



# Invesco India DAWN Portfolio

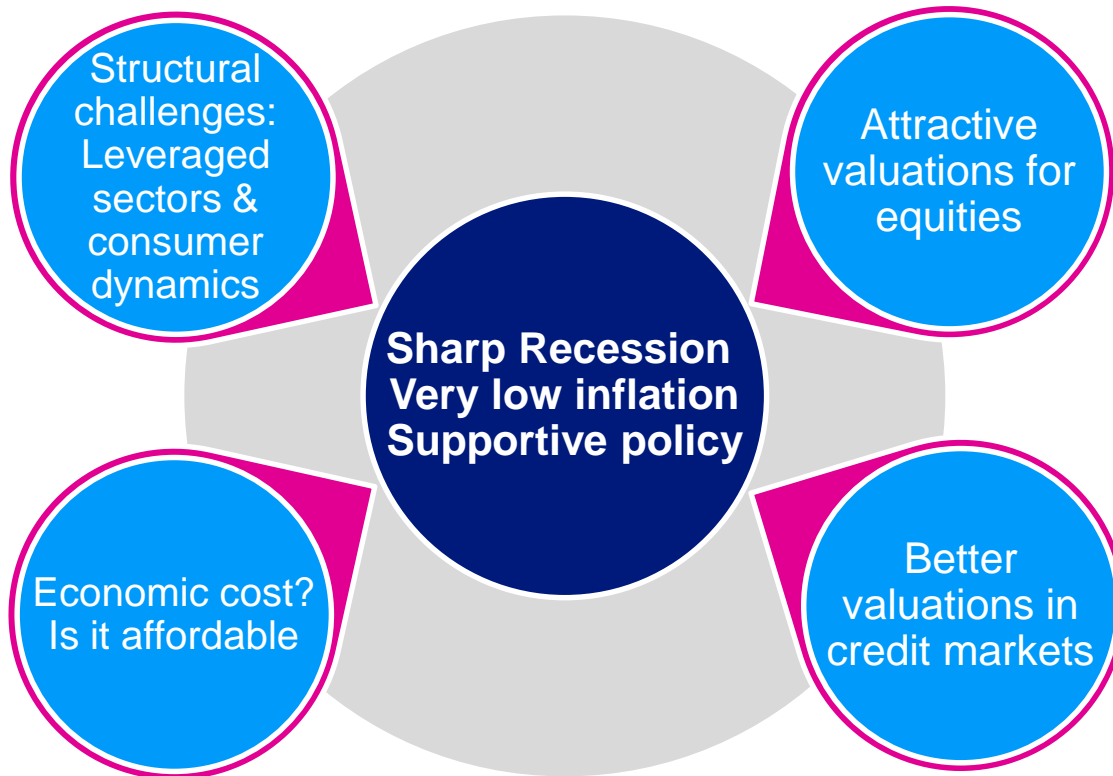
**DAWN:** D - Demand recovery across cyclical & consumer discretionary sectors, A - Attractive valuation to provide margin of safety, W - Winning companies on the cusp of a new demand cycle leading to operating & financial leverage efficiencies, N - New credit & investment cycle to provide a boost to earnings recovery

July 2020



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# COVID-19 Pandemic and our outlook



- Policy response to pandemic required lockdowns. Economy effectively was in “Pause Mode”
- Public health policies trigger abrupt falls and shifts in all private household, corporate spending, and cash hoarding
- Impact: 1-2 quarters of deep economic cuts; 2020 likely a washout
- Result: Recession in fast-forward, financial panic in reverse
- Recovery green shoots visible; can accelerate once virus is controlled possibly by end of 2020
- Fiscal and Monetary support at its peak; early withdrawal key risk to world economy

# Three-pronged policy response



- 1. Control the Virus:** Recognizing that this is a public health crisis that needs to be addressed. The vast majority of countries have adopted social distancing policies and other restrictions to “flatten the curve” of infection and restrict the virus from spreading. Tentatively we can say that this approach has helped to some degree, as most countries now are seeing daily numbers of new cases stabilizing, and in some cases falling. However, if like other highly contagious diseases throughout history, this is merely the first wave of many, the current public health crisis will only be resolved by the development of a proven, reliable, and effective vaccine that is mass-produced. Until such a vaccine is available, we are likely to see continuing restrictions affecting specific activities in most countries with a corresponding impact on economic growth
- 2. Fiscal Support:** Disruptions to the economy brought about by the widespread lockdowns needed a response from the fiscal authorities to support firms and households during the period while the real economy was shut down, leaving businesses and employees starved of cash. More work may be continuously needed in this area across the world
- 3. Monetary Response:** Mainly to address financial markets breakdown characterized by wider spreads, heightened volatility, and erratic price movements driven by margin calls or fund redemptions. Key reason for global markets breakdown can be described by understanding that the “Global supply chain is a payment chain in reverse...”. Economic activity has collapsed as a result of Covid-19, placing substantial strain on money markets and especially on US dollar money markets. This is because the dollar is the currency used most frequently to finance trade, global supply chains, and capital movements. In turn this meant that the Federal Reserve had more to do in stabilizing money markets as the ultimate provider of dollars to the global economy

# Globally, central banks and governments have pulled out all stops to tackle the crisis



## Several major central banks have added stimulus in the past month

Economy	Interest Rate	Quantitative Easing
United States	-150 bps (0.00-0.25%)	✓
United Kingdom	-65bps (0.10%)	✓
Eurozone	unch (-0.50%)	✓
China	-10bps (3.15%)	
Japan	unch (-0.10%)	✓
Australia	-50bps (0.25%)	✓
New Zealand	-75bps (0.25%)	✓
Canada	-100bps (0.75%)	
Brazil	-75bps (2.25%)	
South Korea	-25bps (0.5%)	
South Africa	-150bps (3.75%)	
India	-40bps (4.0%)	✓

## Euro area fiscal policy response

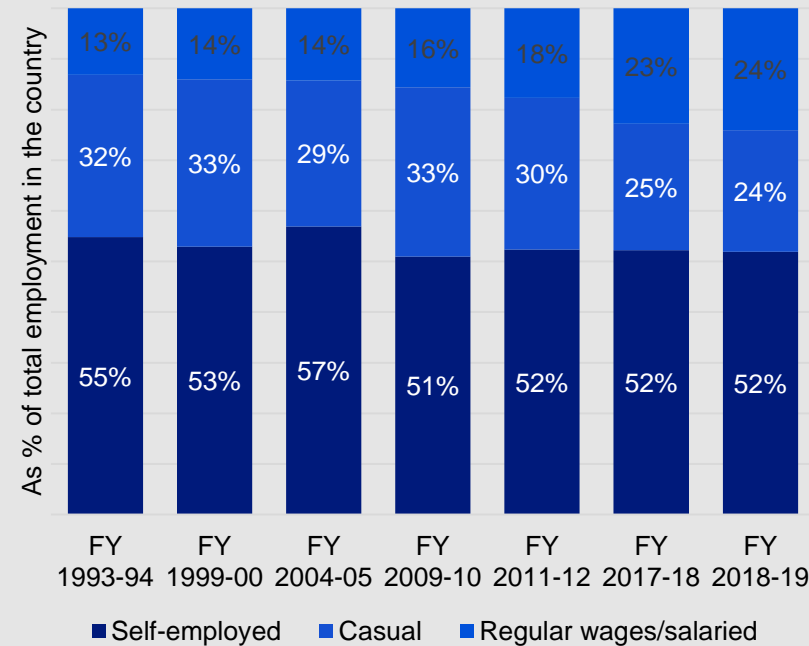
Country	Fiscal measures (Euro bn)	Loan guarantees or similar (Euro bn)	% GDP (-ex loan guarantees)
Germany	286	757	8.25%
France	110	315	5.00%
Italy	61	806	3.43%
Austria	38		9.50%
Netherlands	37		4.90%
Spain	36	100	3.50%
Belgium	10	52	2.30%
Portugal	9		4.30%
Lithuania	6	1	13.00%
Slovenia	6		11.20%
Estonia	2		7.00%
Malta	1	2	4.00%

Source: Investec Securities – Investec Bank plc (UK). unch: Unchanged. Data as at 10 July 2020.

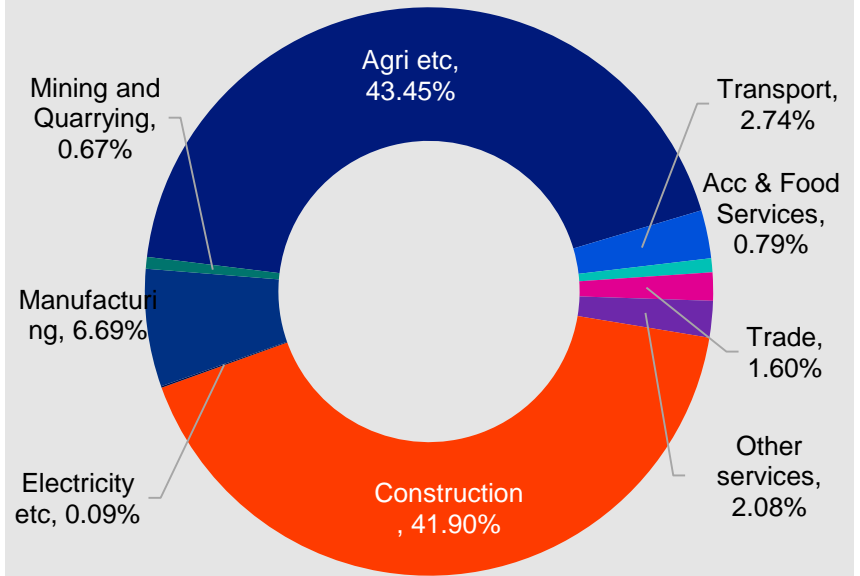
# With ~80% of India's workforce in the unorganized sector, India does have its vulnerabilities if lockdowns prolong



Casual workers account for about a quarter of total employment in the country



Almost 85% of which are concentrated in two sectors – agriculture and construction (FY19)



- A predominantly services-based economy could imply a relatively slower recovery.

Source: Motilal Oswal Financial Securities Ltd. M&Q: Mining & quarrying. Acc & Food Services: Accommodation & Food Services

# Policy response – focused on weaker & vulnerable sections



## Central government

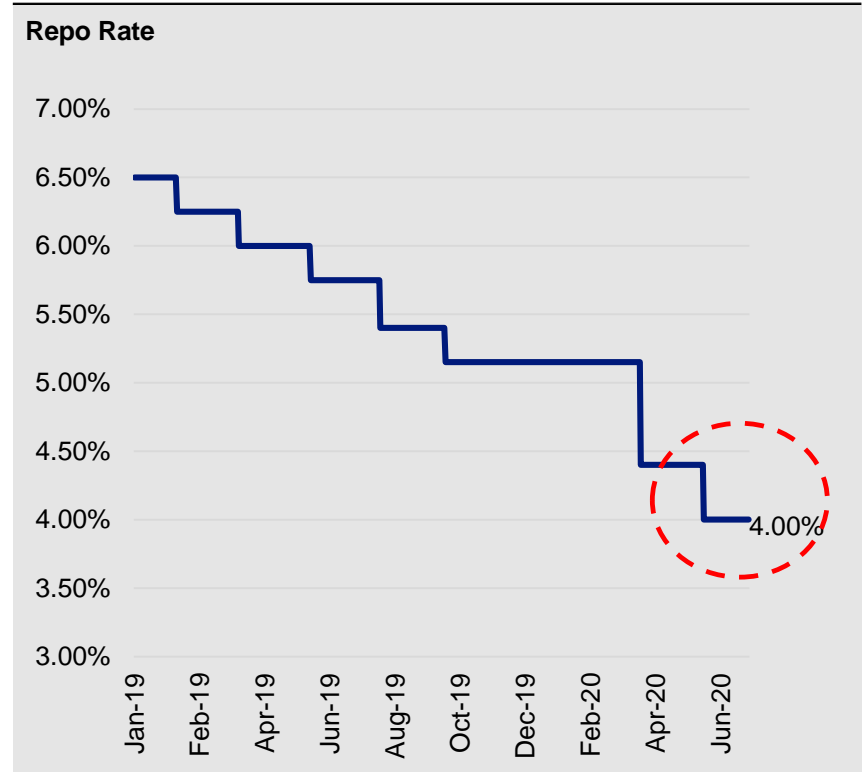
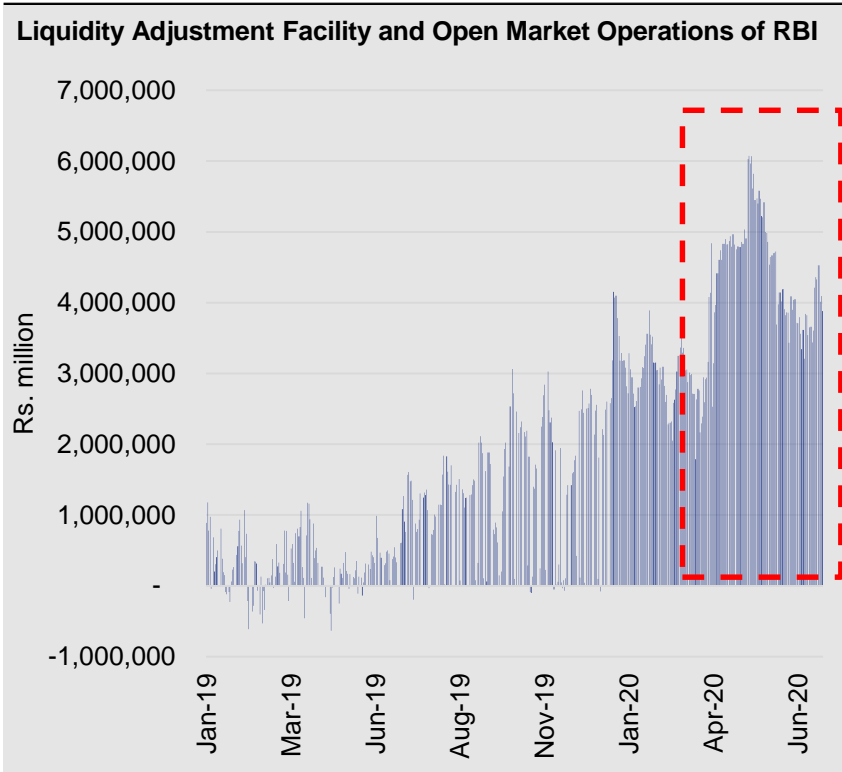
- Welfare measures rolled out, amounting to INR1.76 trillion (USD23bn, 0.8% of GDP) aimed at food security, income security for pensioners, women, differently abled, organised sector workers, and construction workers
- A provision of INR150bn (USD2bn) for treating COVID-19 patients; utilisation of district mineral fund permitted for testing activities, medical screening, providing health attention
- Insurance cover worth INR5m for health care workers
- Statutory and regulatory easing by deadline extension on tax filing, etc.
- Relief from bankruptcy and solvency by increasing threshold for default

