

# INDIA QUALITY ADVANTAGE FUND (IQAF)- 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 the Fund is to generate superior risk-adjusted returns.

## Investment Philosophy

The Fund invests in companies in India exhibiting consistent high-quality growth with investment horizon of medium-to-long term. It adopts a bottom-up stock election approach based on 'Quality' parameters including but not restricted to Return on Equity, Return on Capital employed, Earnings and Profit margins.

## Key Facts (as on 28<sup>th</sup> February 2023)

Inception Date	August 29th, 2017
Total Fund Size	USD \$10.35 million
NAV "A" Share	USD \$142.85
Domicile	Dublin, Ireland
Fund Base Currency	USD
UCITS	Yes
Benchmark	MSCI India SMALLCAP
Benchmark Ticker	MXINSC

## Share Class wise

A	
ISIN	IE00BJ8RGP20
Fund Ticker	AINQAAS ID Equity
Swiss Valor	43014530
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
25.27%	0.37	0.78

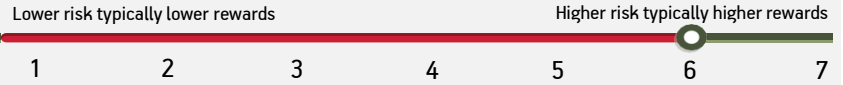
Risk ratios pertain to "A" share class

Standard Deviation, Sharpe Ratio & Beta are calculated on Annualized basis using 3 year

history of monthly USD returns. All statistical ratios w.r.t. MSCI India Small Cap Index

# Risk-free rate assumed to be 4.88% (3 Month US Treasury Bill yield as on 28-Feb-2022)

## Synthetic Risk & Reward Indicator (SRRI)



## Market Outlook – February 2023

Indian equities fell (\$ terms, -4.7% MoM/-15.7% YTD), while outperforming the region and peers (MSCI APXJ/ EM: -6.9%/-6.5% MoM). Mid-caps and small caps though weak, outperformed the large caps respectively. All sectors barring Energy ended the month in the red. The INR depreciated by 0.9% MoM, reaching ~82.67/USD in February.

Investors' concerns navigated around hawkish policy stance by central banks, resurgent geopolitical tensions and volatile move in Adani Group stocks. Other key developments in the month: (1) In the FY2024 Union Budget, the government (a) prioritized fiscal consolidation and (b) focused on capital expenditure to achieve higher medium-term GDP growth, (2) Adani Enterprises called off its FPO of Rs200 bn, (3) the US FOMC, in line with expectations, hiked the target range for the federal funds rate by 25 bps, (4) the RBI MPC hiked the repo rate by 25 bps and remained concerned about elevated inflation, especially core inflation, while being optimistic about growth, (5) Russia to cut oil production by 500,00 bpd in March, (6) meteorologists have suggested increasing risks of El Nino in 2023, (7) minutes of the recent meetings of the RBI and the US Fed suggest that banks are willing to increase the interest rates further as inflation remains a concern.

FII's kept their selling momentum in February (-\$0.1bn, following -\$3.7bn in January). India has seen FII outflows of \$3.7bn YTD.

DII's saw buying of \$2.3bn in February, keeping on trend with the previous month (+\$4.1bn). Mutual funds were buyers in February with inflows of \$0.6bn and Insurance funds were net buyers in the month with inflows of \$1.8bn.

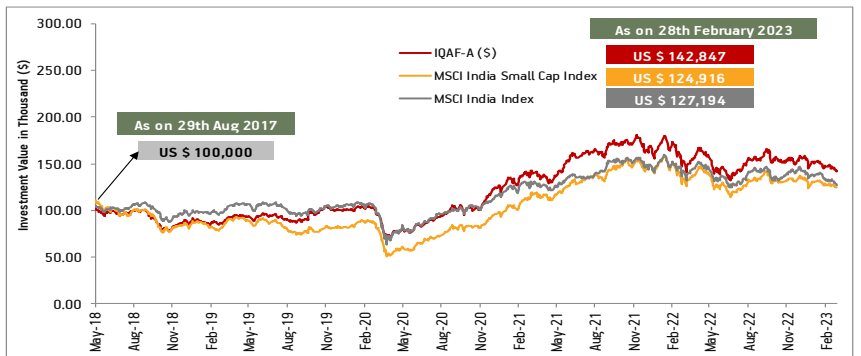
Key risk for equity markets currently are higher interest rates and market pricing of peak Central Bank policy rate is rising at a quick pace.

