A black and white photograph of a modern interior space. The room features a brick wall, a white bookshelf with books and decorative items, two armchairs with patterned cushions, and several potted plants. The lighting is soft and ambient, creating a warm and inviting atmosphere.

We are an independent, partner-centric
Investment Management firm investing in
Indian public equities.

TOPICS



ABOUT US

Founded by Manish Gupta who is also our CIO.

- First generation entrepreneur.
- BE Chemical, MBA IIM Ahmedabad
- BCG (7 years), Rakesh Jhunjhunwala (8 years)

Aim to build a business that marries profits with purpose

- Build the most trusted and partner centric AMC in India
- Controlled pace of growth to increase probability for Alpha, customer focus
- Invest exclusively for long term outcomes
- Work exclusively with long term oriented families
- Derivatives trading banned

Results so far

- ~1250 Cr AUM across ~100 families
- Top tier performance with 10% Alpha over NSE 500 since inception
- Zero disputes/commercial disagreements with partners since inception
- Very very low partner attrition. Less than 1% AUM lost to attrition till date

HOW ARE WE DIFFERENT?

Skin in the game – 100% alignment of CIO family portfolio in underlying positions

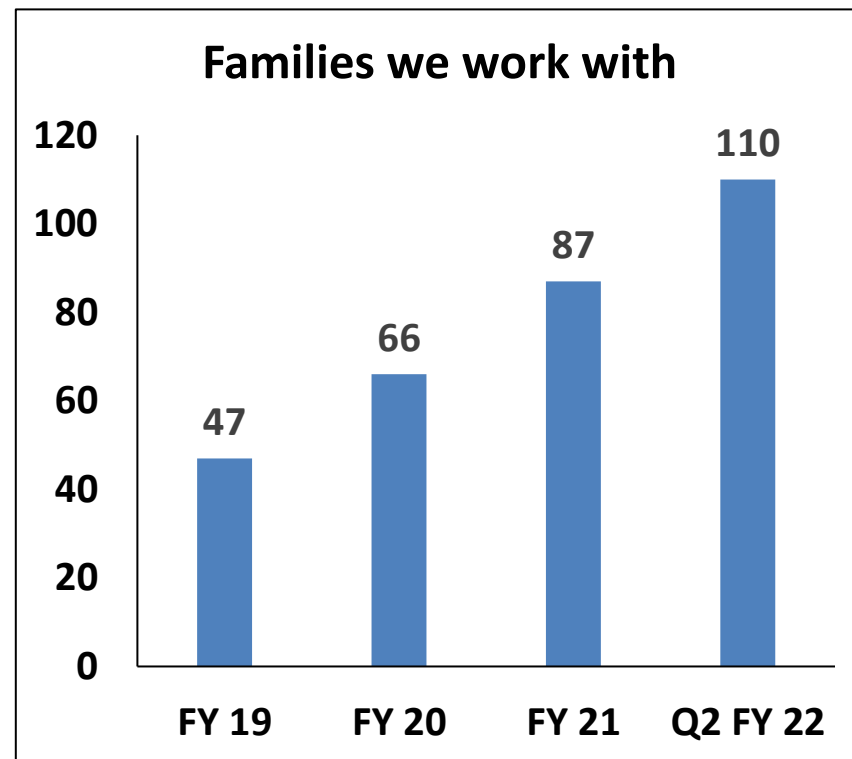
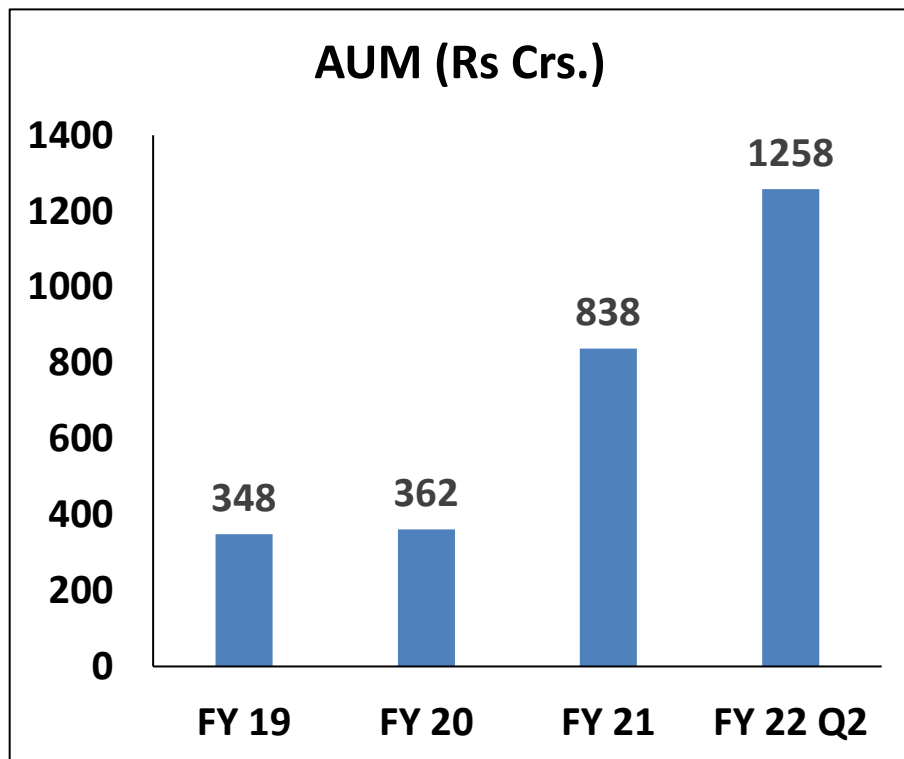
Minimum ticket size of 2.5 Cr at family level

No exit loads

Customized portfolios

Transparency and access. 48 hour call back promise.

KEEPING A HIGH MINIMUM TICKET SIZE ENSURES WE DON'T GROW TOO FAST



OUR TEAM

Member	Title	CV	Investing experience	Time with Solidarity
Manish Gupta	Founder and CIO	MBA IIM Ahmedabad BCG (7 yrs.) Rakesh Jhunjunwala (8 years)	15+ years	7+ years
Manjeet Buaria	Principal	CA, CFA	7+ years	6+ years
Anirudh Shetty	Principal	CA, CFA	5+ years	~5years
Naarah Pereira	Head of Operations	BBA, MCOM	NA	5+ years
Poonam Chandaliya	Analyst	BBA	2+ years	2+ year
Prasad Heda	Analyst	CA	2+ years	<1 year
Kumanika Chajjer	Analyst	BBA	1 year	1.5 years
Aman Thadani	Analyst	CFA	2+ years	<1 year
Darshit Zaveri	Operations	MCOM	NA	< 1 year
Prachi Sawant	Office Manager	PGDFM, BCOM	NA	2+ year

