



INVESTING in the
aspirations of our nation
can help in fulfilling yours.

Aditya Birla Sun Life PSU Equity Fund

An open ended equity scheme following PSU theme

NFO opens: December 09, 2019

NFO closes: December 23, 2019

Mutual Funds

Aditya Birla Sun Life Mutual Fund



**ADITYA BIRLA
CAPITAL**

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UNDERSTANDING PSUs

Public Sector Undertakings or PSUs are those companies where the majority shareholder is Government of India or minimum 51% of the stockholding is with the Government (State or Central).

ESSENTIAL FOR THE ECONOMY



PSU companies play an active role in the nation-building process as they require huge capital, regulatory clearances and/or expertise which the private sector might be unable or

unwilling to provide. **These include businesses in:**

- Sensitive sectors like Defense Equipment, Aeronautics and Ship-Building
- Essential Infrastructure like roads, highways, railways, dams, airports, ports
- Exploration and production of oil, coal, iron ore, steel and other natural resources
- Utilities like power generation & distribution, gas distribution, fuel refining & marketing
- Banking, insurance and financial services

THE DOMINATING FACTOR



- PSUs dominate almost all core sectors that are important for the growth of the economy
- Its scale and capacity is much higher as compared to any other comparable private player
- It commands an almost monopoly-like position in sectors where setting up a new business unit requires huge capital, regulatory clearances and/or expertise

PSU PORTFOLIO



As the government reform process progresses over the next few years along with strategic divestment of some key PSUs, these government-led enterprises may emerge as a favourable investment idea.

WHY INVEST?

- Stock valuations are at attractive levels
- **Strategic Divestment Plans** will be opportunities to unlock value for select PSU holdings
- It enjoys an almost monopolistic and low competition from private players in core sectors of the economy
- It comes with a track record of having High Dividend Yield
- It offers reasonable Return on Equity and steady cash-flow from operations

PRESENTING ADITYA BIRLA SUN LIFE PSU EQUITY FUND



This open-ended thematic fund investing in PSU stocks will focus largely on sectors like oil, gas, power, mining, banking, financial services and insurance sector, defence and engineering.

This fund will be a focused, **25-35 stock portfolio**, and as per market cap basis, **60%-70%** of the portfolio will be **large-cap** oriented while there would be marginal allocation made to **mid** and **small-cap** companies which may range from **20-30%**.

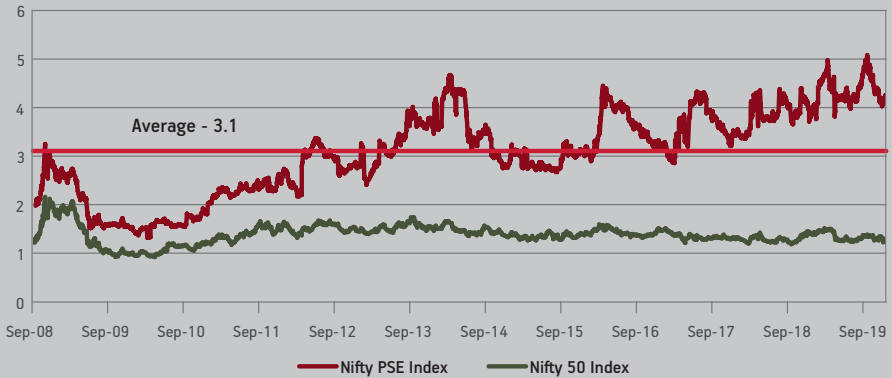
PSUs AT PRESENT

The valuations for PSUs are currently at a decadal low, which is more than 30% below their long-term average. Source: Capitaline, Bloomberg

The performance of select PSUs is expected to recover based on the following factors:

- The monopolistic position that PSUs command in key sectors of the economy
- For the economy to reach the **\$5 trillion destination**, key PSU sectors will have to make significant contributions
- The Government has taken aggressive targets for strategic divestment which is expected to unlock the valuations for some of the PSUs
- Most PSUs have reasonable Returns On Equity and steady cash-flow from operations which allow them periodic dividends. These stocks provide a **dividend yield of 3%-8%** (compared to **NIFTY 50 yield of ~1% - 1.5%**) which provides a margin of safety.

Dividend Yield (%)



Source: Capitaline

Now, investing in companies that help drive our nation's economy, can help drive your growth too.

We offer a wide range of Mutual Fund solutions to cater to your specific investing needs.

To know more about the various solutions, please contact our advisor or visit our website adityabirlasunlifemf.com

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Scheme:	This product is suitable for investors who are seeking*:	
Aditya Birla Sun Life PSU Equity Fund An open ended equity scheme following PSU theme	<ul style="list-style-type: none"> Long term capital appreciation Invests in stocks of Public Sector Undertakings <p>*Investors should consult their financial advisors, if in doubt about whether the product is suitable for them.</p>	<p>RISKOMETER</p> <p>LOW MODERATELY LOW MODERATE MODERATELY HIGH HIGH</p> <p>Investors understand that their principal will be at high risk</p>

Mutual Fund Investments are subject to market risks, read all scheme related documents carefully.