



MOTILAL OSWAL
ASSET MANAGEMENT

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Motilal Oswal Ethical Strategy

About Ethical Investing



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Investment Guidelines



Why Ethical

- Risk sharing principle protects parties and in turn society, from questionable social and financial practices
- Overall debt ratio is capped and interest bearing transactions are limited under the guidelines



ESG Investing Parallels

- Strategy draws multiple parallels with ESG Investing due to its foundation of promoting social responsibility by promoting stewardship, social responsibility, and value creation
- Additional layer of balance sheet screening and low leverage



For Investors

- Strategy well positioned to cater to community investment guidelines e.g.: Muslims & Jains
- Segments which have a negative societal opinion are naturally avoided (tobacco, alcohol, pork, gambling, inappropriate media etc.)
- Socially responsible and governance conscious investors as part of ESG Investing

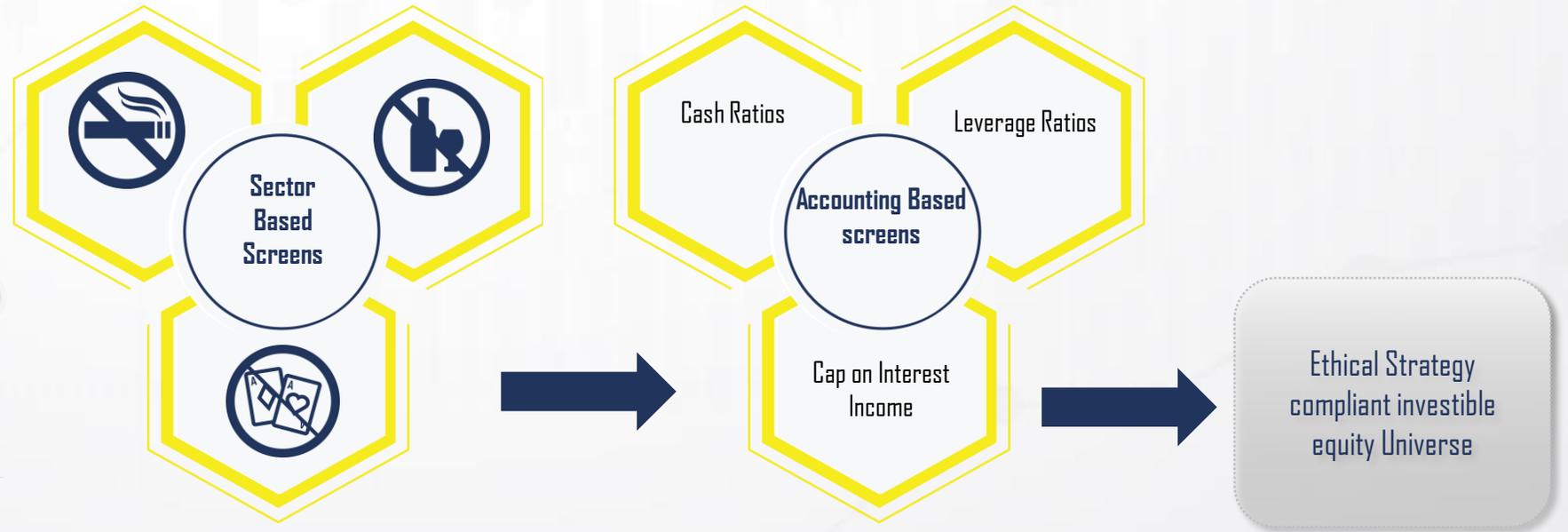
The above Table is used for illustration purpose only and should not used for development or implementation of an investment strategy

Investments Under Ethical Strategy

Investible equity universe

Companies involved in activities which are not considered ethical to community investors are filtered out

Post sector screen, companies are checked for compliance to financial ratios



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Equity Investments under Ethical Strategy Guidelines – Sector Screens

- Ethical Strategy guidelines allow investments under Equity as an asset class
- However, some business activities are not permissible under Ethical Strategy guidelines for equity investments
- These industries are not considered ethical and would not be appropriate investments for observant community investors
- Latest financial statements are reviewed for any activities which aren't permissible under these guidelines



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Equity Investments under Ethical Strategy Guidelines – Accounting Screens

Financial Parameter Screening

$$\frac{\text{Total Debt}}{\text{Total Assets}} \leq 25\%$$

$$\frac{\text{Total Interest Income}}{\text{Total Assets}} \leq 3\%$$

$$\frac{\text{Receivables and Cash Balances}}{\text{Total Assets}} \leq 90\%$$

TASIS shall be our advisory partner to help us maintain an investible universe which omits any non compliant stocks

This would mean ethically compliant business & industry screening combined with financial screening shall be applied

TAQWAA ADVISORY AND SHARIAH INVESTMENT SOLUTIONS (TASIS) is the Shariah Advisory Partners of the National Stock Exchange (NSE) for its Shariah Indices
TASIS has issued a Compliance Certificate to Motilal Oswal Ethical Strategy for community investors

