



# Ampersand Growth Opportunities Fund Scheme – I

FUND UPDATE: October 31, 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 395.2cr | 25 SEP 2017    | INR 285.6 | INR 100         | S&P BSE 500 | Multi-cap |

## Fund Performance: Stood out in the decline

Ampersand NAV declined 1.6% in Oct, but fared better than benchmark (BSE 500, down 2.9%) as well as other major stock indices. Our portfolio witnessed corrections in several holdings, most of which had risen sharply so far this year. We also had a bunch of stock winners which cushioned the decline.

Since inception in Sept 2017, our fund delivered returns of 19.1% CAGR, 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           | -1.6%   | 4.6%     | 25.2%    | 24.4%  | 30.1%       | 22.0%       | 19.1%          |
| BSE 500             | -2.9%   | -1.7%    | 9.9%     | 8.2%   | 20.5%       | 13.9%       | 11.6%          |
| Nifty 50            | -2.7%   | -3.3%    | 5.7%     | 6.0%   | 17.9%       | 13.0%       | 11.6%          |
| Nifty Midcap 100    | -4.1%   | 3.1%     | 22.3%    | 23.7%  | 31.6%       | 17.7%       | 13.4%          |
| <b>AFOFS-I NAV*</b> |         |          |          |        |             |             | <b>280.9</b>   |

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

Table 2: Portfolio Metrics

| Valuation |      | Risk                 |      |
|-----------|------|----------------------|------|
| PE        | 37.0 | Standard Deviation * | 18.7 |
| PB        | 6.8  | Beta                 | 0.9  |
| ROCE *    | 19.2 | Sharpe Ratio         | 1.28 |

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 ~39% of corpus respectively, both a tad lower compared to end of previous month due to sharper erosion in stock values. Also, the top holdings list underwent couple of alterations, with the month underperformers Schneider Electric and Eicher Motors, being replaced by outperformers Sonata Software and TARC.

**Table 3: Top Holdings**

| Company       | % Weight     | Company          | % Weight     |
|---------------|--------------|------------------|--------------|
| ICICI Bank    | 7.1%         | Sonata Software  | 3.4%         |
| Polycab India | 5.0%         | C E Info Systems | 3.3%         |
| Maruti Suzuki | 3.9%         | Jupiter Wagons   | 3.2%         |
| Trent Limited | 3.8%         | Varun Beverages  | 3.1%         |
| LTI Mindtree  | 3.5%         | TARC             | 3.1%         |
| <b>Top 5</b>  | <b>23.3%</b> | <b>Top 10</b>    | <b>39.3%</b> |

## Key sector exposures switched during the month

Our allocation to the Engineering and Capital goods sector has been cut to 19.5% (from 24.6%), mainly due to exit in a couple of names on valuation considerations. Our view on the space still remains positive, and we would look to replenish weights on any possible decline. In the interim, this has been largely shifted to Financials, through addition of a stock, Multi-Commodity Exchange (MCX). All other allocations largely remain unchanged including Autos, IT, Pharma & Healthcare. We still remain absent in the Metals sector.

During the month of Oct, our portfolio weights related to market cap classification also underwent minor changes. For instance, in the Small cap space, we increased exposure to one stock i.e. Som Distilleries. Our Mid cap allocation witnessed some cuts due to a couple of stock exits, partially replaced by a new mid cap stock. Cash surplus was up a tad at ~7% due to new subscriptions.

As on Oct 31, 2023, our fund consists of 33 stocks, following exit in 2 stocks, and addition of 1 stock i.e. MCX.

**Table 4: Market Cap Classification**

| Market Cap                       | % Weight | Sector                      | % Weight |
|----------------------------------|----------|-----------------------------|----------|
| < INR 10,000cr                   | 27.2     | Consumer (Goods & Services) | 19.9     |
| INR 10,000-25,000cr              | 21.1     | Engineering & Capital Goods | 19.5     |
| INR 25,000-50,000cr              | 9.7      | Auto and Auto Ancillaries   | 13.2     |
| >INR 50,000cr                    | 35.1     | IT Services                 | 12.6     |
| Cash & Cash Equivalentents       | 6.9      | Financial Services          | 12.1     |
| Weighted Avg. Market Cap (Rs bn) | 1,021.9  | Others*                     | 15.9     |

*\*Includes Pharma & Healthcare, Real Estate*

**Table 5: Sectoral Allocation**



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## Losses broad based, but select gains too

Unlike earlier months when Small and Mid-caps solely drove our fund performance, the month of Oct was also dictated by large names. Both Large caps (ICICI, Eicher Motors) and large Mid-caps (Polycab) dragged down our performance. On the other hand, while some Small caps impacted us, this was equally offset by gains in several Mid and small sized companies.

