

# White Oak India Pioneers Equity ESG Portfolio

Portfolio Performance (%) <sup>1-8</sup>	Sep 2022	Q3 2022	YTD 2022	Part 2021	Inception CAGR	Inception Absolute
Portfolio	-1.4	14.2	-5.6	2.5	-3.0	-3.2
S&P BSE 500 TR	-3.2	11.3	0.4	3.1	3.3	3.6
Outperformance (bps)	+186	+283	-607	-58	-631	-681

Other Indices	Sep 2022	Q3 2022	YTD 2022	Part 2021	Inception CAGR	Inception Absolute
S&P BSE 100 LargeCap	-3.8	10.2	0.7	2.0	2.5	2.7
S&P BSE 150 MidCap	-1.6	15.0	1.0	5.7	6.3	6.8
S&P BSE 250 SmallCap	-0.5	15.8	-3.8	10.1	5.5	6.0

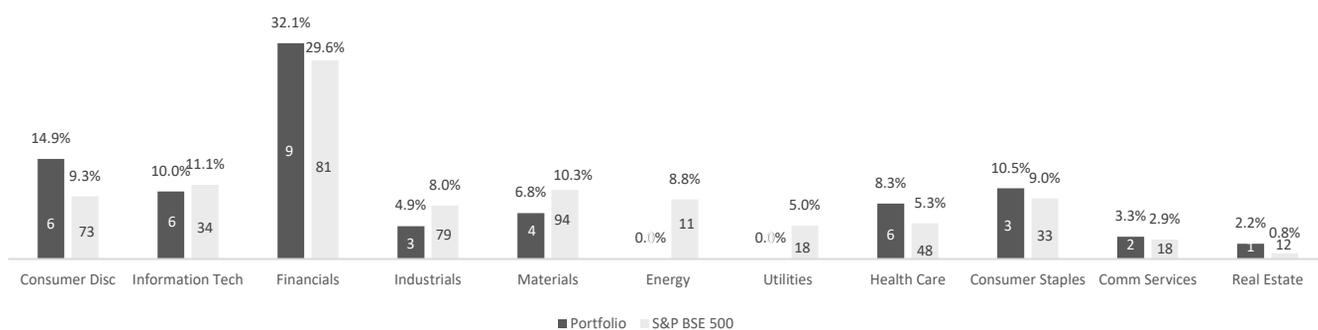
## Market Cap Attribution Since Inception (%)<sup>11</sup>

	Portfolio		Benchmark		Attribution		
	Avg Wt	Total Return	Avg Wt	Total Return	Selection Effect	Allocation Effect	Total Return
Large Cap	60.6	-0.8	78.1	4.0	-2.9	-0.1	-3.0
Mid Cap	22.0	-11.7	14.6	2.8	-3.0	0.1	-3.0
Small Cap	11.5	21.5	7.3	0.8	2.3	-0.1	2.2
Cash/Fut/Other	5.9	0.0	0.0	0.0	-	-	0.6
Total	100.0	0.5	100.0	3.6	-3.6	0.5	-3.1

## Sector-wise Attribution Since Inception (%)<sup>12</sup>

	Portfolio		Benchmark		Attribution		
	Avg Wt	Total Return	Avg Wt	Total Return	Selection Effect	Allocation Effect	Total Return
Comm Services	3.0	-12.4	2.9	7.8	-0.7	0.0	-0.7
Cons Disc.	12.7	22.2	8.5	23.8	0.0	0.8	0.8
Cons Staples	10.2	-2.3	7.8	13.3	-1.5	0.1	-1.3
Energy	0.0	0.0	9.5	5.8	0.0	-0.2	-0.2
Financials	31.0	0.0	29.5	-1.1	0.3	0.1	0.4
Health Care	5.3	-23.4	5.4	-11.4	-0.4	0.0	-0.4
Industrials	3.7	-1.9	7.4	21.9	-0.8	-0.5	-1.3
Information Tech	18.2	-19.1	13.3	-17.0	-0.3	-0.3	-0.6
Materials	9.4	13.9	10.5	-1.4	1.4	-0.1	1.3
Real Estate	0.6	29.2	0.9	6.8	0.3	0.0	0.2
Utilities	0.0	0.0	4.4	55.8	0.0	-1.8	-1.8
Cash/Fut/Other	5.9	0.0	0.0	0.0	-	-	0.6
Total	100.0	0.5	100.0	3.6	-1.8	-1.3	-3.1

