

FROM THE CEO'S DESK

Dear Patron,

Over the last few days, the whole nation has been mesmerized by the performance of the Indian team at the Olympics – collectively, we have celebrated each triumph and sighed in disappointment each time we missed. Thanks to the power of social media as well as our athletes doing much better than before, we have now started following sports like athletics, fencing, archery and even equestrian more than ever before.

Steeped in the psyche of each athlete are hours of struggle, hard work and the endeavour to move that one inch forward each time they compete. Competition is intense and pressures are quite sizeable, as one might imagine. However, if you speak to the coaches, you will usually find that there are two things they focus on primarily

- The process of training regularly and consistently
- Ensuring that the sports person not only tries to do better, but make lesser mistakes than his previous attempt

If you look at the capital markets right now, you will find a pretty much similar situation playing out. Most of the companies which are attracting investors, and thereby higher valuations, are those which have been running their companies in an institutionalized (read process orientation) manner for years now.

Also, one finds that most of these companies have made lesser mistakes than conventionally expected, simply because they are better prepared and more aware than their nearest competitor. Nonetheless, even having made mistakes, they have been quite studied in their approach to what has transpired and have taken corrective action at appropriate times. It's not a co-incidence that the market caps of these companies are simply reflecting the appreciation (pun intended!) savvy investors have of them.

Having said that, it is quite possible that market gyrations in the short term may make one view these same companies with a lot more circumspection. The key here is to stick to a high-conviction bet once identified and monitor it regularly.

Our high conviction bets have always been on managements which score high on the [E-QUAL score framework](#). In this issue, have a look at how some of our investments in the Emkay Emerging Stars Series I AIF offering have fared vis-à-vis the benchmark in the last 3 years, which arguably has been one of the most testing times for the markets.

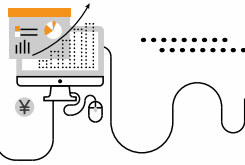
It is this very framework which is at play in [Emkay Emerging Stars Series IV](#) AIF offering which is currently open for subscription. Already generating quite an enthusiastic response, please do talk to your advisor if you have not been recommended this product already. You can also write in to us at info@emkayim.com for further details.

The Olympics might happen once every four years, but the effort to win a medal happens 24/7. Likewise, the process to identify winners for your portfolio is our constant endeavour and we hope to exceed your expectations at every critical juncture.

Take care, stay safe and do get vaccinated at the earliest.



Vikaas M Sachdeva
Chief Executive Officer
Emkay Investment Managers Ltd. (EIML)



INVESTMENT SOLUTIONS



SMART ALPHA

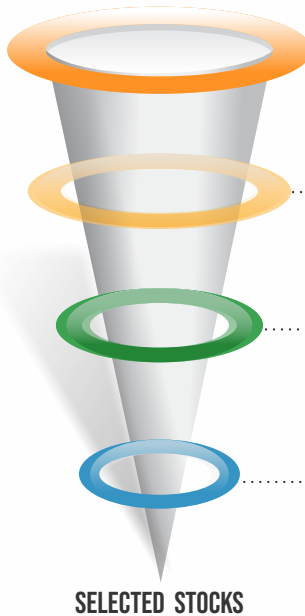
Using this approach, we try to mitigate typical fund manager vulnerabilities, primary among those being the "Selection bias" and the "Allocation bias".

"Selection" bias and "Allocation" bias, if mitigated, can lead to superior risk adjusted returns consistently

The biases are mitigated by way of :

- Defined universe for selection of stocks
- Equi-weighted portfolio

Number of listed Companies = > 5,000



Defined Market Cap Filter

Focus on large and midcaps

- Top 250 companies as per Market Cap
- Net Sales > INR 500cr

Earnings Growth Filter

Focus on strong historic and future growth

- ROCE > WACC
- Earnings growth > GDP growth rate

Strong Leadership Framework Filter

- Strong leadership in the respective sector: Market share/ profit share/ cost/ growth/ product
- Strong Management credentials: Vision, track record, growth

