# Monthly Insight

THE INVESTMENT TRUST OF INDIA
LONG-SHORT EQUITY FUND

8th March 2021

Indian equities had a phenomenal Feb-21 primarily boosted by sentiments from the Union Budget 2021 and to a small extent resumption of global risk-on from the minor dislocations in the last week of Jan-21. The MSCI World Index returned 2.5% for the month with the Nifty, Nifty Midcap and Nifty Smallcap returning 6.6%, 11.3% and 12.2% respectively. The outperformance of emerging markets vs. developed markets and of the broader market vs. Nifty pointed to continued enthusiasm of markets for robust, broad-based and resilient economic growth ahead.

On the virus front, many countries have made enormous progress towards normalization and resumption of pre COVID life. On the doses per 100 population metric, Israel (95.35), UAE (58.29), UK (34.26) and the US (26.48) are leading the pack. These countries are already seeing massive differences in their hospitalizations (down 72% from the peak in the UK, down 69% from the peak in the US) and deaths, particularly in the vulnerable elderly population. Although India on the other hand is seeing a minor resurgence of the virus currently, given our track record and a receding global virus, it does seem that Summer 2021 will be almost normal for the vast majority of the planet.

A massive "roaring 20s" spurt in consumption, jobs and growth in the coming months, boosted additionally by massive fiscal and monetary stimuli, has had both salutary and non-salutary effects on financial markets. While the enthusiasm in businesses and economies benefitting from reopening and stimulus is clear, the flip side of the coin has also started manifesting – higher interest rates, a sell-off in technology and other pandemic beneficiaries and galloping commodity prices, particularly crude. Ten year government yields in almost every major economy globally are above or very close to pre-COVID levels. Specifically, the rising 10 year US Treasury yield in particular has been a cause of worry on potential tightening of financial conditions.

**Portfolio Stance: Watchful for building risk, near-term demand environment remains extremely strong**

The almost universal feedback from India Inc points to extremely strong on-ground demand currently. With interest rates bottoming globally, the PE re-rating of the equity asset class is arrested for now and the markets would have to focus on earnings growth from here on. We remain constructive on the post COVID growth outlook.

The risks as above on commodity costs – India, as a net importer of commodities will face challenges – and on financial conditions are material and something we are watchful for. We accordingly are nimble in managing our equity exposures even as our portfolio is broadly positioned for growth.

## FUND PROFILE

Key Fund Information

Launch Date 11th 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)**
Feb 2021 2.52% (6.56%)

Since Inception* 49.87% (39.67%)

*Till Feb 28, 2021
(figures in brackets correspond to Nifty returns)

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Fund Managers
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## 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 | Q4 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% | 3.06% | 49.87% |
| Nifty | 3.00% | 2.01% | -0.62% | 7.00% | 1.43% | -2.67% | 6.04% | -29.35% | 19.81% | 9.18% | 24.30% | 3.92% | 39.67% |

### Monthly:

| Returns | Apr-20 | May-20 | Jun-20 | Jul-20 | Aug-20 | Sep-20 | Oct-20 | Nov-20 | Dec-20 | Jan-21 | Feb-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% | 2.52% | 49.87% |
| Nifty | 14.68% | -2.84% | 7.53% | 7.49% | 2.84% | -1.23% | 3.51% | 11.39% | 7.81% | -2.48% | 6.56% | 39.67% |

| 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 FY 19 and FY 20 |
|---|---|---|---|
| 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 | 8.4% |
| HDFC Ltd | 6.5% |
| Reliance Industries | 6.4% |
| Infosys Limited | 6.1% |
| Bharti Airtel | 4.3% |

**Top Tactical Longs - Top 5**

| Stock | PF Weight |
|---|---|
| HCL Tech | 4.9% |
| M&M | 4.0% |
| Max Financial | 3.4% |
| Bharti Airtel | 2.9% |
| ICICI Bank | 2.4% |

**Top Tactical Shorts - Top 3**

| Sector | PF Weight |
|---|---|
| Consumer | 2.1% |
| Auto | 2.0% |
| BFSI | 1.0% |

**Exposure**

| | |
|---|---|
| Gross Exposure (month-end) | 79% |
| Net Exposure (month-end) | 46% |
| Gross Exposure (month-avg) | 122% |
| Net Exposure (month-avg) | 76% |

## Disclaimer: