



THE BLENDED AIF

BACKGROUND & INVESTMENT STRATEGY

Unifi Capital actively manages seven bottom up equity strategies that sift through opportunities across the breadth of the markets. Across the funds, the mandate is to participate in opportunities that arise from a mix of emergent themes, corporate actions and of course attractiveness of core fundamentals. The objective of all the respective funds under management is to deliver superior risk adjusted returns from an absolute perspective.

Investments under this fund will be cherry picked from across the portfolio of companies that Unifi manages across each of the 7 distinct funds it manages. In effect, the endeavour is to be able to identify the “the best of the best”. This fund aims in cutting down the investors switching cost and effort in migrating between best opportunities at any diverse point of time.

Value creation requires a mental model which goes beyond the obvious. It requires a meticulous mind-set which is able to sift through reams of information and assimilate only that which is relevant in identifying value accretive opportunities. Metaphorically this could be compared to searching the proverbial needle in a haystack. This fund investment strategy will be to pick the best opportunities from the following themes:

INVESTMENT STRATEGY

Spin Off: In a single corporate structure with multiple businesses, the sum of the value of the separate parts is often less than that of the whole. A de-merger of disparate businesses, unlocks the financial and management bandwidth required for the respective businesses to grow. Spin off fund invests in situations that offer great scope for the businesses to realize their full growth potential and attract commensurate market valuation.

DVD: Few segments of the market tend to be mispriced in spite of visible growth prospects, resulting in such stocks trading at a deep discount to their intrinsic value. Reasons could vary from inadequate understanding of a business by most analysts, low relative market cap and liquidity or the lack of correlation to benchmark indices. DVD invests in such businesses and exploits market inefficiencies.

HoldCo: Many holding companies are run as group holding companies rather than strategic investment companies. This results in a perennial discount in their valuations but such discounts are not a constant. The Holdco fund identifies strong underlying businesses and looks for massive valuation discounts that are likely to recover as promoters feel the heat of change in the regulatory landscape; meantime benefiting from value convergence in a rising market.

APJ 20: As always, markets fancy few sectors that have done well in the past ignoring the rest. Of the sectors which are less understood, few like specialist chemicals, agri, precision manufacturing have become globally competitive and are privy to an expanding market opportunity. APJ20 invests in firms that have evolved and are in a ripe position to benefit from such growth prospects.

Green Fund: The investment focus of the green fund is on companies which provide products and services that help in reducing the carbon footprint in the environment and/or result in more efficient use of natural resources. Within the context of this strategy, the sectors that have been identified for creating the portfolio are - emission control, energy efficiency, water management and waste management.

Insider Shadow Fund: The Insider Shadow Fund invests in companies which have repurchased their own shares or where its promoters' have acquired additional shares at market prices. Such an action demonstrates their conviction on company's growth prospects or inherent value not captured in stock price at that point. The proposition is to gain from the eventual balancing of the value-price mismatch in the market.

BCAD Fund: India is a USD 2.6 Trillion economy and will double to USD 5 Trillion in a decade from now. Supporting this massive scale are certain social, legal and tax changes that have powerful repercussions for various sectors. The unintended consequences of these changes are impacting the competitive ability and in some case the very survival of unorganized businesses, thus leading to a disruptive shift favouring organized businesses.

WHY UNIFI ?



We believe that our size and resources allow us to build a very concentrated portfolio that focuses on previously undiscovered sectors that have reached an inflection point and will generate superior absolute long-term returns



Our strong research team of 10 believes in primary research and doesn't hesitate from initiating research into companies/sectors that lack analyst coverage and are prone to information asymmetry



Our direct engagement with each of our investors at regular intervals enables us to pursue strategies that are not benchmarked with major stock indices



"Alignment of Interest" model we follow in our commercials, ensures we raise capital only at select periods of time when opportunities exist within our circle of competence



