

AMBIT 365

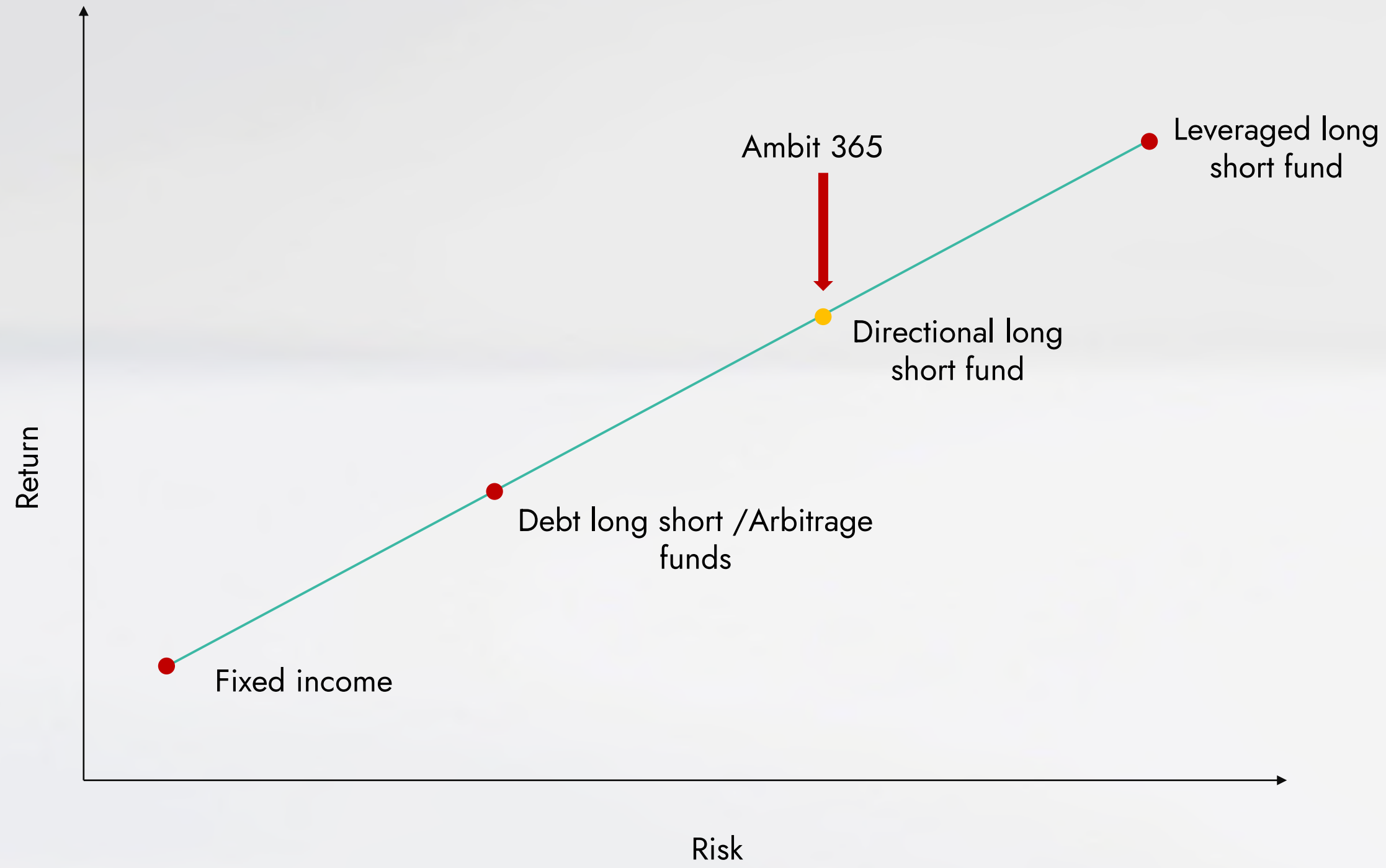
Absolute, Consistent, All-Season

February 2025

An Open Ended Scheme of Ambit Investment Managers Trust, a trust organized in India and registered with Securities and Exchange Board of India (SEBI) as Category III Alternative Investment Fund and managed by Ambit Investment Managers Private Limited.



●● DIRECTIONAL LONG SHORT: A UNIQUE POSITIONING



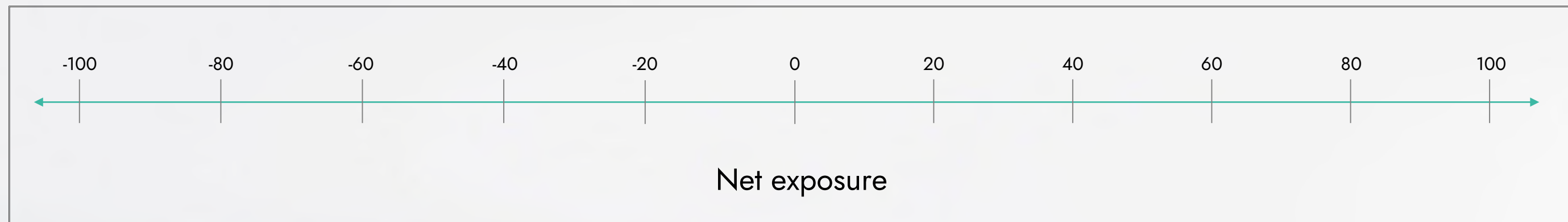
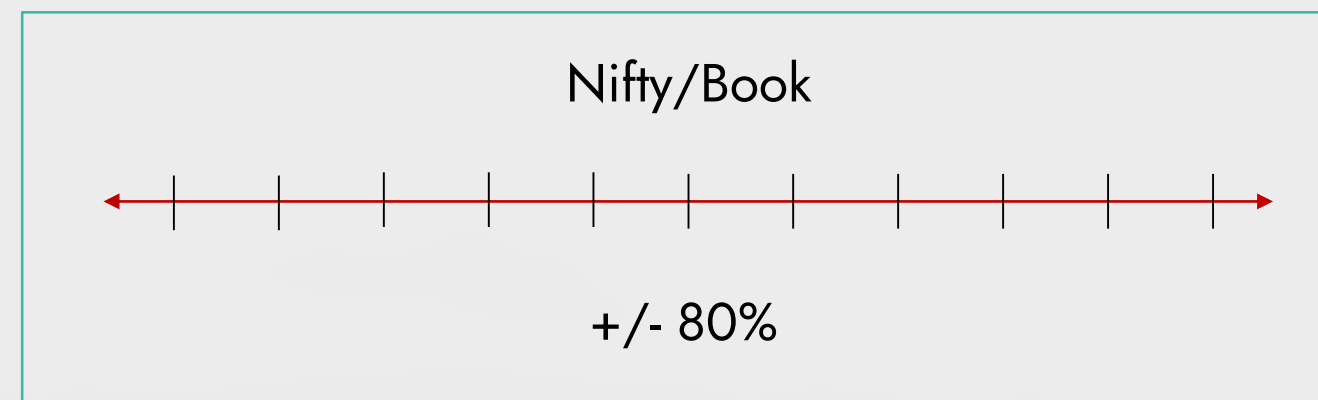
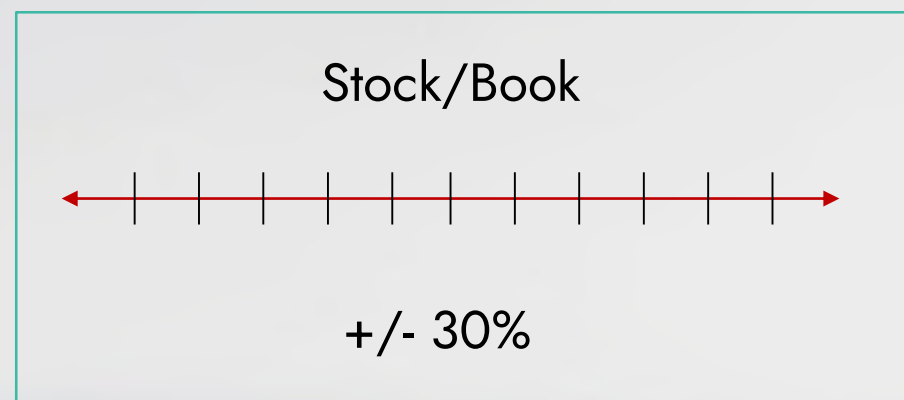
MOST LONG-SHORT PRODUCTS IN INDIA ARE DEBT-PLUS

● ● EXPECTED RETURN DISTRIBUTION

..... 12 month rolling basis



EXPOSURE RANGE



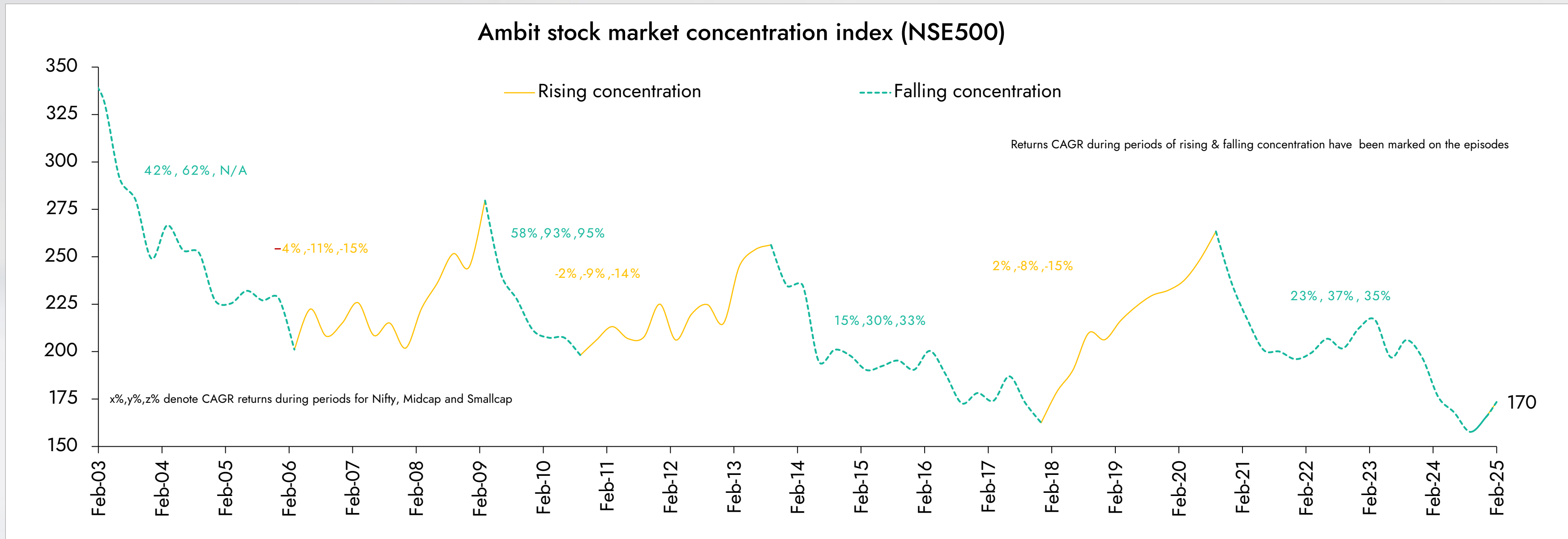
- Leverage funds net exposure goes up to 150- 200%
- Debt plus long short funds net exposure remain in the range of +/- 20%
- Ambit 365, directional long short fund net exposure range is +/- 100%

