

Consistent Growth Portfolio Management Service

Investment Strategy Document

Executive Summary

The **Consistent Growth PMS** is designed for discerning investors seeking sustainable wealth creation through a balanced approach that emphasizes steady capital appreciation while managing downside risk. Our strategy combines the growth potential of quality businesses with the stability of diversified portfolio construction, targeting consistent returns across market cycles over a long-term investment horizon.

Target Return: 12-15% CAGR over 7+ years

Risk Profile: Medium Risk, Lower Volatility

Investment Style: Quality Growth with Balanced Risk Management

Investment Philosophy

Our core philosophy centers on "**Sustainable Wealth Creation Through Quality Compounding**" - the belief that consistent, long-term wealth is best achieved by investing in fundamentally strong businesses that can compound earnings steadily across various market conditions.

Core Investment Principles:

1. **Quality Over Quantity:** Invest in businesses with sustainable competitive advantages and strong management
 2. **Consistency Over Volatility:** Prioritize steady, predictable growth over erratic high returns
 3. **Risk-Adjusted Returns:** Focus on achieving superior returns relative to risk taken
 4. **Long-Term Value Creation:** Patient capital deployment with multi-year investment horizons
 5. **Diversification Discipline:** Balanced exposure across sectors and market caps to reduce concentration risk
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Investment Objective & Mandate

Primary Objective: Long-term capital appreciation through consistent, risk-adjusted returns

Key Goals:

- Generate 12-15% CAGR over rolling 7-year periods
- Outperform Nifty 500 TRI by 2-4% annually with lower volatility
- Maintain maximum drawdowns below 25% in severe market corrections

- Deliver positive returns in 7 out of 10 years
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Target Client Profile

Ideal Investor Characteristics:

- **Investment Amount:** ₹50 lakhs to ₹10 crores
 - **Risk Tolerance:** Moderate - willing to accept medium-term volatility for long-term growth
 - **Investment Horizon:** Minimum 5-7 years, ideally 10+ years
 - **Profile:** Successful professionals, entrepreneurs, family offices seeking steady wealth accumulation
 - **Liquidity Needs:** Low to moderate - can stay invested through market cycles
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Strategic Asset Allocation Framework

Core Portfolio Structure:

Equity Allocation: 80-85%

- Large Cap (35-45%): Stable, dividend-paying market leaders
- Mid Cap (25-30%): Emerging champions with scalable business models
- Small Cap (10-15%): High-conviction picks with strong growth potential
- International (0-5%): Optional exposure to global diversification

Defensive Allocation: 15-20%

- Corporate Bonds/NCDs (8-12%): AAA/AA rated instruments
- Cash & Liquid Funds (5-8%): Tactical opportunities and liquidity buffer
- Gold/Commodities (2-3%): Portfolio hedge and diversification

Dynamic Range: Equity allocation may vary between 75-90% based on market valuations and opportunities

Stock Selection & Research Process

Bottom-Up Research Methodology:

Quantitative Screening Criteria:

- Revenue Growth: 15%+ CAGR over 3-5 years
- Return on Equity (ROE): Consistently above 15%
- Return on Capital Employed (ROCE): Above 18%

- Debt-to-Equity Ratio: Below 0.75 (sector-adjusted)
- Free Cash Flow: Positive and growing
- Price-to-Earnings Growth (PEG): Below 1.5

Qualitative Assessment Framework:

- **Management Quality:** Track record, integrity, and shareholder orientation
 - **Business Model Strength:** Scalability, predictability, and competitive moats
 - **Industry Dynamics:** Growth potential, regulatory environment, competitive landscape
 - **Corporate Governance:** Transparency, board independence, ethical practices
 - **ESG Factors:** Environmental responsibility and sustainable business practices
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Portfolio Construction Rules

Portfolio Parameters:

- **Total Holdings:** 25-35 stocks for optimal diversification
- **Maximum Single Stock Exposure:** 6% of portfolio
- **Maximum Sector Allocation:** 25% (except technology/financial services up to 30%)
- **Minimum Position Size:** 1.5% to ensure meaningful impact
- **Cash Buffer:** 5-8% for tactical deployment during corrections

Position Sizing Methodology:

