



**PL Capital**  
PRABHUDAS LILLADHER

ASSET  
MANAGEMENT

In an era of Man vs Machine,  
experience superior performance driven  
by a **Man with Machine** process

# AQUA

**Adaptive. Quantitative. Unbiased. Alpha.**

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**PL's Flexicap Equity PMS, offering  
India's Pioneering Quantamental, Style-Agnostic and  
Adaptive Multifactor Strategy**

**A True-Blue Quant Fund**



# AQUA is inspired by the adaptive nature of water, designed for Alpha

- Markets operate in regimes and cycles that change over time.
- Traditional strategies focus on one style of investing (e.g., growth, value, momentum).
- Data shows that no single style consistently succeeds across all time periods and market conditions.
- Different investing styles outperform in different cycles.

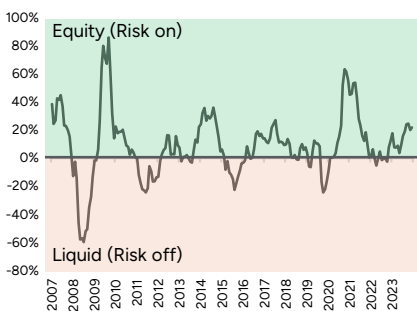
## Multi-Dimensional Adaptability – Shifting Gears & Changing Speed Based on Market Condition

(Rates down, Inflation Stable, Growth Strong) (Rates Up, Inflation High, Growth Weak)

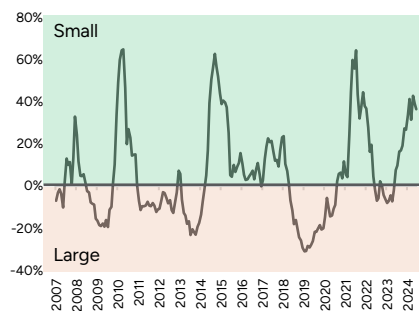
Macro Regime		Expansion		Contraction	
		Economic	Liquidity	Economic	Liquidity
Market Regime		Risk on - +Returns	Risk Transition - +Sharpe		Risk Off - -Drawdowns
			Recovery	Correction	
Style Tilt	Fundamental	Growth	↑	↻	↓
		Quality		↻	↓
	Valuation	Value	↑	↻	↓
		Dividend		↻	↓
Technical	Momentum	↑	↻	↓	
	Low-Volatility		↻	↓	
Sector Rotation	Deep Cyclical	↑	↻		
	Shallow Cyclical		↻		
	Non-Cyclical			↓	
Asset Allocation & Market-cap Size Mix	Small	↑			
	Mid		↻		
	Large			↓	
	Cash			↓	
Smart Beta Management	High	↑			
	Moderate		↻		
	Low			↓	

## The Need to be Style, Sector, Size & Risk Adaptive

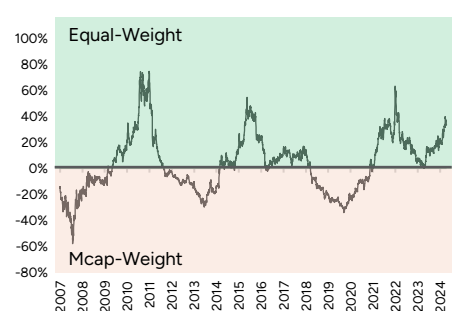
Asset Class Regimes: Equity (Risk On) vs Liquid (Risk Off)



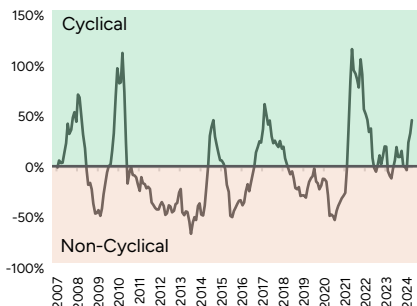
M-cap Size Regime: Small vs Large



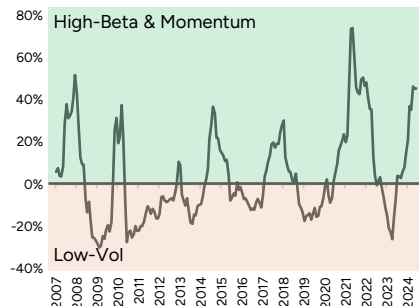
Market Breadth & Polarization: Equal Weight vs Mcap Weight



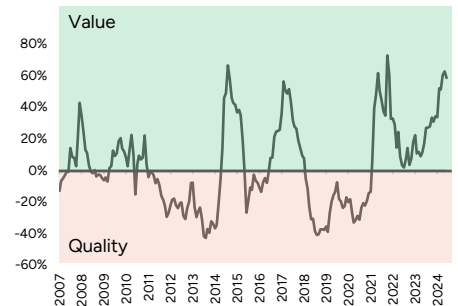
Sector Regime: Cyclical vs Non-Cyclical



Technical & Beta Regime: High Beta & Momentum vs Low Vol



Fundamental Style Regime: Value vs Quality



Source: NSE, PL | Data as on 30th June 2024

# AQUA Strategy Overview

What is the Investment Objective?  
**Long term sustainable Alpha generation across market cycles**

What was the Inception Date?  
**12th June 2023**

What is the Benchmark?  
**BSE 500 TRI**

Recommended Investment Horizon?  
**Minimum of 3-5 years**

What is the Investment Process?  
**Detection – Evaluation – Elimination – Selection – Allocation – Rotation.**

