KSEMA WEALTH MANAGEMENT PVT LTD

MARKET REVIEW JUN 2019

GLOBAL EVENTS

The global markets witnessed one of the best performing month for the year despite the fears of slowing economic growth, geopolitical tensions in Middle East and ongoing US-China trade war. The global equities rallied on the back of statement from US Fed which said that the central bank would act as appropriate to sustain the expansion, suggesting a possible rate cut as a solution to weakening economic data and uncertainty over trade. While in EU, the ECB said that the Central Bank will further loosen monetary policy in order to stimulate economic growth.

During the G20 Osaka summit the global leaders met to discuss key issues in the global economy. The summit witnessed both the U.S. and China agreeing to restart the stalled trade negotiations which further boosted the market sentiments. The yield on the 10-Year note closed the month at a historic low and settled at 2%.

On the commodities front, the gold jumped more than $1,400 levels during June owing to growing global uncertainties and witnessed a 7.7% increase for the month ended June 2019.

The hopes on OPEC and its allies extending oil production cuts at current levels and US- Iran sanction escalation resulted in surge in the oil prices. For the month Brent and WTI closed higher by 3.2% and 9.1% respectively.

Going forward the markets would keenly watch for upcoming Q2 earnings announcements from corporates which is expected to be mixed. US equities are expected to report compared to the other regions. The Bonds have done well across the globe with the prospects of interest rate decline has increased.

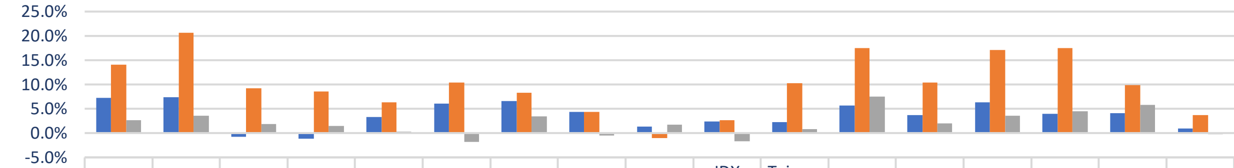
INDIAN MARKETS PERFORMANCE

Confluence of local events weighed on the performance of Indian markets despite global equities rallying during the month of June 2019. The month saw series of rating downgrades by rating agencies and it all started with ratings downgrade on DHFL's CP after the company defaulted on debt repayment. This was followed by Yes Bank and Reliance Capital. The monsoon made a sluggish start that added further concerns and June had 36% deficiency. However prospects improved during first week of July. A 25bps rate cut by the RBI failed to boost the market sentiments. The RBI also changed the stance of monetary policy from neutral to accommodative hinting further rate cut in coming months. And finally India's announcements on retaliatory trade tariffs against the US weighed on the market sentiments. For the month both Sensex and Nifty closed the month lower by 0.8% and 1.1% respectively. The FII net inflow during the month stood at Rs 1,965 crores.

On the Macro front, GST collection was slightly over Rs 1 lakh crore in May, up 6.7% from May 2018. The Nikkei Services PMI fell to 50.2, indicating a slowdown in the services sector. The Manufacturing PMI, on the other hand, rose to 52.7, spurred by an improvement in output. Index of Industrial Production (IIP) grew by 3.4% in April after a contraction of 0.1% in March. Auto monthly sales continued to decline on the back of liquidity issues (NBFC's) and lower spending in the rural due to draught.

Moving ahead, the Budget will play a significant role in the short term. Budget has mixed perception in the market with infrastructure spending amidst controlled fiscal deficit has gone down well however the higher tax rates has dampened FPI/UHNI interests. The upcoming Q1 corporate earnings will also be mixed as banks, IT and Pharma will do well whereas consumer and autos are likely to report decline in its top line.

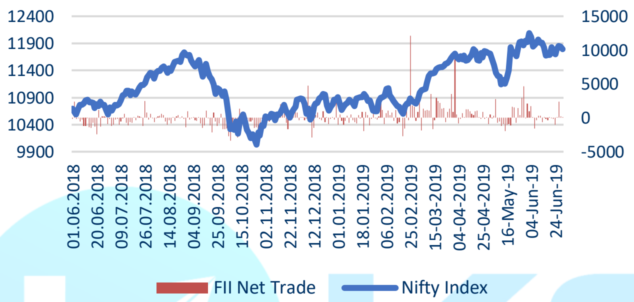
GLOBAL MARKETS PERFORMANCE



	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	7.2%	7.4%	-0.8%	-1.1%	3.3%	6.1%	6.6%	4.4%	1.3%	2.4%	2.2%	5.7%	3.7%	6.4%	3.9%	4.1%	1.0%
CY-YTD	14.0%	20.7%	9.2%	8.5%	6.3%	10.4%	8.2%	4.4%	-1.1%	2.6%	10.3%	17.4%	10.4%	17.1%	17.4%	9.9%	3.7%
FY-YTD	2.6%	3.6%	1.9%	1.4%	0.3%	-1.8%	3.4%	-0.5%	1.8%	-1.7%	0.8%	7.6%	2.0%	3.5%	4.4%	5.8%	-0.3%