Comprehensive Valuation Framework

- Comparative Valuations
- Price - Value gap through DCF with focus on Margin of Safety
- PEG ratio
- Market cap vs Opportunity Size

SELECTED STOCKS

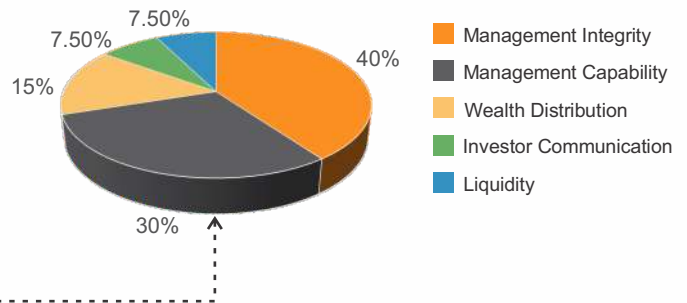
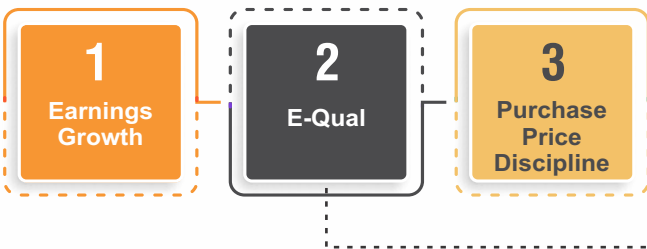


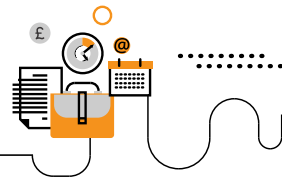
E-Qual Framework

First of it's kind model in the country which calibrates the "Governance" aspect of a company. Each company is evaluated on the basis of the following parameters and a score is assigned to them.

Using this approach, we generate alpha through pure bottom-up stock picking and extensive research. We employ multi-pronged investment strategies and leverage proprietary models like E-Qual to deliver consistent long-term returns.

Three Pronged Investment Process





Emkay Emerging Stars Fund



Returns

Scheme Name	1 M	3 M	6 M	1 Y	2 Y*	3Y*	Absolute returns 11/Jan/18 To 31/Jul/21	Since Inception 11/Jan/18 To 31/Jul/21*
EES Series I	5.4%	21.7%	34.3%	103.0%	42.2%	20.8%	67.0%	15.5%
S&P BSE Small-Cap	6.2%	23.6%	48.9%	105.7%	45.3%	17.3%	34.0%	8.6%

Scheme Name	1 M	3 M	6 M	1 Y	2 Y*	3 Y	Absolute returns 28/Mar/18 To 31/Jul/21	Since Inception 28/Mar/18 To 31/Jul/21*
EES Series II	5.2%	22.0%	34.1%	102.9%	41.9%	20.7%	65.3%	16.2%
S&P BSE Small-Cap	6.2%	23.6%	48.9%	105.7%	45.3%	17.3%	57.6%	14.6%

Scheme Name	1 M	3 M	6 M	1 Y	2 Y*	Absolute returns 15/Oct/18 To 31/Jul/21	Since Inception 15/Oct/18 To 31/Jul/21*
EES Series III	5.2%	21.6%	34.0%	100.3%	39.0%	77.6%	22.8%
S&P BSE Small-Cap	6.2%	23.6%	48.9%	105.7%	45.3%	86.6%	25.0%

*CAGR Returns

Above returns are post expenses, post tax

	NAV	Inception Date
AIF I	167.0	11-Jan-18
AIF II	165.3	28-Mar-18
AIF III	178.8	15-Oct-18



data as on 31.07.2021



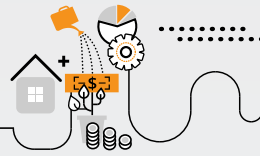
Emkay Emerging Stars Fund - IV is now open

