



PMS AIF WORLD
High Performance Investing

DECEMBER, 2023 NEWSLETTER

CAT 3 ALTERNATIVE INVESTMENT FUNDS

MONTH

DECEMBER, 2023

DATA AS OF

30TH NOVEMBER, 2023

PREPARED BY

PMS AIF WORLD

MONTHLY PERFORMANCE REPORT

Exciting Times Ahead for Indian Equities



Kamal Manocha
Founder & CEO,

Dear Investors,

The Indian stock markets are currently experiencing a significant upturn. The Sensex has witnessed a remarkable increase of over 5% in November 2023, predominantly driven by strong performances in the IT and banking sectors. This bullish trend has once again propelled the Nifty 50 index past the notable milestone of 21,000, underscoring a period of positive market dynamics.

This surge is attributed to strong domestic buying and strategic moves by foreign institutional investors, pushing the BSE's market capitalization to an impressive \$3.99 trillion. This figure notably surpasses the government's GDP forecast for the current fiscal year.

The investment landscape is buzzing with activity, evidenced by the active participation of domestic institutional investors and foreign portfolio investors, who are increasing their stakes in the market. As per CM SEBI data, FIIs made a Net Purchase of close to Rs 9,500 Crores in Nov 2023!

This renewed vigor is a promising sign for the numerous IPOs scheduled in the coming months. However, recent ones that got listed have also had a stellar listing! Case in point being, Tata Tech IPO that gave more than 2x returns on the listing day itself.

But, this is not important.



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Exciting Times Ahead for Indian Equities

What's important is to understand the sustainability of such (and every other) stock(s).

It's important to recognize that the stock market is not just a reflection of the economy but also a harbinger of future growth. With India's GDP growth likely to remain strong, we are poised for continued success in the equity market.

The economy grew at an impressive 7.6% in the July-September quarter, showcasing the vigor and resilience of the country. This growth, led more by investments than consumption, is particularly encouraging.

The Purchasing Managers' Index (PMI) for manufacturing, which climbed to 56 in November from 55.5 in October, further bolsters this confidence.

Both government capital expenditure and private capital expenditure have shown significant increases. This has led analysts to revise their full-year GDP growth estimations upwards, reflecting a newfound optimism in the economic outlook.

The GDP is expected to grow healthily, potentially reaching 6.5 or even 6.8%, if the government maintains its spending momentum. The outlook for the next fiscal year is also promising, especially with the government likely to increase spending in the run-up to the national election and four state assembly polls.

This increased government expenditure could boost consumer spending, a critical factor for the economy's overall health.



Exciting Times Ahead for Indian Equities

DOMESTIC INDICES		
INDICES	1M Change*	1Y Change*
SENSEX	+ 4.87%	+ 5.85%
NIFTY 50	+ 5.52%	+ 7.02%
NIFTY BANK	+ 3.82%	+ 2.82%
NIFTY MIDCAP 100	+ 10.37%	+ 32.91%
NIFTY SMALLCAP 100	+ 12.03%	+ 41.44%

*Data as of 30th November 2023

GLOBAL INDICES		
INDICES	1M Change*	1Y Change*
DOW JONES	+ 8.77%	+ 4.52%
NASDAQ	+ 10.70%	+ 23.90%
S&P 500	+ 8.92%	+ 12.05%
SHANGAI	+ 0.36%	- 4.29%
NIKKEI	+ 8.52%	+ 18.64%

*Data as of 30th November 2023

FII & DII ACTIVITY^	
FII (Equity)	+ Rs 3,875.83 Cr
DII (Equity)	+ Rs 14,253.67 Cr

^Net Data, as per CM Provisional Data

PRICE-TO-EARNINGS (PE) RATIO	
NIFTY 50	21.7
NIFTY 500	22.8
NIFTY MIDCAP 100	23.2
NIFTY SMALLCAP 100	26.9

MARKET CAP to GDP RATIO^	~99%
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^Buffett Indicator as of 4th Dec 2023



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Exciting Times Ahead for Indian Equities

Apart from the data points mentioned in the previous slide, if we talk about the interest rates, we have something interesting - The Reserve Bank of India (RBI) remains highly optimistic about growth prospects, with an estimate of 6.5% for the full year. Governor Shaktikanta Das has hinted at even higher growth potential. In the upcoming meeting of the six-member committee, the strong domestic growth drivers are expected to allow a focus shift towards managing inflation.

