

8<sup>th</sup> February 2021

With a ~20% rise post announcement of vaccines in Nov-20, equity markets took a breather in Jan-21 as some of the irrational speculation in markets boiled over (personified in the GameStop saga). The MSCI World Index was down -1.1% for the month with the Nifty down -2.5%.

While January 2021 was the worst global month of the pandemic, India continued its path of rapid (relative to the world) deceleration in virus spread and the consequent normalization of economic activity in the country. Economic indicators belied the presence of a still raging global pandemic with the latest non-food credit growth figures at an 8 month high of 6.53%, record high GST collections for Jan 2021, continued strong auto sales, continued strong tractor sales and record rabi acreage indicating the rural economy remains strong.

Equity markets suffered a minor cold in the last 10 days of Jan 2021 as dislocations from retail mania in heavily shorted shares in the US engendered sharp hedge fund de-grossing and general dialling down of risk-on sentiment. With these issues seemingly resolved, markets have shrugged off these dislocations with the focus back on reopening, recovery and post-COVID growth.

**Union Budget 2021 – further impetus to recovery:** The Union Budget 2020-2021 provided a fresh, significant impetus to growth with both an absolute increase in government spending along with a large change in composition (with a heightened focus on capital expenditure). This will have a twofold impact – one, capital expenditure has a multiplier impact on GDP with both long-term productivity gains and short-term increase in aggregate demand and two, has the effect of crowding in of private capital expenditure (steel, cement etc to meet government capex in infrastructure, roads, railways etc) kick-starting the hitherto moribund capex cycle and the virtuous cycle of growth, jobs and higher incomes.

With government GST revenues currently running higher than budgeted, there is infact a chance spending might even overshoot the target. Additionally, the government has clearly chosen this pandemic-Budget to clean up its accounts with myriad off-balance sheet borrowings (for example, by FCI) and opaque financing being significantly curtailed and brought on balance sheet. This concentration of resources at the Centre might even enable faster spending than in previous years when individual PSUs would separately approach markets, raise funds and execute capex.

### **Portfolio Stance: Medium term outlook continues to be strong**

With the recovery from COVID-19 and post COVID growth playing out, we are constructive on the outlook for equities. Real interest rates continue to be negative which make the combination of high growth and limited downside for multiples extremely attractive. Within this construct, Indian equities especially stand out as a preferred choice for global capital given the expectation of very bright growth prospects.

## FUND PROFILE

### Key Fund Information

Launch Date 11<sup>th</sup> 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)

Jan 2021 0.53% (-2.48%)

Since Inception\* 46.19% (31.07%)

\*Till Jan 31, 2021

(figures in brackets correspond to Nifty returns)

Managing Director & CIO

Rajesh Bhatia

Fund Managers

Rajesh Aynor

Siddhartha Bhotika

Research Analyst

Akash Jhaveri

## ANNEXURE

### Performance

#### Quarterly:

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	Q3 FY 21	Since Inception*
ITI LS	5.33%	7.41%	0.62%	4.64%	-0.79%	-1.17%	6.97%	1.60%	-1.52%	3.34%	12.55%	0.53%	46.19%
Nifty	3.00%	2.01%	-0.62%	7.00%	1.43%	-2.67%	6.04%	-29.35%	19.81%	9.18%	24.30%	-2.48%	31.07%

#### Monthly:

Returns	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Since Inception*
ITI LS	0.24%	-1.05%	-0.71%	5.40%	-1.94%	-0.01%	2.08%	4.50%	5.51%	0.53%	46.19%
Nifty	14.68%	-2.84%	7.53%	7.49%	2.84%	-1.23%	3.51%	11.39%	7.81%	-2.48%	31.07%

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

#### Annual (post fees and taxes):

	FY 19	FY 20	Cumulative for FY19 and FY20
ITI LS	13.9%	-0.8%	13.0%
Nifty	11.7%	-26.0%	-17.3%

Fund returns are after expenses, management fees and taxes

### Portfolio Snapshot

Strategic Long Positions - Top 5	
Stock	PF Weight
HDFC Bank	8.5%
HDFC Ltd	6.8%
Reliance Industries	6.2%
Infosys Limited	6.7%
Bharti Airtel	4.8%

Top Tactical Longs - Top 5	
Stock	PF Weight
ICICI Bank	4.2%
HCL Tech	4.1%
Wipro	4.0%
HDFC Life	4.0%
M&M	3.2%

Top Tactical Shorts - Top 3	
Sector	PF Weight
Consumer	2.0%

Exposure	
Gross Exposure (month-end)	126%
Net Exposure (month-end)	49%
Gross Exposure (month-avg)	123%
Net Exposure (month-avg)	83%

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