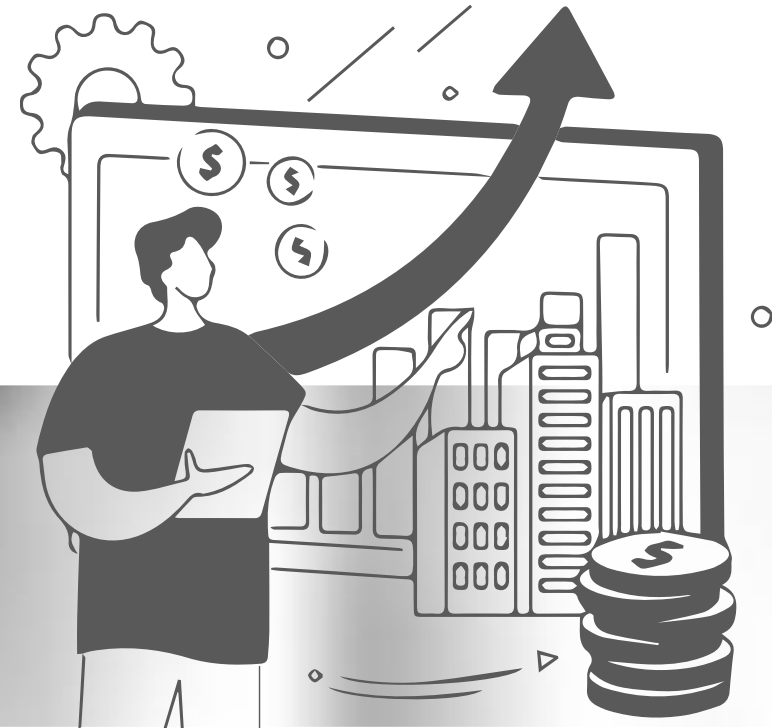


ABSL Core Equity Portfolio (CEP)

June 2025

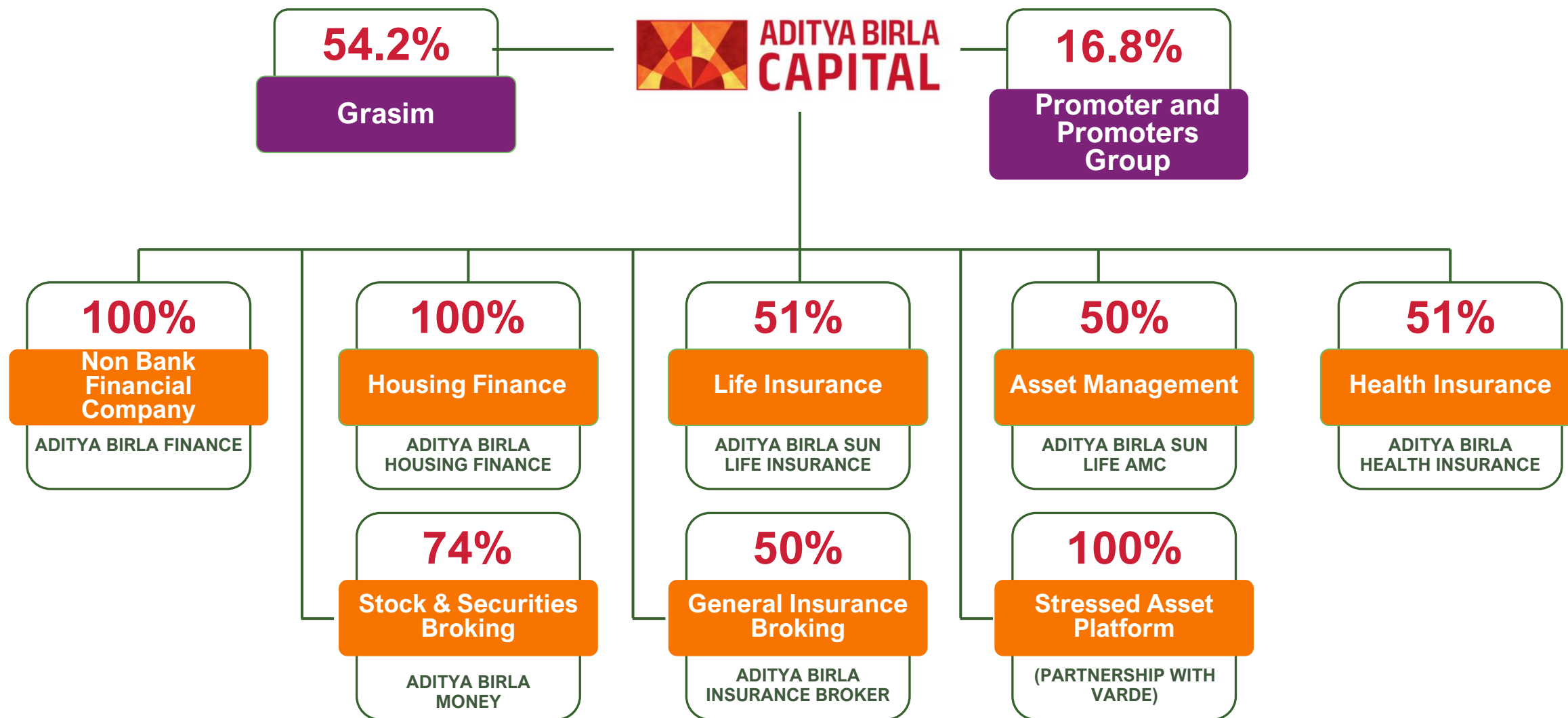


ABSLAMC Overview

Aditya Birla Capital Limited – A Financial Powerhouse

Aditya Birla Sun Life
AMC Ltd.

 **ADITYA BIRLA
CAPITAL**
ALTERNATE INVESTMENTS



Source : Internal. Above is not intended to show the complete organizational structure and all entities therein. It is intended to describe the key businesses of Aditya Birla Capital.

ABSLAMC: A Joint Venture between Two Pioneering Groups

Aditya Birla Sun Life
AMC Ltd.

 **ADITYA BIRLA
CAPITAL**
ALTERNATE INVESTMENTS



- ◆ Part of Aditya Birla Group (ABG) - one of the largest Indian conglomerates with interest across various commodity, manufacturing & service businesses and operations in over 40 countries
- ◆ Managing AUM of ₹ 5.1 Lac Cr (as on March 31, 2025)
- ◆ Leading financial services organization providing – Asset Management, Life Insurance, Wealth Management, Corporate Lending, Project & Structured Finance, General Insurance Broking, Broking & Private Equity, Housing Finance etc.



- ◆ A leading Canadian financial services company
- ◆ AUM CAD \$ 1,551 billion (as on March 31, 2025)
- ◆ Offering diversified range of risk and financial management products for individuals and corporate
- ◆ Large international footprint across continents – major presence in North America & Asia

Asset Management



Heritage

- ◆ Founded in 1994, one of the oldest in India
- ◆ Promoted by Aditya Birla Capital Group & Sun Life Financial
- ◆ Have seen the market evolve across different asset classes over the years
- ◆ Driven by client centric product Innovation
- ◆ International presence in Dubai, Singapore and Mauritius.



Market Dominance

- ◆ One of the top AMCs in India with MF AUM of over 3,92,239 Cr (April 2025)
- ◆ Over 10.6 million investor accounts (April 2025)
- ◆ Strengths across different asset classes

Alternate Business



Best in Class Management

- ◆ Offer portfolio management services, alternate & offshore investment solutions to HNIs and Institutions
- ◆ Managing/advising Rs. 42,943 Cr of assets as of May 2025
- ◆ 16-member dedicated investment team for Equity, Fixed Income, and Real Estate, with a cumulative experience of 200+ years
- ◆ Focus on delivering sustained investment performance and portfolio differentiation.
- ◆ Strong and robust risk management and governance framework

Aditya Birla Sun Life AMC Limited (*Investment Manager*)



Mutual Fund

Equity Funds

Debt Funds

Hybrid Funds

Index , ETFs & Solution
oriented Funds



Portfolio Management Services (PMS)

Discretionary

Non-Discretionary

Advisory



Alternative Investment Funds (AIF)

ABSL India Special Opportunities Fund
(Cat 3 – Close ended)

India Equity Opportunities
Fund (Cat 3 – Open ended)

ABSL Global Bluechip Equity Fund (IFSC)
(Cat 3 Close ended - Global FoF)

ABSL India Flexicap Fund (IFSC)
(Cat 3 – Open Ended Inbound FoF)

Aditya Birla Real Estate Credit
Opportunities Fund Series II
(Cat 2– Open for Subscription)

ABSL Structured Opportunities Fund II &
ABSL Money Manager Fund (Cat 2 – Debt
AIFs)



Offshore Business

Singapore

Dubai

Mauritius

Gift City

Alternate Business - Equity Investment Process

To identify & capitalize upon the prevailing market inefficiencies in a
Simple, Timely & Efficient manner

