

Swyom India Alpha Fund CAT III AIF

Fund Overview

By Swyom Advisors Limited



Global Economy Facing Headwinds, Albeit with Multiple Silver Linings



Headwinds

- Housing sector activity has dropped 30%-40% over the past 18 months amid the surge in mortgage rates
- Aid bill for Ukraine and Israel poses risk to deficit projections
- Elections outcome expected to be wild card



- Israel Palestine War expected to drive oil prices up driving inflation
- Negative impact of Ukraine war on commodity prices and trade disruptions
- German economy likely to enter in recession



- Japan slips into recession as GDP shrinks for 2 straight quarters
- Challenges faced by China's housing market with issues like oversupply
- India faces a period of volatility due to national elections

Tailwinds

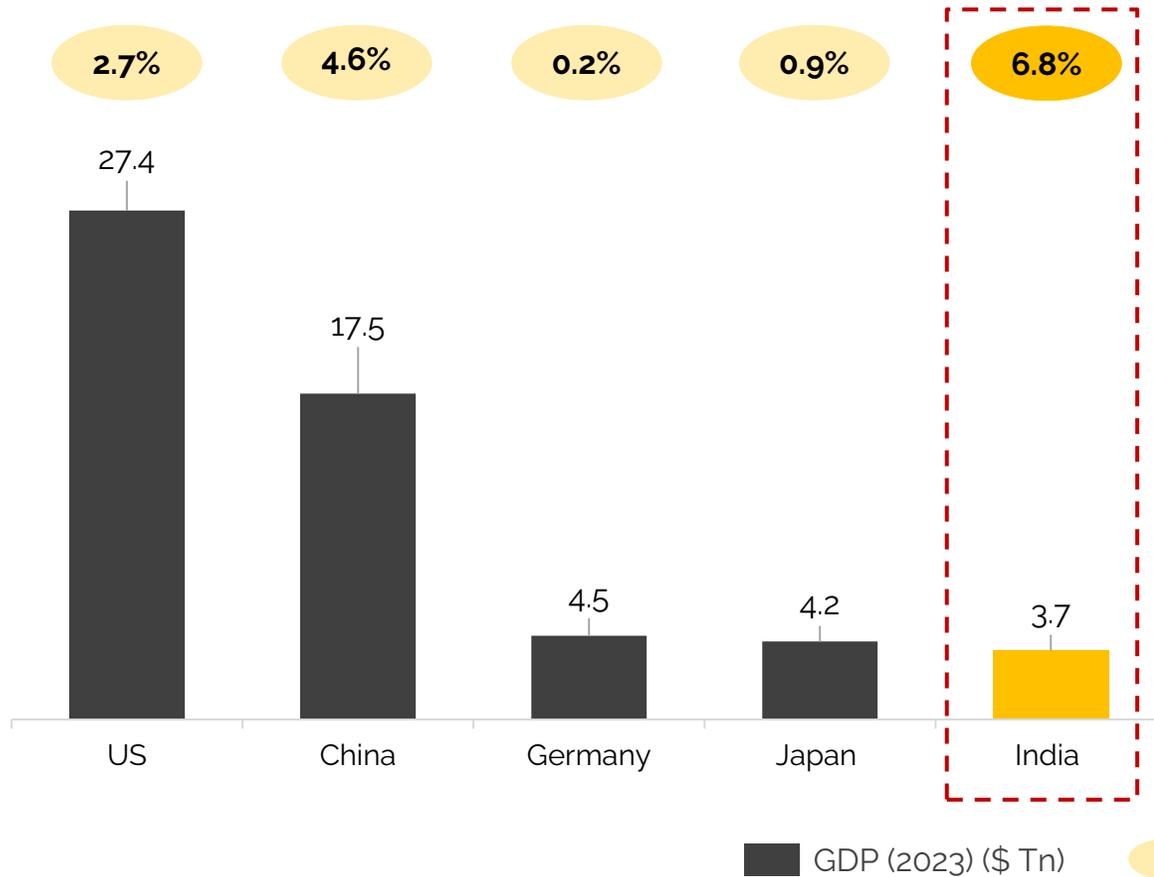
- Manufacturing PMI showed a strong uptick
- Employment continues to grow (1.1 Mn over last 5 months of 23)
- Easing financial conditions drive S&P up 22% till date in FY24 from Oct 23 lows

- ECB heading towards less restrictive economic policies as some indicators improve
- ECB soft guidance of potential rate cuts scenarios

