

# Marcellus MeritorQ

February, 2024

Contact:  
[invest@marcellus.in](mailto:invest@marcellus.in)



**This circulation is NOT intended for US Clients**

# Some timeless principles for successful investing



## Buy Good Companies

- *High return on capital*
- *Solid financial condition*
- *Clean accounts*

## At prices below intrinsic value

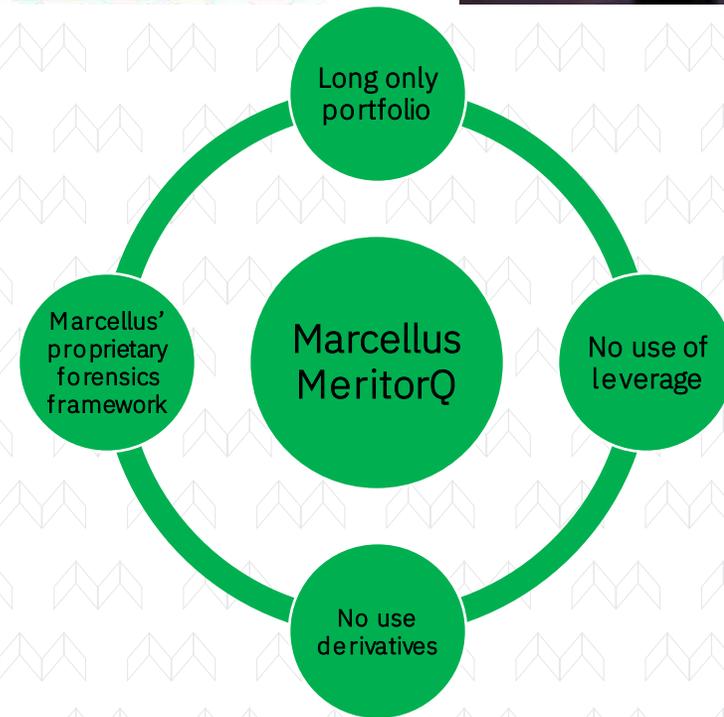
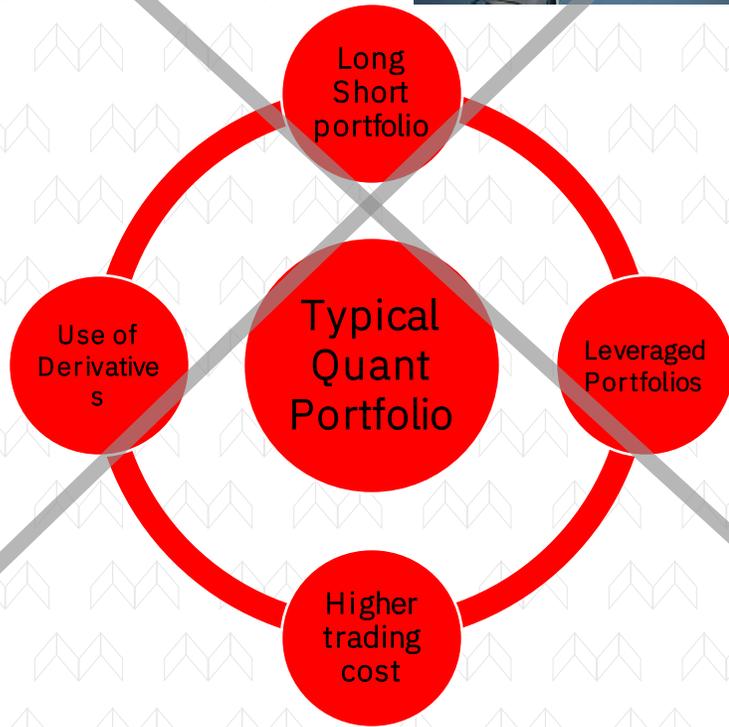
- *Discount to intrinsic value compared to rest of the market*
- *Intrinsic value based on free cash flow*

