



PL Capital
PRABHUDAS LILLADHER

ASSET
MANAGEMENT

In an era of **Man vs Machine**,
experience superior performance driven
by a **Man with Machine** Process
with

AQUA

Adaptive. Quantitative. Unbiased. Alpha.

PL's Flexicap Equity PMS, offering
India's Pioneering Quantamental, Style Agnostic and
Adaptive Multifactor Strategy.



Strategy Overview

Investment Objective:
Alpha Generation

Fund Inception Date:
12th June, 2023

Benchmark:
BSE 500 TRI

Investment Horizon:
Minimum 3-5 years

Investment Process:
Quantamental =
Fundamental + Technical
+ Macros

Fund Structure:
Open ended Long-only
Equity PMS

No. of Securities:
25 – 30 stocks

Minimum Investment:
INR 50 lakhs

Investment Universe:
Top 300 stocks after
eliminating 100 based on
weak fundamentals and
100 based on liquidity

Market Cap Focus:
Flexicap diversified across
Large, Mid & Small cap
Stocks

Security Allocation:
Max 4% per stock at
the time of purchase

Lock – in:
Nil

AQUA is inspired by the adaptive nature of water, designed for Alpha

Markets operate in regimes and cycles that keep changing.




Traditional strategies focus on only one style of investing – growth, value, quality, momentum, etc. However, data reveals that a single style doesn't consistently succeed across all time periods and market conditions, different investing styles outperform in different years

Year	Market Cap (Size)		Style		Sector	
	Best	Worst	Best	Worst	Best	Worst
2013	Large Cap	Small Cap	Growth	High Beta	Technology	Energy
2014	Small Cap	Large Cap	Value	Growth	Automobiles	Technology
2015	Small Cap	Large Cap	Momentum	High Beta	Technology	Financials
2016	Mid Cap	Small Cap	Value	Momentum	Chemicals	Realty
2017	Small Cap	Large Cap	Momentum	Dividend	Realty	Technology
2018	Large Cap	Small Cap	Quality	Value	Technology	Realty
2019	Large Cap	Small Cap	Momentum	High Beta	Realty	Industrials
2020	Small Cap	Large Cap	Momentum	Value	Technology	Energy
2021	Small Cap	Large Cap	Momentum	Growth	Comm. Services	Financials
2022	Large Cap	Small Cap	Value	Momentum	Industrials	Comm. Services
2023	Small Cap	Large Cap	Value	Growth	Realty	Chemicals

AQUA is different.

It breaks free from one-style fits all approach. AQUA follows an adaptive and style agnostic framework. This adaptive framework enables it to seamlessly align to the changing macro and market cycles.

Multi - Dimensional Adaptability to navigate risks and generate alpha across evolving macro and market regime

Phases	Objective	Macros	Asset	Size	Style	Sector	Beta	Factors
 Risk On	Capital growth, high returns, and alpha	Strong Growth & Liquidity	Equity	Mid & Small cap	Momentum & Size	Cyclical & Emerging	High	Technicals, Sentiment
 Risk Transition	Risk-adjusted returns and alpha	Rising interest rates & Inflation	Equity	Large & Midcap	Value or Growth	Cyclicals & Structural	Reducing beta	Fundamentals & Valuations
 Risk Off	Minimizing drawdown risk, reducing volatility, & alpha	Uncertainty of growth	Equity, Cash	Large cap	Quality, Low Volatility & Dividend	Structural & Secular	Low	Macros, Fundamentals & Volatility

This ensures that your money is in the right place at the right time, maximizing returns while managing risks.

