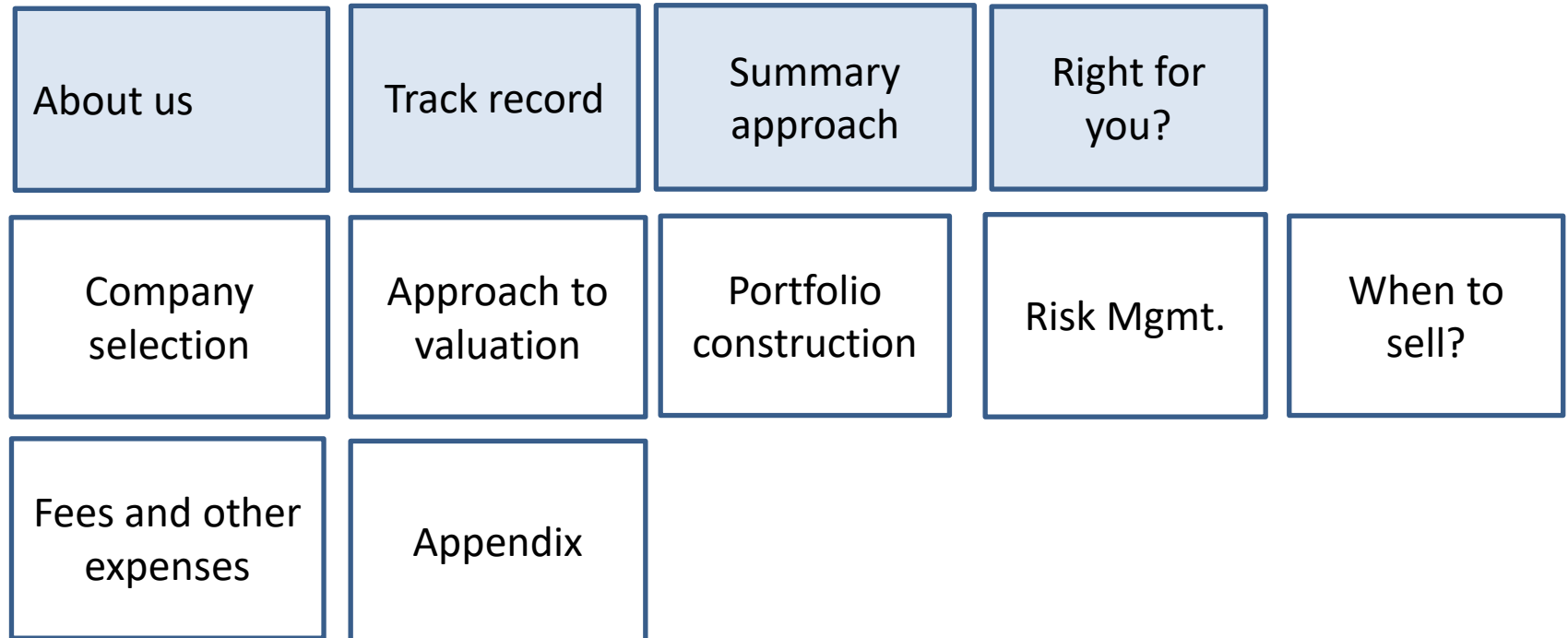
A black and white photograph of a modern interior space. In the foreground, two upholstered armchairs with patterned cushions are positioned on either side of a central area. Behind them is a large, built-in bookshelf with multiple compartments, some containing books and decorative objects. The walls are made of dark, textured bricks. To the right, a large potted plant is visible. The overall atmosphere is sophisticated and contemporary.

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

# TOPICS



# OUR CONTEXT: WHO, WHAT, WHY AND HOW

## About us

- Boutique firm, ~1800 Cr AUM, ~250 families
- Private, independent ownership (Manish Gupta and close friends)
- Team incentivized as owners - 25% of PBT shared with team

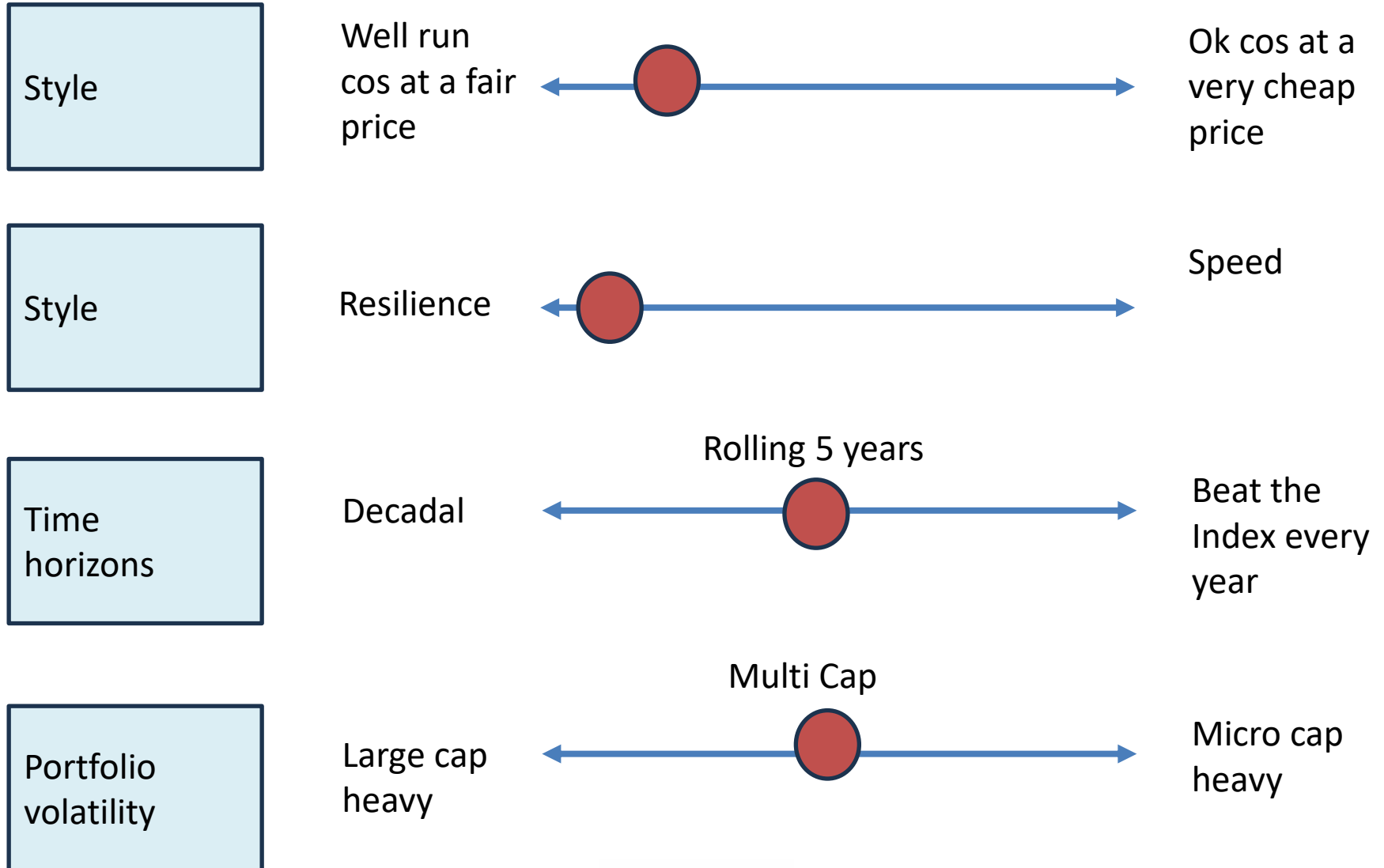
## Desired outcome

- 15% post fee returns, for long periods of time. Under assumption of 11% nominal GDP growth
- Never risk ruin despite promise of very high upside

## Deliberate calm

- A calm mind can see things with more clarity. Fewer errors.
- Opportunism (targeting short term gains) sows the seed of long-term underperformance.
- Focus on what we can control. Even if we know events with perfect certainty, we cannot predict how stock prices will react.
- Avoid entrepreneurs who do not inspire trust
- Trust “good process” to work long term if the thesis is intact.
- Accept draw-downs with equanimity.
- Work with partners who are aligned with above

# OUR APPROACH REFLECTS OUR WHY



# WE ARE NOT RIGHT FOR EVERYONE

Please consider us only if you are willing to give us a minimum 5-year time horizon.

