



MARKET REVIEW MAY 2019

GLOBAL EVENTS

The global markets remained highly volatile during the month on the back of heightened US and China trade war coupled with geopolitical issues.

The US increased the tariff rate on \$200 billion worth of Chinese imports from 10% to 25% and announced that it may impose a 25% tariff on the remaining \$300 billion worth of Chinese imports. This led to China retaliating by increasing the tariff range from 5-10% to 5-25% on \$60 billion worth of imports from the US. Though the impact is not seen in economic growth till date, this may likely drive job losses and fall in consumer confidence in US going forward.

Eurozone saw a mixed trend as the manufacturing PMI fell to 47.7, indicating contraction along with employment data declining below 50. While the eurozone consumer confidence surged to its highest level this year. The UK PM Theresa May announced that she will step down as the factions in parliament refused to back her deal. The market anticipates a no deal exit from the EU.

Chinese Economy has been impacted due to the ongoing trade war and the further escalation is likely to weigh more which increases the risks to its growth outlook. The fall in Yuan against the dollar by 2.5% in May would partially mitigate the impact of the tariffs. The month saw reserve requirement ratio cut on a smaller scale amounting to 20 bps.

The concerns over the demand due to the ongoing trade war and the news on that the US may allow some countries to continue importing Iranian oil, despite the expiration of sanctions waivers in early May, weighed on the crude oil prices amid OPEC decision to cut the supply. For the month WTI and Brent declined by 16.3% and 11.4% respectively.

INDIAN MARKETS PERFORMANCE

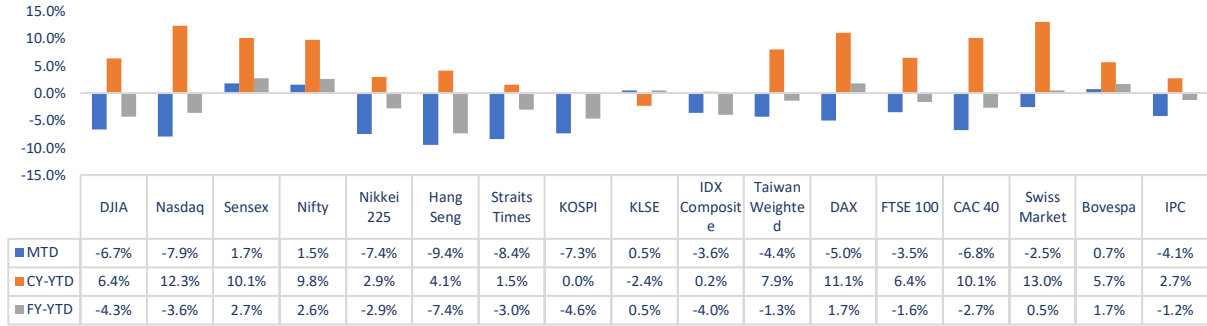
The month started on a negative note as the markets witnessed profit booking ahead of General Election 2019 outcome and escalating trade war tension between the US and China. However the exit poll favoring the ruling government coming back to power with a majority boosted the sentiments lead by heavy FPI buying and the May 23 results too proved with BJP led NDA sweeping the elections with a highest majority. This overshadowed the tepid Auto sales data and Q4 GDP numbers. For the month both Sensex and Nifty touched a historic high of 40,000 points and 12,000 points respectively and closed the month higher by 1.7% and 1.5%. The FII net inflow during the month stood at Rs 7,900 crores.

On the Macro front, GST collections for Apr 19 stood at Rs 1.14trn, the highest since implementation, and registered a modest growth of 10% YoY. The eight core industries index rose 4.7%YoY in Mar 19 vs. 2.2% YoY in Feb 19 due to improved performance in all the segments. While the Manufacturing PMI declined from 52.6 in Mar 19 to 51.8 in Apr 19, indicating slower pace of expansion of manufacturing output. CPI inflation rose to 2.92% YoY in Apr 19 vs. 2.86% YoY in Mar 19. This was driven by higher inflation in vegetables, fruits, sugar and pulses that overshadowed cooling inflation in 76% of the CPI basket

At the end of the month, the Q4/FY19 GDP numbers were out and the growth in 4QFY19 slowed down to 5.8% YoY, lower than 6.6% in Q3 19, and the consensus estimates of 6.3% YoY due to moderation in growth in all sub-heads except government spending. With this, FY19 growth stands at 6.8% YoY vs. CSO's first advanced estimate of 7.0% YoY, and 7.2% in FY18.

