www.trustlineindia.com

Trust Line
Delivering Value

OUR NEW

Alternative Investment Fund

Creating RICH portfolios from SMALL gems

"Intrinsic"
Deep Alpha Fund

Trust Line
Delivering Value

About us

Who are we

We are one of the top 25 discretionary portfolio management services companies in India. **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
Headquarters:	Chennai, Tamil Nadu, India
SEBI Registration No. / Year	
PMS:	INP000002254 / 2007
AIF:	IN/AIF3/18-19/0580 / 2018
Existing Product(s):	*Intrinsic* Value Fund *Intrinsic* Floater Fund
Asset Under Management (AUM):	INR 375 Cr+
Number of Clients:	500+ with 95% retention rate
Core Belief:	We win, when you win.

Our Investment Philosophy

Trust Line
Delivering Value

- Meticulous practitioner of Value Investing.
- Bottom up approach to stock picking from under researched universe.
- Focus on Intrinsic value (Free cash flow, Return on Equity) of the underlying business.
- Paramount importance given to Margin of Safety (downside risks) which ensures huge upside in returns.
- Buying “growth” at a discount.

Growth Investing

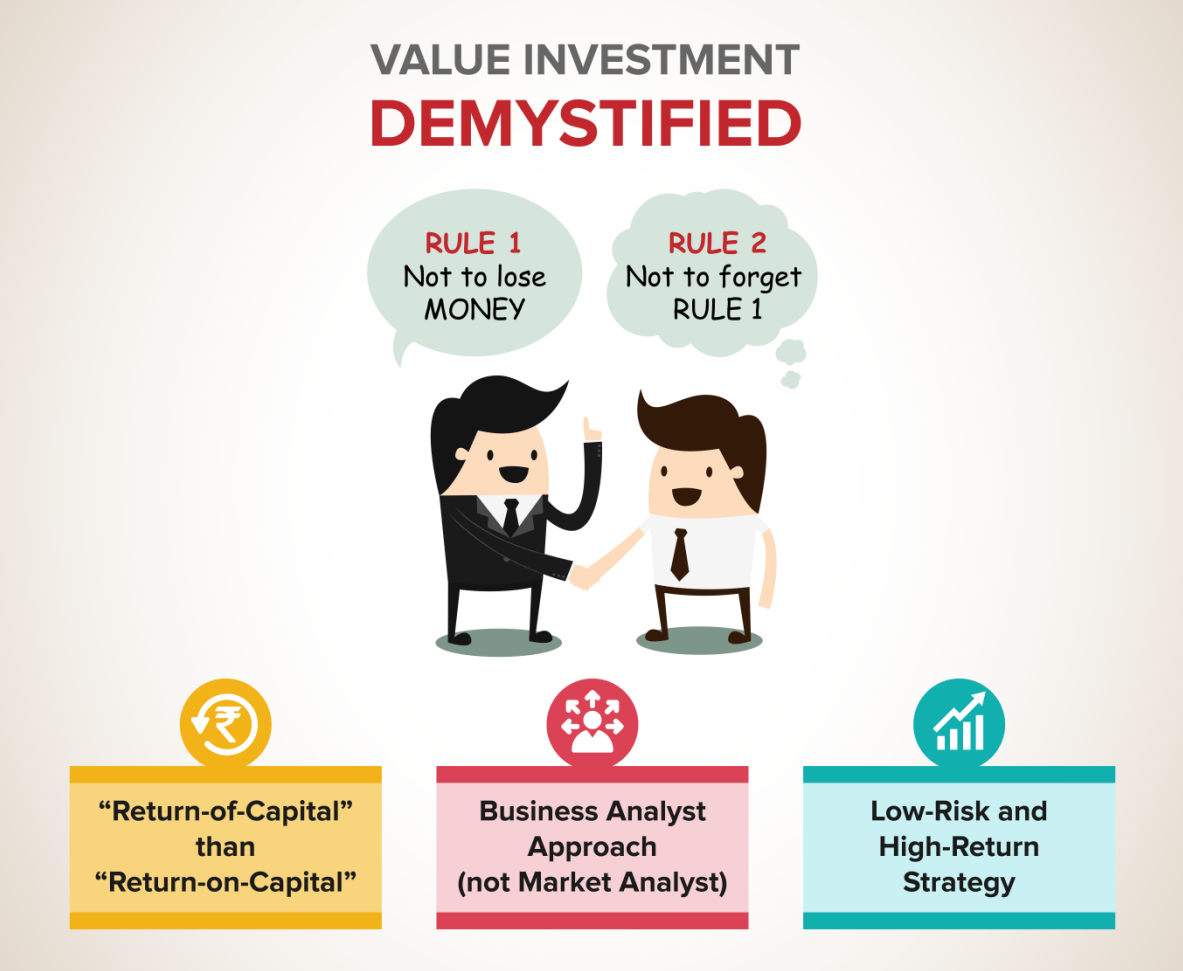
- Chasing Momentum stories (Flavor of the season).
- Short-term out-performance at the cost of Long-term under performance.