Definition of success: 1.5% Alpha over BSE 500 TRI over 5 years. We expect to lag markets in a raging bull market.

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.

Minimum 2.5 Cr investment size per family.

A PMS has “time value of money” tax disadvantages over a MF. It has advantages of smaller size, customization, less stress during times of market turmoil.

**We are right for you if you are looking for consistent, stable returns over long periods of time and can be patient.**

# OUR PROMISE TO PARTNERS

Prudent risk taking + Ruthless long-term thinking.

Controlled pace of Solidarity growth to not lose focus on existing clients and start deploying capital at any price.

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

Customized portfolios for prices at time we accept capital.

Transparency

- Detailed Q Letters
- Blogs on relevant topics
- Quarterly review calls (group)

# 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%

Only for existing partners (closed at present for new inflows)

# PERFORMANCE HISTORY

Aggregate across all partner accounts					
Performance (in TWRR)	1 Year	2 Year	3 Year	5 Year	Since Inception^
SOLIDARITY- PRUDENCE	9.0%	2.7%	16.8%	20.4%	18.09%
BSE500TRI	13.4%	12.1%	20.3%	16.0%	15.87%
Data as of 30 Nov 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					

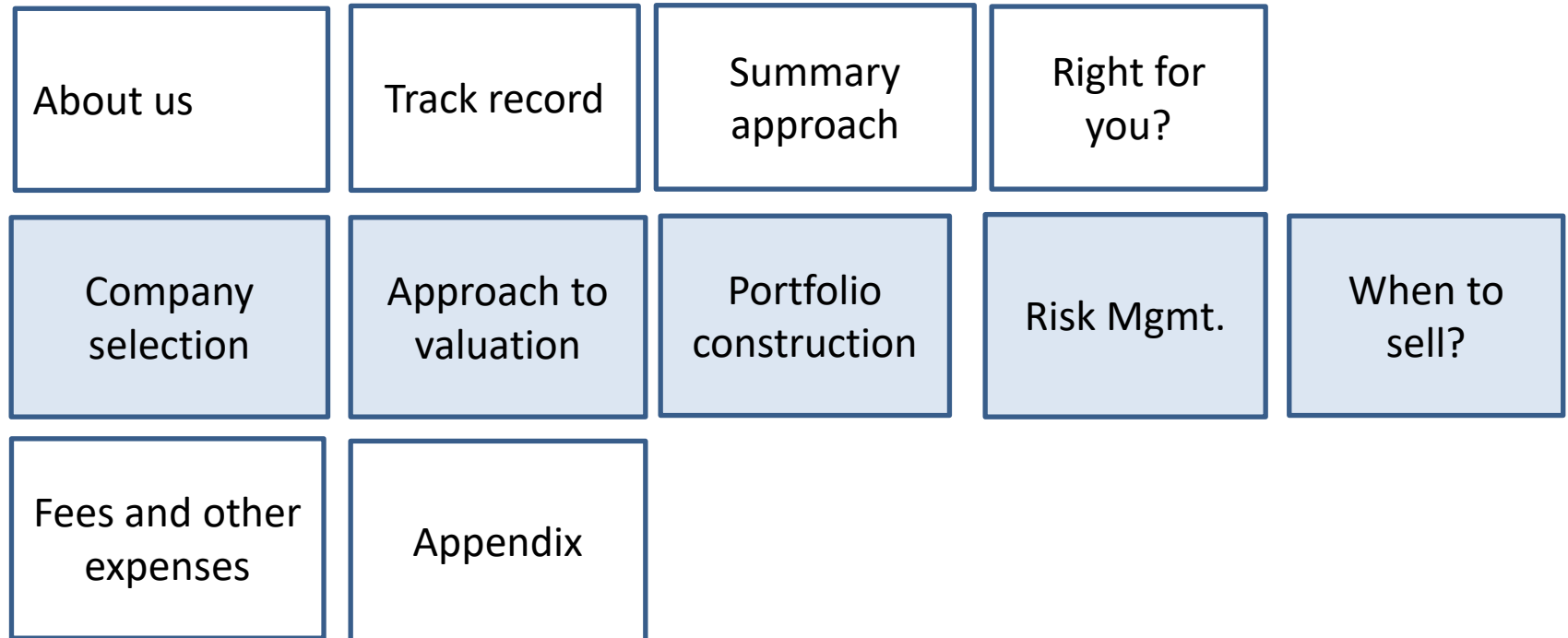
Aggregate across all partner accounts					
Performance (in TWRR)	1 Year	2 Year	3 Year	5 Year	Since Inception^
SOLIDARITY- EMERGING LEADERS	0.0%	0.0%	0.0%	0.0%	9.70%
BSE500TRI	0.0%	0.0%	0.0%	0.0%	20.84%
Data as of 30 Nov 2023 ^ From 26 APR 2023 -Start date of scheme Solidarity performance is net of all fees & expenses Performance data provided in the above table is not verified by SEBI					



# 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

# TOPICS



# LONGEVITY + ASSYMETRIC PAY-OFFS + PATIENCE (2)

## CORE TO OUR APPROACH: Ownership Mindset

Longevity with moderate IRRs



### Clear Leaders

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

- 15-17% IRRs, long periods of time, high probability

- 40-60% allocation

Asymmetric growth with high IRRs



### Emerging Leaders

- Untracked companies with low liquidity
- Large opportunity + great leadership
- Potential for exponential earnings growth

- 20%+IRR, long periods of time, medium probability

35-50% allocation

**Special Situations: Renters**



- Business undergoing temporary uncertainty
- Not sure whether it is a compounder at present
- Promoter can be trusted
- Very cheap

