

## INDIA FRONTLINE EQUITY FUND (IFEF)- A Share

A sub-fund of ABSL Umbrella UCITS Plc.



## Investment Manager

Aditya Birla Sun Life Asset Management Company Pte. Ltd.



## Investment Objective

The investment objective of Fund is to generate long term growth of capital.



## Investment Philosophy

The fund is a India equity, diversified long only strategy. It follows a growth oriented investment style that seeks to consistently deliver better risk-adjusted returns relative to the benchmark.

Key Facts (as on 30<sup>th</sup> December 2022)

Inception Date	August 29th, 2017
Total Fund Size	USD \$176.45 million
NAV "A" Share	USD \$133.34
Domicile	Dublin, Ireland
Fund Base Currency	USD
UCITS	Yes
Benchmark	MSCI India
Benchmark Ticker	MXIN



## Share Class wise

A	
ISIN	IE00BJ8RGK74
Fund Ticker	AINFLEA ID Equity
Swiss Valor	43014556
Initial Charges	NIL
Redemption Charges	NIL
Minimum Initial Subscription (USD)	5,000
Minimum Additional Purchase (USD)	1000
Minimum Redemption (USD)	1000



## Risk Statistics

Standard Deviation	Sharpe Ratio #	Beta
26.76%	0.15	0.01

Risk ratios pertain to "A" share class

Standard Deviation, Sharpe Ratio &amp; Beta are calculated on Annualized basis using 3 year history of monthly USD returns. All statistical ratios w.r.t. MSCI India Index

# Risk-free rate assumed to be 4.42% (3 Month US Treasury Bill yield as on 30-Dec-22)



## Synthetic Risk &amp; Reward Indicator (SRRI)



## Market Outlook – December 2022

Indian equities fell (\$ terms, -5.5% MoM/-8.7% YTD), while underperforming the region and peers (MSCI APX/ EM: -0.7%/-1.6% MoM). Both mid-caps and small caps though weak, outperformed the large caps. All sectors ended the month in the red as the NIFTY declined, after having clocked a lifetime high of 18,812 at the start of the month. INR depreciated by 1.6% MoM, reaching ~82.74/USD in December. DXY weakened 2.3% over the month.

FII's were buyers of Indian equities in December (+\$0.3bn, following +\$4.7bn in November). So far, India has seen YTD FII outflows of \$16.6bn. DII's saw buying of \$2.9bn in December, reversing the selling of the previous month (-\$0.8bn). Mutual funds were buyers in December with inflows of \$1.32bn and Insurance funds were net buyers in the month with outflows of \$1.61bn.

In India, inflation is expected to be above the upper threshold of RBI's tolerance band by end of FY23 with terminal repo rate expectation of 6.5%. The tightening of monetary policy will only have a modest impact on demand given strong household, corporate and bank balance sheets. With falling commodity prices and rate hikes by the RBI flowing through the economy, inflation is expected to return to the target range in FY24. India's Balance of Payments deficit is likely to persist in FY24 due to slowdown in exports, but it should be lower than FY23.

Amidst the changing global macro backdrop, India is in a relatively better position. We are more domestic demand driven, there is political stability with a progressive reform agenda, and overall liquidity could improve with government spending before next general elections.

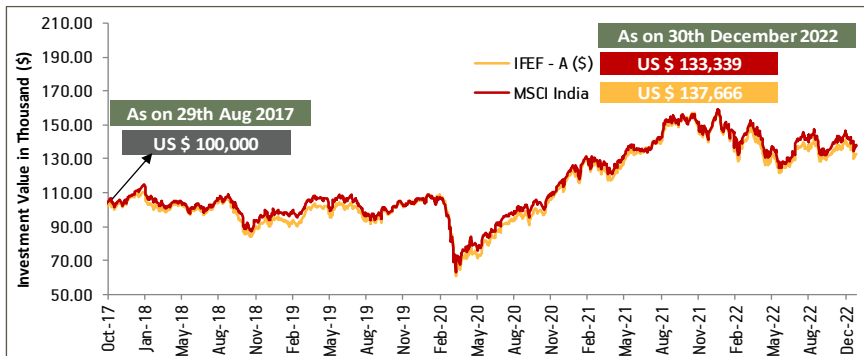
India's real GDP growth is projected to be 5.8% YoY in FY24 driven by improved contribution from Consumption and Investment.

