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 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

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	Appendix			

# THERE IS NO ONE RIGHT WAY TO INVEST

Style

Great cos  
at a fair  
price



Ok cos at a  
very cheap  
price

Time  
horizons

Decadal



Beat the  
Index every  
year

Ability to  
tolerate  
volatility

Large cap  
heavy



Micro cap  
heavy

## OUR WHY?

We like to build. Hence, we invest with an ownership mindset. *We look at stocks primarily as parts of a business we would like to own long term by aligning with visionary and passionate promoters rather than buy companies which are cheap, but lack compounding traits.*

We believe resilience is more important than speed. Growth happens in spurts, “slowly, then quickly”. *Hence, we take rolling 5-year views.*

The market comprises multiple people playing different games. Everyone’s why is different. People react differently to greed and fear. Hence, *volatility is not risk but opportunity*. But excess volatility can make one stray from the path. *Hence, we follow a Multi Cap Approach*

# OUR APPROACH REFLECTS WHO WE ARE

Style

Great cos  
at a fair  
price



Ok cos at a  
very cheap  
price

Time  
horizons

Decadal



Beat the  
Index every  
year

Ability to  
tolerate  
volatility

Large cap  
heavy



Micro cap  
heavy

# OUR PROMISE TO PARTNERS

Prudent risk taking. Aim to win long term

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

Customized portfolios

Transparency

- Detailed Q Letters
- Quarterly review calls (group)

# WE MAY NOT BE RIGHT FOR EVERYONE

Most people do not think as long term as they believe they are. *Please consider us only if you are willing to give us a minimum 5-year time horizon.*

We are optimizing for prudent risk taking. Not to beat the Index by taking the wrong risks. *Definition of success: 1.5% Alpha over BSE 500 TRI over 5 years.*

Appreciate that embracing some illiquidity will be key to Alpha Generation and could cause volatility. *If you choose to withdraw prematurely, exit may be at discounted prices.*

We want to work with people aligned with how we think. *Minimum 2.5 Cr investment size per family*

A PMS has “time value of money” tax disadvantages over a MF. It has advantages of customization, less stress during times of market turmoil. *Please ensure you have understood pros and cons of a PMS over a MF*

# 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	8+ 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	>3 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	9.2%	3.8%	22.9%	20.5%	<b>18.70%</b>
BSE500TRI	11.3%	9.2%	23.3%	12.6%	<b>15.28%</b>

Data as of 31 Aug 2023

^ From 11 MAY 2016 -Start date of scheme

Solidarity performance is net of all fees & expenses

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%	<b>14.53%</b>
BSE500TRI	0.0%	0.0%	0.0%	0.0%	<b>13.80%</b>