## Select states fiscal measures

- Uttar Pradesh - INR1,000 each to 15laks street vendors and 20.37laks construction workers, via direct cash transfer into bank accounts, costing the Exchequer INR3.53bn
- Punjab - INR3,000/person to all registered construction workers; social security department has released INR296cr towards pensions
- Delhi - INR4,000-5,000 pension will be paid to 8.5lk beneficiaries by 7 April, announces INR10m insurance for healthcare, sanitation workers' kin
- Kerala - INR200bn package to revive the economy, which includes INR140bn to clear arrears, INR20bn each to facilitate loan and village employment, INR5bn health package
- Bihar - INR1,000 per family will be given to all ration card holder families in lockdown area



# Policy balm for COVID-19: RBI has acted quickly and decisively

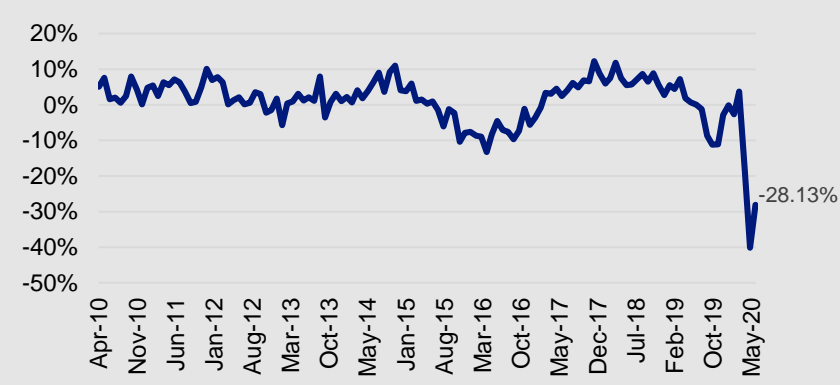


Source: Bloomberg. Data as at 10 July 2020

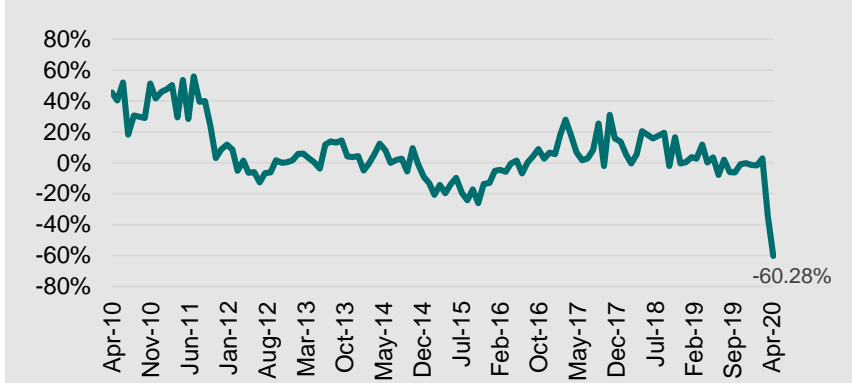
# Economic activity attempting to limp back after national lockdown is withdrawn...



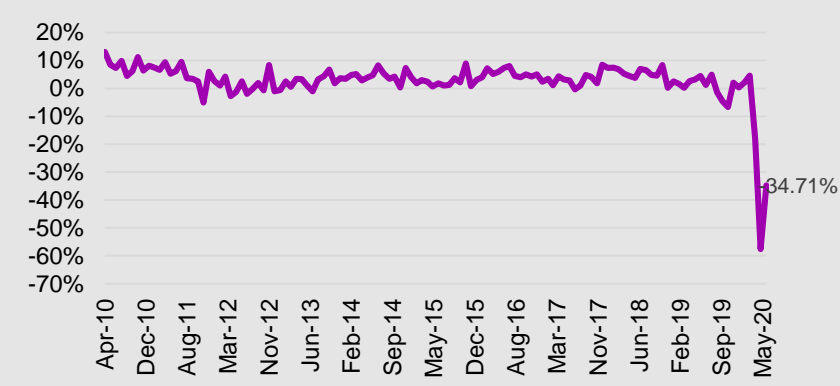
**Railway Freight Growth (%)**



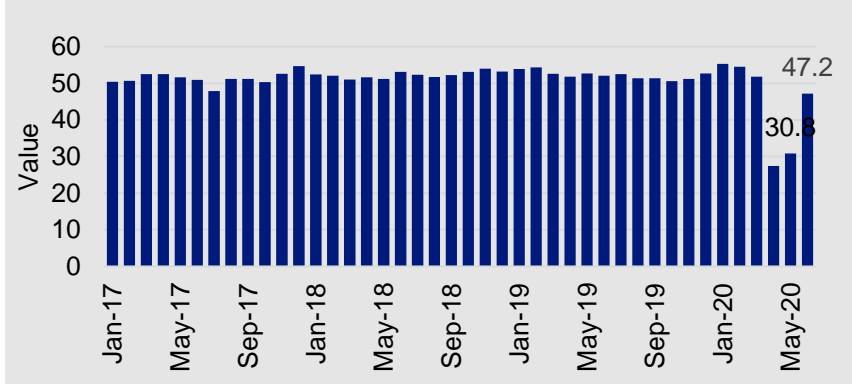
**Export Growth (%)**



**Index of Industrial Production**



**India Manufacturing Purchase Manager Index**



Source: Kotak, Jefferies, Bloomberg



# Industrial activities saw some pickup in June but are way below normal



YoY (%)	Jan 20	Feb 20	Mar 20	Apr 20	May 20	Jun 20
<b>Industrial Sector</b>						
Industrial production Index	2.00%	4.50%	-16.70%	-55.50%	-34.71%	NA
Electricity Generation	2.10%	10.40%	-8.80%	-25.40%	-14.60%	-9.70%
Cement Production	5.10%	8.60%	-24.70%	-86.00%	22.20%	NA
Finished steel (alloy & non-alloy)	-0.70%	0.10%	-23.30%	-81.90%	-43.70%	-33.30%
Freight Traffic: Originating	2.80%	6.50%	-14.00%	-36.20%	-21.30%	-7.70%
<b>Other Indicator</b>						
PMI - Manufacturing	55.30	54.50	51.80	27.40	30.80	47.20
PMI - Services	55.50	57.50	49.30	5.40	12.60	33.70

Source: B&K Securities. NA: Not available. PMI: Purchasing manager index.

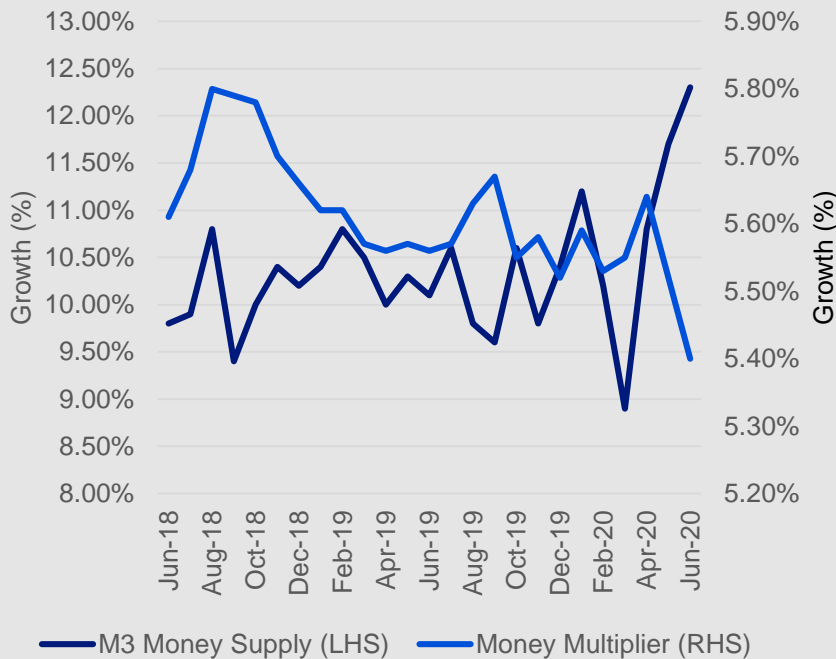
**Where do we see opportunity**



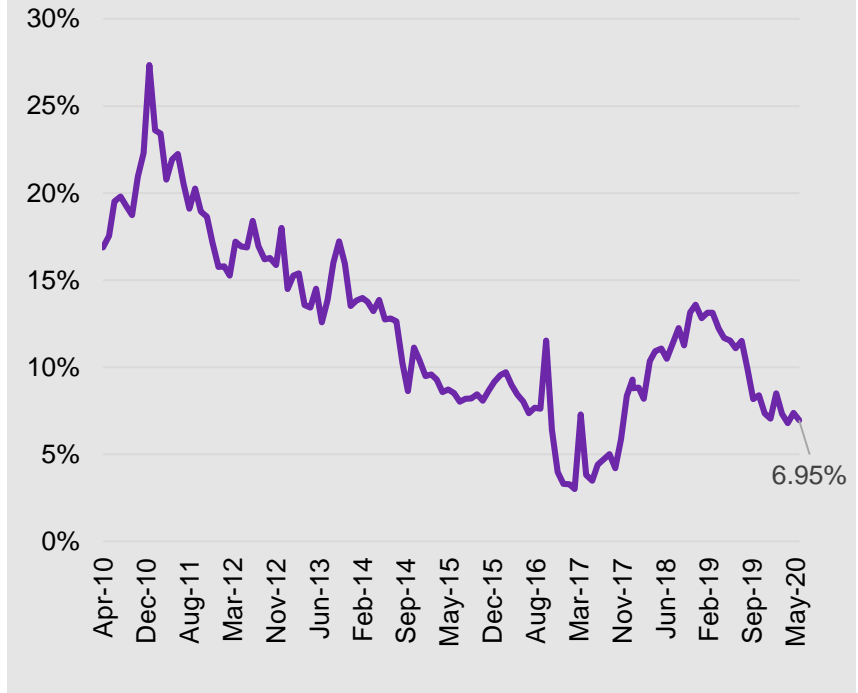
# Monetary base beginning to expand but credit growth still anaemic



**Broad money supply (M3) growth has also picked up to a 4-year high**



**Credit Growth (%)**



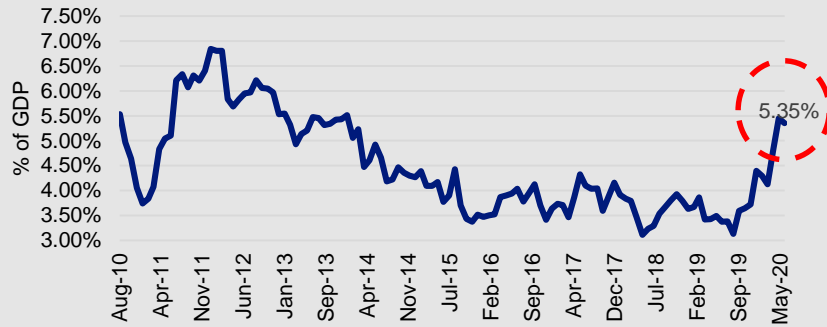
- As fresh loans are getting utilized to repay old loans
- Continuing elevated risk aversion in the system impeding credit growth
- But falling interest rates holds out hope for an eventual revival in credit growth

