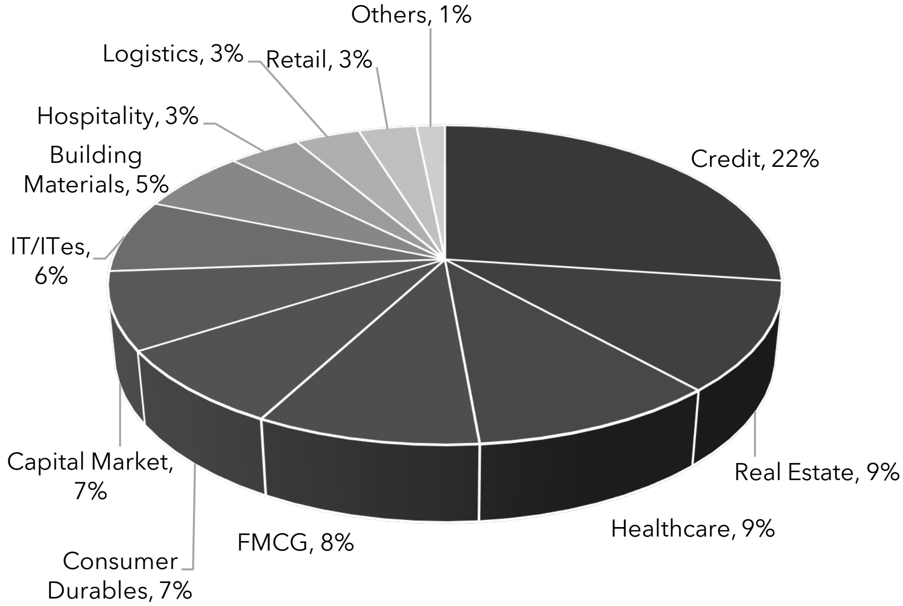
PORTFOLIO FACT SHEET: Q4-FY 2023

UNIFI UMBRELLA AIF - BCAD FUND

Background

The BCAD Fund (Scheme of Unifi Umbrella AIF) seeks to invest in invest in sectors that are witnessing structurally high growth rates driven by demographic led consumption and larger stream of disposable incomes. The fund continues to focus on large formal operators with competitive advantage and scale, consolidating their position across consumer durables, building materials, food & beverages, healthcare, hospitality etc. A review of the results from Q4 FY23 suggests that the respective sector leaders are well poised for market share gains in the post-pandemic world.

The sector wise composition of the BCAD Fund (Scheme of Unifi Umbrella AIF) is as below:



	Fund Details
Launch Date	1st August 2022
Scheme Corpus (As on 31st March 2023)	INR 2.2 bn
Firm AUM (As on 31st March 2023)	INR 149.7 bn
Investment Manager	Unifi Capital Private Limited
Minimum Investment	INR 10 million
Custodian	Axis Bank Limited
Auditors	M/s. Walker Chandiok & Co LLP
Lawyer	IC Universal Legal

The following annexure presents a brief on our top holdings:

Narayana Hrudayalaya	Narayana reported revenue growth of 29% YoY to Rs. 1,222cr, driven by both India and Cayman operations. India Business ARPOB continued to see an upward trend (21% YoY growth in Q4 ARPOB) due to change in the case mix, bed mix and improved productivity. The 3 new hospitals in India made a cumulative EBITDA Margin of 8.5% and the margin trend here is expected to further improve in the next few quarters. Cayman business also had a strong revenue growth of 20% YoY with EBITDA Margin being table. Consolidated EBITDA Margin came in at 22.6% in this quarter vs 18.6% in Q4FY22. Strong revenue growth coupled with margin expansion resulted in PAT of Rs. 174cr in this quarter vs Rs. 70cr in Q4FY22 (growth of 151%). The company has recently commissioned its Oncology block in Cayman, and this is the first full-fledged oncology department in Cayman. This will lead to higher revenue and improved profitability for the Cayman business. The company is also adding a 50-bed hospital in Cayman which would be operational by Q1FY25. On the domestic front, it is adding a green field hospital in Kolkata and debottlenecking Bangalore hospital. For Cayman and India, it would be incurring Rs. 1,100cr capex in FY24 and this would give the growth for the mid-term. Key risks include government policies in India and Cayman, margin contraction in the interim period of high capex.

