

# CIO Quarterly Memo

April 2025

## CIO Memo

The new fiscal year has started with a broad range of twists and turns in the global equity markets. The imposition of trade tariffs by the US government on almost all its trading partners has created flux in the global economy, with most market participants believing that the tariffs will lead to a global recession. Furthermore, the US trade war with China has been critical, where both parties have indulged in persistent tariffs, which are damaging to the economies. Although the challenges for the global economy have increased manifold, Indian equity markets have outperformed the global markets by a significant margin. There are many structural reasons for the strong performance, and we will discuss them in the subsequent sections.

The month of March was a good month for Indian equities as the narrow index NIFTY 50 rallied by 6% while the broader market index NIFTY 500 rallied by 7%. The small and midcap indices rallied by 9% and 8%, respectively, after being battered badly in the months of January and February. The Indian markets rallied during the month; however, major global indices like the S&P 500, Dow Jones, and FTSE 100 saw negative returns over the same period. While the Indian equities performed well, we are happy to note that all our flagship strategies, Pure Contra, Pure Growth and Kaizen, outperformed the market in the month of March. We are also excited to share that all our flagship strategies have demonstrated healthy outperformance during the FY25. Pure Growth outperformance picked up during the tougher market conditions, and the strategy moved up to the top quartile by the end of the fiscal. At the same time, Kaizen retained its top-quartile performance through the year. Pure Contra delivered top-quartile performance for 10 of the 12 months during the fiscal year and moved down only slightly to the second quartile by the end of the year. Overall, the strategies have delivered an excellent performance in line with the strategy's objectives.



*Naveen has over 21 years of experience in the Financial Services and Telecom sectors. In his previous role, he was responsible for Institutional and Retail research as Head of Research with Reliance Securities Limited. He also served as Co-Head of Research with Phillip Capital India Private Limited in his 11- year long association with the organization.*

### **Q4FY25 Earnings Season Likely to be Constructive**

Top banks, including ICICI Bank and HDFC Bank, have declared their results, which stand better than expectations, and operating parameters have shown improvement. ICICI Bank results, in particular, were top notch, with sequential improvement in Net Interest Margins, which was a significant positive. The reported asset quality for these top two private banks was stable, thus ensuring that multiples are likely to be sustained over the medium to long term. Banking stocks took a beating after Q2 and Q3 results because of slower deposit growth, but palpable improvements have been visible in the current quarter, which is a significant positive. Banking stocks traded at relatively inexpensive valuations, and decent results helped the overall market sentiment because of the substantial weight in the sector.

IT majors also reported numbers. However, they have been disappointing for Infosys and TCS. While this has been disappointing, we believe the significant correction in stock prices has captured the business weakness. The sector appears to have limited downside from hereon; however, growth challenges persist. For instance, Infosys has guided only 0-3% growth for FY26, indicating sluggishness. This makes significant allocation to the sector challenging.

The performance of the Capital Goods sector will also be critical, given the sequential pickup in capex activity. The implications of a pick-up in economic activity due to the Kumbh Mela should also be interesting. The Retail sector should report healthier numbers during the quarter. Overall, sequential improvement is expected, which should help the market moving forward.

### **The Way Ahead: FY26 Will Be Better Than FY25**

Even as global challenges persist, India has emerged as a bright spot in the global equity markets. The country has taken a proactive stance, staying ahead of many others by initiating discussions with the US government to explore possible solutions to ongoing trade challenges. FY25 had multiple challenges emanating from sluggish Q1 and Q2, driven by the election effect. However, from an economic perspective, the FY26 growth rate should be better than that of FY25. Government spending picked up steam by the end of Q3FY25 and has gained traction in Q4FY25 as well. Also, the Reserve Bank of India has pivoted and is now focusing on improving liquidity to spur growth. Thus, corporate earnings will likely gain traction in FY26, resulting in double-digit returns for Indian equities.

### **Conclusion**

Indian equities have shown resilience in a challenging global environment. FY26 has had a promising start with operating performance improving in the BFSI sector which is a significant positive. Q4FY25 GDP growth could surprise positively which is likely to set the tone for a good FY26. Overall, we are at a juncture where investing at current levels will create solid value in the years to come.

