TATA LARGE & MIDCAP FUND– MAY 2022 UPDATE

(An open ended equity scheme investing in both large cap and midcap stocks)

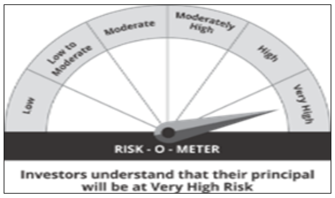
For External Circulation

Data as on 30th April 2022

This product is suitable for investors who are seeking*:

- Long Term Capital Appreciation
- Investment in equity and equity related instruments of well researched value and growth oriented Large & Mid Cap Companies.

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



Benchmark Riskometer: Nifty Large Midcap 250 TRI

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

Fund Snapshot

Type of Fund	An open-ended scheme investing in both large cap and midcap stocks
Benchmark	Nifty Large Midcap 250 TRI
AUM	2924.38 Crores
Inception Date	25th February 1993
Expense Ratio	Reg: 2.09 Direct: 0.93
No of Holdings	41
Fund Manager	Chandraprakash Padiyar (Managing Since 3rd September 2018); Meeta Shetty- Asst. Fund Manager (Managing since 1st November 2019)

About the Fund

The Fund aims at proactively taking advantage of potential capital appreciation opportunities arising from large and midcap segment of the market.

Market Cap Allocations

Large Cap	51.15%
Midcap	40.29%
Smallcap	8.56%

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

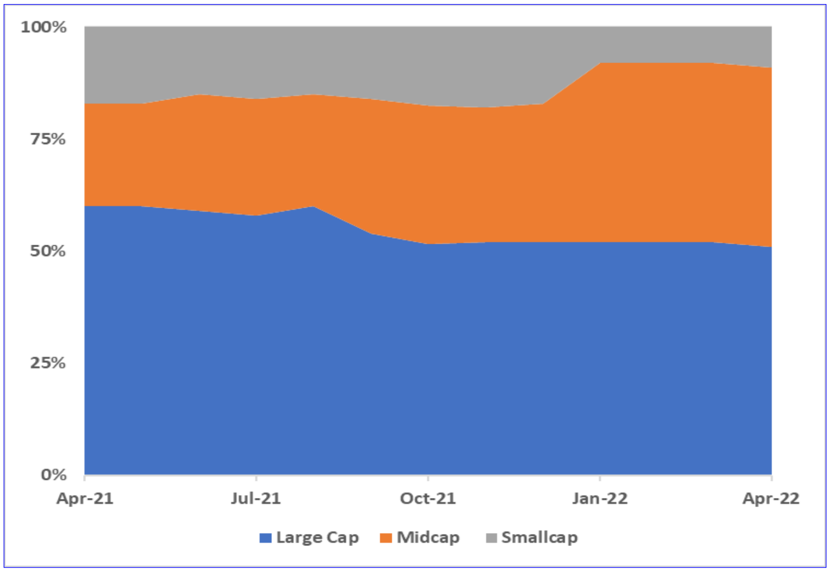
Top 10 Sectors

Sector	Allocation
Financial Services	25.30%
Oil, Gas & Consumable Fuels	9.71%
Automobile and Auto Components	9.06%
Information Technology	8.18%
Fast Moving Consumer Goods	7.77%
Healthcare	7.64%
Capital Goods	6.83%
Chemicals	4.30%
Telecommunication	3.78%
Construction Materials	3.72%

Fund Statistics

Statistic	Portfolio	Benchmark
Std. Deviation	12.23	11.74
Beta (Slope)	0.93	1.00
R (squared)	0.90	1.00
Sharpe	0.30	0.41
Treynor	1.06	1.54
Jenson	-0.30	—

Market Cap Movement of the Portfolio



Top 10 Holdings

Stock	Allocation
ICICI Bank Ltd.	7.88%
Reliance Industries Ltd.	7.16%
State Bank of India Ltd.	5.43%
HDFC Bank Ltd.	4.97%
Varun Beverages Ltd.	4.85%
Tata Consultancy Services Ltd.	3.90%
Sundaram Fasteners Ltd.	3.84%
Bharti Airtel Ltd.	3.66%
Tube Investments of India Ltd.	3.25%
Aditya Birla Fashion & Retail Ltd.	2.93%

Portfolio Construction*

- Portfolio Size: Currently the portfolio contains 41 stocks. The fund manager makes a sizeable allocation to top 10 stocks and significant weightages to the rest of the portfolio as well. This means that even the tail end of the portfolio is not benchmark hugging, showing that it is a completely bottom-up portfolio.

- Types of Stocks in the Portfolio: The portfolio is deployed in two broad groups. The first is comprised of safe, good quality stocks that provided safety, stability and liquidity to the portfolio. The second group of stocks are those that have the potential to provide earnings surprises.

- Bottom-Up Stock Picking: Portfolio is constructed with a bottom up approach and oriented towards Growth at Reasonable Price. FM prefers companies which are low debt and have potential for growth. Essential characteristics of stocks picked as compounders are low debt and high free cash flows.