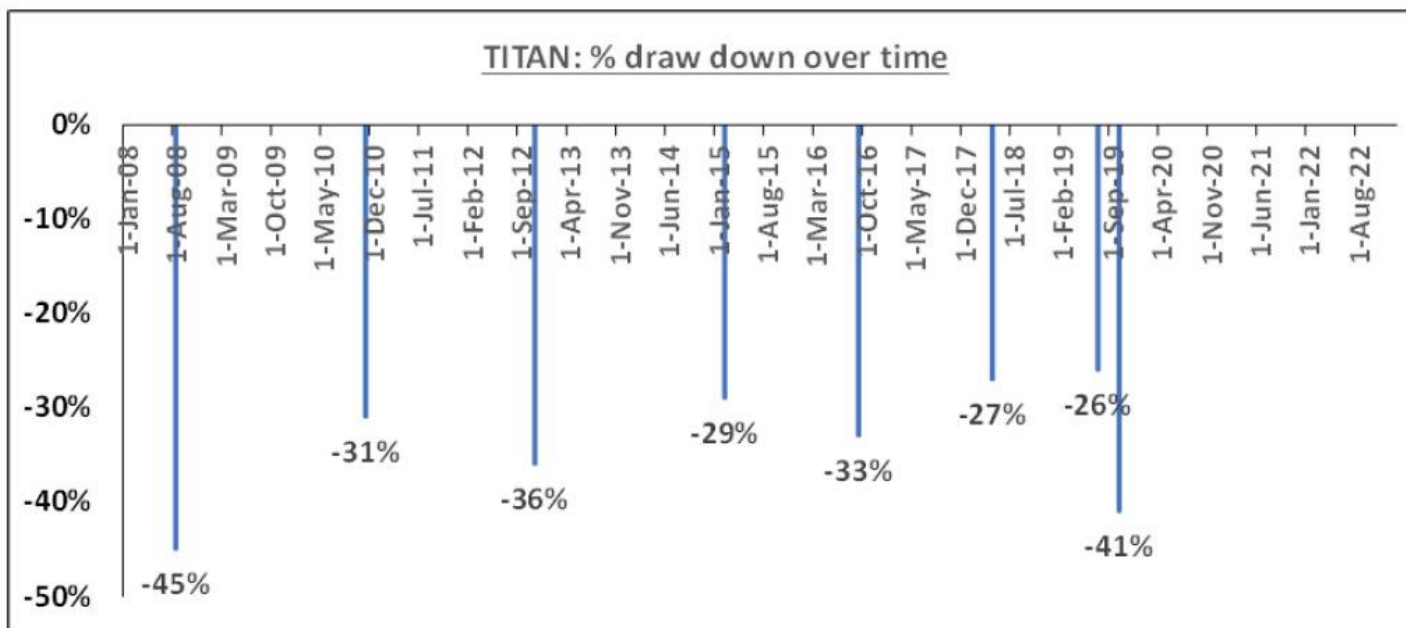
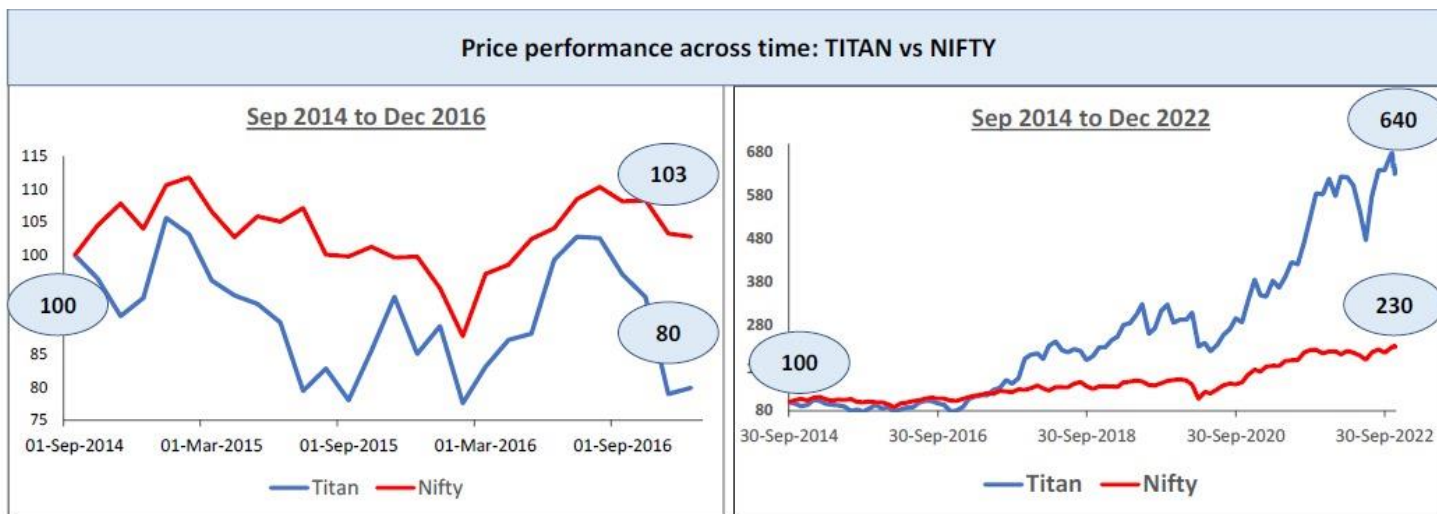
- 25%+IRR, but longevity a question mark

< 10% allocation

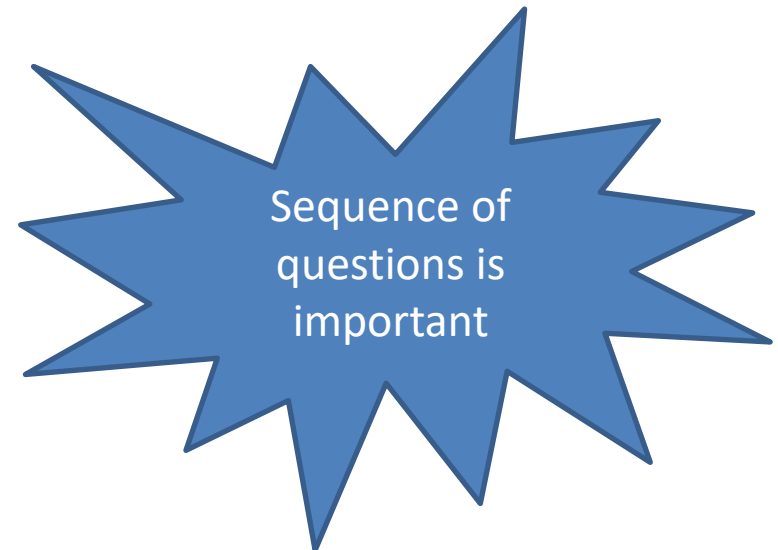
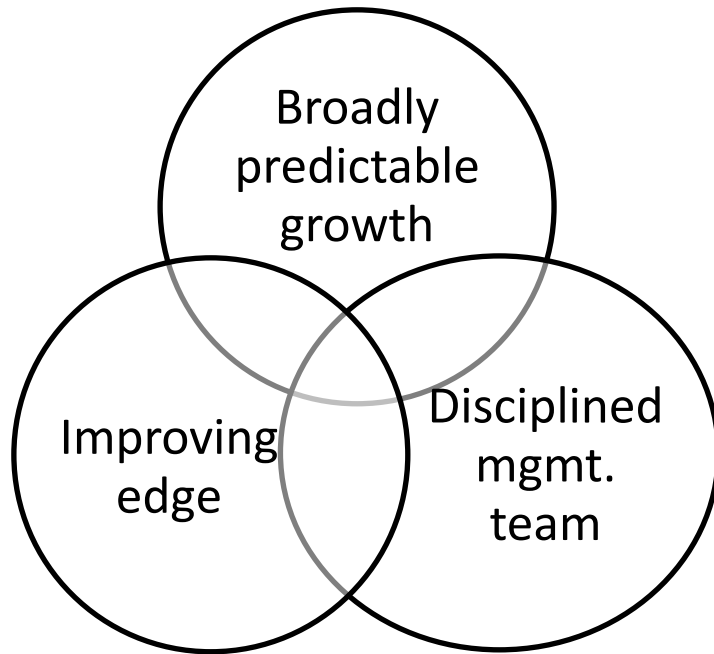
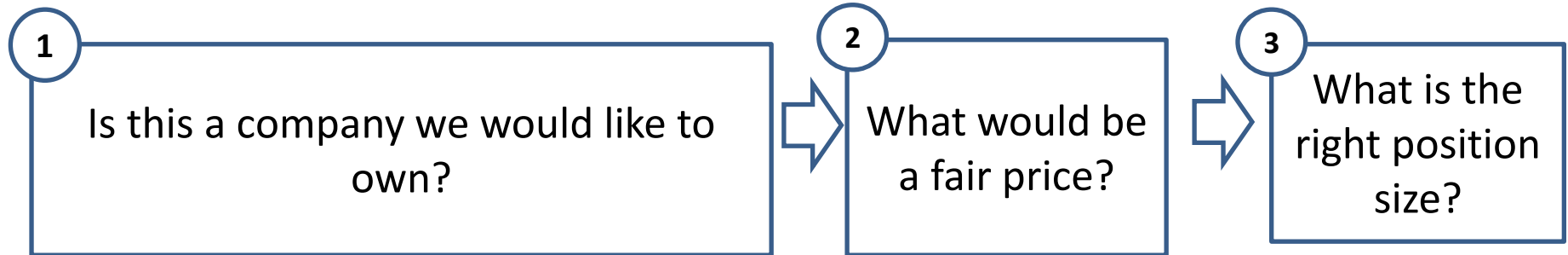
# LONGEVITY + ASSYMETRIC PAY-OFFS + PATIENCE (3)