The AQUA Investment Philosophy – Inspired by the adaptability of water

A

Adaptive

The portfolio responds to data and stays aligned to the prevailing investment regime by adjusting its:

- Asset Allocation
- Size Mix
- Style Tilt
- Sector Exposure
- Beta Levels
- Security Weights

Q

Quantitative

Takes a Man with Machine Approach to leverage PL's 80 Year research expertise enhanced by technology to blends diverse sciences using proprietary quant methods that are:

- Objective, Systematic
- Rules Based, Data Driven
- Multi-Dimensional
- Back-tested across market cycles

U

Unbiased

Strategy that is unbiased towards any:

- Benchmark Weights
- Security Allocation
- Size Group, Style, Sectors
- Fundamental Thresholds
- Risk or Beta Levels
- Holding Period
- Fund Manager preferences
- Emotions & Behavioral traits

A

Alpha

Focused on dynamically responding to changing data across market cycles for delivering performance that is:

- Granular
- Sustainable
- Consistent
- Process driven
- By design, not chance
- At a total portfolio level

ROBUST Investment Process

Regime Identification

Ascertain the prevailing macro, monetary, value, risk, size, style, beta, and sector regime.

Objective Evaluation

A holistic multi-dimensional security scoring system using proprietary factors like quality, growth, value, dividend, momentum, volatility, liquidity, theme, tilt, volume, size, and sentiment.

Bottom-up Elimination

Size filter of top 500 stocks by marketcap, remove 100 stocks using liquidity filters and 100 stocks using fundamental red flag filters, for a 300 stock universe across large, mid and smallcaps

Unbiased Selection

Using Dynamic Multifactor ranks, derived by combining a top-down approach for factor weights and a bottom-approach for factor scores using the 6S Framework

Systematic Allocation

Equal-weighted, benchmark-agnostic portfolio of 25-30 stocks, with a maximum of 4 % weight per stock at the time of entry.

Tactical Rotation

By being responsive rather than predictive, we rebalance our portfolio in terms of asset allocation, size mix, style tilt, sector exposures, beta levels or security weights to manage risk and align with the prevailing macro and market regime.

AQUA's Proprietary 6S Investment Framework

It is the holistic set of rules which guide our investment decisions. It combines top-down and bottom-up analysis using principles of relativity.

6S

Investment Framework

using relative analytics vs peers, history, and broader markets inspired by Einstein's principles of relativity

Top Down Approach

Style Alignment

Relative Tilt

Sector Rotation

Relative Allocation

Smart Risk Management

Relative Beta

Bottom Up Approach

Superior Fundamentals

Relative Change

Sound Valuations

Relative Value

Strong Technicals

Relative Strength

Risk Management Framework



SHIELD Framework

Mitigates Known Risks and Responds to Unknown Risks

Shifting

To larger cap size mix, lower volatility styles, defensive sectors and lower beta portfolios.

Hedging

Uses a Dynamic Multifactor model to combine uncorrelated and negatively correlated factors

Insulating

Insulates with cash by reducing equity exposure

Eliminating

Eliminates stocks based on fundamental red flags and liquidity filters

Liquidating

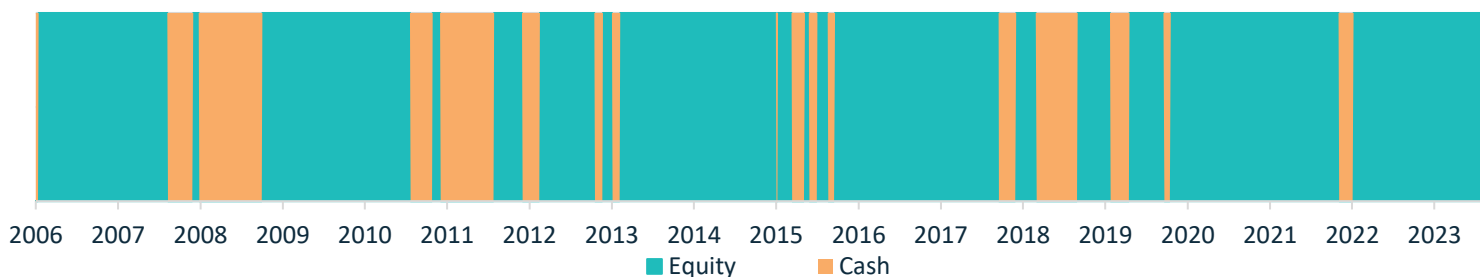
Bimonthly rebalance using an objective, rules-based strategy that exits laggards without biases & partially books profits