What is the Fund Structure?  
**Open-ended, Long-only Equity PMS**

How many stocks does the portfolio hold?  
**Typically, 25-30 stocks. Rebalanced every 2 months**

What is the Minimum Investment?  
**INR 50 lakh**

What forms the investment universe?  
**From 500 stocks by m-cap, we focus on the top 300 after eliminating 200 for weak fundamentals and liquidity**

What is the Market Cap Focus?  
**Flexicap - Diversified across Large, Mid & Small caps**

How do you manage stock allocation?  
**Maximum of 4% per stock at the time of purchase**

Is there any Lock-in period?  
**No Lock-in Period**

## Introducing AQUA's Investment Philosophy

Inspired by the Multi-Dimensional Adaptability of Water

**A**  
**Adaptive**

AQUA adjusts the portfolio to align with changing market regimes through **periodic rebalancing** to select the **Right Security at the Right Time by integrating the**

<b>R I G H T</b>	✓ Asset Allocation	✓ Mcap Size Mix
	✓ Theme & Sector Exposure	✓ Factor Weights
	✓ Investment Style Tilt	✓ Beta Levels

**Q**  
**Quantitative**

Leverage's 80 years of PL's expertise with **quant techniques for rules-based multifactor strategies**, combining disciplined decision-making with the power of **man with machine**.

+ Fundamental Factors	+ Technical & Liquidity Indicators	+ Valuation Analytics
+ Sector Evaluation	+ Style Detection	+ Macro Risk & Market Sentiment

**U**  
**Unbiased**

**Eliminates emotions** and traditional investing biases systematically creating a strategy that is agnostic to

✗ Benchmark & Fund Manager Bias	✗ Mcap, Style Sector, & Security Bias	✗ Risk appetite or Beta Level
✗ Holding Period Bias	✗ Absolute Thresholds	✗ Allocation Bias

**A**  
**Alpha**

Strategy focused on **enhancing returns and reducing risk** by responding to changing data for sustainable outperformance that is

▲ Granular across time & securities	▲ Repeatable across cycles	▲ Consistent
▲ Process-driven	▲ Total portfolio level	▲ By design, not chance

# AQUA's Robust Investment Process & Framework


## STEP 01

### Top-Down Analysis

- 1 Systematic Risk Assessment** (*How much risk to take?*)  **Macro & Market Risk**  
 Ascertain phase of market & macro risk appetite, between risk-on vs risk-transition vs risk-off, in order to determine Asset, Market Cap, Style, & Sector, Beta allocation
- 2 Style Regime Detection** (*Which style to use?*)  **Style Risk**  
 Identify Fundamental & Technical style regime, among quality, growth, value, momentum and low volatility, to align the portfolio with prevailing market regime using dynamic style tilts
- 3 Sector & Theme Ranking** (*What sectors to focus on?*)  **Sector Risk**  
 Identify and rank sectors with superior risk-reward as per current regime, to assign theme rating to each stock, to decide sector overweight & underweight positions




## STEP 02

### Bottom-Up Portfolio Construction

- 1 Security Elimination** (*Remove weak stocks*)  **Liquidity & Fundamental Risk**  
 From top 500 stocks by market cap, we filter out 100 stocks by fundamental red flags and 100 by liquidity, leaving us with 300 stocks across large, mid, small caps
- 2 Security Selection** (*Choosing top stocks*)  **Factor Risk**  
 Choose top ranking stocks based on dynamic multifactor score combining top down and bottom up factors  
**Top-down factors (50%):** Market Style Tilt, Sector & Theme, Systematic Macro Risk  
**Bottom-up factors (50%):** Superior Fundamentals, Strong Technicals, Sound Valuations
- 3 Security Allocation** (*Rules-based allocation & weights*)  **Concentration & Allocation Risk**  
 A flexicap, benchmark-agnostic and equal-weighted portfolio of 25-30 stocks for optimal diversification, with maximum 4% allocation at time of entry for granularity

## STEP 03

### Responsive Risk Management

- 1 Smart Rebalance** (*Portfolio restructuring*)  **Holding Period Risk**  
 Adjusting the portfolio on a periodic bi-monthly basis (every two months) for Style Alignment, Sector Rotation & Systematic Risk Management by adjusting asset, market cap & beta level
- 2 Score based Exits** (*Security rotation*)  **Opportunity Risk**  
 Objective and unbiased strategy to sell and replace laggards, while booking partial profits in continuing winners
- 3 Strategic Cash Call** (*Portfolio protection by safeguarding capital*)  **Systemic Risk**  
 Insulates with cash (upto 50%) to deal with macro asset class risk

## AQUA Strategy Back-Tested Performance

Period	AQUA	Nifty 500	Alpha vs Nifty 500	Nifty 50	Alpha vs Nifty 50
1 Year	31.78%	14.94%	16.84%	12.65%	19.13%
2 Years	24.59%	10.31%	14.28%	8.96%	15.63%
3 Years	56.44%	28.29%	28.15%	22.71%	33.73%
5 Years	29.85%	10.86%	18.99%	11.51%	18.34%
7 Years	29.67%	13.28%	16.39%	12.37%	17.30%
10 Years	33.08%	13.70%	19.38%	12.18%	20.90%
15 Years	28.93%	9.53%	19.40%	9.91%	19.02%
Since Inception	33.29%	11.80%	21.49%	11.33%	21.96%
Sharpe*	1.2	0.31	3.87x	0.3	4.00x
Std Deviation*	20.10%	20.97%	0.96x	21.69%	0.93x
Sortino*	1.53	0.38	4.03x	0.39	3.92x

Source: PL | Data from 19th June 2006 till 9th June 2023 | \*3 year rolling Risk - reward ratios

Note: All returns and ratios are net of expenses, fees and associated costs. These are back-tested results of the in-house Quant Model & not actual returns. The above returns are only for indicative purposes, which can evolve with the continuous improvement of the model. There is no assurance or guarantee that the objectives of the investment will be achieved as investment in securities is subject to market risk.