Scenario A				Scenario B			
Position	Initial Capital	IRR	Closing Capital	Position	Initial Capital	IRR	Closing Capital
1	100	11%	284	1	100	-2%	82
2	100	11%	284	2	100	-2%	82
3	100	11%	284	3	100	11%	284
4	100	11%	284	4	100	11%	284
5	100	11%	284	5	100	11%	284
6	100	11%	284	6	100	15%	405
7	100	11%	284	7	100	15%	405
8	100	11%	284	8	100	15%	405
9	100	15%	405	9	100	30%	1379
10	100	30%	1379	10	100	30%	1379
1000			4055	1000			4986
Compounding Time period (yrs) 10				Compounding Time period (yrs) 10			
XIRR			15.0%	XIRR			17.4%
Market			11.0%	Market			11.0%
Alpha			4.0%	Alpha			6.4%

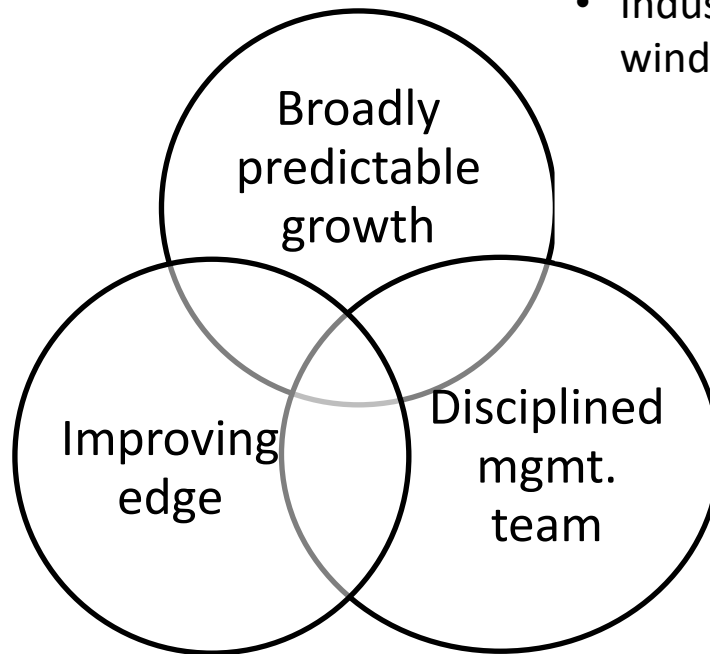
# LONGEVITY + ASSYMETRIC PAY-OFFS + PATIENCE (4)



## 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

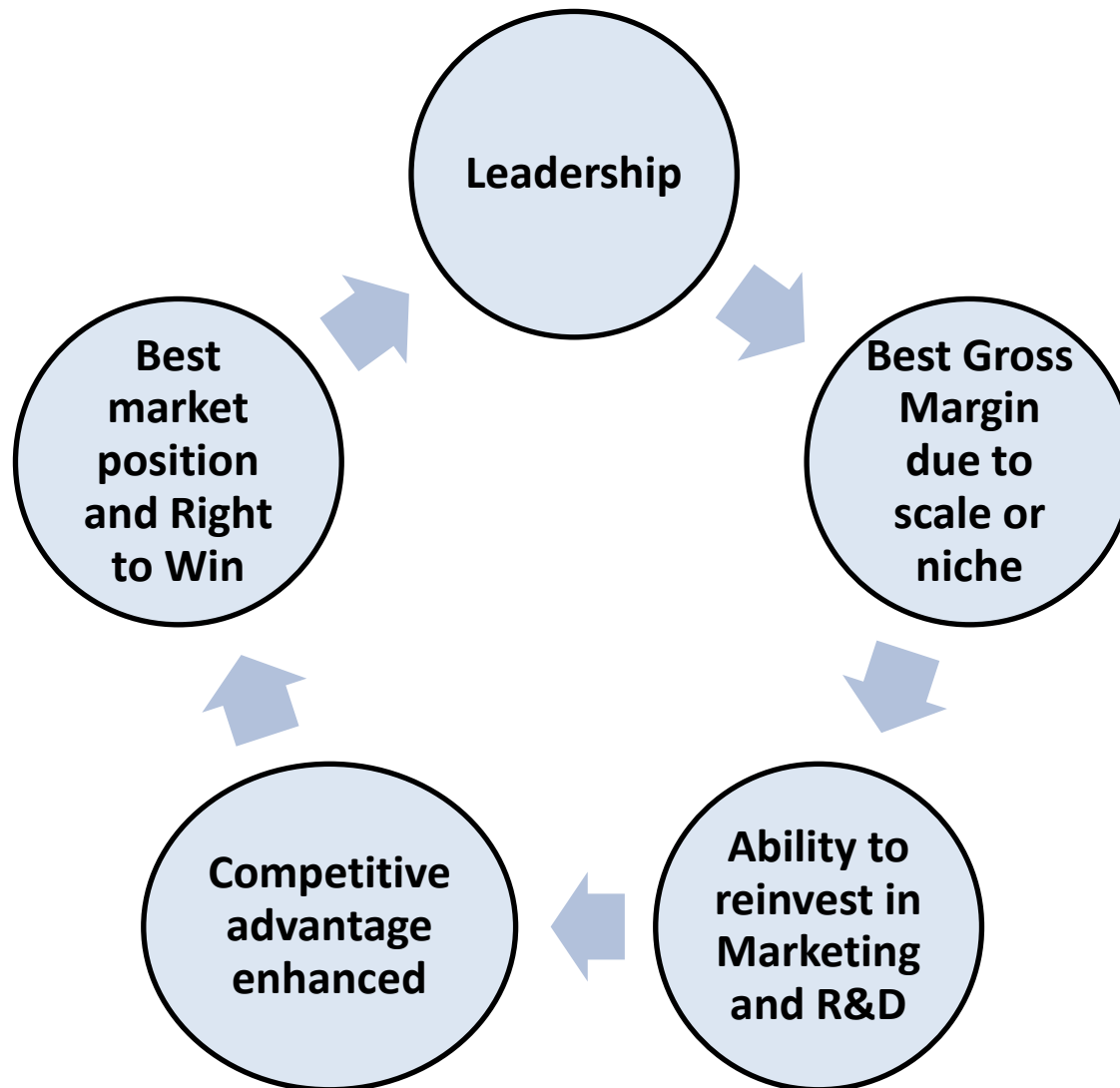
- Vision backed with granularity in thinking and “feet on the ground”
- Team depth beyond promoter
- Focus on few business lines
- Disciplined on Capital Allocation
- Prudent use of leverage

