

Powered by Tech, Guided by Wisdom

Introducing

Aditya Birla Sun Life Quant Fund

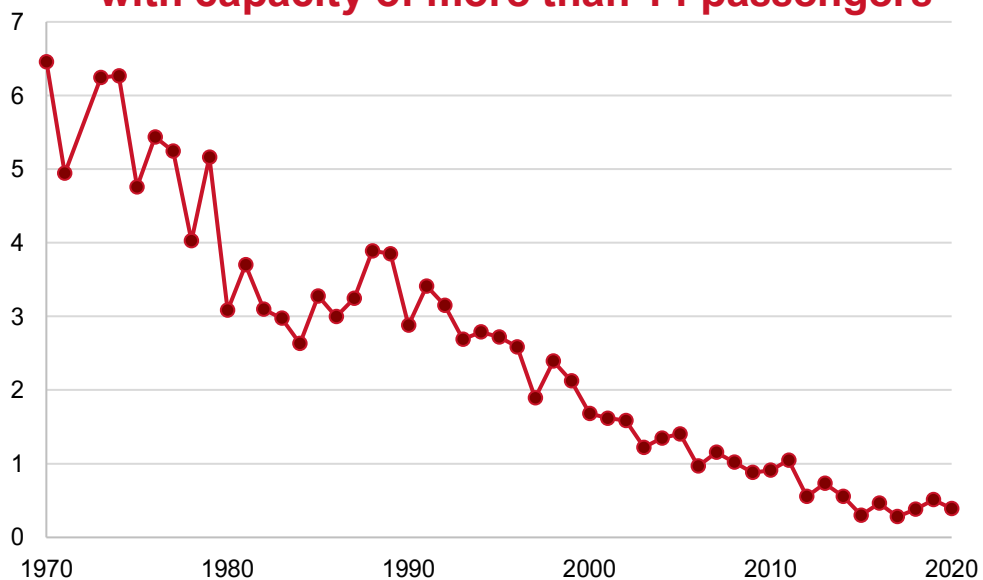
(An open-ended equity scheme following Quant based investment theme)

NFO Open: June 10, 2024
NFO Close: June 24, 2024

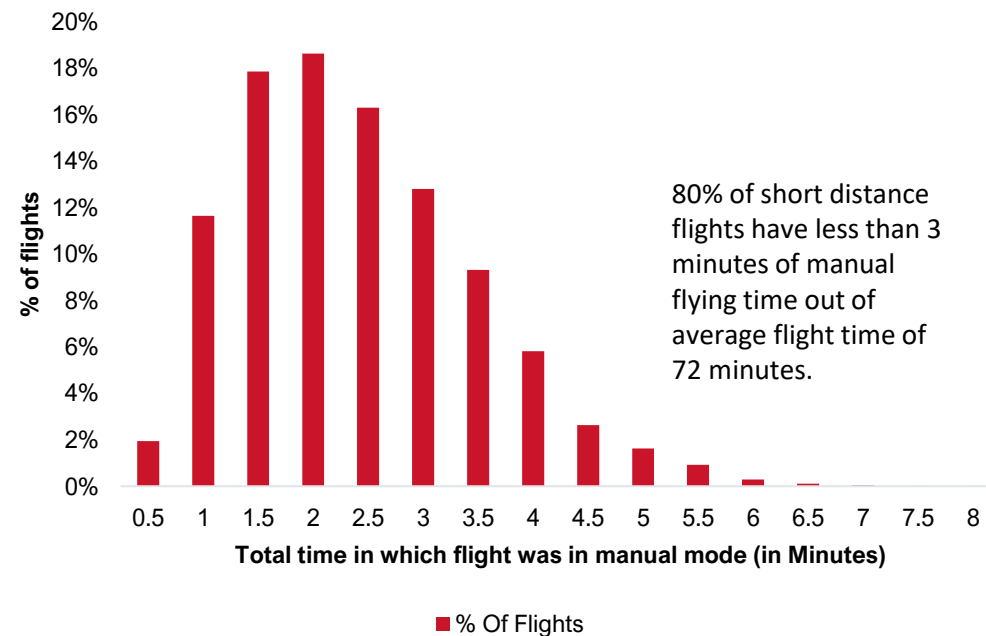


Man and Machine: Made Flying the Safest Mode of Transportation

Fatal accidents per million commercial flights with capacity of more than 14 passengers



Flight Time in Manual Mode



Autopilot adjusts the aircraft's course based on flight plan and real-time data, thereby making flying safer

Source: ABSLAMC Research, Aviation Safety Network (ASN); World Bank's World Development Indicators



