



Portfolio Review

Name of the investor :
Portfolio Diagnosis Dated :

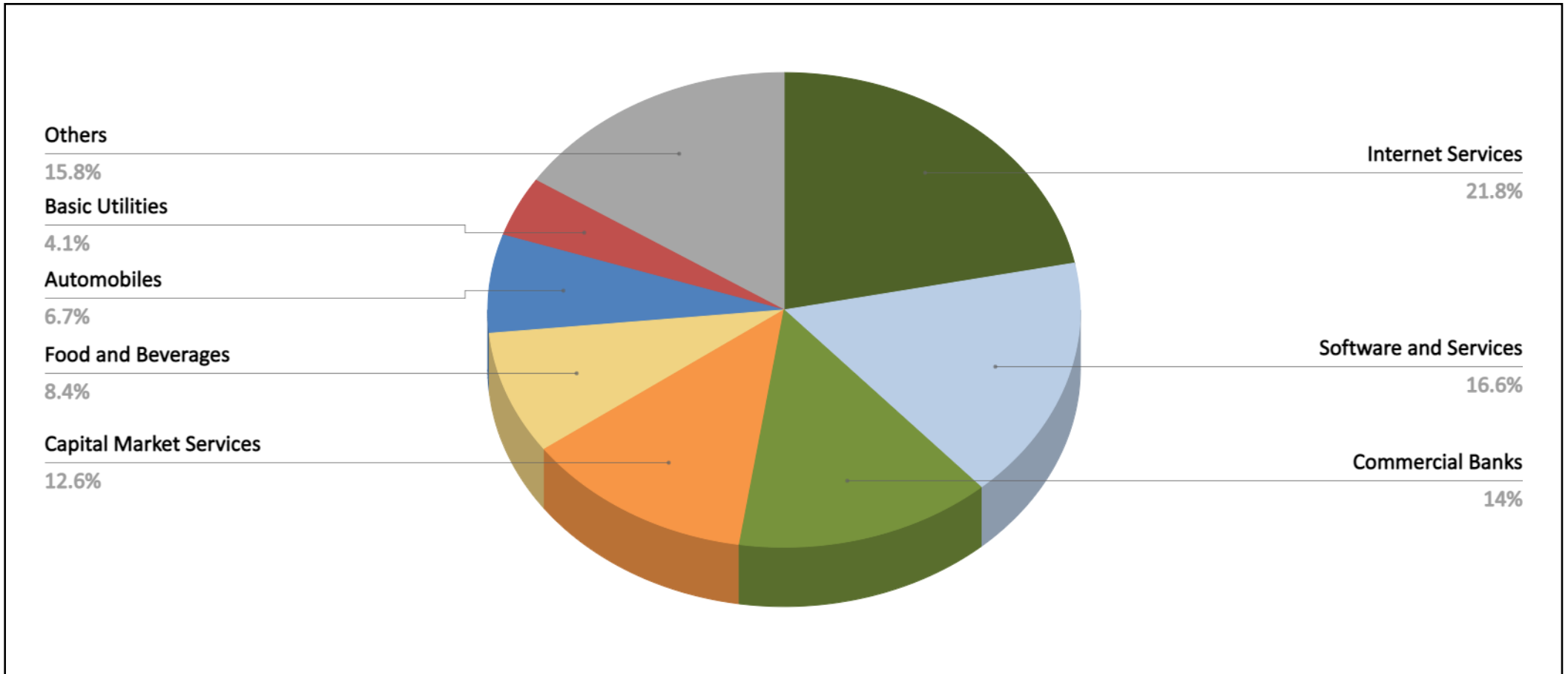
Parag Parikh Flexi Cap Fund
08-Feb-2022

No.	Company Name	Weight(%)
1	Bajaj Holdings & Investment Limited.	8.69
2	Alphabet Inc. Class A	8.68
3	ITC Limited	8.41
4	Microsoft Corporation	7.81
5	Amazon.com, Inc.	6.81
6	Meta Platforms Inc. Class A	6.34
7	Indian Energy Exchange Ltd.	5.93
8	HCL Technologies Limited	5.73
9	ICICI Bank Limited	5.32
10	Axis Bank Limited	5.29
11	Hero Motocorp Limited	5.18
12	Power Grid Corporation of India Limited	4.08
13	Central Depository Services (India) Ltd	3.82
14	HDFC Bank Limited	3.38
15	Multi Commodity Exchange Of India Ltd.	2.09
16	Balkrishna Industries Limited	1.51
17	Motilal Oswal Financial Services Limited	1.46
18	Mphasis Limited	1.16
19	Sun Pharmaceutical Industries Limited	1.13
20	Dr. Reddys Laboratories Ltd.	1.08

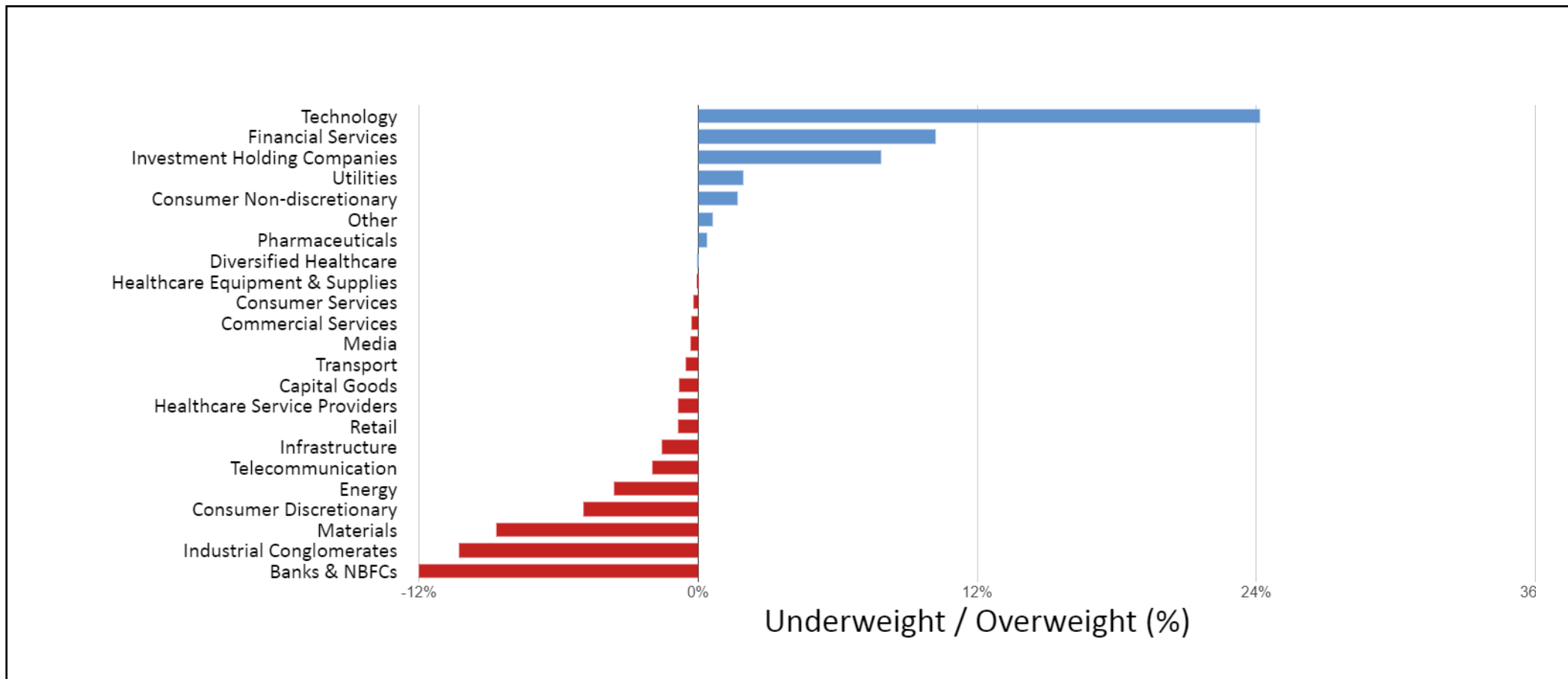
No.	Company Name	Weight(%)
21	Cadila Healthcare Limited	1.08
22	IPCA Laboratories Limited	1.03
23	Persistent Systems Limited	1.01
24	Oracle Financial Services Software Limited	0.88
25	Suzuki Motor Corp.	0.87
26	ICRA Limited	0.76
27	Lupin Limited	0.46
28	Others...	0
Total		99.99

- 37.91 % of the portfolio is invested in strong and sustainable Moat companies. Further 18.80 % of the portfolio is invested in Limited Moat companies where some of them might be cyclical or their business advantage might be temporary.
- 0.00 % of the portfolio is in Grade B- / C businesses that in Multi-Acts opinion carries risk of 'permanent loss of capital' especially if invested during high points of the cycle.
- The portfolio appears to be having higher relative exposure in Technology sectors, and lower relative exposure in Banks & NBFCs sectors as compared to NSE - CNX 500 Index.
- Top holding is Bajaj Holdings & Investment Limited. , which is not covered by Multi-Act it has a Strong technical chart with Neutral earnings momentum. Another large holding is Alphabet Inc. Class A , which is quoting Above High end of our ebv band it has a Neutral technical chart with Positive earnings momentum.
- 13.30 % of the portfolio is quoting 'significantly' above our calculated valuation range.
- 0.00 % of the portfolio is invested in illiquid no-moat companies that brings higher drawdown risk during the market declines.
- 49.27 % of the portfolio has strong technical momentum. 7.80 % of the Portfolio or 4 stocks has weak technical trend.
- 49.78 % of the portfolio or 13 companies have 'Neutral' earnings momentum. Of this, 3.62 % of the portfolio has P/FV greater than 1.50x.
- We do not have active valuation coverage of 5 stocks or 17.47 % of the portfolio. Hence, our analysis is subject to that.
- Portfolio Diagnostic Report is done based on the current portfolio size and information available, one need to take into consideration overall investments while taking investment action.

Portfolio Attributes



High concentration in sub-sector **Internet Services** and **Software and Services**
Sub-Sector classifications source: Capitaline



As compared to NSE - CNX 500, the portfolio has relatively:

- Higher exposure to **Technology and Financial Services** sector.
- Lower exposure to **Banks & NBFCs and Industrial Conglomerates** sector.

