

Under 'PMS Platform' of 'Invesco Asset Management'

"The darkest hour of midnight comes just before dawn"
- Paul Coelho

Invesco Asset Management (India) has an average asset base of over **INR 32,783.09 crores¹** across mutual funds, portfolio management services (PMS) and offshore advisory mandates. We offer expertise across equity, fixed income and gold investments with the aim of serving the investment needs of domestic and global investors (individuals, corporates and institutions). This includes a broad range of best-in-class investment products across asset classes, regions and risk spectrum, coupled with high standards of customer service.

Invesco Limited is one of the world's largest leading independent global investment management firms

- US\$858.3 billion in assets under management around the globe.
- Specialized investment teams managing investments across a wide range of asset classes and investment styles.
- Nearly 7,000 employees worldwide.
- On-the-ground presence in more than 20 countries, serving clients in more than 120 countries.
- Publicly traded on NYSE, S&P 500 constituent; market cap of more than US\$ 14 billion

There's always a light at the end of the tunnel



Demand recovery across cyclical & consumer discretionary sectors



Attractive valuation to provide margin of safety

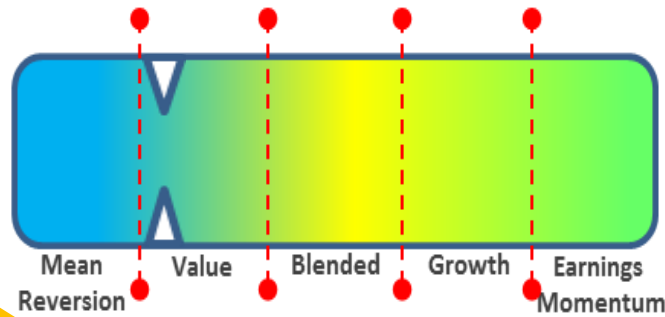


Winning companies on the cusp of a new demand cycle leading to operating & financial leverage efficiencies



New credit & investment cycle to provide a boost to earnings recovery

Value strategy investing at the cusp of recovery



Catalyst for investing

- Cyclical recovery
 - Financials
 - Industrials
 - Consumer Discretionary
- Levers for earning recovery
 - Operating Leverage
 - Financial Leverage
- Under owned to Value style
 - Pharma
 - IT

Benefit to investors

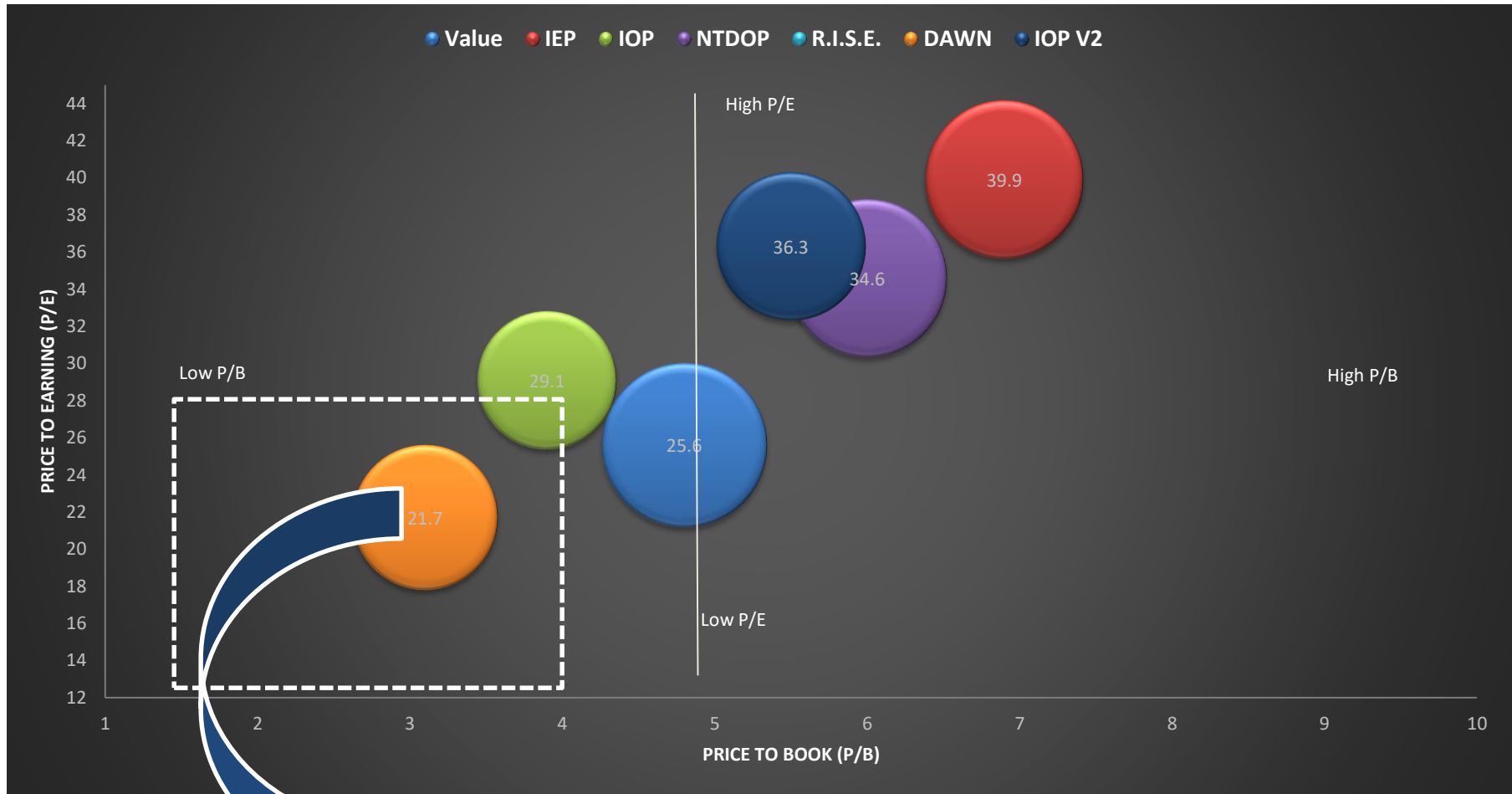
- Focused strategy on earnings recovery
- Mean Reversion – key driver of returns
- Exposure to under owned companies
- Complement to existing growth oriented strategies

Investment style

- Concentrated strategy of 20 – 25 companies
- Focus on mean reversion & value style
- High impetus on quality business models & management
- Bottom up stock picking approach without bias towards market cap or sector



Complement to existing strategies



A value oriented, multi cap strategy investing in 'winning companies'

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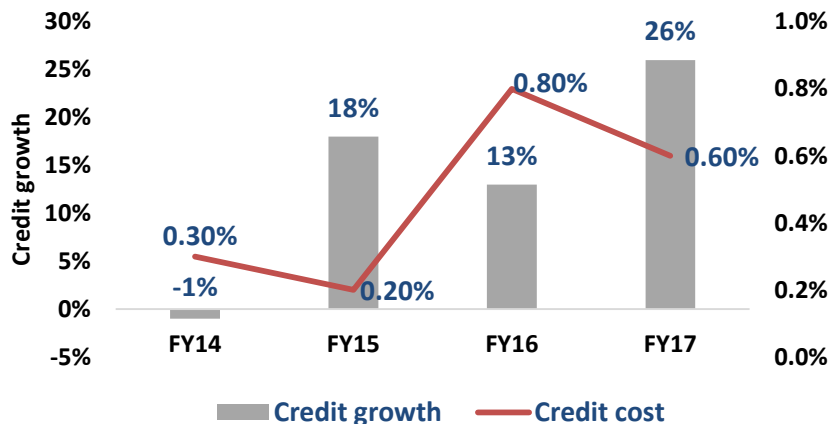


Rewind – Has this happened before ?

Some stories of the past

Federal Bank – Cyclical Recovery

Increase in credit growth with credit cost within range

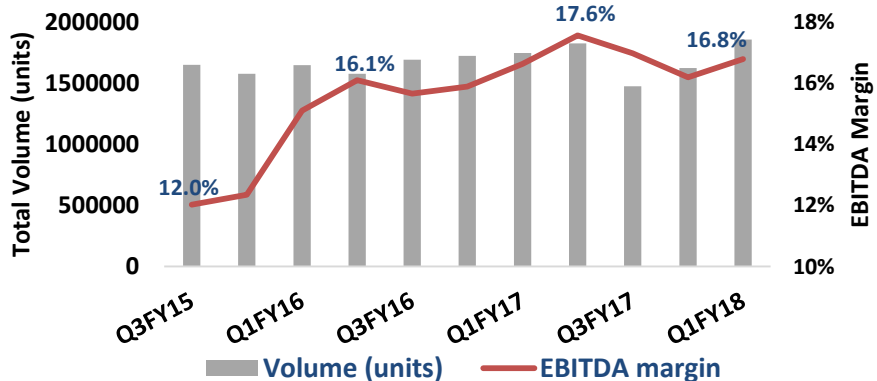


Stock Price movement (127%)

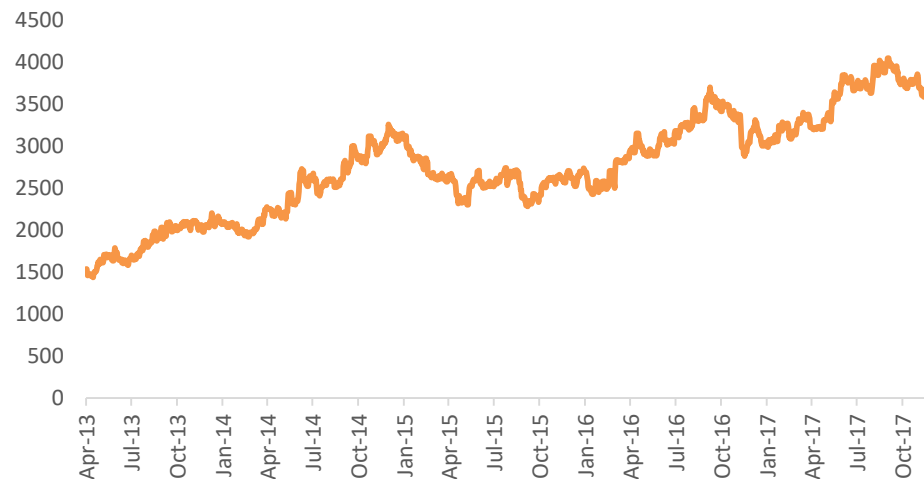


Hero Moto Corp – Cyclical Recovery

Increase in volumes, better product mix, decrease in raw material costs - led to margin expansion



Stock Price movement (137%)