Value Investing

- Value investing is the discipline of buying securities at a significant discount to underlying value and holding them until the full potential value is unlocked. The degree of bargain is the key to the process.
- We come from the school of Value Investment Philosophy and our investing model is inspired from Buffett’s principles.
- Investments driven by Intrinsic value and Margin-of-safety.
- It is a low-risk and long-term high-return model.

Our Investment Philosophy

Trust Line
Delivering Value



"Much of returns come from the buying price, not from the earning growth."
- Seth Klarman

In the short run, the market is a voting machine but in the long run it is a weighing machine
- Benjamin Graham

"Understanding both the power of compounding and the difficulty of getting it is the heart and soul of understanding a lot of things"
- Charlie Munger

In BULL markets Investors become blind to RISK & In BEAR markets Investors become blind to OPPORTUNITIES
*- **Anonymous***

Trust Line
Delivering Value

OUR NEW

Intrinsic Deep Alpha Fund

Creating RICH portfolios from SMALL gems

Fund Highlights

Trust Line
Delivering Value

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 hand picked on a 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 with a market capitalisation as low as INR 100 crores.

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 funds, 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 and other promising such sectors.

Returns Maximisation

Fund tenure aligned to capitalize on the five-year market cycle.

The TrustLine Advantage

Research Capability

Trust Line
Delivering Value

Research

Bottom up & Stock specific, Under researched & Under discovered space, Business Analyst vs Market Analyst Approach, Focus on ROE, Free Cash Flow, Margin of Safety, Intrinsic Value driven (vs balance sheet value).

PROCESS

Research Template	Snap shots	Data Mining	Management Meeting	Scuttle Butt Discussion	Final Decision
Research Template that has 400 Check points, check lists across Four dimensions i.e. Business, Financial, Management & Valuation tenets.	Template to keep record of on-going Developments in our "Stock Universe" (about 800+ Companies in our universe).	Software tool for fundamental Analysis (Annual Rep, Analyst Meet transcripts, Research report, AGM minutes etc.), Filters, Screens for Short listing.	Discussion with CXO's; gets captured in the management feedback template.	Revalidation with Fund Managers & Research Analysts Network; Captured in Field Survey Template.	Final decision by the Investment Committee.

Arbitrage Advantage

- They are primarily short-to-medium term opportunity driven by event based corporate actions like buy-back, open offer and other special situations including mergers, de-mergers and de-listing.
- Our core belief is that downside risk management ensures huge upside in returns.
- Ability to spot tactical short term "low-risk" investment opportunities when markets are expensive.
- Enables the fund manager to deploy the funds at the right price to deliver alpha returns.

Temperamental Skills

Rationality
Driven by rational facts than by popularity of those.

Objectivity
Not influenced by herd behaviour.

Self-Awareness
Focus within circle of competence.

Driven by Process
Focus on process, not on proceeds.

Temperament
Driven by neither greed nor by Fear.

Track Record

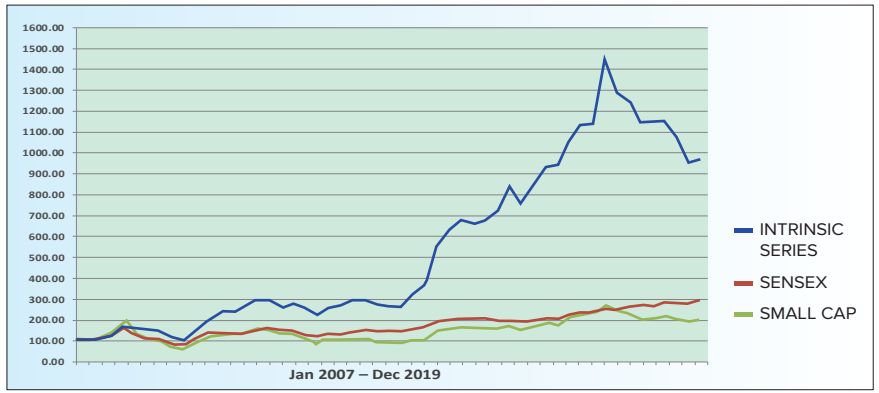
Trust Line
Delivering Value

Our highly successful Intrinsic Value Fund has been a winner right through

Rolling Performance Data

Fund Performance (as on 31st Dec 2019)		Intrinsic Value Fund (Returns %)	BSE Small Cap Index (Returns %)
3 Month Returns	(Absolute)	1.62	4.02
6 Month Returns	do	-9.74	-4.01
1 Year Returns	do	-15.95	-7.02
2 Year Returns	(Annualized)	-17.36	-15.90
3 Year Returns	(Annualized)	1.15	4.09
5 Year Returns	(Annualized)	7.31	3.98
Since Inception (January 2007)	(Annualized)	19.10	5.17
Returns shown above are annualized for period above one year			

Performance Chart



Intrinsic Value Fund

Performance Data

COMPARISON WITH BSE SMALL CAP INDEX & TOP SMALL CAP MUTUAL FUNDS

Portfolio	Calendar Year													Annualised Returns
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	
Intrinsic	50.85%	-29.39%	123.98%	21.34%	-24.62%	35.17%	10.64%	106.65%	25.37%	10.92%	51.51%	-18.74%	-15.95%	19.10%
BSE Small Cap Index Returns	93.67%	-72.41 %	126.92%	15.71%	-42.60%	32.90%	-11.23%	66.74%	5.46%	2.20%	59.47%	-23.94%	-7.02%	5.17%
Top 3 (Small Cap) Mutual Fund Returns	54.37%	-65.57%	109.42%	23.75%	-26.30%	44.55%	4.80%	95.20%	10.45%	6.93%	46.18%	-20.71%	-3.45%	11.18%
Outperformance over BSE Small Cap Index	-42.82%	43.02%	-2.94%	5.63%	17.98%	2.27%	21.87%	39.91%	19.91%	8.72%	-7.96%	5.20%	-8.93%	13.93%
Outperformance over Small Cap Mutual Funds	-3.52%	36.18%	14.56%	-2.41	1.68%	-9.38%	5.84%	11.45%	14.92%	3.99%	5.33%	1.97%	-12.50%	7.92%

Assumptions: Top 3 Small Cap Funds returns is computed as an average of NAV returns of following MFs : DSP Blackrock Micro Cap (G) Franklin India Small Cap (G), Sundaram S.M.I.L.E (G).

