Valentis Advisors

Private Limited

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- ❑ Why Choose Valentis Advisors?
- ❑ Investment Process and Philosophy
- ❑ Products
- ❑ Market view

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The Man Behind PMS

Mr. Jyotivardhan Jaipuria
Founder & Managing Director

- Jyoti has an overall 35 years of experience in the Indian Capital Market including 21 years in DSP Merrill Lynch and 8 years in ICICI.
- He was Head of Research and strategist for India at Bank of America Merrill Lynch. He helped build the research team as the leading research provider in India as well as one of the top institutional brokers in the country.
- As a strategist, he was rated amongst the top strategists in India by leading institutional investors in India.
- Jyoti has also served as a member of the Board of Directors of DSP Merrill Lynch, the Asia Pacific Research Executive Committee and Operating Committee, the India Country Leadership Team (CLT) and other management committees.
- Jyoti graduated in Commerce (B.Com) from Sydenham College and has an MBA from the Indian Institute of Management, Ahmedabad.

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Why Valentis?

- **Client centric approach**
  - Easy access to founders, fund manager and analyst team
- **Our skin is in the game**
  - The founders would invest in the same fund with you.
- **Our interests are aligned with yours**
  - Performance fees incentivizes superior performance
- **Flexible solutions**
  - We are happy to work with you to find customized solutions to your investment needs.
- **Strong pedigree and financial market experience**
  - The founder has over 30 years experience in the financial industry and has successfully carved a niche for research based, non-consensus views.

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#1: Research, research and more research drives our investment philosophy

- **Detailed research wins over gut feels and market sentiment**

- **Process driven research to eliminate market noise – blend of science and art**
  - Largely scientific process. This involves, screening to identify ideas and then detailed modelling to arrive at fair valuations.
  - Bit of art involved
    - We look at market sentiment and psychology
    - We try to stay away from the herd.

"Buy not on optimism, but on arithmetic." **—Benjamin Graham.**

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#2: What are we looking for?

➢ We seek large discrepancies in risk:reward

- Stocks trade like a bell curve with a large number of stocks trading at near fair risk:reward
- We focus on stocks at the extreme where returns can be disproportionately high for the risk we take.

➢ The 3 "U"s approach

1. Undervalued: risk-reward trade off should provide margin of safety
2. Under-owned: we prefer stocks that have low FII, institutional investor interest
3. Under-performing or Undiscovered: low expectations on the stock

We are looking for stocks with asymmetrical risk reward

#3: What stocks do we focus on?

We focus on stocks at earnings "inflection point"

- We are looking at companies with high operating leverage.
- This will likely kick in due to higher utilization levels as demand improves.
- We buy stocks early before they are flavor of the market

Stocks we like have following characteristics

- Large size of market and attractive industry dynamics
- Competitive advantage of the company vs competition
- Strong Corporate governance

> ***"Even the intelligent investor is likely to need considerable willpower to keep from following the crowd."* — Benjamin Graham**

#4: Buy and hold for wealth creation

- **We believe in buying under-valued stocks and holding them for long term partly like a Private Equity investor**
  - We buy unloved companies that are either out of favor or are undiscovered and unresearched.
  - We are willing to do deep research on the industry dynamics and company positioning.
  - We are passionate about being "dispassionate" in our analysis.

When do we sell stocks?

- **When the stocks has rallied & is no longer cheap**
  - Will I buy the stock at current market price?
- **When the reason for buying the stocks has not materialised**
  - e.g. now competition come in or size of market changes.

> ***"The big money is not in the buying and the selling, but in the waiting"* — Charlie Munger.**

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Investment Process – Macro to Micro (MTM)

Macro Approach
through
- ✓ Global Indicators & Markets
- ✓ Macro Economic Analysis
- ✓ Industry Analysis

Bottom Up Quantitative Approach
screening for
- ✓ Reasonable valuation
- ✓ History of earnings growth and return ratios
- ✓ Debt gearing & Free cash flows

Stock Ideas

{ **500-600 companies** }

Due Diligence
- Company management meetings
- Meetings with competitors, suppliers, distributors
- Porter analysis

Research & Modeling
- Detailed financial model
- Analysis of management's track record

The 3 "U"s
- Valuation: PE, PB, DCF, RoE, Free Cash flow
- Ownership: FII holding, MF holding
- Analyst Coverage

{ **80-100 companies** }

Portfolio Construction

{ **15-20 companies** }

Constant Monitoring
- ✓ monitoring growth parameters including volumes & price
- ✓ valuation monitoring to ensure risk-return trade-off

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Valentis Rising Stars Opportunity Fund

Investment Objectives: The 3 Us

- The objective of the scheme is capital appreciation in the medium term to long term by investing in cherry picked stocks mostly in the Mid and Small cap space.
- The portfolio focuses primarily on a buy and hold strategy at most times.
- **We will focus on the 3 Us (Under-owned, under-valued and undiscovered stocks).**

Midcaps are under-owned by FIIs...

Market Cap	No. of Stocks	FII holding %
>50000 cr.	91	21.31
30000 - 50000 cr.	61	14.27
10000 - 30000 cr.	159	11.80
5000 - 10000 cr.	**151**	**9.75**
1000 - 5000 cr.	**407**	**6.31**
500 - 1000 cr.	**135**	**2.84**

Valentis Focus stocks

Investor Profile:

– Ideal for investors with a 3 year or longer investment horizon.

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The making of a Blue-chip

Stock today up 280 times: CAGR of 24.2%

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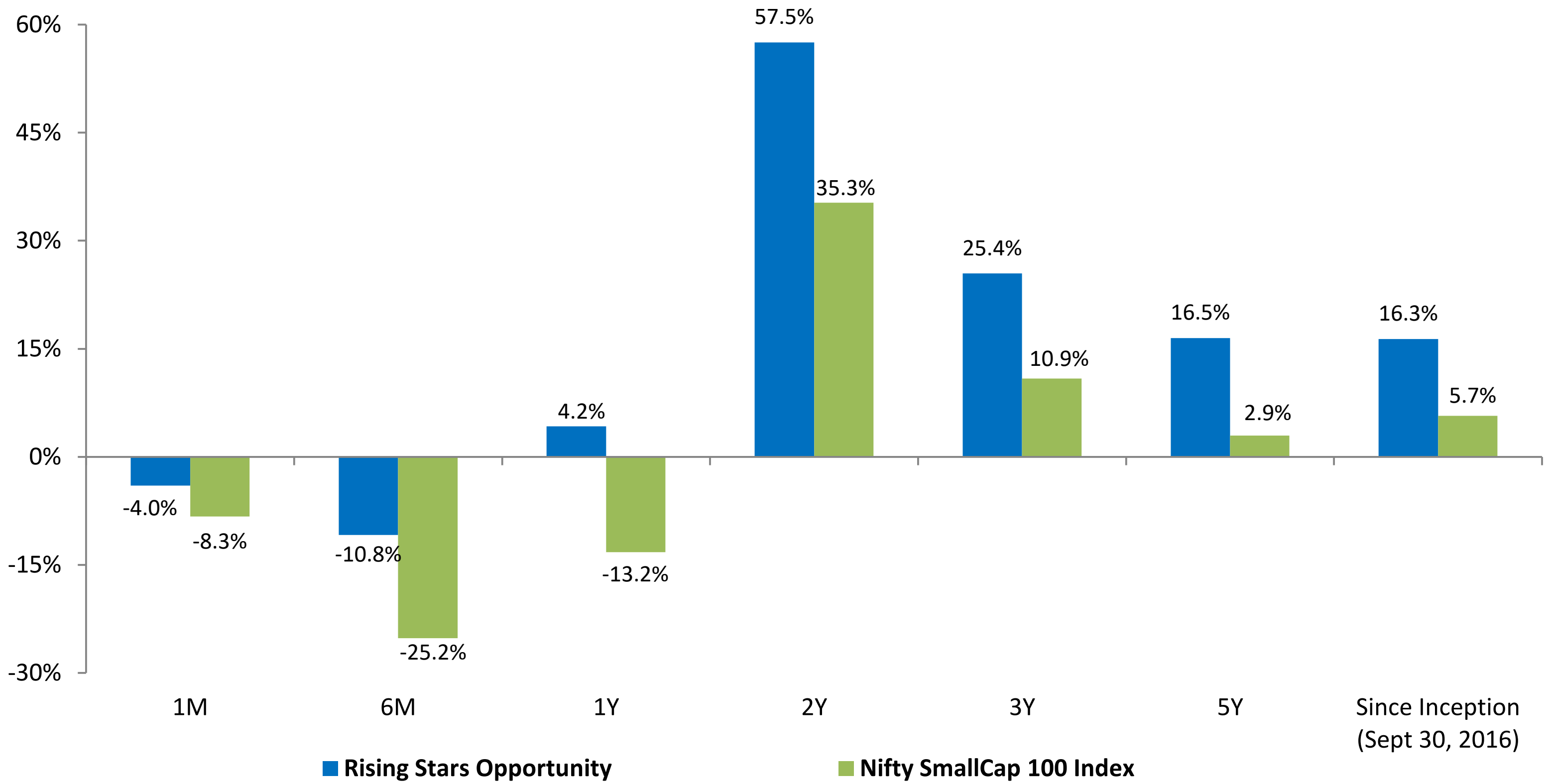
Rising Stars Opportunity Fund Portfolio Performance



- Portfolio Performance as on 30th June 2022
- Return of portfolio shown above is after deducting performance and management fees.
- Portfolio inception date is September 30, 2016.
- Returns of individual clients may differ depending on time of entry in the Strategy.
- Returns above 1 year are CAGR

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Valentis Rising Star Opportunity 2nd best performing scheme in 2021

Aided by mid-, small-cap rally, 80% of PMS schemes beat Nifty in 2021

They generated average returns of 40%, against the Nifty's 24%

TOP PERFORMING PMS SCHEMES IN 2021

AMC	Strategy	Category	One-year returns (%)
Green Portfolio	Super 30	Thematic	115.5
Valentis Advisors	Rising Star Opportunity	Small & Midcap	96.4
Right Horizons	Minerva India Under-Served	Small Cap	92.2
Roha Asset Managers	Emerging Champions	Small & Midcap	91.2
Green Lantern Capital Llp	Growth Fund	Small & Midcap	89.1
Negen Capital	Special Situations & Technology Fund	Multi Cap	82.7
Sageone	Small & Microcap	Small Cap	81.3
Abakkus Asset Managers	Abakkus Emerging Opportunities Fund	Small & Midcap	80.7
Carnelian Asset Advisors	Shift Strategy	Multi Cap	79.2
Right Horizons	Super Value	Mid Cap	78.7

*All performance as on December 31, 2021; returns computed as per TWRR method

Source: PMS Bazaar

ASHLEY COUTINHO
Mumbai, 14 January

Four out of every five portfolio management services (PMS) schemes beat the Nifty50 in calendar year 2021 (CY21) amid a sustained rally in mid- and small-cap firms.

