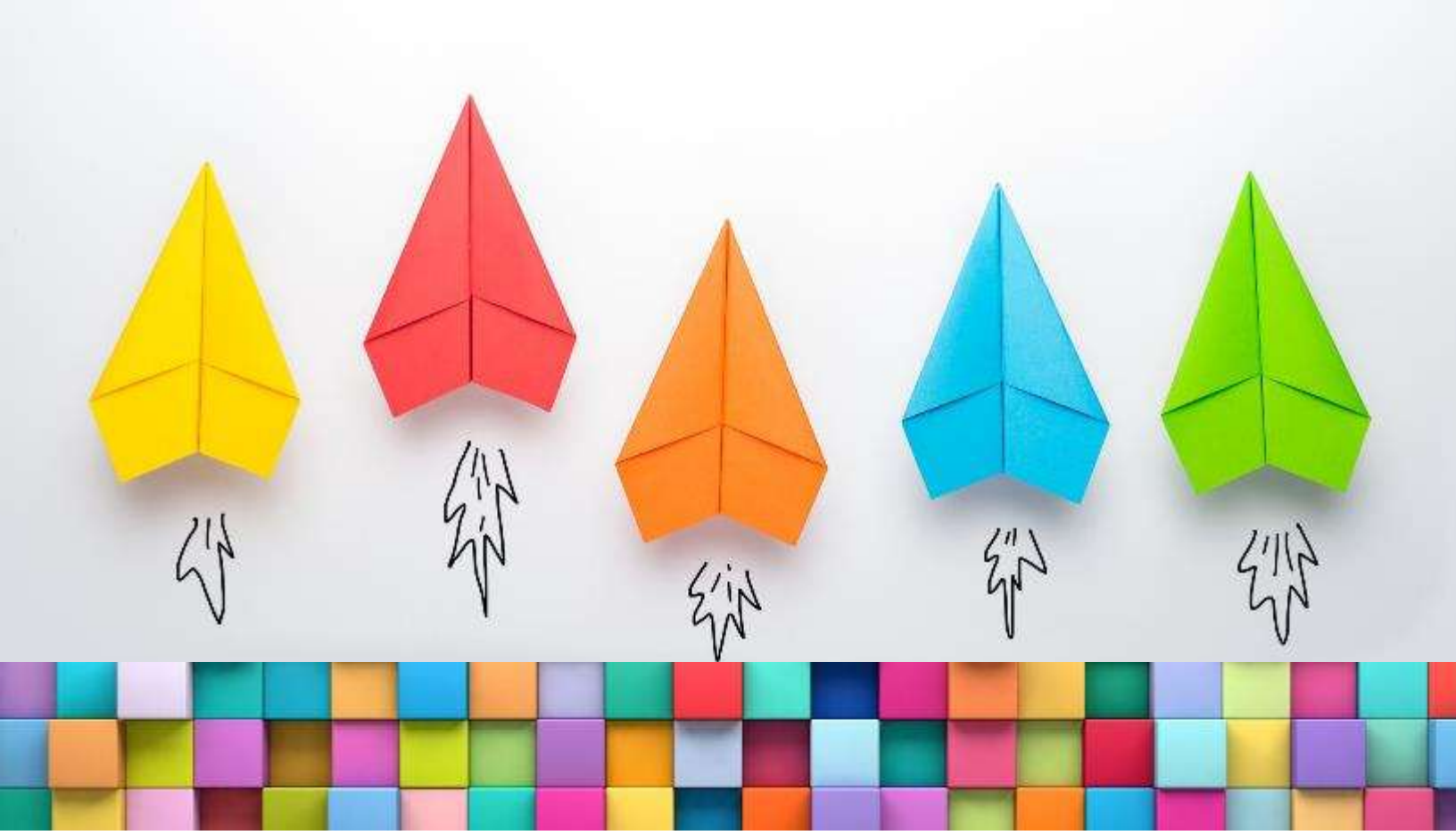
OMNISCIENCE CAPITAL
SCIENCE OF ALPHA FROM SAFETY



February 2022

OmniScience Strategies India Annual Update for 2021

A Quiver full of Multi-Thematic Investment Opportunities

Enhance Safety, Enhance Growth, Enhance Returns

Contents

OMNISCIENCE CAPITAL
SCIENCE OF ALPHA FROM SAFETY

OmniScience Capital

February 2022

OmniScience Strategies India Annual Update for 2021

A Quiver full of Multi-Thematic Investment Opportunities

Disclaimer: Any mention of company names DOES NOT mean an endorsement or recommendation to buy, sell or hold any of these companies, sectors or the index or index-linked products. This is not investment advice, please see the detailed disclaimer at the end of this report and at www.omnisciencecapital.com/disclaimer

---

"In 2021 Sensex has delivered 23.23%, Nifty 25.59%, S&P 500 28.71%, Nasdaq-100 27.51% and MSCI Europe 16.97% total returns, respectively."

Mr. Market delivered fantastic returns, with Asian exception

2021 has been a fantastic year for equity investors across many markets across the World. Sensex has delivered 23.23%, Nifty 25.59%, S&P 500 28.71%, Nasdaq-100 27.51% and MSCI Europe 16.97% total returns, respectively. Meanwhile, other major Asian markets were flat to bear territory, for example, in USD, MSCI Japan (2%), MSCI Hong Kong (-4%), Korea (-8%) and China (-22%).

Scientific Investors with Originality, Character and Patience are rewarded by Mr. Market

As per moneycontrol.com Omni DX ranked #2 among all smallcases for the year 2021 (link) and Omni Capital Enablers ranked #3 for January 2021 - January 2022 period (link). Overall, OmniScience strategies delivered returns ranging from 20%+ to 100%+.

What one will miss from the above performance is that equity markets do not deliver performance consistently but rather in bursts. There are years of negative performance too. For example, for Omni SuperStox, 2018 was a negative performance year followed by 2019 which was a nearly flat performance year. But those who had the patience—a majority of

OmniScience's Scientific Investors—were rewarded sufficiently in 2021 compensating for the earlier difficult years. The requirement that the Scientific Investor should have Originality, Character and Patience is again reinforced. The OmniScience investment managers must focus on the Originality aspect and the Character aspect, while the Client has to focus on the Character and Patience aspect. This partnership between the managers and the clients leads to the performance and alpha generation as a result of Scientific Investing.

Scientific Investing: Surviving and Thriving

Scientific Investing Philosophy is the Science of Alpha from Safety. What Scientific Investing Framework does is: Enhance Safety, Enhance Growth, Enhance Returns. Scientific Investing focuses on building a portfolio which can survive and thrive in the always uncertain future. For example, survive crises like Covid-19 lockdowns and thrive in ensuing economic booms. The focus on identifying below-the-radar growth vectors helps uncover extraordinary investment opportunities. You can learn more about this in the section on Scientific Investing.

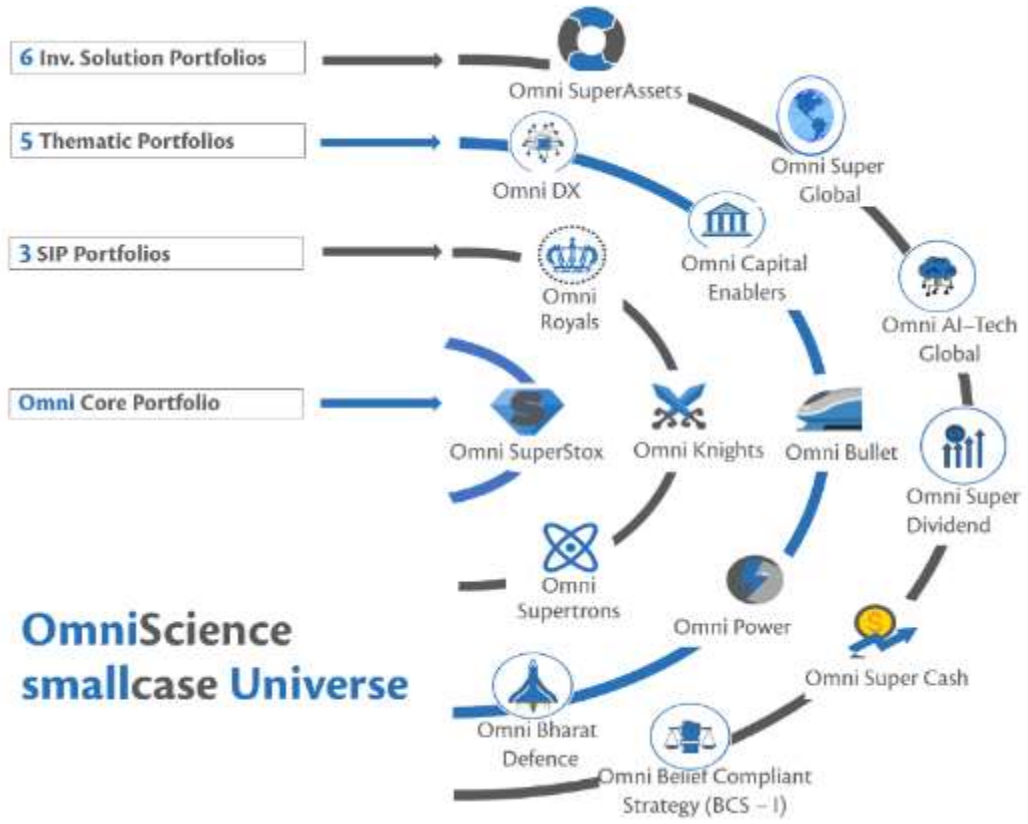
How to invest in OmniScience Strategies?

OmniScience's Indian strategies are available on the smallcase platform at https://omniscience.smallcase.com/

OmniScience's US strategies are available on the Stockal platform at https://www.stockal.com/stacks/stackdetail?name=OMNIUSS and https://www.stockal.com/stacks/stackdetail?name=OMNIAIT

OmniScience strategies are also available on Custodian platforms for both Indian and US strategies.

OmniScience Strategies: Existing Strategies and New Launches in 2021



The Core Strategy

The above chart shows the OmniScience Investment Strategy Universe on the smallcase platform. The core investment strategy is Omni SuperStox which is what we call a Quiver-full of Growth Arrows. This portfolio provides an exposure to several below-the-radar growth vectors. This is a flexi-cap strategy which is capitalization agnostic.

The Core SIP Strategies

The next rung provides the 3 strategies which are: Omni Royals (Large cap), Omni Knights (Mid cap), and Omni Supertrons (Small cap). These have been kept at low ticket size to make it easy for investors to do an SIP (Sytematic Investment Plan) in them.

However, it should be kept in mind that these strategies can be used for Core allocations too. An investor who wants to build a core portfolio with allocations to only, say, large caps and midcaps, can design his/her portfolio with say 70% Omni Royals and Omni Knights or any other combination suited to their goals. Another investor could choose a 60% Omni Supertrons and 25% Omni Knights and 15% Omni Royals. The availability of the large, mid, and smallcap strategies allows the creation of tailored core portfolio suited for each investor. Of course, any allocation strategy depends on particular circumstances, objectives and risk tolerance of an investor.

The Thematic Strategies

The next rung provides several thematics. These are growth vectors which are below-the-radar, i.e., Mr. Market has not recognized them and hence they are available at a significant discount to their intrinsic values. Most of these themes provides exposure to TAMs (total addressable markets) of $10s of billion to Trillions and are likely to last from 5 years to multiple decades.

The Globals & Multi-Asset Strategies

The final rung provides several different strategies. Omni Super Assets provides exposure to nearly 10 asset classes and is expected to have significantly lower volatility than typical equity portfolios.

Omni Super Global provides exposure to the best of Indian Inc. and the leading global companies. Omni AI-Tech Global provides exposure to global and Indian Technology companies with Artificial Intelligence (AI) products, platforms, services and solutions.

The Income Strategies

Omni Super Dividends is a portfolio of high dividend yield companies. Most of these companies are AAA-rated for their bonds, signifying the strength of their balance sheet and cash flows.

Omni Super Cash is a portfolio of mostly liquid and short-term bond ETFs with fixed maturity dates. This is designed as a vehicle for parking cash for the short-term while earning fixed income returns without taking too much risk.

Omni Scientific Income is a portfolio of primarily equity and remaining being cash, debt & other asset classes. The aim is to provide up to 1% of the monthly closing NAV as a regular payout to the investor.

New strategy launches during the year

OmniScience launched several new strategies this year. While Omni SuperStox, Omni Royals, Omni Knights, Omni Supertrons, Omni DX already existed before 2021 started, Omni Super Dividend, Omni Bullet Train, Omni Bharat Defence, Omni Capital Enablers, Omni Power were launched in the first week of January 2021.

During the rest of 2021 OmniScience launched, Omni BCS-I, Omni Super Assets, Omni Super Global, Omni AI-Tech Global, Omni Super Global, and Omni Super Cash.

Links to access OmniScience India investment Offerings:

S. No.	Strategy	Category	Link
1	Omni SuperStox	MultiCap	https://omniscience.smallcase.com/smallcase/OMNMO_0001
2	Omni DX	Thematic	https://omniscience.smallcase.com/smallcase/OMNNM_0001
3	Omni Bullet Train	Thematic	https://omniscience.smallcase.com/smallcase/OMNMO_0006
4	Omni Bharat Defence	Thematic	https://omniscience.smallcase.com/smallcase/OMNNM_0002
5	Omni Power	Thematic	https://omniscience.smallcase.com/smallcase/OMNNM_0004
6	Omni Royals	Largecap	https://omniscience.smallcase.com/smallcase/OMNMO_0002
7	Omni Knights	Midcap	https://omniscience.smallcase.com/smallcase/OMNMO_0003
8	Omni Supertrons	Smallcap	https://omniscience.smallcase.com/smallcase/OMNMO_0004
9	Omni Capital Enablers	Thematic	https://omniscience.smallcase.com/smallcase/OMNNM_0003
10	Omni Super Dividend	Income	https://omniscience.smallcase.com/smallcase/OMNMO_0005
11	Omni Belief Compliant	Belief Based	https://omniscience.smallcase.com/smallcase/OMNNM_0005
12	Omni Super Assets	Multi Assets	https://omniscience.smallcase.com/smallcase/OMNMO_0007
13	Omni AI-Tech Global	Global Tech	https://omniscience.smallcase.com/smallcase/OMNNM_0006
14	Omni Super Global	Global Multicap	https://omniscience.smallcase.com/smallcase/OMNMO_0008

Scientific Alpha Series for UHNWI, Family Offices and Institutions

OmniScience also developed the Scientific Alpha (SA) series of strategies targeted to Ultra-High Net Worth individuals and Family Offices. The Scientific Alpha series is a Smart Beta approach based on the Scientific Investing Framework. 5 variants have been developed, viz., Scientific Alpha Core, Scientific Alpha Growth, Scientific Alpha Value, Scientific Alpha Quality, and Scientific Alpha Dividend.

