



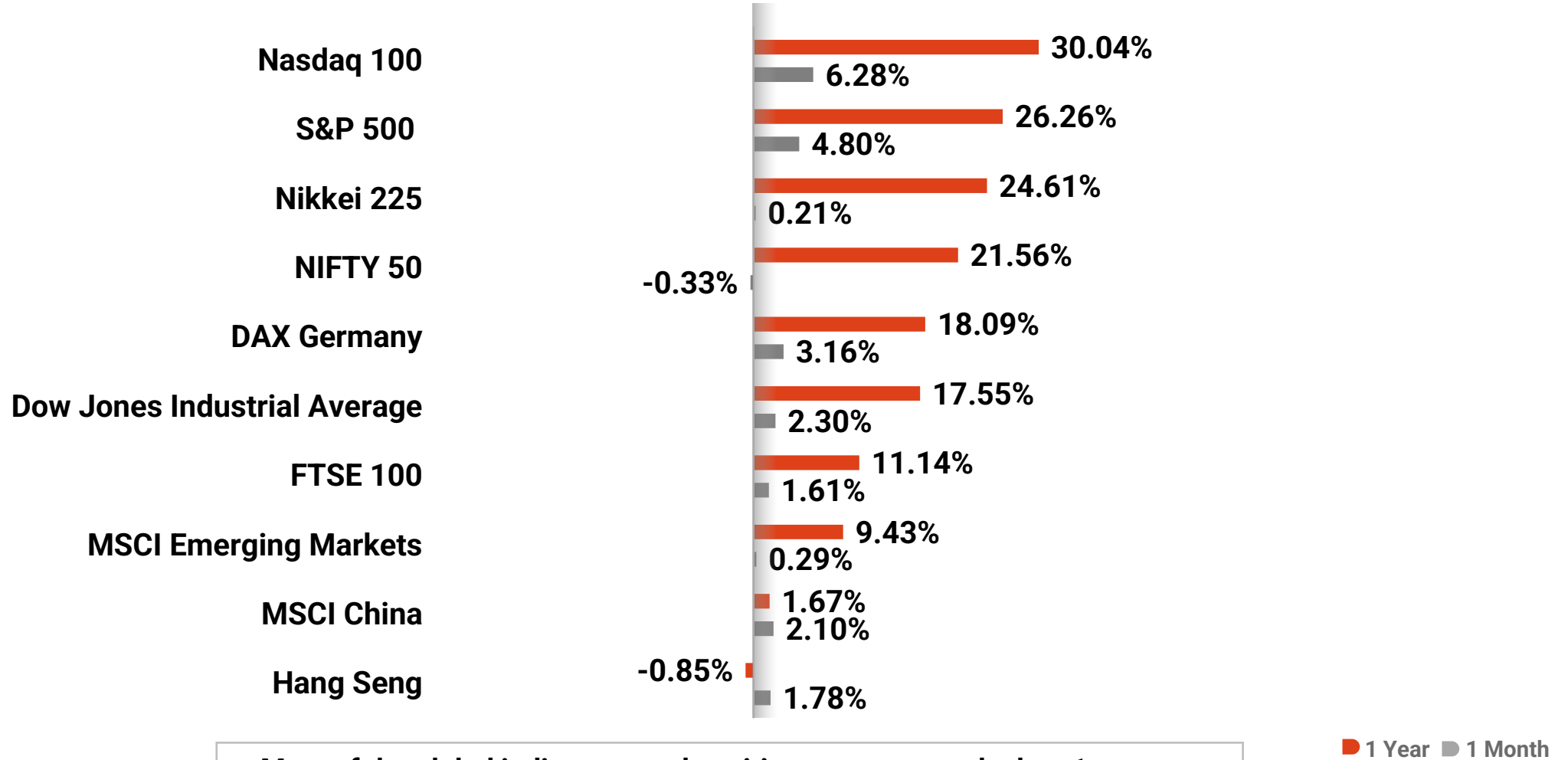
Equity & Debt Outlook-Jun'24





Global Indices Performance over Last 1 year

Global Indices



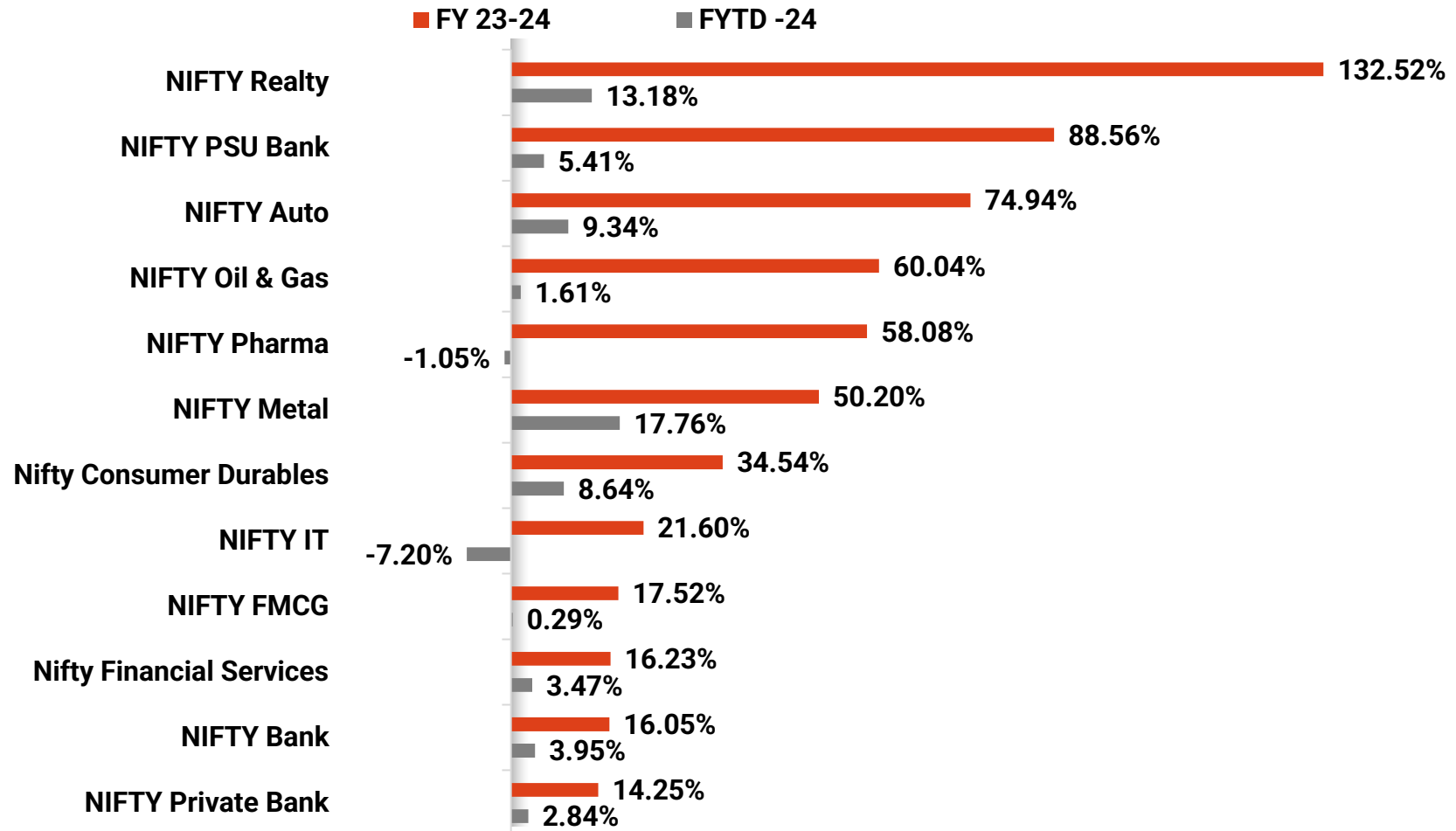
Most of the global indices posted positive returns over the last 1-year barring Hang Seng. Nifty 50 shed some returns in the past month.

1 Year 1 Month



Nifty Equity Indices Performance Over Last 1 year

Equity Indices



The domestic market is holding strong with most sectors delivering positive returns.



Three strongholds reflect India's current economic position thereby aid in zeroing in on the sectors with growth potential.

Positive Macros

- Robust GST Collections
- Adequate Forex Reserves
- Better Print Of PMI* Numbers
- Range Bound Inflation

Pillars of Strength

- High Credit Growth
- Promising Capex
- Resilient Indian Equity Markets – Irrespective Of Economic Or Political Events
- Strong Consumption Growth