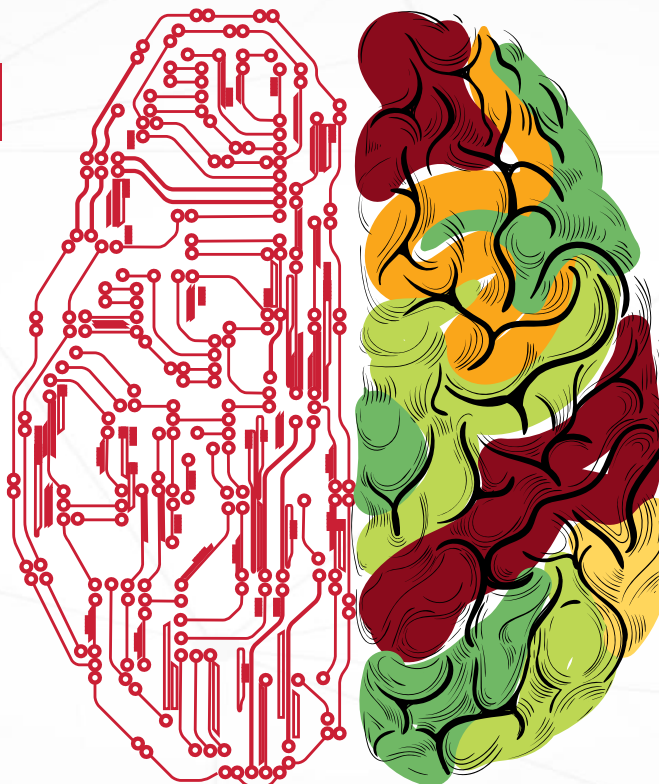
Benefits of Man and Machine in the Investment World

Machines are good at

Left Brain

- Repetitive, rule-based tasks with higher accuracy
- High volume data crunching at great speed
- Non-biased; therefore, machines have better sell discipline

Logical
Analytical
Linear
Factual
Sequential



Right Brain

Creative
Intuitive
Non-Verbal
Emotional
Imaginative

Humans are good at

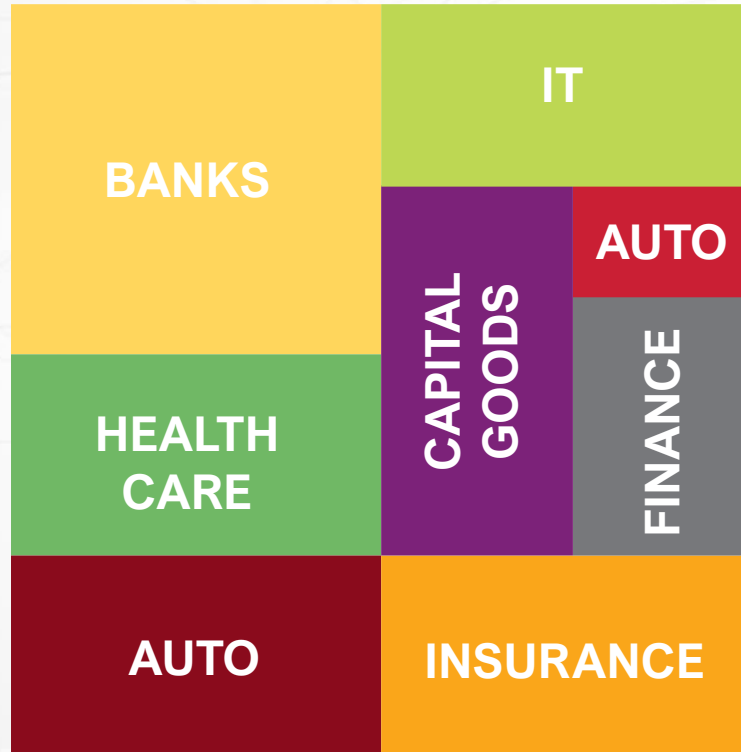
- Cognitive skills
- Creativity
- Judgment
- Active insights
- Buying decision is nuanced
- Due diligence to avoid bad companies

**“No man is better than a machine, and no machine is better than a man with a machine.”
Richard Bookstaber (MIT economics professor)**