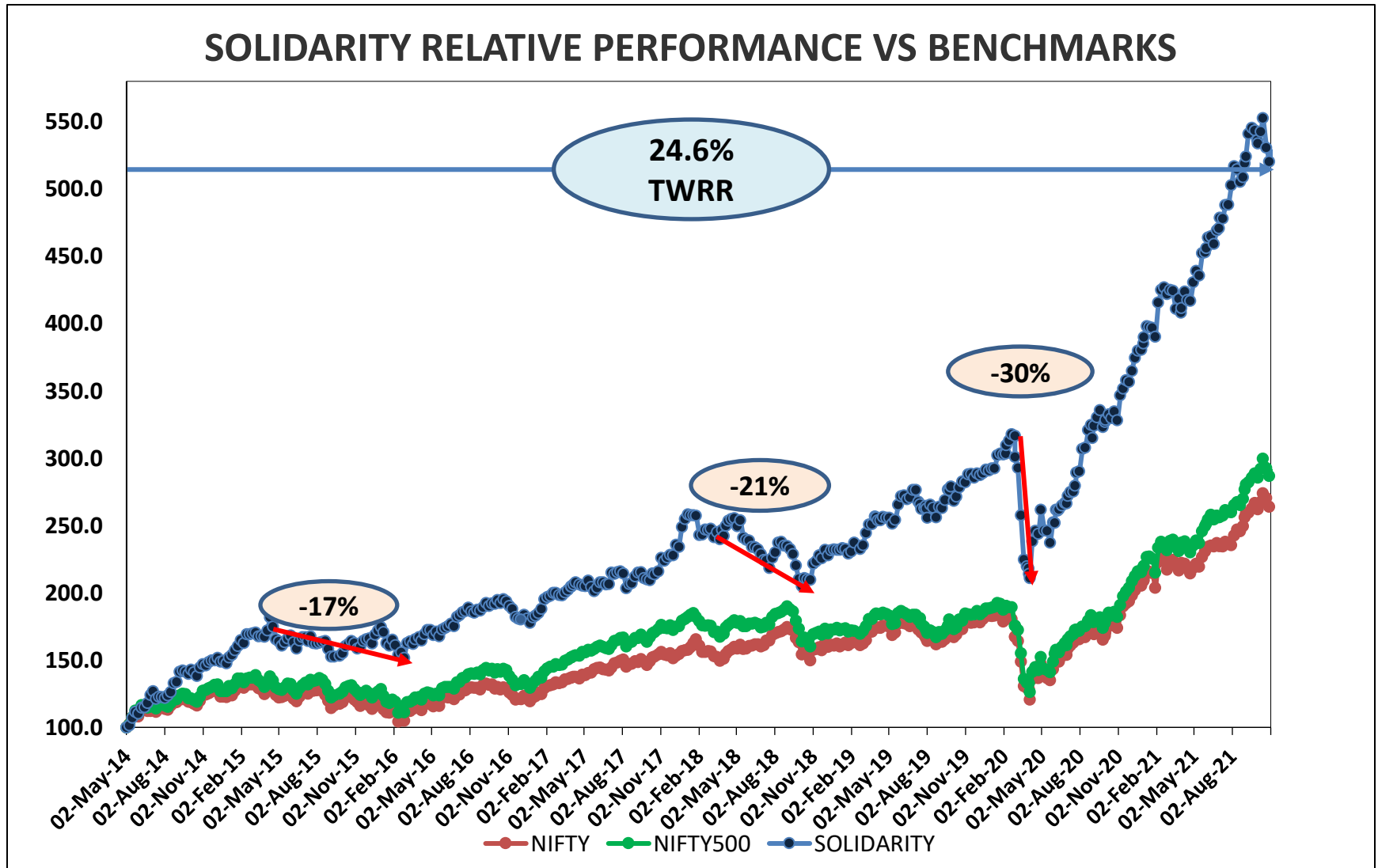
PERFORMANCE HISTORY POST FEES

As of 31 Oct 2021					
Anchor partner					
Performance (in TWRR)	1 Year	2 Year	3 Year	5 Year	Since Inception
SOLIDARITY	58.7%	35.7%	32.9%	21.9%	24.6%
NIFTY	51.8%	21.9%	19.4%	15.4%	13.8%
NIFTY500	57.5%	24.7%	19.9%	15.0%	15.1%
Aggregate across all accounts					
Performance (in TWRR)	1 Year	2 Year	3 Year	5 Year	Since Inception
SOLIDARITY	65.4%	39.6%	36.5%	23.7%	24.0%
NIFTY	51.8%	22.0%	19.4%	15.4%	15.9%
NIFTY500	57.5%	24.8%	19.9%	15.0%	16.2%
Data as of 31 Oct 2021					

NOTE : Performance data provided in the above table is not verified by SEBI.

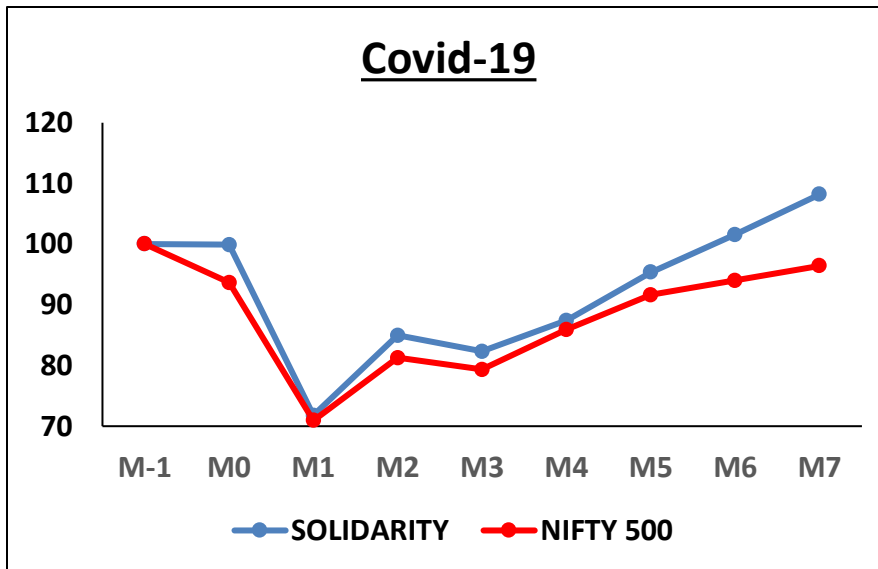
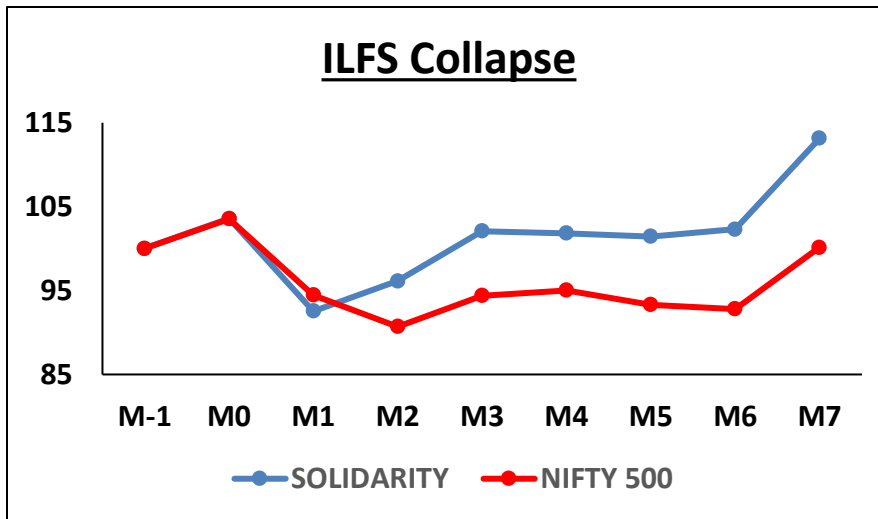
WE HAVE SEEN THREE DOWN CYCLES