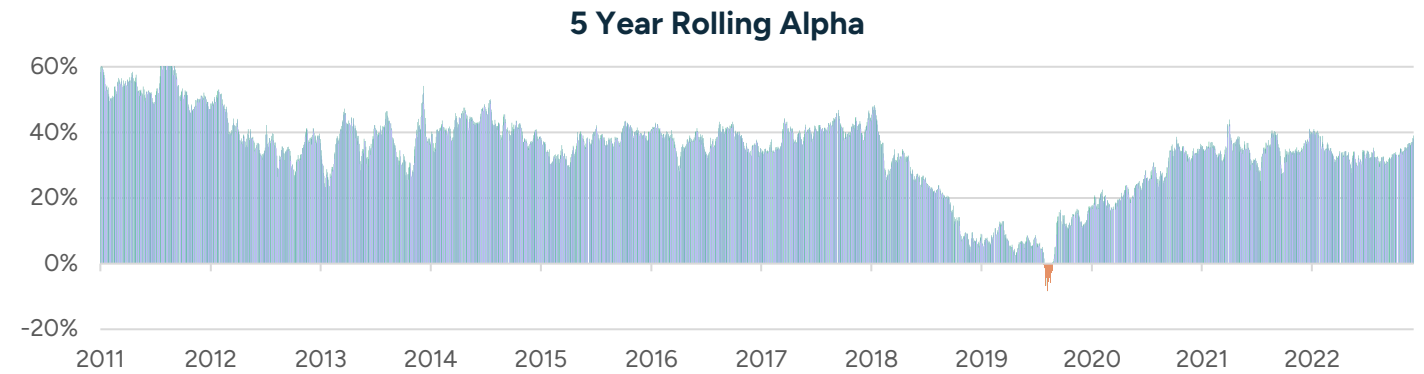
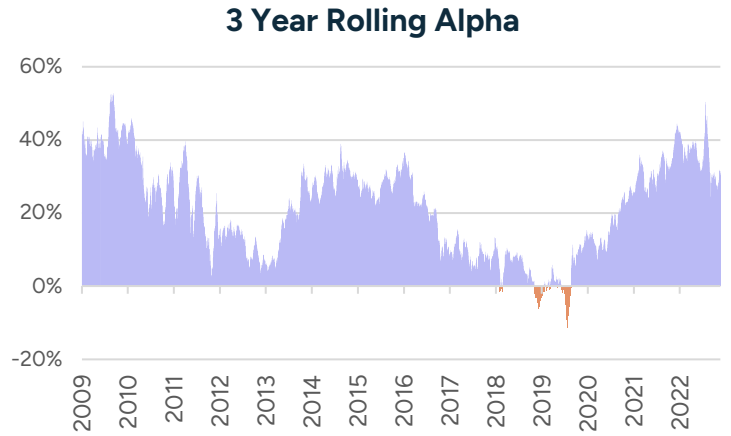
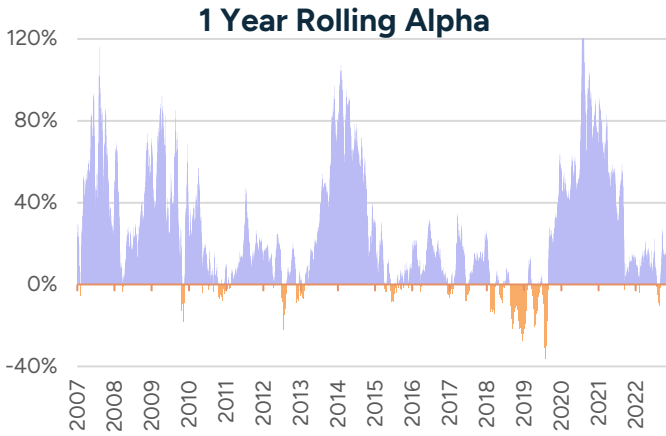
## AQUA's Strategy Back-Tested Performance (Calendar Year)

Year	AQUA	BSE 500 TRI	NIFTY 50	Year	AQUA	BSE 500 TRI	NIFTY 50
H2 2006	33.0%	N/A	39.8%	2015	-7.1%	0.5%	-4.1%
2007	132.4%	64.9%	54.8%	2016	34.7%	5.2%	3.0%
2008	-36.4%	-57.6%	-51.8%	2017	39.2%	37.6%	28.6%
2009	112.3%	92.7%	75.8%	2018	-5.5%	-1.8%	3.2%
2010	35.4%	17.9%	18.0%	2019	9.1%	9.0%	12.0%
2011	-10.5%	-26.4%	-24.6%	2020	56.1%	18.4%	14.9%
2012	37.1%	33.4%	27.7%	2021	82.0%	31.6%	24.1%
2013	23.8%	4.9%	6.8%	2022	16.3%	4.8%	4.3%
2014	107.1%	38.9%	31.4%	H1 2023	11.5%	3.2%	2.5%

