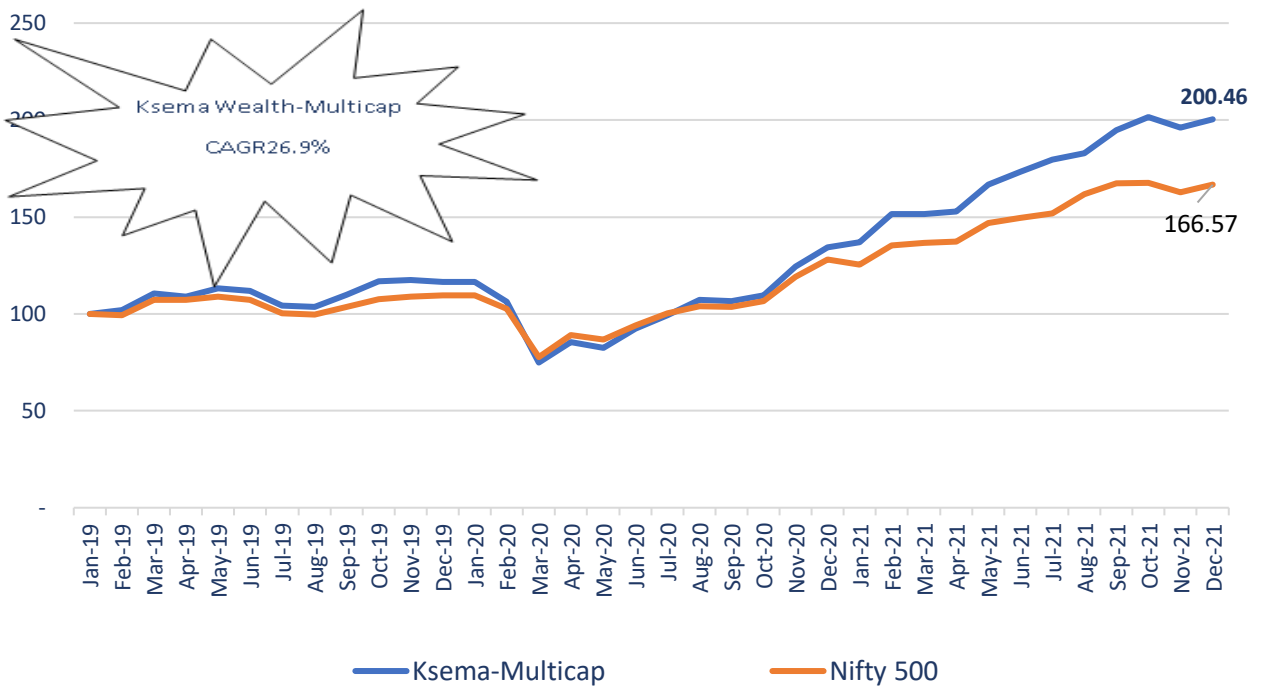
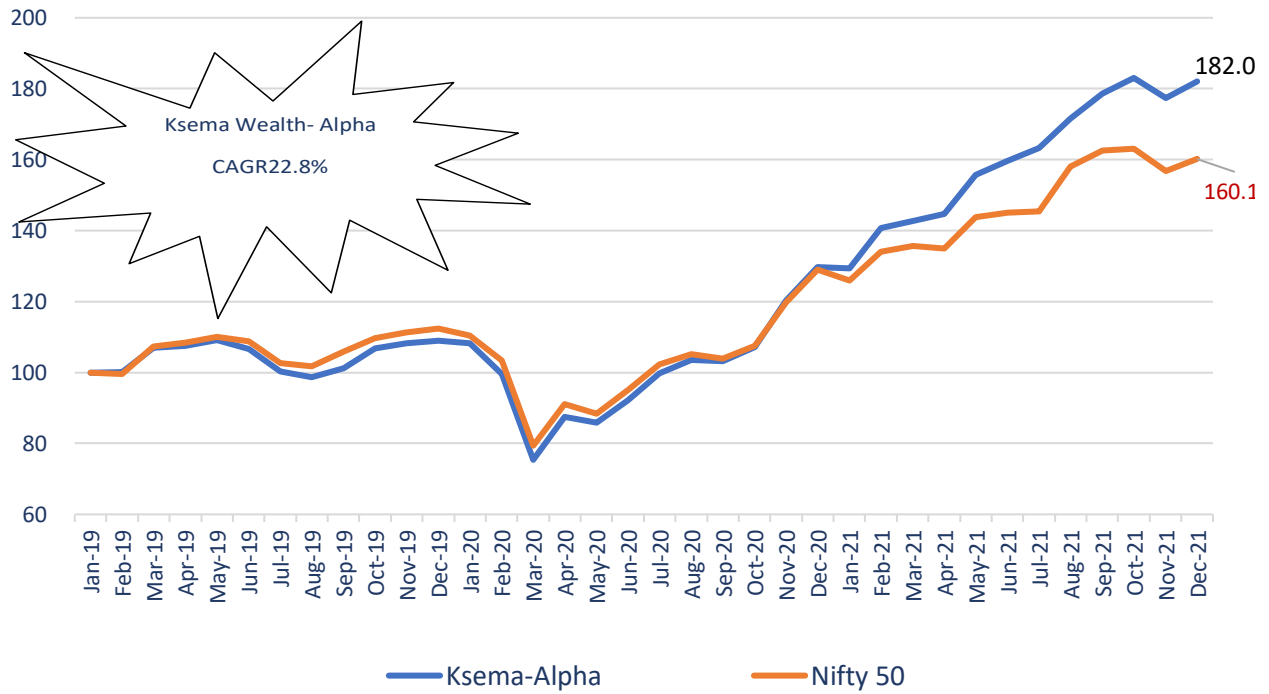




