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## “Your success as an investor will be determined by how you respond to punctuated moments of terror, not the years spent on cruise control” – Morgan Housel

Dear Investors,

Financial year 2025 seems to be quite an eventful year with something or the other keeping investors on the edge of the seat every month not just in India but also the rest of the world. While April to June was dominated by local general elections in India, July was dominated by budget fears of increased capital gains tax. August onwards we had central bankers differing actions taking centre stage globally. While US Fed was in rate cut mode, we had the Japanese central bank increasing rates after decades and fueling fears of Yen carry-trade unwinding. However, in recent times the market volatility in Indian markets have been driven by three key factors which I believe could remain the near-term drivers for the markets. Let's look at each of these factors a little more in details to understand their implications on Indian markets.

*After decades of above par growth in China, the economy seems to be plagued with overcapacity and underutilisation*

### # Factor 1: China stimulus which could make China once more attractive for global investors

Chinese economy which has been seeing a steady decline in its economic activity since covid days, has been making all efforts to revive their growth but to no avail. Real estate crisis has been the biggest disasters there which has led to all around gloom among the locals. Government in a bid to revive the sentiments have done some aggressive policy announcements in September'24 as follows with an objective to give an immediate boost to the sentiments and domestic consumption there in China:

- Reducing the bank reserve requirements by 50 bps
- Reducing the 1-year medium term lending facility rate by 30 bps
- Reducing the 7-day reverse repurchase rate by 20 bps
- Issuing \$1.4 trillion extra debt to refinance local govt bonds and also approve purchase of idle local land and property

The immediate market reaction to all these major policy announcements was positive, with the Shanghai composite index witnessing significant gains in the month of Oct'24. Whether these can be sustained over time will primarily depend on whether the targeted objectives, i.e., resumption in consumption and growth, will be achieved or not. In that regard, a study of similar policy measures in the past and the corresponding movement of the Shanghai composite index in the short-term (6-months), medium-term (1-year), and long-term (2-years and above) could be interesting.

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*Past Chinese stimulus measures and its impact on equity markets in China don't give the confidence that current one would have any meaningful impact either*

Year	Macro environment	Measures announced	Short-term	Medium-term	Long-term
2019	Trade war & Economic slowdown	<ul style="list-style-type: none"> <li>- Cut the top tier of the value-added tax (VAT) rate to 13% from 16%</li> <li>- Increased the personal income tax threshold and allowed more pre-tax deductions</li> <li>- Total tax cuts amounted to 2.3 trillion yuan (US\$324 billion) in 2019</li> </ul>	20.8%	23.3%	35.3%
2020	Covid 19 Pandemic stimulus	<ul style="list-style-type: none"> <li>- Fiscal stimulus of around 4% of GDP, US\$ 506 billion</li> <li>- China's State Council called on banks to sacrifice 1.5 trillion yuan (US\$212 billion) in profits in 2020 to finance cheap loans to companies as a way to offset the economic fallout</li> <li>- China's central bank had temporarily purchased 40% of unsecured loans made to small and medium-sized firms from select local banks, using 400 billion yuan (US\$56 billion).</li> </ul>	20.0%	23.9%	18.6%
2022	Economic Stabilisation Policies	<ul style="list-style-type: none"> <li>- More targeted infrastructure investments</li> <li>- Central bank interest rate cuts and additional RRR cuts</li> <li>- Tax rebates for businesses and extended fiscal support for struggling sectors.</li> </ul>	-6.4%	-14.9%	-8.1%
2023	Targeted Stimulus	<ul style="list-style-type: none"> <li>- Increased fiscal spending on infrastructure projects</li> <li>- Incentives to boost consumer spending, particularly in auto and household appliances</li> <li>- Cuts to key policy rates to spur lending</li> <li>- Relaxation of real estate purchasing &amp; borrowing limits.</li> </ul>	-9.5%	-6.9%	-

Not surprisingly, considering that such measures take some time to percolate into the economy and engender the desired benefits, their impact on the market is usually more short-term in nature as can be seen from above. Over the longer term, structural factors hold more sway, and we would have to see how the recent policy measures impact the economy in the medium to long term. We believe the FII outflows are more hedge fund money looking for short term trading opportunities and not long-term investors.

