A black and white photograph of a modern interior space. In the foreground, two upholstered armchairs with patterned cushions are positioned on either side of a central whiteboard. Behind the whiteboard is a tall, multi-tiered bookshelf filled with books and decorative objects. The walls are made of dark, textured bricks, and several potted plants are scattered throughout the room, adding a touch of nature to the urban setting.

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

TOPICS

What investors
should know

About us

Track record

Summary
approach

Right for
you?

Company
selection

Approach to
valuation

Portfolio
construction

Risk Mgmt.

When to
sell?

Fees and other
expenses

Testimonials

THINGS INVESTORS SHOULD KNOW

There is no one right approach to invest – multiple paths exist

- Compounding works – great businesses at fair prices
- But deep value also works – “At the right price, everything is AAA”

The right approach for you is basis how you are wired and time horizons in which you think

Alpha creation is getting more difficult. Boutique firms have an edge as they have less pressure for deployment and more opportunities

The principal source of edge is behaviour – both clients and fund manager

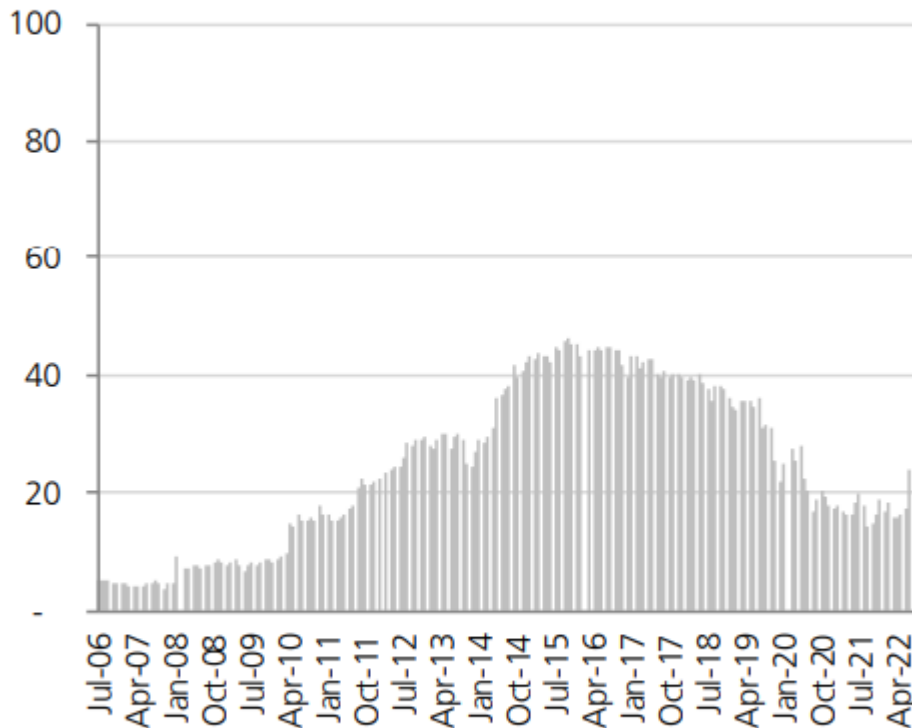
- Sticking to some principles is the path to good outcomes
- Being flexible e.g. aggressive sector rotation works in theory, not in practice

Choose a fund manager whose approach you are aligned with - not the one with the best near-term results

- Align with process
- Look for skin in the game and whether approach to building the firm aligns with client interests

WHY IS IT GETTING HARDER TO CREATE ALPHA ?

Exhibit 66: Sharp decline in outperforming funds
Percentage of funds outperforming benchmark based on 5Y returns,
July 2006-May 2022 (%)



Source: Bloomberg, ACE MF, Kotak Institutional Equities

- Asset Managers managing too much money and becoming the market
- Traditional sources of edge under attack
- Comfort in the herd – not willing to act contrary to market cycle
- Even harder amidst noise of short-term underperformance
- Frequent churn for short term performance

OVER 90% OF LARGE CAP MF UNDERPERFORM THE INDEX

5 Year Rolling Returns		
Large Cap Funds	As of 28 Feb 2022 AUM (Rs. Crore)	
Axis Bluechip Fund Gr	16.98	34,069.34
Canara Robeco Bluechip Equity Reg Gr	15.89	6,141.93
IISL Nifty 50 TR INR	15.03	
Mirae Asset Large Cap Reg Gr	14.26	30,348.97
UTI Mastershare Unit Reg Gr	13.89	9,371.44
Edelweiss Large Cap Gr	13.74	308.93
Baroda BNP P Large Cap Gr	13.70	1,213.09
ICICI Pru Bluechip Gr	13.70	30,387.79
Invesco India largecap Gr	13.54	523.40
Kotak Bluechip Reg Gr	13.26	3,761.73
IDFC Large Cap Gr	13.15	976.15
LIC MF Large Cap Gr	12.88	637.58
IDBI India Top 100 Equity Gr	12.76	554.48
Nippon India Large Cap Gr	12.52	10,654.36
SBI Bluechip Reg Gr	12.51	30,679.47
HSBC Large Cap Equity Gr	12.32	765.62
Tata Large Cap Gr	12.28	1,108.73
L&T India Large Cap Fund Gr	12.03	695.33
Aditya BSL Frontline Equity Gr	11.98	21,004.00
HDFC Top 100 Gr	11.42	20,456.50
Navi Large Cap Equity Gr	10.90	100.81
Franklin India Bluechip Gr	10.80	6,322.75
PGIM India Large Cap Gr	10.68	343.79
JM Large Cap Gr	10.49	48.34
Indiabulls Blue Chip Gr	10.31	94.90
DSP Top 100 Equity Reg Gr	9.31	2,583.43
Taurus Largecap Equity Gr	8.26	31.74

DOES THE FUND HOUSE APPROACH TO BUILDING THEIR FIRM ALIGN WITH CLIENT INTERESTS

Skin in the game

- What percent of their Assets are co-invested?
- Do they own positions not owned for you? Why?
- Do they trade in derivatives in a personal capacity?

Number of strategies

- Can one be a specialist in everything?

Number of schemes

- If you own more than 50 stocks across all schemes, you are the market !

Pace of growth

- Too fast a growth, means you may end up bidding prices of your own stocks

ABOUT US

We want to build the most trusted and partner centric AMC in India

- We want to be around a 100 years from now
- Boutique, controlled pace of growth, very selective use of distribution
- Top decile transparency and access
- 100% skin in the game
- Capital 5X regulatory requirements

We want to win long term

- Work with clients who think long term
- Disciplined process that optimizes for 5 year outcomes
- Build a winning culture – debate, compensation

Progress

- Partners together almost since inception
- ~1500 Cr AUM across ~200 families
- ~5% outperformance over BSE500 TRI (rolling 5 years)
- Zero disputes/commercial disagreements with partners since inception

OUR TEAM

Member	Title	CV	Investing experience	Time with Solidarity
Manish Gupta	Founder and CIO	MBA IIM Ahmedabad BCG (7 years) Rakesh Jhunjhunwala (8 years)	15+ years	9+ years
Manjeet Buaria	Partner	CA, CFA	10+ years	8+ years
Anirudh Shetty	Sr Principal	CA, CFA	6+ years	6+ years
Naarah Pereira	Partner and Head of Operations	BBA, MCOM	NA	7+ years
Aman Thadani	Analyst	CFA	4+ years	>1.5 years
Pratik Jain	Analyst	MBA	NA	>1 year
Dinesh Gianchandani	Manager - Operations	CA	NA	1 year
Prachi Sawant	Office Manager	PGDFM, BCOM	NA	>2 years

