

INTRODUCING ABAKKUS ASSET MANAGER



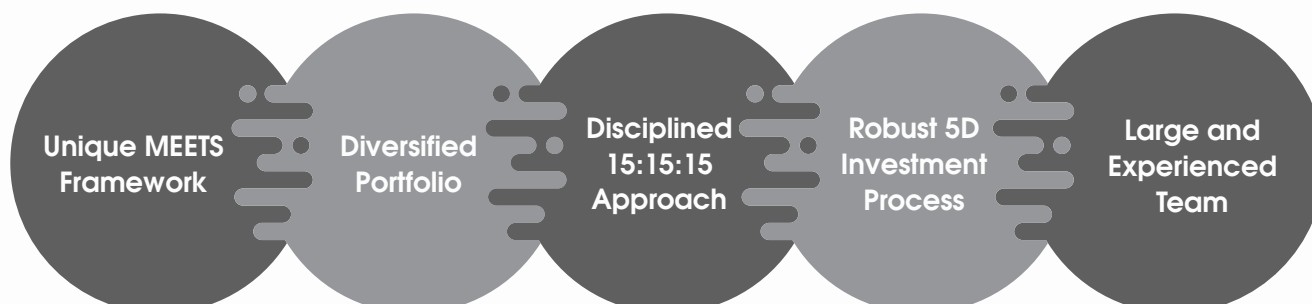
- Abakkus is alpha focused asset management firm set-up by Sunil Singhania. This is his maiden entrepreneurial venture.
- Sunil has a distinguished track record of over 2 decades in Equity Investments and has served earlier, as CIO-Equities for Reliance Mutual Fund. He played an instrumental role in building RMF into one of India's largest AMCs.
- Successfully launched Abakkus Growth Fund – 1, a multi-cap AIF and raised over ₹ 1,300 crs.

ABAKKUS EMERGING OPPORTUNITIES FUND – 1 CHARACTERISTICS



- Focus on companies with a market cap of less than Rs 5,000 crs (mid and small-cap).
- Endeavor to generate significant alpha and wealth creation over 3-4 years holding period.
- **15:15:15 rule: Invest in companies qualifying in at least 2 out of these 3 criteria;**
 - >15% ROE
 - >15% earnings growth
 - < 15 P/E Ratio
- Typically, pursue 2nd or 3rd player within the sector but at significant discount to the leader.
- Differentiated Portfolio adhering to our "MEETS" Framework.
- Diversified portfolio with single stock less than 10% and individual sector exposure below 30%.
- Select anchor investments in IPO of companies as a QIB. No unlisted names to ensure liquidity at all times.

MITIGATING THE PERCEIVED SMALL CAP COMPANY RISK



OPPORTUNITY MATRIX

New themes start small

Investing in a new and emerging theme and getting it right can create significant alpha and India being a growing emerging country, new sectors and themes evolve regularly. One has to be early and patient in this style of investing with the view of capitalizing on the awareness dissymmetry.

Near to medium term uptrend in smaller sectors

All sectors go through business cycles and unlike the larger one which are well tracked smaller ones get ignored. Cyclical by nature will have their time under the sun and the way to gain from this opportunity is by regular in-house primary research.

Consistency leads to re-rating

Investors prefer consistency and inconsistent companies typically get relatively lower valuation multiples. Inconsistency can be due to various macro or micro factors and once that issue is resolved and reflects in business performance, markets are bound to take note. To benefit from this opportunity one has to analyze the reason and assess if the same can be satisfactorily addressed.

Deep Value

Market apathy, lack of near-term triggers, liquidity, under researched, etc. are some of the main reasons why some companies trade at much below their intrinsic/replacement value. Key to capitalize on this opportunity is by ensuring not getting stuck in a "value-trap" and by identifying deep value but with some growth.

Special situations

There are always unique opportunities in markets that arise like M&A, Holding companies trading at substantial discounts, splits in conglomerates etc. These events have potential to unlock substantial shareholder wealth.

Steady cash generating companies

There are companies generating good cash flows but limited by near-term growth opportunities and hence ignored by investors. Judicious use of cash for debt repayment, buybacks and /or dividends, acquisitions can add value to equity shareholders.

OUR 'MEETS' FRAMEWORK

Management	<ul style="list-style-type: none"> • Quality - Capability and track record • Capital Allocation – capex is fine if ROE is maintained or enhanced • Capital Distribution – fair to minority shareholders • Error in decision – Business errors vs intentional mishaps
Earnings	<ul style="list-style-type: none"> • Quality of earnings vs reported numbers • Actual earnings vs expected • Cyclical vs Structural earnings • Companies that can double profits in 4 years or less or where EV/EBITDA can halve in four years
Events/Trends	<ul style="list-style-type: none"> • Stock movement because of events. Can be Buy or Sell opportunity • Events on the horizon • Disruptive trends/New themes
Timing	<ul style="list-style-type: none"> • Good company is not necessarily a good investment if price is not right • What is the price discounting • Time frame of investment • Mean Reversion
Structural	<ul style="list-style-type: none"> • Size of the opportunity • Competitive positioning / MOAT • Consistent growth in profits

