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The  
Solitaire  
Way

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Our objective is to invest in well managed companies with a proven business model at reasonable valuations, with the intention of giving investors stable, consistent returns with minimal volatility.

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The aim is to create a focussed portfolio of 25-30 stocks of emerging performers chosen from newer themes with higher growth metrics and superior capital allocation.

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Solitaire will break free from past preferences. It will buy businesses of the future and identify modern themes early enough to capture intrinsic value.



**Shyam Sekhar**

[@shyamsek](#)

Sep 7<sup>th</sup> 2019, 12 tweets [Read on Twitter](#)

"Why does a PMS portfolio not look like a good investor's PF?"  
I have been asked this question many times. So, I set out thinking what can make a portfolio curated by others special to an investor. My learnings brought back memories of 2009 when another question began a new journey.

1/12

The questions in 2009 were - "Why do retail investors always buy MFs at the top, chasing sectors & themes which have already done too well? Why do they exit shortly after at the bottom?"  
These questions began my 10-year journey into mutual fund advisory. Finding answers was fun. So, here I am!

2/12

The answers to a very relevant question have to be a solution. The solution must be tried and tested real time (not back tested). You need to prove it to real investors. The process must be robust, dynamic and transformative. Learnings must be institutionalised. We did it in MFs.

3/12

Quietly, we tested a robust advisory process all along in a few equity PFs. The mandate was simple. A good investor is under no pressure to churn, show profits and cut winners. He builds and holds a PF for years. Is it possible for a professional PMS to replicate that? We tried.

4/12

Interestingly, we found that through the period 2009-2019, this approach worked satisfactorily. We chose stocks carefully. They weren't really unknown. But we got them when they were out of favour. Or, valuations were in favour. We bought more if they fell. We held them longer.

5/12

The stocks we bought were so familiar. Bata, Infy & Britannia were a few very obvious picks. But we braved the odds even to buy them. This taught us that even in building a PF of known stocks, a difference can be made. A manager can contribute if he shows an investor's patience.

6/12



**Shyam Sekhar**

[@shyamsek](#)

Sep 7<sup>th</sup> 2019, 12 tweets [Read on Twitter](#)

"An investor's patience" was first critical ingredient for our PMS recipe. It was important to view it like a very sound, solid investor would. Do nothing adventurous & let time do the talking. We saw the results very clearly. A manager showing an investor's patience was rare.

7/12

Then to the toughest part of a PMS - FEES  
Why would anyone pay fees for a lazy PF? With no action, rare profit booking & low churn, can we even charge?  
I know what you are thinking. So, we had an investor experiencing it all along. We kept fees low. He loved it. Thank god.

8/12

Who are we up against? We respect other PMS schemes, marquee brands, iconic managers working great, constantly coming up with brave ideas, bold themes & brilliant moves. We are no match.  
So, we won't play that game.  
But we will play it like an investor.  
And keep it simple.

9/12

Who should invest with us?

The experience taught us who would like our PMS. It was loved for solid reasons. It cost less than direct option of a large MF scheme. It delivered superior returns with ample peace of mind. And, it looked much more like an investor's PF. That was it.

10/12

When must we start?

This was the toughest part. We had to wait for a very good time. When we start a PMS mattered. We didn't want bull market AUM. We wanted to begin in tough times, in weaker markets, under lazy sentiment. So, we had no option but to wait out 2016-18. We waited.

11/12

We believe Solitaire, our first PMS offering answers that original question. We have put in years of real time effort in curation, framework and testing. Obviously, it is a good time to start now. We look forward to this new journey. An investor's portfolio awaits you. Cheers.

12/12

## Our USP



Each portfolio is unique and customised. Portfolios are built gradually, and stock selection is done based on valuation comforts at the time.



Primarily a buy and hold strategy looking to generate long term returns with minimum churn. Low churn enables us to keep costs to the investor low.



Solitaire is ideal for an investor looking at superior risk-adjusted returns in the long run along with the invaluable alpha of peace of mind.



**Shyam Sekhar**

[@shyamsek](#)

Jan 11<sup>th</sup> 2020, 7 tweets [Read on Twitter](#)

A lot of equity investing happens in brokerages without structured advice, stock selection and review. Such random investing runs known risks. It is these known risks that Solitaire seeks to minimise and neutralise. Costs incurred as fees will be far less than risk costs.

1/7

A conscious investing habit is to avoid investing all money in one go. The common PMS practice is to buy a set portfolio the day after the client money hits the bank. Solitaire avoids this practice. We buy & build every portfolio gradually. Rome wasn't built in a day.

2/7

Buying same stocks when they rise sharply can create very different outcomes across PMS portfolios. Stock purchases & stock selection must factor in prevailing valuations. Wider stock selection helps purchase a mix of right stocks. Solitaire works to bespoke within a universe.

3/7

Curation is so critical in a PMS. If curation is right, then over longer durations superior returns can happen. The most important thing is to curate a sound portfolio philosophy. Solitaire starts on the right note with a philosophy that will work for most investors.

4/7

When a portfolio is curated to perform over a particular time frame, it needs to be given that timeframe to be assessed. Monthly anxiety and reviewing is not going to help. While investing in a PMS, understanding the philosophy & buying into it before investing is crucial.

5/7

Setting low churn at the core of the investment philosophy is a commitment to pursue a more disciplined approach. It may seem like it is less work but actually it is much more preparation work. Try not uttering a word a whole day to anyone. That's doubly tougher than we think.

6/7

Risk management is the most critical part of any PMS. Done diligently, the returns will flow as a function of that. Over long term, staying away from wrong stocks delivers as much as or more value than staying with right ideas. Both must work well. Solitaire focuses on both.