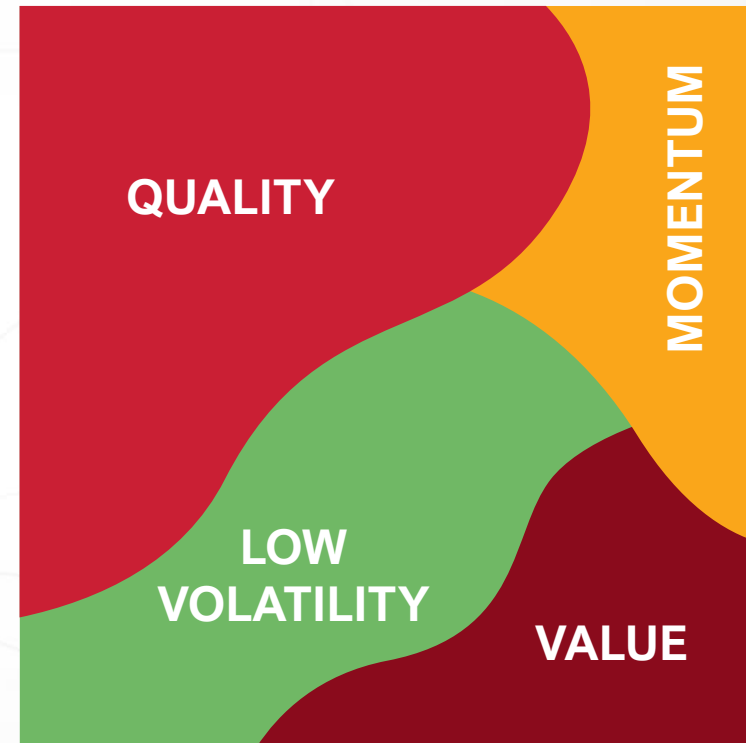


Factor Investing: Different Worldview

**Traditional View
Of Portfolio**



**Factor Investing - Another Way
to View the Same Portfolio**



Quantitative investment strategies use mathematical models and algorithms to identify investment opportunities which include factor investing

Benefits of Quant Investing

EMOTION FREE INVESTMENT

Unaffected by Greed & Fear



FLEXIBILITY

Proprietary signal provides flexibility to execute



REPEATABILITY

Relies on rule-based approach that can be back-tested



DISCIPLINED EXITS

Pre-defined rules for entry & exit



ENHANCED TRANSPARENCY

Every decision is based on a defined set of rules. Easy to identify the reasons for under/overperformance. Continually improve the investment model



BETTER RISK MANAGEMENT

Constant monitoring by Man and Machine





Presenting

Aditya Birla Sun Life Quant Fund

(An open-ended equity scheme following Quant based investment theme)



Pools for Harvesting Signals

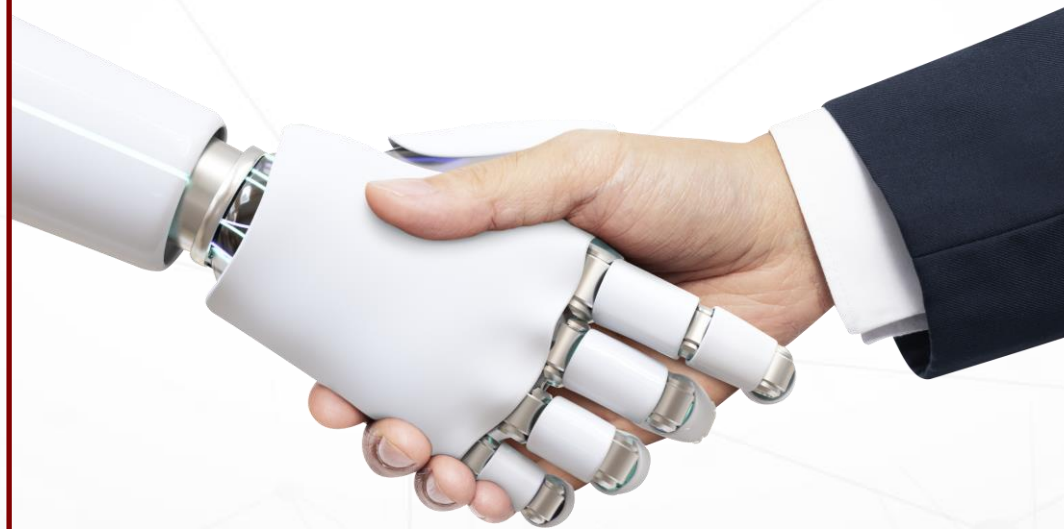
1. Experience of Active Managers

Well researched companies with ~INR 20trn of equity mutual funds' assets

2. Wisdom of Crowd

Momentum factor refers to the tendency of winning stocks to continue performing well in the near term

