

# 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 October 2023)

Inception Date	November 3rd, 2014
Total Fund Size	USD \$16.51 million
NAV "D" Share	USD \$248.72
Domicile	Dublin, Ireland
Fund Base Currency	USD
UCITS	Yes
Benchmark	MSCI INDIA SMALLCAP
Benchmark Ticker	MXINSC

## Share Class wise

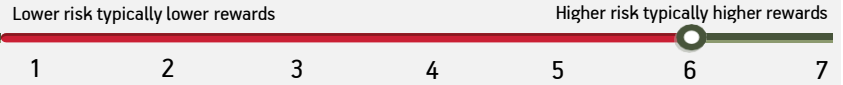
D	
ISIN	IE00BJ8R6G50
Fund Ticker	AINQADS ID Equity
Swiss Valor	36534767
Initial Charges	NIL
Redemption Charges	NIL
Minimum Initial Subscription (USD)	10,00,000
Minimum Additional Purchase (USD)	1000
Minimum Redemption (USD)	1000

## Risk Statistics

IQAF	Standard Deviation	Sharpe Ratio #	Beta
3 Year	19.33%	0.74	0.97
Since Inception	20.05%	0.26	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 5.59% (3 Month US Treasury Bill yield as on 31-October-2023)

## Synthetic Risk & Reward Indicator (SRRI)



## Market Outlook – October 2023

In October, equities fell from the all-time highs made in the previous month, however continued to outperform its emerging market peers. The Israel-Hamas conflict, rising US bond yields and concerns about potential rate hikes dampened investor sentiment. The Mid-cap Index fell 4.1% while the Small-cap Index declined 0.8%. Sector-wise, all sectoral indices declined. Globally, most of the markets declined, with South Korea, Thailand and the Philippines declining 7.6%, 6.1% and 5.5%, respectively. Russia and Malaysia were the only markets to close with positive returns (7.2% and 1.3%, respectively). Other key developments: (1) the RBI MPC, in its October meeting, maintained status quo on the repo rate, (2) IMF raised India's FY2024 GDP forecast to 6.3% from 6.1% earlier, (3) World Bank maintained its FY2024 GDP growth forecast for India at 6.3%, (4) the Election Commission of India announced the schedule for assembly elections in five states: Rajasthan, Madhya Pradesh, Telangana, Chhattisgarh and Mizoram, (5) the Union Cabinet approved a 4% hike in dearness allowance for central government employees and pensioners effective July 2023. FPIs sold US\$3 bn (until October 27) of Indian equities in the secondary market, whereas DIIs bought US\$3.3 bn (until October 30).

Indian growth story remains intact and resilient with both industry and services doing well. Government capex has continued to be resilient; PMIs are running at near highest levels of last decade, and capacity utilization is above 75% which is marker for capex and the same is visible in new investment intention of corporate.

Monsoon recovered smartly in September reducing concerns on agri output, although sowing has been poor in some crops.

Despite the weakness in external sector, we remain positive on domestic growth and expect FY24 growth at 6.25-6.5%.

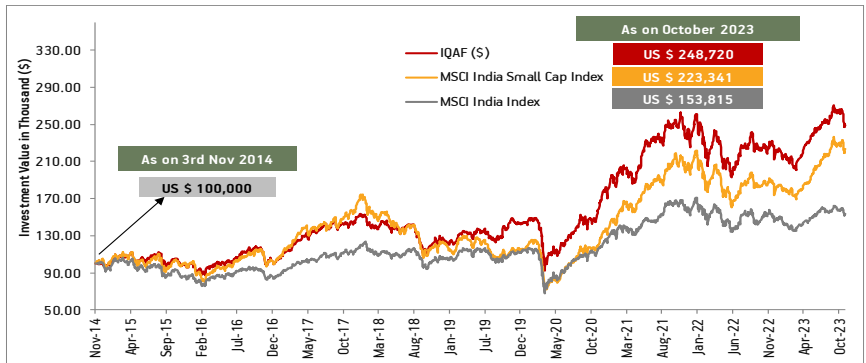
We believe that inflation data will continue to remain soft in the months ahead as vegetable prices have fallen and government is very focused on keeping inflation low, including through measures like cut in LPG prices and export bans on food items and quick imports/duty cuts. Like most major Central Banks, we expect RBI also to stay on pause for the rest of FY24 and start cutting in FY25.