One of the key differences in this series compared to the conventional classification of companies as Core, Growth, and Value, is the recognition that Growth is a fundamental dimension driven by revenue growth while Value is a price vs. fundamental dimension which means companies which are at a discount to their intrinsic values.

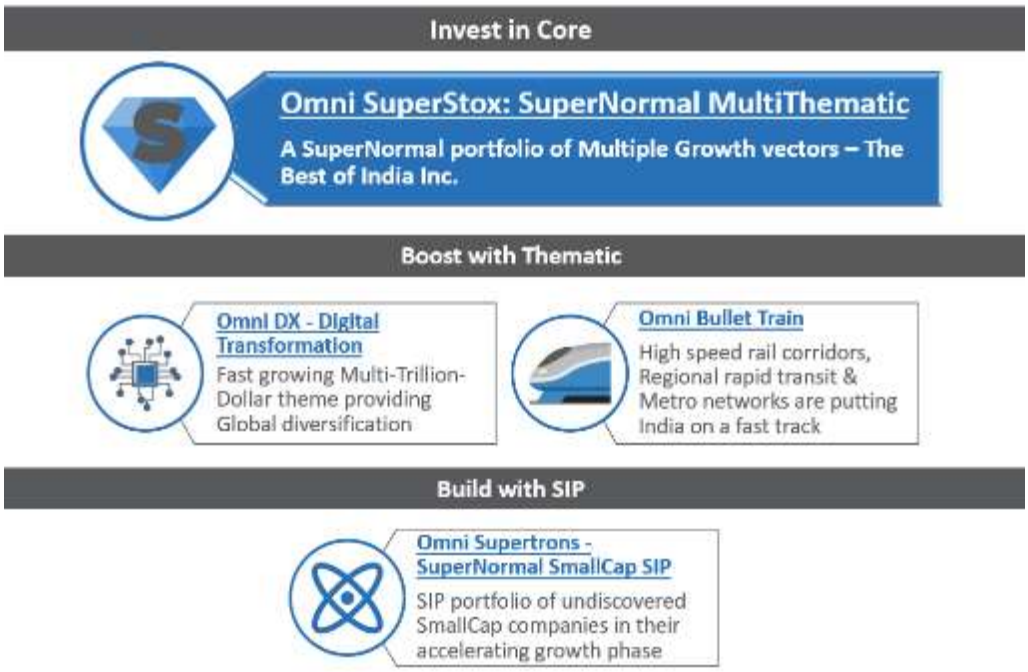
This means that companies which are growth companies can also be available at a discount to their intrinsic values and hence be Value companies.

While SA Core is a portfolio of growing companies which are mispriced, SA Growth has a strong growth bias and SA Value has a strong bias towards the highest discount to intrinsic value. SA Core, SA Growth, and SA Value are selected from the highly liquid large and midcap universe of the Top 250 stocks as defined by SEBI's definition and maintained by AMFI.

SA Quality is a portfolio of mispriced companies selected from the universe of high-quality companies with persistent competitive advantages. SA Dividend is a portfolio of mispriced companies selected from the universe of dividend paying companies. SA Quality and SA Dividend are selected from the Top 500 stocks which includes 100 large caps, 150 midcaps and 250 smallcaps. The 250 smallcaps are the largest, and typically most liquid of the smallcaps.

Another product launched was Scientific Alpha Super Stable. The objective of this strategy was to design a portfolio which is much more stable compared to a pure equity portfolio but could generate much higher returns compared to fixed income. This has multiple instruments and securities which are likely to behave in a manner opposite to Indian equities in the short term while still generating positive returns in the long term.

How to use the products? – The Investment Plan



An individual's specific portfolio allocations will depend on their financial goals, risk tolerance, and time horizon. However, in this section an illustration is being provided to get a better feel for how to configure a specific portfolio allocation using the various strategies available from OmniScience.

One could start with a core allocation to Omni SuperStox. Say 70% of lumpsum funds available can be allocated to Omni SuperStox. Another lumpsum of 15% each can be allocated to the thematics, viz., Omni DX and Omni Bullet Train or any other thematic strategy which one finds interesting. This can be further reinforced with an SIP allocation on a monthly basis to Omni Supertrons, Omni Royals, Omni Knights depending on cap preference and monthly investment amount. Of course, any allocation strategy depends on particular circumstances, objectives and risk tolerance of an investor.

The concept is:

Invest in Core

Boost with Thematic

Build with SIP

The Core is intended for long-term wealth creation. The Thematics are more concentrated, high growth bets and the SIP helps to build wealth during market ups and downs. As the markets go through their typical ups and downs, the SIP helps one get a higher ownership of the companies at lower prices, thus adding alpha on top of the fundamental market growth.

The idea is that there are sufficient number of Omni smallcases to design different asset allocation portfolios to meet the varying investment objectives of the investors.

Outlook 2022 and Beyond—the Scientific Way

India Amrit Kaal Budget—Opportunities for the next 1 year to 25 years (Amrit Kaal)

The Budget intends to lay the foundation and provide a roadmap for the next 25 years—the Amirt Kaal—of India@75 to India@100.

The 3 goals for the Amrit Kaal are:

- Macroeconomic growth with microeconomic inclusiveness
- Digital Transformation-led economy & Fintech, Clean Energy
- Capital Investments from Private sector, pump-primed by public investments

The 4 priorities of the budget:

- PM GatiShakti (Transportation & Logistics Infrastructure)
- Inclusive Development
- Productivity Enhancement, Digital, Clean Tech
- Financing of Investments (Capital Investments)

From an equity investment perspective, the budget emphasized and focused on the following growth vectors:

- An increased focus on railways and mass transportation under PM Gati Shakti;
- An allocation of 68% of defence procurement budget for domestic industry under ArmaNirbharta in Defence;
- Financing of Investments and effective Capex of INR 10.6 lakh crores (~double from 2019-20);
- Digital Transformation, Digital Banking & Payments & Fintech;
- Support for power sector and clean energy & mobility (Electric Vehicles).

To benefit from the multi-decadal growth vectors driven or catalyzed by this budget and during the next 25 years of Amrit Kaal, one can look at investing themes in Railways and Mass Transportation Infrastructure, Domestic Defence Industry, Capital Providers and enablers, including Digital Banking & Fintech, Digital Transformation (AI, IoT, Cloud, 5G etc.), Power Sector and Clean Tech, and Electric Vehicle ecosystem. Interestingly, each of these growth vectors are already part of Omni Supreme and most of these are available as independent smallcases focused on these growth vectors.

Impact of US Fed rate increases

Forecasters have predicted 15 out of the last 3 crashes. There is a class of forecasters who predict a bear market every year. Typically, once in 3-5 years it turns out true and then these forecasters can claim their forecast came true.

At OmniScience, we believe that no one can predict the future. However, one can work with logic to estimate and understand possible future scenarios which could evolve.

According to the Bureau of Economic Analysis (https://www.bea.gov/news/2022/gross-domestic-product-fourth-quarter-and-year-2021-advance-estimate#:~:text=Current%2Ddollar%20GDP%20increased%2010.0,(tables%201%20and%203)), the US economy grew at 10% in nominal US Dollar terms in 2021. According to the Fed dotplot, it is likely to continue growing at 6%-7% in 2022 and at 4%-5% 2023 and at around 4% beyond that in the long term. (https://www.federalreserve.gov/monetarypolicy/files/fomcprojtabl20211215.pdf)

Further, the unemployment rate is at 3.5% and is expected to remain at this level until 2024, according to the Fed dotplot, going up to 4% in the long-term.

Inflation in 2021 was 7% according to Bureau of Labor Statistics (https://www.bls.gov/news.release/cpi.nr0.htm). This is very high and way more than the Fed's target rate of 2%. Most of it is, quite likely, due to the global supply chain disruptions and the US port congestions. However, there does seem to be some component of inherent inflation due to the strong economic demand.

Given the strong economic growth, low unemployment and high inflation, the Fed has to take appropriate actions. The US Fed has indicated in their December 2021 meeting and reinforced in the Jan 2022 meeting that they are going to stop increasing the balance sheet size from March 2022. Further, around 3 rate hikes are expected in 2022 and more could be expected if inflation remains a concern.

The Fed dotplot expects that the Fed funds rates will be normalized by 2024 to 2% and beyond that to 2.5% in the long run.

In reaction to the above Fed communications, the US markets have reacted to the Fed and fallen downwards. Currently, the S&P 500 forward PE ratio is 20. This is equivalent to an earnings yield of 5%. Based on the historical data, this earnings yield appears fair for—based on the Fed dotplot data—an expected long-term inflation rate of 2%.

The impact on the Indian markets has also happened with markets dropping around 5% from their peaks.

Impact of India RBI Policy

Based on the RBI Monetary Policy statement on Feb 10, 2022, the nominal GDP of India, in INR, for FY21-22 is estimated at 14.5%, and for FY22-23 at 12.3%. (https://rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=53249). FY21-22 inflation is estimated at 5.3% which is expected to come down to 4.5% in FY22-23. The current account deficit in H121-22 was 0.2% of GDP and is expected to be contained within 2% of GDP for FY21-22.

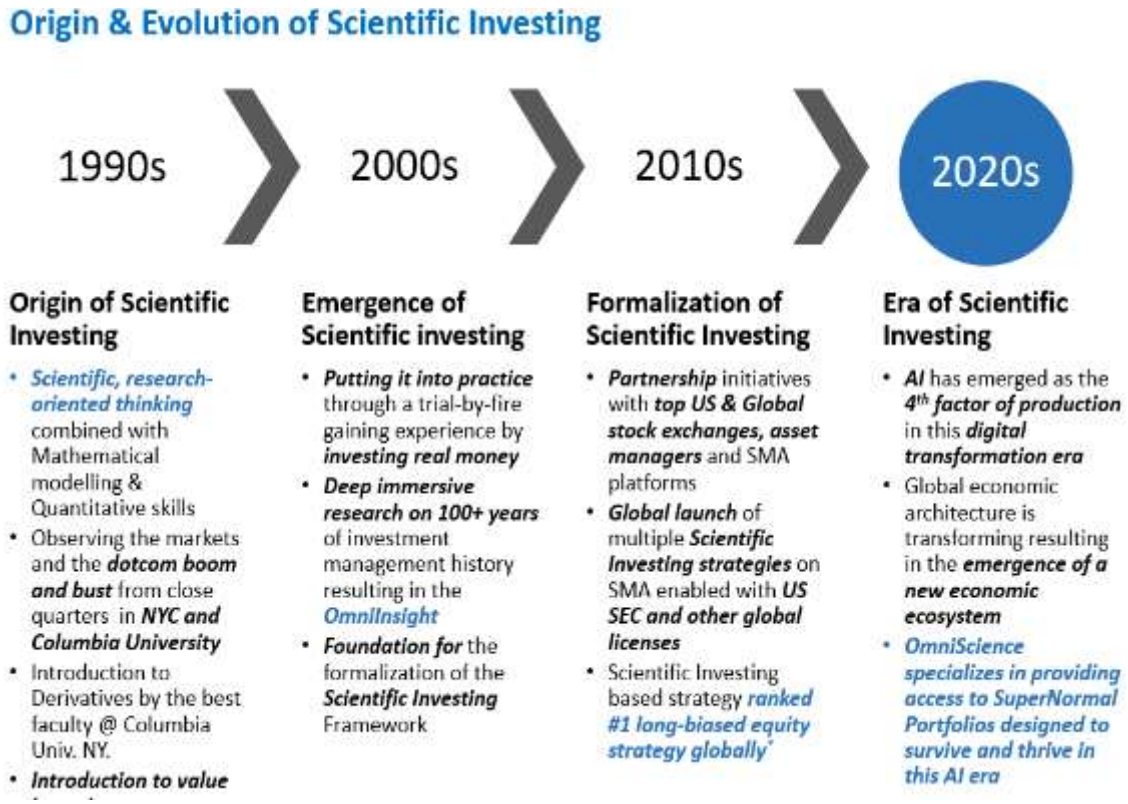
The Monetary Policy Committee is comfortable with the current inflation levels and growth rates. The focus is on providing a policy stance which remains accommodative and supportive of future growth. The expectation that Indian inflation levels are likely to remain close to the target rate of 4%, that GDP growth rates are healthy, exports are healthy and current account deficit is low, the Rupee is showing resilience, and the forex reserves at $630 billion allows it to maintain an accommodative policy stance.

Of course, if inflation shoots up, or there is large monetary outflow due to Fed's actions, and the INR falls significantly, RBI is likely to take appropriate actions. However, based on the RBI's statement, it has accounted for these and in the base case scenario not make any significant changes. It is difficult for RBI not to increase their rates even when Fed is continuously raising the rates since that will create a larger spread between US treasuries and Indian treasuries. So one should be prepared for possible rate increases by RBI in the second half of FY23 or early FY24.

Any rate increases by RBI are likely to cause some volatility in the equity markets which could be absorbed if economic and earnings growth maintain a positive trajectory.

Introduction to OmniScience Capital

The founding team of OmniScience has now been working together on managing Global and Indian strategies using the core concepts of the Scientific Investing Philosophy for a decade. The Scientific Investing Framework has a 'Safety-first' approach at its core. This approach is required in a risky asset class like equities so that once the risk is mitigated one can focus on enhancing the upside and generating alpha over the long term by investing in fundamentally strong companies available at a significant discount to their intrinsic values.



The Scientific Investing Framework is the culmination of decades of experiences and expertise across multiple fields. The Scientific, research-oriented and quantitative thought process at the core of all thinking at OmniScience Capital originates from the STEM (Science, Technology, Engineering, and Mathematics) education, training and experiences which the core team received in their early days.

This was followed by exposure to the concepts of value investing and deep immersive research on more than 100 years of investment management practice and knowledge. The use of these concepts in live investment portfolios lead to further evolution of the philosophy and understanding what works and what doesn't in real life investing and, most importantly, the why—the scientific quest.

The advantage of the scientific approach is that it is not satisfied just with how unless the why is also answered. When fundamental aspects of why something works and doesn't work and there is a framework which integrates all of this, then the investment process can become quite flexible while the philosophy doesn't have to change. The process can be adapted to different markets and conditions even though the core concepts remain same.

The core team has been working together for nearly a decade to develop and practice the Scientific Investing philosophy. It is applied to the developed as well as emerging markets equities and has got a good response from various global institutional investors and partners.

OmniScience specializes in providing access to SuperNormal Portfolios designed to survive and thrive in this era of Artificial Intelligence revolution and changing global economic architecture.

OmniScience Investment Focus

The changing economic architecture and the AI revolution provide attractive investment opportunities which OmniScience Capital intends to bring to the investor community. Thus, OmniScience has 3 focus areas: US, India and AI Revolution.

