



Ampersand Growth Opportunities Fund Scheme – 1

FUND UPDATE: May 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 604.6cr	25 SEP 2017	INR 410.4	INR 100	S&P BSE 500	Multi-cap

Fund Performance: Stable month, despite selective stock impact

In May, Ampersand fund NAV rose 0.7%, which was marginally ahead of benchmark BSE 500, but lagged mid cap indices. The performance was restricted by (1) weaker than anticipated financial performance for some of our key holdings, and (2) significantly higher cash position compared to earlier months.

However, our performance across various time periods illustrates consistent and strong showing. Since inception, our fund has delivered 23.5% 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	0.7%	11.0%	30.0%	70.1%	36.1%	28.3%	23.5%
BSE 500	0.6%	4.9%	17.2%	33.1%	19.2%	16.5%	14.1%
Nifty 50	-0.3%	2.5%	11.9%	21.6%	15.5%	13.6%	13.0%
Nifty Midcap 100	1.6%	6.8%	20.5%	53.2%	28.8%	23.6%	16.7%
AGOFS NAV*							410.4

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

Select financial results restricted fund performance

While the initial round of interim results went in our favour, the announcements this month indicated several earnings misses in our portfolio holdings. Some prominent names included Neuland Laboratories and Sonata Software, and in both cases the respective management also guided for a modest near-term outlook. Subsequently, we trimmed our positions. Schneider too missed market expectations, reflected in sharp cut in stock value, but the outlook remains strong. Also, companies like MCX and Motilal reported strong results, but stocks sold off on positive news. This seems to be largely temporary, in our view.

Table 2: Portfolio Metrics

Valuation		Risk	
PE	40.29	Standard Deviation *	18.55
PB	8.06	Beta	0.88
ROCE *	20.91	Sharpe Ratio	1.23

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 have undergone performance based alterations

Our Top-5/10 holdings account for ~20% and 37% of corpus respectively, lower compared to previous month due to (1) trimming of legacy winners (ICICI, Jupiter Wagons) and sharp price correction in a couple of names (Schneider, Zen Tech). Relative stock performances enabled TARC to make it back to the list, replacing Zen Technologies.

Table 3: Top Holdings

Company	% Weight	Company	% Weight
ICICI Bank	4.6%	Godrej Properties	3.4%
Jupiter Wagons	4.2%	Kirloskar Pneumatic	3.4%
Trent	4.1%	TARC	3.4%
REC	3.7%	Motilal Oswal Financial	3.3%
Varun Beverages	3.7%	Schneider Electric	3.3%
Top 5	20.3%	Top 10	37.1%

Sectoral allocation remains largely unaltered

Our sector-wise allocation is largely similar to the previous month, except for increased weight in autos, through the induction of Hero Motocorp and strong stock performance of Amara Raja. We continue to prefer the Engineering & Capital goods sector, followed by the Consumer space.

Our weights related to market cap classification witnessed noticeable alterations, both due to reduced exposure to small caps (partial/full exits, stock price correction), and increase in large caps (stock addition, relative outperformance of holdings).

Our cash and equivalents were the highest in a while at ~9.8%, due to a combination of sale of stocks and reasonable inflows during the month.

As on May 31, 2024, our fund consists of 33 stocks.

Table 4: Market Cap Classification

Market Cap	% Weight
< INR 10,000cr	16.1
INR 10,000-50,000cr	26.0
INR 50,000-100,000cr	15.7
>INR 100,000cr	32.4
Cash & Cash Equivalents	9.8
Weighted Avg. Market Cap (Rs bn)	1,256.0

Table 5: Sectoral Allocation

Sector	% Weight
Engineering & Capital Goods	25.0
Consumer (Goods & Services)	17.3
Financial Services	14.3
Real Estate	10.0
Pharma & Healthcare	8.1
Auto and Auto Ancillaries	7.5
Others*	8.0

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



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Overall gains offset by selective, sharp cuts

Several portfolio stocks sustained uptrend, a reflection of continuing strength in financial performance and robust outlook. Notably, the gains were market cap agnostic. However, as explained earlier, the month also witnessed sharp price cuts in few stocks, mainly reflecting weak financial results. As such, this restricted the overall gains of our portfolio.