Performance AIF Series 1

30.04.20 - 31.01.21	(9 M)	84.4%
31.07.20 - 31.01.21	(6 M)	51.1%

Basis 6 months Absolute Returns





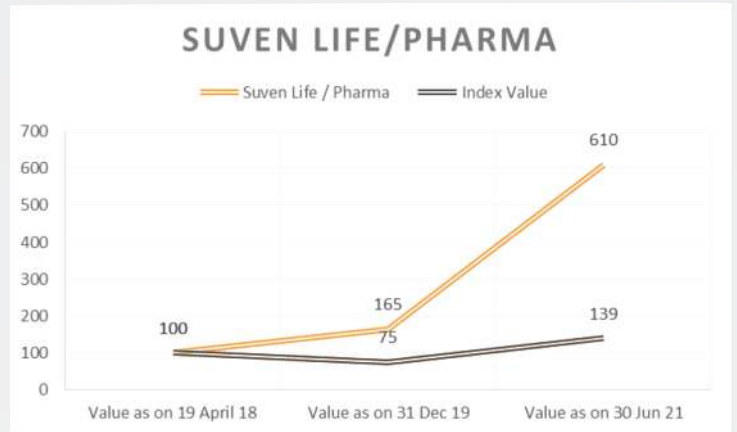
SMALLCAP INVESTING - Some Practical Insights

It is often believed that stocks behave and move in tandem with the benchmark. Hence, if the benchmark tended to be volatile, the stock must also follow suit. However, our experience shows that high quality management companies backed by the E-Qual model tend to have a more secular growth trajectory than the benchmark.

1 SUVEN LIFE / PHARMA

E-QUAL SCORE

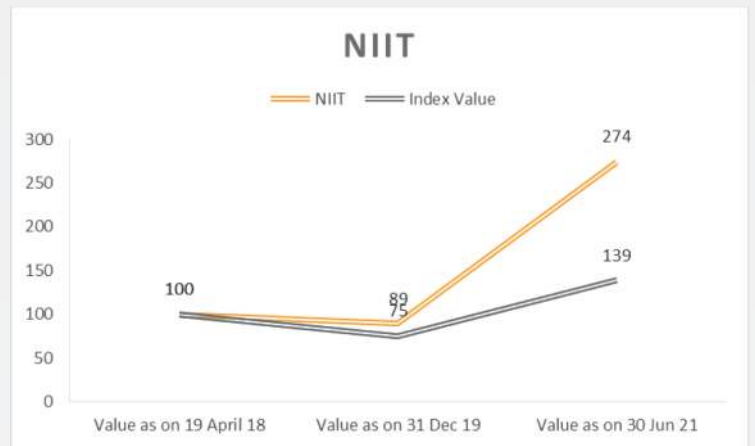
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2 NIIT / TECHNOLOGY

