



MARKET REVIEW DEC 2019

GLOBAL EVENTS

Despite the ongoing US-China trade deal dispute the global markets remained positive for the month.

In US, the Federal Reserve held interest rates steady, and indicated it likely would not raise rates in 2020. The Fed Chair pointed out that the central bank will remain strongly committed to its 2% inflation target and also reiterated it would need to see a persistent and significant rise in inflation to hike rates. For the month US markets Dow, S&P 500 and the Nasdaq Composite closed higher by 1.7%, 2.9% and 3.9% respectively.

In UK, Boris Johnson's Conservative Party secured a majority in the House of Commons. This provided Mr. Johnson a comfortable parliamentary majority to win backing for his Brexit deal and leave the EU by the end of Jan 2020. Though it reduces a significant amount of Brexit uncertainty, the U.K. could still have a hard exit from the single market and customs union at the end of 2020 if the two sides don't manage to strike a trade agreement.

A deeper-than-expected cut by OPEC and its allies (an additional 500,000 barrels per day through the first quarter of 2020, bringing the total production cut to 1.7 million barrels per day) along with fall in the US crude inventories as per the Energy Information Administration and the news on "phase-one" US-China trade deal boosted both the Brent and WTI prices which surged by 5.7% and 10.7% respectively during the month.

The lower U.S. bond yields, persistent geopolitical risks, and ongoing U.S. economic uncertainty resulted in Gold surging by 3.4% for the month.

For the year 2019, developed markets equity and precious metals have done well surpassing the emerging markets equity.

INDIAN MARKETS PERFORMANCE

Buoyed by global sentiments and significant FII inflows both the Sensex and Nifty touched historic highs during Dec'19. The month saw a FII inflow of Rs 7,338 cores. Both Nifty and Sensex closed higher by 0.9% and 1.1% respectively.

RBI maintained status quo wrt repo rate during its Dec'19 meeting and lowered its GDP growth forecast to 5.0% for FY20 from 6.1% in Oct'19 policy with projections for 2HFY20 at 4.9-5.5%. The minutes of the monetary policy revealed the adoption of a wait-and-watch strategy by all members of the monetary policy in light of concerns over inflation, expectation of improved transmission, emergence of positive developments in the economy, and union budget in Feb'20.

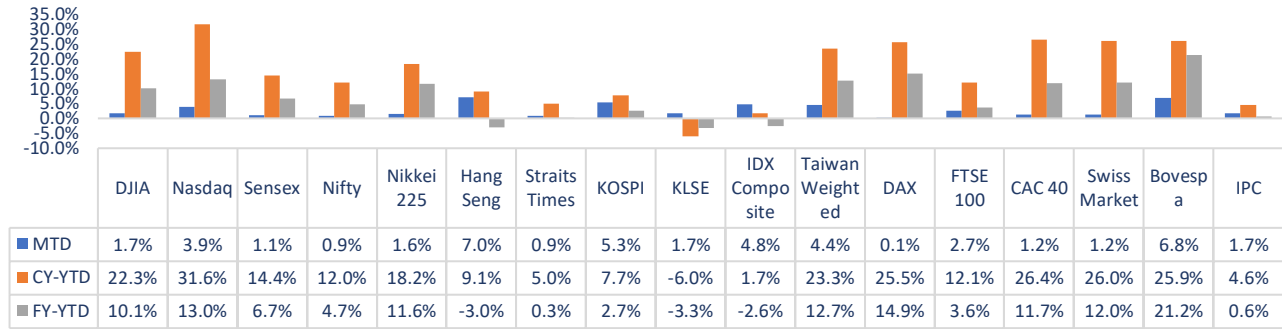
On the macro front, CPI inflation stood at 5.54% YoY in Nov'19 vs. 4.62% in Oct'19 on the back of higher food inflation. The RBI has revised its inflation forecast upwards for 2HFY20 to 5.1-4.7% from 3.5-3.7% in the Oct'19 policy.

IIP marginally improved to -3.8% YoY in Oct'19 as against -4.35% YoY in Sep'19 owing to slower contraction in manufacturing. Manufacturing PMI for Nov'19 stood at 51.2, higher than 50.6 in Oct'19, which implies rise in output but at a slow pace.

As per RBI, the gross non-performing asset (GNPA) ratio of banks fell from 11.2% in 2017-18 to 9.1% in 2018-19. The stressed assets in the Indian banking industry fell for the first time in seven years which is positive.

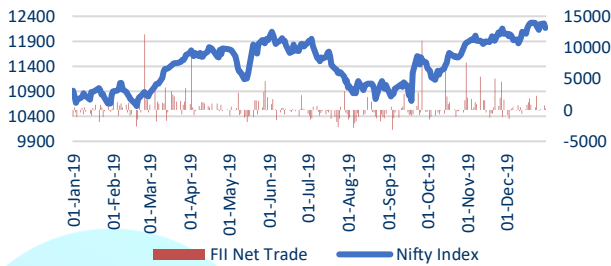
The upcoming Q3 2020 corporate earnings announcements and the highly anticipated FY20-21 Union Budget is likely to boost the market sentiments. With few IBC cases getting resolved, the financial sector is likely to post a sharp uptick in its bottomline. Pharma and Speciality Chemicals are also expected to post good growth. However Metal, Infra and IT might see a moderate growth owing to seasonality.