● THE SINE CURVE: DE-POLARIZATION TO POLARIZATION

- Slower GDP growth
- Earnings Growth Scarcity
- Valuation mean reversion

EQUITY RETURNS EXPECTED TO MODERATE, AND DISPERSION TO RISE = ADVANTAGE AMBIT 365

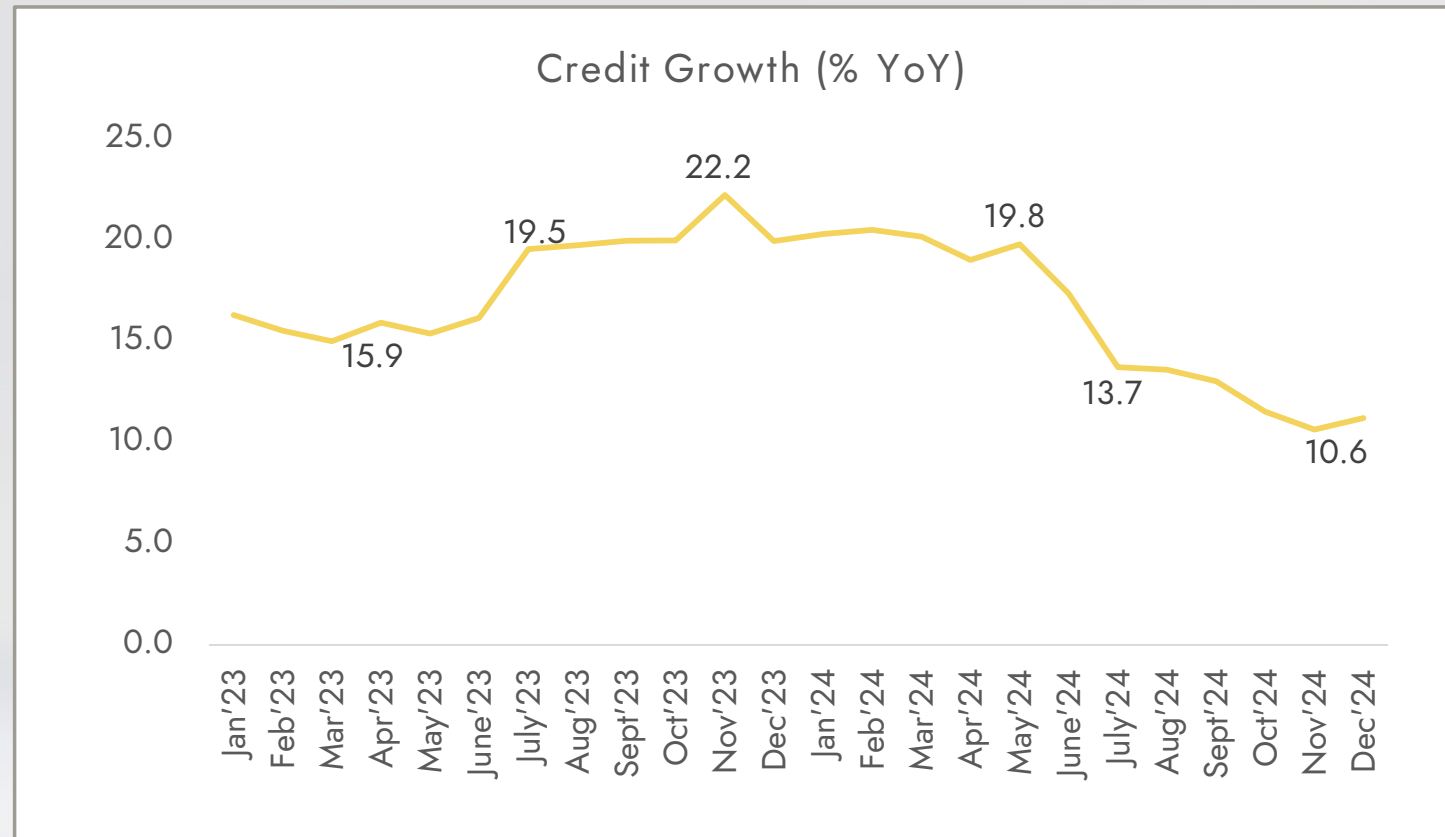
MARKETS RETURNS MODERATE DURING POLARIZATION



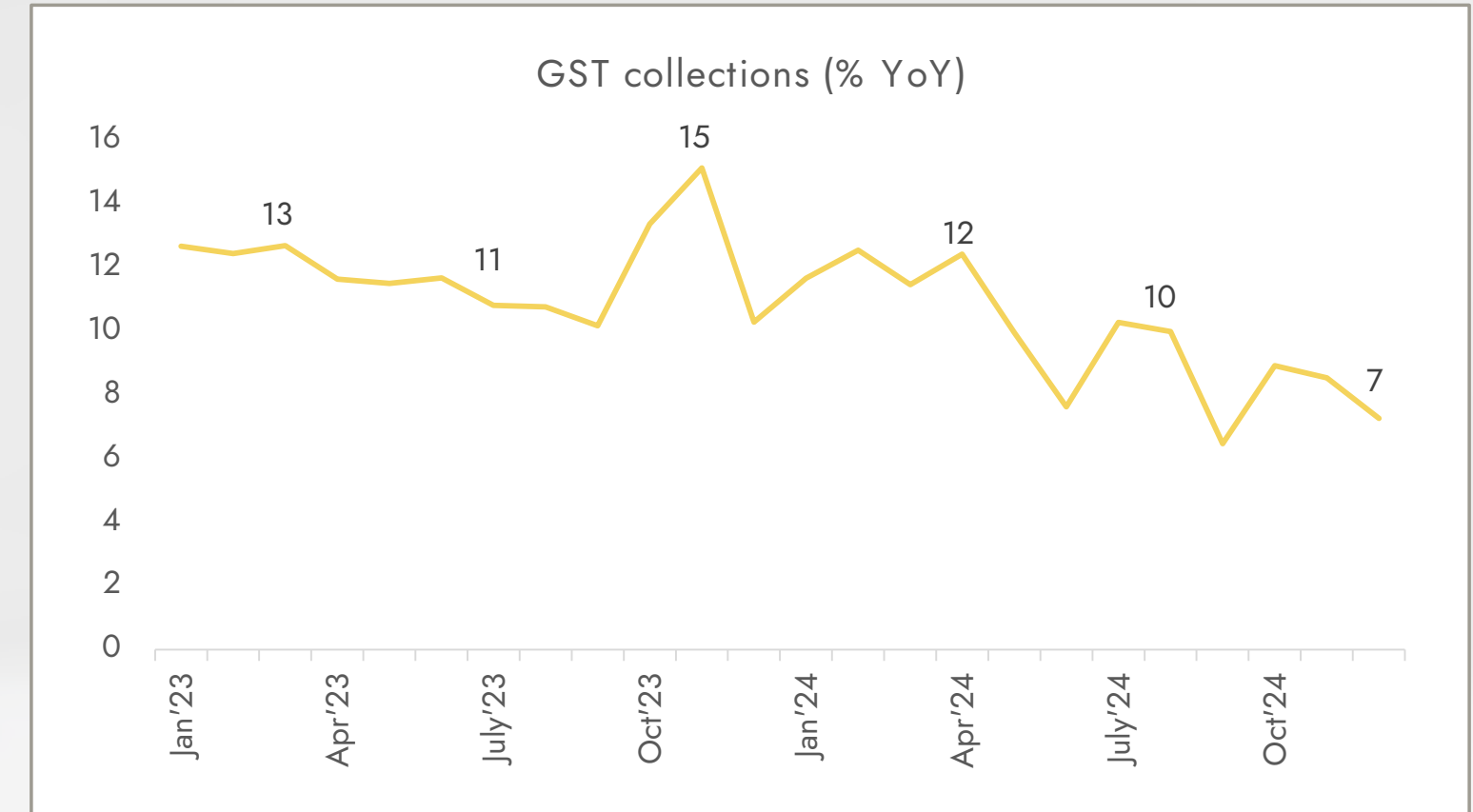
- NSE500 concentration index & returns for all cohorts are negatively correlated
- Concentration has begun to rise – journey to polarization seems to be underway
- Polarisation was close to its lowest levels since 2005, at recent lows

MODERATING ECONOMIC GROWTH

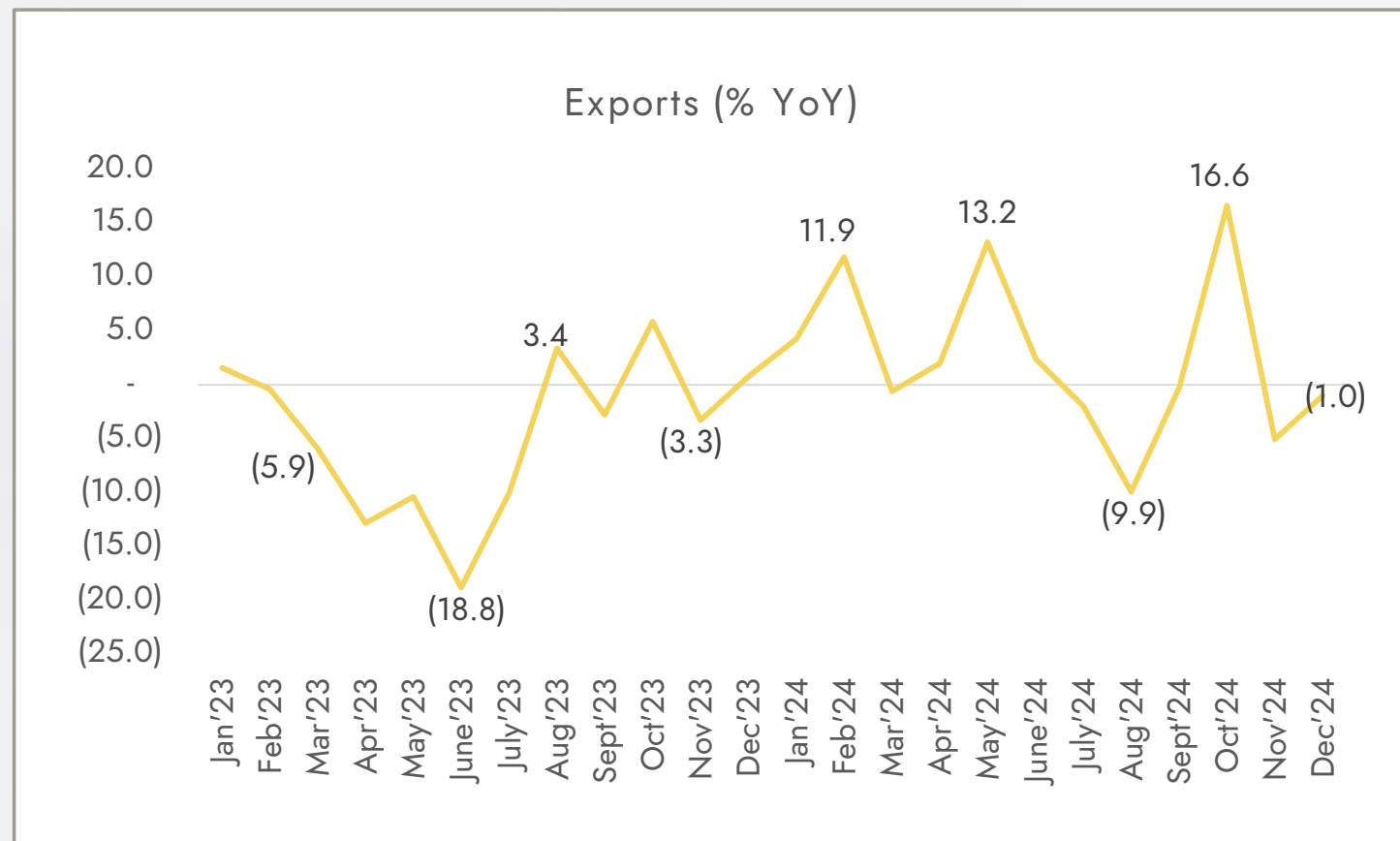
Credit growth decelerating



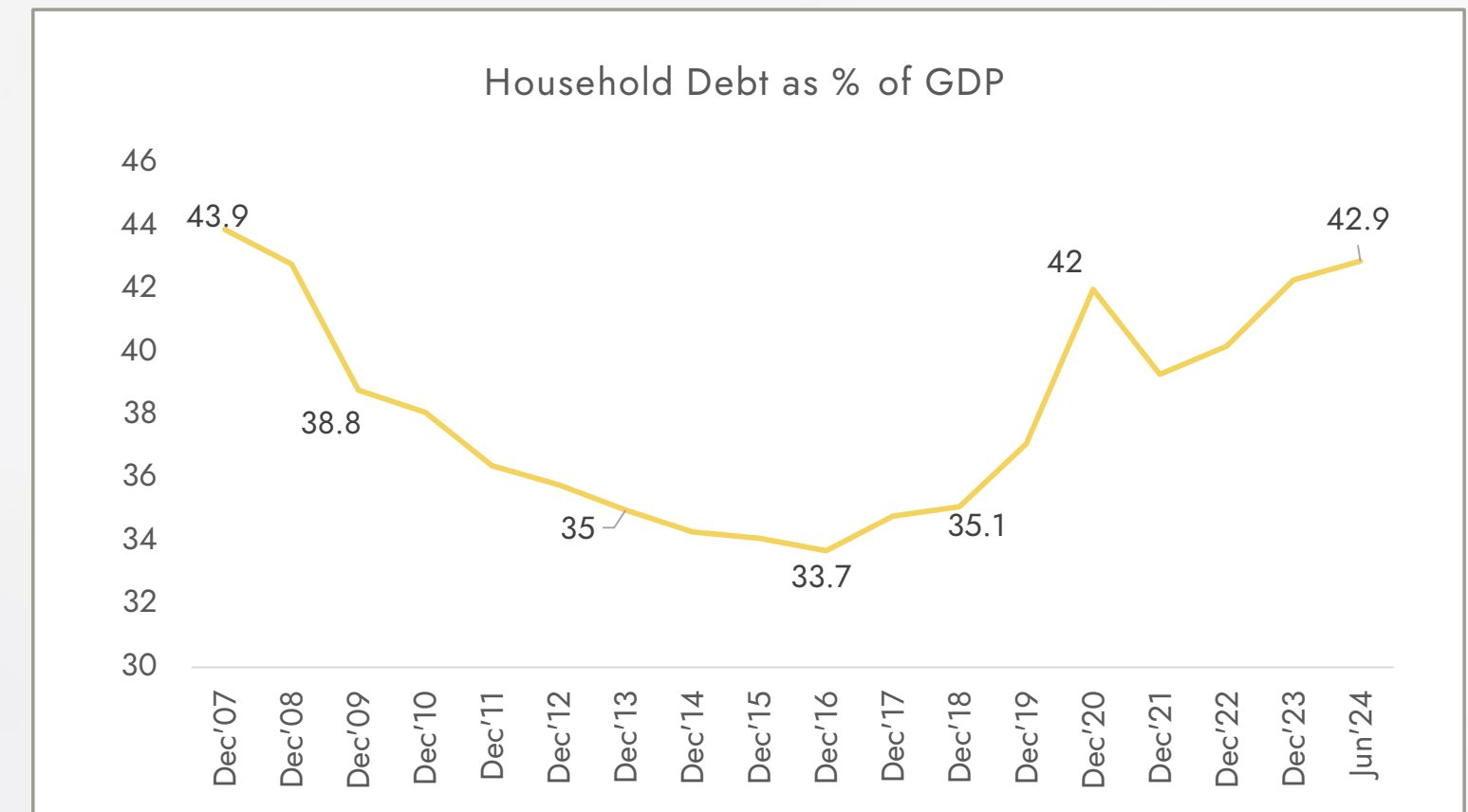
GST Collections growth sharply down



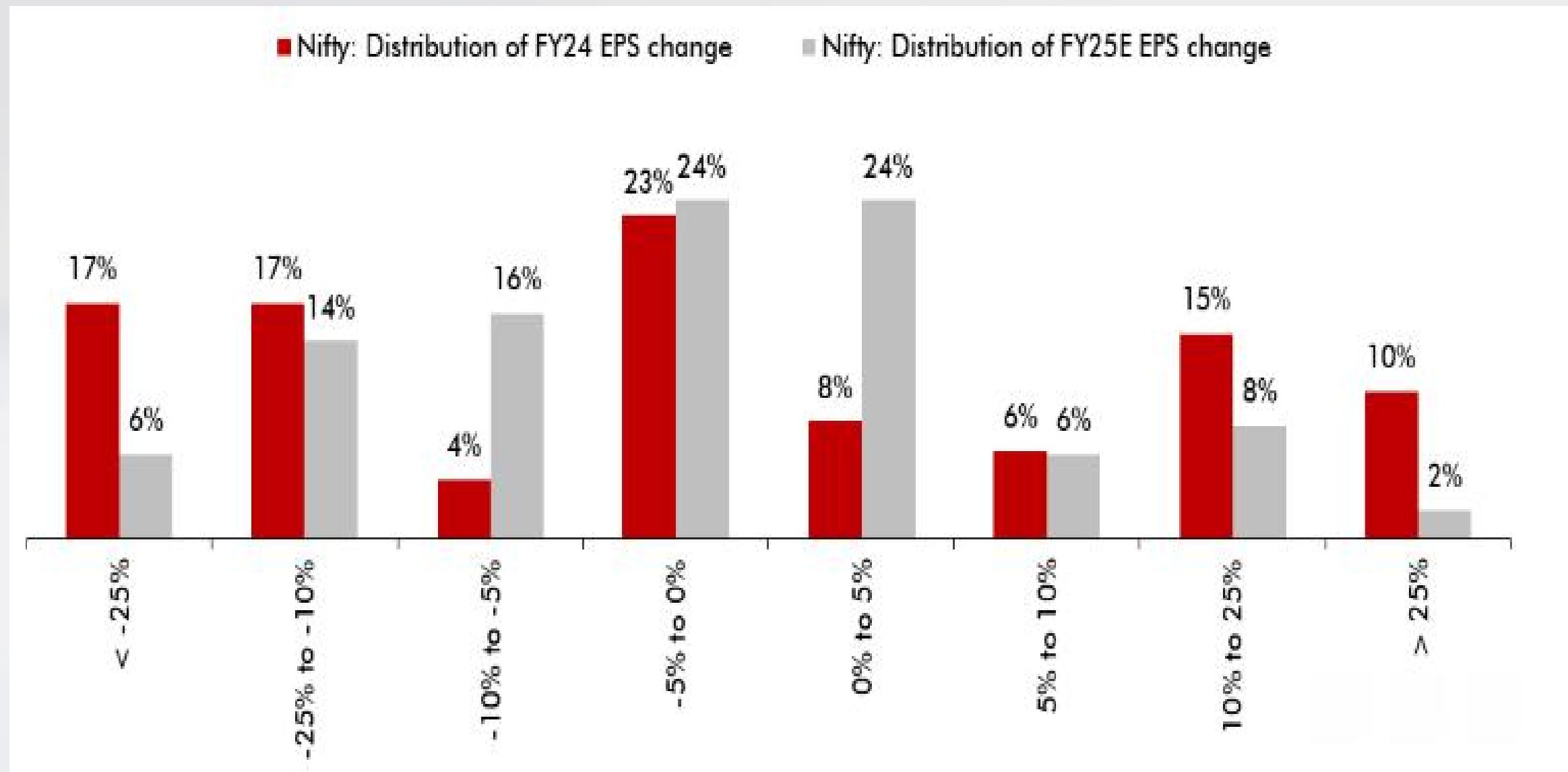
Exports slowdown



Rising HH leverage



● POLARISATION IN EARNINGS DISTRIBUTION..



