SIRIUS ADVISORS

SEBI Registration Number- INP000004615

Investor Presentation

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Overview

Sirius Advisors Private Limited is registered with the Securities and Exchange board of India (SEBI) as a Portfolio Manager and is subject to its rules and regulations.

- Managed by Anubhav Goel, MBA from Narsee Monjee Institute of Management studies (NMIMS), Mumbai and BBA from Symbiosis University.

- Former Midcap associate in IIFL Institutional Equities covering primarily agriculture, chemicals and defense.

- With a proven track record spanning more than eight years, this performance history has demonstrated its capacity to withstand and prosper in various market fluctuations over time.

Strategy Performance as on July 2024

Performance as on July 2024						
	1 Year	2 Year	3 Year	5 Year	7 Year	Since Inception
Multicap Stategy	35%	36%	21%	22%	14%	19%
Nifty 50 TRI	28%	22%	18%	19%	16%	13%

MultiCap Strategy – Sirius PMS MultiCap Strategy
***Inception Date ; 15–Apr-2015**

Investment Philosophy

Sirius Advisors

"Our core tenent of investing is and will always be buying something, for less than what it's worth & looking at opportunity cost across asset classes."

- ✓ Our approach to investment strategies is characterized by a willingness to think differently and explore a range of options, while remaining grounded in a core set of investment principles and a long-term focus on delivering results for our clients.

- ✓ While we have a core investment philosophy that guides our decision-making process, we recognize that markets are constantly evolving, and different investment strategies may be more appropriate at different times.

- ✓ Emphasis on recognizing the unique characteristics of each investment opportunity and act accordingly.

- ✓ Striking a balance between taking advantage of market trends and being willing to take contrarian positions when the situation warrants.

Core Portfolio Philosophy

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- ✓ We allocate a sizeable portion of the portfolio to clean, well run companies which can 1.Scale profitably over long periods of time 2.Healthy unit economics 3.Attractively or reasonably valued. Historically, material alpha in successful investing from long term track records is materially driven from holding companies for long, which have managed to consistently scale and deliver returns over the cost of capital.

- ✓ ~60-70% of portfolio allocation to companies which have a winning combination of strong leadership, favorable industry conditions, and sound unit economics.

- ✓ Emphasis on companies which have a long runway to grow, good minority shareholder practices, conservative accounting.

- ✓ Seeking attractive/reasonable entry valuations: If one is buying companies managed by competent people, with an attractive industry outlook, backed by strong unit economics, one can err on the timing & valuation, and still emerge relatively unscathed over the long run.

Management & Forensic Checks

- ✓ Management team & past track record, historically stated vision vs actual numbers delivered, intention to scale up business, judge execution capabilities over time, tendency to speak over optimistically
- ✓ Seeking simplicity in promoter group structure, related party transactions, desired level of comfort required for promoter intent
- ✓ Strategic allocation of capital through balanced dividend payouts and share buybacks, while considering industry growth phase and maturity, and the company's internal growth objectives. Positively inclined towards reinvestment in business vs. returning cash back to shareholders, if growth strategy is sound.
- ✓ Employee reviews: Indeed.com, ambitionbox.com, LinkedIn checks
- ✓ Depreciation policy followed, nature of intangible assets, other income yields checks
- ✓ Auditor remuneration, rotation
- ✓ Mismatch between reported tax and actual tax cash outgo
- ✓ Miscellaneous expenses
- ✓ Off balance sheet, Contingent liability
- ✓ Writing off losses directly through balance sheet

Core Portion of Portfolio

Sirius Advisors

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- ✓ Industry: Minimum 1.5-2x of nominal GDP growth rates, Scalability, long runway, High barriers to entry, Repeat business, less sensitive to product price changes.

- ✓ Business: Among top 3, Differentiated strategy, Market share gains/focus on profitable growth, Good/improving execution visible, Aggressive but careful capital allocation, Know when to swing.

- ✓ Quality of earnings: Actual conversion of bottom-line to cash flows, Return on Invested capital, High Capex/WC business model stifling BS, Preference for High Gross margin businesses, Less cyclicality in sales/cash flows.

Exit Strategy

"Our core tenent of investing is and will always be buying something, for less than what it's worth & looking at opportunity cost across asset classes."

- ✓ Overvaluation, Industry headwinds, rising competitive intensity, mistakes realized in hindsight on original investment thesis, Loss of confidence in management abilities, increasing leverage, poor performance on execution.

