



Core Equity Portfolio

Write your own chapter in India's growth story with the Core Equity Portfolio (CEP). An exclusive offering from Aditya Birla Sun Life AMC Ltd - Portfolio Manager, CEP gives you the opportunity to invest in businesses that are central to the country's growth drive.

This portfolio helps you identify these businesses and participate in their growth journey in the medium to long-term. By investing in CEP, you also get to practise value investing.

Investor profile

Core Equity Portfolio is an ideal investment option for investors seeking a long-term participation in India's growth journey through investment in Indian equities.

Consistency of performance across market cycles

What creates this sustainable wealth-creation portfolio?

The Core Equity Portfolio consists of 25-30 stocks selected from a multi-cap universe. The investment approach is founded on four pillars:

- Sustainable growth over long-term in select industries, which endeavors to make up for most of the GDP growth patterns.
- Focus on businesses that consistently create value through favourable industry operating conditions.
- Quantitative Screeners backed by fundamental research: Comprehensive alert system to track industry-wise valuations. Current studies include: Recurring Winners Study, Piotroski Scores.
- Value investing approach to generate alpha.

Portfolio Managers



Vishal Gajwani

With over 11 years of experience in equity research and portfolio management, Vishal has extensive expertise in researching companies across sectors and market capitalisations. Prior to this assignment he was a part of Reliance Portfolio Management Services (a part of Reliance Capital Asset Management Ltd), where he was designated as an Assistant Fund Manager and was responsible for managing equity portfolios.

He is a Gold Medal winning Chartered Accountant (ICAI, India) and holds a Masters degree in Commerce from M. S. University of Baroda. Vishal received 4 Gold Medals, including the Chancellor's Gold Medal, for topping the Master of Commerce Exams. Vishal is also a CFA charter holder from the CFA Institute (The Global Association of Investment Professionals), USA.



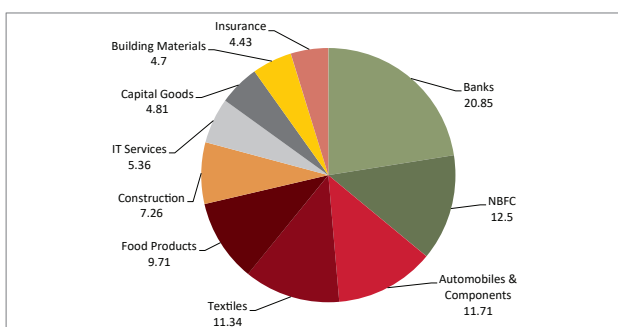
Natasha Lulla

Over 10 years of experience in equity research and fund management. Prior to joining Birla Sun Life Portfolio Management Services, Natasha was working with Goldman Sachs as an equity analyst covering India Materials sector. In her earlier stint at Goldman Sachs, she was responsible for Portfolio Strategy for ASEAN regions and also covered Singapore Real Estate.

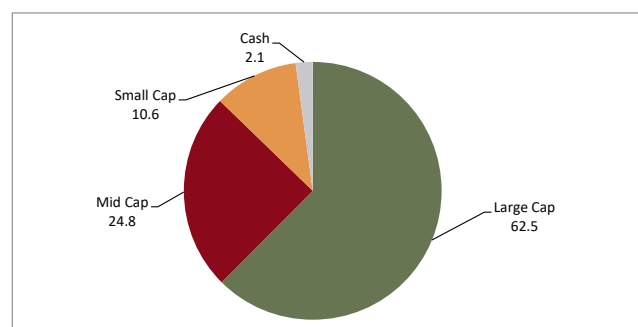
Natasha holds a Masters in Business Administration (Finance Major) from Management Development Institute, Gurgaon and was a Gold Medal winner in each of the two years. She was also awarded a Gold Medal for achieving 1st rank in the Finance stream. Natasha has done her graduation in Economics from Lady Shri Ram College, New Delhi and graduated amongst the top 1% in Delhi University.

Portfolio Analytics

Sector Allocation (As per GICS Sector Classification)



Market Cap Bias



Portfolio Analytics

Top 10 Portfolio Holdings

Sr. No.	Company Name	% to Net Assets
1	Bajaj Finserv	8.0
2	ICICI Bank	6.6
3	Bata India	6.0
4	Aditya Birla Fashion and Retail	5.4
5	Larsen & Toubro Infotech	5.4

Sr. No.	Company Name	% to Net Assets
6	Siemens	4.8
7	Nestle India	4.6
8	ICICI Prudential Life Insurance Company	4.4
9	Indusind Bank	4.2
10	HDFC Bank	4.2

(Source: Internal ABSLAMC Research). All data as on June 30, 2019 . Past performance may or may not be sustained in the future.

Portfolio Manager's Commentary

Equity Outlook

The union budget has tried to provide a direction to the government's economic and social agenda. The focus is on the economic development of India's rural & low-income households; continued commitment to economic reforms, and taxation policies to achieve the stated objectives. While the intent is clear, the effectiveness will lie in the execution.

Some of the immediate pressing concerns were addressed by the Finance Minister which include opening of the capital account for foreign investors, liquidity support to the Banking & finance sector, improving the tax & non tax revenues & impetus to the housing sector.