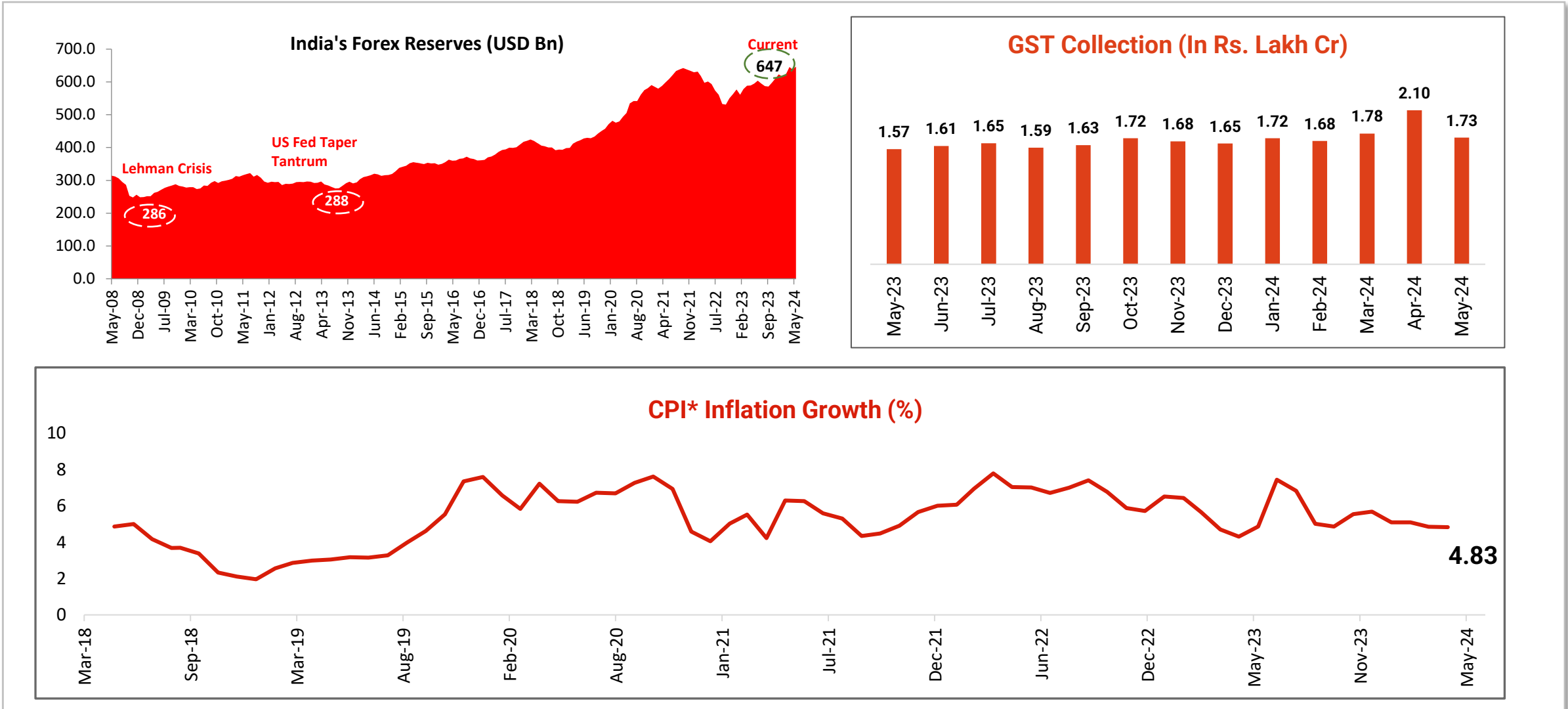
Themes to look out for

- Rapid Infrastructure Growth – First Time Since Independence
- Defense Boost
- Indigenization
- Premiumization





Indian Economy Indicators



Source: RBI; Data as on 31st May 2024. *CPI – Consumer Price Index.



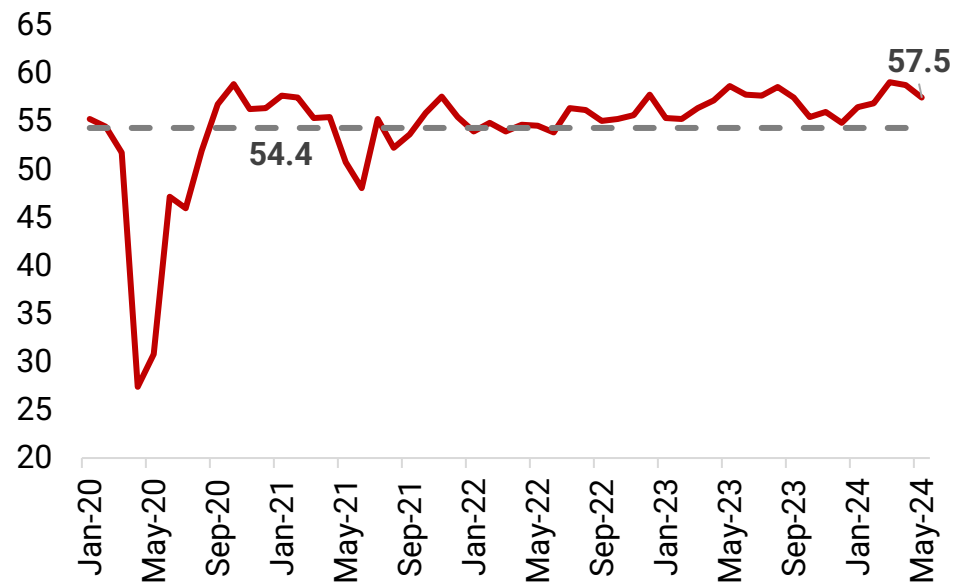


Strong PMI Indicators

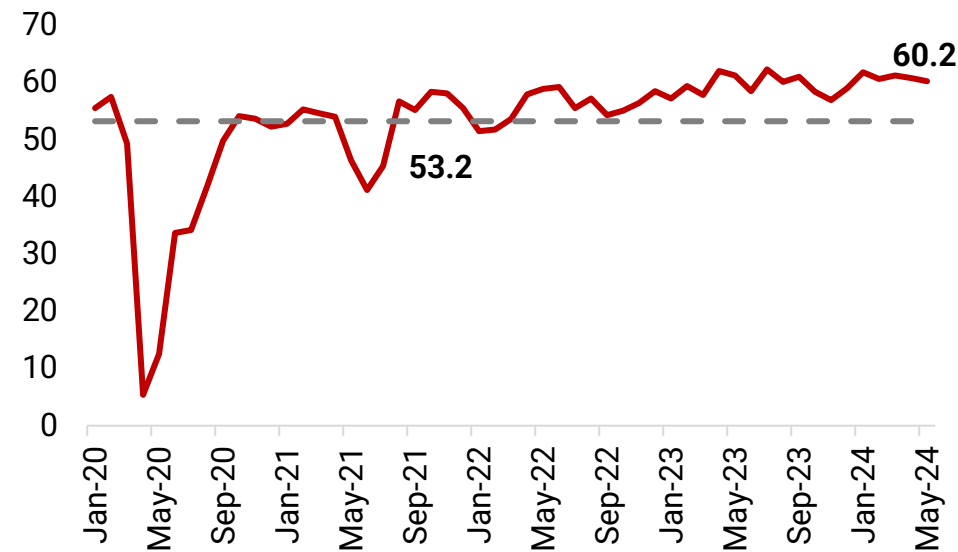
Strong print of Manufacturing PMI* at 57.5

