



# Ampersand Growth Opportunities Fund Scheme – I

**FUND UPDATE: September 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 395.7cr	25 SEP 2017	INR 285.6	INR 100	S&P BSE 500	Multi-cap

## Fund Performance: Pause after stellar showing

After sustained and significant outperformance this year, Ampersand Fund lagged most indices in Sept. This was due to, (1) sharp correction in select few portfolio holdings, primarily due to profit taking, (2) sizeable advance tax outgo, (3) investment through preferential allotment in a new name and valued at cost, pending listing approval. As a result, fund NAV declined a tad whereas benchmark BSE 500 rose 2%.

Since inception in Sept 2017, our fund delivered cumulative returns of 185.4%, compared to 98.1% of the BSE 500.

**Table 1: Fund and Market Performance**

Returns	Since Inception	1 Month	3 Months	6 Months	1 Year	3 Year CAGR	5 Year CAGR
AGOFS NAV	185.6%	-0.2%	12.2%	32.4%	28.2%	30.8%	21.8%
BSE 500	98.1%	2.1%	5.1%	18.3%	15.9%	22.7%	13.7%
Nifty 50	97.1%	2.0%	2.3%	13.1%	14.9%	20.5%	12.4%
Nifty Midcap 100	120.4%	3.6%	13.4%	35.0%	32.2%	33.6%	18.8%
<b>AFOFS-I NAV*</b>							<b>285.6</b>

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

**Table 2: Portfolio Metrics**

Valuation		Risk	
PE	36.6x	Standard Deviation *	18.80
PB	7.3x	Beta	0.90
ROCE *	19.7%	Sharpe Ratio	1.27

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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## Top portfolio holdings undergo minor positional cuts

Our Top-5/10 holdings account for ~24% and ~40% of corpus respectively, which is similar to the end of previous month. Also, the top holdings list has undergone few alterations, with PI Industries, Neuland and Power Mech making way for Eicher Motors, LTI Mindtree and C.E. Infosystems. Most of these names have featured in the list earlier, but typically the tail undergoes some alterations depending on stock performance.

**Table 3: Top Holdings**

Company	% Weight	Company	% Weight
ICICI Bank	7.3%	LTI Mindtree	3.3%
Polycab India	5.4%	Varun Beverages	3.2%
Maruti Suzuki India	4.0%	Schneider Electric Infrastructure	3.2%
Trent	3.7%	Eicher Motors	3.0%
Jupiter Wagons	3.3%	C. E. Info Systems	3.0%
<b>Top 5 Holdings</b>	<b>23.7%</b>	<b>Top 10 Holdings</b>	<b>39.6%</b>

## Key sector exposures tweaked during the month

Sectoral allocation has undergone some alterations compared to the previous month. Engineering and Capital goods sector still remains our preferred destination with ~25% exposure, but underwent some reduction due to underperformance of select holdings as well as partial exit in a couple of names. On the flip side, we increased exposure to IT, Autos as well as Financials, through new stock additions. We have entered the PSU space for the first time, as the case was too compelling to ignore. We still remain absent in the Metals sector.

During the month of Sept, our portfolio weights too underwent changes related to market cap classification, with the most significant one being a sizable cut in the small cap space, due to (1) steep underperformance in select names, as mentioned earlier, and (2) upgradation in category of one stock i.e. C.E. Infosystems. On the flip side, our exposure to large caps increased, both to relative outperformance of few of our holdings, as well as slight addition in weights to existing names. This also resulted in cash surplus normalising to ~6.5% (previous month ~8%). We have included our investment through preferential allotment as cash, pending listing and reflection in the de-mat account.

As on Sept 30, 2023, our fund consists of 34 stocks, which reflects exit in one stock in small cap space, and addition of 2 stocks (REC, Varroc Engineering)

**Table 4: Market Cap Classification**

Market Cap	% Weight
< INR 10,000cr	25.3%
INR 10,000-25,000cr	19.8%
INR 25,000-50,000cr	12.0%
>INR 50,000cr	36.2%
Cash & Cash Equivalents	6.6%
Weighted Avg. Market Cap (Rs bn)	1,088

**Table 5: Sectoral Allocation**

Sector	% Weight
Engineering & Capital Goods	24.6%
Consumer (Goods & Services)	18.7%
Auto and Auto Ancillaries	13.3%
IT Services	11.9%
Financial Services	9.7%
Others*	15.3%

\*Includes Financials Services and Chemicals



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### Sector exposure tweaked during the month

During the month, we increased exposure to the IT, Auto sector as well as Financials by adding new names i.e. C.E. Infosystems, Varroc Engineering and REC respectively. We reduced allocation to Capital Goods and Engineering through partial exits in Cummins, Jupiter Wagons. Both these names have done exceptionally well for us in a shorter than expected time duration, but could face some regulatory and execution challenges in the near term. We completely exited Shivalik Bimetals.