Over a longer term, positive levers in the form of strong political leadership driving the pace of reforms, demographic dividend, China+1 strategy, Domestic Manufacturing, and Digital push should drive India to become the 3rd largest economy by 2030.

We also do not see a major downside risk to corporate earnings growth in the near-term as domestic demand is resilient, rural recovery is expected going forward, credit growth is on an uptrend, and commodity prices remain well below their recent highs. Despite challenging times, most Indian corporates have been able to increase their productivity and profitability, leading to improvement in ROEs versus pre-covid levels and well above the last 10 year average. With many sectors performing better than even the pre-covid period, corporate profits to GDP in India showing a turnaround. We expect earnings could grow at a CAGR of 13-15% over FY22-24 and is expected to be driven mainly by Banking along with Auto, Consumer and Infra sectors.

Indian equities valuation is currently above long-term average and with growth moderating, we expect equity markets to give returns slightly below earnings growth, i.e., in the 8 - 10% range for CY23. However, we continue to remain optimistic over the longer term and expect CAGR returns in the range of 11-13% over next 3 years.

In the current environment, prefer companies that have a domestic focus as the Indian economy is likely to significantly outperform the global economy, hence, domestic focused themes viz. Banking and Financial Services, Discretionary Consumption, Domestic Manufacturing, Infrastructure are preferred to global cyclical.

Fund Performance (as on 30<sup>th</sup> December 2022)

Period	IFEF	MSCI India	Outperformance
1 Month	-5.2%	-5.5%	0.2%
3 Months	1.2%	1.8%	-0.6%
6 Months	7.1%	8.2%	-1.2%
9 Months	-7.7%	-6.9%	-0.8%
1 Year	-10.9%	-8.7%	-2.2%
2 Year	6.1%	6.9%	-0.7%
3 Year	8.2%	9.2%	-1.1%
5 Year	4.3%	4.7%	-0.4%
Since Inception	5.8%	6.2%	-0.4%
YTD	-10.9%	-8.7%	-2.2%

Source: Bloomberg, ABSLAMC Internal Research

Returns are net of expenses. Returns are in % and absolute returns for period less than 1 year & CAGR for period 1 year or more. The returns for IFEF A Share & MSCI (India) are in US Dollars. Past performance is not indicative of future results. MSCI- Morgan Stanley Capital International. CAGR - Compounded Annualized Growth Rate. Returns shown above are point to point returns.



**"Lipper Ratings – Overall  
(Consistent Return)"**



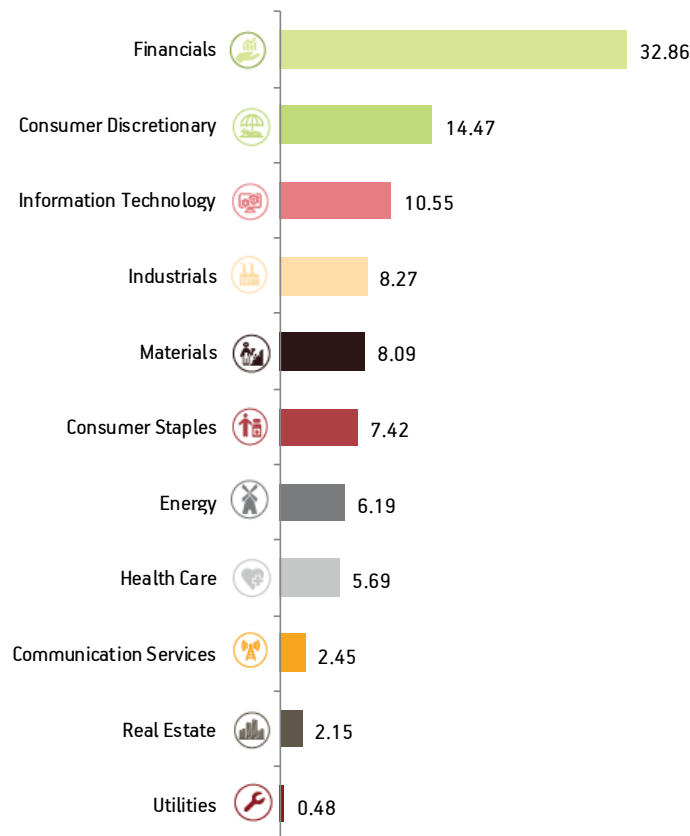
**Morningstar Rating:** The rating is based on the current information furnished to Morningstar. For the methodology used refer to [www.morningstar.com](http://www.morningstar.com)