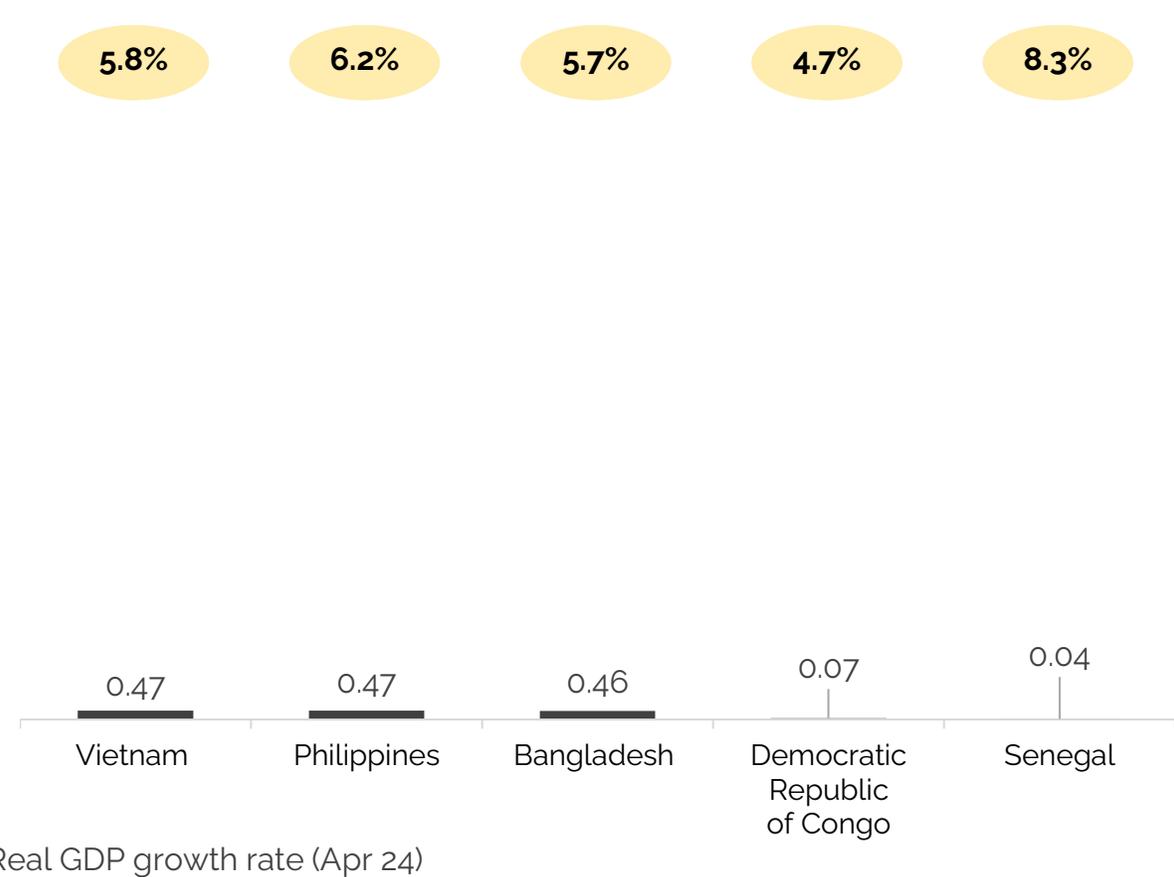
- China saw growth in NBS manufacturing PMI in March 24 led by growth in exports
- High GDP growth of ~6.8% expected in India for 2024
- Inflation rate across key Asian economies peaking out

India Remains Resilient: Large Cap Economy Growing at a Small Cap Pace

GDP and growth rate of top 5 economies (Large cap)



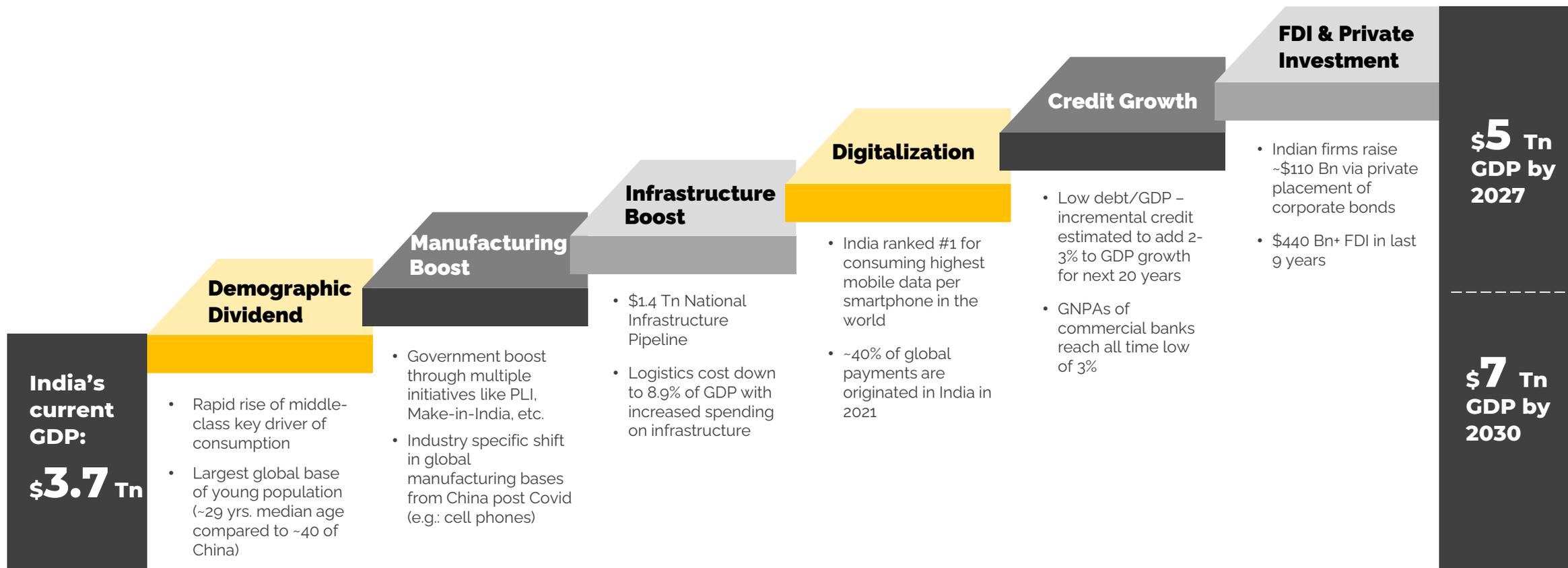
GDP and high growth economies (Small cap)