KSEMA WEALTH MANAGEMENT PVT LTD



MARKET REVIEW & OUTLOOK

Review

The year 2021 was like that of 2020, where the global activity was revolving around the situation of COVID. The policy makers were solely focussed on mitigating the risk emanating from the virus. While the Sovereign steps were to support the economic upswing, the central bankers were busy pumping in liquidity and keeping the interest rate lower.

Fuelled by the combination of liquidity and stimulus, the global economy sprung up from the pit, it hit in 2020. However, the ample liquidity and supply chain issues due to covid triggered the inflation. Also, the pent-up demand post 2020 decline led to demand supply mismatch causing price inflation. This became a cause of concern in the later part of the year as US Federal too decided to prepone the taper and eventual rate increase into early 2022.

All asset classes saw improvement in the year 2021 except select emerging market equities and precious metals. The potential change of interest rate scenario led to switching of funds from emerging markets to developed markets- both bonds & equities. US Equities and Crypto currencies were the most sought after during the year. Though more than half the market players are sceptical on its existence, Crypto currencies reported a gain of about 60% resulting in a CAGR of 2X in the past 10 years. The pent-up demand and economic activity boosted the demand for metals that returned 37% for the year.

Indian Markets stood out among the emerging markets owing to better handling of the Covid situation -top down. The concerted efforts of the Govt and RBI limited the damage and corporates recovered swiftly and took control of the steering. Markets returned more than 20% making one of the attractive destinations.