- ✓ In stock investments, it's important to balance patience with discipline. While giving businesses time to thrive and achieve their potential, it's essential to objectively acknowledge when the original investment thesis isn't aligning with reality. Stubbornness can be costly, leading to missed opportunities and potential financial losses.

- ✓ Objective Evaluation: Take a step back and evaluate the performance of the business relative to your initial thesis. Regular monitoring and reviews of results, industry trends, peer set.

- ✓ Rebalancing plays a critical role in our strategy by adjusting allocations based on companies' performance and prevailing market dynamics, allowing us to actively capitalize on visible upside or downside potential.

- ✓ Willingness to cut losses if future outlook is weakening.

- ✓ Scaling is hard. There will be disappointments. Don't want to be married to any company.

- ✓ Learn from past mistakes.

Agile portion of Portfolio

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"Our core tenent of investing is and will always be buying something, for less than what it's worth & looking at opportunity cost across asset classes."

- ✓ Measured, tactical, and opportunistic bets, which allows us to take advantage of short term market inefficiencies and generate alpha, while still maintaining a disciplined and risk-managed investment approach.

- ✓ Internal filter metrics: Change in ownership, key management appointments, reduction shown on steady state fixed costs, develeraging, deep prevailing discounts on book value P/BV, awaiting catalysts due to a lack of news or investor interest, demergers/reverse mergers/hive off non core assets, delisting/takeover, forced selling from institutions, regulatory/legal/industry developments.

- ✓ These types of investments are typically targeted at opportunities that are undervalued or have been overlooked by the market, but that offer the potential for significant upside if certain conditions are met. Can help to offset losses or underperformance in other areas of the portfolio.

- ✓ While investing in opportunistic stocks can be challenging, it has shown to be an effective way to enhance portfolio performance for investors who are willing to take a long-term view and remain patient in the face of short-term challenges or setbacks. Focus on opportunities that are undervalued or have been overlooked by the market, even if the odds of success may be lower than in other types of investments.

- ✓ Understanding of market cycles and current market positioning can also be key to successfully execute turnaround opportunities. Extremely Critical to be disciplined on entry valuations more so for such investments. A deep discount is the best protection against a potentially adverse future.

- ✓ Identify potential roadblocks and have an exit strategy.

- ✓ Aid diversification.

- ✓ Sugar sector(2021, balrampur, dwarikesh), Pharma sector(2020, Cipla, Lupin), PSU banks (2022, Bank of India, Pnb), Nava Bharat ventures, Equitas & Ujjivan group reverse merger, Great Eastern shipping.

Recent examples Core

Sirius Advisors

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Past winners: IEX, La opala, Safari Ind, Westlife Foodworld, ITC, Borosil

- ✓ IEX Aug/Sep 2020 Purchase price ~195, Mar/Apr 2021 Sell price ~367 & Feb/Aug 2022 Sell price ~576. Thesis was IEX is a virtual monopoly in the power exchange segment, with a long runway given low underlying penetration back then, was reasonably priced, post covid was able to materially increase market share and volumes leading to very rich valuations, prompting us to book profits.

- ✓ La Opala Aug/Nov 2020 Purchase price ~194, Aug 2023 Sell price ~425. Thesis was established market leader in a relatively lower value discretionary purchase of opalware plates with underlying low penetration rates and shift in consumer mindsets from steel to non steel plates. Sold due to fair/expensive valuations.

- ✓ Safari ind June 2022 Purchase price ~905, Feb 2023 Sell price ~1857. Thesis was under looked segment of fast growing branded luggage, ability to consistently & aggressively gain market share visa branded luggage leader VIP Ind. Strong leadership & first generation entrepreneur. Sold due to fair/expensive valuations.

- ✓ Westlife Foodworld Nov 2020 Purchase price ~374, Aug 2022 Feb/Apr 2023 Sell price ~670. Thesis was relatively lower purchase value for a Mcd burger vs alternatives, initiatives taken to broaden portfolio, healthy room for improvement on profitability, delivery earnings boost post covid. Sold due to fair/expensive valuations.

Recent examples Agile

"Our core tenent of investing is and will always be buying something, for less than what it's worth & looking at opportunity cost across asset classes."

Past winners: Sugar, Microfinance cos, Public Sector Banks

- ✓ Balrampur Chini Nov 2020/Jan 2021 Purchase price ~165 June/Oct 2021 Sell price ~335. Trend change in sugar industry. Underlooked better consistency and quality of earnings due to change in industry dynamics on account of government promoted ethanol policy.

- ✓ Bank of India Oct 2022 Purchase price ~58 Dec 2022 Sell price ~93. Play on extremely cheap valuations in context of potential earnings growth in near to medium term.