PERFORMANCE HISTORY SINCE INCEPTION

Aggregate across all partner accounts					
Performance (in TWRR)	1 Year	2 Year	3 Year	5 Year	Since Inception^
SOLIDARITY- PRUDENCE	-2.2%	7.6%	27.2%	15.7%	17.6%
BSE500TRI	4.2%	12.3%	25.5%	11.4%	14.2%
Data as of 30 Apr 2023					
^ From 11 MAY 2016 -Start date of scheme					
Solidarity performance is net of all fees & expenses					
Note: Performance data provided in the above table is not verified by SEBI					

Aggregate across all partner accounts					
Performance (in TWRR)	1 Year	2 Year	3 Year	5 Year	Since Inception^
SOLIDARITY- EMERGING LEADERS	0.0%	0.0%	0.0%	0.0%	0.1%
BSE500TRI	0.0%	0.0%	0.0%	0.0%	1.8%
Data as of 30 Apr 2023					
^ From 26 APR 2023 -Start date of scheme					
Solidarity performance is net of all fees & expenses					
Note: Performance data provided in the above table is not verified by SEBI					

PERFORMANCE HISTORY SINCE INCEPTION

Performance (in TWRR)	1 Year	2 Year	3 Year	5 Year	Since Inception*
ANCHOR PARTNER	-0.9%	8.1%	25.9%	15.7%	20.0%
BSE500TRI	4.2%	12.3%	25.4%	11.5%	14.0%

Data as of 30 APR 2023

* From 2 May 2014- Start date of Anchor client

Solidarity performance is net of all fees & expenses

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

HOW WE INVEST (1)

Our definition of success

- Outperform BSE500 TRI by 3% per annum post fees over rolling 5 years
- Transparency to partners on process; no surprises

We invest primarily with an ownership mindset – Resilience > Speed.

- Allocators of Capital in businesses we would like to own permanently (90%)
- Some allocations for Deep Value

We primarily look for well run companies that can compound Earnings 15-18%+ for long periods of time at 15%+ minimum sustainable ROE (preference for 18%+)

- Riding a secular trend, low risk of disruption
- Market leadership or niche domination
- Management team: Trust + Capital allocation discipline
- We are comfortable with some “illiquidity” in the portfolio

We run multi-cap portfolios balancing stability and growth

Undiscovered companies are a rich source of Alpha. Hence, we are willing to embrace some illiquidity

HOW WE INVEST (2)

No cash calls basis macro events

We optimize for 5-year time horizons

- The road to the long term, is through the medium term
- No chasing what is hot in the short term

Valuations matter.

- Our bias is to let positions compound.
- But we will exit if valuations are euphoric and if we can re-allocate elsewhere

We believe in “good churn”

- We are allocators of capital; not permanent owners of businesses
- Our bias is to let positions compound
- However, successful investing needs to recognize greed
- Hence, we will sell when we encounter behavioural excesses

HOW WE INVEST (3)

Concentrated portfolios

- Prudence: 15-20 positions with ~3% minimum position size

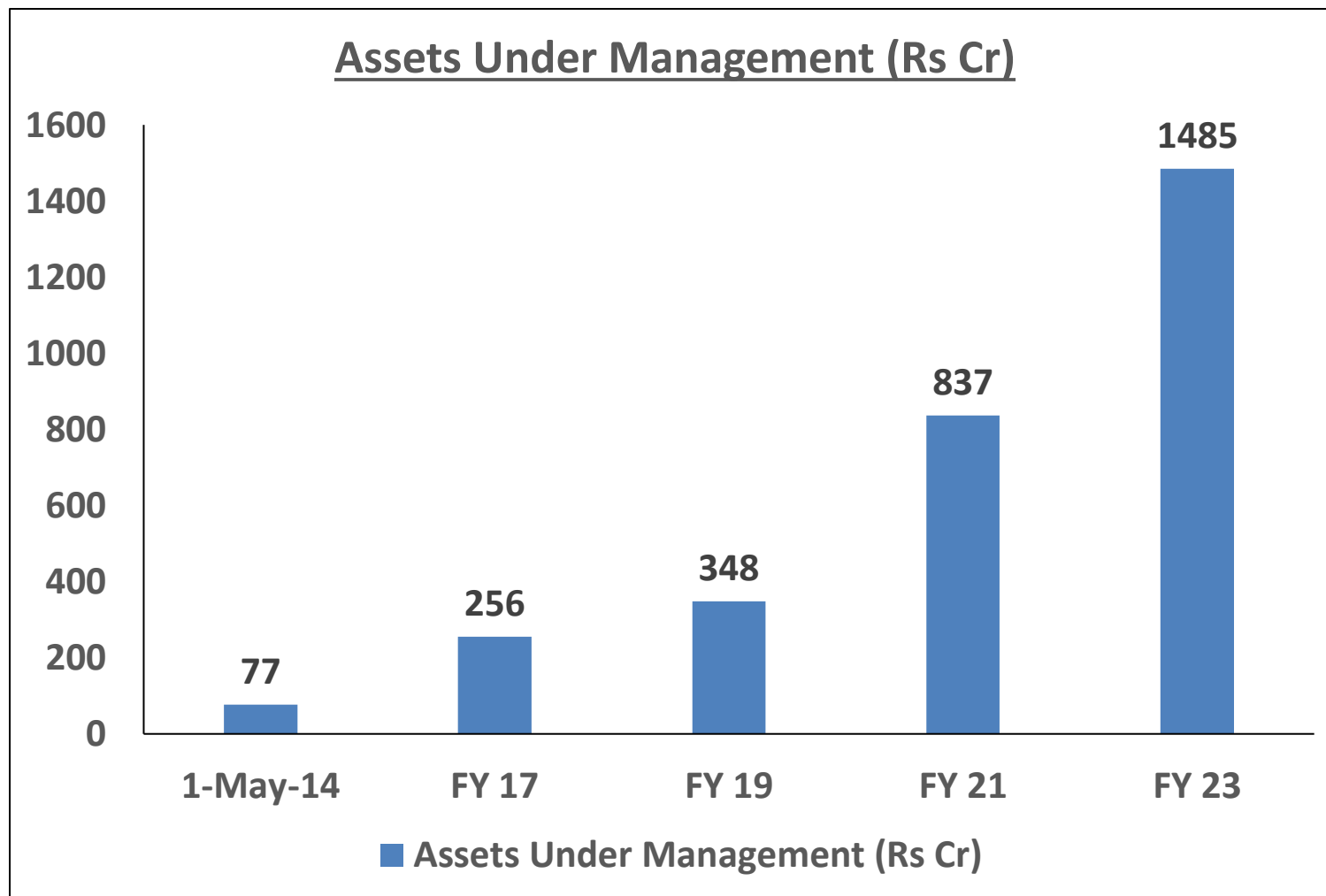
Position sizing

- We size positions based on maturity of business model and upside possible
- Position sizes can vary between 3% and 12%

Risk Management

- Buy right – avoid poor governance and excess leverage
- Volatility is not risk (Sharpe ratio is not a useful tool)
- Manage liquidity risk through lower position sizes
- Constant tracking