Diversifying

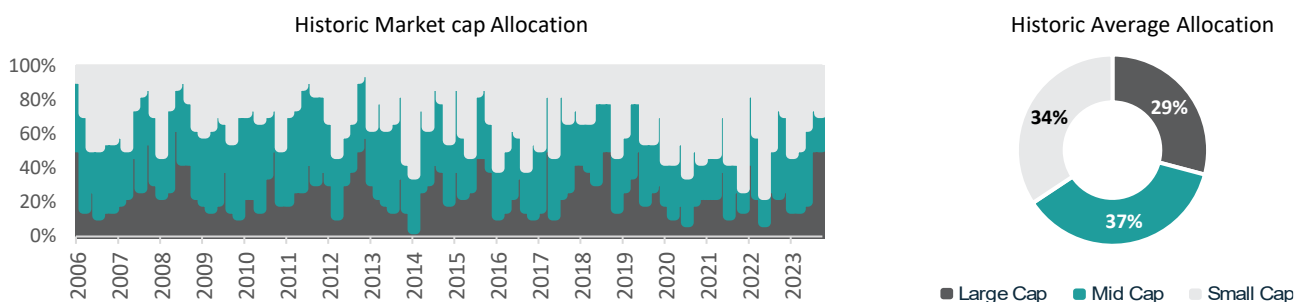
Optimally diversified, benchmark agnostic portfolio of 25-30 stocks with equal weight of maximum 4% given to each stock at time of entry

