

TATA INDIAN SHARIA EQUITY FUND

Factsheet as on 31 January 2025

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

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Performance of Sectoral Indices

Index Name	As on			Return in %	
	31-Jan-25	31-Dec-24	31-Jan-24	1 Month	1 Year
S&P BSE Sensex	77501	78139	71752	-0.8	8
S&P BSE MID CAP	43096	46445	38775	-7.2	11.1
S&P BSE SMALL CAP	49958	55181	45723	-9.5	9.3
S&P BSE 200	10665	10931	9768	-2.4	9.2
S&P BSE AUTO	51527	51663	43995	-0.3	17.1
S&P BSE Bankex	56257	57742	51999	-2.6	8.2
S&P BSE Consumer Durable	57852	64436	50350	-10.2	14.9
S&P BSE Capital Good	64530	67779	56690	-4.8	13.8
S&P BSE FMCG	20555	20772	19893	-1	3.3
S&P BSE Health Care	41803	45277	33816	-7.7	23.6
S&P BSE IT	41956	43188	37359	-2.9	12.3
S&P BSE METAL	28570	28892	26761	-1.1	6.8
S&P BSE Oil & Gas	25429	26065	25916	-2.4	-1.9
S&P BSE Power Index	6553	6966	6317	-5.9	3.7
S&P BSE Realty	7151	8234	6766	-13.2	5.7

Index Name	As on			Return in %	
	31-Jan-25	31-Dec-24	31-Jan-24	1 Month	1 Year
Nifty 200	13065	13407	11954	-2.6	9.3
Nifty 50	23508	23645	21726	-0.6	8.2
Nifty Auto	22868	22834	19227	0.1	18.9
Nifty Bank	49587	50860	45997	-2.5	7.8
Nifty Commodities	8086	8121	7973	-0.4	1.4
Nifty Energy	33896	35188	36748	-3.7	-7.8
Nifty Financial Services	23221	23513	20498	-1.2	13.3
Nifty FMCG	56692	56800	55071	-0.2	2.9
Nifty India Consumption	11116	11363	9628	-2.2	15.5
Nifty Infrastructure	8349	8464	7860	-1.4	6.2
Nifty IT	42663	43338	36638	-1.6	16.4
Nifty Metal	8400	8650	7973	-2.9	5.4
Nifty Midcap 100	53712	57199	48569	-6.1	10.6
Nifty Pharma	21439	23412	17939	-8.4	19.5
Nifty Realty	921	1052	856	-12.4	7.6
Nifty Smallcap 100	16911	18769	16026	-9.9	5.5

The Macro Picture

	January-25	December-24
WPI	2.37% (December 2024)	1.89% (November 2024)
CPI	5.22% (December 2024)	5.48% (November 2024)
Index of Industrial Production	5.17% (November 2024)	3.45% (October 2024)
Repo rate	6.50% (as on January 31, 2025)	6.50% (as on December 31, 2024)
Marginal Standing Facility Rate	6.75% (as on January 31, 2025)	6.75% (as on December 31, 2024)

Source: RBI, Bloomberg

BSE-30 and Nifty-50 indices delivered a negative return for the month of January 2025 at -0.8% and -0.6% respectively. Mid-cap and Small Cap indices underperformed the benchmark indices with a loss of -7.2% and -9.5% respectively. On the sectoral front only the Auto sector outperformed the benchmark index, and the correction was very broad based from a sectoral perspective.

January 2025 was a month of trending correction through the month specially for the mid cap and the small cap segment of the market led by large FII selling at -US\$8.2bn.

Inflation

India's Wholesale Price Inflation (WPI) Index came in at 2.37% YoY during the current month as compared to 1.89% for the previous month on account of stable fuel, higher food and lower commodity prices.

Y-o-y headline inflation in Dec'24 is 5.22%, moderating from 5.48% in Nov-24 and the high of above 6% in Oct'24 as vegetables inflation witness a m-o-m decline of 7.3% along with an easing in many other food categories. However, the easing is offset by the seasonal uptick in protein items, and elevated oil prices. Y-o-y food has eased below 9% to 8.42%, with vegetables at 26.6%, but the base effect and a reversal in food prices should help in the upcoming months.

India's real GDP (at market prices) grew by 5.4% YoY in the September-24 quarter (Q2FY25) and by 6.7% YoY in Q1FY25. FY24 GDP growth stood at 8.2% ahead of the estimated 7.6% for the year. Capital formation growth stood at 5.9% for Q2FY25 and 9% for the full year FY24. Going forward, consensus estimates have been brought down towards a range between growth of 6.0%-6.5% GDP growth for FY25.

Other macro developments (fiscal deficit and household savings)

India's Q2FY25 current account balance registered a deficit of US\$11.4bn (1.2% of GDP) compared to a deficit of US\$ 9.7bn (1.1% of GDP) for Q1FY25. The deficit represents higher gold imports which are likely to normalise going ahead.