Having said that, markets are fairly valued right now, where Nifty 50 PE (on a trailing basis) stands at around 22, the Nifty Mid Cap 100 PE is around 23, and the Nifty Small Cap 100 PE is around 27.

While Indian equity markets did see a joyride in November, the investing landscape had a major loss – Charlie Munger. Munger had said, "Part of [having uncommon sense] is being able to tune out folly, as opposed to recognising wisdom. If you bat away many things, you don't clutter yourself."

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Indian Economy

Feb, 2024

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Upcoming Webinars



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High Performance Investing

Upcoming Webinars



Nidhi Ghuman
Senior Executive,
Vice President,
360 ONE Asset

15th December, 2023
4:00 PM - 5:00 PM IST



Siddhartha Bhaiya
MD & Fund Manager,
Aequitas

22nd December, 2023
4:00 PM - 5:00 PM IST



Abhisar Jain
Fund Manager,
Monarch AIF

29th December, 2023
4:00 PM - 5:00 PM IST



Sonam Srivastava
Founder,
Wright Research

05th January, 2024
04:00 PM - 05:00 PM IST

•15th December with Nidhi Ghuman, Senior Executive Vice President, 360 ONE Asset

• 22nd December with Siddhartha Bhaiya, MD & Fund Manager, Aequitas

•29th December with Abhisar Jain, Fund Manager, Monarch AIF

•5th January with Sonam Srivastava, Founder, Wright Research

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CAT 3 Alternate Investment Fund Performance Data as of 30th Nov 2023

LONG ONLY AIFs										
Strategy	Inception Date	AUM	1M	3M	6M	1Y	2Y	3Y	SI	Type
360 ONE Equity Opportunity Fund- Series 2	Feb-23	-	6.15%	4.63%	10.44%	-	-	-	13.94%	Close Ended
360 ONE High Conviction Fund –Series 1^	Nov-19	-	6.20%	6.10%	15.70%	17.15%	5.16%	16.34%	13.06%	Close Ended
360 ONE Turnaround Opp. Fund	Jul-21	-	9.63%	12.93%	27.54%	33.31%	24.28%	-	22.59%	Close Ended
Abakkus Alpha Diversified Fund	Dec-22	-	9.93%	13.01%	23.52%	-	-	-	27.68%	Close Ended
Abakkus Emerging Opp. Fund	Jun-19	-	8.09%	6.29%	31.45%	49.29%	20.63%	41.29%	37.76%	Close Ended
Abakkus Growth Fund-1	Jul-18	-	3.50%	1.80%	18.10%	29.40%	10.80%	27.60%	20.80%	Close Ended
Abakkus Growth Fund-2	Nov-21	-	7.70%	5.90%	19.90%	25.80%	21.72%	-	20.76%	Close Ended
Accuracap AlphaGen Next ^	Dec-18	81.00	6.20%	6.10%	17.10%	16.40%	6.20%	13.70%	11.90%	Open Ended
Accuracap Vectra Fund ^	Dec-18	34.91	7.20%	2.90%	13.80%	16.40%	5.40%	14.60%	11.80%	Open Ended
Alchemy Leaders of Tomorrow	Jan-18	447	8.88%	10.18%	27.29%	27.06%	14.00%	26.89%	14.18%	Open Ended
Ampersand Growth Opportunities	Sep-17	446.3	12.40%	10.20%	30.80%	37.00%	21.40%	31.10%	20.40%	Open Ended
Carnelian Compounder Fund – 1	May-19	-	8.16%	7.79%	23.73%	28.36%	13.44%	24.18%	20.53%	Close Ended
Carnelian Structural Shift Fund	Apr-22	-	8.39%	9.05%	26.31%	36.94%	-	-	32.99%	Close Ended
Dalal & Broacha India Oppo. Multicap^	Dec-19	-	7.72%	5.24%	23.38%	24.64%	8.99%	15.78%	14.69%	Open Ended
Edelweiss Catalyst Opportunities Fund	Jun-18	-	4.95%	3.26%	12.01%	4.88%	4.01%	15.97%	11.25%	Close Ended
First Water Capital Fund	Aug-20		8.44%	17.53%	45.08%	56.47%	34.78%	43.57%	42.95%	Close Ended
First Water Capital Fund - II	Jul-23	-	7.93%	13.66%	-	-	-	-	23.28%	Open Ended
Girik Multicap Growth Equity Fund II	Jan-22	169.97	9.12%	11.58%	33.54%	35.64%	-	-	14.72%	Close Ended
Guardian Capital Parners Fund Opportunities Scheme	Jan-20	-	6.55%	4.87%	18.88%	28.22%	22.27%	26.85%	38.05%	Open Ended
I wealth fund-2	Oct-21	-	7.13%	7.17%	25.33%	26.90%	-	-	13.26%	Close Ended
Monarch AIF MNCL Capital Compounder Fund - I	Aug-22	334.2	7.60%	7.70%	16.80%	24.80%	-	-	25.40%	Close Ended
Prudent Equity ACE Fund	Dec-22	-	14.38%	11.50%	51.62%	-	-	-	61.98%	Open Ended
Rational Equity Flagship Fund I	Mar-23	55	10.98%	24.37%	65.87%	-	-	-	83.19%	Close Ended
SageOne Flagship Growth 2 Fund	Aug-21	910	10.36%	11.48%	36.88%	35.03%	15.74%	-	13.89%	Close Ended
Sameeksha India Equity Fund	Feb-22	171.78	8.32%	11.72%	34.46%	46.69%	-	-	29.49%	Open Ended
Samvitti Capital Alpha Fund ^	Nov-15	297.67	11.04%	11.35%	46.59%	47.88%	21.43%	26.63%	13.63%	Open Ended
Sundaram Alternative Opportunities Series- ACORN^	Feb-20	-	8.60%	3.17%	13.52%	16.66%	6.51%	19.33%	18.80%	Close Ended
Sundaram Alternative Opportunities Series- ATLAS^	May-22	-	7.45%	3.92%	9.41%	11.61%	-	-	14.30%	Open Ended

