Nifty Next 100

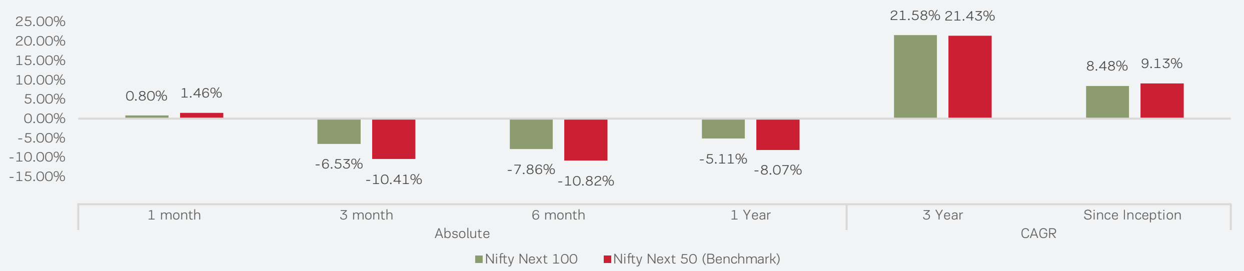
Investment Theme

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 Next 50 | **Fund Inception Date:** September 27, 2019 | **Fund Manager:** Dhaval Mehta

Performance



Performance as on March 31, 2023 / Source: ABSLAMC Internal Research

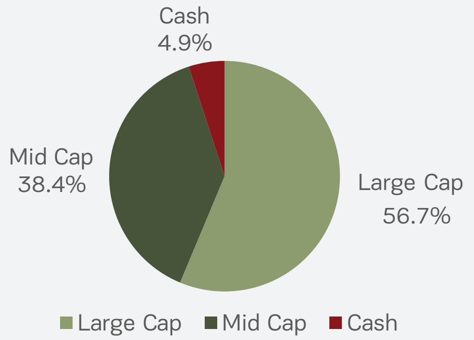
Disclaimer: Past performance of any product does not indicate its future performance. The returns of investment approaches are calculated using TWRR method and considers all inflows and outflows and market value of entire portfolio for computation of performance. It is calculated net of all expenses and fees. Investment approach level performance reported above is not verified by SEBI.

Risk Ratios

Standard Deviation	17.3%
Sharpe Ratio	0.80
Beta	0.89
Portfolio Turnover (%)	62.0%

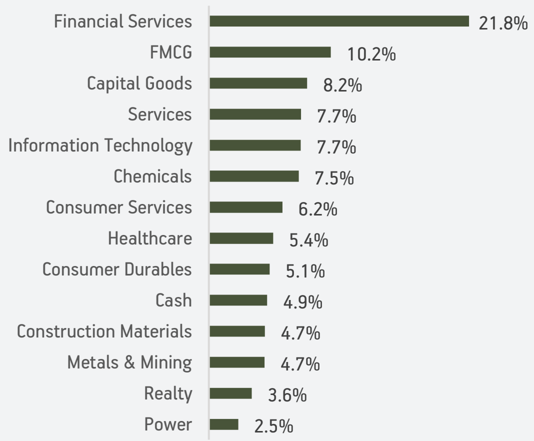
Above ratios are 3 year ratios calculated on annualised basis

Market Capitalisation



Source: AMFI / As on March 31, 2023

Sector Allocation



Portfolio data as on March 31, 2023

Top 10 Portfolio Holdings

Companies	% to Net Assets
Federal Bank Ltd	5.9%
Bajaj Finserv Ltd	4.8%
Ambuja Cements Ltd	4.7%
Jindal Steel and Power Ltd	4.7%
CG Power and Industrial Sol. Ltd	4.3%
Infosys Ltd	4.2%
PB Fintech Ltd	4.0%
Pidilite Industries Ltd	4.0%
Container Corp. of India Ltd	3.9%
Ashok Leyland Ltd	3.9%

Equity Outlook

After sustained out-performance, Indian equities under-performed both emerging and developed markets during the month, some negative fears impacting the sentiments were unseasonal rain, rising El Nino risk, and surge in Covid-19 cases in India. The FII equity inflow in March 2023 was US$1.5bn as against US$0.6bn outflow in February 2023. On the other hand, DII equity saw an inflow of about US$3.4bn, as against the previous month inflow of US$2.3bn. Metals, Energy and Pharma out-performed during the month; while IT services, Auto and real estate were key laggards.