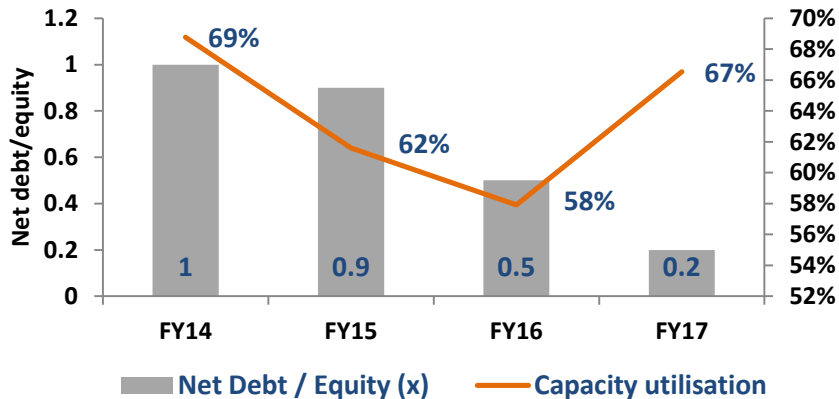
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Source :Company reports, Invesco, MOPWM, Past performance may or may not be sustained in future, the above examples are for illustration purpose only, they may or may not be a part of the actual pms strategy

Some stories of the past

Ramco Cement – Operating & Financial Leverage

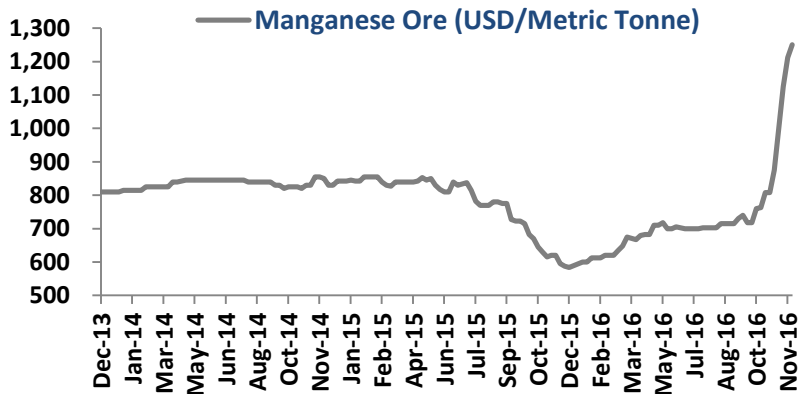
Increase in capacity utilization & committed for deleveraging



Stock price movement (225%)

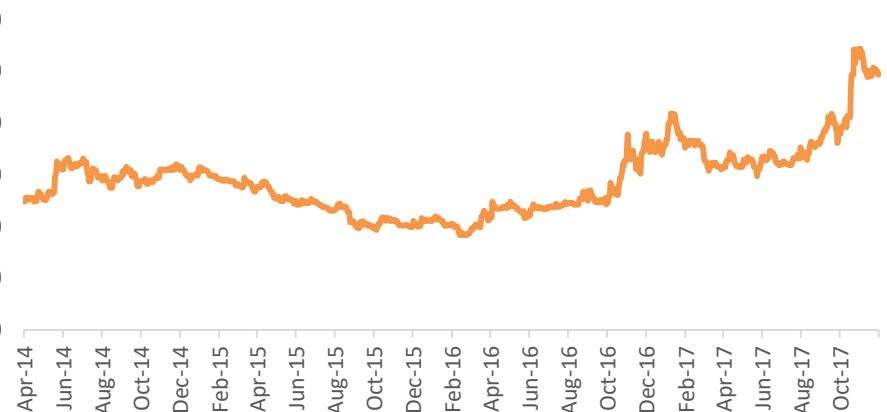


MOIL – Deep Value



Healthy liquidity position & increase in manganese ore prices led to rerating of valuations

Stock price movement (99%)



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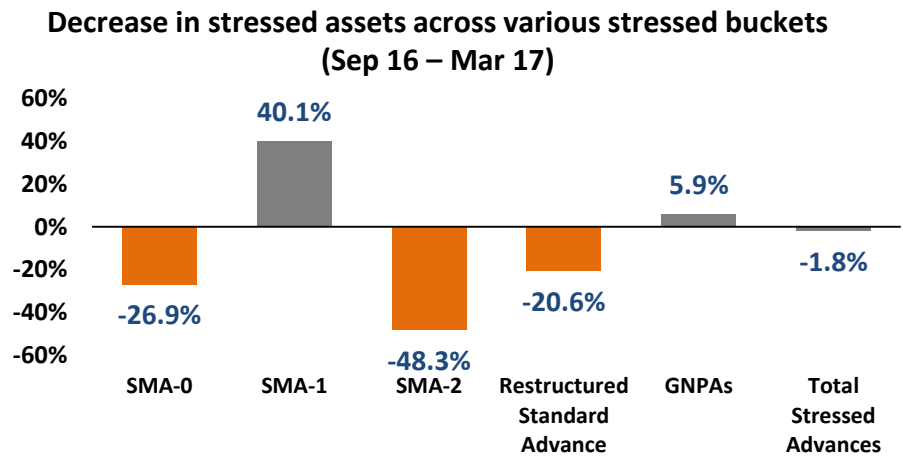
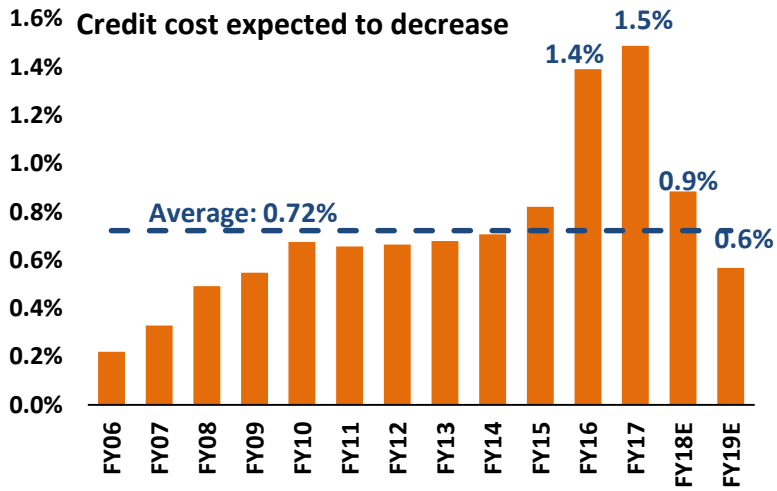
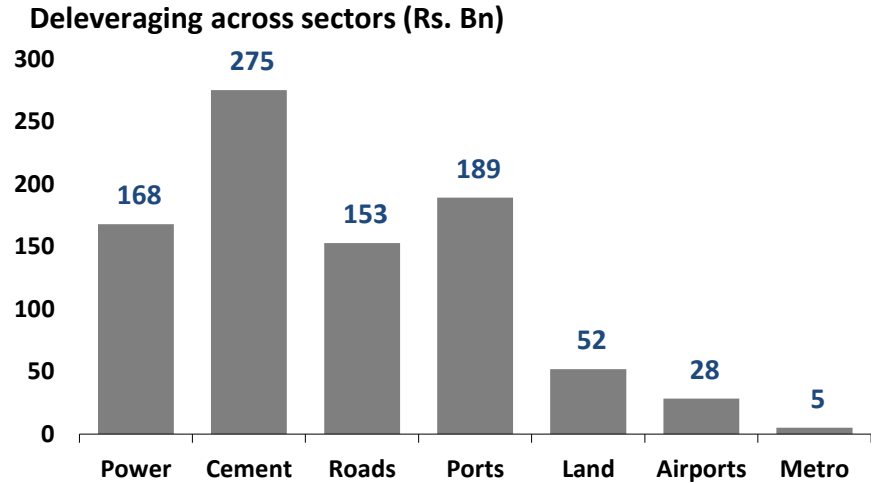
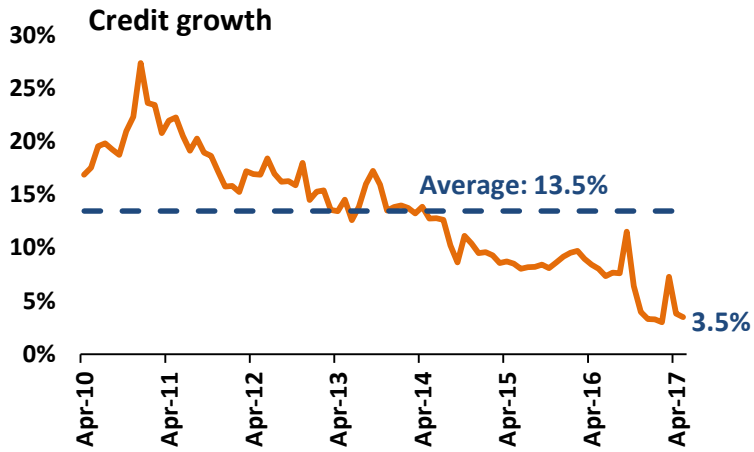
Where do we see the opportunity

“A great investment opportunity occurs when a marvelous business encounters a one-time huge, but solvable problem”
- Warren Buffet

Financials : Current trend signals a cyclical recovery

Credit growth at low while credit cost at high....

....However, significant de-leveraging underway across Corporate India



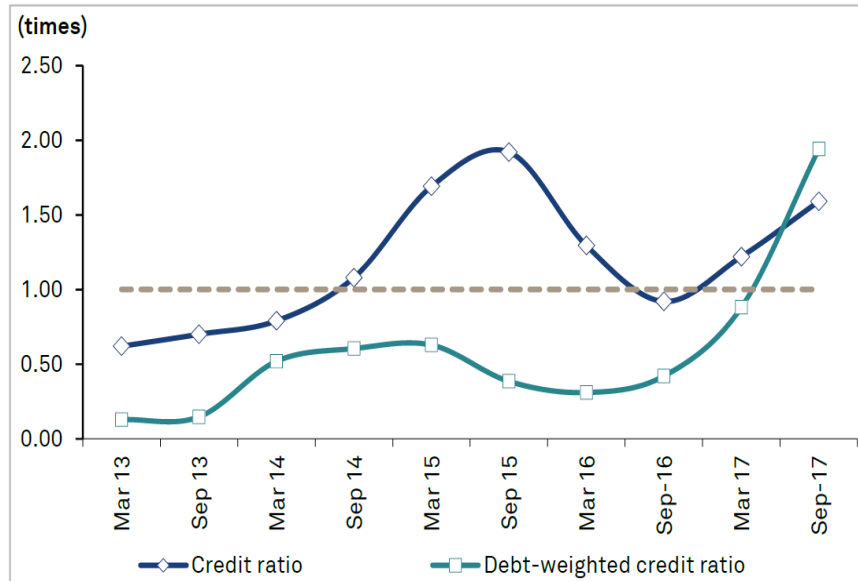
Source : Invesco India AMC, IDFC, Reserve Bank of India, Financial Stability Report Issue No. 15, June 2017. SMA-0: Principal or interest payment not overdue for more than 30 days but account showing signs of incipient stress, SMA-1: Principal or interest payment overdue between 31-60 days, SMA-2: Principal or interest payment overdue between 61-90 days, GNPA: Gross Non-Performing Advances.

