



We are glad to share with you that Negen Capital Special Situations & Technology Fund has earned a return of +4.93% vs Benchmark Index S&P BSE 500 TRI which earned a return of +4.28% for the month of June 2023. Over the past 3 years, Negen Capital Special Situations & Technology Fund has earned a TWRR of 52.28% vs S&P BSE 500 TRI which earned a TWRR of 26.42%. We have maintained the highest '5 Star' rating as PMSBazaar Ranking powered by CRISIL for FY21, Q3 & Q4 FY22 and Q1 & Q3 FY23.\*

## 1. Our Investment Philosophy

- Idea Generation:** Most of our portfolio companies have a unique combination of Special Situation Investing. We look for ideas from Demerger and Promoter Change with Better Management. These situations have delivered Alpha Returns.
- MEGA Trends:** We identify Mega Trends and invest in the companies benefitting the most from them. We have been investing in Consumer Tech companies and being early in this, we generated Alpha returns.
- Conservative Approach:** We stay away from PSU and Cyclical Investments. We have maintained ~25% CASH and are looking for future investment opportunities.

**Negen PMS Fund Manager: Mr. Neil Bahal**  
Total Experience: 23 years

### Performance vs Benchmark- S&P BSE 500 TRI (Time-Weighted Rate of Return - TWRR)

Period	1 Month	3 Month	6 Month	1Yr (TTM)	2Yr	3Yr	5Yr
Strategy	4.93%	24.91%	11.51%	22.32%	15.14%	52.28%	17.54%
S&P BSE 500 TRI	4.28%	13.18%	6.78%	23.98%	11.72%	26.42%	13.87%

**Note:** Performance returns are trailing to June 2023 closing.

Past performance of the Portfolio Manager is not necessarily indicative of likely future performance. Performance information is not verified by SEBI

#### Negen Capital Services Private Limited

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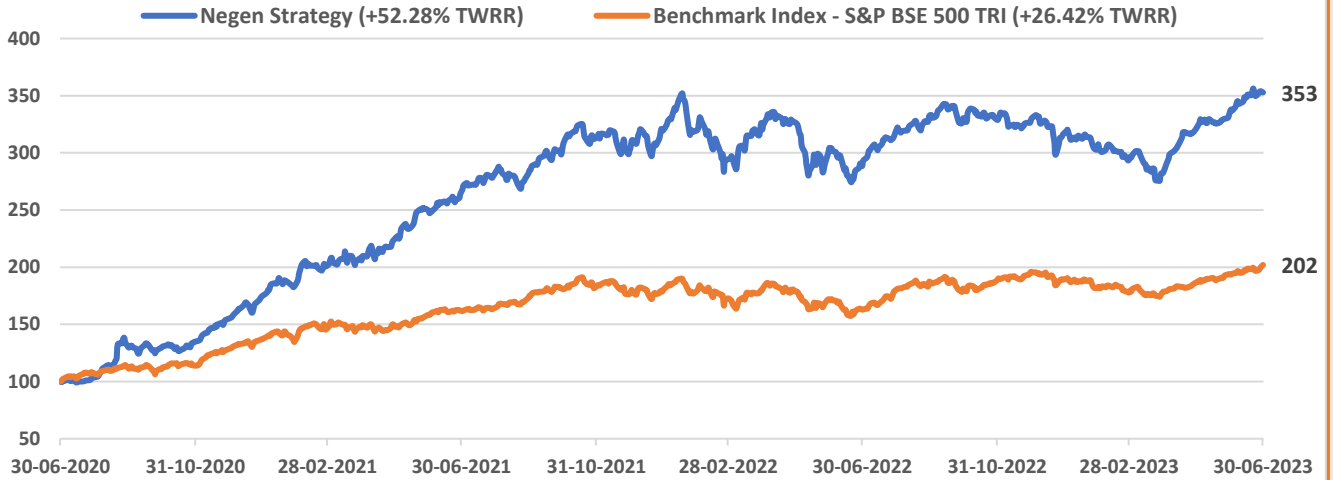
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**Negen Strategy vs Benchmark - S&P BSE 500 TRI (3Yr TTM)**