Services PMI* index is reflecting stronger trends

India Manufacturing PMI



India Services PMI

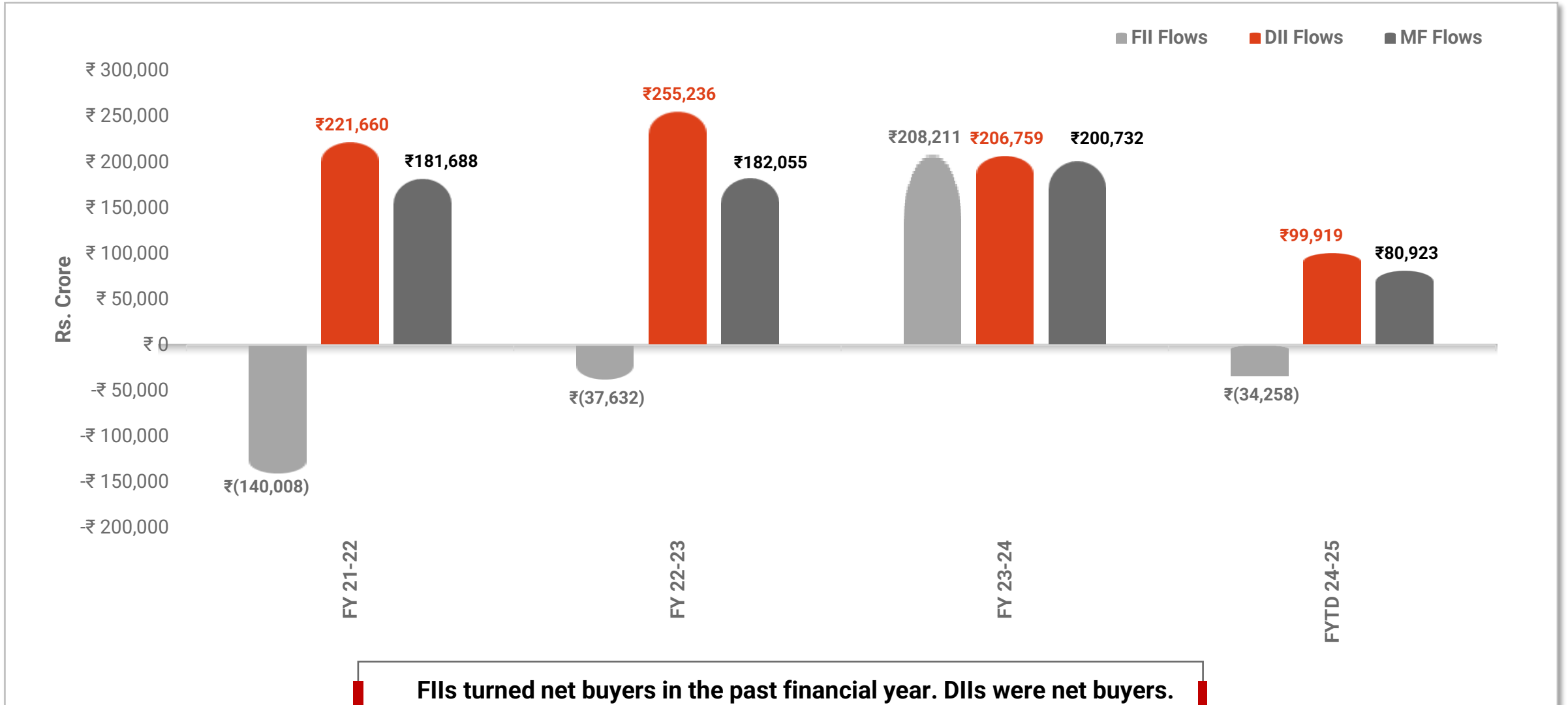


Over the past few months PMI – Purchasing Managers index; both manufacturing & services have recorded a consistent print indicating strong and reviving Indian economy





Monthly Flows for FII*, Mutual Fund Houses and DII#



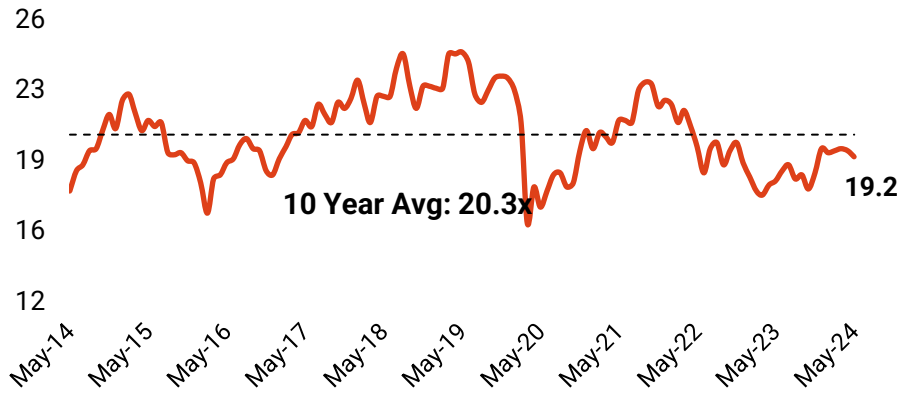
FII's turned net buyers in the past financial year. DIIs were net buyers. Among domestic investors, MFs bought into the equity market.



