



Service



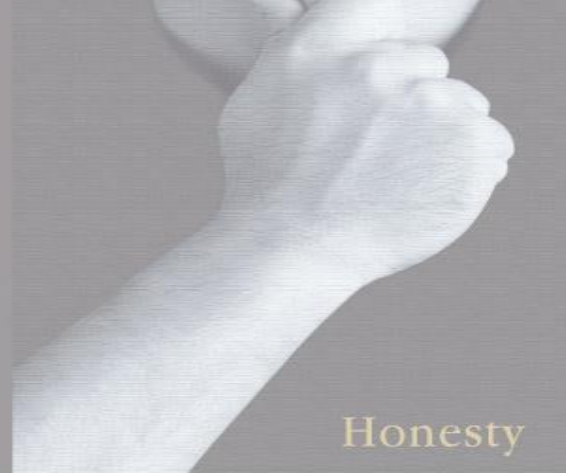
Discipline



Prudence



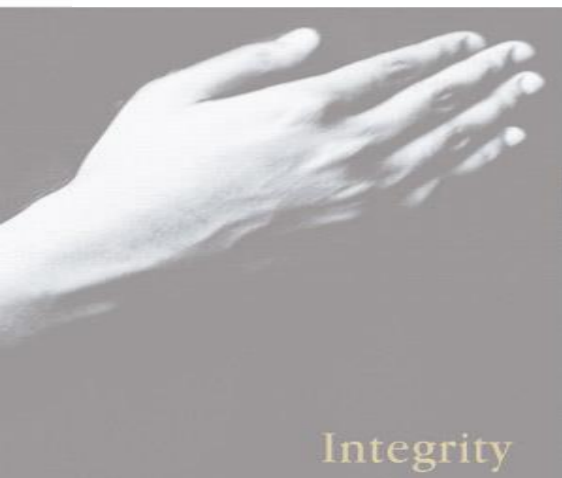
Fair play



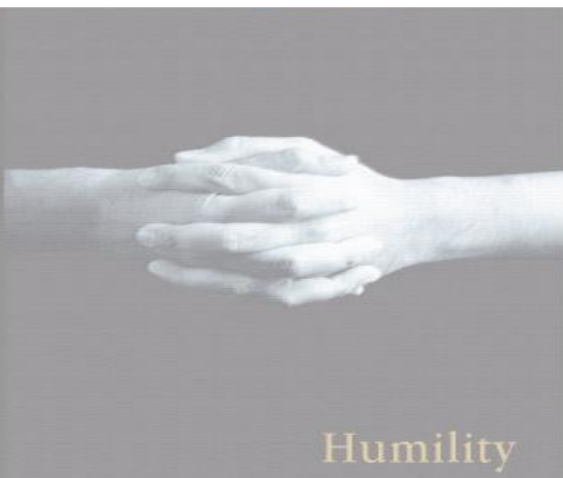
Honesty

# Sundaram India Midcap Fund

January 2023



Integrity



Humility



Openness



Relationships

# Sundaram Asset Management

- Headquartered in Chennai (India) with offices across India and in Singapore and Dubai.
- Wholly owned by the well renowned Sundaram Finance Limited.
- 26 years of experience in fund management and is among the pioneers in the Indian Fund Management industry with Assets Under Management of USD 6.8 billion as of 30 December 2022.
- Expertise in equities, fixed income and alternatives in India with flagship funds ranked in top quartile.
- In-depth proprietary research comprising of an experienced team of 25 investment professionals spread over Chennai, Mumbai and Singapore.

## Key milestones

### Journey of Sundaram Asset Management:

|      |   |
|------|---|
| 1996 | Sundaram Asset Management sponsored by Sundaram Finance and Newton Group        |
| 2002 | Sundaram buys out Newton's stake on account of Mellon's acquisition of Newton   |
| 2006 | Joint venture with BNP Paribas Asset Management (SF: 50.1%, BNPP: 49.9% stake)  |
| 2010 | Sundaram Finance buys out BNP's stake on account of latter's Fortis acquisition |
| 2012 | SAM'S Singapore subsidiary was granted fund management license by MAS           |

***Retail Investor Base: Over 1.9 million folios.***

***Manages offshore investments through its Singapore subsidiary, which has set up a unit trust investment platform in Singapore.***

# Sundaram Asset Management - Group Structure

**Sundaram Finance Limited**  
Listed in India on the BSE and NSE  
Regulated by the Reserve Bank of India  
Vintage of 68 years

*Wholly owned subsidiary (100%)*

**Sundaram Asset Management Company Limited**  
Regulated by the Securities Exchange Board of India (SEBI)  
26 year track record in the Indian fund management business

*Wholly owned subsidiary (100%)*

**Sundaram Asset Management Singapore Pte Ltd.**  
10 year old MAS regulated Fund Management entity.



Sundaram Finance Limited, incorporated in 1954, has grown today into one of the most trusted financial services groups in India.



Evolved from the legendary TVS group (Established in 1911), a diversified conglomerate and one of the largest manufacturer and distributor of auto components.



Sundaram Finance, the flagship company of the Sundaram group is driving the financial services business of the group.



## SUNDARAM FINANCE SUBSIDIARIES



Royal Sundaram  
General Insurance



Sundaram Asset  
Management Company  
Mutual Funds,  
Portfolio Management, AIF








Sundaram Home Finance  
Home loans

**Built significant reputation & goodwill over the decades**

# Sundaram Finance Group



|   | AUM       | Branches | Employees | Customer count |
|---|-----------|----------|-----------|----------------|
|    <b>SUNDARAM FINANCE</b><br><i>Enduring values. New age thinking.</i>  | 26,01,535 | 640      | 4,522     | 5,19,139       |
|  <b>Royal Sundaram</b><br><b>General Insurance</b><br>Joint Venture with Ageas Insurance International NV                                  | 6,05,560  | 159      | 2,421     | 32,21,556      |
|    <b>SUNDARAM HOME</b>  | 8,27,887  | 105      | 936       | 40,931         |
|    <b>SUNDARAM MUTUAL</b><br>UNEARTHING OPPORTUNITIES<br>Sundaram Asset Management Company<br>Mutual Funds,<br>Portfolio Management, AIF | 42,75,564 | 85       | 375       | 15,68,549      |
|  <b>Group</b>  | 6,05,560  | 989      | 8,254     | 53,50,157      |

Data as of September 30, 2022





Pioneer in the Leasing and Hire Purchase Business



First NBFC to be Listed – in 1972



Legacy of deep customer connect and loyalty with 80% renewal rate



Rated AAA (for Deposits) by CRISIL and ICRA



Market Cap ~USD 3.1 billion as on December 30, 2022



Market cap has grown at CAGR of 21.9%(USD) since listing

**Business roots & core competency in credit**



## TRACK RECORD & CAPABILITIES

- One of the earliest entrants in the Industry with 26 years of track history.
- First in the industry to launch a fund in the midcap space.
- Flagship Fund - Sundaram Midcap Fund had been a consistent outperformer with a CAGR of 20.4% in USD terms, since its inception 20 years ago.
- Strong in-house Research Team.
- Investment Philosophy – Bottom up, research driven stock selection with a focus on long term growth prospects.