SUCCESS STORIES

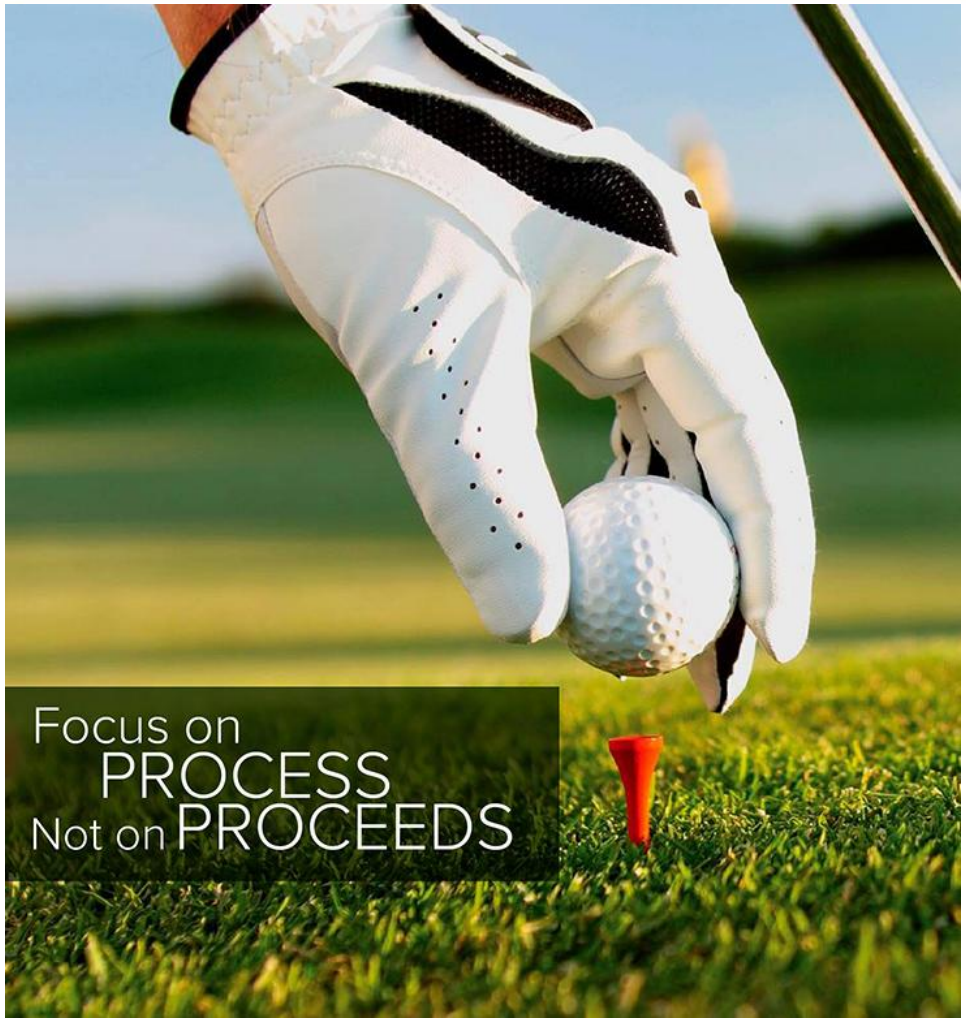
Finolex Cables Limited · nesco · SANGHVI · KABRA ExtrusionTechnik · HSIL · Heritage Happiness · ASTRAL · Himatsingka · Indian Bank · NUCLEUS SOFTWARE · ador FONTECH · INDAG · swaraj Swaraj Engines Ltd. · KALE Industry Solutions, Customised Approach · dishman · OCCL · MAHARASHTRA SCOOTERS LTD. · PPAP · HITECH · DCB BANK · BANCO Banco Aluminium Limited · ZF INDIA ZF STEERING GEAR (INDIA) LIMITED · POLARIS live your dream · ZenSar TECHNOLOGIES · Shivam Autotech Ltd. · SETCO AUTOMOTIVE (U.K) LTD · PLASTIBLENDS Merging Ideas · YUKEN · PNB GILTS LTD · PHOENIX · GROWEL SINCE 1957 Grauer & Weil (India) Limited

