



KSEMA WEALTH MANAGEMENT PVT LTD

Ksema Wealth- Alpha

CAGR 19.5%

Ksema Wealth-Multicap

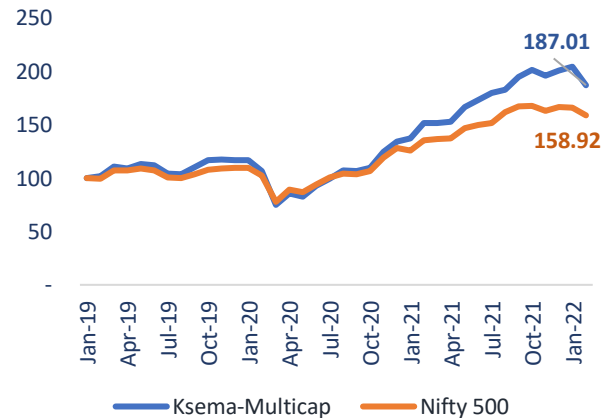
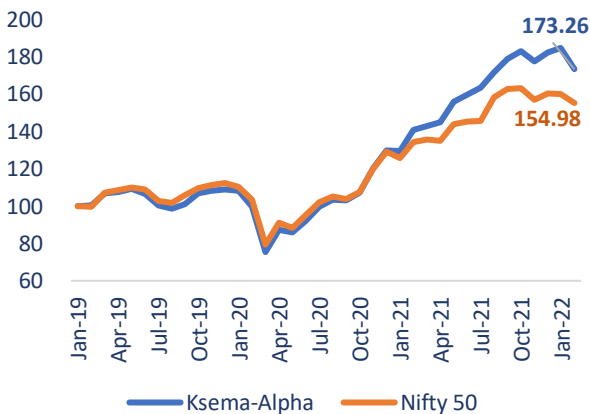
CAGR 22.5%

KSEMA WEALTH ALPHA- INDIA OPPORTUNITIES

	Alpha	Nifty 50
Average Monthly return	1.72%	1.39%
Monthly maximum loss	-24.3%	-23.3%
Month of Maximum loss	Mar-20	Mar-20
Annualized Return	19.5%	15.3%
Annualized Volatility	22.8%	21.6%
% of winning months (against benchmark)	64.9%	na
% of gained months	70%	62.2%
YTD	21.46%	14.30%
Sharpe (RF 6%)	0.57	0.41
Alpha	5.10%	na

KSEMA WEALTH MULTICAP- INDIA OPPORTUNITIES

	Multicap	Nifty500
Average Monthly return	2.02%	1.47%
Monthly maximum loss	-29.6%	-24.3%
Month of Maximum loss	Mar-20	Mar-20
Annualized Return	22.5%	16.2%
Annualized Volatility	26.6%	21.9%
% of winning months (against benchmark)	64.9%	na
% of gained months	70%	64.9%
YTD	23.47%	16.19%
Sharpe (RF 6%)	0.60	0.44
Alpha	8.50%	na



MARKET REVIEW & OUTLOOK

Global

On February 24, Russia invaded Ukraine causing all the major markets across the world to turn red. However, the less than severe initial sanctions, no direct military involvement by US and EU, and possibility of a quick end to military conflict resulted in markets recovering from the fall a day later.

Major economies such as US, UK, EU, and Canada have indicated their support for Ukraine but will not engage in direct military combat with Russia. Though some nations such as India, China, Brazil, and South Africa continue to take a neutral stance in the ongoing 'Russia-Ukraine' conflict, the list of countries condemning Russia and imposing new sanctions grows with South Korea and Singapore being new additions.

US and EU continue to announce new sanctions against Russia aimed at creating an economic gridlock for Russia, thereby forcing them to undo their actions. The most prominent sanction imposed on Russia is the SWIFT ban aimed to remove Russia from the international finance system and paralyse its banking system. Despite the increasing list of sanctions being imposed, the investment community is divided on the impact of the sanctions considering Russia's ability to circumvent them and the reliance on Russia's energy and exports by major economies.

