SHINING A LIGHT ON THE……
Amundi Funds – SBI FM India Equity Fund

AT A GLANCE

Investment Objective
The fund seeks long-term capital growth by investing at least two thirds of the assets in Indian equities and equitylinked instruments. The investment manager will select a diversified range of listed equities reflecting the broad spectrum of the Indian economy. The fund will principally consist in securities of those companies that the investment manager considers to have potential for earnings growth and the management and financial resources to achieve it. The fund will not invest extensively in financial derivative instruments for investment purposes.

Inception Date	16 January 2006
Fund Factsheet Link	https://www.morningstar.co.uk/uk/funds/snapshot/snapshot.aspx?id=F0GBR069D2

Management	
Manager Name	**Start Date**
Hicham Lahbabi	1 April 2018
Jean-Marc Duong	1 April 2018

Investment Style Details	
Equity Style	
Market Capitalisation	**% of Equity**
Giant	65.49%
Large	30.79%
Medium	3.06%
Small	0.66%
Micro	0.00%

Top 10 Holdings		
Total number of holdings	34	
Assets in Top 10 Holdings	51.31%	
Name	**Sector**	**% of Assets**
Infosys Ltd	Technology	7.89%
HDFC Bank Ltd	Financial Services	7.48%
Reliance Industries Ltd	Energy	5.63%
Axis Bank Ltd	Financial Services	5.38%
Housing Development Finance Corp Ltd	Financial Services	5.30%
State Bank of India	Financial Services	5.15%
Tata Consultancy Services Ltd	Technology	4.21%
Shree Cement Ltd	Basic Materials	3.52%
Bajaj Finance Ltd	Financial Services	3.46%
Kotak Mahindra Bank Ltd	Financial Services	3.29%

Volatility Measurements	
3-Yr Std Dev (volatility)	18.27%
3-Yr Mean Return (average)	10.99%

FUND PERFORMANCE

Performance from 1 January 2013 to 30 September 2019:

	2013	2014	2015	2016	2017	2018	2019
Amundi Funds SBI FM India Equity Fund	-3.41%	42.95%	5.21%	13.77%	33.01%	-4.27%	10.27%
iShares MSCI EM ETF	-5.82%	2.62%	-11.15%	33.56%	24.43%	-9.25%	7.80%
MSCI India NR USD	-5.62%	31.58%	-0.69%	17.57%	26.74%	-1.54%	5.57%

Performance over 12 months, 3 years, 5 years and since launch.

	1 year	3 years	5 years	Since launch
Amundi Funds SBI FM India Equity Fund	18.06%	30.31%	81.27%	140.95%
iShares MSCI EM ETF	2.91%	22.40%	43.48%	67.28%
MSCI India NR USD	10.83%	27.43%	58.84%	97.74%

You should note that past performance is not a reliable indicator of future returns and the value of your investments can fall as well as rise. The total return reflects performance without sales charges or the effects of taxation, but is adjusted to reflect all on-going fund expenses and assumes reinvestment of dividends and capital gains. If adjusted for sales charges and the effects of taxation, the performance quoted would be reduced.

UPDATE….

The story to some extent is similar to China. If, as an investor, you believe India will be one of the top economies, and want exposure to that, then this fund might be one to consider. India has various positive factors to consider which includes the size of the economy, political stability, demographics, diversified equity market and consistent equity inflows.

There are risks around whether the economy slows down as well as political risks and oil prices. In terms of political risk, Modi has just won a second term and has brought in stability to the economy as well as reforms. They believe that the path to reform will continue, and we spoke about the risk of Modi going, but they believe the path of reform, now started, would continue.

Oil is a risk that cannot be controlled as around 80% is imported, meaning that high oil prices can be negative for the economy. As it currently stands oil has been favourable to the economy.

In terms of businesses they like they are simply good businesses run by great people at an attractive price. Within this there are things like economic moat, pricing power and limited risk of disruption to the business.

Two thirds of the portfolio are what they want, the rest is basically from the index and not necessarily what they favour. This is more of a tactical play and helps in the overall performance of the fund. In terms of what they want this tends to be a buy and hold strategy, where the balance is more short term and tactical.

In terms of future returns they believe the returns in the past were easier to achieve and that this has now changed. Liquidity within the market is tighter and the team think returns will be lower moving forward.

Some of the high conviction stories include HDFC Bank, SBI Bank, Kotak Mahindra Bank, Shree Cement and Divi's Labs.

In summary, for those looking to invest in India then this might be a fund to consider. In terms of performance this has outperformed both the Index and wider EM Index. The management team are based in India and are part of the State Bank of India (SBI), providing the best insight to the market. Where there are potentially concerns are around the split of holdings and why it is not a fully conviction led portfolio, but that might reflect more on the market than the fund itself.

The source of information in this note has been provided by Amundi and is correct as at October 2019. These are notes from meeting the fund manager or representative and should not be seen as a recommendation to purchase any fund mentioned. Any reference to shares is not a recommendation to buy or sell. Should you wish to make a decision based on these notes we cannot take responsibility for this and you should carry out your own research before making a decision. We would also recommend that you receive advice before following up on any decision.