

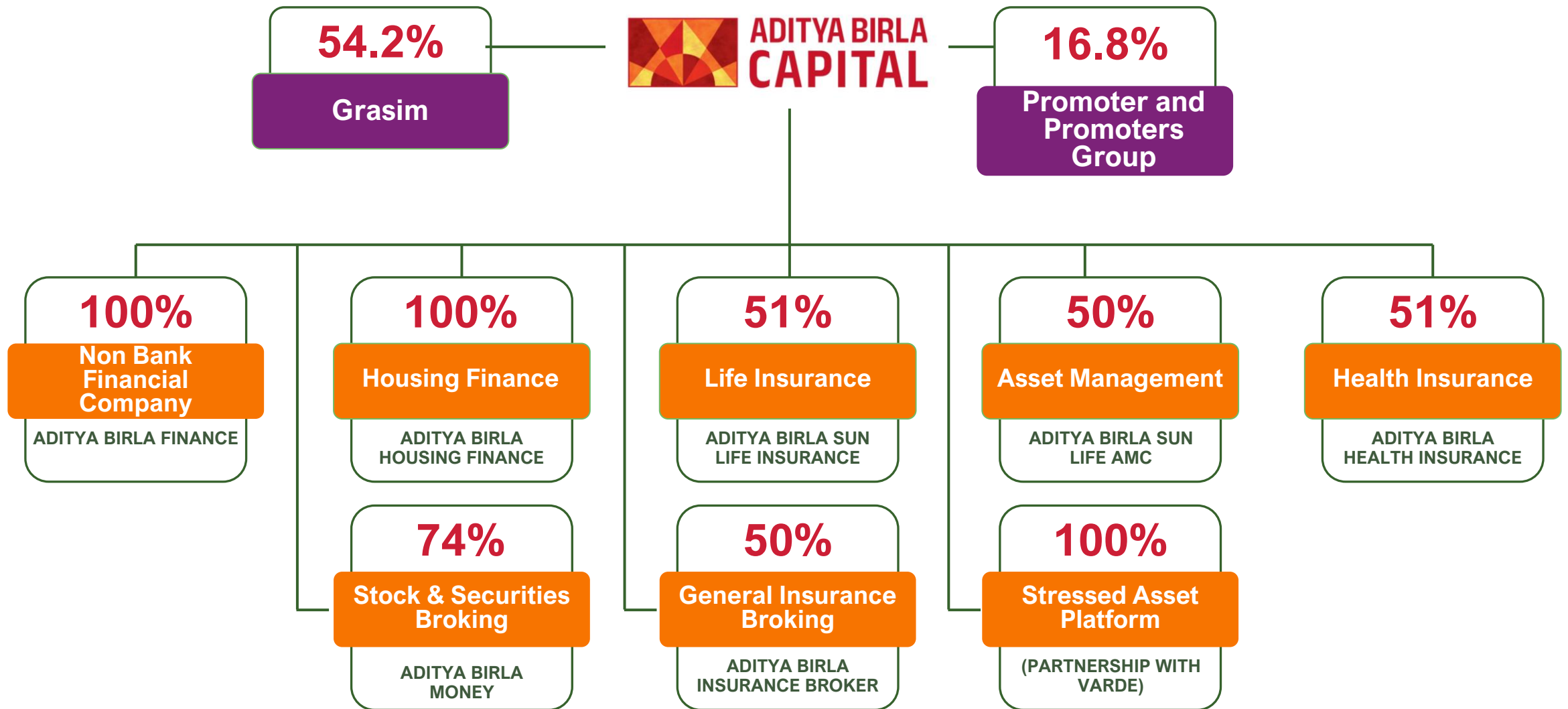
# Top 200 Core Equity Portfolio

March 2025



# ABSLAMC Overview

# Aditya Birla Capital Limited – A Financial Powerhouse



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



- ◆ 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 Lac Cr (as on December 31, 2024)
- ◆ 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 \$ 1,542 billion (as on December 31, 2024)
- ◆ 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 3,77,260 Cr (January 2025)
- ◆ Over 10.5 million investor accounts (January 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. 15,503 Cr of assets as on February 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)*

ABSL Global Emerging Market  
Equity Fund (IFSC) (Cat 2- Global FoF)

