



## Portfolio Observer - August 2019

# Top 200 Core Equity Portfolio

Write your own chapter in India's growth story with the Top 200 Core Equity Portfolio (Top 200 CEP).

An exclusive offering from Aditya Birla Sun Life AMC Ltd - Portfolio Managers, Top 200 CEP gives you the opportunity to invest in large market capitalisation businesses that are central to the country's growth drive. This portfolio helps you identify these businesses and participate in their journey in the medium to long term. By investing in Top 200 CEP, you also get to practise value investing through such large cap names.

### Investor profile

Top 200 Core Equity Portfolio is an ideal investment option for investors seeking long-term participation in India's growth journey through investment in large cap Indian equities.

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# Consistency of performance across market cycles

## What creates this sustainable wealth-creation portfolio?

The Top 200 Core Equity Portfolio consists of 25-30 stocks selected predominantly from a large-cap universe. The investment approach is founded on four pillars:

- Sustainable growth over long term in select industries, which makes up for most of the GDP growth patterns
- Focus on businesses that consistently create value through favourable industry operating conditions
- Quantitative Screeners backed by fundamental research:  
Comprehensive alert system to track industry-wise valuations.  
Current studies include:  
Recurring Winners Study, Piotroski Scores
- Value-investing approach to generate alpha

## Portfolio Managers



Vishal Gajwani

With over 11 years of experience in equity research and portfolio management, Vishal has extensive expertise in researching companies across sectors and market capitalisations. Prior to this assignment he was a part of Reliance Portfolio Management Services (a part of Reliance Capital Asset Management Ltd), where he was designated as an Assistant Fund Manager and was responsible for managing equity portfolios.

He is a Gold Medal winning Chartered Accountant (ICAI, India) and holds a Masters degree in Commerce from M. S. University of Baroda. Vishal received 4 Gold Medals, including the Chancellor's Gold Medal, for topping the Master of Commerce Exams. Vishal is also a CFA charter holder from the CFA Institute (The Global Association of Investment Professionals), USA.



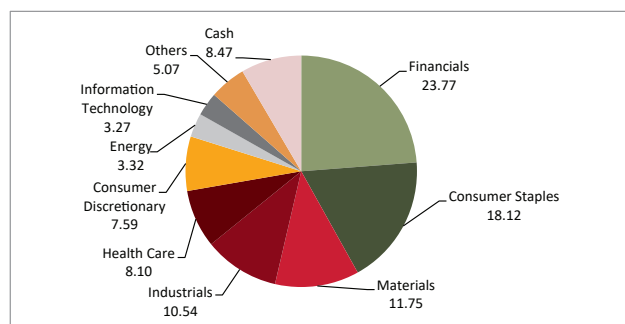
Natasha Lulla

Over 10 years of experience in equity research and fund management. Prior to joining Birla Sun Life Portfolio Management Services, Natasha was working with Goldman Sachs as an equity analyst covering India Materials sector. In her earlier stint at Goldman Sachs, she was responsible for Portfolio Strategy for ASEAN regions and also covered Singapore Real Estate.

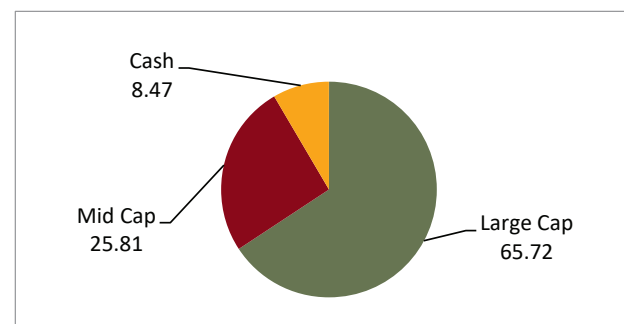
Natasha holds a Masters in Business Administration (Finance Major) from Management Development Institute, Gurgaon and was a Gold Medal winner in each of the two years. She was also awarded a Gold Medal for achieving 1st rank in the Finance stream. Natasha has done her graduation in Economics from Lady Shri Ram College, New Delhi and graduated amongst the top 1% in Delhi University.