Proprietary signals provide longer time to execute revised portfolio



3. Sell Side revision composite

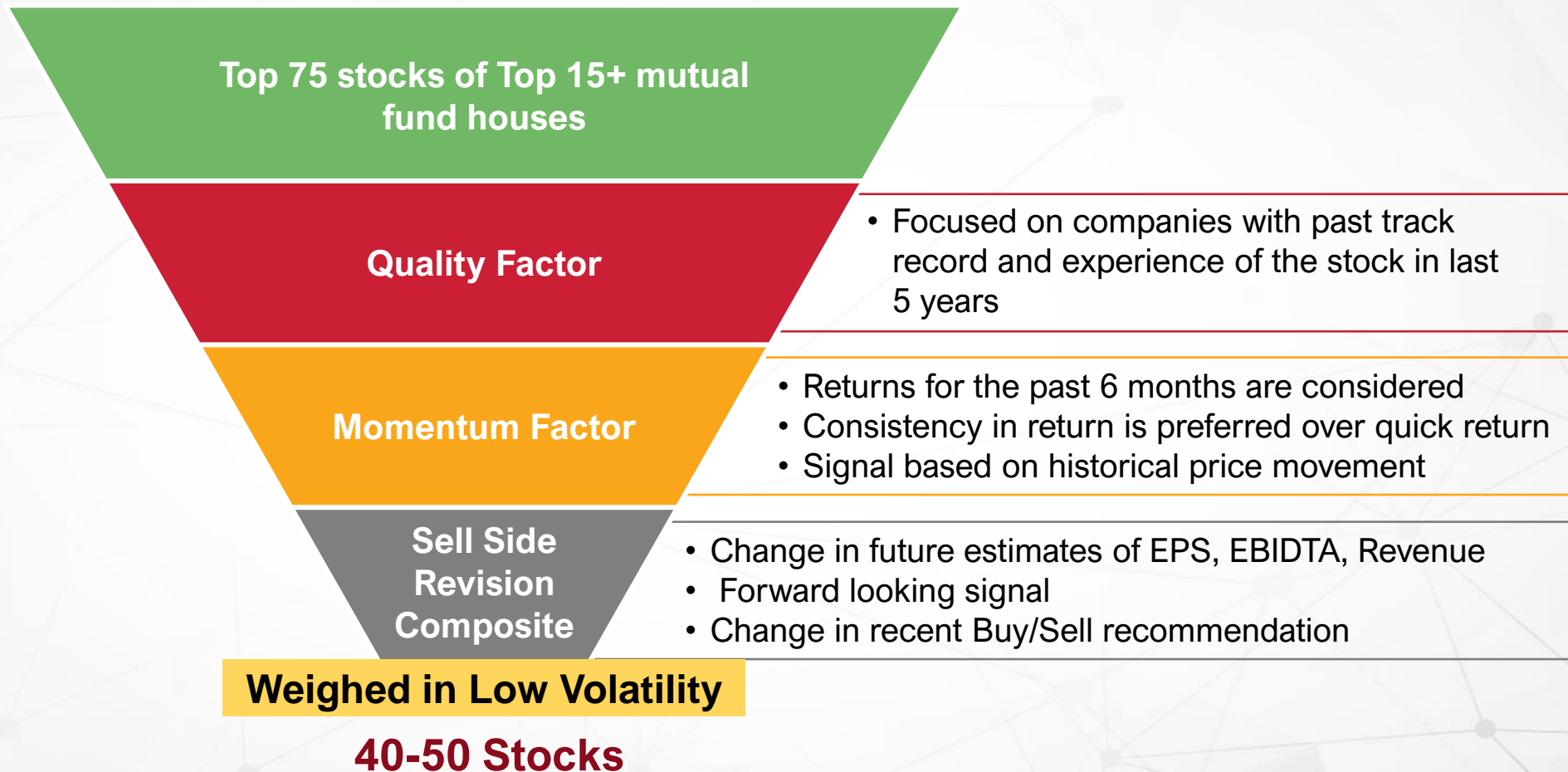
Change in future expectations of Earnings, Revenue, and Analyst sentiments

4. Focus on Quality, Experience & Volatility

Factor that is focused on identifying high-quality companies with lower volatility. Better risk adjusted investment returns relative to the market over the long run



Large & Mid Cap Stocks



Top 15+ Mutual Fund Houses would include AMCs that have at least 5 years of history and sizeable equity assets. The model will exclude passive funds, asset allocation/models and discretionary model-based stock selection fund houses/funds. EPS: Earnings Per Share, EBIDTA: Earnings Before Interest Depreciation Tax and Amortization



Auto Pilot: Need Based Intervention by Fund Manager

Fund Manager Input

- Devising the system
- Universe creation



Auto Pilot Zone

Model monitors the signals and stocks in the universe



Fund Manager Intervention

In case of any adverse developments in the portfolio company



Auto Pilot Zone

Model harvests the signals



Fund Manager checks the market environment

During extreme market conditions, assess the need to rebalance, earlier or later

Impact Cost

Liquidity Management

Corporate Action to sell stock



Across time frames, the portfolio endeavours to align with the underlying proprietary model



Well Defined Buy and Sell Discipline



MUTUAL FUNDS

BUY



Stocks in top quintile become part of the portfolio

HOLD

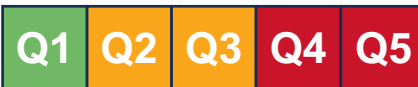


Stocks will continue to remain in the portfolio as long they are in the top 3 quintile

SELL



Stocks are sold when the signal drops to the bottom 2 quintile on rebalance



Q1 to Q5 represents quintiles

Combination of fresh signal and old portfolio to limit churn

Model Theoretical Testing



Model Theoretical Testing: Performance

Period	Quant Model (a)	NSE200 (b)	Alpha (a-b)
1 Year	68.32%	36.09%	32.23%
3 Year	28.78%	19.41%	9.37%
5 Year	26.00%	17.05%	8.95%
Since inception	21.88%	14.83%	7.05%

