

# TATA INDIAN SHARIA EQUITY FUND

Factsheet as on November 30, 2023

## INVEST THE SHARIA WAY

Tata Indian Sharia Equity Fund is a diversified equity fund with an investment objective to invest in stocks which are compliant to the Sharia principles of investments. The Fund follows a bottom up approach to stock picking to build portfolio of companies which are in harmony with the principles of the Sharia on investments. Tata Indian Sharia Equity Fund prohibits from investing in companies categorized as morally deficient, such as those related to tobacco, alcohol, gambling, lottery, banking & finance services and other prohibited companies.

### Diversified Portfolio of Sharia Compliant Stocks

- Diversified portfolio of Sharia compliant stocks.
- The Fund does not follow any market cap bias
- Bottom-up approach to stock selection
- Invests in Companies which have less than 25% of its capital sourcing done using interest bearing debt
- Such companies generally do not need large external debt to fund their growth
- High internal cash generation capability
- Ability to grow is good irrespective of the external liquidity conditions as experienced in current markets

### Portfolio of Fundamentally Strong Companies

- High cash generation
- High capital efficiency
- Good earnings and growth prospects

### Strict Adherence to Sharia Principles

- Rigorous monitoring of portfolio by independent advisors to check adherence to Sharia principles
- Any deviation is corrected within a specified time period
- Purification process in place in case of prohibited income

### Who should invest and why?

- Investors looking to invest in Sharia compliant Indian equity & equity related instruments
- Invests in Socially responsible companies involved in businesses considered ethical
- Investors with a preference for investments in companies which have low leverage and fundamentally strong companies
- Equity Investors seeking long term wealth creation investment avenue with moderate to aggressive risk appetite and investment horizon of 3yrs or more

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## Contact us

### INVESTMENT MANAGER

Tata Asset Management Private Ltd.

**Vilma Rodrigues**

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## Performance of Sectoral Indices

Index Name	As on			Return in %	
	30-Nov-23	31-Oct-23	30-Nov-22	1 Month	1 Year
Nifty 50	20133	19080	18758	5.5	7.3
S&P BSE Sensex	66988	63875	63100	4.9	6.2
S&P BSE MID CAP	34256	31245	25951	9.6	32.0
S&P BSE SMALL CAP	40372	36919	29520	9.4	36.8
S&P BSE 200	8905	8355	8117	6.6	9.7
S&P BSE AUTO	40053	36172	30375	10.7	31.9
S&P BSE Bankex	50293	48448	49348	3.8	1.9
S&P BSE Consumer Durable	47120	44308	41498	6.3	13.5
S&P BSE Capital Good	49990	45784	33846	9.2	47.7
S&P BSE FMCG	19157	18518	16526	3.5	15.9
S&P BSE Health Care	30375	27272	23946	11.4	26.8
S&P BSE IT	33227	31060	30511	7.0	8.9
S&P BSE METAL	24240	22239	20258	9.0	19.7
S&P BSE Oil & Gas	20551	18233	20610	12.7	-0.3
S&P BSE Power Index	4921	4431	4699	11.0	4.7
S&P BSE Realty	5657	4777	3587	18.4	57.7

Index Name	As on			Return in %	
	30-Nov-23	31-Oct-23	30-Nov-22	1 Month	1 Year
Nifty 200	10887	10198	9877	6.8	10.2
Nifty 50	20133	19080	18758	5.5	7.3
Nifty Auto	17552	15916	13232	10.3	32.6
Nifty Bank	44482	42846	43231	3.8	2.9
Nifty Commodities	6856	6261	6084	9.5	12.7
Nifty Energy	29295	26785	27354	9.4	7.1
Nifty Financial Services	20055	19205	19359	4.4	3.6
Nifty FMCG	53014	51263	45537	3.4	16.4
Nifty India Consumption	8987	8332	7917	7.9	13.5
Nifty Infrastructure	6586	6095	5447	8.0	20.9
Nifty IT	32582	30582	30392	6.5	7.2
Nifty Metal	7017	6452	6564	8.8	6.9
Nifty Midcap 100	42909	38877	32038	10.4	33.9
Nifty Pharma	16239	14684	13144	10.6	23.5
Nifty Realty	714	603	450	18.3	58.5
Nifty Smallcap 100	14171	12650	9976	12.0	42.1

