Axia Equity Opportunities Fund

Axia Equity Opportunities Fund (AEOF) is a unconstrainted long only fund. AEOF is a CAT-III AIF managed by Mr. Kamlesh Ratadia (SEBI Reg No- IN/AIF3/23-24/1299)

Asset Management Pvt Ltd

Presentation Overview

Axia Equity Opportunities Fund

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- Investment Ideas

Axia Equity Opportunities Fund - Introduction

- **Axia Equity Opportunities Fund (AEOF) is a unconstrained long only fund**
  - Fund offers flexibility to invest across public and private markets in India
  - This approach helps react to market conditions and seize attractive prospects
  - We believe this approach would help us maximise potential returns for investors

- **Focused long-term investment approach with unique valuation framework**
  - Concentrated investment portfolio with 30-35 names
  - Invest in capital efficient businesses based on our asset light valuation framework
  - This framework has been proven to deliver consistent outperformance

- **Our edge lies in identifying catalysts that can accelerate accretion in intrinsic value**
  - We don’t just look for quality businesses—we seek developments that have materialised but are underappreciated and can tilt the risk-reward in our favour

- **Balanced portfolio construction fully invested across market cycles**
  - Balanced portfolio of companies to ensure performance is a function of stock selection
  - We don’t seek to predict marco outcomes in which we believe we have no edge

- **Management interests fully aligned with investors**
  - A substantial part of founder’s liquid net worth invested in the fund

Axia Equity Opportunities Fund: Investment Approach

High Conviction Portfolio	30-35 best ideas
Focus on Growth and Quality	Strong fundamentals
Focused, clear and simple approach	Stick to what we know
No index hugging or market timing	Active share > 75%
High conviction, long time horizon	Long term horizon minimizes transaction cost
Broad opportunity set	Across market cap; private/public mkt

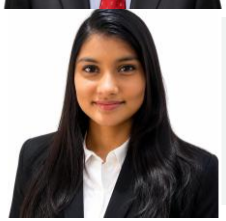
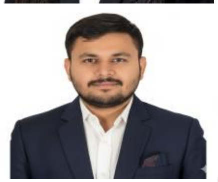
Track Record of Kamlesh Ratadia

Kamlesh Ratadia, CA, brings over two decades of investing experience, including analyzing global equity markets. He served as a founding partner at White Oak from 2017 to 2020 and held the position of Director of Investment at Goldman Sachs Asset Management (GSAM) for more than 5 years. Kamlesh began his investment career at ENAM, where he worked in various roles for more than a decade.

Throughout his career, Kamlesh Ratadia consistently achieved leading performance within his peer group at Goldman Sachs and White Oak, delivering impressive results over multiple multi-year trailing periods. The associated funds under his tenure consistently ranked in the top decile among their peers, showcasing his expertise and unwavering commitment to delivering superior returns for investors.

Kamlesh honed his stock picking skills during his tenure at ENAM, learning from some of the brightest and most astute investing minds in the Indian stock market. These invaluable learnings have been instrumental in his ability to analyze competitive environments, assess the capabilities and character of businesses, and make early investments in promising companies that generate substantial economic profits. As a result, Kamlesh has consistently achieved outsized investment returns, leveraging his acquired expertise and insights.

Team Axia

	Name	Designation	Experience (Yrs.)	Previous Organisation
	Kamlesh Ratadia	Founder & CEO	25+	WhiteOak, Goldman Sachs, ENAM
	Lalit Ratadia	Mentor & Compliance Officer	46+	Axis Capital
	Janhavi Jain	Analyst	4+	Axience
	Abhishek Kansara	Associate	3+	Zydus Group
	Mohnish Dudhwala	Associate	2+	Finnacle

