

# Principal Emerging Bluechip Fund

An open-ended equity scheme investing in both large cap and mid cap stocks

November, 2020

## Fund Manager's View



**Ravi Gopalakrishnan**

Total work experience of 26 years. Managing this scheme since October, 2019

### Top sectors based on absolute allocation:

- The fund portfolio is diversified across 16 sectors with top allocation to Financial Services, Consumer Goods and IT.
- The Financial Services (including Banks) had the largest allocation in the Principal Emerging Bluechip Fund portfolio. However, this sector was marginally underweight Nifty Large Midcap 250 (the benchmark). Within this sector, the portfolio is tilted more towards larger private sector banks, insurance and select high quality NBFCs and avoids a lot of the companies in the benchmark.

### Relative sectoral allocation:

- Materials (speciality chemicals and cement) had the highest overweight in the portfolio. We believe, that Indian speciality chemical companies are very well placed to gain from the gradual supply chain shift from China post Covid. Further, many of the Indian players have already established long term relationships with innovators and formulators with a lot of global players in the agri and pharma space. The margin profile of many of these companies is expected to improve as the percentage share of speciality chemicals increases within the product mix. This will have a sustainable impact on their return ratios overtime.
- **Consumer Goods:** The Consumer Goods and especially the Consumer Discretionary space has been materially hit because of Covid and the subsequent lock down. However, as the lockdown tapers off, it will have a long term positive impact on consumption especially in areas such as automobiles, retail, and consumer electronics. Within the electronics space, the PLI (Production Linked Incentives) and the restrictions on fully imported electronic gadgets like TVs and mobile phones is likely to get a boost in domestic manufacturing.
- **Financials:** We have been under weight financials for the last few quarters. We are gradually increasing the weights in these sectors. As the economy comes out of the lock down, we believe, the stress on the financial system will ease going forward. Further, the negative impact of Covid on the balance sheet of banks and NBFCs are expected to be much lower what was earlier anticipated. As the economy improves and gets back into the growth trajectory, BFSI space is expected to perform well as it is a proxy to the economy. Given the negative perception around the sector, many good quality stocks are available at reasonable valuations.

#### Disclaimer:

- The sectors referred above should not be construed as recommendation from Principal AMC/Principal Mutual Fund. The scheme may or may not have any future positions in these sectors. The views given above may change from time to time without any notice. The investment strategy stated above may change from time to time without any notice and shall be in accordance with the strategy as mentioned in the Scheme Information Document of the scheme.
- The data/statistics/comments are given to explain general market trends in the securities market, it should not be construed as any research report/research recommendation.

## Fund Positioning

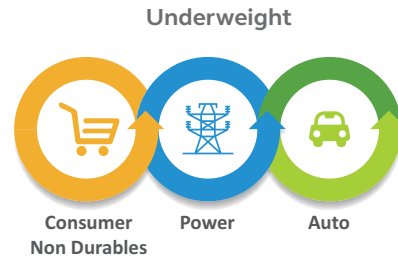
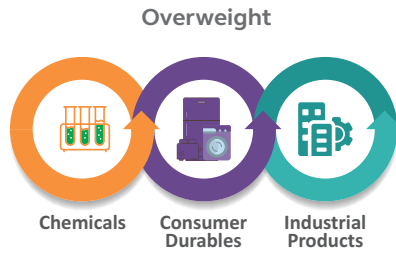


- 1 Predominantly large and midcap portfolio
- 2 Monitored closely for divergence in fundamentals of the underlying businesses
- 3 Adequate diversification across 25-30 industries
- 4 Bottom up stock selection
- 5 Invests in stocks and sectors that are likely to benefit from Government of India's focused developments

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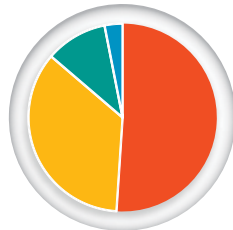
## Top 3 Industry



as on October 31, 2020



## Marketcap Breakup



Large Cap	51.04
Mid Cap	35.25
Small Cap	10.63
Cash & Other Assets	3.08

as on October 31, 2020

## Key Statistics

Standard Deviation <sup>^</sup> (Annualised)	22.08%
Beta <sup>^</sup>	0.96
Sharpe Ratio <sup>^</sup> (Annualised)	-0.02
Portfolio Turnover Ratio <sup>**</sup>	0.49

**Note:** <sup>^</sup> The above measures have been calculated by taking rolling returns for a 3 year period with 3.48% risk free rate of return (1 days - MIBOR Rate as on October 29, 2020).