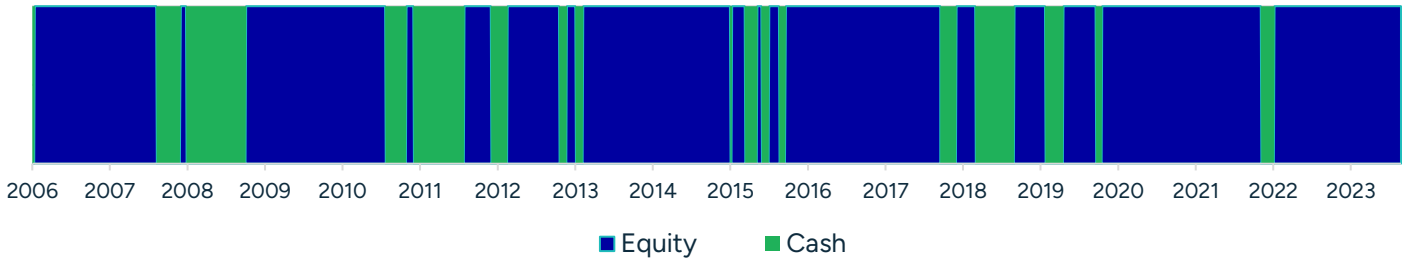
Source: PL | Data from June 2006 till June 2023

Note: All returns and ratios are net of expenses, fees and associated costs. These are back-tested results of the in-house Quant Model & not actual returns. The above returns are only for indicative purposes, which can evolve with the continuous improvement of the model. There is no assurance or guarantee that the objectives of the investment will be achieved as investment in securities is subject to market risk.

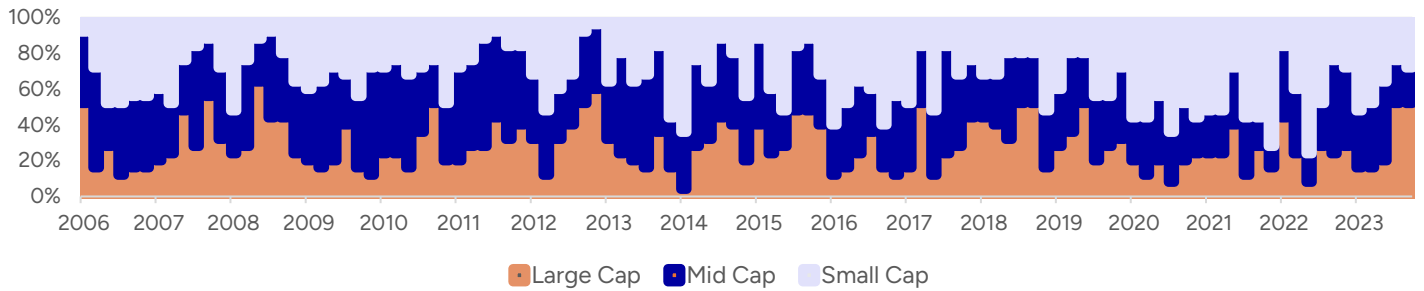
# AQUA's Dynamic Portfolio in Action Across Market Cycles