India Equity Opportunities  
Fund *(Cat3 – Open ended)*

India Equity Services Fund  
*(Cat 3 – Closed for Subscription)*

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



### 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”

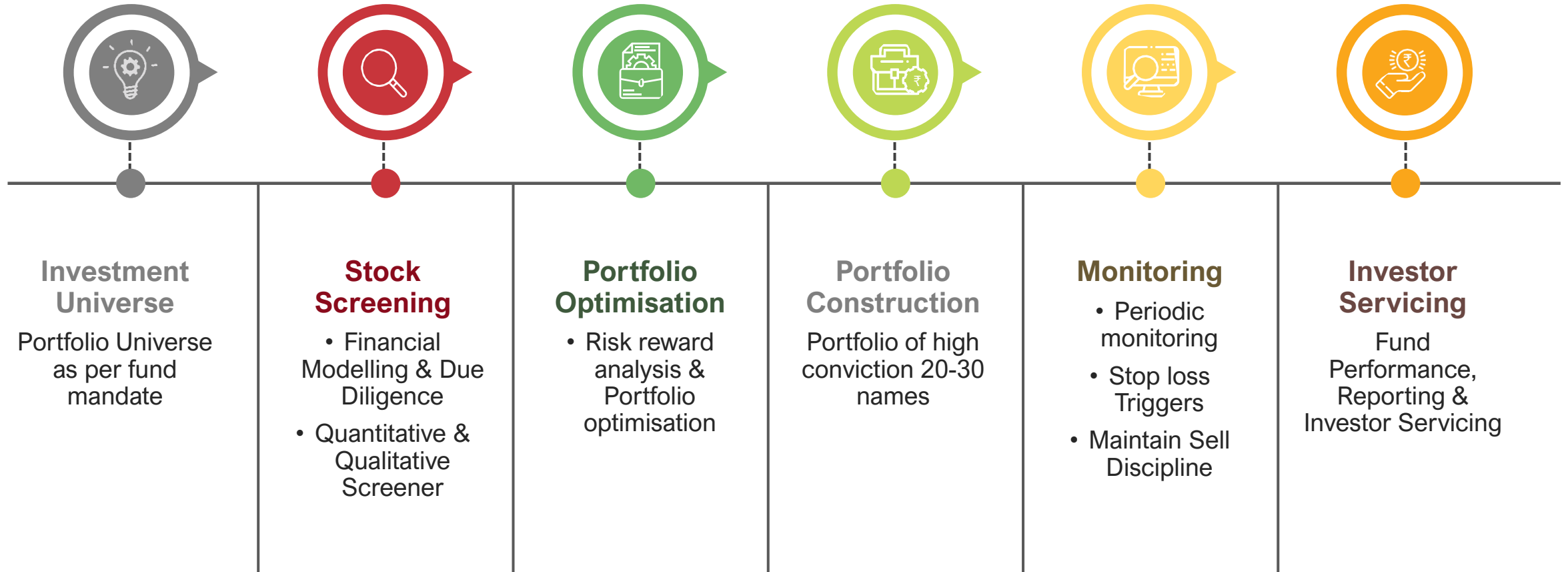


### Buy Companies that have

- 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



# Top 200 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**

**Investing style** – Blend of Growth & Value

Focus on high margin of safety



### Wealth Creation Approach

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

Companies with Scalability and Resilience

**Predominantly Large Cap Universe**

Benchmark-agnostic

Concentrated Portfolio ~ 25-30 stocks



### Value drivers

High ROEs/ROCEs

Sustainable earnings growth

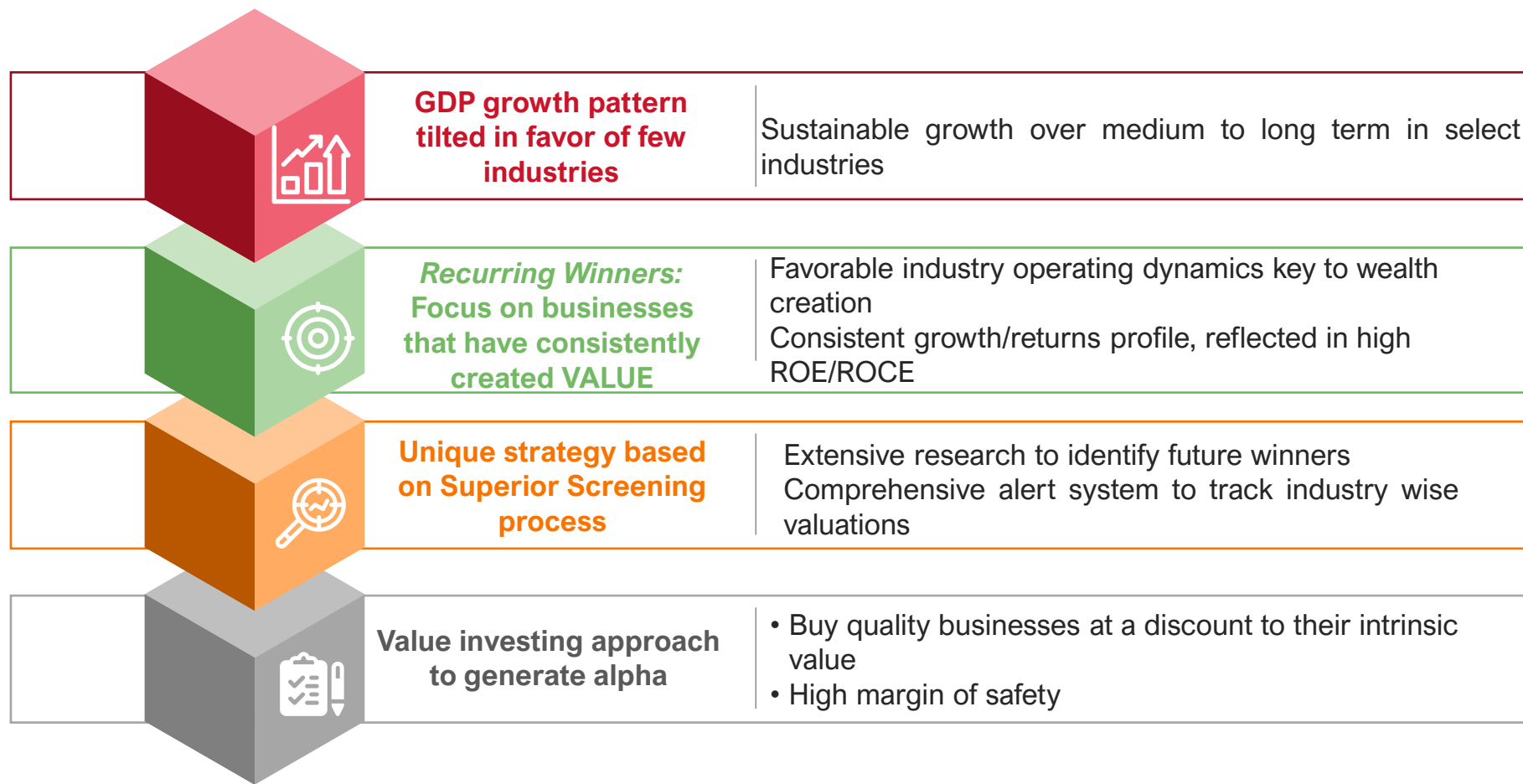
Low leverage

High quality franchise, product, service

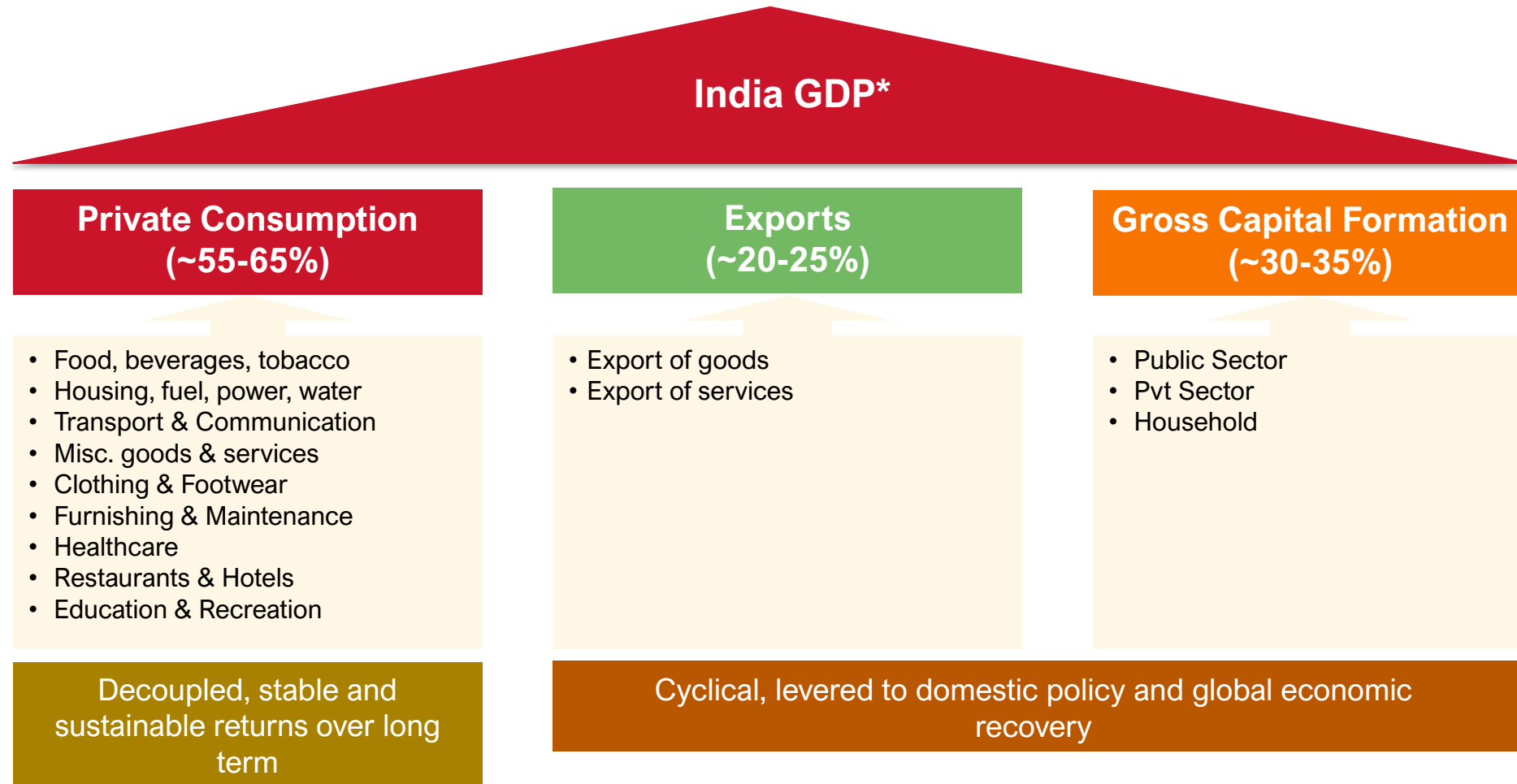
Superior management team

Concentrated Portfolio | Benchmark agnostic | Predominantly Large 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