### # Factor 2: Earnings weakness in Q2FY25 and expectations in H2FY25

With nearly 80-90% of the listed companies having reported their earnings so far, there has been more disappointments than positive surprises. Earnings of the Nifty-50 companies that have declared results so far have been flat YoY (vs. est. of +2% YoY). Q2FY25 was anyways expected to be a weak quarter due to base effect, election effect and also overall weakness in domestic consumption and infrastructure activity. However, it seems to be turning out to be the worst quarter in last four years since the covid bottom regarding growth in topline and bottom-line. In fact nearly 60% of the companies which have reported results so far have seen earnings downgrades. The aggregate performance was hit by a sharp drag from global commodities. Excluding Metals and Oil & Gas, Nifty clocked 11% earnings growth vs. expectations of 10% growth. The modest earnings growth was driven once again by BFSI, with positive contributions from Technology, Real Estate, Utilities, Telecom and Healthcare. Conversely, earnings growth was weighed down by global cyclicals, such as Oil & Gas (OMC's profit plunged 92% YoY), which saw a dip of 58% YoY, along with Metals (-28% YoY), Cement (-41% YoY), Chemicals (-23% YoY), and Consumer (+3%).

*Q2FY25 is turning out to be the worst earnings quarter since the Covid bottom*

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*Elections during Q1FY25 impacted the infrastructure and capex activity for 3-5 months which is resulting in all round weakness*

One major trend seen in all management commentary in this quarter was that the second half of the financial year (H2FY25) would be much better than the first half as the first half had elections and historically elections lead to infra and project delays across the economy. Among the consumer facing companies from Autos to Consumer staples and discretionary companies, Q3 is of major importance due to concentration of the festive and wedding season and hence lot of improvement in the numbers could be seen in the next two quarters. In the capital goods sector most companies have indicated that 2HFY25 will see an uptick in revenues and order inflows following the state elections and they have maintained their full year growth targets. Cement companies expect profitability to improve in 2HFY25, led by positive operating leverage, favorable fuel prices, and cost-saving initiatives. Even in Pharma and healthcare space we expect earnings growth momentum to sustain in the coming quarters, led by ongoing niche launches and improved operating leverage.

### # Factor 3: Impact of US Presidential election outcome

In the run up to the US elections, markets were anxious regarding the outcome though the opinion polls consistently showed the return of Mr Donald Trump to the Whitehouse. As Donald Trump prepares to begin his second innings at the White House, stock markets worldwide are already feeling the ripple effect. Investors are closely watching the potential implications of his return, with some sectors rallying in anticipation of his pro-business policies, while others brace for uncertainty amid his controversial economic strategies. Based on protectionism, tariffs, corporate tax cuts, increased infrastructure spending, deregulation, immigration control and strengthening local manufacturing, Trumponomics aims at fostering economic growth, raising incomes and creating more American jobs. But critics say these could stoke inflation, add to fiscal deficit and favour the rich citizens.

Let's look at what could be some of the positive and negative impact for India under the second term of Mr Donald Trump.

#### BRIGHTER SIDE:

- **Commodity prices under check** – Trump's push for fossil fuels and tariffs on China could slow down Chinese growth further and keep commodity prices lower. India being a net commodity importing country, mainly crude oil, could benefit from the same as the import bill would be lower. Also as the nation continues capex building, lower metal prices could also keep project costs under check.

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*There seems to be more structural positives under the new regime of Mr Trump and we would want to wait and watch how things play out*

- **Boost to Indian manufacturing and exports** – Trump has repeatedly highlighted about higher import tariffs on Chinese goods and relatively lower tariffs on other countries including India. This could make Indian manufacturing more competitive relative to Chinese goods in the US Markets. Sectors like auto ancillaries, solar panels, chemicals, pharma API, etc could benefit. With improving US and India trade relations, this can potentially drive strong exports of electronics goods from India, which are quite low today. Potentially any exports of mobiles, RACs, PCBAs could be positive for Indian companies.
- **Geopolitical tensions could ease** – If global conflicts are resolved under his administration, it could ease supply chain challenges, benefiting Indian companies. Trump's focus on US manufacturing and military strength may also indirectly support Indian players and their JVs with US defense companies.
- **Boost for Indian IT companies and GCC work** – Indian IT sector growth primarily depends on i) how much AI LLM application work will come to us; ii) increase in IT Budgets of US Inc. as Presidential uncertainty is removed and iii) Fed rate cut impact on growth. The relatively less important direct effects of potential US policy changes are: Reduced Corporate Tax + Make-in-America (to help loosen US IT budgets). US Tax cuts would help Indian IT subsidiaries, US Banking recovery to help and any tightening of Visa restrictions may not affect our IT companies as they are more localized now than 5 years back.

