



**RATIONAL
EQUITY
PARTNERS**



“OWNING A STOCK IS LIKE OWNING A PIECE OF BUSINESS. IF YOU AREN'T WILLING TO OWN A STOCK FOR 10 YEARS, DON'T EVEN THINK ABOUT OWNING IT FOR 10 MINUTES. OUR FAVORITE HOLDING PERIOD IS FOREVER.”

WARREN BUFFETT



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WHO ARE WE ?



We are a fresh, new boutique investment firm with a sector agnostic & flexicap approach, **aiming to provide high returns to our investors**



We are starting with a Flagship Fund I with **highly favourable terms for our investors as compared to other AIFs**



We have **high skin in the game** – in our flagship fund >50% of the total contribution will be from the investment manager

TEAM



Krish Iyer, Managing Partner

- Krish Iyer is a global executive with over four decades of experience across six countries in retail, banking & finance and consumption sectors. He is currently the Managing Partner of Rational Equity Partners LLP & also an Independent Director on the Board of Proctor & Gamble Health & Hygiene Limited.
- Prior to this, Krish worked as President & CEO of Walmart India for nearly 7 years where he played a pivotal role in the growth of Walmart's presence in India & its investment in Flipkart. Previously, he also worked for A S Watson & Co., Piramal Enterprises, ANZ Grindlays Bank subsidiary and Asian Paints in various leadership positions.
- Krish is a member of the Institute of Chartered Accountants of India and Institute of Company Secretaries of India. He has deep knowledge of finance and regulatory landscape of India, having been a keen investor for the last 25 years.



Vivek Iyer, Partner

- Vivek Iyer is an active equity investor with 7 years of experience investing in equity markets.
- Previously, he has led 2 start-ups – Docon (subsidiary of Pharmeasy) and OneClickWash.
- At Docon, he built India's largest electronic medical records (EMR) software company storing ~1.5 cr. medical records. At OneClickWash he built Gurgaon's largest laundry delivery service.
- Vivek co-founded the family office, deploying capital in public markets in India and USA.
- He holds an MBA from Indian Institute of Management (IIM, Ahmedabad) and has completed B.Tech from Indian Institute of Technology (IIT, Mumbai)

