

ALCHEMY LEADERS OF TOMORROW

Fund Manager: Hiren Ved | Co-Fund Manager: Himani Shah

“ Leadership is the
capacity to translate
vision into reality. ”

– Warren Bennis

(Internationally-acclaimed Sportsman)



ACHIEVERS TODAY. LEADERS TOMORROW.



Vision & First Mover

Spot opportunities early and be the first in under-served markets



Digitally Savvy, Tech Adaptability

Ability to understand and adopt to new technologies



Accountability & Dependability

Adopt best in class management practices with transparency and consistency



Strategic & Critical Thinking

Identify trends early, invest and position ahead of the curve



Build Defensible MOATS

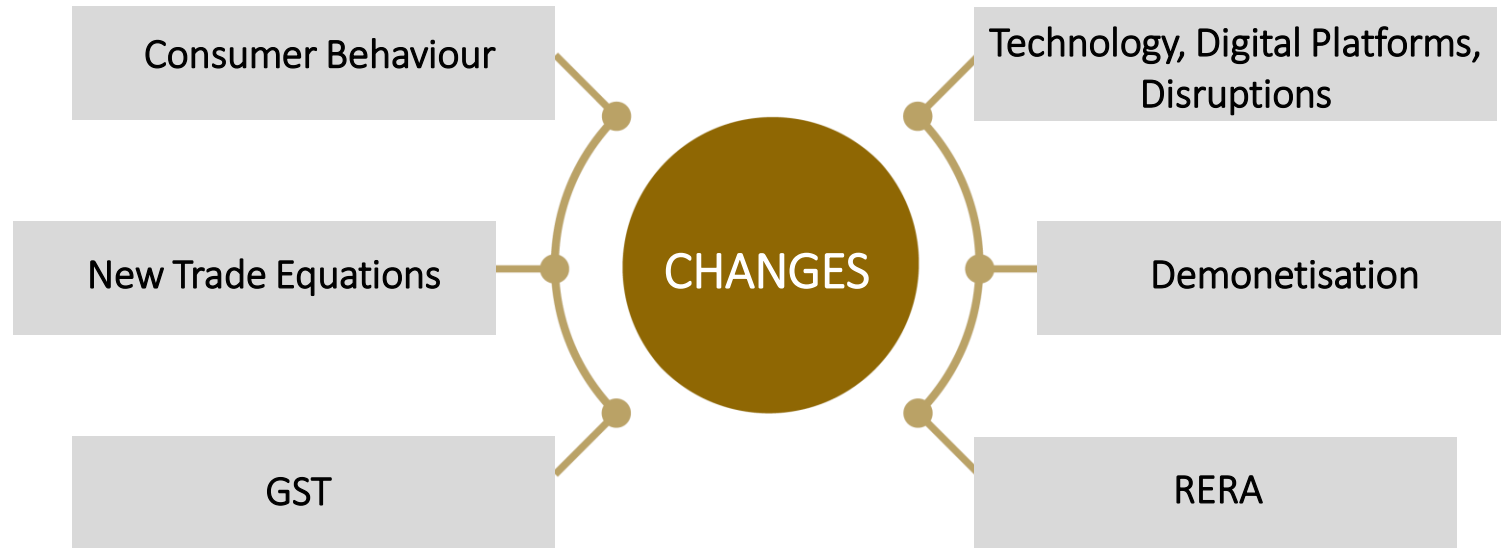
Focus on R&D and innovation



Influential

Set the business, social, environmental and governance agenda

A STEP BACK TO TAKE A LEAP



Course correction for Indian economy and its impact:

- Businesses which thrive on lack of transparency, lower costs, and tax avoidance face serious survival challenge as price-to-quality perception gap against larger players erode.
- Changes behaviour and curtails demand for discretionary/ luxury goods, erstwhile paid in cash.
- Reroutes savings to more transparent, liquid and tax efficient financial assets.
- Suppresses demand for physical assets like real estate and gold.
- Rapid adoption of home grown and global technologies to suit local conditions.



FORESIGHT FOR TOMORROW, TODAY.

Adapt to a newer tomorrow with global environment

- Disruptive Technology
- Change in regulatory framework
- New trade equations
- Geopolitics

Winners of tomorrow

- Understand the role of technology
- Adapt it to their advantage
- Shape consumer behaviour
- Service their consumer better
- Build a leaner business model
- Manage risks better

THE WAY AHEAD FOR THE LEADERS OF TOMORROW

DISRUPTION

ADAPTABILITY

RESILIENCE

THE NEW NORMALS



THE STRATEGY: ALCHEMY LEADERS OF TOMORROW*

- The Fund strategy** seeks to generate long term capital appreciation by investing in (i) listed Indian equities, (ii) Private Investment in Public Equity (“PIPES”) on listed Indian equities, and (iii) IPO and pre-IPO opportunities.
- The investment allocation will be Multi-Cap & Sector Agnostic, which allows flexibility in stock selection.
- Concentrated portfolio; generally, may consist of +/- 25 stock ideas.
- Endeavour will be to focus on companies showing best traits of adaptability to the new economic normal, driven by innovation & ingenuity.
- Alchemy Investment Philosophy is “Growth at Reasonable Price”. The Approach is rooted in the Premise that India is a high growth economy and the best way to play this is to identify and invest in companies which are best equipped to take advantage of emerging domestic and global opportunities.
- Fund Manager: Hiren Ved | Co-Fund Manager: Himani Shah

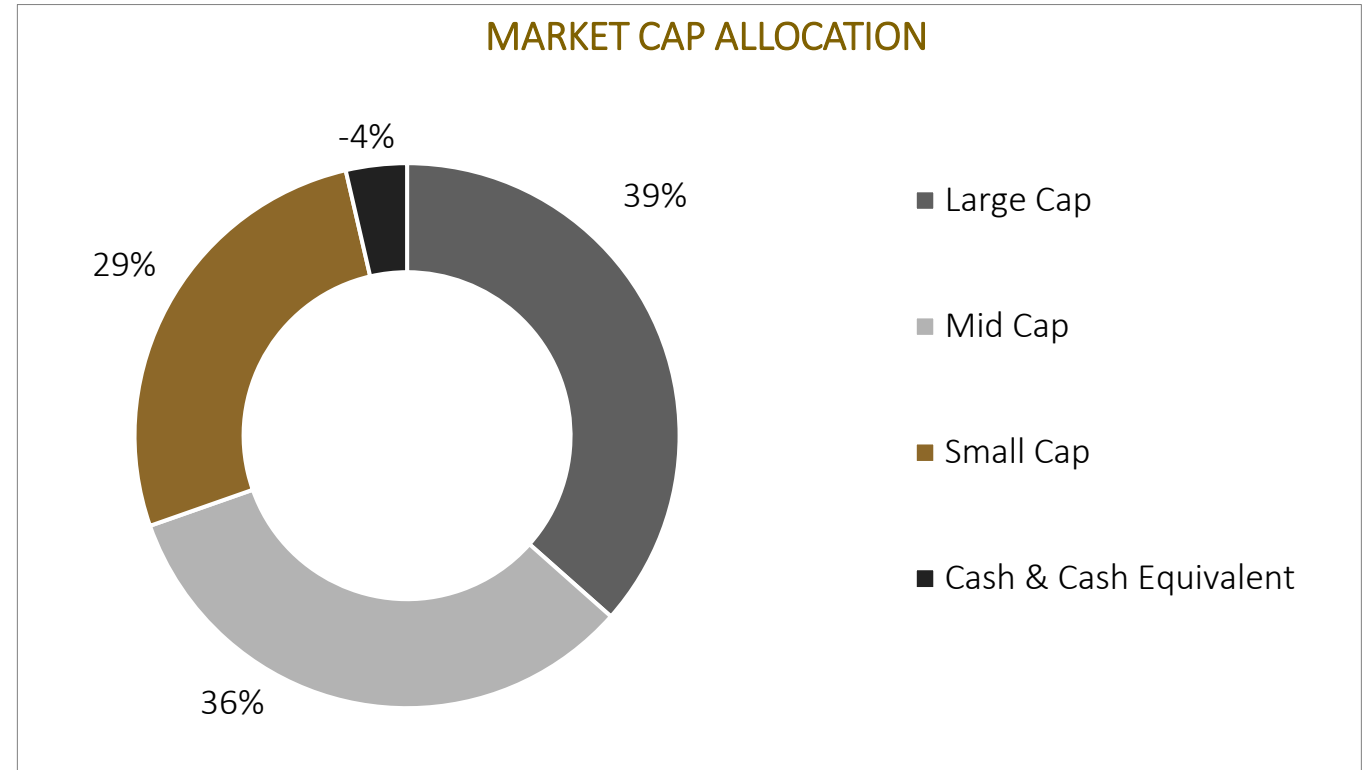
Note:

**Alchemy Leaders of Tomorrow is a scheme of Alchemy Alternative Investment Trust registered with SEBI as Category III Alternative Investment Fund.*

*** The Fund strategy is merely a target and there are no assurances that it would be achieved. This is not complete information on the Fund strategy. Please refer the Private Placement Memorandum and its Addendum for complete details.*

PORTFOLIO PERFORMANCE AND COMPOSITION

Period	Fund Returns		BSE 500
	Post Fees, Expenses and Taxes	Post Fees, Expenses and Pre Taxes	
1 Month	1.4%	1.5%	0.0%
3 Months	-1.9%	-2.0%	-4.6%
6 Months	11.6%	14.2%	7.1%
1 Year	31.3%	35.4%	25.6%
3 Years	19.5%	21.6%	15.3%
5 Years	26.6%	29.5%	18.1%
Since Inception	16.5%	18.5%	13.5%



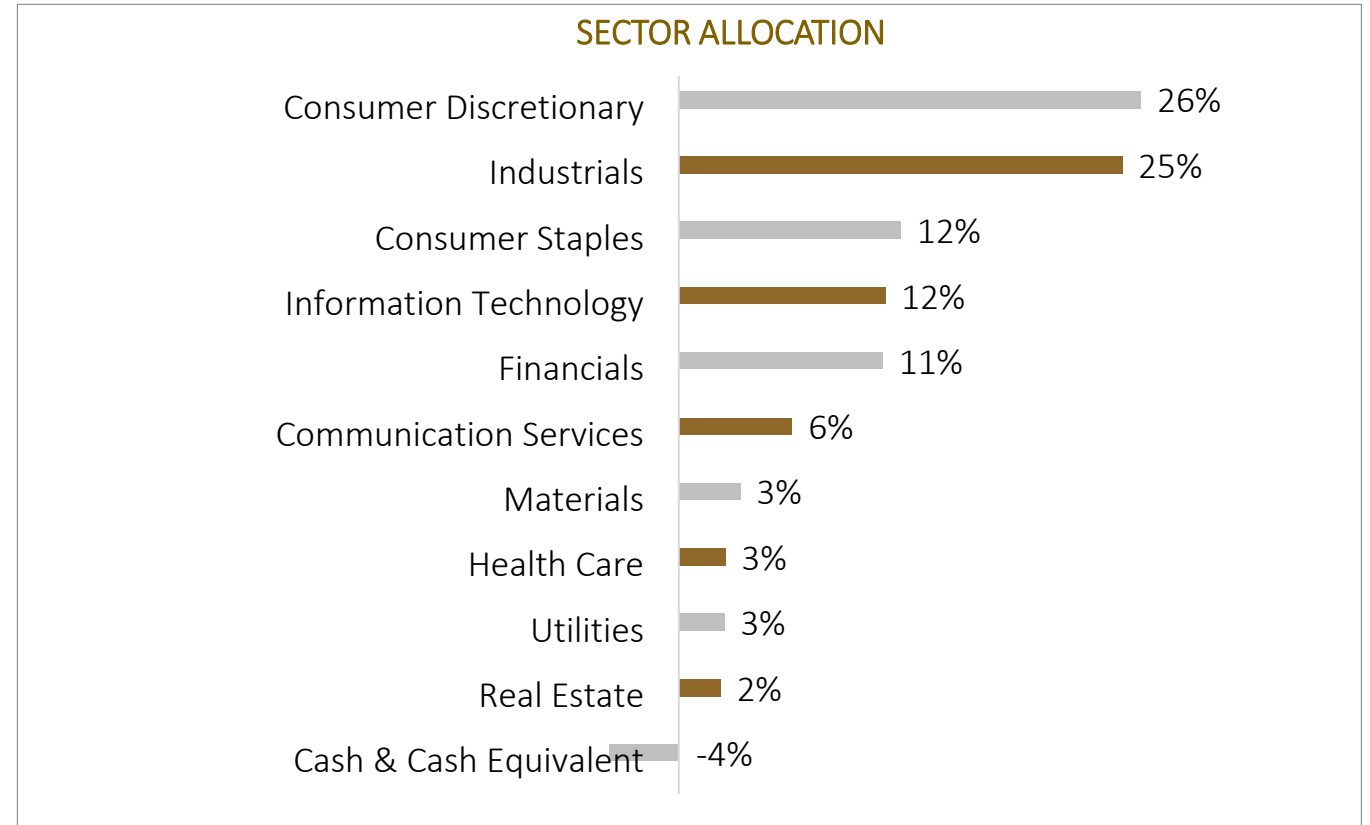
- Cash & Cash Equivalents is negative due to tax provisions, actual cash is 4.5% of the portfolio value.
- Source (Market Cap Allocation): AMFI

Note: Inception Date – 3rd Jan 2018 | All data as on 30th November 2024

Consolidated Returns are calculated using unitization method. The Consolidated Returns may vary with investors’ returns depending on the class/series investor have subscribed into. | Past performance is not indicative of the future performance. Returns less than 1 Year: Absolute, greater than 1 Year: CAGR. | Performance Data for CRISIL AIF Index – Category III is available till September 2023 . Please refer to the Category III AIF benchmarking report issued by CRISIL provided separately with this document.

PORTFOLIO PERFORMANCE AND COMPOSITION

Top 10 Stocks by Weight	Weight (%)
Dixon Technologies India Ltd	10%
ABB India Ltd	8%
Trent Ltd	7%
United Spirits Ltd	7%
KDDL Ltd	7%
Info Edge India Ltd	6%
Hindustan Aeronautics Ltd	5%
Multi Commodity Exchange of India Ltd	4%
Varun Beverages Ltd	4%
Interglobe Aviation Ltd	3%



Inception Date: 3rd Jan 2018 | All data as on 30th November 2024

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Source: (Sector Allocation) - Bloomberg

THE TERMS OF THE FUND

Scheme Name:	Alchemy Leaders of Tomorrow
Investment Manager:	Alchemy Capital Management Pvt. Ltd.
Investment Horizon:	3 to 5 years
Underlying Asset Class:	Listed equities, QIP's and IPO opportunities
Initial Contribution:	Minimum Rs 1 Crore
Redemption Windows:	Fortnightly (i.e. 1st and 16th day of every calendar month)
Exit Charges:	Up to 12 months from the date of each allotment – 1%; Thereafter NIL
Risk Appetite:	High Risk
Subscription Period:	Fortnightly (i.e. 1st and 16th day of every calendar month)
Eligible Investors:	Resident Indians, NRI, Accredited Investors, HNI, Hindu undivided Family (HUF), Banks, Bodies Corporate, Partnership Firm and Trusts

THE TERMS OF THE FUND

Fee Plan Option I Management Fee Plan[^]:

Investment Amount	Regular Plan (Per annum)
1 Cr to Less than 5 Cr	2.50%
5 Cr to Less than 10 Cr	2.25%
more than or equal to 10 Cr	2.00%

Performance Fees: Nil

Fee Plan Option II Performance Fee Plan[^]:

Investment Amount	Regular Plan (Per annum)
1 Cr to Less than 5 Cr	1.50%
5 Cr to Less than 10 Cr	1.25%
more than or equal to 10 Cr	1.00%

Performance Fees: 15% of returns charged at the end of financial year or at the time of redemption, which ever is earlier, with the hurdle rate of 10%, including High Water Mark provisions.