Eighty per cent, or 200 of the 249 PMS schemes, beat the 24.1 per cent returns generated by the benchmark. Seventy schemes returned over 50 per cent during the year. The 249 schemes collectively delivered average returns of 40 per cent, higher than the 30.2 per cent delivered by the benchmark Nifty 500, but lower than the Nifty Midcap 100 (46.1 per cent) and NSE Smallcap 100 (59.3 per cent).

Green Portfolio's Super 30 was the top performer with returns of 115.5 per cent, followed by Valentis Advisors' Rising Star Opportunity (96.4 per cent) and Right Horizons' Minerva India Under-Served (92.2 per cent).

"The most satisfying part for us was that we were able to generate significant outperformance by keeping beta way lower than the index. It means we took less risk and delivered more returns while maintaining liquidity," said a note put out by Carnelian Asset Advisors, whose multi-cap Shift Strategy is among the top 10 PMS schemes, with one-year returns of over 79 per cent.

"We were in the minority while taking aggressive calls on the IT and manufacturing (China +1) theme way back in September 2020 and positioned our portfolio accordingly. This contributed very well to our performance this year," the note added.

Many PMS schemes lean towards mid- and small-caps in their portfolios and run concentrated portfolios of 15-20 stocks. Such portfolios increase the potential of higher returns, but are also prone to steep falls during corrections.

Companies that have low leverage, strong fundamentals, and high corporate governance did not necessarily do too well last year, according to Siddhartha Rastogi, COO & head of sales, Ambit Asset Management. Rather, cyclical businesses with a high debt-to-equity ratio outperformed, he said.

"Most of the PMS schemes chase momentum instead of consistency and those that were heavy on cyclicals did well last year," Rastogi said.

According to experts, 2021 was driven by re-rating due to easy liquidity and low interest rates. Both are likely to reverse, which is why this year is likely to be the year of de-rating and modest earnings growth. Interest rates are bound to increase and market volatility will be higher. This will put companies' earnings growth back into focus.

"Whenever such an environment is created, markets are volatile and alpha creation becomes difficult," Carnelian said.

"Last year, the earnings didn't increase so much, but PE multiples expanded. We are not going to see so much of that from here on. The PE multiples will decelerate and as the weighted average cost of capital rises, equities will give relatively lesser returns in 2022," said Rastogi.

According to him, investors should book profits in businesses that are cyclical and where PE multiples have expanded irrationally.

PMS schemes managed ₹22.7 trillion under the discretionary portfolio, ₹1.44 trillion under the non-discretionary portfolio, and ₹2.23 trillion under advisory, latest regulatory data showed.

The PMS segment invests money on behalf of well-off individuals. The minimum investment that regulations allow is ₹50 lakh.

Valentis Multi-Cap Fund

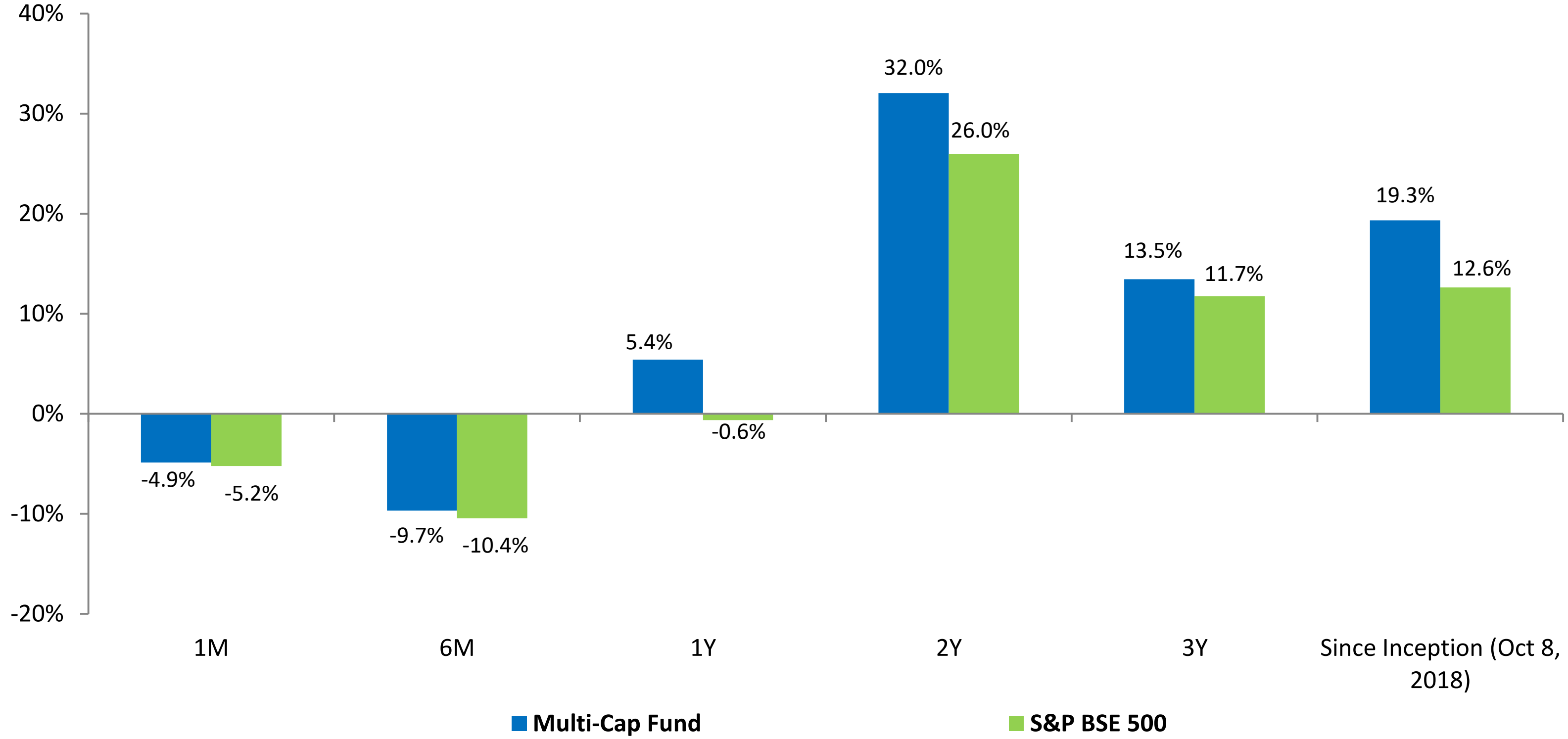
Investment Objectives:

- Between 20-40% exposure to large cap (top 100) companies.
- Will enable portfolio to be a dynamic mix of well established, liquid names and mid-caps that may be greater beneficiaries of a cyclical rebound.
- The fund aims for an ideal mix of lower volatility in the large cap names accompanied by the higher return potential in the mid cap names.
- The core strategy remains buy and hold.

•Investor Profile:

– Ideal for investors with a 3 year or longer investment horizon.

Multi-Cap Fund Portfolio Performance



- Portfolio Performance as on 30th June 2022
- Return of portfolio shown above is after deducting performance and management fees.
- Portfolio inception date is October 8, 2018.
- Returns of individual clients may differ depending on time of entry in the Strategy.
- Returns above 1 year are CAGR

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Fee Structure

Fund Type	SEBI Registered PMS
Fund Tenure	Open Ended
Structure	Discretionary PMS
Fees	
Fixed Management Fee:	1.5% p.a. charged Quarterly basis
Performance Fee:	15% of return Above 10% Hurdle Rate charged annually (subject to High Water Mark level)
Exit Load	3% - before 12 Months
	2% - between 12 to 24 months
	1% - between 24 to 36 months

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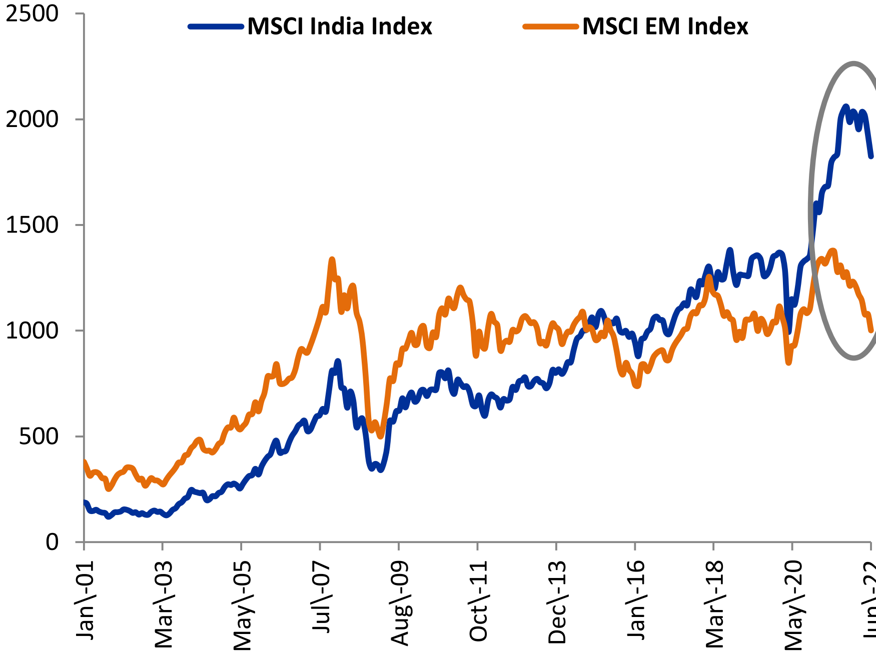
#1: 2022 – a year of consolidation?