7/7

# PORTFOLIO HIGHLIGHTS



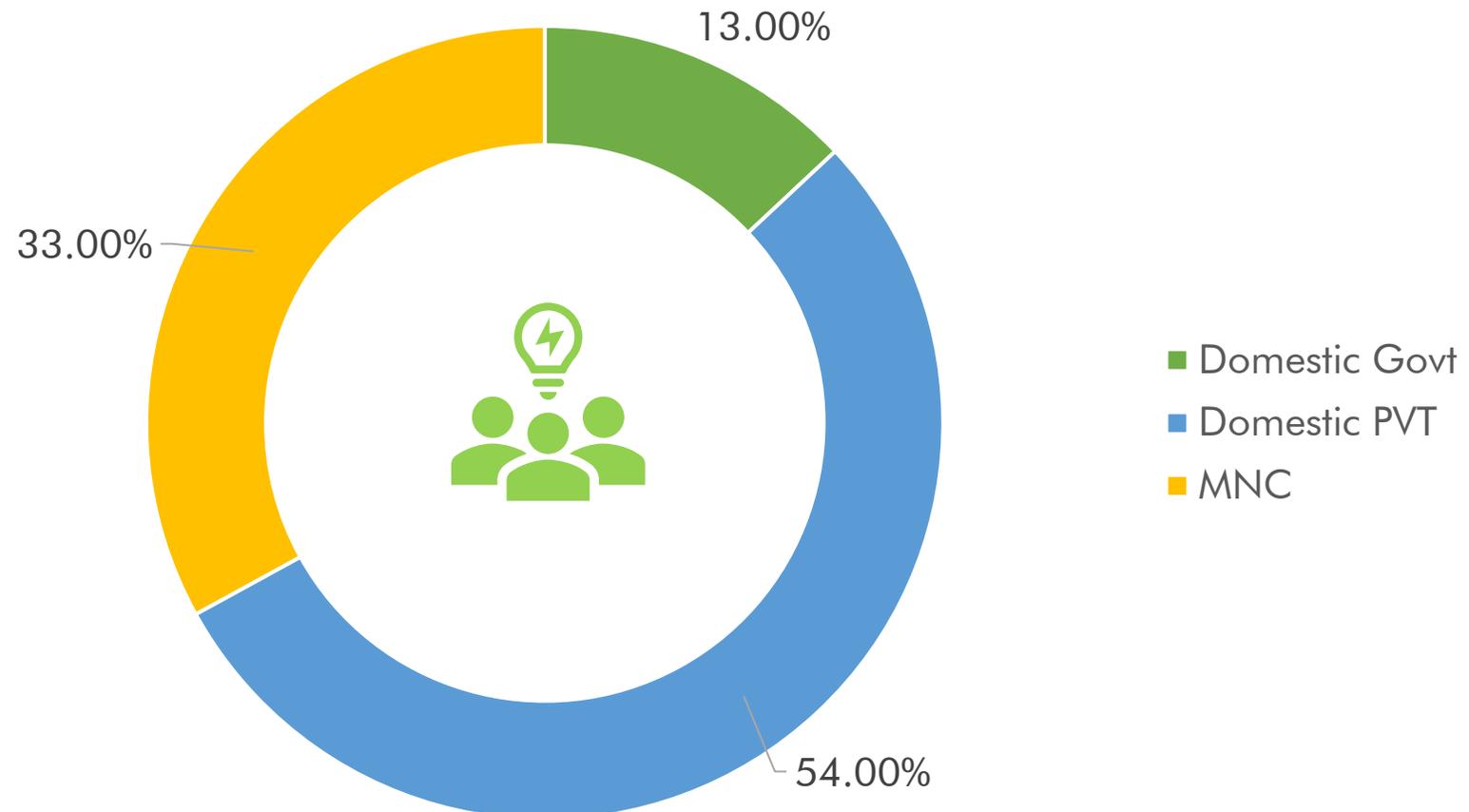
What kind of  
companies do  
we own?

## What We Look For In Companies

- ✓ Industry leaders
- ✓ High growth metrics
- ✓ Privy to fundamental tailwinds
- ✓ Strong leadership teams with track record of execution
- ✓ Good Corporate Governance and financial discipline
- ✓ Insulated from disruption for foreseeable future
- ✓ Reasonable valuations
- ✓ Zero or low leverage

