment	Largest CV financier
Supreme Industries	Largest plastic pipes player
Chambal Fertilizers	Largest private sector Urea player
Bata	Largest Footwear company
Crompton Consumer	Market leader in electrical consumer
Sheela Foam	Largest Mattress & Foam manufacturer
Coromandel International	Largest Phosphatic player
Phoenix mills	Largest mall operator
Tata Chemicals	Largest Soda Ash & Salt manufacturer
Jubilant Foods	Largest QSR Player
SRF	Largest Refrigerant Gases, Specialty Chemicals, Nylon cord and Poly Films player
Kajaria	Largest Tiles manufacturer
Polycab	Largest cable player
Container Corporation	Largest container rail operator

Some of these sectors are available only in Small / Mid Market Capitalization

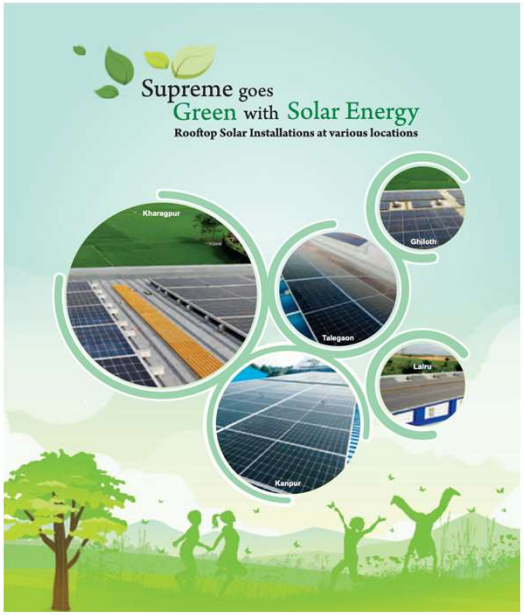
The sector(s)/stock(s)/issuer(s)mentioned herein does not constitute any research report/recommendation and our strategy may or may not have any future position in these sector(s)/stock(s)/issuer(s).

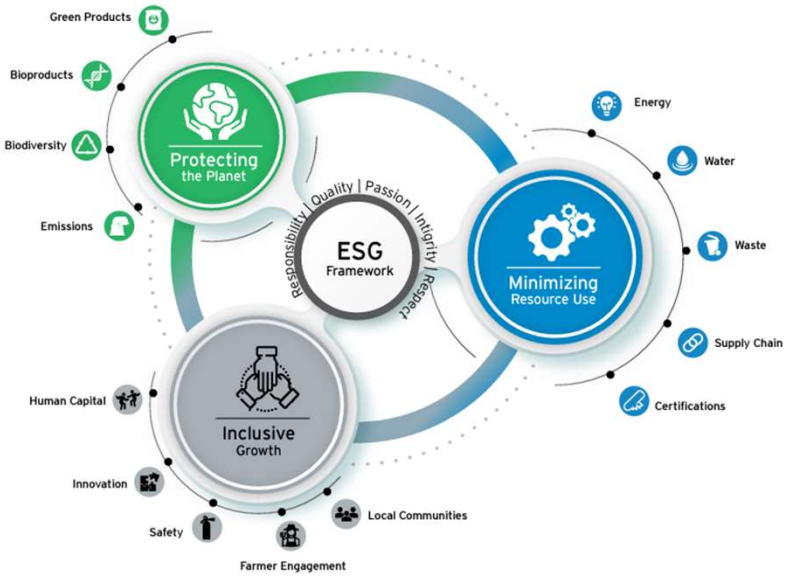
“Sustainability” emerges as a common word across annual reports in India

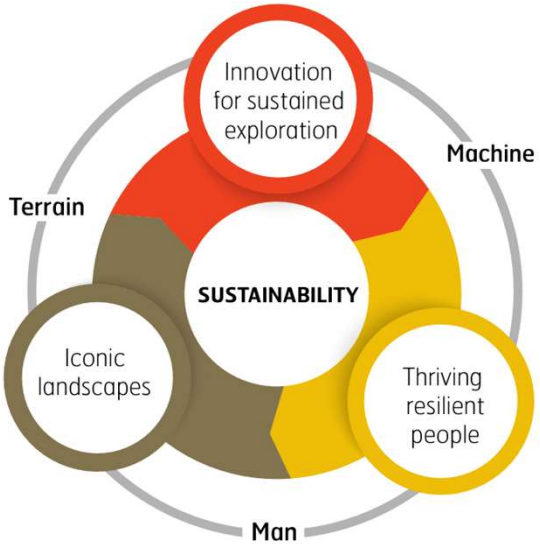
Coromandel



Supreme Industries

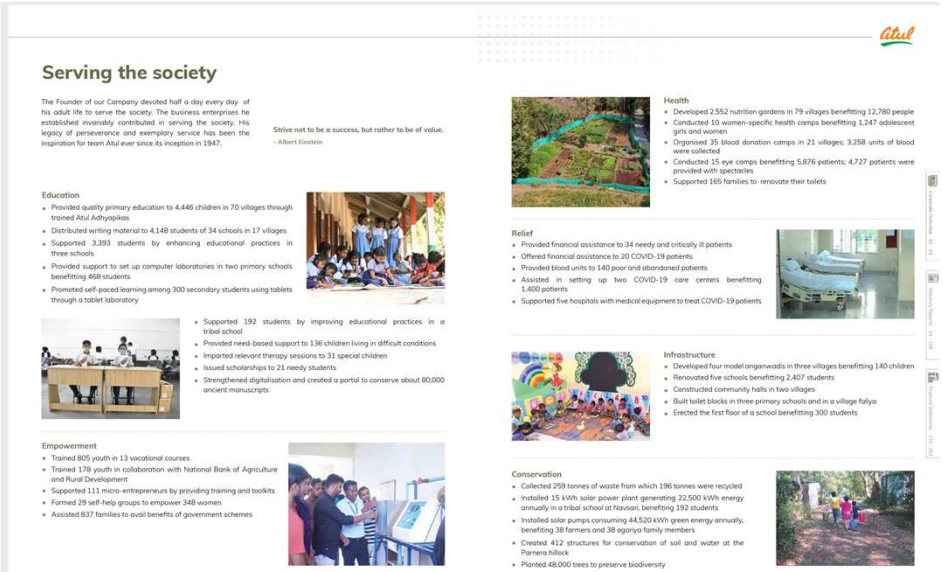






Eicher Motors

Atul Ltd.



Possible risks of investing in small cap companies

Investing into small cap and mid cap companies could come with a variety of risks such as, but not limited to

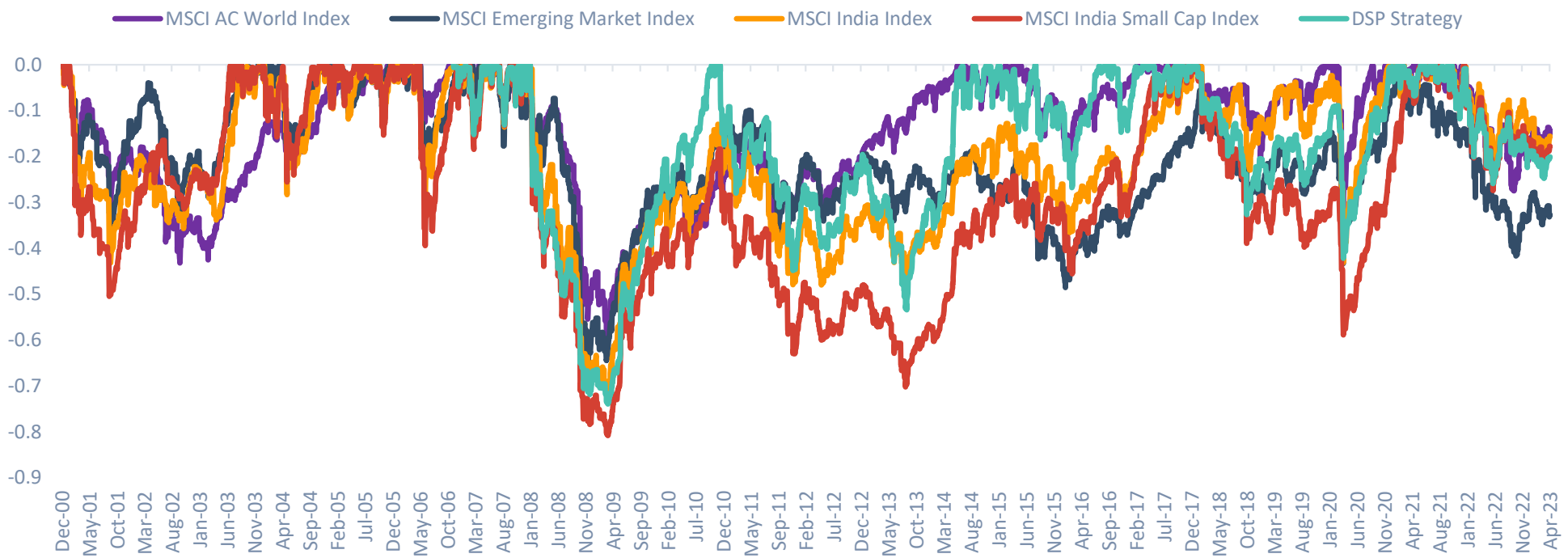
- Business model might not scale
- Corporate governance concerns
- Volatility in returns
- Insufficient data on businesses
- Liquidity risk
- Key-man (promoter) risk
- Unproven business models

Additional country risks for international investors may also apply such as political risk, currency risk, macro risk, regulatory risk, sovereign risk, economic risk to name a few.

Source: Internal

Maximum drawdowns

A drawdowns analysis suggests that an actively managed India small cap funds is not different from the large & mid cap index…



Maximum Drawdown	MSCI AC World Index	MSCI Emerging Market Index	MSCI India	MSCI India Small Cap	DSP Strategy*
Since 2000	60%	66%	73%	81%	74%

*Source: Bloomberg, Data from Dec 2000 to Apr 2023. *Data from DSP Strategy from Nov 2006. All figures in USD*

Performance track record

USD CAGR Performance as on 28 Apr 2023. Compared with all UCITS funds focused on India.	YTD 30-Dec-22	1-Year 29-Apr-22	3-Year 30-Apr-20	5-Year 30-Apr-18	8-Year 30-Apr-15	10-Year 30-Apr-13	Since Inception 14-Nov-06
DSP INDIA EQUITY/MIDCAP STRATEGY*	0.75%	(4.75%)	16.20%	3.74%	8.54%	12.24%	9.72%
Ranking	***11***	***18***	***19***	***17***	***3***	***1***	***2***
No of funds	*40*	*40*	*40*	*39*	*36*	*33*	*23*
Quartile Position	*2*	*2*	*2*	*2*	*1*	*1*	*1*
Average India focused UCITS returns	(0.14%)	(5.57%)	15.73%	3.37%	5.62%	7.53%	5.94%
MSCI India USD	(2.45%)	(6.95%)	17.90%	6.16%	6.88%	7.00%	5.71%
MSCI India Small Cap USD	1.06%	(6.08%)	29.15%	4.03%	8.52%	11.21%	6.49%
Custom 20:80 Composite Index	0.37%	(6.24%)	26.90%	4.46%	8.19%	10.36%	6.34%

Note: *Performance <= 1-year given above is for DSP India Equity Fund (DSPIESU) and for >1yr performance is of Representative Mid Cap Strategy

The DSP Strategy has generated alpha over the custom composite benchmark in 11 out of 15 years

CY Performance	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006 (from 14th Nov)
DSP Strategy	(11.60%)	25.84%	20.54%	6.9%	-17.7%	48.8%	8.6%	2.4%	66.8%	-10.0%	40.5%	-38.7%	34.9%	129.2%	-66.4%	73.5%	3.7%
Ranking	***17***	***16***	***8***	*19*	*54*	*12*	*2*	*10*	*2*	*41*	*2*	*35*	*2*	*2*	*30*	*10*	*28*
No of funds	***41***	*42*	*43*	*44*	*63*	*60*	*56*	*55*	*54*	*51*	*49*	*46*	*41*	*39*	*38*	*34*	*32*
Quartile Position	***2***	*2*	*1*	*2*	*4*	*1*	*1*	*1*	*1*	*4*	*1*	*4*	*1*	*1*	*4*	*2*	*4*
Avg India focused UCITS	(13.39%)	24.14%	14.9%	6.1%	-13.3%	41.8%	0.8%	-2.3%	40.1%	-5.9%	29.3%	-35.3%	20.9%	91.7%	-62.7%	68.3%	4.9%
MSCI India USD	(7.95%)	26.23%	15.6%	7.6%	-7.3%	38.8%	-1.4%	-6.1%	23.9%	-3.8%	26.0%	-37.2%	21.0%	102.8%	-64.6%	73.1%	5.1%
MSCI India Small Cap USD	(13.43%)	51.13%	20.9%	-4.7%	-26.0%	67.0%	0.3%	2.4%	56.9%	-14.2%	36.3%	-48.2%	20.2%	126.0%	-72.5%	95.9%	4.6%
Custom 20:80 Composite Index	(12.33%)	46.15%	19.9%	-2.2%	-22.2%	61.3%	0.0%	0.7%	50.3%	-12.1%	34.2%	-46.0%	20.3%	121.3%	-70.9%	91.3%	4.7%

Source: MSCI. Internal, Bloomberg, data as of 28 April 2023. DSP Strategy returns are net of fees. Indices are unmanaged and used for illustrative purposes only and are not intended to be indicative of any fund's performance. It is not possible to invest directly in an index. **Past performance is not a reliable indicator of future results**. The DSP Strategy has been implemented since 14 Nov 2006 through certain products managed by DSP Investment Managers Pvt. Ltd., which are not available for investment in any jurisdiction except for India. Alpha is defined as the excess return over benchmark.

Indicative Forensic Analysis Framework

The Fund will follow a focused, disciplined, and multi-staged investment diligence and decision-making process which takes into account a consideration of some or all of the following factors, such as the indicative forensic analysis framework below, conducted by the Skeptical Analyst.

	Area	Checks
Financials/ accounting quality	Earnings quality	Aggressive accounting policies/ structuring
		Cost capitalisation/ deferral
		Tax structuring
		Non - core / other income dependency
		Varying costs movements, frequent one-offs
		Employee cost, provident fund, Employee Stock Options (ESOPs), depreciation checks
		Intersegment accounting/ unallocables
	Cash flows & working capital quality	Earning to cash conversion
		Disguised debt (acceptances) & Vendor financing
		Working capital days trend (Payable days high)
		Operating expenditure ("Opex") v capital expenditure (Capex") payables
		Receivable factoring / Off Balance Sheet structuring
		Cash flow source and utilisation
		Capex to Gross/ Net block
		Dividend without cash flows
	Balance sheet risk, Capital allocation	Profit to networth accretion
		M&A, Intangibles, accounting tricks
		Inter corporate deposits/ loans/ advances
		Unhedged currency risk
		Leverage - actual vs reported
		Unexplained high cash levels/ current account balances
		Contingencies/ commitments/ liabilities
		Investments in Subsidiaries, Joint Ventures/ impairments/ Capital allocation
		Revaluations/ write offs and RoE/RoCE impact
Management quality	Board, Governance and promoter quality	Related party transactions (reported, unreported), Brand ownership, etc
		Key Management Personnel remuneration vs Profits, Conflict of interests
		Pledging, group leverage, shareholding structure
		Auditors quality, fees and internal auditors
		Independent directors strength and skill set
		Frequent Board/ management changes
		Credit rating trends
	Forensic/AML/Offshore links and other checks	Non-financial source, media articles/ red flags
		PEPs (political links), AML/ FATF sanctions
		Offshore links
		Goods & Services Tax / tax / provident fund non compliance, penalties
		Criminal/ civil litigation history

DSP Source: Internal

Investment Risk Management at DSP

Portfolio Risk Monitoring

- Independent Risk & Quantitative Analysis team (RQA)
- Regular Risk meetings to "Hold a Mirror" to portfolio risk
  - Macro stress testing
  - Sector & style exposure & returns monitoring, market trends
  - Tolerance limits for stop losses and drawdown

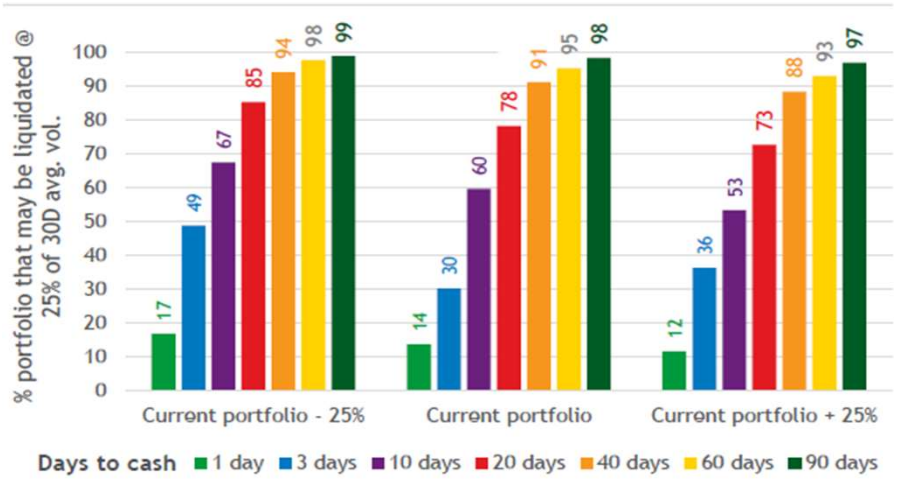
Key Inputs

- Stock level contribution to risk
- Predicted vs delivered volatility & beta
- Factor risk breakdown of portfolio, including NAV at risk analytics
- Tactical indicators for monitoring reversal risks

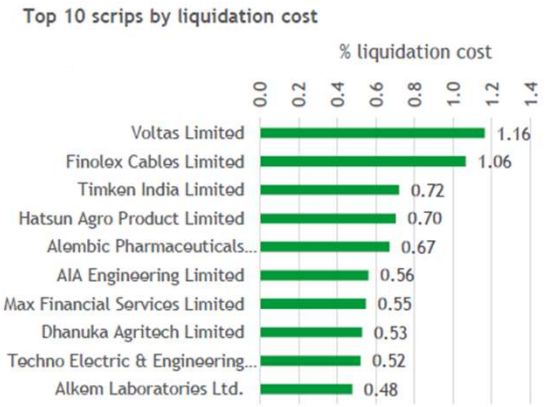
Position Level Monitoring

- Constant review of performance: large winners / losers
- Constant monitoring of investment thesis with research team

Indicative: It takes ~10 days to liquidate 60% of the DSP Strategy portfolio



Current portfolio +/-25% refers to the assets (AUM) in the strategy increased or decreased by 25%, as two alternative scenarios, to depict how liquidity of the portfolio could change under these new AUMs



Worst 3-day drawdowns

n-th worse redemption	3-day redemption	Date	AUM (INR cr)
1	-4.16%	07-Jan-13	1,316.09
2	-3.95%	08-Jan-13	1,320.58
3	-3.89%	04-Jan-13	1,317.74
4	-2.78%	20-Jan-09	434.49
5	-2.68%	16-Jan-09	433.27

Since 01st Jan 2008

Source: Internal; Note: Investment process is subject to change. Charts / Tables depicted are purely illustrative in nature. The above information is only for illustration purpose and should not be construed as recommendation of the stocks. To explain the worst-3-day-drawdown table, the first row represents the biggest redemption ever seen by the fund, in a consecutive-3-day period, which in this case was about 4.16% of AUM and occurred on 7th Jan 2013. AUM = Asset Under Management

Fund Terms and Structure

Fund Terms

Objective*: The DSP India Equity Fund (the "Fund") aims to achieve long term capital appreciation from a portfolio that is substantially constituted of equity and equity related securities of mid cap and small cap companies.