## The Macro Picture

	November 2023	October 2023
WPI	-0.52% (October 2023)	-0.26% (September 2023)
CPI	4.87% (October 2023)	5.02% (September 2023)
Index of Industrial Production	5.83% (September 2023)	10.34% (August 2023)
Repo rate	6.50% (as on November 30, 2023)	6.50% (as on October 31, 2023)
Marginal Standing Facility Rate	6.75% (as on November 30, 2023)	6.75% (as on October 31, 2023)

Source: RBI, Bloomberg

BSE-30 and Nifty-50 indices ended the month with a gain of 4.9%/5.5% respectively. Mid-cap index outperformed large cap with a gain of 9.6% and Small caps outperformed the large cap index with a gain of 9.4%. On the sectoral front only Banks and Consumer sectors underperformed the benchmark index ie BSE Sensex, rest all sectors outperformed specially Real Estate and Oil & Gas.

The month of November 2023 witnessed a consistent rise in markets towards all-time highs. Many global indices like Brazil, Korea, Taiwan, Japan, US and Germany were higher by 8%-12% during the month. US 10-year bond yield corrected sharply to 4.3% on account of concerns of slower growth and falling inflation – this prompted US \$ to weaken and was taken as a positive for major equity markets including India.

### Inflation

India's Wholesale Price Inflation (WPI) Index came in at negative -0.52% YoY during the current month as compared to -0.26% for the previous month on account of stable fuel and lower commodity prices.

CPI inflation stood at 4.87% (5.02%). Inflation is expected to moderate gradually in 2HFY24E.

### Growth

India's real GDP (at market prices) grew by 7.6% YoY in the September-23 quarter (Q2FY24) and by 7.8% YoY in Q1FY24. Capital formation growth stood at 11% for Q2FY24. Going forward, consensus has upgraded estimates to 6.5% GDP growth for FY24 inline with RBI projections.

### Other macro developments (fiscal deficit and household savings)

India's Q1FY24 current account balance registered a deficit of US\$ 8.7bn (1.07% of GDP) from a deficit of US\$17.9bn (2.12% of GDP) in Q1FY23. The deficit represents better manufacturing/services exports from India.

India's fiscal deficit was kept in check at 6.4% in FY2023 with higher-than-estimated tax revenues. FY24 deficit is expected at around 5.9%.

FY23 net household financial savings rate stood at 5.1% of GDP (7.2% for FY22). The same ratio had moved higher during the pandemic period to 12% in FY21 compared to 7.7% in FY20.

## Market Outlook

Early indicators on festive season in India point towards a healthy demand environment for the consumer discretionary sector. We are as of now more than halfway through the current season and most industry participants are hopeful of the positive trends continuing for the balance part of the season. Also, for the consumer sector, Q4FY24 onwards, we are heading towards a lower base effect and hence logically the market is likely to see healthy demand trends on year-on-year basis going forward.

State election results are out and the results would make the BJP party quite happy with their performance. The party has retained its hold in Madhya Pradesh and have taken control of another large state from the Congress party ie Rajasthan. Surprisingly BJP has won against the Congress in Chattisgarh as well which most analysts were predicting for the Congress to easily win. Though state elections verdict can and do diverge from the General Elections as has been the case in the past. The BJP party does seem to have an upper hand with the very strong momentum they continue to see across state elections for the upcoming General elections.

India markets are poised to continue to deliver healthy performance specially the large cap segment of the market with valuations reasonable and positive earnings outlook.

We in our portfolios are focused on companies which can grow earnings at a fast pace and most importantly balance sheets/cash flow being on the positive side with less leverage.

