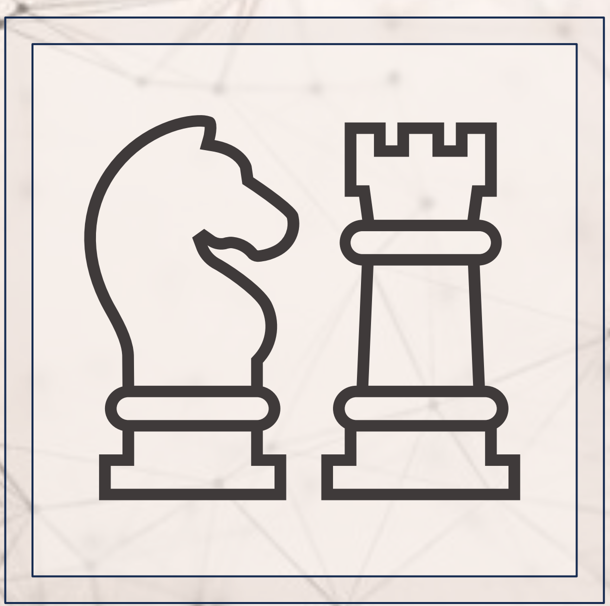
RATIONAL

INDIA EQUITY FUND

INDEX



WHO ARE WE

A boutique fund
aiming to provide high returns &
create long term wealth
for our investor partners

We offer
highly favourable terms for our investors vs other AIFs

We have **high skin in the game –**
Our personal net worth is tied to the fund and the same stocks

OUR TEAM

Vivek Iyer

Chief Investment Officer of Rational, manages ~Rs.200 Cr. AUM
MBA from IIM, Ahmedabad & B.Tech from IIT Bombay

Vikram Advani

Chief Business Officer of Rational, 30 years exp in asset management including ING, Aditya Birla Capital, Old Bridge Asset Management. MBA from Edith Cowen

Vishal Iyer

Fund Manager with ~12 years of investing experience with JP Morgan & RBC BlueBay in buy and sell-side; both in London

Krish Iyer

40 years exp in retail, banking & finance. Ex-CEO Walmart India, Watsons across multiple Asian countries. CA & CS by training

Akshat Rohatgi

Analyst with 4 years experience in investment and quant research. Gold Medalist in Economics from Delhi University

Jaba Misra

ex-Strategy consultant & macroeconomist with BCG, World Bank. MBA from ISB, Mphil Economics from Cambridge

FUND PERFORMANCE

pmsbazaar

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Rational Equity Trust - Rational Equity Flagship Fund I###
CAT III - LONG ONLY

Compare

Inception: Mar 2023(1 Yrs, 0 Months)
AUM in Cr 73.5

	1 M	3 M	6 M	1 Y	2 Y	3 Y	5 Y	10 Y	Since Inception
	-3.54%	6.83%	29.11%	97.75%	NA	NA	NA	NA	100.51%
Benchmark	0%	3.6%	16.5%	39.3%					42.7%

Ampersand Capital Trust - Growth Opportunities Fund Scheme - I ***
CAT III - LONG ONLY

Inception: Sep 2017(6 Yrs, 6 Months)
AUM in Cr 535.20

1 M	3 M	6 M	1 Y	2 Y	3 Y	10 Y	Since Inception
-0.30%	11.40%	29.00%	70.80%	31.31%	32.10%	NA	22.10%

Nippon Life India Asset Management Ltd

PMS AIF WORLD
6,186 followers
23h •
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Here are the Top 10 Long Only CAT III AIF Performers of FY'24

Rational Equity Partners | Vivek Iyer
Prudent Equity | Siddharth Oberoi
First Water | Arun Chulani
Samvitti Capital Private Limited | Prabhakar Kudva
Ampersand Capital LLP | Arun Subrahmanyam
Sameeksha Capital | Bhavin Shah
Girik Capital | Charandeep Singh
Motilal Oswal Asset Management Company Ltd. | Motilal Oswal
Carnelian Asset Management and Advisors Pvt Ltd | Vikas Khemani
SageOne Investment Managers | Samit Vartak, CFA

To view the entire report, please click here: https://lnkd.in/gbAJZs4s

#alpha #aif #wealthcreation #finance #wealthmanagement #alternates

This report is generated by PMS AIF WORLD based on data received by respective AMCs.

Disclaimer: This post is for educational purposes only.