## Mitigate human biases

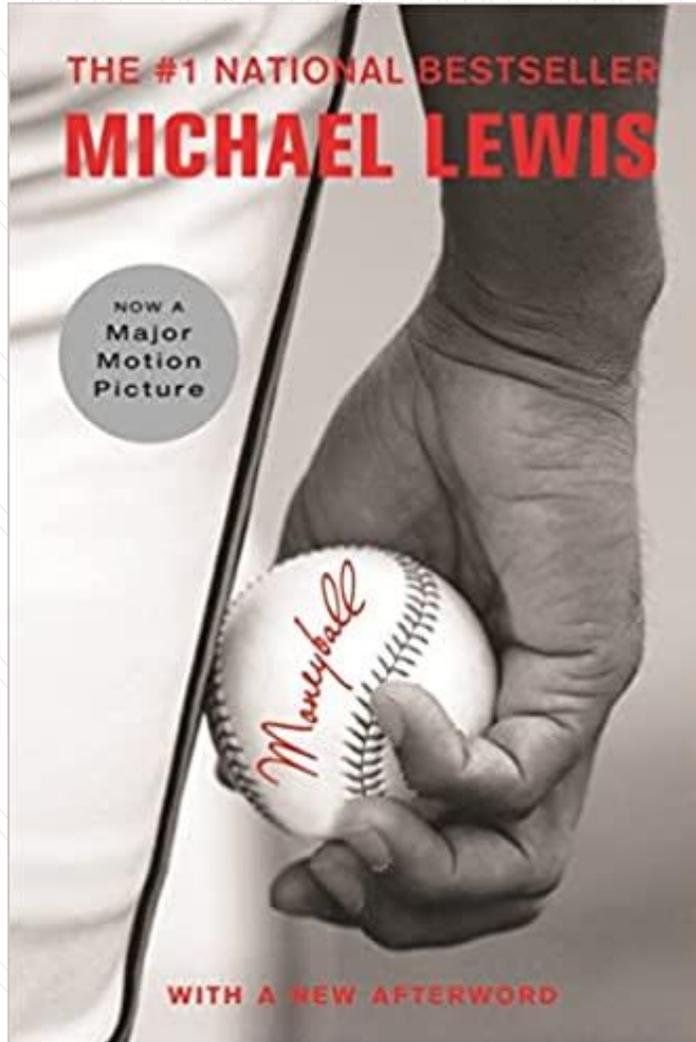
- *Avoid behavioural biases*
- *Process over discretion\**

*\*Except where Marcellus has concerns over governance issues in selected stocks.*

# MeritorQ sticks to good investing principles



# Michael Lewis' bestseller contains lessons for investors



## Moneyball approach in baseball

Data and statistics to select players instead of scouts; avoid subjectivity

Select players who are relatively under priced versus their skill

Focus on building team of players who can win matches instead of team of superstars

