



Service



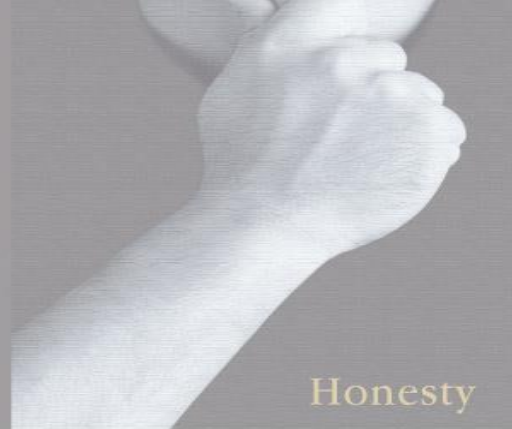
Discipline



Prudence



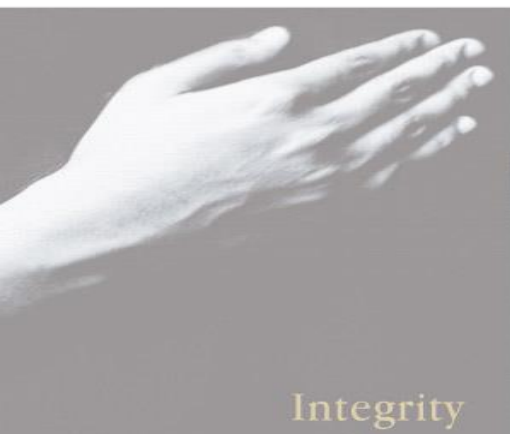
Fair play



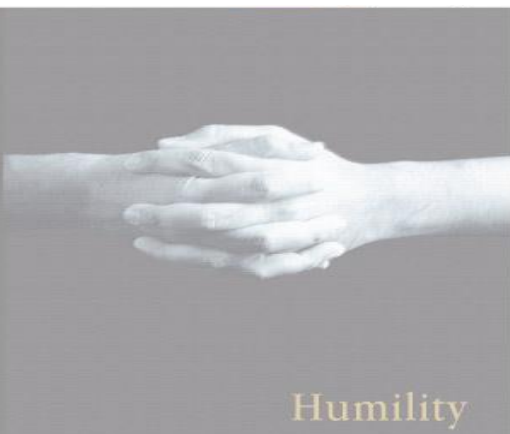
Honesty

# Sundaram India Opportunities Fund

August 2024



Integrity



Humility



Openness



Relationships <sup>1</sup>

# Sundaram India Opportunities Fund

Sundaram India Opportunities Fund (SIOF) is a Fund of Funds with a diversified exposure to Indian equities across the different market cap curves.



## Investment Objective and Strategy

To deliver **long term capital appreciation** over the medium and long term by taking advantage of the opportunities present in the Indian equity market as identified by **SAMS** by investing primarily in the **best of equity funds** from the Sundaram Mutual stable.

# Investment approach



Component Funds to be hand picked primarily from India domiciled equity funds managed by Sundaram Mutual, with a small exposure to India ETFs

**Risk mitigation** via dynamic allocation across component Funds and the cap curve based on Investment Manager's view of the state of the Indian economy and market

Investing in SIOF enables an investor to:



Reduce single manager risk and bias



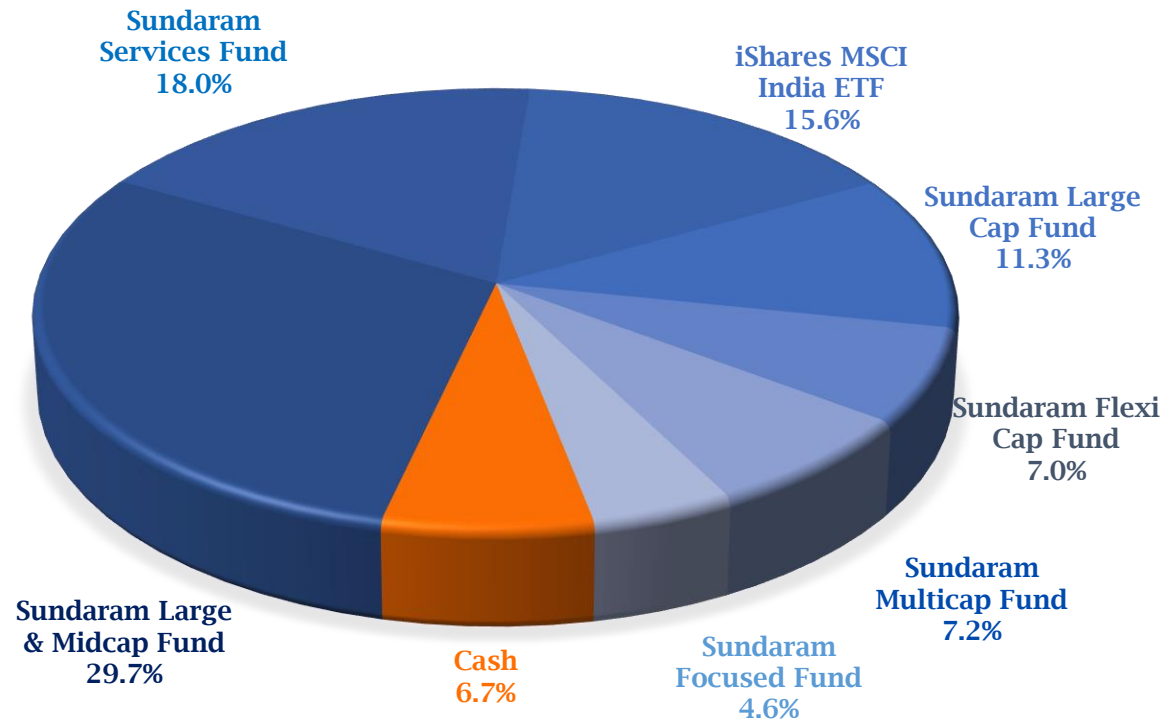
Gain exposure across the cap curve on a consistent basis leading to return optimization



Access to a variety of professional actively managed Funds, all of which have different portfolio concentrations



# Current portfolio



Source: Bloomberg and Inhouse  
As of July 31, 2024

The Fund was incepted on 17 December 2021 and took approximately one month to get fully invested



Until the FPI license was received in February 2022, the entire investment was in US-listed iShares MSCI India ETF

ETF position was then switched progressively to preferred Sundaram India Funds.



The portfolio is split between six Sundaram's India Funds (Sundaram Large & Midcap Fund, Sundaram Multicap Fund, Sundaram Services Fund, Sundaram Large Cap Fund, Sundaram Flexicap Fund, Sundaram Focused Fund ), and iShares MSCI India ETF.

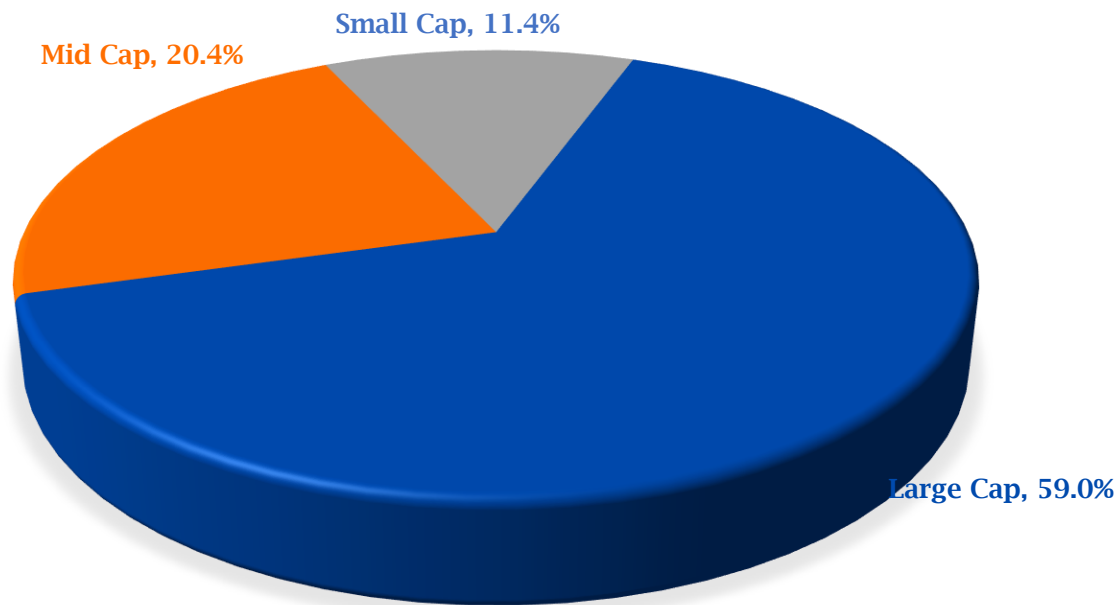
Sundaram India's Funds have been picked by analysing the best performing funds within the Sundaram stable as well as keeping in mind the cap curve positioning.