Note: These are not the complete terms of the Fund. Please refer the Private Placement Memorandum and its Addendum for complete details.

[^]All clients have an option to invest in the fund under Direct Plan.

STANDING TALL
ALCHEMY CAPITAL MANAGEMENT

ALCHEMY CAPITAL MANAGEMENT

Alchemy Capital Management is one of the pioneers in providing bespoke Portfolio Management Services in India. The company is registered with the Securities and Exchange Board of India (SEBI) as a Portfolio Manager and based out of Mumbai.



One of the few Portfolio Managers in India to have been in existence since 2002



Pioneers in bottom-up stock picking skills with a long-term investing approach



With an experienced team of investment professionals at the helm, there is a strong emphasis on Compliance and Risk Management



Managing/advising AUM of USD 1.2 billion*, we have earned the trust of institutional investors, sovereign funds, ultra HNIs and family offices.

OUR INVESTMENT PHILOSOPHY

- We believe that consistent and superior long term absolute returns can be made across market cycles by investing in growth companies with good management teams.
- We like businesses which address large and growing external opportunities, have a competitive advantage in effectively exploiting those opportunities and have a scalable business model with higher-than-average Return on Capital Employed (ROCE) over the investment horizon.
- We believe that management teams are key to business success. We look for managements which have aggression, are aligned to business outcomes while simultaneously having respect for governance and capital allocation.
- While growth companies form the core of our portfolio, we also tactically invest in deep value opportunities and special situations that may appear due to and during market cycles.

INVESTMENT TEAM



Hiren Ved
 Director & CIO
 Experience: 30+ Y

INVESTMENT



Alok Agarwal
 Head - Quant & Fund Manager
 Experience: 22 Y



Himani Shah
 Co-Fund Manager
 Experience: 20 Y



Mythili Balakrishnan
 Co-Fund Manager
 Experience: 22 Y



Deven Ved
 Co-Fund Manager, Quant
 Experience: 17 Y



Jagpreet Chhabra
 VP – Quant Research Analyst
 Experience: 22 Y



Rishabha Doshi
 Quant Analyst
 Experience: 3 Y



Gayathree TV
 Quant Research Analyst
 Experience: Fresher

RESEARCH



Amaresh Mishra
 SVP - Research Analyst
 Experience: 19 Y



Vimal Gohil
 Research Analyst
 Experience: 13 Y



Haresh Kapoor
 Research Analyst
 Experience: 12 Y



Ruchika Bhatia
 Research Analyst
 Experience: 9 Y



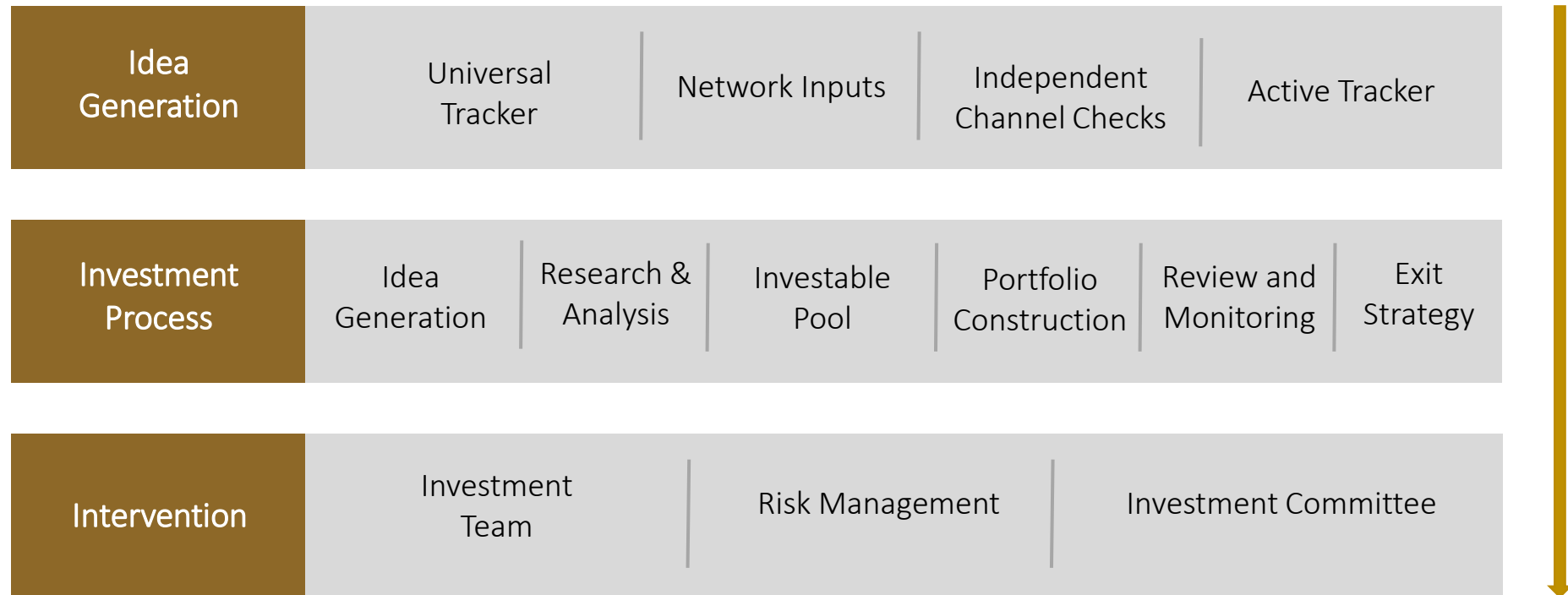
Hrushikesh Shah
 Research Analyst
 Experience: 1 Y

