

TATA INDIAN SHARIA EQUITY FUND

Factsheet as on 28 March 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 %	
	28-Mar-25	28-Feb-25	28-Feb-24	1 Month	1 Year
S&P BSE Sensex	77,414.92	73,198.10	73,651.35	5.8	5.1
S&P BSE MID CAP	41,531.12	38,592.02	39,322.12	7.6	5.6
S&P BSE SMALL CAP	46,638.13	43,082.90	43,166.34	8.3	8.0
S&P BSE 200	10,603.50	9,901.08	10,099.58	7.1	5.0
S&P BSE AUTO	47,704.03	45,859.68	49,142.11	4.0	-2.9
S&P BSE Bankex	59,542.38	54,852.37	53,515.19	8.6	11.3
S&P BSE Consumer Durable	54,381.55	52,964.97	52,276.61	2.7	4.0
S&P BSE Capital Good	62,724.28	55,241.12	60,943.12	13.5	2.9
S&P BSE FMCG	19,447.48	18,382.82	19,318.40	5.8	0.7
S&P BSE Health Care	41,421.50	38,211.72	35,052.84	8.4	18.2
S&P BSE IT	36,122.71	36,679.01	35,644.77	-1.5	1.3
S&P BSE METAL	30,824.72	28,004.41	28,196.08	10.1	9.3
S&P BSE Oil & Gas	25,133.51	22,573.53	27,644.48	11.3	-9.1
S&P BSE Power Index	6,588.41	5,763.16	6,701.74	14.3	-1.7
S&P BSE Realty	6,601.58	6,191.16	7,108.37	6.6	-7.1

Index Name	As on			Return in %	
	28-Mar-25	28-Feb-25	28-Feb-24	1 Month	1 Year
Nifty 200	12,982.75	12,116.15	12,329.75	7.2	5.3
Nifty 50	23,519.35	22,124.70	22,326.90	6.3	5.3
Nifty Auto	21,295.50	20,498.60	21,419.10	3.9	-0.6
Nifty Bank	51,564.85	48,344.70	47,124.60	6.7	9.4
Nifty Commodities	8,468.70	7,595.80	8,331.65	11.5	1.6
Nifty Energy	33,571.60	30,018.15	39,020.60	11.8	-14.0
Nifty Financial Services	25,074.90	23,028.95	20,989.10	8.9	19.5
Nifty FMCG	53,589.80	50,689.00	53,949.20	5.7	-0.7
Nifty India Consumption	10,720.40	10,160.70	10,128.40	5.5	5.8
Nifty Infrastructure	8,457.80	7,665.55	8,336.00	10.3	1.5
Nifty IT	36,886.15	37,318.30	34,898.15	-1.2	5.7
Nifty Metal	9,092.50	8,219.25	8,257.20	10.6	10.1
Nifty Midcap 100	51,672.25	47,915.20	48,075.75	7.8	7.5
Nifty Pharma	21,137.45	19,813.50	18,996.15	6.7	11.3
Nifty Realty	851.30	797.90	900.65	6.7	-5.5
Nifty Smallcap 100	16,095.70	14,700.20	15,270.45	9.5	5.4

The Macro Picture

	March 2025	February 2025
WPI	2.38% (February 2025)	2.31% (January 2025)
CPI	3.61% (February 2025)	4.31% (January 2025)
Index of Industrial Production	5.01% (January 2025)	3.22% (December 2024)
Repo rate	6.25% (as on March 31, 2025)	6.25% (as on February 28, 2025)
Marginal Standing Facility Rate	6.50% (as on March 31, 2025)	6.50% (as on February 28, 2025)

Source: RBI, Bloomberg

BSE-30 and Nifty-50 indices saw a sharp pickup during the month of March 2025 with a return of 5.8% and 6.3% respectively. Mid-cap and Small Cap indices outperformed the benchmark indices with a gain of 7.6% and 8.3% respectively. On the sectoral front only the Auto, Consumer Durables and IT underperformed the benchmark index, and the upmove was very broad based from a sectoral perspective.

March 2025 was a steady rise through the month in spite of headwinds in terms of US led Tariff war. Our observation is that a large part of the rise during the month was on the back of short covering post a significant correction over the past few months.

Inflation

India's Wholesale Price Inflation (WPI) Index came in at 2.38% YoY during the current month as compared to 2.31% for the previous month on account of stable fuel, higher food and lower commodity prices.

India's CPI inflation saw a sharper-than-expected fall in February as prices of food items softened sharply while deflation persisted in fuel prices. Lower prices of vegetables and pulses played a significant role in driving down food prices by 222bps to 3.8%. Fuel prices continued to remain in the contraction zone for the 18th straight month, but on MoM basis, they rose by 0.1%. Core CPI inched up to 3.97%. Going forward, with better rabi harvest and softening vegetable prices, the food basket is likely to be a major factor contributing to lower inflation in the coming months.

