

The investment philosophy of “Cognito”, the flagship Portfolio Management scheme from PPFAS is based on one overriding natural principle viz. The Law of the Farm, which states that a seed does not blossom into a plant overnight.

The investment objective of PPFAS as a portfolio manager is to maximize the annualized return on the funds placed with PPFAS through a judicious deployment in capital/money market instruments, mutual fund units or derivatives based on a professional, detailed assessment and evaluation of all relevant macro and micro factors pertaining to the economy and industry and to generate long term* capital growth from and actively managed portfolio.

Buying securities at a discount to intrinsic value will help to create value for investors. We aim to avail of such opportunities, whenever available. We also intend to hold every constituent in our portfolio for several years, unless certain circumstances dictate otherwise. This will automatically reduce the churn in the portfolio, thereby resulting in a more tax-efficient investment for you.

* Long Term refers to an investment horizon of 5 years and more.

FOUR STEP INVESTMENT PROCESS:

- Identifying Investments
- Fundamental Research
- Valuation Study
- Portfolio Construction

These core holdings of clients are generally held for a long period of time. These holdings are sold only if there is a significant over valuation of the company or the business fundamentals of the company change adversely.

Finally, while it is a truism that diversifying across companies and industries results in lower volatility of the returns, over diversification does not reduce volatility significantly. On the other hand, random diversification can significantly dilute overall portfolio return. For example if one's best investment idea is only 2% of the portfolio it will contribute only a 2% return to the portfolio return even if it doubles. In cognito we diversify the portfolio without a large dilution of the effect of our best ideas. This means generally holding between 15-22 stocks in each client' portfolio.

Performance of Equity PMS

Particulars (%)	PMS Return	Sensex Return	Nifty Return
November 1996 (Inception) to August 2020 (Annualised)	15.24%	16.80%	16.28%
Last 1 Year	11.85%	11.70%	11.18%
Last 3 Years	27.41%	31.23%	23.66%
Last 5 Years	105.86%	67.46%	62.53%

Stocks in Client's Portfolio as on August 2020

Auto And Auto Ancillaries	Maharashtra Scooters Ltd, Balkrishna Industries Ltd, Hero MotoCorp Ltd.	Pharmaceutical	Dr. Reddy's Laboratories Ltd, IPCA Laboratories Ltd, Lupin Ltd, Sun Pharmaceutical Industries Ltd. Cadila Healthcare Ltd
Banking	Axis Bank Ltd, HDFC Bank Ltd, ICICI Bank Ltd, Kotak Mahindra Bank Ltd.	Consumer Non Durables	Zydus Wellness Ltd.
Finance	Bajaj Holdings & Invest Ltd, Central Depository Services (I) Ltd, ICRA Ltd.	Software	Mphasis Ltd, Infosys Technologies Ltd. Presistent Systems Ltd.
Gas	Indraprastha Gas Ltd.	Others	Agro Tech Foods Ltd, Mahindra Holidays & Resorts India Ltd, Hindustan Media Ventures Ltd.

Sectoral Allocation as on August 2020

