

MONTHLY INSIGHT

April 2023

Last month encapsulated the essence of an incredibly volatile FY23, with MTD returns ranging from +2.6% to -2.1%, and finally closing flat for the month. Global equities were initially roiled over fears of a financial contagion post failure of certain regional banks but gained strength as the Fed narrative once again swung from a hawkish 50bps outlook to a possible pivot by end of the year. **We note here that the underlying driver for this pivot is expectations of a much slower US economy.** Notably, bond yields have collapsed, with US 10-year dropping by as much as 81 bps and US 2-year by 153 bps, one of the deepest and quickest falls in history.

The past year has been a tough year with heightened volatility and sharp movements with quick changing narratives. Our focus has been to remain vigilant of emerging risks and preserve capital. At this juncture, we believe most of the destabilising events are factored into market price, although a steeper slowdown or a full-blown recession in the US can pose downside risks. A Fed pivot potentially would only result when growth outlook worsens considerably and therefore, we believe global equities could see some disappointment on this factor. We expect the inconsistent response in bonds and equities to rationalise over the next 2 quarters and maintain expectation for increasingly volatile markets.

Amid all the global uncertainty, the domestic macro-environment remains relatively resilient. Growth outlook is bit muted (~6%) owing to weaker export outlook and possible disruption by El Nino conditions, which can impinge on the consumption recovery. Inflation outlook is benign with the central bank likely to stay on an extended pause.

Indian markets have been flat over the past 18 months and continue to look better placed versus peers with valuations also now more reasonable owing to time and price correction. As communicated in last month's newsletter, **it is too late to turn pessimistic on Indian markets and any significant downside owing to global turbulence could present attractive entry points.** We however do not expect the euphoric phase of past few years to come back and expect the market to reward stock-picking going forward

Portfolio Stance – Focusing on specific themes

We maintain a relatively moderate exposure as we expect to see some displacement in global equities, while focusing on specific themes such as select financials, consumer discretionary and capital goods that are likely to generate alpha over the coming months. As mentioned above, opportunity to turn more aggressive may be nigh.

We remain focused on domestic economy specific sectors/ stocks while maintaining caution on global cyclicals.

FUND PROFILE

Key Fund Information

Launch Date : 12th April 2018

Structure : Open-ended, CAT III AIF

Domicile : India

Currency : INR

Min Initial Investment : ₹ 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)

March 2023: 0.04% (0.32%)

Since Inception* 75.98% (66.88%)

*Till Mar 31st, 2023
(figures in brackets correspond to Nifty returns)



Celebrating
ITI Long Short Equity Fund
5 Year completion...

ANNEXURE

PERFORMANCE

QUARTERLY

Returns	Q1 FY 22	Q2 FY 22	Q3 FY 22	Q4 FY 22	Q1 FY 23	Q2 FY 23	Q3 FY 23	Q4 FY 23	Since Inception*
ITI LS	2.93%	12.08%	-0.83%	-1.20%	-0.29%	3.56%	0.88%	-1.36%	75.98%
Nifty	7.02%	12.06%	-1.50%	0.64%	-9.65%	8.33%	5.91%	-4.12%	66.88%

Returns	Q1 FY 19*	Q2 FY 19	Q3 FY 19	Q4 FY 19	Q1 FY 20	Q2 FY 20	Q3 FY 20	Q4 FY 20	Q1 FY 21	Q2 FY 21	Q3 FY 21	Q4 FY 21
ITI LS	5.37%	7.45%	0.68%	4.72%	-0.67%	-1.08%	7.09%	1.70%	-1.45%	3.45%	12.64%	3.30%
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	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Since Inception*
ITI LS	-2.16%	2.35%	-0.43%	2.46%	0.82%	0.24%	0.64%	0.90%	-0.65%	-0.18%	-1.22%	0.04%	75.98%
Nifty	-2.07%	-3.03%	-4.85%	8.73%	3.50%	-3.74%	5.37%	4.14%	-3.48%	-2.45%	-2.03%	0.32%	66.88%

Returns	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22
ITI LS	-0.94%	3.27%	0.62%	1.90%	8.72%	1.17%	-0.97%	-0.83%	0.97%	-0.82%	-2.69%	2.36%
Nifty	-0.41%	6.50%	0.89%	0.26%	8.69%	2.84%	0.30%	-3.90%	2.18%	-0.08%	-3.15%	3.99%

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	0.25%	-1.03%	-0.68%	5.44%	-1.91%	0.02%	2.11%	4.53%	5.53%	0.56%	2.55%	0.17%
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	0.25%	-1.06%	0.14%	-2.72%	-2.90%	4.72%	1.54%	2.65%	2.74%	1.06%	0.95%	-0.31%
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	2.35%	1.36%	1.57%	4.69%	2.05%	0.57%	-1.66%	3.04%	-0.64%	1.88%	-2.52%	5.44%
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 22:

ITI LS Fund: 45.9%

Nifty: 54.6%

ANNEXURE

PORTFOLIO SNAPSHOT

Portfolio Snapshot

Strategic Long Positions – Top 5

Stock	PF Weight
HDFC Ltd	8.4%
Infosys	7.2%
Bharti Airtel	6.2%
SBI Life	5.3%
RIL	3.9%

Top Tactical Longs – Top 5

Stock	PF Weight
L&T	2.1%
Tech Mahindra	2.1%
Indraprastha Gas	2.0%
Maruti Suzuki	1.5%
Hindustan Aeronautics	1.3%

Top Tactical Shorts – Top 3

Stock	PF Weight
Auto	1.5%
Pharma	1.5%
Consumer Discretionary	1.0%

Exposure

Gross Exposure (month-end)	37%
Net Exposure (month-end)	20%
Gross Exposure (month-avg)	48%
Net Exposure (month-avg)	26%

* Note: Gross and Net Exposures above are calculated only on exposure to direct equity instruments of the fund

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