

HIGH CONVICTION PORTFOLIO

April 2018

Portfolio Manager's Speak

Indian equity markets bounced back in April with midcaps leading the rally. Global equity markets also saw a strong rally post the sharp correction last quarter. While equity markets have rallied, Positive macroeconomic data in Unites States has led to fears of sharper monetary tightening as the economy returns to a robust growth path. Long term Bond yields in United States are inching very close to 3% mark . With brent crude hitting 75\$/barrel, India's macroeconomic position becomes vulnerable. High crude oil prices could lead to an uptick in inflation and fiscal deficit going forward.

Indian growth outlook remains positive with IMF projecting a 7.4% growth in FY19. We believe this recovery will get stronger if monsoons are normal and global growth remains firm. Indian Economy seems to be recovering well from the Demonization and GST related slowdown and high frequency data points like monthly Auto sales, cement dispatches and GST collection numbers point to a sharp acceleration. Despite all the early day glitches, GST system seems to be stabilizing now and and it will boost both direct and indirect tax collections going forward.

Corporate earnings continue to be on an upward trajectory and Q4 results have been good so far. We expect FY19 to be a year of strong cyclical recovery for India with GDP growth and earnings revival finally coming in. We believe our portfolio companies will deliver strong earnings growth in FY19.

Portfolio Performance \*

Period	Portfolio	Nifty 500	Nifty
1 Month	6.1%	6.6%	6.2%
3 Months	-2.7%	-2.1%	-2.6%
6 Months	0.8%	3.8%	3.9%
1 Year	5.6%	15.6%	15.4%
2 Years	22.2%	20.1%	17.0%
3 Years	14.5%	12.1%	9.5%
Since inception date 13/03/2014	22.5%	16.6%	12.8%

(\* Post Expenses (except entry and exit charges) <1 year Absolute Returns & > 1 Year CAGR, as on April 30<sup>th</sup>, 2018, Past performance may or may not sustain in the future)

Top 10 Holdings^

Security	% Assets	Security	% Assets
Maruti Suzuki India Ltd	6.3%	Whirlpool of India Ltd	5.0%
HCL Technologies Ltd	6.0%	Ashoka Buildcon Ltd	4.4%
Development Credit Bank Ltd	6.0%	Ajanta Pharma Ltd	4.1%
Housing Development Finance Corporation Ltd	5.8%	Motherson Sumi Systems Ltd	3.5%
HDFC Bank	5.6%	Britannia Industries Ltd	3.3%

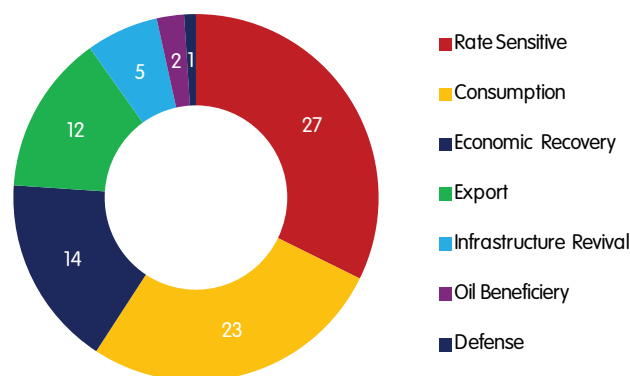
Portfolio Snapshot

Type	Open Ended
Benchmark	NIFTY / NIFTY 500
Mode of Investment	Cash or Securities

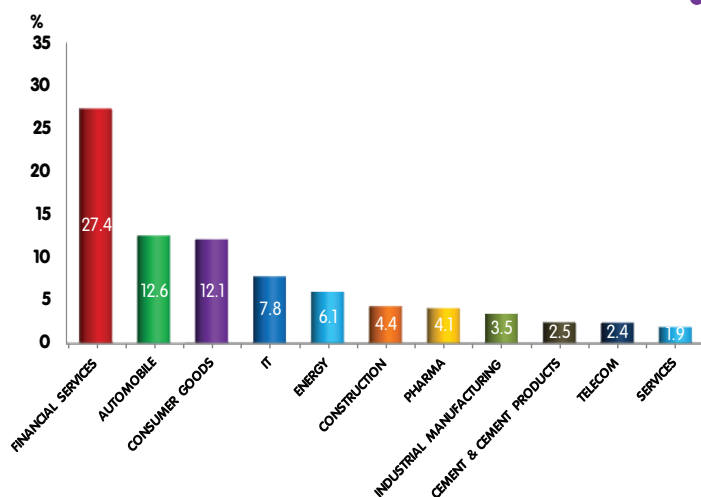
Key Portfolio Features

- An intensive **research based, bottom-up stock picking** approach, based on our unique **'Must 5' Quality framework**, aims to identify those stocks which have a **potential of delivering outside returns** over the next 1 to 3 years
- Endeavour to create **diversified multi-cap concentrated portfolio** of our **top 20 – 25 most compelling investment ideas**, which ensures **meaningful positions** are taken in majority of the holdings, while maintaining **adequate diversification**
- Judicious allocation to **large, mid and small cap** based on their return potential
- Portfolio aims to **maximize compounding** with a **Buy & Hold** view, leading to **low churn**

