

Green Earth Advisory Service

A GEM CONS INITIATIVE

Insurance | Investments | Real Estate

Best Portfolio Management Schemes in India

I believe I've filtered through all the good Portfolio Management Schemes in India as of August 2016, at least all those that have a value focus. If you think I have missed any, do please let me know in the comments below & I will be happy to study it.

An investment in a good fund or PMS ought to be thought of as a **generational investment**, i.e something you do not ever touch (except *add* or pour excess savings into) and **pass on** to your children.

Too much info is a bad thing, so I'm only including the top few here below. Let's say you do have 25- 50L or more to set aside for the long haul, what are your (best) options?

FUND	MANAGER	INCEPTION	CAGR	MINIMUM INVESTMENT
VALLUM	MANISH BHANDARI	Oct-11	40.60%	25 LAKHS - 1 CR
SIMPL	RAVI PUROHIT	Sep-09	23.50%	50 LAKHS - 2 CR
EQUITY INTELLIGENCE	PORINJU VELIYATH	Mar-03	32.76%	1 CR
MOTILAL OSWAL	MANISH SONTALIA	Aug-03	24.85%	25 LAKHS - 1 CR

Another option "SageOne" would've deserved a row in this table above, however it launched its domestic PMS offering only in Jan '17 & as of May '17 upped their min investment to 2C (from 50L. SageOne delivered a 50.2% CAGR for the 7.5Y period from Apr'09 through Dec'16. If you are not a resident of India, you could consider their India Growth fund: \$100K min, and which has done a ~34% annualized in USD terms from Apr'09 – Feb'17.



Flat No: 3 D, Block #1, Ramaniyam Kamadhenu, Ponnambalam Salai, K.K.Nagar Chennai - 78.



