MAS Wealth

Portfolio Management Schemes from Moneylife Advisory Services

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Investment Objective:

To be the best in class (top 10 percentile) under each of the following parameters:

- Returns
- Drawdown
- Portfolio volatility
- Portfolio churn

Investment Philosophy

- Stock returns are a function of corporate earnings and market prices but no one has any control over either.
- As for corporate earnings, as outside investors, we can never know enough.
- Almost all investment research and strategy picks stocks from “themes”, “stories”, “megatrends” and “moats”.
- But narratives may not be correlated to future stock returns.
- We respect market prices, and we lack the confidence of others to ignore what the market price is trying to tell us.
- While investors are told to be positive, we believe that scepticism is a virtue.

Investment Philosophy

- We apply the classical “scientific method” to investing: observation, hypothesis, measurement, and modification of hypotheses.
- Our investment philosophy is to go straight to the factors that directly determine returns at all times.
- This involves using an algorithm for screening and identification
- We believe data does not lie. Anything else is subjective, distracting and even misleading.

Investment Strategy

- Analyse past value creators of different periods and identify common features
- Identify similar quality stocks today.
- Analyse these stocks to decide on the robustness of the business model and management quality.
- Check whether valuation is low.
- Check for governance and management quality.
- Time the entry and exit.
- If we cannot find stocks that meet our criteria, remain substantially in cash
- Hedge the portfolio against sharp declines

Skin In The Game

- MAS would itself invest in every new stock added to the PMS schemes, after the mandatory cooling period.
- A substantial or the entire portfolio of MAS directors, shareholders and employees would be in our PMS schemes.

Offerings

Growth:

- Investments in a mix of small and large high growth stocks
- Ideal for those who have at least 7 years of investing ahead, typically between 30-55.

Prime:

- Investments in high quality stocks, with a focus on preserving capital.
- Ideal for families, businesses and professionals looking to invest surplus cash or those keen on wealth preservation along with appreciation

Suggested Investment Horizon: 5-7 Years +

Operations & Reporting

Operations

- Investments managed on individual basis
- Third party custodian for funds and securities

Reporting

- Monthly performance statement
- Transaction, holding & corporate action reports
- Annual CA certified statement of account
- Valuation: Closing NSE prices of the previous day
- Web access for portfolio tracking

Fees

- Management fee: 1% asset under management
- Performance fee: 20% above the hurdle rate of 10%
- High-water Mark (HWM) principle: Applicable. For a clear understanding of HWM, please see http://advisor.moneylife.in/pms/HighWaterMark.html

Custody Model

- PMS under Rs500 crores are not required to have a custodian.
- However, as per best practices, we will have a custodian and independent fund accounting.
- Custodian safeguards your assets from all systemic risks.
- Custodian directly controls the funds / securities, under a fiduciary capacity only. Brokers, DPs, Banks, Advisors, Fund Managers – none of them can access your assets.

Custody Model

- Custodian will ensure reconciliations of accounts across DP / Bank / Brokerage Payable to brokers / Advisory fee payable.
- Custodian will track, report, realise, reconcile corporate actions such as dividends on your assets.
- Custodian will support on any voluntary corporation actions e.g. right issue, buy-back etc.
- Custodian will handle all funds / securities directly with the exchange.

Next Steps

1. Ask for the account opening pack.
2. Go through the documents in detail and sign at all marked places.
3. Send us the signed documents back along with signed copies of PAN, address proof and passport size photographs.
4. We will open the account within a week or so.
5. Send us funds or transfer the stocks.
6. We start managing your portfolio.