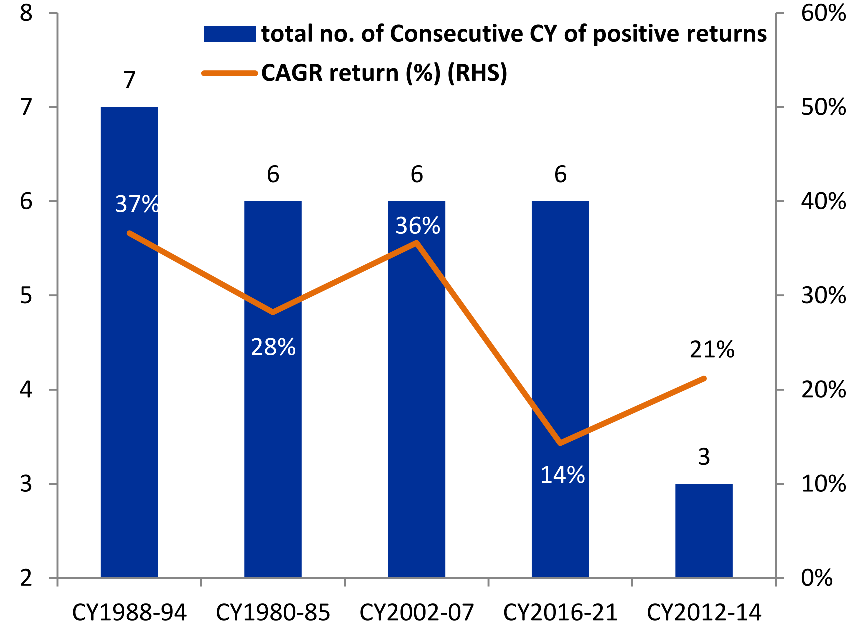
Tug of war between earnings vs valuations, central banks

Chart 1: Sharp outperformance to global markets past 6 months



Source: Investing.com, Valentis Research

Chart 2: Total no. of consecutive CY of positive return on SENSEX



Source: BSE, Valentis Research

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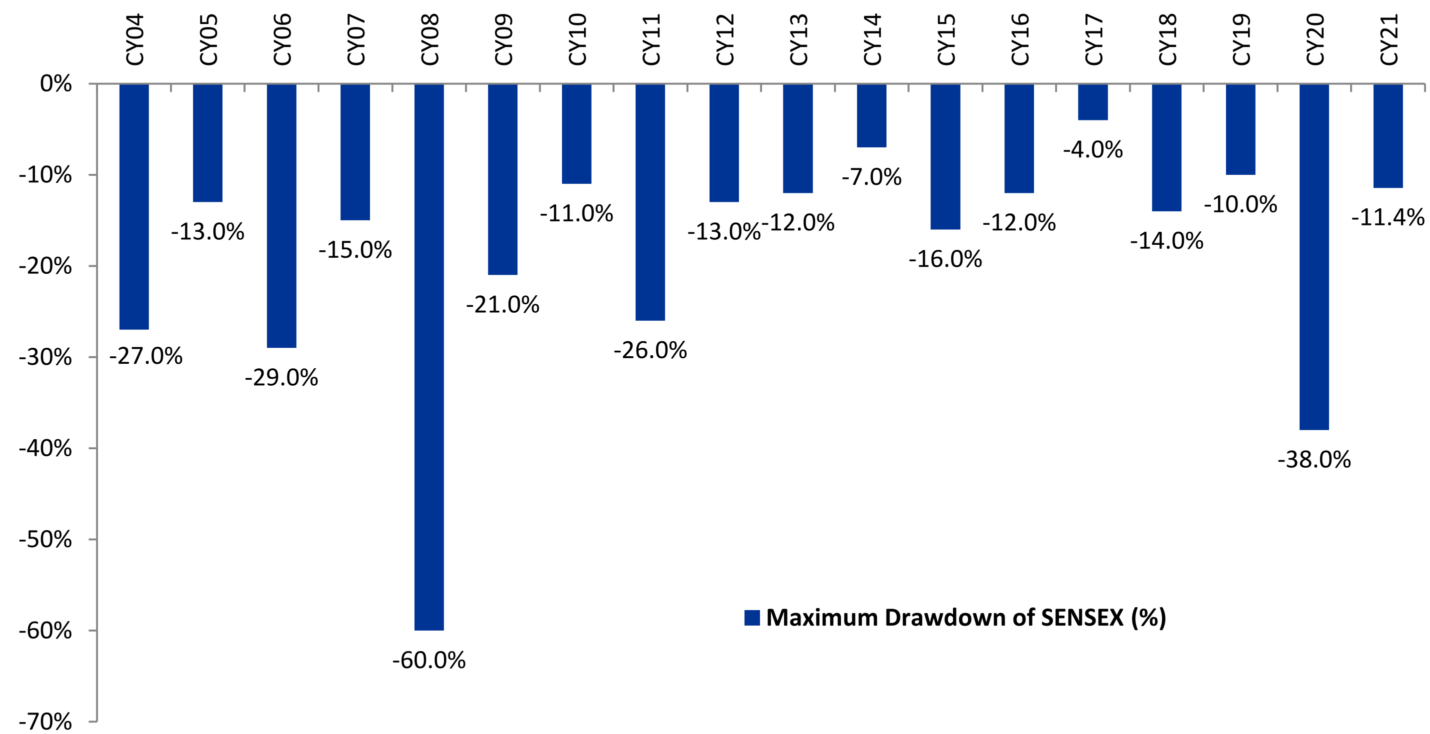
Will we get a correction? Possible but more a 10% one

Chart 3: Maximum Drawdown of SENSEX (%)



Source: BSE, ACE Equity, Valentis Research

"Far more money has been lost trying to anticipate corrections, than in corrections themselves." – Peter Lynch

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The 40-50% correction looks unlikely

Peak of market bubbles have a confluence of **(a) stretched valuations (b) peak of earnings cycle and (c) euphoric sentiment**. Normally monetary policy has turned hawkish much earlier.

Table 1: Four major drops in the market

Various periods in the market	x times	Months	CAGR return	% subsequent fall
1988 - 1992 (Harshad Mehta)	11.4	50	80%	-54.4%
1997 - 2000 (IT Boom)	2.2	39	27%	-56.2%
2003 - 2008 (Infra & Global Liquidity)	7.1	57	51%	-59.5%
2017 – 2020 (Covid-19 Pandemic)	1.6	38	17%	-38.1%

Source: ACE Equity, Valentis Research

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Would you have invested at the lows?

Dow bottomed at 6600 in Mar 2009 & went up nearly 50% by year end. Some headlines in USA then after March 2009 – scepticism to acceptance phase

- Warren Buffett to CNBC: Economy Has 'Fallen Off a Cliff' (CNBC.com, March 2009)
- Dow 5000? There's a Case for It (The Wall Street Journal, March 2009. Note: the Dow was just over 6600 when this was published)
- Global Economy Called Worst Since 1945 (The New York Times, April 2009)
- Economy Shrinks at Fastest Rate Since 1950s (The New York Times, April 2009)
- Stop Thinking the 30% Stock Market Rally Means the Bear Market Is Over (Business Insider, May 2009)
- On Wall Street: Beware of the Sucker's Rally (Financial Times, May 2009)
- Will Overstimulating Economy Bring Inflation? (NPR, June 2009)
- Sorry, Stocks Still Aren't Cheap (Business Insider, July 20009)
- The Economy Is Even Worse Than You Think (The Wall Street Journal, July 2009)

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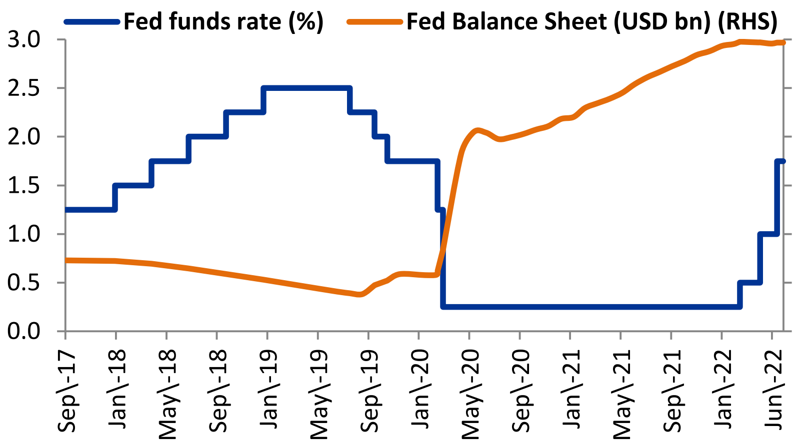
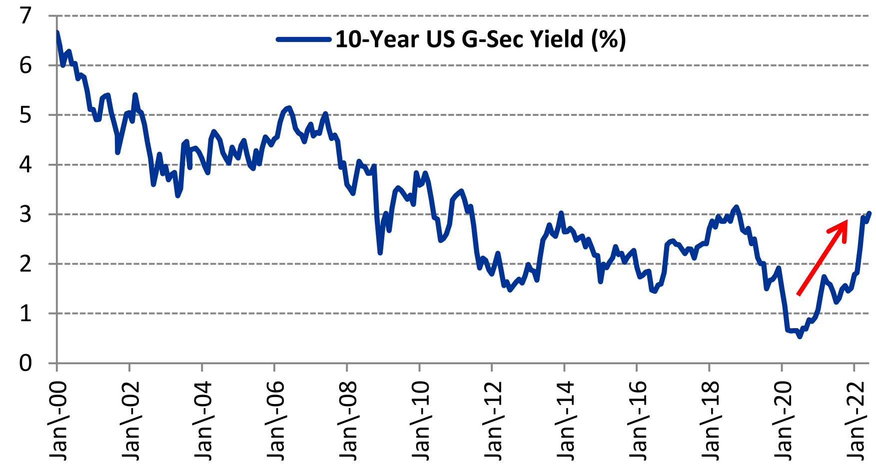
#2: Central Banks normalizing monetary policy are biggest risk to markets

Chart 4: US Fed Rate & Balance Sheet Expansion



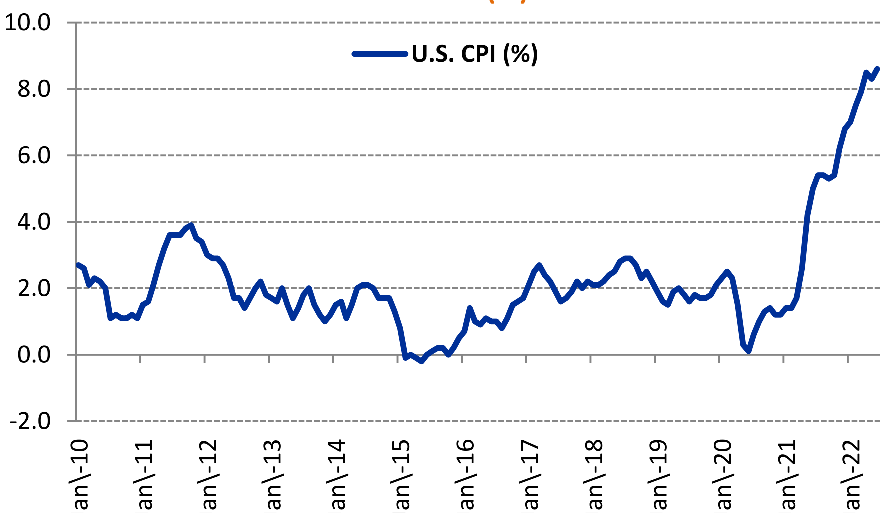
Source: Federal reserve, Valentis Research

