

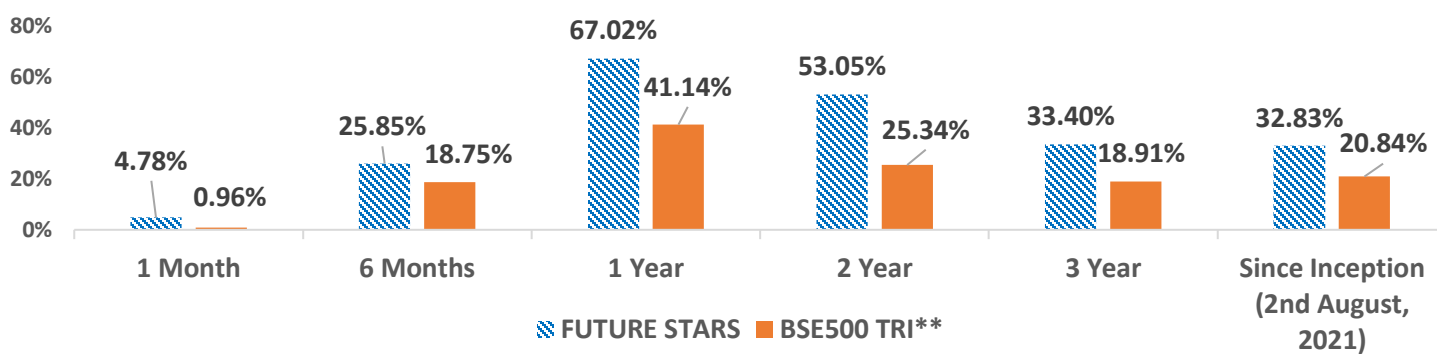
## Reflections Post The Third Anniversary of Our PMS

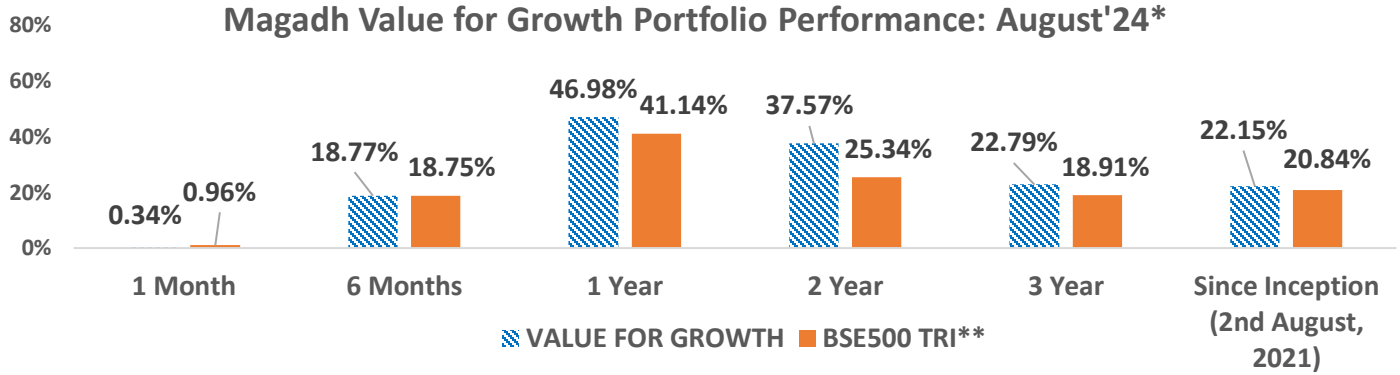
Last month we completed 3 years of Magadh Capital PMS (Portfolio Management Services). The performance has been fairly pleasing. The two investment approaches, “Future Stars” and “Value for Growth”, have delivered returns of 67.02%/53.05%/33.4%/32.83 and 46.98%/37.57%/22.79%/22.15% over 1 year/2 years/3 years/ since inception - as on 31st August 2024. Indeed we are more satisfied that we have managed to stick to our investing framework despite temptations to deviate. That our solid performance has come without taking undue risks is quite gratifying.

### Summary of our investment philosophy and process that we intend to continue with

- **Simplicity** – Our investing framework is based on the conventional, old-school method - of fundamental research, diligence, and behavioral finance. We do not have a black box or some complicated equation that throws up the right stocks for us. Delivering above-market returns across cycles is difficult even though the process can be simplified, we believe.
- We do not experiment with our framework and instead repeat the same investing process again and again even while attempting to eke out incremental improvements where possible. Our process may not be flashy- but it works. We run it with deep work, extensive reading, thinking, and common sense
- **Obsessive focus on fair value estimation** by rigorous fundamental research when considering a stock. News items, company announcements, stories, industry developments - to us these are relevant only if they matter for the fair value. We follow macroeconomics, geopolitics, infrastructure development, poverty alleviation etc quite keenly even if these find little direct application in our investing process.
- **Avoiding the urge for quick money** – we follow an active style of portfolio management but consider only stocks that offer a sizeable gap between fair value and stock price.
- In our process we generally develop strong views held loosely. Deep and rigorous work helps us develop conviction in our calls while appreciation of uncertainty associated with future allows us flexibility.
- **Keeping an eye on what can go wrong**, the probability of going wrong, and possible losses in case of mistakes. We prefer to forecast in ranges rather than as points.
- **Embracing uncertainty** - Appreciation that the future is uncertain, and willingness to accept volatility.
- **Avoiding prediction** where not required and where it is difficult to do
- **Patience, discipline and long-term investing horizon** are some of the key behavioral tools that we use
- **Proper diversification** aided by our proprietary FACTS box process of portfolio construction.

### Magadh Future Stars Portfolio Performance: August'24\*





*\*Data is for the period Aug 02, 2021 till August 31, 2024. Performance is as TWRR - Time Weighted Rate of Return. Data for more than one year has been annualized. Past performance is no guarantee of future returns. Performance data provided here is not verified by SEBI. \*\*TRI - Total Return Index. All the figures shown are after deducting fees and expenses.*

**Date: 10<sup>th</sup> September 2024**

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Investment Approaches	Future Stars (Mid cap and Small Cap) Value For Growth (Multi Cap)
Investment Approach Launch	August 2021
Custodian and Fund Accountant	Kotak Mahindra Bank
Minimum Investment	Rs. 50,00,000/-

Investor may invest with us directly. To invest in any of our PMS investment approaches directly or for any additional details / clarification, please write to us at [investor.info@magadhcapital.com](mailto:investor.info@magadhcapital.com)