



Prodigy Growth Strategy



Why Prodigy Growth Strategy May Not Be Right For You

- Our investment style and process is significantly different from our peers and may not be suited to investors who are looking for a buy and hold strategy
- There will be times when our processes may not work and during this period of time we may underperform
- While we do not levy any entry / exit loads and we do not have any lock-in, we expect clients to be invested with us for a minimum of 5 years for the strategy to perform to its potential and ride out any patches as mentioned above
- Our portfolio turnover is on the higher side given our extreme focus on risk management (of underperforming / loss making positions)
- In the past we have been significantly overweight in a single sector (sometimes above 50% exposure) and this may happen in the future too
- There have been times in the past when our exposure to small-cap stocks has exceeded 50% of the corpus. This may happen in the future too. Small-cap stocks are less liquid than their large counterparts and such a big exposure increases the liquidity risk
- Our past returns are unlikely to be repeated in the future



About Us

- Niche and unorthodox player in the investment management vertical whose approach is unconventional & unique
- Founded in June 2005 with the vision of providing a growth-oriented and a process-driven approach to investment management
- Prodigy Investment Management is the operational brand of MIV Investment Services Private Limited – SEBI licensed Portfolio Managers
- Principals are Mr. Ravi Chadha (MD & CIO) and Mr. Sharad Nayak (Chief Executive Officer), extremely experienced with combined knowledge of 40+ years in capital markets
- 175+ families, with AUM of over 1000 crores (as on 31st December, 2021)
- All portfolios are managed on a 'long only' basis without any form of leverage



*All good
investments
have an
element of
speculation!*



*Markets climb
a wall of worry
and fall on a
ray of hope*

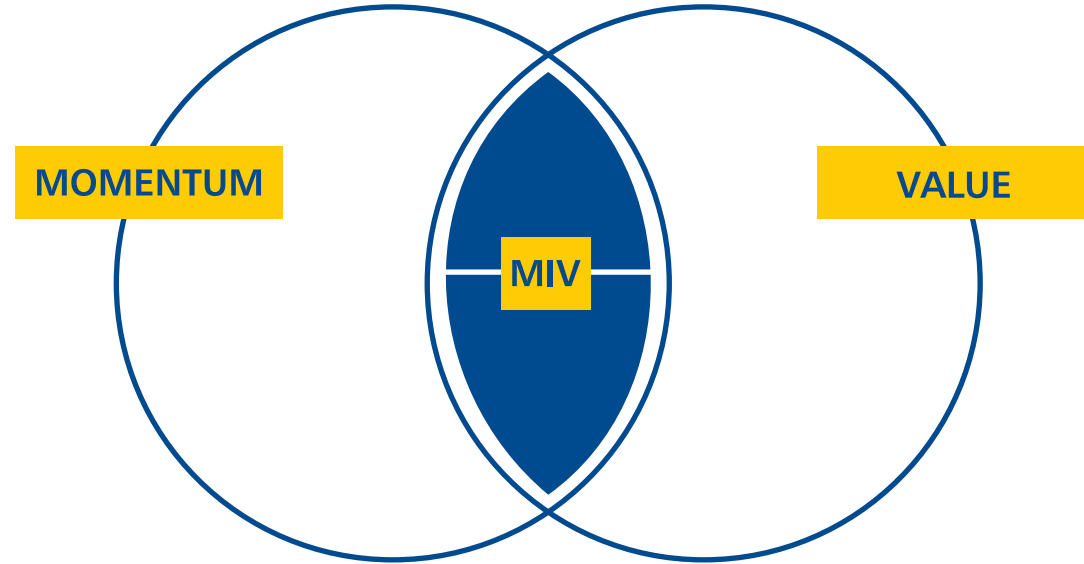
The Product

- Prodigy Growth Strategy seeks to generate long term capital by investing in under-researched and/or undervalued growth stocks which are in a secular uptrend
- The strategy will also invest in unique businesses, which are likely to enter a phase of accelerated growth/at an inflection point in their economic life cycle
- The strategy is sector and market cap agnostic. This is an outcome of our process oriented approach (Reverse Research). However, every holding should have sufficient liquidity and wear a badge of quality
- Focus on early alignment with new market leadership. This may demand dramatic pivoting of portfolio allocation, both, from a sectoral perspective as well as a market-cap perspective