# Ownership Type

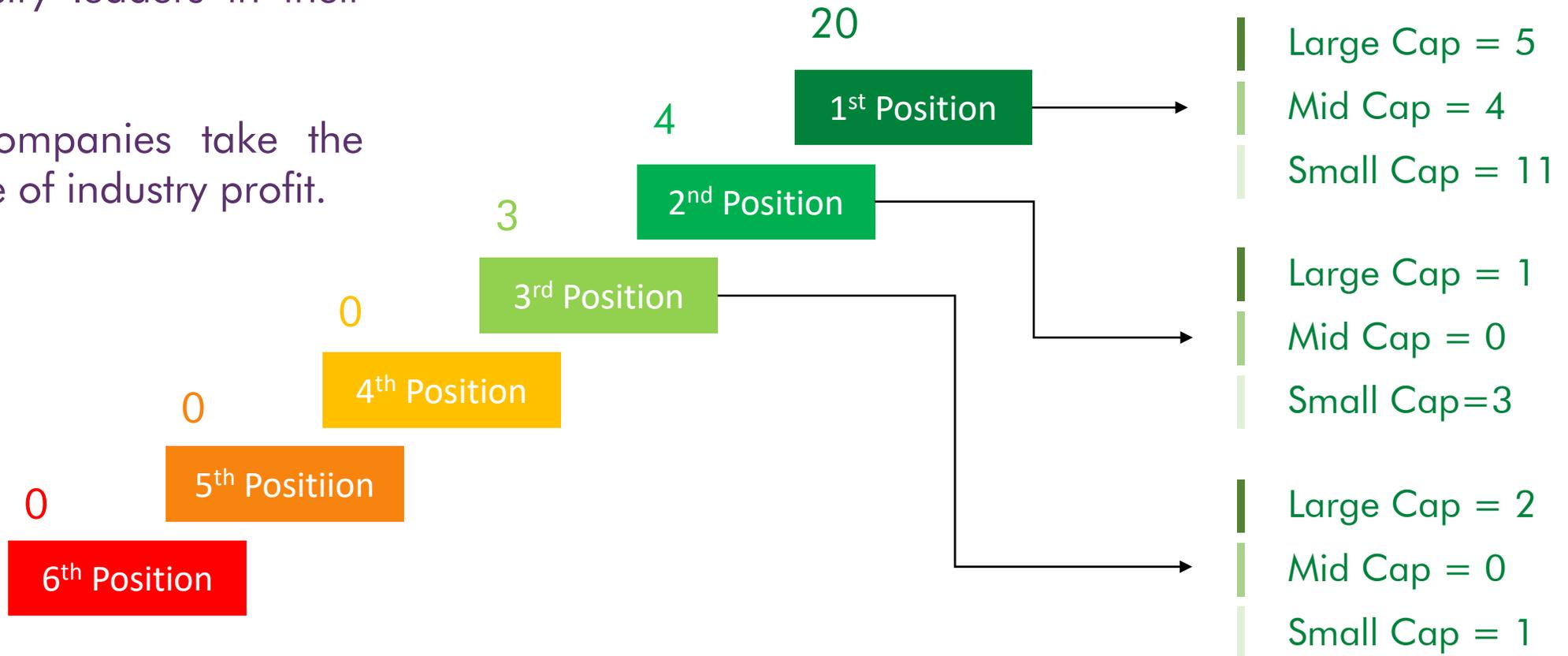
Strong ownership structure is a prerequisite for consistent decision making by management to reward all stake holders in the long term.



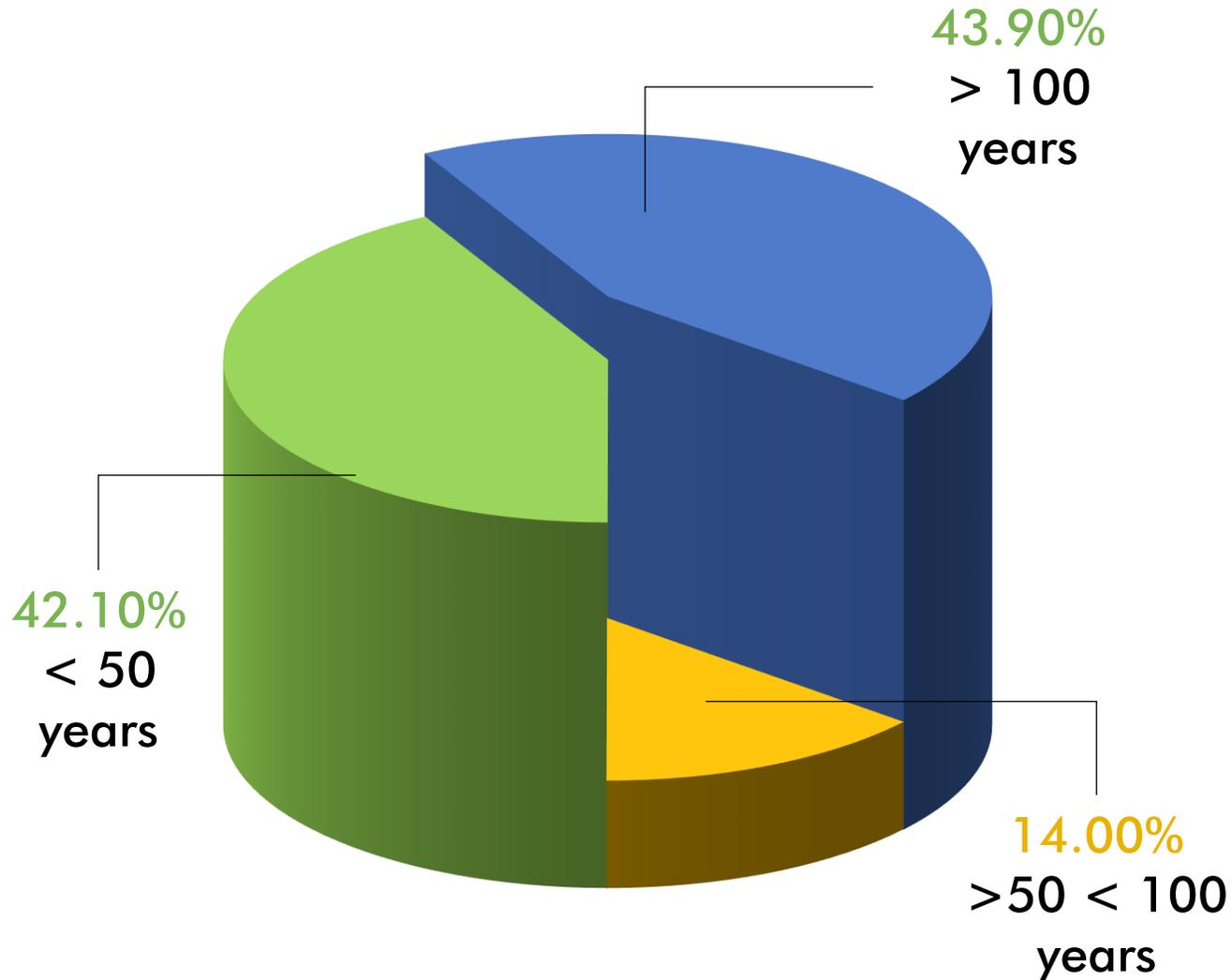
# Market Cap & Market Position

Our small cap companies, are industry leaders in their segment.