AQUA's Dynamic Portfolio in Action Across Market Cycles

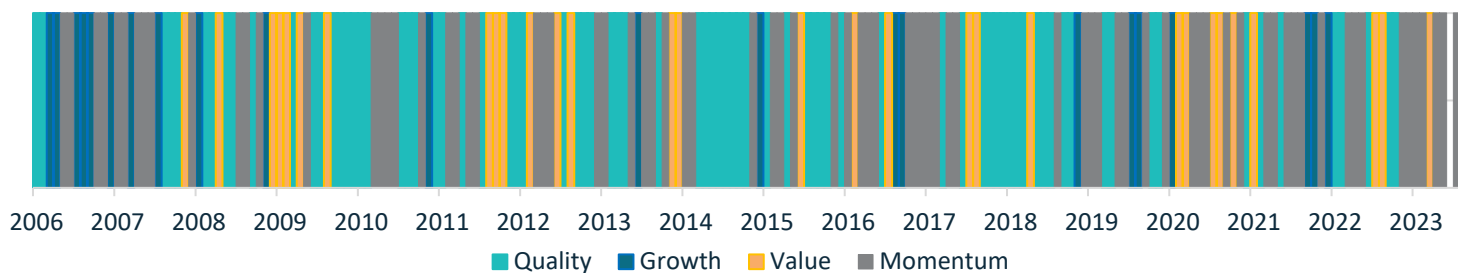
Asset Mix



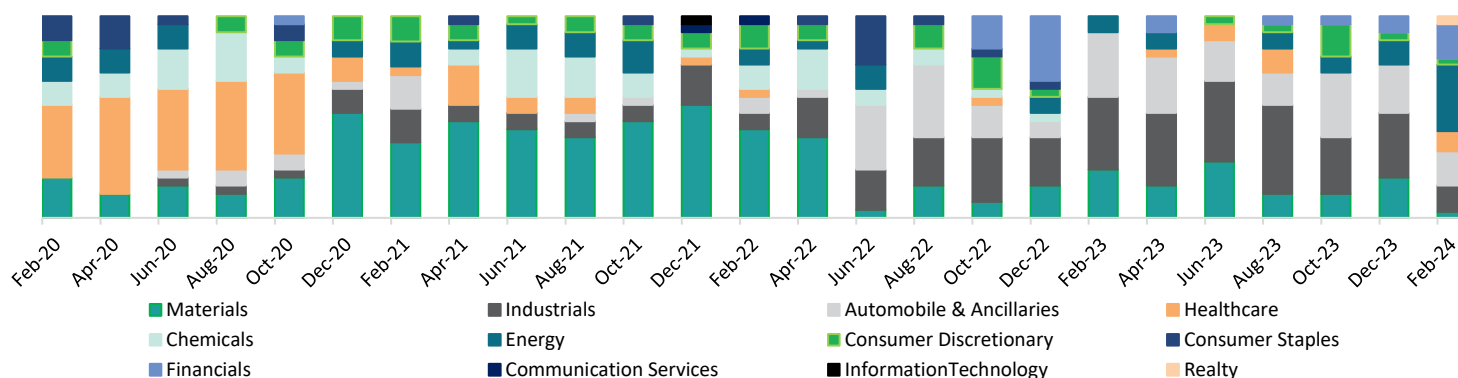
Size Exposure



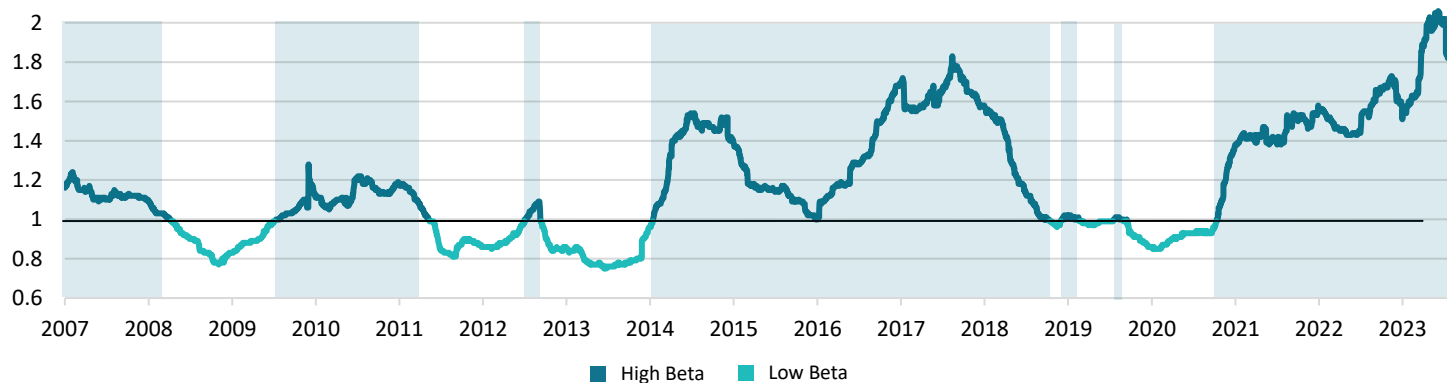
Style Regime



Sector Rotation Chart

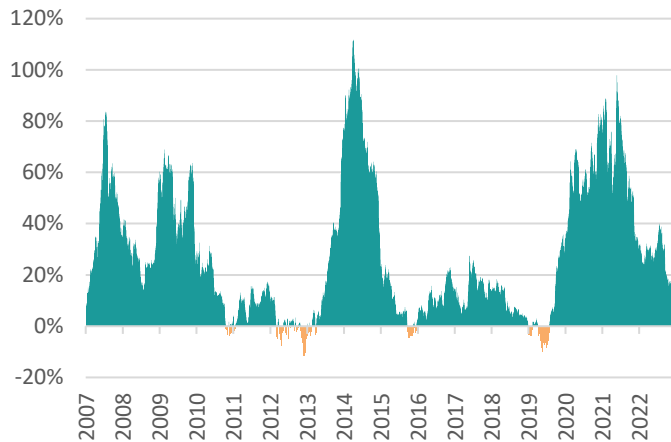


Beta Management (1 year rolling)