Focus on Businesses

With ability & commitment to grow
earnings faster than Nominal GDP

Purchase at Reasonable Price

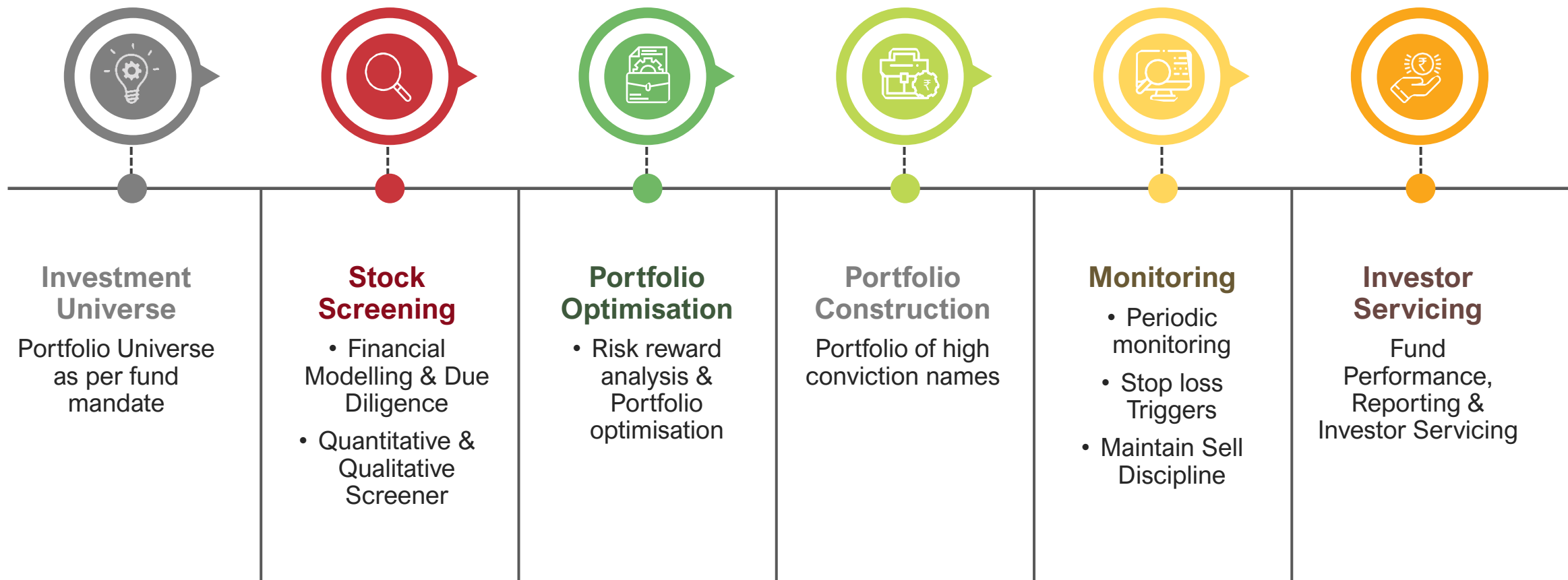
Entry Level valuations which accord
“Margin of safety”



Buy Companies that have

- Large Opportunity Canvas
(scope for non-linear growth outcomes)
- Credible Management
- Emphasis on Capital Efficiency
- Superior return ratios

Investment Process



Screening

Fundamentals

Return on Equity >15%
Net Debt / EBITDA less than 2x
Improving margins & Turnover Ratios
Aggregate Portfolio liquidity

Valuation

Superior EPS Growth, RoCE & Net Debt to EBITDA vs benchmark
Large Opportunity Canvas

Governance

Promoter's conduct & Management Integrity
High Pledge & Accounting Red Flags
Limited Equity Dilution in recent past

Financial Modelling & Due Diligence

Visible Earnings CAGR > 15% in medium term
Sustained Competitive Advantage led by Unique Value Proposition
Interaction with investee companies & its ecosystem

Monitoring

Stop loss Triggers

If loss on stock is higher than benchmark on trailing 6 months by more than 30%

Periodic Monitoring

Quarterly Monitoring
Event Based Triggers

Maintain Sell Discipline

Poor Capital Allocation
Weakening Competitive Position
Any emerging governance issues

ABSL Core Equity Portfolio

Focus on Long Term Wealth Creation



Investment Objective/ Philosophy

Follows both Top down & Bottom-up approach

Industries with strong operating dynamics

Businesses core to the India growth story

Unconstrained by Market Caps, Sectors or Themes

Attractive Valuation with “Margin of safety”



Wealth Creation Approach

Recurring Winners - High Quality businesses with consistent growth/returns profile

Companies with Scalability and Resilience

Benchmark-agnostic

Multi Cap Universe

Concentrated Portfolio



Value Drivers

High ROEs/ROCEs

Sustainable earnings growth

Low leverage

High quality franchise, product, service

Superior management team

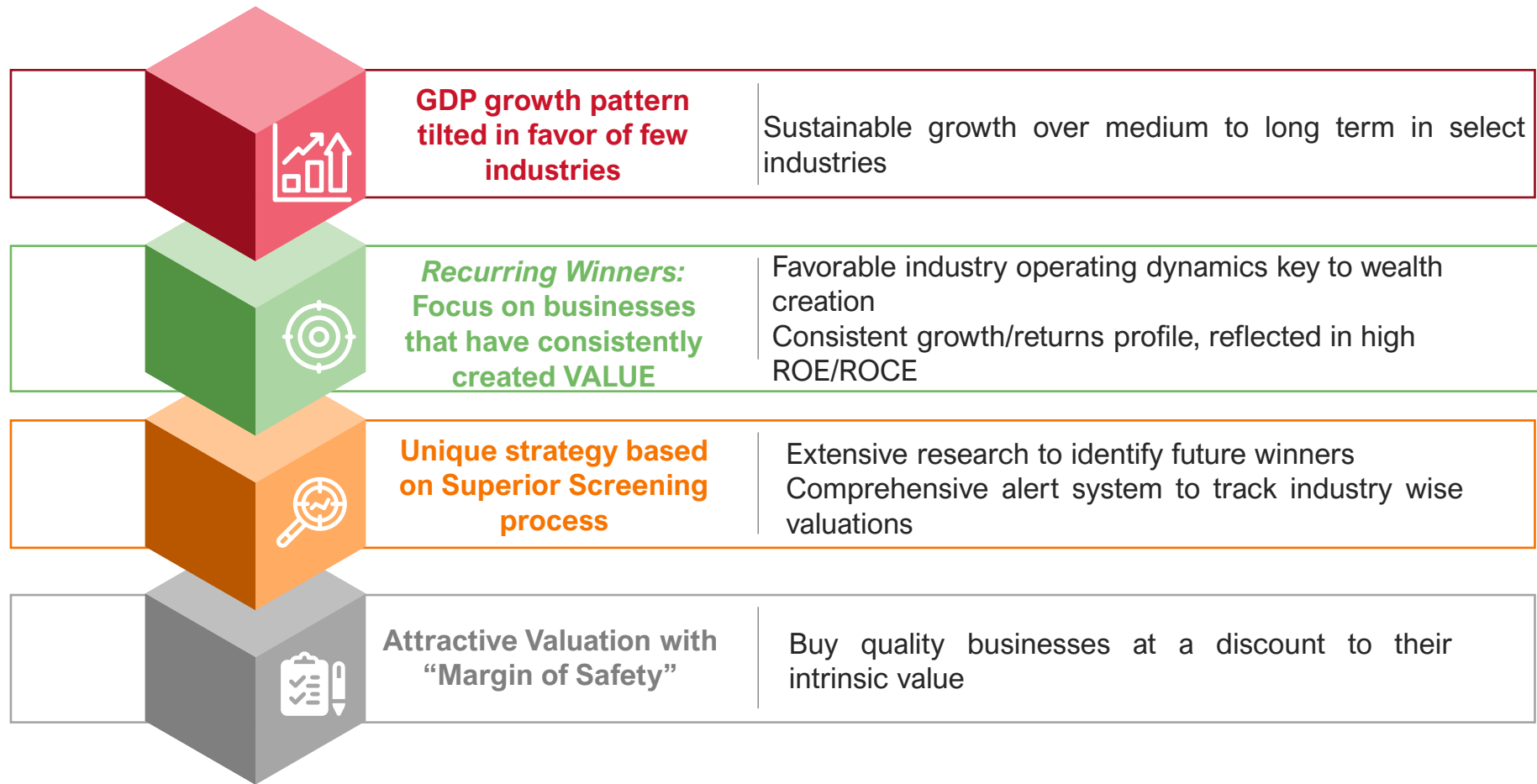
4 Pillars of our Investment Process

Aditya Birla Sun Life
AMC Ltd.

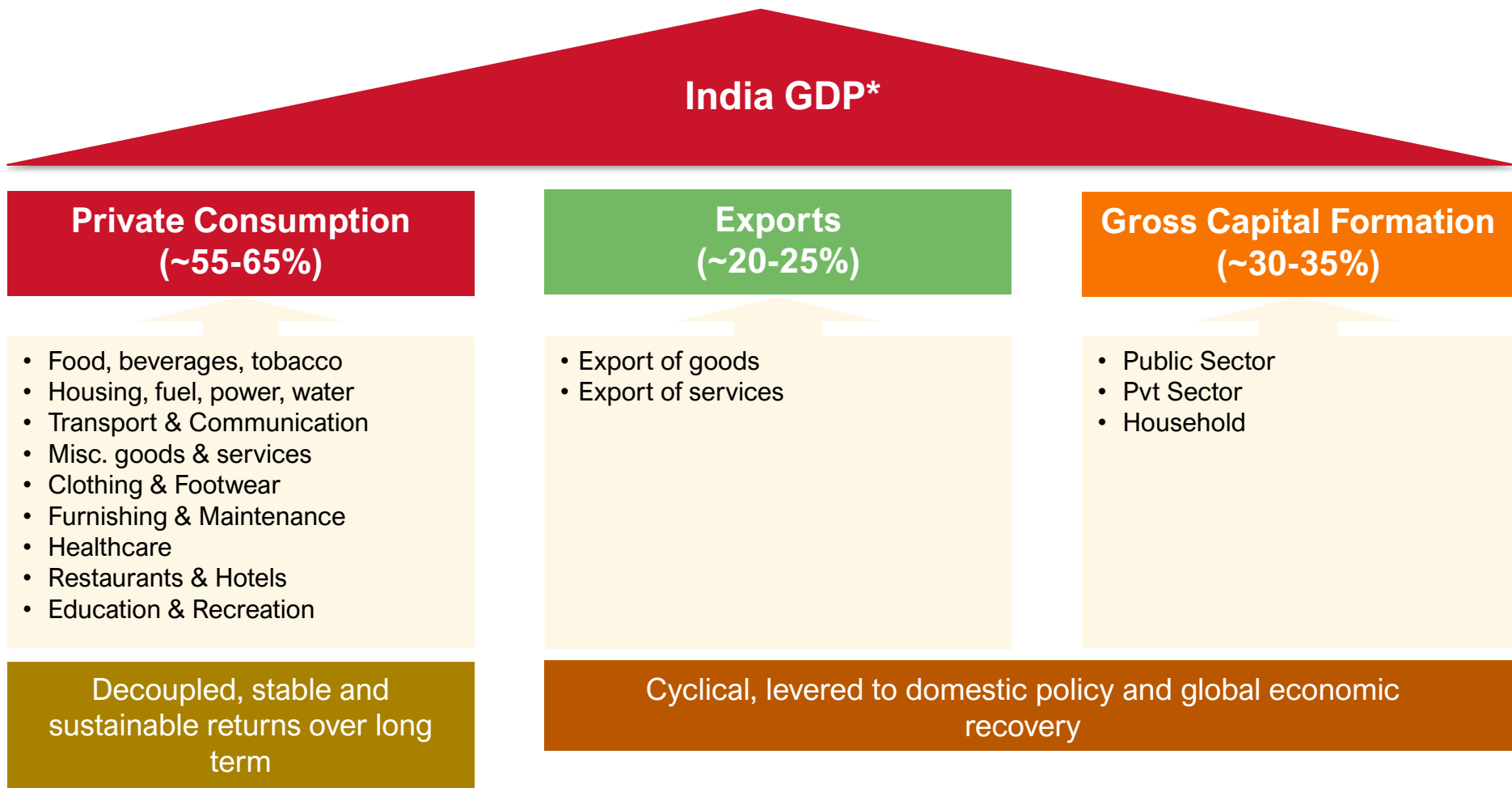
ADITYA BIRLA
CAPITAL
ALTERNATE INVESTMENTS