SOLIDARITY RELATIVE PERFORMANCE VS BENCHMARKS



Data upto 31 Oct 21

SOLIDARITY PORTFOLIOS HAVE QUICKER RECOVERY POST CRISIS



Initial draw down in line with market (due to small/mid cap exposure)

Faster recovery → high quality companies attract buyers on correction

TOPICS



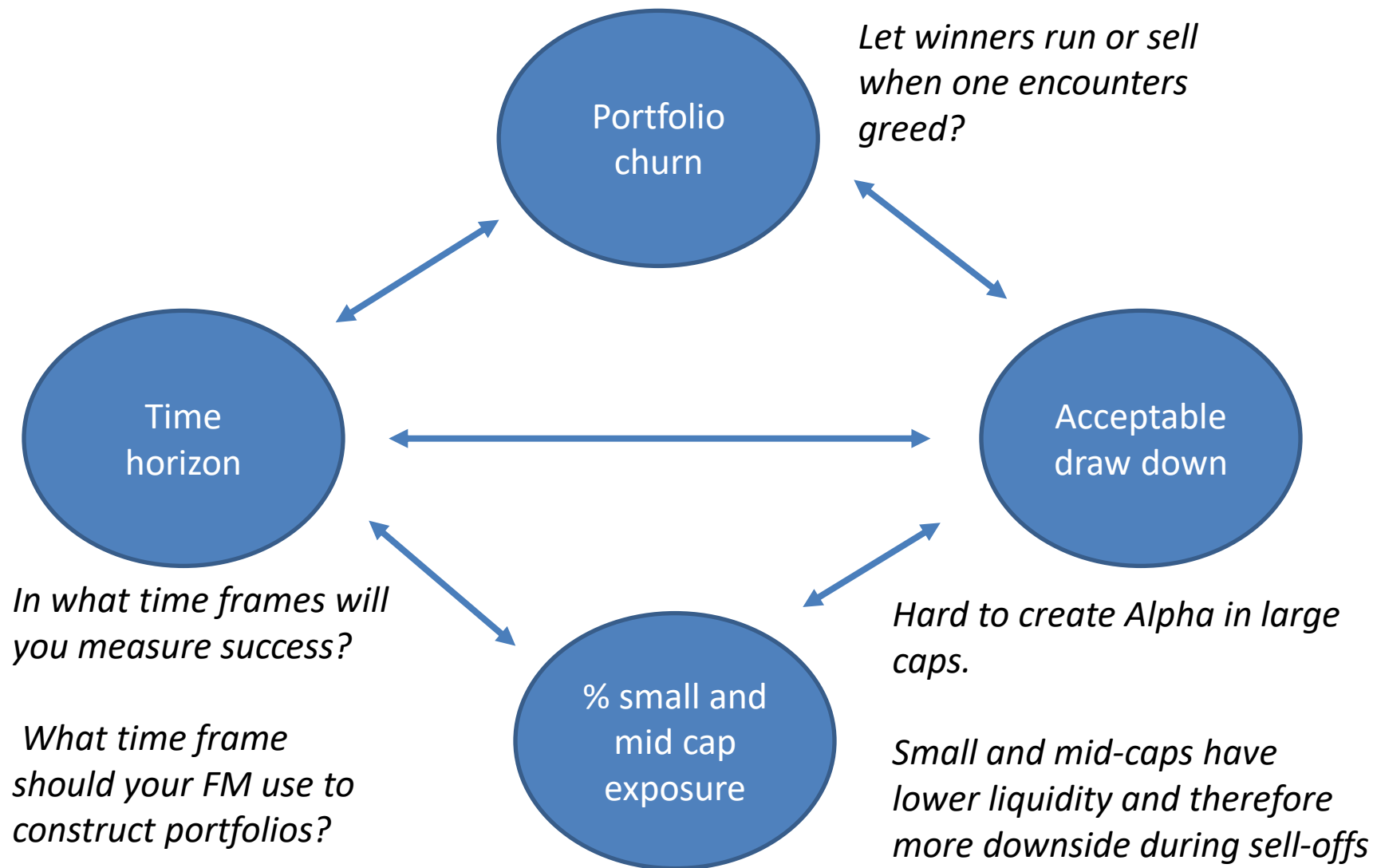
CORE BELIEF: GOOD PROCESS WILL RESULT IN GOOD OUTCOMES

		Outcome of process	
		Good	Bad
Process used to make decisions	Good	Deserved success	Bad break
	Bad	Dumb luck	Poetic justice

Adherence to a good process, will over time, lead to superior results

What is the Solidarity way?

THERE ARE TRADE OFFS IN EVERY INVESTMENT APPROACH



SOME ASPECTS OF OUR APPROACH

Our goal and definition of success

- Above market returns with prudent risk taking
- Outperform the Index by 3% per annum post fees over rolling 5 years
- Transparency to partners on process; no surprises

We prioritize resilience over speed

- 90-95% of portfolio comprises honest, resilient compounders with leadership
- Clear and Emerging Leaders

However, we avoid rigid ideology

- 10% allocation for Special Situations (strong price/value divergence)
- No compromise on poor governance or excessive leverage

Rolling 5 year outlook for portfolio construction

Multi cap approach for portfolio construction to balance stability with quest for Alpha

- Its hard to generate Alpha by following an exclusive Large Cap strategy;
- Small/Mid caps poorly researched. Offer better opportunity for Alpha

SOME ASPECTS OF OUR APPROACH

We customize portfolios and don't believe in model portfolios

- Model portfolios imply that current valuations do not matter.
- We invest where the best opportunities are when capital is provided to us.

No cash calls based on macro events.

- Cash calls provide emotional short term relief
- The odds are against you in the long term (taxation, re entry risks, mistaking a correction for a major event)
- We accept draw downs as integral part of compounding process that cannot be wished away

We believe in “good churn”

- We are allocators of capital in businesses we would like to own permanently.
- Successful investing needs to recognize greed and fear
- Hence, we act when we encounter behavioural excesses

SOME ASPECTS OF OUR APPROACH

Number of positions

- Concentration generates Wealth. Diversification protects it. Need to find balance.
- 15-20 positions with 3% minimum position size

Risk Management

- Buy right – avoid poor governance and excess leverage
- Position sizing
- Volatility is not risk (Sharpe ratio is not a useful tool)

Position sizing

- Size positions based on maturity of business model and upside possible
- Position sizes can vary between 3% and 15%
- Manage liquidity risk through lower position sizes

When do we sell

- When new facts require us to change our mind and we are wrong
- When we believe there is euphoria in valuations and we can reallocate for better returns in some other positions

ARE WE RIGHT FOR YOU?

“In life the challenge is not so much to figure out how best to play the game; the challenge is to figure out what game you’re playing.”