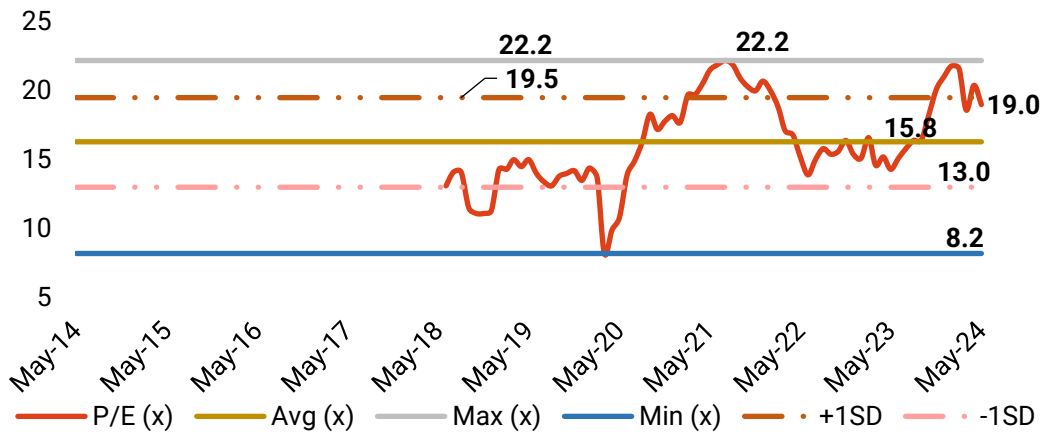


Forward Valuations – Large Cap, Mid Cap and Small Cap Indices

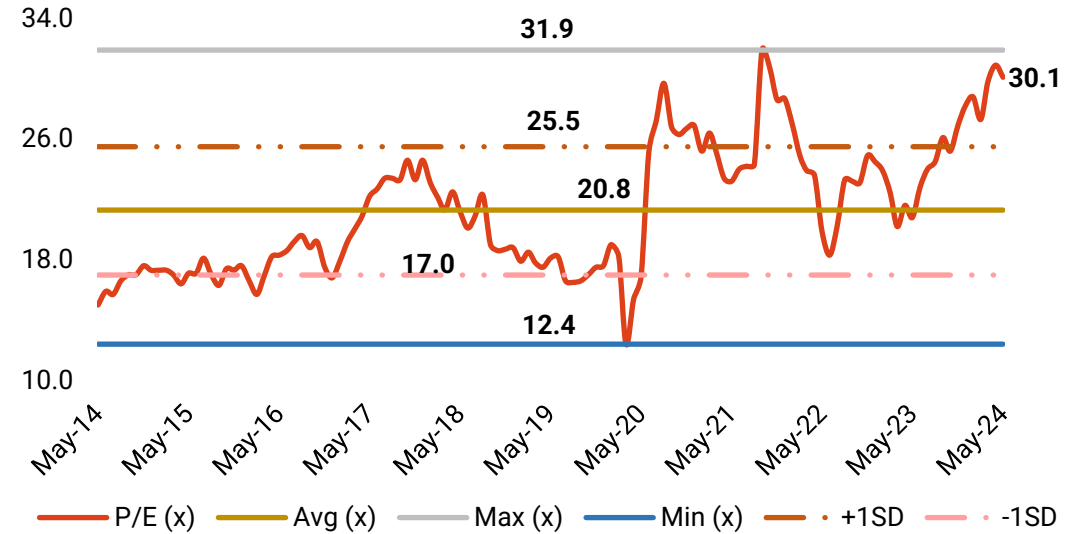
Nifty 12M Forward P/E Ratios



12M Forward Nifty Smallcap - P/E



Nifty Mid Cap 12M Forward P/E Ratios



Nifty 50 Forward P/E ratio below its historical average; Nifty Mid Cap P/E above +1 SD; Nifty Small Cap below +1 SD





- ✓ Strong domestic growth ~7% with supportive macros & micros.
- ✓ All eyes on Government's 100-day agenda.
- ✓ Strong earnings trajectory for, manufacturing companies (as well as major companies catering to the rural markets).
- ✓ Going forward we expect govt to continue focus on capital goods, infra sector despite the media reports about focus on populist measures in upcoming budget.
- ✓ Valuations of NIFTY is in-line with 1-year forward earnings of last 10 years while on a P/BV ratio, it is higher than the 10-year average multiples.
- ✓ Nifty witnessed significant volatility following the outcomes of general elections.
- ✓ With macro situation being very dynamic and volatility increasing across asset classes, we continue with our strategy of running well-diversified portfolios.





Valuations-Sectors at a glance

Sector Valuations at a glance

Segment	PE (x)		
	Current	10 Yr Avg	Prem/Disc (%)
Auto	24.2	27.0	-10.4
Banks - Private	15.0	21.0	-28.5
Banks - PSU	8.3	10.4	-20.5
NBFC	15.3	17.0	-10.2
Capital Goods	46.0	28.4	61.9
Cement	31.7	27.0	17.4
Consumer	43.0	40.9	5.3
Consumer Ex ITC	52.1	50.6	3.0
Healthcare	30.1	26.9	12.0
Infrastructure	28.4	10.9	161.7

Segment	PE (x)		
	Current	10 Yr Avg	Prem/Disc (%)
Logistics	30.6	20.8	46.5
Media	18.3	25.3	-28.0
Metals	16.5	11.1	47.9
Oil & Gas	14.2	12.2	16.2
Oil & Gas Ex RIL	8.5	8.7	-3.2
Sp. Chemicals	34.4	23.0	49.4
Real Estate	51.9	28.0	85.6
Retail	77.3	86.7	-10.9
Technology	22.9	20.3	13.1
Telecom	Loss	63.8	-