AUM ~ USD 6.8 billion  
as on December 30, 2022.



## CUSTOMERS

- Managed over 5.6 million customer folios since inception.
- 1.9 million active customer folios.



## DISTRIBUTION FOOTPRINT

- Over 50,000 empaneled distributors.
- 94 customer care centers spread across 21 States, with offices in Singapore and Dubai.

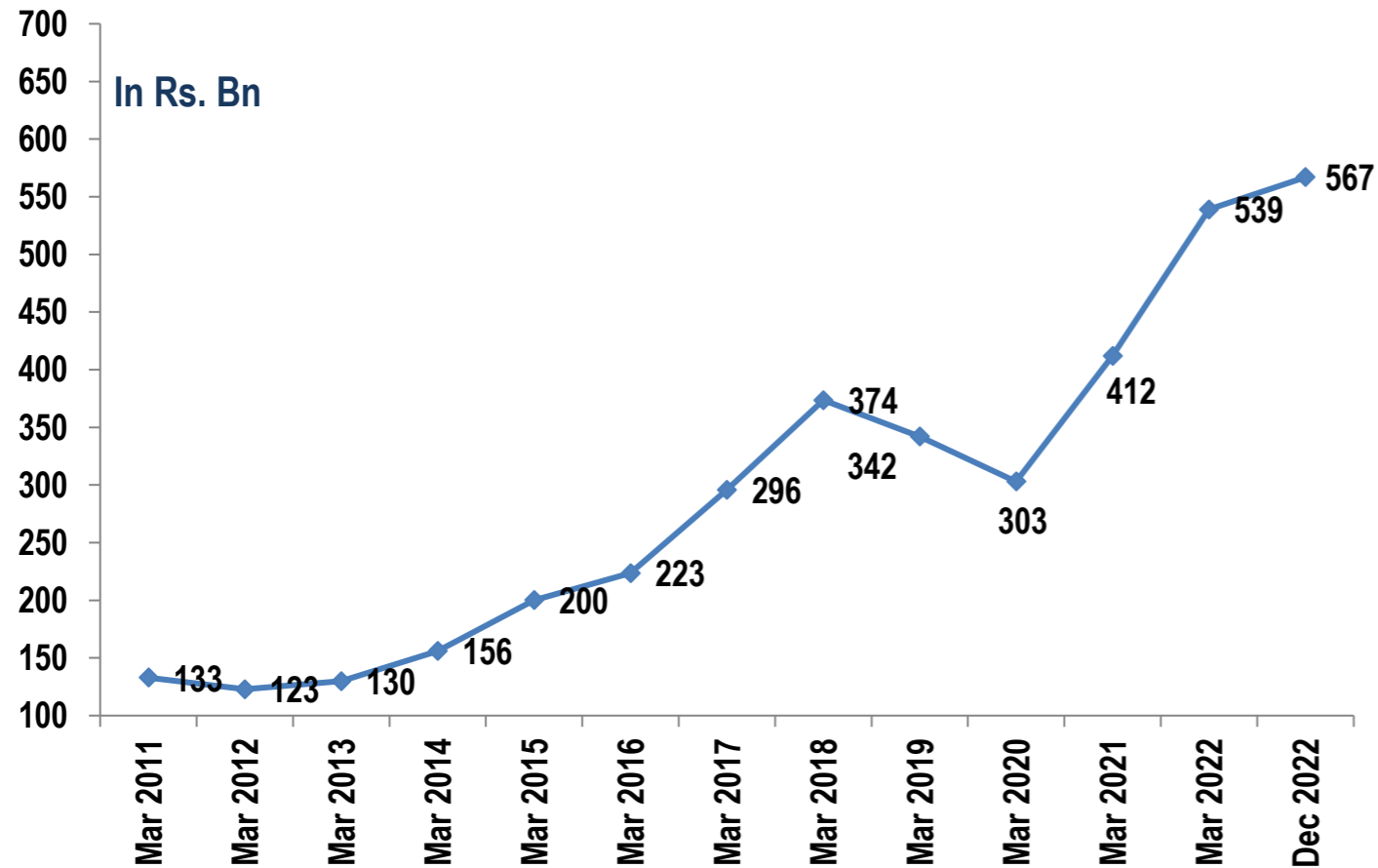


AUM has grown at a CAGR  
of 17% since 2014.

