INVESTONOMICS

INDIA: Resurgence of the Golden Bird

EDITION 20 | JANUARY 2023

PMS AIF WORLD

Leading the Growing Space of Alternates

PMS AIF WORLD

PMS AIF World is an alternates focused, new age investment services company, providing analytics-backed quality investing service with an endeavour and aim of assisting investors' journey of long term wealth creation and prosperity. The Investment Service Industry isn't designed to be fair; there are hundreds of products and strategies that waste time and money. So, one must practice caution while investing. We offer responsible, long term investment service. We distribute well analysed PMS and AIF products and offer investment service along with in - depth information for investors to make informed decisions not just before investing, but throughout the wealth creation journey. We are very selective in our approach, we analyze PMS AIF products across 5 Ps – People, Philosophy, Performance, Portfolio, Price, with an endeavour to ascertain the Quality, Risk, and Consistency(QRC) attributes before offering the same to investors.

INDEX

PMS AIF WORLD

INDEX

PMS AIF WORLD

INDEX

PMS AIF WORLD

INDEX

PMS AIF WORLD

INDEX

PMS AIF WORLD

Keep the Faith

"India is going to see her resurgence as the Golden Bird again"

- Kamal Manocha,
Founder, PMS AIF World

Anything and everything that's achieved in life, gets first created in the mind. And, then, faith drives its achievement. So, if one wants to really create wealth from investing, foremost is to believe that there are good investments that will perform well and the future is going to be bright. The faith needs to be persistent and strong, especially during times of darkness.

The issue is that most investors are unable to sail through dark periods with faith, and limitation of human mind wavering too much, leads to loss of conviction. This also happens because, wealth management industry is not designed to be fair; its comprised of competent sales people who are skilled at encashing this limitation of human mind. Rather than helping investors keep the conviction and hold on to temporary underperformers during tough times, it operates in a system built to always show case products that performed best in the recent past, and thus, most investors seldom experience real wealth creation.

Year 2022 has been one such dark & turbulent year for the stock market and has left investors disappointed and confused. Now, in year 2023, it is the same state where investors are vulnerable to wavering and making weak investment decisions in the hands of some shrewd sales focused wealth managers, whose focus is to sell products which look more comfortable to the fearful & perplexed state of investor mind-set. Investors in this state need to be very careful. This is exactly where knowledge plays a role of light cutting the darkness.

PMS AIF WORLD has been set up with the mission of offering good investment products, selected objectively. And, we are working successfully towards our vision of creating thousands of real wealth creation stories. We are doing so, by ensuring investor conviction holds through the power of knowledge backed by content & analysis especially during tough phases.

This investment journal, Investonomics has been conceptualised to offer quarterly insights to our clients, and serves as a guide to help make informed investment decisions. While, this is the 20th edition of this investment journal, it's a special edition as this is being released during our 4th Annual Crystal Gazing Summit & Awards. This summit was at first conceptualised by PMS AIF WORLD in Feb 2020 at the beginning of the decade, held physically at Sahara Star (Mumbai) and was titled then as "Crystal Gazing Next Decade of Wealth Creation."

Since the world was hit by a pandemic soon after, subsequent years' summit was thoughtfully titled as "Wealth Creation in the Post Covid World" held virtually in Feb 2021 and thereafter in year 2022, this summit was titled, "Richer, Happier, Wiser Investors." All these summits have been highly informative and we were successful in articulating opportunities & challenges to our clients, so that their journey of wealth creation is not hit with the wavering of faith.

The topic of Crystal Gazing Summit 4.0, this year is: **INDIA – Resurgence of the Golden Bird.**

While ancient India was called the Golden Bird, our belief is that India is going to see her resurgence as the Golden Bird again over next 1-2 decades. Thus, the broad idea is to discuss, validate, and demystify this belief. This is becuause post last 18 months of equity market consolidation world-wide, and fear of global recession, investors have started to question – does current decade really present once in a life time opportunity over next 10 years for wealth creation in India, or the dream of golden decade ahead is just a wish?

In this edition we have compiled various articles on markets & economy authored by top money managers as well as details of products from 15 PMS & AIF focused companies which are partners to our 2023 annual Crystal Gazing Event. Besides, we present our top choice PMS & AIF products and their performance data along with top 10 investment indicators in 2023 and much more.

STAY INFORMED, STAY INVESTED!

Crystal Gazing Summit is a sincere endeavour to get realistic answers to real investor concerns, through panel discussions.

Last 3 annual summits have been very successful and extremely insightful. We hope to continue the good work and always aim excellence!

- Mr. Kamal Manocha

PMS AIF WORLD

Crystal Gazing Summit & Awards 4.0

India: Resurgence of The Golden Bird

The most thoughtful Summit for Investors

10th & 11th Feb 2023

Our Partners

TITLE

Sundaram Alternates – Unearthing Opportunities

PLATINUM

Avendus

ICICI Prudential Alternate Investments

GOLD

Axis Asset Management

ENAM Asset Management

IIFL Asset Management

Kotak Portfolio Management Services

Tata Asset Management

SILVER

Carnelian

Edelweiss Asset Management

InvAsset

Motilal Oswal Asset Management – Buy Right Sit Tight

neo Wealth & Asset Management

Right Horizons – Guiding you in achieving your goals...

Valentis Advisors Private Limited

PMS AIF WORLD

India - Resurgence of the Golden Bird

This is a story we are all familiar with... In 1492, Christopher Columbus discovered America by accident. A lot of facts have now come to the fore depicting that he actually made landfall in the Bahamas and never really set foot in what is known as today's America! He was in fact, en route to what he believed was a route to India but lost his way on the high seas. The fact that a country like India was so alluring to an Italian explorer and navigator, who staked everything on this journey, has seldom been discussed with equal fervor.

Indeed, if you look back, India was the center of the world's trade. India was the world's leading exporter of perfumes, spices, food items, cotton, and precious stones - and had a thriving economy as far back as one would remember. It was fondly known as the "**Soney ki chidiya" (The Golden Bird)** which attracted traders from all over the world.
It is interesting to note that India's dominance over world trade was a natural corollary to her being the world's spiritual voice. From Scholars to astronomers, philosophers to astrologers, the list of India's navigating world opinion on the issues of those times was always respected. There was a certain pride in being an Indian and it manifested itself across several cultures

There is an uncanny similarity to the turn of events happening in our country over the last several years. One would find that there is a larger acceptance of India on the world stage, not just in terms of just the presence of the second most populous nation on earth, but also as a country that has its unique way of handling issues the world has been struggling with. Whether it is the digital transformation of the country's payment infrastructure or the handling of a once-in-a-century crisis like COVID, India has shown that it can handle its issues independently and successfully. Simultaneously, the way we have handled geopolitical issues through the MEA, or managing our internal finances through the RBI, as a country we are no longer seeking external validation of our actions there is an air of quiet confidence and fearlessness as we go about our business. Even in sports, we are increasingly becoming more competitive on the global stage and starting to increase our medals tally with each successive event.

This has not been lost on global trade which has been quick to spot the secular opportunity the country presents. Over the last 5 years, USD 363 billion of FDI money has come into the country, 101 unicorns were created and the number of companies seeking to move to a more +1 strategy has more than quadrupled

India is currently the **5th largest** stock market in terms of market cap in the world vs 10th from a decade ago, behind the USA, China, Japan, and Hong Kong. India is poised to become the world's 3rd largest economy and stock market by the end of this decade. As per Morgan Stanley's estimates, India will be one of the only three economies in the world which would generate more than USD 400 billion in annual economic output growth from 2023 onward, and this will rise to more than USD 500 billion from 2028. India's next decade of growth would be very similar to China's path of growth from 2007-2011.

This is just the beginning. I believe that India's economic growth is intricately linked to the Indian mindset. We have never been short of talent – it is now manifesting itself in the growth of entrepreneurs rather than losing it to "brain drain" as we did earlier.

PMS AIF WORLD

As we step into the next decade of India's growth, there would be various factors that would act as catalysts for growth. Some of them like conducive government capital spending towards infrastructure, healthcare, financials, Production Linked Incentive (PLI) schemes, and the National Infrastructure pipeline are known. Rapid developments in technology are helping businesses scale up at a faster pace with 50% to 55% of e-commerce business coming from Tier II and Tier III cities, resulting in organized businesses seeing higher levels of penetration and growth. As credit growth, capacity utilization and private investments pick up, this will spur consumption and demand, and higher GDP growth in the coming years, leading to a revival in the capex cycle.
In addition, there would be hitherto relatively less explored sectors that can do well, Tourism, both religious and medical, will take off with a simultaneous growth in supporting infrastructure.

No doubt, there would be challenges to growth. Global recession or weak growth – with nearly 20% of India's output exported would be one of the larger issues to look out for. Geopolitics events, a shortage of Skilled labor supply, and Commodity price increases could be serious challenges along the way.

However, the new Indian mindset is already thinking ahead and creating its way to navigate through. India is now Free Trade Agreements (FTAs) with different countries, smoothening out geopolitical tensions. India's ability to hold its own with all oil-producing nations across the globe is already reflecting in more predictable energy security leading to a more benign inflationary situation than the rest of the globe. Notwithstanding that, India is one of the largest ecosystems currently doing a pivot from fossil fuels to renewable energy which should further strengthen its position.

India is at a point where China was 15 years ago in terms of per-capita income and working-age population, giving India a clear demographic advantage in terms of sustaining higher terminal growth rates. India's private consumption is expected to more than double to USD 4.5 trillion by the end of this decade, similar in size to China in 2015.
Having said that, India is focusing on a sustainable growth story born of its strengths and virtues, rather than ape an existing growth model. History has proved that any country which does not look at inclusive growth basis of its competitive advantages, would not have a secular run and would soon falter. This is where the India growth story is indeed different this time around.

Like the proverbial Phoenix, India, the Golden Bird is on the rise like never before, to reclaim its past glory. We are indeed fortunate to be part of this paradigm shift and will have innumerable stories of scores of entrepreneurs and leaders who make this dream become a reality.

Why allocation to systematic strategies is the need of the hour?

Mr. Mehul Patel

Fund Manager - Alternative & Quantitative Strategies at Avendus Capital

Over the last 10 years, both Equity and bond markets have delivered decent returns. In addition, the combination of both asset classes in the portfolio provided good diversification due to relatively low correlation. A simple 60/40 portfolio (60% Equity and 40% debt) was sufficient to generate attractive returns with low volatility.

However, recent strong monetary expansions, rising commodity prices and disruptions in global supply chains, investors are now faced with the challenge of rebalancing their portfolios to account for increased inflation risk and uncertainty.

Historical data shows that periods of high inflation and elevated inflation expectations have a major impact on capital markets. A comprehensive study done globally clearly shows traditional investments perform poorly in inflationary phases, and Indian markets too are not immune to the same which is evident from the analysis given below:

Since Jan 2000		
	Average monthly returns	
Interest rate regime	ICICI Pru Long-term bond Fund	NIFTY
Less than < 7.5%	0.71%	1.94%
Greater than > 7.5%	0.63%	0.34%

Source: Bloomberg, Avendus proprietary research

The relative weak performance of traditional assets is unfavourable to the portfolio in inflationary phases. Further, periods of adverse shifts to so-called 60/40 diversification caused due to global economic shocks leads to poor diversification. The following table shows the performance of equities and bonds during uncertain times with both performing relatively poor and not able to compensate for losses on other asset classes, which effectively leads to poor risk adjusted returns.

Equity drawdown Period	NIFTY	ICICI Pru Long-term bond Fund	60/40 portfolio
Jan 08-Nov 08	-55.1%	8.9%	-29.5%
Jun 13-Aug 13	-8.6%	-9.4%	-8.9%
Mar 15-Feb 16	-21.5%	2.1%	-12.0%
Jan 22-Jun 22	-9.1%	-2.7%	-6.5%
Average returns	**-23.6%**	**-0.2%**	**-14.2%**

Source: Bloomberg, Avendus proprietary research

The fact that most portfolios are long GDP and/or benefit from low or falling inflation rates whereas reverse scenario poses great threat to portfolio returns as seen above in different time periods. To generate steady future returns it is necessary to look at alternative investments such as systematic ruled based strategies which provide required diversification, low to zero correlations and help generate superior risk-adjusted returns. There are multiple such systematic strategies prevalent in India and globally, however we will focus on two relevant strategies as given below

1. Rule based trend following strategy: relies on capturing underlying moves in either direction, with the holding period varying between few seconds to few months. This strategy involves taking long and short directional bet on instruments.

2. Equity market-neutral strategy: Combination of a long and short portfolio, having marginal to zero directional exposure to the market, with the expectation to generate returns irrespective of the market conditions. The long and short portfolios are typically segregated based on one or more factors with input data used for generating such sub-strategies having sources like company fundamentals, price etc.

To demonstrate the concrete advantages of allocating to systematic strategies, the table below illustrates that with an addition of 20% capital to ruled based systematic strategies, portfolio returns could increase by 1.5-2% p.a. and bring the portfolio volatility down from 10.5% to 9.1% effectively leading to an increased Sharpe ratio of 1.4 from 1.1. More importantly the max drawdown comes down from 16.8% to 10.5%, thus generating much superior risk-adjusted returns.

Since Jan'2012	60/40 portfolio	Mix of 60/40 (80%) + 20% Systematic strategies (15% Trend following +5% Equity Market Neutral)
Returns (Annualised)	11.6%	13.2%
Volatility (Annualised)	10.5%	9.1%
Sharpe Ratio	1.10	1.44
Max. Drawdown	-16.8%	-10.5%

Source: Bloomberg, Avendus proprietary research

Further, 20% allocation to systematic strategies plays a stabilising role during sharp market declines as shown below. In comparison to 60/40 portfolio, a diversified portfolio reduces losses quite substantially from -10.9% to -6.8%.

Since Jan'2012 Equity drawdown	NIFTY Index	Long term debt fund	Trend Following	Equity Market	60/40 portfolio	Mix of 60/40 (80%) + 20% Systematic
Jan 20-Mar 20	-29.3%	3.7%	21.6%	10.0%	-16.1%	-9.1%
Jun 13-Aug 13	-8.6%	-9.4%	5.9%	-0.8%	-8.9%	-6.3%
Mar 15-Feb 16	-21.5%	2.1%	7.0%	36.4%	-12.0%	-6.8%
Jan 22-Jun 22	-9.1%	-2.7%	-1.4%	8.2%	-6.5%	-5.0%
Average returns	**-17.1%**	**-1.5%**	**7.4%**	**15.0%**	**-10.9%**	**-6.8%**

Source: Bloomberg, Avendus proprietary research

The changing tide in the capital markets exposes the weaknesses of traditional portfolios that have so far been primarily geared to long GDP and/or low or falling inflation rates. Investors looking to future-proof their portfolios can look at diversifying to systematic strategies. These strategies will not only hedge inflation risks but also help mitigate the impact of low yields on expected returns. As a result, they act as excellent alternatives of diversification and also "risk mitigators" making them a valuable addition to traditional portfolios.

This article is purely a piece of content and should not be construed as an investment advice. For a detailed disclaimer, please refer to the last page

"I believe in keeping my investment strategies very simple."

SUNDARAM ALTERNATES
UNEARTHING OPPORTUNITIES

Interview with **Vikaas M. Sachdeva, MD, Sundaram Alternates**

1 Where do you see markets by FY24?

In the last two years, fund flows supported a broad-based rally in Indian markets. Most sectors and stocks participated in this rally supported by a low interest rate scenario. Quality growth companies traded at a premium to high beta names, however, this premium reduced during the last two years due to broader participation. As global liquidity tightens, flows moderate and global economic growth comes under pressure, performance will become more skewed towards quality companies with better balance sheets and growth prospects. We believe that in FY24 growth will make a comeback versus value.

We expect certain sectors like financial services, consumer discretionary and technology companies to outperform compared to defensives and global commodities. We also expect that specific manufacturing sectors like specialty chemicals would benefit from China +1 and Europe +1 and can deliver strong outperformance over the next two years. In industrials, very high expectations and valuations can lead to meaningful underperformance during 2023 as global growth slows down. Demand for adding new capacities is expected to get postponed globally in 2023, except for a few sectors.

2 How is India positioned in the global markets over the next 5 years? How bullish are you?

India ranks 5th globally in the world market cap vs 10th from a decade ago, behind USA, China, Japan,and Hong Kong. I strongly believe that India will become the world's 3rd largest stock market by 2027, and there are various factors in play that will boost India to achieve this feat.

Conducive government capital spending towards infrastructure, healthcare, financials along successful implementation of Aatmanirbhar Bharat, Production Linked Incentive (PLI) schemes, and the National Infrastructure pipeline will start manifesting as growth over the coming years.

The China +1 and Europe +1 theme promoting a Make in India stance, has given India an opportunity to shine as a manufacturing hub for the world for years to come.

Inflation in India has also been under control despite global cues and is likely to remain within acomfortable range along with interest rates which are expected to turn supportive in the future.

Rapid developments in technology are helping businesses scale up at a faster pace with 50% to 55% of e-commerce business coming from Tier II and Tier III cities, resulting in organized businesses seeing higher levels of penetration and growth.

As credit growth, capacity utilization and private investments pick up, this will spur consumption and demand, and a higher GDP growth in the coming years, leading to a revival in the capex cycle..

3 *What are the 3 major Headwinds & Tailwinds for the global economy & markets currently?*

The global economy is currently undergoing an uncertain situation, being confronted by a unique mix of headwinds, including interest rate increases to contain inflation, Russia's invasion of Ukraine, Europe's energy crisis, disruptions in supply chain and lingering pandemic effects such as China's lockdown. Supply side constraints led to spike in commodity prices and elevated shipping costs, thereby hurting the cost of doing business and ease of global trade. As the global economy recovered from Covid's impact, the Russia – Ukraine war has been debilitating to the recovery. Energy cost spiked leading to a resurgence of inflation and supply side constraints. China slowdown due to zero lockdown policy, gave a helping hand in controlling a part of the inflation pain, led by falling basic commodity prices across industries. As we come to the end of 2022, inflation concerns seem to have clearly peaked out, but are still far away from comfortable levels.

On the positive side, India probably will be among the least impacted by these global headwinds supported by strong domestic consumption trends. Robust urban job markets, few timely regulatory and political measures have helped India to control inflation trends and navigate global macro pressures smoothly. Major drivers for additional allocations were uncertain economic conditions in China due to lockdowns, a marked slowdown in Europe due to the energy crisis & war, and rising interest rates & weak demand hurting the US. This has protected major indices from a fall despite an earnings cut in 2022.

4 *How are you managing your own investments in current times of recession, inflation, war, and at ATH domestic indices?*

I believe in keeping my investment strategies very simple. Indian equities have remained buoyant despite the global interest rate hikes, Europe's energy crisis, Russia's invasion of Ukraine and supply chain issues, and have been outliers even compared to emerging market peers, thus fortifying my belief in India now and for many years to come.

I remain invested in Indian equities through managed portfolios and believe in India's potential to become a USD 10 trillion economy with the prevalent conducive economic policies along with the government's stance on infrastructure and development spends in the country. My portfolio also has a fair allocation to debt and gold as well.

5 *What are your immediate, 1Y and 5Y plans and vision as Managing Director at Sundaram Alternates?*

Sundaram Alternates is currently an ~INR 4,500 crore company, with PMS strategies across small and mid, and multi-caps, Alternative Funds spanning real estate, structured credit, and long-only equity strategies, and Advisory Services.

Today, we serve over 3500 clients, and our medium-term goal is to transform the company into a high quality, digitally enhanced investment management franchise. Our recent launch of digital onboarding for our PMS strategies, currently live for resident individuals, is a step in this direction. We are slowly, but steadily making enhancements to systems and processes to improve the experience of our partners and investors.

ICICI PRUDENTIAL ALTERNATE INVESTMENTS

"In investing, what is comfortable is rarely profitable..."

Mr. Anand Shah,
Head - PMS & AIF Investments

Going against the crowd typically triggers fear in people immediately. Why? Because everyone else is going with "A", which makes them fear that they might be wrong in going with an alternative option "B". They additionally may fear being embarrassed or appearing foolish if they go ahead with choice "B" and it turns out to be wrong.

"In investing, what is comfortable is rarely profitable," these great words by Robert Arnott, author, investor and founder of Research Affiliates, sums it all up about equity investments. As investors it is very comforting to be with the majority of the market as being wrong is more painful when you are alone and that's the reason herd mentality is widely prevalent in equity investing.

We're hard-wired to herd. In a new place, most people tend to choose a busy restaurant over an empty restaurant. While some may be rationally concluding that the busier restaurant probably has better food (which may or may not be true) many are just basing their decision on the choice of others. There is a very likely scenario that a person who visits the less crowded restaurant experiences a faster service and better quality of food. These people in investing world are known "Contrarians".

Not against but different from the mentality crowds

Contrarians investors are not those who buy companies which is sold by everyone and sell those which are bought by everyone. It may be the outcome, but not the thought. Contrarians investors take non-consensus positions and wait for rest of the market to recognize the true potential of the investments.

The crowd is not wrong all the time and contrarian investors will always look for opportunities created by excesses in the market. As said by Humphrey B Neill, author of The Art of Contrary Thinking – The public is often right during the trends, but wrong at both ends. This is the precise point on which contrarian investors try to capitalize on and wait. A contrarian investor understands and identifies the areas in the market where the crowd has overreacted, resists the temptation to go with the flow and builds a different portfolio than the trend and ultimately tends to benefit when the market realizes its excesses.

Past is not Equal to Future

Majority in crowd believes companies, sectors and themes which have done well in recent past will continue to do well and those which had tough times in past will continue to struggle. Investors extrapolate the recent trends into the future and often ignore the reversal to mean. This imitation leads to excesses which creates opportunities for arbitrageurs and contrarians.

Not everything which is falling is contrarian opportunities.

o understand if the market prices are irrational in either direction, the contrarian investor must have framework to identify Businesses which have high entry barriers and strong moat which makes business a right to win, sectors which are not fragmenting and understanding the intrinsic value of the business which offers a great margin of safety.

Building a Contrarian Portfolio

"Markets can remain irrational for longer than one can remain solvent." – Contrarian investor who is constructing the different portfolio than the market needs know what to buy, when to buy and most important how much to buy? A balanced approach can be to start to building the position when the company is in the problem, increasing the weight when headwinds are turning into the tailwind and waiting for the rest of the market to realize the true potential. The contrarian investor too wants the crowd to join him ultimately, to enable him to gain from the investment.

While a contrarian investing strategy looks simple i.e. buying low and selling high, it has its own challenges of identifying changing trends, sector positioning, companies with leadership traits and margin of safety.

A contrarian strategy aims to capitalise on inefficiencies in the market and take advantage of mispricing opportunities. Here, you may want to focus on companies or sectors where sentiments are not favourable. It aims to invest in companies which have not been the flavour of the market but are expected to do well in the long run. You could invest in sectors where entry barriers are high or sectors that are in consolidation or companies in special situation. For example, you may have a sector that has been completely ignored by the market, given its past, yet if one is able to identify the right trigger for the company or sector such investments have the potential to unlock significant value.

So at all points of times there would be some opportunity or the other from the market through which such a strategy could benefit over the long term. Thus, it can be termed as a strategy that aims to generate alpha in all types of economic and market environments.

A contrarian investment process is subjective. So what one person may infer as contrarian opportunity, based on their research and analysis, may not necessarily be viewed as that by others. So while the method for identifying companies or contrarian opportunities may be different for each one, we aim to back our high conviction ideas through concentrated portfolios and sizing, which is basically the weightage allocated to stocks.

To summarize, to succeed as a contrarian you must recognize what the crowd believes, have concrete justification for why the majority is wrong, and have the patience and conviction to stick with what is, by definition, an unpopular bet.

2023 – Fall and then strong rise

Mr. Madanagopal Ramu
Head Equities & Fund Manager,
Sundaram Alternates

We expect 2023 to see two opposite phases of economic conditions, globally as well as in India. In the first half, high interest rates will impact global growth, while in the second half, inflation should be fairly under control, globally as well as in India, leading to a strong recovery supported by both monetary and fiscal stimulus by Central Bankers (CBs).

Last 3 years can be easily described as the most volatile period of the decade. Covid had a profound impact on human life and business stability in 2020-2021, which led to an unprecedented monetary support from central bankers (CBs) across the countries. Supply side constraints led to a spike in commodity prices and elevated shipping costs, thereby hurting the cost of doing business and ease of global trade. As the global economy recovered from Covid's impact, the Russia – Ukraine war dealt a severe blow to the recovery. Energy cost spiked leading to the resurgence of inflation and supply side constraints. China slowdown due to the zero-lockdown policy, gave a helping hand in controlling a part of the inflation pain, led by the falling basic commodity prices across industries. As we come to the end of 2022, inflation concerns seem to have clearly peaked out, but are still far away from comfortable levels.

As we step into 2023, the key risks to watch out for would be 1. The persistence of high interest rates and its impact on global growth, 2. winter and its impact on energy prices and 3. China re-opening and its impact on commodity prices. On the positive side, 2023 will be a year of a more stable global supply chain after a long period and can help in better trade conditions. China re-opening can help global growth and help in further improving supply side constraints.

India probably will be among the least impacted of these global headwinds supported by strong domestic consumption trends. Robust urban job markets, few timely regulatory and political measures have helped India to control the inflation trends and have helped navigate the global macro pressures smoothly. But India cannot escape the impact of the global slowdown, exports are already showing signs of weakness, and this can marginally impact the GDP growth rate expectations for 2023. But Indian equities have outperformed peers meaningfully during the current year enabled by higher allocations from foreign funds. A major driver for the additional allocations were uncertain economic conditions in China due to lockdowns and marked slowdown in Europe due to the energy crisis & war and the rising interest rates & weak demand hurting the US. This has protected the major indices from a fall despite an earnings cut in 2022. As we move to 2023, we expect that some of these variables may reverse and can lead to an inline or marginal underperformance compared to major global indices.

We expect that 2023 -24 will be a stock pickers market compared to the last 3 years where we witnessed a much broader market participation supported by global liquidity supporting all asset classes. The broader market performance extended in 2022 as well, supported by foreign fund flows shifting from China. But in 2023, as the global liquidity tightens, as India allocation moderates and global economic growth comes under pressure, performance will become more skewed towards specific sectors and stocks.

The valuation premium which quality stocks get over weaker companies, even within an industry, reduced during the last 3 years and in 2023, we expect this trend to reverse, particularly from the second half of 2023. Quality growth stocks are likely to outperform defensive and high beta names in 2023, because the valuations have become more reasonable now. Utilities performed well in 2022, supported by energy crises created by the war and we expect that in 2023, defensives may struggle to outperform the broader market as the base catches up in the earnings. Sectorally, we expect high growth cyclical sectors like financial services, consumer discretionary and technology companies to outperform compared to defensives and global commodities. The outperformance will mostly be back ended and will be noticeable post the noise of the rate cut emerges in H2 2023. Private Banks & NBFCs offer a great opportunity given the compelling valuations and earnings growth expectations. Driven by robust urban job markets, consumer discretionary should continue to grow and outperform. We also like specific manufacturing sectors like specialty chemicals. By far, the only clear winner of the China +1 and Europe +1 seems to be specialty chemicals and it can deliver a strong outperformance over the next 2 years.
In Industrials, we have a contra view, at least for 2023. Very high expectations and valuations can lead to a meaningful underperformance in this cyclical sector during 2023 as global growth slows down during H1 2023. We expect demand for new capacities to get postponed globally in 2023, except for a few sectors.

Our strategies reflect the outlook mentioned above through our 4x4 wealth multiplier themes 1. Financial inclusiveness – here we play the growth opportunities in retail credit penetration and shift from unorganised to organised lending. 2. Consumer "Czars"– we are positive on urban discretionary consumption growth, particularly in small ticket spending where we expect robust growth to continue supported by healthy urban payroll addition and wage growth, 3. Phygital "Bluechips" – here we play beneficiaries of India's online penetration across various sectors, and lastly 4. Export Voyagers – we believe that CRAMS, CSM and CDMO players in speciality chemical and pharma space will deliver a high earnings growth driven by the continuous flow of new projects on the back of the China +1 or Europe +1 trend.

This article is purely a piece of content and should not be construed as an investment advice. For a detailed disclaimer, please refer to the last page

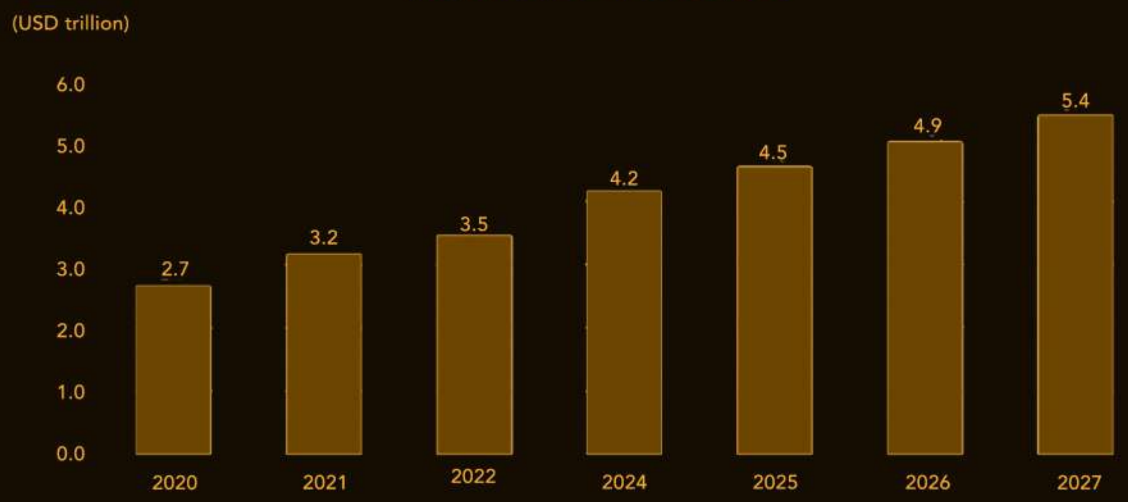
India's journey towards a USD5 trillion economy and beyond

Mr. Hitesh Zaveri,
SVP & Head - Listed Equity Alternatives, Axis AMC

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 USD 3 trillion in GDP in FY22 to reach USD 3.2 trillion

IMF has forecasted that India will cross USD 4 trillion in GDP in 2024 to reach USD 4.2 trillion and cross USD 5 trillion in 2027 to reach USD 5.4 trillion.

India GDP Forecast



Source: IMF World Economic Outlook Database, Gross domestic product is in terms of current prices

India's Ministry of Finance, Govt. of India has also a similar forecast of India crossing USD 5 trillion in GDP in FY27. These are extraordinary milestones for any country and India may witness sharp improvement in per capita GDP and per capita disposable income by the end of this decade.

It is critical to understand however that India's GDP growth since the beginning of this millennia and especially since crossing USD 1 trillion for the first time in 2006 is different in composition. To elaborate, India's GDP growth from the early 2000s has been driven by those industries that require know-how, technology and intellectual property for growth. India's Information Technology (IT Industry) reached about USD 227 billion in 2022. The story of the IT revolution around the world is well documented and India's role as an IT outsourcing partner to large North American, European, and ROW organisations has been acknowledged. Indian IT leaders such as TCS, Infosys and Wipro have grown to become global players in terms of the size and the market capitalisation that they have achieved. Today, India's IT industry accounts for 7.4% of India's GDP (In FY22) and is expected to contribute 10% of India's GDP by FY25.

It was at the turn of the 20th century, in the early 1900s that the world for the first time saw and witnessed a vehicular movement driven by internal combustion engines. The advent of Automotive industries in the early 1900s ushered in a mobility revolution in the world. The movement of people and goods became a lot easier and cost-efficient, thereby laying a deep foundation of sustained economic growth as more people and regions could connect and trade with each other.

The world is witnessing a monumental shift of a similar magnitude more than a century later than the first time. Electrical vehicles (EVs) are making rapid strides in gaining handsome incremental market share gains in automotive purchases driven by powerful factors such as response to climate change, improvement in EV technologies (vehicle, battery, charging infrastructure etc.) and shifting consumer preference.

As per the Automotive Mission plan, India's automotive industry which accounts for 7% of GDP currently will rise in contribution to 12% of GDP by the year 2026. Almost all of India's vehicle manufacturers have laid out their plans to have a higher number of EV models in their product offerings. The government of India has announced the FAME scheme to subsidise EV purchases while many state governments have also put out incentive programs in place to promote the purchase of EVs. To accelerate this megatrend, the Government of India has also announced PLI schemes (Production linked incentives schemes) to support the growth of local manufacturing. It is important to note that the rise in India's automotive industries will have at least commensurate growth in the Auto Ancillary industry.

