

# TATA RETIREMENT SAVINGS FUND: PROGRESSIVE PLAN– DECEMBER 2021 UPDATE

(An open ended retirement solution oriented scheme having a lock-in of 5 years or till retirement age (whichever is earlier))

Data as on 30th November 2021

## These products are suitable for investors who are seeking\*:

- Long Term Capital Appreciation
- An equity oriented (between 85%- 100%) savings scheme which provides tool for retirement planning to individual investors

Investors should consult their financial advisors if in doubt whether the product is suitable for them



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

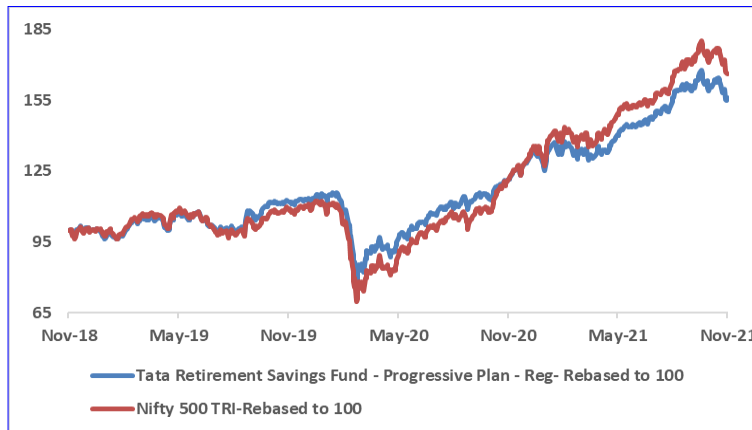
## Fund Snapshot

Benchmark -Tier-1)	Nifty 500 TRI
AUM	1210.86 Crores
Inception Date	1st November 2011
Expense Ratio	Reg: 2.35 Direct: 0.66
No of Holdings	51
Fund Manager	Sonam Udasi (Managing Since 1-Apr-16 and overall experience of 24 years) (Equity) & Murthy Nagarajan (Managing since 1-Apr-17 and overall experience of 25 years) (Debt)

## About the Fund

The objective of the Fund is to provide a financial planning tool for long term financial security for investors based on their retirement planning goals. The fund seeks to generate long term capital appreciation by investing 85-100% of assets in equities.

## NAV Movement of the Fund



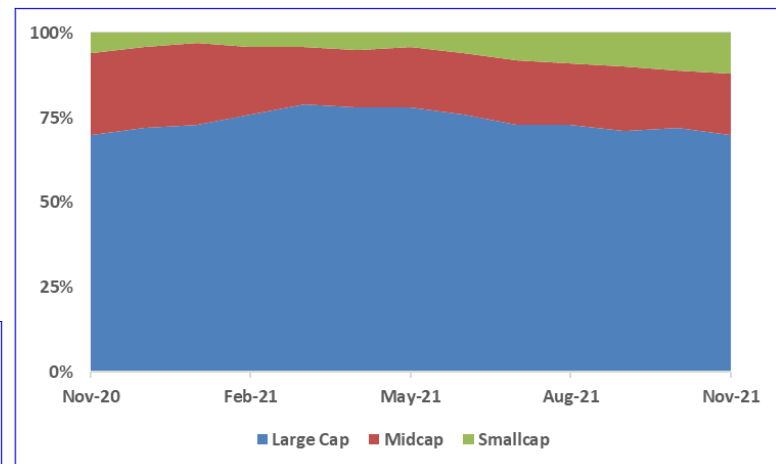
## Top 10 Sectors

Sector	Allocation
Financial Services	30.12%
Consumer Goods	19.22%
Information Technology	15.71%
Consumer Services	6.81%
Oil & Gas	6.68%
Pharmaceuticals	3.18%
Industrial Manufacturing	3.09%
Cement	3.00%
Power	2.64%
Automobiles	1.86%

## Fund Statistics

Statistic	Portfolio	Benchmark
Std. Deviation	18.96	21.75
Beta (Slope)	0.21	0.21
R (squared)	0.85	1.00
Sharpe	0.94	1.00
Treynor	1.32	1.33
Jenson	-0.01	NA

## Market Cap Movement of the Portfolio



**Large Cap:** 1st -100th company in terms of full market capitalization  
**Midcap:** 101st -250th company in terms of full market capitalization  
**Small Cap:** 251st company onwards in terms of full market capitalization

## Top 10 Holdings

Stock	Allocation
ICICI Bank Ltd.	7.97%
HDFC Bank Ltd.	5.99%
Reliance Industries Ltd.	5.64%
Tata Consultancy Services Ltd.	4.20%
Infosys Ltd.	4.05%
ITC Ltd.	3.34%
HCL Technologies Ltd.	2.86%
Radico Khaitan Ltd.	2.68%
Power Grid Corp. Of India Ltd.	2.64%
SBI Cards & Payment Services Ltd.	2.47%

## Portfolio Construction\*

**What kind of stocks does the fund buy** - The fund manager generally prefers companies that have high growth, sustainable business models (*businesses that have longer shelf life and relevance*), low debt and are market leaders.