Forward Year						
Multi-Act Sector	Weight	F-PE	F-PB	F-DVD	F-EV/EBIT	F-EV/SALES
Technology	38.42 %	25.88	7.29	0.69	20.57	5.61
Financial Services	14.06 %	28.05	16.13	0.90	NMF	NMF
Banks & NBFCs	13.99 %	21.99	2.65	0.69	NMF	NMF
Investment Holding Companies	8.69 %	NA	NA	NA	NA	NA
Consumer Non-discretionary	8.41 %	18.75	4.41	4.63	13.41	4.60
Capital Goods	6.69 %	20.57	3.70	2.92	13.10	2.08
Pharmaceuticals	4.78 %	24.76	3.28	0.72	17.30	3.41
Utilities	4.08 %	9.96	1.81	5.93	10.52	6.12
Other	0.87 %	14.13	1.21	2.02	6.57	0.47
Portfolio	99.99 %	23.67	6.90	1.55	17.70	4.89

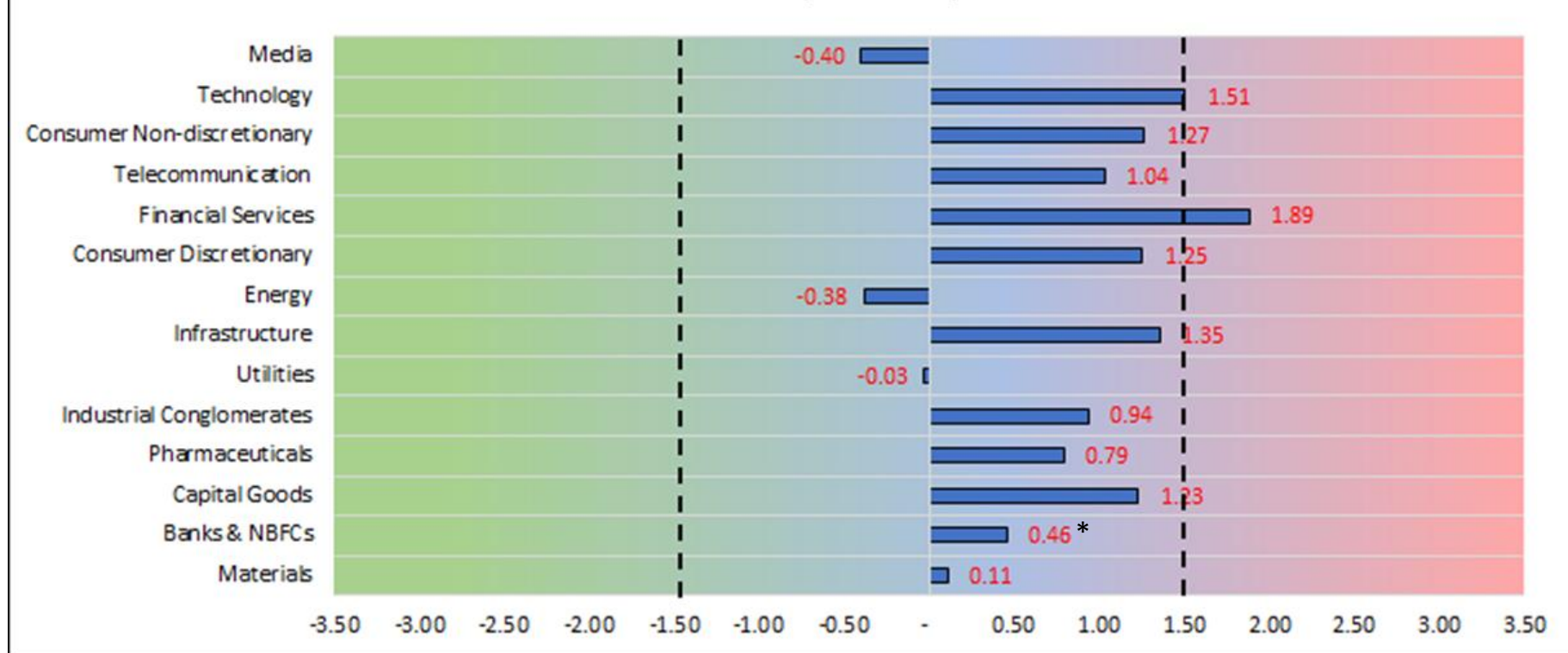
Note: These calculations are based on forward estimates from Factset. Some data adjusted for unusual multiple(s).

Different valuation measure is suitable for different industry and average of all may not be fully representative.

NMF=Not meaningful.

- Benchmark average P/E(forward) is : **25.06** .
- Average P/E(forward) of the portfolio is **23.67** .
- Average dividend yield of the portfolio is 1.55 % which indicates higher income generation capability of the portfolio as compared to broader market. Dividend yield of NSE - CNX 500 is 1.21 % .

Z Score for PE/PB Multiple



Z Score close to 0 means no significant deviation between current valuation and historical valuation

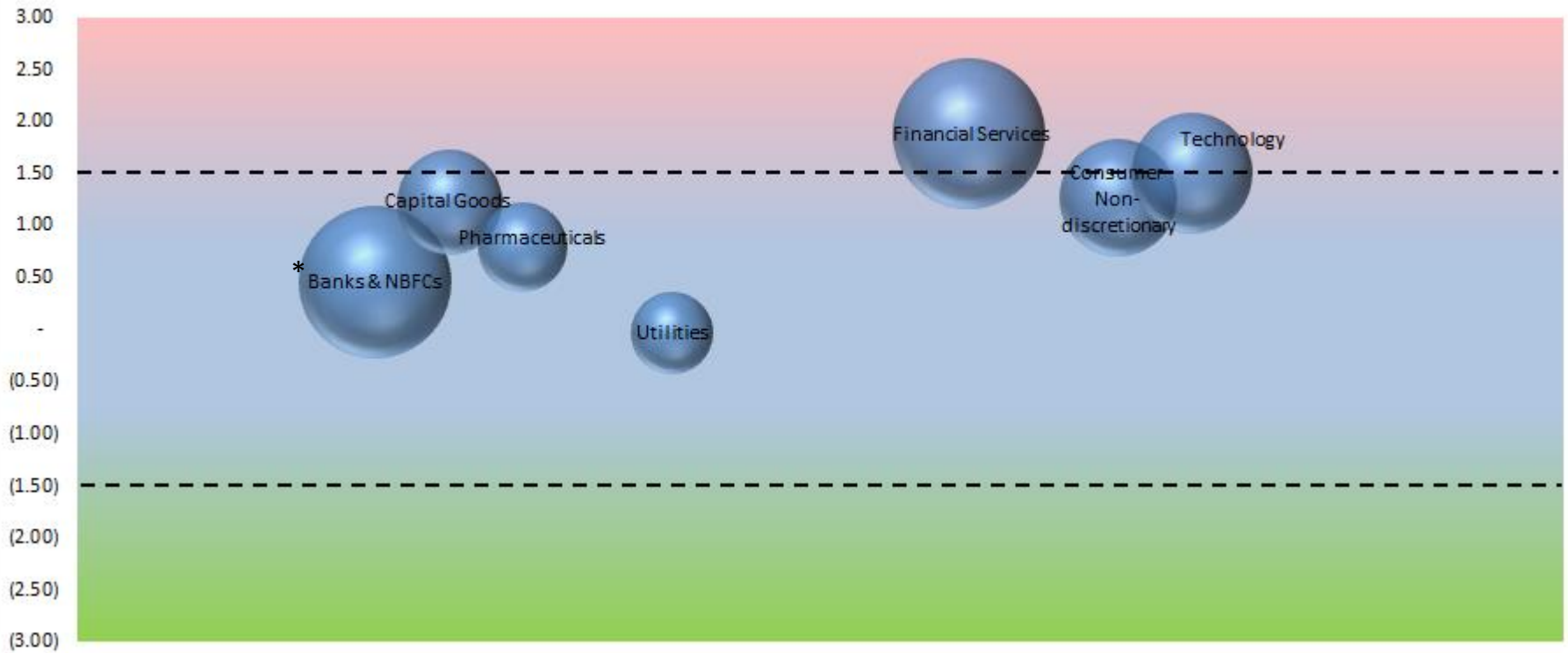
Z Score above 1.5 = Currently valuation is **higher** than historical valuation

Z Score below -1.5 = Currently valuation is **lower** than historical valuation

* P/B instead of P/E

Score based on Nifty 500 Constituents (till Jan 2022)

Z Score and Portfolio Sector Weight



Z Score close to 0 means no significant deviation between current valuation and historical valuation

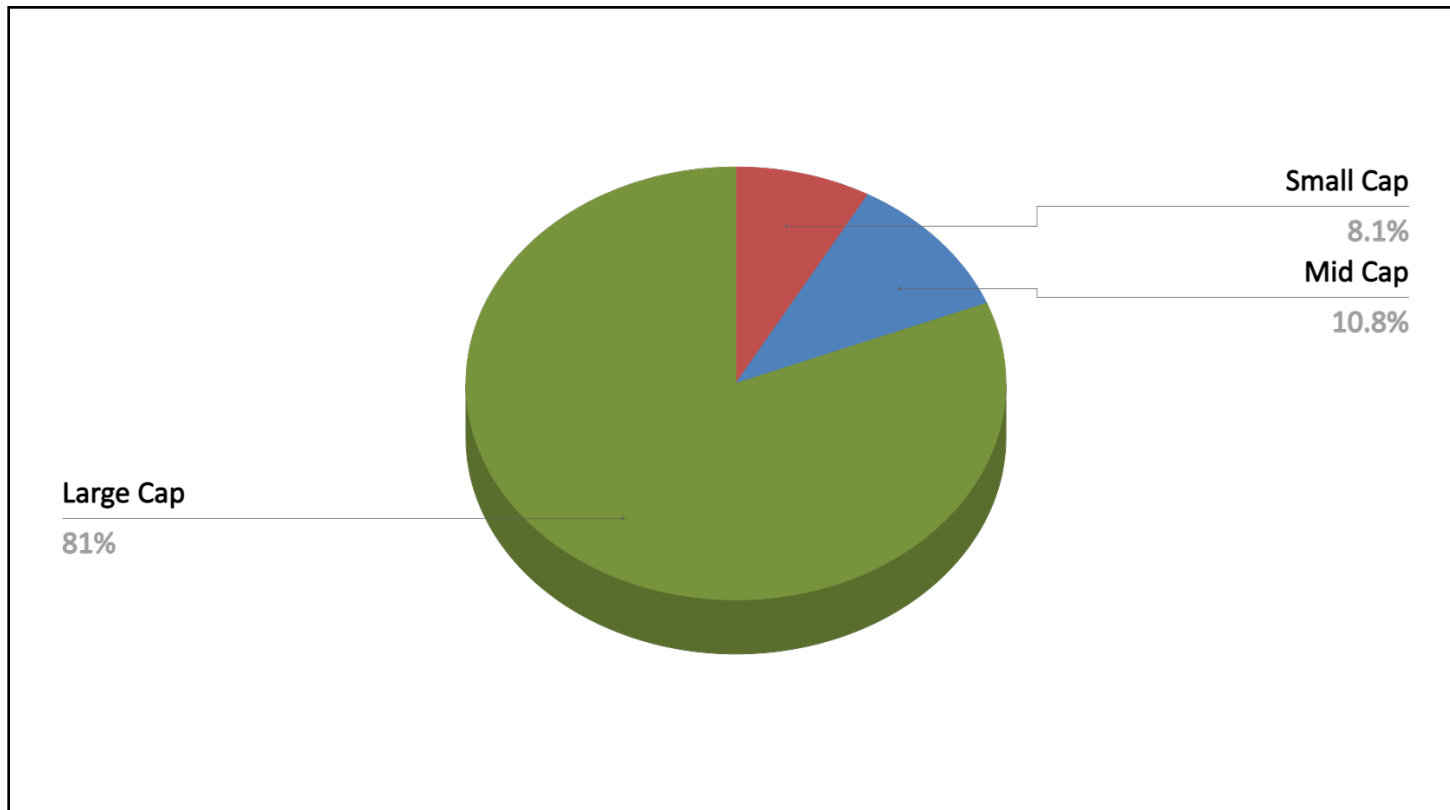
Z Score above 1.5 = Currently valuation is **higher** than historical valuation

Z Score below -1.5 = Currently valuation is **lower** than historical valuation

Bubble size indicates weight in the portfolio.