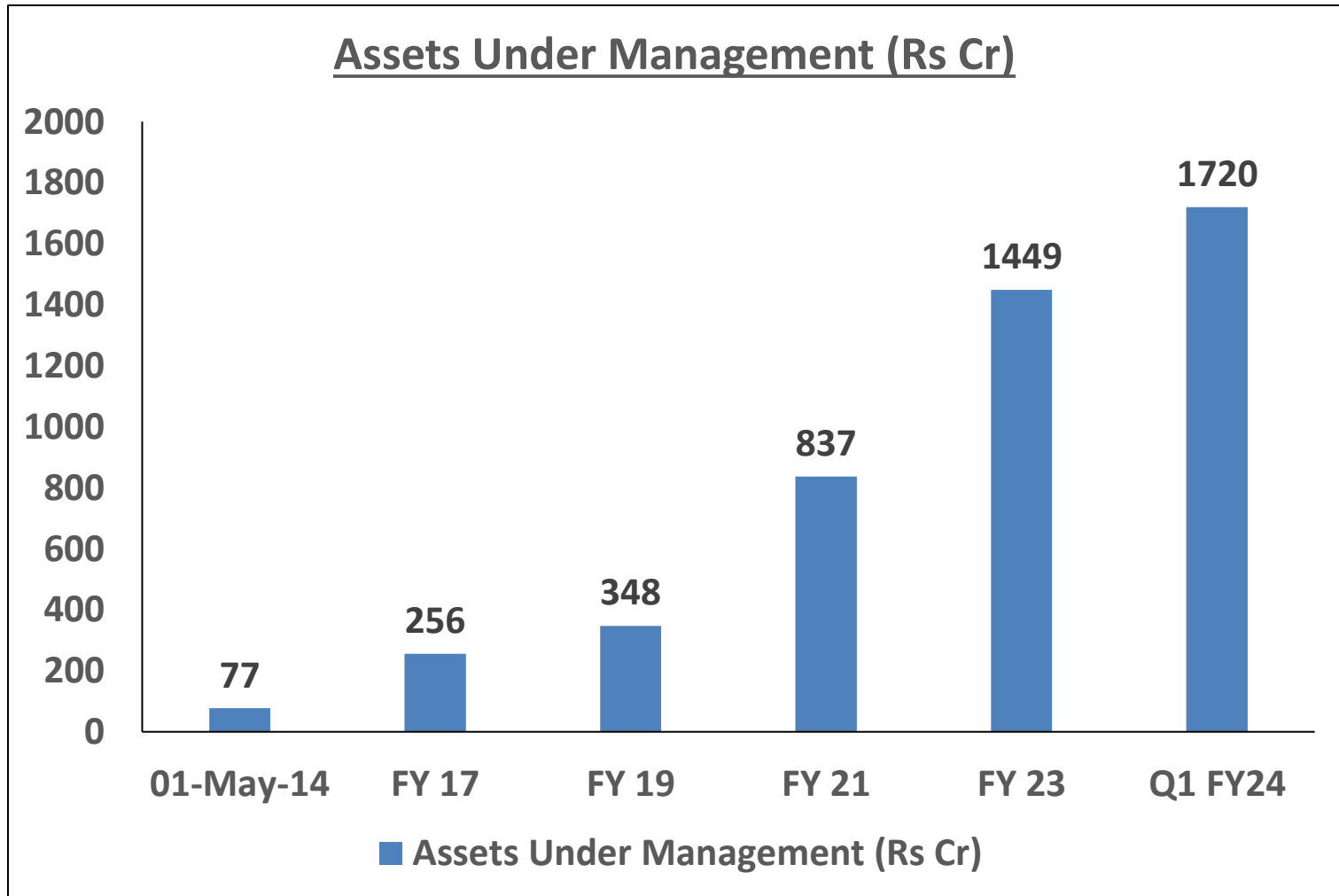
Data as of 31 Aug 2023

^ From 26 APR 2023 -Start date of scheme

Solidarity performance is net of all fees & expenses

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

# SOLIDARITY: GROWTH SINCE INCEPTION



# 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	Appendix			

# WE LOOK FOR ASSYMETRIC PAY-OFFS (1)

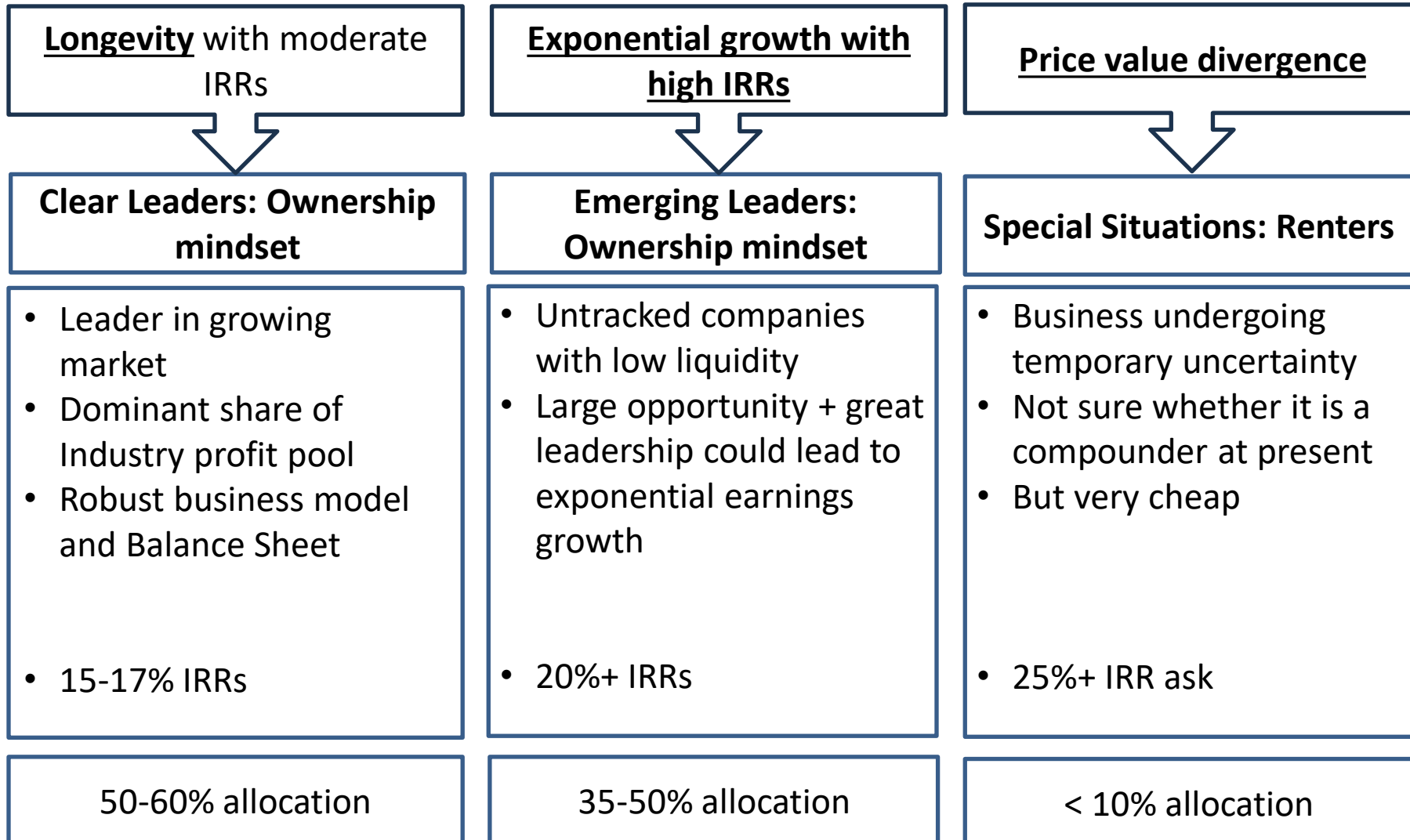
## Strategic and core to what we do (>90% of the portfolio)

- **Longevity.** High probability but moderate IRR prospects, for long periods of time.
- **Exponential Growth.** Very high IRR prospects, lower probability than above.