<sup>\*\*</sup> The Portfolio Turnover Rate (PTR) means the lower of aggregate sales or purchases made during the 12 month rolling year/period divided by the 12 month rolling year/period Average asset under Management for the relevant year/period.

(as on October 31, 2020).

## Top 10 Stocks

- HDFC Bank Ltd.
- Reliance Industries Ltd.
- Infosys Ltd.
- ICICI Bank Ltd.
- Dixon Technologies (India) Ltd.
- Divi's Laboratories Ltd.
- Navin Fluorine International Ltd.
- Jubilant Foodworks Ltd.
- AIA Engineering Ltd.
- Bajaj Finance Ltd.

as on October 31, 2020

## Fund Details

**Plans:** Regular Plan & Direct Plan **Options:** Both the Plans offer Growth & Half Yearly Dividend Option.

Half Yearly Dividend Option under both the Plans offers facility of Payout, Reinvestment and Sweep.

**Minimum Investment Amount:** New Investor: ₹ 300 | Existing Investor: ₹ 300

**Exit Load:** ● If redeemed/switched on or before 365 days from the date of allotment : ▶ Nil for redemption/switch out of units upto 24% of the units allotted (the limit). ▶ 1% on redemption in excess of 24% of the limit stated above. Redemption of units would be done on First in First out Basis (FIFO) ● Nil thereafter (w.e.f. March 31, 2020)

SIP / STP / RWP - Available

## Performance (as on October 30, 2020)

Period	Principal Emerging Bluechip Fund		NIFTY Large Midcap 250 Index - TRI (Scheme's Benchmark)		Nifty 50 TRI (Additional Benchmark)	
	Returns (%)	<sup>§</sup> PTP Returns	Returns (%)	<sup>§</sup> PTP Returns	Returns (%)	<sup>§</sup> PTP Returns
1 Year (31-10-2019 to 30-10-2020)	4.24	10423.96	2.22	10221.81	-0.98	9902.13
3 Years (31-10-2017 to 30-10-2020)	0.42	10127.80	2.13	10652.73	5.37	11697.98
5 Years (30-10-2015 to 30-10-2020)	10.14	16212.83	9.13	15486.84	8.98	15378.10
Since Inception (12-11-2008 to 30-10-2020)	22.19	110150.00	16.04	59360.14	13.85	47235.04

Different plans shall have a different expense structure. The performance details provided herein are of Regular Plan - Growth option. **Past performance may or may not be sustained in future.** Returns (in) are calculated on Compounded Annualised Basis (CAGR). <sup>§</sup> PTP (Point to Point) Returns are based on standard investment of ₹10,000/- made at the beginning of relevant period. Performance of the dividend option for the investors would be net of dividend distribution tax, as applicable.

## Annexure of returns for all schemes managed by Ravi Gopalakrishnan

	1 Year return (%)		3 Years returns (%)		5 Years returns (%)	
	Scheme	Benchmark	Scheme	Benchmark	Scheme	Benchmark
<b>PRINCIPAL Small Cap Fund</b> Benchmark - Nifty SmallCap 100 Index Managing since - May 2019	17.21	12.25	NA	NA	NA	NA
<b>PRINCIPAL Balanced Advantage Fund<sup>¶3</sup></b> Benchmark - 50% Nifty 100 Index - TRI + 35% CRISIL Short Term Bond Index + 15% Nifty Arbitrage Index Managing since - July 2019 (Equity Portion)	5.33	4.23	3.55	6.43	5.37	8.60
<b>PRINCIPAL Dividend Yield Fund</b> Benchmark - Nifty Dividend Opportunities 50 - TRI Managing since - October 2019	2.68	-5.77	2.17	0.58	9.95	7.97
<b>PRINCIPAL Retirement Savings Funds - Moderate Plan<sup>5</sup></b> Benchmark - CRISIL Hybrid 35 + 65 - Aggressive Index** (Managing since - July 2019)	2.54	5.60	1.96	6.40	NA	NA
<b>PRINCIPAL Retirement Savings Funds - Conservative Plan<sup>6</sup></b> Benchmark - 30% Nifty 50 - TRI + 70% CRISIL Liquid Fund Index (Managing since - July 2019)	1.56	4.40	2.01	6.72	NA	NA
<b>PRINCIPAL Retirement Savings Funds - Progressive Plan<sup>4</sup></b> Benchmark - Nifty 200 Full Marketcap Index - TRI (Managing since - July 2019)	-1.22	-0.99	0.03	3.42	NA	NA
<b>PRINCIPAL Hybrid Equity Fund<sup>¶7</sup></b> Benchmark - CRISIL Hybrid 35+65 Aggressive Index** Managing since - July 2019 (Equity Portion)	1.72	5.60	0.93	6.40	8.77	9.56
<b>PRINCIPAL Focused Multicap Fund<sup>1</sup></b> Benchmark - S&P BSE 250 Large Midcap Index - TRI Managing since - October 2019	1.46	-0.04	3.83	3.80	8.14	9.06
<b>PRINCIPAL Multicap Growth Fund<sup>2o</sup></b> Benchmark - Nifty 500 Index - TRI Managing since - July 2019	-0.36	-0.12	-1.45	2.73	8.01	8.54

