

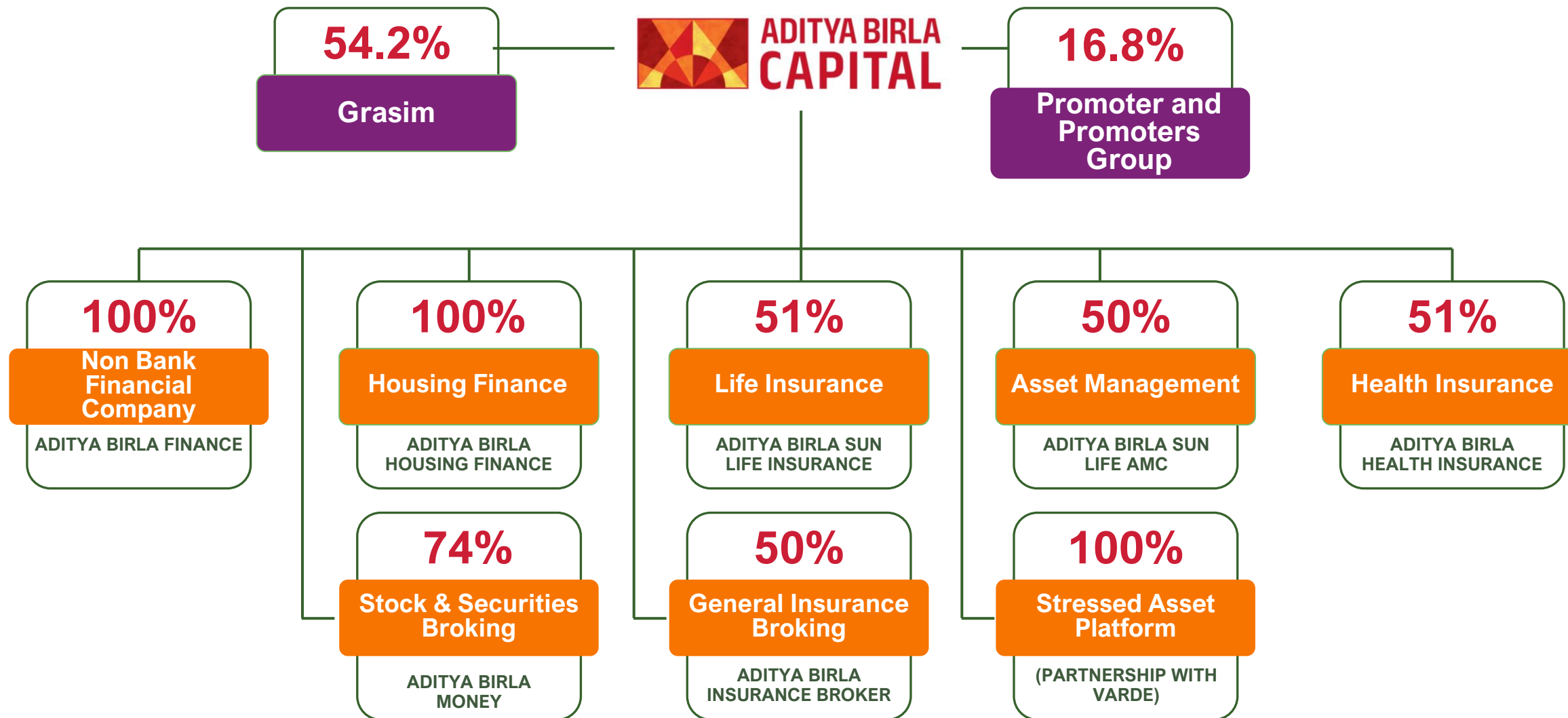
# Nifty Next 100 Portfolio

March 2024



# 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 36 countries
- ◆ Managing AUM of ₹ 3.9 Lac Crores. (as on Jun 30, 2023)
- ◆ 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 \$ 1,367 billion (as on Jun 30, 2023)
- ◆ 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
- ◆ A JV between Aditya Birla Group & Sun Life Financial Inc since 2001
- ◆ 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 3,24,987 Cr (January 2024)
- ◆ Over 8.2 million investor accounts (January 2024)
- ◆ 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. 14,311 Cr. of assets as on February 2024
- ◆ 13 member dedicated investment team for Equity, Fixed Income and Real Estate, with a cumulative experience of 100+ 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  
*(Cat 2– Closed 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”