Investment philosophy : Bottom-up approach to stock picking.

Universe: It is anticipated that the Fund will invest across the entire range of capitalizations (across large cap, mid cap and small cap), however there will be a focus on mid cap and small cap companies. The Fund is actively managed in reference to a composite index consisting of MSCI INDIA INDEX (20% proportion) and MSCI INDIA SMALL CAP INDEX (80% proportion) (the "Index"), by virtue of the fact that it uses the Index for performance comparison purposes. However, the Index is not used to define the portfolio composition of the Fund and the Fund may be wholly invested in securities which are not constituents of the Index."

Diversified: Typically portfolio of ~50 stocks across market capitalization

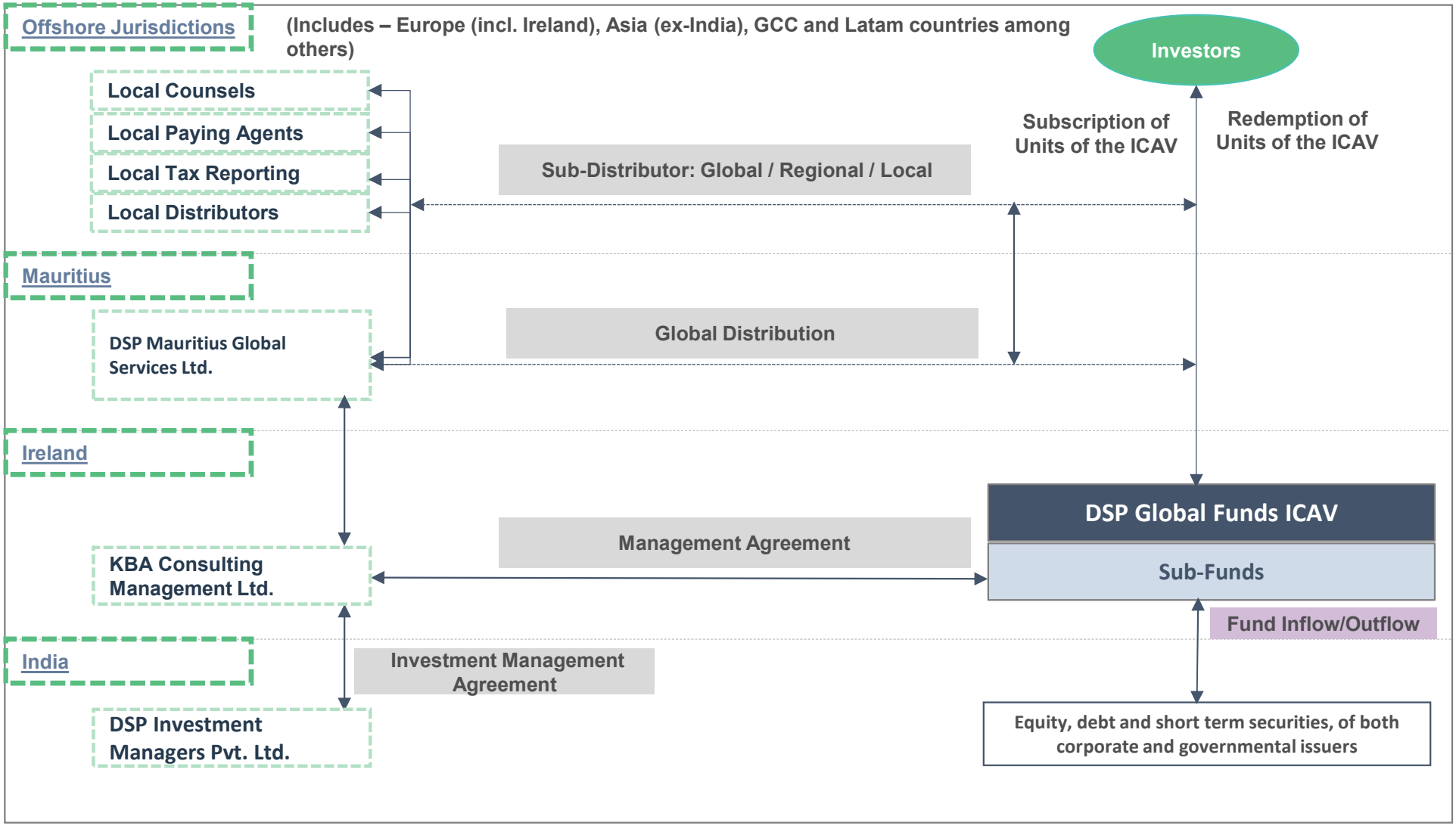
Risk management: Governed by a robust risk framework; No leverage;

Fund Structure	DSP India Equity Fund is a compartment of DSP Global Funds ICAV, an umbrella UCITS V compliant ICAV
Share class	Seed Class
ISIN code	IE00BK0WZ337
Investment manager	DSP Investment Managers India Pvt. Ltd.
Domicile	Ireland
Inception Date	15 March 2021
Reference Currency	USD
Dealing and Valuation	Daily
Administrator	HSBC Securities Services (Ireland) DAC
Depository Services	Depositary – HSBC France, Dublin Branch
Management Company	KBA Consulting Management Limited
Seed Share Class – Total Fee and Operating Expenses	(i) 0.70% of the Net Asset Value of the Seed Class when the Net Asset Value of the Fund is up to $150 million; or (ii) 0.60% of the Net Asset Value of the Seed Class when the Net Asset Value of the Fund is greater than $150 million and up to $300 million; or (iii) 0.40% of the Net Asset Value of the Seed Class when the Net Asset Value of the Fund is greater than $300 million
Other fees	As set out in the Prospectus

Note: The Fund's Net Asset Value may have an elevated volatility due to its investment policy. The fees and charges paid by the Fund will reduce the return on your investment. Certain costs paid by the Fund will be charged in specific currency and exchange rate fluctuations may cause these costs to increase or decrease when converted into local currency of the investor. Source: Internal; *There is no guarantee that the fund will achieve its objective.

DSP Global Funds ICAV: Structure

- DSP GLOBAL FUNDS ICAV - An umbrella type Irish collective asset-management vehicle with segregated liability between Funds



Note: The Fund's Net Asset Value may have an elevated volatility due to its investment policy.

Source: Internal; *There is no guarantee that the fund will achieve its objective.

Seed share class - Pricing

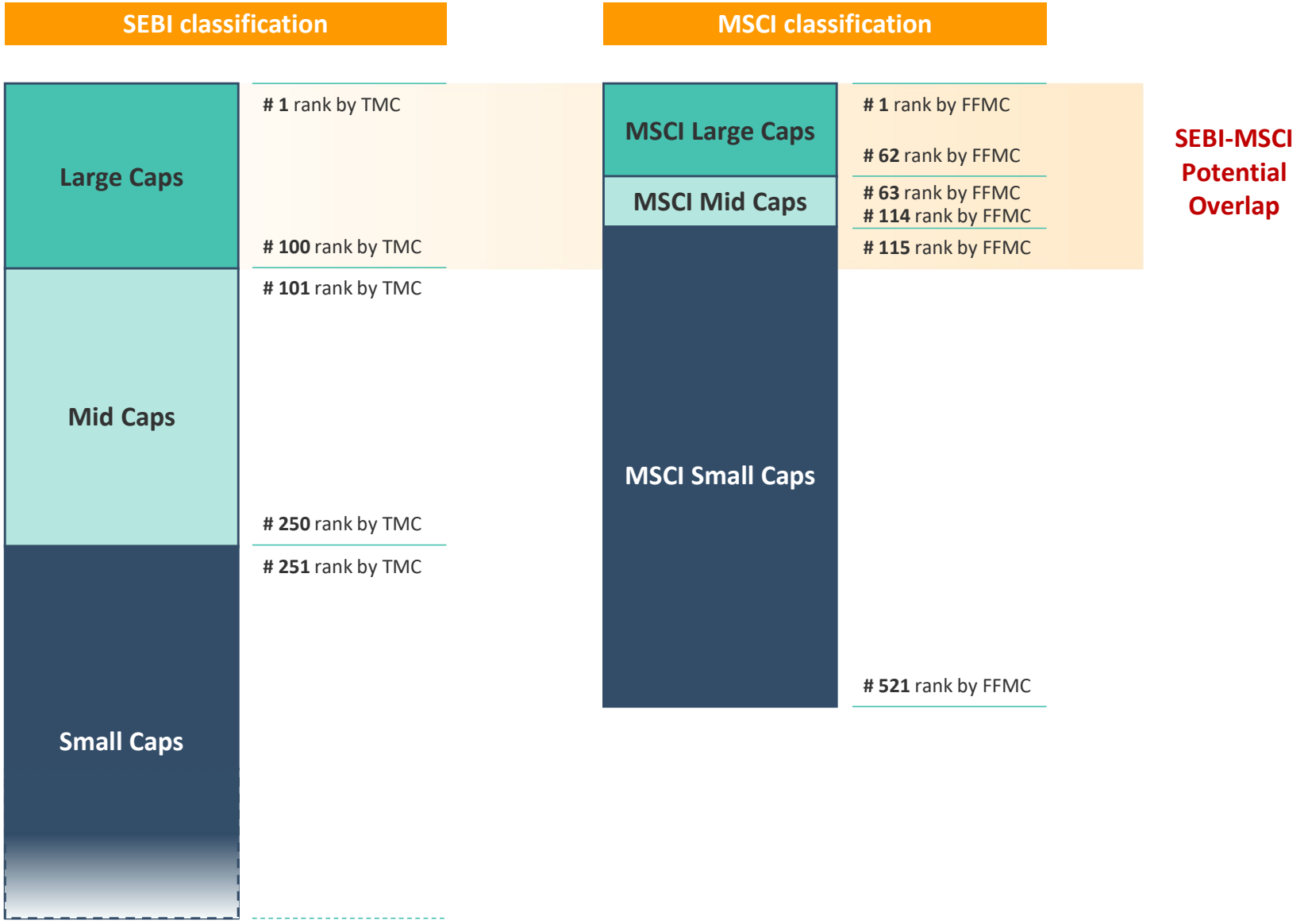
Passive India ETFs	→	~70 bps

FUND AUM THRESHOLD	Management Fee		Operating expenses*		Total Expense Ratio	
US$ 0 to US$ 150 mn	45 bps	+	25 bps	=	70 bps	
US$ 150 to US$ 300 mn	35 bps	+	25 bps	=	60 bps	Step down
> US$ 300 mn	15 bps	+	25# bps	=	40 bps	Step down

* Operating expenses are capped at 25 bps, irrespective of AUM.
# Operating expenses can reduce over time with economies of scale.
Bps = Basis points. AUM = Asset Under Management
Other fees: As set out in the Prospectus, if any

Appendix

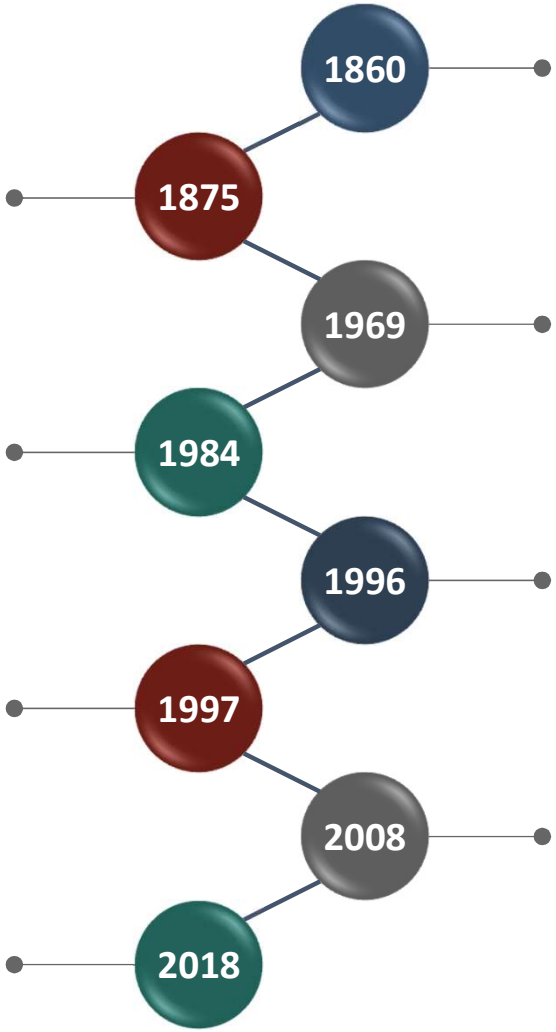
Market-cap Classification: SEBI versus MSCI



Source: MSCI, SEBI, as of 28 Apr 2023. SEBI is Securities and Exchange Board of India, the Indian securities market regulator. TMC = Total Market Cap, FFMC = Free Float Market-Cap. Indices are unmanaged and used for illustrative purposes only and are not intended to be indicative of any fund's performance. It is not possible to invest directly in an index.

Evolution of DSP

The DSP Group, headed by Mr. Hemendra Kothari is one of India's oldest financial services firms having commenced its stock broking business in the 1860's



1860 – The DSP family commenced its stock broking business (First generation into this business).

1875 – The first Indian stock exchange (now Bombay Stock Exchange) was established, with the DSP family among the founding members.

1969 – Mr. Hemendra Kothari joined his family's broking firm DS Purbhoodas (Fourth generation from the family).

1984 – DSP Financial Consultants (DSPFC) entered into a business tie-up with Merrill Lynch, USA's then largest investment bank

1996 – DSPFC finally entered into an official tie up with Merrill Lynch providing an equity stake to Merrill Lynch of 29.41% with a provision to increase it up to 40%. This new investment banking partnership was called DSP Merrill Lynch Ltd. (DSPML)

1997 – DSP Merrill Lynch Asset Management launched its first domestic equity and its first domestic debt mutual fund schemes.

2008 – In line with BlackRock's takeover of Merrill Lynch's global asset management business in 2006, DSP Merrill Lynch Fund Managers became DSP BlackRock Investment Managers.

2018 – In May 2018, DSP Group announced its intention to purchase BlackRock's 40% stake in DSP Investment Managers and in August 2018, the transaction was completed. The organization was renamed to DSP Investment Managers and DSP BlackRock Mutual Fund was renamed to DSP Mutual Fund.

Source: Internal

DSP Organization Structure - Senior Management

Source: Internal, as on April 2023

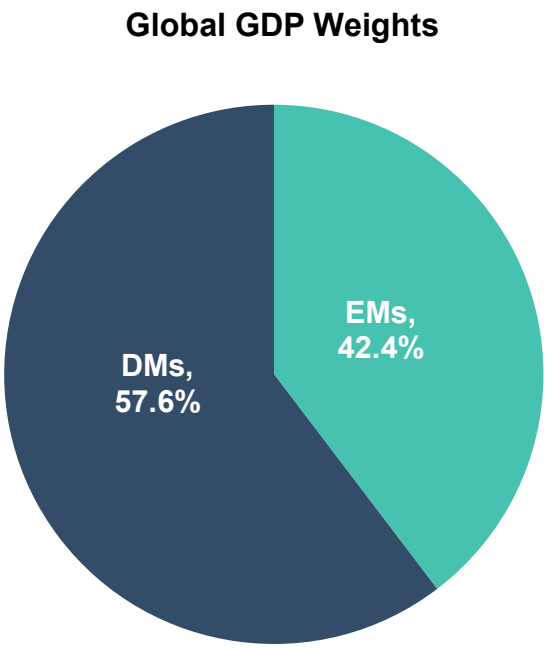
Incentives aligned to investment objectives

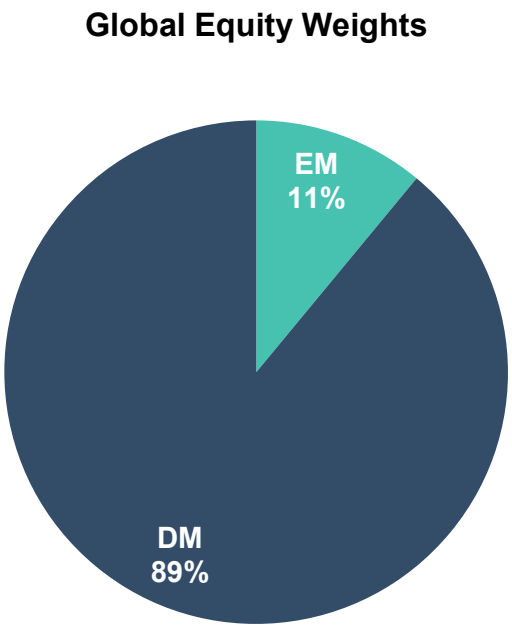
Factors driving performance - Analysts	Share
Model Portfolio outperformance	[ ]%
Fundamental attributes - Thesis, Extent of variation on chosen fundamental parameters	[ ]%
Hit ratios – Strong Buys outperforming Buys and so on	[ ]%

Factors driving performance – Portfolio Managers	Share
Fund performance v/s Benchmark (for each fund managed by PM proportionate to fund AUM)	
3Y and 1Y (rolling returns)	[ ]%
Other activities	
Active interaction, engagement, mentoring analysts, adherence to framework	[ ]%

Source: Internal; Actual allocations to each factor may be discussed over a call.