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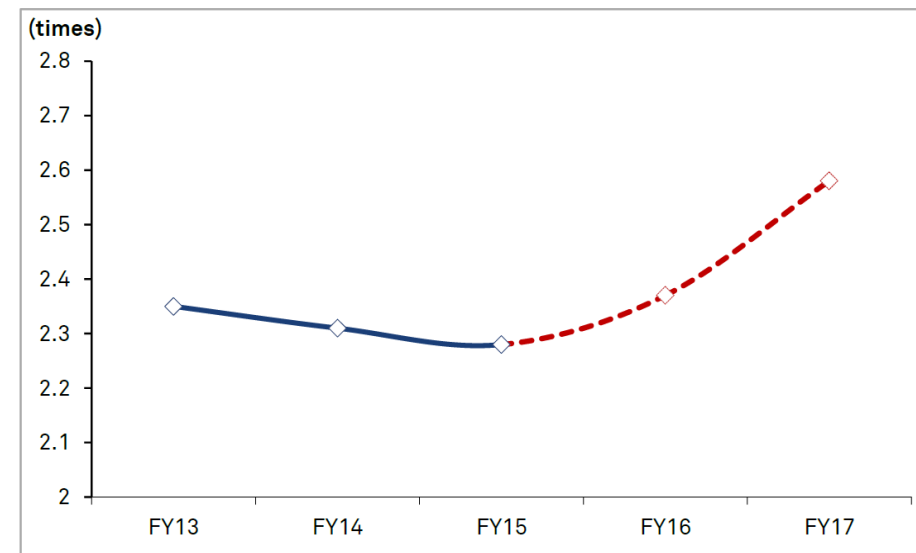
Asset Quality Stress – Recovery ahead

- % change in the asset quality of large borrowers between September 2016 and March 2017: Based on Exposure

12 months rolling credit ratio and debt-weighted credit ratio



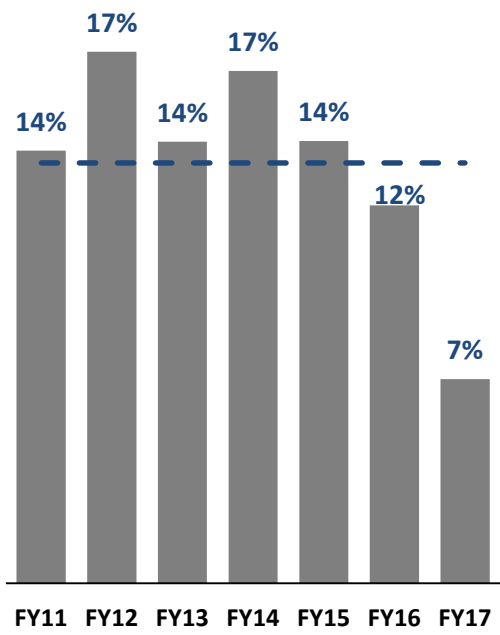
Trends in median Interest cover



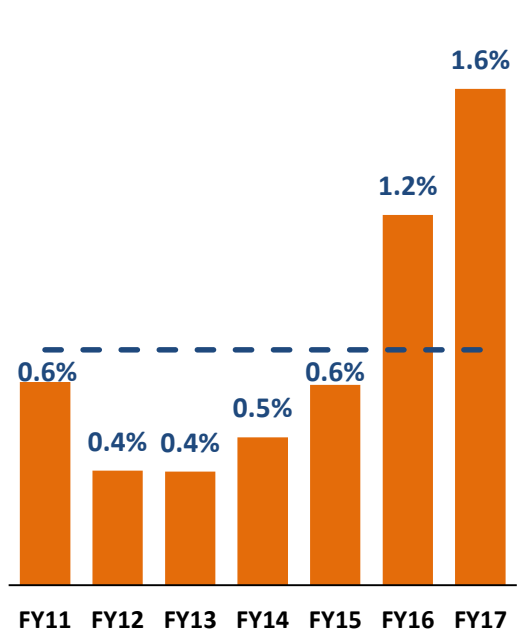
- Crisil’s ratio of upgrades vs downgrades has become higher than 1 for both number of ratings as well as debt-weighted ratings
- Interest cover ratio for corporate India is also on an uptrend

Such trend seen in large private bank

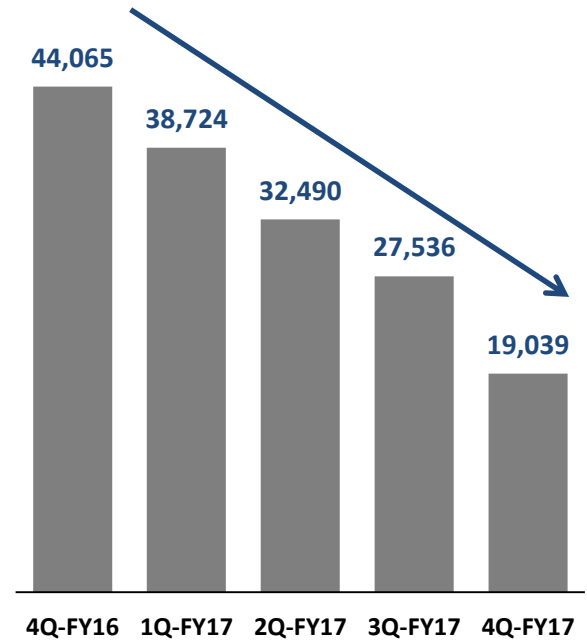
Credit growth below long term average



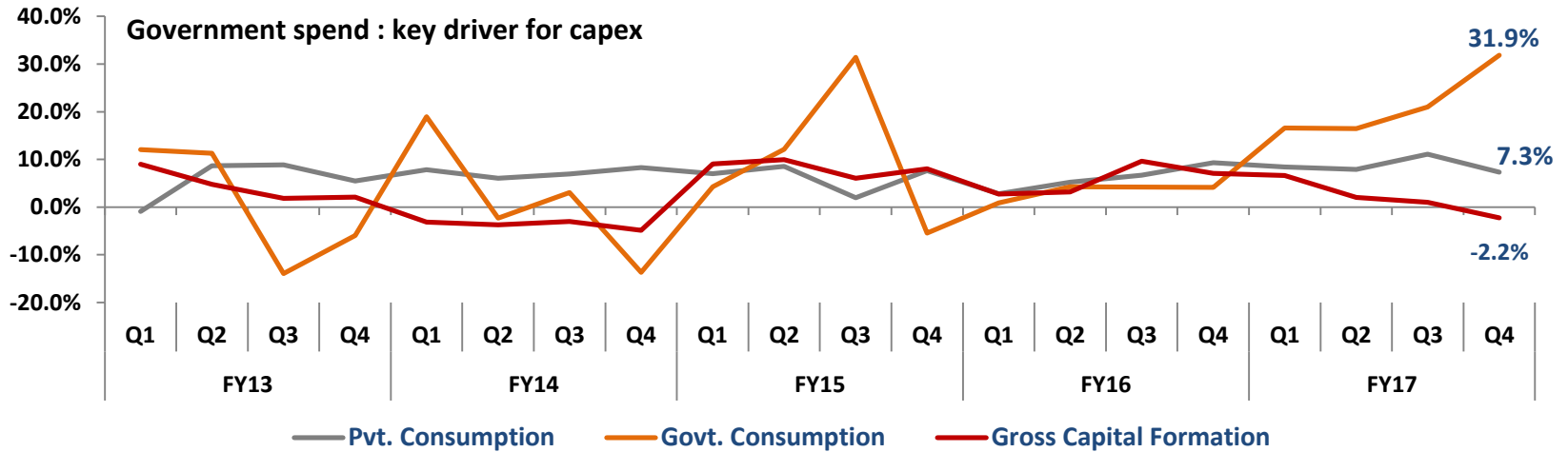
Credit cost above long term average



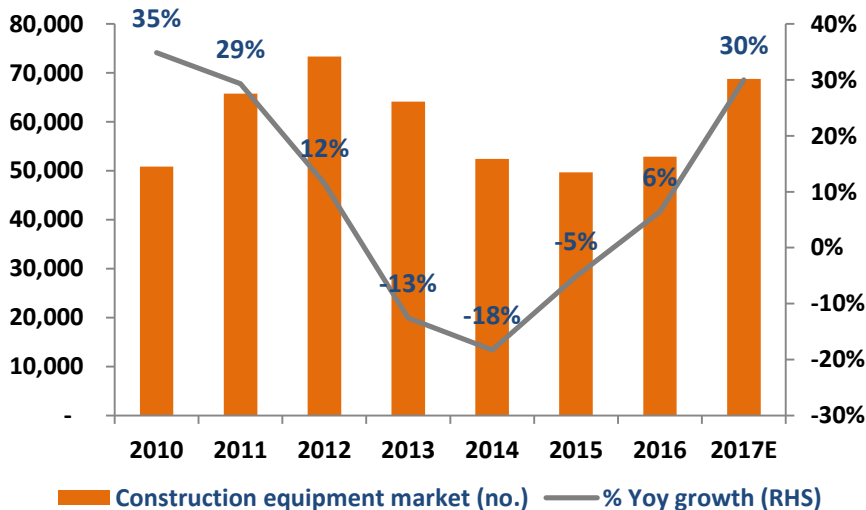
Stressed asset watch list has halved (Rs. Cr)



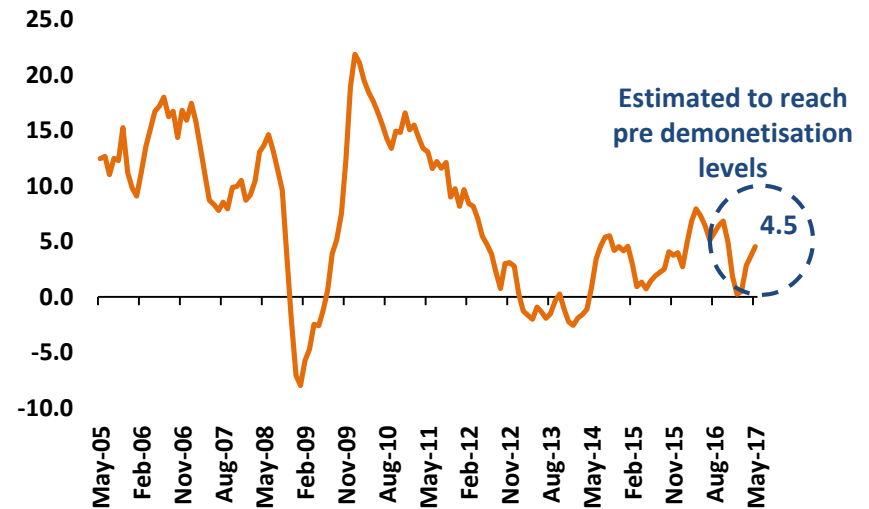
Lead indicators signal early revival in industrials