**Past performance may or may not be sustained in future.** Different plans shall have a different expense structure. The performance details provided herein are of Regular Plan - Growth option. Returns (in %) are calculated on Compounded Annualised Basis (CAGR). Mr. Ravi Gopalakrishnan also manages Principal Focused Multicap Fund & Principal Dividend Yield Fund (w.e.f. October 2019).

Mr. Ravi Gopalakrishnan also manages Principal Balanced Advantage Fund (Equity Portion), Principal Hybrid Equity Fund - Equity Portion, Principal Multicap Growth Fund, Principal Retirement Savings Fund (Conservative Plan-Progressive Plan-Moderate Plan) and Principal Small Cap Fund (w.e.f. July, 2019).

Mr. Ravi Gopalakrishnan also manages Principal Focused Multicap Fund, Principal Dividend Yield Fund, Principal Emerging Bluechip Fund (w.e.f. October 2019).

<sup>¶</sup>Ms. Bekxy Kuriakose manages Principal Balanced Advantage Fund - Debt Portion (w.e.f. January 2018).

Mr. Ravi Gopalakrishnan manage Principal Hybrid Equity Fund - Equity Portion, Mr. Bekxy Kuriakose - Debt Portion and Mr. Ashish Aggrawal - Associate Fund Manager (w.e.f. October 2019).

<sup>¶</sup>Ms. Bekxy Kuriakose manages Principal Hybrid Equity Fund - Debt Portion (w.e.f. March 2016). \*\* The equity component of CRISIL Hybrid 35+65 - Aggressive Index is represented by total returns variant of S&P BSE 200.

Mr. Ravi Gopalakrishnan & Mr. Sudhir Kedia manages Principal Midcap Fund (w.e.f. December 2019)

<sup>1</sup> Formerly known as Principal Large Cap Fund (w.e.f. May 10, 2018), <sup>2</sup> Formerly known as Principal Growth Fund (w.e.f. April 23, 2018), <sup>3</sup> Formerly known as Principal SMART Equity Fund (w.e.f. June 04, 2018) & <sup>4</sup> Formerly known as Principal Asset Allocation Fund of Funds: Aggressive Plan (w.e.f. June 11, 2018), <sup>5</sup> Principal Asset Allocation Fund of Funds: Moderate Plan (w.e.f. June 11, 2018) & <sup>6</sup> Principal Asset Allocation Fund of Funds: Conservative Plan (w.e.f. June 11, 2018), <sup>7</sup> Formerly known as Principal Balanced Fund (w.e.f. June 11, 2018).

<sup>o</sup>Mr. Siddarth Mohta has been appointed as a Associate Fund Manager of Principal Multi Cap Growth Fund (w.e.f. August 2018) and Principal Small Cap Fund (w.e.f. May, 2019). 5 years performance of Principal Retirement Savings Fund - Progressive, Moderate & Conservative Plan is not given as the scheme have not been in existence for 5 years.

**Note:** Performance of Principal Midcap Fund are not given as the schemes has not completed 1 year.

as on October 31, 2020

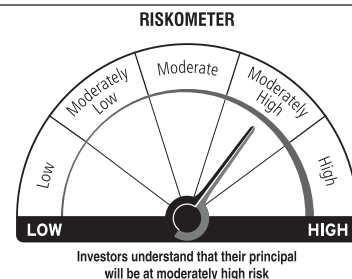
### Principal Emerging Bluechip Fund:

(An open ended equity scheme investing in both large cap and midcap stocks.)

**This product is suitable for investors who are seeking -**

- Long term Capital Growth.
- Investment in equity & equity related securities including equity derivatives of large & mid capitalization companies

<sup>~</sup> Investors should consult their financial advisors if in doubt about whether the product is suitable for them.



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