* P/B instead of P/E

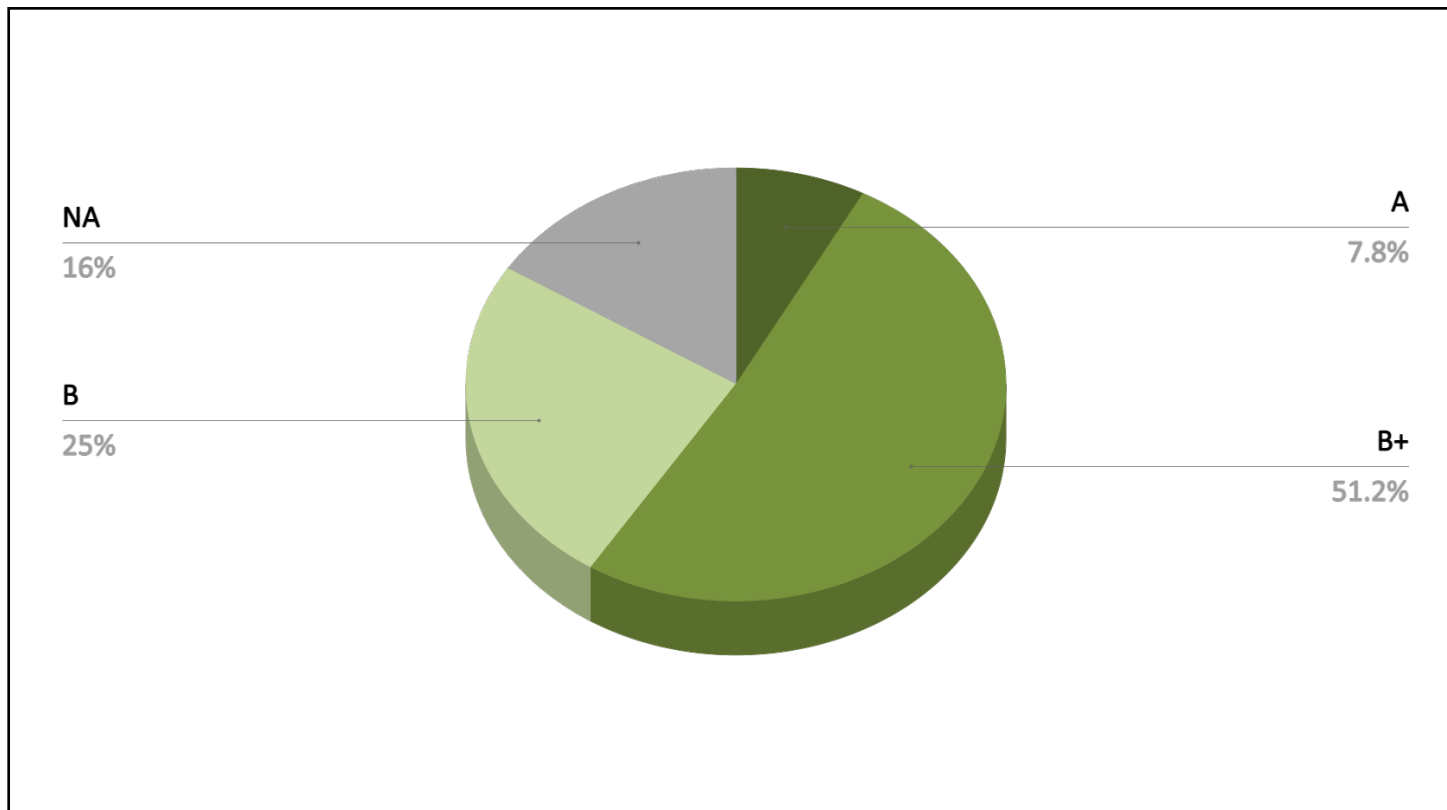
Score based on Nifty 500 Constituents (till Jan 2022)



Exposure to frontline NIFTY 50	
No. Of Companies	9
Weight	39.6 %

Multi-Act Analytics

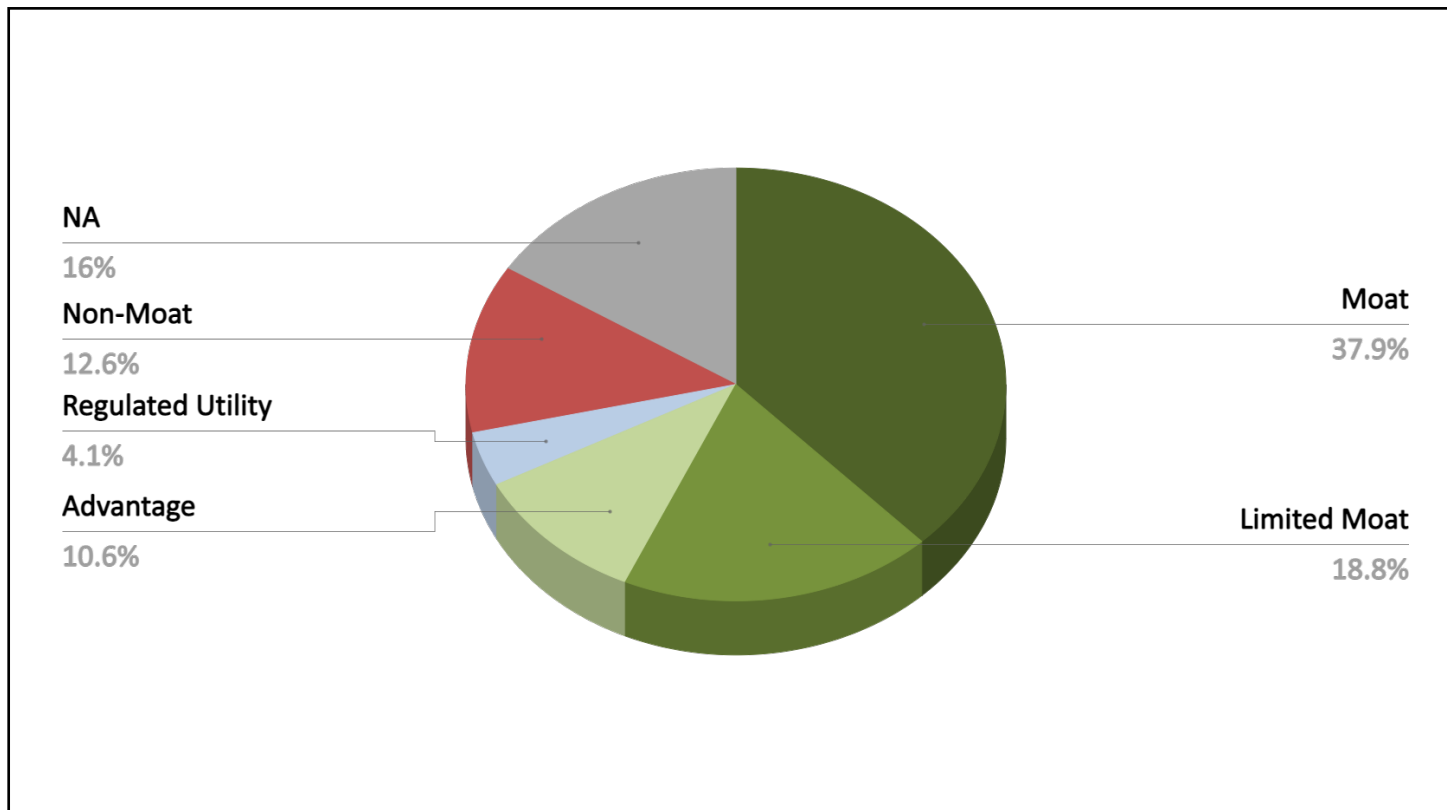
(Business Risk)



Grade	Portfolio	NSE - CNX 500
A	7.81 %	0.87 %
B+	51.20 %	27.04 %
B	24.97 %	48.96 %
B-	0.00 %	4.97 %
C	0.00 %	0.00 %
NA	16.01 %	18.10 %

A or B + for good quality businesses/ B is for average quality business / B- or C are poor quality businesses.

Presence of Competitive Advantage



Moat	Portfolio	NSE - CNX 500
Moat	37.9 %	8.2 %
Limited Moat	18.8 %	5.7 %
Advantage	10.6 %	27.7 %
Regulated Utility	4.1 %	1.5 %
Non-Moat	12.6 %	30.7 %
Undecided	0	8.0 %
NA	16.0 %	18.1 %

Illiquid No-Moat %	0.00 %
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In Multi-Act's opinion, companies that are illiquid and Non-Moat see relatively higher drawdown during market declines. Hence, lower the %, better for the portfolio when overall valuations are higher.

Moat = Strong competitive advantage companies.

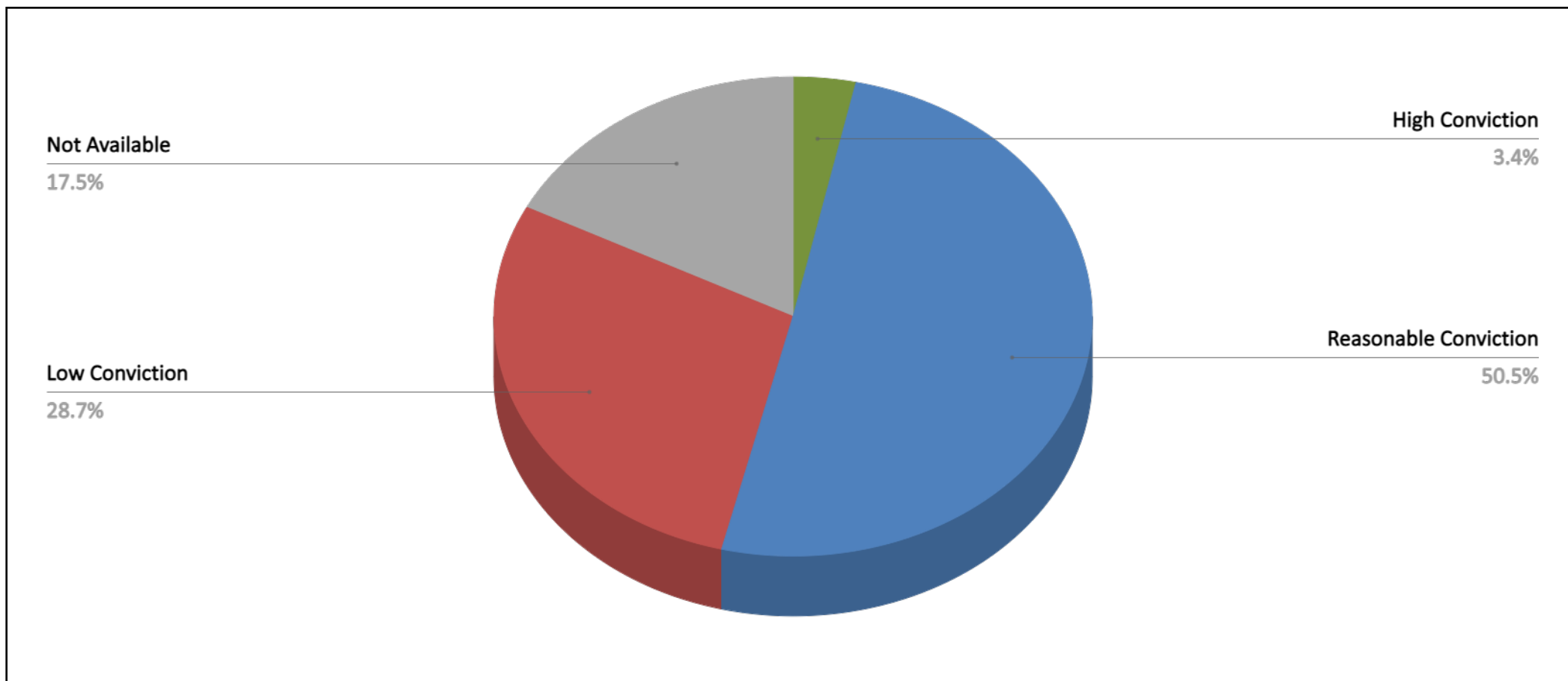
Ltd. Moat = Ltd. competitive advantage companies.

