SUNDARAM ALTERNATES
Sundaram Finance Group

SUNDARAM VOYAGER PORTFOLIO

VOYAGER

Portfolio Management Services benchmarking the S&P BSE 500 Index

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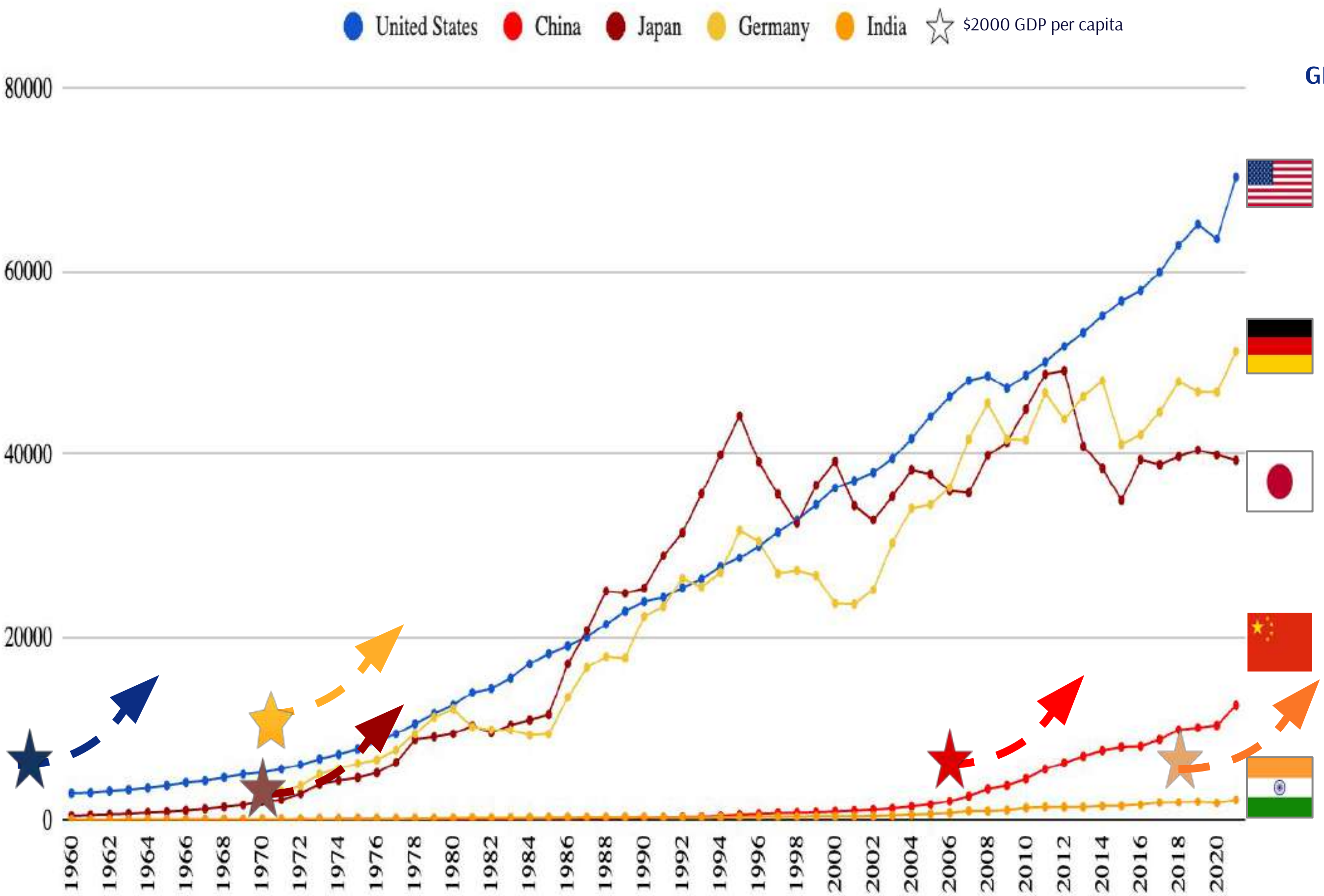
01

Structural shifts in the world's leading economies

How structural changes unfolded in world's leading economies?

Before and after Per capita GDP($) cross threshold mark of $2000 for world's top 5 economies



GDP/Capita ($)	GDP (Tn$)**
70,249	26.8
51,204	4.3
39,313	4.4
12,556	19.4
2,257	3.7

With GDP per capita at the inflection point, India is set to witness a steep growth runway, similar to the world largest economies.

Source *- World Bank
Source **- IMF Est.

A closer look at what transpired in China & USA

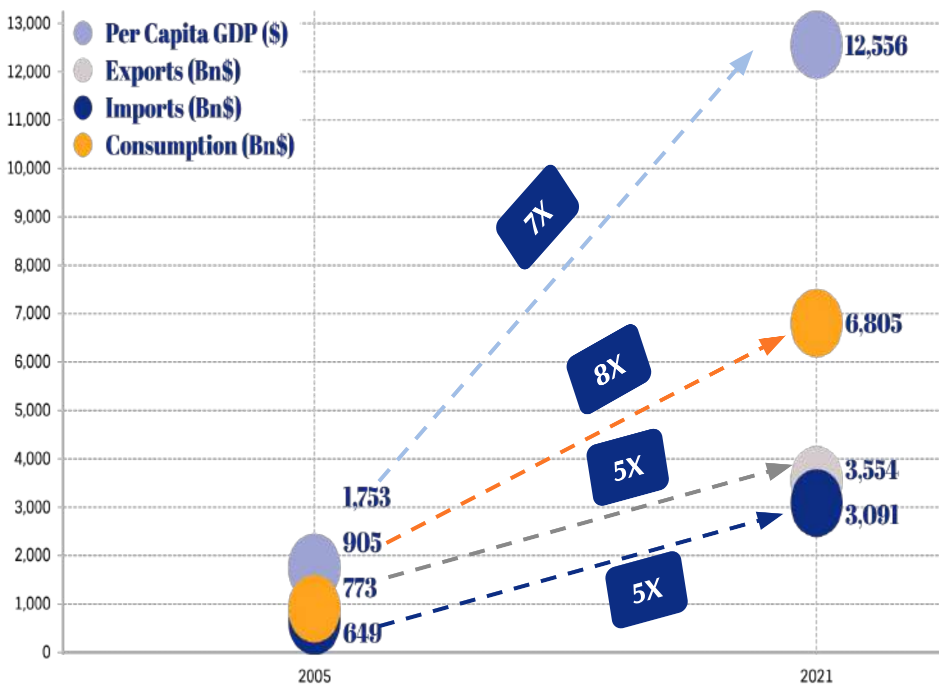
All output parameters indicate a steep curve : Economic supercycle

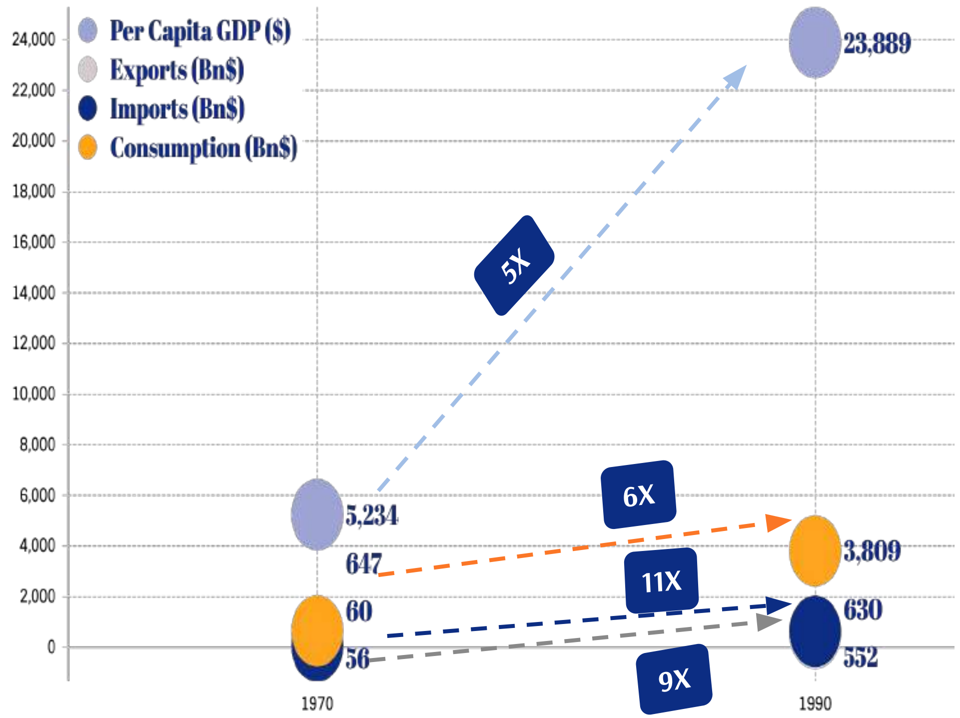
Journey post $2000/capita GDP: China

China's growth attained its inflection point as soon as it crossed $2,000 GDP per capita in **2006**.

