

# MONTHLY INSIGHT

June, 2023

May capped a second successive strong month for Indian equities, delivering significant outperformance over major developed world indices. Rally in Indian indices was broad-based as growth cues continue to strengthen amid improving inflation and external account outlook.

The Federal Reserve is expected to remain on pause in the upcoming monetary policy meeting as latest inflation readings have been moderating even as labour markets remain tight. Several Fed speakers have, however struck a hawkish undertone citing persistent inflationary pressures and the loosening in credit conditions since the regional bank turmoil in March. Markets would focus on Chair Powell's commentary and the staff projections on growth and inflation trajectory. As cited in previous months' letters, markets expect a significant turn in Fed policy expecting multiple rates cuts by year-end.

The Indian macro-economic environment continues to improve with Manufacturing PMI hitting a 31-month high in May, while GST collections and UPI transaction clocked strong growth. Inflationary pressures continue to moderate, helped by lower commodity prices. Recent fall in oil prices bodes well for both inflation and external account.

International weather agencies expect severe El Nino conditions to impact monsoon rainfall in India. El Nino conditions were last observed in 2018-19 and is a recurring condition every 4-6 years. Since 2000, six out of 7 El Nino years have coincided with below normal rainfall in India, with 5 of these termed as drought years. This could severely impact the rural economy, which has been steadily on the mend since the pandemic.

We maintain our overall constructive view on India equities though we may be entering a short-term phase of uncertainty with El Nino risks. We continue to monitor developments and would realign portfolio as necessary. A significant realignment in US rate expectations could lead to considerable volatility in coming months. Given the favourable macro backdrop, **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 bullish exposure while closely monitoring for any emerging risks. We continue to focus on specific themes such as select financials, consumer discretionary and capital goods 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)

May 2023: 1.43% (2.60%)

Since Inception\* 83.12% (78.18%)

\*Till May 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	Since Inception*
<b>ITI LS</b>	2.93%	12.08%	-0.83%	-1.20%	-0.29%	3.56%	0.88%	-1.40%	4.06%	83.12%
<b>Nifty</b>	7.02%	12.06%	-1.50%	0.64%	-9.65%	8.33%	5.91%	-4.43%	6.77%	78.18%

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	Since Inception*
<b>ITI LS</b>	2.60%	1.43%	83.12%
<b>Nifty (%)</b>	4.06%	2.60%	78.18%

\*till 31<sup>st</sup> May, 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	8.3%
Bharti Airtel	6.9%
Infosys	6.5%
SBI Life	5.8%
RIL	4.1%

#### Top Tactical Longs – Top 5

Stock	PF Weight
L&T	4.0%
Maruti	3.3%
ICICI Bank	3.0%
Ultratech Cement	2.9%
HUL	2.6%

#### Top Tactical Shorts – Top 3

Stock	PF Weight
Pharma	1.2%
Consumer	1.2%
Consumer	1.1%

#### Exposure

Gross Exposure (month-end)	85%
Net Exposure (month-end)	70%
Gross Exposure (month-avg)	85%
Net Exposure (month-avg)	65%

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

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