

Marcellus MeritorQ

May, 2023



This circulation is NOT intended for US Clients

Some timeless principles for successful investing



Buy Good Companies

- *High return on capital*
- *Solid financial condition*
- *Clean accounts*

At prices below intrinsic value

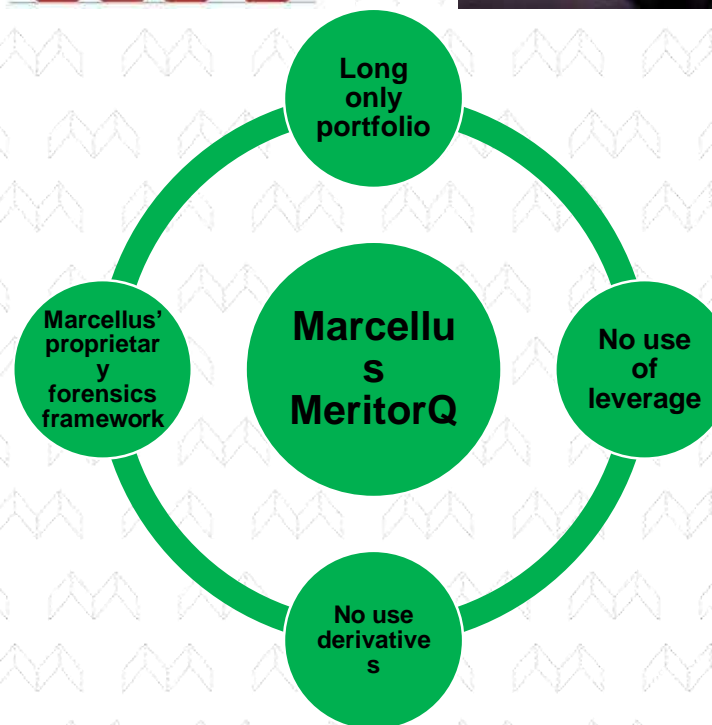
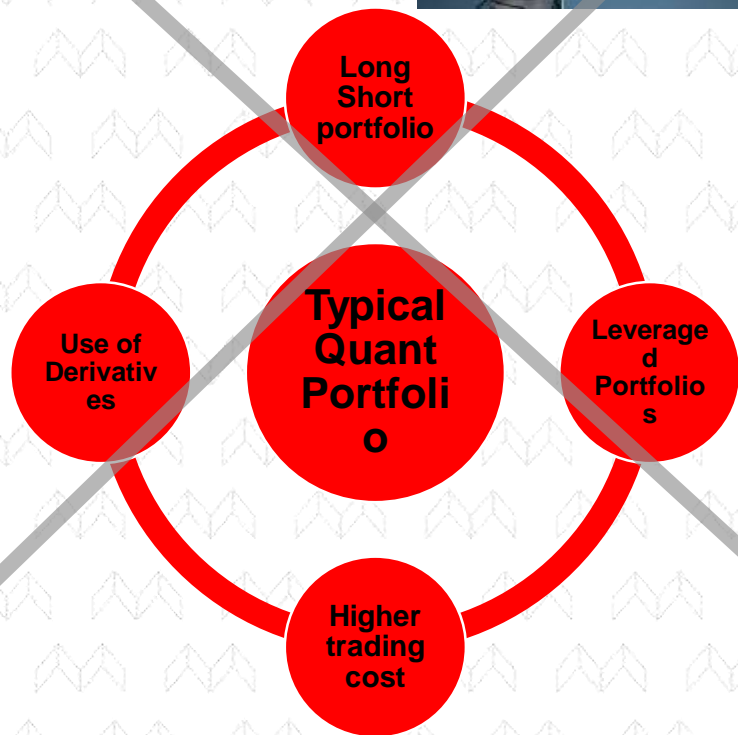
- *Discount to intrinsic value compared to rest of the market*
- *Intrinsic value based on free cash flow*