India's fiscal deficit came much lower than forecasted at 5.6% for FY24 on account of lower revenue expenditure. The government has announced a path to reduce fiscal deficit to 4.9% for FY25 (revised lower from 5.1% earlier) and below 4.5% in FY26.

FY24 net household financial savings rate stood at 5.3% of GDP (5.1% for FY23). The same ratio had moved higher during the pandemic period to 12% in FY21 compared to 7.7% in FY20.

Market Outlook

Government of India through its Budget 2025 has continued to remain on its path of fiscal discipline and reduction of debt as a % of GDP. This is the 4th year consecutively where net borrowings by the government will remain in a very narrow range on an absolute basis and as a % to GDP is moving lower. The government once again is expected to deliver better than expected fiscal deficit at 4.8% for FY25 compared to estimated 4.9% to GDP and has projected a deficit of 4.4% of GDP for FY26E. We are in interesting times where capital is moving to the US economy and bond yield differential relative to US 10-year government bonds is very low. Fiscal discipline for countries like India is very important and has implications for the currency and fixed income flows. India government has delivered well so far, and the trajectory continues to look positive.

Budget 2025 has made a fine balance – on the one hand tax slabs for direct income tax has been enhanced meaning taxpayers will save approximately around US\$11.5bn which is potentially a boost to consumption/savings in the economy while at the same time capital expenditure growth is projected at around 10% for FY26 over FY25.

Q3FY25 earnings season is in progress and so far, 36 out of Nifty 50 companies have reported their results and 276 out of BSE 500 companies. As expected, Sales growth is a bit muted at 5.2% for Nifty companies and 6.3% for BSE 500, however so far companies are delivering strong performance on Operating Profit Margins (EBIDTA) with a growth of 13.2% and 12.9% respectively. Our impression of listening to corporate commentary for FY26 makes us convinced that earnings growth is likely to pick up starting Q1FY26.

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. 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 added Mahanagar Gas to our portfolio. It is a piped natural gas utility available at very attractive valuations due to sharp decline in profits following certain regulatory changes. We expect EPS growth to normalize soon as the effect of these changes fades away which should drive rerating from depressed valuations.

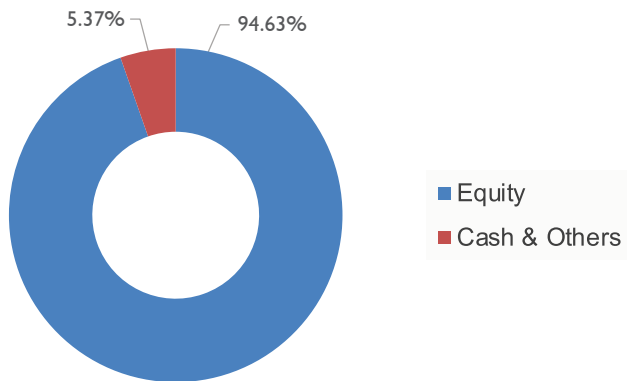
Investment Objective

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.

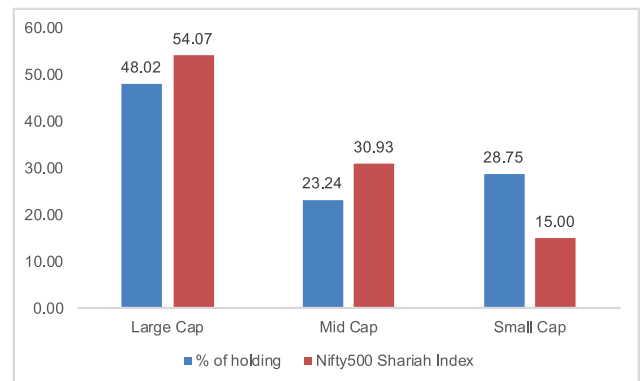
Investment Approach

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.