Chart 5: US 10 year bond yield (%)



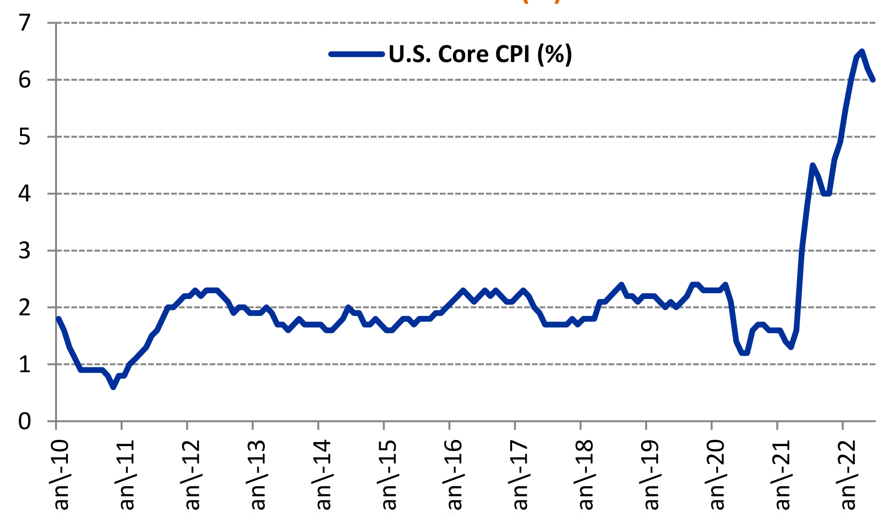
Source: Investing.com, Valentis Research

Chart 6: US Consumer Price Index (%)



Source: Investing.com, Valentis Research

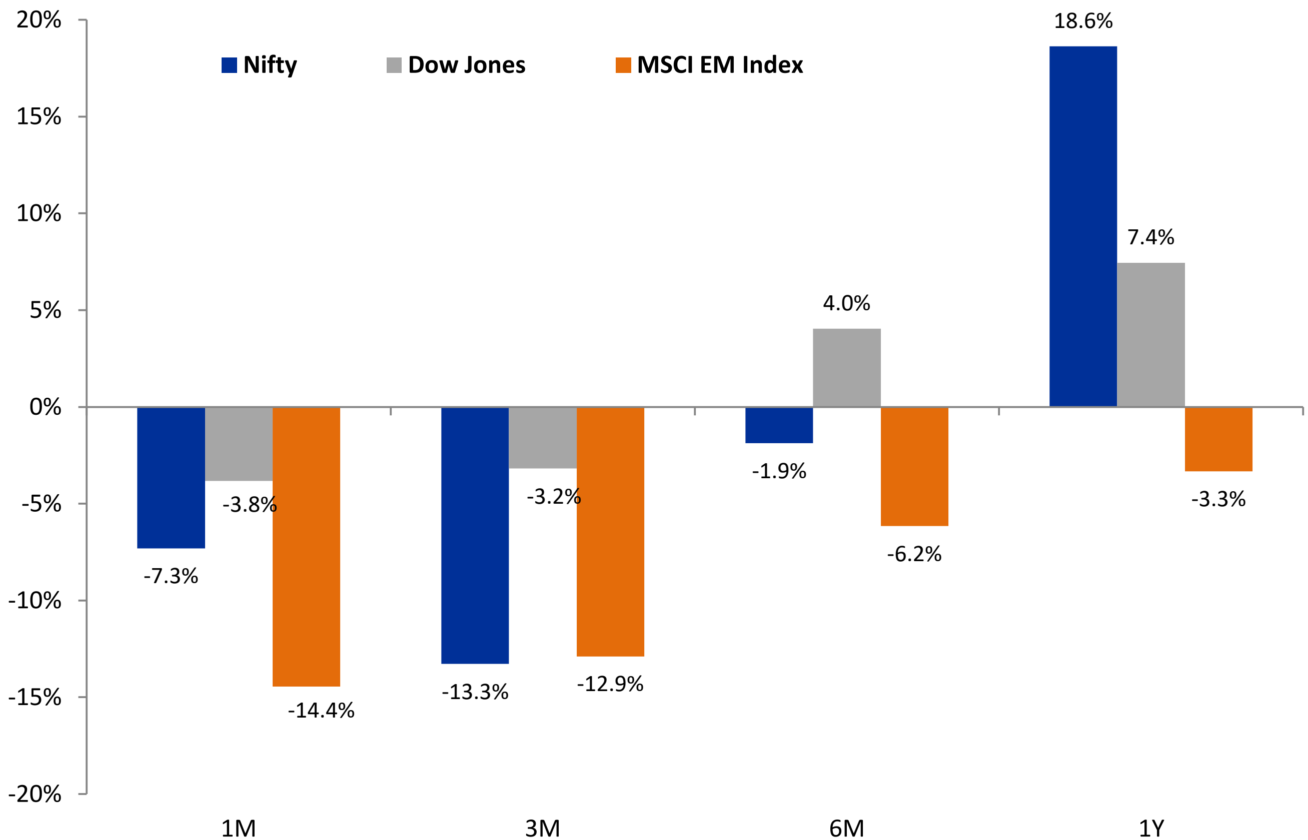
Chart 7: US Core Consumer Price Index (%)



Source: Investing.com, Valentis Research

Taper tantrum passed off peacefully unlike 2013

Chart 8: Stock market returns from Bernanke tapering announcement in 2013



Source: ACE Equity, Investing.com, Valentis Research

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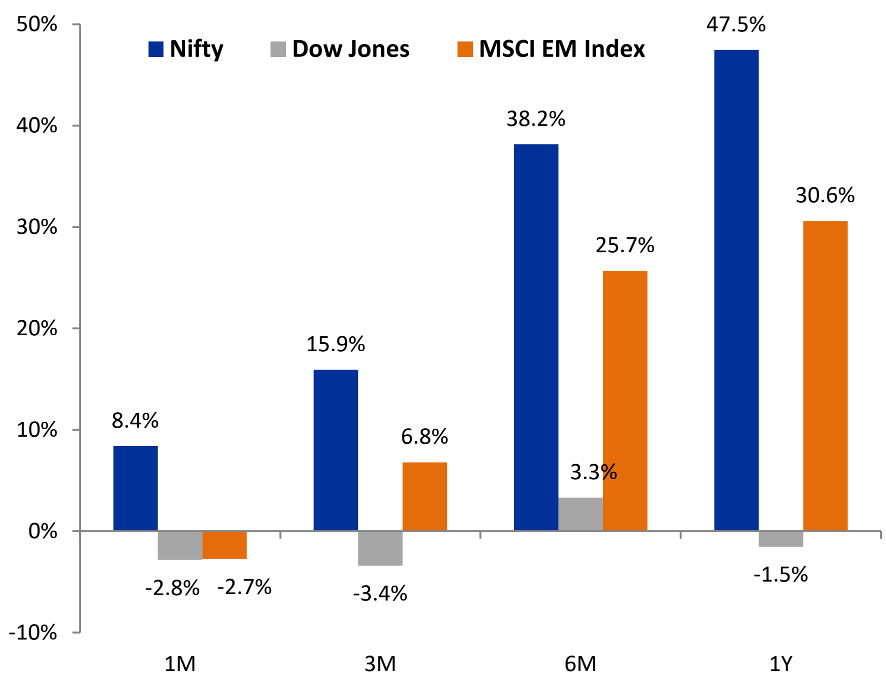
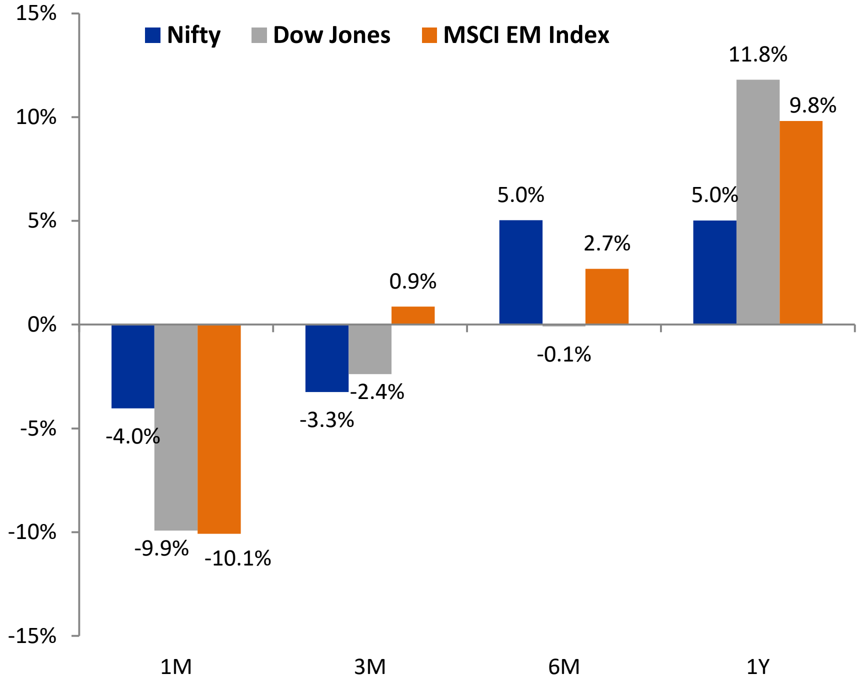
Will Fed rate hikes burst the rally? Impact on India and Emerging Markets

