

Portfolio Management Services

March 2024

(Data as on 29th February 2024)



**Aditya Birla Sun Life
AMC Ltd.**



**ADITYA BIRLA
CAPITAL**

ASSET MANAGEMENT

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Equity Outlook

Indian markets ended February on a higher note. The Nifty was up 1.2% while the mid-cap (-0.5%) and small-cap (-0.3%) indices underperformed the Nifty Index. Most of the global markets ended positive. Shanghai (+8.1%), Japan (+7.9%) and Hong Kong (+6.6%) were the major gainers; US SPX and Nasdaq soared to a record high and were up 5.2% and 6.1% in February; the latest rally was propelled by investor optimism about artificial intelligence. Total institutional inflows rose backed by strong domestic bid, with inflows of US\$2.9bn, whereas FPIs selling declined to US\$24mn. FPIs remained buyers of debt at US\$2.7bn (the highest in over six years).

India's Q3 GDP growth at 8.4% was well above consensus estimates while GVA growth of 6.5% was in line. The big difference between GDP and GVA was a result of high growth in net indirect taxes in Q3 (32.0%). GDP growth was led by investments while consumption continues to remain weak. Agriculture was weak at -0.8% due to uneven rainfall and lower estimate of Kharif crop. Growth on the supply side was led by industry which grew by a robust 10.4% led by Manufacturing (11.6% YoY), Construction growth (9.5%) and electricity (9.0%). Mining expanding by 7.5%. Services sector growth also picked up compared with the previous quarter and expanded by 7.0% during Q3. Trade hotels, transport & communication sector expanded by 6.7%. Finance and Real estate expanded by 7.0% while public administration expanded by 7.5%. The Second Annual Estimate (SAE) for FY24 has been revised upwards to 7.6% from 7.3% earlier while FY23 GDP estimate has been revised down to 7.0% from 7.2% earlier. For FY24 Investments is expected to expand by 10.2% while Private consumption growth at 3.0% remains weak. On supply side, Agriculture is expected to grow by a sluggish 0.7% while Industry is expected to expand by a solid 9.0% and Services by 7.5%. Nominal growth for FY24 is estimated at 9.1% (higher than BE of 8.9%)

On the economy front, high frequency indicators (like E-way bill, GST collection, loan growth, PMI) continue to suggest healthy levels of economic activity. The gross GST revenue collected in the month of February is Rs 1.68tn up 12.5% yoy. India's CPI inflation slowed to 5.1% in January 2024, the lowest in three months led by ease in food inflation, compared to 5.69% in December. India's WPI inflation slowed to 0.27% in January 2023, marking the third consecutive period of positive wholesale inflation but slowing from 0.73% in December. December industrial production grew by 3.8%. Sequentially, IIP index jumped by 7.5% after a sluggish growth in November. In the production category manufacturing growth came in at 3.9%, mining growth was 5.1% while electricity growth was 1.2%. Within the manufacturing index, manufacture of motor vehicles and other transport vehicles performed well with YoY growth of 9.2% and 29.4% respectively.

The Q3FY24 corporate earnings ended on a strong note, with widespread outperformance across aggregates driven by continued margin tailwinds. Nifty50 delivered a strong beat with a 17% YoY PAT growth. Five Nifty companies – Tata Motors, HDFC Bank, Tata Steel, ICICI Bank, and JSW Steel – contributed 56% of the incremental YoY accretion in earnings. Ex-Metals & O&G, Nifty's earnings were up 15% YoY.