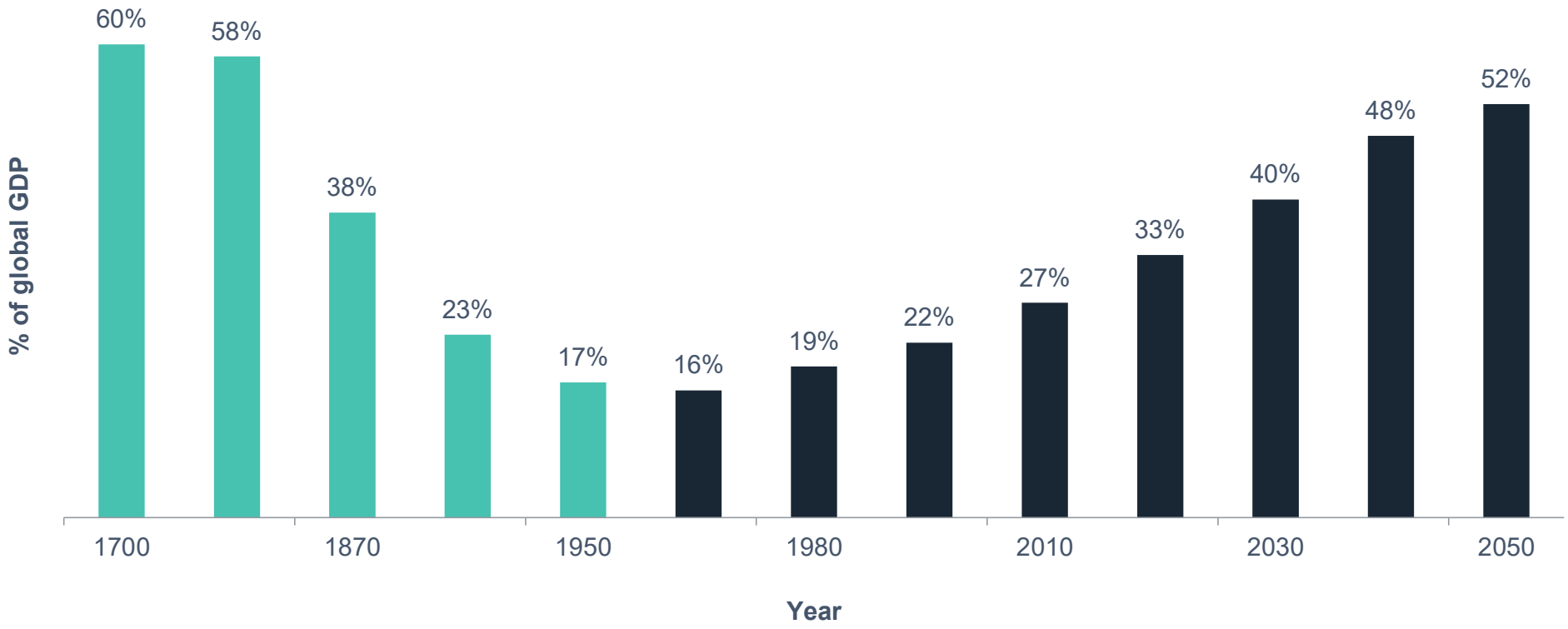
EMs under-represented in Global Equities compared to Global GDP





Source: IMF, World Economic Outlook Database, Morgan Stanley Research, Apr 2023; *DM = Developed Market, EM = Emerging Market.

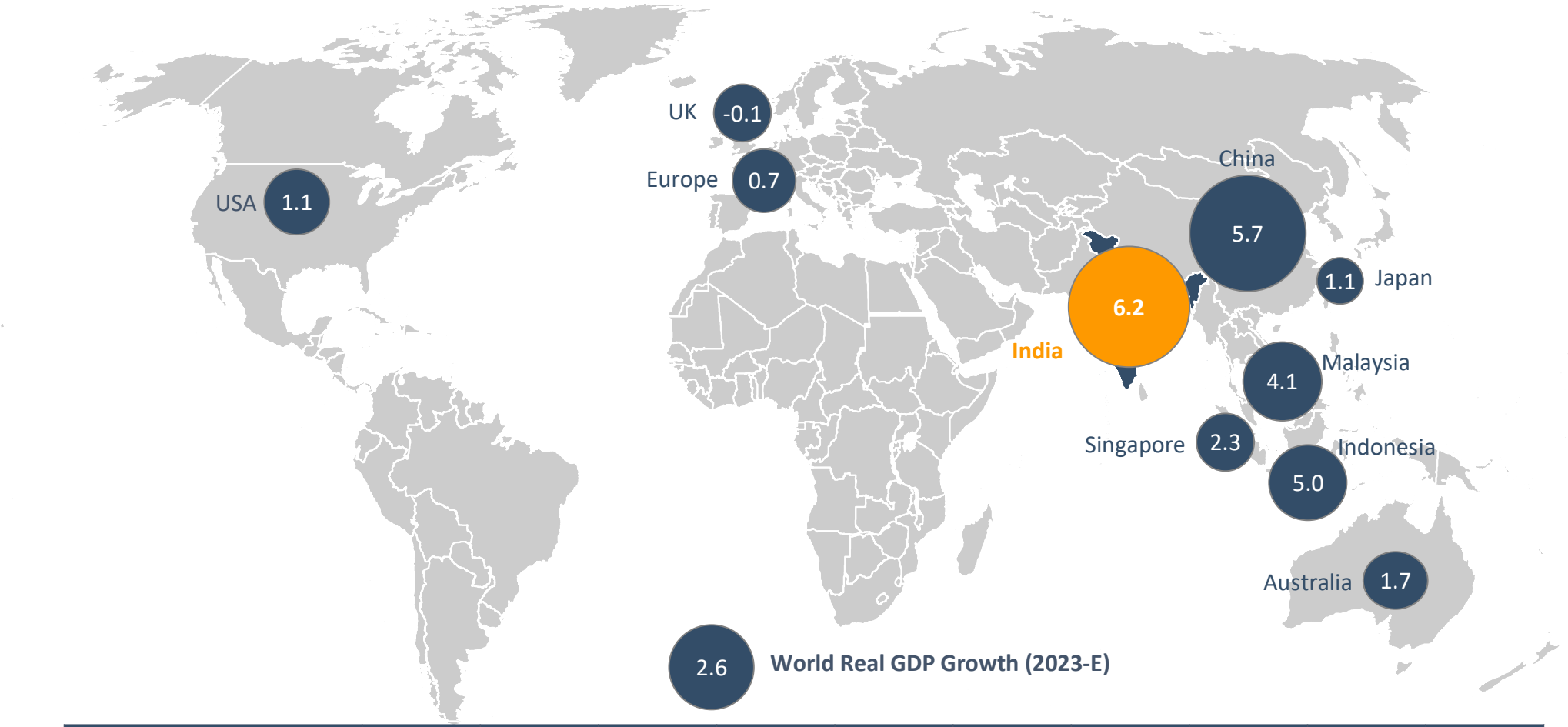
Asia's Share in World GDP is steadily rising



Source: ADB, Morgan Stanley Research

DSP

India – Among the fastest growing large economies in the world*



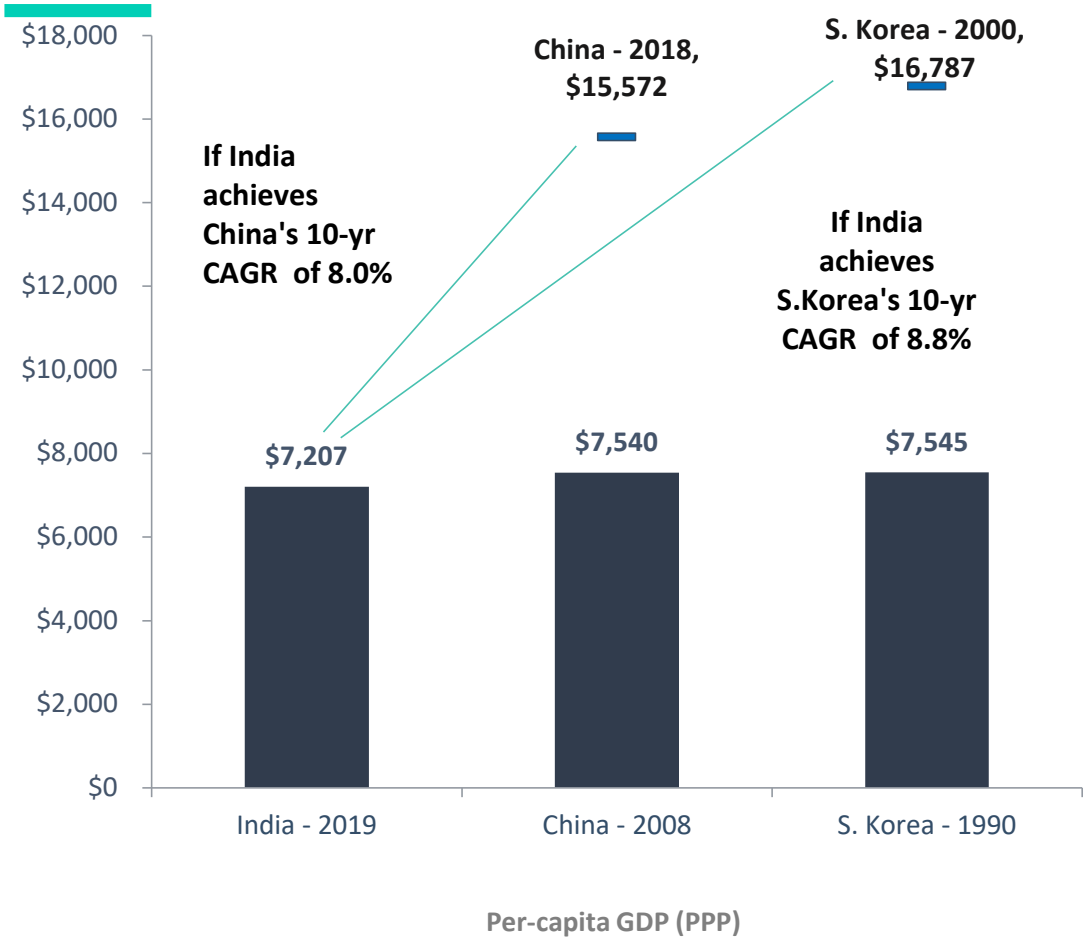
	ACWI World	US	Europe	Japan	UK	China	India	Brazil	Australia	MSCI EM
10Y	8.1%	11.6%	5.5%	4.2%	3.7%	2.8%	7.2%	-1.5%	3.2%	2.0%
15Y	5.7%	9.1%	2.8%	2.7%	2.4%	1.2%	3.6%	-2.9%	3.7%	1.1%
20Y	8.4%	9.4%	7.1%	6.3%	6.1%	10.8%	13.4%	10.1%	9.1%	8.9%

CAGR	10Y	15Y	20Y
USDINR Cross	-4.0%	-4.6%	-2.7%

Source: Morgan Stanley Research, as of 28 April, 2023. * Large economy refers to economies above US$ 1.5 trillion in GDP.

DSP

Is sustained 9 - 10% nominal GDP growth for a large economy even possible?



- China/South Korea grew per capita GDP at 8.0% / 8.8%, respectively, for 10 years from levels similar to India's **US$7,207** PPP adjusted 2018 per capita GDP.
- To convert to nominal GDP growth, we factor 1.5% population growth (assumed).
- **So 9 to 10% nominal GDP growth is certainly possible, over a 10 year period or longer.**

Source: Goldman Sachs Global investment Research

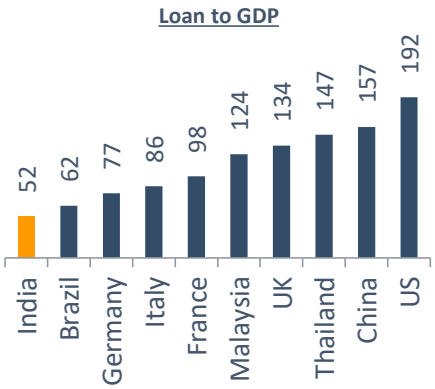
4 key themes which we believe will play out for India going forward

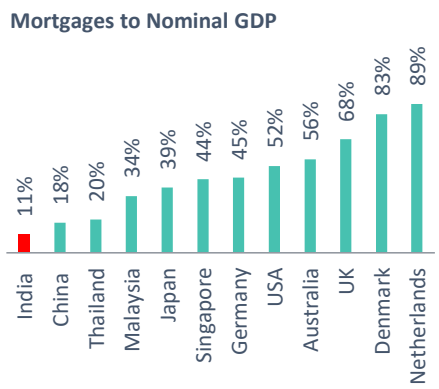
1. Penetration of Financial Services
2. Consumption story fast forwarded by Digitization
3. Infrastructure boom
4. Export Opportunities

India: Structural, not tactical

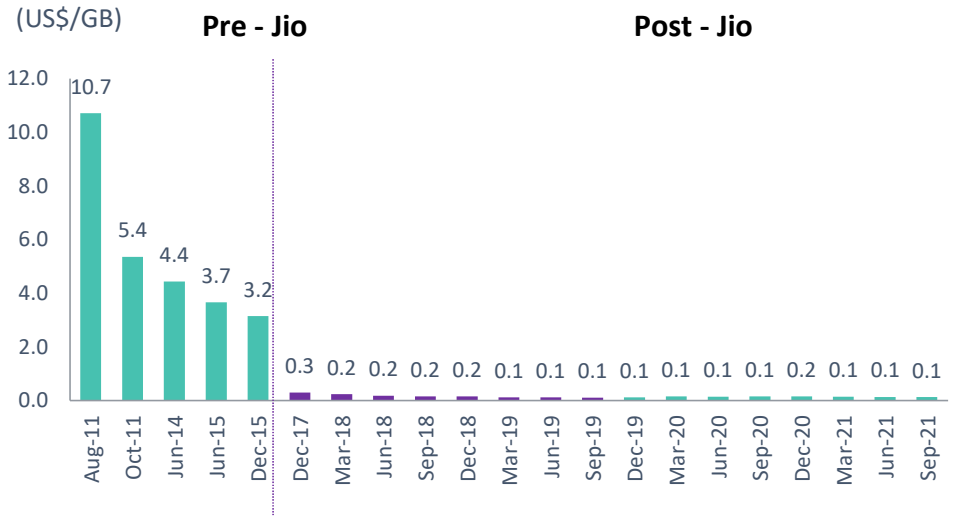
1 Banking, Insurance, Loans, mortgages, mutual funds all underpenetrated

Population	1,380 mn	MF Accounts	120.2 mn
Bank Accounts	1,571 mn	Demat Accounts	77.2 mn





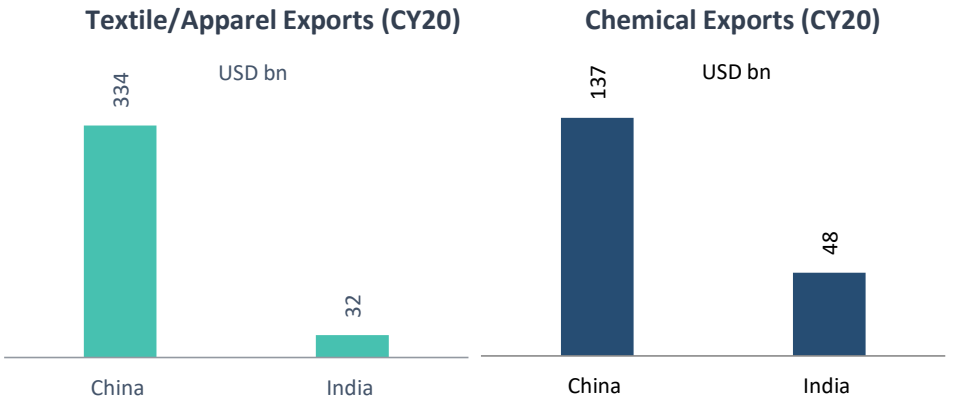
2 Falling data costs boosting consumption



3 Tremendous runway for infrastructure growth

1. **HIGHWAYS –** only 2.3% of network, 64.5% of traffic
2. **PORTS -** ~224 ports versus China's ~2400 as of CY20
3. **AIRPORTS -** ~137 airports versus China's ~241 as of CY20
4. **RAILWAYS -** freight: 23.6 kmph; passengers: 50 kmph
5. **POWER –** 25% T&D losses
6. **HOUSING** – affordable housing schemes targeting 29mn households by 2022, across rural and urban areas

4 Export opportunities in Textiles and Chemicals



'LEVER': Perfectly fits the 'Make in India' theme (**L**abour rates, **E**xchange rates, **V**alue Chain, **E**nergy Cost, **R**aw-material)

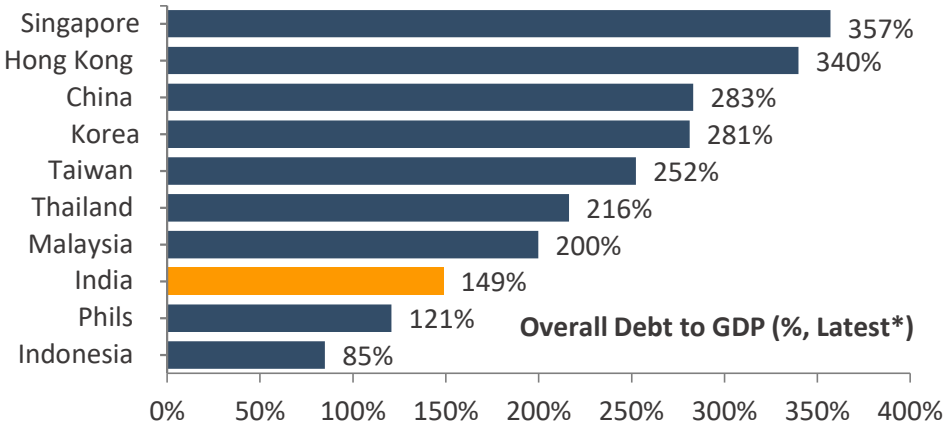
Environmental norms, Good chemistry knowledge, Cost of operations (labor), De-risking by global customers

Source – Spark Capital Research,

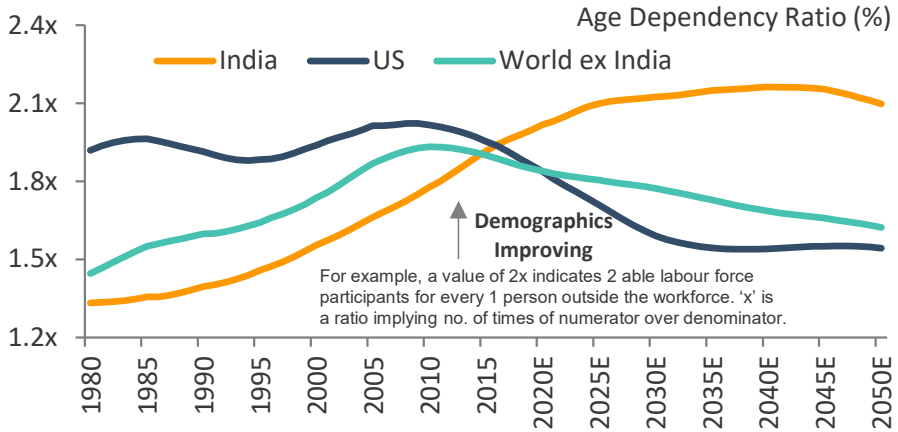
DSP

India Well Positioned on 3Ds: Debt, Demographics and Deflation

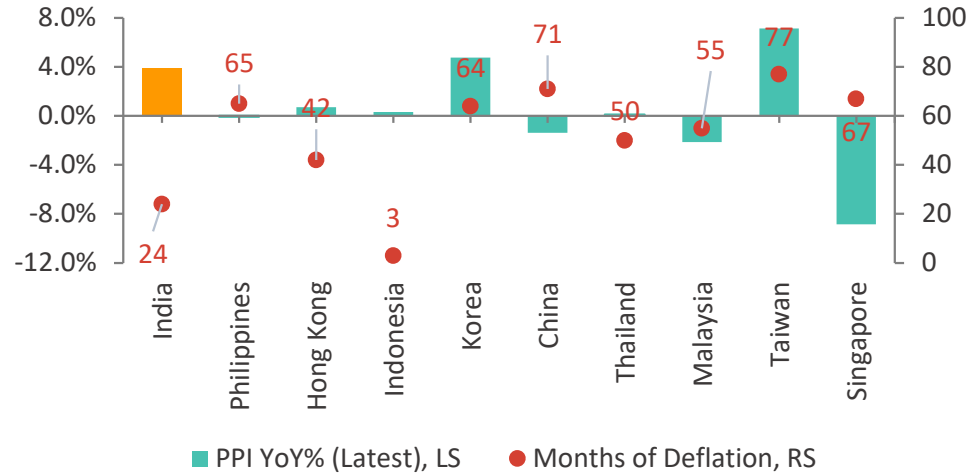
1 Debt: 7 out of 10 AXJ Countries Have Debt Above 200% of GDP



2 Demographics: Working age population improving in India



3 Deflation: India well placed combo of PPI & prior deflation



4 5 Key Reforms to Push Capex Higher

- **Reduction in corporate tax** to bring at par with Asian countries and **abolition of retrospective taxation.**
- **Factor market reforms** to ensure ease of doing business.
- **Production Linked Incentive(PLI)** schemes to develop indigenous manufacturing capabilities.
- Launch of National Infrastructure Pipeline , Gati Shakti, National Asset Monetisation Plan and Development Finance Institution to give a fillip **to infrastructure development.**
- **Revision of MSME definition** to encourage MSMEs to grow in size while creating an enabling environment to foster innovation & investment.