Since Inception Metrics	Quant Model	NSE 200
Median 60 Day return	6.46%	4.26%
Median 250 Day return	18.86%	12.81%
Volatility	16.03%	16.35%
Outperformance when Market Up	64.6%	
Outperformance when Market Down	55.3%	

Source: ABSLAMC Research. Data as on 30-April-2024 and Inception Date 31-Dec-2012. The performance figures presented herein are based on Theoretical testing of the proposed investment strategy for Quant Fund and has been calculated using historical data. This does not represent actual performance and is not indicative of future results. Cost is assumed to be 2.5% p.a. Past Performance may or may not be sustained in the future.



Model Theoretical Testing: Performance over Longer Horizons

The Model Theoretical Testing was able to generate consistent alpha 94% of times on 3Yr basis, and 99% of times on 5Yr basis



Model Theoretical Testing Alpha against NSE 200TRI

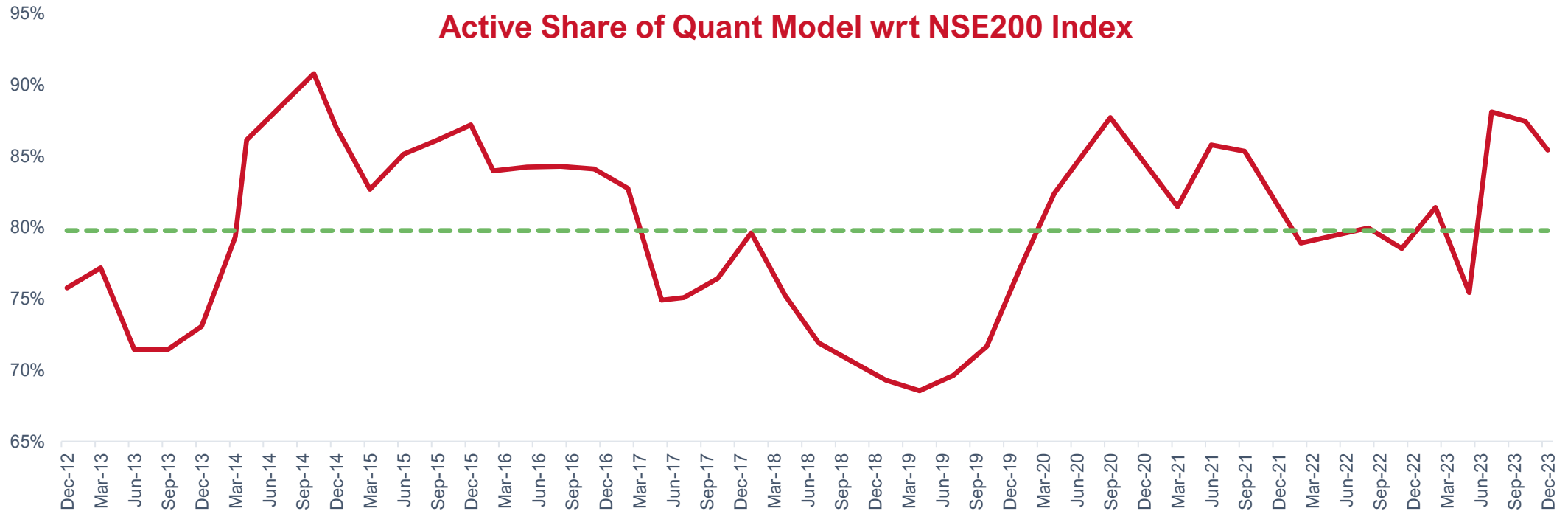
Period	% times +ve alpha	Mean	Min	Max
3 Month	62%	2%	-12%	15%
6 Month	60%	3%	-12%	21%
1Year	69%	7%	-11%	37%
3 Year	94%	5%	-2%	14%
5 Year	99%	4%	0%	10%

Source: ABSLAMC Research. Data as on 30-April-2024 and Inception Date 31-Dec-2012. The performance figures presented herein are based on Theoretical testing of the proposed investment strategy for Quant Fund and has been calculated using historical data. This does not represent actual performance and is not indicative of future results. Cost is assumed to be 2.5% p.a. Past Performance may or may not be sustained in the future.