- **Technology:** The IT Services companies exhibited a median revenue growth of 1.0% QoQ in CC. With continued weakness in key verticals and pressure on 4Q execution, the companies have either narrowed their revenue guidance band or expect to achieve the lower end of the range. Throughout Q3FY24, softness persisted in key verticals and geographies, with BFSI, Consumer, and Communications reporting muted growth.
- **Banks:** The banking sector exhibited a mixed performance in Q3FY24, characterized by healthy business growth, controlled provisions, persistent NIM pressure, and high opex. Credit growth was primarily driven by retail growth. The corporate sector saw a gradual pickup, aided by MSME growth. Most of the banks witnessed stagnant or a slight dip in margins, barring select PSU banks.
- **Autos:** In Q3FY24, Auto volumes (ex-tractors) grew 16% YoY (flat QoQ) led by a healthy recovery in 2Ws, stable growth across other segments, and a lower base due to the festive mismatch. 2Ws witnessed the sharpest growth of ~19% YoY during the quarter.
- **Consumer:** The companies within our coverage universe delivered muted cumulative sales growth in Q3FY24. The consumption trend and management commentary about rural recovery remained unchanged in 3Q. Local competition, a delayed rural recovery, and price cuts continued to hurt revenue performance during 9MFY24 (4% revenue growth). Volume growth improved a bit sequentially, but revenue growth was muted due to price cuts.

Other key developments: (1) the government projected central government fiscal deficit of 5.1%, as a proportion of GDP, in FY2025BE, lower than 5.8% in FY2024RE; (2) the US FOMC, in line with expectations, maintained policy rate at 5.25-5.5%; (3) the RBI, as expected, kept the repo rate unchanged at 6.5%; (4) the minutes of the US FOMC meeting highlighted that members were not in a rush to start cutting interest rates; (5) the results of the Household Consumption Expenditure Survey (HCES 2022-23) indicate the share of expenditure on food has continued to fall while the shares of travel, consumer services and durable goods have increased.

Overall, at the portfolio level, we remain invested in high quality franchisees and expect these businesses to continue to deliver healthy earnings growth over the medium to long term.

Source: Internal Research

Disclaimer: 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.



Core Equity Portfolio

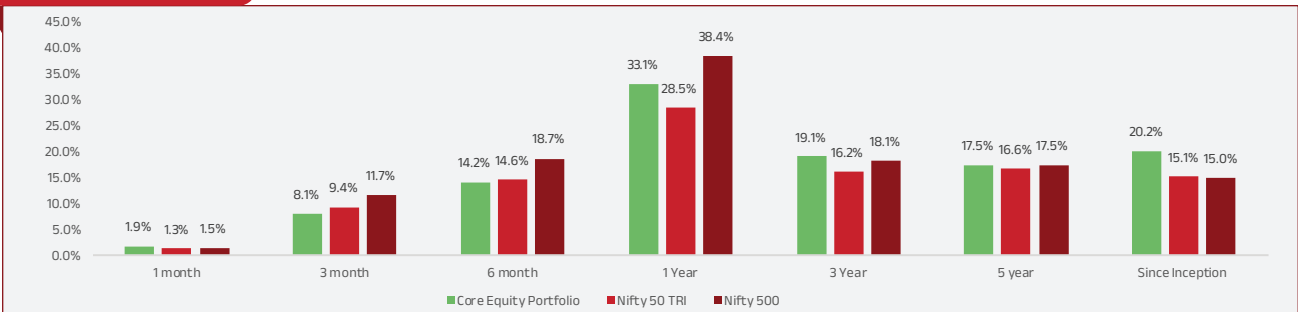
Investment Theme

The strategy aims to invest in businesses having sustainable growth over long-term in select industries, which endeavors to make up for most of the GDP growth patterns. It is a Multicap portfolio unconstrained by any market segments.

Fund Details

Structure: Discretionary PMS | **Strategy Name:** Core Equity Portfolio | **Benchmark:** Nifty 50 TRI |
Fund Inception Date: January 07, 2009 | **Fund Manager:** Dhaval Mehta