State Bank of India	SBI's 4QFY23 results were better than expectation, largely due to higher treasury gains, higher miscellaneous income (should be recovery from write-off accounts) and lower credit cost. PAT came at Rs 16,695crs vs Rs 14,205crs in 3QFY23 and Rs 9,114crs in 4QFY22. Credit growth improved sequentially to 4.6% QoQ. SBI reported loan of 17% YoY which is higher than system loan growth of ~15% for FY23. Margins improved by 10bps QoQ to ~3.6% led by better spreads. Management endeavours to maintain margins at current level in near term despite some pressure from deposit rates as the bank has some excess liquidity and headroom for higher C-D (Credit-Deposit) ratio. However, we continue to build in some margin contraction in FY24 led by headwinds from higher cost of deposits. SBI's asset quality further improved with sequential moderation in GNPAs & NNPAs. SBI has been reporting one of the lowest gross & net slippages across the major banks over the past 6-7 quarters. The bank reported gross slippages of ~0.4% and net slippages of -0.1% for 4QFY23. SBI reported credit cost of ~40bps vs 77bps in 3QFY23. Key risks would include lower-than-expected loan growth, deterioration of asset quality leading to higher-than-expected credit costs and higher treasury losses.
Axis Bank	Axis Bank reported loss of Rs 5,728cr as the bank has written off entire goodwill from the Citi Acquisition. Excluding this one-time impact, the bank would have reported PAT of Rs. 6,761cr vs Rs. 5,853cr in Q3FY23 and Rs. 4,118cr in Q4FY22. Credit growth excluding Citi was strong at 7.5% QoQ / 15.8% YoY. Margins (excluding one-offs) improved by 1bps QoQ to ~4.2%. Management indicated that they have passed on entire improvement in repo rates, have not booked new business at the expense of yields and there may be some lag effect in yields compared to other banks. Cost to asset ratio remained elevated at ~2.4% (+7bps QoQ) as the bank remains committed to invest in focus business segments over the medium term. Asset quality continues to improve with moderation in GNPAs & NNPAs. The bank has now one of the lowest net NPAs across all major banks. The bank has been reporting normalised gross slippages of ~1.9-2% for the past 4 quarters. However, net slippages continue to be running below normalized levels led by higher recoveries. Credit cost came at merely 15bps vs 77bps in Q3FY23. Axis Bank carries unutilised provisions of ~60bps of loan book. The credit growth has been strong for the industry with market leaders growing at higher than industry rate in FY23. We expect industry credit growth to be strong in FY24 and Axis to benefit from the same. Key risks would include a deterioration in asset quality leading to higher-than-expected credit costs and lower-than-expected loan growth.
Redington India	Redington is a global distribution company with presence across 40 markets and covers the entire gamut of IT products, Smartphones, and offers service & solutions across Managed, Cloud, Logistics. The company partners with 290+ brands associations and services 43,000+ channel partners. Redington reported strong revenue growth of 26% YoY at Rs. 21,849cr. Gross margins were marginally higher sequentially at 5.8% vs 5.7% in last quarter. However, this was offset by higher opex leading to a lower EBITDA margin at 2.5% . The higher opex sequentially was on account of higher investments towards building capabilities in cloud/services space and towards forex losses. Working capital cycle has normalized at 36 days for FY23. Higher opex and higher tax resulted decrease in PAT to Rs.310cr YoY. The tax outgo was higher at 28%. From a capital allocation standpoint, the company's return ratio is healthy with ROCE being more than 25% and the company continues to pay out 40% of PAT as dividends which results into a dividend yield of c.4%.

