

MONTHLY INSIGHT

August, 2023

Indian markets paused for catching its breath after almost uninterrupted 17% rally in Nifty50 from start of the FY24 to reach new high in mid-July.

From domestic macro perspective, high frequency indicators like PMI, GST collection, credit growth continues to remain robust. Risk of lower than long term average monsoon has largely abated though geographical distribution remains uneven. On global macros, Fed hiked rates by 25bps even though headline inflation fell to 3%. US economy currently remains resilient and mild recession driven by slowdown in consumption in 4QCY23 and 1QCY24 remains base case.

Ongoing earning season indicate earnings upgrade in Pharma and Capex driven segments. Govt spending on capex continues to remain strong in a pre-election year and now private capex is starting to revive. Stable pricing in US base business aided Pharma companies. In Autos earnings were driven by improvement in gross and EBITDA margins. Domestic Banks continue to deliver on 15%+ loan book growth with no asset quality worries but with some emerging pressure on NIMs (expected). IT companies delivered weak results largely missing estimates and thereby hope rally leading to results fizzling out quickly. Consumer segment results and outlook remains mixed as consumer spending and volume growth has not yet picked up. Easing RM cost was enabler across sectors like auto, consumer etc.

To summarise, we think markets may take a breather but may not undergo deep correction as earnings growth is not at risk. FPI inflows have remained strong in FY24 YTD (USD 17bn+). India remains a bright spot in global markets so any meaningful correction could attract flows.

Portfolio Stance

We maintain bullish exposure but with some moderation as compared to last few months. Portfolio remains tilted towards domestic facing sectors as we continue to focus on themes such as select financials, capex and auto. Among export driven sectors, we are turning incrementally positive on select pharma names while keeping lower exposure in IT.

FUND PROFILE

Key Fund Information

Launch Date : 11th 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)

July 2023: 1.29% (2.94%)

Since Inception* 93.49% (89.90%)

*Till July 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	Q1 FY 24	Q1 FY 24	Since Inception*
ITI LS	2.93%	12.08%	-0.83%	-1.20%	-0.29%	3.56%	0.88%	-1.40%	8.55%	1.29%	93.49%
Nifty	7.02%	12.06%	-1.50%	0.64%	-9.65%	8.33%	5.91%	-4.43%	10.54%	2.94%	89.90%

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-23	May-23	June-23	July-23	Since Inception*
ITI LS	2.60%	1.43%	4.31%	1.29%	93.49%
Nifty (%)	4.06%	2.60%	3.53%	2.94%	89.90%

*till 31st July, 2023

Returns	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sept-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23
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%
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%

Returns	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sept-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%

ANNEXURE

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
ITILS	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

PORTFOLIO SNAPSHOT

Portfolio Snapshot

Strategic Long Positions – Top 5

Stock	PF Weight
Bharti Airtel	7.4%
Infosys	6.9%
HDFC Bank	6.6%
SBI Life	4.5%
RIL	4.2%

Top Tactical Longs – Top 5

Stock	PF Weight
ICICI Bank	4.5%
SBI Bank	4.1%
L&T	4.0%
ITC	3.8%
TCS	3.1%

Top Tactical Shorts – Top 3

Stock	PF Weight
Consumer	1.1%
BFSI	1.1%
Auto	1.0%

Exposure

Gross Exposure (month-end)	60%
Net Exposure (month-end)	53%
Gross Exposure (month-avg)	116%
Net Exposure (month-avg)	69%

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

Disclaimer

This presentation is being furnished to you on a private placement basis by Investment Trust of India strictly on a confidential basis and must not be reproduced or redistributed to any other person. This document is for informational purpose only and does not constitute an offer for participating in ITI Long Short Equity Fund ("Fund"). This information document has been provided to its recipient upon the express understanding that the information contained herein, or made available in connection with any further investigation, is strictly confidential and is intended for the exclusive use of its recipient. The information contained in this presentation is subject to the information contained in the other Fund documents including its private placement memorandum. This document is neither a prospectus nor an invitation to subscribe to the units of Fund. Nothing in this document is intended to constitute legal, tax, securities or investment advice, or opinion regarding the appropriateness of any investment, or a solicitation for any product or service. The information herein is subject to change without notice. The facts and figures used in this presentation reflect the latest available information and have been sourced from public sources and various past transactions handled by ITI Long Short Equity Fund including its affiliates.

Investments in securities are subject to market and other risks and there is no assurance or guarantee that the objectives of the Fund will be achieved. Prospective investors in Fund are not being offered any guaranteed/assured returns. The name of the Fund does not in any manner indicate its prospectus of return. The investment strategy may not be suited to all the categories of investors. The material is based upon information that we consider reliable, but we don't represent that it is accurate or complete, and it should be reliable as such. All forward-looking statements are forecasts and may be subject to change without notice. Such forward-looking statements included are based on information available on the date hereof and none of ITI Long Short Equity Fund or any of its affiliates assumes any duty to update any forward-looking statement. Certain important factors that could cause actual results to differ materially from those in any forward looking statement include the general economic, market, legal and financial conditions, among others its efforts on resolution of NPAs of banking system, disinvestment/divestment, revival of capex cycle and most importantly job creation. These if implemented effectively would result in improvement in India sovereign ratings and improve business confidence and spur economic growth.