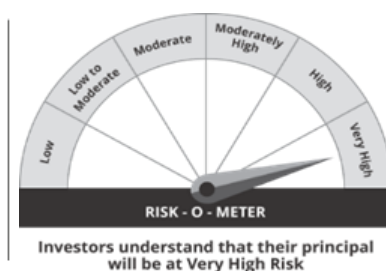


**This product is suitable for investors who are seeking\*:**

- Long Term Capital Appreciation.
- Investment in equity/equity related instruments of the companies in Banking and Financial Services sector in India

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



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

### Sectoral Update

The impact of the second wave of the coronavirus is as yet unknown. There is a significant amount of restructuring is likely to happen and the stress will be recognized at the end of the first and second quarters.

Stress could range from 3-12% depending on the customer segment. Segments such as Microfinance, loans to SME & self employed borrowers may see higher stress, as opposed to salaried employees with home loans which are likely to see lesser stress.

Growth is a challenge, at least in the first half of the financial year. We are cautious on companies where growth multiples are already built into valuations. Recovery is likely to be gradual and steady going ahead, as opposed to the sharp nature of growth last year.

### Asset Quality

Last year was a very good year for Asset Quality, with healthy recoveries, especially for frontline banks which may be difficult to repeat this year as the second wave has had a severe impact on the economy.

### Margins

Last year, companies saw an expansion in NIMs (Net Interest Margins) as there was a fall in their funding costs while the lending rates did not move much. This year, NIMs could see pressure. The slowdown in growth could also put pressure on the credit-deposit ratio.

### Recoveries

Recoveries from Kingfisher exposure are a windfall gain for the sector. Overall recoveries are likely to be significantly better than last year. Lenders were not able to initiate recoveries due to standstill on NPAs by the Supreme Court last year.

### Valuations

Valuations are still comfortable in select banks, while others are seeing higher multiples. Some NBFCs are also seeing very high valuations. Commercial Vehicle finance companies are seeing more comfortable valuations but restructuring is a concern. Valuations are broadly higher for main banks except select names.

### Segments in the Portfolio

#### Banks (~62% of the portfolio)

This segment of the portfolio largely comprises of major private sector banks (~52% of the portfolio), with some holdings in large PSU banks as well (~9% of the portfolio.). Large banks have the capacity effectively raise funds from the market and have the capacity to distribute financial services as well. We have added banks which can give comfort on valuations.

## Financial Services (~19% of the portfolio)

This segment is dominated by a housing finance corporate (~11% of the portfolio). These companies may see relatively lower stress in the coming months as a large portion of their loan portfolio is lent out to salaried workers. This segment of population is likely to see lower stress levels in the coming months. The other positions that are the segment are NBFCs which are predominant which occupy a niche position in the market which gives them some pricing power.

## Insurance (~12% of the portfolio)

Life Insurance companies (9% of the portfolio) make up the majority of this segment. Life Insurance companies are steady state compounders who have a long runway for growth over the long term.

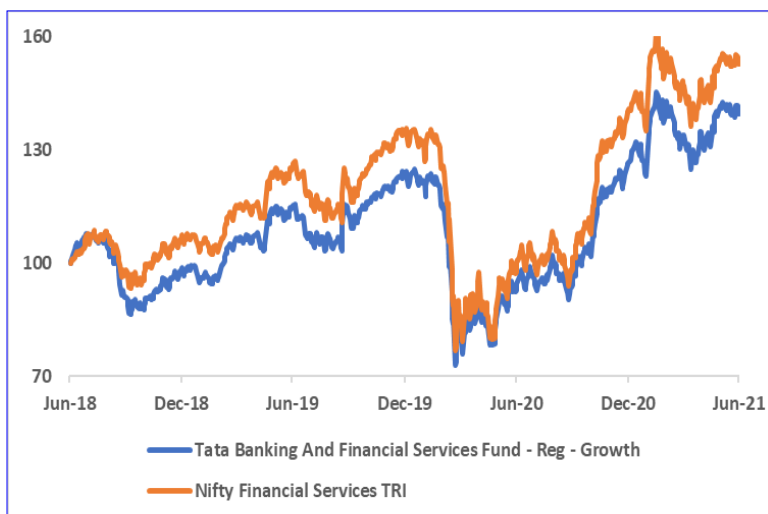
### Fund Snapshot

<b>Benchmark</b>	Nifty Financial Services TRI
<b>AUM</b>	Rs.743.13 Crores
<b>Inception Date</b>	28th December 2015
<b>No of Holdings</b>	18
<b>Fund Manager</b>	Sonam Udasi: Managing since 1-Apr-16 Amey Sathe: Managing Since 18-Jun-18

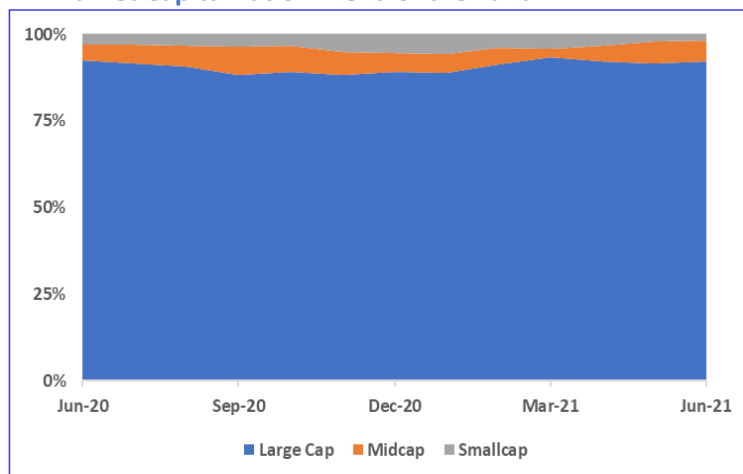
### Fund Statistics

	Fund	Benchmark
<b>Std. Deviation</b>	2.4412	28.2309
<b>Beta (Slope)</b>	0.8307	1.00
<b>Sharpe Ratio</b>	0.4979	0.4711
<b>R-Squared</b>	0.9627	1.00
<b>Treynor</b>	4.1069	3.8126
<b>Jenson</b>	0.2445	—

### NAV Movement of the Fund



### Market Capitalization Trend of the Fund



### Market Cap Allocations

Sector	Allocation
Large Cap	88.19%
Midcap	3.81%
Smallcap	8%

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

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

### Sub-Sector Allocations

Sub-Sector	Allocation
Banks	62.07%
Financial Services	18.94%
Insurance	11.74%
Capital Markets	5.29%

### Top 10 Stock Allocations

Stock	Allocation
HDFC Bank Ltd.	17.28%
ICICI Bank Ltd.	15.84%
HDFC Ltd.	10.53%
Axis Bank Ltd.	9.57%
Kotak Mahindra Bank Ltd.	8.81%
State Bank of India	7.61%
SBI Cards Ltd.	4.67%
HDFC Life Insurance	4.19%
Max Financial Services	2.72%
ICICI Lombard General Insurance	2.71%