India's GDP growth picked up pace in Q3FY25 to 6.2% with primary driver of growth being Agriculture and Services from the supply side and Private and Government consumption from the expenditure side. Growth for the previous 2 years was revised sharply higher to 9.2% for FY24 (from 8.2%) and 7.6% for FY23 (from 7.0% earlier). Advance estimate for growth for FY25 was revised upwards marginally to 6.5% from 6.4% earlier. This implies growth of 7.6% in Q4. Q4 growth will be supported by revival in consumption demand (especially Rural), boost from Maha Kumbh and pick up in Government expenditure.

Other macro developments (fiscal deficit and household savings)

India's Q3FY25 current account balance registered a deficit of US\$11.5bn (1.1% of GDP) compared to a deficit of US\$ 16.7bn (1.8% of GDP) for Q2FY25. The lower deficit represents better software/services exports and stable imports.

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

CY2023 and CY2024 were unusual years for Indian Equity markets. These two years generated very strong returns for investors with across-the-board valuations moving higher consistently. In fact, during this period valuations for the small cap and mid cap segment were at a significant premium to the large cap segment of the markets. The genesis of this trend started with strong earnings delivery by corporate India from FY21 i.e. Covid year. Corporate profit to GDP ratio during the last peak i.e. CY2008 was around 6.8% which moved lower to 1.7% by CY2020. Indian economy and corporate India were in a long period of consolidation specially sectors with large profit pool like Banks, Oil & Gas, Telecom, Global Commodities. Recovery in these sectors led to a sharp surge in profitability between CY2021 and CY2024. Covid year also contributed to a one-time cost restructuring and pricing power for Corporate India leading to operating profit margins moving up by 800+ bps. Such large consistent profit growth every year on a low base of CY2020 made investors take high profit growth for granted and thereby valuations moving higher.

Index Name	CY2023	CY2024
S&P BSE Sensex	18.7%	8.2%
S&P BSE MID CAP	45.5%	26.1%
S&P BSE SMALL CAP	47.5%	29.3%

Over the past 6 months we have seen some sanity coming back into the markets with valuations correcting from high levels and the mid/small cap premium to large caps coming to much lower levels. This correction came about on the back of slower than expected capex activity by government along with payment delays to vendors. Consensus estimates have moderated a bit on earnings growth and investors have started to question the high valuation narrative.

Over the past few months, we have been highlighting that in pockets we are seeing strong growth continuing whereas there are a few sectors where growth is lower than market expectations. We are happy to see early sign of markets starting to differentiate between sustainable growth businesses and cyclical ones. Stock selection is back in focus compared to earlier trends of every stock doing well. We are optimistic about earnings delivery of our portfolio companies and with valuations normalizing, risk reward looks favourable as well. The risk of global trade protectionism in terms of tariff war needs to be monitored closely in the near future.

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 exited Chennai Petroleum and Petronet LNG as business fundamentals have deteriorated. We have added Jindal Steel and Power to our portfolio. It is among the largest steel producers in the country with strong volume driven growth over next three years. Valuations are also reasonable.

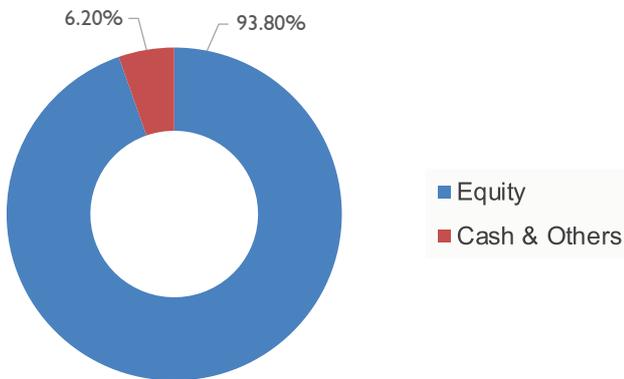
Investment Objective

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

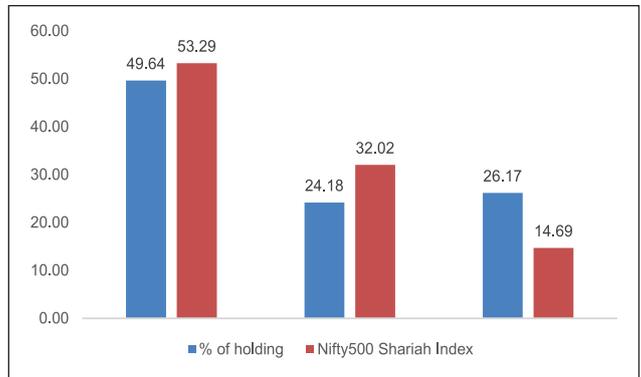
Investment Approach

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.