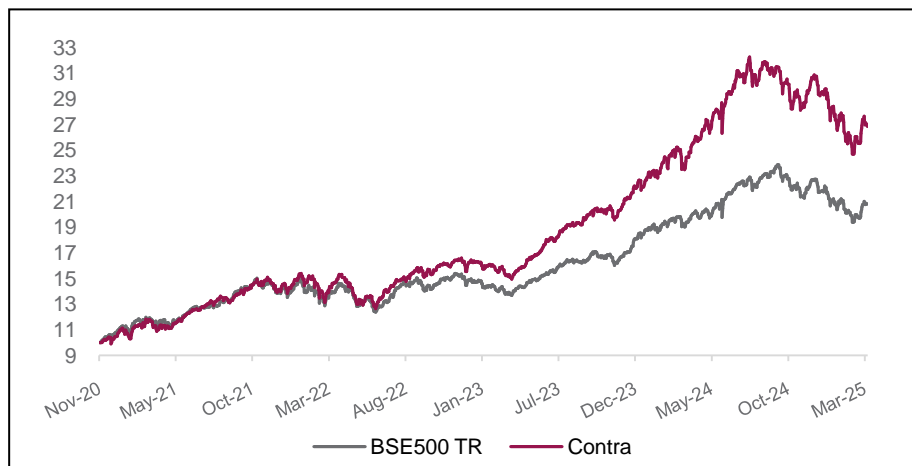
### **Happy Investing!**

# Axis Securities Pure Contra

28<sup>th</sup> March, 2025

**Investment Objective:** Axis Securities Pure Contra investment strategy focuses on three primary investment styles – Value, Momentum-Alpha, and Special situations investing. Value, Alpha-Momentum form the core factors while Special Situation investing is employed as a satellite factor.

## Cumulative Performance: Returns



## Annual Performance (%)

Year	Pure Contra	BSE500 TR
2025(YTD)	-8.4%	-4.4%
2024	29.4%	15.8%
2023	38.5%	26.5%
2022	9.7%	4.8%
2021*	37.3%	31.6%

\*effective 01 Jan 2021

## Portfolio Performance

Particulars	1 month	3 months	6 months	1 year	2 years*	3 years*	4 years*	Since inception**
<b>Pure Contra</b>	8.73%	-8.45%	-13.81%	8.24%	32.19%	21.23%	23.59%	24.34%
<b>BSE500 TR</b>	7.32%	-4.39%	-11.84%	5.96%	21.85%	13.74%	15.82%	18.47%

(\*CAGR Returns) (\* Net of all charges) (\*\*Since 27th Nov, 2020)

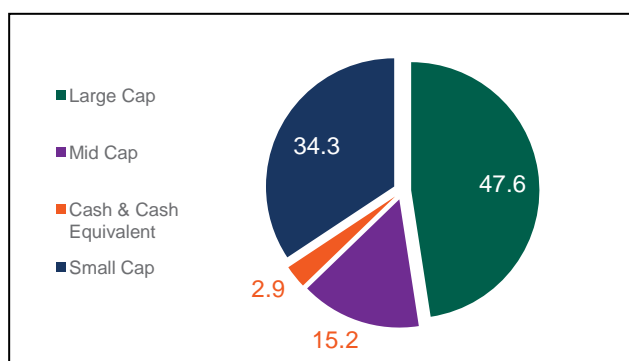
## Risk Assessment

	Pure Contra	BSE500 TR
Alpha	6.0%	
Beta	1.04	1.00
Sharpe Ratio	1.06	0.81
Std Deviation	16.8%	14.5%
Upside Deviation	7.9%	
Downside Deviation	8.7%	
Up Capture ratio	119.5	100
Down Capture ratio	99.8	100
Sortino Ratio	1.04	0.82
Information Ratio	0.81	
Max Drawdown	-22.5%	-18.7%
Average Turnover Ratio (Annual)	0.81	

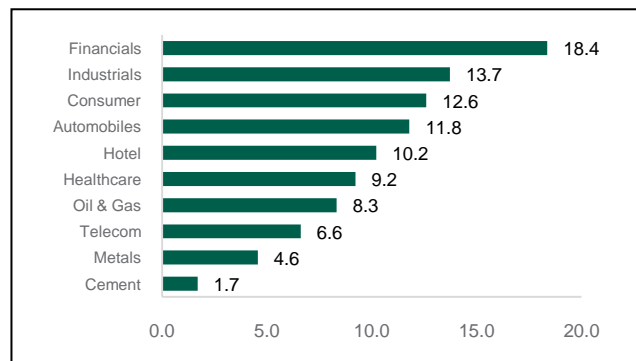
## Key Portfolio Ratios

	Pure Contra	BSE500 TR
PE	19.42	21.83
PB	3.25	3.37
ROE	16.72%	15.28%
Dividend Yield	1.93%	1.27%