## Sector Exposure<sup>9</sup>



## Top 20 Holdings & Key Contributors / Detractors

Scrip Name	Weight (%)	Scrip Name	Weight (%)
ICICI Bank	10.1	Cipla	3.0
HDFC Bank	8.6	Hindustan Unilever	2.9
Nestle India	6.2	Abbott India	2.7
Titan Company	6.0	Vedant Fashions	2.4
Infosys	4.7	HDFC Life Insurance	2.4
Cholamandalam Inv	4.1	Phoenix Mills	2.2
Astral	3.5	Persistent Systems	2.2
Campus Activewear	3.5	Info Edge India	1.8
Asian Paints	3.2	Kotak Mahindra Bank	1.5
Bajaj Finance	3.1	Saregama India	1.5
<b>Total</b>			<b>75.7</b>

## Investment Objective

The objective of the strategy is to achieve long term capital appreciation by primarily investing in 'listed securities' in India. Since sustainability of returns and corporate governance form an important element of our investment philosophy, the investment approach integrates Environment, Social, and Governance ("ESG") factors in decision-making process in selection of any security in the portfolio.

## Portfolio Facts

Structure:	Discretionary PMS
Firmwide AUM: <sup>3,5</sup>	₹ 46,155 Cr
WO India Pioneers Eq ESG AUM: <sup>3</sup>	₹ 10 Cr
Minimum Investment:	INR 50 Lakhs
Exit Load:	Nil
Benchmark:	S&P BSE 500 TR

## Portfolio Characteristics<sup>10</sup>

Wt. Av. Market Cap (INR Cr)	248,780
No. of Holdings	40
ROE (FY 22):	20.3%
PE (FY 23):	22.7
Projected Revenues (3 Yr CAGR):	16.5%
Projected Earnings (3 Yr CAGR):	20.1%

## Market Cap Classification<sup>9</sup>



Classification as per Securities and Exchange Board of India (SEBI) guidelines for Mutual Funds. Additional information on the classification methodology is available upon request.

Q3 2022 Key Contributors	Ending Weight (%)	Total Return (%)	Contribution to Alpha (bps)
Campus Activewear	3.5	+75.4	+132
Titan Company	6.0	+34.8	+95
Vedant Fashions	2.4	+46.4	+61
Astral	3.5	+35.0	+61
ICICI Bank	10.1	+22.6	+49

Q3 2022 Key Detractors	Ending Weight (%)	Total Return (%)	Contribution to Alpha (bps)
Persistent Systems	2.2	-4.4	-36
HDFC Life Insurance	2.4	-3.6	-33
Mphasis	0.8	-7.1	-23
Abbott India	2.7	+3.4	-21
Coforge	1.2	-4.7	-20

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## Performance Review

The portfolio was up 14.2% in Q3 2022, outperforming the benchmark by +283bps. The key contributors include Campus Activewear (+75.4%), Titan (+34.8%), and Vedant Fashions (+46.4%) whereas Persistent Systems (-4.4%), HDFC Life Insurance (-3.6%), and Mphasis (-7.1%) were the key detractors.

Year-to-date, the portfolio was down 5.6%, underperforming the benchmark by -607bps. The key contributors include Fine Organic Industries (+88.1%), Cholamandalam Investment (+41.1%), and Campus Activewear (+51.0%), whereas Persistent Systems (-33.4%), Coforge (-42.4%), and Mphasis (-37.2%) were the key detractors.

## Market Review

In Q3 2022, S&P BSE 500 TR index was up 11.3%. S&P BSE 100 LargeCap was up 10.2%, S&P BSE 150 MidCap up 15.0%, and S&P BSE 250 SmallCap up 15.8%.

For the quarter ending September, FIIs were net buyers to the tune of US\$6.1bn while net buying by domestic institutional investors (DIIs) was US\$1.8bn. For the quarter, the Rupee depreciated by 3.2% while the benchmark 10-year G-Sec yields remained steady around 7.40%. Commodities were down, with Brent and S&P GSCI Industrial Metals Index declining by 19.3% and 8.4%, respectively.

For Q3 2022, Industrials, Utilities, and Materials outperformed while Energy, Information Technology, and Real Estate were the key underperforming sectors. On a YTD basis, Utilities and Consumer Staples are among the best performing sectors while IT services is the worst performing sector.

## Q3 2022 Key Contributors

**Campus Activewear** is the leading sports & athleisure footwear company in India. The company has gone from strength to strength in the past decade on key business parameters like (a) design excellence, (b) supply chain, (c) brand equity and (d) distribution. The promoter family has inducted experienced, high-quality professionals into the company and has an extremely progressive, long-term stance on design and technology investments. S&A footwear category offers significant LT growth potential and Campus' price/value positioning is in the 'affordable premium' sweet spot. We expect sustained strong (20%+) growth rates and healthy (mid-30s pre-tax ROCE) return ratios for the next many years. Recent outperformance is likely on the back of strong 1QFY23 quarter earnings reported by the company.