Journey post $2000/capita GDP: USA

USA crossed the $2,000 GDP per capita in **1950s**, but reached the inflection point in **2 decades**





Decades post the threshold GDP is crossed have witnessed sharp uptake in multiple economic indicators

Source - World Bank

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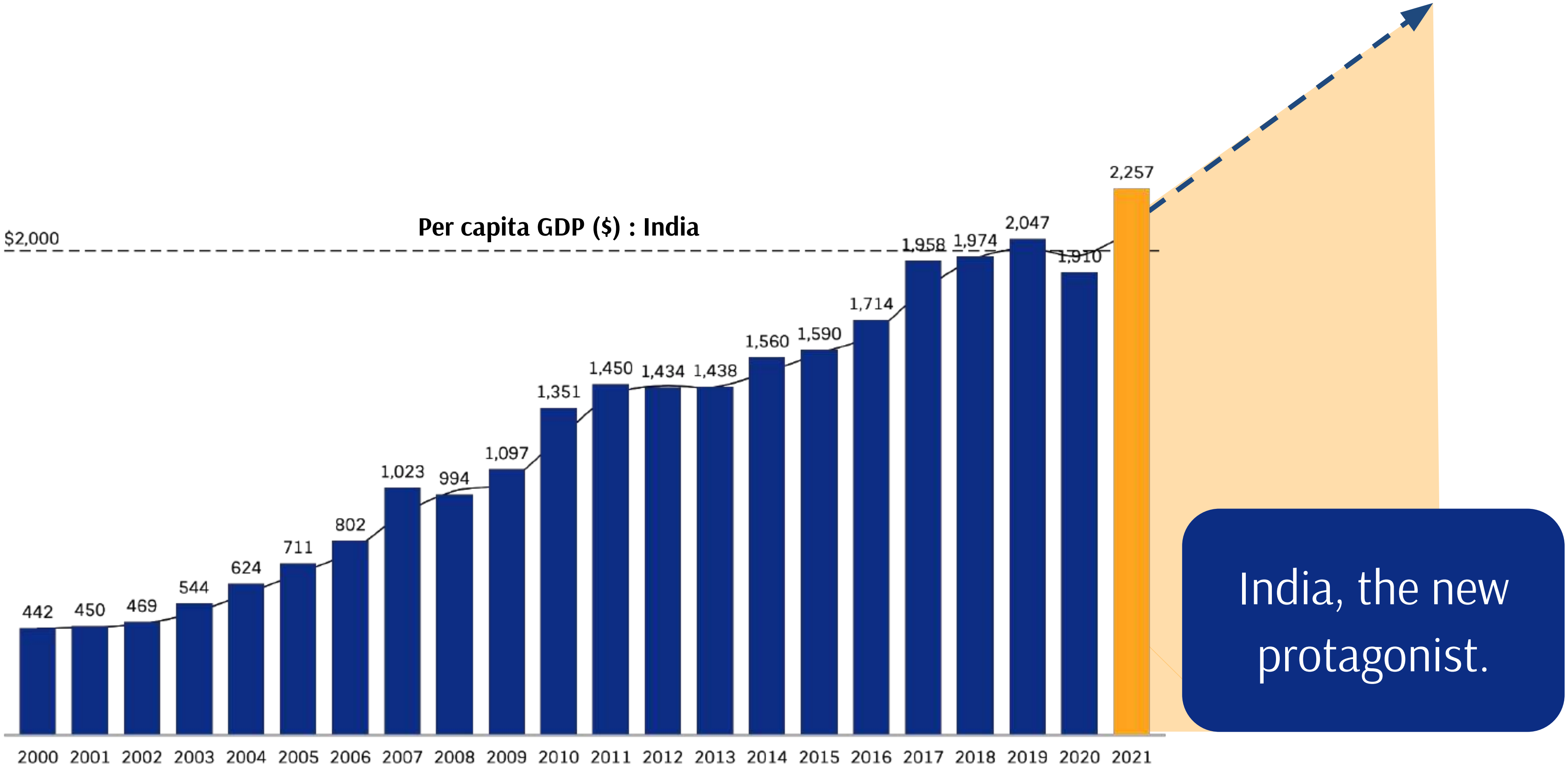
02

Structural shifts orchestrating the India Growth Story

India on the pathway to exponential growth

US & China's transformation story evident in India as well



Source - World Bank

Structural change in India visible across parameters

$ 2,000+ per capita GDP (crossed threshold mark), large population, large domestic market.

22% contribution to global working population. Favourable demographic dividend.

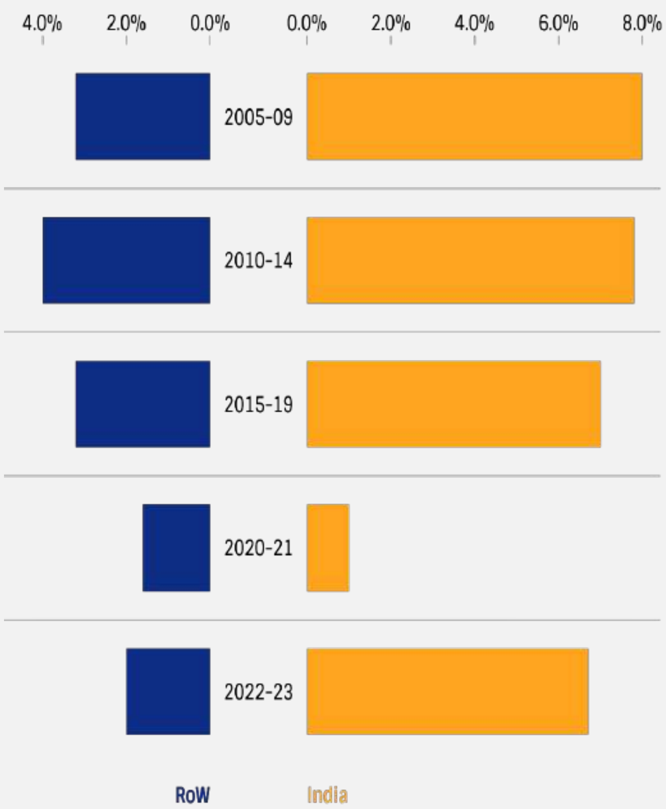
487 Mn beneficiaries served through Jan Dhan accounts, with ₹2 lakh crore plus in deposits indicating growing financial inclusion.

~50 Mn real-time digital payments in 2022; highest in the world

3rd largest startup ecosystem in the world 77k+ startups registered

3rd largest car market in the world. In terms of production, India remains the fourth largest producer of light vehicles

India's Growth vs The World



Source - Deutsche Bank, Fortune India

Factors enabling the structural change in India (the input parameters)

360 degree shift : internal and external, enabling a precipitous growth in the Indian economy.
A look at few of the factors:

Policy reforms

Production Linked Incentive (PLI) Scheme : Strategic opportunity for India to become a prominent global manufacturing player. Potential to add 4% to GDP per annum in terms of incremental revenues

Progressive tax reforms: GST implementation for fulfilling the 'One nation, One tax, One market ' vision.

Govt. initiatives on digitization

UPI : 2,348 transactions/sec and an average of over ₹10 lakh crore /month worth of transactions

Open Network for Digital Commerce (ONDC) completed 4,000 successful transactions as part of beta testing

India's digital infrastructure template is a new model for development around the world

Demographic Advantage

Demographic dividend: CII reported that if the Indian demography is productively employed, India will leapfrog to a $9 trillion economy by 2030

Growth of aspirational middle class: Elite & Affluent Households will more than double, and Aspirers will increase by 50%+ by 2030

Global tailwinds

China Plus One: Friendshoring approach & China + 1 enabling India to emerge a preferred destination for manufacturing.

Share in Emerging markets (EMs): India's share among the emerging economies has steadily risen to 14.8% in 2022 (2X growth from 2020)

Source - BCG, InidaStack

03

Green shoots visible across the 4 multiplier themes in India

India - at the turning point

The 4 key themes at play

India will transition to manufacturing & service-oriented economy. India will be low-cost technology services provider to the world. Import substitution, China+1, focused infra spending by government, combined with policy reforms will lead to this transition. Electronics, Chemicals, Engineered goods and Urban Infra are key systemic latitudes at play

UPI, Big data, ONDC, Account aggregator initiatives of the government are likely to redefine the cost of services. With growing young population, affordability, access to cheap data, burgeoning smartphone users is likely to drive significant growth in online penetration across various service segments.

Growing per capita income, urbanization, multiplying affluent households, large GenZ population will drive structural transition in discretionary consumption. Segments like organized retail, mobility, dine-out, travel, entertainment, health, education, consumer electronics etc will see significant growth

Growth in household income would lead to both increased savings and increased leveraging at every household level, leading to higher HH debt to GDP. Retail credit and in particular segments like personal, housing, vehicle and MSME loans will grow multifold and benefit from financial inclusiveness story.

Evident Structural Changes

Theme 1: Manufacturing Focus

Manufacturing will become a key contributor along with service for growth

3 pillars of manufacturing growth in India

Localisation driven by PLI

Exports driven by China +1

Robust Infrastructure – Railway and Defense

The scheme currently covers 15 sectors with annual investment and sales targets. If all firms deliver as promised, incremental revenues are expected to be more than US$400bn or over 10% of GDP.

Friendshoring approach & China + 1 enabling India to emerge a preferred destination for manufacturing

India is the 3rd largest defence spender and the 2nd largest arms importer in the world. Import substitution & localisation of Defence Manufacturing over the next 5 years offers a 5Tn$ opportunity.

