



PMS AIF WORLD
High Performance Investing

DECEMBER, 2022 NEWSLETTER

CAT 3 ALTERNATIVE INVESTMENT FUNDS

MONTH

DECEMBER, 2022

DATA AS OF

30TH NOVEMBER, 2022

PREPARED BY

PMS AIF WORLD

MONTHLY PERFORMANCE REPORT

What is taking Indian markets to an All-time high?



Kamal Manocha

CEO,
PMS AIF World

Dear Investors,

The post-Covid world had just begun to return to normalcy when it slammed into inflation and recession. Massive lay-offs at MNCs further shrouded the future in more uncertainty. However, amidst all this, Indian indices Sensex and Nifty are making new highs in November 2022. This has left investors confused.

How is the Indian market defying all the global risks?

The reality is that stock market sees what many don't and this astounds investors. Investors focus on the media chatter while markets focus on expected future outcomes. Going by markets' future-focussed thinking, CY22 has been a year of many corrections. And, corrections are always positive for the future... isn't it?

The first correction in year 2022 was due to the resetting of the US Federal Reserve policy stance. US has been enjoying close to 0.25% to 0.50% rates for more than 12 years because rates were cut sharply after the global financial crises of 2008 when the Fed brought rates down from 4.75% to zero. With the last six consecutive rate hikes in CY22, Fed rates have gone back to 3.75% to 4.00%, marking an end to the era of quantitative easing.

The second consequential event has been equities undergoing the reality test of valuations. Some of the major indices, which had enjoyed their best run-ups over the last five to ten years, saw massive correction--both Nasdaq and Hang Seng fell by ~30%. At the same time, Indian markets have hardly seen any fall.

Going by the age-old beliefs in stock markets that 'what doesn't correct during bad times, leads the good times', the recent relative outperformance of Indian bourses over the last 18 months has drawn attention away from the US and China to India. Many global thinkers, economists and stock-market experts believe that India will be the big bull market of this decade.

What is taking Indian markets to an All-time high?

Corporate-earnings booster

The third event, a positive, has been the comeback of corporate earnings growth in India across major sectors. In FY22, corporate earnings-to-GDP ratio bounced back to a decade high of 4.5%. While lay-off is the buzzword across advanced economies and MNCs, domestic companies in India are in capex mode, and economic forums are arguing if India will grow at 6.5% or at 7.5%.

Rise in corporate earnings brought correction in equities as reflected by the fall in Nifty 50 PE multiples. Nifty's Price-to-Earning (PE) Ratio was ~35 in November 2020, today, in November 2022, it stands at ~22. This goes on to justify that even though the index is at an ATH, valuations have corrected by almost 40% and this is why markets look attractive, despite being at ATHs. These valuations are similar to what they were after the Covid corrections--March 2020, Nifty PE was at ~21.

Fourthly, recession in advanced economies would significantly bring down the imported inflation risk for India as commodity prices cool. If we consider that India imports more than 80% of its energy requirement, then falling crude oil prices will help bring the country's trade deficit down and this can have a cascading impact on varied sectors of the economy.

Fifthly, with global supply chains moving away from China to other geographies, India could emerge as a manufacturing hub. Currently, China is the number one manufacturing hub responsible for around one-third of the global manufacturing output. But years 2020 and 2021 have shown the world what over dependence on China can do.

Finally, with the series of rate hikes taken by central banks over the last 11 months in CY22, recession is likely to emerge as the bigger risk than inflation. And, we have seen what happens to stock markets when monetary policy turns dovish and focus returns to growth—whether during the global financial crises or during the pandemic.

What is taking Indian markets to an All-time high?

The big picture is that by the end of this decade, India's GDP is anticipated to more than double from over \$3.5 trillion to over \$7 trillion. According to a Morgan Stanley analysis, the nation's economy and stock market are expected to grow to be the third-largest in the world in this decade. And, following the Indian equities' data of over the last two decades, Nifty and Sensex have never seen a correction or a consolidation phase for more than 15 months. And, between August 2021 and November 2022, it has already been a period of 15 months with almost 0% returns from Nifty and Sensex.