Investment Philosophy

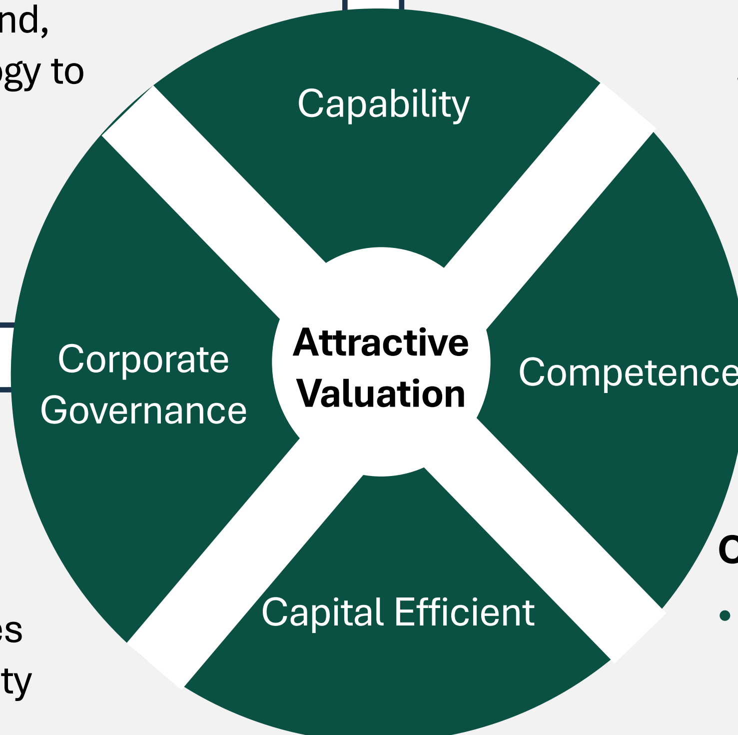
We look to Invest in compounding businesses vs looking for multi-baggers

Capability driven franchise

- Businesses building capabilities around brand, distribution or technology to drive a sustainable competitive advantage

Competent Management

- Market share gains is the ultimate barometer of superior execution



Good Governance

- Management incentives are aligned with minority shareholders

Capital efficient

- High RoIC Businesses tend to compete on something other than capital (brand, technology, etc.) which act as a barrier to entry

Stock Selection Process

Idea Generation Process		
Business / Value Chain analysis	→	Delhivery, Info Edge
Market / Peer analysis	→	APL Apollo, Hatsun Agro
Primary research	→	Zomato, Coromandel
Qualitative screens (Market Share gains)	→	BSE
Our own consumer experiences	→	Trent, PB Fintech
Franchise neglected for short term growth challenges	→	Fine Organics
New listings with top of the mind recall	→	Zomato, PB Fintech
Management Change	→	Tube Investment
Buy-side leads	→	MediAssist

Desktop research

Further research based on company filings, transcripts, sell-side reports. Also detailed financial model and comparative valuation exercise is done

Channel Checks

Management Calls, Expert Interaction (Customers, Suppliers, Competitors, Ex employees), Calls with LinkedIn contacts in related field followed by Internal deliberation

Portfolio Allocation

Final discussion on position sizing based on risk reward and our conviction on business resilience

We aim to find 30-35 great businesses at attractive values, not have a view on every company

Unique Valuation Framework

It is important to normalise reported earnings not only for differences in accounting but for differences in capital deployed to generate the income to make them comparable

Income Flow		Explanation
Reported EBIDTA		
Less: **Capital Charge on assets deployed in business (ex Goodwill)**	Fixed Assets	Provide a charge based on capital intensity of the business at cost of equity grossed up by the tax rate. Higher the capital intensity of the business higher the charge
	Net Working Capital	Provide a charge at cost of equity for using capital toward working capital
Asset Lite Income pre tax		Cash flow of the operating company which has no assets. Higher the ROIC, higher is the residual income
Less: Tax **Asset Lite Income**		This income is normalized for capital intensity of the business and hence comparable
Adjusted Market Cap		Actual Market Cap - Net Worth (FA +NWC + Invt - Net Debt)
Asset Lite Multiple		Adjusted Market Cap / Asset Lite Income

Fund Performance and Characteristics

Performance / Returns* May - 26	2mth Ended	5mth Ended	1 year Ended	2 year Ended	Since Inception
AXIA Fund	15.7%	0.3%	0.5%	9.3%	16.71%
BSE 500 TRI Index	10.2%	-5.2%	-0.1%	4.1%	11.4%
Outperformance	5.5%	5.5%	0.6%	5.2%	5.3%

Risk Parameters	Axia – Since Inception
Sharpe Ratio	0.74
Jensen Alpha	5.52
Information Ratio	0.66
Treynor Measure	0.12