Chart 9: Return from first rate hike on June 2004



Source: Investing.com, ACE Equity, Valentis Research

Chart 10: Return from first rate hike on Dec 2015



Source: Investing.com, ACE Equity, Valentis Research

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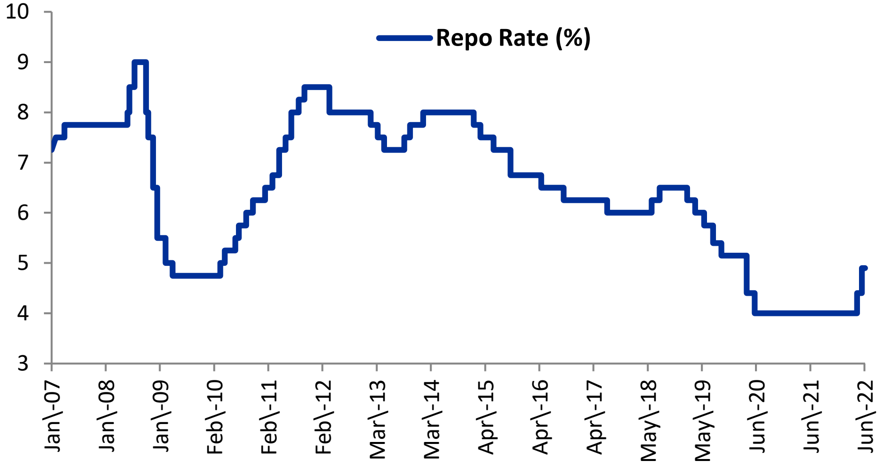
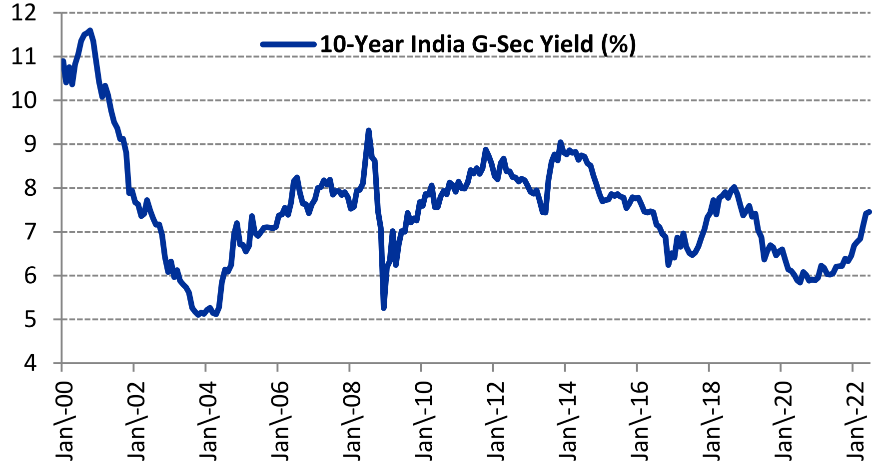
India too likely to face tighter monetary policy

Chart 11: RBI Repo rate trend (%)



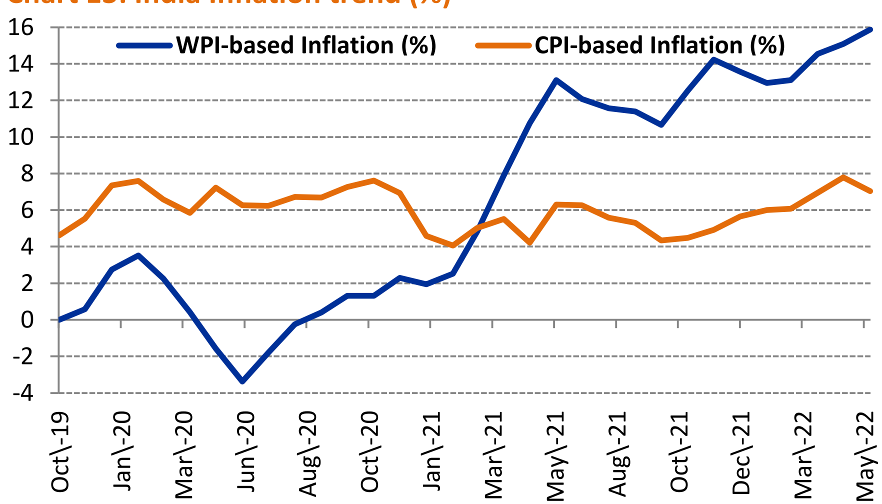
Source: RBI, Valentis Research

Chart 12: : India 10 year bond yield (%)



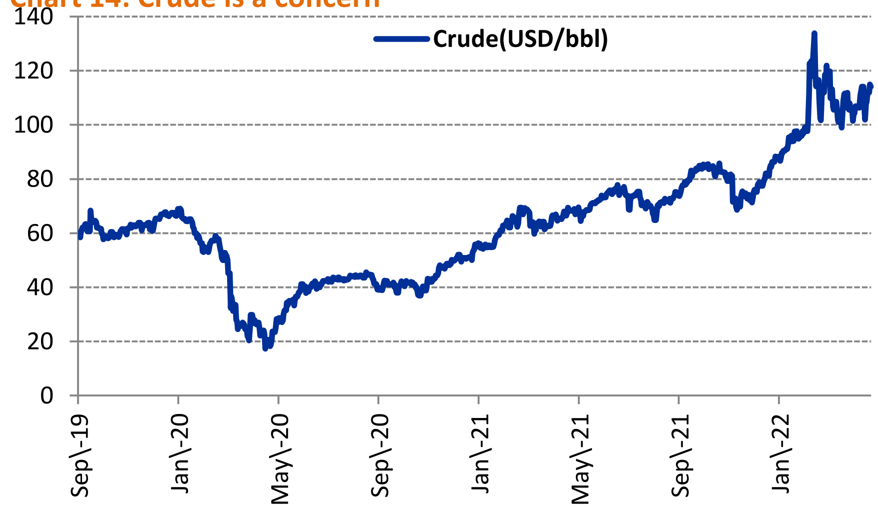
Source: Investing.com, Valentis Research

Chart 13: India Inflation trend (%)



Source: MOSPI, Valentis Research

Chart 14: Crude is a concern



Source: MOSPI, Valentis Research

Market reaction to War is muted

Table 2: Market reaction to geopolitical events

		S&P500 return					Nifty50 return				
Event	**Event Date**	**Size of Sell Off**	**1M**	**3M**	**6M**	**1Y**	**Size of Sell Off**	**1M**	**3M**	**6M**	**1Y**
9/11 attack	11\09\2001	-13.5%	0.4%	4.3%	6.9%	-17.3%	-17.8%	-9.0%	7.4%	14.9%	-3.4%
Iraq War	20\03\2003	-3.7%	2.0%	13.7%	18.3%	26.7%	-5.0%	-8.2%	7.3%	29.0%	68.3%
Arab Spring (Eqypt)	25\01\2011	-1.2%	2.2%	3.4%	3.6%	2.7%	-4.0%	-6.7%	3.3%	-0.1%	-9.3%
Libya Intervention	19\03\2011	-4.8%	2.0%	-0.6%	-5.9%	4.5%	-1.7%	6.6%	-0.1%	-5.4%	-1.0%
Russia - Crimea	20\02\2014	-0.2%	1.8%	1.8%	8.0%	14.7%	0.3%	6.4%	19.4%	29.3%	45.0%
Intervention in Syria	22\09\2014	-9.4%	-3.4%	4.2%	5.5%	-2.6%	0.8%	-1.8%	2.2%	5.2%	-4.1%
Air strike on Syrian Air Base	07\04\2017	-1.2%	1.9%	3.0%	8.2%	10.6%	-1.3%	0.9%	5.1%	8.5%	12.3%
North Korea missile crisis	28\07\2017	-1.5%	-1.1%	4.4%	15.4%	14.8%	2.7%	-1.0%	3.1%	10.5%	12.6%
Saudi Aramco drone strike	13\09\2019	-5.1%	-1.4%	5.4%	-9.9%	11.1%	2.5%	2.4%	9.1%	-10.1%	3.5%

Source: ACE Equity, Investing.com, Valentis Research

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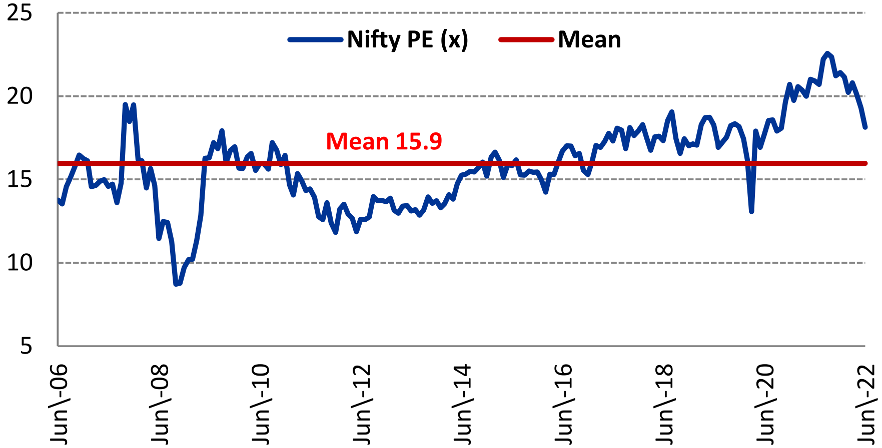
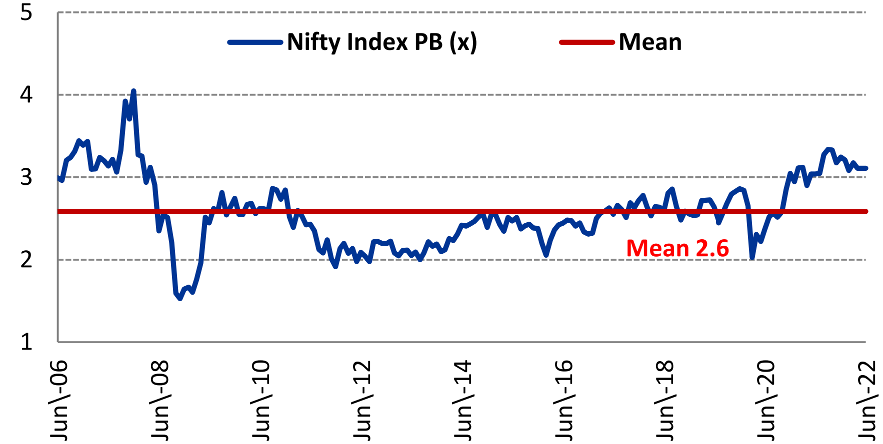
#3: Valuations - Re-rating behind us; onus on earnings