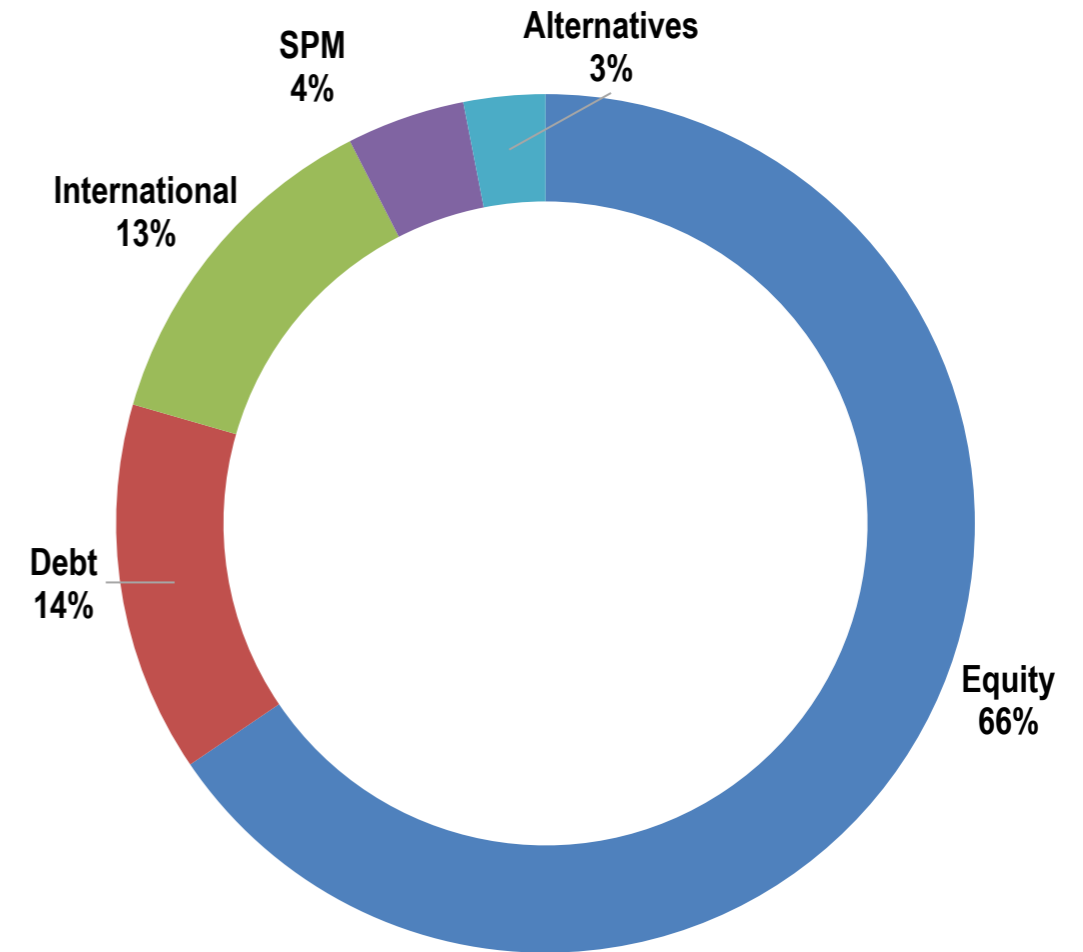
**Established fund manager**

# Sundaram AMC – Investment Manager

## AUM Growth



## AUM Composition



Data as of December 30, 2022

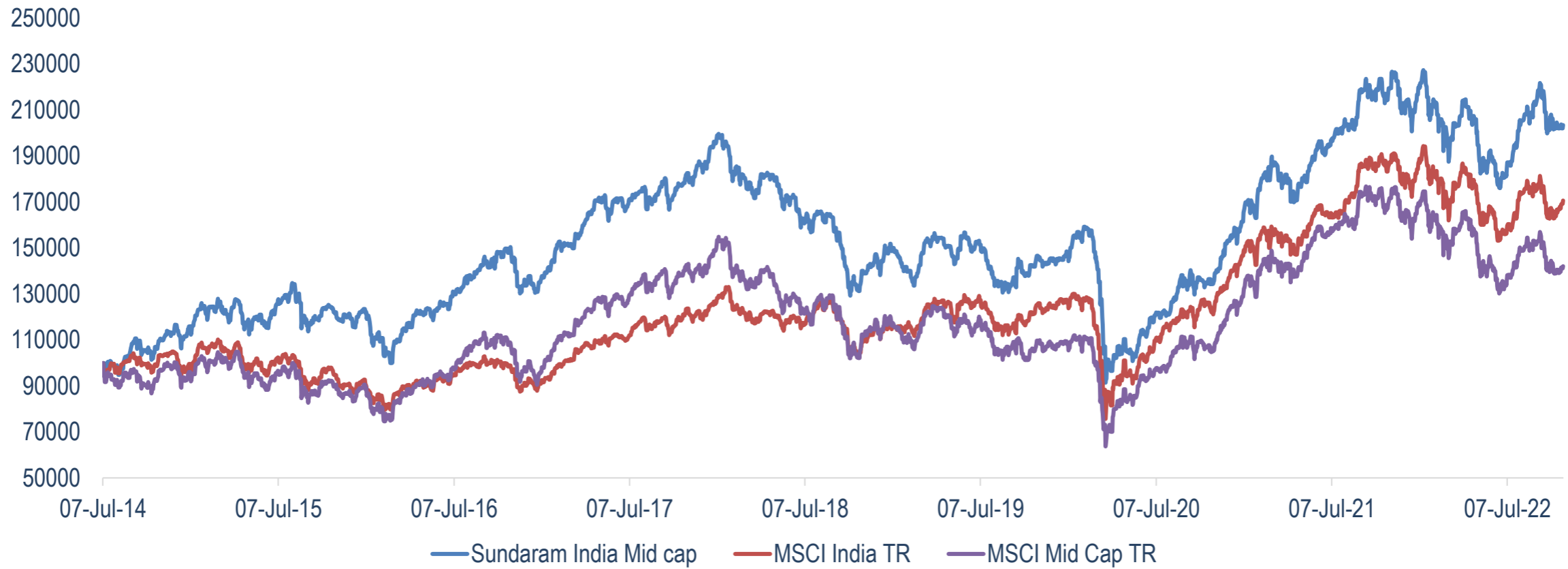


# Sundaram India Midcap Fund – Highlights

- **Positioning:** Sundaram India Midcap Fund is an open end, daily dealing, Singapore domiciled, US dollar denominated, pure India focused mid and small cap equity Fund.
- Sundaram has a 20+ year track record in managing this strategy, with a CAGR of 20.4% since inception(USD).
- **Approach:** The objective of the Fund is to generate capital appreciation by taking a predominantly bottom-up approach to stock picking with a strict adherence to the mid and small cap mandate.
- **Style:** Own stocks of companies that exhibit the ability to grow in a sustainable manner at reasonable valuations.

# Sundaram India Midcap Fund – Value of US\$100,000 invested at launch

|   |                                   |  |
|---|-----------------------------------|--|
| <b>Sundaram India Midcap – USD</b><br>201,749 | <b>MSCI India TR– USD</b> 169,695 | <b>MSCI Mid Cap TR– USD</b><br>141,137 |
|---|-----------------------------------|--|



