

Abakkus Growth Fund - I

A Close Ended Category III Equity AIF



INTRODUCING ABAKKUS ASSET MANAGER

- ❖ Abakkus is alpha focused asset management firm set-up by Sunil Singhania. This is his maiden entrepreneurial venture
- ❖ Sunil has a distinguished track record of over 2 decades in Equity Investments and has served earlier, as CIO-Equities for Reliance Mutual Fund. He played an instrumental role in building RMF into one of India's largest AMCs.
- ❖ Reliance Growth Fund, independently managed by him, has the unique distinction of having grown over 100 times in 21 years - also the first fund in India to have a NAV of Rs. 1000+.
- ❖ Reliance Smallcap Fund has been consistently rated amongst the best fund in its category. Over the recent 5 years fund has delivered a CAGR return of 32.5% vs 20.1% for BSE Smallcap index



ABOUT THE FUND

A long only Alpha focussed multi-cap portfolio with a mid-cap bias. Endeavour to deliver higher than market returns from a 3-4 year perspective

INVESTMENT PHILOSOPHY

Alpha Generators

- Growth Companies: Profitability is expected to grow higher than market average
- Value: Fundamentally under-priced stocks with reasonable growth expectations
- Mid Cap: Smaller companies with a scalable business model but have the growth potential of becoming large cap in near future

Fundamental Driven

- Bottoms up research with focus on Balance sheet
- Numbers speak more than presentations and hype
- Returns ultimately are all about earnings, earnings & earnings

Happy to be Contrarian

- Prefer to be first, early and/or only investors
- Not chase the momentum
- Open to look at companies across sectors and market caps and business cycle

Agile and Flexible

- Each investment opportunity is looked upon individual merit.
- Not constrained to a particular theme or style

Patient Investors

- Buy and hold
- Invest in a stock as if investing in a business
- Think like a partner

Risk Reward Equation

- Expected returns have to justify the risk / uncertainty taken
- A good company might not necessarily be a good stock
- Focus on the price we pay and value derived. What is in the price?

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OUR 'MEETS' FRAMEWORK

MANAGEMENT	EARNINGS	EVENTS/ TRENDS	TIMING	STRUCTURAL
Quality- Capability and track record	Quality of earnings VS Reported numbers	Stock movement because of of events	Good company is not necessarily a good investment if price is not right	Size of opportunity
Capital Allocation- Capex is fine if ROE is maintained or enhanced	Actual earnings VS Expected	Can Buy or Sell opportunity	What is price discounting	Competitive positioning / MOAT
Capital Distribution- Fair to minority shareholders	Cyclical VS Structural earnings	Events on the horizon	Time frame of investment	Consistent growth in profits
Error in decision- Business errors VS Intentional mishaps	Companies that can double profits in 4 years or less or where EV/ EBITDA can halve in four years	Disruptive trends/ New themes	Mean Reversion	

OPPORTUNITY MATRIX

Structural Growth Companies

Companies which offer high quality secular growth or are part of emerging sectors which offer a large opportunity. Common characteristic of such stocks is that most are well discovered and finely priced currently. Our endeavor would be to see through initial high valuation and focus on where these companies can surprise on the upside leading to alpha opportunities

Disbelief to Belief

Well established companies who have a checkered past due to various reasons and currently ignored by investors. They offer an opportunity of owning a decent business at attractive prices. Focus would be to look at events / changes in the company which can address market concerns and bring the belief back (along with rerating). Invest only if we see a change happening

Near Term Headwinds

In a rapidly changing global and a fast-growing local economy, very few companies would have a linear track record / performance. There can also be specific near-term issues/ triggers by either regulator, competitor, self-inflicted or otherwise. If the business is good and sustainable it offers an opportunity for patient investors to look through near term issues and benefit from revival

Awaiting Triggers

There are good companies which are ignored by the investors due to lack of standout performance, relative performance, fears, etc. Our endeavor would be to seek businesses which would have potential triggers that could change this

Deep Value Plays

There are opportunities in the markets of companies that may benefit due to certain event \ situation and the risk reward equation may be favorable. There are opportunities to consider in stocks which are trading below their intrinsic value. We would consider them in a limited and disciplined way and will be conscious of not getting into just trading \ value traps

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FUND CHARACTERISTICS

- ❖ Benchmark agnostic Multi-cap portfolio with 30-40 of our best ideas picked via a bottoms up approach
- ❖ Endeavor to generate alpha and wealth creation by buying with over 3-4 years holding period
- ❖ Differentiated Portfolio adhering to our "MEETS" Framework
- ❖ Up to 10% exposure in micro and SME companies to improve returns but at the same time keeping risks low
- ❖ Diversified portfolio with single stock less than 10% and individual sector exposure below 30%
- ❖ Select anchor investments in IPO of companies as a QIB. No unlisted names to ensure liquidity at all times

FUND FEATURES

Benchmark	S&P BSE 200
Tenure	60 Months, with an option to redeem without exit load after 3 years from expiry of lock-in period
Capital Commitment	Minimum Rs. 1 crore (Upfront mode)
Redemption day	Last day of each month, post Lock-in period, subject to applicable charges
Redemption Gate	Max 30% per 12 months from expiry of lock-in period (Cumulative)
Redemption at Fund Level	Max 15% per 12 months from expiry of lock-in period (Cumulative)
Taxation	No specific pass through status accorded to a Category III AIFs. Trust taxation principles to apply to the AIF and practically, taxes to be discharged at the AIF level.

Fee Schedule

Class	Capital Commitment	Fixed Management Fees*	Variable Management Fees
A1	Rs 1 Cr to < Rs 5 Cr	2.50%	Nil
A2	Rs 5 Cr to < Rs 10 Cr	2.25%	Nil
A3	Rs 10 Cr to < Rs 25 Cr	2.00%	Nil
A4	Rs 25 Cr to < Rs 40 Cr	1.75%	Nil
A5	Rs 40 Cr and above	1.50%	Nil
Set-up Costs	Up to 2.5% of Capital Commitment		
Redemption	Last day of each month, post Lock-in period, subject to applicable charges		
Redemption Gate (Investor Level)	Max 30% per 12 months from expiry of lock-in period (Cumulative)		
Redemption at Fund Level	Max 15% per 12 months from expiry of lock-in period (Cumulative)		
Exit Charges*	Exit charges are applicable on exit after the lock-in period on redemption amount as per slabs described below : Between 0 and 12 months : 3% Between 12 and 24 months : 2% Between 24 and 36 months : 1%		

Plus GST and all statutory levies as applicable. For more details on fees, please refer to private placement memorandum.

Lock-in period - 12 months from the date of final closing

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RISKS

Company risk: Our focus on balance sheet and numbers will help us in mitigating this

Valuation risk: While there is no right or wrong valuation number, we are definitely wary of overpaying.

Market risk: Bottom up approach to portfolio rather than trying to time the markets. While we would be definitely monitoring the market, we believe the best way to handle market risk is by being patient

Liquidity risk: In mid and small cap investing liquidity can be a near term risk, the portfolio would be designed to take care of these constraints with a 3-5 year time horizon

Concentration Risk: Endeavor to have adequately diversified portfolio of 30-40 stocks across market capitalization with a midcap bias. Single stock exposure will be limited to 10% and sector exposure would be limited to 30%

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RM/Distributor Name :

Investor Name

RM Code :

Investor Signature :

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