Model Theoretical Testing - Looking Under the Hood



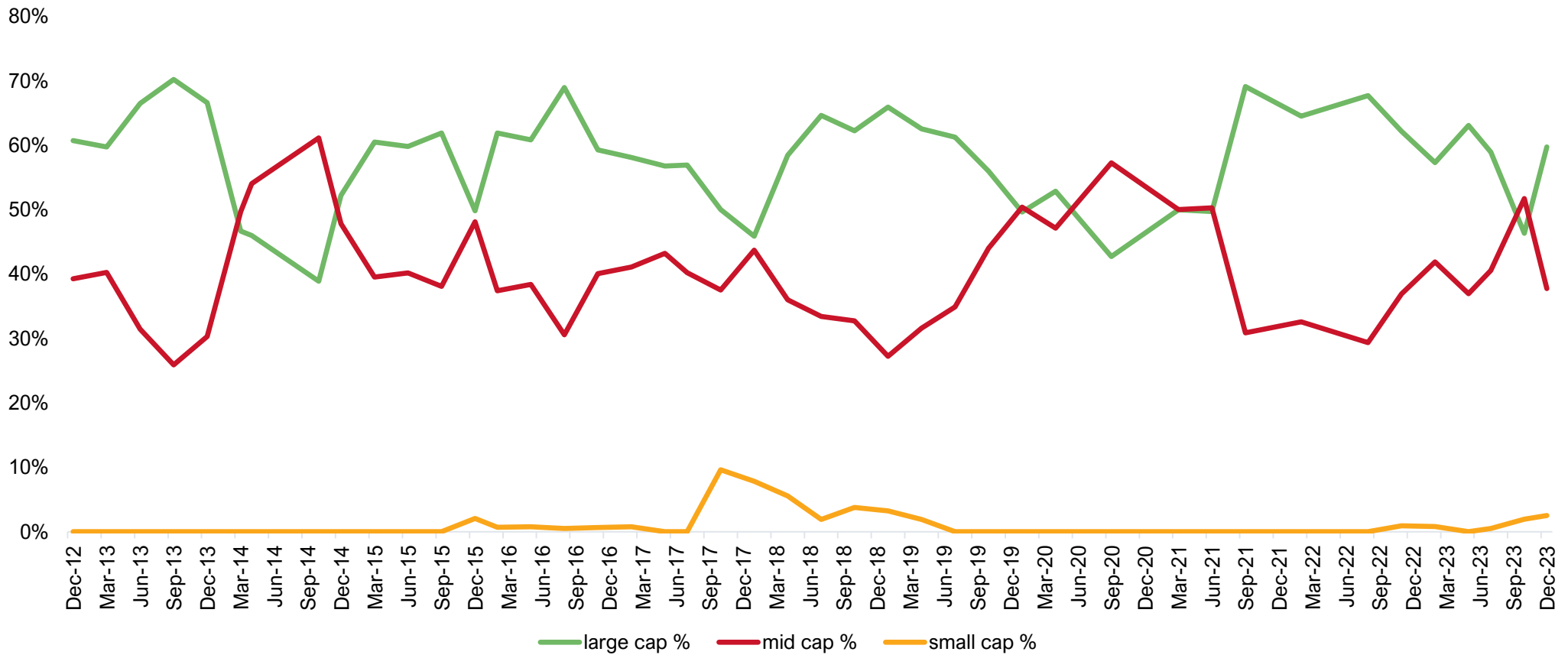
Model Theoretical Testing: Highly Differentiated from Broad Market Index



**Active share is the deviation from the benchmark;
Higher the active share more differentiated is the underlying portfolio**



Model Theoretical Testing: Historical Market Cap Distribution



Source: ABSLAMC Research



Model Theoretical Testing Portfolio vs Pure Momentum Factor Portfolio

Top 10 Stocks with maximum frequency in theoretical-tested portfolios

Model Theoretical Portfolio Stock	Frequency
Bharat Electronics	79%
Asian Paints	64%
SRF	64%
Cholamandalam Investment & Fin.	64%
State Bank of India	57%
ICICI Bank	57%
NHPC	57%
Siemens	57%
Bank of Baroda	57%
Varun Beverages	57%

**Liquid &
Good
Quality
Stocks**

Pure Momentum Factor Portfolio	Frequency
Adani Enterprises	57%
CG Power & Industrial Solutions	57%
Fertilisers & Chemicals Travancore	57%
Apar Industries	57%
Adani Total Gas	50%
Indian Bank	50%
Linde India	50%
Tata Motors	50%
Adani Power	43%
Adani Energy Solutions	43%

Source: ABSLAMC Research, The stocks names presented herein are based on Theoretical testing of the proposed investment strategy for Quant Fund and has been arrived using historical data. The sector(s)/stock(s)/issuer(s) mentioned in this presentation do not constitute any research report/recommendation of the same and the Fund may or may not have any future position in these sector(s)/stock(s)/issuer(s). Past Performance may or may not be sustained in the future.