GLOBAL MARKETS PERFORMANCE



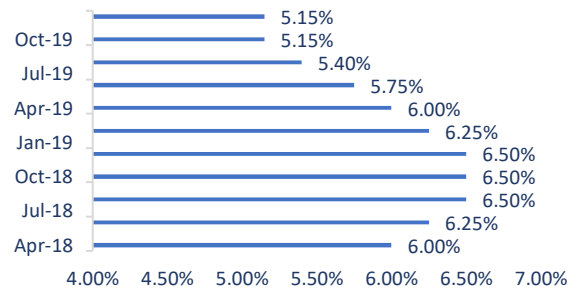
Source: Ksema Wealth

Nifty Vs FII's Trade



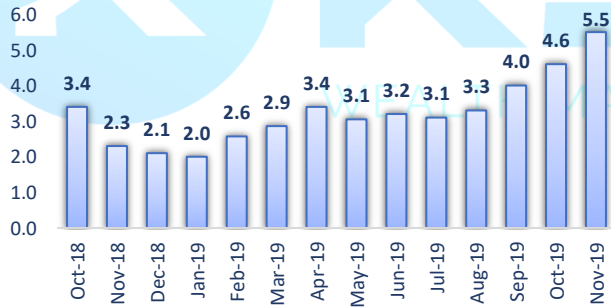
Source: NSEINDIA; SEBI

REPO Rate (%)



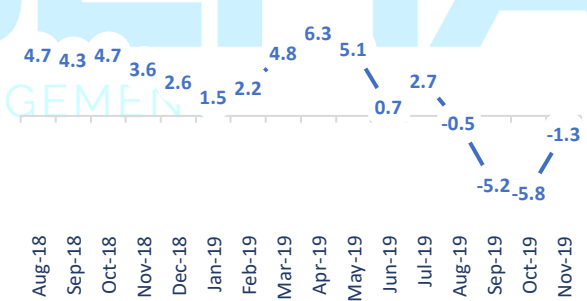
Source: RBI

Inflation (%)



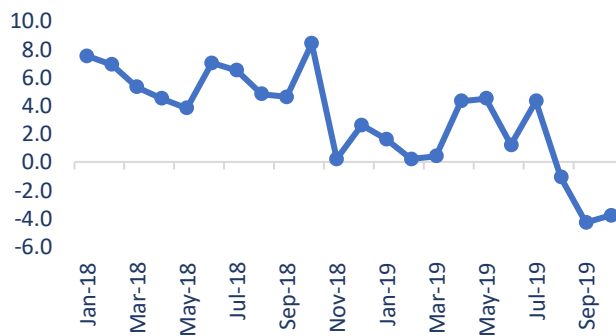
Source: DEAI

Eight Core Industries (%)



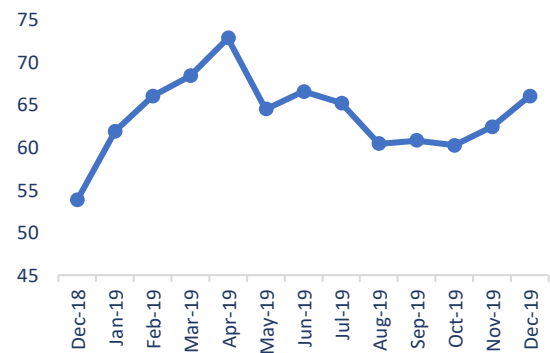
Source: DEA

IIP (%)



Source: MOSPI

Brent Crude price (\$)



Source: MOSPI

KSEMA WEALTH – ALPHA INDIA OPPORTUNITIES

DEC 2019

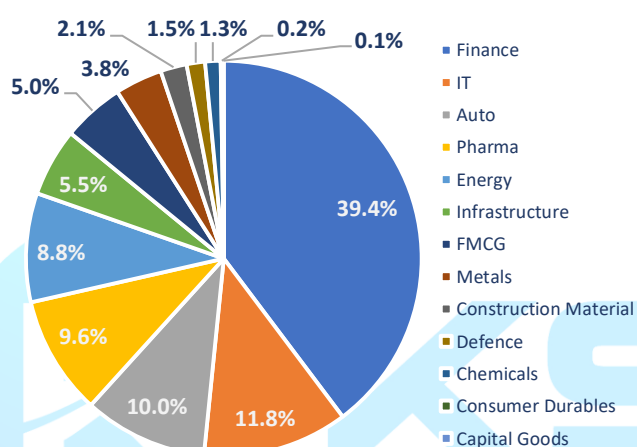
THEME

The fund seeks long-term capital appreciation by investing substantially in the equity securities of companies that are leaders in their industries/segment of industries, and which the managers believe are suitable for a buy-and-hold strategy.