Performance



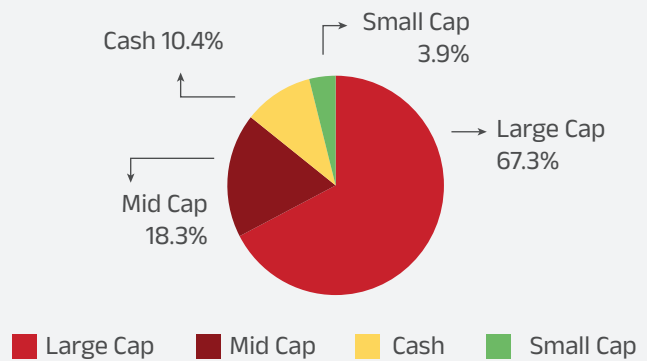
Performance as on February 29, 2024 / Source: ABSLAMC Internal Research
 Disclaimer: Past performance of any product does not indicate its future performance. • Performance data is based on Time-Weighted Rate of Return (TWRR) for aggregated performance statistics of all investors. • Please note that performance of your portfolio may vary from that of other investors and that generated by the Investment Approach across all investors because of the timing of inflows and outflows of funds; and differences in the portfolio composition because of restrictions and other constraints

Risk Ratios

Standard Deviation 13.10%
 Sharpe Ratio 0.94
 Beta 0.90
 Portfolio Turnover (%) 0.44

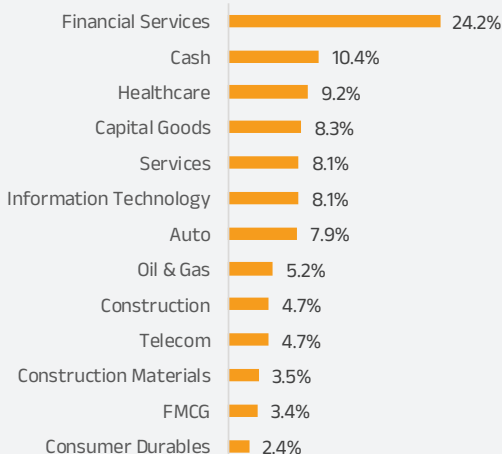
Above Ratios are 3 year ratios calculated on annualised basis

Market Capitalisation



Source: AMFI / As on February 29, 2024

Sector Allocation



Portfolio data as on February 29, 2024

Top 10 Portfolio Holdings

Companies	% to Net Assets
Sun Pharma. Industries Ltd	6.4%
Tata Motors Ltd	5.2%
ICICI Bank Ltd	5.0%
Larsen & Toubro Ltd	4.7%
Infosys Ltd	4.6%
Interglobe Aviation Ltd	4.6%
Bharti Airtel Ltd	4.4%
State Bank of India	4.3%
Reliance Industries Ltd	3.9%
KEI Industries Ltd INR 2	3.7%

Select Sector Portfolio

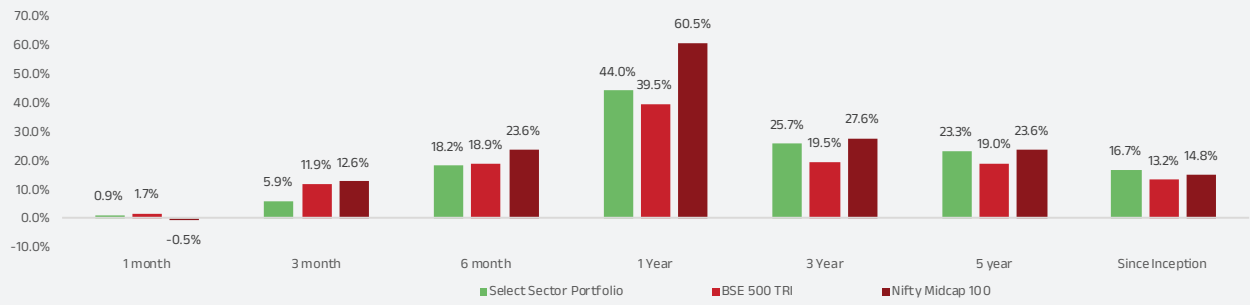
Investment Theme

The strategy aims to invest in companies of high quality with consistency in growth, high ROE, low leverage & high potential for growth. It is predominantly Small & Midcap oriented portfolio.

