

# White Oak India Pioneers Equity ESG Portfolio

Portfolio Performance (%) <sup>1-8</sup>	Dec 2022	Q4 2022	YTD 2022	Part 2021	Inception CAGR	Inception Absolute
Portfolio	-2.7	0.4	-5.2	2.5	-2.1	-2.8
S&P BSE 500 TR	-3.2	4.3	4.8	3.1	6.0	8.0
Outperformance (bps)	+46	-390	-1001	-58	-806	-1080

Other Indices	Dec 2022	Q4 2022	YTD 2022	Part 2021	Inception CAGR	Inception Absolute
S&P BSE 100 LargeCap	-3.5	4.8	5.5	2.0	5.7	7.6
S&P BSE 150 MidCap	-1.7	2.6	3.6	5.7	7.1	9.6
S&P BSE 250 SmallCap	-2.1	2.9	-1.0	10.1	6.7	9.0

## 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	60.9	1.6	78.1	9.0	-4.5	-0.2	-4.7
Mid Cap	22.1	-12.9	14.6	5.4	-4.0	-0.1	-4.1
Small Cap	11.3	16.0	7.4	3.7	1.6	-0.2	1.4
Cash/Fut/Other	5.7	0.0	0.0	0.0	-	-	0.4
Total	100.0	1.1	100.0	8.1	-6.9	0.0	-6.9

## 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	3.1	-8.5	2.9	7.2	-0.6	-0.1	-0.6
Cons Disc.	12.8	12.2	8.6	20.9	-0.9	0.6	-0.3
Cons Staples	10.2	-1.9	7.9	12.1	-1.4	0.1	-1.3
Energy	0.0	0.0	9.4	14.9	0.0	-0.6	-0.6
Financials	31.7	5.9	29.7	8.0	-0.8	0.3	-0.5
Health Care	6.0	-21.8	5.3	-12.8	-0.1	-0.2	-0.3
Industrials	4.0	-14.3	7.6	26.6	-1.7	-0.5	-2.3
Information Tech	16.7	-11.9	12.9	-11.9	-0.1	-0.3	-0.4
Materials	8.9	0.8	10.3	2.8	0.3	-0.1	0.2
Real Estate	0.9	31.4	0.8	8.1	0.3	-0.1	0.2
Utilities	0.0	0.0	4.5	50.8	0.0	-1.5	-1.5
Cash/Fut/Other	5.7	0.0	0.0	0.0	-	-	0.4
Total	100.0	1.1	100.0	8.1	-4.9	-2.0	-6.9

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



## Top 20 Holdings & Key Contributors / Detractors

Scrip Name	Weight (%)	Scrip Name	Weight (%)
ICICI Bank	10.3	Hindustan Unilever	2.7
HDFC Bank	9.7	Persistent Systems	2.6
Nestle India	6.3	Kotak Mahindra Bank	2.5
Titan Company	5.9	Vedant Fashions	2.3
Infosys	5.9	Axis Bank	2.3
Cholamandalam Inv	4.0	Phoenix Mills	2.3
Abbott India	3.4	Astral	2.0
Asian Paints	3.2	HDFC Life Insurance	2.0
Cipla	2.9	Info Edge India	1.8
Bajaj Finance	2.8	Saregama India	1.6
<b>Total</b>		<b>76.7</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>	₹ 48,070 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)	286,140
No. of Holdings	42
ROE (FY 22):	20.3%
PE (FY 23):	22.6
Projected Revenues (3 Yr CAGR):	16.4%
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.

CY 2022 Key Contributors	Ending Weight (%)	Total Return (%)	Contribution to Alpha (bps)
Fine Organic Industries	0.9	+54.8	+131
Cholamandalam Inv	4.0	+39.3	+88
ICICI Bank	10.3	+21.1	+69
Vedant Fashions	2.3	+48.2	+50
Campus Activewear	0.8	+9.2	+39

CY 2022 Key Detractors	Ending Weight (%)	Total Return (%)	Contribution to Alpha (bps)
Coforge	1.4	-33.2	-111
Mphasis	0.0	-42.1	-111
Persistent Systems	2.6	-20.4	-97
Indigo Paints	1.3	-38.8	-88
Dixon Technologies (India)	1.3	-29.1	-77

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## Performance Review

The portfolio was up 0.4% in Q4 2022, underperforming the benchmark by 390bps. The key contributors include HDFC Bank (+14.5%), Persistent Systems (+19.4%), and Abbott India (+11.6%), whereas Campus Activewear (-27.7%), Astral (-12.0%), and Indigo Paints (-13.1%) were the key detractors.

