

Dear investor,

We are delighted to share our first quarterly newsletter. At the outset, we express our immense gratitude for the trust you have reposed in us.

Units for CSIM Indian opportunities fund – 1 were allotted on May 28, 2024. We deployed little over 80% of the funds raised, by June 30, 2024. During this period, the pre-tax, pre-fee returns were 7%, outperforming Nifty 50 TRI returns of 5.2% and Nifty 500 TRI returns of 5.7% (post-tax and post-fee NAV for each investor would be available in the statement of accounts). While we are pleased with the performance, which came despite drag from cash held during this period, we caution against extrapolating such short-term results. We invest with a long-term focus and any short-term outperformance is not by design.

Fund	Inception Date	Returns since inception (%)		
		Fund	NIFTY TRI	NIFTY 500 TRI
CSIM India Opportunities Fund – 1	28 May 2024	7.0	5.2	5.7

Indian markets have had a good run in the last few years, small and mid-caps more so. There are several reasons to remain optimistic – we are at the beginning of a multi-year capex cycle, banking and corporate balance sheets are in good health and government reforms agenda will likely continue. However, markets have anticipated and priced in many of these positives, with multiples having risen across all market cap segments.

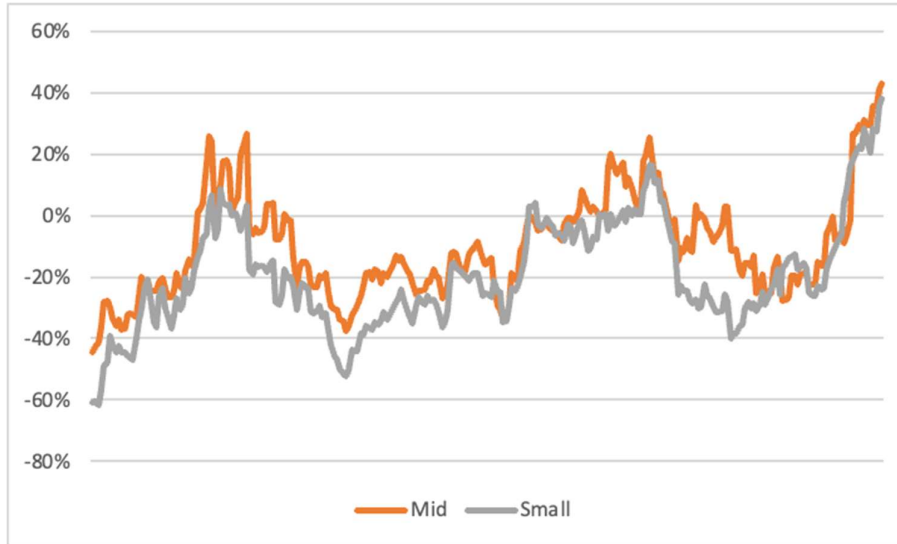
## PE multiple of Nifty



Source: ICICI Securities

Mid and small cap indices have done even better with the premium of PE multiples of Mid and small caps over Nifty multiple being at an all-time high.