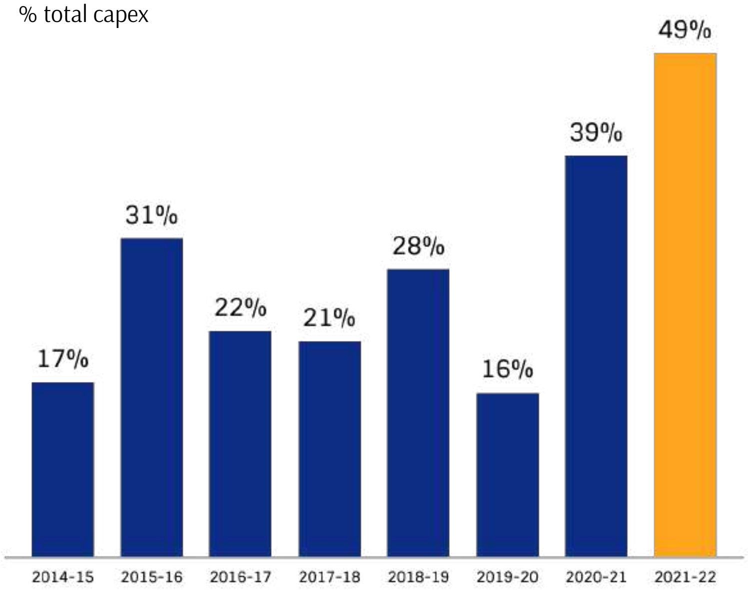
Source - BoA Global Research, TRAI, NPCI

Evident Structural Changes

Theme 1: Manufacturing Focus

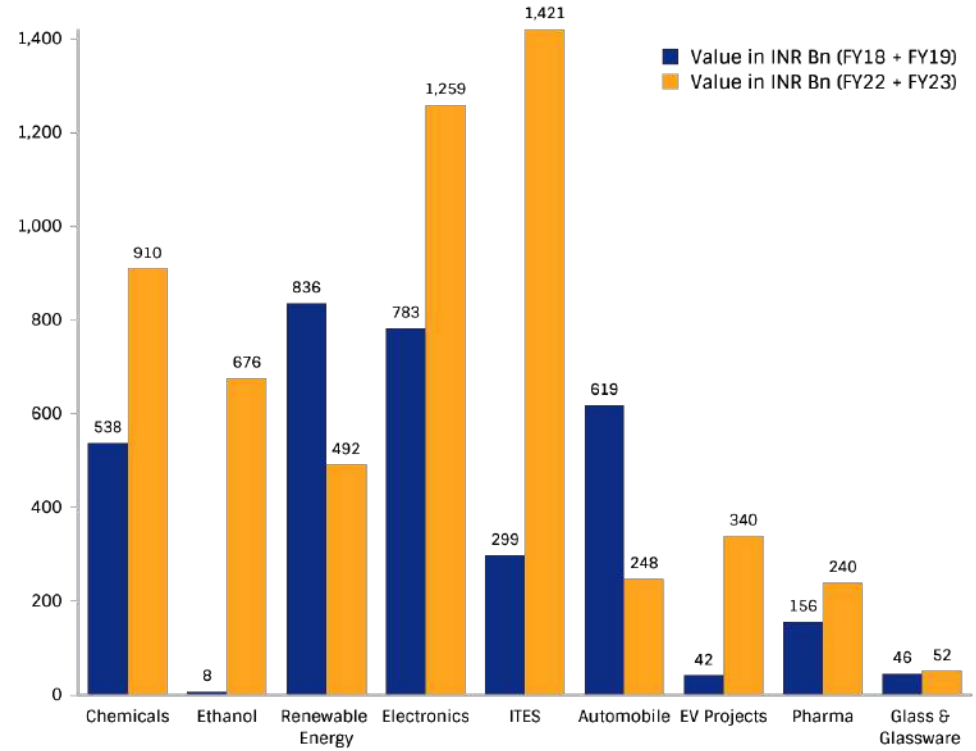
Manufacturing will become a key contributor along with service for growth

India's increasing share of manufacturing in total capex



In some specific sectors, India's competitiveness has increased and it has increased share in global exports. PLI scheme has been launched to boost this growth. The manufacturing sector in China is almost 2x that of India.

Private sector capex has grown at a immense pace



Private sector capex has grown exponentially over the last 5 years, especially across Chemicals, Electronics, Electric Vehicles and Pharmaceuticals

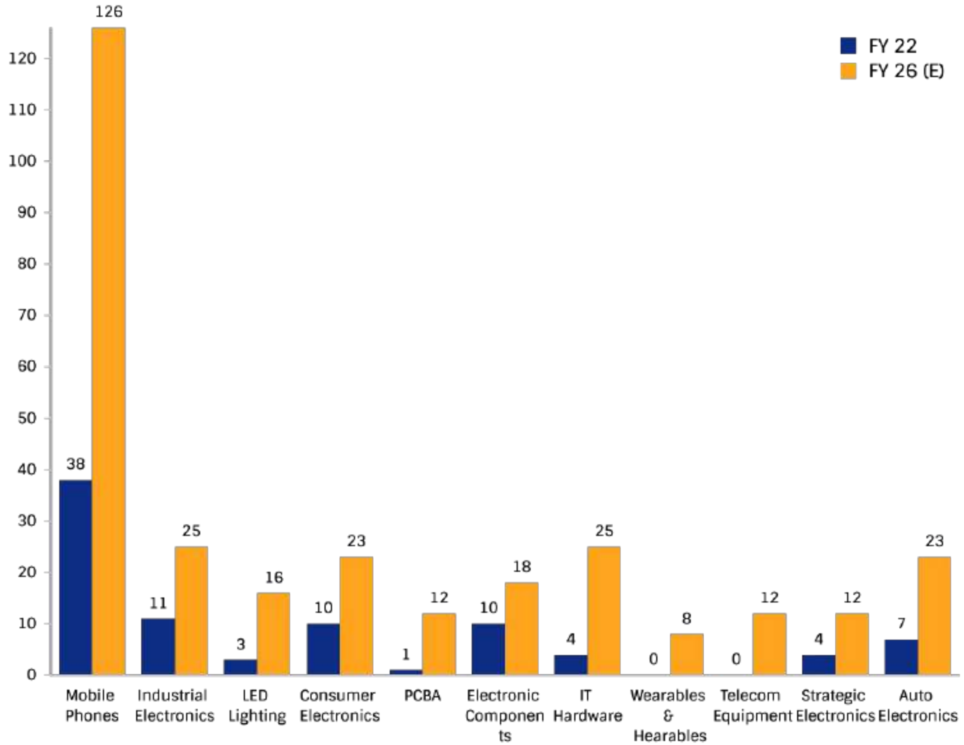
Source - ICRA, BoA Global Research, TRAI, NPCI

Evident Structural Changes

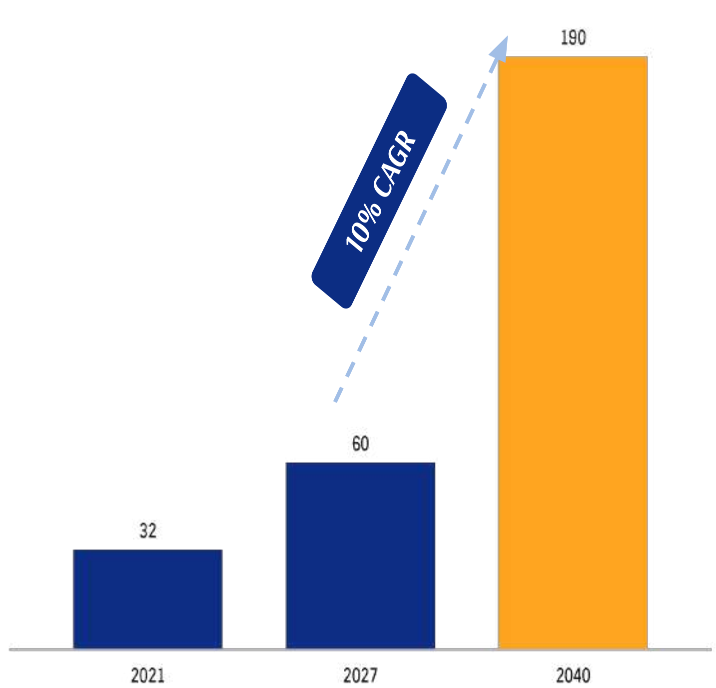
Theme 1: Manufacturing Focus

India to become a global hub for **speciality chemicals**

Growth of India's electronic manufacturing, USD Bn



India speciality chemicals market, USD Bn



The Indian government is targeting local electronics manufacturing to reach $300 Bn by 2026, growing at a CAGR of ~36% over the next 4 years

India is expected to become a $850-1000 Bn chemicals market by 2040, taking 10-12% share of the global chemicals market

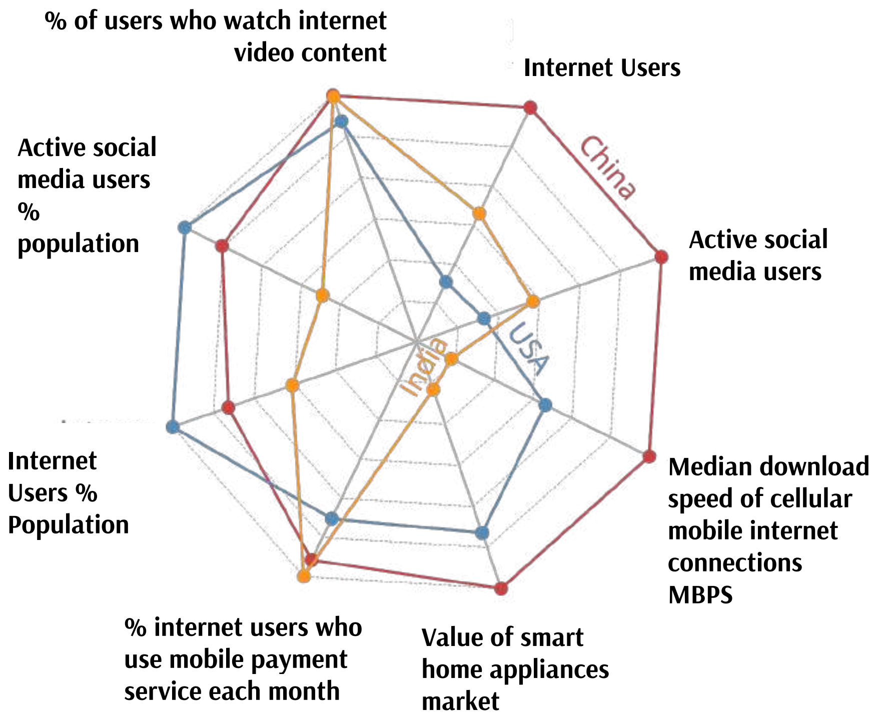
Source -: Capital IQ, McKinsey, Morgan Stanley, Standard Chartered, FICCI