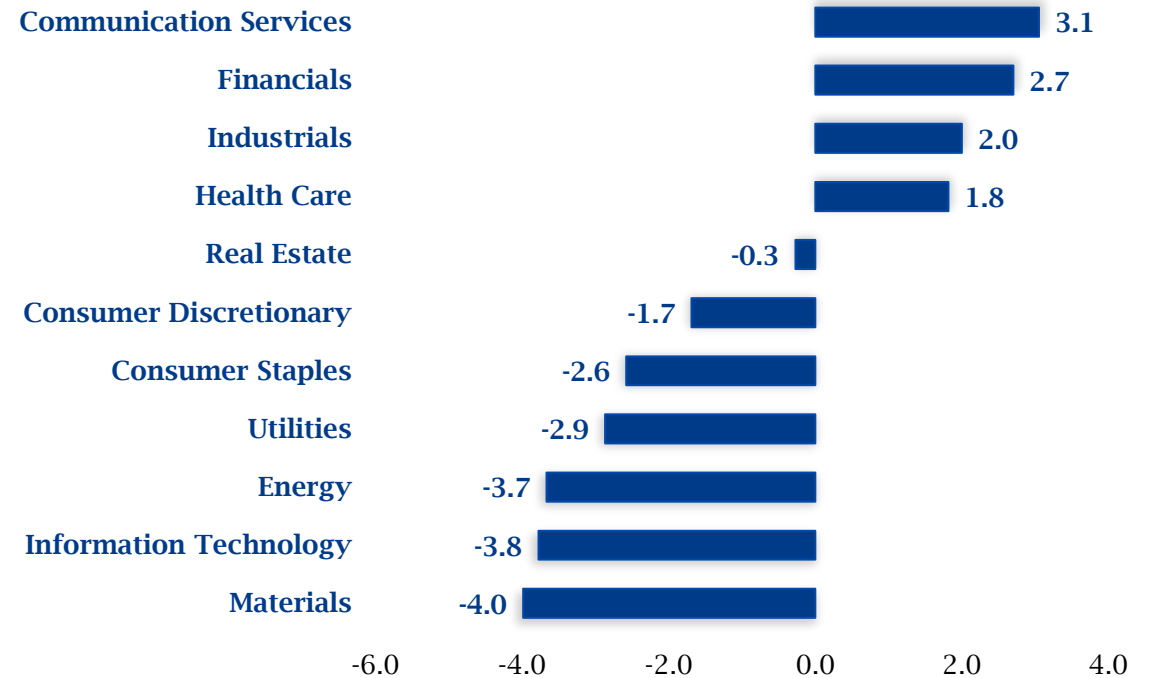
Exposure to the ETF provides the dual purpose of meeting day-to-day redemptions in the most tax efficient manner as well as providing exposure to large cap Indian equities.

# Cap-curve mix and Sector Bets

Cap-curve Mix



Sector over weights and under weights



Source: Bloomberg and Inhouse  
Sector bets are against the reference benchmark: MSCI India TR Index  
As of date: July 31, 2024

# Performance of Component Funds

USD Returns				
Fund / ETF / Index	CYTD	1 Month	1 Year	3 Years
Sundaram Services Fund	14.6%	2.5%	29.2%	16.2%
Sundaram Large & Midcap Fund	21.7%	3.2%	37.2%	15.8%
Sundaram Multi Cap Fund	21.8%	3.9%	41.1%	17.1%
Sundaram Large Cap Fund	15.7%	3.8%	26.6%	13.4%
Sundaram Flexi Cap Fund*	15.6%	3.7%	27.7%	
Sundaram Focused Fund	18.9%	2.7%	29.6%	13.7%
iShares MSCI India ETF	17.6%	2.9%	28.3%	11.0%
<b>Sundaram India Opportunities Fund**</b>	<b>14.4%</b>	<b>2.7%</b>	<b>21.3%</b>	

\* Inception Date: 6 September 2022

\*\* Performance of the Classic Class inclusive of dividends paid out

Source: Bloomberg and in-house As of July 31, 2024

Annualized return for periods greater than one year. Past performance is no indicator of future performance.

