

TATA EQUITY P/E FUND

(AN OPEN ENDED EQUITY SCHEME FOLLOWING A VALUE INVESTMENT STRATEGY)
SEPTEMBER '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 investment horizon of more than 3 years, 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. 5021.15 Cr
Expense Ratio	Direct : 0.90 Regular : 1.66
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	21.88	22.51
Sharpe Ratio	0.11	0.18
Portfolio Beta	0.93	1.00
R Squared	0.92	1.00
Treynor	0.75	1.14
Jenson	-0.36	NA
P/E	34.60	30.28

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

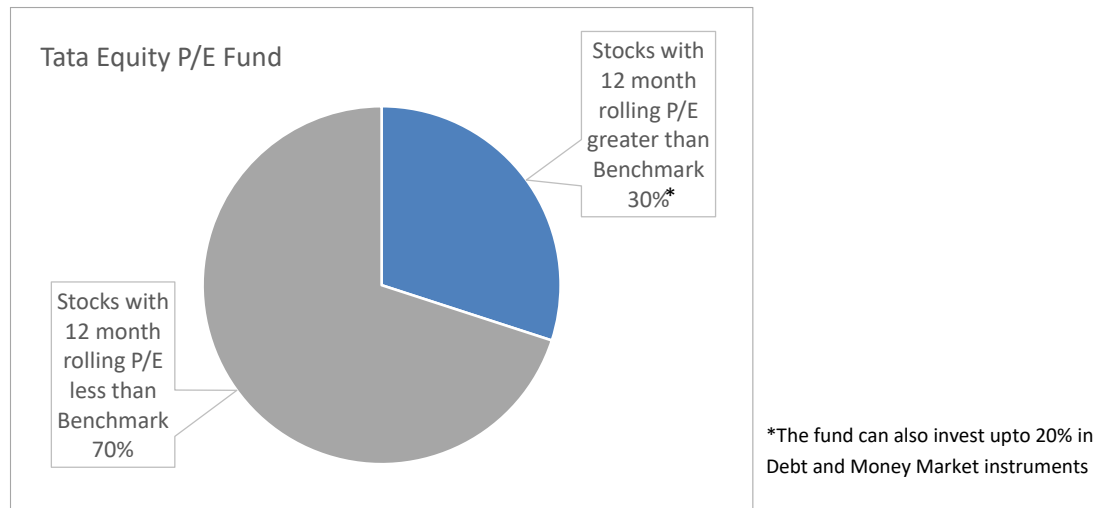
The primary reason a company becomes part of the portfolio is its "potential" rather than its market cap or size.

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.
- Sticking to the mandate of investing in atleast 70% of the portfolio in stocks which have 12 month rolling P/E less than that of BSE Sensex has helped the portfolio offer value to its investors.
- 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.

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

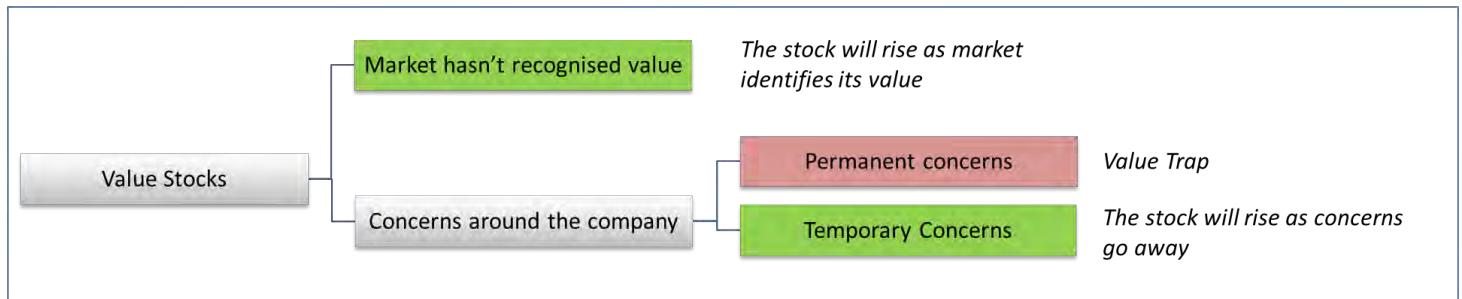


Recognising Value*

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

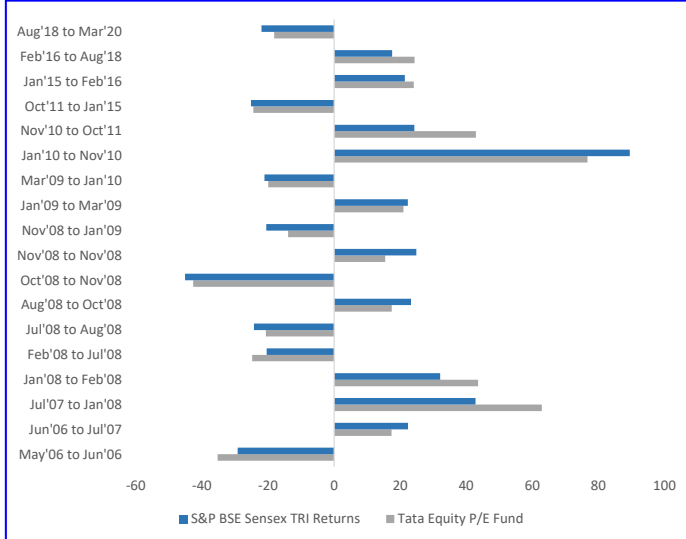
- We expect that post the rally in deep value sectors the markets may return to quality and consistent compounding stocks and our portfolio in Tata Equity P/E Fund is positioned to benefit from the same.
- We believe that our current portfolio positioning of overweight exposure in Specialty chemicals, 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	8.09	7.85	Financial Services	36.35	41.18
HDFC Bank Ltd	7.02	10.19	IT	17.59	19.49
Reliance Industries Ltd	6.14	11.53	Consumer Goods	13.13	11.39
HDFC Ltd	5.73	7.97	Oil & Gas	7.04	11.53
ITC Ltd	5.24	2.91	Automobile	5.72	3.40
HCL Technologies Ltd	5.12	2.02	Power	4.77	1.82
Infosys Ltd	5.03	9.86	Cement & Cement Products	3.17	1.43
Power Grid Corp of India Ltd	3.59	0.95	Services	2.19	#N/A
Axis Bank Ltd	3.45	3.27	Media, Entertainment & Publication	1.75	#N/A
Uti Asset Management Company Ltd	3.39	#N/A	Pharma	1.50	2.25