Kwame Anthony Appiah

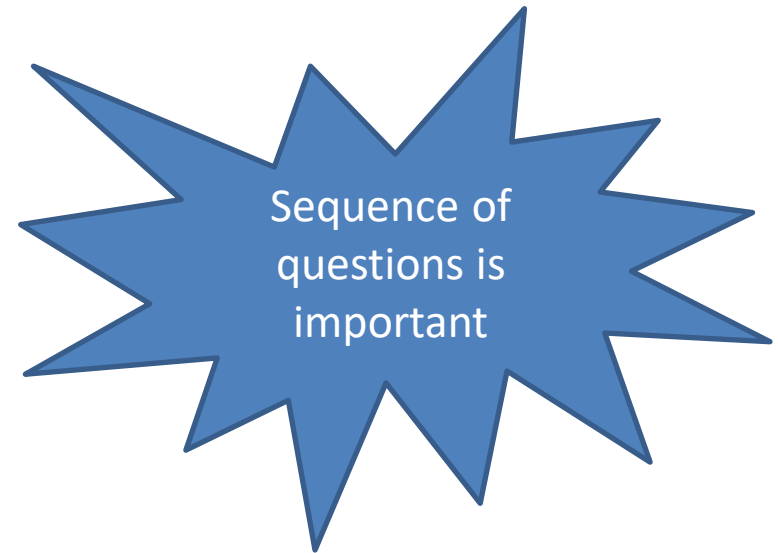
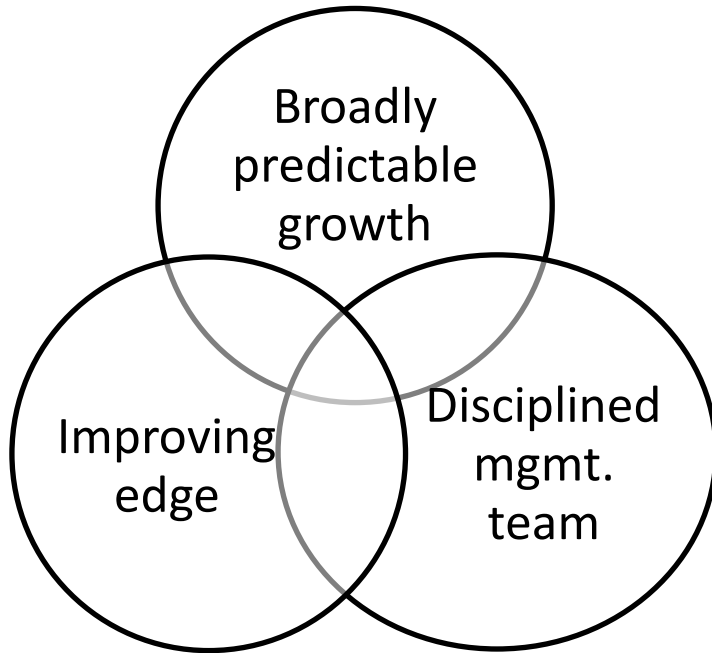
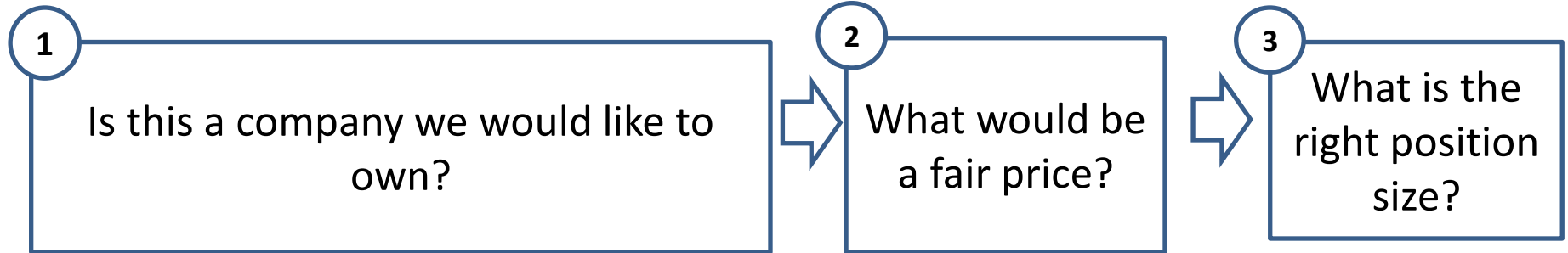
'You have your way. I have my way. As for the right way, the correct way, and the only way, it does not exist”

Friedrich Wilhelm Nietzsche

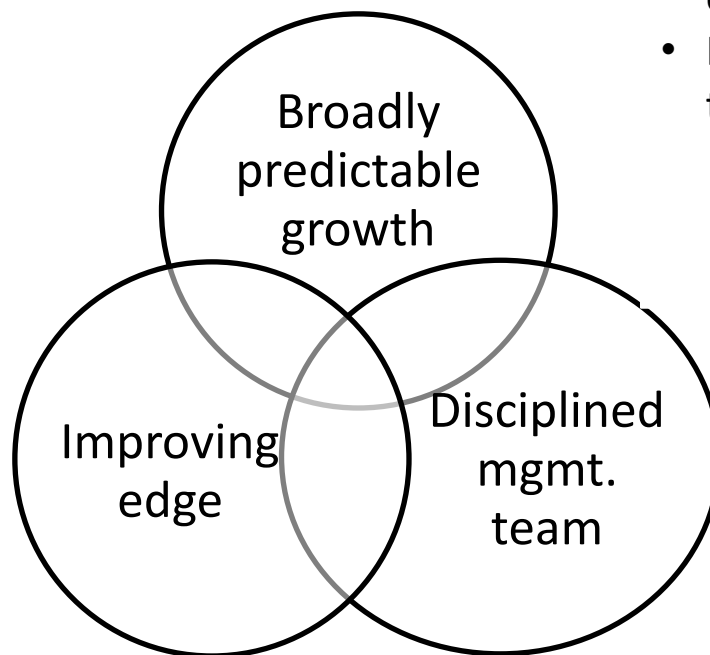
TOPICS



APPROACH: BUY GOOD COMPANIES AT AN ACCEPTABLE PRICE



IS THIS A COMPANY WE WOULD LIKE TO OWN?



- Favourable industry structure
- Sector/niche Leadership
- Edge/competitive differentiation
- Ability to re-invest for growth (ROE > 15%)

- Large addressable opportunity
- Industry with structural tail winds of growth

- Focus on few business lines
- Disciplined on Capital Allocation
- Prudent use of leverage
- Learning organization

PORTFOLIO CONSTRUCT AROUND DIVERSIFIED SECULAR THEMES, RESILIENT AND HONEST COMPOUNDERS

Secular Themes of interest to us	
1	Opportunity to gain market share in global supply chains: Manufacturing/Services
2	Pvt Sector Banks who will gain market share
3	Life Insurance: trusted brands, strong distribution
4	General Insurance with preference for adoption of Health Insurance
5	Digital Business Models and enablers of Digital
6	Mitigation of inequality
7	Discretionary consumption – “Affordable luxury”
8	Financialisation of Savings
9	Formalization of the economy
10	Thrust on Clean Energy

All our themes have decadal tail winds

We have ~75 companies at present of interest

We allocate capital to ~15 to 20 positions where we think we can earn the best outcomes over rolling 5 years

LEADERSHIP IS KEY FOR A SUSTAINABLE EDGE



WHAT CATEGORY WOULD WE LIKE TO OWN IT IN?