The size of India's Pharmaceutical industry is expected to triple to reach 130 bn by 2030 from USD 42 bn in 2021. From, manufacturing generic versions off-patent drugs and APIs, Indian pharma/biotech industries have made R&D investments, unleashed strong M&A programs and partnered with in-licensing and out-licensing of new-generation molecules to drive growth. India has the second-highest number of FDA-approved plants outside the USA5. These advanced manufacturing facilities serve the advanced markets and also middle-income countries around the world.

Similar to IT, Automotive and Pharma/Biotech India's growth in the current decade will also be driven by industries such as the Internet and E-commerce, Omni-channel retail, chemicals/speciality chemicals and Fintech. A common thread is industries that are driven by know-how, IP and technologies. Since Independence, India's democracy, Judicial system and stable law and order position have allowed the country to build a USD 3 trillion economy which is the fifth largest in the world. India has invested in Advanced Education by establishing prestigious educational Institutions. On this powerful bedrock, India is well positioned to grow at a leading pace and to rise to the top three economies of the world in less than a decade.
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.

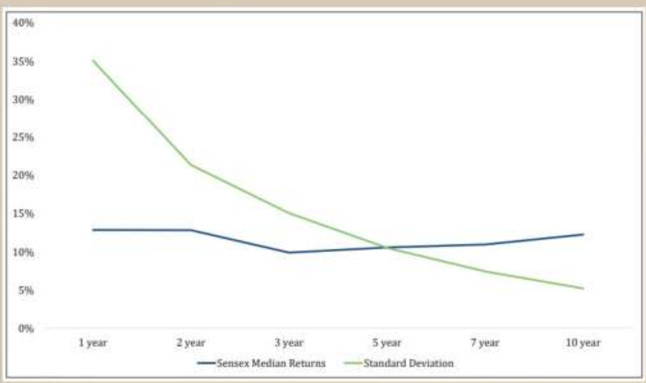
Source: nasscom, ibef.org, cii.in, pharmaceuticals.gov.in

"I remain positive on financials in the long term"

Interview with **Anup Maheshwari, Co-founder & CIO, IIFL AMC**

1 *Where do you see markets by FY24?*

Having spent more than twenty-five years in the listed equity space, one thing I have absolute certainty on is the inability to have absolute certainty on what the market may be up to in a single day, month or year. One year is too small a time frame to get an estimate on what the market return may look like. Take a look at the image below.



Relation between time volatility and return - Source Bloomberg. The above chart shows the rolling 1yr, 2yr, 3yr, 5yr, 7yr and 10yr returns for Sensex and the volatility in these returns. Volatility has been calculated as the Standard deviation of these returns (dispersion from the mean returns). Data since Jan 2, 1990 to Nov 30, 2022 has been used for this exhibit

The blue line highlights Sensex's rolling returns from 1990-2022. The green line highlights Sensex's rolling standard deviation during the same period. As you can see it takes around five years for the return to be higher than the risk and so whenever one is investing in equities, at the very least, one would want to have a five-year investment horizon.

2 *What are the 3 major Headwinds & Tailwinds for the global economy & markets currently?*

Headwinds

Rising inflation coupled with rising interest rates impact both businesses and valuations and hence can increase uncertainty in the market. My larger concern though is around the market reaching valuations where the risk-reward may seem less than optimal.

Tailwinds

As companies diversify their supply chain, India is emerging as an attractive option to set camp. Manufacturing exports is a theme which we could see play out in India for the next decade.

3 *What is your outlook on the Financials, Manufacturing, and Auto Sector?*

I remain positive on financials in the long term. Corporate Balance sheets look healthy and retail and corporate sectors should continue to experience reasonable growth.

As I touched on earlier, manufacturing is a trend that may acquire more strength over time given the external factors coupled with the comparative tax environment. India could emerge as a global manufacturing hub over the coming decade.

The Auto sector tends to be quite cyclical. It has performed well over the last year and so my only concern is around the fact that a lot of the upside may already be priced in.

4 *What's your conviction on the SCDV framework for the current decade?*

In our SCDV Framework, businesses with a consistently high return on Equity and profit growth show up as secular stocks. In our framework, out of the past 10 years, these businesses need to show a Return on Equity and profit growth greater than 15% for at least 6 years to be classified as a secular. Compared to the market benchmark we tend to be overweight on secular businesses. Defensive stocks are efficient but do not show rapid profit growth that secular stocks do. Cyclicals on the other hand can rapidly grow profits for a few years but may not be very efficient across the cycle. Our portfolio allocation to cyclical and defensive stocks is a function of the prevailing market conditions and economic cycle. Value Traps are businesses that have not demonstrated high growth or efficiency in the past. We usually remain underweight on Value Traps compared to the benchmark.

Year	Secular	Defensive	Cyclicals	Value Traps
2007	44.1%	41.8%	69.3%	110.6%
2008	-47.2%	-48.5%	-62.5%	-67.7%
2009	123.0%	108.6%	144.2%	118.0%
2010	19.2%	23.7%	10.7%	-2.0%
2011	-27.7%	-34.3%	-43.7%	-46.5%
2012	35.8%	31.7%	51.7%	51.9%
2013	-2.8%	-1.3%	-18.1%	-12.6%
2014	53.6%	50.8%	49.7%	34.5%
2015	-0.7%	-5.8%	-4.4%	2.6%
2016	8.5%	0.4%	1.3%	2.5%
2017	43.4%	36.2%	39.5%	43.8%
2018	-7.4%	-4.6%	-14.1%	-23.5%
2019	2.4%	3.3%	-6.5%	-10.2%
2020	26.5%	14.1%	6.6%	10.9%
2021	34.5%	19.7%	62.8%	57.9%
2022*	-1.1%	-3.3%	7.1%	22.8%
CAGR^	**14.3%**	**10.1%**	**8.5%**	**6.4%**

Source: Internal, Bloomberg, Returns of equal weighted baskets during calendar years for S&P BSE 200 Index. *Data as on Nov 30, 2022. ^CAGR is for the period Dec 31, 2006 to Dec 31, 2021. Past Performance may or may not be sustained in future.

As the image above shows, in equal weighted portfolios across these quadrants over sixteen years, seculars are the best performing quadrant followed by defensives and cyclicals. Value Traps over that same period have delivered the lowest returns. We continue to believe that this will carry on.

While Seculars may have underperformed value traps in the last two years, we are not too concerned, as in the long run we believe that businesses that demonstrate high growth and profitability will do better than the rest. To draw a cricket parallel if a full toss gets you a wicket, you don't start bowling full tosses every ball. That is not to say that we do not examine businesses that have the potential to switch quadrants. However, we do not feel compelled to make any change in our SCDV framework.

How to avoid investing in Growth businesses at inappropriate valuations?

Mr. Anshul Saigal,

Head & Portfolio Manager - PMS

Kotak Mahindra AMC

Growth investing is broadly classified as the quest to invest in businesses that offer strong, consistent earnings growth. Valuations usually tend to take a back seat in this investing philosophy. The belief is if growth remains strong, valuations will not be a hurdle to generating returns. To explain this better let us consider the example of a leading Consumer company, Nestle India Ltd. which has exhibited consistent growth over years. Its ten year price chart reflects as under:

Source: yahoo finance

Over a ten year period (Jan 2013 to Dec 2022), Nestle's stock price has more than quadrupled from Rs 4900 to over Rs 20,000 for healthy CAGR returns of 15.1% (ex-dividends). Over this period it has massively outperformed Sensex as well. In the same period the company's EPS has grown from Rs110 to Rs222 at a CAGR of 7.2%. This growth happened at high Returns on Capital Employed (ROCEs) ~ 10 year average ROCE of 56%. The stock traded at 45x PER at the start of this period and today it trades at 90x PER. Clearly 45x PER was not cheap, however as the above data suggests the stock's Price to Earnings multiple (PER) further expanded over this period as growth continued to surprise market expectations. This multiple expansion could be explained by valuations of the frontline index (BSE Sensex) expanding to 23.9x from 17.1x and balance by earnings surprise.

However, if we look at the stock performance between March 2015 to March 2016; the stock fell approx. 31% significantly higher than Sensex's 10% fall in the same period. This significant underperformance was primarily led by sharp decline in earnings; Nestle's EPS declined from Rs122 to Rs58 in this period.In the past, similar instances of severe underperformance (vs Sensex) have been seen in other high quality, richly valued, growth companies like HUL (Jan 2001-Mar 2010; Apr 2020- Dec 2022), Hero Moto (Nov 2015 to Dec 2022), Sun Pharma (Jul 2014 to Dec 2022), Symphony (Nov 2014 to Dec 2022), etc. What is common in these phases for the referred companies, is growth slowed down and ROCEs compressed.

Past trends in growth investing, offer the following

1. Great growth companies trade at premium valuations as they generate growth at high ROCEs
2. This premium valuation sustains as long as growth sustains and incremental investments in business generate high ROCEs
3. As growth slows down and incremental investments generate lower ROCEs, PER multiples tend to contract and stock price underperforms

In order to avoid entering growth businesses at inappropriate valuations, it becomes critical to understand when the Earnings tide is turning on growth. Growth tends to mean-revert, hence there will always be phases when a growth stock performance will disappoint.

Key guiding principle to successful growth investing

The key to successful growth investing is to estimate the level of expected earnings (EPS) growth embedded in the current stock price and then to assess the likelihood of a revision in EPS expectations. A stock's price is the clearest and most reliable signal of the markets expectations about a company's future EPS performance. If expected EPS growth embedded in the stock price are too lofty then it is reasonable to avoid the stock. There are always chances of a company missing market's lofty earnings expectations, in which case the stock could fall/underperform. On the other hand, conservative EPS expectations could set up a stock for future success. Investors who are able to correctly judge market's expectations and anticipate future EPS revisions, enhance own odds of achieving superior investment results. Hence valuations matter.

For example, a leading air cooler company's last ten years' net profits grew from Rs60 Cr in FY13 to Rs193 Cr in FY18 (i.e. 26% CAGR) during which period the stock price rallied approx. 10x. Come 2018 the stock hit a price of Rs2,000 trading at PER of 72x. At this price the markets started to build in lofty earnings expectations of 1) 16% revenue CAGR growth over next 10 years, 2) EBITDA Margin expansion to 30% (vs 28% in FY18); and 3) significantly high terminal growth rate of 8%.....These expectations seemed unrealistic on a reasonably high growth base of the previous 10years. Between FY18-FY23E, the company disappointed on embedded earnings growth expectations and the stock price significantly underperformed the index ~ down 55% vs index being up 60%. The business continued to be top quality but investors' expectations embedded into stock prices were running much ahead of reality.

If investors are disciplined and consistently position themselves away from such lofty expectations, chances are they will avoid disappointments. This is easier said than done, since inherent biases in investor psychology push them toward pockets of exuberance. Tendency of Social Proof or Herd mentality pushes an investor to seek pockets where others are investing. However by virtue of others' buying, these pockets may be over-valued and are hence best avoided. Similarly, loss avoidance tendency makes an investor shun investing pockets which have seen recent disappointments and where investors currently have least interest. Valuations in these pockets could turn out to be favourable, given general investor apathy toward these pockets.

In summary, to avoid missteps in growth investing, investors need to follow two key steps:
1. Keep a close watch on growth and identify when the tide on growth is turning adverse
2. Control own biases to avoid pockets of exuberance

This article is purely a piece of content and should not be construed as an investment advice. For a detailed disclaimer, please refer to the last page

What are the risks (even for long term investors) that push the need of Equity biased LS funds v/s Pure Long Only Equity Funds?

Mr. Harsh Agarwal,
Head- Alternative strategies,
TATA ASSET MANAGEMENT PVT. LTD.

To understand the merits and risk of Long only equity fund Vs Equity biased Long-Short funds, lets first understand what they are.

Long only equity fund is one which is primarily invested in shares and is likely to follow broader equity markets with some out/underperformance. Here, the investor stands to reap the rewards of structural up-trending behaviour of equities as an asset class. At the same time, the investor will need to face the volatility of the market, and during market crashes and negative sentiment around, investor may panic to exit some part of their equity allocation. In such cases, the long-term returns for the investors and the equity fund can be very different.

Equity biased Long-Short fund is one which runs two portfolios parallelly, a) an equity long only portfolio, and b) an equity short portfolio. Short portfolio comprises of equity positions which the fund has sold (shorted) without owning them with the objective of gaining from stock price declines/underperformance. As the fund is Equity biased long-short fund, it means the size of the long-only portfolio will be bigger than the equity short portfolio, say in ratio of 70:30 or 60:40 etc.

This strategy will have lower dependence/sensitivity to overall market movement and will focus harder on stock selection with short term /medium term view. The long portfolio of strategy will strive to perform better than index while short portfolio should ideally underperform the index or fall in absolute terms.

Now let us understand the merits and the risks of the above two strategies through following two illustrations:

Scenario 1: Weakish equity market phase

	NIFTY	Equity L/S portfolio	Long portfolio	Short portfolio	Total L/S
		Allocation	70%	30%	100%
Yr 1	25%	Returns	30%	15%	
		Portfolio returns	21%	-5%	17%
Yr 2	-10%	Returns	-5%	-15%	
		Portfolio returns	-4%	5%	1%
Yr 3	0%	Returns	5%	-5%	
		Portfolio returns	4%	2%	5%
Absolute returns	12.5%				23.5%
Volatility	18%				8%

Equity biased long-short strategy has total of 70% in long allocation (Stocks bought) and 30% in short allocation (Stocks short sold). Here, the strategy will have ~40% (i.e. 70% -30%) market sensitivity and hence will exhibit lower volatility. While easier said than done, the strategy will aim for generate alpha on both its portfolios (i.e. long portfolio should outperform index, while short portfolio should underperform index on equal weight basis). A well-executed stock selection focussed strategy will usually do well across market phases.

As against this long only equity portfolio (lets take NIFTY as proxy) will exhibit volatile and unpredictable behaviour.

Scenario 2: Bullish equity market phase

	NIFTY	Equity L/S portfolio	Long portfolio	Short portfolio	Total L/S
		Allocation	70%	30%	100%
Yr 1	25%	Returns	30%	15%	
		Portfolio returns	21%	-5%	17%
Yr 2	10%	Returns	15%	5%	
		Portfolio returns	11%	-2%	9%
Yr 3	0%	Returns	5%	-5%	
		Portfolio returns	4%	2%	5%
Absolute returns	37.5%				33.3%
Volatility	13%				6%

Here we see that while Equity biased long-short strategy continues do make alpha returns (i.e. long portfolio doing better than index and short portfolio underperforming index), the short portfolio will be a drag on overall returns in bullish market conditions. Hence the investor taking full equity risk (through long-only equity fund) will be better off.

Having said that, equity market go through various cycles. Euphoric bullish conditions are an exception rather than a norm. In muted or even normal equity market conditions (NIFTY's long-term rolling returns are ~12% p.a.), a well-executed long biased equity might turn out better returns for the investors. Additionally, investors tend to panic sell when during market crashes. For investors who have lower risk appetite or who don't like too much volatility, they are likely to participate better in the market through Equity biased long-short strategy which is better equipped to tide the volatility and bear phases.

Additionally, stock prices react to earnings, business developments, and uncontrollable macro and geo-political factors. What may be risk for long only equity fund, can be a money-making opportunity for a long-short fund.

This article is purely a piece of content and should not be construed as an investment advice.
For a detailed disclaimer, please refer to the last page

Fed Rate Hikes – Past, Present and Future

One thing which every equity or a debt investor, every money manager and every advisor has followed throughout year 2022 is Fed's stance, and its consistent rate hikes. For those who have witnessed this in the past remember how Fed brought rates down to 0% from as high as 4.75% after GFC. The same is reversing now, so remembering history is important to understand the present and projecting the future.

2007-2008

To aid the U.S. economy in coping with the effects of the GFC, in an unprecedented move, the Fed cut interest rates to zero in late 2008. The Fed started executing quantitative easing, i.e., QE, when rates were lowered to zero. It started purchasing bonds worth trillions of dollars to boost the economy and put Americans back to work after it was unable to lower interest rates any further.

FOMC Meeting Date	Rate Change (bps)	Fed Funds Rate
December 16, 2008	-100	0% to 0.25%
October 29, 2008	-50	1.00%
October 08, 2008	-50	1.50%

2008 Fed Rates Cuts: The Great Recession

FOMC Meeting Date	Rate Change (bps)	Fed Funds Rate
April 30, 2008	-25	2.00%
March 18, 2008	-75	2.25%
January 30, 2008	-50	3.00%
Jan 22, 2008	-75	3.50%
December 11, 2007	-25	4.25%
October 31, 2007	-25	4.50%
September 18, 2007	-50	4.75%

Fed Rate Cuts 2007 to 2008: The Housing Market Crash

2015-2018

Seven years later, when the economy slowly started to revive, the central bank cautiously started hiking interest rates. Under the former Fed Chair Janet Yellen, the first rate increase occurred in December 2015. The next rate increase did not occur for another year, but rather in December 2016. In December 2015, core PCE inflation was 1.1%, significantly below the Fed's objective. Not until March 2018 did it reach 2%. Fed didn't hit 2.50% with this steady rate rise until December 2018.

In what Powell referred to as a "mid-cycle adjustment," the Fed dropped interest rates by a quarter of a percentage point three times in 2019. Simply put, the Fed was lowering interest rates in the middle of the traditional expansion-to-recession business cycle.

FOMC Meeting Date	Rate Change (bps)	Fed Funds Rate
December 20, 2018	+25	2.25% to 2.50%
September 27, 2018	+25	2.00% to 2.25%
June 14, 2018	+25	1.75% to 2.00%
March 22, 2018	+25	1.50% to 1.75%
December 14, 2017	+25	1.25% to 1.50%
June 15, 2017	+25	1.00% to 1.25%
March 16, 2017	+25	0.75% to 1.00%
December 15, 2016	+25	0.50% to 0.75%
December 17, 2015	+25	0.25% to 0.50%

Fed Rate Hikes 2015 to 2018: Returning to Normalcy

2019 – 2020

In 2019, the Federal Reserve was afraid that a trade war between the United States and China would hurt the economy and raise unemployment rates. The economy benefited from three modest rate cuts in the second half of 2019.

At the time, inflation was significantly below the central bank's 2% target. Comparing June 2018 to June 2019, Core PCE increased by 1.7%. Only a 1.9% increase was seen by February 2020.

FOMC Meeting Date	Rate Change (bps)	Fed Funds Rate
October 31, 2019	-25	1.50% to 1.75%
September 19, 2019	-25	1.75% to 2.00%
August 01, 2019	-25	2.00 to 2.25%

2019 Fed Rate Cuts: Mid-Cycle Adjustment

Then COVID-19 happened and the pandemic swept over the world in a matter of weeks. Lockdowns were imposed to stop the virus's spread and in April 2020 alone, there was a loss of about 20.5 million jobs, and the unemployment rate increased to 14.7%.

In two unexpected emergency sessions held in March 2020, the FOMC drastically reduced interest rates, restoring the federal funds target rate range of zero to 0.25%.

FOMC Meeting Date	Rate Change (bps)	Fed Funds Rate
March 16, 2020	-100	0% to 0.25%
March 03, 2020	-50	1.00% to 1.25%

2020 Fed Rate Cuts: Coping with Covid-19

The same Federal Reserve that acted quickly to lower interest rates during the coronavirus pandemic is currently waging the most aggressive campaign to hike borrowing costs in forty years. This is due to the Fed's decision to act to combat inflation after inflation reached a 40-year high. It has acted firmly since and increased the fed funds rate by three percentage points in roughly six months.

The objective is to lower inflation rates that are depleting buying power without causing a recession.

2019 – 2020

FOMC Meeting Date	Rate Change (bps)	Fed Funds Rate
November 02, 2022	+75	3.75% to 4.00%
September 21, 2022	+75	3.00% to 3.25%
July 27, 2022	+75	2.25% to 2.50%
June 16, 2022	+75	1.50% to 1.75%
May 05, 2022	+50	0.75% to 1.00%
March 17, 2022	+25	0.25% to 0.50%

2022 Fed Rate Hikes: Taming Inflation

Although the final stance is unknown, the Fed probably isn't finished yet. In the most recent meeting, Fed Chair Jerome Powell gave a hint that policymakers will likely raise interest rates above the 4.5–4.75 percent they had predicted in September, albeit they would do so in smaller increments. Rate increases of a slower half-percentage point and eventually a quarter-percentage point may result from this.

That wraps up the Fed's behaviour over some of the key events in the past 15 years. And, this does covey that change in Fed Stance takes time, and it depends upon the focus. We believe that till end of this FY23, Fed's focus is going to be Inflation and it will take time for inflation data to show the effect of rate hikes. But, from Q1 to Q2 of FY24, Fed's focus should be back to growth and given the historical pattern, Fed can go aggressive in cutting rates as well.

What is evident today is that containing inflation is key, and we'll have to deal with the results.

Industries will react by reducing spending, recruiting less (or some mass layoffs as seen across Meta, Twitter, etc), looking for new markets, concentrating on local opportunities, and reinventing themselves, which is already happening to some extent.

Watching how investors react to the new situation will be interesting and its implications on the global markets will be heavy, for sure, but, it will be worth watching, how India tackles this and how it comes out of it. These are tough times for sure, but this is also an opportune moment for India to emerge again. While Fed goes back in history to plan its moves, India, too, will repeat history as it resurges again, as the Golden Bird.

Since, markets work on forward thinking, investors need to be prepared and remember the quote from Warren Buffet, i.e., to be greedy when others are fearful and be fearful when others are greedy.

This article is purely a piece of content and should not be construed as an investment advice. For a detailed disclaimer, please refer to the last page

PMS AIF WORLD

WE EVALUATE 5P FACTORS ACROSS

PEOPLE, PHILOSOPHY, PERFORMANCE, PORTFOLIO & PRICE

BASED ON

QUALITY, RISK & CONSISTENCY SCORES

BOOK AN APPOINTMENT WITH OUR SPECIALISTS

The Decade of Wealth Creation in Businesses beyond Large Caps

Indian Equity markets are highly skewed. As of 9th Sept-22 closing, the markets crossed a market capitalization of Rs 283 lakh crores ($3.5 trillion). It is imperative to note here that the 30 companies that form the Sensex 30 are worth more than half of India's total market cap, and the 50 companies of the Nifty 50 pack constitute about 2/3rd of the total Indian equity market valuation, and the top 100 companies constitute about 80% of the equity markets. Hence, it is evident that the markets are highly skewed.

TIn a skewed market, 2 things happen:
- If the top 50 companies are running expensive, the whole market looks to be highly expensive
- If the top 50 companies are running cheap, the whole market looks to be cheap

Insight #1: The valuations of Top 100 companies do not convey the valuation of the broader markets.

Beyond the Top 100 companies, there are a lot of businesses that are of decent size (but do not qualify as large caps) as well, that have been performing well in their respective line of businesses.

When one focuses on the scrips forming Nifty50, one limits himself to only certain sectors like banking, finance, and insurance [35% of Top 100 stocks]; IT [15%]; FMCG [14%]; and 8-10% each of Oil & Gas, Pharma, Auto; and so on.

Insight #2: Nifty & Sensex constitute of only few sectors like Banking & Finance, IT, FMCG, Oil & Gas, Pharma, and so on. Sectors like Construction, Textile, Specialty Chemicals, Travel & Tourism, and so on are also crucial to the Indian Economy but are hardly a part of Nifty & Sensex.

Beyond the Top 100 companies, there are a lot of businesses that are of decent size (but do not But who holds this market? What is the shareholding pattern of the Indian Equity markets as a whole?

About 55% of the total market cap of Indian Equity markets is owned by promoters [the market cap of US is $48+ trillion, but promoters holding is only roughly about 6%]. About 19% is owned by FIIs [Foreign Institutional Investors], about 14% is owned by DIIs [Domestic Institutional Investors]; and the balance 12% is owned by PMS Managers, Family Offices, Retail Investors, HNIs, and so on.

2/3rd of our market, which is the top 50 stocks- here, the promoter's stake is around 51%. In the basket of the next 50 stocks [Stock #51 – 100], the promoter's stake is around 53%; whereas in the basket of Midcap Stocks [Stock #101 – 250], about 59% is the promoter's stake. In the next basket of Stock #251 – 500, about 57% is the promoter's stake.

Moving on the bifurcation of investments done by FIIs, it is noteworthy to realise that about 1/3rd of their investment is into the Top 3 Stocks [Reliance Industries, HDFC, and TCS]. About 80% of their investment is into the Top 50 stocks. For domestic [institutional & retail], if one is holding any of these stocks, one has to actively track FII movements as any FII action on these stocks can affect its price.

A similar situation pans out at the end of DIIs- about 80-85% of their money is invested into the top 100 stocks.

Insight #3: 7-8 businesses constitute 75-80% of Nifty/Sensex, and the market cap as a whole; but they do not make 70-80% of the Indian economy- hence the disconnect is visible between the economy & the markets.

To put this into perspective, one can witness that between 1st Jan-2008 to 15th July-2013 – over these 5.5 years, while the Sensex was more or less at the same levels, our economy's GDP grew 8.5% p.a. in real terms. To give a more recent example, from March 2020 to March 2022, the economy has not moved at all [GDP fell 7-8% in FY21 and went up by the same % in FY22], but the markets have gone up crazily!

Insight #4: Sensex & Nifty's job is to reflect what's happening in Sensex & Nifty companies, and not the entire Indian economy.

Let's break this down to connect the dots. In the last 2 years, businesses in sectors like banking, financial services, IT, benefited from the disruption… and these are also the sectors that form about 70-80% of the total market cap; hence, Sensex & Nifty witnessed a rally, reflecting growth in businesses that form 70-80% of Sensex & Nifty.

On the other hand, businesses in sectors like Real Estate, Tourism, Textile, Construction, and so on, took a setback. These are businesses that constitute a good part of the Indian economy but aren't the highlights of Nifty or Sensex. Hence, the economy took a hit as well, as major businesses that form the economy did not reflect growth in the said period.

Insight #5: What constitutes our economy, and what constitutes the Sensex & Nifty are very different businesses.

Thus, it is evident that there is a disconnect between the markets & the economy but that does not imply a negative correlation. It is simply a structure that plays out at times and as participants of the market & as contributors to India's GDP, we should be aware of this phenomenon and not remain naïve.

The growth prospects in India are growing and India is poised to grow at a rapid pace over the next few decades- both in terms of market cap & GDP.

Thus, it is evident that there is a disconnect between the markets & the economy but that does not imply a negative correlation. It is simply a structure that plays out at times and as participants of the market & as contributors to India's GDP, we should be aware of this phenomenon and not remain naïve.

Index	1Y	2Y	3Y	5Y	10Y
Nifty 50	4.3%	13.8%	14.2%	11.5%	11.9%
Nifty 500	3.0%	15.8%	16.1%	10.2%	10.3%
Nifty Mid Cap 100	3.5%	23.0%	22.6%	8.3%	-
Nifty Small Cap 100	-13.8%	17.2%	18.6%	1.4%	-

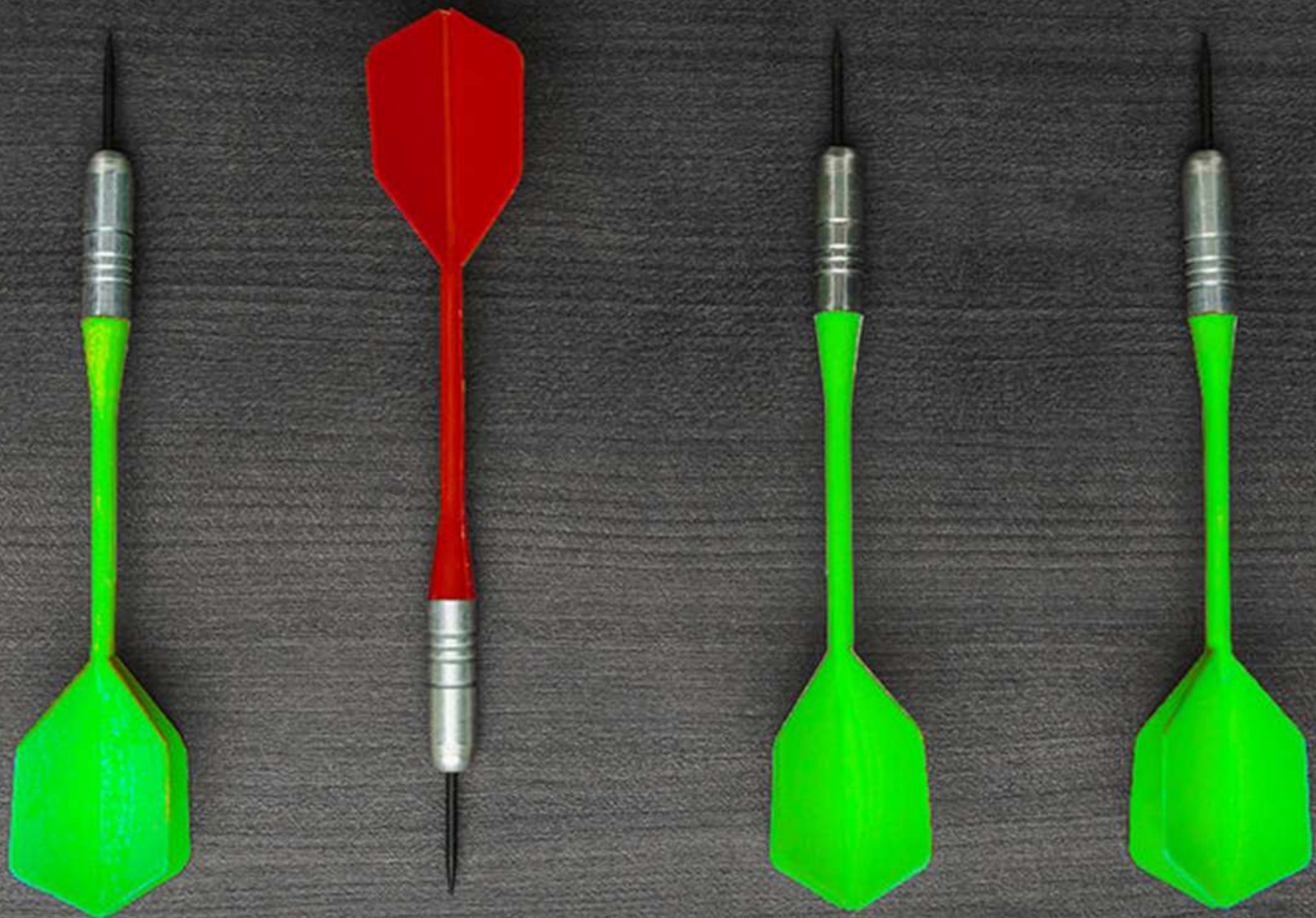
Last 10 years returns of Nifty 50, Nifty 500, Nifty Mid Cap 100, Nifty Small Cap 100 | Returns as of December 2022

Attributes of last decade were low growth and high liquidity, so mid and small cap returns were not much different from large cap returns.

However, attributes of the current decade are high growth and low liquidity on account of quantitative tightening; so, high performance investing in this decade is all about investing in the space of businesses beyond top 100 companies.

PMS AIF WORLD

In PMS, one investors' behavioural reactions to market environment



DOES NOT IMPACT OTHER PEOPLE'S PORTOLIOS

CARNELIAN

Manufacturing - A Structural Shift

Mr. Vikas Khemani,
Founder, Carnelian Asset Advisors

It is said that "when all the stars align, magic happens". The probability of a successful outcome is far higher when stars are aligned. COVID coupled with domestic reforms has aligned all the stars for India's Manufacturing Renaissance in times to come for reasons outlined herein.

"No country is ever successful in the long term... without a really strong and vibrant manufacturing base." Alan Mulally, Former President & CEO of Ford Motor Company.

Countries with a lower manufacturing contribution are extremely vulnerable to external shocks – e.g. SriLanka as it stands today, India in 1991, Greece post the 2008 financial crisis, to name a few. India openedmanufacturing post the crisis and saw a good progress in the 90s but again lost focus largely due toabundant cheap imports from China. But this time, if India is aspiring to be a USD 5 tn economy and to lift the living standards of her vast population, it is very risky and hard to do without any manufacturing prowess. Thus, it is very critical that India promote, develop, and build local capacity and capabilities.

Every crisis brings some "SHIFT". Additionally, the Pandemic brought 2 major structural SHIFTs in the sectors of Manufacturing and IT. We believe this time India's manufacturing sector will thrive and create generational wealth.

Enablers

• 4Ds: A Combination of the 4D's is a big factor in the equation for the manufacturing eco system to flourish. India with its 4Ds (Demand, Demographics, Democracy & Domestic markets) has a clear edge over other geographies.

