SUMMIT SIF
By Invesco Mutual Fund

Short term opportunities or Long term wealth?

Get both.

Presenting

Summit Equity Long-Short Fund

(An open ended equity investment strategy investing in listed equity and equity related instruments including limited short exposure in equity through derivative instruments)

SEBI Registered Name - Invesco Mutual Fund | SEBI Registration Number - MF/052/06/01

This product is suitable for investors who are seeking:

- Capital appreciation over long term
- Investments predominantly in equity and equity related instruments including limited short exposure in equity through derivative instruments

*The Risk Band has been as specified by AMFI.

Risk-band*

Summit Equity Long-Short Fund
Risk band Level 5
RISK BAND
LOWER RISK 1 2 3 4 5 HIGHER RISK
RISK LEVEL 5

Benchmark Risk-band

BSE 500 TRI
Risk band Level 5
RISK BAND
LOWER RISK 1 2 3 4 5 HIGHER RISK
RISK LEVEL 5

Why settle for just one side of the opportunity?

Conventional long-only funds can make money when stock prices go up. However, return generation within markets is inherently non-linear and characterized by periodic dislocations. Every year, multiple stocks fall in value due to overvaluation, sector headwinds etc. Even within positive market environments, a notable proportion of stocks have delivered negative returns despite broader index gains.

These inefficiencies create a compelling opportunity for strategies that can actively capture both directional upside (through long positions) and tactical downside opportunities (through short positions via derivatives).

Introducing

Summit Equity Long-Short Fund

Designed to capture both long and short opportunities

Summit Equity Long-Short Fund aims to deliver risk-adjusted returns across market conditions by constructing a fundamentally driven long portfolio through rigorous bottom-up stock selection. Additionally, the investment strategy will employ tactical short positions in stocks anticipated to underperform. It thus maintains the flexibility to take both long and short exposures, enabling it to effectively capitalize on market volatility and evolving opportunities.

Limitations of Long-Only Strategies

Long-only strategies can only profit from rising stocks as they cannot generate returns by taking naked short positions in falling stocks

Summit Equity Long-Short Fund

Directional equity + tactical short positions via derivatives

Dynamic net equity - Long Book (Up to 100%)

Tactical Short Book (Up to 25%)

Focus on generating risk adjusted returns

The Derivatives Opportunity

Our investment approach

Flexicap strategy with a tactical shorting edge

Long Book

Short Book

Bottom-up Stock Selection + **Sector Agnostic** + **Investments across market cap** + **Tactical Shorts** = **Summit Equity Long-Short Fund**

Long Book (Up to 100%): Bottom-up alpha generation

Stocks for the long book are selected from our categorized stock universe, applying rigorous fundamental bottom-up analysis.

Stock Selection
Preference for high growth, high quality companies within the categorization framework

Sector Allocation
No sector bias. Investment Strategy will follow a mix of top down and bottom-up approach.

Market Cap Bias
Investment Strategy will dynamically manage the market cap allocation basis risk-reward opportunities

Short Book (Up to 25% via derivatives): Tactical positions in falling stocks

Instruments Used
Stock futures, Nifty/sector index futures, options, near-month and monthly contracts chosen for optimal liquidity and margin usage.

Stock Filters
Fundamental factors such as earnings downgrades & overvaluation, deteriorating balance sheet, cyclical slowdown etc.

Quant Overlay
A quantitative overlay helps in guiding weak market trends.