US: Largest Economy & Equity Market		AI Revolution: Transformative Technologies		India: Fastest Growing Major Economy	
24% Share of the global economy	40% International markets revenue	$100 trillion Economic Impact in next 10 years	10+ Transformative Technologies including AI, IoT, 5G, Cloud, Big Data	13.2% 10-year annualised GDP Growth	₹100 lac crore 5yr Capital expenditure Plan
35% of Global Market Cap	100+ cos with 20%+ 10yr CAGR				
A truly global investment universe of **technology innovators, disruptors,** firms with best corporate governance practices and **leading enterprises** having operations in **developed & fast-growing emerging economies**		New-age digital technologies are changing every aspect of the human life and in the process creating a **multi-trillion-dollar** global **business transformation** opportunity		India is exposed to **3 transformative** themes, viz., a huge capex of **INR100 trillion** over next five years, a **shift in global manufacturing** supply chain towards India & the **global digital transformation** tailwind	

US Equities

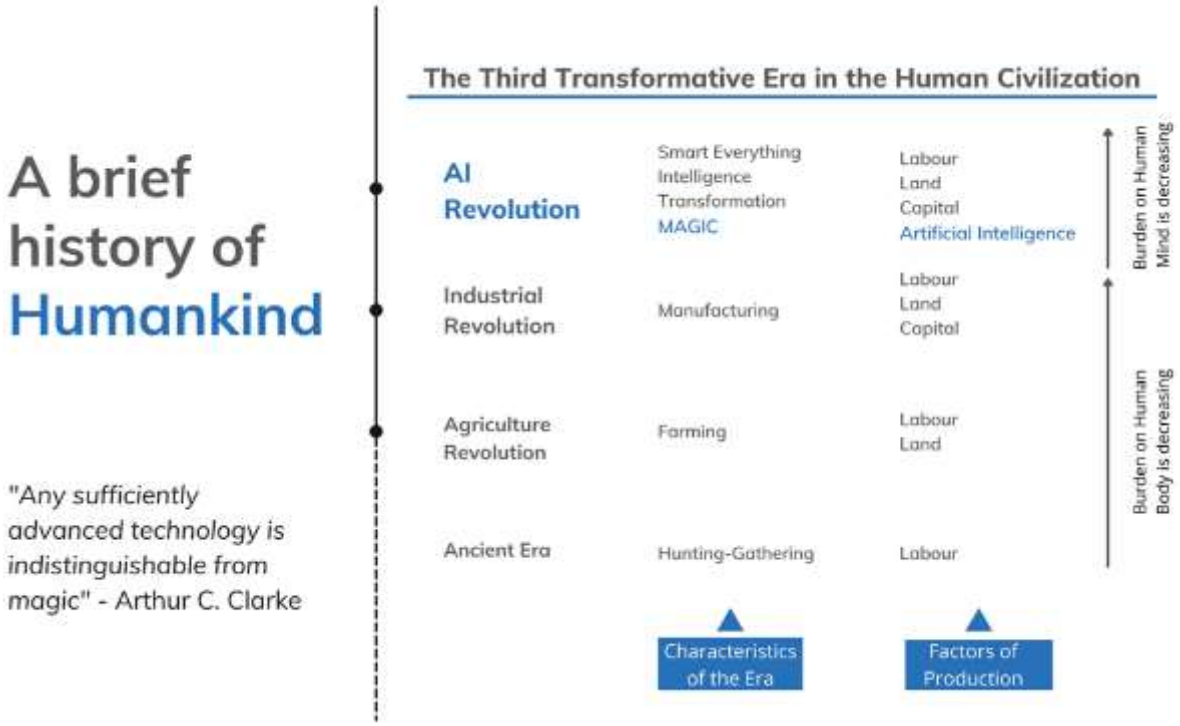
US, because it is the largest economy expected to grow at around $1 Trillion every year over the next decade with 100s of companies growing at more than 10%-20% in the past decade. It is no surprise since it is the capital of capitalism and free enterprise and a hub of technology and innovations. It is likely to bring back numerous manufacturing facilities onshore catalyzed by industry 4.0 and robotics. Also, the global supply chains are likely to be rearchitected to reduce dependency on China and diversify supply sources.

Indian Equities

India, because it is the fastest growing large economy across the World which is likely to cross $8 Trillion over the next decade. The Government of India is doing one of the largest capital expenditures on infrastructure, technology. education, healthcare and climate providing a foundation for the growth during Amrit Kaal—India@75 to India@100. Over the next 3-5 years more than 100 lakh crores will be invested under the National Infrastructure Pipeline by the Government of India. In addition, the capital investments from the private sector and the private consumption expenditure would give a further fillip to the economy. There are numerous growth vectors which are quite promising. India is also likely to benefit from the changing global economic architecture.

AI Revolution

Artificial Intelligence (AI) Revolution is bringing in a new era on the back of Digital Transformation (DX). Digital Transformation is the evolution of new business models to address customer needs built on the availability of transformative technologies, such as IoT, Cloud, Big Data, 5G, Blockchain, Cybersecurity, Robotics, and Industry 4.0. On top of these technologies and the availability of large amounts of data, Artificial Intelligence can add a lot of value and also provide the opportunity to enable innovative new business models.



Investment opportunities from 3 focus areas

Within these broad categories there are dozens of strategies that OmniScience manages.

US Strategies: OmniScience manages Omni Supreme US, which is a portfolio of multiple growth vectors providing exposure to multiple themes in the US and global markets. This strategy picks stocks from the Top 1500 stocks (S&P 500 large caps, S&P 400 midcaps, and S&P 600 smallcaps indices) listed on the US stock markets.

Scientific Alpha series of 5 products (Largecaps—SA Core, SA Growth, SA Value and Multicap—SA Quality & SA Dividend) intended for family offices and institutional clients also provide direct equity exposure to the US markets. Another institutional product SA Super Stable.

Smallcase investors can take exposure to US markets through Omni Super Global which provides exposure to both Indian & US markets in one single smallcase.

India Strategies: The Indian strategies from OmniScience have been discussed in an earlier section.

AI Revolution: Omni AIoT US (Artificial Intelligence and Internet of Things), focused on the AI Revolution, is based on a proprietary investment universe of nearly 180-200 US companies developing different products, platforms and solutions using Artificial Intelligence in some shape or form. These companies are instrumental in bringing the AI Revolution to the global economy. The strategy picks around 15-25 stocks which are available at the highest discount to intrinsic value.

While Omni AIoT provides direct equity exposure, Smallcase investors can take exposure to AI revolution through Omni DX and Omni AI-Tech Global.

Scientific Investing Philosophy

A robust investment strategy edifice has to be based on a structure shown in the chart below. The foundation of the edifice is based on fundamental *insights* about investing. An investment *philosophy* forms the next layer. This is then formulated into *principles*. Using these principles different investment *processes* can be crafted. The implementation of these processes can involve the development of *rules*.

While the lower, foundational rungs are more stable and should, ideally, not change in decades or even centuries, the upper rungs can be more flexible and can evolve and adapt to changing circumstances. For example, the use of different rules for implementing the same investment process can result in differing investment portfolios. Even using the same investment principles different investment processes can be formulated. All of these investment processes will be true to the investment philosophy and principles, but the resulting portfolios could be quite different.

The core insight at OmniScience Capital is:

OmniInsight

"Most market participants chase alpha but get risks, while one could chase safety and get alpha"

Based on this insight the Scientific Investing Philosophy of OmniScience is focused on a "Safety First" approach. The idea is that since one is operating in a risky asset class like equities, the focus should be on reducing those risks and chasing safety. Once all the ways in which one can lose capital permanently are understood and the ways of guarding against them are developed, then one can freely concentrate on enhancing returns and generating alpha without worrying about high risks, i.e., chances of losing capital permanently. Of course, the philosophy recognizes that any approach can only reduce the probability of permanent loss of capital but cannot make it impossible.

An investment strategy should include the *Investment Analytics*, *Portfolio Synthetics* and an *Investment Framework* integrating the two. Investment Analytics focuses on developing analytical toolkits that can be used to best understand

the known information. Portfolio Synthetics should be aimed at helping the portfolio survive and thrive in the always uncertain future. The future has some knowns, many unknowns and even more unknowables. A robust portfolio synthetics thought process understands that the portfolio should be designed to survive those unfavourable unknowns and thrive on the favourable unknowns.

Our philosophy recognizes that a strong, cash-rich, balance sheet provides the primary shield against unfavourable unknowns and powers the company to thrive on favourable unknowns that the future might throw at it. The fundamental reason behind the strong balance sheet is the persistent competitive advantage which also translates, typically, in strong, positive cash flows. The management decisions involved in raising new capital through appropriate structures and allocating the capital as well as the cash flows prudently also results in a strong balance sheet.

Portfolio Synthetics also recognizes that no single investment can be perfect, and something can go wrong. Hence, diversification in terms of holding a number of stocks, number of sectors, number of growth themes and also diversification in terms of catalysts is required to have a robust portfolio.

The Investment Framework has to balance the Analytics with the Synthetics. For example, as the Investment Analytics and due diligence gets stronger, a more concentrated portfolio might be acceptable at the portfolio synthetics. However, there is a limit to concentration. Investing in less than 10 companies in an overall portfolio can hardly make sense for a core investment. Ideally, a core portfolio should have 20-30 stocks, and even up to 50 stocks for an institutional portfolio.

Similarly, in this fast-changing and disruptive world there can be no buy-and-hold forever. One has to continuously review and realign the portfolio as Mr. Market recognizes the discounts in the existing portfolio and is willing to buy them at fair price, i.e., at their intrinsic value, or higher. The portfolio has to continuously realign to exit the stocks which are becoming overvalued and move into stocks which are undervalued.

Scientific Investing Framework

The focus of Scientific Investing can be framed as follows:

Enhance Safety, Enhance Growth, Enhance Returns

How these three objectives are met in the Scientific Investing Framework is detailed below. See the chart below too.

As shown in the chart, the Scientific Investing Framework starts from the full investment universe. The investment universe is cleaned up with the aim of enhancing safety. There are companies with weak business operations and weak balance sheets. Many of these companies might be making consistent losses and negative cash flows, consequently resulting in high debt on the balance sheets. These companies are destroying the shareholder capital, i.e., the net worth of the company. These companies are labelled as *Capital Destroyers*. The Capital Destroyers are eliminated from the investment universe.

Next step is to focus on companies which might be showing profits and even paying taxes. However, these companies are consistently earning below the cost of capital. These companies are either at a significant competitive disadvantage or the corporate governance is not good. In either case, these companies are eroding the shareholder capital, consequently, reducing the purchasing power of the shareholder capital. The longer one stays invested in these companies the more the capital erosion. These are called *Capital Eroders* and are eliminated from the investment universe.

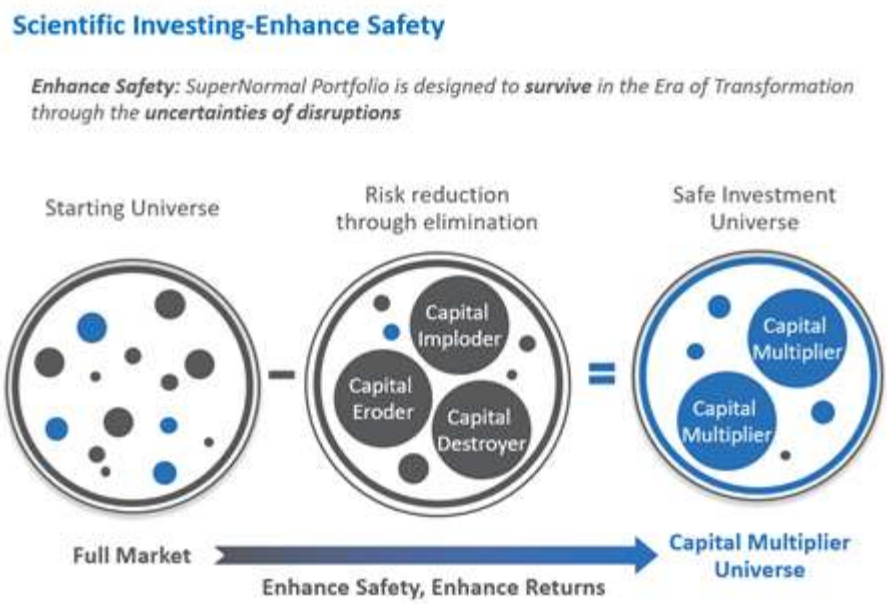
Now the investment universe is quite clean. However, there is one more category of companies that needs to be guarded against. Many of these companies have strong balance sheets, persistent competitive advantages, and are generating significantly more than the cost of capital. However, these companies are well-recognized by Mr. Market and hence are priced such that they are at a premium to their conservatively determined intrinsic value ranges. Their market prices

appear justified to Mr. Market when he takes a highly optimistic view of the future cash flows and the duration of these cash flows over next decade or two or more at high growth rates.

If any of those optimistic assumptions becomes untrue, then the market price turns out to be too optimistic and the price implodes. These companies are called *Capital Imploders*. So optimistic and heroic assumptions of high margins, high returns on capital, large positive cash flows, growing at high rates for decades, all together can justify very high market prices. However, the pricing is such that *even with all the assumption working out*, which is very unlikely, the *investor will end up with the discount rate* the market is using, which is not an alpha generating return. *If anything goes wrong,* which means even one of the assumptions turns out not be true, which is very likely in a fast-changing world when the time horizon is decades, the intrinsic value turns out to be much lower, *the price implodes, and the investor ends up with negative or sub-par returns*.

These Capital Imploders are also eliminated from the investment universe. Thus, we end up with a cleaned-up investment universe of *Capital Multipliers*.

The Capital Multipliers are companies with strong balance sheets, persistent competitive advantages, earning more than their cost of capital (on a normalized basis) and are available at a significant discount to their intrinsic values. The total portfolio returns are thus significantly enhanced since the loss of capital from Capital Destroyers, Capital Eroders and Capital Imploders has been minimized. Thus, "Enhance Safety, Enhance Returns" leg of the Scientific Investing Framework is complete.