Source: Morgan Stanley (Panels 1,2 and 3), DSPIM (Panel 4).. There is no guarantee that any forecast make will come to pass. For Panel 1, *Data as of 4Q21. For Panel 3, *Latest as of Jul-19 for Malaysia, Sep-19 Philippines, Feb-20 for Thailand, Jun-20 for Indonesia and Dec-22 for others.

Current Government's key reforms

Taxation

- Key structural reform of GST implemented on 1st July 2017
- Corporate tax rate bought down from 30% to 22%
- Work has begun on Direct Tax Code which aims to simplify/rationalise personal tax laws

Bankruptcy law

- Single law governing insolvency and liquidation proceedings
- Once fully implemented, will help in improving ease of doing business in India, deepen bond markets and also solve NPL issues of the banking sector

Supply side reforms

- Online environment and forest clearance process, credit availability, electricity availability etc.
- Key objective to improve India's ranking from 130 to within 50 over 2 years
- Work on simplifying labour complex labour laws to merge into 4 labour codes.
- Facilitating the APMC reforms in agriculture

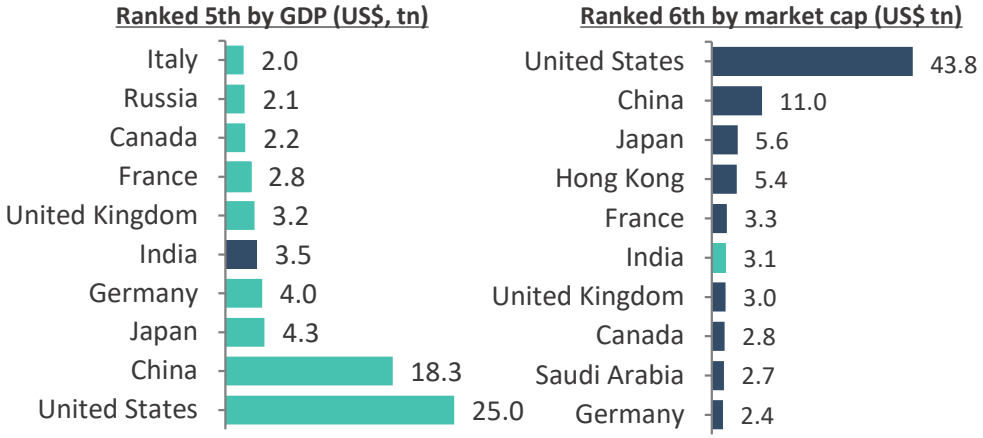
Banking/Financial inclusion

- Financial inclusion plan (JAM trinity)
- Direct transfer of social benefits/subsidies
- ~320 mn+. bank accounts opened since Sep-14 vs. 625 mn accounts in the last 65 years
- Consolidation within large number of PSU banks

Source: UBS Research, Aug 2020

Why should one consider a direct India exposure? (i.e. not via EM)

1 India expected to be 3rd largest economy in ten years



2 Low representation in global indices

MSCI All Country World Index

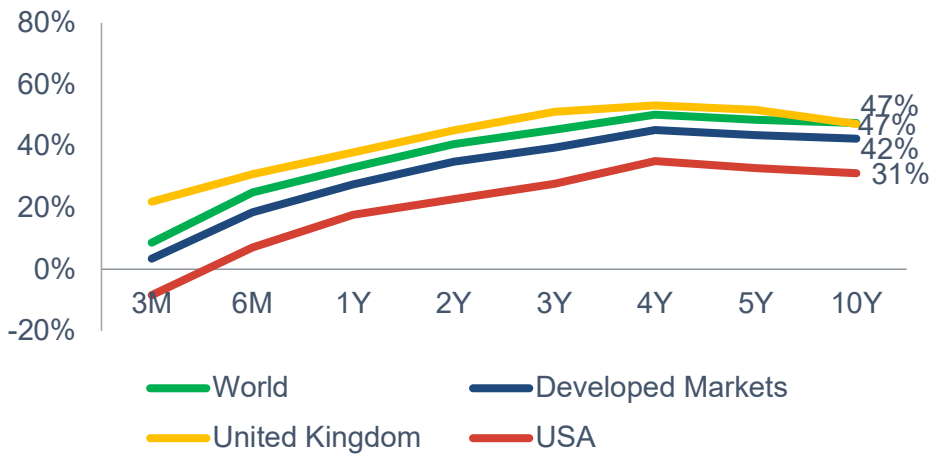
Country	Holding
USA	60.6%
Japan	5.5%
UK	3.8%
France	3.2%
Canada	3.0%
Germany	2.2%
India	1.4%
Others	20.4%

MSCI Emerging Markets Index

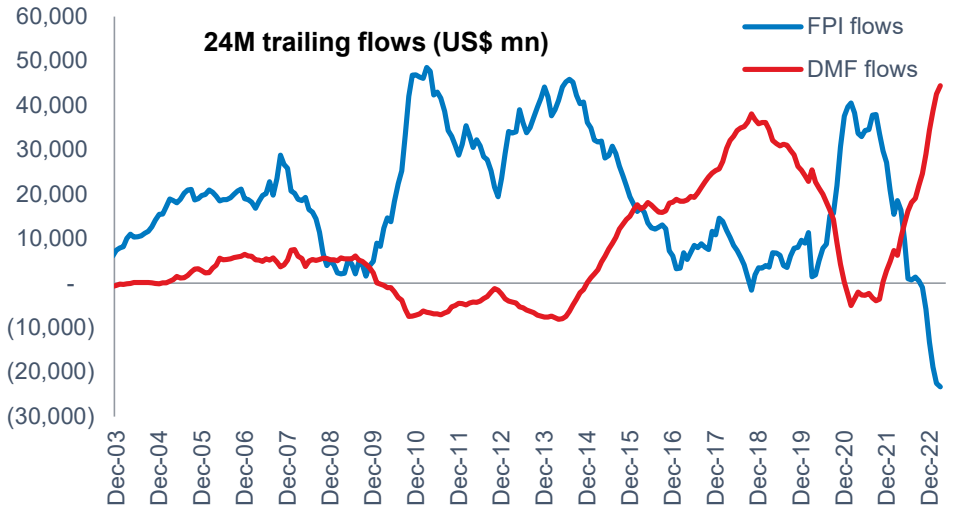
Country	Holding
China	32.7%
South Korea	11.9%
Taiwan	15.2%
India	13.0%
Brazil	4.9%
Others	22.3%

India is only 1% of MSCI ACWI, but contributes ~3% to world GDP and market-cap.

3 Low correlation of India with global markets



4 Domestic flows outpacing foreign flows



Source: Morgan Stanley, 31 March 2023 (World – MSCI All Country World Index, DM – MSCI The World index; USA – MSCI USA; UK- MSCI United Kingdom). MSCI India index data based on total returns with dividend reinvestment. It is not possible to invest directly in an index. For Panel 4, FPI is Foreign Portfolio Investors registered with Securities and Exchange Board of India (SEBI), DMF is Domestic Mutual Funds.

DSP

India - Well-diversified across sectors

MSCI Sectors	India	China	Korea	Taiwan	Hong Kong	Singapore	Malaysia	Indonesia	Australia
Energy	12%	3%	2%	0%	0%	0%	4%	5%	6%
Materials	9%	4%	9%	6%	0%	0%	9%	8%	25%
Industrials	6%	6%	10%	3%	13%	12%	7%	0%	5%
Consumer Discr	10%	28%	9%	2%	6%	2%	5%	7%	6%
Consumer Staples	10%	6%	3%	2%	2%	2%	13%	9%	5%
Financials	26%	17%	9%	14%	48%	47%	39%	58%	32%
Health Care	5%	6%	5%	0%	0%	0%	4%	2%	11%
Information Technology	14%	6%	46%	69%	0%	2%	2%	0%	2%
Communication Services	3%	19%	7%	3%	1%	19%	9%	12%	2%
Utilities	4%	3%	0%	0%	8%	0%	9%	0%	2%
Real Estate	1%	3%	0%	0%	22%	15%	0%	0%	6%
Top 2 Sector Weights	**40.2%**	**46.8%**	**56.5%**	**83.3%**	**69.9%**	**66.4%**	**52.3%**	**69.5%**	**56.5%**

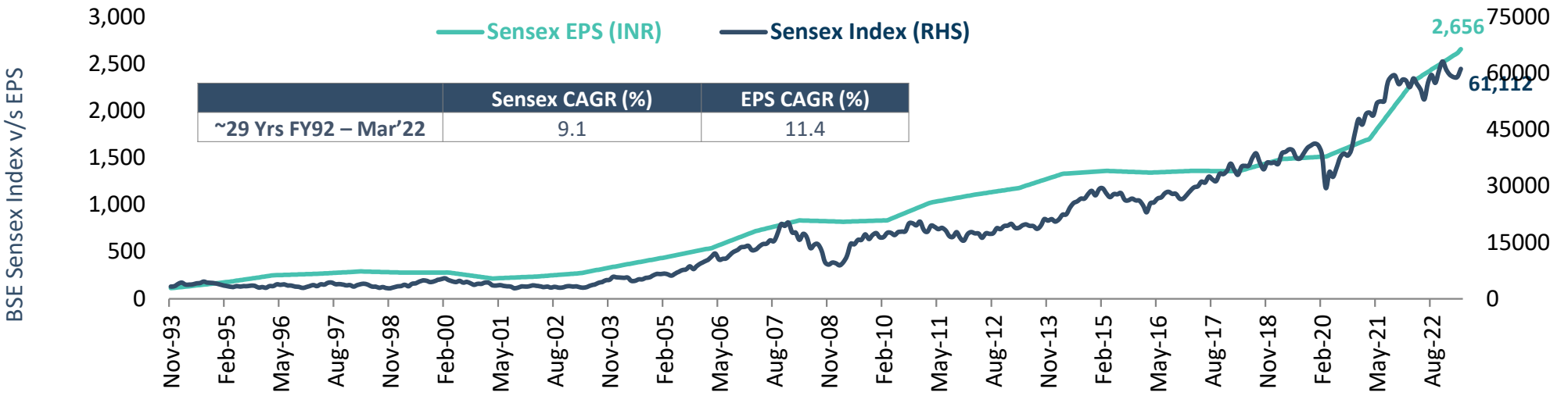
India is well diversified across sectors

As on 28 Apr 2023 | Source: Morgan Stanley. Based on MSCI Indices

Indices are unmanaged and used for illustrative purposes only and are not intended to be indicative of any fund's performance. It is not possible to invest directly in an index. Past performance is not a reliable indicator of future results

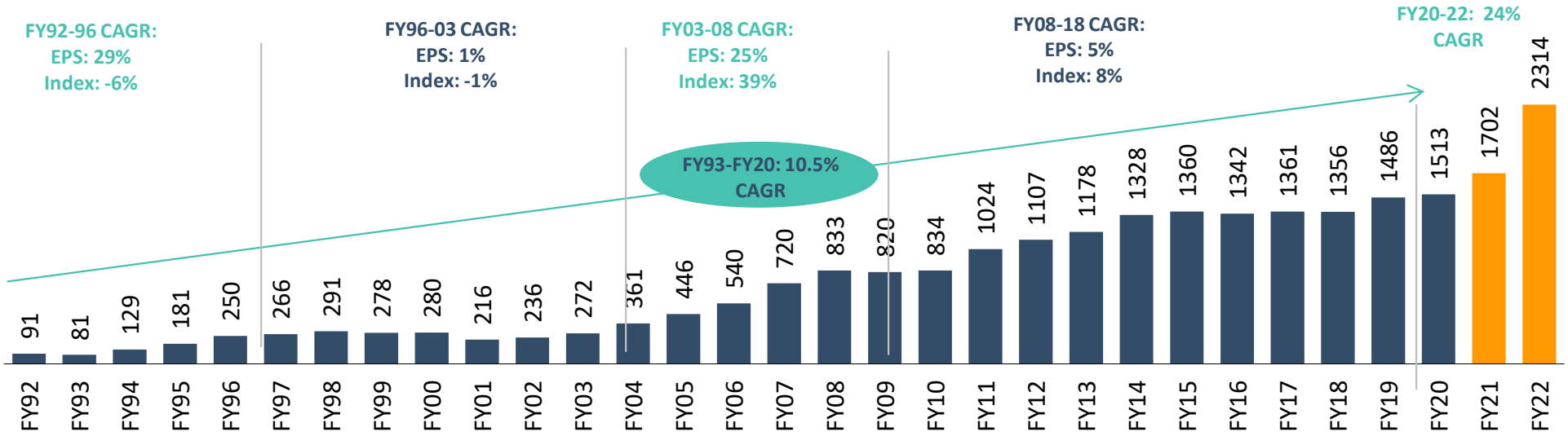
DSP

Earnings: It's what really matters the most



	Sensex CAGR (%)	EPS CAGR (%)
~29 Yrs FY92 – Mar'22	9.1	11.4

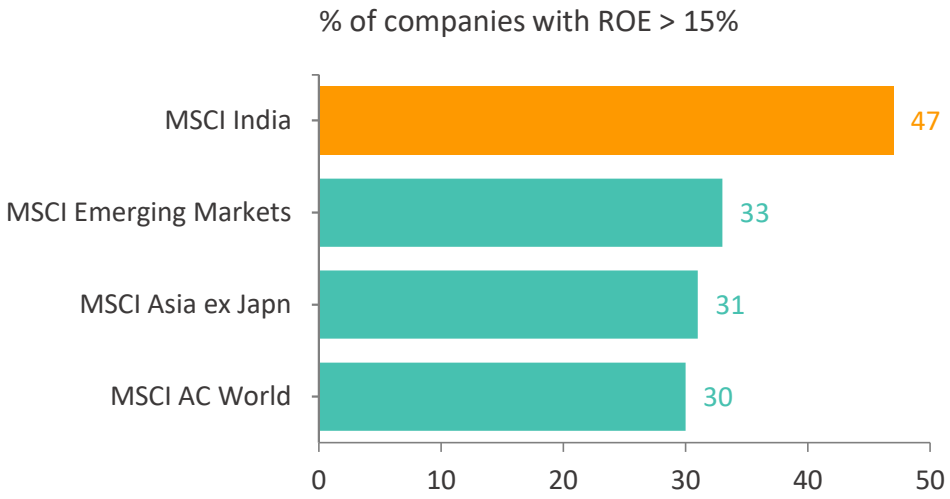
Earnings growth likely to average around 24% for FY20-FY22

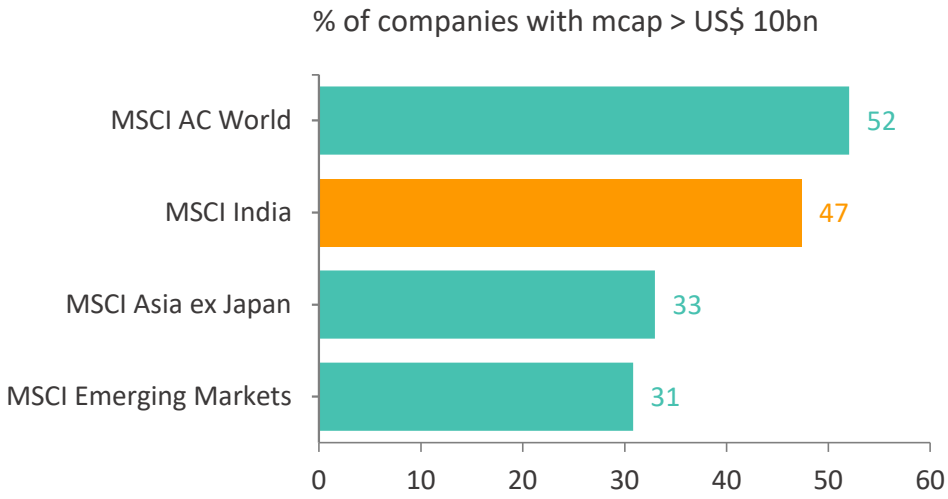


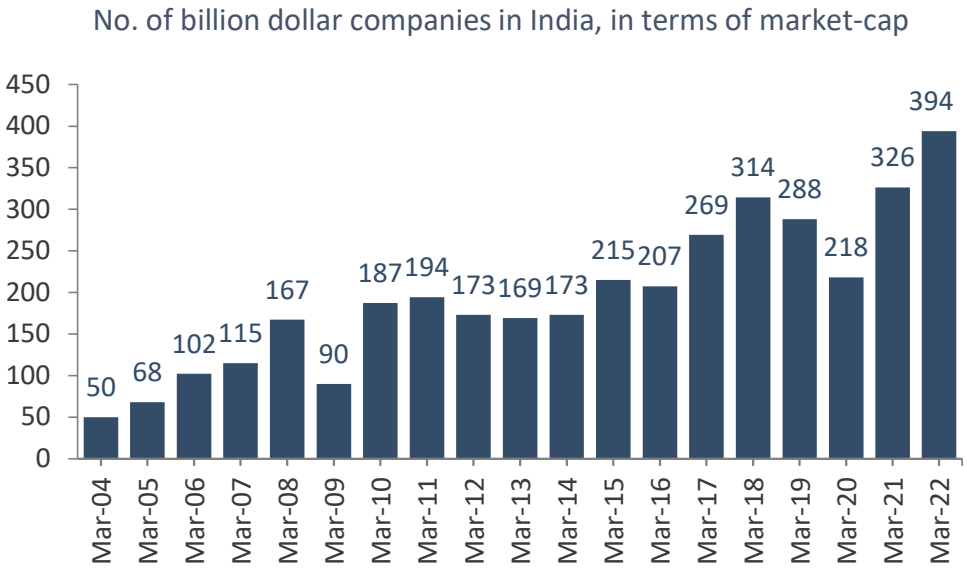
Source: MOFSL. Data as of 30 Apr 2023. CAGR – Compounded annualized growth rate. FY Note: There is no guarantee of returns/income generation in the Scheme. Further, there is no assurance of any capital protection/capital guarantee to the investors in the Scheme. Forecasts may not come to pass. **Past performance is not a reliable indicator of future results**

