

# 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 February 2024)

<b>Inception Date</b>	November 3rd, 2014
<b>Total Fund Size</b>	USD \$18.92 million
<b>NAV "D" Share</b>	USD \$269.10
<b>Domicile</b>	Dublin, Ireland
<b>Fund Base Currency</b>	USD
<b>UCITS</b>	Yes
<b>Benchmark</b>	MSCI INDIA SMALLCAP
<b>Benchmark Ticker</b>	MXINSC

## Share Class wise

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

## Risk Statistics

IQAF	Standard Deviation	Sharpe Ratio #	Beta
3 Year	16.01%	0.37	0.87
Since Inception	19.79%	0.29	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 5.45% (3 Month US Treasury Bill yield as on 29-February-2024)

## Synthetic Risk & Reward Indicator (SRRI)



## Market Outlook - February 2024

The Indian markets ended Feb'24 on a higher note. All sectoral indices ended positive, except for FMCG which closed in the red, while Oil & Gas, Auto and Real Estate were the top gainers. The Mid cap (-0.5%) and Small cap (-0.3%) indices underperformed the Large cap Index.

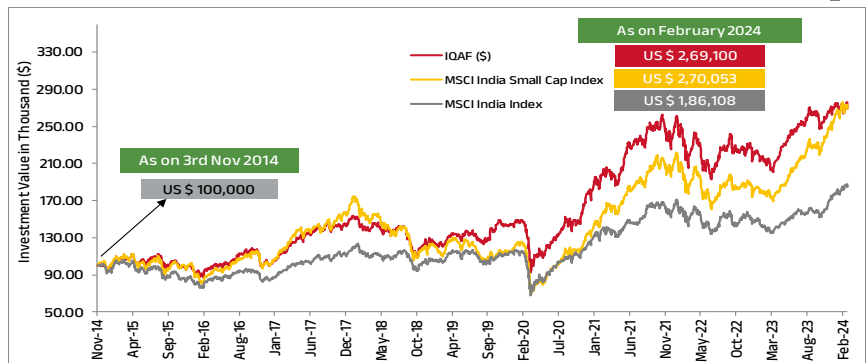
Most global markets ended positive, with the latest rally propelled by investor optimism about artificial intelligence. Other key developments include: (1) The government projected central government fiscal deficit at 5.1% of GDP in FY2025BE, lower than 5.8% in FY2024RE; (2) The RBI kept the repo rate unchanged at 6.5% as expected; (3) The US FOMC maintained policy rate at 5.25-5.5% as expected; (4) The minutes of the US FOMC meeting highlighted that members were not in a rush to start cutting interest rates; (5) The results of the Household Consumption Expenditure Survey (HCES 2022-23) indicate the share of expenditure on food has continued to fall while the shares of travel, consumer services & durable goods have increased; (6) Indian mutual fund industry body, AMFI, advised fund houses to implement investor protection measures for Small cap and Mid cap investments due to concerns about potential market bubbles.

Total institutional inflows fell as FPIs sold US\$592 Mn (until 28 Feb 2024) of Indian equities in the secondary market, whereas DIs continue to bid, buying stocks worth US\$3.1 Bn (until 29 Feb 2024).

On the economic front, the 3QFY24 GDP growth was 8.4% (2QFY24: 8.1%). CPI Inflation in Jan'24 moderated to 5.1% (5.7% in Dec'23) while WPI inflation in Jan'24 moderated to 0.3% (0.7% in Dec'23). IIP growth in Dec'23 increased by 3.8% (2.4% in Nov'23), led by manufacturing activity while the goods trade deficit in Jan'23 narrowed to US\$17.5 Bn (US\$19.8 Bn in Dec'23), with exports at US\$36.9 Bn and imports at US\$54.4 Bn.