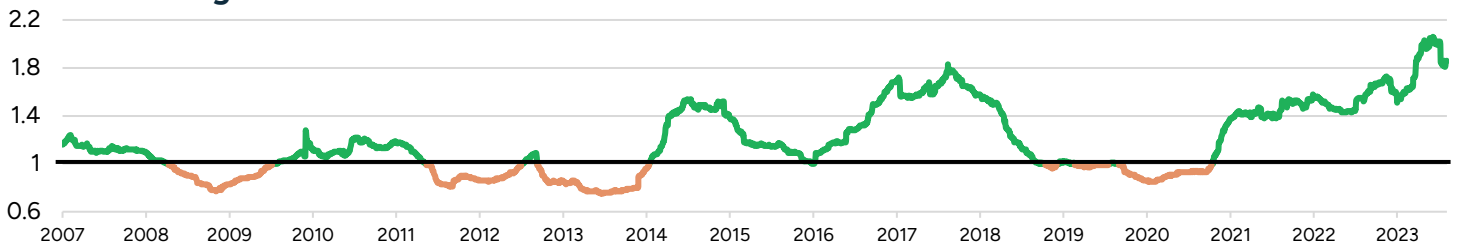
## Asset Mix



## Historic Market Cap Allocation



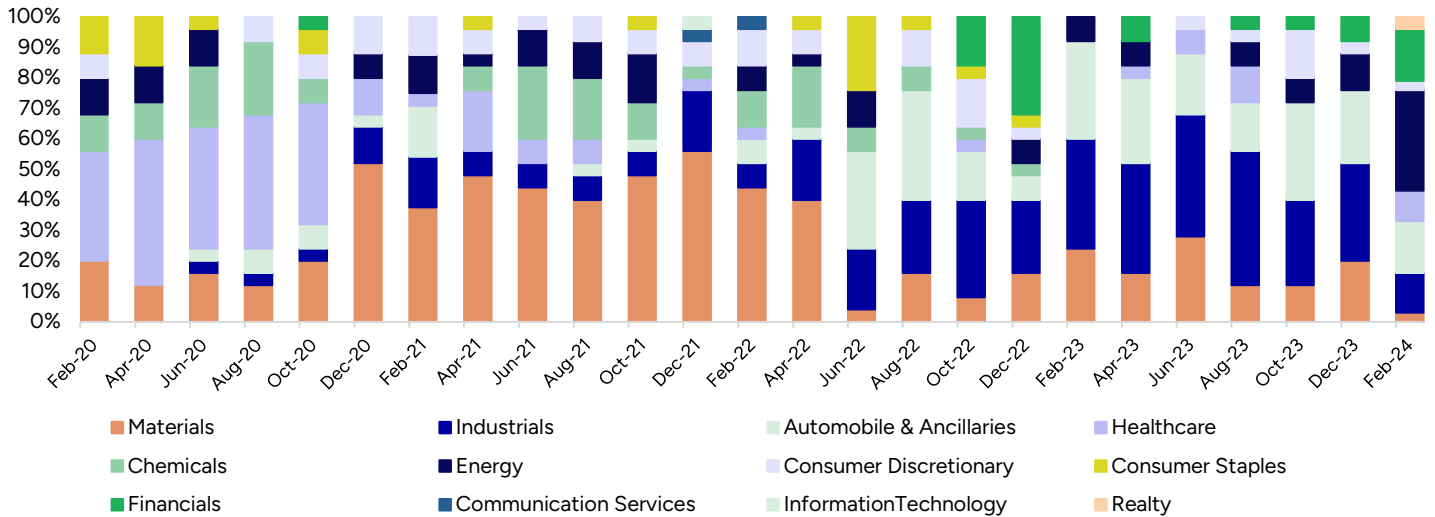
## 1 Year Rolling Beta



Source: PL | Data from 19th June 2006 till 09th June 2023

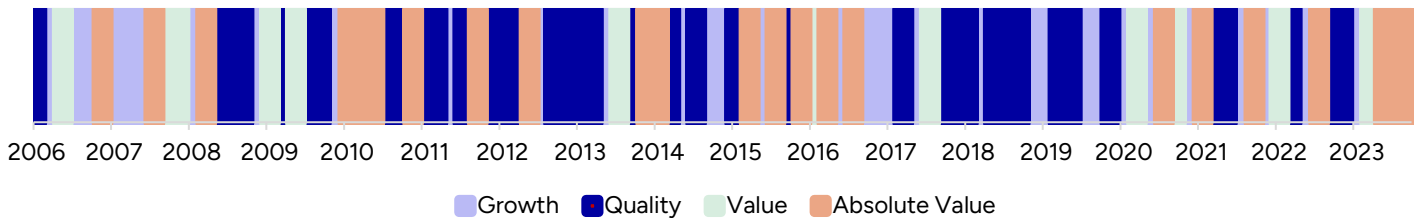
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## Sector Rotation

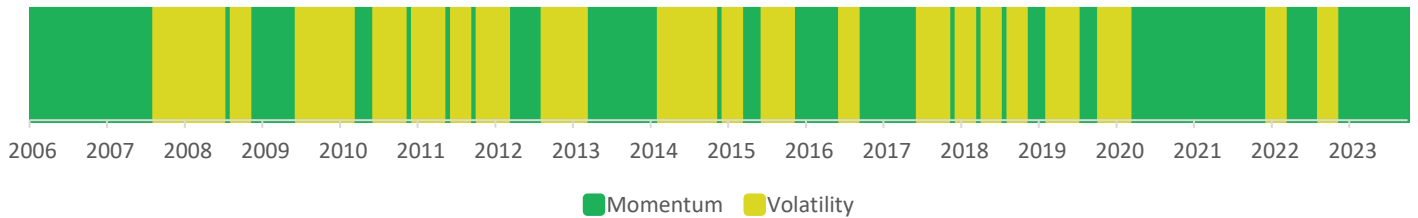


## AQUA's Dynamic Portfolio in Action Across Market Cycles

### Fundamental Regime



### Technical Regimes



Note: Data from 2006 - 2023

## Total Portfolio Approach to Alpha

AQUA's long-term outperformance can't be replicated by individual stocks. The probability of AQUA getting it right as per back-tested results:

To Outperform in the **Long-term**, you need to Outperform in the **Short-term**

Generating Alpha on	1 Month	3 Month	6 Month	1 Year	3 Year	5 Year	Rebalanceto Rebalance
Right (outperformance)	>65% (3.6%)	>71% (8.3%)	>77% (15.3%)	>89% (28.3%)	100% (26.8%)	100% (25.9%)	74% (18.1%)
Wrong (underperformance)	<35% (-2.4%)	<29% (-4.1%)	<23% (-3.6%)	<11% (-5.0%)	0%	0%	26% (-6.5%)
Outperforming or positive (Happy)	>82%	>82%	>84%	>94%	100%	100%	90%
Underperforming and negative (Sad)	<18%	<18%	<16%	<6%	0%	0%	10%

Based on bi-monthly rebalances since 2006	Mean	Median	Min	Max
% stocks positive	59%	64%	4%	100%
% stocks outperforming benchmark	55%	56%	16%	84%

