

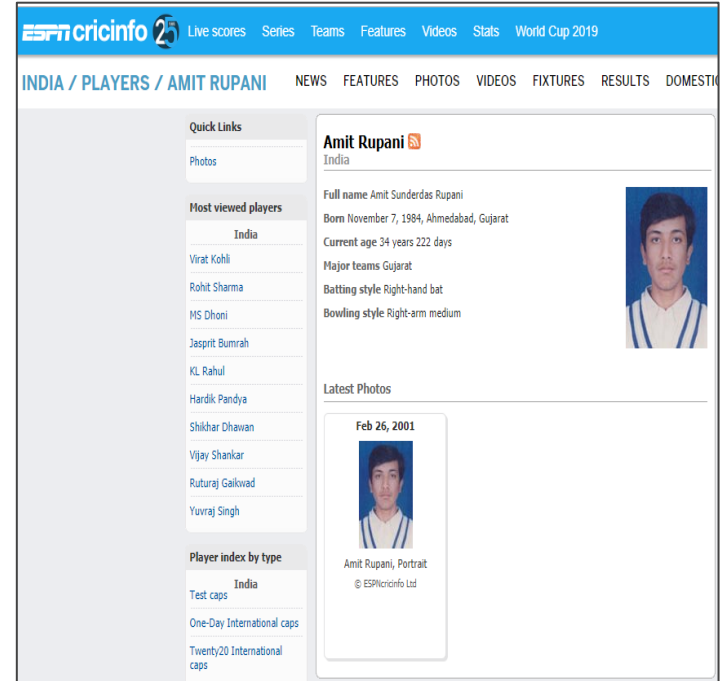
# Introduction, Investment Journey, Investment Philosophy

VP Annual Goa Meet, June 20-23, 2019

Amit Rupani, CFA

# Age: 8-21

- Cricket #1 Priority in Life
- Captained School & College Cricket Teams
- Represented Gujarat U-14, U-16, U-19, U-22, Gujarat University
- Played 4 years of professional League Cricket in England
- Was good student but couldn't focus because of cricket commitments
- Played professionally until shoulder injury at 21



The screenshot shows the ESPNcricinfo website's player profile for Amit Rupani. The page is titled "INDIA / PLAYERS / AMIT RUPANI" and includes navigation links for NEWS, FEATURES, PHOTOS, VIDEOS, FIXTURES, RESULTS, and DOMESTIC. The profile section displays the following information:

- Quick Links:** Photos
- Most viewed players:** India, Virat Kohli, Rohit Sharma, MS Dhoni, Jasprit Bumrah, KL Rahul, Hardik Pandya, Shikhar Dhawan, Vijay Shankar, Ruturaj Gaikwad, Yuvraj Singh
- Player index by type:** India, Test caps, One-Day International caps, Twenty20 International caps
- Player Profile:** Amit Rupani (India), Full name: Amit Sunderdas Rupani, Born: November 7, 1994, Ahmedabad, Gujarat, Current age: 34 years 222 days, Major teams: Gujarat, Batting style: Right-hand bat, Bowling style: Right-arm medium
- Latest Photos:** Feb 26, 2001 (Portrait of Amit Rupani)

Source: <http://www.espnricinfo.com/india/content/player/33192.html>

# Age: 21 - First Exposure to Stock Market

- Took over dad's small equity portfolio worth Rs. 5 lakhs
- Buy/Sell decisions based on "Market Experts" on TV and other sources
- Activities which lead portfolio go down to Rs. 1 lakh in about ~1 year
  - Intra-day Trading
  - BTST
  - STBT
  - F&O
  - Commodity
  - Etc.
- My Dad: " Promise me you will stay away from stock market.It's a casino!"
- Deep down took an oath to learn, and comeback to "play by the rules"

# Age: 21-24

- Got first hand exposure to run family Hotel business in A'bad and take critical capital allocation decisions
  - Commodity Business
  - Time is Money
  - High Fixed Costs
  - High Operating Leverage
  - Competitive Forces Driving Prices
- Clients - Gruh Finance, Cadila, Zydus, Claris, etc.
- Ran business for 4 years (best work experience of my life)
- Old School - New School difference with dad lead me to quit family business at 24

## Age: 25-27

- New chapter of life in the US
- Did MBA in Corporate Finance from University of Dallas
- Started working in Financial Services companies after graduating
- First person in entire family to work for someone else
- Started “Investing” in Indian Equities with start of paycheck in the US

# Age: 27 - Turning Point of My Life

- Ahaa! moment - Understood Magic of Compounding as I came across this example
- Knew importance of saving early but didn't know end value impact with little delayed start
- Biggest irony of my life is that I was 27 when I came across this!