Top 3 companies take the lion share of industry profit.



# Age of the Business

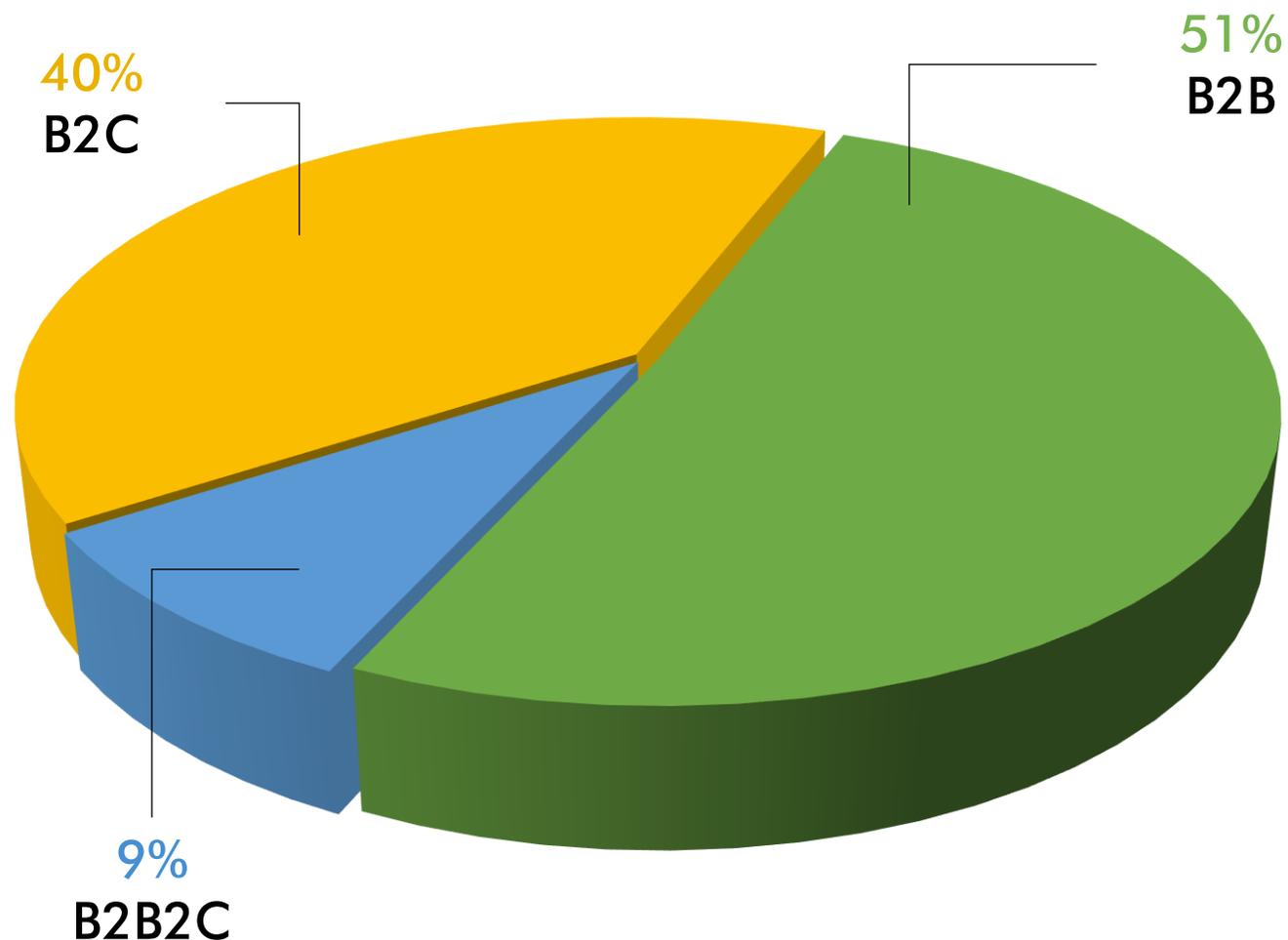


Survivability is the ultimate test of Good Companies.

Most of our portfolio companies had successfully weathered various wars, macro and economic crisis in the past.

This legacy of strength from our portfolio companies will help us hold these companies for a very long time.