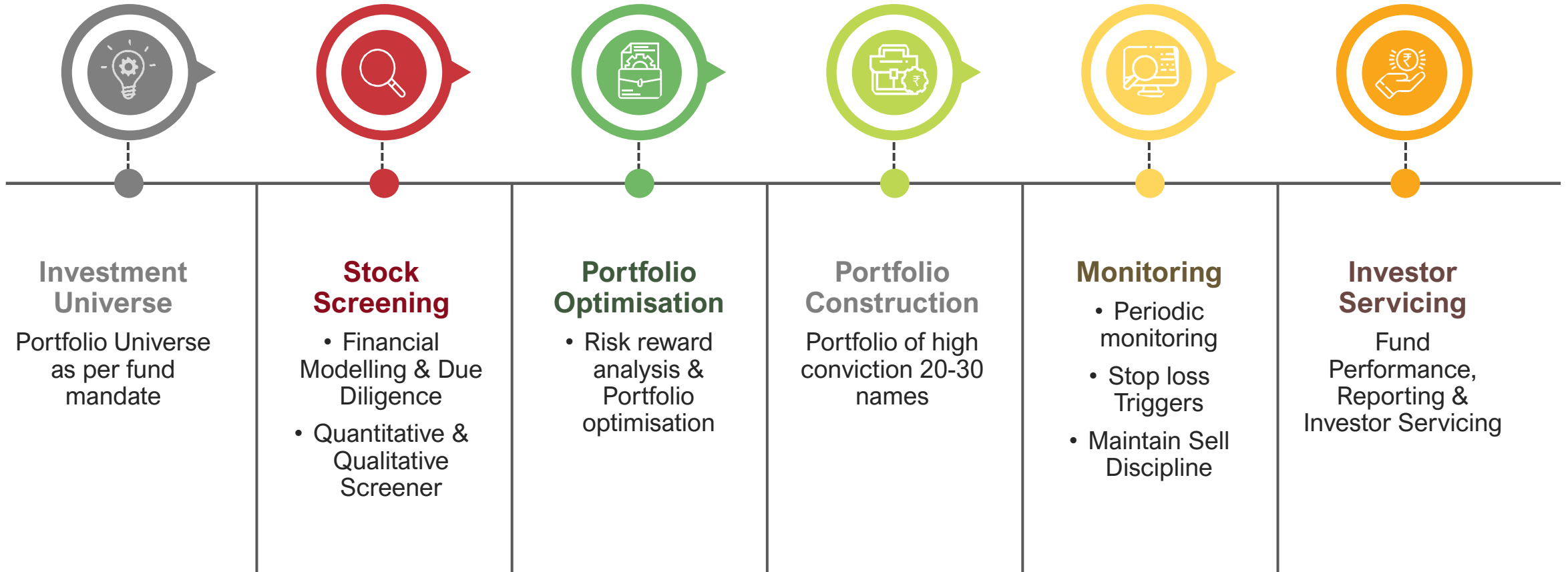


### Buy Companies that have

- 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

Higher 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 3 months by more than 30%