Year-to-date, the portfolio was down 5.2%, underperforming the benchmark by 1001bps. The key contributors include Fine Organics (+54.8%), Cholamandalam Investment (+39.3%), and ICICI Bank (+21.1%) whereas Coforge (-33.2%), Mphasis (-41.4%), and Persistent Systems (-20.4%) were the key detractors.

## Market Review

In 2022, S&P BSE 500 TR index was up 4.8%. S&P BSE 100 LargeCap was up 5.5%, S&P BSE 150 MidCap up 3.6%, and S&P BSE 250 SmallCap up -1.0%.

Foreign Institutional investors (FIIs) were net sellers to the tune of US\$16.6bn, while net buying by domestic institutional investors (DIIs) was US\$31.9bn. For the year, the Rupee appreciated by 10.2% while the 10-year G-Sec yields hardened from 6.45% to 7.33%. Commodities were mixed, with Brent up 10.5% and S&P GSCI Industrial Metals Index down 9.6%.

For the year, Utilities, Industrials and Energy outperformed, while IT Services, Healthcare and Communication Services underperformed. State-owned enterprises (SOEs) have outperformed their private peers, and large caps have outperformed small caps this year.

## CY 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.

**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. Its management team is leveraging the wide distribution franchise, a new risk-based pricing approach, and digital offerings to accelerate market share and enhance the return ratios. As evident from the last few quarters' earnings, the asset quality has remained robust. Moreover, ICICI Bank has also been able to maintain stable operating performance in the current rising interest rate environment.

**Fine Organics Ltd. (FOIL)** is India's largest manufacturer of oleochemical-based additives. These additives are used in various industries like food and beverages, personal products, paints, and other specialty applications. A niche, but expansive product basket, diversified customer base, stringent and lengthy product approvals (creating strong entry barriers), and proprietary technology underpin the company's competitive positioning in the global market. FOIL is likely to expand its capacity in FY24. The company has outperformed its peers in revenue and margins, driven by product

innovation, in-house engineering specialization, superior product mix, on-time delivery even during Covid lockdowns, and its ability to pass take price increases. Fine Organics has stood out on its operational performance, helping it to add new customers and gain market share.

## CY 2022 Key Detractors

**Coforge** is a fast-growing, mid-sized IT services company, present across three major verticals – travel & transportation, insurance, and banking & financial services – which collectively account for 70% of revenues. It has a niche positioning in both travel as well as insurance verticals. The company underwent a management change three years ago and under the new leadership has consistently demonstrated strong improvement across all KPIs including order intake, number of million-dollar clients, large deal wins, digital business growth and client diversification. The stock corrected during the year along with the broader sector over concerns over pullback in IT spending by global enterprises.

**Persistent Systems** is a mid-sized IT services company with deep domain expertise in healthcare, life sciences and financial services verticals, and a niche positioning in adjacent areas such as health-tech and fin-tech. The company has forged strong partnerships with leading enterprise software ecosystems such as Salesforce, Appian, and Snowflake. It also has strong capabilities in product engineering services with the likes of IBM, CISCO, Intuit and Dassault Systems as key customers. The business has de-risked its revenue base, lowered client concentration and increased number of large accounts. The company has many levers to drive healthy cash flow growth over the next few years. The stock underperformed along with the IT Services sector as investors are concerned about demand going forward due to expectations of a recessionary environment.

**Indigo Paints** is one of the fastest growing players in the decorative paints industry with strong position in certain niche segments. Its revenue has grown by 39% CAGR over the last decade, as the company has expanded its distribution and tinting machines network during this period. Indigo has created a portfolio of differentiated products like floor coatings which command leadership position in terms of brand recall and market share in several states across the country. The company's performance in 2022 was negatively impacted by – (a) aggressive pricing by the market leader that reflected in sustained pressure on gross margins of the industry, and (b) Grasim's announcement of doubling its proposed investment in the paints sector.

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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 31 December 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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