Concentrated Portfolio | Benchmark agnostic | Multi-cap universe

Sustainable Wealth Creation



Pillar 1: GDP growth patterns favor some sectors more



*Sum of components>100% as imports are not accounted for (negative entry). Source: MOSPI

- ◆ Research over the long term proves that shareholder wealth creation is mainly determined by strong operating dynamics such as competition levels, ease of entry by new players, bargaining power of buyers/suppliers etc.
- ◆ Focus on industries with lower competitive intensity that are more direct beneficiaries of consumer spending, enjoying stable growth, and are less vulnerable
- ◆ Companies with superior management and strong business models coupled with favorable industry operating dynamics generate superior value and returns consistently

Industry dynamics - Key to capture value



Commercial Banks

- Entry barriers in the form of licenses
- Very limited customer bargaining power

Pharmaceuticals

- Large and growing addressable market
- Entry barriers in form of size, capital, regulations & research capabilities



IT Services

- Arbitrage- India's cost advantage vs global players
- Limited supplier power (employees) in terms of salary costs

Capital Goods

- Large & growing addressable market
- Strong and large balance sheets acting as performance anchors



FMCG

- Brand franchise and distribution scale driven entry barriers
- Ingrained sustainability, healthy margins & return ratios

Pillar 3: Effective Screeners backed by Fundamental Research

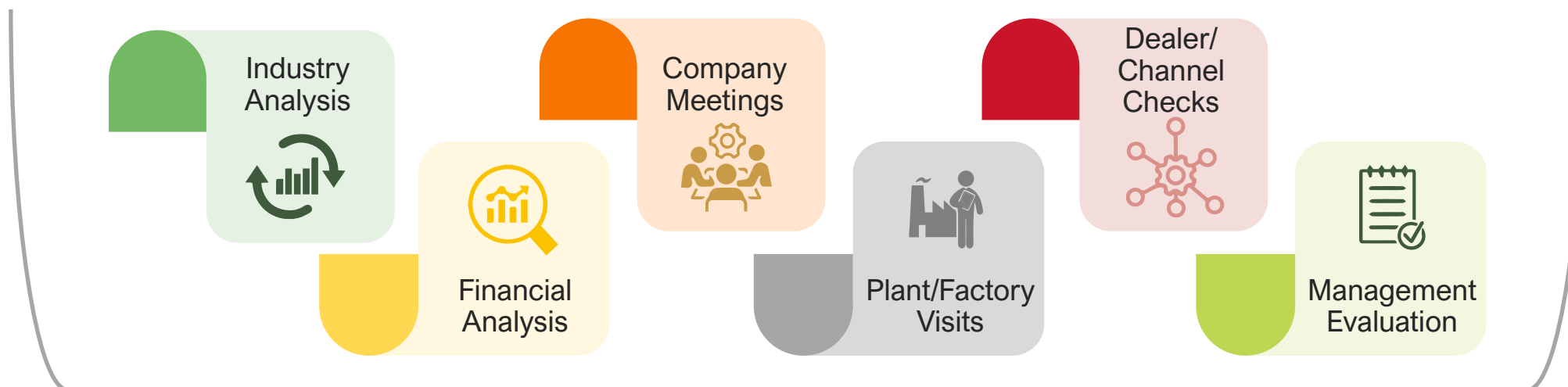
Superior screening process

- ◆ **Extensive fundamental research** to identify future winners that create superior and sustained value
- ◆ **Comprehensive alert systems** to track industry wise valuation of each company
- ◆ Identify **growth** industries and businesses at **attractive valuations**

Bottom-up Fundamental Research adds conviction

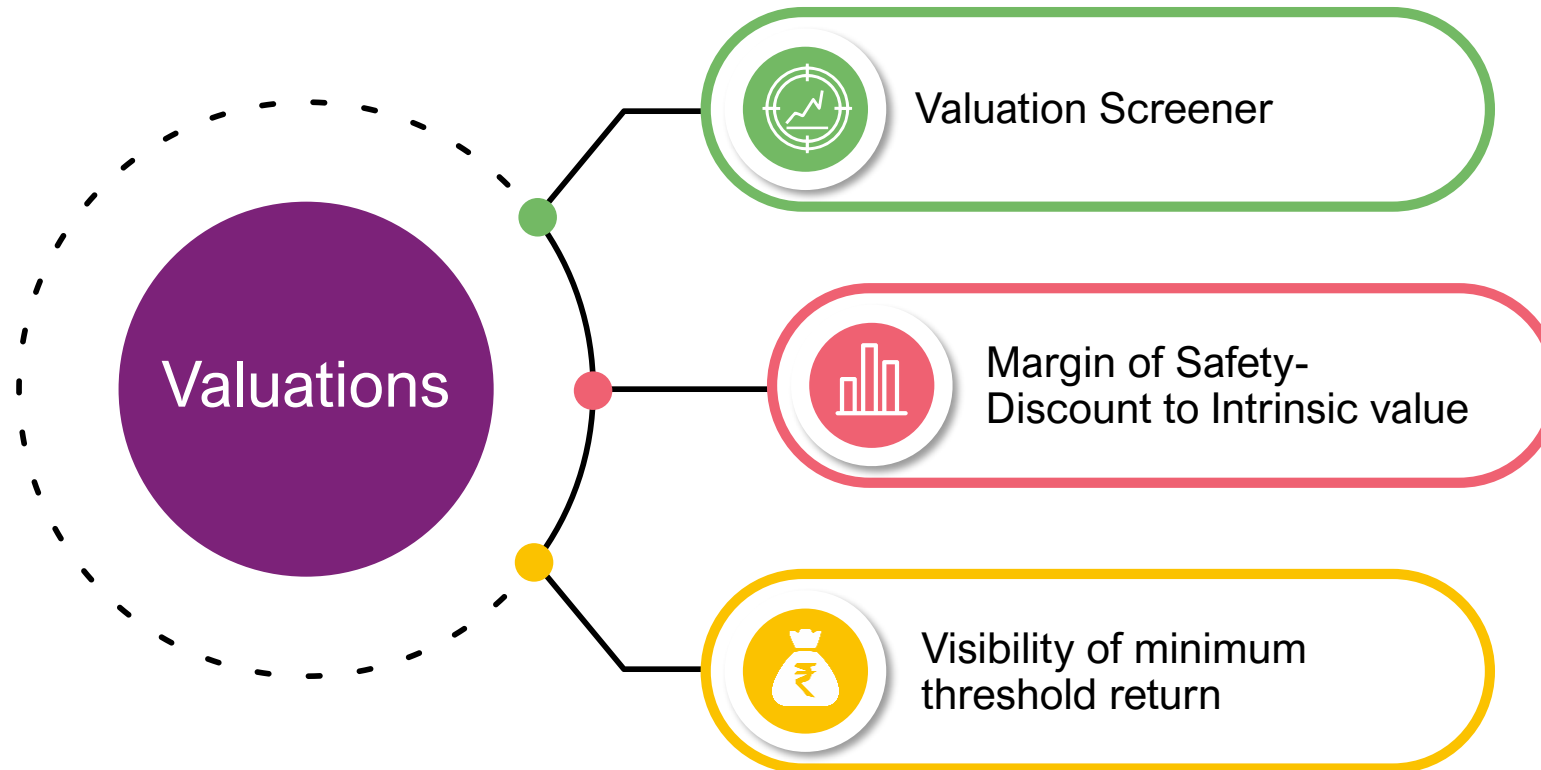
- ◆ Focus on understanding company strategy, management and execution
- ◆ Track sector developments, meet industry participants across value chains and company management to discern changing trends