FUND FEATURES

Benchmark	S&P BSE 500
Tenure	60 Months (from date of Final Closing), with an option to redeem without exit load after 2 years from expiry of lock-in period
Lock-in period	(i) for Contributors who have subscribed to the Units of the Fund on or before June 06, 2020, the period commencing from the date of signing of the respective Contribution Agreement till the expiry of 24 (twenty-four) months from June 06, 2020 or till the expiry of 24 (twenty-four) months from the date of last Drawdown, whichever is later; and (ii) for Contributors who have subscribed to the Units of the Fund after June 06, 2020, the period commencing from the date of signing of the respective Contribution Agreement till the expiry of 24 (twenty-four) months from the Final Closing or till the expiry of 24 (twenty-four) months from the date of last Drawdown, whichever is later
Capital Commitment	Minimum ₹ 1 crore (100% upfront or option to investment with 50% initial drawdown)
Redemption day	Last day of each month, post Lock-in period, subject to applicable charges
Taxation	No specific pass through status accorded to a Category III AIFs. Trust taxation principles to apply to the AIF and practically, taxes to be discharged at the AIF level

The term of the fund may be extended up to 1 (one) year with additional 1 (one) year with the prior consent of a Two-Third Majority of the Contributors, as per PPM

FEE SCHEDULE

Class	Capital Commitment	Fixed Management Fees*	Variable Management Fees
A1	₹ 1 Cr to < ₹ 5 Cr	2.50%	Nil
A2	₹ 5 Cr to < ₹ 10 Cr	2.10%	Nil
A3	₹ 10 Cr and above	1.75%	Nil
B1	₹ 1 Cr to < ₹ 5 Cr	1.75%	15% sharing over 12% hurdle rate
B2	₹ 5 Cr to < ₹ 10 Cr	1.40%	15% sharing over 12% hurdle rate
B3	₹ 10 Cr and above	1.10%	15% sharing over 12% hurdle rate
Set-up Costs		Up to 2.5% of Capital Commitment	
Exit Charges		Exit charges are applicable on exit after the lock-in period as per slabs described below: Between 0 & 12 months from lock-in period: 3% Between 12 and 24 months from lock-in period: 2%	

*Plus GST and all statutory levies as applicable. For more details on fees / expenses, Please refer to Private Placement Memorandum.

ABAKKUS GROWTH FUND – 1 PERFORMANCE (as on 31. 05.19)

Period	1 Month (%)	3 Months (%)	6 Months (%)	Since Inception (%)
Abakkus Growth Fund – 1*	2.8	9.6	8.3	13.9
S&P BSE 200	1.5	9.3	7.8	5.6
Nifty 50	1.5	10.5	9.6	8.2
S&P BSE Midcap	1.4	5.4	0.4	(2.9)
S&P BSE Small cap	1.7	8.6	3.1	(9.5)

* Pre-Tax, Post Expenses (except entry and exit charges) <1 year Absolute Returns & > 1 Year CAGR, as on May 31st, 2019 and Inception Date being July 12th, 2018. Past performance may or may not sustain in the future. The Fund level performance is based on TWRR and investor returns may differ, based on their class, tier, fee structure and point of allotment of units

RISKS

- **Company risk:** Our focus on balance sheet and numbers will help us in mitigating this.
- **Valuation risk:** While there is no right or wrong valuation number, we are definitely wary of overpaying.
- **Market risk:** Bottom up approach to portfolio rather than trying to time the markets. While we would be definitely monitoring the market, we believe the best way to handle market risk is by being patient.
- **Liquidity risk:** In mid and small cap investing liquidity can be a near term risk, the portfolio would be designed to take care of these constraints with a 3-5 year time horizon.
- **Concentration Risk:** Endeavor to have adequately diversified portfolio of 30-40 stocks across market capitalization with a midcap bias. Single stock exposure will be limited to 10% and sector exposure would be limited to 30%.

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Advisor/Distributor Name :

Advisor/Distributor Code :

Investor Name :

Investor Signature

Date: ____/____/____

To,

Abakkus Asset Manager LLP,

106, 1st Floor, B Wing, The Capital, G Block,

Bandra Kurla Complex, Bandra East,

Mumbai - 400051.

Dear Sir / Madam,

I/We, _____, residents of/having
Registered/principal office at _____

("Investor/s"), request you to accept the below declaration in lieu of call confirmation related to your investment application in Abakkus Emerging Opportunities Fund – 1.

1. It is a closed ended Scheme with a tenure **60 months from the date of final closing**. There is a 2 year lock-in period i.e. 24 months from the date of final closing or 24 months from the date of the last drawdown; whichever is later. The investors have an option to redeem a part of the investments after the lock-in period with applicable charges.

Kindly Tick to Agree _____ (✓/✗)

2. The fund will invest predominantly in Equity and Equity related securities and is subject to market risk and there are **no guaranteed returns** from the fund.

Kindly Tick to Agree _____ (✓/✗)

3. The **management fees** is _____% p.a. **plus applicable taxes** and **set up fees** is _____% of capital commitment plus applicable taxes. Trust you have understood all fees and expenses applicable to your investments.

Kindly Tick to Agree _____ (✓/✗)

4. A copy of the fund Presentation and Private Placement Memorandum (PPM) has been shared with you. Trust you have understood all terms related to the scheme.

Kindly Tick to Agree _____ (✓/✗)

5. Are you aware that if you default on your outstanding commitment amount if any, post drawdown period, you could be subject to penal and/or interest charges and potential forfeiture of your existing units?

Kindly Tick to Agree _____ (✓/✗)

Yours sincerely,

**1st Applicant/
Authorised Signatory**

👉 Sign Here (investor signature only)

**2nd Applicant/
Authorised Signatory**

👉 Sign Here (investor signature only)