On 24th February, the MOEX Russia Index fell from 3084 to 2058, registering a 33% decline. Since 28th February, the Moscow Stock Exchange has been closed until they assess the feasibility of reopening. MSCI plans to remove Russian listings from indexes citing the Russian stock market as "un-investable" and BlackRock plans to stop issuing new shares of its iShares MSCI Russia ETF citing the "significant declines" and diminished liquidity of its stocks. On the currency front, the Rouble depreciated 36% against the Euro and 38% against the US dollar in four days since the war. Despite having an estimated \$630 bn in forex reserves, the imposed sanctions have prevented the central bank from supporting the Rouble. The central bank increased its key interest rate from 9.5% to 20% in order to address concerns of bank run, rouble depreciation, and inflation.

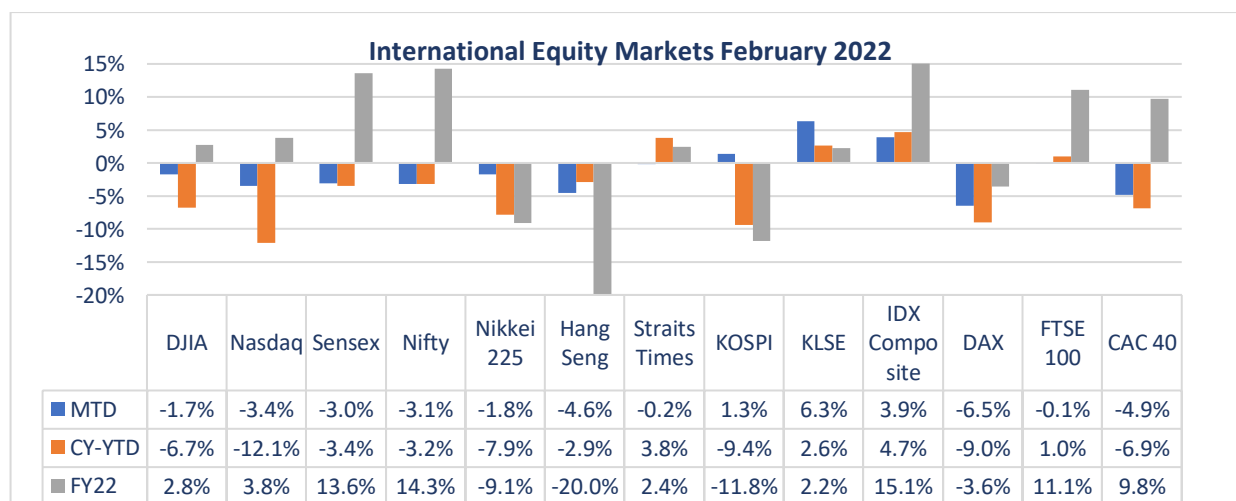
India

In February, the Sensex nosedived before intensifying its fall on 24th February and then recovered mildly as less than severe initial sanctions and visibility of a quick end to military conflict did not hurt market sentiments. The effect of the 'Russia-Ukraine' war need not be discounted by market participants. For instance, during the Kargil War 1999, the market only felt the pain for three days as the Sensex fell from 4,074 on 26th May 1999 to 3,773 on 28th May 1999, registering a fall of 7.4%, before recovering 5% the next trading day and continued an upward journey.

The impact of trade with Russia and Ukraine is expected to be minimal. As per the Ministry of Commerce, in FY20 Russian accounted for 0.96% of India's exports and 1.49% of imports and Ukraine accounted for 0.15% of India's exports and 0.43% of imports.

