



**PMS AIF WORLD**  
High Performance Investing

**OCTOBER, 2022 NEWSLETTER**

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# **CAT 3 ALTERNATIVE INVESTMENT FUNDS**

**MONTH**

OCTOBER, 2022

**DATA AS OF**

30<sup>TH</sup> SEPTEMBER, 2022

**PREPARED BY**

PMS AIF WORLD

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**MONTHLY PERFORMANCE REPORT**

# Equity investing beyond Large Caps



**Kamal Manocha**

CEO,  
PMS AIF World

Dear Investors,

Indian Equity markets are highly skewed. As of 7<sup>th</sup> Oct-22 closing, the markets crossed a market capitalization of Rs 275 lakh crores.

It is imperative to note here that the 30 companies that form the Sensex 30 are worth more than half of India's total market capital, and the 50 companies of the Nifty 50 pack constitute about 2/3rd of the total Indian equity market valuation, and the top 100 cos. constitute about 80% of the equity markets. Hence, it is evident that the markets are highly skewed.

In a skewed market, 2 things happen:

- If the top 50 companies are running expensive, the whole market looks to be highly expensive
- If the top 50 companies are running cheap, the whole market looks to be cheap

**Insight #1: The valuations of Top 100 companies do not convey the valuation of the broader markets.**

Beyond the Top 100 companies, there are a lot of businesses that are of decent size (but do not qualify as large caps) as well, that have been performing well in their respective line of businesses.

When one focuses on the scrips forming Nifty50, one limits himself to only certain sectors like banking, finance, and insurance [35% of Top 100 stocks]; IT [15%]; FMCG [14%]; and 8-10% each of Oil & Gas, Pharma, Auto; and so on.

**Insight #2: Nifty & Sensex constitute of only few sectors like Banking & Finance, IT, FMCG, Oil & Gas, Pharma, and so on. Sectors like Construction, Textile, Specialty Chemicals, Travel & Tourism, and so on are also crucial to the Indian Economy but are hardly a part of Nifty & Sensex.**

But who holds this market? What is the shareholding pattern of the Indian Equity markets as a whole?

About 55% of the total market cap of Indian Equity markets is owned by promoters [the market cap of US is \$48+ trillion, but promoters holding is only roughly about 6%]. About 19% is owned by FIIs [Foreign Institutional Investors],

# Equity investing beyond Large Caps

about 14% is owned by DIIs [Domestic Institutional Investors]; and the balance 12% is owned by PMS Managers, Family Offices, Retail Investors, HNIs, and so on.

2/3rd of our market, which is the top 50 stocks- here, the promoter's stake is around 51%. In the basket of the next 50 stocks [Stock #51 – 100], the promoter's stake is around 53%; whereas in the basket of Midcap Stocks [Stock #101 – 250], about 59% is the promoter's stake. In the next basket of Stock #251 – 500, about 57% is the promoter's stake.

Moving on the bifurcation of investments done by FII's, it is noteworthy to realise that about 1/3rd of their investment is into the Top 3 Stocks [Reliance Industries, HDFC, and TCS]. About 80% of their investment is into the Top 50 stocks. For domestic [institutional & retail], if one is holding any of these stocks, one has to actively track FII movements as any FII action on these stocks can affect its price.

A similar situation pans out at the end of DIIs- about 80-85% of their money is invested into the top 100 stocks.

**Insight #3: 7-8 businesses constitute 75-80% of Nifty/Sensex, and the market cap as a whole; but they do not make 70-80% of the Indian economy- hence the disconnect is visible between the economy & the markets.**

To put this into perspective, one can witness that between 1st Jan-2008 to 15th July-2013 – over these 5.5 years, while the Sensex was more or less at the same levels, our economy's GDP grew 8.5% p.a. in real terms. To give a more recent example, from March 2020 to March 2022, the economy has not moved at all [GDP fell 7-8% in FY21 and went up by the same % in FY22], but the markets have gone up crazily!

**Insight #4: Sensex & Nifty's job is to reflect what's happening in Sensex & Nifty companies, and not the entire Indian economy.**

Let's break this down to connect the dots. In the last 2 years, businesses in sectors like banking, financial services, IT, benefited from the disruption... and these are also the sectors that form about 70-80% of the total market cap; hence, Sensex & Nifty witnessed a rally, reflecting growth in businesses that form 70-80% of Sensex & Nifty.

On the other hand, businesses in sectors like Real Estate, Tourism, Textile, Construction, and so on, took a setback. These are businesses that constitute a good part of the Indian economy but aren't the highlights of Nifty or Sensex.

# Equity investing beyond Large Caps

Hence, the economy took a hit as well, as major businesses that form the economy did not reflect growth in the said period.

Insight #5: What constitutes our economy, and what constitutes the Sensex & Nifty are very different businesses.