Non-Moat = Companies with no competitive advantage.

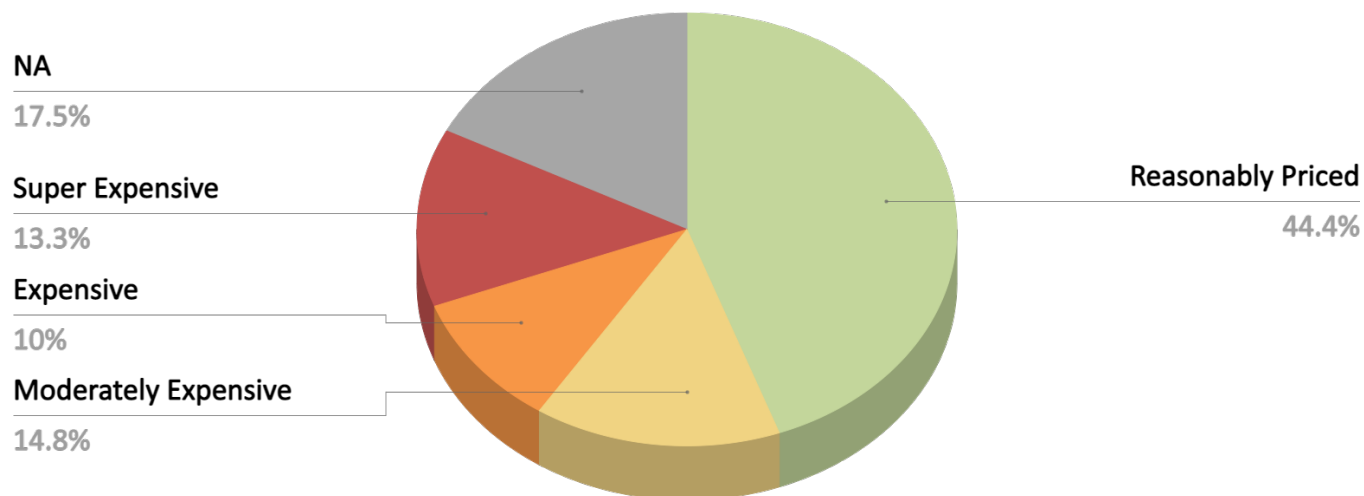
Regulated Utilities = Returns are regulated by the government.

Multi-Act Analytics

(Valuation Risk)

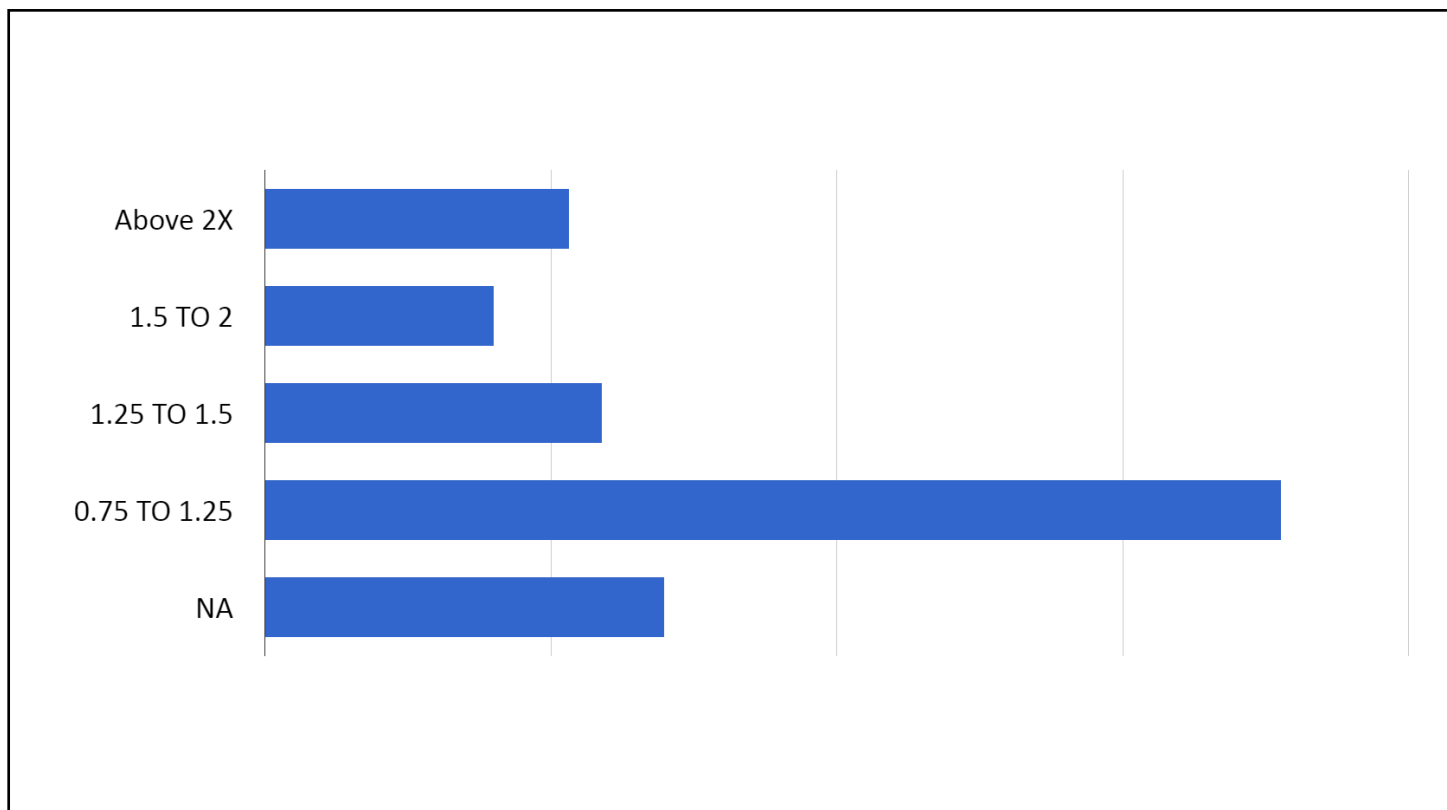


Conviction indicates the relevance/usefulness of valuation range, given the intricacies/complexities of the business model.



Valuation zones	Portfolio	NSE - CNX 500
Distress	0.00 %	0.01 %
Cheap	0.00 %	0.55 %
Reasonably Priced	44.44 %	28.77 %
Moderately Expensive	14.76 %	13.95 %
Expensive	10.02 %	15.57 %
Super Expensive	13.30 %	17.62 %
NA	17.47 %	23.47 %

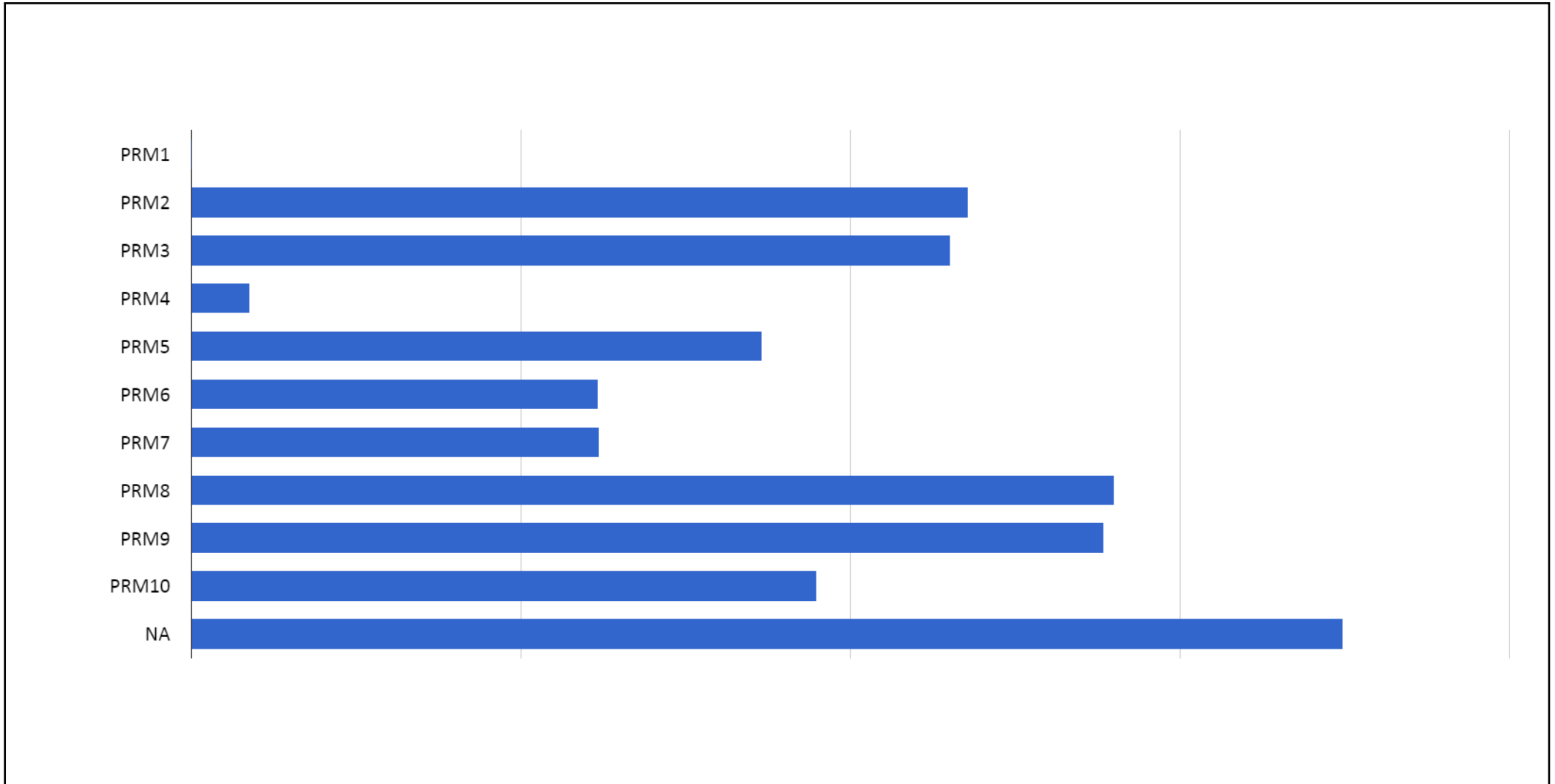
Using Reward to Risk (RR) offered as per Multi-Act valuation range.