CLEAR LEADERS

- Leader in growing market
- Dominant share of Industry profit pool
- Robust business model and Balance Sheet

- 15-18% IRR ask

40-50% allocation

Moderate growth with low volatility

EMERGING LEADERS

- Companies on the path to become Clear Leaders
- Typically, dominant player in a niche

- 18%+ IRR ask

40-50% allocation

Rapid growth but with higher volatility

SPECIAL SITUATIONS

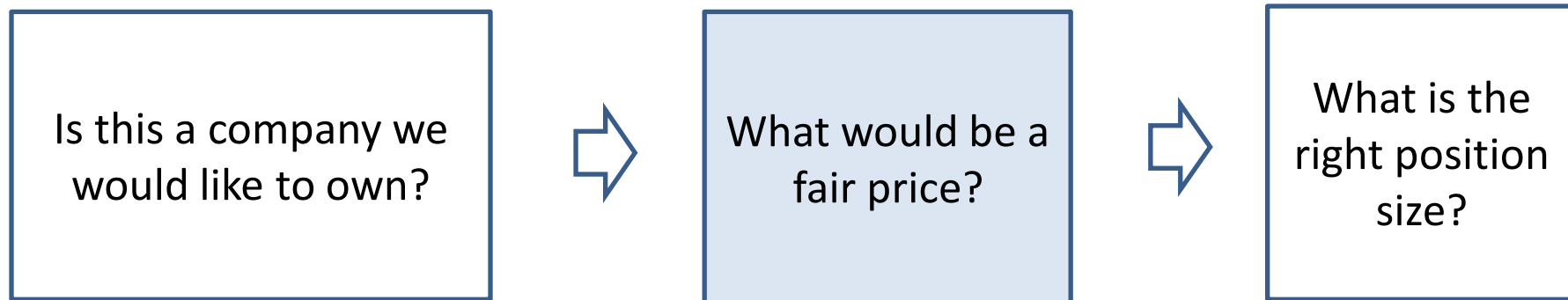
- Good business undergoing temporary uncertainty
- Not sure whether it is a compounder at present; but
- High price value divergence

- 25%+ IRR ask

~10% allocation

When opportunities in the core not available, upside is huge

APPROACH: BUY GOOD COMPANIES AT AN ACCEPTABLE PRICE

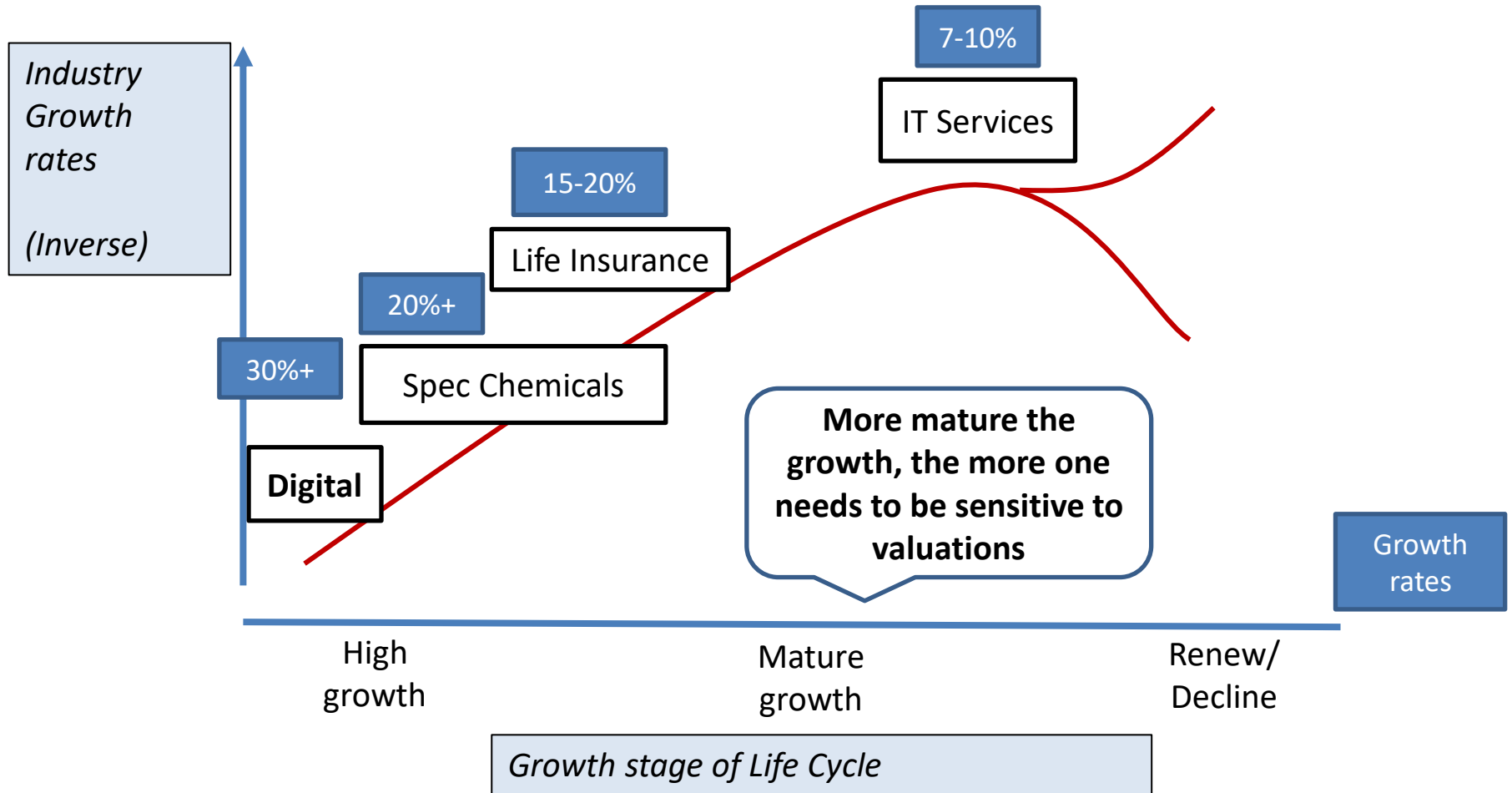


Valuation is both art and science. We believe in being broadly correct, rather than aim for precision

