Factsheet April 2023

SBM India Fund

NAV per share **USD 131.70** (Class B)

Investment objective

The objective of the Fund is to generate long-term capital appreciation by investing mainly in equity and equity-related instruments in India. The Fund adopts a multi-capitalisation investment strategy and uses a combination of top-down and bottom-up approaches in its portfolio construction and risk management processes.

Fund facts

Investment Manager: SBM Mauritius Asset Managers Ltd
Fund Administrator: SBM Fund Services Ltd
Registry and Transfer Agent: SBM Fund Services Ltd
Custody: IL&FS Securities Services Ltd
Auditor: Deloitte Mauritius
Investment Advisor: Invesco Asset Management (India) Private Limited
Benchmark: S&P BSE500 Index
Distribution: None
Investor profile: Aggressive

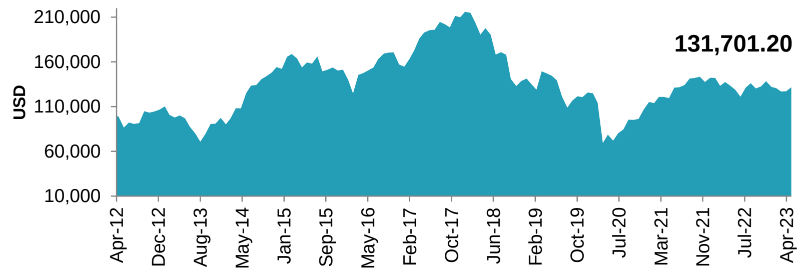
Inception date: 18 Apr 2012
Fund size: USD 5.9M
ISIN: MU0565S00012
Base currency: USD
Minimum one-off investment: USD 100 (Class B) | USD 100,000 (Class A)
Management fee: 1.40% p.a.
Entry fee: 3.00%
Exit fee: 1% in first year | Nil after 1 year
Performance fee: 18% p.a on excess return over benchmark

Performance

Period	1M	3M	YTD	1Y	3Y	5Y	Launch	Annualised	2022	2021	2020	2019	2018	2017
Fund	3.6%	0.8%	-0.3%	-1.3%	67.5%	-33.4%	31.7%	2.5%	-8.0%	63.8%	-42.4%	-17.1%	-14.1%	27.3%
Benchmark	5.0%	1.9%	-0.5%	-4.0%	74.7%	31.3%	123.8%	7.5%	-6.5%	62.3%	-19.7%	4.6%	4.1%	24.8%

Note: Fund performance is calculated on indicative NAV to NAV. The performance of the index is based on the S&P BSE500 Index (USD). The benchmark return is computed in USD terms. Annual returns are for the financial year of the Fund, that is, June. Past performance is not indicative of future results.

Growth of USD 100,000 since inception



Fund statistics

Period	1Y	3Y	5Y	Launch
Correlation	0.99	0.92	0.94	0.94
Regression alpha (%)	2.05	-1.48	-14.08	-9.58
Beta	0.83	0.96	1.18	1.11
Annualised volatility	15.4%	18.2%	28.5%	25.1%
Annualised tracking error	3.9%	7.0%	10.7%	8.6%

Relative metrics such as alpha, beta and tracking error are computed against the composite index.

Asset allocation

Asset class	% Fund
Indian Equities	95.6%
Cash	4.4%
Total	**100.0%**

Geography	% Fund
India	100.0%
Total	**100.0%**

Top currency	% Fund
Indian Rupee	99.4%
US Dollar	0.6%
Total	**100.0%**

Sector	% Fund
Financials	25.4%
Industrials	13.8%
Information Technology	13.2%
Basic Materials	4.7%
Energy	4.8%
Health care	6.9%
Utilities	3.4%
Consumer Discretionary	12.5%
Communications	1.7%
Real Estate	1.2%
Consumer Staples	8.0%
Total	**95.6%**

Market capitalisation	% Fund
Large	68.5%
Mid	15.5%
Small	11.6%
Total	**95.6%**

Asset allocation (continued)