- Conviction-based weighting with risk-adjusted position sizes
 - Core holdings (4-6%): High-conviction, stable businesses
 - Satellite positions (2-4%): Emerging opportunities and tactical plays
 - Portfolio turnover: 25-40% annually (moderate churn)
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Risk Management Framework

Multi-Layered Risk Controls:

Portfolio Level Risk Management:

- Sector diversification limits to prevent concentration risk
- Market cap diversification across large, mid, and small caps
- Regular portfolio stress testing and scenario analysis
- Volatility monitoring with target portfolio beta of 0.8-1.1

Individual Stock Risk Controls:

- Fundamental thesis monitoring with quarterly reviews
- Technical stop-loss at 25-30% from cost for risk management
- Earnings disappointment protocols and position adjustment rules
- Corporate governance red flags leading to immediate exit

Market Risk Mitigation:

- Tactical cash allocation during overvalued markets
 - Defensive sector rotation during economic uncertainty
 - Options-based hedging during high volatility periods (VIX >25)
 - Systematic rebalancing to maintain target allocation
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Performance Measurement & Benchmarking

Primary Benchmark: Nifty 500 Total Return Index

Secondary Benchmark: Custom Index (70% Nifty 50 TRI + 30% Nifty Midcap 100 TRI)

Key Performance Metrics:

- Absolute Returns (CAGR) across multiple time periods
- Risk-Adjusted Returns (Sharpe Ratio, Sortino Ratio)
- Maximum Drawdown and Recovery Time
- Alpha Generation and Information Ratio
- Downside Capture and Upside Participation Ratios

Reporting Schedule:

- Monthly performance reports with detailed commentary
 - Quarterly portfolio reviews and strategy updates
 - Annual comprehensive strategy assessment and outlook
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Investment Themes & Current Opportunities

Structural Growth Themes (2025-2030):

1. **Digital Transformation:** Fintech, enterprise software, e-commerce enablers
2. **Consumer Evolution:** Premiumization, health & wellness, experience economy
3. **Infrastructure Development:** Housing finance, construction, logistics

4. **Energy Transition:** Clean energy, electric mobility, energy storage
5. **Healthcare Innovation:** Pharmaceuticals, diagnostics, medical devices

Defensive Positioning:

- Established FMCG and consumer staples
 - Utility and infrastructure companies
 - Quality financial services providers
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Execution & Operations

Trade Execution:

- Systematic approach to minimize market impact
- VWAP-based execution for large positions
- Block deal and institutional placement opportunities
- Cost-efficient transaction management

Technology Infrastructure:

- Advanced portfolio management systems
 - Real-time risk monitoring and compliance
 - Automated reporting and client communication
 - Robust cybersecurity and data protection
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Why Choose Consistent Growth PMS?

Key Differentiators:

1. **Proven Process:** Systematic, research-driven approach with consistent methodology
2. **Risk-Conscious:** Focus on downside protection while capturing upside potential
3. **Transparency:** Regular communication with detailed performance attribution
4. **Experience:** Seasoned investment team with proven track record across market cycles
5. **Client-Centric:** Aligned interests with competitive fee structure

Expected Outcomes:

- Steady wealth creation with lower volatility than broader markets
- Consistent outperformance over long-term investment horizons
- Capital preservation during market downturns

- Peace of mind through professional portfolio management
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Investment Risks & Disclaimers

Key Risks:

- Market risk affecting overall portfolio performance
- Individual stock risk from company-specific factors
- Sector concentration risk in attractive opportunities
- Liquidity risk in mid and small-cap investments
- Regulatory and policy changes affecting investments

Important Notes:

- Past performance does not guarantee future results
 - Investments are subject to market risks and volatility
 - Minimum investment horizon of 5-7 years recommended
 - Regular monitoring and periodic rebalancing conducted
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Getting Started

Minimum Investment: ₹50 lakhs

Investment Horizon: 7+ years recommended

Risk Suitability: Moderate risk appetite with long-term perspective

Next Steps:

1. Complete investor profiling and risk assessment
 2. Review and sign Portfolio Management Agreement
 3. Initial portfolio construction and deployment
 4. Regular monitoring and periodic reviews
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The Consistent Growth PMS is designed for investors who value steady wealth creation over speculative gains, combining the growth potential of equity markets with disciplined risk management for sustainable long-term returns.