Table 6: Key Movers

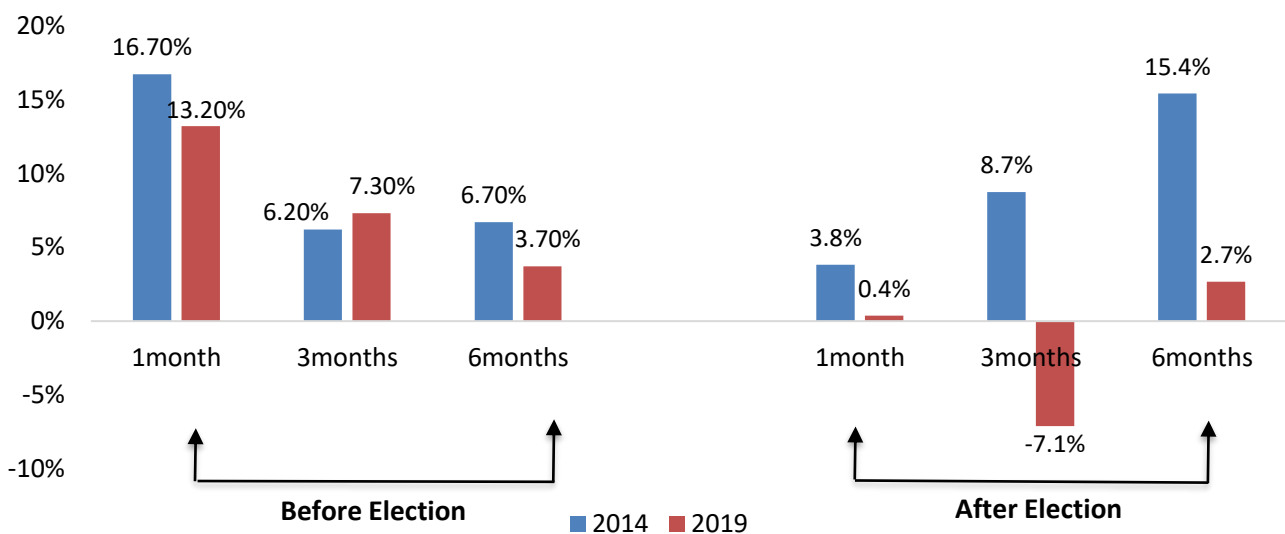
Performers	% Return	% Weight	Laggards	% Return	% Weight
Jupiter Wagons	47.4%	4.2%	Sonata Software	-25.5%	2.3%#
Polycab India	19.0%	2.8%	Neuland Laboratories	-20.4%	3.0%#
Kirloskar Pneumatic	17.2%	3.4%	Schneider Electric	-15.1%	3.3%
Ashok Leyland	12.1%	3.4%	Zen Technologies	-13.1%	2.7%
JSPL	10.6%	2.2%	MCX	-11.6%	2.7%

Note: Average weight used for stocks bought/sold during the month
Weight at the beginning of the month

Politics and economics to take centre stage

As we had anticipated, the month of May turned out to be significantly volatile as far markets were concerned. While we had anticipated the results season to be muted, the stock price reaction was exaggerated. Also, FIIs continued to press sales, with monthly outflows measuring Rs 14.4bn. Towards the end, some nervousness from retail and HNIs reflected in overall market softness. However, GDP data announced over the weekend was a strong beat. For the coming month, the extended reaction to election outcome and expectations of the upcoming general budget could take centre stage. Historically, market moves for the first month post elections are tepid, more so if there has been a strong rally pre-election. But historical data seems to suggest that markets tend to pick up thereafter.

Chart 1: Nifty Performance Pre and Post Elections



Source: Investing.com



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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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DISCLAIMER:

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