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.
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)

<table>
<thead>
<tr>
<th>Sector</th>
<th>Weight</th>
</tr>
</thead>
<tbody>
<tr>
<td>Building Materials</td>
<td>4.43</td>
</tr>
<tr>
<td>Capital Goods</td>
<td>8.41</td>
</tr>
<tr>
<td>Construction</td>
<td>7.26</td>
</tr>
<tr>
<td>Food Products</td>
<td>9.71</td>
</tr>
<tr>
<td>Textiles</td>
<td>11.36</td>
</tr>
<tr>
<td>Automobiles &amp; Components</td>
<td>11.71</td>
</tr>
<tr>
<td>IT Services</td>
<td>5.36</td>
</tr>
<tr>
<td>NBFIC</td>
<td>12.5</td>
</tr>
<tr>
<td>Insurance</td>
<td>4.43</td>
</tr>
<tr>
<td>Banks</td>
<td>20.85</td>
</tr>
<tr>
<td>Total</td>
<td>100%</td>
</tr>
</tbody>
</table>

**Market Cap Bias**

<table>
<thead>
<tr>
<th>Market Cap</th>
<th>Weight</th>
</tr>
</thead>
<tbody>
<tr>
<td>Large Cap</td>
<td>62.5</td>
</tr>
<tr>
<td>Mid Cap</td>
<td>24.8</td>
</tr>
<tr>
<td>Small Cap</td>
<td>10.6</td>
</tr>
<tr>
<td>Cash</td>
<td>2.1</td>
</tr>
<tr>
<td>Total</td>
<td>100%</td>
</tr>
</tbody>
</table>
We exited from Aurobindo Pharma Limited. Motherson
In the month of June, we added Motherson Sumi Systems
Portfolio Action
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 term 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.
SMR PBV 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
SMR PBV.
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 specialty
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.

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 term 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 Manager’s Commentary
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.
SMR PBV 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
SMR PBV.
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 specialty
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.

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 the future.

Portfolio Analytics

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Company Name</th>
<th>% to Net Assets</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Bajaj Finserv</td>
<td>8.0</td>
</tr>
<tr>
<td>2</td>
<td>ICICI Bank</td>
<td>6.6</td>
</tr>
<tr>
<td>3</td>
<td>Bata India</td>
<td>6.0</td>
</tr>
<tr>
<td>4</td>
<td>Aditya Birla Fashion and Retail</td>
<td>5.4</td>
</tr>
<tr>
<td>5</td>
<td>Larsen &amp; Toubro Infotech</td>
<td>5.4</td>
</tr>
<tr>
<td>6</td>
<td>Siemens</td>
<td>4.8</td>
</tr>
<tr>
<td>7</td>
<td>Nestle India</td>
<td>4.6</td>
</tr>
<tr>
<td>8</td>
<td>ICICI Prudential Life Insurance Company</td>
<td>4.4</td>
</tr>
<tr>
<td>9</td>
<td>Indusind Bank</td>
<td>4.2</td>
</tr>
<tr>
<td>10</td>
<td>HDFC Bank</td>
<td>4.2</td>
</tr>
</tbody>
</table>

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

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. Any information contained in this publication does not constitute and shall be deemed not to constitute an advice, an offer to sell/purchase or as an invitation or solicitation to do so for any securities of any entity. Please note that this is not an advertisement. The document is solely for the information and understanding of intended recipients only. If you are not the intended recipient, you are hereby notified that any use, distribution, reproduction or any action taken or omitted to be taken in reliance upon the same is prohibited and may be unlawful.

Aditya Birla Sun Life Asset Management Company Ltd. (ABSLAMC) / its subsidiaries / affiliates or their officers, employees, personnel, directors shall not be liable for any loss, damage, liability whatsoever for any direct or indirect loss arising from the use or access of any information that may be displayed in this publication from time to time. Recipients of the information contained herein should exercise due care and caution and read the disclosure document (including if necessary, obtaining the advice of tax / legal / accounting / financial / other professionals) prior to taking of any decision, acting or omitting to act, on the basis of the information contained herein. Aditya Birla Sun Life AMC Limited- Portfolio Managers has used information that is publicly available, including information developed in-house. Some of the material used in the document may have been obtained from members/persons other than the PMS and / or its affiliates and which may have been made available to the PMS and / or to its affiliates. Information gathered and material used in this document is believed to be from reliable sources. The PMS however does not warrant the accuracy, reasonableness and / or completeness of any information. The actual investments / portfolio decisions are a result of complex technical & fundamental valuations at the disposal of the portfolio manager. Investors are advised against replication of strategies implemented. Information contained herein shall not be copied/circulated/reproduced/quoted in any form or manner (in part or whole) without the express written consent of Aditya Birla Sun Life Asset Management Co. Ltd. Any forward-looking word, phrase or expression is subject to risks, uncertainties and assumptions that could cause actual results to differ materially from those contemplated by the said forward-looking word, phrase or expression.

Risk Ratios

<table>
<thead>
<tr>
<th>Analytics for period ending June 30, 2019</th>
<th>Benchmark</th>
<th>Standard Deviation</th>
<th>Sharpe Ratio*</th>
<th>Beta</th>
<th>PTO (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Core Equity (Model) Portfolio</td>
<td>Nifty 500</td>
<td>16.21%</td>
<td>-0.08</td>
<td>1.08</td>
<td>64.0%</td>
</tr>
</tbody>
</table>

*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

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

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.

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. Any information contained in this publication does not constitute and shall be deemed not to constitute an advice, an offer to sell/purchase or as an invitation or solicitation to do so for any securities of any entity. Please note that this is not an advertisement. The document is solely for the information and understanding of intended recipients only. If you are not the intended recipient, you are hereby notified that any use, distribution, reproduction or any action taken or omitted to be taken in reliance upon the same is prohibited and may be unlawful.

Aditya Birla Sun Life Asset Management Company Ltd. (ABSLAMC) / its subsidiaries / affiliates or their officers, employees, personnel, directors shall not be liable for any loss, damage, liability whatsoever for any direct or indirect loss arising from the use or access of any information that may be displayed in this publication from time to time. Recipients of the information contained herein should exercise due care and caution and read the disclosure document (including if necessary, obtaining the advice of tax / legal / accounting / financial / other professionals) prior to taking of any decision, acting or omitting to act, on the basis of the information contained herein. Aditya Birla Sun Life AMC Limited- Portfolio Managers has used information that is publicly available, including information developed in-house. Some of the material used in the document may have been obtained from members/persons other than the PMS and / or its affiliates and which may have been made available to the PMS and / or to its affiliates. Information gathered and material used in this document is believed to be from reliable sources. The PMS however does not warrant the accuracy, reasonableness and / or completeness of any information. The actual investments / portfolio decisions are a result of complex technical & fundamental valuations at the disposal of the portfolio manager. Investors are advised against replication of strategies implemented. Information contained herein shall not be copied/circulated/reproduced/quoted in any form or manner (in part or whole) without the express written consent of Aditya Birla Sun Life Asset Management Co. Ltd. Any forward-looking word, phrase or expression is subject to risks, uncertainties and assumptions that could cause actual results to differ materially from those contemplated by the said forward-looking word, phrase or expression.

For any service related queries, please contact us:

1800 270 7000

care.pms@adityabirlacapital.com


One India Bulls Centre, Tower 1, 17th Floor, Jupiter Mill Compound, 841, Senapati Bapat Marg, Elphinstone Road, Mumbai - 400 013.
Tel: 4356 8000. Fax: 4356 8110 / 8111

Security investments are subject to market risks and there is no assurance or guarantee that the investment objective will be achieved.