CAT III AIF - Long Only	Inception Date	FY'24 Returns
Rational Equity Flagship Fund I	Mar-23	97.7%
Prudent Equity ACE Fund	Dec-22	93.8%
First Water Capital Fund	Aug-20	90.6%
Samvitti Capital Alpha Fund	Nov-15	83.2%
Ampersand Growth Opportunities	Sep-17	70.8%
Sameeksha India Equity Fund	Feb-22	66.7%
Girik Multicap Growth Equity Fund II	Jan-22	66.1%
Motilal Oswal Growth Anchors Fund	Feb-23	65.1%
Carnelian Compounder Fund – 1	May-19	64.9%
SageOne Flagship Growth 2 Fund	Aug-21	63.3%

THE ECONOMIC TIMES | Markets
English Edition ▾ | Today's ePaper

AIF Performance: Rational Equity, Prudent Equity almost double investors' wealth in FY24; nearly 30 funds rose more than 50%

Note: Ranking as per PMSbazaar.com

FUND PERFORMANCE

India Long-Only Equity Fund

	FY24	FY25	FY26	YTD FY27	Cumulative Return Since Inception	Annualised Return Since Inception
Rational	79%	11.3%	-9.6%	22.1%	122.9%	28.8%
Benchmark	40.5%	6.4%	-2.9%	10.5%	64.3%	17%
Outperformance	***38.5%***	***4.9%***	***-6.7%***	***11.6%***	***58.6%***	***11.8%***

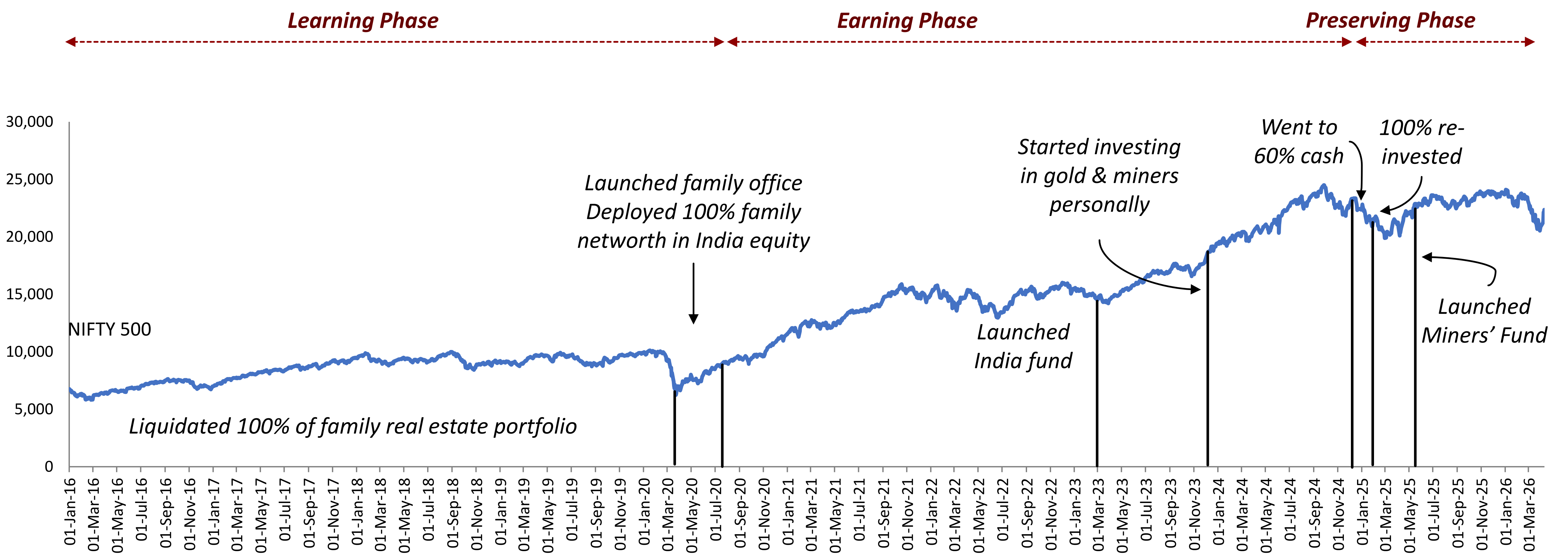
Global Gold & Silver Miners' Fund

	1 month	3 months	6 months	1 year	Since Inception
Rational	3%	-19%	8.5%	78.5%	78.5%
GDXJ	2.5%	-23.6%	9.2%	82.6%	82.6%