With the macro data & high frequency growth indicators over the last 3-4 months signaling towards a marked slowdown in consumption & tight liquidity conditions, the government has taken few steps to address the growth concerns. A one-time guarantee will be given for loss upto 10% for purchase of high rated pooled assets of financially sound NBFCs, which amount to around Rs.1 lakh crore. Also, government have provided for Recapitalisation of public sector banks to the tune of Rs.70,000 cr. which may help the PSU banks to provide for bad assets & boost the growth capital leading to higher credit growth.

The government's plan to build 1.95 cr. houses is expected to provide stimulus to real estate & other allied sectors viz. housing finance, building materials & consumer discretionary.

The fiscal deficit target of 3.3% for FY20 looks a bit optimistic as the government has budgeted for lower tax revenues while maintaining the expenditure level. While on the other hand, borrowing from external markets is expected to lower the supply of bonds in India & thus might lower the interest rates in the economy.

We would like to summarize by stating that the budget has tried to address the near terms problems in the economy while at the same time being prudent. The government has refrained from being socialistic and have not announced measures to boost the consumption through short-term populist measures which would directly put money in the hands of the consumer, as was the norm historically.

Portfolio Action

In the month of June, we added Motherson Sumi Systems Limited and Sun Pharmaceuticals Limited to our portfolio. We exited from Aurobindo Pharma Limited. Motherson

Sumi Systems Limited manufactures and distributes automotive parts. The Company offers products such as HVAC systems, air intake manifolds, highway vehicle cabins, air compressors, and pedal box assembly. Motherson Sumi Systems markets its products worldwide. SMBPBV had an exit order book of ~EUR18.2b (net addition of EUR1b over Mar-18 after EUR6.8b orders started commercial production in FY19). The weak demand environment has not resulted in any deferment of in-hand orders. On the contrary, car manufacturers are accelerating their new product launches to create excitement in a weak environment, in turn expediting timelines of new projects at vendor level. It can service entire existing order book from expanded capacities, implying strong growth in revenues as well as substantial reduction in capex at SMRPBV.

Sun Pharmaceutical Industries Limited manufactures and markets pharmaceuticals for domestic and international distribution. The Company's pharmaceutical portfolio includes drugs in the areas of diabetes, cardiology, neurology, psychiatry and gastroenterology. The headwinds in the US for SPIL's generic business are easing and the specialty business is positioned for a ramp-up post recent approval for specialty assets – Ilumya for psoriasis and Cequa for dry eye disease. In the speciality segment, Launch of Cequa is set for 2QFY20 and pace of ramp-up would depend on whether generic versions of Restasis hit the market or not. It has also crossed the 10% market share mark in Odomzo – has gradually ramped up over the last one year or so. Sun will continue to prioritise specialty with R&D spending likely to go up further in this segment.

Aurobindo Pharma (Aurobindo) announced that USFDA has issued a warning letter on its Unit XI, an API manufacturing facility. This facility was inspected by USFDA in Feb'19 and had been classified as OAI (Official Action Indicated) in May'19 along with two more facilities (Units I and IX). The key issue with these three facilities was production of sartans (Unit XI was used for manufacturing valsartan). The warning letter is expected to delay the launch of new products.

(Source: Bloomberg, ABSLAMC Internal Research)

Disclaimer: The views expressed above are the views of the Fund Managers of Core Equity Portfolio and should not be construed as an investment advice.

Investments in securities are subject to market risks and there can be no assurance or guarantee that the objectives of the Product will be achieved. Past performance may or may not be sustained in future.

Risk Ratios

Analytics for period ending June 30, 2019	Benchmark	Standard Deviation	Sharpe Ratio*	Beta	PTO (%)
Core Equity (Model) Portfolio	Nifty 500	16.21%	-0.08	1.08	64.0%

*Risk-free rate assumed to be 5.97% (MIBOR as on June 30, 2019)

Above ratios are calculated on Annualised basis using 3 year history of monthly data points

Portfolio Key Facts


Inception Date	April 1, 2008
Benchmark	Nifty 500
Type of portfolio	Open-ended Discretionary Portfolio
Minimum Investment Amount for New Account Opening	Rs. 25 lacs OR such other amount as decided by the Portfolio Manager at its sole discretion
Recommended Investment Horizon	At least 3 years
Taxation	Investors are advised to seek consultation from their Independent Financial Advisor / Tax Advisor before making any investment decision.
Key risks	Equity Market Risk

Risk Factors and Disclaimers

Model Portfolio refers to portfolio of earliest investor in the product and in case of redemption of the model client, portfolio of earliest client in the said product rebased for computation of returns. It refers to specific investments that the investor will have in his portfolio when it is completely built-up over a period of time. Past performance may not be sustained in the future. Investments in securities are subject to market risks. Please refer to disclosure document. The returns are absolute for the period mentioned less than 1 year and in CAGR for the period more than 1 year. Individual portfolios of investors may vary from the model portfolio due to factors such as timing of entry and exit, timing of additional flows and redemptions, individual investor mandates (if any), specific portfolio construction characteristics or structural parameters. These factors may have bearing on individual portfolio performance and hence individual returns of investors for the said portfolio type may vary from the data on performance of the portfolio depicted above. Neither the Portfolio Manager nor the Asset Management Company, its Directors, employees or sponsors shall in any way be liable for any variation in the actual returns of individual portfolios.

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