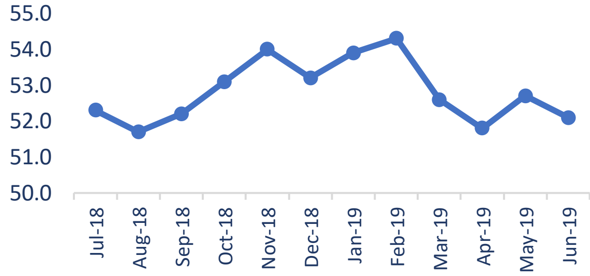
Source: Ksema Wealth

Nifty Vs FII's Trade



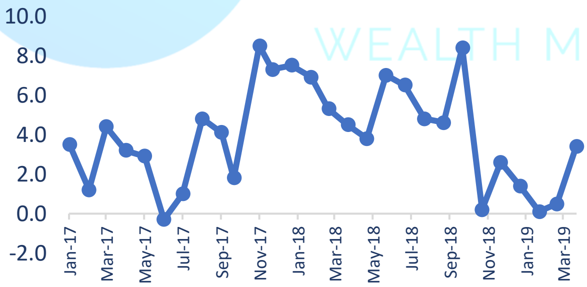
Source: NSEINDIA; SEBI

PMI (%)



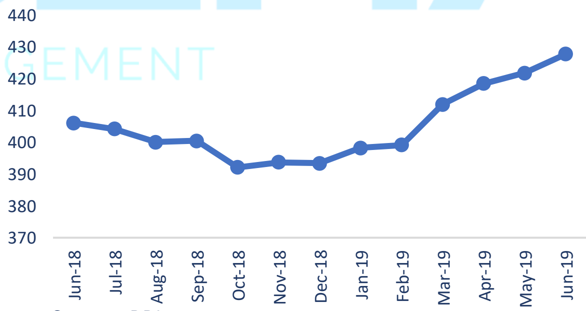
Source: RBI

IIP (%)



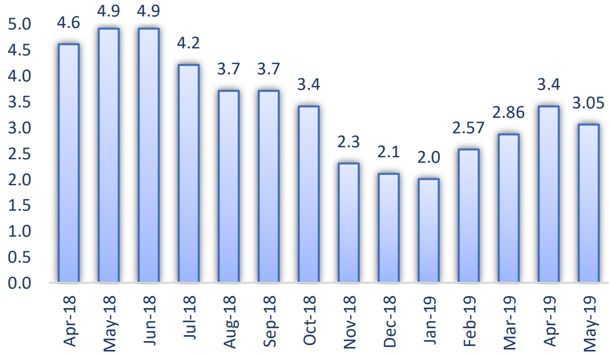
Source: MOSPI

Forex Reserves ($ Bn)



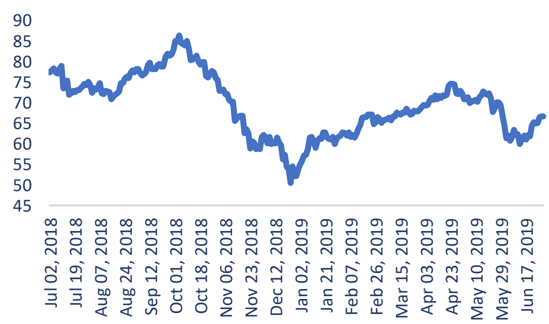
Source: RBI

Inflation (%)



Source: mospi

Brent Crude (In $)



