

TATA EQUITY P/E FUND

(AN OPEN ENDED EQUITY SCHEME FOLLOWING A VALUE INVESTMENT STRATEGY)
DECEMBER '21

What is Value ?

Volatile market presents potential value opportunities as stock price movements may not correspond to a company's long term fundamentals

Reasons for Value Creation

Cyclical downturn, Management or technology change, Large capital expenditure and expansion, High Debt, Increase in costs.

How a value portfolio is created?

Value portfolios are created with intrinsically strong stocks that are believed to be going through a temporary downturn with a belief that the markets will readjust their expectations and hence prices

Tata Equity P/E Fund

- Primarily Invests in companies which have a lower rolling twelve month P/E ratio as compared to benchmark
- Ideal for long term investment horizon, Focused on Value Investing.
- The fund maintains a lower P/E than Sensex on a daily basis

Fund Snapshot

Benchmark*	S&P BSE Sensex TRI
Inception Date	June 29,2004
Fund Size	Rs. 5000.64 Cr
Expense Ratio	Direct : 0.90 Regular : 1.84
Fund Manager	Sonam Udasi (Managing Since 1-Apr-16)
Asst. Fund Manager	Amey Sathe (Managing Since 18-Jun-18)
Options	IDCW & Growth

Statistic	Fund	Sensex
Std. Dev	20.89	21.87
Sharpe Ratio	0.17	0.21
Portfolio Beta	0.91	1.00
R Squared	0.92	1.00
Treynor	1.14	1.29
Jenson	-0.13	NA
P/E	29.97	26.75

Portfolio Construct

PORTFOLIO ALLOCATION

The portfolio changes exposures depending on market cycles. Significant overweight positions in the Fund are driven by conviction.

High conviction ideally means +4% exposure per stock, depending on the company's P/E, size and market cap.

MARKET CAP

The primary reason a company becomes part of the portfolio is its "potential" rather than its market cap or size.

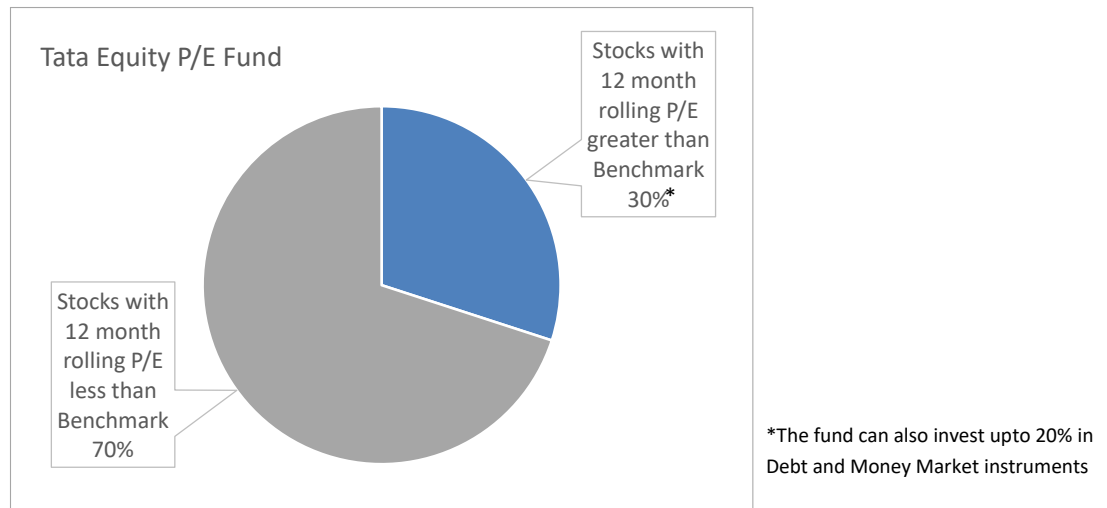
CURRENT POSITIONING

- The portfolio maintains a large cap bias(~68% currently)
- Exposure to the Financials has been slowly increased as situation on the ground normalises and India opens up. Continue to own market leaders, extremely liquid names in the space. This has benefitted the portfolio.
- Fund is adding market leaders and strength – those who have better brand, better outreach, better cash positions, are less leveraged, better digital infrastructure, adding strong franchises. India's growing digital ecosystem and its leadership across IT platforms is also a theme that is interesting. The Fund is equal weight IT sector.
- The Fund has selectively added names in the Services sector – especially in companies operating in digital space.
- The Fund is positively inclined on digital platforms in the financial services sector and has added weight in the same. It is looking to add more segments within this space.