+91-9943232925

Green Earth Advisory Service

A GEM CONS INITIATIVE

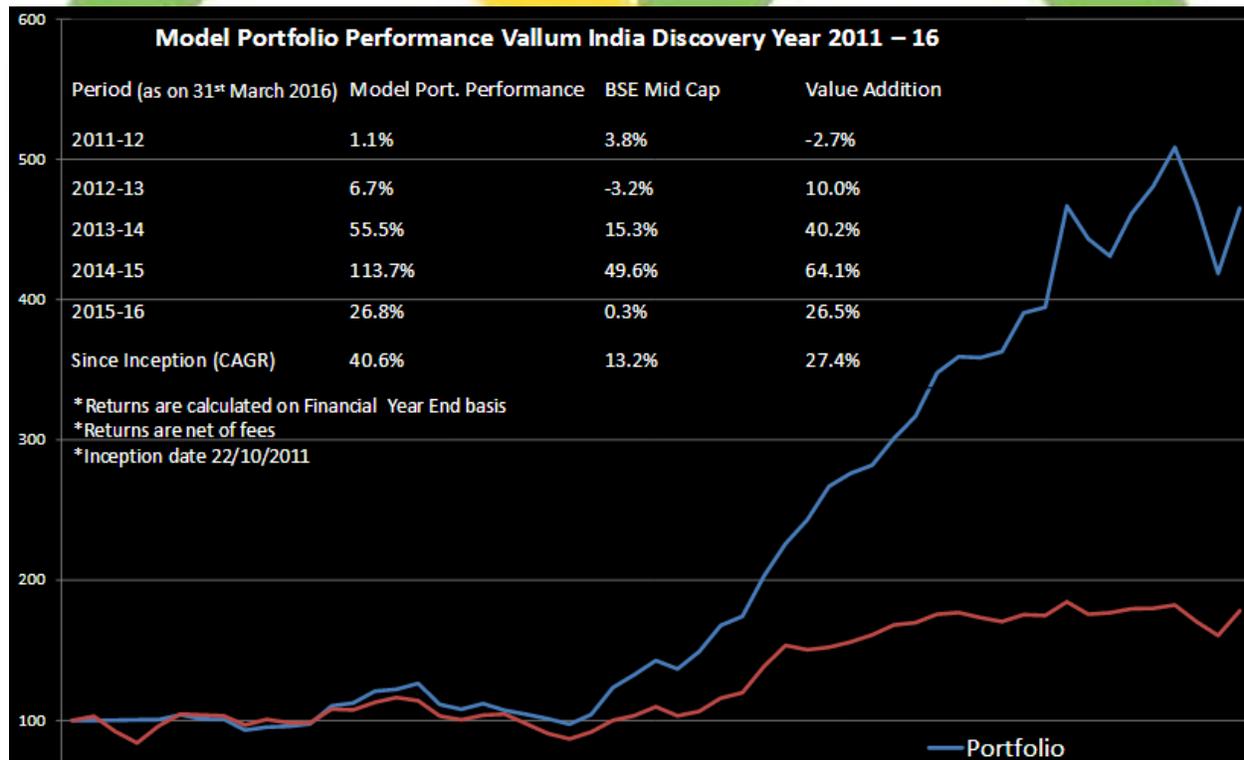
Insurance | Investments | Real Estate

Vallum Capital

This is the best-performing PMS in India in the ~4.5Y window from Oct'11 through Mar'16. It is the “youngest” PMS of the four I’ve shortlisted, but likely the easiest to get comfortable with because Manish makes his thought-process open to the public on his blog “Valuenomics”. He frequently shares what he’s reading, and has even posted his fund’s annual letters online. If you are considering them, it may be worthwhile reading through them all.

Vallum is primarily a mid-cap focused PMS, with some small-cap investments as well. They tend to have half their portfolio in contrarian/business turn-around opportunities and the other half in “growth-at-a-reasonable-price”. They’ve made quite a few excellent calls over the last ~5 years which have contributed to the superior performance of their fund.

Their investment approach (as I see it) is closest to the one espoused by the fund managers of Marathon Asset Management [UK].



Flat No: 3 D, Block #1, Ramaniyam Kamadhenu, Ponnambalam Salai, K.K.Nagar Chennai - 78.



+91-9943232925

Green Earth Advisory Service

A GEM CONS INITIATIVE

Insurance | Investments | Real Estate

Securities Investment Mgmt Pvt Ltd (SIMPL)

In stark contrast to the high profile of Porinju, SIMPL is decidedly low-key. The fund has a simplistic website with only the bare essentials on it – the PMS disclosure doc and their presentation.

The founder of SIMPL is Rajshekhar Iyer, ex-head of Equity research at KOTAK. He pioneered a value investing newsletter in India in the 90s, and is highly influenced by Graham & Dodd. Mr. Iyer managed money for friends & family for about two decades before formally establishing itself as a PMS (which was in late 2009). It is currently run by Ravi Purohit. I came to know about the fund because I follow Sanjay Bakshi, one of the leading lights of value investing in India, and a few years ago Prof. Bakshi invited Ravi to share the stage with him presenting a case study of an incredible footwear company to his MBA students. Interestingly, Prof. Bakshi also wrote articles for Mr. Iyer's newsletter back in the day.

Ravi has ~90% of his networth invested in the fund, and of the 160+ crores (figure likely to now be outdated) being managed by SIMPL, about a quarter is from the Iyer family. The point is alignment of interests. This is a very skilled, conservative PMS option.

Historical Performance (Audited and net of fees & other expenses)

	FY17#	FY16	FY15	FY14	FY13	FY12	FY11	FY10*
	%	%	%	%	%	%	%	%
SIMPL Portfolio Performance (all portfolios combined)	23.5	-7.9	77.5	40.5	10.0	11.4	9.8	15.4
SIMPL Portfolio Performance (portfolios without meaningful additions /redemptions during the year)	21.6	-8.0	64.4	33.5	12.0	12.1	11.4	33.3
NSE Nifty	18.5	-8.9	26.7	18.0	7.3	-9.2	11.1	13.9
S&P CNX 500	23.9	-7.5	33.6	17.7	5.1	-8.8	7.3	13.8

- Unaudited

* - For period Sept 2009 - March 2010



Flat No: 3 D, Block #1, Ramaniyam Kamadhenu, Ponnambalam Salai, K.K.Nagar Chennai - 78.



+91-9943232925

Green Earth Advisory Service

A GEM CONS INITIATIVE

Insurance | Investments | Real Estate

Equity Intelligence

Porinju Veliyath runs **Equity Intelligence**, based out of Kochi. He's posted about ~32% a year since 2003.

INR Returns (after fees & expenses)	2016-17	2015-16	2014-15	14 yrs CAGR
EQ PMS	46.98%	11.42%	71.69%	32.76%*
NIFTY	18.56%	-8.85%	26.66%	17.32%

*source Equity Intelligence

This is an extraordinary rate of return vs. *any* kind of benchmark – sensex/nifty/inflation and, more – it is over a *very* long period, crucially, covering the 2008-09 crisis during which any fund manager could have been down between 30-60%.

A note on putting this magnitude of return (32%) in perspective.