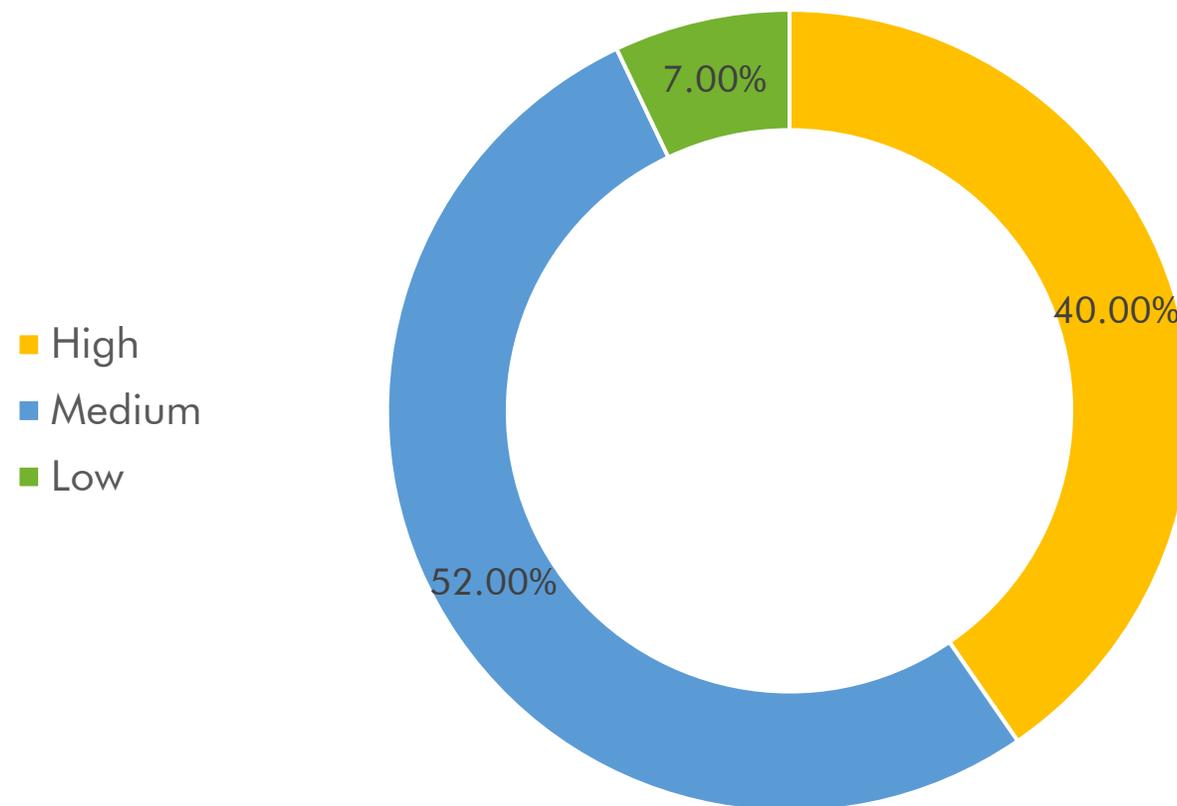
## Business Type



Our Portfolio is well positioned to capture the growing consumer base and their sticky cash expenses along with essential business to business expenses.

A good portion of daily business needs are sold by our business facing companies (Fast Moving Industrial Goods).

# Macro Sensitivity of Portfolio Companies



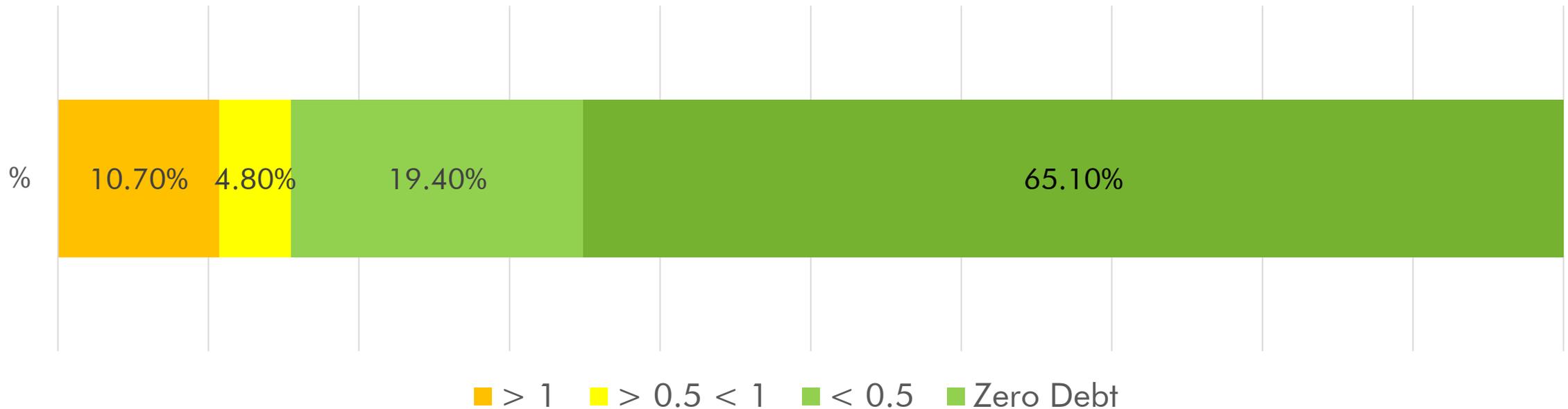
The portfolio is consciously built keeping multiple expected economic scenarios in the medium term to deliver best risk adjusted return.



