

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)<br>September 2021 (Annualised) | 19.10%     | 14.29%        | 14.32%       |
| Last 1 Year  | 72.21%     | 56.96%        | 58.90%       |
| Last 3 Years   | 29.27%     | 18.80%        | 18.35%       |
| Last 5 Years   | 23.54%     | 17.29%        | 16.48%       |
| Last 10 Years  | 18.51%     | 15.40%        | 15.29%       |

### Stocks in Client's Portfolio as on September 2021

|                                  |  |                       |   |
|----------------------------------|--|-----------------------|---|
| <b>Auto And Auto Ancillaries</b> | Hero MotoCorp Ltd.<br>Balkrishna Industries Ltd,                                     | <b>Pharmaceutical</b> | Dr. Reddy's Laboratories Ltd,<br>IPCA Laboratories Ltd, Lupin Ltd,<br>Sun Pharmaceutical Industries Ltd.<br>Cadila Healthcare Ltd |
| <b>Banking</b>                   | Axis Bank Ltd, HDFC Bank Ltd,<br>ICICI Bank Ltd,<br>Kotak Mahindra Bank Ltd.         | <b>Consumer goods</b> | Agro Tech Foods Ltd, ITC Limited.   |
| <b>Finance</b>                   | Bajaj Holdings & Invest Ltd,<br>Multi Commodity Exchange of<br>India Ltd.            | <b>Software</b>       | Mphasis Ltd, Infosys Technologies<br>Ltd. Presistent Systems Ltd,<br>HCL Technologies Ltd.  |
| <b>Gas</b>                       | Indraprastha Gas Ltd.  | <b>Others</b>         | Zydus Wellness Ltd,<br>Persistent Systems Ltd,<br>Power Grid Corporation Of India<br>Limited                                      |
| <b>Capital Market</b>            | Central Depository Services (I)<br>Ltd, ICRA Ltd, Indian Energy<br>Exchange Limited. |                       |   |

### Sectoral Allocation as on September 2021

