

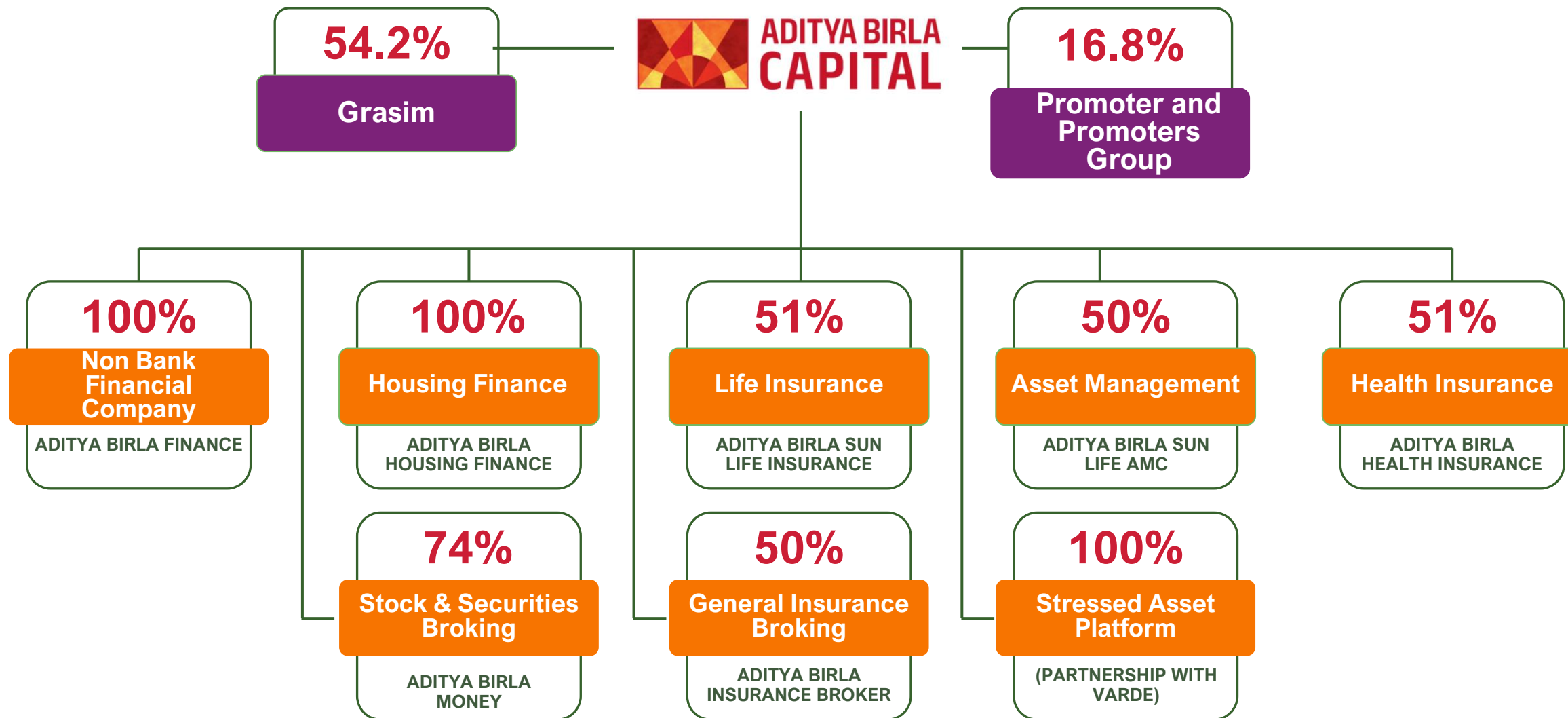
Nifty Next 100 Portfolio

October 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 40 countries
- ◆ Managing AUM of ₹ 4.63 Lac Cr (as on June 30, 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 \$ 1,470 billion (as on June 30, 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
- ◆ 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 3,83,093 Cr (August 2024)
- ◆ Over 10 million investor accounts (August 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.18,149 Cr of assets as on September 2024
- ◆ 16 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 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

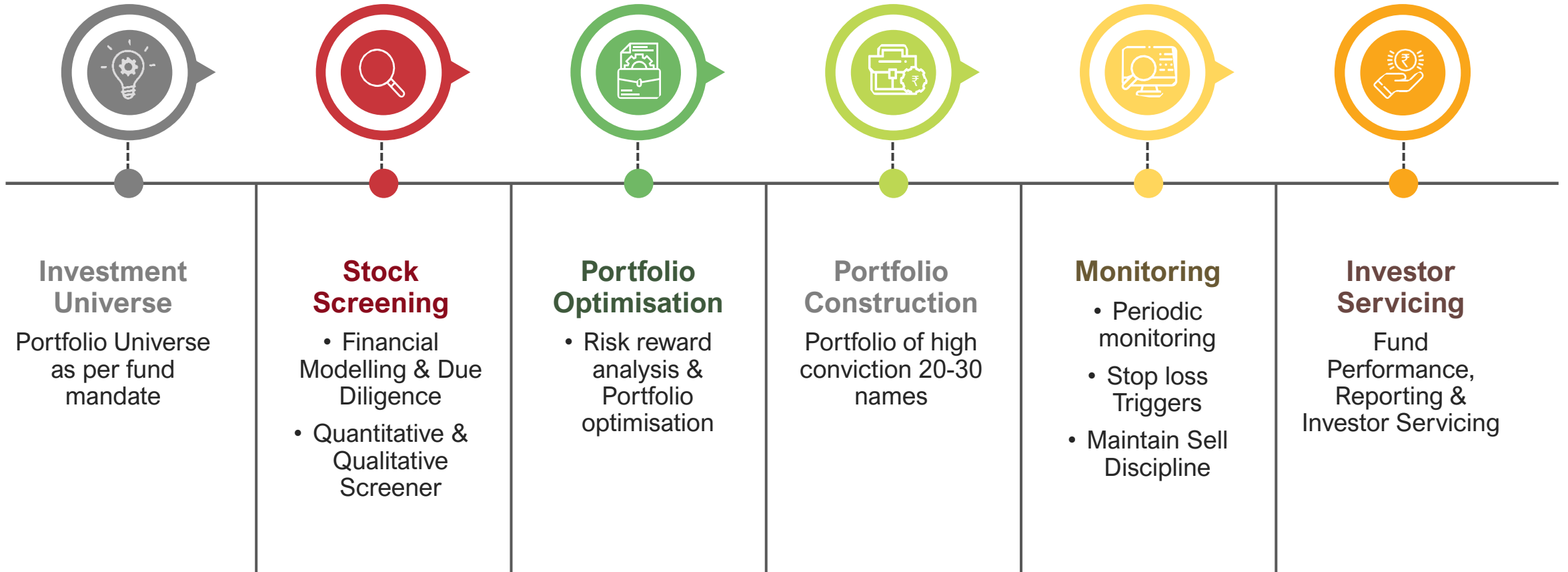
Purchase at Reasonable Price
Entry Level valuations which accord
“Margin of safety”