*As a consequence of SEBI circular on Uniformity of Benchmarks, effective 1st Dec 2021—The scheme's benchmark has been revised to Nifty 500 Value 50 TRI

The Mandate

At least 70% of the portfolio should comprise of stocks with 12 month rolling P/E less than that of S&P BSE Sensex on a day to day basis. The stock universe is filtered on the basis of P/E to arrive at the initial subset

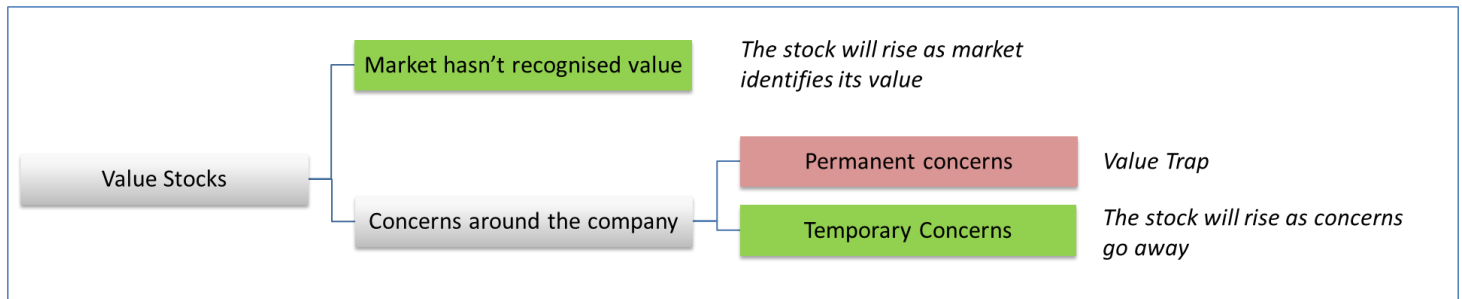


Recognising Value*

The fund seeks stocks which are cheaper because

- The market is yet to recognise its value
- There may be temporary concerns around the stock

HOW DOES VALUE ARISE?



Growth Within Value*

Tata Equity P/E Fund is a growth oriented value fund. The fund seeks growth within stocks identified as value.

SECTORAL VIEW	Sectors expected to grow over the next 1-1.5 years
MARKET LEADER	Companies which may outperform the sector
RETURN RATIOS	Consistent ROE, ROC and other return ratios over the last 5-10 years
CAPITAL REQUIREMENT	Growth which isn't propelled just by capital raised through debt or equity
PRESENCE IN THE INDEX	An indicative of the liquidity of the stock

Performance Observations

Since FY18-19, the value part of the market was under pressure while the expensive part of the market became more expensive. With predominant portfolio of value stocks, the Fund could not participate in the rally seen in the benchmark index. This was followed with a sharp fall in markets due to pandemic concerns.

- Value segment of the market did not perform well as compared to the growth segment in the first half of the Financial year and the Scheme performed well during the period due to its biased exposure towards growth-oriented sectors.
- Fund's underweight exposure towards Banking sector during the October'20 rally hurt the performance of the Scheme
- Sectors like PSUs and small cap segment were in deep value and had suffered huge underperformance through the previous financial year. A disproportionate rally in PSU's and Small segment led to scheme underperformance in the 2nd half of FY21.
- Fund also underperformed due to low to nil exposure in Commodities sector like Metals and Mining and Construction sector stocks.
- Scheme portfolio remains biased towards growth within stocks identified as value as this aids in consistent performance. Deep value trend may not be consistent and may lend to increased volatility