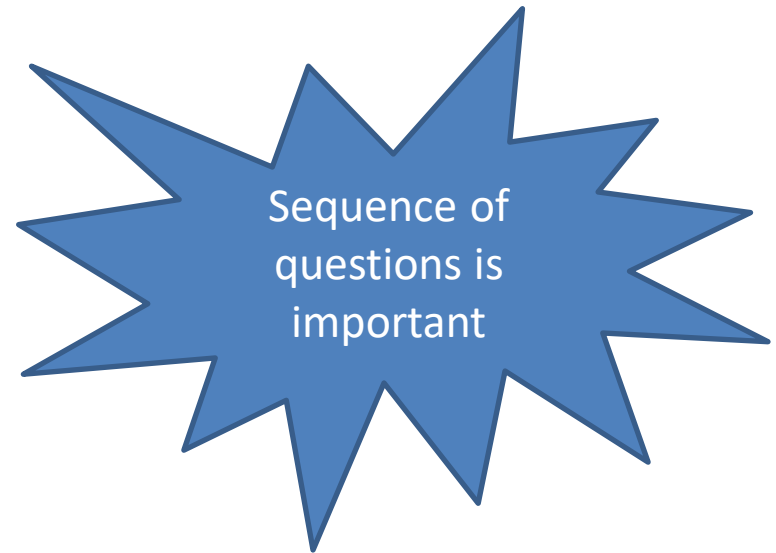
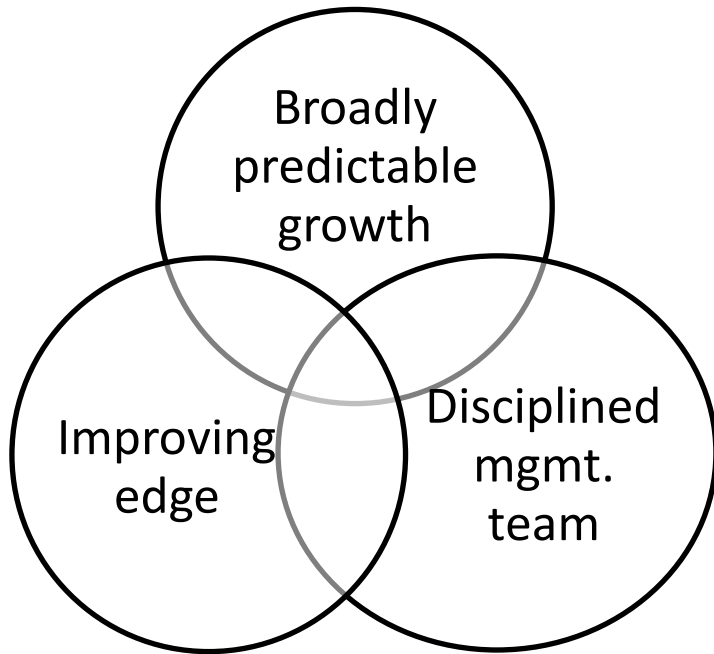
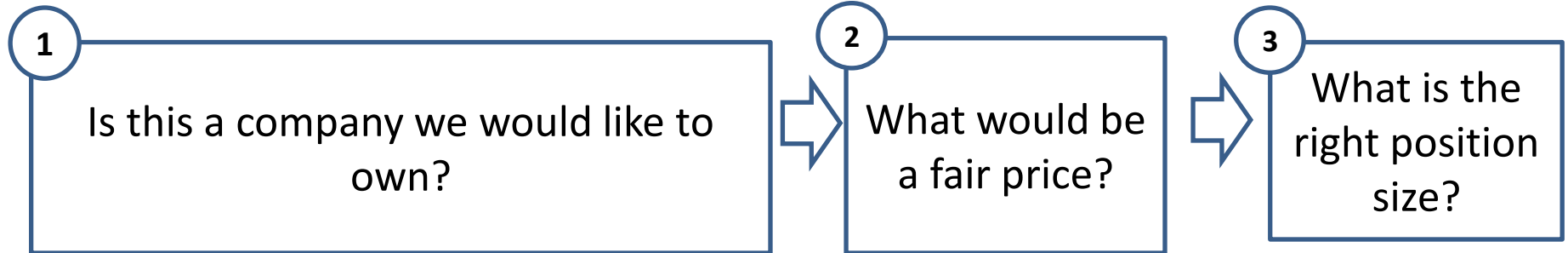
## Opportunistic. When opportunities above are not available at a reasonable price

- **Cigar Butts/Renters.** High IRR possibilities but only for low duration

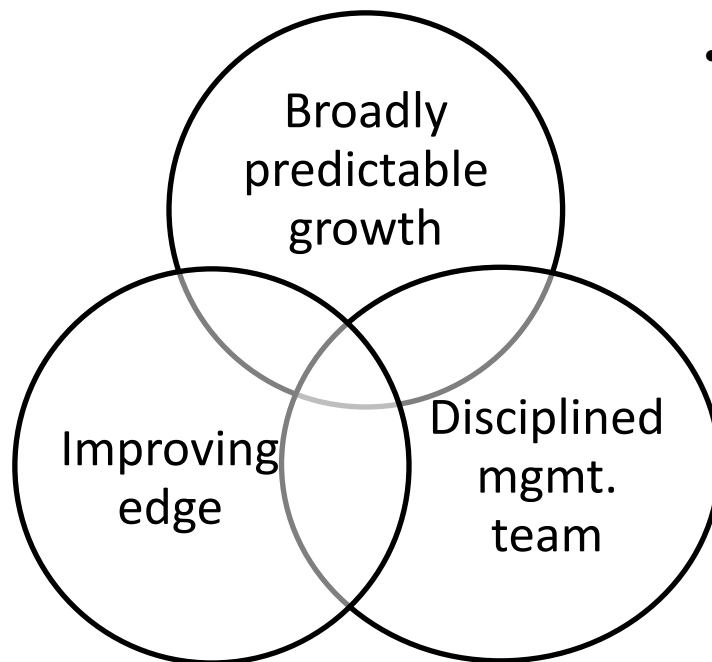
# WE LOOK FOR ASSYMETRIC PAY-OFFS (2)