High frequency indicators (like E-way bill, GST collection, loan growth, PMI) suggest healthy level of economic activity. February 2022 Consumer Price Index (CPI) came in-line with expectation at 6.4% YoY, although slightly lower than previous month reading of 6.5% YoY. Food and core inflation remains unchanged at 6.0% YoY and 6.1% YoY as compared to the previous month, which remains a key area of concern. January 2023 Index of Industrial Production (IIP) grew by 5.2% YoY (marginally higher than consensus expectation of 5.1% YoY) as compared to the previous month reading of 4.7% YoY. Among use-based segments, strong growth was visible in primary, capital, construction, and consumer non-durable goods, while consumer durable and intermediate goods were key laggard segments.

Nineteen states (comprising ~92% of state GDP) have announced their budgets so far. Key takeaways are: a) Expect state fiscal deficit to consolidate from 3.5% to 3.1% of GDP driven by Uttar Pradesh, Telangana, and Bihar; b) Tax revenue is expected to grow at 13.4% YoY, looks aggressive, especially for Uttar Pradesh, Andhra Pradesh & Rajasthan; c) 21.5% YoY growth in capital expenditure driven by Gujarat, Andhra Pradesh & West Bengal; d) Segment-wise capex growth led by education, sports, art & culture, healthcare, water supply and sanitation, agriculture, energy; and e) 7.1% growth in revenue expenditure, mainly driven by Telangana, Uttar Pradesh, and Jharkhand.

In the latest US monetary policy, Federal Open Market committee (FOMC) hiked policy rate by expected 25bps, taking the rates to 4.75%-5.0% range (highest since 2008), while maintaining the balance sheet reduction programme of US$95bn per month. Overall, the latest US monetary policy was dovish as a) US Fed revised downwards its future rate hike guidance to “some additional policy firming may be appropriate” from earlier “ongoing increase in target range will be appropriate”; b) Considered rate hike pause as well due to ban king system stress; and c) Acknowledged that the pathway to soft landing for the US economy exists.

Given the current global banking crisis, consensus expectation is of 50% probability of further rate hike of 25bps in the upcoming May policy, followed by 75bps rate cut in 2023 starting from July or September policy. Overall, global macro data points remain healthy and continues to surprise positively as is evident from a) The uptick in Global Economic Surprise Index, especially US and China; b) Receding recession risk over next one year, especially in Europe and US; c) CY23 GDP upgrade over the past one and three-month period, especially for countries like US, UK, Spain, Russia, China; and d) March PMI reading for both US and Europe came in stronger than expected, especially due to services.

Post correction, Indian equities are trading below long term mean levels, which we believe is a good entry point. Overall, at the portfolio level, we continue to remain invested into high quality businesses that have stood test of times and likely to come out stronger post crisis. We remain invested on high quality franchisees and expect these businesses to continue to deliver healthy earnings growth over the medium to long term.

Portfolio Update:

In the month of March 2023, Federal Bank, Bajaj Finserv, Ambuja Cements, Jindal Steel & Power & CG Power and Industrial Solutions continue to be the fund's top holdings. We continue to employ our extensive bottom-up research process, to identify mispriced opportunities, with special focus on companies with credible managements, healthy balance sheets, higher returns on capital, and strong runway for growth.

Disclaimer: The views expressed above are the views of the Fund Managers 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.

Investment Style

Nifty Next 100			
	Growth	Blend	Value
Large Cap		■	
Mid & Small		■	

Risk Factors and Disclaimers

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Regulatory Disclosure: All investors have the option to invest directly with ABSLAMC-Portfolio Manager

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