## Market Capitalization



## Sector Allocation



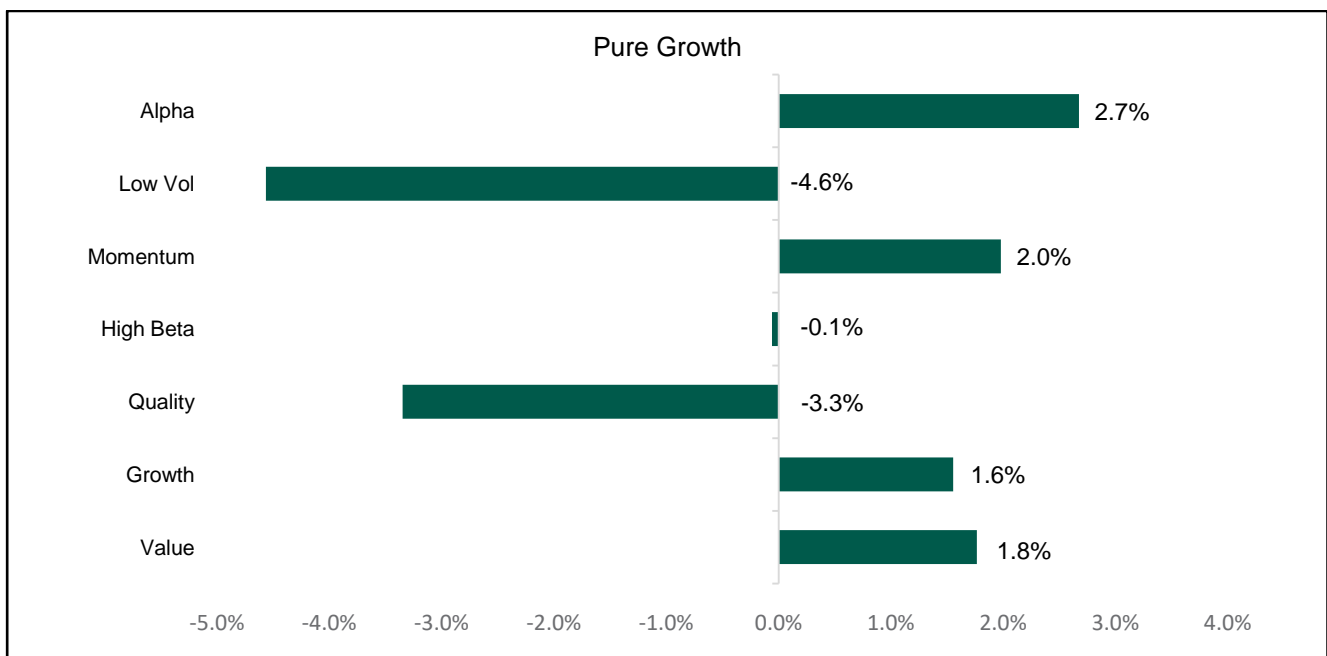
### Top 10 Holdings

Scrip Name	Market Cap (Cr)	Weight
INDUS TOWERS LTD	88,194	6.6%
INDIAN HOTELS CO LTD	1,12,102	6.4%
MAHINDRA & MAHINDRA	3,31,500	5.6%
VEDANTA LTD	1,81,207	4.6%
HINDUSTAN PETROLEUM CORP	76,676	4.4%
ICICI BANK LTD	9,52,733	4.4%
KDDL LTD	4,019	4.3%
LUPIN LTD	92,589	4.2%
ITC LTD	5,12,766	3.9%
THOMAS COOK (INDIA) LTD	6,336	3.6%

### Portfolio Characteristics

	Contra
Number of constituents	31
Mcap Largest (Cr)	9,52,733
Mcap Smallest (Cr)	3,909
Mcap Average (Cr)	1,41,525
Mcap Median (Cr)	76,676

