



Ampersand Growth Opportunities Fund Scheme – I

FUND UPDATE: November 30, 2023

Fund objective and strategy

Ampersand Growth Opportunities Fund Scheme – I (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 446.3cr	25 SEP 2017	INR 315.6	INR 100	S&P BSE 500	Multi-cap

Fund Performance: Strong showing, ahead of benchmark

Ampersand fund (AGOFS) NAV rose sharply by 12.4% in Nov, despite some of the large holdings (especially ICICI) underperforming. This was ahead of benchmark (BSE 500, up 6.9%) as well as other major stock indices.

Since inception in Sept 2017, our fund delivered returns of 20.4% CAGR, again well ahead of major stock 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	12.4%	10.2%	30.8%	37.0%	31.1%	23.8%	20.4%
BSE 500	6.9%	5.9%	13.5%	11.9%	18.7%	14.5%	12.4%
Nifty 50	5.4%	4.6%	8.6%	7.3%	15.8%	13.1%	12.0%
Nifty Midcap 100	10.4%	9.7%	27.1%	33.9%	29.6%	19.6%	14.7%
AFOFS-I NAV*							315.6

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

Table 2: Portfolio Metrics

Valuation		Risk	
PE	47.6	Standard Deviation *	18.3
PB	8.5	Beta	0.9
ROCE *	19.8	Sharpe Ratio	1.01

PE, PB & ROCE calculated based on 1 year forward estimated values. *ROCE for portfolio is calculated ex-financials.

*Annualised standard deviation of returns has been calculated.



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Core holdings undergo a couple of alterations

Our Top-5/10 holdings account for 23% and ~40% of corpus respectively, both similar to the end of previous month. Also, the top holdings list underwent a couple of alterations, following the fund exiting Maruti Suzuki as well as relative underperformance of real estate company TARC. These names made way for newly added MCX, and relative outperformer Neuland Labs.

Table 3: Top Holdings

Company	% Weight	Company	% Weight
ICICI Bank	6.4%	LTIMindtree	3.6%
Polycab India	4.7%	Varun Beverages	3.6%
Trent	4.4%	MCX	3.6%
Neuland Laboratories	3.9%	The Phoenix Mills	3.2%
Sonata Software	3.6%	Jupiter Wagons	3.1%
Top 5	23.0%	Top 10	40.1%

Key sector exposure cut during the month

Our allocation to the preferred spaces i.e. Engineering and Capital goods as well as Consumer, has remained largely unchanged. We however sharply cut our position in Autos, through the exit of four-wheeler major Maruti Suzuki due to slowing demand. We however continue to retain holdings in both, two wheelers and ancillaries. We raised exposure to Pharma & Healthcare through diagnostics major Dr. Lal Pathlabs, the rationale being likely peaking of competitive intensity and bottoming of pricing cycle. We still remain absent in the Metals sector.

During the month of Nov, our weights related to market cap classification too underwent changes, largely due to shifts in categories, with names like Elecon Engineering and Cummins being upgraded.

Our cash surplus was slightly lower at ~5% (previous month ~6.5%) due to new investments.

As on Nov 30, 2023, our fund consists of 33 stocks, which reflects exit as well as replacement of 2 names, so remains the same as at the end of previous month.

Table 4: Market Cap Classification

Market Cap	% Weight
< INR 10,000cr	24.6
INR 10,000-25,000cr	27.1
INR 25,000-50,000cr	5.5
>INR 50,000cr	38.0
Cash & Cash Equivalents	4.9
Weighted Avg. Market Cap (Rs bn)	931.7

Table 5: Sectoral Allocation

Sector	% Weight
Consumer (Goods & Services)	20.3
Engineering & Capital Goods	20.0
Pharma & Healthcare	13.8
IT Services	13.4
Financial Services	12.8
Auto and Auto Ancillaries	8.6
Others*	6.2

*Includes Real Estate



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Gains broad based, losses few but mixed

Barring mega caps, our portfolio gains were mostly broad based, thereby driving all-round performance. Laggards were mixed, and a select few.

Sector-wise, Auto and Pharma & Healthcare sectors did well while Banks and IT sectors fared poorly. Our portfolio was no different but the mix and allocation helped us. While we have been absent in PSUs in the past, our recent investments in REC benefited us last month.

Table 6: Key Movers

Performers	% Return	% Weight	Laggards	% Return	% Weight
Neuland Laboratories	41.20%	3.50%	Som Distilleries & Brew.	-7.20%	2.60%
MCX	37.10%	3.00%	Escorts Kubota	0.60%	2.30%
The Phoenix Mills	30.60%	3.00%	ICICI Bank	2.10%	6.70%
Inox Wind	29.40%	2.40%	Schneider Electric Infra.	3.80%	2.70%
Trent	29.30%	4.10%	C E Info Systems	6.80%	3.20%

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

Sector exposure tweaked during the month

During the month, we increased exposure to the Pharma & Healthcare sector, but sharply cut weights in the Auto sector. Our exposures to Capital Goods and Engineering and Consumer sectors were tweaked a bit.