# OUR PROCESS (1)



# IS THIS A COMPANY WE WOULD LIKE TO OWN WITH OWNERSHIP MINDSET?



- 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

# COMPOUNDING REQUIRES A LARGE AND GROWING OPPORTUNITY

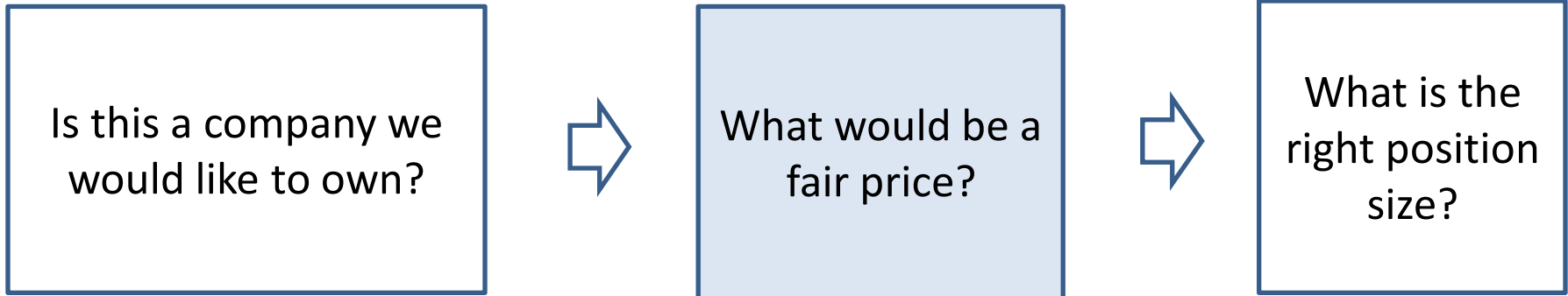
	<b>Secular Themes of interest to us</b>
1	Opportunity to gain market share in global supply chains: Manufacturing/Services
2	Pvt Sector Banks who will gain market share
3	Life Insurance: trusted brands, strong distribution
4	General Insurance with preference for adoption of Health Insurance
5	Digital 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



# LEADERSHIP OFTEN LEADS TO A VIRTUOUS CYCLE THAT RESULTS IN A SUSTAINABLE EDGE



## OUR PROCESS (2)

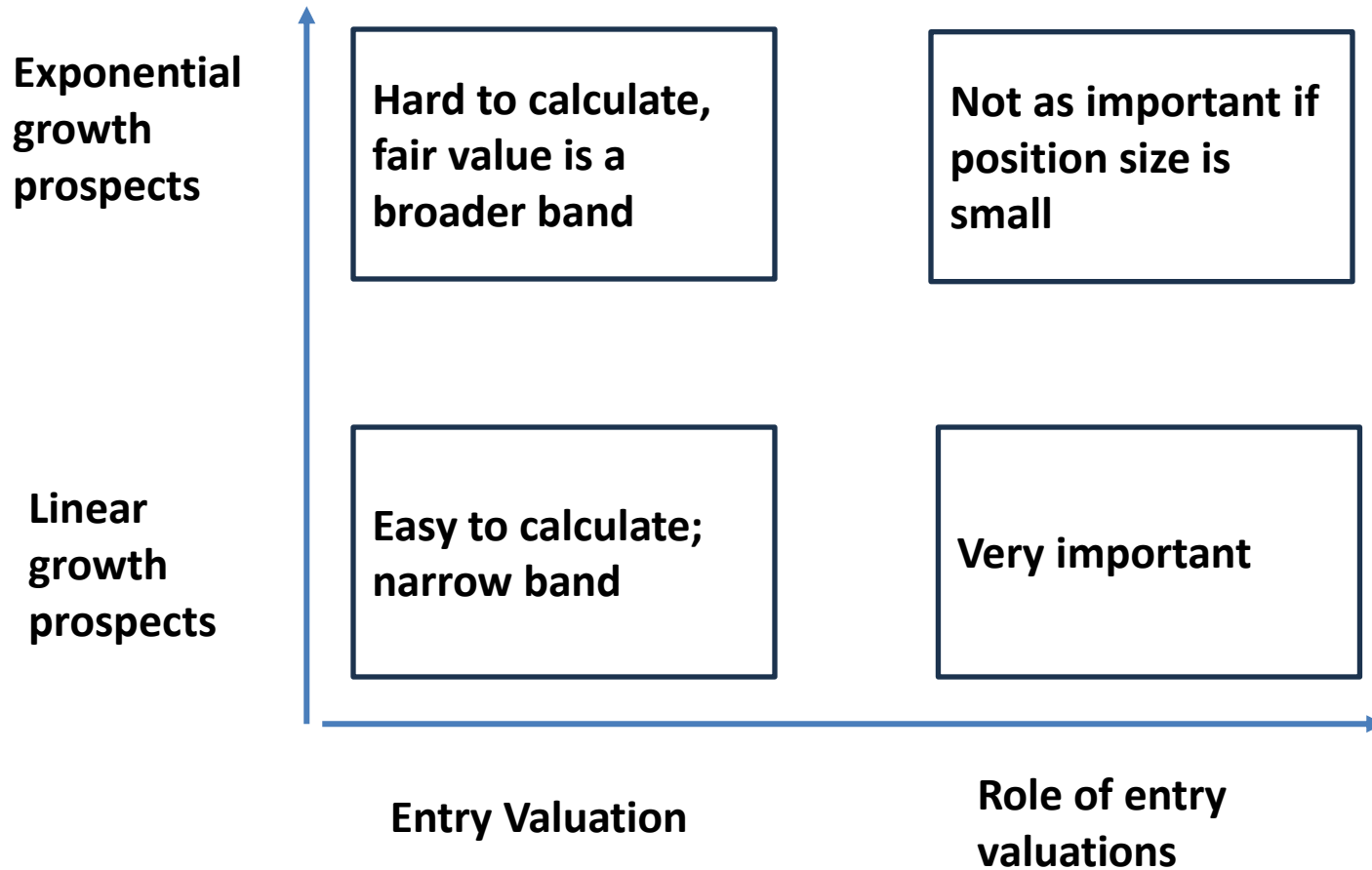


Valuation is both art and science. We believe in being broadly correct, rather than aim for precision