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

 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 6 months by more than 30%

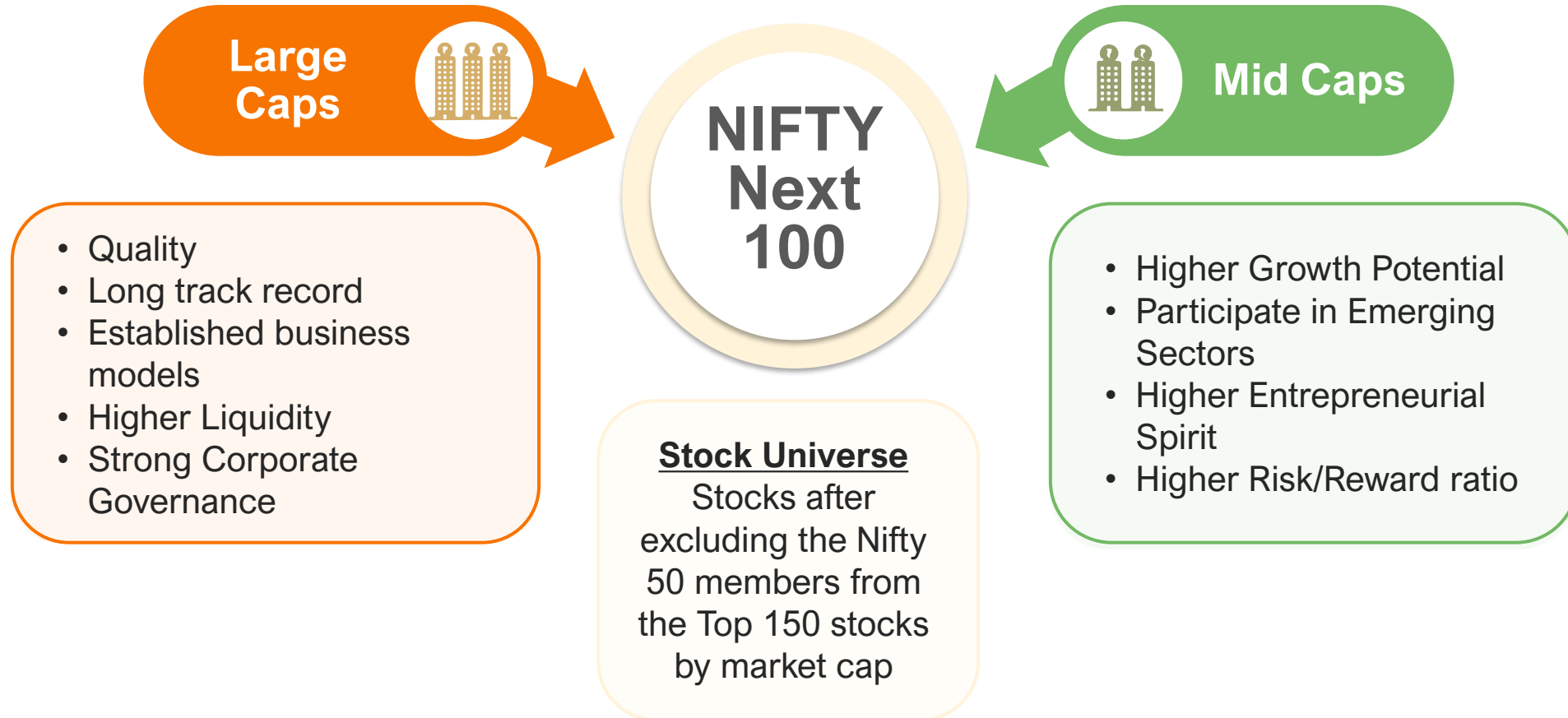
Periodic Monitoring

 Quarterly Monitoring
Event Based Triggers

Maintain Sell Discipline

 Poor Capital Allocation
Weakening Competitive Position
Any emerging governance issues