• Cost competitiveness: It is now well established that India's cost competitiveness has increased over the years due to rising costs in China. India's labour cost is 1/3rd of China (USD 800 in China vs USD 250 in India), power costs are similar, taxation is lowest (lowest globally) - this provides India a competitive edge to increase its share in global manufacturing. India lags in terms of economies of scale where China has a distinct advantage.

• Atma Nirbhar Bharat initiative (including PLI & Non-Tariff Barriers): To make Indian economy self-reliant, the Indian Govt. introduced the Atma Nirbhar Bharat Abhiyaan with an outlay of INR 20 lakh crores - equivalent to 10% of India's GDP. The scheme is designed to reduce the dependence of India on imports in critical sectors such as semi-conductors, defense, APIs, chemicals, auto and auto ancillaries, energy needs, data centres, etc.

• Capital availability, Capex & Credit growth: Banks are well capitalized now than ever before with Tier 1 capital at its best and leverage at its lowest.
private capex soon with capacity utilisation inching up.

• Revival of Capex cycle: Government's capital expenditure as a % of GDP has been on a constant rise, with highest ever amount at INR 7.5tn in the last budget. We expect revival in

Outcome

When a long-term trend starts, it is initially met with scepticism, but if one focuses on understanding the underlying drivers/enablers, one can build conviction. We believe that these enablers and the government's push to create India as a manufacturing hub will have a multiplier effect on the overall economy (The Lollapalooza Effect), with a potential to create wealth to the tune of USD 0.8 - 1tn over next 5-7 years.

India can well increase its share of manufacturing from 16% to 20% of GDP over the next 5 years – thereby more than doubling India's manufacturing GDP from USD 450bn to USD 1tn by 2027 - this massive shift, besides creating jobs, will provide a huge wealth creation opportunity across sectors. The PLI scheme alone is expected to create 6mn jobs besides helping reduce the CAD. If we assume a 10% salary/wage pay out, on incremental USD 500 bn manufacturing GDP, the incremental pay-out will be USD 50bn, which is 5x of MNREGA. Further, this will lead to a multiplier effect in the economy as for every 1 job in formal sector 3 additional jobs get created in ancillary services. We expect it to create a virtuous circle of investment cycle and higher domestic demand which can provide a big wealth creation opportunity for financial investors.

Let the Magic Begin!!

Carnelian Shift Strategy (PMS) & Carnelian Structural Shift Fund (AIF) have been specifically designed to participate in above wealth creation opportunity (All stars are aligned).

This article is purely a piece of content and should not be construed as an investment advice. For a detailed disclaimer, please refer to the last page

Opportunities in Private Equity in India

Mr. Nalin Moniz,
Chief Investment Officer – Alternative Equity, Edelweiss AMC

Indian private equity has come of age in the last 5 years – over 70% of the cumulative 25 lakh crore invested in unlisted companies has come in since 2016 and similarly over 70% of the cumulative 9 lakh crore of exits have taken place since 2016. And between foreign and domestic funds there is 3.5 lakh crore of dry powder available to invest.

As per CRISIL's AIF benchmarking report for FY22; returns for venture capital and private equity funds have been equally strong. The average pooled IRR across 74 venture capital funds and 91 private equity funds are 21.15% and 19.34% respectively. And it is these returns delivered across funds and vintages that have led HNI investors; family offices, institutions, corporates, and their advisors to include unlisted investments as a core part of their asset allocation.
There are three types of private equity opportunities available today.

First, are angel investment opportunities in seed or Series A funding rounds for startups. The average ticket size for an investor is Rs 25-75 lakh and at this stage investors are primarily backing a founding team and an idea. The returns and risk are the highest at this stage of investment. The idea of angel investing has been popularized by shows like Shark Tank; and even though Indian venture capital firms have raised 40,174cr of commitments this remains a largely informal market based on personal networks and expertise.

The second type of opportunity is in mid-stage private equity. Here funds are investing 25-100cr in the Series B, C and D of companies. The risk is lower than angel investing because companies have established proof of concept for their business model; achieved product-market fit and have three to five years of operating track record. However, the returns can still be very attractive because deals are typically happening at valuations of 3-5x price/sales. This compares favorably to the 7-10x price/sales that late-stage private equity investments are made at and 10-15x price/sales multiples that startups have commanded at IPO. This means that an investor in mid-stage private equity benefits from both the fast growth of the startup and a multiple re-rating and this could potentially lead to outsized returns. Interestingly, the competition for mid-stage private equity deals is the lowest because fund managers need a unique combination of financial and operating acumen and startups need a fair amount of hand holding as they grow.

Lastly, we have late-stage private equity which encompasses pre-IPO & IPO investing and may even include PIPE transactions in listed companies. These investments are mostly financial in nature and have an element of capital market cyclicality to them because exits are most often via an IPO or a secondary sale. In contrast, exits in the early and mid-stage could also be to a strategic investor from the same industry – and who often pay a premium over a pure financial investor.

E-commerce, financial services, technology, real estate & hospitality, and retail consumer products are the five sectors that have garnered the most interest from private equity over the last five years. Financial services (lending, insurance, payments) and real estate are expected on this list because they are capital intensive sectors where business outcomes 3-5 years post investment are well understood. But it is interesting to see asset light industries such as e-commerce, technology, and retail consumer products garner so much interest from funds. And the rapid growth of these sectors has been made possible by game changing reforms such as India-stack; UPI for payments; 4G connectivity and 90% mobile penetration and GST enabled central logistics. And it is these reforms that are giving Indian startups a once in a generation tailwind.

The first 26 years of the Indian venture capital and private equity industry saw the creation of over 100 unicorns and I would not be surprised to see that number matched in the next 5-7 years. And private equity funds will play a vital role in both providing capital & expertise to these next generation of wealth creators and giving investors access to this exciting asset class.

This article is purely a piece of content and should not be construed as an investment advice. For a detailed disclaimer, please refer to the last page

The Decennary Stock Market Cycles

Mr. Anirudh Garg,
Partner & Fund Manager, INVasset

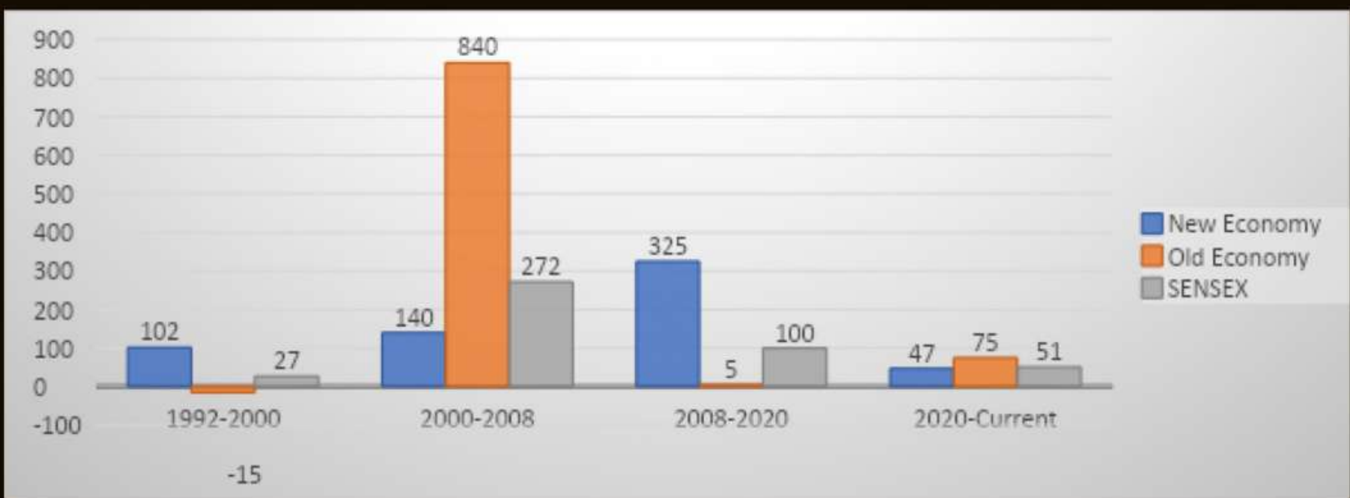
India, a developing, democratic & demographically diverse nation with a vibrant stock market representing both old and new economy stocks currently riding the $2 Trillion to $5 trillion journey is dream place to be for any investor.

If you ponder on every word in the above statement, you will realize that such a combination is not available anywhere else in the world. The importance of democracy highlights the importance of management is well highlighted because of the premium

Markets for stocks fluctuate in cycles that alternate between equities from the old and new economies. We've made an effort to illustrate how we view the market cycles over the past four decades in this table.

Time Period	Event Ending the Run	Market Topping Out Month	Sectoral Leadership	Stock Type
Decade 1 (1980-1990)	*Harshad Mehta Bubble Burst*	*March 1992*	*Materials Industrials*	*Old Economy*
Decade 2 (1990-2000)	*Dot Com Bubble Burst*	*Jan 2000*	*Information Tech Pharma*	*New Economy*
Decade 3 (2000-2010)	*Financial Crisis*	*Jan 2008*	*Real Estate Capital Goods*	*Old Economy*
Decade 4 (2010-2020)	*Covid 19*	*Jan 2020*	*Information Tech Financials*	*New Economy*

Here is a graph that compares the performance of the BSE Sensex's Old Economy and New Economy components over the course of the previous three bull runs.



As you can see, the New Economy has exceeded the benchmark by around three times during the course of both New Economy Runs, but underperformed during the Old Economy Run from 2000 to 2008.

In contrast, the Old Economy underperformed the BSE Sensex with practically NIL returns in the 1990s and 2010 decades but provided 8x gains in the middle 8 years.
Old economy performance decisively outperformed the benchmark and the New Economy in the Current Run, laying the groundwork for an Old Economy Run.
One needs to ask himself a straightforward question, "What sort of Investor am I?", if they want to get the most out of this idea.

If your response is "I want reliable returns that are always higher than the risk-free rate of returns, and I can live with outperformance of the index and other stocks for a few years," then your portfolio should include quality-focused new economy stocks, which include both stable and growing industries like FMCG and pharmaceuticals and information technology.
Such an investing approach, in our opinion, does not necessitate active fund management.
However, if you believe that your portfolio should consistently surpass the benchmarks in all market conditions, you should switch to a fund manager that can oversee your funds and alternate to sectors that will do so in the next two to three years .This change is more difficult to implement than it seems and calls for thorough understanding of market cycles as well as a disciplined attitude that forbids giving in to sentiments of fear and greed.
If this hypothesis is correct, CAPEX-oriented old economy industries including Defense, PSU's, Capital goods, Engineering Construction, Public sector banks, and maybe even commodities, should be on the lookout in the current market.

During the half year ended, April-September 2022, capital expenditure reached Rs 3.42 lakh crore compared to Rs 2.29 lakh crore in the corresponding period last year. The government's intention to boost the CAPEX was evident when it revised the CAPEX target sharply by 35.4% from Rs 5.54 lakh cr. in FY22 to Rs 7.50 lakh cr. in the FY23 Union Budget. In TTM, the total government capital expenditures (state and centre) have increased to 12.3 lakh crore. CAPEX budget works out to 19.02 per cent of the total expenditure of Rs 39.45 lakh cr. The last time that the capital expenditure share touched a similar figure was when it came in at 19.32 per cent for the financial year 2004-05 (FY05), leading to a massive rally in the BSE Capital Goods Index of 40%+ in FY05 and 150%+ in FY06.

According to leading global financial house, By 2031, manufacturing's contribution to India's GDP might rise from 15.6% to 21%, doubling the country's export market share. With the required push by the Union Government in terms of corporate tax cuts, the introduction of PLI Schemes and Aatma Nirbhar Bharat Abhiyan, Manufacturing will be the second theme to watch out for in the coming years.
We also think that during the next three years, the markets will underperform in the areas of information technology, pharmaceuticals, fast-moving consumer goods, and consumer durables.

This article is purely a piece of content and should not be construed as an investment advice. For a detailed disclaimer, please refer to the last page

"Global slowdown clouds the outlook on IT"

Interview with **Mr. Prateek Agrawal, Executive Director, Motilal Oswal**

1 *Where do you see markets by FY24?*

Over the longer term, equity indices have compounded at nearly the same rate as earnings growth. This implies that the market today has a high probability of compounding going forward at near the earnings growth levels.

Earnings growth itself faces the headwind of slowing economy on account of global slowdown but has the tailwind of lower input costs and higher margins. I think there is a good chance of earnings growth to be higher over the next few years as compared to 12% that we have seen over FY1997 to FY2021

2 *What is your outlook on the Tech, IT, and Pharma Sector?*

Global slowdown clouds the outlook on IT. However, while order book accretion may suffer on this count, profits would get buffered by the sharp INR depreciation that has occurred. Overall IT companies are trading at near pre-Covid valuations and may offer the earnings cagr over next few year again of the pre-covid period. Overall the space should provide a good anchor to the portfolio and diversification from the currency risk.

US is the largest market for generic pharm and this market continues to see price drops This impairs the earnings visibility of this space. Moreover, the regulatory risks are very high. We are more focussed on domestic branded generic market where the business could grow in low to mid-teens. Some companies in this space offer better than consumer space stability at better than consumer space valuations and can provide a good anchor to the portfolio.

3 *What are the 3 major Headwinds & Tailwinds for the global economy & markets currently?*

Headwinds:

1.Commodity spiking on account of any reason (higher global growth or escalation in Russia Ukraine conflict) is the biggest risk to our markets. Indian markets do well in a low commodity inflation, low oil price, scenario.

2.Sharp drop in forex reserves: Our large forex reserves provide a great strength in a global scenario where USD supply is being tightened. It is because of our reserves that our economy is able to continue to grow strongly while the global economy may be slowing down. I think we have to track the level of reserves. If they drop sharply, given large trade deficit, degree of freedom with our policy makers would reduce. As yet we are at very comfortable position there.

3. Demand Slowdown as a consequence of higher interest rates and on account of slower global growth

Tailwinds:

1. Easing Inflation: This could be a positive for the global economies leading to pause in further rate hikes and also avoid any further pinch on the consumer income thus helping to drive growth and demand.

2.Pause in Rate Hikes: Pause in rate hikes is good for high growth economies and businesses. Rate hikes should stop in India soon enough and rate cuts are expected in India and world by same time next year unless come un-foreseen events take place.

3. Operating margins should improve going forward. In the first two quarters, margins were lower on account of higher commodity prices which were built into the inventories. From q3, this effect should reduce, leading to higher margins. Higher margins could sustain if the economy in India continues to be relatively robust. Pre-election spending expected next year should help.

4 *How do you see the old fame of Motilal Oswal returning under your leadership?*

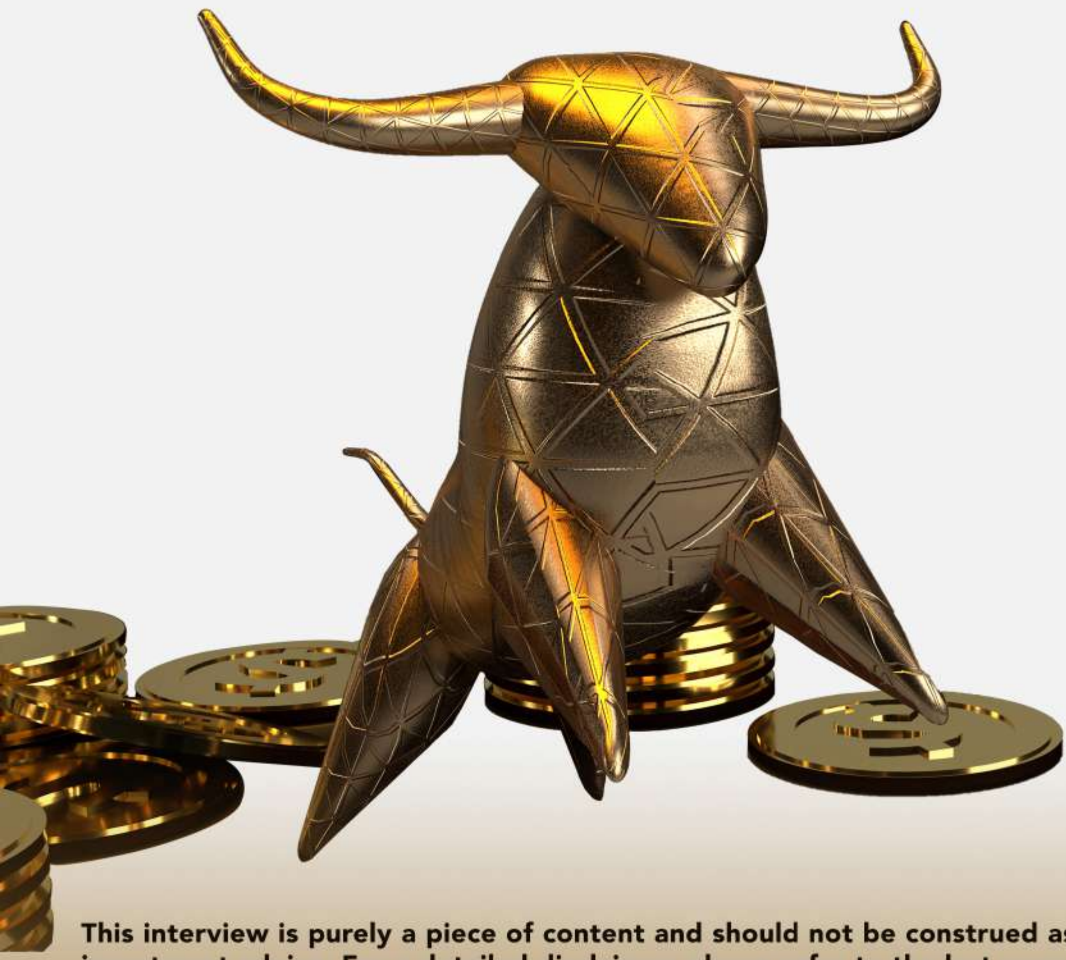
I think that there are large positives that the house brings to the table.
Motilal Oswal is a power house of ideas. As a house we have Private Equity where we guage the newer trends and look at companies and founders when they are very young, helping us catch trends early. We have a large research desk in institutional equities business which puts out cutting edge work very regularly and accounts for a large share of ideation on the street. The AMC has its own large over 20 member investment team.
We are a house that are completely focussed on equity (we hardly do any debt as a house). The conviction of the house is in equity and the house has invested substantially into its own funds.

The strength of the house is seen in stellar since inception performance that most of our products have shown since inception. It is shown in the number of ideas that the funds may have been the first to invest into, which turned multi baggers and it also shows in the consistent outperformance that the funds delivered in extremely trying period of 2011 to 2019, when the breadth of the market was low and earnings growth was small.
The strength of the house is shown in it being the first to adopt the QGLP framework to focus on quality and consistency and follow an investment discipline.
Yes, in between, for the last few years, the house has faced a period of under-performance. It has been painful for the house and for our clients The house is working towards addressing the performance issues to regain the trust of our clients.
On this journey, support from the environment is necessary. Here we are getting the same. If we see how corporate earnings have shaped up from the covid troughs.. first the larger companies regained and grew on their pre-covid levels and in FY22 the midcaps delivered a strong growth. Policy making in terms of import duty protection, ethanol policy, PLI schemes getting rolled out, have all provided a great fillip along with policy focus on domestic production in many spaces in response to various geopolitical events. Capex is picking up in all spaces. Global tailwinds of China +1 are supportive also. All these, and many more, factors should keep the breadth of earnings sustain at high levels. FY24 would have the margin tailwind countering the effect of global slowdown.
Good breadth of earnings coupled with alpha seeking domestic money from HNI and retail investors should keep the breadth of the market good. This is a good environment for us at Motilal, to generate alpha.
If you track our performance, this shows. Ideas are best manifested in a midcap fund and there our performance is top notch across all time periods. Large and midcap fund is following closely on it track. Similarly on the alternatives side BOP is doing very well and IOP is seeing a sharp recovery. Because of the change in the market environment, I do believe that over the next few months, major part of our house AUM should be performing very well.

Attaining performance is the first part of the story. Sustaining it is equally important. There I believe, our focus on quality helps. Our discipline on following the QGLP process would help. On top of this we have put in several other processes after discussion with the managers and with their buy-in towards sizing of the portfolios, sizing of stocks, building diversification, profit taking process and also stop loss process. Avoiding excess concentration in few names. We are also encouraging cross pollination of ideas and we hope that this would reduce the errors of commission. The house would focus on smaller number of investible ideas across its funds so that research energies are exploited fully and we don't spread ourselves thin. We do believe that these measures would help sustain performance also.

5 *Will Motilal's philosophy change & transition away from QGLP?*

Our philosophy is time tested. There is a great belief around it. I believe in it. We will stick to it. Ultimately quality and longevity of growth is what results in a business become more valuable and our energies would be focussed on finding such businesses at decent valuations.



This interview is purely a piece of content and should not be construed as an investment advice. For a detailed disclaimer, please refer to the last page

Analytics & Content Backed Informed Quality Investing Service

For HNIs & NRIs Investors

GENUINE

VISIONARY

CREATIVITY

FOCUSED

PERSISTENT

PMS AIF WORLD

Wealth & Asset Management

Emerging avenues in debt investing: Popularity versus risk reward

NEO Asset Management

Being the informed investors in capital markets, we often perceive banks' fixed deposits and mutual fund debt schemes are the limited options available for debt allocation. Most of these debt instruments have yields very similar to inflation rates and hence real returns (adjusted for inflation) are marginal. However, in recent times lot of new options have emerged in debt, which provide much superior returns and favorable risk reward equation. Few instances of these varied forms of investments are:

1. Bharat Bond ETFs:- These are tradable debt exchange traded funds with exposure of CPSE and PSE companies, with
maturities extending upto 2032. Bharat Bonds give access top rated debt securities to investors with minimal expense and without
exit load.

2. REITS:- Real Estate Investment Trusts invest into commercial real estate. REITs offer unitised investments in real estate, generates rental yield and regular income for its investors. Listed REITs focus on commercial real estate properties located in TIER I & TIER II cities with reputable tenants

3. INVITS:- Infrastructure Investment Trusts invest, maintain & operate large infrastructure projects such power transmission assets, toll bearing assets which generate income from underlying asset on regular basis. Listed InVits are liquid with track record of regular distribution – capital & dividend to its investors

4. Private Credit:- These fixed income investments have gained popularity for offering higher gross yield to investors. Private credit is quasi equity. It is growth capital for its borrowers. Private credit borrowings are in the form NCDs or loans typically backed by 2x or higher collateral cover leading to lowered risks of default.

Return comparison:

	1Y	2Y	3Y	5Y
REIT	8.45%	2.50%	-0.20%	-
Invits	41.11%	48.00%	29.47%	12.28%
BHARAT Bond ETF	2.94%	4.29%	-	-
Sovereign	1.81%	2.28%	4.84%	5.82%
Corp Bond	2.57%	3.10%	5.06%	5.04%

*Data: Bloomberg
*Graph is for illustration purpose only. Values of securities & indices are rebased to 100 for the purpose of consistency.

Bharat Bonds, REITs, INVITs are publicly traded securities with adequate liquidity to always facilitate price discovery. These securities have large institutional and non-institutional investors. The predictable pay-outs from Invits & REITs (i.e. cash flows at regular intervals in a given year) in terms distribution and interest, has found relevance and preference with retail investors seeking diversification in Fixed Income allocations to their portfolio. There haven't been instances of delays or defaults in income distribution as the underlying assets for REITs and Invits are steady income generating assets such as commercial real estate with long lease and reputed tenant occupants, improved cash collection at toll booths with better road connectivity between cities.

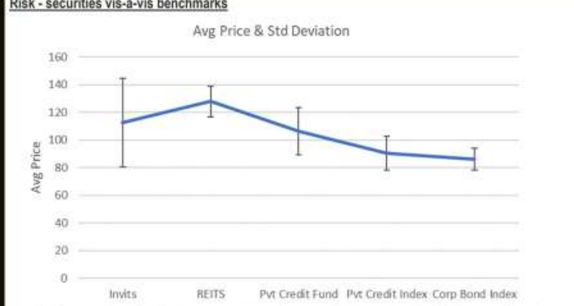
Tax efficiency is higher on distributions received by an investor in these fixed income instruments. Dividends distributed by Fixed income instruments such as Invits are not taxable in the hands of INVITS but may be subject to applicable withholding tax. Tax optimisation means higher tax adjusted returns for investors in comparison to debt mutual fund or coupon paying bonds and non-convertible debentures.

Liquidity for Bharat Bond ETFs, Invits, REITS is fairly high, minimising risk of purchase and sale of these securities by investors through the stock exchange. Investors can pledge Bharat Bond ETFs for availing loan against securities, however, pledging is disallowed or REITS & InVITs basis information shared on public domain.

In a similar context, private credit has gained investors interest over a period time. With deals structured to suit borrowers (both listed and unlisted cos.) without diluting equity stake, this form of credit offers high yield with caveats such as longer maturity period, liquidity constraints, liquidity getting limited to the periodic distribution, higher cost of borrowing for borrowers and inflexible covenants. While borrowers are cognizant of these facts, returns to a private credit are less volatile compared to listed bonds, REITs etc. They do not get affected by demand, supply and liquidity factors prevalent in the system. A private credit investor can expect higher yield in comparison to other fixed income instruments in his portfolio with rare or nil cases of default owing to stringent regulatory norms regulating this asset class.

*Data: Bloomberg
*Graph is for illustration purpose only. Values of securities & indices are rebased to 100 for the purpose of consistency.

Risk - securities vis-à-vis benchmarks



*Data: Bloomberg. *Graph is for illustration purpose only. Values of securities & indices are rebased to 100 for the purpose of consistency.

In conclusion, drawing comparison with traditional forms of fixed income instruments such as bonds, only few instruments or variants of fixed income offer superior risk adjusted returns secured by collateral.

This article is purely a piece of content and should not be construed as an investment advice. For a detailed disclaimer, please refer to the last page

Managing portfolios across market cycles

Mr. Anil Rego
Founder & CEO- Right Horizons

Investors have termed phases in equity markets as "bull and bear", depending on whether equities are collectively appreciating or depreciating in value. A bull market is associated with persistently rising share prices, whereas a bear market denotes periods of decline in stock prices, typically 20% or more.

The fluctuations in the state of an economy from expansion to contraction are considered an economic cycle. Typically, it is measured with a country's Gross Domestic Product (GDP). Still, other factors, such as employment rates, consumer spending, and interest rates, are also used in determining the stage of the economic cycle. The interest rate cycle directly impacts capital markets since businesses are more sensitive to changes in rates than other factors. Bull markets generally coincide with periods of robust economic growth, and the bear market with an economic downturn, but timing the cycles consistently is a fallacy.

Interest rates impact the value of future cash flows of businesses which is the driver of valuations of any business, so during rate hikes, it is better for the portfolio to be skewed towards value-oriented stocks rather than growth since most of the value for high-growth companies is concentrated in terminal value and a higher interest rate increases the discount rate reducing the company's terminal value.

A company's competitive dynamics and barriers to entry influence its's valuation and sensitivity to changes in interest rates over time. Cyclical sectors have historically had a higher correlation with the economic cycle in contrast to defensive sectors. So, during periods of expansion, portfolios should consist of cyclicals and, during a slowdown in the global economy, inclined towards defensives.

Diversification across market capitalisation is notably in favour of protecting from volatility as the trend points in favour of Large-caps during rate hikes or economic downturns, or uncertainties globally.

As mentioned above, portfolios can be managed as per themes with Growth Vs Value, Cyclicals Vs Defensives, and across market capitalisation depending on the phase in the interest rate cycle. Still, diversification through asset allocations is crucial instead of just focusing on a purely mechanical relationship between shifting interest rates and stock valuations. It is ideal for holding a higher allocation to equities during the bull phase and optimal allocation during the bear phase.

Portfolio management begins with a series of observations about the behaviour of different asset types throughout previous cycles. Analysing the historical range of returns for Gold, bonds, and stocks over holding periods ranging from 1 to 15 years, we have noticed that asset classes with the potential for higher returns experience a wider distribution of outcomes and require long periods to mitigate the risk of loss.

Uncertainties, crises, and pullbacks are inevitable and unpredictable in their timing, but through portfolio management over time, outcomes will be desirable. Gold is globally considered a safe haven, so investors start investing in it when there is uncertainty in the economy and when the outlook turns bearish for equity markets.

In Exhibit 1, we have conducted a study on returns between gold and Sensex and have dissected the results into four quadrants, the first quadrant, Equity UP & Gold UP, implying returns were both positive during the year; the second one, Equity Down & Gold Up representing the returns were negative for equities whereas positive for gold, the third quadrant, Equity Down & Gold Down and the fourth Equity Up & Gold Down.
Drawing conclusions from the second and fourth quadrants, the plots highlighted in red imply that we can utilise the lower correlation between asset classes to improve the performance of portfolios during volatility in equity markets.

Exhibit 1:Sensex & Gold

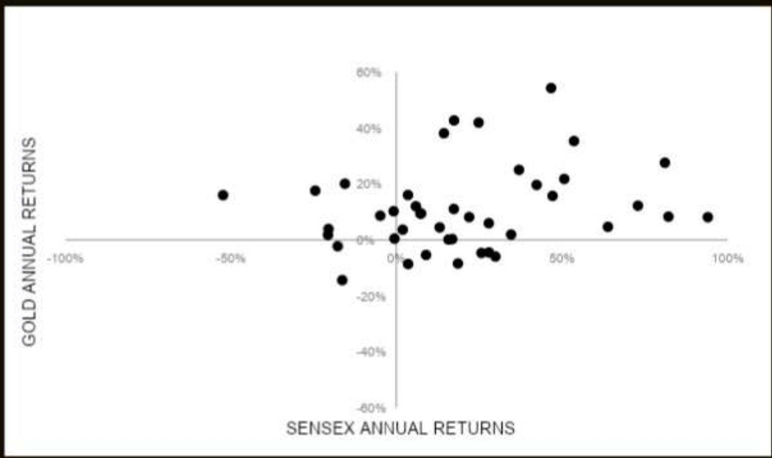
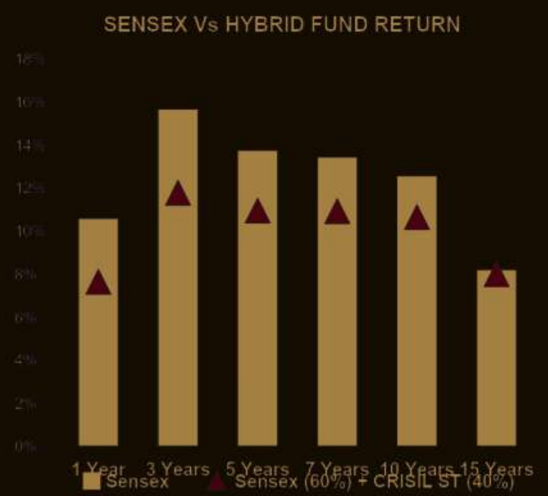
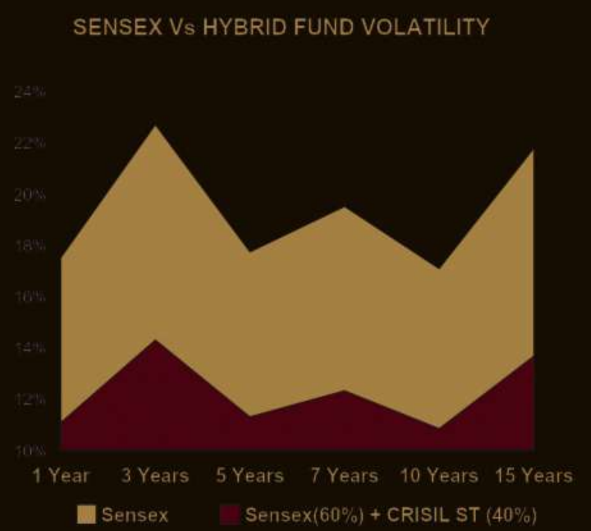


Exhibit 2(A) & 2(B): Index & Hybrid Fund Return





From Exhibit 2(A&B), investors can see that even a vanilla Hybrid fund can mitigate volatility and maximise return. The reason is that asset classes barring a few exceptions are influenced abnormally by macroeconomic events.

Investors are exposed to unwarranted risk if investors misallocate the proportion of capital towards assets. For illustration, if an investor were to invest 100 per cent of the capital in equity would be exposed to undue volatility.However, optimal asset allocation will integrate capital market expectations with the investor's desired level of risk and constraints, focusing on the long-term to compound wealth.

