

# Monthly Market Outlook Sep-2023

# Global Macroeconomics

- Market participants entered this year expecting a recession. The regional bank crisis in March further supported this view. However, growth has continued to surprise everyone on the upside.
- Stronger data has made market participants re-evaluate their outlook for the economy and recession calls have been pushed out. Core inflation has started cooling off but is still elevated as wage growth remains above pre-COVID levels.
- The combination of resilient growth and cooling inflation has increased the probability of a soft landing. Soft landing hopes have led to a rally in equities, pricing out of rate cuts and a leg higher in commodities.
- In the US, growth has been at or above trend this year with Q3 also showing strength till date. Back-to-back weak inflation prints have further supported the soft-landing view. The US labour market, while still strong in absolute terms, is now showing signs of slack emerging directionally with job openings and job growth both cooling off rapidly. Existing home sales remain weak but new home sales are rebounding as existing homeowners want to retain their low fixed-rate mortgages taken when rates were close to zero.
- The Euro area economy has been weak led by the manufacturing sector. Inflation in Europe has been coming down led by energy base effects. Euro Area bank lending to households is now negative as tighter credit conditions have led to a fall in demand and supply of loans.
- Chinese growth data has remained weak and led to a flurry of growth downgrades. The property sector continues to struggle with home sales and prices both on a downward spiral. Policy makers have stepped in to put a floor under the slowdown.
- Further, Export growth remains weak as global goods demand slows. Inflation is still low. Credit growth is at multi-decade lows as mortgage demand is weak. Local Government hidden debt resolution is key for financial stability and measures have been announced to refinance some of this debt and bring it above the line. More measures will be needed in the medium term. Rate cuts have been undertaken to stimulate the economy and steps to slow RMB depreciation are being taken.

Stronger data has made market participants re-evaluate their outlook for the economy

**Chart 6: Recession expectations for the global economy are fading...**  
% FMS investors saying a global recession is unlikely in next 12 months



## Core inflation has started cooling off but still elevated as wage growth remains above pre-COVID levels

Figure 5. Global Headline & Core Inflation\*

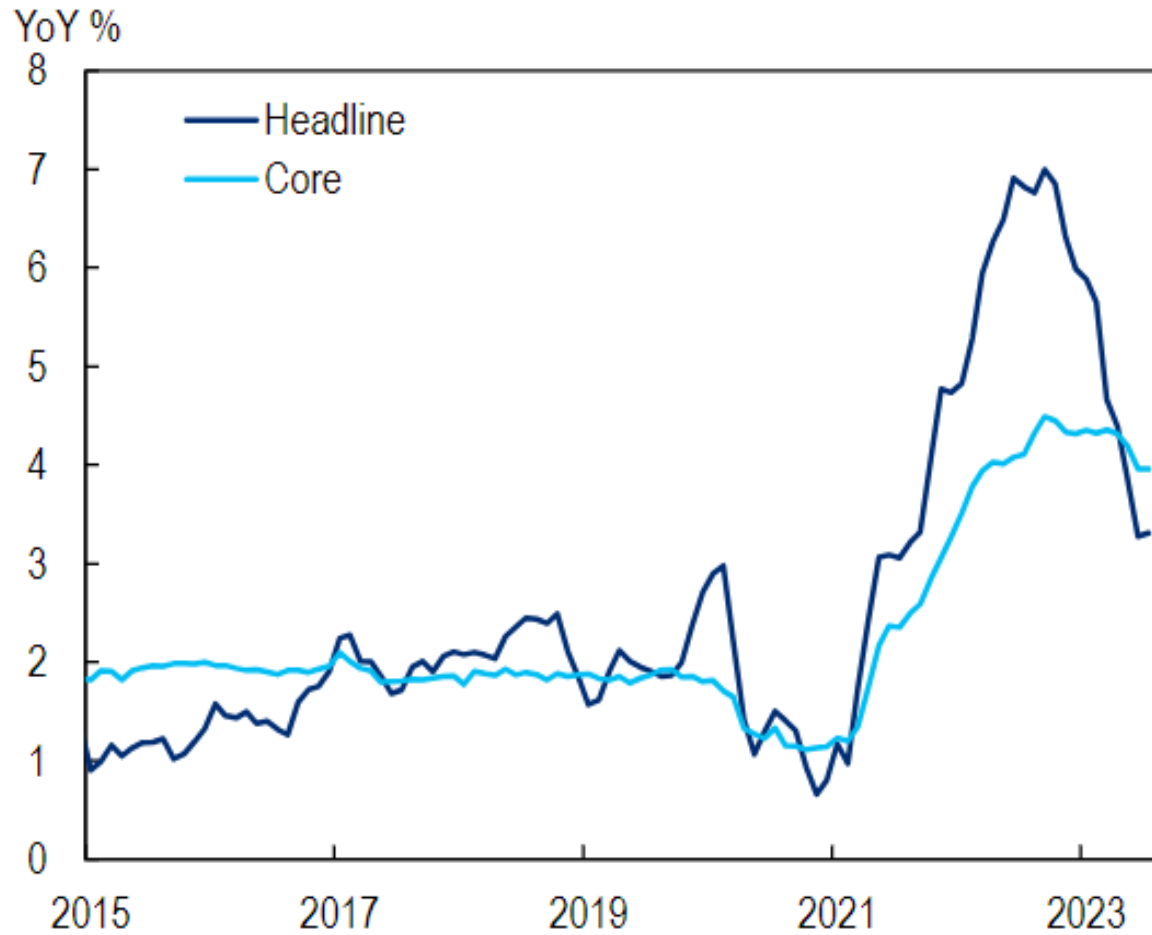
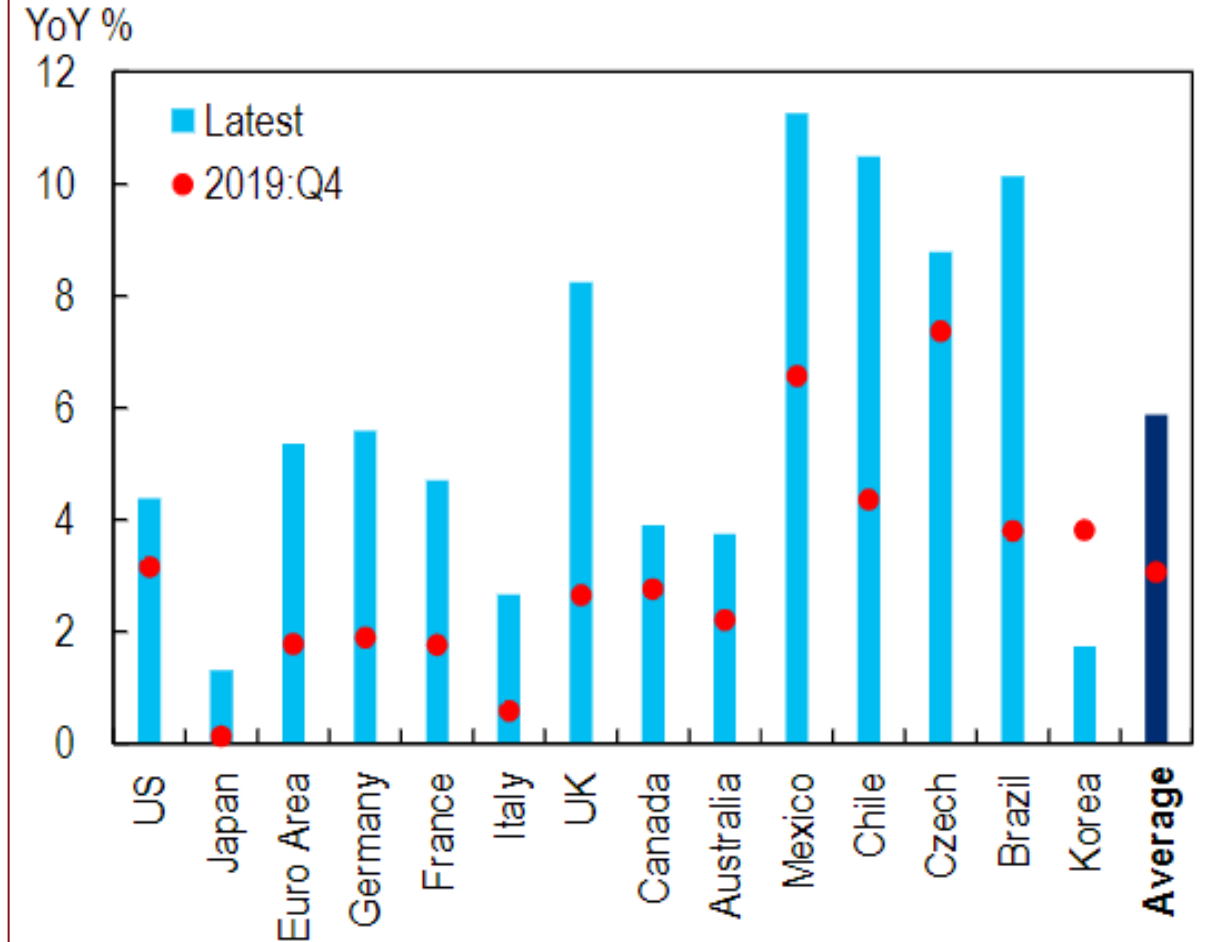
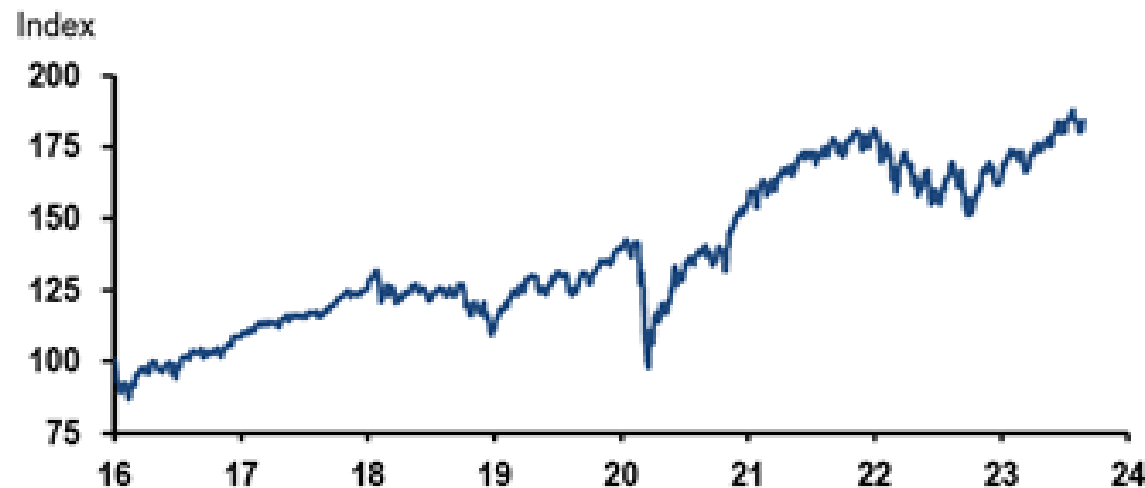


Figure 8. Wage Growth



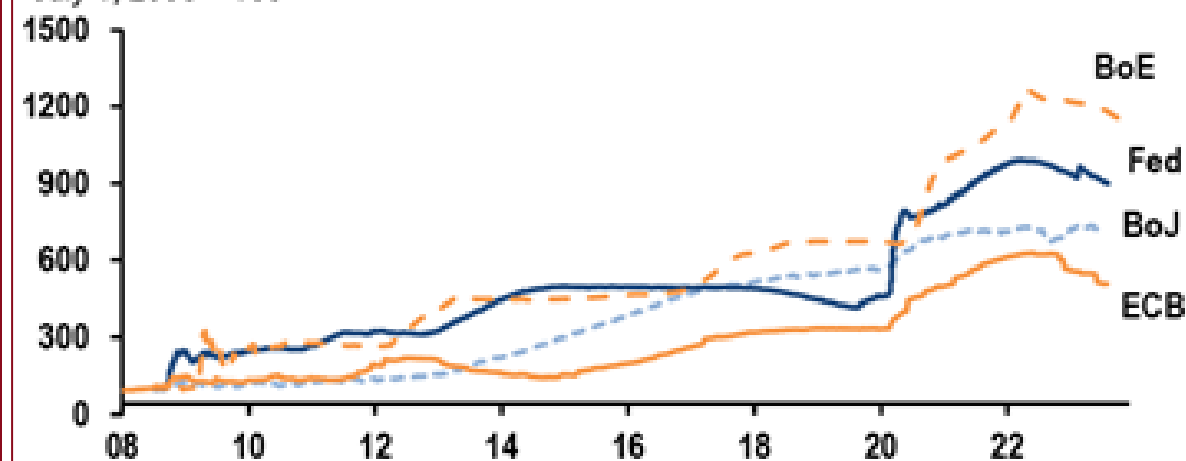
# Soft landing hopes have led to a rally in equities, pricing out of rate cuts and a leg higher in commodities

### Global equities



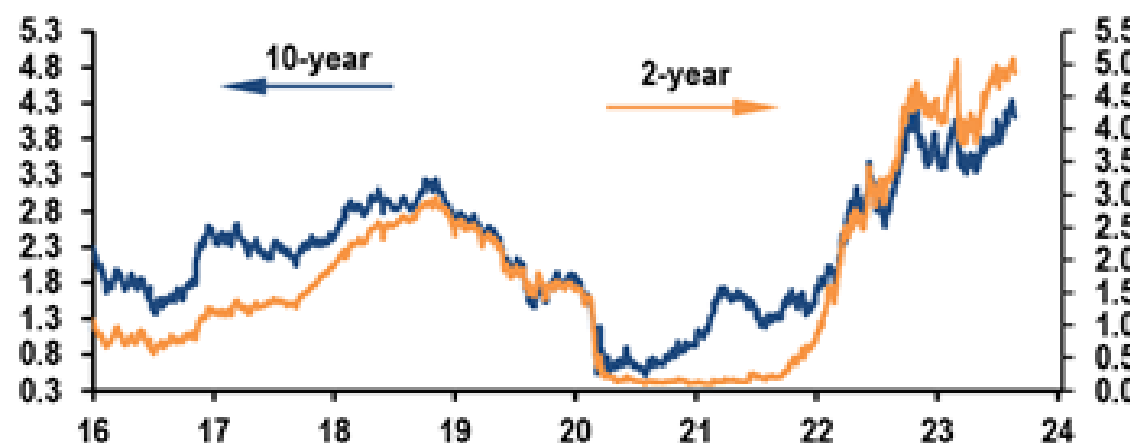
### Central bank balance sheet - total assets

July 1, 2008 = 100



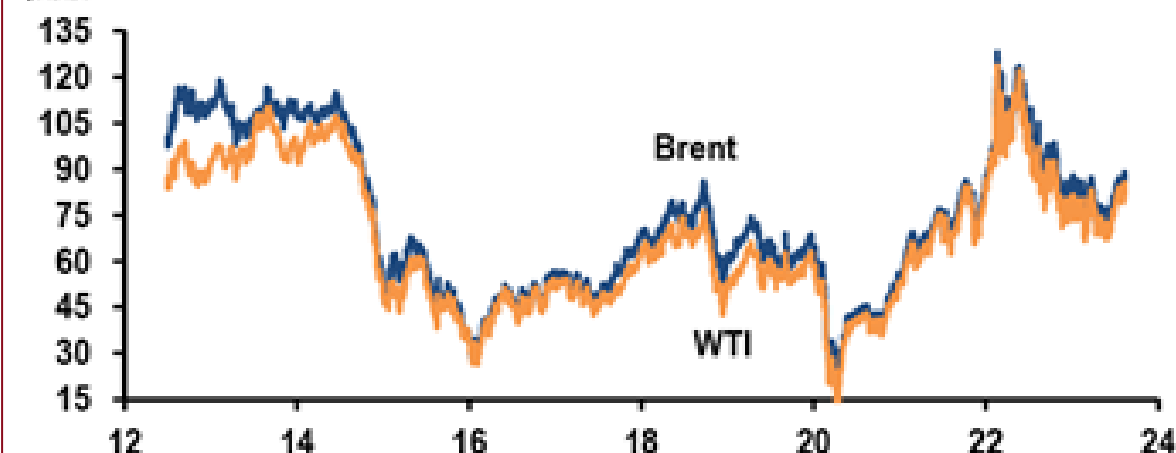
### US Treasury yields

Percent per annum; both scales

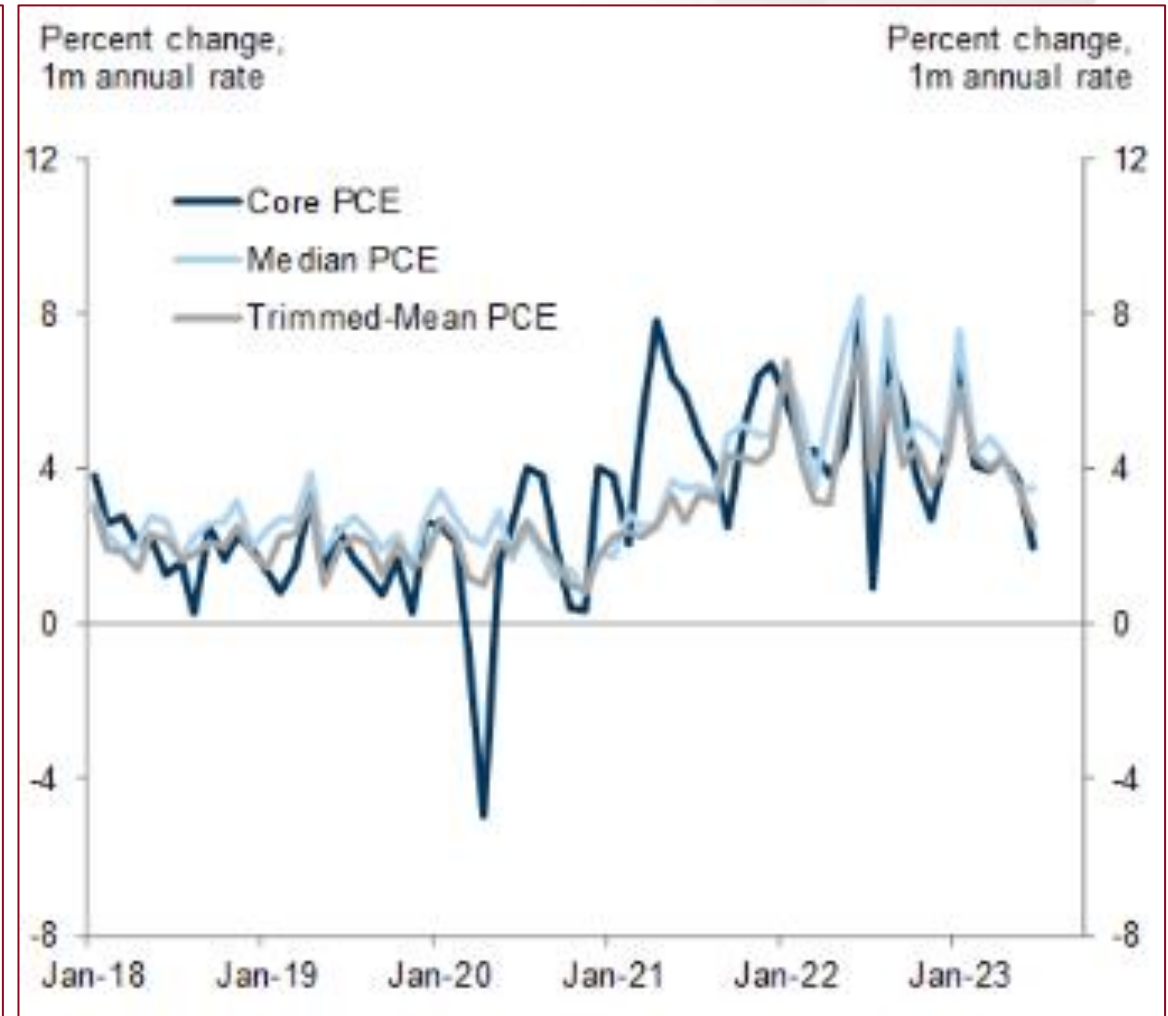
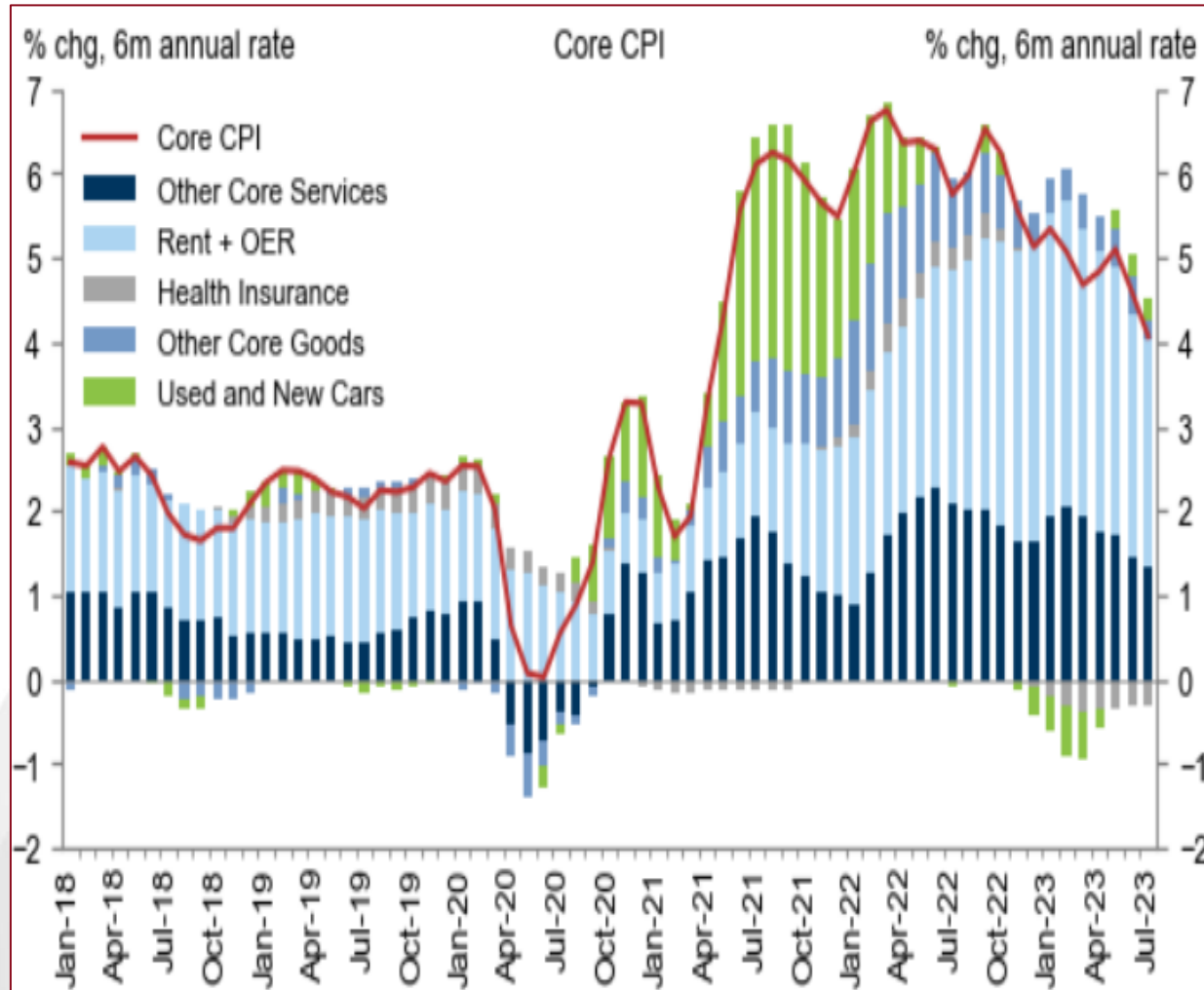


### Crude oil price

\$/bbl

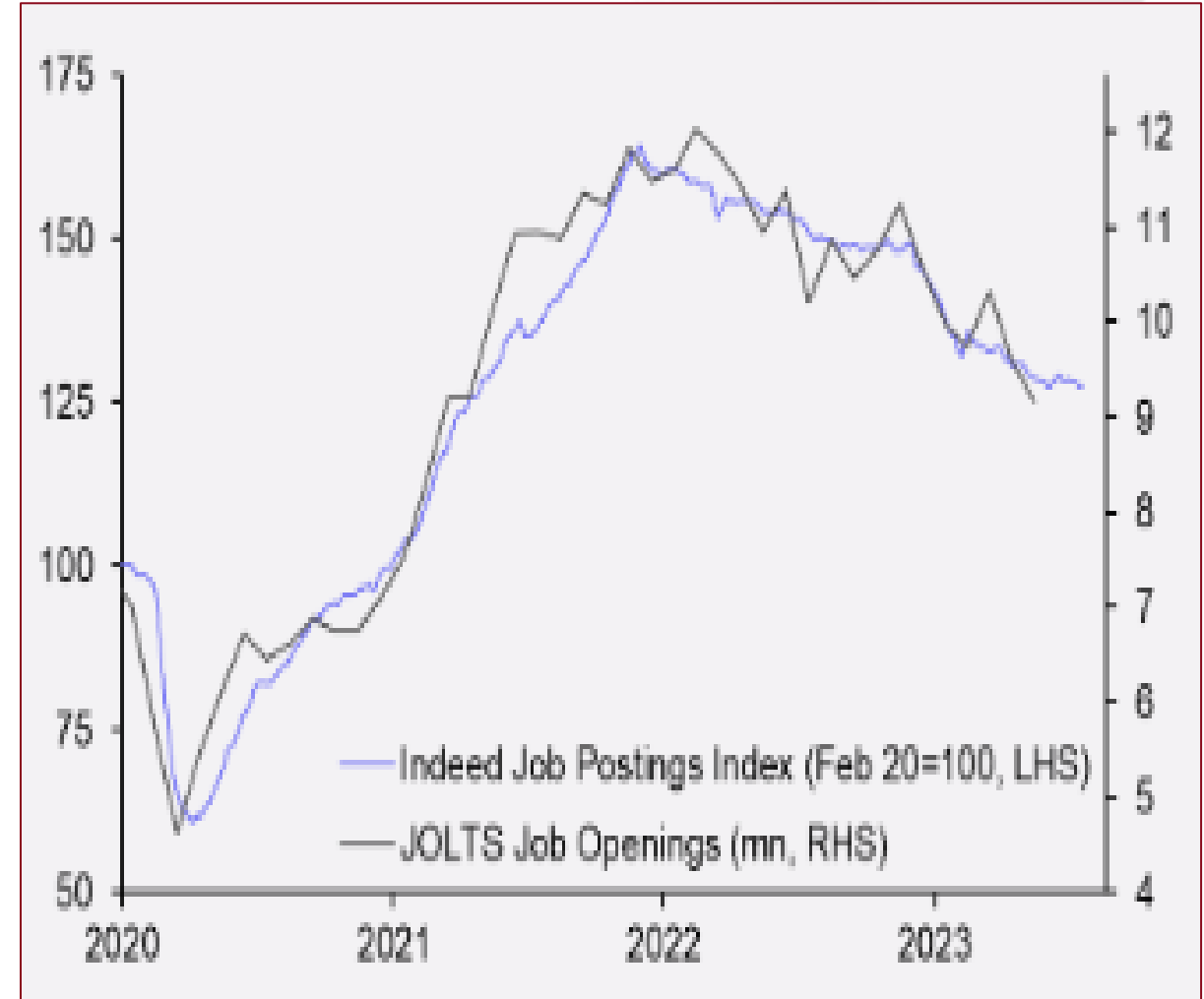
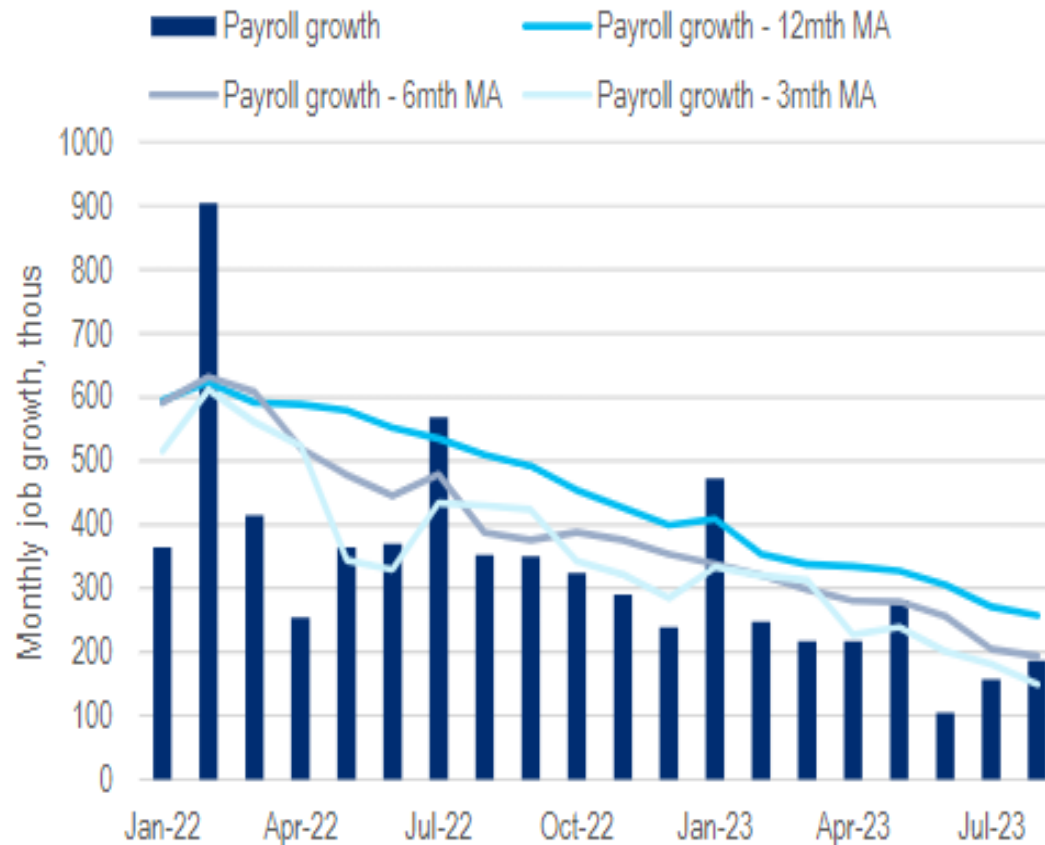


## Back-to-back weak inflation prints have further supported the soft-landing view



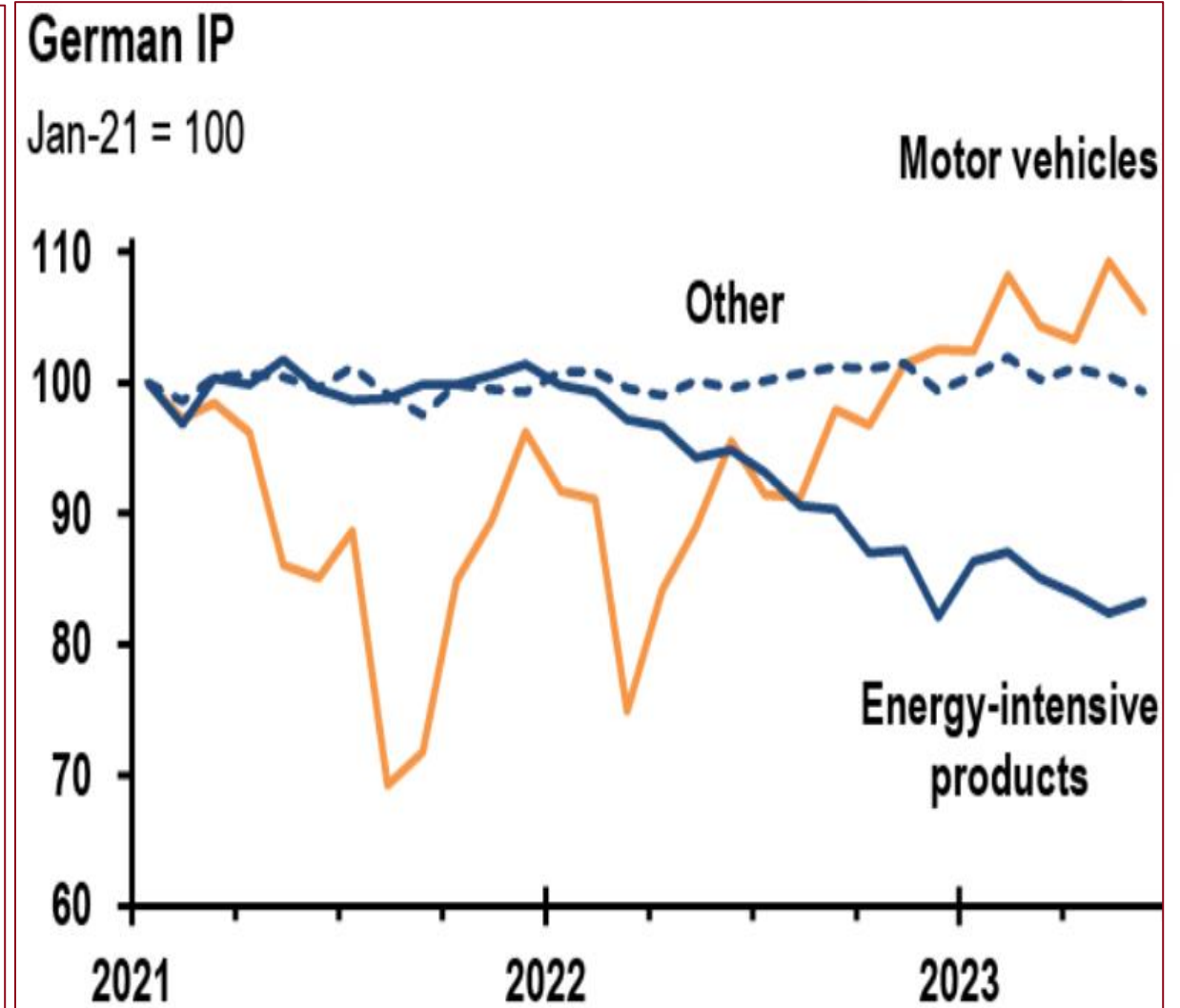
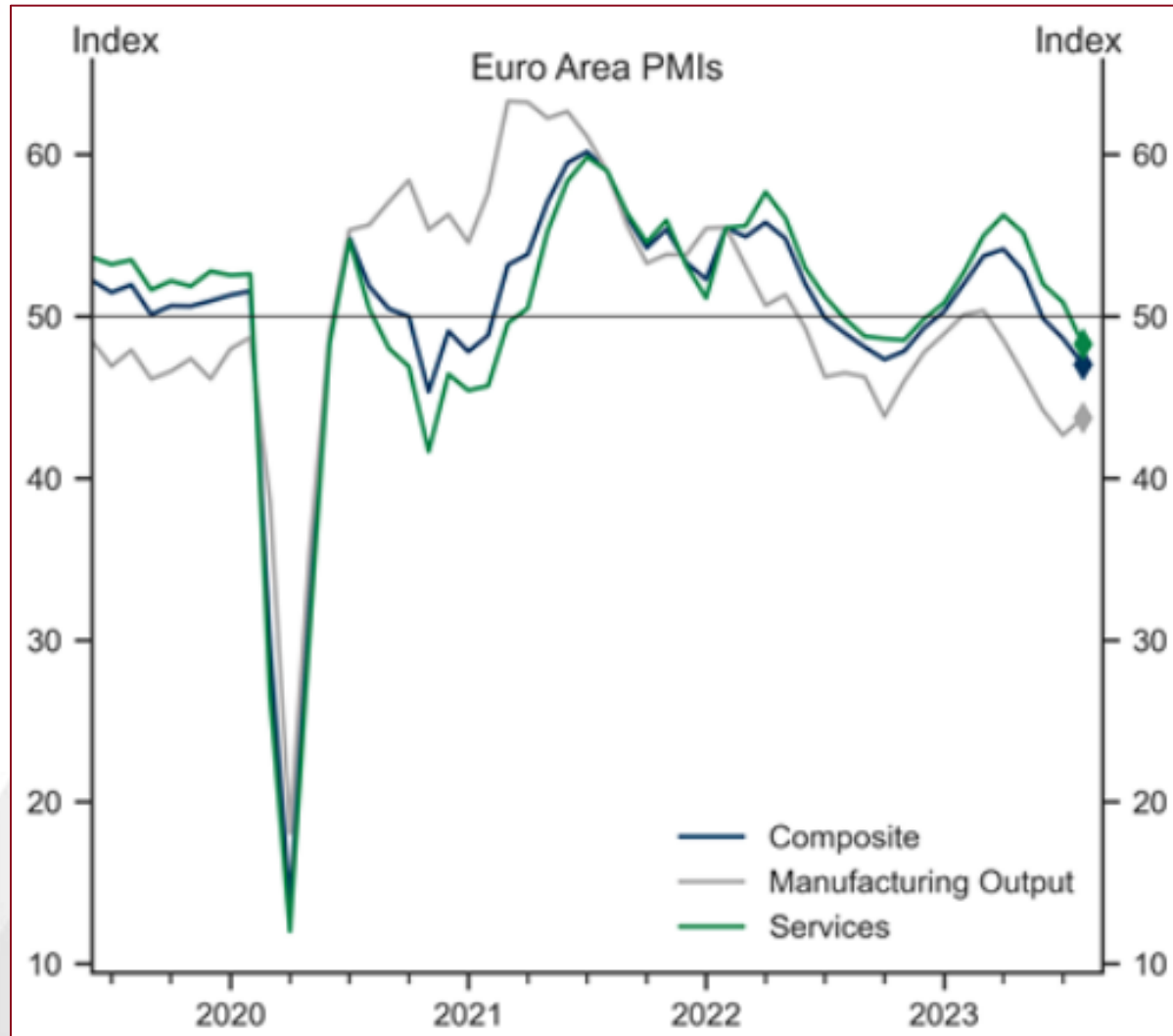
The US labour market, while still strong, is now showing signs of slack emerging directionally with job openings and job growth both cooling off