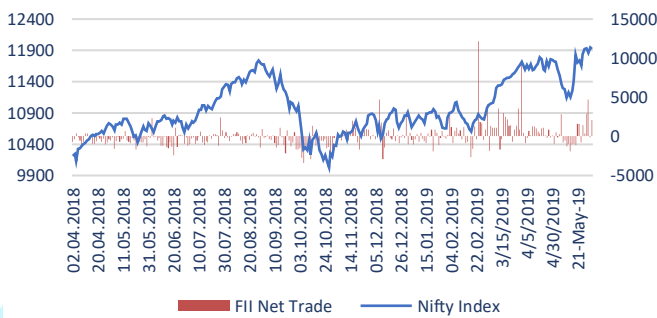
The Corporate results in the Q4 were mixed with the banking, cement and building material showing signs of recovery, while consumption, autos and auto-ancillary continued to be depressed. IT and Pharma met with the estimates and poised for reasonable growth.

GLOBAL MARKETS PERFORMANCE



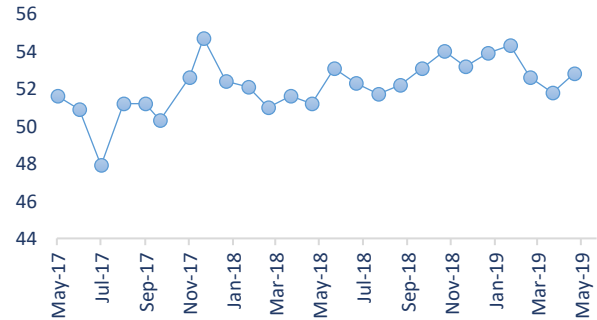
Source: Ksema Wealth

Nifty Vs FII's Trade



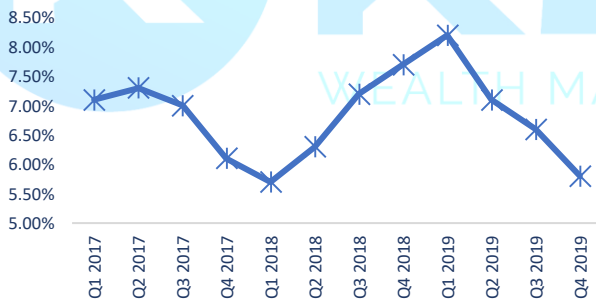
Source: NSEINDIA; SEBI

PMI (%)



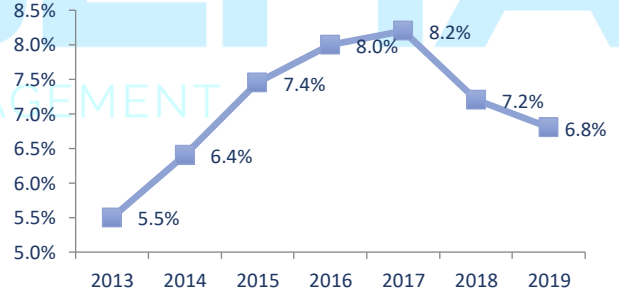
Source: RBI

GDP Data Quarterly (%)



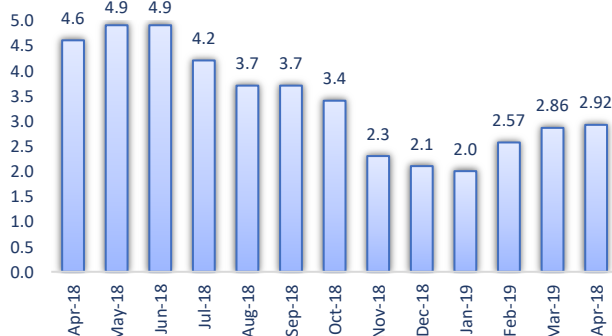
Source: RBI

GDP Data Annual (%)



Source: RBI

Inflation (%)



Source: mospi

Brent Crude (In \$)