Source: Bloomberg Analysis: In house as of December 30, 2022

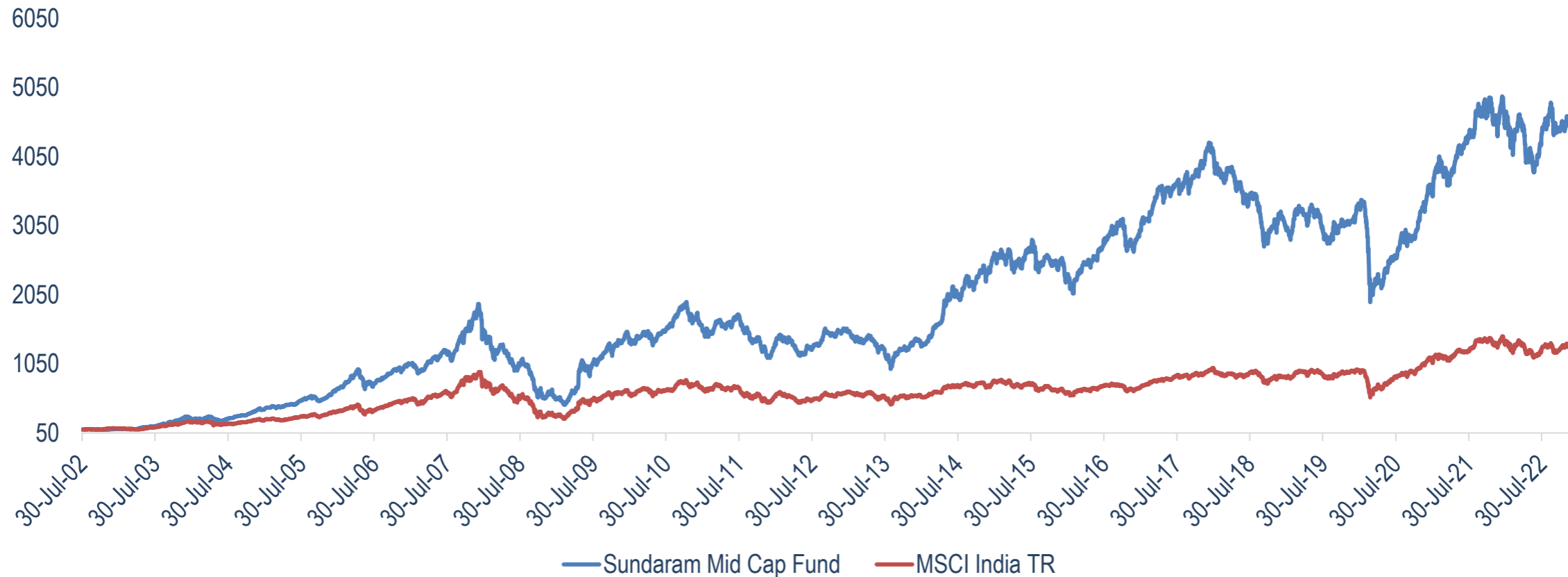
Performance is of the Institutional unit class inclusive of dividends paid out. Past performance may or may not be sustained in future



# Sundaram Midcap Fund – Value of US\$100,000 invested at launch

Sundaram Midcap Fund – USD  
4,418,209

MSCI India TR– USD 1,264,413



Source: Bloomberg Analysis: In house as of December 30, 2022

Performance is of the Regular Growth inclusive of dividends paid out. Past performance may or may not be sustained in future



# Sundaram India Midcap Fund – Peer Group Comparison

|                                | 2015          | 2016         | 2017         | 2018          | 2019         | 2020         | 2021         | 2022         | 3 Years to end Dec. 2022 |
|--------------------------------|---------------|--------------|--------------|---------------|--------------|--------------|--------------|--------------|--------------------------|
| Sundaram India Midcap Fund     | 7.0%          | 8.7%         | 44.6%        | -23.0%        | -3.7%        | 9.5%         | 33.6%        | -7.4%        | 10.6%                    |
| Morning Star category average  | -3.0%         | -0.1%        | 41.1%        | -12.8%        | 4.9%         | 12.7%        | 26.2%        | -8.1%        | 9.3%                     |
| <b>Outperformance</b>          | <b>+10.0%</b> | <b>+8.8%</b> | <b>+3.5%</b> | <b>-10.8%</b> | <b>-8.6%</b> | <b>-3.2%</b> | <b>+7.4%</b> | <b>+0.7%</b> | <b>+1.3%</b>             |
| Number of Funds in MS Category | 436           | 479          | 513          | 530           | 557          | 460          | 478          | 498          | 438                      |
| Peer Group Percentile          | 1             | 17           | 21           | 95            | 90           | 56           | 24           | 11           | 16                       |

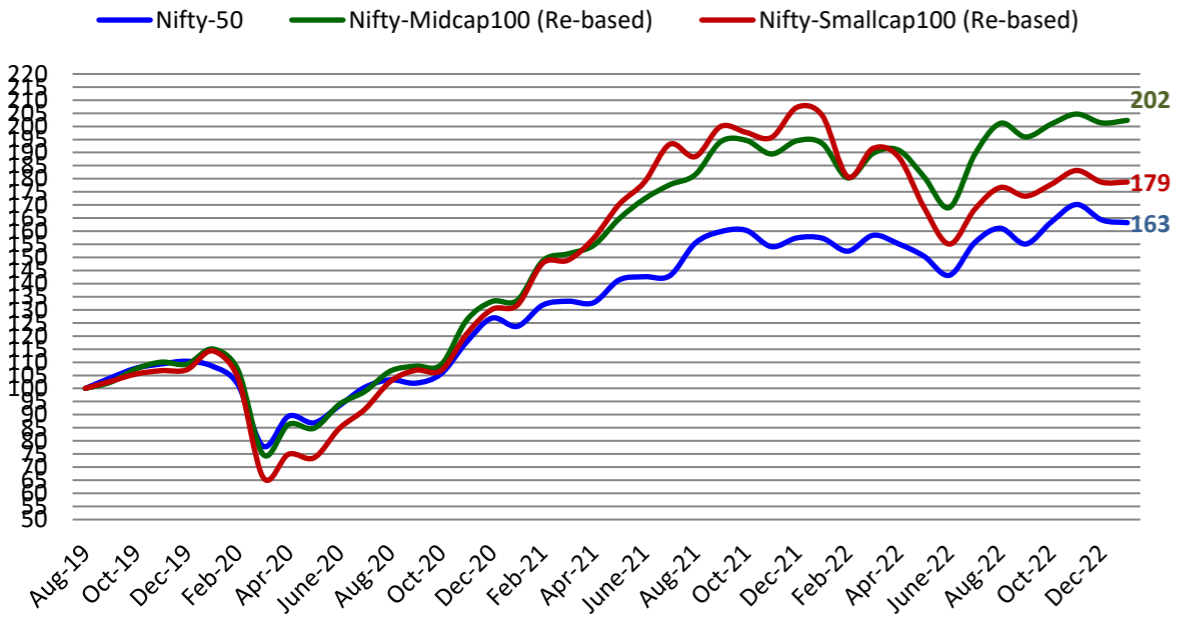
Source: Morning Star Direct

Calendar and YTD returns in USD and as of December 30, 2022 and is of the Classic Class & includes dividends paid out