Not afraid to exchange players if better fit is available

## Marcellus MeritorQ

Rules based portfolio construction basis company fundamentals

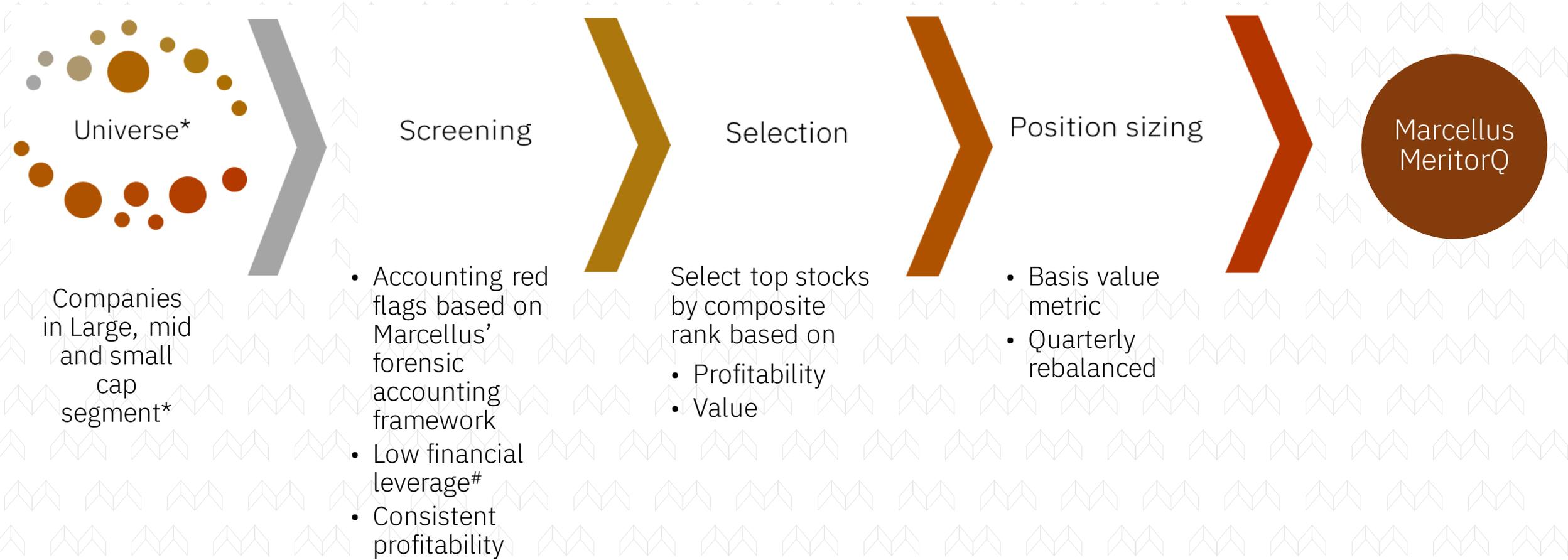
Select quality companies which are relatively undervalued versus rest of the market

Focus on portfolio which delivers better risk adjusted returns instead of individual stocks

Refresh portfolio semi-annually to include undervalued companies

Source: Moneyball by Michael Lewis  
Copyrights of above book is exclusively reserved with Author/Publisher of the above book.

