



**PMS AIF WORLD**  
High Performance Investing

**APRIL, 2023 NEWSLETTER**

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# **CAT 3 ALTERNATIVE INVESTMENT FUNDS**

MONTH  
APRIL, 2023

DATA AS OF  
31<sup>ST</sup> MARCH, 2023

PREPARED BY  
PMS AIF WORLD

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**MONTHLY PERFORMANCE REPORT**

## Navigating the Road Ahead: A Cautiously Optimistic Outlook for FY24



**Kamal Manocha**

CEO,  
PMS AIF World

Dear Investors,

We welcome FY24 with a cautiously optimistic stance towards equity markets.

Last 2 financial years (FY22&FY23) saw massive fall in market valuations. This was longest correction period in two decades that caused distress for equity investors.

One of the main reasons that induced the stock market correction was the US Federal Reserve's change in monetary policy focus from growth to inflation, which led to the shift from quantitative easing to quantitative tightening.

In summary, the global stock markets enjoyed almost free liquidity for the last 13 years due to the Fed's 0% to 0.25% rates from 2008 to 2021. However, 2022 marked the year of reset, with the announcement of nine rate hikes by the Fed. After the last hike declared in March 2023, the Fed's rate currently stands at 4.75% to 5%, precisely at the same level observed before the global financial crisis in 2007-08. Following the 2008 financial crisis, the Fed announced a sharp rate cut, reducing rates from 4.75% to 0.25%, leading to a massive surge in growth-oriented business valuations. Similarly, in 2023, with the rates reversing back to old highs, there has been a sharp correction in the growth stock valuations.

As we embark on FY 23-24, we are optimistic that the equity market has bottomed out, and discounted all headwinds.

## Navigating the Road Ahead: A Cautiously Optimistic Outlook for FY24

But India cannot avoid the effects of the global slowdown; exports are already exhibiting symptoms of weakness, and this may slightly affect predictions for the GDP growth rate in 2023.

Nonetheless, Indian equity markets have significantly outperformed peers in 2022, thanks to increasing investments from foreign funds.

In contrast to the previous three years, when we saw a much wider market participation supported by global liquidity supporting all asset classes, 2023–24 may be a stock-specific market. In 2022, the overall market continued to perform well, helped by a shift in foreign capital flows away from China.

However, performance will become more skewed towards particular sectors and equities in 2023 as global liquidity tightens, as India allocation moderates, and as global economic growth is put under pressure. Quality growth stocks are likely to outperform defensive and high beta names in 2023, because the valuations have become more reasonable now.

India is on a path to witnessing one of its most extraordinary decades in terms of economic achievement since the country's Independence. In this decade India has crossed \$3 trillion in GDP in FY22 to reach \$3.2 trillion.

Along with India's rising GDP, corporate profits and overall market capitalization are also expected to pick up. Currently, the corporate profits to GDP ratio in India stand approximately at 4%.

A healthy growth outlook in GDP through the remainder of the 2020s, and a possibility of expansion in profitability with a higher scale – leads us to believe that Indian equity markets will also have a healthy return trajectory in the coming 5-7 years.

## Navigating the Road Ahead: A Cautiously Optimistic Outlook for FY24

Please refer to the tables below which has the data for market Levels, Valuations, and Macros. This data conveys a logical case in favour of equities as we see headwinds turning into tailwinds, going forward.

Index Levels	As on 01.04.2022	As on 31.03.2023	Change
Nifty 50	17670.45	17359.75	-1.76%
Nifty 500	15087.30	14557.85	-3.51%
Nifty Midcap 100	30134.55	30035.15	-0.33%
Nifty Smallcap 100	10611.25	8994.75	-15.23%

Valuations	As on 01.04.2022	As on 31.03.2023	Change
Nifty 50 PE	23.19	20.44	-11.86%
Nifty 500 PE	23.97	21.14	-11.81%
Nifty Midcap 100 PE	25.81	21.68	-16.00%
Nifty Smallcap 100 PE	25.13	16.17	-35.65%

Macros	As on 31.12.2021	As on 31.12.2022	Change
Interest Rate	4.00%	6.50%	2.50%
Inflation Rate	4.91%	5.72%	0.81%
Govt. Debt to GDP Ratio	87.00%	89.26%	2.26%
GDP Annual Growth Rate	8.40%	8.70%	0.30%
Market Cap to GDP Ratio	116.00%	93.15%	-22.85%
Crude Oil WTI	76.99	80.47	4.52%



## Navigating the Road Ahead: A Cautiously Optimistic Outlook for FY24

- In last 20 months, there has been a decent fall in market valuations. One of the well known market valuation indicators is Market cap to GDP ratio. Considering India's nominal FY23 GDP at Rs 273 trillion, on trailing basis, India's total market cap to GDP stands at ~93%. At FY24 projected nominal GDP levels, on forward basis, Mcap/GDP ratio translates into 84%. This is fair valuation, but still higher than long term average of 79%.
- Nifty 50, 500, Midcap, Small cap, all indices have seen sharp correction in valuations. At the end of FY 21, Nifty PE stood at ~40, and at the end of FY 22, at ~22, and, now at the end of FY 23, it stands at 20.5.
- Going by macros, Interest rates stand close to their peaks and with rise of 2.5% in last FY, inflation is likely to ease out soon. As per consensus estimates, India's CPI inflation should decline to 5% by March 2024

Last day of FY23 exhibited an uptick of nearly 1.5% across stock market indices. This indicates the cues of a positive tone for the upcoming fiscal year 2023-24. Moreover, most economic forecasts, foresee a favourable outlook for India's economy, driven by robust internal forces and almost all rating agencies have projected an upward trend for the Indian economy.