Long-term structural drivers like demographic advantage, low household debt, limited penetration across different consumer categories and urbanization, coupled with a pickup in the investment cycle make India a compelling equity story from medium to long term perspective.

We believe investors would be well advised to invest with medium to long term perspective and systematically increase exposure to Indian equity markets.

Key portfolio actions – During the month we have not made any material changes to our portfolio.

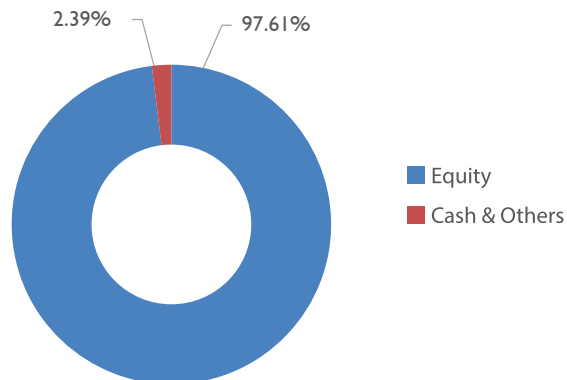
## Investment Objective

The principal investment objective of the Fund is to achieve capital appreciation through a carefully chosen diversified portfolio of stocks that conform to Sharia principles.

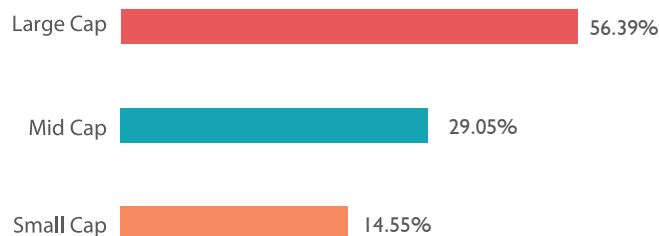
## Investment Approach

The fund will follow a bottom-up approach to investing based on rigorous research. Focus will be on companies with good governance practices, strong earnings growth visibility and reasonable valuation. Fund will invest across sectors and market caps with a slight bias towards large caps.