Evident Structural Changes

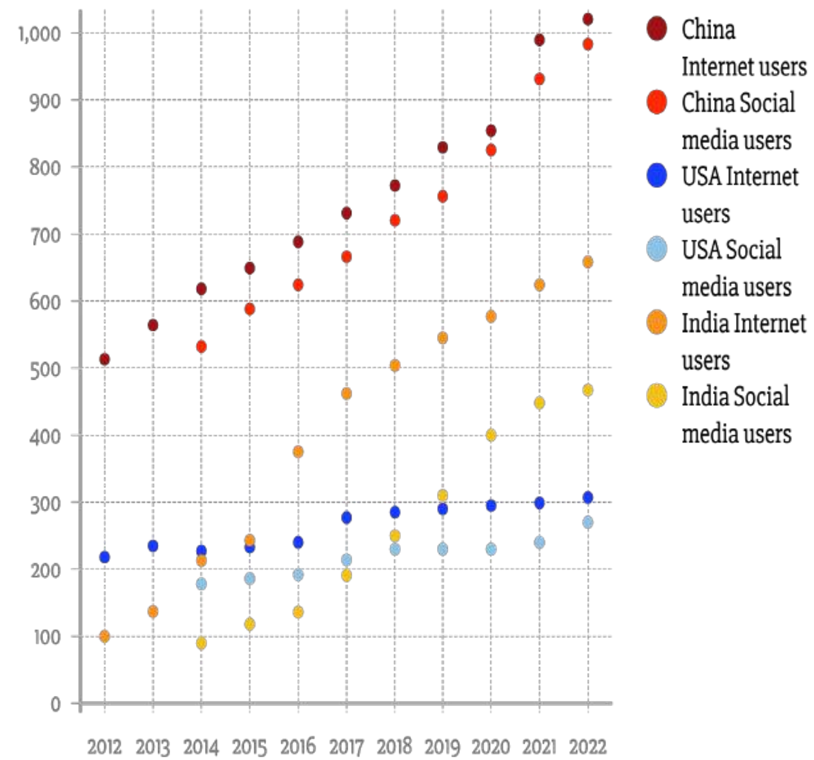
Theme 2: Phygital Innovation

India a strong contributor to digitisation globally with further potential to grow across parameters

India, China, USA across digital metrics



Internet and social media users India, China, USA



India shows high appetite for digital consumption across domains. Ecommerce penetration in India is expected to be faster than developed nations.

Source - datareportal.com

Evident Structural Changes

Theme 2: Phygital Innovation

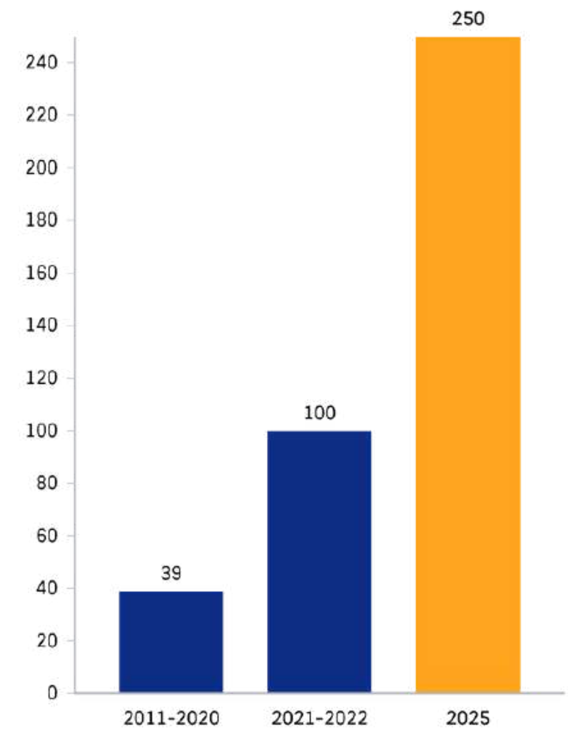
Increasing digitisation and innovation facilitating growth of new and emerging businesses.

Penetration across industries

	Market size (Bn $)	Penetration %
Total Online retail	50-60	5-6
Travel, transport, tourism	17-18	31-33
Consumer appliances & electronics	14-15	31-33
Apparel & Footwear	7-8	5-6
Entertainment, Lifestyle, Food	7-8	10-12
Grocery	3-4	0.5-1
Education	2-3	2-3
Health	2-3	1-2
Home & living	2-3	1-2

Huge scope of increase in penetration levels across industries

Number of Unicorns in India



Online beauty, fashion, food, logistics, insurance have potential to grow faster than traditional businesses

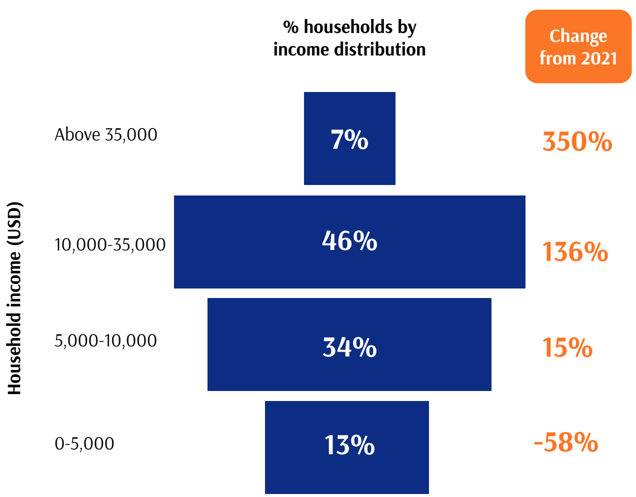
Source - BoA Global Research, TRAI, NPCI

Evident Structural Changes

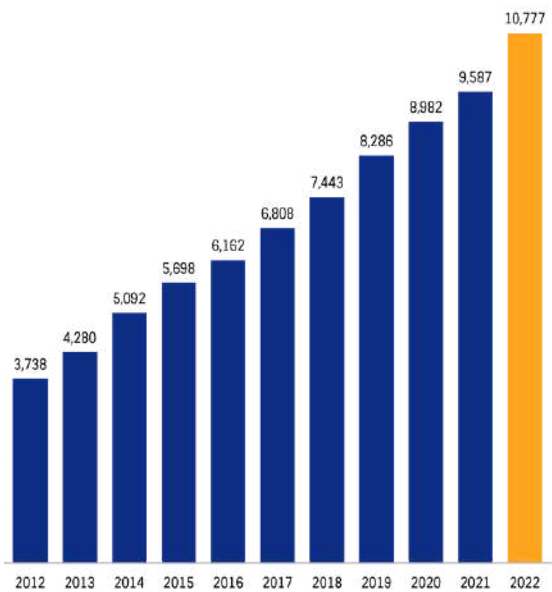
Theme 3: Consumption Supercycle

When China crosses $2500 per capita in 2008, it saw a significant boost to discretionary spending for a long period.

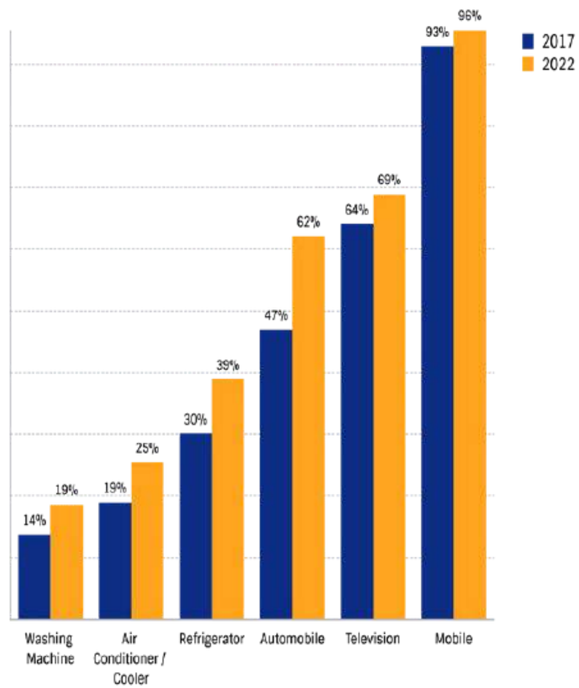
India's income pyramid by 2031



Employee costs of NSE 500 companies (₹ Tn)



Penetration of consumer durables in India



Discretionary consumption is set to rise as India crosses the $2,000 GDP per capita mark, as witnessed in fast-growing economies

Discretionary spending on recreation, entertainment, transportation, healthcare, retail and luxury set to grow

Urban consumption to drive discretionary spending, as affordability reaches a decadal high, coupled with rising incomes and falling EMIs

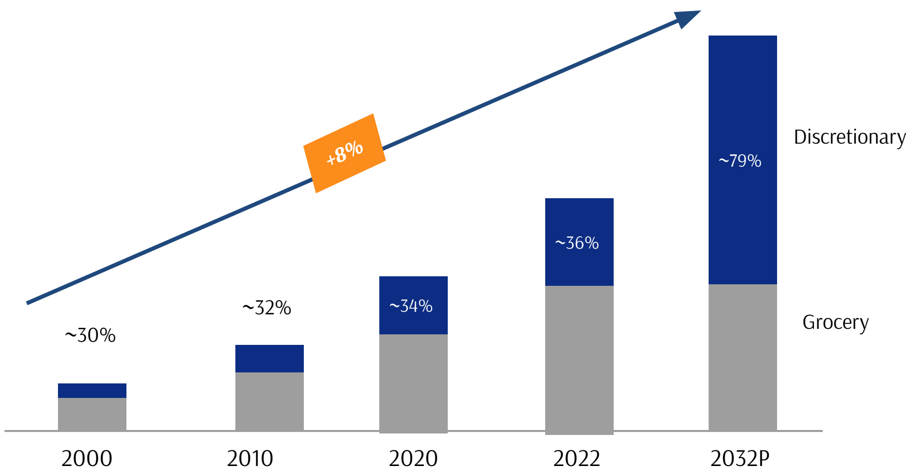
Source - Morgan Stanley, Motilal Oswal, National Family Health Survey

Evident Structural Changes

Theme 3: Consumption Supercycle

Online beauty, fashion, food, logistics, insurance have potential to grow ahead of traditional business. Such high growth companies are now available at reasonable valuations vs traditional companies.