Viewing policy actions and market cues optimistically, the corrections of 2022 offer investment opportunities. Also, we can soon see a reversal in FII's stance and flows, back in favour of Indian equities. With DII flows steadily increasing, there would soon be a scenario of buyers outweighing sellers, taking markets to newer heights.

Of course, there will be short to medium-term volatility and equities are never without risk. Therefore, it's all about making informed choices for the long term.



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LONG ONLY AIFs										
Strategy	Inception Date	AUM	1M	3M	6M	1Y	2Y	3Y	SI	Type
Abakkus Emerging Opportunities Fund	Jun-19	-	6.5%	3.5%	6.3%	-2.3%	37.6%	39.7%	34.7%	Close Ended
Abakkus Growth Fund-1	Jul-18	-	2.3%	5.0%	5.5%	-4.1%	27.4%	25.3%	19.3%	Close Ended
Abakkus Growth Fund-2	Nov-21	-	4.0%	9.2%	14.1%	17.8%	-	-	16.2%	Close Ended
Accuracap AlphaGen Next ^	Dec-18	101.2	1.5%	0.7%	4.0%	-3.1%	12.4%	11.9%	10.8%	Open Ended
Accuracap Vectra Fund ^	Dec-18	54.22	1.7%	1.2%	4.1%	-4.6%	13.7%	14.4%	10.6%	Open Ended
Aequitas Equity Scheme- I	Mar-19	369.24	7.3%	5.4%	18.3%	34.8%	63.8%	42.6%	23.0%	Open Ended
Alchemy Leaders of Tomorrow	Jan-18	393	-2.1%	-3.0%	4.9%	2.3%	26.8%	24.9%	11.7%	Open Ended
Ampersand Growth Opp. Fund^	Sep-17	314	2.0%	2.5%	14.1%	7.6%	28.3%	24.4%	17.5%	Close Ended
Carnelian Compounder Fund – 1	May-19	-	2.8%	6.2%	14.4%	0.3%	22.2%	16.2%	18.4%	Close Ended
Carnelian Structural Shift Fund	Apr-22	-	4.5%	4.6%	15.2%	-	-	-	27.0%	Close Ended
Dalal & Broacha India Oppo. Multicap^	Dec-19	-	2.4%	2.1%	7.9%	-4.7%	11.6%	-	11.6%	Open Ended
Edelweiss Catalyst Opportunities Fund	Jun-18	167.55	2.2%	3.8%	10.9%	3.2%	21.9%	16.0%	12.8%	Close Ended
First Water Capital Fund	Aug-20	-	4.0%	-0.8%	3.1%	16.1%	37.5%	-	37.4%	Close Ended
Girik Multicap Growth Equity Fund II	Jan-22	125.31	0.8%	2.2%	7.8%	-	-	-	-5.1%	Close Ended
IIFL High Conviction Fund –Series 1^	Nov-19	-	2.5%	2.6%	9.1%	-4.6%	15.7%	12.1%	11.9%	Close Ended
IIFL High Growth Companies Fund	Nov-18	-	3.8%	4.3%	10.0%	-2.4%	21.3%	15.0%	16.3%	Close Ended
IIFL Multi Strategy Fund	Sep-18	-	1.5%	3.0%	14.0%	4.1%	20.5%	17.6%	14.2%	Close Ended
Incred India Value & Growth Fund I	Sep-19	-	3.2%	0.7%	9.1%	-1.1%	18.4%	20.1%	20.5%	Close Ended
Monarch AIF MNCL Capital Compounder Fund	Oct-20	97.5	2.5%	4.6%	14.1%	8.9%	22.6%	-	24.7%	Close Ended
Monarch AIF MNCL Capital Compounder Fund - I	Aug-22	269.2	2.2%	6.6%	-	-	-	-	6.8%	Close Ended
Purnartha AIF Series 1	Apr-22	-	0.0%	-0.4%	3.1%	-	-	-	1.9%	Close Ended
Roha Emerging Companies Fund	Nov-18	-	-0.1%	1.3%	4.4%	4.8%	46.5%	48.6%	27.7%	Close Ended
SageOne Flagship Growth 1 Fund**	Sep-19	-	-4.9%	-11.7%	-14.8%	0.3%	50.6%	-	33.2%	Close Ended
SageOne Flagship Growth 2 Fund	Aug-21	-	0.7%	-2.3%	3.3%	0.1%	-	-	0.7%	Close Ended
Sundaram Alternative Opportunities Series- ACORN^	Feb-20	-	-0.4%	-3.7%	4.8%	-4.6%	19.1%	-	20.4%	Close Ended
White Oak India Equity Fund- II	Mar-19	1220	0.5%	1.9%	11.3%	-2.5%	17.8%	-	20.5%	Close Ended

