Factsheet December 2023

SBM India Fund

NAV per share **USD 166.55** (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

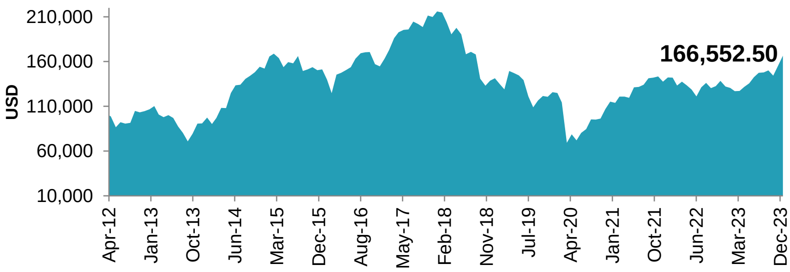
Inception date: 18 Apr 2012
Fund size: USD 7.5M
ISIN: MU0565S00012
Base currency: USD
Minimum one-off investment: USD 100 (Class B) | USD 100,000 (Class A)
Management fee: 1.40% p.a.
Entry fee: 3.00%
Exit fee: 1% in first year | Nil after 1 year
Performance fee: 18% p.a on excess return over benchmark

Performance

Period	1M	3M	YTD	1Y	3Y	5Y	Launch	Annualised	2023	2022	2021	2020	2019	2018
Fund	7.3%	10.8%	26.0%	26.0%	44.6%	17.8%	66.6%	4.4%	17.8%	-8.0%	63.8%	-42.4%	-17.1%	-14.1%
Benchmark	8.2%	11.9%	24.1%	24.1%	47.4%	77.1%	179.3%	9.1%	17.7%	-6.5%	62.3%	-19.7%	4.6%	4.1%

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	0.97	0.97	0.95	0.95
Regression alpha (%)	4.40	0.78	-14.92	-11.29
Beta	0.90	0.89	1.20	1.11
Annualised volatility	12.7%	14.4%	27.4%	24.7%
Annualised tracking error	3.4%	3.9%	9.6%	8.4%

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

Asset allocation

Asset class	% Fund
Indian Equities	94.3%
Cash	5.7%
Total	**100.0%**

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

Top currency	% Fund
Indian Rupee	99.7%
US Dollar	0.3%
Total	**100.0%**

Sector	% Fund
Financials	28.1%
Industrials	14.0%
Information Technology	13.2%
Basic Materials	3.6%
Energy	1.7%
Health care	8.0%
Utilities	6.7%
Consumer Discretionary	10.8%
Communications	1.7%
Real Estate	2.1%
Consumer Staples	4.4%
Total	**94.3%**

Market capitalisation	% Fund
Large	74.6%
Mid	15.2%
Small	4.5%
Total	**94.3%**

Asset allocation (continued)

Top 10 holdings	**Sector**	**% Fund**
HDFC Bank Ltd	Financials	5.9%
ICICI Bank Ltd	Financials	5.4%
Infosys Technologies Ltd	Information Technology	5.0%
NTPC Limited	Utilities	4.6%
Larsen & Toubro Ltd	Industrials	3.2%
Axis Bank Ltd	Financials	2.6%
State Bank Of India	Financials	2.3%
HCL Technologies Ltd	Information Technology	2.3%
Bharat Electronics Ltd	Industrials	2.3%
Sun Pharmaceuticals Industries Ltd	Health Care	2.2%
Total		**35.8%**

Market comments

The Net Asset Value per share (NAV) of the Fund rose from USD 155.26 in November to USD 166.55 in December, equivalent to a performance of 7.3% against 8.2% for S&P BSE 500 index. The top leaders, that is, companies which contributed positively to the performance of the Fund were NTPC Limited (+19.3%), HDFC Bank Ltd (+9.9%) and Bharat Electronics Ltd (+26.5%) while the main laggards were KNR Constructions Ltd (-11.9%), Maruti Suzuki India Ltd (-2.7%) and Syngene International Ltd (-6.5%).

Indian equities rallied on account of sustained domestic mutual fund inflows and expectations of strong earnings from major domestic corporates despite fading hopes of interest rate cuts by the US Federal Reserve (Fed). All BSE sectors registered positive returns with the top leaders being Financials, Materials and Energy, posting corresponding performances of +7.1%, +11.6% and +11.3%.

The Indian manufacturing sector maintained its growth momentum, albeit at a slower pace with the HSBC India Purchasing Managers' Index (PMI) falling from 56.0 in November to hit an 18-month low of 54.9 in December. While new business gains, favourable market conditions and marketing initiatives collectively boosted production, weakening demand for certain types of products weighed on growth. The manufacturing production outlook remains positive for 2024 amid a greater focus on advertising, enhanced customer relations, better demand conditions and improving supply chains.

The Reserve Bank of India (RBI) revised upward its GDP growth estimate for FY2023-24 by 50 bps to 7.00% in view of consumption and investment resilience. The OECD projects the Indian economy to grow by 6.3% in FY2023-24, up from its 6.1% forecast made in October mainly on account of surging services exports and public investment, improving purchasing power and productivity gains. Expectations of easing monetary policy in the second half of 2024 are likely to support investment and household spending.

Retail inflation in India accelerated to a four-month high of 5.69% in December from 5.55% in November, mainly on account of persistent price spikes in the food and beverages segment. The reading, however, remained within the upper tolerance band of the central bank's medium-term inflation target of 4+/-2%. The lag in the current sowing season amid the El Niño conditions and the fall in annual kharif production are expected to weigh on the price of vegetables, cereals and pulses. The RBI maintained its inflation prediction for FY2023-24 at 5.4%, citing that softer commodity and crude oil prices are likely to offset the estimated increase in food prices.

In the external sector, the Indian rupee (INR) appreciated by 0.2% MoM against the US dollar (USD) to reach 83.21/USD on 31 December backed by robust foreign inflows. The trajectory of the Indian rupee heavily depends on the evolution of the Fed's interest rate cycle. In Q2:FY2023-24, India's current account balance recorded a deficit of USD 8.3B (1.0% of GDP), lower than USD 30.9B (3.8% of GDP) in Q2:FY2022-23. The decline reflects a narrowing merchandise trade deficit of USD 61B, down by 28.4% YoY.

At its latest MPC meeting held on the 6th to 8th of December, the RBI decided to keep the repo rate under the liquidity adjustment facility (LAF) unchanged at 6.50% citing that the full impact of previous rate hikes on the economy are yet to unfold. Consequently, the repo rate under the marginal standing facility (MSF) and the Bank Rate of 6.75%, as well as the cash reserve ratio (CRR) of net demand and time liabilities (NDTL) of 4.50% were maintained.

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