White Oak India Top 200 PMS

WHITE OAK
CAPITAL MANAGEMENT

Portfolio Performance[1-8]	3 Month	6 Month	Inception Absolute
WO India Top 200	8.2%	21.9%	26.7%
S&P BSE 200 TR	11.3%	22.2%	26.9%
Outperformance (bps)	-318	-27	-16
Other Indices			
S&P BSE 100 Largecap	11.8%	21.7%	24.9%
S&P BSE 150 Midcap	7.7%	25.8%	42.0%
S&P BSE 250 Smallcap	3.3%	29.1%	48.6%

Marketcap Attribution Since Inception (%)[11]

	Portfolio		Benchmark		Attribution		
	Avg Wt	Tot Return	Avg Wt	Tot Return	Selection Effect	Allocation Effect	Tot Return
Large Cap	64.6	23.8	87.2	25.8	-1.5	0.2	-1.3
Mid Cap	29.4	53.1	12.7	34.3	4.5	1.3	5.7
Small Cap	0.9	-9.5	0.0	30.0	-0.1	-0.3	-0.4
Cash/Fut/Other	5.1	0.0	0.0	0.0	-	-	-0.6
Total	100.0	30.3	100.0	26.9	2.9	0.5	3.4

Sector-wise Attribution Since Inception (%)[12]

	Portfolio		Benchmark		Attribution		
	Avg Wt	Tot Return	Avg Wt	Tot Return	Selection Effect	Allocation Effect	Tot Return
Comm Services	0.7	22.0	2.7	19.2	0.1	0.2	0.3
Consumer Disc	8.9	36.2	7.6	17.5	1.5	0.1	1.6
Consumer Stp	7.6	9.0	8.5	13.7	-0.5	0.0	-0.5
Energy	0.0	0.0	9.8	27.1	0.0	0.2	0.2
Financials	36.8	30.6	33.0	24.6	2.0	-1.0	1.0
Health Care	9.6	32.4	5.3	15.4	1.6	-0.5	1.1
Industrials	4.6	50.2	5.9	41.0	0.4	-0.1	0.3
Information Tech	17.9	56.1	13.6	24.1	5.0	-0.8	4.3
Materials	8.0	10.5	9.6	49.1	-2.7	-0.3	-3.0
Real Estate	0.7	31.0	0.5	57.5	-0.1	0.1	0.0
Utilities	0.0	0.0	3.6	67.3	0.0	-1.1	-1.1
Cash/Fut/Other	5.1	0.0	0.0	0.0	-	-	-0.6
Total	100.0	30.3	100.0	26.9	7.2	-3.8	3.4

Investment Objective

The objective of the strategy is to achieve long term capital appreciation by primarily investing in 'listed securities' in India.

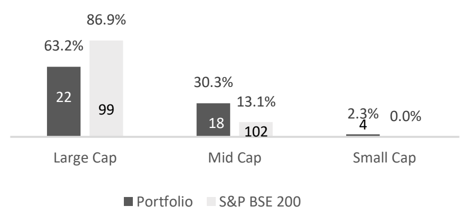
Fund Facts

Structure:	Discretionary PMS
Firmwide AUM:[3,5]	₹ 42,055 Cr
WO India Top 200 AUM:[3]	₹ 284 Cr
Minimum Investment:	INR 50 Lakhs
Exit Load:	Nil
Benchmark:	S&P BSE 200 TR

Portfolio Characteristics[10]

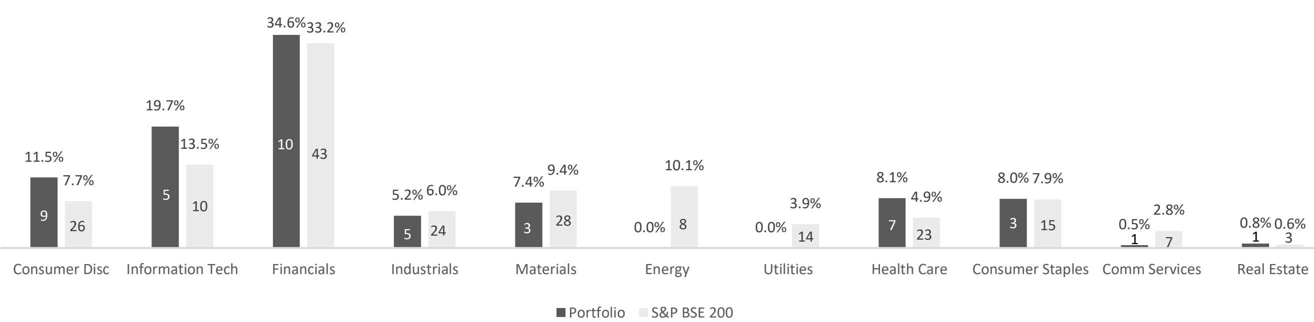
Wt. Av. Market Cap (INR Cr)	266,430
No. of Holdings	44
ROE (FY 21):	17.7%
PE (FY 22):	28.8
Projected Revenues (3 Yr CAGR):	16.6%
Projected Earnings (3 Yr CAGR):	21.1%