Top 5 Sectors across Key Schemes

Sector	Flexi Cap	Small Cap	Mid Cap	Multi Cap	Value Fund	ELSS Tax saver
Financial Services	20.78	18.95	17.67	21.18	22.03	18.97
Capital Goods	19.48	24.98	23.04	20.43	17.05	14.16
Automobile and Auto Components	7.47	5.26	8.08	6.66	-	7.92
Oil Gas & Consumable Fuels	6.08	-	-	-	7.94	-
Fast Moving Consumer Goods	5.82	-	-	-	-	-
Healthcare	-	7.26	7.16	6.03	-	-
Metals & Mining	-	6.29	-	-	6.66	-
Information Technology	-	-	5.65	4.89	-	-
Construction	-	-	-	-	7.35	-
Telecommunication	-	-	-	-	-	11.23
Consumer Services	-	-	-	-	-	7.87



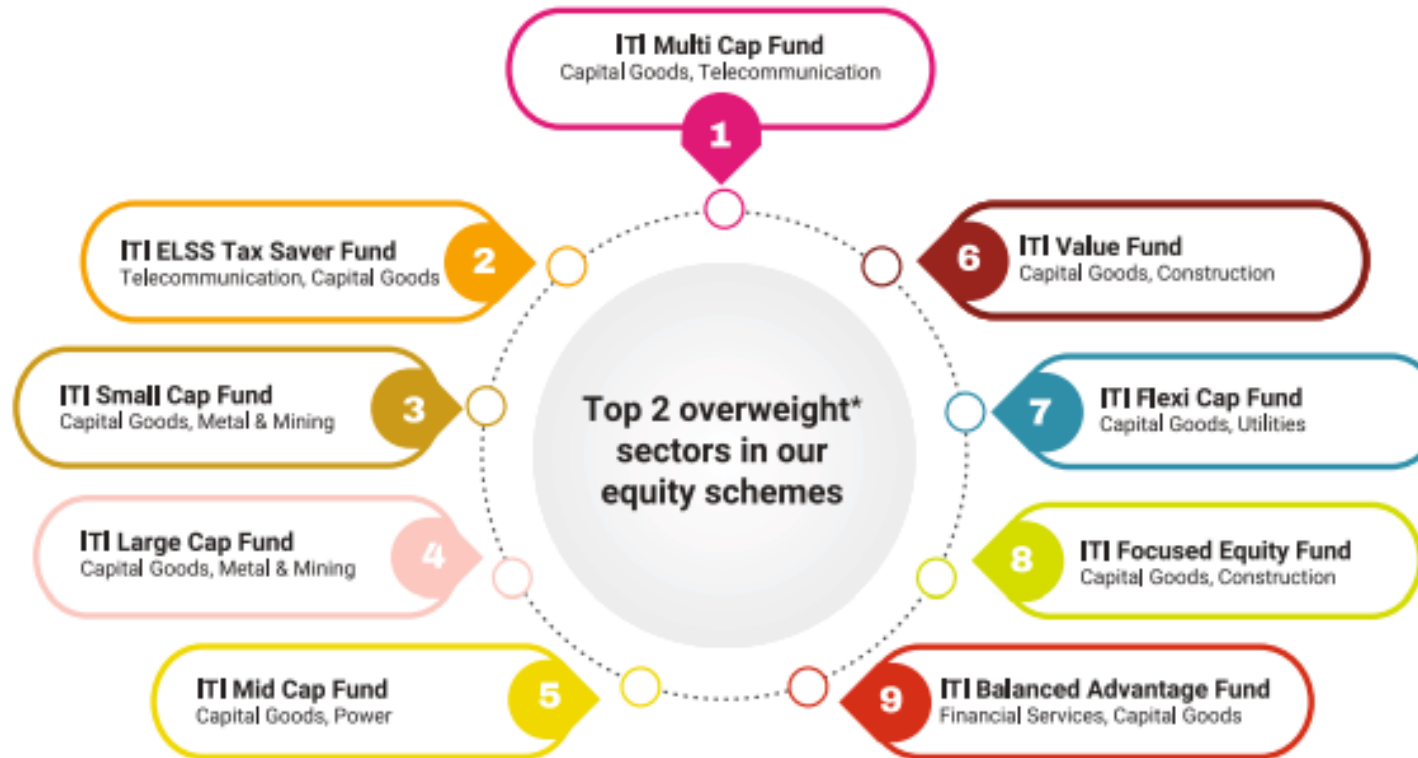
Adhering to a strict internal protocol would help bring discipline thereby contributing to safety

- No aggressive cash calls in the portfolios
- No sector biases in the management we will take exposure purely based on sector related growth indicators
- Exposure to select Mid-small caps as we intend to remain in control in the face of volatility
- Weighing Flexicap strategy for managing the funds

Funds	% to Net Asset		
	Large Cap	Mid Cap	Small Cap
ITI ELSS Tax Saver Fund	60.88%	13.61%	25.03%
ITI Flexi Cap Fund	47.48%	15.13%	34.50%
ITI Focused Equity Fund	54.20%	19.90%	20.15%
ITI Value Fund	41.81%	16.84%	36.90%
ITI Balanced Advantage Fund	66.33%	3.70%	5.24%
ITI Multicap Fund	43.42%	26.00%	28.77%
ITI Smallcap Fund	14.46%	18.55%	64.41%



With dynamic and volatile micro economy, it's time to take exposure to sectors that are in their growth phase & sectors that provide cushion if the market makes a turn for the worst.



*These are overweight sectors of schemes compared to their respective benchmarks.