Figure 1. Payroll growth momentum: (actual, 3m MA, 6m MA, 12m MA)

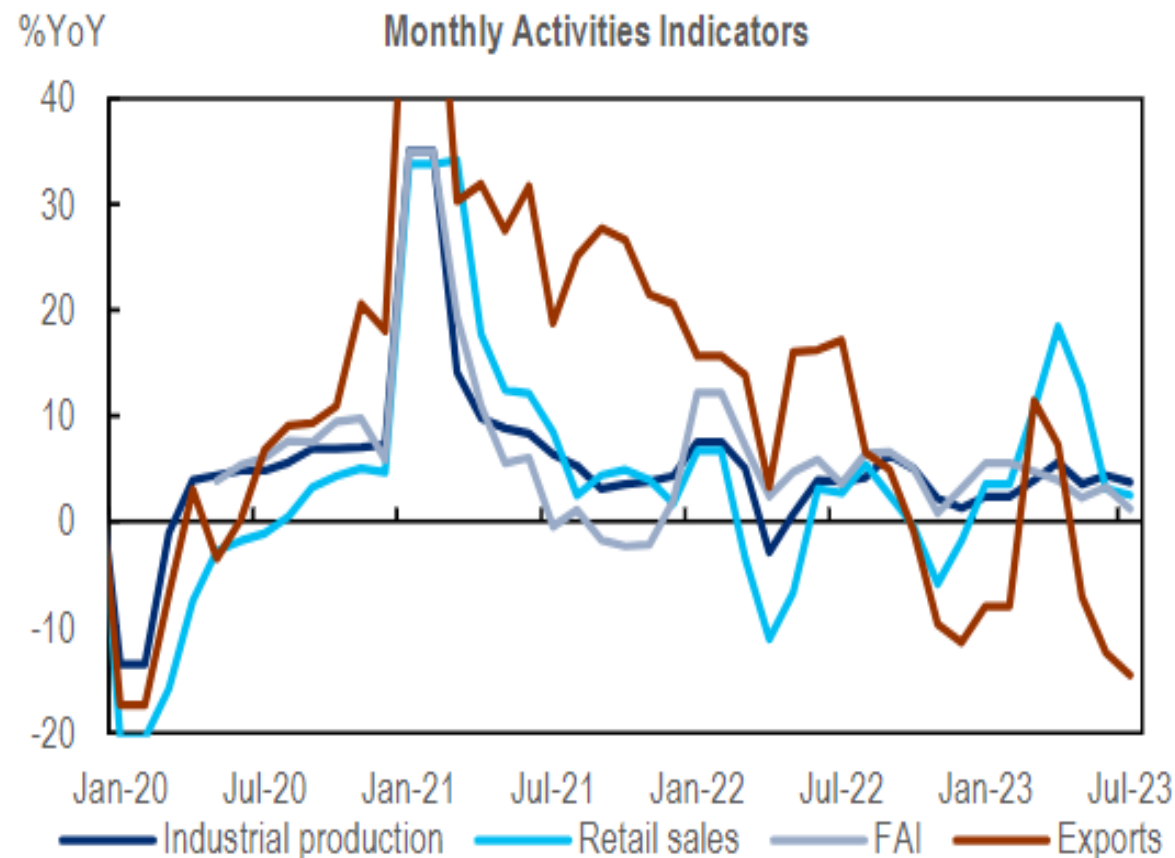




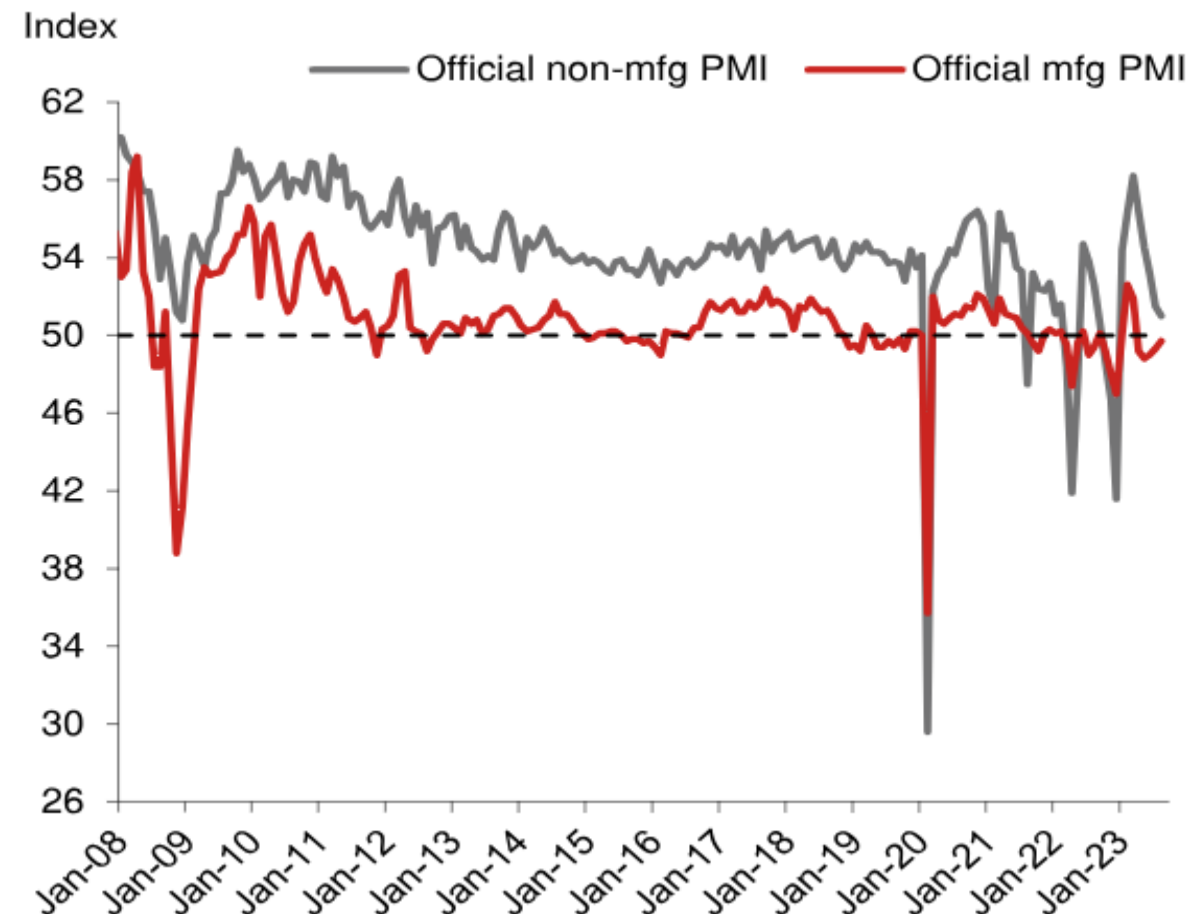
## Euro Area economy has been weak led by the manufacturing sector



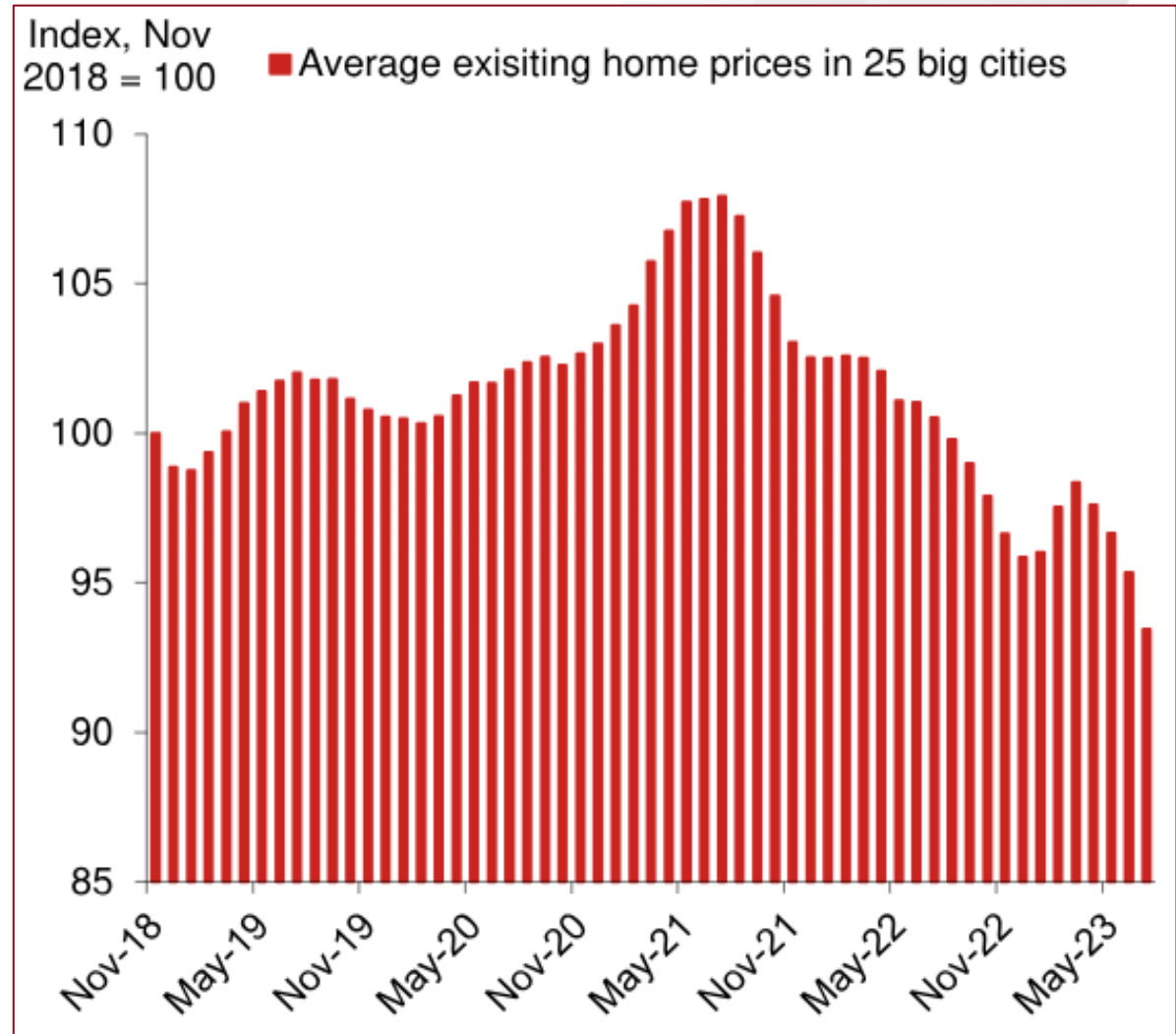
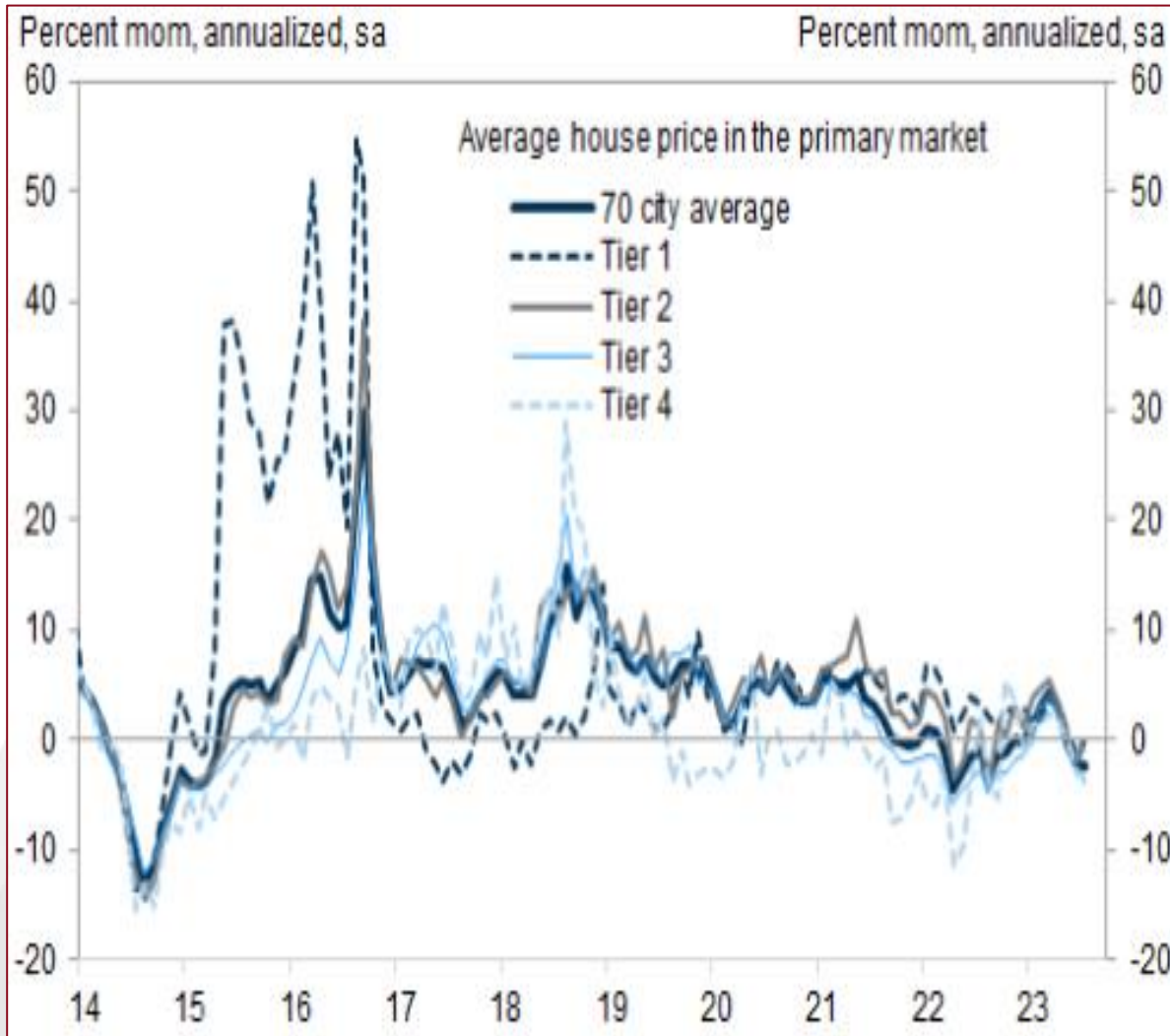
**Figure 4. Monthly indicators softened across the board after a series of downside surprises in July**



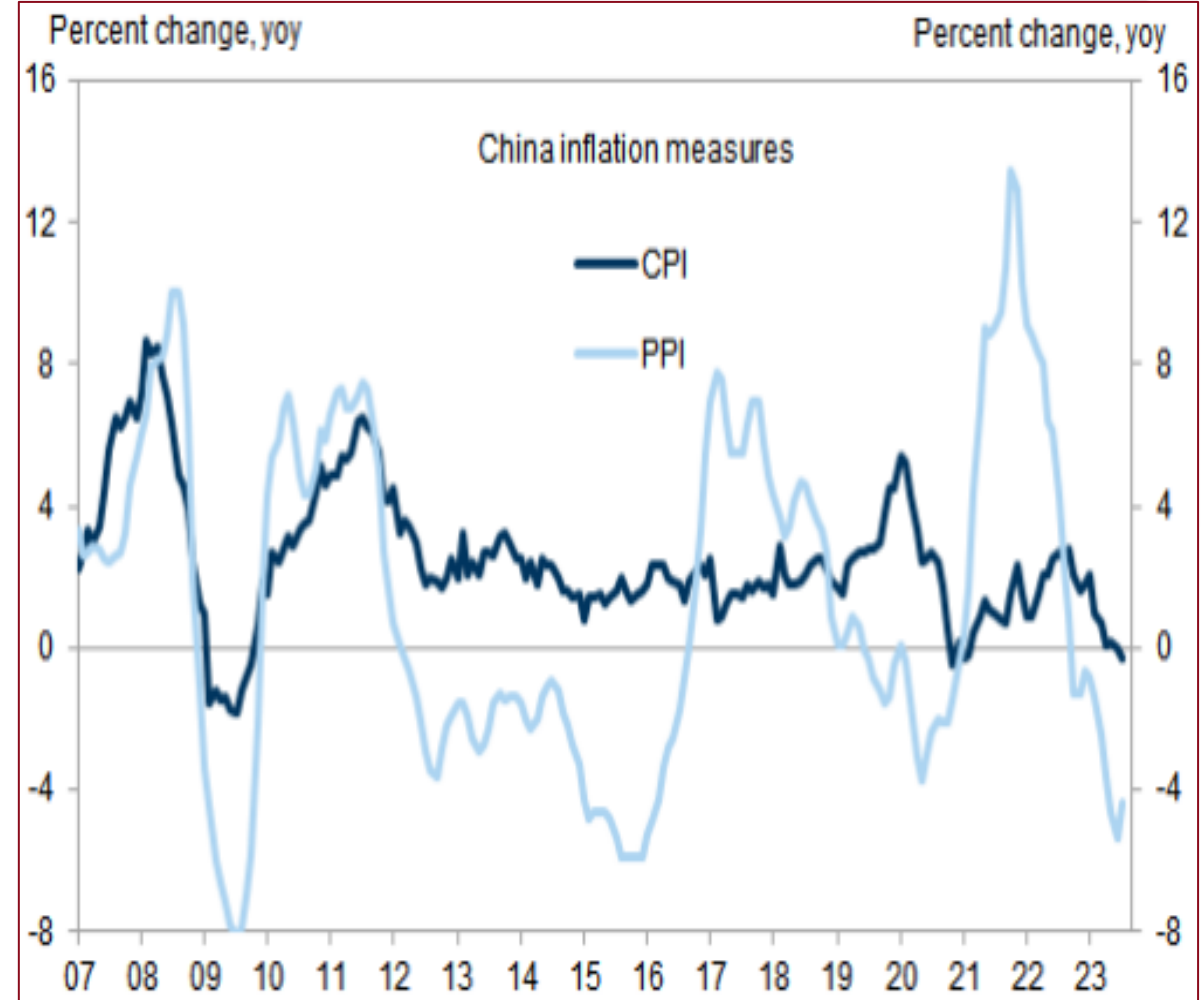
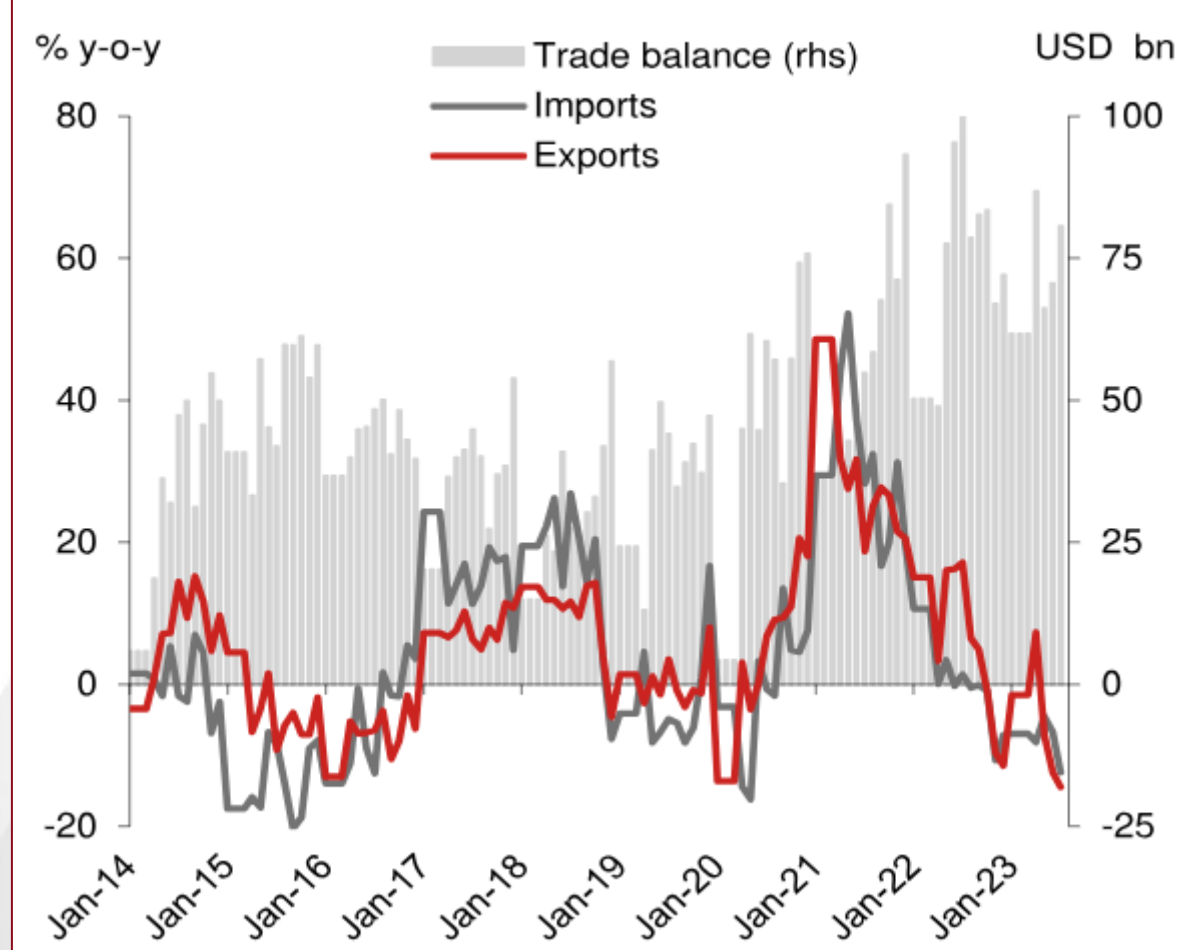
**Fig. 2: China's official PMIs**



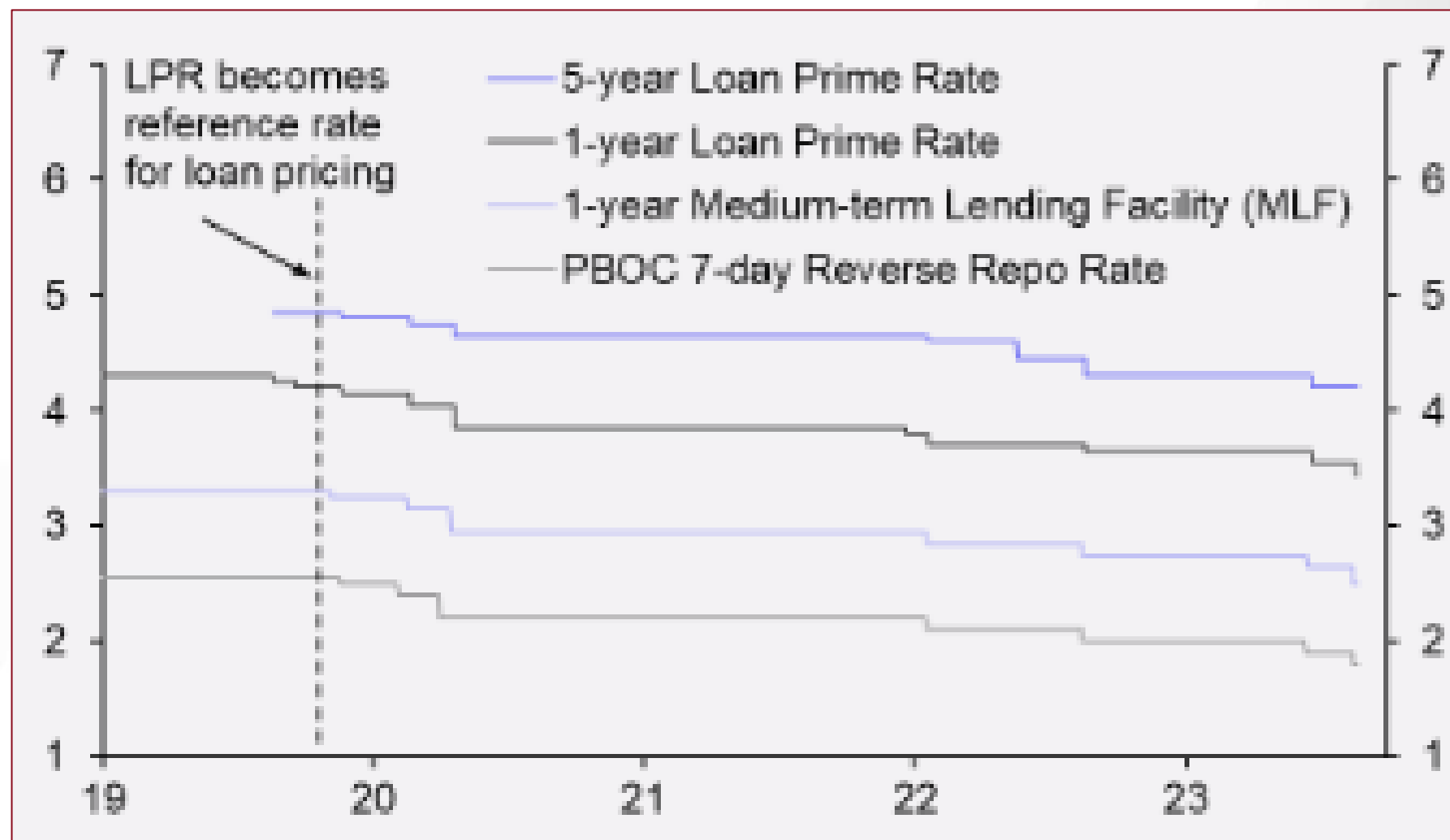
## China's property sector continues to struggle; Active steps being taken to put a floor under the slowdown



**Fig. 3: Export growth, import growth and the trade balance**



## Rate cuts and lower down payment ratios for mortgages are being taken

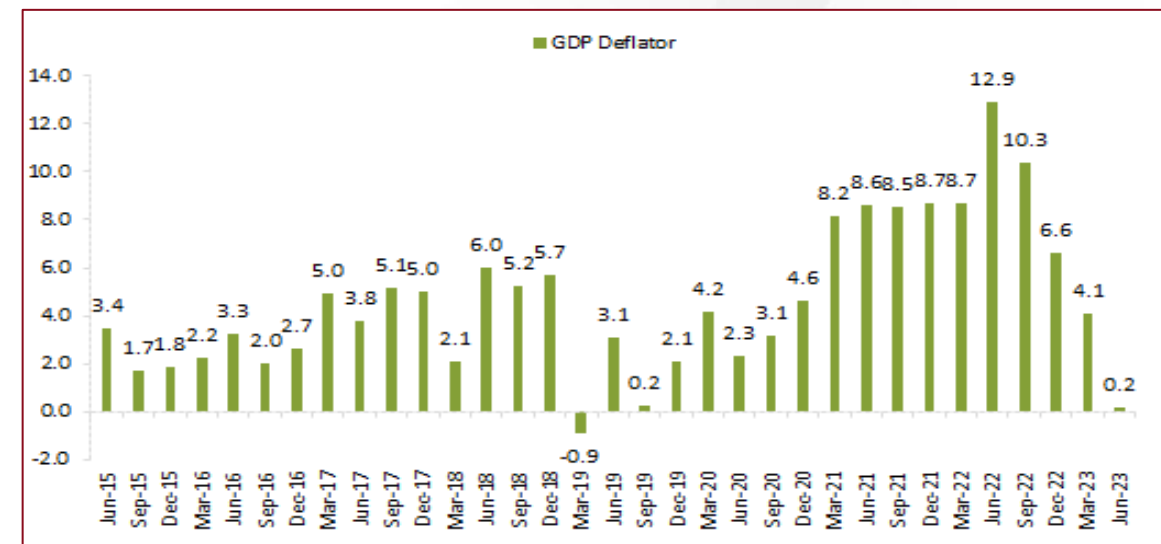
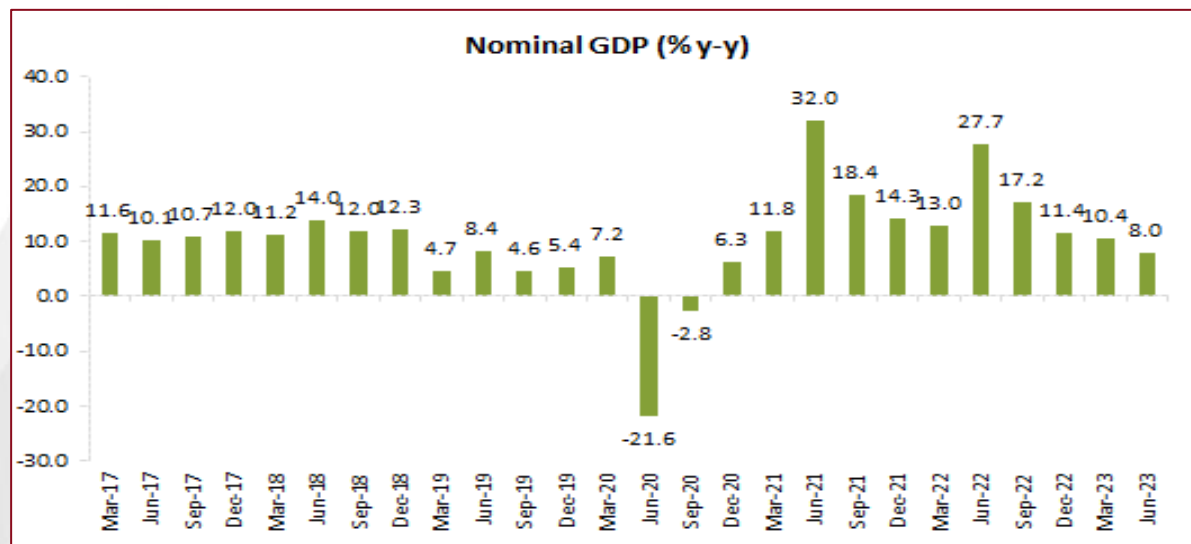
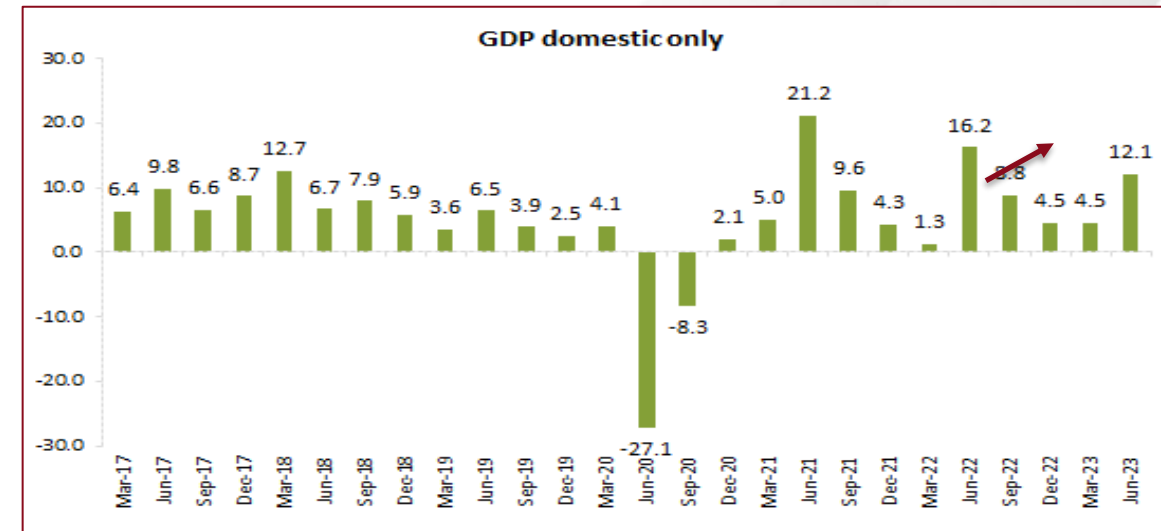
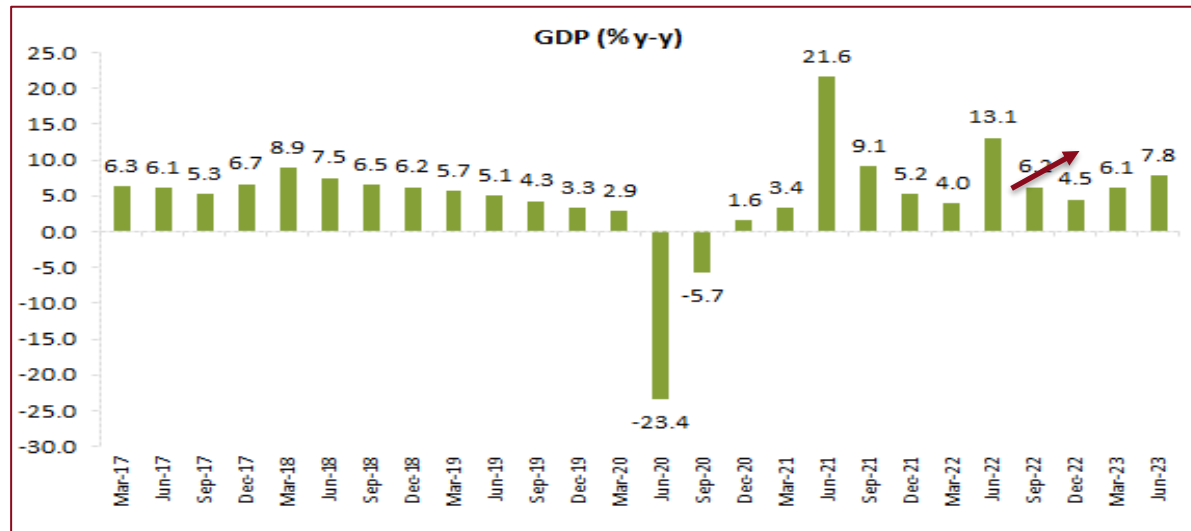


# Indian Macroeconomics



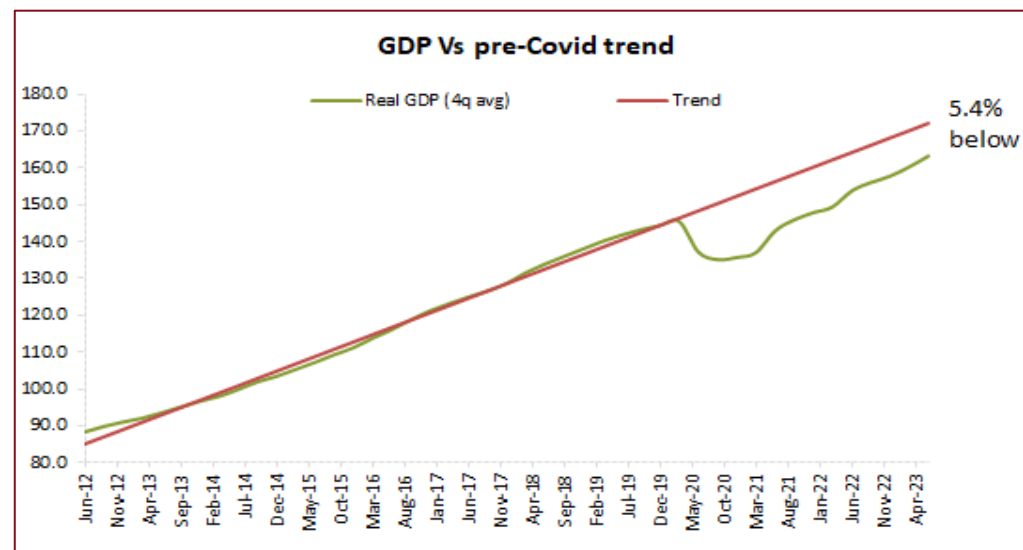
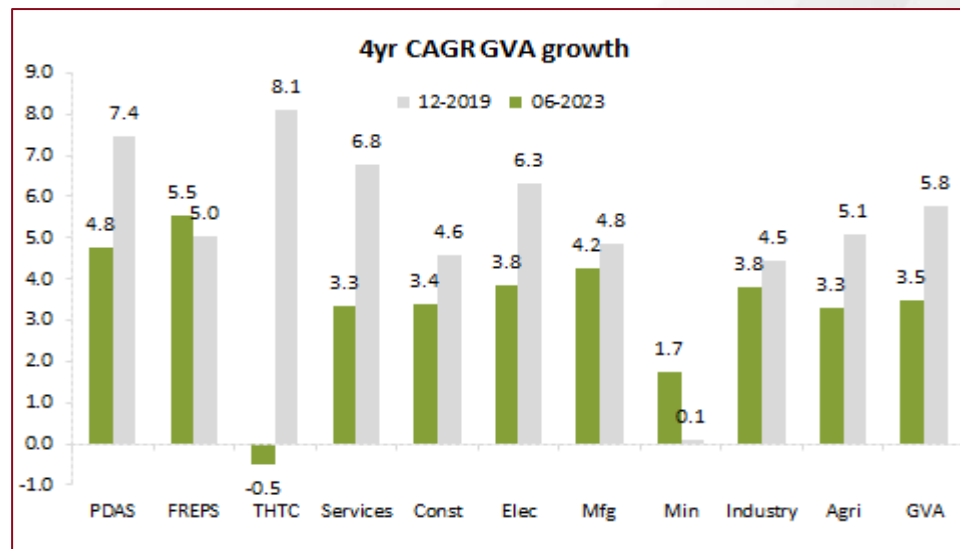
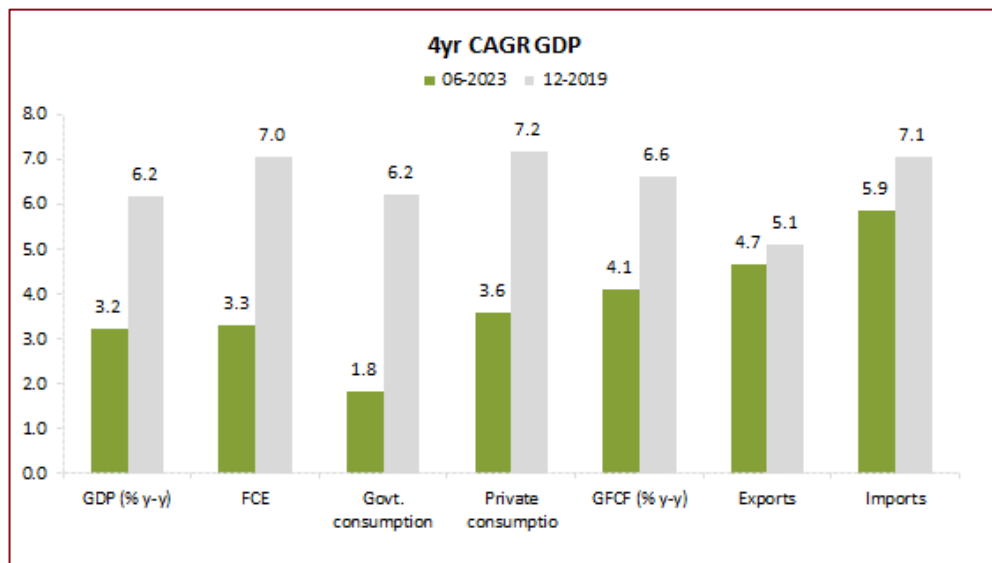
- Indian growth story remains intact with 1QFY24 GDP coming at a healthy 7.8%, broadly in line with RBI and market estimates, despite significant drag from global backdrop. Domestic only GDP growth stood at 12.1% y-y. There is strong momentum in services and manufacturing has also done well. Growth would have been higher but for the weakness in electricity demand owing to lower temperature. Growth in gross fixed capital formation and construction is also strong.
- The more recent high frequency data also attests to continuation of growth momentum and our proprietary high frequency index is above long-term average suggesting decent domestic growth momentum. PMIs are running at near highest levels of last decade, capacity utilization is above 75% which is marker for capex and the same is visible in new investment intention of corporate. Credit growth has also been robust. However, weakness is visible in external sector with exports continuing to suffer on the back of weak global demand.
- CPI Inflation for July surged to 7.44%, due to sharp spike in food inflation to 11.51% (driven by big spike in vegetables, pulses and cereal inflation) even as more sticky core inflation declined to 4.9%. We expect the spike in food prices to moderate going ahead resulting in inflation returning to RBI target zone by September. Key risk to inflation outlook stems from higher commodity price, particularly crude and monsoon. We expect RBI to look through this spike in food inflation. Government has been pro-active in managing food inflation which was evident in sharp reduction in vegetable prices.
- Fiscal account of government is on track to achieve the 5.9% budget deficit target. External account remains under pressure with both exports and imports in negative zone. However, services trade remains strong creating buffer for external account. RBI continues to steadily build forex buffer and intervene on both sides to reduce INR volatility.
- Monsoon has slipped sharply in August after a strong performance in July. While July rains have the biggest impact on overall food output, recovery of rainfall in September is crucial. Sowing has so far been decent, and distribution of monsoon has been relatively ok.

