



Alternative Investment Fund

Creating RICH portfolios from
SMALL gems



“Intrinsic”
Deep Alpha Fund

Trust & Lineage. The two pillars on which was founded a company that dreamt to perform and dared to outperform the competition.

We are TrustLine - a leading Chennai-based Equity Research and Asset Management firm. With financial research as a core competence, we track and study over 800+ companies as part of our investment research.

We believe that specialization produces attractive business economics and builds durable competitive edge. Over the years we, at TrustLine, have gained rich domain expertise by focusing and specializing in small and midcap investing. This sets us apart and gives us an unique competitive advantage in the Fund Management space.

FACT FILE

Full Name:	TrustLine Holdings Pvt. Ltd.
Founded:	2004
Headquarter:	Chennai, India
SEBI Registration No. / Year	PMS: INP000002254 / 2007 AIF: IN/AIF3/18-19/0580 / 2018
Product(s):	PMS: Intrinsic Value Fund Intrinsic Floater Fund AIF: Intrinsic Deep Alpha Fund
Asset Under Management (AUM):	INR 350 Cr+
Core Belief:	We win, when you win.

UNIQUE INVESTMENT APPROACH

Arrived from a perfect blend of highly successful and proven models of Financial Valuation by Benjamin Graham and Market Research by Philip Fisher. We look at the economics of a business, and not on the price-action or market-action. We believe in protecting the principal first, and then growing it at an above-average long-term rate of return while adhering to the Margin of Safety (MoS).

Our approach to stock selection is bottom-up, stock-specific from under-researched / under- discovered universe with huge emphasis on Intrinsic Value (Free Cash Flow), Return on Equity (RoE) and MoS.

In simple words, we look at profitable businesses with superior long-term economic characteristics (durable competitive advantage), run by astute and honest managements, and are available at attractive valuations with reasonable MoS.

WHAT OUR CLIENTS SAY



The enduring focus of TrustLine, 'Managing for Value', provides the ideal platform for creating wealth for the long term. This investment philosophy is the one which makes most sense in this highly volatile market environment.

Srinivasan Varadarajan

Deputy MD, Axis Bank.



TrustLine's long-term value investing approach fits in with my own philosophy of how I want my funds to be invested. They come across as a very customer centric firm, with a strong focus on client servicing and on long-term value creation for client portfolios.

I am happy with our association over many years, and I wish them all the best.

Punit Sood

Former Head of Technology, Global Hub India, Royal Bank of Scotland.



TrustLine has built very strong processes for research and stock picking over period of time. They go about investing with diligence and emotional discipline. It comes across as the most customer centric firm with huge focus on client servicing and long-term value creation for client portfolios. Their long-term value investing approach fits in well with my own approach of patient investing.

I have been happy with my association and I am having an enriching investing experience with them

Anand Sankaran

Leadership level in a Global Tech Co.



What I like about them is a clear approach and high reliance on the research rather than market sentiments. The transparency of information and decision making is very high and the team is completely dependable.

Anil Jain. K

Former Sr. Vice President and Business Head, Wipro Ltd.