India retail market ($Bn)



Key pointers	Period	India	Period	China	China 2006
GenZ + Millennial population (mn)	FY21	708	2021	648.65	604.27
GDP per capita (current USD)	2021	2,256.60	2022	12,732.55	2,099.23
% of luxury cars over total market	FY22	1.80%	2022	16.90%	lower than 6%
Outbound travelers (mn)	2021	8.6	2022	26-30	34.5
Apparel industry	FY22	59.3	2021	199	69
Pure alcohol market size (bn litres)	2021	2.9	2021	8.08	5.37
Jewellery value (USD bn)	FY22	70.9	2021	52.29	29
KFC stores	FY22	364	2022	8,168	1,822
Pizza Hut stores	FY22	413	2022	2590	254
McD stores	FY22	330	2022	2391	784
Zara store	FY22	21	2022	603	7
H&M stores	FY22	48	2022	445	0

The wealth effect is likely to drive HH to transition focus on discretionary spending like recreation, entertainment, transportation, healthcare and luxury. Potential winners: D-Mart, Trent, Titan, PVR, Rainbow, Sapphire, Westlife

With India at $2500 mark, some of the segments like organized retail, branded apparels, QSR, health and travel are poised to see robust growth. Growth potential is multifold in majority of discretionary segments compared to staples.

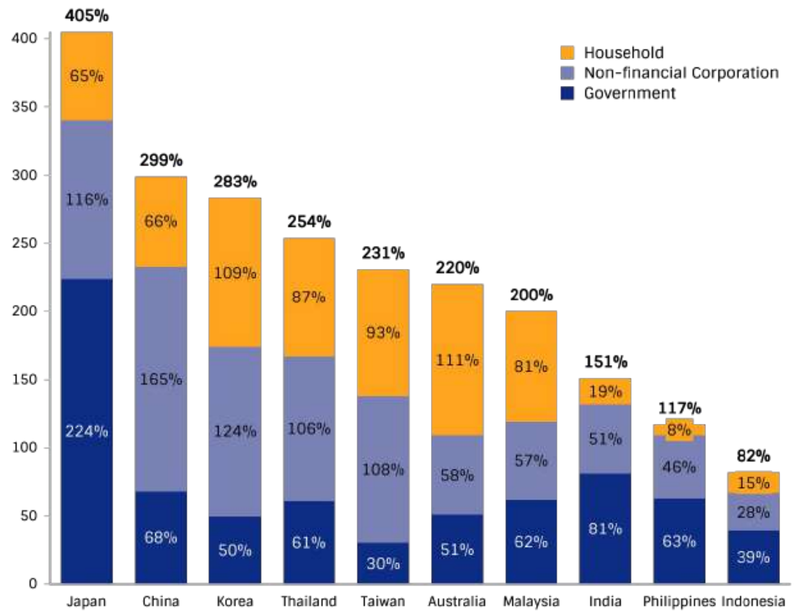
Source - Redseer, Sundaram Alternates

Evident Structural Changes

Theme 4: Financial Inclusiveness

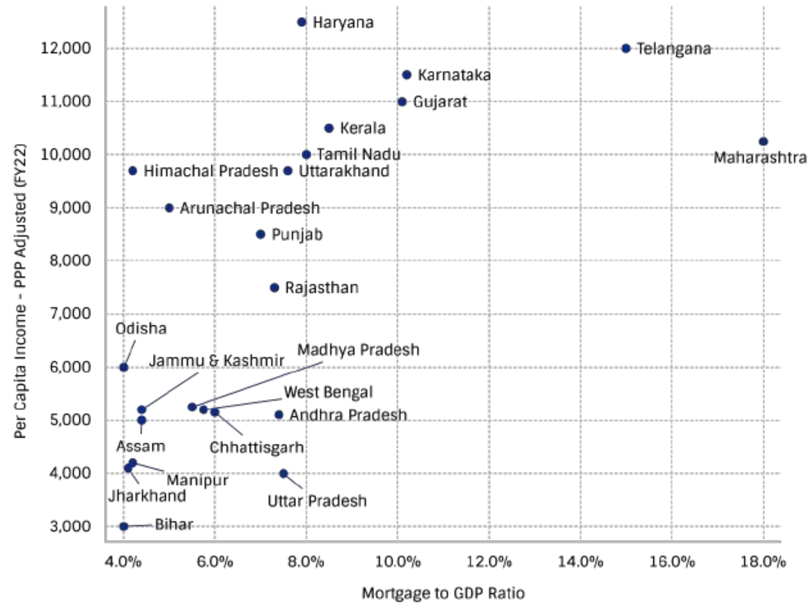
Increasing financial penetration, large population, strong financial markets

Per capita growth to drive household debt to GDP percentage



India's household debt as a percentage of GDP is severely lagging behind many of its peers and benchmarks

Mortgage-to-GDP ratio of select states



Most Indian states have a mortgage-to-GDP ratio of less than 10%, despite higher per capita income; indicating a huge scope for mortgage credit to grow

Source - CRISIL, CRIF High Mark, CEIC

Evident Structural Changes

Theme 4: Financial Inclusiveness

Incremental potential of growth in household debt

India's Housing growth drivers

Affordable housing enablers

Per capita income

$1,360 2010 → $2,270 2021 → $5,242 2031

Nuclearisation (average household size)

5.0 2010 → 4.6 2021 → 4.5 2031

Median population age

25.4 2010 → 29.0 2021 → 31.8 2031

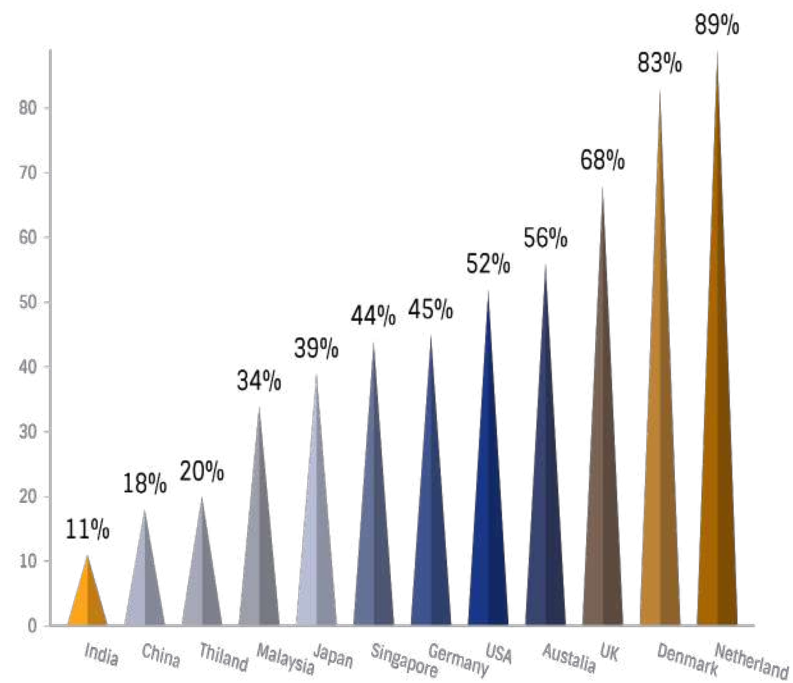
Urbanisation (urban population share)

31% 2010 → 35% 2021 → 40% 2031

Share of population in spending age(15-64 years)

64.1% 2010 → 67.4% 2021 → 68.4% 2031

Mortgage / Nominal GDP in India



1 | Strong momentum of growth with indicators across urbanisation, population demographics and income levels.

2 | India's Mortgage/nominal GDP vs other countries has enormous growth potential. Connecting the property ecosystem will expedite the socio-economic change in the country.

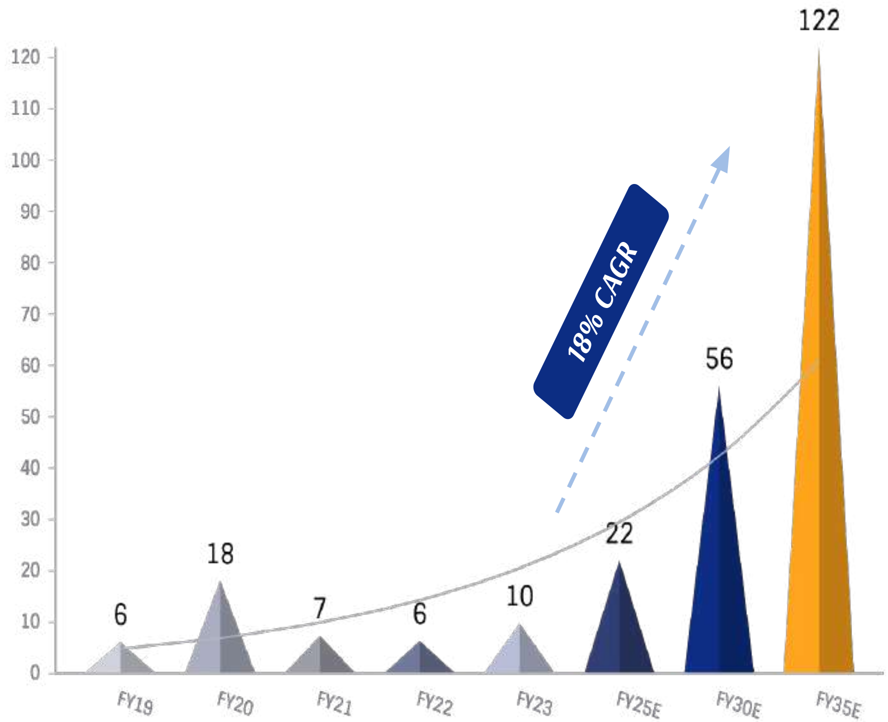
Source - Morgan Stanley, RBI, MSME industry annual report