Source: Kotak Securities, Spark Capital

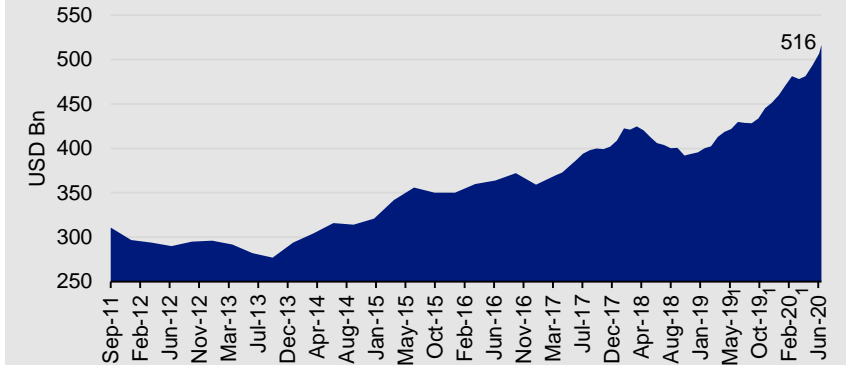
# Overall, macro indicators still healthy: fiscal expands while current account contracts; inflation has inched up



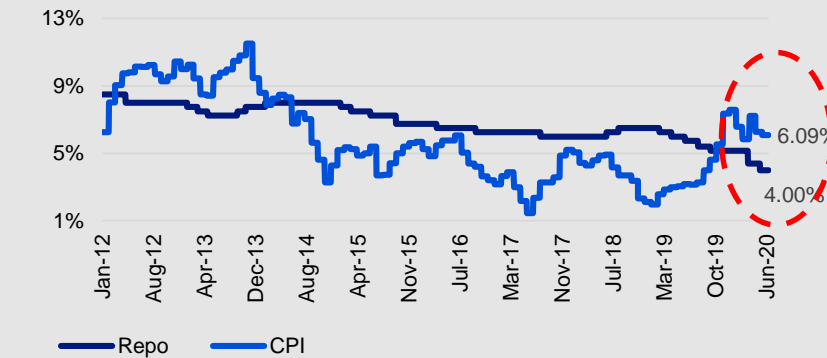
**Fiscal Deficit (12 months trailing)**



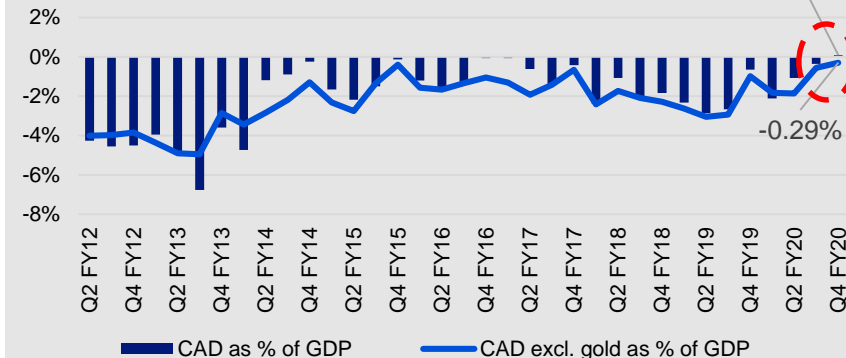
**Foreign Exchange Reserves (USD bn)**



**Repo Rate and CPI**



**Current Account Deficit to Surplus**



Source: Bloomberg, <sup>1</sup>Morgan Stanley Research Estimates, CEIC. CAD: Current Account Deficit, CPI: Consumer Price Index. RBI: Reserve Bank Of India

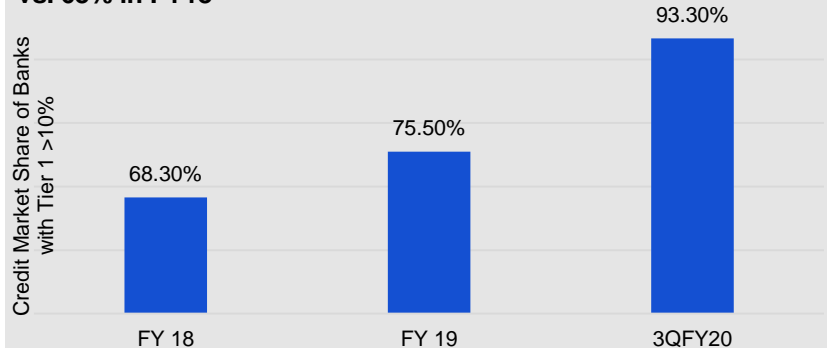
# COVID 'sudden stop' may delay healing process of banking sector; loan moratoriums moderating



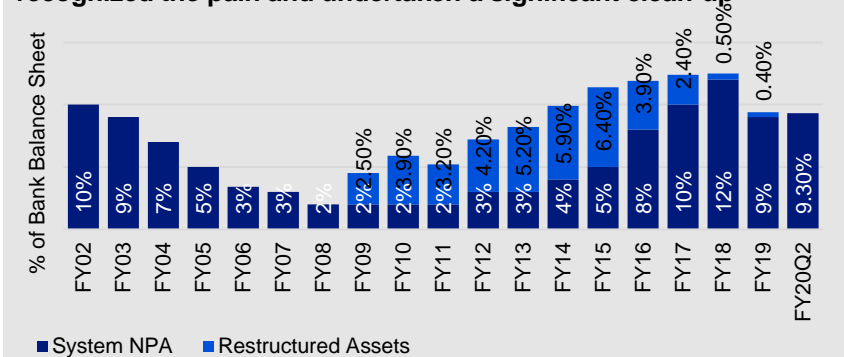
Over 68% of the banking system has seen an improvement in tier 1 capital adequacy ratio

PSU Banks Tier 1 %	Q3FY18	Q3FY20	Delta	Share %
Union Bank Of India	8.5	12.7	4.2	3.0%
United Bank of India	8.0	12.2	4.2	0.7%
Oriental Bank Of Commerce	7.8	11.1	3.3	1.6%
Punjab National Bank	8.9	11.9	3.0	4.7%
Corporation Bank	7.9	11.4	3.5	1.2%
HDFC Bank	13.3	17.1	3.8	8.3%
Axis Bank	12.4	15.5	3.2	5.0%
Karur Vysya Bank	11.4	14.1	2.7	0.5%
Bank Of India	8.9	11.2	2.3	3.5%
Andhra Bank	8.5	10.3	1.8	1.8%
Syndicate Bank	9.2	11.6	2.4	2.2%
Canara Bank	9.5	11.1	1.6	4.4%
Bank Of Baroda	9.6	11.5	1.8	6.6%
Indian Bank	11.7	13.1	1.5	1.8%
State Bank Of India	11.0	11.6	0.6	22.3%

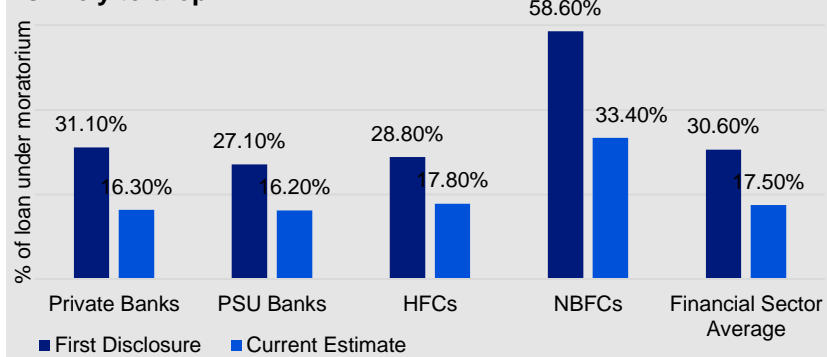
93% of the banking system now has >10% tier-1 capital adequacy vs. 68% in FY18



Banking system has done a clean-up: Bank balance sheets have recognized the pain and undertaken a significant clean-up



Percentage of loans under moratorium for different lending groups is likely to drop



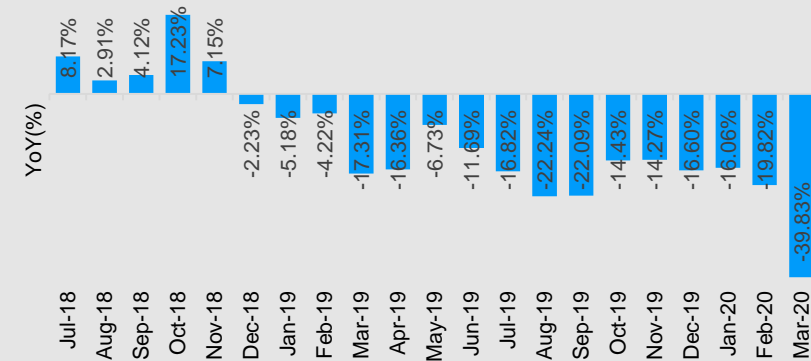
Source: RBI, Spark Capital. Invesco Asset Management (India). India Infoline Securities. LR: Lending rate.. HFCs: Housing Financial Companies. NBFC: Non Banking Financial Companies

**Disclaimer:** The companies referred above should not be construed as recommendations, advice to buy, sell or in any manner transact in these companies and neither should it be considered as Research Report from Invesco Asset Management (India) Private Limited. The information provided herein shouldn't be used for the development or implementation of an investment strategy. The Schemes of Invesco Mutual Fund may or may not have any present or future positions in the above companies.

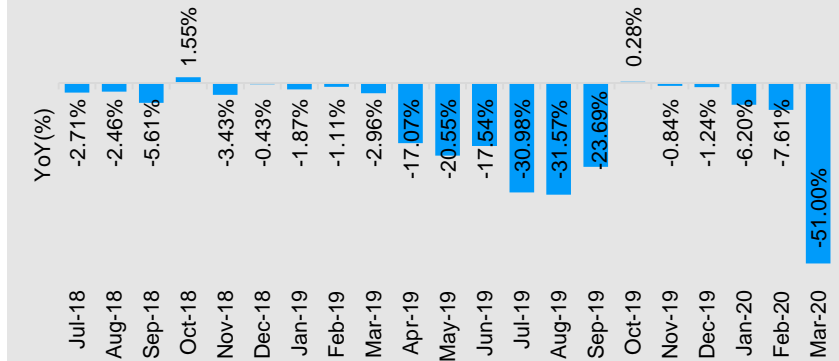
# Consumption: Case for a recovery despite COVID - Led by base effect, incremental credit flow and rural demand



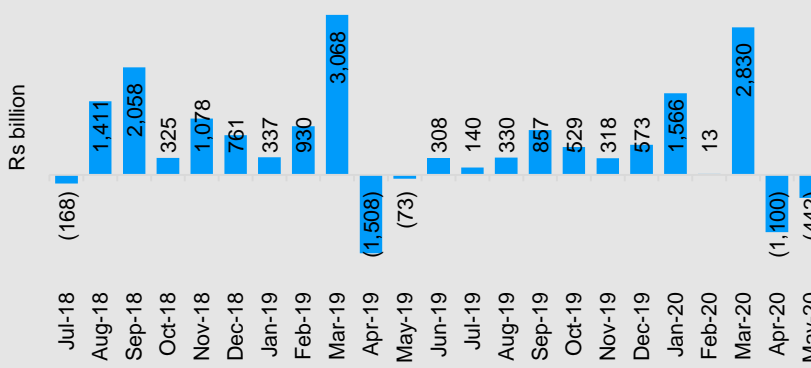
## Domestic two wheeler sales



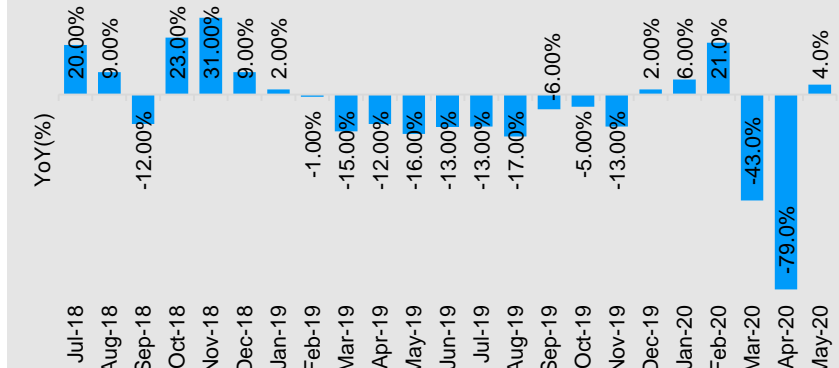
## Passenger vehicle



## Bank Credits



## Tractor sales growth



Source: Invesco Asset Management (India), Kotak Securities

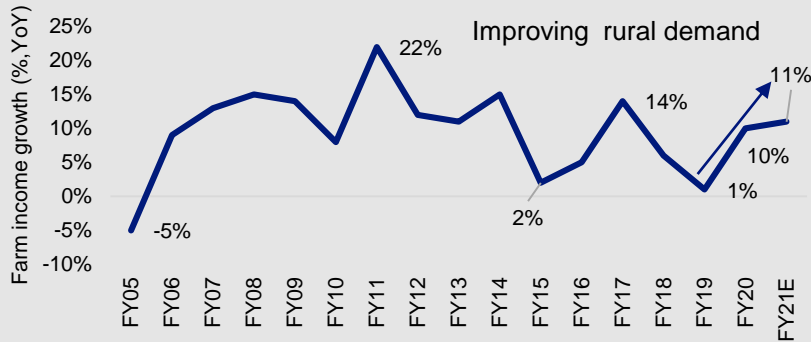


# Agriculture and rural economy to India's rescue

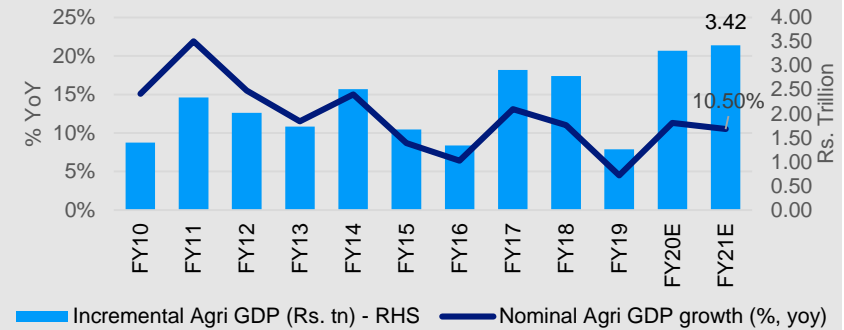


Good rainfall, improvement in agricultural prices and increase in rural wages bode well for rural consumption growth

