

# 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 30<sup>th</sup> September 2022)

Inception Date	August 29th, 2017
Total Fund Size	USD \$22.34 million
NAV "A" Share	USD \$154.82
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
25.61%	0.52	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 3.33% (3 Month US Treasury Bill yield as on 30-Sept-2022)

## Synthetic Risk & Reward Indicator (SRRI)

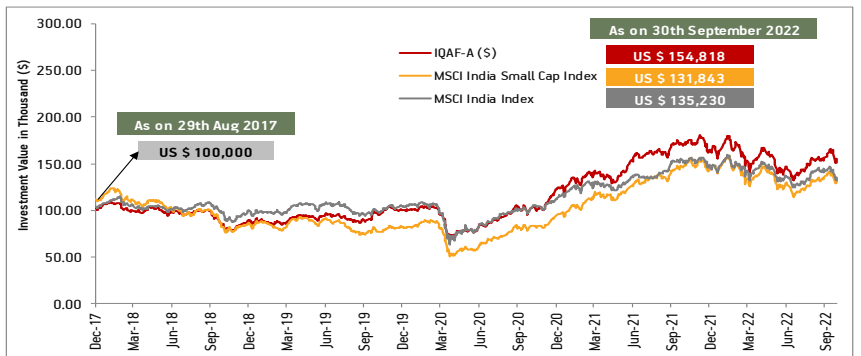


## Market Outlook – September 2022

Indian equities declined -6.3% (\$ terms), reversing the upward trajectory of August while outperforming the region and its peers MSCI Asia Pacific (ex-Japan) & MSCI Emerging Markets. Performance of mid-caps and small caps were mixed against the large caps. All sectors barring Healthcare, Communication Services and Consumer Staples ended the month in the red. The Indian stock market started the month on a good note, with robust GDP growth data, strong auto sales numbers and strong inflows by FIIs in the previous month lifted sentiments during first 2 weeks. However, worse than anticipated inflation and the consequent interest rate hike fears led to a huge selloff in the third week. India's retail inflation came in at 7% in August, outside RBI's upper tolerance band for the 8th time in a row. Global broking houses gave a view that the inflation would remain high over the next quarters, warranting a rate hike from RBI. India's Monetary Policy Committee stuck to the script, delivering a third consecutive 50bps hike taking the policy rate to 5.9%. FIIs again turned sellers of Indian equities in September (-\$1.4bn, following +\$6.8bn in August). So far, India has seen YTD FII outflows of \$22.4bn. DIIs saw buying of \$1.8bn in September, with YTD inflows of \$32.6bn. Mutual funds and Insurance funds were both net buyers in September with \$0.8bn outflows and \$0.9bn outflows respectively. All major financial assets – with the exception of the US dollar – generated negative returns in Sep. Global risk-off sentiment and the Fed's hawkish stance continued to buoy the Dollar. Rising borrowing rates and the stronger dollar tightened financial conditions, harming economic activity around the world. Global PMIs signal that manufacturing activity continues to deteriorate. Equities sold off in Sep on concerns about the economic environment.

In particular, US and Chinese equities saw a significant correction. S&P500 and Nasdaq fell ~10% each in September. The stronger dollar and deteriorating global demand outlook weighed on the performance of commodities. The price of Brent fell ~10% in Sep and dipped below the level last seen prior to Russia's invasion of Ukraine. Similarly, industrial metals weakened on concerns about Chinese demand while gold fell amid rising real interest rates and a stronger Dollar. In India too, the aggressive Fed has tied the RBI's hands. On Friday, RBI raised its policy rate by 50 bps to 4.9% and lowered FY23 GDP projections to 7% yoy from 7.2%. Given the Fed's forward guidance, further rates hikes by RBI are likely with a terminal rate of 6.5%. The uncertainty around the path and level of interest rates over the next two years is one of the biggest risks to equity multiples. Equities have already de-rated sharply globally since the start of the year as bond yields have increased. However, India continues to be best placed to generate Domestic Demand Alpha. We see India providing domestic demand alpha in an environment where DM growth is expected to be weak. We expect consumption to pick up as the economy is now fully reopened and supported by job creation and income growth in the coming quarters. India is rapidly emerging as a favoured investment destination and is best positioned within Asia to deliver domestic demand alpha. Its cyclical recovery will be sustained by structural factors. Over 2022-23, India's growth will average 7%, the strongest among the largest economies, contributing 28% and 22% to Asian and global growth.

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



Period	IQAF	MSCI India Small Cap	Outperformance	MSCI India Index	Outperformance
1 Month	-1.3%	-2.6%	1.3%	-6.3%	5.0%
3 Months	12.3%	10.8%	1.5%	6.3%	6.0%
6 Months	-3.8%	-6.0%	2.2%	-8.5%	4.7%
9 Months	-7.7%	-12.2%	4.4%	-10.3%	2.6%
1 Year	-9.2%	-10.4%	1.2%	-10.7%	1.6%
2 Year	24.0%	26.2%	-2.2%	16.4%	7.6%
3 Year	16.5%	18.4%	-1.9%	10.4%	6.1%
5 Year	9.6%	5.7%	3.9%	6.7%	2.9%
Since Inception	9.3%	5.6%	3.7%	6.1%	3.1%
YTD	-7.7%	-12.2%	4.4%	-10.3%	2.6%