1. *NIFTY 500 Total Returns Index is the benchmark. We invest with a market capitalisation agnostic philosophy across companies in Large, Mid & Small cap & hence the appropriate benchmark is NIFTY 500 Total return Index.*
2. *Inception date for REFF I is 27th March 2023. Inception date for Gold and Silver Miners' Fund is 31st May 2025.*
3. *Returns as on 30th April 2026*

OUR JOURNEY

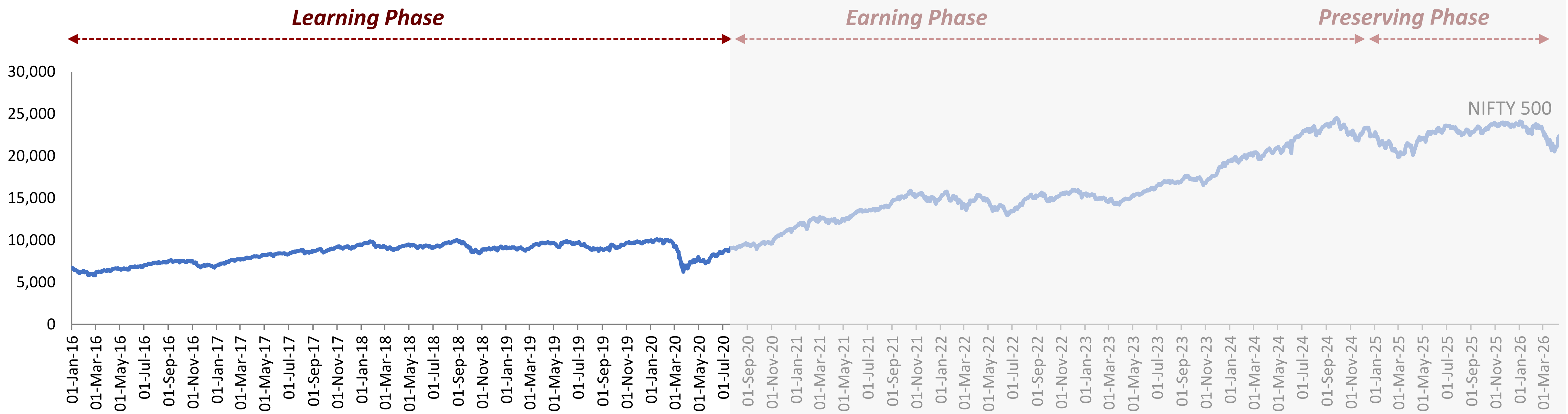
Making the correct wealth allocation decision at the right time



OUR JOURNEY

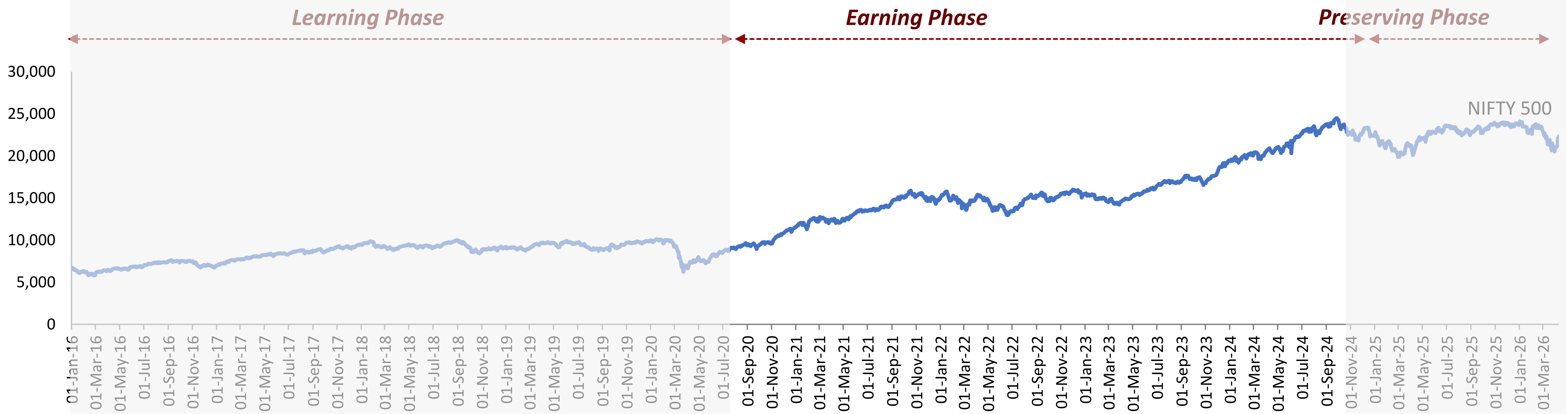
1. **Developed and & refined personal investment philosophy**
- Valuation is everything
- Keeping margin of safety for ultimate alpha generation
- No moon-shots : don't invest in the hope of growth
- Sell for the correct reasons