Tools used

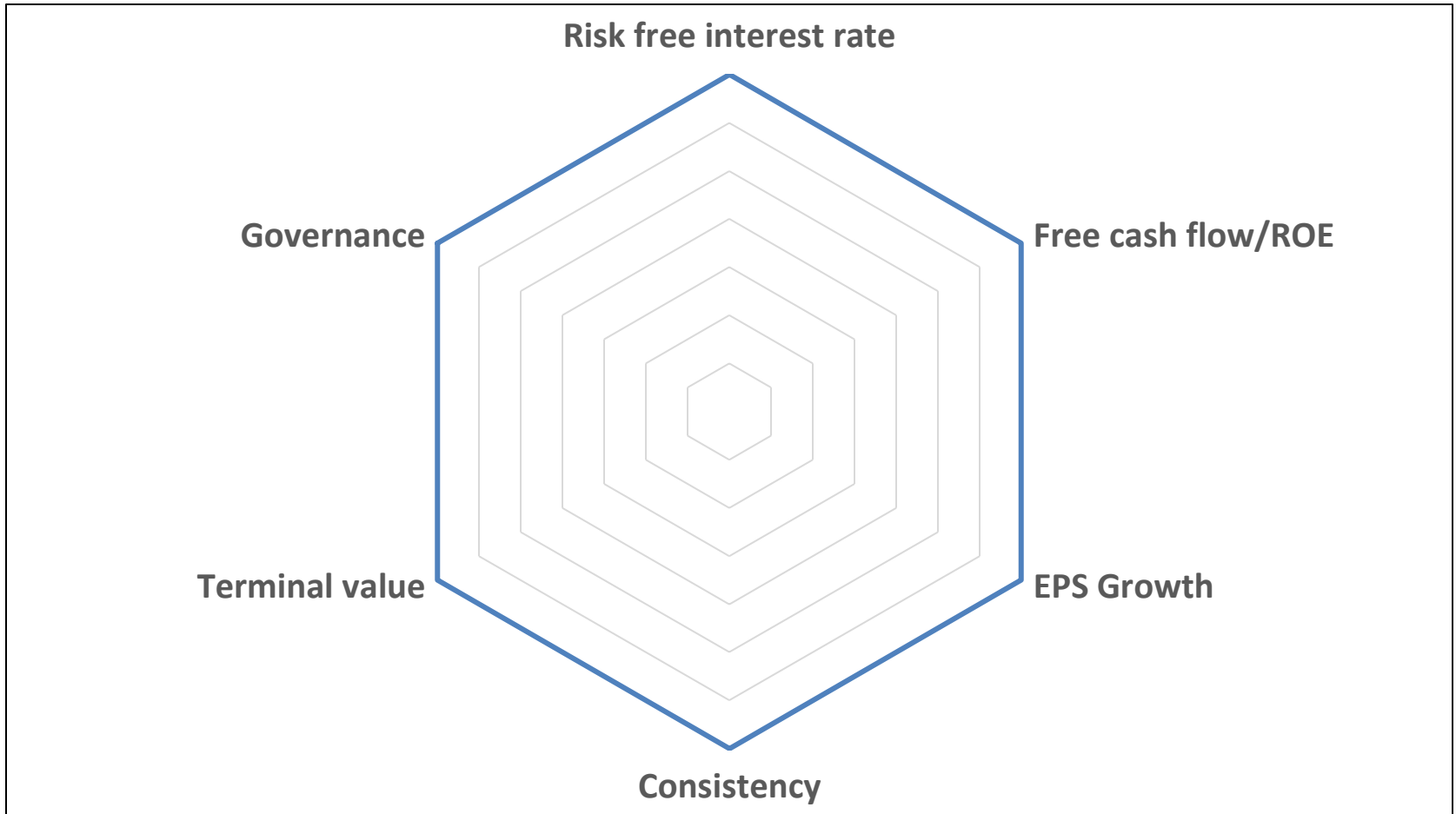
- Qualitative: where are in the growth life cycle, Optionality/longevity in model
- Quantitative: DCF– Cost of Capital, Growth, ROE, longevity
- Wisdom of crowds

WHERE IS EACH SECTOR IN THE GROWTH LIFE CYCLE?



FAIR VALUATIONS: FIRST PRINCIPLES

Analytical Construct



APPROACH: BUY GOOD COMPANIES AT AN ACCEPTABLE PRICE

Is this a company we would like to own?



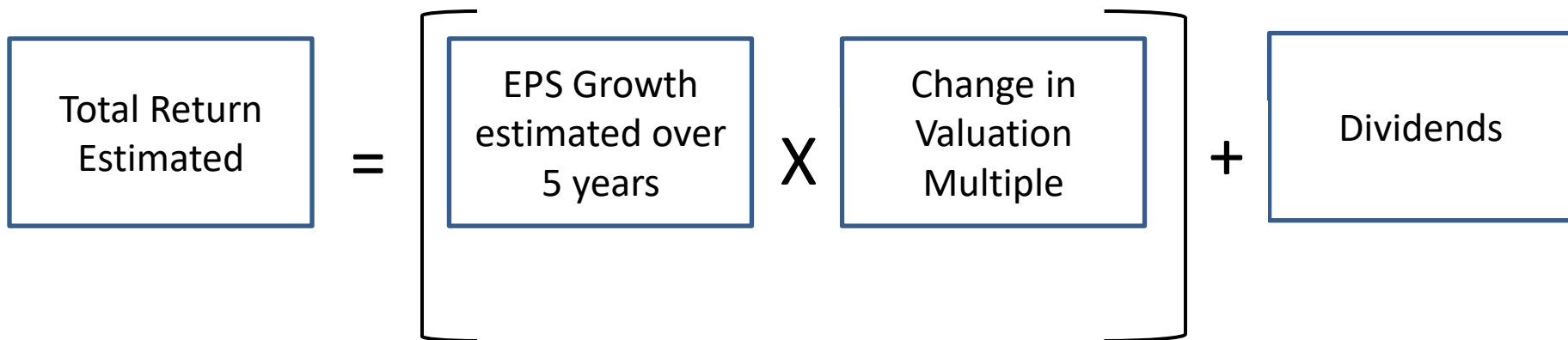
What would be a fair price?



What is the right position size?

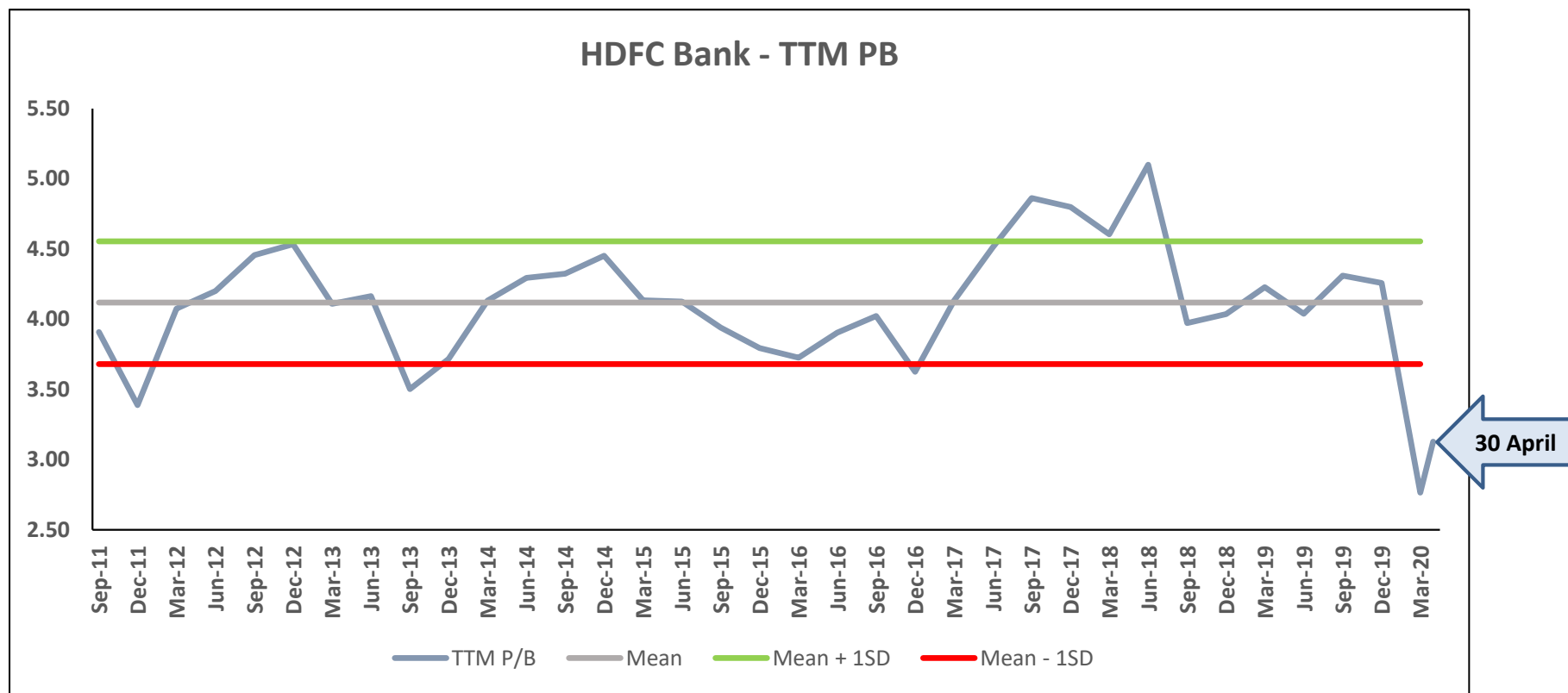
- What bucket?
 - Clear Leader
 - Emerging Leader
 - Special Situations
- Liquidity
- Initial position size
- When to add