- ✓ Global central banks have begun interest rate cuts.
- ✓ Canada, Sweden and Switzerland have lowered rates & European Central Bank (ECB) has recently joined this bandwagon with interest rates cut of 25 basis points, lowering its deposit rate to 3.75%.
- ✓ US Federal Reserve officials plan to reduce key interest rates three times in 2024 – quantum & timelines remain unclear.
- ✓ It is safe to say that the interest hike cycle has peaked in the US.
- ✓ The RBI in its latest policy update has upgraded the real GDP growth forecast from earlier 7% forecast to the latest 7.2% for FY25.
- ✓ With inflation prints coming in moderation & influence of global rate, RBI is expected to reduce rate in the second half of CY 2024.

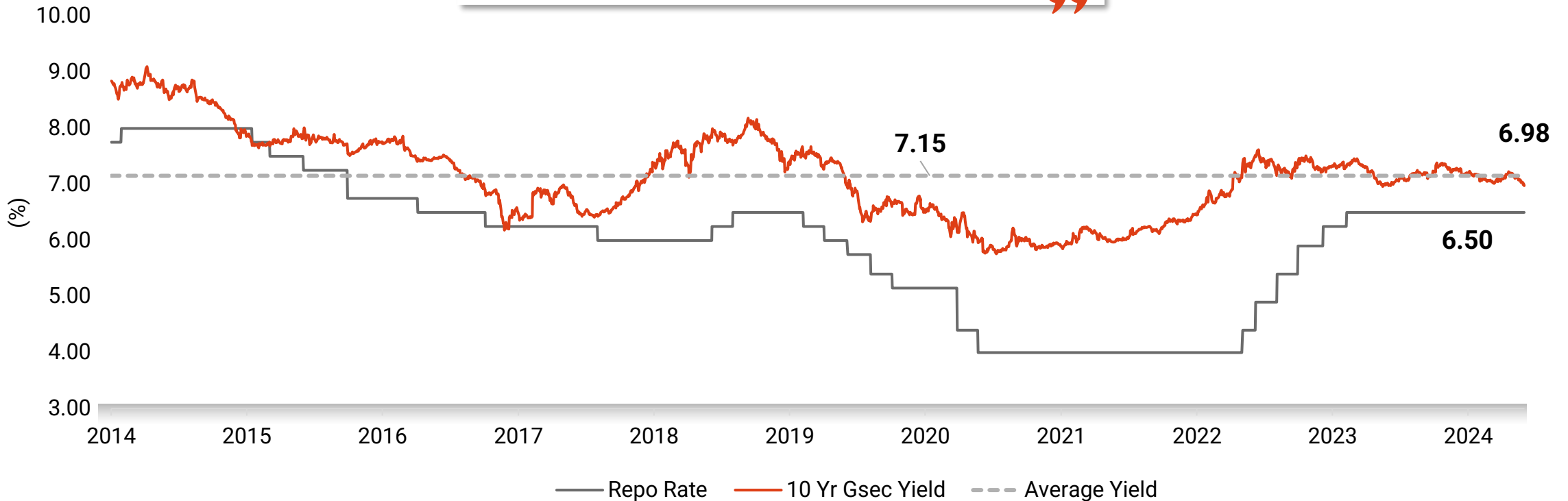




Debt Market Indicator

10 Year GSEC / Repo Rate

“ Repo & 10 Year GSEC yield combined signal the future trajectory of the interest rates in the economy. ”



Repo rate and GSEC yields are inversely proportional to each other, when repo rate changes it creates volatility in the GSEC yields impacting fixed income gains and influences the inflow in the equity market
RBI has paused the repo rate hike since April'23 policy, G sec yields are now below the long-term average, seemingly market has started to anticipate rate cuts in the near future.





Debt Funds at a glance

Debt Funds	A1+	AAA	SOV	CDMDF	Cash & Equivalent	YTM (%)	Modified Duration
ITI Overnight Fund	-	-	-	-	100%	0.07	3 days
ITI Liquid Fund	32.60%	24.76%	35.31%	0.22%	7.12%	0.07	24 days
ITI Ultra Short Duration Fund	40.89%	32.71%	20.51%	0.27%	5.62%	0.07	166 days
ITI Banking & PSU Debt Fund	13.14%	45.79%	24.89%	0.27%	15.91%	0.07	2.37 years
ITI Dynamic Bond Fund	-	-	96.69%	0.42%	2.89%	0.07	7.40 years





Scheme Name	This Product is Suitable for Investors Who Are Seeking [^]	Riskometer of the Scheme	Primary Benchmark Name	Riskometer of the Primary Benchmark
ITI ELSS Tax Saver Fund <i>(formerly known as ITI Long Term Equity Fund)</i>	- Capital appreciation over long term - Investment in equity and equity related securities [^] Investors should consult their financial advisers if in doubt about whether the product is suitable for them.		Nifty 500 TRI	
ITI Multi Cap Fund	- Long-term capital growth - Investment in equity and equity-related securities of companies across various market capitalization [^] Investors should consult their financial advisers if in doubt about whether the product is suitable for them.		Nifty 500 Multicap 50:25:25 TRI	
ITI Large Cap Fund	- Capital appreciation over long term - Investment in equity and equity related instruments of large cap companies. [^] Investors should consult their financial advisers if in doubt about whether the product is suitable for them.		Nifty 100 TRI	
ITI Mid Cap Fund	- Capital appreciation over long term - Investment in a diversified portfolio predominantly consisting of equity and equity related instruments of mid cap companies [^] Investors should consult their financial advisers if in doubt about whether the product is suitable for them.		Nifty Midcap 150 TRI	
ITI Small Cap Fund	- Capital appreciation over long term - Investment in a diversified portfolio predominantly consisting of equity and equity related instruments of small cap companies. [^] Investors should consult their financial advisers if in doubt about whether the product is suitable for them.		Nifty Smallcap 250 TRI	
ITI Value Fund	- Capital appreciation over long term - Investments in portfolio predominantly consisting of equity and equity related instruments by following a value investment strategy [^] Investors should consult their financial advisers if in doubt about whether the product is suitable for them.		Nifty 500 TRI	
ITI Pharma and Healthcare Fund	- Capital appreciation over long term - Investments in equity and equity related securities of companies engaged in Pharma and Healthcare. [^] Investors should consult their financial advisers if in doubt about whether the product is suitable for them.		Nifty Healthcare TRI	
ITI Banking and Financial Services Fund	- Capital appreciation over long term - Investments in equity and equity related securities of companies engaged in banking and financial services. [^] Investors should consult their financial advisers if in doubt about whether the product is suitable for them.		Nifty Financial Services TRI	
ITI Flexi Cap Fund	- Capital appreciation over long term - Investments in a diversified portfolio consisting of equity and equity related instruments across market capitalization [^] Investors should consult their financial advisers if in doubt about whether the product is suitable for them.		Nifty 500 TRI	





