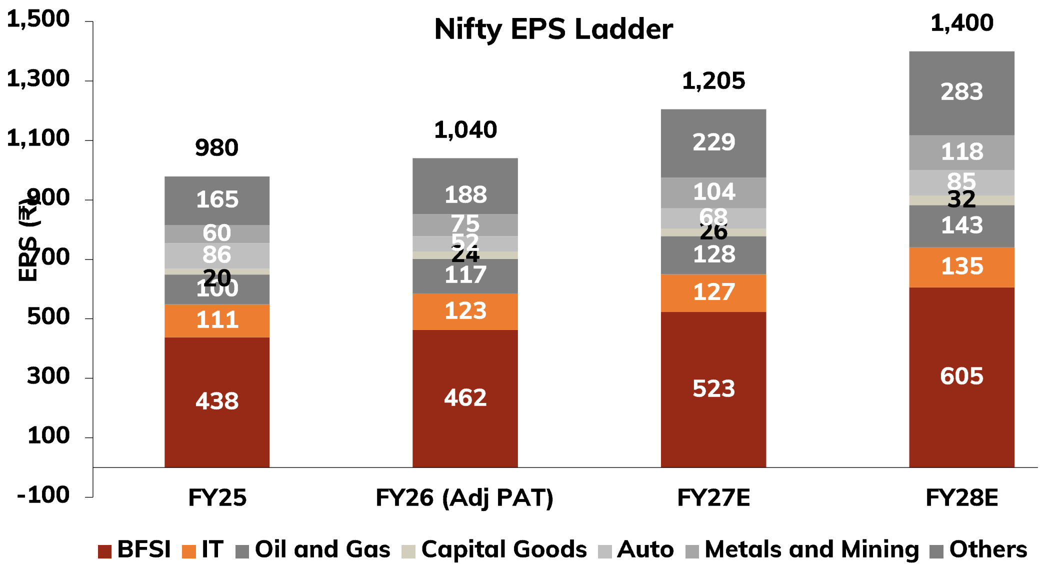
Premium Portfolios

What is Premium portfolio?

- Premium Portfolio is a collection of ready-made equity baskets, designed & managed by well-established and reputed investment Professionals.
- Equity as an asset class is being widely recognized as an asset generating inflation beating returns or real returns over a long period of time and is indeed very much liquid in nature.
- With Premium Portfolio, Investors get to invest in a range of curated equity baskets investing across themes, style and market capitalization, aiming for long term wealth creation.
- These ready to invest baskets follow a concentrated approach investing in up to 25 handpicked stocks with ideal investment horizon of 3-5 years.
- Our Premium Portfolio’s help investor to smoothen their investment journey in equities by providing complete end to end online platform to invest, track performance and execute rebalancing in just few clicks.
- Under premium portfolios we currently offer 4 different themes of portfolios catering to different profile of investors based on risk profiles.

- At the index level i.e. Nifty 50 FY26 earnings performance was largely in line with expectations, reflecting resilience despite a volatile macro backdrop.
- Ongoing geopolitical conflict is driving up risk premiums, fueling energy prices, and causing capital outflows from emerging markets.
- Corporate earnings have been muted in the recent past with FY24-26 Nifty earnings CAGR at ~4%. Currently, we are on the cusp of double-digit growth trajectory with earnings CAGR over FY26- 28E at ~ 16%, being the key driver for markets to inch higher as current valuations now below the 10-year average of 18.2x (vs current 16.7x).
- We expect near-term volatility to persist. However, sharp market corrections are creating potential entry opportunities. We recommend to gradual accumulation of our premium portfolios based on risk appetite and investment horizon.



Sensex & Nifty Target (12 month rolling target)				
Earning Estimates	FY25	FY26	FY27E	FY28E
Nifty EPS (₹/share)	980	1,040	1,205	1,400
Growth (% YoY)	2.0%	6.2%	15.8%	16.2%
Earnings CAGR over FY26-28E				16.0%
FY28E EPS				1,400
PE Multiple Assigned				20
Nifty Target (using FY28E EPS)				28,000

Selection Philosophy : Capital Efficiency and Growth

Stock Catalyst

Capital Efficiency

- Margins expansion
- Improved Asset Turnover

Improvement in RoCEs

Growth

- Industry Tailwind
- Any structural development for Company

Increase in Topline/Profits

Large Cap

- Large Cap portfolio has handpicked 15-25 blue chip companies. Historically, Large-caps have been more resilient to market fluctuations when compared to mid & small-caps. A primary reason for the same has been established business models and healthy financials that provide cushion in times of crisis.
- The portfolio invest into diverse sectors with the objective of generating alpha over FD returns while minimizing risk during times of crisis.