# Performance of Sundaram India Opportunities Fund

% USD Returns			
Period	Fund	MSCI India TR Index	Excess Return
1 Month	2.7	4.0	-1.3
CYTD	14.4	21.5	-7.2
1 Year	21.3	35.6	-14.3
Since Inception*	8.3	14.2	-5.9

Comparison with peer group - Morningstar Rankings**		
SUOF Classic	1 Year	Since Inception
Peer Group Percentile	<b>94</b>	<b>85</b>
No of Investments ranked in peer group	553	486

Performance for the Classic Class in USD inclusive of dividends paid out.

\*Inception Date: 17 December 2021 (The Fund took approximately one month to get fully invested)

\*\*Inception Date: 20 December 2021 as per Morningstar.

Source: Bloomberg, Morningstar and Inhouse

As of July 31, 2024

Past performance is no indicator of future performance.

# Asset allocation

The Fund allocates up to **100%** in Indian Equity Funds and Equity ETFs

Underlying investments via suitable funds and ETFs into Indian equities

Underlying Asset Classes	Indicative Fund Allocation
India Equity Funds	0 – 100%
India Equity Related ETFs	
India Securities-related Index Funds	
Cash & Cash Equivalents	0 – 30%



# Components funds

## Sundaram Services Fund

- Invests in companies that are part of the Services sector of the economy, across **6 key themes and 15 sub sectors**
- **Multi cap portfolio** offering investment opportunity across the cap curve
- Optimally diversified portfolio of **~45 stocks**

## Sundaram Large & Midcap Fund

- **Well diversified portfolio** across high growth Large and Midcaps
- Minimum **35% investment** in each category (Large & Midcap)
- The core investment philosophy and strategy for the Fund is to own **good growth businesses** at a reasonable price considering a **3-year outlook**
- **Principal Emerging Bluechip Fund** was merged into this Fund in December 2021

## Sundaram Multicap Fund

- Multicap portfolio investing a **minimum of 25% each** in Large, Mid and Small caps
- Offers **better risk-adjusted returns** compared to single cap funds
- Portfolio construction is through **bottom-up approach** across overarching themes driving economic earnings and growth
- **Principal Multicap Growth Fund** was merged into this Fund in December 2021

# Components funds

## Sundaram Largecap Fund

- Comprises of Largecap companies that have **stable business models** and are **resilient across business cycles**
- These companies benefit from **scale and competitive moats** that come from their size
- Underlying securities are a **blend of growth and value stocks** and are highly liquid

## Sundaram Flexicap Fund

- Judicious mix of **large, mid and small caps across 55-70 stocks**, with a bottom-up approach
- Invests in opportunities across market caps. **Large caps** biased towards **compounding stories; mid and small caps** to provide **alpha generation**
- The Fund invests in opportunities across these indicative themes - **Turnaround/Business restructuring, Value Unlocking, Value Migration and New Age economy**

## Sundaram Focused Fund

- Comprises of **30 stocks** with adequate diversification across sectors.
- Actively managed portfolio that invests in **high conviction concentrated portfolio** of companies across market capitalization, thereby creating a **portfolio of best ideas across large, mid and small caps.**

# Component funds

Each of the component funds are strong performers in its respective category

Fund	Since inception returns	Inception date
Sundaram Services Fund	18.9%	September 25, 2018
Sundaram Large Cap Fund	15.3%	July 30, 2002
Sundaram Large & Midcap Fund	11.2%	February 27, 2007
Sundaram Multicap Fund	13.6%	October 25, 2000
Sundaram Flexicap Fund*	19.8%	September 6, 2022
Sundaram Focused Fund	12.4%	November 11, 2005