Ethical Strategy Investing – An Opportunity



Low debt ratio – limit on interest-bearing transactions



Investments with high uncertainty such as derivatives are avoided



Multiple parallels with ESG investing



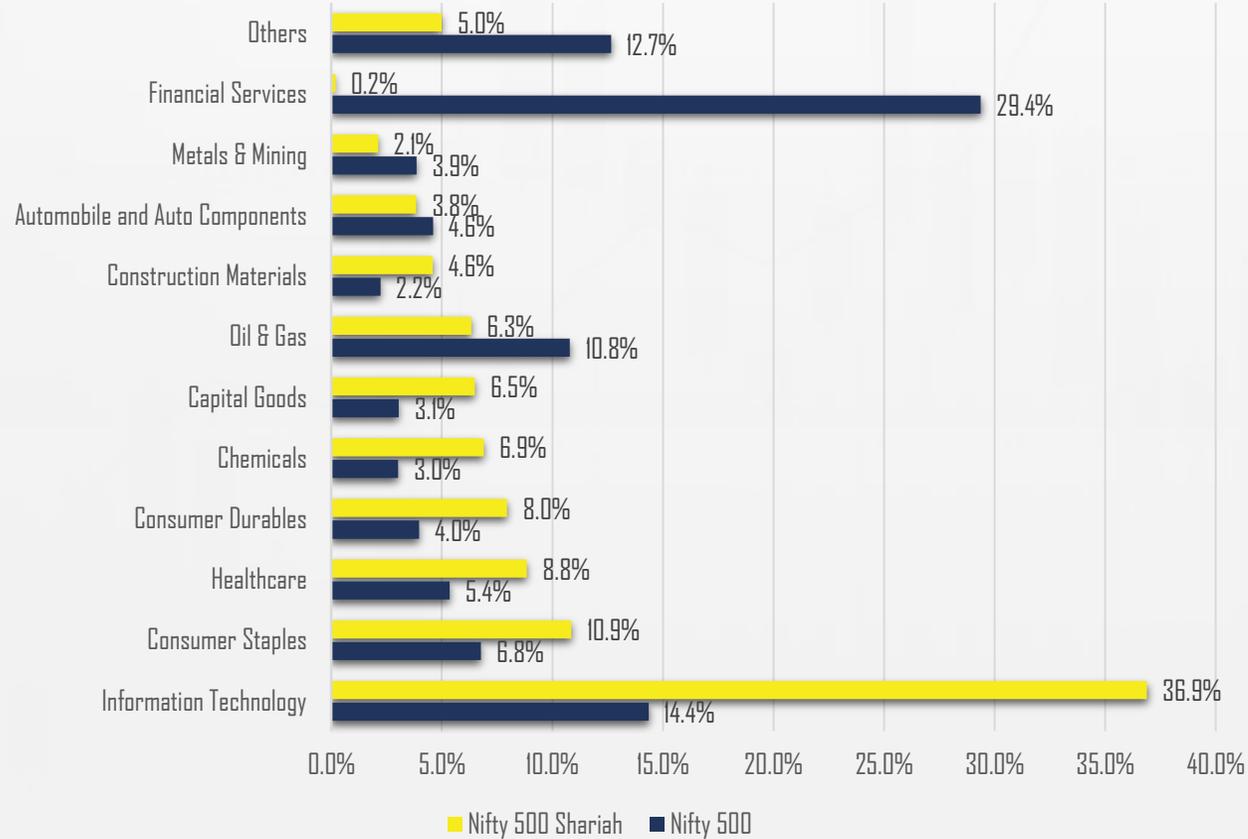
Focused Universe with lower Volatility



Exponential Growth in Ethical Strategy Compliant institutions

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Differentiated Investment Universe – Nifty Shariah 500 v/s Nifty 500



- Nifty Shariah 500 has major allocation in Information Technology and Consumer Goods as compared to Financials for Nifty 500
- The Nifty Shariah Index comprises of about 214 stocks out of Nifty 500 Index Stocks.

Source: MDAMC internal analysis, Nifty Indices

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Ethics Pays - Competent Returns for Every Investor



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Globally a Big Segment MSCI Shariah Index Alpha over MSCI Index