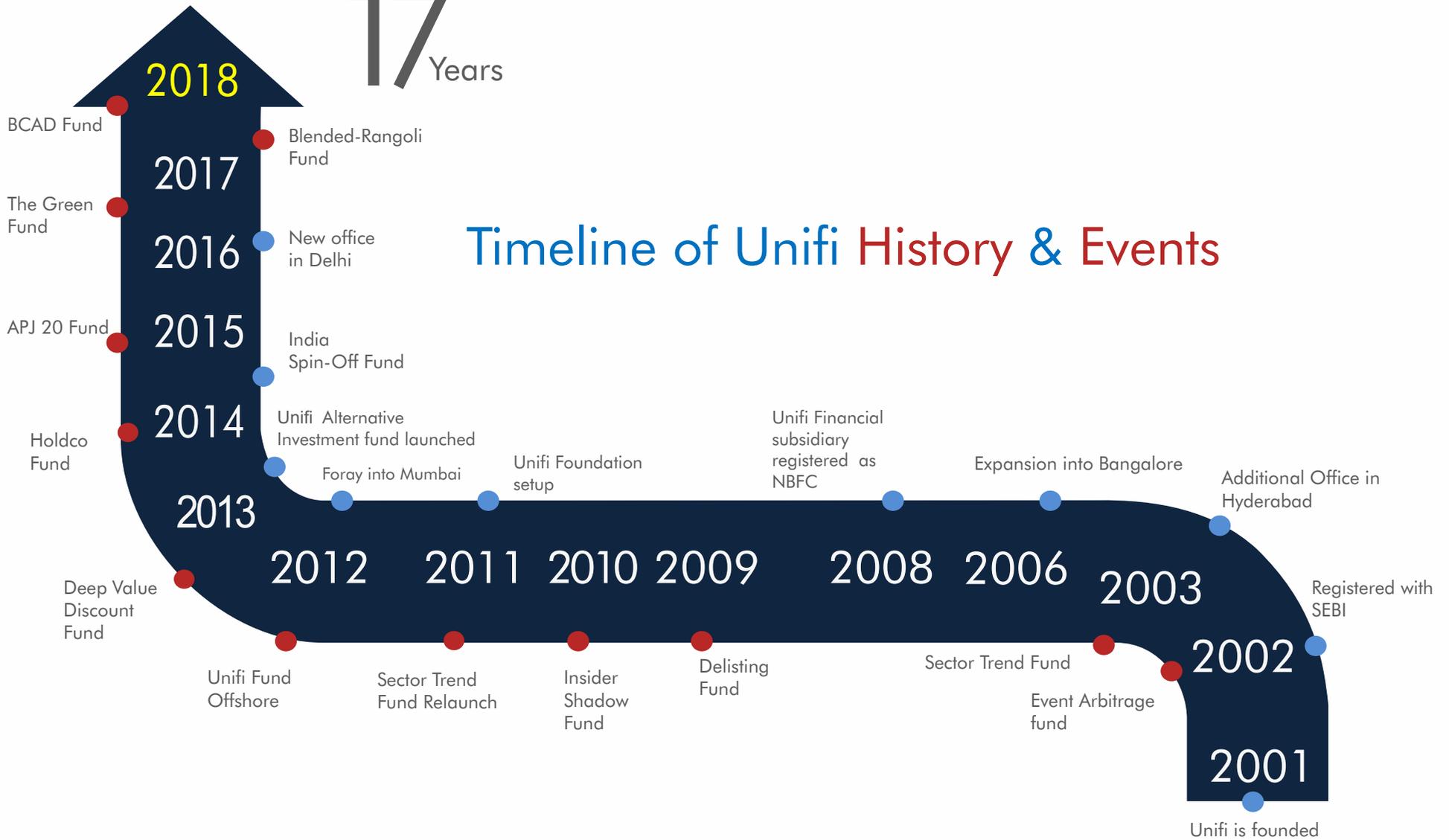
Successful investment track record of 17 years with current AUM of Rs.4000 + Cr