SOLIDARITY: GROWTH SINCE INCEPTION



SOLIDARITY: CONTROLLED PACE OF GROWTH

	Q1 FY22	Q2 FY 22	Q3 FY 22	Q4 FY 22	Q1 FY23	Q2 FY 23	Q3 FY 23	Q4 FY 23
AUM at close Cr	1,034	1,258	1,284	1,319	1,238	1,423	1,444	1,449
Net Inflows Cr	57	58	62	72	75	54	73	60
Families at close	96	108	124	134	151	168	184	195
New sign ups	10	15	16	14	15	16	16	13

Controlled pace of growth allows us to deploy in Small and Mid caps without moving up the price ourselves

WE HAVE TWO SCHEMES WITH SAME STRATEGY THAT DIFFER ON LIQUIDITY AND CONCENTRATION RISK

Market Cap (In crs)	Prudence (as of today)	Market Cap (In crs)	Emerging Leaders (new launch)
>100000	42%	>100000	
25000-100000	12%	25000-100000	
10000-25000	9%	10000-25000	
5000-10000	12%	5000-10000	20%
2500-5000	7%	2500-5000	80%
<2500	17%	<2500	
	100%		100%

ARE WE RIGHT FOR YOU?

The ideal client (partners) for us

Minimum 5-year time horizon

Appreciate that embracing some illiquidity will be key to Alpha Generation and could cause volatility

Minimum 2.5 Cr investment size per family

What we promise

100% CIO skin in the game – complete alignment of positions

Customized portfolios

No exit loads/no lock in

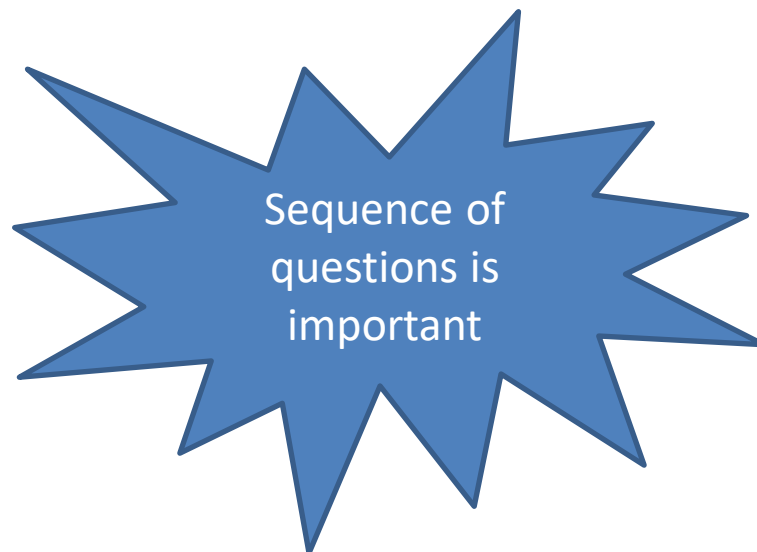
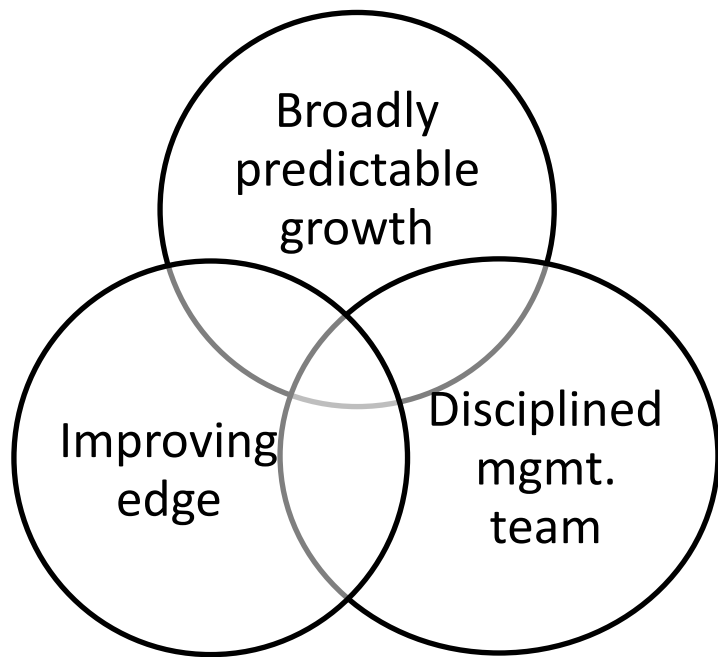
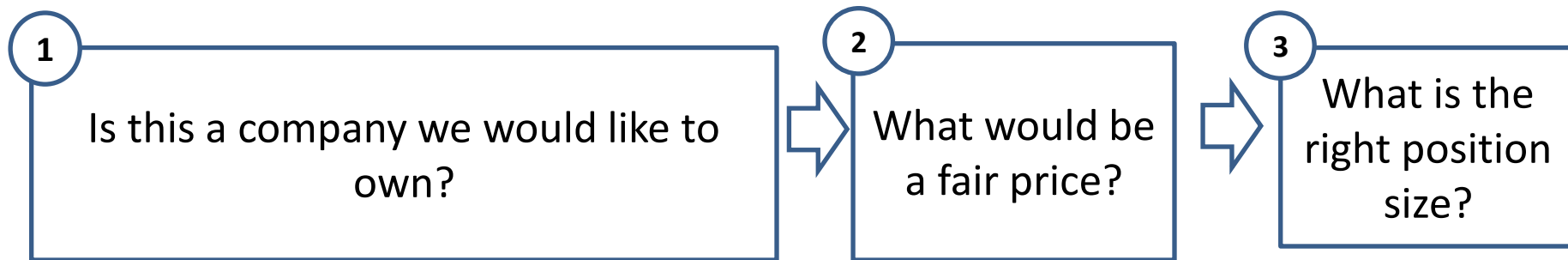
Transparency

- Detailed Q Letters
- Quarterly review calls (group)
- Personalized review every Quarter (>15 Cr)

TOPICS

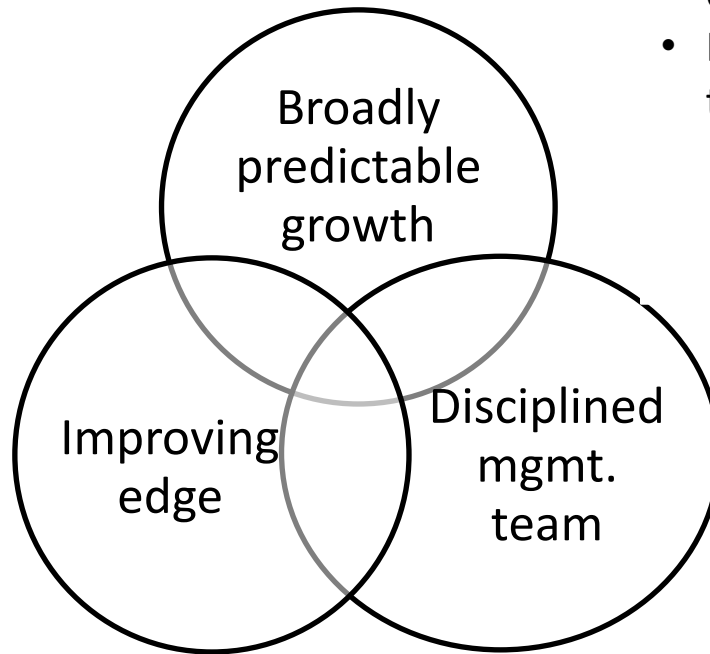
What investors should know	About us	Track Record	Summary approach	Right for you?
Company selection	Approach to Valuation	Portfolio construction	Risk Mgmt.	When to sell?
Fees and other expenses	Testimonials			

CORE: BUY GOOD COMPANIES AT AN ACCEPTABLE PRICE



IS THIS A COMPANY WE WOULD LIKE TO OWN PERMANENTLY?

