



Ampersand Growth Opportunities Fund Scheme – 1

FUND UPDATE: June 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 679.3cr	25 SEP 2017	INR 449.8	INR 100	S&P BSE 500	Multi-cap

Fund Performance: Strong showing, ahead of most indices

In June, Ampersand fund NAV rose 9.6%, yet again well ahead of benchmark BSE 500, and key indices. This was driven by broad based performance of our portfolio, and despite, (1) advance tax outgo during the month, and (3) reasonable inflows, yet to fully deployed.

Our performance across various time periods illustrates consistent and strong showing. Since inception in Sept 2017, our fund has delivered ~25% 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	9.6%	22.1%	36.0%	76.7%	36.8%	31.3%	24.9%
BSE 500	6.9%	11.2%	16.0%	36.6%	19.2%	18.4%	15.0%
Nifty 50	6.6%	7.5%	10.5%	25.1%	15.5%	15.3%	13.9%
Nifty Midcap 100	7.8%	15.9%	20.7%	55.9%	29.3%	25.9%	17.8%
AGOFS NAV*							449.8

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

Table 2: Portfolio Metrics

Valuation		Risk	
PE	40.6	Standard Deviation *	18.44
PB	9.6	Beta	0.88
ROCE *	21.8	Sharpe Ratio	1.22

PE, PB & ROCE calculated based on FY25 estimated values. *ROCE for portfolio is calculated ex-financials.

*Annualised standard deviation of returns has been calculated.



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Core holdings list has undergone one performance based alteration

Our Top-5/10 holdings account for ~20% and ~38% of corpus respectively, slightly higher compared to the previous month. And this was despite pruning exposures to our Top-2 holdings. Relative stock performance enabled Amara Raja E&M to make it to the list, replacing Kirloskar Pneumatic.

Table 3: Top Holdings

Company	% Weight	Company	% Weight
Trent	4.4%	Schneider Electric	3.7%
ICICI Bank	4.4%	Jupiter Wagons	3.6%
Varun Beverages	4.1%	REC	3.5%
Amara Raja Energy	3.9%	TARC	3.4%
Godrej Properties	3.9%	Motilal Oswal Financial	3.4%
Top 5	20.7%	Top 10	38.3%

Sectoral allocation remains largely unaltered

Our sector-wise allocation is largely similar to previous months, although we have somewhat pruned our exposure to Engineering & Capital goods. Other notable change includes higher exposure to Consumer Discretionary through autos, solely led by sharp increase in stock value of Amara Raja E&M.

Our weights related to market cap classification witnessed minor alterations, both due to reduction in exposure to large caps (partial/full exits as well as price correction to some of our holdings), as well as increase in small caps (addition of a new name, relative outperformance of select holdings).

Our cash and equivalents at ~6% (Vs ~10% a month ago) is still higher than normalised levels, mostly due to partial deployment of inflows.

As on June 30, 2024, our fund consists of 35 stocks.

Table 4: Market Cap Classification

Market Cap	% Weight	Sector	% Weight
< INR 10,000cr	16.7	Engineering & Capital Goods	23.5
INR 10,000-50,000cr	28.3	Consumer (Goods & Services)	16.0
INR 50,000-100,000cr	13.4	Financial Services	14.6
>INR 100,000cr	35.4	Real Estate	10.8
Cash & Cash Equivalents	6.2	Pharma & Healthcare	10.1
		Auto and Auto Ancillaries	8.9
Weighted Avg. Market Cap (Rs bn)	1,231.9	Others*	9.9

*Includes IT Services, E-Commerce, Metal and Mining, Chemical

Table 5: Sectoral Allocation



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Broad based gains, and selective cuts

Several portfolio stocks did well during the month, notably sharp moves in Amara Raja E&M and OFSS. The month also witnessed muted showing in a few of our core holdings like REC, L&T and Polycab. This somewhat restricted the overall gains of our portfolio.

Table 6: Key Movers

Performers	% Return	% Weight	Laggards	% Return	% Weight
Amara Raja Energy	40.8%	3.9%	Larsen and Toubro	-3.3%	2.9%
Oracle Financial Services	32.6%	2.8%	REC	-2.3%	3.5%
Schneider Electric	26.2%	3.7%	Polycab	0.0%	2.5%

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

What next for our markets after tremendous H1?