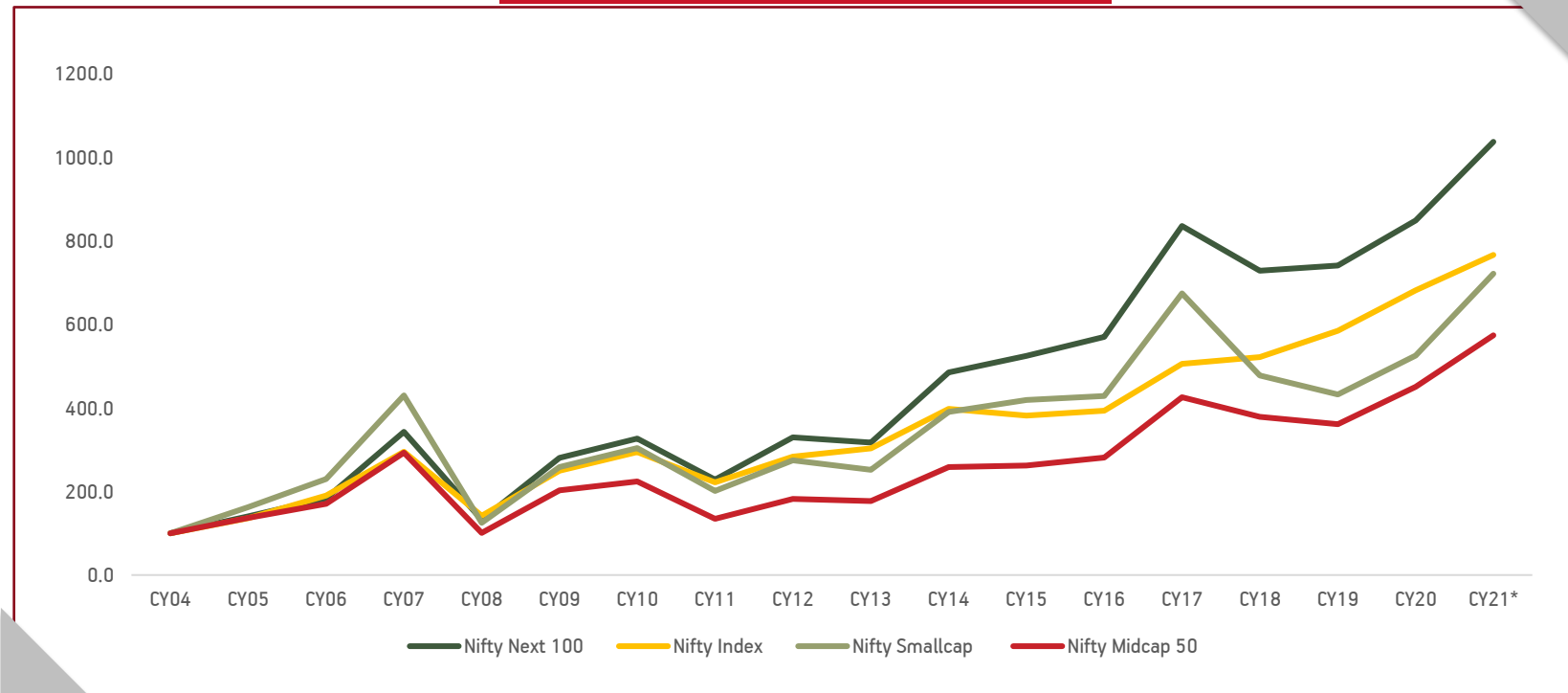
Nifty Next 100 Portfolio



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

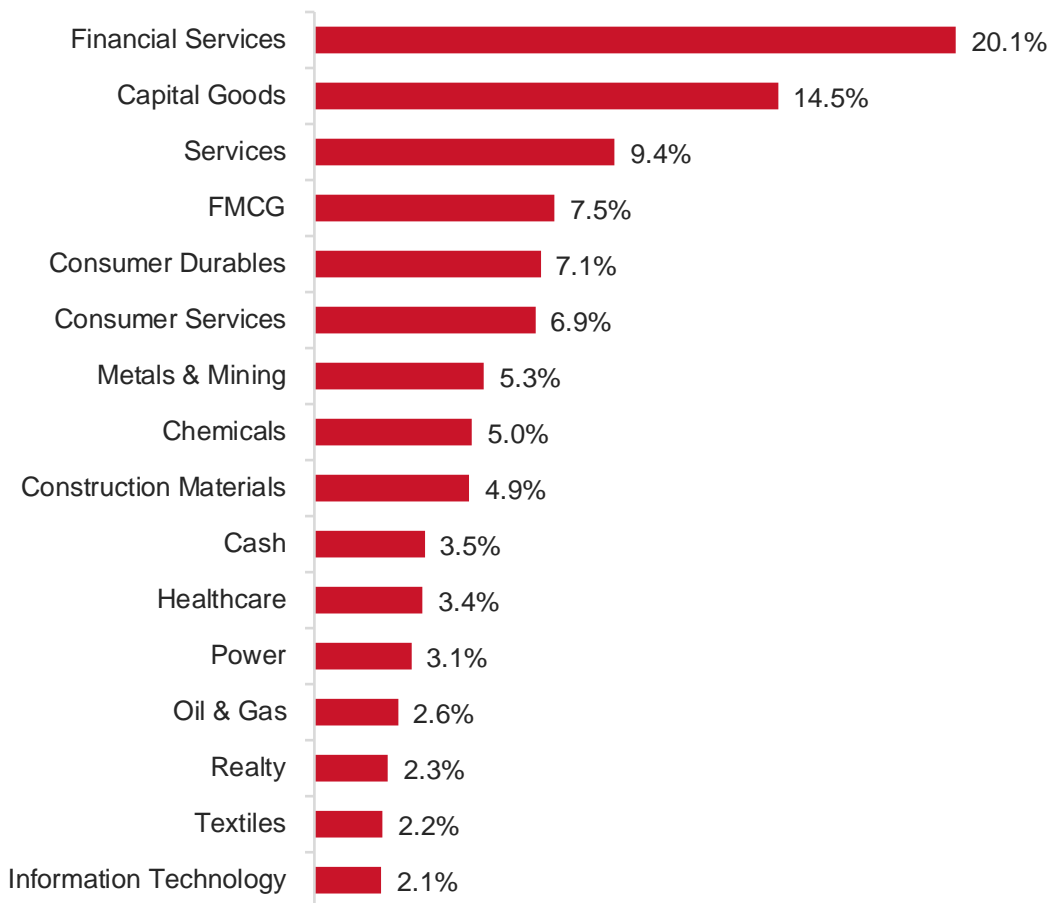
Portfolio Construct

	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

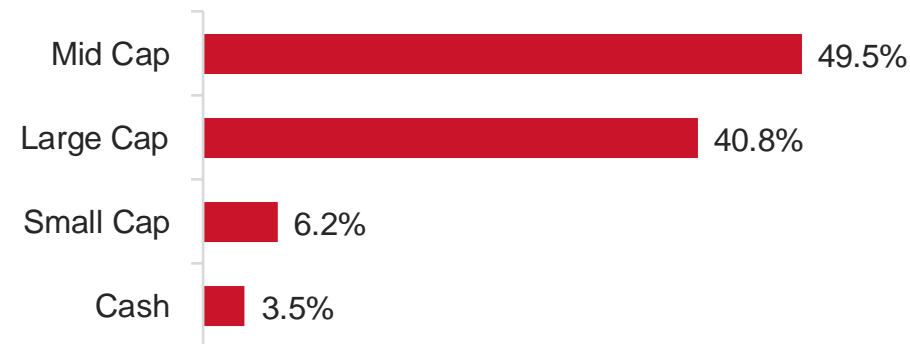


Current Portfolio

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 June 30, 2024.

Source : AMFI

As on September 30, 2024

Current Portfolio

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

PE (x)	FY24A	FY25E	FY26E	Prem/Disc to Benchmark (FY25E)
NIFTY NEXT 100	75.2	52.4	39.2	151.8%
NIFTY NEXT 50	29.7	24.3	24.0	
NIFTY 50	22.6	20.8	19.8	

ROE (%)	FY24A	FY25E	FY26E	Prem/Disc to Benchmark (FY25E)
NIFTY NEXT 100	45.7%	24.7%	20.4%	55.8%
NIFTY NEXT 50	14.2%	15.1%	16.4%	
NIFTY 50	15.3%	15.9%	13.5%	

EPS Growth (%)	FY24A	FY25E	FY26E	Prem/Disc to Benchmark (FY25E)
NIFTY NEXT 100	187.8%	69.3%	26.5%	456.5%
NIFTY NEXT 50	52.7%	27.2%	16.7%	
NIFTY 50	16.9%	12.5%	14.4%	

Net Debt to Equity* (%)	FY24	Prem/Disc to Benchmark
NIFTY NEXT 100	56.2%	144.8%
NIFTY NEXT 50	25.8%	
NIFTY 50	22.9%	

Top 10 Holdings & Weights (% to Net Assets)

Top 10 Portfolio Holdings	% of Net Assets
Interglobe Aviation Ltd	5.7%
CG Power and Industrial Solutions Limited	5.6%
Jindal Steel and Power Ltd	5.3%
PB FINTECH LIMITED	5.2%
Ambuja Cements Ltd	4.9%
Info Edge India Ltd	4.5%
Bajaj Finserv Ltd	4.5%
Federal Bank Ltd	4.4%
Voltas Ltd	4.4%
United Spirits Ltd	4.2%

As on September 30, 2024

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

Nifty Next 100 Portfolio Characteristics

Portfolio Characteristics

Key Ratios (3 Years)	Nifty Next 100	Nifty 50 TRI
Standard Deviation	14.71%	12.16%
Sharpe Ratio	0.43	0.67
Beta	1.03	
Portfolio Turnover	0.36	
Avg MCap (Rs. Cr.)	₹ 127,338	
Median MCap (Rs. Cr.)	₹ 97,393	

As on September 30, 2024

Nifty Next 100 Performance

Returns (%)	Absolute				CAGR			
	1 Month	3 Months	6 Months	1 Year	2 Years	3 Years	5 Years	Since Inception (27/09/2019)