Evident Structural Changes

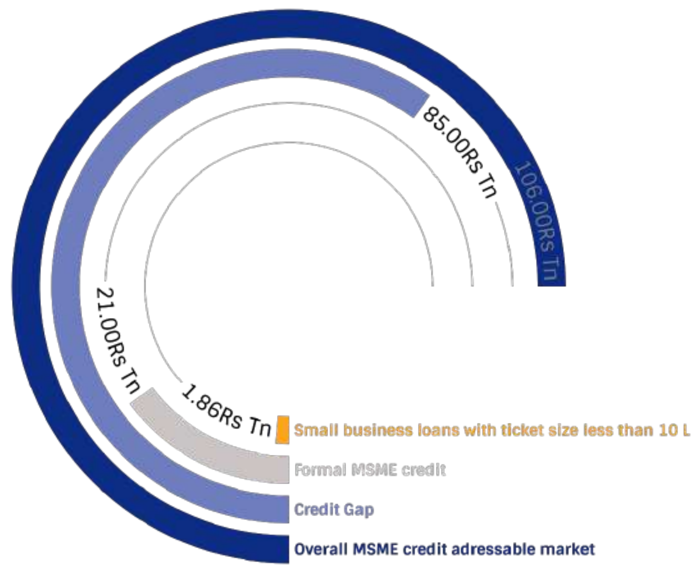
Theme 4: Financial Inclusiveness

Opportunity of growth in individual (Credit card) and MSME credit

Credit card spends in India



MSME lending in India



1 | Credit card spends set to more than double due to rising consumerism and digitisation of Indian economy. Credit card spends as a percentage of PFCE also has huge scope of growth.

2 | Business loans with ticket size < 1 MnRs account for only 9% of formal MSME credit, indicating a huge opportunity

Source - Morgan Stanley, RBI

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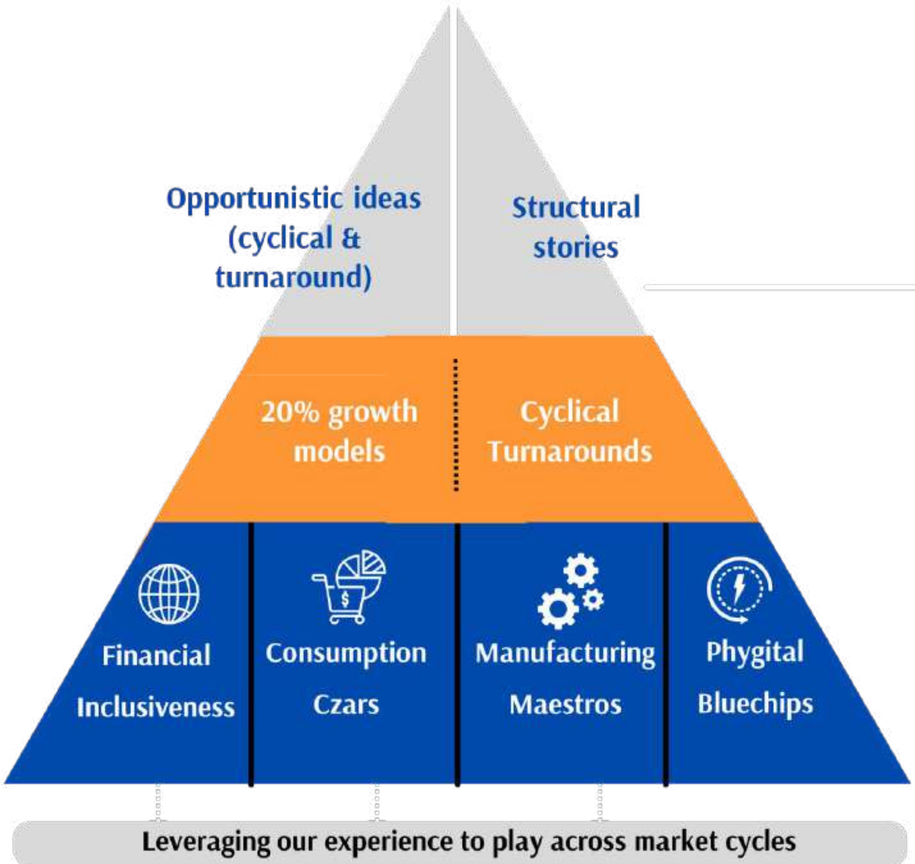
04

Generating capital appreciation across market cycles

Voyager Investment framework

Opportunistic & Structural Ideas
Two buckets of stocks

4X4 Multiplier themes
Aligned to India Opportuntiy



- Structural high growth stories tend to get underappreciated in short term mostly
- Low liquidity in mid & small cap space do offer large value opportunities during market down cycles
- Cyclical businesses provide excellent contra opportunities during weak industrial cycles

Voyagers Investment themes

Structural Equities

Quality of Business

- Scalability – How big is the opportunity?
- Self Sustaining business models – 3Q Financial framework
- Strong differentiating factor in business
  - What is the key competitive advantage:
  - Is it cost competitiveness, a superior brand leading to higher pricing power or pure execution?

Quality of Financials

- Ability to double earnings in 4-5 years
- Growth = Reinvested Cash x RoIC
- Businesses with min. ROIC of 15%
- Higher cash generation leads to higher reinvestment: OCF/ EBITDA > 50%
- Debt to Equity: < 0.5x – low debt helps navigate business tough times

Quality of Management

- Past execution track record
- Vision of management
- High sustainable growth
- Past record of identifying and investing in profitable opportunities
- Good corporate governance track record

Opportunistic Equities

Leveraging Market Volatility

The market in its inherent volatile nature provides pockets of cyclical / turnaround opportunities at attractive valuations. Such pockets also provide lucrative risk-reward opportunities at different facets.

Investing in Turnaround Opportunities

- Clear Entry – Exit strategy
- Extremely attractive Risk – Reward
- Sufficient Margin of Safety

Investing in Value Opportunities

- Under appreciated business
- Niche businesses
- Management turnarounds
- M&A
- Spin Offs / Split
- Out-of-favour industries

Voyager Highlights

Long track record of performance of over **13 years**, across **3 market cycles**

Disciplined stock selection process through our **3Q selection criteria**

Focus on **alpha generation**, while consistently **beating the benchmark**

Identifying **long term trends and invest early** in them

Concentrated bet on small number of good mid and small cap businesses

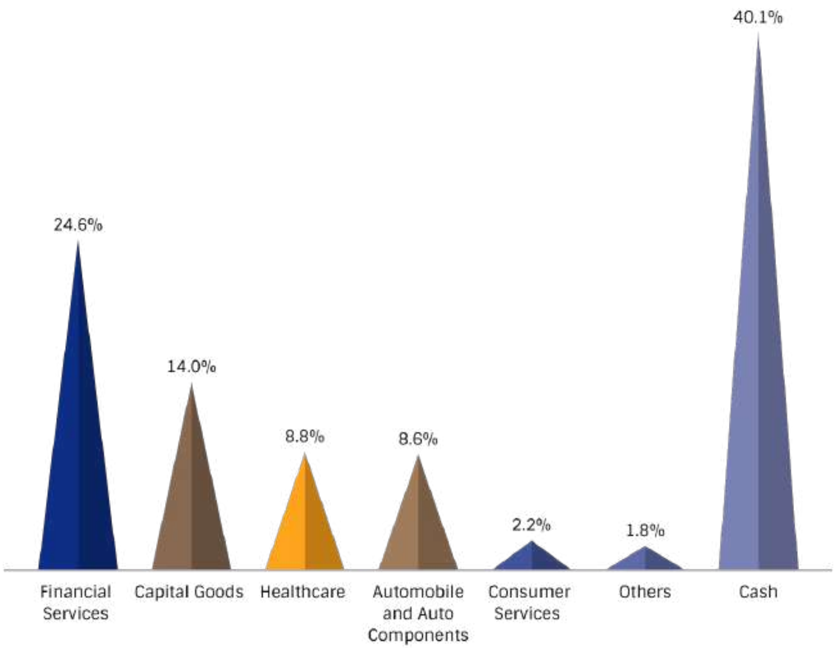
Investing in companies whose **management commits to growth**

Leverage our strengths in **identifying quality mid & small cap equities**

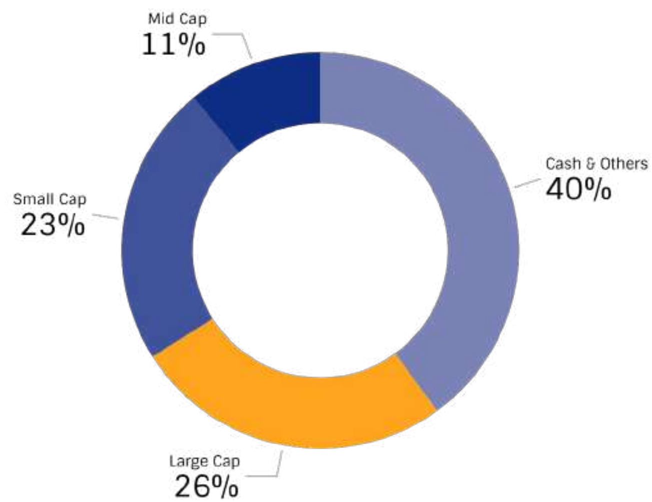
Wealth multiplication by growing our AUM **over 2 times since inception**

Capital allocation undertaken by the fund

Sectoral allocation of the fund



Cap curve mix of the fund



Source -: In-house analysis & Bloomberg

Data as on February 28, 2025. Portfolio information (i.e. market cap, sector allocation etc.) is at a model client's level.