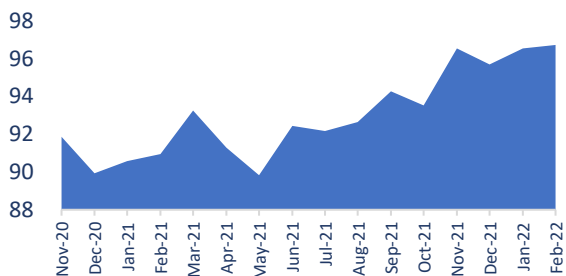
India's GDP growth for FY22 is revised to 8.9% from 9.2%. This downward revision has been attributed to the loss of economic activity in the last few months due to the impact of the Omicron variant, especially in contact-intensive sectors and expected slowdown in Q4FY22. The Q3FY22 GDP stood at INR 38.2 lakh cr, registering a 5.4% growth compared to market expectation of 5.9%. The less than expected growth can be attributed to weakness in rural demand and building inflationary pressure. The CPI inflation for India stood at 6.01% in January. The rising inflation coupled with lower-than-expected growth rate could present new challenges in terms of raising interest rates and following an expansionary fiscal policy.

The biggest concern for India is the impact of Russia-Ukraine war on oil prices and dollar. Post the Russian invasion, oil began to jump as high as \$115/bbl and form new support levels above \$110. This is negative for countries such as India as every \$10/bbl increase in oil price is likely to increase inflation by 25 bps and widen CAD as percentage of GDP by 35 bps. The strengthening dollar and unsupportive interest rate differential could further depreciate the rupee.

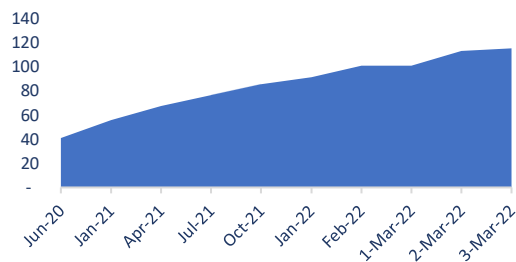


CHARTS OF THE MONTH

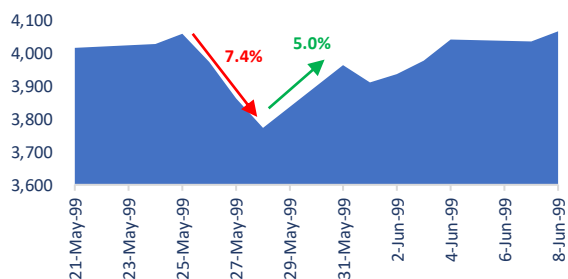
USD Index



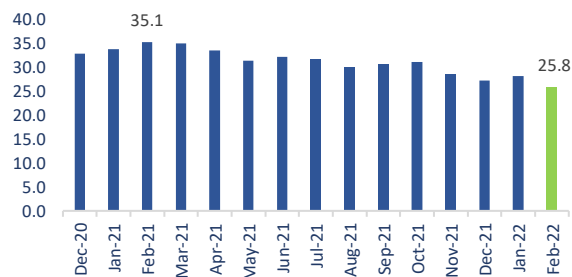
Crude oil (USD/barrel)