Construction equipment market expected to show healthy growth



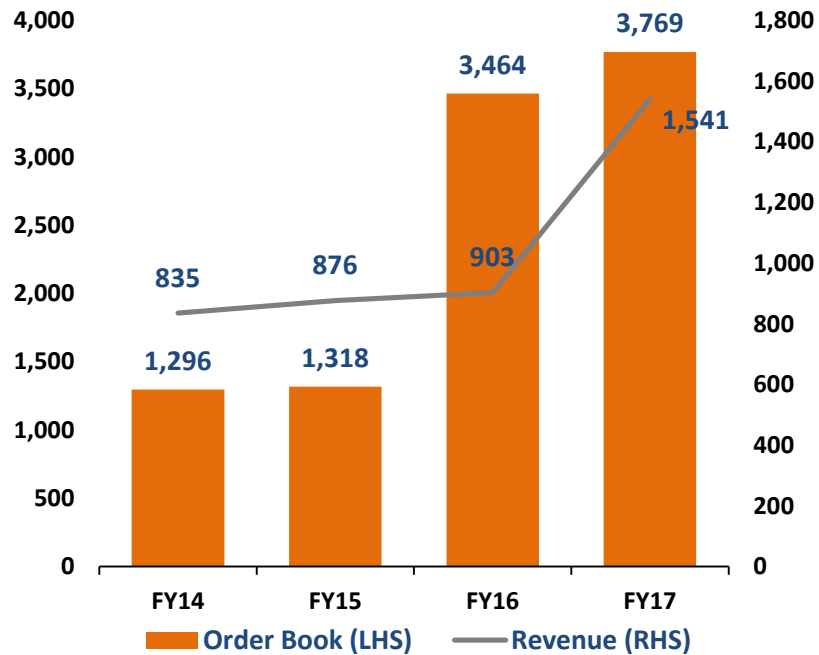
Jefferies Activity Index growth (%) – 3m moving average



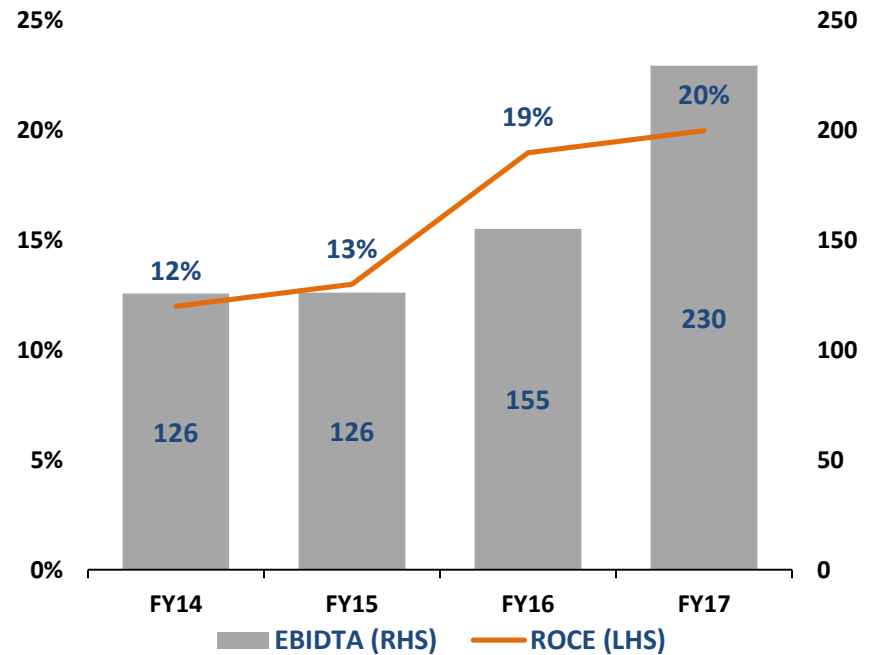
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Signs of recovery in a midsize construction company

Pick up in order book and Revenue Growth (Rs. Cr)



Improvement in Margins (Rs. Cr) and Return Ratios

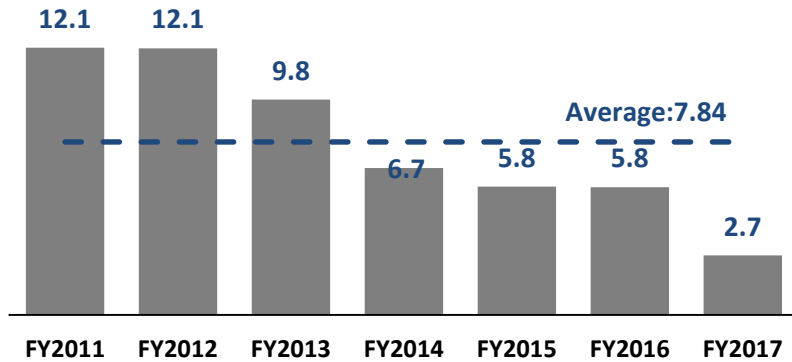


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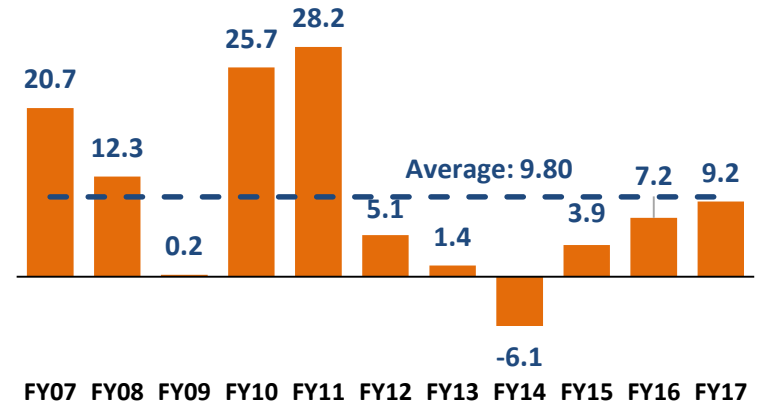
Current trend in consumer discretionary

Consumption demand below long term average

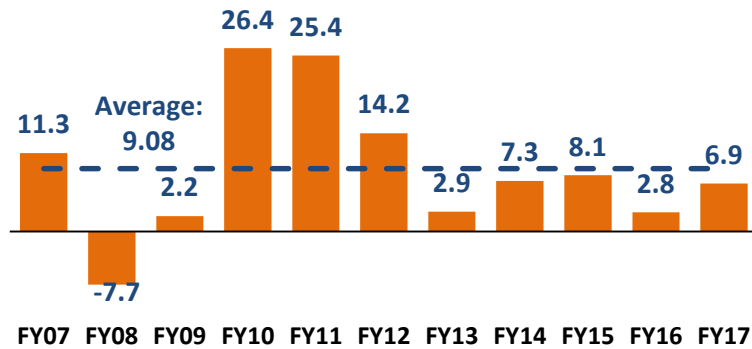
FMCG Average Y-O-Y Volume Growth (%)



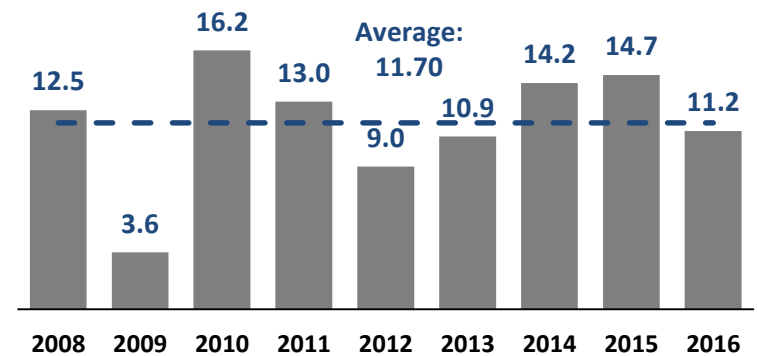
Passenger Vehicles Y-O-Y Growth (%)



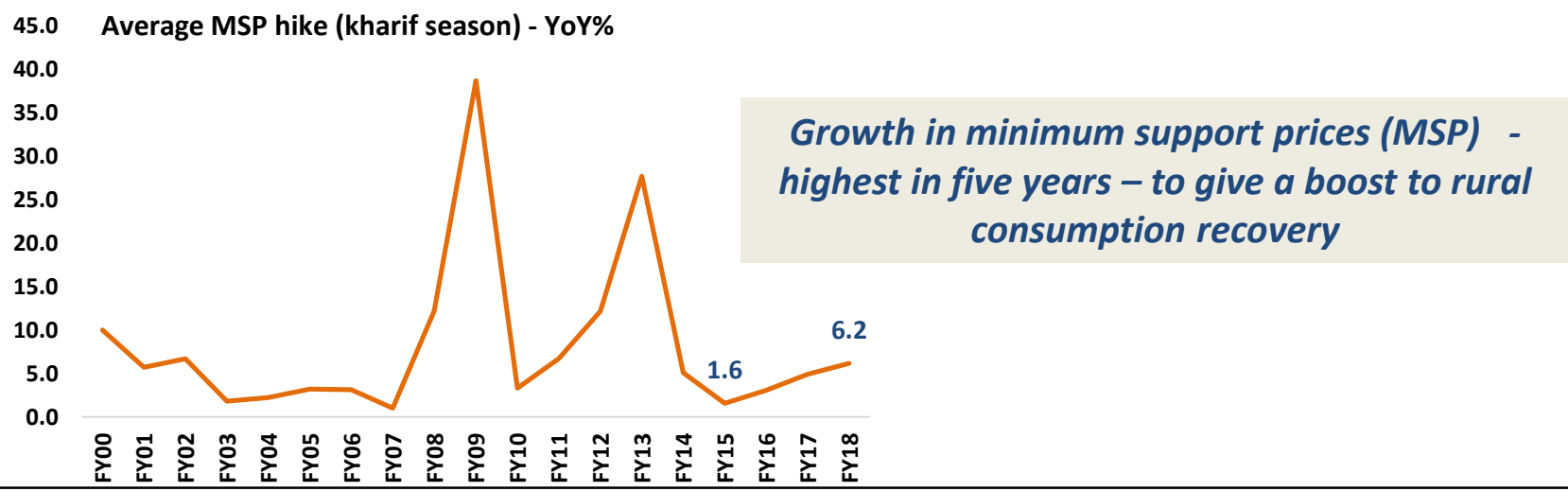
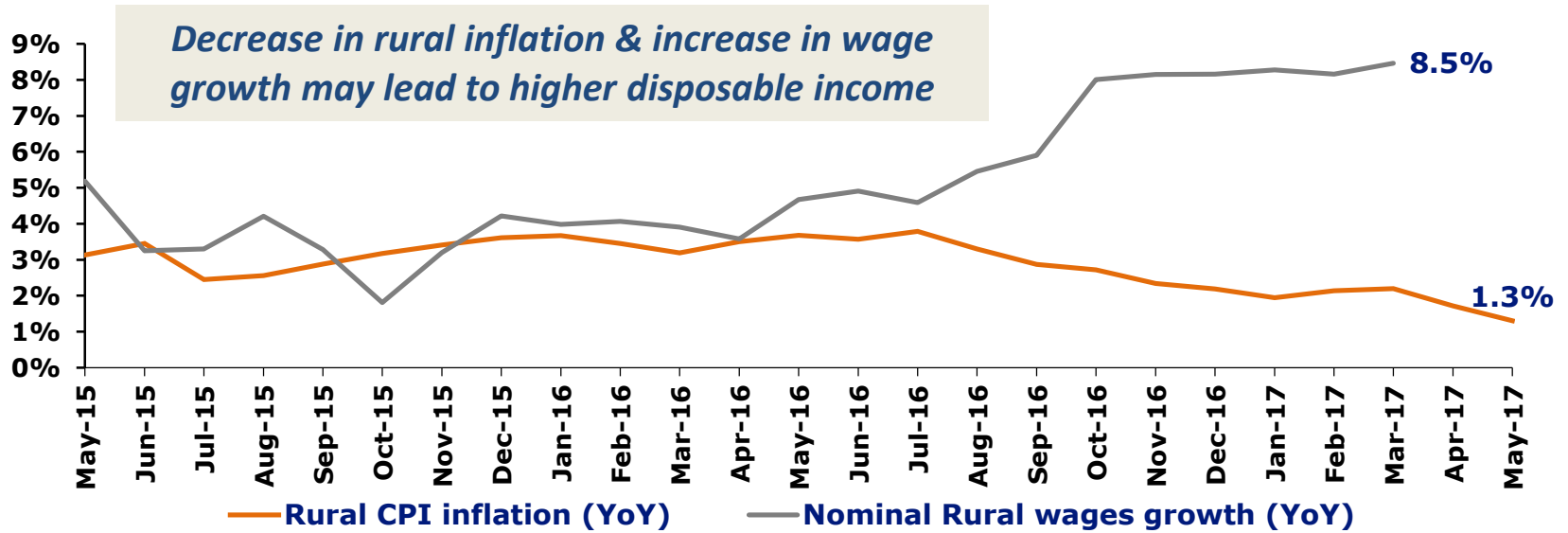
Two Wheelers Y-O-Y Growth (%)