Portfolio Highlights

Inception Date: 7th April 2021

Initial Investment Amount: 4,88,274

Benchmark: Nifty Index

Benchmark Return: 62%

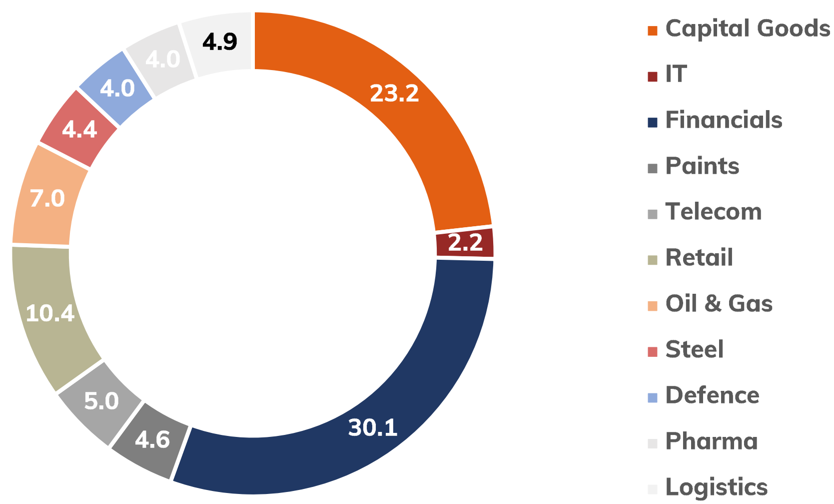
Investment Horizon: 3-5 years

Source: Bloomberg, ICICI Direct Research

Portfolio Allocation

Company Name	Weightage
Capital Goods	
Larsen & Toubro	8.0
Siemens India	3.9
CG Power	5.1
BHEL	6.2
IT	
LTI mindtree	2.2
Financials	
Axis Bank	5.3
PNB	4.1
HDFC Bank	4.9
SBI	6.4
Kotak Bank	4.4
AB Capital	5.0
Paints	
Asian Paints	4.6

Company Name	Weightage
Telecom	
Bharti Airtel	5.0
Retail	
Titan Company	6.4
Trent	4.0
Oil & Gas	
Reliance Industries	7.0
Steel	
Tata Steel	4.4
Defence	
Bharat Electronics	4.0
Pharma	
Zydus Lifesciences	4.0
Logistics	
Adani Ports & SEZ	4.9



What's In	
Company	**Rationale**
HDFC Bank	The investment case is turning favourable as key overhangs around governance and post-merger normalization are receding, while fundamentals continue to strengthen. Business growth in-line with industry, FCNR(B) deposit inflow and steady credit cost is seen to aid return ratios. Notwithstanding uncertainties on senior management, we believe recent negatives are largely reflected in valuations, offering an attractive entry opportunity
Zydus	The management has guided for High teen growth in FY27 along with 24%+ EBITDA margins, despite a high base of Revlimid and the confidence stems from new launches and niche 505 (b) (2) products. The company has specifically identified the Rare and Orphan disease segment as the new growth opportunity in the future. Going ahead, traction from its key acquisitions (Amplitude Surgical, Assertio along with new launches (like Saroglitazar and Desidustat) would also be a key monitorable
Bharat Electronics	BEL continues to deliver healthy operational performance, led by steady execution and sustainable margins. With healthy order-book, improving execution, increasing indigenisation and strong pipeline across defence electronics systems, company is well positioned to witness continuous strong earnings growth in coming years
Trent	Company operates as multi-format retail company having portfolio of successful retail brands such as Westside, Zudio and Star Bazaar. Trent's revenues and PAT grew at a CAGR of 36% and 53% respectively over FY23-26. Management is confident of achieving 20-25% in the near to medium with like for like growth improving to low double digit from low to mid-single digit. The company will continue to add 200-250 stores per annum. It's a stable business model in the retail space with better earnings visibility
CG Power & Industrial Solutions	A Murugappa Group company, is a leading electrical engineering player with FY26 revenue mix of 42% Power Systems, 54% Industrial Systems and 4% Semiconductors. The company is well positioned to benefit from India's T&D and data centre capex cycle, supported by a ₹15,719 crore order book, planned transformer capacity expansion to 110,000 MVA by CY26-end, and India's data centre capacity expected to grow from ~1.6 GW in CY25 to ~10 GW by CY30. Additionally, its ₹7,584 crore semiconductor OSAT project provides a new long-term growth engine, supporting an estimated 27% revenue CAGR and ~34% PAT CAGR over FY26–29E.

What's Out	
Company	**Rationale**
UltraTech Cement	Higher fuel cost coupled with moderate demand is likely to impact overall operational performance in near to medium term. Moreover, partial rollback of price hikes would also limit the overall realization gains
IREDA	A specialised renewable-energy financier focused on funding renewable energy and energy-efficiency projects. While growth opportunity remains strong, earnings volatility is expected to persist owing to margins and credit cost volatility, while lumpy exposures continue to remain an inherent risk. Fundamental largely seems to factored in current valuation, limiting upside potential. Thus, one can exit the stock
Avenue Supermarts	Company is one of the successful and profitable brands in the hypermarket retail space in India. Though the company has delivered stable margin performance in the recent past, the subdued performance of high margin non-FMCG business and increase in competition from Q-commerce/e-commerce player will put stress on the margins ahead. The company gave large importance on adding more stores in the new market. This might also put stress on return profile in the near term. This along will higher valuation makes a case for exit and wait for better entry point to re-invest in the stock
Tata Power	One of India's largest integrated power utilities with a diversified presence across generation, transmission, distribution and renewable energy. While the company has made progress on the Mundra SPPA, long-term earnings remain dependent on timely regulatory approvals and continued pass-through of imported coal costs. Additionally, elevated leverage (net debt/EBITDA of 3.3x) and execution of its large renewable and transmission pipeline could weigh on return ratios and earnings if delays persist
Divi's Laboratories	We believe the strong visibility in the customs synthesis business (~55% of the revenues) has been more or less captured in the current valuation (~36x FY28E EBITDA and ~52x FY28E EPS), thus providing limited upside from the current level. Similarly, the API business (~45% of the business) continues to remain under pricing pressure, which is putting pressure on further margin expansion (EBITDA margins stuck around ~32%).
Tata Motors Commercial Vehicles	An auto OEM from the house of Tata's, operating in the domestic commercial vehicle (CV) space. Earnings growth outlook is bleak for company's domestic CV business amidst diesel price hike and ramp up of dedicated freight corridor led volume growth uncertainty and unprecedented rise in commodity prices especially metals and rubber. We are also not enthused by the Iveco acquisition announced by the company given operating challenges in the high-cost European geography coupled with low growth prospects. Recommend Exit

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