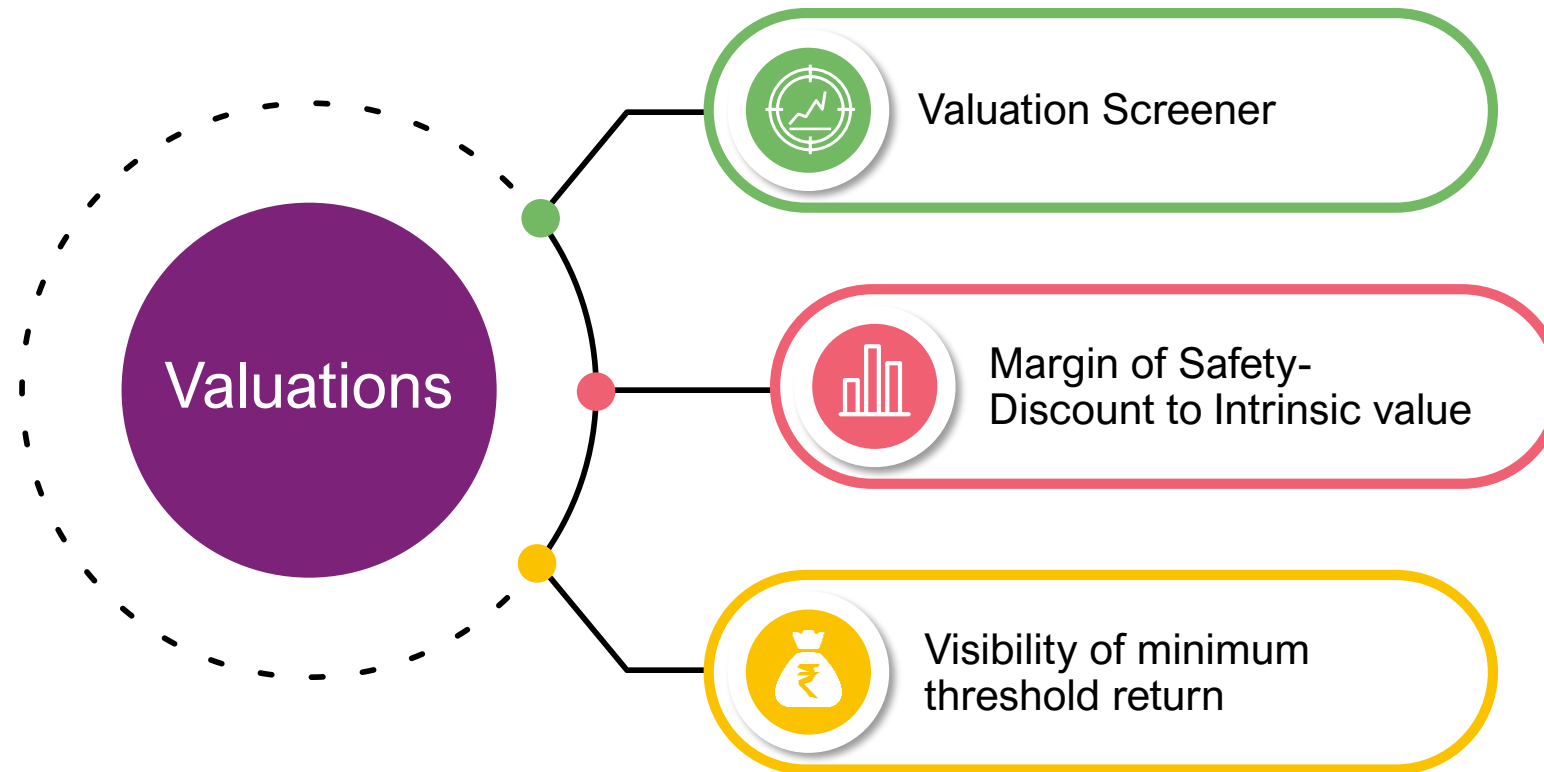
### Bottom-up Fundamental Research





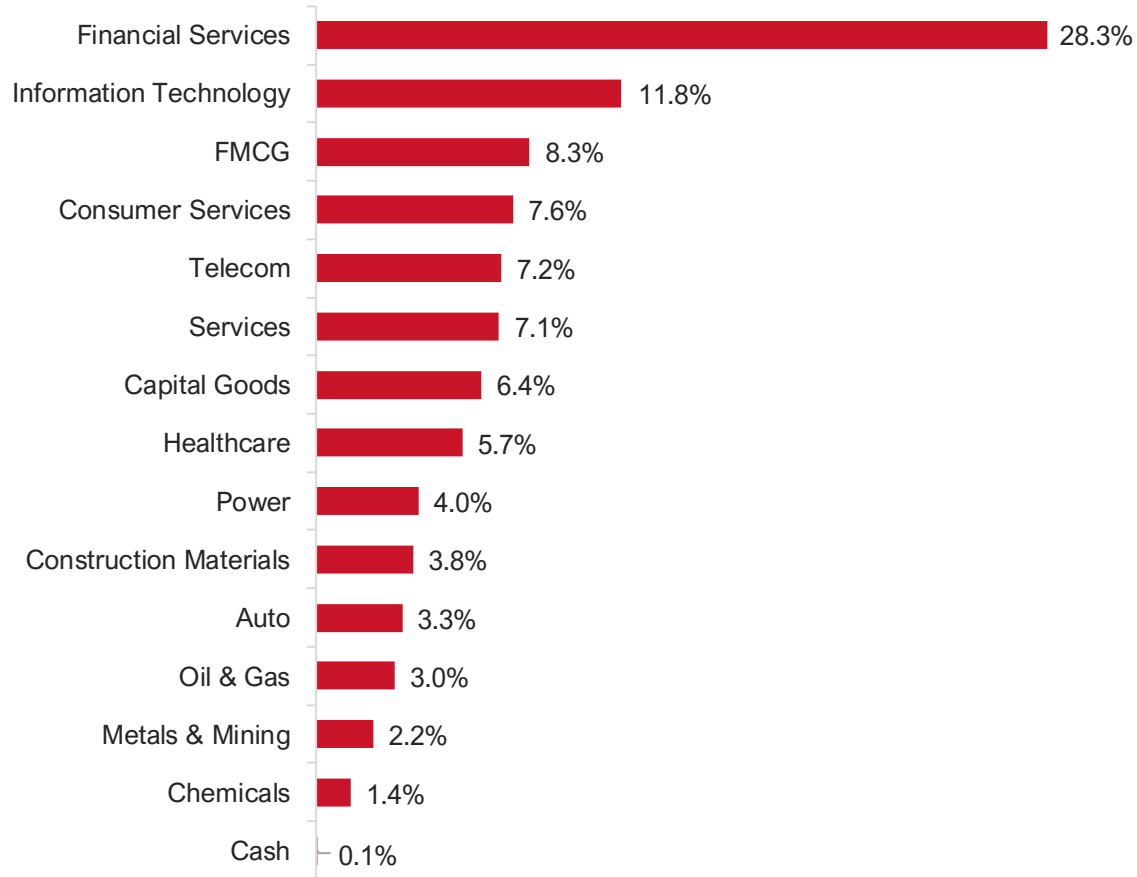
## Pillar 4: Value investing approach to generate alpha

- ◆ **Value investing approach** that enable identifying growth industries with businesses at attractive valuations
- ◆ Buy quality growth stocks at a **discount to their intrinsic value** and high margin of safety
- ◆ 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

## Sector 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 February 28, 2025

# Current Model Portfolio

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

PE (x)	FY24A	FY25E	FY26E	Prem/Disc to Benchmark (FY25E)
Top 200 CEP	37.7	36.6	29.2	<b>81.1%</b>
BSE 200	25.4	19.1	16.8	
NIFTY 50	22.6	18.5	16.1	

ROE (%)	FY24A	FY25E	FY26E	Prem/Disc to Benchmark (FY25E)
Top 200 CEP	41.7%	24.2%	22.1%	<b>53.8%</b>
BSE 200	14.9%	14.7%	14.9%	
NIFTY 50	15.3%	14.3%	14.4%	

EPS Growth (%)	FY24A	FY25E	FY26E	Prem/Disc to Benchmark (FY25E)
Top 200 CEP	168.2%	21.7%	24.4%	<b>156.9%</b>
BSE 200	21.7%	15.6%	9.3%	
NIFTY 50	21.8%	8.5%	9.5%	

Net Debt to Equity* (%)	FY24	Prem/Disc to Benchmark
Top 200 CEP	64.7%	<b>182.1%</b>
BSE 200	27.0%	
NIFTY 50	22.9%	

## Top 10 Holdings & Weights

Top 10 Portfolio Holdings	% of Net Assets
Trent Ltd	7.5%
Bharti Airtel Ltd	6.8%
ICICI Bank Ltd	6.6%
Infosys Ltd	6.6%
HDFC Bank Ltd	5.8%
Ltimindtree Limited	5.3%
Interglobe Aviation Ltd	4.9%
Bajaj Finance Ltd	4.5%
Power Grid Corporation of India Ltd	4.0%
Sun Pharmaceuticals Industries Ltd	3.7%

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

As on February 28, 2025

# Top 200 CEP Portfolio Characteristics

## Portfolio Characteristics

Key Ratios (3 Years)	Top 200 CEP	Nifty 50 TRI
