KSEMA WEALTH MANAGEMENT PVT LTD

MARKET REVIEW JULY 2020

GLOBAL MARKETS

Global equity markets continue to take solace from the fact that Governments and central banks appear to be working together to alleviate the impact of the virus-inspired recession and support ailing economies. In the face of what is the deepest global recession in living memory, equity markets continue to run higher. The focus seems to be on policy support and improved economic momentum, yet earnings seemed destined to disappoint for the near term.

July provided further evidence that economic activity has improved since lockdowns were lifted, but high-frequency data pointed to a pause in the recovery, particularly in the US. The pace of increase in new infections also rose in most regions from the start of July, but appeared to slow towards the end of the month in the US, while rising, from much lower levels, in Europe and Japan. Hopes for a vaccine were boosted by positive early-stage trial results. Over the month, the MSCI Emerging Markets equity index rose by 9.0% and MSCI Developed Markets by 4.8%.

Europe looked to have managed the virus better than many other regions in the second quarter, though there are some concerns about rising cases more recently. Activity has been rising across the region, particularly in Germany, given new infections had remained low for some time. However, a recent outbreak in Spain, coming just before the peak of the summer tourist season, has cast some doubt over the potential for a swift economic recovery. The risk of an increase in Covid cases as economies reopen is leading to a potentially more stop-start and geographically differentiated recovery, though an effective vaccine would clearly be a strong catalyst for a more sustained economic rebound.

The increase in new cases in Brazil and India continued throughout July. In China, GDP for the second quarter grew by 3.2% year on year. Travel app data shows that mobility in China and South Korea has recovered well without a significant rise in cases. Both countries appear to show, at least so far, that a recovery is possible without a vaccine if the virus can be brought under control with other measures. The race for a Virus registration increases hopes with atleast five of them passing the phase 2 tests.

INDIAN MARKETS

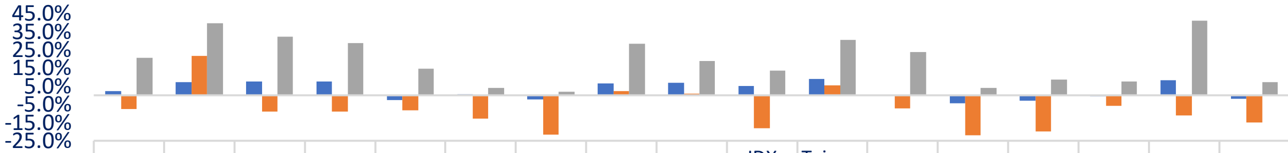
The Indian markets were buoyant in the month of July, Nifty reported a return of 7.5%. The Global factors continue to influence the market with the FPI participation of Rs. ~7.5K Crores in the month of July. Amidst this both Nifty and Sensex closed higher by 32.2% and 28.8% respectively since the start of the financial year.

In an otherwise bleak environment, rural recovery has emerged as a bright spot supported by two healthy crop cycles, timely onset of monsoons, healthy reservoir levels and expectation of healthy Kharif output, besides government’s support measures. The fact that rural and semi urban remained relatively insulated from the pandemic has also aided this resilience, though recent cases of penetration of the virus into the hinterlands poses some concerns.

The high frequency data points up to July 2020 provides some encouraging cues of gradual , yet uneven recovery across different sectors relative to the trough experienced in April 2020. For instance, from a situation of virtually no sales in April 2020, the sale of PV and two-wheelers have touched almost 85% and 60% of Pre-covid levels in July. However, the recovery in some sectors is likely to be prolonged , giving continuing concerns in underlying demand. The travel and hospitality sector would face prolonged disruptions from the pandemic , given apprehensions regarding travel. This was also visible in the trend in airplane passenger traffic, which remain subdued at 20% of pre-covid levels in July.

As expected we saw some of the major Indian companies posting their quarterly results with significant decline in revenue and earnings. However some of the companies in the IT, Pharma, select financial were above expectations. The rest of the year is primarily dependent on the Governments Fiscal measures, the potential vaccine, the continuing high liquidity situation and the consumption in the rural segment.