INVESTMENT BELIEFS

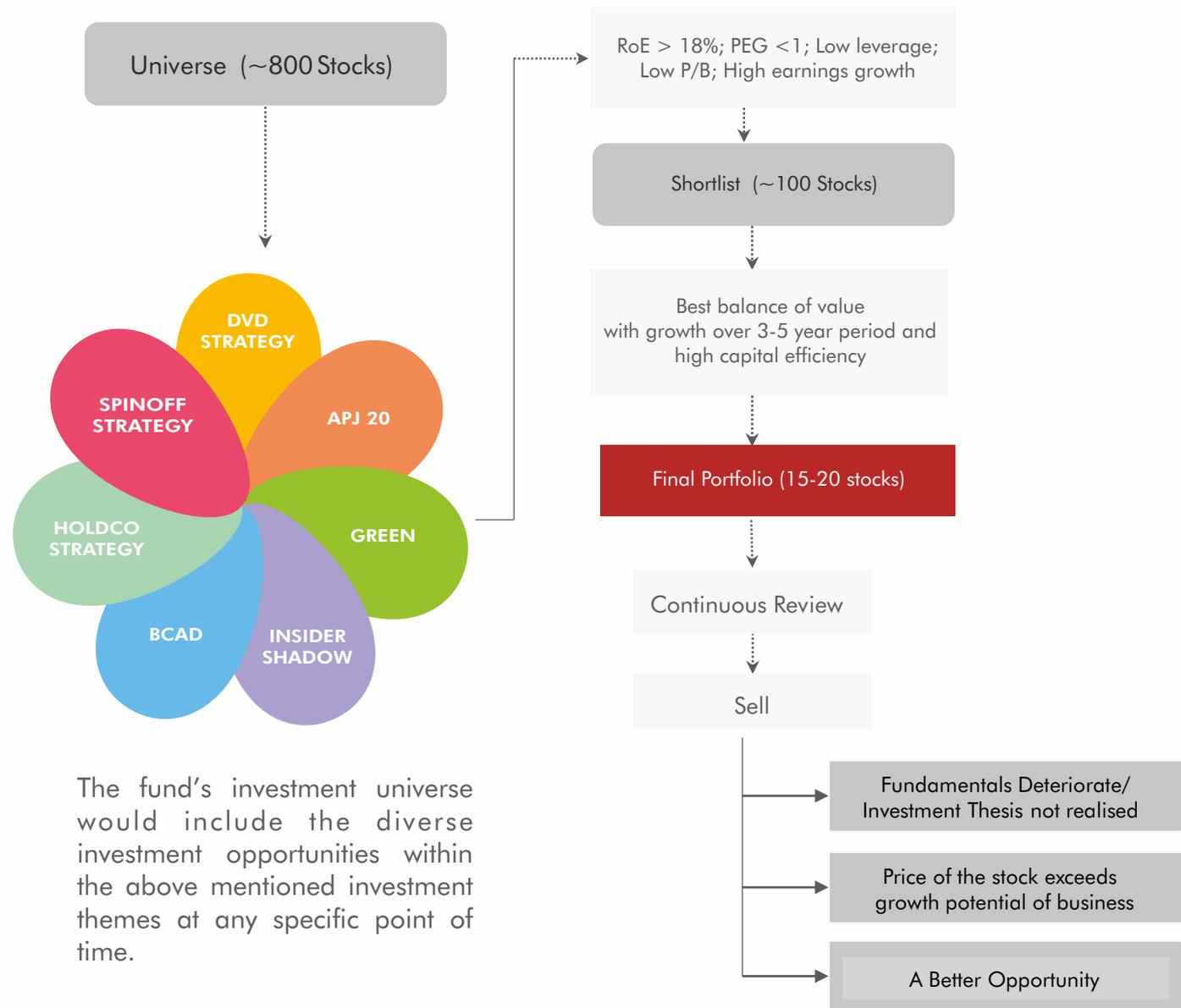
- Scale is not a driver but an outcome of excellence in our work
- Unifi is essentially a value investor in growth businesses
- Stock performance, particularly in mid and small firms, needs a catalyst; and often the best catalyst is an attractive price combined with growth
- Both micro (firm level) and macro risks are critical in determining outcomes
- Risk is typically measured by the volatility of returns generated by an asset. But we include another dimension to it, and believe that the greatest risk emanates from the probability of an asset's permanent diminution of value i.e. loss of invested capital
- Consistency of returns to our initial objective is an important measure of performance