We are hopeful that FY 23-24 should be a good year for equity markets. Nevertheless, investment decisions must not rely on hope, only. Making informed investments is crucial, and that is what we, at PMS AIF WORLD, endeavour to do.

With the resurgence of high-interest rates and the sharp decline in growth businesses, stock markets can be viewed from two opportunistic perspectives – an ideal time to invest in growth stocks or the beginning of a new era of value investing.

We understand this profoundly and help every investor make informed investment decisions based on their current portfolio and profile.

## CAT 3 Alternate Investment Fund Performance Data as of 31<sup>st</sup> Mar 2023

LONG ONLY AIFs										
Strategy	Inception Date	AUM	1M	3M	6M	1Y	2Y	3Y	SI	Type
Abakkus Emerging Opp. Fund	Jun-19	-	2.3%	2.0%	11.6%	-0.9%	25.4%	53.8%	32.4%	Close Ended
Abakkus Growth Fund-1	Jul-18	-	-0.2%	-2.7%	4.1%	-6.8%	13.8%	41.6%	17.3%	Close Ended
Abakkus Growth Fund-2	Nov-21	-	1.3%	-2.5%	5.2%	7.0%	-	-	9.6%	Close Ended
Accuracap AlphaGen Next ^	Dec-18	75.93	0.1%	-4.2%	-4.4%	-10.8%	2.5%	17.5%	8.0%	Open Ended
Accuracap Vectra Fund ^	Dec-18	50.75	0.3%	-3.5%	-1.8%	-9.2%	4.0%	20.1%	8.1%	Open Ended
Alchemy Leaders of Tomorrow	Jan-18	347	0.0%	-6.0%	-12.4%	-13.6%	11.7%	31.2%	8.4%	Open Ended
Ashika India Alpha Fund	Jun-21	-	0.0%	-5.5%	-6.3%	0.2%	-	-	7.0%	Open Ended
Carnelian Compounder Fund – 1	May-19	-	-0.9%	-6.1%	-1.5%	0.3%	8.8%	25.1%	14.3%	Close Ended
Carnelian Structural Shift Fund	Apr-22	-	-2.5%	-2.9%	-2.1%	-	-	-	8.0%	Close Ended
Dalal & Broacha India Oppo. Multicap^	Dec-19	-	0.0%	-4.7%	-5.0%	-11.8%	3.1%	17.1%	7.2%	Open Ended
Edelweiss Catalyst Opportunities Fund	Jun-18	136.19	-1.4%	-5.7%	-6.5%	-6.2%	6.7%	24.5%	9.1%	Close Ended
Emkay Emerging Stars Fund IV	Jan-18	-	-1.6%	-2.6%	0.7%	4.5%	-	-	7.3%	Close Ended
First Water Capital Fund	Aug-20	-	-0.8%	-5.8%	-1.6%	-9.2%	17.4%	-	28.9%	Close Ended
Girik Multicap Growth Equity Fund II	Jan-22	112.88	-0.6%	-6.8%	-8.6%	-11.5%	-	-	-14.5%	Close Ended
I-Wealth Fund-2	Oct-22	-	-1.3%	-6.3%	-0.6%	0.1%	-	-	-2.7%	Close Ended
IIFL High Conviction Fund –Series 1^	Nov-19	-	-0.3%	-1.9%	-0.5%	-4.8%	6.3%	21.4%	9.1%	Close Ended
IIFL High Growth Companies Fund	Nov-18	-	0.0%	-0.5%	2.7%	-1.1%	10.5%	25.4%	14.3%	Close Ended
IIFL Multi Strategy Fund	Sep-18	-	-0.2%	-3.4%	-2.4%	0.0%	11.4%	25.3%	11.5%	Close Ended
Monarch AIF MNCL Capital Compounder Fund	Oct-20	87.2	-0.4%	-0.3%	5.4%	4.2%	13.1%	-	20.5%	Close Ended
Monarch AIF MNCL Capital Compounder Fund - I	Aug-22	258.3	0.6%	-3.8%	1.2%	-	-	-	2.2%	Close Ended
Prudent Equity ACE Fund	Dec-22	-	-0.7%	-2.9%	-	-	-	-	-2.9%	Open Ended
SageOne Flagship Growth 2 Fund	Aug-21	-	-1.0%	-5.1%	-9.0%	-12.8%	-	-	-5.5%	Close Ended
Sundaram Alternative Opportunities Series- ACORN^	Feb-20	-	-2.6%	-8.2%	-12.5%	-11.8%	5.1%	24.5%	14.2%	Close Ended
Sundaram Alternative Opportunities Series- ATLAS^	May-22	-	-0.6%	-6.7%	-8.0%	-	-	-	-1.3%	Open Ended
White Oak India Equity Fund- II	Mar-19	1101	-2.5%	-8.0%	-8.5%	-10.0%	2.8%	-	15.2%	Close Ended

The Data is indicative and as of 31<sup>st</sup> March, 2023. Data is Net of Expenses & Pre-Taxes unless indicated by marks (\* and ^) implied as mentioned below. Taxation in AIFs is different for Long only vs Long short and depends upon portfolio construct and structure.