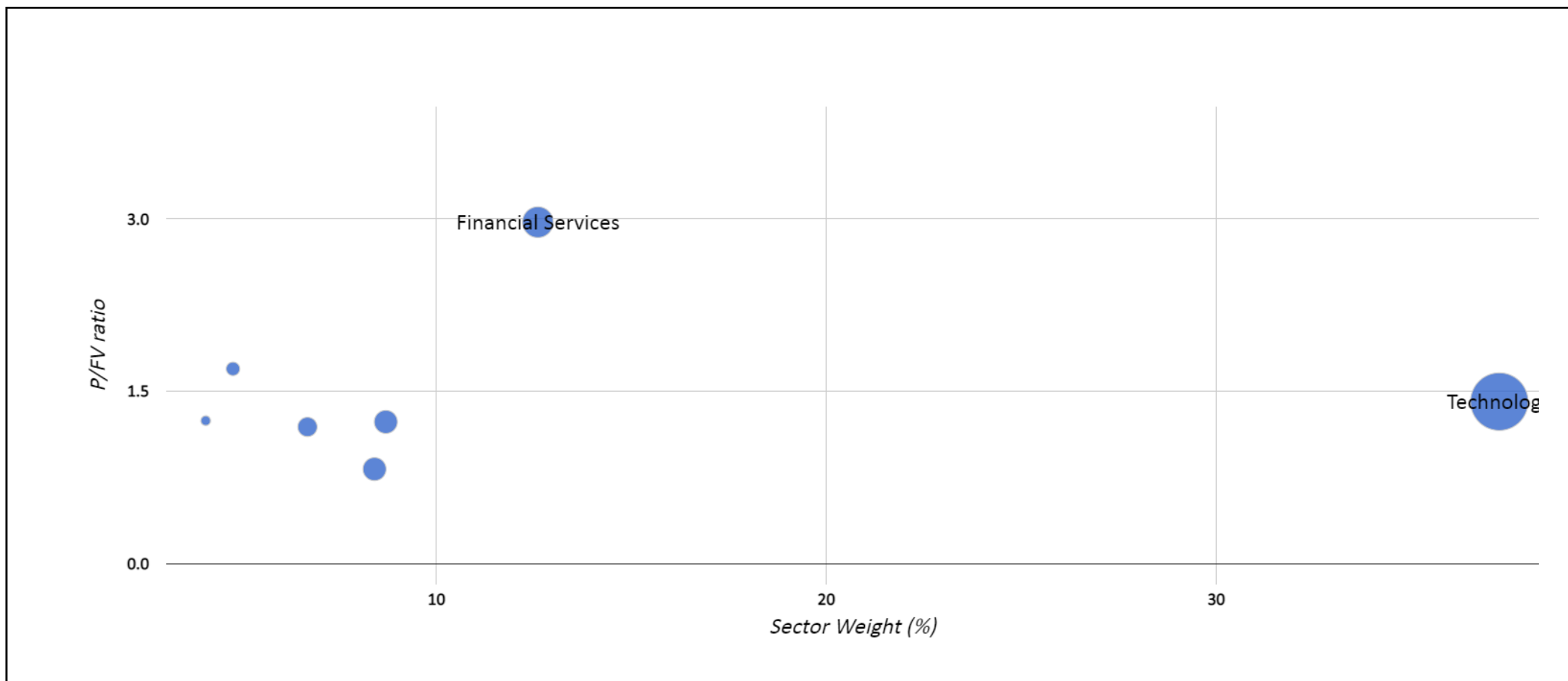
Price to Fair Value ratio -
Lower the better.

Generally speaking ,
P/FV > 1.5 is expensive
and
P/FV < 0.75 is cheap.

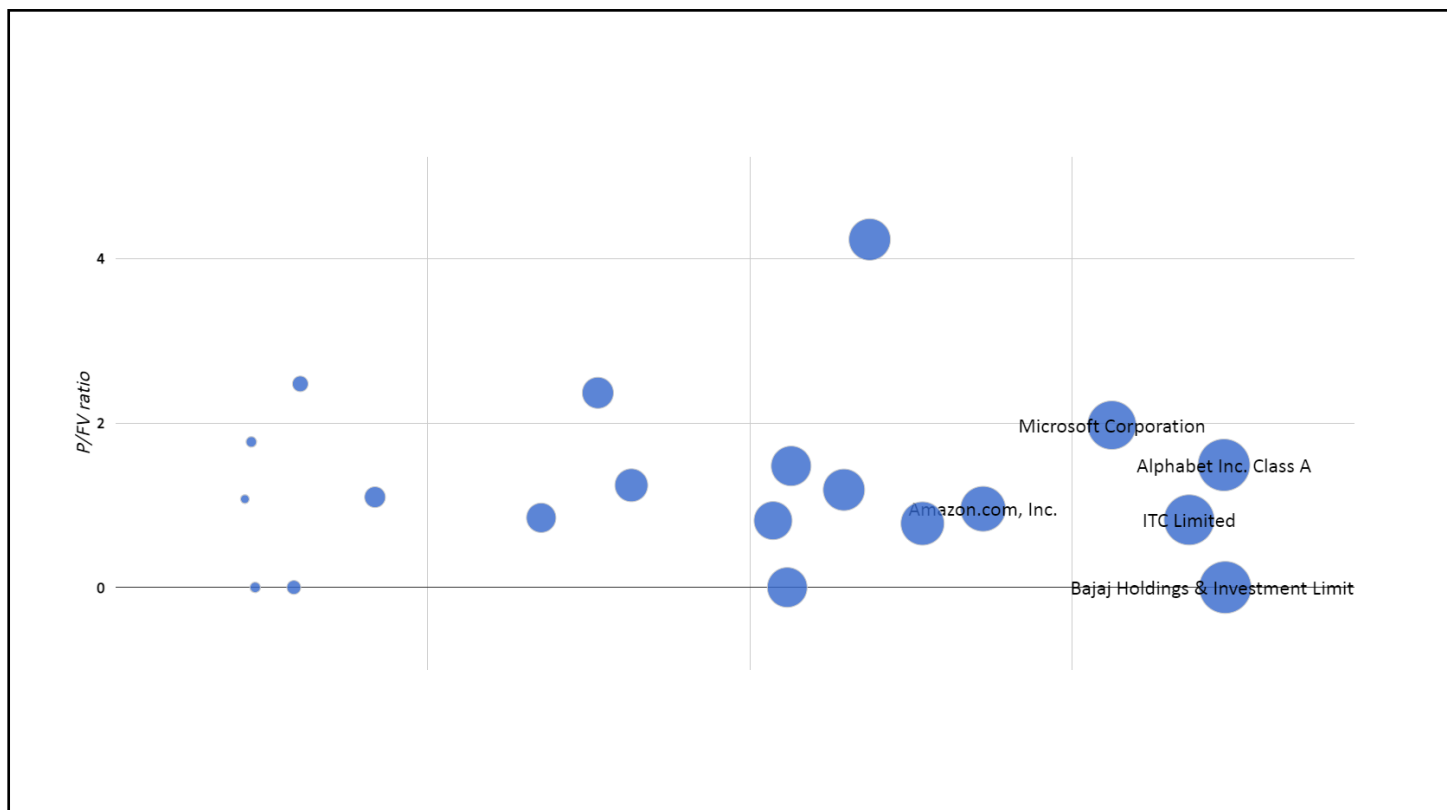
- Benchmark average P/FV is : **1.65** .
- Weighted average P/FV of the portfolio is : **1.56** or **Expensive** .
- **13.30 %** of the portfolio is quoting significantly above our calculated valuation range and caution might be warranted there.
- **0.46 %** of the portfolio is invested in companies which might be quoting towards the higher end of the valuation.



Note: PRM 1 = Very favourable and PRM 10 = Least favourable



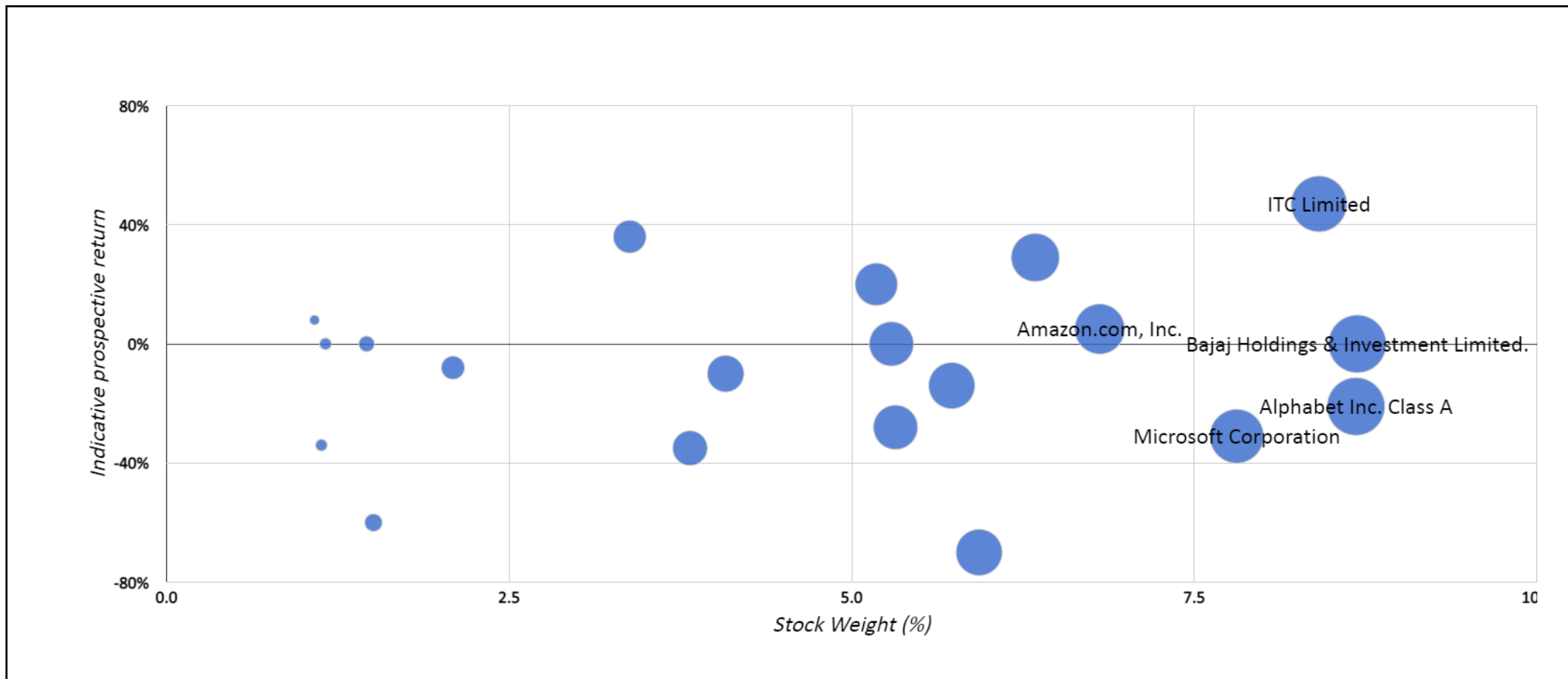
- Most of the sectors in the portfolio appear to be Expensive To Very Expensive .
- Banks & NBFCs and Capital Goods Sector in portfolio appears to be reasonably priced.