Chart 15: Nifty 12M Forward P/E (x) – most expensive



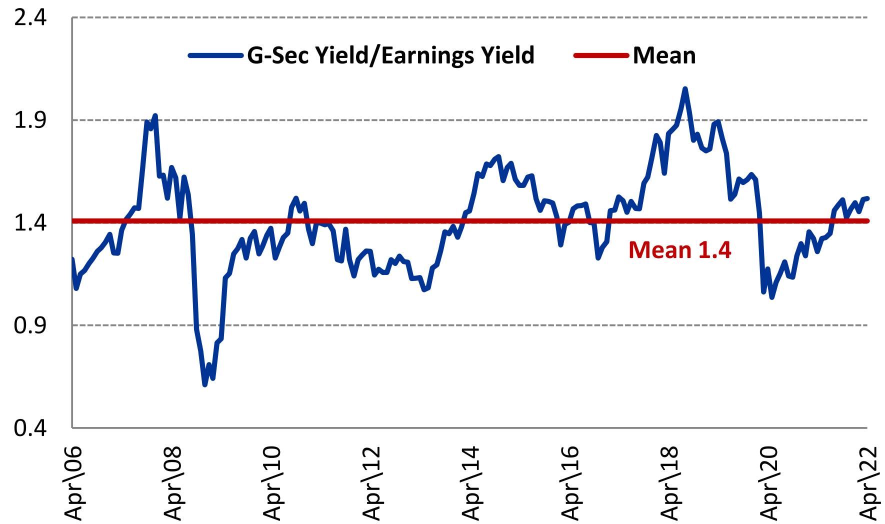
Source: Edel, Valentis Research

Chart 16: Nifty 12M Forward P/B (x) – in expensive territory



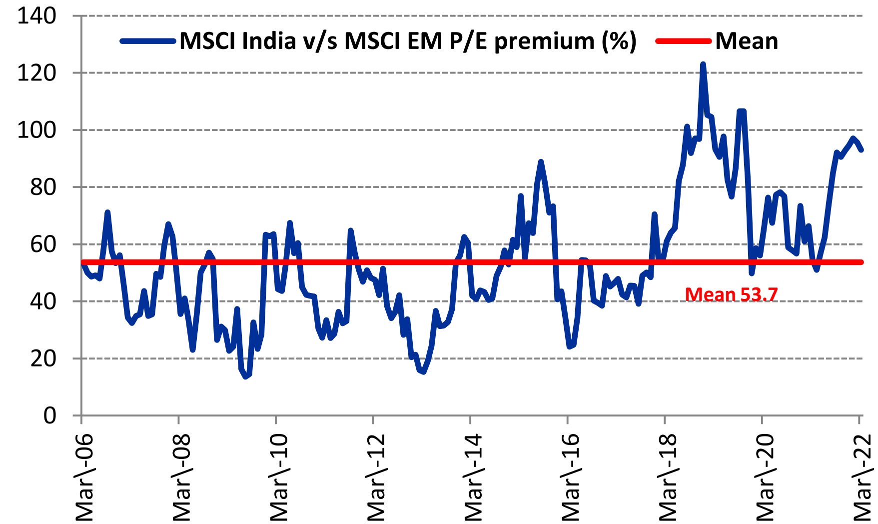
Source: Edel, Valentis Research

Chart 17: Bond yield Vs SENSEX yield - at average valuations



Source: MOSL, Valentis Research

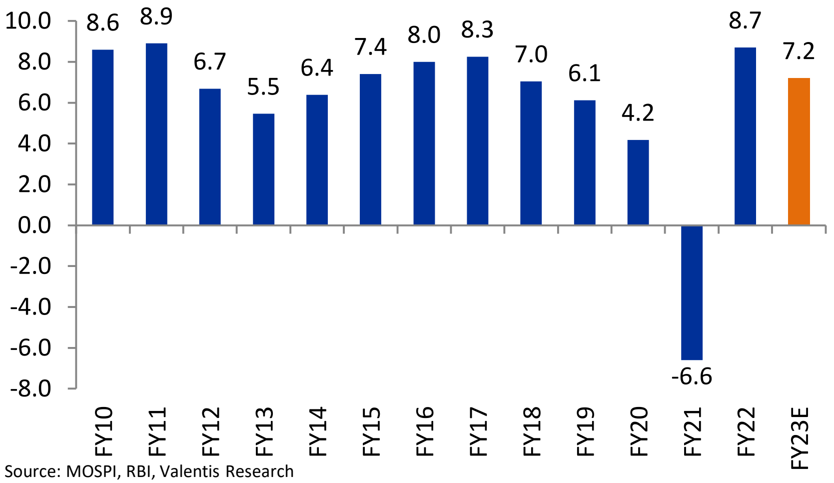
Chart 18: MSCI India v/s MSCI EM P/E premium (%)



Source: MOSL, Valentis Research

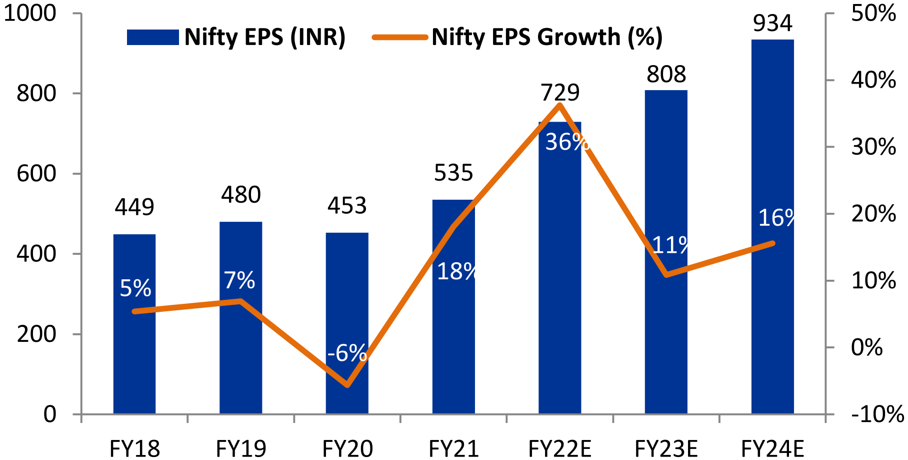
#4: Critical question – are we at the start of an economic cycle?

Chart 19: India's GDP growth (%)



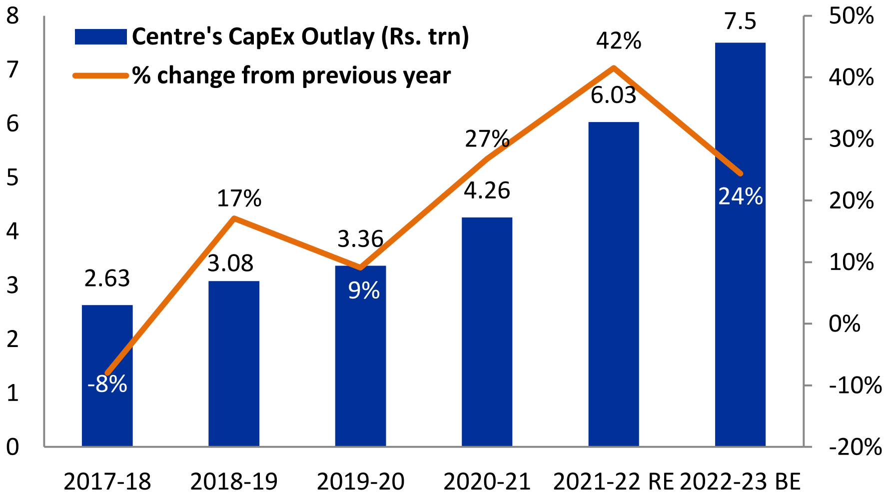
Source: MOSPI, RBI, Valentis Research

Chart 20: : Nifty Earning growth (%) – Will rebound finally come?



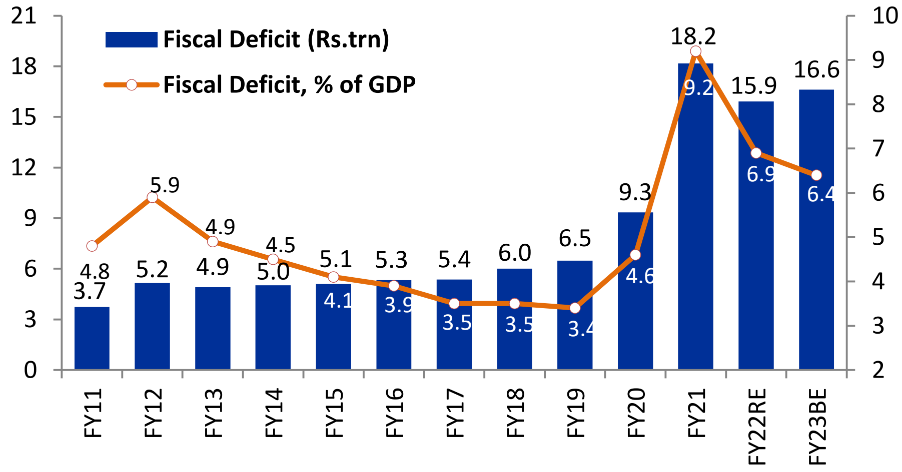
Source: Kotak Institutional Equities estimates, NSE, Valentis Research

Chart 21: Centre's CapEx Outlay (Rs. trillion) is rising



Source: India Budget, Valentis Research   Note: RE – Revised Estimates, BE – Budget estimates

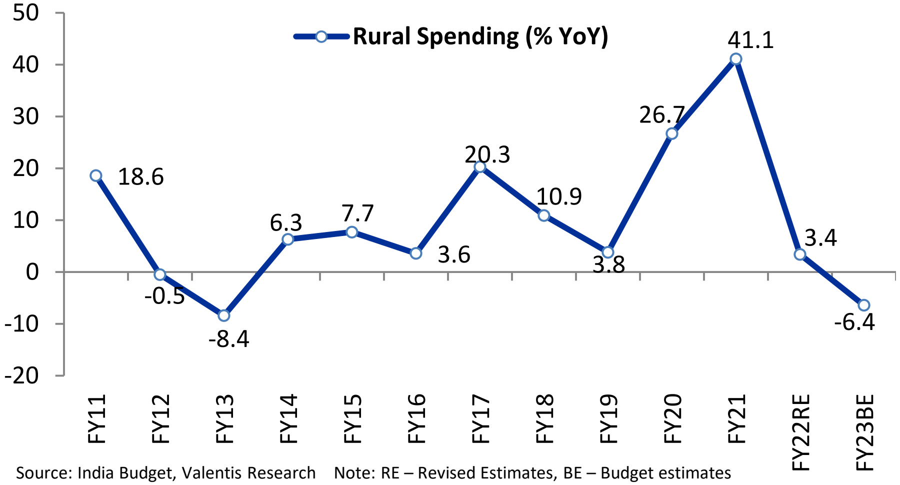
Chart 22: Fiscal deficit trend



Source: India Budget, Valentis Research   Note: RE – Revised Estimates, BE – Budget estimates

#4: Critical question – are we at the start of an economic cycle?

