Monthly Insight

THE INVESTMENT TRUST OF INDIA
LONG-SHORT EQUITY FUND

10th May 2021

Indian equity markets were extremely resilient in April 2021 with the Nifty, Nifty Midcap and Nifty Smallcap indices returning -0.4%, 2.1% and 5.6% respectively despite the ongoing devastating COVID 2nd wave in India. With markets confident of an eventual end in sight for this terrible health crisis, rallying global financial markets and buoyant global economic conditions have helped equities continue their gains. As vaccinations continue to ramp up, economies reopen and stimulus-driven growth takes hold, the outlook continues to strengthen. The MSCI World Index and the MSCI Emerging Markets indices returned 4.5% and 2.4% respectively.

Global COVID-19 cases ex-India have dropped ~10% in the month of April-21 and are down a further ~15% as of 9th May 2021. More importantly, hospitalizations and deaths continue to fall precipitously – in the UK for example, COVID-19 hospitalizations are down 97% from the peak and in the US they are down approx 75% from the peak. Globally reported COVID-19 deaths ex-India are down 6% over April-21 till 9th May 2021. Vaccinations continue apace and are currently at 20.8 million doses daily on average globally (with a massive 1.29 billion doses administered till date).

Optimism on the health crisis finally ending and the significant stimulus unleashed is lifting all boats economically speaking. India's April 2021 exports grew at a 2 year CAGR of 7.7%, a far healthier number than even pre COVID times. April 2021 GST collections came in at a whooping Rs. 1.41 lakh crores. Copper, steel, aluminium prices are hitting all time highs and auto companies across the board are reporting strong exports momentum. With government spending support, strongly supportive global food prices (particularly corn, wheat, sugar, palm oil) and prospects of a normal monsoon, rural India continues its very robust growth momentum.

Is it possible COVID-19 ends sooner than expected in India? While current numbers and ground reports suggests otherwise, could India defeat this 2nd wave much faster than currently assumed? Weighed by daily reported case counts, about 53% of Indian states have already peaked or are close to doing so and in some pockets they are also declining fairly rapidly (Mumbai, Delhi, MP, Gujarat). The issue of COVID-19 spreading in rural areas is a serious concern. But with a younger population than world average (65% below the age of 35), short lockdowns providing a bridge and waning global caseload, can India get out as quickly as we got in? This is a trend worth watching.

Portfolio Stance: Looking through COVID-19, however prefer lower risks

Commodity prices have been on a tear recently. Market participation levels and enthusiasm are quite buoyant. While we acknowledge the light at the end of the COVID-19 tunnel, we also believe caution is certainly merited at the moment with a lot of euphoria and enthusiasm priced in.

The medium term construct for equities however remains positive and we would look to increase participation at appropriate levels when possible.

FUND PROFILE

Key Fund Information

Launch Date 11th April 2018

Structure: Open-ended, CAT III AIF

Domicile: India

Currency: INR

Min Initial Investment: INR 1 crore

About the Fund

Investment Manager:
The Investment Trust of India

Investment Strategy: To outperform the Nifty index over a full equity market cycle, while protecting downside during equity market downturns

Performance
(before fees and taxes)
Apr 2021 -0.97% (-0.41%)

Since Inception* 48.64% (40.65%)

*Till Apr 30, 2021
(figures in brackets correspond to Nifty returns)

Managing Director & CIO
Rajesh Bhatia

Fund Managers
Rajesh Aynor
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Akash Jhaveri

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ANNEXURE

Performance

Quarterly:

Returns	Q1 FY22	Since Inception *
ITI LS	-0.97%	48.64%
Nifty	-0.41%	40.65%

Returns	Q1 FY19*	Q2 FY19	Q3 FY19	Q4 FY19	Q1 FY20	Q2 FY20	Q3 FY20	Q4 FY20	Q1 FY21	Q2 FY21	Q3 FY21	Q4 FY21
ITI LS	5.33%	7.41%	0.62%	4.64%	-0.79%	-1.17%	6.97%	1.60%	-1.52%	3.34%	12.55%	3.21%
Nifty	3.00%	2.01%	-0.62%	7.00%	1.43%	-2.67%	6.04%	-29.35%	19.81%	9.18%	24.30%	5.07%

Monthly:

Returns	Q1 FY22	Since Inception *
ITI LS	-0.97%	48.64%
Nifty	-0.41%	40.65%

Returns	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21
ITI LS	0.24%	-1.05%	-0.71%	5.40%	-1.94%	-0.01%	2.08%	4.50%	5.51%	0.53%	2.52%	0.15%
Nifty	14.68%	-2.84%	7.53%	7.49%	2.84%	-1.23%	3.51%	11.39%	7.81%	-2.48%	6.56%	1.11%

Returns	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20
ITI LS	0.22%	-1.12%	0.11%	-2.76%	-2.92%	4.69%	1.50%	2.62%	2.70%	1.02%	0.92%	-0.34%
Nifty	1.07%	1.49%	-1.12%	-5.69%	-0.85%	4.09%	3.51%	1.50%	0.93%	-1.70%	-6.36%	-23.25%

Returns	Apr-18*	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19
ITI LS	2.32%	1.36%	1.56%	4.69%	2.04%	0.55%	-1.68%	3.03%	-0.67%	1.85%	-2.54%	5.42%
Nifty	3.24%	-0.03%	-0.20%	5.99%	2.85%	-6.42%	-4.98%	4.72%	-0.13%	-0.29%	-0.36%	7.70%

*From 11th April, 2018;
Fund returns are after expenses, before management fees and taxes

Cumulative returns post fees and taxes since inception till FY 21:
ITI LS Fund: 31.97%
Nifty: 41.23%

Portfolio Snapshot

Strategic Long Positions - Top 5

Stock	PF Weight
HDFC Bank	7.7%
HDFC Ltd	6.9%
Reliance Industries	4.9%
Infosys Limited	6.2%
Bharti Airtel	3.9%

Top Tactical Longs - Top 5

Stock	PF Weight
SBI	5.5%
Tata Steel	5.4%
ICICI Bank	4.9%
ICICI Pru	3.9%
Axis Bank	3.9%

Top Tactical Shorts - Top 3

Sector	PF Weight
Auto	1.9%
Consumer	1.9%
BFSI	0.9%

Exposure

Gross Exposure (month-end)	104%
Net Exposure (month-end)	60%
Gross Exposure (month-avg)	100%
Net Exposure (month-avg)	63%

Disclaimer: