



## MARKET REVIEW 2020: OUTLOOK 2021

### 2020- The Missing pages of History

The year 2020 began on a positive note with no semblance of what was about to come. No analyst would have predicted a deep recession in the year. The world shrunk into a shell pondering to solve one mystery –the way to come out of the pandemic that killed 1.9 million. Many economic activities were completely closed down or partially disrupted and are still weary of coming back to life. While Travel and Hospitality sectors are disrupted heavily, Pharmaceuticals and Technology have been functioning in full throttle during the pandemic period. It is a shock that will take years to resolve. The recession was the worst since World War II. The world GDP is expected to decline by 5% in 2020.

The US which saw tumultuous election and trade war stepped up its response through stimulus followed by the Federal in enlarging its accommodative stance. Many Central Banks across the world too joined the front in protecting the slide and lifting their respective economies. The Global Broad money supply grew by more than 15.6% a historic high and Global Central banks' balance sheet has grown by 15% of the GDP over last year.

Markets across the globe rejoiced the flow of liquidity with the most Equity markets posting phenomenal gains during the year. Nasdaq was the best performing market with 43%. Among all the asset classes, Silver reported best return of 48% and Oil reported a loss of 22% for the year 2020. Indian markets that slumped in March recovered sharply to close the CY20 with a gain of 15% similar to its 5-year average.

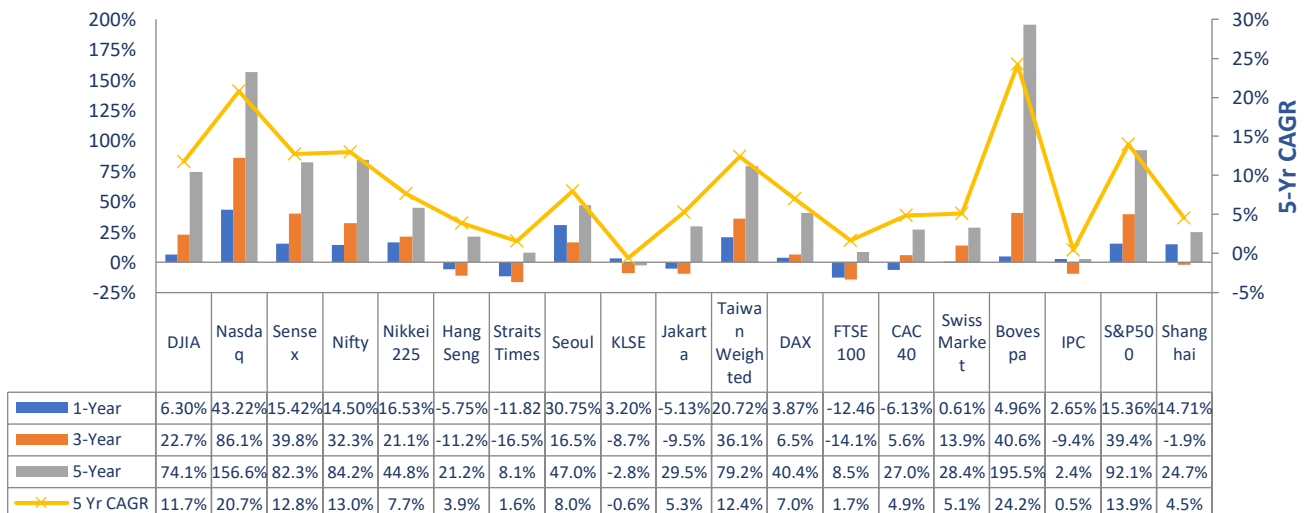
### 2021- A year of Hope, Stability and Recovery

The breakthrough in vaccination and subsequent approval for inoculation by various developed nations and India has given hope. The distribution of vaccine and its effectiveness offers promise of decline in negativity that rules. The peril of second wave still lingers as the vigor of the new strain is suspected to be severe. Amidst this the world economy is emerging from the shackles as stimulus has started hitting the ground. The commodity demand and utilization rates are showing signs of heating up. Governments and Central Banks will have to continue to do the heavy lifting until normalcy takes over.

The IMF and market analysts expect the world economy to recover by 5% in the CY21, however that will not be sufficient to wipe out the loss of last year. It may take couple of years more to put the world growth cycle in its earlier trajectory. The current reset is enabling the emerging economies particularly the demography advantaged nations like China and India to recover faster than the rest as stimulus provides cushion for provoking the demand. India is certainly in the path of "V" shaped recovery seen through high frequency data like auto numbers, PMI and Jobs growth.

The persistent policy initiatives like PLI, Aathmanirbhar and sector focussed reform initiatives of the Government will keep the economy running for the forthcoming year. Geopolitics post the pandemic will play a pivotal role in the economic prospects of few nations and India will be in the forefront of the beneficiary list.

### GLOBAL MARKETS PERFORMANCE-2020

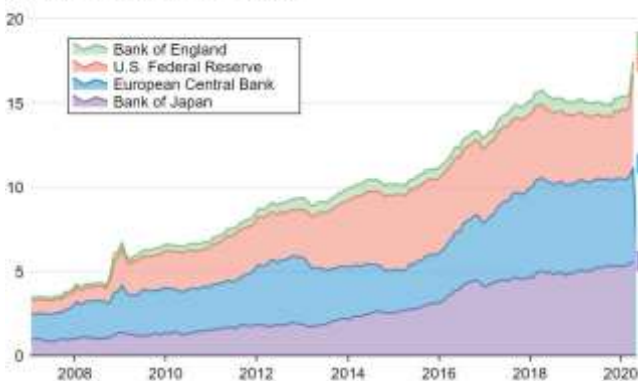


Source: Ksema Wealth

## 2020- A Mirror view

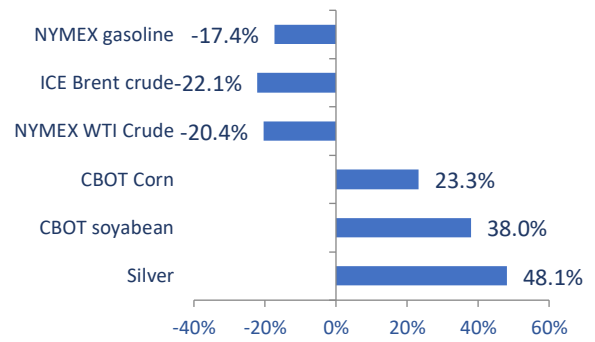
### CB Assets

Total central bank assets - \$ trillions



Source: Reuters

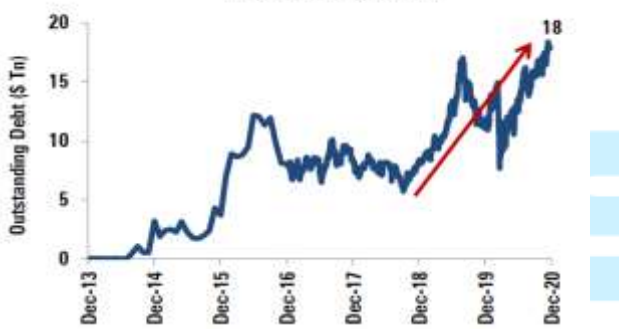
### Winners and Losers Commodities



Source: KSEMA DB

### Liquidity

#### Negative Yield (\$ Tn)



Source: Crisil

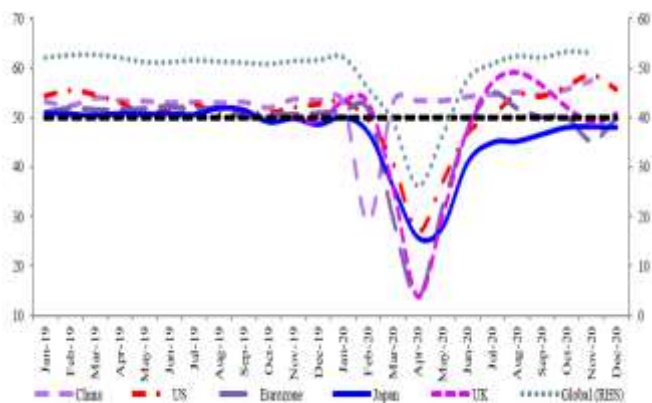
### US Treasury

#### US 3Y, 5Y, 10Y Treasury Yields (%)



Source: Edelweiss

### Global PMI Composite



Source: ICICI

### Emerging Markets – Liquidity Push



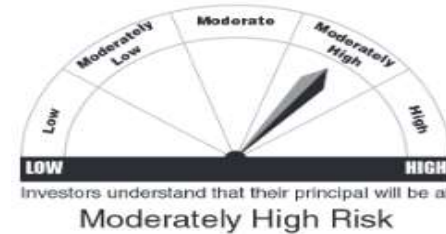
# KSEMA WEALTH – ALPHA INDIA OPPORTUNITIES

DECEMBER 2020

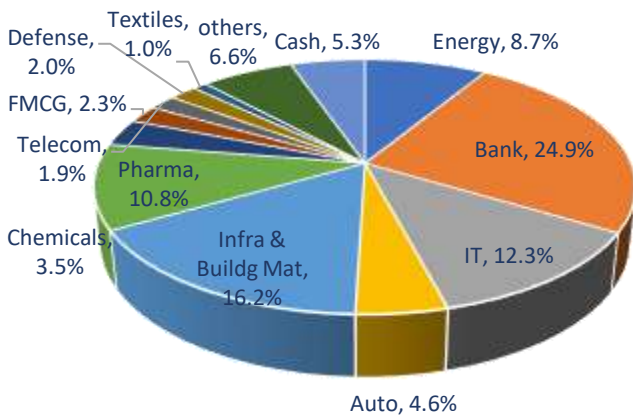
## THEME

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



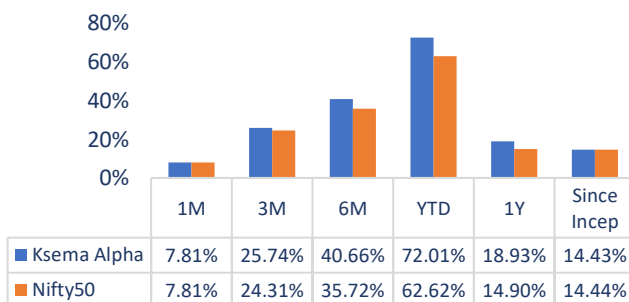
## SECTORAL ALLOCATION



## TOP HOLDINGS

Company Name	Holdings (%)
ICICI Bank Ltd	5.86%
Reliance Industries Ltd	5.59%
Infosys	4.39%
Kotak Mahindra Bank Ltd	4.23%
State Bank of India	4.13%
Cash	5.09%

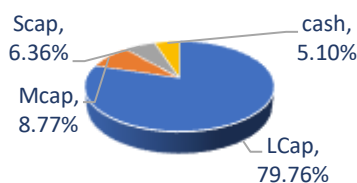
## PERFORMANCE (%)



## PERFORMANCE REVIEW

The relentless flow of FPI funds kept the market upbeat through out the month. We were broadly invested in the sectors where the interest was seen. This led to market performance of our Alpha portfolio. The banking sector has reported good credit growth albeit at the end of the quarter. Also the restructuring book is not expected to be more than 2%-2.5%. This should enable higher credit growth going forward. The high frequency data coupled with the increased expenditure enabled better eco activities and so the market reaction.

## MARKET CAPITALISATION (%)



## OUTLOOK

The upcoming year 2021 has started on a positive note with better economic situation and also on the hope of virus being kept in check. The Government is expected to pursue the reform agenda in addition to a budget that focuses on infra spending. Aathmanirbhar Bharath theme should be enhanced further into various sectors and propel the economy into its original trajectory of a sustainable 8%-10% growth.

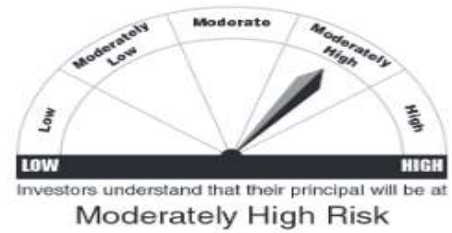
# KSEMA WEALTH – MULTICAP INDIA OPPORTUNITIES

DECEMBER 2020

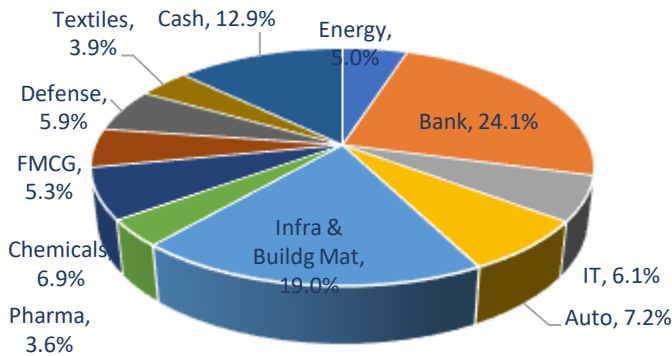
## THEME

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

## RISKOMETER



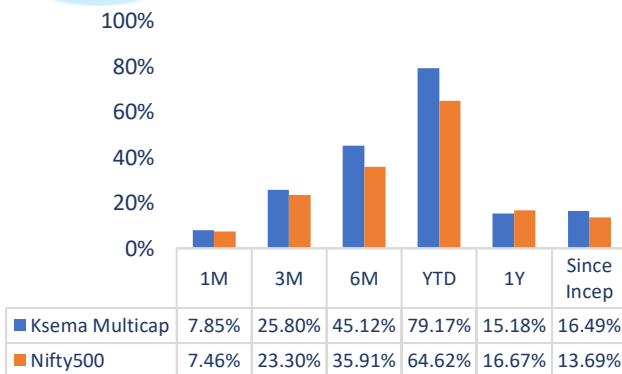
## SECTORAL ALLOCATION



## TOP HOLDINGS

Company Name	Holdings (%)
Reliance	3.48%
ICICI Bank Ltd	3.48%
Larsen & Tubro	3.35%
State Bank of India	3.28%
Tata Power	3.17%
Cash	12.62%

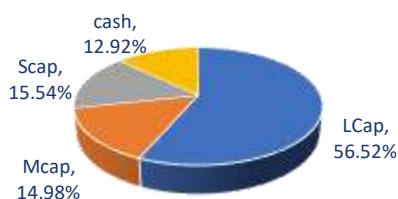
## PERFORMANCE (%)



## PERFORMANCE REVIEW

Market interest widened as domestic funds and HNIs were stock picking the stocks in the broader market with cheaper valuations. More sectors participated like defense, textiles and Chemical as we expected which enabled us to outperform. The expectation of low interest rate for longer period brought about interest in the NBFC segment too. We have realized cash and are preparing for good trading opportunity that may come by.

## MARKET CAPITALISATION (%)



## OUTLOOK

The high frequency data has clearly shown the signs of economy bottoming out. We are well positioned to capture the cycle play in sectors like Infra, Banking and select Auto. The geopolitics will take forefront once the virus is brought under control. India is well prepared to take advantage of the situation by bringing in PLI schemes and providing tax sops for Sovereign funds. The private sector participation will be predominantly seen in the second half of next financial year. Until then Government will have to do the heavy lifting.

## Alpha – India Opportunities



Past 23Months		
	Alpha	Nifty
Average Monthly return	1.45%	1.40%
Monthly maximum loss	-24.3%	-23.3%
Month of Maximum loss	Mar-20	Mar-20
Annualized Return	15.2%	14.9%
Annualized Volatility	27.2%	25.8%
% of winning months (against benchmark)	52.2%	na
% of gained months	65%	60.9%
YTD (Apr-Dec)	72.02%	62.61%
Sharpe (RF 5.8%)	0.35	0.35
Alpha	1.21%	na

## Multicap – India Opportunities



Past 23Months		
	Multicap	Nifty500
Average Monthly return	1.73%	1.37%
Monthly maximum loss	-29.6%	-24.3%
Month of Maximum loss	Mar-20	Mar-20
Annualized Return	17.4%	14.4%
Annualized Volatility	31.6%	26.3%
% of winning months (against benchmark)	63.6%	na
% of gained months	61%	60.9%
YTD (Apr-Dec)	79.17%	64.62%
Sharpe (RF 6%)	0.37	0.33
Alpha	4.86%	na

WEALTH MANAGEMENT

KSEMA WEALTH MANAGEMENT PVT LTD

THE HIVE-VR CHENNAI, 3<sup>RD</sup> FLOOR JAWAHARLAL NEHRU ROAD, THIRUMANGALAM, ANNA NAGAR, CHENNAI- 600040, TAMILNADU, INDIA.PH NO: 9500069609

[www.ksemawealth.com](http://www.ksemawealth.com)

**Disclaimer:** This presentation is for information purposes only and is not an offer to sell or a solicitation to buy any Securities. The views expressed herein are based on the basis of internal data, publicly available information & other sources believed to be reliable. Any calculations made are approximations meant as guidelines only, which need to be confirmed before relying on them. These views alone are not sufficient and should not be used for the development or implementation of an investment strategy. It should not be construed as investment advice to any party. All opinions and estimates included here constitute our view as of this date and are subject to change without notice. Neither Ksema Wealth Management Private Limited, nor any person connected with it, accepts any liability arising from the use of this information. The recipient of this material should rely on their investigations and take their own professional advice