### Factor Box



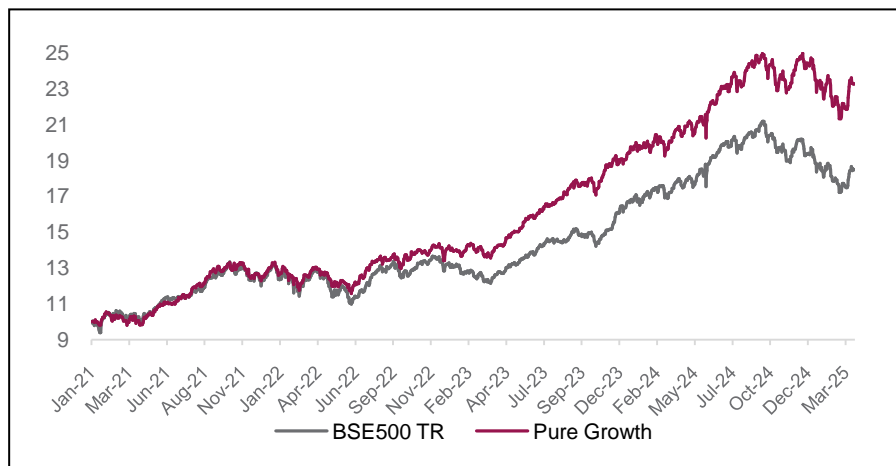
The Factor Box provides relative factor exposure vis-à-vis a given benchmark. For instance, if the Growth factor exposure in a portfolio is 23% and the Growth factor exposure of the Benchmark is 20%, it indicates that your portfolio is “Overweight” on Growth with respect to the benchmark. A positive Value in the above Factor represents that the given portfolio is Overweight in the factor with respect to the benchmark. Similarly, a negative value would represent that the given portfolio is underweight in the factor with respect to the benchmark.

# Axis Securities Pure Growth

28<sup>th</sup> March, 2025

**Investment Objective:** Axis Securities Pure Growth strategy focuses on parameters comprising sustainable earnings growth, quality, and low volatility. The core investment styles are growth and quality investing while low volatility and alpha investing are other key styles employed depending on the macroeconomic regime.

## Cumulative Performance: Returns



## Annual Performance (%)

Year	Pure Growth	BSE500 TR
2025(YTD)	-5.1%	-4.4%
2024	21.8%	15.8%
2023	35.4%	26.5%
2022	8.7%	4.8%
2021	25.4%	25.8%

\*effective 13 Jan 2021

## Portfolio Performance

Particulars	1 month	3 months	6 months	1 year	2 years*	3 years*	4 years*	Since inception**
<b>Pure Growth</b>	8.42%	-5.12%	-6.98%	11.11%	26.23%	19.37%	20.63%	19.71%
<b>BSE500 TR</b>	7.32%	-4.39%	-11.84%	5.96%	21.85%	13.74%	15.82%	15.64%

(\*CAGR Returns) (\* Net of all charges) (\*\*Since 13th Jan, 2021)

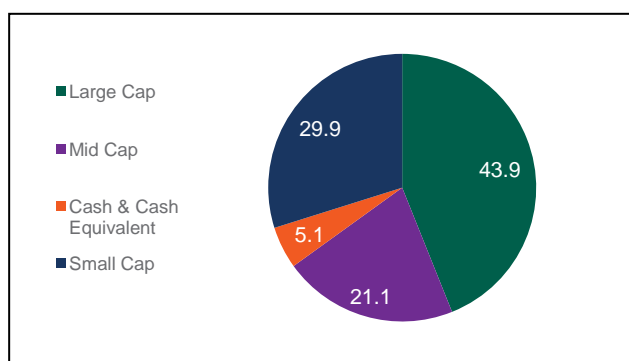
## Risk Assessment

	Pure Growth	BSE500 TR
Alpha	4.0%	
Beta	0.83	1.00
Sharpe Ratio	0.94	0.62
Std Deviation	14.0%	14.6%
Upside Deviation	8.0%	
Downside Deviation	8.9%	
Up Capture ratio	61.7	100
Down Capture ratio	96.4	100
Sortino Ratio	0.98	0.64
Information Ratio	0.55	-
Max Drawdown	-14.7%	-18.7%
Average Turnover Ratio (Annual)	0.39	

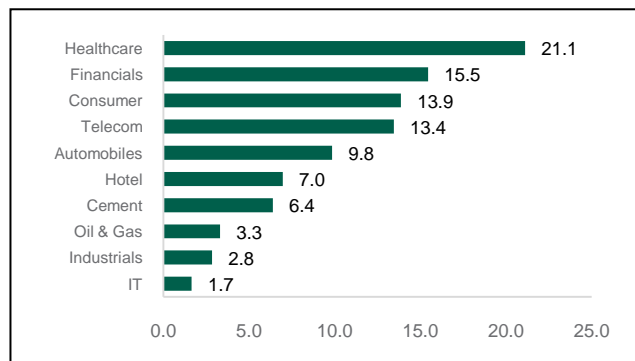
## Key Portfolio Ratios

	Pure Growth	BSE500 TR
PE	27.06	21.83
PB	4.44	3.37
ROE	16.40%	15.28%
Dividend Yield	0.72%	1.27%