Source : IMF, World Bank, Europe Union

India's strong structural drivers and positive macro indicators create immense potential for sustained rapid growth of 2-3X over its peers

India's Structural Growth Drivers in Place to Achieve \$5 Tn GDP



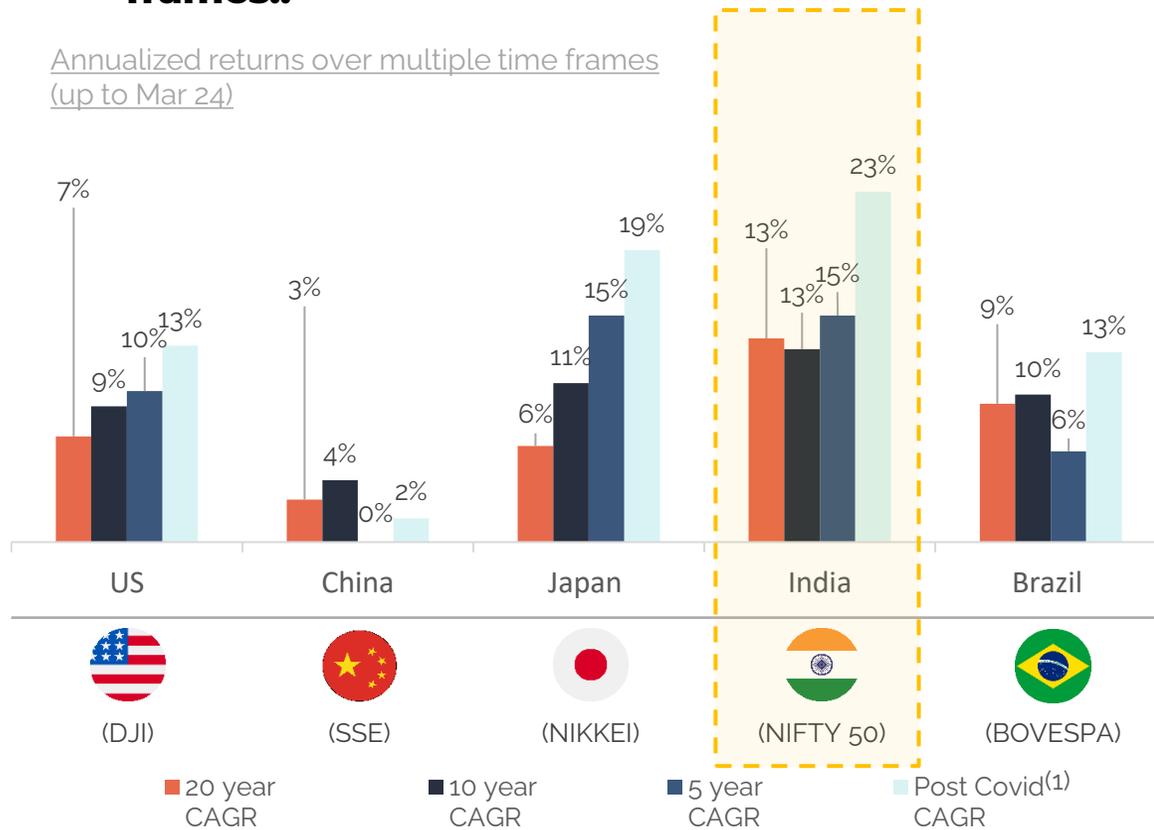
Source : IMF, World Bank, EY, Bain Capital Report, News Research

India's young and growing population, expanding middle class and technological advancements make it a shining spot in a globally uncertain economic environment

Indian Equity Markets Generate Consistent Returns

A Consistently strong returns across different time frames..

Annualized returns over multiple time frames
(up to Mar 24)



Sensex crossed Rs. 400 trillion (set to cross \$5 trillion) market cap after closing near 75,000

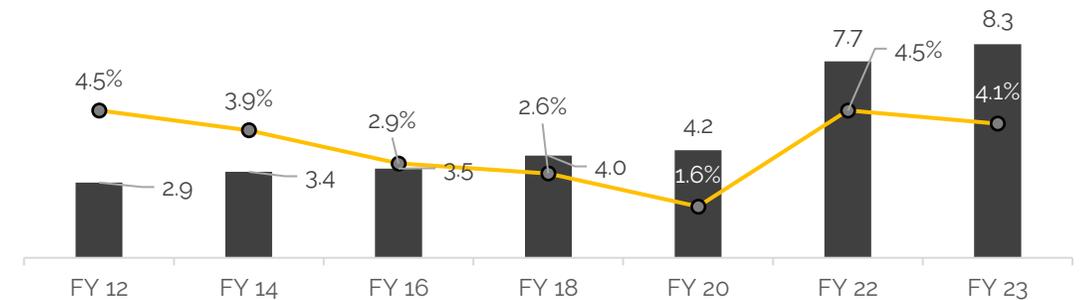
Source : Investing.com

Notes : 1. Post covid returns are calculated from April 2020-Mar 2024

2. Only listed companies' profits has been considered for Corporate earnings and Net profit to GDP ratio computation

3. PE as calculated by NSE. Historical monthly PE is the average for the month. PE until March 2021 considers standalone, trailing 4-quarter earnings. PE considers consolidated earnings from April 2021 and onwards. Current month PE is as on the last traded date for the month