2. **Built a proprietary framework for investment**
- FAST (Fundamental / Analytical/ Sentimental / Technical) Framework



OUR JOURNEY

1. Moved from 100% real estate to 100% equity in family
2. Invested 100% family NW in public equity markets b/w Feb & Aug 2020
3. Launched India fund & deployed 100% capital on the date which was the lowest of the small mid market in the last 2 years
4. Devoted large share of personal NW to gold and miners

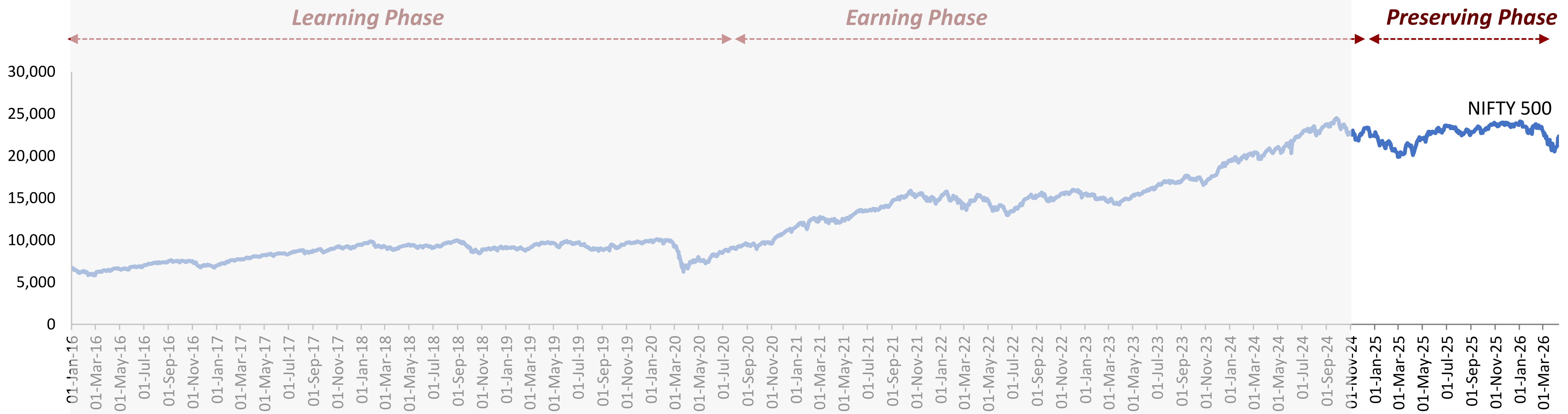


RATIONAL

OUR JOURNEY

1. Went to 60% cash in December 2024; reinvested in Feb 2025

2. **Stuck to principles –** Ensured earnings profile and valuation of portfolio vs benchmark is superior