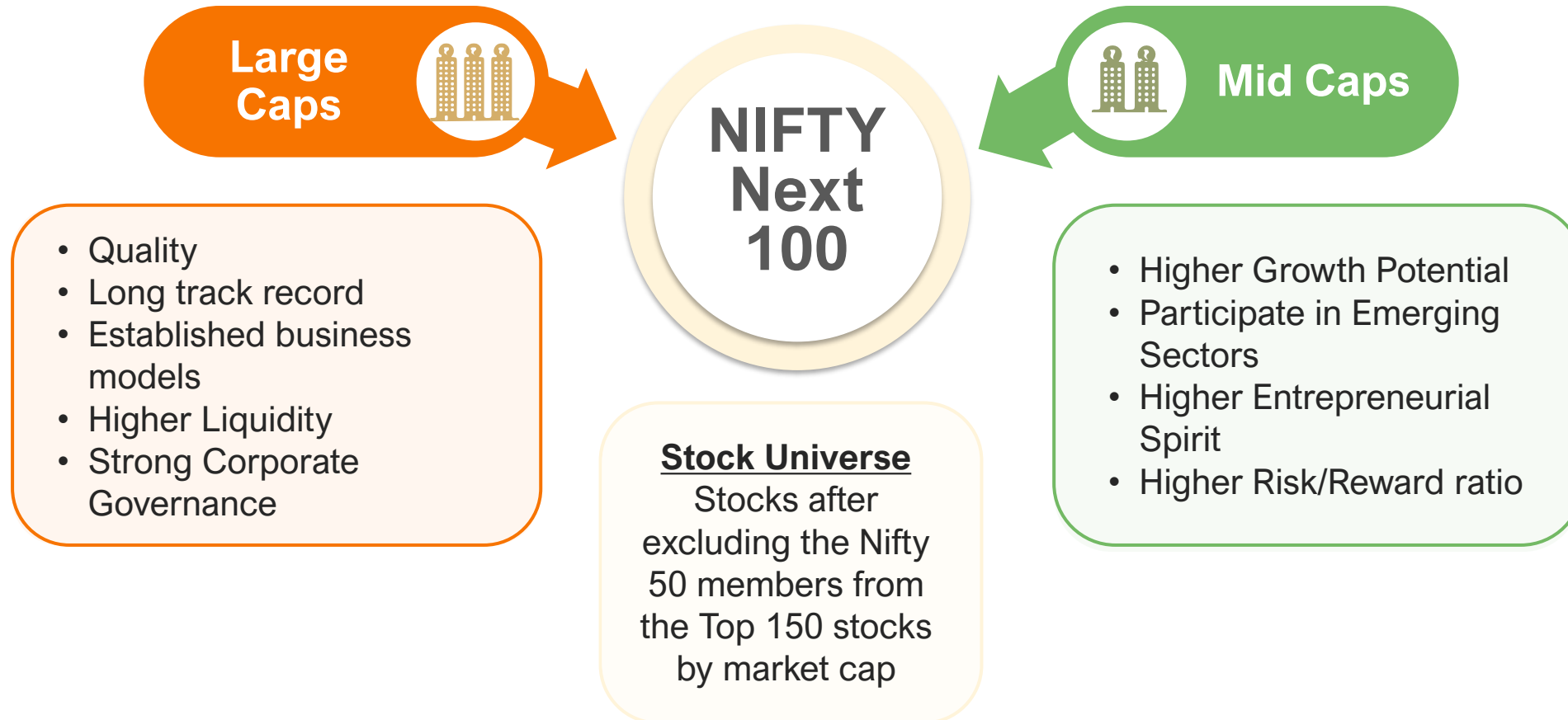
### Periodic Monitoring

Quarterly Monitoring  
Event Based Triggers

### Maintain Sell Discipline

Poor Capital Allocation  
Weakening Competitive Position  
Any emerging governance issues