Thus, it is evident that there is a disconnect between the markets & the economy but that does not imply a negative correlation. It is simply a structure that plays out at times and as participants of the market & as contributors to India's GDP, we should be aware of this phenomenon and not remain naïve.

The growth prospects in India are growing and India is poised to grow at a rapid pace over the next few decades- both in terms of market cap & GDP.

Index	1Y	2Y	3Y	5Y	10Y
Nifty 50	-3.0%	23.3%	14.2%	11.8%	11.6%
Nifty 500	-1.5%	26.0%	16.7%	11.5%	12.7%
Nifty Mid Cap 100	-1.5%	26.0%	16.7%	11.5%	11.8%
Nifty Small Cap 100	-13.3%	27.4%	19.1%	4.5%	9.5%

*Last 10 years returns of Nifty 50, Nifty 500, Nifty Mid Cap 100, Nifty Small Cap 100 | Returns as of September 2022*

Attributes of last decade were low growth and high liquidity, so mid and small cap returns were not much different from large cap returns. However, attributes of the current decade are high growth and low liquidity on account of quantitative tightening; so, **high performance investing** in this decade is all about investing in the space of businesses beyond top 100 companies.





PMS AIF WORLD

# The most thoughtful Summit for Investors

## Crystal Gazing 4.0



### India: The Emerging Giant of this Decade

## Coming Soon

CAT 3 Alternate Investment Fund Performance Data as of 30<sup>th</sup> Sep 2022

LONG ONLY AIFs										
Strategy	Inception Date	AUM	1M	3M	6M	1Y	2Y	3Y	SI	Type
Abakkus Emerging Opportunities Fund	Jun-19	-	-4.2%	5.3%	-11.2%	-10.7%	39.4%	36.8%	33.6%	Close Ended
Abakkus Growth Fund-1	Jul-18	-	-0.4%	9.6%	-10.4%	-12.3%	32.3%	24.9%	18.6%	Close Ended
Abakkus Growth Fund-2	Nov-21	-	0.6%	8.7%	1.8%	-	-	-	8.0%	Close Ended
Accuracap AlphaGen Next ^	Dec-18	108.39	-2.2%	7.5%	-6.7%	-6.2%	13.9%	11.9%	10.4%	Open Ended
Accuracap Vectra Fund ^	Dec-18	51.68	-3.5%	6.8%	-7.5%	-10.5%	15.9%	13.6%	9.7%	Open Ended
Aequitas Equity Scheme- I	Mar-19	318.95	-3.3%	16.9%	3.5%	17.1%	63.6%	34.7%	21.2%	Open Ended
Alchemy Leaders of Tomorrow	Jan-18	403	-1.8%	11.8%	-1.4%	5.4%	34.4%	23.8%	12.4%	Open Ended
Ampersand Growth Opp. Fund^	Sep-17	300	-0.8%	14.0%	4.3%	2.2%	32.1%	24.2%	17.3%	Open Ended
Carnelian Compounder Fund – 1	May-19	-	-0.3%	13.8%	1.8%	-9.1%	24.2%	18.1%	17.2%	Close Ended
Carnelian Structural Shift Fund		-	-1.1%	11.8%	9.9%	-	-	-	22.7%	Close Ended
Dalal & Broacha India Oppo. Multicap^	Dec-19	-	-2.3%	12.7%	-7.1%	-7.7%	17.1%	-	10.5%	Open Ended
Edelweiss Catalyst Opportunities Fund	Jun-18	172.14	-0.7%	12.1%	0.3%	-4.2%	23.4%	15.4%	12.2%	Close Ended
Emkay Emerging Stars Fund^	Jan-18	-	-3.5%	8.8%	6.5%	7.3%	35.2%	25.8%	13.3%	Close Ended
First Water Capital Fund	Aug-20	-	-5.2%	8.4%	-7.7%	0.2%	41.3%	-	37.9%	Close Ended
Girik Multicap Growth Equity Fund II	Jan-22	123.53	0.7%	10.7%	-3.1%	-	-	-	-6.5%	Close Ended
IIFL High Conviction Fund –Series 1^	Nov-19	-	-1.6%	9.5%	-4.3%	-8.5%	20.6%	-	11.0%	Close Ended
IIFL High Growth Companies Fund	Nov-18	-	-1.0%	8.4%	-3.7%	-6.5%	25.2%	15.5%	15.5%	Close Ended
IIFL Multi Strategy Fund	Sep-18	-	-0.7%	14.3%	2.5%	-0.1%	27.0%	17.7%	13.8%	Close Ended
Monarch AIF MNCL Capital Compounder Fund	Oct-20	94	-1.8%	15.6%	-1.1%	-9.5%	-	-	23.0%	Close Ended
Monarch AIF MNCL Capital Compounder Fund - I		254.5	0.8%	-	-	-	-	-	1.0%	Close Ended
Roha Emerging Companies Fund	Nov-18	-	-1.2%	8.4%	-3.1%	-3.2%	50.8%	46.2%	28.3%	Close Ended
Sundaram Alternative Opportunities Series- ACORN	Feb-20	-	-0.9%	12.9%	0.8%	-1.4%	27.8%	-	23.2%	Close Ended
White Oak India Equity Fund- II	Mar-19	1180	-1.3%	14.1%	-1.6%	-7.3%	24.8%	-	20.4%	Close Ended

The Data is indicative and as of 30<sup>th</sup> Sep, 2022. Data is Net of Expenses & Pre-Taxes unless indicated by marks (\* and ^) implied as mentioned below. Taxation in AIFs is different for Long only vs Long short and depends upon portfolio construct and structure.