Note: Total experience in industry is provided herein above

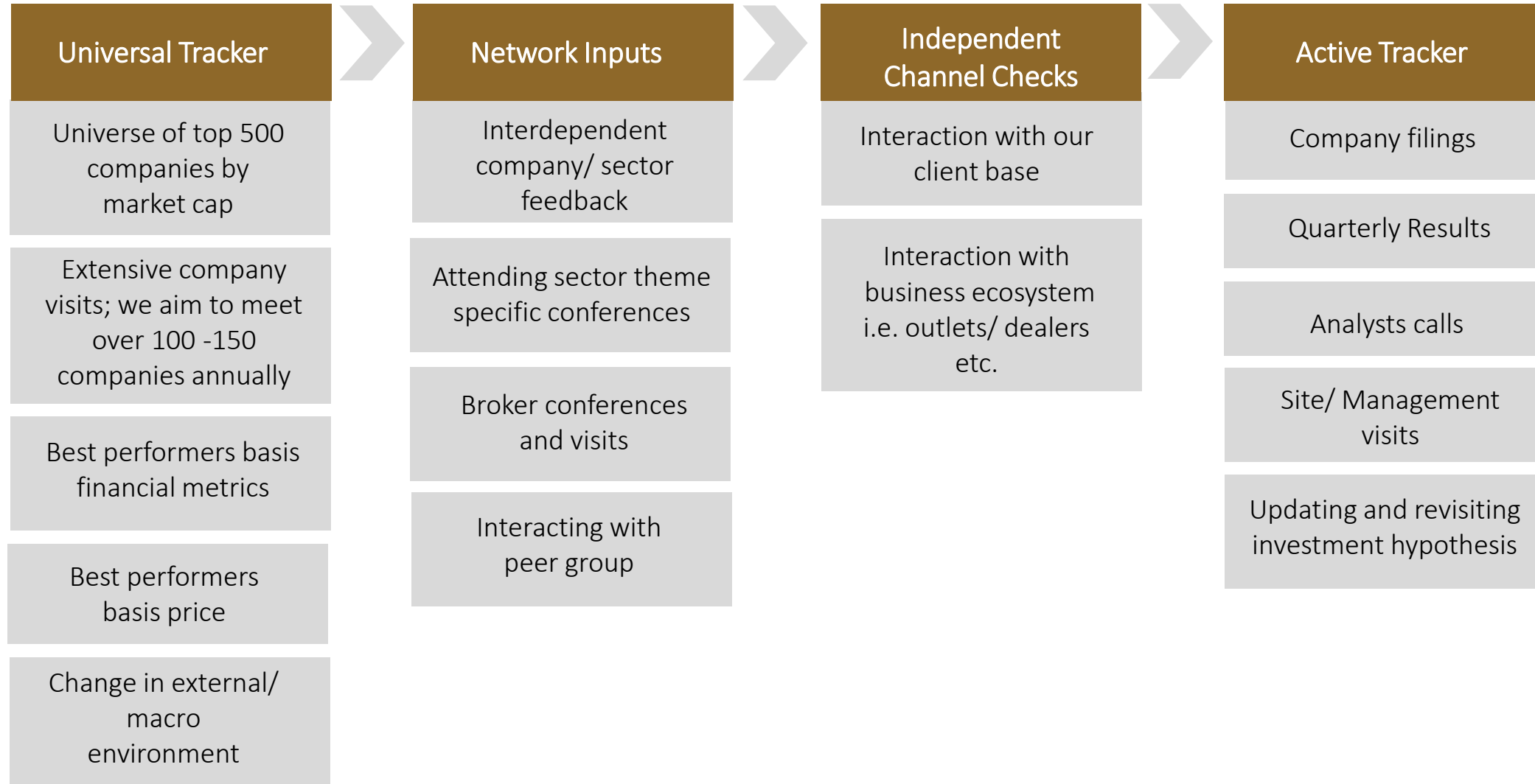
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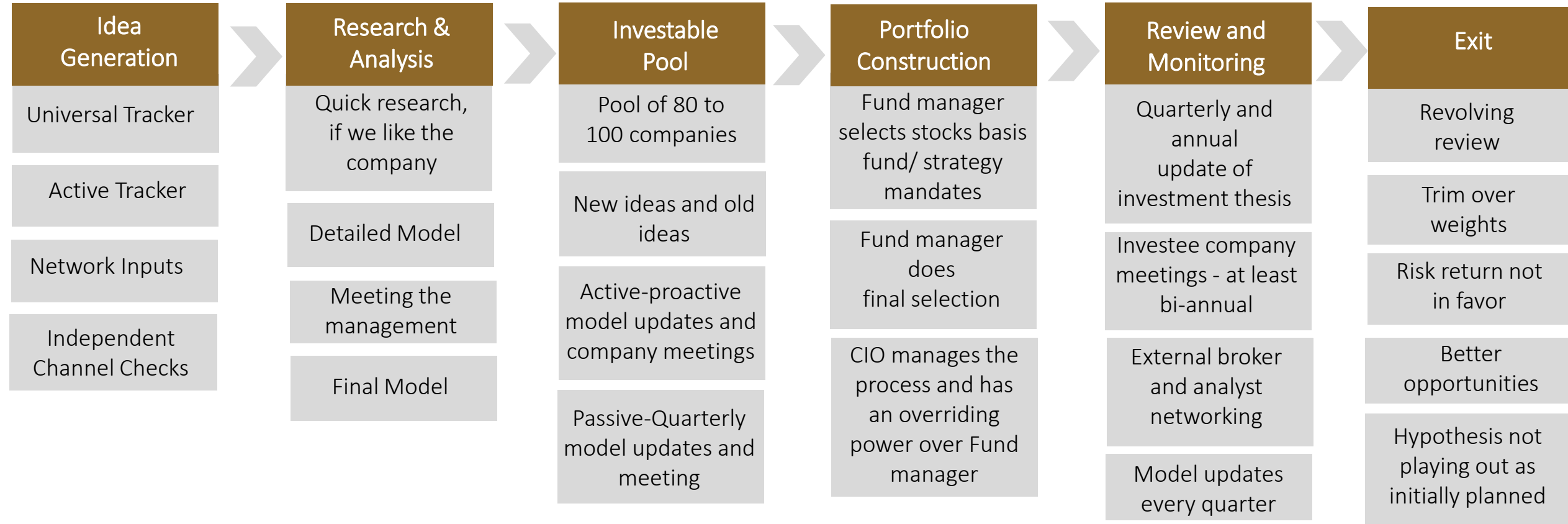
3 | MATRIX: IDEA, INVESTMENT, INTERVENTION



