

# INDIA QUALITY ADVANTAGE FUND (IQAF)

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 31<sup>st</sup> May 2023)

|                    |                     |
|--------------------|---------------------|
| Inception Date     | November 3rd, 2014  |
| Total Fund Size    | USD \$11.45 million |
| NAV "D" Share      | USD \$233.84        |
| Domicile           | Dublin, Ireland     |
| Fund Base Currency | USD                 |
| UCITS              | Yes                 |
| Benchmark          | MSCI INDIA SMALLCAP |
| Benchmark Ticker   | MXINSC              |

## Share Class wise

| D                                  |                   |
|------------------------------------|-------------------|
| ISIN                               | IE00BJ8RGS50      |
| Fund Ticker                        | AINQADS ID Equity |
| Swiss Valor                        | 36534767          |
| Initial Charges                    | NIL               |
| Redemption Charges                 | NIL               |
| Minimum Initial Subscription (USD) | 10,00,000         |
| Minimum Additional Purchase (USD)  | 1000              |
| Minimum Redemption (USD)           | 1000              |

## Risk Statistics

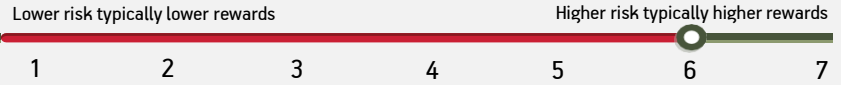
| IQAF            | Standard Deviation | Sharpe Ratio # | Beta |
|-----------------|--------------------|----------------|------|
| 3 Year          | 19.76%             | 1.04           | 0.90 |
| Since Inception | 20.34%             | 0.24           | 0.76 |

Risk ratios pertain to "D" 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 5.52% (3 Month US Treasury Bill yield as on 31-May-2023)

## Synthetic Risk & Reward Indicator (SRRI)



## Market Outlook – May 2023

Indian equities ended the month of May on a positive note. Mid-cap and small-cap indices outperformed large-cap indices and were up 6% and 5%, respectively. Sector-wise, all sectors ended in green, except metals and oil & gas. Auto, Real Estate and Information Technology indices gained the most.

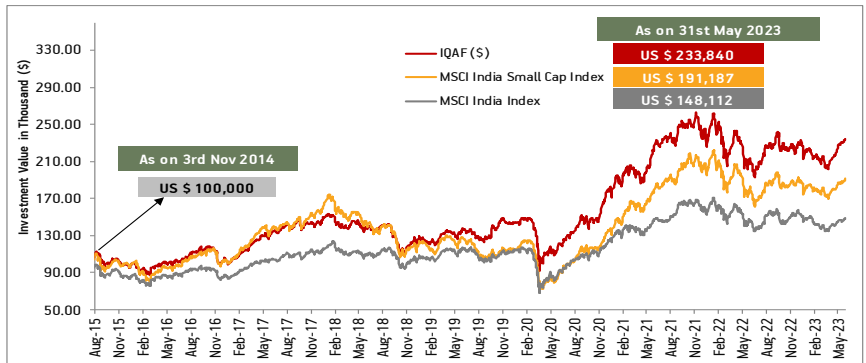
FII maintained their buying trend in May, higher in quantum (+\$4.5bn, following +\$1.9bn in April). This has reversed all the YTD FII outflows, turning net positive to the tune of \$4bn YTD. DIIs turned net sellers for the first time since November last year with outflows of \$0.4bn in May (+\$0.3bn in April). Mutual funds were net buyers in May with inflows of \$283mn while Insurance funds were net sellers in the month with outflows of \$685mn.

Key developments in the month: (1) the US Federal Reserve increased interest rates by 25 bps and hinted at a potential pause in the rate hike cycle, (2) the RBI notified the withdrawal of Rs2,000 denominated bank notes (introduced in November 2016), while they will continue to be legal tender, (3) the Indian Meteorological Department (IMD) retained its forecast of a normal south-west monsoon at 96% of the long-period average (LPA), (4) US lawmakers voted to raise the national borrowing limit to avert a catastrophic default. 4QFY23 net profits of the MSCI India Index grew 19% yoy.

Despite macro uncertainty, global markets have rallied in recent months while Nifty has corrected YTD 2023. India's valuation currently is at near long-term historical average levels. Higher interest rates may lead to curtailment in demand in sectors such as Auto, Consumer Durables which may lead to some downgrade in corporate earnings, however, it should still post healthy double-digit growth. Triggers include continuous uptick in consumer sentiments, green shoots in rural recovery and commodity prices off their previous highs.