B ..Driven by rising corporate earnings

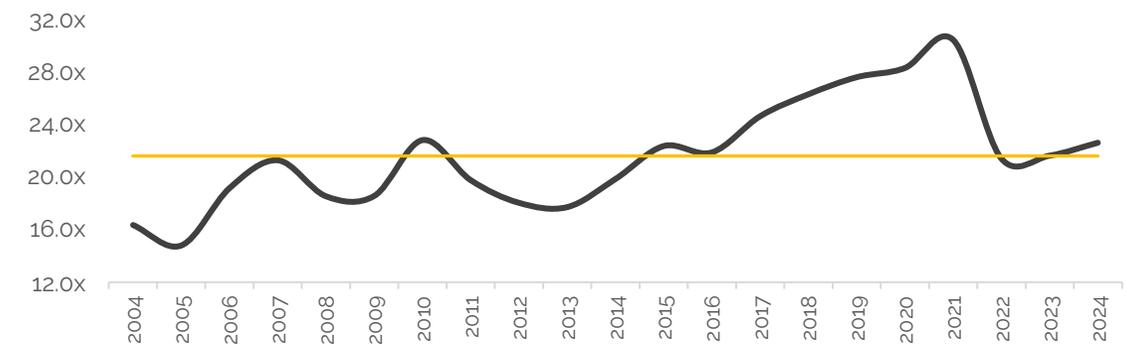


Source : Independent data company

■ Total corporate profits (INR Tn)

● Net profit to GDP ratio (%)⁽²⁾

C Valuations near long term average



Source : Independent data company, NSE

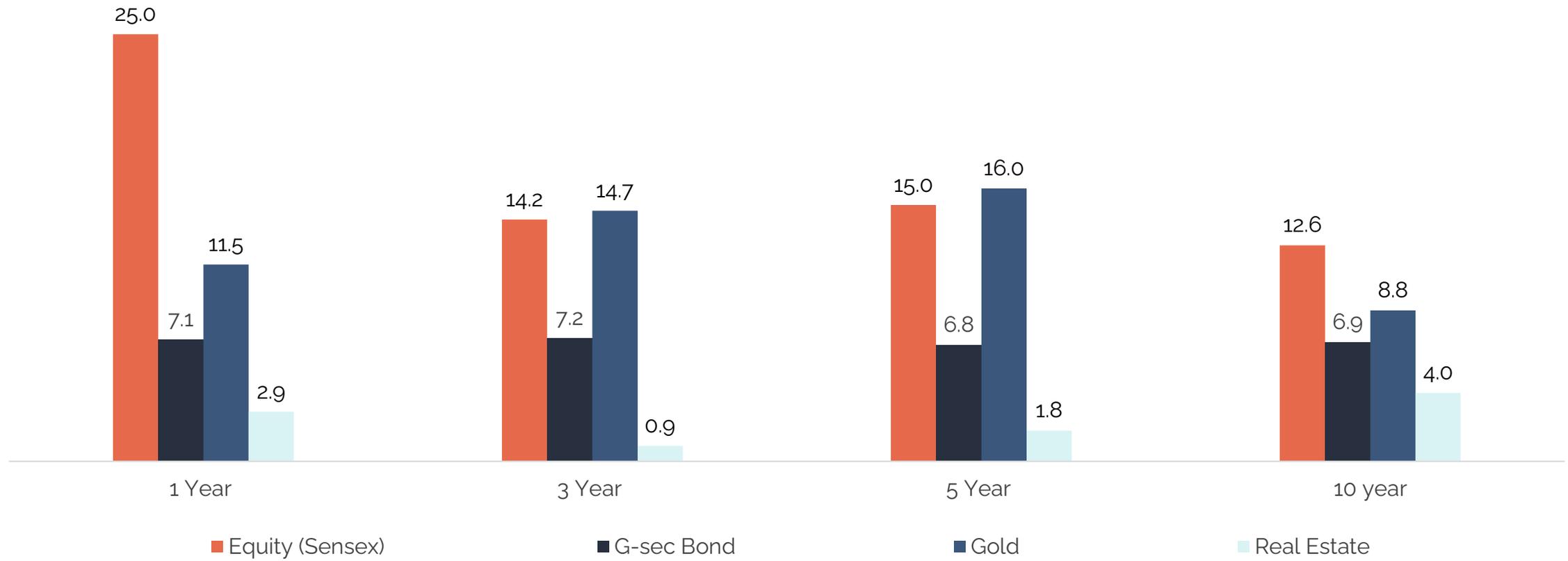
— Historical 12 months Nifty P/E⁽³⁾

— Long term average (20 yrs)

Equity has Consistently Outshined Other Asset Classes

Performance of various asset classes

(% upto mar 24)



Source: Value research, Industry, World Government Bonds

Power of Compounding: Significant Wealth Creation in Long Term

Asset classes	Annualized rates range ⁽¹⁾	Value of Rs 10 lakhs invested in				Corpus growth in 10 years
		3 Years	5 Years	7 years	10 years	
Debt	~7%	12	14	16	20	↑ 2.0x
Gold	~9%	13	15	18	24	↑ 2.4x
Equity	~13%	14	18	24	34	↑ 3.4x
Alternatives	~20%	17	25	36	62	↑ 6.2x

***“Time is your friend; impulse is your enemy. Take advantage of compound interest and don't be captivated by the siren song of the market.”
-Warren Buffet***

Note: For calculation purpose, the rates have been estimated based on market benchmarks for past 10 years, not an indication of future returns

Why Invest in India ?