Nifty Next 100 Portfolio	2.5%	7.8%	25.6%	44.6%	23.8%	13.1%	17.2%	17.2%
Nifty 50 TRI	2.3%	7.8%	16.6%	33.0%	24.2%	14.9%	19.0%	18.7%
Outperformance	0.2%	-0.1%	9.1%	11.6%	-0.4%	-1.8%	-1.7%	-1.5%
Nifty Next 50	2.4%	7.8%	27.2%	71.2%	34.8%	22.1%	22.9%	22.6%
Outperformance	0.1%	0.0%	-1.5%	-26.5%	-11.0%	-9.0%	-5.6%	-5.4%

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 September 30, 2024

Case Studies

Sector-Cement

- ◆ Ambuja Cements Ltd. is among the leading cement companies in India with over 20%+ market share. It is part of the Adani Group.
- ◆ It has a cement capacity of over 31 million tonnes with six integrated cement manufacturing plants and eight cement grinding units across the country.



Key Facts

- ◆ Ambuja cement has an Master Supply Agreements(MSA) with their subsidiary, ACC Limited (ACC) which is pivotal in enhancing volume and profitability. It also helps in: 1) achieve synergies & economies of scale; 2) bring efficiency in operational and logistics costs; 3) strengthen sustainability in terms of conserving the use of fuel and other natural resources.
- ◆ It is the first Indian cement company to construct a captive port with three terminals along its western coastline to permit timely, cost-effective, and environmentally friendly bulk cement exports to its clients.
- ◆ The acquisition by Adani is positive for ACC and Ambuja Cements from a long term perspective as it will help them in bringing down costs, trim debt which will lead to better margin and higher returns.
- ◆ Strong pan-India channel network of ~12,000 dealers and ~44,000 retailers/sub-dealers, catering to the country's demand.
- ◆ Industry leader in the responsible use of resources, both natural and man-made. Globally, Ambuja Cements is the only cement maker that has been recognized for its leadership in water security by the United Nations Global Compact Network India.

