

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: PwC Mauritius

Investment Advisor: Invesco Asset Management (India) Private Limited

Benchmark: S&P BSE500 Index

Distribution: None

Investor profile: Aggressive

Fund inception: 18 Apr 2012

Share split: 10 July 2024

Fund size: USD 15.3M

ISIN: MU0565S00012

Base currency: USD

Minimum one-off investment: USD 100 (Class B) | USD 100,000 (Class A)

Monthly investment plan: USD 10 (Class B)

Management fee: 1.40% p.a.

Entry fee: Up to 3.00%

Exit fee: 1% in first year | Nil after 1 year

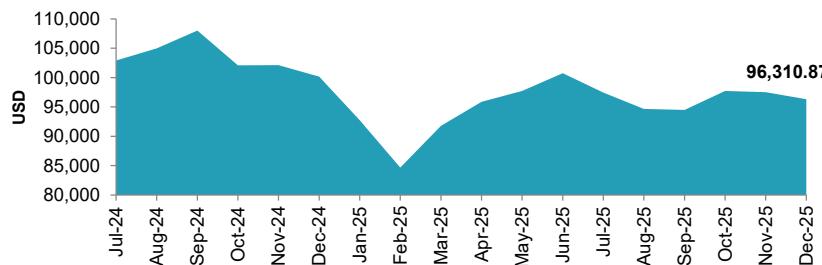
Performance fee: 18% p.a on excess return over benchmark

Performance

| Period | 1M | 3M | YTD | 1Y | 3Y | 5Y | Launch | Annualised | CY | 2024* | 2025 | 2026 | 2027 | 2028 |
|-----------|-------|------|-------|-------|----|----|--------|------------|----|-------|-------|------|------|------|
| Fund | -1.2% | 1.9% | -3.9% | -3.9% | | | -3.7% | -2.5% | | 0.2% | -3.9% | | | |
| Benchmark | -0.7% | 3.6% | 1.4% | 1.4% | | | -4.1% | -2.8% | | -5.4% | 1.4% | | | |

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 refer to calendar year. Past performance is not indicative of future results.

*CY 2024 returns pertain to returns from share split date to 31-Dec-24

Growth of USD 100,000 since strategy inception**Fund statistics**

| Period | 1Y | 3Y | 5Y | Launch |
|---------------------------|-------|----|----|--------|
| Correlation | 0.98 | | | |
| Regression alpha (%) | -5.18 | | | |
| Beta | 0.96 | | | |
| Annualised volatility | 17.1% | | | |
| Annualised tracking error | 3.6% | | | |

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

Asset allocation

| Asset class | % Fund |
|-----------------|---------------|
| Indian Equities | 96.0% |
| Cash | 4.0% |
| Total | 100.0% |

| Geography | % Fund |
|--------------|---------------|
| India | 100.0% |
| Total | 100.0% |

| Top currency | % Fund |
|--------------|---------------|
| Indian Rupee | 96.3% |
| US Dollar | 3.7% |
| Total | 100.0% |

| Sector | % Fund |
|------------------------|--------------|
| Financials | 32.6% |
| Industrials | 12.6% |
| Consumer Discretionary | 12.4% |
| Health care | 11.3% |
| Information Technology | 10.0% |
| Energy | 3.9% |
| Basic Materials | 3.5% |
| Communications | 3.4% |
| Consumer Staples | 3.4% |
| Utilities | 1.7% |
| Real Estate | 1.3% |
| Total | 96.0% |

| Market capitalisation | % Fund |
|-----------------------|--------------|
| Large | 75.3% |
| Mid | 14.3% |
| Small | 6.4% |
| Total | 96.0% |

Asset allocation (continued)

| Top 10 holdings | Sector | % Fund |
|--|------------------------|---------------|
| HDFC Bank Ltd | Financials | 7.9% |
| ICICI Bank Ltd | Financials | 6.9% |
| Infosys Ltd | Information Technology | 5.1% |
| Mahindra & Mahindra Ltd | Consumer Discretionary | 3.8% |
| Larsen & Toubro Ltd | Industrials | 3.7% |
| Bharti Airtel | Communications | 3.4% |
| Axis Bank Ltd | Financials | 2.7% |
| Apollo Hospitals Enterprise Ltd | Health Care | 2.6% |
| Reliance Industries Ltd | Energy | 2.5% |
| Cholamandalam Investment & Finance Company Ltd | Financials | 2.3% |
| Total | | 40.9% |