Recent US inflation data suggest that the monetary policy fight to tame inflation may be long-drawn, contrary to earlier expectations. The hopes of a rapid softening on inflation seems to be dissipating given continued strength in the US labor market. Peak Fed rate projections have increased in recent weeks to 5.4%, with equity markets gradually reconciling to the 'higher-for-longer' view. There are some extreme views with higher peak rate projections also.

In India too, there are increasing risks of a tighter monetary policy in India following higher global policy rates and upside risks to domestic inflation, especially due to higher food and fuel prices. We are expecting only one more rate hike by RBI to take the policy rate to 6.75%. But domestic bond yields have already started pricing a peak repo rate close to 7%, based on 1-year OIS rates.

Growth stocks may face a challenging time this year while quality stocks providing high earnings visibility and with reasonable valuations may fare better.

## Fund Performance (as on 28<sup>th</sup> February 2023)



Period	IQAF	MSCI India Small Cap	Outperformance	MSCI India Index	Outperformance
1 Month	-3.2%	-3.2%	0.0%	-4.7%	1.5%
3 Months	-8.1%	-7.3%	-0.8%	-12.7%	4.5%
6 Months	-8.9%	-7.7%	-1.2%	-11.9%	2.9%
9 Months	-2.1%	-2.5%	0.4%	-6.8%	4.7%
1 Year	-7.0%	-6.7%	-0.2%	-10.8%	3.9%
2 Year	2.8%	5.7%	-3.0%	1.4%	1.4%
3 Year	14.2%	15.3%	-1.1%	9.4%	4.8%
5 Year	7.5%	2.4%	5.1%	3.9%	3.6%
Since Inception	7.0%	4.1%	2.8%	4.5%	2.5%
YTD	-6.0%	-3.5%	-2.5%	-7.6%	1.6%

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 IQAF 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.



**Morningstar Rating:** Overall Rating based on risk-adjusted returns out of 396 funds as of 28/02/2023

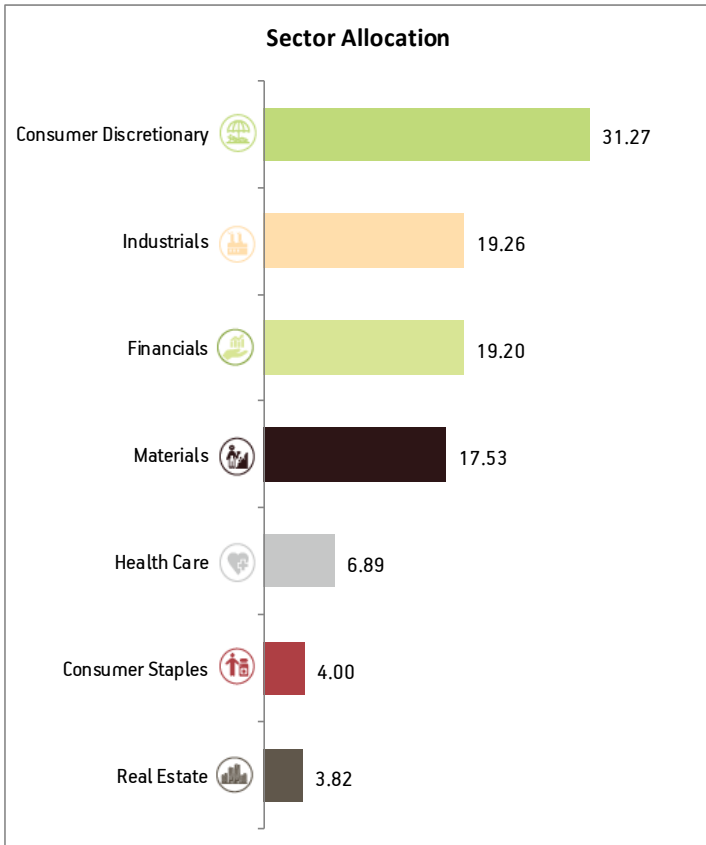
**Lipper Leaders Rating:** Funds are rated on a numeric scale of 5 to 1, with '5' representing funds with the highest rating (Top 20%) or Lipper Leaders, and '1' representing the lowest rated funds

