

Investment Philosophy

The portfolio constructed by the fund manager can be divided into two broad groups: Compounders and Re-rating Opportunities.

> Compounders

Businesses that have a long runway for growth and have some sort of market leadership in their product category (in terms of volumes, revenues, costs/profits per unit or in terms of Return on Capital. etc. These companies are also likely to show consistency in generating profits and have a capable management team and prudent capital allocation policies.

> Re-Rating Opportunities

These are businesses that are currently underestimated by the market for various reasons. They could be cyclical businesses which the markets believe are in a downcycle, while there are indications of a recovery. They could be companies undergoing a transformation within the business due to a change in management or policy. Investment opportunities could also arise due to a change at the industry level due to consolidation or a change in the demand and supply dynamics. There is the potential for the market to re-rate the valuations of the companies and correct its underestimation.

Valuation

- > There could be a reasonable overlap between a compounder and a company with re-rating potential, however the key difference being in how the two types are valued.
 - > Return forecasts of Compounders are based on their long-term growth prospects and their cash flow conversion from earnings. For the latter, there is the expectation of a recovery in earnings/cashflow as well an improvement in the valuation multiple with the market sharply re-rating valuation of the business.
 - > A compounder may be undervalued due to a short-term downturn in the business as well. In fact, some of the best investments can be undervalued companies that go on to become compounders.
- > The fund manager is quite willing to pay-up for a good quality business that can deliver steady growth over a 4-5-year period, but will generally avoid companies that are overvalued (i.e. cases where the current price discount growth for the next 4-5 years).

Stock Picking

- > The portfolio is constructed on a bottom-up basis. The portfolio is well diversified across sectors and across market capitalization

Economic Outlook

The Indian economy has rebounded strongly from the shocks of the Covid waves, despite fears of job and/or income losses. Most sectors are reporting closer to pre-Covid or higher revenues, barring a few.

Over the last few years, the Indian economy has been jolted by Demonetization in 2016, GST implementation in 2017, NBFC crisis in 2018 leading to a credit squeeze, and finally the pandemic bringing a complete standstill.

Despite the repeated crises across sectors, consumer sentiment has remained resilient. This shows that India's demographic dividend is resilient, raising faith in the Indian growth story. The markets are reflecting this confidence with a higher than average multiple.

Market Outlook

The optimism in the markets and expectation of growth has resulted in above average valuations.

However, there is a large segment of the market that is trading at or below their long-term average valuations. This can be seen in the Financial Services sector, where the frontline private players are near/above long-term average valuations, while many corporate or PSU banks are less richly valued.

This can be seen across several sectors such as consumer goods and automobiles, with the frontline players commanding higher valuations, while others languish at below average multiples.

The reason for this dichotomy is that the markets expect the recovery to take hold first among the frontline/structural names and then later percolate down towards the smaller player or cyclical segments within the sector.

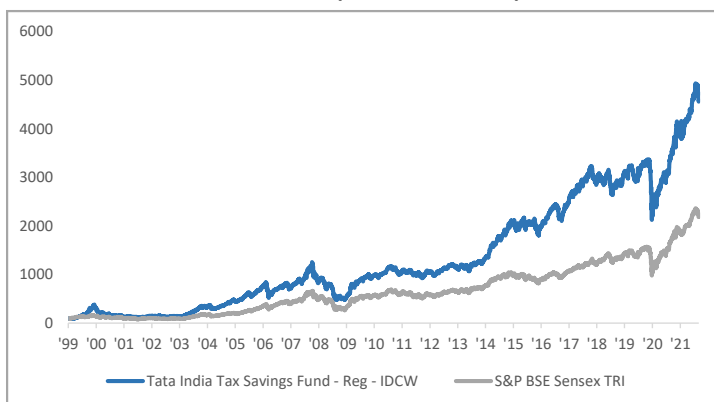
Thus, while the index valuations may be high, there are also investment opportunities available in sections of the market that are under-appreciated.

Portfolio Positioning

- Our portfolio is sharply positioned to benefit from the expected economic recovery. The fund has taken positions in growth oriented and cyclical companies rather than more defensive names.
- The fund is underweighted in IT and consumer staples. The fund is overweight in private sector banks, automobiles (especially in the utility vehicles, commercial vehicles, and tractors). The fund also holds significant positions in cement, manufacturing, and industrials, which are cyclical businesses, likely to benefit from an economic recovery.
- The fund has taken an overweight position in healthcare, plus a few individual picks in sectors like telecom and chemicals.