Intrinsic Deep Alpha Fund

We win, when you win

Investment Team

Trust Line
Delivering Value



Arunagiri N
Founder CEO & Chief Investment Officer

Vijayakumar B
Vice President – AIF Operations & SME Domain

Deepan Sankara Narayanan
Senior Research Analyst

Vijay Kumar S
Advisor for Arbitrage Fund Management

Advisory Board

Balaji Srinivasan
Managing Director, Abraaj India

Chandu Nair
Entrepreneur-Advisor & facilitator,
Investor at Independent

Srinivasan Varadarajan
Veteran Banker and Market Expert

C. Venkat Subramanyam
Founder & Director,
Veda Corporate Advisors Pvt. Ltd

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.*

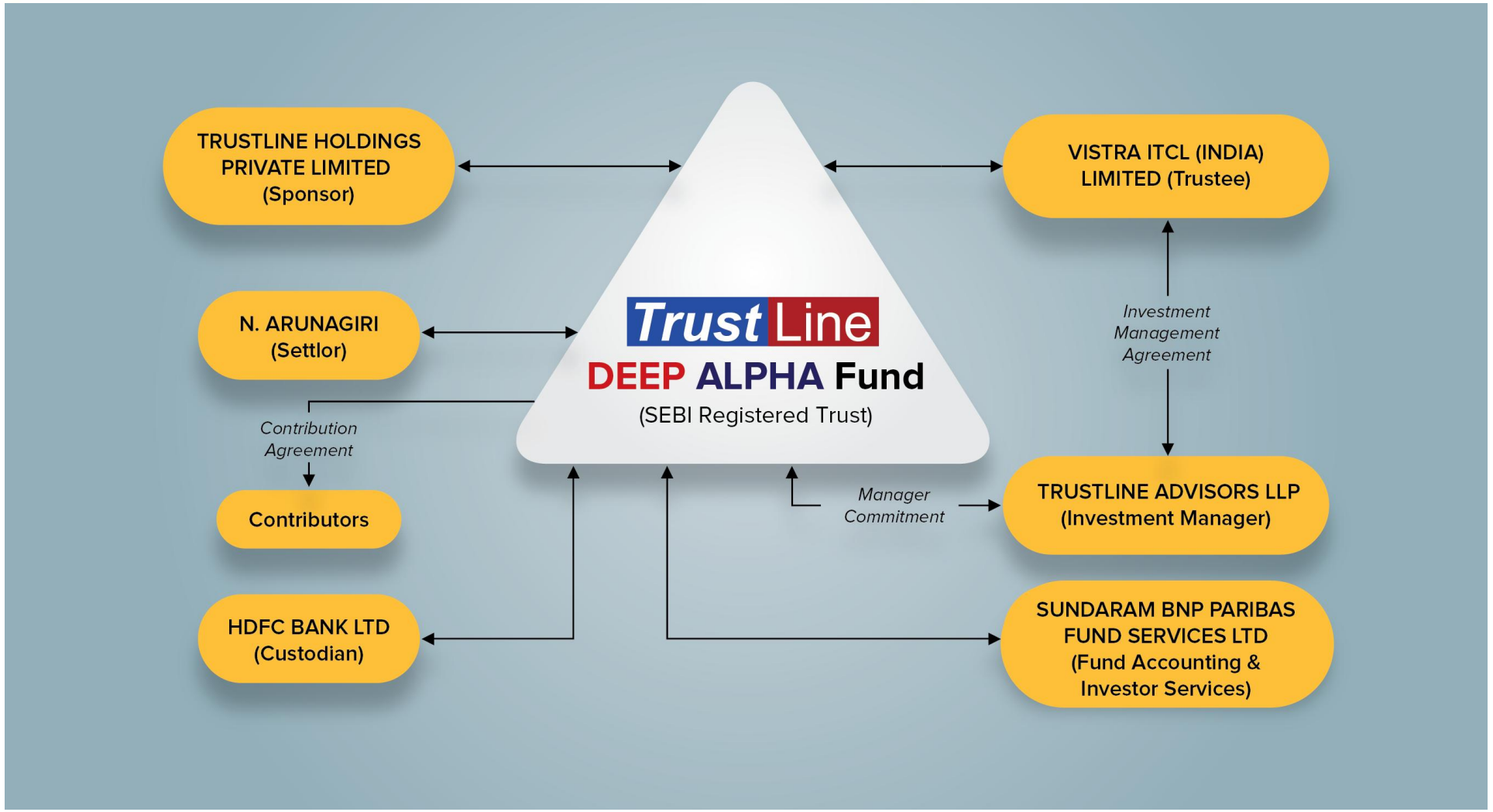
This document is not intended to be complete and the terms described herein are qualified in their entirety by reference to the Fund Documents i.e. the Trust Deed, Private Placement Memorandum, the Investment Management Agreement and the Contribution Agreement.