- 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

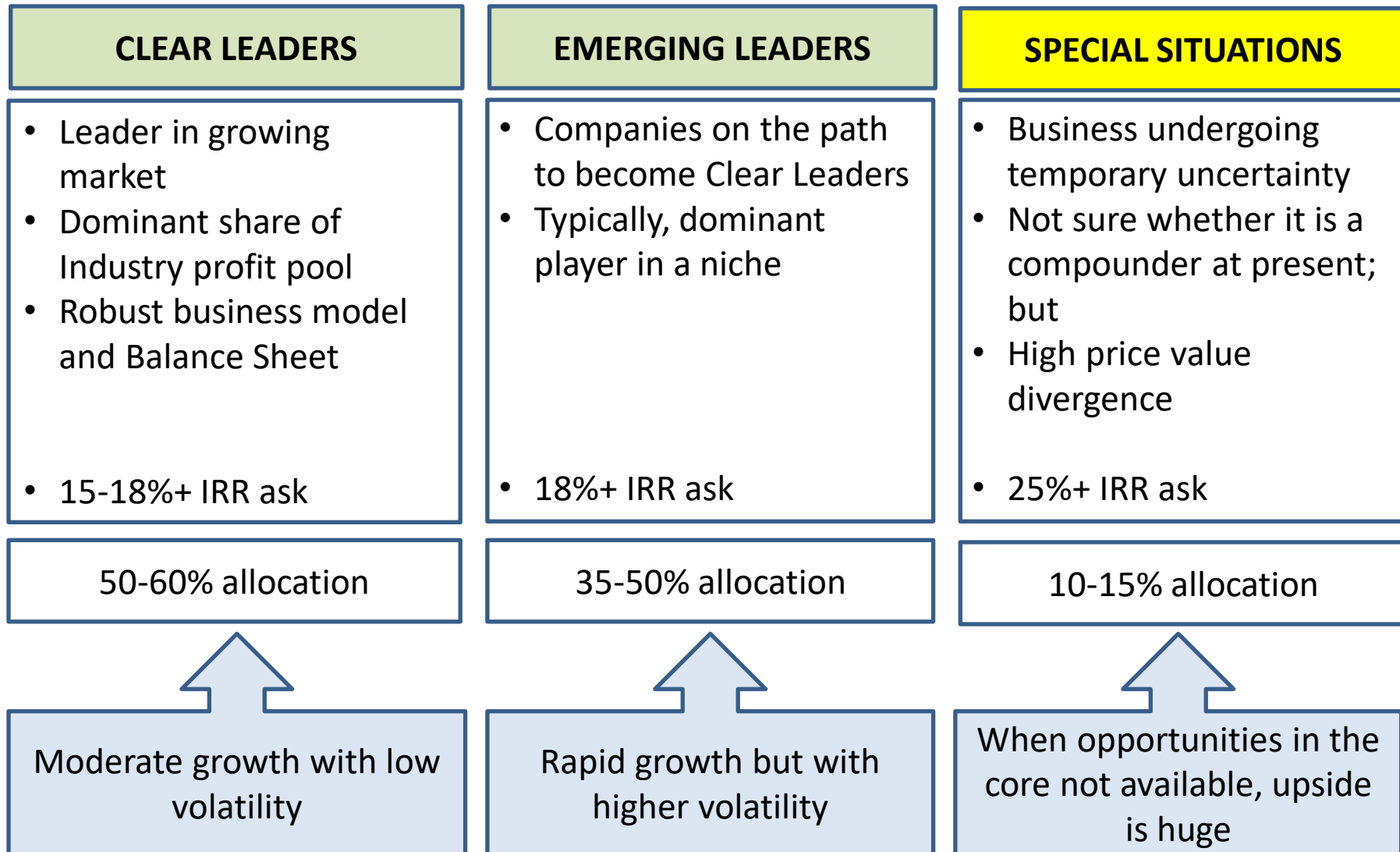
We have ~75 companies at present of interest

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?

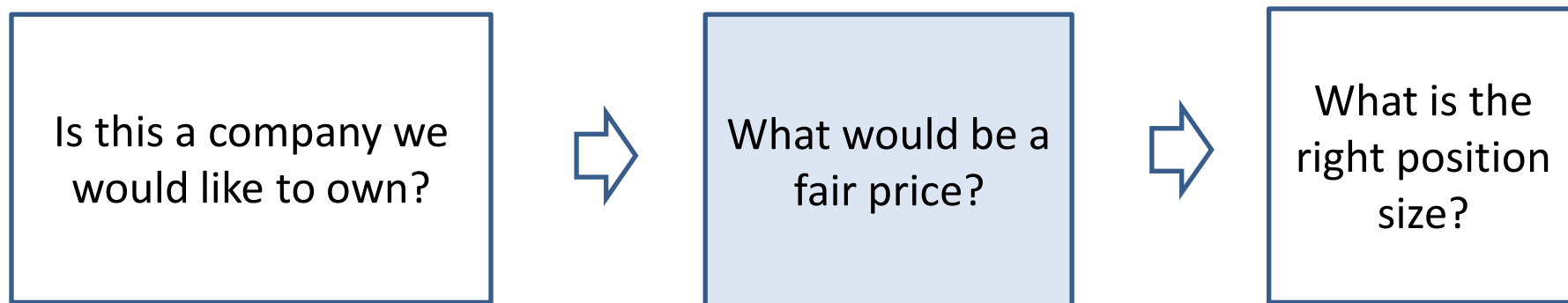


WHAT STAGE OF ITS EVOLUTION IS THE COMPANY IN?

We Want Over 85% of the Portfolio in Phase 3/4

	Phase 1	Phase 2	Phase 3	Phase 4
Stage of company evolution	<ul style="list-style-type: none"> • Some credibility with customers • No clear edge • Capital constrained 	<ul style="list-style-type: none"> • Deepening foundations • Significant capital expansion 	<ul style="list-style-type: none"> • De-risking model • Exploring adjacencies 	<ul style="list-style-type: none"> • Flywheel starts spinning.
What to look out for as a thesis breaker	<ul style="list-style-type: none"> • Inability to raise capital to expand 	<ul style="list-style-type: none"> • Emergence of a moat • Discipline in growth • Inability to build depth in team 	<ul style="list-style-type: none"> • Drift • Excessive adventurism • Disruption 	
Examples	<ul style="list-style-type: none"> • MAN Industries 	<ul style="list-style-type: none"> • Shaily Engg. • Privi Specialty • Mayur 	<ul style="list-style-type: none"> • India Mart • Neogen Chemicals • RACL Gear Tech 	<ul style="list-style-type: none"> • ICICI Bank • Bharti Airtel • SBI Life • Kama Holding

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 business model, behavioural cycle?
- Quantitative: DCF– Cost of Capital, Growth, ROE, longevity
- Wisdom of crowds