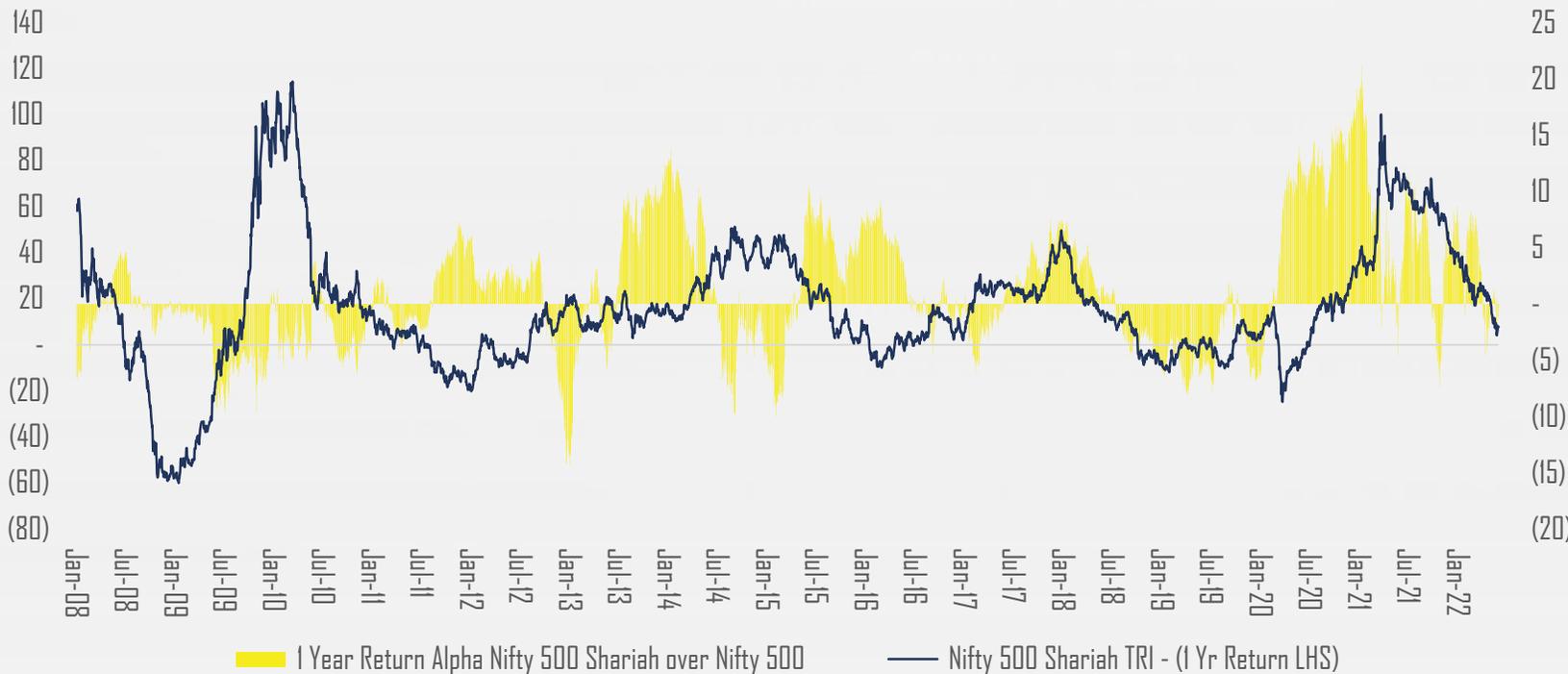
MSCI Shariah Index Alpha over MSCI Indices								
MSCI Index	MTD	3 MTD	YTD	1 Y	3 Y	5 Y	10 Y	
WORLD	1.4%	4.6%	6.2%	6.3%	-0.6%	-1.4%	-1.9%	
WORLD ex USA	1.0%	2.6%	4.4%	6.7%	2.9%	2.3%	0.6%	
EUROPE	1.1%	1.8%	3.5%	6.8%	2.8%	2.8%	0.8%	
EU	0.7%	0.5%	0.7%	3.3%	2.8%	2.6%	0.6%	
EM EASTERN EUROPE ex RUSSIA	-0.9%	8.5%	17.8%	7.3%	7.6%	3.2%	0.9%	
BRIC	-0.9%	-0.2%	-1.4%	7.4%	1.4%	1.4%	-1.4%	
EM (EMERGING MARKETS)	-0.1%	-0.4%	0.4%	5.7%	4.3%	2.4%	-0.2%	
EM ASIA	0.9%	1.2%	2.0%	8.4%	4.7%	2.5%	0.8%	
USA	1.5%	6.0%	7.1%	8.1%	-1.6%	-2.9%	-3.1%	
UNITED KINGDOM	4.5%	5.8%	14.3%	12.4%	-0.5%	2.6%	0.4%	
JAPAN	2.1%	0.4%	-2.3%	-2.0%	1.1%	0.2%	0.5%	
HONG KONG	1.7%	5.5%	5.7%	10.2%	-5.2%	-2.1%	-2.7%	
AUSTRALIA	1.3%	-0.3%	6.6%	0.5%	0.6%	3.1%	0.0%	
FRANCE	2.5%	4.4%	3.4%	9.0%	4.0%	1.9%	-0.6%	
ITALY	3.4%	-0.7%	7.9%	10.8%	-2.0%	-0.2%	-4.5%	
SPAIN	2.8%	10.7%	18.6%	9.7%	4.5%	3.6%	6.0%	
INDIA	0.7%	4.7%	4.2%	-0.4%	2.6%	0.8%	1.3%	
CHINA	0.1%	1.5%	7.6%	14.0%	0.4%	0.9%	-2.0%	
BRAZIL	1.6%	1.3%	5.2%	-8.3%	14.7%	8.8%	-0.3%	
MEXICO	-0.2%	-3.7%	9.9%	16.1%	5.3%	4.5%	0.3%	

Source : MSCI . Returns of MSCI USD Price Standard Indices as on 31st May 2022. Past performance may or may not be sustained in future

NSE 500 Shariah & NSE 500

Competent Performer despite restricted investment universe

Nifty 500 Shariah 1Y Rolling Returns & Alpha Over Nifty 500



1Y Rolling Comparison

- Average Outperformance : 1.25%
- Median Outperformance : 0.30%
- % Times Outperformed : 53%

Source : ICRA Explorer. Past performance may or may not be sustained in future Data as of 31-May-2022