### DARKER SIDE:

*Tariffs has been the biggest concern under Mr Trump and that remains a overhang now for globalization*

- **Tariffs galore to come** – Looking at the past term of Mr Trump and his election speeches in this year, its very clear that trade and tariffs would be the key narrative to look out for. In the past the US has chosen the countries it tariffs based on whom it has the largest trade deficit with. In the EM space, after China, Mexico and Vietnam, India comes next in the order of its goods trade deficit size. If one were to add services to it, the deficit would only get larger. However, with the incoming President Trump's narrative reportedly focusing more on China-tariffs, how India gets impacted we will have to wait and watch. Its tariff increases are apparently based on 3 considerations, i.e trade balances, currency manipulation & China threat to security. India comes mostly in the 2nd category; hence it is possible that some negotiations will occur about mutual tariffs on specified items rather than a blanket increase and a tariff war as it could be for China.

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- **Rupee depreciation** – Any tariff increases by US (India being categorized as “currency manipulator”) could lead to global competitive currency devaluation. This is a worry for our macro as well as our US exports. Also, with growth picking up in US economy and more focus on domestic manufacturing in US, we could see continued FII outflow from India and other EMs and that would flow back to the US market. This could add further pressure on the Rupee.

### Current Portfolio construct & Performance

In midst of all the market volatilities and market noise, we continue to focus on our core strength of finding pockets of earnings strength which is supported by the right valuations. We continue to remain fully invested in the market and have not taken any aggressive cash calls in our portfolio. We believe the current downturn in the market is more temporary and not a structural downfall which warrants any major risk aversion. As can be seen from the below table, we have been able to maintain outperformance in all time periods over the short term, medium term or long term in your portfolio.

The current weakness in the market overall has a lot to do with a mix of weak Q2FY25 numbers coupled with FII outflows which is actually heading back to US post Mr Trump’s victory rather than going to China which was perceived to be the case by many earlier. Global Fund managers seem to be betting on Mr Trump giving a substantial boost to Corporate America’s profitability through tax cuts and push for domestic manufacturing. I believe some time correction in our markets can bring our markets back to attractive levels and India would continue to nevertheless trade at premium to rest of the world in the medium to long term.

After the recent correction of nearly 10% in Nifty-50, it currently trades at 19.3x P/E for CY2025 earnings and 17.4x P/E for CY2026 earnings. I don’t see these valuations being expensive from a standalone perspective as its very close to historical average valuations. However, when seen on a relative basis to China it looks expensive because China has massively under-performed India in the last 5 years due to its own structural problems. If I look at NSE-500 which is more broad based, it currently trades at 20.7x P/E on CY2025 earnings and 18.7x P/E for CY2026 earnings. Again, a sharp drop from the recent 24x and 21x respectively it was trading just a few months back. With most commentary highlighting a stronger H2FY25, our view is that we would see some recovery in earnings from Q3FY25 and meaningful recovery from Q4FY25. From now till the end of the FY25 we see good opportunity for investors to pick quality companies at reasonable valuations during the volatile period.

Happy Investing!!

**Team Quest**

*Consistent outperformance over benchmark remains key focus area for the portfolio in all market conditions*

*Index valuations are becoming more comfortable with every small correction in the market and offering good entry levels for long term investors*



## Fund Strategy, Objective and Theme

- To generate long term capital appreciation and **superior Risk Adjusted Returns** for clients in the long run by creating alpha through selection of a basket of high-quality listed companies across small and mid cap space.
- The AIF strategy would be small and mid cap focused as defined by their market capitalizations and would also take tactical cash calls from time to time.
- It would be a sector and theme agnostic portfolio and invest via a bottom-up approach. It would be a diversified portfolio of up to 20 - 25 stocks.
- The portfolio is suited for clients who have a **minimum of 4 - 5 years investment horizon**

## Key Terms

**Inception Date:** 28<sup>th</sup> April 2023

**Benchmark Index:** Nifty MidSmall Cap 400

**Minimum Investment:** Rs 1 Crore

## Fund Manager

**Mr. ANIRUDDHA SARKAR**

Aniruddha is the CIO and Fund Manager at Quest Investment Advisors since Feb-2020. He brings with him over 17 years of experience in the capital markets with diverse role managing money for investors across PMS, AIF and Advisory business. He has an eye for sector themes and has been instrumental in catching many themes early on in their lifecycle over the years. Prior to joining Quest, he was with IIFL group companies for over 11 years. At IIFL AMC in his last role, he was the Portfolio Manager for IIFL Multicap PMS since its inception in 2014 where he had generated industry leading performance over the 5 years till Dec 2019 and the same was also recognized in Industry awards in 2019. He holds a Bachelor's degree in Commerce and an MBA in Finance.