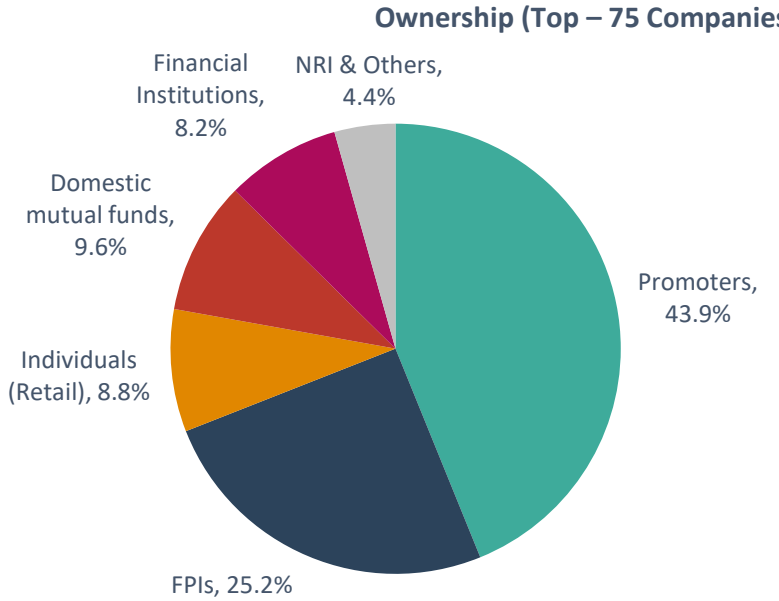
DSP

Indian companies are competitively placed with respect to the world







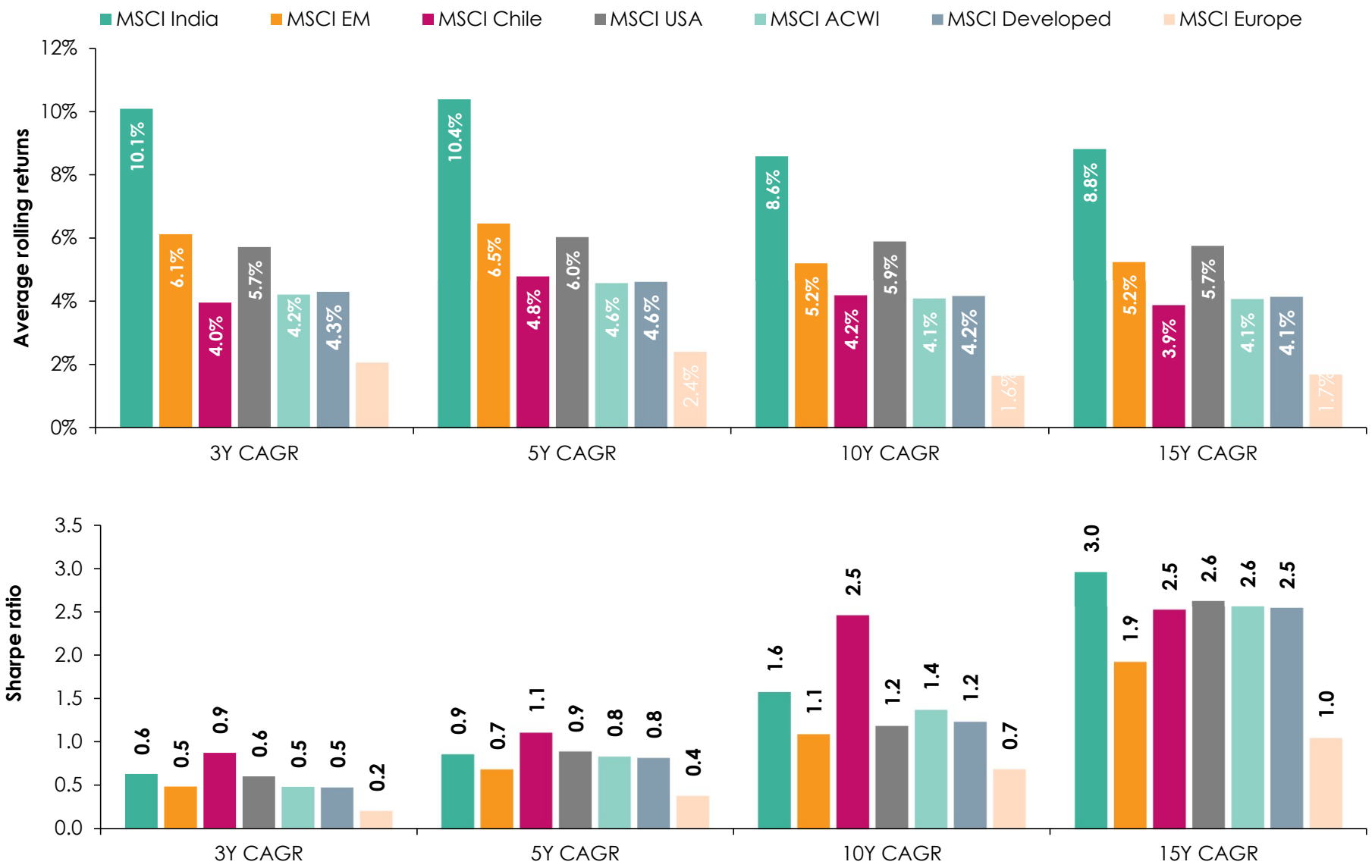


Source: *Morgan Stanley Research, April 2023

Promoter group holding has decreased from 54% in 2007 to 45% in 2022*

DSP

Active managers in India have consistently outperformed passive



Source: Bloomberg; Note: We have analyzed all mutual funds classified as "Multi Cap" as per SEBI (Securities and Exchange Board of India, the regulator) for this analysis, with rolling annualized weighted average returns as per respective fund AUM. Sharpe ratio has been calculated as the average of rolling 3/5/10/15 year returns (since 1st Jan 1999) divided by the standard deviation of all 3/5/10/15 year returns respectively. Mutual funds with less than 3 year AUM history have been excluded from this analysis. All returns are calculated in USD terms. Latest data as of 30th April 2023. **Past performance is not a reliable indicator of future results**

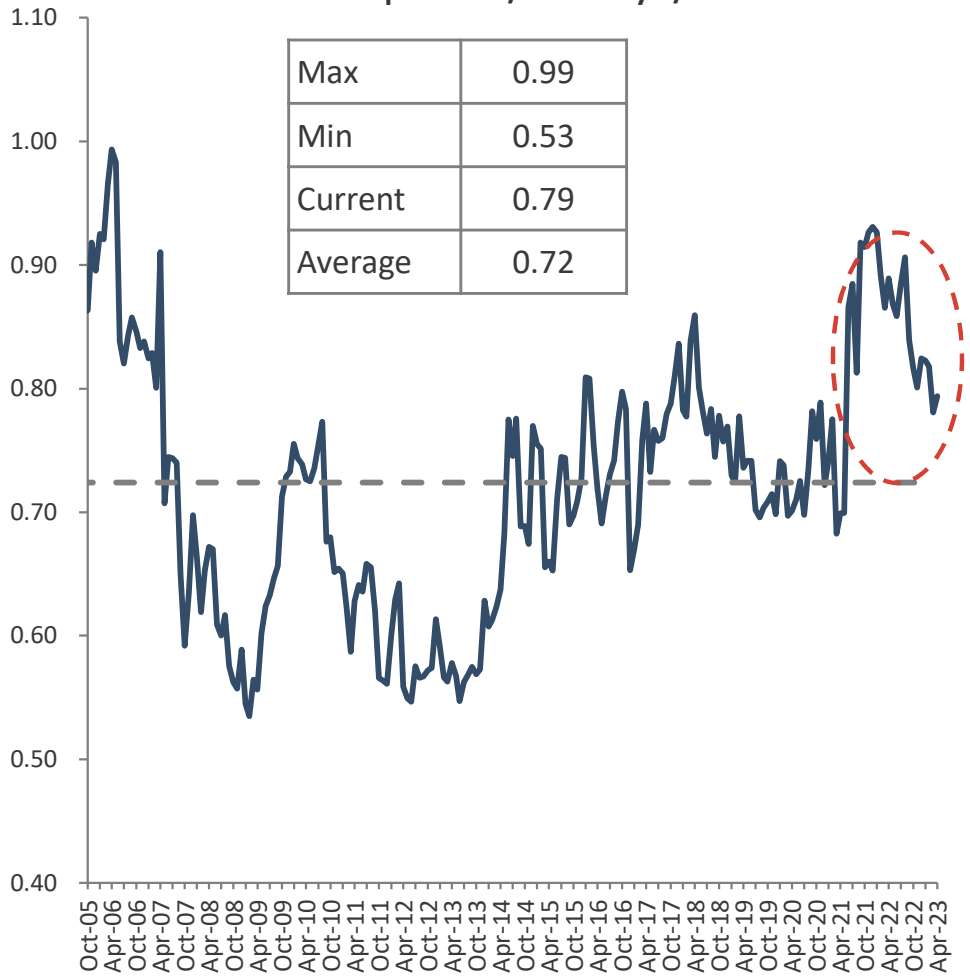
DSP

Small and Mid Cap Valuation Differential

Kindly note that the following 'mid' and 'small' cap nomenclature is from an Indian regulator (SEBI) perspective. Accordingly, the strategy has > 65% invested in the 'mid' cap bucket at all points (i.e. chart on the left is more relevant)

NSE Mid Cap Index P/B to Nifty P/B

Max	0.99
Min	0.53
Current	0.79
Average	0.72



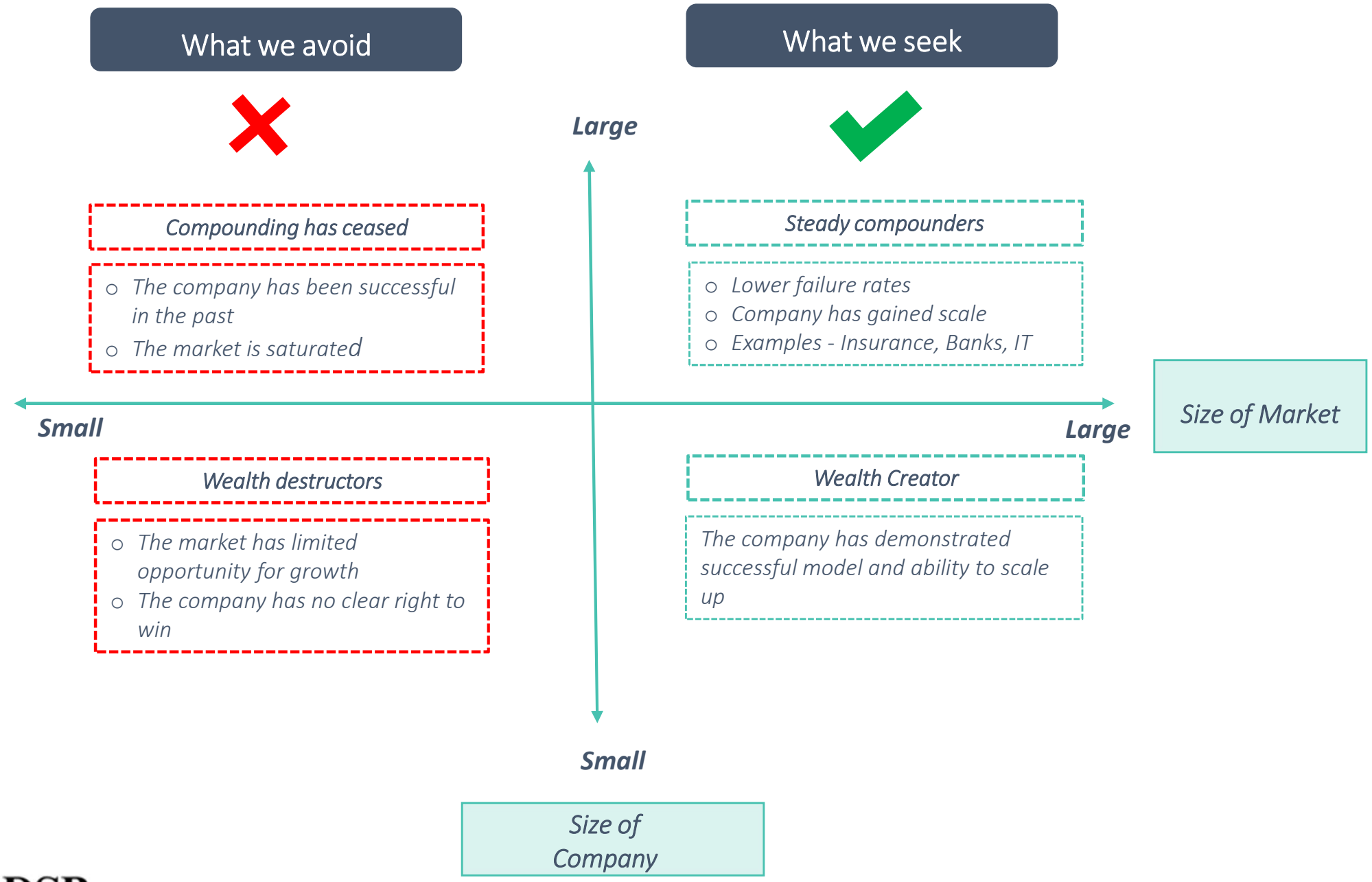
BSE Small Cap Index P/B to Nifty P/B

Max	0.83
Min	0.33
Current	0.62
Average	0.53

Source: Bloomberg , Ambit research 30th April 2023.

DSP

Business Model – Identifying large opportunities



Business Model - Competitive advantages (Moats) are what we looking for….

Company may not be able to create value and fend off competition if it does not have moats in spite of large opportunities. Key sources of competitive advantages that we look for include

Intangibles	Cost Structure	Network Effect	Switching costs
Brands/Patents and Regulations*	Lower cost of production which stem from process, location, scale or access to unique assets.	The value of a product increases for both new and existing customers as new customers join the network	Cost (time, hassle, capital or risk) that customer would incur from one producer or service provider to the other
Eicher	SBI Life	CONCOR	Infosys

Not All Moats are equally valuable Most businesses have no moats (our default assumption for evaluating any new company) or have legacy moats i.e. no ability to reinvest in the business. We look for companies which have either large reinvestment opportunity or capital light businesses which do not need significant capital to grow

* We refrain from buying stocks of companies which benefit from favourable regulations alone

Business Model - Quality of business

- Facets of quality are
  - Capital Intensity – Amount of capital which can be reinvested in the business
  - Capital Efficiency – Returns generated on capital employed *(Superiority of ROCE)*
- Simple businesses (with optionality of complementary extensions) with growing market shares
- Quality of the business is displayed through its ability to generate superior (spread over the cost of capital), consistent, predictable and durable ROCE.
- ROCE along with growth defines the magnitude of value created by the business
- Size of the opportunity determines capital reinvestment which in turns drives growth
- Cashflows (not earnings) defines the true character of business
- Both quality of business and management are indispensable.
- ROCE of the business is function of the character of business where as ROE of business is function of Business + Management.

Management – Alignment of interest with shareholders

Capital allocation

- Ability to know where to allocate capital (and where to deny it)
- Remain focussed on few areas of competence
- Investing in areas with similar or higher ROCE

Capital Distribution

- The capital to be distributed back to share holders in excess of
  - Funding future growth
  - Funding on acquisition
  - Building contingencies

Other Facets

- Integrity and passion
- Stakeholder relationship – with not only shareholders, but also employee, vendors, customers
- Governance standards
- Past Track record of the management

Key traits of competent management = Capital Allocation + Capital Distribution

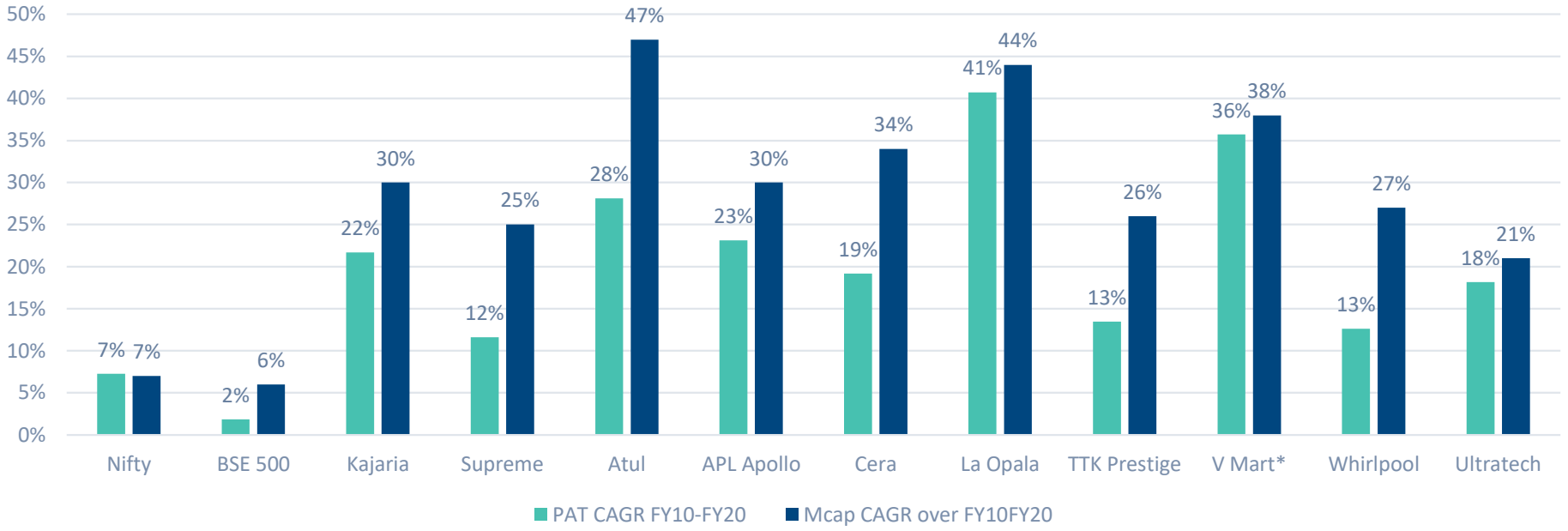
Valuation - Price Value Gap *(way we think about valuation)*

- Margin of Safety : We scout for Margins of safety = Gap between Intrinsic Value and Price
- Stock returns generally mirrors the earnings growth (unless the stock is incorrectly priced to begin with).
- Focus on entry multiples: We focus on the entry multiples which we pay for the businesses. If entry multiples are chosen properly , we can be assured of stock returns = earnings growth.
- Re-rating is not our base case: The stock re-rating can be significant driver of overall returns as the market changes its perception on the stock – "Re-rating" however is not our base case for valuation
- Business cycle critical to judge value: Companies in early or mid-cycle can cover up for moderately higher valuation; Late cycle companies with excessive valuations are untenable.
- Stocks held for momentum: We may not be comfortable in buying companies which are in late cycle and excessively valued, however there will be stage were our core holding get significantly "re-rated". These are then shifted from "Core portfolio bucket" to "held for momentum tactical bucket" and are sold as the momentum starts to fade.

