

SBM India Opportunities Fund

NAV per share USD 104.97 (Class B)



Investment objective

The objective of the Fund is to generate long-term capital appreciation by investing mainly in equity and equity-related instruments in India. The Fund adopts a multi-capitalisation investment strategy and uses a combination of top-down and bottom-up approaches in its portfolio construction and risk management processes.

Fund facts

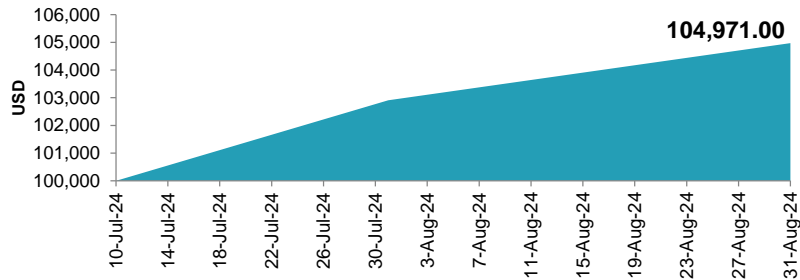
Investment Manager: SBM Mauritius Asset Managers Ltd	Share split: 10 July 2024
Fund Administrator: SBM Fund Services Ltd	Fund size: USD 12.3M
Registry and Transfer Agent: SBM Fund Services Ltd	ISIN: MU0565S00012
Custody: IL&FS Securities Services Ltd	Base currency: USD
Auditor: Deloitte Mauritius	Minimum one-off investment: USD 100 (Class B) USD 100,000 (Class A)
Investment Advisor: Invesco Asset Management (India) Private Limited	Monthly investment plan: USD 10 (Class B)
Benchmark: S&P BSE500 Index	Management fee: 1.40% p.a.
Distribution: None	Entry fee: Up to 3.00%
Investor profile: Aggressive	Exit fee: 1% in first year Nil after 1 year
Fund inception: 18 Apr 2012	Performance fee: 18% p.a on excess return over benchmark

Performance

Period	1M	3M	YTD	1Y	3Y	5Y	Launch	Annualised	2025	2026	2027	2028	2029	2030
Fund	2.0%						5.0%							
Benchmark	0.6%						2.7%							

Note: Fund performance is calculated on indicative NAV to NAV. The performance of the index is based on the S&P BSE500 Index (USD). The benchmark return is computed in USD terms. Annual returns are for the financial year of the Fund, that is, June. Past performance is not indicative of future results.

Growth of USD 100,000 since strategy inception



Fund statistics

Period	1Y	3Y	5Y	Launch
Correlation				
Regression alpha (%)				
Beta				
Annualised volatility				
Annualised tracking error				

Relative metrics such as alpha, beta and tracking error are computed against the composite index.

Asset allocation

Asset class	% Fund	Geography	% Fund	Top currency	% Fund
Indian Equities	95.8%	India	100.0%	Indian Rupee	97.0%
Cash	4.2%	Total	100.0%	US Dollar	3.0%
Total	100.0%			Total	100.0%

Sector	% Fund	Market capitalisation	% Fund
Financials	28.6%	Large	78.9%
Consumer Discretionary	15.2%	Mid	12.5%
Industrials	13.7%	Small	4.5%
Health care	10.3%	Total	95.8%
Information Technology	9.7%		
Utilities	5.8%		
Basic Materials	4.2%		
Consumer Staples	4.1%		
Energy	1.9%		
Communications	1.6%		
Real Estate	0.7%		
Total	95.8%		

Asset allocation (continued)

Top 10 holdings	Sector	% Fund
ICICI Bank Ltd	Financials	6.4%
Infosys Technologies Ltd	Information Technology	6.0%
HDFC Bank Ltd	Financials	4.8%
NTPC Limited	Utilities	3.8%
Axis Bank Ltd	Financials	3.3%
Mahindra & Mahindra Ltd	Consumer Discretionary	2.7%
Bharat Electronics Ltd	Industrials	2.6%
Larsen & Toubro Ltd	Industrials	2.4%
State Bank Of India	Financials	2.3%
Rural Electrification Corporation Ltd	Financials	2.2%
Total		36.5%

Market comments

The Net Asset Value per share (NAV) of the Fund rose from USD 102.90 in July to USD 104.97 in August, equivalent to a performance of 2.0% against 0.6% for S&P BSE 500 index. The top leaders, that is, companies which contributed positively to the performance of the Fund were Ajanta Pharma Ltd (+20.2%), Zomato Ltd (+9.0%) and Infosys Technologies Ltd (3.9%) while the main laggards were Central Depository Services (India) Ltd (-42.7%), State Bank Of India (-6.7%) and Bharat Electronics Ltd (-5.5%).

Indian equities extended previous month's gains and closed at a fresh record high as the US Federal Reserve signalled an imminent interest rate cut at its upcoming September meeting. Strong US GDP growth of 3.0% as of Q2:2024 and renewed foreign fund inflows also boosted investor sentiment during the month. Most of the BSE sectors posted positive returns with the top leaders being Information Technology, Health Care and Consumer Staples, which posted corresponding MoM returns of +4.0%, +6.5% and +4.1%.

The HSBC India Manufacturing Purchasing Managers' Index (PMI) further eased from 58.1 in July to 57.5 in July, however, remained above its long-run average of 54.0, indicating significant improvement in operating conditions. New business surged following increased advertising, brand recognition and healthy demand even though competitive conditions dampened growth. Despite a moderation in cost pressures, firms passed on their cost burden onto consumers in terms of higher selling price.

According to recent data released by the National Statistical Office, India's GDP for the Q1:FY2024-25 hit a 5-quarter low of 6.7% compared to 8.2% in the year ago amid softer government expenditure and lower private consumption. The agricultural sector recorded a growth of 2.0%, down from a previous reading of 3.7%. Nonetheless, India remains the fastest-growing major economy in the world with China's economy growing at 4.7% in the April-June quarter. At its latest MPC meeting, the Reserve Bank of India (RBI) maintained its GDP growth forecast at 7.2% for FY2024-25 as agricultural activity gains traction and private corporate investment picks up.

Retail inflation ticked up to 3.65% in August from 3.54% in July, however remained below the RBI's 4% medium-term target for the second consecutive month. The marginal increase largely reflects higher food prices. The RBI maintained its inflation projection for FY2024-25 at 4.50%, while lowered its estimates for Q2 and Q3 by 60bps and 10bps respectively to 4.4% and 4.7%. The upward revision reflects the surge in mobile phone tariffs and persistent high food prices, further exacerbated by the hike in milk prices. The inflation expectations for Q4 have been raised by 20bps to 4.3% amid better reservoir levels and higher cultivation area.

In the external sector, the INR further weakened by 0.2% MoM against the USD, reaching 83.87/USD on 31 August 2024. Increased dollar demand from importers and a slowdown in Foreign Portfolio Investment inflows weighed on the local currency. India Ratings expects the current account balance to rise to 1.0% of GDP in Q2:FY2024-25 amid steady capital inflows.

At its latest MPC meeting held on the 8th of August, the RBI decided to keep the repo rate under the liquidity adjustment facility (LAF) unchanged at 6.50%. Consequently, the repo rate under the marginal standing facility (MSF) and the Bank Rate of 6.75%, as well as the cash reserve ratio (CRR) of net demand and time liabilities (NDTL) of 4.50%, were maintained.

Contact

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