Ampersand Growth Opportunities Fund Scheme – 1

FUND UPDATE: April 2024

Fund objective and strategy

Ampersand Growth Opportunities Fund Scheme-1 (AGOFS) seeks to generate long term capital appreciation by investing in a portfolio of listed equity and equity related securities. AGOFS will follow a multi-cap strategy focusing on investment opportunities across the growth themes with a typical portfolio of 30-35 stocks.

Fund facts

Fund Size	Inception Date	Unit NAV	Unit Face Value	Benchmark	Category
INR 591.7cr	25 SEP 2017	INR 407.4	INR 100	S&P BSE 500	Multi-cap

Fund Performance: Marginal cut in volatile markets

In April, Ampersand fund NAV rose 10.6%, our best performance in some time. Notably, and yet again, this was much better than benchmark BSE 500 (up 3.4%), and well ahead of most major indices.

Our performance across various time periods illustrates consistent showing. Since inception ie 25 Sep 2017, our fund has delivered 23.7% CAGR, well ahead of all major indices.

Table 1: Fund and Market Performance

Returns	1 Month	3 Months	6 Months	1 Year	3 Year CAGR	5 Year CAGR	Inception CAGR
AGOFS NAV	10.6%	15.5%	45.0%	81.6%	35.7%	29.1%	23.7%
BSE 500	3.4%	5.9%	24.6%	36.9%	19.0%	16.7%	14.1%
Nifty 50	1.2%	4.0%	18.4%	25.1%	15.6%	14.0%	13.2%
Nifty Midcap 100	5.8%	4.7%	30.8%	60.0%	28.1%	23.7%	16.7%
AGOFS NAV*							**407.4**

** NAV (post expenses & taxes paid till date), Class & Series-wise NAV may differ*

Table 2: Portfolio Metrics

Valuation		Risk	
PE	50.79	Standard Deviation *	18.35
PB	11.80	Beta	0.88
ROCE *	20.45	Sharpe Ratio	1.17

*PE, PB & ROCE calculated based on FY24 estimated values. *ROCE for portfolio is calculated ex-financials.*
**Annualised standard deviation of returns has been calculated.*

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Core holdings underwent couple of alterations

Our Top-5/10 holdings account for 20.8% and 37.3% of corpus respectively, somewhat lower compared to previous month mainly due to trimming of few legacy winners (Cummins, Trent, Schneider). Also, relative stock performances enabled new stocks to make it into the list i.e. Motilal Oswal Financial Services, Phoenix Mills, Zen Technologies.

Table 3: Top Holdings

Company	% Weight	Company	% Weight
ICICI Bank	5.3%	Cummins India	3.3%
Trent Limited	4.1%	REC	3.3%
Schneider Electric	3.9%	Motilal Oswal Financial	3.2%
Jupiter Wagons	3.8%	The Phoenix Mills	3.2%
Varun Beverages	3.6%	Zen Technologies	3.2%
Top 5	**20.8%**	**Top 10**	**37.3%**

Sectoral allocation remains largely unaltered

Our sector-wise allocation too is largely similar to the previous month, except for a cut in IT sector weight following exit of Tata Elxsi. We continue to prefer the Engineering & Capital goods, followed by the Consumer space. Auto stocks which have been doing well, are minimally represented in our portfolio.

Our weights related to market cap classification was also largely similar to the previous month.

Our cash and equivalents was also similar at ~5%, with stock trimming/exits being replaced by fresh investments.

As on April 30, 2024, our fund consists of 34 stocks (same as end-March).

Table 4: Market Cap Classification

Market Cap	% Weight
< INR 10,000cr	22.1
INR 10,000-50,000cr	30.8
INR 50,000-100,000cr	18.1
>INR 100,000cr	24.7
Cash & Cash Equivalents	4.3
Weighted Avg. Market Cap (Rs bn)	**1,204.7**

Table 5: Sectoral Allocation

Sector	% Weight
Engineering & Capital Goods	27.7
Consumer (Goods & Services)	18.2
Financial Services	14.7
Pharma & Healthcare	9.7
Real Estate	9.4
IT Services	4.8
Auto and Auto Ancillaries	4.0
Others*	7.2

**Includes Telecom Equipment, E-Commerce, Metal and Mining*

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Mid/small caps scored yet again, especially for us

We mirrored market performance in large caps, but for yet another month strong showing in mid/small cap holdings dictated our performance. Standout winners were Kiroskar Pneumatic, Amara Raja E&M and Motilal Oswal Financial services, all of which we have been invested in for a while. The only stocks which restricted our performance were in the IT space, in line with how poorly the sector fared during the month. Our exposure however has been minimal, so had a modest impact on our performance.

Table 6: Key Movers

Performers	% Return	% Weight	Laggards	% Return	% Weight
Kirloskar Pneumatic	47.7%	2.9%	Oracle Financial Services	-13.4%	2.4%
Amara Raja Energy	44.6%	2.5%	Larsen and Toubro	-4.5%	3.0%
Motilal Oswal Financial	42.6%	3.2%	Sonata Software	-4.3%	2.3%
MCX	22.7%	2.8%	ITC	1.7%	2.2%
Sterlite Technologies	21.6%	2.1%	Orchid Pharma	3.2%	2.3%

Note: Average weight used when stocks are bought/sold during the month

Markets continue to surprise, and reward growth oriented businesses

Globally, stock markets were flat or marginally lower due to geo-politics and elevated inflation levels. However, our markets fared better than expected as the muted results season came as no surprise, and more than offset by forecasts of normal rainfall. Also, FII selling was compensated by domestic flows.