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NSE 500 Shariah & NSE 500

Competent Performer despite restricted investment universe

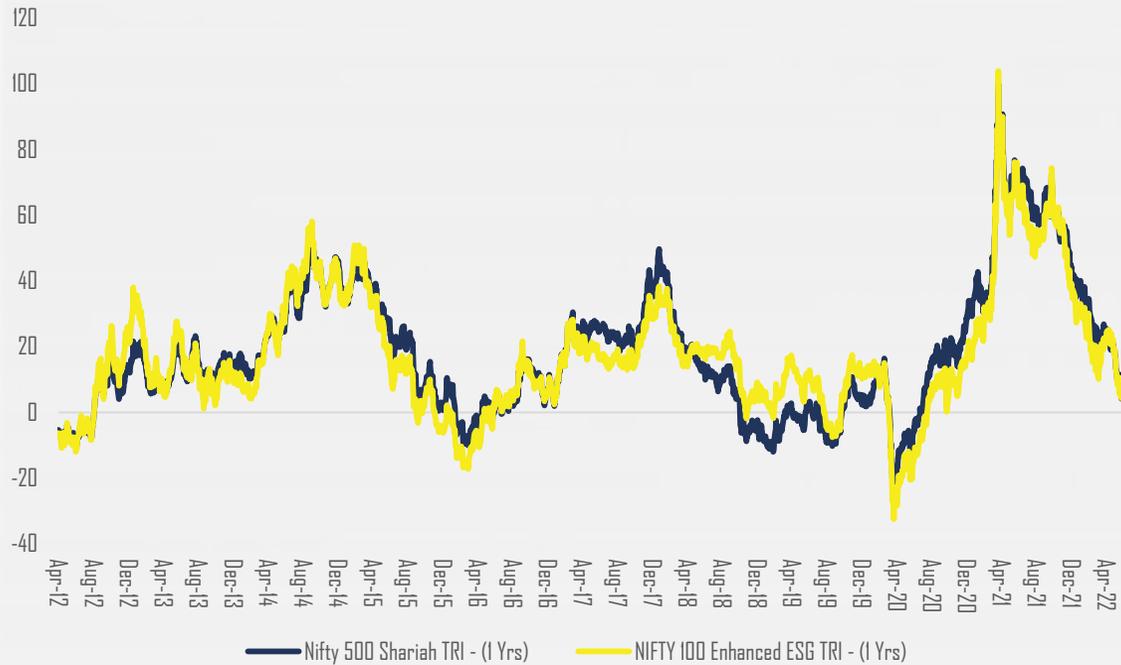
Period	Nifty 500 TRI		Nifty 500 Shariah TRI	
	Returns	Value of Rs 1 Lakh	Returns	Value of Rs 1 Lakh
1 Year	10.20	1,10,205	4.74	1,04,748
3 Years	18.83	1,67,790	23.96	1,90,478
5 Years	13.03	1,84,502	13.61	1,89,324
7 Years	14.56	2,58,934	15.75	2,78,416
10 Years	14.35	3,82,319	16.62	4,65,624

Source : ICRA Explorer. Past performance may or may not be sustained in future. Data as of 30-Nov-2022

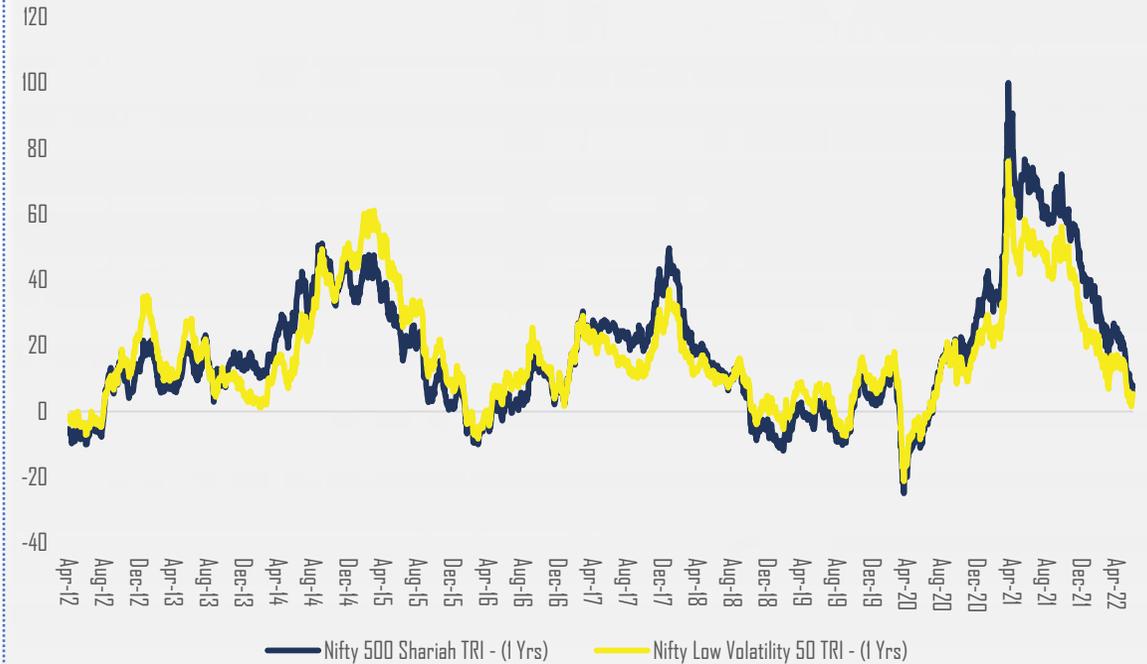
Ethics does not come at a cost

Comparison with Low Volatility & ESG Indices

Shariah & ESG Index



Shariah & Low Volatility Index



Source : ICRA Explorer. Past performance may or may not be sustained in future. Data as of 31-May-2022

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Being ethical pays on risk front also

Comparison with relevant indices on risk parameters

Risk Measure	Nifty 500 TRI	Nifty 500 Shariah TRI	Nifty 200 Momentum 30 Index TRI	Nifty Low Volatility 50 TRI	Nifty 200 Quality 30 Index TRI	NIFTY 500 Value 50 TRI	Nifty Dividend Opp 50 TRI	NIFTY 100 Enhanced ESG TRI
Beta	1.00	0.80	0.89	0.77	0.71	1.40	0.88	0.96
Ann Stdev	18.22	15.84	18.29	14.82	14.59	29.68	17.17	17.93

Source : ICRA Explorer. Past performance may or may not be sustained in future. Data as of 31-May-2022