Mitigate human biases

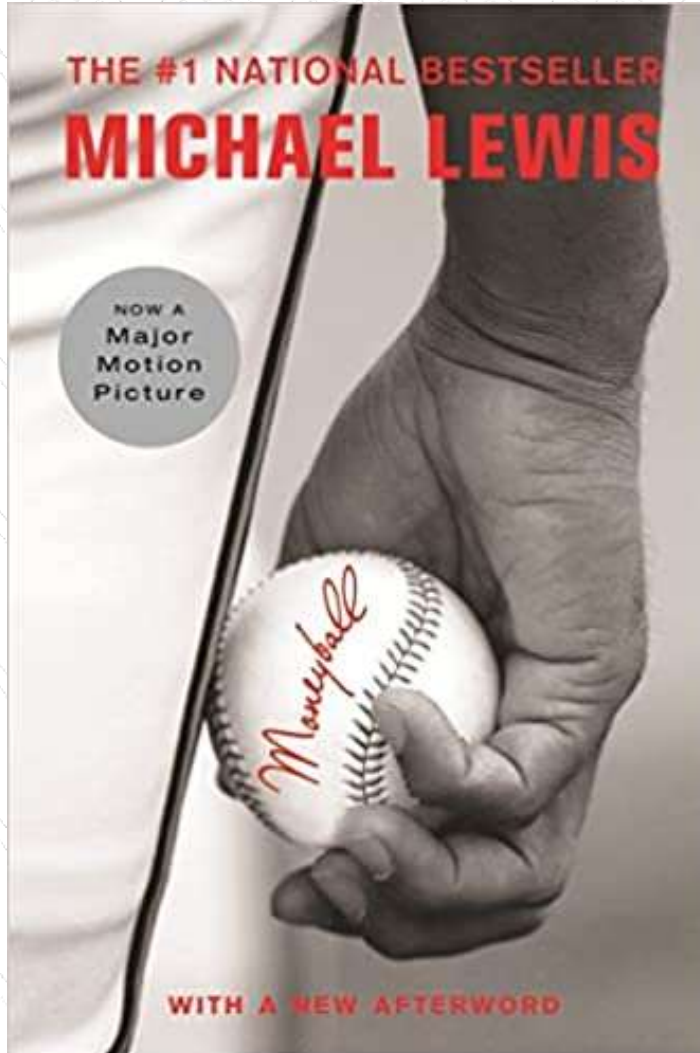
- *Avoid behavioural biases*
- *Process over discretion**

**Except where Marcellus has concerns over governance issues in selected stocks.*

MeritorQ sticks to good investing principles



Michael Lewis' bestseller contains lessons for investors



Moneyball approach in baseball

Data and statistics to select players instead of scouts; avoid subjectivity

Select players who are relatively under priced versus their skill

Focus on building team of players who can win matches instead of team of superstars

Not afraid to exchange players if better fit is available

Marcellus MeritorQ

Rules based portfolio construction basis company fundamentals

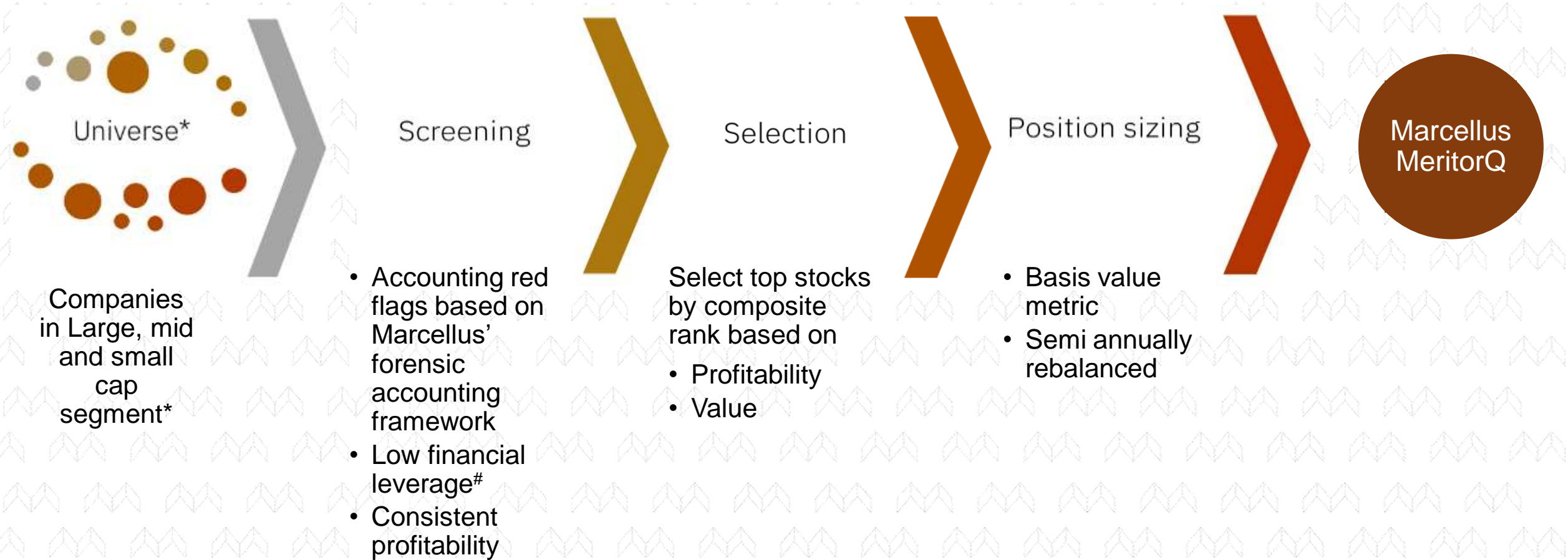
Select quality companies which are relatively undervalued versus rest of the market