# COMPOUNDING REQUIRES A LARGE AND GROWING OPPORTUNITY

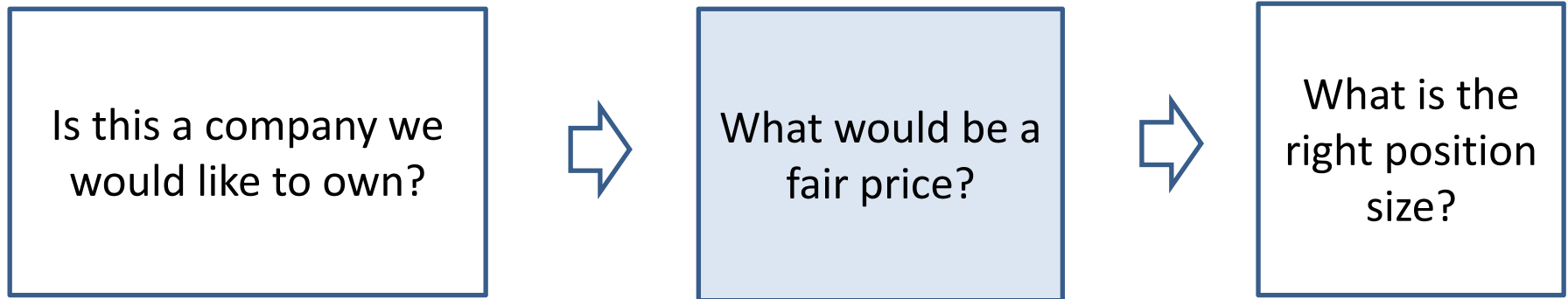
	Secular Themes of interest to us
1	Opportunity to gain market share in global supply chains: Manufacturing/Services
2	Pvt Sector Banks who will gain market share
3	Life Insurance: trusted brands, strong distribution
4	General Insurance with preference for adoption of Health Insurance
5	Digital Business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



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



## OUR PROCESS (2)

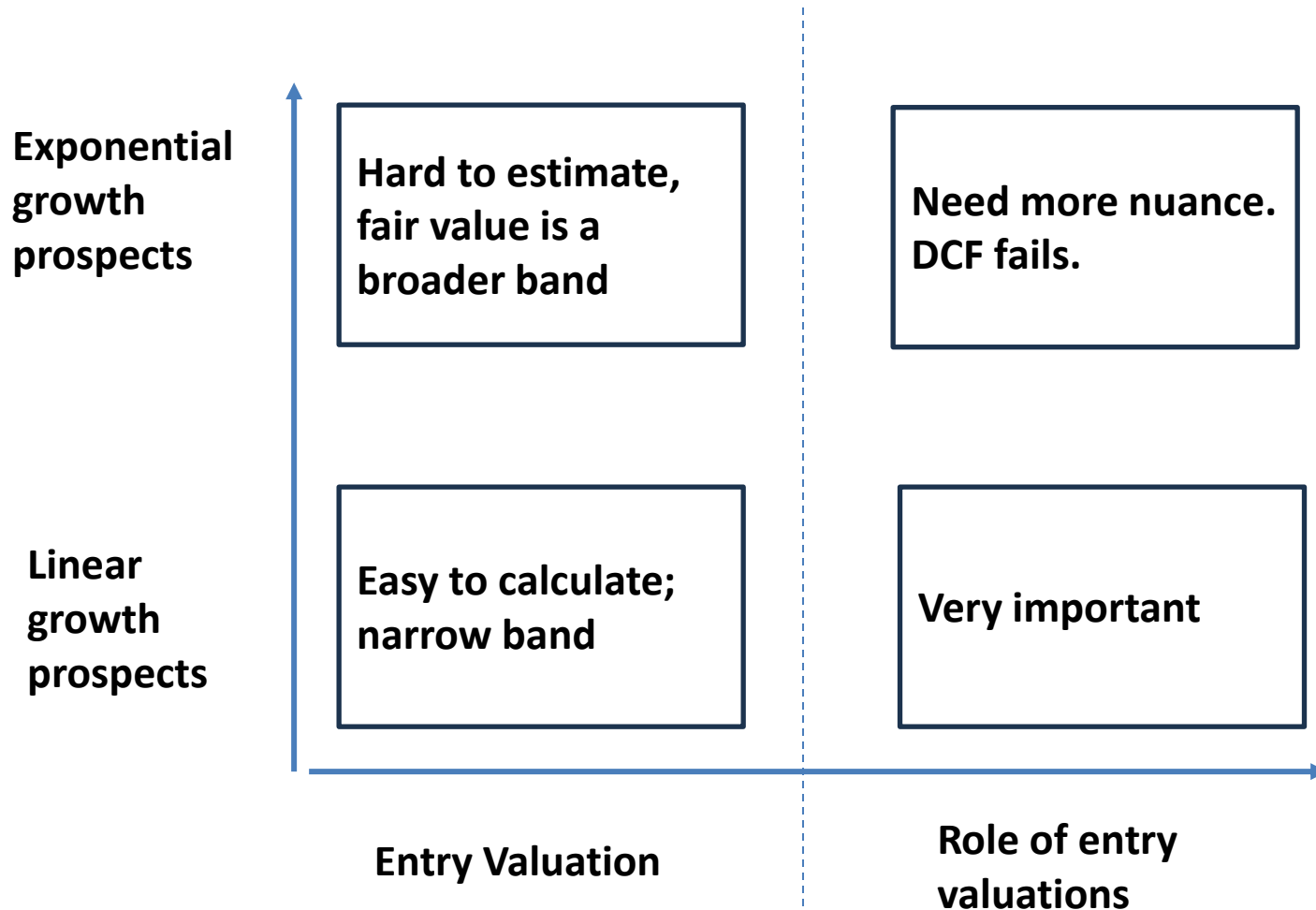


Valuation is both art and science. We believe in being broadly correct, rather than aim for precision