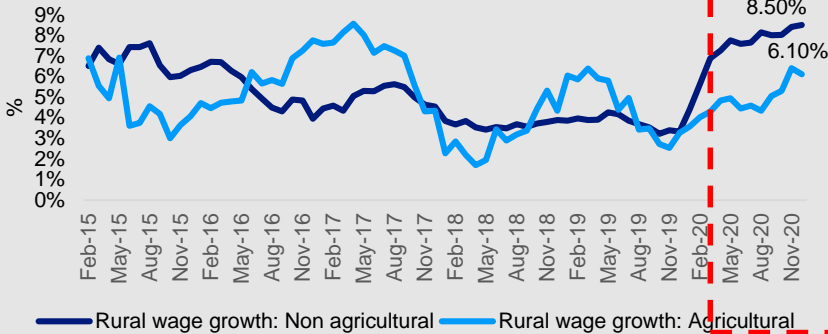
**Double-digit growth in farm income (~10-11% yoy) in FY20-21 vs. a mere 1% growth in FY19**



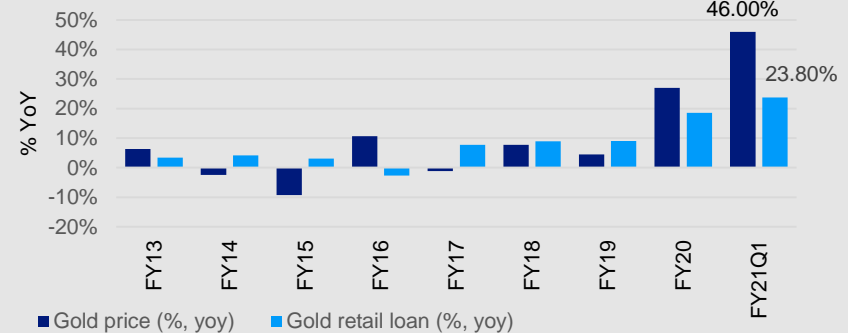
**Farm income to increase by over Rs. 3tn in both FY20E and FY21E vs. Rs. 1.3tn in FY19**



**Nominal rural wage growth has started inching up; and it would rise further in 2020E**



**High gold prices should have a positive effect on rural demand (~65% of gold stock in India)**



Source: Spark Capital

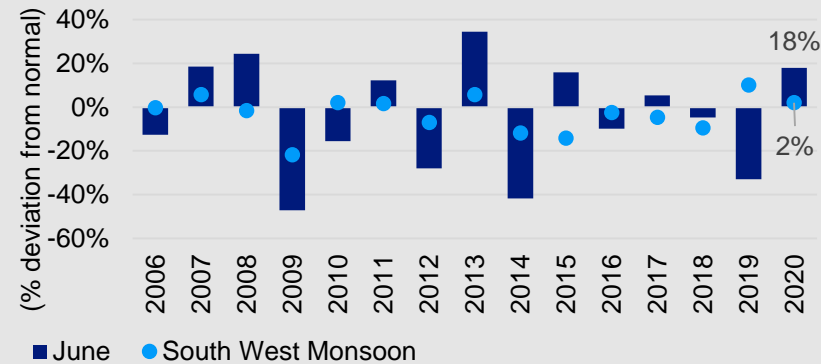
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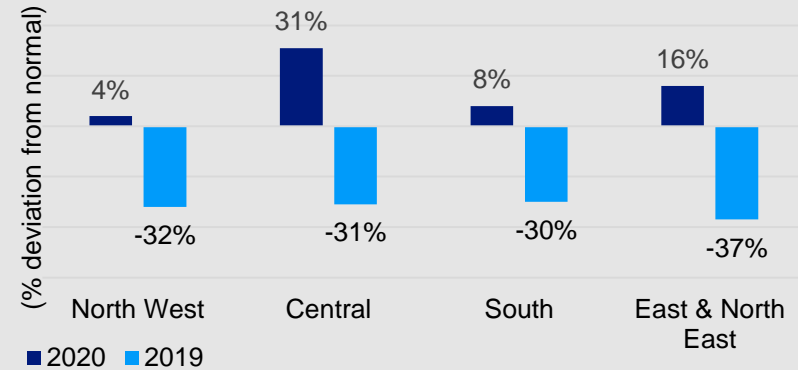
# Bharat leads recovery and outperforms India



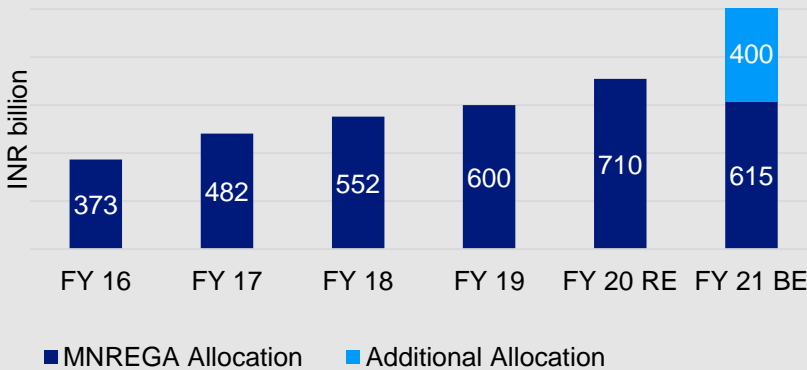
Jun'20 has seen the highest rainfall in 7 years



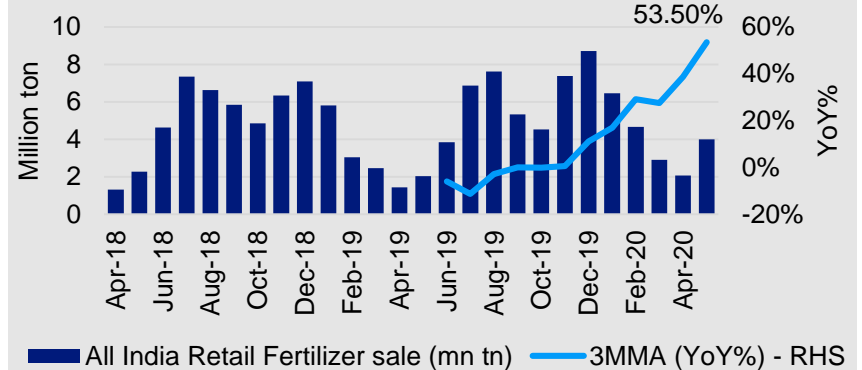
Rainfall has spread across the country



Govt spends towards rural programs supportive



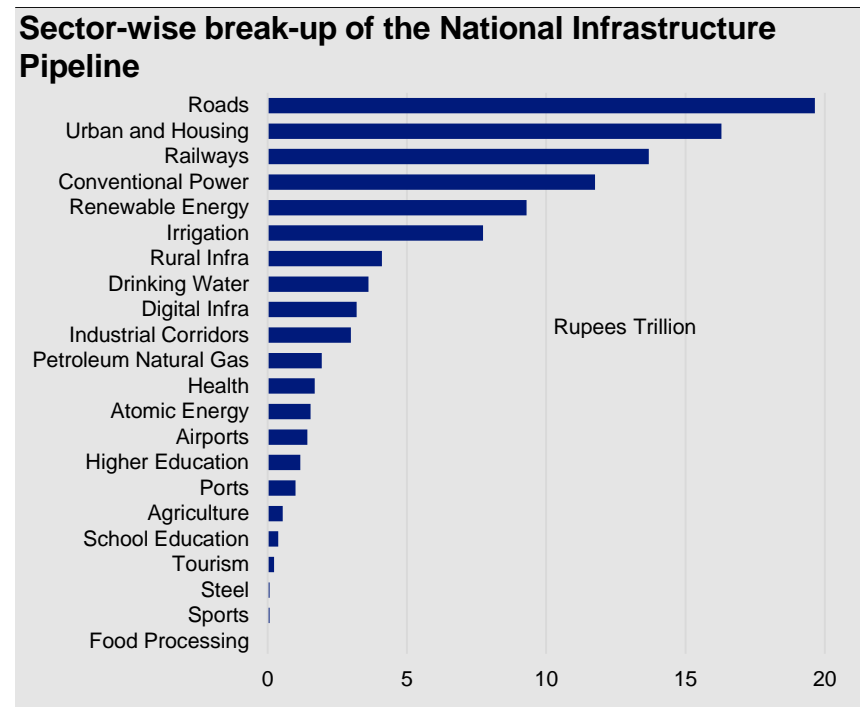
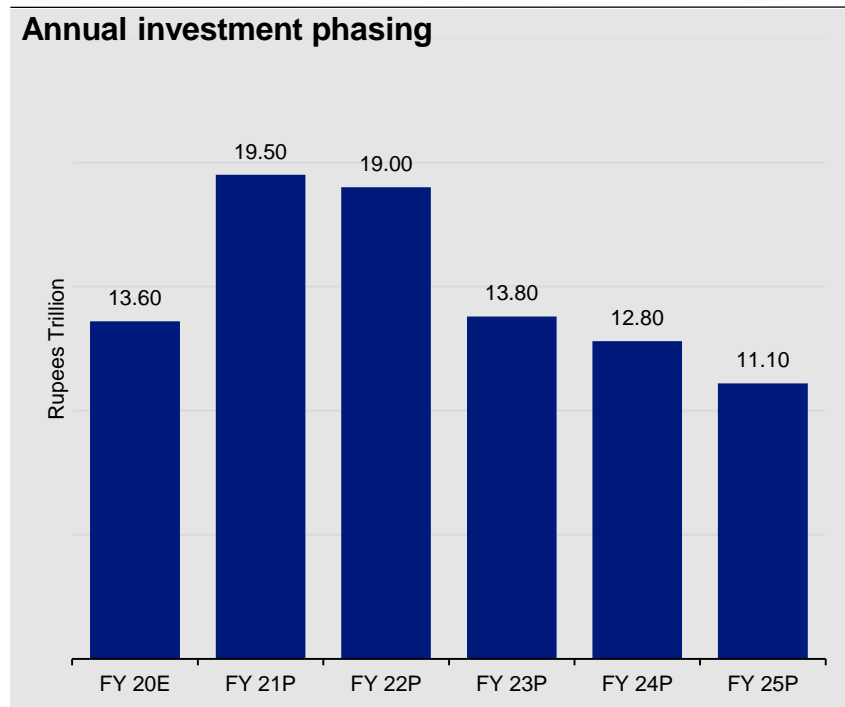
Sowing activity has been strong yoy



- The monsoon progress so far has been satisfactory
- Government has enhanced fiscal allocation to rural and agricultural sector
- Rs.430 billion has been already released for MNREGA

Source: GSTN, Bloomberg, Motilal Oswal Financial Services Ltd. MNREGA: Mahatma Gandhi National Rural Employment Guarantee Act

# Investment trends – private capex weak; government led revival key



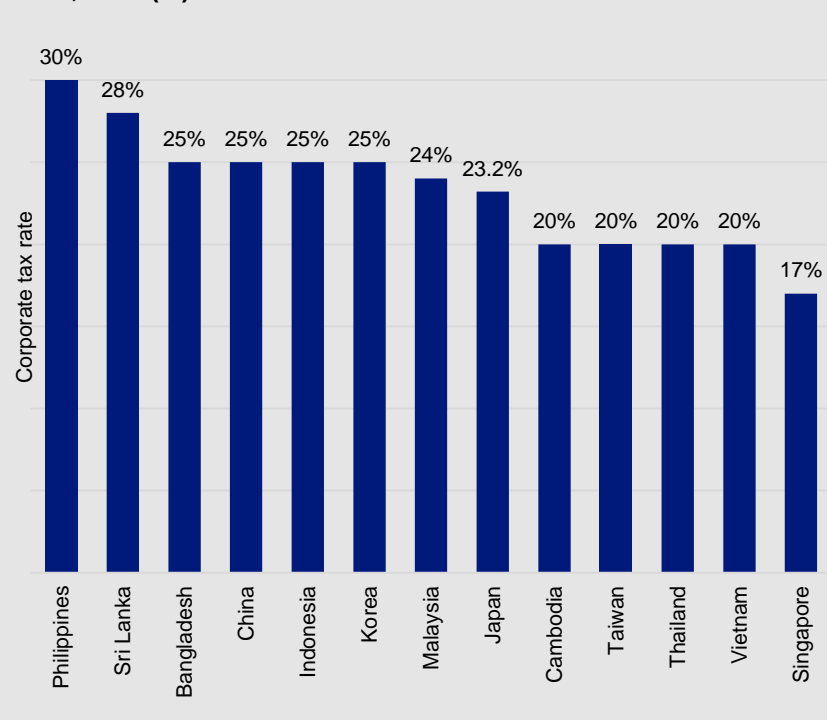
- Task force on Infrastructure pipeline has identified infrastructure projects worth Rs. 102 trn to be undertaken by the Centre and the State by FY25
- Of this project pipeline, 42% is under implementation, 20% under development while 31% is at a conceptual stage and 8% is unclassified. Share of Centre and States is at 39% each and private sector is at 22%
- Emphasis will be on highways, expressways, urban infrastructure, renewable power, gas grid in the under implementation and under development category

Source: Department of economic affairs, Centrum. Sector-wise break-up of the National Infrastructure Pipeline as at 31 December 2019. P: Provisional. **Disclaimer:** The information provided herein may include statements/data of future expectations that are based on current views and assumptions and involves known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied.

