

## MARKET COMMENT

### India's IT services sector is making money hand over fist

The Indian market continued its strong upward trend in August. The pandemic is ongoing in the background but is receiving less and less attention, and is no longer hindering the strong economic recovery after the spring difficulties.

The Nifty index recently broke a new price record. To be honest, India's stock market exceeds my expectations this year, given how 2021 started.

India's story and driving forces are not new and no major change has taken place recently, but that may be the point. In an environment where everything is changing, and where the rules of the game in China have changed drastically and suddenly on the downside, India appears to be more interesting with a higher degree of predictability and continuity. There is also a clear reallocation of capital from China to India. India's business is largely run by private entrepreneurs, while in China state-owned companies dominate.

Company reports for the first quarter were very strong overall (compared with the first quarter of 2020, when the economy was shut down).

India's IT services sector is currently making money hand over fist. The demand from its global customers to upgrade their digital presence is generating strong order intake for Infosys, Tata

Consultancy and Tech Mahindra. Demand for cloud services is driving order intake. For the first time in several years, IT companies are hiring on a large scale, wages are rising and bonuses are being paid to staff to stay. This is interesting not least because it drives middle class consumption. The housing market, which has been super strong this year, is also benefiting from the trend. Voltas (air conditioning), Asian Paint (house paint), Havells (electrical cables and connectors) and Ultratech Cement (cement) are all benefitting.

What these companies have in common, in addition to a good increase in sales, is that they have been able to raise prices several times this year without affecting demand.

The most upbeat are predicting a fresh start for corporate investments in production capacity. The government already invests large sums annually in infrastructure, but private investment has been lacking for the past five years. The stock market does not appear to be undervalued now. The flow of domestic capital, not least from private individuals, has been strong this year.

A new holding in the fund this month is Havells Industries.

## MONTHLY REPORT

### AUGUST 2021



**GUNNAR PÅLSSON**

Manager since 2006.

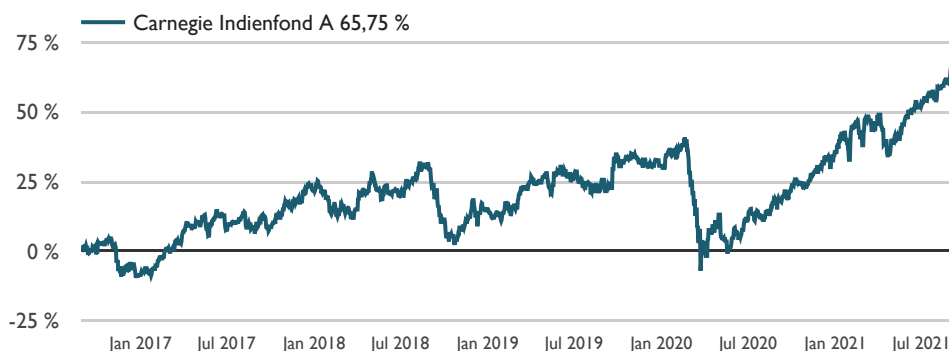
Carnegie Indienfond is an equity fund that invests in approximately 30 carefully selected Indian companies.

Start date	01/09/2004
Pricing	Daily
Morningstar rating	★★★
Risk level	6 of 7
ISIN	SE0001209834
Ongoing charges	2.23 %
Minimum initial investment	0 SEK
Assets under management	2 177 MSEK
Dividend	No
NAV per share	711.36 SEK

## CUMULATIVE PERFORMANCE %

YTD	1 year	3 years	5 years	10 years	Since inception
22,35	44,22	28,19	65,75	209,34	665,68

## FIVE YEAR PERFORMANCE %



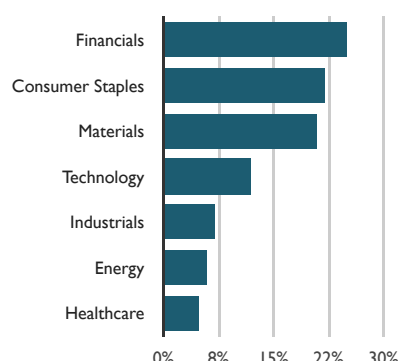
## MONTHLY PERFORMANCE %

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Full year
2021	-2,02	3,95	7,07	-6,05	7,41	1,92	1,42	7,56					22,35
2020	2,19	-4,06	-19,20	9,23	-7,37	6,11	0,15	3,27	7,00	0,00	5,28	4,64	3,70
2019	-1,94	1,90	8,48	1,97	1,31	-2,27	-0,99	0,74	6,96	0,10	-2,51	-0,31	13,59

