



Shriram AMC's Investment Philosophy

A Disciplined Evolution in **Quantamental Investing**

1. Introduction: A Philosophy Anchored in Discipline and Trust

Shriram AMC's investment philosophy is grounded in discipline, prudence, and a long-term approach to wealth creation. As part of the Shriram Group, which brings over five decades of experience in financial services, the AMC's investment approach reflects a strong fiduciary orientation—balancing return objectives with responsible risk management.

At the core of this philosophy lies a **Quantamental investment framework**, which systematically combines quantitative factor-based models with forward-looking fundamental insights. It has evolved continuously to reflect changing market structures, valuation environments, and advances in investment research and technology, while remaining anchored to the Group's long-standing values of resilience, governance, and trust.

2. The Enhanced Quantamental Investment Framework

Shriram AMC follows an **enhanced Quantamental investment process** - a structured integration of machine-led quantitative modelling and human-led fundamental judgment. Quantitative factors help define the investible universe and portfolio structure by applying discipline, consistency, and objectivity. Fundamental research overlays this structure with deeper business understanding, ensuring investments are grounded in earnings sustainability, balance-sheet strength, and governance quality.

This "**Machine + Man**" approach seeks to reduce behavioural bias, improve repeatability of decisions, and maintain alignment with long-term investment objectives across market cycles.

3. Growth at a Reasonable Price (GARP): The Foundational Philosophy

The enhanced Quantamental framework is underpinned by a long-term **Growth at a Reasonable Price (GARP)** philosophy at the fund-house level. GARP reflects the belief that sustainable wealth creation emerges from investing in businesses that demonstrate:

- Durable growth potential
- Strong quality characteristics
- Valuation discipline
- Capital efficiency and governance strength

Rather than pursuing growth or valuation in isolation, the framework seeks to balance both - supporting compounding over time while remaining mindful of downside risks associated with excessive valuations or cyclical excesses.

4. Key Elements of the EQI Model

The current EQI (Enhanced Quantamental Investment) model reflects a measured progression in portfolio construction and risk calibration.

Core Dimensions of the Framework

| Dimension | Current Focus |
|-------------------------------|---|
| Quantitative Factors | Momentum, Value, Low Volatility, Quality, Growth |
| Fundamental Overlay | Earnings durability, balance-sheet strength, capital efficiency, governance |
| Valuation Discipline | Forward-looking metrics including PEG and DCF-based assessments |
| Portfolio Construction | Risk-return optimisation with stock, sector, and portfolio-level guardrails |
| Risk Management | Active risk calibration, factor exposure limits, peer benchmarking |
| Process Governance | Documented, repeatable, and monitored investment process |

The incorporation of Quality and Growth factors enhances balance within the model, moderates reliance on any single factor, and supports improved resilience across varying market environments.

5. Portfolio Construction and Risk Calibration

Portfolio construction under the enhanced framework places strong emphasis on **risk-adjusted outcomes along with** focusing on returns.

Key characteristics include:

- Optimisation of risk versus return at the portfolio level
- Defined guardrails across stocks, sectors, and factors
- Continuous monitoring of volatility, active risk, and factor exposures

Aligning portfolio Risk with the objective of the scheme This approach reflects a conscious focus on consistency, stability, and capital stewardship rather than short-term performance variability.

6. Sanlam Partnership: Alignment with Global Best Practices

With Sanlam—South Africa's asset managers - coming on board, Shriram AMC has further aligned its Quantamental framework with **Sanlam's investment processes and platforms.**

This partnership strengthens both **process and infrastructure**, enabling:

- Enhanced risk optimisation and portfolio diagnostics
- Deeper factor attribution and scenario analysis
- Access to superior data, global broker research, and institutional research platforms

These capabilities are designed to support and enrich investment decision-making, while preserving accountability, judgment, and governance within the investment team.

7. Institutional Enablers: Platform and People

• Risk and Research Infrastructure

Investments in advanced portfolio management, risk attribution, and optimisation platforms have improved transparency, monitoring, and decision-support across market conditions. These tools enhance visibility into portfolio behaviour and risk drivers, supporting disciplined portfolio oversight.

• Team Depth and Continuity

Alongside process enhancements, the investment platform is supported by experienced fund managers and expanded analyst coverage. This strengthens research depth, reduces key-person dependency, and supports continuity across investment cycles - an essential element of long-term institutional investing.

8. What This Means for Investors

The enhanced Quantamental framework is designed to:

- Deliver **calibrated levels of volatility and active risk**
- Improve consistency in portfolio construction
- Balance alpha generation with robust risk guardrails
- Incorporate behavioural considerations more thoughtfully
- Support **more consistent, risk-adjusted outcomes over long market horizons**

The emphasis remains firmly on **process robustness and repeatability**, rather than short-term rankings or cyclical performance outcomes.

9. Conclusion: A Fiduciary-Led Evolution

Shriram AMC's investment philosophy reflects a deliberate and well-governed evolution—not a departure from its core principles, but a refinement of emphasis.

The Quantamental framework remains intact, strengthened by:

- A GARP-oriented philosophy
- Enhanced risk calibration
- Deeper fundamental integration
- Alignment with global best practices through Sanlam

This evolution represents a shift in focus:

- **From how much alpha is generated**
- **To how sustainably and responsibly alpha is pursued**

Guided by the Shriram Group's 50-year legacy of trust, discipline, and resilience, Shriram AMC remains committed to long-term stewardship of investor capital and intent to deliver consistent, risk-aware outcomes across market cycles.

Disclaimer: The investment philosophy and framework described herein reflect a continuous evolution of process and platform. This document is intended for informational purposes only and should not be construed as an assurance of returns or capital outcomes. Investment Philosophy stated above may change from time to time without any notice and shall be in accordance with the strategy as mentioned in the Scheme Information Document of respective schemes of Shriram Mutual Fund.