- Sectors Avoided: The fund manager avoids cyclical sectors with potential for high debt. The fund manager also avoids investing in commodities as they are influenced by too many factors such as demand and supply and global economic conditions.

- Portfolio Turnover: The fund manager does not churn the portfolio much and takes a buy and hold approach.

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

Outlook for Equity Markets

Medium-to-Long Term Perspective (3-5 Years)

India from our perspective is at the cusp of a capital expenditure upcycle. It is observed from historical analysis that whenever businesses start generating higher return on invested capital over the risk free rate, balance sheet improvement is very strong and the appetite to invest increases on sustainable basis. Over the past 20 years or so we did witness the period of FY03 to FY08 whereby corporate India was generating a spread of 4%-8% over the risk free rate which led to strong pick up in the corporate capex cycle leading to high earnings growth overall for business for a sustained period of time leading to strong equity market returns.

FY23 onwards, the spread earned by corporate India is once again likely to move up beyond 4% over the risk free rate. And we already are aware of the fact that balance sheet health of corporate India is at one of its best levels currently with high free cash expected to be generated over the next few years and the narrative from many sectors like Steel, Power, Chemicals, Pharmaceuticals, Electronics, etc. is towards a significant pick up in capex over the next 3-5 years. Government policies on one hand in terms of production linked incentives along with ease of doing business is helping a lot and at the same time Indian competitiveness over other economies like China, Vietnam etc. has improved significantly over the years.

India at an Inflection Point

India today stands at an inflection point for a sustained strong economic growth leading to signficant corporate profit growth. Some of the key reasons for us to believe in the same are –

- Strong macro indicators – Forex reserves in excess of US$625 bn, Balance of Payments surplus (FY22 is likely to be the first year where IT services exports will potentially be more than crude imports in the country), Net FDI flows at new high and looks sustainable, Stable Rs-Dollar outlook, Exports specially engineering goods, electronics growing at a fast pace.

- Manufacturing ecosystem in the process of getting built across sectors specially Electronics, Engineering Goods, Chemicals, Pharmaceuticals, Auto and Ancillaries. China + 1 is just the beginning – as and when component ecosystem gets developed over the next few years, India can potentially become a global sourcing hub on its own.

- Infrastructure investment by the government – pipeline for new capex is building up strongly, took some time to reach this stage but now looks ready to grow.

Source – Company Results/RBI/Bloomberg

- Banking sector well capitalized and healthy provision coverage ratio – ready to lend aggressively.

- Average Corporate Capacity utilization likely to reach 80%+ in most sectors by FY24 leading to a strong pick up in capex – can already see short cycle orders for capital goods companies bulging to all time highs. Production Linked Incentive Scheme by the government can itself add to US$25bn worth of private corporate capex over the next 3-4 years.

Short Term Perspective (6-9 Months)

Q4FY22 earnings season is ongoing. On an overall basis BSE Sensex companies are expected to deliver 20%+ Sales, EBIDTA and PAT growth during the quarter. However as always there will be some sectors delivering better performance and some not so. Oil & Gas, Banks, Auto and Telecom are likely to contribute positively while IT, Commodities, Consumer is likely to report slightly muted performance. Initial result trends confirm the expectations with IT companies delivering lower than expected margin performance.

Indian corporate performance continues to standout among global companies from an earnings delivery perspective inspite of supply chain disruptions and high inflation. FY23 is likely to be another year of healthy double-digit earnings growth for BSE Sensex led by Banks and Telecom.

Source: Bloomberg

Sectoral Positions

Financial Services (~25% of the Portfolio)

The fund is a overweight in this sector w.r.t the benchmark. The fund has taken significant positions in large cap banks (~22% of the portfolio) as they are likely to be one of the main beneficiaries of the capex cycle and on account of their ability to gain market share and maintain relatively higher growth rates. The fund also holds positions a midcap bank an HFC and a private life insurance company.

Oil & Gas (~10% of the Portfolio)

The fund is equal weight in the Oil & Gas sector. The sector positions are a play on a) a diversified conglomerate with predominantly a petrochemical business but also with significant revenue from retail and telecom services and b) increasing gas consumption driven by government policies to increase piped gas connections to homes.

Automobiles and Auto Components (~9% of the portfolio)

The fund is significantly overweight in this sector compared to the portfolio. The holdings are dominated by the auto components segment (~7% of the portfolio). The investments in the sector are to take advantage of the normalization of demand for the sector, which would be of benefit to OEM manufacturers. The positions in the segment are get exposure to exporters and domestic suppliers. The fund also holds ~2% the manufacturers of automobiles.

Information Technology (~8% of the Portfolio)

The fund is underweight in the IT sector. Majority of the positions taken are in large private sector IT services companies with a large overseas presence (~7% of the portfolio). The fund also holds positions in a mid cap services company.

Market Cap Allocations

The equity portfolio is generally dominated by large cap stocks with significant allocations to mid and small caps. Currently ~51% of the portfolio is in large cap stocks and ~49% of the equity component of the fund is in mid and small cap stocks.