17 Years

Timeline of Unifi History & Events



INVESTMENT PROCESS



RISK MANAGEMENT FRAMEWORK

Portfolio Parameters Pre-trade

- In-depth bottom-up Stock Review even in top-down investment themes.
- Sensible Exposure Limits:
 - Sector Specific
 - Company Specific
- 'Marketable Liquidity' Assessment
- Staggered Purchases (No Chasing)
- Derivatives only to preserve gains – Zero open positions

Ongoing Surveillance Post-trade

- Daily Mark-to-Market assessment including detailed review of extreme movements.
- Weekly Liquidity Attribution Assessment to ensure conformity with the theme.
- Real-time monitoring of corporate communications to stock exchanges and methodical tracking of sector and company specific news in media.
- Quarterly meet/call with management of all the portfolio companies to measure progress, review results and revalidate assumptions.
- Opportunistic hedging/tactical trading to respond to short-term, counter-theme market moves.

Firm Infrastructure

- Best-in-class IT infrastructure with back-up.
- Independent reporting lines for operations, funds management and risk-monitoring; Daily MIS to clients with private web access facility.
- Research Access to premium databases capturing economic, sector and company specific trends.
- Three independent audits – Internal, portfolio specific and Statutory
- Access to industry experts and sell side analysts- Pay for expertise model.

SOME OF OUR EARLIER INVESTMENTS



Deep Value @ Discount

Muthoot Finance	Navin Flourine	Garware	Bodal	Ashok Leyland
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Spin Off:

Crompton Consumer	KPIT	Intellect	Gulf Oil Lubricants	AB Capital
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APJ 20:

Aarti Drugs	APL Apollo	Himadri	Interglobe Aviation	Atul Auto
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Holding Companies:

Mahascooters	Bengal & Assam	BBTC	Alembic	Kalyani Investments
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Insider Shadow Fund:

Aarti Industries	Petronet LNG	Transpek Industry	Gulf Oil Lubricants	IIFL Holdings
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Green Fund:

Sudarshan Chemicals	Galaxy Surfactants	Indraprastha Gas	Petronet ING	Shreyas Shipping
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BC AD Fund:

Sheela Foam	Exide	TCI Express	Britannia	VIP Industries
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INVESTMENT STRUCTURE

- **Commencement Date:** 1st November, 2018
- **Drawdown Date:** 14th December, 2018
- **Category :** III AIF
- **Investment Manage:** Unifi Capital Private Limited
- **Trustee:** Vistra ITCL (India) Limited
- **Custodian:** Kotak Mahindra Bank Limited
- **Legal Counsel:** IC Universal Legal
- **Tax Advisors:** Deloitte Haskins & Sells LLP
- **Auditors:** M/s. Walker Chandiok & Co LLP (Grant Thornton)
- **Fund Size:** Rs.400 Cr (additional Rs.400 Cr with Green Shoe option)

PRODUCT TERMS

- **Management Fee:** 1% p.a. of the AUM, payable monthly
- **Hurdle Rate:** 12% p.a. compounded
- **Profit Share:**
 - a) Will be eligible for a share of 20% of profits on initial capital earned above the hurdle rate
 - b) The management fee will be offset from our Share of Profits and hence investors cost is either of the above, NOT both
- **Set-up Fee:** Up to 2% (One time at the beginning)
- **Term:** 5 Years or 200% absolute return whichever is earlier
- **Redemption:** The fund will liquidate as follows:
 - a) 1/3rd of then prevailing NAV will be redeemed at the end of 3 Years and 3 months from inception date.
 - b) 1/3rd of the value (50% of then prevailing NAV) will be redeemed at the end of 4th Year from the inception date.
 - c) 1/3rd of the value (100% of the balance NAV) will be redeemed at the end of 5th Year from the inception date.

