

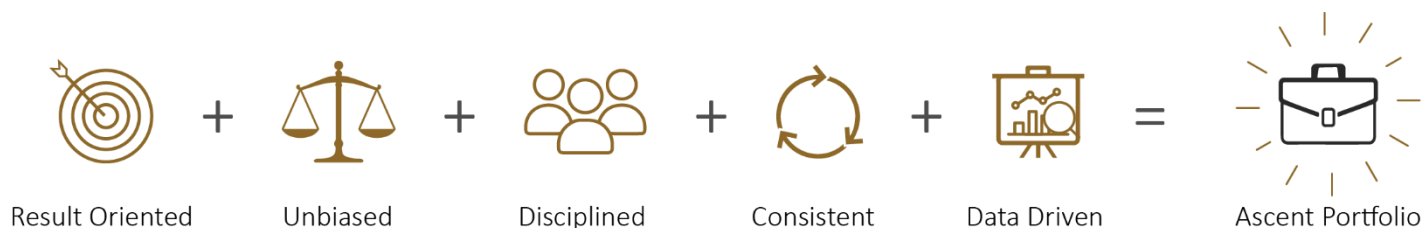
# Alchemy Ascent\*

An Algorithm-Based Investment Approach

In the current investment world, it is believed that the key to any successful investment strategy is in finding the “right stock”, the “right theme”, the “right sector” and the “right cycle”. Even the most experienced investors are prone to biases which are inherent in the investing process. This results in inconsistent alpha generation.

• However, we believe that building a high-performance portfolio involves much more. Stock allocation, its relative ranking in the portfolio and timing along with risk controls, also play a very important part of the alpha generation process. We believe in strong data-based research process, which considers all sources of alpha generation comprehensively, thus helps in creating an unbiased disciplined investment approach – a key to successful and consistent investment outcomes.

• **Alchemy ASCENT^^** endeavors to provide a consistent “high alpha” investment strategy which build portfolios to deliver consistent outperformance over the long term, using an objective, back tested and data driven approach devoid of any biases.



## KEY FUND TERMS

**Investment objective^^:** To generate long term risk adjusted returns

**Philosophy & Strategy^^:** A High-Risk High Return oriented strategy where capital allocation is as important as stock selection and which aims at generating long term return by investing in companies, using data intensive research driven investment approach, to identify companies based on various parameters such as growth, valuation, quality earning and balance sheet health.

**Description of types of securities:** Equity

**Stock Selection Approach:** Equity stocks are chosen for investment on the basis of 3 factors:

1. The company fundamentals, as reflected in reported numbers
2. Investment strategy research regarding various market cycles and
3. Risk & Reward ratios

Cash or cash equivalents are chosen when an appropriate equity opportunity is not available.

**Portfolio Allocation:** Up to 100% in equity (cash portion may be deployed in liquid funds/debt securities).

**Portfolio Construct:** Generally 25-30 stocks across the sectors | **Benchmark:** BSE 500 TRI

**Basis for choice of benchmark:** As per APMI Circular APMI/2022-23/02 dated March 23, 2023

**Investment horizon:** 3 to 5 years | **Risk associated with Investment approach#:** High Risk

\*Alchemy Capital Management Pvt Ltd (Alchemy Capital) is registered as a Portfolio Manager with SEBI. Alchemy Ascent is one of the products / investment approach of Alchemy Capital's Portfolio Management Services.

^^The investment objectives and strategy are indicative and there are no assurances that they will be achieved.

#All product/investment approach attract various kinds of risks. Please read the relevant Disclosure Document / Client Agreement

## INVESTMENT PROCESS AND PORTFOLIO CREATION



### Investible universe

- Application of Alchemy Ascent filters on market capitalization for identification of the investible universe.
- Top 500 companies by Market cap is filtered.
- Investible stocks have to pass a stringent system of eliminating value destroying factors & are sometimes vetoed based on risk and fundamental forensic analysis.



### Alchemy Ascent Algorithm

- Computation of various quantified fundamental parameters.
- Allocation of marks to stocks basis their fundamental parameters w.r.t. combinations of attributes and parameters.
- Parameters pertain to 4 attributes of the stock: Valuation, Price Action, Business Growth Momentum & Quality of Business.
- Ranking of stocks basis attained marks for stocks which are part of the investible universe.