**Titan** is the leading jewelry company in India with a presence in other segments like watches, eyewear, fragrances, precision engineering, and women's ethnic wear. Titan is a lifestyle retailer par excellence and commands a premium brand positioning across segments. The company's well-tuned operating model allows it to generate industry-leading return ratios. Titan's jewelry market share is still in the mid-single digits, with significant scope for sustained expansion. Recent outperformance likely reflects continued strength in discretionary consumption in Titan's core target group – middle and high-income urban households. We continue to find Titan amongst the most well-run retailers in the country and remain constructive on the company's long-term growth and ROCE prospects.

ICICI Bank

**ICICI Bank** is one of the leading private sector banks in India. Given the under-penetration of credit, the Indian banking sector offers a long runway for growth. Well run private sector banks, like ICICI Bank, are gaining market share from poorly run government owned banks, which

account for two thirds of the industry. Following a leadership change in 2018, the new management team is leveraging on the wide distribution franchise, a new risk-based pricing approach and digital offerings to accelerate market share and return ratios. ICICI Bank continues to improve its margin and core profitability while decreasing the Non-Performing Assets (or NPAs). Over the last quarter, the stock might have outperformed on the back of this continued strong operating performance.

## Q3 2022 Key Detractors

**Abbott India** is the listed entity of Abbott USA. Along with the unlisted Abbott healthcare, Abbott in India is the Second largest pharma company. Abbott India has been consistently growing faster than the market (10 year Rev/EBITDA/PAT CAGR of 12% /18%/19%), and has a strong portfolio of mega brands in various fast growing therapy categories like women health, Gastroenterology, Metabolics, Vaccine, CNS and Consumer health. Some of the mega brands like Thyronorm, Duphaston, vertin, Cremaffin, Digene are leaders in their category. Main reason for underperformance has been the loss of market share in Dydrogesterone. Abbott India was the only company selling Duphaston (Dydrogesterone) in India for last many years, however over the last 2 years 41 companies have entered in this molecule. While this has expanded the market, Abbott has naturally lost market share, although they are growing their revenues in this molecule. Any molecule which sees loss of exclusivity, goes through a phase of entry of large number of competitors, which leads to market expansion and loss of market share for the incumbent. Abbott expects to continue to grow prescribers and prescription in absolute terms in this molecule.

**Mphasis** is India's seventh largest IT services company, with approximately \$1.5bn in revenues. It has a strong positioning in custom application development and management for the banking & financial services (BFS) industry. Its deep domain expertise within BFS has resulted in a high-quality client profile wherein it counts six of the top ten US banks as its clients. Its core business, constituting more than 80% of its revenues, has delivered industry-leading growth over the past two years. We expect the company to continue doing well on the back of continued new client additions, strong total contract value (TCV) of deal wins, and mining of existing accounts. The stock has corrected along with the rest of the sector due to concerns of a growth slowdown in US banks and exposure to mortgage business amidst rising rates.

**HDFC Life** is one of India's largest private life insurance companies in terms of assets under management and new business premium. It has a market share of 8.9% among all insurance companies (including the state-run Life Insurance Corporation of India) and 14.1% within private sector insurance companies. We believe the insurance sector is underpenetrated and offers a long runway for growth. HDFC Life seems well positioned to deliver on its growth and margin guidance with a well-balanced product and distribution mix. However, industry-wide slowdown in retail protection, an overhang on the stock due to ownership regulations, and a recent reduction in HDFC Life's share in HDFC Bank's distribution mix have contributed to the recent underperformance.

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## Notes:

(1) Performance is calculated basis time weighted rate of return method net of all fees and expenses; Individual client performance may differ. Past performance is not indicative of future results. Performance shown since September 1, 2021, as client monies were managed from this date. Performance related information provided herein is not verified by SEBI. Returns have been calculated using Time Weighted Rate of Return (TWRR) method as prescribed by SEBI (2) S&P BSE 500 Total Returns Index. CAGR : Compound Annual Growth Rate (3) All data is as of 30 September 2022. Part 2021 : From September 1, 2021, till December 31, 2021 (4) All returns and % changes are in INR terms unless otherwise stated. (5) Refers to aggregate assets under management or advisory for White Oak Capital Management Consultants LLP and WhiteOak Capital Asset Management Limited (6) Source: Bloomberg, Factset. Further details are available upon request (7) Inception Date : September 1, 2021 (8) Returns for 1 year and less than 1 year are absolute returns, while more than 1 year are CAGR. (9) The number inside the bars denote the number of companies in each classification. (10) SI : Since Inception (11) FactSet's Attribution Analysis. Performance is gross of fees, taxes and expenses. Market Cap Classification as per Securities and Exchange Board of India (SEBI) guidelines for Mutual Funds. Performance related information provided herein is not verified by SEBI. (12) Factset's Attribution Analysis: GICS Classification. (13) Source: Bloomberg, further details are available upon request. Performance is gross of fees, taxes and expenses. Performance related information provided herein is not verified by SEBI.

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