Thematic Investing—Enhance Growth, Enhance Returns

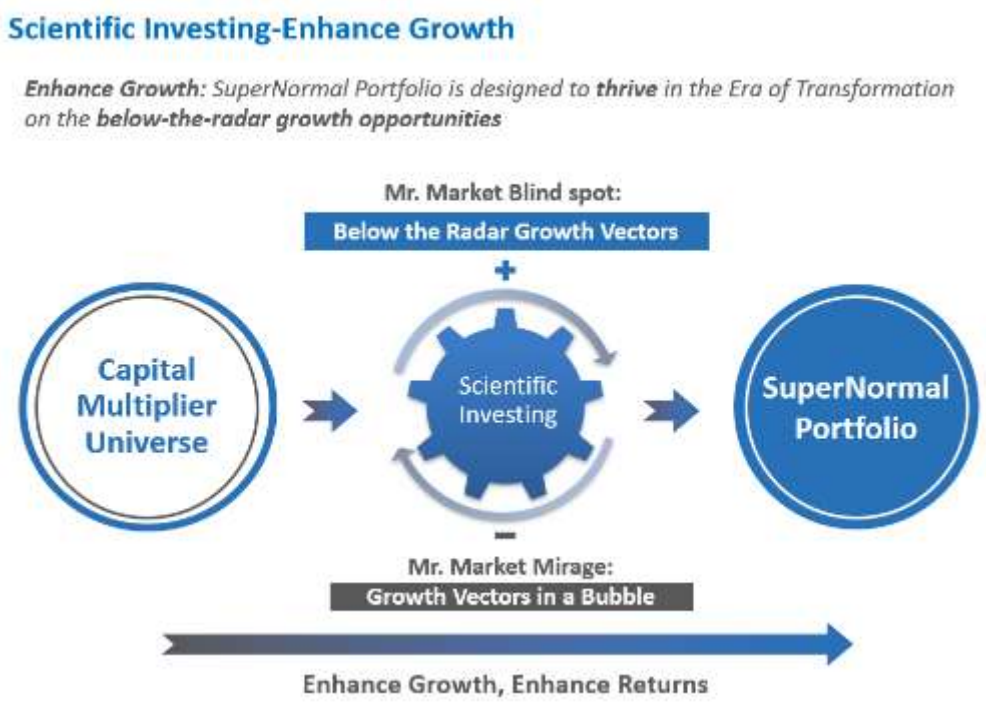
Next, step is to "Enhance Growth, Enhance Returns". The Capital Multiplier Universe is then analyzed further to identify companies which have the opportunity to grow at high rates due to exposure to growth vectors driven by long-lasting themes. These are themes which are, typically, driven by technology or social trends. Sometimes these could also be driven by political, legal, economic or environmental trends.

However, the key idea behind selecting these companies is to focus on growth vectors which are in Mr. Market's Blind Spot. These are the companies which are exposed to below-the-radar growth vectors and become part of the SuperNormal Portfolio. Over a period of quarters to years, Mr. Market recognizes these companies or the whole growth

vector. Once the companies are no longer available at a significant discount to their intrinsic values, they can be either assigned to lower weights or might be completely sold off.

Mr. Market's Mirage is when the whole theme or growth vector is now in bubble territory and nearly all companies are in bubble territory. This is when it one has to be satisfied with the discount rate or lower.

Typically, the Scientific Investing framework would suggest buying companies participating in themes (and growth vectors) which are in Mr. Market's Blind-spot and selling those companies when the theme is in Mr. Market's Mirage. Sometimes, some themes might be in Mr. Market's Mirage but there might be a several companies participating in the theme which are still in Mr. Market's Blind-spot. Scientific Investing framework would then suggest buying those companies and selling them when they are in Mr. Market's Mirage and replacing them with other companies which are now in Mr. Market's Blind-spot.



OmniScience designs core portfolios which provide exposure to multiple themes and growth vectors which provides another dimension of diversification and enhances growth exposure of the portfolio. Further, OmniScience also designs theme-specific portfolios.

In summary, this focus on first enhancing safety, then enhancing growth and overall, thus, enhancing returns in the long-term as the expected outcome of following the Scientific Investing Framework. Of course, there can be no guarantee of the outcome over any specific time frame.

Omni DX — Digital Transformation

Fast growing Multi-Trillion-Dollar, Multi-Decadal theme providing Global diversification

Investment rationale

A SuperNormal Portfolio of Indian Technology companies enabling global enterprises to accomplish their digital transformation (DX):

- The Digital Transformation impact on the Global economy to be worth over $100 trillion (World Economic Forum)
- Provides global diversification to US and European economies and Dollar based revenue providing a hedge against Rupee depreciation
- Indian tech companies have access to the largest pool of digital talent and capability to hire and train them for delivering DX projects across the Globe and across industries
- Digital Transformation is a mega-theme that is transforming the global economy while disrupting many conventional industries. The transformation will likely to continue over the next couple of decades

Fundamental Macro-update

Covid-related lockdowns and the boost in digital or online sales and the work-from-home requirements pushed the digital transformation efforts of top global companies. This effort which started in earnest in 2020, got accelerated even further in 2021.

Moving to the Cloud was one of the top priorities in 2021 for the client organizations and one of the fastest growing revenue generators for the Indian IT companies. Digital revenues crossed 50% for most companies and continued

growing at 25%-40% per annum. The result was a double-digit growth at the firm level. Most companies in the portfolio are growing at 14%-16% per annum.

Talent war was visible during the year when most companies had a large backlog of projects but were struggling for talent. This caused a large increase in attrition and salaries. The increased revenues, utilization levels and billing rates are likely to compensate for the increased salaries while maintaining the margins.

Recent updates from the Portfolio companies:

An Indian multinational information technology company filed papers with the SEC for a US-IPO via the American Depository Receipts (ADR) route. As part of the proposed transaction, Barings Private Equity Asia is likely to sell up to $750 million stake in the company as part of the IPO process.

An Indian multinational technology company recently launched its global management consulting practice, its first foray into this space. The company also signed an agreement with Innovation Communications Systems Limited (ICS) to sell its Software Design Radio (SDR) division in exchange for a stake in ICS. This transaction would provide it access to ICS's capabilities in communication technology.

One of India's largest information technology companies recently acquired Starschema, a Hungary-based data engineering tech company, for $42.5 million. This transaction boosts the company's capabilities in digital engineering and also provides it client access to Central and Eastern Europe. The company also entered into a partnership with Google Cloud to deliver health care and life sciences solutions.

A multinational technology company focused on providing software to automotive companies has made significant investments towards software-defined vehicle solutions. The company also partnered with dSPACE (a company providing simulation and validation solutions to the automotive industry) for developing EV charging solutions.

One of the country's biggest information technology companies signed a pact with energy giant bp to develop and pilot an energy as a service (EaaS) solution, to help businesses meet their decarbonization goals.

A leading IT and ITES company recently made a series of strategic acquisitions, including North Carolina-based Software Corporation International (SCI) and its affiliate, Fusion360, and the business of New Jersey-based Shree Partners. SCI/Fusion360 will form the core of a new Payments business unit and enhance its BFSI experience as well as add to the client list. Shree Partners expands capabilities in Cloud and IT infrastructure in BFSI and Travel and Hospitality vertical.

A Global IT Services company was recognized by three leading global analyst firms for its market leading capabilities in Microsoft Dynamics 365 over the years.

One of the world's leading design and technology providers across industries won OTT TV Technology of the Year Award at the Videotech Innovation Awards 2021. The company also announced its collaboration with Green Hills Software – a worldwide leader in embedded safety and security – for a Driver Monitoring System (DMS) platform.

India's largest information technology company renewed its contract with the government for its Passport Seva Programme. It also extended its partnership with SBI for tech solutions, and was selected by MCX (Multi Commodity Exchange India Ltd) – India's largest commodity exchange – to transform its core systems.

An Indian multinational conglomerate would be acquiring Edgile - an information security consulting firm – for $230 million. The company also launched its own digital signage and omnichannel ad solution to expand its sports, retail, transportation, and entertainment offerings.

A leading software and services company was selected as an engineering partner with Nvidia and Mavenir to accelerate adoption of the industry's first converged AI-on-5G platform (developed by Nvidia). The company also partnered with Microsoft Azure to digitally offer energy solutions to create sustainable factories.

An IT services and consulting company launched its data-to-decisions product suite called Fosfor, for businesses seeking to monetize data. It also opened a new delivery center in Hyderabad for its digital solutions segment.

Portfolio Valuation Ratios:

As of Feb 10, 2022	PE Ratio	PB Ratio	Div. Yield (%)
Omni DX	36.79	6.12	1.23
Equity Large Cap	26.72	4.22	1.41

In early 2018 the sentiment towards Indian IT companies was quite negative. The prevalent view was that Indian IT companies were well past their glory days and that their cost arbitrage model was losing steam. It was also the view that they would not be able to grow again at high growth rates. An example of this view being articulated by Aswath Damodaran, the "Dean of Valuation" and Professor at Stern Business School of New York University, can be seen in this Bloomberg Quint interview in April 2018. The interview is available at this link.
https://www.youtube.com/watch?v=HuK5SWwuK1U#t=27m17s

Our original view on the Indian IT company was completely contrarian to this. This was based on the facts available at the time which showcased the fast-growing (25%-40% CAGR) segment of Digital Transformation business within the same IT companies. The report titled, "Digital Transformation: Gateway to A $100 Trillion Opportunity" was published in Feb 2018. It clearly laid out why OmniScience expected the portfolio to unlock value 3 years from then based on future contribution of digital revenues and growth rates. The launch report had estimated that the unlocking would happen sometime after 3 years when the fast-growing (25%-40%) digital revenue contribution to the Indian IT service providers would dominate their total revenues, thus propelling the total revenue growth into double digits.

It was no surprise that Mr. Market finally understood the value in the Omni DX portfolio in 2021 when the Indian IT companies started displaying double digit growth rate.

The value of moving to the Cloud and Digital Transformation, especially, digital operations, ecommerce or digital marketing and sales were understood by the US and European customers.

Covid further accelerated the need during 2020 driven by Covid lockdowns triggering the work-from-home phenomena and high growth in digital commerce, and thus the high demand for services from the Indian IT vendors which had the capability to hire and train large numbers of digitally savvy employees and thus could deliver a large number of digital projects. The demand is likely to continue for the next decade or two in different phases. While currently, in phase 1, the focus is on migration to the Cloud, the next phase will be Big Data and data integration from silos, followed by Analytics in phase 3. The fourth phase will be a long drawn one which will focus on using AI on the integrated centralized databases. There are likely to be multiple phases within this with more and more sophisticated use of AI for business.

To know more visit the link: https://omniscience.smallcase.com/smallcase/OMNNM_0001

Omni Bullet Train

High speed rail corridors, Regional rapid transit & Metro networks are putting India on a fast track

Investment rationale

India has more than 7 high-speed rail (popularly termed Bullet Train), 6 Regional Rapid Transportation Systems (RRTS) rail corridors and more than 30 metro projects under plan with many more proposed. Several of these are operational or under construction. This is a very large, multi-decadal opportunity. Total railway infrastructure opportunity in the National Infrastructure Pipeline is INR 14 lakh crores over next 5 years. An exposure can be taken via a curated portfolio of railway consulting & EPC companies, and related capital equipment companies. One should take care to focus on companies with strong balance sheets, large order books and a history of 15%-30% growth rates.

Fundamental Macro update

Omni Bullet Train has been making progress with most of the companies in the portfolio growing significantly during the year. The dedicated railway companies in the portfolio have high double-digit CAGR over the past 3 to 5 years and forward estimates in double digits over the next couple of years. The CMD of one of the portfolio companies expresses it in one of the investor calls, "I see dramatic growth happening in the next 3 to 5 years."

The railway capex plan for FY22 was INR 2.15 lakh crores and has been increased to INR 2.45 lakh crores (up 14%). The focus is on increasing the speed of the trains, including semi-high speed and high-speed trains (Bullet trains), dedicated freight corridors, fleet modernization, electrification and overhauling the signaling system.

100% railway electrification by 2023 is planned with the aim of becoming the world's first 100 percent green railway by 2030.

Significant budget will be allocated to the Ahmedabad-Mumbai Bullet train project where significant progress is taking place in the Gujarat region. Another Bullet train project is being explored on the Delhi-Varanasi route.

Nearly 35 metro projects are operational and under construction across various different cities of India. Metrolite and Metro Neo projects are also being sanctioned for smaller cities. These are less expensive technologies bringing the capital requirements down.

Currently, more than 700 km are operational, 500 km is under construction, another nearly 500 km is approved and slightly more than 1000 km is proposed.

Portfolio company related news update

An engineering & construction company specializing in transport infrastructure emerged as the lowest bidder for railway projects in Sri Lanka and Bangladesh. It also won an INR 338 crore track work contract for Chennai Metro Phase 2. The company additionally emerged as a L-1 bidder in a tender worth over INR 5,000 crore floated by the National High Speed Rail Corporation (NHSRCL).

A leading rail infrastructure company signed an MoU with Tata Steel for implementation of various infra projects. The company was also adjudged the best Public Sector Undertaking (PSU) in the country by the department of public enterprise (DPE).

A leading consulting organization specializing in railway transport recently signed an MoU with BEML Limited to explore and jointly bid for opportunities in the fields of Metro systems and export of rolling stock.

One of the largest neural telecom infrastructure providers in the country signed an MoU with C-DoT to aid in telecom expansion in India, with a key focus on modernization and expansion of nationwide communications networks. The company also recently received a work order worth INR 211 crore from Ircon International.

Portfolio Valuation Ratios:

As of Feb 10, 2022	PE Ratio	PB Ratio	Div. Yield (%)
Omni Bullet Train	14.80	1.44	3.17
Equity Multi Cap	25.98	3.96	1.45

The dividend yield of the portfolio is 3% while the PE ratio is 15. The low PE ratio of the Omni Bullet Train portfolio shows that it is a growth vector which is still in Mr. Market's Blind Spot. With typical growth rates of many of the portfolio companies ranging from 15-30% over the last 3-5 years, it looks like a significantly undervalued opportunity.

To know more visit the link: https://omniscience.smallcase.com/smallcase/OMNMO_0006

Omni Power - Electrifying India

Portfolio of companies Empowering every Indian household

Investment Rationale

This portfolio provides exposure to the growing power theme. India is the 3rd largest power producer in the World with an installed capacity of nearly 400 GW. India has carried out electrification of every village and is on the path to provide electricity to every household. The power consumption is expected to reach 4 trillion units by 2030 from 1.38 trillion units in 2020-21 growing at a CAGR of 13%.

To achieving universal access to affordable & clean electricity, Electricity (amendment) bill promises to unlock next round of reforms to streamline power distribution and generation. Some of the highlights include passing of subsidies through DBT, delicensing of distribution, establishment of Electricity Contract Enforcement Authority (ECEA).

Renewable energy is another strong growth vector in this thematic investment opportunity. India plans to grow its renewable energy capacity from the current nearly 100 GW to 500 GW by 2030.

The NIP has targeted INR 24 lakh crores towards power infrastructure, both renewable and conventional by 2025 which shall provide a significantly large TAM for the portfolio companies.

The portfolio is quite diversified within the power sector occupying the full value chain from raw material providers (miners) to equipment manufacturers to power generators, transmitters, traders and financiers.