Chart 23: Rural spending is budgeted to fall…



Source: India Budget, Valentis Research Note: RE – Revised Estimates, BE – Budget estimates

Table 3: Central government' capital expenditure (CGCE) (Rs. Bn)

Particulars	FY19	FY20	FY21	FY22RE	FY23BE
Centre CapEx	**3,077**	**3,357**	**4,263**	**6,027**	**7,502**
YoY Growth	16.9%	9.1%	27.0%	41.4%	24.5%
- of which					
Roads	676	684	892	1,213	1,877
YoY Growth	33.3%	1.2%	30.4%	36.0%	54.7%
Railways	528	678	1,093	1,171	1,371
YoY Growth	21.7%	28.4%	61.2%	7.1%	17.1%
Defence	952	1,111	1,343	1,389	1,524
YoY Growth	5.3%	16.7%	20.9%	3.4%	9.7%
Others	920	884	935	2,255	2,730
YoY Growth	17.1%	-3.9%	5.8%	141.2%	21.1%

Source: India Budget, Valentis Research Note: RE – Revised Estimates, BE – Budget estimates

Table 4: Overall Capital Expenditure, with adjustments (Rs Cr.)

Capital Expenditure (Rs. crore)	A (2021-21)	RE (2021-22)	Y-o-Y	BE (2022-23)	Y-o-Y
Capex excl. Air India & BSNL & Rail Covid Loan	3,46,919	5,40,598	56%	7,05,326	30%
Total Capex Including PSU Capex	9,03,967	11,05,200	22%	12,19,699	10%
Total Capex incl. PSU excl. Air India/BSNL/Rail loan	8,24,569	10,43,087	27%	11,74,779	13%

Source: India Budget, Valentis Research Note: RE – Revised Estimates, BE – Budget estimates

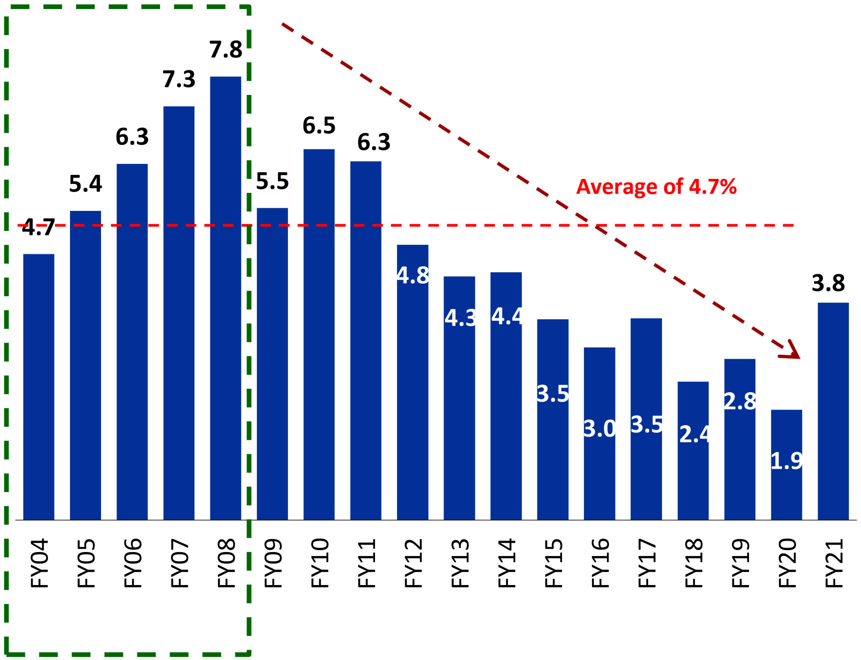
Table 5: Capital Outlay (incl IEBR) (Rs. Bn)

Capital Outlay (incl IEBR)	FY19	FY20	FY21	FY22RE	FY23BE
Roads	1,289	1,434	1,542	1,863	1,877
YoY Growth	*27.2%*	*11.2%*	*7.5%*	*20.8%*	*0.8%*
Railways	1,334	1,480	2,346	2,148	2,456
YoY Growth	*30.8%*	*10.9%*	*58.5%*	*-8.4%*	*14.3%*
Defence	952	1,111	1,343	1,389	1,524
YoY Growth	*5.3%*	*16.7%*	*20.9%*	*3.4%*	*9.7%*

Source: India Budget, Valentis Research Note: RE – Revised Estimates, BE – Budget estimates

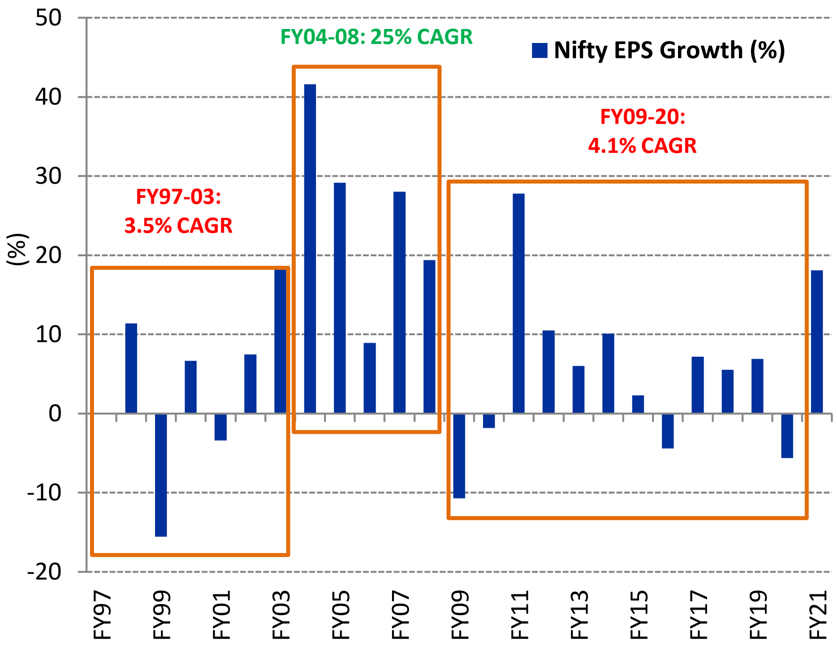
Start of an earnings cycle? Earnings to double in 4-5 years

Chart 24: Corporate profit to GDP (%) – at historic lows



Source: MOSL, Valentis Research

Chart 25: Earnings growth trend: Cusp of earnings recovery?



Source: MOSL, Valentis Research

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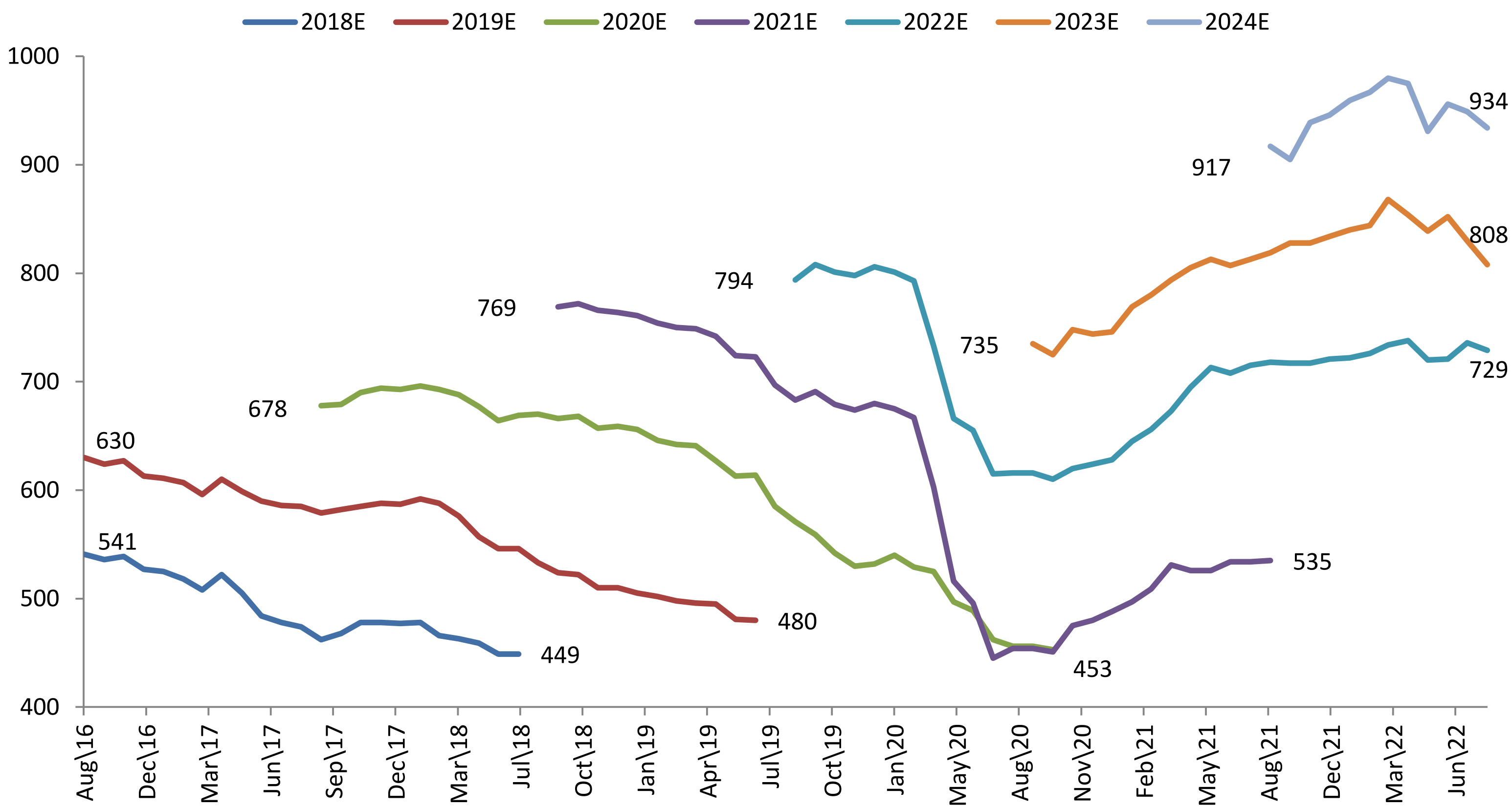
Earnings upgrade cycle

Chart 26: Nifty EPS estimates trend – upgrades cycle since Sept 2020 will reverse near term



Source: Kotak Institutional Equities estimates, NSE, Valentis Research

#5: Other critical question – What will do well?