## Market Capitalization



## Sector Allocation



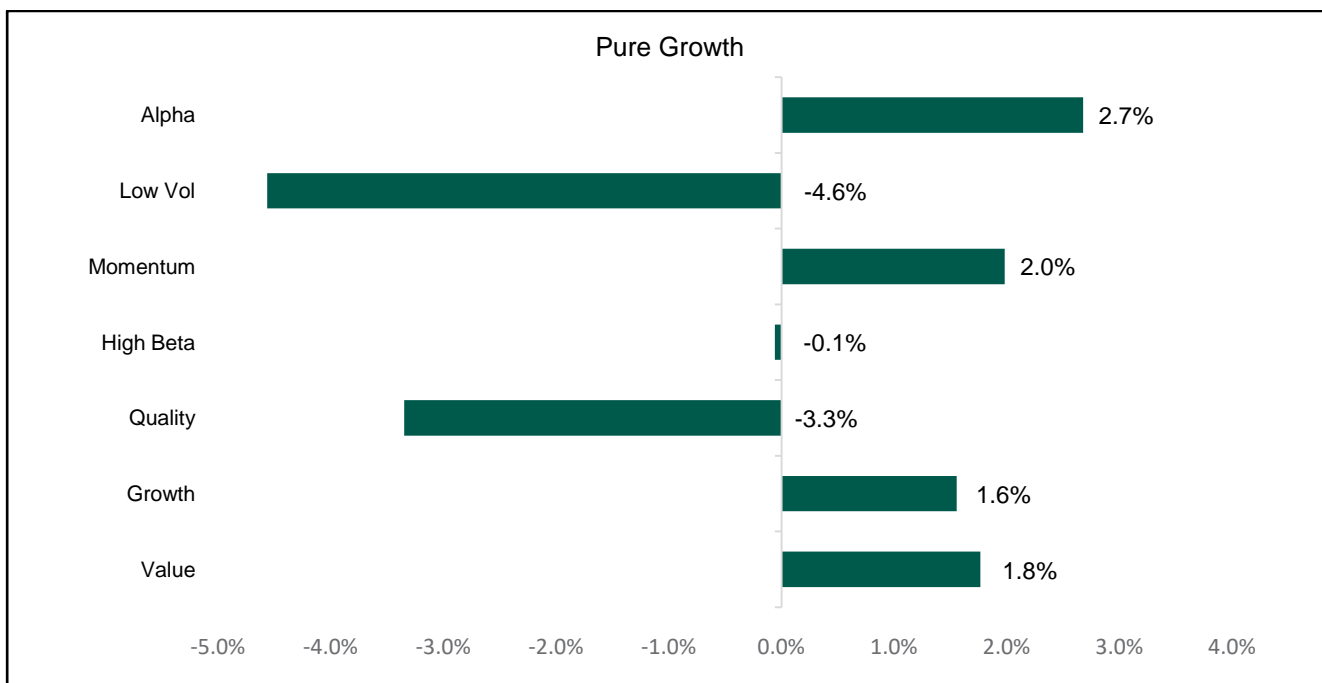
### Top 10 Holdings

Scrip Name	Market Cap (Cr)	Weight
BHARTI AIRTEL LTD	10,39,167	9.3%
INDIAN HOTELS CO LTD	1,12,102	7.0%
ICICI BANK LTD	9,52,733	6.8%
ULTRATECH CEMENT LTD	3,39,160	6.4%
GILLETTE INDIA LTD	26,144	5.2%
AUROBINDO PHARMA LTD	67,402	5.0%
MARUTI SUZUKI INDIA LTD	3,62,259	4.8%
KDDL LTD	4,019	4.5%
WOCKHARDT LTD	23,144	4.4%
VARUN BEVERAGES LTD	1,82,502	4.2%

### Portfolio Characteristics

	Pure Growth
Number of constituents	25
Mcap Largest (Cr)	13,98,924
Mcap Smallest (Cr)	132
Mcap Average (Cr)	2,14,594
Mcap Median (Cr)	49,389