Standard Deviation	14.00%	13.14%
Sharpe Ratio	0.40	0.34
Beta	0.99	
Portfolio Turnover	0.10	
Avg MCap (Rs. Cr.)	₹ 4,37,977	
Median MCap (Rs. Cr.)	₹ 1,71,874	

As on February 28, 2025

# Top 200 Core Equity Portfolio - Performance

Returns (%)	Absolute				CAGR				
	1 Month	3 Months	6 Months	1 Year	2 Years	3 Years	5 Years	10 Years	Since Inception (27/05/2015)
Top 200 Core Equity	-7.5%	-12.5%	-16.7%	-1.3%	15.9%	12.0%	15.5%	-	12.0%
Nifty 50 TRI	-5.8%	-8.1%	-12.0%	1.9%	14.4%	10.9%	16.0%	-	11.9%
Outperformance	-1.7%	-4.4%	-4.7%	-3.2%	1.5%	1.1%	-0.4%	--	0.1%
BSE 200	-7.2%	-11.0%	-15.2%	-0.5%	16.0%	11.0%	16.0%	-	11.2%
Outperformance	-0.3%	-1.5%	-1.5%	-0.7%	-0.1%	1.0%	-0.4%	--	0.8%

**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 February 28, 2025

# Case Studies

## Sector-Capital Goods

- ◆ ABB is a technology leader in electrification and automation, enabling a more sustainable and resource-efficient future.
- ◆ The Company's solutions connect engineering know-how and software to optimize how things are manufactured, moved, powered and operated.



## Key Facts

- ◆ ABB is a leading global technology company with a history of more than 130 years, and about 105,000 talented employees in over 100 countries
- ◆ ABB's Motion business is the largest supplier of drives and motors, globally with the complete range of electrical motors, generators, drives and services, as well as integrated digital powertrain solutions.
- ◆ ABB is a leader in traction technologies that drive innovation in rail and e-mobility, with more than 750 Indian Railways electric locomotives run on ABB traction converters
- ◆ 65% of Made in India cars painted by ABB Robots.
- ◆ ~28% of hyperscale data centers pan India use ABB solutions.