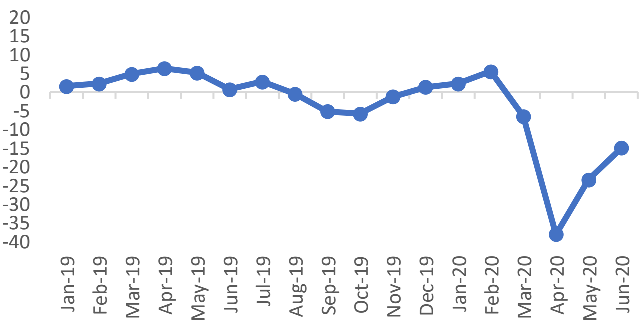
GLOBAL MARKETS PERFORMANCE



	DJIA	Nasdaq	Sensex	Nifty	Nikkei 225	Hang Seng	Straits Times	KOSPI	KLSE	IDX Composite	Taiwan Weighted	DAX	FTSE 100	CAC 40	Swiss Market	Bovespa	IPC
MTD	2.4%	7.4%	7.7%	7.5%	-2.6%	0.7%	-2.3%	6.7%	6.8%	5.0%	9.0%	0.0%	-4.4%	-3.1%	-0.4%	8.3%	-1.8%
CY-YTD	-7.4%	21.5%	-8.8%	-9.0%	-8.2%	-12.8%	-21.5%	2.4%	0.9%	-18.3%	5.6%	-7.1%	-21.8%	-20.0%	-5.8%	-11.0%	-15.0%
FY-YTD	20.6%	39.6%	32.2%	28.8%	14.8%	4.2%	2.0%	28.2%	18.7%	13.5%	30.5%	23.9%	4.0%	8.8%	7.5%	40.9%	7.2%

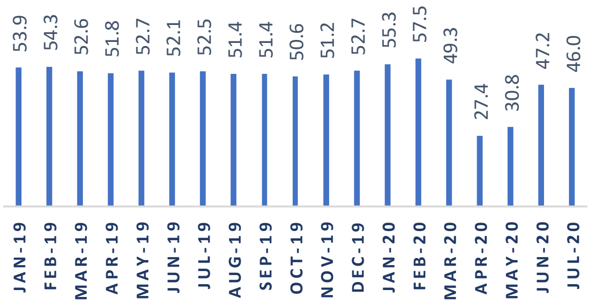
Source: Ksema Wealth

Eight Core Industries



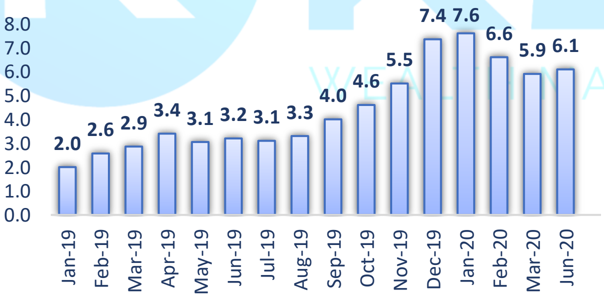
Source: MOSPI

PMI



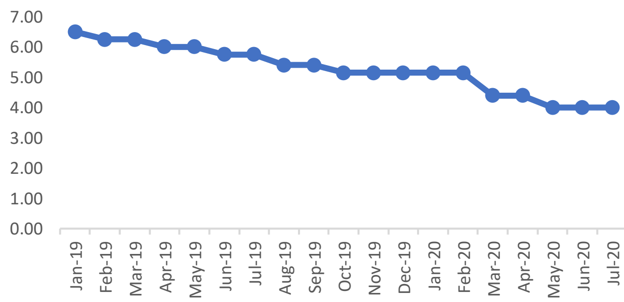
Source: RBI

Inflation (%)