Top 5 Companies	Weight	P / FV
Bajaj Holdings & Investment Limited.	8.69 %	
Alphabet Inc. Class A	8.68 %	1.49
ITC Limited	8.41 %	0.82
Microsoft Corporation	7.81 %	1.97
Amazon.com, Inc.	6.81 %	0.96

Note: Top 20 companies only. P/FV ratio - Lower the better. Generally $P/FV > 1.5$ is expensive and $P/FV < 0.75$ is cheap.

- Of the 27 companies in the portfolio, 16 companies are quoting above their 'fair value' (i.e. valuation mid-band).
- 10 companies are quoting above their 'high end' of the valuation band.

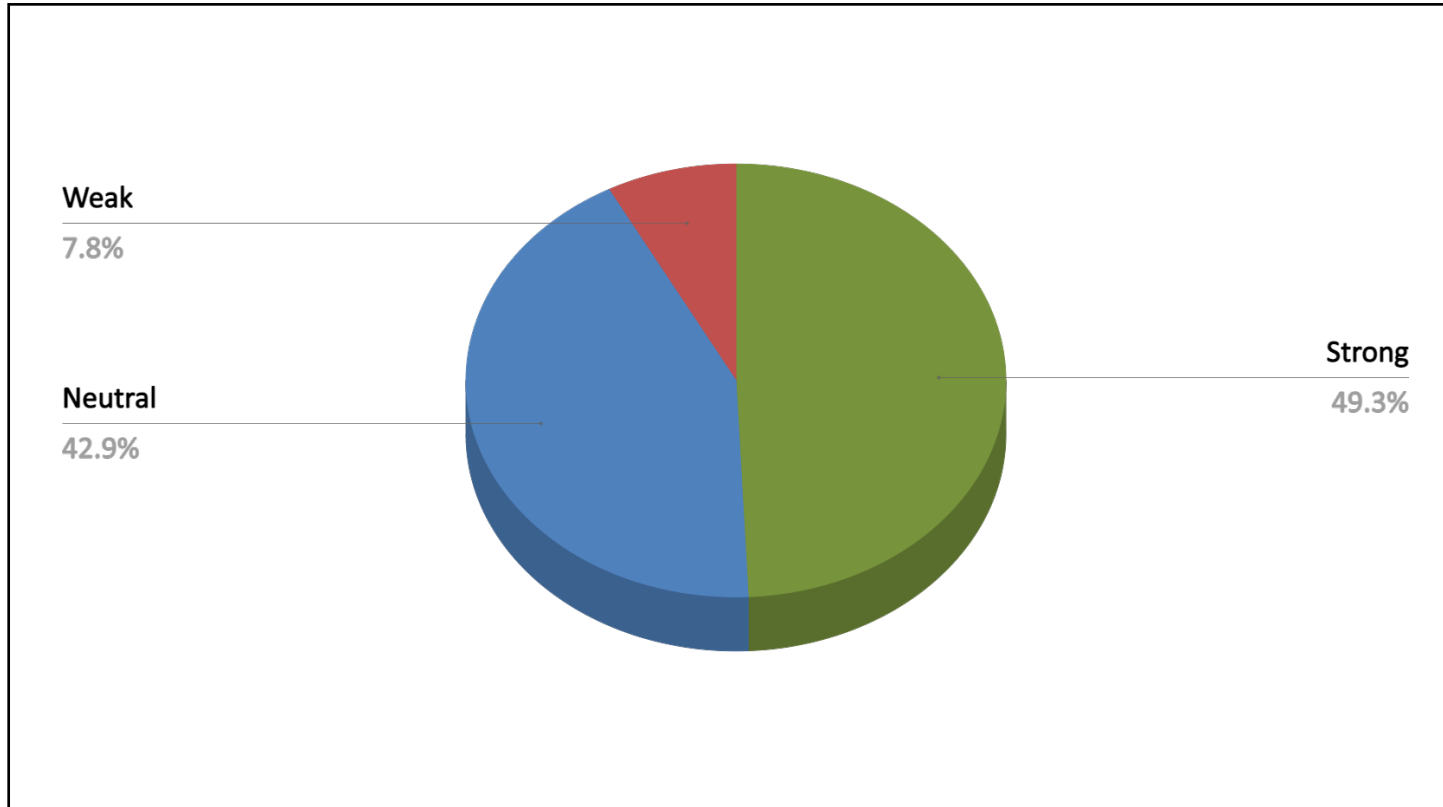


Note: Top 20 companies considered. PRM 1 = Very favourable and PRM 10 = Least favourable.

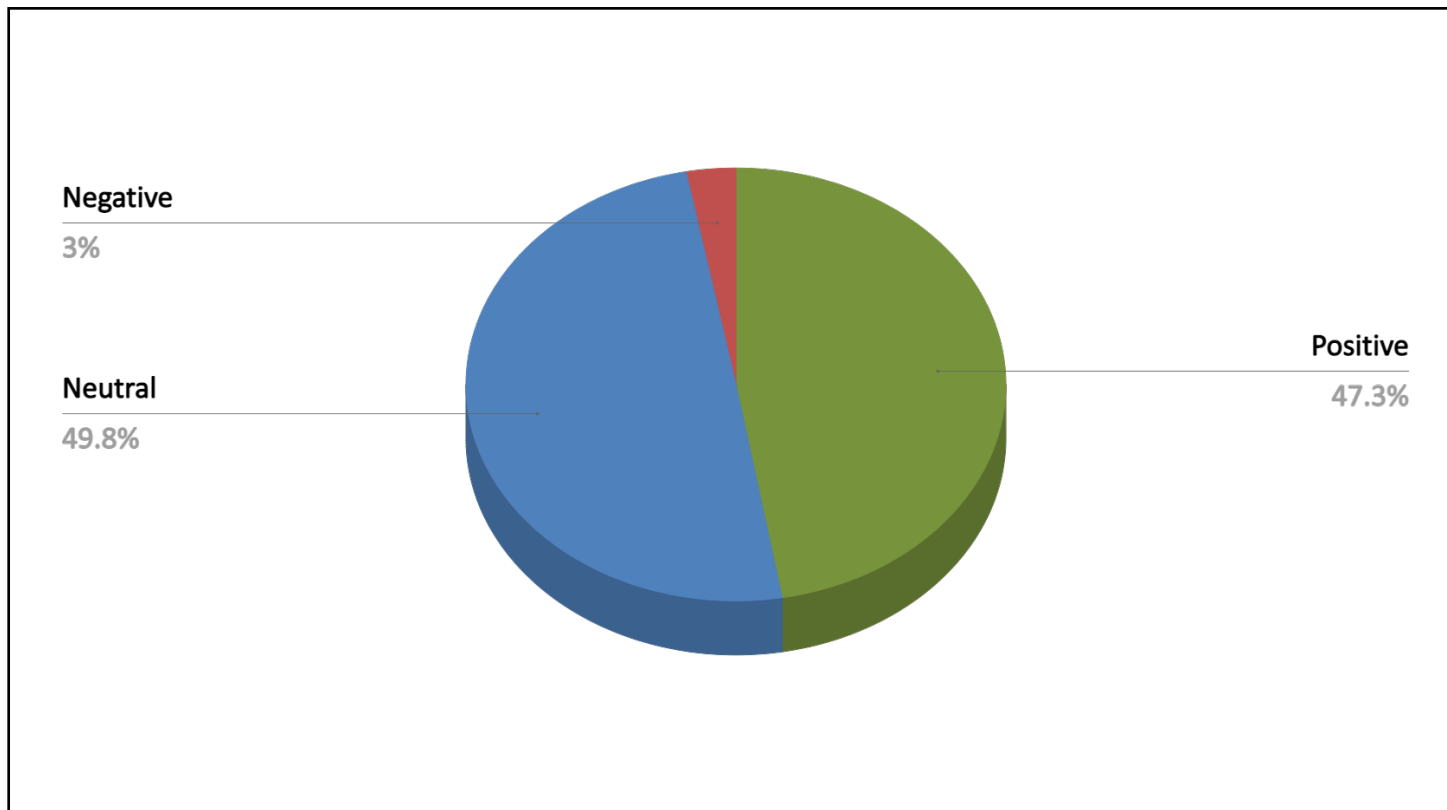
Prospective Return	Bull case	Bear case
Portfolio	PRM6	PRM8
NSE - CNX 500	PRM7	PRM9

Multi-Act Analytics

(Market Risk)



*Indicates strength or weakness in the technical chart of the stocks.
Strong is favourable momentum; Weak is unfavourable momentum.*



Earning Momentum	Portfolio	NSE - CNX 500
Positive	47.25 %	55.38 %
Neutral	49.78 %	43.52 %
Negative	2.96 %	0.87 %
NA	NA	0.17 %

Of the companies having negative earnings momentum (2.96 %), 0.00 % of them also have weak technical chart.

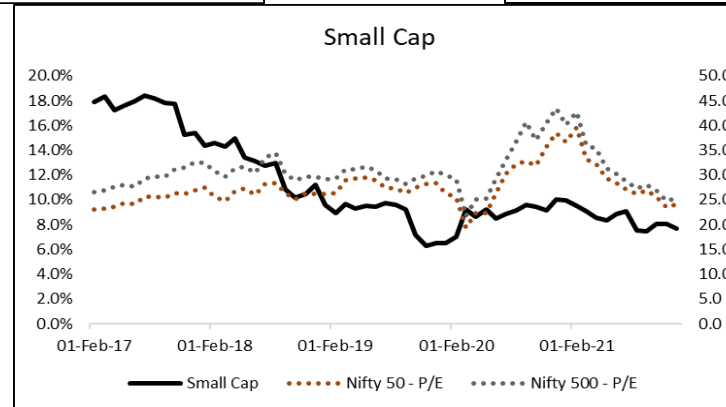
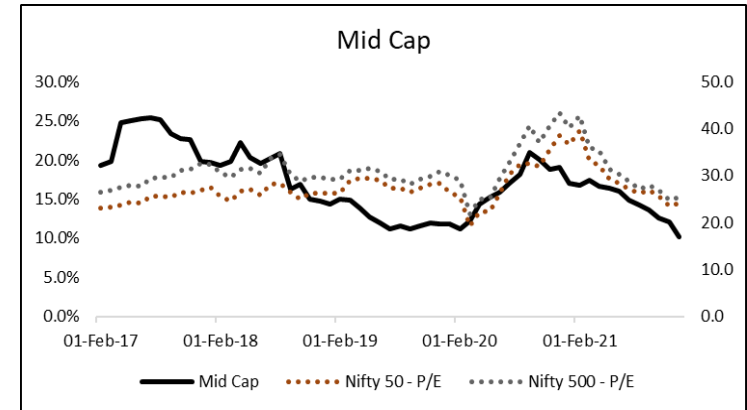
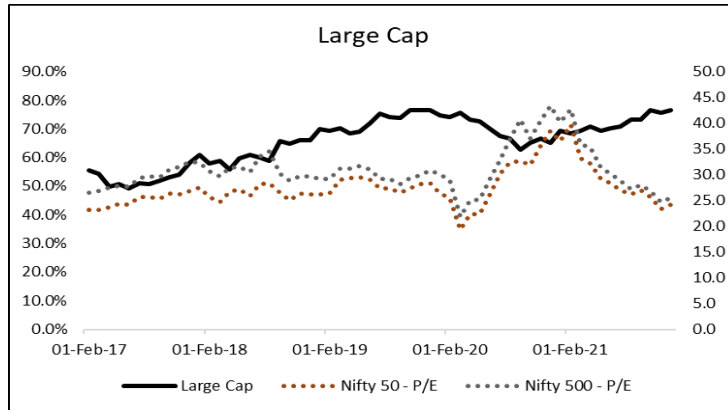
Indicates strength or weakness in the earnings momentum of the stocks based on observations of last 2 quarters.