## PERFORMANCE SUMMARY POST TAXES

(As on 30<sup>th</sup> September 2024)

Particulars	3 Months	6 Months	1 Year	Since Inception (28/4/2023)
Quest Smart Alpha – Rising Leaders AIF (A1 Class shares)	12.23	26.98	35.05	34.80
Quest Smart Alpha – Rising Leaders AIF (F Class shares)	12.23	26.98	33.97	28.60
Nifty MidSmall Cap 400	7.28	26.60	48.47	57.93

Note: The above returns are unaudited and computed on TWRR basis post all fees & expenses and post taxes paid on all realized gains. Returns less than 1 year are on absolute basis. Client returns could vary depending on their dates of investment and subsequent drawdowns

## PERFORMANCE SUMMARY POST TAXES

(As on 31<sup>st</sup> October 2024)

Particulars	3 Months	6 Months	1 Year	Since Inception (28/4/2023)
Quest Smart Alpha – Rising Leaders AIF (A1 Class shares)	2.53	13.46	31.44	30.35
Quest Smart Alpha – Rising Leaders AIF (F Class shares)	2.52	13.36	30.55	23.48
Nifty MidSmall Cap 400	-3.28	11.09	44.87	48.37

Note: The above returns are unaudited and computed on TWRR basis post all fees & expenses and post taxes paid on all realized gains. Returns less than 1 year are on absolute basis. Client returns could vary depending on their dates of investment and subsequent drawdowns



## Holdings as on 30<sup>th</sup> Sep 2024

Company Name	Weightage (%)
S H Kelkar And Co. Ltd	8.36%
Sequent Scientific Ltd	7.37%
Piramal Pharma Ltd	7.33%
Sansera Engineering Ltd	6.68%
Nippon Life India Asset Management Ltd	5.94%
TVS Holdings Ltd	5.72%
360 One WAM Ltd	5.15%
Kirloskar Ferrous Industries Ltd	4.70%
Indigo Paints Ltd	4.55%
Natco Pharma Ltd	4.54%
Ajmera Realty And Infra India Ltd	4.34%
Styrenix Performance Materials Ltd	4.28%
PCBL Ltd	4.16%
Home First Finance Company India Ltd	4.12%
IRCON International Ltd	3.74%
Techno Electric And Engineering Company Ltd	3.46%
GMM Pfaudler Ltd	3.43%
Samhi Hotels Ltd	3.21%
Huhtamaki India Ltd	3.16%
Balmer Lawrie And Company Ltd	2.20%
Cash & Cash Equivalent	3.57%

As on 30<sup>th</sup> September 2024

## SUMMARY FINANCIALS OF INVESTEE COMPANIES

Company Name	Revenue Growth (FY 24-26E CAGR)	PAT Growth (FY 24-26E CAGR)	PE FY26
S H Kelkar & Co. Ltd	14.4%	34.3%	18.7
Sequent Scientific Ltd	12.0%	NA	64.3
Piramal Pharma Ltd	12.6%	550.0%	40.3
Sansera Engineering Ltd	17.1%	27.8%	30.4
Nippon Life India Asset Management Ltd	20.2%	12.7%	29.3
TVS Holdings Ltd	12.0%	35.0%	8.9
360 One WAM Ltd	23.2%	20.6%	32.5
Kirloskar Ferrous Industries Ltd	16.5%	74.6%	12.9
Indigo Paints Ltd	17.4%	16.1%	35.0
Natco Pharma Ltd	16.2%	12.7%	14.4
Ajmera Realty And Infra India Ltd	40.2%	42.1%	11.5
Styrenix Performance Materials Ltd	13.0%	19.4%	17.5
PCBL Ltd	24.8%	18.6%	29.1
Home First Finance Company India Ltd	27.1%	23.8%	22.6
IRCON International Ltd	5.7%	5.2%	22.5
Techno Electric And Engineering Company Ltd	53.7%	34.5%	37.9
GMM Pfaudler Ltd	4.5%	7.2%	31.3
Samhi Hotels Ltd	14.7%	NA	20.6
Huhtamaki India Ltd *	12.0%	115.1%	15.7
Balmer Lawrie And Company Ltd	12.0%	16.4%	13.2

The estimates in the table above are on consolidated basis except for banks & financials.