Fund Details

Structure: Discretionary PMS | **Strategy Name:** Select Sector Portfolio | **Benchmark:** BSE 500 TRI |
Fund Inception Date: October 6, 2009 | **Fund Managers:** Sameer Narayan, Dhaval Mehta

Performance



Performance as on February 29, 2024 / Source: ABSLAMC Internal Research

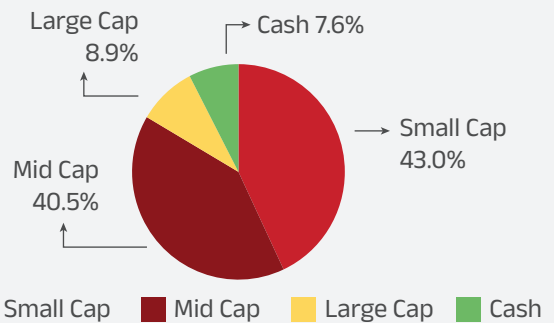
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Risk Ratios

Standard Deviation	14.53%
Sharpe Ratio	1.30
Beta	0.89
Portfolio Turnover (%)	0.50

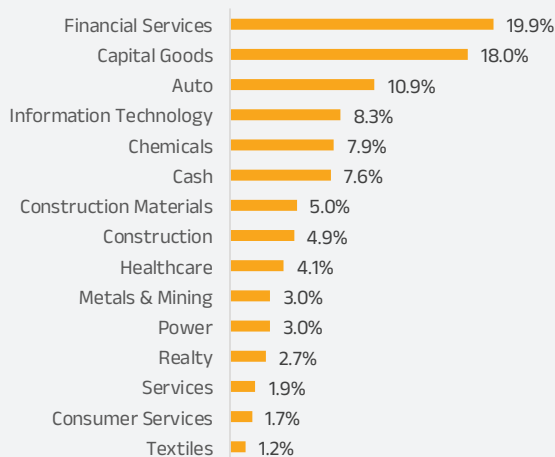
Above ratios are 3 year ratios calculated on annualised basis

Market Capitalisation



Source: AMFI / As on February 29, 2024

Sector Allocation



Portfolio data as on February 29, 2024

Top 10 Portfolio Holdings

Companies	% to Net Assets
BSE Limited	7.8%
Persistent Systems Ltd	6.5%
360 One Wam Ltd	4.4%
ICICI Bank Ltd	4.3%
Lumax Industries Ltd	3.8%
Federal Bank Ltd	3.4%
Triveni Turbine Ltd	3.3%
Hitachi Energy India Ltd	3.2%
ION Exchange India Ltd	3.0%
National Aluminium Co. Ltd.	3.0%

India Special Opportunity Portfolio

Investment Theme

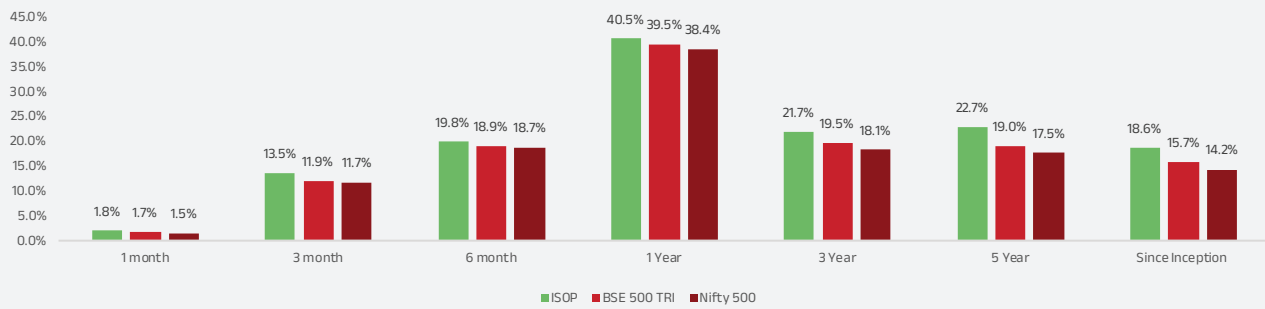
The strategy aims to invest in companies that are primed to benefit from the following catalysts - Micro turnaround, Macro Turnaround, Management Change, Deleveraging, Demerger, Mid to Largecap potential and Secular growth companies.