Stock Returns can be derived as = Earnings Growth x Valuation multiple Change

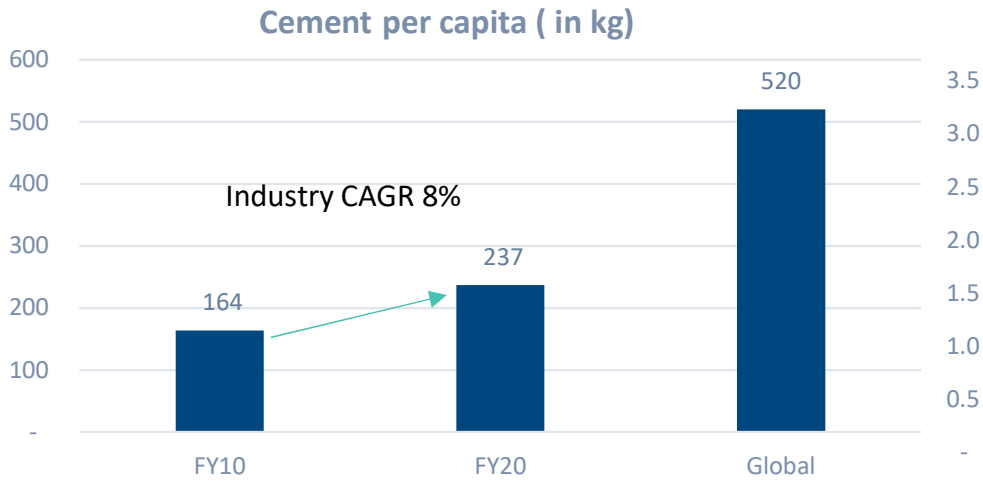
Earnings resilient for category leaders

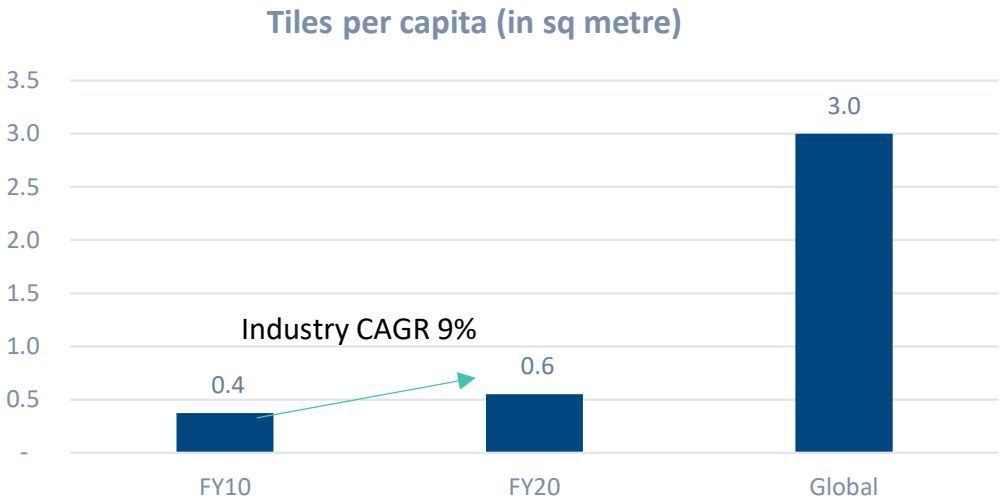
- Leaders of under penetrated category witnessed strong earnings growth between FY10-FY20
- Earnings decoupled with economy
- Thus, Category leaders has showcased wealth creation over long period of time

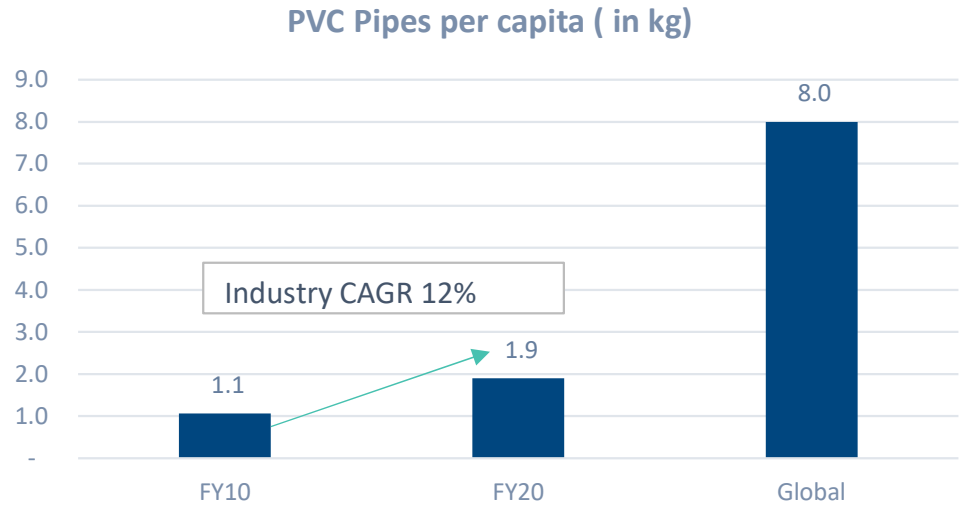


*Return since IPO; Source: Internal, The sector(s)/stock(s)/issuer(s) mentioned in this presentation do not constitute any research report/recommendation of the same and the Representative Portfolio may or may not have any future position in these sector(s)/stock(s)/issuer(s).

Per capita trending upwards- Still long way to go vs global peers



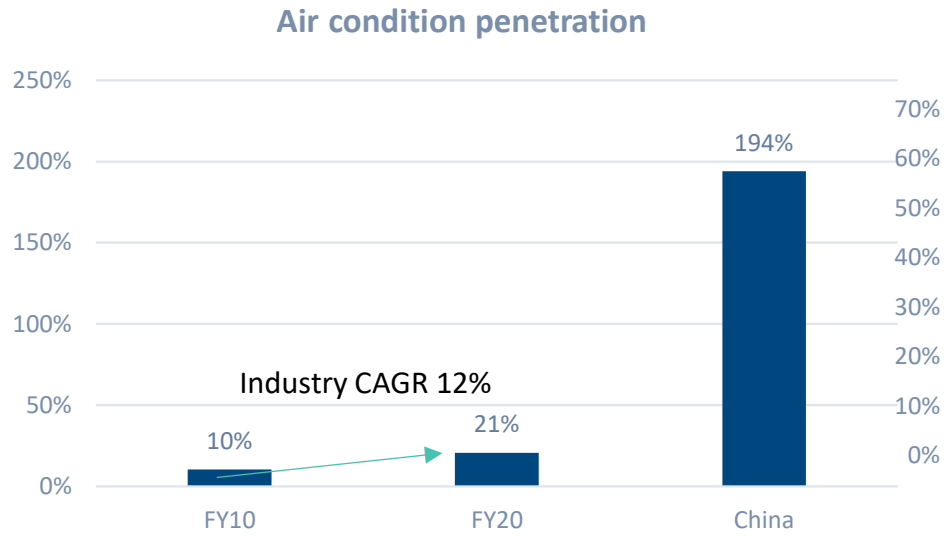


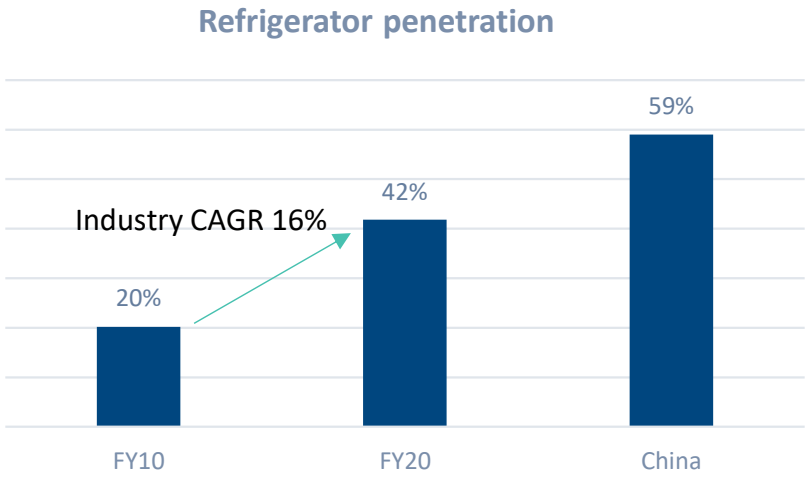


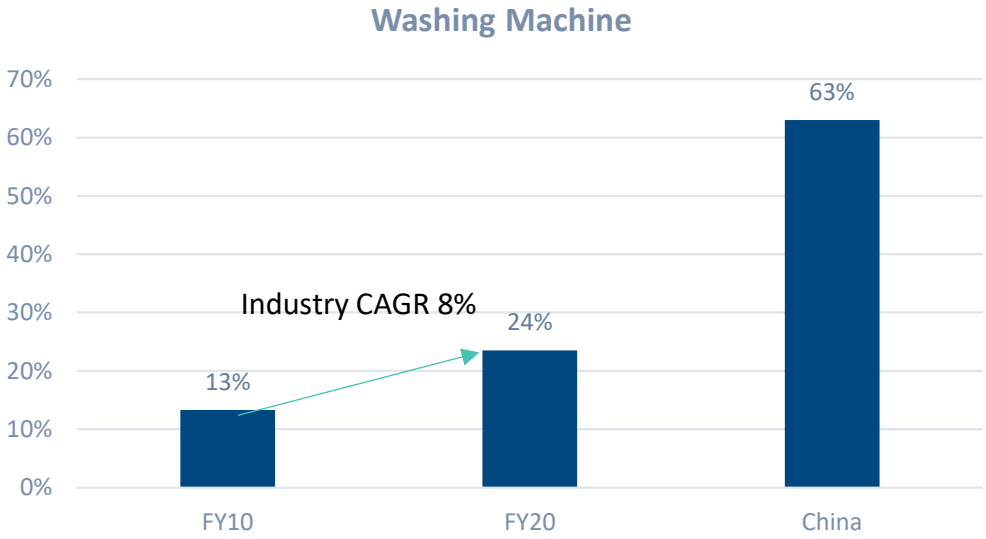
- Per capita increased across categories in last decade
- Healthy industry growth driven by increase in per capita despite sluggish economy.
- Categories still underpenetrated w.r.t to global peers augurs well for long term growth

Source: Spark Capital. **Past performance may or may not sustain in future.**

Growth in consumer durable led by higher penetration



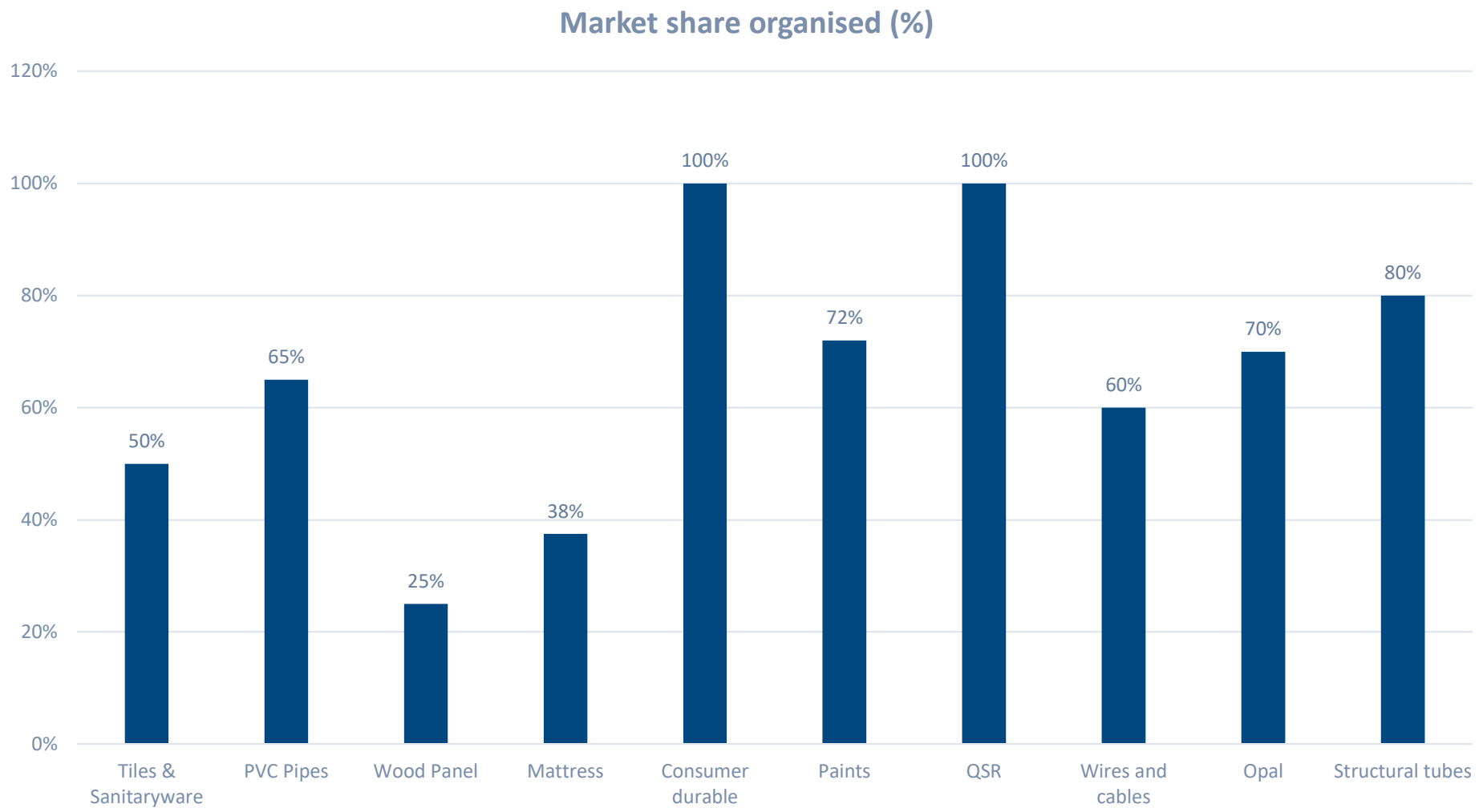




- Penetration levels in consumer durable increased structurally in last decade
- Ease of financing , availability of electricity contributed to increase in penetration
- Under penetration compared to global peers to drive long term growth
- Selecting right categories is important. eg. Refrigerator grew at 16% while Washing machine grew at 8%

DSP Source: Internal. **Past performance may or may not sustain in future.**

Shift to organized segment creates opportunity



Source: Edelweiss;

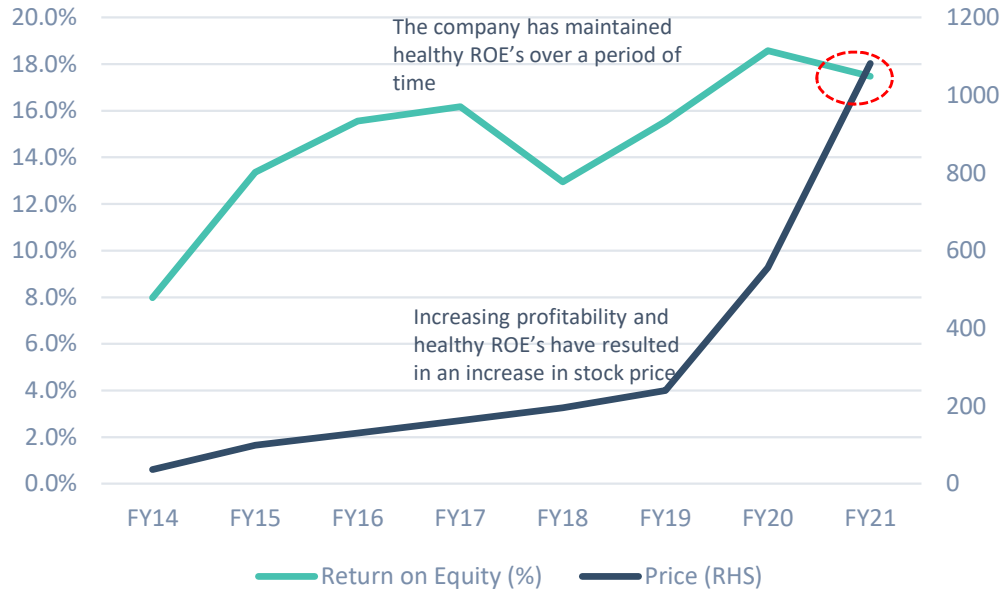
Historical portfolio holding examples - SRF Ltd

Commodity Business to IP Driven company

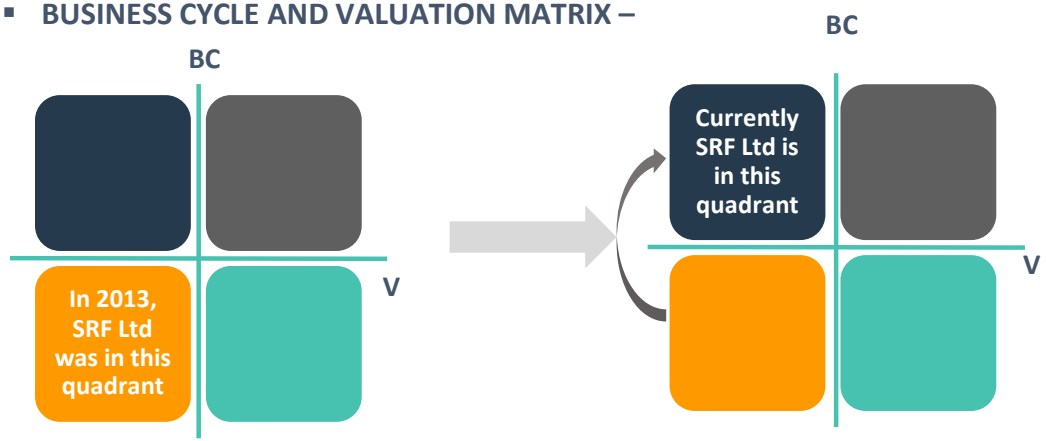
- **ECONOMIC MOAT –** Unique chemistry skill within specialty chemicals and refrigerant gases
- **COMPETITIVE ADVANTAGE –** Long lead time to win orders, continuous R&D on process technology and ability to withstand adverse business cycle
- **MANAGEMENT –** ROE Focused. Moved from commodity type to IP driven business which helped to increase Return of Invested Capital (ROIC) of the company
- **LONGEVITY OF GROWTH –**
  - Within the Specialty chemical market, the company has less then 1% exposure in USD 50 bn global agro market thereby providing a runway for growth going forward
  - Refrigerants caters to cooling solutions for Auto and Building, which are significantly underpenetrated in India
  - Having cost competitiveness, it has large export market to cater as well
- **BUSINESS CYCLE AND VALUATION MATRIX –**

Time Frame: FY14 to FY21

Sales Growth	EBITDA Growth	PAT Growth	Returns
2.1x	4.2x	7.4x	>30x



Source: DSP Investment Managers – internal research, Factset



The sector(s)/stock(s)/issuer(s) mentioned in this presentation do not constitute any research report/recommendation of the same and the Representative Portfolio may or may not have any future position in these sector(s)/stock(s)/issuer(s).