5-year Contribution to Return (CTR)

Top 5 sectors

	Average Weight in Portfolio	Average Weight in Benchmark	CTR (Alpha)
Consumer Discretionary	23.6%	9.4%	31.6%
Financials	27.6%	29.9%	30.5%
Industrials	10.7%	8.3%	27.4%
Information Technology	6.9%	11.7%	19.5%

Top 5 stocks

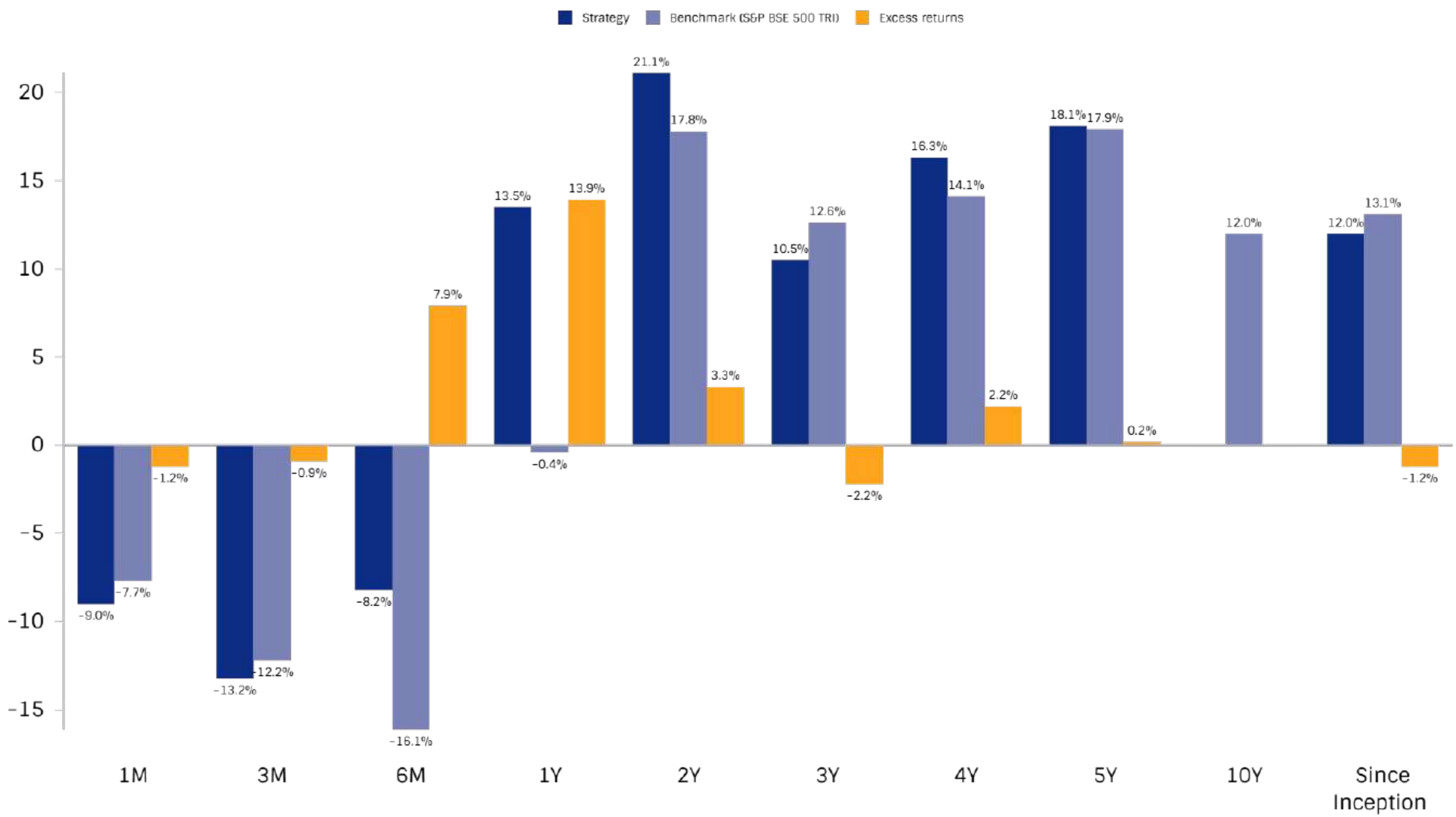
	Average Weight in Portfolio	Average Weight in Benchmark	CTR (Alpha)
Mindtree Ltd	2.8%	0.1%	22.1%
Dixon Technologies India Ltd	1.5%	0.1%	21.1%
Zomato Ltd	2.5%	0.3%	16.8%
PI Industries	4.5%	0.2%	16.7%
Tata Elxsi Ltd	1.6%	0.2%	15.0%

Data as of February 28, 2025. Portfolio information is at model client's level. Past Performance may or may not be sustained in future.

Source: Bloomberg and in-house analysis

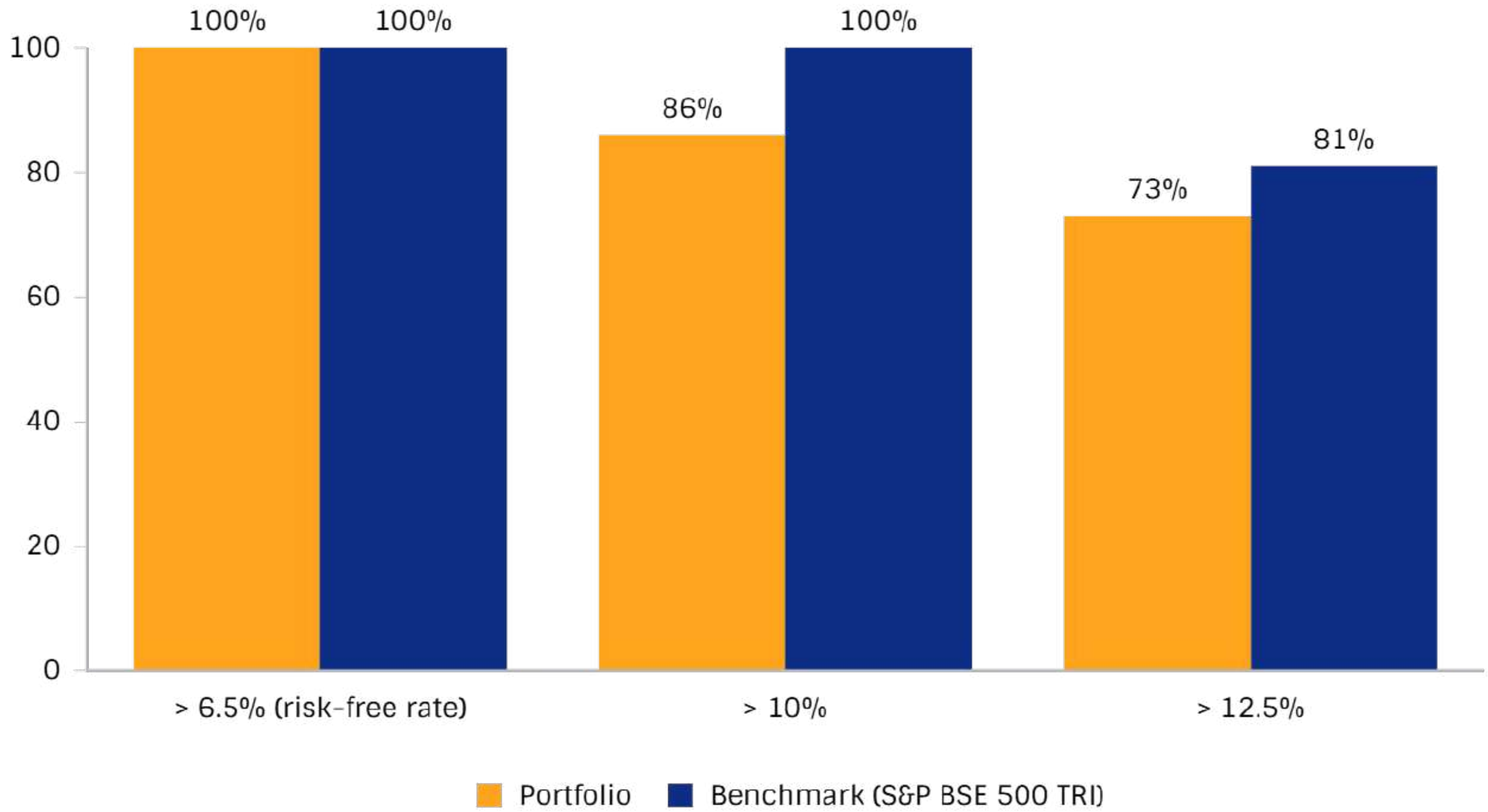
Bloomberg Attribution Analysis IISL Classification. Performance is gross of fees, taxes and expenses.

Performance since inception



Peer performance is available under the following link of Association of Portfolio Managers in India (APMI): https://www.apmiindia.org/apmi/welcomeiaperformance.htm?action=PMSmenu
Performance as of February 28, 2025. Returns for time period less than 1 year are absolute. Performance is at aggregate portfolio level on TWRR basis. Past performance may or may not be sustained in future.
Source : In-house analysis

5-year Rolling CAGR (Since inception)



Performance as of February 28, 2025. Portfolio information is at model client's level. Past Performance may or may not be sustained in future.

Source: Bloomberg and in-house analysis

Bloomberg Attribution Analysis IISL Classification. Performance is gross of fees, taxes and expenses.

Summary of findings

Quality & Value

- Factor Investing can help investors enhance the risk-adjusted returns.
- Historic data proves outperformance of factor indices over the benchmark.

- When adding a layer of factors, it is important to focus on market capitalization and risks (in terms of drawdowns).

- In the large-cap space, the value index has delivered superior performance, with steeper drawdowns compared to quality index.
- However, the superior performance of the large-cap value index balances the risk.