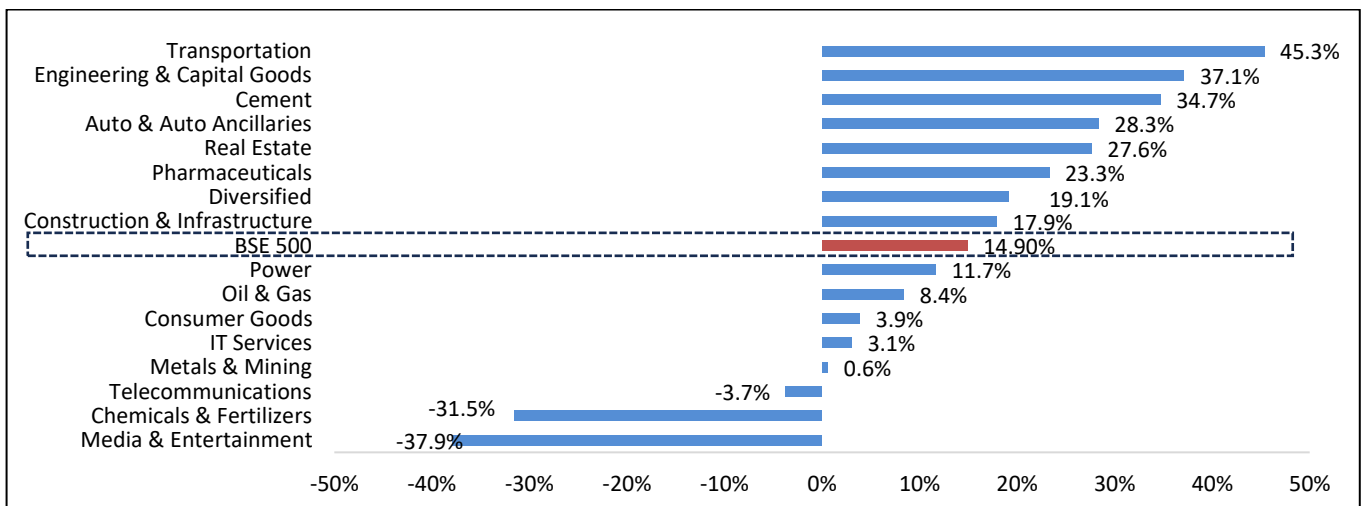
The month of June was all about the mild negative surprise in electoral results and its aftermath. FIIs returned to our markets but only towards the latter half, even as domestic institutions continued to buy. This reflected in the sharp recovery in Nifty and other large caps. The month also witnessed the US Fed chair re-iterate focus on inflation but stick to original expectations of rate cuts starting towards the end of CY24. India's macro data continue to surprise on the upside. Over the next month, the key events to watch out for will be financial results and the general budget. At the same time, valuation concerns have only been re-ignited after the recent rally. Combination of these variables could induce market correction, albeit not meaningful.

Industrials may continue to lead growth chart, but some laggards could catch up

Corporate sector growth has slipped somewhat in Q4FY24, but still robust with Q4FY24 EBITDA growth at 15% for the Top-500 stocks. We expect profit growth to remain steady in H1FY25, and accelerate thereafter. Key challenges for H1FY25 are, (1) sub-par government spending owing to recently concluded elections, (2) excessive heat-wave this summer, which has impacted construction and travel, and (3) high-base of H1FY24, during which operating profits of BSE500 stocks grew over 26%. Improved growth in H2FY25 will be driven by (1) benefits of better monsoon this year than last year, (2) acceleration in government spending, and (3) better external environment.

Industrial sector will continue to lead in terms of growth, however, laggards like chemical, IT and FMCG could see better growth in FY25/26 than FY24. Given valuation and stock performance differentials of laggards, we are likely to witness some sector rotation, and hence will likely rejig portfolio accordingly.

Chart 1: BSE 500 EBITDA up 14.9% y-o-y in Q4FY24 led by Industrials and Autos



Source: Bloomberg & Emkay Global



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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

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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