Source: Bloomberg, Internal Research

Ambuja Cement Ltd



Date of Investment
19 June 2020



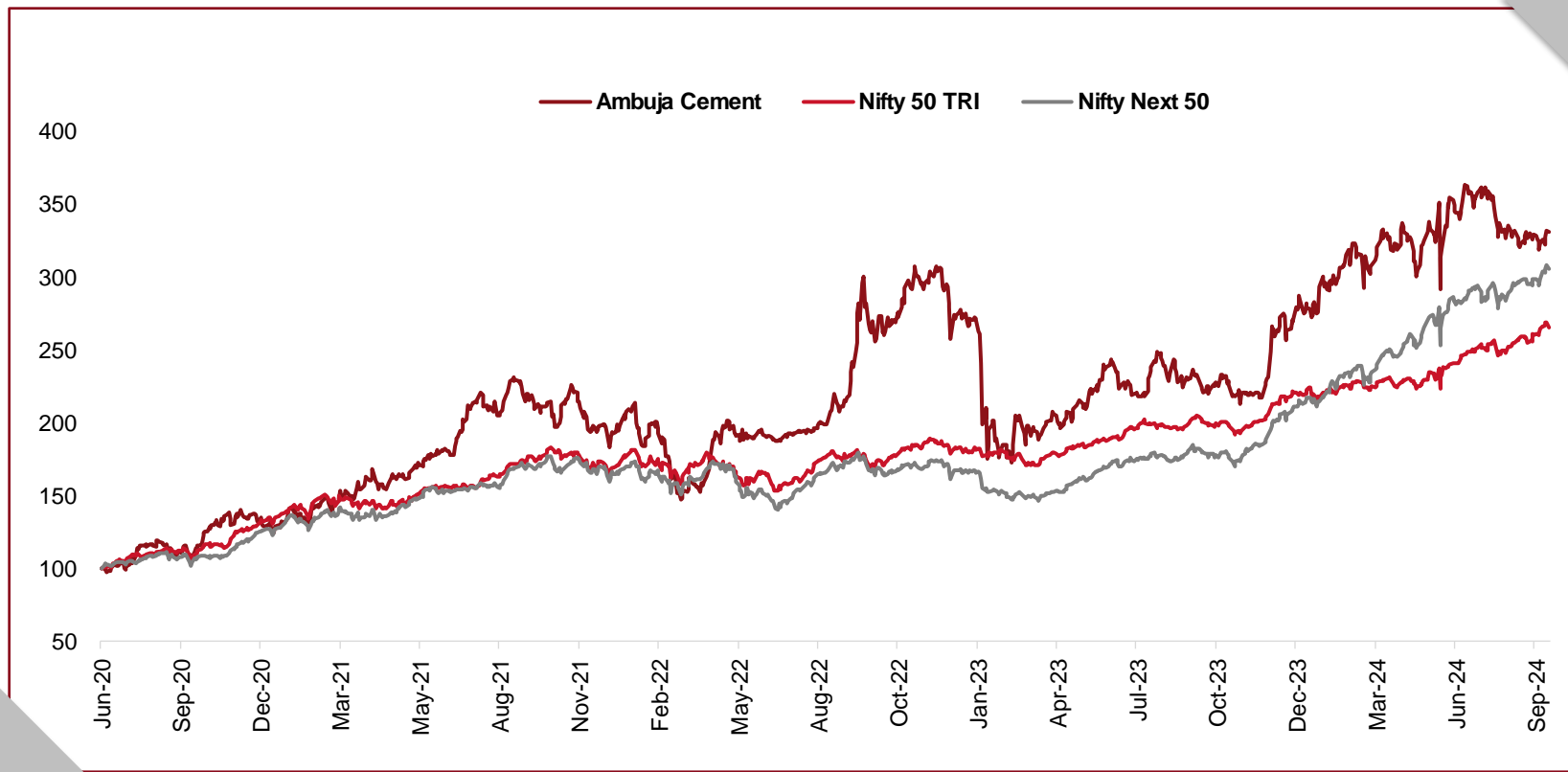
Investment Price
₹191



Current Price
₹633



Total Returns
₹232% (4.3 Years)



Note: Stock and Index rebased to the date of first purchase / As on September 30 , 2024 / Source: Bloomberg

Sector-Logistics

- ◆ Container Corporation Of India (CONCOR) is engaged in the business of providing inland transportation of containers by rail
- ◆ CONCOR's core business is characterized by three distinct activities, that of a carrier, a terminal operator, and a warehouse operator.



Key Facts

- ◆ CONCOR is an undisputed leader in the field of Multi-modal Logistics in India with the largest available network of “state-of-the-art” intermodal terminals across the country providing an unparalleled reach and penetration, combined with a strong presence at almost all container handling ports .
- ◆ Fairly large infrastructure base of rolling stock, especially the ownership of high speed container flats, and specialized container handling equipment etc. The Company owns a total of over 377 rakes including 346 high speed (BLC+BLL+BLCM+BLCS) and 31 (BFKHN) rakes as on Mar'23.
- ◆ Ability to provide choice of mode of transportation between rail/road/sea (coastal)/ air according to the needs of the customer.
- ◆ CONCOR maintains a market share of 55-60% in EXIM container volumes.