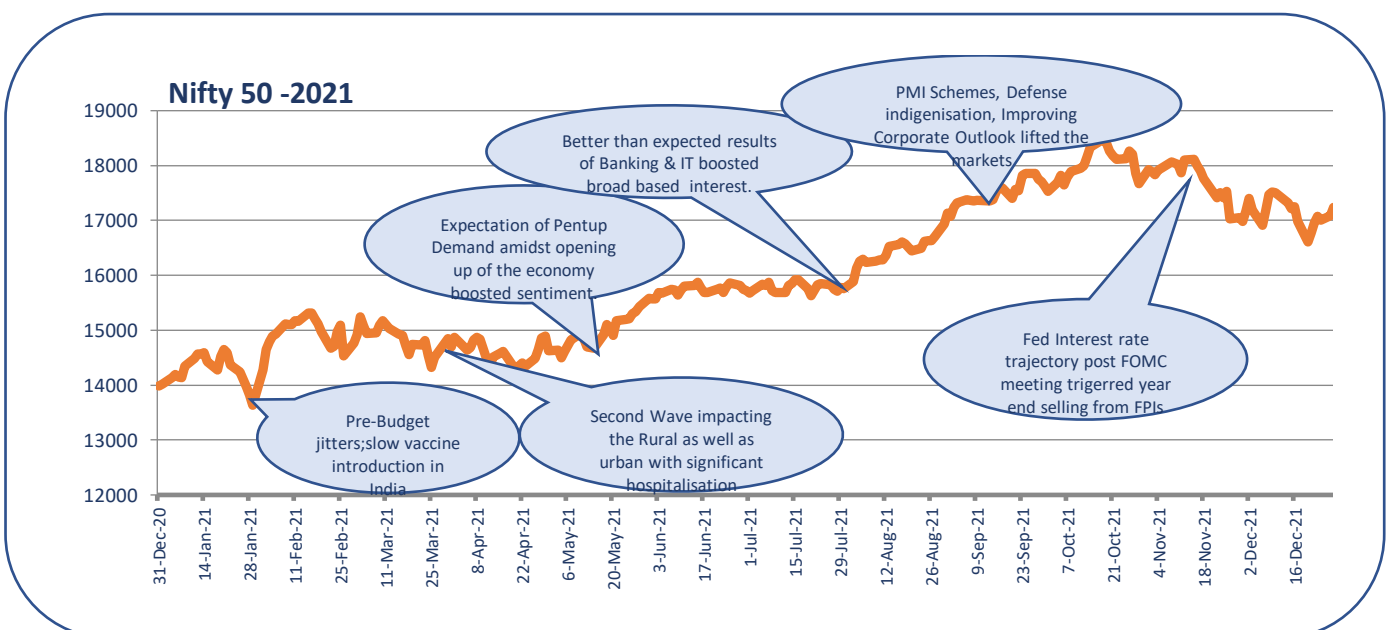
Outlook

According to IMF latest estimates, the global growth is estimated to be 4.1% in 2022. The threat to this projection lies in the nature of the Virus mutants and its impact in certain heavy weight geographies. The growth is going to be led by the emerging economies followed with the developed world. Despite the pull-out of liquidity by certain central banks the growth path seems to be achievable.

However, the promising growth is likely to be amidst the relatively high inflation scenario. This is likely to persist until the supply bottleneck completely ease and meets the demand. Tight balances across industrial metals and energy shows the commodity sector continuing its good performance in the coming year too. The Oil sector is to see a sustained higher price range amidst higher production compared to previous year.

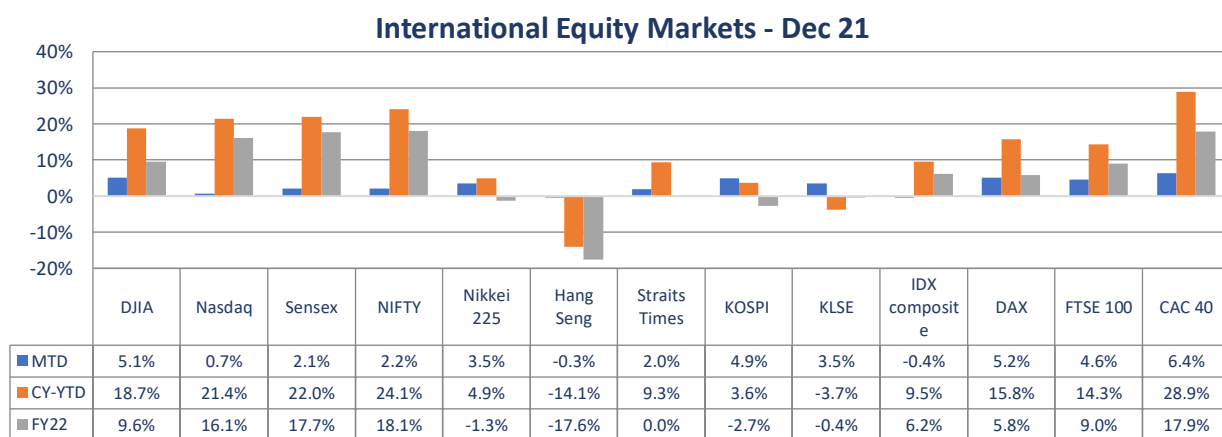
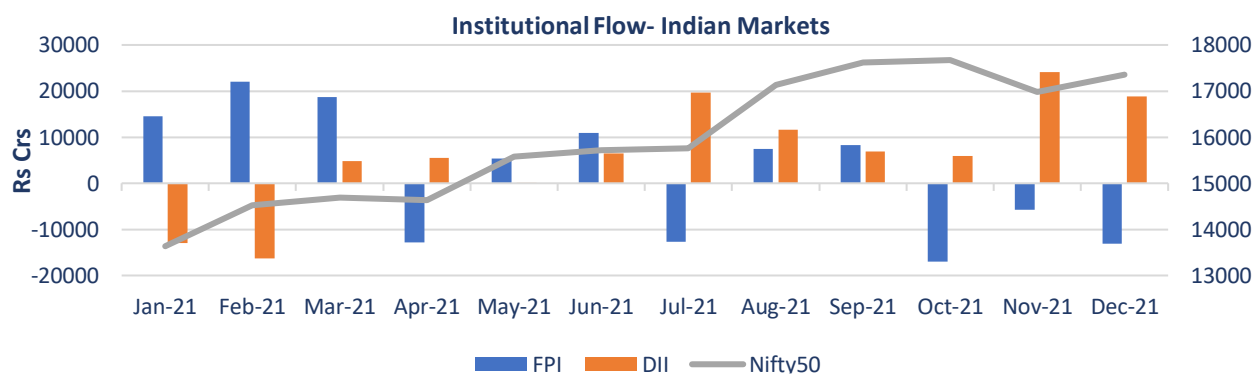
Two themes are likely to accelerate in the coming year as that of Web 3.0-driven by digitation, adoption of blockchain other than crypto across the business /social sectors and approach towards Net Zero. The first is expected to bring in efficiency and cohesiveness across the borders. Techno savvy India is likely to play a significant role in the process and would attract sustainable investment in this field. The second is however tricky, as the developed world that have ventured into the same, might experience prolonged inflation and investment flows will be diverted from high growth areas to sustenance that might cost dearly in the near term.