Source: Bloomberg, Internal Research



**Date of Investment**  
11 December 2020



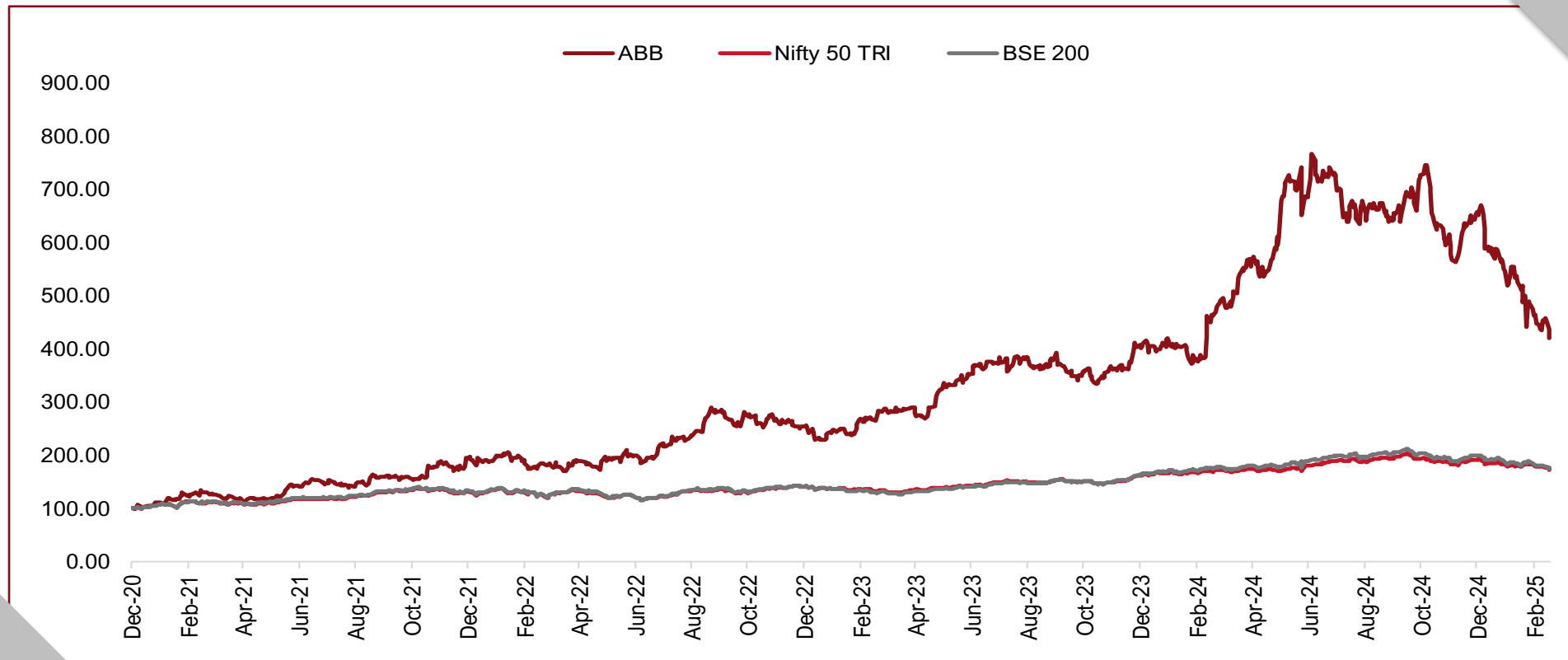
**Investment Price**  
₹1,176



**Current Price**  
₹4,935



**Total Returns**  
320% (4.2 Years)



Note: Stock and Index rebased to the date of first purchase / As on February 28, 2025 / Source: Bloomberg



## Sector-Banking

- ◆ Bank of Baroda is one of largest PSU Bank in India.
- ◆ It is engaged in providing various services, such as personal banking, corporate banking, international banking, small and medium enterprise (SME) banking, rural banking, non-resident Indian (NRI) services and treasury services



## Key Facts

- ◆ Post the amalgamation with Vijaya Bank and Dena Bank, Bank of Baroda (BOB) has become one of the largest public sector banks with a strong domestic presence
- ◆ The Bank also has significant international presence with a network of 94 overseas offices spanning 17 countries. Apart from banking, it also has presence across various financial services via Subsidiaries and JVs.
- ◆ Bank of Baroda would be a key beneficiary as corporate loan share is ~40% and market share in overall advances is sizeable at 6.6% post-merger.
- ◆ Bank of Baroda has successfully improved asset quality over the last five years, lowering Net NPA from 3.33% (FY19) to 0.89 (FY23).