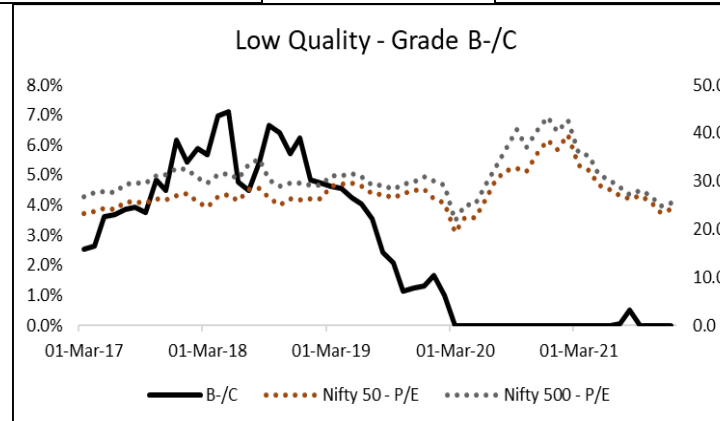
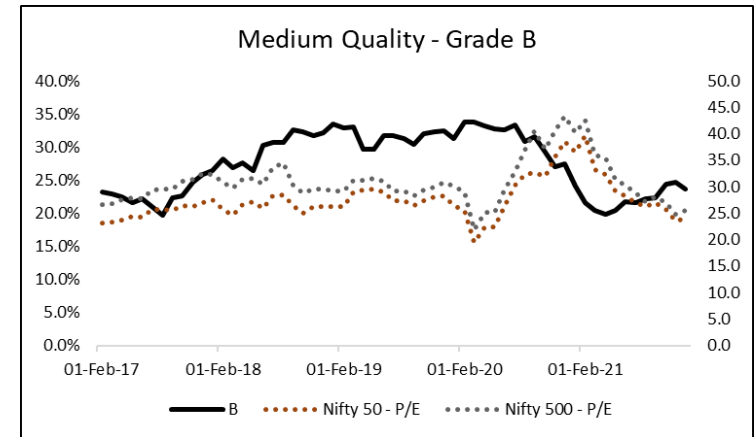
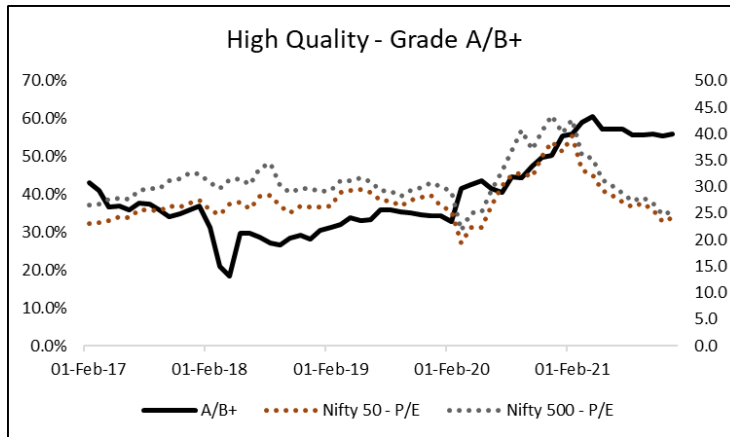
Top Holdings

Name	% Weight	CMP	Price/Fair Value	Valuation Classification	GRADE	Moat Classification	Earnings Momentum	Technical Status
Bajaj Holdings & Investment Limited.	8.7 %	5,158.6	NA	NA	NA	NA	Neutral	Strong
Alphabet Inc. Class A	8.7 %	2,865.9	1.5	Moderately Expensive	B+	Moat	Positive	Neutral
ITC Limited	8.4 %	234.2	0.8	Reasonably Priced	B+	Moat	Positive	Neutral
Microsoft Corporation	7.8 %	305.9	2.0	Expensive	A	Moat	Positive	Neutral
Amazon.com, Inc.	6.8 %	3,152.8	1.0	Reasonably Priced	B	Limited Moat	Neutral	Neutral
Meta Platforms Inc. Class A	6.3 %	237.1	0.8	Reasonably Priced	B+	Moat	Neutral	Neutral
Indian Energy Exchange Ltd.	5.9 %	232.8	4.2	Super Expensive	B+	Limited Moat	Positive	Strong
HCL Technologies Limited	5.7 %	1,163.1	1.2	Reasonably Priced	B+	Advantage	Neutral	Strong
ICICI Bank Limited	5.3 %	805.0	1.5	Moderately Expensive	B	Non-Moat	Neutral	Strong
Axis Bank Limited	5.3 %	798.3	NA	NA	NA	NA	Neutral	Strong
Hero Motocorp Limited	5.2 %	2,722.4	0.8	Reasonably Priced	B+	Limited Moat	Neutral	Weak
Power Grid Corporation of India Limited	4.1 %	209.7	1.2	Reasonably Priced	B	Regulated Utility	Positive	Strong
Central Depository Services (India) Ltd	3.8 %	1,574.0	2.4	Super Expensive	B+	Moat	Positive	Strong
HDFC Bank Limited	3.4 %	1,524.3	0.8	Reasonably Priced	B+	Advantage	Positive	Strong
Multi Commodity Exchange Of India Ltd.	2.1 %	1,427.7	1.1	Reasonably Priced	B+	Moat	Negative	Neutral
Balkrishna Industries Limited	1.5 %	2,290.7	2.5	Super Expensive	B	Advantage	Neutral	Strong
Motilal Oswal Financial Services Limited	1.5 %	914.6	NA	NA	B	Non-Moat	Neutral	Strong
Mphasis Limited	1.2 %	3,050.2	NA	NA	NA	NA	Positive	Strong
Sun Pharmaceutical Industries Limited	1.1 %	894.1	1.8	Expensive	B	Non-Moat	Positive	Strong
Dr. Reddys Laboratories Ltd.	1.1 %	4,350.3	1.1	Reasonably Priced	B	Non-Moat	Positive	Weak

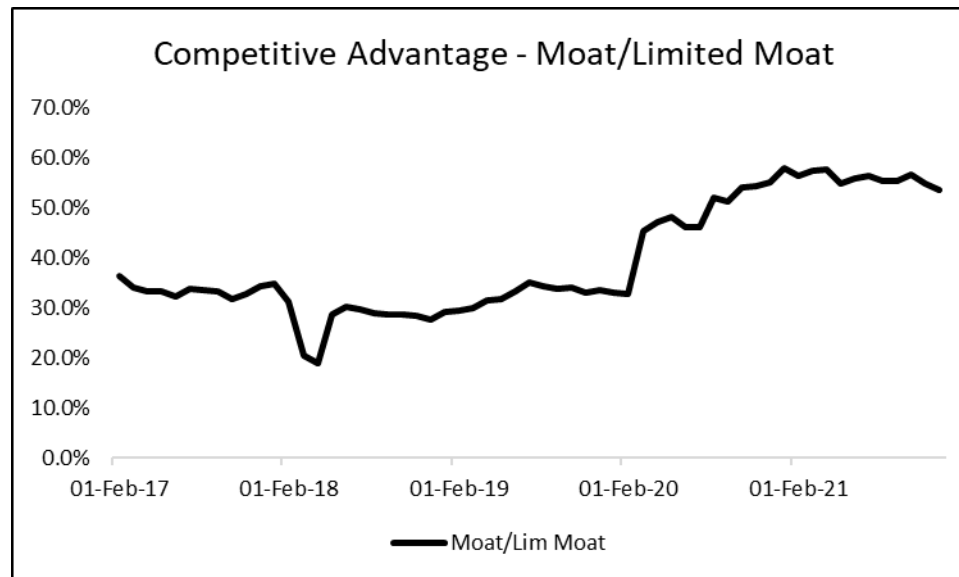
Annexure

Market-Cap Classification





Presence of Competitive Advantage



Consistency Ratio

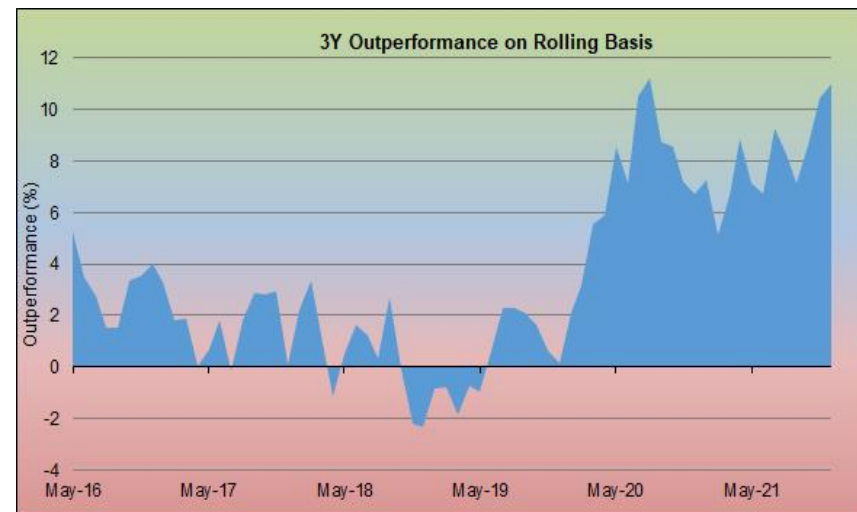


Benchmark: NIFTY 500
Upside Ratio: 79.3%
Downside Ratio: 42.4%

Benchmark: NIFTY 500

Consistency Ratio:

Last 5 Years	57%
Last 3 Years	75%





Benchmark: NIFTY 500 (75%) + S&P 500 (25%)