Bottom-up Fundamental Research



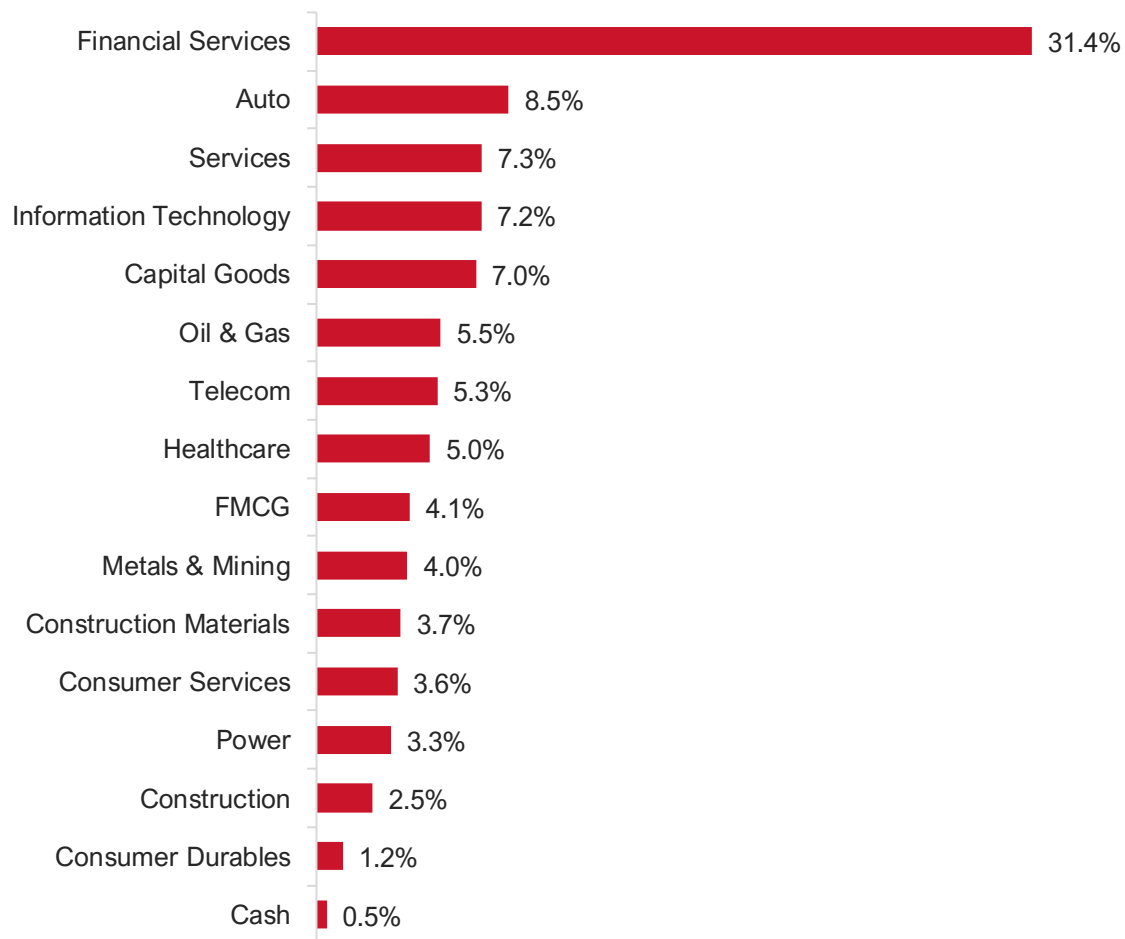
Pillar 4: Attractive Valuation with “Margin of Safety”

- ◆ Buy quality growth stocks at a **discount to their intrinsic value**
- ◆ Proprietary screeners enable discovery of the undervalued stocks that will create significant value over medium to long term
- ◆ Invest in a company only if there is a visibility of a **minimum threshold return and limited down-side**

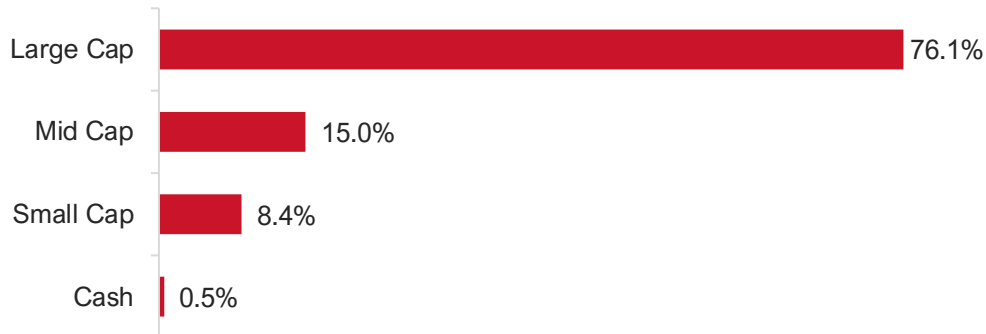


Current Model Portfolio

Industry Allocation



Market Cap



Investment Style

	Growth	Blend	Value
Large Cap			
Mid & Small			

Market Cap Categorization as per Average Market Capitalization of listed companies during the six months ended December 31, 2024.
Source : AMFI

As on May 31, 2025

Current Model Portfolio

Portfolio vs. Benchmark (Higher Growth/ROEs with low leverage)

PE (x)	FY25A	FY26E	FY27E	Prem/Disc to Benchmark (FY26E)
ABSL Core Equity Portfolio	35.8	29.9	22.6	55.9%
NIFTY 500	23.7	20.8	18.4	
NIFTY 50 TRI	21.5	19.1	17.1	

ROE (%)	FY25A	FY26E	FY27E	Prem/Disc to Benchmark (FY26E)
ABSL Core Equity Portfolio	25.8%	21.4%	20.3%	42.1%
NIFTY 500	14.3%	15.1%	15.9%	
NIFTY 50 TRI	14.4%	15.0%	16.0%	

EPS Growth (%)	FY25A	FY26E	FY27E	Prem/Disc to Benchmark (FY26E)
ABSL Core Equity Portfolio	23.5%	22.0%	21.5%	172.6%
NIFTY 500	10.5%	8.7%	14.0%	
NIFTY 50 TRI	6.1%	8.1%	12.2%	

Net Debt to Equity* (%)	FY24	Prem/Disc to Benchmark
ABSL Core Equity Portfolio	85.7%	273.5%
NIFTY 500	20.6%	
NIFTY 50 TRI	22.9%	

As on May 31, 2025

Top 10 Holdings & Weights

Top 10 Portfolio Holdings	% of Net Assets
Interglobe Aviation Ltd	7.3%
ICICI Bank Ltd	6.4%
Bharti Airtel Ltd	5.3%
Sun Pharmaceuticals Industries Ltd	5.0%
Bajaj Finserv Ltd	4.3%
HDFC Bank Ltd	4.2%
Infosys Ltd	4.1%
United Spirits Ltd	4.1%
Ultratech Cement Ltd	3.7%
Tata Motors Ltd	3.7%

*Financials excluded in calculation of D/E
Source: All ratios are based on Internal estimates.

ABSL Core Equity Portfolio - Portfolio Characteristics

Aditya Birla Sun Life
AMC Ltd.



Portfolio Characteristics

Key Ratios (3 Years)	ABSL Core Equity Portfolio	Nifty 50 TRI
Standard Deviation	13.96%	13.15%
Sharpe Ratio	0.53	0.74
Beta	0.99	
Portfolio Turnover	0.34	
Avg MCap (Rs. Cr.)	₹ 4,17,955	
Median MCap (Rs. Cr.)	₹ 1,91,296	

As on May 31, 2025

ABSL Core Equity Portfolio - Performance

Aditya Birla Sun Life
AMC Ltd.



Returns (%)	Absolute				CAGR				
	1 Month	3 Months	6 Months	1 Year	2 Years	3 Years	5 Years	10 Years	Since Inception (07/01/2009)
ABSL Core Equity Portfolio	3.0%	13.3%	-0.8%	3.5%	13.8%	13.2%	21.2%	10.1%	18.9%
Nifty 50 TRI	1.9%	12.1%	3.0%	11.1%	16.9%	15.6%	22.3%	12.7%	15.3%
Outperformance	1.1%	1.1%	-3.8%	-7.6%	-3.1%	-2.3%	-1.1%	-2.7%	3.6%
Nifty 500	3.5%	14.7%	0.5%	8.0%	20.2%	17.3%	23.9%	12.6%	15.1%
Outperformance	-0.5%	-1.4%	-1.3%	-4.6%	-6.4%	-4.1%	-2.7%	-2.5%	3.8%

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
- Investment approach level performance reported is not verified by SEBI

As on May 31, 2025

Case Studies

Sector-Aviation

- ◆ Interglobe Aviation (Indigo) is the leading low cost airline carrier (LCC) in India. The Principal activities of the company comprise of air transportation including passenger and cargo services and providing related allied services including in-flight sales.
- ◆ The company is also into hospitality, travel commerce, airline management, advanced pilot training and aircraft maintenance engineering.



Key Facts

- ◆ With a market share of 62%, Interglobe Aviation is the biggest airline in India and one of the fastest-growing in the world with a fleet of more than 358 aircraft, linking passengers to 118 destinations worldwide (86 in India and 32 Internationally).
- ◆ Interglobe Hotels is India's leading hotel development company with 21 operational hotels with more than 3,790 rooms.
- ◆ IndiGo operates over 300 aircrafts and pending orders of 480 aircrafts which are yet to be delivered. Additionally, Indigo has recently ordered 500 Airbus A320 Family aircraft, which is the largest-ever single aircraft purchase by any airline with Airbus.
- ◆ Interglobe Technology Quotient (ITQ), a strategic business unit of Indigo, holds leadership position in the travel technology industry. ITQ serves over 13,000 customers, including travel management companies, online travel agencies and retail agencies, in almost 600+ cities.
- ◆ Rakesh Gangwal's exit as a promoter has lifted the hangover of disputes among promoters and has increased management effectiveness.

Source: Bloomberg, Internal Research

Interglobe Aviation

Aditya Birla Sun Life
AMC Ltd.