Market comments

The Net Asset Value per share (NAV) of the Fund decreased from 97.53 in November to USD 96.31 in December, equivalent to a return of -1.2% against -0.7% for S&P BSE 500 index. The top leaders, that is, companies which contributed positively to the performance of the Fund were Infosys Ltd (+3.1%), Multi Commodity Exchange of India Limited (+10.0%) and Shriram Finance Ltd (+16.4%) while the main laggards were Coforge Ltd (-13.3%), ICICI Bank Ltd (-3.7%) and Eternal Ltd (-7.8%).

The BSE 500 index posted -0.2% MoM in December as Indian equities continued to trade range-bound amid mixed global and domestic cues. Investor sentiment remained cautious, with profit-taking in select sectors and limited risk appetite driven by elevated global yields, FPI outflows and year-end positioning.

High-frequency indicators for December suggested a normalisation in the pace of economic activity toward year-end, as manufacturing growth moderated following earlier strength. The HSBC India Manufacturing PMI eased to 55.0 in December from 56.6 in November, marking the weakest improvement in sector conditions in nearly two years, as growth in output and new orders softened. Domestic demand remained supportive, while export orders grew at a slower pace, reflecting softer external demand. Service sector activity remained resilient with the Services PMI easing to 58.0 in December against a preceding reading of 59.8.

December updates from major institutions continued to support a constructive outlook for India's growth, underpinned by resilient domestic demand, sustained public capex and policy continuity. The IMF maintained its FY2025-26 growth forecast around 6.6%, noting India's relative insulation from external shocks given its large domestic market. The RBI revised India's FY25-26 GDP growth forecast upward to 7.3% from 6.8%, reflecting robust consumption, GST rationalisation, softer crude prices, front-loaded government capex and supportive monetary and financial conditions amid benign inflation. Looking ahead, favourable agricultural prospects, healthy corporate and financial sector balance sheets, continued reform momentum and resilient services exports are expected to sustain economic activity, with ongoing trade and investment initiatives offering additional upside.

Inflation conditions remained benign but continued to normalise from the exceptionally low levels seen earlier in the year. Headline retail inflation rose to 1.33% YoY in December (November: 0.71%), largely driven by firmer prices in personal care, vegetables, meat, fish, eggs and spices, even as overall price pressures stayed well below the RBI's 2%-6% target range. Food inflation, while still in negative territory, narrowed over the month, and core inflation held steady, suggesting limited broad-based price pressures. Both rural and urban segments saw higher price gains, reflecting an incremental broadening of inflation trends, though the disinflationary backdrop continues to provide the RBI with policy flexibility amid sustained growth momentum.

The Indian rupee weakened marginally, depreciating from around INR 89.46/USD in November to approximately 89.86/USD amid cautious foreign portfolio flows and lingering external headwinds. The depreciation was also influenced by unfavourable interest rate differentials, as elevated US yields continued to attract capital toward dollar assets, limiting carry support for emerging market currencies. Currency movements, however, remained orderly, supported by active RBI liquidity management and ample foreign exchange reserves. External balance dynamics remain a key watchpoint, with softer export momentum and sustained demand for energy and gold imports likely to keep current account pressures elevated in the near term.

In December, the RBI reduced the policy repo rate by 25 basis points to 5.25%, with the SDF lowered to 5.00% and the MSF/Bank Rate to 5.50%, marking a calibrated shift toward policy easing amid downtrending inflation. With headline inflation remaining well below the medium-term target, the RBI highlighted the need to support growth while maintaining vigilance against global uncertainties including commodity price volatility, external demand conditions and financial market developments. The central bank reiterated its commitment to ensuring adequate system liquidity and preserved flexibility to respond should inflationary pressures or external risks re-emerge.

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