	We like Redington given that they are amongst the top 2 ICT distributors across markets it operates in. The company's dominant positioning and financial muscle give it significant competitive advantage in a business that has high barriers to entry. Redington has created a strong services business - both on 3rd party logistics business and the high margin cloud business. These businesses as they continue to gather scale have the potential to be valued separately too. Redington' broad portfolio and relationships with vendors across segments allows for balanced growth and reduces vendor concentration. Redington has demonstrated robust risk management practises over the years that helps better manage credit, inventory and currency risks. Key risks would arise from high interest costs in a rising interest rate environment, slowdown/delays in the high margin enterprise business and lower than expected margins.
Crompton Consumer	Crompton Greaves Consumer reported a revenue growth of 4% YoY to Rs.1,604cr, on account of the performance of ECD division, which grew at 8% YoY. This was offset by the weakness in the lighting segment, which de-grew 12% YoY. Gross margins were up 80 bps YoY to 30.7% on account of premiumisation and material cost cutting. However, EBITDA margins were down 250 bps YoY as the company spent more on advertising to gain market share. As a result, EBITDA fell 14% YoY to Rs.197cr. Overall, PAT came at Rs.132cr vs Rs.176cr YoY [down 25%]. The potential recovery in the lighting segment and ramp-up of the appliance's portfolio post the acquisition of Butterfly, provide good visibility for earnings growth going forward. Crompton is amongst India's most profitable players in the consumer durables space with best-in-class margins, and capital efficiency. We continue to like the company given their execution and expect them to benefit from this phase of consolidation and growth in household spending on durables. Key risks to the investment could emanate from a drop in consumer sentiment, and steep inflation in raw materials.
Oberoi Realty	The residential real estate market is divided into 3 segments: a) Affordable Housing (Real estate players make 10-15% EBITDA Margin); Mid segment (20-25% margin); Premium (>40% margin) Oberoi is present only in the premium segment and makes 40-50% EBITDA Margin (highest in the industry). Till now the company is present only in the MMR region and has key projects in Goregaon, Mulund, Borivali and Worli. Oberoi reported areas sales of Rs. 673cr in this quarter i.e., a decline of 6.7% QoQ and 26% YoY. The area sales for this quarter and FY23 were impacted due to no new launches in the second half. The company didn't have any new launches in H2FY23, and this impacted the sales numbers. For the full year (FY23), the company registered sales of Rs. 3,200cr i.e., a decline of 17% compared to FY22. The company has land parcel in Thane to develop 15 mnsqft and this is expected to be launched in phases starting from FY24. The company will also be launching additional towers in Goregaon and Borivali in FY24. Given the launch momentum and strong industry demand, we expect the company to register higher sales this year. The success of Thane would provide the company with multi-year growth opportunity as it has huge land parcels. The P&L for real estate companies is a lag effect as revenue has to be recognised only after handing over the property to customer. Accordingly, the company reported revenue of Rs. 4,193cr and PAT of Rs. 1,905cr for FY23. Key risks: Delayed projects launches, slowdown in the demand.
Embassy REIT	In Q4FY23, Embassy announced a distribution of Rs 5.6/unit and the total dividend for the year is Rs. 21.7/unit. The company achieved its annual leasing guidance for FY23, leasing a total of 5.0 million square feet (Mn. sqft) of office space. The company also achieved rental escalations on the entire 8.2 Mn. sqft of space that were due for escalations. In FY2024, the company has another 6.7 Mn sq.ft of space coming up for contractual rent escalation of 14%.