E-QUAL SCORE

71

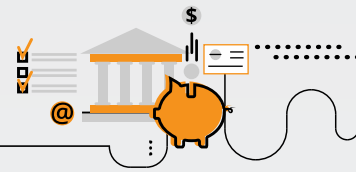


3 NESCO/ ENGINEERING & SERVICES

E-QUAL SCORE

73

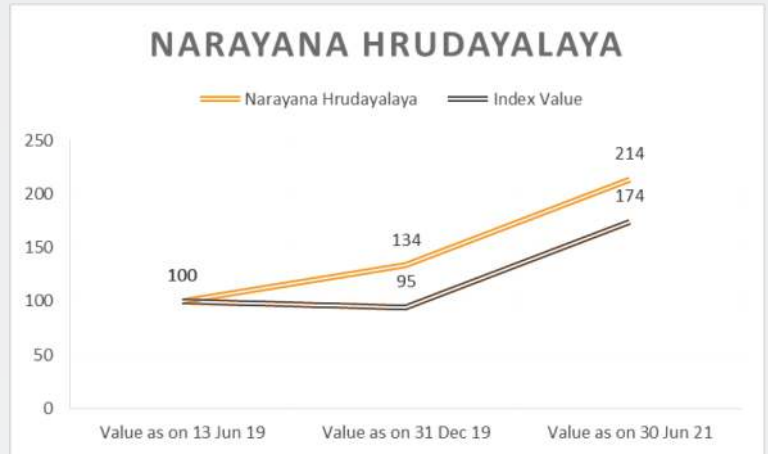




4 NARAYANA HRUDAYALA/PHARMA

E-QUAL SCORE

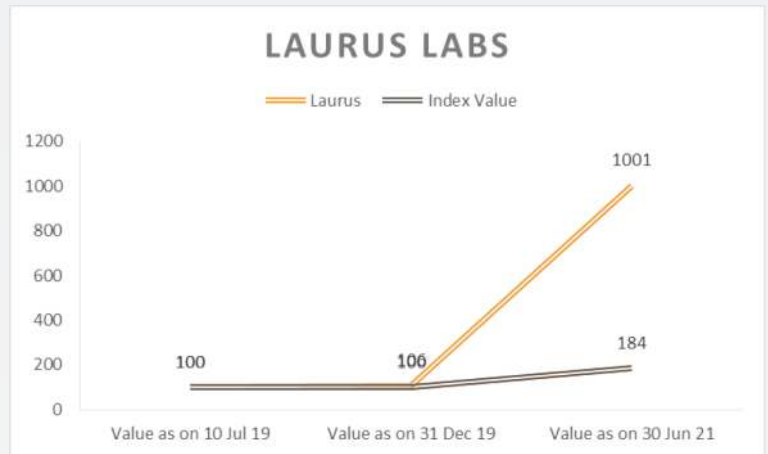
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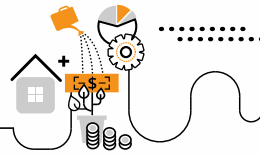
5 LAURUS LABS/PHARMA

E-QUAL SCORE

73



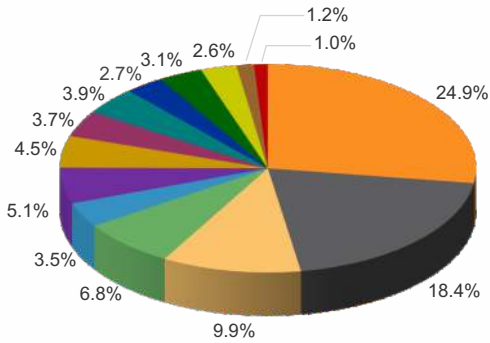
AIF I cos	Purchase Date	Purchase Price	Index Value	Price (Rs)	Change (%)	31-Dec-19 Index Value	Change (%)	Price (Rs)	Change (%)	Index Value	Change (%)
Suven Life / Pharma	19-Apr-18	93	18,174	153	65%	13,699	-25%	568	510%	25,232	39%
NIIT	19-Apr-18	105	18,174	94	-11%	13,699	-25%	287	174%	25,232	39%
NESCO	28-Nov-18	439	14,321	660	50%	13,699	-4%	605	38%	25,232	76%
Narayana Hrudala	13-Jun-19	230	14,476	307	34%	13,699	-5%	492	114%	25,232	74%
Laurus	10-Jul-19	68	13,699	72	6%	13,699	0%	680	901%	25,232	84%



Emkay Capital Builder



Sectors



- Pharmaceuticals
- Auto & Auto Ancillaries
- Oil & Gas
- Distilleries
- Consumer Discretionary
- Infrastructure
- FMCG
- Financial Services
- IT
- Real Estate
- Capital Goods
- Telecom
- Insurance
- Consumer

Note: The current portfolio holdings may or may not be a part of the future portfolio holdings.

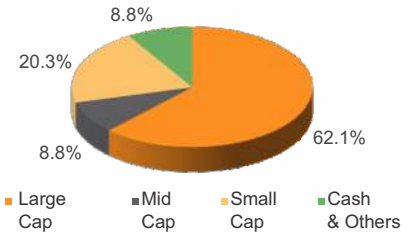
Investors' Portfolio may vary from the Strategy Level Portfolio shown above in the Top Holdings.