Way Ahead

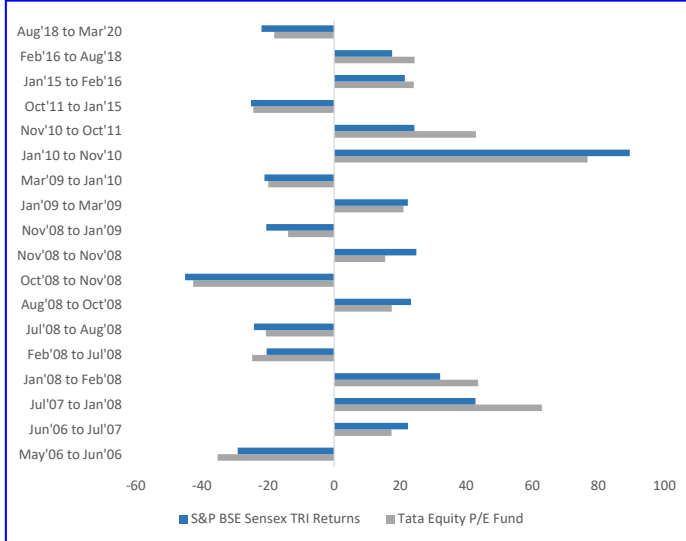
- We expect that post the rally in deep value sectors the markets may return to quality and consistent compounding stocks and our portfolio in Tata Equity P/E Fund is positioned to benefit from the same.
- We believe that our current portfolio positioning of overweight exposure in Specialty chemicals, IT, and Underweight Lenders may help the portfolio to outperform.
- We continue to hold fair share of Mid and Small cap portfolio that may add to the alpha to the portfolio.
- We are confident about the Fund portfolio positioning to yield performance over the medium-term investment horizon.
- Our cash levels have gone up to take advantage of volatility at these higher levels.

Portfolio

Top 10 Holding	Portfolio	Benchmark	Top 10 Sectors	Portfolio	Benchmark
ICICI Bank Ltd	8.19	7.81	Financial Services	35.57	40.83
HDFC Bank Ltd	7.65	10.30	IT	16.42	19.22
Reliance Industries Ltd	5.78	12.28	Consumer Goods	15.06	11.20
ITC Ltd	5.75	3.05	Oil & Gas	7.65	12.28
HDFC	5.49	7.63	Automobile	6.21	3.41
Infosys Ltd	5.07	9.98	Power	5.26	2.07
Power Grid Corp of India Ltd	4.24	1.12	Cement & Cement Products	3.57	1.35
HCL Technologies Ltd	4.01	1.95	Media, Entertainment & Publication	1.69	
ACC Ltd	3.57		Pharma	1.62	2.18
Radico Khaitan Ltd	3.45		Consumer Services	1.10	

Fund Performance

Fund Performance through Bull & Bear Phases

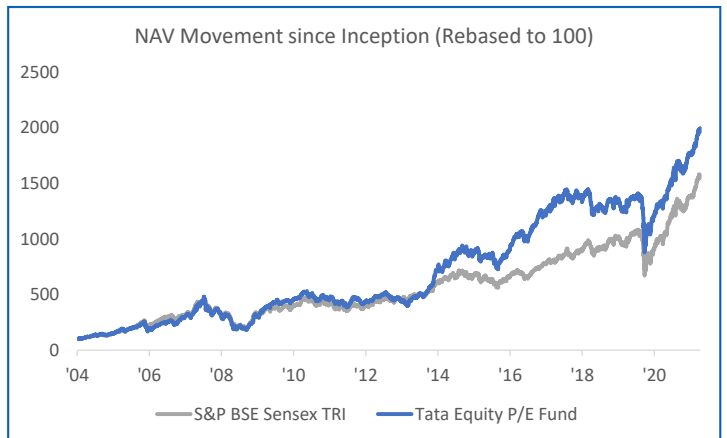


The Fund has a 15 year track record, and its unique disciplined strategy with focus on 'value' has helped it outperform its benchmark (BSE Sensex) over long periods of time

Returns

Period	Tata Equity P/E Fund		S&P BSE Sensex TRI*	
	Return %	Rs.	Return %	Rs.
1 Year	32.24%	13,255	30.28%	13,056
3 Year	14.54%	15,031	17.67%	16,301
5 Year	13.80%	19,096	17.80%	22,697
Since Inception	18.57%	194,797	16.83%	150,455

Sonam Udasi (Managing Since 1-Apr-16) Amey Sathe (Managing Since 18-Jun-18). For performance of other schemes managed by same fund managers , refer page no 4