1

India Resilient as Global Economy Faces Headwinds

India has shown stability and resilience in key macroeconomic parameters like inflation, fiscal deficit, employment, etc. – compared to the challenging global environment negatively impacting many economies

2

Highest Projected GDP Growth Rates Amongst Large Cap Economies

India's GDP expected to grow at ~6.8% average during FY24-25, compared to China – 4.6%, USA – 2.7% and Germany 0.2%

3

India's Macros Structural Drivers in Place to Reach \$5 Tn GDP

- Macroeconomic stability with positive government reforms
- Largest global base of young population (~29 yrs. median age compared to ~40 of China)
- Leaders in digitization (Consuming highest mobile data per smartphone/40% real-time payments originated in India)
- Low Debt/GDP = room for significant growth
- Increasing FDI/Private Placement

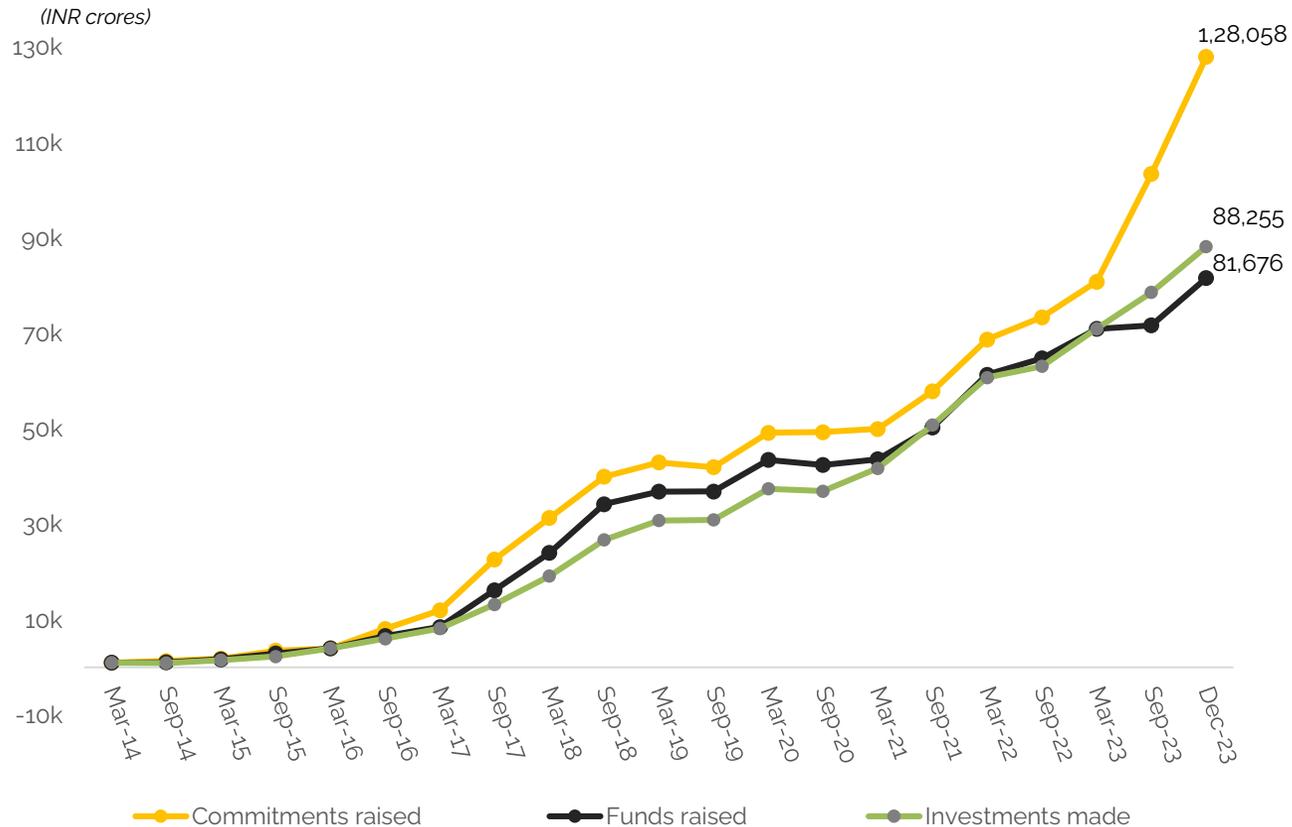
4

India's Equity Markets have Generated Consistent Returns over Multiple Time Frames

- India is an outlier amongst emerging markets and developed economies in equity market performance with returns beating comparable economies like USA, China, Japan and Brazil over last 5/10/20 years

Structured Investment Solutions - Category III AIFs

~16x growth since 2016 in CAT-III AIF commitments



Total commitments of all AIF categories crossed Rs 9.5 Tn

Why AIF structure is preferred by investors

Better diversification possibilities

Invest in much wider asset classes including unlisted equity, debt, derivatives – providing better risk management possibilities

Leverage

Can be leveraged up to 2X for better risk adjusted returns

Professional management

Active investment decisions based on thorough business understanding

Taxability

Tax is assessed and paid at AIF Scheme level

Better governance

Comprehensive SEBI regulations, offering transparency and better investor protection

Swyom Advisors Limited: Your Growth Catalyst

Swyom Advisors Ltd. is a SEBI Registered Alternative Investment Fund Manager, Registered Investment Advisor and Portfolio Management Service Provider, Committed to Serving You and your Financial Future

Our Key Services

AIF (Swyom India Alpha Fund)

PMS (Swyom India Opportunity Fund)

