

8<sup>th</sup> July 2021

The Nifty outperformed the MSCI Emerging Markets Index in June 2021, returning +0.9%, vs -0.1%. The Nifty Midcap and Smallcap indices however continued their spectacular outperformance returning +4.6% and +5.0% for the month.

That markets are conclusively looking beyond the pain of COVID-19 is evident in the returns for the Nifty, Nifty Midcap and Nifty Smallcap since the beginning of the 2nd wave (roughly 16th Feb 2021) – the indices have returned +2.7%, +15.7% and +22.1% respectively. Notably in this period the flows from foreign institutional investors have been negative to the tune of approximately Rs. 33k crores on an underlying basis.

On the economic front, while the Indian economy is still recovering from the lingering effects of the pandemic, the signs of brighter times ahead and green shoots are unmistakable. Merchandise exports in Jun-21, despite the pandemic, grew at a 2 year CAGR of 13.8% (with Q1 FY 22 as a whole also growing at a strong 7.6% 2 year CAGR). GST collections have fallen in Q1 FY 22 by 6% QoQ, but they are a far cry from the pain of the 1st wave when Q1 FY 21 collections dropped 41% QoQ. While somewhat paused currently, government spending is expected to accelerate sharply as the economy reopens and COVID risks recede. Overall credit growth remains muted at 5.9% as of May-21, however anecdotal signs of capital expenditure plans by India Inc point to a meaningful acceleration in the coming months.

**Monsoon 2021:** Despite forecasts of a normal monsoon this year, the last week of June and first 10 days of July has seen a “break” with significant reduction in coverage and spatial distribution. Sowing area stood 21% lower YoY as of June 26th. 2021 has been the year of weather disruptions globally with La Nina creating havoc in Southwest USA (~10% of the US suffering one of its worst droughts on record) and Brazil. The good news however is that neutral conditions (neither El Nino or La Nina) are expected to prevail from July to September and the IMD is sticking to its forecast of a normal monsoon from July 10th onward.

### Portfolio Stance: Looking through COVID-19, participating selectively

We maintain our portfolio stance of looking through COVID-19 and participating selectively in the assumed economic upcycle post disruptions. While markets might potentially have run ahead of the economy at the moment, the ensuing recovery keeps us positive on a medium term basis.

## 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)

June 2021 0.60% (0.89%)

Since Inception\* 54.38% (51.14%)

\*Till June 30<sup>th</sup>, 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 FY22	Since Inception *
ITI LS	2.86%	54.38%
Nifty	7.02%	51.14%

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	Apr-21	May-21	Jun-21	Since Inception *
ITI LS	-0.97%	3.24%	0.60%	54.38%
Nifty	-0.41%	6.50%	0.89%	51.14%

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	6.6%
HDFC Ltd	6.6%
Infosys Limited	5.8%
Reliance Industries	5.4%
SBI Life	4.2%

Top Tactical Longs - Top 5	
Stock	PF Weight
SBI	4.8%
Tech M	4.1%
Max Fin. Serv.	3.8%
Infosys	4.8%
Mindtree	2.9%

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

Exposure	
Gross Exposure (month-end)	75%
Net Exposure (month-end)	71%
Gross Exposure (month-avg)	88%
Net Exposure (month-avg)	78%

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

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