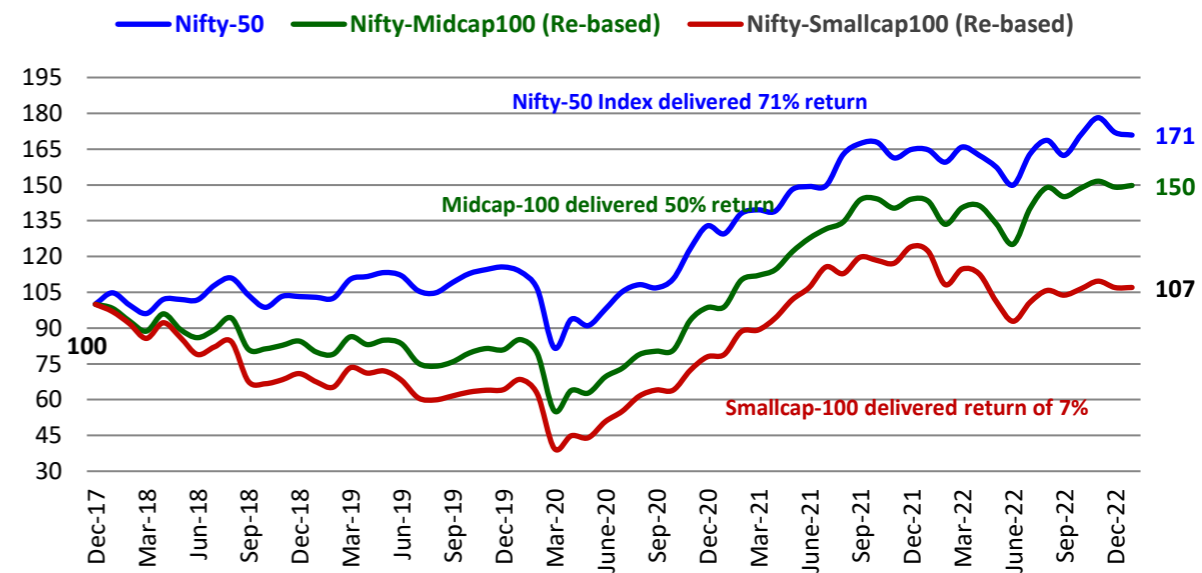


# Mid & Small Cap performance

Mid and Small caps have generally been outperforming Large caps since October 2019



However, since 2018 they are still underperforming the Large caps



Source: Bloomberg , Data as of January 10, 2022

# Key reason for the start of the Mid & Small Cap underperformance – Relative valuations

Relative valuations of Mid & Small Caps are reasonable

| Index         | Premium/Disc. over Nifty |        |
|---------------|--------------------------|--------|
|               | Dec-17                   | Dec-22 |
| NSE Mid-cap   | 34.8                     | 7.9    |
| BSE Small-cap | 11.7                     | -6.7   |

Source: Bloomberg, Sundaram Asset Management as of end December 2022

## Sundaram India Midcap Fund – Key Figures

| Key Figures   | Fund         |
|---|--------------|
| Portfolio average market cap (USD)                            | 9.5 billion  |
| Market Cap of the 50 <sup>th</sup> largest listed stock (USD) | 12.5 billion |
| Maximum market cap in the portfolio (USD)                     | 110 billion  |
| Minimum market cap in the portfolio (USD)                     | 880 million  |

Data Source: Bloomberg Analysis: In house

As of December 30, 2022. Past performance may or may not be sustained in future

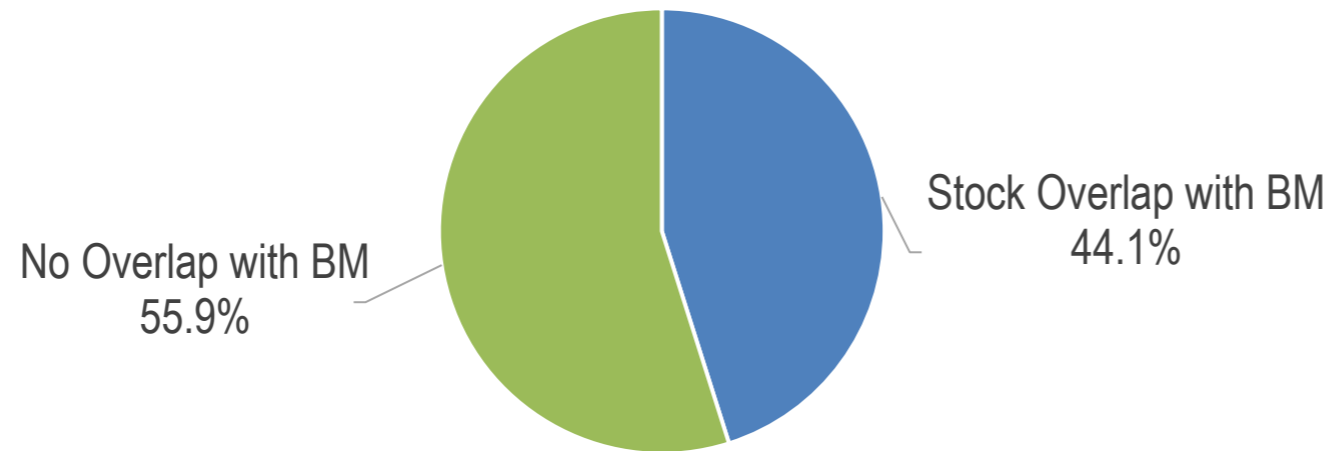


## Stock selection: 5S approach

Focus on growth ideas with structural growth drivers

Stay with earnings compounders over deep cyclicals

Preference to leaders and disruptors with superior growth and financial health



Clear Bottom-up approach to portfolio construction - Just 44.1% stock overlap with the Benchmark

Source: In-house calculations as on December 30, 2022



## Sector - Agnostic positioning: Broader recovery at play

Lowering portfolio volatility - Diversified portfolio with moderate sector bets and conscious increase in sector overlap