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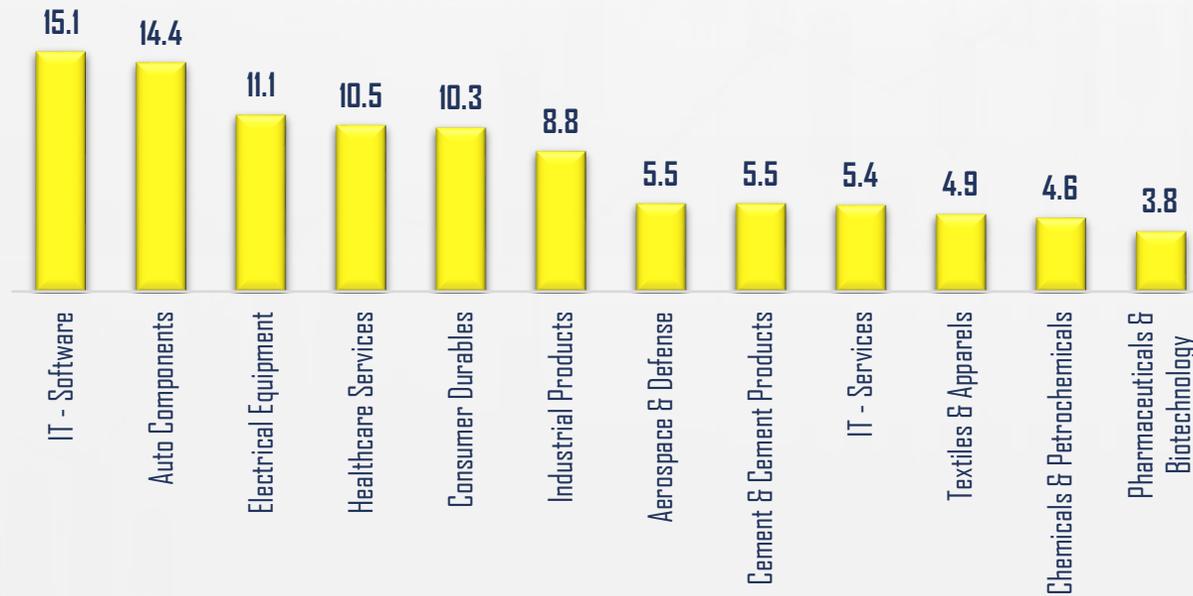
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Introducing Motilal Oswal Ethical Strategy

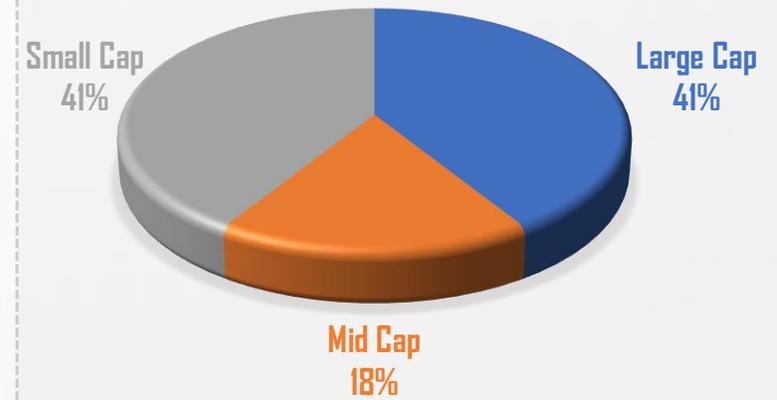


Portfolio Construct

Industry Allocation



Market Capitalization



The Stocks/Sectors mentioned above are used to explain the concept and is for illustration purpose only and should not be used for development or implementation of any investment strategy. It should not be construed as investment advice to any party. The stocks may or may not be part of our portfolio/strategy/ schemes. Past performance may or may not be sustained in future