(Above Portfolio details are as on 31.07.2021)

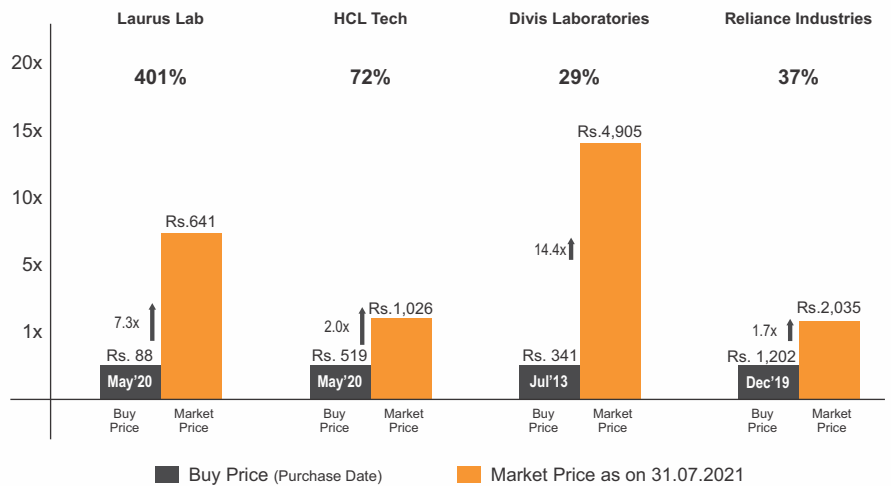
Top 5 holdings

Divi's Laboratories Ltd.	16.7%
ICICI Bank Ltd.	12.6%
Sun Pharma Ltd.	6.3%
Sundram Fasteners Ltd.	5.9%
HDFC Bank Ltd.	5.9%

Market Capitalisation



Stock-Picking Track Record



	3M	6M	1Y	3Y	Since Inception
Emkay Capital Builder (TWRR)	15.8	23.7	58.9	11.0	16.1
Nifty 500	10.5	20.9	51.2	12.3	14.4
Outperformance	5.3	2.8	7.7	-1.3	1.7

TWRR Returns As on 31.07.2021



Total number of Stocks **20-25**

MULTI CAP

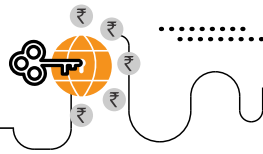
Average Marketcap

INR **2,50,934** Cr.

Inception Date **01-Apr-13**

All data is as on 31.07.2021

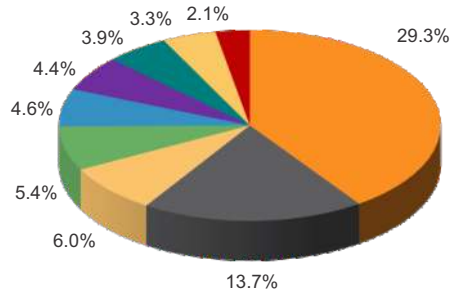




Emkay Pearls



Sectors

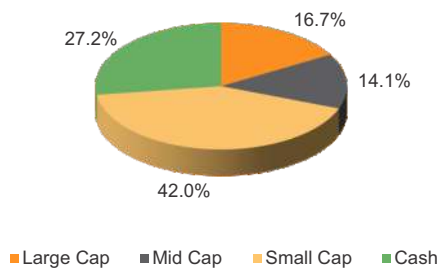


- Pharmaceuticals
- Auto & Auto-ancillary
- Real Estate
- Consumer
- Healthcare
- Capital Goods
- Discretionary Consumer
- Distilleries
- Infrastructure