# Financial Highlights

# Debt Equity Ratio – Buying Longevity

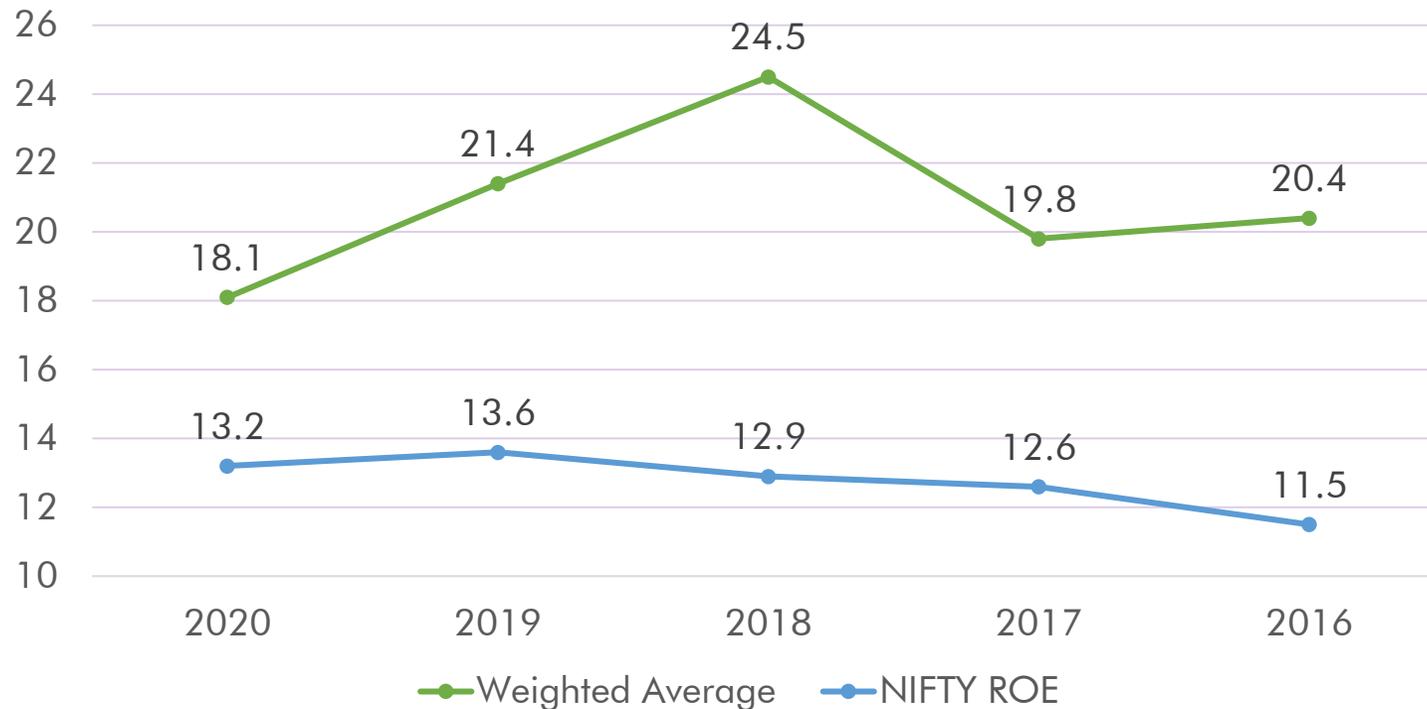
No debt is the biggest asset for any organization or individual . Conservatism in finance helps the company survive and thrive in all economic scenarios. These companies tend to be the least volatile during turbulent times due to lesser financial risk



# Return on Equity – Ensuring Sustainability

Our portfolio profitability is approximately 100% more than the broader market.

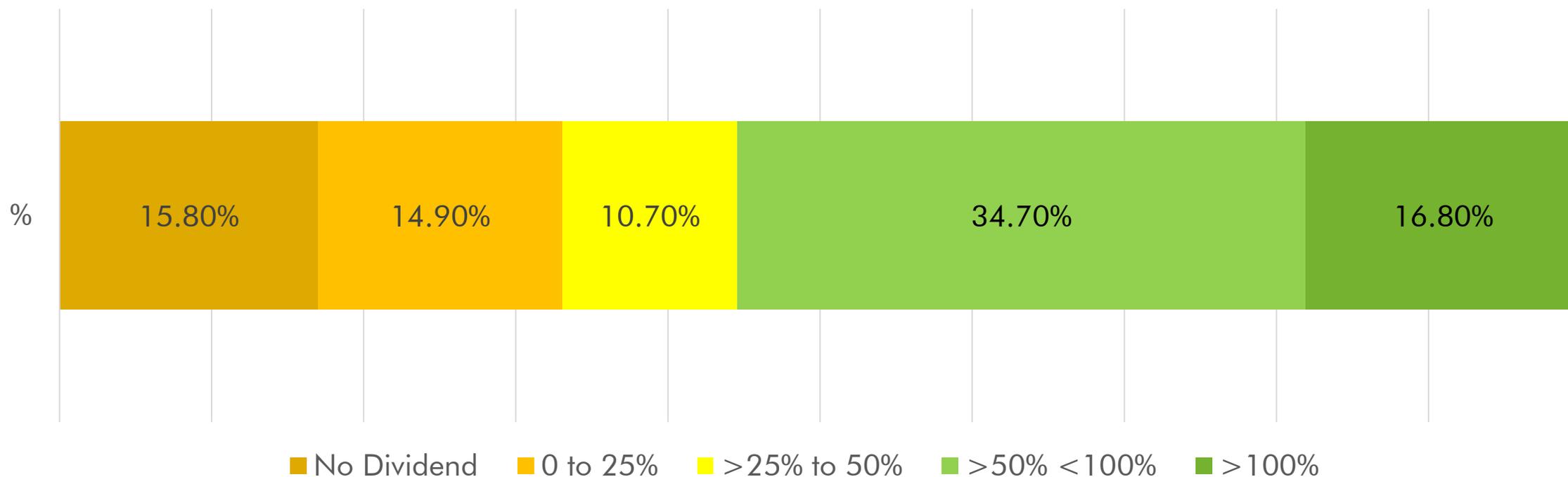
Higher profitability allows companies to invest for the long term and pay regular and continuous dividend without taking debt.



# Dividend Payout – Buying Future Cash generating Machine

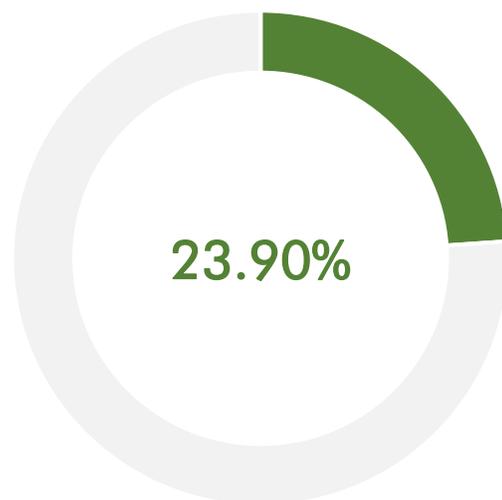
Consistent high dividend pay-outs show stability of a company.

In a world of low interest rates – we have built a portfolio of companies which pay higher dividends with every passing year.