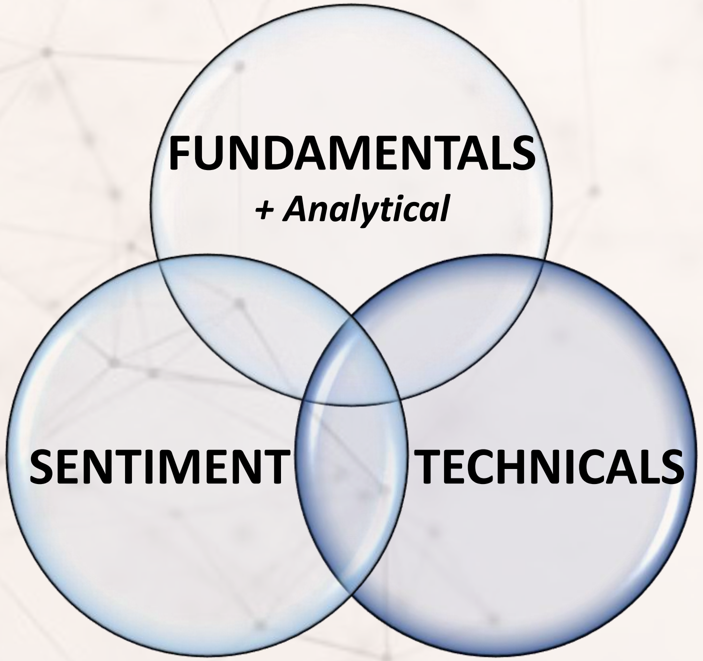


RATIONAL

THE *“RATIONAL”* INVESTMENT PROCESS

MARRYING FUNDAMENTALS, SENTIMENT & TECHNICALS

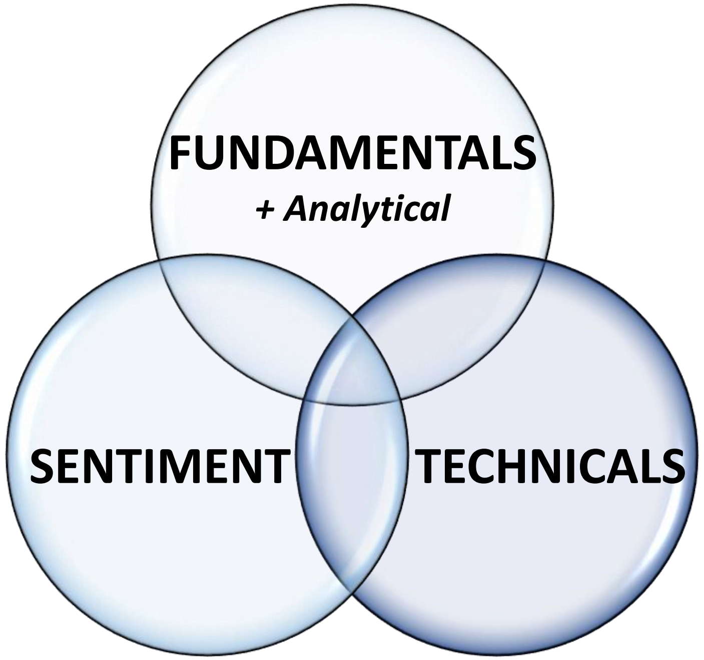
Ability to apply value – based research & deep insight to identify undervalued securities



Ability to maximise chances of portfolio outperformance basis the use of proprietary sentimental indices

Ability to identify price action movement minimize time sinks

3 PRONGED APPROACH LEADING TO 2 BUCKETS OF PICKS



2 buckets of stocks

Thematic

- Top-down investing based on megatrends

Bottom-up

- Investing through deep insight into competitive advantages of companies
- Usually would have tracked company & capital allocation by management over years

OUR CURRENT PORTFOLIO

The following is the comparison of out portfolio vs benchmark for Q3FY26

Metrics	REFF 1	REFF 2	NIFTY 500	NIFTY MICROCAP250
PE Multiple	20.2	17.5	23.4	26.9
P/B	2.2	2.2	3.6	3.1
Sales Growth	12.6%	12.4%	6%	11%
Profit Growth	40%	55.5%	10.2%	19.8%
ROE	13.9%	15.4%	14.8%	13.4%
ROCE	16%	17.2%	15.5%	16%

OUR CURRENT PORTFOLIO

Rs. Cr. 130	AUM	7%	Cash Holdings	20% 10%	Max investment in one sector Max investment in one company
35	Investors	20	Investee companies	5% 70%	Avg. holding of investee company *In small cap*

Weighted Average Ratios

Rs. Cr. 47,245	Market Cap	**39%**	Earnings growth	**3.7**	P/B
17.5	P/E	**Net Cash**	D/E	**31.6**	EPS
21%	ROCE	**11.6%**	Revenue growth	**2.3**	EV to Sales

BUY – SELL – HOLD PROCESS

Screens on Screens

Quantitative & qualitative gating basis combination of metrics

- **Financial metrics** e.g. Profit, Top-line revenue, growth, expense ratios, leverage, debt repayment
- **Valuation metrics** – Market cap, P/E, EV/Sales or EBITDA
- **Promoter metrics** – ownership, track record, ethical practices, pledging of shares
- **Market share & industry prospective**

Research

- Annual reports
- Investor presentations
- Investor conference calls
- Investment forum discussions
- News & Media discussions
- Press releases
- Analyst research notes