Recent updates from the Portfolio companies:

One of India's largest engineering and manufacturing companies recently completed construction of India's first coal to methanol plant, a pilot plant producing 99% pure methanol from high-ash Indian coal. The company also indigenously designed and developed a prototype Air Pollution Control Tower installed in Noida.

The single largest producer of coal in the world has planned to increase its coal stock at thermal power plants to over 45 million tonnes. Additionally, a NITI Ayog report has reinforced that coal demand is to further increase and expected to peak in 2030.

India's premier hydropower company has signed a pact with GEDCOL (Green Energy Development Corporation of Odisha Limited) to set up India's largest floating solar power project in Odisha. The company further plans to develop new hydro and solar projects of more than 27,000 MW capacity in nine states and Nepal.

India's largest power utility expects to raise INR 15,000 crores through IPOs in three of its units, including its renewables business, and the paring of a JV stake.

There have been director resignations and corporate misgovernance accusation in one of the portfolio companies. The situation is being monitored closely.

A leading provider of power trading platforms in India secured multiple orders in the last quarter, including from BEE (Bureau of Energy Efficiency), EESL (Energy Efficiency Services Limited) and Mumbai Port Trust.

India's largest infrastructure finance company was accorded the Maharatna status by the union government.

One of India's leading power financing companies (accorded the Navratna status by the union government) recently raised $1.2 billion from a consortium of seven banks. This landmark transaction is the single largest syndicated loan raised in the International Bank Loan by any Indian NBFC.

Portfolio Valuation Ratios:

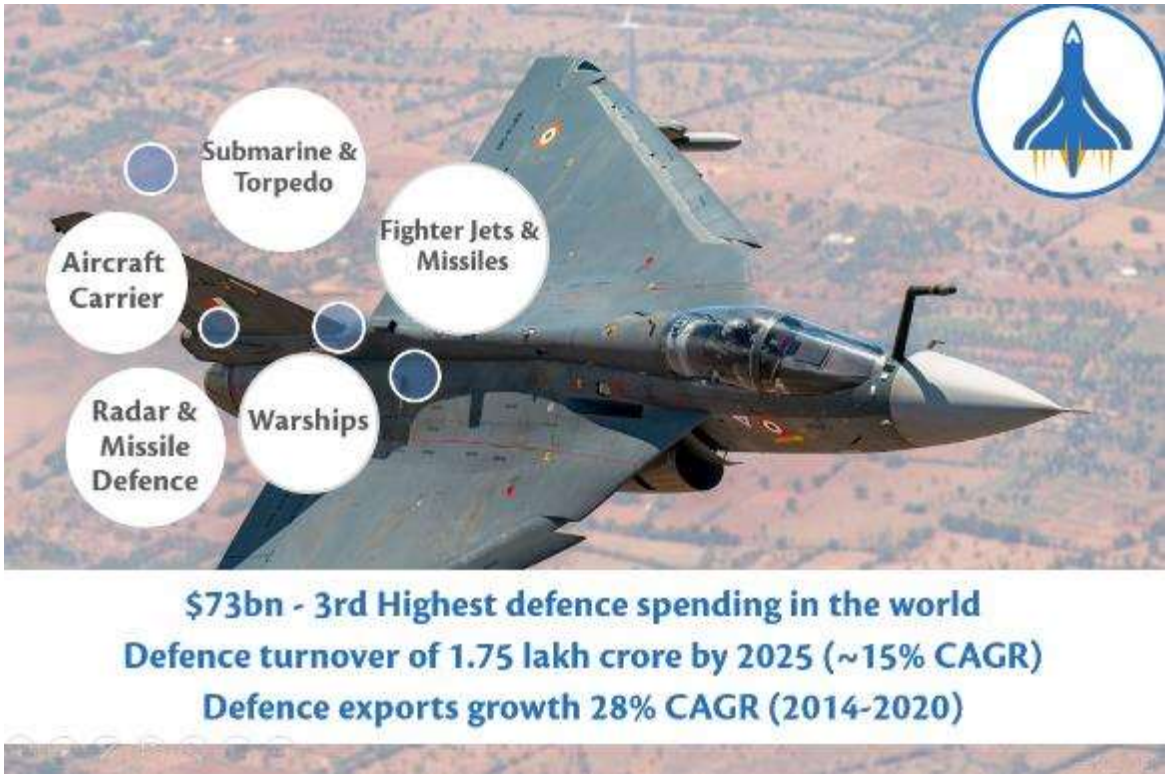
As of Feb 10, 2022	PE Ratio	PB Ratio	Div. Yield (%)
Omni Power	7.87	0.80	5.48
Equity Multi Cap	25.98	3.96	1.45

Since capex in power sector is expected to grow significantly on the back of NIP, this portfolio provides a focused exposure to the growing power theme. The Omni Power portfolio had a good performance in 2021. It continues to be available at a low PE of 8 and PB of 0.80 and a high dividend yield of 5.48%.

To know more visit the link: https://omniscience.smallcase.com/smallcase/OMNNM_0004

Omni Bharat Defence

Defend Bharat with an attacking portfolio



Investment Rationale

This theme provides exposure to companies that develop and manufacture equipment for the Indian defence sector, including military aircraft, aircraft carriers, submarines, missiles, and defence systems, among others.

With $73 billion annually, India has the third largest defence budget in the World, and with ever rising concerns for national security as India emerges as an economic superpower, there seems no reason for this sector not to significantly grow further in future. Current domestic production is around INR 80,000 crores. The DPEPP 2020 plans to raise this to INR 175,000 crores and exports of INR 35,000 crores by 2025. The way to take exposure is via a curated portfolio of defence companies with strong technology moats, such as, torpedoes and missiles, aircraft carrier, fighter jets, submarines, electronic systems, etc.

Fundamental Macro update

The favourable regulatory and policy environment is set to offer major incentives to domestic manufacturers of defence equipment, with a targeted annual growth rate of ~15% from 2019-25 for domestic manufacturing.

Another positive development in the industry has been a significant rise in defence exports from India, growing at a CAGR of 28% from 2014 to 2020. Defence exports should continue to enjoy robust growth aided by the government's push for promoting indigenous design and development of defence equipment.

Recent updates from the Portfolio companies:

A leading defence company that develops and manufactures missiles and torpedoes signed a contract worth INR 171 crores for the design, manufacturing, and supply of Counter Measures Dispensing System (CMDS) to the Indian Armed Forces. It also signed a contract worth INR 471 crore for refurbishment of IGLA-1M missiles. The company now has new orders worth INR 1,331 crore for this fiscal year.

India's leading manufacturer and supplier of military aircraft signed a contract worth INR 357 crore with the government for imparting training to pilots of Jaguar fighter jets. It includes the procurement of two Fixed Base Full Mission Simulators (FBFMS) for Jaguar aircraft along with a 5-year comprehensive annual maintenance contract.

An Indian aerospace and defence electronics company bagged its largest export order yet for the supply of Radar Warning Receiver (RWR) and Missile Approach Warning System for Airbus. The company also worked with DMRC (Delhi Metro Rail Corporation) to launch the first prototype of an indigenously developed Rolling Stock Driver Training System (RSDTS). The company has also signed an agreement with Power for Defence Technologies, a Saudi Arabian firm, to promote defence and aerospace technologies in both countries.

India's first indigenous aircraft carrier (IAC) Vikrant, built by one of the country's leading shipbuilding companies, undertook another set of sea trials to carry out complex maneuvers in high seas, as the Indian Navy focuses further on significantly bolstering its overall capabilities in view of China's growing efforts to increase its military presence in the Indian Ocean Region.

One of the leading naval manufacturers delivered the INS Vishakhapatnam to the Indian Navy. This is the first ship, out of four, of Project15B (Stealth guided-missile destroyers ships). The same firm also delivered Vela, the fourth submarine of Project-75.

Evaluation of RFP (Request for Proposal) for acquiring 36 Tejas jets by the Royal Malaysian Air Force (RMAF)

Philippines poised to acquire Dhruv Advanced Light Helicopters and Dornier aircraft in a contract worth INR 3,000 crores; to be India's largest ever export of defense equipment. Also, Philippines has ordered BrahMos shore-based Anti-Ship Missile System worth $375 million for its Navy

Portfolio Valuation Ratios:

As of Feb 10, 2022	PE Ratio	PB Ratio	Div. Yield (%)
Omni Bharat Defence	15.38	2.30	2.32
Equity Smallcap	21.38	3.88	1.82

Omni Defence portfolio has significant growth opportunities as discussed above and yet available at lower than the market valuations which makes it an even more attractive investment proposition.

To know more visit the link: https://omniscience.smallcase.com/smallcase/OMNNM_0002

Omni Capital Enablers

Capital providers and enablers for large infrastructure development

Investment rationale

With a target to reach a $5 trillion economy in next few years, India is expected to have a capital demand of more than INR 200 lakh crores with around 30% equity and 70% debt.

Omni Capital Enablers provides exposure to this capital expansion theme via a curated portfolio of Capital Providers, such as, banks, infrastructure focused NBFCs, & Enablers, such as, rating agencies and financial infrastructure providers like exchanges and securities depositories. The portfolio also provides exposure to digital banking and fintech.

Fundamental Macro update

According to moneycontrol (link) Omni Capital Enablers had a great performance. Currently, it is ranked #3, on 1-year returns basis, across all the smallcases on the platform.

The Union Budget FY2023 laid out the long-term vision for India@100 – 25 year plan which included one of three goals as 'capital Investments from Private sector, pump-primed by public investments' and on of the four priorities for FY23 as 'Financing of Investments (Capital Investments)'. Financing of Investments and effective Capex of INR 10.6 lakh crores (~double from 2019-20) is planned for FY23. Another priority for FY23 – PM Gati Shakti – was focused on transportation and logistics infrastructure which would need significant capital investment from both public and private sector.

There is an expected financing requirement of 200 lakh crore of which 100 lakh crore is planned under the NIP over next few years.

One of the three goals of the next 25 years is a digital transformation led economy and fintech. Digital and fintech infrastructure remains a priority for the government and is likely to get stronger every year.

Recent updates from the Portfolio companies:

India's third-largest private sector bank partnered with MinkasuPay to streamline its Net Banking services further, emphasizing the bank's focus on further digitization. The bank also came out as the frontrunner to buy Citi's consumer business in India.

The country's largest private bank grew its deposits and advances by 14% and 16% respectively on a YoY basis. The bank also partnered with over 10,000 merchants during its festive season campaign, a 10-fold increase from 2020.

One of India's largest banks recently started facilitating online payments for customs duty, a move which would benefit both retail and corporate consumers.

India's premier energy trading platform is set to benefit from the latest approval by the Supreme Court for the introduction of new market instruments for electricity trading, regulated by SEBI and CERC (Central Electricity Regulatory Commission). The company also benefitted from the coal crisis in the third quarter of 2021, as power producers, distributors and corporates increasingly accessed the exchange platform to serve their short-term energy needs.

A leading provider of power trading platforms in India secured multiple orders in the last quarter, including from BEE (Bureau of Energy Efficiency), EESL (Energy Efficiency Services Limited) and Mumbai Port Trust.

There have been director resignations and corporate misgovernance accusation in one of the portfolio companies. The situation is being monitored closely.

India's largest infrastructure finance company was accorded the Maharatna status by the union government.

One of India's leading power financing companies (accorded the Navratna status by the union government) recently raised $1.2 billion from a consortium of seven banks. This landmark transaction is the single largest syndicated loan raised in the International Bank Loan by any Indian NBFC.

Portfolio Valuation Ratios:

As of Feb 10, 2022	PE Ratio	PB Ratio	Div. Yield (%)
Omni Capital Enablers	9.56	1.06	3.03
Equity Multi-Cap	25.98	3.96	1.45

The portfolio has been recently rebalanced to include new firms. With a current PE of 9.56, PB of 1.06 and Dividend Yield of 3%, it is well-placed to capture the value inherent in the portfolio and potentially generating alpha. It has a very interesting play with an increasing RoE evolving in several companies in the portfolio. As the RoE increases, the economic returns increase. On top of that, the earnings growth increases and the chance of rerating increases significantly.

To know more visit the link: https://omniscience.smallcase.com/smallcase/OMNNM_0003

Omni SuperStox—SuperNormal Multicaps

A Quiver Full of Growth Arrows: A SuperNormal portfolio of Capital Multipliers – Grow with India Inc.

Investment rationale

A curated SuperNormal Portfolio primarily from Top 1000 companies providing exposure to promising and potentially high-growth Transformative themes resulting in double digit growth rates for the Indian economy, viz.

- Transformative Infrastructure Capex of INR100+ lakh crore over 5yrs
- Global Digital Transformation (DX) tailwind
- Global Supply chain Rearchitecting away from China towards India

Fundamental Macro update

Omni Supreme is the flexicap strategy which is a focused portfolio of around 25-30 stocks based on the Scientific Investing Framework. This portfolio is designed as a composition of various growth vectors. These growth vectors are mostly independent and target different TAMs, such as, railway infrastructure (Bullet Train, Metro, Railway Modernization), power sector (Generation, Finance, Renewable), digital transformation (Cloud, Artificial Intelligence (AI), Internet of Things (IoT)), defence (Naval, Aerospace, Electronics), financial services & technologies (Housing finance, Fintech, Credit rating, Stock exchanges), and others including consumer durables and infrastructural materials.

Each growth vector has its own growth rates and catalysts. Thus, a portfolio designed with a diversified group of growth vectors is likely to perform better than a portfolio with only one or two growth vectors. Growth vectors provide strong tailwinds on which the individual stocks in the segment can ride. A portfolio of individual stocks might have no such tailwinds. An example of one of our successful growth vectors is the digital transformation segment.

Recent updates from the Portfolio companies:

One of India's largest information technology companies recently acquired Starschema, a Hungary-based data engineering tech company, for $42.5 million. This transaction boosts the company's capabilities in digital engineering and also provides it client access to Central and Eastern Europe. The company also entered into a partnership with Google Cloud to deliver health care and life sciences solutions.

One of the country's biggest information technology companies signed a pact with energy giant bp to develop and pilot an energy as a service (EaaS) solution, to help businesses meet their decarbonization goals.

A Global IT Services company was recognized by three leading global analyst firms for its market leading capabilities in Microsoft Dynamics 365 over the years.

An Indian multinational conglomerate would be acquiring Edgile - an information security consulting firm – for $230 million. The company also launched its own digital signage and omnichannel ad solution to expand its sports, retail, transportation, and entertainment offerings.

An engineering & construction company specializing in transport infrastructure emerged as the lowest bidder for railway projects in Sri Lanka and Bangladesh. It also won an INR 338 crore track work contract for Chennai Metro Phase 2. The company additionally emerged as a L-1 bidder in a tender worth over INR 5,000 crore floated by the National High Speed Rail Corporation (NHSRCL).