## AQUA Strategy Live Performance:

Period	AQUA	BSE 500 TRI	Alpha vs BSE 500 TRI	NIFTY 50	Alpha vs NIFTY 50
1 month	1.96%	2.09%	-0.13%	2.28%	-0.32%
3 months	6.53%	7.65%	-1.12%	7.50%	-0.97%
6 months	21.92%	20.20%	1.72%	15.60%	6.32%
9 months	28.21%	25.60%	2.61%	18.77%	9.44%
1 Year	54.25%	40.98%	13.27%	31.43%	22.82%
Since Inception	61.34%	39.31%	22.03%	37.62%	23.72%
1 <sup>st</sup> Rebalance	11.81%	5.07%	6.75%	3.42%	8.40%
2 <sup>nd</sup> Rebalance	8.80%	1.42%	7.38%	0.51%	8.29%
3 <sup>rd</sup> Rebalance	20.78%	12.86%	7.91%	10.72%	10.05%
4 <sup>th</sup> Rebalance	10.16%	6.64%	3.52%	4.07%	6.09%
5 <sup>th</sup> Rebalance	-1.76%	1.19%	-2.96%	0.56%	-2.32%
6 <sup>th</sup> Rebalance	13.88%	8.15%	5.73%	5.07%	8.81%
7 <sup>th</sup> Rebalance	2.15%	5.15%	-3.00%	5.24%	-3.08%
8 <sup>th</sup> Rebalance	2.82%	3.34%	-0.52%	4.03%	-1.21%
Quarter 1	18.61%	10.26%	8.35%	7.70%	10.90%
Quarter 2	17.32%	7.01%	10.31%	4.57%	12.75%
Quarter 3	10.21%	8.15%	2.06%	6.84%	3.37%
Quarter 4	12.78%	9.13%	3.65%	4.42%	8.36%
Quarter 5	7.81%	9.18%	-1.37%	8.86%	-1.05%

Source: PL | Data as on 30<sup>th</sup> September 2024

Inception Date: 12<sup>th</sup> June 2023 | 1<sup>st</sup> Rebalance: 19<sup>th</sup> June – 22<sup>nd</sup> August 2023 | 2<sup>nd</sup> Rebalance: 23<sup>rd</sup> August 2023 – 22<sup>nd</sup> October 2023 | 3<sup>rd</sup> Rebalance: 23<sup>rd</sup> October 2023 – 22<sup>nd</sup> December 2023 | 4<sup>th</sup> Rebalance: 23<sup>rd</sup> December 2023 – 22<sup>nd</sup> February 2024 | 5<sup>th</sup> Rebalance: 23<sup>rd</sup> February 2024 – 22<sup>nd</sup> April 2024 | 6<sup>th</sup> Rebalance: 23<sup>rd</sup> April 2024 – 23<sup>rd</sup> June 2024 | 7<sup>th</sup> Rebalance: 24<sup>th</sup> June 2024 – 21<sup>st</sup> August 2024 | 8<sup>th</sup> Rebalance: 22<sup>nd</sup> August 2024 – till date | Note: Actual returns net of expenses, fees and associated costs.

## % Positive Returns or Alpha

Year Wise	1 Year	Quarter Wise	Q 1	Q 2	Q 3	Q 4	Q 5	Frequency	Observations	% Total
Absolute Positive	54.42%	Absolute Positive	18.61%	17.32%	10.21%	12.78%	7.81%	5	5	100%
Positive Alpha	13.31%	Positive Alpha	8.35%	10.31%	2.06%	3.65%	-1.37%	4	5	80%
Either Positive in Alpha or Absolute		Either Positive in Alpha or Absolute						5	5	100%

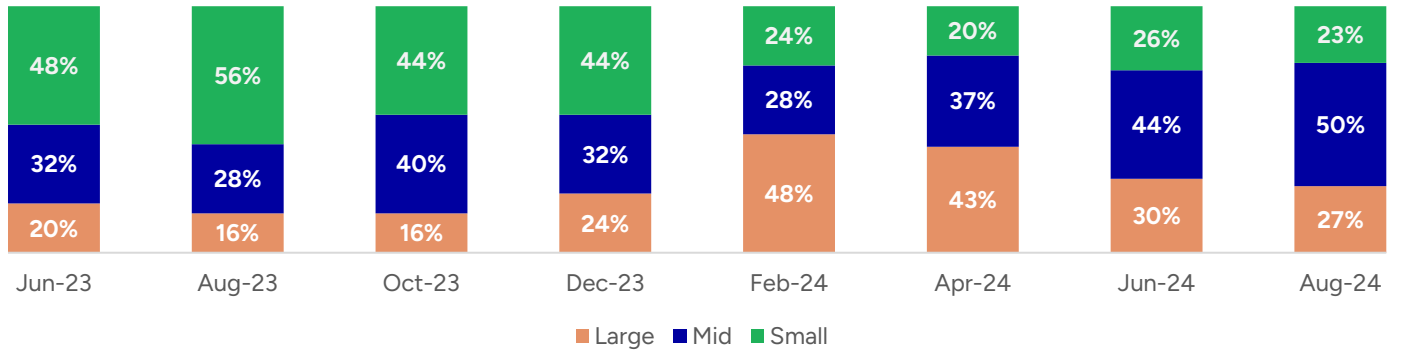
Rebalance Wise	1 <sup>st</sup> Rebalance	2 <sup>nd</sup> Rebalance	3 <sup>rd</sup> Rebalance	4 <sup>th</sup> Rebalance	5 <sup>th</sup> Rebalance	6 <sup>th</sup> Rebalance	7 <sup>th</sup> Rebalance	Frequency	Observations	% Total
Absolute Positive	11.81%	8.80%	20.78%	10.16%	-1.76%	13.88%	2.15%	6	7	86%
Positive Alpha	6.75%	7.38%	7.91%	3.52%	-2.96%	5.73%	-3.00%	5	7	71%
Either Positive in Alpha or Absolute								6	7	86%

Source: PL | Data as on 30<sup>th</sup> September 2024 | Inception Date: 12<sup>th</sup> June 2023