Fund Performance

NAV Movement since FY00 (Rebased to 100)



Risk Metrics (on the basis of past 3 year performance)

Statistic	Fund	Sensex
Std. Dev	22.11	21.87
Sharpe Ratio	0.20	0.21
Portfolio Beta	0.98	1.00
R Squared	0.95	1.00
Treynor	1.26	1.29
Jenson	-0.03	NA

Performance in SEBI format

Returns	Tata India Tax Savings Fund		S&P BSE Sensex TRI *	
Period	Return %	Rs.	Return %	Rs.
1 Year	34.18%	13,451	30.28%	13,056
3 Year	16.86%	15,964	17.67%	16,301
5 Year	15.47%	20,534	17.80%	22,697
Since Inception	18.78%	831,930	13.40%	252,880

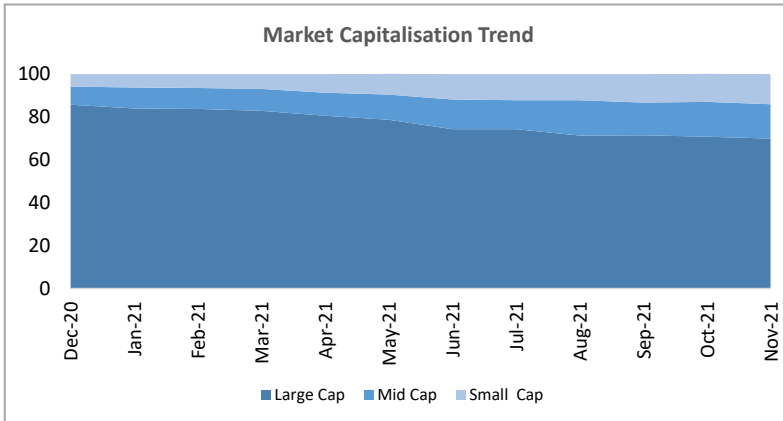
Managed By: Tejas Gutka (Managing Since 09-Mar-21)

FUND SNAPSHOT

Top 10 Holding (%)		
Company	Fund	Benchmark
Infosys Ltd	8.30	9.98
ICICI Bank Ltd	8.21	7.81
State Bank Of India	5.90	2.79
HDFC Bank Ltd	5.87	10.30
Reliance Industries Ltd	5.62	12.28
HDFC	4.35	7.63
Bharti Airtel Ltd	3.34	2.78
Axis Bank Ltd	3.32	2.83
Tata Motors Ltd	2.38	
Larsen & Toubro Ltd	2.38	3.36

Sector wise Allocation (%)		
Sector	Fund	Benchmark
Financial Services	35.65	40.83
IT	13.08	19.22
Industrial Manufacturing	7.65	
Oil & Gas	7.57	12.28
Automobile	7.02	3.41
Pharma	5.57	2.18
Construction	4.99	3.36
Consumer Goods	4.19	11.20
Telecom	3.34	2.78
Cement & Cement Products	2.97	1.35

FUND SNAPSHOT



Market capitalization as per SEBI circular: A) Large Cap: 1st-100th company in terms of full market capitalization. B) Mid Cap: 101st-250th company in terms of full market capitalization. C) Small Cap: 251st company onwards in terms of full market capitalization.

Type of Fund	An open ended equity linked savings scheme with a statutory lock in of 3 years and tax benefit
Benchmark	S&P BSE Sensex TRI
AUM	Rs. 2888.88 Crores
Inception Date	March 31,1996
Expense Ratio	Direct-0.75 Regular- 2.11
Fund Manager	Tejas Gutka (Managing Since 09-Mar-21)
No. of Stocks	51

Total Schemes managed by Tejas Gutka: 1,

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 except for Tata India Tax Savings Fund where performance details given is for regular plan dividend 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 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 *All payouts during the period have been reinvested in the units of the scheme at the then prevailing NAV. Load is not considered for computation of returns. Schemes in existence for less than 6 Monthd, performance details for the same are not provided. 7) For Benchmark Indices Calculations , Total Return Index(TRI) has been used. Where ever TRI not available Composite CAGR has been disclosed .

Scheme Name	Index	Since Inception
Tata India Tax Savings Fund - Reg - Dividend	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-Mar-1996 to date 31-May-2007 and TRI values since date 31-May-2007

Past performance may or may not be sustained in future

Product Label	Tata India Tax Savings 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. An equity linked savings scheme (ELSS) Investing predominantly in Equity & Equity related instruments. <p>*Investors should consult their financial advisors if in doubt about whether the product is suitable for them</p>	<p>RISK - O - METER Investors understand that their principal will be at Very High Risk</p>	<p>RISK - O - METER 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.