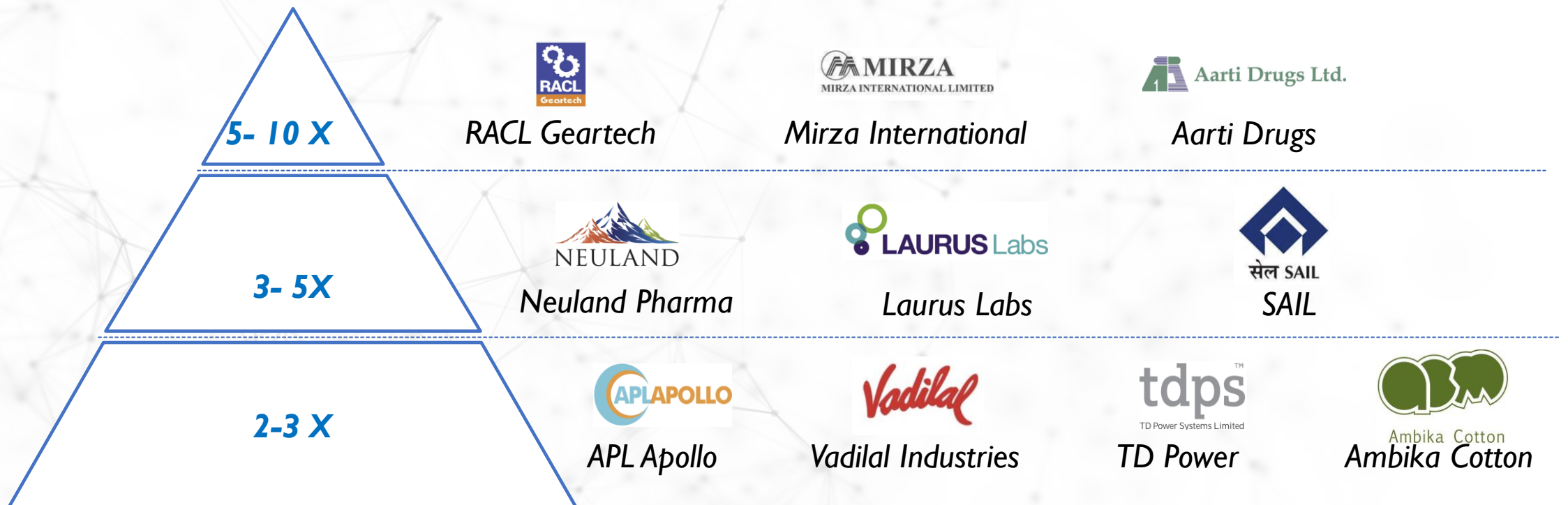


Jaba Misra, Partner Designate

- Jaba Misra is an ex-strategy consultant & macroeconomist with 8+ years of experience.
- As a strategy consultant with BCG & Mahindra Group, she has worked on financial services projects including building digital journeys, collections transformation, cost reduction, buy-side due diligence & investment projects
- As a macroeconomist with the World Bank, she has worked on analysing & creating macro, fiscal & debt policies for India, Maldives & Sri Lanka.
- She holds an MBA from Indian School of Business, M.Phil (Economics) from Cambridge University

OUR PERFORMANCE

In the last 3 years, we have delivered several multibaggers



OUR PARTNERSHIP APPROACH

We believe in being your true investment partners, not investment managers thriving on charges

Typical Cat III AIFs

Relatively low commitment from investment manager
Typical contribution ~5% of fund size

Charge fee at the end of every quarter

Besides variable fee, charge a fixed fee as major component of overall fee

Typical close-ended AIFs allow exit at Term only

Charge entry & exit loads



Rational Equity Partners

Very high skin in the game

Majority of investment teams' net worth tied in the same stocks

Enable maximum compounding

Charge fee only at the end of Term or when the investor exits –allows your investment to compound consistently without fee or taxes

We make money only when you do

No fixed fee, only share of profits made

Shackle-free investing

REP allows once a year redemption window when investors can choose to exit

No penalties for early exit

0 entry or exit load

INVESTMENT PHILOSOPHY

Buying Philosophy



Buy businesses, not scrips



No moon-shots



Have margin of safety



Invest in “intelligent fanatics”

Holding & Selling Philosophy



Focus on beating the benchmark



Hold for life



Sell for the right reasons

INVESTMENT PHILOSOPHY

Buying Philosophy



Buy businesses, not scrips

- We think of *investments as buying a small piece of the business, not just individual stocks*. We don't exit good businesses at the first sign of poor performance – we give them a few quarters to improve. But once they show steady downhill trajectory, we also don't shy away from making hard calls of exit.



No moon-shots

- We invest in businesses with *reasonable valuations, proven business model & are anti-fragile to disruptions*. We don't invest in the hope of growth & we never like to overpay in the hope that eventually the valuation will be justified.



Have margin of safety

- We do not guarantee multi-baggers or standard returns every year, what we do guarantee is investing through a margin of safety in valuation. We believe that a *good margin of safety is the ultimate alpha generator*.



Invest in “intelligent fanatics”

- *We back “intelligent fanatics”* - exceptional promoters with skin in the game, people who do what they say & have shown demonstrated history of great performance in their businesses.



Focus on beating the benchmark

- Performance measurement is simple. *We are “good” when we consistently beat the benchmark & “poor” when we consistently do not*. We guarantee complete transparency in good times & bad.



Hold for life

- We believe hyper returns come from sitting patiently with the holdings for a long-time. *Our ideal holding period is forever*.



Sell for the right reasons

- We seek to sell only under two conditions – either *valuations have far exceeded our estimates of the intrinsic value of the company, or the company is performing poorly due to factors unexpected or unanticipated by us*. We do not seek to buy or sell individual stocks based only on changes in macroeconomic environment.

Holding & Selling Philosophy

INVESTMENT PROCESS



Screens on Screens

- Quantitative & qualitative gating basis combination of metrics
- **Financial metrics** e.g. Profit, Top-line revenue, growth, expense ratios, leverage, debt repayment
 - **Valuation metrics** – Market cap, P/E, EV/Sales or EBITDA
 - **Promoter metrics** – ownership, track record, ethical practices, pledging of shares
 - **Market share & industry prospective**



Research

- Annual reports
- Investor presentations
- Investor conference calls
- Investment forum discussions
- News & Media discussions
- Press releases
- Analyst research notes



Immersion

- In-depth moat analysis
- Company & industry expert calls
- Management meetings
- Mystery shopping
- Customer/ supplier/ value chain stakeholder shadowing, surveys & interviews



Selection criteria

1. Multi-bagger approach
2. Criticality to stakeholder
3. “Intelligent fanatics”
4. Debt & repayment
5. Valuation
6. “Spikes”



Monitoring

- On-going monitoring through:
 - Quarterly reports
 - Concalls
 - News & Media
 - Investment forums
- Re-evaluation post multiple quarters of poor performance or exponential valuation growth