# Marcellus' forensic framework combined with rules based approach

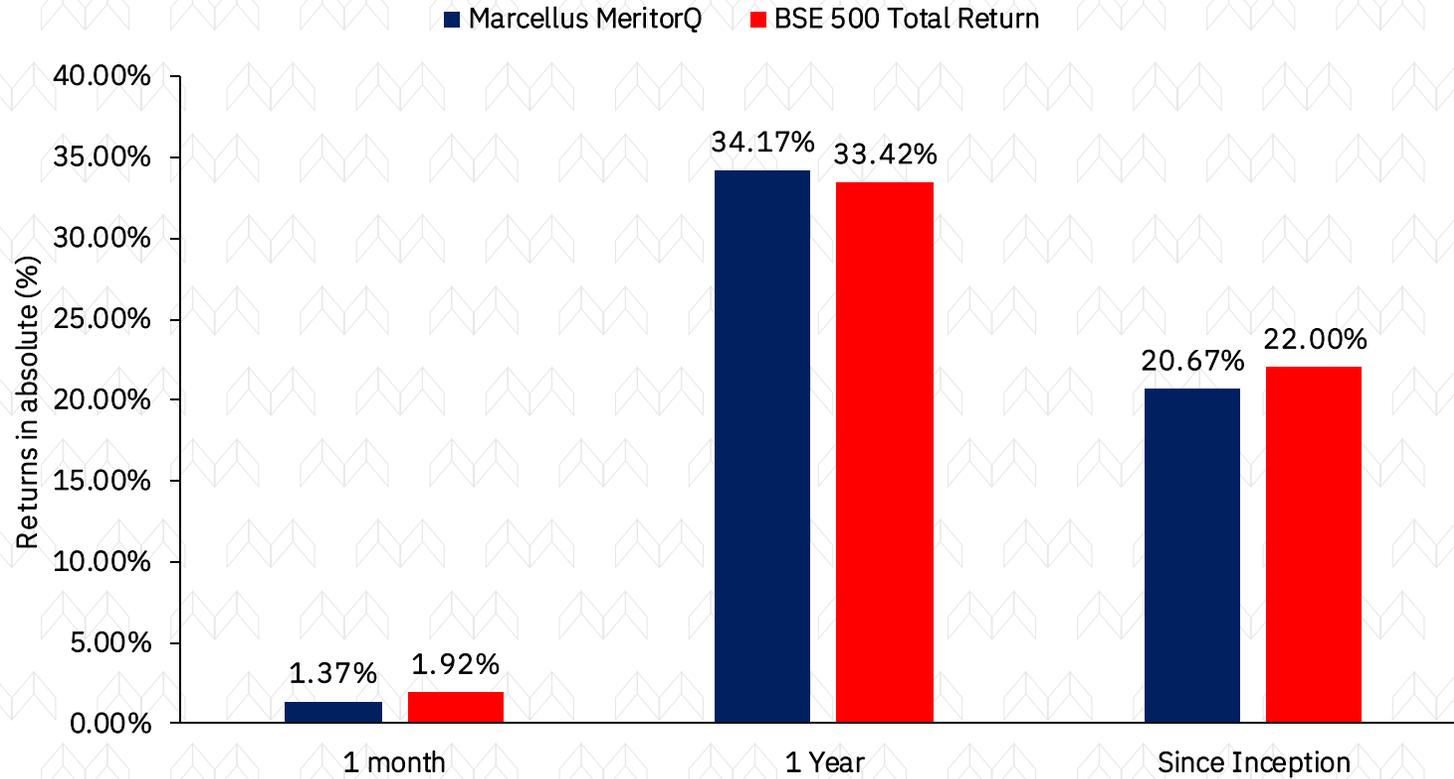


Source: Marcellus Investment Managers.

\*Life insurance companies not considered

#For debt-equity screening - Financials (Lenders & Non-lenders are considered separately)

# MeritorQ PMS Live performance vs. BSE 500 total return index (till 31st January 2024)\*



Source: Marcellus Investment Managers. Note: (i) Portfolio inception date is November 15, 2022. (ii) Returns as of January 31, 2024. (iii) Performance data is net of fixed fees and expenses charged on a quarterly basis, the effect of the same has been incorporated up to Dec 31, 2023. Performance data is not verified either by Securities and Exchange Board of India or U.S. Securities and Exchange Commission. (iv) Total returns index considered for BSE500 above.

\*For relative performance of particular Investment Approach to other Portfolio Managers within the selected strategy, please refer this [link](#). Under PMS Provider Name please select Marcellus Investment Managers Private Limited & select your Investment Approach Name for viewing the stated disclosure.=

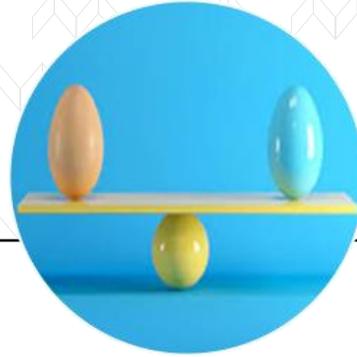


# Closing thoughts



## Diversification

- Diversified exposure to uncorrelated factors like value and quality
- Possibility to capture performance from smaller companies. No market cap bias



## Periodic Rebalancing

- Semi annual portfolio rebalancing and review according to rules
- Ensures portfolio is aligned to investment objectives
- Balance between portfolio churn and picking up undervalued stocks regularly



## Rules based

- Method and portfolio construction tested across ~16 years of history
- Investment process over discretion\*
- No portfolio manager risk
- Final portfolio and rules are actively monitored to ensure alignment with investment objectives

*\*Except where Marcellus has concerns over governance issues in selected stocks.*

# Fee Structure



Fixed Fee: 1.5% p.a.