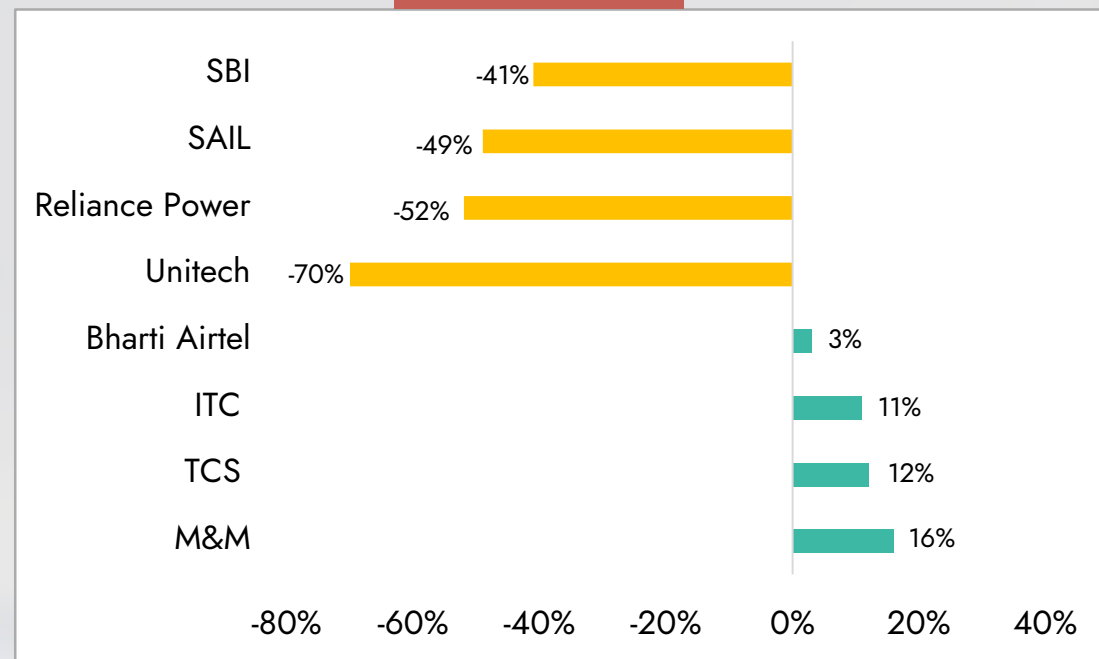
Source: Bloomberg, Ace Equity Ambit Capital Research

- Margins have been the key driver for PAT growth & re-rating & not demand.
- Negative Surprises delivered by the companies are highest since Jun'21 at 50%
- HH leverage increased to 43%, highest since 2008

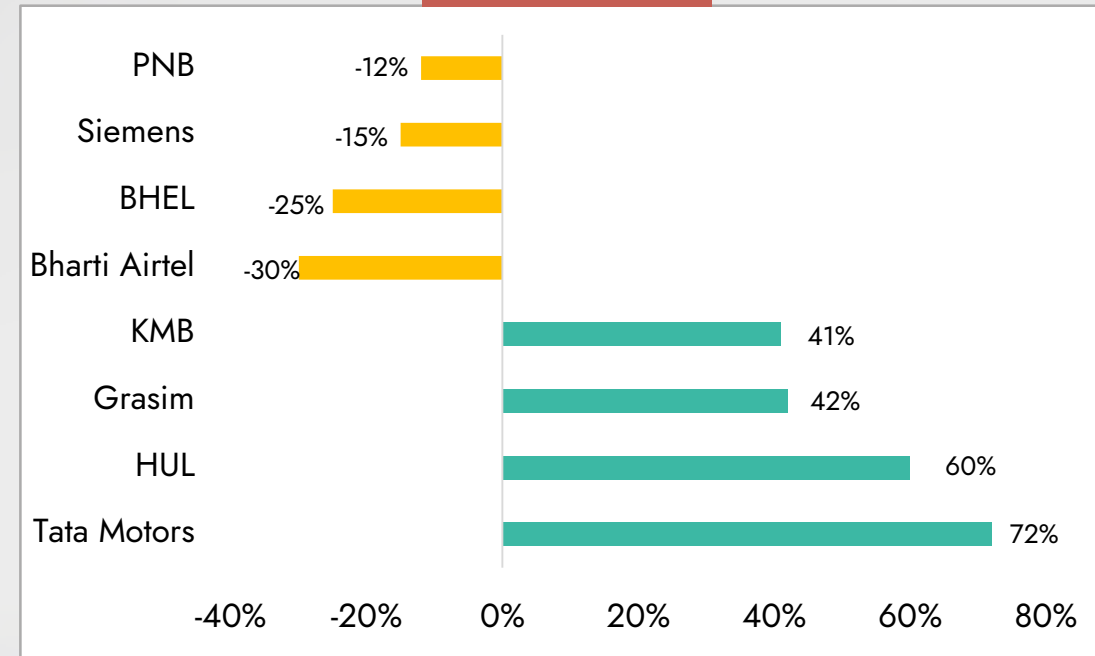
JUST 10% OF NIFTY COMPANIES EPS GROWTH IS 10% OR HIGHER