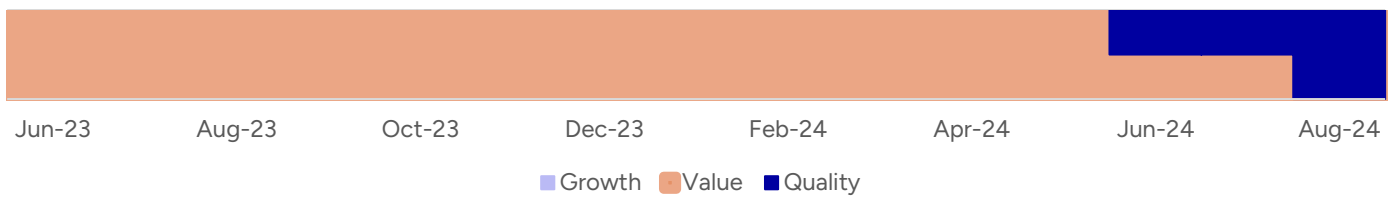
# AQUA Live Portfolio in Action

## Size Exposure

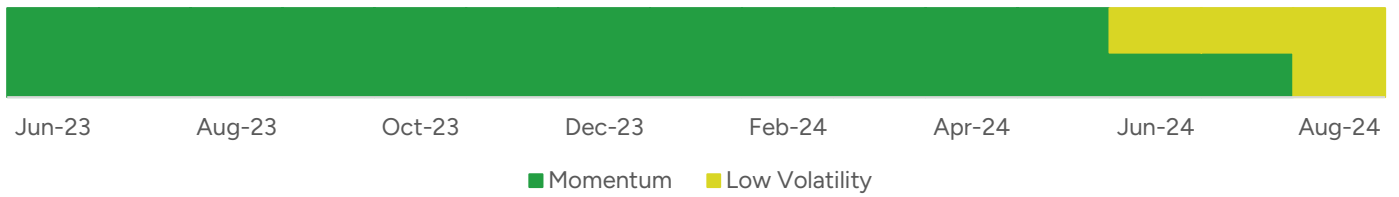


## Style Regime

### Fundamental Regime



### Technical Regime

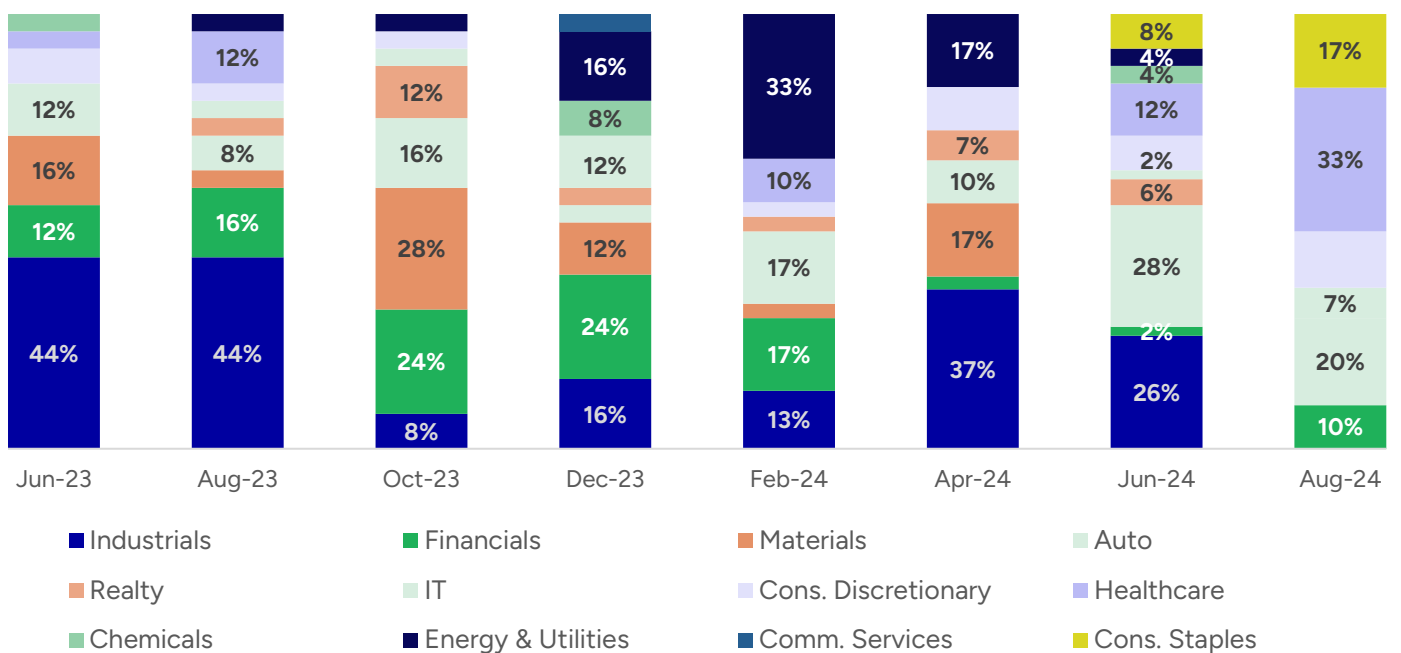


## Risk Profile

Source: PL | Data since inception till 30<sup>th</sup> September 2024; Inception Date: 12th June 2023

Metrics	Returns	Alpha	Volatility	Sharpe	Sortino	Beta
AQUA	61.34%	21.92%	20.91%	2.18	2.12	1.30