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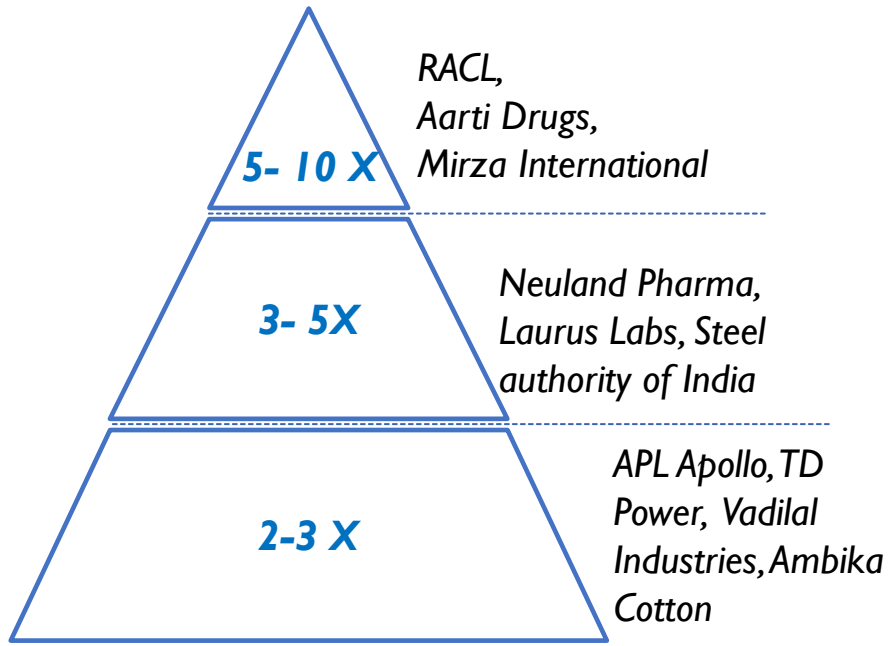


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SELECTION CRITERIA – MULTIBAGGER APPROACH

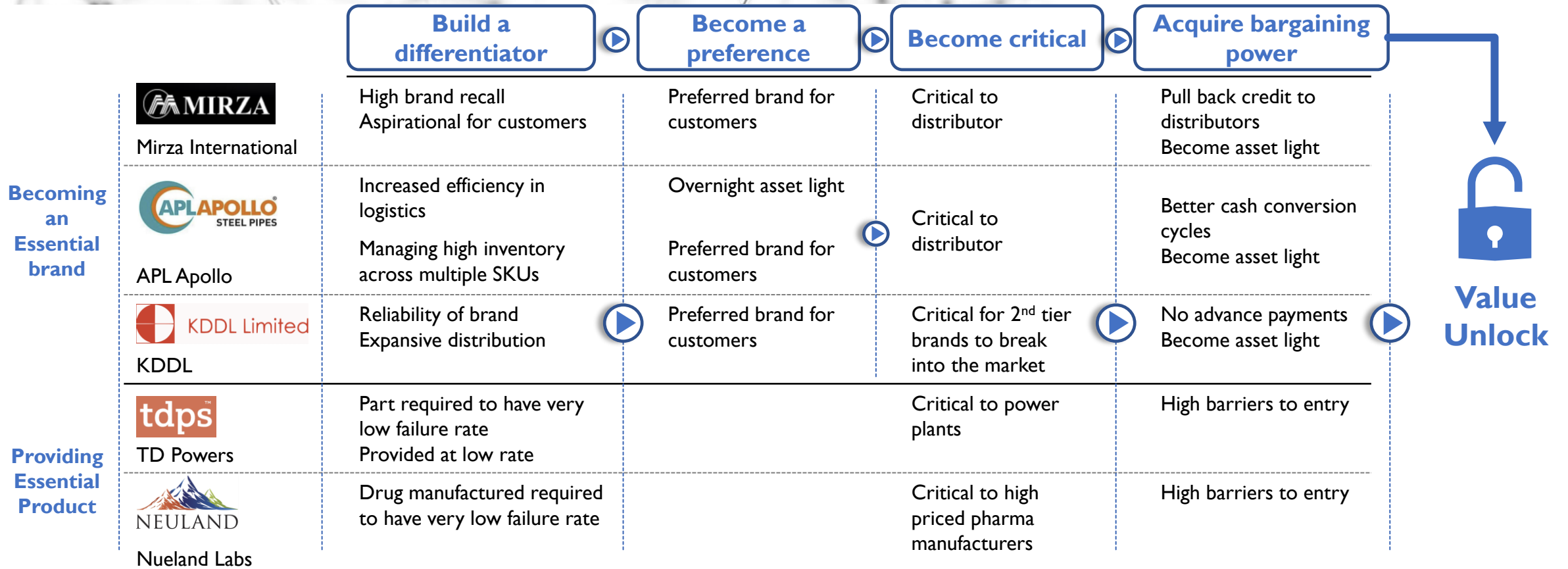
In the last 3 years, we have already generated quite a few multibaggers



