




Invest well. Celebrate life.

About Prodigy Investment Management (Prodigy)

- Niche and unorthodox player in the investment management vertical whose approach is unconventional & unique.
- Prodigy's PMS offering - Prodigy Growth Strategy, has an excellent track record.
- Prodigy Investment Management is the operational brand of MIV Investment Services Pvt. Ltd. – SEBI licensed portfolio managers.
- Founded in June 2004 with the vision of providing a growth-oriented and a process-driven approach to investment management.




All good investments have an element of speculation !



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About Prodigy (continued)

- Over 75 families, with Assets Under Management of over Rs. 275 crs. (internally generated profits to date are Rs. 300+ crs.).
- Returns since inception amongst the top decile of all domestic investment managers.
- As per SEBI requirements, all portfolios are managed on a 'long only' basis without any form of leverage.
- Principals are Mr. Ravi Chadha (MD & CIO) and Mr. Sharad Nayak (Director - Research), extremely experienced with combined knowledge of 35 years in the stock market.



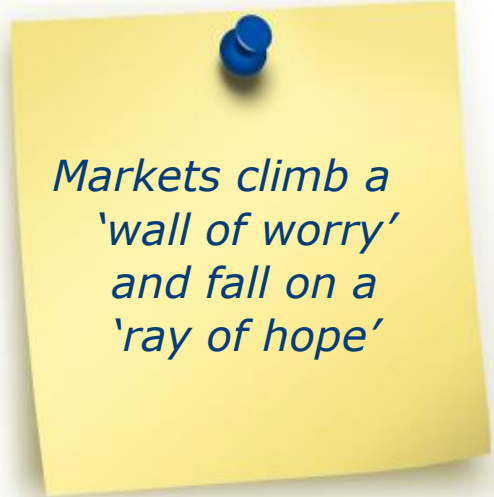
There are as many strategies as there are investors. We each see the world, as we are 'hardwired'!



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The Product

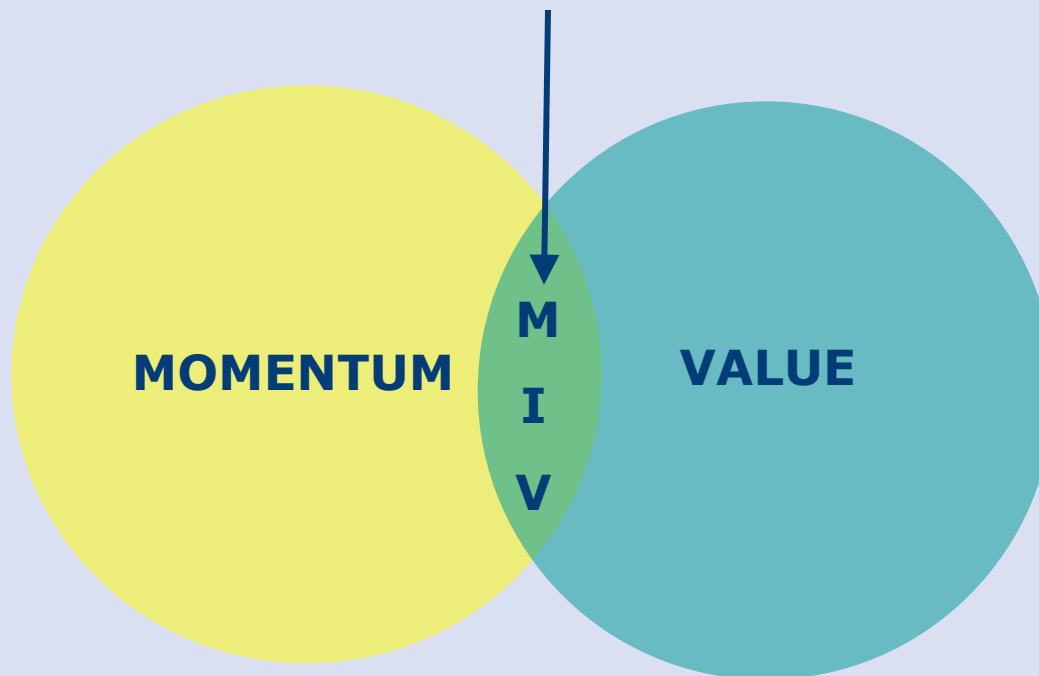
- Focus on identifying emerging blue chips that are undervalued and likely to grow earnings in excess of 20% p.a. for the next years with high ROI/ROE.
- Upto 15-20% may be allocated to small cap/mid cap/emerging sectors, if environment is conducive, to achieve higher returns, but with controlled risks.