In the near term, we believe most of the risks are priced in and there is not much downside in the markets. As valuations have normalized, markets should track earnings growth going forward. On a medium-term basis, we believe India is in a relatively better position amongst global peers – supportive demographics, more domestic-demand driven economy, political stability with a progressive reform agenda by the government and domestic manufacturing getting a boost from China+1. Domestic focused themes viz. Banking and Financial Services, Consumption, Domestic Manufacturing are preferred to global cyclical.

## Fund Performance (as on 31<sup>st</sup> May 2023)



| Period          | IQAF  | MSCI India Small Cap Index | Outperformance | MSCI India Index | Outperformance |
|-----------------|-------|----------------------------|----------------|------------------|----------------|
| 1 Month         | 5.5%  | 4.1%                       | 1.4%           | 2.8%             | 2.7%           |
| 3 Months        | 11.7% | 9.0%                       | 2.7%           | 8.2%             | 3.5%           |
| 6 Months        | 2.8%  | 1.0%                       | 1.8%           | -5.5%            | 8.3%           |
| 9 Months        | 2.0%  | 0.6%                       | 1.4%           | -4.6%            | 6.7%           |
| 1 Year          | 9.9%  | 6.2%                       | 3.7%           | 0.8%             | 9.1%           |
| 2 Year          | 2.4%  | 3.8%                       | -1.4%          | 0.6%             | 1.8%           |
| 3 Year          | 25.9% | 31.3%                      | -5.4%          | 19.0%            | 7.0%           |
| 5 Year          | 11.0% | 5.7%                       | 5.3%           | 6.3%             | 4.7%           |
| 7 Year          | 12.7% | 10.3%                      | 2.4%           | 7.8%             | 4.9%           |
| Since Inception | 10.4% | 7.8%                       | 2.6%           | 4.7%             | 5.7%           |
| YTD             | 5.1%  | 5.2%                       | -0.1%          | 0.0%             | 5.1%           |

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 D 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 31/05/2023

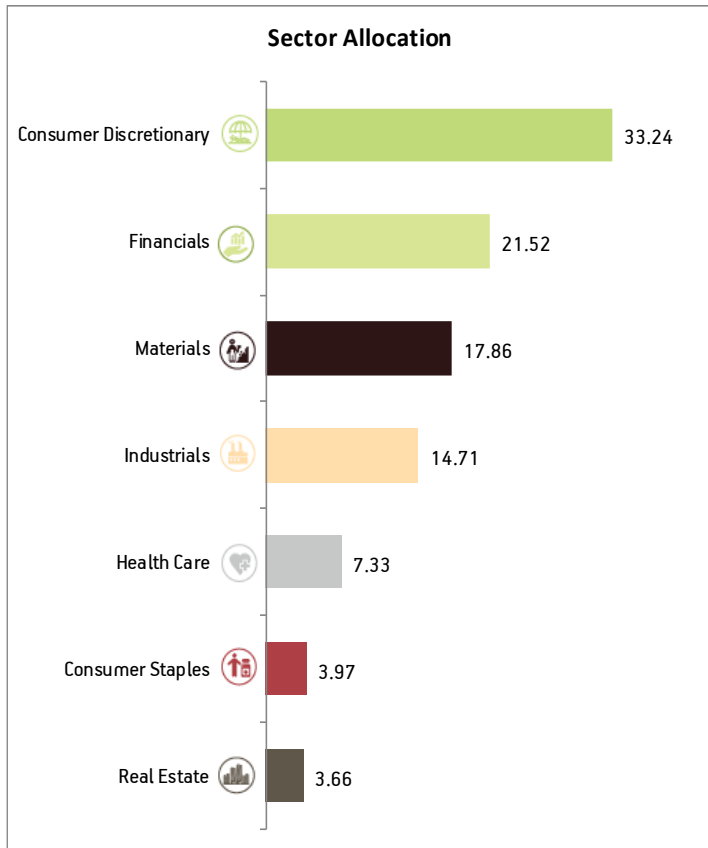
Lipper Leaders Rating: Funds are rated on a numeric scale of 5 to 1, with '5' representing funds with the highest rating (Top 20%) or Lipper Leaders and '1' representing the lowest rated funds