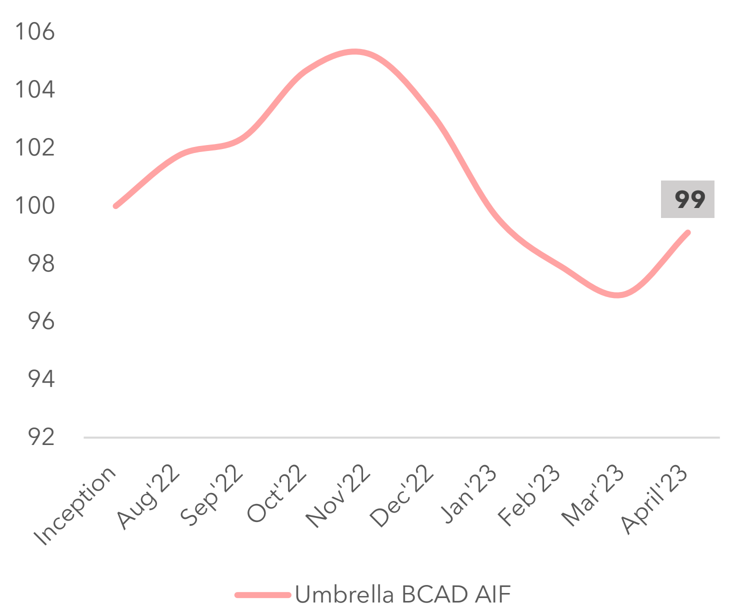
	The portfolio occupancy remained largely flat during the quarter. The management will continue to focus on small to mid-sized leasing deals ranging between 30,000 - 70,000 square feet. They expect larger-sized deals to gain traction in the second half of FY24. The lack of clarity on partial de-notification of SEZ office space / passage of DESH bill remains a key concern for leasing. However, the management expects an amendment to the existing SEZ regulations that will allow floor by floor de-notification of office space to be passed within the next 6 months. The non-SEZ occupancy stands at a healthy 93% on a same-store basis. The hospitality segment is expected to gain traction in FY24 and would further contribute to net operating income. Embassy has 7.9 Mn.sqft of office properties under development, with 91% of the properties located in Bengaluru. The net debt to gross asset value stands comfortably at 28% Key Risks - potential slowdown in commercial leasing in key office markets like Bengaluru, a delay in passing the DESH bill or amendment of existing SEZ regulations allowing floor by floor denotification and reduced off-shoring of work to India by global corporates.
RBL Bank	RBL Bank reported PAT of Rs. 271cr vs Rs. 209cr in Q3 FY23 and Rs. 198cr in Q4 FY22. Loan growth was strong at 5.3% QoQ / 17% YoY led by growth across business verticals. RBL will continue to focus on microfinance & credit cards in the short-term and secured retail book around housing and vehicle finance over medium term. Margins improved by 26bps QoQ to ~5.0% largely due to passing on of repo rate hike and utilisation of liquidity. Going ahead management's endeavour is to maintain margins at around current levels as increase in costs of deposit should largely be taken care by improvement in loan mix, reduced excess liquidity and benefit of lagged loan repricing. Although there is stills scope to improve the margins marginally. Cost ratios increased sequentially as the bank is incurring expenses towards costs related to launch of new products, technology upgradation and branch expansion. Cost to Income will gradually decline as above expenses moderate and new products gain some scale. RBL reported further improvement in asset quality led by sequential moderation in GNPAs & NNPAs. Gross slippages increased slightly to 4.1% vs 3.9% in 3QFY23, although moderated to 1.8% vs 2.4% in 3QFY23. Credit cost came at 1.4% vs 1.8% in 3QFY23 and is currently running lower than normalised rate of ~2% due to higher recoveries. The bank is expected to witness higher recoveries over the next couple of quarters which will keep credit cost below normalised levels. Key risks would include deterioration of asset quality leading to higher-than-expected credit costs, higher treasury losses, and lower-than-expected loan growth.
Cera Sanitaryware	Cera reported 21% revenue growth to Rs.533cr, led by 19%, 28% & 21% YoY growth in sanitaryware, faucet ware and tiles segments respectively. Company has performed better than the industry completely led by volume growth and market share gains. Gross margins were stable at 53.4% YoY. The contribution of newly launched premium products has improved to 40% of sales compared to 25% in the previous year. EBITDA margins were down 290 bps YoY due to higher advertisement spends, resulting in EBITDA growth of 3% YoY. Overall, PAT came at Rs.67cr in Q4 compared to Rs.58cr in the previous year. [up 16% YoY / 18% QoQ]. Cera is a proxy to play the uptick in residential sales in the country. While Cera is India's #2 player in the market, they have grown at 1.5x industry rate led by market reach initiatives, product innovation and premiumization. Over the dull realty cycle, Cera has shown strong discipline in pricing and with a cash rich balance sheet [58% of its Net Worth in Cash] and is