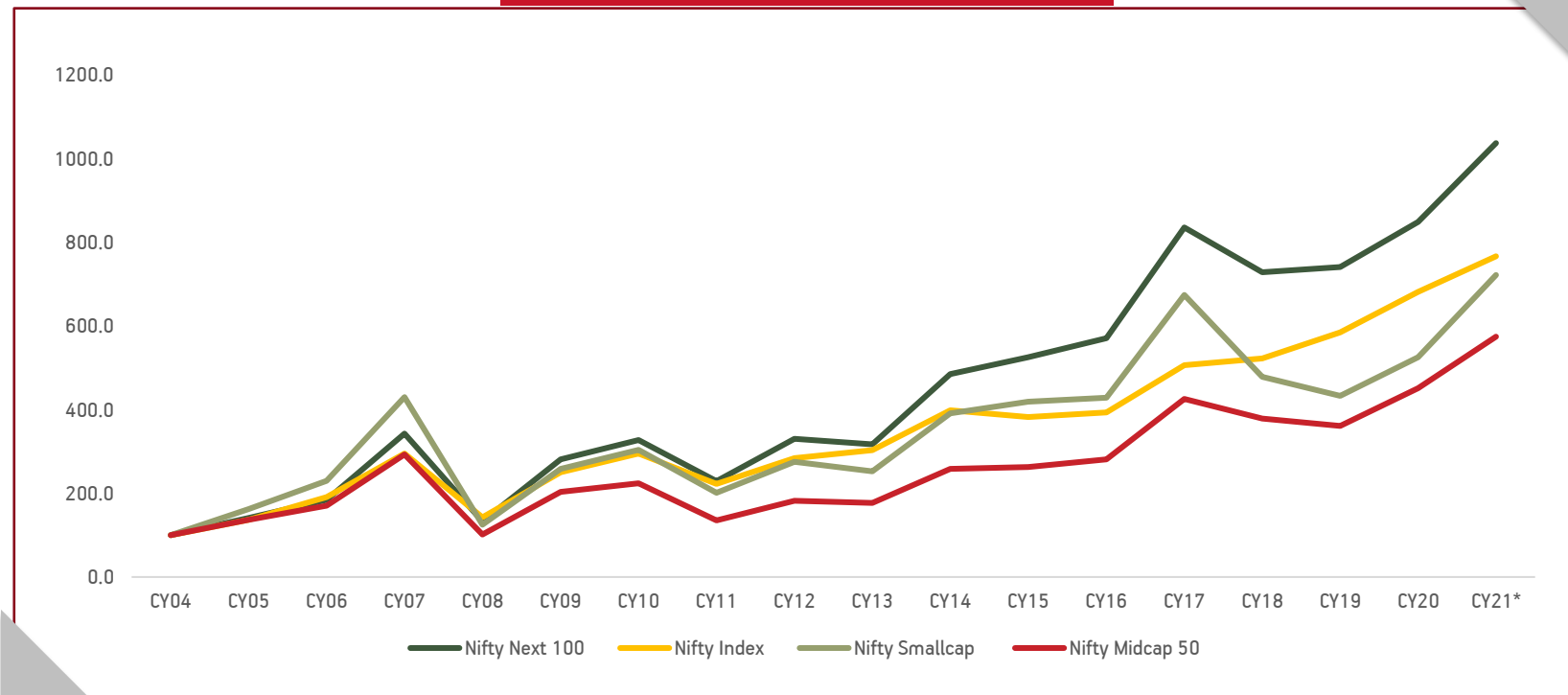
# Nifty Next 100 Portfolio



## Nifty Next 100: Performance matters!

- ◆ Next 100 stocks have outperformed the Top 50 stocks (Nifty Index) by 5% CAGR since January 2003.
- ◆ Next 100 stocks have exhibited lower volatility, but still outperformed Nifty Midcap and Smallcap Indices over longer period.
- ◆ The degree of outperformance in upcycle tends to be much higher than the degree of underperformance in downcycles.

**Nifty Next 100 NAV vs Indices**





Source: Internal Research, Bloomberg

**NIFTY Next 100 Portfolio is a diversified portfolio which would be primarily invested in Large and Mid Caps.**

- ◆ The weight of Nifty 50 Stocks would be less than 30%
- ◆ Focus would be on top 150 stocks (excluding NIFTY 50), constituting around 70% of the portfolio
- ◆ Objective is to deliver returns higher than Large Cap Fund, without taking undue risk/volatility of small mid caps
- ◆ Well diversified across secular sectors, with less exposure to commodity cyclicals. Can take high conviction sector calls, compared to benchmark, if required.
- ◆ Stock limit: 10% at cost