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

Strategy

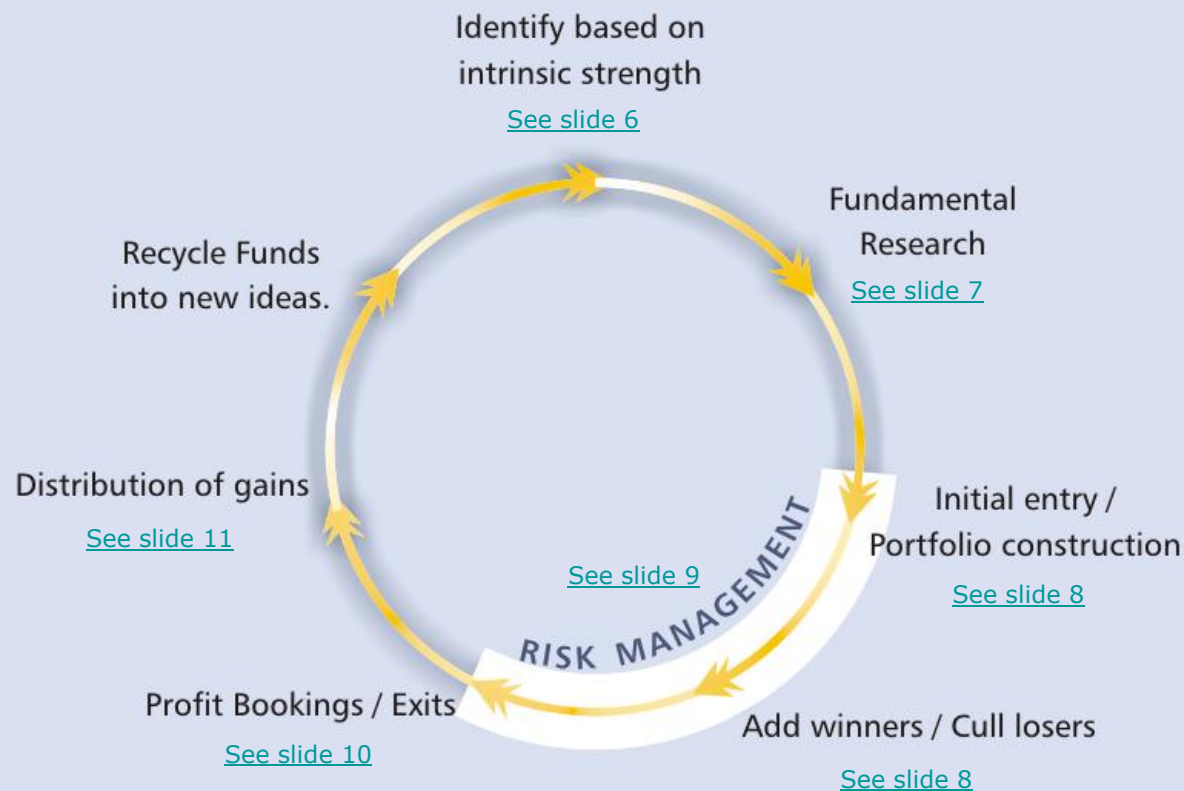
OUR FOCUS AREA



Thus "Momentum In Value"

*Drawing from
the best of
both disciplines*

The Investment Process



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



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Momentum Strategy-Reverse Research (RR)

- 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 every point in time and be aligned to long term trends.
- Understanding key support and resistance levels important.
- 'Reversion to Mean' risk parameters established to capture profits and prevent investment in overheated situations.