# 1Q FY24 GDP growth robust despite drag from weak global backdrop





However, there is still a lot of catchup to do from pre-Covid levels



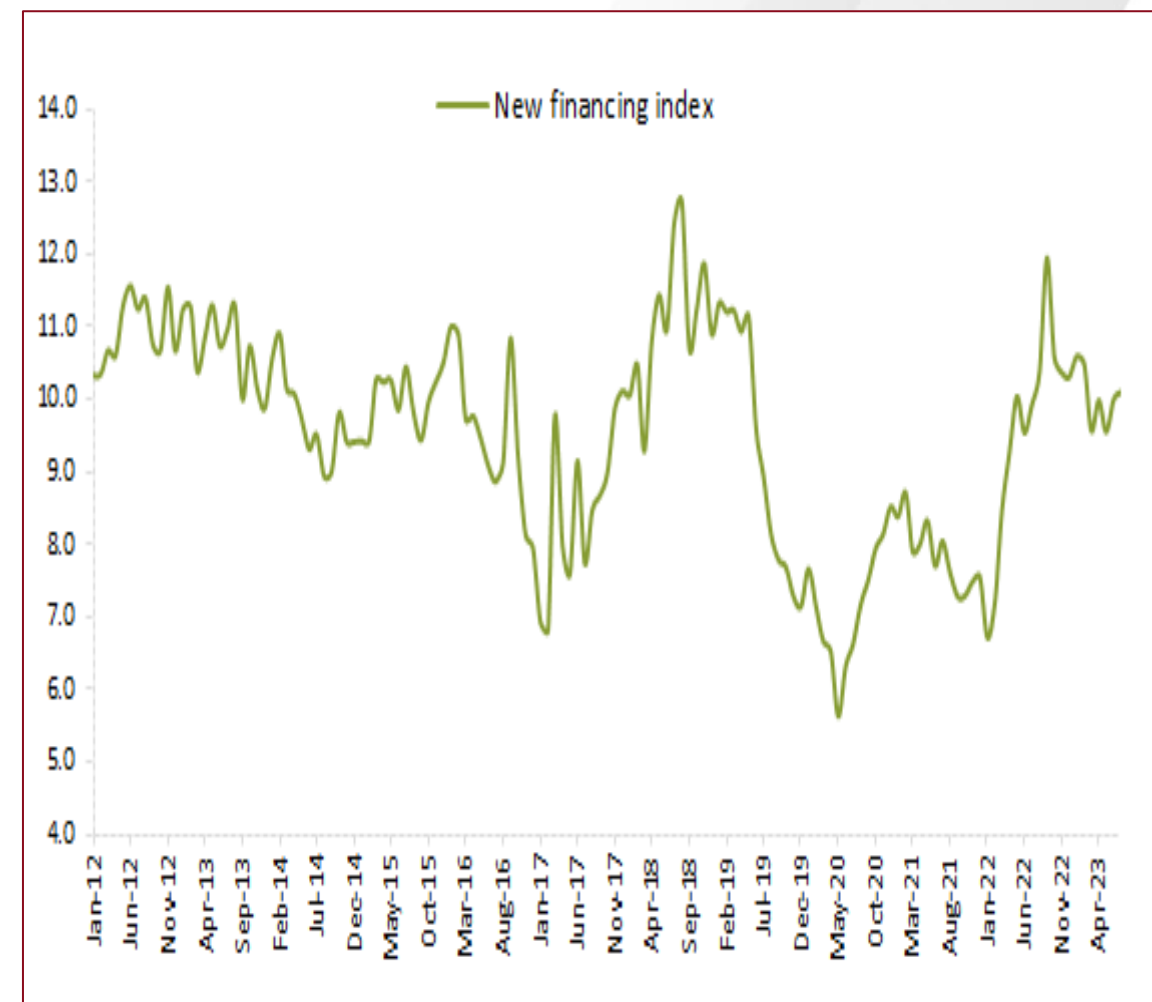
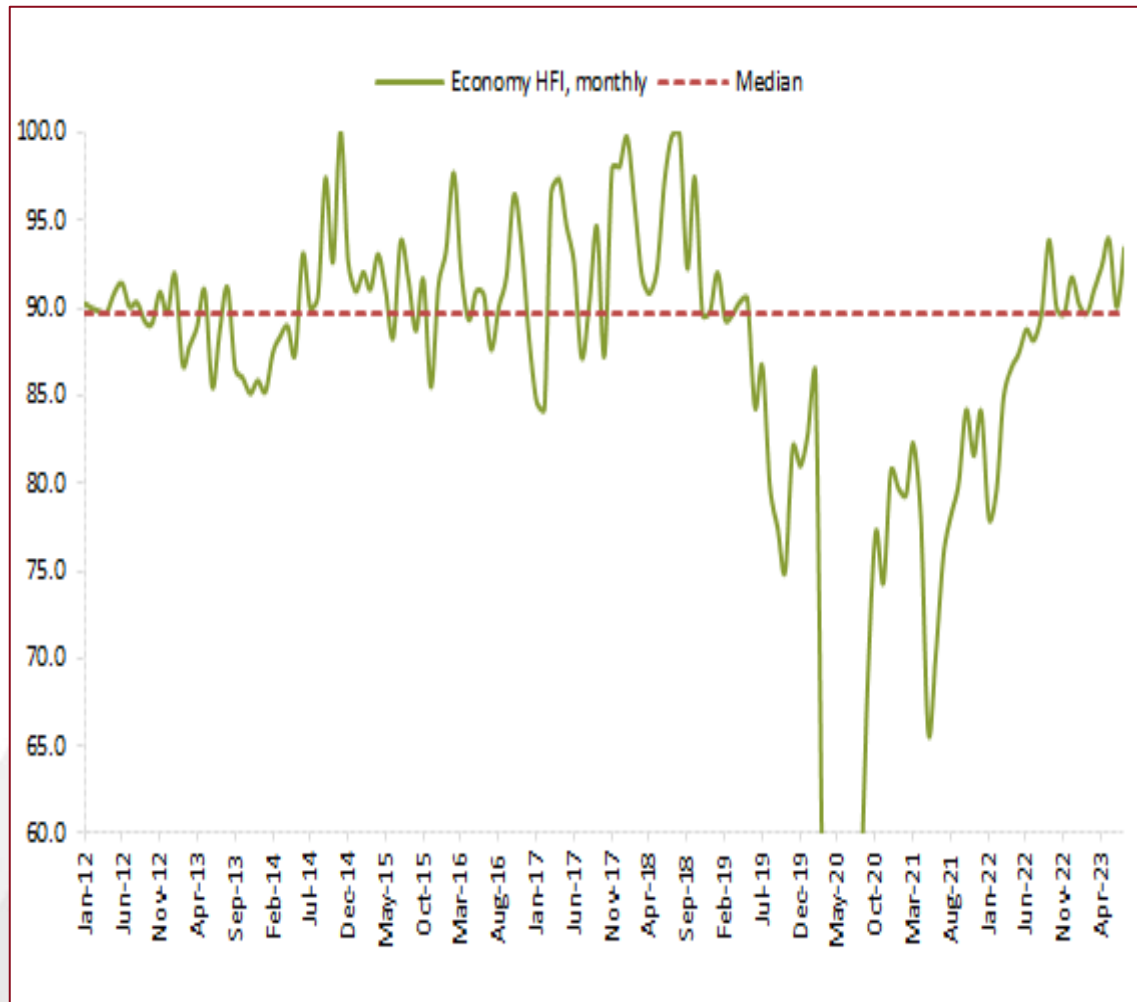
# Capex strong, pick up in pvt consumption but exports and govt consumption weak

GDP	GDP (% y-y)	FCE	Govt. consum ption	Private consum ptio	GFCF (% y-y)	Change in stocks	Valuabl es	Exports	Imports	Discrepa ncies	Net taxes	Net exports	GDP ex- external sector
06-2023	7.8	4.9	-0.7	6.0	8.0	3.9	-21.0	-7.7	10.1	-190.2	7.7	199.0	12.1
03-2023	6.1	2.7	2.3	2.8	8.9	5.9	-23.4	11.9	4.9	2.9	1.8	-90.4	4.5
12-2022	4.5	1.8	-0.6	2.2	8.0	-0.1	-38.0	11.1	10.7	-52.4	1.3	6.8	4.5
09-2022	6.2	6.6	-4.1	8.3	9.6	-2.6	-19.5	12.2	23.1	-51.8	16.1	216.8	8.8
06-2022	13.1	16.5	1.8	19.8	20.4	7.5	58.7	19.6	33.6	113.4	32.3	-653.1	16.2
03-2022	4.0	5.8	11.8	4.7	4.9	613.8	-51.7	22.4	6.7	-758.1	4.4	-60.9	1.3
12-2021	5.2	10.2	5.8	10.8	1.2	618.9	44.5	27.8	19.7	-388.8	10.9	-24.0	4.3
09-2021	9.1	13.9	11.7	14.2	12.4	655.9	156.6	25.1	26.6	-293.2	6.5	60.7	9.6
06-2021	21.6	13.5	-2.1	17.6	61.0	974.6	481.3	46.1	44.8	-173.6	48.8	154.7	21.2
03-2021	3.4	9.1	23.4	6.8	14.0	-83.1	157.0	3.9	11.9	-92.3	-19.1	68.4	5.0
12-2020	1.6	0.7	-4.7	1.6	3.0	-84.1	37.2	-8.6	-5.1	442.7	-11.4	19.3	2.1
09-2020	-5.7	-10.6	-26.2	-7.3	-1.2	-84.6	18.4	-6.3	-17.7	-22.7	-12.5	-78.3	-8.3
06-2020	-23.4	-17.9	8.6	-22.9	-43.9	-90.1	-91.4	-25.5	-41.0	4.3	-52.5	-103.5	-27.1
03-2020	2.9	2.5	8.0	1.6	-0.8	-59.4	-22.1	-8.8	-2.6	179.0	-1.6	84.9	4.1
12-2019	3.3	5.8	4.9	6.0	-1.7	-58.9	-16.4	-5.1	-7.1	-181.3	2.0	-19.1	2.5
09-2019	4.3	6.1	5.6	6.1	-0.8	-58.9	-12.3	-1.7	-2.2	128.9	5.1	-4.6	3.9
06-2019	5.1	5.6	-1.9	7.2	8.2	-57.4	-5.5	2.8	9.2	175.3	11.2	45.8	6.5
03-2019	5.7	6.4	8.5	6.1	5.6	22.8	4.1	11.2	0.8	-50.6	13.0	-56.9	3.6
12-2018	6.2	6.9	3.5	7.5	12.8	26.6	1.9	15.2	12.1	-110.4	17.6	-3.3	5.9
09-2018	6.5	8.5	8.1	8.6	12.9	27.2	-1.1	12.1	18.1	-57.4	10.2	62.7	7.9
06-2018	7.5	6.4	6.6	6.3	14.4	33.3	-33.0	9.1	5.3	-63.0	12.9	-12.5	6.7

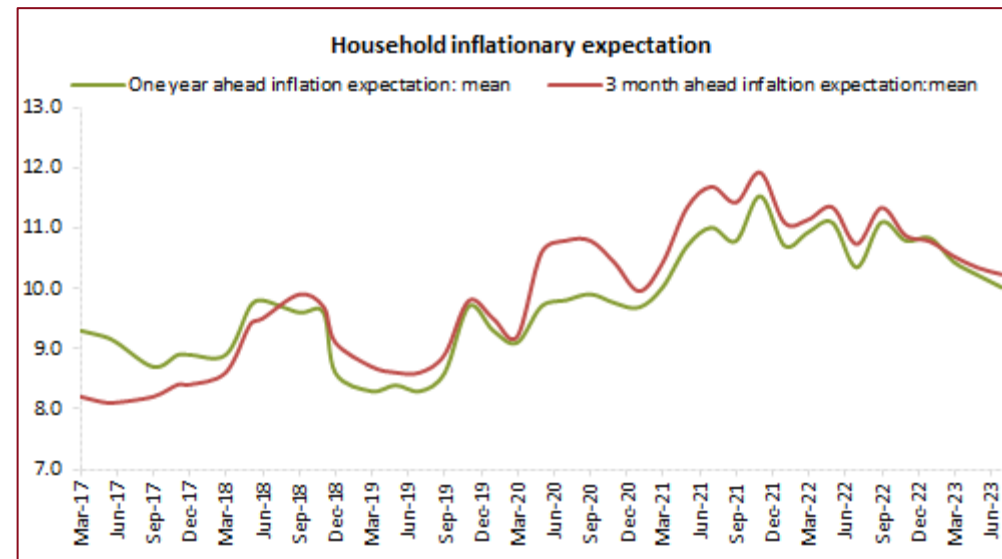
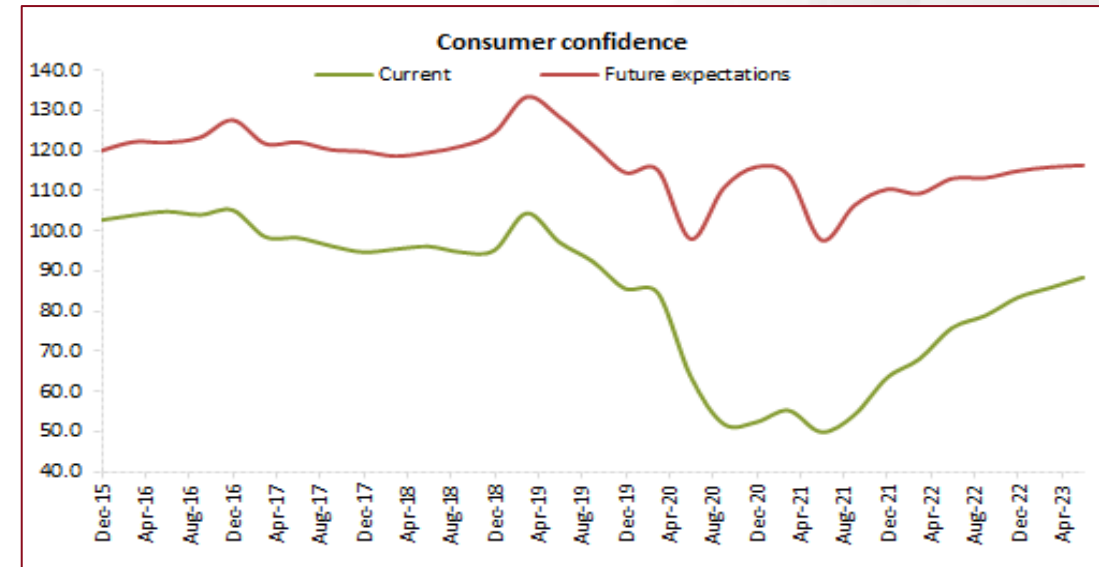
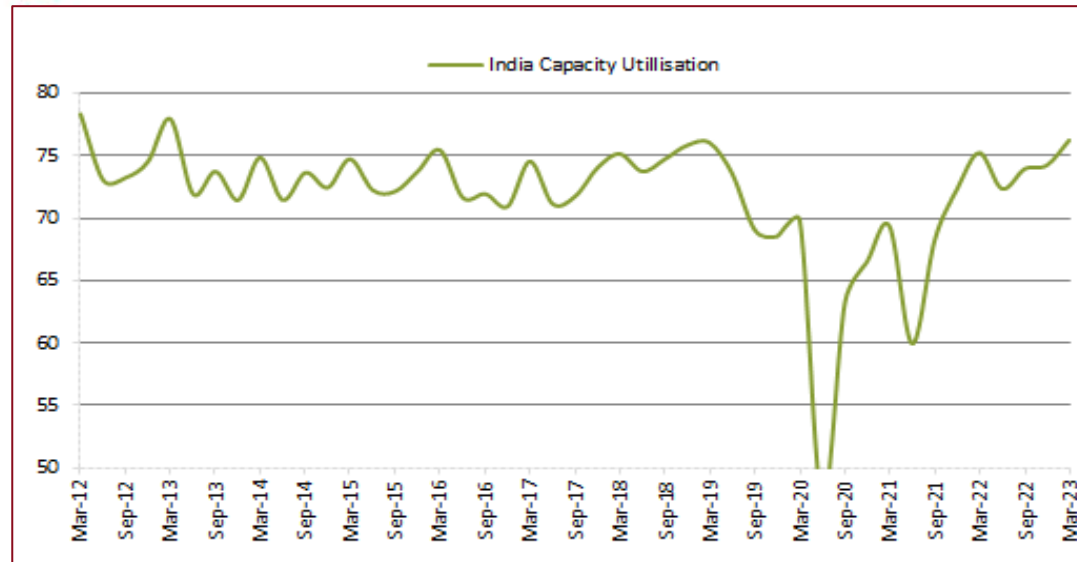
## Strong momentum in construction and services sector; mfg and mining are recovering

% y-y	GVA	Agri	Industry	Min	Mfg	Elec	Const	Services	THTC	FREPS	PDAS	GVA ex-PADS	PADS, ex-Agri
06-2023	7.8	3.5	5.5	5.8	4.7	2.9	7.9	10.3	9.2	12.2	7.9	7.8	8.7
03-2023	6.5	5.5	6.3	4.3	4.5	6.9	10.4	6.9	9.1	7.1	3.1	7.0	7.3
12-2022	4.7	4.7	2.3	4.1	-1.4	8.2	8.3	6.1	9.6	5.7	2.0	5.1	5.3
09-2022	5.4	2.5	-0.5	-0.1	-3.8	6.0	5.7	9.4	15.6	7.1	5.6	5.4	5.9
06-2022	11.9	2.4	9.4	9.5	6.1	14.9	16.0	16.3	25.7	8.5	21.3	10.7	12.5
03-2022	3.9	4.1	2.3	2.3	0.6	6.7	4.9	4.9	5.0	4.6	5.2	3.7	3.7
12-2021	4.7	2.3	1.6	5.4	1.3	6.0	0.2	7.6	9.2	4.3	10.6	3.9	4.4
09-2021	9.3	4.8	8.1	10.6	6.6	10.8	10.8	11.1	13.1	7.0	16.8	8.3	8.9
06-2021	20.2	3.4	49.1	12.2	51.5	16.3	77.0	12.5	41.4	2.8	6.5	22.3	27.3
03-2021	6.3	3.4	16.3	-3.8	19.4	2.5	20.1	1.5	-3.1	8.3	-0.7	7.4	8.3
12-2020	2.8	4.8	9.2	-5.4	12.8	0.7	8.4	-1.5	-9.5	9.7	-5.0	4.0	3.8
09-2020	-5.1	4.3	3.2	-8.1	9.0	-3.9	-4.9	-11.1	-18.4	-5.1	-12.2	-4.0	-5.3
06-2020	-21.0	3.8	-32.6	-17.6	-29.8	-15.4	-48.4	-21.0	-49.5	-0.9	-13.6	-22.1	-26.8
03-2020	3.6	8.8	-2.1	-1.2	-4.7	2.8	2.3	5.6	5.1	4.5	7.9	2.9	1.7
12-2019	3.4	5.9	-2.8	-4.1	-3.5	-2.9	-0.8	6.1	6.6	5.1	7.0	2.8	2.0
09-2019	4.2	5.3	-2.1	-5.8	-3.6	2.0	1.1	7.4	6.4	8.4	7.0	3.8	3.6
06-2019	4.6	4.3	1.4	-1.6	0.0	7.1	3.8	6.5	5.9	8.3	4.2	4.7	4.8
03-2019	4.8	-0.9	3.0	0.4	1.7	5.0	6.6	7.7	6.4	8.7	8.5	4.3	5.4
12-2018	5.3	1.4	5.3	-0.2	4.9	9.2	7.0	6.8	7.3	6.7	6.2	5.1	6.2
09-2018	6.1	4.4	5.1	-2.9	5.4	9.6	5.5	7.1	7.1	6.8	7.5	5.9	6.2
06-2018	7.1	4.8	8.1	-1.2	10.4	7.6	6.8	7.1	8.1	6.0	7.8	7.0	7.5
03-2018	7.4	7.8	9.5	-8.9	11.0	11.2	14.0	5.9	8.8	2.2	6.8	7.5	7.4
12-2017	7.0	5.8	7.4	-3.9	10.2	9.4	5.0	7.1	10.7	3.3	7.5	6.9	7.2
09-2017	5.5	6.8	6.7	3.4	8.7	11.2	1.7	4.7	10.7	-0.6	7.0	5.3	5.1

## High frequency indices point to healthy underlying momentum in 2Q FY24



## Capacity utilization and consumer confidence continue to improve



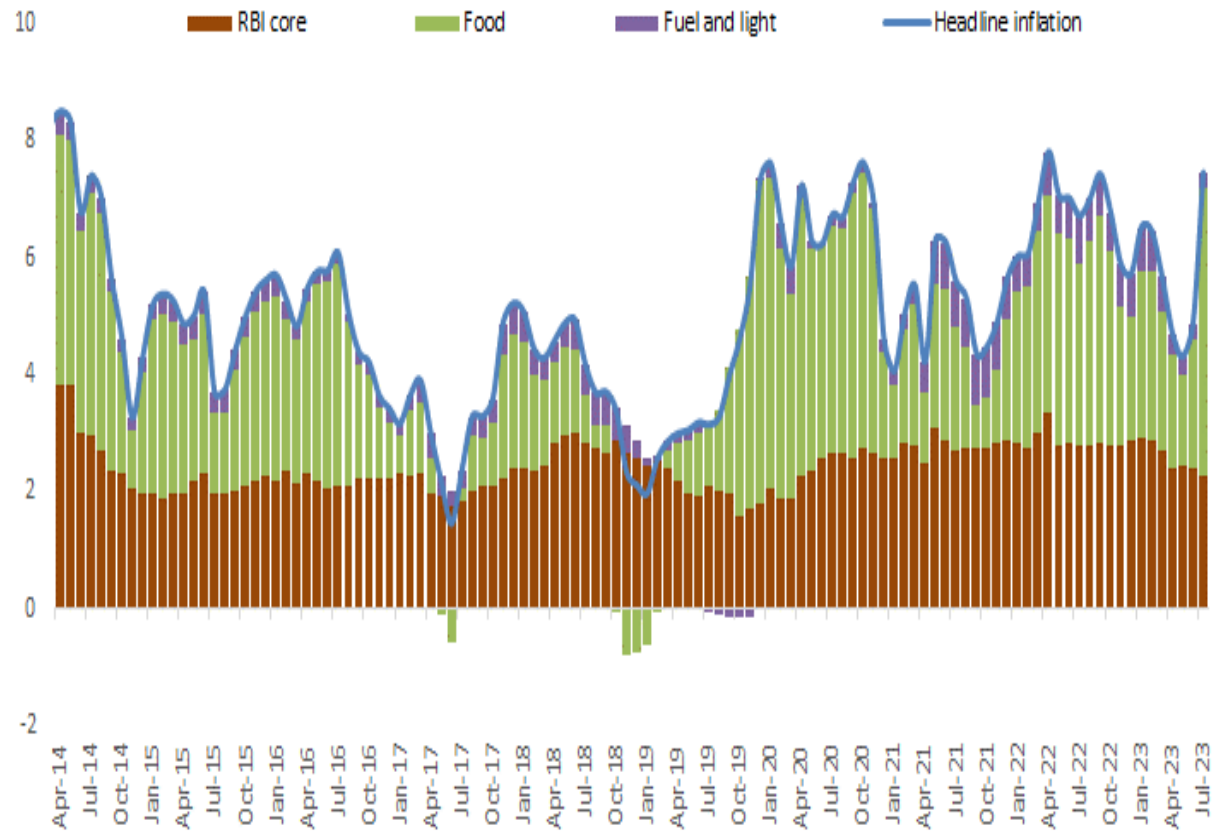


## High frequency indicators remain strong although weakness in exports

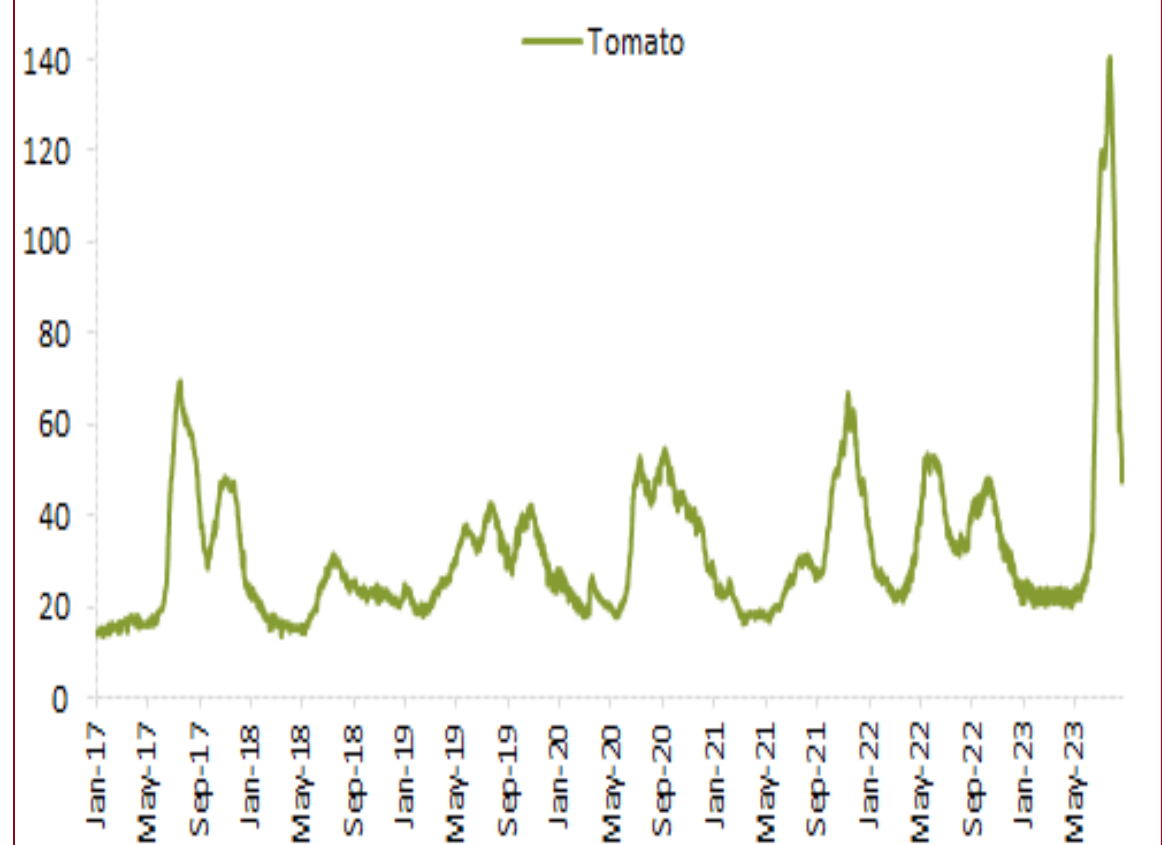
3yr CAGR till Feb	07-2023	06-2023	05-2023	04-2023	03-2023	02-2023	01-2023	12-2022	11-2022	10-2022	09-2022	08-2022	07-2022	06-2022	05-2022	04-2022
PMI mfg (Index)	57.7	57.8	58.7	57.2	56.4	55.3	55.4	57.8	55.7	55.3	55.1	56.2	56.4	53.9	54.6	54.7
PMI ser (Index)	62.3	58.5	61.2	62	57.8	59.4	57.2	58.5	56.4	55.1	54.3	57.2	55.5	59.2	58.9	57.9
PMI Comp (Index)	61.9	59.4	61.6	61.6	58.4	59	57.5	59.4	56.7	55.5	55.1	58.2	56.6	58.2	58.3	57.6
PV sales	19.2	2.0	13.5	31.7	4.5	7.0	6.2	1.8	3.0	2.3	12.6	14.1	15.6	15.3	9.1	0.5
2W sales	-7.2	1.7	17.4	16.5	9.0	-4.4	-4.1	-0.2	-4.3	-3.5	1.6	0.9	-3.0	-7.4	-10.1	-11.2
3W sales	78.9	98.6	70.4	104.8	69.4	6.9	-7.1	-10.4	-6.5	-6.8	-8.6	-13.3	-17.5	-19.9	-17.9	-23.2
IIP		3.7	5.3	4.5	1.9	1.3	2.4	2.7	2.3	1.5	2.9	1.4	0.7	2.3	0.6	2.1
Infra Index		8.2	5.0	4.3	4.2	3.2	4.9	4.2	2.6	2.9	4.7	2.9	2.1	2.7	3.0	3.4
Coal		9.8	7.2	9.1	11.7	3.6	6.4	6.5	7.8	10.0	13.5	10.4	7.7	6.2	7.1	6.4
Steel		21.9	10.9	15.3	12.1	6.6	8.7	4.9	4.2	5.9	7.0	4.4	3.2	-0.2	2.1	1.6
Cement		9.4	15.3	12.0	-0.2	3.9	4.0	5.1	4.9	4.2	6.5	6.0	2.0	6.3	3.5	3.9
Exports	-15.9	-18.8	-10.3	-12.7	-6.0	10.1	11.4	12.0	10.7	6.4	10.8	12.5	13.5	19.1	9.3	15.1
Imports	-17.0	-17.5	-6.7	-13.6	-4.9	11.9	8.3	15.6	13.9	15.1	18.9	15.8	16.4	16.2	9.4	11.1
Trade Balance (USD bn)	-18.7	-14.9	-0.4	-15.6	-2.2	-16.2	-16.4	-23.1	-22.1	-26.3	-28.0	-24.9	-25.4	-22.1	-22.1	-18.4
Exports: NONG	-5.7	-10.7	-4.0	-9.2	-2.5	6.0	8.6	8.6	7.5	4.4	8.4	8.3	10.8	13.5	8.3	13.1
Imports: NONG	-7.5	-14.5	1.7	-12.5	-4.7	11.8	10.5	15.3	15.4	11.5	14.7	13.5	13.0	16.6	9.0	13.7
Trade balance: NONG (USD bn)	-20.7	-18.8	-22.0	-15.5	-18.1	-5.7	-8.2	-9.9	-10.4	-12.7	-13.5	-12.7	-11.7	-10.8	-8.0	-7.6
Services Exports	16.8	3.5	7.7	7.4	13.1	15.7	13.9	16.1	14.5	12.8	16.9	11.7	6.8	13.2	10.4	10.0
Services Imports	6.6	-3.4	2.0	-3.1	6.0	9.1	5.8	7.9	10.2	7.5	13.3	7.9	2.8	10.3	6.8	7.2
Services: Trade balance	32.0	13.2	16.4	22.2	22.5	13.1	13.8	15.5	11.7	11.9	11.9	10.3	9.3	11.2	9.9	10.0
CIC	4.4	4.1	7.8	7.7	7.8	12.4	12.5	12.5	12.4	12.6	13.2	13.5	13.3	13.5	13.5	13.8
M3	10.6	13.4	10.4	5.4	9.0	10.3	10.1	10.8	10.3	10.1	10.0	10.3	10.5	10.3	10.3	10.4
Bank deposits	12.7	15.2	11.3	9.9	9.3	10.0	9.7	10.4	9.7	9.9	10.7	9.9	10.3	9.3	9.6	10.3
Bank credit	19.4	17.8	15.1	15.5	14.8	9.9	9.6	10.0	9.6	9.4	10.1	8.8	8.6	7.9	7.6	7.7
FDI (USD bn)		-94.7	-51.8	-36.7	-78.3	3.0	4.9	3.6	-0.2	3.7	2.5	2.0	4.5	3.9	6.0	6.3
Tourist arrivals		-100.0	-100.0	53.7	132.5	-5.3	-8.1	-7.6	-11.1	-11.4	-10.6	-14.6	-7.8	-10.4	-11.7	-20.2
Passenger originating	10.3	12.5	17.7	20.2	20.5	-7.4	-7.0	-6.7	-6.6	-7.7	-7.6	-7.9	-10.3	-11.0	-9.6	-12.7
Freigh originating	1.5	-1.9	1.9	3.5	3.8	5.2	6.8	6.3	6.8	8.2	9.3	9.4	7.0	7.4	7.9	6.5
Freight NTKM	-3.5	-7.6	-2.1	-0.6	3.0	7.8	9.6	9.3	9.0	10.5	12.3	12.1	9.7	10.3	10.7	9.6
Passenger airport	25.8	20.5	19.0	25.5	26.9	-0.6	-0.9	-1.0	-3.2	-2.5	-3.5	-5.0	-6.1	-4.4	-2.4	-3.0
Cargo airport	-1.2	-0.8	-0.3	0.0	1.4	-3.2	-4.8	-2.9	-3.3	-5.0	-1.4	-3.3	-2.1	-0.5	-2.6	-0.8
Electricity	6.2	5.4	0.7	-1.7	-1.7	4.6	6.5	6.4	5.4	5.1	5.5	5.3	3.2	4.2	4.0	7.1
Diesel	3.9	3.1	12.7	8.6	1.2	-0.7	1.1	1.8	0.9	2.4	2.3	1.2	-1.0	1.0	-2.2	-0.6
Petrol	6.3	6.2	11.0	2.9	6.8	3.4	4.8	6.5	4.1	5.7	6.0	5.3	3.6	4.0	3.3	4.4
Petroleum overall	1.9	4.5	12.6	1.4	8.6	1.0	-0.4	1.0	1.0	2.3	1.4	0.6	-0.4	1.6	-1.5	0.2
Eway bill	16.4	15.5	19.7	12.2	16.3	12.7	13.1	15.0	14.8	13.3	17.0	15.2	13.2	14.4	10.7	12.7
GST collection	10.8	11.7	11.5	11.6	12.7	12.4	12.1	13.2	12.1	16.7	17.1	13.5	13.4	13.1	12.0	13.7