\* Companies following CY reporting, hence CY23E-25E

PAT CAGR is excluding exceptional numbers and companies turning profitable from loss



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PCBL Ltd



## About the company

- Phillips Carbon Black Ltd (PCBL) is a part of RPG Group and largest carbon black manufacturers in India by capacity and 7th largest carbon black company globally.
- PCBL is the largest carbon black exporter from India having presence in 60+ countries. Currently, export accounts nearly 33% of revenue and 67% of the domestic market. The company is also aggressively focusing on value added business of specialty Carbon Black products and has developed more than 60 grades of products as of date.
- In a strategic move to diversify its specialty chemicals portfolio, PCBL signed a deal worth ₹3,800 crore in Q4FY24 to acquire Aquapharm Chemicals Private Limited (ACPL). This acquisition marks PCBL's entry into the global water treatment and oil & gas chemical segments, enhancing its capabilities in specialty chemicals.

## Investment Thesis

- **Expansion to drive growth:** After building a new greenfield plant of 147,000 MTPA of Rubber Carbon Black capacity in Chennai, which was commissioned by December 2022, the company continues to expand its production capacity on back of strong demand. Over the next 3-4 years, the management has earmarked a capex of INR 2500 crore and increase the capacity by more than 11 lakh TPA from 7.7 lakh currently over the next 3-4 years.
- **Focusing on Specialty Carbon black segment:** PCBL is focusing on moving up the value chain and producing more value-added products (wherein the contribution margins are as high as 2.5 times of Rubber Carbon Black) and to mitigate the competition from China & Russia. The largest player globally has approx. 300 plus grades whereas PCBL has managed to develop 60+ grades currently.
- **Margin expansion:** Better product mix due to ramp up of Specialty Carbon Black volumes from 35,000 MT in FY22 to ~70,000 MT (will lead to an increase in blended EBITDA per ton) by FY25E coupled with process efficiencies and operating leverage will drive financial performance in medium term.
- **Diversification:** The diversification into ACPL is expected to strengthen PCBL's market position in high-margin chemical segments, leveraging ACPL's expertise in phosphonates and biodegradable chelating agents. Company has capex plans of INR 600-700 crore for capacity expansions in US as well as in India.

## SWOT Analysis

Strengths	Weaknesses	Opportunities	Threats
Strong R&D capabilities; developing niche Specialty Carbon Black products	Large part of business is still commodity	EV will create demand for superior grades of Rubber Carbon Black and improve margins	Higher than estimated time for turnaround in ACPL
Presence in 60+ countries with tie-ups for decanting stations	Dependency on carbon black feed stock which is 80% of raw material cost and linked to crude prices	Successful development of superconductive grades of Specialty Carbon Black	Action by Pollution Control Board can hamper manufacturing operations
		Phasing out or higher cost of production in China can lead to better realizations	

Samhi Hotels Ltd



## About the company

- ◌ SAMHI Hotels Limited is a prominent branded hotel ownership and asset management platform in India, with the third largest inventory of operational keys (owned and leased) in India as of Sept 2024.
- ◌ Within 12 years of starting their business operations, SAMHI has built a portfolio of 3,839 keys across 25 operating hotels in 12 of India's key urban consumption centers.
- ◌ All SAMHI hotels are in the Upper Upscale, Upscale, Upper Mid-scale and Mid-scale hotel segments, typically operating under long-term management contracts with established global hotel operators such as Marriott, Hyatt and IHG.