Wealth Advisory

Corporate Advisory

Our USP and Driving Philosophy

Inspired by successfully driven corporates with strong value creation history

Founders' deep experience in Asian Paints and Pidilite helping understand the underlying DNA of consistently compounding businesses

Passion for equity markets with deep understanding of fundamentals and proprietary models to evaluate and spot resilient businesses early

Passionate Founder with Strong Hands-on Management Experience



Mr. Radha Raman Agarwal

MD & CEO

- Raman is a rank holder CA and a commerce graduate from St. Xavier's College with 20+ years of strong experience in various areas of finance
- His experience with Asian Paints & Pidilite over the past two decades enabled him to develop a strong grip and understanding of high performing businesses
- In his enduring tenure, Raman closely witnessed the growth, expansion & peak phases of these strong businesses. So, he accurately understands what it takes to become one and which companies are in the running.
- Raman has founded Swyom with a vision of creating value for stakeholders through his deep frontline experience at successfully driven corporates and his lifelong passion for equity markets
- Under his mastership, Swyom has designed a robust proprietary framework for identification of compounder stocks at an early stage-given his own exposure underneath such highly growth oriented corporate giants

Our founders' core experience in fundamentally strong & value creating businesses over last 2 decades allows us to create proprietary frameworks for early identification of such businesses

Driven by an Equally Passionate & Experienced Management Team



Sweta Agarwal
Director

- B.Com graduate with 15+ years of valued experience in equity markets and investments.
- Has served as an equity research analyst in Gangour Investments Ltd.
- At Swyom, she is assisting HNI/retail clients in their end-to-end journey of wealth creation.
- Has deep understanding of Technical and Fundamental analysis.



Aditi Kedia
Director

- SERI RIA and a MBA finance professional with 6+ years of relevant industry experience.
- Has expertise in Wealth Management Solutions, Financial & Retiral Planning; handling portfolios of HNIs, UHNIs & Family Offices.
- Specializes in managing NRI portfolios; also delivers financial awareness sessions for corporate employees covering more than 25k employees till date.

Our Investment Style and Philosophy

Our Guiding Principles

1. Focus on consistent and reliable returns
2. Seek long term outperformance over short term market irrationality
3. Exploiting alpha generating inefficiencies in market
4. Being contrarian when risk-reward is compelling
5. Focus on patient investing

Investment Style: Strong Focus on Compounders

Unique mix of long and short term

- A unique mix of fundamental long equities
- Short-term plays (event based/corporate action/hedging etc.)

Proprietary models

- Use financial and qualitative analysis tools along with market scuttlebutt to evaluate the quality of a business and its promoters

Diversification or concentration?

- We prefer concentrated bets over diversified portfolios
- When we force rank companies within a sector, we tend to not pick more than 2 – 3 companies in a sector

Sectors we invest in?

- Sector agnostic
- Healthy mix of compounding stories and opportunistic bets

***“The best investments are those that not only provide a return on capital, but also make capital returnable.”
-Warren Buffett***

Our Robust 360° Investment Strategy is Designed to Maximize Alpha for Investors



1. Long Term Investing (F-U-M-C Framework)

- The strategy involves stock analysis basis on four different perspectives giving equal weightage to each parameter
- Rigorous screening criteria based on our proprietary assessment



2. Short Term Investing (Event Driven)

- Opportunistic strategy that aims at investing in companies or assets that are likely to be affected by significant corporate events
- Deep understanding of the relevant industries and markets to capitalize on market inefficiencies



3. Hedging

- Hedging is a defensive strategy used to offset potential losses from investments
- Hedging strategies are used to manage risk and potentially profit from the market movements

Strategy 1: Long Strategy Driven by our Proprietary F-U-M-C Framework



Fundamentally strong companies with high ROCE/ROE, EBITDA, CAGR and quality management

Event driven opportunities created by M&A deals, earning releases, promoters' participation in fund raise, quarterly result variance, etc.

Value unlocking potential by picking relatively under valued companies providing a margin of safety

Management quality assessment through corporate governance evaluation, promoters share pledge history, shareholding pattern, etc.

Stocks picked using F-U-M-C framework undergo holistic analysis, helping us identify hidden potential compounders.

Proprietary Assessment Model: Deep Dive



Our proprietary framework has comprehensive screening parameters, helping us understand the execution strength and future potential of a management.

Our Rationale in Selecting Equity Shares

Strides Pharma

Pharma co specializing in developing IP-led niche finished dosage formulations

M Cap	Rs 77 Bn	EBITDA Margin	4%
FY 23 Revenue	Rs 37 Bn	EV/EBITDA (TTM)	17.7x
FY 23 EBITDA	Rs 1.45 Bn		

Techno Electric

Specialized EPC player which has set up ~50% of India's national power grid

M Cap	Rs 99 Bn	EBITDA Margin	11%
FY 23 Revenue	Rs 8.30 Bn	EV/EBITDA (TTM)	32.1x
FY 23 EBITDA	Rs 0.87 Bn		

Astra Micro

Company builds custom RF/microwave parts for defense, space & telecom (design-to-manufacture)

M Cap	Rs 66 Bn	EBITDA Margin	17.8%
FY 23 Revenue	Rs 8.16 Bn	EV/EBITDA (TTM)	40.2x
FY 23 EBITDA	Rs 1.45 Bn		

Company overview

Rationale for investing by Swyom

Stock performance in past 12m (in Rs)

