ADITYA BIRLA CAPITA PROTECTING INVESTING FINANCING ADVISING

A sub-fund of ABSL Umbrella UCITS Plc.

# INDIA QUALITY ADVANTAGE FUND (IQAF)

### 😽 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 30th September 2021)

| Inception Date              | November 3rd, 2014  |
|-----------------------------|---------------------|
| Total Fund Size             | USD \$20.4 million  |
| NAV "D" Share               | USD \$247.1         |
| NAV "A" Share               | USD \$170.5         |
| NAV "B" Share               | USD \$181.5         |
| Domicile                    | Dublin, Ireland     |
| Fund Base Currency          | USD                 |
| UCITS                       | Yes                 |
| Benchmark                   | MSCI INDIA SMALLCAP |
| Benchmark Ticker            | MXINSC              |
| Minimum Additional Purchase | USD 1000            |
| Minimum Redemption          | USD 1000            |

### Share Class wise

|                                       | А                    | В                    | С                    | D                    |
|---------------------------------------|----------------------|----------------------|----------------------|----------------------|
| ISIN                                  | IE00BJ8RGP20         | IE00BJ8RGQ37         | IE00BJ8RGR44         | IE00BJ8RGN06         |
| Fund Ticker                           | AINQAAS ID<br>Equity | AINQABS ID<br>Equity | AINQACS ID<br>Equity | AINFLED<br>ID Equity |
| Swiss Valor                           | 43014530             | 43014541             | 43014551             | 36534767             |
| Initial Charges*                      | NIL                  | NIL                  | NIL                  | NIL                  |
| Redemption<br>Charges                 | NIL                  | Max 3.0%**           | NIL                  | NIL                  |
| Minimum Initial<br>Subscription (USD) | 5000                 | 5000                 | 1,00,000             | 1,000,000            |

\*\* The exit load would be charged in the below slabs:

Charge 3% for investors exiting within 1 year of investment. Charge 2% for investors exiting within 2 years of investment. Charge 1% for investors exiting within 3 years of investment. For further details on Charges refer to the Prospectus and Supplement of the Fund. \*Fund currently charges Nil Initial charges. Read the Fund Prospectus to understand the

provision to charge maximum initial charges share class-wise

## **Risk Statistics**

| IQAF               | Standard<br>Deviation | Sharpe<br>Ratio# | Beta |
|--------------------|-----------------------|------------------|------|
| 3 Year             | 24.83%                | 1.09             | 0.74 |
| Since<br>Inception | 21.05%                | 0.67             | 0.74 |

Risk ratios pertains to "D" share class Standard Deviation, Sharpe Ratio & Beta are calculated on Annualised 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 0.04% (3 Month US Treasury Bill yield as on 30-September-2021)







### Market Outlook - September 2021

 $(\mathbf{i})$ 

Indian markets continue to enjoy the massive bull-run, with NIFTY closing above 17500 levels at month-end. Year-to-date, Indian equities are up 25%+, tracking SPX moves up. Record low interest rates, government reform/relief measures (telcos, autos and banks), improved vaccine access and subsequent pick-up in service sector activity kept the momentum strong. Some cooling off was seen over the last week with concerns over the US debt ceiling and uptick in global bond yields.

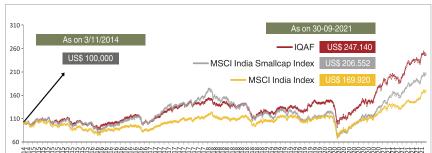
FIIs remained net buyers of Indian equities again (+\$1.4bn, following +\$1.0bn in August). In April, FIIs net sold \$1.5bn in equities, breaking the 6mth inflows streak that started in October last year. In May and June, they again turned to be net buyers. July saw a retracement with FII net selling of \$1.7bn. By guarter, 01 saw \$7.3bn of inflows, while 02 and Q3 ended at a modest \$758mn and \$714mn of net buying respectively. DIIs remained massive net equity buyers for the seventh month running (+\$809mn, vs +\$930mn in August). Mutual funds were net equity buyers at US\$911mn while insurance funds net sold US\$559mn of equities in September.

During the month, crude prices have made a massive headway. A 25% rally in brent crude oil from \$64/bbl to highs of \$80/bbl, touching the highest level since October 2018. The upmove was courtesy the opening of travel and tourism across the globe causing an improvement in demand amidst limited supply, which led to fears of heightened inflation forcing central banks to speeden up the withdrawal of easy

money. This was coupled with a hint by the Fed on increasing interest rates earlier than expected. But amidst all the speculation, the 10-year US Treasury bond yields rallied hitting the 1.56% mark, the highest since June. Not only does a rise in bond yields attract huge capital flows, diverting the FIIs towards the US away from other emerging countries, but it is also a negative for Indian equity markets and the rupee, which experienced significant depreciation in the same period. Despite the above headwinds the markets have not experienced what can be called a meaningful correction due to strong support of DIIs.

We believe current headline valuations seem elevated, however in Med-to-long term valuations based on normalized earnings seem reasonable. We maintain our view to play domestic cyclicals, industrials, financials, and IT.