The Data is indicative and as of 30th Nov, 2022. 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

** Performance is as of 30 June'22. Fund is Closed and redeemed post June'22
Returns upto 1 year are Absolute and above 1 Year are CAGR

CAT 3 Alternate Investment Fund Performance Data as of 30th Nov 2022

LONG SHORT AIFs											
Strategy	Inception Date	AUM	1M	3M	6M	1Y	2Y	3Y	5Y	SI	Type
AlphaMine Absolute Return Fund	Apr-22	-	1.0%	1.4%	9.1%	-	-	-	-	10.0%	Open Ended
Altacura AI Absolute Return Fund	Oct-21	353	0.7%	4.2%	7.9%	13.8%	-	-	-	16.1%	Open Ended
Aventus Absolute Return Fund *	Mar-17	-	0.3%	2.2%	3.7%	6.8%	12.3%	9.9%	11.3%	12.4%	Open Ended
Aventus Enhanced Return Fund-II	Nov-18	-	5.3%	7.3%	16.7%	8.5%	17.8%	12.9%	-	13.6%	Open Ended
Aventus Market Neutral Fund	May-21	-	0.9%	4.4%	5.6%	-	-	-	-	4.6%	Open Ended
Dolat Absolute Return LLP	Jan-21	-	1.3%	1.9%	5.5%	8.0%	-	-	-	7.8%	Open Ended
Edelweiss Alternative Equity Scheme*	Aug-14	1137.9	2.5%	-2.8%	0.8%	-14.8%	6.1%	8.0%	8.0%	14.2%	Open Ended
Edelweiss Consumer Trends Fund	Apr-21	396.82	-0.7%	0.1%	10.0%	1.5%	-	-	-	13.6%	Close Ended
Edelweiss Dynamic Growth Equity Fund	Apr-21	524	4.2%	7.7%	16.2%	17.1%	-	-	-	20.0%	Open Ended
Estee Enhanced Alpha Fund	Apr-22	22.95	2.0%	1.5%	6.5%	-	-	-	-	-1.4%	Open Ended
ICICI Pru Long Short Fund-Series I	Aug-18	4389	1.9%	4.0%	5.7%	9.5%	14.3%	13.2%	-	14.2%	Open Ended
ITI Long Short Equity Fund *	Apr-18	812.48	0.6%	1.8%	4.7%	4.6%	13.7%	13.7%	-	79.6%	Open Ended
TATA Absolute Return *	Apr-19	-	1.2%	1.5%	4.2%	11.3%	10.1%	4.9%	-	7.8%	Open Ended
TATA Equity Plus Abs Returns Fund *	Mar-20	-	1.0%	1.5%	5.5%	11.9%	19.8%	-	-	24.5%	Open Ended
True Beacon One	Aug-19	-	2.0%	3.3%	7.9%	3.7%	8.5%	18.7%	-	18.9%	Open Ended
Volvin Growth Fund-Active Rabbit	Sep-22	56	3.9%	-	-	-	-	-	-	7.9%	Open Ended
Whitespace Alpha Fund 1- Equity Plus	Oct-19	-	5.8%	10.2%	17.6%	16.8%	28.8%	28.1%	-	29.1%	Open Ended
Whitespace Alpha Fund 2- Debt Plus	Aug-20	-	2.0%	5.8%	5.4%	7.4%	11.4%	-	-	12.3%	Open Ended

Index	1M	3M	6M	1Y	2Y	3Y
Nifty 50	4.1%	5.6%	13.1%	10.5%	20.3%	15.9%
Nifty 500	3.4%	4.1%	12.9%	8.9%	22.0%	17.6%
Nifty Mid Cap 100	1.9%	1.8%	13.3%	8.1%	27.5%	23.0%

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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.

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