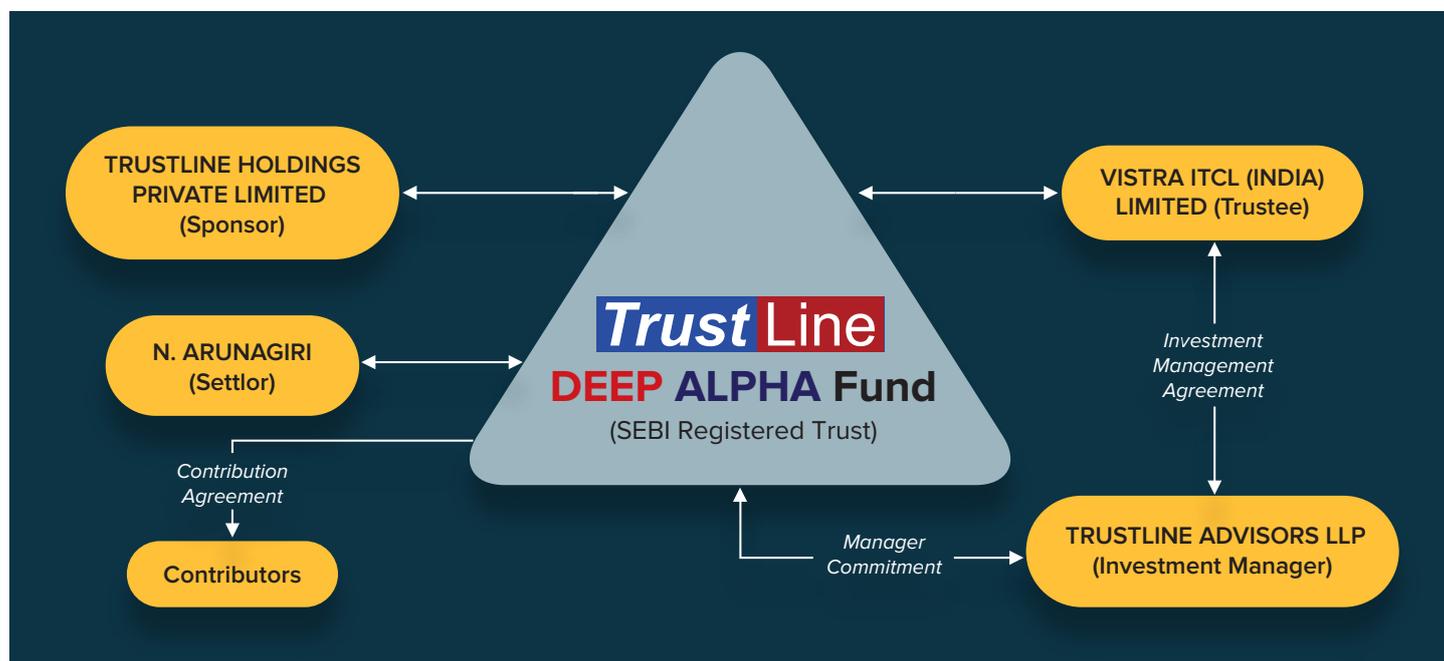
I highly appreciate the professionalism, due diligence and the long term approach of TrustLine.

Srikanth Narasimhan

Distinguished Engineer, Cisco Systems.

OUR NEW *Intrinsic* Deep Alpha Fund

Creating RICH portfolios from SMALL gems



Mandate of this fund is to create long term wealth by delivering significant outperformance over benchmark index over a 5 year horizon through a well managed portfolio of listed stocks handpicked as per deep value investment model in the small and micro cap space.

FUND FEATURES

Small sized fund (SME & Microcap Focus) - This allows us the luxury to target highly promising companies in the micro cap space (sub 500 Crore market capitalisation).

Ahead in the value curve - Early investment in companies which are in their infancy thus having the potential to deliver exceptional returns when they scale up.

High on risk-reward - Positioned close to PE fund, much ahead of PMS.

Hidden gems - Companies which are very unlikely to be in the radar of competition due to their small size.

High growth industries - Stock picks are likely to be more concentrated in high growth sectors like Speciality chemicals, Niche engineering, Industrial brands, Auto ancillaries, Education, Software products, Healthcare, Renewable energy and such other promising sectors.

Returns Maximisation - Fund tenure aligned to capitalize on the five-year market cycles.

MODUS OPERANDI

Being a micro cap focussed fund, the following avenues (not exhaustive) exist for the Fund Manager to build meaningful positions in companies;

- Buying directly from promoters.
- Liaison with key broker relationships to identify deals.
- Subscribing to an Offer-for-sale.
- Participation in QIPs/ Pre-IPOs etc.

TRUSTLINE ADVANTAGE

Investment Approach - We come from school of Value Investing with huge focus on capital preservation. The underlying approach is to identify businesses that have superior moat in terms of economics, durable competitive advantage, high return ratios (return on capital employed) and robust free cash flows that are available at attractive bargain prices. The approach to stock selection is bottom-up, stock specific from under-researched and under-discovered universe with huge emphasis on Intrinsic value. The other critical component of our investment approach is the undeterred focus on downside risks. Our key objective is to protect the principal and deliver alpha returns over the long term. We strive to meet this stringent objective through our steadfast commitment to the concept of "Margin-Of-Safety" in all our investment choices.

It is our strong belief that much of the long-term returns come from the price paid than from the earnings growth. Margin of Safety usually arises from mispricing in the markets. The reason for valuation mispricing could be cyclical nature of the business, stock specific or sharp corrections driven by market cycles. We will closely watch to capitalize on such market opportunities to deliver value to our clients.

RESEARCH PROCESS

Our research process is a very exhaustive one that has evolved over a long operating history from hits and misses from the fund manager's rich investing experience of over 15+ years. It is structured around four critical dimensions, say tenets. It starts with the first tenet of Business Evaluation, goes onto Financial Evaluation, then to Management Evaluation and finally to Valuation tenet. The process employs about 500+ checklists, screens and filters across these four tenets to evaluate the business and valuation in exhaustive details. These data points are captured in turn in due-diligence template for recording and future review.