Minimum investment: INR 50 lacs

- We also have an STP (Systematic Transfer Plan) plan using which clients can stagger their investment in tranches spread over 5 months :- <https://marcellus.helpscoutdocs.com/article/96-stp>
- Existing Investors have the option to save and invest regularly in Marcellus Funds through Systematic Investment Plan (SIP) :- <https://marcellus.helpscoutdocs.com/article/100-systematic-investment-plansipfaqs>

# Fund Management Team



## **Omkar Sawant, CA**

Omkar is the Fund Manager of Marcellus' MeritorQ PMS. Prior to joining Marcellus, he worked with a CA firm in statutory audit departments from 2017 to 2020 gaining extensive experience across Indian accounting standards, financial statement analysis & taxation. He is a BCom graduate from Mumbai University. He is a qualified Chartered Accountant (ICAI India).



 MARCELLUS

**Thank You!**

---

---

Marcellus Investment Managers  
929, DBS Business Centre, Kanakia Wall Street  
Andheri-Kurla Road, Andheri – East, Mumbai - 400 093  
 +91-2262676872

# Disclosures



Note: The above material is neither investment research, nor investment advice. Marcellus Investment Managers Private Limited (“Marcellus”) is regulated by the Securities and Exchange Board of India (“SEBI”) as a provider of Portfolio Management Services and an Alternative Investments Manager. Marcellus is also registered with US Securities and Exchange Commission (“US SEC”) as an Investment Advisor. No content of this publication including the performance related information is verified by SEBI or US SEC. If any recipient or reader of this material is based outside India or US, please note that Marcellus may not be regulated in such jurisdiction and this material is not a solicitation to use Marcellus’s services. This communication is confidential and privileged and is directed to and for the use of the addressee only. The recipient, if not the addressee, should not use this material if erroneously received, and access and use of this material in any manner by anyone other than the addressee is unauthorized. If you are not the intended recipient, please notify the sender by return email and immediately destroy all copies of this message and any attachments and delete it from your computer system, permanently. No liability whatsoever is assumed by Marcellus as a result of the recipient or any other person relying upon the opinion unless otherwise agreed in writing. The recipient acknowledges that Marcellus may be unable to exercise control or ensure or guarantee the integrity of the text of the material/email message and the text is not warranted as to its completeness and accuracy. The material, names and branding of the investment style do not provide any impression or a claim that these products/strategies achieve the respective objectives. Marcellus and/or its associates, employees, the authors of this material (including their relatives) may have financial interest by way of investments in the companies covered in this material.

This material may contain confidential or proprietary information and user shall take prior written consent from Marcellus before any reproduction in any form.

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. Marcellus takes no responsibility of updating any data/information in this material from time to time. The recipient of this material is solely responsible for any action taken based on this material. The recipient of this material is urged to read the Private Placement Memorandum/Disclosure Document/Form ADV, Form CRS and any other documents or disclosures provided to them by Marcellus, as applicable, and is advised to consult their own legal and tax consultants/advisors before making any investment in the Alternative Investment Fund.

All recipients of this material must before dealing and or transacting in any of the products referred to in this material must make their own investigation, seek appropriate professional advice and carefully read the Private Placement Memorandum/Disclosure Document, Form ADV, Form CRS and any other documents or disclosures provided to them by Marcellus, as applicable. Actual results may differ materially from those suggested in this note due to risk or uncertainties associated with our expectations with respect to, but not limited to, exposure to market risks, general economic and political conditions in India and other countries globally, inflation, etc. There is no assurance or guarantee that the objectives of the investment strategy/approach will be achieved.

This material may include “forward looking statements”. All forward-looking statements involve risk and uncertainty. Any forward-looking statements contained in this document speak only as of the date on which they are made. Further, past performance is not indicative of future results. Marcellus and any of its directors, officers, employees and any other persons associated with this shall not be liable for any loss, damage of any nature, including but not limited to direct, indirect, punitive, special, exemplary, consequential, as also any loss of profit in any way arising from the use of this material in any manner whatsoever and shall not be liable for updating the document.