Porinju has a very long track record of finding companies that are distinctly cheap – to him. (example) Unlike Prof. Bakshi of ValueQuest, for example – he doesn't particularly look or care for moats or outstanding managerial quality. He is often looking for turn-arounds, deep bargains or futuristic businesses (example : FCEL). He often "talks his book" on Twitter – says company X is cheap/interesting for reasons A/B & then 6m later or 2-4Y later re-tweets his original tweet after the same company has gone up anywhere from 2x to 10x. It is a rare skill, and he is frequently interviewed on TV for his views on markets, trends and sectors.

You can write to EQ and get their latest presentation or read about the fund and their disclosure doc. To me, *a solid long-term track record is very valuable* & his PMS should probably be under consideration for anyone looking to set aside money for the long term.

Green Earth Advisory Service

A GEM CONS INITIATIVE

Insurance | Investments | Real Estate

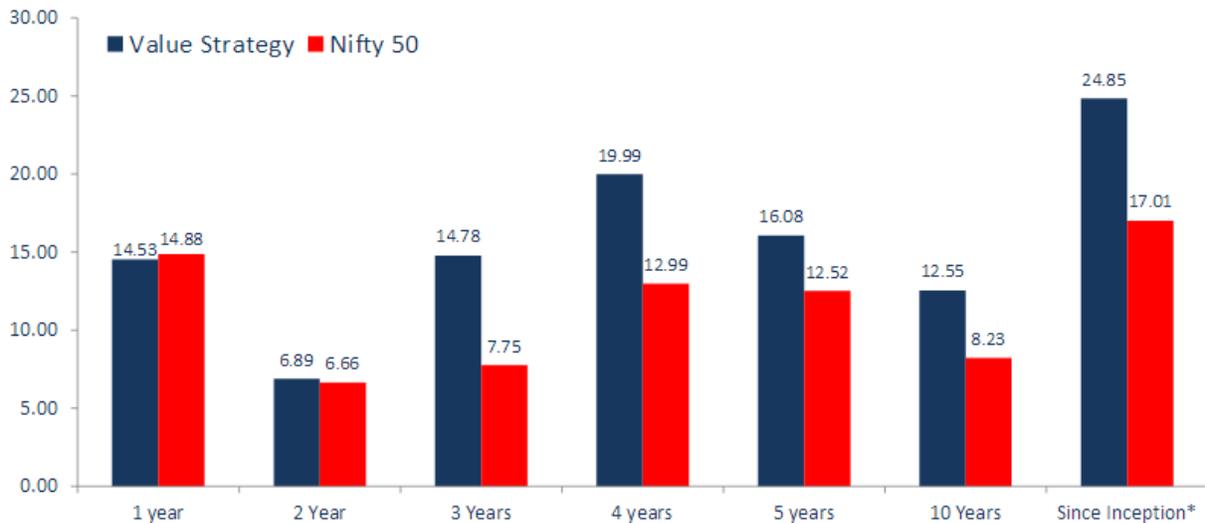
Motilal Oswal – Value PMS

One thing I can vouch for this is the company scores very high on integrity; the founders have a very long-term focus, and truly get value investing. Of course the CEO is not the fund manager of the PMS, but because it is a “flagship” product for HNW clients, I would imagine it would have considerable periodic oversight in terms of strategy and direction. Just as with Porinju’s PMS, this PMS has been around for a while and one must appreciate its excellent 26% annual returns in the context of a 13 year period.



Performance Snapshot

Since Inception Value Strategy has delivered a CAGR of 24.85% vs. Nifty 50 returns of 17.01%, an outperformance of 7.84% (CAGR)



*Strategy Inception Date: 24/03/2003.

Please Note: The Above strategy returns are of a Model Client as on 30th June 2017. Returns of individual clients may differ depending on time of entry in the strategy. Past performance may or may not be sustained in future and should not be used as a basis for comparison with other investments. Strategy returns shown above are post fees & expenses. Returns above 1 year are annualized.

Flat No: 3 D, Block #1, Ramaniyam Kamadhenu, Ponnambalam Salai, K.K.Nagar Chennai - 78.

+91-9943232925

Green Earth Advisory Service

A GEM CONS INITIATIVE

Insurance | Investments | Real Estate

Note:

Motilal Oswal & Vallum had a 25L min, the rest is more than that, and SageOne just transitioned from 50L to 2C (please let me know if you see different numbers, I'll update accordingly). There's a steady & rising re-allocation of Indian savings into equities, a long-term secular trend that is here to stay.



 Flat No: 3 D, Block #1, Ramaniyam Kamadhenu, Ponnambalam Salai, K.K.Nagar Chennai - 78.

 **+91-9943232925**