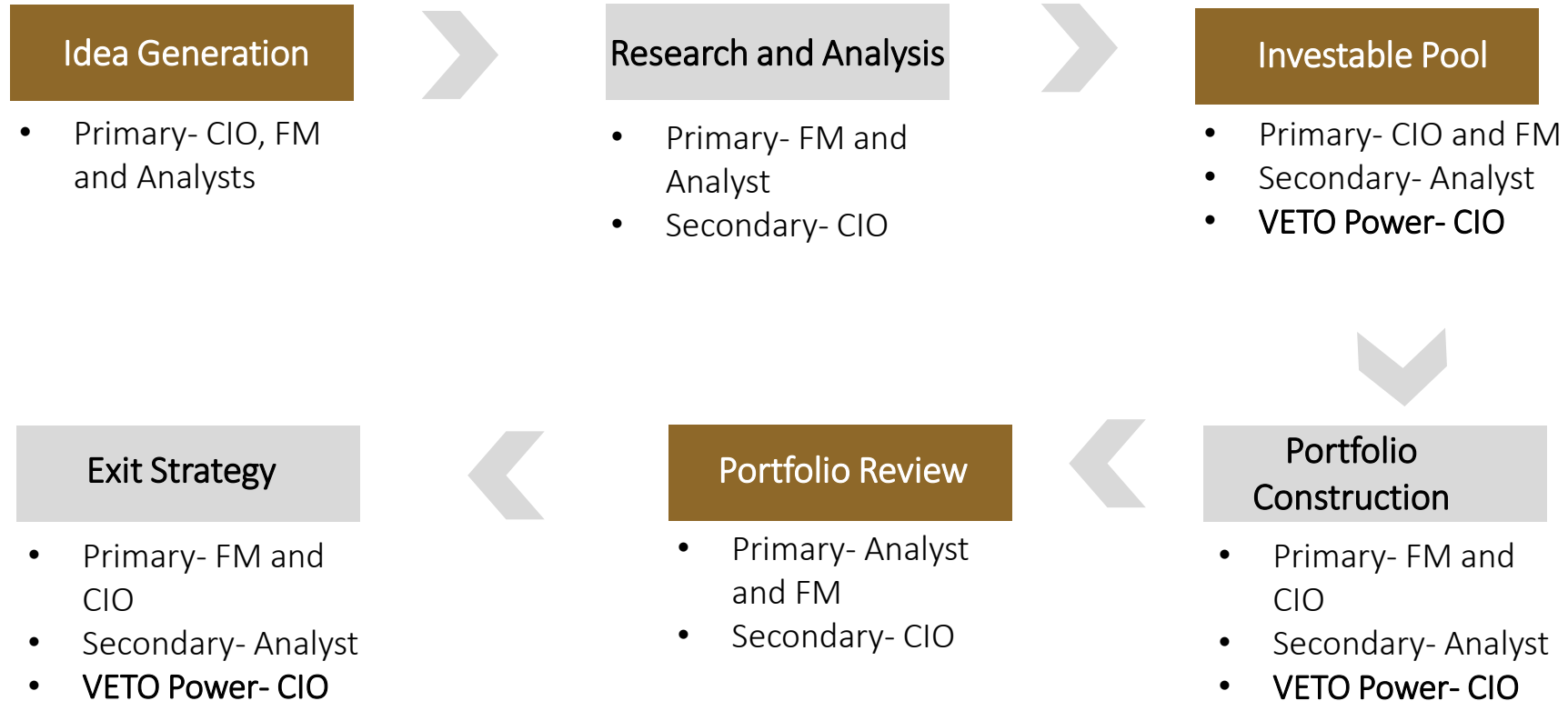
IDEA GENERATION



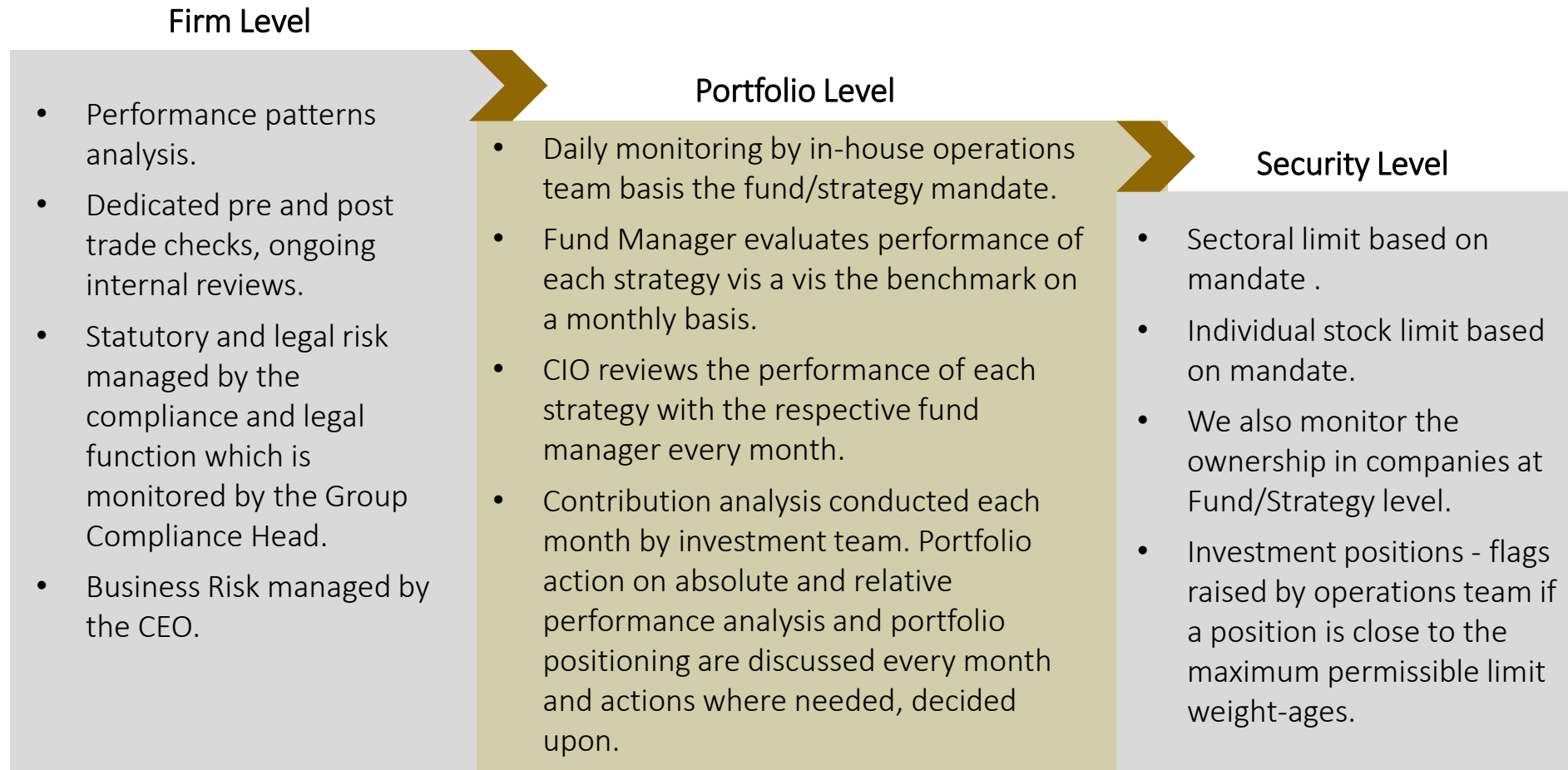
INVESTMENT PROCESS



INTERVENTION: INVESTMENT TEAM



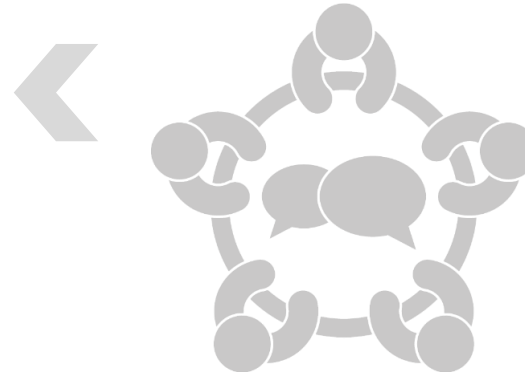
INTERVENTION: RISK MANAGEMENT



INTERVENTION: INVESTMENT COMMITTEE

INVESTMENT COMMITTEE INTERVENTION

CEO, CIO, COO,
Fund Managers,
Business Heads and
Head of Research



MONTHLY REVIEWS

Forming and reviewing macro view,
Performance Tracking,
Contribution Analysis,
Outlier Management and decisions
Exception Reporting and Priority Actions

Major topics discussed in the Investment Committee meet

Macro View	The investment team presents their view on the changes in macro & micro variables and what can be expected in future.
Fund Performance	Performance of all funds/products is analyzed. Each fund manager has to present his portfolio positioning and the impact of change in macro and micro variables that have affected or may affect the portfolio in the future. In case of consistently underperforming positions, triggers of events are defined. If these triggers are not achieved, then relevant actions to be taken/already taken and discussed.
Risk Monitoring	An in-depth contribution analysis is presented to understand under-performers, out-performance and plan of action for the same.