Advertising Revenue Growth (Y-O-Y)

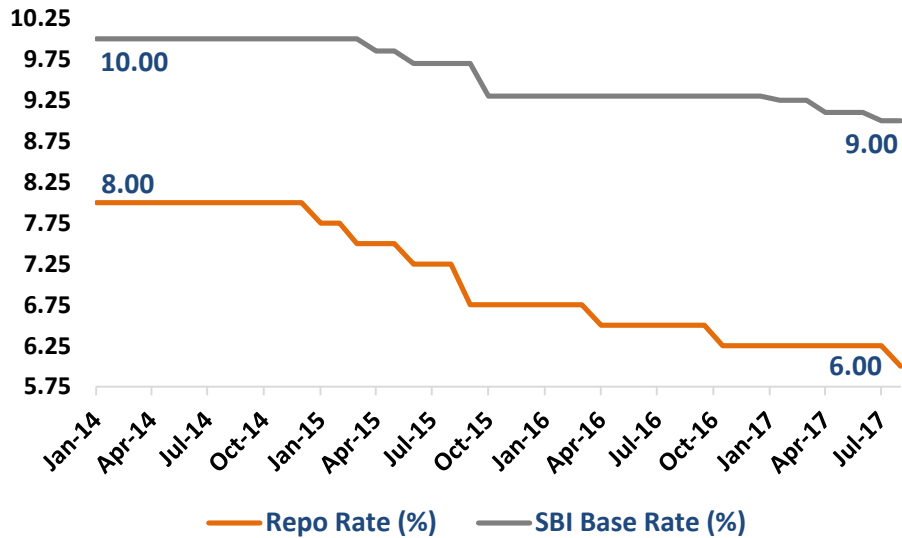


Catalyst for revival in consumer discretionary

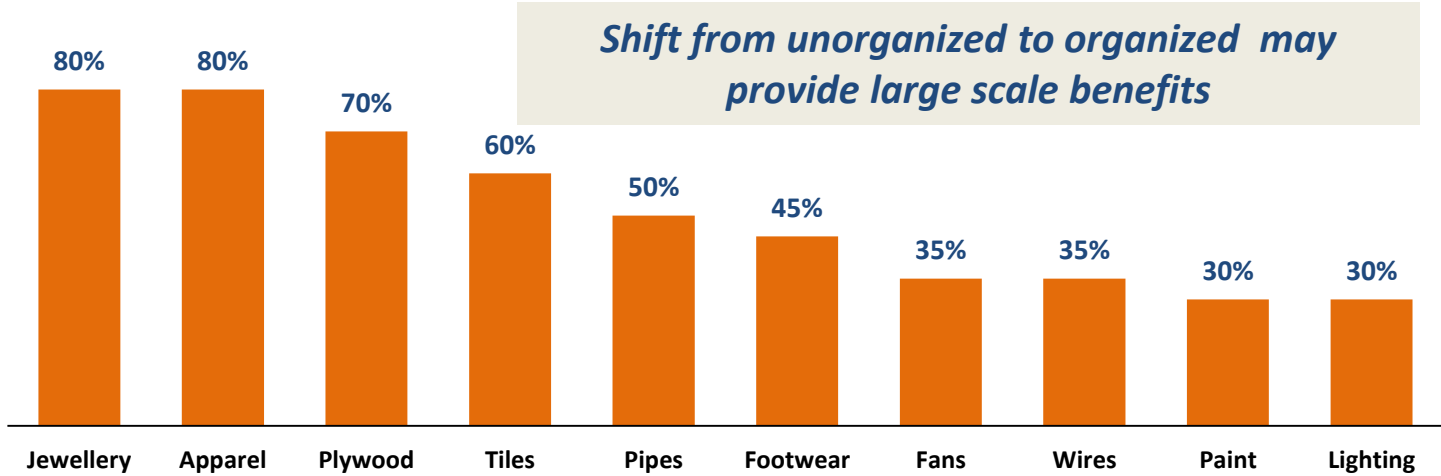


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Catalyst for revival in consumer discretionary



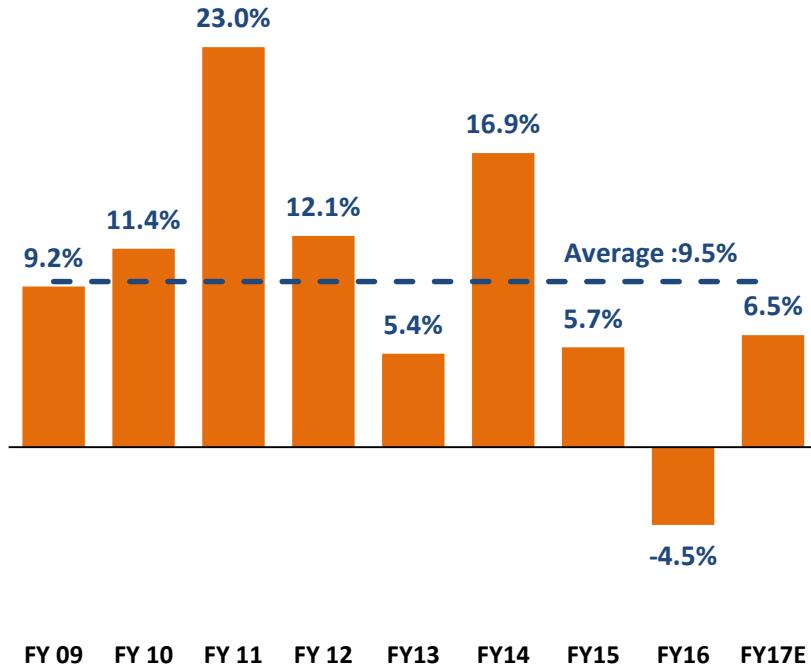
Benign interest rate environment to boost consumption



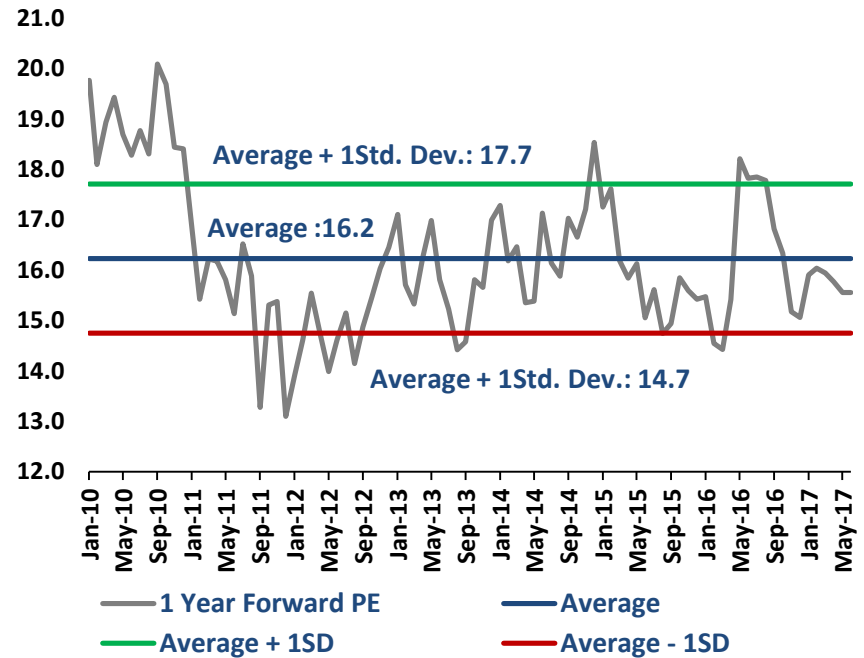
Shift from unorganized to organized may provide large scale benefits