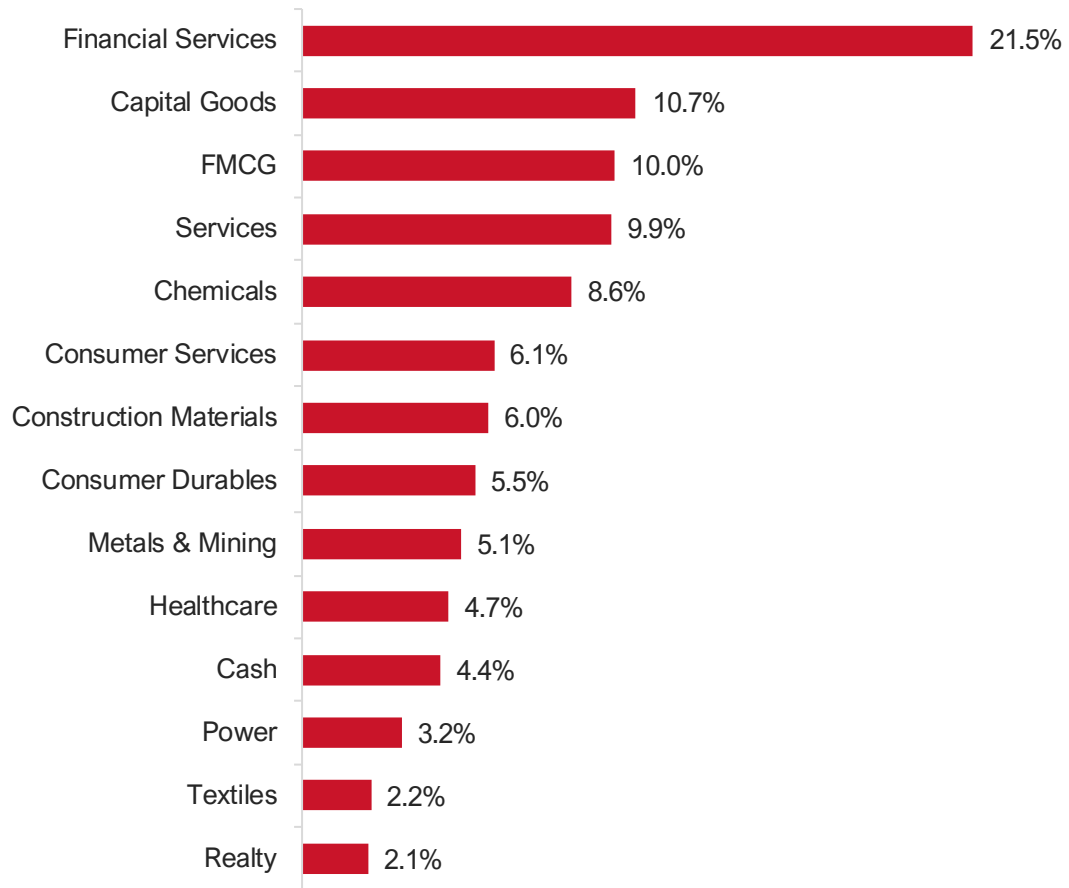
## Portfolio Construct

	Category	Weight	Rationale
	Next 100 stocks after top 50 by Market cap	65%-100%	Diversified set of stocks balancing Quality, Growth & Safety
	High conviction ideas outside Next 100 stocks	0%-35%	Leverage opportunities in select high growth stocks across Nifty 50 /Small caps

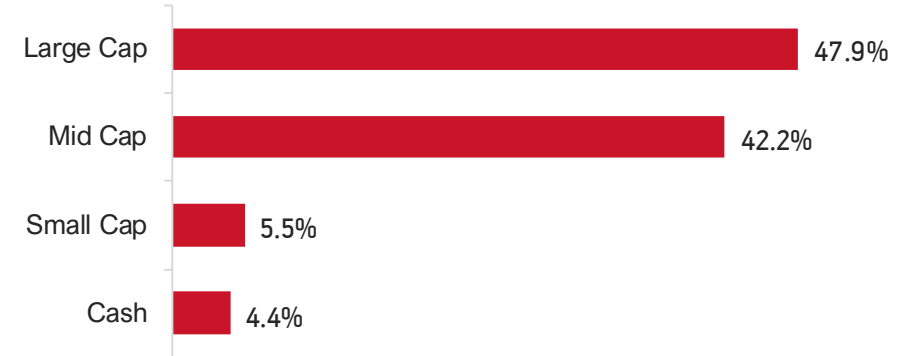


# Current Portfolio

## 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, 2023.

Source : AMFI

As on February 29, 2024



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

PE (x)	FY23A	FY24E	FY25E	Prem/Disc to Benchmark (FY24E)
NIFTY NEXT 100	30.7	77.3	40.4	<b>119.9%</b>
NIFTY NEXT 50	32.3	24.9	22.1	
NIFTY 50	23.9	20.9	18.4	

ROE (%)	FY23A	FY24E	FY25E	Prem/Disc to Benchmark (FY24E)
NIFTY NEXT 100	14.8%	3.4%	22.7%	<b>42.1%</b>
NIFTY NEXT 50	14.7%	15.9%	16.1%	
NIFTY 50	13.5%	15.5%	16.0%	

EPS Growth (%)	FY23A	FY24E	FY25E	Prem/Disc to Benchmark (FY24E)
NIFTY NEXT 100	18.5%	103.3%	48.7%	<b>319.7%</b>
NIFTY NEXT 50	-15.8%	50.8%	14.2%	
NIFTY 50	14.6%	16.2%	11.6%	

Net Debt to Equity* (%)	FY23	Prem/Disc to Benchmark
NIFTY NEXT 100	-2.0%	<b>-106.7%</b>
NIFTY NEXT 50	22.0%	
NIFTY 50	30.0%	

## Top 10 Holdings & Weights (% to Net Assets)

Top 10 Portfolio Holdings	% of Net Assets
Ambuja Cements Ltd	6.0%
PB Fintech Limited	5.6%
Container Corporation 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%

\*Financials excluded in calculation of D/E  
Source: All ratios are based on Bloomberg consensus estimates.  
Note: Premium/Discount to benchmark Nifty Junior is listed for the period FY24E.