The combination of the low interest rate, strong growth of 8% in FY23, valuation of 21X FY22 and 19X FY23 driven primarily by cyclical-Banking, Infra & Technology makes a compelling call for investments into Indian Equities in comparison to other asset classes.



2021 in Charts

| Asset Class Returns - 2011 to 2021 | | | | | | | | | | | | CAGR (2011-2021) |
|------------------------------------|-------|------|-------|------|------|------|-------|------|------|------|------|---------------------|
| Asset Class | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | |
| Commodities | 3% | 4% | -8% | -28% | -28% | 19% | 5% | -12% | 12% | -8% | 37% | -2.1% |
| US REIT | 9% | 18% | 2% | 30% | 2% | 9% | 5% | -6% | 29% | -5% | 34% | 10.8% |
| BTC | 1473% | 186% | 5507% | -58% | 35% | 125% | 1331% | -73% | 95% | 301% | 59% | 196.3% |
| US Small Caps | -4% | 17% | 39% | 5% | -5% | 22% | 15% | -11% | 25% | 20% | 11% | 11.2% |
| US Large Caps | 2% | 16% | 32% | 14% | 1% | 12% | 22% | -5% | 31% | 18% | 25% | 14.7% |
| US Nasdaq | 3% | 18% | 37% | 19% | 10% | 7% | 33% | 0% | 39% | 49% | 21% | 20.6% |
| EAFE Stocks | -12% | 19% | 21% | -6% | -1% | 1% | 25% | -14% | 22% | 8% | 8% | 5.6% |
| EM Stocks | -19% | 19% | -4% | -4% | -16% | 11% | 37% | -15% | 18% | 17% | -5% | 2.2% |
| Preferred Stocks | -2% | 18% | -1% | 14% | 4% | 1% | 8% | -5% | 16% | 8% | 5% | 5.9% |
| High Yield Bonds | 7% | 12% | 6% | 2% | -5% | 13% | 6% | -2% | 14% | 5% | 3% | 5.3% |
| TIPS | 13% | 6% | -9% | 4% | -2% | 5% | 3% | -1% | 8% | 11% | 5% | 3.7% |
| US Cash | 0% | 0% | 0% | 0% | 0% | 0% | 1% | 2% | 2% | 0% | 0% | 0.4% |
| EM Bonds (USD) | 8% | 17% | -8% | 6% | 1% | 9% | 10% | -6% | 16% | 5% | -3% | 4.8% |
| Investment Grade Bonds | 10% | 11% | -2% | 8% | -1% | 6% | 7% | -4% | 17% | 11% | -1% | 5.4% |
| US Total Bond Market | 8% | 4% | -2% | 6% | 1% | 3% | 4% | 0% | 9% | 8% | -1% | 3.3% |
| Gold | 10% | 7% | -28% | -2% | -11% | 8% | 13% | -2% | 18% | 25% | -5% | 1.9% |
| Long Duration Treasuries | 34% | 3% | -13% | 27% | -2% | 1% | 9% | -2% | 14% | 18% | -3% | 7.0% |