Focus on portfolio which delivers better risk adjusted returns instead of individual stocks

Refresh portfolio semi-annually to include undervalued companies

Source: Moneyball by Michael Lewis
Copyrights of above book is exclusively reserved with Author/Publisher of the above book.

Marcellus' forensic framework combined with rules based approach

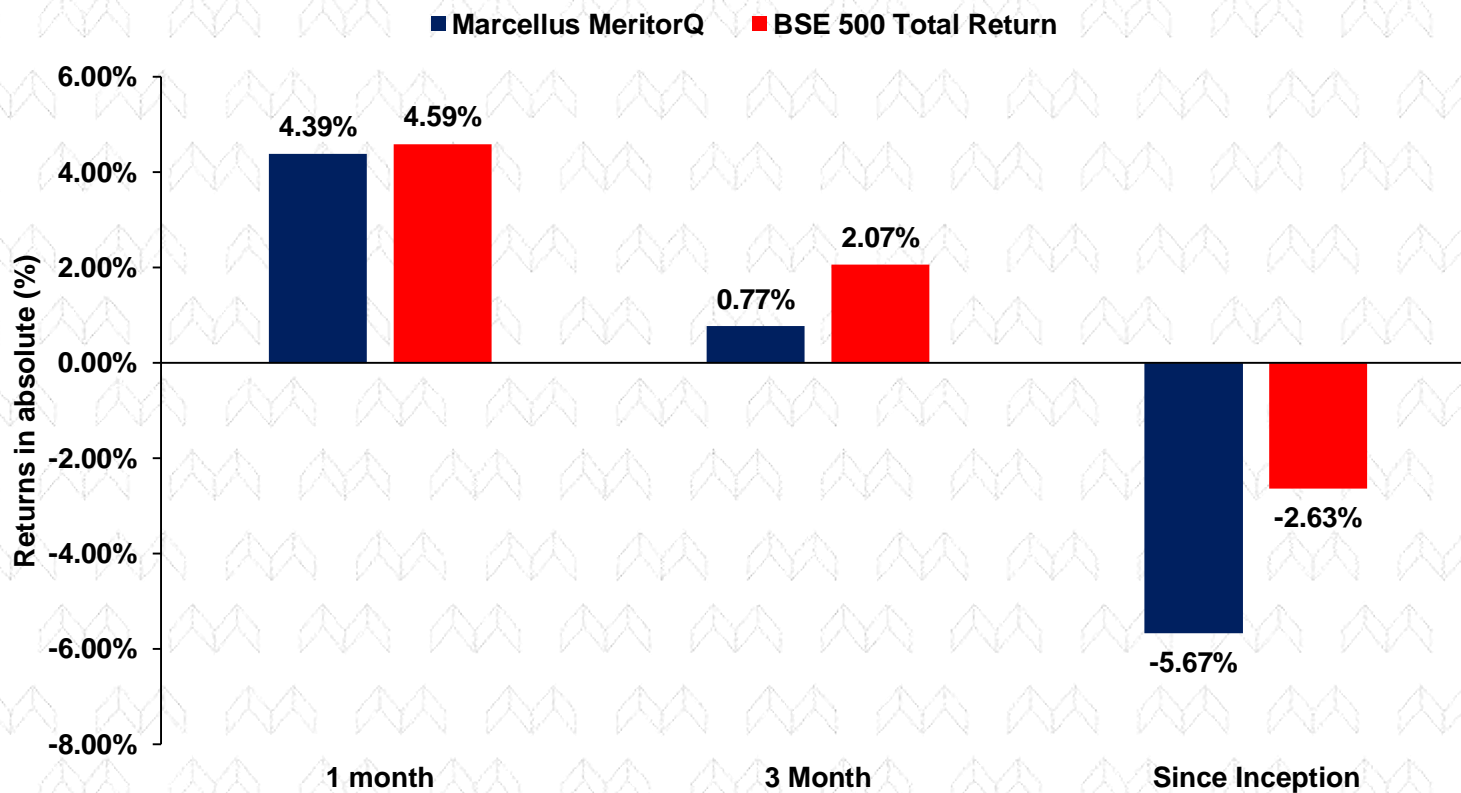


Source: Marcellus Investment Managers.

*Life insurance companies not considered

#For debt-equity screening - Financials (Lenders & Non-lenders are considered separately)

MeritorQ PMS Live performance vs. BSE 500 total return index (till 30th April 2023)



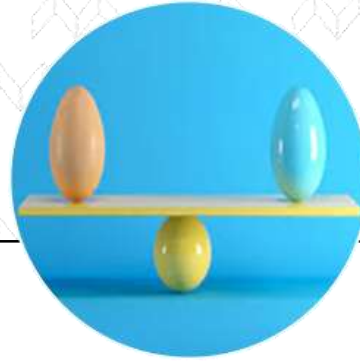
Source: Marcellus Investment Managers. Note: (i) Portfolio inception date is November 15, 2022. (ii) Returns as of April 30, 2023. (iii) Performance data is net of fixed fees and expenses charged on a quarterly basis, the effect of the same has been incorporated up to March 31, 2023. Performance data is not verified either by Securities and Exchange Board of India or U.S. Securities and Exchange Commission. (iv) Total returns index considered for BSE500 above.

Closing thoughts



Diversification

- Diversified exposure to uncorrelated factors like value and quality
- Possibility to capture performance from smaller companies. No market cap bias



Periodic Rebalancing

- Semi annual portfolio rebalancing and review according to rules
- Ensures portfolio is aligned to investment objectives
- Balance between portfolio churn and picking up undervalued stocks regularly



Rules based

- Method and portfolio construction tested across ~16 years of history
- Investment process over discretion*
- No portfolio manager risk