Fiscal account of government of India is on track to achieve the 5.9% budget deficit target. We expect the government to stick to its borrowing targets for the fiscal. RBI continues to steadily build forex buffer and intervene on both sides to reduce INR volatility. We expect INR to remain relatively stable and one of the best performing EM currencies.

Key risk for India in the short term will be macro conditions on the global front and higher energy prices which have moved up lately due to supply side issues.

This year, mid and small cap stocks have continued to strengthen. This highlights the strength of domestic focused sectors. Though we remain structurally positive in mid & small caps, we expect there could be short-term volatility in this space given the valuation catch-up and relative valuation comfort in Large caps. Within equity, domestic focused themes viz. Banking and Financial Services, Consumption, Healthcare and Domestic Manufacturing are preferred to global cyclicals.

## Fund Performance (as on October 2023)



Period	IQAF	MSCI India SmallCap Index	Outperformance	MSCI India Index	Outperformance
1 Month	-5.7%	-1.9%	-3.8%	-2.2%	-3.5%
3 Months	-2.1%	2.5%	-4.6%	-3.4%	1.3%
6 Months	12.2%	21.6%	-9.4%	6.7%	5.5%
9 Months	15.1%	23.3%	-8.2%	7.1%	8.0%
1 Year	12.3%	21.9%	-9.6%	4.0%	8.3%
2 Year	0.5%	4.6%	-4.1%	-2.4%	2.9%
3 Year	19.9%	25.0%	-5.1%	12.2%	7.6%
5 Year	16.6%	14.8%	1.8%	9.6%	7.1%
7 Year	11.6%	10.0%	1.6%	7.5%	4.1%
Since Inception	10.7%	9.3%	1.3%	4.9%	5.8%
YTD	11.8%	22.9%	-11.1%	3.8%	8.0%

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 31/10/2023

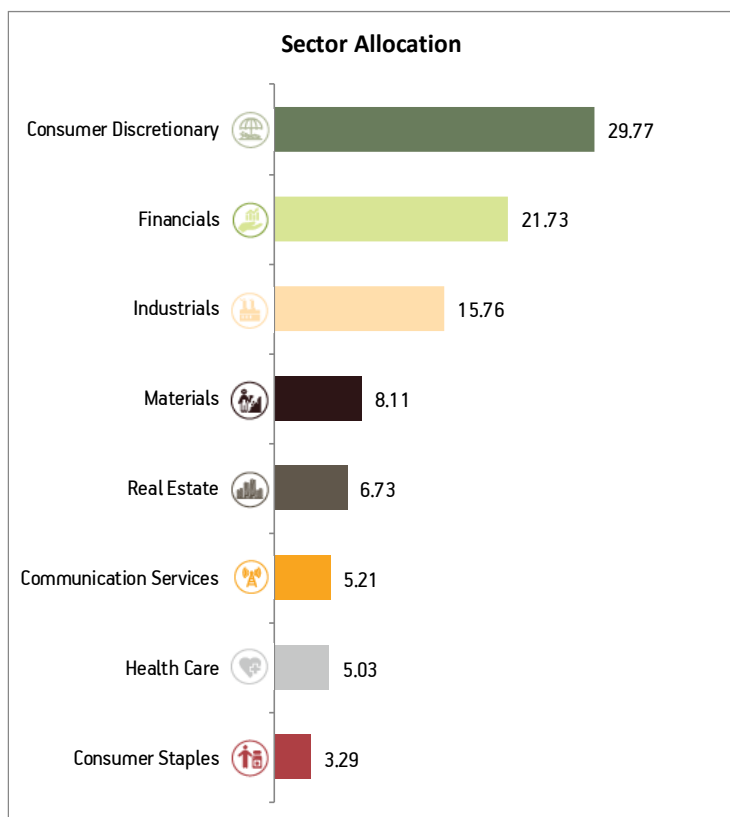
**Lipper Leaders Rating:** Funds are rated on a numeric scale of 5 to 1, with '5' representing funds with the highest rating (Top 20%) or Lipper Leaders, and '1' representing the lowest rated funds