FUND FEATURES

Further it is complemented by field work and market survey that is carried out (scuttlebutt approach) to ratify the observations captured in the template. Once this process is completed, the fund manager undertakes a direct meeting with the management to assess the overall rationale behind investment post which the final decision is taken.

ARBITRAGE ADVANTAGE

A critical component of our investment strategy is “Heads you win, tails you don’t lose” approach vide Margin-Of-Safety (MOS) model. This calls for a calibrated approach to deployment of cash when it comes to taking long-term positions by capitalizing on the mispricing opportunities which don’t present often. This means lot of time is spent in waiting for the fat pitch. So how do we make sure that cash

is not lying idle or fetches meagre returns? This is where Warren Buffett’s “Workout” wonder comes into play. It is Advantage Arbitrage. The trick is to tout for tactical short-term opportunities, but without the market risks. Event based arbitrage is one such tactical model that can help to add glitter to the portfolio without carrying the mark-to-market (MTM) risks. They are primarily short-to-medium term opportunities driven by event based corporate actions like buyback, open-offer and other special situations including mergers, de-mergers and de-listing. The most interesting aspect of this tactical allocation model based on arbitrage is that, while it enhances the portfolio returns in the short-term by serving as a superior substitute for cash parking, it releases the cash at the most opportune time (during corrections) for enabling long-term portfolio building.

Proven Track Record - Our highly successful Intrinsic Value Fund (PMS) has been a winner right through

11X Returns in 11+ Years



Intrinsic Value Fund

SUCCESS STORIES



INVESTMENT TEAM

Arunagiri N

Founder CEO & Chief Investment Officer

Arun will be the CIO for the fund. Arun runs the PMS operations at TrustLine as its Chief Investment Officer and as Founder CEO. Under his able fund management, the firm manages over Rs.350+ crores of AUM for over 400+ highly satisfied clients. TrustLine is among the top discretionary portfolio managers in India with industry leading performance i.e. delivering over 23.11% (as on 30th Sept. 2018) annualized returns over the last 11+ years (since the inception of the fund). As an enthusiastic and disciplined practitioner of Value Investing over long time, Arun has come to believe that key to success in Value Investing lies not so much in financial skills, but in emotional and temperamental skills. He believes very strongly that Value Investing is a great wealth-building opportunity for anyone who could think and act long-term without getting swayed by the short-term swings of the market.

Arun has more than 14 years of experience in capital markets in various capacities. Over the past 14 years of TrustLine's evolution, he has played the role of Chief Investment Officer and Founder CEO. He set up TrustLine in year 2004 after his illustrious career spanning over 15 years in Wipro Ltd., one of the country's leading Information Technology companies, where he held various senior management positions across diverse functions. He brings with him an enviable track record in Equity and Financial Research. Arun has built a huge expertise in small and mid cap space. He is a thought leader in Value Investing and he has built a leadership position for TrustLine in the Value Investing space with his enviable track record of creating long-term wealth for his fund from identifying hidden gems at a early stage in the small and midcap segment, much before market starts rerating them. Arun is an Engineering Graduate from REC, Trichy with additional qualification in "Business Finance and Financial Analysis" from ICFAI. His disciplined practice of "Value Investment" principles has enabled TrustLine to deliver superior risk adjusted returns with significant out-performance over bench-mark indices.

Vijayakumar B

Vice President - AIF Operations & SME Domain

Vijayakumar brings with him an enviable track record in management assessment in the SME space by virtue of his long stint in leading financial services firms including Cholamandalam Investment & Finance Co Ltd where he was heading the SME vertical till recently. He will be responsible for management assessment for the companies that are under research in the SME space, besides being responsible for complete AIF operations that includes Regulatory compliance, Risk management, Client services, reporting and the entire gamut of AIF backend. He has a Post Graduate Diploma in Management (MBA) from IIM, Bangalore with rich industry experience of 25+ years.

Deepan Sankara Narayanan

Senior Research Analyst

Deepan will be responsible for the research activities for the fund. He has been with TrustLine for the last 3 years and has been assisting the CIO on managing the PMS fund. Prior to joining TrustLine, he was with

IDBI capital and HSBC InvestDirect. He gained significant research experience on the sell side by spending about 9 years in various investment companies in Mumbai. In TrustLine, he has been responsible for identifying potential investment opportunities within the Indian Mid and Smallcap sectors and creating financial models, reports and valuation for companies under the portfolio. Besides, he also does review and recommends the portfolio stocks for TrustLine PMS. He actively interacts with the company managements of the underlying portfolio companies on a regular basis discussing about their new business strategies, new products, new market entry and any change in the business model. Deepan Sankara Narayanan, has done B.Com, PGDBA (Finance & Marketing).