Immersion

- In-depth moat analysis
- Company & industry expert calls
- Management meetings
- Mystery shopping
- Customer/ supplier/ value chain stakeholder shadowing, surveys & interviews

Portfolio Creation

1. "Intelligent fanatics"
2. Valuation
3. Debt & repayment
4. "Spikes"
5. High profit industry
6. Predators
7. Cashflows
8. Bargaining power

Monitoring

- On-going monitoring through:
  - Quarterly reports
  - Concalls
  - News & Media
  - Investment forums
- Re-evaluation post multiple quarters of poor performance or exponential valuation growth

STOCK SELECTION CRITERIA

SELECTION CRITERIA

1 "Intelligent Fanatics"

- We believe in cos which are run by "intelligent fanatics"
- exceptional promoters with skin in the game, people who do what they say & have shown demonstrated history of great performance in their businesses.
- Excellent capital allocators

2 Valuation

- Cos which have low or reasonable valuations and high potential to grow
- We don't believe in overpaying for a company in the hope it will justify its valuation in the future through high growth

3 Debt & repayment

- We like companies which have low debt or those that have lowered leverage over time

4 "Spikes"

- We look for the "McKinsey Spike" – one thing in the track record of the company's performance that makes it stand-out.
- "Not everyone does everything brilliantly, that's fine. Everyone should have something that they do the best, that's their thing, that's their spike"

5 High profitability industry

- We look for cos in high profitability industries or industries with tailwinds; not necessarily leaders in the industry

6 Predators

- We don't have a single-minded focus on investing in industry leaders
- Look out for "Predators" – cos in a low profitability industries capturing market share

7 Cashflows

- We believe that companies which have strong and sustainable cash flows are the best bets for high returns

8 Bargaining Power

- Cos where a major value unlocker for valuation growth comes from being critical to a stakeholder which leads to acquiring bargaining power
- Criticality comes from either becoming an essential brand or providing an essential product

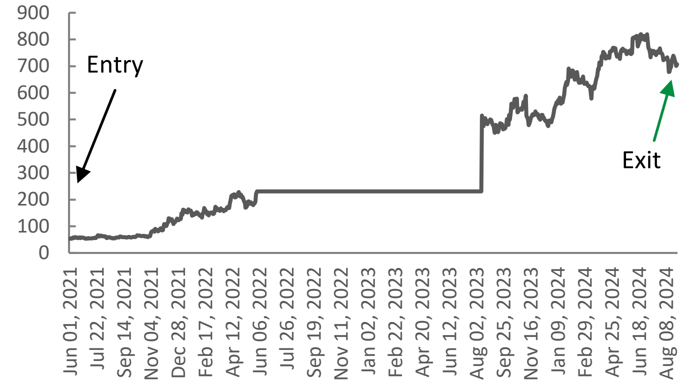
THE "*RATIONAL*" INVESTMENT PROCESS - FUNDAMENTAL ANALYSIS

Fundamental

- Unique ability to straddle growth & value strategies as per market conditions
- Look for High growth/ ROCE companies with strong moats
- Identify companies with low valuation