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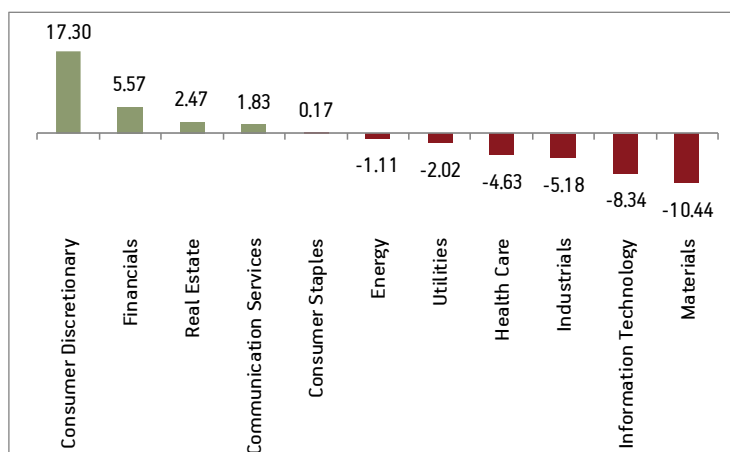
	CY 2015	CY 2016	CY 2017	CY 2018	CY 2019	CY 2020	CY 2021	CY 2022	YTD 2023
IQAF	1.0%	1.1%	49.3%	-15.6%	12.5%	27.4%	32.8%	-8.7%	11.8%
MSCI India Small Cap Index	1.4%	-0.7%	65.9%	-26.4%	-5.5%	19.6%	50.7%	-13.7%	22.9%
Outperformance	-0.4%	1.8%	-16.6%	10.8%	18.0%	7.8%	-17.8%	5.0%	-11.1%
MSCI India Index	-7.4%	-2.8%	36.8%	-8.8%	6.1%	14.1%	25.1%	-8.7%	3.8%
Outperformance	8.4%	3.9%	12.5%	-6.9%	6.4%	13.2%	7.7%	0.0%	8.0%

## Sector Allocation (as on October 2023)



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

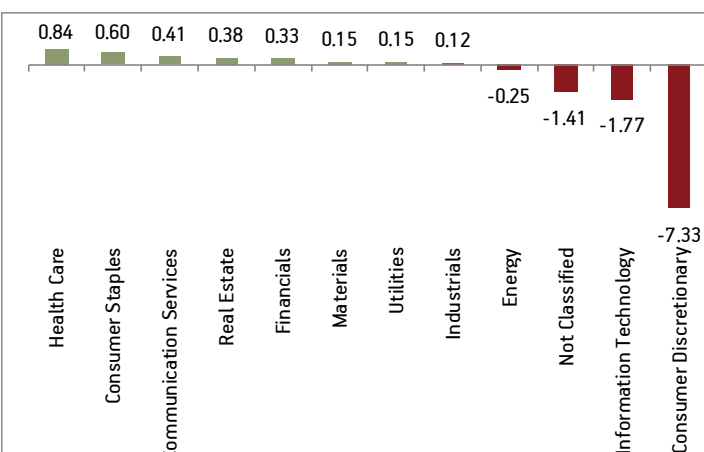
## Active Weight



## Top Holdings (as on October 2023)

INSTRUMENT NAME	% NAV
TD Power Systems Ltd	4.08
LIC Housing Finance Ltd	3.75
Go Fashion India Ltd	3.61
Ashoka Buildcon Ltd	3.53
GMM Pfaudler Ltd	3.50
Dalmia Bharat Ltd	3.44
Motherson Sumi Systems	3.41
Balrampur Chini Mills Ltd	3.29
Shoppers Stop Ltd	3.29
Polycab India Ltd	3.22

## Attribution



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Aditya Birla Sun Life Asset Management Company Pte Ltd

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