The top 10 stocks by market cap seldom make it to the end of the next decade									
1980		1990		2000		2010		2020	
USA	**IBM**	Japan	**NTT**	USA	**Microsoft**	USA	**Exxon Mobil**	USA	**Apple Inc.**
USA	**AT&T**	Japan	**Bank of Tokyo-Mitsubishi**	USA	**General Electric**	China	**PetroChina**	S. Arabia	**Saudi Aramco**
USA	**Exxon**	Japan	**Industrial Bank of Japan**	Japan	**NTT DoCoMo**	USA	**Apple Inc.**	USA	**Microsoft**
USA	**Standard Oil**	Japan	**Sumitomo Mitsui Banking**	USA	**Cisco Systems**	Australia	**BHP Billiton**	USA	**Amazon**
USA	**Schlumberger**	Japan	**Toyota Motor**	USA	**Wal-Mart**	USA	**Microsoft**	USA	**Alphabet (Google)**
Netherlands	**Royal Dutch**	Japan	**Fuji Bank**	USA	**Intel**	China	**ICBC**	USA	**Facebook**
USA	**Mobil**	Japan	**Dai-Ichi Kangyo Bank**	Japan	**NTT**	Brazil	**Petrobras**	China	**Tencent**
USA	**Atlantic Richfield**	USA	**IBM**	USA	**Exxon Mobil**	China	**China Construction Bank**	USA	**Tesla**
USA	**General Electric**	Japan	**UFJ Bank**	USA	**Lucent Technologies**	Netherlands	**Royal Dutch Shell**	China	**Alibaba**
USA	**Eastman Kodak**	USA	**Exxon**	Germany	**Deutsche Telekom**	Switzerland	**Nestle**	USA	**Berkshire Hathaway**

"Change is the only constant."

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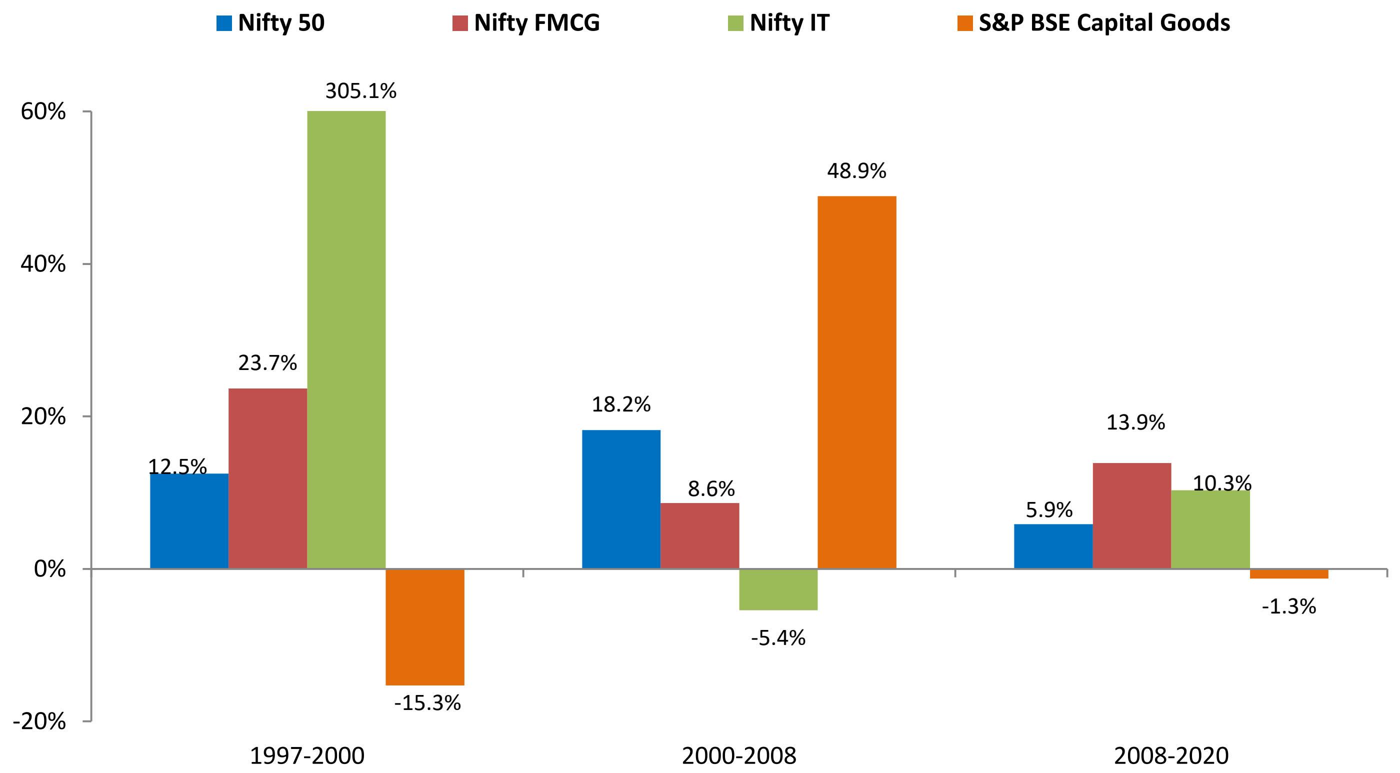
Steep falls lead to a change in sector leadership

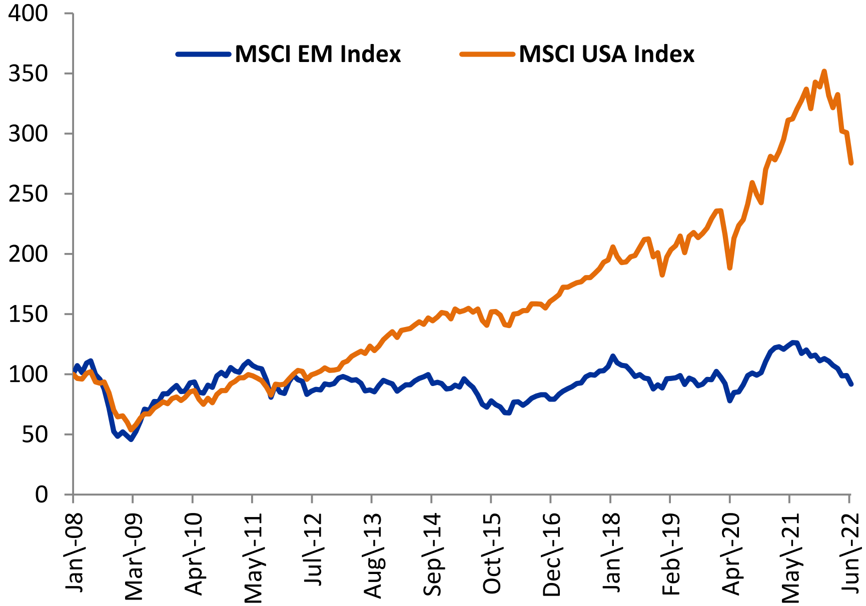
Chart 27: Sectoral indices return during different bull runs(%)



Source: BSE, ACE Equity, Valentis Research

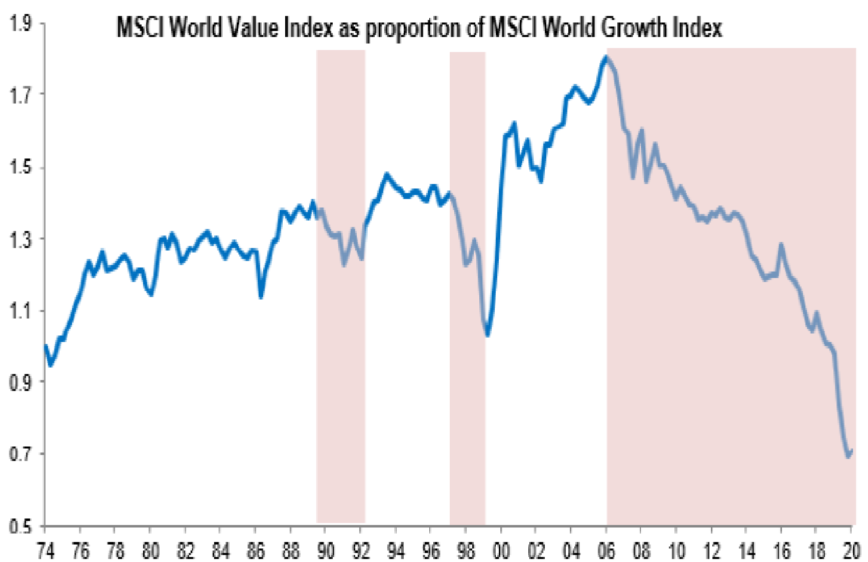
Big drops lead to major sectoral shifts

Chart 28: Will EM come back in favor?



Source: Investing.com, Valentis Research

Chart 29: Value vs. Growth - What does history tell us ?



Source: Investing.com, MSCI, Valentis Research

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Midcaps outperformed 13 out of 21 years…

Year	Nifty Index	MidCap Index	Difference	SmallCap Index	Difference
CY01	-16%	-30%	-15%	N.A.	N.A.
CY02	4%	25%	21%	N.A.	N.A.
CY03	74%	143%	70%	N.A.	N.A.
CY04	11%	25%	15%	35%	25%
CY05	34%	33%	-1%	61%	27%
CY06	41%	28%	-14%	41%	0%
CY07	53%	78%	25%	85%	32%
CY08	-51%	-59%	-8%	-70%	-20%
CY09	72%	97%	25%	106%	33%
CY10	18%	18%	1%	17%	-1%
CY11	-25%	-32%	-7%	-34%	-10%
CY12	28%	41%	13%	39%	10%
CY13	6%	-6%	-12%	-8%	-14%
CY14	31%	56%	24%	54%	23%
CY15	-4%	7%	11%	7%	11%
CY16	3%	6%	3%	1%	-2%
CY17	29%	47%	19%	57%	29%
CY18	3%	-15%	-19%	-29%	-32%
CY19	12%	-4%	-16%	-10%	-22%
CY20	15%	22%	7%	21%	7%
CY21	24%	46%	22%	59%	35%
Rs. 10cr. Invested in Jan 2001 will become	**138.6 cr.**	**265.2 cr.**	**92%**	**N.A.**	**N.A.**

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#6: So what should investors do?

- **WE ARE MOVING FROM T-20 to TEST MATCH IN THE MARKETS.**

- **Be realistic about return expectations**
  - We think markets can give a 12-14% CAGR return over next 5 years but with more volatility than we saw over past 15 months.
  - Be mentally ready for a correction. We have built 15% cash in the portfolios.
  - Stagger investments over next few months. We are investing new money over 12 weeks.

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THANK YOU

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