Source: Bloomberg, Internal Research

Container Corporation of India



Date of Investment
01 November 2019



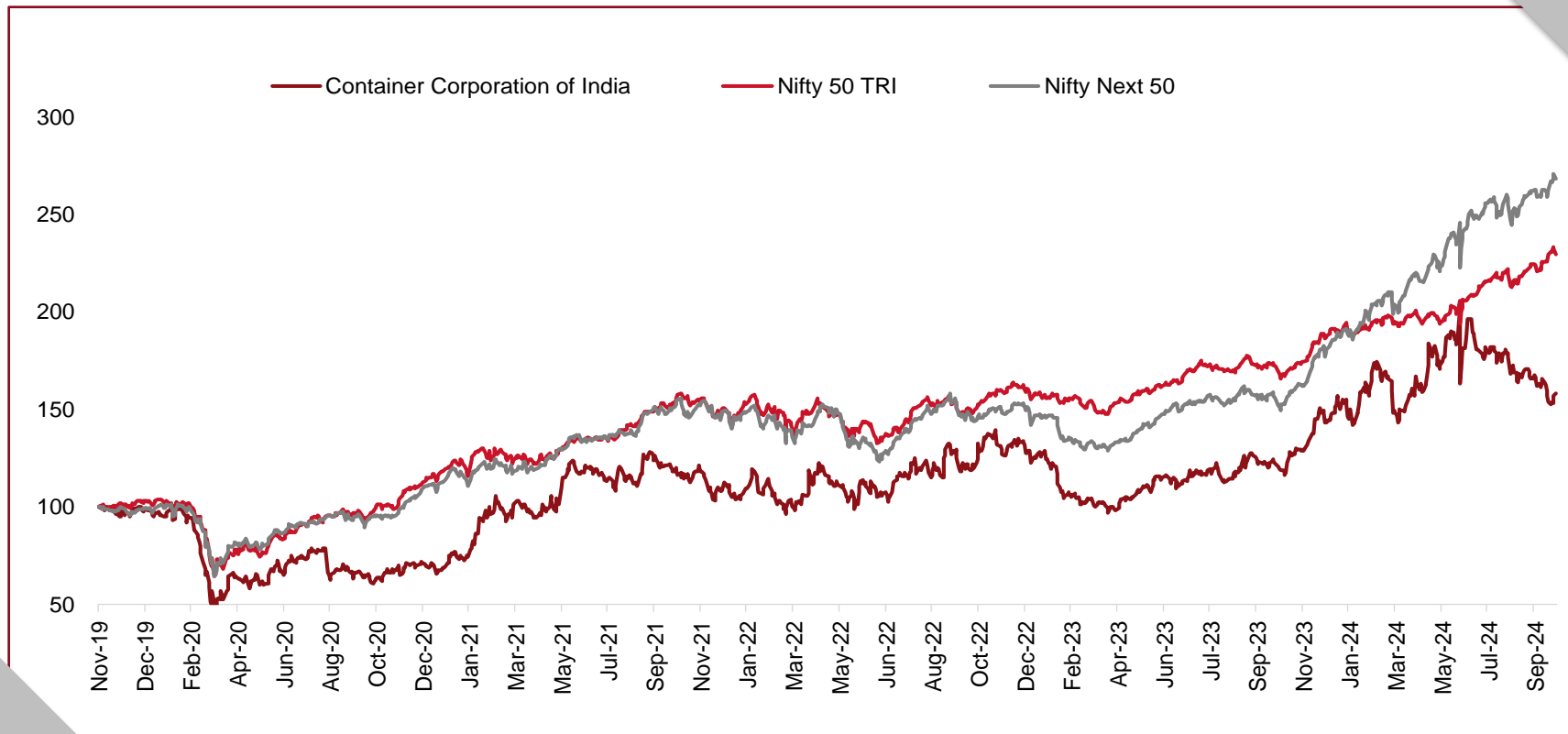
Investment Price
₹581



Current Price
₹918



Total Returns
₹58% (4.9 Years)



Note: Stock and Index rebased to the date of first purchase / As on September 30, 2024 / 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
18 January 2023



