



## INVESTOR NEWSLETTER

April 2019

### **We have great pleasure in greeting you with our first newsletter.**

Another PMS service? There are already more than 300 of them registered with SEBI. What's new about us? How are we better than so many other PMSes that are already there, not to mention all the mutual fund schemes that are also on offer?

The offering is new, but the team has an average experience of more than two decades in the capital market. This team has extensively handled portfolios of high networth clients from all over the country. This experience has left us with the following learnings:

- A client of that kind does not invest to get rich. Such a client is rich already, and has realized that it is harder to stay rich, compared to getting rich in the first place.
- Such a client knows the value of calculated risks, but also is aware of the dangers of reckless risk taking.
- He/she is looking for a logical investment process that is diligently followed, transparency of communication, and a return which, over a period of time, is superior to the appropriate benchmark index.

It is our intention to fulfil these requirements of the HNI investor.

And this is how we intend to do it:

- Buy only into businesses that have the capability to compete in the marketplace.
- Buy only when the price is within reasonable limits.

Both factors are extremely important. If efficiency is what pays in the stock market, then we need to  
(a) invest only in companies that are managed efficiently and  
(b) use the client's capital efficiently by not overpaying for what we buy.



It is the second point that makes us different. Our unwillingness to pay an exorbitant price for any company means that we buy shares when they are not too popular, or when the “price trigger” is quite far in the horizon. Good companies are unpopular only when they are going through a period of difficulty. We are happy to buy them at such times, after satisfying ourselves that the difficult period the company is going through is temporary and not terminal.

Over a period of time, this simple strategy has worked for our clients. Over the past several years, clients under this strategy have got returns comparable to the mainline investment products. Since the approach to investing has been different, the trajectory of returns has also been different, but it is just like following a different route to reach the same destination. In the process, the client gets a portfolio that is measurably different from the mainline investment products available in the market. For instance, the overlap of the portfolio developed using our style and that of the top 10 equity funds of the country (measured by their assets under management) over the last several years, has consistently been in the range of 15% only, thus giving the client a good option of diversification. As a point of interest, this portfolio has also been quite different from most of the popular PMS portfolios in India.

We are only too aware that we are not here to prove how intelligent we are. We are here to take care of someone else’s hard-earned money.

In this endeavour, we look forward to your support, and are conscious of the need for being worthy of it.

Warm regards,  
Yours sincerely

**(E A Sundaram)**  
**Portfolio Manager & CIO**

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