RISKOMETER



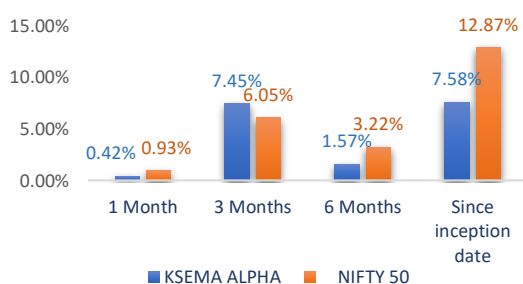
SECTORAL ALLOCATION



TOP HOLDINGS

Company Name	Holdings (%)
ICICI Bank Ltd	6.82%
Reliance Industries Ltd	6.12%
State Bank of India	5.44%
Larsen & Toubro Ltd	5.42%
HDFC	4.58%
Cash	0.67%

PERFORMANCE (%)



PERFORMANCE REVIEW

Positive global cues and a persistent FII inflows lifted the sentiments due to which the markets witnessed buying across the select large caps during the month. Our portfolio slightly underperformed as few large caps including infra and Pharma on which we are overweight, yet to see interest spreading.

MARKET CAPITALISATION (%)

Large Cap	89.6%
Mid Cap	8.8%
Small Cap	1.6%

OUTLOOK

The government has announced big ticket infra projects to an extent of \$1 trillion over next 5 years. Once the clarity emerges on the funding part the market may likely to react as certain large cap companies are set to benefit. Any positives arising out from the upcoming Q3 corporate earnings announcements and the FY 20 Budget is likely to boost the market sentiments.

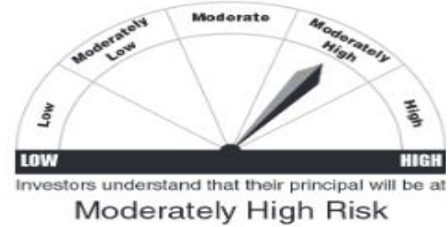
KSEMA WEALTH – MULTICAP INDIA OPPORTUNITIES

DEC 2019

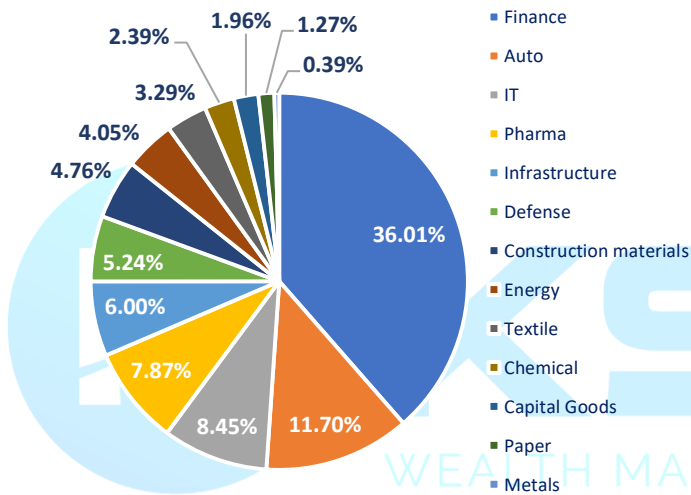
THEME

The fund seeks superior returns over long term by investing in high growth-oriented stocks that are sector agnostic

RISKOMETER



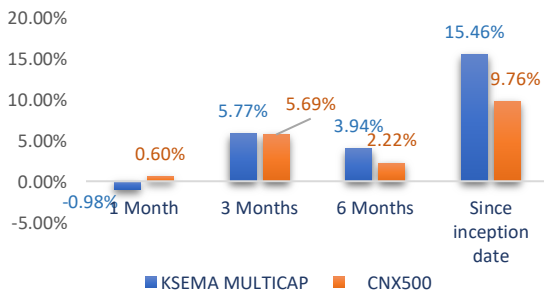
SECTORAL ALLOCATION



TOP HOLDINGS

Company Name	Holdings (%)
ICICI Bank Ltd	5.18%
State Bank of India	4.25%
Bharat Electronics Ltd	4.12%
Federal Bank Ltd	4.11%
Infosys Ltd	4.07%
Cash	6.61%

PERFORMANCE (%)



PERFORMANCE REVIEW

The month saw skewed movement in the Nifty 500 leading it to outperform the portfolio. The sectors like Pharma, Infra & Housing and midcap financials where we are invested is yet to record interest. However we are confident that the interest will spread in the months to come. The later part of the month saw the market broadening, which might continue in the coming month.

MARKET CAPITALISATION (%)

Large Cap	57.2%
Mid Cap	22.1%
Small Cap	19.6%

OUTLOOK

As stated above we expect the market to broaden in the coming month as more retail investors starting to pump in through domestic mutual funds. Also recalibration of the definition of large cap and midcap by SEBI is likely to see renewed interest in value stocks of midcap segment. We are invested in Infra, Midcap financials which are likely to benefit in this scheme of things.



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