#### Fund Performance (as on 30th September 2021) йI



| Period          | IQAF   | MSCI India<br>Small Cap Index | Outperformance | MSCI India<br>Index | Outperformance |
|-----------------|--------|-------------------------------|----------------|---------------------|----------------|
| 1 Month         | 1.58%  | 4.77%                         | -3.19% 🗡       | 0.52%               | 1.07% 🔺        |
| 3 Months        | 7.46%  | 12.71%                        | -5.25% 🗡       | 12.30%              | -4.84% 🗡       |
| 6 Months        | 25.32% | 27.41%                        | -2.09% 🗡       | 19.72%              | 5.60% 🔺        |
| 9 Months        | 34.69% | 47.68%                        | -12.99% 🗡      | 25.63%              | 9.05% 🔺        |
| 1 Year          | 70.62% | 77.77%                        | -7.16% 🗡       | 51.67%              | 18.95% 🔺       |
| 2 Year          | 32.98% | 36.06%                        | -3.08% 🗡       | 22.70%              | 10.29% 🔺       |
| 3 Year          | 27.14% | 21.07%                        | 6.07% 🔺        | 15.81%              | 11.33% 🔺       |
| 5 Year          | 16.53% | 13.29%                        | 3.25% 🔺        | 11.76%              | 4.77% 🔺        |
| Since Inception | 13.98% | 11.06%                        | 2.92% 🔺        | 7.33%               | 6.66% 🔺        |
| YTD             | 34.69% | 47.68%                        | -12.99% 🗡      | 25.63%              | 9.05% 🔺        |

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 Annualised Growth Rate. Returns shown above are point to point returns

Morningstar Rating: Overall Rating based on risk-adjusted returns out of 392 funds as of 8/31/2021

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

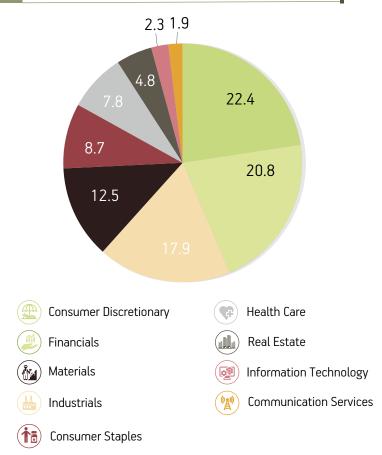
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|                               | CY 2015 | CY 2016 | CY 2017  | CY 2018 | CY 2019 | CY 2020 | YTD 2021 |
|-------------------------------|---------|---------|----------|---------|---------|---------|----------|
| IQAF                          | 1.0%    | 1.1%    | 49.3%    | -15.6%  | 12.5%   | 27.4%   | 34.7%    |
| MSCI India Small<br>Cap Index | 1.4%    | -0.7%   | 65.9%    | -26.4%  | -5.5%   | 19.6%   | 47.7%    |
| Outperformance                | -0.4% 🗡 | 1.8% 🔺  | -16.6% 🗡 | 10.8% 🔺 | 18.0% 🔺 | 7.8% 🔺  | -13.0% 🗡 |
| MSCI India Index              | -7.4%   | -2.8%   | 36.8%    | -8.8%   | 6.1%    | 14.1%   | -32.3%   |
| Outperformance                | 8.4% 🔺  | 3.9% 🔺  | 12.5% 🔺  | -6.9% 🗡 | 6.4% 🔺  | 13.2%   | 47.7% 🔺  |
|                               |         |         |          |         |         |         |          |

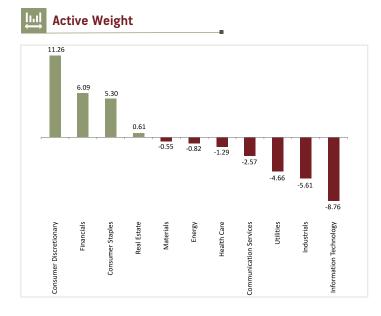
### Sector Allocation (as on 30th September 2021)



| 9 | Top Holdings (as on 30th Septem | ber 2021) |
|---|---------------------------------|-----------|
|   |                                 | -         |
|   |                                 |           |

| INSTRUMENT NAME            | % NAV |
|----------------------------|-------|
| MAX INDIA LTD              | 3.77  |
| DALMIA BHARAT LTD          | 3.44  |
| VIP INDUSTRIES LTD         | 3.36  |
| BHARAT FORGE LTD           | 3.22  |
| WELSPUN INDIA LTD          | 3.13  |
| PHOENIX MILLS LTD          | 3.07  |
| POLYCAB INDIA LTD          | 3.01  |
| SRF LTD                    | 2.93  |
| JK LAKSHMI CEMENT LTD      | 2.92  |
| MOTHERSON SUMI SYSTEMS LTD | 2.92  |

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



ļuļ Attribution 4.49 4.12 3.44 2.71 0.05 0.02 -0.90 -1.01 -1.53 -1.72 -3.10 Energy Utilities Materials Financials Consumer Staples Real Estate Industrials Consumer Discretionary Health Care Communication Services Information Technology

The above industry classification follows GICS Sector Classification. Portfolio details and attribution as of September 30, 2021. Attribution analysis for 1 Year data. Data in percentage (%).

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The Morningstar RatingTM for funds, or "star rating," is calculated for managed products (including mutual funds, variable annuity and variable life subaccounts, exchange-traded funds, closed-end funds, and separate accounts) with at least a three-year history. Exchange-traded funds and open-ended mutual funds are considered a single population for comparative purposes. The top 10% of products in each product category receive 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, the next 22.5% receive 2 stars, and the bottom 10% receive 1 star. The 0verall Morningstar Rating for a managed product is derived from a weighted average of the performance figures associated with its three-, five-, and 10-year (if applicable) Morning-star Rating metrics. The weights are: 100% three-year rating for 36-59 months of total returns, 60% five-year rating/40% three-year rating for 60-119 months of total returns, and 50% 10-year rating/30% five-year rating for 120 or more months of total returns. While the 10-year overall star rating formula seems to give the most weight to the 10-year period, the most recent three-year period has the greatest impact because it is included in all three rating periods.

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### Aditya Birla Sun Life Asset Management Company Pte Ltd

Unit Entity No: 201001946G