Moving forward, the bull market is unlikely to end without signs that fundamentals are worsening. Modest real rates, given stable-to-rising real GDP growth, sets the stage for higher share prices. Although there are concerns that valuations (in particular market cap to GDP) appear to be stretched, share prices have barely kept pace with earnings over the past three to five years. Trend earnings are still below nominal GDP while we remain in an earnings upcycle. Strong relative and absolute earnings growth, which is underpinned by an emerging private capex cycle, re-leveraging of corporate balance sheets and unfolding of a structural rise in discretionary consumption, makes Indian equity valuations tolerable. Equity allocation on Indian households' balance sheets remains low and the rising pool of domestic savings flowing into equities, which we see as a multi-year secular story further supported by demographics and retirement plan flows, will continue to support the Indian Equity markets in years to come.

## Fund Performance (as on February 2024)



Period	IQAF	MSCI India SmallCap Index	Outperformance	MSCI India Index	Outperformance
1 Month	-1.7%	-1.0%	-0.7%	2.6%	-4.3%
3 Months	1.9%	11.1%	-9.3%	13.6%	-11.7%
6 Months	3.2%	18.5%	-15.3%	19.3%	-16.1%
9 Months	15.1%	41.3%	-26.2%	25.7%	-10.6%
1 Year	28.5%	54.0%	-25.5%	36.0%	-7.5%
2 Year	9.7%	19.8%	-10.1%	10.1%	-0.3%
3 Year	11.3%	19.8%	-8.5%	11.8%	-0.5%
5 Year	16.9%	18.6%	-1.8%	12.1%	4.7%
7 Year	13.0%	12.4%	0.6%	10.1%	2.8%
Since Inception	11.2%	11.2%	0.0%	6.9%	4.3%
YTD	-0.7%	4.8%	-5.5%	5.1%	-5.7%

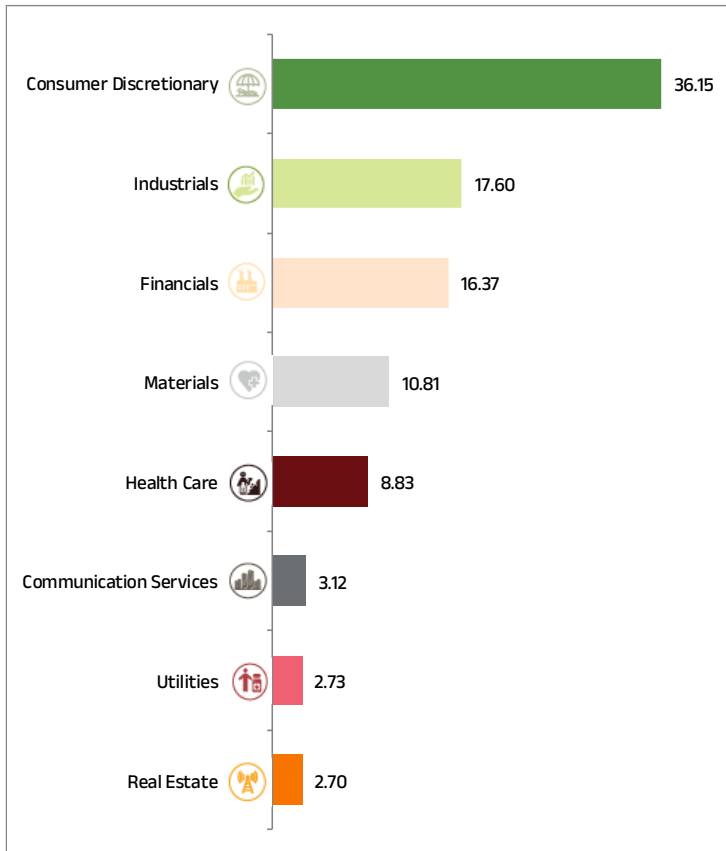
Source: Bloomberg, ABSLAMC Internal Research  
Returns are net of expenses. Returns are in % and absolute returns for period less than 1 year & CAGR for period 1 year or more. The returns for IQAF D Share & MSCI (India) are in US Dollars. Past performance is not indicative of future results. MSCI - Morgan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