# Corporate tax rate can spur capex over a longer term



**Base corporate tax rate of major Asian economies, Calendar year-ends, 2019 (%)**

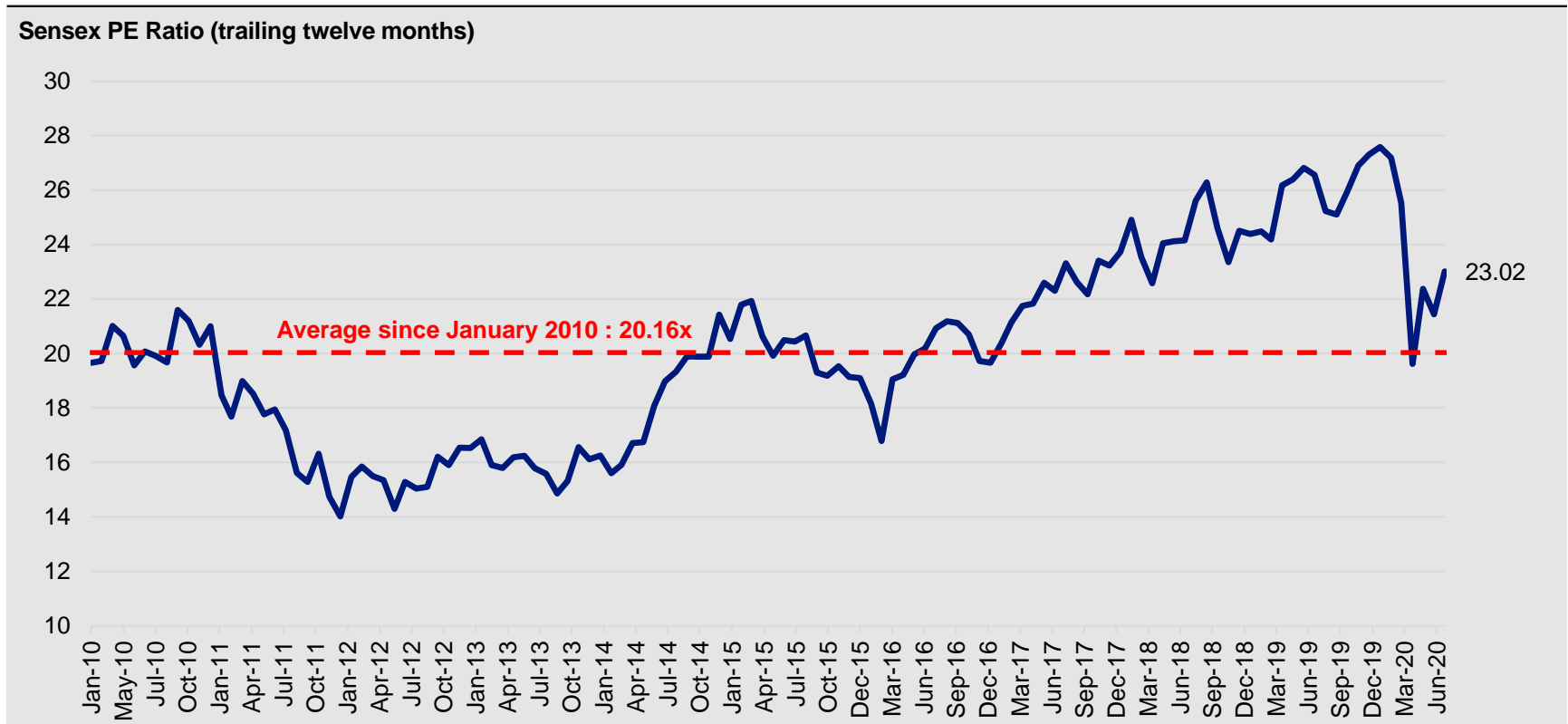


Indian Corporate Tax Rates		
Type of Domestic Company	Base Tax Rate	Minimum Alternative Tax Rate
Company claiming exemption	30%	15%
Company having total turnover during FY 2017-18 not exceeding INR 400 crores	25%	15%
Company engaged in manufacturing <sup>1</sup>	25%	15%
Company not claiming exemption	22%	Not applicable
New Manufacturing Companies <sup>2</sup>	15%	Not applicable

- With recent tax rate changes, corporate India to become more competitive compared with other Asian economies

Source: PWC, Deloitte, KPMG, Kotak Institutional Equities. <sup>1</sup>New manufacturing company must be incorporated on or after 1 March 2016. <sup>2</sup>New manufacturing company must be incorporated on or after 1 October 2019, must start production before March 2023. Surcharge and cess as applicable. Tax benefits are subject to the provisions of the Income Tax Act, 1961 and are subject to amendments, from time to time. Investors should be aware that the fiscal rules/ tax laws may change and there can be no guarantee that the current tax position may continue indefinitely. In view of individual nature of tax consequences, each investor is advised to consult his/ her own professional tax advisor.

# Valuations presently are at a premium to long term average...



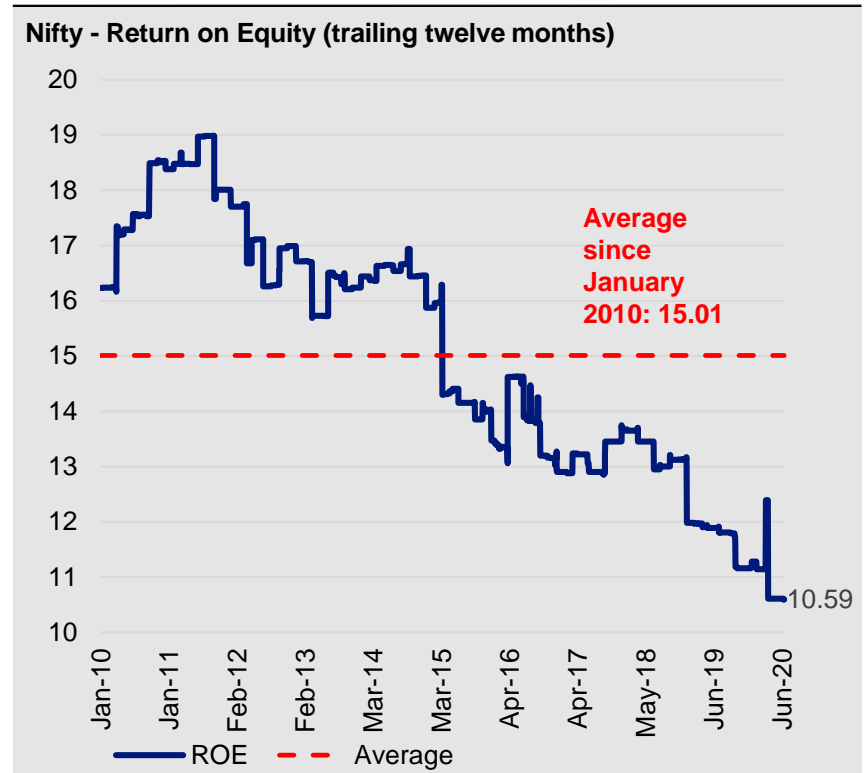
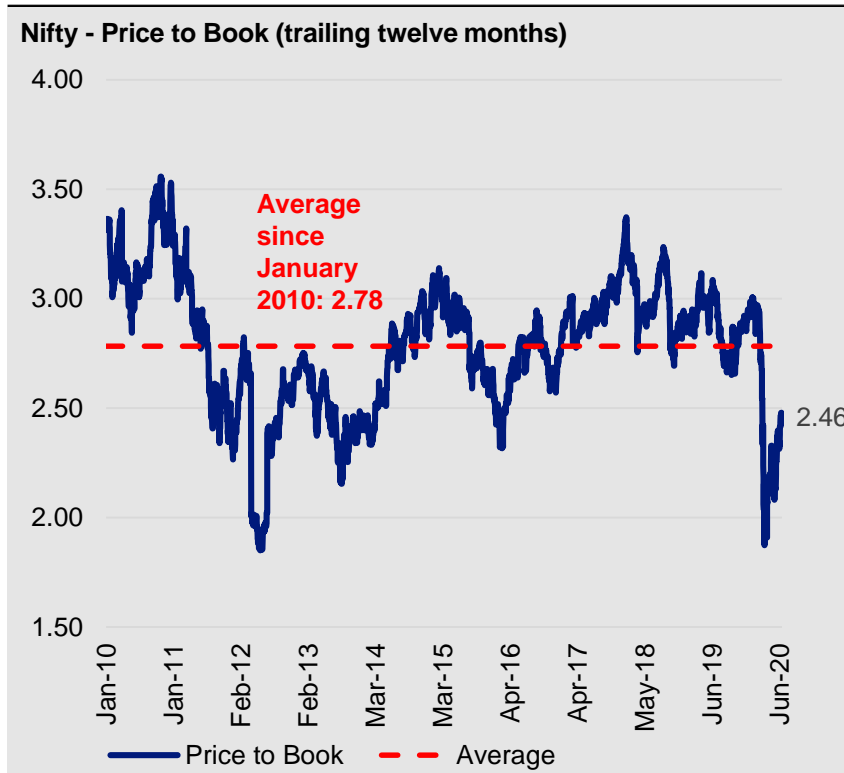
- Post the recent run up ( since 24 March 2020) Sensex trade at 14% premium to its long term average

Source: MOSL / Bloomberg, Invesco Asset Management (India) Research, Bloomberg. PE: Price to Earning. Data as on 30 June 2020

**Past performance may or may not be sustained in future.**

**Disclaimer:** The above chart is for illustration purpose only and shouldn't be used for the development or implementation of an investment strategy. It should not be construed as investment advice to any party or construed as a promise on minimum returns and safeguard of capital. Invesco Asset Management (India) Pvt. Ltd. is not guaranteeing or promising or forecasting any returns.

