



Portfolio Observer - July 2018

Top 200 Core Equity Portfolio

Write your own chapter in India's growth story with the Top 200 Core Equity Portfolio (Top 200 CEP).

An exclusive offering from Aditya Birla Sun Life AMC Ltd - Portfolio Managers, Top 200 CEP gives you the opportunity to invest in large market capitalisation businesses that are central to the country's growth drive. This portfolio helps you identify these businesses and participate in their journey in the medium to long term. By investing in Top 200 CEP, you also get to practise value investing through such large cap names.

Investor profile

Top 200 Core Equity Portfolio is an ideal investment option for investors seeking long-term participation in India's growth journey through investment in large cap Indian equities.

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Consistency of performance across market cycles

What creates this sustainable wealth-creation portfolio?

The Top 200 Core Equity Portfolio consists of 25-30 stocks selected predominantly from a large-cap universe. The investment approach is founded on four pillars:

- Sustainable growth over long term in select industries, which makes up for most of the GDP growth patterns
- Focus on businesses that consistently create value through favourable industry operating conditions
- Quantitative Screeners backed by fundamental research:
Comprehensive alert system to track industry-wise valuations.
Current studies include:
Recurring Winners Study, Piotroski Scores
- Value-investing approach to generate alpha

Portfolio Managers



Vishal Gajwani

With over 11 years of experience in equity research and portfolio management, Vishal has extensive expertise in researching companies across sectors and market capitalisations. Prior to this assignment he was a part of Reliance Portfolio Management Services (a part of Reliance Capital Asset Management Ltd), where he was designated as an Assistant Fund Manager and was responsible for managing equity portfolios.

He is a Gold Medal winning Chartered Accountant (ICAI, India) and holds a Masters degree in Commerce from M. S. University of Baroda. Vishal received 4 Gold Medals, including the Chancellor's Gold Medal, for topping the Master of Commerce Exams. Vishal is also a CFA charter holder from the CFA Institute (The Global Association of Investment Professionals), USA.



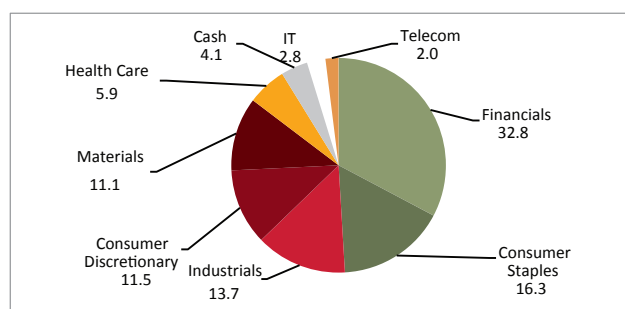
Natasha Lulla

Over 10 years of experience in equity research and fund management. Prior to joining Birla Sun Life Portfolio Management Services, Natasha was working with Goldman Sachs as an equity analyst covering India Materials sector. In her earlier stint at Goldman Sachs, she was responsible for Portfolio Strategy for ASEAN regions and also covered Singapore Real Estate.

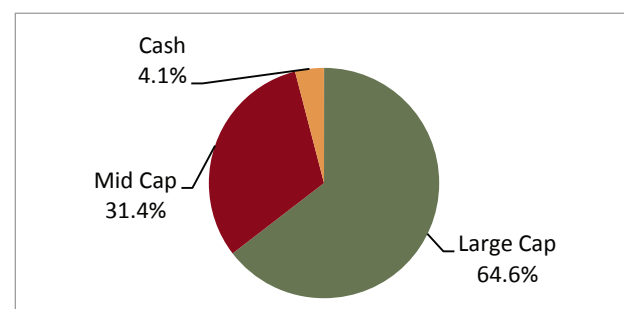
Natasha holds a Masters in Business Administration (Finance Major) from Management Development Institute, Gurgaon and was a Gold Medal winner in each of the two years. She was also awarded a Gold Medal for achieving 1st rank in the Finance stream. Natasha has done her graduation in Economics from Lady Shri Ram College, New Delhi and graduated amongst the top 1% in Delhi University.

Portfolio Analytics

Sector Allocation (As per GICS Sector Classification)



Market Cap Bias



Portfolio Analytics

Top 10 Portfolio Holdings

| Sr. No. | Company Name | % to Net Assets |
|---------|-------------------|-----------------|
| 1 | Bajaj Finance | 8.2 |
| 2 | HDFC Bank | 7.2 |
| 3 | Yes Bank | 6.0 |
| 4 | Avenue Supermarts | 4.9 |
| 5 | IndusInd Bank | 4.8 |

| Sr. No. | Company Name | % to Net Assets |
|---------|--------------------------|-----------------|
| 6 | Maruti Suzuki India | 4.8 |
| 7 | Britannia Industries | 4.1 |
| 8 | Shree Cement | 4.0 |
| 9 | Cholamandalam Investment | 3.9 |
| 10 | Nestle India | 3.8 |

Model Portfolio as on June 30, 2018

Portfolio Managers' Commentary

Equity Outlook

The calendar year 2018 to date was marked by high market volatility. While the Nifty Index has remained resilient amidst the negative macro news flow, the Midcap & Smallcap Indices have faced the brunt, falling 15-25% from their recent peak. Also, within the mid-cap space, more than 60% of the stocks were down 20% or more with average decline of 30%. The portfolio has around 30% exposure to midcaps. On the positive side, our portfolios had minimal exposure to high beta sectors like Metals (down 12% CYTD), Oil and Gas (down 16% CYTD) and PSU banks (down 20% CYTD) which have corrected by upto 20% in the last 6 months. (Source-Bloomberg. As on June 30, 2018)

In this backdrop our top holdings have delivered very strong performance of 23% profit growth for FY18 with FY19 profit growth expected to be in the range of ~26%.

| Returns of Top 10 holdings since 30 June 2017 or Date of Purchase | PAT growth (%) FY18A | PAT growth (%) FY19E | PAT growth (%) FY20E |
|---|----------------------|----------------------|----------------------|
| 42.5 | 23.1 | 25.9 | 27.1 |

Yes Bank delivered advances growth of 54% in FY18 with CASA growing by 41% yoy to reach 36% of the total deposits. The asset quality remained stable with gross NPAs at below 1.5% levels. For FY19, we believe that the AUM growth could be more than 30% considering that private sector banks are expected to gain market share as PSU banks struggle with rising NPAs.

Maruti Suzuki continues to maintain leadership position in the Indian market with more than 50% market share. The waiting period for cars like Baleno, Brezza continue to be around 1-2 months. New product launches & premiumization trend are expected to further augment its profitability. With capacity expansion happening at Sanand plant, the volume growth is expected to be 10-12% for the next two years.

Overall, we believe that the portfolios are well positioned with high exposure to sectors like Private Financials, Consumer Discretionary, Materials and Industrials, which are expected to benefit from higher disposable income, propensity to consume and improved rural prosperity.

Source: Bloomberg, ABSLAMC Internal Research

Disclaimer: The views expressed above are the views of the Fund Managers of Top 200 Core Equity Portfolio and should not be construed as an investment advice.

Investments in securities are subject to market risks and there can be no assurance or guarantee that the objectives of the Product will be achieved. Past performance may or may not be sustained in future.


| | |
|--------------------------------|--|
| Type of Portfolio | Open-ended Discretionary Portfolio |
| Benchmark | S&P BSE 200 |
| Minimum Investment Amount | Rs 25 lakhs, in multiple of Rs 1 lakh OR such other amount as decided by the Portfolio Manager at its sole discretionary. |
| Recommended Investment Horizon | At least 3 years |
| Taxation | Investors are advised to seek consultation from their Independent Financial Advisor / Tax Advisor before making any investment decision. |

Risk Factors and Disclaimers

Model Portfolio refers to portfolio of earliest investor in the product and in case of redemption of the model client, portfolio of earliest client in the said product rebased for computation of returns. It refers to specific investments that the investor will have in his portfolio when it is completely built-up over a period of time. Past performance may not be sustained in the future. Investments in securities are subject to market risks. Please refer to disclosure document. The returns are absolute for the period mentioned less than 1 year and in CAGR for the period more than 1 year. Individual portfolios of investors may vary from the model portfolio due to factors such as timing of entry and exit, timing of additional flows and redemptions, individual investor mandates (if any), specific portfolio construction characteristics or structural parameters. These factors may have bearing on individual portfolio performance and hence individual returns of investors for the said portfolio type may vary from the data on performance of the portfolio depicted above. Neither the Portfolio Manager nor the Asset Management Company, its Directors, employees or sponsors shall in any way be liable for any variation in the actual returns of individual portfolios.

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Security investments are subject to market risks and there is no assurance or guarantee that the investment objective will be achieved.