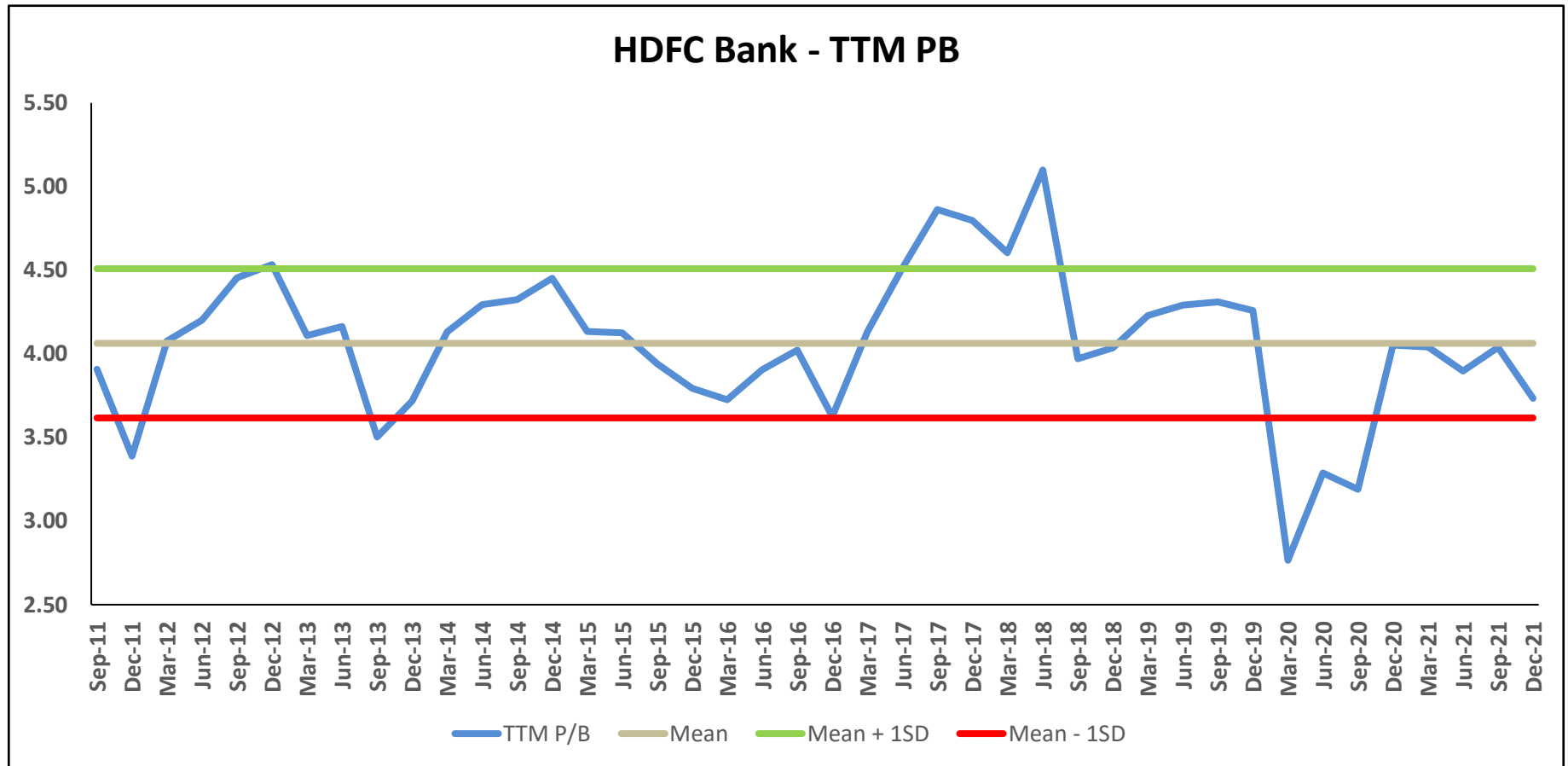
### Tools used

- 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

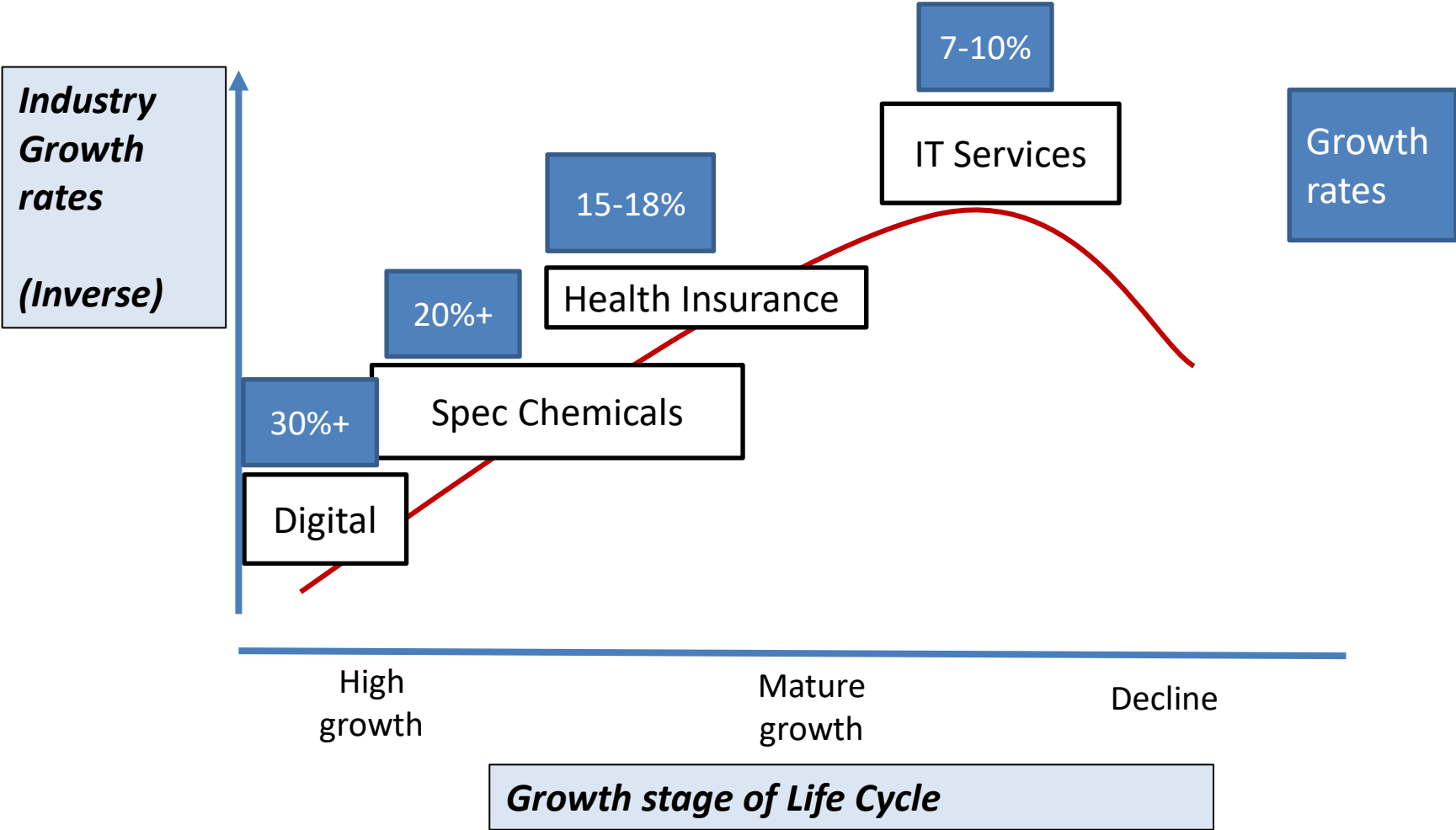
# FAIR VALUE IS VERY CONTEXTUAL



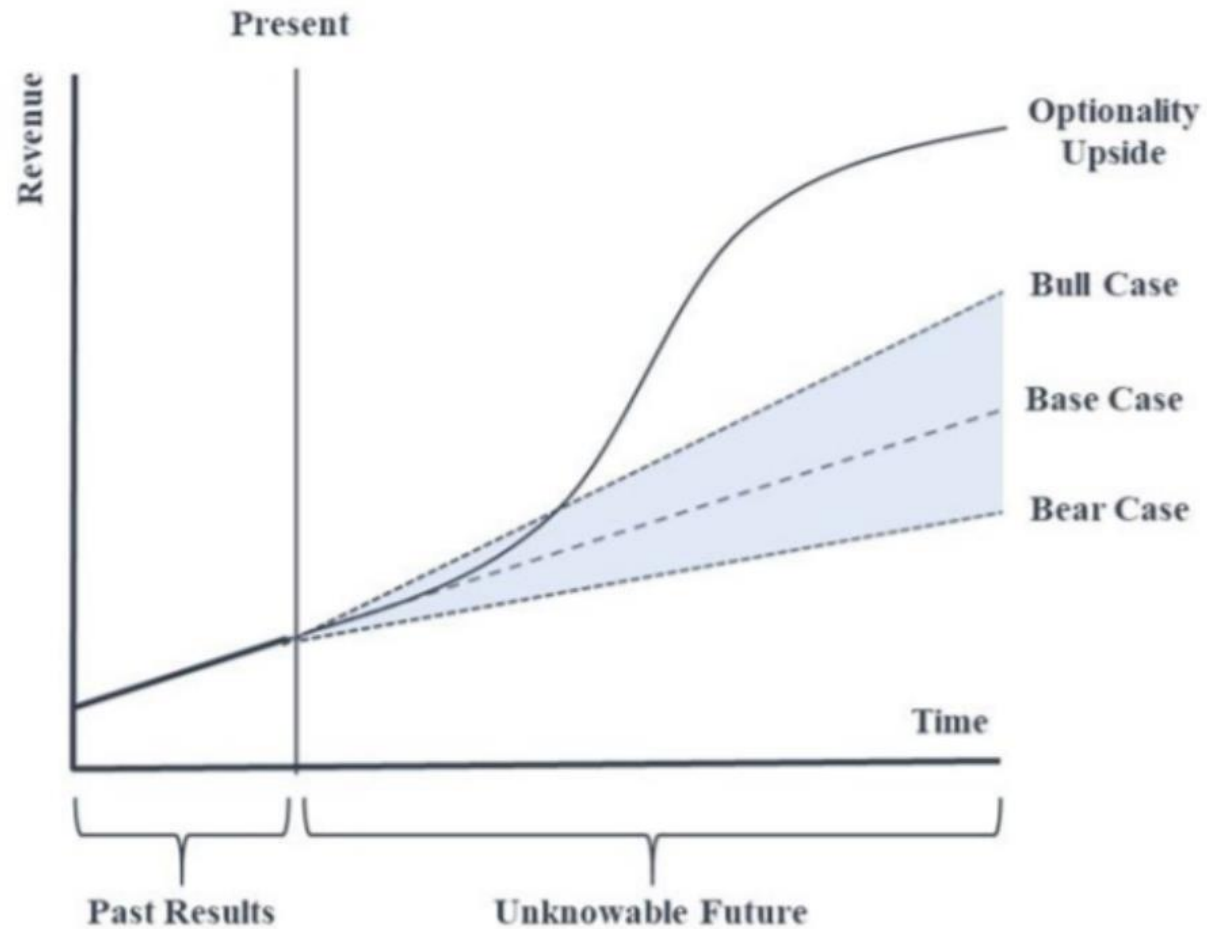
# LONGEVITY: MEAN REVERSION OF VALUATION MULTIPLES A REALITY



# LONGEVITY: WHERE IS THE SECTOR IN THE GROWTH LIFE CYCLE?



# EXPONENTIAL GROWTH PROSPECTS NEED MORE LEE WAY IN VALUATION BANDS



Source: ShawSpring Partners

## OUR PROCESS (3)

Is this a company we would like to own?



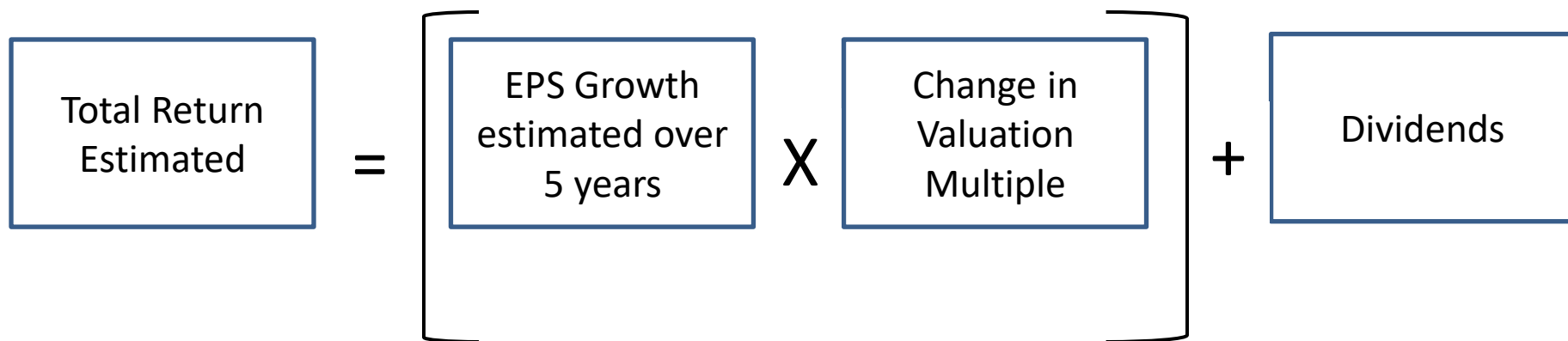
What would be a fair price?



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 ?

What is the variance perception we have over the market? What do we see that the market does not? What are we willing to do that the market is not?



# POSITION SIZING: WHERE IS THE COMPANY ON ITS EVOLUTION ?

Exponential growth/Kicker

Longevity/Stability

	Phase 1	Phase 2	Phase 3	Phase 4
Clear Leaders:				
Emerging Leaders:				
Special Situations				
Stage of company evolution	Distressed valuations However, no clear edge	Deepening foundations Widening the moat	De-risked business model Depth in leadership Resilience	Flywheel starts spinning.
Position sizing	<5%	15-20%	40-50%	35-40%
Good liquidity	5%	5%	6-8%	10-12%
Poor liquidity	3%	3%	4-5%	8%

# 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

- Large and growing opportunity + Benefitting from secular tailwinds
- No threat from disruption

## EDGE

- 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

- Long term orientation on a focused business definition
- Capital allocation discipline. Balance sheet discipline
- Past governance record + Direction of travel

## VALUATION

- Growth + Exit multiple = targeted IRRs. Time to close gap
- Longevity of growth; durability of franchise, predictability of growth

## RISK MGMT.

- Understand sources of fragility
- Invest in what we understand + Position sizing