Subdued demand affects a large print media company

Advertisement income below long term average

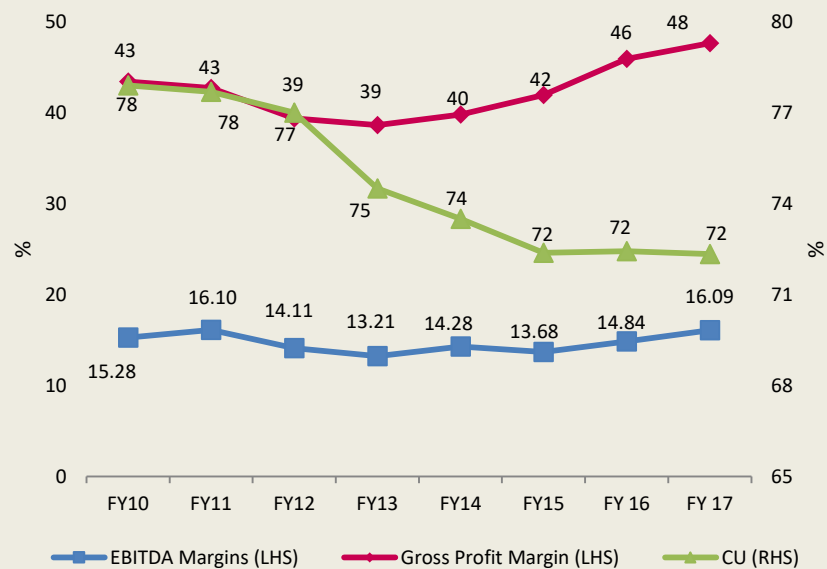


Valuations below long term average

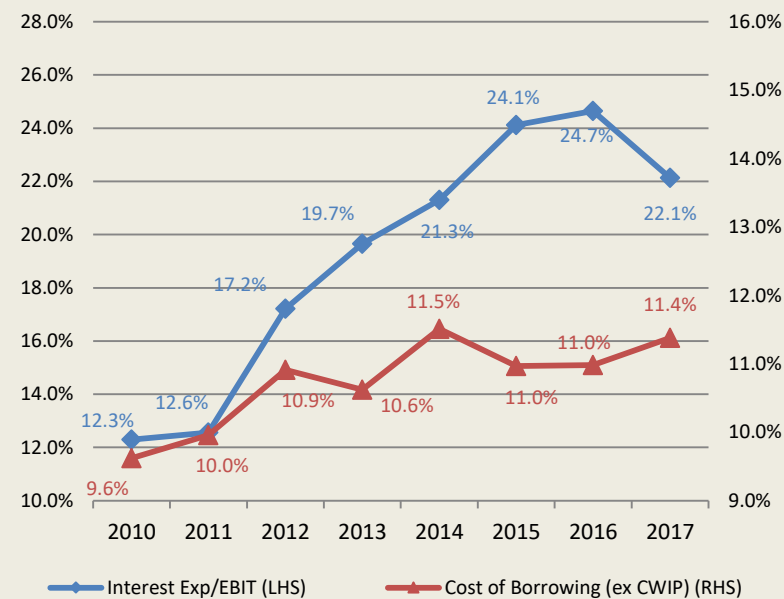


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Capacity Utilisation vs. EBITDA Margin trends & Gross Profit Margin



Financial Leverage



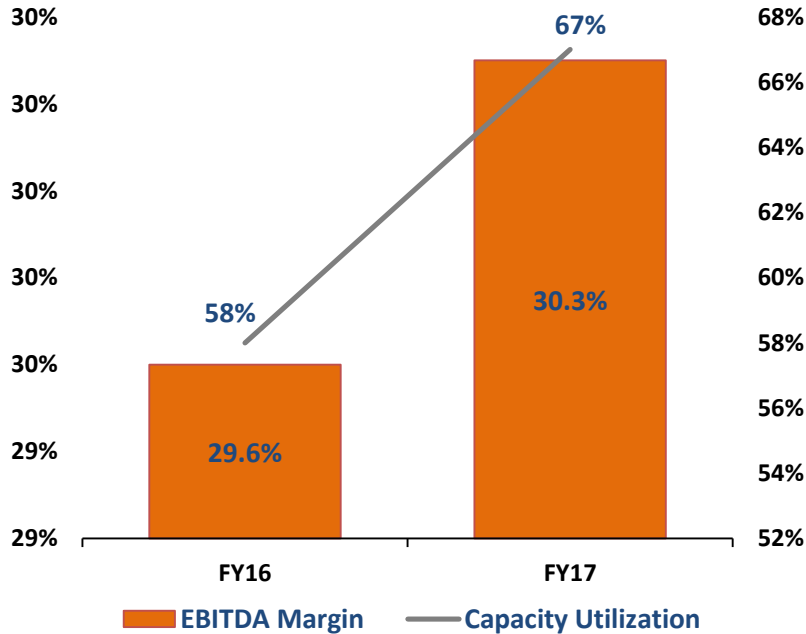
- While current earnings cycle is weak, there are levers to earnings recovery
- India incorporation's capacity utilization is at a 6-year low
- Interest expense in FY17 constitutes 22% of EBIT as compared to 12% in 2010 highlighting significant financial leverage
- Any cyclical recovery in demand should result in more than proportionate uptick in earnings due to higher degree of operating and financial leverage

Source: RBI, IIFL, Capitaline, Invesco Asset Management (India) Research. EBITDA: Earnings before interest, taxes, depreciation, and amortization. EBIT: Earnings before interest and tax. Above graphs include company data, which are constituents of S&P BSE 200 Index (excluding financials). CWP: Capital Work in Progress

Few corporate benefitting from the levers

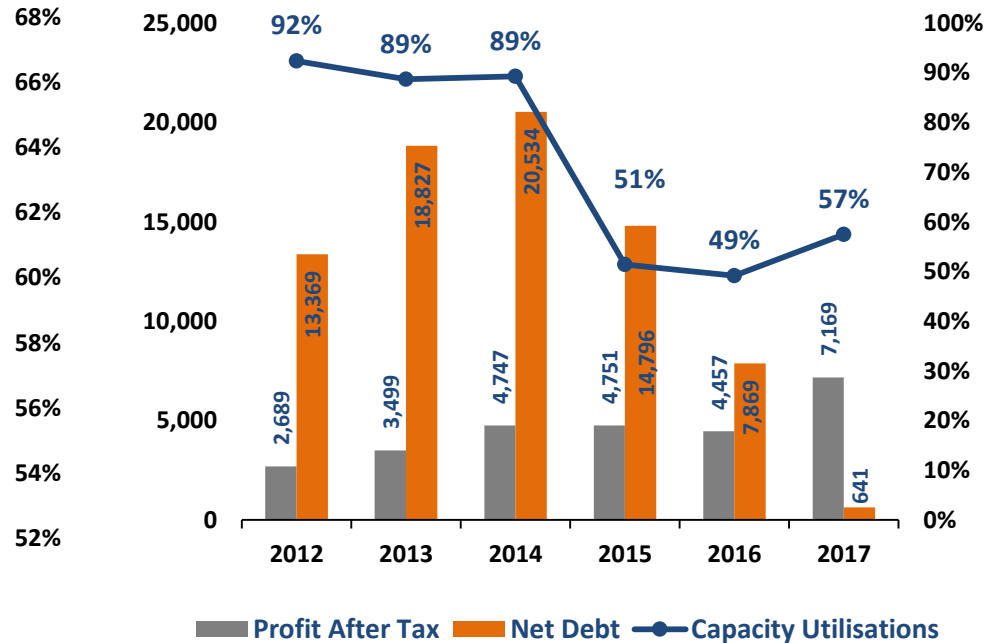
Operating Leverage : South based cement company

Improvement in Capacity utilization driving EBITDA margins



Financial Leverage : Tyre Manufacturer

Improvement in Capacity Utilization and Deleveraging driving profitability (Rs. Cr)





Investing in value style

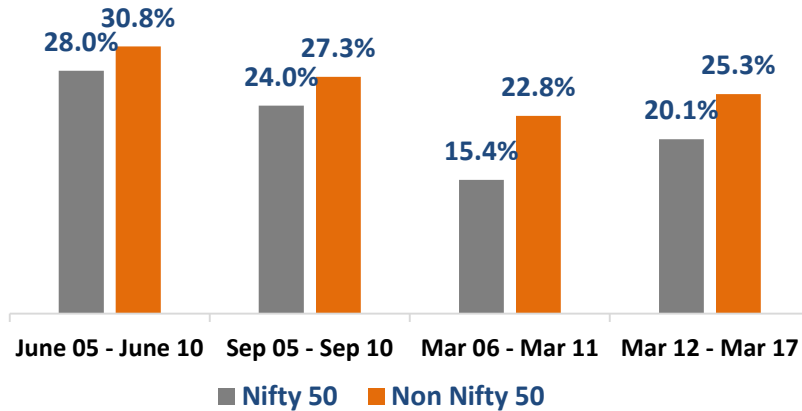
“All intelligent investing is value investing — acquiring more than you are paying for. You must value the business in order to value the stock”

- Charlie Munger

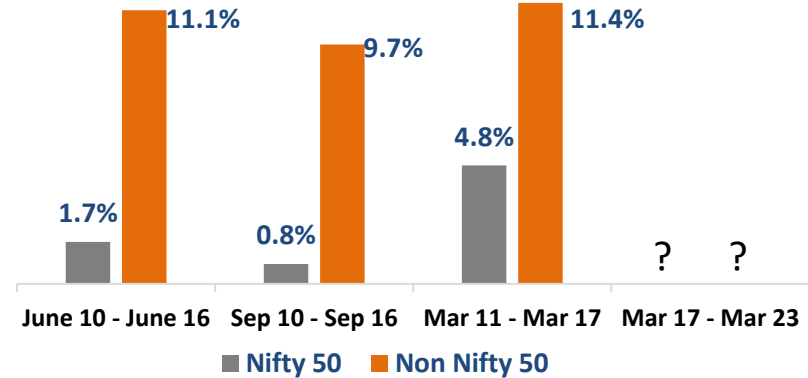
Investing in value style may benefit in long term

Crowded trades may not be best performers in the long term

Previous 5 yrs annualized returns of top 15 overweight positions (w.r.t S&P BSE 200) held by MFs

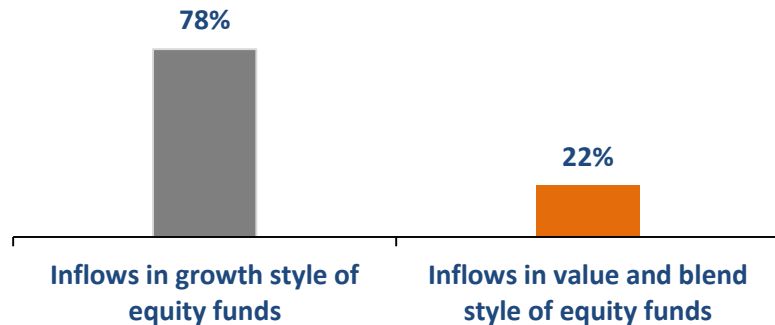


Next 6 yrs annualized returns of top 15 overweight positions (w.r.t S&P BSE 200) held by MFs



Data Source: Kotak Institutional Equities/Invesco India AMC. CAGR: Compound Annual Growth Rate. Data as on March 31, 2017. Methodology for Data analysis: Based on the shareholding pattern declared by the listed companies on a quarterly basis to the stock exchanges, the holding by mutual funds is populated. Then the overweight positions of mutual funds holding were calculated taking S&P BSE 200 index as a reference index.

