The Bottom Line... PLUTUS LEGACY

TRUSTPLUTUS
Wealth Management with a Conscience

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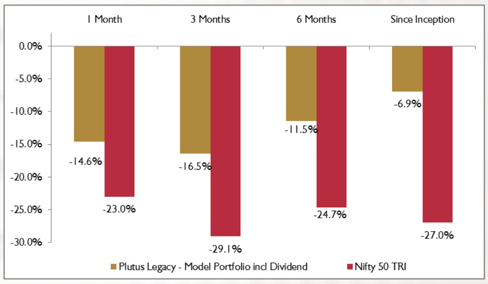
Pramod Dangi, CA, CFA
Equity Advisory Services

Absolute Performance: Model Portfolio: 31-March-20



Dear Investors,

We would like to thank our investors for your patronage. Our **"Plutus Legacy"** strategy focuses on companies that clearly demonstrate leadership in their respective lines of business, are showing consistent growth in their top and bottom lines generate a minimum return on equity and follow good governance practices. The underlying strategy focuses on sustainable business model(s), which should continue to gain market share especially in tough business environments and their strong balance sheet should allow these companies to withstand the test of cyclicality in the economy thereby leading to lower volatility in the portfolio as a basket compared to the broader market. We are pleased to share that our strategy has played out well and the portfolio has handily beaten the Nifty over one, three, six and ten months. We would like to also highlight that not only have we outperformed the index on the upside but continue to handily beat the benchmark in periods of extreme volatility.

Our patrons will remember the comment on the state of economy in our June 2019 newsletter. I quote *"The current environment is tough with falling growth, high unemployment and lack of capital availability. Several companies with dodgy business models and poor capitalisation levels have been exposed in this environment, causing strong and well capitalized companies to gain market share. The environment will improve eventually, but when it does, these survivors will emerge even stronger than before and with larger market share. The scale, market leadership and capital position of these companies in itself is a competitive advantage."* The relevance of our thesis on focusing on quality names is even more pronounced in the current scenario, and we continue to believe that our portfolio companies will emerge stronger after the current crises and may end up with higher market share.

After showing some initial green shoots of growth in early 2020, domestic as well as global economic situation suddenly reflects the growing impact of a healthcare pandemic, which has locked down half the population for first time in modern times. The contagion of the pandemic is so fast that within one month or so, economic activities have come to a complete halt in many parts of the world. Financial markets have witnessed a complete freeze in credit and money flow that has led to the central bankers having to step in to provide unprecedented support. All the markets and assets classes have seen high bouts of volatility that is unlikely to die down till the spread of contagion is controlled.

In the current fall companies in cyclical business, with leverage balance sheet(s) and in discretionary product(s) line have seen larger drawdown(s). As capital becomes scarce and demand contract(s) in the short run, companies with high fixed cost and leveraged balance sheet(s) may find it difficult to run a viable business model. However we believe that given that low penetration is a theme across many industries in India, demand is likely to make a comeback once the pandemic is controlled and there is a greater stability in financial market(s) and in the economic environment. Realty and infrastructure may be the key areas for the government to get the economy on track as well as provide sops for sectors such as hospitality, tourism, travels, food and beverage.

Companies in financial sectors have seen large drawdown(s) due to multiple factors such as high FII holdings, leveraged nature of balance sheet(s), lower growth prospects and potential escalation in credit cost. We strongly believe that this is not the time to look for the growth but focus on companies with strong balance sheet and with good underwriting practices that we believe will limit the eventual write downs in a tough period. All of our portfolio companies have raised capital in the recent past at very attractive valuation(s) and have adequate liquidity to tide over the crises. We feel there will be a further consolidation in market share and our portfolio companies will tend to benefit from this consolidation. We have covered most of the companies in our recent mid-quarter newsletter in March and thus I won't repeat the same.

We are pleased with the performance of the portfolio that has shown a lot of resilience in these volatile times. Overall performance of the portfolio over the past 10 months is in line with our strategy, where the protection of principal was the first objective. **While the market has seen overall drawdown of 27% since inception, our portfolio fallen by 6.9%, thereby avoiding large erosion in capital.**

Table 1: Performance of the portfolio companies

Company Name	1 Month	3 Month	6 Month	1 Year	3 Year*	5 Year*
Asian Paints Ltd.	-7.3%	-6.6%	-5.4%	11.6%	15.8%	15.5%
Bajaj Finance Ltd.	-50.4%	-47.7%	-45.2%	-26.8%	23.7%	40.1%
Biocon Ltd.	-5.7%	-7.9%	21.4%	-11.4%	12.8%	28.2%
Colgate-Palmolive (India) Ltd.	-2.5%	-14.4%	-16.7%	-0.4%	8.0%	4.5%
Divis Laboratories Ltd.	-5.6%	7.8%	19.4%	16.8%	47.2%	17.4%
HDFC Bank Ltd.	-26.8%	-32.2%	-29.8%	-25.7%	6.1%	11.0%
Hindustan Unilever Ltd.	5.7%	19.5%	16.0%	34.7%	36.1%	21.3%
Housing Development Finance Corp Ltd.	-24.9%	-32.3%	-17.4%	-17.0%	2.8%	4.4%
ICICI Prudential Life Insurance Co Ltd.	-24.5%	-26.3%	-23.3%	1.6%	-2.4%	-
Infosys Ltd.	-12.3%	-12.3%	-20.4%	-13.8%	7.9%	3.0%
Jubilant FoodWorks Ltd.	-16.2%	-10.9%	8.2%	1.9%	38.5%	14.8%
Kotak Mahindra Bank Ltd.	-20.0%	-23.1%	-21.2%	-2.9%	14.1%	14.6%
Larsen & Toubro Ltd.	-31.9%	-37.7%	-45.2%	-41.6%	-8.3%	-6.7%
Nestle India Ltd.	3.3%	10.2%	17.4%	48.7%	34.6%	18.6%
Reliance Industries Ltd.	-16.2%	-26.4%	-16.4%	-18.3%	19.0%	21.9%
SBI Life Insurance Company Ltd.	-28.0%	-33.3%	-24.3%	9.9%	-	-
Tata Consultancy Services Ltd.	-8.7%	-15.5%	-13.0%	-8.8%	14.5%	7.4%
NIFTY 50	-23.2%	-29.3%	-25.1%	-26.0%	-2.1%	0.3%
Model Portfolio	**-14.8%**	**-16.8%**	**-12.0%**	**-**	**-**	**-**

Source: Ace Equity. Price appreciation excluding Dividends. *More than 1 Year data is CAGR.

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