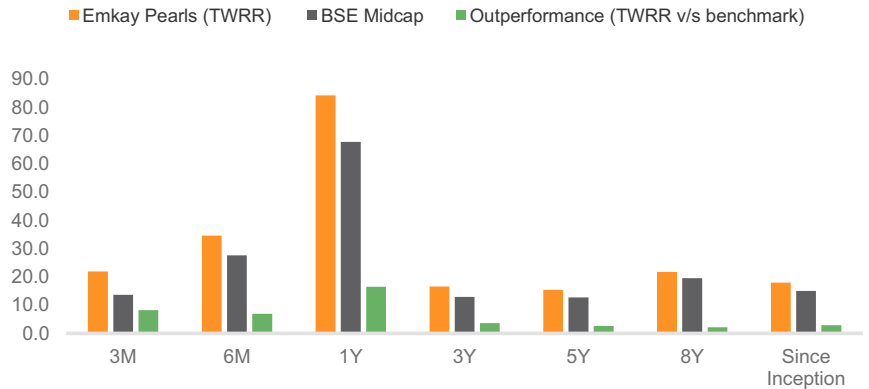
Top 5 holdings

Divi's Laboratories Ltd.	16.7%
Sundram Fasteners Ltd.	9.1%
Nesco Ltd.	6.0%
CCL Products India Ltd.	5.4%
Laurus Labs Ltd.	5.0%

Market Capitalisation



Performance Update



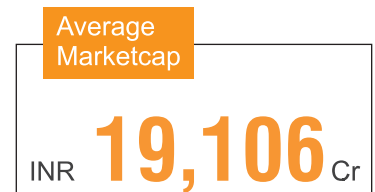
	3M	6M	1Y	3Y	5Y	8Y	Since Inception*
Emkay Pearls (TWRR) [#]	21.9	34.6	84.3	16.6	15.4	21.7	18.0
BSE Midcap	13.7	27.7	67.8	13.0	12.8	19.5	15.0
Outperformance (TWRR v/s benchmark)	8.2	6.9	16.5	3.7	2.6	2.2	2.9

TWRR Returns

*As on 31.07.2021



Total number of Stocks **15-20**

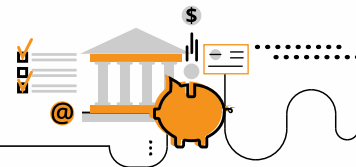


Inception Date

24-Apr-12

All data is as on 31.07.2021





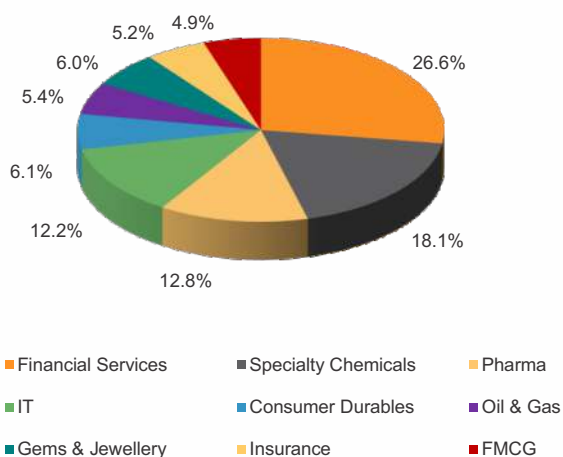
Emkay L.E.A.D



Investment Objective

The portfolio seeks to achieve long term capital appreciation by predominantly investing in large and mid cap high-growth companies with a leadership trait in the sector along with strong moat, quality management and reasonable valuations.

Sector Allocation %



Top 5 Holdings

Scrip Names	% Holdings
Aarti Industries Ltd.	10%
Bajaj Finance Ltd.	9.2%
Divi's Laboratories Ltd.	8.1%
Infosys Ltd.	8.1%
HCL Technologies Ltd.	6.7%

Market Capitalization

Market Capitalization	% Equity
Large Cap	76.7%
Mid Cap	20.7%
Cash	2.6%

Performance Update

	3M	6M	1Y	2Y	Since Inception
Emkay L.E.A.D. (Model Portfolio)	6.8	12.7	33.8	21.0	16.6
Emkay L.E.A.D. (TWRR)	6.1	10.8	28.4	17.3	13.2
Nifty 200	9.3	18.6	46.9	21.0	15.5
Outperformance (Model v/s Benchmark)	-2.5	-6.0	-13.1	0.0	1.0
Outperformance (TWRR v/s Benchmark)	-3.2	-7.9	-18.5	-3.7	-2.3