### Factor Box



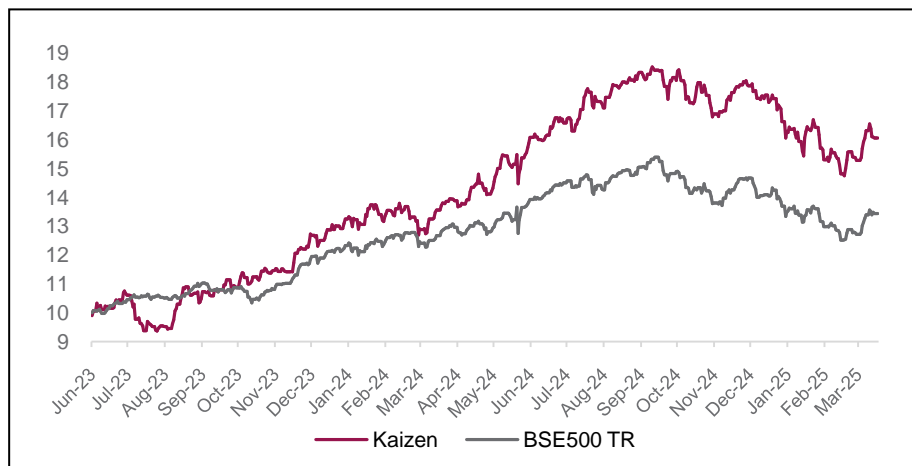
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# Axis Securities Kaizen

28<sup>th</sup> March, 2025

**Investment Objective:** Axis Securities Kaizen strategy focuses on manufacturing theme with exposure to 11 sectors. The core investment style is quality along with growth, and with a focus on under-represented segments of Indian listed markets.

## Cumulative Performance: Returns



## Annual Performance (%)

Year	Kaizen	BSE500 TR
2025(YTD)	-8.1%	-4.4%
2024	30.0%	15.8%
2023	27.6%	21.3%

\*effective 15 June 2023

## Portfolio Performance

Particulars	1 month	3 months	6 months	1 Year	Since Inception
<b>Kaizen</b>	7.77%	-8.06%	-13.65%	14.54%	25.83%
<b>BSE500 TR</b>	7.32%	-4.39%	-11.84%	5.96%	17.75%

(\* Net of all charges) (\*\*Since 15th June, 2023)

## Risk Assessment

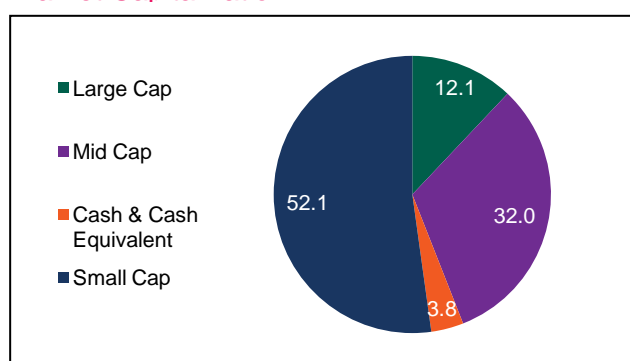
	Kaizen	BSE500 TR
Alpha	8.6%	
Beta	1.02	1.00
Sharpe Ratio	1.01	0.83
Std Deviation	19.6%	13.6%
Upside Deviation	16.1%	
Downside Deviation	15.9%	
Up Capture ratio	122.2	100
Down Capture ratio	100.1	100
Sortino Ratio	1.15	0.78
Information Ratio	0.63	
Max Drawdown	-20.4%	-18.7%
Average Turnover Ratio (Annual)	1.37	

## Key Portfolio Ratios

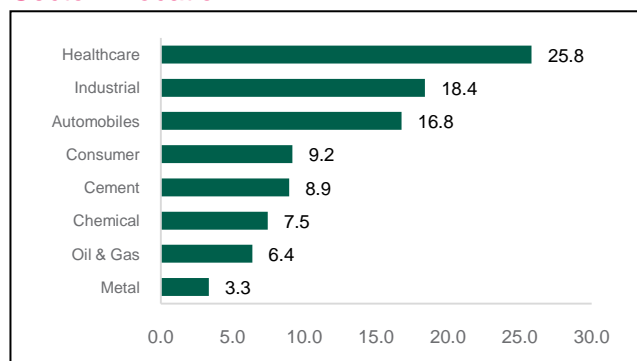
	Kaizen	BSE500 TR
PE*	35.83	21.83
PB	4.35	3.37
ROE*	12.15%	15.28%
Dividend Yield	0.76%	1.27%

\*PE and ROE ratios are for profitable companies in the portfolio. PB and Dividend Yield ratios are inclusive of all stocks in the portfolio.