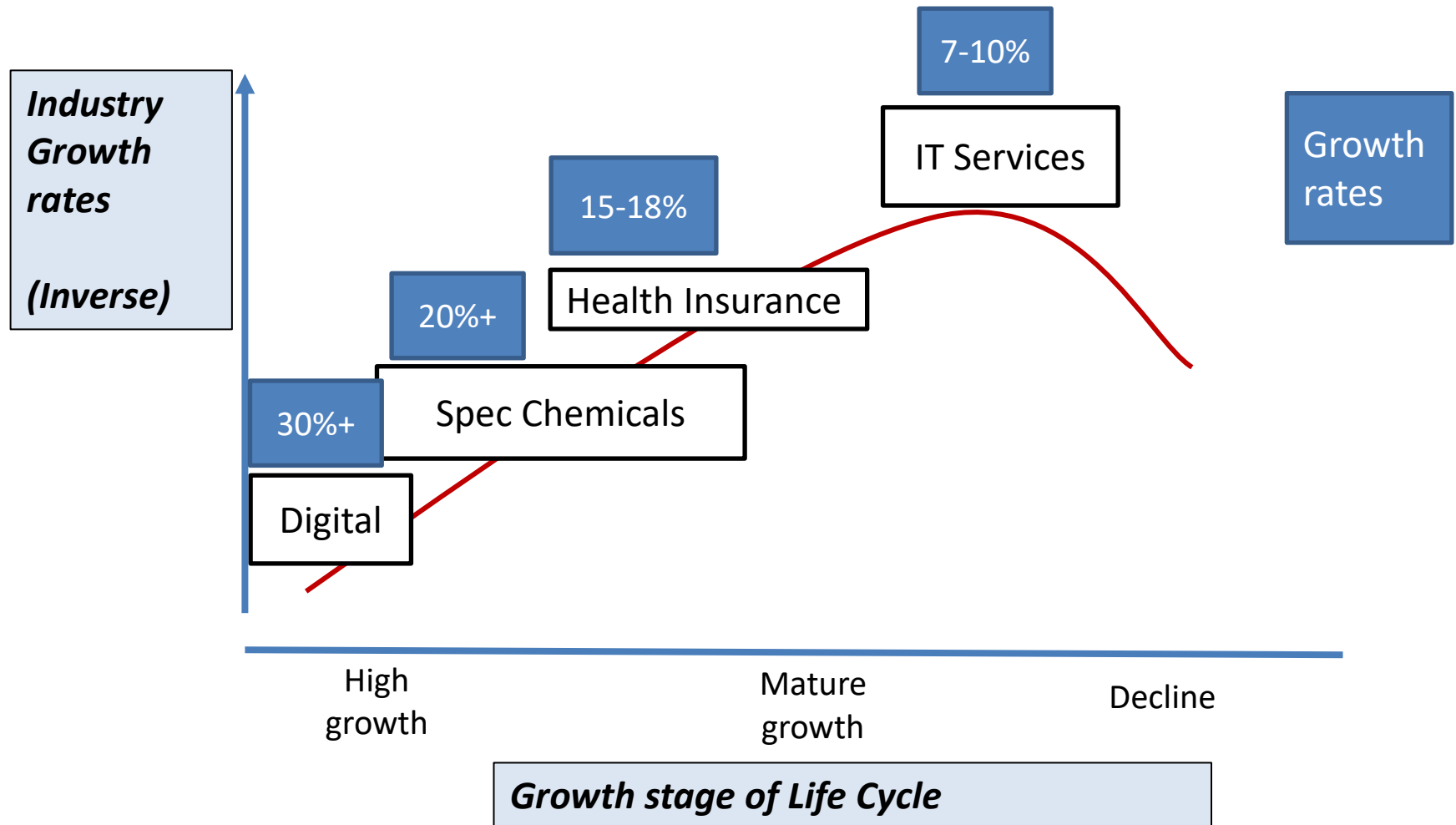
### Tools used

- 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

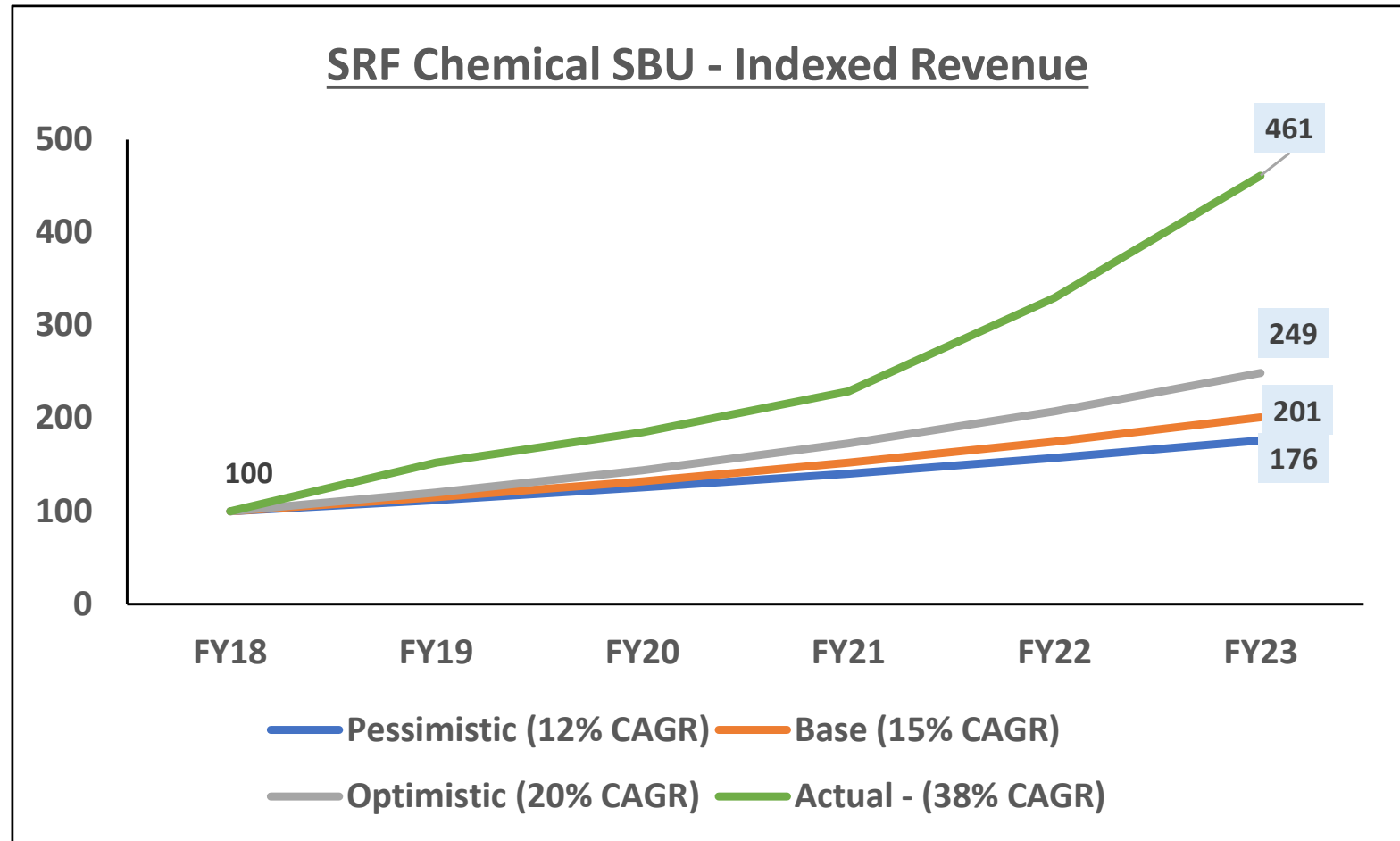
# FAIR VALUE IS VERY CONTEXTUAL



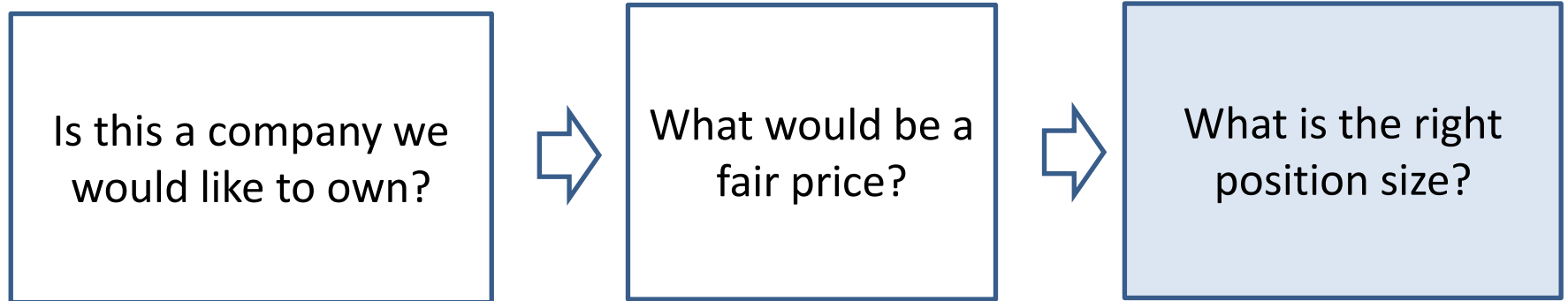
# VALUATIONS VERY SENSITIVE TO WHERE IS THE SECTOR IN THE GROWTH LIFE CYCLE?