Total number of Stocks **15**

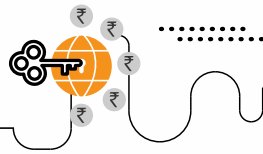
Benchmark **Nifty 200**

Average Marketcap **INR 2,44,262 Cr.**

Inception Date **01-Nov-18**

All data is as on 31.07.2021

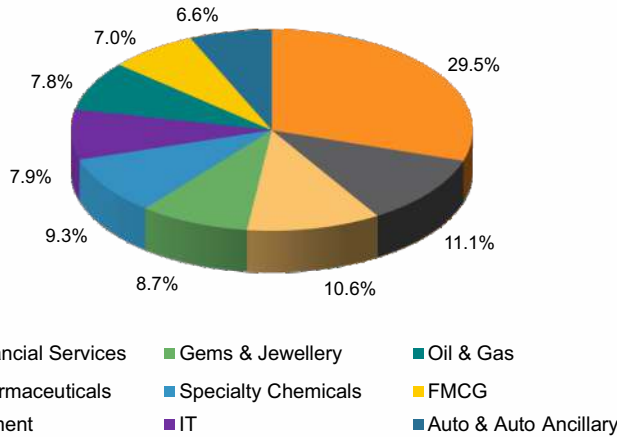




Emkay's 12



Sectors



Top 5 holdings

Divi's Laboratories Ltd.	11.1%
Ultratech Cement Ltd.	10.6%
ICICI Bank Ltd.	9.4%
Pidilite Industries Ltd.	9.3%
Titan Company Ltd.	8.7%

Features of Emkay's 12

- Focus on risk adjusted returns
- Steady performance over medium term
- Low portfolio turnover
- Portfolio of 12 structural growth cos
- No wide diversification
- Lower portfolio volatility and high liquidity
- An alternative to large cap mutual funds

Performance Update

	3M	6M	12M	Since Inception
Emkay'12 (Model Portfolio)	9.5	16.4	43.6	21.7
Emkay'12 (TWRR)	9.8	16.4	42.3	18.0
Nifty	7.7	15.6	42.3	19.9
Outperformance (Model v/s Nifty)	1.8	0.8	1.3	1.8
Outperformance (TWRR v/s Nifty)	2.1	0.8	0.0	-1.9

Above returns are TWRR returns
Inception date 1st August 2019.

Performance update
as on 31.07.2021

Also available in the unique format

VALUE शस्त्र
Piercing the Chakravyuha of Equity Investments

Benchmark
Nifty

Total number of
Stocks **12**

**LARGE
CAP**

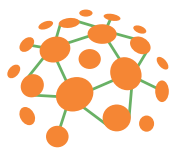
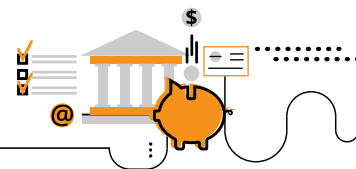
Average
Marketcap

INR **4,82,330** Cr.

Inception Date **01-Aug-19**

All data is as on 31.07.2021

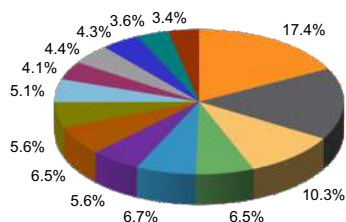




Emkay GEMS



Sectors



- Financial Services
- Auto & Auto Ancillary
- Agro-Chemicals
- Specialty Chemicals
- Fertilizers
- Consumer
- Consumer Durables
- Pharma
- Quick Service Restaurant (QSR)
- Plastic products
- IT
- Diversified
- Industrial Goods
- Retail

Top 5 holdings

Dr. Lal PathLabs Ltd.	7.0%
PI Industries Ltd.	6.7%
SRF Ltd.	6.5%
Jubilant FoodWorks Ltd.	6.5%
CreditAccess Grameen Ltd.	6.4%