# But return on equity has considerable scope for improvement once earnings cycle restarts

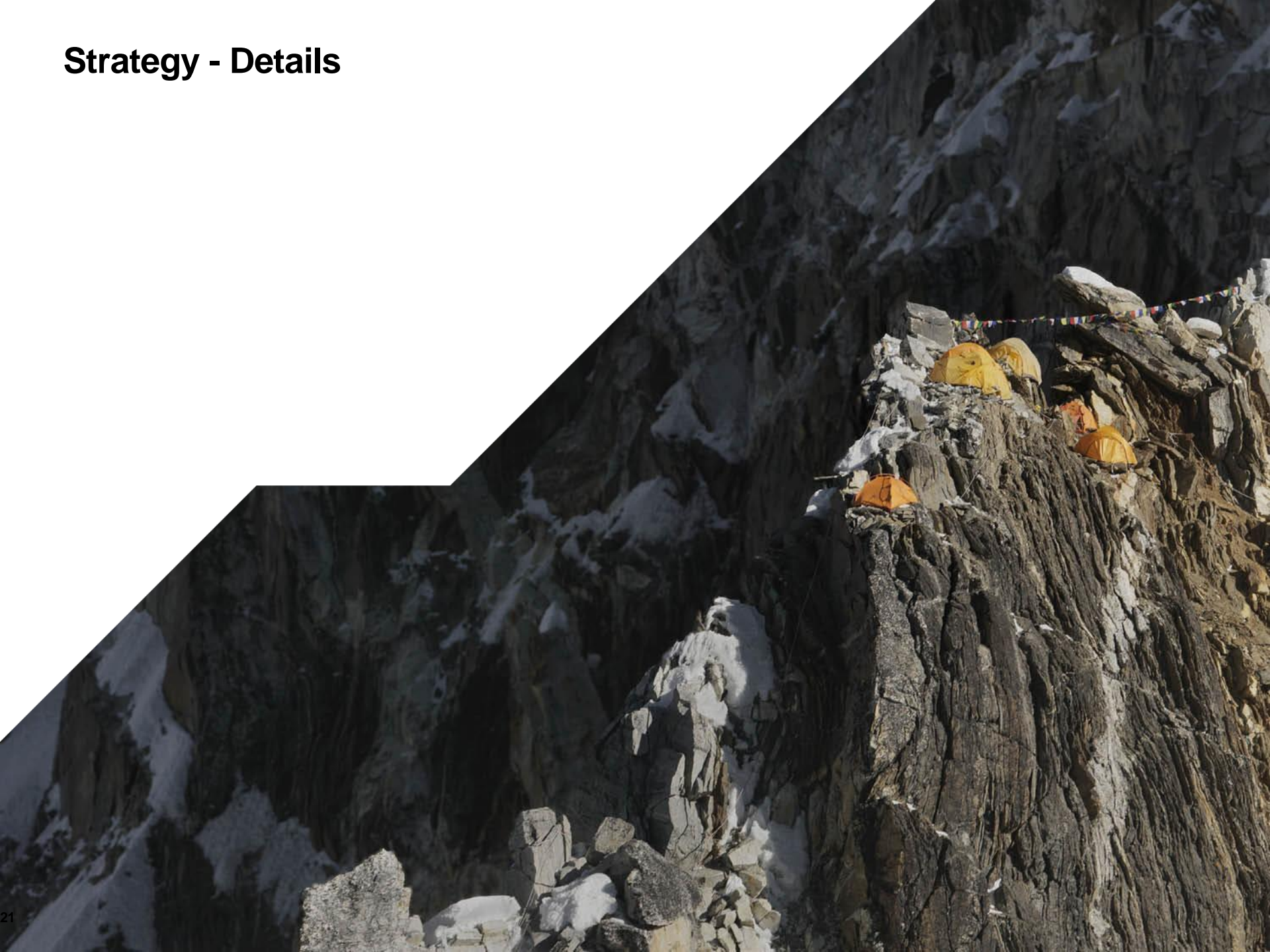


**Past performance may or may not be sustained in future.**

Source: Bloomberg. ROE: Return on Equity.

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# Strategy - Details



# Invesco India DAWN Portfolio



**DAWN:** **D** - Demand recovery across cyclical & consumer discretionary sectors, **A** - Attractive valuation to provide margin of safety, **W** - Winning companies on the cusp of a new demand cycle leading to operating & financial leverage efficiencies, **N** - New credit & investment cycle to provide a boost to earnings recovery



Demand recovery across cyclical & consumer discretionary sectors



Attractive valuation to provide margin of safety



Winning companies on the cusp of a new demand cycle leading to operating & financial leverage efficiencies



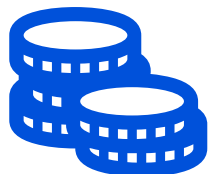
New credit & investment cycle to provide a boost to earnings recovery





## Cyclical Recovery

Companies which are in the period of transition from recession to expansion as part of business cycle which is affected by ups and downs in the overall economy.



## Operating & Financial Leverage

Companies with potential to make more operating profit & net operating profit from each additional sale as demand recovers



## Value

Companies trading below their intrinsic value.

## Stock selection criteria

Exposure to sectors and stocks expected to benefit from revival due to cyclical recovery

Emphasis on mean reversion & value style

High impetus on companies with quality business models & management

Exposure to under owned companies

Allocation to companies which exhibit operating & financial leverage.

## Portfolio construction

Bottom-up stock selection

Multi cap portfolio

Diversified Portfolio

Mean  
Revision

Value

Blended

Growth

Earnings  
Momentum

# Stock Selection Process



data as on July 31, 2020

#For details on Stock Categorization Framework please refer next slide.

\*5 Benchmark Indices: S&P BSE 200 Index, Nifty Midcap 100 Index, Nifty Infrastructure Index, Nifty Bank Index and S&P BSE PSU Index

# Stock Categorization Framework

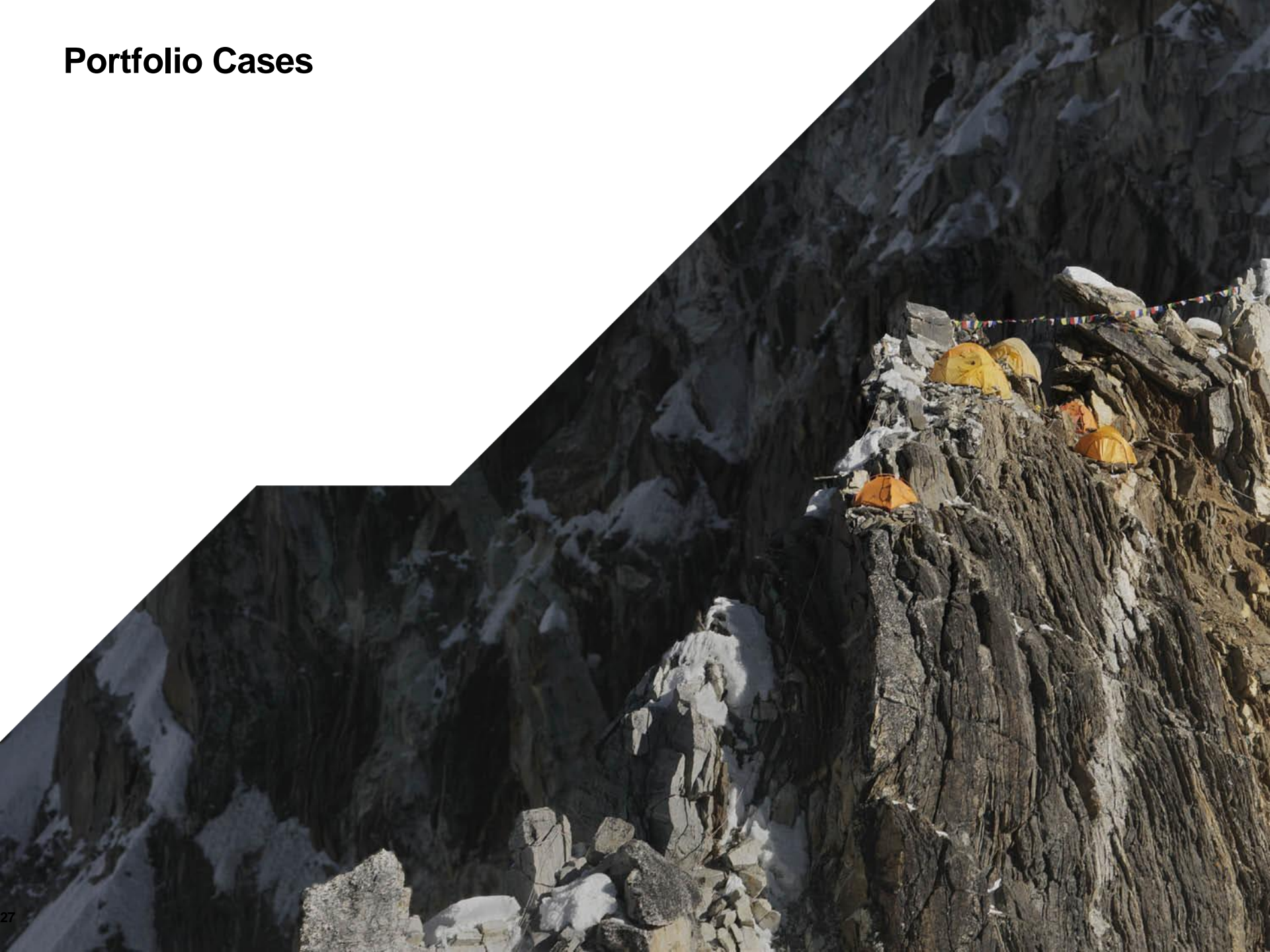


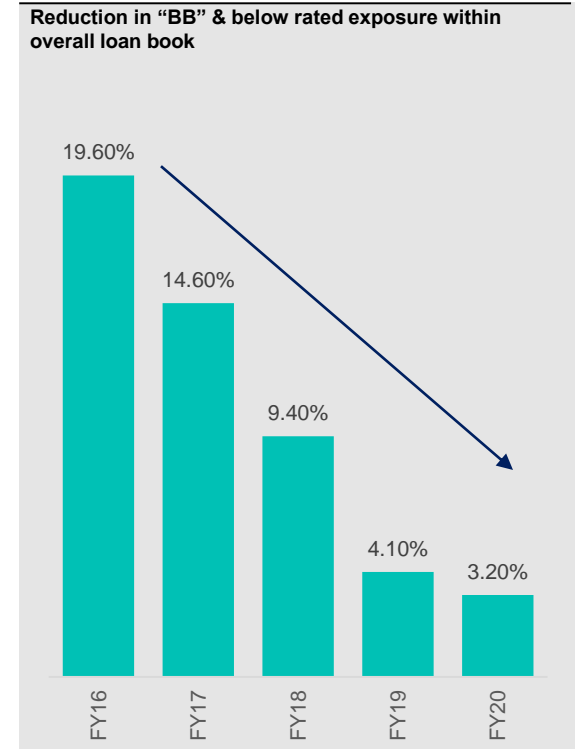
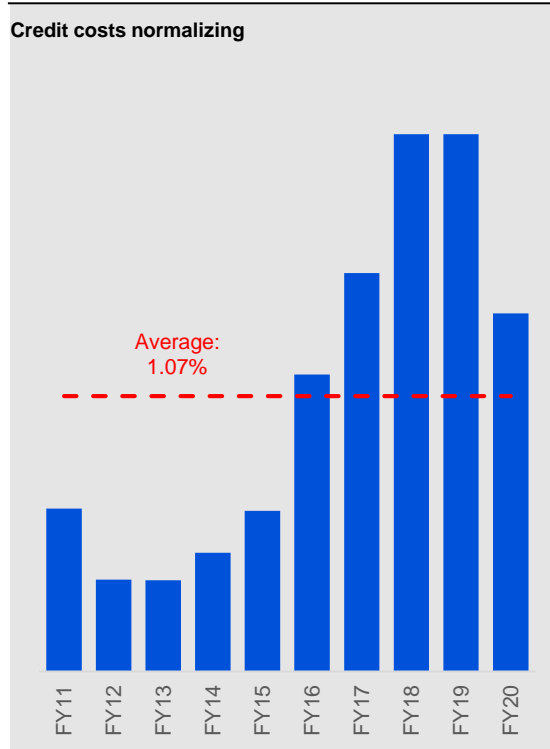
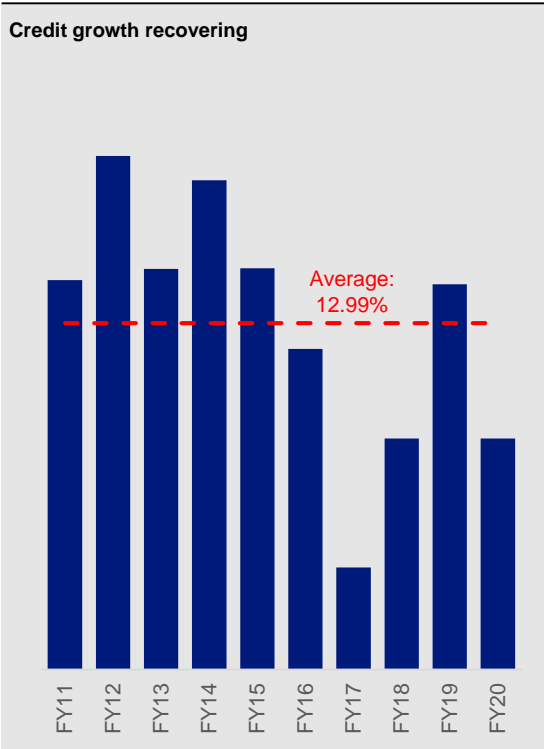
Stock Category	Descriptions (e.g.)	Growth Prospects (e.g.)	Company Attribute (e.g.)	Financial Parameter (e.g.)	
<b>Leader</b>	Established companies	In line or better than industry	Track record of leadership, globally competitive	Industry leading margin / ROE	<b>Growth</b>
<b>Warrior</b>	Young / established companies	Better than industry	Unique proposition and / or right place, right time	Margin & ROE expansion	
<b>Star</b>	Young companies	High growth	Entrepreneur vision, scalability	Operating Leverage	
<b>Diamond</b>	Company with valuable assets	Low growth	Management intent to unlock value	Value of asset / business	<b>Value</b>
<b>Frog Prince</b>	Company in a turnaround situation	Back to growth	Intrinsic strengths in core business	P2P, ROE expansion	
<b>Shotgun</b>	Opportunistic investment	Positive surprise	Corporate event, restructuring, earnings news	Event visibility	<b>Event</b>
<b>Commodities</b>	Call on the cycle is paramount	Positive	Integration, cost efficiency, globally competitive	Profit leverage	

P2P: Path to Profit; ROE: Return on Equity.

Based on internal stock classification and subject to change from time to time

# Portfolio Cases





Source: IAMI, Bloomberg.