Our Strategy

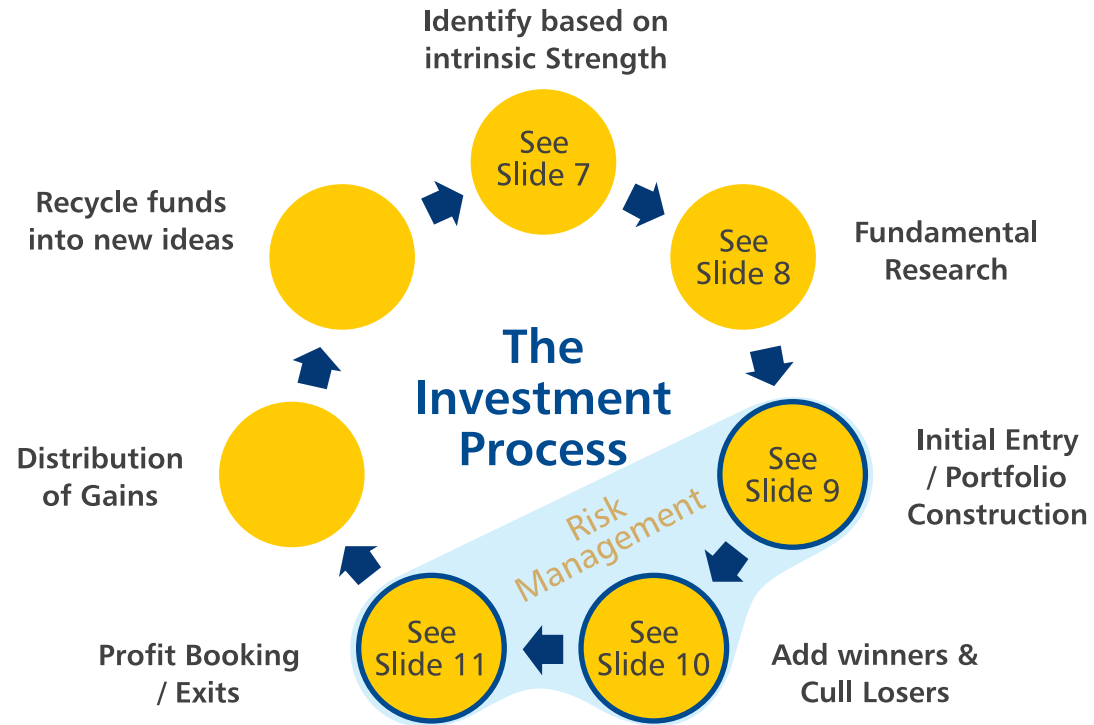
*Drawing from
the best of
both disciplines*



MIV = Momentum In Value



The greatest risk in life, is not taking enough intelligent risk



*Trends
monetize
fundamentals*

Momentum Strategy

RR REVERSE RESEARCH



- An unconventional approach to technical analysis
- **RR** uses proprietary indicators to signal formation of long term trends in scrips and/or sectors
- The proprietary indicator extracts the intrinsic strength (or weakness) of an individual scrip & suppresses the market noise
- **RR** works on the principle that it is necessary to accommodate what stock prices are telling us at every point in time and be aligned to long term trends
- 'Reversion to Mean' risk parameters established to capture profits and prevent investment in overheated situations
- Understanding key support and resistance levels is important



Fundamental Strategy

- Do fundamental research and analysis on identified scrips to determine reason for intrinsic strength. This is done with a focus on management quality, balance sheet strength and capital productivity (ROI/ROE)
- Filter in well managed businesses that:
 - o Are likely to display maximum growth and where valuations are cheap relative to growth (under owned relative to growth potential)
 - o Create or take advantage of structural change (as opposed to cyclical change)
 - o Have strong re-rating triggers (P/E expansion headroom)

***GARP
Approach***

***Growth At a
Reasonable
Price***



*Losers add
to Losers*

Portfolio Construction

- Make an initial allocation between 2% - 3% of corpus if valuation parameters are satisfied. Allocation is also dependant on business size, opportunity, liquidity and market condition/situation
- Increase allocation if business and price performance is favourable or confidence in growth increases
- Reduce/Exit/Stop-loss if scrip/financial performance is unsatisfactory
- Ride gainers as long as possible, and cut losers as soon as possible
- Adequate portfolio diversification ensured through allocation to approximately 25 scrips. And approximately 80% of allocation in maximum 20 scrips, to prevent over diversification



Risk Management Strategy

- Parameters set in place to activate buying or trigger selling
- Position sizing based on overall market health, valuation changes & scrip performance. Scrip liquidity is a key determinant of allocation
- Rigorous monitoring of 'Equity Curve'
- Stop losses – both price wise and time wise
- Limit on quantum of loss on a single investment (loss trigger at 0.50% - 0.75% of corpus)

*It's not what
you make;
but what you
keep, that
counts*



Exit Strategy

- Deterioration in earnings growth
- Sharp upward movement in share price in a short span far ahead of fundamentals. Reversion to mean risk heightened
- Exit on companies that fail to deliver as per expectation
- Loss of secular relative strength of a stock
- Triggering of exits based on technicals viz. previous life high, upper end of channel, etc
- Trailing take profits
- Need to raise portfolio cash levels due to emerging poor 'macro' conditions

*Knowing how
to take a loss
separates men
from boys*



Payout Policy

- We encourage clients to opt for a payout of profits (we have a policy to pay out approximately of 25% of realised profits every quarter)
- Distribution of profits is in the spirit of ***"Invest Well. Celebrate Life."***
- Will introduce discipline in us to realise gains at an appropriate time
- Help meet clients' tax commitments in a timely manner

*Life is like a
burning
candle*



Right Human Attribute

- Discipline to stick to a defined strategy and process even during times when the going may not be good
- Humility to exit when wrong
- Attitude to analyse performance, identify mistakes and incorporate the learnings to improve our processes
- Just as we seek out businesses built on values with ethical promoters, we hold ourselves to the same standards

*Failure and loss
create an
emotional
opening
through which
great learning
may occur*



Contact Details

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The figures as mentioned in Slides 9 & 12 are purely indicative. These may be revised upwards / downwards based on market conditions.

Investment in equities involves substantial risk including permanent loss of capital (in whole or in part) and hence may not be suitable for all investors.