ONE MUST USE ALL SENSES TO BROADLY ESTIMATE FAIR VALUATIONS

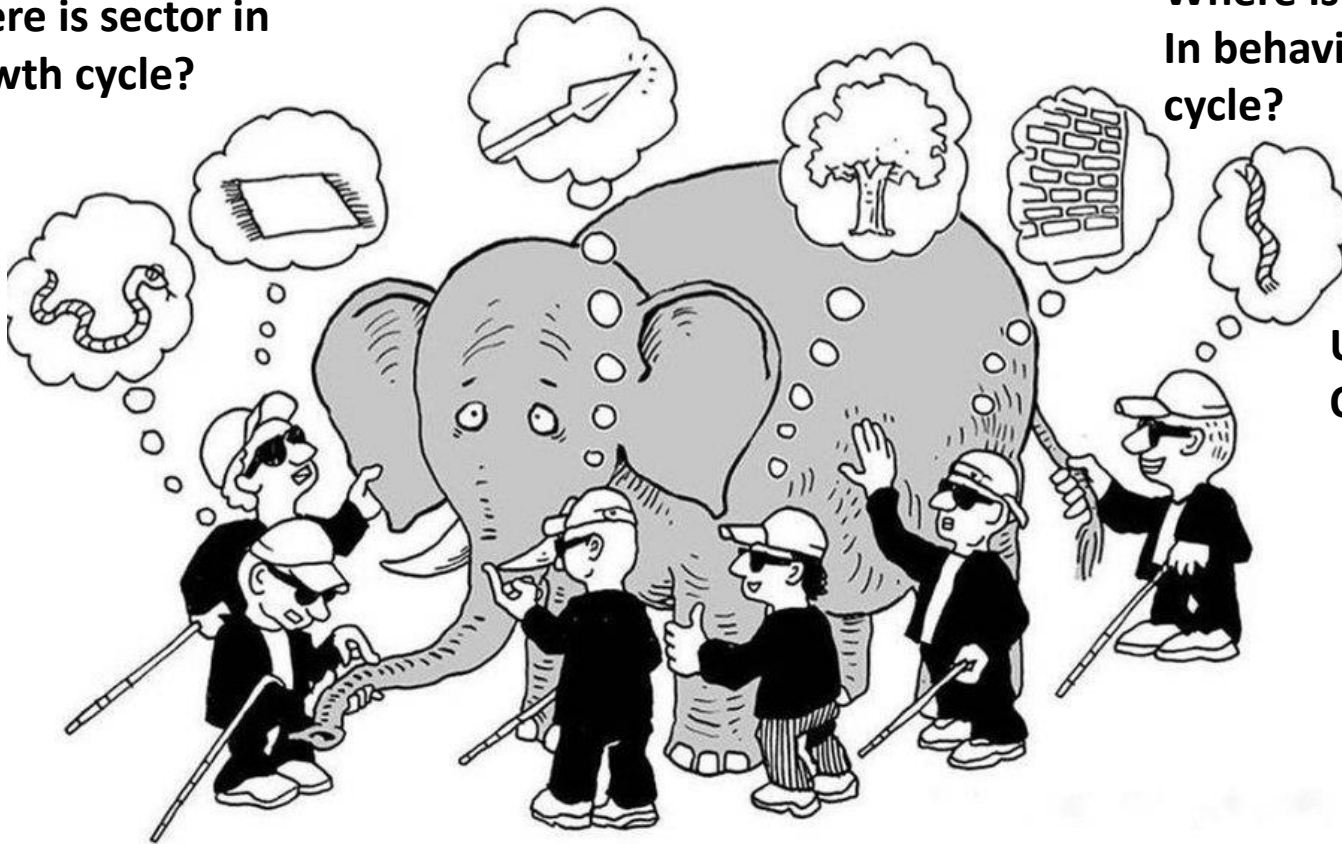
First Principle DCF

Wisdom of crowds

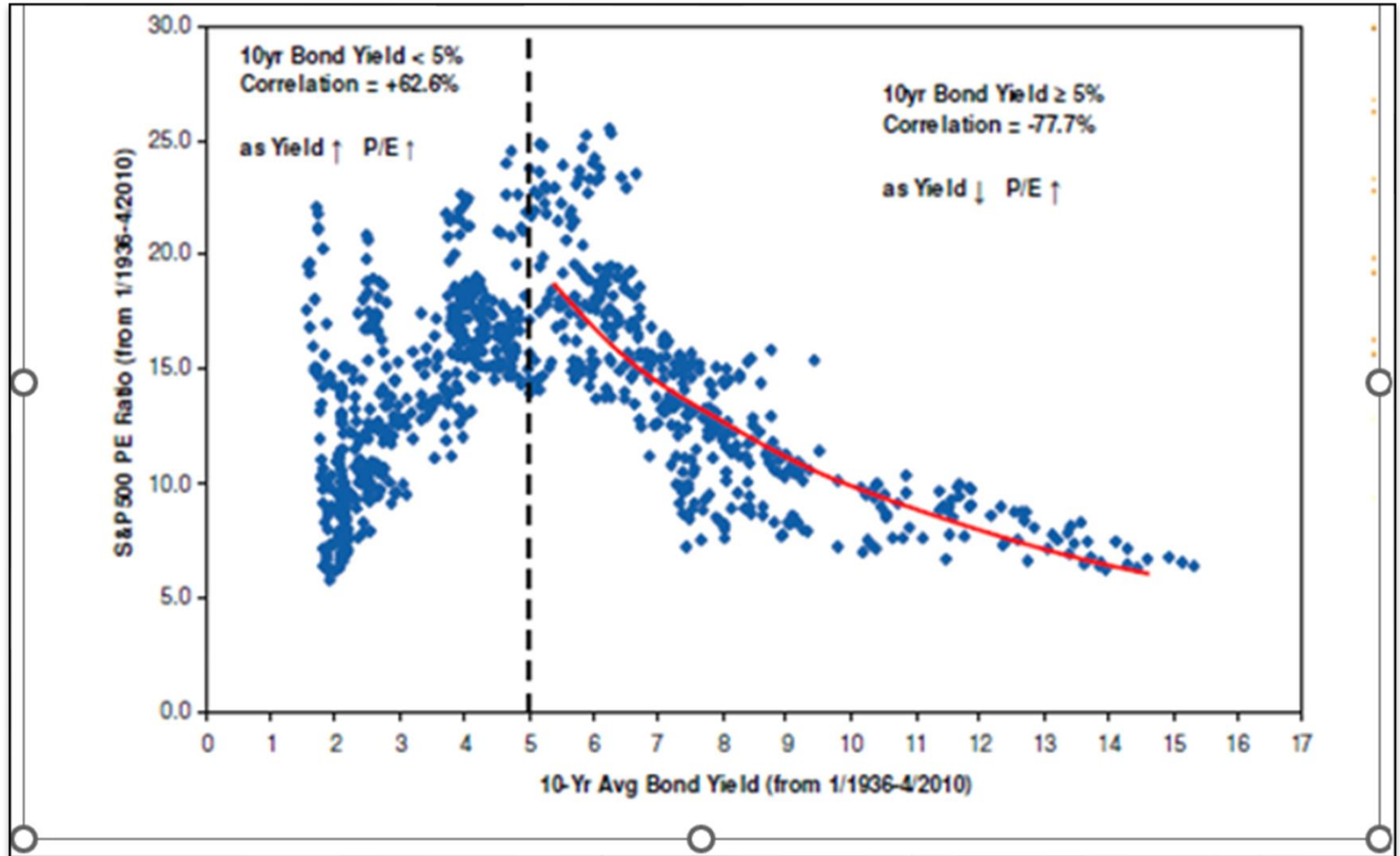
Where is sector in
Growth cycle?