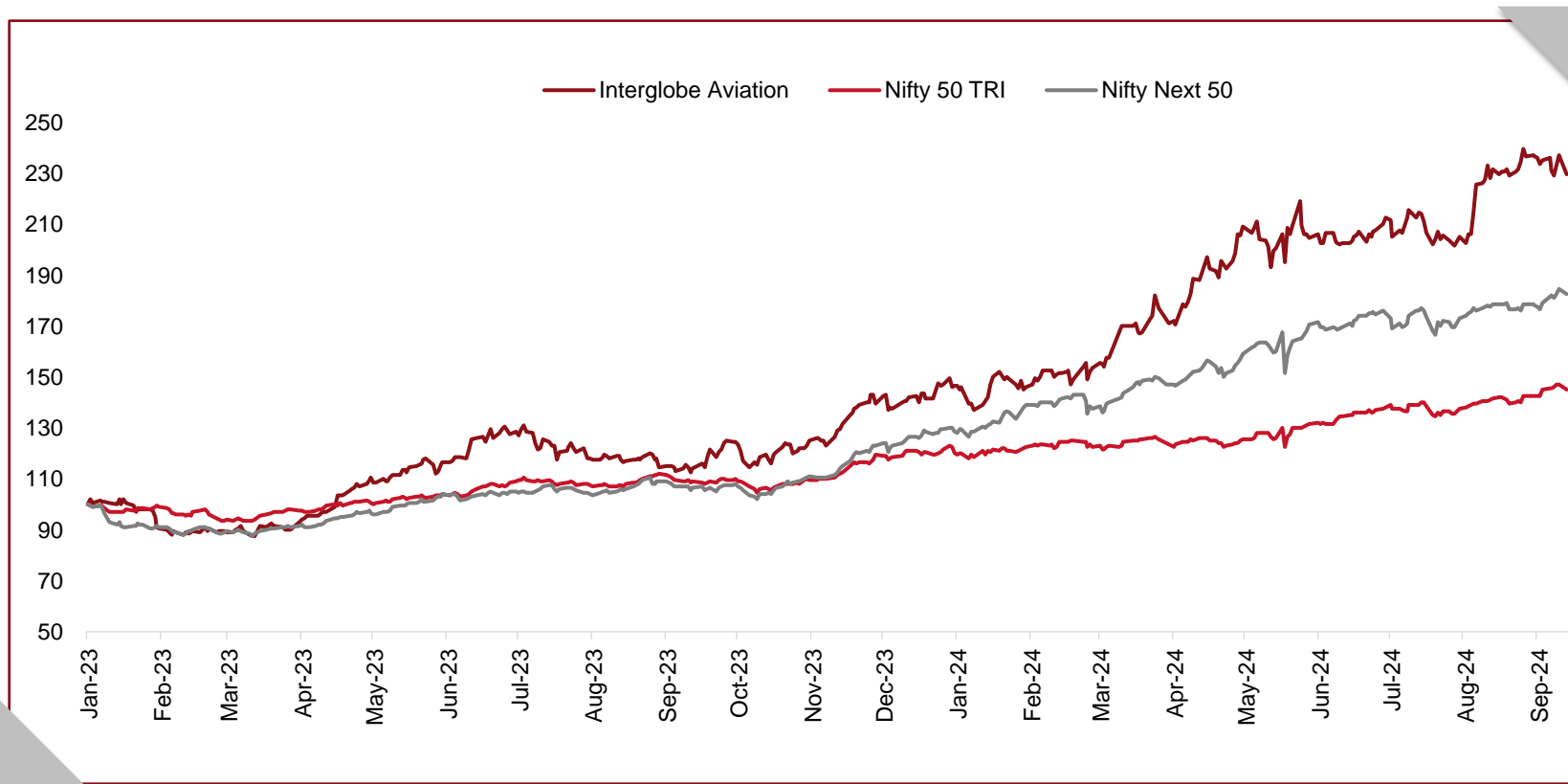
Investment Price
₹2,084



Current Price
₹4,787



Total Returns
₹130% (1.7 Years)



Note: Stock and Index rebased to the date of first purchase / As on September 30, 2024 / Source: Bloomberg

Sector-IT

- ◆ PB Fintech is India's leading online platform for insurance and lending products. The company operates from two main platforms
 - Policy Bazaar: An online platform for consumers to compare, buy and manage insurance policy from various insurers.
 - Paisa Bazaar: An digital lending platform for consumers to compare, choose and apply for personal credit products



Key Facts

- ◆ PB Fintech has built India's largest online platform for Insurance & Lending products
- ◆ Policybazaar hosts over 6.8 Cr registered consumers. Among them, 1.4 Cr unique buyers purchased a total of 3.4 Cr policies, averaging 2.4 policies per customer.
- ◆ Paisabazaar, has about 3.5 Cr consumers of free credit score, representing 14% of India's active credit score consumers.
- ◆ The Company's focus on unassisted sales has lowered costs and boosted profitability. Notably, over 75% of credit cards and 50% of unsecured lending are now fully digitalized. Similarly, 80% of motor and travel insurance transactions are now unassisted.