# Nifty Next 100 Portfolio Characteristics

## Portfolio Characteristics

Key Ratios (3 Years)	Nifty Next 100	Nifty 50 TRI
Standard Deviation	15.09%	12.90%
Sharpe Ratio	0.52	0.72
Beta	0.96	
Portfolio Turnover	0.41	
Avg MCap (Rs. Cr.)	₹ 1,03,109	
Median MCap (Rs. Cr.)	₹ 69,629	

As on February 29, 2024

# Nifty Next 100 Performance

Returns (%)	Absolute				CAGR				
	1 Month	3 Months	6 Months	1 Year	2 Years	3 Years	5 Years	10 Years	Since Inception (27/09/2019)
Nifty Next 100 Portfolio	2.5%	9.0%	13.1%	31.1%	12.71%	14.7%	--	--	13.2%
Nifty 50 TRI	1.3%	9.4%	14.6%	28.5%	15.7%	16.2%	--	--	16.9%
Outperformance	1.1%	-0.4%	-1.5%	2.6%	-3.0%	-1.4%	--	--	-3.7%
Nifty Next 50	6.7%	22.8%	32.8%	58.4%	21.3%	19.9%	--	--	18.5%
Outperformance	-4.2%	-13.9%	-19.7%	-27.2%	-8.6%	-5.2%	--	--	-5.3%