.. DRIVES HIGH DISPERSION

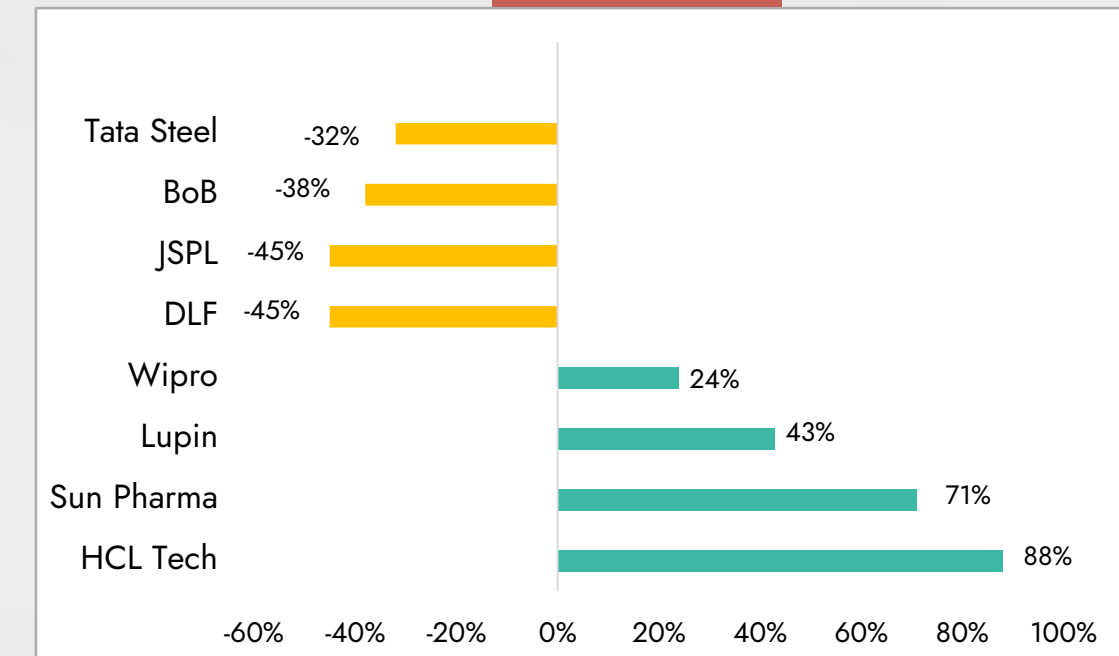
Sept'10-11



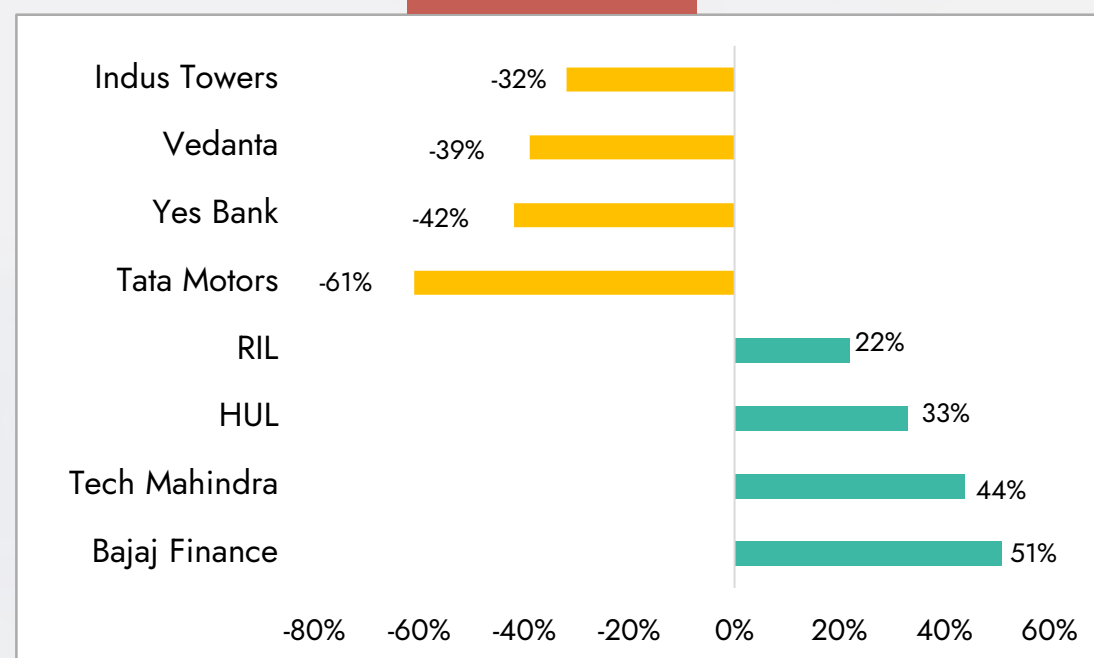
Sept'11-12



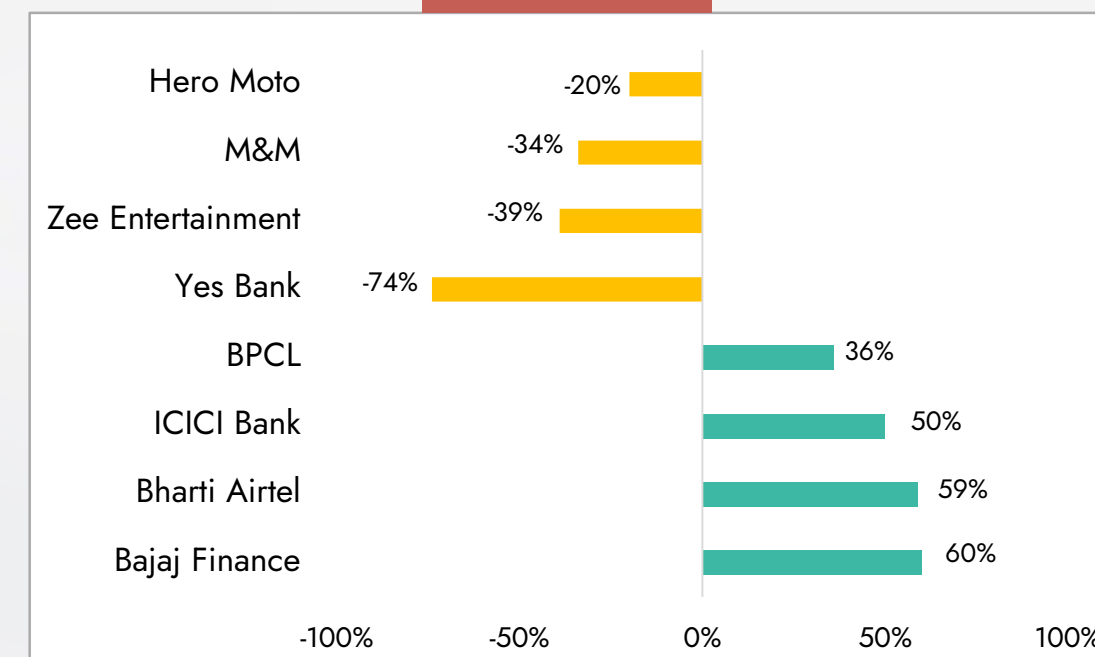
Sept'12-13



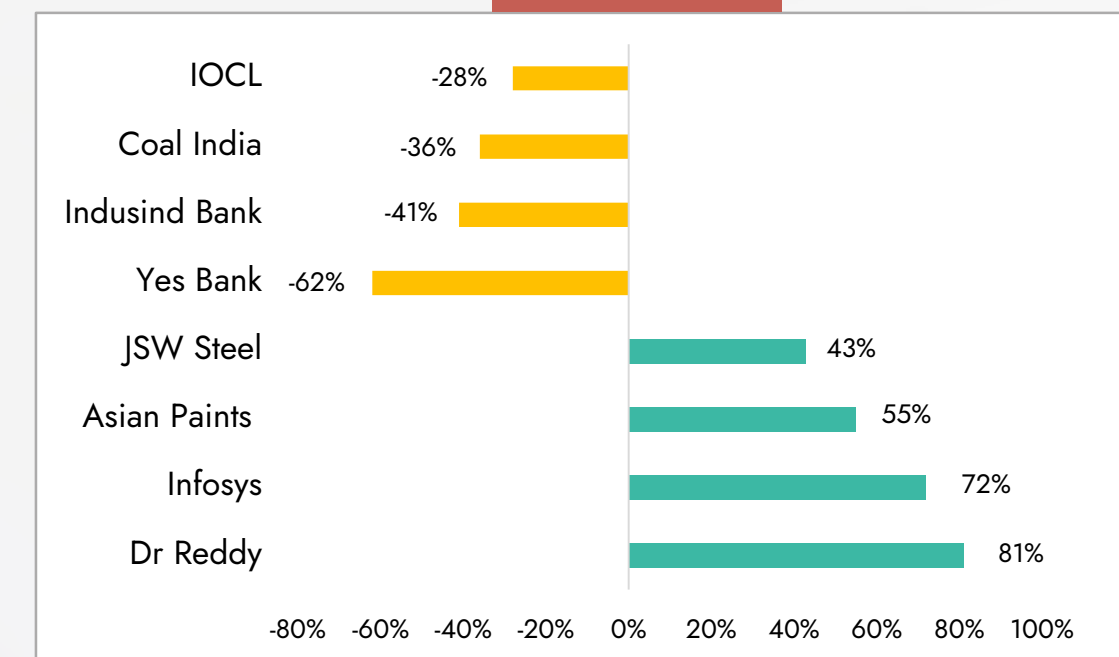
Dec'17-18



Dec'18-19



Dec'19-20



Source: Bloomberg

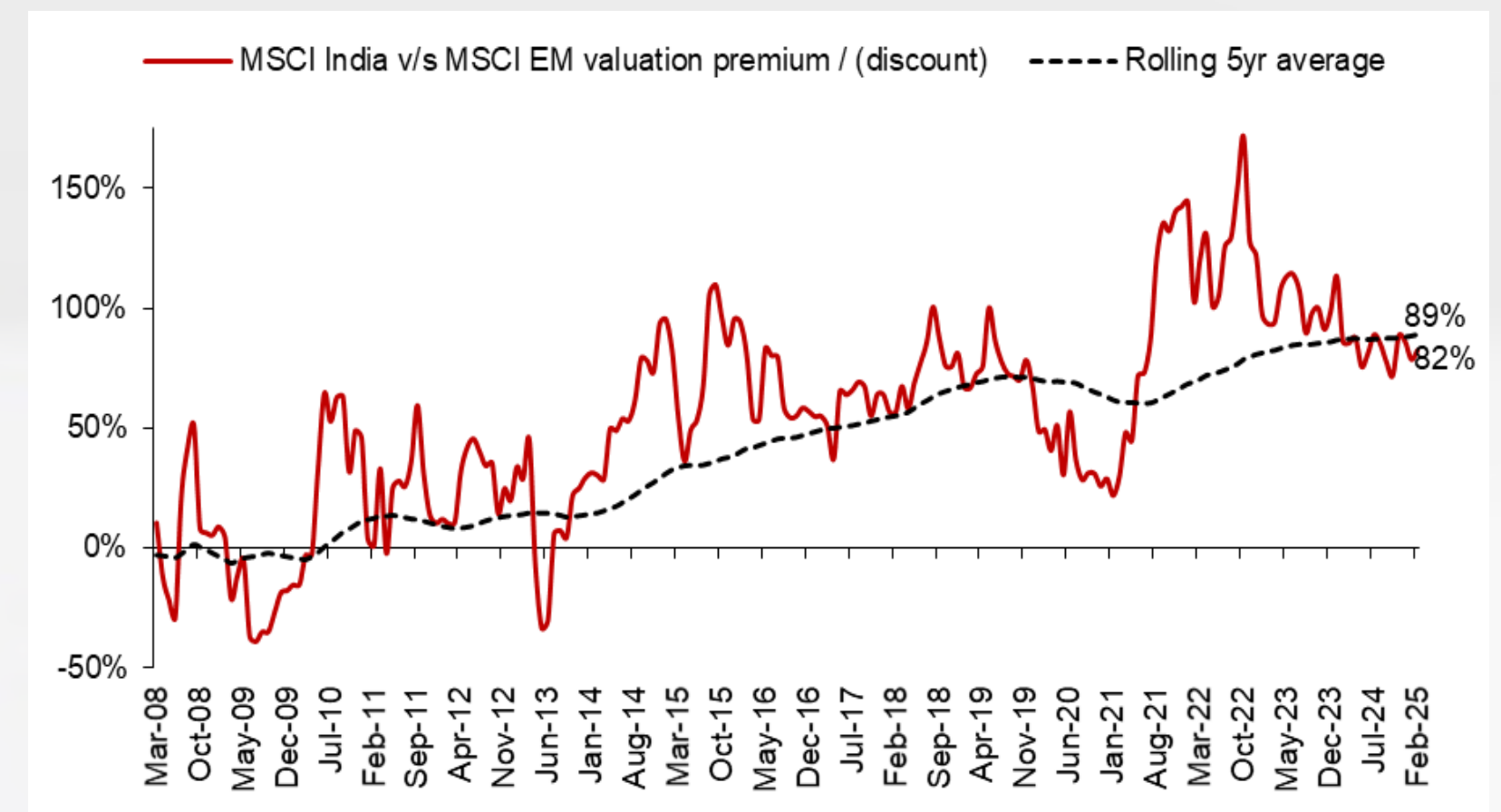
INDIA VALUATIONS SHOULD MEAN REVERT

India's earnings differentials is narrowing



Source: Bloomberg & Nuvama Research

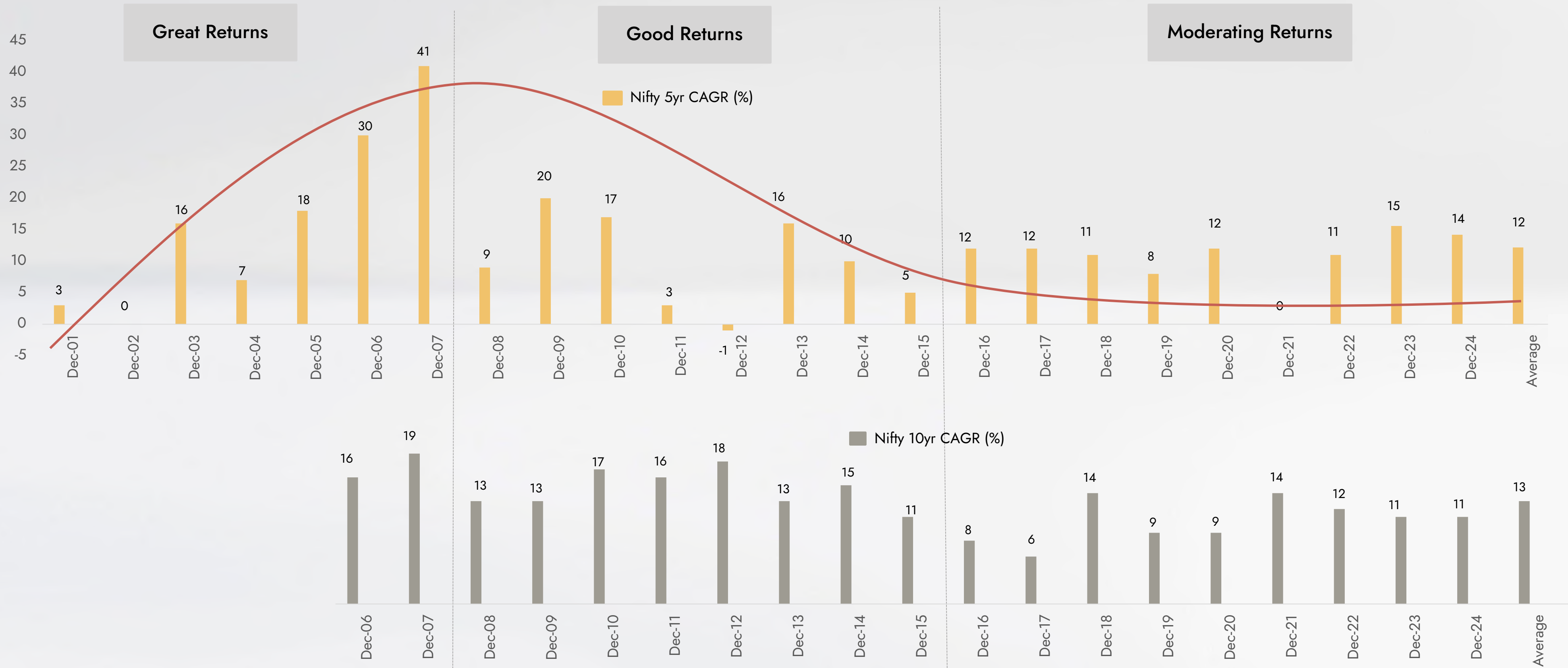
MSCI India valuations premium at elevated levels...



Source: Ambit Capital Research

INDIA'S EARNINGS GROWTH HAS CONVERGED WITH EM, BUT VALUATION STILL AT 60% PREMIUM

EQUITY RETURNS LIKELY TO MEAN REVERT



Higher stability and lower risk indicate towards moderating returns

THE SINE CURVE



●● AMBIT 365: DIRECTIONAL LONG SHORT STRATEGY

EQUITY

- **Advantage:** Potentially Higher return