Source: Investing.com

KSEMA WEALTH – ALPHA INDIA OPPORTUNITIES

MAY 2019

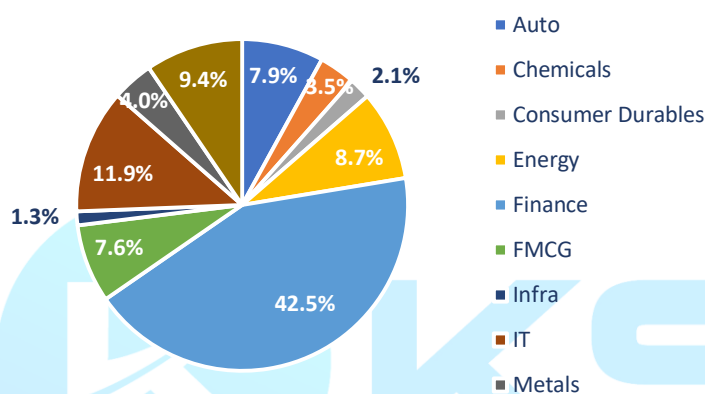
THEME

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

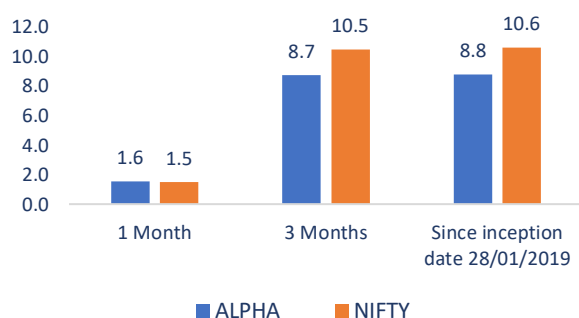


TOP HOLDINGS

Company Name	Holdings (%)
Larsen & Toubro Ltd	5.75%
ICICI Bank Ltd	5.69%
State Bank of India	5.32%
Tata Consultancy Services	4.65%
Reliance Industries Ltd	4.62%
Cash	1.16%

PERFORMANCE

PERFORMANCE REVIEW



The first half of the month witnessed profit booking amid uncertainty due to election outcome and mixed Q4/FY19 corporate earnings announcements. However post the exit poll as well as election results the markets witnessed strong FII buying. Our Alpha theme outperformed the benchmark with a return of 1.6% despite holding restriction in few stocks by NRIs.

MARKET CAPITALISATION (%)

LargeCap	91.1%
MidCap	7.8%
SmallCap	0

OUTLOOK

During the coming month we expect RBI to be not only accommodative but also reduce the repo rate by atleast 25 bps. This followed with a reformist budget, should auger well for uplifting the economy which shows signs of sluggishness. It is inevitable for the Government to bring back the business confidence through measures that relieves the financial stress in the system. We are well positioned in cyclicals, financials that will reap the benefits of the upcoming events.

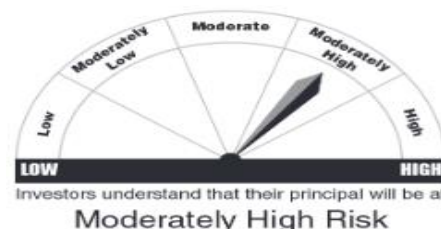
KSEMA WEALTH – MULTICAP INDIA OPPORTUNITIES

MAY 2019

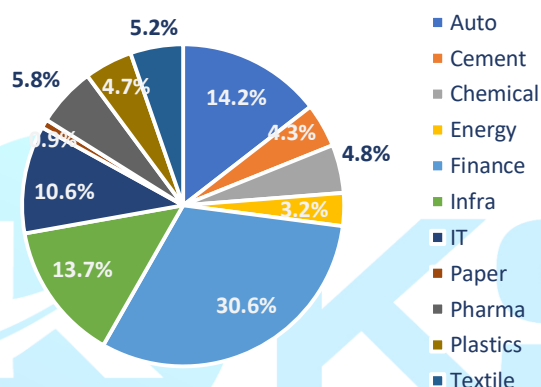
THEME

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

RISKOMETER



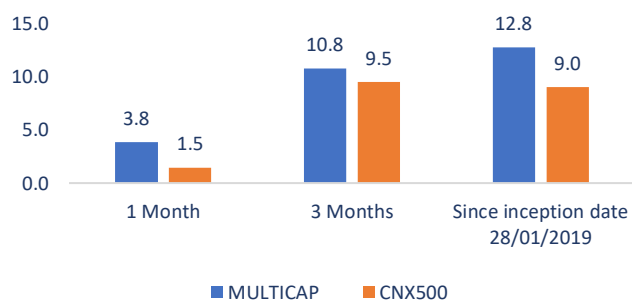
SECTORAL ALLOCATION



TOP HOLDINGS

Company Name	Holdings (%)
HDFC Bank Ltd	5.91%
Minda Industries Ltd	4.77%
Bharat Electronics Ltd	4.76%
Finolex Industries Ltd	4.74%
Infosys Ltd	4.54%
Cash	2.05%

PERFORMANCE



MARKET CAPITALISATION (%)

Large Cap	56.2%
Mid Cap	18.7%
Small Cap	23.0%

PERFORMANCE REVIEW

The FPIs flows were predominantly seen in the large caps. The midcaps and small caps saw select interests springing up. The corporate performance in the mid and small cap has been mixed too with midcap banks and NBFC's showing signs of coming out of the problems, while chemicals-based industries saw margin impact. Our bottom-up strategy worked well with better corporate results reflecting in more interest in these stocks. This resulted in more than doubling the benchmark performance.

OUTLOOK

The potential decline in the interest rates and thrust given by the Government in infrastructure and higher spending will boost the sentiment among the businesses. This will incite capex in the coming quarters and eventual credit growth. We are well positioned with exposure in these sectors including financials, building materials that will benefit. A mix of macro driven stories and bottom up stock picks should keep our portfolio ahead in this juncture.



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