	now embarking on a due capacity expansion program, providing levers to grow ahead of the industry. Key Risks: Energy Inflation and slowdown in real estate sales.
Godrej Consumer	Godrej Consumer reported revenue growth of 10% YoY to Rs. 3,200cr. India business has done well with 12% YoY revenue growth and Indonesia business has seen a turnaround with 8% YoY growth. Africa business growth has been weak in this quarter at 7% YoY revenue growth, and this is due to elections impact in Nigeria. Consolidated gross margin improved sharply to 52.9% vs 51.1% in last quarter as the key raw material prices corrected (palm oil and crude). Company has used part of gross margin benefits in higher A&P spends and accordingly reported EBITDA margin of 20% in this quarter. The company registered PAT growth of 24% YoY to Rs. 473cr in this quarter vs Rs. 383cr in Q4FY22. Godrej Consumer always had great brands (Good Knight, Cinthol, Godrej No.1, Hit, Godrej Expert and Aer) but the execution was weak in the last few years as management focused more on international business. The company appointed Sudhir Sitapati as new CEO in 2021 and he comes with rich experience in HUL. The new CEO has been working on various initiatives like filling the gaps in the product portfolio, cutting down unnecessary SKUs, cost efficiencies etc and this is playing out now and we expect the turnaround in the business to continue. Key risks include a steep increase in raw material prices, demand slowdown and any changes in the senior management.
Kewal Kiran Clothing	Kewal Kiran delivered revenue growth of 18% YoY to Rs.200cr, aided by strong sales of the topwear category. The company delivered well across the retail and MBO channel, with 40% & 7% YoY growth respectively. They added 15 new stores in the quarter and are on track to double its store count to 700 stores in the next three years. EBITDA margins improved to 19% compared to 18% YoY, on account of operating leverage. As a result, EBIDTA was up by 21% YoY to Rs.39cr. Overall, PAT was up by 27% YoY to Rs.32cr. We like the business as it stands out in the retail spectrum, with control over manufacturing and branding, enabling them to keep most of the margins at their end. In the last decade, they have followed financial prudence and capital allocation discipline and returned 75% of earnings to shareholders. We believe that the rise in household incomes will keep up the demand for discretionary clothing allowing the branded players to grow higher and gain market share. Key Risks: Competitive Intensity from MNC brands and private labels of large format stores.
Radiant Cash Management	Radiant Cash Management Services Ltd is an integrated cash logistics player in a consolidating industry. The company has a Pan India presence with strong network in Tier 2 and Tier 3+ locations. Radiant has a diversified client base with long standing relationships. Radiant got listed on 4 Jan 2023. For Q4 FY23, revenues/EBITDA/PAT grew 15%/20%/42% YoY at Rs. 90cr, Rs. 21cr and Rs. 16cr respectively. c.69% of revenues are from Cash Pickup & Delivery, where Radiant has 40% market share in retail cash management. The typical customers here are banks, and the company gets paid per visit per outlet per month. The company has ~55000 touch points today and is adding 1000-1100 points per month which is primarily driving growth. c.20% of revenues are from network cash management. This is a premium service provided by Radiant where it deposits the funds collected on behalf of customers in its own bank account and then transfers them to the clients electronically. Radiant also has c.6% revenues from cash vans. The company is adding van capacity that will aid growth. There is a short-term tailwind