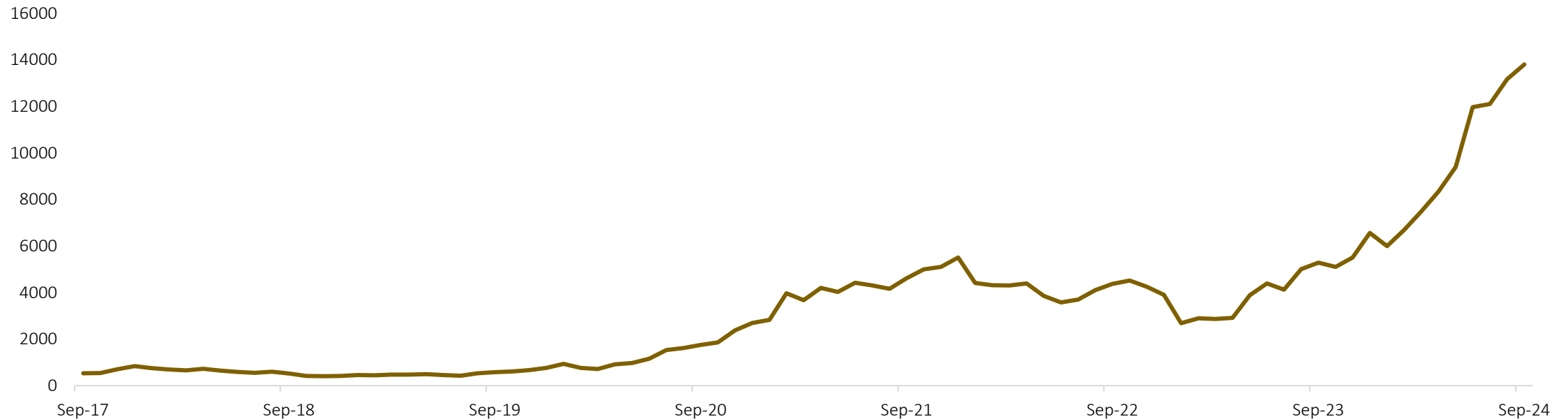
CASE STUDIES

DIXON – ELECTRONIC MANUFACTURING

Dixon is one of the biggest beneficiary of “Make in India” in the Electronic manufacturing services space with massive scale.

As a home-grown manufacturing company, Dixon Technologies provides design focused solutions in consumer durables, home appliances, lighting, mobile phones and security devices to customers across the globe, along with repairing and refurbishment services of a wide range of products including set top boxes, mobile phones and LED TV panels.

Dixon - Price Movement



Source - Bloomberg

Disclaimer - The case study presented here is for illustration purposes only. It may or may not form part of Fund's portfolio.

DIXON – ELECTRONIC MANUFACTURING (Cont.)

What's Different?

- We believe Dixon will be a major beneficiary of the “Make in India” push by the government across product lines. Has started targeting wallet share now along with market share from clients and from the Industry.
- Dixon is the market leader with 40% market share in LED bulbs, 25% in semi-automatic washing machines and 15% in televisions.
- Has successfully set up fungible plants (to be used across product categories) with large capacities which improves its asset turns and generates high ROCE.
- Has achieved scale and provides lowest cost manufacturing to its clients across product segments because of the above two factors.
- Once a player becomes large, there are more cost advantages that come through and hence getting a critical mass is key, Dixon could be the first EMS player in India to achieve it.
- Dixon has diversified product portfolio which reduces seasonality and opens cross selling options.

Opportunities

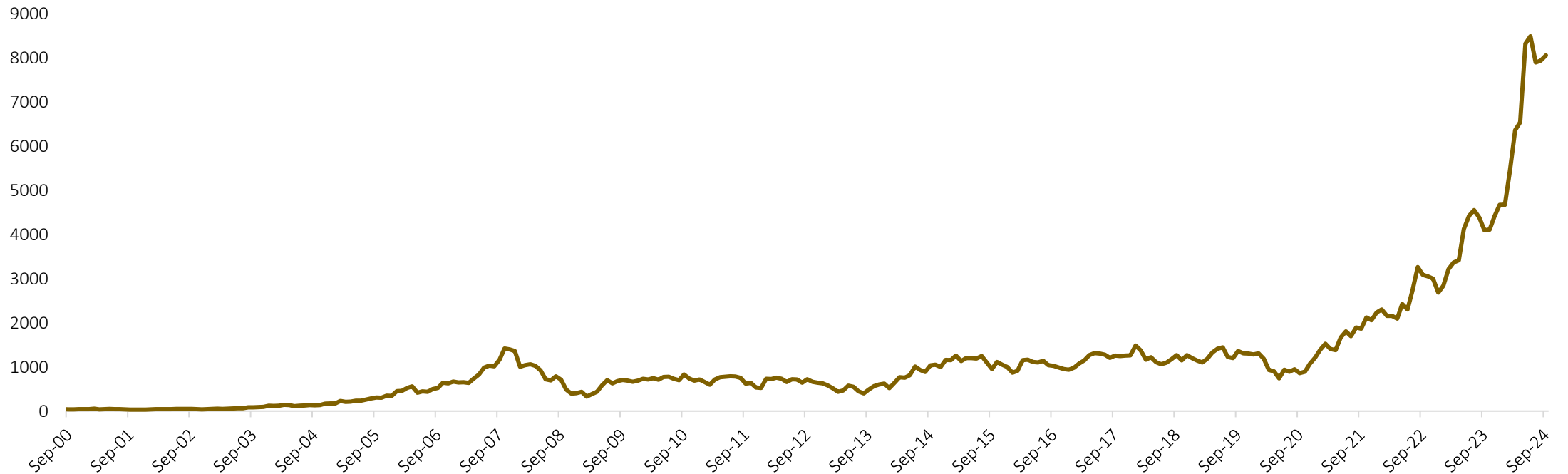
- As India moves away from import of electronics to domestic manufacturing, we anticipate a paradigm shift in the growth of its home-grown EMS (electronics manufacturing services) companies.
- With a 1.3bn population and supportive demographics, India is a fast-growing consumer of electronics. Its domestic electronics sector is worth US\$102bn (annual revenue basis; ~50% domestic production) and we expect it to grow at least an early teens rate.
- Market opportunity is further expanded through various Production Linked Incentive (PLI) schemes announced by the Government especially for mobiles, laptops and tablets.
- Dixon has got approval for Production Linked Incentive (PLI) scheme for mobiles, IT hardware, Telecom, AC Components and LED Lights. Traction in Wearables (tie-up with boAt) and Appliances (foray in Refrigerators) and new customer adds (e.g., Acer, BSH, Orbic), could drive next leg of growth.

ABB INDIA – ROBOTICS AND AUTOMATION

ABB is the answer to Manufacturing 4.0.

ABB is one of the leading global technology company that energizes the transformation of society and industry to achieve a more productive, sustainable future. By connecting software to its electrification, robotics, automation and motion portfolio, ABB pushes the boundaries of technology to drive performance to new levels. With a history of excellence stretching back more than 130 years.

ABB - Price Movement



Source – Bloomberg

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ABB INDIA – ROBOTICS AND AUTOMATION (Cont.)

What's Different?

- ABB India is a play on industrial capex recovery and automation investments.
- Automation investments can happen as process improvement capex or brownfield investments and thus, can happen sooner than requirement of greenfield capex.
- It is a technology leader because of its parent ABB and has launched innovative solutions for data centres, industrial and building automation, renewable power, railway modernization amongst others.
- ABB has, over the last few years, hived off its capital-intensive business divisions (power-grid) and focussing on futuristic models.
- They have 55 product lines in 18 market segments.