Fund Performance

Fund Performance through Bull & Bear Phases



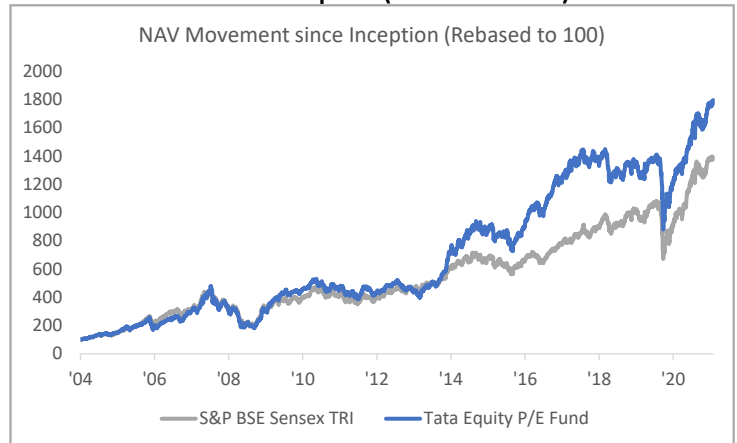
The Fund has a 15 year track record, and its unique disciplined strategy with focus on 'value' has helped it outperform its benchmark (BSE Sensex) over long periods of time

Returns

Period	Tata Equity P/E Fund		S&P BSE Sensex TRI*	
	Return %	Rs.	Return %	Rs.
1 Year	46.26%	14,626	50.55%	15,055
3 Year	9.74%	13,218	15.49%	15,412
5 Year	12.74%	18,218	16.48%	21,451
Since Inception	18.69%	190,059	17.14%	151,477

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

NAV Movement Since Inception (Rebased to 100)



Sonam Udasi	1 Year	3 Year	5 Year
Tata Flexicap Fund	46.20	NA	NA
S&P BSE 500 TRI	57.38	NA	NA
Tata Index Fund - Sensex Plan	47.76	14.31	15.32
S&P BSE Sensex TRI	50.55	15.49	16.48
Tata Retirement Savings Fund - Progressive Plan	43.03	12.08	14.82
S&P BSE 200 TRI	55.45	14.96	15.82
Tata Index Fund - Nifty Plan	50.82	14.01	14.70
Nifty 50 TRI	52.24	14.94	15.70
Tata Retirement Savings Fund - Moderate Plan	37.03	11.25	13.33
Crisil Hybrid 25+75 - Aggressive Index	41.54	14.36	14.28
Tata Retirement Savings Fund - Conservative Plan	14.33	8.47	8.27
CRISIL Short Term Debt Hybrid 75+25 Fund Index	17.01	10.91	10.19
Tata Banking And Financial Services Fund	52.24	13.06	14.71
Nifty Financial Services TRI	59.45	16.04	17.95
Tata India Consumer Fund	46.06	9.19	17.56
Nifty India Consumption TRI	38.57	9.97	13.09
Tata Value Fund Series - 2	#N/A	#N/A	#N/A
S&P BSE 200 TRI	55.45	NA	NA
Amey Sathe	1 Year	3 Year	5 Year
Tata Young Citizens Fund	58.24	14.55	12.50
S&P BSE 200 TRI	55.45	14.96	15.82
Tata Banking And Financial Services Fund	52.24	13.06	14.71
Nifty Financial Services TRI	59.45	16.04	17.95
Tata Large Cap Fund	55.51	13.26	12.68
S&P BSE Sensex TRI	50.55	15.49	16.48

Amey Sathe is asst. fund manager for Tata Banking & Financial Services Fund. Total Schemes managed by Sonam Udasi: 11, by Amey Sathe :4

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 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.
- 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.

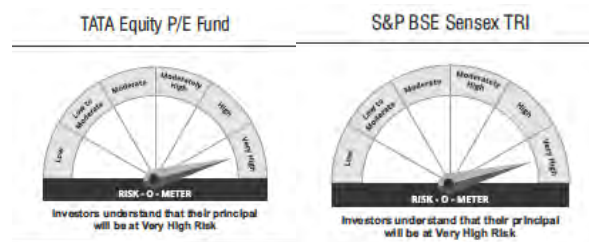
Disclosure for Composite CAGR Calculation

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

This product is suitable for investors who are seeking*:

- 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.

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



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