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Date of Investment
01 August 2022



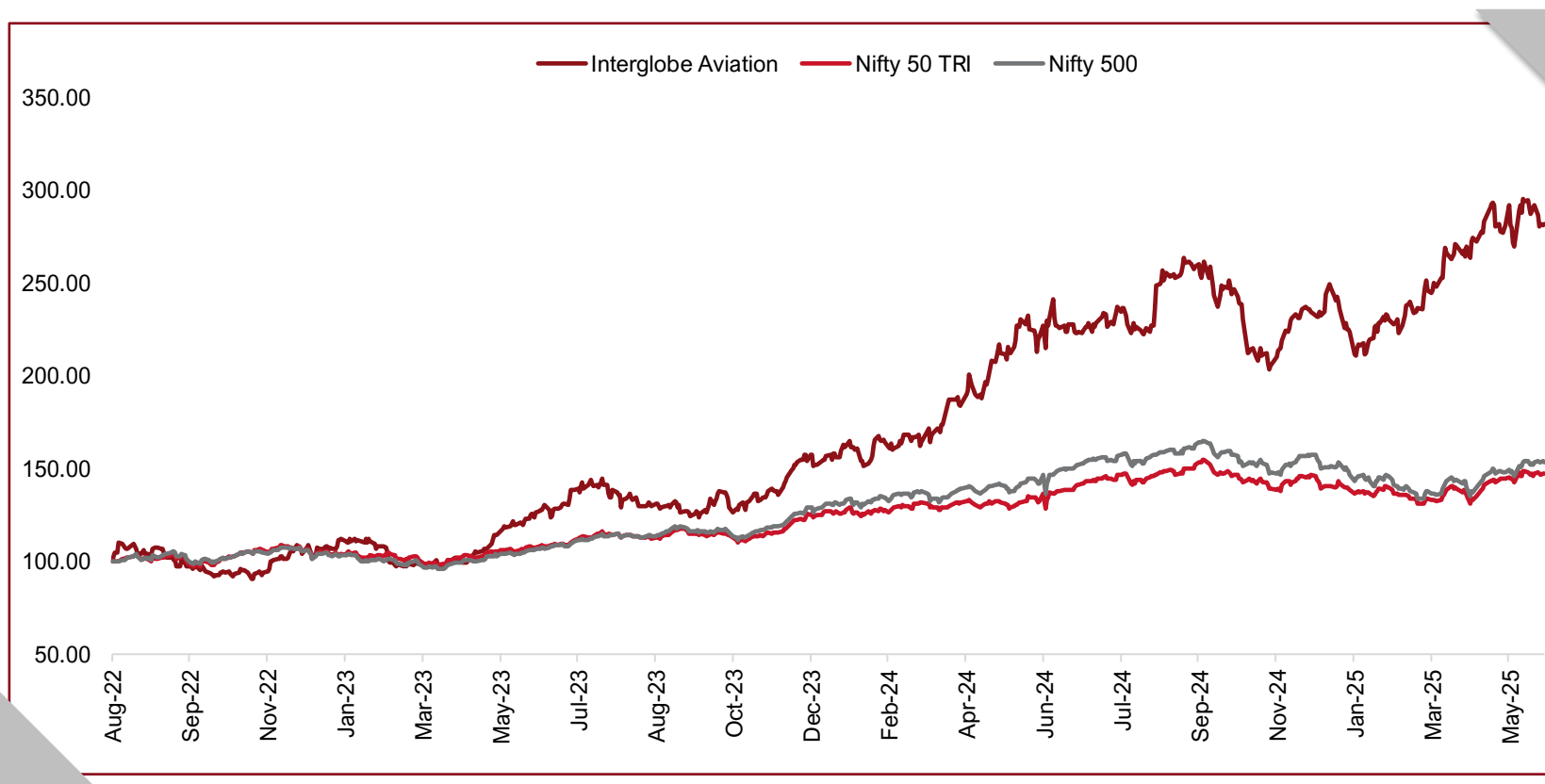
Investment Price
₹1,891



Current Price
₹5,330



Total Returns
182% (2.8 Years)



Note: Stock and Index rebased to the date of first purchase / As on May 30, 2025/ Source: Bloomberg

Sector-Electrical

- ◆ KEI Industries is a leading Indian manufacturer of cables and wires catering to various sectors like Power transmission and distribution, Construction, Railways, Infrastructure, and Telecommunication.
- ◆ The Company also offers Engineering, Procurement and Construction (EPC) services for power transmission projects.



Key Facts

- ◆ Leading manufacturer of cables and wires with a wide product portfolio spread across (Extra High Voltage) EHV, High Tension (HT) and Low Tension (LT) Power Cables, House Wire, Stainless Steel Wire
- ◆ In the Middle East countries, the company has major business domination in catering the oil and gas sector companies
- ◆ The Company has Presence in 60+ countries with offices in 5 countries. Exports providing natural hedge on forex as the company also imports raw materials
- ◆ KEI is one of the few companies in India with the capacity to produce (EHV) cables above 220 kV. These cables are extensively used in power transmission utilities as well as numerous other industries, including the steel, water, renewable energy, nuclear & thermal power plants, airports, and railways. The EHV cable industry has strong entry barriers due to strict standards for achieving compliances and gaining product approvals with a long gestation period of at least eight years.
- ◆ The Company is now a net debt-free company after paying all its debt. It has also achieved consistent growth at a CAGR of 15% in last 15 years and now, the company is aiming for an even higher growth rate.

Source: Bloomberg, Internal Research

KEI Industries

Aditya Birla Sun Life
AMC Ltd.

ADITYA BIRLA
CAPITAL
ALTERNATE INVESTMENTS



Date of Investment
16 February 2023



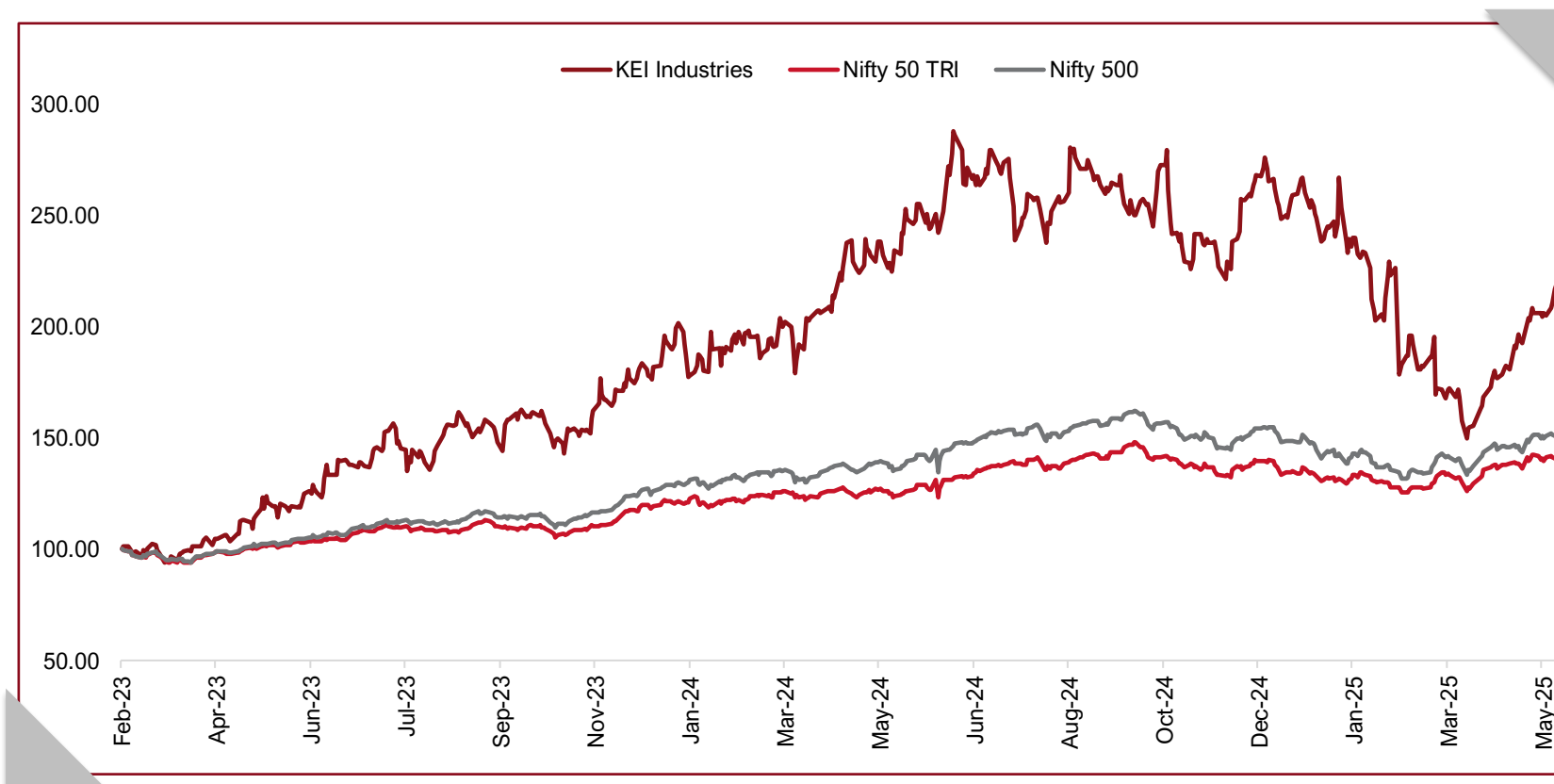
Investment Price
₹1,678



Current Price
₹3,610



Total Returns
115% (2.3 Years)



Note: Stock and Index rebased to the date of first purchase / As on May 30, 2025/ Source: Bloomberg

Sector-Infrastructure

- ◆ Larsen & Toubro Ltd is the largest engineering, procurement and construction (EPC) company,
- ◆ L&T is also a prominent player in key sectors such as Infrastructure, Hydrocarbon, Power, Process Industries and Defence, Information Technology and Financial Services in domestic and international markets



Key Facts

- ◆ As the leading provider of infrastructure in India In FY 23, L&T achieved annual Order Inflows over ₹2 lakh crore for the first time ever. As a result, the company's order book is currently at a record high of over ₹ 4 lakh crore. Around 75% of the total Order Book comprises orders received from Indian Central and State Governments (including local authorities) and State-owned enterprises (both domestic and international).
- ◆ The Heavy Civil Infrastructure business of the company is a market leader in EPC projects in core civil infrastructure segments that are crucial to the Indian economy, viz., Metro Rail Systems, HighSpeed Rail, Nuclear, Hydel and Tunnels, Marine Structures, and Defence Infrastructure facilities.
- ◆ The L&T Group comprises 92 subsidiaries, 5 associate companies, 27 joint ventures and 35 jointly held operations. Out of the total 159 entities, 49 companies belong to the listed subsidiaries and 20 are related to Development Projects. The rest of the entities in the Group are mostly strategic extensions of the traditional businesses, viz., EPC Contracts and Hi-Tech Manufacturing, for enabling access to new geographies, technologies and nuanced business segments