## CPI surges on high food inflation, which is likely to correct going ahead

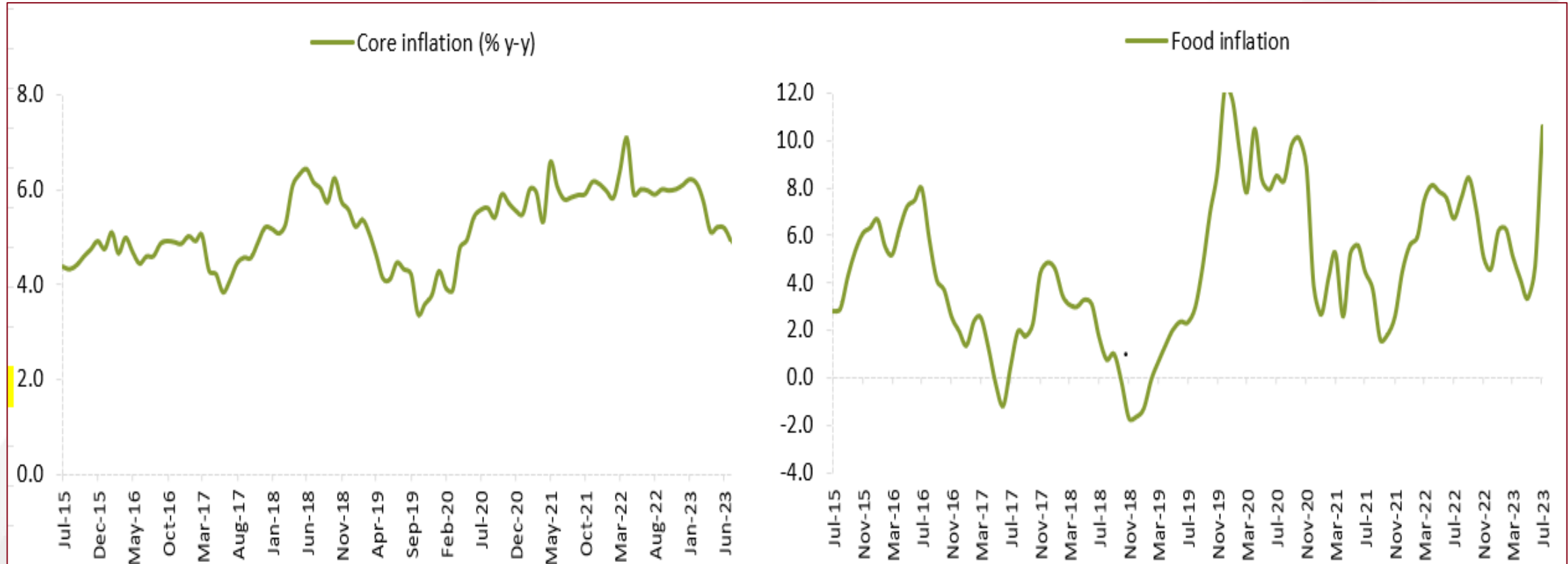
### CPI Inflation breakdown



### Rs/kg



## RBI likely to wait and watch the food price spike, given the decline in sticky core inflation

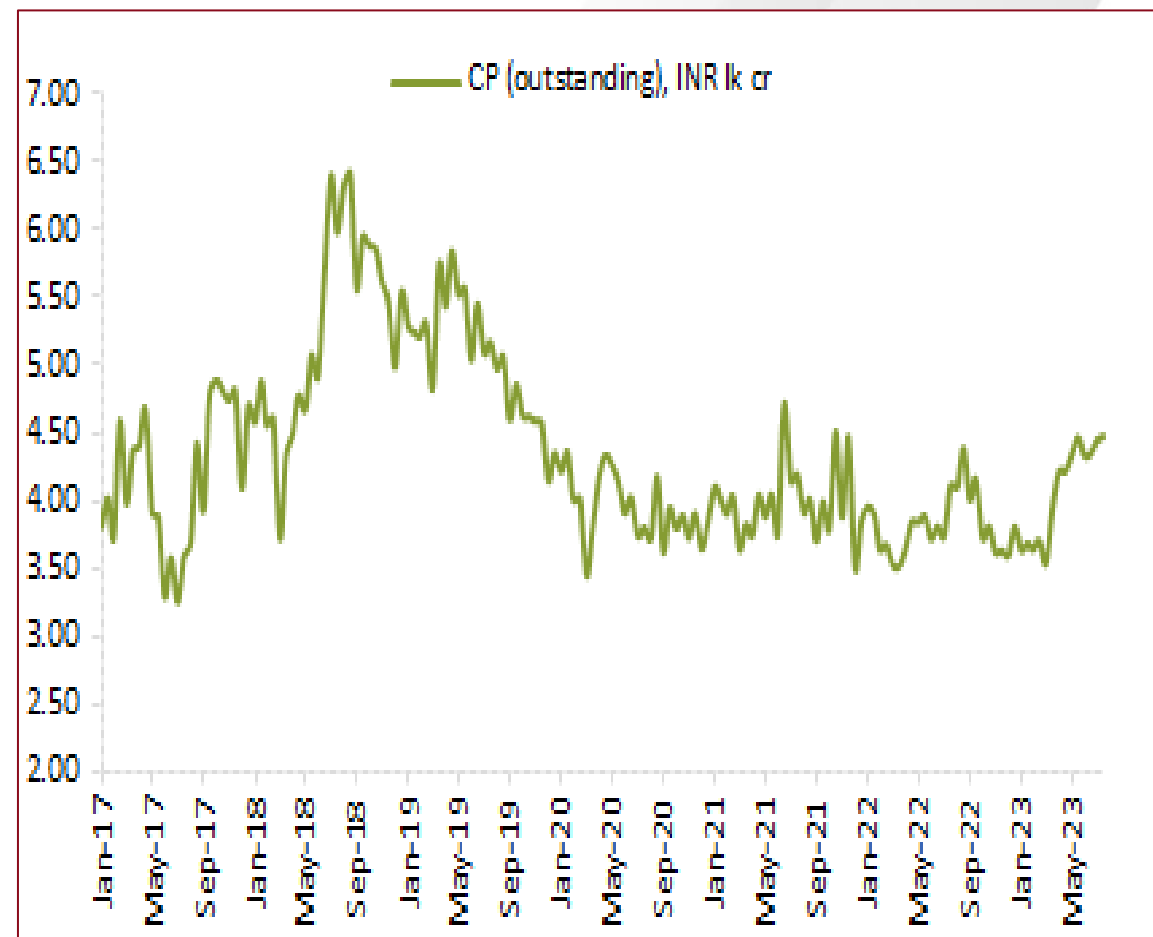




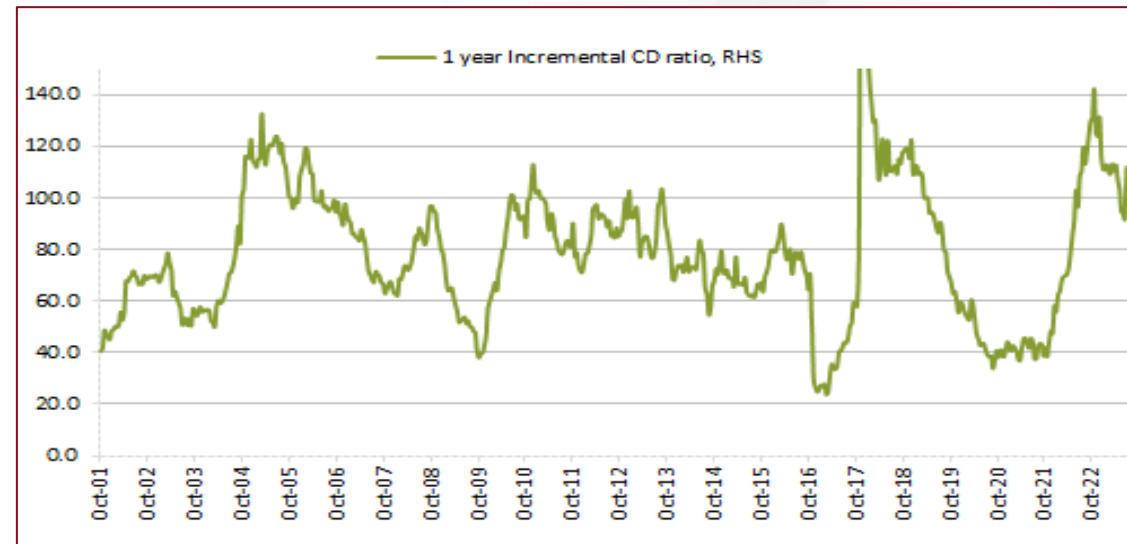
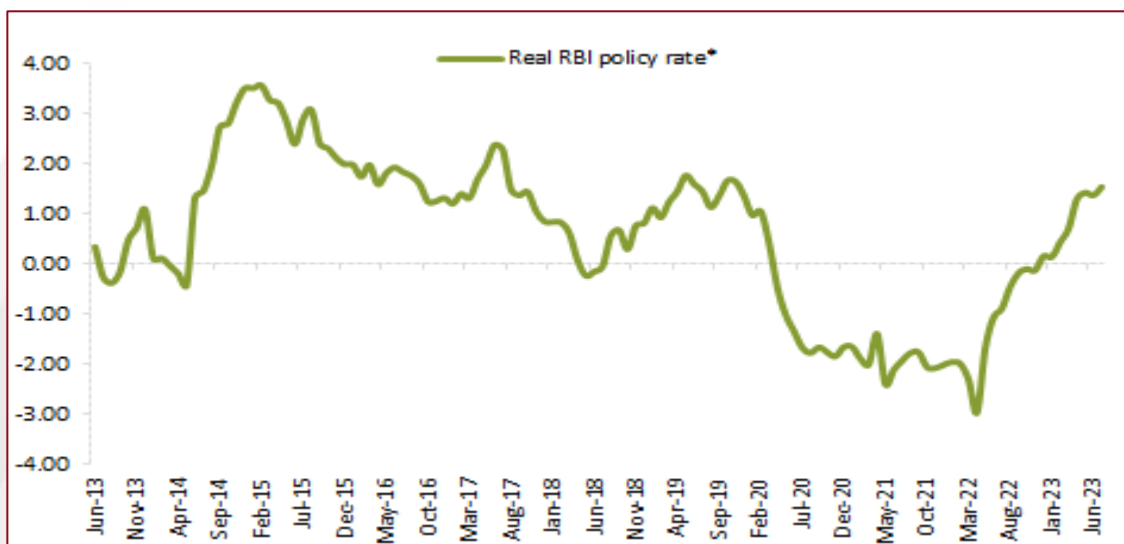
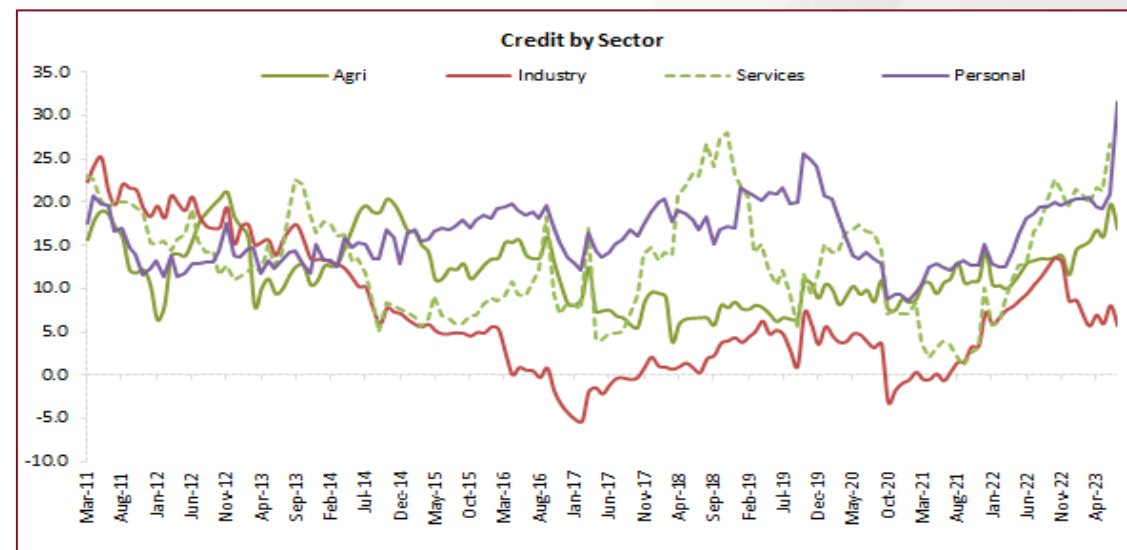
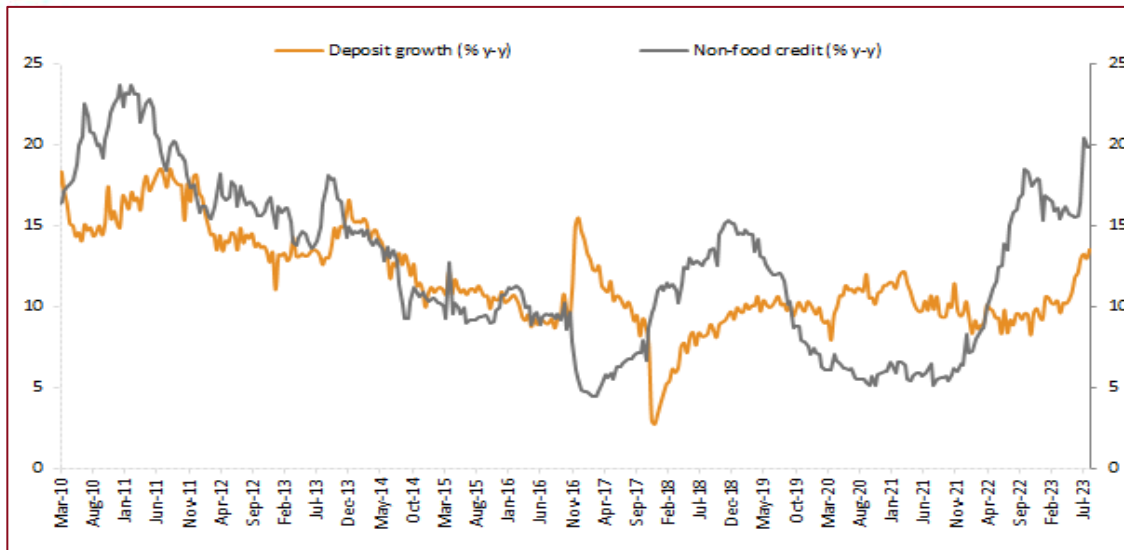
## Corporate bond and CP issuances have been healthy

Corporate bond issuance (INR cr)

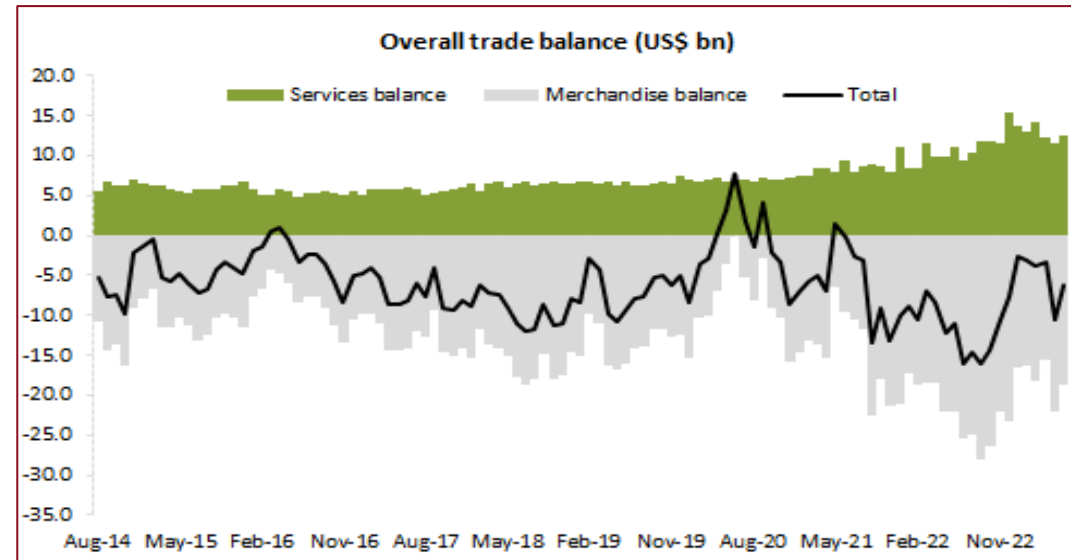
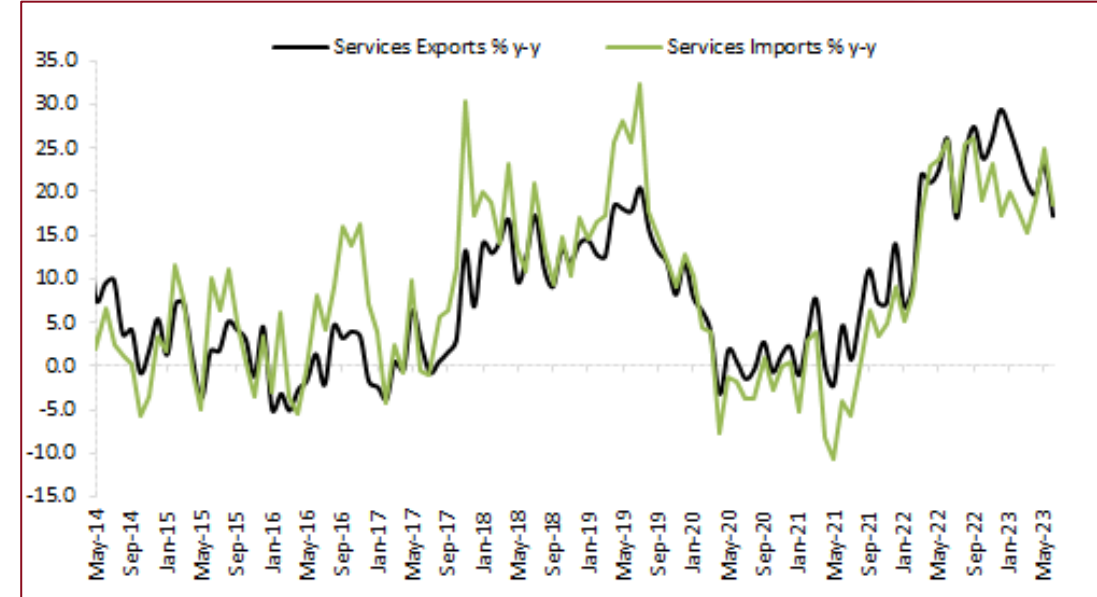
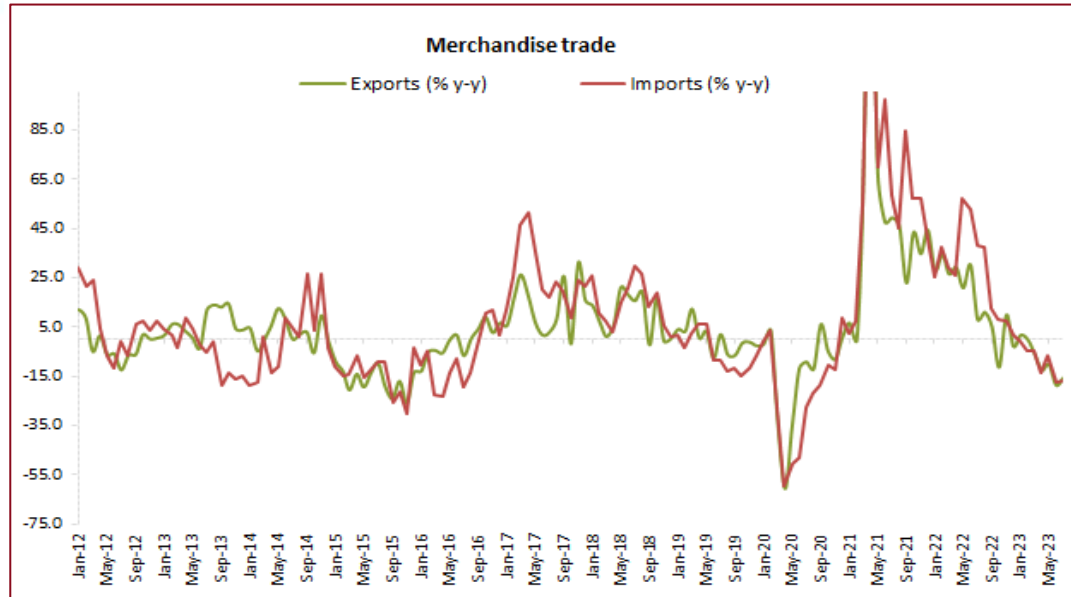
	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24
Apr	84,807	41,079	63,819	66,399	70,064	54,639	32,010	14,366	53,426
May	20,692	59,801	33,389	10,539	43,577	84,573	21,242	18,040	83,905
Jun	36,125	33,576	75,337	23,733	49,072	70,214	42,051	44,869	96,148
Jul	27,920	36,774	49,033	31,952	46,082	47,962	30,081	68,868	50,604
Aug	46,564	71,165	51,552	36,916	40,309	58,419	49,848	44,879	
Sep	26,612	67,952	50,821	31,802	48,629	64,389	92,727	83,088	
Oct	43,931	70,396	44,146	31,894	47,318	62,331	46,845	34,699	
Nov	24,618	38,645	50,855	55,215	48,732	45,545	47,654	76,563	
Dec	30,152	59,587	41,108	84,925	56,158	88,130	73,145	1,36,717	
Jan	39,393	45,957	27,703	83,587	69,296	55,624	25,576	65,666	
Feb	33,810	30,151	46,467	39,298	80,058	45,685	49,304	74,753	
Mar	43,450	85,633	64,916	1,14,057	75,409	94,330	77,554	91,959	
Till Jul	1,69,544	1,71,230	2,21,578	1,32,624	2,08,795	2,57,387	1,25,384	1,46,143	2,84,083



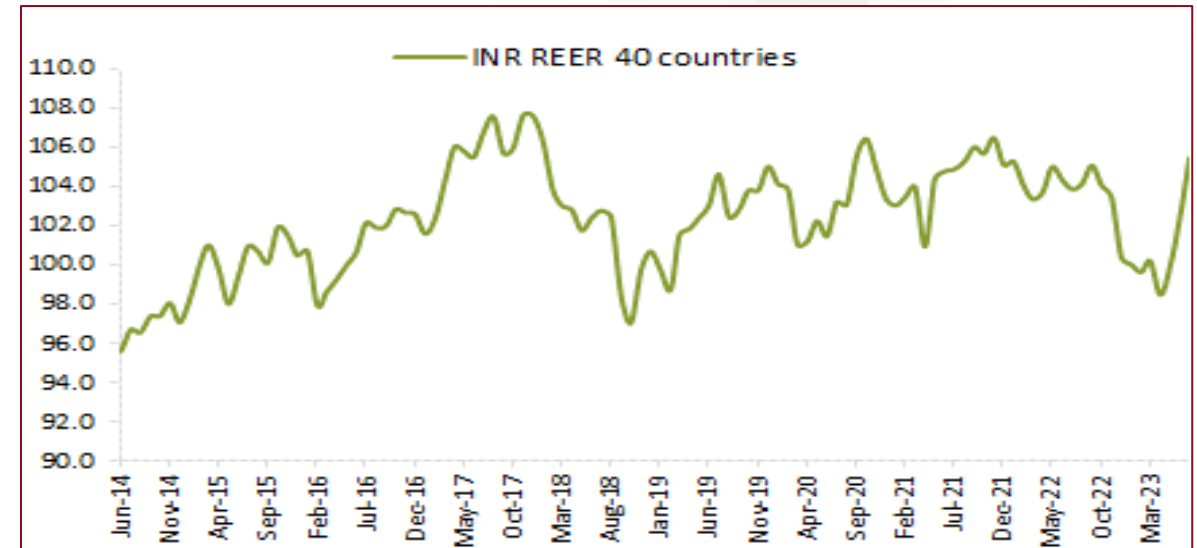
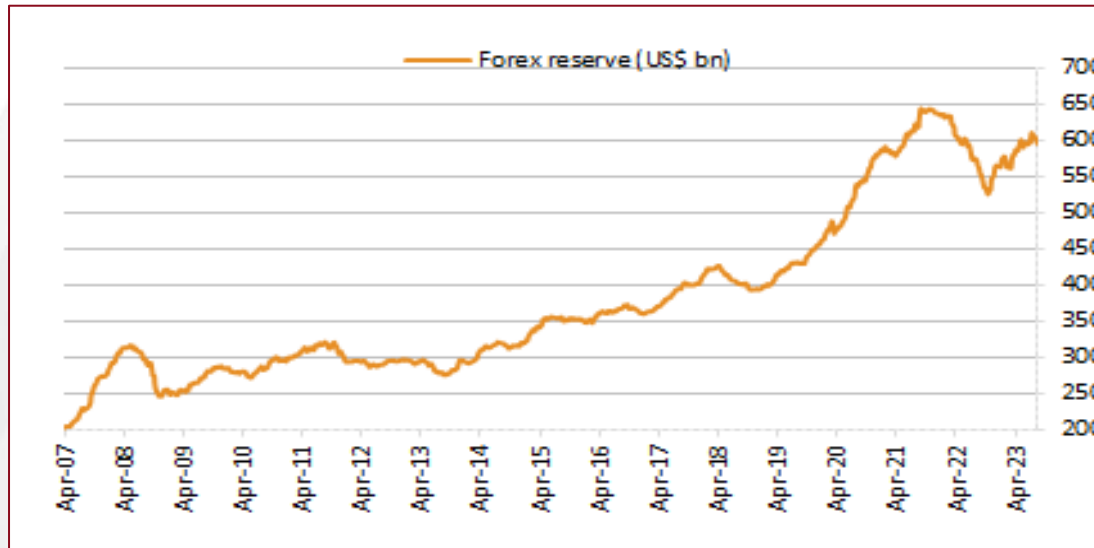
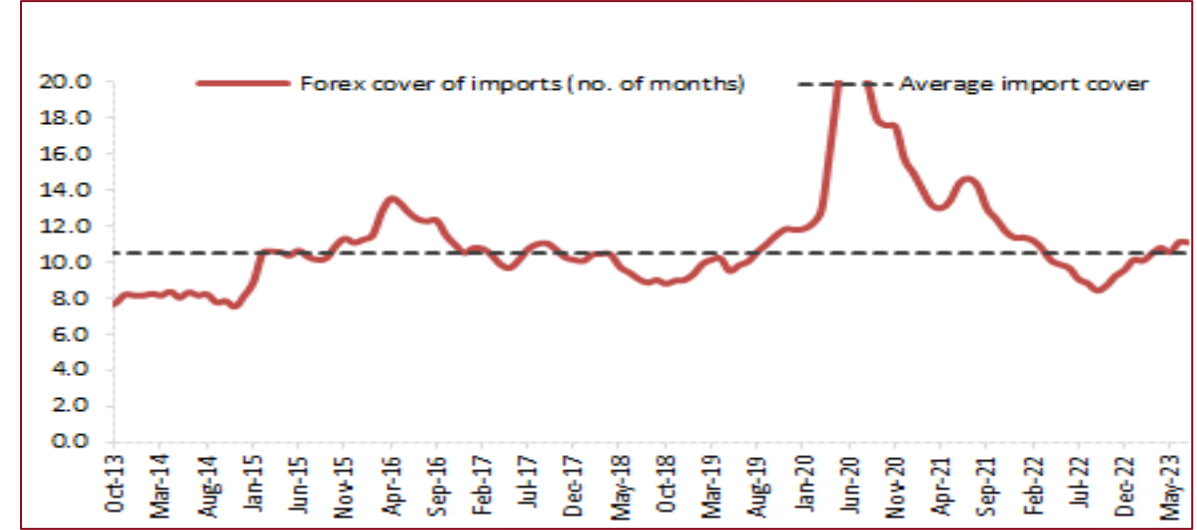
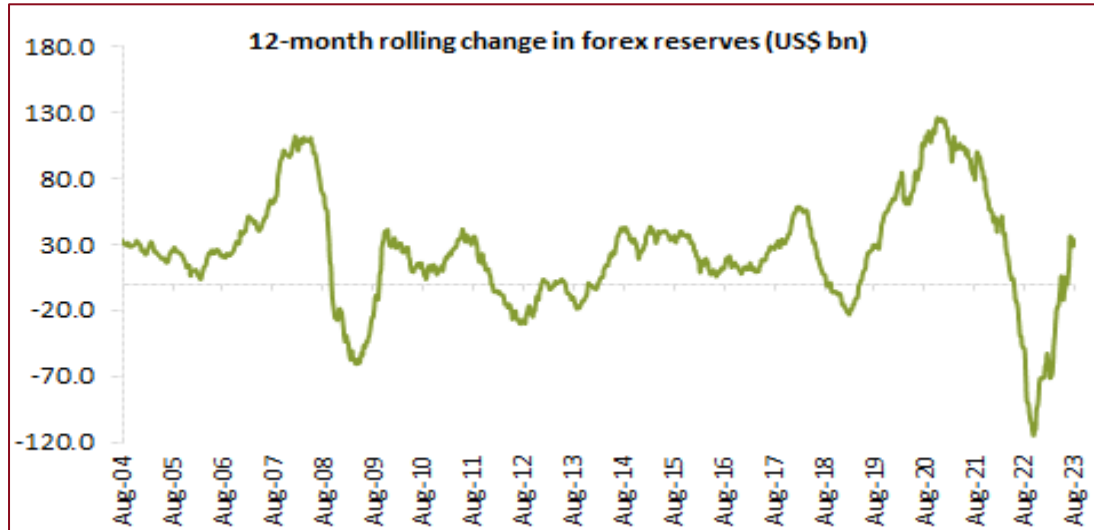
# Credit growth stays elevated led by high services and personal credit; recent surge due to HDFC merger



## External merchandise trade weak; services remain strong

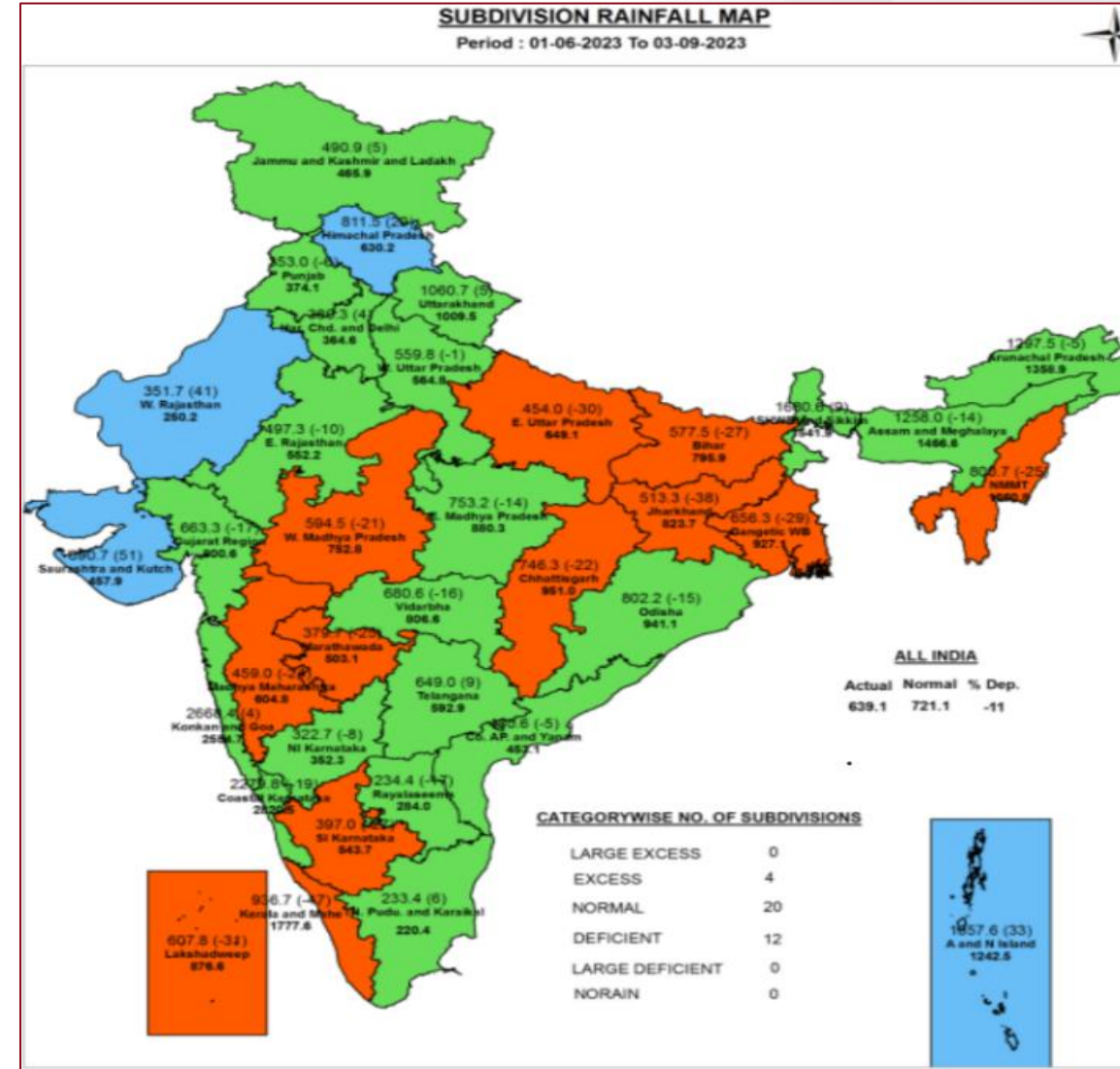
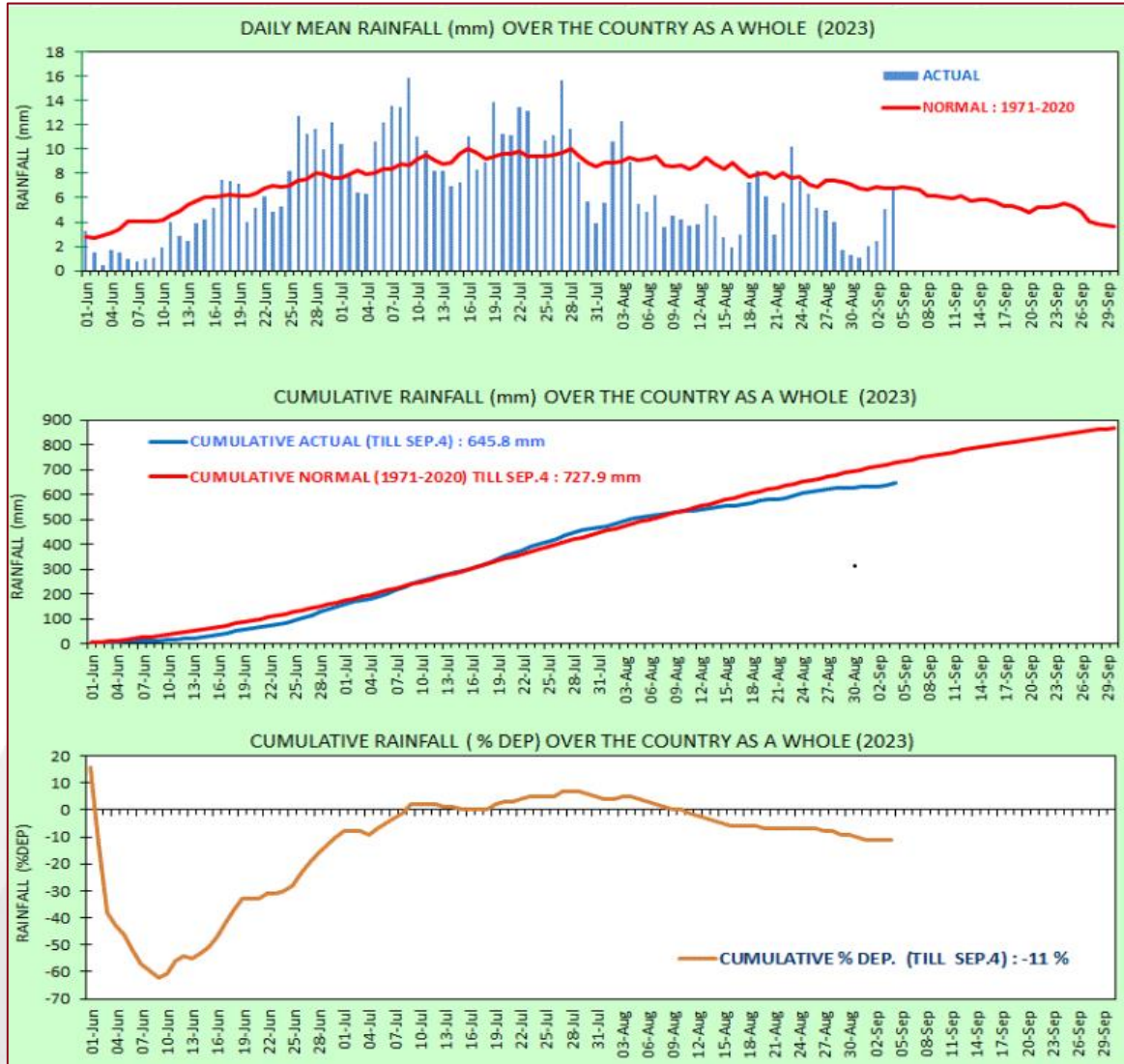