**Table 6: Key Movers**

| Performers         | % Return | % Weight | Laggards                          | % Return | % Weight |
|--------------------|----------|----------|-----------------------------------|----------|----------|
| Inox Wind          | 12.3%    | 2.3%     | Power Mech Projects               | -14.1%   | 2.7%     |
| Elecon Engineering | 9.1%     | 2.9%     | Schneider Electric Infrastructure | -12.0%   | 3.0%     |
| Sonata Software    | 9.1%     | 3.1%     | Orchid Pharma                     | -11.7%   | 2.2%     |
| TARC               | 7.7%     | 3.0%     | Polycab India                     | -7.9%    | 5.2%     |
| Tata Elxsi         | 5.5%     | 2.6%     | Jupiter Wagons                    | -4.5%    | 3.2%     |

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

## Sector exposures tweaked during the month

During the month, we cut exposure in the Engineering & Capital goods sector, by exiting Solar Industries and Carborundum Universal. These stocks had delivered strong returns during our investment period, and stretched valuations left limited room for further upside, in our view. We invested in a new name in the Financials sector i.e. Multi-Commodity Exchange (MCX), riding on the prospects of the new platform.

**Table 7: Key Portfolio Changes**

| Company            | % Weight Increase | Company                 | % Weight Decrease |
|--------------------|-------------------|-------------------------|-------------------|
| MCX*               | 236bps            | Solar Industries**      | (183 bps)         |
| Som Distilleries   | 188bps            | Carborundum Universal** | (171 bps)         |
| Varroc Engineering | 90bps             | Eicher Motors           | (76 bps)          |

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



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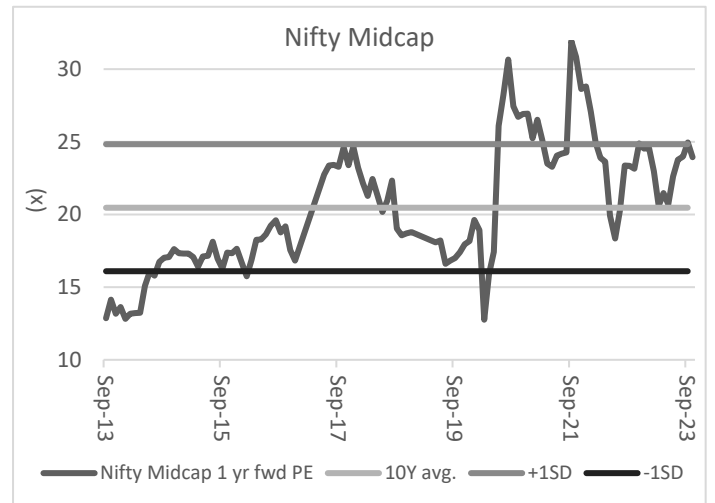
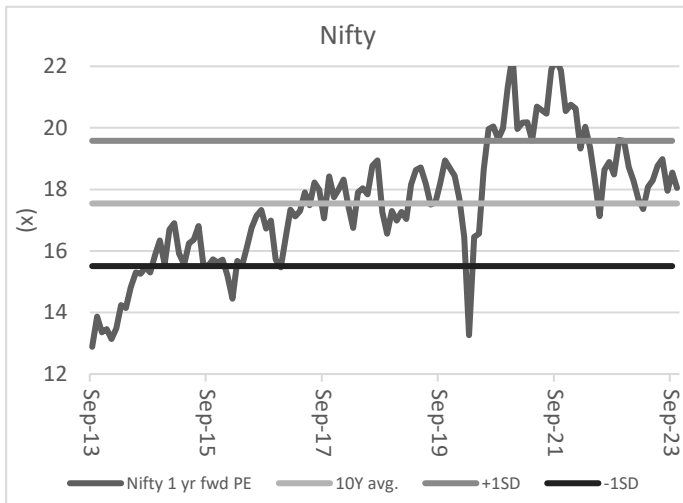
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## Valuation concerns starting to ease

Oct has somewhat reversed the trend of five consecutive months of market gains, whereby our markets have now witnessed some correction over the past 6 weeks. FPIs yet again sold heavily during the month, more than what domestic flows could absorb. Macro uncertainty including hardening of interest rate, and eruption of Israel-Palestine conflict has impacted investor sentiment.

Nifty index has declined to 4-month lows, and currently trading at a one year forward PE of 18x, which is marginally above the historic i.e. last 10-year, average value. Mid-cap index has pulled back a bit, but is still at around 23.5x one year forward PE, and at about 20% premium to the historic average. Considering sustained strength of Indian macro, further downside to India market seems limited.

While overall valuations are not fully supportive, several themes and stocks continue to look attractive, and bottom up stock picking will continue to get rewarded. We prefer 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.





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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)**

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## **DISCLAIMER:**

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