Key Portfolio Characteristics	
Number of Holdings	31.0
Trailing ROE (%)	15.0
Trailing P/CF (x)	34.5
Beta	0.95

Top 5 Contributors	**%**
BSE Ltd	4.56
Eternal Ltd	4.13
PB Fintech Ltd	4.06
Oracle Financial Services	3.97
Bharti Airtel Ltd – Partly paid up	3.01

Top 5 Detractors	**%**
One 97 Communications Ltd	-3.53
Delhivery Ltd	-1.72
Medi Assist Healthcare Services Ltd	-1.64
Tata Communications Ltd	-1.60
KPIT Technologies Ltd	-1.57

Investment Idea: Eternal – Winner Takes Most!

- Eternal operates three B2C businesses – Zomato (Food Delivery), Blinkit (Quick Commerce), and District (Out of Home). Market leader in all these businesses in India.
- Food delivery is a mature market with mid-teens growth and an oligopoly market structure. With superior execution, Zomato has captured ~60% revenue share, ~70% profit share, and we believe ~80% of value share in the food delivery market.
- Blinkit is the market leader with ~50% market share in the rapidly growing quick commerce market in India. It is the only player in the industry with a positive contribution margin due to best-in-class unit economics – highest selection leading to larger carts, higher average order value, and lower delivery cost as a percentage of sales. It is now fortifying this advantage by building store density to further reduce delivery time and cost. It has ~33% store market share with the best throughput per store in the industry.
- India's USD 1T+ retail market offers a large runway; QC is disrupting both convenience and value retail, especially for fast-moving standardized SKUs in the urban markets.
- Management has guided for 100% growth over the next couple of years. We forecast that Blinkit will surpass Avenue Supermarts (DMart) – India's largest discount retailer – in revenue in FY27 and in EBITDA in FY28.
- Eternal has the best management, best execution, highest growth, best unit economics, and the strongest balance sheet. We expect it to deliver strong revenue and profit growth over the next decade, creating significant value for all stakeholders.

Investment Idea: PB Fintech - Network Effect at Play

- **Market Dominance and Network Effect:**
  - PB Fintech operates PolicyBazaar (PB) and PaisaBazaar, dominating online marketplaces
    - PolicyBazaar holds ~95% market share in India's online insurance market
    - PaisaBazaar is a leader in India's digital consumer credit marketplace
  - Both platforms benefit from a virtuous cycle of network effect, driving high traffic, growing engagement, optimizing operations and improving LTV/CAC. In Health LTV/CAC is 4x.
- **Business Transformation – Product Automation and Personalisation:**
  - PolicyBazaar has digitised and automated motor insurance significantly reducing human intervention
  - Shifted focus in 2021 towards complex high-margin products like Health and Term insurance
    - These products now contribute >60% of New Business Premium and > 85% of Revenues
    - Captured high incremental market share in Health (15%) and Term (25%) insurance segments
- **Digital Innovation and High Customer Engagement:**
  - Leveraging data and technology, PolicyBazaar digitized product, enabling comparison & personalization
  - Introduction of a concierge service for 30-minute claims assistance at hospitals is a 'game changer' as it helps improve customer experience and makes traditional agents redundant
- **Recurring Revenue and Operating Leverage to Drive Growth:**
  - Health Business earns high annuity like trail commission driving growth and profitability. Management expects to deliver on The Rule of 40 - the combined value of revenue growth rate and profit margin should exceed 40%
  - Strong brand, seamless integration with insurance providers, better underwriting and customer-centric approach make PB Fintech the preferred partner for insurance purchases
  - Significant operating leverage drives compelling value

Fund Characteristics

Investment Approach	Bottom-Up, Long Only, Style agnostic
Universe	Listed and Unlisted Companies
Benchmark	S&P BSE 500
Number of Stocks	30-35
Concentration Limits	Max Position Size: 10%
Inception date	1st September 2023
Fees	2% management fee; Additional Allocation 20% of outperformance over benchmark
Vehicle	CAT III Alternate Investment Fund
Liquidity	Lock-in until 1st March 2028
Full fund name	Axia Equity Opportunities Fund

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