Back to Investment Process



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Fundamental Strategy

- Do fundamental research and analysis on identified scrips to determine reason for intrinsic strength.
- Filter out well managed businesses that:
 - Are likely to display maximum growth and where valuations are cheap relative to growth (under owned relative to growth potential).
 - That create or take advantage of structural change (as opposed to cyclical change).
 - Are in a phase of accelerated growth/inflection point in their life cycle and where growth is sustainable.
 - Have strong re-rating triggers (P/E expansion headroom).
- Exit on companies that fail to deliver as per expectation.
- Management quality & Balance Sheet quality key factors.
- Capital productivity focus and (high ROI /ROE).

*"GARP" Approach –
'Growth at a
reasonable price'*




Back to Investment Process



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Portfolio Construction

- Make an initial allocation between 1.5%-2.5% of corpus if valuation parameters are satisfied. Allocation also dependant on business size, opportunity 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 unsatisfactory.
- Ride gainers as long as possible, and cut losers as soon as possible.
- Adequate portfolio diversification ensured through minimum allocation to 15 scrips. 80% of allocation in maximum 20 scrips, prevents over diversification.



*Losers add
to Losers*



Back to Investment Process



Risk Management Strategy

- Parameters set in place to activate buy, stop buying & sell triggers.
- Position sizing based on overall market health, valuation changes & scrip performance. Scrip liquidity is a key determinant of allocation.
- Rigorous monitoring of 'Equity Curve' for deterioration.
- Stop losses – both price wise and time wise.
- Limit on quantum of loss on a single investment (loss trigger at 1/2% - 3/4% of corpus).
- Keep 'small caps' at less than 15%-20% of portfolio.
- Keep sectoral allocation to maximum 20%-25% of portfolio.


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





Exit Strategy/Booking Profits

- Deterioration in earnings growth.
- Sharp upward movement in share price in a short span far ahead of fundamentals. Reversion to mean risk heightened.
- Loss of secular relative strength of a stock.
- Reaching of exit points based on technicals viz previous life highs upper end of channel etc.
- Achievement of price targets and full valuation.
- 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*






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Payout Policy

- Policy to pay out a minimum of 33% 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*

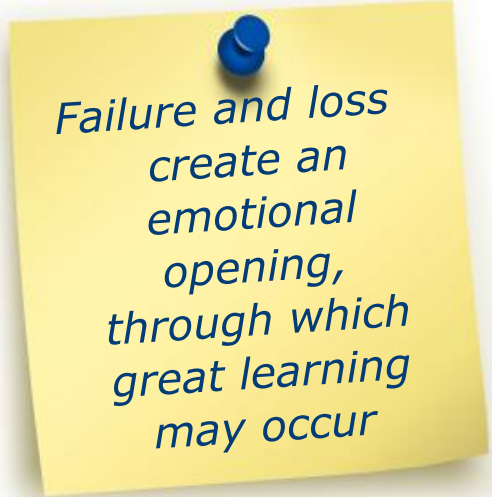




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Right Human Attribute

- 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.



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



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Client Testimonials

- “I have moved from all my other portfolio managers to you as I have found your team to be totally professional in its approach and more than willing to adapt to the customers needs. Returns have been exceptionally good and have exceeded the best of my other famous-named portfolio managers.”

Rakesh Khanna, Founding Partner, Ambit RSM

- “My congratulations on your brilliant performance. In this highly competitive market you have been able to find outright winners time and again.”

Purrshottam Bhaggeria, Nouvelle Securities Pvt. Ltd.



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SEBI Registered Portfolio Managers.

Registration number: INP 000001413



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