Source: Bloomberg, Internal Research

# Bank of Baroda



**Date of Investment**  
31 January 2023



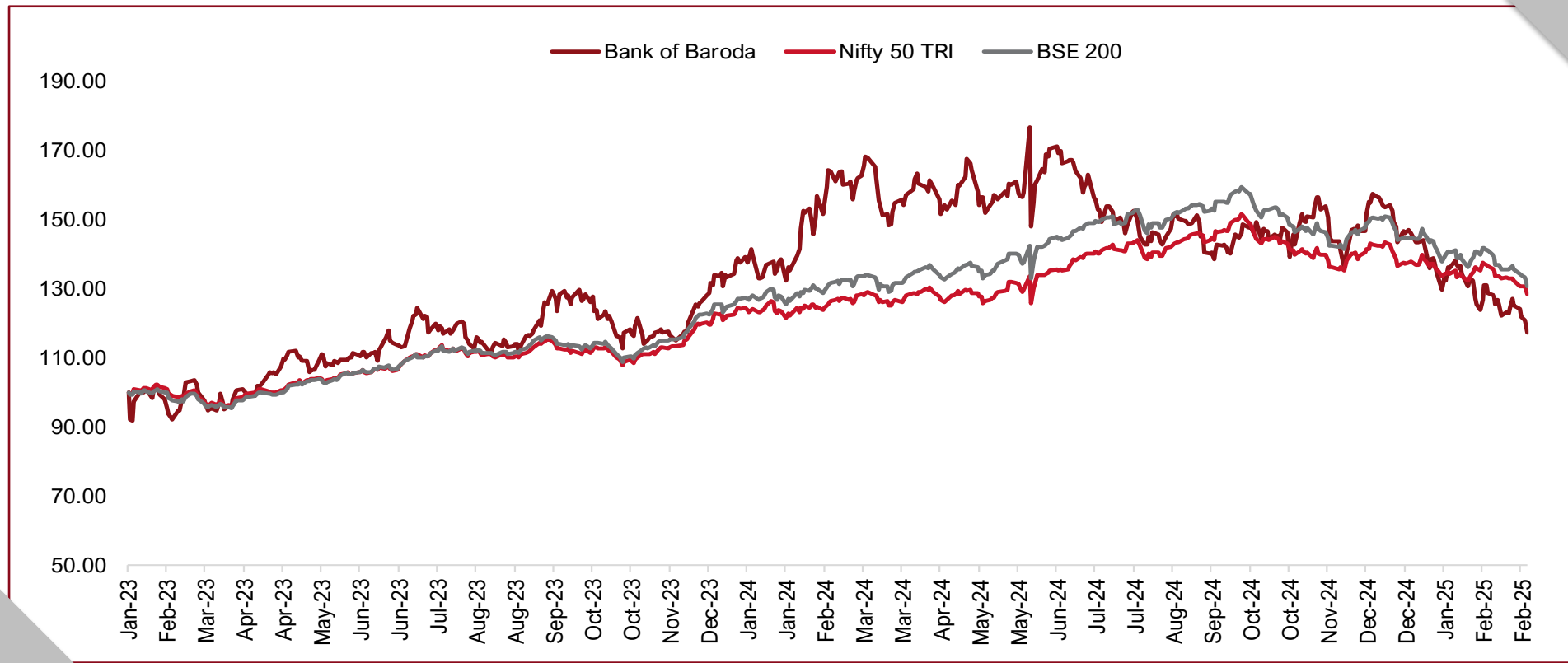
**Investment Price**  
₹168



**Current Price**  
₹197



**Total Returns**  
17% (2.1 Years)



Note: Stock and Index rebased to the date of first purchase / As on February 28, 2025 / Source: Bloomberg

## 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 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



**Date of Investment**  
27 September 2023



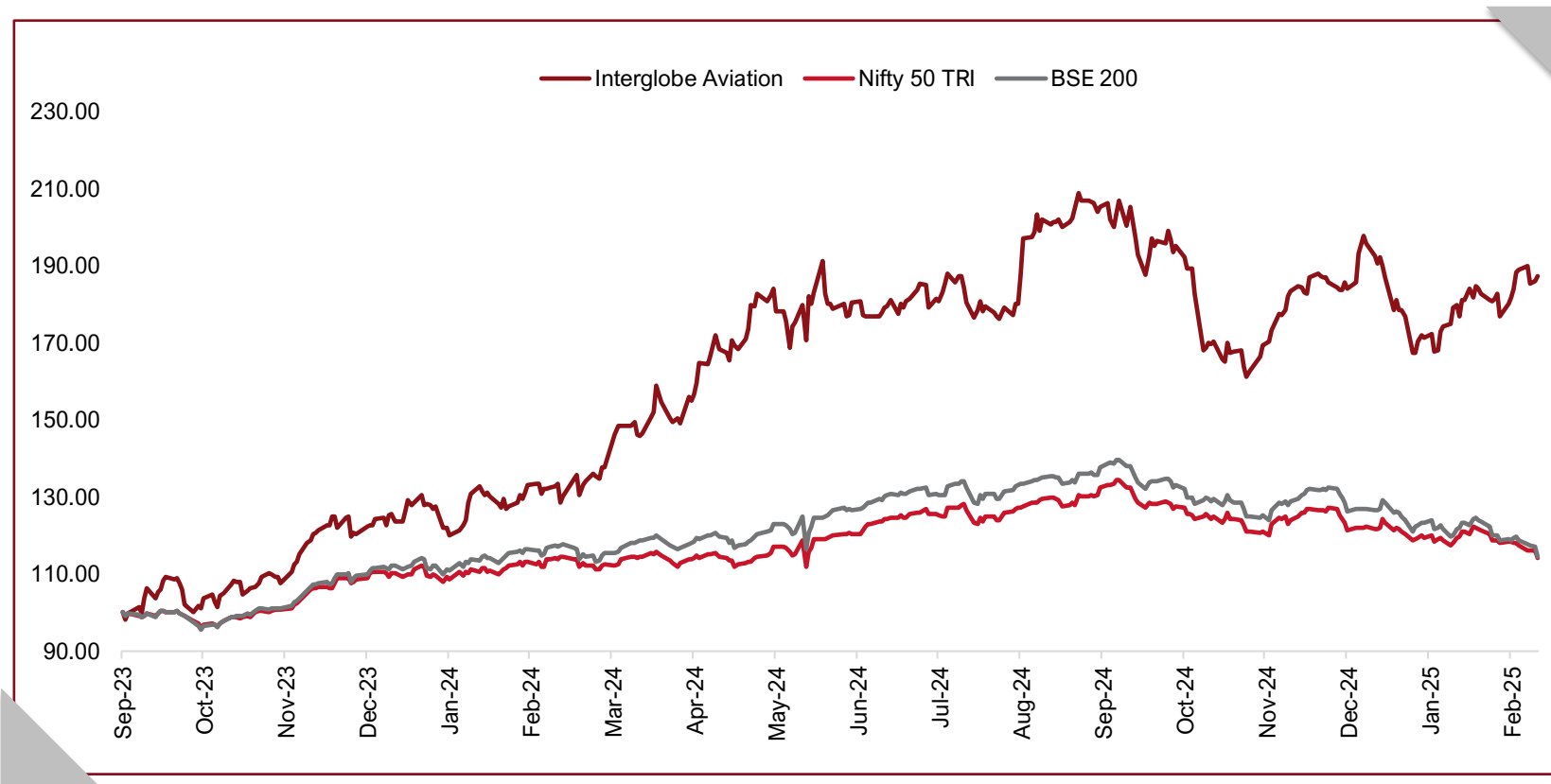
**Investment Price**  
₹2,388



**Current Price**  
₹4,477



**Total Returns**  
87% (1.4 Years)



Note: Stock and Index rebased to the date of first purchase / As on February 28, 2025 / Source: Bloomberg

## Sector-FMCG

- ◆ ITC is second largest FMCG company in India with a presence in biscuits, noodles, snacks, chocolate, dairy products & personal care products and biggest cigarettes manufacturer.
- ◆ The company is also present in paperboard, printing & packaging business & agri- exports businesses.



## Key Facts

- ◆ ITC has a monopoly in cigarettes with a market share of ~78% and a leading FMCG marketer. The company is also the clear market leader in the Indian Paperboard and Packaging industry
- ◆ ITC's non-cigarette business grew by 2.5x in last 10 years and its contribution to overall revenues have gone-up to 27% (from 17% in FY2013).
- ◆ FMCG brands have impressive market standing in their respective categories viz. Aashirvaad is No. 1 in Branded Atta, Sunfeast is No. 1 in the Cream Biscuits segment, Classmate is No. 1 in Notebooks, YiPPee! is No. 2 in Noodles and Mangaldeep is No. 2 in Agarbattis (No. 1 in Dhoop segment).
- ◆ The company has more than 200 manufacturing facilities in India. It has a distribution reach of over 6 million retail outlets across various trade channels & strong 25 brands across various categories.