Market Cap Classification[9]



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

Sector Exposure[9]



Market Review

In October, S&P BSE 200 TR index was up 0.4%. S&P BSE 100 Largecap was up 0.3%, S&P BSE 150 Midcap up 0.3%, and S&P BSE 250 Smallcap up 0.2%.

FIIs were net sellers to the tune of US$2.2bn in October. For year to date, India has seen net FPI inflows of US$6.5bn. For the month, the Rupee depreciated by 0.7% while the benchmark 10-year G-Sec yields rose slightly to 6.35%. The rally in commodities continued with Brent up by 7.5% and the S&P GSCI Industrial Metals Index up by 3.6%, MoM. [13]

Among sectors, consumer discretionary and financials outperformed, whereas consumer staples and health care underperformed during the month.

Performance Review

The portfolio was up 0.1% in October, underperforming the benchmark by -24 bps. The key contributors include ICICI Bank (+14.4%), Titan Company (+10.3%) and Cholamandalam Investment (+8.9%), whereas Coforge (-7.1%), Hindustan Unilever (-10.9%) and Cipla (-8.0%) were the key detractors.

White Oak India Top 200 PMS

WHITE OAK CAPITAL MANAGEMENT

Top 20 Holdings & Key Contributors / Detractors

Scrip Name	Weight (%)	Scrip Name	Weight (%)
ICICI Bank	9.0	Mphasis	3.2
Infosys	8.2	Crompton Greaves Cons	3.0
HDFC Bank	7.1	Bajaj Finserv	2.9
Nestle India	6.1	Astral	2.3
Titan Company	4.5	Bajaj Finance	2.2
Axis Bank	4.1	Cipla	2.2
Cholamandalam Inv	4.0	Indigo Paints	2.1
Coforge	3.9	Kotak Mahindra Bank	1.9
Asian Paints	3.7	Ajanta Pharma	1.8
Persistent Systems	3.5	Hindustan Unilever	1.6
Total			**77.3**

October 2021 Key Contributors	Ending Weight (%)	Total Return (%)	Contribution to Alpha (bps)
ICICI Bank	9.0	+14.4	+110
Titan Company	4.5	+10.3	+42
Cholamandalam Inv	4.0	+8.9	+31
Persistent Systems	3.5	+5.6	+17
Mphasis	3.2	+4.2	+11

October 2021 Key Detractors	Ending Weight (%)	Total Return (%)	Contribution to Alpha (bps)
Coforge	3.9	-7.1	-31
Hindustan Unilever	1.6	-10.9	-20
Cipla	2.2	-8.0	-20
Asian Paints	3.7	-4.3	-17
Navin Fluorine	1.6	-9.4	-16

In this month's newsletter, we take stock of the earnings season so far and the management commentary on how corporates are navigating the volatile cost environment as well as the demand outlook. We also assess some of the important macro developments including the progress on privatisation.

2QFY22 Sep 2021 earnings – Demand healthy, raw material led cost pressures

So far, 40 companies in the benchmark Nifty 50 index have declared quarterly results. For these companies, sales growth at 30% and profit growth at 22% YoY have been a few points ahead of expectations. Although high commodity prices have weighed on margins, underlying demand trends have been healthy. Earnings growth expectations for FY22 remain pegged at 33% YoY, with no downgrades at the headline level. If achieved, earnings growth could be the best since FY04, driven by the following factors: (1) market share consolidation benefiting sectors such as consumer staples and discretionary, (2) surge in global tech spend boosting the Indian IT Services sector, and (3) higher resource prices which benefit commodity sectors.