Highly concentrated portfolio plays across four themes

1

Economic Recovery

Auto & Auto Ancillaries

Cement

Jamna Auto, Minda Corp, Tube Investments

Ultra Tech Cement

2

Consumer Discretionary

Real Estate Proxy

Textiles

Century Plyboards, Cera Sanitaryware, Finolex
Cables

Page Industries

3

Structural Shifts

Healthcare

IT

KIMS, Global Health

HCL Tech, Infosys, LTIMindtree,
LTTS

4

Favorable Tailwinds

Chemicals

Industrial Capital Goods

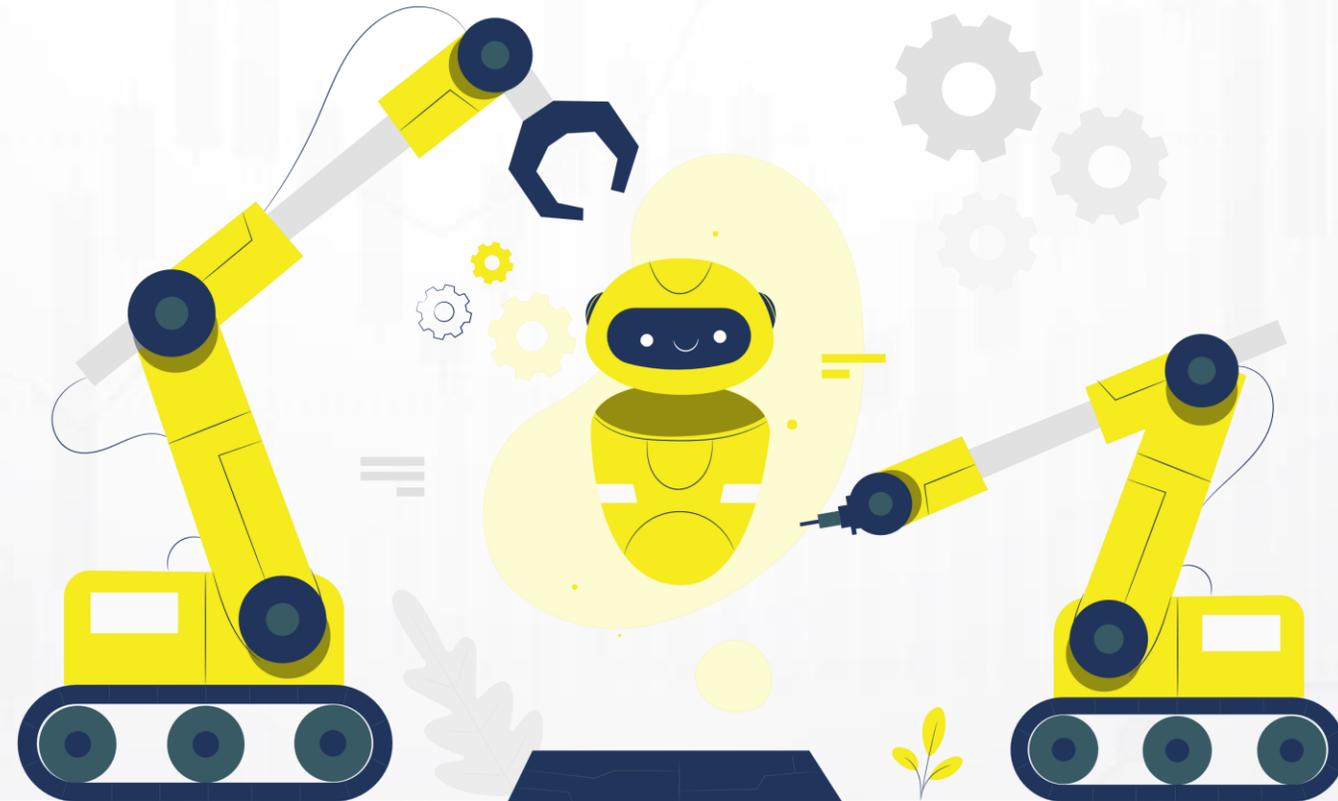
SRF, Unichem Labs

CG Power, Siemens, KEI Industries,
BEL

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Private and Confidential

Why Motilal Oswal Asset Management?



Rich History of 18 Years in Public Money Management

Current equity AUM of
50,000+ crores of which
15,000+ crores AUM in PMS

2003

Launch of the asset management business with first PMS offering – Value Strategy

2007

Launch of Flagship PMS Strategy NTDOOP

2013

Launch of first Mutual Fund offering – Focused 25 Fund

2016

Launch of first AIF offering

2018

Motilal Oswal AMC Awarded "Best Portfolio Management Services Product 2018" At The India Wealth Awards 2018 by Association of International Wealth Management of India

2022

Motilal Oswal NTDOOP Strategy Ranked #1 Best PMS in 10 years performance across all categories (on risk adjusted returns) at India's Smart Money Manager Awards – 2021

Source: Internal Research. This is our view and should not be taken as an advice. For individual nature of tax implications, investors are requested to consult their tax advisors before investing

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The 4 P's

Philosophy



India's only fund house with a documented investment philosophy carefully honed by 25 consecutive years of Wealth Creation Studies

Professionals



12-member strong Research Team & a 25 member Investment Team with a wealth of investing experience

The 4 P's
Philosophy
Process
Professionals
Performance

Process



Continuously evolving through insights and a knowledge based culture – 25 frameworks developed that provide an investment edge

Performance



17-year legacy of identifying Multi-baggers (Vision to See + Courage to Buy + Patience to Hold) across mandates