1. Company was **undergoing business transformation** by integrating business verticals to achieve economies of scale and **improve margin**
2. It added a **high-tech, capex-intensive specialty segment** with entry barriers to its product portfolio
3. Created **new entity - India's 1st specialty CDMO** (biologics, injectables, oral) & plans separate listing to unlock shareholder value within a year
4. **Sold subsidiary's unit to deleverage**
5. Fastest-growing among peers with over **235+ ANDA approvals**
6. Plans to commercialize **10-15 products annually**

1. **India plans massive smart meter rollout (1 Mn to 250 Mn by 2024)**, with 230 Mn sanctioned already. 6.77mn installed so far. Co has bagged orders of 0.75 Mn meters worth Rs 9,240 Mn and is the L1 in orders for 2.3 Mn meters worth around Rs 29,000 Mn
2. **Data center demand to surge in India (20 Mn sq ft by 2025)**. Co. actively expanding with 1st site in Chennai (24MW) and plans for Delhi (2025), Mumbai (2026) and hyper-dense pan-India centers by 2030. Expects data center revenue of 20,000-25,000 Mn yearly.
3. Flue-gas desulfurization (Rs 989.5 Bn) & transmission (Rs 600 Bn) markets opening up with new govt. tenders; Co. sees big opportunity
4. **Healthy order book of Rs 54,410 Mn by Q3 FY24**

1. India is 3rd largest military spender & its defense budget is growing at 7% CAGR since FY18. This presents an expected **TAM of Rs 240-250 Bn by FY28 for the company**
2. Key Growth Catalysts:
 - **Increase in defense spends** on back of Indigenization
 - Defense offset Policy (mandates foreign vendor to **source min 30% of order if it is >Rs 20,000 Mn from Indian manufacturers**)
 - Favorable initiative viz., **Make in India (IDDM, Make II, Make III etc.)**
 - Co., focuses to develop & supply products which are placed in negative import list by GOI



Strategy 2: Short Term Event Based Strategy

Focus on Key Corporate Events

- It is the strategy via which absolute returns are generated by tracking and investing when significant corporate events take place, supplemented by other opportunities that exhibit similar risk, return and time horizon characteristics

Following are the key corporate events we focus on:



Mergers and Acquisitions



Share Warrants



IPOs



Preferential Allotment



QIPs

Our Goal

- The goal of event-driven investing is to identify special opportunities in the market caused by the event and to capitalize on them

Strategy Execution

- Under this strategy we analyze special opportunities to determine the potential impact on their stock prices and accordingly leverage those opportunities

Strong Expertise

- These strategies are more complex and therefore requires active monitoring and evaluation

Special Situation & Corporate Actions

QIPs and Preferential Allotments

- Active participation under QIPs & preferential allotment
- Similar opportunities were:
 - QIP in Bank of India
 - QIP in Union Bank of India

Corporate Actions

- Focus on corporate actions such as M&A, open offers, delisting, rights issue
- One such opportunity was:
 - M&A of Kesoram and Ultratech Cement

Other Opportunities

- Identifying appropriate IPO opportunities and participating as anchor investors
- Active participation in share warrants
- Few such opportunities were:
 - Anchor in Maitreya Medicare
 - Share warrants issue of Bhagiradha Chemicals & Industries Ltd.

Performance of Bank of India



Performance of Kesoram Post M&A



Performance of Bhagiradha Chemicals & Industries Ltd.



* Prices are adjusted according to 1/10 share split

Strategy 3: Hedging



Allows to mitigate potential losses:

Primarily this strategy is adopted to hedge against the potential losses in long positions. Stock hedging offsets potential losses in long positions if the stock price falls



Covered calls:

Active covered calls strategy leveraging existing positions for hedging



Diversifies portfolio risk:

Provides investors with an opportunity to diversify their portfolios by allowing them to profit from falling stock prices. This can be particularly useful during bear markets or when specific stocks are expected to decline

Periodic deployment of covered call strategies to leverage existing positions in the portfolio.

Our Holistic and Well Crafted Investment Framework

Sectors

- Overall sector agnostic
- Concentrated bets on high potential companies with strong corporate governance
- Healthy mix of compounding stories and opportunistic bets