Source: Bloomberg, Internal Research



Date of Investment
25 July 2019



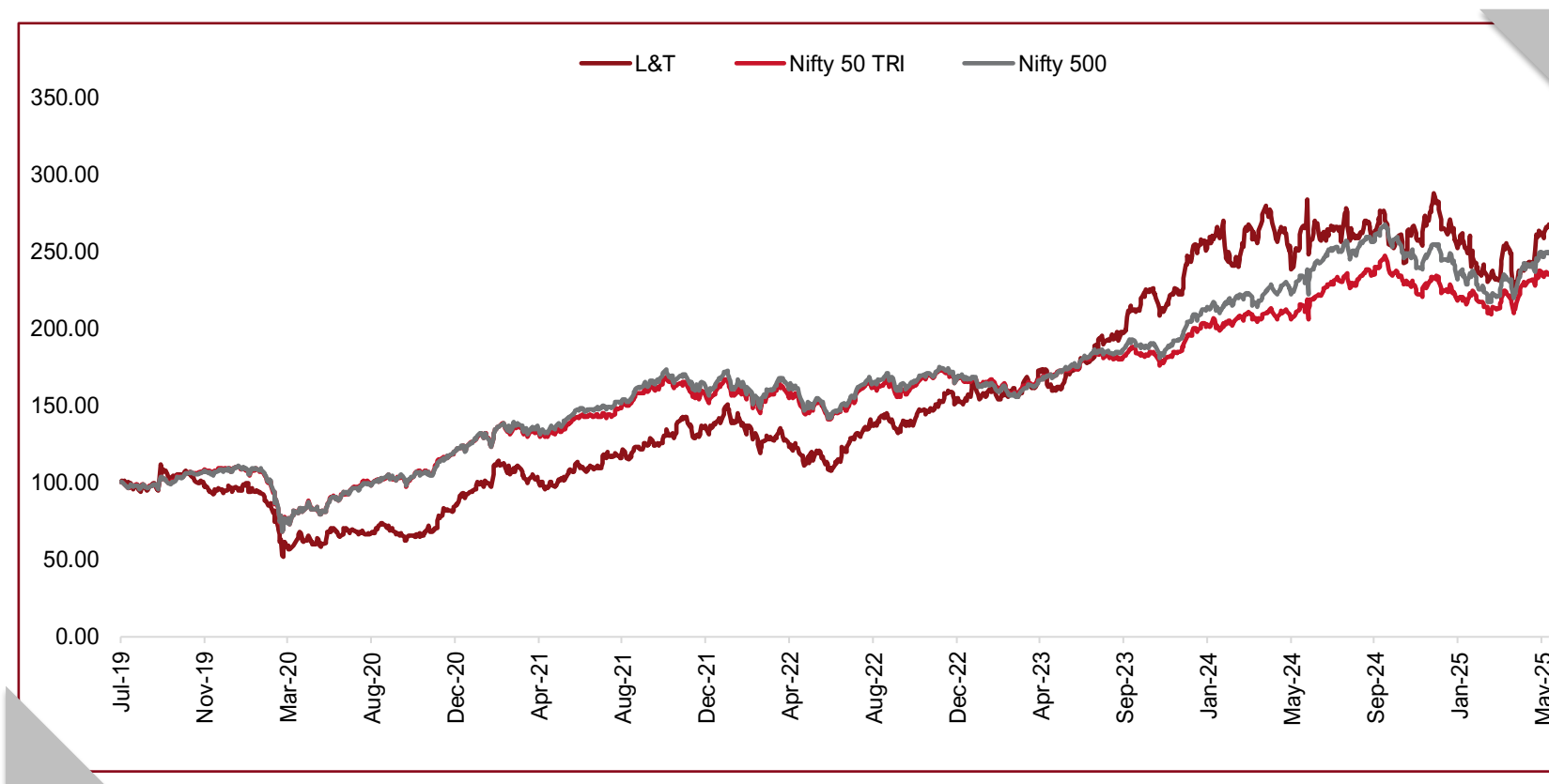
Investment Price
₹1,372



Current Price
₹3,675



Total Returns
168% (5.9 Years)



Note: Stock and Index rebased to the date of first purchase / As on May 30, 2025/ Source: Bloomberg

Sector-Automobile

- ◆ Tata Motors Group is a leading global automobile manufacturer. Part of the illustrious multi-national conglomerate, the Tata group, it offers a wide and diverse portfolio of cars, sports utility vehicles, trucks, buses and defence vehicles to the world.
- ◆ It has operations in India, the UK, South Korea, South Africa, China, Brazil, Austria and Slovakia through a strong global network of subsidiaries, associate companies and Joint Ventures (JVs), including Jaguar Land Rover in the UK and Tata Daewoo in South Korea



Key Facts

- ◆ Tata Motors India is a leader in domestic Commercial Vehicle (CV) space with ~ 41.7% market share and is the 3rd largest player in the passenger (PV) segment with ~14% market share.
- ◆ The Company is number 1 Sports Utility Vehicle (SUV) manufacturer in India. The Company is the largest player in India's rapidly growing EV space.
- ◆ Customer Support division of Tata Motors Commercial Vehicles has the widest and vastest service network in India across all commercial vehicle manufacturers, with network of over 1600 authorized service touch points.
- ◆ Tata Motors luxury brand Jaguar recorded a whopping 136.54% surge in new car registration in the UK

Source: Bloomberg, Internal Research



Date of Investment
10 August 2020



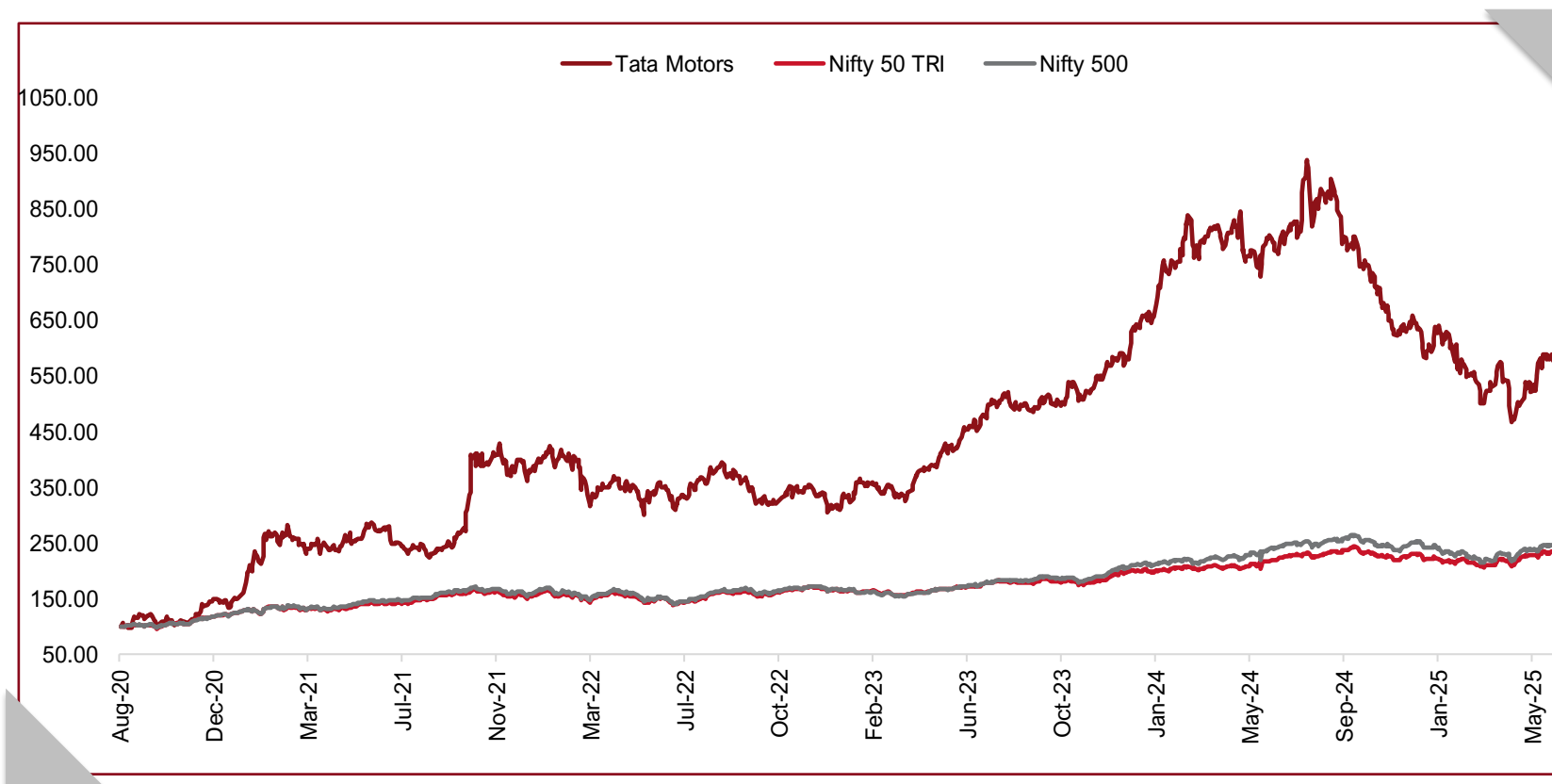
Investment Price
₹124



Current Price
₹720



Total Returns
481% (4.8 Years)



Note: Stock and Index rebased to the date of first purchase / As on May 30, 2025/ Source: Bloomberg

Sector-Cement

- ◆ UltraTech Cement is engaged in the manufacturing and sale of Cement and related product primarily in India, it is the cement flagship company of the Aditya Birla Group.
- ◆ The Company's business operations span to UAE, Bahrain, Sri Lanka and India.