Source: Internal

Motilal Oswal Asset Management – Thought > Philosophy > Action

25+ Years of Thought Leadership – Wealth Creation Studies



Documented and Distilled Investment Philosophy



Skin In The Game - WE invest heavily in our funds along with investors



What is at stake?
~4,225 Cr

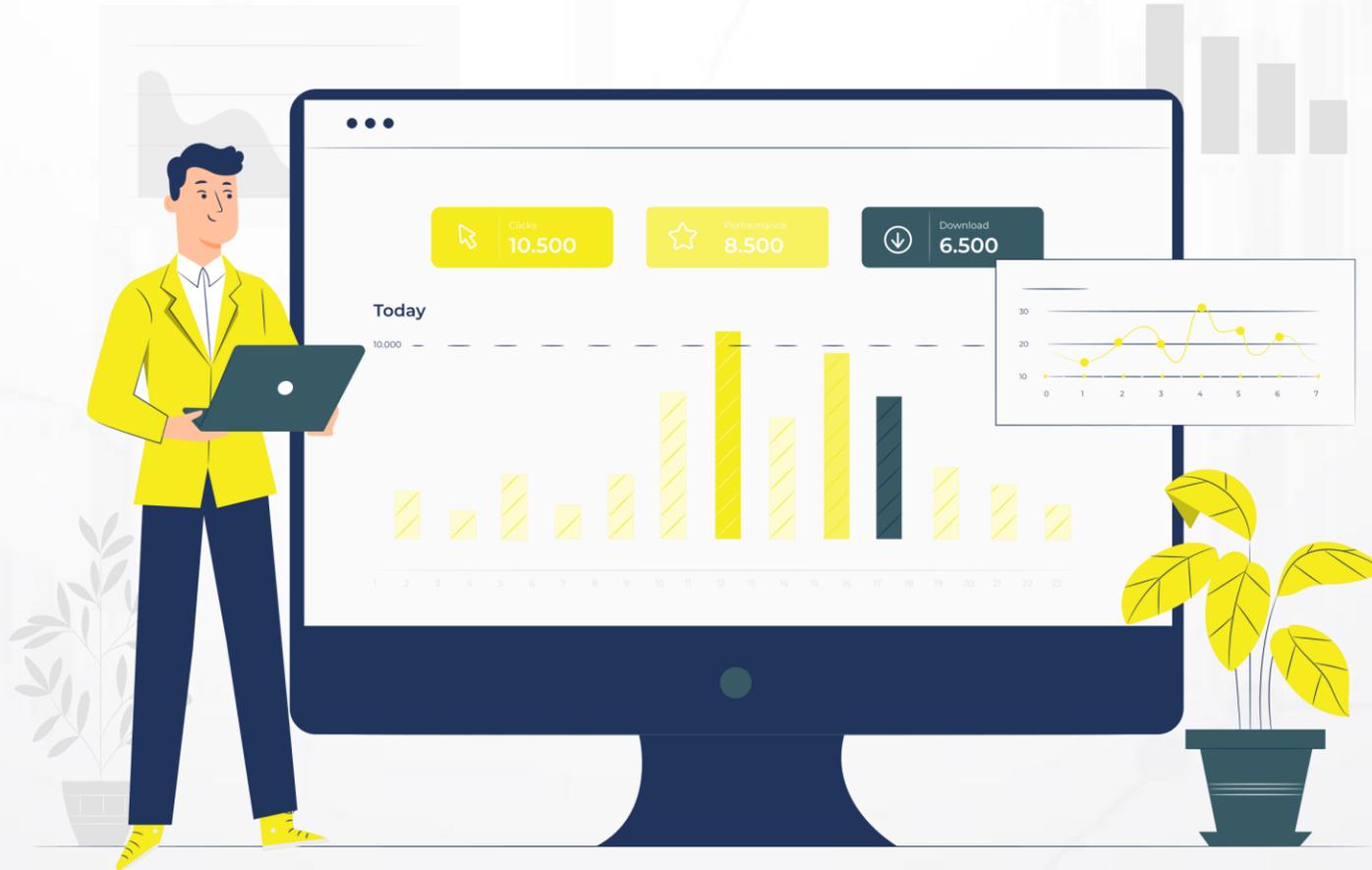
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Vaibhav Agrawal

- Vaibhav Agrawal is currently managing ~2000 crs AUM at Motilal Oswal Asset Management across alternate products
- He has also managed a proprietary PMS and has over a decade of experience in stock picking and generating index-beating returns.
- He has worked as a ratings analyst at CRISIL and investment analyst at Motilal Oswal Asset Management.
- He holds a Bachelors in Computer Science from the University of Pennsylvania and an MBA from London Business School.

”



Purification of Interest Income



Purging of Impure Income attributable to a client investment portfolio is an essential aspect of maintaining Shariah Compliance of the portfolio



The client needs to donate to any charitable organization or individuals of their choice the purging amount determined, provided they are themselves not in any way benefitted by such selection of organization or individuals



TASIS provides advisory on the exact amount of such income to be donated for purification basis their methodology – Clients would have to give permission of sharing transaction statement and account statement



Investors can choose to donate a standard 1-2% or can contact TASIS for such advisory services at a relatively lower fees

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Shariah Certificate



TAQWAA ADVISORY AND SHARIAH INVESTMENT SOLUTIONS (P) LTD.
Registered Office : 5, Natalwala Building, 110, S.V.S. Road, Mahim, Mumbai - 400 016
Tel : +91-22-24454610 | Email: info@tasis.in | Website : www.tasis.in
CIN No.: U74140MH2007PTC174170

Date: 24th May 2022
Certificate No.: 152

Initial Shariah Compliance Certificate

Shariah Compliance Certificate for **Motilal Oswal Ethical Strategy**
(Portfolio Management Services) of Motilal Oswal Asset
Management Company Ltd.

Pursuant to the agreement dated 22nd March 2022, between **Motilal Oswal Asset Management Company Ltd (MOAMC)** and **Taqwaa Advisory and Shariah Investment Solutions Pvt. Ltd. (TASIS)**, relating to ongoing Shariah monitoring and certification of the Motilal Oswal Ethical Strategy (Portfolio Management Services) hereinafter referred as "**said scheme**" to be launched by MOAMC, TASIS has scrutinized all the documents submitted with the Securities and Exchange Board of India (SEBI) and those to be executed between MOAMC and its clients and the marketing material to be used to introduce the salient features of the scheme to its clients.

MOAMC has agreed to the changes suggested to be incorporated in the abovementioned documents by TASIS and has incorporated the following points in the relevant documents which will be the base guideline for Portfolio Management Services for Shariah conscious clients of the said scheme:

1

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CIN No.: U74140MH2007PTC174170

- a) All investment guidelines, investment objectives, investment approach and investment restrictions applicable to the said scheme shall abide by Shariah norms as advised by TASIS, the Shariah Advisor to MOAMC, in connection with the said scheme.
- b) All trades and transactions for the portfolio by the Fund Manager will be in Shariah compliant manner.
- c) MOAMC upon receiving confirmation from clients wishing to do the purging through TASIS of impure income accrued on account of their investments in Motilal Oswal Ethical Strategy, will provide TASIS details of transactions entered on behalf of each such client investing in the said scheme, to enable TASIS to calculate and intimate MOAMC's client regarding the amount of "impure income" (Interest) to be donated by the client as charity. MOAMC shall be responsible for informing all clients of the need for them to purge the "impure income" but it will not be their liability to ensure that any or all clients actually discharge their ultimate responsibility in the above regard.
- d) Pursuant to above referred Agreement between MOAMC and TASIS, TASIS shall be carrying out an inspection of documents and audit pertaining to operation of the Scheme, every six months, to ensure the scheme continues to be Shariah compliant in actual operations and certify the scheme accordingly.