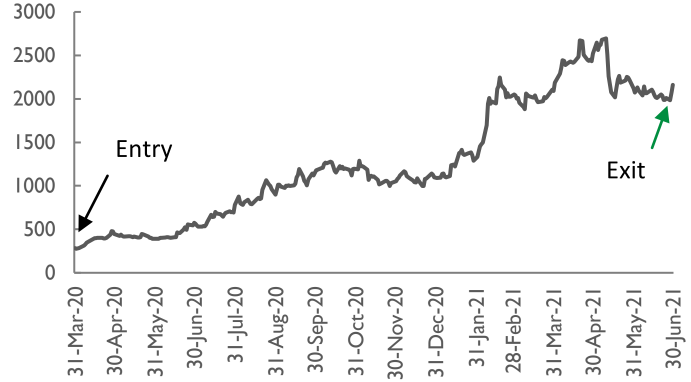
Red Tape

12X in 3 yrs



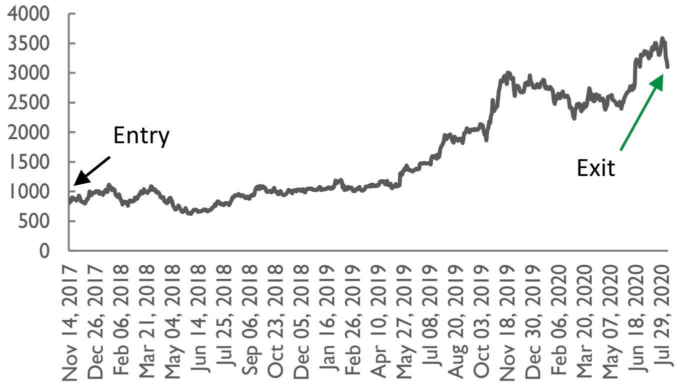
Neuland Labs

7X in ~1 yr



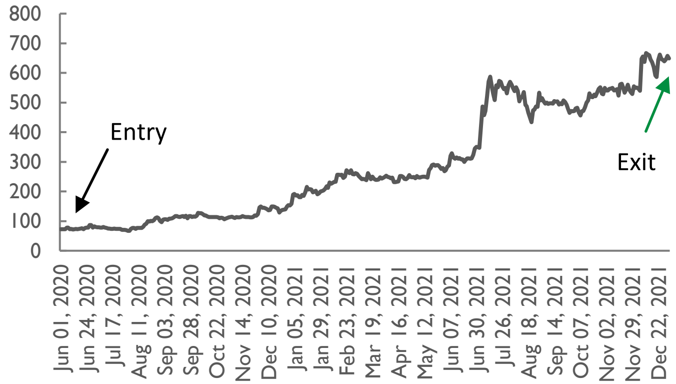
KDDL

3X in 2.5 yrs



RACL Geartech

6X in 1.5 yrs



RATIONAL

CASE STUDY : *REDTAPE – A HERO'S JOURNEY*

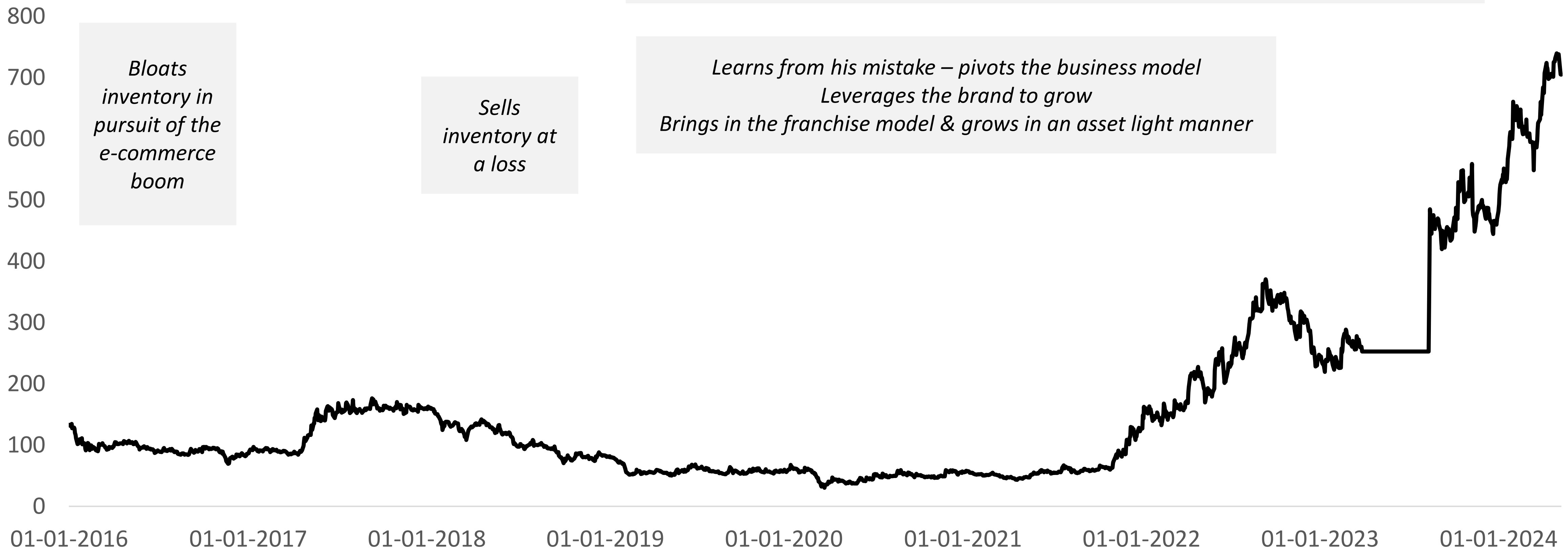
Shuja Mirza joins Red Tape as Marketing Manager