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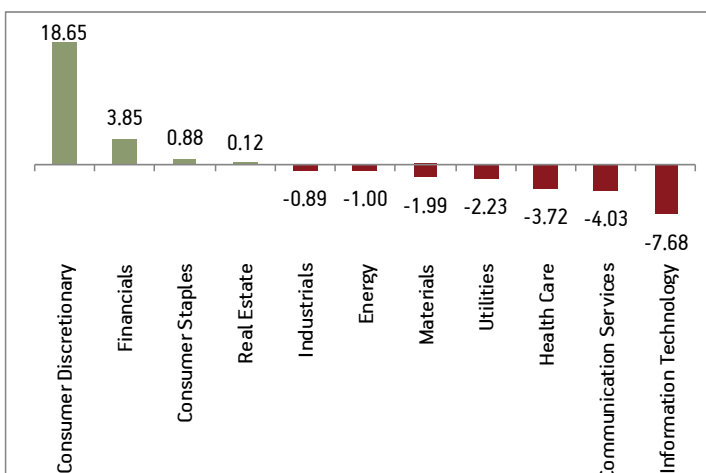
	CY 2018	CY 2019	CY 2020	CY 2021	CY 2022	YTD 2023
<b>IQAF</b>	-16.3%	11.6%	26.4%	31.8%	-9.4%	-6.0%
MSCI India Small Cap Index	-26.4%	-5.5%	19.6%	50.7%	-13.7%	-3.5%
<b>Outperformance</b>	10.1%	17.2%	6.8%	-18.9%	4.3%	-2.5%
MSCI India Index	-8.8%	6.1%	14.1%	25.1%	-8.7%	-7.6%
<b>Outperformance</b>	-7.6%	5.5%	12.2%	6.7%	-0.7%	1.6%

## Sector Allocation (as on 28<sup>th</sup> February 2023)



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

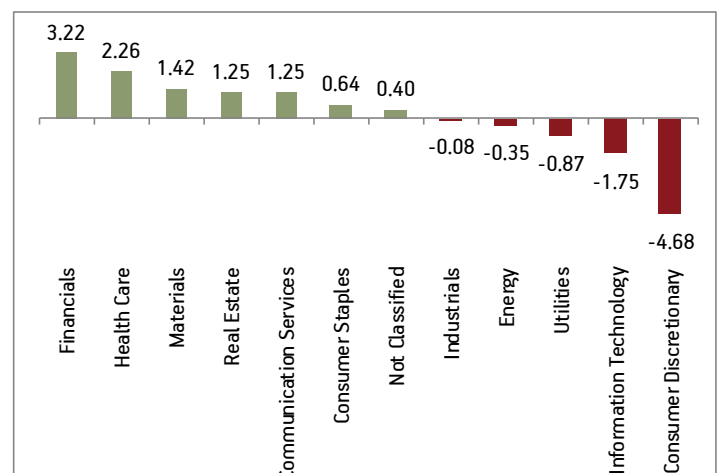
## Active Weight



## Top Holdings (as on 28<sup>th</sup> February 2023)

INSTRUMENT NAME	% NAV
M & M Financial Services Ltd	4.25
Ujjivan Small Finance Bank Ltd	4.13
Balrampur Chini Mills	4.00
Phoenix Mills Ltd	3.82
FSN E-Comm Ventures Ltd	3.59
JK Lakshmi Cement	3.50
Shoppers Stop Ltd	3.43
Ramco Cements	3.36
Dalmia Bharat Ltd	3.34
Interglobe Aviation Ltd	3.33

## Attribution



The above industry classification follows GICS Sector Classification. Portfolio details and attribution as of Feb 28, 2023. Attribution analysis for 1 Year data. Data in percentage (%).

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