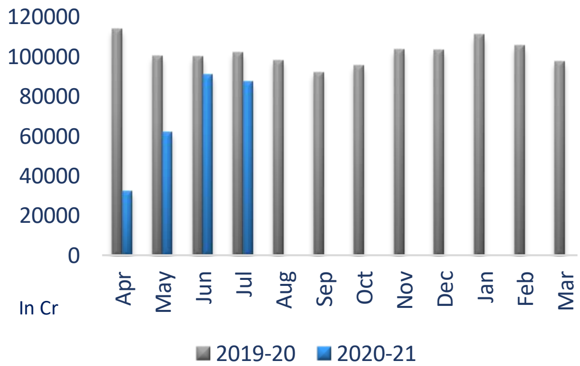
Source: DEA

Repo Rate



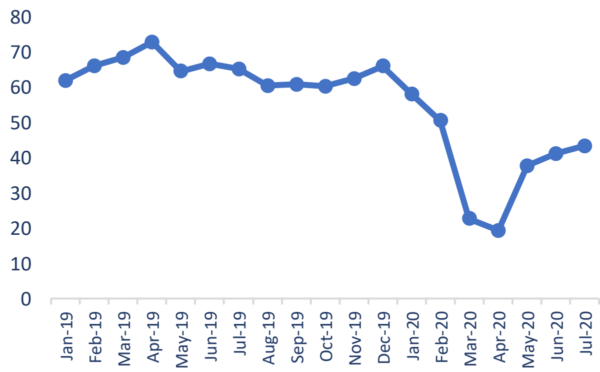
Source: RBI

GST Collection



Source: MOF

Brent Crude price ($)



Source: Investing.com

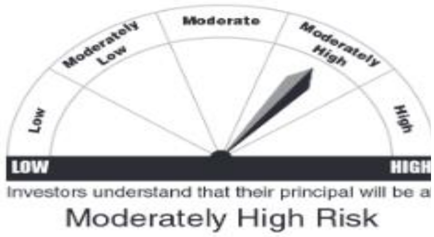
KSEMA WEALTH – ALPHA INDIA OPPORTUNITIES

JULY 2020

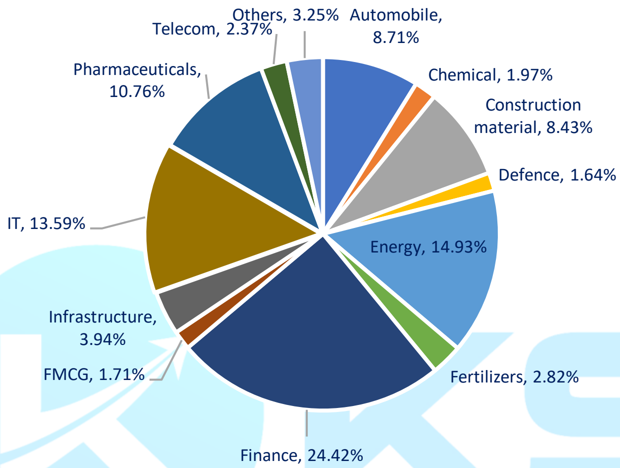
THEME

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



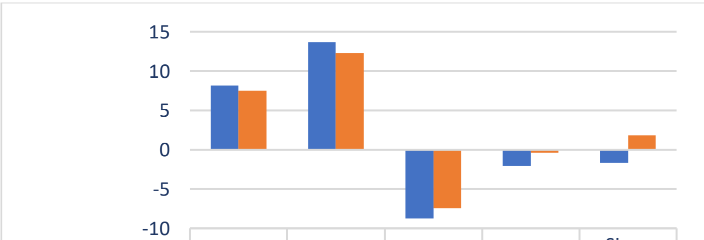
SECTORAL ALLOCATION



TOP HOLDINGS

Company Name	Holdings (%)
Reliance Industries Ltd	8.30%
Infosys Ltd	4.81%
ICICI Bank Ltd	4.78%
Kotak Mahindra Bank Ltd	4.13%
Tata Consultancy Services Ltd	4.10%
Cash	1.25 %

PERFORMANCE (%)



	1 Month	3 Month	6 Month	1 Year	Since inception
Ksema Alpha	8.14	13.66	-8.78	-2.07	-1.67
Nifty 50	7.49	12.31	-7.43	-0.4	1.79

Inception-28th January 2019

PERFORMANCE REVIEW

The first month of the second quarter worked out well for the Portfolio owing to continuing recovery in fundamentally good stocks where we are invested in. The out performance is marked due to the same and also right allocation in sectors that are prospering well despite the Covid, like Pharma, Technology & Fertilizers. Despite the benchmark was driven by select few stocks, our diversified portfolio outperformed due to exposure to non-index performing stocks. Stock pick strategy will continue to work well in the current scenario.