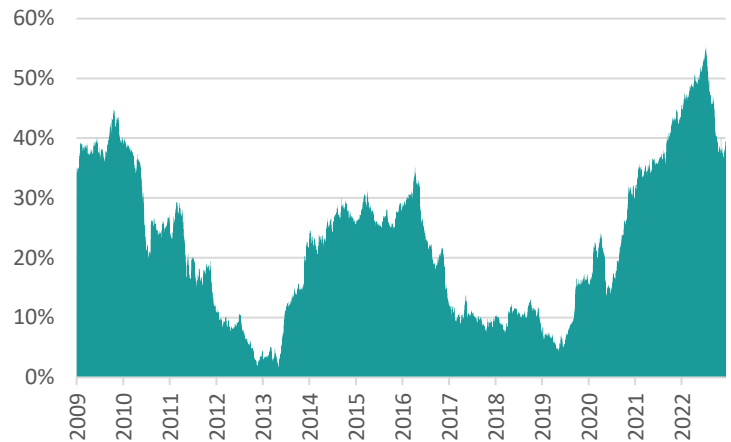


AQUA's Back-tested Performance vs Nifty 500

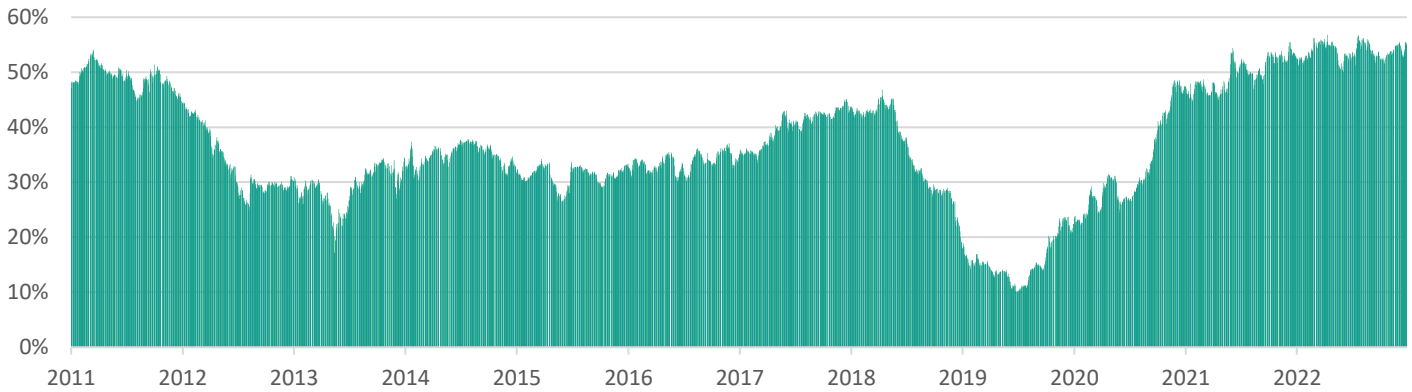
1 Year Rolling Alpha



3 Year Rolling Alpha



5 Year Rolling Alpha



AQUA Back Tested Performance

Period	AQUA (without cash)	AQUA (with cash)	Nifty 500	Alpha vs AQUA (with cash)
1 Year	25.41%	32.04%	14.33%	17.71%
2 Years	27.41%	34.55%	8.88%	25.67%
3 Years	57.74%	63.58%	24.71%	38.87%
5 Years	33.11%	40.06%	11.51%	28.55%
7 Years	33.34%	37.84%	13.26%	24.58%
10 Years	36.45%	38.74%	13.37%	25.37%
15 Years	29.59%	31.95%	9.87%	22.08%
Since Inception	31.46%	34.36%	11.82%	22.54%
Sharpe *	1.05	1.27	0.31	4.10x
Std Deviation*	21.94%	19.46%	20.95%	0.93x
Sortino*	1.29	1.58	0.38	4.16x

Total Portfolio Approach to Alpha

AQUA's outperformance can't be replicated by individual stocks.