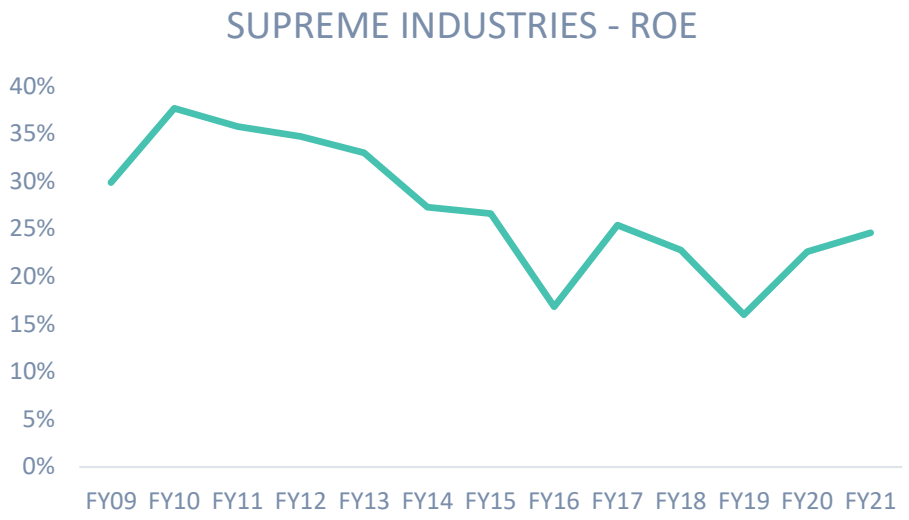
Note: In the BCV quadrant illustration alongside, companies experiencing an improving Business Cycle (low to high) are typically favorable investments. However, this needs to be seen in conjunction with Valuations. While lower valuations usually provide good entry points, during times of market euphoria, this might push investors into investments that turn out to be value traps. In general, we would look to trim our weights in companies at the top of the Business Cycle and which have discomforting valuations.

Low Valuation and Top of the Business Cycle | High Valuation and Top of the Business Cycle | Low Valuation and Bottom of the Business Cycle | High Valuation and Bottom of the Business Cycle

Historical portfolio holding examples – Supreme Industries

Driven by ROCE obsession

- The company has been in existence for ~78 years
- Very high standard of corporate governance
- Largest producer of plastics and allied products in India with diversified product portfolio across industrial, B2C and patented products
- Prudent capital allocation reflected in healthy return ratios of the company consistently
- Enjoys healthy market share in each of its product portfolio
- Strong distribution network with more than 3400 channel partners which acts as entry barrier
- Increase in capex intensity to drive growth in the medium term.

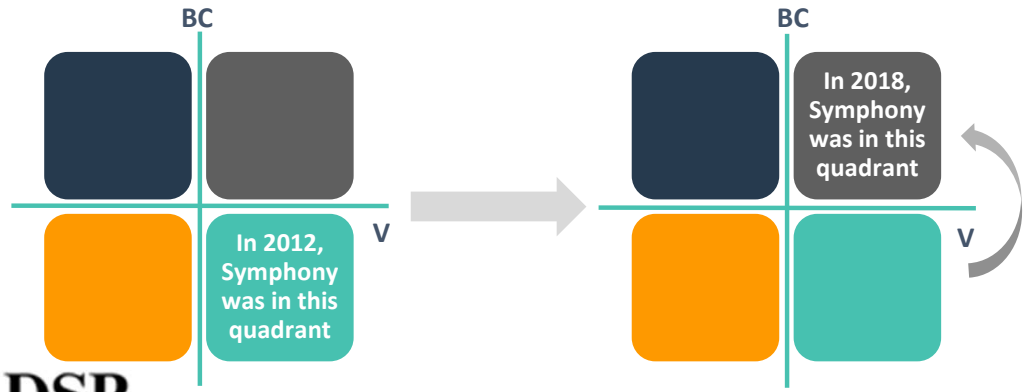


Source: Internal, Bloomberg, Jan 2022. The sector(s)/stock(s)/issuer(s) mentioned in this presentation do not constitute any research report/recommendation of the same and the Representative Portfolio may or may not have any future position in these sector(s)/stock(s)/issuer(s).

Historical portfolio holding examples - Symphony

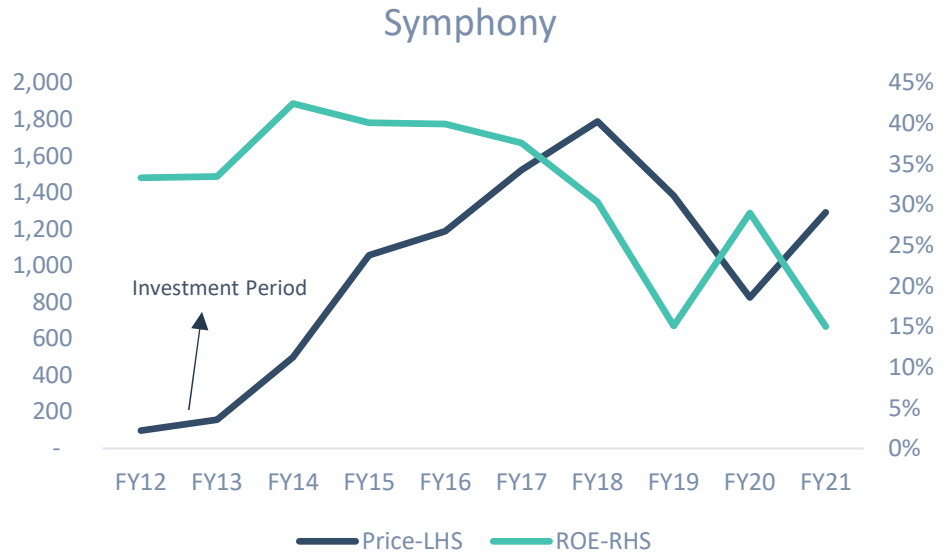
Focused approach

- **ECONOMIC MOAT –** Product Innovation. Consistently adding product portfolio every year to improve customer experience. The business model ticks all boxes of what we say as **"HedgeHog Effect"***
- **COMPETITIVE ADVANTAGE –** Largest Air Cooler player with 50% market share in Organized market in India. Asset Light model with strong focus on distribution (network with access to 1000+ distributors and 30000+ dealers)
- **MANAGEMENT –** Generates superior ROE and ROCE on a consistent basis.
- **LONGEVITY OF GROWTH –**
  - 50% market share in organized player. Unorganized market players have substantial market share in air cooler market. With the introduction of GST, Shift of Unorganized to Organized, would enable to the company to grow sustainably.
  - Scaling into Industrial cooling would add to further growth in revenues and diversification to overseas market will help in moderating the impact of seasonality.
- **BUSINESS CYCLE AND VALUATION MATRIX –**



Time Frame: FY13 to FY18

Sales Growth	PAT Growth	Average ROE	Returns (Dec'12 – Jan'18)
2.1x	3.2x	35%	>11x



Source: DSP Investment Managers – internal research, Factset

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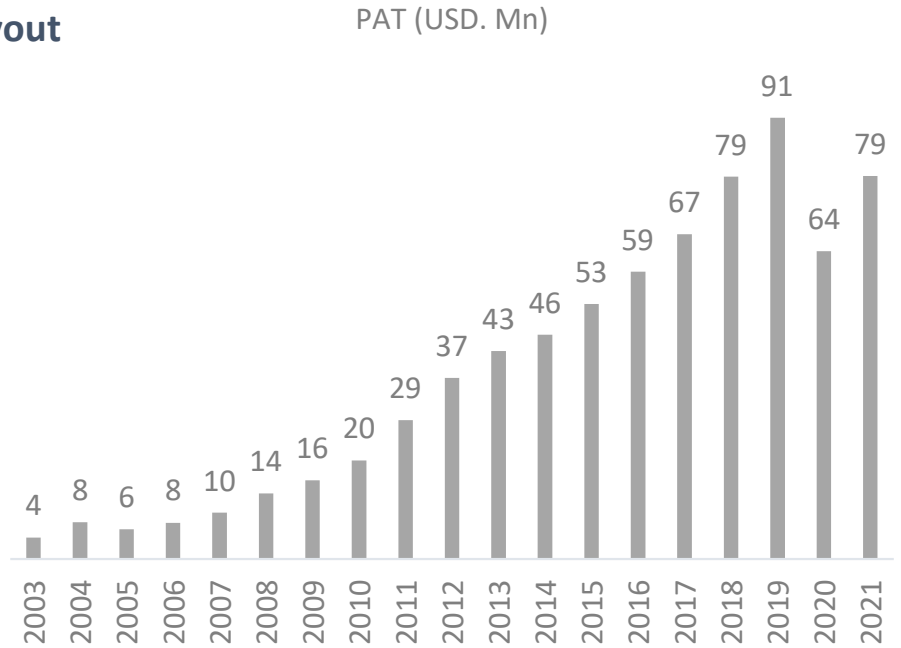
Note: In the BCV quadrant illustration alongside, companies experiencing an improving Business Cycle (low to high) are typically favorable investments. However, this needs to be seen in conjunction with Valuations. While lower valuations usually provide good entry points, during times of market euphoria, this might push investors into investments that turn out to be value traps. In general, we would look to trim our weights in companies at the top of the Business Cycle and which have discomforting valuations.

*HedgeHog Effect: Coined from the book "Good to Great – Why some companies make the leap and other don't" written by Jim Collins

Historical portfolio holding examples – City Union Bank

Boring banking drives 110+ years of profits and dividend payout

- The company has been in existence for ~115 years
- City Union Bank (CUBK) is amongst the few banks in the world to have just 7 CEOs appointed in 100+ years of operations – highlight of management consistency and stability
- Focused on its roots even today i.e. lending to small business traders which is 50%+ of advances. Relationship based banking with increasing blend of technology
- CUBK has 0.4% loan market share today and focus remains on replicating the business model across India
- Ultimate credit losses (write-offs) have been less than 100bp over last 10 years
- Consistently delivering above industry average return on assets and equity



Note: Dividend was not paid in FY21 due to regulatory guidelines on not allowing any bank to pay dividend.

Source: Internal, Bloomberg, Jan 2022. The sector(s)/stock(s)/issuer(s) mentioned in this presentation do not constitute any research report/recommendation of the same and the Representative Portfolio may or may not have any future position in these sector(s)/stock(s)/issuer(s). PAT = Profit after tax.

Historical portfolio holding examples - Infosys

We asses & evaluate temporary disruption as possible opportunities

- Under new leadership business had started showing signs of improvement. Salil Parekh joined in Jan 2018
- Faced whistleblower problem in Oct 2019, evaluated in-depth and concluded that it was a bit frivolous
- Whistleblower led to steep correction – Buy or sell ?
- Provided good entry opportunity – stock was available at 13-14X

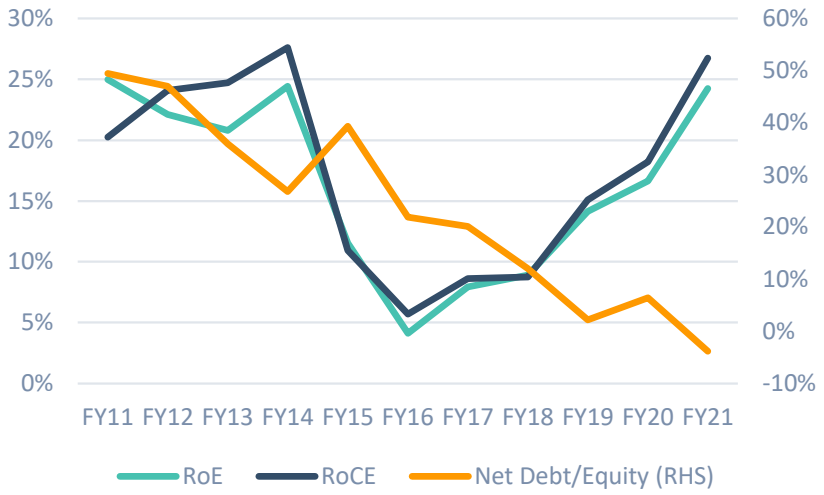
10 yr Average	
ROCE	35%
PAT CAGR	10%
Dividend Payout	44%

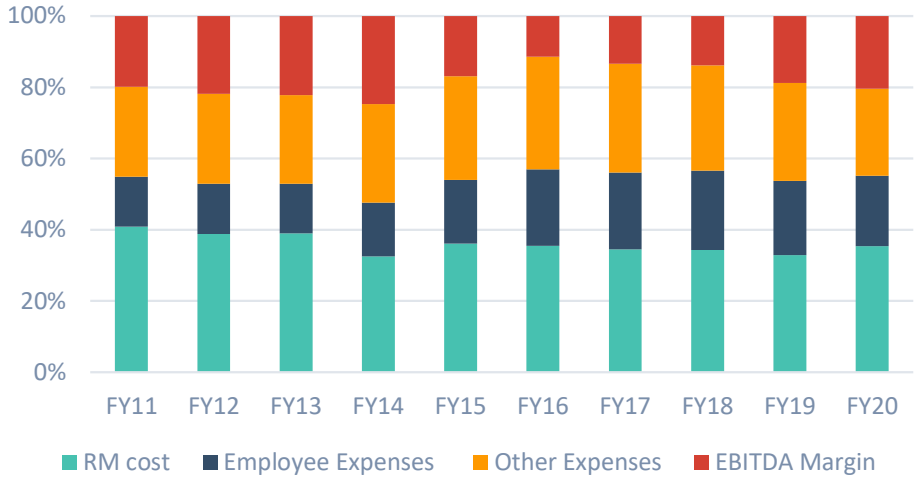
Source: Internal, Bloomberg, Nov 2020. The sector(s)/stock(s)/issuer(s) mentioned in this presentation do not constitute any research report/recommendation of the same and the Representative Portfolio may or may not have any future position in these sector(s)/stock(s)/issuer(s). The figures refer to the past and that past performance is not a reliable indicator of future results. PAT = Profit After Tax. ROCE = Return on capital employed.

IPCA Laboratories Ltd

Strong management, superior ROCE and cost efficient pharma play

- Vertically integrated into API – gives huge cost advantage
- One of the most capital efficient companies within the sector – average ROCE FY10-15 = 25%
- Faced USFDA challenges in 2014 which still persist. IPCA has grown out of those problems by keeping costs under control and growing the non US business
- ROCE cracked from 28% in FY14 to 6% in FY16; now back to 27% in FY21

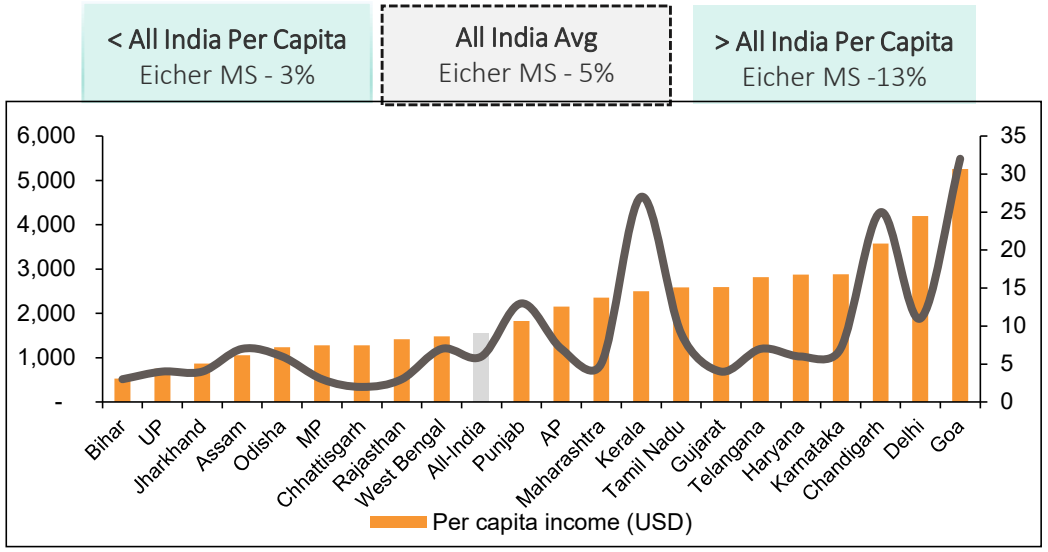




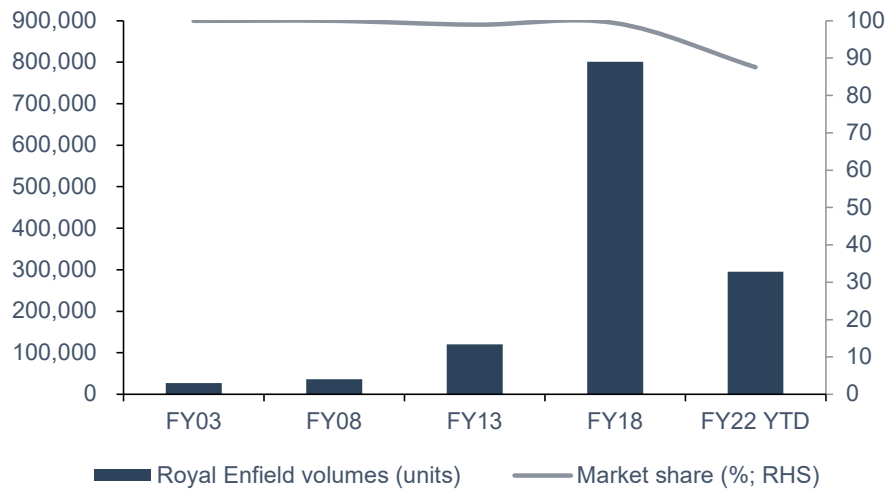
Source: Internal, Bloomberg, Feb 2022. The sector(s)/stock(s)/issuer(s) mentioned in this presentation do not constitute any research report/recommendation of the same and the Representative Portfolio may or may not have any future position in these sector(s)/stock(s)/issuer(s). The figures refer to the past and that past performance is not a reliable indicator of future results.