PORTFOLIO CONSTRUCTION: EXECUTING THE IDEA



Can we see, with reasonable confidence, a path to our desired return over 5 years ?

WE BELIEVE IN MEAN REVERSION OF VALUATION MULTIPLES TO FAIR VALUE OVER TIME

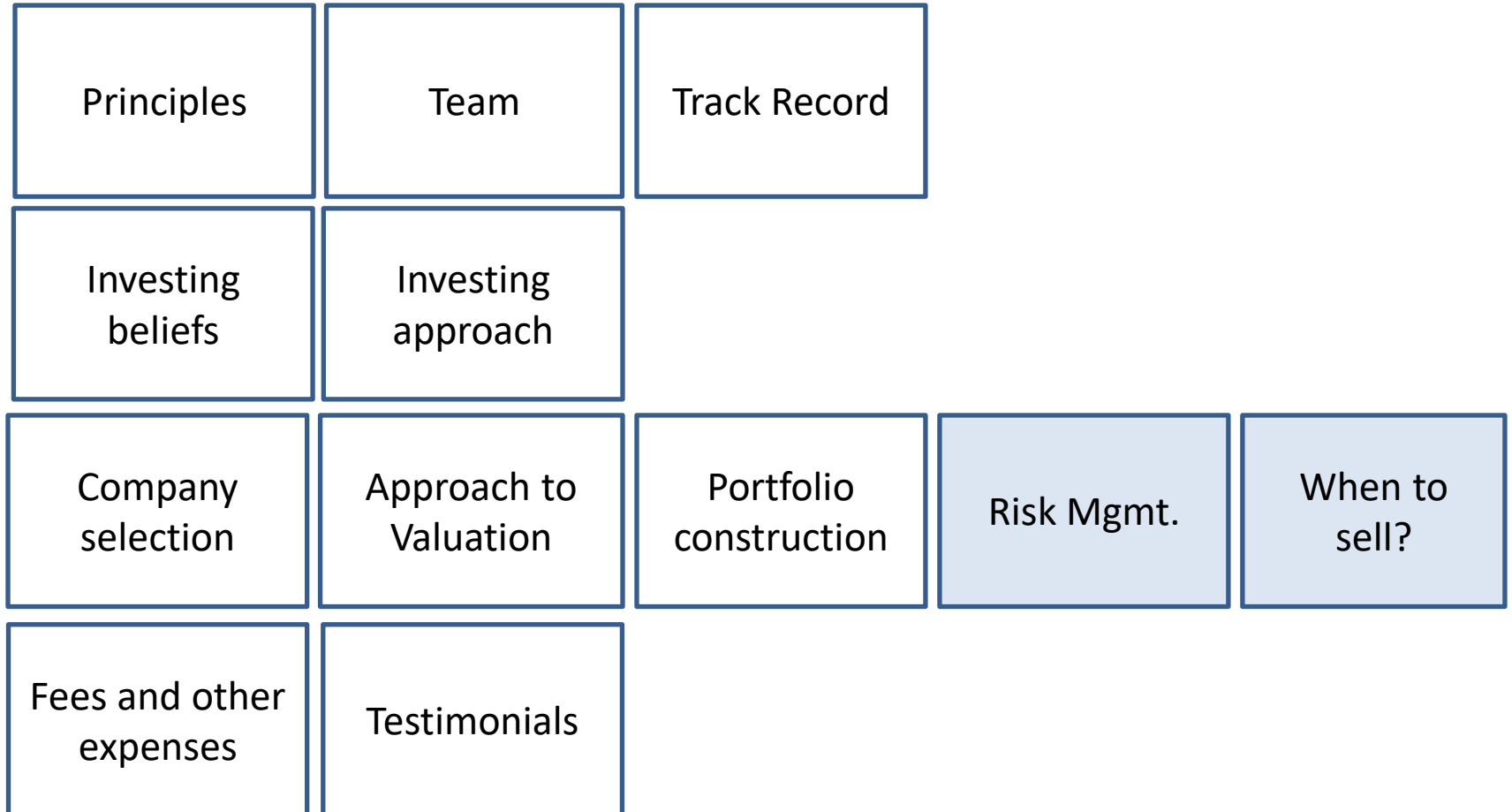


POSITION SIZING: FUNCTION OF CONVICTION, UPSIDE/DOWN SIDE RISK, MATURITY OF COMPANY, LIQUIDITY

Position sizing approach		IRR est. (5 year rolling time horizons)			
Categorisation	Example	15%	18-22%+	25%+	30%+
Clear leader	Divis Labs	3-5%	5-10%	10-12%	12-15%
Clear leader - Lending business	Kotak Bank	3-5%	5-10%	10%	10%
Emerging leader- good liquidity	India Mart		3-4%	4-6%	6-8%
Emerging leader- poor liquidity	Neogen Chemicals		3-4%	4-5%	5-6%
Special Situations	Max Financial			3-5%	5%

“What you don’t know never kills you. Its what you think you know, for sure, that just ain’t so” - Mark Twain

TOPICS



OUR INVESTING PRINCIPLES AND BELIEFS

Risk Management

Buying Right

- Don't invest in what we don't understand
- Avoid complexity and poor governance
- Use check lists
- Position sizing - Increase size of bet with conviction and liquidity

Constant vigil

- Track progress of Financial and Operating variables
- Track Capital allocation decisions of surplus cash flow
- Track valuations