## Portfolio Analytics

### Sector Allocation (As per GICS Sector Classification)



### Market Cap Bias



# Portfolio Analytics

## Top 10 Portfolio Holdings

Sr. No.	Company Name	% to Net Assets
1	HDFC Bank	7.43
2	Avenue Supermarts	6.31
3	ITC	5.77
4	ICICI Bank	5.22
5	Trent	4.81

Sr. No.	Company Name	% to Net Assets
6	Shree Cement	4.55
7	Bajaj Finance	4.03
8	Axis Bank	3.74
9	AIA Engineering	3.56
10	Thermax	3.50

Model Portfolio as on July 31, 2019

## Portfolio Managers' Commentary

### Equity Outlook

It is a well known fact that equity markets are driven by sentiment in the short run. In the words of Benjamin Graham, "Markets are voting machine in the short term & weighing machines in the long term." The short run factors in the public's popular opinions, which may be also loosely termed as momentum investing whereas what matters in the long term is actual underlying business performance driven by fundamentals of a company.

Currently in India, companies with high promoter pledge, high debt & corporate governance concerns are being exited by investors & we are witnessing a flight of capital to "safer" companies. Most of the MNCs also fall in this bracket. MNCs have more independent management, global economies of scale, higher standards of product quality, brand equity & strong distribution capabilities.

The last couple of months have been painful for Indian equity investors mainly due to macro-economic, geopolitical & global uncertainty w.r.t. US-China, US-Iran & Brexit issues. While the companies with weak or deteriorating fundamentals are more affected, even those with strong fundamentals are being temporarily influenced with minimal or no impact on their long term earnings growth trajectory. On the contrary, this scenario presents an opportunity to buy fundamentally well placed companies at a better price.

While we are constantly re-evaluating our portfolio, we look for evidence where our investment thesis might change & if such is the case, we exit immediately. However, if the fundamentals remain unharmed & prices continue to drop, we continue to hold & maybe even add to the position.

From a valuation perspective, the Nifty 500 & Nifty Midcap index have corrected by 6% & 15% respectively in the last 1 year. While there might be some pain in the near term, from a 3 year perspective there are ample growth opportunities for the Indian

equity investor as the structural growth story of India remains intact.

### Portfolio Update

In the month of July, we added Lupin Ltd to the portfolio.

Lupin Limited manufactures bulk actives and formulations. The principal bulk actives manufactured by it include Rifampicin, Pyrazinamide, Ethambutol (anti-TB), Cephalosporins (anti-infectives) and cardiovasculars. The company also possesses competencies in phytomedicines, in which medicines are made out of plant and herbal resources supported by the discipline of modern medicine. Product launches and management guidance of overall 20 launches in FY20E would be the growth drivers of the US business in FY20. US revival is expected to be the key for performance revival: i) levothyroxine: generic launched for the largest of the three RLDs; ii) Solosec: slowly gaining traction, logs a weekly TRx of ~2,000; iii) Proair: LPC expects to be the first true generic to launch by H2FY20, after Teva, GSK and Merck launched authorised generics for their respective RLDs; iv) Spiriva: remains the sole FTF; v) Brovana: Filed in March 2019; and vi) Enbrel: Approved in Japan, and launch is expected in both Japan and Europe by H2FY20.

(Source: Bloomberg, ABSLAMC Internal Research)

Disclaimer: The views expressed above are the views of the Fund Managers of Top 200 Core Equity Portfolio and should not be construed as an investment advice.

Investments in securities are subject to market risks and there can be no assurance or guarantee that the objectives of the Product will be achieved. Past performance may or may not be sustained in future.


Type of Portfolio	Open-ended Discretionary Portfolio
Benchmark	S&P BSE 200
Minimum Investment Amount	Rs 25 lakhs, in multiple of Rs 1 lakh OR such other amount as decided by the Portfolio Manager at its sole discretionary.
Recommended Investment Horizon	At least 3 years
Taxation	Investors are advised to seek consultation from their Independent Financial Advisor / Tax Advisor before making any investment decision.

#### Risk Factors and Disclaimers

Model Portfolio refers to portfolio of earliest investor in the product and in case of redemption of the model client, portfolio of earliest client in the said product rebased for computation of returns. It refers to specific investments that the investor will have in his portfolio when it is completely built-up over a period of time. Past performance may not be sustained in the future. Investments in securities are subject to market risks. Please refer to disclosure document. The returns are absolute for the period mentioned less than 1 year and in CAGR for the period more than 1 year. Individual portfolios of investors may vary from the model portfolio due to factors such as timing of entry and exit, timing of additional flows and redemptions, individual investor mandates (if any), specific portfolio construction characteristics or structural parameters. These factors may have bearing on individual portfolio performance and hence individual returns of investors for the said portfolio type may vary from the data on performance of the portfolio depicted above. Neither the Portfolio Manager nor the Asset Management Company, its Directors, employees or sponsors shall in any way be liable for any variation in the actual returns of individual portfolios.

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