	from the withdrawal of the Rs.2000 currency that can benefit aid revenues for Radiant until 30 September 2023. The company continues to grow revenues between 15-20%. PAT growth is a function of operating leverage. Its capital efficiency is high with ROCE in excess of 30% and ROE in excess of 25%. Radiant paid out 52% of profits out as dividend and offers a 3% dividend yield. The key risks can arise from rapid digitsation of retail transactions, any client loss, and any adverse change in bank-partnership terms.
360 One Wealth	IIFL Wealth is rebranded as 360 One. 360 One is amongst the largest wealth managers in India with an AUM of 2.74 lakh crores (Excluding custody assets). Revenue/EBITDA/PAT are Rs.393cr/Rs.207cr/Rs.155cr respectively in Q4 FY23. MTM losses and lower other income impacted pat. The recurring assets AUM is 1.67 lakh crs, up 16% YoY and flat QoQ. Recurring revenues are steady at 68% of revenues. Recurring revenues are Rs 266 crs for the quarter, down by 4% QoQ. Recurring assets comprise the asset management AUM of 0.58 lakh crs and wealth AUM of 1.08 lakh crores. Asset management grew 5% in FY23 and yields were broadly stable at 0.80% for FY23 vs 0.78% for FY22. Asset management's comprises AIF, PMS & MF assets. Wealth Management grew 28% in FY23, and yields were broadly stable at 0.54% for FY23 vs 0.53% for FY22. Wealth comprises IIFL one- and third-party distribution assets like MF, PMS, AIFs. The key monitorable is the net new inflows at c.6,000crs for 4QFY23. This is despite a relatively weak environment. FY 23 net new flows are c.24,200crs – c.18,700crs in wealth and c.5,400crs in asset management. Over the past 3 years, the company transitioned revenue and costs from an upfront to a trail earning distribution model. The cost to income was 45% for FY23 vs 52-54% earlier as the employee variable expenses are linked to recurring revenues. This alignment will aid margins. We like the business given the sector tailwinds as HNI Wealth is expected to grow faster than the industry and the shift of assets from physical to digital. 360One has an industry leading business model, demonstrated executional capabilities and a strong leadership and management team. The stock has a c.25% ROE and offers a c.3% dividend yield. Key risks would include slowdown in net new inflows and any employee/client attrition.
KFin Technologies	KFin is a registrar and transfer agent (RTA); a service provider to the asset management industry (MFs & AIFs). KFin services 26 of the 42 AMCs with Rs.12.8 trillion avg AUM. KFin's overall average AUM market share is at 31.6%. KFin has a 49% market share in the issuer solutions market where it caters to 5350+ corporate clients. KFin also offers transfer agency and fund accounting solutions for the AIF, PMS players and other international clients. KFin got listed on 29 Dec 2022. For Q4FY23, revenues/EBITDA/PAT grew 1%/0%/12% YoY at Rs.183cr, 84cr and 57cr respectively. EBITDA margins are at 46% vs 43% sequentially. The debt repayment resulted in reduction of interest cost YoY leading to PAT growth. Domestic MF revenues dipped on account of lower yields which stood at 0.039% vs 0.040% in Q3FY23 and 0.041% in 4Q22 due to the asset mix. The revenue growth was lead by the issuer solutions and international business. The international business grew 13% YoY. This was led by client additions and clients going live. KFin has a presence in South East Asia. The issuer solutions business grew 14% YoY. The company added corporate clients during the quarter. The market share in issuer solutions for NSE 500 companies stood at 47% in 4Q FY23. The domestic MF business de-grew 3% sequentially and contributes to 68% of overall revenues. We like the business given the favourable industry structure of a duopoly, low asset intensity and capital efficiency. The overall average AUM in domestic mutual funds continued to grow