Launches apparel as a new category – grew to contributing 50% to sales in 2023

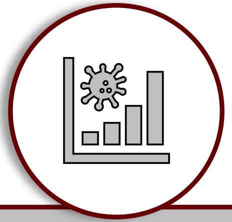
Bloats inventory in pursuit of the e-commerce boom

Sells inventory at a loss

Learns from his mistake – pivots the business model
Leverages the brand to grow
Brings in the franchise model & grows in an asset light manner

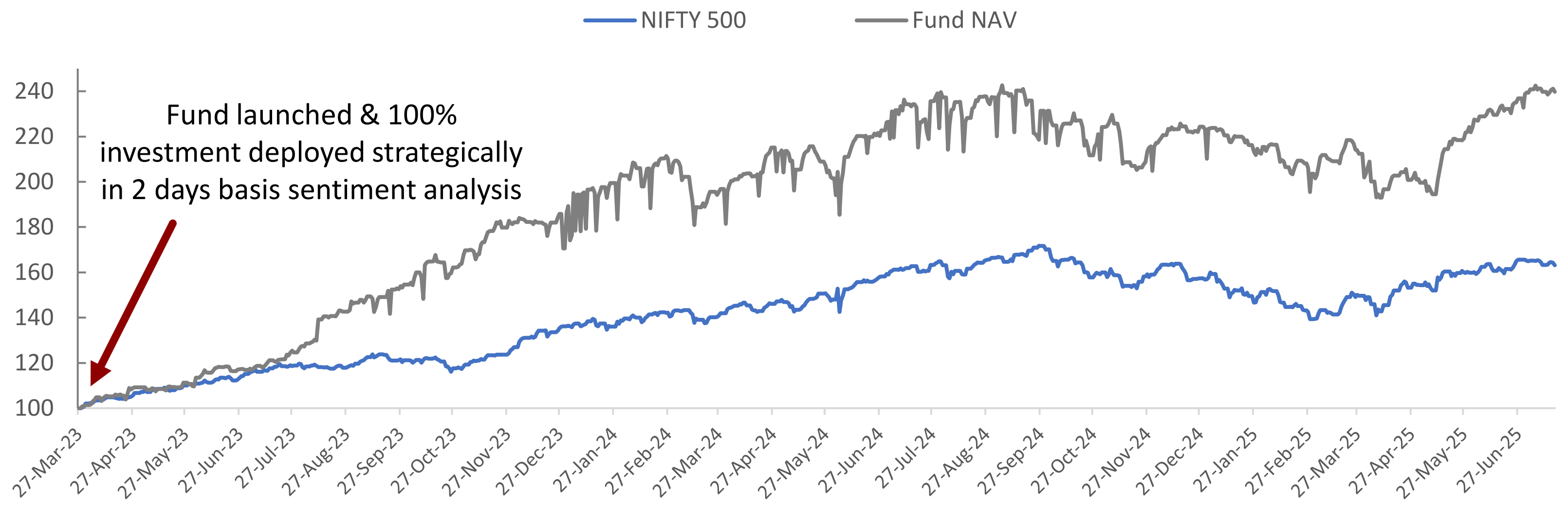


THE "*RATIONAL*" INVESTMENT PROCESS – SENTIMENT ANALYSIS

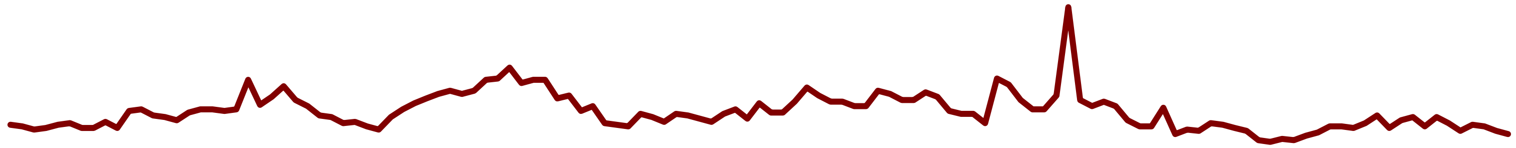


Sentiment

- **Proprietary index** of 4-5 indicators indicates how *"smart money"* views the market
- **Fear - Greed index** allows to load up heavily when market signals fear amongst market participants & trim overvalued positions when greed is high



Proprietary Indicator – I



Proprietary Indicator – II

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