Fund Details

Structure: Discretionary PMS | **Strategy Name:** India Special Opportunity Portfolio | **Benchmark:** BSE 500 TRI |

Fund Inception Date: June 14, 2018 | **Fund Manager:** Sameer Narayan, Dhaval Mehta & Salvin Shah

Performance



Performance as on February 29, 2024 / Source: ABSLAMC Internal Research

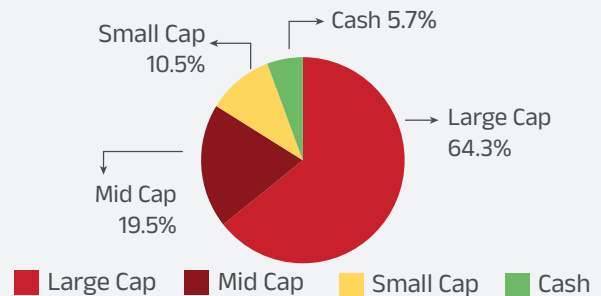
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Risk Ratios

Standard Deviation	12.58%
Sharpe Ratio	1.19
Beta	0.84
Portfolio Turnover (%)	0.31

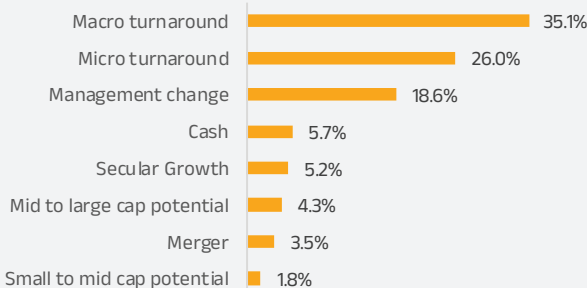
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Market Capitalisation

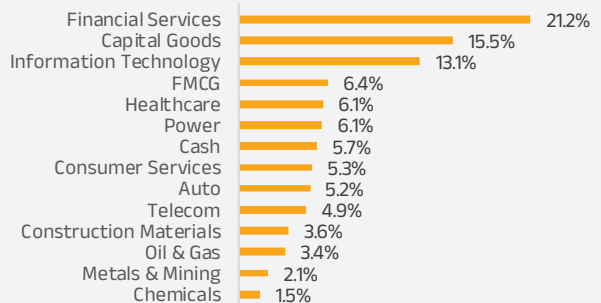


Source: AMFI / As on February 29, 2024

Catalyst Allocation



Sector Allocation



Portfolio data as on February 29, 2024

Top 10 Portfolio Holdings

Companies	% to Net Assets
Persistent Systems Ltd	7.1%
Bharat Dynamics Limited	5.9%
Bharti Airtel Ltd	4.7%
Bank Of Baroda	4.5%
ICICI Bank Ltd	4.5%

Companies	% to Net Assets
Tata Consultancy Services Ltd	4.5%
Trent Ltd	4.3%
Axis Bank Ltd	4.0%
Sun Pharma. Industries Ltd	3.6%
AIA Engineering Ltd	3.5%

Innovation

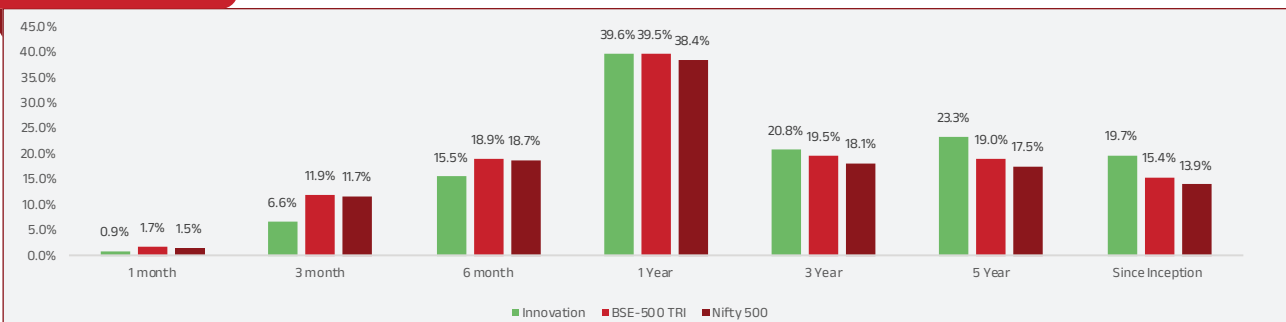
Investment Theme

The strategy aims to invest in companies which are beneficiaries of the fast changing landscape across industries (innovation led) and companies that have a scalability in the form of market size over the next decade (secular growers).