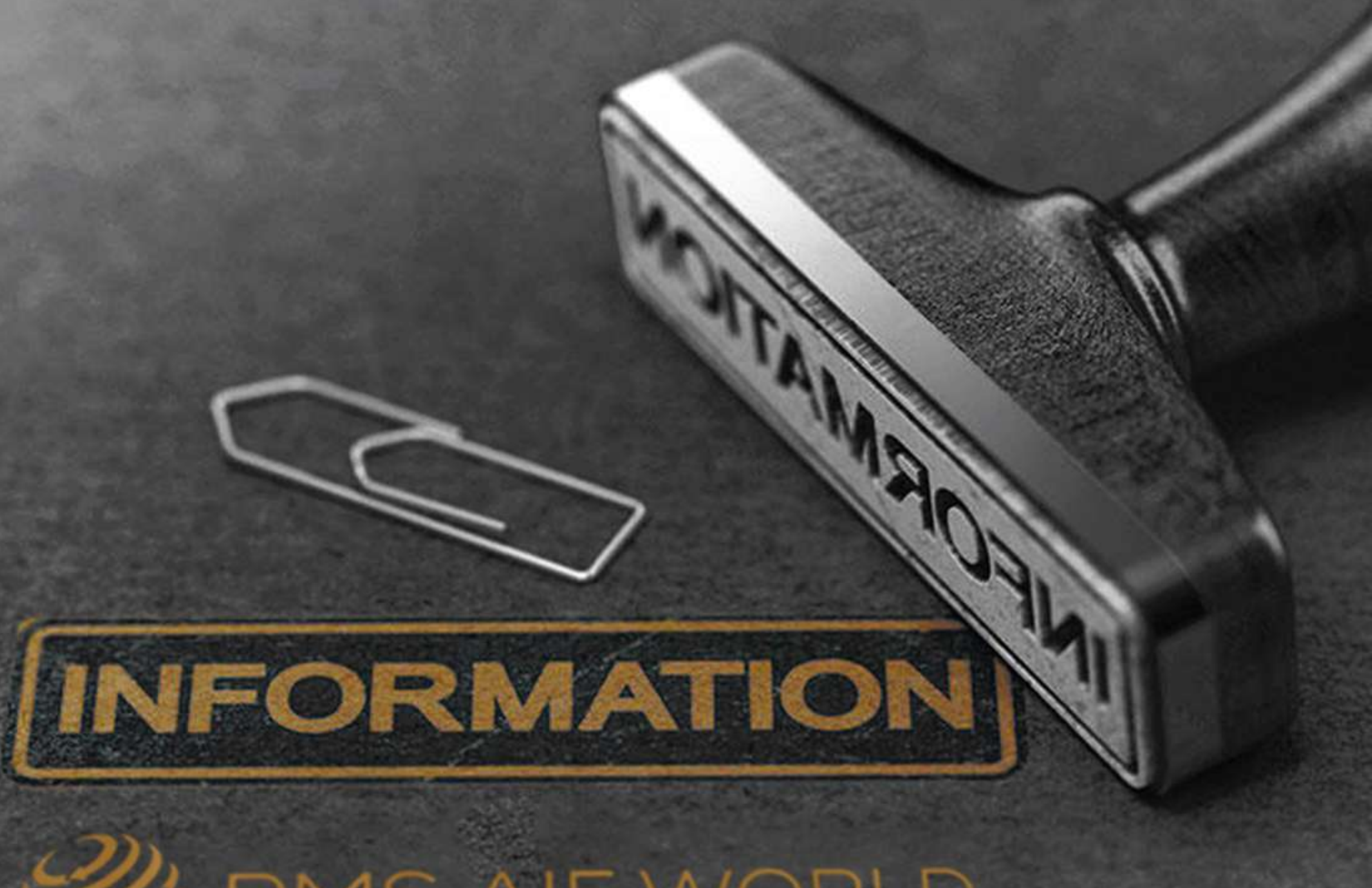
Allocation is based on the quantifiable systemic risk of each asset class to generate maximum returns for the risk an investor can take on. In other words, investors must factor in the risks that can be tolerated and allocate capital in proportion to the desired level of risk.
In March 2020, prior to the announcement of the lockdown due to the Covid-19 pandemic, our valuation models signalled prices higher than historical averages, so to de-risk our flagship scheme RH Flexicap, we added gold and defensives like pharma due to lower valuation. Later the markets declined up to thirty-eight per cent, and as the markets turned bullish, the scheme significantly outperformed relative to the benchmark.

Post covid and the ongoing Russia-Ukraine war led to inflation spiking across economies. To control the raging inflation, most Central banks of major economies around the globe raised interest rates in unison, impacting the equity markets unfavourably. Unlike previous events, asset classes were affected differently this time. In response, we diversified across sub-asset categories focusing on sensitive sectors and positively impacted by raising interest rate scenarios. Investors can manage portfolios across market cycles through allocation across asset classes as per the desired level of risk and skew in favour of assets when outperformance is certain during a bull rally and vice versa.

Rather than being encapsulated with returns focusing on risk-adjusted returns, mitigating risks by managing portfolios through diversifying during weak productivity and market congestion at the bottom of the economy and maintaining a concentrated portfolio with themes benefiting during the upscale will lead to outperformance. Portfolios constructed by a Top-down approach for the sector with tailwinds and a bottoms-up approach for picking stocks are necessary to manage across cycles.

This article is purely a piece of content and should not be construed as an investment advice. For a detailed disclaimer, please refer to the last page

Don't just **INVEST,**
Make **INFORMED** Decisions



PMS AIF WORLD

Valentis Advisors
—Private Limited—

3 major Headwinds & Tailwinds for the global economy & markets ahead

Mr. Jyotivardhan Jaipuria
Founder & MD, Valentis Advisors

In 2022, markets welcomed all bad news on the economy as good news hoping it signals a pause in Fed rate hikes. Going into 2023, we think a pause in the Fed rate would be a major tailwind for the economy in the face of falling inflation. But as the economy slows and creates a headwind for the economy, will bad news on the economy be bad news for the markets?

One can argue that the bad news is already in the price. History favors buying a dip - S&P has fallen more than 20% on 10 occasions after World War II. Buying a 20% dip led to an average 17% return over 1 year with a positive double-digit return 7 times.

A third important factor would be peaking of the US dollar which will signal market leadership moving back from USA to Emerging Markets.

#1: Inflation has peaked – Fed will pause in H1CY23

We believe inflation has peaked and should see a meaningful downturn over the next few months. The one reason for a rally in commodity prices and inflation could be pent-up demand in China as the economy opens up post-Covid lockdown. But we think there are 3 reasons why inflation is headed down:

(a) The Ukraine-Russia war has been localized and many commodity prices are already below pre-war levels.

(b) Supply bottlenecks post-Covid are now easing (China opening up will further help) and we are starting to see ocean freight rates come down as well as port congestion ease.

(c) global demand is starting to slow and this is bringing down prices of commodities.

So what does the Fed do? With the Fed having front-loaded rate hikes, we expect them to pause in the first half of 2023 after probably another 75-100 bps further rate hikes.

What do markets do when Fed pauses? Post the last Fed hike, markets have generally been positive. There have been 6 Fed pause cycles in the last 40 years. On an average, markets gave 4% return after 6 months and 12% return after 1-year with only 1 out of 6 returns being negative.

#2: Recession in the USA?

The Fed has been very clear that they want to kill inflation even at the cost of leading to a slow-down in the economy. We have seen the fastest pace of Fed increase since the Volker era and the Fed rate is likely to go above 5%. The Fed is also shrinking its balance sheet at around its announced pace of US$ 95 billion per month. So is this leading to a significant slow-down in the US economy? The data is mixed so far:

The bond yield is inverted. In every recession we saw the bond yield inverting 6-18 months before the recession began. But every inversion has not necessarily led to a recession.
The ISIM index has seen a distinct slow-down in both manufacturing and services over the past few months.

However, the unemployment rate, which the Fed is very focused on, is still close to historic lows. Anecdotally, however, we are starting to see many tech companies announce reduction in work force.

Overall, we think there will be a slow-down in the world economies with a reasonable chance that we see a recession in the USA. What does a recession mean for the market?
An average recession in the USA lasts for 12.5 months and including the Great Depression (1929-1933), it lasts for 15 months.

Typically, the markets tend to correct 6 months before the recession with average fall of -1.4% (excluding the Great Depression). The average stock market returns during the recession have been flat excluding the Great Depression and -7% including the Great Depression period. However, the average masks a wide variation in the return with the Global Financial Crisis producing the worst returns since the Great Depression.

Post the recession, markets have seen a rebound with average returns aggregating 15% post the Great Depression period.

#3: Dollar peaking will help Emerging Markets

Since 2008 the US$ has been on a tear and has appreciated 45% (DXY index). We think the US$ may be peaking led by 2 factors (a) rate increases in USA may be coming to an end and (b) recessionary conditions in USA may put pressure on the US$.

What are the implications of a weak USD? Since 2008, developed markets are up 278% sharply outperforming emerging markets which are up a more modest 69%. We think the US stock market outperformance is behind us and expect emerging markets to (a) grow much faster than USA and (b) EM equities to outperform US and other developed market equities.

This article is purely a piece of content and should not be construed as an investment advice.
For a detailed disclaimer, please refer to the last page

Showtime for India

While rate hike fears have eased down a bit, it's now time to factor in the next demon in line: Recession.

Let us understand how some of the top economies of the world are grappling with recessionary fears.

US, Europe, UK

The drop in Brent and WTI, to a very low level in early August on fears of recession and softening global economic growth is worrying global investors. So, the pertinent question is: Have the markets factored in a possible recession looming over developed economies?

As of June, Quarter '22, US GDP declined for the second straight quarter, more or less a confirmation that the world's largest economy may be entering recession, if 3rd quarter show negative GDP as well.

The Euro, Europe's de facto currency is at a 2 decade low. Let us tell you what does this imply. Europe has 27 countries and 19 of them use the Euro as its currency. The Euro is losing its value because European economies are facing 3 major challenges –

– Energy Crisis [this can single-handedly destroy Europe's economy]
– High Inflation [currently at a 25-year high at ~10%]
– Political Turmoil

Europe's growth engine, Germany, the largest economy in Europe, gets almost half of its Gas supply from Russia. Based on macros, if Moscow cuts off this supply completely, Germany could lose $225 bn in 2 years. Couple this with inflation, it is evident that the Euro zone is not insulated with the rising cost of living. The numbers are scary across Europe- from energy to food, everything is becoming expensive.

The recession fear looms over the United Kingdom as well, as with a rise in the price of natural gas, recession fears have intensified in Europe.

As Ukraine completes 6 months of going into war, the devastation is felt way beyond its borders. Italy, Europe's 2nd largest economy is also losing its trust in the face of the world economy. The political chaos tumbling down Italy might be a trigger to shake up the entire European economy. Investor confidence in the German economy is at the lowest level in at least a decade- this was seen when Investors dumped Italian govt. bonds in July '22.

UK [technically not a part of the EU but a major European economy], is in a dire state. The Bank of England expects the country to enter a recession from the fourth quarter of this year, which will last until the end of 2023.

The US, EU, and a the large part of the Western world is very clearly heading towards an economic recession.

China

China's current status in the global economy is not what it once was. The US has been actively working to keep China from having access to cutting-edge technology. China's property sector, which contributes to around a quarter of their total GDP, is suffering. Droughts, heat waves, and flash floods have been causing a lot of problems for China lately. These problems are happening at an alarming rate due to climate change. Experts predict that the heat wave could be one of the worst in global history.

INDIA

But INDIA continues to clock economic numbers in green, leaving several economists puzzled.

Is India insulated from the economic upheaval ongoing globally?

In geopolitics, never before has India been so highly wooed. The US is looking for supporters in Asia to counter China, and India is an obvious choice. India is well positioned to take advantage of the shift away from China in both political and economic arenas. Just as the US cultivated China as a rival to the Soviet Union, India may increasingly play that role against China.

As of today, when most advanced and emerging economies are struggling to control inflation rates even at 14-15%, India has been able to control and maintain it in single digits. India took supply-side measures early-on & hence has been able to remain relatively stable and insulate itself in this time of great economic volatility globally...

The economic recovery is picking up pace here, in India. With the bank credit growth rising rapidly, we could be in a position for a recovery in investment demand. Our demand-driven economy is well insulated from the global slowdown, and our export supply of services continue to witness robust growth. While the markets have corrected, valuation premiums are still being enjoyedin the equity market & a strong results season has concurred the fact that India's business cycle is indeed turning up.

But this is not just a short-term opportunity. We have the chance to enter a new growth trajectory. India achieving its growth potential is linked to the revival of private capital expenditure, emphasising the dire need for businesses to start making fresh investments. There have been a lot of reforms started by the government. One of them is GST. There are also some benefits coming from the bankruptcy law, lowering corporate taxes, fuel subsidy removal, and RERA among others. Privatisation and monetizing public assets are in progress as well. The Production-Linked Incentive (PLI) scheme has been rolled out to attract investors to manufacture in India, and it has already started showing results. India's vibrant start-up sector showcases our potential to attract capital as well.

Can corporate India deliver 15% plus earnings growth over the next two-three years? The answer is definitely yes. Flows have started to ebb, and there is a case emerging that Indian markets could outperform global markets. The economy is in a good restart mode. The capex has started, and corporate earnings were also reasonably good in the first quarter, despite so many challenges on the raw material side. We are, overall, in a good state of health.

India's corporate earnings and quality of its balance sheet are likely to outperform even among emerging markets. Of course, there are headwinds such as inflation, rural slowdown and tightening monetary policy that investors must keep a watch over, but, we have maintained stability as a country and our ruling party has shown that it is good at balancing capitalist and democratic needs.

However, we have our demons as well- the biggest of them being unemployment. Topping it up, providing decent jobs for the underemployed masses is a huge challenge. There are still vulnerabilities in our fiscal situation and given the macro outlook across the globe, an epidemic from abroad is a big worry.

Nevertheless, this time we have an extremely promising conjunction of circumstances, both internal and external, that could take the nation to reach new heights. The Indian economy stands insulated to the recessionary realities of the West & this is an opportunity that is only ours to lose.

Move over Sweet Seventeen, it's time for us to celebrate the Sweet SeventyFifth as 75 years after Independence, India is in a very unique sweet spot today.

All we have to do is to seize the moment.

This article is purely a piece of content and should not be construed as an investment advice. For a detailed disclaimer, please refer to the last page

PMS AIF WORLD

WE EVALUATE 5P FACTORS ACROSS

PEOPLE, PHILOSOPHY, PERFORMANCE, PORTFOLIO & PRICE

BASED ON

QUALITY, RISK & CONSISTENCY SCORES

BOOK AN APPOINTMENT WITH OUR SPECIALISTS

Why most Funds & Portfolios underperformed benchmarks in 2022?

Mr. Samit Vartak,
Founding Partner and CIO,
SageOne Investment Managers

Most active fund managers have a philosophy that they adhere to. Like while buying any product or service, the customer needs to understand the product. In fund management the philosophy helps the customer understand what they are buying (or investing into). E.g. at SageOne we buy good quality businesses (>20% sustainable ROE, good & competent management, etc.) with more than 20% earnings growth potential that are available at reasonable price. Some other fund manager may buy deep value stocks.

Generally active fund managers follow bottoms up stock picking and do not try and match sector allocations with how the benchmarks are represented. Hence there is going to be significant divergence between the fund and the benchmark indices depending on which sector is flavor of the season. E.g. in 2022, many PSU businesses (including banks), utilities, autos have done extraordinarily well and if these stocks do not fit into your strategy, you would have underperformed.

There is often a belief that a fund manager should be able to identify these outperforming themes and take advantage of it. I believe this is highly unlikely as each fund manager is good at a certain style and he has built his expertise and performance/alpha by successfully following and executing certain strategy. Suddenly a Rahul Dravid can't start playing like a Sehwag and if he tries to, most probably he will fail. Similarly, a fund manager who is good at picking great businesses is unlikely to do well if she starts to build a portfolio of poor quality businesses which are expected to do well in terms of their stock prices in the next few quarters. Imagine a Page Industries trying to expand into iron ore mining. Would you remain invested?
I believe, a strategy which you are good at and which generates alpha in the long term is what one should follow. If you try running behind short term exciting momentum themes, more often than not you may get in once in a while, but not necessarily be able to get out. If you are travelling from Mumbai to Delhi, better try to stick to a vehicle which will take you fastest on an average. You may see many faster moving vehicles in between, but better not try and jump onto them too often.

PMS AIF WORLD

This article is purely a piece of content and should not be construed as an investment advice.
For a detailed disclaimer, please refer to the last page

Why most Funds & Portfolios underperformed benchmarks in 2022?

Mr. Samir Arora,
Founder, Helios Capital

Fund Managers as a whole, more or less, mirror the market. Since they themselves are the market, by definition all of them cannot outperform the market. If there were no cost or fee, approximately half would outperform and half would underperform the market each year. The fact that in real life there are fees and expenses means that there is one more hurdle to cross to achieve outperformance. This is why only 40% or less of active fund managers beat the market every year. There is also a significant churn of outperforming fund managers each year and therefore in the longer term (5 years or more)) less than 25% of the active fund managers beat the market (as the same fund manager has to repeatedly do well to perform well in the medium to long term).

Even though in general less than half of the active fund managers beat the market each year, the statistics for 2022 are much worse. There are many reasons for this, but most significant reason is related to the type of stocks that have done well this year. Most active fund managers and investors have stayed away from commodity stocks and oil and gas stocks for various reasons from government ownership to ESG concerns etc. Due to high inflation and the Russia Ukraine war, energy prices shot up and this year's biggest outperformers are stocks like Coal India (up 73%) and NTPC (up 43%). Additionally, most fund managers missed the sharp rally in Adani group stocks which helped the index but were missing from portfolios of most Indian funds. One more factor that has hurt many portfolios is the regime shift from "growth stocks" to "value stocks" as high inflation and high interest rates made growth stocks with high valuations and "future" cash flows less attractive while India fund managers have traditionally favored growth stocks.

Although it is good to have a fund manager who beats the market every year, this is a very unrealistic expectation. In recent years, many new fund managers have raised money on the basis of seductive investment philosophy with zero real life track record. Investors investing on the basis of hindsight analysis and performance of paper portfolios are likely to be disappointed as real life decision making is different from analysis of the past. What is important for investors to see is the longer term track record of the fund manager over a number of cycles as that is the best indicator of the value added (or not) by the fund manager.

PMS AIF WORLD

Private Credit in India: An Unmissable Opportunity

Mr. Ashish Khandelia
Founder, Earnnest.me

Ms. Teena Gandhi
Vice President, Earnnest.me

Investment Landscape

Over the years, India has emerged as one of the most important countries in the global economic landscape. Various government initiatives and policies such as PLI, continuous relaxation of FDI norms, judicious monetary policy balancing inflation and growth, has made India an attractive destination for both domestic and foreign investors.

Until recently, major investment avenues providing safe haven for Indian retail investors were limited to government/PSU bonds, Fixed Deposits, Debt MFs and gold. However, over the years, return on these have come down to the point that it doesn't even cover inflation on a post-tax bases. Stock market, the other major avenue, has recently been highly volatile with significant drawdowns. And is likely to remain subdued in the short to medium term driven by geopolitical tension, looming recession in the west and steepest rate tightening in decades. This is leading investors to actively explore alternative investments, especially Private Credit.

Asset class / Index	CY2022 Absolute Returns
Gold (INR/oz)	-0.2%
Silver (INR/t oz)	3.6%
Bitcoin (USD)	-63.5%
INR against USD	-11.0%
US Dollar Index (DXY)	8.7%

Global Investment Performance	CY2022 Absolute Returns
MSCI World Index (Developed & Emerging)	-20.0%
MSCI Developed Market Index	-19.6%
MSCI Emerging Market Index	-22.6%

Corporates also need alternative capital channels to meet their growing financing requirements and development of a vibrant and inclusive bond market remains crucial. To date, the demand for corporate bonds have largely remained limited to AAA/AA and that too primarily from institutional investors (retail participation is only 3%)[1]

1.RBI Bulletin January 2019: India's Corporate Bond Market: Issues in Market Microstructure

Corporate Debt to GDP ratio[2]

Countries	Corporate Debt to GDP Ratio
US	123.47
South Korea	74.30
Malaysia	44.50
Singapore	34.02
India	17.16
China	36.00

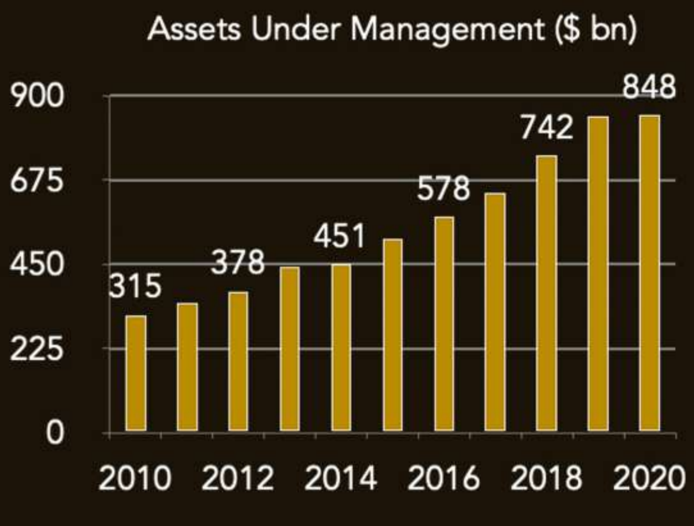
Source: 'Evolution of Private Credit in India, November 2021' – Ernst and Young

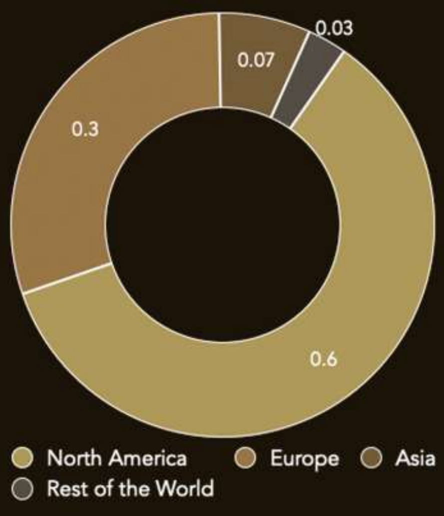
Private Credit provides a win-win alternative that allows borrowers to customize their funding structures while at the same time, offering investors higher fixed income yields compared to traditional debt investment opportunities. Compared to FDs and Debt MFs that typically offer 6%-8% return, return on private credit opportunities are significantly higher, typically ranging between 10%-15%. Institutions have been doing such investments since long, but access for non-institutional investors is a nascent development. Such access is happening either through Credit AIFs or through specialized, new-age Fintech platforms such as Earnnest.me, WintWealth, etc. or bond marketplaces such as Bondsindia, Bondskart, Indiabonds, etc. offering a plethora of corporate
bonds.

The Global Perspective

Globally, private credit AUM has grown ~3x in the last decade to reach US$848 billion in 2020. And it is expected to continue growing at ~US$1.5 trillion by 2025. As a reference point, the AUM on the Private Equity markets is ~US$3.9 trillion.

The global private credit industry saw a remarkable growth past the global financial crisis (GFC) in 2008. Tightening of banking regulations post the debacle created a demand-supply mismatch, esp. in the mid-market segment and private credit helped bridge this gap. US and Europe have been most mature and active markets accounting for ~90% market share.





2.Crisil – Assocham Report (January 2018) and IMF Private Debt Market Database
3.EY – Evolution of Private Credit in India

Regions	AUM (Q3 2020)	~Expected Growth (till 2025)
US	US$585.6 billion	11%
Europe	US$289.5 billion	11%
Asia- Pacific	US$65.6 billion	20%

Source: TOI: The private credit buzz is growing louder in APAC

Private Credit provides a win-win alternative that allows borrowers to customize their funding structures while at the same time, offering investors higher fixed income yields compared to traditional debt investment opportunities. Compared to FDs and Debt MFs that typically offer 6%-8% return, return on private credit opportunities are significantly higher, typically ranging between 10%-15%. Institutions have been doing such investments since long, but access for non-institutional investors is a nascent development. Such access is happening either through Credit AIFs or through specialized, new-age Fintech platforms such as Earnnest.me, WintWealth, etc. or bond marketplaces such as Bondsindia, Bondskart, Indiabonds, etc. offering a plethora of corporate
bonds.

Private Credit Opportunity in India | Bright Prospects

Private credit is emerging as a significant source of financing for Indian businesses too. As per an Ernst & Young report titled "Evolution of Private Credit in India" the size of private credit opportunity in India ranges from US$39 billion to US$89 billion over the next 5 years depending on the rate of credit growth.

Similar to the growth trend witnessed globally post GFC in 2008, the 2018 credit crisis in India initiated by IL&FS' default, has left a liquidity void that remains un-fulfilled. As traditional lenders (primarily, non-bank financial companies) pivoted towards retail loans, they left Indian companies wanting for solution-oriented credit at a point in time when private capex is gaining momentum after almost a decade. The expected growth in Indian private credit is structural and few players are now seizing this lucrative opportunity. Improving regulatory framework, such as implementation of Insolvency and Bankruptcy Code (IBC) in 2016, is further strengthening the interest in this space. These growth prospects are also attracting best-in-class talent and fund-managers.

Compared to the government bond market, which has an outstanding of ₹80 lakh crore (~US$1 trillion) across 100 issues (though only 10 are actively traded), there are about 5,400 corporate bonds issuers. However, ~98% of these issuers are either AAA rated (~20%) or AA rated (~78%).[4] As India strides towards a US$5 trillion economy, bond markets will be required to play a critical role in supporting this growth. And corporates across the credit spectrum, especially those beyond AAA/AA, will need access to these markets

This is where we believe that experienced private credit managers, generally with sectoral expertise, will play a crucial role in making private credit accessible, both to corporates and investors, in an organized and risk-mitigated manner.
And financial advisors & family offices who weave in such products within their portfolios n have an advantage as these products generate alpha without adding market volatility.

4.https://www.thehindu.com/business/Economy/corporate-bond-outstanding-soared-fourfold-to-40-lakh-crore-in-a-decade-says-rbis-sankar/article65806725.ece

Analytics & Content Backed Informed Quality Investing Service

For HNIs & NRIs Investors

GENUINE

VISIONARY

CREATIVITY

FOCUSED

PERSISTENT

PMS AIF WORLD

Time to remember More Pain = More Gain

During the March '20 market crash of almost 40%, the markets remained in the correction phase for roughly 3 months, after which recovery started taking place, and then the next almost 1.5 years, we know that the markets were euphoric!

Whereas during current correction phase i.e. Oct '21 to Jan '23 – the 50-pack Nifty 50 made a high of 18,604 in October '21, then a low of 15,300 in June '22, a new high of 18,800 on Dec 1st '22 and is hovering around 18,000 levels as of now. So it's been a long period of more than 15 months of market volatility where no returns have actually been seen by investors at the portfolio level.

While we understand that a 15 month long correction can be difficult for any investor, it is important to note that Equity is a long term play and this correction, if viewed opportunistically, can help investors build Wealth. And, a correction should only be painful for a naïve investor who invested in markets with the aim of generating quick returns.

Corrections can delay the time of potential returns but they cannot take away returns from your hands if you stay calm, positive, and invested in the right stocks.

"You get recessions. You have stock market declines. If you don't understand that's going to happen, then you're not ready, you won't do well in the markets" – Peter Lynch.

3 factors drive stock markets: Valuations, Expected growth in corporate earnings/GDP, and Liquidity.

Valuations are currently attractive. As of Jan '23, Nifty 50 Trailing PE stands at around 22 which is significantly lower if compared to PE of 2 years ago, when in Jan-March '21, it was around 40. While Nifty 50 Index levels have remained the same, PE has fallen so much because earnings of Nifty 50 companies have improved a lot. And, the second factor, expected growth in Earnings and GDP are at decade-time highs, currently.

Only the third factor, which is Liquidity, is unfavourable and given the first 2 factors being positive, the fall in the market is an opportunity for investors, as in long term, these 2 factors, and not liquidity, determine performance.

For those investors, who see Nifty PE of 22 as expensive in comparison to the past (PE has been as low as 12.5 in 2008), they need to view Equity PE in relation to Fixed Income PE. In 2008, FD rates were at around 8%, and that accounted for a Fixed Income PE of 100/8 = 12.5. Following the same calculations, and considering the current FD rates at 6%, Fixed Income PE at present is 100/6=16.6. So basically, at present, Equity as an asset class stands at slightly higher valuation to Fixed Income, whereas generally equity commands 50%+ premium over fixed income. And, going by forward PE, where equity earnings should rise, and fixed income rates should fall, the forward equity PE becomes all the more attractive.

Corrections are a part of the market cycle and investors not only have to go through it, but learn to grow through it. Remember, a bear market is followed by prolonged recoveries, where the right stocks rebound.

To help pick the best investment styles, suited to your needs & profile, PMS AIF World is here. Through our content and insights, our endeavour has always been to help investors make well informed decisions. The current market scenario is tough, for sure, but it is an opportunity. An opportunity to buy the right businesses at good valuations.

So it is not a time to panic, but hold on and in fact take advantage of lower prices, by being an opportunistic, having a broad risk management perspective & investing for the longer term!

InvestSense Webinar Series by

PMS AIF WORLD

HIGHLIGHTS

- Historically, India has been the largest economy in the world for most of the two millennia from the 1st until the 19th century. But, due to Britain's ongoing deindustrialization, the nation was in an unsustainable state of poverty.

- Less than one in six Indians could read and write. India's survival as a single country had been called into question due to the extreme poverty and stark social divides.

- Looking back upon history, we have come a long way & progressed exponentially as an economy. Once branded a "third world country", India is now among the biggest economies of the world.

- The Indian economy, which, a decade ago, didn't even make the cut in the list of Top 10 economies, is currently the 5th largest economy in the world this year (according to IMF, based on GDP estimates).

SCAN ME!

Webinar

India after 75 years at the cusp of a breakout

Aug 15th, 2022
11:00 AM to 12:00 Noon IST

Speaker

Samir Arora
Founder,
Helios Capital

Host

Kamal Manocha
Founder & CEO,
PMS AIF World

HIGHLIGHTS

- Amongst Top 10 stock markets of the world, Indian stock market is unique with highest promotor holdings.

- Take an example of US stock market, its market cap is $40 trillion+, but only 6.5% is owned by promotors, and 80% is owned institutionally. Whereas we have about 55% promotor ownership in Indian stock market and around 19% is owned by FIIs, and 14% is owned by DIIs (including MF, LIC, AIFs, Other private insurance companies. Balance 12% is owned by Retail &HNI investors directly or through PMSs.

- It is also imp to understand that out of 19% of FII holding in Indian stock market, almost 1/3 is is in top 3 stocks (RIL, HDFC bank, TCS) and 85% is in top 50 stocks. Even in the case of DIIs, 80% of their allocation is invested in top 100 stocks.

SCAN ME!

Webinar

India's Domestic Consumption: Why most people got it wrong, and what opportunities lie ahead?

Sep 16th, 2022
4:00 PM – 5:00 PM

Speaker

Maran Govindasamy
Executive Director,
UNIFI Capital

Host

Kamal Manocha
Founder & CEO,
PMS AIF World

SUNDARAM ALTERNATES
EMERGING LEADERSHIP FUND PORTFOLIO

SUNDARAM ALTERNATES
UNEARTHING OPPORTUNITIES

Portfolio Name: SELF

Portfolio Manager: Mr. Madanagopal Ramu

Investment Objective

To seek long term capital appreciation with investment in mid and small-cap companies

Investment Strategy

Disciplined stock selection process

SUNDARAM ALTERNATES
UNEARTHING OPPORTUNITIES

Quality of Business

- **Scalability** – How big is the opportunity?
- **Self Sustaining business models** – 3Q Financial framework
- **Strong differentiating factor in business**
  a. What is the key competitive advantage to sustain the growth over long term?
  b. Is it cost competitiveness, a superior brand leading to higher pricing power or pure execution?

Quality of Financials

- Ability to **double earnings** in 4-5 years
- **Growth** = Reinvested Cash x RoIC
- Businesses with **min. ROIC** of 15%
- Higher cash generation leads to **higher reinvestment**: OCF/ EBITDA > 50%
- Debt to Equity: < 0.5x – **low debt** helps navigate business tough times

Quality of Management

Focus on

- Past execution track record
- Vision of management
- Focus on high sustainable growth
- Past record of identifying and investing in profitable opportunities
- Good corporate governance track record

Investment Philosophy

S.E.L.F. at a glance

SUNDARAM ALTERNATES
UNEARTHING OPPORTUNITIES

Investment Objective
To seek long-term capital appreciation with investments in mid and small cap companies

Target Investors
Ideal for long-term investors seeking returns through investments predominantly in small and midcap stocks and are comfortable with short-term volatility.