## Change in Asset Allocation profile

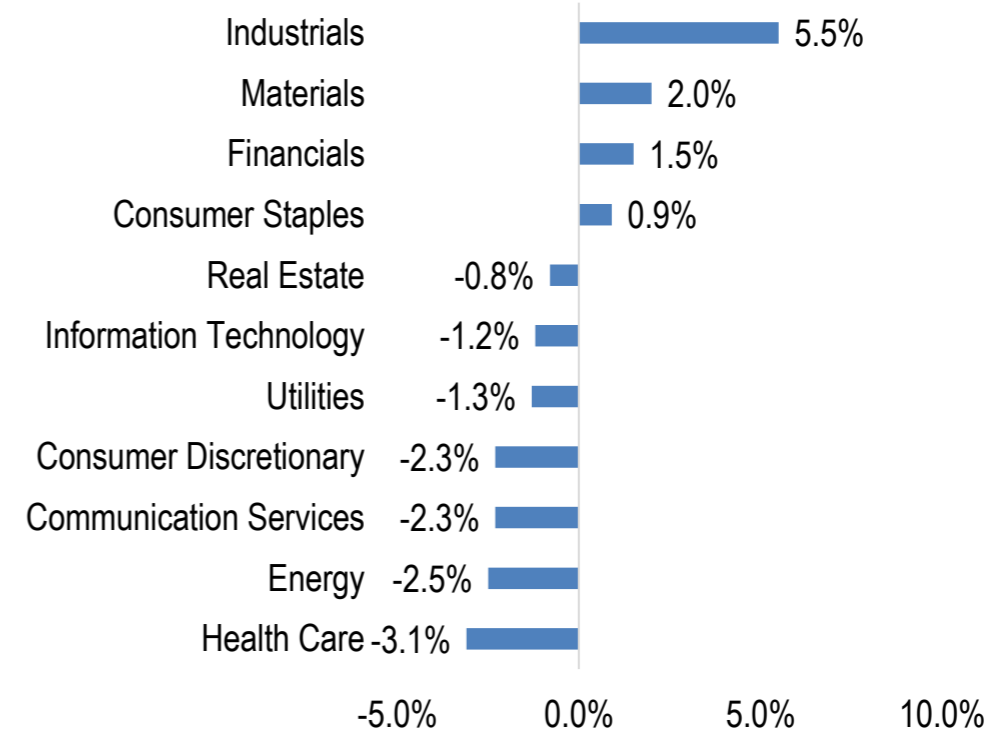
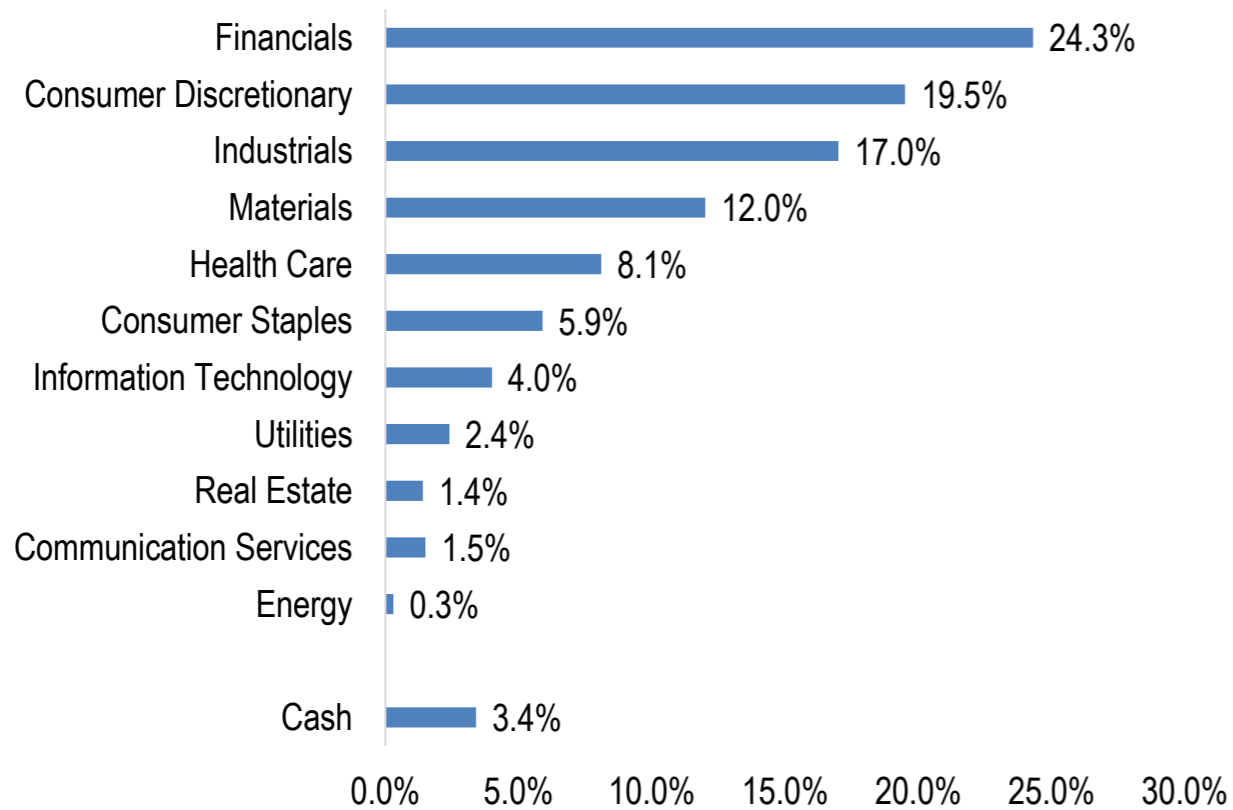
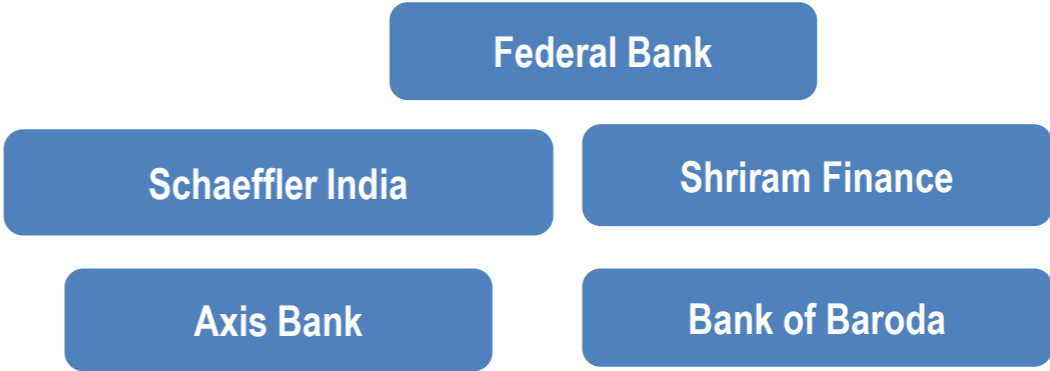
Portfolio is being positioned with lesser exposure to small caps and increased exposure in larger mid caps

| Portfolio positioning across market cap | As of Dec. 2020 | As of December 2022 |
|---|-----------------|---------------------|
| More than \$2 Billion                   | 71.3%           | 90.2%               |
| \$1 Billion to \$2 Billion              | 17.8%           | 6.3%                |
| Less than \$1 Billion                   | 10.5%           | 0.3%                |
| Cash                                    | 0.4%            | 3.2%                |

# Sundaram India Midcap Fund - Portfolio Positioning

## Top Holdings

The Fund held 63 stocks as at end December 2022



Data in % & USD & as of December 30, 2022. Past Performance may or may not be sustained in future. Source: Bloomberg and in house analysis



## Sector changes – Last one year

- Reduced weighting in Information Technology and Consumer Discretionary by going from overweight to underweight
- Reduced overweight in Consumer Staples and Financials
- Increased underweight in Healthcare and Energy
- Increased overweight in Industrials and Materials
- Reduced underweight in Real Estate, Communication Services and Utilities

| Stock Changes – Last 6 months |                            |
|-------------------------------|----------------------------|
| Entrants                      | Exits                      |
| Hatsun Agro Products Ltd      | Qness Ltd                  |
| APL Apollo Tubes Ltd          | Natco Pharma Ltd           |
| United Breweries Ltd          | Tata Power Ltd             |
| Sona Precision Works Ltd      | Tata Consumer Products Ltd |
| State Bank of India           | ICICI Securities Ltd       |
| Zydus Lifesciences Ltd        | LIC Housing Finance        |
|                               | L&T Technology Services    |