Opportunities

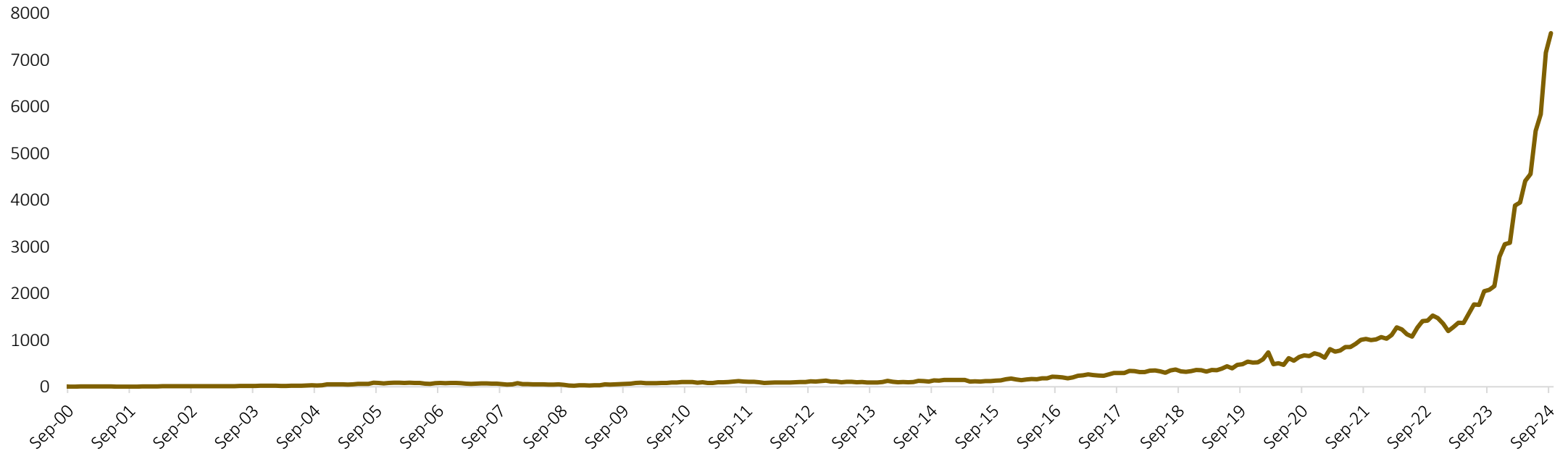
- Exports, which currently contributes 10% to revenue, are expected to grow with the Indian company to be used as low-cost manufacturing hub for exports. Exports will improve the capacity utilization of the plants while automation will increase the operating margins.
- ABB is a pioneer in EV charging stations, Green energy, Robotics and Automation and the new philosophy of “ABB way” unites the different units in the current 100 countries where ABB is present to leverage on the know how.

TRENT – SHOP TILL YOU DROP

Trent (Trent) – Shop Till You Drop at Westside,Zudio, Star Bazaar, Zara and Others

Trent Limited (Trent) is one of the leading retailers in India and operates formats like Westside, Zudio, Zara, Utsa, Star Bazaar and Landmark. Its flagship format, Westside, offers branded fashion items for women, men and children along with home furnishing and décor. Trent has evolved into a unique business through aspirational and exclusive retail brands coupled with customer-pull led offering

Trent - Price Movement



Source – Bloomberg

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TRENT – SHOP TILL YOU DROP (Cont...)

What's Different?

- Trent got the Virtuous cycle of getting price right first time yielding higher full price sales, superior display, delivering latest fashion trends, strong supply chain with sourcing efficiencies, 100% private label sales, giving industry leading margins
- Its complete control over the supply chain enables faster 'design to market' time, ensuring the latest fashion is available to customers at competitive prices. It has accelerated the pace of store openings as it is targeting a bigger share of the fast/value fashion pie through Westside, Zudio and Utsa.
- 197 Westside stores have a footprint of between 8,000-34,000 sq. ft. across over 90 cities. Zudio 177 stores, the value format fashion destination, operates with stores having a footprint of around 7000 sq. ft. Zara generates sales per sq ft of ~Rs 38,000 given its lower SKU base and significant presence in metros
- Trent has 100% private labels- ensuring full end to end control on design, sourcing, pricing, promotion and flexibility.
- Freshens the inventory in store once a month with limited runs for 3-4 looks. If the looks do well, then full run of 60 days is initiated.

Opportunities

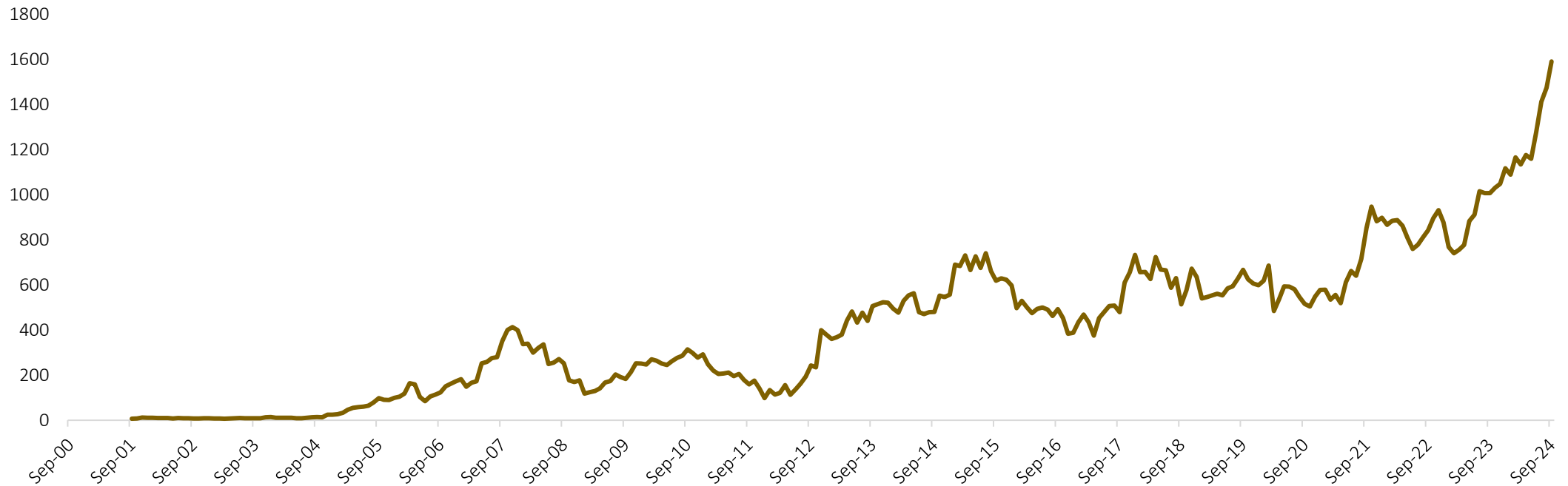
- India apparel industry is large US\$ 69 bn with 35% share of organized. The organized market is growing at 17% CAGR since FY2012-2020. We expect growth to rebound post the Covid phase with drivers such as higher discretionary income, rising aspirations, preference for brands, large cohort of youth, urbanization and exposure to fashion through social media.
- Trent management highlighted that Zudio has moved to the next phase of growth, out of the testing phase. Zudio has better economics than even Westside
- Westside gets 5% of revenues from online. In addition to Tata Cliq, company also sells on own website and serves 70% of orders from stores. Focus is on omni channel. Trent Management is clear it does not want to list Westside's collection on third-party marketplaces.
- We expect Trent to be a key beneficiary of apparel industry growth given its efficient business model, strong balance sheet and growth potential

UNITED SPIRITS – HAPPY, JOLLY GOOD PLACE

United Spirits (UNSP) has a Massive Moat led by premiumization and Market share gains.