- **Disadvantage:** Volatility, Timing Risk

DEBT

- **Advantage:** Capital protection
- **Disadvantage:** Lower returns, rate risk

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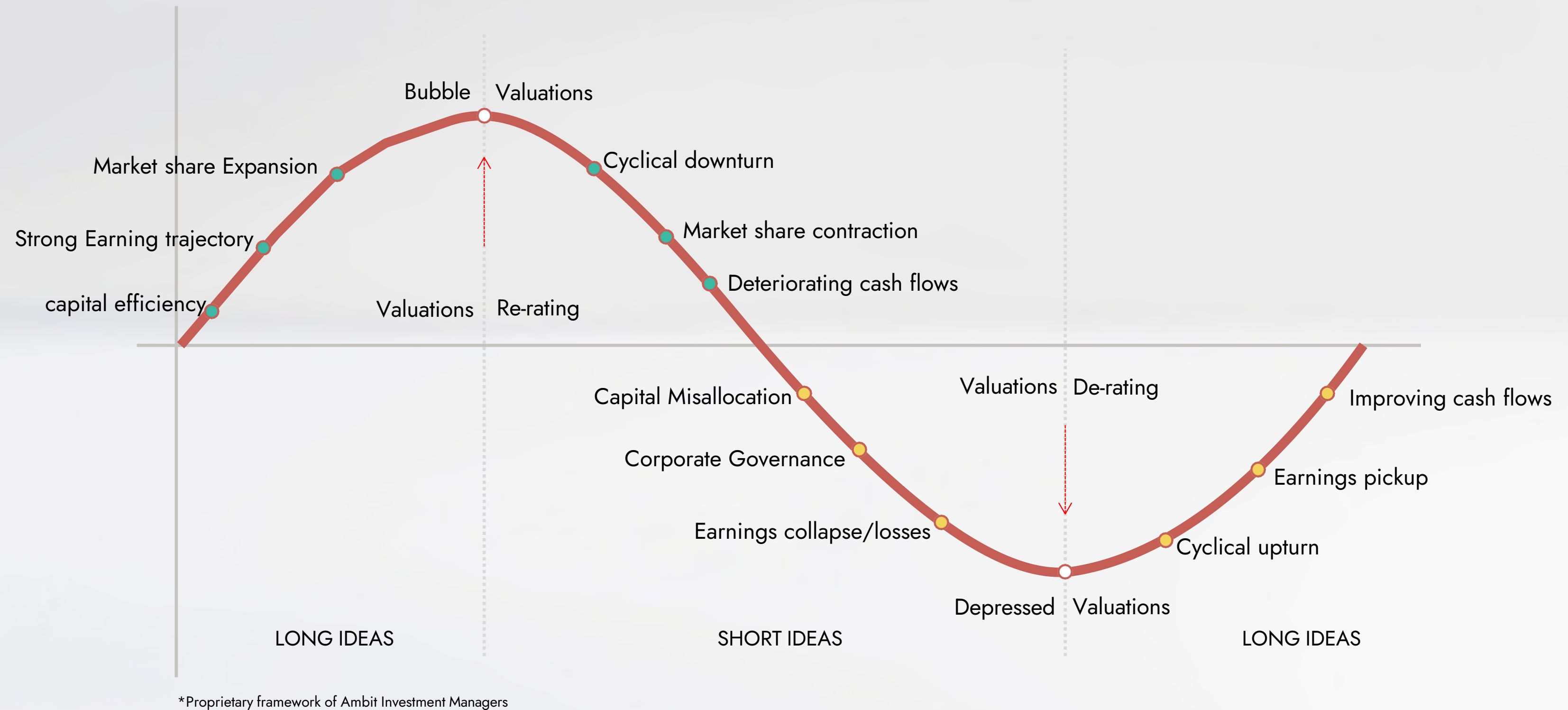
- Aims to generate consistent returns, irrespective of market direction and lower drawdowns

KEY FEATURES OF AMBIT 365

- **Long and Short Stocks for Alpha:** Concentrated portfolio of long and short stocks; Stock selection is driven by our Sine Curve framework
- **Nifty - Hedge and Beta:** Rule-based approach to use Nifty as a hedge
- **Risk Management:** Selection and allocation framework is uncorrelated
- **Timing agnostic:** Consistent returns target to avoid timing bias

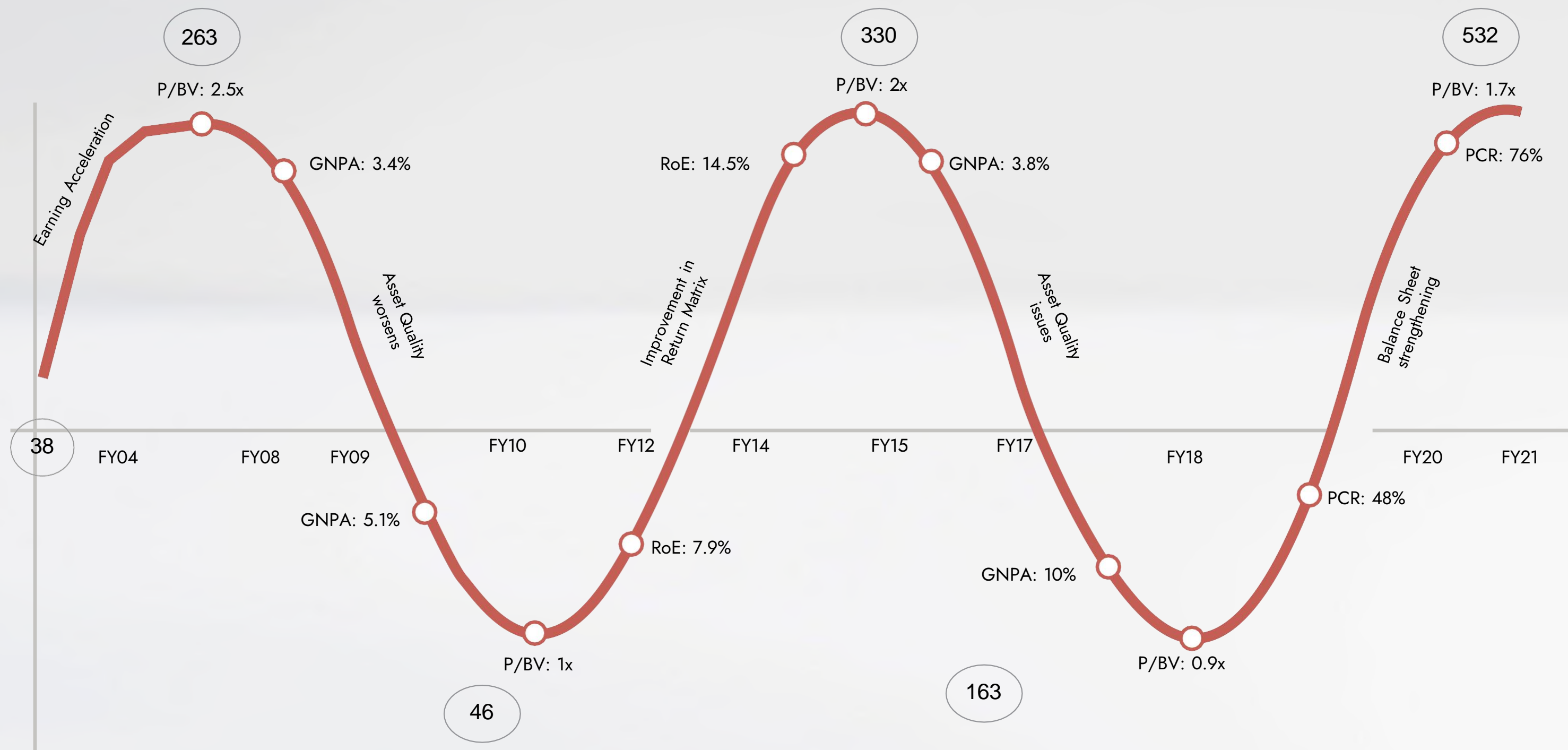
- Ambit 365 is a directional LS strategy focused on absolute returns, irrespective of market direction