A leading rail infrastructure company signed an MoU with Tata Steel for implementation of various infra projects. The company was also adjudged the best Public Sector Undertaking (PSU) in the country by the department of public enterprise (DPE).

A leading consulting organization specializing in railway transport recently signed an MoU with BEML Limited to explore and jointly bid for opportunities in the fields of Metro systems and export of rolling stock.

A leading provider of power trading platforms in India secured multiple orders in the last quarter, including from BEE (Bureau of Energy Efficiency), EESL (Energy Efficiency Services Limited) and Mumbai Port Trust.

There have been director resignations and corporate misgovernance accusation in one of the portfolio companies. The situation is being monitored closely.

India's largest infrastructure finance company was accorded the Maharatna status by the union government.

One of India's leading power financing companies (accorded the Navratna status by the union government) recently raised $1.2 billion from a consortium of seven banks. This landmark transaction is the single largest syndicated loan raised in the International Bank Loan by any Indian NBFC.

The missile manufacturing co. in the portfolio signed a contract with Indian Army for manufacturing and supply of Konkurs-M anti-tank guided missile for an order worth 3,132 crore. This takes the total order book for the firm at 11,400 crore.

India's leading manufacturer and supplier of military aircraft signed a contract worth INR 357 crore with the government for imparting training to pilots of Jaguar fighter jets. It includes the procurement of two Fixed Base Full Mission Simulators (FBFMS) for Jaguar aircraft along with a 5-year comprehensive annual maintenance contract.

An Indian aerospace and defence electronics company bagged its largest export order yet for the supply of Radar Warning Receiver (RWR) and Missile Approach Warning System for Airbus. The company also worked with DMRC (Delhi Metro Rail Corporation) to launch the first prototype of an indigenously developed Rolling Stock Driver Training System (RSDTS). The company has also signed an agreement with Power for Defence Technologies, a Saudi Arabian firm, to promote defence and aerospace technologies in both countries.

India's first indigenous aircraft carrier (IAC) Vikrant, built by one of the country's leading shipbuilding companies, undertook another set of sea trials to carry out complex maneuvers in high seas, as the Indian Navy focuses further on significantly bolstering its overall capabilities in view of China's growing efforts to increase its military presence in the Indian Ocean Region.

Portfolio Valuation Ratios:

As of Feb 10, 2022	PE Ratio	PB Ratio	Div. Yield (%)
Omni SuperStox	11.85	1.44	3.11
Equity Small Cap	21.38	3.88	1.82

The portfolio valuations are at nearly 50% discount to the largecaps, midcaps or the smallcaps. Dividend yields are also significantly higher.

To know more visit the link: https://omniscience.smallcase.com/smallcase/OMNMO_0001

Omni Royals—SuperNormal LargeCaps

Largecap **portfolio of dominant leaders capitalizing on large growth from 'India Transformed 2030'**

Investment rationale

Moving on to the Omni Royals, the large cap strategy based on the Top 100 stocks. It is a highly concentrated strategy with only 10-15 stocks designed for SIP investments. While it is concentrated in terms of number of stocks, the SIP method of investing in it diversifies along the time dimension, thus allowing the same 10 stocks to be bought at different prices. It is likely that this process will average out the prices at which the individual stocks are bought and thus provide the benefits of time diversification, especially during volatile times. It performed well, beating the large cap indexes.

- A selective LargeCap portfolio of industry leaders which are key contributors to India Transformed 2030
- Best fundamentals, most stable businesses, highest competitive advantage and largest growth opportunity across the full market
- Strategy capitalizes on mispricing using a superior valuation toolkit

Fundamental Macro update

The Indian economy is expected to grow at 13%-14% in nominal terms and nearly 9%+ in real GDP terms for 2022 and FY23. Some largecap Indian firms are now at marketcaps of nearly $200 billion.

The portfolio has significant allocation to the digital transformation theme which has significantly accelerated during the Covid lock down and post-Covid economic recovery. The domestic economy is also undergoing significant digital transformation as evident from the focus in the budget.

One if the priorities in the union budget for FY23 – PM Gati Shakti – was focused on infrastructure.

Recent updates from the Portfolio companies:

The Omni Royals companies are a nearly 45-55 mix of exporters and domestically-focused companies. So it has a diversified exposure to the US (and other developed economies) and the Indian economy. It is a mix of several IT companies, Indian infrastructure companies with more weightage to the power infrastructure, and some exposure to consumption.

The IT companies are exposed to the digital transformation growth vector happening across the globe, especially in the developed markets, growing at 14%-16%. The other major growth vector is the Indian infrastructure push, especially the power sector. This is largely driven by the Indian government spending via the NIP (National Infrastructure Pipeline).

One of India's leading power financing companies (accorded the Navratna status by the union government) recently raised $1.2 billion from a consortium of seven banks. This landmark transaction is the single largest syndicated loan raised in the International Bank Loan by any Indian NBFC.

India's largest power utility expects to raise INR 15,000 crores through IPOs in three of its units, including its renewables business, and the paring of a JV stake.

India's largest power transmission company signed a joint development agreement with Africa50, a pan-African infrastructure investment platform to continue to develop the Kenya Transmission Project on a public-private partnership basis.

An infrastructure and construction conglomerate secured significant orders in India for its various businesses, with the value of contracts ranging from INR 1,000 to INR 2,500 crores, including construction of a dematerialization plant for Indian Oil Corporation (IOC), construction of two commercial towers in Hyderabad, an order to set up a coke oven. The company also further diversified its business by launching an EdTech venture, an app-based learning platform in October 2021. Additionally, it came out as the lowest bidder for construction of three buildings of Common Central Secretariat as part of Central Vista Project, and has also partnered with Vodafone for 5G-based Smart City trials.

Portfolio Valuation Ratios:

As of Feb 10, 2022	PE Ratio	PB Ratio	Div. Yield (%)
Omni Royals	12.02	2.10	3.37
Equity Large Cap	26.72	4.22	1.41

The S&P BSE LargeCap index is at a PE (Projected) of 24, while the S&P BSE MidCap and SmallCap indexes are at PE (Projected) of 28. We can infer that the LargeCaps are relatively cheaper in terms of valuations.

The PE ratio of 12 for Omni Royals compared to 27 for Equity Large Cap clearly shows that the Omni Royals portfolio is significantly undervalued. This is reinforced by the low Price-to-Book ratio of 2 compared to 4. It also sports a high dividend yield of 3.37%.

To know more visit the link: https://omniscience.smallcase.com/smallcase/OMNMO_0002

Omni Knights – SuperNormal MidCap SIP

SIP portfolio of emerging leaders in their aggressive growth phase

Investment rationale

SuperNormal MidCap stocks which are in their aggressive growth phase yet not fully identified by the market. Strong fundamentals, stable businesses and high competitive advantage and large growth opportunity. Strategy capitalizes on mispricing using a superior valuation toolkit

Fundamental Macro update

Omni Knights, the midcap strategy based on the Midcap 150 stocks, is also a 10-15 stock portfolio designed for SIP. It is an interesting mix of Industrials, Defence, Financials, Utilities, Pharma, and IT. There are companies with secular growth as well as some special situations. It has performed exceedingly well while it continues to remain significantly at a discount to the broader market.

Recent updates from the Portfolio companies:

A portfolio IT company announced its partnership to build a Center of Excellence (CoE) with CrossTower which is one of the world's leading crypto exchanges. The CoE shall focus on web 3.0 and a series of blockchain-based products.

One of the largest battery manufacturing companies submitted its bid for production-linked incentives worth 18,000 Cr for advanced chemistry cell battery storage.

One of the key hydro & solar power generation companies signed a letter of intent with Rajasthan government to develop 10,000 MW of solar power projects for an estimated investment amount of INR 50,000 crore. The firm also signed another letter of intent with the Bihar government to supply 200MW solar power.

India's leading manufacturer and supplier of military aircraft signed a contract worth INR 357 crore with the government for imparting training to pilots of Jaguar fighter jets. It includes the procurement of two Fixed Base Full Mission Simulators (FBFMS) for Jaguar aircraft along with a 5-year comprehensive annual maintenance contract.

An Indian aerospace and defence electronics company bagged its largest export order yet for the supply of Radar Warning Receiver (RWR) and Missile Approach Warning System for Airbus. The company also worked with DMRC (Delhi Metro Rail Corporation) to launch the first prototype of an indigenously developed Rolling Stock Driver Training System (RSDTS). The company has also signed an agreement with Power for Defence Technologies, a Saudi Arabian firm, to promote defence and aerospace technologies in both countries.

Portfolio Valuation Ratios:

As of Feb 10, 2022	PE Ratio	PB Ratio	Div. Yield (%)
Omni Knights	12.58	1.35	2.82
Equity Mid & Small Cap	30.02	3.46	1.70

With a low PE & PB compared to the benchmark the portfolio is at a significant discount to its intrinsic value and is providing significantly higher dividend yield.

To know more visit the link: https://omniscience.smallcase.com/smallcase/OMNMO_0003

Omni Supertrons – SuperNormal SmallCap SIP

SIP portfolio of undiscovered SmallCap companies in their accelerating growth phase

Investment rationale

SuperNormal Smallcap stocks which are in the accelerating and potentially explosive growth phase yet not fully identified by the market. Strong fundamentals, growing businesses, getting entrenched and large TAM (Target addressable market). Strategy capitalizes on mispricing using a superior valuation toolkit

Fundamental Macro update

Omni Supertrons, is the smallcap strategy based on the largest 750 smallcap stocks. It is also a 10-15 stock SIP portfolio. Currently, it provides exposure to Defense, Digital Transformation, Financial services, Railway infrastructure, Power and Pharma segments.

The union budget emphasized and focused on the following growth vectors:

- An increased focus on railways and mass transportation under PM Gati Shakti;
- An allocation of 68% of defence procurement budget for domestic industry under ArmaNirbharta in Defence;
- Financing of Investments and effective Capex of INR 10.6 lakh crores (~double from 2019-20);
- Digital Transformation, Digital Banking & Payments & Fintech;

Recent updates from the Portfolio companies:

One of the key hydro & solar power generation companies signed a letter of intent with Rajasthan government to develop 10,000 MW of solar power projects for an estimated investment amount of INR 50,000 crore. The firm also signed another letter of intent with the Bihar government to supply 200MW solar power.

The missile manufacturing co. in the portfolio signed a contract with Indian Army for manufacturing and supply of Konkurs-M anti-tank guided missile for an order worth 3,132 crore. This takes the total order book for the firm at 11,400 crore.

India's first indigenous aircraft carrier (IAC) Vikrant, built by one of the country's leading shipbuilding companies, undertook another set of sea trials to carry out complex maneuvers in high seas, as the Indian Navy focuses further on significantly bolstering its overall capabilities in view of China's growing efforts to increase its military presence in the Indian Ocean Region.

A leading provider of power trading platforms in India secured multiple orders in the last quarter, including from BEE (Bureau of Energy Efficiency), EESL (Energy Efficiency Services Limited) and Mumbai Port Trust.

An engineering & construction company specializing in transport infrastructure emerged as the lowest bidder for railway projects in Sri Lanka and Bangladesh. It also won an INR 338 crore track work contract for Chennai Metro Phase 2. The company additionally emerged as a L-1 bidder in a tender worth over INR 5,000 crore floated by the National High Speed Rail Corporation (NHSRCL).

A leading rail infrastructure company signed an MoU with Tata Steel for implementation of various infra projects. The company was also adjudged the best Public Sector Undertaking (PSU) in the country by the department of public enterprise (DPE).

A leading consulting organization specializing in railway transport recently signed an MoU with BEML Limited to explore and jointly bid for opportunities in the fields of Metro systems and export of rolling stock.

Portfolio Valuation Ratios:

As of Feb 10, 2022	PE Ratio	PB Ratio	Div. Yield (%)
Omni Supertrons	11.68	1.41	3.54
Equity Small Cap	21.38	3.88	1.82

With a low PE & PB compared to the benchmark the portfolio is at a significant discount to its intrinsic value and is providing significantly higher dividend yield.

To know more visit the link: https://omniscience.smallcase.com/smallcase/OMNMO_0004

Omni Super Dividend - High Income Portfolio

A portfolio of SuperNormal companies with SuperNormal Dividend Yields

Investment Rationale

In today's ZIRP (Zero Interest Rate Policy) World the returns on fixed income instruments, such as bank fixed deposits and bonds are quite low.

- Omni Super Dividend is a portfolio of stocks of companies whose bonds are, primarily, AAA-rated.
- The dividend yields of these companies are, currently (at the time of launch), higher than the bond yields of these companies and also higher than bank fixed deposits.
- This is a rare opportunity where Mr. Market is making a mistake and the situation is unlikely to remain like this for long.

Investors who can bear the equity volatility can enjoy the high income from the dividend yields with a strong possibility of gains from company growth as well as re-rating by Mr. Market. Of course, neither the income nor the principal is guaranteed in such equity investments. But the DIPAM (Department of Investment and Public Asset Management) guidelines are designed to ensure that the dividends are stable, growing and periodically distributed. It should be noted that this is offerings is not a fixed income debt product, but an equity product with all the risks, volatility and returns associated with equities.

Fundamental Macro update

Omni Super Dividend continued to generate dividends at a yield higher than the bank fixed deposits. At launch the dividend yield was nearly 8%. Now, 24% higher, it still sports a yield of 6%+. We think that this is a good portfolio for those who need income while being able to tolerate fluctuations to the principal value. The portfolio has the potential to

generate significant capital gains, as well, with severe undervaluation which could be unlocked over the next 2-3 years. It is a rare case of having your cake and eating it too.

Recent updates from the Portfolio companies:

One of India's largest hydroelectric power generation companies expects to invest INR 60,000 crore into projects based in Arunachal Pradesh. The company is also exploring a joint venture for setting up solar projects to the tune of 2 GW, in line with its plans to target 25 GW capacity in green energy projects.

India's largest power transmission company signed a joint development agreement with Africa50, a pan-African infrastructure investment platform to continue to develop the Kenya Transmission Project on a public-private partnership basis.

One of the power generation portfolio firms bagged two solar power projects of 125 MW capacity with UPNEDA. With this the company now has 1670 MW of solar power project under different stages of execution. In a separate development the firm gained a license from Central Electricity Regulatory Commission (CERC) for interstate trading of electricity. The firm aims to commence intra-state trading operations to the extent of 900 MW.

A leading provider of power trading platforms in India secured multiple orders in the last quarter, including from BEE (Bureau of Energy Efficiency), EESL (Energy Efficiency Services Limited) and Mumbai Port Trust.

India's largest infrastructure finance company was accorded the Maharatna status by the union government.