Where is company
In behavioural
cycle?

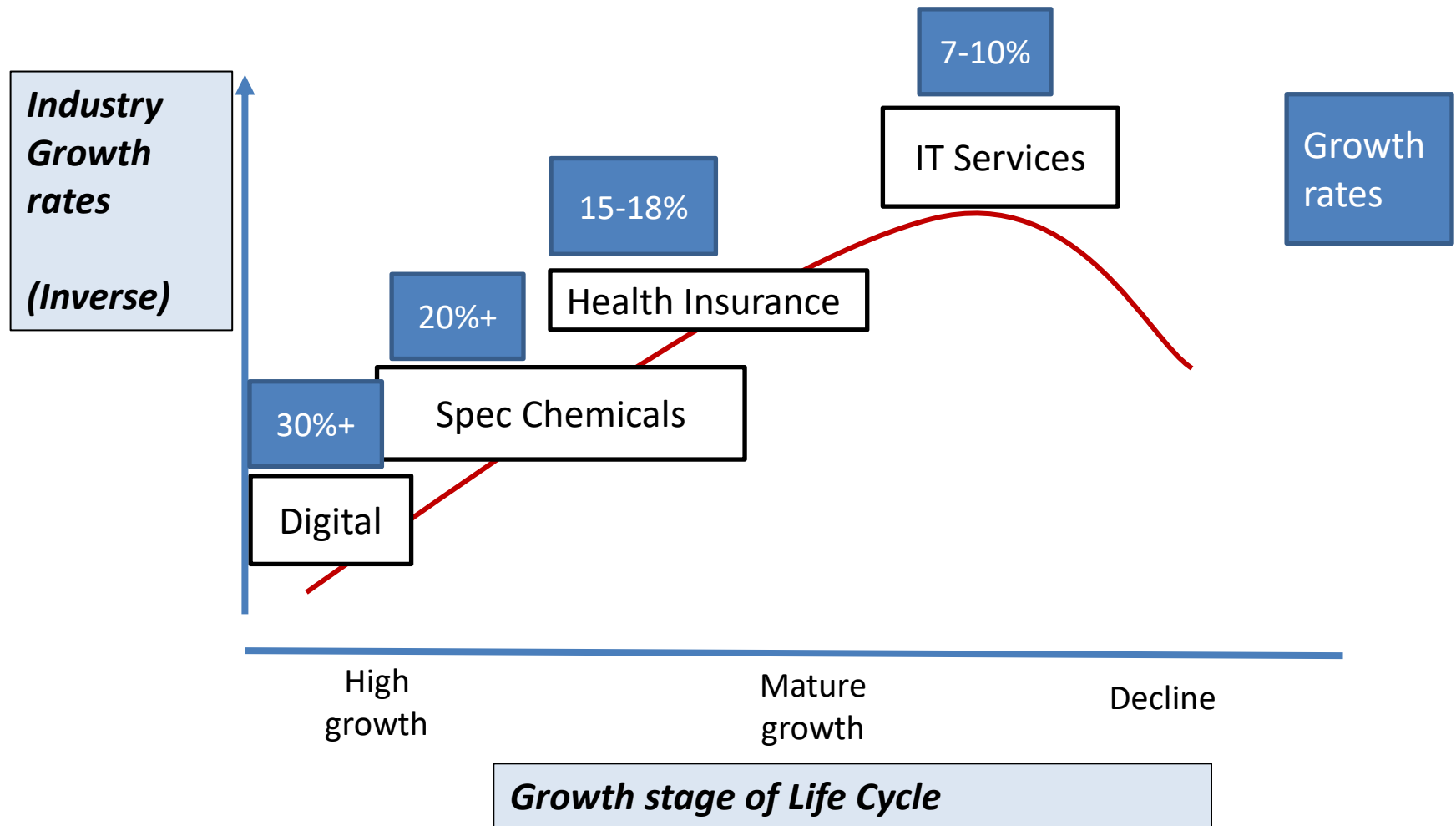
Upside from
Optionality?



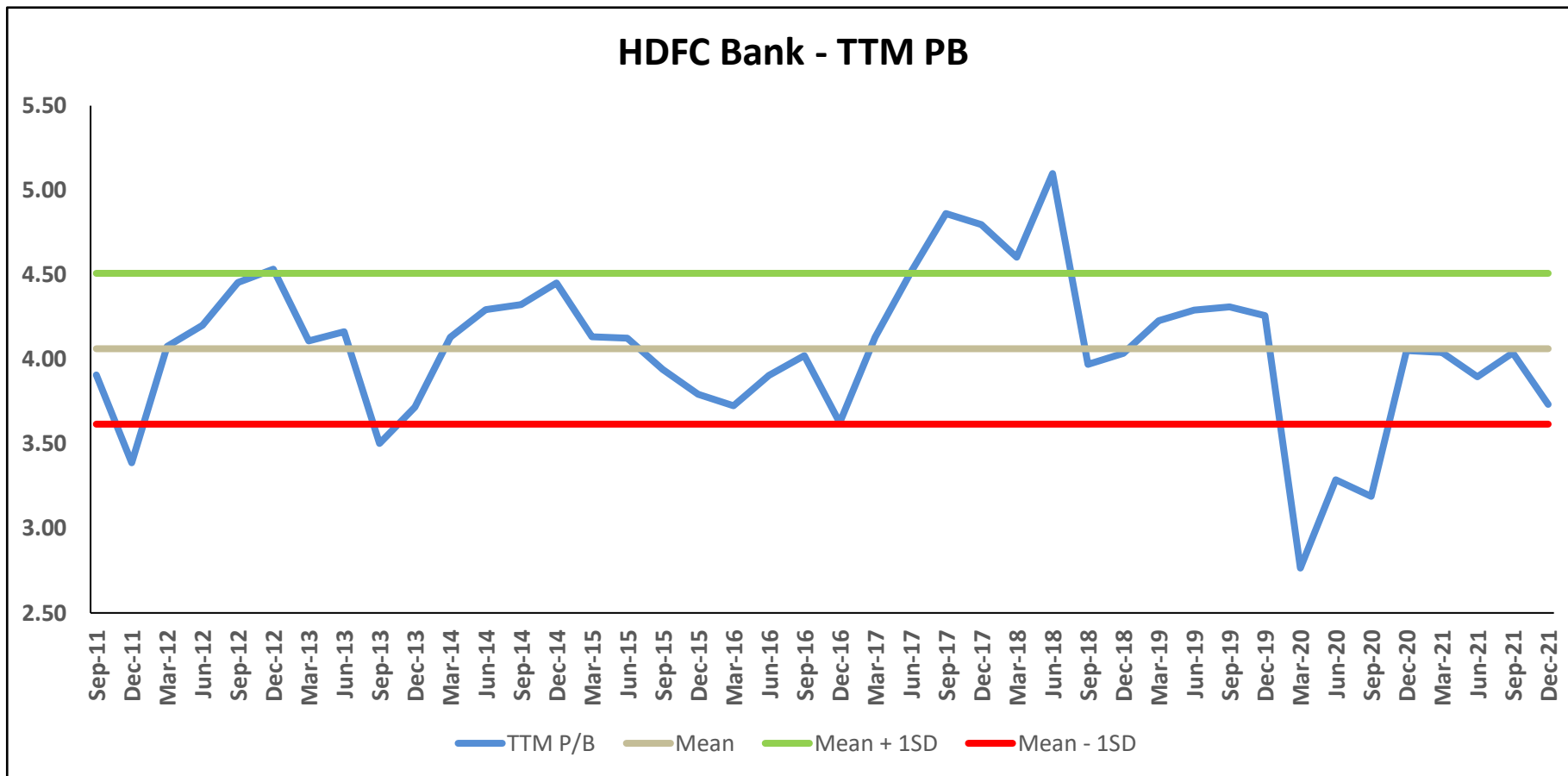
HIGH INTEREST RATES CAN SUPPORT HIGH VALUATIONS IF GROWTH IS ROBUST



WHERE IS THE SECTOR IN THE GROWTH LIFE CYCLE?