●● SINE CURVE* FRAMEWORK FOR STOCK SELECTION



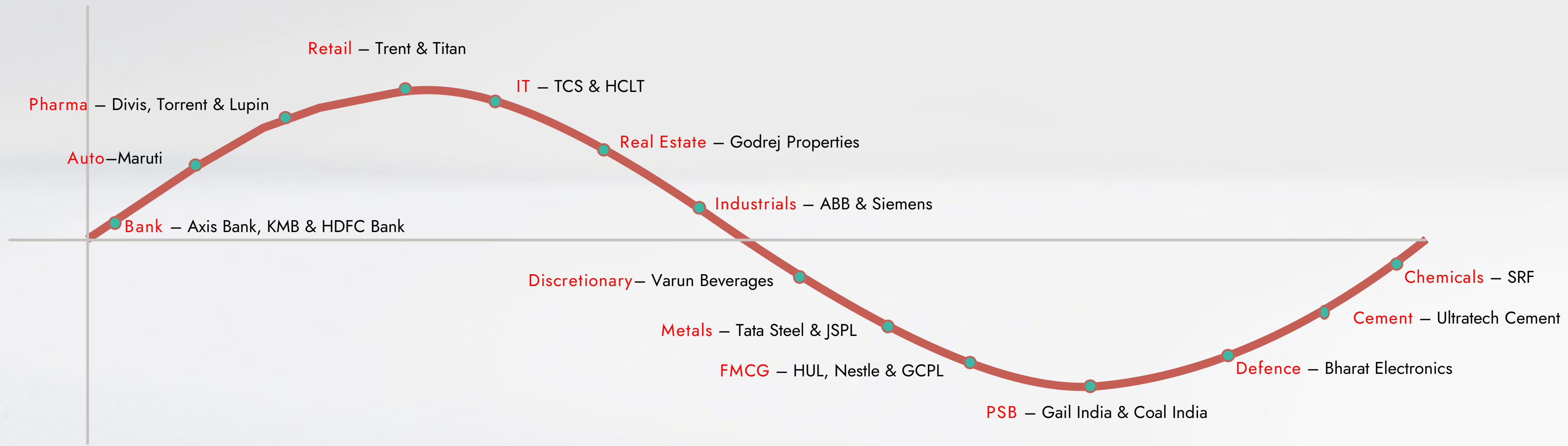
● Everything is a cycle, on some time horizon

SINE CURVE ILLUSTRATION: ICICI BANK

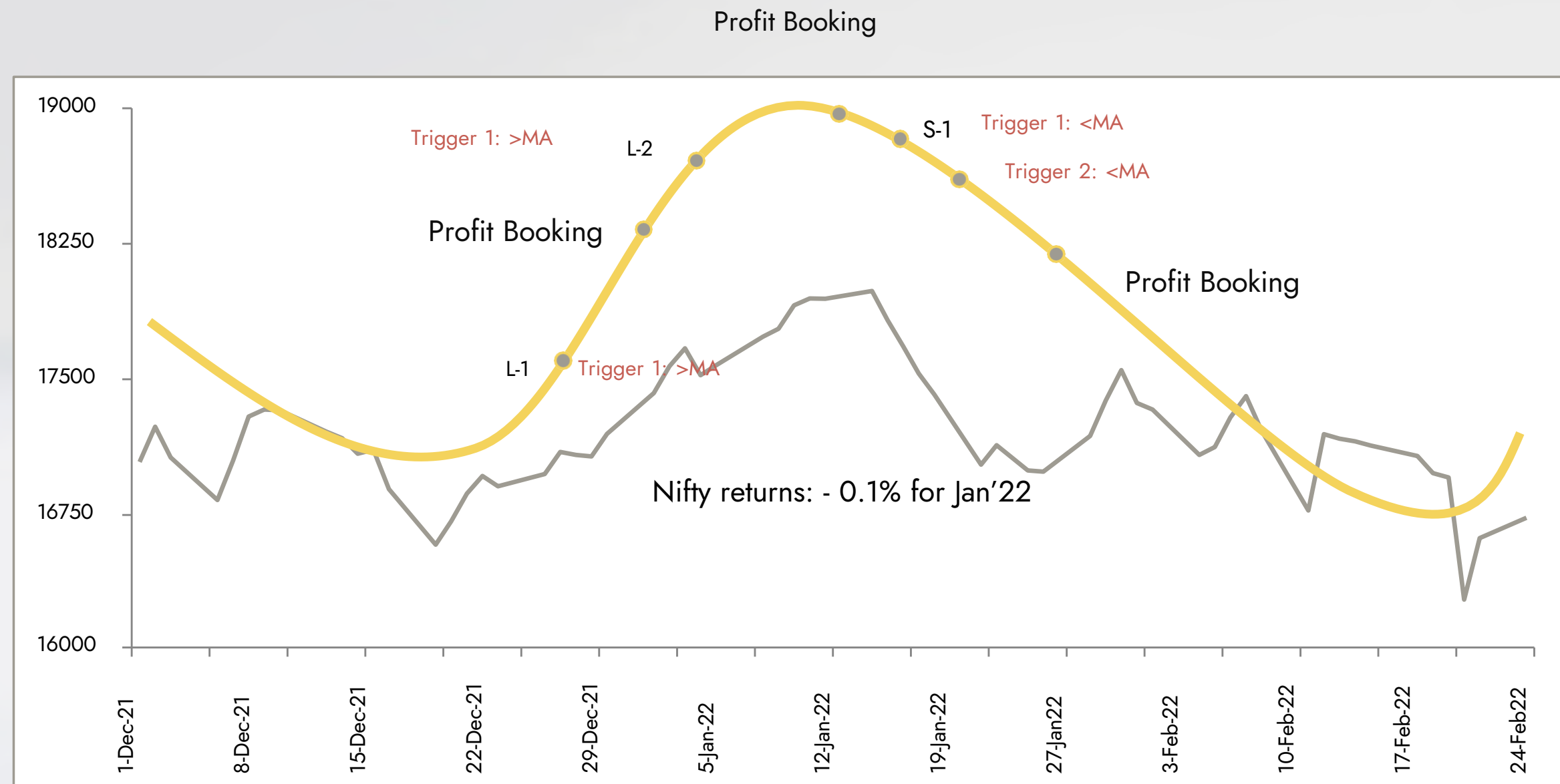


● Last 3 decades ICICI has seen 2 down-cycles and 3 up-cycles- a perfect Sine Curve