Eicher : Play on rising aspiration levels

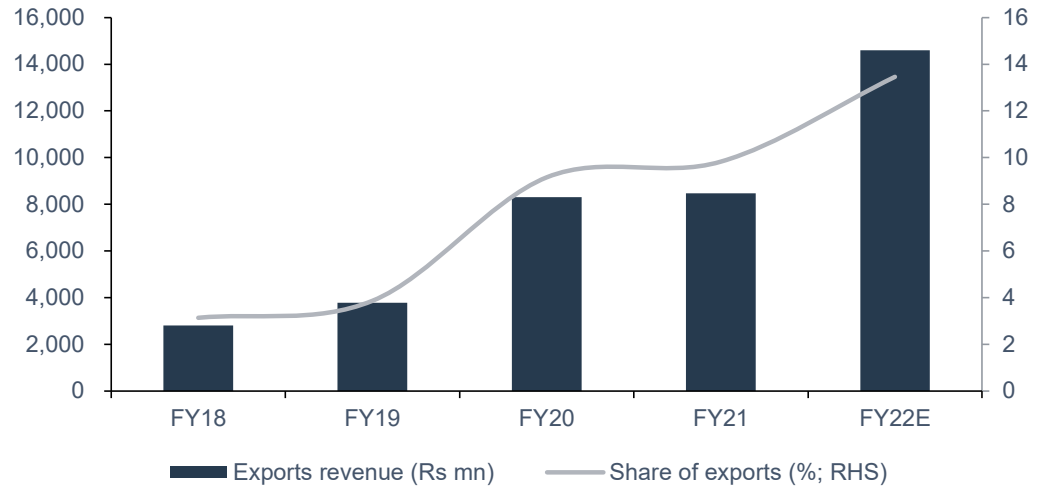
Rising aspiration levels provide scope for further expansion of cruiser segment



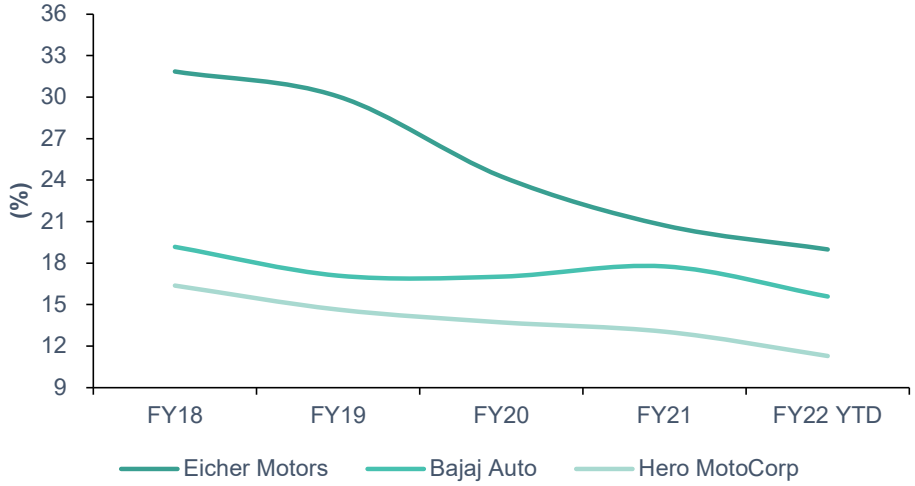
A dominant player (>250 CC) despite entry of competition



Rising Exports : Exports ASPs are higher than of domestic market



Highest margins in 2W space: Lowest disruption risk



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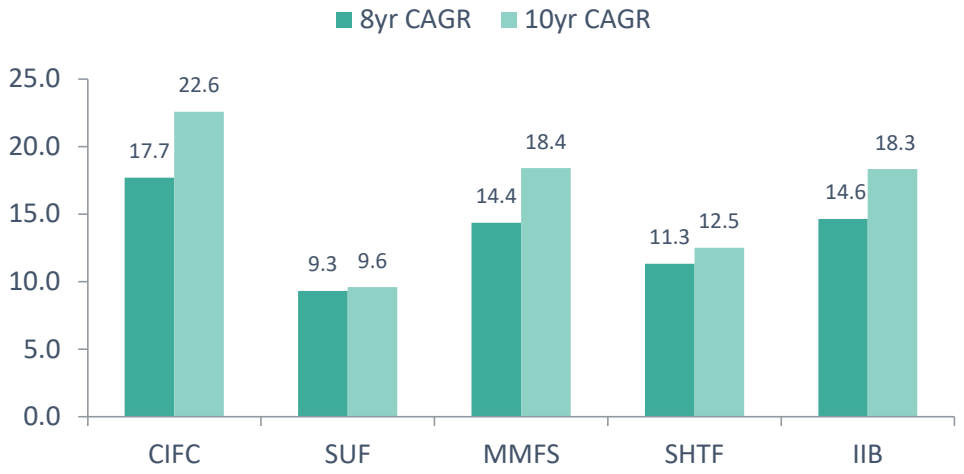
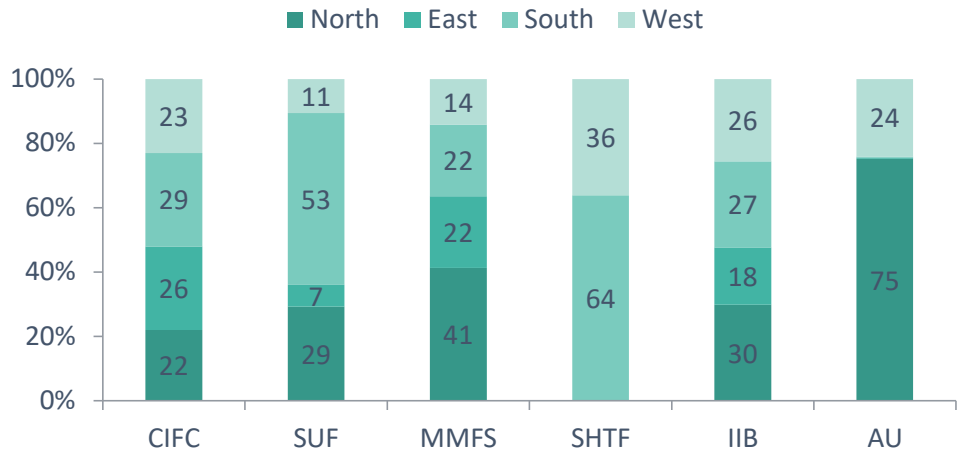
ASP: Average Selling Price. Source: Internal Research and Bloomberg. **Past performance does not predict future returns**

Chola: Consistently superior performance

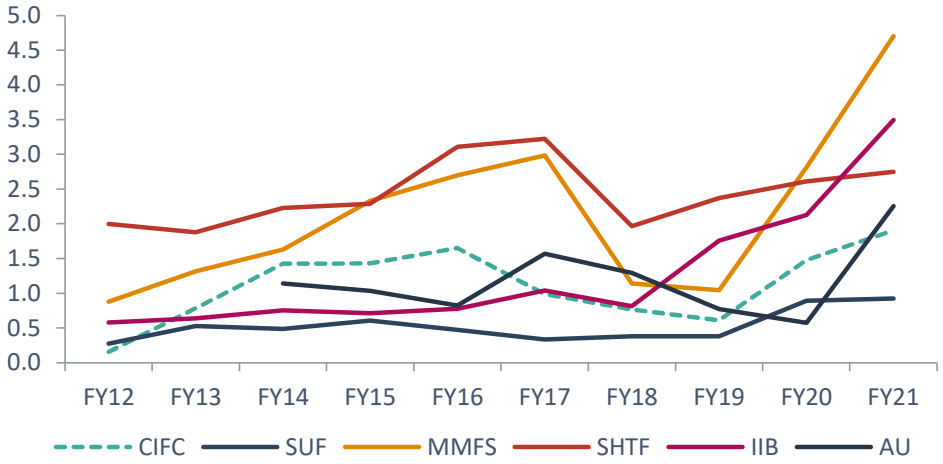
Chola is consistently outperformed peers in AUM growth



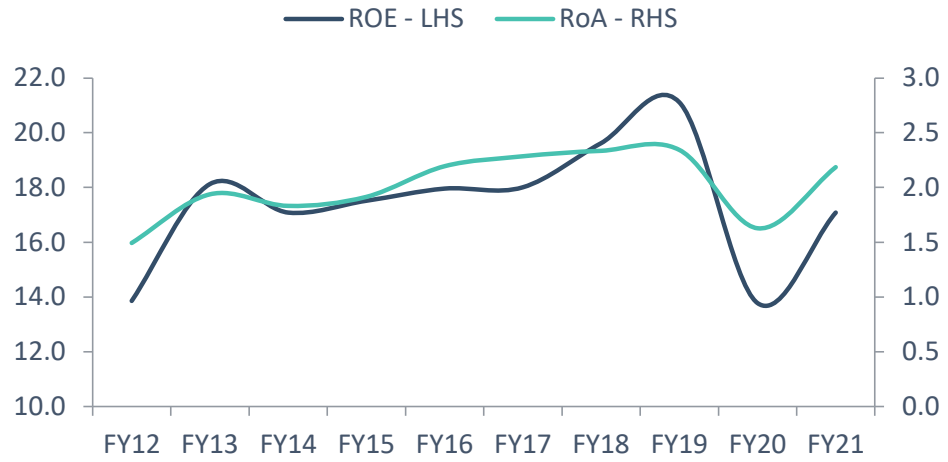
Chola has the most diversified branch network



Consistently better credit cost vs peers



Chola delivered 17-18% ROE and 2% ROA over the decade



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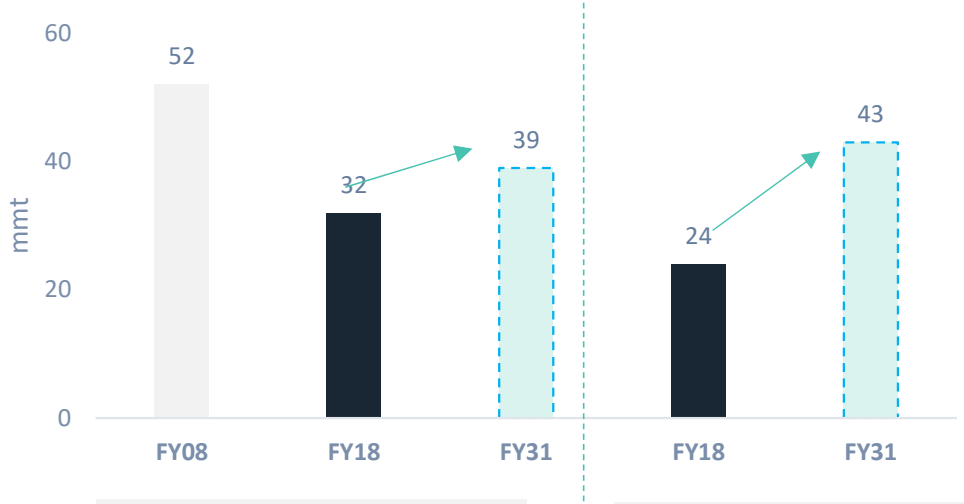
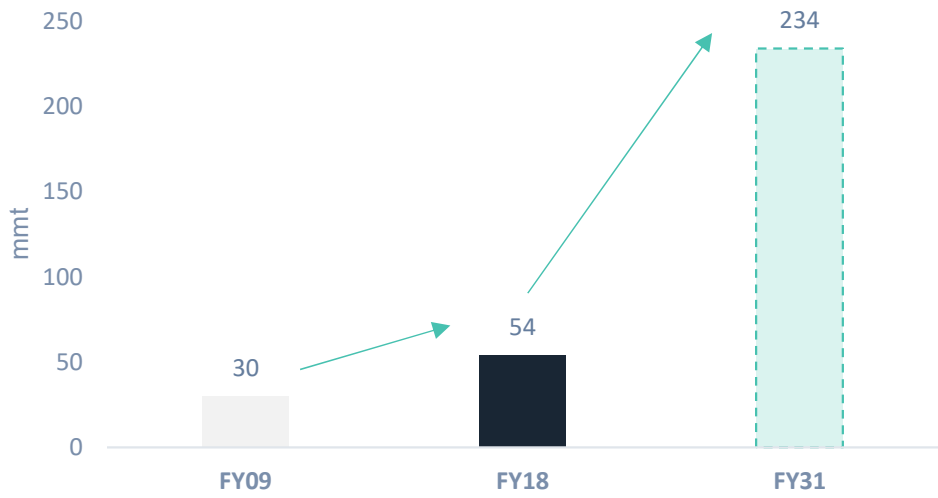
Concor: Play of secular rise in rail market share

Railways targeting aggressive market shares gains over the next decade

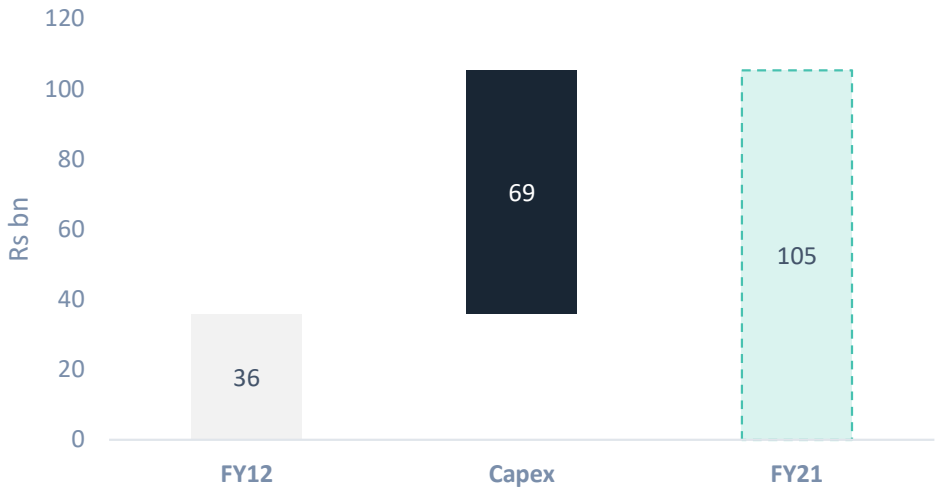


Overall Rail Mkt Shr (%) | Container Rail Mkt Shr (%)

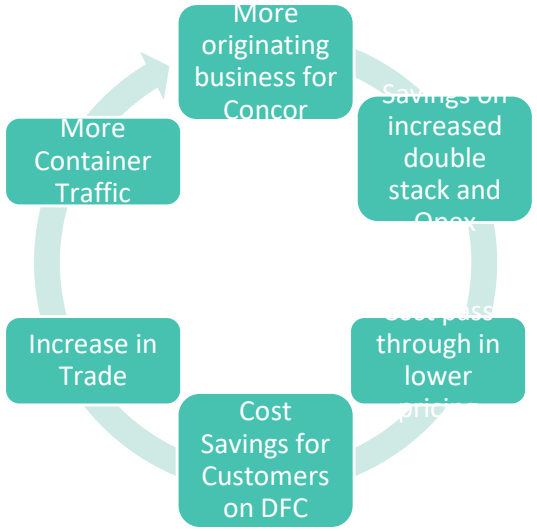
Container volumes to grow at 2x the pace over the next decade



CONCOR has aggressively invested in new capacity (including DFCC)



Network benefit from DFCC investments



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Composite BM Performance (Since Dec 2000)

Average Daily Rolling Return	3Y	5Y	7Y	10Y
MSCI India Index	11.8%	11.1%	9.5%	8.6%
MSCI Small Cap Index	16.5%	14.4%	12.2%	10.6%
Custom 20:80 Composite Index	15.8%	14.0%	11.9%	10.4%

Return / Risk (Rolling basis)	3Y	5Y	7Y	10Y
MSCI India Index	0.72	0.85	1.10	1.45
MSCI Small Cap Index	0.63	0.73	0.97	1.36
Custom 20:80 Composite Index	0.64	0.74	0.99	1.38

Source: Bloomberg. Data from Dec 2000 to Apr 2023. **Past performance is not a reliable indicator of future results**. Large & mid cap active composite consists of stocks with total market cap rank between from 1 to 100. Small Cap active composite consists of stocks with total market cap rank between from 101 to 250. All figures in USD

Benchmark Performance, as of months ending

	30/04/2022 to 30/04/2023	30/04/2021 to 30/04/2022	30/04/2020 to 30/04/2021	30/04/2019 to 30/04/2020	30/04/2018 to 30/04/2019
MSCI India Index	-6.95%	16.98%	50.44%	-20.15%	3.11%
MSCI India Small Cap Index	-6.08%	20.36%	90.30%	-30.01%	-19.07%
DSP Strategy	-6.91%	8.34%	55.27%	-13.49%	-11.42%
India Focused UCITS	-5.57%	8.69%	51.56%	-19.71%	-5.51%
Custom 20:80 Composite Index	-6.26%	19.69%	82.32%	-28.03%	-14.64%
MSCI ACWI Index	0.20%	-6.86%	43.47%	-6.80%	2.97%
MSCI USA Index	0.21%	-2.93%	46.08%	-0.94%	11.19%
MSCI Europe Index	8.94%	-8.77%	39.89%	-16.06%	-5.88%
MSCI Japan Index	3.08%	-16.01%	28.28%	-4.96%	-9.52%
MSCI UK Index	4.26%	0.92%	28.09%	-24.25%	-6.87%
MSCI China Index	-7.82%	-37.05%	34.60%	-4.04%	-5.96%
MSCI Brazil Index	-13.27%	-7.18%	43.11%	-40.11%	-4.42%
MSCI Russia Index	-10.00%	-100.00%	22.58%	-13.96%	8.61%
MSCI EM Index	-9.21%	-20.14%	45.70%	-14.30%	-7.32%
MSCI Developed Index	1.44%	-4.87%	43.16%	-5.78%	4.42%

Source: Bloomberg, Internal. All returns in USD terms, as of 30th April 2023. The DSP Strategy has been implemented since 14 Nov 2006 through certain products managed by DSP Investment Managers Pvt. Ltd., which are not available for investment in any jurisdiction except for India. India Focused UCITS refers to a composite of all funds that invest into India via the UCITS platform. The custom 20:80 Index is an index weighted as 20% MSCI India Index and 80% MSCI India Small Cap Index. Large & mid cap active composite consists of funds falling in the large cap category as defined by the Indian regulator SEBI – Securities and Exchange Board of India. Small cap active composite consists of funds falling in the mid cap category as defined by the Indian regulator SEBI. For further details on MSCI and SEBI categories, please refer to the slide in the Appendix titled 'Market-cap Classification: SEBI versus MSCI'. **Past performance is not a reliable indicator of future results**

Stock Performance, as of months ending

	30/04/2022 to 30/04/2023	30/04/2021 to 30/04/2022	30/04/2020 to 30/04/2021	30/04/2019 to 30/04/2020	30/04/2018 to 30/04/2019
SRF	1.10%	95.36%	-65.41%	44.83%	7.32%
Infosys	-20.08%	15.74%	89.29%	-4.77%	25.28%
Symphony	-13.35%	-3.73%	27.55%	-32.56%	-24.87%
Ipca Laboratories	-29.81%	-3.89%	-34.97%	69.94%	26.71%

Source: Bloomberg, Internal. All returns in INR terms, as of 30th April 2023. **The figures refer to the past and that past performance is not a reliable indicator of future results.**

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