Model Theoretical Testing: Comparison with Passive Factors

Period	Model Theoretical Testing Portfolio	Momentum Factor* Portfolio	Low Volatility Factor* Portfolio
Outperformance (60 days)	66.9%	58.7%	62.7%
Outperformance when market is up (60 days)	69.6%	62.6%	54.5%
Outperformance when market is down (60 days)	60.4%	49.3%	82.2%
Rolling Returns (60 days)	7.10%	6.32%	5.03%
Volatility (Annualised)	16.03%	19.03%	12.03%
Churn per rebalance	28.8%	80.4%	32.7%
Average Rebalances in a year#	3.8	2.0	2.0

Source: ABSLAMC Research Data as on 30-April-2024 and Inception Date 31-Dec-2012. *The factor portfolios are taken as : - top 20%tile of 90% market cap universe basis 6-month price momentum for Momentum factor and 12-month volatility for Low Volatility factor. # Both factor portfolios rebalanced at static 120d, first rebalance is same as Quant Fund (which follows dynamic rebalance), after that factor portfolios are rebalanced every 120 trading days. *The factor portfolios are taken top 20%tile of 90% market cap universe basis 6-month price momentum and is rebalanced at the same dynamic rebalance dates as Quant Model. The performance figures presented herein are based on Theoretical testing of the proposed investment strategy for Quant Fund and has been calculated using historical data. This does not represent actual performance and is not indicative of future results. Past Performance may or may not be sustained in the future.

Aditya Birla Sun Life Quant Fund Key Highlights





Aditya Birla Sun Life Quant Fund : Key Highlights



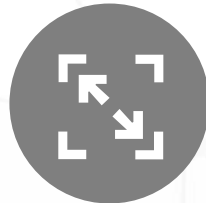
High Active Share compared to the benchmark

The Fund will be sector and benchmark agnostic with prospect of high active share



Portfolio Type

Blend of growth, momentum, and low volatility with a quality bias



Size

40 -50 stocks that are reasonably equal weighted with maximum weight not exceeding 5%



Dynamic Rebalancing

Framework used to harvest signals for rebalancing (mostly quarterly). Maximum period between 2 rebalances will not be more than 120 trading days



Aditya Birla Sun Life Quant Fund : Key Highlights

Cash Levels

Fully invested at all times, minimal cash for redemption requirements



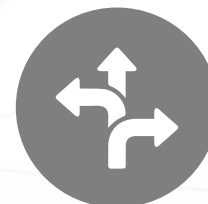
Sell Discipline

Machine based sell discipline. No human bias. If the stock hits the signals, it moves out of the fund



Flexibility

Proprietary signal provides flexibility to execute

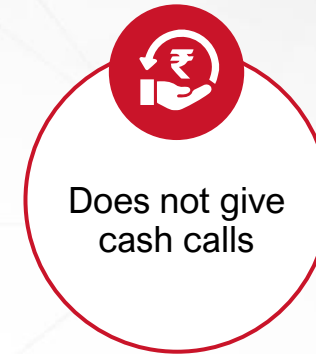


Blend of both worlds

Man, and Machine



What will the Model Not Do



The Scheme does not guarantee/indicate any returns. There can be no assurance that the objective of the Scheme will be achieved. For details, refer SID/KIM of the scheme.



**ARE YOU READY
TO TAKE OFF?**

**Fasten Your
Seatbelts.**



Aditya Birla Sun Life Quant Fund

Investment Approach

Equity Allocation

Equity: 80-100% in the investment theme based on Quant Equity Allocation: 0-20% outside of the theme

Quant based investment framework

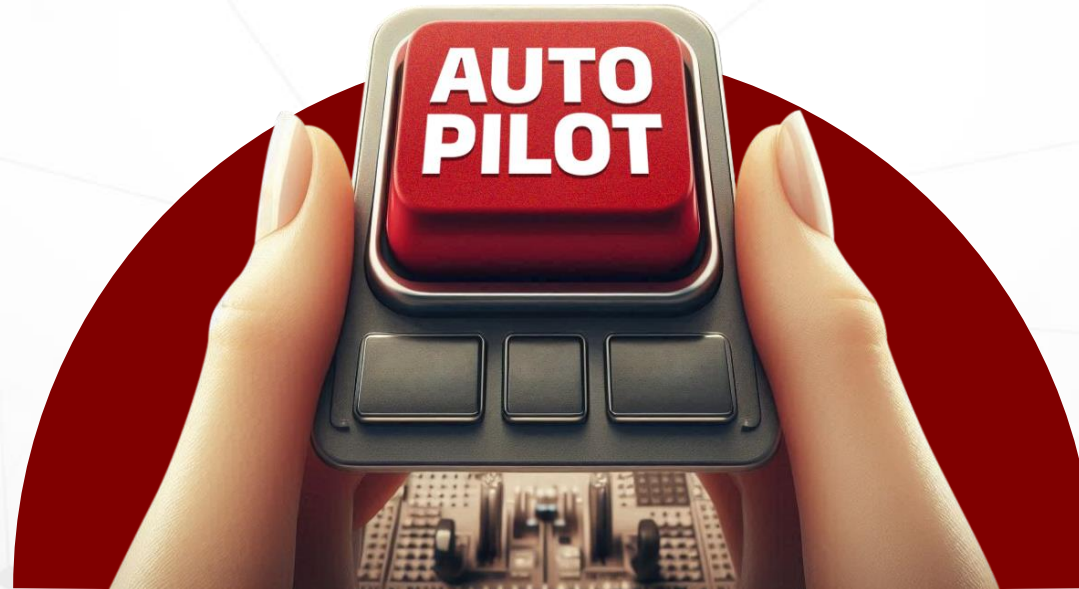
Bottom-up approach for portfolio construction