# RBI recoups forex losses to refill reserves and regain external buffer; INR outperforms global peers





# After August lull in rainfall, all eyes on September rains



## Kharif sowing marginally higher than last year, but reservoir levels low

**Kharif sowing marginally higher than last year, although weakness in pulses will have to be compensated by imports**

Kharif sowing in line with last year's levels

Acreage for major crops, December calendar year-ends, (mn hectares)

As on September 1, 2023	2023	2022	Change (%)
Rice	39.8	38.4	3.7
Pulses	11.9	13.0	(8.5)
Coarse cereals	18.1	17.9	1.1
Oilseeds	19.0	19.2	(0.9)
Sugarcane	6.0	5.6	7.6
Jute & Mesta	0.7	0.7	(5.7)
Cotton	12.3	12.6	(2.1)
<b>Total</b>	<b>107.8</b>	<b>107.3</b>	<b>0.4</b>

**Water reservoir levels have been low especially in southern India**

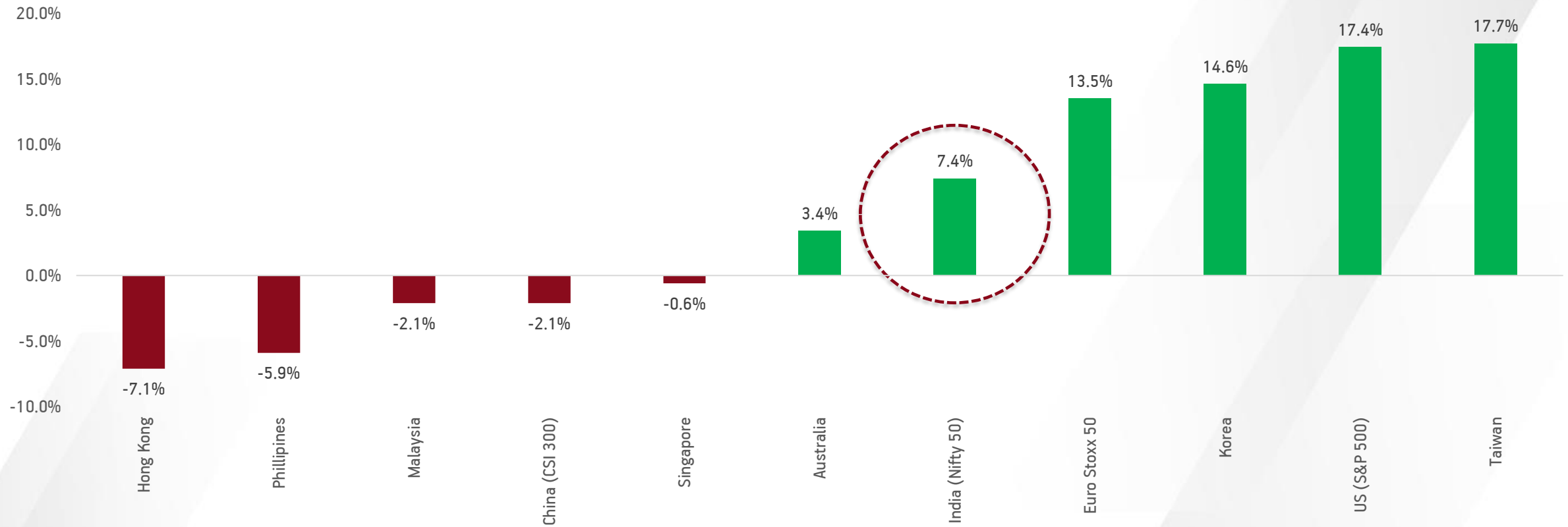
Reservoir levels remain deficient

Basin-wise reservoir levels, billion cubic meters (BCM)

As on August 31, 2023	Live capacity at FRL	Current storage	Last year's storage	Last 10-years average	Current over last year (%)	Reservoir surplus/ (deficiency) (%)
Ganga	33.3	21.2	22.7	23.9	(6.5)	(11.4)
Subernarekha	0.2	0.1	0.2	0.2	(48.7)	(37.9)
Indus	14.8	12.8	11.8	11.7	8.3	9.4
Narmada	22.3	18.2	20.4	15.3	(10.6)	19.5
Tapi	8.4	6.1	6.8	5.4	(9.3)	12.6
Mahi	4.3	2.3	3.5	3.2	(32.5)	(26.0)
Sabarmati	1.0	0.8	1.0	0.6	(17.5)	31.6
Godavari	17.0	10.4	13.2	9.9	(21.6)	5.2
Krishna	32.9	19.0	31.8	25.4	(40.2)	(25.2)
Mahanadi	9.9	6.5	7.4	6.8	(12.4)	(3.4)
Cauvery	6.2	2.4	6.1	4.6	(60.5)	(47.8)
West flowing rivers of South	16.5	8.3	13.3	12.1	(37.2)	(31.0)
Others	12.0	5.2	8.7	6.1	(40.9)	(15.7)
<b>Total</b>	<b>178.8</b>	<b>113.4</b>	<b>146.8</b>	<b>125.1</b>	<b>(22.8)</b>	<b>(9.4)</b>

# Update on Equity Market & Outlook

## Index Performance YTD CY23 (in local currency)



Global markets retreated in the month of Aug given volatile global macros. Indian markets also took a breather in the month, however, on YTD basis, it continued its healthy delivery.

Source: GS, ABSLAMC Research; Note: Data as of 1<sup>st</sup> Sep 2023

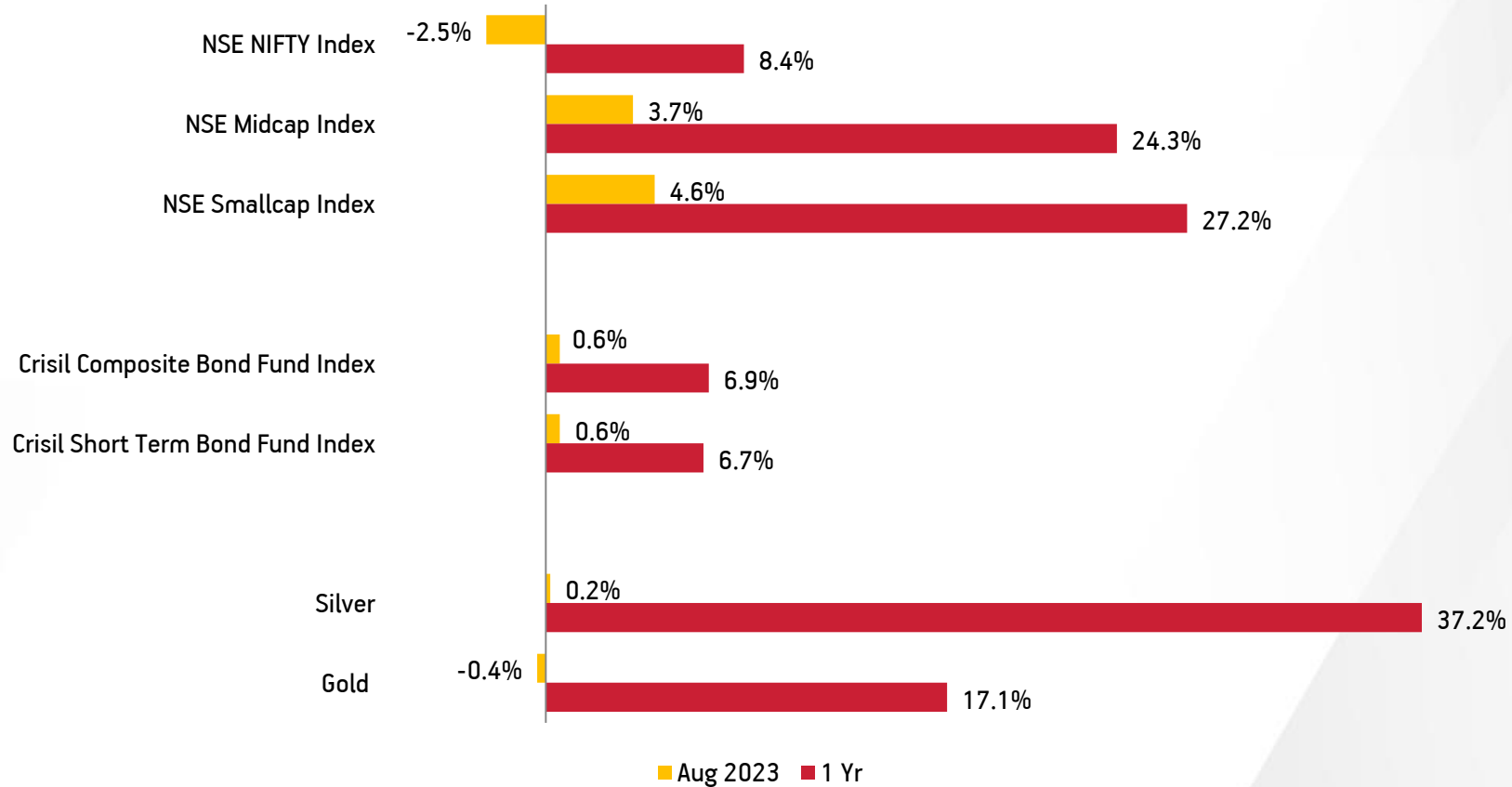


## India - Various Asset Classes: 1M (August) & 1-Yr Performance (in INR)

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AMC Ltd.

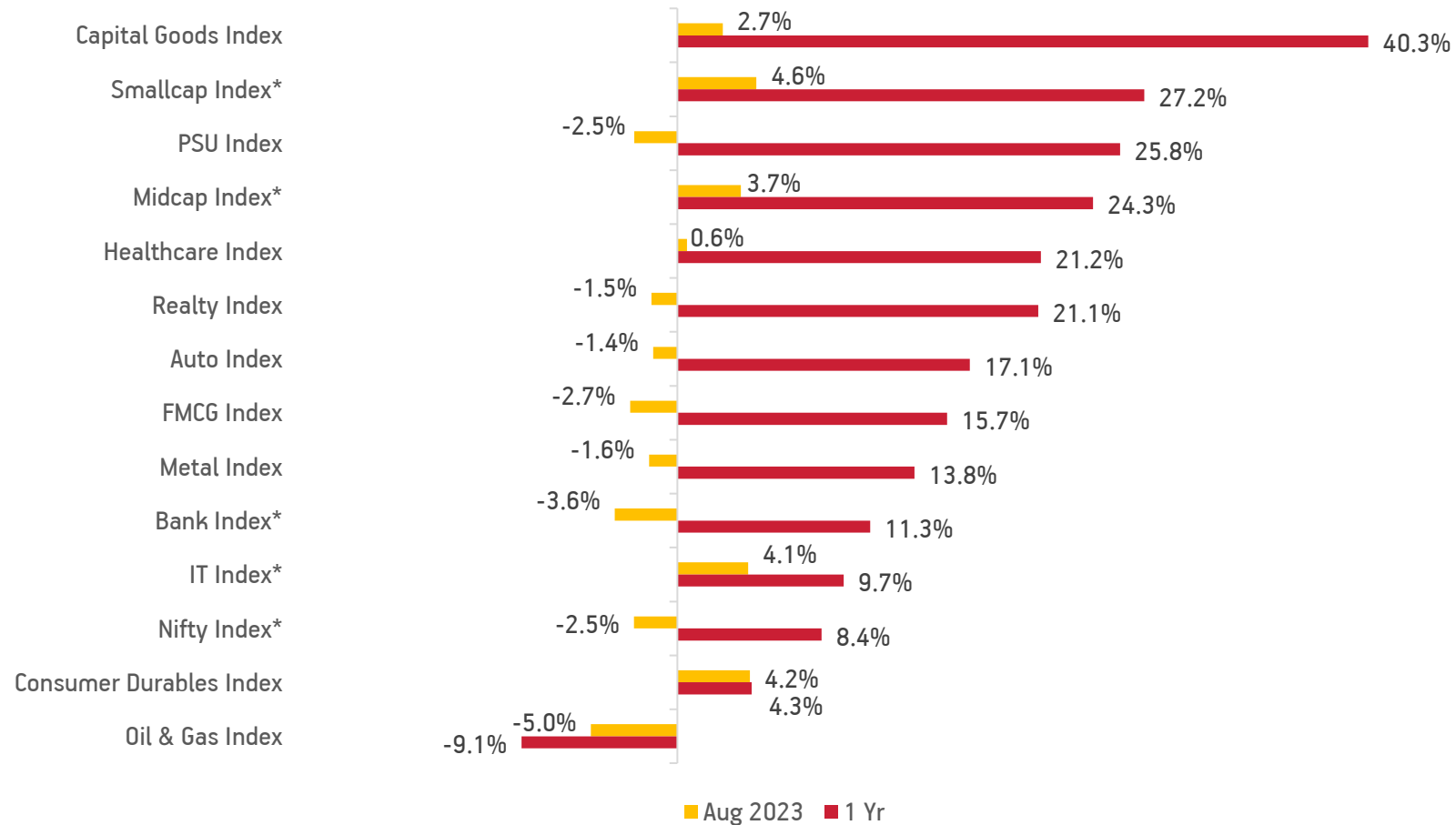


In India, Smallcap & Midcap continued to strengthen and outperformed Largecaps in August. Silver and Smallcaps have outperformed over last 1-year.



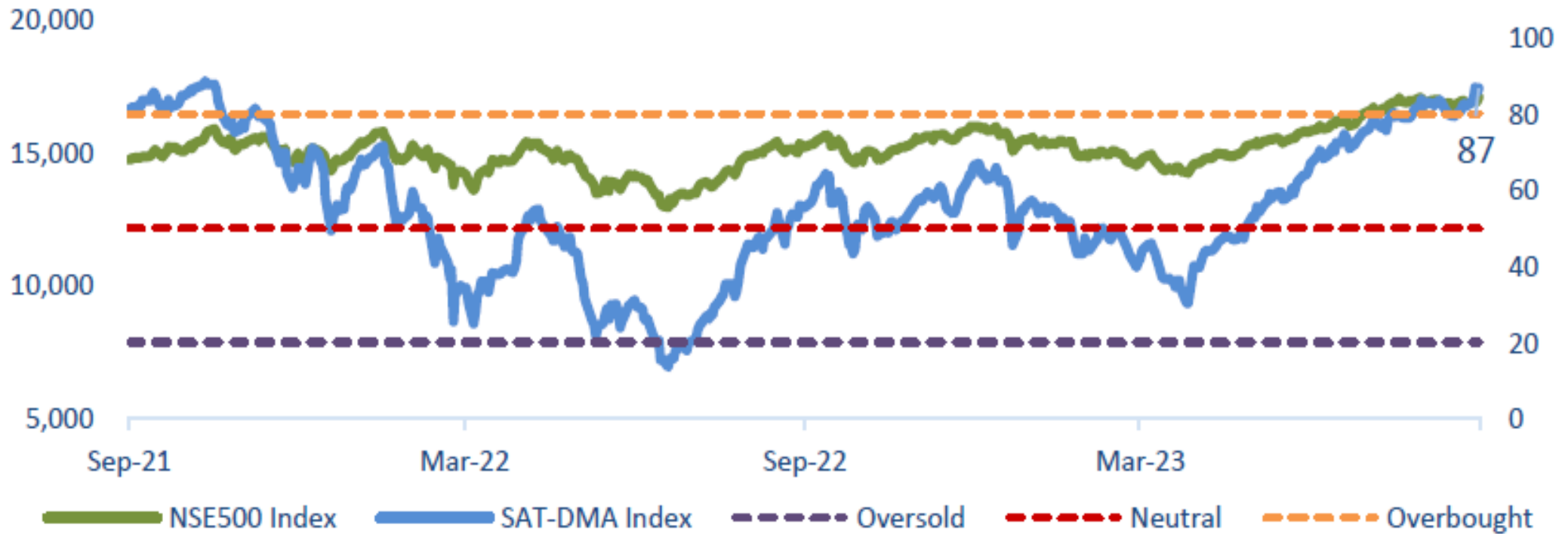
## Sectoral Indices: 1M (August) & 1-Yr Performance (in INR)

Consumer Durables and IT Index have outperformed in August. Over the past 1-year, Capital Goods, PSU & Healthcare Index stand out.



- 87% of Nifty 500 stocks are above 200DMA (vs 83% last month).
- Though overall markets saw some correction, mid and small cap stocks continued to strengthen during the month.

### Nifty 500 stocks above 200DMA

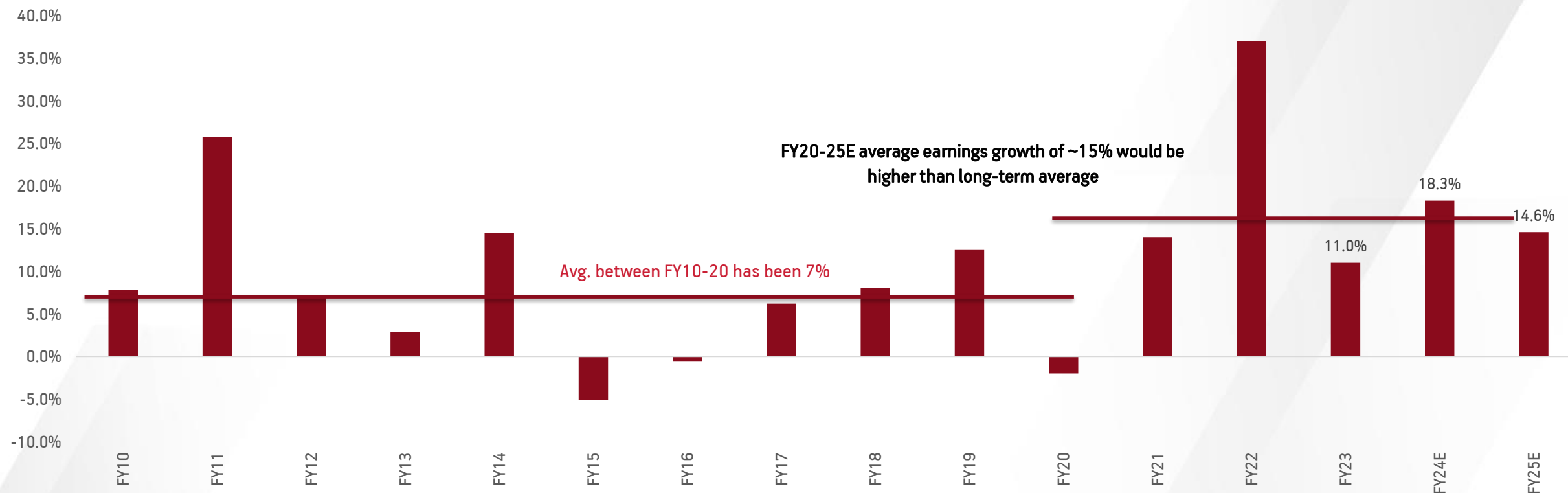


*DMA is Day moving average. Note: SAT-DMA Index (Stocks Above 200 DMA Index) indicates market bottoms out around 20% and tops out around 85%.*

Source: Nuvama, ABSLAMC Research. Data as of 1<sup>st</sup> Sep 2023

Expect corporate earnings to grow at a healthy rate of ~15%+ over the coming years

### Nifty EPS Growth (YoY %)



- Global cyclicals have got impacted to some extent which has led to some downgrade in corporate earnings. However, earnings sentiment has improved across most domestic sectors. Going forward, earnings should post healthy double-digit growth for FY24 driven by Banking, Autos, and Staples.
- Post Q1FY24 results, we do not foresee much changes in estimates on an overall basis. With corporate profits to GDP showing a turnaround, we anticipate earnings to grow at a healthy CAGR of ~15%+ over the coming years, which is higher than the long-term average.

Source: Bloomberg, ABSLAMC Research

## Q1FY24 Earnings Update – Positive start to FY24

### Overall Earnings – Neutral to Positive

- India Inc.'s Q1FY24 results indicate earnings beat and in-line results outpace earnings miss. This aggregate performance has been led by BFSI, Real Estate & Pharma that have reported healthy growth, while it has been dragged by weaker-than expected performance of commodity companies.

### Banks - Positive

- Banks have sustained their resilient performance seen in the last quarter. Loan growth continues to be healthy, while NIMs saw moderation due to an increase in the cost of deposits. Credit costs continue to remain benign with no negative surprise on the asset quality front.

### Consumer Staples – Neutral to Positive

- The results for Staple companies were mixed. Companies have started reverting to volume recovery (previously pricing). Rural FMCG market is recovering sequentially but a marked improvement is expected to be seen in 2HFY24.

### Information Technology – Negative to Neutral

- IT firms saw some weakness in discretionary spend in verticals such as BFSI, technology, and communication as enterprises focus more on projects with better ROI and cost optimization. However, companies are confident about the long-term demand given emergence of newer tech.

### Real Estate - Positive

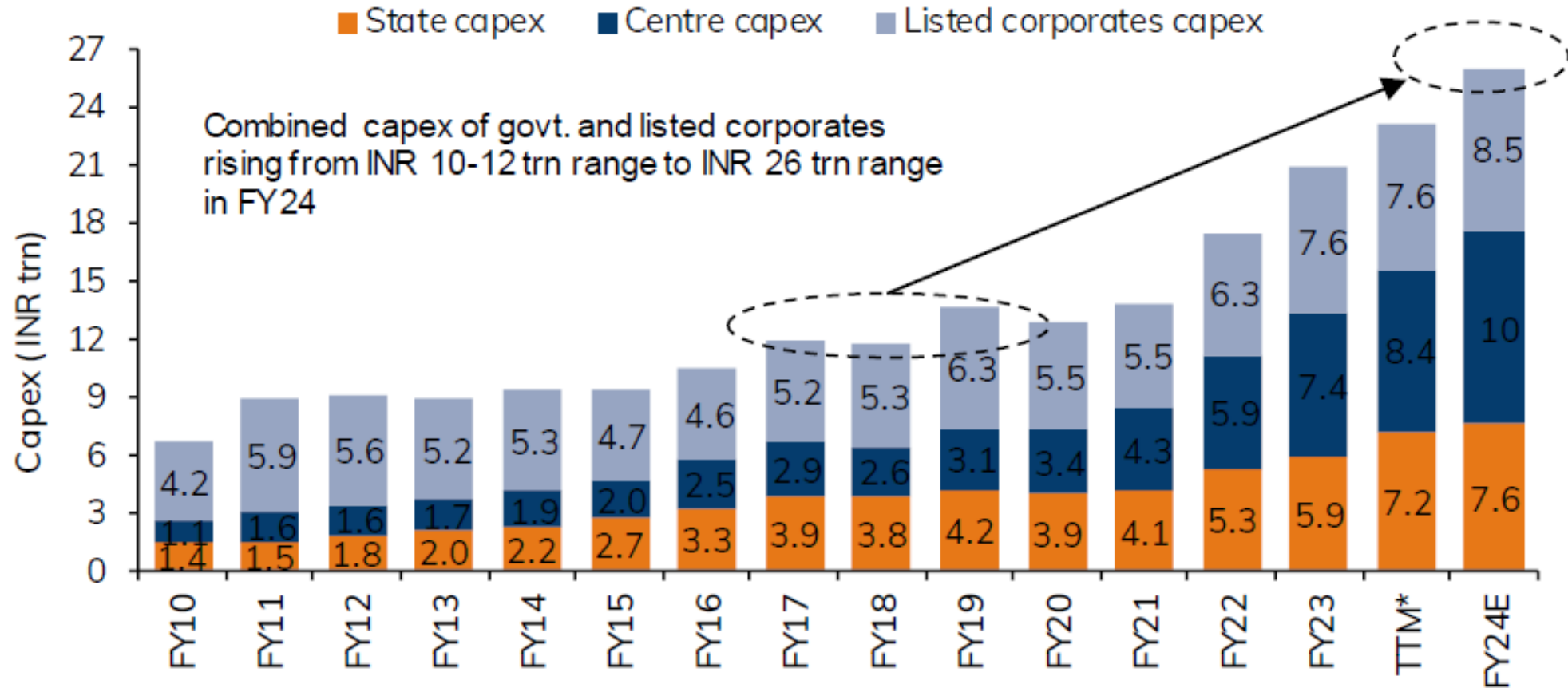
- Despite 1Q being a seasonally weak quarter, most of the housing players reported continued momentum and witnessed strong growth in pre-sales. Collection continued to remain strong in sync with sales booking indicating swift on-ground execution of projects.

### Cement - Positive

- Cement companies EBITDA/ton stabilized in Q1FY24. Going ahead, EBITDA/ton should stabilize given that input prices have started falling.
- Metals – Negative**
- EBITDA growth remained muted for third consecutive quarter. Given the bleak global outlook, metal realisations and profits are likely to remain subdued.

## Robust capex spends witnessed currently undertaken by Govts and Corporates

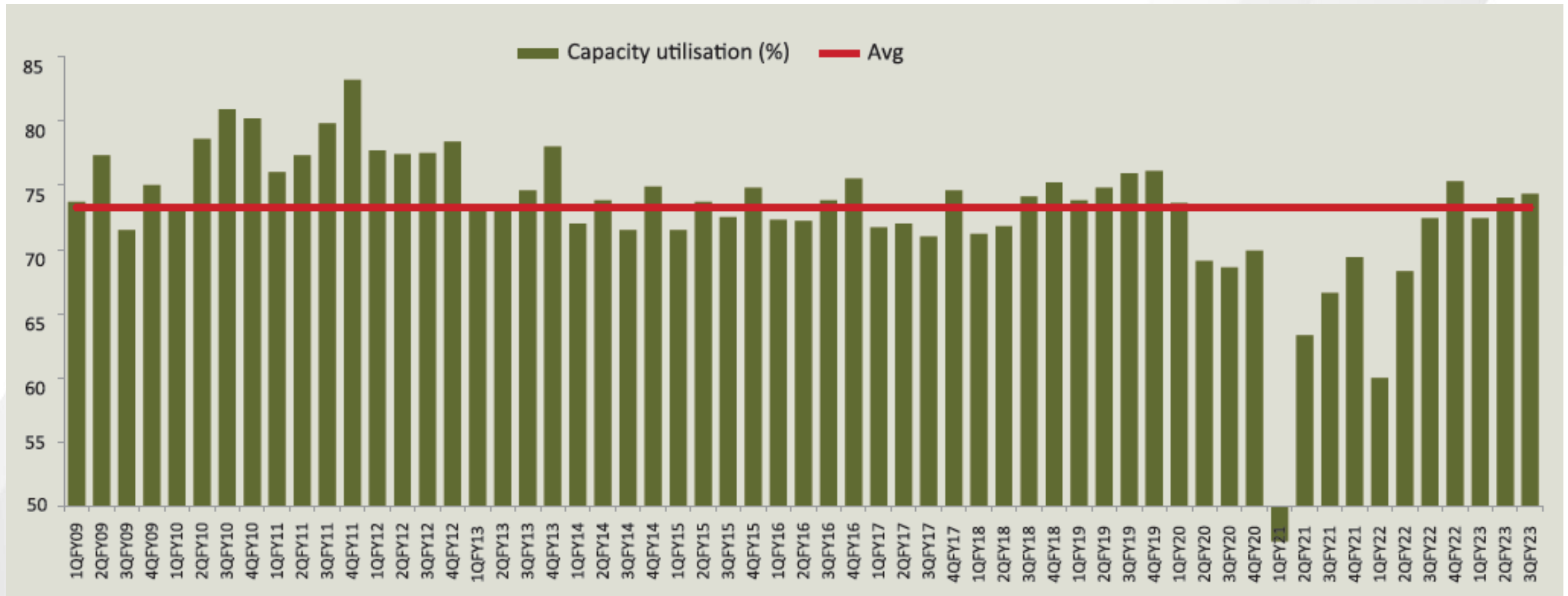
Combined capex has breached Rs. 23Trn on TTM basis so far. From FY17-19 levels, wherein overall capex used to be in Rs 10-12Trn zone, it has jumped to over 23Trn in the recent period.



Source: ICICI Securities, ABSLAMC Research. Note: TTM is data till Jun-23.

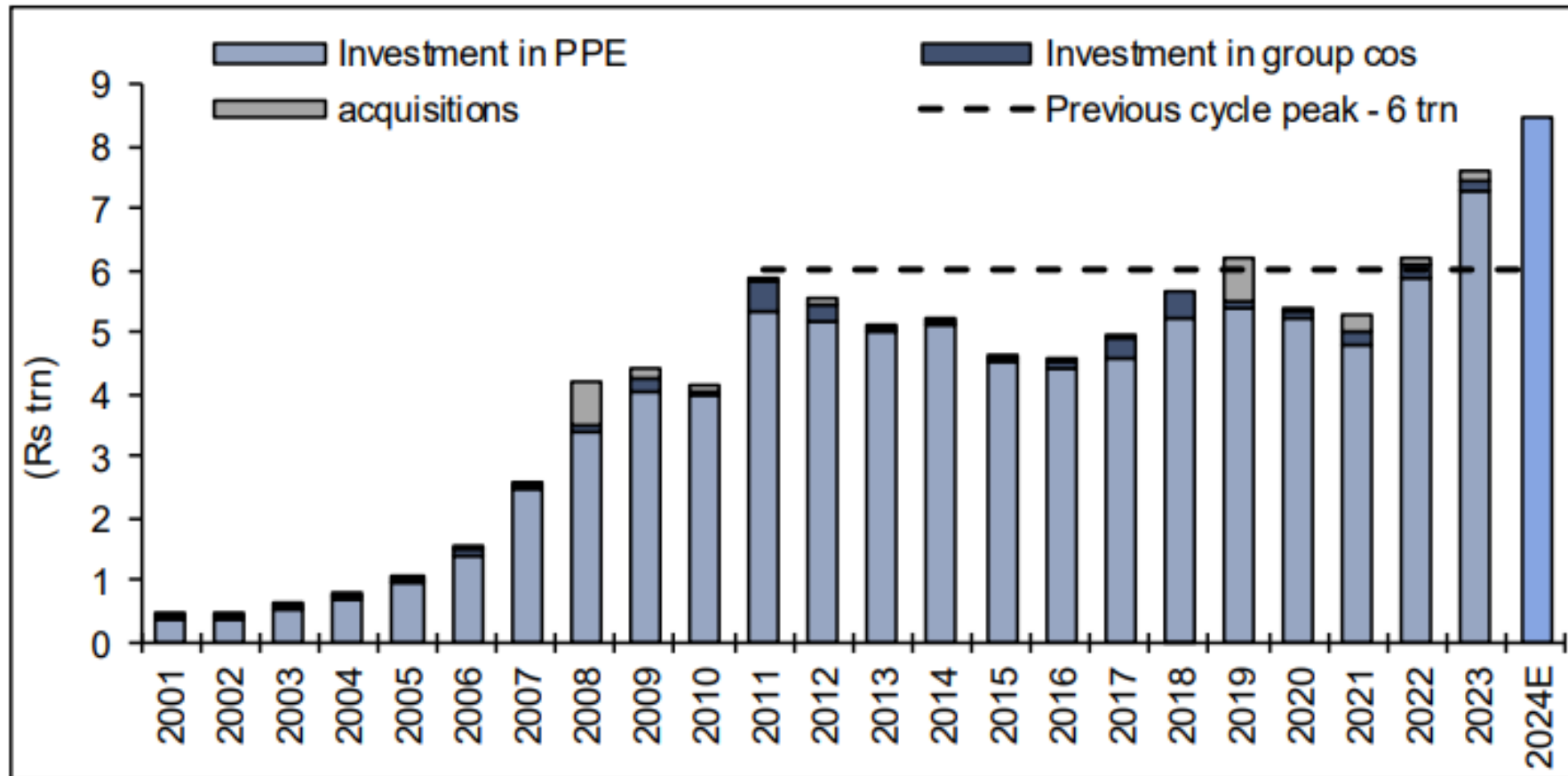
## Capacity Utilization levels are moving to long-term average levels..

Industry wide capacity utilization levels are moving above long-term averages  
and should trigger new investments



## ...And corporates have started to contribute to the capex upcycle

- Listed space corporate capex is breaking out of the previous capex cycle of Rs 6Trn.
- Corporates have started to contribute to capex upcycle as evidenced by the listed space capex growing by a robust 21% YoY to Rs7.6trn in FY23 and expected to be robust in FY24.

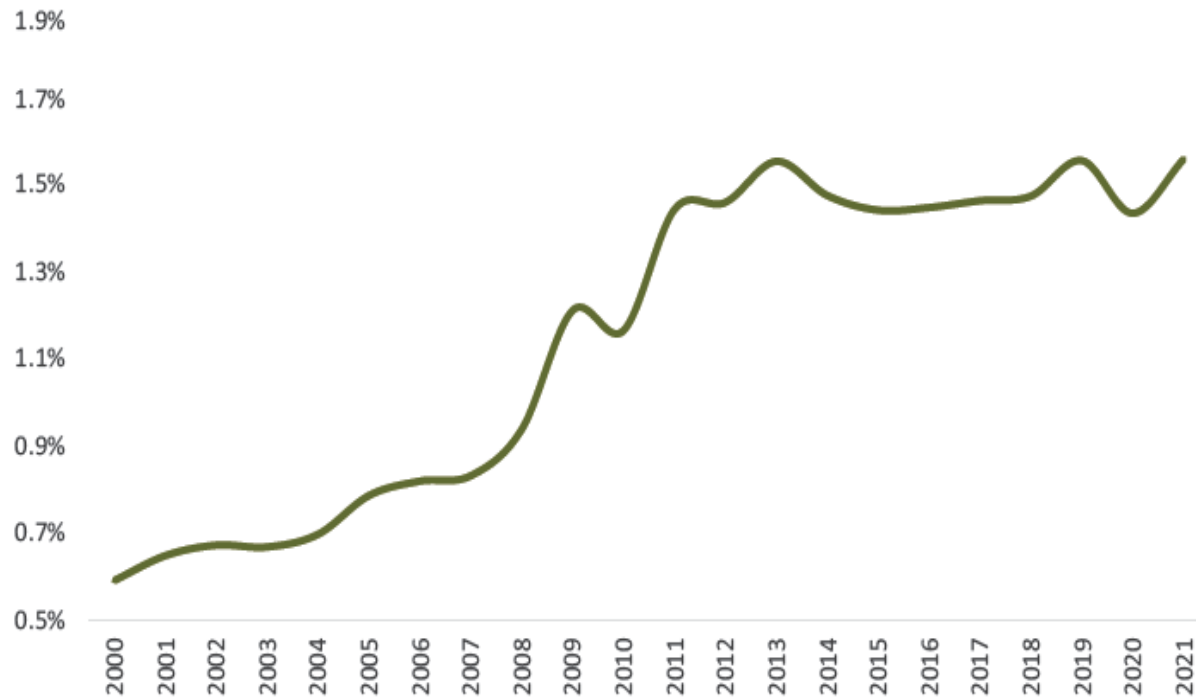


Source: ICICI Securities, ABSLAMC Research.