Inception: June 2010
Long track of 12+ years of performance

4x4 Wealth Multiplier Themes

1. Financial 'Inclusiveness'
2. Phygital 'Bluechips'
3. Consumption 'Czars'
4. Export 'Voyagers'

Multi sector portfolio of around **25 stocks**

Stocks with a market cap < Rs. 500 bn
Benchmark: Nifty Midcap Index

Investment Philosophy
"3Q" Approach to stock selection

Mix of compounders and cyclicals

SUNDARAM ALTERNATES
EMERGING LEADERSHIP FUND PORTFOLIO

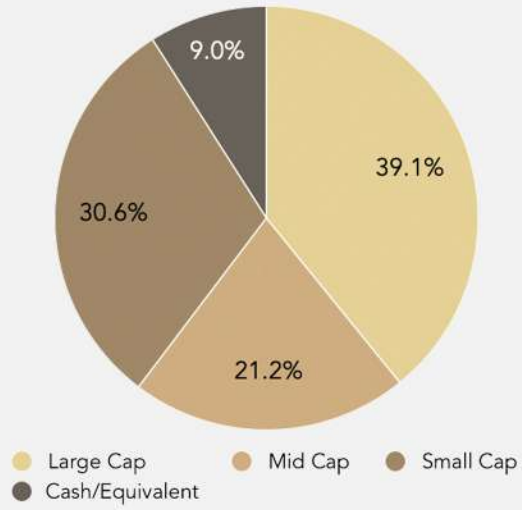
Performance: Returns over benchmark

In %	1M	3M	6M	1Y	2Y	3Y	5Y	10Y	Since Inception
Portfolio	-2.03	-3.22	10.95	-6.81	16.79	21.46	11.04	18.11	17.11
Nifty Midcap Index	-1.65	2.74	19.11	3.50	22.98	22.59	8.32	14.00	11.41

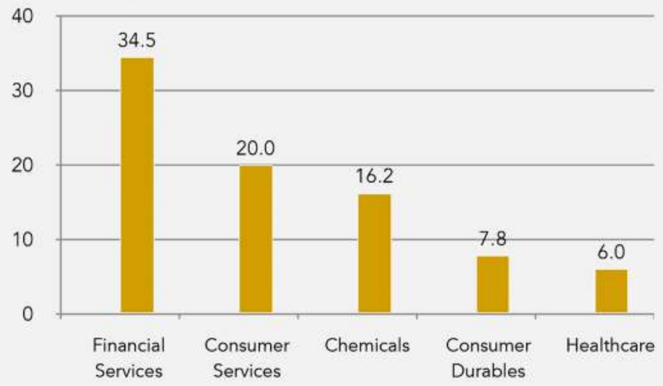
Portfolios: Stocks/Sectors/Market Cap Allocation

Top 5 Equity Holdings

Market Cap Allocation



Top 5 Sectors



No. of Stocks: 22

Benchmark: Nifty Midcap Index

AUM: 698Cr.

Date as of: 31st Dec, 2022

- All Performance numbers are net of expenses, gross of taxes and is as per TWRR guidelines
- Returns above 1Y is CAGR and upto 1Y is Absolute Returns

SUNDARAM ALTERNATES
UNEARTHING OPPORTUNITIES

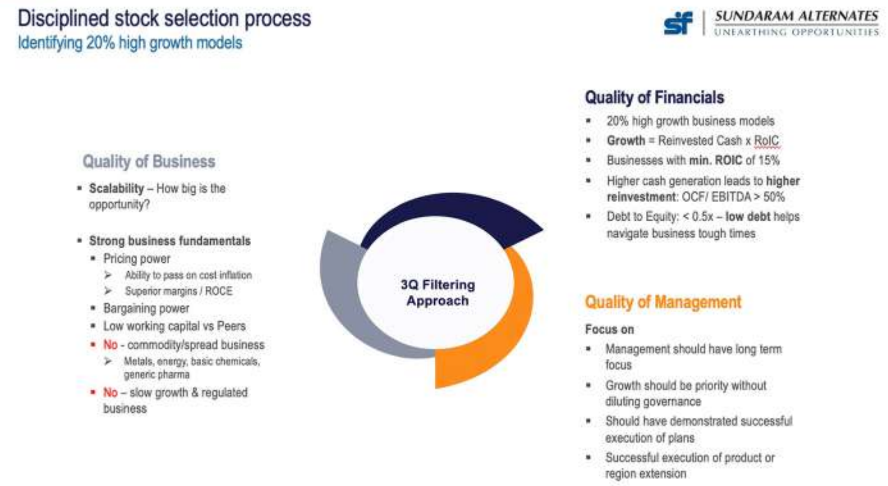
Portfolio Name: SISOP

Portfolio Manager: Mr. Madanagopal Ramu

Investment Objective

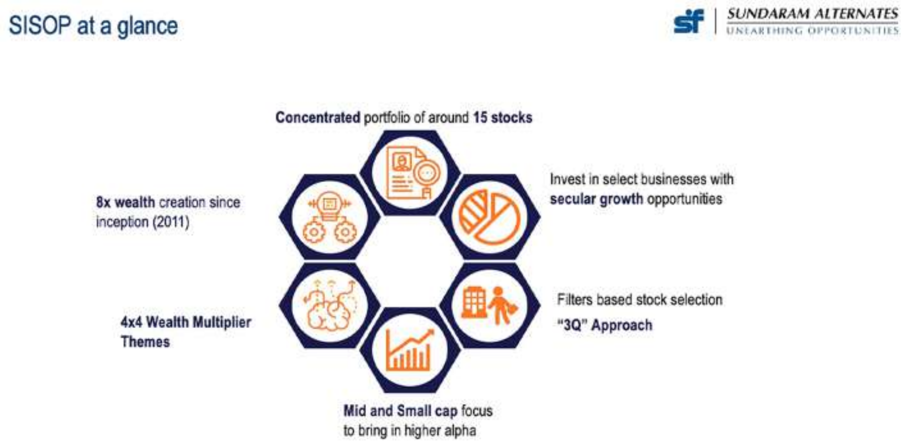
To generate capital appreciation across market cycles by investing in a concentrated set of high conviction stocks.

Investment Strategy



Investment Philosophy

Multicap skewed towards largecap / multi-sector / 15 stock concentrated / stocks with potential to grow > 1.5x of nominal GDP, 20% cash-flow across market-cycles, ROE > 20%, self-funded, high visionary leadership & corporate governance.



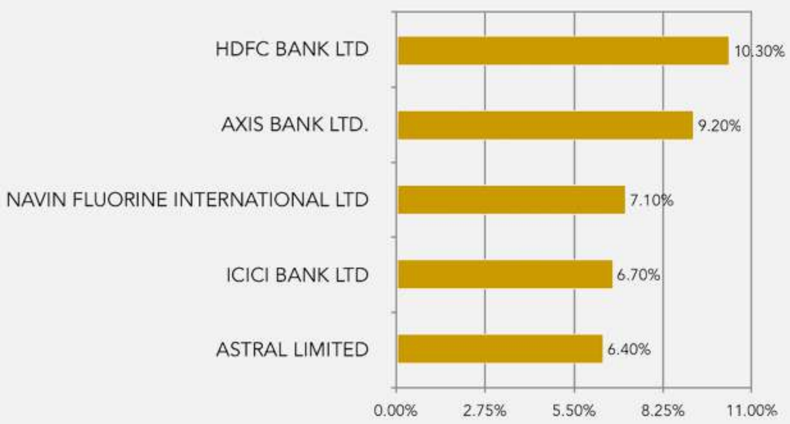
SUNDARAM ALTERNATES
INDIA SECULAR OPPORTUNITIES PORTFOLIO

Performance: Returns over benchmark

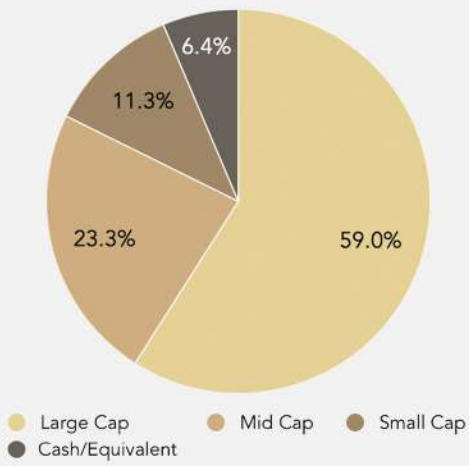
In %	1M	3M	6M	1Y	2Y	3Y	5Y	10Y	Since Inception
Portfolio	-2.25	-1.22	12.11	-6.87	12.65	16.68	11.92	14.63	17.43
NSE Nifty 500 Index	-3.12	4.18	15.40	3.02	15.83	16.09	10.23	12.54	10.88

Portfolios: Stocks/Sectors/Market Cap Allocation

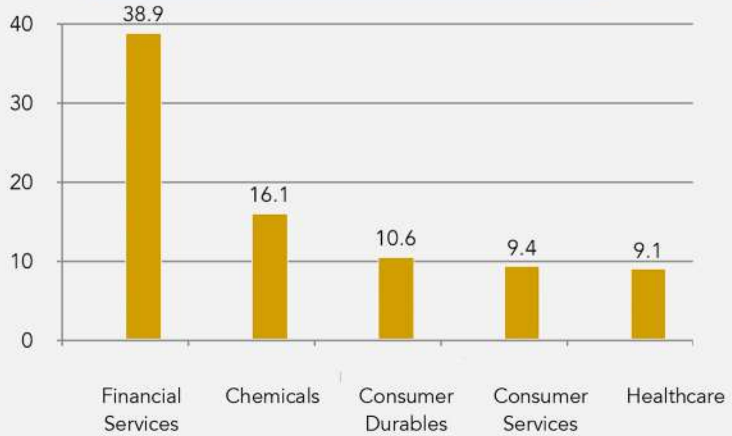
Top 5 Equity Holdings



Market Cap Allocation



Top 5 Sectors



No. of Stocks: 16

Benchmark: NSE Nifty 500 Index

AUM: 1074Cr.

Date as of: 31st Dec, 2022

- All Performance numbers are net of expenses, gross of taxes and is as per TWRR guidelines
- Returns above 1Y is CAGR and upto 1Y is Absolute Returns

SUNDARAM ALTERNATES
UNEARTHING OPPORTUNITIES

Portfolio Name: Voyager

Portfolio Manager: Mr. Madanagopal Ramu

Investment Objective

The investment objective of Sundaram Voyager Portfolio is to seek long-term capital appreciation by investing across the cap curve in stocks that are reasonably priced.

Investment Strategy

Investment Philosophy

SUNDARAM ALTERNATES VOYAGER PORTFOLIO

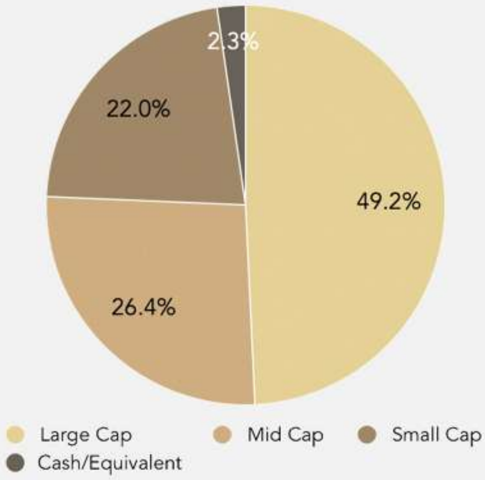
Performance: Returns over benchmark

In %	1M	3M	6M	1Y	2Y	3Y	5Y	10Y	Since Inception
Portfolio	-2.60	-1.59	11.37	-7.01	15.02	20.60	12.20	20.06	19.63
NSE Nifty 500 Index	-3.12	4.18	15.40	3.02	15.83	16.09	10.23	12.54	12.84

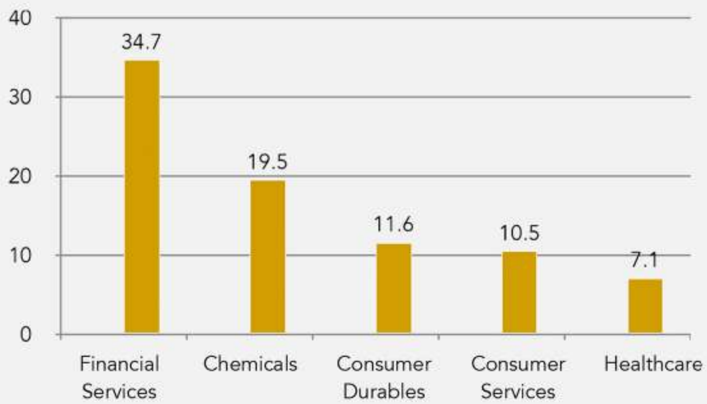
Portfolios: Stocks/Sectors/Market Cap Allocation

Top 5 Equity Holdings

Market Cap Allocation



Top 5 Sectors



No. of Stocks: 22

Benchmark: NSE Nifty 500 Index

AUM: 281Cr.

Date as of: 31st Dec, 2022

- All Performance numbers are net of expenses, gross of taxes and is as per TWRR guidelines
- Returns above 1Y is CAGR and upto 1Y is Absolute Returns

AVENDUS CAPITAL EQUITY ADVANTAGE FUND

Avendus^

Portfolio Name: Equity Advantage Fund (CAT III AIF)
Portfolio Manager: Mr. Mehul Patel & Gaurik Shah

Investment Objective

Avendus Equity Advantage Fund ("AEAF") targets to generate consistent, long-term equity returns with lower risk compared to the Nifty 50 Index by combining long-only strategy with quant based long-short strategy.

Investment Strategy

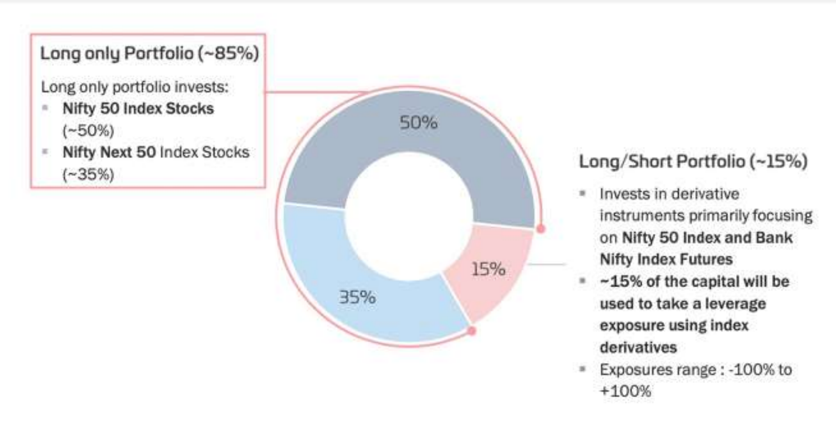
- The long only portfolio largely tracks the index performance by investing in Nifty 50 Index Stocks (~50%) and Nifty Next 50 Index Stocks (~35%) thereby limiting fund manager's discretionary bias

- Quant based long-short strategy constructs rule based systematic trend following portfolio that may have lower correlation to the benchmark and diversify risk associated with long only strategy

- Long-short portfolio uses ~15% of the capital to take leverage exposure using index derivatives up to 100% (either long or short) which helps in increasing alpha with potentially lower drawdowns

Investment Philosophy

- Rule-based approach
- Limits human bias
- Increasing alpha with potentially lower drawdowns
- Lower correlation to equity markets



AVENDUS CAPITAL EQUITY ADVANTAGE FUND

Fund Performance - December 2022

In %	*Oct 2022	Nov 22	*Dec 2022
Fund (%)	2.55	6.21	-4.05
Nifty 50 TRI (%)	2.64	4.18	-3.48
*The fund has gone live from 21st Oct 2022			

Portfolios: Stocks/Sectors/Market Cap Allocation

Nifty 50 Holdings (%) - Long - Only	49.8
Reliance Industries Ltd	5.6
HDFC Bank Ltd	4.2
ICICI Bank Ltd	4.0
Infosys Ltd	3.6
Housing Development Finance Corp.	2.9
Nifty Next 50 Holdings (%) - Long - Only	**33.7**
Ambuja Cements Ltd	1.2
Pidilite Industries Ltd	1.2
Tata Power Co Ltd	1.1
Bharat Electronics Ltd	1.1
Adani Total Gas Ltd	1.1

Nifty 50 Holdings (%) - Long - Short	95
Bank Nifty	20.3
Nifty Index	74.7

AVENDUS CAPITAL MARKET NEUTRAL FUND

Avendus^

Portfolio Name: Market Neutral Fund (CAT III AIF)
Portfolio Manager: Market Neutral Fund (CAT III AIF)

Investment Objective

The primary objective of Avendus Market Neutral Fund will be to generate absolute returns over the medium term, targeting low volatility and drawdowns while capturing consistent returns

Investment Strategy

- Combination of different quant models are used for building a long-short portfolio while keeping the net exposures to zero / near zero

- Any residual exposures on either the long or the short side are neutralized by buying or selling of index derivatives, to ensure that each model is initiated with near zero exposures

- The principal interest is to offer uncorrelated performance with reduced volatility and drawdowns while delivering absolute returns.

Investment Philosophy

Portfolio Construction Approach

Multi-layered approach seeks to embed strong risk controls into portfolio construction process

Portfolio Design

- Well-diversified market neutral models with low or negative correlations to each other
- Chosen models are back-tested for more than 10 years in Indian markets
- Model trades mostly in Single stock futures for both longs and shorts in majority of the models and Nifty Index futures are used as hedges in either direction in a few of the models

Portfolio Construction

- Stock selection universe is primarily from the BSE 100 Index that are available in the futures segment
- No model is allocated more than 20% weight in the portfolio with single stock exposure restricted to max 10%
- Rebalancing frequency of models across daily/weekly/ fortnightly/ monthly time-frames (Time diversification)
- Portfolio is initiated with near zero exposure at most points in time with a +/-10% wider range due to market movements during the month

Portfolio Management

- Stop loss limits on most models*
- Individual model level statistics are tracked on regular basis to check for model breakdown signals, which if generated would lead to elimination of that particular model*
- Alert Triggers for review are generated at portfolio level if single-day loss of 2% is seen and hard stop-losses are also there at individual model level at various points beyond 5%*

AVENDUS CAPITAL MARKET NEUTRAL FUND

Fund Performance - December 2022

Performance Overview (%) - Gross Returns

In %	1 Month	3 Months	6 Months	Since Inception
Fund (%)	0.29	0.22	6.65	4.90
Nifty TRI (%)	-3.48	6.06	15.32	6.99

Monthly Overview (%) - Gross Returns

In %	May22	Jun22	July22	Aug22	Sep22	Oct22	Nov22	Dec 22	CYTD
Fund (%)	-0.96	-0.69	2.82	1.67	1.80	0.92	-0.98	0.29	4.90
Nifty TRI (%)	-2.64	-4.71	8.91	3.72	-3.74	5.48	4.18	-3.48	6.99

Portfolios: Stocks/Sectors/Market Cap Allocation

Long Short Top Holdings (%)	
Long	**68.8**
Nifty Index	8.7
Apollo Hospitals Enterprise Ltd	4.8
Coal India Ltd	4.5
Dr. Reddy's Laboratories Ltd	4.4
Bajaj Finserv Ltd	4.0
Short	**69.6**
Info Edge India Ltd	4.5
State Bank of India	4.1
Hindalco Industries Ltd	4.1
Tata Steel Ltd	3.1
IndusInd Bank Ltd	3.1

Sector Breakdown (%)	Long	Short	Net
Communication Services	0.5	7.5	-7.0
Consumer Discretionary	8.8	4.7	4.2
Consumer Staples	8.4	2.5	5.9
Energy	7.5	2.5	4.9
Financials	11.2	17.5	-6.3
Health Care	12.7	4.5	8.2
Industrials	6.5	2.1	4.4
Information Technology	-	8.6	-8.6
Materials	4.5	15.7	-11.2
Real Estate	-	3.0	-3.0
Utilities	-	1.0	-1.0
Index	8.7	-	8.7
Total	**68.8**	**69.6**	**-0.8**

ICICI PRUDENTIAL PMS PIPE STRATEGY

Portfolio Name: Pipe
Portfolio Manager: Mr. Anand Shah

Investment Objective

ICICI Prudential PMS PIPE Strategy aims to provide long-term capital appreciation and generate returns by investing predominantly, in Mid and Small Cap segment of the market by having exposure in companies enjoying some economic moat; and/or undergoing special situations or in the midst of unfavourable business cycle.

Investment Strategy

The PIPE Strategy may look to invest in companies which are fundamentally strong, and which may be considered to be one of the market leaders in their industries. Additionally, the PIPE Strategy will aim to invest in companies where the market capitalization at the time of investment is very small but has the potential to become large because of various dynamics like strong / upcoming business line, effective management, improving margins etc.

The Portfolio Manager shall consider one or more of the following aspects for identifying the stocks to invest in – Stocks which have potential growth opportunities provided by business cyclicality, special situations, and/or mispricing by the market. Qualitative assessment based on the concept of 'Moat' which allows a firm to earn above-average returns on capital over a long period of time. Concept of Moat provides an analytical framework for selecting companies that usually perform better as compared to their competitors for a number of years the moat exists.

Investment Philosophy

- Investing in growth stories which seem sustainable
Potential of price appreciation backed by Earnings Per Share growth.

- Investing in companies with possibilities of demand explosion and margin expansions.
Expansion of revenue and profit growth rates surpasses historical averages leading to PE re-rating. Improves
visibility and valuations leading to PE re-rating.

- Buying businesses undergoing special situations, cyclicality and mispriced by market, now available at -huge discount.
Aiming to provide margin of safety.

ICICI PRUDENTIAL PMS PIPE STRATEGY

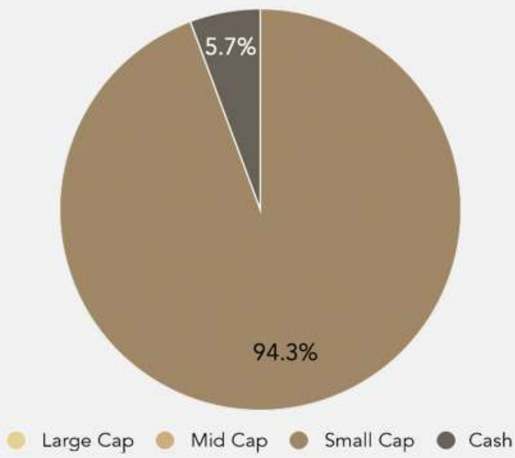
Performance: Returns over benchmark

In %	1M	3M	6M	1Y	2Y	5Y	10Y	Since Inception
Portfolio	0.11	4.20	21.39	20.32	33.88	29.26	-	27.10
S&P BSE Smallcap	-1.73	2.34	18.04	0.89	23.56	23.89	-	25.29

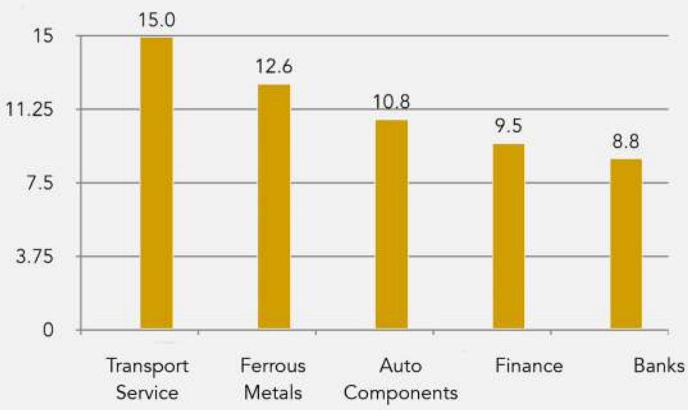
Portfolios: Stocks/Sectors/Market Cap Allocation

Top 5 Equity Holdings

Market Cap Allocation



Top 5 Sectors



No. of Stocks: 27

Benchmark: S&P BSE Small Cap

AUM: 1003.1Cr.

Date as of: 31st Dec, 2022

- All Performance numbers are net of expenses, gross of taxes and is as per TWRR guidelines
- Returns above 1Y is CAGR and upto 1Y is Absolute Returns

ICICI PRUDENTIAL PMS CONTRA STRATEGY

Portfolio Name: Contra
Portfolio Manager: Mr. Anand Shah

Investment Objective

ICICI Prudential PMS Contra Strategy aims to provide long term capital appreciation and generate returns by investing in underperforming stocks or sectors, which are available at intrinsic valuations and are expected to perform well in the long run. It seeks to generate capital appreciation by investing predominantly in Equity & Equity Related Instruments through contrarian investing. For defensive consideration, the Strategy may invest in debt and money market mutual fund schemes.

Investment Strategy

- A focused portfolio of investment ideas, agnostic to market capitalisations. The Strategy aims to invest across market capitalisation.

- Optimal diversification across stocks, with the opportunity to be overweight vis-à-vis its benchmark, S&P BSE 200, on certain high conviction picks, to potentially generate higher alpha.

- In case of debt exposures, the Strategy may invest in debt instruments through money market/liquid/short term mutual fund schemes of ICICI Prudential Mutual Fund.

- The Strategy may not be restricted by any particular investment style and may opt for flexibility to select stocks across investment styles.

- May aim to use cash as a hedge against sharp declines in equity in an endeavour to protect the Strategy.

Investment Philosophy

- Identification of sectors or companies which are facing temporary headwinds.

- Parameters such as RoE, RoCE, Market Cap by Cash Profit, P/E, Corporate Governance & Capital Allocation Track Record are used to determine investability.

- Concentrated portfolios of high conviction ideas.

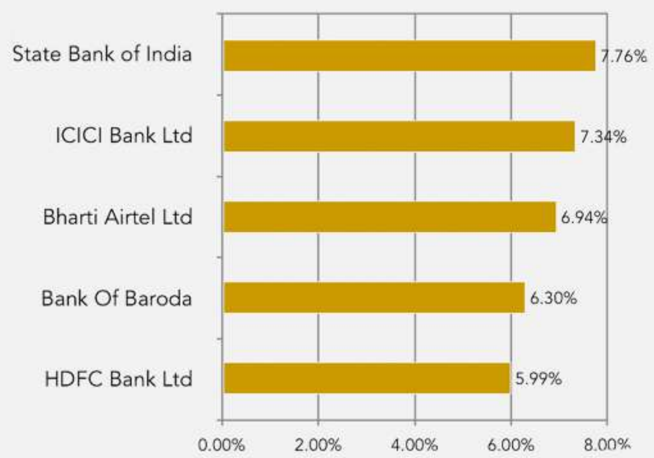
ICICI PRUDENTIAL PMS CONTRA STRATEGY

Performance: Returns over benchmark

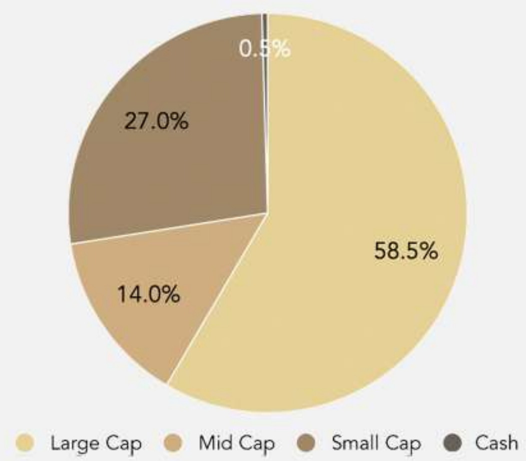
In %	1M	3M	6M	1Y	2Y	5Y	10Y	Since Inception
Portfolio	-0.13	11.08	31.19	20.03	27.84	24.33	-	18.72
S&P BSE 200	-3.27	4.38	15.27	4.18	15.31	15.63	-	11.70

Portfolios: Stocks/Sectors/Market Cap Allocation

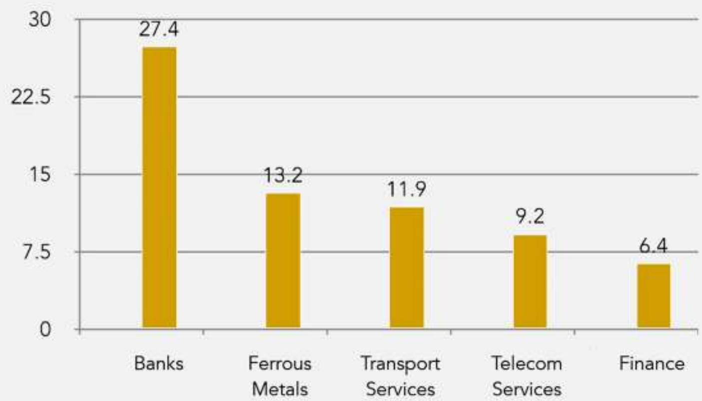
Top 5 Equity Holdings



Market Cap Allocation



Top 5 Sectors



No. of Stocks: 23
Benchmark: S&P BSE 200
AUM: 1221Cr.
Date as of: 31st Dec, 2022

- All Performance numbers are net of expenses, gross of taxes and is as per TWRR guidelines
- Returns above 1Y is CAGR and upto 1Y is Absolute Returns

AXIS AMC BRAND EQUITY

AXIS ASSET MANAGEMENT

Portfolio Name: Brand Equity
Portfolio Manager: Mr. Hitesh Zaveri

Investment Objective

The portfolio seeks to buy businesses with strong brands that provide:
- Sustainable Competitive Advantage
- Capable Management Team
- Good Corporate Governance

Investment Strategy

Brands not only help to create a strong recall in the minds of consumers but also make for a worthy investment theme. This is because companies with brands create a distinct bargaining power due to economies of scale, high entry barriers, strong pricing power and/or operating in under-penetrated markets. These translate into superior margins and growth. Effectively generating higher investor returns over business cycles!

Brands may be a result of : –
- Strong connect with the customer
- Differentiated positioning
- Distinguishable product/service quality
- Consistency in delivery of good performance
- Innovation

Investment Philosophy

The portfolio seeks to invest in businesses with strong brands along with sustainable competitive advantage, capable management team, and good corporate governance. The methodology involved is Bottom-up stock picking, and higher allocations are given to "best-ideas after bottom-up research" within the frame of "strong-brands." The portfolio is constructed as a "balanced-mix" of established brands as well as emerging brands.

Portfolio follows multi cap investment strategy with exposures across various sectors and market-capitalization

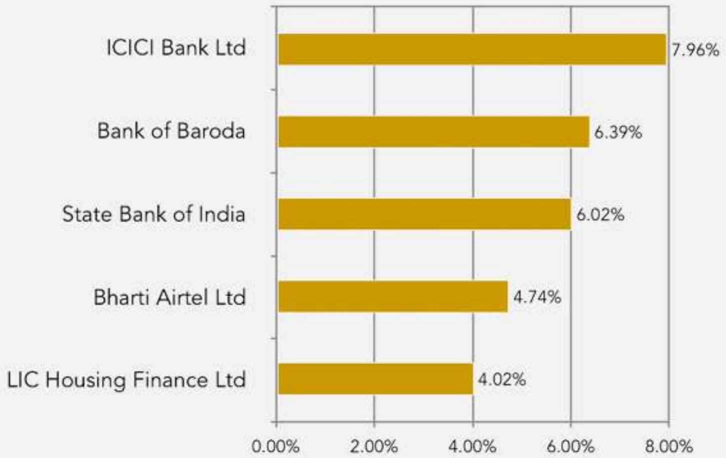
AXIS AMC
BRAND EQUITY

Performance: Returns over benchmark

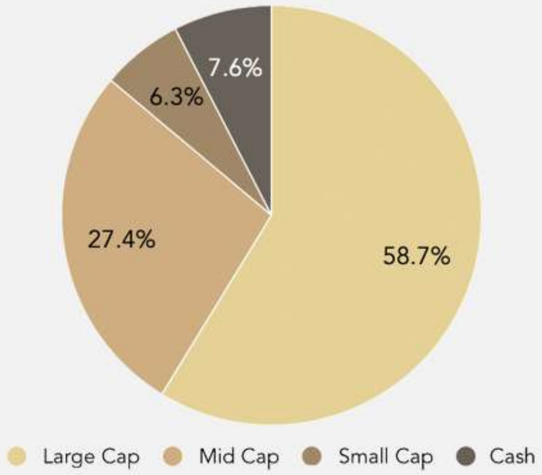
In %	1M	3M	6M	1Y	2Y	3Y	5Y	Since Inception
Portfolio	-1.99	3.97	18.78	2.00	12.14	13.43	9.91	10.65
S&P BSE 200	-3.27	4.38	15.27	4.18	15.3	15.63	10.91	13.33

Portfolios: Stocks/Sectors/Market Cap Allocation

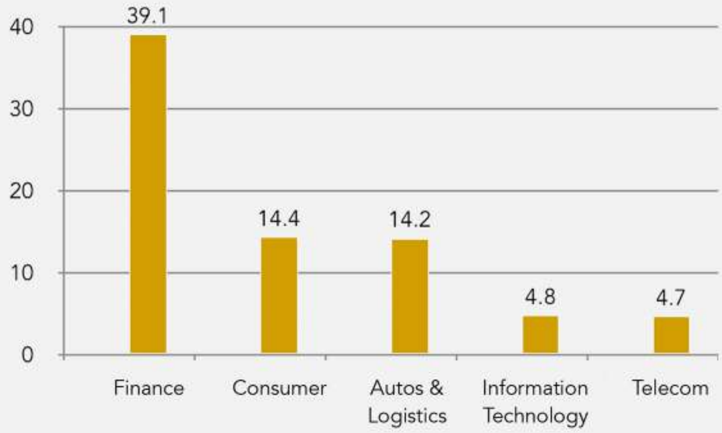
Top 5 Equity Holdings



Market Cap Allocation



Top 5 Sectors



No. of Stocks: 32

Benchmark: S&P BSE 200

AUM: 1197 crs

Date as of: 31st Dec, 2022

- *All Performance numbers are net of expenses, gross of taxes and is as per TWRR guidelines*
- *Returns above 1Y is CAGR and upto 1Y is Absolute Returns*

AXIS AMC
CORE & SATELLITE PMS

AXIS ASSET MANAGEMENT

Portfolio Name: Core & Satellite
Portfolio Manager: Mr. Hitesh Zaveri

Investment Objective

To generate long term capital appreciation by investing in a diversified portfolio of equity and equity-related instruments across market capitalization.