Size

- Multi-cap with optimal mix of large, mid and small caps

Concentration

- Long Term: 15-20 holdings
- Short Term: 4-10 holdings
- Hedging: 5-15 holdings

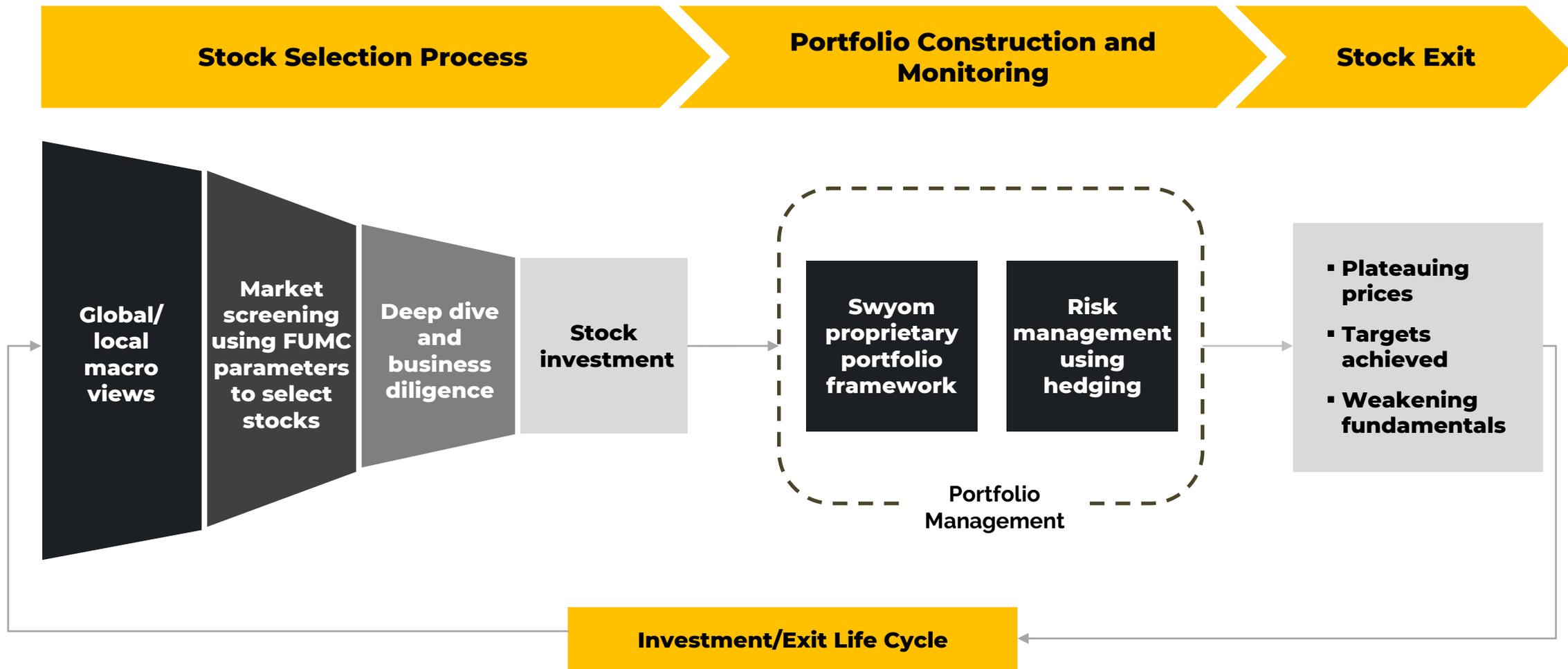
Holding Period

- Long Term: 2+ years
- Short Term: 1-12 months
- Hedging: 1-12 months

Portfolio Weightage

- Long Term: 60-80%
- Short Term: 10-30%
- Hedging: 10-30%

Active Investment Process with Clearly Defined Criteria Across All Phases



Why Invest in Us?



Swyom India Alpha Fund is a SEBI registered Category III - AIF, focused on a mix of long and short-term strategies to maximize investor returns.

Fund Facts

AIF	Swyom Advisors Alternative Investment Trust
Launch Date	8 th September 2023
Scheme	Swyom India Alpha Fund
Investment Manager	Swyom Advisors Limited
Sponsor	Swyom Advisors Limited
Sponsor Commitment	5% of fund's corpus or 10 Cr whichever is lower
Nature of Fund	AIF Category III, Open Ended Fund
Exit Load	Within 1 year – 3% Within 2 years – 2% Within 3 years – 1% After 3 years – Nil
Leverage	2x AUM of the Fund
Hurdle Rate ⁽¹⁾	10% (pre-tax)
Profit Sharing	20%
Management Fee	1.50%
Administrative Expenses	0.25%

(1) Subject to high watermark

Class of Units	Minimum Capital Contribution
Class A units	INR 1 crore (Rupees One crore) - without the intermediation of a placement agent or a distributor
Class B units	INR 1 crore (Rupees One crore) – with the intermediation of a placement agent or a distributor
Class C units	5% (Five percent) of the Fund's corpus or INR 10 crores (Indian Rupees Ten crores), whichever is lower, for the Sponsor towards Mandatory Sponsor Commitment
Class D units	INR 25 lakhs (Indian Rupees Twenty five lakhs) for Investment Manager and/or its Affiliates and/or their respective directors, officers and employees and/or such other person designated by the Investment Manager

Tax Treatment

The fund has been set up as Determinate Trust. Also, as per Section 10 (23 FBC) of the Income Tax Act, any income from a specified fund or on any transfer of units in a specified fund is exempt in the hands of the investor/unit-holder



**Dividend/
Interest Income**

Dividend and interest income would be taxed at minimum marginal rate at the Fund Level i.e. **@ 42.74%**



**Long Term
Capital Gains**

Long term capital gains would be taxed at **11.96%**



**Short Term
Capital Gains**

Short term capital gains would be taxed at **17.94%**



**Business
Income**

Income from derivatives would be taxed at **42.74 %**

Disclaimer

Investments in the Securities Market are subject to Market Risk. Please read the Private Placement Memorandum (PPM) and Scheme related documents carefully before investing. Past Performance is not an indication of future returns. This document has been prepared by Swyom Advisors Limited, Investment Managers of Swyom India Alpha Fund- an Open- Ended Scheme of Swyom Advisors Alternative Investment Trust (SEBI Reg. No. IN/AIF3/22-23/1170) registered as a Category III Alternative Investment Fund (AIF). This Document is strictly confidential and is intended for the use by recipient only and may not be circulated, redistributed, retransmitted or disclosed, in whole or in part, or in any form or manner, without the express written consent of Swyom Advisors Limited. The information set forth has been obtained from sources believed by Swyom Advisors Limited to be reliable. However, Swyom Advisors Limited does not make any warranty as to the information's accuracy or completeness. 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All funds committed should be purely risk capital. The portfolio risk management process includes an effort to monitor and manage risk but should not be confused with and does not imply low risk.

Thank You

For further details please reach out on connect@swyom.com