With metal prices up 45% YoY, freight rates up 200%, and oil prices up 85%, the dip in 2QFY22 EBITDA margin trajectory for Nifty ex-financials was in-line with expectations. However, EBITDA margin expectations for FY22 are stable at 19% with upgrades in commodity companies offsetting the downgrades in consumer names.

Despite a robust demand environment, margin pressures for consumer companies remains a challenge due to commodity price surge and ongoing supply chain issues. Apart from price hikes, companies are focusing on long-term cost saving programs and premiumisation. As demand recovers, management commentary indicates some benefit from operating leverage as well. Our portfolio companies which tend to be strong market leaders are better positioned to navigate through such cost inflation and gain market share from weaker peers.

As per a leading consumer durables player, in the past, such instances of high commodity inflation would dampen consumer sentiments. However, at present, the management does not foresee any major impact on demand. So far, companies have not reported any noticeable downtrading due to the price hikes.

From our portfolio perspective, we continue to find opportunities in private sector banks that have seen lower provisions and higher loan growth than the system. Stressed segments like retail and small and medium enterprises are gradually returning to normalcy which is likely to boost loan growth in the coming quarters. In IT Services, management commentary points to a strong demand environment, with broad-based guidance upgrades by many companies as enterprises globally go through an accelerated digital adoption cycle. There is some headwind from high attrition levels which these companies are mitigating by increasing the hiring of freshers.

While we have highlighted the initial progress on the Production Linked Incentive (PLI) scheme for the electronics sector previously, there has been considerable headway in the implementation of PLI for other segments like IT Hardware and White Goods. One of our portfolio companies in the Electronics Manufacturing Services (EMS) space has already lined up sizeable capital expenditures as many of the permissions and approvals related to PLI have started to materialise.

Air India privatisation: A pivotal milestone

The privatisation program received a boost with the Tata Group, India's leading conglomerate, winning the bid for Air India, India's national carrier. Air India privatization process was initiated by this government in 2014 and has seen many setbacks including the impact of Covid on the airlines sector. Successful completion of this deal is a major milestone for the privatisation roadmap outlined by the government and is likely to pave the way for other SOEs including BPCL (Oil & Gas), Concor (Logistics infrastructure), and Shipping Corporation of India (Shipping). Privatisation of loss-making or inefficiently run SOEs lowers the fiscal stress, creates a more market-oriented economy, and frees up government's bandwidth to focus on other structural reforms.

Update on Covid: One billion doses

India's vaccination roll-out has been the largest globally with over one billion doses administered at the end of October 2021. At least 80% of the eligible population have received their first dose. In large urban centres, which are the big drivers of economic activity, over 50% of the adults have received their second dose as well.

White Oak India Top 200 PMS

Increased vaccination is leading to normalization of mobility indicators and an upturn in domestic travel and tourism. Recent domestic air travel bookings have revived to pre-pandemic levels.

Other macro updates

Tax collections have been buoyant and are up by 13% on a two-year CAGR basis and will help to further augment infra spending in sectors like roads, railways, and water supply which have seen an increase in allocation over the last two years.

Stable macro situation provides a favourable backdrop to corporate earnings. Despite higher energy prices, fiscal stress is limited with expectations that the fiscal deficit for FY22 could be lower than the budgeted estimate of 6.8% of GDP. This opens fiscal space to not only boost infra spending but also to provide economic support to social initiatives in health and rural development. The external sector balance remains comfortable and with forex reserves of US$640bn, the fourth-highest globally, there is an adequate buffer to deal with external shocks, if any.

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 January 22, 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. (3) All data is as of 31 October 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. (6) Source: Bloomberg, Factset. Further details are available upon request (7) Inception Date : January 22, 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. Performance is gross of fees, taxes and expenses. Performance related information provided herein is not verified by SEBI. (13) Source: Bloomberg, further details are available upon request.

Terms & Conditions with respect to this Factsheet:

For availing Portfolio Management Services you can reach us directly without any third-party intermediation by emailing us at contact@whiteoakindia.com or by calling us on +91-22- 62308100.

Portfolio Manager: White Oak Capital Management Consultants LLP

Contact Details – Registered and Corporate Office - Unit 6 B2/B3, 6th Floor, Cnergy Building, Appasaheb Marathe Marg, Prabhadevi, Mumbai - 400 025. Tel: (91-22) 62308100 / 8182

Investor Queries - Email: contact@whiteoakindia.com
Registration Details – INP000005865