

# MONTHLY INSIGHT

July, 2023

Indian markets scaled fresh life-time highs in June, after a protracted 20-month long consolidation phase marked by volatile upwards and downward movements. Most notably, overall breadth of this rally is impressive, both in terms of market cap segments and sectoral performance, giving us confidence on the foundations of this market rally and prospects. The rally is broad-based led by domestic cyclicals (Auto, capital goods, NBFC) unlike in the case of the US markets where bulk of the rally is contributed by top 7 names.

Global markets have undergone a significant long period of uncertainty and heightened risks over Oct 2021- Mar 2023. However, many of these risks have either materialized or ebbed considerably. Global interest rates are closer to end of cycle with slackening global growth and deflation in commodity prices.

Though Indian markets are not markedly different from Oct 2021 peaks, one needs to be cognizant that a significant period has elapsed since then while earnings for Indian companies have growth at low double digits annually. Specifically, markets would need to go up by a further 15-20% to reach the same elevated valuation as seen in Oct 2021.

At the same time, we remain cognizant of downside risks - residual (US rate trajectory, QT) and emergent (Monsoon spatial distribution). In recent meetings and communication, the US Federal Reserve has successfully repositioned market expectations from a potential first rate cut in Sept to a possible rate increase in upcoming July meeting. While high frequency data indicators for growth and labour market data remains sufficiently robust, inflation numbers have been trending lower in recent months. A relatively soft inflation reading could allow the Fed to maintain rates in coming meetings, while retaining its hawkish bias. Monsoon rainfall remains patchy, with parts of the country reporting deficit, while some areas face flooding. This year, El-Nino conditions are expected to have unfavourable impact on rainfall, though there could be some offset due to Indian Ocean dipole phenomenon. We continue to closely monitor developments as they unfold.

As highlighted above, we find the overall construct of the Indian equity market encouraging and believe the rally is likely to be durable with further legs to go. However, we would monitor evolving risks and recalibrate if necessary.

## Portfolio Stance – Focusing on specific themes

We maintain a relatively bullish exposure while closely monitoring for any emerging risks. We continue to focus on specific themes such as select financials, auto and consumer staples that are likely to generate alpha over the coming months. We remain focused on domestic economy specific sectors/ stocks while maintaining caution on global cyclicals.

## 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)

June 2023: 4.31% (3.53%)

Since Inception\* 91.02% (84.47%)

\*Till June 30th, 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	Since Inception*
<b>ITI LS</b>	2.93%	12.08%	-0.83%	-1.20%	-0.29%	3.56%	0.88%	-1.40%	8.55%	91.02%
<b>Nifty</b>	7.02%	12.06%	-1.50%	0.64%	-9.65%	8.33%	5.91%	-4.43%	10.54%	84.47%

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
<b>ITI LS</b>	5.37%	7.45%	0.68%	4.72%	-0.67%	-1.08%	7.09%	1.70%	-1.45%	3.45%	12.64%	3.30%
<b>Nifty</b>	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	Since Inception*
<b>ITI LS</b>	2.60%	1.43%	4.31%	91.02%
<b>Nifty (%)</b>	4.06%	2.60%	3.53%	84.47%

\*till 30<sup>th</sup> June, 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
<b>ITI LS</b>	-2.16%	2.35%	-0.43%	2.46%	0.82%	0.24%	0.64%	0.90%	-0.65%	-0.18%	-1.22%	0.04%
<b>Nifty</b>	-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
<b>ITI LS</b>	-0.94%	3.27%	0.62%	1.90%	8.72%	1.17%	-0.97%	-0.83%	0.97%	-0.82%	-2.69%	2.36%
<b>Nifty</b>	-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
<b>ITI LS</b>	0.25%	-1.03%	-0.68%	5.44%	-1.91%	0.02%	2.11%	4.53%	5.53%	0.56%	2.55%	0.17%
<b>Nifty</b>	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
<b>ITI LS</b>	0.25%	-1.06%	0.14%	-2.72%	-2.90%	4.72%	1.54%	2.65%	2.74%	1.06%	0.95%	-0.31%
<b>Nifty</b>	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
HDFC Ltd	8.9%
Bharti Airtel	7.1%
Infosys	6.7%
SBI Life	4.4%
RIL	4.2%

#### Top Tactical Longs – Top 5

Stock	PF Weight
L&T	4.5%
Maruti	3.9%
Ultratech Cement	3.1%
RIL	2.9%
SBI Bank	2.8%

#### Top Tactical Shorts – Top 3

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

#### Exposure

Gross Exposure (month-end)	106%
Net Exposure (month-end)	80%
Gross Exposure (month-avg)	96%
Net Exposure (month-avg)	72%

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

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