Key Facts

- ◆ UltraTech is the largest manufacturer of grey cement and one of the largest manufacturers of white cement in India, and is the third largest cement producer in the world, excluding China.
- ◆ It is the only cement company globally (outside of China) to have 100+ MTPA of cement manufacturing capacity in a single country.
- ◆ UltraTech has a network of over one lakh channel partners across the country and has a market reach of more than 80% across India.
- ◆ With 230+ Ready Mix Concrete (RMC) plants in 100+ cities, UltraTech is the largest manufacturer of concrete in India. It also has a slew of speciality concretes that meet specific needs of discerning customers.
- ◆ Acquisition of Kesoram's cement assets would provide Ultratech with the opportunity to extend its footprint in the Southern markets of India and provide entry into the Telangana market.

Source: Bloomberg, Internal Research

Ultratech Cement

Aditya Birla Sun Life
AMC Ltd.

**ADITYA BIRLA
CAPITAL**
ALTERNATE INVESTMENTS



Date of Investment
30 June 2022



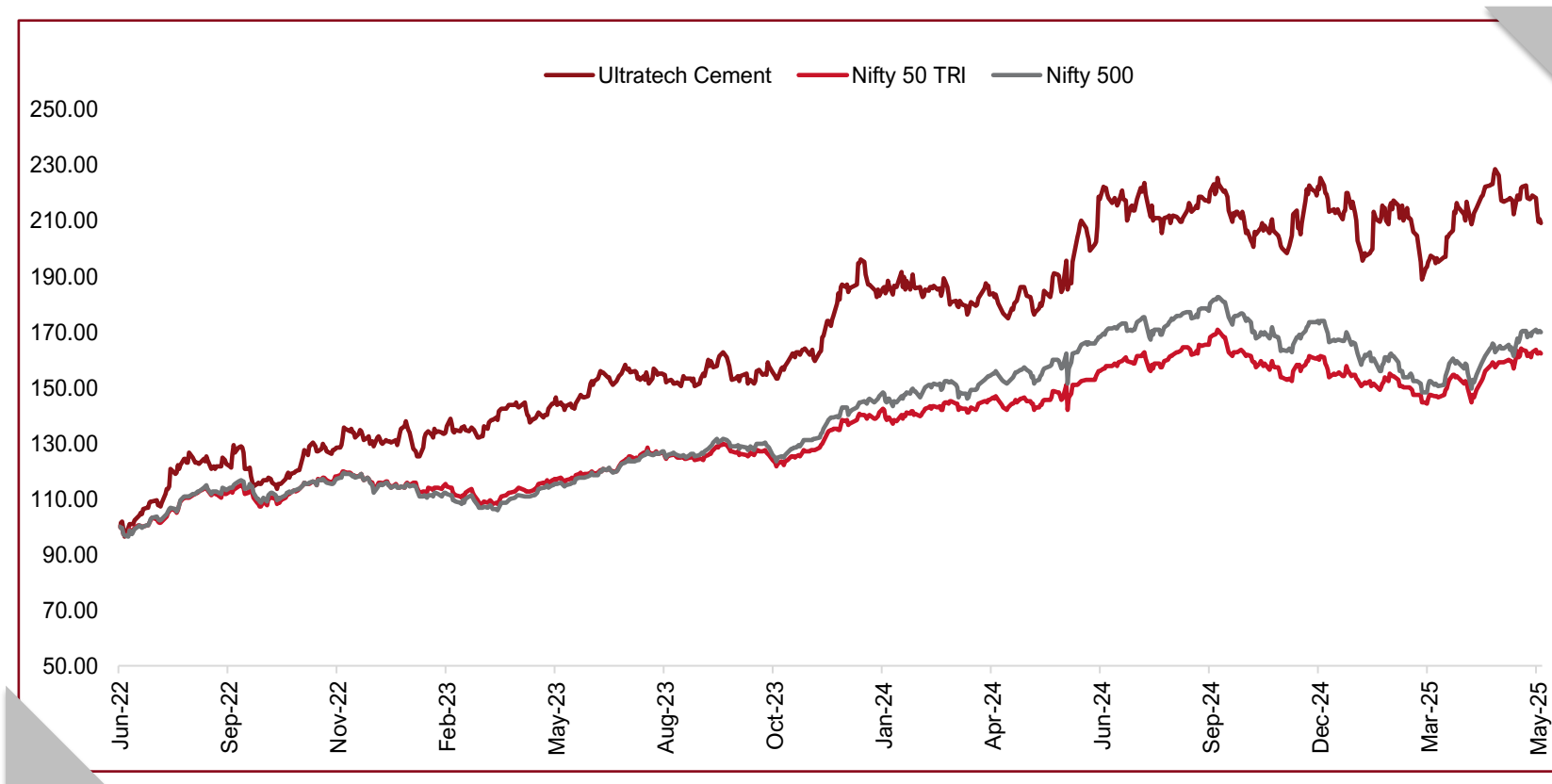
Investment Price
₹5,356



Current Price
₹11,210



Total Returns
109% (3.0 Years)



Note: Stock and Index rebased to the date of first purchase / As on May 30, 2025/ Source: Bloomberg

ABSL Core Equity Portfolio - Portfolio Construct

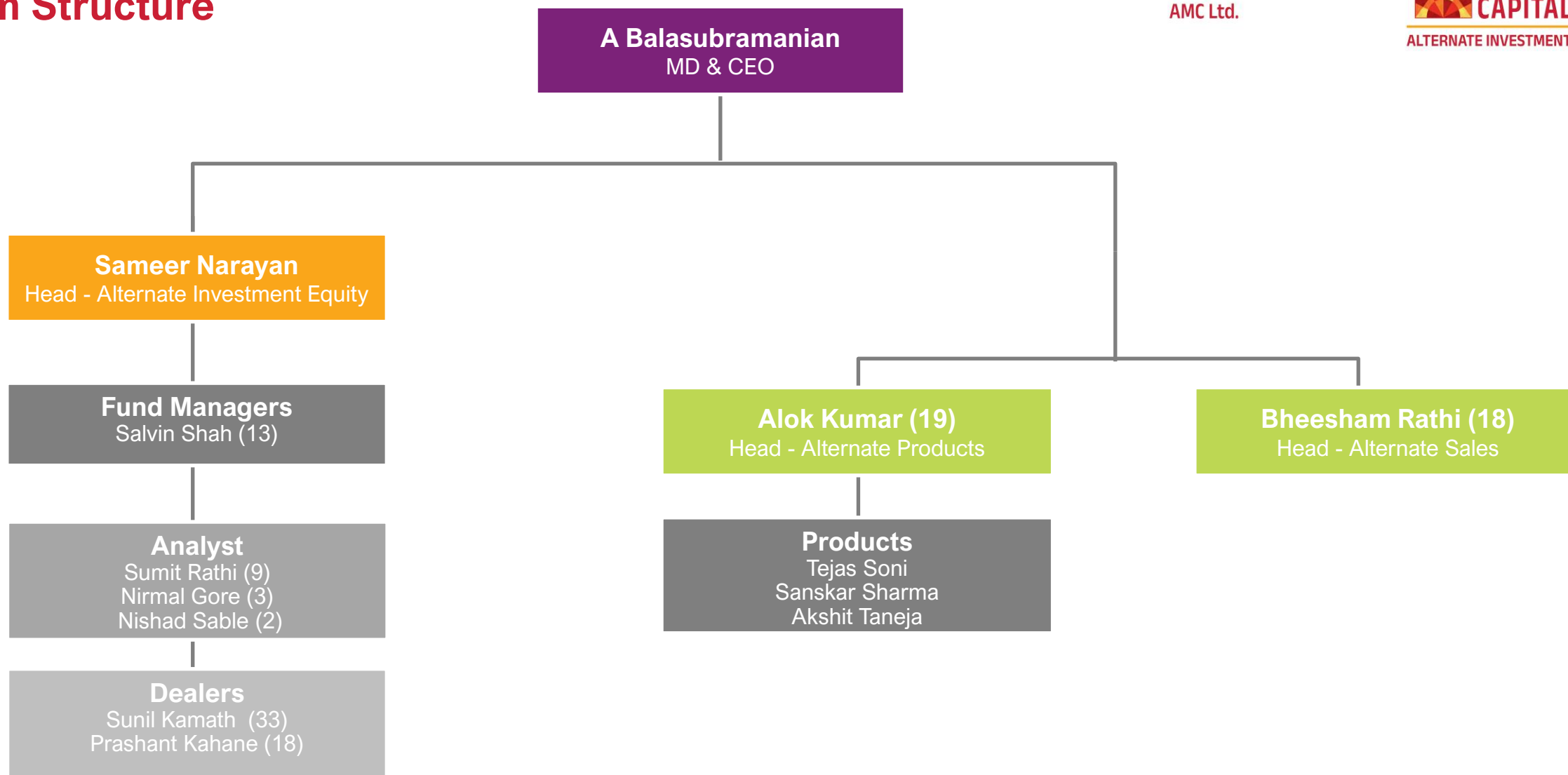
Aditya Birla Sun Life
AMC Ltd.

**ADITYA BIRLA
CAPITAL**
ALTERNATE INVESTMENTS

Portfolio Name	ABSL Core Equity Portfolio
Structure	Discretionary PMS
Strategy	Equity
Nature	Open ended
Market cap	Multi cap
Investment Approach	The portfolio invests or proposes to invest in listed equity & equity related instruments with the aim of generating long term capital appreciation & income in the form of dividends. It can also invest in money market instruments & units of mutual fund. Stock selection is done through a combination of 'Bottom up' approach i.e. analyzing the fundamental attributes of the company & competition & 'Top down' approach i.e. analyzing the macro economic factors & industry growth characteristics. Features of the companies can include – High quality with consistency in growth, high ROE, low leverage & high potential for growth. It is a Multicap portfolio unconstrained by any market segments like market capitalization (large cap – mid cap), sectors, themes etc.
Investment Manager	Aditya Birla Sun Life AMC Limited (ABSLAMC)
Benchmark	Nifty 50
Portfolio Manager(s)	Salvin Shah
Time Horizon	Minimum 3 years
Minimum Investment	Rs. 50 lakhs
Management and Performance fee	Please refer to Client Fee Schedule
Operating expenses	Please refer to Client Fee Schedule

Alternate Business - Team Structure

Team Structure



Figures in bracket is No of years of relevant work experience



A Balasubramanian
MD & CEO

- Has over 30 years' experience in the Mutual Fund Industry and has been with ABSLAMC since inception.
- Previously worked with GIC Mutual Fund. Currently, he is on the Board of Governors of SEBI established National Institute of Securities Markets (NISM).
- Qualification: Diploma in Financial Management, AMP from IIM, Bangalore, MBA from GlobalNxt University, Malaysia, Advanced Management Programme from Harvard University.



Alok Kumar
Head – Alternate Products

- A dynamic investment professional with 19+ years of rich experience in capital market, building investment product roadmaps & wealth proposition, Investment Advisory and championing New Initiatives in the Financial Sector
- Prior to joining ABSLAMC, he was heading Alternate & Structured Products and Investment Processes at DBS Bank India Limited
- Has also set up the India's first dedicated Retirement Solutions entity under Principal Financial Group
- Developed India Venture Board as a marketplace to facilitate Venture Capital/Private Equity deals in India and SME Exchange as part of National Stock Exchange
- Qualification: MBA from Narsee Monjee Institute of Management Studies, Mumbai and B.E. degree with specialization in Electrical Engineering



Bheesham Rathi
Head – Alternate Sales

- An accomplished professional with 18+ years of extensive experience in sales and distribution of Mutual funds, advising corporates treasuries, Family offices, retiral funds, and trusts.
- His career spans across various geographies, showcasing his versatility & adaptability in the financial services industry. Before joining ABSLAMC, Mr. Rathi played a pivotal role at Man Financial Securities in promoting their commodity and forex trading platform of international exchanges in the Southern part of India.
- He holds a masters degree in International Business from KJ Somaiya Institute of Management Studies and Research



Sameer Narayan

Head-Alternate Investment Equity

- Has 27+ years of experience in Indian Equity markets with significant alpha generation track record over longer time periods.
- Prior to joining ABSLAMC, he was Head – PMS at Invesco Asset Management (India) Pvt Ltd. Managed segregated mandates across both growth (Caterpillar) & value (RISE & DAWN) strategies.
- Has also set up the Adani Family Office in Sep 2011. Began his buy-side career with BNP Paribas Asset Mgmt in 2006 where he advised offshore mandates.
- Has varied sell-side experience through his stints at SSKI, Enam Securities & Motilal Oswal.
- Qualification: Master in Management Studies (MMS) from Narsee Monjee Institute of Management Studies, Mumbai and B.E. degree with specialization in Production Engineering.



Salvin Shah

Portfolio Manager (Equities)

- Has 13+ years in Portfolio Management and Equity Research.
- His endeavor is to maximize returns for the investors while keeping an eye on portfolio risk. He has been successful at identifying themes and stocks at a very early stage which has resulted in multi-bagger returns for the investors.
- Prior to joining ABSLAMC, he worked with Sanctum Wealth Management as Co-fund Manager in their PMS business. Before Sanctum, Salvin was a part of equity research team at Edelweiss Securities and Athena Investment Management.
- Qualification: Member of Institute of Chartered Accountants of India (ICAI) and a commerce graduate from Mumbai University.

Risk Factors associated with investments in Equity & Equity related securities:

- Risk arising from the investment objective, investment strategy, asset allocation and quant model risk:
- Market risk, political and geopolitical risk and risk arising from changing business dynamics, which may affect portfolio returns. At times, portfolios of individual clients may be concentrated in certain companies/industries. The performance of the portfolios would depend on the performance of such companies / industries / sectors of the economy.
- The portfolio proposes to invest in equity and equity related securities. Equity and Equity related securities by nature are volatile and prone to price fluctuations on a daily basis due to both macro and micro factors.
- The value of the portfolio will fluctuate as the daily prices of the individual securities in which they invest fluctuate and may be worth more or less than its original cost, at a given point in time.
- In respect of investments in equity and equity-related instruments, there may be risks associated with trading volumes, settlement periods and transfer procedures that may restrict liquidity of investments in equity and equity related securities.
- The value of the portfolio may be affected generally by factors affecting securities markets, such as price and volume volatility in the capital markets, interest rates, currency exchange rates, changes in policies of the Government, taxation laws or policies of any appropriate authority and other political and economic developments and closure of stock exchanges which may have an adverse bearing on individual securities, a specific sector or all sectors including equity and debt markets.
- Within the regulatory limits applicable at any point in time, the Portfolio Manager may choose to invest in unlisted securities that offer attractive yields. Securities, which are not quoted on the stock exchanges, are inherently illiquid in nature and carry a larger amount of liquidity risk, in comparison to securities that are listed on the exchanges or offer other exit options to the investor, including a put option. This may however increase the risk of the portfolio. The liquidity and valuation of the portfolio's investments due to their holdings of unlisted securities may be affected if they have to be sold prior to their target date of disinvestments
- Investment made in unlisted equity or equity-related securities may only be realizable upon listing of these securities. Settlement problems could cause the portfolio to miss certain investment opportunities.
- Investors may note that Portfolio Manager's investment decisions may not always be profitable, as actual market movements may be at variance with anticipated trends.
- Though the constituent stocks of most indices are typically liquid, liquidity differs across stocks. Due to the heterogeneity in liquidity in the capital market segment, trades on this segment may not get implemented instantly.
- The portfolio may have higher concentration towards a particular stock or sector, at a given point in time. Any change in government policy or any other adverse development with respect to such a stock or the sector, may adversely affect the value of the portfolio.
- The Portfolio Manager does not intend to invest in foreign securities.
- The Portfolio Manager does not intend to engage in short selling or stock lending.
- The portfolio also proposes to invest in derivative instruments. However, the portfolio manager does not intend to write options. The Portfolio manager intends to use exchange traded derivatives as a hedging tool & does not intend to take any naked positions. Nevertheless, trading in derivatives market has risks and issues concerning the use of derivatives that investor should understand. Derivative products are specialized instruments that require investment techniques and risk analysis different from those associated with stocks and bonds.

- Derivative products are leveraged instruments and can provide disproportionate gains as well as disproportionate losses to the investor. Even a small price movement in the underlying security could have a large impact on their value. Execution of such strategies depends upon the ability of the Portfolio Manager to identify such opportunities. Identification and execution of such strategies to be persuaded by the Portfolio Manager involve uncertainty and decision of the Portfolio Manager may not always be profitable. No assurance can be given that the Portfolio Manager shall be able to identify or execute such strategies.
- The risks associated with the use of derivatives are different from or possibly greater than, the risk associated with investing directly in securities and other traditional investments. As and when the product trades in the derivatives market there are risk factors and issues concerning the use of derivatives that investors should understand. Derivative products are specialized instruments that require investment techniques and risk analysis different from those associated with stocks and bonds. The use of a derivative requires an understanding not only of the underlying instrument but also of the derivative itself.
- Derivatives require the maintenance of adequate controls to monitor the transactions entered into, the ability to assess the risk that a derivative adds to the portfolio and the ability to forecast price or interest rate movements correctly. There is a possibility that loss may be sustained by the portfolio as a result of the failure of another party (usually referred as the “counter party”) to comply with the terms of the derivatives contract. Other risks in using derivatives include the risk of mispricing or improper valuation of derivatives and the inability of derivatives to correlate perfectly with underlying assets, rates and indices. Thus, derivatives are highly leveraged instruments. Even a small price movement in the underlying security could have a large impact on their value.
- The use of a derivative requires an understanding not only of the underlying instrument but also of the derivative itself. Derivatives require the maintenance of adequate controls to monitor transactions entered into, the ability to assess the risk that a derivative adds to the portfolio and the ability to forecast price or interest rate movements correctly. There is a possibility that loss may be sustained by the portfolio as a result of the failure of another party (usually referred as the “counter party”) to comply with the terms of the derivatives contract. Derivative trades involve execution risks, whereby the rates seen on the screen may not be the rate at which ultimate execution takes place. The options buyer’s risk is limited to the premium paid, while the risk of an options writer is unlimited. However, the gains of an options writer are limited to the premiums earned. The writer of a put option bears the risk of loss if the value of the underlying asset declines below the exercise price. The writer of a call option bears a risk of loss if the value of the underlying asset increases above the exercise price. Investments in index futures face the same risk as the investments in a portfolio of shares representing an index. The extent of loss is the same as in the underlying stocks. Risk of loss in trading futures contracts can be substantial, because of the low margin deposits required, the extremely high degree of leverage involved in futures pricing and potential high volatility of the futures markets.
- The derivatives market in India is nascent and does not have the volumes that may be seen in other developed markets, which may result in volatility in the values. The Portfolio Manager may, from time to time, invest any un-deployed funds in Liquid Portfolio of PMS or in money market instruments. Though the portfolio of liquid funds comprises of short-term deposits, government securities and money market instruments, they cannot be considered as totally risk free. This is because liquidity patterns and short term interest rates of the government change, sometimes on a daily basis, thereby making the fund susceptible. Liquid Portfolio returns are not guaranteed and it entirely depends on market movements.
- Disclaimer: The views expressed above are the views of the Portfolio Managers of the portfolio. They should not be construed as 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.**
- **Regulatory Disclosure: All investors have the option to invest directly with ABSLAMC-Portfolio Manager**

For sales enquiry/investor onboarding queries, mail us at abslamc.alternate@adityabirlacapital.com
For Investor queries/complaints, please get in touch with your nearest PMS Relationship Contact Cell,
visit <https://portfoliomanagementservices.adityabirlacapital.com/#> or
mail us at care.pms@adityabirlacapital.com

Reach us at our dedicated PMS toll free No: **1800 270 7000**

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CIN no. L65991MH1994PLC080811; Website: <https://portfoliomanagementservices.adityabirlacapital.com/#>
One World Center, Tower 1, 17th Floor, Jupiter Mills, Senapati Bapat Marg, Elphinstone Road, Mumbai - 400 013.
Tel: 4356 8000. Fax: 4356 8110 / 8111