- ✓ Equitas Small finance Bank Nov/Dec 2022 Purchase price ~52 May/June 2023 Sell price ~87. Play on potential upcycle in microfinance in near to medium term.

Sirius Advisors

Multicap Portfolio Advantages

- ✓ MultiCap & MultiSector strategy, allocations can vary across largecaps-midcaps-smallcaps & across sector breadth. Less exposed to specific market conditions, and if those conditions turn unfavorable, the fund can withstand downside volatility.
- ✓ Seeking opportunities that are not too big or too small, but just right.
- ✓ Scores high over other funds to sustainably generate compounded capital. Show resilience during volatile market cycles, which can help investors weather downturns in specific sectors or market caps.
- ✓ Investor sentiment can have a significant impact on the short to medium term performance of small cap and large cap stocks. During a period of economic growth, small-cap companies may outperform large-cap companies due to their greater potential for growth. During a period of economic downturn, large-cap companies may be more resilient due to their stronger balance sheets and greater access to financing.
- ✓ By investing in companies of different sizes and across different sectors, multicap funds can find the sweet spot of the market and capitalize on opportunities that other funds might miss.

Investment Philosophy

Historical Tactical market calls executed

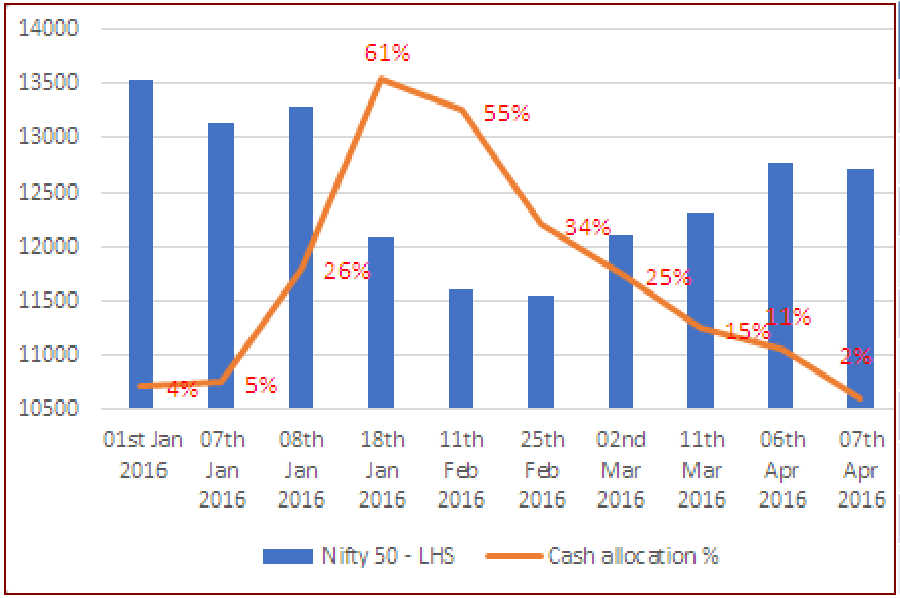
Successful implementation of tactical market allocation decisions that delivered material positive outcomes.

CASE STUDY #1: Covid correction Mar 2020

Date	Nifty 50	Cash allocation %
28th Feb 2020	11,133	8%
3rd March 2020	11,251	23%
6Th March 2020	10,451	38%
9th March 2020	10,458	71%
20th March 2020	7,610	64%
23rd March 2020	7,801	17%

- ✓ Increased cash from existing 8% to 23% when nifty was at ~11,200 on 3rd march.
- ✓ Further increased cash to 71% by 9th March when nifty was at ~10,500.
- ✓ Hereon, Nifty slipped 28%+ and made lows of ~7600 around 20th March.
- ✓ **We managed to slip this extremely high volatility and very painful period and reallocated aggressively on 23rd March at covid lows made around ~7600.**
- ✓ During market corrections, managing emotions can be challenging, and it's common for mistakes to occur in hindsight, such as investors selling shares when the majority of the corrections have already taken place. Apart from the fundamental responsibility of identifying sound investment prospects, the pivotal decisions made during such moments of market turbulence exert significant impact on final outcomes.