KEY PEOPLE: INVESTMENT MANAGEMENT TEAM



SARATH K. REDDY
MANAGING DIRECTOR AND CHIEF INVESTMENT OFFICER

In a career spanning 27 years in the Indian financial sector, Sarath has handled a variety of functions across equities and fixed income. Having started his career with Standard Chartered Bank, Sarath took the first opportunity that came along to turn entrepreneur. He founded Unifi Capital in 2001 along with a highly experienced team of professionals. As Unifi's Chief Investment Officer, he works very closely with the analysts and fund management team.



SARAVANAN V.N.
RESEARCH & PORTFOLIO MANAGER

Saravanan is a Chartered Accountant with 14+ years of functional experience in equity research, corporate finance, auditing and taxation. He has been with Unifi for the last 10 years and currently tracks pharmaceuticals, NBFC and domestic debt markets. Additional responsibilities include advising on debt fund investments, hedging and arbitrage opportunities. His prior experience includes 3 years of articleship in PwC and 2 years with ICICI Bank's Corporate Banking division.



BAIDIK SARKAR
RESEARCH & PORTFOLIO MANAGER

Baidik is a Chartered Accountant with 12+ years of experience in consulting, corporate finance and equity research. He has been with UNIFI for last 9 years and currently handles equity research across IT, real estate and the agricultural sector and also assists the CIO in managing the company's Large Cap, APJ and Spin Off fund. Prior to this, Baidik worked as a Strategy Consultant with the Government Reforms and Institutional Development arm of Pricewaterhouse Coopers (PwC).



HITESH
VICE PRESIDENT

Hitesh brings with himself strong credit markets experience after having worked with Banks such as J.P. Morgan and Deutsche Bank over more than a decade. He has worked across various global markets in a wide variety of roles including Credit Structuring and Credit Risk Management. At Unifi he focuses on the structured debt component of the AIF High Yield Fund. Hitesh is an MBA from IIM Bangalore and MS from Columbia University, New York. He has also done his B. Tech (Hons) from IIT Kharapur and is a CFA Charter Holder.

KEY PEOPLE: INVESTMENT MANAGEMENT TEAM



K. SIVAKUMAR

Sivakumar is an MBA from IIM Calcutta with 10 years of experience in Corporate banking and Equity research. His corporate stints include Bank of America, New Delhi and Standard Chartered Bank, Singapore where he was part of the Global Corporates team. He also ran a proprietary equity and fund research firm targeting retail & HNI clients. At Unifi, he is covering the Banks & NBFC stocks across all the equity funds in addition to advising on debt fund investments for AIF fund. Sivakumar also holds an engineering degree from Sri Venkateswara University, Andhra Pradesh and is a CFA charter holder.



SREEMANT DUDHORIA

Sreemant Dudhoria is a CFA Charter Holder with 7+ years of experience in equity research and information technology (banking and finance domain). His prior experience includes a stint at Infosys. At Unifi he tracks the auto, auto ancillary and cement sector and also assists the CIO in managing the company's Insider Shadow Fund and Green Fund. He is an engineering graduate from Anna University. Saravanan manages Event arbitrage fund and the AIF High yield fund.



E. PRITHVI RAJ

Prithvi has 4 years of experience in equity research and corporate finance. At Unifi, he handles equity research across Capital goods and Infrastructure sectors. Prior to this, he has worked as an analyst with International Infrastructure Consultants during which he was handling the corporate finance transactions for infrastructure projects. Prithvi holds an MBA degree from Great Lakes Institute of Management and he is an Electronics and Communication engineer.



ANAND BHAVNANI

Anand Bhavnani has done M Sc. in Financial Economics from University of Oxford and has more than 7 years of experience in Equity Research and in Derivatives. At Unifi, in addition to tracking Chemicals and select midcaps across sectors, he is assisting the CIO in managing Blended-Rangoli & Deep Value Discount (DVD) funds. Anand is a FRM charter holder and has completed all three levels of CFA. He graduated with distinction from Nirma Institute of Technology in Electronics & Communication engineering.

