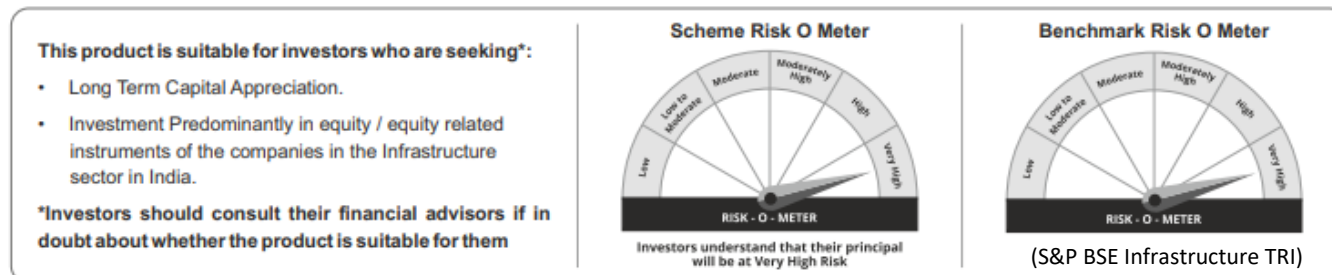


Data as on 31st March 2023



(It may be noted that risk-o-meter specified above is based on the scheme characteristics. The same shall be updated in accordance with provisions of SEBI circular dated October 5, 2020 on Product labelling in mutual fund schemes on ongoing basis.)

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

About the Fund

When one thinks about infrastructure fund the perception is that the fund will invest in companies linked to traditional physical infrastructure such as roads, highways, electricity networks etc. While such companies/sectors do form an important part of the portfolio, the investment strategy of the fund is better characterized as a play on the capital expenditure (capex) cycle in India. This gives the fund manager a variety of options in terms industries and segments to invest in.

Thus, the fund can invest in sectors that incur large capital expenditure or derive benefit from it. Sectors/companies which the fund can thus invest in are very diverse such as traditional infrastructure assets (roads, highways, telecom, power plants, gas pipeline networks, real estate etc.), engineering & construction companies, manufacturing and automation product companies, building materials etc. If the capex cycle is in the upswing, these sectors are likely to do well.

Capex cycle in India

Infrastructure fund is a play on capex cycle in India and after a prolonged downturn, the capex cycle in India is finally set for a cyclical upswing. There is growing evidence that the momentum has already started to build. The upturn is and will be led primarily by the private corporate and housing sectors with strong support from government capex as well.

Government Capex

A major driver of capex is spending by the State and Central governments. We have seen increasing focus on sectors like railways, defense and water. These sectors will drive the growth in government capex going forward. With government finances in strong shape and upcoming national and various state elections in 2023-24 we expect a significant pick up in government capex spending over the next two years.

Private Capex

2004-2010 saw a boom in the infrastructure sector, followed by a stressed period from 2010-20. The country saw a surplus of capacity, lower demand, a spate of NPSs and bankruptcies. A lack of capital and confidence in the sector saw capex stagnate. Things have changed however since 2020. There have been a number of resolutions and consolidation across sectors, with weaker players exiting. Balance sheets have been cleaned up and are at pre-2004 levels in terms of leverage and cash flows. At the same time capacity utilizations have gone up and government policies have been supportive. Hence there is a strong impulse from the private sector to add capacity as can be seen in quarterly commentaries of managements across sectors. Adding to this momentum are three long term structural drivers – Renewable energy, China +1 and manufacturing self reliance. We have seen various instances of these trends playing out on ground. Thus, with all engines firing, private sector capex upturn is here to stay for the next 5 years at least.

Household Capex

Housing or residential real estate segment has seen large scale consolidation, catalyzed by demonetization and NBFC crisis. This consolidation along with strong pick up in demand, has led to all time high housing sales in 2022 across seven major cities in India and a 4-7% increase in prices. Going forward, we expect these trends to consolidate and lead to a residential realty upcycle which will inevitably drive higher investments.

Source: Bloomberg

Fund positioning

The fund has positions across sectors like capital goods and engineering, cement, power utilities, logistics and residential real estate which are set to benefit immensely from capex cycle upturn and longer term trends like decarbonization, self reliance and China plus 1. In our view, our portfolio is well balanced and is a good mix of quality companies (high and sustainable growth potential) and re-rating candidates (cheaper valuation with upside triggers).

Sector Positions

The fund currently holds ~38% of the portfolio in the Capital Goods sector (mainly in industrial products and electrical equipment segments), which is likely to be the main beneficiary of the private capex expansion and decarbonization of the economy. Also, this sector has been a major driver of return for the fund for the month of November.

The fund holds ~11% in the Construction sector, expected to aid from capex cycle upturn and trends like China plus 1 and self-reliance. The sector has seen major announcements in terms of capacity expansion and is likely to benefit from the upcycle in the real estate sector.

The fund holds ~10.4% of the portfolio in the construction material sector (companies building up physical infrastructure benefitting from government capex).

The fund holds ~10% in the power sector. The government has made major commitments in terms of decarbonization and fighting global warming and climate change. This requires increasing renewable energy capacity which is very low currently.

Criteria for Stock Selection

We follow a GARP (Growth at reasonable price approach). The following are the criteria for stock selection:

- Corporate Governance: We look for companies which have good/improving governance practices.
- Growth prospects
- Reasonable valuations
- Liquidity: Our objective is to keep the portfolio sufficiently liquid.

Fund Snapshot

Benchmark (Tier-1)	S&P BSE Infrastructure TRI
AUM	Rs.973.32 Crores
Inception Date	31st December 2004
Expense Ratio	Reg: 2.32 Dir: 1.42
No of Holdings	44
Fund Manager	Abhinav Sharma: Managing since 20-Apr-20

Fund Statistics

	Fund	Benchmark
Std. Deviation	17.14	24.03
Beta (Slope)	1.45	1.16
Sharpe Ratio	0.61	NA
R-Squared	0.79	NA
Treynor	3.38	NA
Jenson	0.64	NA

Sector Allocations

Sector	Allocation (in %)
Capital Goods	38.04
Construction	10.96
Construction Materials	10.44
Power	10.07
Realty	6.03
Services	5.03
Oil Gas And Consumable Fuels	4.14
Automobile And Auto Components	2.73
Consumer Durables	2.01
Diversified	1.93

Market Cap Allocations

Category	Allocation
Large Cap	41.76%
Midcap	41.24%
Smallcap	17.00%

*Large, Mid and Small Cap are defined as follows:

- 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

Top 10 Stock Allocations

Stock	Allocation
Larsen & Toubro Ltd.	8.62
NTPC Ltd.	4.31
Siemens India Ltd.	3.64
Cummins India Ltd.	3.55
Grindwell Norton Ltd.	3.41
Abb India Ltd.	3.06
Dlf Ltd.	2.9
Ultratech Cement Ltd.	2.84
Astral Ltd. (erstwhile Astral Poly Technik Ltd.)	2.8
Schaeffler (i) Ltd.	2.73