## Sundaram India Midcap Fund – Top Ten Holdings

| Security   | Market Cap USD Bn | 1 year Absolute returns in INR December 2022 | 3 Years Absolute Returns in INR to end December 2022 |
|--|-------------------|--|--|
| <b>Nifty Midcap 100 TR Index (Reference Index)</b> |                   | <b>5%</b>                                    | <b>90%</b>   |
| Schaeffler India Ltd                               | 5.2               | 58%  | 199%   |
| Grindwell Norton Ltd                               | 2.4               | -6%  | 205%   |
| Varun Beverages Ltd                                | 10.4              | 124%   | 324%   |
| Federal Bank Ltd                                   | 3.6               | 71%  | 62%  |
| Shriram Finance Ltd                                | 6.2               | 14%  | 25%  |
| Crompton Greaves Consumer Electricals Ltd          | 2.6               | -23%   | 44%  |
| Bank of Baroda Ltd                                 | 11.6              | 133%   | 88%  |
| Trent Ltd  | 5.8               | 27%  | 157%   |
| Axis Bank Ltd                                      | 34.7              | 38%  | 24%  |
| Bharat Electronics Ltd                             | 8.8               | 46%  | 224%   |

Source: Bloomberg & Sundaram Asset Management. Data as of December 30, 2022.