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	CY 2015	CY 2016	CY 2017	CY 2018	CY 2019	CY 2020	CY 2021	CY 2022	CY 2023	YTD 2024
IQAF	1.0%	1.1%	49.3%	-15.6%	12.5%	27.4%	32.8%	-8.7%	21.8%	-0.7%
MSCI India Small Cap Index	1.4%	-0.7%	65.9%	-26.4%	-5.5%	19.6%	50.7%	-13.7%	41.7%	4.8%
<b>Outperformance</b>	<b>-0.4%</b>	<b>1.8%</b>	<b>-16.6%</b>	<b>10.8%</b>	<b>18.0%</b>	<b>7.8%</b>	<b>-17.8%</b>	<b>5.0%</b>	<b>-20.0%</b>	<b>-5.5%</b>
MSCI India Index	-7.4%	-2.8%	36.8%	-8.8%	6.1%	14.1%	25.1%	-8.7%	19.6%	5.1%
<b>Outperformance</b>	<b>8.4%</b>	<b>3.9%</b>	<b>12.5%</b>	<b>-6.9%</b>	<b>6.4%</b>	<b>13.2%</b>	<b>7.7%</b>	<b>0.03%</b>	<b>2.2%</b>	<b>-5.7%</b>

## Sector Allocation (as on February 2024)

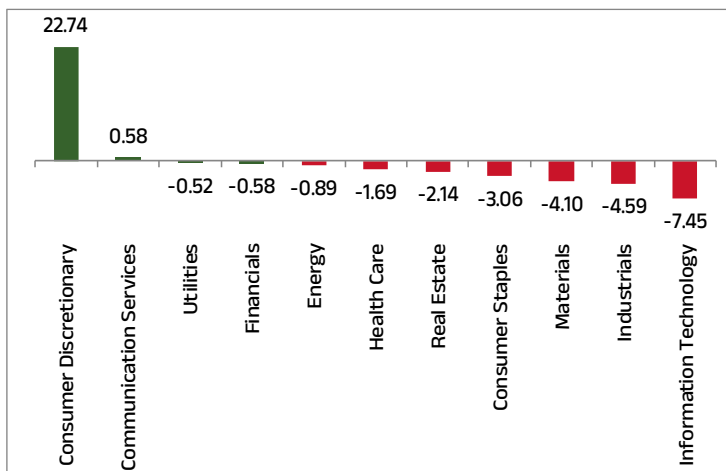


The above industry classification follows GICS Sector Classification Data is percentage (%)

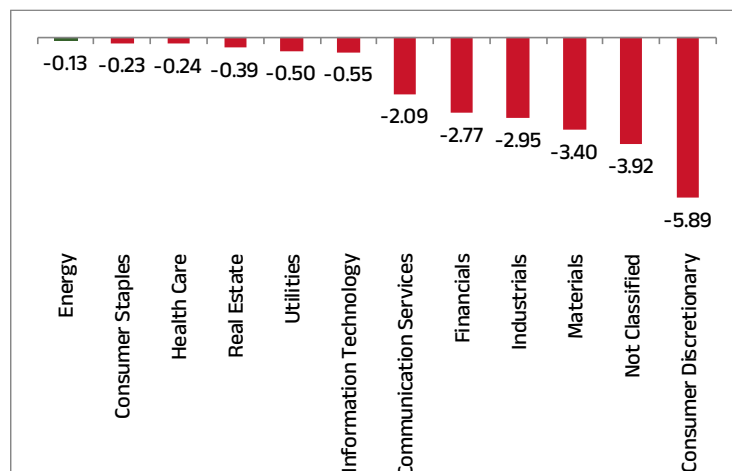
## Top Holdings (as on February 2024)

INSTRUMENT NAME	% NAV
TD Power Systems Ltd	4.41
Inox India Ltd	4.29
LIC Housing Finance Ltd	4.12
Fortis Healthcare Ltd	3.73
Samhi Hotels Rg	3.39
Shoppers Stop Ltd	3.34
Aavas Financiers Ltd	3.25
Cello World Ltd	3.16
Indian Hotels Co Ltd /Demat.	3.12
Affle India Ltd	3.12

## Active Weight



## Attribution



The above industry classification follows GICS Sector Classification. Portfolio details and attribution as of February 2024. Attribution analysis for 1 Year data. Data in percentage (%).

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