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 30/09/2022

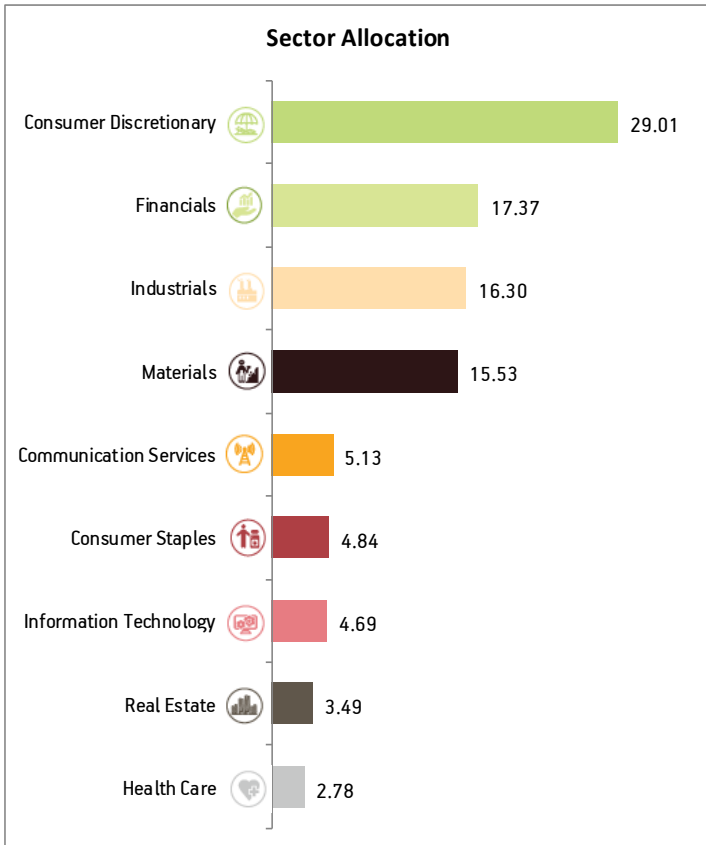
**Lipper Leaders Rating:** Funds are rated on a numeric scale of 5 to 1, with '5' representing funds with the highest rating (Top 20%) or Lipper Leaders, and '1' representing the lowest rated funds

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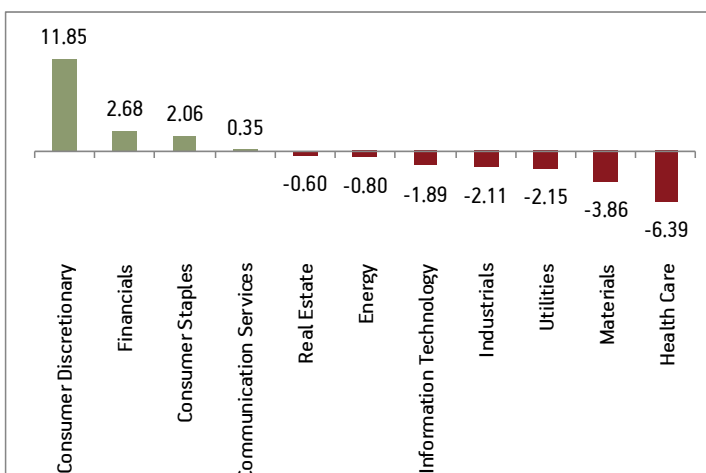
	CY 2018	CY 2019	CY 2020	CY 2021	YTD 2022
<b>IQAF</b>	-16.3%	11.6%	26.4%	31.8%	-7.7%
MSCI India Small Cap Index	-26.4%	-5.5%	19.6%	50.7%	-12.2%
<b>Outperformance</b>	10.1%	17.2%	6.8%	-18.9%	4.4%
MSCI India Index	-8.8%	6.1%	14.1%	25.1%	-10.3%
<b>Outperformance</b>	-7.6%	5.5%	12.2%	6.7%	2.6%

## Sector Allocation (as on 30<sup>th</sup> September 2022)



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

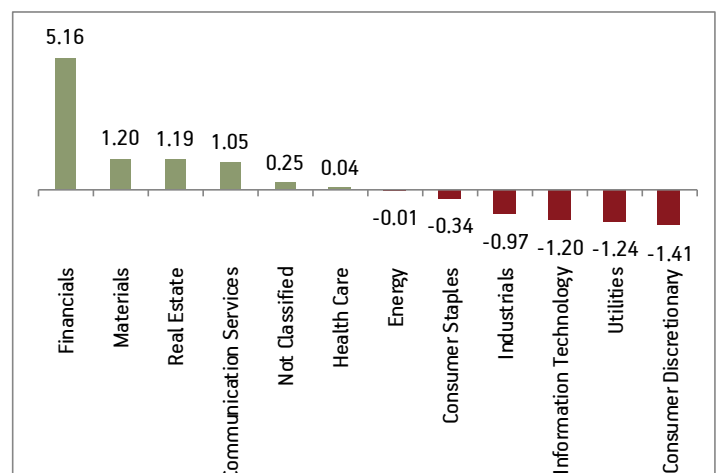
## Active Weight



## Top Holdings (as on 30<sup>th</sup> September 2022)

INSTRUMENT NAME	% NAV
LIC Housing Finance Ltd	4.49
Go Fashion India Ltd	4.08
Ramco Cements Ltd	3.94
Indian Hotels Co Ltd	3.66
Phoenix Mills Ltd	3.49
IndusInd Bank Ltd	3.45
Restaurant Brands Asia Ltd	3.45
Zee Entertainment Enterprises Ltd	3.21
Crompton Greaves Consumer Electricals Ltd	3.12
Kajaria Ceramics Ltd	3.10

## Attribution



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

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