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multi asset, multi manager

## Infrastructure - Biggest Beneficiary from Union Budget 2021

- The ₹111 lakh crore National Infrastructure Pipeline (NIP) which launched with 6835 projects has now been extended to include 7400 projects
- A national monetisation pipeline of potential brownfield infrastructure assets will be launched
- A sharp increase of 34.5% in capex for 2021-22 - ₹5.54 lakh crore
- 18% increase in budget allocation to Ministry of Road Transport & Highway (MORTH) for FY22 at ₹1.08tn
- Budgetary spending on railways has increased from ₹678bn in FY20 to ₹1.08tn in FY21
- PM Atmanirbhar Swasth Bharat Yojana launched with a total outlay of ₹642bn for six years can develop new capacities (hospitals, labs, educational institutes) across India.

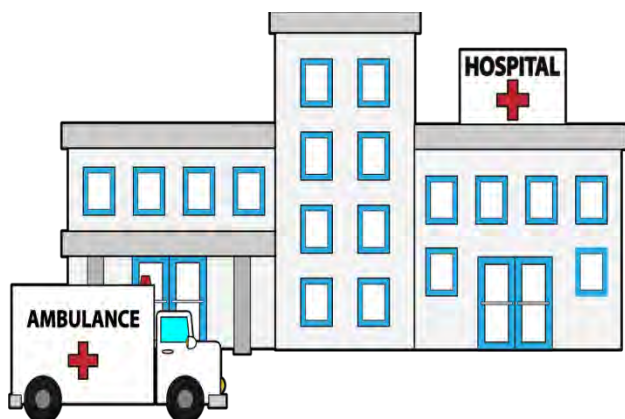


- Over the past few months, we have been increasing the exposure towards the Infrastructure sector for all our equity schemes
- Within the Infrastructure sector, our immediate focus will be on the following sectors: Healthcare Services, Ports, Telecom, Capital Goods, and Finance & Construction Materials
- The schemes best positioned to capitalise on the opportunity presented are:
  - quant Focused Fund (Large Cap Orientation)
  - quant Large & Midcap Fund
  - quant Active Fund (Multicap Fund)
  - quant Infrastructure Fund



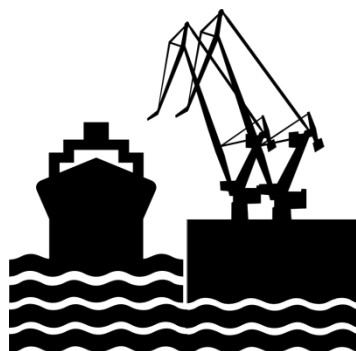
## Healthcare Services

- Budgeted healthcare spend increased by 11% YoY to ₹746bn.
- PM Atmanirbhar Swasth Bharat Yojana launched with a total outlay of ₹642bn for six years can develop new capacities (hospitals, labs, educational institutes) across India.
- Hospitals and diagnostics labs could potentially partner with government to operate and manage these units.



## Ports

- Setting up of DFI, issuance of zero-coupon bonds, debt financing by FPIs in InVITs & REITs and other measures will address the financing issues for the infrastructure sector



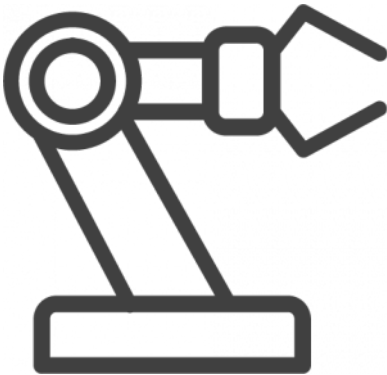


- Major ports will now move to a PPP based model where currently 7 projects worth ₹20bn will be offered in FY22
- Conditions relating to prohibition on private funding, restriction on commercial activities and direct investment in infrastructure by foreign sovereign wealth funds & pension funds have been relaxed