Source: Bloomberg, Internal Research



**Date of Investment**  
20 August 2015



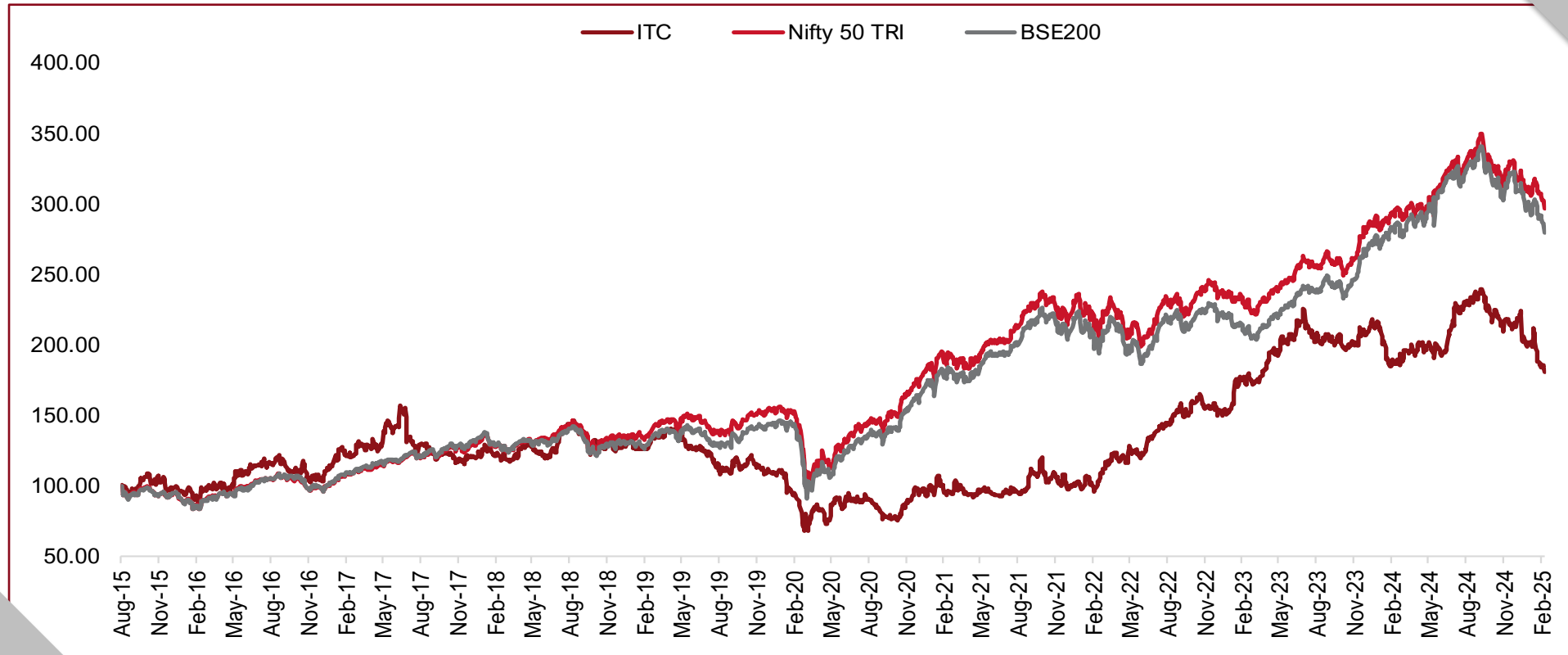
**Investment Price**  
₹218



**Current Price**  
₹395



**Total Returns**  
81% (9.5 Years)



Note: Stock and Index rebased to the date of first purchase / As on February 28, 2025 / Source: Bloomberg

## Sector-Power Generation

- ◆ Power Grid Corporation of India is India's principal electric power transmission company, with monopoly in power transmission across country
- ◆ The company is also engaged in planning, implementation, operation and maintenance of Telecom and consultancy services.



## Key Facts

- ◆ India's largest Electric Power Transmission Utility has footprints in 23 countries worldwide with a strong foothold in South Asia, Central Asia, Africa & Europe. The company also offers transmission related consultancy to 150+ domestic clients and 25+ global clients in 23 countries.
- ◆ The company operates 86% of Inter-Regional networks
- ◆ POWERGRID Teleservices Limited with its brand name PowerTel which is the only Telecom Service Provider in the country having pan India overhead Optic fiber network using Optical Ground Wire on power transmission lines and is offering transmission towers for Mobile Communications.