The probability of AQUA getting it right as per back tested results:

Generating Alpha on	1M	3M	1Y	3Y	5Y	Rebalance to Rebalance
Right (outperformance)	>65%	>73%	>91%	>100%	100%	74%
Wrong (underperformance)	<35%	<27%	<9%	<0%	0%	26%
Outperforming or positive (Happy)	>86%	>86%	>98%	>100%	100%	90%
Underperforming and negative (Sad)	<14%	<14%	<2%	0%	0%	10%

Based on bimonthly rebalances since 2006	Mean	Median	Min	Max
% stocks positive	59%	64%	4%	100%
% stocks outperforming benchmark	55%	56%	16%	84%

Source: PL | Data from 19th June 2006 till 09th June 2023

*3 year rolling Risk - reward ratios

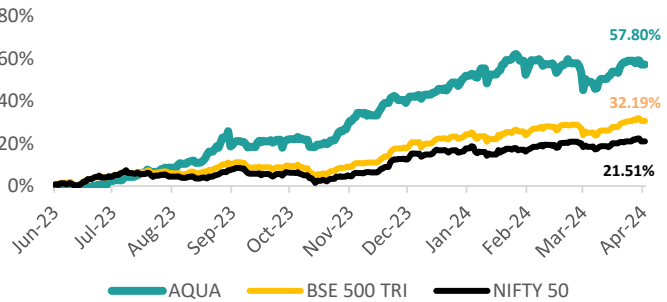
AQUA Live Performance

Periodic Returns			
Period	AQUA	BSE 500 TRI	Alpha vs BSE 500 TRI
1 month	2.55%	3.44%	-0.89%
3 months	2.14%	7.27%	-5.13%
6 months	31.51%	24.83%	6.68%
9 months	48.63%	24.04%	24.59%
Since Inception	57.80%	32.61%	25.20%
1st Rebalance	11.81%	5.07%	6.75%
2nd Rebalance	8.80%	1.42%	7.38%
3rd Rebalance	20.78%	12.86%	7.91%
4th Rebalance	10.16%	6.64%	3.52%
5th Rebalance	-1.76%	1.19%	-2.96%
6th Rebalance	1.89%	1.70%	0.19%

Source: PL | Data as on 30th April 2024
 Inception Date : 12th June, 2023 | 1st Rebalance: 19th June – 22nd August, 2023 | 2nd Rebalance: 23rd August, 2023 – 22nd October, 2023 | 3rd Rebalance: 23rd October, 2023 – 22nd December 2023 | 4th Rebalance: 23rd December 2023 – 22nd February | 5th Rebalance- 23rd February – 22nd April | 6th Rebalance- 23rd April – till date | Note: Actual returns net of expenses, fees and associated costs.

AQUA VS BSE 500 TRI VS NIFTY 50
Rolling Returns Since AQUA’s Inception

	AQUA	BSE 500 TRI	Nifty 50
Invest in June 2023	50,00,000	50,00,000	50,00,000
Value as of April 30 th , 2024	78,90,000	66,09,500	60,75,500
Returns	57.80%	32.19%	21.51%



Since Inception Performance Till Month End:

	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24
AQUA	8%	15%	21%	20%	38%	45%	57%	54%	53%	58%
BSE 500 TRI	7%	7%	9%	6%	13%	22%	25%	27%	28%	33%
Alpha	0%	8%	12%	15%	25%	23%	33%	28%	25%	25%

Source: PL | Data till 30th April 2024 | Inception Date : 12th June, 2023

Month-wise Returns			
Period	AQUA	BSE 500 TRI	Alpha vs BSE 500 TRI
Jul 2023	8.18%	3.95%	4.23%
Aug 2023	6.62%	-0.61%	7.24%
Sep 2023	5.35%	2.11%	3.24%
Oct 2023	-0.51%	-2.86%	2.35%
Nov 2023	14.83%	7.06%	7.77%
Dec 2023	5.03%	8.03%	-3.01%
Jan 2024	8.27%	1.92%	6.35%
Feb 2024	-1.77%	1.66%	-3.43%
Mar 2024	-0.76%	0.86%	-1.62%
Apr 2024	2.99%	3.44%	-0.45%