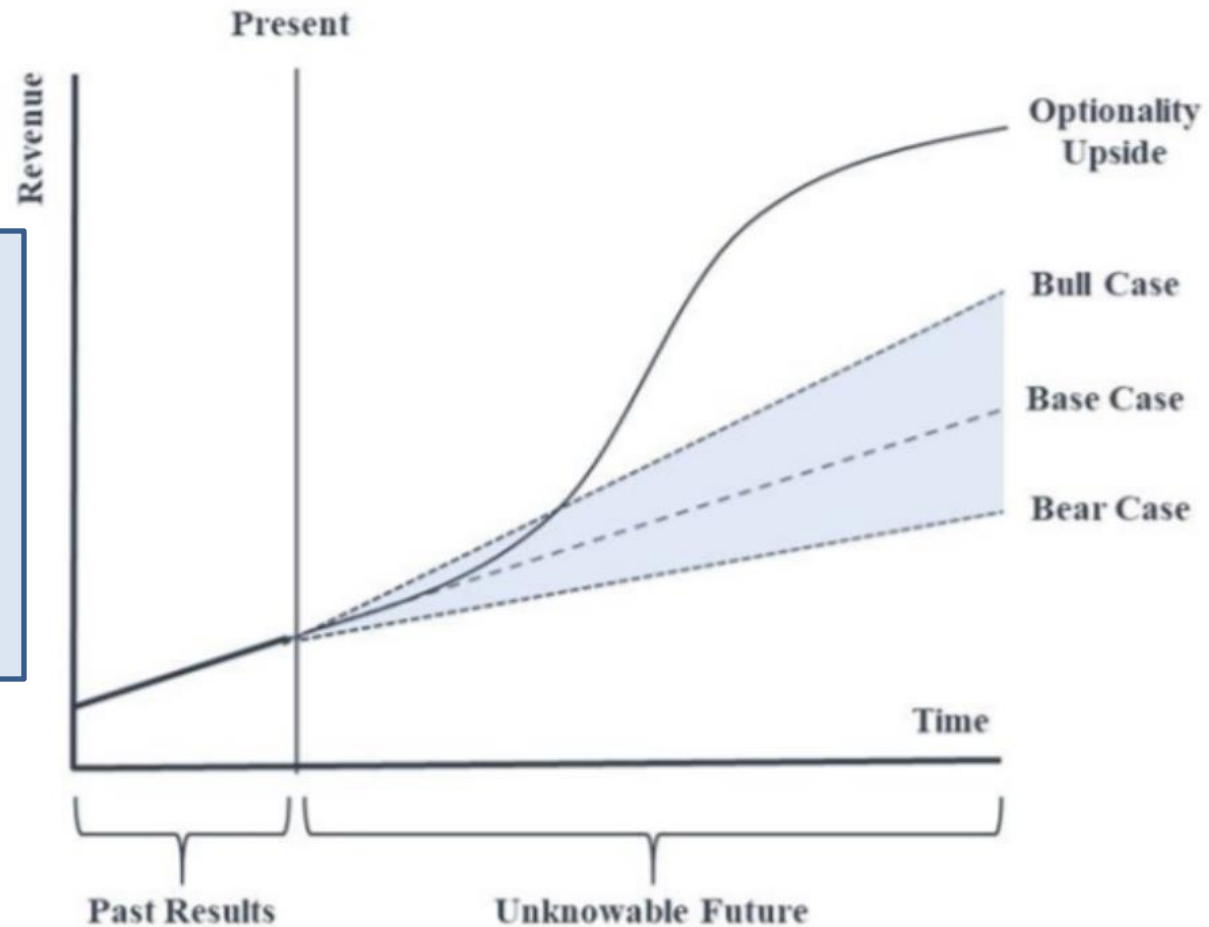


WE BELIEVE IN MEAN REVERSION OF VALUATION MULTIPLES TO FAIR VALUE OVER TIME



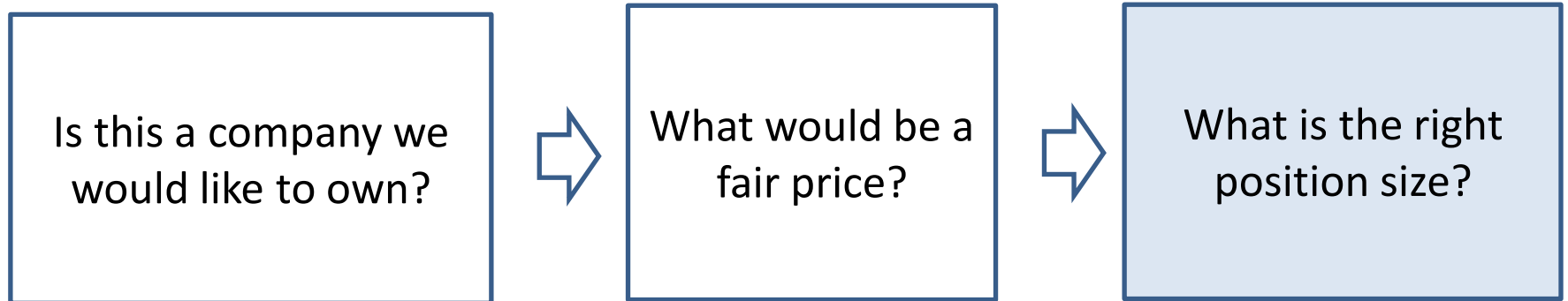
DOES THE COMPANY HAVE OPTION VALUE?