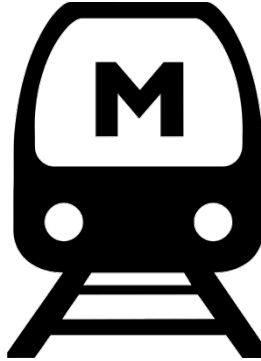
## Telecom

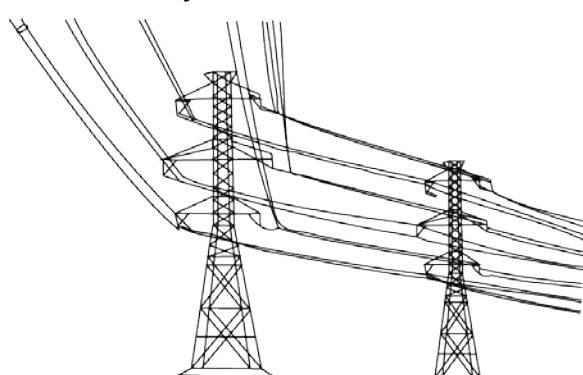
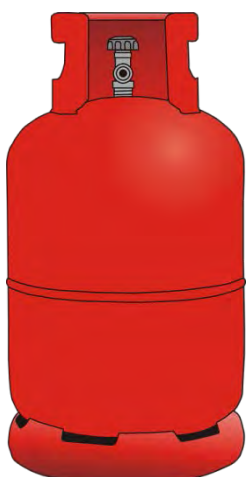



- The government will auction spectrum worth ₹1.9tn excluding the 700MHz spectrum, which will go a healthy way towards fortifying existing 3G/ 4G networks and improving the quality of telecommunication services in the country without raising extraneous costs on Companies.
- Although the withdrawal of tax exemption on some smartphone components could marginally raise prices of smartphones, it would seem insignificant to impact the widespread adoption of smartphones.



Capital Goods	Finance	Construction Materials
<ul style="list-style-type: none"> <li>➤ To secure long-term debt financing, a professionally managed development financial institution (DFI) is proposed to be set up with an initial allocation of ₹200bn</li> <li>➤ The aim is to have a lending portfolio of at least ₹5tn for the DFI within three year.</li> <li>➤ ₹440bn set aside under the Head of the Department of Economic Affairs as provision toward projects that show good progress on capex.</li> </ul> 	 <ul style="list-style-type: none"> <li>➤ Proposal to set up Asset Reconstruction Company (ARC) &amp; Asset Management Company (AMC) to consolidate, acquire, monetise and resolve stressed assets will be a game-changer aimed at efficient cleansing of stressed asset portfolios across the banking sector.</li> <li>➤ DFI structure with a targeted lending portfolio of ₹5tn and measures to improve secondary market liquidity in investment grade debt securities</li> <li>➤ Higher outlay to incentivize digital modes of payments should help cross-subsidise the digital payments ecosystem without unduly high merchant discount rates (MDRs).</li> </ul>	<ul style="list-style-type: none"> <li>➤ Capital outlay in various social schemes such as PMAY and PMGSY (FY22: +9% versus FY20) were increased sharply by 39% YoY in FY21 to drive demand recovery.</li> <li>➤ Jal Jeevan Mission covering 28.6 million household tap connections and liquid waste management in 500 AMRUT cities will be implemented over 5 years with an outlay of ₹2.87tn.</li> <li>➤ Such measures will improve the plumbing pipe demand of plastic pipes - DWC pipes (waste management) and CPVC pipes (drinking water application).</li> </ul> 

Roads	Construction (Housing)	Railways & Metro
 <ul style="list-style-type: none"> <li>➤ For National Infrastructure pipeline (NIP), FY22 govt spending on capex stands at ₹5.54tn, an increase of 26.2% over revised FY21 capex estimate of ₹4.39tn</li> <li>➤ 18% increase in budget allocation to Ministry of Road Transport &amp; Highway (MORTH) for FY22 at ₹1.08tn</li> <li>➤ NHAI would be awarding 8,500 KM projects by Mar-2022. Further, NHAI would target completing construction of additional 11,000 KM highways by Mar-2022</li> </ul>	<ul style="list-style-type: none"> <li>➤ The deadline for affordable housing project approvals, on which a tax holiday was provided to the developer, has been extended to Mar-2022.</li> <li>➤ Additional interest deduction of ₹0.15mn on affordable housing loans was extended by one year.</li> <li>➤ To promote supply of Affordable Rental Housing for migrant workers, the Union Budget has allowed tax exemption for notified Affordable Rental Housing Projects</li> </ul> 	 <ul style="list-style-type: none"> <li>➤ Capex for railways projected at ₹2.15tn, up 33% YoY</li> <li>➤ By December 2023, 100% electrification of Broad-Gauge routes will be carried out</li> <li>➤ Railways have the ability to monetise Dedicated Freight Corridor assets for operations and maintenance</li> <li>➤ A total of ₹860bn have been allocated for Kochi, Bengaluru, Chennai and Nagpur metro projects</li> <li>➤ 'Metrolite' to be the new focus, bringing down the costs from 'MetroNeo' earlier.</li> </ul>