Additionally, MSCI India ETF will be added as a component

1

Low-cost alternative to gain targeted access to 85% of the Indian stock market

2

Exposure to Large and Mid-sized companies in India

3

Added for liquidity and tax management purposes

Source: Bloomberg and In-house as of July 31, 2024

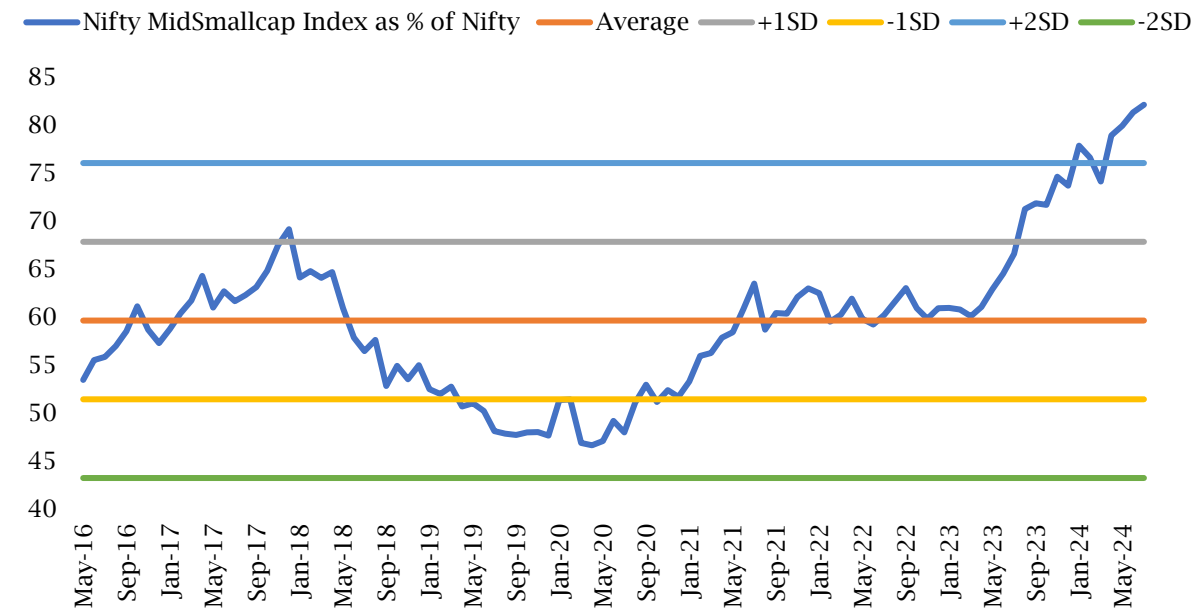
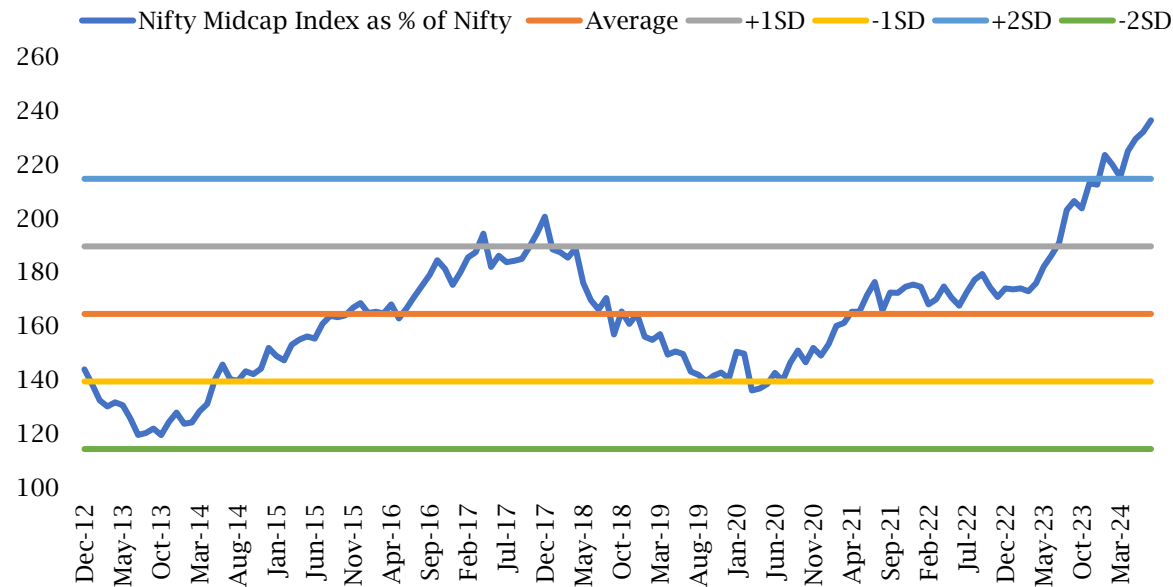
Since inception returns are annualized since the inception date of the respective funds and pertains to the Regular Growth Class. Returns are in USD terms in %.