Fund Details

Structure: Discretionary PMS | **Strategy Name:** Innovation | **Benchmark:** BSE 500 TRI
Fund Inception Date: April 24, 2018 | **Fund Manager:** Salvin Shah

Performance



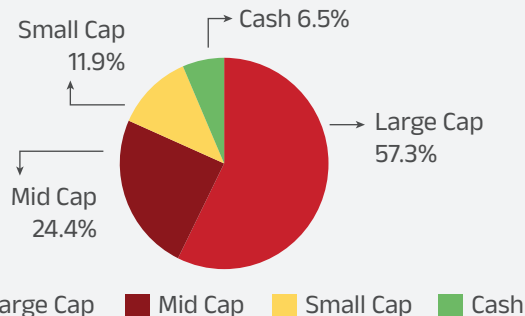
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Risk Ratios

Standard Deviation	11.95%
Sharpe Ratio	1.17
Beta	0.82
Portfolio Turnover (%)	0.09

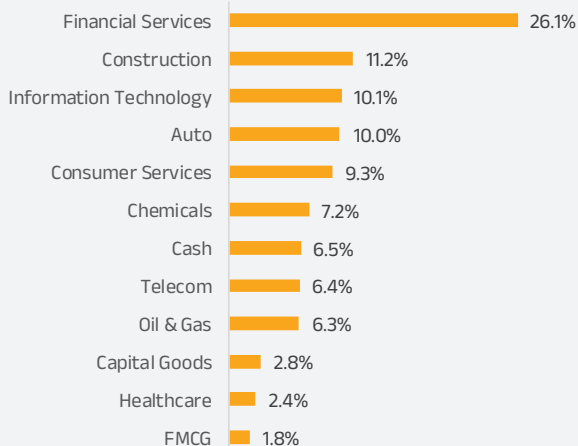
Above ratios are 3 year ratios calculated on annualised basis

Market Capitalisation



Source: AMFI / As on February 29, 2024

Sector Allocation



Portfolio data as on February 29, 2024

Top 10 Portfolio Holdings

Companies	% to Net Assets
Trent Ltd	9.3%
Persistent Systems Ltd	8.3%
ICICI Bank Ltd	7.8%
Larsen & Toubro Ltd	7.3%
Reliance Industries Ltd	6.3%
Bharti Airtel Ltd	6.1%
HDFC Bank Ltd	4.7%
PI Industries Ltd	4.4%
Bajaj Finance Ltd	4.4%
ZF Commercial Vehicle Control Systems India Limited	4.2%

Top 200 CEP

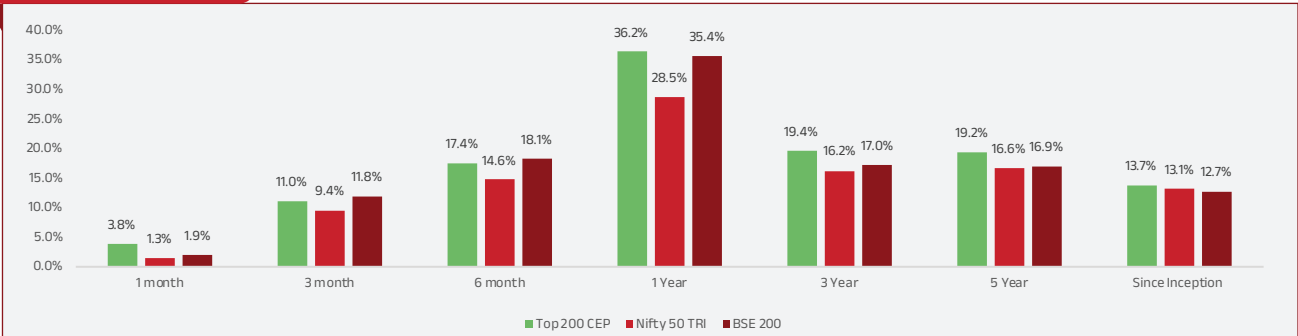
Investment Theme

The strategy aims to invest in companies that consistently create value through favourable industry operating conditions. It is predominantly a Large Cap oriented portfolio.