- Final portfolio and rules are actively monitored to ensure alignment with investment objectives

**Except where Marcellus has concerns over governance issues in selected stocks.*

Fee Structure



Fixed Fee: 2.0% p.a.

Minimum investment: INR 50 lacs

- We also have an STP (Systematic Transfer Plan) plan using which clients can stagger their investment in tranches spread over 5 months :- <https://marcellus.helpscoutdocs.com/article/96-stp>
- Existing Investors have the option to save and invest regularly in Marcellus Funds through Systematic Investment Plan (SIP) :- <https://marcellus.helpscoutdocs.com/article/100-systematic-investment-plansipfaqs>

Fund Management Team



Omkar Sawant, CA

Omkar is the Fund Manager of Marcellus' MeritorQ PMS. Prior to joining Marcellus, he worked with a CA firm in statutory audit departments from 2017 to 2020 gaining extensive experience across Indian accounting standards, financial statement analysis & taxation. He is a BCom graduate from Mumbai University. He is a qualified Chartered Accountant (ICAI India).



Krishnan V R, CFA

Krishnan has roughly 10 years of experience spanning both equity and fixed income research. Before Marcellus, he was involved with the New Indexes Development team at Morningstar where he used to create quantitative rules-based equity and multi-asset investment products. Prior to Morningstar, he was an equity analyst with D.E. Shaw & Co. and a credit analyst at Goldman Sachs Asset Management (GSAM) EM Corporate Debt Team. Krishnan has a Masters in Financial Engineering from Worldquant University and a PGDM from IIM, Kozhikode.



 **MARCELLUS**

Thank You!

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Disclosures



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