Investment Strategy

Axis Core & Satellite portfolio is a compact portfolio investing in equity and equity-related instruments. The portfolio construction follows a core & satellite approach with an aim is to build a cycle agnostic portfolio of companies geared towards sustainable alpha generation.

Investment Philosophy

Core – Fundamentally Strong businesses with Strong Brand Presence, 'Core' part comprises strong brands, Businesses with sustainable competitive advantage driven by strong brands, The segment will offer an eclectic mix of Established, Emerging and Turnaround brands.

Satellite - Cyclical Businesses with Efficient Capital Management Practices, The Satellite part comprises of companies with a cyclical business model with a track record superior capital allocation policy.

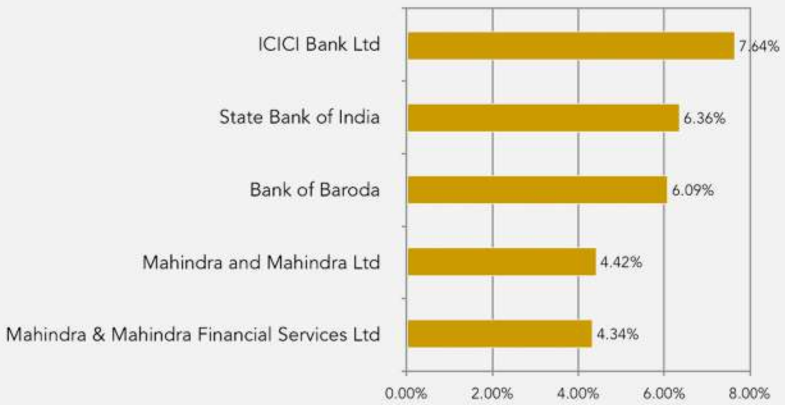
AXIS AMC
CORE & SATELLITE PMS

Performance: Returns over benchmark

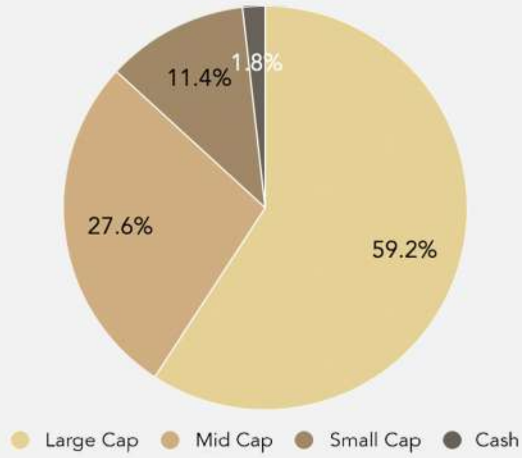
In %	1M	3M	6M	1Y	2Y	3Y	10Y	Since Inception
Portfolio	-1.79	4.8	17.27	3.17	10.39	12.45	-	11.99
S&P BSE 200	-3.27	4.38	15.27	4.18	15.3	15.63	-	15.33

Portfolios: Stocks/Sectors/Market Cap Allocation

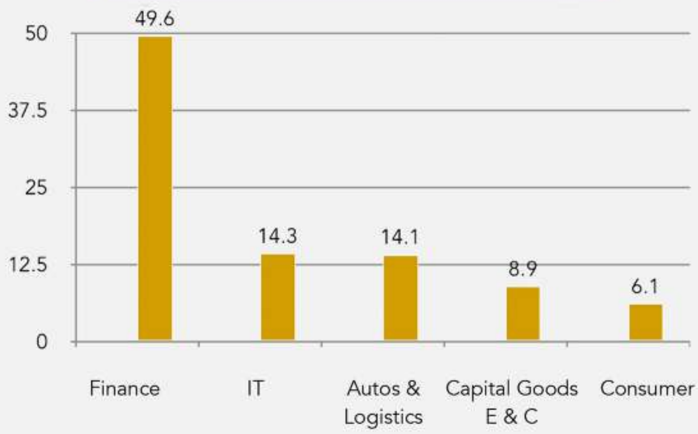
Top 5 Equity Holdings



Market Cap Allocation



Top 5 Sectors



No. of Stocks: 33
Benchmark: S&P BSE 200
AUM: 88 crs
Date as of: 31st Dec, 2022

- All Performance numbers are net of expenses, gross of taxes and is as per TWRR guidelines
- Returns above 1Y is CAGR and upto 1Y is Absolute Returns

ENAM AMC
INDIA VISION PORTFOLIO

ENAM ASSET MANAGEMENT

Portfolio Name: India Vision Portfolio (Launched in Jan 2023)
Portfolio Manager: Mr. Raghavendra Reddy

Investment Objective

Generate capital appreciation through investments in equities with a long-term perspective.
- Long term structural growth
- Flexicap strategy with prudent risk controls
- Security selection backed by rigorous research
- "CORE" of client's equity allocation

Investment Strategy

- Invest in companies that offer participation in select megatrends and capitalise on the structural growth opportunity.

- Concentrated portfolio with number of positions at ~ 15-30 companies.

Investment Philosophy

To identify high-quality businesses that are structurally well-positioned, have sustainable competitive advantages and strong execution capability for consistent long-term growth

- Opportunity size of the industry
- Alignment & positioning of businesses to India's growth story
- Scalable business models
- Longevity and sustainability of the business
- Structural growth prospects and capability to deliver superior earnings growth
- Capital efficiency, Operating cash flow generation and Value accretion
- Management quality and Corporate Governance

The Investment team intends to pursue opportunities in sectors where industry structure is reasonably consolidated with a few firms accounting for the dominant share of the industry's profit pool. We look for companies with superior capital efficiency vis-à-vis cost of capital and the one's in a position to reinvest a sizeable share of its earnings in growing the business.
The management and promoters are equally important. We like to invest with managements that are oriented towards delivering long-term value (typical time horizon is more than 5-10 years) for minority shareholders. The company must go through multiple quantitative filters and qualitative assessments on governance, capital allocation, return ratios, cash flow generation, long-term growth drivers, capability to innovate and remain relevant to customers / clients, talent acquisition etc. to merit inclusion in our universe and Enam India Vision portfolio.

ENAM AMC
INDIA VISION PORTFOLIO

Portfolio Construction

Enam India Vision portfolio shall consist of companies across market capitalisation segments and sectors. The portfolio has flexibility that align the portfolio concentration based on macro trends, industry performance, portfolio liquidity and a calibrated risk management framework.
The benchmark Nifty 500 is in line with the portfolio positioning and flexible market cap orientation.

Operational Structure:

- Minimum ticket size - Initial corpus Rs. 50 Lakh., with an option for subsequent top-ups available.
- Segregated accounts for each portfolio client – Demat account.
- Bank account will be at pool level except for NRI clients.

Performance of Enam India Diversified Equity Advantage (EIDEA) Portfolio:

EIDEA Portfolio Returns: Calendar year

Year	CY11	CY12	CY13	CY14	CY15	CY16	CY17	CY18	CY19	CY20	CY21	CY22
EIDEA	-13.5%	39.7%	10.9%	51.1%	10.5%	10.3%	54.7%	-13.7%	4.0%	19.9%	35.7%	5.8%
Nifty 500	-18.6%	31.8%	3.6%	37.8%	-0.7%	3.8%	35.9%	-3.4%	7.7%	16.7%	30.2%	3.0%
Alpha	5.2%	7.9%	7.2%	13.3%	11.2%	6.5%	18.8%	-10.3%	-3.6%	3.2%	5.5%	2.8%

EIDEA Portfolio Returns: Point to Point

Particulars	1 Month	3 Month	6 Month	1 Year	2 Years	3 Years	5 Years	10 Years	Since Inception
EIDEA	-0.8%	5.9%	21.9%	5.8%	19.8%	19.8%	9.1%	17.2%	16.5%
NIFTY 500	-3.1%	4.2%	15.4%	3.0%	15.8%	16.1%	10.2%	12.5%	11.4%
Alpha	2.3%	1.7%	6.5%	2.8%	4.0%	3.7%	-1.1%	4.7%	5.1%

IIFL AMC MULTICAP PORTFOLIO

IIFL ASSET MANAGEMENT

Portfolio Name: Multicap PMS

Portfolio Manager: Mr. Anup Maheshwari

Investment Objective

The objective of the strategy is to generate long term capital appreciation for investors from a portfolio of equity & equity related securities. The investment strategy is to invest in companies and in sectors that are available at a significant discount to their intrinsic value and provide earnings visibility.

Investment Strategy

- The portfolio is comprised of 15-20 high-quality companies which are business leaders, have a strong management, low leverage and which offer a large margin of safety
- Investments pertain to largely in 2 – 4 high conviction sectors
- Identifying companies within the high conviction sectors that have attractive business models, strong balance sheets, good corporate governance practices and run by excellent management teams
- Significant Alpha Generation with Low Risk (Past portfolios have a beta of 0.7 – 0.8 which is lower than most mutual funds)
- Aims to target superior outperforming stocks over the benchmark through concentrated sector or stock positions where stocks are mostly held for the long term, typically almost always over 12 months

Investment Philosophy

IIFL Multi Cap PMS follows an interesting and insightful mechanism to dissect markets on exactly this mathematics i.e. corporate earnings. This is called SCDV framework, where by the whole of the listed market is divided on the basis of earnings profile of the companies, in following four quadrants.

- Seculars – PAT and ROE more than 15%
- Cyclicals – PAT more than 15%, ROE less than 15%
- Defensives – PAT less than 15%, ROE more than 15%
- Value Traps – Both PAT and ROE less than 15%

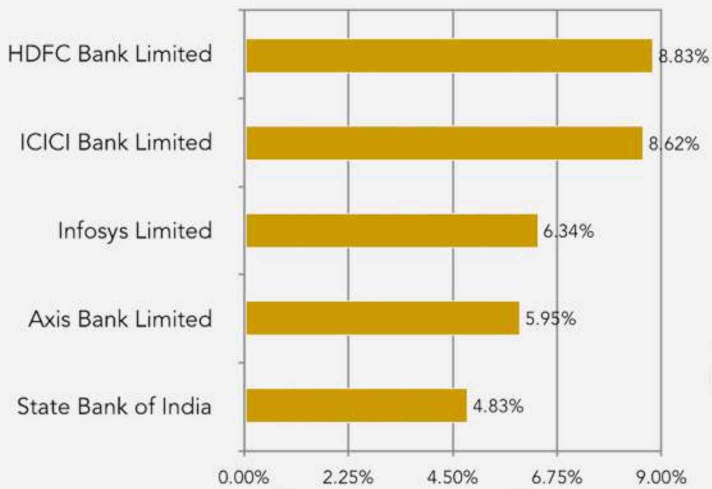
IIFL AMC
MULTICAP PORTFOLIO

Performance: Returns over benchmark

In %	1M	3M	6M	1Y	2Y	3Y	5Y	Since Inception
Portfolio	-3.05	3.02	15.06	-1.45	13.91	16.23	14.94	18.02
S&P BSE 200 TRI	-3.27	4.61	15.99	5.67	16.80	17.17	12.35	12.37

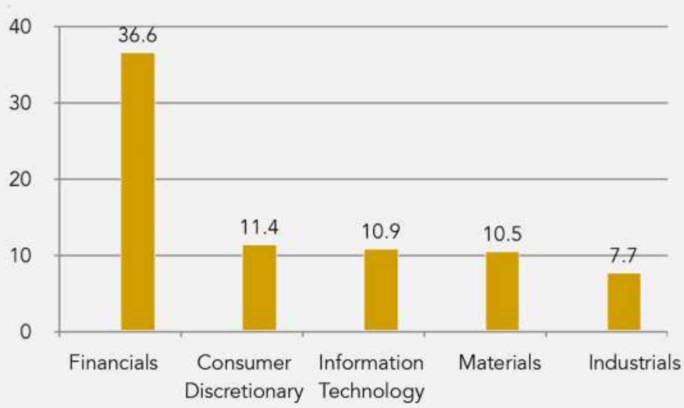
Portfolios: Stocks/Sectors/Market Cap Allocation

Top 5 Equity Holdings



Market Cap Allocation

Top 5 Sectors



Benchmark: S&P BSE 200 TRI

Date as of: 31st Dec, 2022

- *All Performance numbers are net of expenses, gross of taxes and is as per TWRR guidelines*
- *Returns above 1Y is CAGR and upto 1Y is Absolute Returns*

IIFL AMC
PHOENIX PORTFOLIO

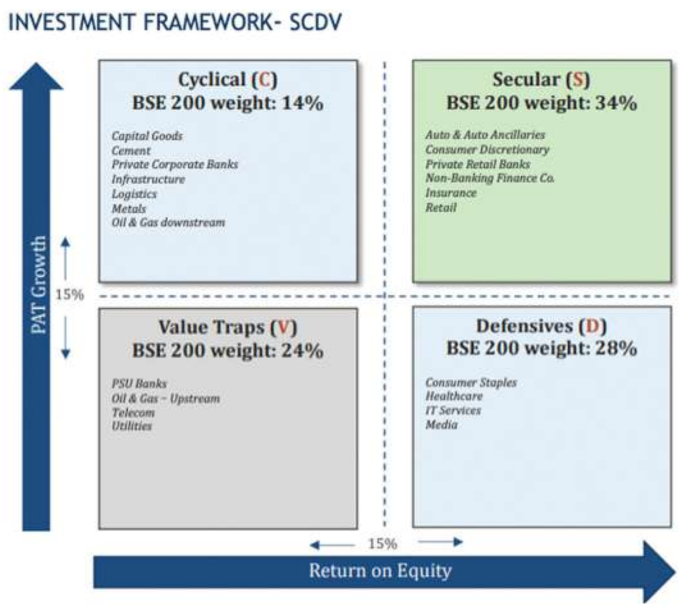
Portfolio Name: Phoenix PMS

Portfolio Manager: Mr. Anup Maheshwari

Investment Objective

The PMS intends to create a portfolio of such businesses with an established track record, which have the potential to see a sharp improvement in fundamentals in the future key beneficiaries of the secular growth drivers.

Investment Strategy



Data as on 26 Feb 2021

S- Secular – Companies with consistent ROE & PAT growth > 15%
C- Cyclical – Companies with PAT growth > 15% but ROE < 15%
D- Defensive – Companies with ROE > 15% but PAT growth < 15%
V- Value Traps – Companies with both ROE & PAT growth < 15%

Investment Philosophy

Targeted Investment Zone: Proactive identification of companies in which a business turnaround is about to occur or has occurred, and there is improved visibility on business fundamentals.

Value Creation: After a successful turnaround, sustenance of turnaround factors may further lead to compounding of value, creating new highs for the business

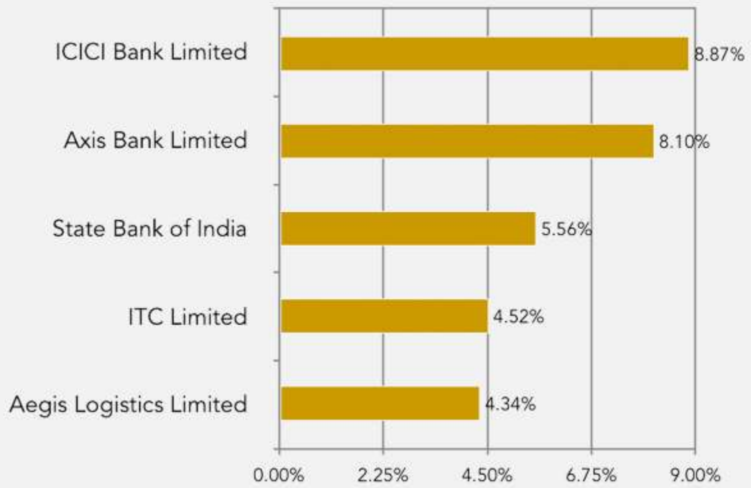
IIFL AMC
PHOENIX PORTFOLIO

Performance: Returns over benchmark

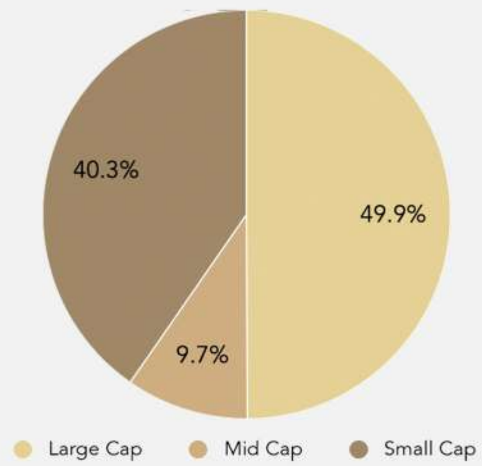
In %	1M	3M	6M	1Y	2Y	5Y	10Y	Since Inception
Portfolio	-2.30	3.90	17.63	8.26	-	-	-	18.09
S&P BSE 200 TRI	-3.27	4.61	15.88	5.67	-	-	-	17.93

Portfolios: Stocks/Sectors/Market Cap Allocation

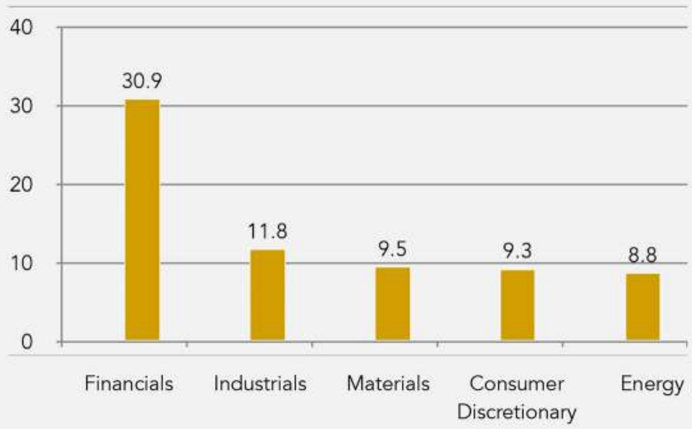
Top 5 Equity Holdings



Market Cap Allocation



Top 5 Sectors



Benchmark: S&P BSE 200 TRI

Date as of: 31st Dec, 2022

- All Performance numbers are net of expenses, gross of taxes and is as per TWRR guidelines
- Returns above 1Y is CAGR and upto 1Y is Absolute Returns

KOTAK AMC
INDIA FOCUS PORTFOLIO

Portfolio Name: India Focus
Portfolio Manager: Mr. Anshul Saigal

Investment Objective

The main objective of this fund is to generate capital appreciation through investments in equities with a medium to long- term perspective.

Investment Strategy

The portfolio shall essentially target to invest in Value Opportunities and Special Situations in individual stocks and related instruments. Value Opportunities are ones, wherein in the opinion of the fund manager, the company's Intrinsic Value is 'X', while the stock is trading at a discount to X. Special Situations are dependent on the probability of occurrence of one or more corporate events, rather than market events. These situations can largely be classified as follows:

- Price arbitrage: In such situations securities are bought at a discount to the price, which is/ may be guaranteed by any institution. These situations can arise in the form of buybacks, delistings, etc.
- Merger arbitrage: In such arbitrage, shares of a company can be created at a discount to the current market price.
- Corporate restructuring: Such arbitrage is a consequence of specific corporate action in the form of spin offs, asset sales, management change, etc. leading to either value unlocking or cash payouts to investors

Investment Philosophy

The Universe – Value Opportunities

1000 – Total universe of top 1000 market capitalization companies
804 – Companies having greater than 30% promoter shareholding
536 – Rank companies based on ROE and 1/PER (Earnings Yield). Add the two parameters to arrive at a combined rank. Identify the top 2/3rd of this combination to arrive at stocks likely to perform best
421 – Capital Efficiency i.e. ROE of at least 15% trending toward and higher than 20%
227 – Compounded PAT Growth of at least 10% in the last three years
50 – Assess companies based on Management quality, Integrity, Balance Sheet strength, Capital Allocation, Execution Capabilities, Vision for the business, fairness to stakeholders, etc
12-18 – Valuation not more expensive than peer set and Price to Value Gap of at least 30%

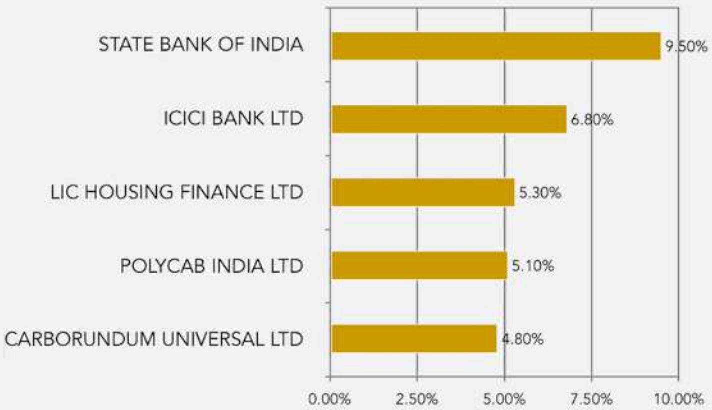
KOTAK AMC
INDIA FOCUS PORTFOLIO

Performance: Returns over benchmark

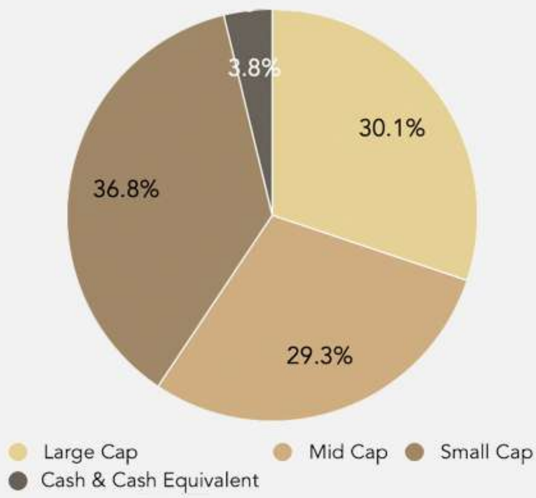
In %	1M	3M	6M	1Y	2Y	3Y	5Y	10Y	Since Inception
Portfolio	-3.05	0.68	11.10	-3.04	23.38	15.57	1.64	12.72	13.16
India Allcap Index (Synthetic Benchmark Index)	-2.63	4.23	16.87	-0.32	19.09	19.50	8.86	13.67	14.30

Portfolios: Stocks/Sectors/Market Cap Allocation

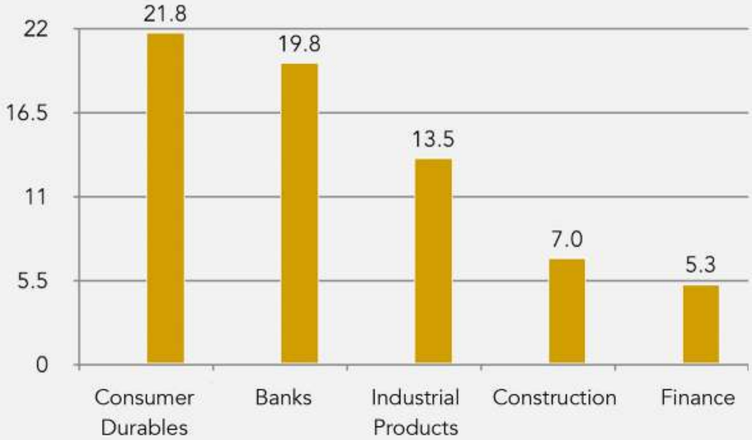
Top 5 Equity Holdings



Market Cap Allocation



Top 5 Sectors



No. of Stocks: 26

Benchmark: India Allcap Index (Synthetic Benchmark Index)

AUM: 395Cr.

Date as of: 31st Dec, 2022

- All Performance numbers are net of expenses, gross of taxes and is as per TWRR guidelines
- Returns above 1Y is CAGR and upto 1Y is Absolute Returns

KOTAK AMC: SMALL & MIDCAP APPROACH

Portfolio Name: Small and Midcap Equity Investment Approach
Portfolio Manager: Mr. Anshul Saigal

Investment Objective

The main objective of this fund is to generate capital appreciation through investments in equities with a medium to long-term perspective.

Investment Strategy

The portfolio shall follow a stock-specific approach with a medium to long-term perspective. The portfolio shall invest across sectors with a bias to invest in companies backed by able management with sound fundamentals and strong future potential. The portfolio may also include stocks that have exhibited market leadership in their respective product lines. The portfolio investments shall be based on an in-depth understanding of the underlying business. The Investment approach will invest in all listed equity and equity-related instruments with emphasis on capturing absolute returns by investing in 10-25 stocks in the small and midcap category as defined by SEBI. The portfolio shall have the flexibility to also invest up to 25% of portfolio value in large-cap stocks.

Investment Philosophy

Large Market Opportunity :
Market size should be at least 2x company's current sales. This gives the company a long runway for future growth

Businesses with Robust Competitive Advantages :
Strong brands, High Switching costs, Network economics , Low cost advantages or Innovative products

Strong Financials and Earnings Growth :
Portfolio debt to equity is under 0.5x. We prefer companies with earnings growth and margins higher than their peers

Management Dynamism and Good Corporate Governance :
Companies with passionate and transparent management. Asset turns and working capital turns at industry levels or trending there

Fair Valuations :
Buying businesses at fair valuations, where future earnings growth is not priced in

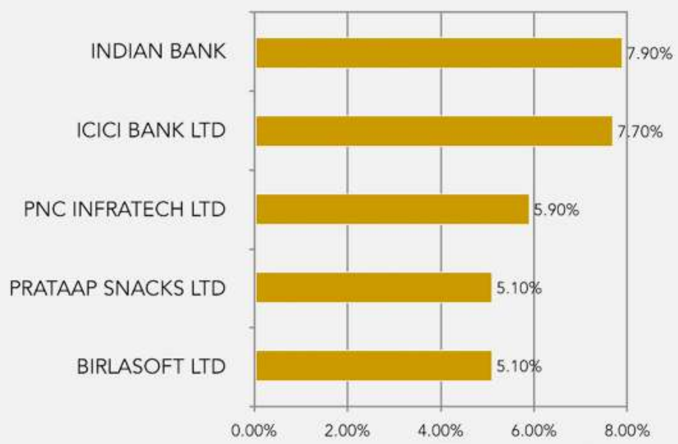
KOTAK AMC: SMALL & MIDCAP APPROACH

Performance: Returns over benchmark

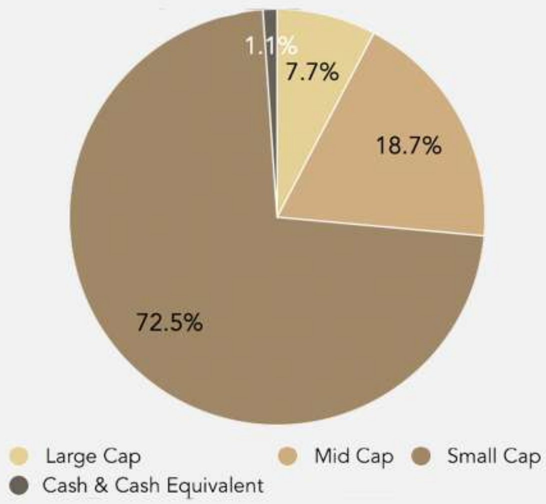
In %	1M	3M	6M	1Y	2Y	3Y	5Y	10Y	Since Inception
Portfolio	-3.02	1.81	10.87	-3.72	23.88	26.13	6.86	15.39	16.52
Nifty Small Cap 100	-2.45	3.07	15.23	-13.80	17.18	18.57	1.36	10.12	10.30

Portfolios: Stocks/Sectors/Market Cap Allocation

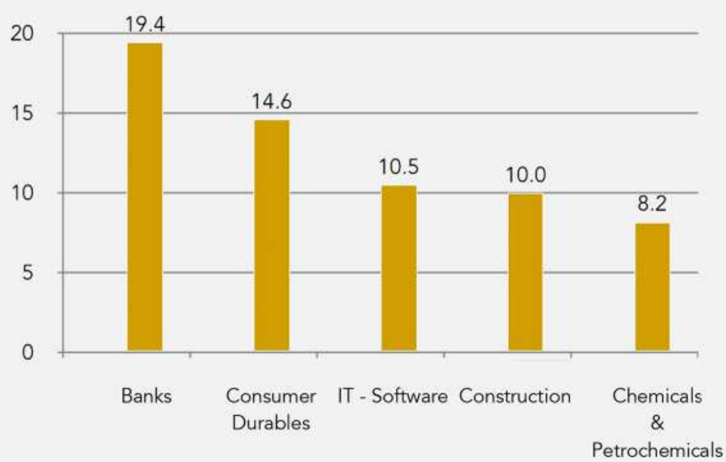
Top 5 Equity Holdings



Market Cap Allocation



Top 5 Sectors



No. of Stocks: 24

Benchmark: Nifty Small Cap 100

AUM: 32Cr.

Date as of: 31st Dec, 2022

- All Performance numbers are net of expenses, gross of taxes and is as per TWRR guidelines
- Returns above 1Y is CAGR and upto 1Y is Absolute Returns

TATA AMC
ACT INVESTMENT APPROACH

TATA ASSET MANAGEMENT

Portfolio Name: ACT PMS

Portfolio Manager: Mr. Kunal Pawaskar

Investment Objective

The objective of the strategy would be to generate sustainable capital appreciation over the long term

Investment Strategy

- No Market-Cap bias.
- Each category has distinct characteristics, operating in different environment, giving an all-round character to the portfolio.
- Portfolio risk diversified across 25-35 stocks.

Investment Philosophy

The portfolio would be constructed on a bottoms up basis across sectors and market caps. All Weather stocks – Quality and Compounding, Catalysts for Growth – Growth at Reasonable Price and Turnaround Candidates – Growth at Reasonable Price and Value with Catalyst.