KEY PEOPLE: BOARD OF DIRECTORS



SARATH K. REDDY
MANAGING DIRECTOR

In a career spanning 27 years, Mr. Sarath Reddy has lead a variety of functions in the field of Investments. Having started his career in Mumbai with Standard Chartered Bank, He took the first opportunity that came along to turn into an entrepreneur. He founded Unifi Capital in 2001 with a highly experienced team of professionals. As Unifi's Chief Investment Officer, he works very closely with the analysts and fund management team.



NARENDRANATH K.
EXECUTIVE DIRECTOR

Narendranath is one of Unifi's co-founders. He manages day to day operations, finance and compliance. He began his financial services career in 1980. During a 20 year stint with a leading non-bank finance company, He has had hands-on exposure at a senior level to equipment leasing, hire purchase, and credit cards. Functionally, He has handled business development, client relationship, capital raising, compliance and back-room operations.



G. MARAN
EXECUTIVE DIRECTOR

Maran is one of Unifi's co-founders and currently holds position of Executive Director. Over his 26 years in the capital markets, he has worked with some of the leading names in the financial markets. His last stint was for four years at Alpic Bank of Bahrain & Kuwait Finance Ltd. He currently manages investments for some of Unifi's most important relationships and has also been instrumental in spearheading Unifi's initiatives into niche investment strategies and new geographies.



CHRISTOPHER VINOD
EXECUTIVE DIRECTOR

Christopher Vinod is one of Unifi's co-founders and currently holds position of Executive Director. Armed with a Post Graduate Degree in Economics from Loyola College, Chennai and over 24 years of experience in capital markets, Chris heads the company's branches at Bangalore & Hyderabad and is also responsible managing client relationships with several HNIs and corporate leaders.



SANDEEP REDDY
INDEPENDENT DIRECTOR

Sandeep is the co-founder of Peepul Capital. Prior to the launch of Peepul Capital in 2000, He had 10 years of experience in Strategy Consulting with PriceWaterHouse in San Francisco and with Andersen Consulting in London. He has been one of the early participants in the rapidly evolving Indian private equity industry having been active for over ten years. He takes overall responsibility in defining and executing Peepul Capital's strategy. In that role he has spawned and built a number of entities as well as driven migration through their lifecycles.

ABOUT UNIFI

Unifi Capital Private Limited is a specialized portfolio management company based in Chennai and has offices in Mumbai, Bangalore, Hyderabad and Delhi. It is managed by a core team of 5 experienced capital market professionals who co-founded the company in 2001 along with the principal founder and Chief Investment Officer Sarath Reddy. Unifi manages funds for several high net worth families in India and overseas.

Unifi offers multiple customized investment opportunities to its clients with varied levels of risks. Building differentiated styles that offer stable absolute returns or superior relative returns with high levels of personalization and customer service is fundamental to Unifi's portfolio management service. It rigorously follows a disciplined investment process and places utmost focus on safety of client capital. Unifi is regulated by the Securities and Exchange Board of India.

Disclaimer

Securities, investments are subject to market risks and there can be no assurance or guarantee that the objectives will be achieved. As with any investment in securities, the value of the portfolio under management may go up or down, depending on the various factors and forces affecting the capital market. Past performance of the Portfolio Managers is not an indication of the future performance of the Portfolio Managers. Investors in the fund are not being offered any guaranteed / assured returns.

This information has been compiled from sources we believe to be reliable, but we do not hold ourselves responsible for its completeness or accuracy. References to actions of specific companies have been made as a matter of fact but the comments on such actions represent only our judgment and analysis and not that of the specific companies. This material is not an offer to sell or a solicitation to buy any securities or any financial instruments mentioned in the report. Unifi Capital Pvt. Ltd. and their officers and employees may or may not have a position with respect to the securities / other financial instruments mentioned herein. Unifi Capital Pvt. Ltd. may from time to time, have a consulting relationship with a company being reported upon. All opinions and estimations included in this report constitute our judgment as of this date and are subject to change without notice.

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