Mr. A			Mr. B	
Annual Contribution	Investment Growing at 15% CAGR	Age	Annual Contribution	Investment Growing at 15% CAGR
		19	500000	575000
		20	500000	1236250
		21	500000	1996688
		22	500000	2871191
		23	500000	3876869
		24	500000	5033400
		25	500000	6363410
		26	500000	7892921
500000	575000	27		9076859
500000	1236250	28		10438388
500000	1996688	29		12004146
500000	2871191	30		13804768
500000	3876869	31		15875483
500000	5033400	32		18256806
500000	6363410	33		20995327
500000	7892921	34		24144626
500000	9651859	35		27766320
500000	11674638	36		31931267
500000	14000834	37		36720958
500000	16675959	38		42229101
500000	19752353	39		48563466
500000	23290205	40		55847986
500000	27358736	41		64225184
500000	32037547	42		73858962
500000	37418179	43		84937806
500000	43605905	44		97678477
500000	50721791	45		112330249
500000	58905060	46		129179786
500000	68315819	47		148556754
500000	79138192	48		170840267
500000	91583921	49		196466307
500000	105896509	50		225936254
500000	122355985	51		259826692
500000	141284383	52		298800695
500000	163052040	53		343620800
500000	188084846	54		395163920
500000	216872573	55		454438507
500000	249978459	56		522604284
500000	288050228	57		600994926
500000	331832762	58		691144165
500000	382182677	59		794815790
500000	440085078	60		914038158
500000	506672840	61		1051143882
500000	583248766	62		1208815464
500000	671311081	63		1390137784
500000	772582743	64		1598658451
19500000	889045154	65	4000000	1838457219

# Age: 28-35

- A colleague introduced me to Prof. Bakshi's blog where got introduced to Value Investing principles
- Journey started to learn and apply Value Investing learnings
  - Buffett's Annual Letters
  - Charlie Munger
  - Phil Fisher
  - Howard Marks
  - Peter Lynch
- Early success thanks to 2013 bull run (allah maherbaan to gadha pahelwan)
  - Amara Raja
  - Cera Sanitary
  - Bosch Ltd.
  - Bajaj Finance

# Age: 28-35

- Joined ValuePickr November 10th, 2015
- Became CFA charterholder in 2017
- Became full-time investor in 2017



# India Portfolio Approach

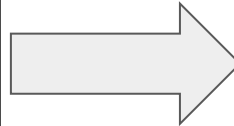
<b>Bucket</b>	<b>Allocation %</b>	<b>Expectation</b>
Compounder/Core	~60%	<ul style="list-style-type: none"><li>● Structural businesses with strong competitive advantages</li><li>● Slow but stable long-term return</li><li>● Low churn and hold for long-term</li><li>● Don't mind paying \$1 for \$1</li></ul>
Opportunistic/Value Play + Cash	~40%	<ul style="list-style-type: none"><li>● Promising small &amp; mid-cap bizs.</li><li>● Start small and increase allocation with increasing confidence</li><li>● Try to buy cheap/bargain</li><li>● Flip and move to next opportunity when fair or overvalued, if it is not promoted to Compounder bucket</li></ul>

# U.S. Portfolio Approach (IRA Account)

## Step 1



- Bought 10 solid large businesses with tremendous longevity
- Generate tremendous cash-flows
- “Great” businesses per Buffett
- Dividends increasing every year
- Portfolio dividend yield ~3.5% compared to 2% of S&P500
- Not sold a single business since starting this strategy. Hoping to never sell one.
- Low expectations of market return



## Step 2



- Buy small & mid-cap promising businesses by using dividends generated from Step 1.
- Many small bets using basket approach (long tail)
- Buy & Verify the thesis
- Goal is to find just “one” Derby Winner Horse
- Helps to widen circle of competence & connect the dots from many geographies

Thank you for listening!

Any Questions?