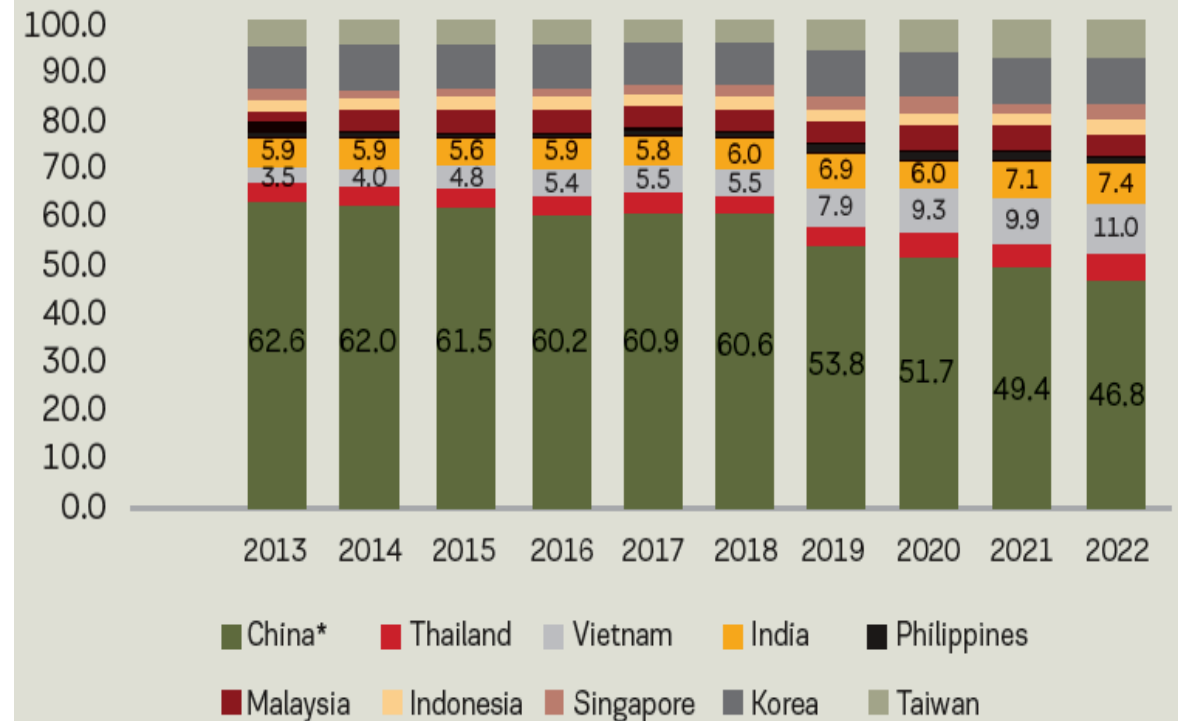


## India's share in global exports is also improving

India: % share of global trade ex. metals, fuels, and jewelry



US Imports from Asia %

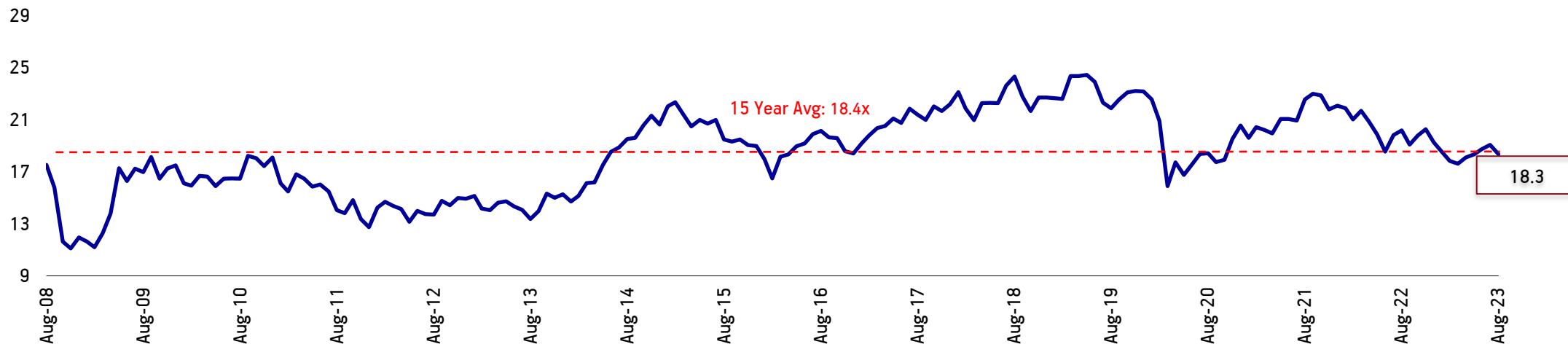


## Nifty-50 valuations have seen some rub off as markets took a breather in Aug

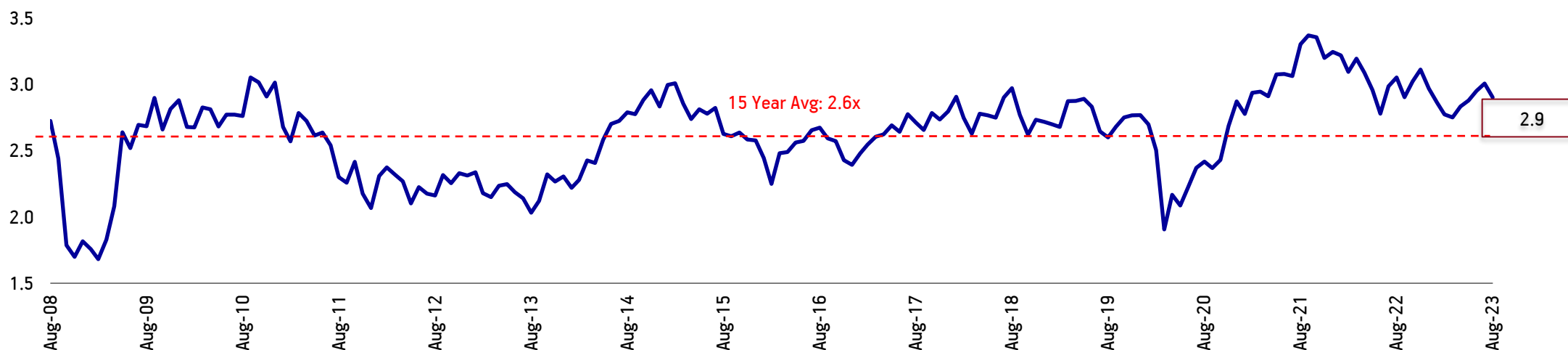
Aditya Birla Sun Life  
AMC Ltd.



### Nifty 1Y Fwd. P/E



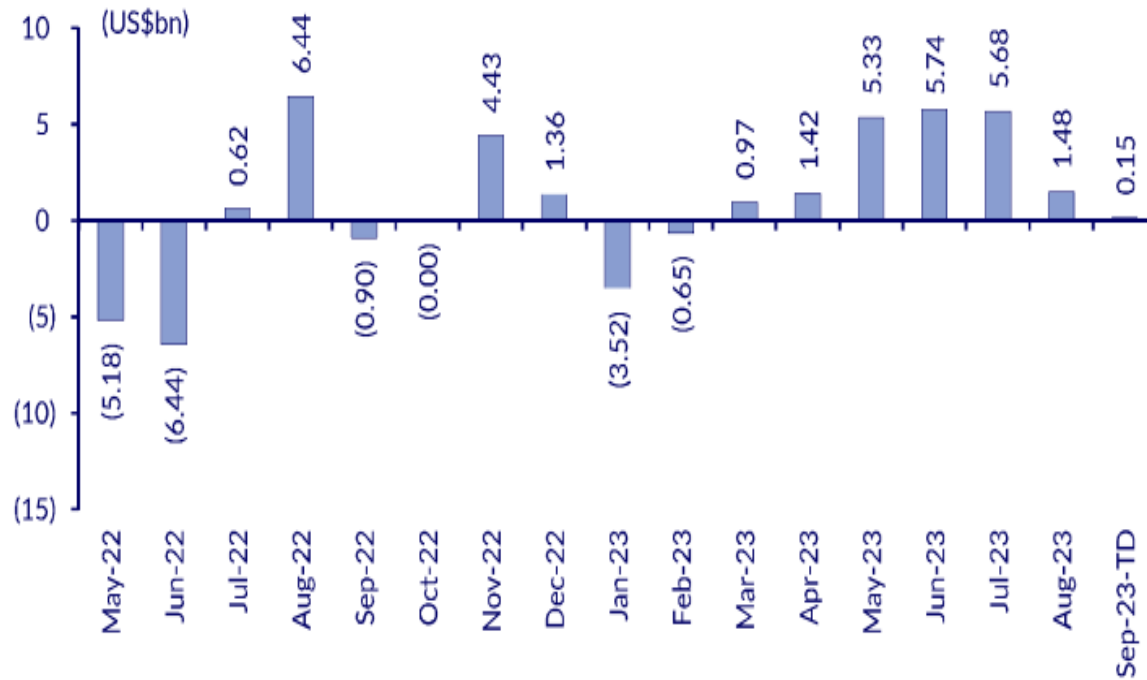
### Nifty PB



Source: MOSL, ABSLAMC Research; Note: Data as of 31<sup>st</sup> Aug 2023

Aditya Birla Sun Life AMC Ltd.

## Trend in monthly FII flows (equity)

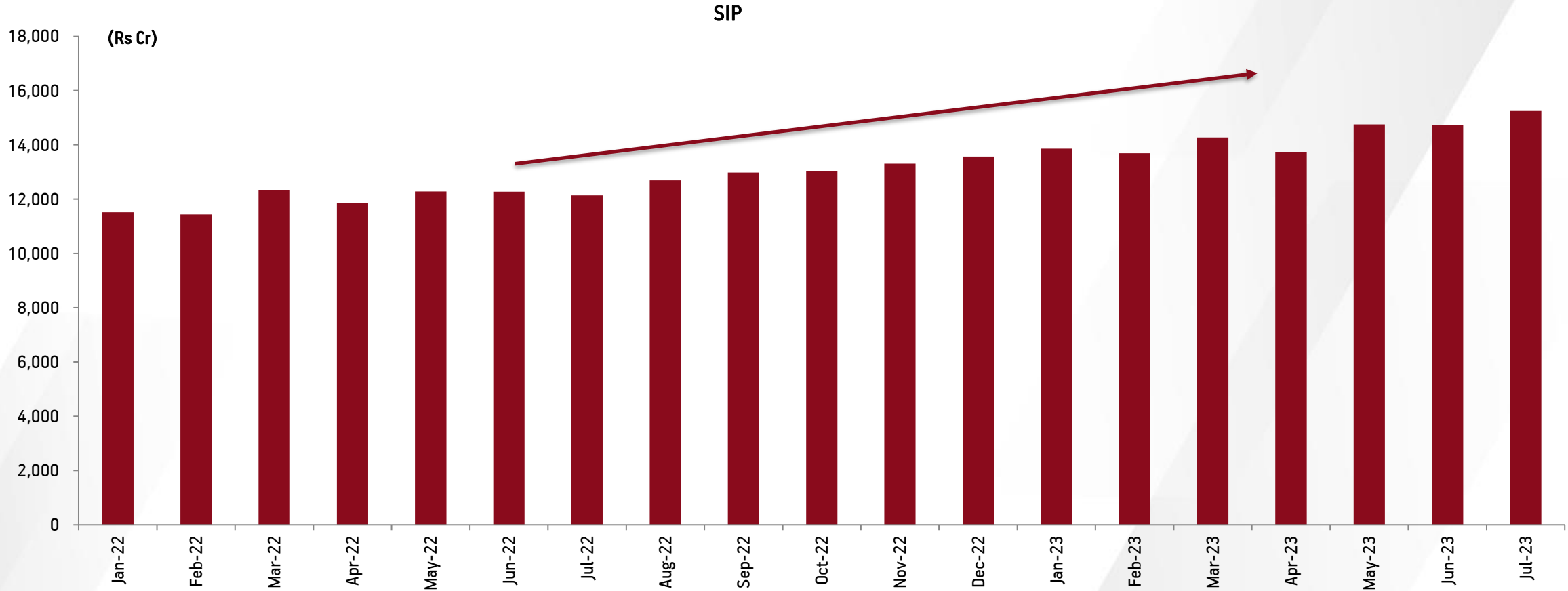


- FII flows continued in Aug-23, with investments of ~\$1.5Bn in the month.
- Cumulative inflows since Mar'23 have crossed ~\$20Bn.
- Overall, international investors are increasingly buying into the idea that the India is poised to overtake China as the engine of global economic growth, as India is far less exposed to geopolitical risks than China.

Source: CLSA, ABSLAMC Research. Data as of 1<sup>st</sup> Sep 2023

...along with steady SIP flows

SIP flows continue to witness healthy trajectory and crossed 15000crs in the month of July.



Source: ABSLAMC Research



- The latest nonfarm payrolls report in US, underscores the growing signs of deceleration in economic momentum, indicating that the Fed's monetary tightening is kicking in.
- Overall, global markets retreated in the month of Aug given volatile global macros. Indian markets also took a breather in the month, however, on YTD basis, it continued with its healthy delivery.
- Economic environment continues to remain favorable in India as indicated by high-frequency macro indicators such as capex, GST, PMI, credit and services sector growth.
- Key risk for India in the short term will be macro conditions on the global front. This might be triggered by higher inflation print in US and protracted slowdown in Chinese consumption.
- On the domestic front, weak monsoons and higher food inflation may lead to some impact in the rural economy and overall domestic demand in the near-term. However, given pre-election year, govt. spending should offset any slowdown.
- Given some upside in inflation, we believe the higher for longer rate scenario to continue. Hence rate cuts which was anticipated in early part of next calendar year might get delayed.
- Apart from the short-term issues, medium to long term triggers continue to be positive for India. Capex cycle is unfolding, and India stands out in terms of growth in the global context.
- Currently, valuations for India is at a premium vs EM peers. However, it is still at an avg. of the premium seen over the historical levels. Given its relatively higher growth and stable policy environment, India will continue to trade at a premium.

- Over the last month, although Largecaps saw some correction, mid and small cap stocks continued to strengthen during the same period. This highlights the strength of domestic focused sectors.
- Mid and small caps continued to be preferred over large caps given these companies are most domestic focused vs large caps which have a global exposure, wherein the outlook is not as bright.
- Another positive factor that continued for the Indian markets was the FPI flows (highest CYTD amongst select EMs) with month of Aug witnessing \$1.5Bn inflows.
- Nifty-50 valuations have seen some rub off as markets took a breather in Aug, though valuations for broader markets have been picking up. At this juncture, we advice investors to remain cautious and maintain target equity allocation closer to the median levels.
- With interest rates at its peak and expectations of moderate equity returns, fixed income is also attractive. Overall, risk-reward seems balanced across asset classes, hence, a multi-asset allocation approach with exposure to Equity, Fixed Income, and Gold (our call since the beginning of the year) continues to remain well-suited for the current environment.
- **Within equity, domestic focused themes viz. Banking and Financial Services, Consumption, Healthcare and Domestic Manufacturing are preferred to global cyclical.**





# Sector Outlook

## Positive on Consumption, Banking & Financial Services

Themes	Sector	View
 <p><b>Consumption</b> Shift from unorganized to organized</p>	Cons. Disc. (Low-ticket) Retail	Shift from unorganized to organized - Discretionary consumption to increase due to low penetration and increased electrification. With fall in commodity prices, expect most companies to revert to pre pandemic profitability levels in the coming quarters.
 <p><b>Banking &amp; Financials</b> Growth pick up, entering a new credit cycle, Positive</p>	<p>Large Lenders (Banks &amp; NBFCs)</p> <p>Insurance</p>	<p>Indian bank's priorities are quickly shifting from asset quality to the liability front as the surplus system liquidity is fast receding and credit growth demand has shown revival. The current loan growth demand is towards working capital loans, retail &amp; SME while private investment cycle yet to pick up as certain green shoots are clearly visible with the economic activity picking up. While NIM's have peaked out but banks continue to have various levers such as continued momentum in loan growth and benign asset quality, earnings momentum to remain strong and ROA/ROE to remain at decadal highs. Moreover, we expect deposit growth to accelerate from here, helped by improved real deposit rates and normalization of CASA deposits. In terms of valuations, remains at mean levels imply that strong compounding should drive strong returns; we expect re-rating to above mean levels on the levers discussed above. Also, NBFCs now looking to see improving growth/NIMs outlook considering rates peak in CY23.</p> <p>Life insurance companies in India seem to be striking a fine balance between Managing/navigating regulatory changes and capitalizing on long term growth potential products such as Protection, Annuity, Guaranteed products. Also, widening distribution channels using open architecture model in bancassurance by partnering with multiple players and ramping up agency channel. Thus, believes high growth in the sector to continue but remain selective in positioning to select stocks only.</p>

The Scheme(s) may or may not have any present or future positions in these Sectors and should not be construed as promise, guarantee on or a forecast of any minimum returns.

## Positive on Industrials & Infra, and Tech/Digital

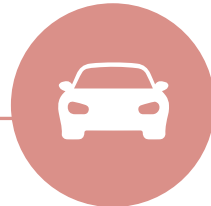
Themes	Sector	View
 <p><b>Industrials &amp; Infra</b> Government Push</p>	<p>Industrials Capital Goods Infra</p>	<p>Total capital expenditure in the FY24 budget is pegged at Rs 13.9 lakh crs implying a 22% growth versus FY23RE. Within that 13% YoY higher allocation in Central Government capex (Road, Railway and Defence). Focus on energy transition and green energy capex is a positive. PLI in sectors such as solar module manufacturing, semi conductors will help increase localization. Moderating raw material prices to aid profitability in FY24. Risk: Slowdown in EU and North America could lead to lower exports in the near term.</p>
 <p><b>Technology/Digital</b> Digital shift driving growth</p>	<p>IT, International Tech</p>	<p>Increasing technology intensity across verticals will continue to drive strong demand for IT sector. Factors driving higher tech spends are – a) acceleration of digital transformation journey i.e., modernization of core infrastructure; b) adoption of public and hybrid cloud model; c) spend in new digital services area such as consumer experience, data, cyber security; and d) rise in outsourcing and share gains. Enterprise integration of Generative AI technology will be additional demand tailwind.</p>

The Scheme(s) may or may not have any present or future positions in these Sectors and should not be construed as promise, guarantee on or a forecast of any minimum returns



### Metal

Neutral: Slowdown in Chinese demand due to slump in real estate sector is impacting commodity prices. However, Chinese government has come out with certain policy measures to spur growth in the real estate sector. Stocks are trading below historical averages and offers valuation comfort.



### Auto

Neutral to marginally positive – Build up to festive season can be seen clearly, as the wholesales are higher than retails across segments. This festive season will be a key indicator as to how auto industry growth will shape up in the coming months.



### Consumer Staples

Neutral to marginally positive: RM price stabilization and early signs of rural recovery bodes well for sequential demand upside. Incrementally, we will need to watch out on volume growth in rural India as recovery happens gradually.



### Cement

Neutral: Demand continues to remain strong while cost pressure have also started subsiding. However, valuations are not reasonable and offer limited upside.



### Utilities

Positive: Power requirement will go up as industrial activity picks up. Utilities sectors is seeing rerating.

## Outlook for other key sectors



### Telecom

Positive: Price hike in telecom tariff and increasing 4G penetration to continue drive ARPU improvement. Market share shift led by superior execution to continue in favour of strong incumbent. Unlocking of digital businesses may act as further trigger.



### Oil & Gas

Negative: Windfall tax on Crude oil and expected the same in Natural Gas would curb the earnings for upstream companies. Moreover, higher crude oil price coupled with Elections will put further pressure on OMCs in terms of losses in Marketing segment (Diesel / LPG). Preferred CGD over Upstream/Refining & marketing on expected change in Gas pricing policy which will support Gas cost and margins. Any favourable solution would lead to re-rating in multiples.



### Pharma

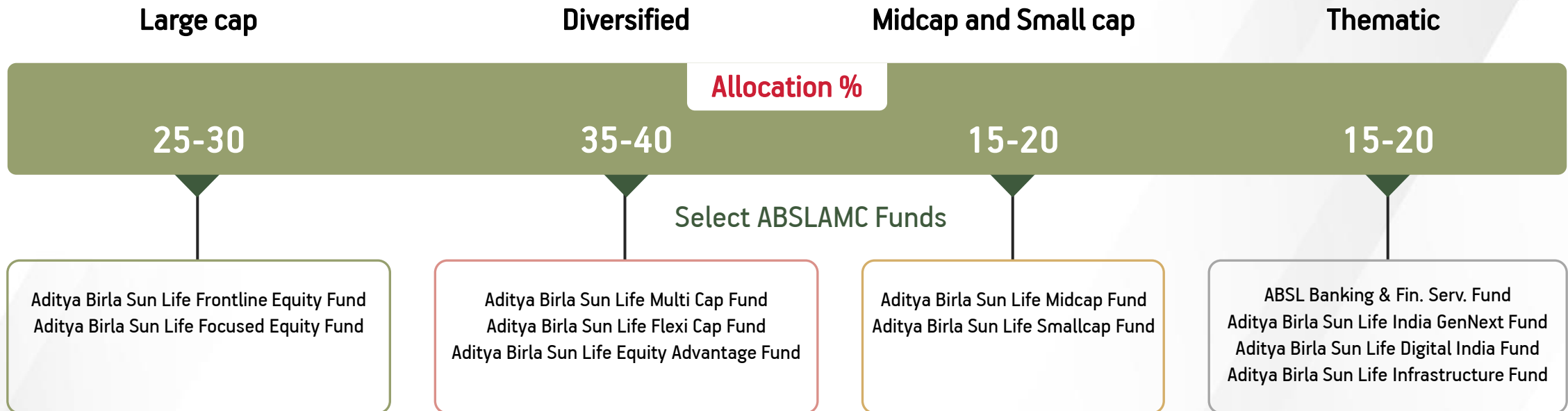
Positive: Domestic business outlook is robust and export business traction is improving based on pipeline of new product launches. Valuations are in line with long-term averages.



### Real Estate

Positive: Strong demand momentum continues post-Covid, as consumers are realizing importance of house ownership. Strong companies are gaining market share, and this trend is likely to continue.

## Equity Fund Category



Investors who are looking for lesser volatility should consider **Aditya Birla Sun Life Multi Asset Allocation Fund** and **Aditya Birla Sun Life Balanced Advantage Fund** as they are well suited for the current environment.

- These funds have potential to provide **reasonable returns in the long term**.
- They are especially suitable for first-time investors in Equity as they have lower allocation to equity.



# Focused Funds for Equity and Hybrid

## Category: Large Cap Funds

### Positioning

- ❖ Invests in **stable and established large caps companies** with a good growth potential
- ❖ Top-down approach for sector allocation and bottom-up approach to identify stocks
- ❖ **Disciplined Sectoral Bets** - Maintains sector allocation within  $\pm 30\%$  relative to benchmark or  $\pm 5\%$  absolute, whichever is higher, to ensure sector diversification

### Key Features

- ❖ Growth Bias - Fund maintains a Growth oriented portfolio
- ❖ Takes opportunistic exposure in midcaps (up to 20%)
- ❖ Portfolio is well diversified across 29 sectors with 78 stocks
- ❖ Top 30 stocks account for  $\sim 78\%$  of the portfolio
- ❖ Overweight on BFSI, Personal products, Pharmaceuticals, Realty, Construction, Telecom, Industrial Products, Automobiles
- ❖ Underweight on Petroleum Products, Diversified FMCG, Software, Ferrous Metals

## Style Box

Large Cap			
Mid Cap			
Small Cap			
	Growth	Value	Blend



### Fund Managed By:

Mr. Mahesh Patil

AUM of Fund (31.08.23) - **INR 23,427 Cr**  
Special Products – SIP, STP, SWP, CATP

## Category: Flexi Cap Funds

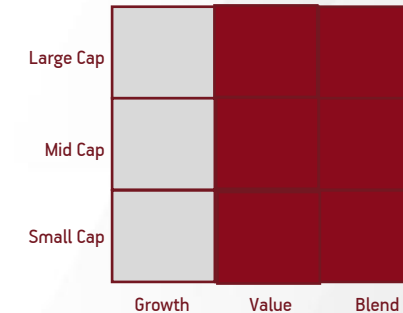
### Positioning

- ❖ Diversified fund (**maintains a disciplined allocation band of 60%-75% for large cap stocks**)
- ❖ Inclination towards large caps ensures focus on quality companies
- ❖ Deploys **Top-Down approach** - to build a view on the economy & identify sectors and subsequently strong companies within those sectors (**E-I-C approach**)

### Key Features

- ❖ Portfolio is **well diversified** across sectors with 73 stocks. Top 30 stocks account for ~80% of the portfolio
- ❖ Overweight: Beverages, BFSI, Pharmaceuticals, Healthcare, Telecom, Software, Ferrous Metals, Chemicals, Paper/Forest products
- ❖ Underweight: Diversified FMCG, Petroleum Products, Autos, Construction, Power, Electrical Equipment, Retailing and Food products

## Style Box



### Fund Managed By:

Mr. Anil Shah

AUM of Fund (31.08.23) - **INR 17,296 Cr**  
Special Products – SIP, STP, SWP, CATP

## Category: Multi Cap Funds

### Positioning

- ❖ Combination of Focused Large Cap, Focused Mid Cap & Focused Small Cap in one portfolio
- ❖ Follows disciplined market cap allocation to large, mid & small cap stocks with active rebalancing approach
- ❖ Well curated portfolio of high conviction ideas
- ❖ Biased towards secular growth opportunities from across the market spectrum

### Key Features

- ❖ Portfolio is **well diversified** across sectors with 71 stocks. Top 30 stocks account for ~62% of the portfolio
- ❖ Overweight: Consumer durables, Electrical equipment, Cement, Beverages, IT-Services and Industrials
- ❖ Underweight: Petroleum Products, Diversified FMCG, Ferrous metals, IT-Software, Chemicals, Power, Gas, Fertilizers.

## Style Box

Large Cap			
Mid Cap			
Small Cap			
	Growth	Value	Blend



### Fund Managed By:

Mr. Dhaval Shah  
Mr. Harshil Suvarnkar

AUM of Fund (31.08.23) - **INR 4,413 Cr**  
Special Products – SIP, STP, SWP, CATP

## Category: Thematic Funds

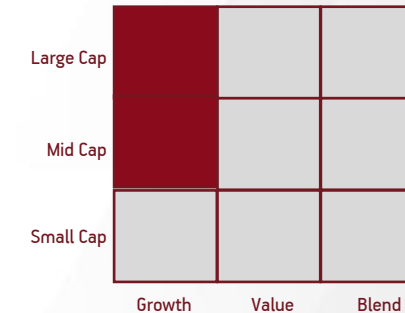
### Positioning

- ❖ Thematic fund focused on opportunities arising from various socioeconomic trends driving value enhancement in consumption across sectors
- ❖ Diversified approach with focus on consumption theme
- ❖ Flexibility to allocate across market capitalization

### Key Features

- ❖ Well diversified portfolio of 76 stocks across 21 sectors. Market cap break-up – close to 61% large caps, 22% mid cap & 13% small cap.

## Style Box



### Fund Managed By:

Mr. Chanchal Khandelwal

AUM of Fund (31.08.23) - **INR 4,029 Cr**  
Special Products – SIP, STP, SWP, CATP

## Category: Thematic Funds

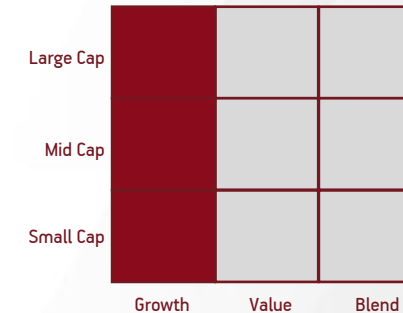
### Positioning

- ❖ Fund dedicated to investing in companies belonging to the largest sector of the economy – banking & financial services
- ❖ Focused on B-M-V framework (Business Management & Valuations) and has continued focus on buying companies that show ~20-25% growth in earnings, typically buying companies that have strong balance sheets, good quality management and potential for superior growth in terms of revenues and profits

### Key Features

- ❖ Large cap oriented concentrated portfolio of 41 stocks

## Style Box



### Fund Managed By:

Mr. Dhaval Gala

AUM of Fund (31.08.23) - **INR 2,801 Cr**  
Special Products – SIP, STP, SWP, CATP



## Category: Thematic Funds

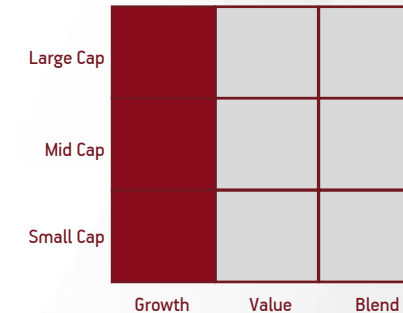
### Positioning

- ❖ Invests in companies belonging to technology, internet, telecommunication and media & entertainment sectors.
- ❖ Fund can also invest in stocks of global technology companies (up to 25% of net assets) and related ancillary sectors. Currently, 4.95% of portfolio is deployed in international equities.
- ❖ Maintains a Growth biased portfolio

### Key Features

- ❖ Focused portfolio - Currently there are 33 stocks in the portfolio.
- ❖ Market Cap Allocation: Currently ~60 to 65% of the portfolio is invested in large cap stocks, ~32% in mid and small cap stocks.

## Style Box



### Fund Managed By:

Mr. Kunal Sangoi

AUM of Fund (31.08.23) - **INR 3,904 Cr**  
Special Products – SIP, STP, SWP, CATP

## Category: Small Cap Fund

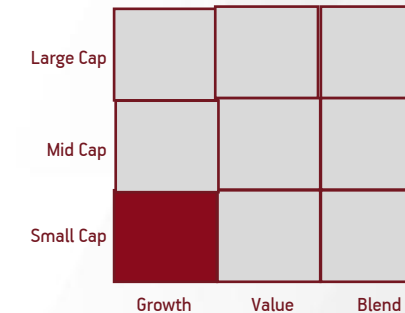
### Positioning

- ❖ Investments in small-cap companies is a niche play which reduces correlation amongst stocks & with broader markets
- ❖ Focuses on buying stocks of companies with scalable and sustainable business model at reasonable valuations(GARP), with above average ROE, generating positive cashflow from operations and ability to create wealth for minority shareholders

### Key Features

- ❖ Follows a Bottom-up stock picking investment approach
- ❖ Liquidity Management : Maximum 2-3% per company
- ❖ Overweight: Auto Components, BFSI, Consumer durables, Agricultural products, IT – Software, Textiles, Cement, Electricals, Retailing, Food Products
- ❖ Underweight: Pharmaceuticals, Industrial Products, Chemicals, Construction, Leisure services, Gas, Ferrous Metals, Fertilizer, Telecom, Power

## Style Box



### Fund Managed By:

Mr. Vishal Gajwani

AUM of Fund (31.08.23) - **INR 4,510 Cr**  
Special Products – SIP, STP, SWP, CATP

## Category: Balanced Advantage Funds

### Positioning

- ❖ Dynamic asset allocation fund. Guided by valuation of S&P BSE 100 TRI through parameters like adjusted P/E, P/B, Dividend Yield to arrive at equity exposure. Remaining invested in derivative for hedging & fixed income

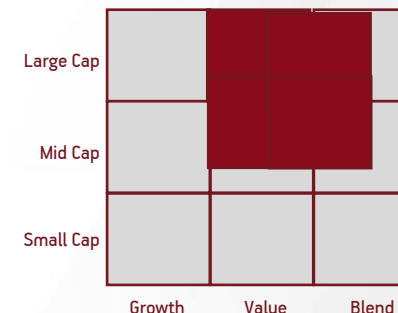
Adjusted P/E range of S&P BSE 100	Net Equity Exposure Range (in %)
<14	80 – 100
14.0-17.5	60 – 90
17.5-21.5	45 – 75
21.5-25.0	30 – 60
>25	0 – 40

- ❖ Applies **counter cyclical approach** to reduce equity when it is in expensive zone to limit the downside & vice versa
- ❖ Rebalancing is done basis the P/E levels (market valuations), the stage of economic cycle and fund manager's views

### Key Features

- ❖ Large cap biased diversified portfolio of quality companies selected through a combination of top-down and bottom-up approach
- ❖ Net equity exposure was taken to as high level as 80% in March, April 2020 and trimmed with sharp recovery (@~57% now (net equity exposure)
- ❖ Fund opportunistically rotates sector allocation with changing market dynamics
- ❖ Currently, overweight in Personal Products, Transport infra, BFSI, Cement, Industrial Products
- ❖ Underweight in Petroleum Products, Software, Power. Diversified FMCG

## Style Box



### Fund Managed By:

Mr. Vishal Gajwani  
Mr. Mohit Sharma  
Mr. Lovelish Solanki

AUM of Fund (31.08.23) - **INR 6,795 Cr**  
Special Products – SIP, STP, SWP, CATP

## Category: Thematic Funds

### Positioning

- ❖ ABSL Multi Asset Allocation Fund invests in Equity, Debt and Commodities with disciplined allocation of 65-80% in Equity, 10-25% in Fixed Income and 10-25% in Gold/Commodities.
- ❖ Equity portion of Portfolio will follow Flexi Cap Approach with Large Cap bias and can invest across Sectors / Themes. Fixed income portfolio will largely use Accrual strategy.
- ❖ Equity portion will follow GARP philosophy to seek growth opportunities from across the market spectrum
- ❖ Gold ETF / Silver ETF would be used for tactical allocations to hedge volatility of Equity

### Key Features

Asset Class	Range	% of Total AUM
Equity	65-80	66.0%
Fixed Income / Cash	10-25	20.7%
Gold/ silver ETF	10-25	13.3%
Total		100.0%

### Style Box

Large Cap			
Mid Cap			
Small Cap			
	Growth	Value	Blend

Credit Quality	High			
	Medium			
	Low			
		Low	Medium	High
		Interest Rate Sensitivity		



#### Fund Managed By:

Mr. Dhaval Shah, Mr. Bhupesh Bameta, Mr. Sachin Wankede

AUM of Fund (31.08.23) - **INR 2,542 Cr**  
Special Products – SIP, STP, SWP, CATP

## Category: Thematic Funds

### Positioning

- ❖ Crystallizes our fund house's strategy. Investors can invest in just this one fund and get exposure to the underlying ABSL funds. Investors need not time markets and can just stay invested for long term without having to worry about changing market dynamics.
- ❖ 1-stop shop that provides investors access to four asset classes.
- ❖ Streamlined process – Managed by dedicated Portfolio Manager with inputs from both Equity and Debt teams.
- ❖ Back-tested model for supporting allocation decisions.
- ❖ Equity portfolio follows Core-Satellite approach. Core consists of Largecap and Diversified funds. Satellite consists of Smallcap and Thematic funds.
- ❖ International Equity – Invests in International Fund and Index ETFs.
- ❖ Fixed Income - Core Investment: High quality (AAA/PSU), low to medium duration.
- ❖ Gold – Invests in Gold ETF. Hedges volatility of Equity and Debt.