# EXPONENTIAL GROWTH PROSPECTS NEED MORE LEE WAY IN VALUATION BANDS

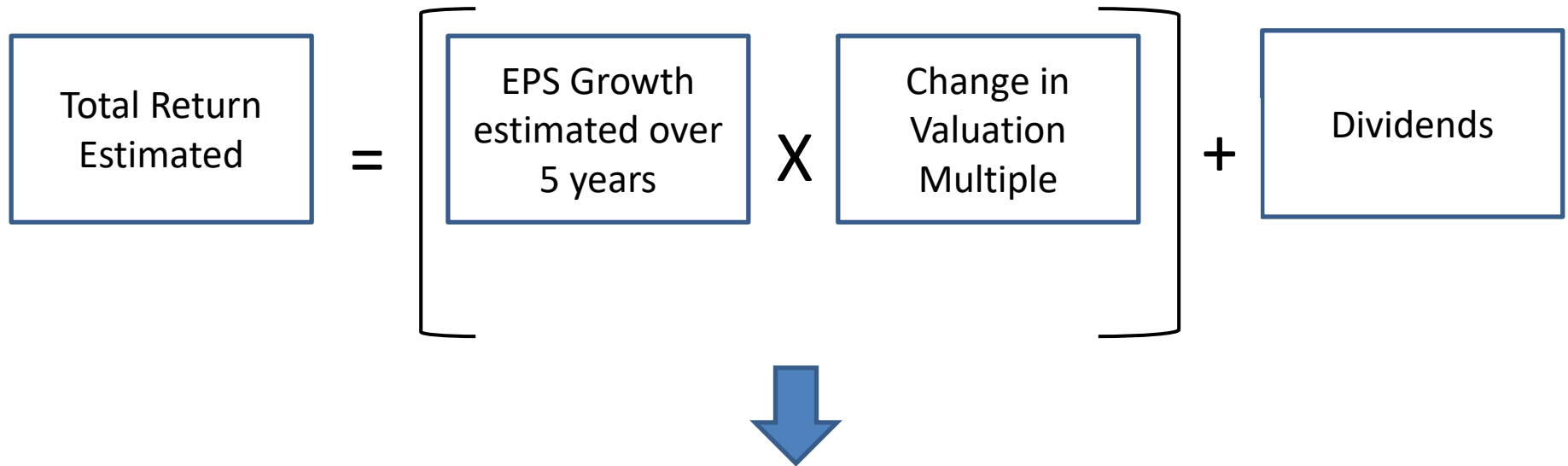


## OUR PROCESS (3)



- 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	<10%	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