Optimized Portfolio

Factors to help fund manager maintain better buy and sell discipline

Fund Positioning

- An open-ended equity scheme following Quant based investment theme
- Equity portion of Portfolio will have a blend of momentum, low volatility, and earnings weighed in by low volatility



Suitability

The fund is **suitable for Long term Equity Investors** with an **Investment horizon of 3- 5 years and above**

The Scheme does not guarantee/indicate any returns. There can be no assurance that the objective of the Scheme will be achieved. For details, refer SID/KIM of the scheme.

Fund Features

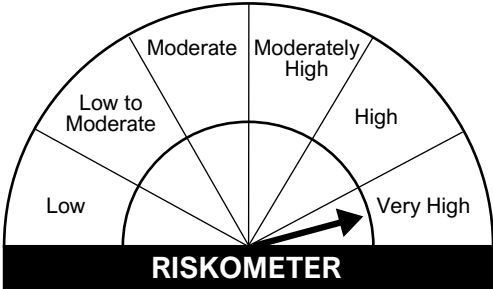
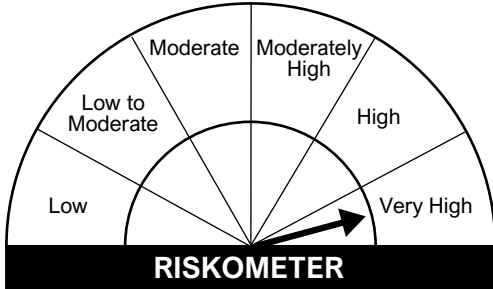
Scheme Name	Aditya Birla Sun Life Quant Fund			
Fund Manager	Mr. Harish Krishnan; Mr. Dhaval Joshi (Dedicated Fund Manager for Overseas Investments)			
Scheme Type	An open ended equity scheme following quant based investment theme			
Investment Objective	The investment objective of the Scheme is to generate long term capital appreciation by investing in equity and equity related securities based on quant model theme. The Scheme does not guarantee/indicate any returns. There can be no assurance that the objective of the Scheme will be achieved.			
Scheme Benchmark	Nifty 200 TRI			
Asset Allocation	Instrument	Risk Profile	Allocation (% of total Assets)	
			Minimum	Maximum
	Equity & Equity related instruments# based on quant model theme	Very High	80%	100%
	Equity & Equity related instruments# other than quant model theme	Very High	0%	20%
	Debt and Money Market Instruments^	Low to Moderate	0%	20%
	Units issued by REITs & InvITs	Very High	0%	10%
	#(including equity ETFs); ^ (including debt ETFs)			
Plans & Options	Regular Plan and Direct Plan; Both plans will have following options: (1) Income Distribution cum capital withdrawal (“IDCW”) Option (Payout of IDCW)^; (2) Growth Option. ^the amounts can be distributed out of investors capital (Equalization Reserve), which is part of sale price that represents realized gains			
Entry & Exit Load	Entry Load : NIL; Exit Load : For redemption/switch-out of units on or before 90 days from the date of allotment: 0.50% of applicable NAV. For redemption/switch-out of units after 90 days from the date of allotment: Nil			
NFO Open Date	June 10, 2024			
NFO Close Date	June 24, 2024			

Note: For details, refer SID/KIM of the scheme. #(including equity ETFs) ^(including debt ETFs)



Aditya Birla Sun Life Quant Fund

(An open ended equity scheme following Quant based investment theme)

This product is suitable for investors who are seeking*:	Scheme Riskometer	Benchmark Riskometer NIFTY 200 TRI
<ul style="list-style-type: none"> • Long Term Capital Appreciation • Investment in equity and equity related instruments selected based on quant model 	 <p>RISKOMETER</p> <p>Investors understand that their principal will be at Very High risk</p>	 <p>RISKOMETER</p> <p>Investors understand that their principal will be at Very High risk</p>
<p>*Investors should consult their financial advisors if in doubt whether the product is suitable for them.</p>		

The product labelling assigned during the NFO is based on internal assessment of the Scheme characteristics or model portfolio and the same may vary post NFO when the actual investments are made.

Past Performance may or may not be sustained in the future. For more details, please refer the SID / KIM of the scheme.

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