The Data is indicative and as of 30th November, 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 30th Nov 2023

LONG SHORT AIFs											
Strategy	Inception Date	AUM	1M	3M	6M	1Y	2Y	3Y	5Y	SI	Type
AlphaMine Absolute Return Fund	Apr-22	-	2.00%	5.00%	7.80%	18.20%	-	-	-	17.00%	Open Ended
Altacura AI Absolute Return Fund	Oct-21	961	1.17%	3.18%	7.48%	17.19%	-	-	-	36.02%	Open Ended
Avendus Absolute Return Fund *	May-23	-	1.41%	3.11%	6.71%	-	-	-	-	12.11%	Open Ended
Avendus Enhanced Return Fund-II	Nov-18	-	3.83%	3.31%	11.56%	11.32%	9.88%	15.62%	-	13.14%	Open Ended
Avendus Market Neutral Fund	May-21	-	1.05%	1.23%	0.91%	-0.95%	-	-	-	2.26%	Open Ended
Divinion Dynamic Fund	Aug-22	-	4.62%	5.56%	7.15%	10.33%	-	-	-	15.37%	Close Ended
Dolat Absolute Return LLP	Jan-21	-	2.06%	5.55%	11.06%	14.77%	11.25%	-	-	10.67%	Open Ended
Edelweiss Alternative Equity Scheme*	Aug-14	-	5.08%	4.74%	10.21%	3.40%	-6.12%	5.19%	8.97%	12.95%	Open Ended
Edelweiss Consumer Trends Fund	Apr-21	-	7.03%	7.24%	12.20%	14.20%	7.64%	-	-	13.84%	Close Ended
ICICI Pru Long Short Fund-Series I	Aug-18	1664	0.24%	1.18%	1.84%	5.26%	7.36%	11.18%	11.13%	12.43%	Open Ended
ITI Long Short Equity Fund *	Apr-18	-	7.98%	8.30%	12.13%	14.35%	9.37%	13.90%	12.34%	13.60%	Open Ended
Nuvama Enhanced Dynamic Growth Equity Fund	Apr-21	873	7.17%	5.17%	10.12%	12.87%	14.96%	-	-	17.30%	Open Ended
TATA Absolute Return *	Apr-19	384	0.37%	0.98%	2.97%	7.63%	9.46%	9.30%	-	7.78%	Open Ended
TATA Equity Plus Abs Returns Fund *	Mar-20	2371	1.32%	2.15%	6.08%	12.80%	12.40%	17.45%	-	21.24%	Open Ended
True Beacon One	Aug-19	-	3.21%	3.44%	7.75%	6.42%	5.11%	7.90%	-	16.40%	Open Ended
Volvin Growth Fund-Active Rabbit	Sep-22	-	3.53%	4.74%	13.41%	22.52%	-	-	-	32.42%	Open Ended

Index	1M	3M	6M	1Y	2Y	3Y
Nifty 50 TRI	5.60%	4.75%	9.34%	8.47%	10.19%	17.18%
BSE 500 TRI	7.06%	6.19%	14.40%	13.44%	12.08%	20.21%

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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.