### Portfolio Creation

- Categorization of stocks basis the algorithm rules on attributes and attained marks/rank.
- Setting allocation % basis the algorithm rules and allocating stocks to the portfolio.
- Basis the categorization 3% to 5% generally gets allocated for a particular stock. In exceptional cases maximum allocation in a particular stock can be upto 10% @ cost



### Portfolio Monitoring

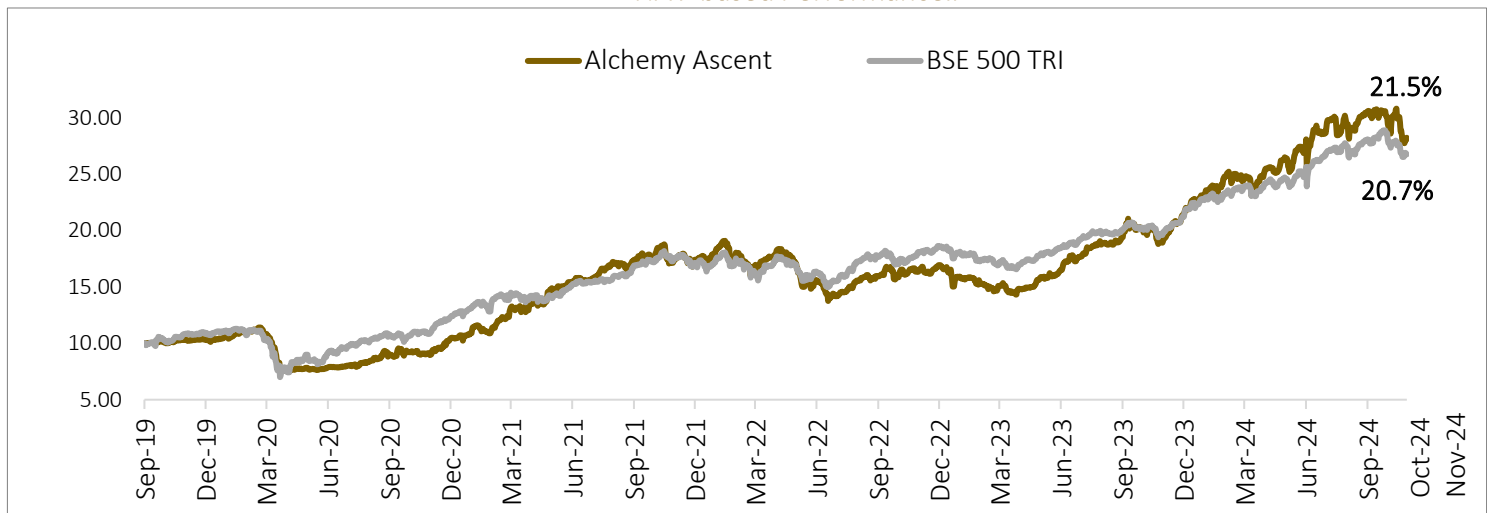
- Portfolio signals are created on a daily basis.
- All building and managing of portfolio is done basis the Alchemy Ascent algorithm.
- Objective is to have the best ranked stocks in the portfolio.
- For eg, a stocks exits the portfolio if a combination of any 4 attributes deteriorates. A replacement stock; qualifying the criteria basis its attributes is purchased with cash created

## OBJECTIVE METHOD INVESTING

- |   |   |  |
|---|---|--|
| <p>1 <b>Unbiased</b> approach towards each stock</p>                  | <p>2 <b>Greed/Fear/Hope</b> are mitigated by having objective method for investment</p> | <p>3 Endeavor to generate returns outperforming the relevant Index over 3-5 Year</p> |
| <p>4 Back Tested for more than 21 years across many market cycles</p> | <p>5 Ability to scan over 2000 stocks daily to find a winner</p>                        | <p>6 Take active calls in sectors to generate Alpha</p>                              |
| <p>7 Churn ratio of ~1-1.2x</p>                                       | <p>8 Create Cash when risk reward not in favour.</p>                                    | <p>9 Focused unbiased active portfolio management</p>                                |