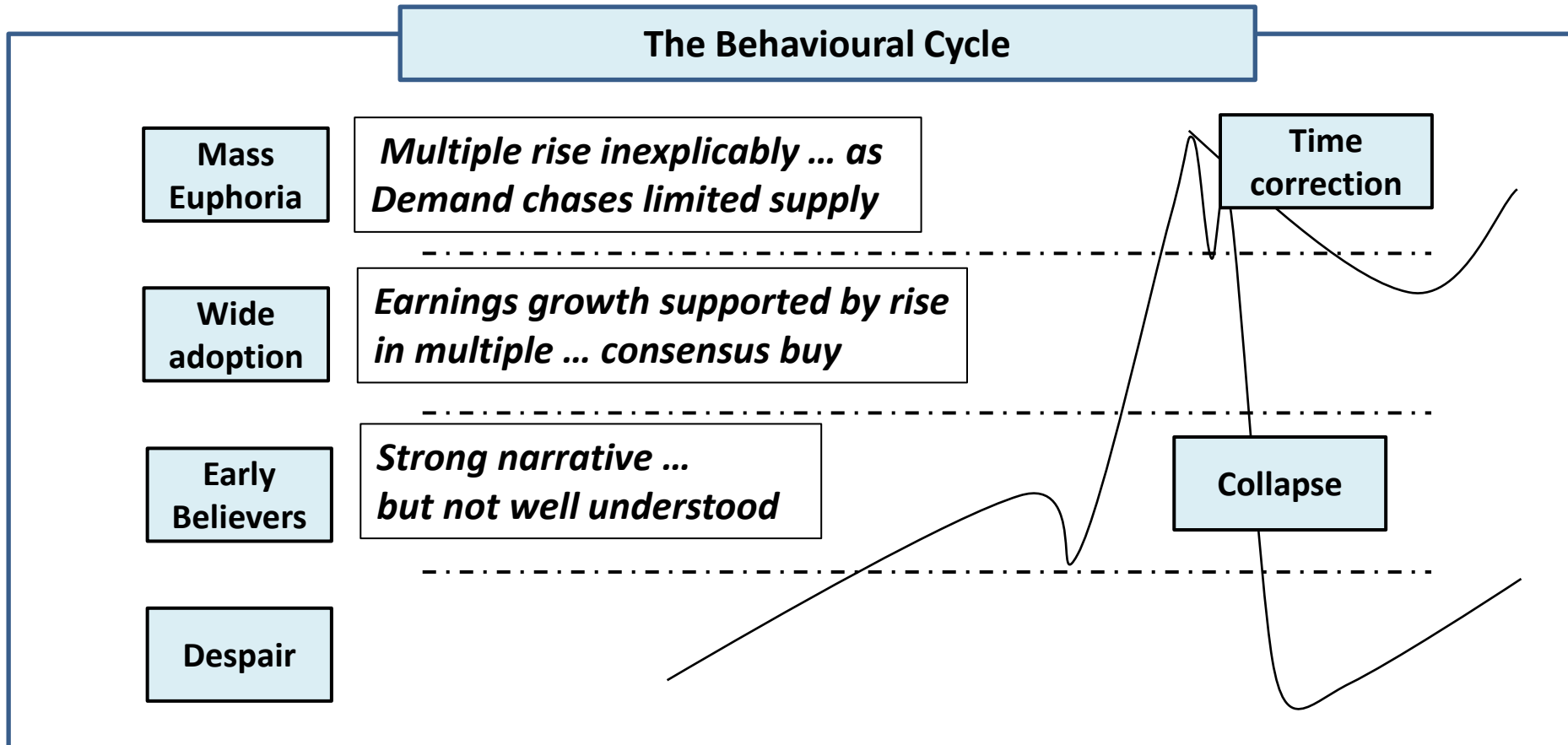
## **Selling Right**

- 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

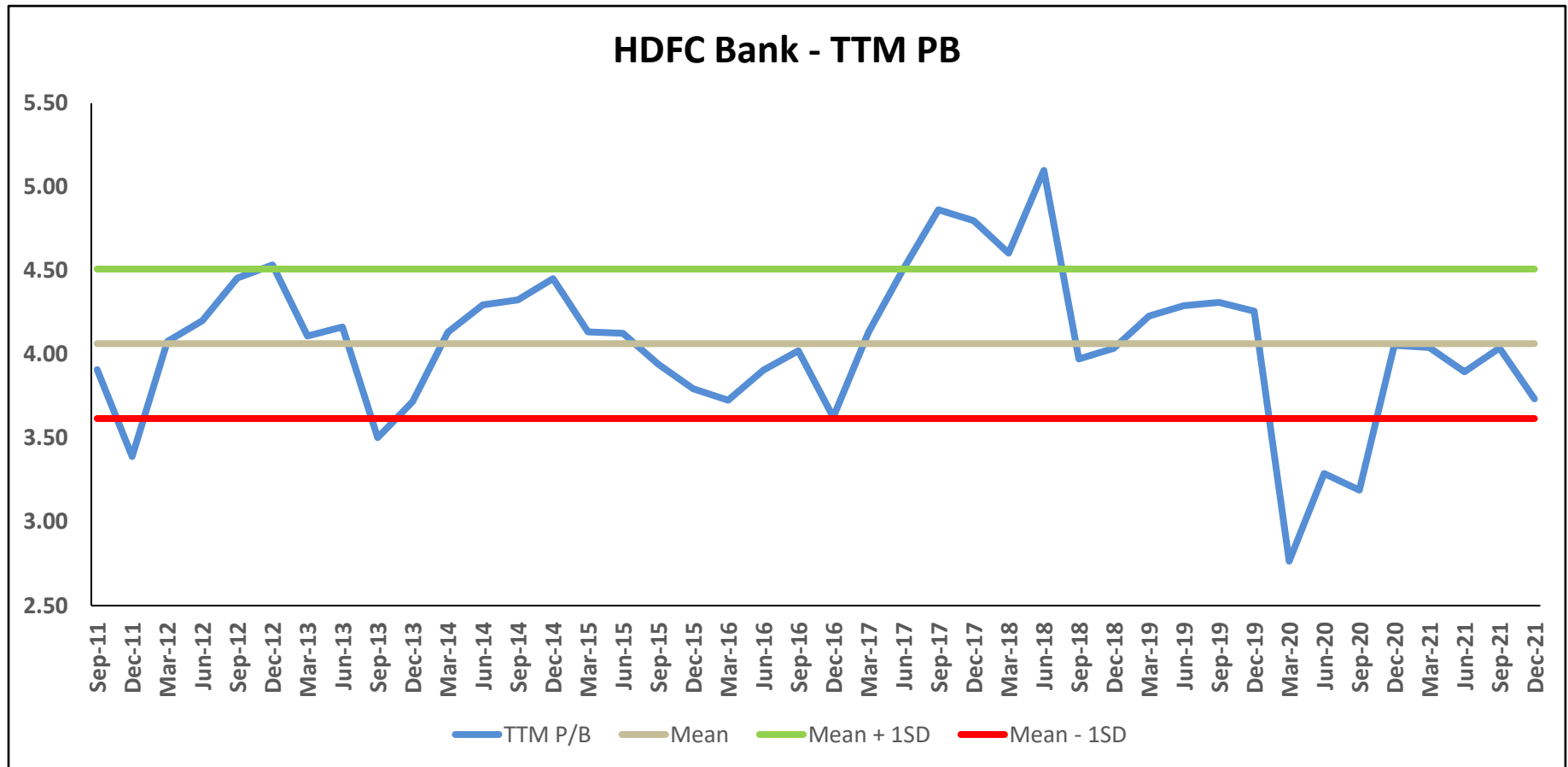
<b>GROWTH</b>	<ul style="list-style-type: none"> <li>• Large and growing opportunity + Benefitting from secular tailwinds</li> <li>• No threat from disruption</li> </ul>		
<b>EDGE</b>	<ul style="list-style-type: none"> <li>• Favourable industry structure and eco system</li> <li>• Right to win. Leadership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

# MEAN REVERSION OF VALUATION MULTIPLES A REALITY



# RISK MANAGEMENT: ONE SHOULD EXIT ON VALUATION EXCESSES



# TOPICS

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			

## 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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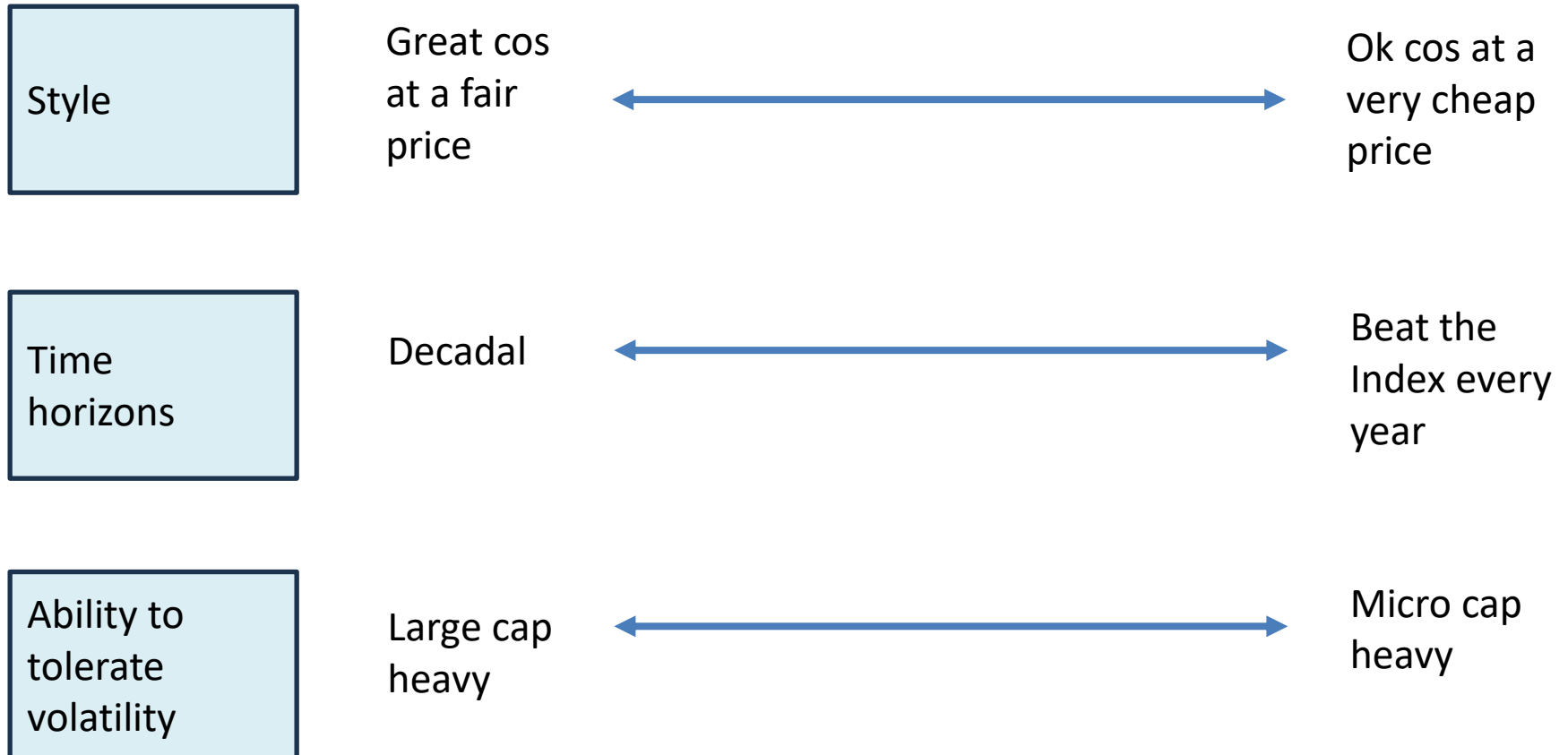
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# THERE IS NO ONE RIGHT WAY TO INVEST



# LONGEVITY + ASSYMETRIC PAY-OFFS + PATIENCE (1)

Strategic and core to what we do (>90% of the portfolio). Ownership mindset.

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

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

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

# SOLIDARITY: GROWTH SINCE INCEPTION