## Market Capitalization



## Sector Allocation





### Top 10 Holdings

Scrip Name	Market Cap (Cr)	Weight
ULTRATECH CEMENT LTD	3,39,160	8.9%
SRF LTD	87,124	7.5%
AMI ORGANICS LTD	9,991	7.4%
HINDUSTAN PETROLEUM CORPORATION	76,676	6.4%
VOLTAMP TRANSFORMERS	7,220	6.3%
SANSERA ENGINEERING LTD	7,534	6.0%
BALKRISHNA INDUSTRIES	49,389	5.9%
SUVEN PHARMACEUTICALS	29,300	5.4%
AJANTA PHARMA LTD	32,764	5.1%
CIE AUTOMOTIVE INDIA LTD	15,104	4.9%

### Portfolio Characteristics

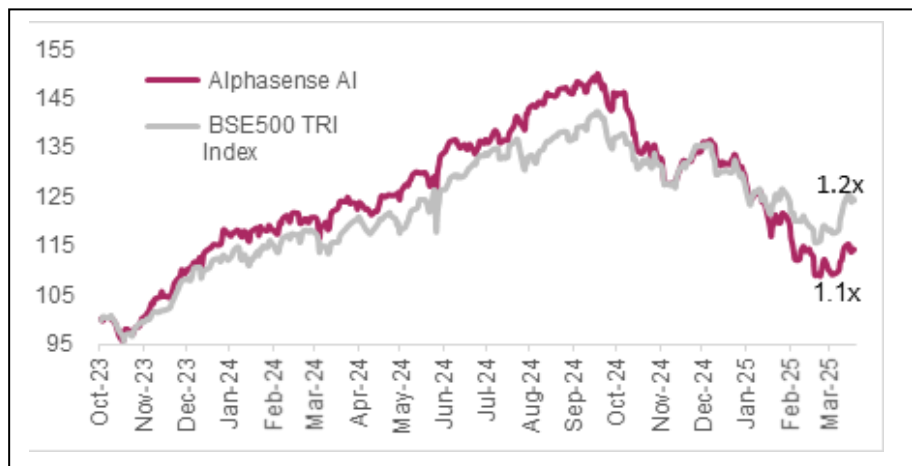
	Kaizen
Number of constituents	19
Mcap Largest (Cr)	3,39,160
Mcap Smallest (Cr)	4,440
Mcap Average (Cr)	50,123
Mcap Median (Cr)	29,300

# Axis Securities AlphaSense AI

28<sup>th</sup> March, 2025

**Investment Objective:** Stock investment endeavors to achieve consistent outperformance in the long term through diversified investment of 'Winners'. The 'Adaptive Investing' strategy applies a unique approach to deliver alpha by applying equal exposure to 'Core' and 'AlphaSense' factors.

## Cumulative Performance: Returns



## Annual Performance (%)

Year	AlphaSense AI	BSE500 TR
2023*	15.2%	12.3%
2024	15.1%	15.8%
2025	-13.9%	-4.4%

\*Inception date 10<sup>th</sup> Oct 2023

## Portfolio Performance

Particulars	1 month	3 months	6 months	1 year	Since inception**
AlphaSense AI	4.7%	-13.9%	-22.3%	-8.0%	9.7%
BSE 500 TRI	7.3%	-4.4%	-11.8%	6.0%	16.6%
Alpha	-2.6%	-9.5%	-10.5%	-14.0%	-6.9%

(\* Net of all charges) (\*\*Since 10<sup>th</sup> Oct. 2023)

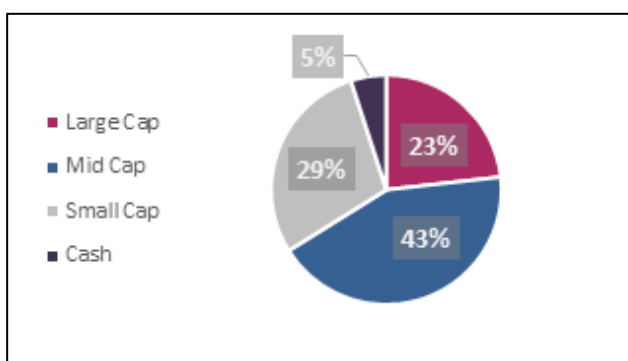
## Risk Assessment

	AlphaSense AI	BSE500 TR
Sharpe Ratio	0.19	0.66
Volatility	14.4%	14.6%
Portfolio Beta	0.79	1.00
Max Drawdown	-11.3%	-8.2%
Information Ratio	-0.72	