2

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CIN No.: U74140MH2007PTC174170

In view of the guidelines noted above, the Motilal Oswal Ethical Strategy will be Shariah Compliant and adherent to TASIS Shariah norms. Subject to the above, we hereby certify the scheme as Shariah Compliant till the first Shariah Audit.

And Allah knows best

For **Taqwaa Advisory and Shariah Investment Solutions Pvt. Ltd.**


Mufti Khalid Saifullah Rahmani
Shariah Advisor



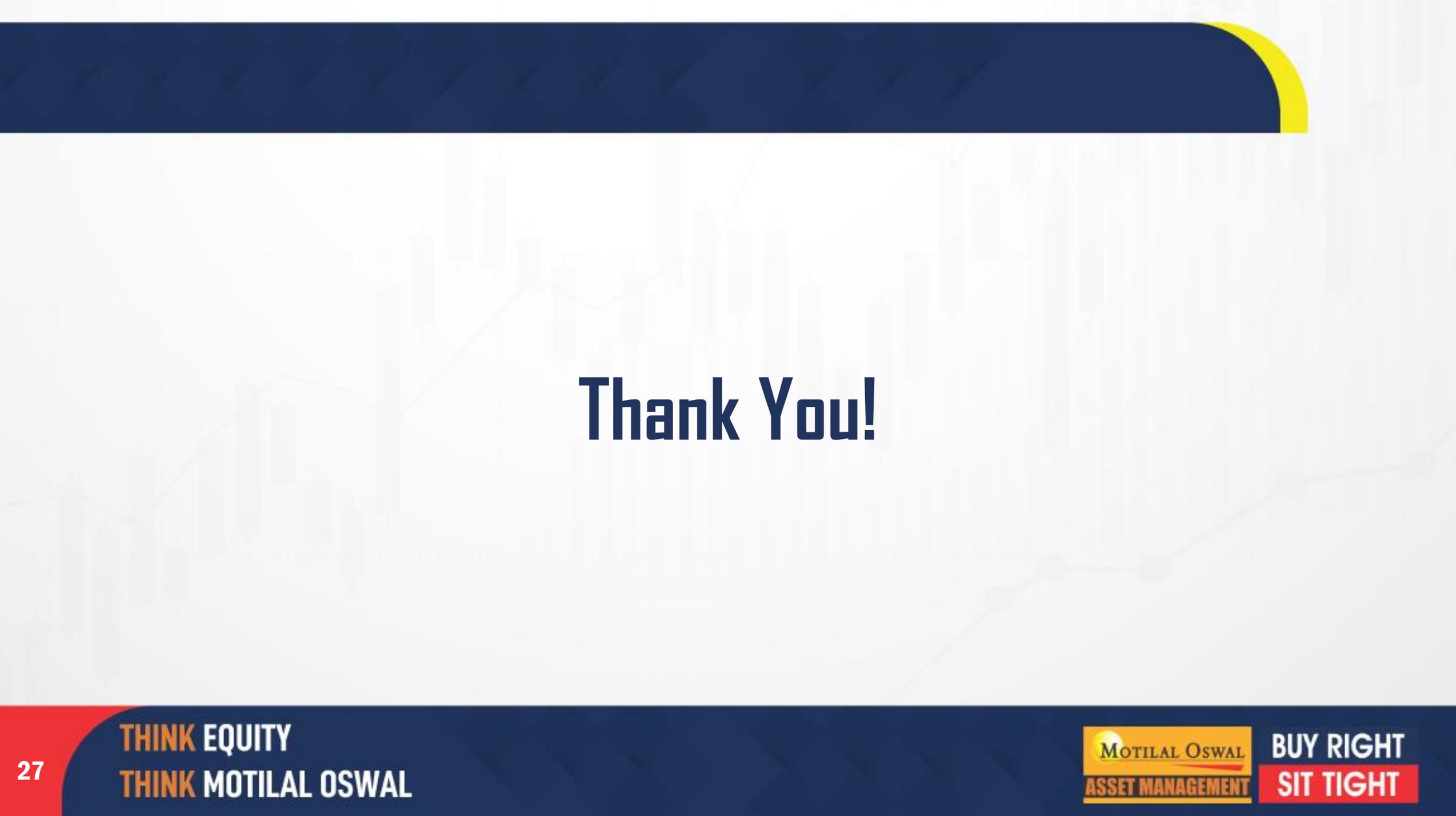
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Custodian: Deutsche Bank A.G. | Auditor: Aneja & Associates | Depository: Central Depository Services Ltd Portfolio Manager: Motilal Oswal Asset Management Company Ltd. (MOAMC) | SEBI Registration No. : INP 000000670 THINK EQUITY THINK MOTILAL OSWAL For any PMS queries please call us on +91 81086 22222 / 022-4054 8002 (press 2 for PMS) or write to pmsquery@motilaloswal.com or visit www.motilaloswalmf.com



Thank You!

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