\*Since inception returns are annualized since the inception date of the respective funds and pertains to the Direct Growth Class. Returns are in USD terms in %.

# Risk mitigating methodology

## Track Nifty Midcap Index and Nifty MidSmall cap Index as a percentage of Nifty Index

- Mid and small caps have outperformed strongly in recent months and are emitting signs of caution.



Performance of each component fund will be monitored on a continuous basis to ensure that the best of the breed from the Sundaram house are being chosen for SIOF



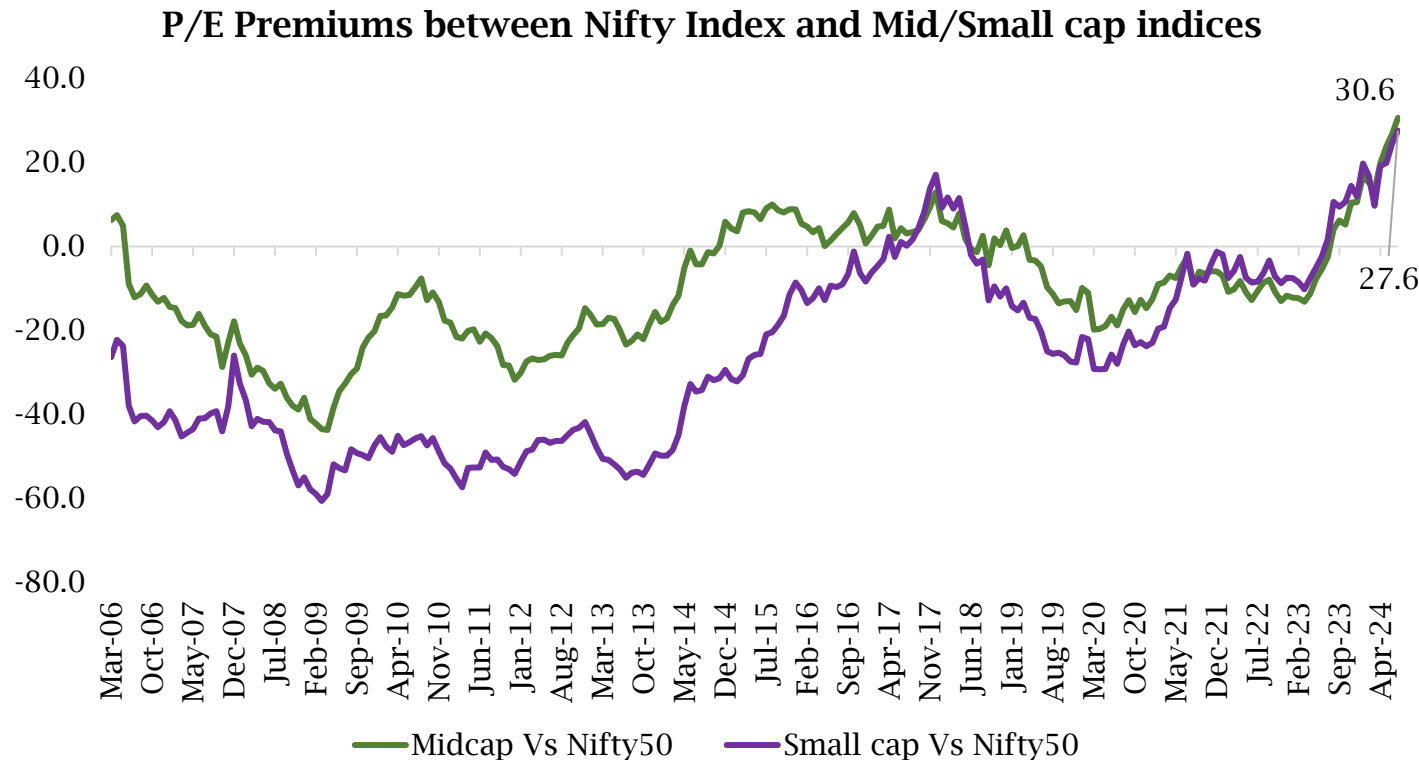
Allocations across cap curves will be monitored on a periodic basis to ensure an optimal exposure for the Fund