Total inflows in equity funds (May 2014 –Mar 2017): Rs. 136,339 crs

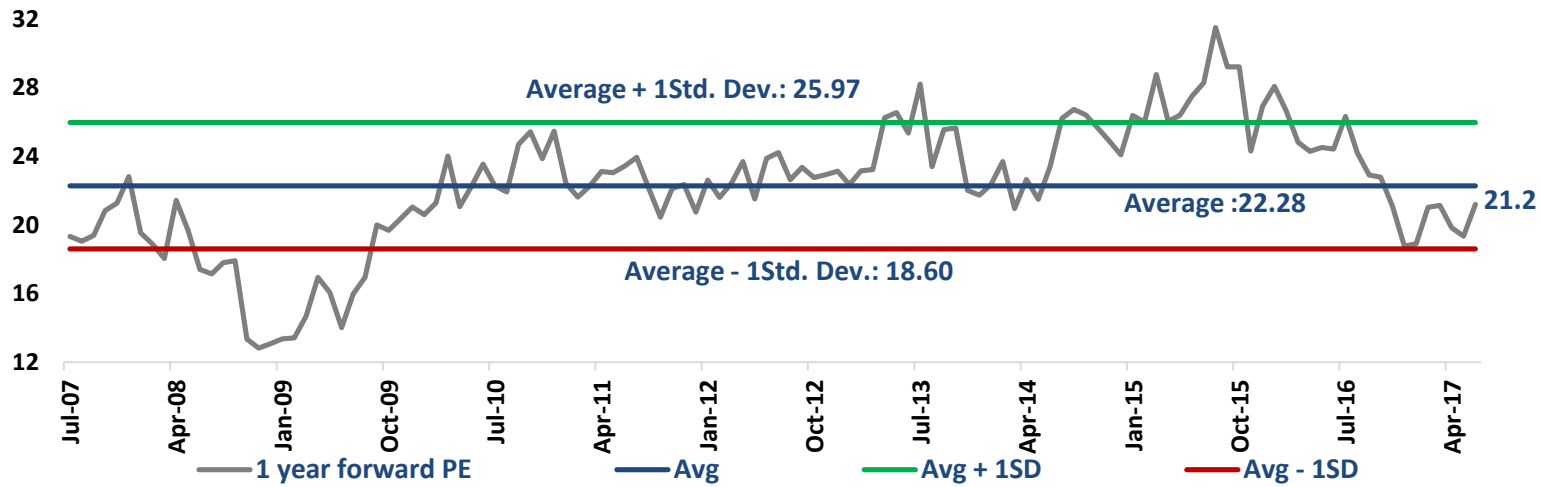


Investors are under – owned to value style

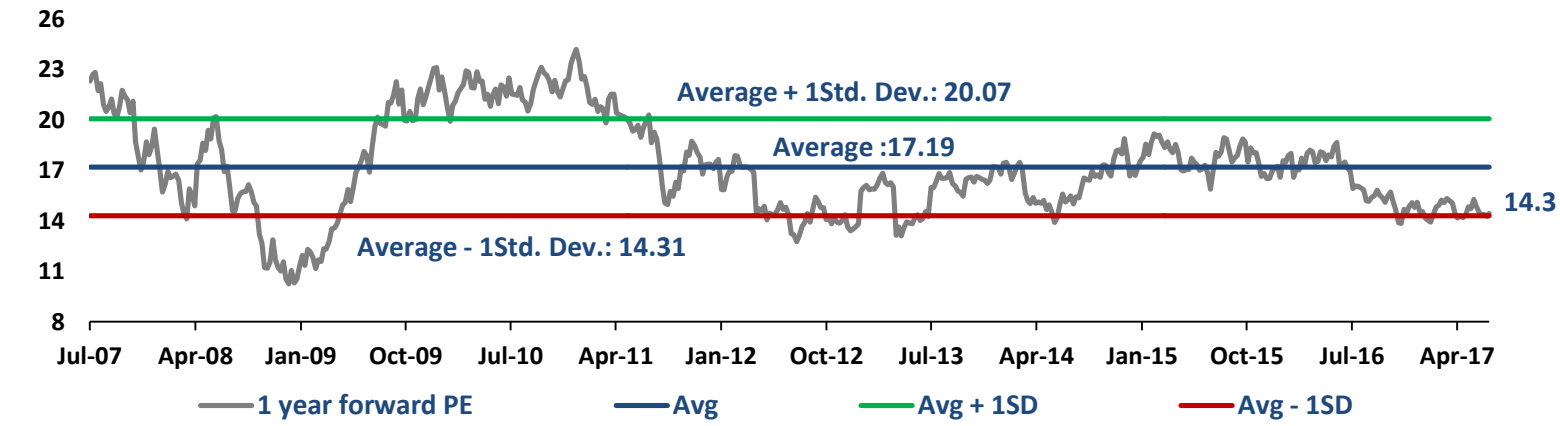
Source : Morningstar/Value Research/Invesco India AMC. Blend style means mix of growth and value style of investing. Analysis is based on Value Research style categorization of equity funds and excludes Exchange Traded Funds (ETFs), close-ended equity funds and arbitrage funds.

Value opportunity available in few corporate

Large pharma company



Large IT company



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Pedigree of Invesco AMC

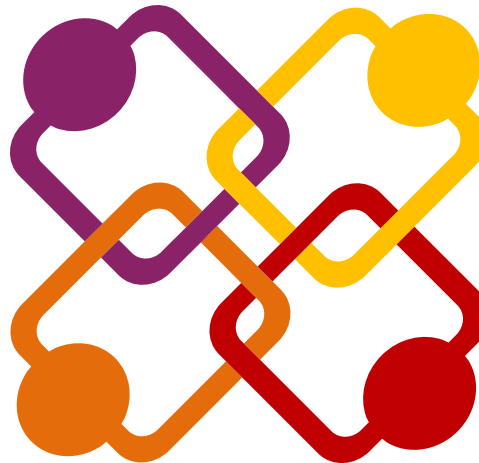
Evaluating Invesco through MOPWM's 4C Lens

Clarity of Philosophy & Style

- Primary focus on value style in the context of quality & growth
- Believe in being true to mandate
- Bottom up stock pickers
- Process driven stock selection approach

Consistency of Style & Performance

- Strong track record of value strategies :
 - RISE PMS (SI): 26% vs 25% (BSE 500)
 - Invesco Contra (SI) : 15% vs 10% (BSE 500)
- Value Research assigns '5/4 Star' to 7 out of 9 Equity MFs (June 17)



Capabilities of AMC/ Manager

- Leading global investment management firm managing USD 835 Bn (Mar 17) – 45% in equities
- 16th largest India asset manager (USD 4.6 Bn)
- Experienced 12 member equity investment management team

Class of the Manager

- Senior investment managers like Taher, Amit & Chetan has a total 55+ yrs of exp in Indian equities
- Focused solely on investment mgmt
- High in integrity, process driven & true to mandate

Invesco's Investment Team



Mr. Taher Badshah, CIO - Equities

- ✓ Over 22 years experience in fund management (11 yrs) & equity research (10 yrs).
- ✓ Previous stints include working with MOAMC, Kotak Investment Advisors & Institutional Equities, Allcance AMC, ICICI Pru AMC
- ✓ Taher holds Masters degree from SP Jain & has done B.E. in electronics



Mr. Amit Ganatra, Senior Fund Manager

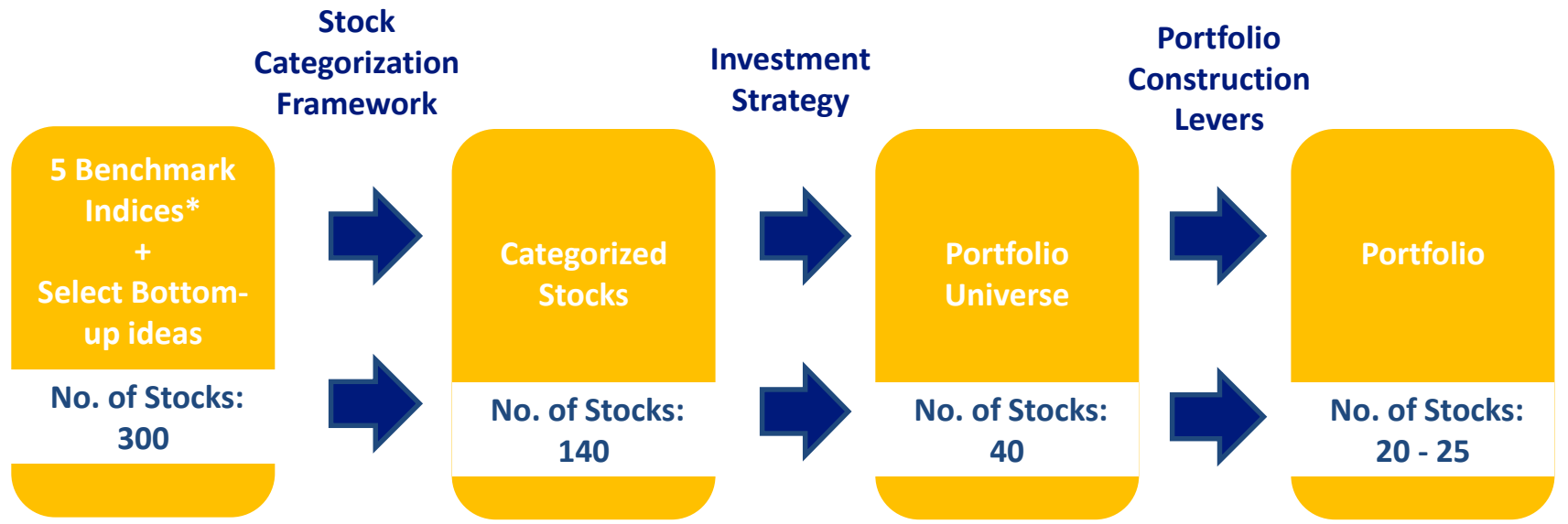
- ✓ Over 11 years' experience in equity research.
- ✓ Amit holds a Commerce degree and is a Chartered Accountant. He is also a Chartered Financial Analyst from AIMR.