## Premium/(Discount) of Mid/Small Cap PE multiple over Nifty PE

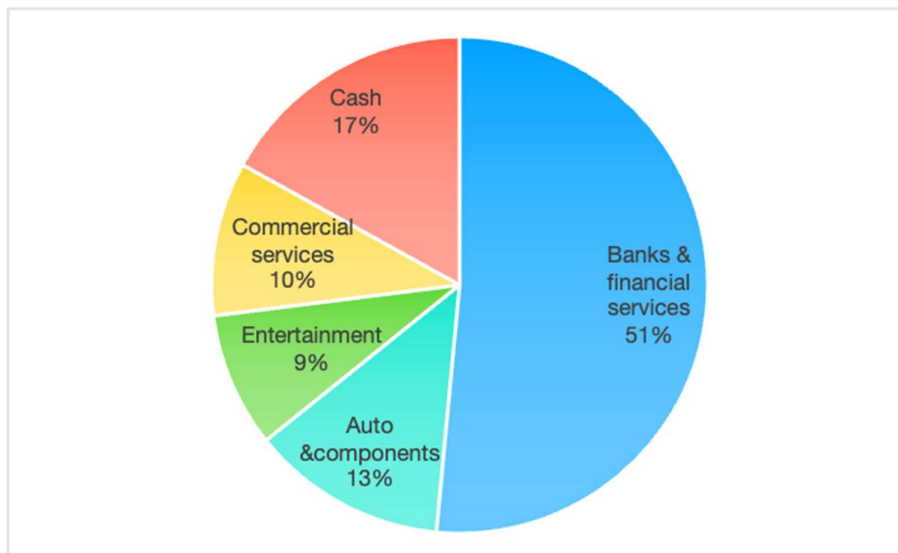


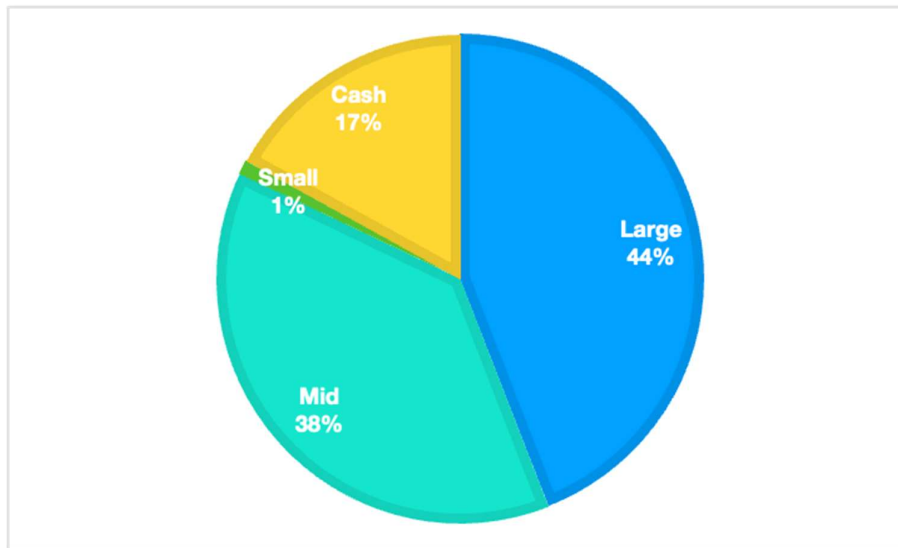
Source: ICICI Securities

In this backdrop, it is likely that the overall market returns might be more muted than they have been in the recent past. We look to build a portfolio of companies with good management, long runway for growth, profitable reinvestment opportunities and available at a reasonable valuation. One can find such opportunities in all kinds of markets, but it requires a lot more patience and perseverance in the current environment. We wouldn't hesitate being in cash till we find such opportunities, even if it means short-term underperformance.

## Sectoral allocation

The distribution of our current portfolio across sectors and market cap is as below





The annexure that follows contains regulatory disclosures

Please feel free to reach out to us at [csimindiaaif@csim.co.in](mailto:csimindiaaif@csim.co.in) for any further clarifications.

With warm regards,

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## Risk Disclosures

1. Concentration Risk: The portfolio is somewhat diversified across sectors and key economic variables, but has some concentration to the Banking/Financial sector.
2. Foreign Investment Risk: The Fund has no investments in foreign entities.
3. Leverage: The Fund has no leverage. Lending businesses of the portfolio have capital above regulatory norms.
4. Realization Risk: All the investments are in listed entities.
5. Strategy Risk: The Fund portfolio is in line with the stated strategy of CSIM India Opportunities Fund -1. Our strategy has remained unchanged since our inception.
6. Reputation Risk: All the investments are in listed entities, our endeavour is to invest in sustainable and reasonably valued businesses.
7. ESG Risk: We adhere to standard ESG practices at Fund level. We believe, the portfolio companies also follow good ESG practices.
8. Fees: The fees ascribed to the Manager/Sponsor by the fund is as mentioned in the PPM.

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### Disclaimer

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