Source: Bloomberg and in-house analysis  
As of July 31, 2024

# Risk mitigating methodology

## Monitor Price/Earnings (P/E) Premiums between Mid/Small cap indices and Nifty index

- Small caps are trading at a premium to large caps - warning sign



Premium / Discount over Nifty			
Index	Dec-17	Mar-20	Current
NSE Mid-cap	12.9	-19.8	30.6
BSE Small-cap	17.0	-29.2	27.6

P/E premium/discount indicator works best as a caution indicator, i.e. when the midcap P/E premium is 10%+ and small caps are trading at flat or at a premium.

Source: Bloomberg, Sundaram Asset Management as of end July 2024

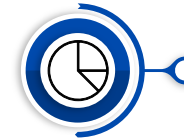
# Simulated Strategy Performance – Key Assumptions

## Allocation\* between component funds worked out as follows:

Funding allocation	From 1 April 2012	After 21 Sep 2018
Sundaram Large & Midcap Fund	30.7%	23.0%
Principal Multicap Growth Fund	30.7%	23.0%
Principal Emerging Bluechip Fund	30.7%	23.0%
Sundaram Services Fund	NA	23.0%
MSCI India ETF	5.0%	5.0%
Cash	3.0%	3.0%



Based on long term track record, four domestic funds were picked from the Sundaram and Principal stables.



Each were given an equal allocation with a fixed 5% allocation to MSCI India ETF and 3% to Cash (for liquidity and tax management purposes).



Total Expense Ratio (TER) of SIOF assumed at 1.5% p.a.



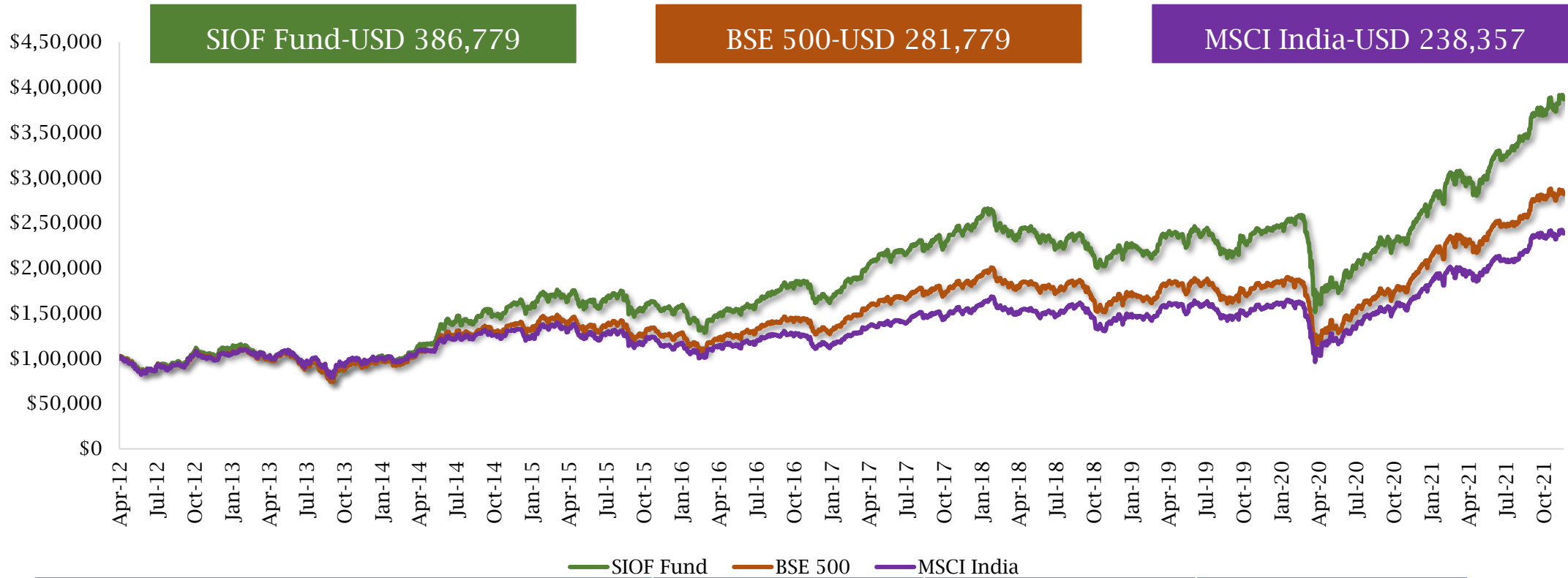
Performance of each fund component is based on actual historic performance and is net of all fees. No interest earnings is assumed for the cash component.