One of India's leading power financing companies (accorded the Navratna status by the union government) recently raised $1.2 billion from a consortium of seven banks. This landmark transaction is the single largest syndicated loan raised in the International Bank Loan by any Indian NBFC.

Portfolio Valuation Ratios:

As of Feb 10, 2022	PE Ratio	PB Ratio	Div. Yield (%)
Omni Super Dividend	6.09	0.77	6.31
Equity Smallcap	21.33	3.87	1.82

Omni Super Dividend portfolio has a current dividend yield of 6.31% compared to ~5% interest rate on 1-year FD from the large private banks. Further, the portfolio is available at a steep discount to the market positioning it for potential capital gains.

To know more visit the link: https://omniscience.smallcase.com/smallcase/OMNMO_0005

Omni Belief Compliant Strategy (Erstwhile Values Based Strategy)

A SuperNormal Portfolio of Belief-Based and socially responsible investing strategy

Investment Rationale

A SuperNormal portfolio offering socially responsible investing, which would restrict itself to investments in industries which would be considered conscientious, and refraining from investments considered immoral, including alcohol, tobacco, gambling, leisure/media and pork products, as well as companies that charge interest for profit.

Fundamental Macro update

The current portfolio offers exposure to multiple growth vectors which include digital transformation, pharmaceuticals, Electric Vehicles, Agro-chemicals and Infrastructure among others and continues to be available at a discount to the broader market.

Recent updates from the Portfolio companies:

The portfolio has nearly one-third allocation to the digital & IT services companies. One of these companies made an acquisition of 2600 Cr to enhance its digital engineering capabilities, expand in eastern Europe and strengthen its insurance sector presence. This is 10th acquisition for the company in the last 10months with a total outlay of $900mn. Another IT company announced its partnership to build a Center of Excellence (CoE) with CrossTower which is one of the world's leading crypto exchanges. The CoE shall focus on web 3.0 and a series of blockchain-based products.

Two of the portfolio companies which are in the two-wheeler space have made progress and announced commitments to the growing EV space. One of the largest two-wheeler companies has proposed to invest 1000 Cr under PLI to accelerate EV production. This includes 300 Cr investment in EV unit in Pune to be ready by June 2022. The largest two-wheeler company invested in the battery-swapping company Gogoro Inc. through a PIPE transaction and has partnered with Gogoro to jointly build a battery-swapping network in the country. In an earlier development the company decided to invest additional 420 Cr in the electric two-wheeler company Ather Energy. The company already holds 34.8% in Ather Energy.

One of the largest battery manufacturing companies submitted its bid for production-linked incentives worth 18,000 Cr for advanced chemistry cell battery storage.

One of the large-cap pharma company in the portfolio has initiated discussions with private equity funds to sell stake its injectable business which would help unlock value in its core businesses.

Portfolio Valuation Ratios:

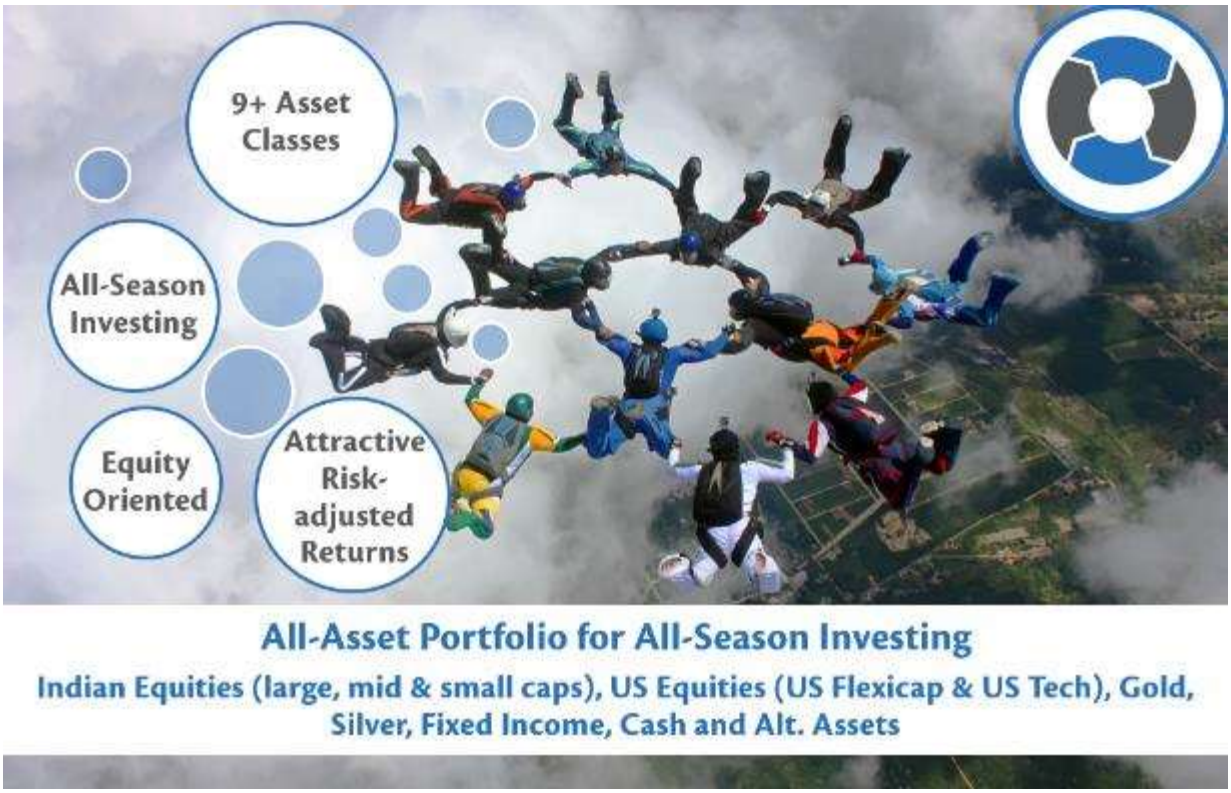
As of Feb 10, 2022	PE Ratio	PB Ratio	Div. Yield (%)
Omni Belief Compliant	18.69	3.23	1.89
Equity Multi Cap	25.98	3.96	1.45

With a low PE & PB compared to the benchmark the portfolio is at a significant discount to its intrinsic value and is providing significantly higher dividend yield.

To know more visit the link: https://omniscience.smallcase.com/smallcase/OMNNM_0005

Omni Super Assets - Multi-Asset Portfolio

All-Asset Portfolio for All-Season Investing



Investment Rationale

Omni Super Assets is a multi-assets portfolio with equities having a predominant allocation which is well stabilized with significant allocations to low to negatively correlated assets such as bonds, commodities, global equities, etc. thus reducing the portfolio volatility and making it suitable for first-time investors and investors seeking lower volatility. The regular rebalancing feature helps in automatic profit booking across asset classes.

Fundamental Macro update

Omni Super Assets is a very interesting portfolio. While it is equity-biased with, currently, nearly 75% exposure to equities, it provides exposure to 9 asset classes, viz., Equity Large-cap, Equity Midcap, Equity Small-cap, Equity US Flexicap, Equity US Technology, Fixed Income short-term, Cash, Gold and Alternative Assets.

The idea is to have multiple asset classes such that they are less correlated, or even anti-correlated, with equities, thus stabilizing the portfolio during volatile times. At least 3 asset classes provide a hedge against Rupee depreciation which occurs in tandem with equity markets crashing. It is expected that, Gold and the US equities would gain on a relative basis compared to Indian equities when the Indian stock markets crash. The benefits of this portfolio

Recent updates from the Portfolio companies:

One of the infrastructure investment trusts set to receive transmission assets worth around Rs 7,500 crore in FY23in the form of a couple of large assets together valued at Rs 5,000 crore for the transfer, along with a 26% stake in one of the existing special purpose vehicles.

One of the largest IT services companies announced its collaboration with Qualtrics, the creator of the Experience Management (XM) category. Co. has established a Qualtrics center of excellence to help enterprises deliver personalized experiences.

The construction arm of an infrastructure firm received order from Bangladesh Hi-Tech Park Authority for the construction of Hi-Tech IT Parks at 8 locations across Bangladesh. The order value has been classified by the company in the range of Rs 1000 crore to Rs 2500 crore.

There have been director resignations and corporate misgovernance accusation in one of the portfolio companies. The situation is being monitored closely.

One of the largest global productivity software and cloud companies has bagged a military contract worth $22 billion for the HoloLens which requires them delivering 120,000 headsets (with the cloud services).

The US Airforce flew an AI co-pilot, based on DeepMind's work on games, on a U-2 spy plane; the first time any US military system was controlled by an AI.

The year was marked by more than 200 acquisitions in the AI space. And the world's first patent was granted to an AI system, Dabus, by South Africa.

One of the global portfolio companies is using AI for its smart reply feature in the email application, and its AI-based grammar engine is now being used across spreadsheets, document creator, and presentation applications. It's map software is also using more than 100 new AI-first features.

A leading software and services company was selected as an engineering partner with Nvidia and Mavenir to accelerate adoption of the industry's first converged AI-on-5G platform (developed by Nvidia). The company also partnered with Microsoft Azure to digitally offer energy solutions to create sustainable factories.

An IT services and consulting company launched its data-to-decisions product suite called Fosfor, for businesses seeking to monetize data. It also opened a new delivery center in Hyderabad for its digital solutions segment.

One of India's largest information technology companies recently acquired Starschema, a Hungary-based data engineering tech company, for $42.5 million. This transaction boosts the company's capabilities in digital engineering and also provides it client access to Central and Eastern Europe. The company also entered into a partnership with Google Cloud to deliver health care and life sciences solutions.

One of the country's biggest information technology companies signed a pact with energy giant bp to develop and pilot an energy as a service (EaaS) solution, to help businesses meet their decarbonization goals.

A Global IT Services company was recognized by three leading global analyst firms for its market leading capabilities in Microsoft Dynamics 365 over the years.

An Indian multinational conglomerate would be acquiring Edgile - an information security consulting firm – for $230 million. The company also launched its own digital signage and omnichannel ad solution to expand its sports, retail, transportation, and entertainment offerings.

An engineering & construction company specializing in transport infrastructure emerged as the lowest bidder for railway projects in Sri Lanka and Bangladesh. It also won an INR 338 crore track work contract for Chennai Metro Phase 2. The company additionally emerged as a L-1 bidder in a tender worth over INR 5,000 crore floated by the National High Speed Rail Corporation (NHSRCL).

A leading rail infrastructure company signed an MoU with Tata Steel for implementation of various infra projects. The company was also adjudged the best Public Sector Undertaking (PSU) in the country by the department of public enterprise (DPE).

A leading consulting organization specializing in railway transport recently signed an MoU with BEML Limited to explore and jointly bid for opportunities in the fields of Metro systems and export of rolling stock.

A leading provider of power trading platforms in India secured multiple orders in the last quarter, including from BEE (Bureau of Energy Efficiency), EESL (Energy Efficiency Services Limited) and Mumbai Port Trust.

India's largest infrastructure finance company was accorded the Maharatna status by the union government.

There have been director resignations and corporate misgovernance accusation in one of the portfolio companies. The situation is being monitored closely.

One of India's leading power financing companies (accorded the Navratna status by the union government) recently raised $1.2 billion from a consortium of seven banks. This landmark transaction is the single largest syndicated loan raised in the International Bank Loan by any Indian NBFC.

The missile manufacturing co. in the portfolio signed a contract with Indian Army for manufacturing and supply of Konkurs-M anti-tank guided missile for an order worth 3,132 crore. This takes the total order book for the firm at 11,400 crore.

India's leading manufacturer and supplier of military aircraft signed a contract worth INR 357 crore with the government for imparting training to pilots of Jaguar fighter jets. It includes the procurement of two Fixed Base Full Mission Simulators (FBFMS) for Jaguar aircraft along with a 5-year comprehensive annual maintenance contract.

An Indian aerospace and defence electronics company bagged its largest export order yet for the supply of Radar Warning Receiver (RWR) and Missile Approach Warning System for Airbus. The company also worked with DMRC (Delhi Metro Rail Corporation) to launch the first prototype of an indigenously developed Rolling Stock Driver Training System (RSDTS). The company has also signed an agreement with Power for Defence Technologies, a Saudi Arabian firm, to promote defence and aerospace technologies in both countries.

India's first indigenous aircraft carrier (IAC) Vikrant, built by one of the country's leading shipbuilding companies, undertook another set of sea trials to carry out complex maneuvers in high seas, as the Indian Navy focuses further on significantly bolstering its overall capabilities in view of China's growing efforts to increase its military presence in the Indian Ocean Region.

Portfolio Valuation Ratios:

As of Feb 10, 2022	PE Ratio	PB Ratio	Div. Yield (%)
Omni Super Assets	13.24	1.77	3.28
Equity Smallcap	21.33	3.87	1.82

With a low PE & PB compared to the benchmark the portfolio is at a significant discount to its intrinsic value and is providing significantly higher dividend yield.

To know more visit the link: https://omniscience.smallcase.com/smallcase/OMNMO_0007

Omni Super Global

Leaders of Global Equities with the Best of India Inc.

Investment rationale

One single portfolio to take exposure to the leaders of Global equities and the best investment opportunities from the Indian equities. An equity portfolio designed for Global Indians.

Both Indian and US economies are healthy and growing and likely to do well in the coming decades. Both India and US are likely to be in the top 3 economies of the World by 2030. It is logical to take exposure to both these economies via their stock markets in your portfolio. Omni Super Global provides an exposure to both these economies. Further, a significant portion of the global economic growth is likely to be driven by technology transformation. The portfolio provides exposure to the global technology leaders as well.

A portfolio taking exposure to both the US and Indian equities is much more stable compared to a purely Indian portfolio. This is due to the low correlation between Indian and US equities. Especially, during a market fall, typically, the INR also depreciates versus the USD. A USD-based asset in the portfolio provides stability to the portfolio during such times.

Omni Super Global provides exposure to both Indian and US equities. The idea is to have a globally diversified equities portfolio providing exposure to growth from an emerging economy like India and also from a developed economy like the US. The interesting thing about companies listed on the US markets is that they have more than 40% revenues coming from international markets thus providing exposure to not only the other developed markets like Europe, but also to other emerging markets like Eastern Europe, Latin America, Asia, and Middle East & Africa. The US markets also provide exposure to the disruptive and transformative technology companies. These technologies and companies are likely to transform the global economy in the future. An exposure to such a portfolio is likely to be quite rewarding over the long-term. In addition, this portfolio is much more stable compared to a pure Indian equity portfolio. This can be seen in the August 2021 fall and the October 2021 fall.

Fundamental Macro update

The US Nominal GDP is likely to have grown at nearly 10% in 2021 reaching $23 Trillion and is forecasted to continue growing at more than 7% in 2022 reaching nearly $25 Trillion.