Back-tested returns of Emkay GEMS investment philosophy

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
GEMS qualifiers (%)	-48.23	123.83	27.05	-21.36	39.96	6.78	61.86	14.98	7.39	46.94	-5.60	5.74
Benchmark (%)	-59.39	98.97	19.16	-31.00	39.16	-5.10	55.91	6.46	7.13	47.26	-15.42	-4.32

Period : January – December (YTD)

CAGR

16.51% GEMS qualifiers

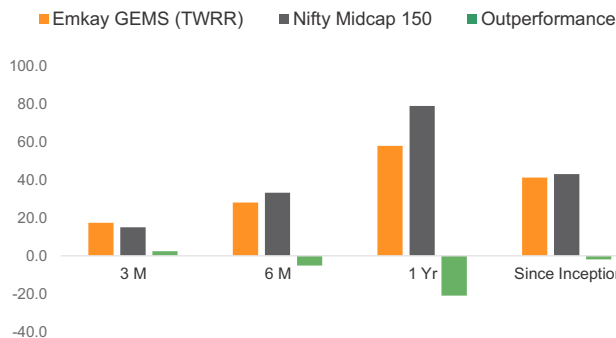
10.88% Benchmark

5.64% Outperformance

Inference : Despite inherent volatility, the portfolio has outperformed the benchmark each year, aggregating in an alpha of 5.64% over the last 11 years.

*Nifty Midcap 150 index was formed in 2018. Data for purpose of the study, therefore, is Nifty Midcap 100

Performance Update



	3 M	6 M	1 Yr	Since Inception
Emkay GEMS (TWRR)	17.5	28.2	58.1	41.3
Nifty Midcap 150	15.1	33.3	79.1	43.2
Outperformance	2.4	-5.1	-21.0	-1.9



Total number of Stocks **20**

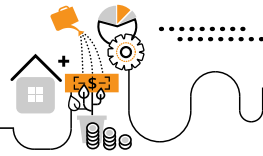


Average Marketcap INR **29,072 Cr**

Inception Date **03-Mar-20**

All data is as on 31.07.2021





Invest in



Emkay Duet

2 PMS portfolios within



Choose from any of the following three combinations of our portfolios, each giving you **a unique dual advantage**



Emkay Capital Builder

+



Emkay GEMS



Emkay L.E.A.D

+



Emkay Pearls

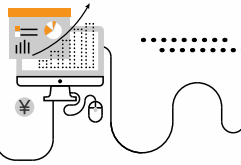


Emkay's 12

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Emkay Pearls



Emkay Investment Managers Ltd. (EIML) is the asset Management arm of Emkay Global Financial Services Ltd. (EGFSL), a SEBI registered Portfolio Manager managing & advising investments for long-term (3-5 years+) investors consisting of Family Offices, HNIs, Corporate & NRIs, in Indian equities. Currently the team manages assets over INR 700 crores.

OUR TEAM



Krishna Kumar Karwa
MD - EGFSL
Mentor - EIML



Vikaas M Sachdeva
CEO - EIML



Sachin Shah
Fund Manager - EIML



Kashyap Javeri
Fund Manager - EIML

PROFILE OF FUND MANAGERS

Sachin Shah

Sachin is a seasoned fund manager with over two decades of experience in the Indian equity markets. By virtue of his extensive research, Sachin realised early-on the need for a framework in which companies with evasively tricky standing needed to be filtered out very objectively, leading to the development of E-Qual Model, EIML's proprietary module which helps us to evaluate and compare listed companies on various aspects of governance. Sachin shares his knowledge and insights through various media interactions across print and digital platforms.

Kashyap Javeri

Kashyap Javeri is a fund manager with more than a decade of experience in company and sector research. He brings exceptional insights into stocks and economy. Prior to joining Emkay Investment Managers, he was a rated BFSI analyst in Emkay Institutional Equities for eight years and also worked with Sharekhan Ltd as midcap analyst. Kashyap brings with him immense in-depth knowledge on not only variety of manufacturing and services sectors but also on banking and economics.

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