## PERFORMANCE HIGHLIGHTS & ANALYSIS

### NAV-based Performance#



### Periodic Returns

Period	% Returns Alchemy Ascent#	% Benchmark returns BSE 500 TRI
1 Month	-1.8%	0.1%
3 Months	-8.9%	-4.4%
6 Months	2.5%	7.9%
1 Year	30.7%	27.0%
3 Years	17.4%	16.8%
5 Years	21.8%	19.6%
Since Inception**	21.5%	20.7%

### Ratio Analysis

Parameter	Alchemy Ascent (Since Inception)**	Benchmark BSE 500 TRI (Since Inception)**
Std. Dev.	18.3%	18.5%
Sharpe	0.7	0.7
Beta	0.8	1.0

### Top 10 Holdings by Weight

Company	Weight (%)
Hindustan Aeronautics Ltd	9.9%
Motilal Oswal Financial Services Ltd	9.4%
Bajaj Auto Ltd	6.6%
Persistent Systems Ltd	4.7%
Apar Industries Ltd	4.2%
Oracle Financial Services Software Ltd	3.5%
Great Eastern Shipping Co Ltd	3.0%
Muthoot Finance Ltd	3.0%
Sun Pharmaceutical Industries Ltd	2.9%
HCL Technologies Ltd	2.9%

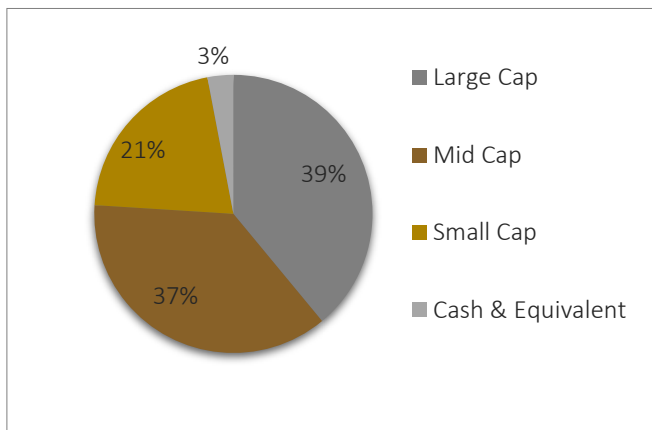
Data as on 30 November 2024, \*\*Inception Date: 3 September 2019

# Performance related information provided herein is not verified by SEBI. | #Returns are net of fees, expenses, and taxes (if applicable). | #Returns less than 365 days is absolute, greater than 365 days is CAGR (Computed using TWRR method) | #Past Performance is not indicative of future performance. |

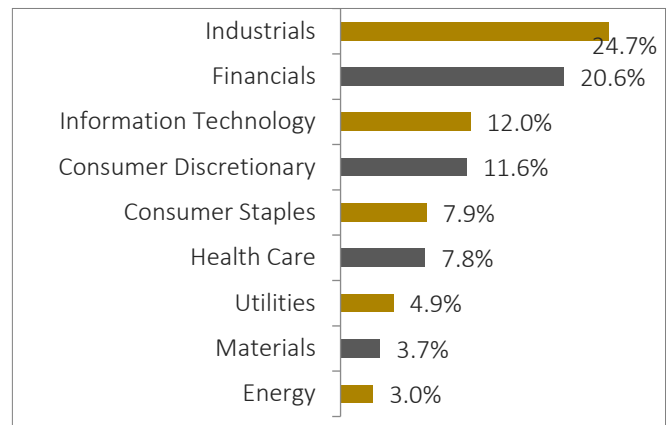
#The above performance figures are aggregate of all discretionary clients; the investor's actual portfolio may differ. | #Please refer the below link for viewing Performance relative to other portfolio managers : <https://www.apmiindia.org/apmi/welcomeiaperformance.htm?action=PMSmenu>

## PORTFOLIO COMPOSITION\*

Market Cap Allocation <sup>^</sup>



GICS Sector Allocation (%) <sup>+</sup>



\* All data as on 30 November 2024 | <sup>^</sup> Source - AMFI | <sup>+</sup> Source : Bloomberg

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- 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.

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