### Key Features

Asset Class	Range	ABSL Funds	% of Total AUM
Domestic Equity	20-80	Small Cap, Mid Cap, Equity Advtg, Pure Value, Infrastructure, Dividend Yield, Pharma & Healthcare, PSU Equity, BFSI	59.7%
International Equity	0-15	International Equity Fund	-
Fixed Income	15-75	Low Duration, Short Term, Dynamic Bond	32.5%
Gold	5-15	Gold ETF	7.7%
Total			100.0%

Style Box				
Credit Quality	High			
	Medium			
	Low			
		Short	Medium	Long
		Modified Duration		



### Fund Managed By:

Mr. Vinod Bhat

AUM of Fund (31.08.23) - **INR 169 Cr**  
Special Products – SIP, STP, SWP, CATP

# Update on Fixed Income Market & Outlook



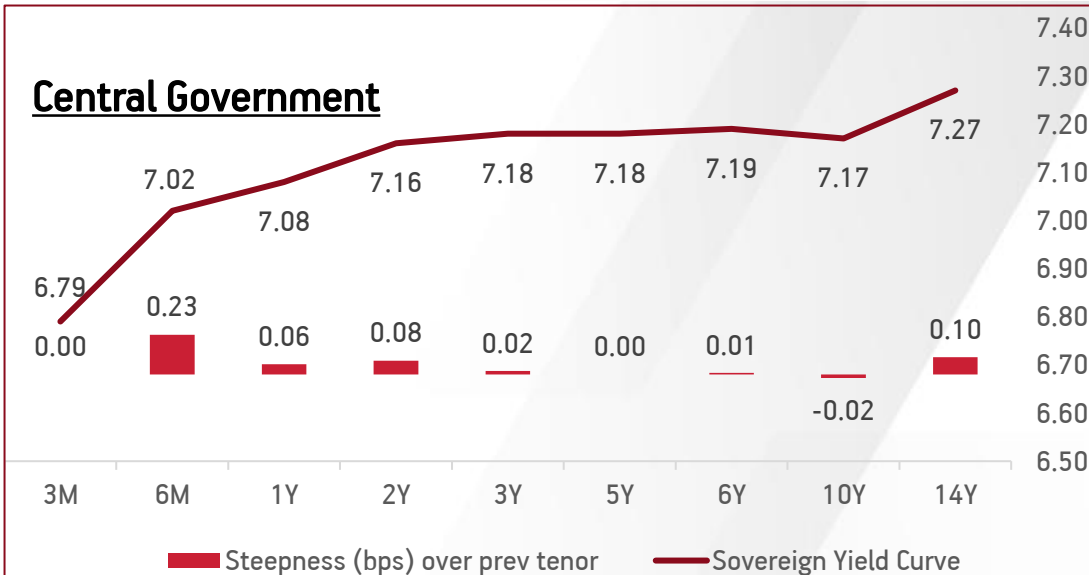
- Rates continue to remain elevated with headline inflation remaining above target in major economies. Economy remains resilient, particularly with relatively strong labor markets. The decline in inflation has been gradual and remains above target, prompting Central banks to lean on the hawkish side. Moreover, the recent increase in crude prices is also keeping continued pressure on rates.
- Given the elevated headline inflation number, overall growth data coming in relatively strong and the global backdrop, expectations of rate cuts have been priced out completely by markets and slightly tight liquidity conditions are now being priced in by the swap markets. We continue to maintain our view of “higher for longer rates” which we have been arguing for quite some time and believed that markets were too aggressive in expecting rate cuts so soon.
- Having said that with 10-year IGB yield around 7.20 levels, we believe the current level is attractive for someone taking long term position. We will remain very alert on upside risks playing out for yields.
- We also believe that the bar for further rate hikes remains high, given that the current inflation spike was majorly perishables led and core inflation provided comfort to RBI. Rate cuts are a FY25 story and in our baseline scenario, rate cuts if any will be shallow and linked to downside surprises on growth.
- Accrual remains the theme for 2023 on a risk-reward basis. The yield curve in the 2 – 5 years segment is offering attractive nominal yields; given that we have seen some correction in longer end bonds one can look to play duration in this segment on a tactical basis.
- We advocate investors having a 2 - 6 months investment horizon to match their investments with the duration of the fund and invest in our ultra-short, low duration. Our floating rate fund is also well positioned in the current rate cycle and investors having an investment horizon of 6 months+ can look at allocating there. Investors having a horizon of 1 year+ can look at investing in our corporate, short-term, or banking & PSU debt fund. Tactically, we believe that our long duration fund will be a preferred allocation for investors looking to add duration at current levels.

# Sovereign Yield Curve – Levels and Steepness

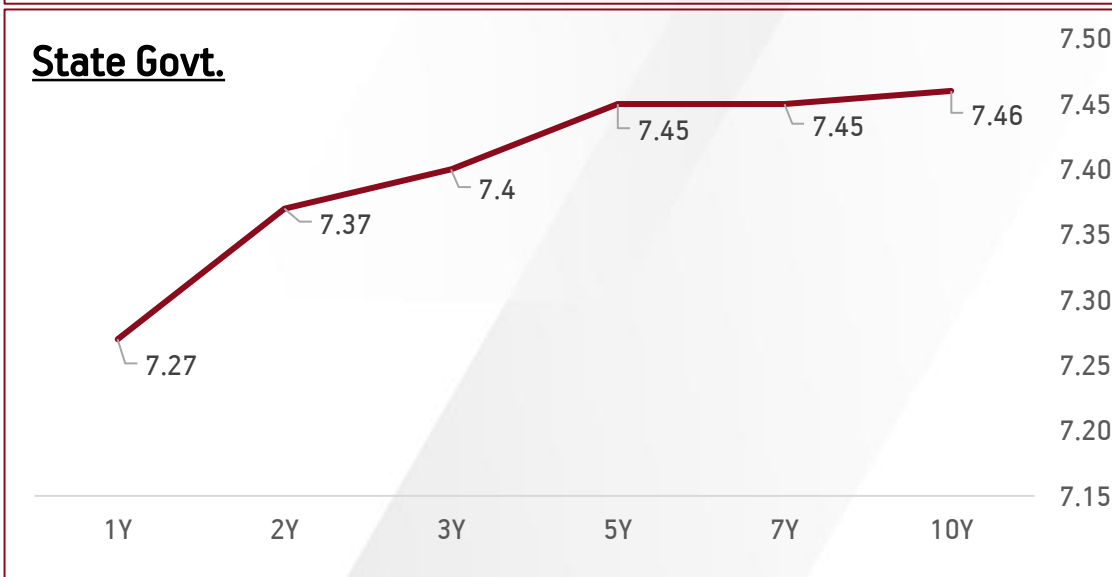
Sovereign	2Y	3Y	5Y	10Y	14Y
31 <sup>st</sup> March 21	4.54	4.90	5.71	6.18	6.72
30 <sup>th</sup> April 22	5.49	6.22	6.68	7.14	7.33
29 <sup>th</sup> July 22	6.45	6.77	7.07	7.32	7.54
30 <sup>th</sup> Sep 22	7.10	7.22	7.32	7.40	7.51
31 <sup>st</sup> Dec 22	7.05	7.15	7.25	7.32	7.42
31 <sup>st</sup> Mar 23	7.10	7.15	7.20	7.31	7.38
30 <sup>th</sup> Apr 23	6.89	6.96	7.06	7.12	7.23
30 <sup>th</sup> Jun 23	6.94	7.05	7.08	7.11	7.22
7 <sup>th</sup> Aug 23	7.10	7.14	7.16	7.19	7.25
4 <sup>th</sup> Sep 23	7.16	7.18	7.18	7.17	7.27

Absolute levels have risen last month, and the belly of the curve continues to look attractive from a positioning perspective. New 10 y issued in August has brought 10 y benchmark levels slightly lower. Given view of higher for longer on interest rates and current rate being terminal, investors can look to add some duration at this point

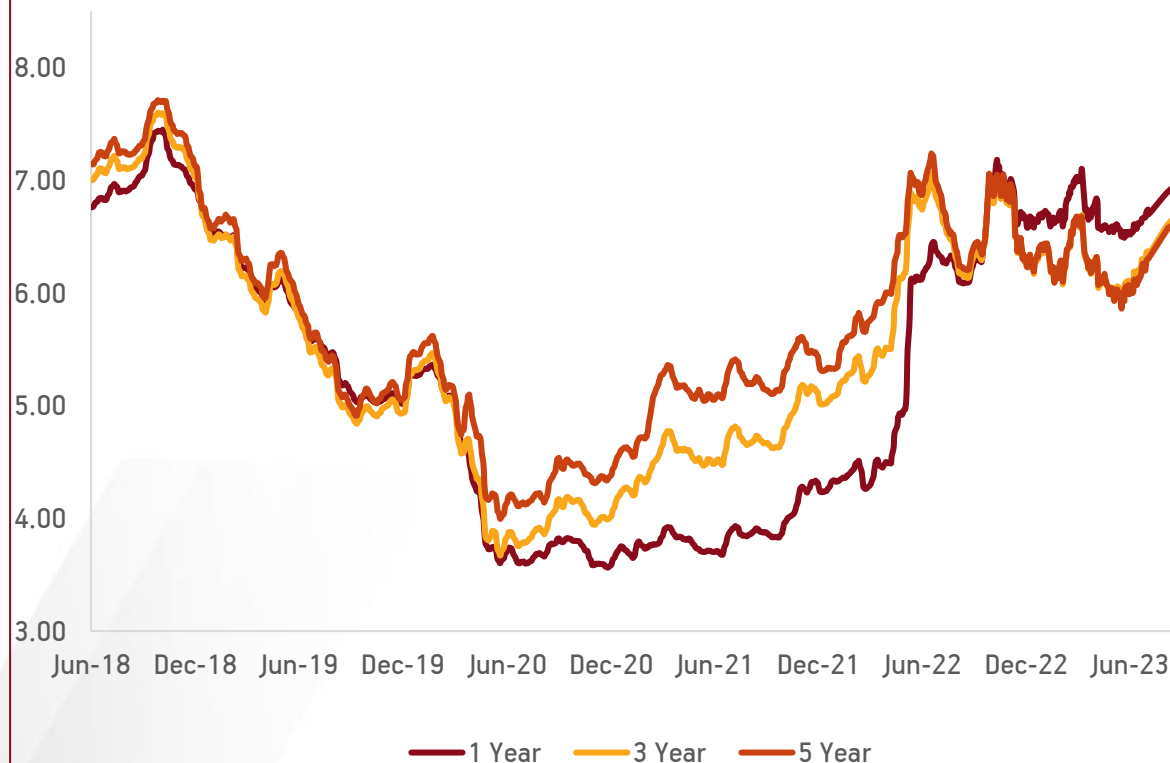
## Central Government



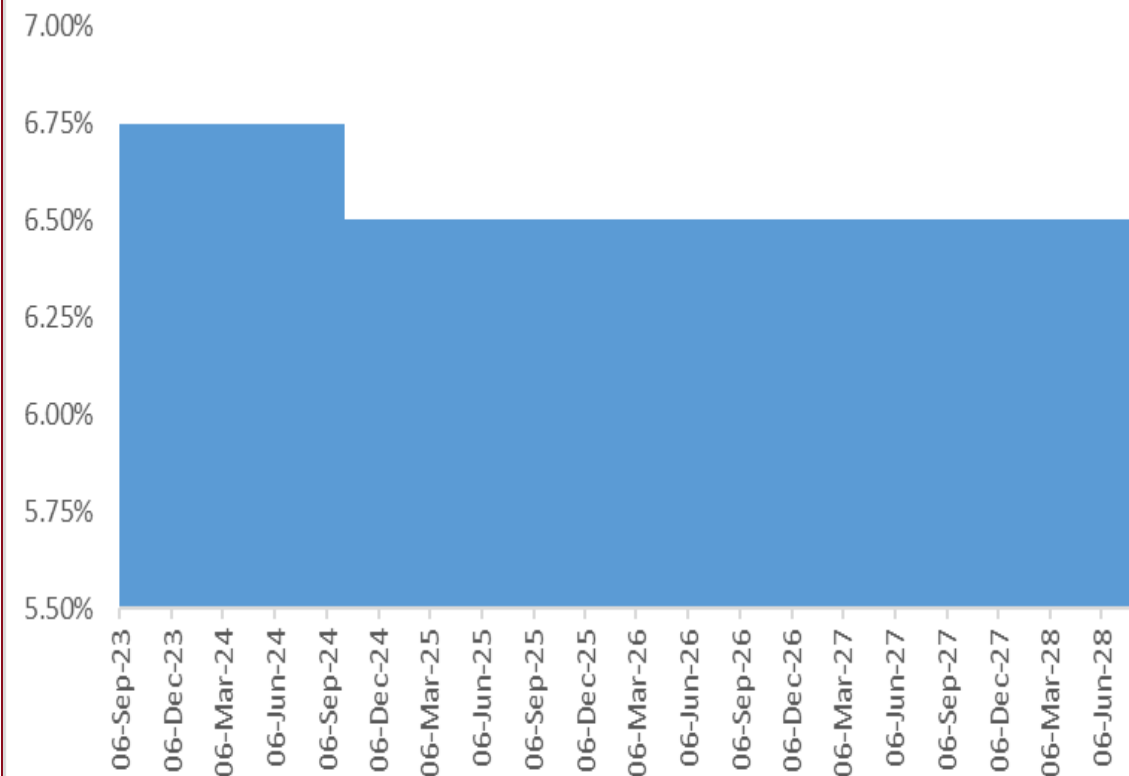
## State Govt.



## Onshore OIS

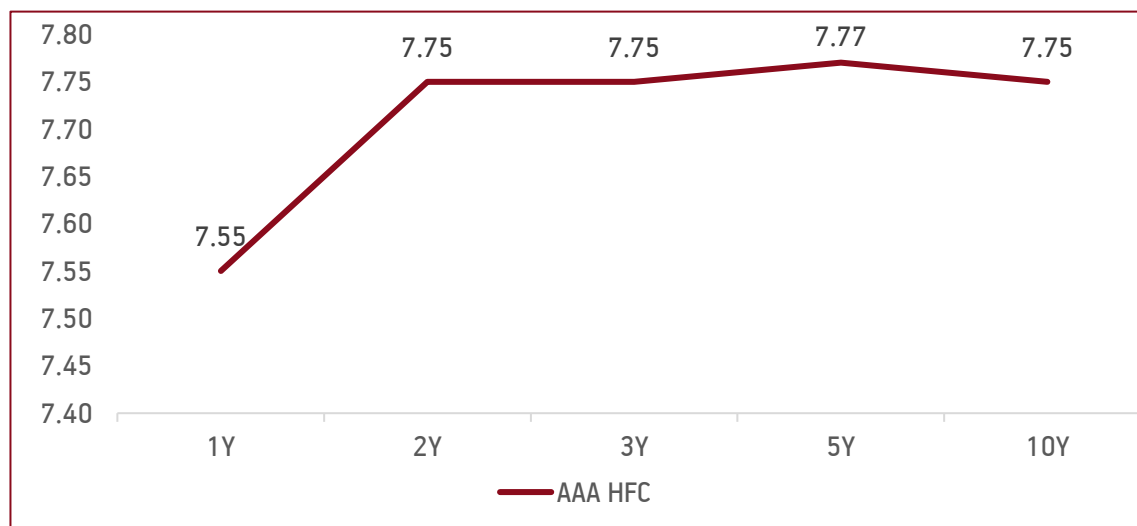


## Market pricing of overnight rates implied by the OIS curve

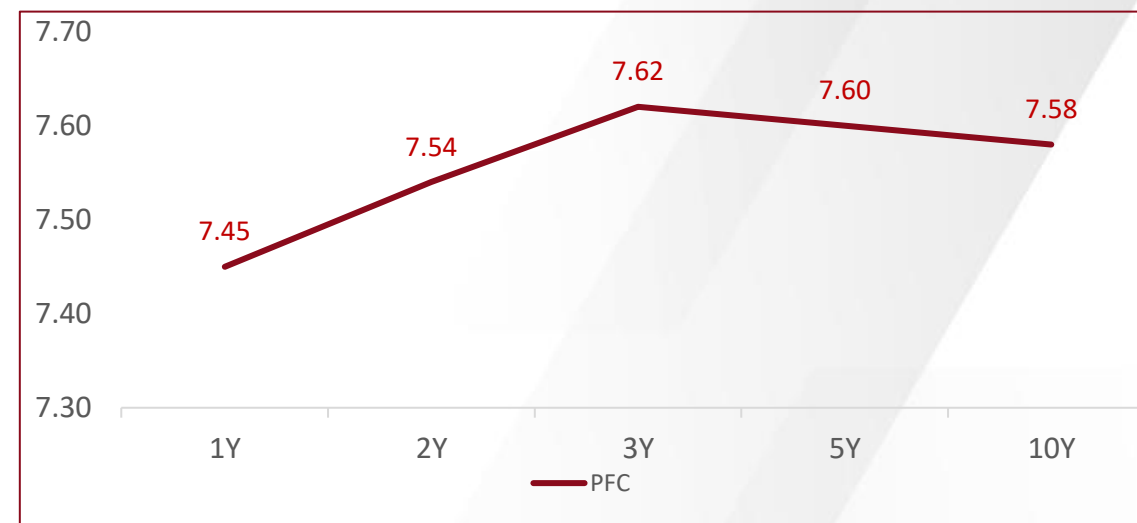


Tight liquidity priced with MIBOR=MSF for the next 12 months and then MIBOR=Repo after that. No rate hikes or cuts priced for the entire 5 years!

## LIC



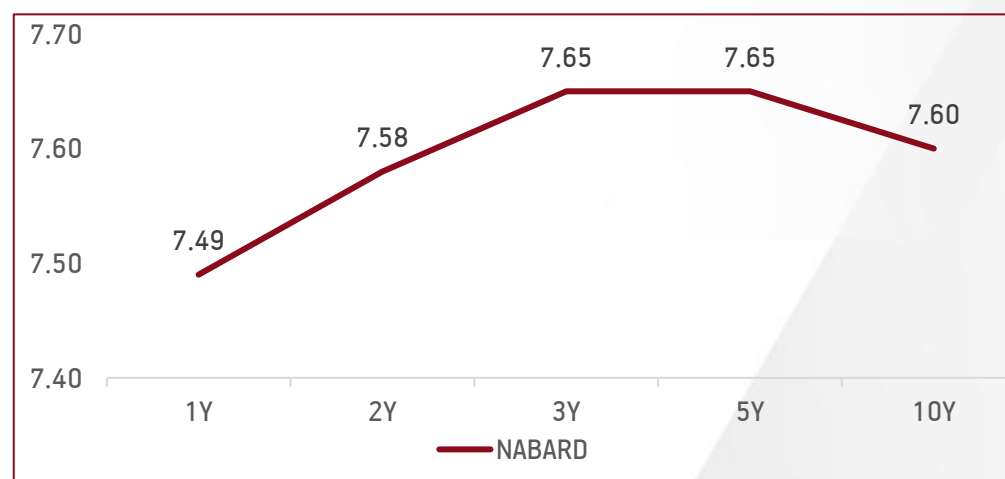
## PFC



## Movement in Rates

NABARD	1Y	2Y	3Y	5Y	10Y
31 <sup>st</sup> March 22	4.82	5.37	5.83	6.42	7.05
30 <sup>th</sup> April 22	5.24	5.92	6.31	6.78	7.33
23 <sup>rd</sup> Sep 22	7.12	7.35	7.55	7.58	7.62
28 <sup>th</sup> Oct 22	7.58	7.60	7.60	7.63	7.70
31 <sup>st</sup> Dec 22	7.55	7.57	7.58	7.58	7.60
27 <sup>th</sup> Feb 23	7.93	7.86	7.83	7.80	7.76
31 <sup>st</sup> Mar 23	7.65	7.65	7.65	7.70	7.72
28 <sup>th</sup> April 23	7.45	7.48	7.48	7.50	7.55
30 <sup>th</sup> May 23	7.45	7.46	7.45	7.44	7.42
30 <sup>th</sup> Jun 23	7.48	7.58	7.59	7.60	7.52
7 <sup>th</sup> Aug 23	7.45	7.60	7.63	7.62	7.58
4 <sup>th</sup> Sep 23	7.49	7.58	7.65	7.65	7.60

## NABARD



Corporate Bond yield curve continues to be broadly flat in line with sovereign curve

Investment Horizon	Fund Proposition
1 - 3 Months	Aditya Birla Sun Life Savings Fund, Aditya Birla Sun Life Money Manager Fund
3 Months +	Aditya Birla Sun Life Low Duration Fund
6 Months +	Aditya Birla Sun Life Floating Rate Fund
1 Years +	Aditya Birla Sun Life Banking & PSU Debt Fund, Aditya Birla Sun Life Short Term Fund or Aditya Birla Sun Life Corporate Bond Fund
3 Years +	Aditya Birla Sun Life Government Securities Fund, Aditya Birla Sun Life Income Fund, Aditya Birla Sun Life Long Duration Fund, Aditya Birla Sun Life Dynamic Bond Fund or Aditya Birla Sun Life Credit Risk Fund

## Fixed Income Funds Portfolio Snapshot (As on 31st August 2023)

Aditya Birla Sun Life  
AMC Ltd.

(A part of Aditya Birla Capital Ltd.)



Fund Name	Modified Duration (Years)	YTM (%)	Current Asset Class Distribution (As on 31 <sup>st</sup> August 2023)
Aditya Birla Sun Life Liquid Fund	0.12	7.14%	Sovereign and A1+ rated
Aditya Birla Sun Life Money Manager Fund	0.39	7.36%	Sovereign and A1+ rated
Aditya Birla Sun Life Savings Fund	0.47	7.50%	>90% in Sovereign, AAA and A1+
Aditya Birla Sun Life Low Duration Fund	0.91	7.53%	>90% in Sovereign, AAA and A1+
Aditya Birla Sun Life Floating Rate Fund	0.94	7.47%	100% Sovereign, AAA and A1+
Aditya Birla Sun Life Short Term Fund	2.71	7.70%	>90% in Sovereign, AAA, AA+ and A1+
Aditya Birla Sun Life Corporate Bond Fund	2.56	7.69%	>95% in Sovereign, AAA and A1+
Aditya Birla Sun Life Banking & PSU Debt Fund	2.80	7.55%	>95% in Sovereign, AAA and A1+
Aditya Birla Sun Life Government Securities Fund	5.17	7.29%	100% Sovereign
Aditya Birla Sun Life Income Fund	5.63	7.34%	100% Sovereign and AAA
Aditya Birla Sun Life Long Duration Fund	7.62	7.45%	100% Sovereign
Aditya Birla Sun Life Credit Risk Fund	1.75	8.32%	Credit Risk Fund
Aditya Birla Sun Life Dynamic Bond Fund	4.60	7.57%	>70% Sovereign, AAA and Cash
Aditya Birla Sun Life Medium Term Plan	3.62	7.92%	>65% Sovereign, AAA and Cash

## Fixed Income Funds Portfolio Snapshot – Debt Index Funds

Aditya Birla Sun Life  
AMC Ltd.

(A part of Aditya Birla Capital Ltd.)



Scheme Name	YTM of the Scheme (%) (As on 31 <sup>st</sup> August 23)	Current Asset Class Distribution (As on 31 <sup>st</sup> August 2023)
Aditya Birla Sun Life CRISIL IBX AAA March 2024 Index Fund	7.34%	AAA and Sovereign
Aditya Birla Sun Life CRISIL SDL Plus AAA PSU Apr 2025 60:40 Index Fund	7.42%	Sovereign (G-Sec + SDL) and AAA PSU
Aditya Birla Sun Life CRISIL IBX 60:40 SDL Plus AAA PSU April 2026 Index Fund	7.49%	Sovereign (G-Sec + SDL) and AAA PSU
Aditya Birla Sun Life Nifty SDL Plus PSU Bond Sep 2026 60:40 Index Fund	7.53%	Sovereign (G-Sec + SDL) and AAA PSU
Aditya Birla Sun Life CRISIL SDL Plus AAA PSU Apr 2027 60:40 Index Fund	7.51%	Sovereign (G-Sec + SDL) and AAA PSU
Aditya Birla Sun Life NIFTY SDL Apr 2027 Index Fund	7.50%	Sovereign (G-sec + SDL)
Aditya Birla Sun Life Nifty SDL Sep 2025 Index Fund	7.37%	Sovereign (G-sec + SDL)
Aditya Birla Sun Life CRISIL IBX GILT April 2026 Index Fund	7.28%	Sovereign (G-sec)
Aditya Birla Sun Life CRISIL IBX 50:50 GILT Plus SDL April 2028 Index Fund	7.38%	Sovereign (G-Sec + SDL) and AAA PSU
Aditya Birla Sun Life CRISIL IBX GILT April 2029 Index Fund	7.30%	Sovereign (G-sec)
Aditya Birla Sun Life CRISIL IBX SDL June 2032 Index Fund	7.53%	Sovereign



# **Focused** Funds for Fixed Income

# Aditya Birla Sun Life Low Duration Fund

(An open ended low duration debt scheme investing in instruments such that Macaulay duration of the portfolio is between 6 months and 12 months. A relatively high interest rate risk and moderate credit risk.)

Aditya Birla Sun Life  
AMC Ltd.

(A part of Aditya Birla Capital Ltd.)



## Category: Low Duration Funds

### Positioning



Debt & Money market  
instruments



Macaulay duration  
of 6-12 months



Low Volatility



High Liquidity

### Key Features

- Invests in instruments like Certificate of Deposits (CDs), Commercial Papers (CPs), Treasury Bills (T- Bills), CBL0 etc.
- An avenue to earn optimum returns in short term vs. traditional savings instruments of similar maturity.
- Highly liquid in nature with liquidity available at T+1 basis and is suitable for a time horizon of 6 months to 12 months.

### Style Box

Credit Quality	High			
	Medium			
	Low			
		Low	Medium	High
		Average Maturity		

Source: MFIE



### Fund Managed By:

Mr. Kaustubh Gupta (Exp- 17 Yrs)  
Mr. Mohit Sharma (Exp- 15 Yrs)  
Mr. Dhaval Joshi (Exp- 15 Yrs)

AUM of Fund - Rs. 12,574.42 Cr

Exit Load – Nil

Special Products – SIP, STP, SWP, CATP, SPPF

# Aditya Birla Sun Life Corporate Bond Fund

(An open ended debt scheme predominantly investing in AA+ and above rated corporate bonds. A relatively high interest rate risk and moderate credit risk.)

Aditya Birla Sun Life  
AMC Ltd.

(A part of Aditya Birla Capital Ltd.)

ADITYA BIRLA  
CAPITAL

## Category: Corporate Bond Funds

### Positioning



AA+ & above rated  
Corporate bonds



Low maturity



More stability



High Liquidity

### Key Features

- ❖ Investing in a portfolio of corporate bonds and money market instruments with short to medium term maturity.
- ❖ Over 80% of assets in sound credit profile debt securities (AAA/AA+).
- ❖ Owing to this, the scheme features low on credit risk & duration risk.
- ❖ It may be considered by investors with investment horizon of 1yr to 3 yrs

### Style Box

Credit Quality	High			
	Medium			
	Low			
		Low	Medium	High
		Average Maturity		

Source: MFIE



### Fund Managed By:

Mr. Kaustubh Gupta (Exp- 17 Yrs)  
Mr. Dhaval Joshi (Exp- 15 Yrs)

AUM of Fund - Rs. 17985.73

Exit Load – Nil

Special Products – SIP, STP, SWP, CATP

# Aditya Birla Sun Life Dynamic Bond Fund

(An open ended dynamic debt scheme investing across duration. A relatively high interest rate risk and relatively high credit risk.)

Aditya Birla Sun Life  
AMC Ltd.

(A part of Aditya Birla Capital Ltd.)



## Category: Dynamic Bond

### Positioning



Dynamically managed  
based on Research &  
Rules



Flexibility to  
invest across  
duration &  
securities



Invests to benefit from  
market and rate cycles



Modified Duration  
capped at 5 years

### Key Features

- ❖ Investing in a portfolio of corporate bonds and money market instruments with short to medium term maturity.
- ❖ Over 80% of assets in sound credit profile debt securities (AAA/AA+).
- ❖ Owing to this, the scheme features low on credit risk & duration risk.
- ❖ It may be considered by investors with investment horizon of 1yr to 3 yrs

### Style Box

Credit Quality	High			
	Medium			
	Low			
		Low	Medium	High
		Average Maturity		

Source: MFIE



### Fund Managed By:

Mr. Mohit Sharma (Exp-15 Yrs)  
Mr. Bhupesh Bameta (Exp- 12 Yrs)  
Mr. Dhaval Joshi (Exp- 15 Yrs)

AUM of Fund - Rs. 1651.98

Exit Load – 0.50% if Redeemed/switched  
within 90 days , Nil after 90 days

Special Products – SIP, STP, SWP, SWF, CATP

**Aditya Birla Sun Life Dynamic Bond Fund Number of Segregated Portfolios – 1:** Aditya Birla Sun Life Mutual Fund has fully recovered the segregated amount and the proceeds have been paid to investors in the year 2022.

All data as on 31<sup>st</sup> Aug 2023 unless otherwise specified.

Aditya Birla Sun Life AMC Ltd.

# Aditya Birla Sun Life Medium Term Plan

(An open-ended medium - term debt scheme investing in instruments such that the Macaulay duration of the portfolio is between **3-4 years**. A relatively high interest rate risk and relatively high credit risk)

Aditya Birla Sun Life  
AMC Ltd.

(A part of Aditya Birla Capital Ltd.)



## Category: Medium Duration Fund

### Positioning



Corporate Bonds



Duration in range  
of >3 year < 4  
year



Moderate Credit Profile



Handpicks credit  
opportunities

### Key Features

- ❖ Enhances the portfolio returns by identifying credit opportunities in the market.
- ❖ Backed with a strong credit research and fund management team, we invest selectively & refrain from deals where risk-return trade-off is insufficient, in our opinion.
- ❖ Medium on duration risk but relatively high on credit risk.
- ❖ Dominant strategy in the portfolio is accrual.
- ❖ Suitable for investors with investment horizon of 3yrs & above.

### Style Box

Credit Quality	High			
	Medium			
	Low			
		Low	Medium	High
		Average Maturity		

Source: MFIE



### Fund Managed By:

Mr. Mohit Sharma (Exp-15 Yrs)  
Ms. Sunaina da Cunha (Exp -17 Yrs)  
Mr. Dhaval Joshi (Exp- 15 Yrs)

AUM of Fund - Rs. 1895.03

Exit Load – 2% if redeemed/switch within 1 year , 1% if redeemed/switch after 1 year & before 2 year and Nil after 2 years

Special Products – SIP, STP, SWP, SWF, CATP

**Aditya Birla Sun Life Medium Term Plan Number of Segregated Portfolios – 1:** Aditya Birla Sun Life Mutual Fund has fully recovered the segregated amount and the proceeds have been paid to investors in the year 2022.

All data as on 31<sup>st</sup> Aug 2023 unless otherwise specified.

Aditya Birla Sun Life AMC Ltd.

# Value Added Service

# Value Added Service



# What is **TURBO STP** ?

Presenting an STP with dual feature of:

**Variable  
Amount**

**Variable  
Tenure**

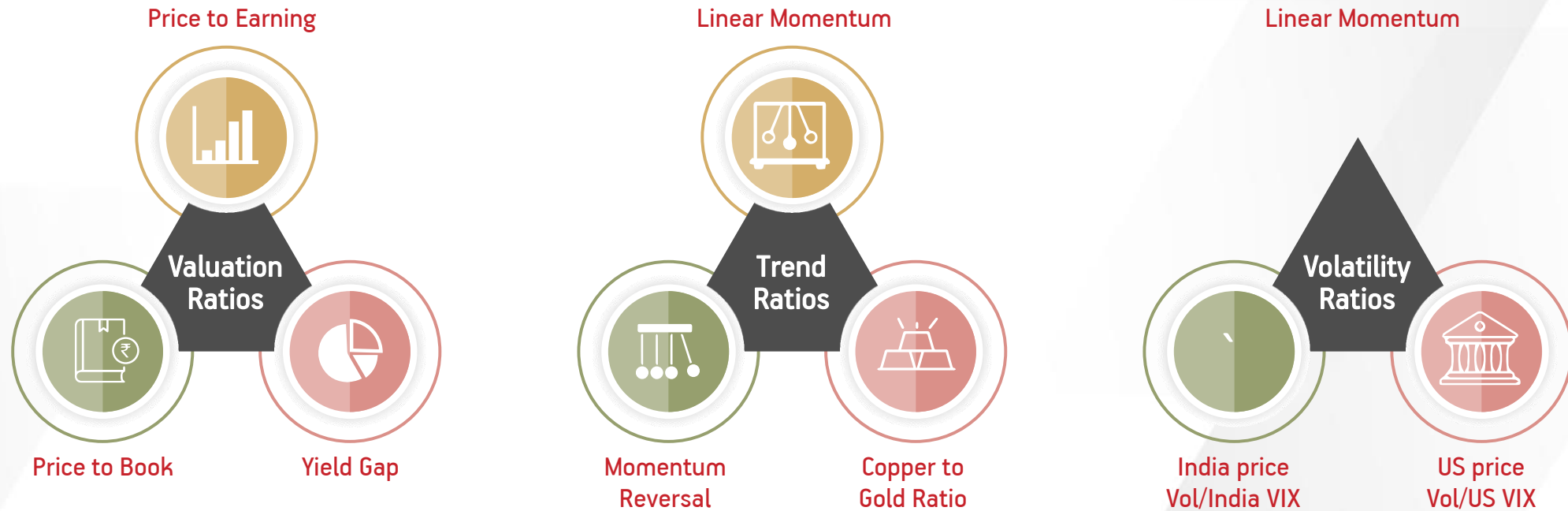
- An innovative investment solution which automatically invests higher in equity schemes when market valuations are attractive and invests lower amount when the markets are expensive
- Turbo STP intends to optimize allocation of lumpsum money through an in-house valuation model

Aditya Birla Sun Life AMC Limited (ABSLAMC) Turbo Systematic Transfer Plan ("Turbo STP") is a facility wherein unit holder(s) can opt to transfer variable amount (s) from source Scheme(s) of Aditya Birla Sun Life Mutual Fund to the Target Scheme(s) of Aditya Birla Sun Life Mutual Fund at defined intervals. The Unit holder would be required to provide a Base Installment Amount that is intended to be transferred to the Target Scheme.



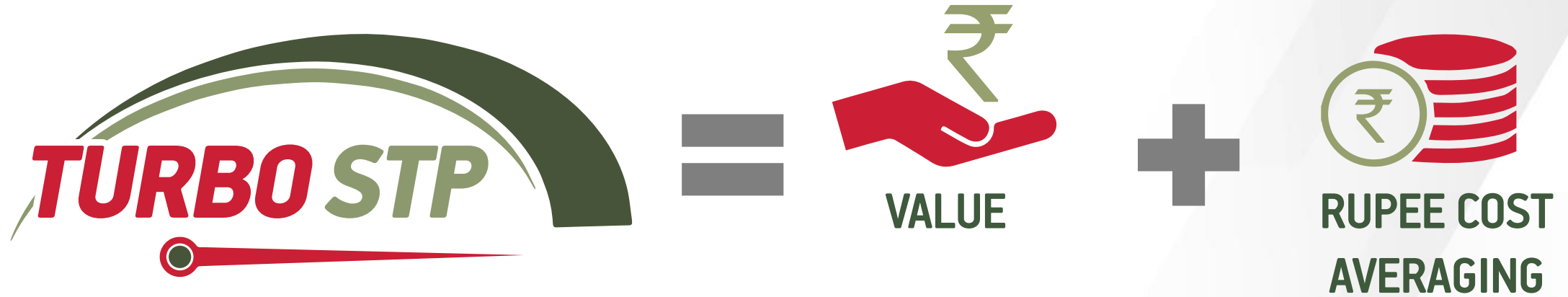
## An STP that works smartly

- With Turbo STP you can invest more when the equity market valuations are attractive and reduce allocation during sharp rallies and peaks
- Based on in-house model that tracks a host of technical and fundamental parameters spanning across areas like Valuation Ratios, Trend Ratios, Volatility Ratios to derive a combined signal called Equity Valuation Multiplier (EVM)

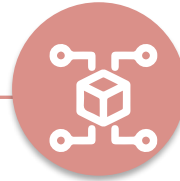


The Equity Valuation Multiplier and the underlying model is proprietary to Aditya Birla Sun Life AMC Limited (ABSLAMC). ABSLAMC has the discretion to make changes to the same appropriately from time to time.

## Why TURBO STP?



A dynamic solution for investors having lump-sum money to invest for long term and looking for optimal investment strategy



Ensure the allocation is based on an in-house EVM model

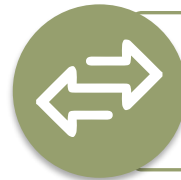


In Turbo STP base installment amount can vary from 0.2X to 5X thereby investing more at lower levels and investing less at higher level

# Through **TURBO STP** You can Buy Low & Sell High



## Using Turbo STP investors can



Choose to transfer variable amount from one scheme to another scheme



Transfer higher amounts when the markets are low and lower amount when markets are high



Make use of market movements to determine the amounts being transferred

## Kickstart your wealth creation with SIP

“ Add the Power of Compounding to your investments and get rich with 2 simple steps- **Starting Early & Investing Regularly** ”

### Your bag of benefits



Take advantage of market volatility with Rupee Cost Averaging



Higher wealth creation by continuously reinvesting your gains- Snowball Effect



Inculcates diligence & discipline in investing resulting in efficient planning for your goals



Provides ease & flexibility in investing

## Flexible SIPs- Because life is forever changing

*In your investment journey, change is inevitable.*

*You can't change the direction of the wind but you can adjust the sails to always reach your destination!*

*We help in doing just that with a stream of additional features in SIP*



### Step Up SIP (Top Up SIP)

As income increases, step up your investments as well by investing an additional fixed amount at predecided intervals



### Micro SIP

Start investment with pocket friendly amount as low as Rs 100 in select schemes.



### Multi SIP Facility

Plan multiple goals in multiple schemes with just one cheque.



### Fast Forward SIP

Fast forward your goals by increasing the frequency of your savings. In a month you can choose upto 4 dates.