Tata ACT Investment Approach*

- Sustainable capital appreciation through a combination of investment styles across market cap
- Portfolio will be constructed on three pillars: All-weather, Catalyst for growth, Turn-around candidates.
- Each category has distinct characteristics, giving an all-round character to the portfolio

All-weather	40-50%
Catalyst	25-30%
Turnaround	25-30%

BSE 200

Tata Enterprising India Investment Approach*

- Generate capital appreciation while retaining flexibility to invest across market cap – small, mid and large
- Invest in companies that have a competitive advantage and have relatively low risk of disruption
- Focus on businesses with ability to generate / sustain good return on capital (ROC) and with high certainty of growth for reinvestment of cash flows

Large	30-70%
Mid	30-70%
Small	0-30%

Nifty 500

Tata Emerging Opportunities Investment Approach*

- Generate capital appreciation with relatively higher risk
- Investment in emerging businesses characterized by a much larger opportunity set compared to current size
- Portfolio would be predominantly mid-cap and small-cap oriented with up to 30% allocation to large-caps

Large	0-30%
Mid + Small	70-100%

Nifty Midcap 100

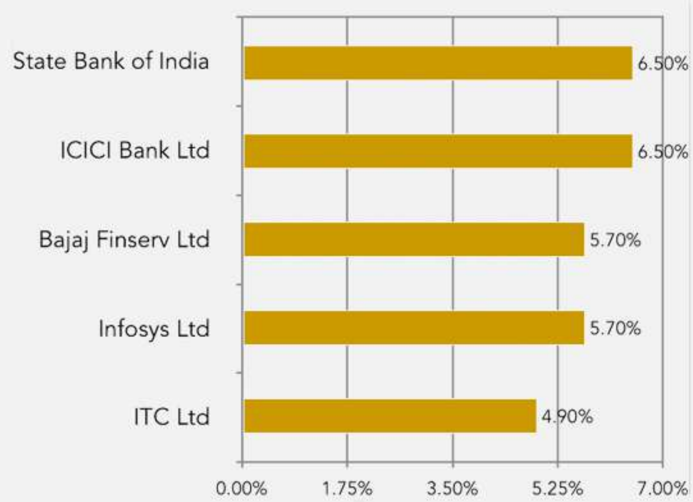
TATA AMC
ACT INVESTMENT APPROACH

Performance: Returns over benchmark

In %	1M	3M	6M	1Y	2Y	3Y	10Y	Since Inception
Portfolio	-2.02	0.22	16.00	2.19	15.05	16.04	-	13.17
S & P BSE 200	-3.27	4.38	15.27	4.18	15.31	15.63	-	14.90

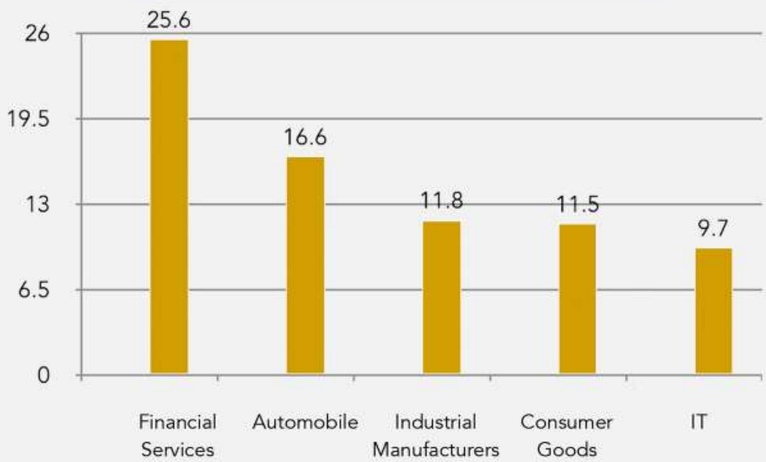
Portfolios: Stocks/Sectors/Market Cap Allocation

Top 5 Equity Holdings



Market Cap Allocation

Top 5 Sectors



No. of Stocks: 26
Benchmark: S & P BSE 200
AUM: 118Cr.
Date as of: 31st Dec, 2022

- All Performance numbers are net of expenses, gross of taxes and is as per TWRR guidelines
- Returns above 1Y is CAGR and upto 1Y is Absolute Returns

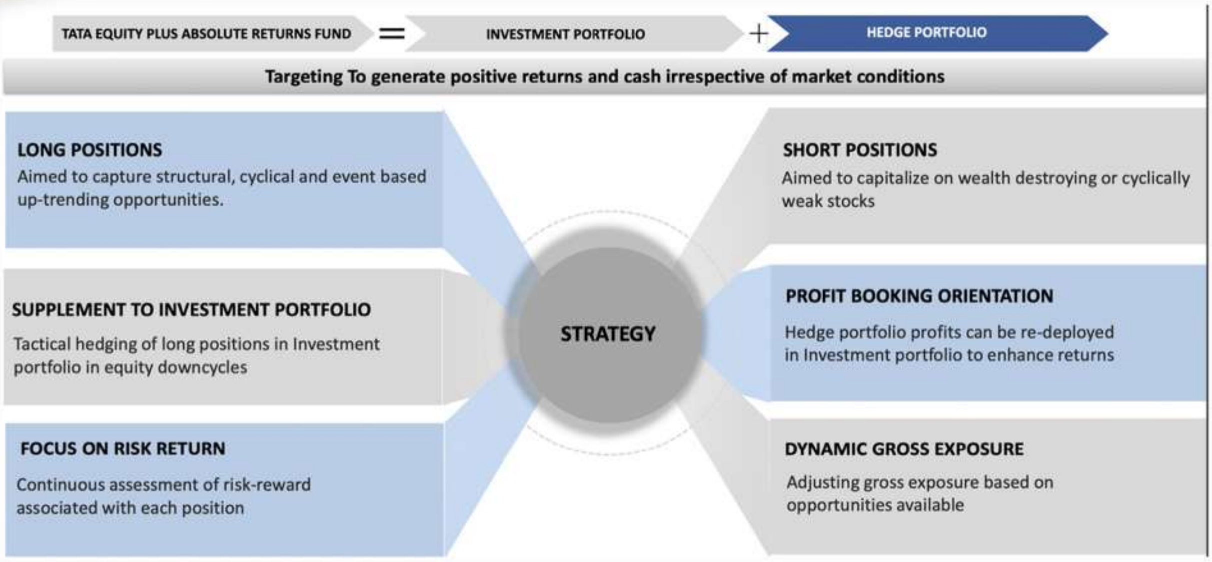
TATA ASSET MANAGEMENT

Portfolio Name: Equity Plus Absolute Returns Fund (CAT III AIF)
Portfolio Manager: Mr. Harsh Agarwal

Investment Objective

Adopt a 'dual' portfolio strategy to create a Core Portfolio and a Derivatives Portfolio to generate long term capital appreciation, with lower volatility compared to NIFTY 50 index

Investment Strategy



Investment Philosophy

Tata Equity Plus Absolute Returns (under CAT III AIF) adopts a 'Dual' Portfolio strategy to make the best use of investors' capital

Core Portfolio: allocations are made to Equities (multi-cap) and Fixed Income/cash equivalents. The allocation between Equities and Fixed Income is dynamic and will depend on the market outlook, available opportunities, and risk reward associated with each investment.

Derivatives Portfolio: To generate consistent incomes and cash flows, long and short trades are taken to benefit from short-term trading opportunities. The fund primarily takes positions in stock derivatives

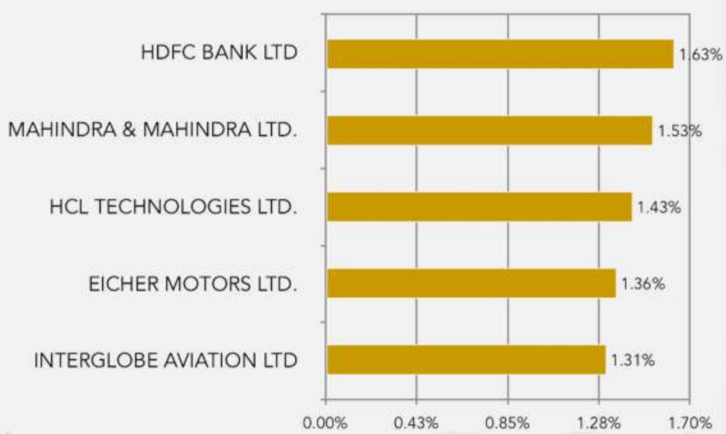
TATA AMC
EQUITY PLUS ABSOLUTE RETURNS FUND

Performance: Returns over benchmark

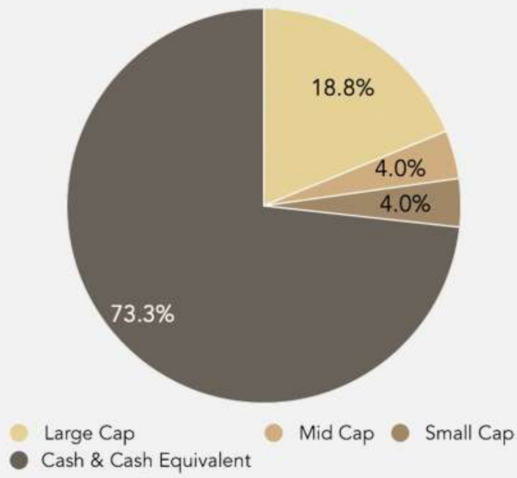
In %	1M	3M	6M	1Y	2Y	5Y	10Y	Since Inception
Portfolio	0.25	2.52	5.88	11.03	18.38	-	-	23.80

Portfolios: Stocks/Sectors/Market Cap Allocation

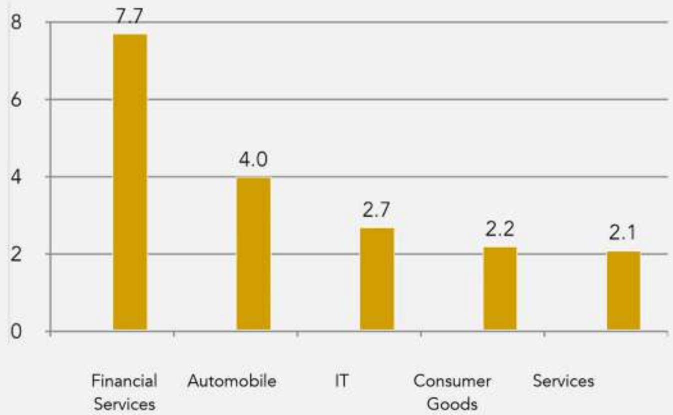
Top 5 Equity Holdings



Market Cap Allocation



Top 5 Sectors



No. of Stocks: 37
AUM: 1390Cr.
Date as of: 31st Dec, 2022

- *All Performance numbers are net of expenses, gross of taxes and is as per TWRR guidelines*
- *Returns above 1Y is CAGR and upto 1Y is Absolute Returns*

CARNELIAN ASSET ADVISORS SHIFT STRATEGY

CARNELIAN

Portfolio Name: Shift PMS
Portfolio Manager: Mr. Manoj Bahety

Investment Objective & Strategy

- This is a long only, multi cap, thematic strategy designed to capture two major structural shifts in the Manufacturing and Technology sectors

- Fundamental growth driven investing; bottom-up stock picking

- Unique blend of companies – Magic (accelerated growth), Compounder (stable growth) & Opportunistic • Mainly targeting mid and small cap companies with existing core competence/niche capability along with a strong B/S, governance and return ratios

-Stringently follows "Carnelian filters" and "forensic checks" to generate sustainable returns & alpha

- Carnelian foresees a ~USD 500 bn manufacturing opportunity and ~USD 90 bn digital opportunity over the next 5 years as a first order effect with second and third order effects yet to follow

MANUFACTURING

India is on the cusp of multi-billion, multidecade manufacturing boom considering

• Manufacturing growth led by India's focus on becoming Atma Nirbhar, supply chain diversification by global players on account of China + 1 strategy, ongoing sectoral reforms and increased cost competitiveness.

• India's manufacturing GDP is expected to grow from USD 450bn to USD 1tn+ over the next 5 years

TECHNOLOGY

IIndian IT companies are all set to capture 4th wave of IT-Cloud being the new ERP

• Acceleration of digitization and cloud migration

• Organizations gearing up to the new reality on an SOS basis

• Creation of ~90-100 $bn digital opportunity flowing to Indian IT players over the next 3-5 years
• This Shift is likely to create $200-250 bn of wealth creation opportunity.

CARNELIAN ASSET ADVISORS SHIFT STRATEGY

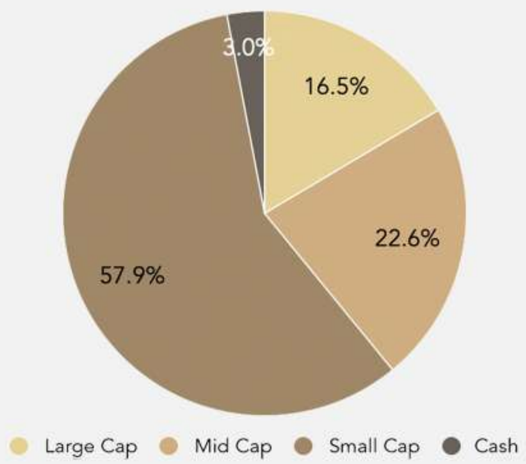
Performance: Returns over benchmark

In %	1M	3M	6M	1Y	2Y	5Y	10Y	Since Inception
Portfolio	-3.90	2.09	15.84	-3.27	31.69	-	-	39.99
BSE 500	-3.15	4.07	15.39	3.34	15.96	-	-	24.28

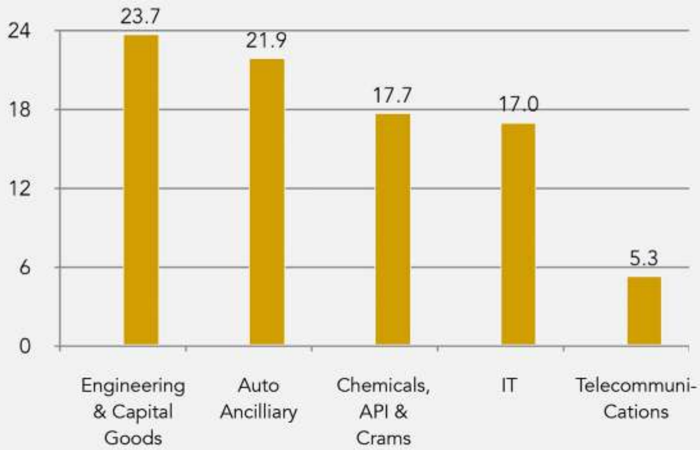
Portfolios: Stocks/Sectors/Market Cap Allocation

Top 5 Equity Holdings

Market Cap Allocation



Top 5 Sectors



No. of Stocks: 29
Benchmark: BSE 500
Date as of: 31st Dec, 2022

- *All Performance numbers are net of expenses, gross of taxes and is as per TWRR guidelines*
- *Returns above 1Y is CAGR and upto 1Y is Absolute Returns*

EDELWEISS ASSET MANAGEMENT

Portfolio Name: Focused Mid & Small Cap

Portfolio Manager: Mr. Utsav Mehta

Investment Objective

To identify a portfolio of reasonably valued companies with primary focus on their quality of earnings growth which is expected to unlock their value and lead to re-rating during the recommended investment horizon

Investment Strategy

The Portfolio focuses on the companies in Mid-smallcap space with an investment horizon of 3+ years. Unique companies with established business models that have high and quality earnings growth available at reasonable valuation are preferred. We place a lot of emphasis on risk management.

Investment Philosophy

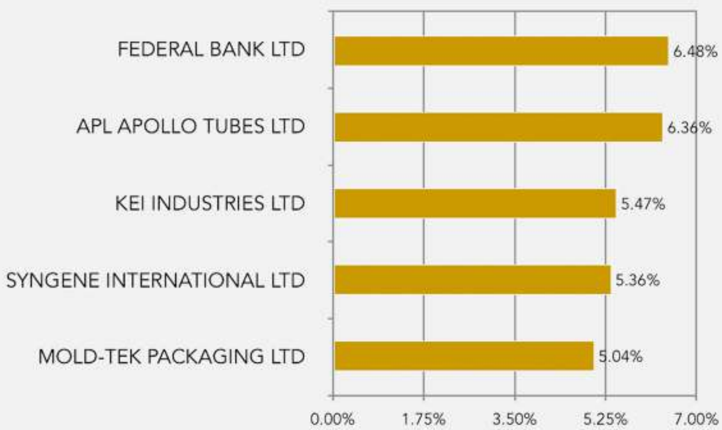
EDELWEISS ASSET MANAGEMENT FOCUSED MID & SMALL CAP PORTFOLIO

Performance: Returns over benchmark

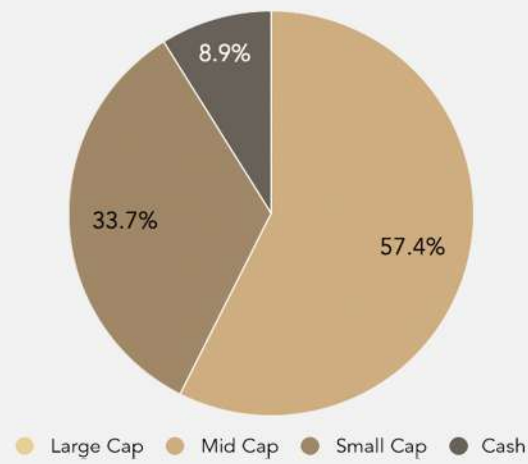
In %	1M	3M	6M	1Y	2Y	3Y	5Y	Since Inception
Portfolio	-4.01	-5.76	6.02	-12.17	21.50	23.32	5.48	8.80
NIFTY Mid Smallcap 400 Index	-1.73	2.41	18.64	1.86	24.69	25.08	9.66	13.66

Portfolios: Stocks/Sectors/Market Cap Allocation

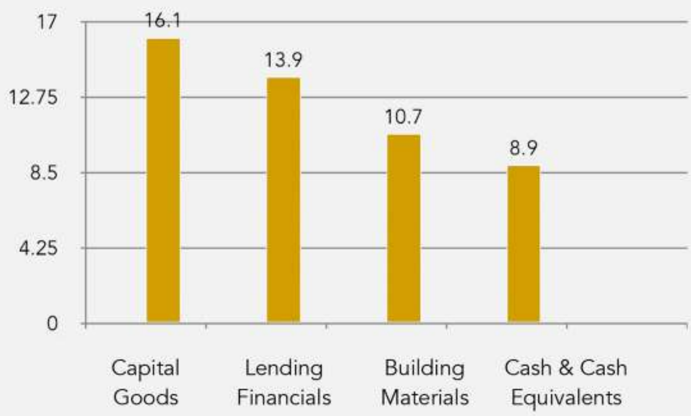
Top 5 Equity Holdings



Market Cap Allocation



Top 5 Sectors



No. of Stocks: 23

Benchmark: NIFTY Mid Smallcap 400 Index

AUM: 79Cr.

Date as of: 31st Dec, 2022

- All Performance numbers are net of expenses, gross of taxes and is as per TWRR guidelines
- Returns above 1Y is CAGR and upto 1Y is Absolute Returns

INVASSET LLP GROWTH

Portfolio Name: Growth

Portfolio Manager: Mr. Anirudh Garg

Investment Objective

To provide the Client with a structure that can achieve preservation and growth of its capital, the Portfolio Manager shall endeavour to apply its professional expertise in order to help the Client achieve its goals as per the product options chosen by the Client. However, the Client agrees and acknowledges that while the aforesaid is the objective, there is no guarantee that the objectives will be achieved nor there is any guarantee of any returns or of there being no capital loss.

Investment Strategy

Using our Proprietary In-house developed INVasset AAID software we determine what 4 different stages of the market and design your portfolio accordingly.

The Shining Stars: When we feel that markets have entered into scenario where the Risk Reward ratio is not in favour, we look for extraordinary companies which will continue delivering growth irrespective of market conditions.

Deep Discount Sale: We look for beaten down industry leaders that start to trade below their fair value in events of market meltdowns.

The Trend Setters: When the markets have gathered steam and long-term trend is clear, we look for Momentum & Trend that will prevail for next 12-18 months.

The Safety Shells: When the market enters into Exuberant Zone and reach levels that are unsustainable and Bubble-like situation is created, we look for protection or reduce the beta further.

Investment Philosophy

Types of Security: INVASSET LLP may invest in any security as described under Securities Contracts (Regulation) Act, 1956 to meet the investment objective.

Basis of Selection of Securities: Selection of Securities will be done to meet client's investment objectives on best effort basis depending on Market conditions.

Allocation of Portfolio across types of securities: We invest in Equity and Other Investable Securities as per Securities Contract (Regulation) Act, 1956.

Appropriate benchmark: INVASSET LLP benchmarks itself to BSE 500

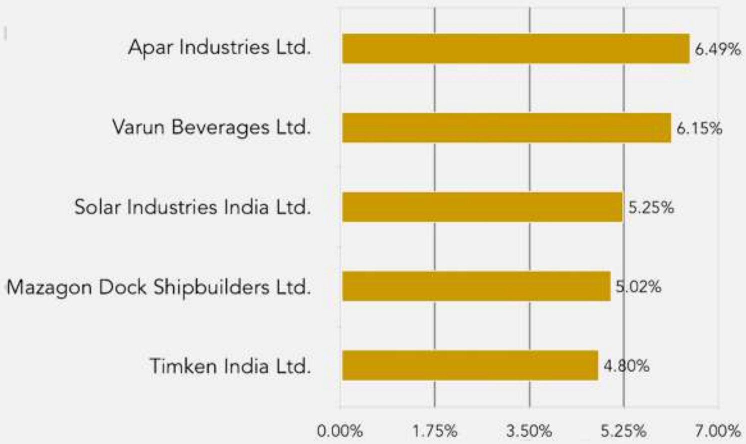
INVASSET LLP GROWTH

Performance: Returns over benchmark

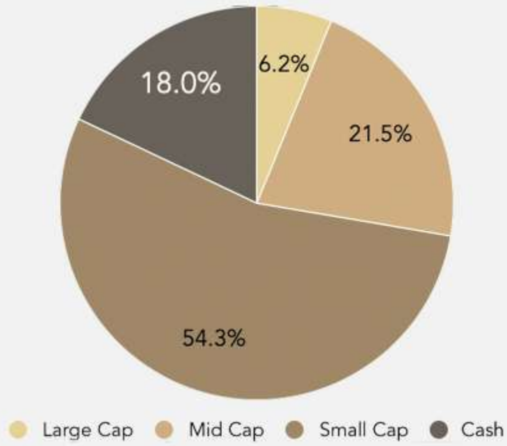
In %	1M	3M	6M	1Y	2Y	5Y	10Y	Since Inception
Portfolio	-6.47	-6.18	13.29	-3.21	19.34	-	-	24.59
BSE 500	-3.15	4.07	15.39	3.34	15.96	-	-	16.63

Portfolios: Stocks/Sectors/Market Cap Allocation

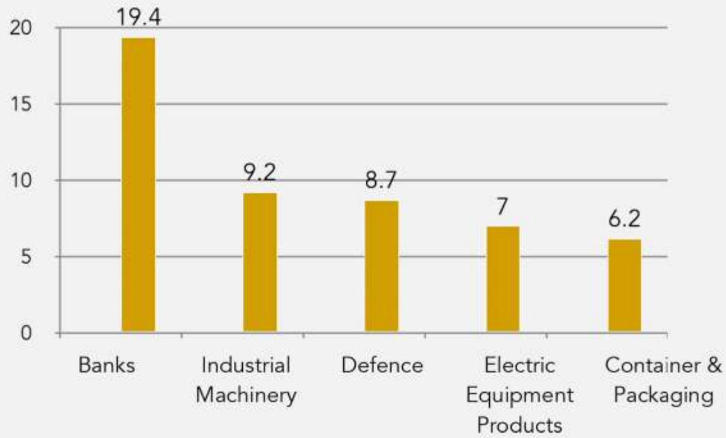
Top 5 Equity Holdings



Market Cap Allocation



Top 5 Sectors



No. of Stocks: 25

Benchmark: BSE500

AUM: 58.37Cr.

Date as of: 31st Dec, 2022

- *All Performance numbers are net of expenses, gross of taxes and is as per TWRR guidelines*
- *Returns above 1Y is CAGR and upto 1Y is Absolute Returns*

Portfolio Name: NTDOP
Portfolio Manager: Mr. Manish Sonthalia

Investment Objective

Aims to deliver superior returns by investing in different multi-cap stocks of companies from sectors that can benefit from the Next Trillion-Dollar GDP growth.

Investment Strategy

This PMS invests in companies which are likely to earn 20-25 % on its net worth going forward. The PMS invests with margin of safety and purchases a piece of great business at a fraction of its true value.
NTDOP stands for Next Trillion Dollar GDP growth.
So, the focus is on buying companies that will benefit out of the Next Trillion Dollar GDP growth. Motilal Oswal identifies potential long-term wealth creators by focusing on individual companies and their management.
It strongly believes that "Money is made by investing for the long term". It follows a Focused portfolio strategy and the portfolio consists of up to 25 stocks.

Investment Philosophy

Investment philosophy is centered on 'Buy Right: Sit Tight' principle.

Why 'Buy Right : Sit Tight' is significant?

- Real wealth is created by riding out bulk of the growth curve of quality companies and not by trading in and out in response to buy, sell and hold recommendations.
- This philosophy enables investor and manager alike to keep focus on the businesses they are holding rather than get distracted by movements in share prices
- An approach of buying high quality stocks and holding them for a long term wealth creation motive, results in drastic reduction of costs for the end investor.
- Long term multiplication of wealth is obtained only by holding on to the winners and deserting the losers.

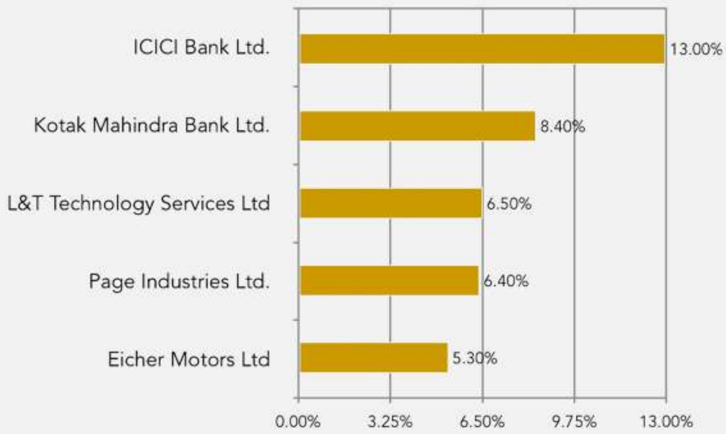
MOTILAL AMC
NEXT TRILLION DOLLAR OPPORTUNITY (NTDOP)

Performance: Returns over benchmark

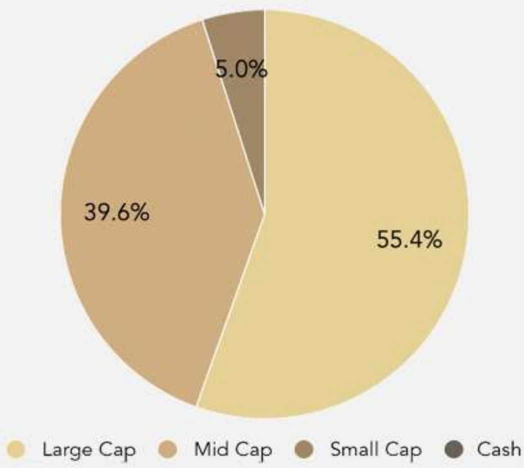
In %	1M	3M	6M	1Y	2Y	3Y	5Y	10Y	Since Inception
Portfolio	-4.47	-2.50	8.23	-12.10	8.35	9.22	5.35	16.71	14.35
NIFTY 500 TRI	-3.12	4.30	15.97	4.25	17.13	17.36	11.51	13.82	11.01

Portfolios: Stocks/Sectors/Market Cap Allocation

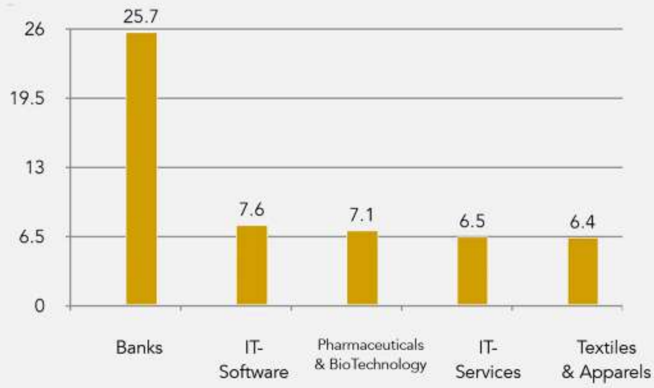
Top 5 Equity Holdings



Market Cap Allocation



Top 5 Sectors



No. of Stocks: 28
Benchmark: Nifty 500 TRI
AUM: 6796Cr.
Date as of: 31st Dec, 2022

- *All Performance numbers are net of expenses, gross of taxes and is as per TWRR guidelines*
- *Returns above 1Y is CAGR and upto 1Y is Absolute Returns*

RIGHT HORIZONS PMS FLEXICAP

Portfolio Name: Flexicap

Portfolio Manager: Mr. Anil Rego

Investment Objective

A diversified equity portfolio that endeavours to achieve long term capital appreciation and generate returns by investing across market cap. This is a Market Cap agnostic portfolio which aims to generate superior risk adjusted return with the ability to switch between market caps and sectors based on their proprietary asset allocation model.

Investment Strategy

Benchmark agnostic sectoral exposure in companies across market caps. Portfolio seeks to generate capital appreciation over relatively "Medium to Long" term period. The idea of the portfolio is to stay above the benchmark at all times. Portfolio composition is unconstrained with respect to the Benchmark and can move across market caps as per RH's proprietary asset allocation model. Typical Portfolio holding would not have more than 15-25 stocks keeping Nifty as Index Benchmark.

Investment Philosophy

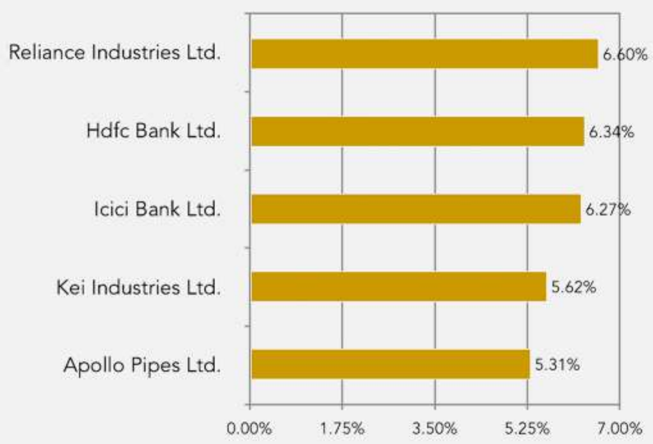
RIGHT HORIZONS PMS FLEXICAP

Performance: Returns over benchmark

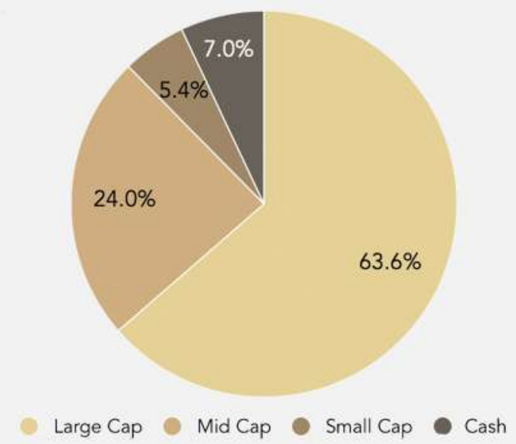
In %	1M	3M	6M	1Y	2Y	3Y	5Y	10Y	Since Inception
Portfolio	-3.53	1.34	16.30	-2.49	22.84	23.10	11.66	14.57	12.95
NSE 500	-3.12	4.18	15.40	3.02	15.81	16.08	10.23	12.53	12.68

Portfolios: Stocks/Sectors/Market Cap Allocation

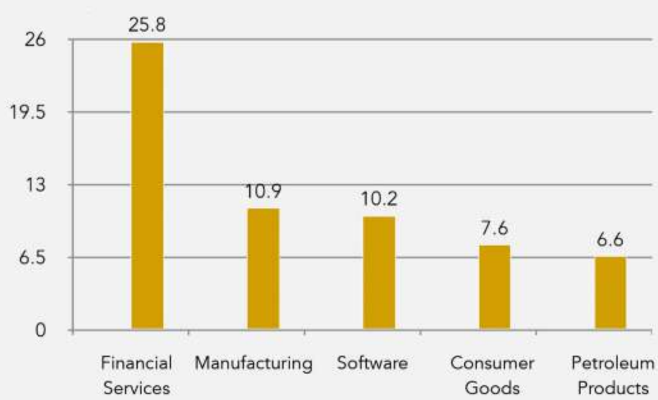
Top 5 Equity Holdings



Market Cap Allocation



Top 5 Sectors



No. of Stocks: 26

Benchmark: NSE 500

AUM: 173.9Cr.

Date as of: 31st Dec, 2022

- All Performance numbers are net of expenses, gross of taxes and is as per TWRR guidelines

- Returns above 1Y is CAGR and upto 1Y is Absolute Returns

VALENTIS ADVISORS
RISING STARS OPPORTUNITY FUND

Portfolio Name: Valentis Rising Stars Opportunity Fund
Portfolio Manager: Mr. Jyotivardhan Jaipuria

Investment Objective

The objective of the portfolio is to provide superior risk-adjusted returns over medium to long term by investing in 15-18 small and mid-cap stocks which can be the blue-chips of tomorrow. The PMS is ideal for investors with a 3-5 year or longer investment horizon.

Investment Strategy

Our investment philosophy revolves around using an overlay of the macro-environment to drill down themes that will perform well in the future (Macro-to-Micro approach). We use these themes to look for undervalued stock opportunities. It also uses proprietary screens to look for under-valued opportunities. The fund follows a 3 "U" approach – looks for (a) Under-valued (b) Under-owned and (c) Undiscovered names.