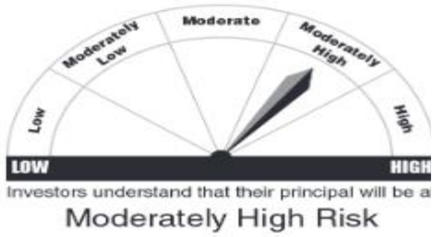
Source: Investing.com

KSEMA WEALTH – ALPHA INDIA OPPORTUNITIES
JUNE 2019

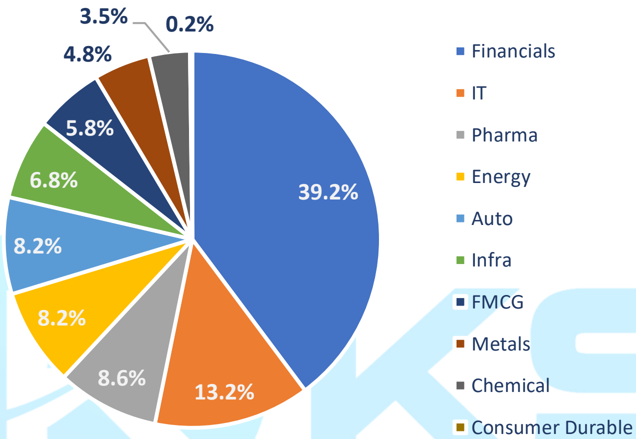
THEME

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



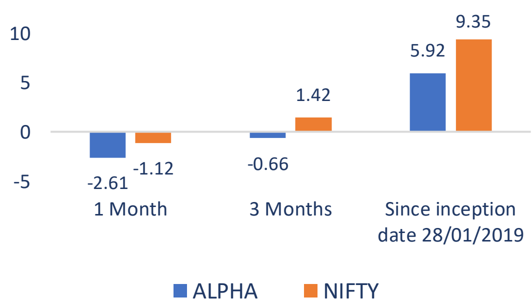
SECTORAL ALLOCATION



TOP HOLDINGS

Company Name	Holdings (%)
ICICI Bank Ltd	5.81%
Larsen & Toubro Ltd	5.49%
State Bank Of India	5.27%
TCS	4.63%
Reliance Industries Ltd	4.55%
Cash	1.60%

PERFORMANCE (%)



PERFORMANCE REVIEW

The negative sentiments owing to downgrading the ratings of NBFC based companies weighed on the market sentiments. In addition lower than expected monsoon rains and retaliatory tariff imposition by India on US goods further impacted despite RBI reducing the interest rates. Our Alpha theme underperformed the benchmark owing to skewed uptrend seen in few banking stocks that are restricted for non-residents.

OUTLOOK

In the recent budget the government has given utmost importance for the Financials (PSBs/NBFC), Infrastructure and Real Estate. The thrust given to relieve the NBFC from the stress will play out in the coming quarters, bringing them back to the growth trajectory. This will prop the consumption sector during the festive season. The IT & Pharma sector will relatively report better results in Q1. With clarity emerging after the major events, we should see renewed interest from domestic as well as foreign funds.

MARKET CAPITALISATION (%)

LargeCap	89.5%
MidCap	10.5%
SmallCap	0.0

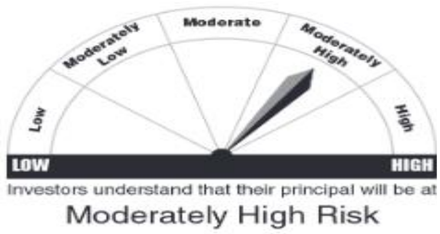
KSEMA WEALTH – MULTICAP INDIA OPPORTUNITIES

JUNE 2019

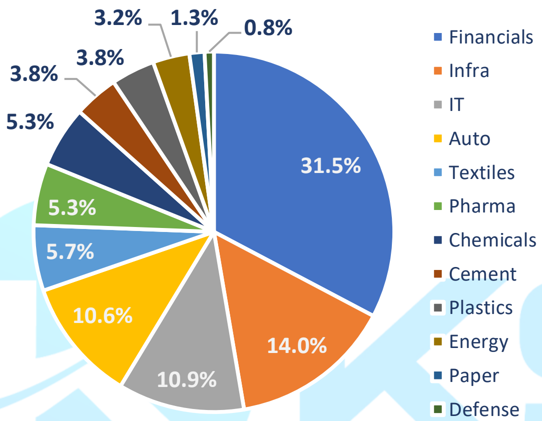
THEME

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

RISKOMETER



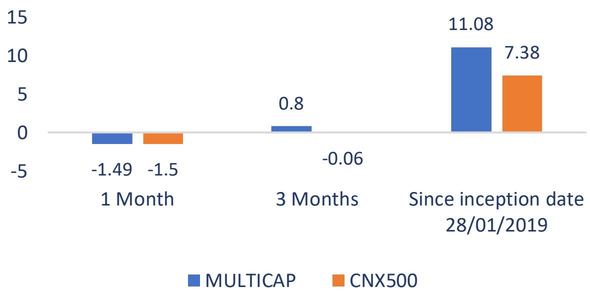
SECTORAL ALLOCATION



TOP HOLDINGS

Company Name	Holdings (%)
Bharat Electronics Ltd	4.69%
HDFC Bank Ltd	4.65%
ICICI Bank Ltd	4.65%
Infosys Ltd	4.43%
Kotak Mahindra Bank	4.26%
Cash	3.83%

PERFORMANCE (%)



PERFORMANCE REVIEW

The midcaps which were lying low for long has started experiencing renewed interest albeit at slow pace. This is a good sign of broad-based interest emerging. Our portfolio slightly outperformed the benchmark index. Budget expectations on the defense sector and financials were the drivers for the outperformance. Specialty chemicals too performed well as market expects better margins in the coming quarters.

MARKET CAPITALISATION (%)

Large Cap	50.5%
Mid Cap	14.9%
Small Cap	30.8%

OUTLOOK

With major events out of our way the market is likely to look for the core as that of corporate performance and margins. The low interest rate scenario that is further likely to extent, will drive better margin to the leveraged counters. Though the topline will be moderate the profitability is likely to be better owing to low inflation scenario in the mid size segments. We are well positioned to capitalize on the secular interest that are broadening.

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