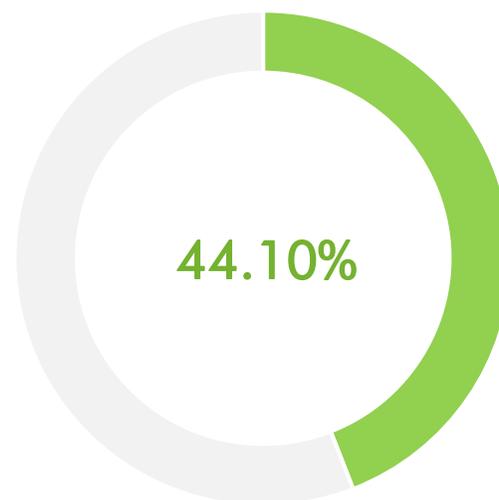


## Valuations – Price determines the future return

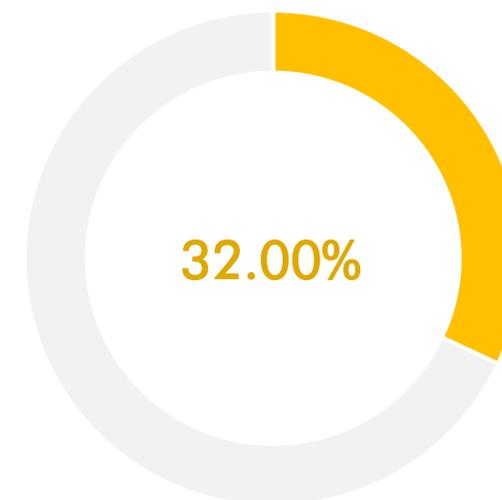
Over 80% of our portfolio companies are trading around the long-term valuation range or lower than the long-term valuation range.