Investment Philosophy

Our investment philosophy is driven by 5 themes

- Research, research and more research drives our investments.

- We are looking for stocks that have a large discrepancies in risk:reward. Our 3 "U" approach drives us to look for compelling opportunities.

- We focus on stocks that are at an earnings "inflection point".

- Low portfolio churn: Typically we buy stocks early and sit on it like a private equity investor. Our portfolio churn is low. We like to identify stocks early and watch it grow and sell it once institutional investors own it in a big way

- Risk mitigation: The fund will be diversified in terms of sectors as well as stocks to minimize risk to client portfolio from excessive concentration.

VALENTIS ADVISORS
RISING STARS OPPORTUNITY FUND

Performance: Returns over benchmark

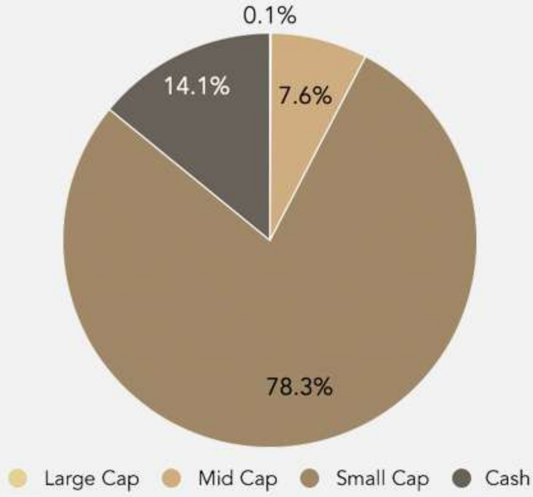
In %	1M	3M	6M	1Y	2Y	3Y	5Y	10Y	Since Inception
Portfolio	-1.32	8.52	20.40	7.35	45.25	41.18	13.97	-	18.39
NIFTY SMALL CAP 100	-2.45	3.07	15.23	-13.80	17.19	18.59	1.37	-	7.65

Portfolios: Stocks/Sectors/Market Cap Allocation

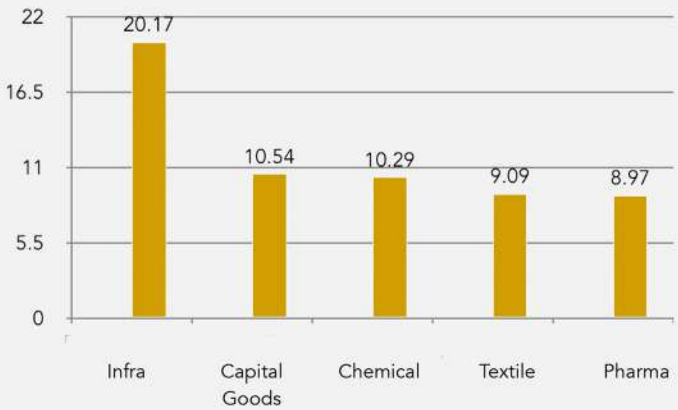
Top 5 Equity Holdings

Portfolio Holdings
Apollo Pipes Ltd
Best Agrolife Ltd
Ganesha Ecosphere Ltd
Kingfa Science and Technology India Ltd
Yuken India Ltd

Market Cap Allocation



Top 5 Sectors



No. of Stocks: 15

Benchmark: NIFTY SMALL CAP 100

AUM: 306.09Cr.

Date as of: 31st Dec, 2022

- *All Performance numbers are net of expenses, gross of taxes and is as per TWRR guidelines*
- *Returns above 1Y is CAGR and upto 1Y is Absolute Returns*

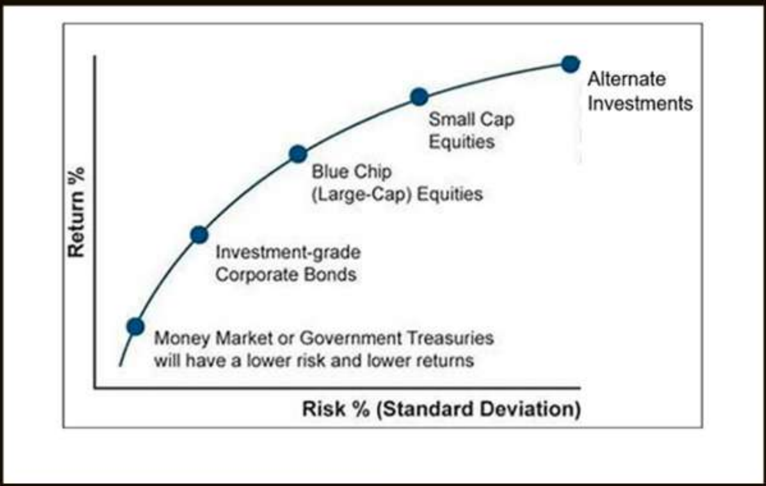
Wealth & Asset Management

For liquidity management, compromised returns may not be the default option

NEO Asset Management

There is a plethora of investments to be considered while evaluating short- duration options. Key criteria while investing into short duration investment will likely be liquidity, credit risk, returns as well as reinvestment. These investments include secured, unsecured, listed or unlisted options. Most investments into short duration instruments give returns of 5-6% and in addition are open to reinvestment risk.

Most popular instrument for investing in the short term are liquid funds. Liquid funds in India are mutual fund category that invest primarily in highly liquid money market instruments such as treasury bills, certificates of deposit, and commercial paper. These funds are considered to be a low-risk investment option and are often used as a short-term parking for capital that investors may need access to in the near future.



However, despite their reputation for being a safe and secure investment, there may be a few reasons why liquid funds in India may not be the most optimal investment choice.
One of the primary reasons is the limited returns on investment. The yields on short term and regulated investments in India tend to be lower in comparison to other categories of investments such as equity-oriented funds or bonds (term maturity > 3 years). For example, the average return on a liquid fund in India is around 5-6% per annum, while the average return on a debt fund is around 8- 9% per annum. This implies that investors could potentially miss out on higher returns by choosing to invest in liquid funds.

To highlight these instances, we have illustrated in the below table workings for YTM and re-investment returns with changing interest rate scenarios:

Table 1.1

Time (yrs)	When $YTM_{t>0} = 0$ YTM (assumed flat, compounding @ 4%)								
t=0	4%	4%	4%	4%	4%	4%			
t>0	4%	4%	4%	4%	4%	4%	Sum (PV)	Returns QoQ	Cumul
0	1.961	1.922	1.885	1.848	1.811	90.573	100.000		
0.25	1.980	1.941	1.903	1.866	1.829	91.474	100.995	1.00%	1.00%
0.50	2.000	1.961	1.922	1.885	1.848	92.385	102.000	1.00%	2.00%
0.75	2.020	1.980	1.941	1.903	1.866	93.304	103.015	1.00%	3.01%
1.00	2.040	2.000	1.961	1.922	1.885	94.232	104.040	1.00%	4.04%
1.25	2.060	2.020	1.980	1.941	1.903	95.170	105.075	1.00%	5.08%
1.50	2.081	2.040	2.000	1.961	1.922	96.117	106.121	1.00%	6.12%
1.75	2.102	2.060	2.020	1.980	1.941	97.073	107.177	1.00%	7.18%
2.00	2.122	2.081	2.040	2.000	1.961	98.039	108.243	1.00%	8.24%
2.25	2.144	2.102	2.060	2.020	1.980	99.015	109.320	1.00%	9.32%
2.50	2.165	2.122	2.081	2.040	2.000	100.000	110.408	1.00%	10.41%
2.75	2.186	2.144	2.102	2.060	2.020	100.995	111.507	1.00%	11.51%
3.00	2.208	2.165	2.122	2.081	2.040	102.000	112.616	1.00%	12.62%
								Annualised	4.04%

(Illustration: Periodic CF: Rs. 2; Par value: Rs. 100. In above cash flows reinvested and discounted at same yield. Calculations are for illustration purpose only; prevailing yields may vary and subject to periodic changes)

Table 1.2

Time (Yrs)	When $YTM_{t>0} > YTM_0$ YTM (assumed flat, compounding @ 6%)								
t=0	4%	4%	4%	4%	4%	4%			
t>0	6%	6%	6%	6%	6%	6%	Sum (PV)	Returns QoQ	Cumul
0	1.961	1.922	1.885	1.848	1.811	90.573	100.000		
0.25	1.971	1.913	1.858	1.803	1.751	86.695	95.991	-4.01%	-4.01%
0.50	2.000	1.942	1.885	1.830	1.777	87.986	97.420	1.49%	-2.58%
0.75	2.030	1.971	1.913	1.858	1.803	89.296	98.871	1.49%	-1.13%
1.00	2.060	2.000	1.942	1.885	1.830	90.626	100.343	1.49%	0.34%
1.25	2.091	2.030	1.971	1.913	1.858	91.975	101.837	1.49%	1.84%
1.50	2.122	2.060	2.000	1.942	1.885	93.344	103.353	1.49%	3.35%
1.75	2.153	2.091	2.030	1.971	1.913	94.734	104.892	1.49%	4.89%
2.00	2.185	2.122	2.060	2.000	1.942	96.145	106.454	1.49%	6.45%
2.25	2.218	2.153	2.091	2.030	1.971	97.576	108.039	1.49%	8.04%
2.50	2.251	2.185	2.122	2.060	2.000	99.029	109.647	1.49%	9.65%
2.75	2.285	2.218	2.153	2.091	2.030	100.504	111.280	1.49%	11.28%
3.00	2.319	2.251	2.185	2.122	2.060	102.000	112.937	1.49%	12.94%
								Annualised	4.14%

(Illustration: Periodic CF: Rs. 2; Par value: Rs. 100. In above cash flows reinvested and discounted at higher yield. Calculations are for illustration purpose only; prevailing yields may vary and subject to periodic changes)

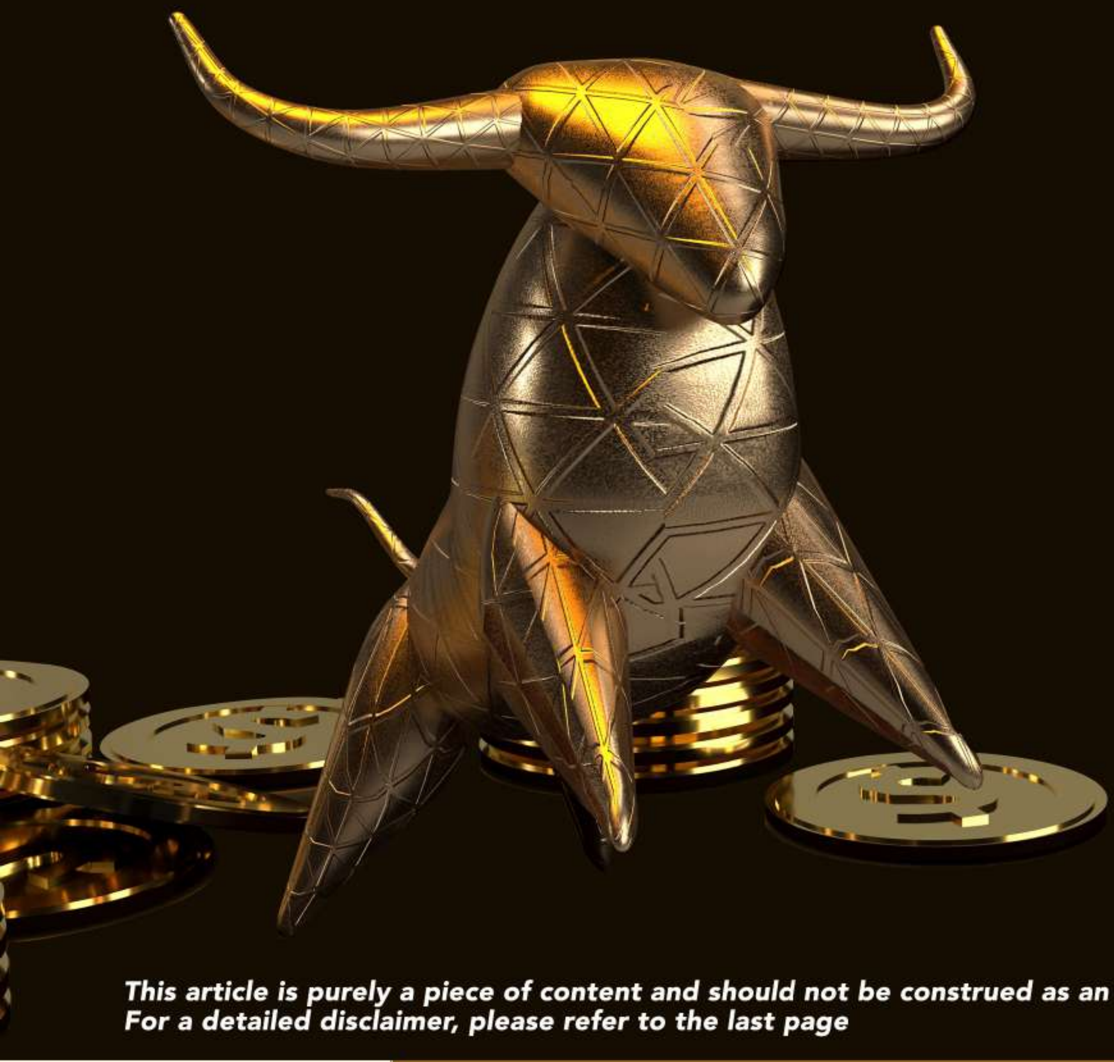
Table 1.3

Time	When $YTM_{t>0} < YTM_0$ YTM (assumed flat, compounding @ 2%)								
t=0	4%	4%	4%	4%	4%	4%			
t>0	2%	2%	2%	2%	2%	2%	Sum (PV)	Returns QoQ	Cumul
0.00	1.961	1.922	1.885	1.848	1.811	90.573	100.000		
0.25	1.990	1.970	1.951	1.932	1.912	96.568	106.323	6.32%	6.32%
0.50	2.000	1.980	1.961	1.941	1.922	97.050	106.853	0.50%	6.85%
0.75	2.010	1.990	1.970	1.951	1.932	97.534	107.386	0.50%	7.39%
1.00	2.020	2.000	1.980	1.961	1.941	98.020	107.922	0.50%	7.92%
1.25	2.030	2.010	1.990	1.970	1.951	98.509	108.460	0.50%	8.46%
1.50	2.040	2.020	2.000	1.980	1.961	99.000	109.001	0.50%	9.00%
1.75	2.050	2.030	2.010	1.990	1.970	99.494	109.545	0.50%	9.54%
2.00	2.061	2.040	2.020	2.000	1.980	99.990	110.091	0.50%	10.09%
2.25	2.071	2.050	2.030	2.010	1.990	100.489	110.640	0.50%	10.64%
2.50	2.081	2.061	2.040	2.020	2.000	100.990	111.192	0.50%	11.19%
2.75	2.092	2.071	2.050	2.030	2.010	101.494	111.747	0.50%	11.75%
3.00	2.102	2.081	2.061	2.040	2.020	102.000	112.304	0.50%	12.30%
								Annualised	3.94%

(Illustration: Periodic CF: Rs. 2; Par value: Rs. 100. In the above cash flows reinvested and discounted at lower yield. Calculations are for illustration purpose only; prevailing yields may vary and subject to periodic changes)

The illustration depicted above indicates that reinvesting capital over shorter time periods may not necessarily sustain higher returns both in terms of pre and post-tax basis. The regulator has placed several restrictions on portfolio managers, such as limiting the amount of exposure they can have to a single issuer and providing a higher level of liquidity to investors. These restrictions can limit the potential returns for investors and restrict the investor from realizing higher gains.

While current options for short-term investing provide for liquidity, they come in at compromise for returns. Therefore, there is a need for the development of arbitrage funds, which could provide higher returns without compromising on liquidity. These funds can participate in various arbitrage strategies such as commodities, options etc. These strategies are short term in nature and can be closed at short notice (15 days) depending on liquidity needs of the investor. Thus, while the investor has some marginal compromise on liquidity as withdrawal may be allowed fortnightly (vs daily in MFs), but returns could be far superior. These strategies have a potential to generate IRRs which are 500+ bp higher than the traditional available options.



This article is purely a piece of content and should not be construed as an investment advice. For a detailed disclaimer, please refer to the last page

OUR CHOICE

PMSs & AIFs

TOP 10

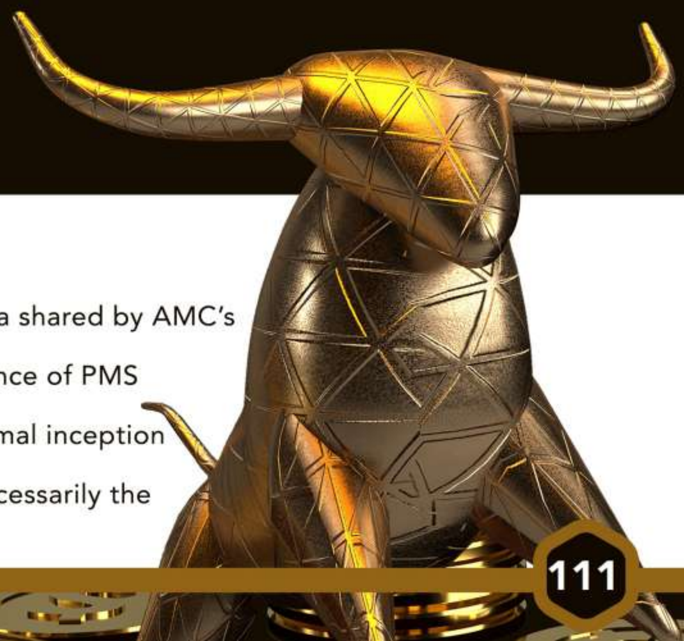
As per our 5P Analysis
People, Philosophy, Performance,
Portfolio, & Price

PMS AIF WORLD

Select 10 Portfolio Management Services

PMS AIF WORLD

Company	Strategy	AUM (Cr)	1M	3M	6M	1Y	2Y	3Y	5Y	10Y	SI	Market Cap	Fund Manager
Abakkus	All Cap Approach	-	-0.2%	8.6%	18.3%	-1.3%	30.1%	-	-	-	33.6%	Multi Cap	Sunil Singhania
Alfaccurate	Budding Beasts	-	-1.5%	-0.7%	17.7%	4.7%	-	-	-	-	25.5%	Mid & Small	Rajesh Kothari
Carnelian	Shift Strategy	-	-3.9%	2.1%	15.8%	-3.3%	31.7%	-	-	-	40.0%	Multi Cap	Manoj Bahety
ICICI	Contra	1221	-0.1%	11.1%	31.2%	20.0%	27.8%	24.3%	-	-	18.7%	Multi Cap	Anand Shah
ICICI	PIPE	1003.1	0.1%	4.2%	21.4%	20.3%	33.9%	29.3%	-	-	27.1%	Small Cap	Anand Shah
IIFL	Multicap	-	-3.1%	3.0%	15.1%	-1.5%	13.9%	16.2%	14.9%	-	18.0%	Multi Cap	Anup Maheshwari
Negen Capital	Special Situations	465.67	-3.1%	-4.2%	9.7%	-1.1%	34.4%	36.0%	11.2%	-	13.2%	Multi Cap	Neil Bahal
Stallion	Core Fund	599.44	-2.3%	-1.7%	15.5%	-10.3%	12.0%	20.9%	-	-	21.8%	Multi Cap	Amit Jeswani
Sundaram	SELF	698	-2.0%	-3.2%	10.9%	-6.8%	16.8%	21.5%	11.0%	18.1%	17.1%	Mid & Small	Madanagopal Ramu
UNIFI	Blended - Rangoli Fund	-	-1.6%	2.1%	13.7%	-0.2%	24.0%	36.4%	18.2%	-	21.6%	Mid & Small	Sarath Reddy



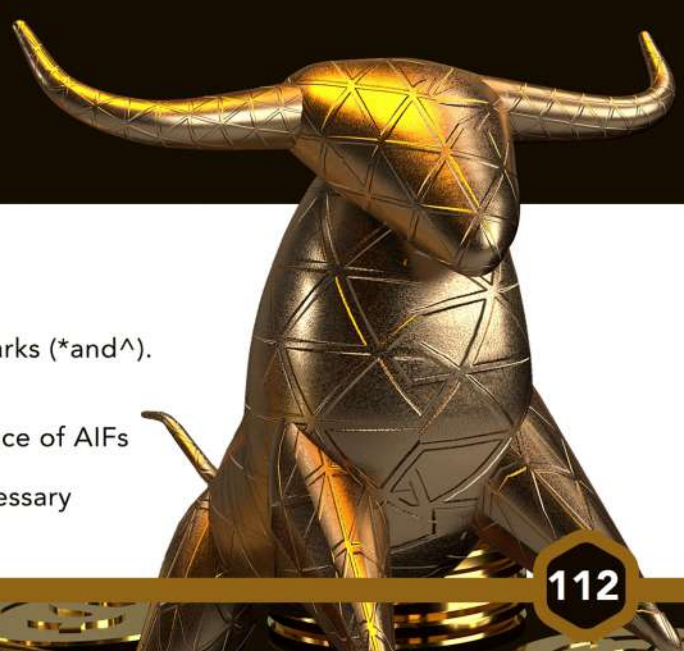
Disclaimer

Data as of 31.12.2022
Data is as per TWRR guidelines and is presented referring to data shared by AMC's
Data above 1 year is CAGR and less than 1 year is Absolute
This information is for a general understanding of past performance of PMS
Past performance is not indicative of future returns
For strategies marked ^, numbers have been taken since the formal inception post the SEBI RIA license and not SEBI PMS license
These are popular strategies with fine past performance, not necessarily the best in respective categories

Select 10 Alternative Investment Funds

PMS AIF WORLD

Strategy	Category	Type	Nature	Fund Manager
Abakkus Diversified Alpha Fund	CAT-3	Listed Equity	Close Ended	ASK IM
Avendus Market Neutral Fund	CAT-3	Long Short	Close Ended	Mehul Patel
Edelweiss Discovery Fund	CAT-2	Unlisted Equity	Close Ended	Ashish Agarwal
Helios Long Short Fund	CAT-3	Long Short	Open Ended	Helios Capital
Xponentia Opportunities Fund-2	CAT-2	Unlisted Equity	Close Ended	Team Xponentia
ICICI Prudential Emerging Leaders Fund	CAT-3	Listed Equity	Close Ended	Anand Shah
Motilal Oswal Growth Anchors Fund	CAT-3	Listed Equity	Close Ended	Vaibhav Agarwal
Sameeksha Equity Fund	CAT-3	Listed Equity	Open Ended	Bhavin Shah
Sundaram Emerging Corporate Credit Opportunities Fund-1	CAT-2	Unlisted Equity	Close Ended	Sundaram Alternate Assets
Tata Equity Plus Absolute Return Fund	CAT-3	Long Short	Open Ended	Harsh Agarwal

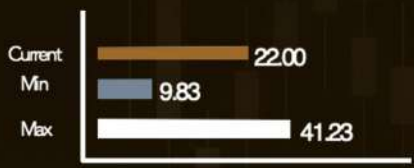


Disclaimer

Data as of 31.12.2022
Data is net of expenses and gross of taxes unless indicated by marks (*and^).
Data above 1 year is CAGR and Less than 1 year is Absolute
AIFs are governed by private placement norms.
This information is for a general understanding of past performance of AIFs
Past performance is not indicative of future returns
These are popular strategies with fine past performance, not necessary the best in respective categories

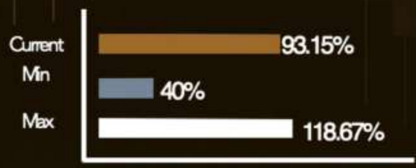
Current 10 Investment Indicators & their Historical Maximum & Minimum

1 NIFTY PRICE TO EARNING RATIO



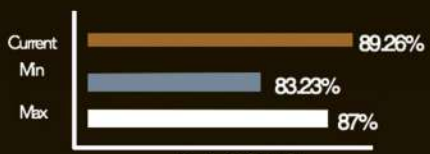
Ref. : Dec 2022

2 MARKET CAP TO GDP RATIO



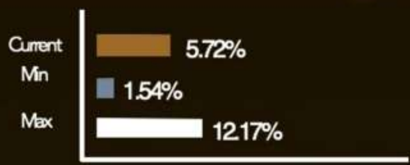
Ref. : Dec 2022

3 GOVT. DEBT TO GDP RATIO



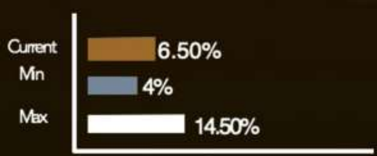
Ref. : Q3FY22

4 INFLATION RATE



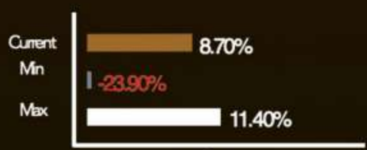
Ref. : Dec 2022

5 INTEREST RATE



Ref. : Dec 2022

6 GDP ANNUAL GROWTH RATE



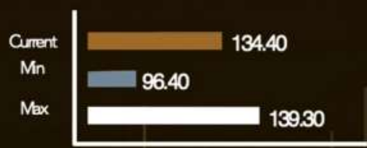
Ref. : FY22

7 GST COLLECTIONS

Current Rs 1.49 Lakh Crore

Ref. : Dec 2022

8 BUSINESS CONFIDENCE



Ref. : Dec 2022

9 INDIA'S INDUSTRIAL PRODUCTION

Current 7.10%

Ref. : Nov 2022

10 MANUFACTURING PMI

Ref. : Dec 2022

Data Sources:
https://www.mospi.nic.in/
https://www.tradingeconomics.com
https://www.ceicdata.com
https://nifty-pe-ratio.com

PMS AIF WORLD

Crystal Gazing Summit & Awards 4.0

India: Resurgence of The Golden Bird

The most thoughtful Summit for Investors

10th & 11th Feb 2023

Our Partners

TITLE

SUNDARAM ALTERNATES
UNEARTHING OPPORTUNITIES

PLATINUM

Avendus

ICICI PRUDENTIAL ALTERNATE INVESTMENTS

GOLD

AXIS ASSET MANAGEMENT

ENAM ASSET MANAGEMENT

IIFL ASSET MANAGEMENT

kotak Portfolio Management Services

TATA ASSET MANAGEMENT

SILVER

CARNELIAN

EDELWEISS ASSET MANAGEMENT

INVASSET

MOTILAL OSWAL ASSET MANAGEMENT BUY RIGHT SIT TIGHT

neo Wealth & Asset Management

RIGHT HORIZONS Guiding you in achieving your goals...

Valentis Advisors Private Limited

PMS AIF WORLD

DISCLAIMER

INVESTONOMICS is a quarterly guide meant for the purpose of investor education & informed investing. The content mentioned herein is intended to be used and must be used for informational purposes only. It is very important to do one's own analysis before making any investments, based on one's own personal circumstances. It carries general information for private use of the investor to whom this has been given. And it is not intended as a recommendation of financial instruments or strategies and thus it does not provide individually tailored investment advice and does not consider the individual investor's particular financial situation, existing holdings or liabilities, investment knowledge and experience, investment objective and horizon or risk profile and preferences.

We are a registered distributor of investments related financial products. Our registration with AMFI is in the name of HeWePro Capital Private Limited and our ARN number is 133130. HeWePro stands for Health, Wealth and Prosperity and this reflects our right intents towards our clients when we serve them 24/7. We are an analytics driven, and content backed new age investment services firm offering informed investments in focused and concentrated portfolios which are managed by highly experienced money managers. We perform in-depth analysis and present data points across product facts, performance facts and portfolio facts to ensure well informed investment decisions are made.

Investments are subject to market risks and there is no assurance or guarantee of positive return. Investment products that we deal in are not insured by any governmental agency and are subject to investment risks, including the possible loss of the principal amount invested.

The ownership of any investment decision(s) shall exclusively vest with the investor. Investments must be done after analysing all possible risk factors and by exercising of independent discretion. Our company shall not be liable or held liable for any consequences thereof.

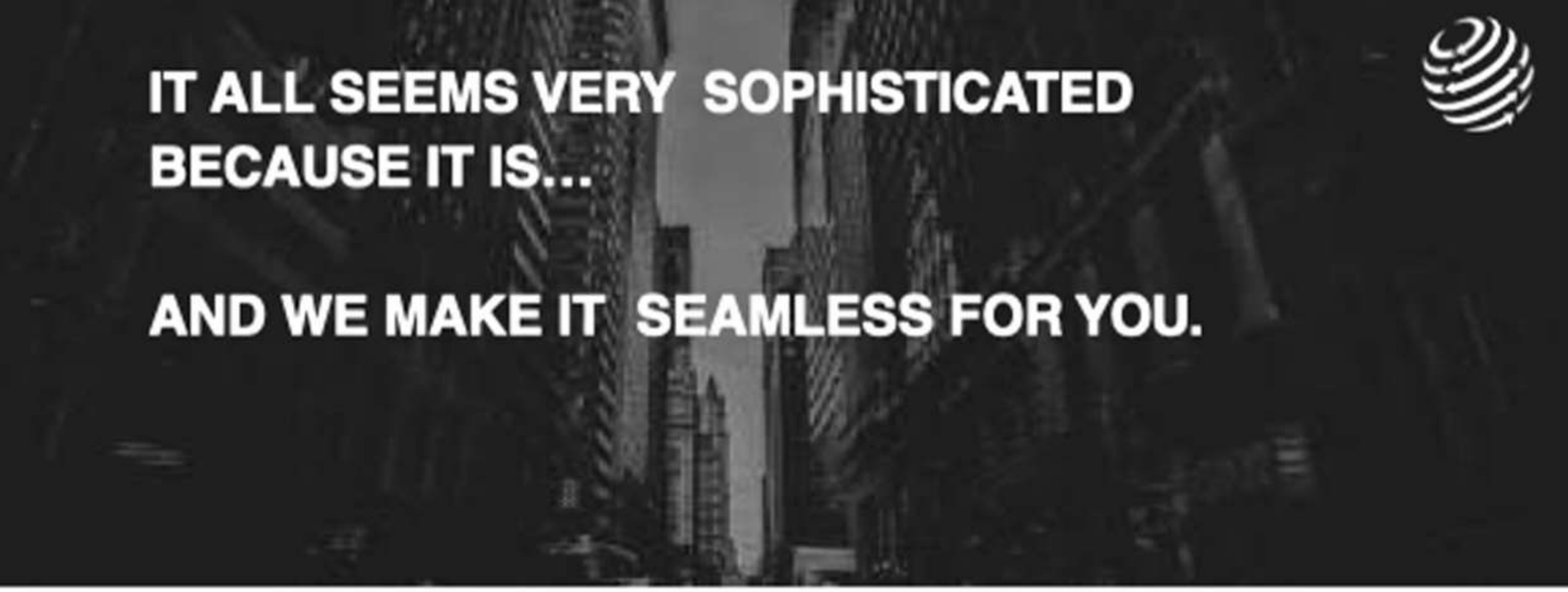
The investor must particularly ensure the suitability of an investment as regards with his/her financial situation, risk profile and investment objectives before investing.
The investor bears the risk of losses in connection with any investment.
The information contained in this magazine does not constitute any form of advice on any investment or related consequences of making any particular investment decision in any investment strategy. Each investor shall make his/her own appraisal of risk, goals, liquidity, taxes and other financial merits of his/her investment decisions.

The data has been complied on best effort basis. Source of data has been mentioned wherever it was available.

Past performance is not indicative of future results. Prices/invested sum/ investments are subject to market risks, which may result in appreciation or depreciation. Please read all Scheme related Information Documents (SID)/Key Information Memorandum (KIM), Disclosures, Risk disclaimers, PPM (Private Placement Memorandum in case of AIFs) and addendums issued from time to time and other related documents carefully before investing.

SUMMARISED DISCLAIMERS

Securities investments are subject to market risks and there is no assurance or guarantee of positive return. As with any securities investment, the value of securities can go up or down depending on the factors and forces affecting the capital markets. Past performance of the securities may not be indicative of the performance in the future. This document is for informational purposes only and should not be regarded as an offer to sell or as a solicitation of an offer to buy the securities or other investments mentioned in it. Investors are not being offered any guaranteed or indicative returns through these services. The contents of this document should not be treated as advice relating to investment matters. The material is prepared for general communication and should not be treated as research report. All investors must consult their stockbroker, banker, legal adviser, tax advisor, and other respective professional advisers before making any investment decision.



We're making countless smart decisions every day; you need to make ONE!

BOOK A CALL WITH OUR EXPERTS →

GENUINE | CREATIVE | PERSISTENT | FOCUSED | VISIONARY

Email us at contact@pmsaifworld.com or just scan the below code to contact us.

PMS AIF WORLD
High Performance Investing