Power	Gas Distribution	Transportation
<ul style="list-style-type: none"> <li>➤ Proposal to set up an independent gas transport operator for common carrier capacity shows the intent of the government to manage gas expansion effectively and aggressively</li> <li>➤ Proposal to offer multiple options to consumer to reduce dependence on one distribution utility in each circle. Potential investment outlay of ₹3tn over five years</li> <li>➤ Sale of assets through InvITs starting with sale of assets worth ₹70bn by Power Grid</li> </ul> 	<ul style="list-style-type: none"> <li>➤ 100 more districts have been added in the next 3 years to the city gas distribution network. A new gas pipeline in Jammu &amp; Kashmir has been announced.</li> </ul>  <ul style="list-style-type: none"> <li>➤ Divestment of BPCL is to be concluded in FY22. Other assets that could be monetized include those of GAIL, IOCL and HPCL. This can lead to value unlocking the across the listed space.</li> </ul>	 <ul style="list-style-type: none"> <li>➤ Scrapping scheme has been announced for cars and CVs. PVs would undergo fitness tests after 20 years and CVs after 15 years.</li> <li>➤ ₹180bn have been allocated for a new scheme, which will enable private sector players to finance, acquire, operate, and maintain over 20,000 buses in an innovative PPP model.</li> <li>➤ Budgetary spending on railways has increased from ₹678bn in FY20 to ₹1.08tn in FY21.</li> <li>➤ 100% electrification of broad gauge railway tracks will be completed by Dec-2023.</li> </ul>

## Scheme Performance (24 March 2020 - 29 January 2021)



## Historical Performance (as on 29 January 2021)

Period	Returns (%)	Benchmark (%)
6 Months	29.16	23.00
1 Year	21.26	15.51
3 Years	5.91	8.07
5 Years	12.32	14.51
Since Inception	11.65	11.45

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## Scheme Performance (24 March 2020 - 29 January 2021)



## Historical Performance (as on 29 January 2021)

Period	Returns (%)	Benchmark (%)
6 Months	22.24	36.8
1 Year	26.56	27.76
3 Years	8.62	9.61
5 Years	14.71	16
Since Inception	11.65	11.45

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## Scheme Performance (24 March 2020 - 29 January 2021)



## Historical Performance (as on 29 January 2021)

Period	Returns (%)	Benchmark (%)
6 Months	34.83	25.68
1 Year	38.92	16.14
3 Years	13.54	6.49
5 Years	16.69	14.28
Since Inception	17.95	16.3

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## Scheme Performance (24 March 2020 - 29 January 2021)



## Historical Performance (as on 29 January 2021)

Period	Returns (%)	Benchmark (%)
6 Months	51.91	17.33
1 Year	29.43	15.08
3 Years	5.81	2.77
5 Years	13.06	11.2
Since Inception	1.15	1.15

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quant MF Schemes#	Scheme Returns (March 24,2020 -Jan 29,2021)	Scheme Respective Benchmark Indices Returns(March 24,2020- Jan 29,2021)	quant MF Schemes Outperformance Relative to Respective Benchmark Indices	Portfolio Beta
quant Active Fund (MultiCap)*	113.55%	78.84%	34.71%	0.83
quant Small Cap Fund*	156.16%	108.04%	48.12%	0.96
quant Tax Plan*	125.18%	76.14%	49.04%	0.84
quant Mid Cap Fund*	94.19%	88.40%	5.79%	0.69
quant Multi Asset Fund*	76.18%	26.46%	49.72%	0.46
quant ESG Fund**	18.78%	12.62%	6.16%	0.79
quant Absolute Fund (Balance)*	86.43%	58.04%	28.39%	0.61
quant Focused Fund (Large Cap)*	84.99%	75.33%	9.66%	0.81
quant Large & Mid Cap Fund*	73.22%	81.88%	-8.66%	0.80
quant Infrastructure Fund*	122.18%	74.90%	47.28%	0.89
quant Consumption Fund*	115.40%	58.04%	57.36%	0.82
** 1st NAV Date 6 Nov 2020 - quant ESG Fund; #In Descending Order of AUM as on December 31, 2020				
* NAV For Both Growth & Direct Plan ,NAV Recorded on 15 January 2021				

The date March 24, 2020 marks the bottom of the indices after the panic of the pandemic. Above is the performance of the schemes relative to their respective benchmarks since the bottom. With a maximum outperformance of 570bps and a relatively low beta across all schemes, this is a glimpse of quant's Equity based schemes' performance.



active

In a dynamic world that is continuously changing due to technology and increasingly volatile geopolitics, passive investment strategies can no longer outperform. Alpha belongs to active strategies that can invest in sync with the dynamics at play.