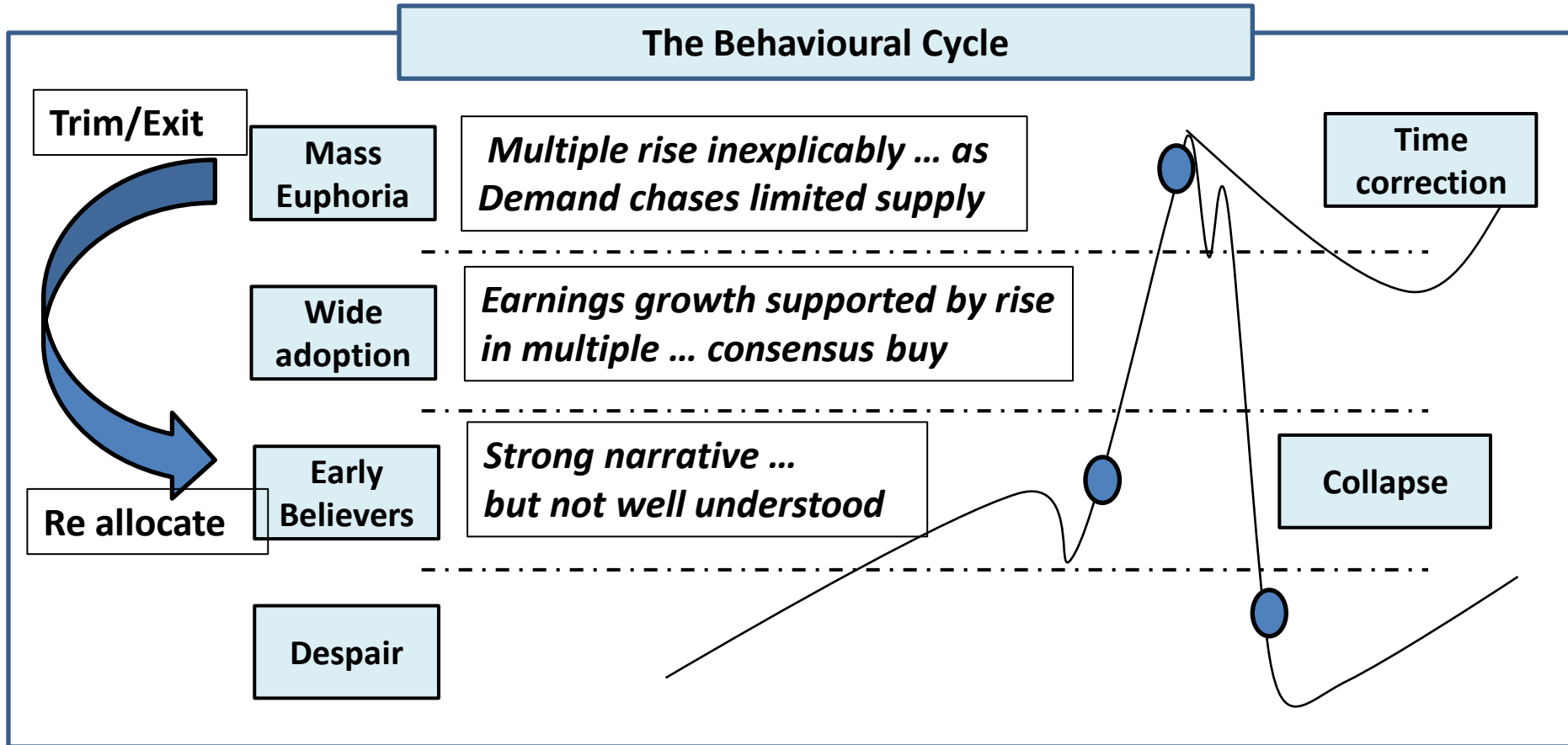
Selling Right

- When facts change that requires us to change our views
- When we encounter evidence that our analysis is wrong
- Exit/trim during euphoria – price at least 30% above our estimate of fair value
- Ability to re-allocate capital to a significantly better opportunity

RISK MANAGEMENT: INVESTMENT CHECK LIST

GROWTH	<ul style="list-style-type: none"> • Large and growing opportunity + Benefitting from Secular tailwinds • No threat from disruption 			
EDGE	<ul style="list-style-type: none"> • Favourable industry structure and eco system. • Right to win. Leadership or domination of a niche. Relative market share • Scarcity, permanence, dependability • <u>R</u>eflected in high ROCE. • High OCF generation – Capital light or can self finance growth 			
MANAGEMENT	<ul style="list-style-type: none"> • Long term orientation on a focused business definition • Capital allocation discipline. Balance sheet discipline • Past governance record + Direction of travel 			
VALUATION	<ul style="list-style-type: none"> • Growth + Exit multiple = targeted IRRs. Time to close gap • Longevity of growth; durability of franchise, predictability of growth 			
RISK MGMT.	<ul style="list-style-type: none"> • Understand sources of Fragility • Invest in what we understand + Position sizing 			
EXIT STRATEGY	<ul style="list-style-type: none"> • Hold through corrections, Exit during euphoria 			
Desk research	Field visits	Mentorship from domain experts	Management meetings	Big Data

WHERE IS THE COMPANY IN THE BEHAVIOURAL CYCLE



RISK MANAGEMENT: ONE SHOULD EXIT ON VALUATION EXCESSES



TOPICS

About us	How are we different?	Team	Track Record	
Investing beliefs	Investing approach	Right for you?		
Company selection	Approach to Valuation	Portfolio construction	Risk Mgmt.	When to sell?
Fees and other expenses	Testimonials			

OUR FEE OPTIONS

AUM Invested with us		2 to 5 Cr	5 to 10 Cr	10 to 20 Cr
Fixed		2%	1.50%	1.50%
Semi Variable	Fixed fee	1%	1%	1%
	Hurdle rate	12%	12%	12%
	Profit share above hurdle	20%	20%	15%
Variable	Fixed fee	0%	0%	0%
	Hurdle rate	8%	8%	8%
	Profit share above hurdle	20%	20%	20%
Brokerage/GST; Additional 4 bps to Kotak for custody and fund accounting				

TESTIMONIALS

"I have known Manish for over 15 years now. His firm, Solidarity, have been my Investment Advisers for over six years now, and they have done a superb job. Solidarity is a value investor and their returns have been outstanding. Even more importantly, I admire their focus on following the right process. They do not churn the portfolio, and they ensure our interests are aligned. They are transparent and I trust Manish completely. I like the way he is willing to teach me, and I have learned a lot from him and his team !"

Dr Aniruddha Malpani

"My base criteria for selecting an advisor are trust, fairness & customer centricity. In my experience, so far, with Solidarity is that they come of tops on these. This is why I am continuing to trust them with more money"

Mr Pravin Gandhi, Founder Seedfund

I have known Manish for over 10 years, from the time he was with Rare enterprises. We were on the Board of a company for a few years. I had found his stand very focussed on the issue and always looking at what would be in the best interest of the Company and not get swayed by pressures of promoters or other vested interest. He was always analytical and logical in his approach and presented his view in a coherent manner. My family has entrusted its investment after detailed discussions with Manish. His logical approach, based on fundamentals of the company is what impressed us the most. This with the transparent and customer focussed way of dealing with us, was what convinced us that we were dealing with the right person. The recent webinar also demonstrated to us that he has a team that is aligned with him in terms of values, approach and clarity of thought. Solidarity is also candid to admit any error of judgement, which to our family is a huge comfort factor. We are committed to increase our funds to deployed by Solidarity

Mr Shyam Sunder Suri

CONTACT

Manish Gupta

Chief Investment Officer

M: +91 9819517614

mg@solidarity.in

Manjeet Buaria

Principal

M: +91 9833014949

mb@solidarity.in

Anirudh Shetty

Principal

M: +91 9930003966

as@solidarity.in

Naarah Pereira

Head of Operations

M: +91 9920890191

np@solidarity.in