20% Lower Than  
Long-term Average



Valuation Inline with  
Long-term Average

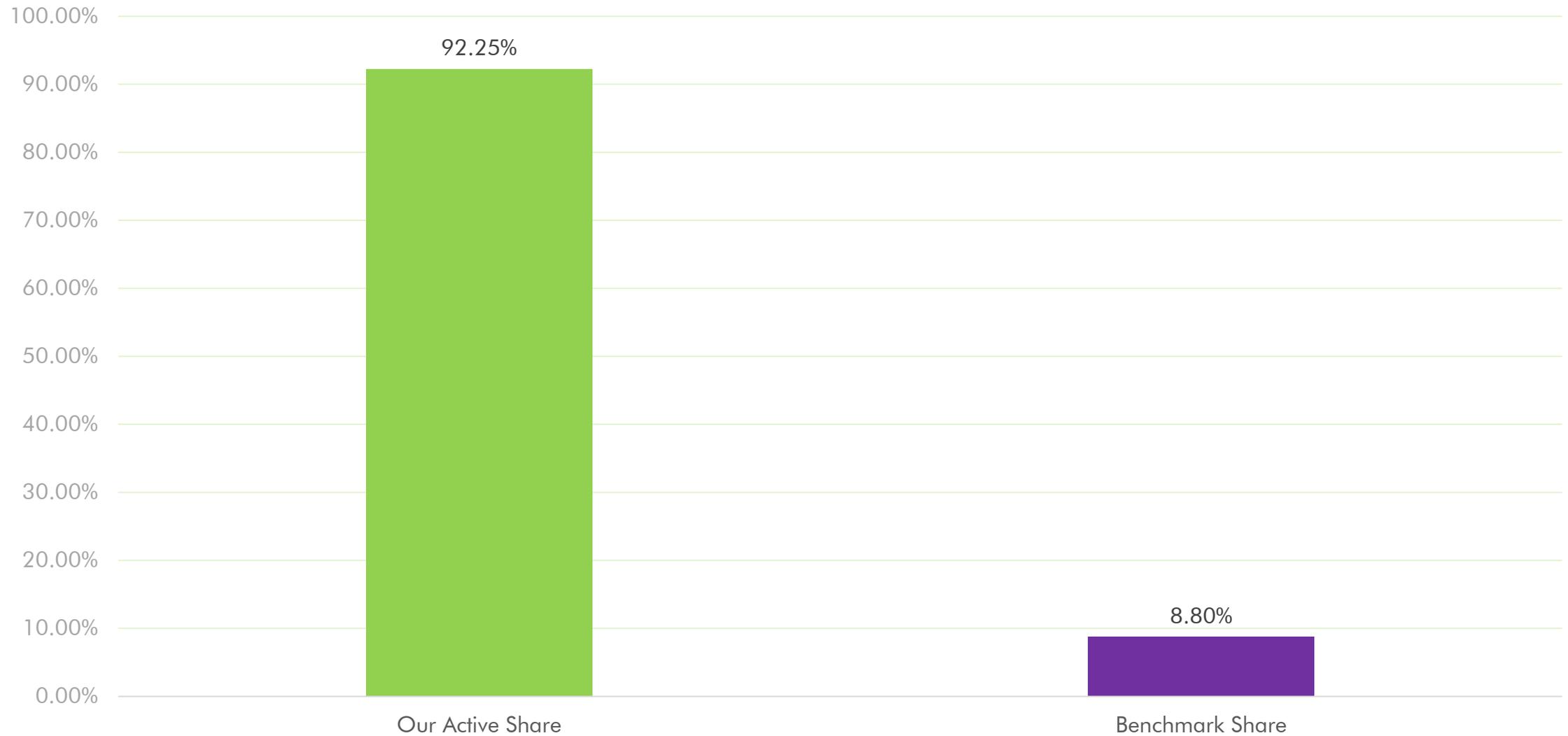


20% & Above Than  
Long-term Average

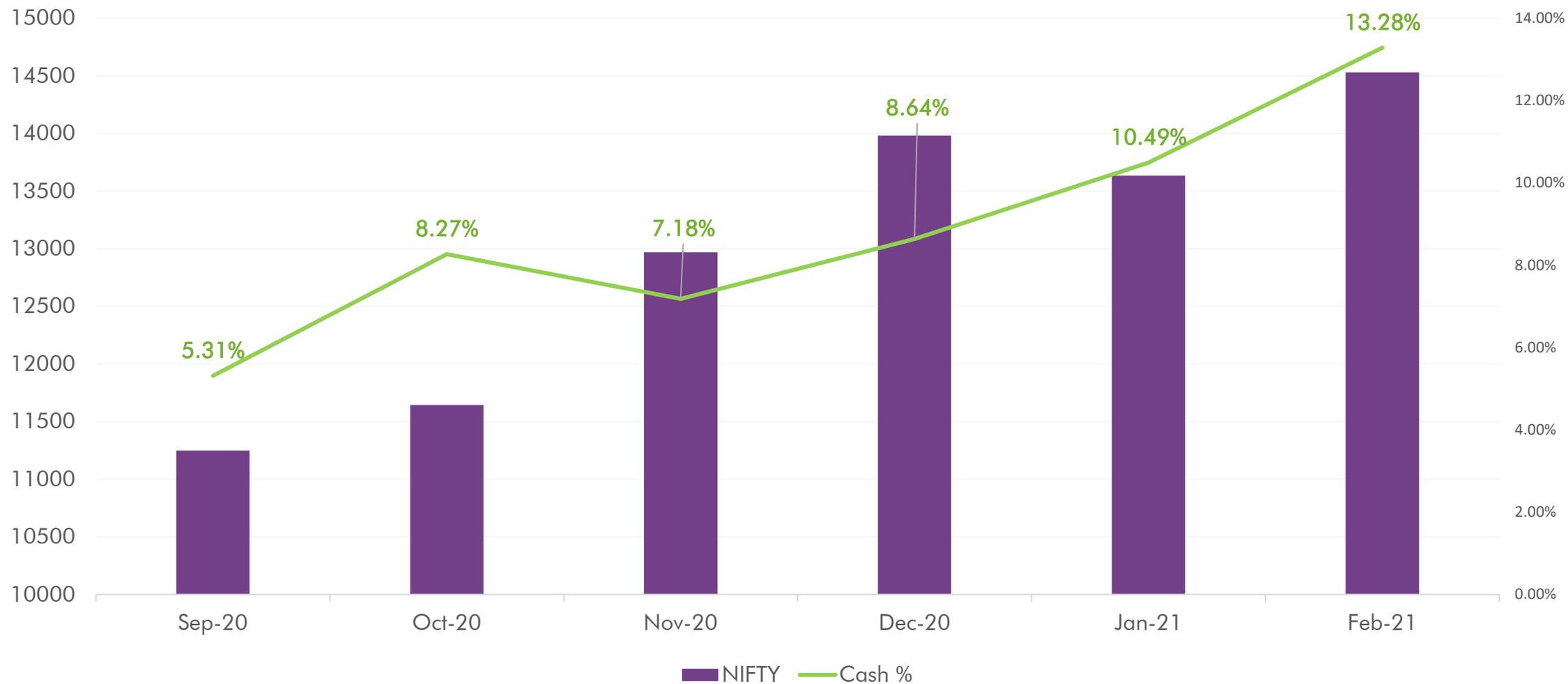


# Insights into the portfolio management process

# Active Bet



# NIFTY Value and % of Cash



# Drawdowns Are Followed By Sharp Upticks\*

We follow a process of buy and hold. If value exceeds, we reduce exposure.



Note: Graph representative of one of our portfolio companies



# Solitaire Performance

(as on 30 September 2021)

## Performance numbers since inception\*

	1 month	3 months	6 months	1 year	Since inception
Solitaire	4.10%	13.60%	33.26%	60.81%	28.75%
NSE 500	3.41%	11.72%	22.24%	61.13%	28.56%

- \* The benchmark is NSE500
- \* Returns are post fees and expenses
- \* Returns less than 1 year are absolute
- \* Inception date: 30 August 2019
- \* Cash levels in portfolio as on 30 September 2021 are 5.16%
- \* Performance related information is not verified by SEBI



## Fund Manager Profile

Mr. Shyam Sekhar has 3 decades of investing experience in franchise based high growth businesses. He follows a theme-based approach to investing. His past successes have been identifying emerging themes to the changing economic context, investing early and realising the full potential of the investment theme. His strengths include exposure to multiple industries as a research analyst, creating large sized portfolios and investing across market cycles.

# Key Terms

## KEY PORTFOLIO TERMS

Minimum investment	₹ 50,00,000
Benchmark	NSE 500 – The said benchmark is chosen since it is a multi-cap fund with a universe of companies similar to that of NSE 500
Exit load	Exit load of 3% for the first year, 2% for the second year, 1% for the third year. Nil after 3 years.
Fee	Fixed fee of 1.5% p.a. of AUM computed on daily average portfolio value charged on a quarterly basis. All other expenses at Actuals. (Fees Excluding GST)
Single sector exposure	Not exceeding 55% of portfolio NAV
Single stock exposure	Not exceeding 25% of portfolio NAV
Asset allocation	Long only fund investing in equities.

# Disclaimer

All data/information used in the preparation of this material is dated and may or may not be relevant any time after the issuance of this material. The recipient of this material is solely responsible for any action taken based on this material. ithought Financial Consulting LLP (the Portfolio Manager) takes no responsibility of updating any data/information in this material from time to time. The statements made in this presentation are forward looking and based on our current views and assumptions and involve known and unknown uncertainties that may cause actual results or events to be materially different from those expressed herewith. The information contained herein should not be construed as forecast or promise. Past performance of the Portfolio Manager may not be indicative of the performance in the future. Investments in securities are subject to market and other risks.

Please note that all the portfolio related data published apart from performance data is as of February 2021.

Please read the [disclosure document](#) carefully before investing. To know more about us, visit our website – [www.ithought.co.in](http://www.ithought.co.in)