## LARGEST HOLDINGS

Infosys Ltd Reg	7,3 %
HDFC Bank Ltd Reg	7,1 %
UltraTech Cement Ltd Reg	5,9 %
Reliance Industries Ltd Dematerialised	5,6 %
Titan Co Ltd Reg	5,1 %
Kansai Nerolac Paints Ltd Reg	4,9 %
Housing Dev Finance Corp Ltd	4,8 %
Tata Consultancy Services Ltd	4,6 %
Bajaj Finance Ltd	4,5 %
Volta Ltd Dematerialised	4,1 %

## SECTOR ALLOCATION

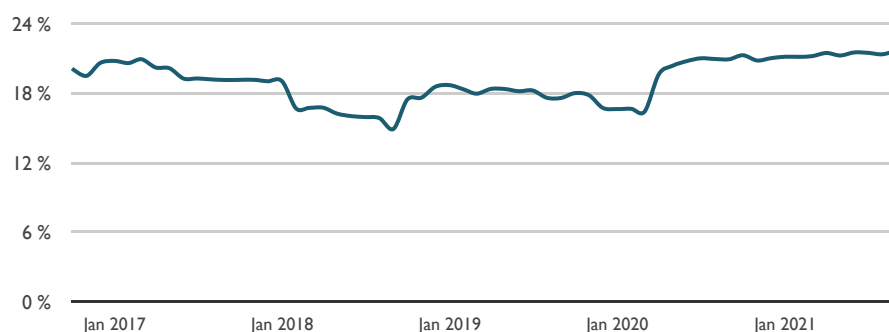


## KEY STATISTICS

Number of holdings	33
Turnover rate, tms/year	0,23
Active share *	57 %
Standard deviation, 2 years	21,8 %
Standard deviation, 3 years	21,7 %
Standard deviation, 5 years	19,2 %
Sharpe ratio, 2 years	0,71
Sharpe ratio, 3 years	0,42
Sharpe ratio, 5 years	0,59
Tracking error, 2 years *	7,7 %
Tracking error, 3 years *	6,7 %
Tracking error, 5 years *	6,5 %

\* Benchmark: MSCI India 10/40 Net Total Return

## STANDARD DEVIATION %



## TOP CONTRIBUTORS YTD

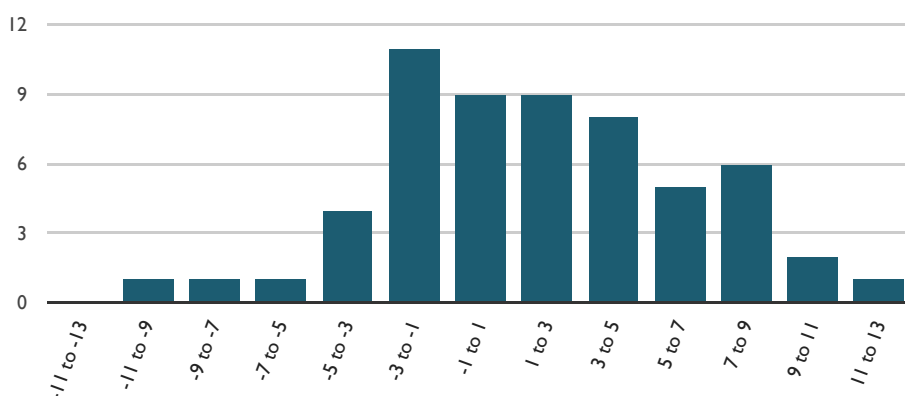
UltraTech Cement Ltd Reg	2,5 %
Infosys Ltd Reg	2,4 %
Bajaj Finance Ltd	1,9 %
Hindalco Industries Ltd Dematerialised	1,8 %
ICICI Bank Ltd Reg	1,6 %

## BOTTOM CONTRIBUTORS YTD

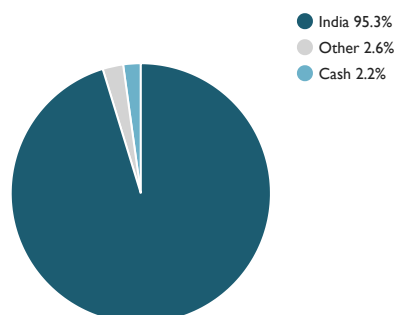
Kotak Mahindra Bank Ltd Reg	-0,3 %
Maruti Suzuki India Ltd	-0,2 %
Dr Reddy's Laboratories Ltd Dematerialised	-0,1 %
Granules India Ltd Reg	0,0 %
Reliance Industries Ltd Partly paid Reg	0,0 %

## DISTRIBUTION OF MONTHLY PERFORMANCE %

As of 01/09/2016 to 31/08/2021



## GEOGRAPHICAL ALLOCATION



## CARNEGIE FONDER - SUSTAINABLE INVESTMENTS IN VALUE COMPANIES

Carnegie Fonder is an independent fund management company that was founded in 1988. Our mission is to create long-term good returns for our unit holders. By combining modern sustainability analysis with traditional financial analysis, we identify undervalued companies that are properly equipped for the challenges of the future. We call these value companies.

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