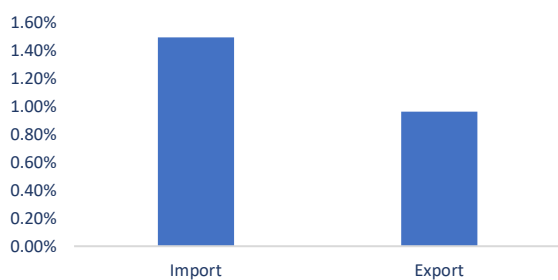
Sensex during Kargil War



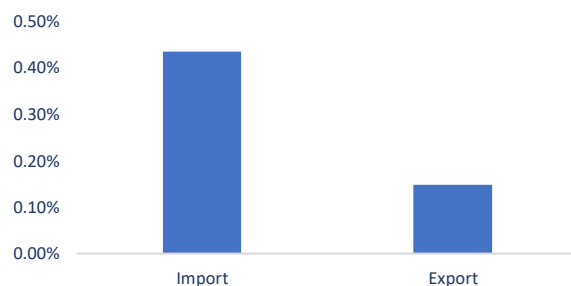
Sensex PE



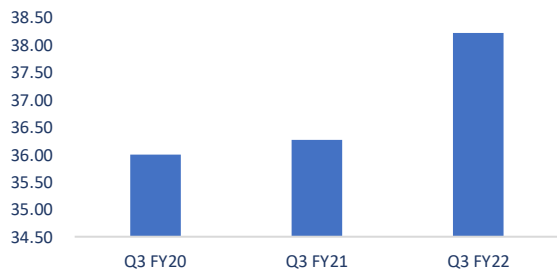
FY20: India's Trade with Russia



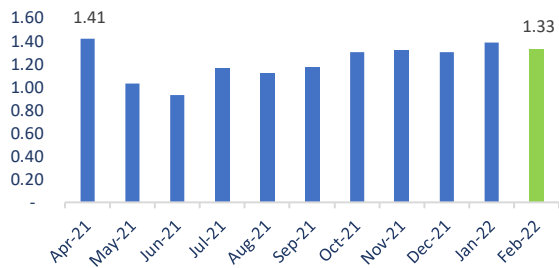
FY20: India's Trade with Ukraine



GDP (Lakh cr)



GST Collection (Lk cr)



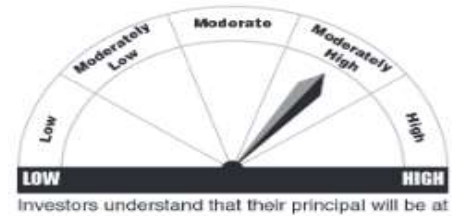
KSEMA WEALTH – ALPHA INDIA OPPORTUNITIES

February 2022

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.

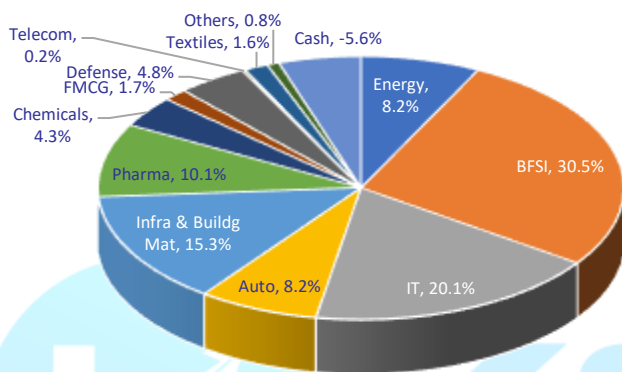
RISKOMETER



Moderately High Risk

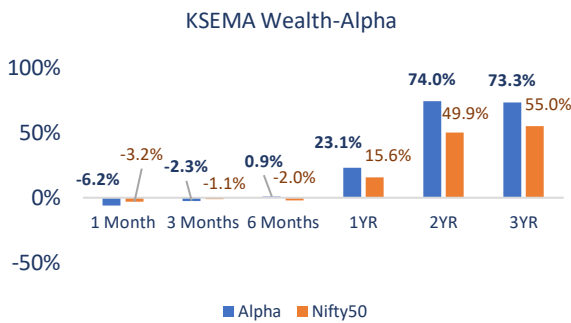
TOP HOLDINGS

SECTORAL ALLOCATION



Company Name	Holdings (%)
ICICI Bank Ltd	6.03%
Larsen & Toubro Ltd	5.86%
State Bank of India	5.75%
Reliance Industries Ltd	5.58%
Infosys Ltd	4.89%
Cash	3.69%

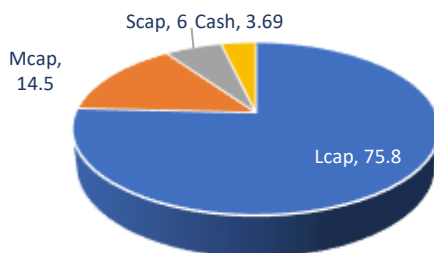
PERFORMANCE (%)



Performance Review

The portfolio underperformed the benchmark owing to wild movements in the broader market due to panic on war impact. Across the market we saw volatility increasing and FII pulling out in large numbers. As seen above the war impact in the recent history has been temporary and this time is not going to be different considering India's external position.

MARKET CAPITALISATION (%)



OUTLOOK

While we are emerging out of the pandemic, the geopolitics is hindering the path of normalcy. However, the impact of the conflict is likely to be limited from India's point of view barring the crude prices. Though the sanctions are wide rung on Russia, the Oil supply is likely to be unaffected. We feel the conflict will come to an end within few weeks and once again market will get back to fundamentals. We are deploying the cash to take advantage of the situation.

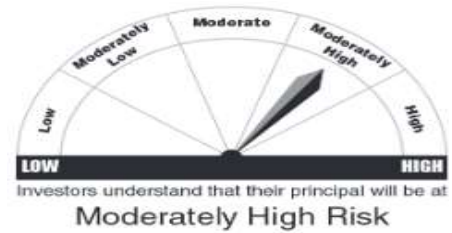
KSEMA WEALTH – MULTICAP INDIA OPPORTUNITIES

February 2022

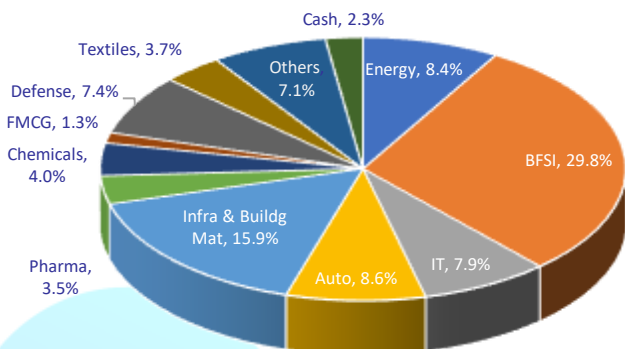
THEME

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

RISKOMETER



SECTORAL ALLOCATION

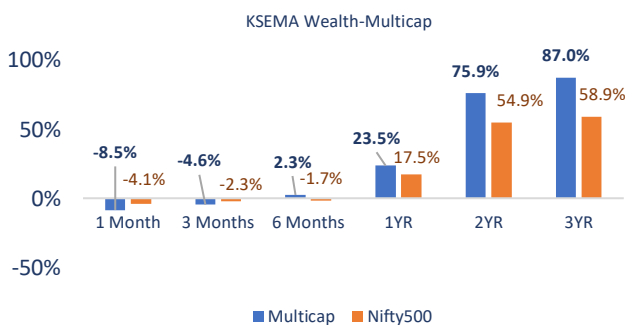


TOP HOLDINGS

Company Name	Holdings (%)
State Bank of India	5.56%
ICICI Bank Ltd	5.33%
Larsen & Toubro Ltd	4.93%
Axis Bank Ltd	4.81%
Reliance Industries Ltd	4.35%
Cash	2.30%

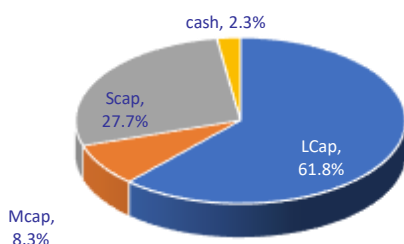
PERFORMANCE (%)

PERFORMANCE REVIEW



The portfolio underperformed the benchmark as the mid and small cap stocks were affected by the panic selling. However, we feel it is temporary and the sentiments will improve once ceasefire is achieved. We are invested in fundamentally good stocks that are in the driving path of the growth and feel the recovery will be swift.

MARKET CAPITALISATION (%)



OUTLOOK

The margin impact of the commodity dependent companies was the main cause of the moderate results in the previous quarter. This might still be an issue in the fourth quarter, however there is no threat to the revenue growth as demand situation is still robust. With BFSI doing well apart from IT and Construction, one can still accumulate in these sectors. The visibility of the growth in the coming year is bright and the current correction augurs well for fresh or additional investment.



KSEMA

WEALTH MANAGEMENT

KSEMA WEALTH MANAGEMENT PVT LTD

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

www.ksemawealth.com

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