^ Net of Expenses & Taxes

\* Gross of Expenses & Taxes

Returns upto 1 year are Absolute and above 1 Year are CAGR

## CAT 3 Alternate Investment Fund Performance Data as of 31<sup>st</sup> Mar 2023

LONG SHORT AIFs											
Strategy	Inception Date	AUM	1M	3M	6M	1Y	2Y	3Y	5Y	SI	Type
AlphaMine Absolute Return Fund	Apr-22	-	0.3%	4.1%	7.9%	18.1%	-	-	-	18.1%	Open Ended
Altacura AI Absolute Return Fund	Oct-21	493.21	2.0%	5.0%	8.9%	16.8%	-	-	-	23.7%	Open Ended
Avendus Absolute Return Fund *	Mar-17	-	0.6%	1.8%	3.1%	8.1%	10.0%	11.3%	10.7%	12.1%	Open Ended
Avendus Enhanced Return Fund-II	Nov-18	-	-0.8%	-7.3%	-2.3%	-1.3%	5.8%	19.1%	-	9.6%	Open Ended
Avendus Market Neutral Fund	May-21	-	0.6%	0.1%	0.3%	-	-	-	-	5.0%	Open Ended
Divinion Dynamic Fund	Aug-22	-	-0.9%	-3.7%	0.8%	-	-	-	-	0.9%	Close Ended
Dolat Absolute Return LLP	Jan-21	-	0.2%	0.9%	3.6%	8.2%	7.0%	-	-	7.8%	Open Ended
Edelweiss Alternative Equity Scheme*	Aug-14	848.82	-1.0%	-5.1%	-7.6%	-15.4%	-2.7%	10.3%	5.9%	12.4%	Open Ended
Edelweiss Consumer Trends Fund	Apr-21	352.53	-1.0%	-4.7%	-8.6%	-1.7%	-	-	-	6.5%	Close Ended
ICICI Pru Long Short Fund-Series I	Aug-18	3651.4	-0.1%	1.4%	4.4%	8.2%	10.7%	14.1%	-	13.5%	Open Ended
ITI Long Short Equity Fund *	Apr-18	-	0.0%	-1.4%	-0.5%	2.8%	7.8%	11.3%	-	12.0%	Open Ended
Nuvama Enhanced Dynamic Growth Equity Fund	Apr-21	590	0.2%	-2.6%	4.0%	8.0%	-	-	-	13.4%	Open Ended
Sameeksha India Equity Fund	Feb-22	100.42	1.5%	0.1%	6.3%	4.3%	-	-	-	5.3%	Open Ended
TATA Absolute Return *	Apr-19	300	0.9%	2.2%	4.7%	11.1%	10.6%	7.7%	-	7.9%	Open Ended
TATA Equity Plus Abs Returns Fund *	Mar-20	1557	0.8%	1.6%	4.2%	9.2%	16.2%	23.9%	-	22.3%	Open Ended
True Beacon One	Aug-19	-	-0.5%	-2.9%	0.7%	-0.6%	2.0%	18.3%		15.5%	Open Ended
Volvin Growth Fund-Active Rabbit	Sep-22	-	0.6%	-2.4%	5.0%	-	-	-	-	5.4%	Open Ended

Index	1M	3M	6M	1Y	2Y	3Y
Nifty 50	0.3%	-4.1%	1.6%	-0.6%	8.7%	26.4%
Nifty 500	0.3%	-5.8%	-1.8%	-2.3%	8.7%	27.7%
Nifty Mid Cap 100	-0.3%	-4.7%	-2.1%	1.2%	12.6%	36.9%

The Data is indicative and as of 31<sup>st</sup> March 2023. Data is Net of Expenses & Pre-Taxes unless indicated by marks (\* and ^) implied as mentioned below. Taxation in AIFs is different for Long only vs Long short and depends upon portfolio construct and structure.

Reading & understanding performance numbers appropriately is important. AIFs are governed by private placement norms. This is for general understanding. Do read the full disclaimer on the last page.

^ Net of Expenses & Taxes  
 \* Gross of Expenses & Taxes

Returns upto 1 year are Absolute and above 1 Year are CAGR

WISH TO MAKE INFORMED INVESTMENTS FOR LONG TERM WEALTH CREATION

# DO NOT SIMPLY INVEST, MAKE INFORMED DECISIONS

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