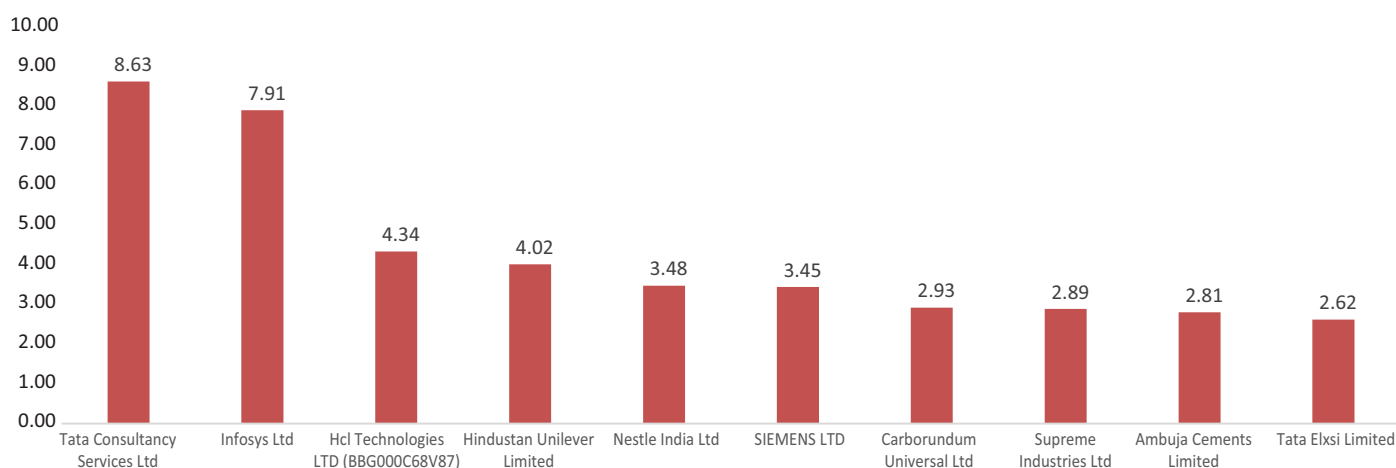
## Asset Allocation



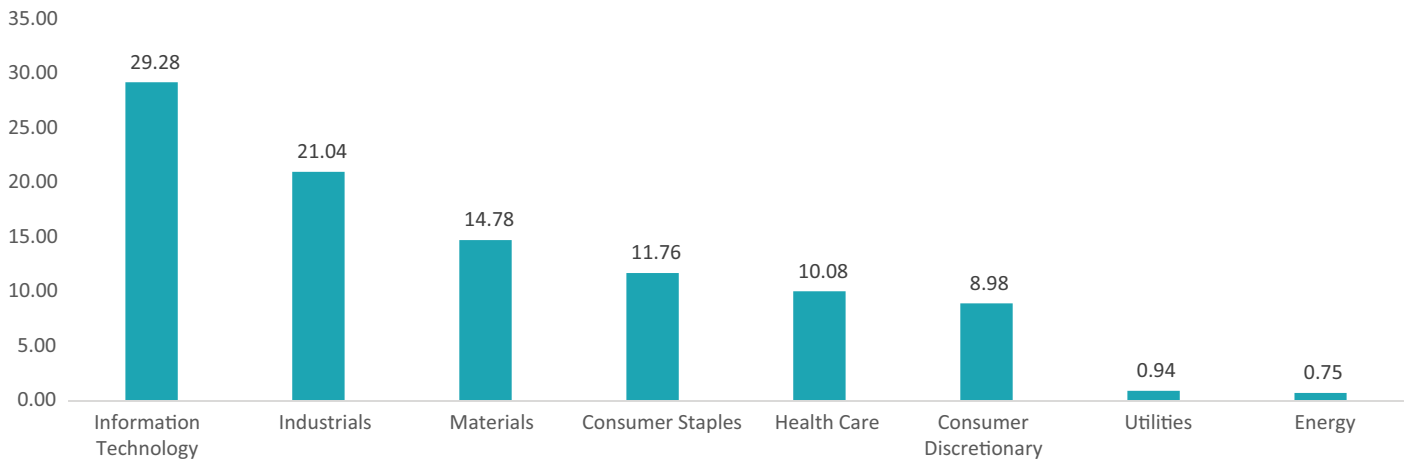
## Market Cap Allocation



## Top 10 Holdings



## Sector Allocation



## Fund Performance - Class B (USD terms)

Period	1 month	3-months	6-months	1-year	3-Years	5-Years	Since Inception
TISEF	5.74	1.64	10.06	10.04	14.24	11.43	5.88
Nifty 500 Shariah Index (USD terms)	6.91	4.52	13.24	8.15	13.09	11.39	6.42

Past performance may or may not be sustained in future. Less than 1 year returns calculated on absolute basis & more than 1 year on CAGR basis \*Inception Date: October 2010

## Key Information

Structure	Open-ended Fund
ISIN No	Class A : MU0316S00002 Class B : MU0316S00010
Domicile	Mauritius
Fund Type	Diversified equity fund investing in Sharia compliant equity or equity equivalent listed Indian companies
Benchmark	Nifty 500 Sharia Index
Reference Currency	USD
Total Expense Ratio (TER)	Class A: 1.50% Class B: 2.0%
Custodian	Standard Chartered Bank
Administrator	APEX Fund Services, Mauritius
Auditors	KPMG Mauritius, Deloitte, Haskins & Sells
Sharia Advisor	Taqwaa Advisory and Shariah Investment Solutions Pvt. Ltd. (TASIS)
Month-End AUM	USD 29.28mn
Month –End NAV	USD 20.4899
Minimum Investment	USD5000
Inception Date	October 2010
Purging Ratio (USD per 100 Units per day) for period 1 October 2022 to 31 March 2023	0.000054

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