Factors driving our tactical shorts

Few examples from the past

Balance sheet deterioration

Sharp increase in Gross NPA, Debt/Equity ratio, Net Debt to EBITDA, Working Capital

Example
Few major private and PSU banks witnessed sharp correction during 2015 and a leading bank in 2019

Heightened competitive intensity

Entry of new players leading to fall in profitability

Example
A consumer durable company corrected sharply due to weak profitability despite volume growth during 2022

Reducing terminal value

Poor terminal value business - trading higher than intrinsic value

Example
Recently few gas utility companies got de-rated due to disruption from EV/renewables

High valuation and potential earnings downgrade

Valuations parameters such as P/E, P/B, EV/EBITDA trading at expensive levels, and likely earnings downgrades

Example
Recently seen in a retail apparel player

Cyclical slowdown in growth

Near term sharp downgrade in top-line

Example
IT service companies in 2016 and in recent years

Corporate governance issues

Any event that raises corporate governance concerns

Example
An IT service company in 2009

A housing finance company in 2019

Promoter leverage

A large portion of promoter shareholding being pledged

Example
A media company during 2019

Poor capital allocation

Investing in unrelated businesses with no synergies

Example
A staffing company in 2018

P/E- Price to Earnings, P/B – Price to Book, EV- Enterprise Value, EBITDA - Earnings Before Interest, Tax, Depreciation, and Amortization, NPA – Non Performing Assets

Positioning & Suitability

Risk Positioning

Lower volatility than diversified equity funds during falling markets, as short positions tend to act as a cushion against market risk.

Return Positioning

A flexicap strategy investing across large, mid, and small caps with an added advantage of seeking tactical short positions.

Suitability

Suitable for equity investors with a medium to long term horizon.

Targeted for investors seeking to blend directional equity exposure with tactical short positions, to provide risk-adjusted returns over conventional long-only strategies.

Taxation at par with equity mutual funds.

Disclaimer: The information provided herein may include statements/data of future expectations that are based on current views and assumptions and involves known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied.

Key Terms

Type of the Investment Strategy
An open ended equity investment strategy investing in listed equity and equity related instruments including limited short exposure in equity through derivative instruments

Category: Equity Long-Short Fund

Investment Objective
To generate long-term capital appreciation by investing primarily in equity and equity-related instruments, combining directional equity investments with tactical short positions to provide risk-adjusted returns over traditional long-only strategies. There is no assurance that the investment objective of the Investment strategy will be achieved.

Asset Allocation
Under normal circumstances, the asset allocation of the investment strategy would be as follows:

Instruments	Indicative Allocation (% of Net Assets)	
	Minimum	Maximum
Equity & Equity Related Instruments	80	100
Short exposure through unhedged derivative positions in equity and equity related instruments	0	25
Units issued by InvITs	0	20
Debt & Money Market Instruments	0	20

Plans^ / Options:
Regular Plan and Direct Plan
- Growth Option
- Income Distribution cum capital withdrawal ('IDCW')
  - IDCW Payout
  - IDCW Reinvestment

  (if IDCW payable under IDCW payout option is equal or less than ₹100/- then the IDCW would be compulsory reinvested in the respective plan/option of the Investment Strategy)

Minimum Application Amount (During ongoing basis)

Lumpsum: ₹10,00,000/- per application and in multiples of ₹1 thereafter.
₹1,00,000/- per application and in multiples of ₹1 thereafter for Accredited Investors.

For Systematic Investment Plan (SIP):

Options	Daily	Weekly	Monthly	Quarterly
Minimum Installments	12	12	12	4
Minimum Amount	₹1000	₹1000	₹1000	₹1000
And in multiples of ₹1 thereafter				

Subscription and Redemption Frequency: Daily basis at applicable NAV.

Exit Load#
For each purchase of units through Lumpsum / Switch-in / Systematic Investment Plan (SIP), Systematic Transfer Plan (STP), exit load will be as follows:
- if units are redeemed/switched out on or before 3 months from the date of allotment: 0.50%
- if units are redeemed/switched-out after 3 months: Nil
- Switch between the Plans under the Investment Strategy: Nil

Fund Manager: Hiten Jain

Benchmark: BSE 500 TRI

^Direct Plan will have a lower expense ratio excluding distribution expenses, commission for distribution of Units etc.
#Exit Load charged, if any, will be credited back to the investment strategy, net of Goods & Services Tax.
Note: Systemic transactions are subject to maintaining a minimum investment threshold of ₹10,00,000 across all investment strategies of Summit SIF.

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