**Being relevant comes by staying active.**



absolute

We believe consistent outperformance requires complete freedom from looking at the world relatively. It is why we design investment strategies with an absolute objective irrespective of market conditions. With this absolute objective, comes clarity of thought.

**Being relevant requires an absolute focus on returns.**



unconstrained

Embedded within our processes and systems is the conviction that the surest way to success in investing is through cultivation of a multitude of opinions and perspectives. By bringing together this diversity of ideas within our investment framework, we aim to unearth every possible opportunity in any set of circumstances.

**Being relevant means having an unconstrained perspective.**



## MEASURABLE IS RELIABLE

### Measurable is reliable

For success in investing, discipline is of more importance than any other attribute of the investment process. Our battle-tested suite of proprietary valuation, liquidity and risk indicators along with extensive financial modelling ensure that we consistently deliver superior results.

## QUANTAMENTAL INVESTING

### Quantamental investing

While measurable is reliable, we also believe the economy and markets cannot be captured completely by models and indicators. Human judgment that comes from years of trading and investing experience has immense value. For optimal results, our decision-making seeks to find the harmony between objectivity and subjectivity.

## MULTI ASSET MANAGER

### Multi-asset, multi-manager

We believe that safeguarding investor wealth is paramount. Apart from reducing risk by investing across asset classes, we take diversification to another dimension by ensuring every investment decision comes from a focused discussion between investment managers with a diverse set of capabilities and experience.

## MONEY FLOWS FROM ONE ASSET CLASS TO ANOTHER

### Money flows from one asset class to another.

Money is a form of economic energy - the quantification of human effort. As the world evolves, a dynamic set of ideas continuously lead the change. Money flows and grows with these pioneering ideas. Identifying them and the specific assets that benefit is the surest and most consistent method for generating wealth.

## TIMING IS EVERYTHING

### Timing is everything

In our framework, time is a critical aspect of investing as the three dimensions of Valuation, Liquidity and Risk interact and move together in cycles across different periods. Alpha generation is optimised only by sanguine identification of the extremes.

## *Being Relevant with 'predictive analytics'*

The core engine that drives us and sets us apart is a robust and differentiated investment framework that enables us to see beyond the horizon and stay relevant. Our unique analytical framework for enabling 'predictive analytics' encompasses all available asset classes and sectors, formulating a multi-dimensional research perspective.

### Why multi-dimensional?

The markets are a complex, dynamic system. There is no one formula or strategy or perspective that can consistently outperform.

**A diverse set of variables and participants are continuously interacting with each other in myriad ways.**

In the face of this uncertainty and complexity, instead of limiting ourselves to any one school of thought

**we have found consistent success by studying markets along four dimensions:**

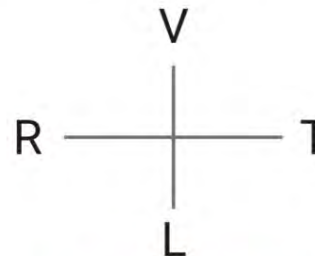
**Valuation, Liquidity, Risk Appetite, and Time. [VLRT]**

## VALUATION

Knowing the difference between price and value.

## RISK APPETITE

Perceiving what drives market participants to certain actions and reactions.



## TIME

Being in sync with the waves of value and behaviour

## LIQUIDITY

Understanding the flow of money across asset classes.

# V.L.R.T

valuation, liquidity, risk, time



qGR is the thriving heart and inquisitive mind that energizes and guides the quant Group. **qGR is driven by a simple idea: to extract predictive clues on market trends, it is critical to look beyond the obvious.** A truism for all markets is that when everyone has found the key, the lock has already changed. **Explore the unexplored.**

Along with research, qGR provides a unique **'Adaptive Asset Allocation'** execution methodology for money management. The various models, indicators and cycles are continuously being observed as they change with the market environment. **This endows our money managers with an adaptive ability that we believe is the source of outperformance.** There is no search for a Holy Grail, it is about applying simple and time-tested market logic through a multi-dimensional lens

quant Global Research (qGR), since its inception in 2008, has created a formidable suite of analytical indicators and formulated the multi-dimensional VLRT framework









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