Fund Details

Structure: Discretionary PMS | **Strategy Name:** Top 200 CEP | **Benchmark:** Nifty 50 TRI |
Fund Inception Date: May 27, 2015 | **Fund Manager:** Salvin Shah

Performance



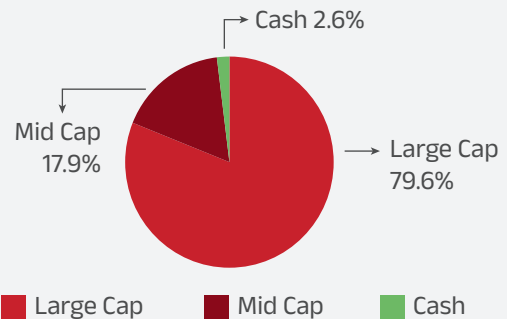
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Risk Ratios

Standard Deviation	12.23%
Sharpe Ratio	1.03
Beta	0.88
Portfolio Turnover (%)	0.29

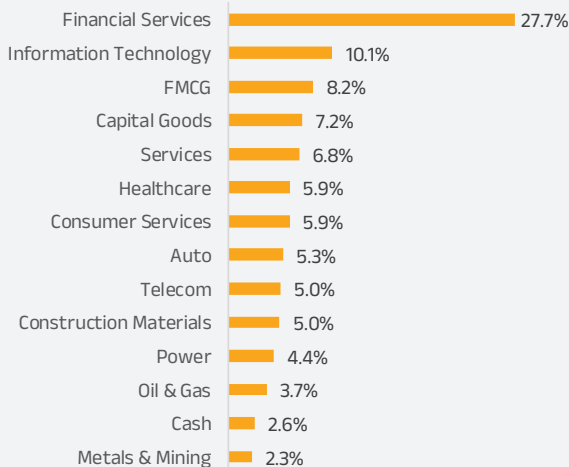
Above ratios are 3 year ratios calculated on annualised basis

Market Capitalisation



Source: AMFI / As on February 29, 2024

Sector Allocation



Portfolio data as on February 29, 2024

Top 10 Portfolio Holdings

Companies	% to Net Assets
Trent Ltd	5.9%
ICICI Bank Ltd	5.7%
Infosys Ltd	5.3%
Bharti Airtel Ltd	4.8%
Ltimindtree Ltd	4.8%
HDFC Bank Ltd	4.7%
Power Grid Corporation of India Ltd	4.4%
Cummins India Ltd	4.2%
Axis Bank Ltd	3.7%
Reliance Industries Ltd	3.7%