DISCLAIMER

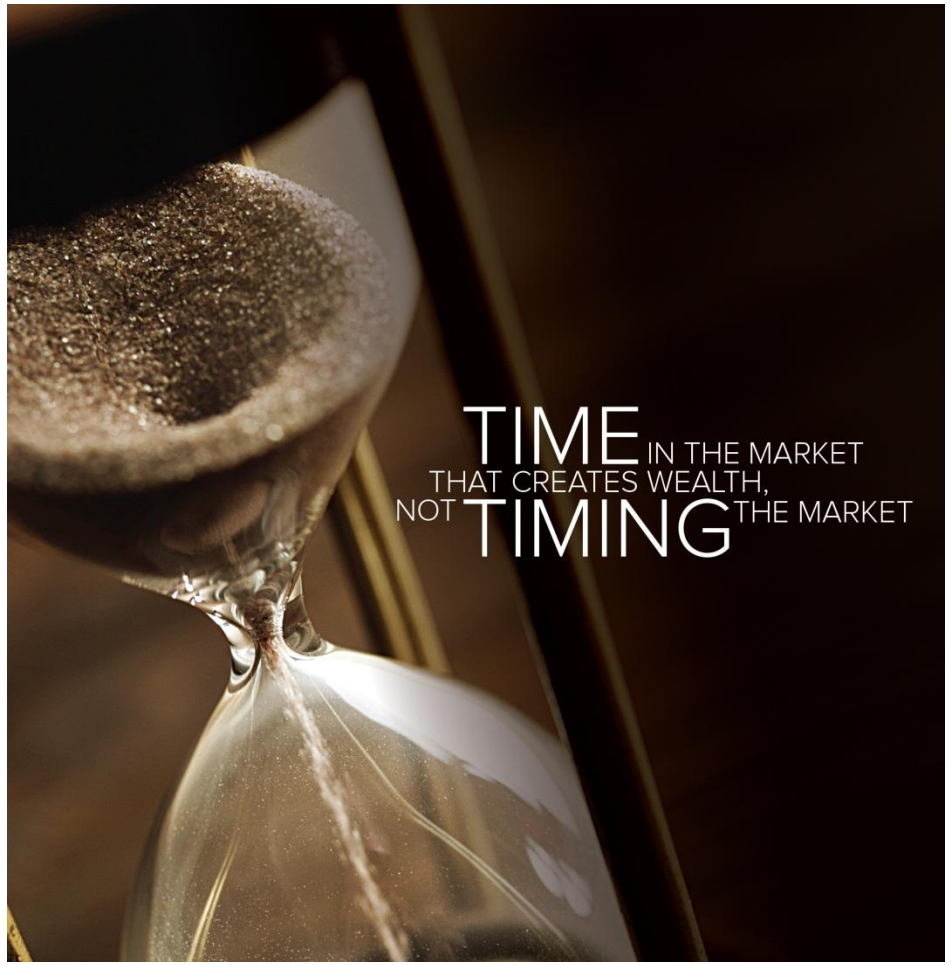
- Investments are subject to market risks and hence there can be no assurance or guarantee that the objectives will be achieved. Also, the value of the portfolio being Investments in Securities may go up or down, depending on the various factors and forces affecting the capital market.
- Investors in 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.