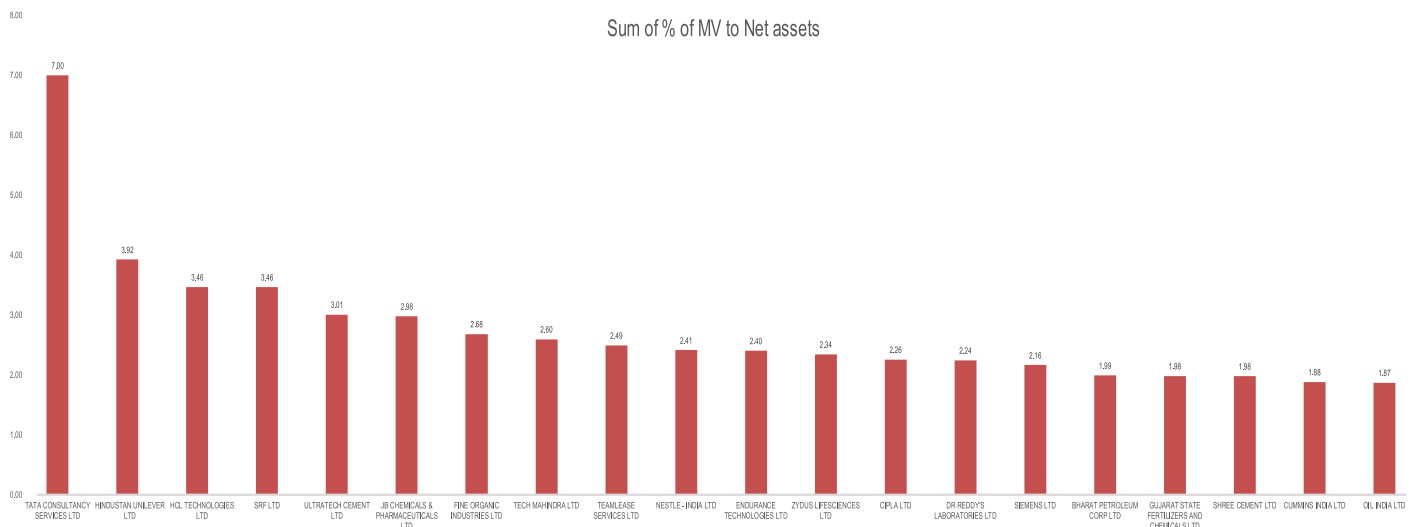
Asset Allocation



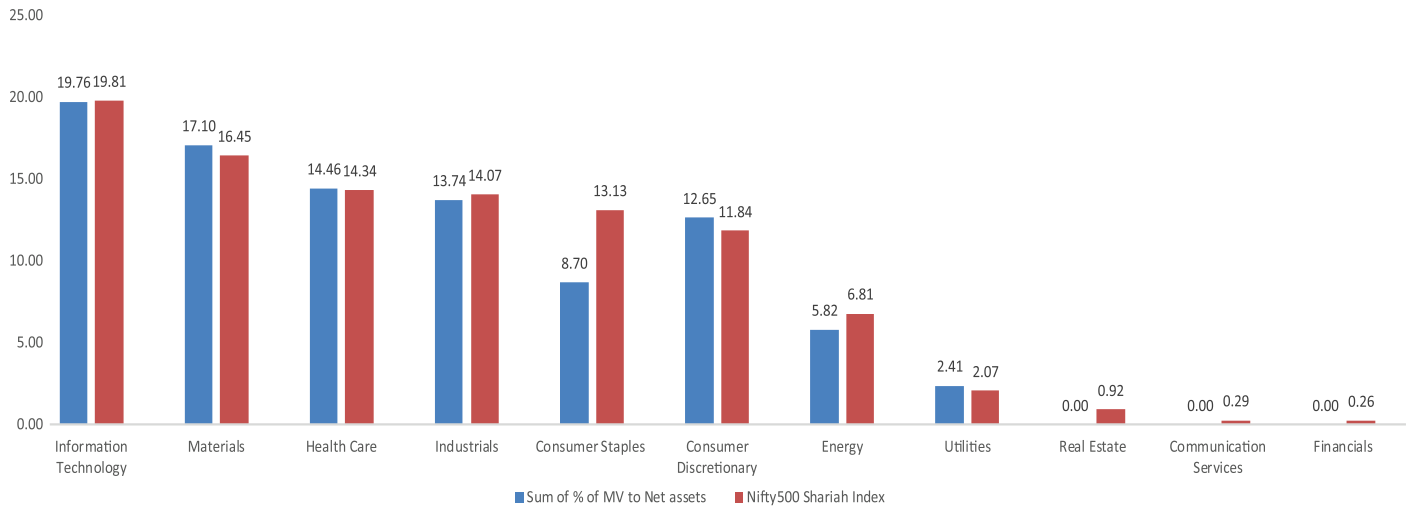
Market Cap Allocation



Top 20 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	-5.31	-9.87	-15.08	-0.48	3.46	11.91	5.94
Nifty 500 Shariah Index	-6.49	-10.02	-14.10	2.96	5.15	13.78	6.88

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 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 B: 2.0%
Custodian	Standard Chartered Bank
Administrator	APEX Fund Services, Mauritius
Auditors	KPMG Mauritius
Sharia Advisor	Taqwaa Advisory and Shariah Investment Solutions Pvt. Ltd. (TASIS)
Month-End AUM	USD 45.41 mn
Month –End NAV	USD 22.0806
Minimum Investment	USD5000
Inception Date	October 2010
Purging Ratio for the period 1 October 2023 to 31 March 2024	0.017112

Disclosures and Disclaimers

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