- Bet on companies during their Rs. 500 Cr. to 50,000 Cr. market cap journey
- These have higher chance of sustainably providing opportunities for high growth
- Look for companies with high growth potential, in high growth industries or those with moats like brand, network effects of distribution, R&D capability etc.
- Enter when the valuations are low or fairly reasonable
- Especially look for exceptional leaders with skin in the game & great track record
- Exit after performance has been consistently poor, valuations have become unjustifiable, new unfavourable information impacting growth has been revealed

SELECTION CRITERIA – CRITICALITY TO STAKEHOLDER

A major value unlocker for valuation growth is how critical the co. becomes for a stakeholder which comes from **either becoming an essential brand or providing an essential product**



SELECTION CRITERIA – INTELLIGENT FANATICS

- We believe in companies which are run by “intelligent fanatics”

lead promoters who have skin in the game

have shown a track record of good performance

Are excellent capital allocators

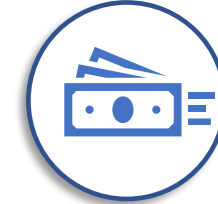
deliver what they talk about in investor presentations & conference calls

SELECTION CRITERIA – DEBT & VALUATIONS



Debt & Repayment

- We like companies which have **low debt**
- On rare occasions we bet on companies which might still have debt but have lowered leverage over time



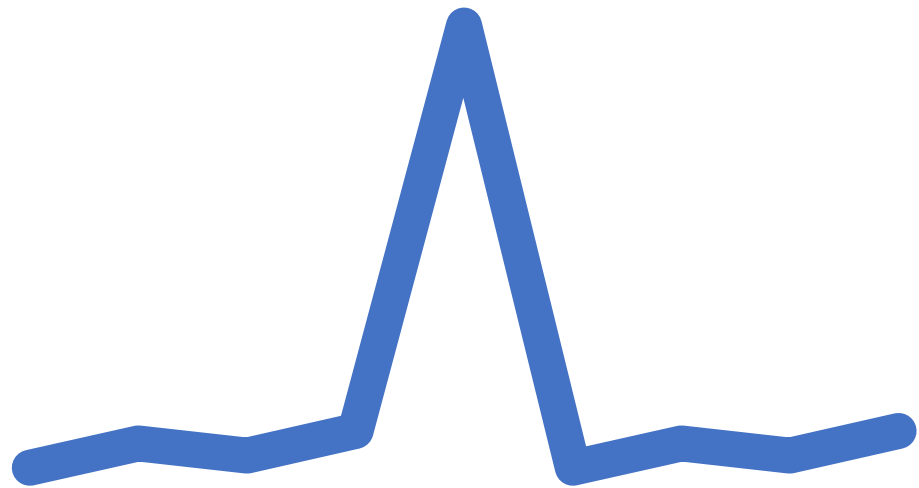
Valuations

- We believe in investing in companies which have **low valuations and high potential to grow**
- We **don't believe in overpaying** for a company in the hope it will justify its valuation in the future through high growth

SELECTION CRITERIA – SPIKES

We look for the “McKinsey Spike” – one thing in the track record of the company’s performance that makes it stand-out.

“Not everyone does everything brilliantly, that's fine. Everyone should have something that they do the best, that's their thing, that's their spike”



- Mirza retiring INR 300 Cr. of debt in 3 years
- RACL being a INR 60 Cr. Company with heavy hitter internal clients like BMW Germany Kubota

SCHEME PARAMETERS

- **Eligible investors** – Institutional Investors, high net worth individuals, corporates, financial institutions, Hindu undivided family, partnerships, limited liability partnerships, or any other eligible resident Indian, NRI or foreign investors
- **Investee company style** – Listed companies, agnostic of sector & market capitalisation, 75% in Indian markets & maximum of 25% in overseas securities
- **Minimum investment** – INR 1 Cr. Equivalent to ~US\$ 134K
- **Time Horizon** – 10 years
- **Fee structure** –20% performance fee of the profit over the hurdle rate of 6% per annum. GST will be additional

CONTACT DETAILS



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