**Table 6: Key Movers**

Performers	% Return	% Weight	Laggards	% Return	% Weight
C. E. Info Systems	14.1%	2.7%	Elecon Engineering	-12.4%	2.8%
Maruti Suzuki India	6.1%	3.8%	Cera Sanitaryware	-10.4%	2.1%
Varun Beverages	5.1%	3.2%	Inox Wind	-5.4%	2.5%
Polycab India	4.3%	5.3%	Neuland Laboratories	-4.9%	2.9%
Eicher Motors	3.3%	2.8%	PI Industries	-4.8%	2.7%

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

### Sizeable losses in select few

Small caps lost it for us in Sept, but that was after a stellar performance in earlier months, especially Elecon Engineering, Cera Sanitaryware and Neuland. We foresee no alteration in business prospects. Some select mid-caps also fared poorly, namely PI Industries due to concerns of skewed dependence on single product/customer. Our key winners included recent entrant C.E. Infosystems, Polycab India as well as auto majors, Maruti Suzuki and Eicher Motors.

**Table 7: Key Portfolio Changes**

Company	% Weight Increase	Company	% Weight Decrease
REC*	236bps	Shivalik Bimetals**	(187 bps)
Varroc Engineering*	108bps	Jupiter Wagons	(105 bps)
Sonata Software	82bps	PI Industries	(105 bps)

Note: \* New Buys, \*\* Complete Exit

Indian markets continued to do well for the 5th consecutive month, and hit yet another high before retreating a bit. Surprisingly, this move was despite global headwinds such as higher interest rates, rise in US bond yields and surge in crude prices. Also, FPIs sold around \$2bn during the month, largely offset by domestic flows. Towards the end of the month, positive news flows related to domestic macro data and rainfall perked sentiment. Near term, markets will track outcomes in the earnings season, festive demand trends as well as global macro data and crude price trends.

The outperformance led valuations of mid and small cap stocks could cap prices but downside will be limited due to high level of interest in this space on growth considerations.

Sector-wise, Utilities, Metals and Capital Goods performed the best. On the other hand, Banks, IT and FMCG sectors fared poorly on a relative basis, gaining less than 2% each during the month.



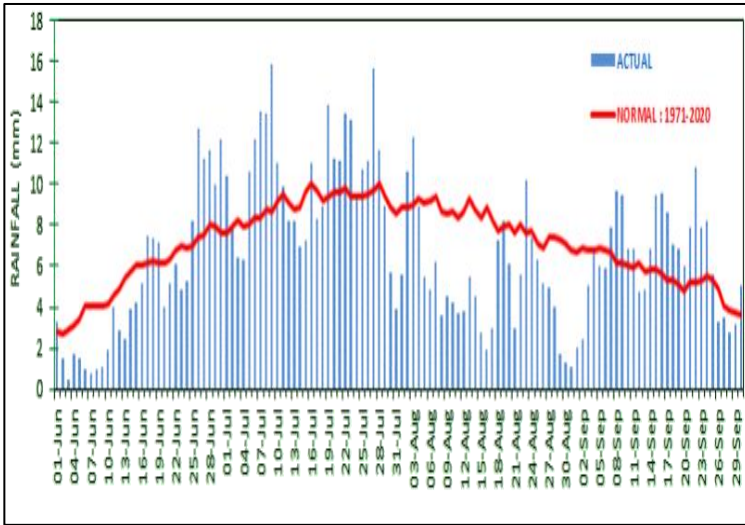
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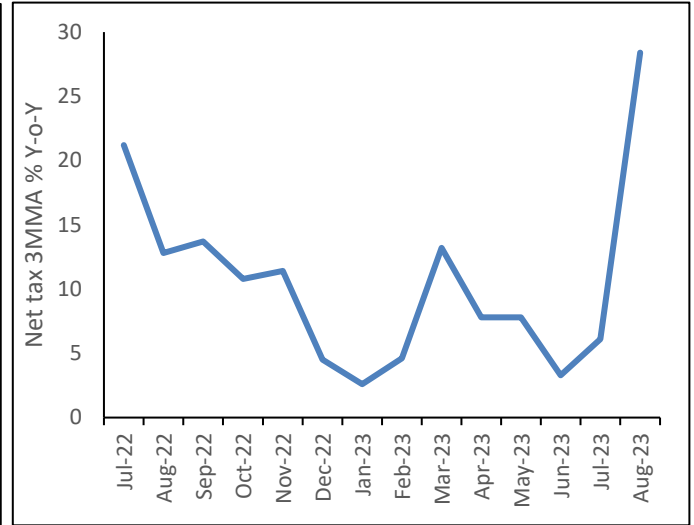
## Fundamentals intact, Buy on decline

India's macro-economic as well as corporate earnings outlook continues to remain strong, despite turbulent external factors. Revival of monsoon in September has somewhat addressed El Nino related concerns of agriculture income as well as food inflation. As per meteorologists, El Nino will weaken before the onset of monsoon next year. Recent surge in tax collections has addressed growing concerns of fiscal deficit too. Considering sustained strong economic outlook, we expect market uptrend to be sustained. However, considering euphoric rise in market over the last six months leading to relatively richer valuations, there could be increased volatility. We therefore deem it a buy on decline market.

**Chart 1: Despite El Nino, rainfall nearly normal**



**Chart 2: Government tax collection back on track**



Source: IMD, RBI, Nuvama Securities



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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

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## Investment Manager

### **Ampersand Capital Investment Advisors LLP (LLPIN: AAF –1429)**

Address: 75-A, Mittal Tower, Nariman point, Mumbai – 400 021

Tel: +91 22 4213 9500 E-mail: info@ampersand-cap.com

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## **DISCLAIMER:**

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