Top Performing Stocks in the Portfolio

Stock Ticker	Returns	Stock Ticker	Returns
BSE	225.60%	RECLTD	64.22%
IRCON	167.46%	BPCL	54.42%
COCHINSHIP	157.68%	ADANIPOWER	50.91%
SCHNEIDER	121.32%	TATAMOTORS	47.73%
PFC	117.68%	IOC	47.53%
JSL	77.08%	GMRINFRA	45.01%
NBCC	74.02%	GRSE	44.73%
MAHSEAMLES	73.56%	COALINDIA	43.38%
APARINDS	72.88%	MOTILALOFS	43.01%
GMDCLTD	71.77%	MAHABANK	40.96%

Cumulative stock performance from 19th June 2023 - 13th March 2024

AQUA packs the power of:

80

years of
PL's research
expertise

20+

team
members

25+

proprietary
factors

1000+

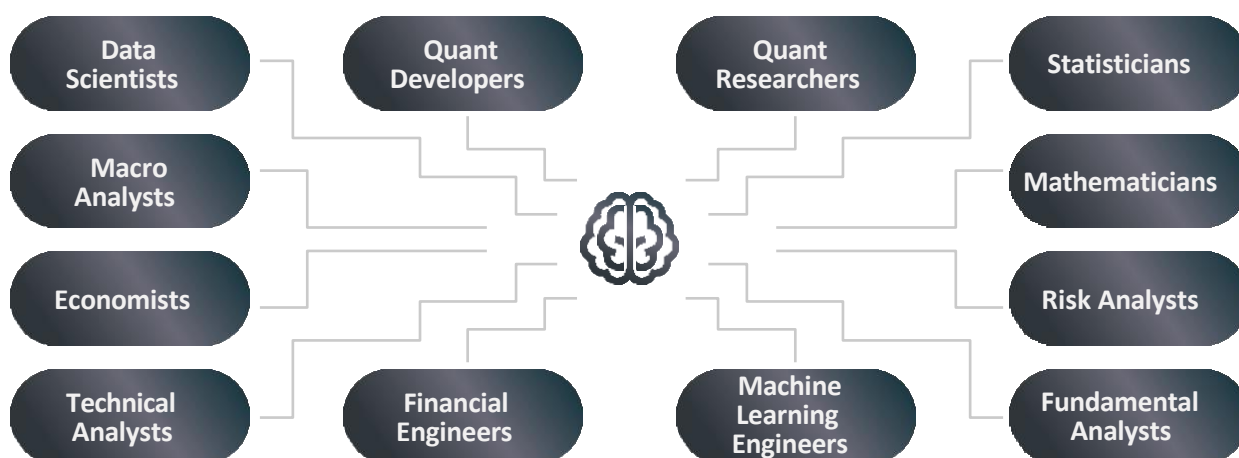
market
indicators

7500+

strategies tested to
build AQUA

Creators of AQUA

AQUA is the convergence of a multidisciplinary team in one strategy:



About the Fund Manager:

“what Google Maps did to Navigation, Quant holds the potential to do to investing”.

Siddharth was one of the first to recognize the potential of quant and how technology and data can play a major role in the investment landscape of India.

Hence, Siddharth spearheaded PL's foray into the Quantitative Asset Management space.

He is one of India's youngest and most innovative fund managers, having introduced two path – breaking investment strategies – MADP and AQUA.

Multi – Asset Dynamic Portfolio (MADP) is one of India's 1st multi – asset PMS that deploys quantitative technology for asset allocation and AQUA, (Adaptive; Quantitative; Unbiased; Alpha) is one of India's 1st style agnostic and style adaptive investment strategy.

He is one of the most definitive voices on quant investing in India today.

He is a SEBI-registered Research Analyst, Investment Advisor and Portfolio Manager.



Siddharth Vora

Fund Manager, Principal Officer & Head of
Investment Strategy, PL Asset Management

Executive Director, PL Capital Group
CA, CFA, MSc

80 years of experience.
We've done our homework.





PL Capital
PRABHUDAS LILLADHER

**ASSET
MANAGEMENT**

Invest for **ALPHA**, Invest in **AQUA**

Join the Quant revolution with our **AQUA PMS**

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