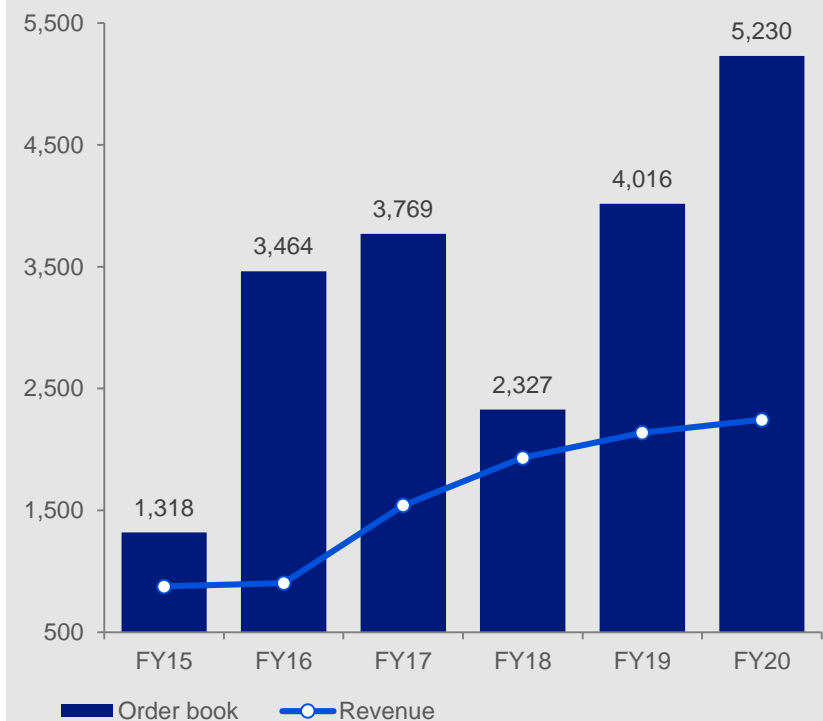
**Disclaimer: Past performance may or may not be sustained in future.** The stock referred above should not be construed as recommendation, advice to buy, sell or in any manner transact in this stock and neither should it be considered as Research Report from IAMI. The Portfolio may or may not have any present or future positions in this stock or in any other portfolios offered by Invesco Asset Management (India) Private Limited. The performance of above stock should not be construed as performance of the portfolio as the portfolio would be constituted of number of stocks having different weights and the individual stock held by the portfolio may or may not give positive returns. **Invesco Asset Management (India) Private Limited is not guaranteeing or promising or forecasting any returns.**

# Cyclical Recovery

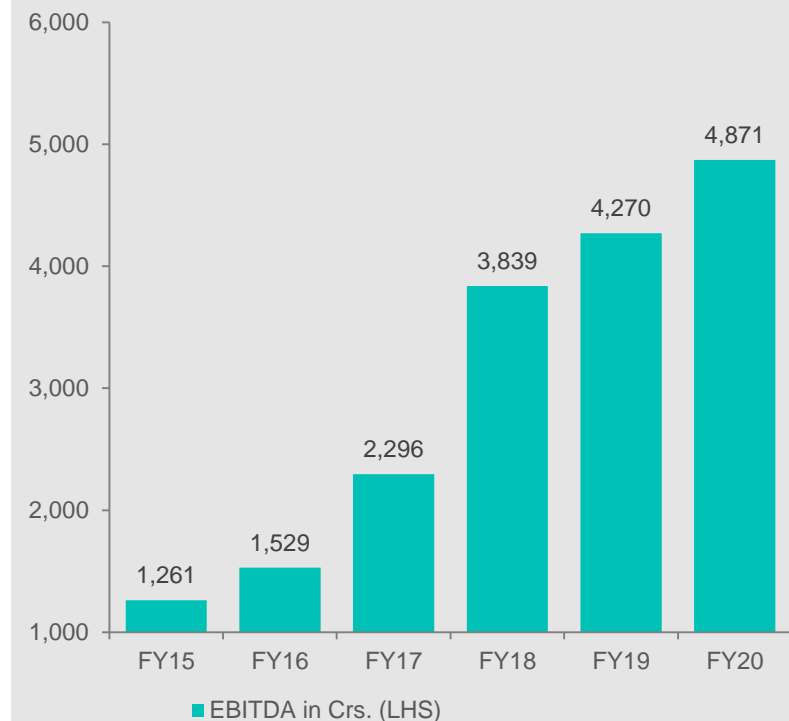
## KNR Constructions Ltd.



**Pick up in order book and revenue Growth (In INR Crs.)**



**Improvement in profits**



**Source:** IAMI, Bloomberg. **EBITDA:** Earnings before interest, taxes, depreciation, and amortization. **ROE:** Return on Equity.

**Disclaimer:** Past performance may or may not be sustained in future. The stock referred above should not be construed as recommendation, advice to buy, sell or in any manner transact in this stock and neither should it be considered as Research Report from IAMI. The Portfolio may or may not have any present or future positions in this stock or in any other portfolios offered by Invesco Asset Management (India) Private Limited. The performance of above stock should not be construed as performance of the portfolio as the portfolio would be constituted of number of stocks having different weights and the individual stock held by the portfolio may or may not give positive returns. **Invesco Asset Management (India) Private Limited is not guaranteeing or promising or forecasting any returns.**

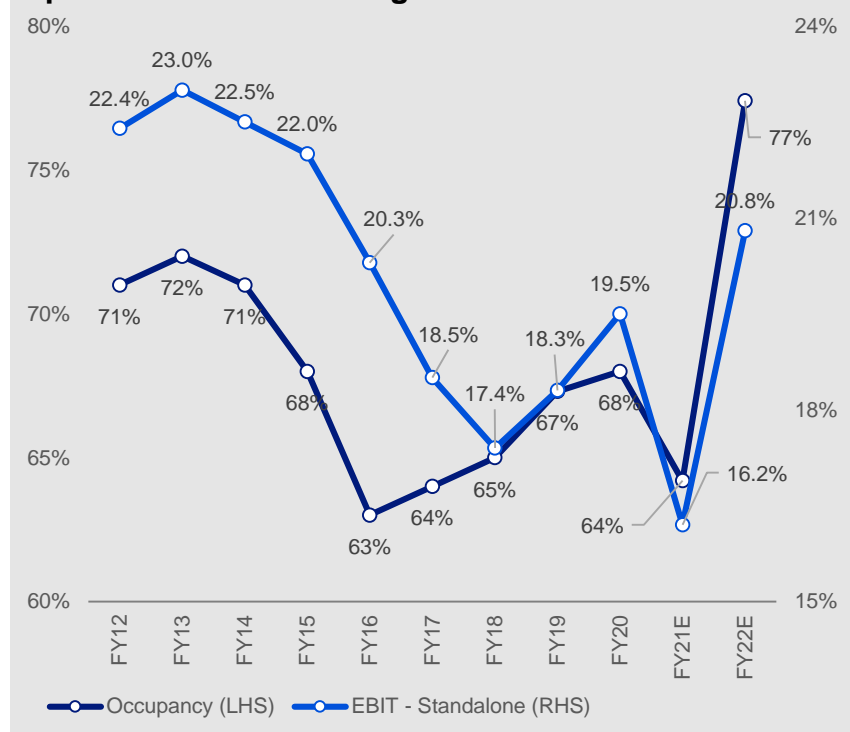


# Operating Leverage & Financial Leverage

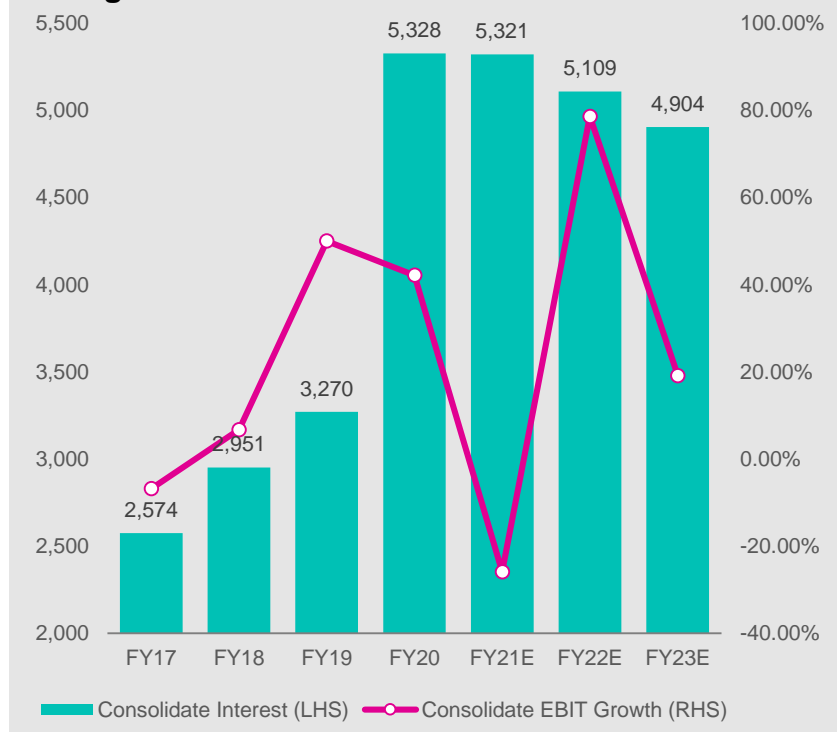
Apollo Hospitals Enterprise Ltd.



**Operating Leverage: Improvement in occupancy to drive improvement in EBIT margin**



**Growth in EBIT, fall in interest leading to financial leverage**



Source: IAMI, Bloomberg. EBIT: Earnings before interest and tax

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# Portfolio Update



# Portfolio Holdings & Theme Split

Model portfolio data as on July 31, 2020



Cyclical Recovery		Operating & Financial Leverage		Value	
34.11%		33.07%		28.26%	
ICICI Bank Ltd.	7.55	Reliance Industries Ltd.	8.53	Infosys Ltd.	7.68
Axis Bank Ltd.	4.96	Bharti Airtel Ltd.	6.09	Tech Mahindra Ltd.	5.37
Tvs Motor Company Ltd.	3.82	Apollo Hospitals Enterprises Ltd.	5.57	Bharat Petroleum Corporation Ltd.	3.91
Timken India Ltd.	3.67	United Spirits Ltd.	4.74	Container Corporation Of India Ltd.	3.31
SBI Cards and Payment Services Ltd.	3.37	Cipla Ltd.	4.30	Exide Industries Ltd.	2.89
KNR Constructions Ltd.	2.96	Tata Steel Ltd.	2.39	Torrent Power Ltd.	2.65
Whirlpool of India Ltd.	2.63	Equitas Holdings Ltd.	1.45	Tata Metaliks Ltd.	2.46
Havells India Ltd.	2.04				
Motilal Oswal Financial Services Ltd.	1.98				
Isgec Heavy Engineering Ltd.	1.13				

The stocks & sectors referred above should not be construed as recommendations from Invesco Asset Management (India) Private Ltd. ("the Portfolio Manager"). The Portfolio Manager may or may not hold position in these stocks in future. This should not be seen as an investment advice. **Operating Leverage:** Companies currently operating at low capacity utilization and have large portion of costs fixed in nature. These companies can make more money from each additional sale as demand recovers. **Financial Leverage:** Companies which can generate returns greater than the interest expense associated with the debt they use to fund growth. Further, could increase their profit margin from decline in interest rates and reduction in debt due to profit growth. **Value:** Value investing seeks to purchase stocks at an even greater discount to their intrinsic value. **Securities investments are subject to market risks, please read the Disclosure Document carefully before investing.**

# Portfolio Holdings

Model portfolio data as on July 31, 2020



Sector	Invesco India Dawn Portfolio	S&P BSE 500	Over / Under Weight to Benchmark
Financials	19.31%	28.09%	-8.78%
Industrials	13.11%	5.65%	7.46%
Information Technology	13.05%	13.08%	-0.03%
Energy	12.44%	12.45%	-0.01%
Health Care	9.87%	6.74%	3.13%
Consumer Discretionary	9.34%	8.31%	1.03%
Communication Services	6.09%	3.23%	2.86%
Materials	4.85%	8.82%	-3.97%
Consumer Staples	4.74%	10.34%	-5.60%
Utilities	2.65%	2.79%	-0.14%
Real Estate	0.00%	0.50%	-0.50%

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# Portfolio Characteristics

Model portfolio data as on July 31, 2020



Portfolio Characteristic	Portfolio	S&P BSE 500
Dividend Yield <sup>1</sup>	0.57%	0.47%
Price to Earnings <sup>1</sup> FY 20 Estimate	26.5	21.2
Price to Earnings <sup>1</sup> FY 21 Estimate	24.2	23.2
Price to Earnings <sup>1</sup> FY 22 Estimate	16.5	17.4
2 Year EPS CAGR (FY20-FY22) <sup>2</sup>	25.0%	11.6%
Return on Assets <sup>1</sup> FY 20 Estimate	2.5%	2.4%
Return on Equity <sup>1</sup> FY 20 Estimate	8.2%	11.2%

1 Weighted Harmonic Mean

2 EPS Growth is derived from P/E ratios

Note: Excludes companies with net loss for appropriate results for various ratios