### Any day SIP

There is no wrong time to invest. Plan your SIP on any day of the month between 1-28. Weekly SIP helps you choose any day of the week (Monday - Friday) for SIP investment.



### SIP Pause

Don't stop the journey towards your dreams when you can halt your investments for some time to attend other requirements.

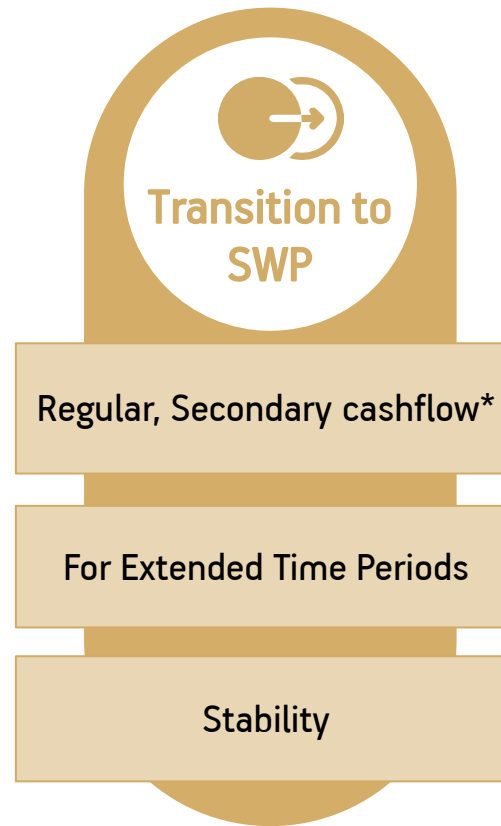


## Combining the power of SIP and SWP for true Financial Freedom!

### WEALTH ACCUMULATION



### REGULAR CASH FLOWS



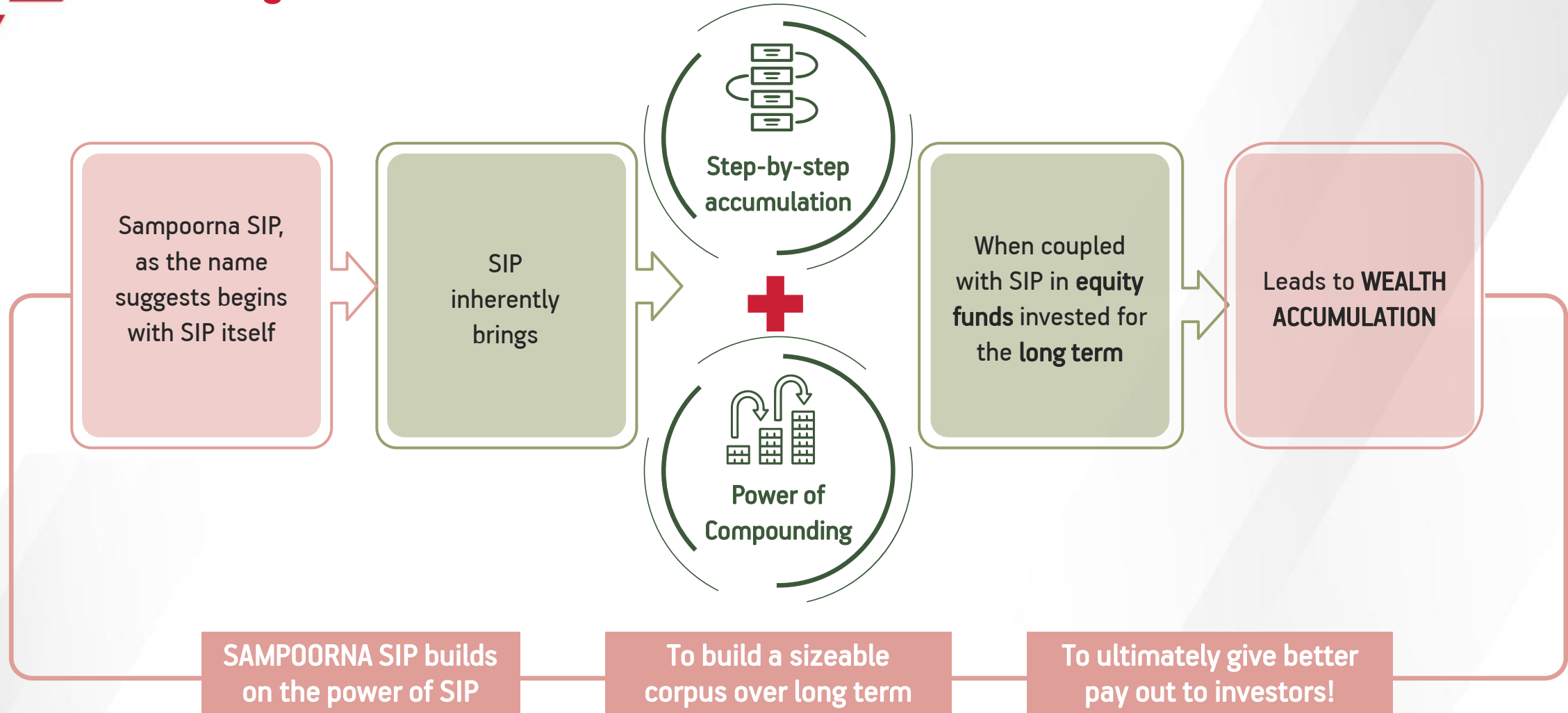
### INFLATION BEATING CASH FLOWS!



\*SWP is a facility to withdraw fixed amount periodically from the investments by redeeming units. Thus, withdrawals happen from capital and appreciation portion of the investments.



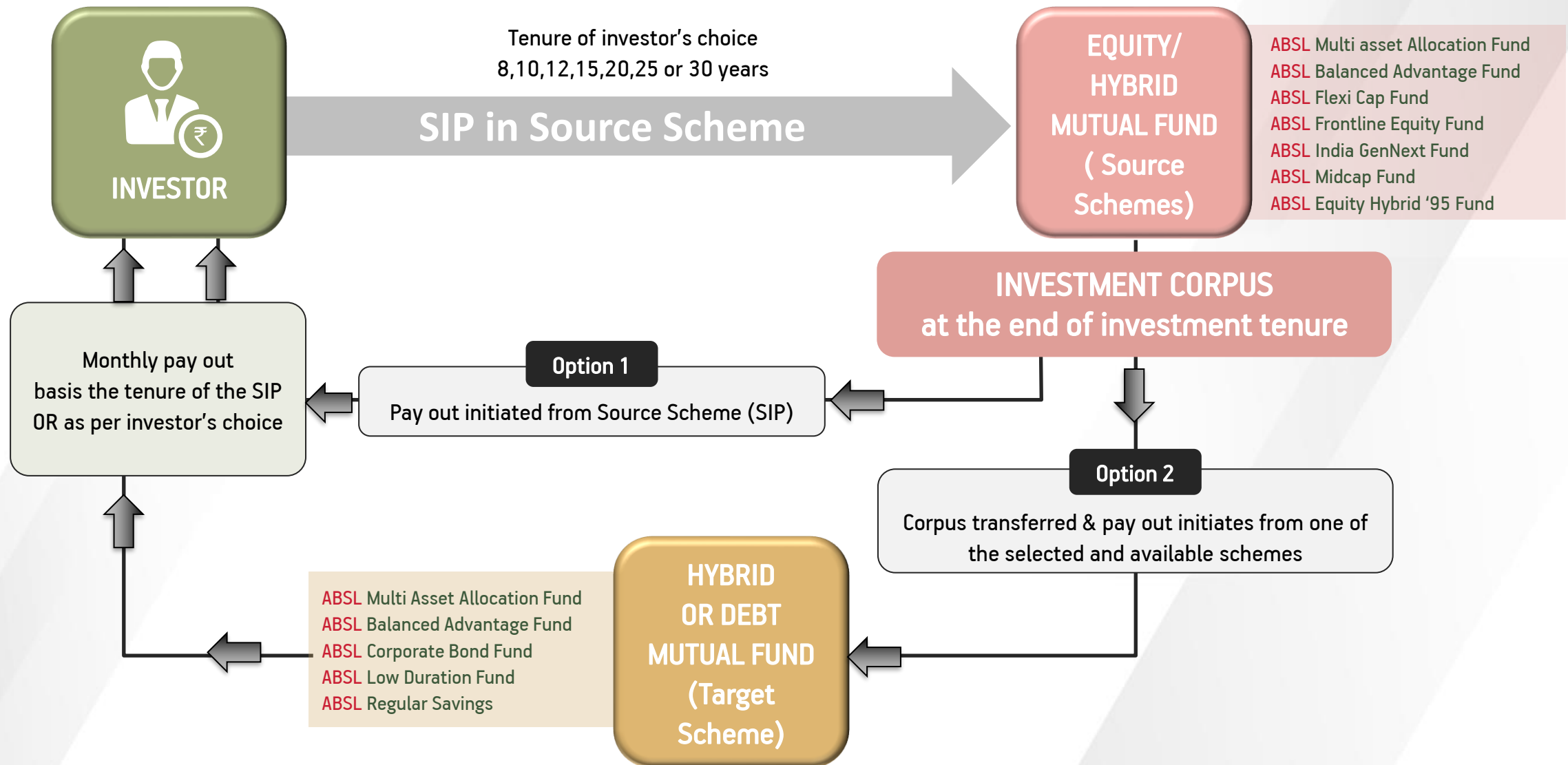
# Introducing SAMPOORNA SIP



Sampoorna SIP is an optional facility offered by the AMC. Sampoorna SIP is available only under Growth Option of the eligible Schemes. The plan chosen (Direct or Regular) at the time of selecting the source scheme shall also be considered for the target scheme.

Systematic Investment Plan (SIP); Systematic Withdrawal Plan (SWP)

# SAMPOORNA SIP - How does it work?



## Why invest through Aditya Birla Sun Life SAMPOORNA SIP?

### Get SIP benefits



- Inculcates financial discipline, keeping you invested for long term
- Power of compounding through SIP in equity-oriented funds

### Flexibility



- Choose SIP amount and tenure as per your affordability and future vision
- Choose SIP and SWP investment schemes as per your risk appetite

### Goal matching



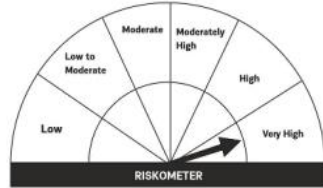



- Choose a plan that fits into your financial framework
- Eventually allowing you to choose how long you invest and how long you get secondary cashflow

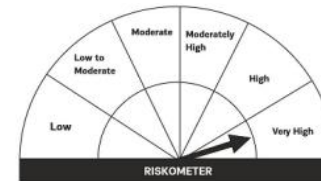

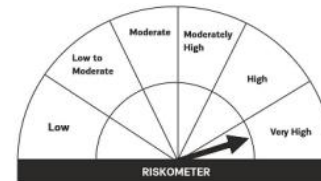
**With SAMPOORNA SIP, YOU INVEST TODAY TO SIT BACK AND ENJOY YOUR TOMORROW!**

- Sampoorna SIP is an optional facility offered by the AMC and does not in any way give guarantee, assurance, promise or indication of the performance of any of the schemes of the Fund or provide any guarantee of withdrawals through SWP mode or the returns that can be generated under this facility. The SWP for amount decided by the unit holders will be processed upto 31 Dec 2099 or till the time units are available in the underlying scheme in the unitholders folio.
- SWP is a facility to withdraw fixed amount periodically from the investments by redeeming units. Thus, withdrawals happen from capital and appreciation portion of the investments.
- The default SWP amounts as per the matrix are applicable only when investors do not mention SWP amount in the application form.
- The default SWP amount as per the matrix do not in any manner indicate returns or assurance on the amount the investor will make or obtain by investing under the Facility. It only indicates the likely amount that can be withdrawn through SWP and for ease of understanding and planning of investment, it is depicted as number of times (1.25 x, 2 x, etc.) the monthly SIP installments opted by the investor.
- Investors are requested to read all the terms and conditions of Sampoorna SIP mentioned in the Sampoorna SIP application form available on the website [www.mutualfund.adityabirlacapital.com](http://www.mutualfund.adityabirlacapital.com) to have a better and complete understanding of the facility.
- Please read the Scheme Information Document(s) / Key Information Memorandum(s) of the concerned Scheme(s) and Statement of Additional Information carefully and will be bound by the terms and conditions of this facility and provisions of the concerned Scheme(s).

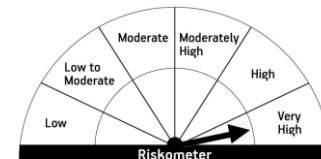

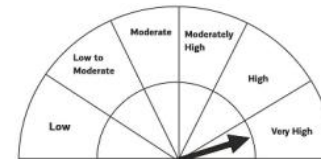
All Terms and Conditions applicable for SIP and SWP shall also be applicable for registrations under Sampoorna SIP.

Name of the scheme	This Product is suitable for investors who are seeking:*	Risk-o-meter of Scheme	Risk-o-meter of Benchmark
<b>Aditya Birla Sun Life Frontline Equity Fund</b> (An open ended equity scheme predominantly investing in large cap stocks)	<ul style="list-style-type: none"> <li>Long Term Capital Growth</li> <li>investments in equity and equity related securities, diversified across various industries in line with the benchmark index, NIFTY 100 TRI</li> </ul>	 <p>Investors understand that their principal will be at Very High risk</p>	<b>Nifty 100 TRI</b>  <p>Investors understand that their principal will be at Very High risk</p>
<b>Aditya Birla Sun Life Flexi Cap Fund</b> (An open ended dynamic equity scheme investing across large cap, mid cap, small cap stocks)	<ul style="list-style-type: none"> <li>Long term capital growth</li> <li>investments in equity and equity related securities</li> </ul>		<b>Nifty 500 TRI</b>  <p>Investors understand that their principal will be at Very High risk</p>
<b>Aditya Birla Sun Life Balanced Advantage Fund</b> (An open ended Dynamic Asset Allocation fund)	<ul style="list-style-type: none"> <li>capital appreciation and regular income in the long term</li> <li>investment in equity &amp; equity related securities as well as fixed income securities (Debt &amp; Money Market securities)</li> </ul>		<b>CRISIL Hybrid 50+50 Moderate Index</b>  <p>Investors understand that their principal will be at High risk</p>

\*Investors should consult their financial advisers if in doubt whether the product is suitable for them

Name of the scheme	This Product is suitable for investors who are seeking:*	Risk-o-meter of Scheme	Risk-o-meter of Benchmark
<b>Aditya Birla Sun Life India GenNext Fund</b> (An open ended equity scheme following Consumption theme)	<ul style="list-style-type: none"> <li>long term capital growth</li> <li>investments in equity and equity related securities of companies that are expected to benefit from the rising consumption patterns in India fuelled by high disposable incomes</li> </ul>		<b>Nifty India Consumption TRI</b>  <p>Investors understand that their principal will be at Very High risk</p>
<b>Aditya Birla Sun Life Midcap Fund</b> (An open ended equity scheme predominantly investing in mid cap stocks)	<ul style="list-style-type: none"> <li>Long term capital growth</li> <li>Investments primarily in mid cap stocks</li> </ul>	 <p>Investors understand that their principal will be at Very High risk</p>	<b>Nifty Midcap 150 TRI</b>  <p>Investors understand that their principal will be at Very High risk</p>

\*Investors should consult their financial advisers if in doubt whether the product is suitable for them

Name of the scheme	This Product is suitable for investors who are seeking:*	Risk-o-meter of Scheme	Risk-o-meter of Benchmark
<b>Aditya Birla Sun Life Small Cap Fund</b> ((An open ended equity scheme predominantly investing in small cap stocks)	<ul style="list-style-type: none"> <li>Long term capital growth</li> <li>Investments primarily in small cap companies</li> </ul>		<p>S&amp;P BSE 250 SmallCap TRI</p>  <p>Benchmark riskometer is at Very High Risk</p>
<b>Aditya Birla Sun Life Multi Asset Allocation Fund</b> (An open ended scheme investing in Equity, Debt and Commodities.)	<ul style="list-style-type: none"> <li>Long term capital appreciation</li> <li>Investment in equity and equity related securities, debt &amp; money market instruments and Commodities.</li> </ul>	 <p>Investors understand that their principal will be at Very High risk</p>	<p>65% S&amp;P BSE 200 + 25% CRISIL Short Term Bond Fund Index + 5% of Domestic prices of Gold + 5% of Domestic prices of Silver</p>  <p>Investors understand that their principal will be at Very High risk</p>

\*Investors should consult their financial advisers if in doubt whether the product is suitable for them


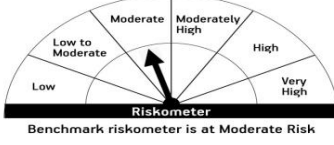
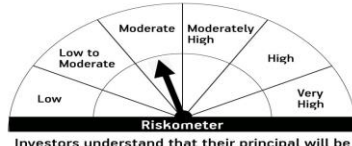
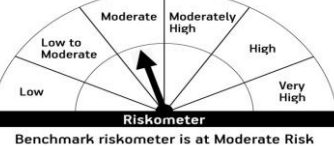
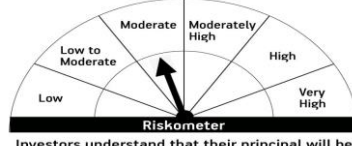
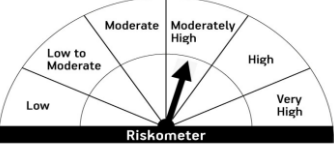

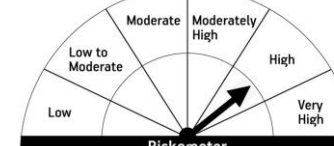


## Scheme Potential Risk Class Matrix

Sr No.	Scheme Name	Potential Risk Class Matrix				
1	Aditya Birla Sun Life Low Duration Fund		Potential Risk Class			
			Credit Risk →	Relatively Low (Class A)	Moderate(Class B)	Relatively High (Class C)
			Interest Rate Risk ↓			
			Relatively Low (Class I)			
			Moderate (Class II)			
			Relatively High (Class III)		B-III	
2	Aditya Birla Sun Life Corporate Bond Fund		Potential Risk Class			
			Credit Risk →	Relatively Low (Class A)	Moderate(Class B)	Relatively High (Class C)
			Interest Rate Risk ↓			
			Relatively Low (Class I)			
			Moderate (Class II)			
			Relatively High (Class III)		B-III	
3	Aditya Birla Sun Life Dynamic Bond Fund		Potential Risk Class			
			Credit Risk →	Relatively Low (Class A)	Moderate(Class B)	Relatively High (Class C)
			Interest Rate Risk ↓			
			Relatively Low (Class I)			
			Moderate (Class II)			
			Relatively High (Class III)			C-III
4	Aditya Birla Sun Life Medium Term Plan		Potential Risk Class			
			Credit Risk →	Relatively Low (Class A)	Moderate(Class B)	Relatively High (Class C)
			Interest Rate Risk ↓			
			Relatively Low (Class I)			
			Moderate (Class II)			
			Relatively High (Class III)			C-III

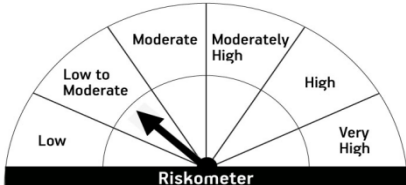
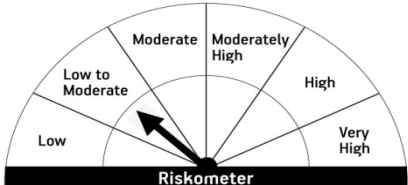
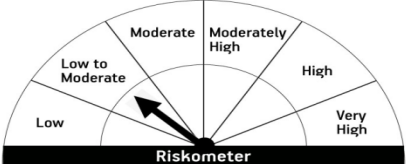
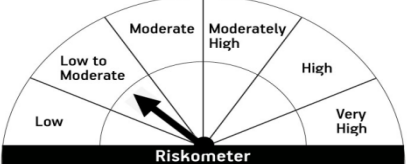
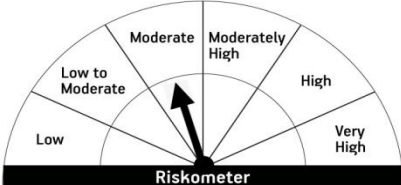
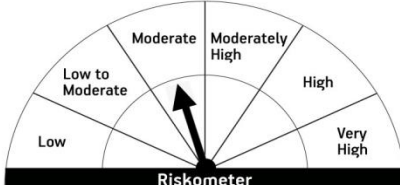
\*Investors should consult their financial advisers if in doubt whether the product is suitable for them

# Scheme Riskometer

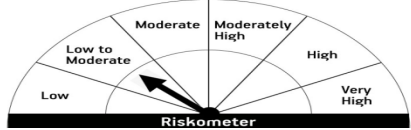
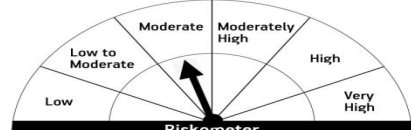
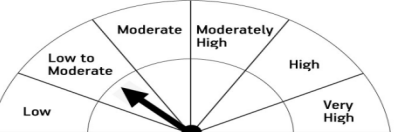
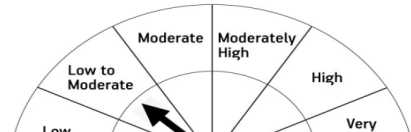
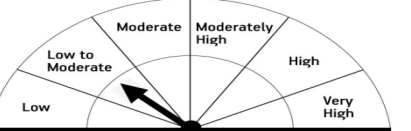
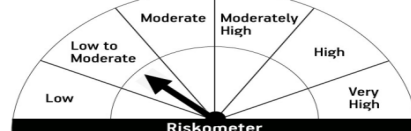
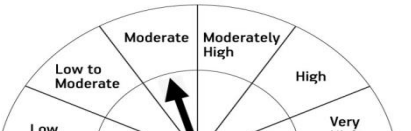
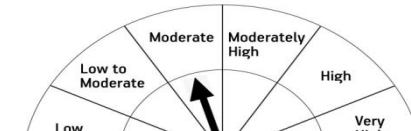
Scheme Name	This product is suitable for investors who are seeking*:	Risk-o-meter of Scheme	Risk-o-meter of Benchmark
<b>Aditya Birla Sun Life Low Duration Fund</b> (An open ended low duration debt scheme investing in instruments such that Macaulay duration of the portfolio is between 6 months and 12 months. A relatively high interest rate risk and moderate credit risk.)	<ul style="list-style-type: none"> <li>Reasonable returns with convenience of liquidity over short term</li> <li>Investments in a basket of debt and money market instruments of short maturities</li> </ul>	<b>Aditya Birla Sun Life Low Duration Fund</b>  Investors understand that their principal will be at Moderate Risk	<b>CRISIL Low Duration Debt BI Index</b>  Benchmark riskometer is at Moderate Risk
<b>Aditya Birla Sun Life Corporate Bond Fund</b> (An open ended debt scheme predominantly investing in AA+ and above rated corporate bonds. A relatively high interest rate risk and moderate credit risk.)	<ul style="list-style-type: none"> <li>Income with capital growth over short term</li> <li>Investments in debt and money market instruments</li> </ul>	<b>Aditya Birla Sun Life Corporate Bond Fund</b>  Investors understand that their principal will be at Moderate Risk	<b>NIFTY Corporate Bond Index B-II</b>  Benchmark riskometer is at Moderate Risk
<b>Aditya Birla Sun Life Dynamic Bond Fund</b> (An open ended dynamic debt scheme investing across duration. A relatively high interest rate risk and relatively high credit risk.) Number of Segregated Portfolios – 1	<ul style="list-style-type: none"> <li>Income with capital growth</li> <li>Investments in actively managed portfolio of debt and money market instruments including government securities</li> </ul>	<b>Aditya Birla Sun Life Dynamic Bond Fund</b>  Investors understand that their principal will be at Moderate Risk	<b>NIFTY Composite Debt Index B-III</b>  Benchmark riskometer is at Moderately High Risk
<b>Aditya Birla Sun Life Medium Term Plan</b> (An open ended medium term - debt scheme investing in instruments such that the Macaulay duration of the portfolio is between 3-4 years. A relatively high interest rate risk and relatively high credit risk.) Number of Segregated Portfolios – 1	<ul style="list-style-type: none"> <li>Income with capital growth over medium term</li> <li>Investments in debt and money market instruments</li> </ul>	<b>Aditya Birla Sun Life Medium Term Plan</b>  Investors understand that their principal will be at Moderately High Risk	<b>CRISIL Medium Duration Debt CIII Index</b>  Benchmark riskometer is at High Risk

\*Investors should consult their financial advisers if in doubt whether the product is suitable for them. Risk o meter as on 31<sup>st</sup> July 2023

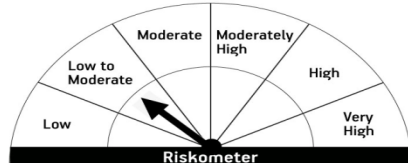
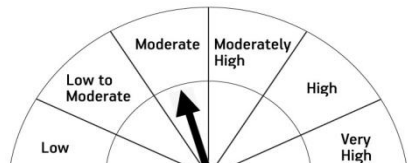

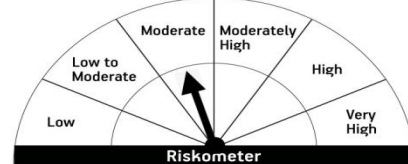
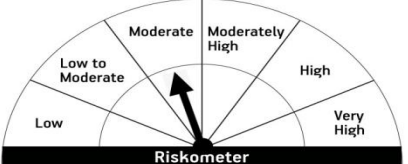
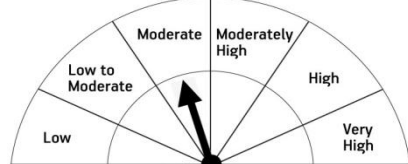
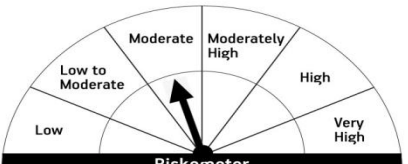
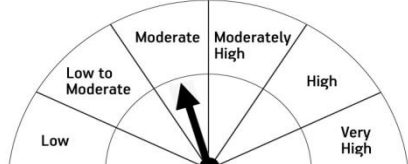
# Product Labelling

Scheme Name	This product is suitable for investors who are seeking*:	Risk-o-meter of Scheme	Risk-o-meter of Benchmark	Potential Risk Class																				
<b>Aditya Birla Sun Life CRISIL IBX 60:40 SDL + AAA PSU - Apr 2025 Index Fund</b> (An open ended Target Maturity Index Fund tracking the CRISIL IBX 60:40 SDL + AAA PSU Index – April 2025. A moderate interest rate risk and relatively low credit risk.)	<ul style="list-style-type: none"><li>•Income over the target maturity period</li><li>•Open ended Target Maturity Index Fund that seeks to track CRISIL IBX 60:40 SDL + AAA PSU Index – April 2025</li></ul>	 <p>Investors understand that their principal will be at Low to Moderate risk</p>	 <p>Benchmark riskometer is at Low to Moderate risk</p>	<table><tr><th>Credit Risk of Scheme</th><th>Relatively Low (Class A)</th><th>Moderate (Class B)</th><th>Relatively High (Class C)</th></tr><tr><th>Interest Rate Risk of Scheme</th><td></td><td></td><td></td></tr><tr><td>Relatively Low (Class I)</td><td></td><td></td><td></td></tr><tr><td>Moderate (Class II)</td><td>A-II</td><td></td><td></td></tr><tr><td>Relatively High (Class III)</td><td></td><td></td><td></td></tr></table> <p>↓</p>	Credit Risk of Scheme	Relatively Low (Class A)	Moderate (Class B)	Relatively High (Class C)	Interest Rate Risk of Scheme				Relatively Low (Class I)				Moderate (Class II)	A-II			Relatively High (Class III)			
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<b>ADITYA BIRLA SUN LIFE Nifty SDL Sept 2025 Index Fund</b> (An open ended Target Maturity Index Fund tracking the Nifty SDL Sep 2025 Index. A relatively moderate interest rate risk and relatively low credit risk.)	<ul style="list-style-type: none"><li>•Income over the target maturity period</li><li>•Open ended Target Maturity Index Fund that seeks to track Nifty SDL Sep 2025 Index</li></ul>	 <p>Investors understand that their principal will be at Low to Moderate risk</p>	 <p>Benchmark riskometer is at Low to Moderate risk</p>	<table><tr><th>Credit Risk of Scheme</th><th>Relatively Low (Class A)</th><th>Moderate (Class B)</th><th>Relatively High (Class C)</th></tr><tr><th>Interest Rate Risk of Scheme</th><td></td><td></td><td></td></tr><tr><td>Relatively Low (Class I)</td><td></td><td></td><td></td></tr><tr><td>Moderate (Class II)</td><td></td><td></td><td></td></tr><tr><td>Relatively High (Class III)</td><td></td><td></td><td></td></tr></table>	Credit Risk of Scheme	Relatively Low (Class A)	Moderate (Class B)	Relatively High (Class C)	Interest Rate Risk of Scheme				Relatively Low (Class I)				Moderate (Class II)				Relatively High (Class III)			
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<b>Aditya Birla Sun Life NIFTY SDL Sep 2027 Index Fund</b> (An open ended Target Maturity Index Fund tracking the Nifty SDL Apr 2027 Index. A relatively high interest rate risk and relatively low credit risk)	<ul style="list-style-type: none"><li>• Income over longer term</li><li>• Open ended Target Maturity Index Fund that seeks to track Nifty SDL Apr 2027 Index</li></ul>	 <p>Investors understand that their principal will be at Moderate risk</p>	 <p>Benchmark riskometer is at Moderate risk</p>	<table><tr><th>Credit Risk of Scheme</th><th>Relatively Low (Class A)</th><th>Moderate (Class B)</th><th>Relatively High (Class C)</th></tr><tr><th>Interest Rate Risk of Scheme</th><td></td><td></td><td></td></tr><tr><td>Relatively Low (Class I)</td><td></td><td></td><td></td></tr><tr><td>Moderate (Class II)</td><td></td><td></td><td></td></tr><tr><td>Relatively High (Class III)</td><td>A-III</td><td></td><td></td></tr></table>	Credit Risk of Scheme	Relatively Low (Class A)	Moderate (Class B)	Relatively High (Class C)	Interest Rate Risk of Scheme				Relatively Low (Class I)				Moderate (Class II)				Relatively High (Class III)	A-III		
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Scheme Name	This product is suitable for investors who are seeking*:	Risk-o-meter of Scheme	Risk-o-meter of Benchmark	Potential Risk Class																				
<b>Aditya Birla Sun Life CRISIL IBX 60:40 SDL + AAA PSU April2026 Index Fund</b> (An open ended Target Maturity Index Fund tracking the CRISIL IBX 60:40 SDL + AAA PSU Index – April 2026. A relatively high interest rate risk and relatively low credit risk)	<ul style="list-style-type: none"><li>Income over the target maturity period</li><li>Open ended Target Maturity Index Fund that seeks to track CRISIL IBX 60:40 SDL + AAA PSU Index – April 2026</li></ul>	 <p>Investors understand that their principal will be at Low to Moderate risk</p>	 <p>Benchmark riskometer is at Moderate risk</p>	<table><tr><th>Credit Risk of Scheme →</th><th>Relatively Low (Class A)</th><th>Moderate (Class B)</th><th>Relatively High (Class C)</th></tr><tr><th>Interest Rate Risk of Scheme ↓</th><td></td><td></td><td></td></tr><tr><td>Relatively Low (Class I)</td><td></td><td></td><td></td></tr><tr><td>Moderate (Class II)</td><td></td><td></td><td></td></tr><tr><td>Relatively High (Class III)</td><td>A-III</td><td></td><td></td></tr></table>	Credit Risk of Scheme →	Relatively Low (Class A)	Moderate (Class B)	Relatively High (Class C)	Interest Rate Risk of Scheme ↓				Relatively Low (Class I)				Moderate (Class II)				Relatively High (Class III)	A-III		
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Moderate (Class II)																								
Relatively High (Class III)	A-III																							
<b>Aditya Birla Sun Life CRISIL IBX Gilt– April 2026 Index Fund</b> (An open ended Target Maturity Index Fund tracking the CRISIL IBX Gilt Index – April 2026. A relatively high interest rate risk and relatively low credit risk)	<ul style="list-style-type: none"><li>Income over the target maturity period</li><li>Open ended Target Maturity Index Fund that seeks to track CRISIL IBX Gilt Index – April 2026</li></ul>	 <p>Investors understand that their principal will be at Low to Moderate risk</p>	 <p>Benchmark riskometer is at Moderate risk</p>																					
<b>Aditya Birla Sun Life NIFTY SDL Plus PSU Bond Sep 2026 60:40 Index Fund</b> (An open ended scheme tracking the Nifty SDL Plus PSU Bond Sep 2026 60:40 Index. A relatively high interest rate risk and relatively low credit risk.)	<ul style="list-style-type: none"><li>Income over longer term</li><li>Open ended Target Maturity Index Fund that seeks to track Nifty SDL Plus PSU Bond Sep 2026 60:40 Index</li></ul>	 <p>Investors understand that their principal will be at Low to Moderate risk</p>	 <p>Benchmark riskometer is at Low to Moderate risk</p>																					
<b>Aditya Birla Sun Life CRISIL IBX 60:40 SDL + AAA PSU - Apr 2027 Index Fund</b> (An open ended Target Maturity Index Fund tracking the CRISIL IBX 60:40 SDL + AAA PSU Index - April 2027. A relatively high interest rate risk and relatively low credit risk.)	<ul style="list-style-type: none"><li>Income over the target maturity period</li><li>Open ended Target Maturity Index Fund that seeks to track CRISIL IBX 60:40 SDL + AAA PSU Index – April 2027</li></ul>	 <p>Investors understand that their principal will be at Moderate risk</p>	 <p>Benchmark riskometer is at Moderate risk</p>																					



Scheme Name	This product is suitable for investors who are seeking*:	Risk-o-meter of Scheme	Risk-o-meter of Benchmark	Potential Risk Class																				
<b>Aditya Birla Sun Life Nifty SDL Apr 2027 Index Fund</b> (An open-ended Target Maturity Index Fund tracking the Nifty SDL Apr 2027 Index. A relatively high interest rate risk and relatively low credit risk.)	•Income over longer term •Open ended Target Maturity Index Fund that seeks to track Nifty SDL Apr 2027 Index	 Investors understand that their principal will be at Low to Moderate risk	 Benchmark riskometer is at Moderate risk	<table><tr><th>Credit Risk of Scheme →</th><th>Relatively Low (Class A)</th><th>Moderate (Class B)</th><th>Relatively High (Class C)</th></tr><tr><th>Interest Rate Risk of Scheme ↓</th><td></td><td></td><td></td></tr><tr><td>Relatively Low (Class I)</td><td></td><td></td><td></td></tr><tr><td>Moderate (Class II)</td><td></td><td></td><td></td></tr><tr><td>Relatively High (Class III)</td><td>A-III</td><td></td><td></td></tr></table>	Credit Risk of Scheme →	Relatively Low (Class A)	Moderate (Class B)	Relatively High (Class C)	Interest Rate Risk of Scheme ↓				Relatively Low (Class I)				Moderate (Class II)				Relatively High (Class III)	A-III		
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<b>Aditya Birla Sun Life CRISIL IBX 50:50 Gilt Plus SDL APR 2028 Index Fund</b> (An open ended Target Maturity Index Fund tracking the CRISIL IBX 50:50 Gilt Plus SDL Index – April 2028. A relatively high interest rate risk and relatively low credit risk)	•Income over the target maturity period •Open ended Target Maturity Index Fund that seeks to track CRISIL IBX 50:50 Gilt Plus SDL Index – April 2028	 Investors understand that their principal will be at Low to Moderate risk	 Benchmark riskometer is at Moderate risk																					
<b>Aditya Birla Sun Life CRISIL IBX Gilt APR 2029 Index Fund</b> (An open ended Target Maturity Index Fund tracking the CRISIL IBX Gilt Index – April 2029. A relatively high interest rate risk and relatively low credit risk.)	•Income over the target maturity period •An open ended Target Maturity Index Fund that seeks to track CRISIL IBX Gilt Index – April 2029	 Investors understand that their principal will be at Low to Moderate risk	 Benchmark riskometer is at Moderate risk																					
<b>Aditya Birla Sun Life CRISIL IBX SDL JUN 2032 Index Fund</b> (An open ended Target Maturity Index Fund tracking the CRISIL IBX SDL Index – June 2032. A relatively high interest rate risk and relatively low credit risk)	•Income over the target maturity period •An open ended Target Maturity Index Fund that seeks to track CRISIL IBX SDL JUN 2032 Index Fund	 Investors understand that their principal will be at Low to Moderate risk	 Benchmark riskometer is at Moderate risk																					

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