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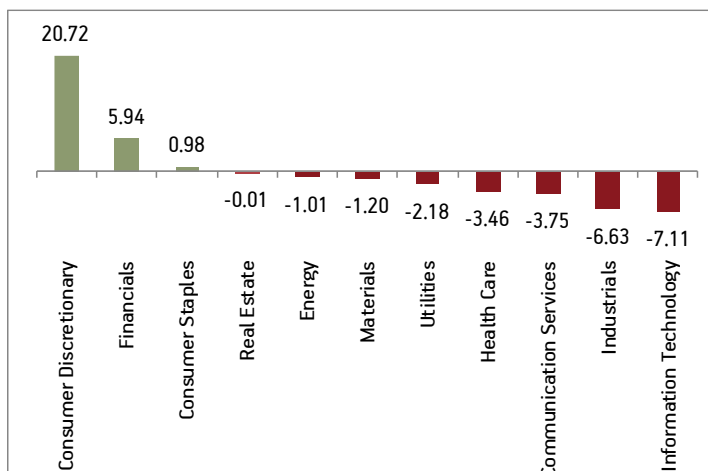
|                            | CY 2015 | CY 2016 | CY 2017 | CY 2018 | CY 2019 | CY 2020 | CY 2021 | CY 2022 | YTD 2023 |
|----------------------------|---------|---------|---------|---------|---------|---------|---------|---------|----------|
| IQAF                       | 1.0%    | 1.1%    | 49.3%   | -15.6%  | 12.5%   | 27.4%   | 32.8%   | -8.7%   | 5.1%     |
| MSCI India Small Cap Index | 1.4%    | -0.7%   | 65.9%   | -26.4%  | -5.5%   | 19.6%   | 50.7%   | -13.7%  | 5.2%     |
| Outperformance             | -0.4%   | 1.8%    | -16.6%  | 10.8%   | 18.0%   | 7.8%    | -17.8%  | 5.0%    | -0.1%    |
| MSCI India Index           | -7.4%   | -2.8%   | 36.8%   | -8.8%   | 6.1%    | 14.1%   | 25.1%   | -8.7%   | 0.0%     |
| Outperformance             | 8.4%    | 3.9%    | 12.5%   | -6.9%   | 6.4%    | 13.2%   | 7.7%    | 0.0%    | 5.1%     |

## Sector Allocation (as on 31<sup>st</sup> May 2023)



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

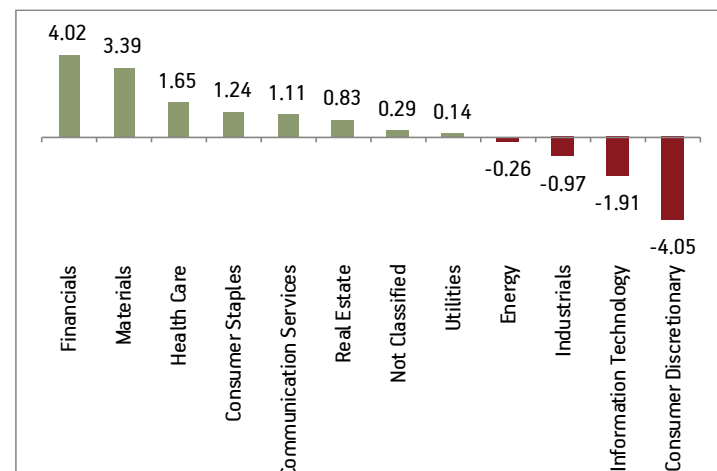
## Active Weight



## Top Holdings (as on 31<sup>st</sup> May 2023)

| INSTRUMENT NAME                  | % NAV |
|----------------------------------|-------|
| Ujjivan Small Finance Bank Ltd   | 4.33  |
| M G M Financial Services Ltd     | 4.33  |
| IDFC First Bank Ltd              | 4.02  |
| Balrampur Chini Mills Ltd        | 3.97  |
| Interglobe Aviation Ltd          | 3.84  |
| Phoenix Mills Ltd                | 3.66  |
| Shoppers Stop Ltd                | 3.62  |
| Dalmia Bharat Ltd                | 3.49  |
| Go Fashion India Ltd             | 3.49  |
| Navin Fluorine International Ltd | 3.40  |

## Attribution



The above industry classification follows GICS Sector Classification. Portfolio details and attribution as of May 31, 2023. Attribution analysis for 1 Year data. Data in percentage (%).

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- The Fund is not a guaranteed or assured return fund.
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Aditya Birla Sun Life Asset Management Company Pte Ltd

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