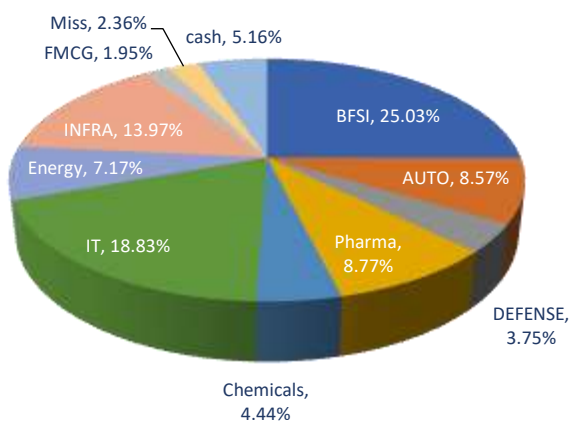
KSEMA WEALTH – ALPHA INDIA OPPORTUNITIES

December 2021

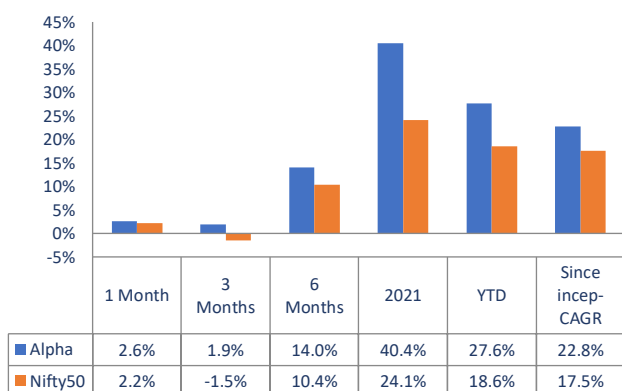
THEME

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.

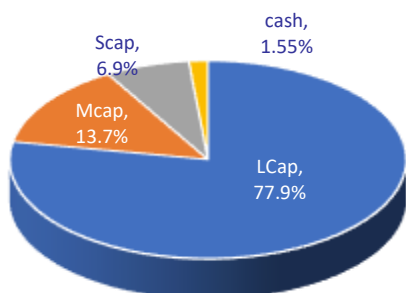
SECTORAL ALLOCATION



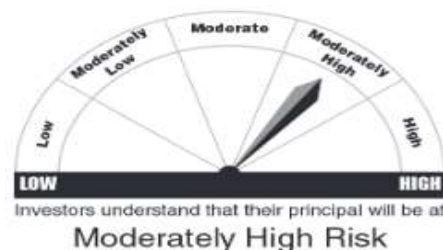
PERFORMANCE (%)



MARKET CAPITALISATION (%)



RISKOMETER



TOP HOLDINGS

| Company Name | Holdings (%) |
|-------------------------|--------------|
| ICICI Bank Ltd | 5.8% |
| State Bank Of India | 5.7% |
| Larsen & Toubro Ltd | 5.4% |
| Reliance Industries Ltd | 5.3% |
| Infosys Ltd | 4.8% |
| Cash | 4.9% |

Performance Review

The high concentration of large cap stocks enabled outperformance. The later part of month witnessed frantic buying in the banking stocks where we are overweight. Also select pick in textiles and auto ancillaries too saw specific interest that boosted our portfolio performance. As we turned cautious on the NBFC segment owing to new provision norms, we lightened our portfolio exposure and built cash.

OUTLOOK

The New Year will see higher allocation to the Indian market by the FPIs due to the potential growth that it promises. Global Indian companies too have shown resilience in the crisis year and have converted the situation to its advantage. Pharma and IT have spread its wings deep into US & Europe, while Banks have cleaned its book and are ready for a new journey. India will trade at slight premium to the rest of the world due to its unique strength.