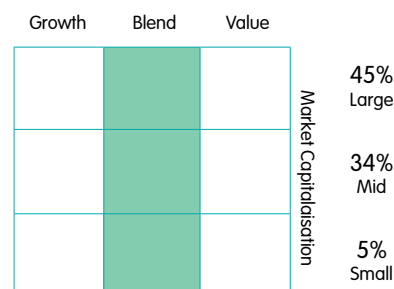
Thematic Allocation^



Sector Allocation#^



Investment Style



# The current portfolio Holdings may or may not be a part of the future portfolio Holdings. Investors Portfolio may vary from the Strategy Level Portfolio shown above in the Top Holdings. NIFTY 500 is provided as an additional benchmark for comparison with portfolio performance. Source: Bloomberg, NSE

^ All data as of 30<sup>th</sup> April 2018

**Disclaimer**

The views expressed herein constitute only the opinions and do not constitute any guidelines or recommendation on any course of action to be followed by the reader. This information is meant for general reading purposes only and is not meant to serve as a professional guide for the readers. Certain factual and statistical (both historical and projected) industry and market data and other information was obtained by Reliance Nippon Life Asset Management Limited (formerly Reliance Capital Asset Management Limited) (RNAM) from independent, third-party sources that it deems to be reliable, some of which have been cited above. However, RNAM has not independently verified any of such data or other information, or the reasonableness of the assumptions upon which such data and other information was based, and there can be no assurance as to the accuracy of such data and other information. Further, many of the statements and assertions contained in these materials reflect the belief of RNAM, which belief may be based in whole or in part on such data and other information.

RNAM or any of its respective directors, employees, affiliates or representatives do not assume any responsibility for, or warrant the accuracy, completeness, adequacy and reliability of such information. Whilst no action has been solicited based upon the information provided herein, due care has been taken to ensure that the facts are accurate and opinions given are fair and reasonable. This information is not intended to be an offer or solicitation for the purchase or sale of any financial product or instrument. Recipients of this information should rely on information/data arising out of their own investigations. Readers are advised to seek independent professional advice, verify the contents and arrive at an informed investment decision before making any investments. RNAM or any of its directors, employees, affiliates or representatives shall not be liable for any direct, indirect, special, incidental, consequential, punitive or exemplary damages, including lost profits arising in any way from the information contained in this material.

RNAM or any of its directors, employees including the fund managers, affiliates, representatives including persons involved in the preparation or issuance of this material may from time to time, have long or short positions in, and buy or sell the securities thereof, of company(ies) / specific economic sectors mentioned herein.

**Absolute Freedom Option - High Conviction Equity Portfolio Strategy is an option under Absolute Freedom Strategy**

A highly flexible investment option, which offers a diversified investment portfolio across large cap, mid cap, small cap and micro cap stocks. This option follows an aggressive approach to portfolio construction with focus on highly active money management, using cash as an investment tool; and derivatives as a hedging tool.

Investments in securities are subject to market risks. There are no assurances or guarantees that the objectives of any of the Products will be achieved. The investments may not be suited to all categories of investors. The value of the Portfolios can go up or down depending on various market factors. Past performance of the Portfolio Manager does not indicate the future performance of the Products or any other future Products of the Portfolio Manager. Investors are not being offered any guaranteed or indicative returns through any of the Products. The names of the Products do not in any manner indicate their prospects or returns. The performance of the Products may be adversely affected by the performance of individual companies, changes in the market conditions, micro and macro factors and forces affecting capital markets in particular like interest rate risk, credit risk, liquidity risk and reinvestment risk.

Derivative/future and options products are affected by various risks including but not limited to counter party risk, market risk, valuation risk, liquidity risk, basis risk and other risk. Besides the price of the underlying asset, the volatility, tenor and interest rates affect the pricing of derivatives. In the case of stock lending, risks relate to the defaults from counterparties with regard to securities lent and the corporate benefits accruing thereon, inadequacy of the collateral and settlement risks. The portfolio Manager is not responsible or liable for any loss resulting from the operations of the Products/ Portfolios. Each portfolio will be exposed to various risks depending on the investment objective, investment strategy and the asset allocation. Non-Diversified Portfolio tends to be more volatile than diversified portfolio. Please read the Disclosure Document before investing.

**Reliance Nippon Life Asset Management Limited (formerly Reliance Capital Asset Management Limited) is registered with Securities & Exchange Board of India as a Portfolio Manager vide Registration Number PM/INP000000423 having registered office and corporate office at Reliance Center, 7th Floor South Wing, Off Western Express Highway, Santacruz (East), Mumbai 400 055, India.**