## Investment Thesis

- ◌ **Track record of acquiring and turning around assets:** The company acquires or builds primarily business hotels and takes steps to upgrade the properties and engages with established branded hotel operators to allow the hotels to be appropriately positioned within the market. After this one-time upgrade, the company deploys its in-house and proprietary asset management tools and capabilities to enhance the financial and operational performance of the property.
- ◌ **Asset ownership business model:** Using an acquisition- and turnaround-led strategy, SAMHI has established an asset ownership business model that has enabled it to achieve scale and earnings growth by incurring lower capital expenditure. Ownership model creates significant operating leverage, which is beneficial in current upcycle,
- ◌ Since SAMHI's inception in 2010, it has added c.369 keys to its portfolio per year (including ACIC portfolio acquisition), demonstrating its ability to identify, acquire and turn around hotels a/with Low average cost per key compared to industry levels
- ◌ **Renovate and rebrand to increase average room rates:** After acquiring underperforming hotels, SAMHI usually renovates and rebrands them; historically, its acquisitions have shown accretive returns on incremental capital expenditure. This has primarily been driven by a material increase in average room rates post renovation and rebranding, which leads to significant growth in hotel revenue and profitability.
- ◌ **Pipeline:** SAMHI has a pipeline of 617 keys, out of which 165 keys will likely get commissioned by FY2025, while the balance of 452 keys (including 350 keys addition from Navi Mumbai) will be commissioned by FY2028

## SWOT Analysis

Strengths	Weaknesses	Opportunities	Threats
Presence in 12 of India's key urban consumption centres including Bengaluru, Hyderabad, NCR, Pune, Chennai and Ahmedabad	High financial leverage	Increasing domestic travel and urbanization driving demand for quality hotel rooms	Cyclical nature of hospitality industry
Hotels operate under long-term management contracts with established global brands like Marriott, Hyatt and IHG	Reliance on third-party hotel operators	Potential to acquire additional hotel properties and expand portfolio	Intense competition from other hotel chains and alternative accommodation options
Management's expertise in turning around hotel operations	Heavy reliance on key markets like Bangalore, Hyderabad, Pune, and NCR, which contribute 70% of total revenue	Opportunities to improve margins through integration and rebranding of acquired properties, such as the ACIC portfolio	

**Risk Management  
(Disclosures Under Regulation 22 (g) of SEBI (Alternative Investment Funds) Regulations, 2012)**

Parameters	Level	Mitigants
<b>Concentration Risk</b>	Fund	<ul style="list-style-type: none"> <li>Fund shall not invest more than 10% of the NAV in any single Investee Company.</li> </ul>
<b>Foreign Exchange Risk</b>	Fund	<ul style="list-style-type: none"> <li>Fund has invested only in Indian securities hence the fund's investments do not face any Foreign Exchange Risk.</li> </ul>
<b>Leverage Risk</b>	Fund	<ul style="list-style-type: none"> <li>The fund hasn't taken any borrowings or invested in derivatives till 30<sup>th</sup> September 2024 nor does it plan to do so in future.</li> </ul>
<b>Leverage Risk</b>	Investee Company	<ul style="list-style-type: none"> <li>Strong Balance Sheet is one of the key investment parameters and hence most investments are likely to be in companies where the Debt Equity ratio is very comfortable.</li> </ul>
<b>Realization Risk</b>	Company/Fund	<ul style="list-style-type: none"> <li>We will be investing only into listed equities which shall mitigate realization risk to a large extent. Till the funds are invested, they may be parked in overnight / liquid funds.</li> </ul>
<b>Reputation Risk</b>	Company	<ul style="list-style-type: none"> <li>The fund prefers to invest in high quality businesses run by capable management teams that have a clear focus on growth and cash flows.</li> <li>The strategy attempts to invest in companies with improving business fundamentals. Periodic evaluation of management decision/strategy and company financials is being undertaken.</li> </ul>
<b>Extra Financial Risk</b>	Company/Fund	<ul style="list-style-type: none"> <li>The fund aspires to manage satisfactory liquidity at all times for better management of any financial emergency.</li> <li>All expenses and financial obligations are well managed and provided for.</li> <li>For any investment in smaller companies, liquidity may be a risk. The Fund manager endeavours to take these risks by relying extensively on primary research. For such stocks, risk-reward trade-off between liquidity and long-term prospects is considered before investing and is also reviewed periodically post investments.</li> <li>Portfolio construction will be post considering the overall macro environment, valuations and risk reward equation at that point in time and reviewing each of the investment.</li> </ul>
<b>Regulatory Risk</b>	Fund	<ul style="list-style-type: none"> <li>There have been no instances of any inquiries/ legal actions by legal or regulatory bodies against the Fund, Sponsor, Investment Manager or Trustees to the Fund.</li> </ul>
<b>Strategy Risk</b>	Company/Fund	<ul style="list-style-type: none"> <li>The investment philosophy and strategy has been discussed in detail earlier. The fund will perform reasonable due diligence/research and seeks to make Fund Investments in Investee Companies that have the potential to earn superior returns vis-a-vis the broader markets.</li> </ul>

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