Source: Bloomberg and Inhouse. Launch date: April 1, 2012. Data in USD

NAV of component funds in Regular Growth class and is net of fees. \*Assumed to be a running portfolio and when new fund(s) get added it will be by carving out from the marked to market existing portfolio

Portfolio gets rebalanced when the Sundaram Services Fund gets added on 21 September 2018 (Launch date of Sundaram Services Fund)

# Value of USD 100,000 invested at launch (simulated)



	SIOF	BSE 500 TR	MSCI India TR
Cumulative Annualized Performance since launch	15.1%	11.3%	9.4%

Source: Bloomberg and Inhouse  
 Launch date: April 1, 2012; End date: November 18, 2021  
 Data in USD. Past performance is no indicator of future performance.

# Simulated Performance

Over this timeframe, the simulated portfolio outperformed the BSE 500 TR and MSCI India TR indices handsomely  
*Simulated annualized return from November 18, 2014 to November 18, 2021 based on actual performance of components and assuming a 1.5% annual TER works out to be 13.2% in USD terms.*

	Fund	BSE 500 TR Index	Outperformance V/s BSE500 TR	MSCI India Net Return index	Outperformance V/s MSCI India
YTD	41.2%	32.3%	+8.9%	28.9%	+12.3%
1 M	-0.5%	-2.2%	+1.7%	-1.4%	+0.9%
3 M	11.1%	8.8%	+2.3%	8.4%	+2.7%
6 M	25.7%	18.0%	+7.7%	18.0%	+7.7%
1 Year	54.1%	46.2%	+7.8%	41.7%	+12.3%
2 Years	26.9%	25.5%	+1.4%	24.0%	+2.9%
3 Years	21.2%	19.6%	+1.6%	18.6%	+2.6%
5 Years	18.4%	16.8%	+1.6%	16.1%	+2.3%
7 Years	13.2%	10.7%	+2.5%	8.8%	+4.4%

Simulated returns as of November 18, 2021 of SIOF, net of 1.5% TER. Returns greater than one year annualized. Past return is no indicator of future return.  
 Source: Bloomberg and Inhouse. Launch date: April 1, 2012. Data in USD



# Component Funds used in Simulation

*Sundaram Large & Midcap Fund, Sundaram Services Fund and MSCI India ETF were used in the simulation. Descriptions of these have been provided earlier.*

*Additionally, two other funds considered in the simulation were:*

## Principal Multicap Growth Fund\*

- **Diversified equity** fund that seeks to invest in **fundamentally strong companies** across market capitalization
- **Multi-cap** investment flexibility, enabling the Fund to outperform across market cycles
- Close to **18 years track** record across multiple market cycles

## Principal Emerging Bluechip Fund\*\*

- Offers the investors a **blend of large and mid cap** stocks with an aim to create wealth in the long term
- Invests in large cap and mid cap companies with **attractive growth prospects** that are available **at reasonable valuations**
- Seeks to invest in stocks that have the **potential to become bluechips** in the future
- Close to **10 years track record across multiple market cycles**

\*Merged to Sundaram Multicap Fund (erstwhile Sundaram Equity Fund) effective December 24, 2021

\*\* Merged to Sundaram Large & Midcap Fund effective December 24, 2021

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