Source: Bloomberg, Internal Research

PB Fintech



Date of Investment
16 February 2023



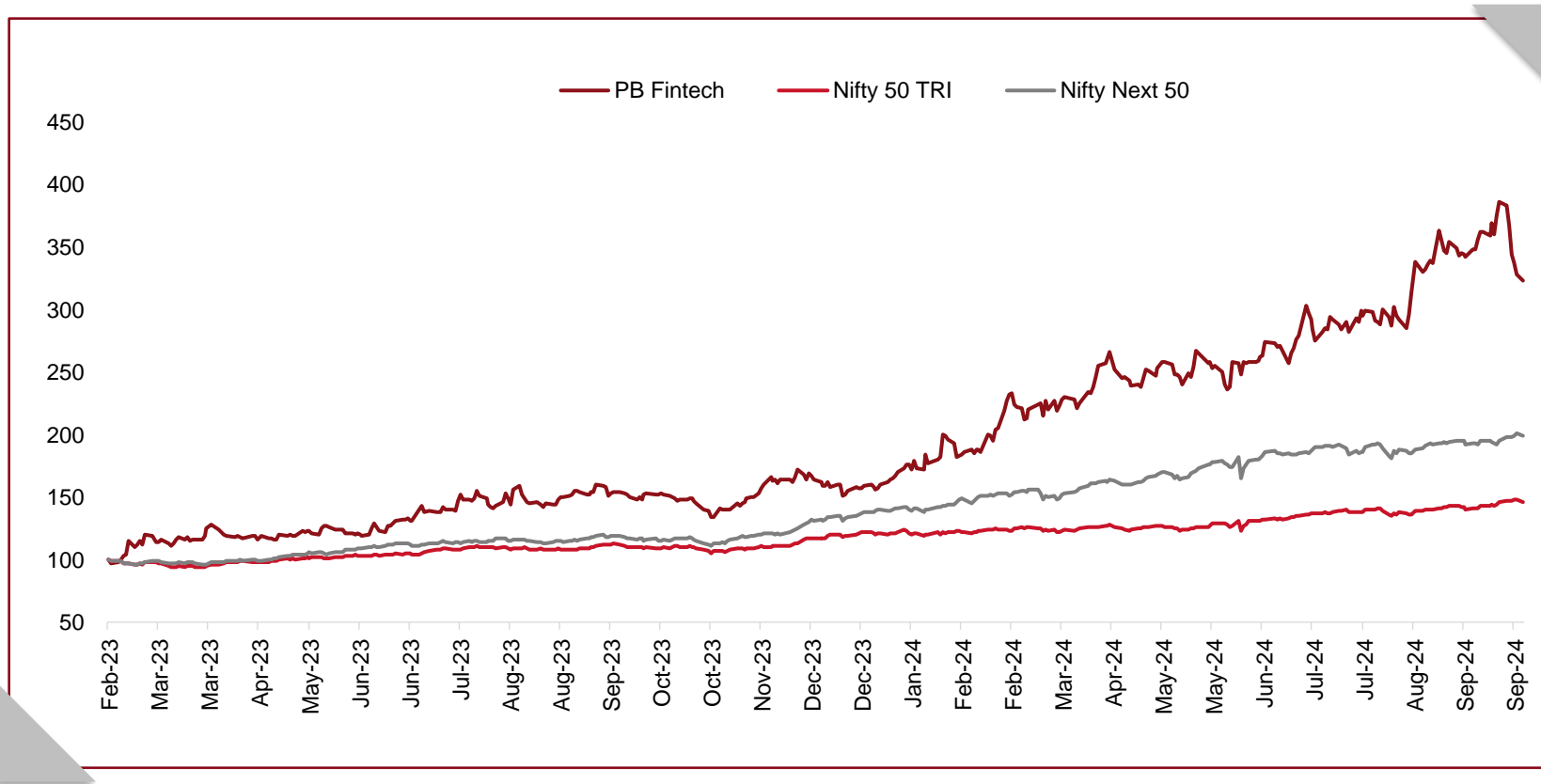
Investment Price
₹500



Current Price
₹1,620



Total Returns
₹224% (1.6 Years)



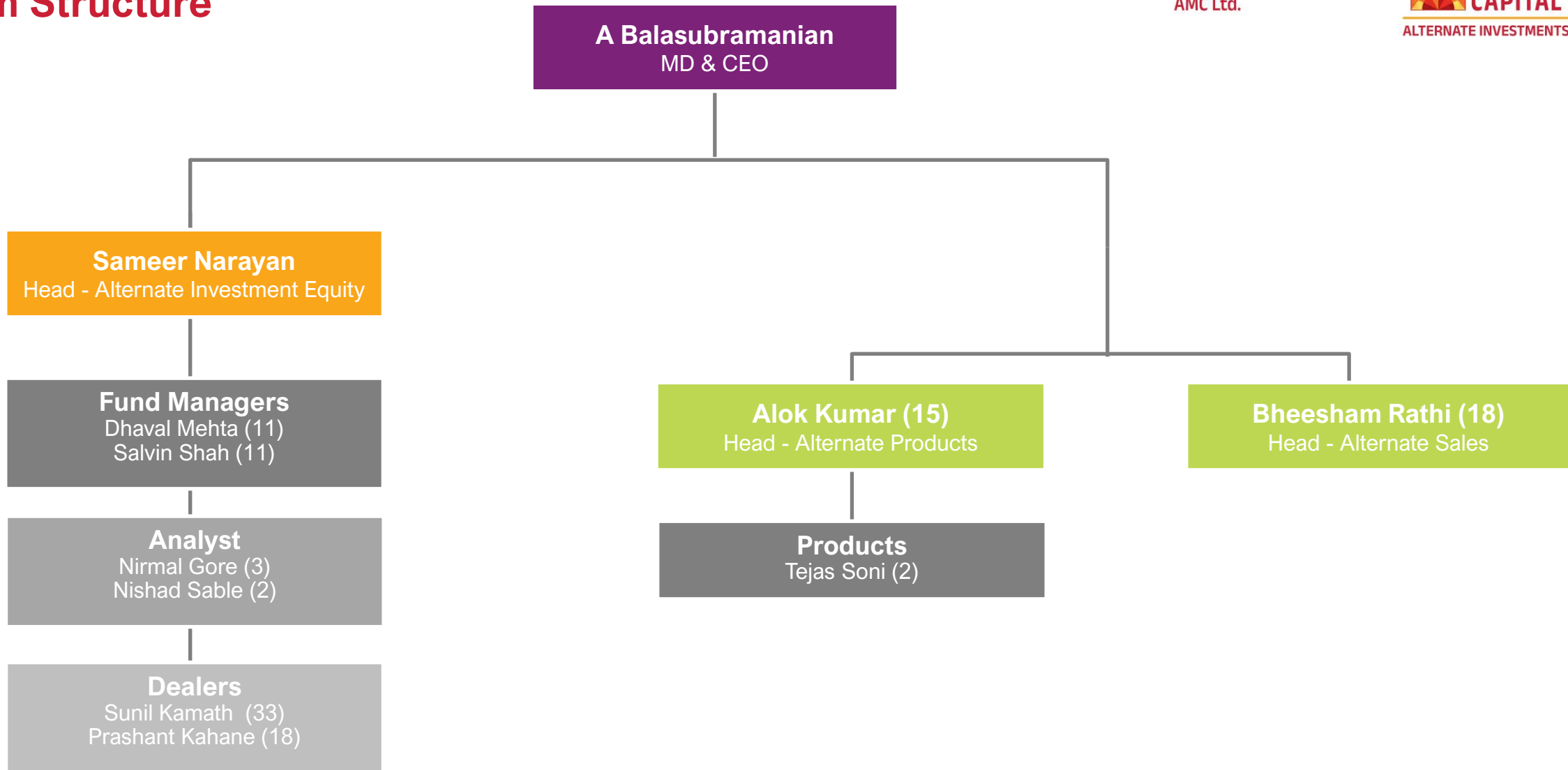
Note: Stock and Index rebased to the date of first purchase / As on September 30, 2024 / Source: Bloomberg

Nifty Next 100 - Portfolio Construct

Portfolio Name	Nifty Next 100 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. 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.
No of stocks	20-30
Investment Manager	Aditya Birla Sun Life AMC Limited (ABSLAMC)
Benchmark	Nifty 50
Portfolio Manager(s)	Dhaval Mehta
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 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 – Alternatives Products

- ★ 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



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.



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

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

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