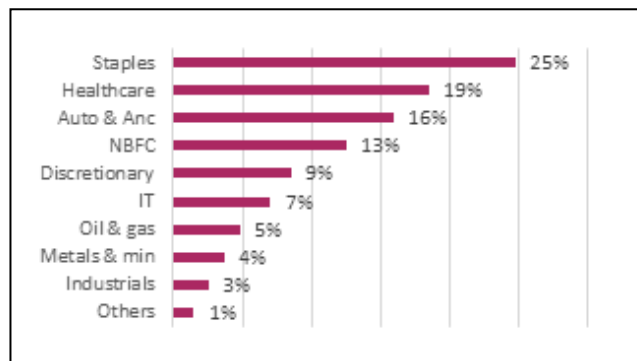
## Key Portfolio Ratios

	AlphaSense AI	BSE500 TR
PE	33.99	28.90
PB	12.93	4.50
ROE	38.03%	15.53%
Dividend Yield	1.35%	1.29%

## Market Capitalization



## Sector Allocation



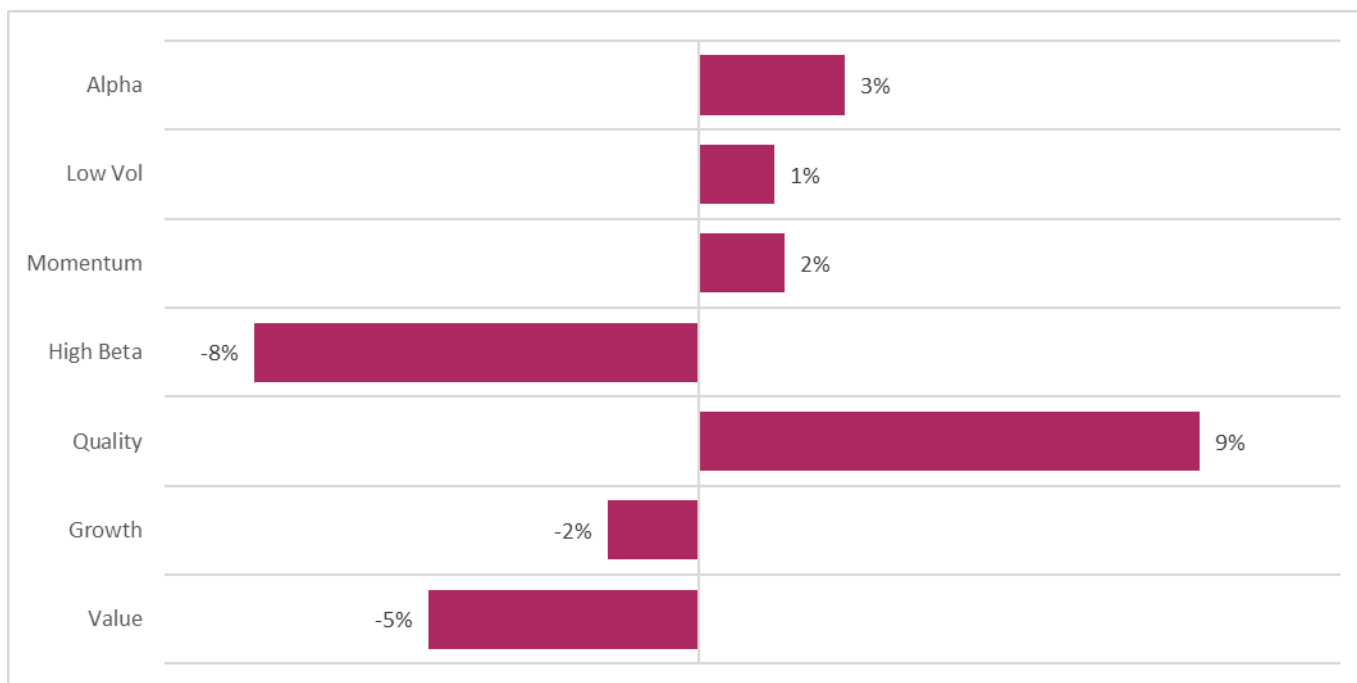
### Top 10 Holdings

Scrip Name	Market Cap (Cr)	Weight
United Spirits Ltd	1,03,058	8.1%
Eicher Motors Ltd	1,47,172	7.7%
Bajaj Auto Limited	2,48,275	7.4%
Colgate-Palmolive (India) Ltd	72,666	7.0%
Marico Ltd	85,575	6.7%
CRISIL Ltd	37,938	6.3%
Gillette India Ltd	28,936	6.0%
Anand Rathi Wealth Ltd	15,649	5.6%
GlaxoSmithKline Pharmaceuticals Ltd	37,303	5.3%
Ajanta Pharma Ltd	33,664	4.9%

### Portfolio Characteristics

	AlphaSense AI
Number of constituents	20
Mcap Largest (Cr)	2,48,275
Mcap Smallest (Cr)	12,545
Mcap Average (Cr)	62,039
Mcap Median (Cr)	37,620

### Factor Box



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