## EXIT STRATEGY

- Hold through corrections, Exit during euphoria

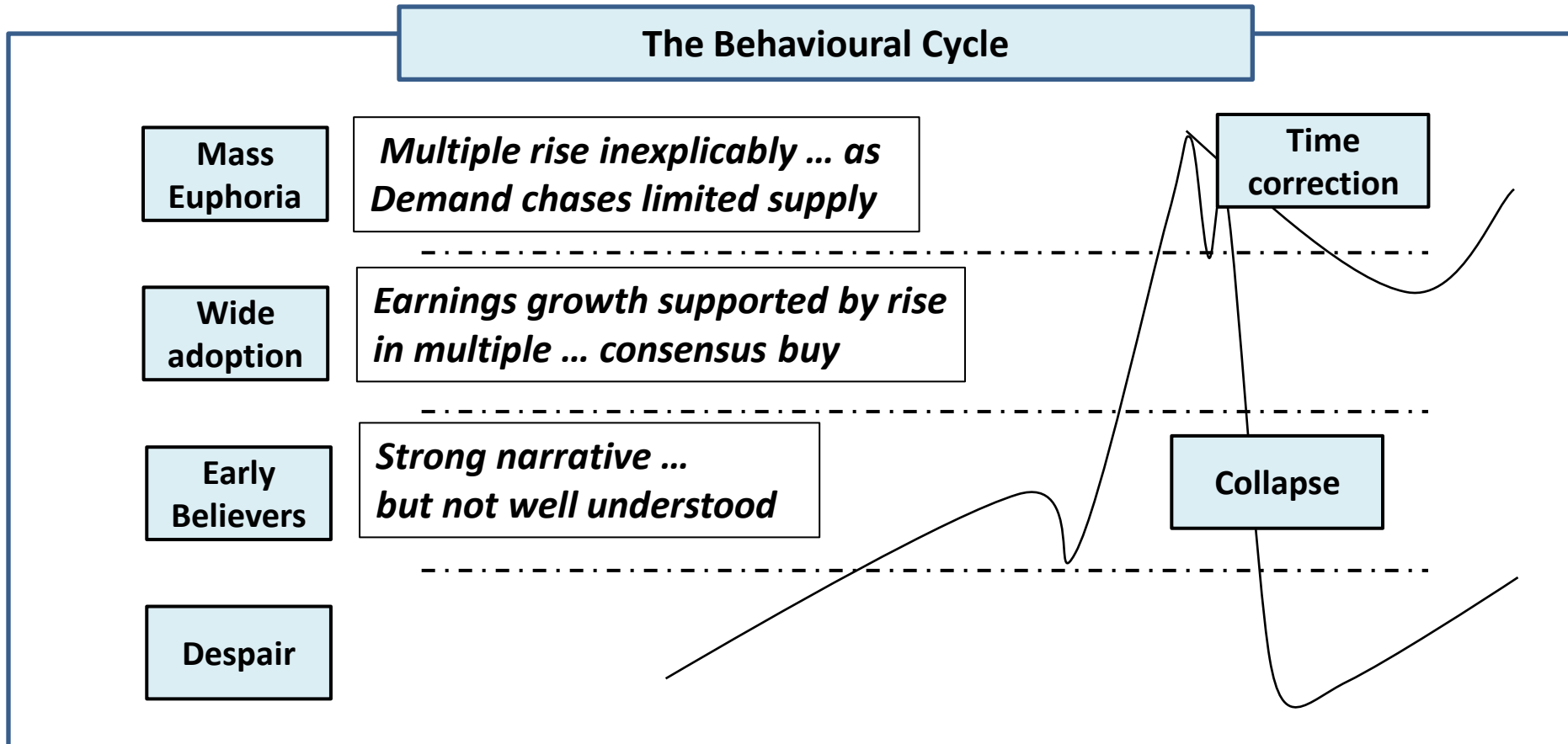
Desk research

Field visits

Mentorship from  
domain experts

Management  
meetings

# ENTRY AND EXIT DECISIONS MUST LOOK AT WHERE COMPANIES ARE IN 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?
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# 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%

## 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		

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# 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*

# 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
<b>IISL Nifty 50 TR INR</b>	<b>15.03</b>	
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 !

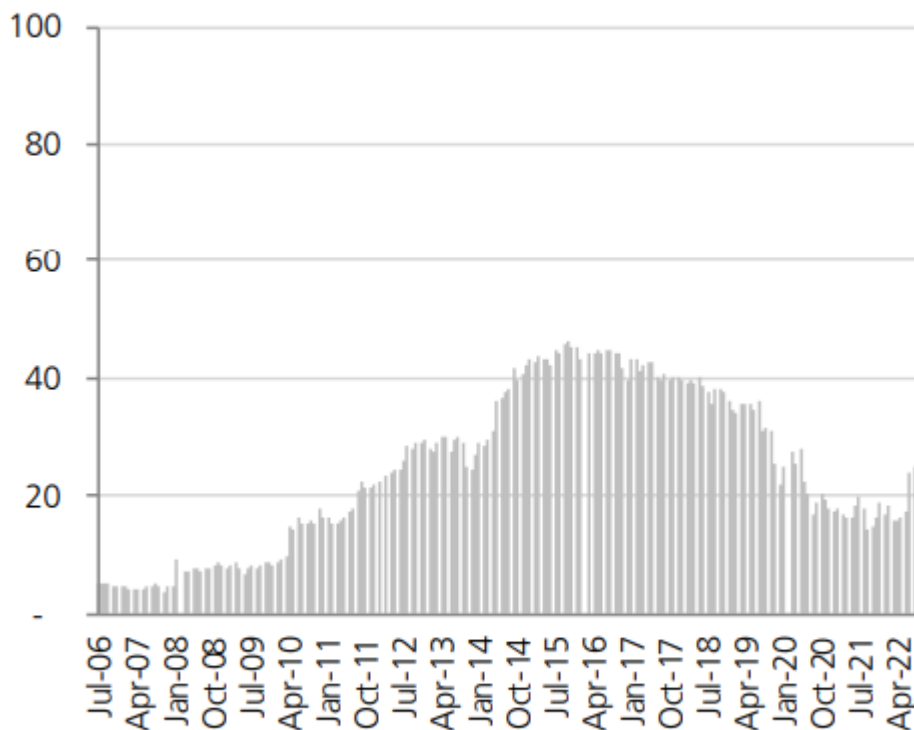
## Pace of growth

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

# 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

# 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	Q1 FY 24
AUM at close Cr	1,034	1,258	1,284	1,319	1,238	1,423	1,444	1,449	1,720
Net Inflows Cr	57	58	62	72	75	54	73	60	32
Families at close	96	108	124	134	151	168	184	195	194
New sign ups	10	15	16	14	15	16	16	13	16

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



# ABOUT US

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

- Work with clients who think long term
- 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

- Disciplined process that optimizes for 5 year outcomes
- Build a winning culture – debate, compensation

Progress

- Partners together almost since inception
- ~1790 Cr AUM across ~200 families
- ~8% outperformance over BSE500 TRI (rolling 5 years)
- Zero disputes/commercial disagreements with partners since inception

# THINGS INVESTORS SHOULD KNOW

The right approach for you is basis how you are wired ...

- Time horizons in which you think
- Tolerance for short term downsides (volatility)
- How you measure success

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

- Align with approach and process
- Align with definition of success
- Look for skin in the game, alignment of firm and client interests