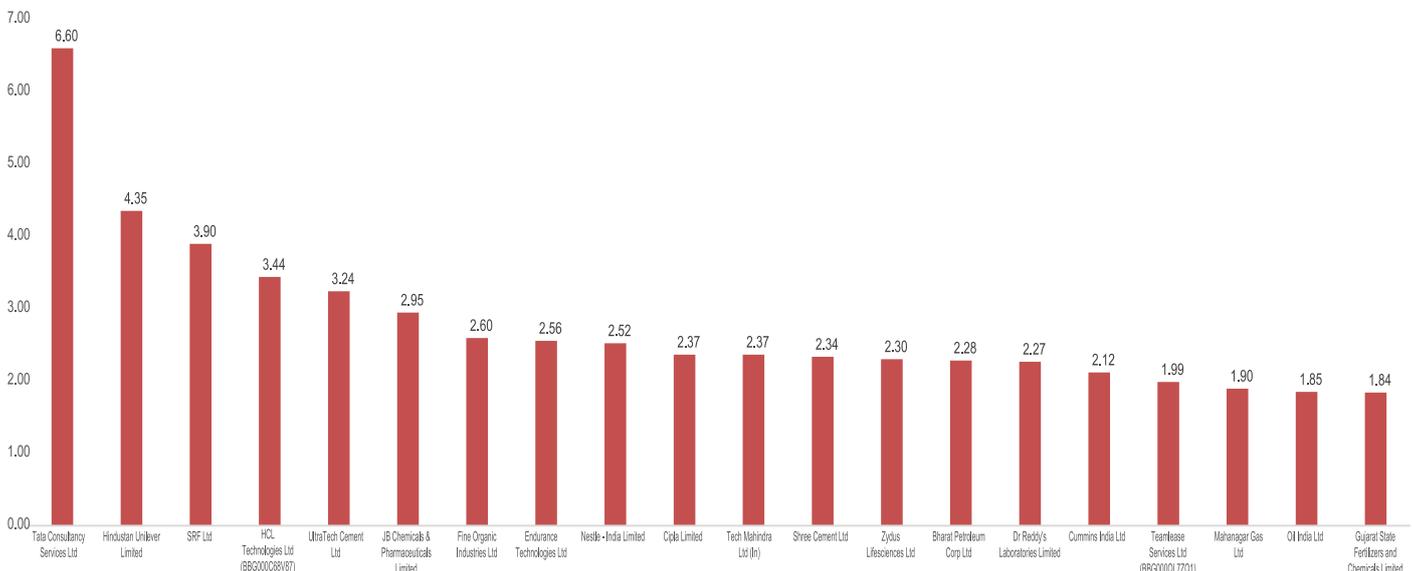
Asset Allocation



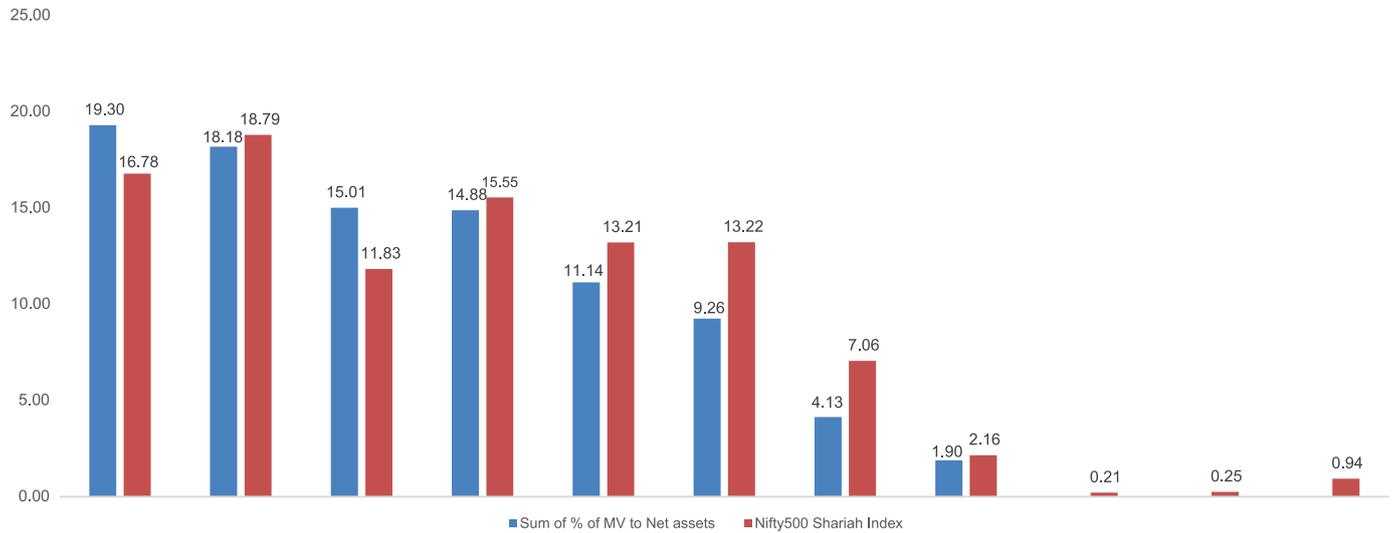
Market Cap Allocation



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	7.28	-11.25	-21.13	-7.26	1.41	16.88	5.39
Nifty 500 Shariah Index	9.19	-10.21	-20.10	-0.70	3.94	19.12	6.50

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 42.74mn
Month –End NAV	USD 20.6959
Minimum Investment	USD5000
Inception Date	October 2010
Purging Ratio for the period October 2023 to 31 March 2024	0.017112

Disclosures and Disclaimers

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