SINE CURVE



NIFTY RULE BASED FRAMEWORK, KEY ALLOCATION DRIVER



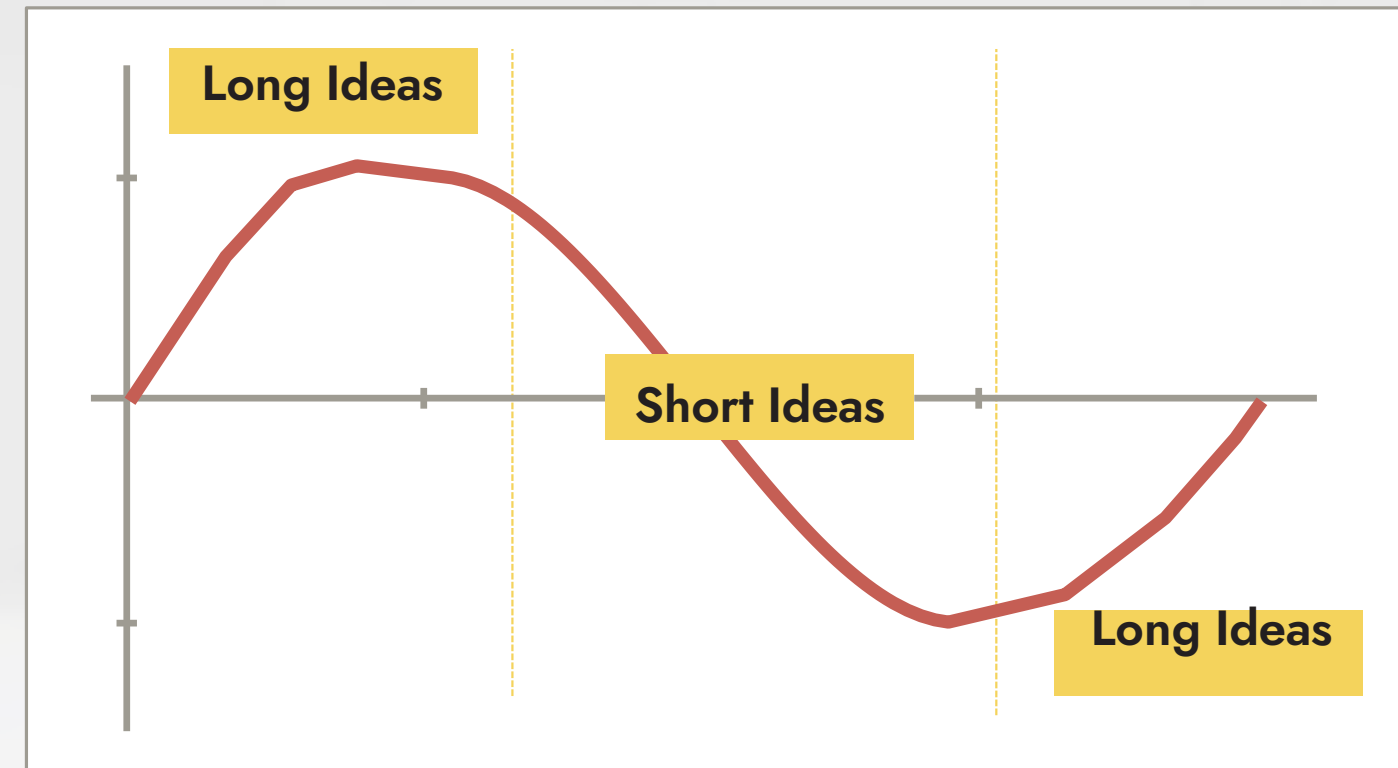
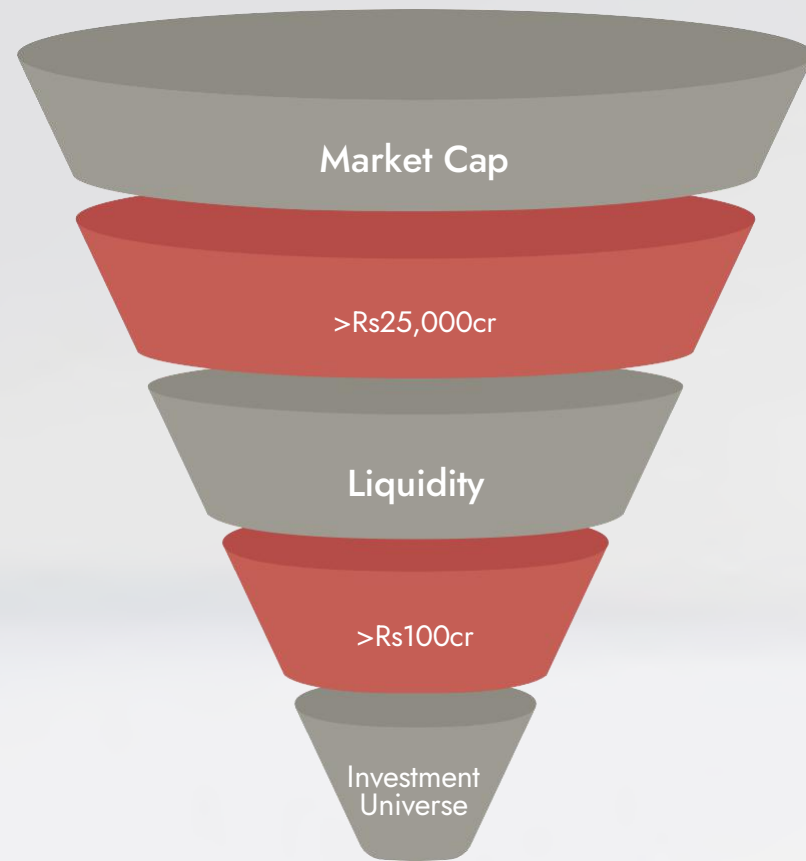
L- Long (120bps attribution) for Jan'22
 S-Short (280bps attribution) for Jan'22

- **Hedging Tool:** Nifty can be long or short. Protects downside, and generates beta during uptrends
- **Approach:** Position building is rule based, developed around Proprietary & technical factors like Moving Averages, RSI, Trendlines.
- **Pyramid approach:** Sizing in 2 or 3 instalments; and position is ramped only when previous position is fully protected.
- **Allocation driver:** While maximum stock book exposure is +30 to -30, Nifty is used to drive portfolio allocation to higher ranges (cap of 100%)

AMBIT 365



STOCK UNIVERSE & PORTFOLIO EXPOSURE



IDENTIFICATION:

- **Universe:** Large and Liquid universe make Nifty a near perfect hedge.
- **Long and Short Buckets:** Universe is further divided onto Long ideas and short idea buckets, based on our Sine Curve framework.
- **Behavioral approach:** Near term catalysts and technical indicators are used to select ideas.

EXPOSURE:

- **Maximum Stock exposure:** Long stocks and Short stocks- 50% of assets
- **Minimum stock exposure:** Long stocks 20%; Short stocks 20% of assets
- **Net Stock exposure:** Maximum net stock exposure of 30% long or short
- **Portfolio:** Maximum 15 Long stocks and 15 Short stocks
- **Sector Cap:** Maximum net sector exposure of 25%
- **Maximum single stock exposure:** 10% at cost
- **Maximum Nifty Exposure:** 80% long or short

RISK MANAGEMENT FRAMEWORK

Liquidity Risk

- **Large & Liquid Stock Book:**
Market cap: >Rs25,000cr
ADV: >Rs100cr
- **Nifty:** Effective Hedging tool.
- **Sizing:** >5% position in the stock only when the initial position is in the money.
- **Stop-loss approach:** Hard stop loss of 10% from the cost for stocks.
- **Blackout period:** Stop-loss triggered, cool off period for 3 days.

Exposure Risk

- **Gross exposure:** 180% of the book.
- **Stock Book Gross exposure:** 100% of the book.
- **Maximum net stock exposure:** 30% net long or net short.
- **Stock Book Minimum exposure:** 20% on both side Long & Short.
- **Sector exposure:** Maximum 25% of the net book.
- **Concentration:** Maximum stock exposure of 10% at cost.

Market Risk

- **Maximum Nifty exposure:** 80% of the book.
- **Stop-loss approach:** Hard stop loss of not more than 2% from cost.
- **Pyramiding:** >50% of Nifty trigger original position is protected.
- **Rule based approach:** This removes the selection bias from nifty, and nifty becomes the primary exposure allocation tool.

Event Risk

- **Major Events:** Nil or very small (20%) Nifty position, ahead of major events (e.g. National Elections, Budget etc.)
- **Minor Events:** Maximum position 40%, ahead of minor events like RBI policy meet, Federal Reserve meet, state elections.

FUND MANAGEMENT TEAM TRACK RECORD



●● AMBIT 365 - TRACK RECORD

Returns as on 31 st January 2025	CYTD	1M	3M	6M	1Y	2Y	Since inception*
Ambit 365	-3.0%	-3.0%	-2.7%	-6.3%	1.5%	NA	6.1%

*Start date 6th Oct'2023

Gross return, pre-fees & pre-tax

Particulars	Std deviation	Beta	Sharpe ratio	Max monthly drawdown
Ambit 365	7.7%	0.24	-0.1	-3.4%

●● AMBIT 365 – MONTHLY RETURN

Month	Ambit 365	Nifty
Oct'23	0.15%	-2.92%
Nov'23	-0.14%	5.52%
Dec'23	3.87%	7.94%
Jan'24	2.60%	-0.03%
Feb'24	2.24%	1.18%
Mar'24	0.13%	1.57%
Apr'24	2.47%	1.24%
May'24	2.87%	-0.33%
Jun'24	-2.07%	6.57%
Jul'24	2.49%	3.92%
Aug'24	-1.86%	1.14%
Sep'24	1.63%	2.28%
Oct'24	-3.42%	-6.22%
Nov'24	0.58%	-0.31%
Dec'24	-0.30%	-2.10%
Jan'25	-3.00%	-0.40%

●● KEY FUND TERMS

Fund Ambit 365

Nature of the fund Category III AIF, Open Ended fund

Investment Manager Ambit Investment Managers Private Limited

Sponsor Ambit Wealth Private Ltd

Trustee Orbis Trusteeship Services Private Ltd

Sponsor Commitment 5% of the corpus or Rs 10crore, whichever is lower

Minimum Investment 1 cr for all contributors

Setup Fee Upto 2% (two percent) on their respective Capital Commitments

Operating Expenses Upto 2% (two percent) p.a. of the respective NAV of the Contributors

Redemption Frequency Units issued to Contributors during the Initial Offer Period or thereafter shall be locked in till the expiry of 3 (three) months from the date of allotment of Units to such Contributor



DHIRAJ AGARWAL

Dhiraj Agarwal is the Managing Director of Ambit Investment Managers Private Limited. He was previously a co-head of the Institutional Equities business at Ambit Capital. He has over +25 years of experience in the financial markets. Before joining Ambit, Dhiraj was head of sales at Standard Chartered India. He also worked with firms like SSKI Securities where he started his career in Equity Research, and CLSA. Dhiraj has also spent four years on the buy-side with Boyer Allan Investment Management Ltd., a UK-based hedge fund. While Dhiraj was at SSKI, he founded and also led Sharekhan. He holds an MBA from the Indian Institute of Management Bangalore and is a graduate from Shri Ram College of Commerce, Delhi.



RAHUL MAHESHWARY

Rahul has +8 years of experience in the equity markets (buy-side). At Ambit, he is responsible for managing Long short strategy & equity research. Before joining Ambit Asset Management (PMS) in 2020, he worked at TCG Asset Management (AIF) & IDBI Asset Management (Mutual Fund) where he was responsible for extensive equity research towards various sectors such as BFSI, FMCG, Consumer Discretionary, Pharmaceuticals & Telecom. Rahul is Chartered accountant and is a graduate from K. J. Somaiya Institute of Management, Mumbai.

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- Innovative solutions that reduce complexity
- Deep understanding of prevalent regulatory framework
- Broad range of tailor-made solutions for Business Owners, Corporates, Institutional Investors, Family Offices and High Net Worth Individuals (HNWIs)

EXPERIENCED AND PROFESSIONAL PAN-INDIA TEAM

- Team of 3000+

PROVEN TRACK RECORD

- Consistently ranked among the top 5 Investment Banks (M&A and PE) by Indian League tables
- Consistently awarded Best for Ultra High Networth advisory in India by Euromoney (erstwhile Asiamoney)

SUCCESSFUL PARTNERSHIPS

- Daiwa Securities is marquee shareholder with significant minority stake in Ambit Group



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THANK YOU



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