Senior Consultant - Research:

Deepan will be actively supported by a senior research consultant based out of Mumbai.

This consultant's primary responsibility is for the research activity in the SME and micro cap space. The locational advantage will give this consultant a huge management access that is critical for SME and microcap research.

Vijay Kumar S

Advisor for Arbitrage fund management

Vijay will be responsible for the research activities in the arbitrage and special situations space for the fund. He has been an arbitrage consultant for TrustLine for last 14 years and has been assisting the CIO on managing the arbitrage fund in the PMS business. He is a Post-Graduate Diploma in Management (MBA) and an Engg. Graduate with over 22 years of Industry experience. Significant part of his career was with Dun & Bradstreet where he gained rich experience in security analysis and equity markets. He also brings in rich experience in Business Strategy & Development from his tenure in Reliance Infocom. Vijay has an enviable track record in co-managing the arbitrage fund and he has to his credit in identifying large number of special situation opportunities for the PMS arbitrage portfolio. Some of his early research identifications that have worked brilliantly for the arbitrage portfolio include stocks like DIC India, PNB Gilts, Monsanto, Orient Paper, ElantasBeck, Onmobile, Kaveri Seed and so on. Vijay has gained significant research experience on arbitrage side of the portfolio vide his long consulting tenure at TrustLine.

ADVISORY BOARD

We see significant potential in some of the high growth sectors such as Speciality chemicals, Niche engineering, Industrial brands, Auto ancillaries, Education, Software products, Health care and Renewable Energy. To help identifying promising companies in these sectors at very early stage of their growth cycle, we have constituted an advisory panel of eminent professionals. They are professionals cherry picked with rich experience in the domains of Banking, Financial services, Information technology & Engineering. They will validate the business models of companies shortlisted for investment and further help in evaluating the competence of the managements with respect to their ability to tap the burgeoning economic growth ahead.



FUND TERMS

Target Fund Size	INR 75 Crores with a Greenshoe option of up to INR 100 Crores [at the discretion of Investment Manager].
Fund Structure	SEBI registered Trust under AIF - Category III.
Term	The Fund is a "Close" ended Scheme. The term of the fund is 5 years from the date of final closing, extendable up to 2 years as per SEBI AIF Regulations, 2012.
Carried Interest*	20% (of the net returns subject to Hurdle Rate) .
Hurdle Rate	Post-tax rupee rate of 10% per annum, compounded annually.
Set-up Fee*	Maximum of 2% of commitment amount (one time) subject to the class of units.
Management Fee*	1.50% per annum of Assets Under Management (AUM) for contributions of INR 1 Cr, 1.25% for contributions above INR 1 Cr & up to INR 2 Crs and 1% for contributions more than INR 2 Crs. This is payable every quarter based on the daily average NAV.
Drawdown Period	Multiple drawdown. Units issued at Net Asset Value @ INR 1000/- per Unit based on Net Contributions.
Liquidity Option	3 year Lock-in from final closing. Redemption after lock in period but before the fund tenure will carry 5% exit load
Minimum Investment Size	INR 1 Crore.
SEBI Registration No.	IN/AIF3/18-19/0580.
Sponsor	TrustLine Holdings Pvt. Ltd, Chennai.
Contribution by Sponsors	INR 10 Crores or 5% of total fund corpus, whichever is lower.
Investment Manager	TrustLine Advisors LLP, Chennai.

**Carried Interest will be charged after distribution of investment capital and hurdle rate.*

**Applicable taxes like GST etc., will apply to all fees including carried interest.*

This document is not intended to be complete and the terms described herein are qualified in their entirety by reference to the Fund Documents i.e. the Trust Deed, Private Placement Memorandum, the Investment Management Agreement and the Contribution Agreement.

DISCLAIMER

- Investments are subject to market risks and hence there can be no assurance or guarantee that the objectives will be achieved. Also, the value of the portfolio being Investments in Securities may go up or down, depending on the various factors and forces affecting the capital market.
- Investors in the fund are not being offered any guaranteed / assured returns.
- Past performance of the Fund or Investment Managers is not an indication of the future performance of the Fund or Investment Managers.
- This material is not an offer to sell or a solicitation to buy any securities or any financial instruments mentioned in the report. TrustLine Holdings (P) Ltd / TrustLine Advisors LLP and their officers and employees may or may not have a position with respect to the securities / other financial instruments mentioned herein.
- 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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SEBI Regn. No.: INP000002254 (PMS), IN/AIF3/18-19/0580 (AIF)

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