Scheme Name	This Product is Suitable for Investors Who Are Seeking ^A	Riskometer of the Scheme	Primary Benchmark Name	Riskometer of the Primary Benchmark
ITI Liquid Fund	<ul style="list-style-type: none"> Income over short term. Investment in money market and debt instruments. Investors should consult their financial advisers if in doubt about whether the product is suitable for them. 		CRISIL Liquid Debt A-I Index	
ITI Ultra Short Duration Fund	<ul style="list-style-type: none"> Regular income over short term. Investments in debt and money market instruments, such that the Macaulay duration of the portfolio is between 3 months-6 months. Investors should consult their financial advisers if in doubt about whether the product is suitable for them. 		CRISIL Ultra Short Duration Debt A-I Index	
ITI Banking & PSU Debt Fund	<ul style="list-style-type: none"> Regular income over short to medium term. Investments in debt and money market instruments, consisting predominantly of securities issued by Banks, Public Sector undertakings, Public Financial Institutions & Municipal Bonds. Investors should consult their financial advisers if in doubt about whether the product is suitable for them. 		CRISIL Banking and PSU Debt A-II Index	
ITI Dynamic Bond Fund	<ul style="list-style-type: none"> Regular income over medium to long term. Investment in Debt and Money Market Securities with flexible maturity profile of securities depending on the prevailing market condition. Investors should consult their financial advisers if in doubt about whether the product is suitable for them. 		CRISIL Dynamic Bond A-III Index	
ITI Balanced Advantage Fund	<ul style="list-style-type: none"> Capital appreciation while generating income over medium to long term. Dynamic Asset allocation between equity, equity related instruments and fixed income instruments so as to provide with long term capital appreciation. Investors should consult their financial advisers if in doubt about whether the product is suitable for them. 		Nifty 50 Hybrid Composite Debt 50:50 Index	
ITI Arbitrage Fund	<ul style="list-style-type: none"> To generate income by predominantly investing in arbitrage opportunities. Investments predominantly in arbitrage opportunities in the cash and derivative segments of the equity markets and the arbitrage opportunities available within the derivative segment and by investing the balance in debt and money market instruments. Investors should consult their financial advisers if in doubt about whether the product is suitable for them. 		Nifty 50 Arbitrage Index	
ITI Overnight Fund	<ul style="list-style-type: none"> Regular income with low risk and high level of liquidity. Investment in money market and debt instruments with overnight maturity. Investors should consult their financial advisers if in doubt about whether the product is suitable for them. 		CRISIL Liquid Overnight Index	
ITI Focused Equity Fund	<ul style="list-style-type: none"> Capital appreciation over long term. Investments in a concentrated portfolio of equity & equity related instruments of up to 30 companies. Investors should consult their financial advisers if in doubt about whether the product is suitable for them. 		Nifty 500 TRI	





Potential Risk Class

ITI Overnight Fund

Potential Risk Class			
Credit risk of scheme →	Relatively Low (Class A)	Moderate (Class B)	Relatively High (Class C)
Interest Rate Risk ↓			
Relatively Low (Class I)	A-I		
Moderate (Class II)			
Relatively High (Class III)			

ITI Ultra Short Duration Fund

Potential Risk Class			
Credit risk of scheme →	Relatively Low (Class A)	Moderate (Class B)	Relatively High (Class C)
Interest Rate Risk ↓			
Relatively Low (Class I)			
Moderate (Class II)		A-II	
Relatively High (Class III)			

ITI Liquid Fund

Potential Risk Class			
Credit risk of scheme →	Relatively Low (Class A)	Moderate (Class B)	Relatively High (Class C)
Interest Rate Risk ↓			
Relatively Low (Class I)	A-I		
Moderate (Class II)			
Relatively High (Class III)			

ITI Banking & PSU Debt Fund

Potential Risk Class			
Credit risk of scheme →	Relatively Low (Class A)	Moderate (Class B)	Relatively High (Class C)
Interest Rate Risk ↓			
Relatively Low (Class I)			
Moderate (Class II)			
Relatively High (Class III)		A-III	

ITI Dynamic Bond Fund

Potential Risk Class			
Credit risk of scheme →	Relatively Low (Class A)	Moderate (Class B)	Relatively High (Class C)
Interest Rate Risk ↓			
Relatively Low (Class I)			
Moderate (Class II)			
Relatively High (Class III)		A-III	





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Thank You