**Lipper Leaders Rating:** Funds are rated on a numeric scale of 5 to 1, with '5' representing funds with the highest rating (Top 20%) or Lipper Leaders, and '1' representing the lowest rated funds

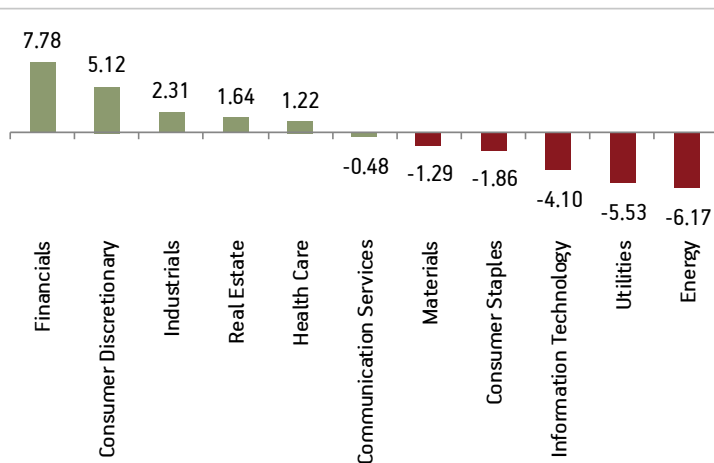
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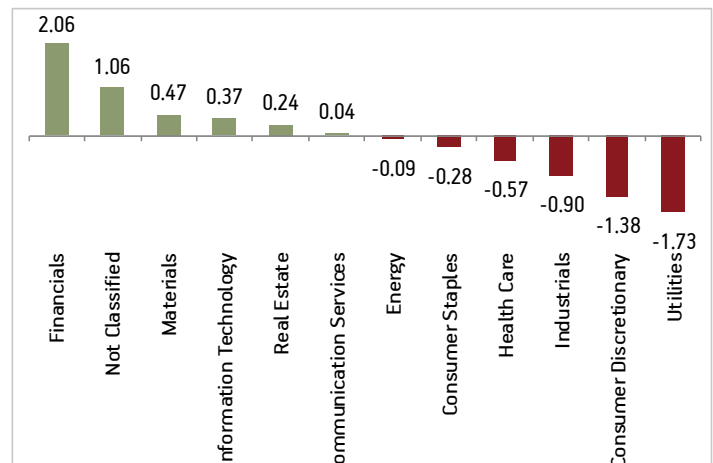
	CY 2018	CY 2019	CY 2020	CY 2021	YTD 2022
IFEF	-11.1%	9.7%	12.4%	26.4%	-10.9%
MSCI India	-8.8%	6.1%	14.1%	25.1%	-8.7%
Outperformance	-2.3%	3.7%	-1.8%	1.3%	-2.2%

**Sector Allocation (as on 30<sup>th</sup> December 2022)**

The above industry classification follows GICS Sector Classification Data is percentage (%)

**Active Weight****Top Holdings (as on 30<sup>th</sup> December 2022)**

Instrument Name	% NAV
Infosys Ltd	8.41
ICICI Bank Ltd	7.25
Reliance Industries Ltd	6.19
HDFC Ltd	5.76
Axis Bank Ltd	4.05
Bajaj Finance Ltd	2.97
State Bank Of India	2.91
Hindustan Unilever Ltd	2.85
HDFC Bank Ltd	2.81
Mahindra & Mahindra Ltd	2.49

**Attribution**

The above industry classification follows GICS Sector Classification. Portfolio details and attribution as of Dec 30, 2022. Attribution analysis for 1 Year data. Data in percentage (%).

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Aditya Birla Sun Life Asset Management Company Pte Ltd

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