**Comparative performance of Negen Capital vs Benchmark – S&P BSE 500 TRI**

**Market Cap Graph & Input (Weighted Avg market cap)**

Top 5 Sector-Holdings		Top 5 Stock-Holdings	
Pharmaceuticals	15.17%	Aarti Pharmalabs Ltd	
Speciality Chemicals	12.27%	Camlin Fine Sciences Ltd	
NBFCs	8.15%	Sapphire Foods India Ltd	
Restaurants - QSRs	6.87%	Piramal Enterprises Ltd	
Auto Ancillary	5.84%	Sundaram Clayton Ltd	

AuM Info	In ₹ Cr	Portfolio Characteristics	Fund
Aggregate Portfolio	527.83	Investment	74.64%
		Cash	25.36%

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## 2. Our Strategy

### 2.1 Strategic Risk Management

1. The PMS has been following a conservative approach and has been keeping cash as well for the uncertainties.
2. We take less risk by avoiding cyclical, commodities and PSUs.
3. We stick to Technology, IT, Demergers and Promoter change.

### 2.2 Uniquely Placed

#### 1. Special Situations: Value investing with a trigger

- I. Demergers
- II. Change in promoters

#### 2. Technology: A permanent super-cycle

- I. Indian Tech
- II. Global Tech (FAANG plus)

### 2.3 What is So Special About Tech?

1. The internet adds 3 new users EVERY SECOND.
2. 15 smartphones are sold globally EVERY SECOND
3. Due to Jio, India has seen 'Internet-i-fication'.
4. We are in the midst of an early technology revolution in India
5. A technology super cycle is in front of our eyes
6. Every single decent sized business is going to upgrade its IT infrastructure in the next few years.
7. Pure technology platforms and even the IT product & services companies should see unprecedented, structural growth.
8. These companies are typically debt free, have high RoIC, high FCF, and best of all, they have Growth.

### 2.3 Is Value Investing Still Alive?

1. Yes, but in a new avatar. They are called Special Situations.
2. Demergers & Promoter Change are two themes we closely follow.
3. A Demerger is done to unlock value.
4. New promoters buy companies to achieve big returns. This creates value for shareholders.

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5. Berkshire Hathaway is the poster boy of what promoter change can do. Warren Buffett bought at \$14 and it is today at \$408,000.
6. Adani Group is a big example how a large conglomerate can incubate smaller businesses and demerge them out which creates immense value for shareholders.
7. So NO, we do not buy random, cheap stocks from market. These kinds of stocks are cheap for good reasons.
8. We buy Cheap stocks only if they demerge or if a new promoter buys the company to create value.

### 3. About the Founder

We are a Team of 10 professionals in Negen Capital PMS, led by:

**Fund Manager: Neil Bahal – 38 Years**

**Started early at 15, having experience of 23 years into investing.**

**We are the first adopters of Tech & Special Situation combination**

#### 3.1 Meet the Founder- Mr. Neil Bahal

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#### \*Methodology for PMS Bazaar Ranking –

CRISIL uses stringent criteria for shortlisting the PMS Ranking universe. To be eligible, a strategy must have 3 years of performance history (daily NAV data), minimum 10 Cr asset size and past three month’s portfolio available.

Next, there are 4 broad parameters for evaluation.

**Mean Returns** - Mean return is the average of daily returns based on the scheme’s NAV for the period under analysis

**Volatility** - Volatility is the standard deviation of the mean returns. The period of analysis is broken into four overlapping periods (latest 36, 27, 18 and 9 months for three-year period. Each period is assigned a progressive weight starting from the longest period as follows: 32.5%, 27.5%, 22.5% and 17.5%, respectively.

**Portfolio Concentration Analysis** - Concentration measures the risk arising out of improper diversification. For equity securities, diversity score is used as the parameter to measure industry as well as company concentration.

**Liquidity Analysis** - This measures the ease with which a portfolio can be liquidated. The lower the score, the better the liquidity of the portfolio.

Once the data is generated for each eligible PMS strategy, parametric weights are assigned.

Parametric Weights	
Category	Equity PMS Schemes
Mean Return (%)	55
Volatility(%)	25
Company Concentration (%)	5
Industry Concentration (%)	10
Liquidity (%)	5
Time Period	3 years

CRISIL use the weights to arrive at the final ranking. At the last step, PMS Bazaar uses proprietary metrics and converts the ranking computation powered by CRISIL which is expressed in stars.

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