**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

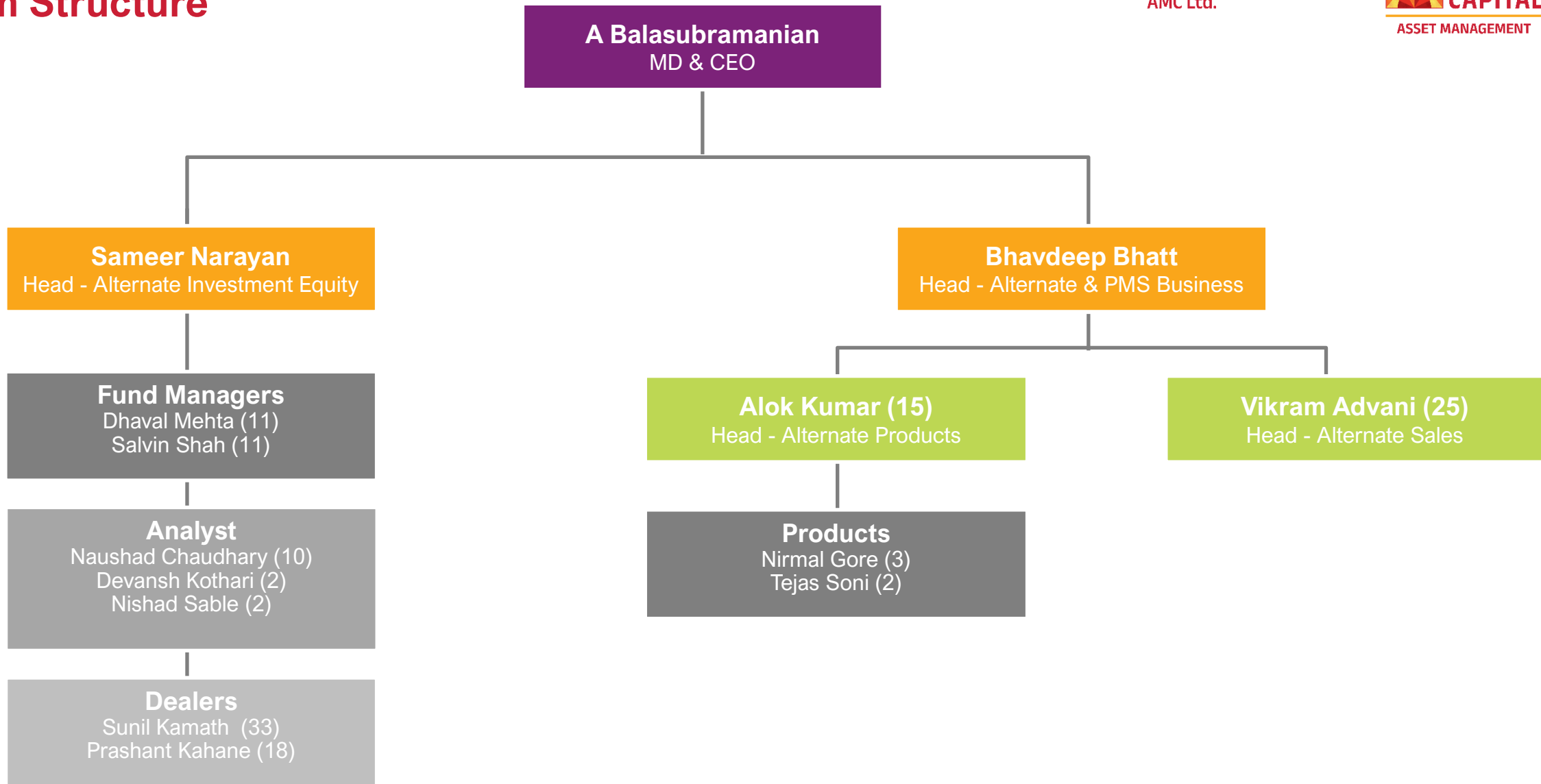
As on February 29, 2024

# Nifty Next 100 - Portfolio Construct

<b>Portfolio Name</b>	Nifty Next 100 Portfolio
<b>Structure</b>	Discretionary PMS
<b>Strategy</b>	Equity
<b>Nature</b>	Open ended
<b>Market cap</b>	Multi 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. Investment will be done predominantly in top 150 companies by market cap as per AMFI (excluding Nifty 50 companies). 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>	20-30
<b>Investment Manager</b>	Aditya Birla Sun Life AMC Limited (ABSLAMC)
<b>Benchmark</b>	Nifty 50
<b>Portfolio Manager(s)</b>	Dhaval Mehta
<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

# Leadership Team



**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.



**Bhavdeep Bhatt**  
Head- Alternate & PMS Business

- ★ With over 28 years of experience, he has led teams across Products & Communications, business development, Institutional Sales and Retail Sales verticals.
- ★ He has led several 'first-of-its-kind' innovative products across asset classes that have led to several accolades. He has been pivotal in the launch of 33 products within equity, structure and alternate product space.
- ★ He has previously worked with Kotak Mahindra Asset Management Company Limited and at ICICI Prudential AMC Limited.
- ★ Qualification: He holds a Bachelor's Degree in Commerce and Master's Degree in Business Administration from Bhavnagar University



**Alok Kumar**  
Head Products - Alternatives

- ★ A dynamic investment professional with 15+ 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



**Vikram Advani**  
Head of Sales – Alternate Assets

- ★ As Head of Sales (Alternate Assets), Vikram Advani spearheads the sales practice for the Portfolio Management Services and AIF businesses at Aditya Birla Sun Life AMC Limited.
- ★ With over twenty five years of rich experience in business, sales, and channel development, Vikram works closely with the sales team to drive business growth across the Banking, Retail, and Institutional segment.
- ★ Prior to this, under his leadership as Head – Sales & Distribution, ING Investment Management (India), Private Ltd., assets under management grew phenomenally He also established ING as a leading brand in the business segment of Portfolio Management Services from the year 2009 to 2012.
- ★ A graduate in Commerce from the University of Pune, Vikram has a Masters Degree in Business Administration from Edith Cowan University, Perth, Western Australia



**Sameer Narayan**  
Head-Alternate Investment (Equity)

- ★ Has 25+ 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.



**Dhaval Mehta**  
Portfolio Manager (Equity)

- ★ Has 11+ years of experience in equity research and portfolio management. Dhaval's main domain expertise is in Consumer Staples & Discretionary, Retail, Building Material, Cement and Media sector.
- ★ Prior to joining ABSLAMC, he has worked with ASK Investment Managers as Portfolio Manager and managed assets over \$200mn with stellar performance across investment cycles.
- ★ Prior to ASK, he has worked with Emkay Global Financial Services, Ventura Securities and Infosys.
- ★ Qualification: MBA from Narsee Monjee Institute of Management Studies Mumbai and have done its Bachelor of Engineering from D.J Sanghvi College of Engineering Mumbai.



**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**

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](mailto:care.pms@adityabirlacapital.com)

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

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