Source: Bloomberg, Internal Research

# Power Grid Corporation of India



**Date of Investment**  
30 April 2020



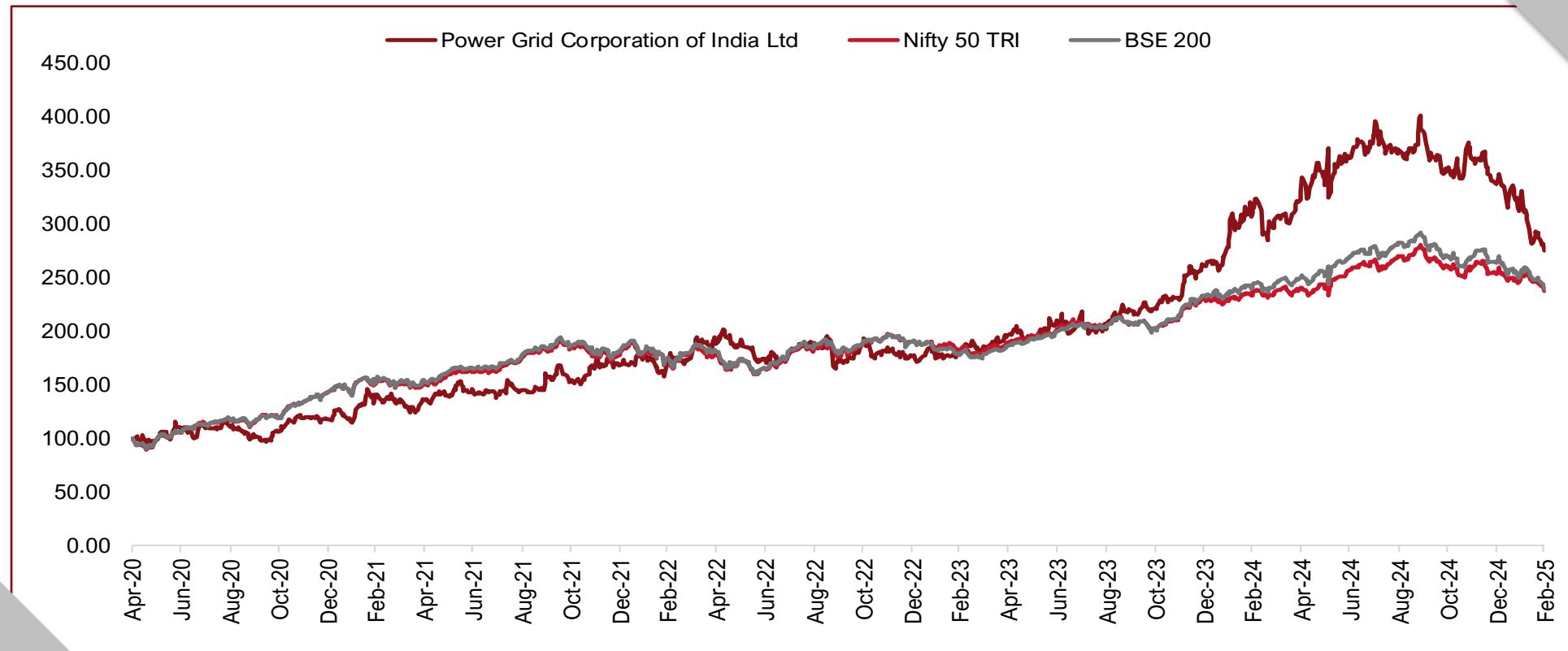
**Investment Price**  
₹91



**Current Price**  
₹251



**Total Returns**  
175% (4.8 Years)



Note: Stock and Index rebased to the date of first purchase / As on February 28, 2025 / Source: Bloomberg

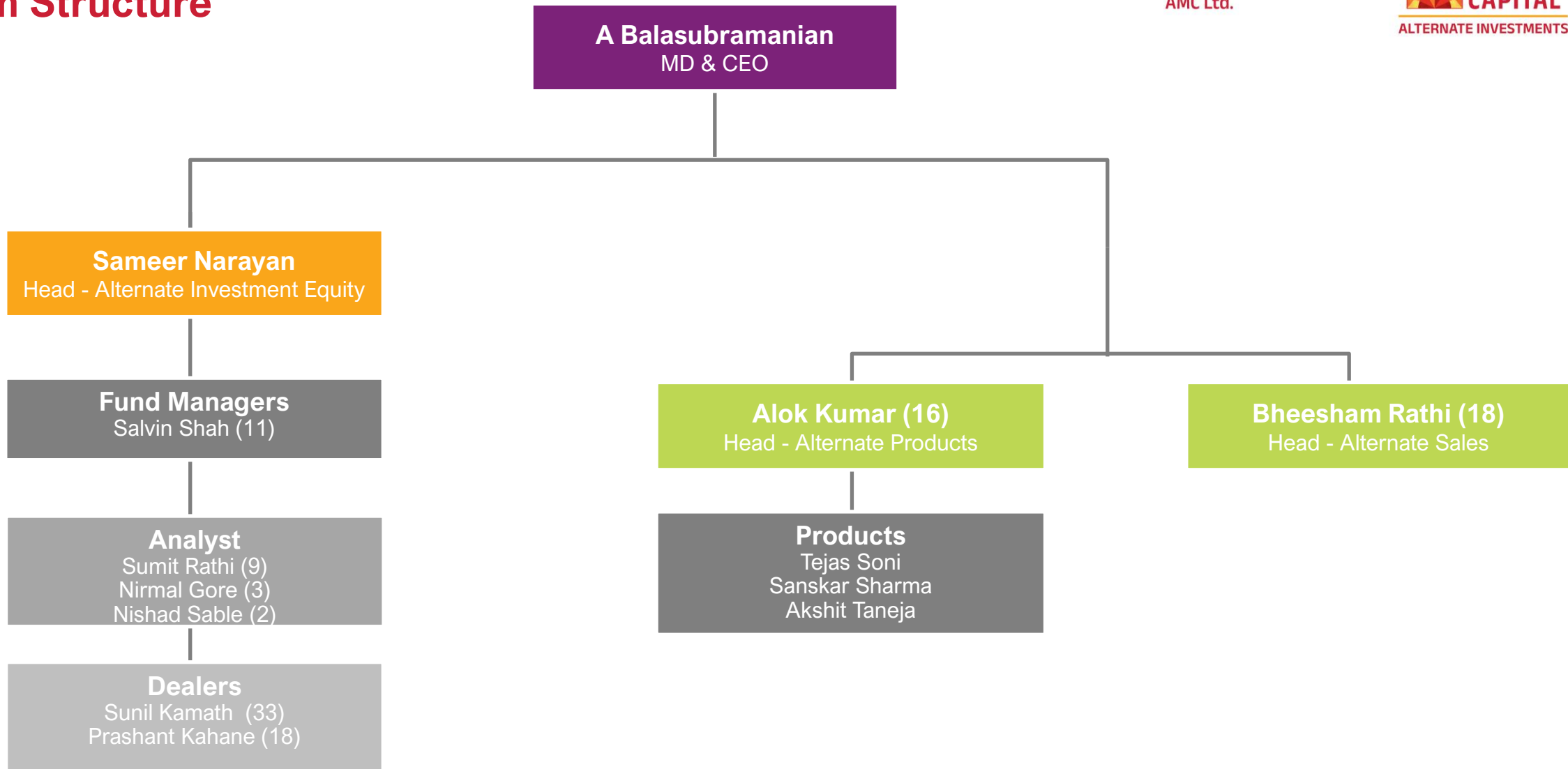


# Top 200 CEP - Portfolio Construct

<b>Portfolio Name</b>	Top 200 Core Equity Portfolio
<b>Structure</b>	Discretionary PMS
<b>Strategy</b>	Equity
<b>Nature</b>	Open ended
<b>Market cap</b>	Large cap
<b>Investment Approach</b>	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. Investee companies will have the features like High quality with consistency in growth, high ROE, low leverage & high potential for growth. It is predominantly a Large cap-oriented portfolio. 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.
<b>No of stocks</b>	25-30
<b>Investment Manager</b>	Aditya Birla Sun Life AMC Limited (ABSLAMC)
<b>Benchmark</b>	Nifty 50
<b>Portfolio Manager(s)</b>	Salvin Shah
<b>Time Horizon</b>	Minimum 3 years
<b>Minimum Investment</b>	Rs. 50 lakhs
<b>Management and Performance fee</b>	Please refer to Client Fee Schedule
<b>Operating expenses</b>	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 29 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 16+ 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 (Equity)

- ★ Has 11+ years in Portfolio Management and Equity Research, Salvin has extensive experience in managing Indian Equities. 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**

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