Reading & understanding performance numbers appropriately is important. AIFs are governed by private placement norms. This is for general understanding. Do read the full disclaimer on the last page.

^ Net of Expenses & Taxes

\* Gross of Expenses & Taxes

Returns upto 1 year are Absolute and above 1 Year are CAGR

## CAT 3 Alternate Investment Fund Performance Data as of 30<sup>th</sup> Sep 2022

LONG SHORT AIFs											
Strategy	Inception Date	AUM	1M	3M	6M	1Y	2Y	3Y	5Y	SI	Type
AlphaMine Absolute Return Fund	Apr-22	-	1.0%	5.9%	9.5%	-	-	-	-	9.5%	Open Ended
Altacura AI Absolute Return Fund	Oct-21	327	2.0%	4.4%	7.3%	-	-	-	-	13.6%	Open Ended
Aventus Absolute Return Fund *	Mar-17	3536	1.0%	2.0%	4.9%	8.7%	12.5%	10.5%	11.6%	12.6%	Open Ended
Aventus Enhanced Return Fund-II	Nov-18	665	-2.3%	14.5%	1.0%	-1.3%	19.8%	11.1%	-	11.5%	Open Ended
Aventus Market Neutral Fund	May-21	-	1.8%	6.4%	-	-	-	-	-	4.7%	Open Ended
Dolat Absolute Return LLP	Jan-21	-	-0.3%	2.1%	4.4%	7.0%	-	-	-	7.1%	Open Ended
Edelweiss Alternative Equity Scheme*	Aug-14	1180	-4.0%	2.8%	-8.5%	-16.0%	8.9%	7.7%	8.6%	14.3%	Open Ended
Edelweiss Consumer Trends Fund	Apr-21	399.82	1.0%	16.9%	7.5%	0.5%	-	-	-	16.0%	Close Ended
Edelweiss Dynamic Growth Equity Fund	Apr-21	478	-1.7%	10.9%	3.8%	5.7%	-	-	-	15.2%	Open Ended
Estee Enhanced Alpha Fund	Apr-22	22.54	-0.3%	9.3%	-3.2%	-	-	-	-	-3.2%	Open Ended
ICICI Pru Long Short Fund-Series I	Aug-18	4906	1.2%	2.0%	3.6%	9.0%	13.1%	12.4%	-	14.0%	Open Ended
ITI Long Short Equity Fund *	Apr-18	821.92	0.2%	3.6%	3.3%	1.2%	16.5%	14.7%	-	13.6%	Open Ended
TATA Absolute Return *	Apr-19	-	-0.5%	0.5%	6.0%	10.5%	9.3%	4.4%	--	7.6%	Open Ended
TATA Equity Plus Abs Returns Fund *	Mar-20	-	-0.7%	3.1%	4.6%	10.3%	22.1%	-	-	25.0%	Open Ended
True Beacon One	Aug-19	-	-2.1%	5.2%	-1.3%	-4.5%	8.8%	-	-	17.9%	Open Ended
Whitespace Alpha Fund 1- Equity Plus	Oct-19	-	-2.8%	9.2%	-3.7%	2.5%	34.0%	24.6%	-	26.0%	Open Ended
Whitespace Alpha Fund 2- Debt Plus	Aug-20	-	1.5%	0.7%	-2.3%	4.4%	11.0%	-	-	11.3%	Open Ended

Index	1M	3M	6M	1Y	2Y	3Y
Nifty 50	-3.7%	8.3%	-2.1%	-3.0%	23.3%	14.2%
Nifty 500	-3.2%	10.8%	-0.4%	-1.5%	26.0%	16.7%
Nifty Mid Cap 100	-3.2%	10.8%	-0.4%	-1.5%	26.0%	16.7%

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\* Gross of Expenses & Taxes

Returns upto 1 year are Absolute and above 1 Year are CAGR



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# DO NOT SIMPLY INVEST, MAKE INFORMED DECISIONS

SCAN THE QR CODE TO BOOK AN APPOINTMENT WITH OUR EXPERTS



## OUR OFFICES

### DELHI NCR

2ND FLOOR, ARC BUSINESS TOWER,  
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### MUMBAI

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