**DCF has
limitations**



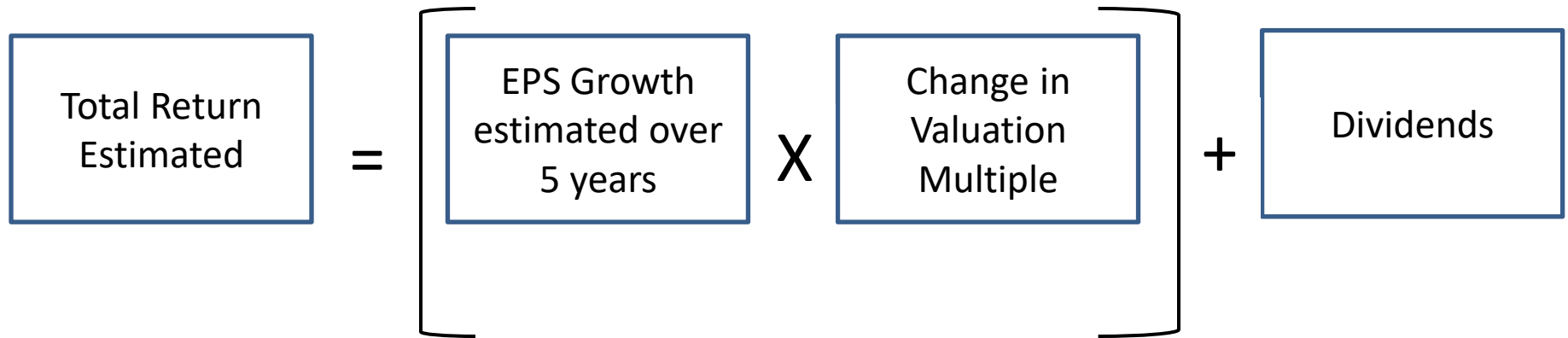
Source: ShawSpring Partners

APPROACH: BUY GOOD COMPANIES AT AN ACCEPTABLE PRICE



- 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 ?

POSITION SIZING AND EXITS

	Phase 1	Phase 2	Phase 3	Phase 4
Stage of company evolution	<ul style="list-style-type: none"> • Company gets a lucky break • Distressed valuations • However, no clear edge 	<ul style="list-style-type: none"> • Deepening foundations • Widening the moat • Discipline in capital allocation 	<ul style="list-style-type: none"> • De-risked business model • Depth in leadership • Resilience demonstrated 	<ul style="list-style-type: none"> • Flywheel starts spinning.
Clear Leaders				
Emerging Leaders				
Special Situations				
Position sizing				
Good liquidity	• 5%	• 5%	• 6-8%	• 10-12%
Poor liquidity	• 3%	• 3%	• 4-5%	• 8%
Reason to exit	Not transforming to Phase 2 per expectations	Not transforming to Phase 3 per expectations	Euphoric Valuations – can allocate elsewhere	Euphoric Valuations – can allocate elsewhere

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

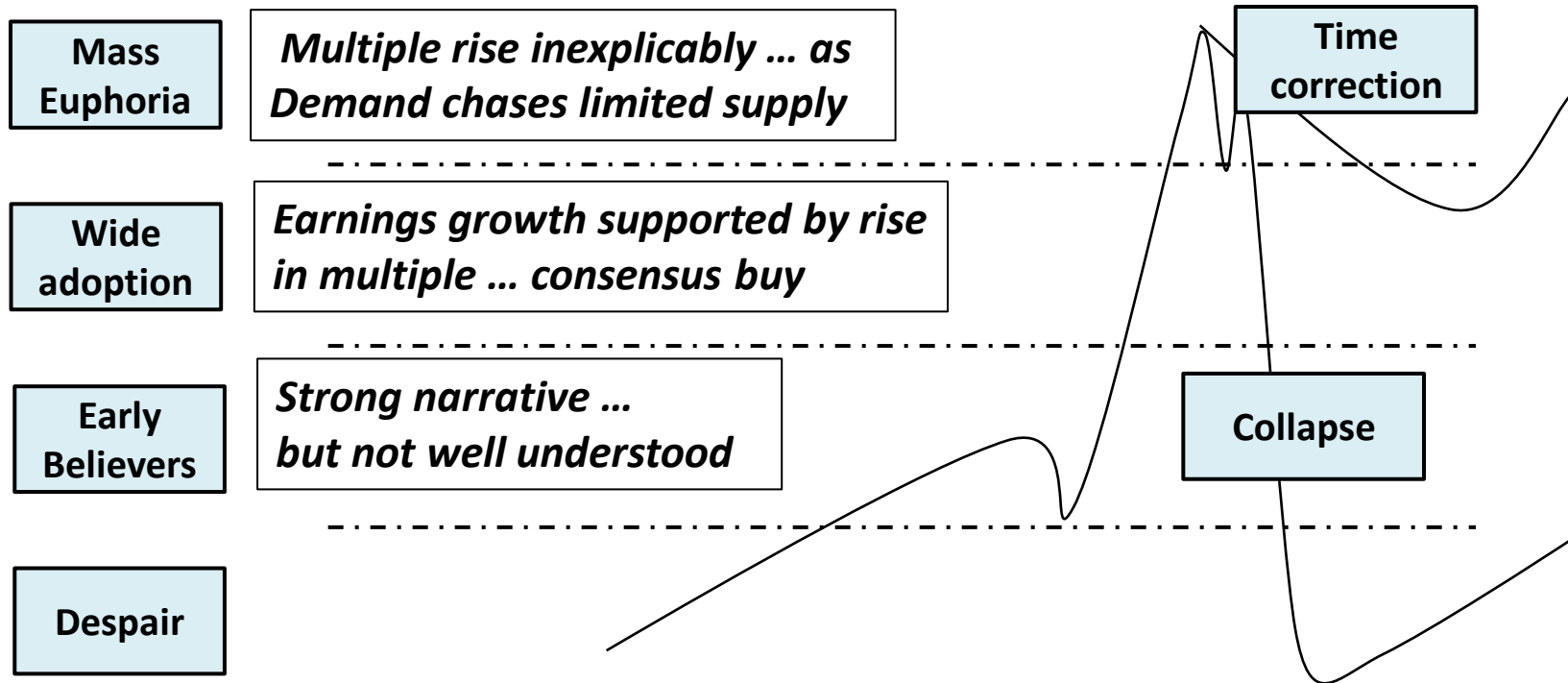
- When facts change that requires us to change our views
- When we encounter evidence that our analysis is wrong
- Exit/trim during euphoria – Bull case IRR falls below NIFTY returns estimate
- Ability to re-allocate capital to a significantly better opportunity

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• Reflected 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

STOCKS TOO HAVE EMOTIONS

The Behavioural Cycle



A disciplined approach could underperform in short term if one does not participate in euphoria

RISK MANAGEMENT: ONE SHOULD EXIT ON VALUATION EXCESSES



TOPICS

What investors should know	About us	Track Record	Summary approach	Right for you?
Company selection	Approach to Valuation	Portfolio construction	Risk Mgmt.	When to sell?
Fees and other expenses	Testimonials			

FEE OPTIONS- PRUDENCE SCHEME

Principal infused		2.5 to 5 Cr	5 to 10 Cr	10 to 25 Cr	25 to 50 Cr
Fixed	On NAV	2%	1.75%	1.5%	1.25%
Semi Variable (profit share drawn after 3 yrs.)	Fixed fee on NAV	1%	1%	1%	1%
	Hurdle rate pre tax	12%	12%	12%	12%
	Profit share above hurdle rate	20%	17.5%	15%	12%
Variable (profit share drawn after 3 yrs.)	Fixed fee	0%	0%	0%	0%
	Hurdle rate pre tax	8%	8%	8%	8%
	Profit share above hurdle rate	20%	20%	20%	17%
Brokerage/GST at actuals. Additional 2bps for Custody & Fund accounting					

FEE OPTION- EMERGING LEADERS SCHEME

Principal infused		2 Cr & above
Semi Variable (profit share drawn after 3 yrs)	Fixed fee on NAV	1%
	Hurdle rate pre tax	12.5%
	Profit share above hurdle rate	20%
Brokerage/GST at actuals. Additional 2bps for Custody & 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

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