**100% equity allocation possible as long term holding of the portfolio is by design**- The fund can invest up to 100% of assets in equity. The investor can better gain capital appreciation over the long-term as compared to other retirement options like NPS and Insurance Pension Plans have relatively lower equity allocations.

**Patience investing leading to growth vide compounding and increase in the chances of getting returns** - The lock in feature encourages investors to look beyond near-term volatility and stay invested in the fund for and benefit from compounded growth. Retirement fund enforces 'patience' in holding the investment.

**Number of stocks** - The portfolio generally holds about 40-55 stocks. The FM goes more by his conviction rather than thinking concentration or diversification. High conviction could mean a 4% exposure per stock and for some it is at 8%. Earnings visibility and liquidity of the stock leads to concentration. For the fund, 40 stocks is a decent number as with that the FM can cover every segment / market cap. The fund currently holds 51 stocks.

**Allocation across market caps with the fund looking at an average of 50% allocation towards Large caps** – The fund is a multi-cap portfolio. It usually holds above 50% in Large caps for liquidity and steady returns. This allows the FM to construct the balance out of Midcaps or Small caps. The fund is currently dominated by large caps (with a ~70% allocation to large caps, ~18% to midcaps and 12% in smallcaps). In the past year, on average the fund has held 74% in large caps, 19% in midcaps and 7% in small caps.

\*Current portfolio construction strategy, and is subject to change in the future

## Equity Markets Outlook

- Indian markets are well rounded across sectors ranging from Information Technology, Metals, Cement & cement products, Consumer Staples & Discretionary. In the past few quarters businesses have been able to significantly reduce debt. The market leaders across sectors have generally been able to be without any leverage. There has been a pickup in capex, especially from the private sector.
- Global investors are also positive on India, considering the recent issues in China even though India has higher valuations than other emerging economies. While valuations are not cheap, they are justifiable due to momentum in earnings visibility. Valuations are likely to pick up in the coming 1-2 quarters.
- The recent corrections make it the opportune time to build up positions in the equity markets. Liquidity conditions make equities more preferable in comparisons with other asset classes.

## Sectoral Positions

**Financial Services:** India being a growth economy, Banks are central to growth. Banks can serve as growth stocks, and through them the investor can capture the capital expenditure cycles. The fund manager prefers well-capitalized Private sector large banks with a strong digital presence that allows them to directly interact with customers (~18% of the portfolio). Only Banks with a strong digital presence would be able to compete for newer customers and others may lose market share in coming years.

The fund manager is positive on the long term potential of financial services in India – segments such as Insurance, Asset Management, payment services and brokerages ( The fund is overweight on insurance companies (~5% of the portfolio) as they can serve as compounders. The fund holds smaller positions in segments such as Asset Management, payments services and an HFC (cumulatively ~6% of the portfolio).

**Consumption:** Consumption is a great long-term theme on account of India's demography, current under penetration of consumer goods. As per capita incomes rise, spending on consumer goods will rise too. The fund is positive on companies with reasonable valuations with a preference for urban plays, discretionary, Modern Trade, staples and Paints and more importantly, market leaders.

The fund manager is also positive in segments of the consumer services sector such as e-commerce & online platforms and quick service restaurants.

The fund has taken positions in discretionary businesses, building products, discretionary retail, consumer services and e-commerce. The fund holds ~8% in consumer durables, ~11% in consumer non-durables, and ~5% in retail.

**Information Technology (~16% of the Portfolio):** The fund manager remains positive on the IT sector. While valuations have run up, they are expected to come down meaningfully. The positions are largely in IT services companies (~14% of the portfolio).

**Oil & Gas (~7% of the Portfolio):** The Fund is underweight in the Oil & Gas sector, with bulk of the holdings in a large petrochemicals-based conglomerate with interests in telecom and retail.

The fund is significantly underweight in Automobiles (~2% of the portfolio.). The sector is currently dealing with production cuts due to

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