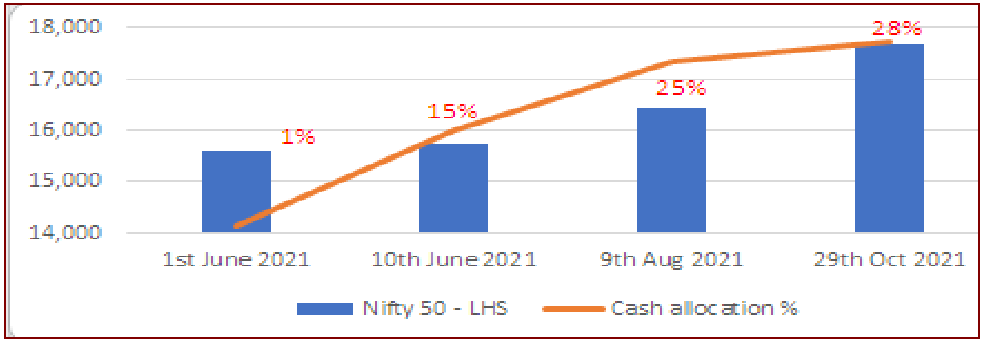
CASE STUDY #2: Final Shakeout before 2016 midcap rally



Date	Cnx Midcap 100	Cash allocation %
1st Jan 2016	13,540	4%
7th Jan 2016	13,130	5%
8Th Jan 2016	13,289	26%
18th Jan 2016	12,076	61%
11th Feb 2016	11,593	55%
25th Feb 2016	11,538	34%
2nd March 2016	12,101	25%
11th March 2016	12,300	15%
6th April 2016	12,762	11%
7th April 2016	12,706	2%

- ✓ For CY15, Cnx midcap index remained flat. Final shakeout took place in Jan-Feb 2016 with the midcap index falling ~17% with an intraday low of 11,190 on 12th Feb 2016. Before the correction commenced, we timely increased cash allocation to 26% on 8th Jan. Further increased to 61% by 18th Jan.
- ✓ Redeployed during Feb & March aggressively.
- ✓ Implementing preemptive measures granted us the advantage of exiting underperforming investments, recalibrating our portfolio, and taking advantage of the correction by investing in attractive companies at reduced prices.
- ✓ The index went on to rally 44% from the lows in Feb to 16,169 in Oct 2016.

CASE STUDY #3: CY21 Indices peaked out



Date	Nifty 50	Cash allocation%
1st June 2021	15,575	1%
10th June 2021	15,738	15%
9th Aug 2021	16,451	25%
29th Oct 2021	17,672	28%

- ✓ The markets witnessed a robust rebound after reaching their lows during the COVID-19 pandemic in 2020, and their upward trajectory continued until late 2021 when they reached their peak.
- ✓ Due to the heightened excitement and elevated valuations, we decided to realize our gains as the rally gained momentum in the middle of 2021.

Fees Structure Strong Alignment with Clients

Fees Structure							
Option 1	Annual Fixed management fee 1.6%						
	or						
Option 2	Performance fee 20% above 10% hurdle rate						
Hurdle Rate	10%	10%	10%	10%	10%	10%	10%
Client Gross IRR	**12%**	**14%**	**16%**	**18%**	**20%**	**22%**	**24%**
Fees charged	**0.4%**	**0.8%**	**1.2%**	**1.6%**	**2.0%**	**2.4%**	**2.8%**

✓ Philosophy of client friendly, ethical and responsible fees model.

✓ Client has option to choose either only fixed management fee model or only performance fee model. We do not charge both concurrently unlike some of our peers.

✓ Option of fixed management fee of 1.6% is materially lower vs Industry PMS peers of 2.2-2.5%.

✓ We prefer performance fees model since incentives are strongly aligned with clients. For example, if the client IRR is 14% we earn 0.8%. If the client IRR is 18%, we earn 1.6%. If the client IRR is 22%, we earn 2.4%.

Team Member

Anubhav Goel – ***Fund Manager***

MBA, Capital Markets from Narsee Monjee Institute of Management studies (NMIMS), Mumbai.
BBA from Symbiosis University.
Formerly, he was a Midcap associate in IIFL – Institutional Equities covering primarily agriculture, chemicals and defence. Passion for markets since 2013. Enjoys reading

Chirag Shah – ***Equity Research, Compliance & Accounts***

Mr. Chirag Yogesh Shah has more than 9 years of experience in the equity market. He holds a Bachelor's Degree in Commerce from the University of Mumbai and professionally qualified Chartered Financial Analyst from ICFAI (India).
He was an Equity Advisor with ICICI Securities ltd before joining Sirius Advisors Private Limited.

Sahil Bambade – ***Equity Research Associate***

Mr. Sahil Bambade holds a Bachelor's degree in Management Studies with a specialization in Capital Markets. He is a CFA Level II candidate and joined Sirius Advisors as an Equity Research Associate.