Diageo India or UNSP the subsidiary of Diageo UK, is one of the country’s leading alcoholic beverage company with an outstanding collection of premium brands – a business built on the foundation and principles laid down by the giants of the industry The company is clear market share leader with over 50% share of the spirits market in India with iconic brands like – McDowell No.1, Johnnie Walker, Royal Challenge, Smirnoff to illustrate a few

United Spirits - Price Movement



Source – Bloomberg

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UNSP – HAPPY, JOLLY GOOD PLACE (Cont.)

What's Different?

- Unique strategy to maintain its market share with double digit growth in its premium portfolio has been commendable. Despite a highly regulated market, it has been steadily growing in its Prestige & Above segment. Demand has returned to pre-covid levels and we expect growth to accelerate post vaccination and opening of bars, pubs, and restaurants. It is focusing on efficient manufacturing and financial deleveraging to strengthen its balance sheet. Company has attained debt-free status as on Dec'21
- India being whisky consuming nation with 64% of overall volume in Indian Made Foreign Liquor segment, United Spirits remains strong long term structural play in this segment.
- Highest market share in Prestige & above segment with brands like Mcdowell No.1, Johnny Walker, Vat69, etc. Rich parentage of Diageo offers strong innovation and product pipeline.
- Strong and largest distribution with 60,000 distributors.
- Under new Leadership, Initiatives taken on product innovation/renovation and focus on upper Prestige are key positives. Margin accretive BII/BIO (UNSP's Scotch portfolio (BII) and Diageo's Luxury portfolio (BIO)) product portfolio to increase. Sustainability efforts to see improvement in ESG scores over long term

Opportunities

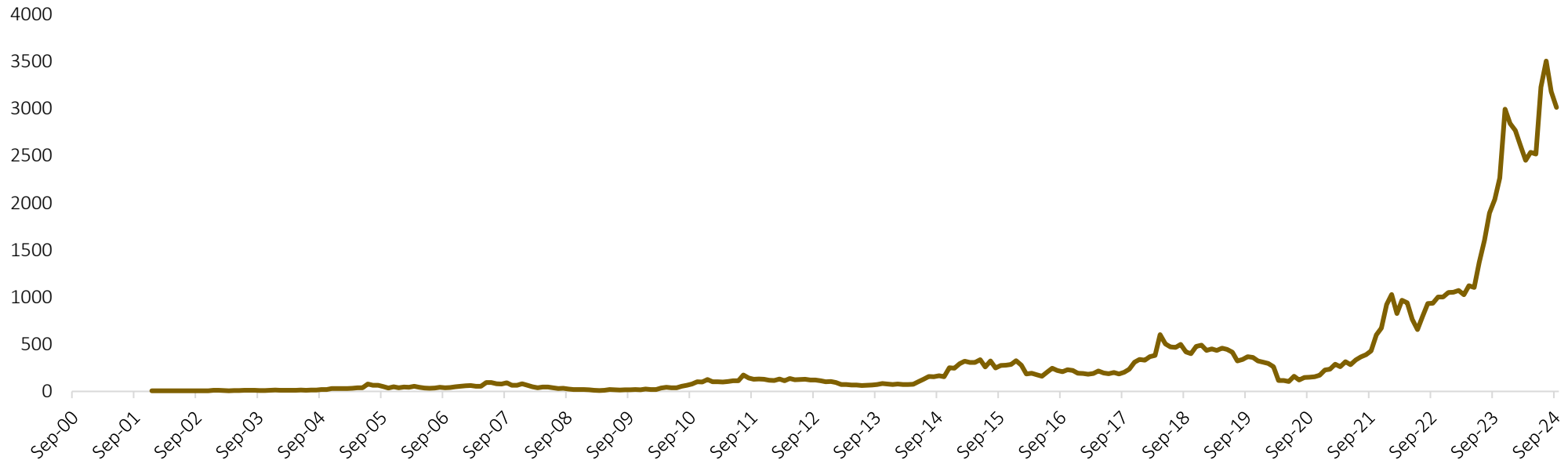
- India with one of the largest drinking population has low per capita consumption of ~5.5 litre vs global avg. of ~6.5.
- Overall spirits market opportunity of \$40bn by 2025 with 9% CAGR in premium spirit segment.
- Hence, company's change in strategy is to focus on premiumization.
- Low per capita consumption, low women drinkers, higher urbanization and increase in disposable income are the reasons which makes us believers in UNSP.
- The industry is so complex and heavily regulated that it is very difficult for any player to penetrate these markets
- The lockdown from the Covid crisis has opened up a new distribution avenue – Online sales. This can be a big inflection point for the growth of the sector and the company. Company is already invested in HIPBAR- THE DRINKS APP
- We observe that recent liquor policies in State of MP, WB , Delhi , Maharashtra and Rajasthan have been liquor friendly and this is a structural regulatory change which could be a major tailwind

KDDL – THE RICH GET RICHER

KDDL is the Best Omni Channel Luxury Product Retailer.

KDDL is engaged in the manufacture of watch components, high quality precision stamped components and progressive tools for a wide range of engineering applications. KDDL supplies watch dials and components to Indian and Swiss watch makers. The precision engineering segment serves customers in Electrical, Electronics, Automobile, Telecommunications, Medial equipment, Aerospace and Consumer Durables. KDDL also owns one of the largest retail chain of luxury watches in India through its subsidiary, KDDL has successfully moved its business online and picked up business used luxury watches segment.

KDDL- Price Movement



Source: Bloomberg

Disclaimer: The case study presented here is for illustration purposes only. It may or may not form part of Fund's portfolio.

KDDL – THE RICH GET RICHER (Cont.)

What's Different?

- KDDL owns one of the largest retail chains of luxury watches in India through its subsidiary, Ethos Limited. Ethos has pan India presence through their 61 stores across Metro, Tier 1 and 2 cities.
- Ethoswatches.com has successfully adapted to the new online luxury retailing and also to selling secondhand luxury watches online. Online forms almost 36% of watch retailing business sales during FY23.
- There is a clear trend of increase in demand for high pricing point Swiss watches compared to lower priced ones, and company product portfolio is rightly structured. Our Channel checks suggest the markets for luxury and prices of some pieces have risen in spite of the pandemic. Exclusive brands form about 27.4% of the revenues.
- Market for organized second-hand high-end watches is also seeing good traction and KDDL already opened its first second-hand watch shop in Delhi.
- The precision engineering business is back to pre-covid levels and company is getting enquiries from Auto and electrical segment.

Opportunities

- Post demonetization and GST, mom and pop stores which dominated the luxury watch retailing due to cash payments and tax evasion have lost market share. Organized luxury watch retailers with the trust factor of authenticity have gained.
- Regulatory requirement of PAN card for transactions beyond 2 lakhs and tax collection at source for high value transactions have further dented the unorganized segment.
- Watch market in India is Rs 13500 crore market with ~20% from international brands.
- Ethos limited is listed and KDDL owns 61%

DISCLAIMER

General Risk Factors:

- All products / investment approach attract various kinds of risks. Please read the relevant Disclosure Document/ Client Agreement/ Offer Documents (includes Private Placement Memorandum and Contribution Agreement) carefully before investing.

General Disclaimers:

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- The information and opinions are not, and should not be construed as, an offer or solicitation to buy or sell any securities or make any investments.
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Regulatory Disclosures:

- All clients have an option to invest in the above products / investment approach directly, without intermediation of persons engaged in distribution services.
- This document, its contents, especially the Performance related information, is not verified by SEBI or any regulator.

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