Fund Structure

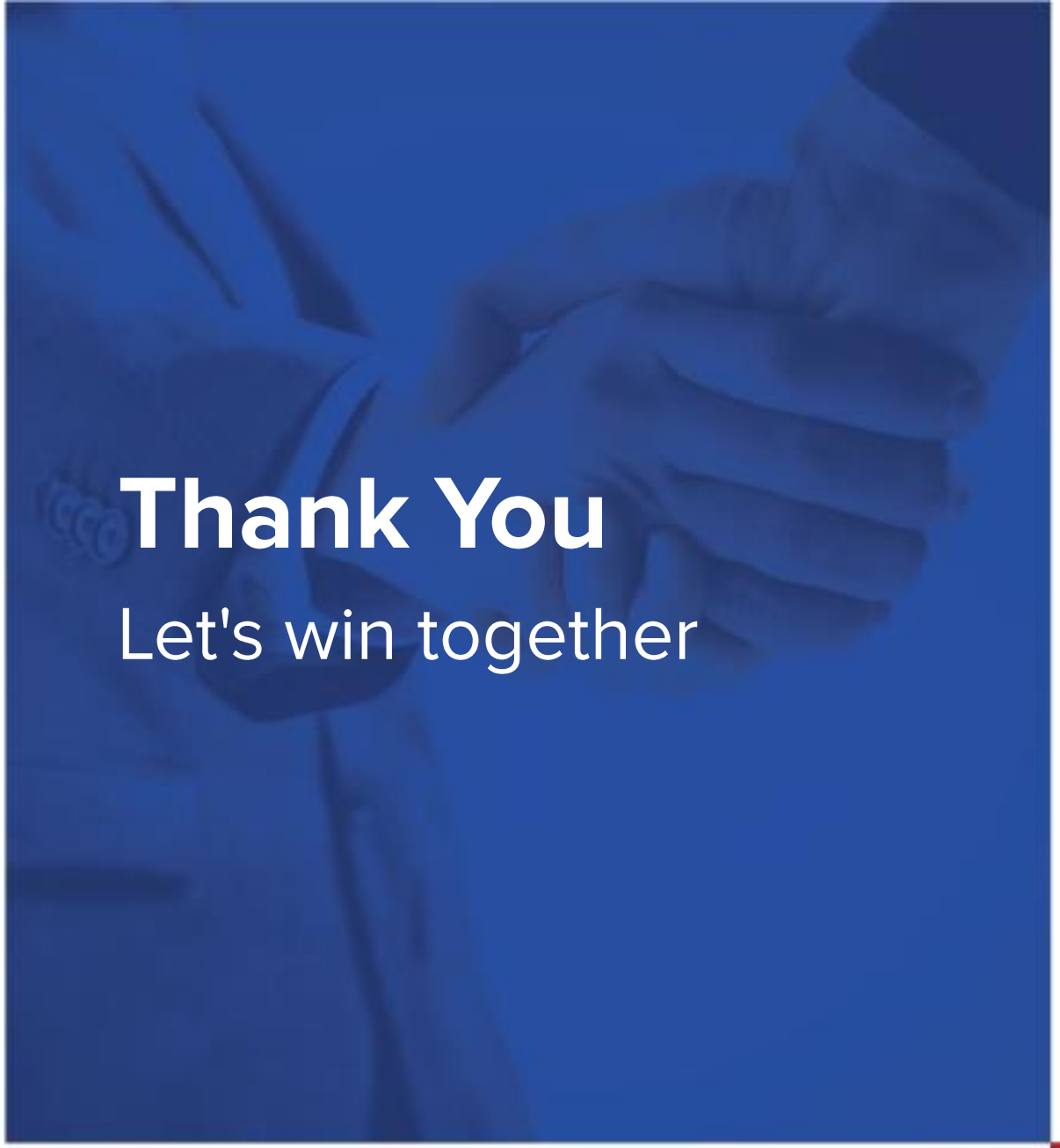
Trust Line
Delivering Value



Why Invest in Deep Alpha Fund?



- Growing opportunities in SME and Microcap Space.
- Concentrated and focused portfolio of high-quality stock from high potential space.
- Bottom-up stock picking leveraging the long-built expertise in research and temperamental skills.
- Positioned closer to PE fund on risk-return curve.
- Return maximisation vide Arbitrage kicker and tactical fund tenure aligned with 5 year market cycle.



Thank You

Let's win together

TrustLine
Delivering Value

TrustLine Holdings (P) Ltd.
SEBI Regn. No.: INP000002254 (PMS)
IN/AIF3/18-19/0580 (AIF)

Corporate Office:

39/19, 2nd Floor, Aspen Court, 6th Main Road, Raja Annamalaipuram, Chennai - 600 028, INDIA.
Tel: +91 44 4208 3877

Email: aif@trustlineindia.com