	faster than the industry, aided by contribution from new clients & faster growth in existing clients' portfolio. KFin' presence in international geographies offers a meaningful opportunity given the first mover advantage. Key risks would include any event risks from merger of any mutual funds leading to consolidation and change in regulatory landscape that may result in pressure on yields.
CCL Products	CCL Products consolidated revenue increased 38.2% YoY to Rs.520cr., driven by higher volume growth (over 20%) and realizations. Gross margins improved by 87bps YoY to 52.1%, impacted by lower material cost. EBITDA grew by 34.2% YoY to Rs.110cr., while EBITDA margins contracted 66bps YoY to 21.7%, impacted by lower margins in the standalone business. Consolidated PAT rose 61.8% YoY to Rs.85cr on the back of operating leverage in the business. Their domestic retail business grew by 25% to Rs.250cr in FY 23 (65% branded) and the company is targeting 30-35% growth in this business over next few years. CCL's new Spray Dried (SD) facility in Vietnam (16,500 MT) has commenced operations and is expected to operate at 50% utilization in FY24, leading to volume growth from the geography. While their green-field facility in India (16,000 MT) is expected to be operational by Q1/Q2 of FY25E, providing room for the growth for the next few years. The company is also setting up $50mn new Freeze Dried (FD) capacity in Vietnam (6,000 MT), which is expected to go on stream by Q3/Q4 of FY25E. Over all, there is visibility of CCL Product's sustained growth over the next few years led by robust demand for instant coffee the world over and their initiatives to double capacities in 2-3 years time. With increasing share of value added businesses, higher contribution from Vietnam and FD capacity in India fully booked till FY24, their over all margin trajectory should also improve. Key risks would be global supply chain constraints and volatility in green coffee prices.

Investment Strategy [as of 30th April 2023]



KEY PORTFOLIO METRICS

It is important to note that each investment in the fund has been made on its own merit and the portfolio characteristics are merely a by-product of the process. In sync with Unifi's philosophy, the aggregate portfolio has low leverage, demonstrates potential for strong earning's growth, and has reasonable valuations.

Valuation Parameters* (As on 29th May 2023)	FY2023	FY2024E
P/E Ratio	26.5	20.8
Earnings Growth	22.7%	30.6%
Debt Equity Ratio	0.1	0.1
ROE %	19.3%	19.9%
PE/ Growth Ratio	0.7x	

*Adjusted for one-off to make figures representative.

We are continually monitoring the environment for any opportunities that have potential to materially improve the portfolio composition. We will be writing to you again post the 1st quarter results.

In closing, we encourage you to write to us, or your relationship manager, for a detailed review of the portfolio and understanding of our proposition in greater granularity.

ANNEXURES

Financial Details of Top Portfolio Companies

	Market Cap (Rs. cr)	PBT (Rs.cr)		YoY (%)	PAT (Rs. Cr)		P/E	ROE	Portfolio Weight
Company	**29th May 2023**	**Q4 FY22**	**Q4 FY23**		**FY 23**	**FY 24E**	**FY 24E**	**FY 24E**	**29th May 2023**
Narayana Hrudayalaya	17,428	119	214	80%	591	676	25.8	27%	8.5%
State Bank of India	531,106	9,114	16,695	83%	47,419	55,707	9.5	18%	8.1%
Axis Bank	286,085	4,118	-5,728	-	9,580	24,372	11.7	18%	8.0%
Redington	13,627	444	455	2%	1,392	1,480	9.2	22%	6.1%
CG Consumer	17,610	213	170	-20%	476	511	34.5	19%	5.4%
Oberoi Realty	33,744	331	391	18%	1,903	1,856	18.2	14%	4.7%
RBL Bank	9,225	257	359	40%	883	1,199	7.7	9%	4.2%
Cera Sanitary	9,807	75	84	12%	215	256	38.2	20%	3.4%
Radiant Cash	992	15	21	40%	68	96	10.3	28%	2.7%
Godrej Consumer	107,384	384	556	45%	1,756	2,199	48.8	15%	2.7%
Kewal Kiran	3,110	33	42	27%	119	137	22.6	24%	2.7%
KFin Technologies	5,551	72	76	6%	196	235	23.7	23%	2.6%
360 ONE Wealth	14,971	214	200	-7%	669	752	19.9	23%	2.7%
CCL Products	8,261	68	95	40%	252	310	26.6	22%	2.4%