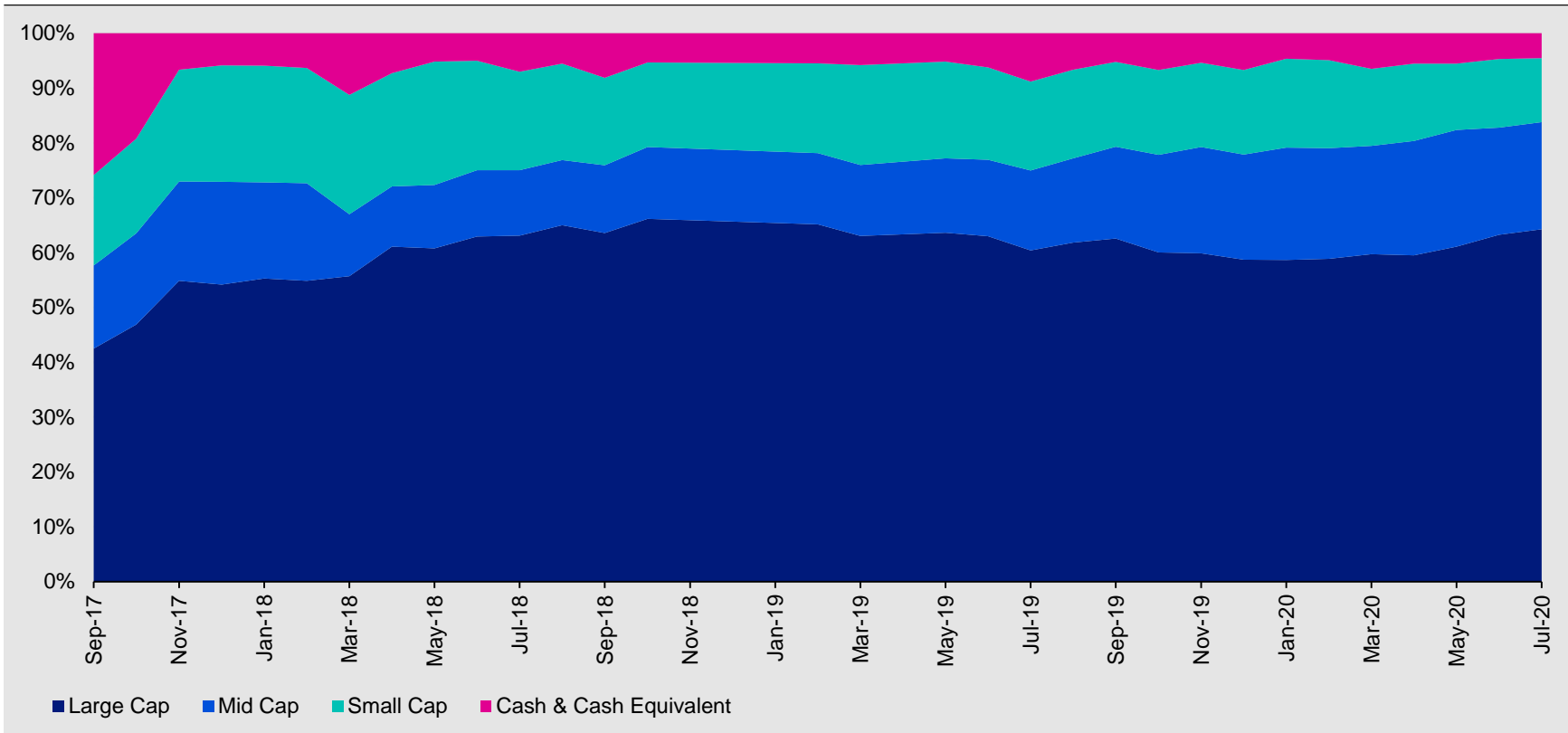
Source: #Bloomberg, Factset, Internal. EPS: Earning Per Share. CAGR: Compounded annualize growth rate.

**Disclaimer:** The information provided herein may include statements/data of future expectations that are based on current views and assumptions and involves known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied.

# Preference for Large cap, meaningful exposure to mid & small cap



Monthly model portfolio allocation since inception (%)



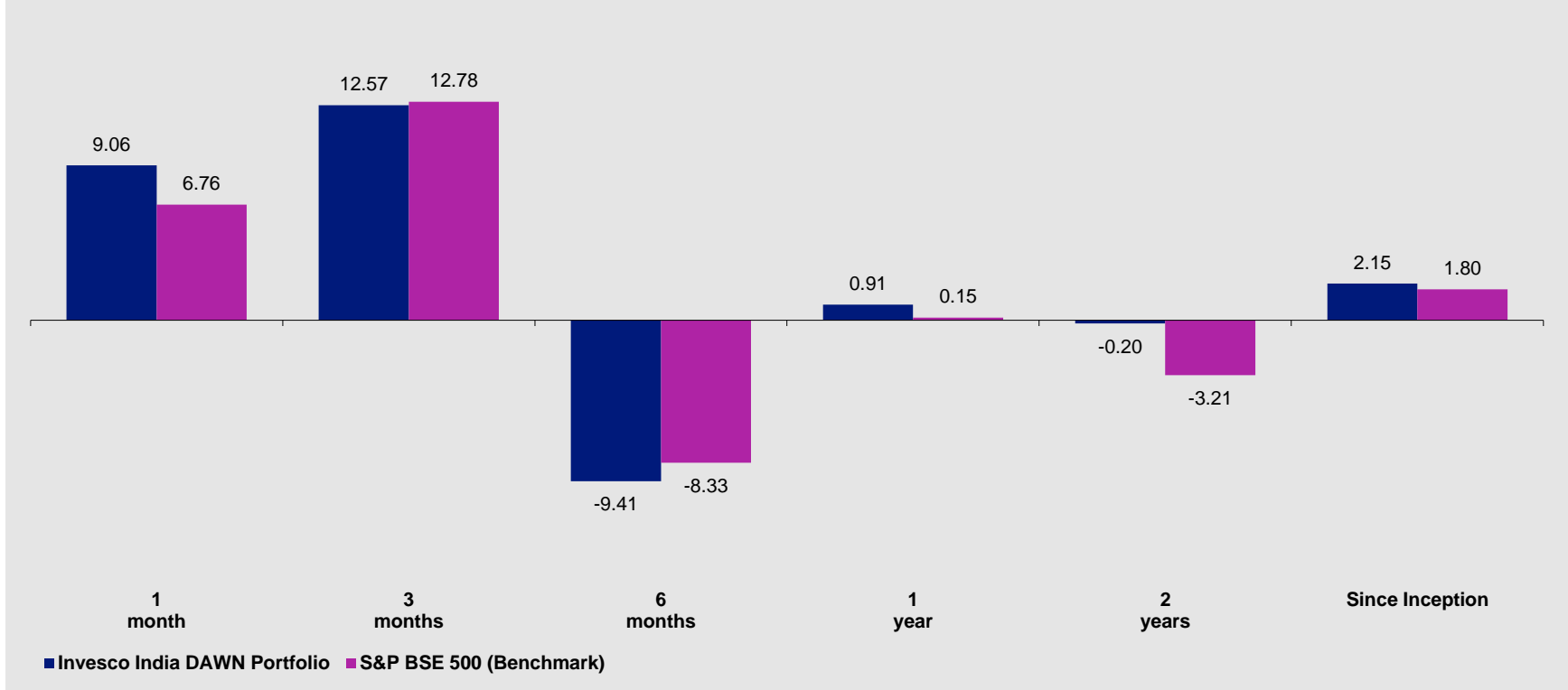
Data Source: Bloomberg / Internal. Data: Model Portfolio.

**Large Cap:** 1st 100th company in terms of full market capitalization. **Mid Cap:** 101st to 250th company in terms of full market capitalization. **Small Cap:** 251st company onwards in terms of full market capitalization.

# Despite allocation to mid & small Cap stocks, portfolio has done relatively better



Model Portfolio Performance (in %) – Long Term – As on July 31, 2020



**Past performance may or may not be sustained in future.** Returns up to 1 year are absolute Returns and returns over 1 year are Compounded Annualized Returns. The returns are calculated on the basis of daily market value of the Portfolio.

**Disclaimer:** The returns of model portfolio given above are for illustration purpose only. Model portfolio returns does not take into account expenses/charges and Profit/Loss on account of derivative transactions. Returns under client wise portfolio may vary vis-à-vis returns of model portfolio due to various factors viz. timing of investment/additional investment in client's portfolio, timing of withdrawals in client's portfolio, mandates given by respective client, profit/loss on account of derivative transactions, expenses charged to respective portfolio, dividend income in the respective portfolio etc. Portfolio Allocation based on Month End dates. **Large Cap:**1st 100th company in terms of full market capitalization. **Mid Cap:**101st to 250th company in terms of full market capitalization. **Small Cap:**251st company onwards in terms of full market capitalization. **The Portfolio manager does not offer guaranteed or assured returns. Securities investments are subject to market risks, please read the Disclosure Document carefully before investing.**



**Why invest now?**



# Portfolio Outlook – Post COVID – 19



- Post 2 years of economic challenges India had started witnessing certain green shoots of recovery in economic activity. The global pandemic caused by COVID 19 has brought this process to a halt.
- India has taken steps at multiple fronts to contain the health challenge by announcing lockdown, and economic & monetary packages to assuage the resultant economic pain
- Various governments globally, have implemented similar steps. Quantum of financial aid is much higher than during Global Financial Crisis in 2008-09. These synchronized actions has fueled a rally in equity assets globally – indicating that these measures have stemmed fall in economic activity.
- The economic lockdown in India during the months of April and May has resulted in an indeterminate impact to GDP growth and hence companies earnings.
- We believe certain consumer driven segments of the economy – like healthcare, consumer staples etc. would recover faster; while certain segments of the economy like hospitality, travel etc. would have a delayed recovery. We have made changes to our portfolio to accommodate this stance.
- With economic activity normalizing in India during the recent few weeks, specially rural, and a simultaneous rally in equities we believe the markets are factoring a recovery in economic activity going ahead. However the news flow with respect to increasing infections keep us cautious.
- We have a positive outlook on Indian equity markets over the medium to long term; and hence any volatility in the short term could be used as an opportunity to increase allocation to equities.
- The portfolio trades at attractive forward valuation of 16.48 times FY22E earnings, offering good risk reward opportunity for long term investors.

**Disclaimer:** Past performance may or may not be sustained in future. The estimates expressed herein are based on internal analysis of publicly available information and other sources believed to be reliable. Any such calculations made are approximations, meant as guidelines only. The recipient(s) before acting on any information herein should make his/their own investigation and seek appropriate professional advice.



**Mr. Amit Nigam**

Portfolio Manager – Portfolio Management Services

Amit is responsible for the PMS equity management function at Invesco. He has over 20 years' experience in the Indian equity markets. In his last assignment, Amit was working with Essel Mutual Fund as Head of Equities where he was responsible for the equity management function at the firm. In the past, he has also worked with companies like BNP Paribas Investment Partners, BNP Paribas Mutual Fund, SBI Funds Management & Reliance Industries Ltd. Amit holds a Mechanical Engineering Degree from Indian Institute of Technology Roorkee and a PGDBM from Indian Institute of Management, Indore.

# Invesco India DAWN Portfolio



<b>Portfolio Name</b>	<b>Invesco India DAWN Portfolio</b> <b>(DAWN: D</b> - Demand recovery across cyclical & consumer discretionary sectors, <b>A</b> - Attractive valuation to provide margin of safety, <b>W</b> - Winning companies on the cusp of a new demand cycle leading to operating & financial leverage efficiencies, <b>N</b> - New credit & investment cycle to provide a boost to earnings recovery)	
<b>Portfolio Objective</b>	To generate capital appreciation by investing in companies available at reasonable valuations.	
<b>Portfolio Description</b>	The focus of this portfolio would be on identifying sectors and stocks which are expected to benefit from revival in cyclical recovery. The portfolio will also favour companies that will benefit from operating /financial leverage and are available at a discount to their fair/intrinsic value.	
<b>Indicative Asset Allocation Pattern</b>	Under normal circumstances, the asset allocation of the portfolio shall be as follows:	
	<b>Instrument</b>	<b>Indicative Allocations (% of portfolio value)</b>
	Equity & Equity Related Instruments	65% to 100%
	Cash & Cash Equivalent	0% to 35%
	The portfolio will not have any capitalization bias. The asset allocation pattern indicated above may change from time to time, keeping in view market conditions. It must be clearly understood that the percentages stated above are only indicative and not absolute and that they can vary substantially depending upon the perception of market conditions of the Portfolio Manager, the intention being at all times to seek to protect the interests of the Client. Such changes in the asset allocation pattern will be for defensive considerations.	
<b>Benchmark</b>	S&P BSE 500	

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## Invesco Ltd.

- \$1.05 trillion in assets under management around the globe.
- Specialized investment teams managing investments across a wide range of asset classes and investment styles.
- More than 8,000 employees worldwide.
- On-the-ground presence in more than 25 countries, serving clients in more than 120 countries.

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## Invesco Asset Management (India) Private Ltd.

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  - More than 29 investment strategies across fixed income, equity and gold
  - Proprietary stock selection process for Equity & Credit Appraisal process for Debt.
  - Experienced Investment Management Team of 19 members with combined experience of over 300+ years.
  - Broad, deep and stable research platform.
  - Defined and robust Risk Management Processes
-

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# Get in Touch



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