Indian markets had one of its best months of 2023 this Nov, a reflection of global trends and despite continued selling by FPIs. Our stock market performance was also aided by a combination of strong corporate results, hopes of better consumer demand during the festive season and benign crude prices.

Although markets so far have exhibited preference towards the Mid and Small cap universe, Nifty stocks now seem poised to do well given the extended underperformance and relative valuations. Our multi-cap investment strategy will remain unaltered.

Sector-wise, Autos, Pharma & Healthcare, and Utilities performed the best. On the other hand, Banks, IT and FMCG sectors lagged on a relative basis, albeit registering gains during the month.

Table 7: Key Portfolio Changes

Company	% Weight Increase	Company	% Weight Decrease
Dr.Lal Pathlabs*	227 bps	Maruti Suzuki**	(394 bps)
MCX	122 bps	Mtar Technologies**	(185 bps)
Zen Technologies*	112 bps	ICICI Bank	(67 bps)

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



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Euphoria for the right reasons, barring rich valuation

Confluence of positive factors in last 30 days or so have driven our stock market to euphoric highs. These include, (1) favourable state election results, announced last weekend, (2) US Fed decision to pause interest rates, and (3) stability in energy prices.

Benefit of these developments will continue to support ongoing bull market barring any unforeseen events including weather and geo-politics. Reduced political uncertainty in India should boost confidence of the private sector leading to increased investment in factory expansions. Decision of USA Fed to pause, will bring in macro stability to global economy and reduce currency risk, a key enabler of foreign capital inflows to India. Stability in crude prices is also hugely positive for India, being a net importer of oil. Lesser volatility in prices of oil is owing to reduced pace of OPEC production cuts, and increased oil production by USA.

Key issue however, is the rich valuation across most sectors barring financials, and commodities. While overall valuations are not fully supportive, several themes and stocks continue to look attractive. We ergo believe bottom up stock picking will continue to get rewarded. Our preference continues to be themes such as, (1) premiumisation of consumer products, (2) capex surge in energy and transport sector, and (3) R&D led companies in IT and Pharma.

Chart 1: PE (1yr Fwd) of NIFTY50 is 8-10% above avg

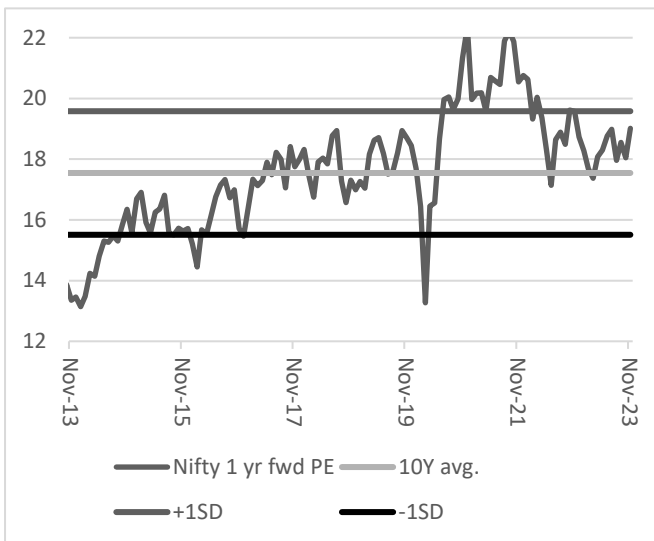
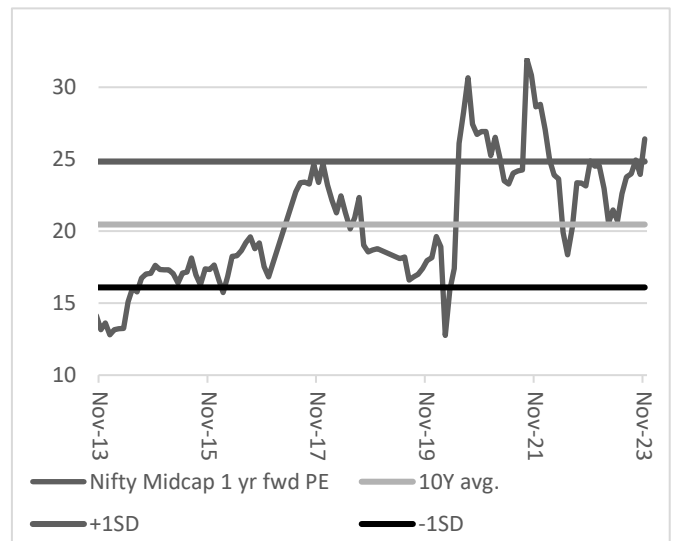


Chart 2: PE (1yr Fwd) of Midcap ~30% above avg



Source: NSE Website, Nuvama Research



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Fund Information

Minimum investment
INR 10 million

Subscriptions
Monthly

Redemptions
Monthly, subject to
12 months lock-in

Registered for Sale
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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