Mr. Chetan Shah, CFA – Senior Portfolio Manager – PMS

- ✓ 22 years in Indian equity markets, of which 11 years were spent in portfolio management and previous 11 years were in equity research
- ✓ Some of his previous stints include working with Quantum Securities & DBS Securities India
- ✓ Chetan holds an Bachelor's degree in Electronics Engineering, a Post-Graduate Diploma from Jamnalal Bajaj Institute of Management Studies and a CFA charter from CFA Institute, USA

Stock selection process



*S&P BSE 200, Nifty Midcap 100, CNX Infrastructure, CNX Nifty Bank Index and S&P BSE PSU Index

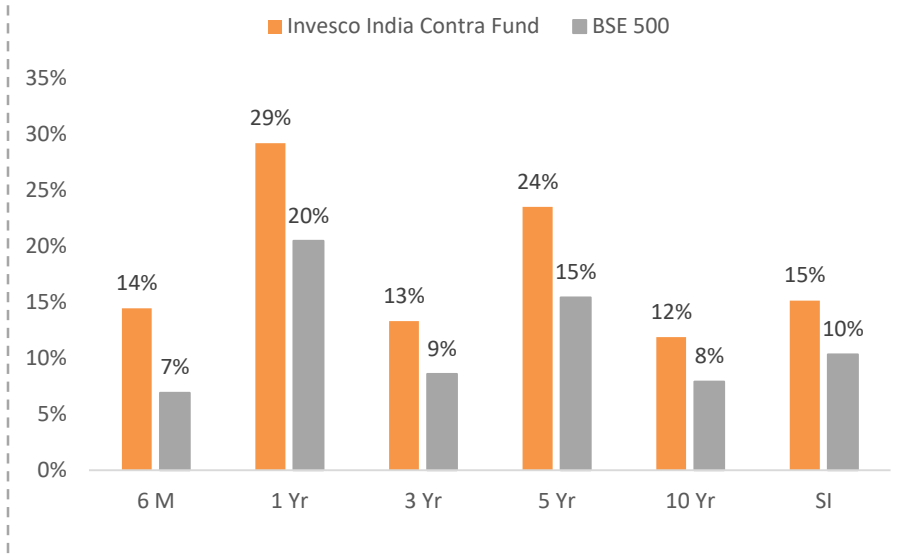
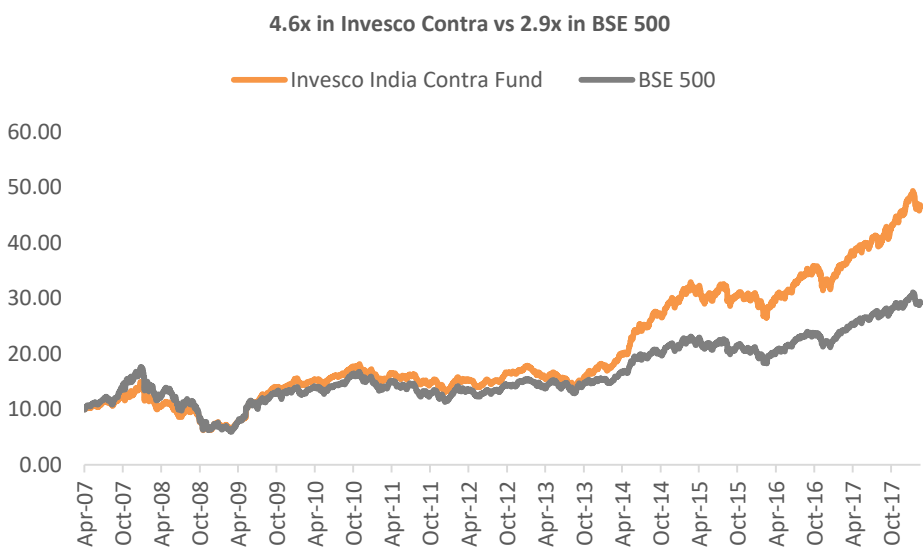
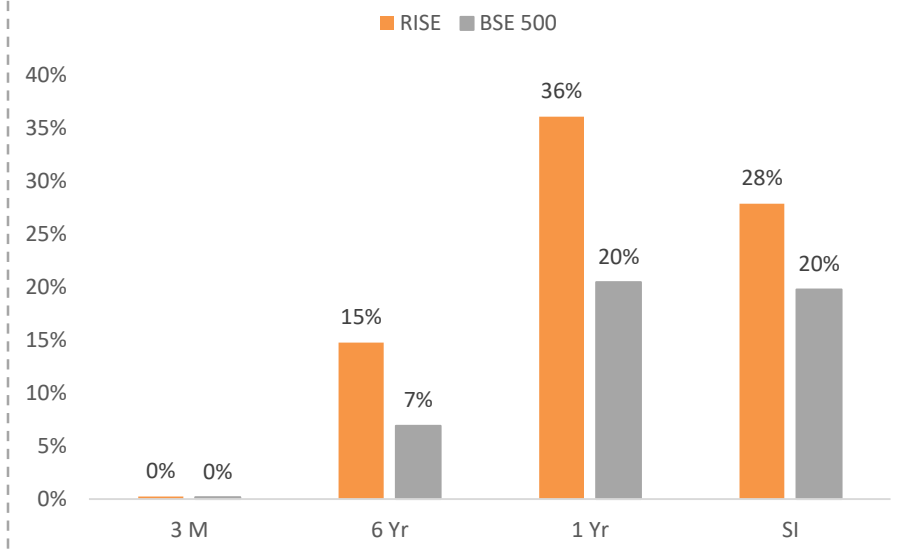
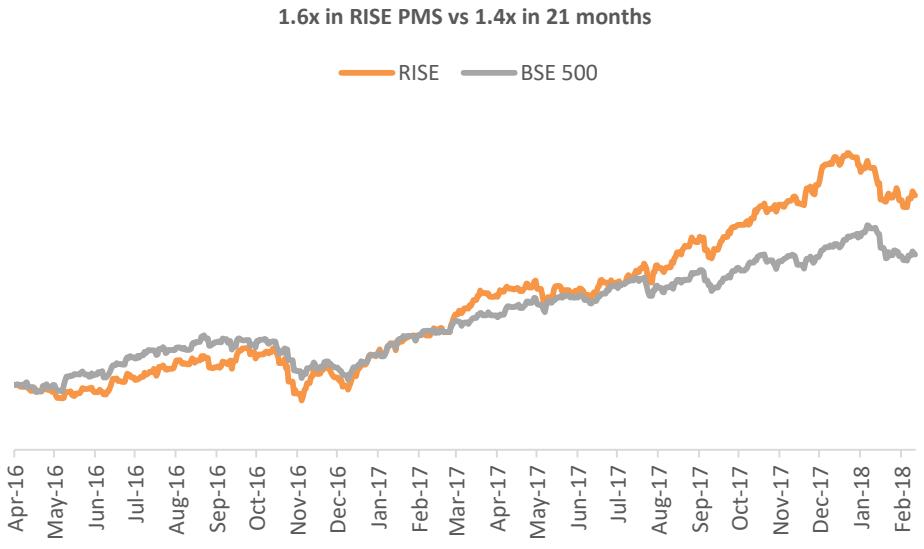
Stock categorization framework

Stock Category	Descriptions (e.g.)	Growth Prospects (e.g.)	Company Attribute (e.g.)	Financial Parameter (e.g.)	
Leader	Established companies	In line or better than industry	Track record of leadership, globally competitive	Industry leading margin / ROE	Growth
Warrior	Young / established companies	Better than industry	Unique proposition and / or right place, right time	Margin & ROE expansion	
Star	Young companies	High growth	Entrepreneur vision, scalability	Operating Leverage	
Diamond	Company with valuable assets	Low growth	Management intent to unlock value	Value of asset / business	Value
Frog Prince	Company in a turnaround situation	Back to growth	Intrinsic strengths in core business	P2P, ROE expansion	
Shotgun	Opportunistic investment	Positive surprise	Corporate event, restructuring, earnings news	Event visibility	Event
Commodities	Call on the cycle is paramount	Positive	Integration, cost efficiency, globally competitive	Profit leverage	

P2P: Path to Profit; ROE: Return on Equity

*The categorization framework enables to filter the universe
and identify the best investment opportunities*

Strong Track Record



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Portfolio Summary

Portfolio Construct:-

- Maximum exposure per stock restricted to 10% at time of initial investments
- Concentrated strategy of 20 –25 companies

Portfolio update of DAWN PMS

Top 3 Portfolio Holdings	
Stock Allocation	%of Assets
Reliance Industries Ltd.	8.78
ICICI Bank Ltd.	8.13
InterGlobe Aviation Ltd.	6.23

Top 3 Sectors	
Sector Allocation	%of Assets
Industries	21.84
Financials	20.65
Energy	11.09

Market Cap	
Sector Allocation	%of Assets
Large Cap	51.40
Mid Cap	21.30
Small Cap	21.07

Portfolio Fundamental	
Price to Earnings	22.8
Earnings per Share	44.6
Price to Book	4.0
Return on Equity	17.5%

Portfolio Name	Invesco India 'D.A.W.N.' Portfolio
Benchmark	S&P BSE 500
Exit Load	Till 12 months - 3%
Set Up Fee	12 to 24 months - 2%
	>24 months - NIL
	2.50%
Management Fees	2.50%
Custodian Fees	0.25%

Thank You !

Motilal Oswal Securities Ltd. (MOSL) Member of NSE, BSE & MSEI - CIN no.: U65990MH1994PLC079418

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Correspondence Address: Palm Spring Centre, 2nd Floor, Palm Court Complex, New Link Road, Malad (West), Mumbai- 400 064. Tel No: 022 3080 1000. Registration Nos.: NSE (Cash): INB231041238; NSE (F&O): INF231041238; NSE (CD): INE231041238; BSE(Cash): INB011041257; BSE(F&O): INF011041257; BSE(CD); MSEI(Cash): INB261041231; MSEI(F&O): INF261041231; MSEI(CD): INE261041231; CDSL: IN-DP-16-2015; NSDL: IN-DP-NSDL-152-2000; Research Analyst: INH000000412. AMFI: ARN 17397. Investment Adviser: INA000007100. Motilal Oswal Asset Management Company Ltd. (MOAMC): PMS (Registration No.: INP000000670); PMS and Mutual Funds are offered through MOAMC which is group company of MOSL. Motilal Oswal Wealth Management Ltd. (MOWML): PMS (Registration No.: INP000004409) is offered through MOWML which is a group company of MOSL. *Motilal Oswal Securities Ltd. is a distributor of Mutual Funds, PMS, Fixed Deposit, Bond, NCDs, Insurance and IPOs. *Commodities are offered through Motilal Oswal Commodities Broker Pvt. Ltd. which is a group company of MOSL. *Real Estate is offered through Motilal Oswal Real Estate Investment Advisors II Pvt. Ltd. which is a group company of MOFSL. *Private Equity is offered through Motilal Oswal Private Equity Investment Advisors Pvt. Ltd which is a group company of MOFSL. *Research & Advisory services is backed by proper research and does not pertain to purchase or sale of any particular commodity. Please read the Risk Disclosure Document prescribed by the Stock Exchanges carefully before investing. There is no assurance or guarantee of the returns. Details of Compliance Officer: Name: Neeraj Agarwal, Email ID: na@motiloswal.com, Contact No.:022-30801085. **Business Partner is an authorized sub-broker Motilal Oswal Securities Ltd. ^Account would be open after all procedure relating to IPV and client due diligence is completed. ^Accounts would be open by using esign and all proofs would be collected in soft form.

Investment in securities market are subject to market risk, read all the related documents carefully before investing.