With increasing divergence of valuations, Nifty stocks seem poised to close the gap with the broader market. Our strategy continues to focus on a diversified and market cap agnostic portfolio, with emphasis on sustainable growth.

Couple of stocks switched to retain holdings

We added two names to our portfolio namely Sterlite Technologies (208 bps) and Motherson Sumi Wiring (153 bps). These replace Tata Elxsi and PI Industries, both on uncertain outlook

Table 7: Key Portfolio Changes

Company	% Weight Increase	Company	% Weight Decrease
Sterlite Technologies*	208 bps	Tata Elxsi**	(145 bps)
Motherson Sumi Wiring*	153 bps	Schneider Electric	(94 bps)

*Note: * New Buy, ** Complete Exit*

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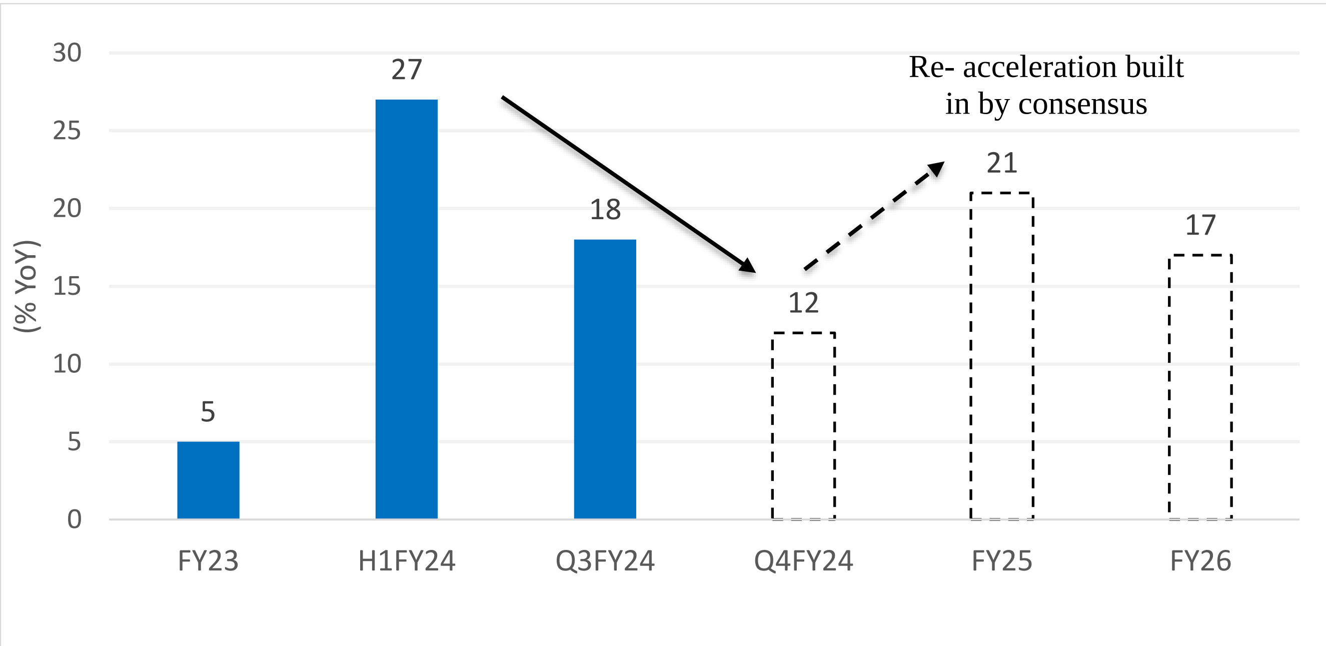
Macro narrative likely to improve soon

Indian economy has seen K-shaped growth with, (1) rising income inequalities, (2) muted consumption demand growth owing to rural distress, and suboptimal jobs growth. We now expect quality of economic growth to improve in the next six months, driven by following tailwinds:

(1) Adequate monsoon rainfall as per IMD forecasts, which will likely reverse the drought like situation of last year i.e. 2023
(2) New government formation that will end election uncertainty, and will lead to recovery in government spending, as well as faster implementation of new economic policies
(3) Improvement in money supply and slight moderation of interest rate, in line with US and other major economies.

We expect Improved macro situation to accelerate corporate earnings in comparison to the muted performance of H2FY24. We expect earnings of broad market to accelerate to 17-20% in FY25E and FY26E, compared to ~12% growth in H2FY24.

Chart 1: Banking on Earnings Reacceleration



Source: Bloomberg, Nuvama Research
Note: The sample space is BSE500 companies classified as mid-cap/small-cap as per AMFI; estimates are Bloomberg consensus

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Fund Information

Minimum investment	Subscriptions	Redemptions	Registered for Sale
INR 10 million	Monthly	Monthly, subject to 12 months lock-in	Registered with SEBI

Legal and Fund Consultant
Khaitan & Co.

Administrator
Kotak Mahindra Bank Ltd.

Registrar & Transfer Agent (RTA)
CAMS Limited

Statutory Auditor & Tax Consultant
Deloitte Haskins & Sells LLP

Investment Manager
Ampersand Capital Investment Advisors LLP

Investment Manager

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