MARKET CAPITALISATION (%)

Large Cap	**82.58%**
Mid Cap	**9.88%**
Small Cap	**6.25%**

OUTLOOK

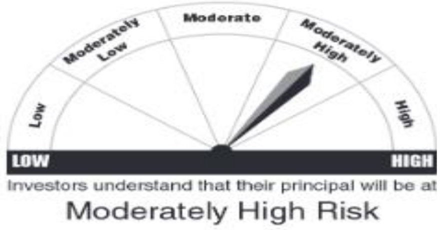
The API players in Pharma and Chemical are expected to outperform the industry in the coming months. The discretionary spending is expected to improve in the next two quarters with festive season also paving way for it and this will create pent up demand in consumer electronics, durables and even Two wheelers & passenger vehicles in automobiles to an extent.

KSEMA WEALTH – MULTICAP INDIA OPPORTUNITIES
JULY 2020

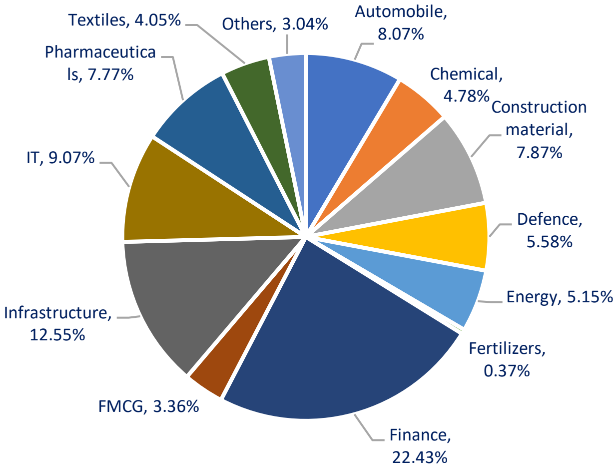
THEME

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

RISKOMETER



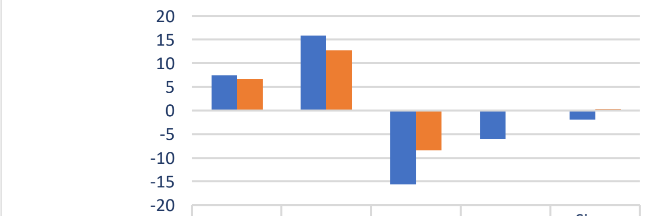
SECTORAL ALLOCATION



TOP HOLDINGS

Company Name	Holdings (%)
Infosys Ltd	4.31%
Bharat Electronics Ltd	4.14%
ICICI Bank Ltd	3.81%
Larsen & Toubro Ltd	3.61%
ACC Ltd	3.47%
Cash	5.87%

PERFORMANCE (%)



	1 Month	3 Month	6 Month	1 Year	Since inception
Ksema Muticap	7.39	15.89	-15.6	-6.01	-1.86
CNX500	6.62	12.77	-8.37	-0.1	0.3

Inception-28th January 2019

PERFORMANCE REVIEW

The month of July witnessed renewed interest in the broader market as expected. This led to the outperformance in the portfolio. The stock selection strategy too worked well in capitalizing the market move. The increased consumption in the rural sector and upcoming festive demand are likely to drive the portfolio. The valuations too are relatively cheaper compared to the large caps, and there is a room for catchup.

MARKET CAPITALISATION (%)

Large Cap	**49.74%**
Mid Cap	**18.23%**
Small Cap	**26.12%**

OUTLOOK

The Government's thrust for Atmanirbhar strategy is taking shape at a faster pace than we thought with the banning of about 100 items in defense purchases. This alongwith the PLI schemes in Chemicals, Electronics and select auto ancillary should benefit the Mid and Small cap segment immensely. We will position the portfolio with addition of niche players that have better growth prospects in these sectors.

PMS	Mutual Fund
• Discretionary Portfolio Management • Non-Discretionary/Advisory	• Advisory • Personal Investment Planning

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