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

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

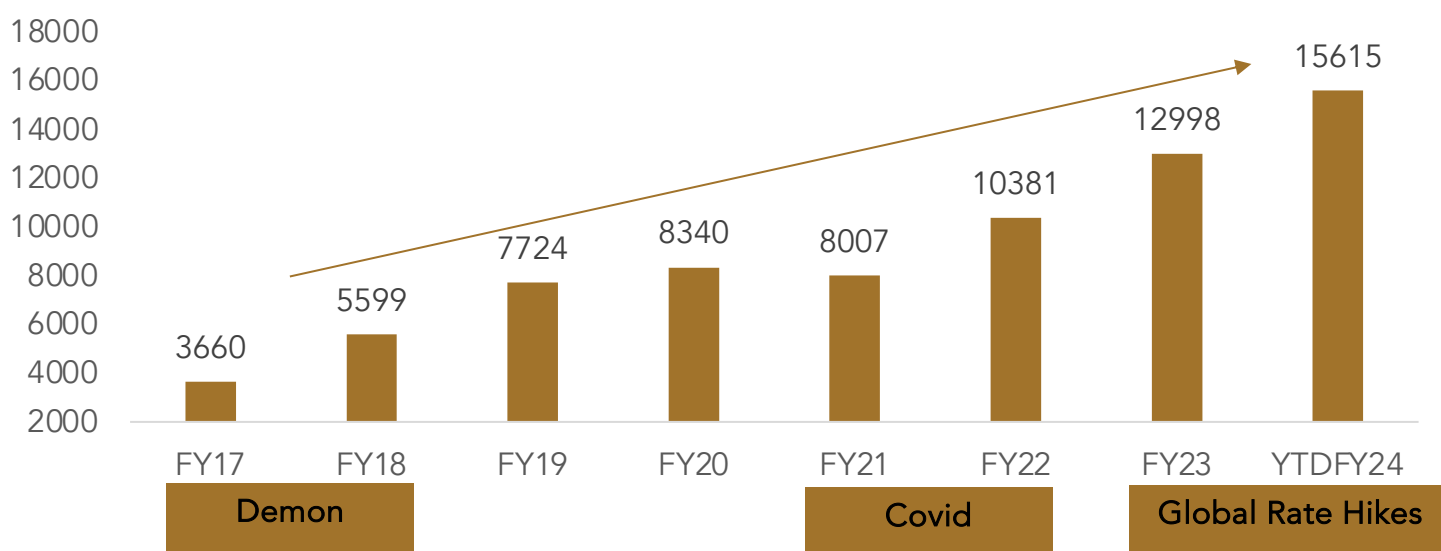
Have we entered 'Atmanirbhar Era' for Indian markets as DII flows trump FII flows?

By: Abhisar Jain, CFA (Fund Manager, Monarch AIF)

While the topic of atmanirbharta (self-reliance) has been much talked about on the economic front for India, there is a discernibly strong ongoing trend in the Indian stock market which is well and truly making it self-reliant and even possibly less volatile! **This self-reliance is stemming from consistently growing DII flows which in turn is primarily driven by increased participation of retail investors** (mainly through the non-cyclical SIP route). While it is no secret that retail investors have been historically underinvested in equities, it appears that they are getting in for the long haul now through regular investing routes. The strong conviction shown by retail investors in the long term potential of Indian market has resulted in DII flows coming off age and this is having several second order impacts on the markets in our view.