## Sector Rotation Chart



## Top Performing Stocks

Stock Ticker	Returns	Stock Ticker	Returns
COCHINSHIP	402.51%	INDIGO	53.05%
BSE	225.60%	BAJAJ-AUTO	52.49%
IRCON	167.46%	BPCL	51.33%
SCHNEIDER	158.74%	PNB	51.09%
NBCC	128.57%	IOC	50.19%
MAZDOCK	126.85%	GRSE	44.73%
PFC	117.68%	BLUESTARCO	40.71%
ADANIPOWER	110.94%	WELCORP	40.26%
APARINDS	106.87%	SUZLON	39.01%
HAL	86.85%	JSWENERGY	37.98%
JSL	77.08%	KALYANKJIL	37.00%
MAHSEAMLES	73.56%	ELECON	35.71%
GMDCLTD	71.77%	PCBL	35.16%
MOTILALOF	66.02%	CESC	34.78%
RECLTD	64.22%	CHENNPETRO	33.76%
COALINDIA	62.86%	BEL	32.77%
MAHABANK	60.21%	TATAMOTORS	32.67%
GODFRYPHLP	58.89%	NTPC	32.35%
M&M	56.87%	BRIGADE	32.27%
GMRINFRA	55.62%	BANKBARODA	32.26%

Source: PL | Data as on 30<sup>th</sup> September 2024 | Inception Date: 12th June 2023

## 10 Reasons To Choose AQUA

A man with machine approach to leverage  
**80 years of PL's Research Expertise**

01

02

**100% True-Blue Quant Fund for emotion-free and unbiased investing**

**Style, Sector & Risk Adaptive**

03

04

**Equal-weighted portfolio of 25-30 stocks for optimally diversified flexicap strategy**

**Benchmark, Sector & Style Agnostic**

05

06

**Uses a Dynamic Multifactor Approach**

Granular & Repeatable **Process-Driven Alpha**

07

08

**Responsive Risk Management**

**Periodic Bi-monthly** (every 2 months) rebalance with an objective exit and profit booking strategy

09

10

**Eliminates Key-Man Risk and Fund Manager Biases**

## AQUA packs the power of:

**80**

years of PL's research expertise

**20+**

team members

**25+**

proprietary factors

**1000+**

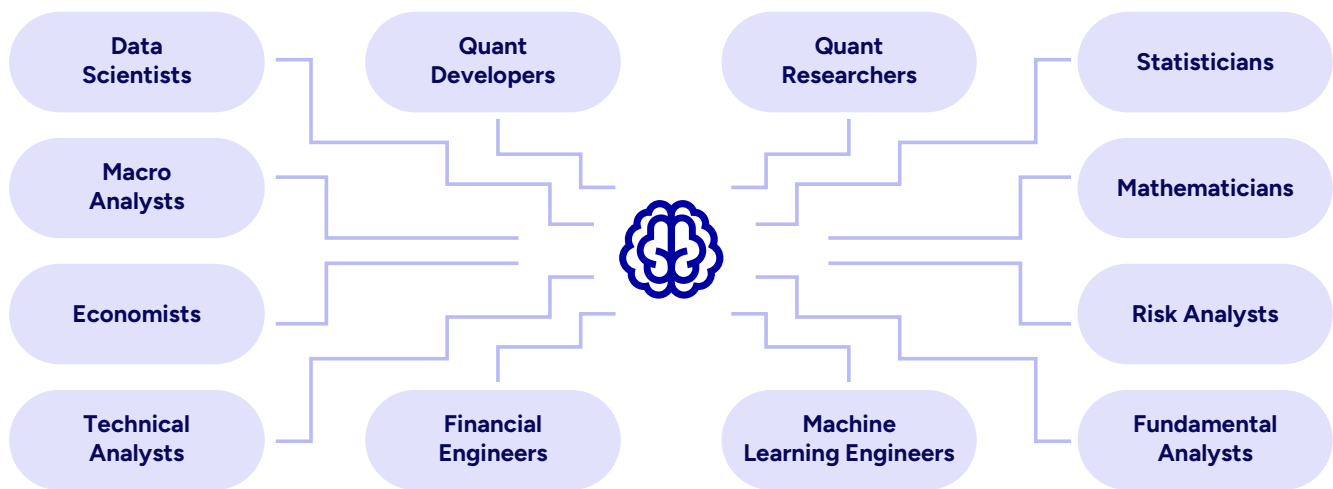
market indicators

**7500+**

strategies tested to build AQUA

## Creators of AQUA

AQUA is the convergence of a multidisciplinary team in one strategy:



## About the Fund Manager:

*“What Google Maps did to Navigation, Quant holds the potential to do to investing”.*

Siddharth was one of the first to recognize the potential of quant and how technology and data can play a major role in the investment landscape of India.

Hence, Siddharth spearheaded PL's foray into the Quantitative Asset Management space.

He is one of India's youngest and most innovative fund managers, having introduced two path – breaking investment strategies – MADP and AQUA.

Multi – Asset Dynamic Portfolio (MADP) is one of India's 1st multi – asset PMS that deploys quantitative technology for asset allocation and AQUA, (Adaptive; Quantitative; Unbiased; Alpha) is one of India's 1st style agnostic and style adaptive investment strategy.

He is one of the most definitive voices on quant investing in India today.

He is a SEBI-registered Research Analyst, Investment Advisor and Portfolio Manager.



### Siddharth Vora

Fund Manager, Principal Officer & Head of Investment Strategy, PL Asset Management

Executive Director, PL Capital Group

CA, CFA, MSc

80 years of experience.  
 We've done our homework.





**PL Capital**  
PRABHUDAS LILLADHER

ASSET  
MANAGEMENT

# Invest for **ALPHA,** Invest in **AQUA**

## Join the Quant Revolution with our **AQUA PMS**

REACH OUT TO US:



[pms@plindia.com](mailto:pms@plindia.com)



7506032001

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