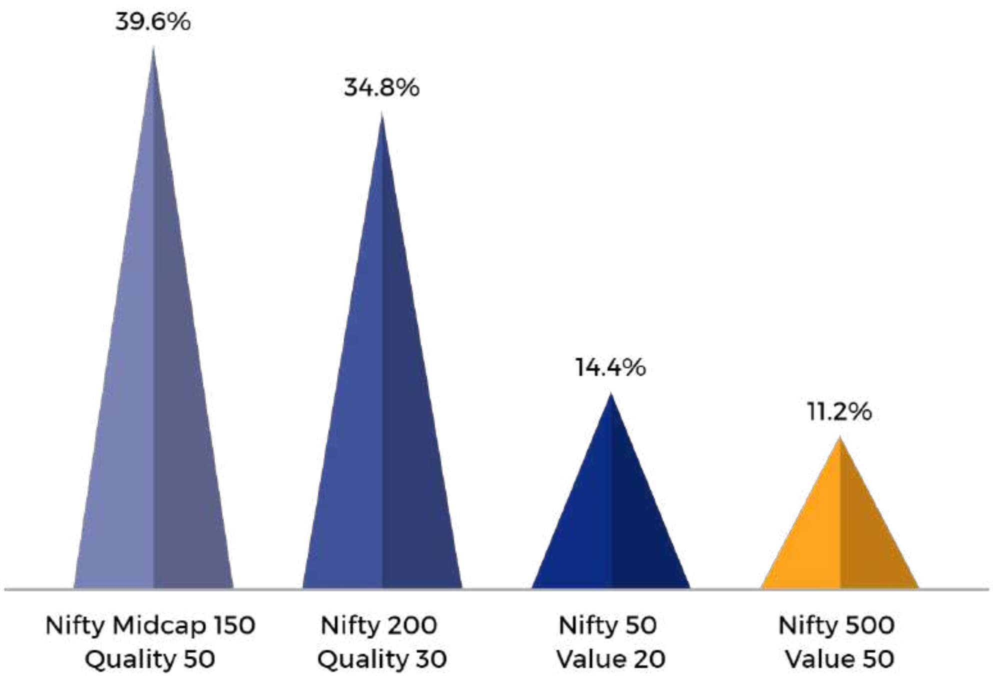
- In the diversified and mid-cap space the quality indices has delivered good performance vis-à-vis the benchmark and value indices & also the drawdowns have been limited.

- During crises, the recovery of diversified and mid-cap based quality indices was better than diversified value index.

Source: In-house analysis

Quality vs Value: Does one have an upper hand over the other?

Relative outperformance of quality and value indices on a 5 year rolling return basis



Nifty 200 Quality 30 & Nifty 100 Quality 30 outperformed their parent indices **79%** & **38%** of the times, respectively

Nifty Midcap 150 Quality 50 outperformed its respective parent index **85%** of the times

In case of Nifty 500 Value 50 & Nifty 50 Value 20, they outperformed their respective benchmarks **49%** & **82%** of the times, respectively.

Source: In-house analysis

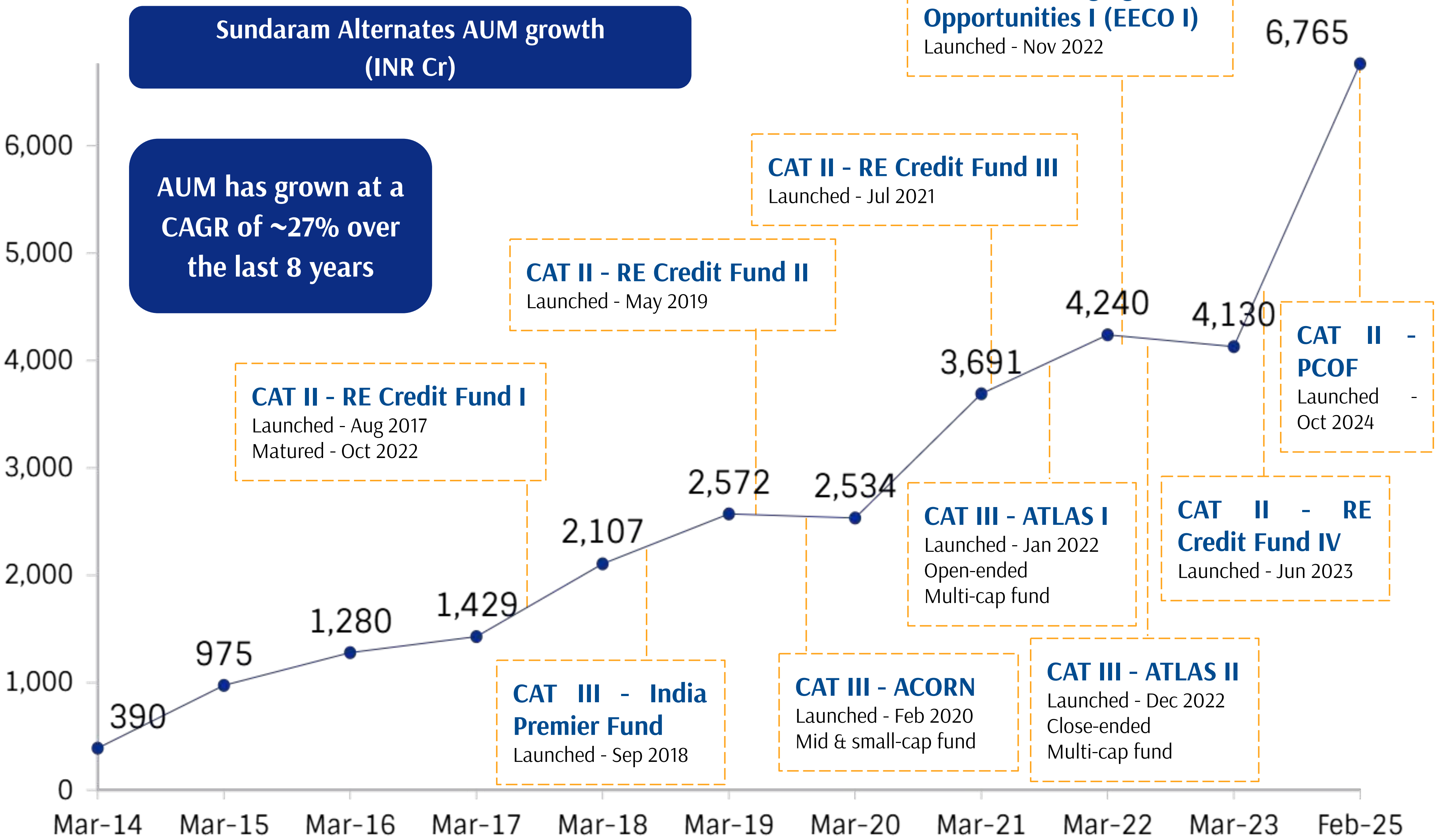
Quality as a factor

- Quality rewards companies with durable business models, sustainable competitive advantage, and superior financials.
- Applying the quality layer in India's investment-rich environment can potentially enhance returns or diversification.
- Quality serves as a defensive factor, providing comfort to investors during volatility.
- Focusing on quality in India's growth trajectory can be beneficial over the long-term, offering investors the opportunity to harness the country's growth potential while limiting downside risks.

Source: In-house analysis

05

Sundaram Alternates - Pioneers in identifying high-growth stocks



Source -Sundaram Alternates
Data as on February 28, 2025. Past performance may or may not be sustained in the future.

Top Management

VIKAAS M SACHDEVA

Managing Director

- Vikaas M Sachdeva Managing Director, Sundaram Alternates Vikaas is an industry veteran with over three decades of experience.
- In the course of his career, he has held several influential and senior management positions across marquee financial service organizations viz. Edelweiss Asset Management, Enam Asset Management, Birla Sun Life AMC Ltd., and ING Investment Management.
- He has a broad range of interests across functions like sales, distribution, marketing, Investment banking, product, and customer service.
- Vikaas was erstwhile member of the Mutual Fund Advisory Committee (MFAC) and Association of Mutual Funds of India (AMFI). He's a jury member for the India Fintech Forum

MADANAGOPAL RAMU

Fund Manager & Head - Equity

- Comes with rich 16-year capital market stint from an analyst to head of research to fund manager & Head of Equity for last 6 years.
- Astute business understanding across sectors, strong affinity for number crunching, qualified cost accountant and management degree from BIM Trichy.
- Sundaram Emerging Leadership Fund (S.E.L.F.) ranked 2nd among Best Funds in the Mid and Small cap space at the India's Smart Money Manager Awards 2021.
- SISOP and PACE earned 4 and 3 stars respectively in the Multi Cap category, and S.E.L.F. received 3 stars in Small & Mid Cap category in PMS Bazaar's PMS Rankings FY 20-21, powered by CRISIL.

Source -Sundaram Alternates


pmsbazaar
MILLION to BILLION
Computation & Powered By
CRISIL
An S&P Global Company
PMS RATINGS
FY 21 - 22
SUNDARAM ALTERNATES - VOYAGER
Awarded
SUNDARAM ALTERNATES
Sundaram Finance Group
PMSBAZAAR CATEGORY - MULTI CAP FUNDS


pmsbazaar
MILLION to BILLION
Computation & Powered By
CRISIL
An S&P Global Company
PMS RATINGS
FY 21 - 22
SUNDARAM ALTERNATES - SELF
Awarded
SUNDARAM ALTERNATES
Sundaram Finance Group
PMSBAZAAR CATEGORY - SMALL AND MIDCAP FUNDS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MILLION to BILLION
Computation & Powered By
CRISIL
An S&P Global Company
PMS RATINGS
FY 21 - 22
SUNDARAM ALTERNATES - SISOP
Awarded
SUNDARAM ALTERNATES
Sundaram Finance Group
PMSBAZAAR CATEGORY - MULTI CAP FUNDS


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PMS RATINGS
FY 21 - 22
SUNDARAM ALTERNATES - RISING STARS
Awarded
SUNDARAM ALTERNATES
Sundaram Finance Group
PMSBAZAAR CATEGORY - SMALL AND MIDCAP FUNDS

Disclaimer

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THANK YOU

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