India Nominal GDP touched nearly $3 Trillion and is likely to touch $3.3 Trillion in 2022. India continues to grow at nearly 13%-14% nominal growth rate in INR terms and around 10%-11% in USD terms.

The Fed has announced a tapering of the asset repurchases by March 2022. Post that the Fed dotplot indicates that there could be 3 rate hikes this year if inflation remains high, growth remains high and unemployment remains low. The reaction to this announcement is already there in terms of the 4% to 8% drop in the S&P multi-sector indices and 7%-11% drops in the technology and growth-heavy indices like Nasdaq.

For year 2022, S&P 500 eps growth is expected to be 8.6% (11% in INR terms) while revenue growth is expected to be 7.3% (10% in INR terms) in USD terms. Nifty EPS growth is expected to be 24%-25%.

Recent updates from the Portfolio companies:

One of the largest global productivity software and cloud companies has bagged a military contract worth $22 billion for the HoloLens which requires them delivering 120,000 headsets (with the cloud services).

The US Airforce flew an AI co-pilot, based on DeepMind's work on games, on a U-2 spy plane; the first time any US military system was controlled by an AI.

The year was marked by more than 200 acquisitions in the AI space. And the world's first patent was granted to an AI system, Dabus, by South Africa.

One of the global portfolio companies is using AI for its smart reply feature in the email application, and its AI-based grammar engine is now being used across spreadsheets, document creator, and presentation applications. It's map software is also using more than 100 new AI-first features.

A leading software and services company was selected as an engineering partner with Nvidia and Mavenir to accelerate adoption of the industry's first converged AI-on-5G platform (developed by Nvidia). The company also partnered with Microsoft Azure to digitally offer energy solutions to create sustainable factories.

An IT services and consulting company launched its data-to-decisions product suite called Fosfor, for businesses seeking to monetize data. It also opened a new delivery center in Hyderabad for its digital solutions segment.

One of India's largest information technology companies recently acquired Starschema, a Hungary-based data engineering tech company, for $42.5 million. This transaction boosts the company's capabilities in digital engineering and also provides it client access to Central and Eastern Europe. The company also entered into a partnership with Google Cloud to deliver health care and life sciences solutions.

One of the country's biggest information technology companies signed a pact with energy giant bp to develop and pilot an energy as a service (EaaS) solution, to help businesses meet their decarbonization goals.

A Global IT Services company was recognized by three leading global analyst firms for its market leading capabilities in Microsoft Dynamics 365 over the years.

An Indian multinational conglomerate would be acquiring Edgile - an information security consulting firm – for $230 million. The company also launched its own digital signage and omnichannel ad solution to expand its sports, retail, transportation, and entertainment offerings.

An engineering & construction company specializing in transport infrastructure emerged as the lowest bidder for railway projects in Sri Lanka and Bangladesh. It also won an INR 338 crore track work contract for Chennai Metro Phase 2. The

company additionally emerged as a L-1 bidder in a tender worth over INR 5,000 crore floated by the National High Speed Rail Corporation (NHSRCL).

A leading rail infrastructure company signed an MoU with Tata Steel for implementation of various infra projects. The company was also adjudged the best Public Sector Undertaking (PSU) in the country by the department of public enterprise (DPE).

A leading consulting organization specializing in railway transport recently signed an MoU with BEML Limited to explore and jointly bid for opportunities in the fields of Metro systems and export of rolling stock.

A leading provider of power trading platforms in India secured multiple orders in the last quarter, including from BEE (Bureau of Energy Efficiency), EESL (Energy Efficiency Services Limited) and Mumbai Port Trust.

India's largest infrastructure finance company was accorded the Maharatna status by the union government.

There have been director resignations and corporate misgovernance accusation in one of the portfolio companies. The situation is being monitored closely.

One of India's leading power financing companies (accorded the Navratna status by the union government) recently raised $1.2 billion from a consortium of seven banks. This landmark transaction is the single largest syndicated loan raised in the International Bank Loan by any Indian NBFC.

The missile manufacturing co. in the portfolio signed a contract with Indian Army for manufacturing and supply of Konkurs-M anti-tank guided missile for an order worth 3,132 crore. This takes the total order book for the firm at 11,400 crore.

India's leading manufacturer and supplier of military aircraft signed a contract worth INR 357 crore with the government for imparting training to pilots of Jaguar fighter jets. It includes the procurement of two Fixed Base Full Mission Simulators (FBFMS) for Jaguar aircraft along with a 5-year comprehensive annual maintenance contract.

An Indian aerospace and defence electronics company bagged its largest export order yet for the supply of Radar Warning Receiver (RWR) and Missile Approach Warning System for Airbus. The company also worked with DMRC (Delhi Metro Rail Corporation) to launch the first prototype of an indigenously developed Rolling Stock Driver Training System (RSDTS). The company has also signed an agreement with Power for Defence Technologies, a Saudi Arabian firm, to promote defence and aerospace technologies in both countries.

India's first indigenous aircraft carrier (IAC) Vikrant, built by one of the country's leading shipbuilding companies, undertook another set of sea trials to carry out complex maneuvers in high seas, as the Indian Navy focuses further on significantly bolstering its overall capabilities in view of China's growing efforts to increase its military presence in the Indian Ocean Region.

Portfolio Valuation Ratios:

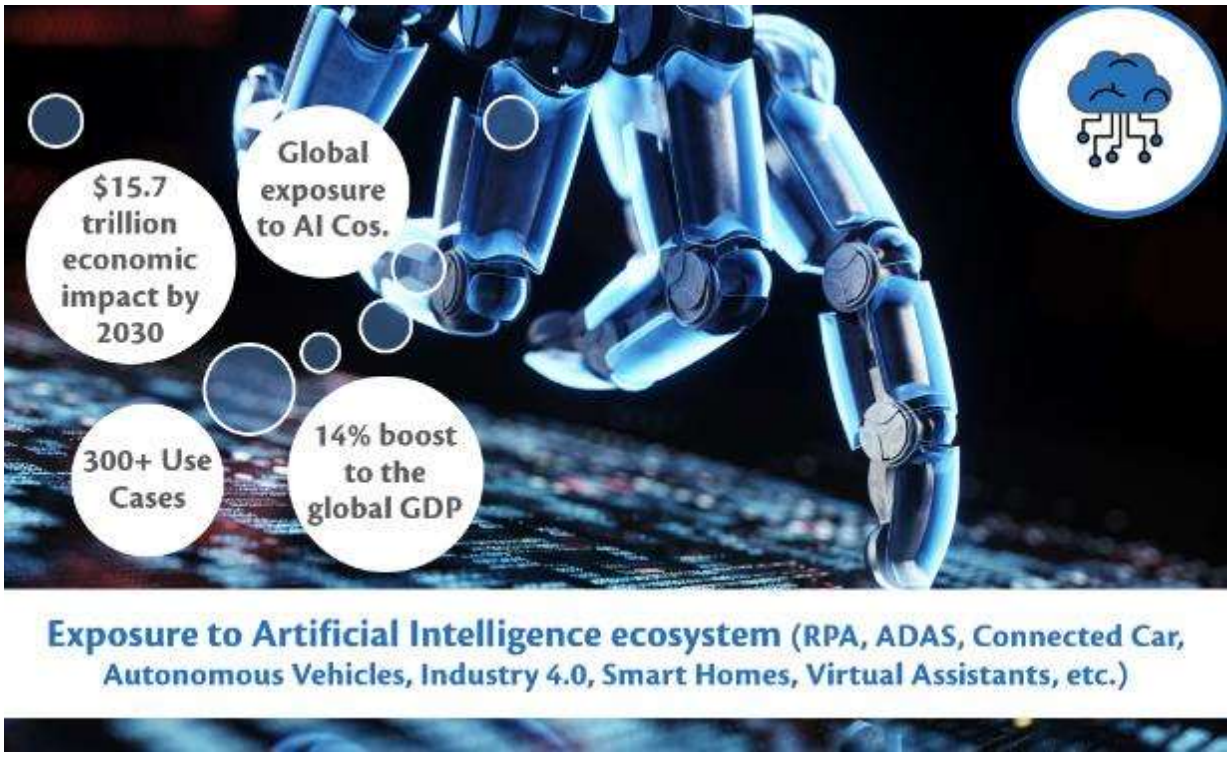
As of Feb 10, 2022	PE Ratio	PB Ratio	Div. Yield (%)
Omni Super Global	11.92	1.45	3.11
Equity Large Cap	26.72	4.22	1.41

With a low PE & PB compared to the benchmark the portfolio is at a significant discount to its intrinsic value and is providing significantly higher dividend yield.

To know more visit the link: https://omniscience.smallcase.com/smallcase/OMNMO_0008

Omni AI-Tech Global

A global portfolio of companies from Artificial Intelligence ecosystem



Investment rationale

Omni AI Tech Global provides exposure to the top Artificial Intelligence (AI) stocks from the Indian and US markets. These are companies with strong capabilities in AI. Many of them develop their own AI capabilities and many use these capabilities to deliver solutions to their clients. The capabilities range from developing their own AI processor chips, their own AI engines and algorithms to well-developed AI models for various industries or functional use cases. This is one of the most promising technologies with a multi-trillion dollar impact on the global economy over the next several decades.

Artificial Intelligence (AI) is expected to be the biggest commercial opportunity

- PwC estimates economic impact of $15.7 trillion with a 14% boost to the global GDP by 2030 with ~300 use cases identified so far
- Some of the commercial (B2B) use cases include Robotic Process Automation (RPA), Advanced driver-assistance systems (ADAS) & Connected Car, Industry 4.0 (Smart Manufacturing based on IoT, Advanced Robotics & AI), Cybersecurity & Surveillance, Healthcare (Telemedicine, Diagnosis, Predictive analysis), Smart Homes, Fraud detection (Credit card, Banking frauds), etc.
- Some of the use cases that we come across on daily basis include Autonomous Vehicles, Voice/Virtual Assistants, Smart Wearables, Recommendation Engines, Robotic vacuum cleaners, Personalized shopping experience, etc.

The portfolio provides exposure to Global AI platforms customized for various use cases, AI-ecosystem enablers and AI chip manufacturers among others.

Fundamental Macro update

According to Gartner, Global AI software revenue will grow at more than 20% to cross $60 billion in 2022 The top five use cases identified by Gartner are virtual assistants (for example, Siri, Alexa, Google Assistant etc. and chatbots), digital workplace, knowledge management, autonomous vehicles (self-driving cars etc.), and crowdsourced data.

There were several interesting developments on the AI front in 2021. There were two IPOs on NASDAQ of companies focused on AI-driven drug discovery.

Several Global IT companies from India are classified as leaders in AI services by IDC.

Recent updates from the Portfolio companies:

One of the largest global productivity software and cloud companies has bagged a military contract worth $22 billion for the HoloLens which requires them delivering 120,000 headsets (with the cloud services).

The US Airforce flew an AI co-pilot, based on DeepMind's work on games, on a U-2 spy plane; the first time any US military system was controlled by an AI.

The year was marked by more than 200 acquisitions in the AI space. And the world's first patent was granted to an AI system, Dabus, by South Africa.

One of the global portfolio companies is using AI for its smart reply feature in the email application, and its AI-based grammar engine is now being used across spreadsheets, document creator, and presentation applications. It's map software is also using more than 100 new AI-first features.

A leading software and services company was selected as an engineering partner with Nvidia and Mavenir to accelerate adoption of the industry's first converged AI-on-5G platform (developed by Nvidia). The company also partnered with Microsoft Azure to digitally offer energy solutions to create sustainable factories.

One of India's largest information technology companies recently acquired Starschema, a Hungary-based data engineering tech company, for $42.5 million. This transaction boosts the company's capabilities in digital engineering and also provides it client access to Central and Eastern Europe. The company also entered into a partnership with Google Cloud to deliver health care and life sciences solutions.

An Indian multinational conglomerate would be acquiring Edgile - an information security consulting firm – for $230 million. The company also launched its own digital signage and omnichannel ad solution to expand its sports, retail, transportation, and entertainment offerings.

Portfolio Valuation Ratios:

(As of Feb 10, 2022)	PE Ratio	PB Ratio	Div. Yield (%)
Omni AI-Tech Global	35.31	5.72	1.27
Equity Large Cap	26.72	4.22	1.41

With a low PE & PB compared to the benchmark the portfolio is at a significant discount to its intrinsic value and is providing significantly higher dividend yield.

To know more visit the link: https://omniscience.smallcase.com/smallcase/OMNNM_0006

OmniInsight

"Most market participants chase alpha but get risks, while one could chase safety and get alpha"

info@omnisciencecapital.com
www.omnisciencecapital.com
omniscience.smallcase.com
Nucleus House, Saki Vihar Road, Powai, Mumbai – 400072
+9122 28583761/51

Follow Us

About OmniScience Capital

A Global Investment Management firm focused on global equity investments empowered by its proprietary Scientific Investing philosophy. OmniScience Capital is a joint initiative of Team OmniScience and the financial services conglomerate Asit C Mehta Group (35+ years, AUM: 3000 crores) to bring Scientific Investing to Indian and Global investors. Read more…

Global Investment Focus

OmniScience's vision is to provide global investors with global opportunities via SuperNormal Portfolios for US, India and Transformative Technologies. Our Omni Supreme US and AIoT investment strategies help clients take exposure to US markets. Read more…

Scientific Investing

Scientific Investing creates a SuperNormal Portfolio designed to survive and thrive through uncertainties, delivering optimal "Return on Safety". Read more…

Investment Platform

Investors can explore and invest in OmniScience strategies on omniscience.smallcase.com

Dr. Vikas V. Gupta

CEO & Chief Investment Strategist

- Founder of OmniScience Capital & Inventor of Scientific Investing concept
- At an earlier firm he incubated the global equity vertical with US SEC license. The firm won international awards and rankings
  Former Professor/faculty at IIT Kharagpur & University of California and B.Tech (IIT Bombay), Masters and Doctorate, Columbia University, NY

Ashwini Kr. Shami

EVP & Portfolio Manager

- Co-founder OmniScience Capital & leads advisory services and manages US, India & Tech portfolios
- At an earlier firm he set up one of the first Indian US SEC registered global money managers on the Interactive Brokers platform
- Previously worked at Goldman Sachs covering US and International stocks
- B.Tech and M.Tech from IIT Bombay; MBA from IIM Lucknow and Toulouse Business School, France

Varun Sood

VP Quantitative Research

- Co-founder OmniScience Capital & heads investment research
- At a previous asset management firm, he developed 12 global strategies for US, UK & EU
- Earlier, at ING, Trefis and Masan group he covered US and International markets
- B.Tech from IIT Roorkee and earned his MBA

Disclosures & Disclaimers