## Top overweights and underweights

### Top Overweights

Schaeffler India Ltd

Bank of Baroda Ltd

Axis Bank Ltd

Bharat Electronics Ltd

Grindwell Norton Ltd

### Top Underweights

Max Healthcare Institute Ltd

Indian Hotels Co Ltd

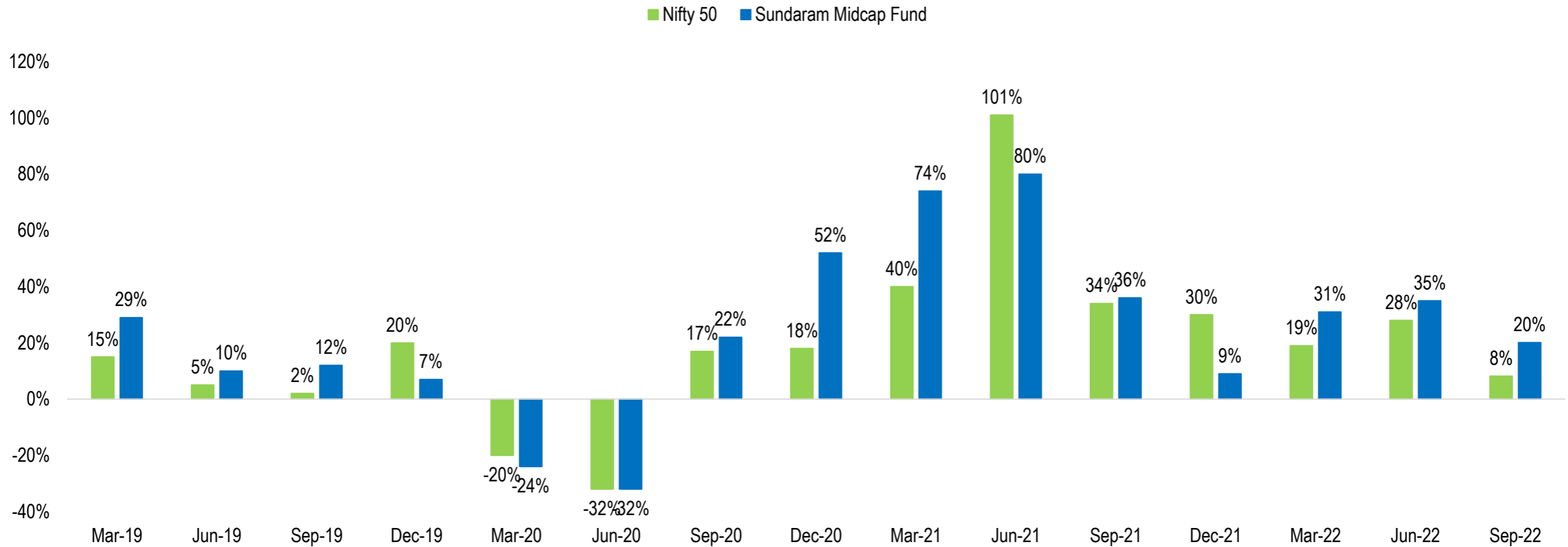
Yes Bank Ltd

Canara Bank Ltd

Tata Elxsi Ltd

Data as of December 30, 2022

# Weighted Average Earnings Growth - Sundaram Midcap Fund V/s Nifty 50

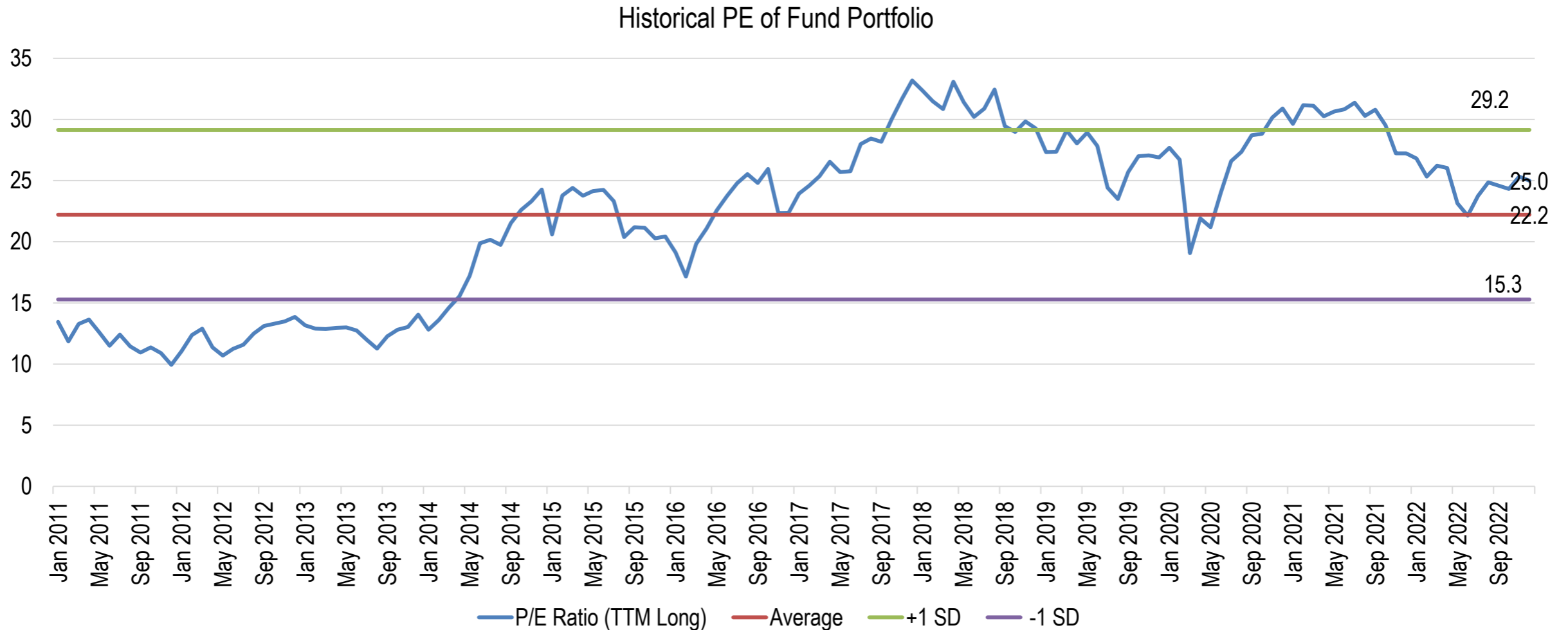


Source: Bloomberg & MOFSL & Ace Equity & In house Computation

Notes: Weighted average earnings growth for India-domiciled Sundaram Midcap Fund and Nifty 50 Index



# Trailing Historical P/E of Fund Portfolio



Data Source: Morningstar Direct

Portfolio of India-domiciled Sundaram Midcap Fund, as of 30 December 2022



# Sundaram India Mid Cap Fund

## - Peer Valuation Comparison

|                        | Sundaram India Mid Cap Fund | Category Average |
|------------------------|-----------------------------|------------------|
| P/E (x)                | 22.0                        | 22.5             |
| P/B (x)                | 3.1                         | 3.4              |
| Sales Growth (%)       | 15.7                        | 6.7              |
| Long-term Earnings (%) | 17.5                        | 16.3             |

Data Source: Morningstar Direct As of November 30, 2022

Category: India Equity funds investing principally in Indian companies. These funds invest at least 75% of total assets in equities; and invest at least 75% of equity assets in Indian equities.

Price/projected earnings for a stock is the ratio of the company's most recent month-end share price to the company's estimated earnings per share (EPS) for the current fiscal year. If a third-party estimate for the current year EPS is not available, Morningstar will calculate an internal estimate based on the most recently reported EPS and average historical earnings growth rates. Price/projected earnings is one of the five value factors used to calculate the Morningstar Style Box. For portfolios, this data point is calculated by taking an asset-weighted average of the earnings yields (E/P) of all the stocks in the portfolio and then taking the reciprocal of the result.

The Long term earnings indicate the estimated earnings growth over the next 5 years.



# Sundaram India Midcap Fund - Ratios and Valuations

| Parameter         | Fund |
|-------------------|------|
| Alpha             | -1.3 |
| Correlation       | 0.96 |
| Tracking Error    | 6.1  |
| Information Ratio | -0.4 |
| Turnover (%)      | 23.3 |

| Parameter          | Fund | Nifty Midcap 100 Index-TR |
|--------------------|------|---------------------------|
| Standard Deviation | 19.2 | 21.0                      |
| Beta               | 0.9  | -                         |
| Sharpe Ratio       | 0.4  | 0.4                       |
| Sortino Ratio      | 0.4  | 0.5                       |

*Risk-Return Metrics are based on month end NAVs since launch and have been annualized. Annualized Turnover in percentage as of December 31, 2021.*

*Source: Bloomberg & in house analysis. Risk Ratios as of December 30, 2022*

## Dividend History of Sundaram India Midcap Fund

| Year | Distribution          |
|------|-----------------------|
| 2020 | USD 5 cents per unit  |
| 2019 | USD 5 cents per unit  |
| 2018 | USD 5 cents per unit  |
| 2017 | USD 11 cents per unit |
| 2016 | USD 8 cents per unit  |
| 2015 | USD 10 cents per unit |



## Carbon Footprint

### Financed Emissions for Corporates

| Tons CO2e/\$M invested | Portfolio | Coverage | Allocation Base:    |          | Active |
|------------------------|-----------|----------|---------------------|----------|--------|
|                        |           |          | Reference Benchmark | Coverage |        |
| Scope 1 and 2          | 132.0     | 91.3%    | 167.7               | 86.6%    | -21.3% |
| Scope 3 Total          | 290.0     | 91.3%    | 628.3               | 86.6%    | -53.8% |
| <b>Data Quality</b>    |           |          |                     |          |        |
| Reported Emissions     | 22.9%     |          | 26.3%               |          | -12.7% |
| Estimated Emissions    | 68.4%     |          | 61.3%               |          | 11.5%  |

### Weighted Average Carbon Intensity

| Corporate Constituents      |           |          |                     |          |        |
|-----------------------------|-----------|----------|---------------------|----------|--------|
| Tons CO2e/\$M revenue       | Portfolio | Coverage | Reference Benchmark | Coverage | Active |
| Scope 1 and 2               | 309.9     | 91.3%    | 426.3               | 87.6%    | -27.3% |
| Scope 3 Total               | 715.8     | 91.3%    | 1,143.4             | 86.6%    | -37.4% |
| Sovereign Constituents      |           |          |                     |          |        |
| Tons CO2e / \$M GDP nominal | Portfolio | Coverage | Reference Benchmark | Coverage | Active |
| GHG Intensity               | n/a       | 0.0%     | n/a                 | 0.0%     | n/a    |



## Climate Scenario Analysis

SELECTED SCENARIO: 1.5°C AIM CGE, Aggressive physical risk

| MSCI Climate Value at Risk            | Portfolio | Reference Benchmark | Active |
|---------------------------------------|-----------|---------------------|--------|
| Aggregate Climate Value at Risk (VaR) | -32.1%    | -39.7%              | 7.6%   |
| Policy Climate VaR                    | -12.6%    | -16.8%              | 4.2%   |
| Technology Opportunities Climate VaR  | 0.9%      | 1.6%                | -0.6%  |
| Physical Risk Climate VaR             | -20.4%    | -24.5%              | 4.1%   |
| Climate Scenario Coverage             | 92.4%     | 87.4%               | 5.0%   |
| MSCI Implied Temperature Rise         | 3.8°      | 5.0°                | -1.2°  |
| ITR Coverage                          | 92.4%     | 87.4%               | 5.0%   |

Source: MSCI Data as of 31 December 2022

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# Thank You



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