DII flows have grown consistently led by non-cyclical SIP flows and have trumped FII flows

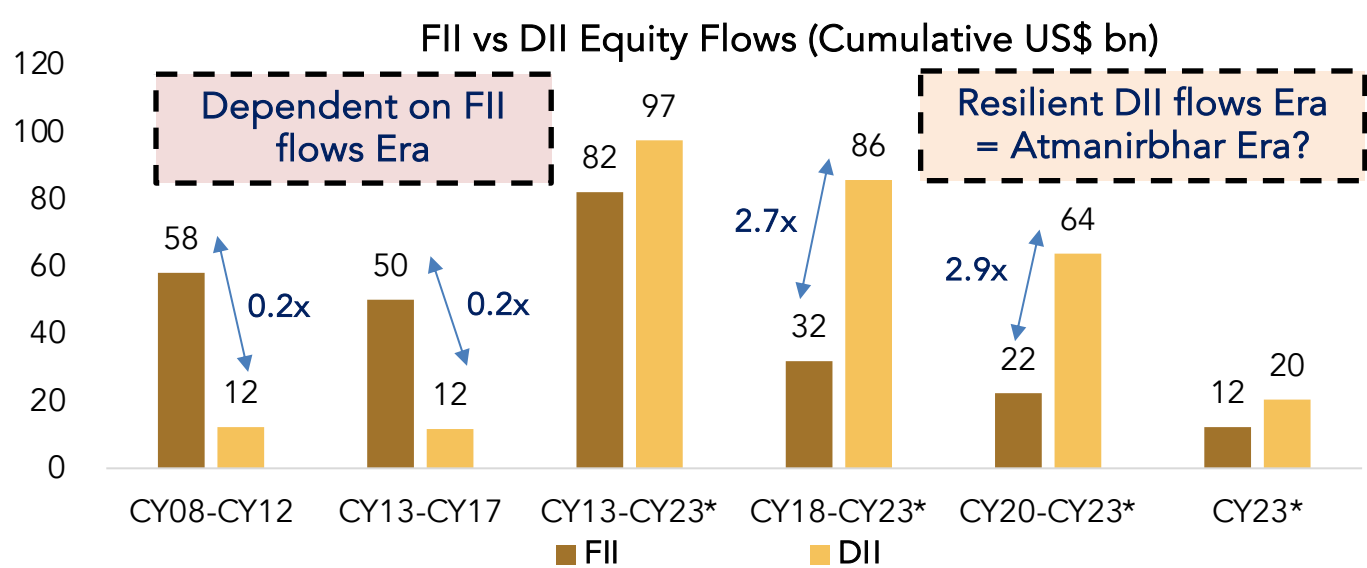
There has been a remarkable shift in DII flows from being inconsistent and highly volatile during the period of FY05-FY15 to being consistently growing during FY15-FY24. This shift is being driven by a sustainable fundamental change in how retail/HNI investors have started to invest in the Indian markets. The single biggest factor in turning around the fortunes of DII flows has been the widespread acceptance and penetration of SIPs for investing by retail investors. Gross SIP flows which were nearly non-existent just 10 years ago have gone up 4x in the last seven years and are running at a run-rate of ~Rs15600cr/mth in YTD FY24. Unlike other types of flows which show cyclicity, the SIP flows have surprisingly grown through all big events like 1. Demonetization, 2. Covid crisis and 3. Current global rate hikes. Even though Net SIP flows stand at 45% of gross SIP flows but nonetheless the sharp increase in absolute magnitude of SIP flows has continued



Source: AMFI, Bloomberg, Monarch AIF, YTD FY24 is Apr-Nov 2023

Cumulative DII inflows are now higher than FII inflows in the last 3Y/5Y/10Y periods whereas in the previous decade they used to be fraction of FII flows. We believe that this fact goes unnoticed in the markets as FII flows get overwhelming attention in media and market commentators most of the time. The resilience of DII flows (backed in turn by sustainable and non-cyclical SIP flows) could make FII flows much less of a swing factor for Indian markets going ahead.

Exhibit 2: DII flows have trumped FII flows in last 3Y/5Y/10Y



Source: SEBI, Bloomberg, Monarch AIF, CY23 data is for Jan-Nov'23

Several second order impacts of heightened DII activity are proving to be game-changing for Indian markets

We see several second order implications of heightened DII flows for Indian stock markets and some of these include i) consistently rising valuations of good quality companies (those with high ROEs and resilient growth) due to sustained demand from institutional investors with long term holding mindset, ii) reducing free floats as institutional holding keeps building up, iii) need for promoter groups to provide higher liquidity to meet sustained institutional demand and iv) increase in new listings required to absorb flows. We are witnessing all of these playing out in a major way in recent times. We believe that while all eyes used to be focused on the behavior of FII flows in the past to gauge the market mood and direction but going forward the same would be dictated and driven by DII flows.

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