KSEMA WEALTH – MULTICAP INDIA OPPORTUNITIES

December 2021

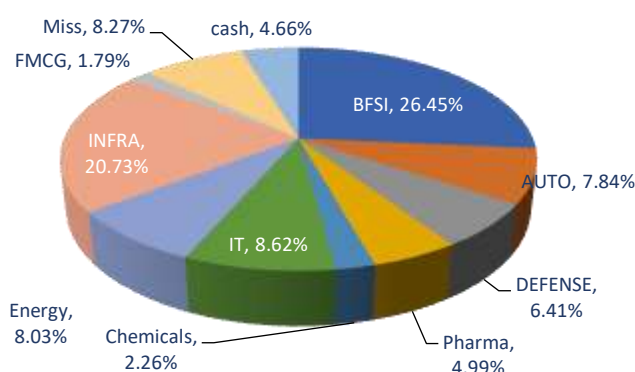
THEME

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

RISKOMETER



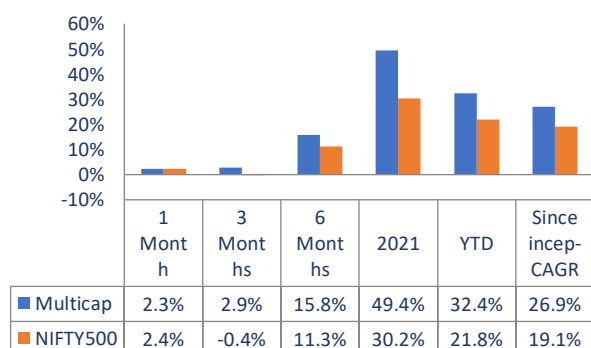
SECTORAL ALLOCATION



TOP HOLDINGS

| Company Name | Holdings (%) |
|-------------------------|--------------|
| State Bank of India | 4.69% |
| Larsen & Toubro Ltd | 4.42% |
| Reliance Industries Ltd | 4.06% |
| ICICI Bank Ltd | 4.05% |
| Axis Bank Ltd | 3.50% |
| Cash | 8.8% |

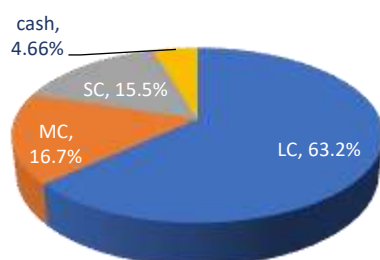
PERFORMANCE (%)



PERFORMANCE REVIEW

The portfolio was in par with the benchmark as the broader market saw year end selling. The apt mix of large cap in the portfolio enabled to keep up to the benchmark returns. The textile, auto ancillaries and banks narrowed the gap. We used the opportunity to rotate sectors, by increasing the weight in Banks and reducing in NBFCs. Also booked profits in select multi baggers owing to the stretched valuations.

MARKET CAPITALISATION (%)



OUTLOOK

With the fundamentals improving and foreign flow returning, we feel the large caps will continue to outperform. The Third quarter results are once again likely to be in favor of large caps as commodity inflation still keeps margins of the mid/small cap companies in check. The Supply bottleneck is likely to loosen in the coming quarter, the initial indication of which will boost Auto ancillaries in particular and export driven sectors in general.

KSEMA WEALTH – PERFORMANCE ANALYSIS

December 2021

| KSEMA WEALTH ALPHA- INDIA OPPORTUNITIES | | | KSEMA WEALTH MULTICAP- INDIA OPPORTUNITIES | | |
|---|--------|----------|--|----------|----------|
| | Alpha | Nifty 50 | | Multicap | Nifty500 |
| Average Monthly return | 1.95% | 1.56% | Average Monthly return | 2.32% | 1.68% |
| Monthly maximum loss | -24.3% | -23.3% | Monthly maximum loss | -29.6% | -24.3% |
| Month of Maximum loss | Mar-20 | Mar-20 | Month of Maximum loss | Mar-20 | Mar-20 |
| Annualized Return | 22.8% | 17.5% | Annualized Return | 26.9% | 19.1% |
| Annualized Volatility | 22.9% | 22.0% | Annualized Volatility | 26.6% | 22.3% |
| % of winning months (against benchmark) | 65.7% | na | % of winning months (against benchmark) | 65.7% | na |
| % of gained months | 71% | 65.7% | % of gained months | 71% | 68.6% |
| YTD | 27.64% | 18.11% | YTD | 32.36% | 21.78% |
| Sharpe (RF 6%) | 0.72 | 0.51 | Sharpe (RF6%) | 0.78 | 0.58 |
| Alpha | 6.24% | na | Alpha | 10.58% | na |

KSEMA WEALTH MANAGEMENT PVT LTD

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