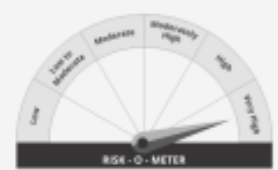
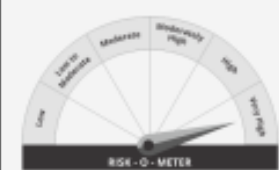
Sonam Udasi	1 Year	3 Year	5 Year
Tata Flexicap Fund	32.15	16.36	NA
S&P BSE 500 TRI	38.13	18.70	NA
Tata Index Fund - Sensex Plan	28.19	16.36	16.63
S&P BSE Sensex TRI	30.28	17.67	17.80
Tata Retirement Savings Fund - Progressive Plan	28.83	15.97	16.57
S&P BSE 200 TRI	35.95	18.29	17.17
Tata Index Fund - Nifty Plan	31.14	16.39	16.07
Nifty 50 TRI	32.19	17.38	17.04
Tata Retirement Savings Fund - Moderate Plan	25.15	14.33	14.52
Crisil Hybrid 25+75 - Aggressive Index	27.44	16.69	15.06
Tata Retirement Savings Fund - Conservative Plan	9.12	9.09	8.08
CRISIL Short Term Debt Hybrid 75+25 Fund Index	11.78	11.36	10.13
Tata India Consumer Fund	33.78	14.09	20.13
Nifty India Consumption TRI	31.38	13.80	15.75
Amey Sathe	1 Year	3 Year	5 Year
Tata Young Citizens Fund	38.15	18.60	12.98
S&P BSE 200 TRI	35.95	18.29	17.17
Tata Banking And Financial Services Fund	20.35	14.49	15.77
Nifty Financial Services TRI	23.11	15.81	18.90
Tata Large Cap Fund	39.79	16.51	14.14
S&P BSE Sensex TRI	30.28	17.67	17.80

DISCLAIMER

- 1) Scheme returns in terms of CAGR are provided for past 1 year, 3 years, 5 years and since inception.
- 2) Point-to-point returns on a standard investment of Rs. 10,000/- are in addition to CAGR for the schemes.
- 3) Different plans shall have a different expense structure. The performance details provided herein are of regular plan growth option
- 4) NA stands for schemes in existence for more than 1 year but less than 3 years or 5 years, or instances where benchmark data for corresponding period not available.
- 5) Period for which schemes performance has been provided is computed basis last day of the month - ended preceding the date of advertisement.
- 6) Past performance may or may not be sustained in future. For computation of since inception returns the allotment NAV has been taken as Rs. 10.00
- 7) For Benchmark Indices Calculations , Total Return Index(TRI) has been used. Where ever TRI not available Composite CAGR has been disclosed .Please refer Disclaimer for composite CAGR disclosure.
- 8) Total Schemes managed by Sonam Udasi: 8, by Amey Sathe :4
- 9)Schemes in existence for less than 6 months, performance details are not provided. Scheme in existence for more than six months but less than one year, simple annualized growth rate of the scheme for the past 6 months from the last day of month-end is provided.

Disclosure for Composite CAGR Calculation

Scheme Name	Index Name	Since Inception
Tata Equity P/E Fund	S&P BSE Sensex TRI	As TRI data is not available since Since Inception of the scheme, benchmark performance is calculated using composite CAGR of S&P BSE Sensex PRI values from date 29-Jun-2004 to date 31-May-2007 and TRI values since date 31-May-2007

Product Label	Tata Equity P/E Fund	S&P BSE Sensex TRI
<p>This product is suitable for investors who are seeking*</p> <ul style="list-style-type: none"> • Long Term Capital Appreciation. • Investment (minimum 70%) in equity & equity related instruments of companies whose rolling P/E is lower than rolling P/E of S&P BSE Sensex. <p>*Investors should consult their financial advisors if in doubt about whether the product is suitable for them</p>	 <p>RISK - O - METER</p> <p>Investors understand that their principal will be at Very High Risk</p>	 <p>RISK - O - METER</p> <p>Investors understand that their principal will be at Very High Risk</p>

Mutual Fund investments are subject to market risks, read all scheme related documents carefully.