Top 10 holdings	Sector	% Fund
HDFC Bank Ltd	Financials	8.8%
Infosys Technologies Ltd	Information Technology	6.5%
ICICI Bank Ltd	Financials	5.3%
Reliance Industries Ltd	Energy	4.8%
Larsen & Toubro Ltd	Industrials	3.4%
ITC Ltd	Consumer Staples	3.2%
NTPC Limited	Utilities	3.0%
State Bank Of India	Financials	2.5%
Axis Bank Ltd	Financials	2.5%
Hindustan Unilever Ltd	Consumer Staples	2.2%
Total		**42.2%**

Market comments

The Net Asset Value per share (NAV) of the Fund rose from USD 127.18 in March to USD 131.70 in April, equivalent to a USD performance of 3.6% against 5.0% for S&P BSE 500 index. The main leaders, that is, companies which contributed positively to the performance of the portfolio were HDFC Bank Ltd (+5.3%), ITC Ltd (+11.4%) and ICICI Bank Ltd (+5.0%) while the main laggards were Infosys Technologies Ltd (-11.9%), Crompton Greaves Consumer Electricals Ltd (-12.6%) and Hindustan Unilever Ltd (-3.6%).

Indian equities extended the previous months' gains after the Reserve Bank of India (RBI) surprised markets with a pause in its interest rate hikes at the latest Monetary Policy Committee (MPC) held in April 2023. Better-than-expected earnings by major banks and financial institutions further supported investor sentiment. Most BSE500 sectors registered positive performances with top gainers being Financials, Consumer Discretionary and Industrials which posted respective returns of 7.0%, 7.2% and 7.6% MoM.

The manufacturing sector further strengthened with the S&P Global India Purchasing Managers' Index (PMI) increasing from 56.4 to 57.2 in April, the highest in 2023. Favourable market conditions and demand resilience contributed to significant growth in new orders and helped in boosting production. Manufacturers continued to build up input inventories in line with higher production requirements.

According to the latest World Economic Outlook, the Indian economy is estimated to grow by 5.9% in FY2022-23, 0.2 percentage points below the earlier forecast amid a slowdown in domestic consumption. The IMF also lowered its growth projections for FY2023-24 to 6.3% from an earlier estimate of 6.8%. The RBI marginally raised its growth forecast for FY2022-23 by 1 basis point to 6.5%; 7.8% in Q1, 6.2% in Q2, 6.1% in Q3 and 5.9% in Q4. The revision reflects easing commodity prices, favourable monsoon and the government's plan to increase capital expenditure. Real GDP growth projection for FY2023-24 was maintained at 7.0% with private consumption and public investment likely to be the key drivers.

Despite the resilience of the domestic growth, the MPC flagged concerns about India's growth prospects amid signs of slowdown in some data. Moderating imports are pointing towards weakness in domestic demand, sluggish exports are impacting local manufacturing while elevated borrowing rates continue to undermine demand of low-income households.

In the external sector, the Indian rupee appreciated by 0.4% MoM against the US Dollar, standing at 81.83/USD as at April 2023. The currency appreciation was primarily led by foreign fund inflows, robust local equity market and expectations of a pause in rate hike by the Fed following easing inflation data. On the downside, surging crude oil prices amid concerns of tightening supply after the OPEC+ cut output by 1.16 million barrels per day, weighed on the domestic currency.

Retail inflation eased sharply to an 18-month low of 4.7% in April against a previous reading of 5.7%, remaining within the upper tolerance limit of the RBI's medium-term inflation target of 4+/-2% for the second consecutive month. The decline mainly reflects a steep moderation in food prices with the Consumer Food Price Index (CFPI) falling to 3.8% in April compared to 8.3% a year ago. Lower fuel prices and a favourable base effect further aided in pulling back inflation figures.

At its MPC meeting held in April, the RBI decided to keep the repo rate unchanged at 6.50% under the liquidity adjustment facility (LAF). Consequently, the repo rate under the marginal standing facility (MSF) and the Bank Rate of 6.75%, and the cash reserve ratio (CRR) of net demand and time liabilities (NDTL) of 4.50% were maintained. The RBI highlighted that it remains vigilant to the evolution of inflation and economic growth and shall act in case of intensification of risks related to price stability and growth.

Contact

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Important notes