CLASSIFICATION OF MARKET CAP

Segment	Basis	%
Large Cap	> Rs. 46,500cr	21.9%
Mid Cap	> Rs. 16,500 cr < Rs. 46,500 cr	24.5%
Small Cap	< Rs. 16,500 cr	36.5%
Cash		17.1%
Total		100%

LIQUIDITY ANALYSIS

Segment	% of portfolio
1 day	20.9%
Between 1 & 3 days	17.3%
Between 3 & 7 days	16.4%
Greater than 7 days	28.3%
Total	82.3%

RISK MANAGEMENT

While the environment is buoyant for India in the longer term, in the shorter to medium term, the aftereffects of unforeseen economic linkages from a recessionary West may be a risk. While India remains a largely domestic consumption-oriented economy, a rapid worsening of the economies in the West may affect their balance of trade with the World [including India] in the immediate to medium term. India's Current Account Deficit and foreign exchange reserves may be under pressure if energy prices remain elevated and rise. The recent softening of energy and commodity prices will assist India's macroeconomic case, but there remains the prospect of second or third-order impact from global macroeconomic and geo-political shocks.

Risk	Level	Mitigants
Concentration Risk	Fund	At the portfolio level, such risks are minimized by limiting the aggregate exposure of the portfolio to such investments to less than 10% of the value at the time of investment.
Foreign Exchange Risk	Fund	Fund has invested in only Indian Listed companies and hence the fund's investments do not face any foreign exchange risk at the Fund level.
Leverage Risk	Investee Company/Fund	Fund has not taken any leverage at the Fund level. Except for financial companies, most of the investee companies in the strategies carry nil to moderate debt on their balance sheets with a track record of having managed leverage well in the past. Their leverage is monitored regularly.
Realization Risk	Investee Company/Fund	High Impact cost, due to thin trading at the time of buying or selling is endemic to small & mid-caps. We plan our investment decisions, the size of the investment and trading strategies to minimize the realization risk.
Strategy Risk	Investee Company	Investments are evaluated from a bottom-up and top-down perspective. The fund investments align with the segments of the economy that are emerging and companies that have characteristics which make them the dominant participants in their industry. The investments are assessed through a detailed financial model that captures historical performance and forward estimates based on publicly disclosed documents. The investment team rigorously undertakes quarterly diligence for any change in the investment thesis.
Reputation Risk	Investee Company	Company selection starts with rigorous fundamental analysis and a historical performance review supported by a detailed financial model constructed internally. We have an internally designed governance framework vetted over many years. This governance framework helps us in evaluating companies that meet our internal guidelines. We evaluate the investee companies both at an absolute and relative level. Periodic maintenance diligence of management/ financials is been done for Investee companies.
Extra Financial Risk	Investee Company/Fund	We avoid investing in companies with a known history of corporate governance issues. If such an issue arises in an existing investment, we stop additional purchases and start optimally exiting the investment. Our governance framework helps us in identifying any lapses in corporate governance. We actively monitor all publicly disclosed documents regarding ESG [Environmental, social, and corporate governance]. Any reported misconduct is evaluated by the investment committee for further action.
Geopolitical risks	Investee Company	Geopolitical tensions globally can disrupt the supply chain in the region. This might have a non-linear impact on business.

Raw material inflation	Investee Company	India continues to be dependent on the supply of feedstock whose pricing is global in nature. Key categories would be crude, metals, minerals, and natural commodities. Sharp movement in their underlying prices will have a short-term financial impact on the companies. The situation in China [political] has the potential to disrupt the supply chain of a few of our investee companies.
Key Man Risk	Investee Company	Small and mid-caps are frequently managed by a key promoter/person on whom the business is completely reliant and without whom the business would be materially inferior. We generally avoid such names and in cases where we make any exceptions, the aggregate exposure of the portfolio to such investments is limited to less than 10% by value.