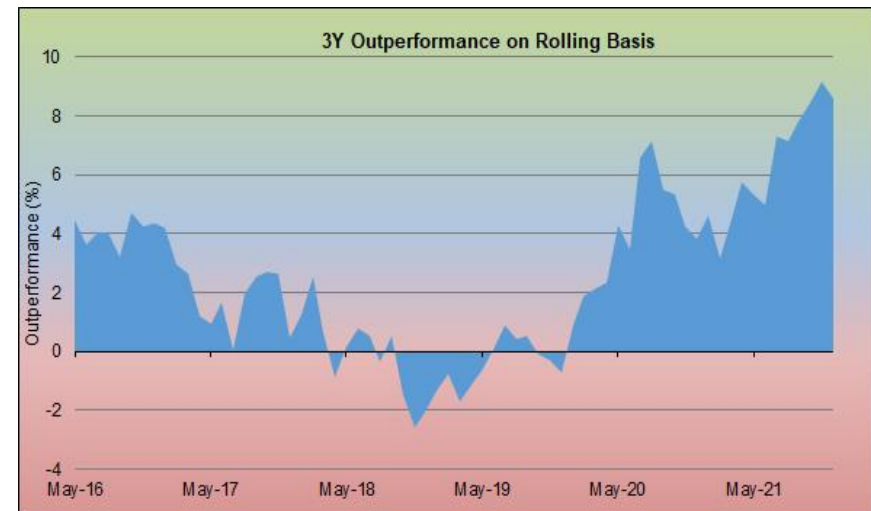
Upside Ratio: 94.9%

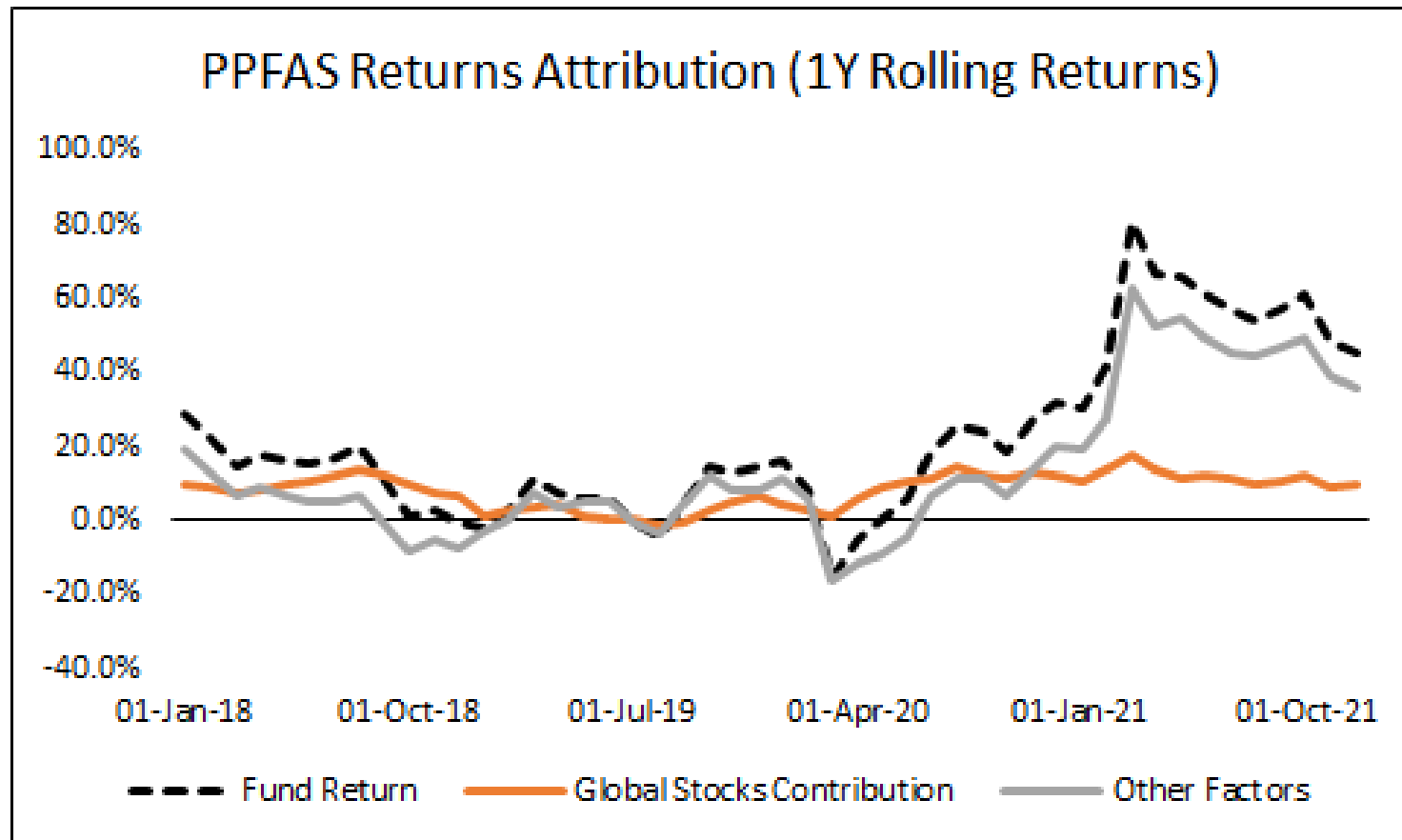
Downside Ratio: 66.7%

Benchmark: NIFTY 500 (75%) + S&P 500 (25%)

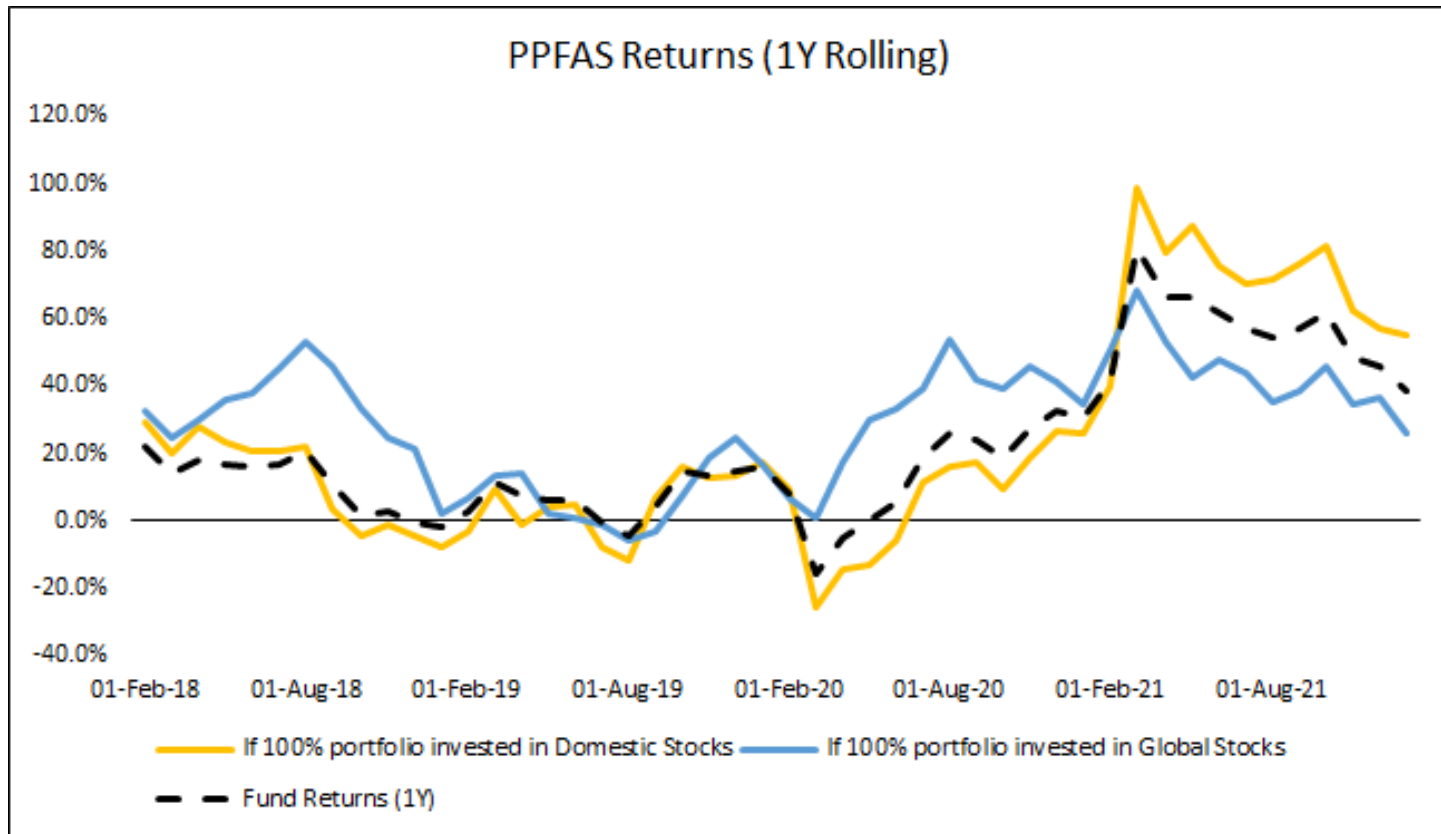
Consistency Ratio:

Last 5 Years	48%
Last 3 Years	61%





- 'Other Factors' include domestic stocks, impact of expense ratio, impact of portfolio churn, etc.
- Over last 5 years, global stocks have contributed 7-8% in the fund return on an average.



- Here we are comparing simulated returns of only domestic and only global stocks (if 100% invested in the portfolio names) with actual fund returns.
- This chart does highlight the diversification benefit – till Mar 2021, global portfolio did relatively better and since then, domestic stocks are faring well (only ~25% of portfolio is in global stocks though).

- EBV: Estimated Business Value as per Multi-Act.
- Grade: Overall quality of the business (Range is A, B+, B, B- and C; A is best, C being the worst)
- Confidence: Conviction in the valuation (Ranges from 0 to 3; Higher the better)
- EE: Earnings Estimates of analysts covering the stock.
- Earnings Surprise: Earnings surprises in last 2 quarters vis-à-vis analyst estimates on the street.
- Moat/Non-Moat: Moat reflects competitive advantage of the business which enable it to earn returns, higher than cost of equity across the market cycles.
- RR- Reward to Risk Ratio: Upside divided by Downside; based on Current Price, EBV high and EBV low. (Ranges from 0 to 5; Higher the better)
- Price/Fair Value: Price / EBV Mid Band (Lower the better)
- EV: Economic Value (Market Cap + Debt)
- ABV: Asset Based Value
- NGV: No Growth Value
- Prospective Return - Indicative direction of the stock return based on prevailing conditions and internal assumptions.
PRM 1 indicates very favorable scenario whereas PRM 10 indicates least favorable scenario.
Bull case : Returns expectations in case of bullish sentiments
Bear case : Returns expectations in case of bearish sentiments

- Setup 1: As per MA, a stock is technically a Set up 1 when it is close to the low end of EBV as per MA and 11 WMA cuts the 40 WMA from below and 40 WMA is moving up. It represents Buy indicator.
- Setup 2: As per MA, a stock is technically a Set up 2 when it is towards (or above) the high end of the EBV as per MA and 11 WMA cuts the 40 WMA from above and 40 WMA is moving down. It represents as Sell indicator.
- Setup 3: As per MA, a stock is technically a Set up 3 when 40 WMA is going down and market price 30% below 40 WMA and towards EBV low end and stock is technically expected to revert back to 40 WMA. Technically it is a buy at 11 WMA and Sell at 40 WMA.
- Setup 4: As per MA, a stock is technically a Set up 4 when 40 WMA is going up and market price is 40% above 40 WMA and towards EBV high end and stock is technically expected to revert back to the 40 WMA. Technically it is a Sell at 11 WMA.
- Strong Stock: As per MA, a stock is technically strong if 40 WMA is moving up at least for 3 weeks and no contrary signal by 11 WMA.
- Weak stock: As per MA, a stock is technically weak if 40 WMA is going down at least for 3 weeks and no contrary signal by 11 WMA.
- WMA: Weekly Moving Average.

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General risk factors:

- Securities investments are subject to market risks and there is no assurance or guarantee that the objective of the investments will be achieved.
- As with any investment in securities, value of the Client's investments can go up or down depending on the factors and forces affecting the capital market. MAECL is neither responsible nor liable for any losses resulting from such factors.
- The information on investments is subject to external risks such as war, natural calamities, and policy changes of local / international markets which affect stock markets.
- MAECL has renewed its SEBI PMS registration and has commenced its portfolio management activities with effect from January 2011. However, MAECL has more than 10 years of experience in managing its own funds.