Nifty Next 100

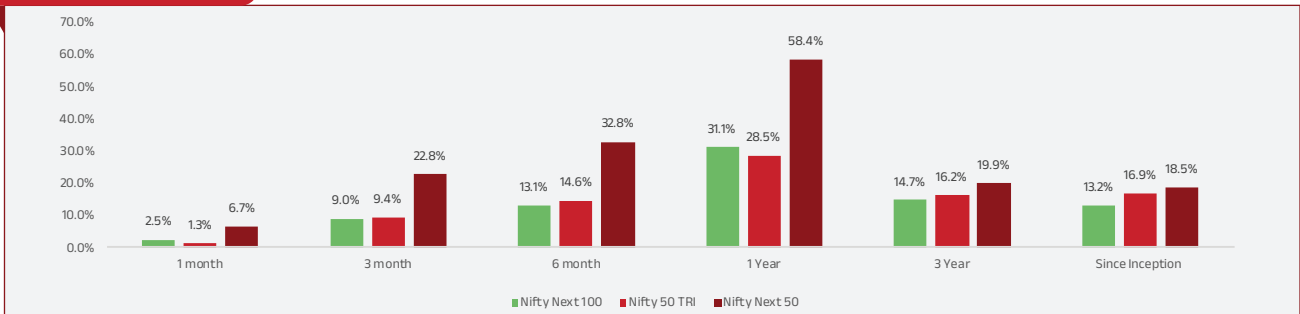
Investment Theme

The portfolio would primarily invest in Large & Mid caps. It captures a sweet spot between Large Caps and Mid Caps with a perfect balance of growth and quality. The strategy aims to invest predominantly in top 150 companies (excluding Nifty 50).

Fund Details

Structure: Discretionary PMS | **Strategy Name:** Nifty Next 100 | **Benchmark:** Nifty 50 TRI |
Fund Inception Date: September 27, 2019 | **Fund Manager:** Dhaval Mehta

Performance



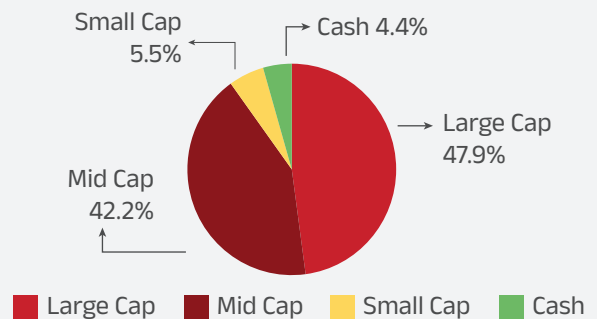
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Risk Ratios

Standard Deviation	15.09%
Sharpe Ratio	0.52
Beta	0.96
Portfolio Turnover (%)	0.41

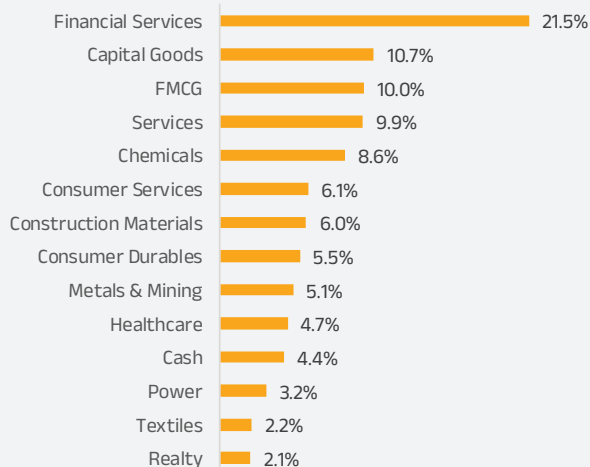
Above ratios are 3 year ratios calculated on annualised basis

Market Capitalisation



Source: AMFI / As on February 29, 2024

Sector Allocation



Portfolio data as on February 29, 2024

Top 10 Portfolio Holdings

Companies	% to Net Assets
Ambuja Cements Ltd	6.0%
PB Fintech Ltd	5.6%
Container Corp. of India Ltd	5.1%
Jindal Steel and Power Ltd	5.1%
CG Power and Industrial Solutions Limited	4.9%
Interglobe Aviation Ltd	4.8%
Bajaj Finserv Ltd	4.6%
Federal Bank Ltd	4.3%
United Spirits Ltd	4.0%
Godrej Consumer Products Ltd	3.9%

Investment Style

Core Equity Portfolio			
	Growth	Blend	Value
Large Cap			
Mid & Small			

Select Sector Portfolio			
	Growth	Blend	Value
Large Cap			
Mid & Small			

India Special Opportunity Portfolio			
	Growth	Blend	Value
Large Cap			
Mid & Small			

Innovation			
	Growth	Blend	Value
Large Cap			
Mid & Small			

Top 200 CEP			
	Growth	Blend	Value
Large Cap			
Mid & Small			

Nifty Next 100			
	Growth	Blend	Value
Large Cap			
Mid & Small			

ABSL India Equity Service Portfolio			
	Growth	Blend	Value
Large Cap			
Mid & Small			

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